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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the first quarter 2014 consolidated results under Colombian Banking GAAP conference call. My name is [Jeanette], and I will be your operator for today's call.

At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session. Quarterly results included in this webcast have not been audited. However, they are prepared in accordance with the regulations of the Superintendency of Finance for financial institutions and generally accepted accounting principles for banks that operate in Colombia, also known as Colombian Banking GAAP, which differs in certain significant respects from US GAAP.

Yearly audited consolidated financial statements included in our Form 20-F filed to the SEC provides a description of the principal differences between Colombian Banking GAAP and US GAAP. Grupo Aval as an issuer of securities in Colombia is subject to the control of the Superintendency of Finance.

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 the presentation on that basis most appropriately reflects our activities as a holding company of a group of banks and other financial institutions.

This webcast may include forward-looking statements, which actual results may vary from those stated herein as a consequence of changes in general economic and business conditions, changes in interest and currency rates, and other risk factors, as evidenced in our Form 20-F available at the SEC webpage. Recipients of this document are responsible for the assessment and use of the information provided herein.

Grupo Aval shall not be responsible for any decision-making by investors in connection with this document. The content of this document is not intended to provide full disclosure on Grupo Aval or its affiliates. When applicable in this webcast, we will refer to billions as thousands of millions.

With us today is Mr. Luis Carlos Sarmiento Gutierrez, Chief Executive Officer of Grupo Aval; Mr. Diego Solano, Chief Financial Officer of Grupo Aval; and Tatiana Uribe, Vice President of Financial Planning and Investor Relations of Grupo Aval. I will now turn the call over to Mr. Luis Carlos Sarmiento Gutierrez. Mr. Sarmiento, you may begin.

Luis Carlos Sarmiento Gutierrez - *Grupo Aval - CEO*

Thank you, Jeanette.

Good morning, and thank you very much for joining our call. As usual, allow me to take a few minutes of your time to pick up the presentation with the main highlights of the first quarter of this year. Then I will pass on the presentation to Diego Solano, our Chief Financial Officer, who will proceed with a brief update of the Colombian macro environment, and after he will focus on the main items of our financial results for the quarter ended March 31, 2014.

To start with, and referring to the economy, as we forecasted during our last call, the Colombian central bank decided to tighten monetary policy by raising its reference rate by 25 basis points last April. We expect that this is only the first of several adjustments that we will see this year, and we also expect that upon re-pricing we will see additional interest income generated by the majority of our loan portfolios.

This change in monetary policy should help to keep inflation within the range forecasted for the year by the central bank, while GDP growth maintains its pace to end the year at approximately 4.5%. The Colombian peso observed a period of volatility during the first months of the year, unlike anything that we have seen in the last three years. We were victims of this volatility, as seen by a nonrecurring loss in foreign exchange when, due to stop-loss policies, we had to close the dollar peso exposure during the first quarter of the year. Diego will touch upon this item in more detail.

We experienced healthy growth in our balance sheet during the 12 months ending March 31, as well as during the three months of the first quarter. In fact, our consolidated assets grew by approximately 25% year on year and 4% during the first quarter. Our Colombian assets outpaced the country's category growth. I must mention that growth was influenced by our two Central American acquisitions, which contributed with about 5% of the observed growth.

The two acquisitions were added to our balance sheet during December 2013, and integration of the IT platforms of our Guatemalan banks commenced during February. As usual, this integration has not been totally problem-free. However, we expect to overcome integration issues in the next month or two. Diego will also refer to this point in more detail.

Consolidated gross loans grew upwards of 23% in the 12 months ending March 31, 2014, and approximately 4% in the first three months of the year. Again, the growth of our Colombian loan portfolio outpaced the category's market growth.

The quality of our loan portfolios were somewhat influenced by our IT integration issues, but other than that, the overall quality of our loan portfolio remained largely unchanged. In fact, our Colombian loan portfolio's quality slightly improved year on year. Diego will further explain this comment.

Our consolidated deposits grew by upwards of 28% during the year ending March 31st and upwards of 3% in the first three months. The mix of our deposits remains weighted towards checking and savings accounts which represent approximately 66% of our deposit base. Consequently, we expect that a tightening of the country's monetary policy should act in favor of our interest margin. I must also note that our deposits represent 108% of our total loan portfolio as of March 31st, and therefore, the interest margin generated by our loan portfolio is not clouded by the cost of alternative sources of funds.

Our tangible capital ratio is adequate at almost 9%, and the structure of our bank's solvency ratios can support our expected growth. Our net interest margin remained at 5.9%, stable when compared to the last three quarters, but 120 basis points lower than the net interest margin for the quarter ending March 31, 2013. This was mainly caused by a substantial decrease of 170 basis points in net investments margin.

We observed a decrease in other operating income largely influenced by the COP84 billion nonrecurring foreign exchange loss referred to at the beginning of this presentation. In contrast, our efficiency ratio improved to 50.5%, with respect to the 53.7% observed in December 2013.

As a result of substantially lower interest and investment securities, the foreign exchange nonrecurring loss, and an inordinately high income tax rate for the quarter, our attributable net income was COP350 billion for the first three months of the year, 3% lower than the attributable net income during the last quarter of 2013, and 30% lower than the attributable net income for the first quarter of 2013.

Our annualized return on average equity for the first quarter of 2013 was approximately -- sorry, for the first quarter of 2014 was approximately -- was approximately 12%, eliminating on a pro forma basis the effect of the nonrecurring foreign exchange laws, annualized ROE increases to more than 14%. As the year progresses, we expect to normalize our income tax rate and dilute the effect of the foreign exchange laws.

And with that, I'll pass it on to Diego Solano, who will describe in more detail all the results for this quarter, and I thank you very much.

Diego Solano - *Grupo Aval - CFO*

Thank you, Luis Carlos. I'm going to start on page four.

You can observe that the Colombian continues to outgrow the world's average. Colombia's GDP is expected to grow 4.6% during 2014, and at a similar pace than 2015. Inflation continued to pick up during this quarter, reaching 12-month cumulative inflation, up 2.5. Analysts continue to expect year-end 12-month inflation to be in the 3% to 3.5% range.

The central bank maintained a stable rate strategy during the quarter, maintaining a 3.25 intervention rate. As a recent development, the central bank increased its rate by 25 basis points up to 3.5% in its April meeting and is expected to continue increasing rates throughout the remaining of this year. By the end of first half, analysts are pointing to 25 to 50 basis points, which makes it likely to have a scenario 4.5% interest rate by year end.

Given the one- to two-month lag historically observed between changes in central bank rate and changes in ETF, we expect this raise increased by the central bank to feed into higher lending rates during the third quarter of 2014. Considering our substantial pace of no-cost and low-cost deposits, we expect this environment to favor the net interest margin expansion of our banks during the second half of this year.

Finally, on the bottom of the page, exchange rate at -- for the period are presented. We're showing the maximum, minimum and average rates on the right of the page. As you can observe, the volatility that was seen throughout the period exceeds anything observed in the recent years, exchange rate ranged from [COP1925] per dollars to [COP2055] per US dollar. We will later discuss how this volatility negatively affected the results for the period, generating one-time foreign exchange process of COP84 billion.

Moving to page five, total assets grew 3.6% during the quarter, with Colombia growing over 4% and Central America growing at 2%. As Luis Carlos mentioned, this was the first quarter where we managed the acquisitions in Panama and Guatemala that were closed late in December 2013. Growth in those countries during the quarter was temporarily lower than normal, given minor adjustments in risk management policies to tighten the operations to the Aval standards in Central American operation.

Our consolidated balance sheet structure remained substantially the same, compared to that existence as of December 2013. Loans account for over 60% of our assets, and investments account for 18% of our assets. Colombian assets account for 78% of our balance sheet.

Moving to page six, gross loans grew 3.5% during the quarter, with Colombia growing at over 4% and Central America growing over 1%. Growth for 12 months ended in March 2014 was 23%, 18% excluding the effect of acquisitions. Commercial lending and mortgages were our highest growing portfolios during the 12-month period ended December -- March 31st, and for the first quarter of 2014.

Overall, loan growth through the year could be slightly shorter from that, that we had during 2013, excluding acquisitions. As you can see the structure of our loan portfolio remained substantially the same as existent -- that existent as of end of 2013. Loans to companies, defined as commercial loans plus financial leases, account for over 64% of our loans. Loans to individuals defined as consumer loans, plus mortgages, plus microcredit loans account for close to 36% of total loans. Colombia accounted for 79% of our loan portfolio.

On page seven, on the top left of the page, you will find the evolution of our loans past due more than 30 days and that of our nonperforming loans. Our delinquency ratio under both metrics was slightly higher than that 12 months earlier. This resulted from a slight improvement in delinquency in Colombia and a deterioration in the delinquency ratio in Central America, as mentioned by Luis Carlos. Delinquency measured as 30 days past due loans to total loans was 2.7 at period end, slightly higher than the 2.6 recorded a year earlier.

The 30 days past due loans of Colombia were 2.6 at period end, improving from 2.7 12 months earlier, while the Central American ratio was 3.1 at period end, up from 2.4 12 months earlier. Delinquency measured as nonperforming loans to total loans was 1.9 at period end, slightly higher than the 1.8 recorded 12 months before.

Similar to the measure under PDLs, NPLs in Colombia were 1.8. That's substantially the same level as 12 months earlier, while NPLs in Central America were 2.2%, up from 1.7% 12 months earlier. That deterioration in the Central American and operation performance was partly explained by the issues associated to IT integration of the new acquisitions which prevented some payments to be timely collected and accounted for at period end. We expect these issues to be corrected during the second and third quarters of this year, as the integration process of the new acquisitions is completed.

In addition to the slight deterioration in credit quality that I just mentioned, there is other factors affecting a slight deterioration of the portfolio. To respond to this situation, we have put in place more aggressive collection programs to address the issue.

Moving to the right, provision expenses to average loans for the quarter were 1.3%. Provision expenses to average loans in Colombia were 1.4%, down from 1.6% for the same period in 2013. At the bottom left, you will find charge-offs as a share of average NPLs. This ratio was 0.5 times during the first quarter of 2014, slightly lower than the 0.6 times observed during the first quarter of 2013. Our Colombian operation wrote off a 0.5 times their NPLs during the three periods presented in the chart.

Finally, on the bottom right, you will see several loan-loss reserve coverage ratios. Our allowance covered 1.68 times our NPLs and 1.17 times our PDLs.

Moving to page eight, on the top of the page, you will find further detail on the evolution of our loans 30 days past due broken down by portfolio. This ratio as mentioned in the previous page was 2.7, slightly higher than that 12 months earlier. This behavior was driven by a [slight iteration] in the corporate and consumer loan portfolios, which rose from 1.5 to 1.6 and from 4.3 to 4.4, respectively.

In addition to the reasons formerly discussed, deterioration in consumer. Loan delinquency is influenced by a seasonal behavior linked to the increasing consumption during the December holiday season that is billed in the first quarter of the following year. This is primarily the consumer loan portfolio.

As previously mentioned, observant to the deterioration in delinquency ratios and in order to ensure that those ratios remained stable, more aggressive collection programs have been put in place and special attention has been placed to the completion of the integration of the new acquisitions in Central America.

Thirty days past due loans in billion pesos is presented in the lower part of the page. Our 30 days PDLs stood at COP2.7 trillion as of March 2014. It can be observed that new PDLs were higher in the first quarter of 2013, as were in the first quarter 2014, compared to the rest of the quarters presented in the table.

New PDLs during the first quarter of 2014 contributed with COP646 billion to the evolution of PDLs during this period. Of those, COP480 billion were originated in Colombia, which implies a 5.6 increase compared to the COP455 billion in new PDLs for the same period of 2013. This increase in PDLs compares favorable to the 17% growth of the Colombian loan portfolio for the same period -- the same 12-month period. Central American new PDLs during this quarter were COP166 billion, up from COP55 billion for the same period of 2013.

Finally, I want to note that charge-offs in the first quarter 2014 were lower than historically done, in particular in Central America affecting some of these ratios.

Passing to page nine, funding is presented on this page. Total funding grew 3.3% during this period, while deposits grew 3.1%. Our funding and deposit structure remained substantially stable and continues to be one of our core strengths.

In particular, our deposits fully fund our loans, as mentioned by Luis Carlos, covering 108% of those. And checking accounts represent 24% of our deposits, which coupled with other low-cost retail deposits favor the position of [our name] to benefit from an increasing rate environment.

On page 10, we present our equity. Our total equity is defined as attributable equity plus minority interest grew 2.4% during the quarter and 26% year on year. Attributable equity as share of total equity remained stable compared to year end 2013 as close to 65%, down from -- or up from 62% a year ago. Attributable equity grew at 2.8% during the quarter and 32 compared to the 12-month same date before.

Given that, Aval and most of its subsidiaries have biennial shareholder meetings where dividends are declared, our first and third quarters have lower growth rates than those of other quarters. Must be brought into attention that the final round of our COP2.4 trillion equity issue was completed during January, with short of COP0.3 trillion being issued during the first quarter of 2014.

On the bottom of the page, we present the solvency ratio for our four banks in Colombia. All of our four banks are well capitalized. I want to highlight that our banks have made less use of tier two capital than our competitors have been doing offering an opportunity to increase our solvency ratio.

On page 11, we present our net interest margin. Our total net margin for the period was 5.9 at a similar rate to that of the previous quarters. In spite of the contraction, in margin driven by lower interest rate environment that has prevailed over the past four quarters, our net interest margin in pesos, in peso terms, grew 5% during quarter, up to COP1.86 trillion, substantially at the same level as that of the first quarter of 2013.

Net interest margin on loans fell to 7.1% during the quarter, as the low central bank rate prevailed in conjunction with competitive pressure on corporate loans in Colombia, particularly linked to excess liquidity in some of our main competitors.

We expect the following tendency in loan net interest margin to revert as the increase in the central bank rate feeds into loan rates later during the second half of 2014. Net interest margin on investments rose to 2.0%.

Moving to page 12, our fee income is presented on the top of the page. Net fee income was substantially the same as that of the previous quarter. The main lines that negatively affected net fee growth during the quarter were a 9% decline in credit card fees and also contributing declines in warehouse services and fees from pensions and severance plans management.

The decline in credit card fees is linked to seasonality. Decline in credit card fees for first quarter compared to the last quarter of the previous year was 9% and 17% in 2012 and 2013, respectively.

On the bottom of this page, we present other operating income. Other operating income fell COP156 billion compared to the same quarter of 2013. This decrease resulted from a combination -- a combined effect of one-time foreign exchange losses associated with extreme volatility that we've mentioned before and lower income of our non-financial operation and [these are] income from those kind of companies.

Foreign exchange losses related to open US dollar Colombian peso volatility held at the Aval chain level generated as net foreign exchange loss of COP84 billion during the beginning of the quarter. These positions were substantially closed as part of our stop-loss procedures, preventing us from benefiting from the unexpected appreciation that took place in the latter part of the quarter after the JPMorgan rebalancing of [exchanges] was announced.

The decline in income from dividends is explained by lower income from unconsolidated investments of Corficolombiana, particularly coming from [Promgaz] reduction in income from non-financial sector was mainly explained by lower income and toll road concessions linked to construction schedules and to delays of certain projects. We expect the lower income from nonfinancial sector receipts during this quarter to be partially offset by higher income during the second half of this year.

On page 13, on the top, we present our operating expense as a share of operating income and average assets. Our efficiencies measured under both metrics have improved, and we expect them to continue improving as the structure has already put in place to grow our share of consumer and mortgage markets continues to generate additional assets. In addition, the integration process of our Central American operation should yield additional benefits and efficiency.

On the bottom of the page, you will find the contribution of net net operating income, net net operating income mainly includes income from sale of property plants and equipment, sale of foreclosed assets, and recovery of other prohibitions.

Finally, on page 14, we present our net income and profitability ratios. In addition to the issues previously discussed, this period had an effective tax rate that we believe to be higher than a result by year end. Net income for the quarter was COP350 billion, adjusting for the one-time foreign exchange losses we've discussed. This result would have been COP424 billion.

Return on average assets and return on average equity were 1.5 and 11.7, respectively. Adjusted for the one-time foreign exchange losses, return on assets and return on equity would have been 1.7% and 14.2%, respectively.

With this, I open it to questions.

QUESTIONS AND ANSWERS

Operator

Thank you. (Operator Instructions)

And our first question comes from Mauricio Restrepo of BTG Pactual.

Mauricio Restrepo - *BTG Pactual - Analyst*

Hi, guys. Thanks for the call. I have three questions. My first one is, can you comment on the trend being April and May on the past due loans and your expectation of the cost of credit for the coming quarters?

The second is if you have estimates of the potential impact on the [news] on the second half of the year.

And the third, you can clarify where was generated the FX loss, if it's -- if it was on Grupo Aval or on any of the consolidated subsidiaries. Thank you.

Luis Carlos Sarmiento Gutierrez - *Grupo Aval - CEO*

Mauricio, let me start with those in order. What we have been seeing is the April and May trends are substantially the same as what we were seeing at end of the first quarter. We haven't yet seen improvement in our past due loans in our Colombian operations. We do expect to see improvement in the following quarters. This improvement will come from a more stable or a further consolidation of a higher growth rate in Colombia.

We expect to see those at some point during the second half of this year, though at this point it would be early to make any comments, given that we haven't seen a shift in -- or a solid shift in tendency, particularly in consumer lending.

And the corporate lending side and financial leases, given that some of these -- or the negative effect on the ratio have come from specific customers. We do expect to see some improvement there with the way we are [managing] those situations. None of those substantial.

Regarding the net interest margin for the second half, we are expecting to see the central bank rate to reach around 4.5 by year end. There is, indeed, a lag between DTF and central bank rates that is the rate out of which we price most of our corporate banking loans. For that reason, we do expect to see improvement in net interest margin and loans, slightly during the third quarter of this year, and more substantially in the last quarter of the year.

Finally, you were asking further detail on the FX loss. The FX loss 'we had at Grupo Aval Limited, which is the vehicle which issued our bonds, as you might be aware, we used initially the funds from Grupo Aval to capitalize Banco de Bagota those -- that generated a temporary foreign currency gap. And we had said several stop-losses, particularly stop-losses above COP2,000 exchange rate, given the speed at which the depreciation of peso happened throughout that time, we were not able to get our stop-loss at that level, but on average at a higher level.

We closed our -- most of our exposure, not all of the exposure, but substantially closed the exposure at levels somewhere at the [2020 level and 2040 level]. And when unexpectedly -- or we closed those positions particularly because it was hard to believe that that kind of volatility experienced by the dollar was something we didn't want to bear.

But the expected -- unexpected announcement of the rebalancing of the JPMorgan index, which brought down the dollar from the kind of levels it actually reached close to 2060, down to back to 1900, were only able to profit with a small portion of our exposure. This exposure doesn't exist anymore. The reason is we already closed it and the shares of Banco de Bogota were brought to Colombia, and the dollars were replenished at the Grupo Aval level.

Mauricio Restrepo - *BTG Pactual - Analyst*

Now that you comment on Grupo Aval Limited, that was the company who made the subscription on Banco de Bogota, there was a reason for -- to subscribe on Grupo Aval Limited and not directly on Grupo Aval, and if that is -- it has changed in the last comment that you mentioned.

Luis Carlos Sarmiento Gutierrez - *Grupo Aval - CEO*

No, Mauricio, actually not -- actually, we've done as planned. The reason we did that is if you recall the capitalization of Banco de Bogota came earlier than the capitalization of Grupo Aval. There was a lag of a few weeks between one and the other.

So our plan from the very beginning was to bilat with the liquidity we had at that point with stop-loss policies in place and to move that slowly in time to Colombia, not to affect exchange rate. Perhaps what we had to do was to speed up the process in order to close those gaps, but from the very beginning, we wanted to have those shares at Grupo Aval Colombia level. This was only liquidity management at that point.

Mauricio Restrepo - *BTG Pactual - Analyst*

Okay. Thanks a lot.

Operator

And our next question comes from Juan Dominguez of Credicorp Capital.

Juan Dominguez - *Credicorp Capital - Analyst*

Hi, good morning. And thanks for hosting this call. I have a couple of questions. One is regarding the cost of credit. It's a follow-up of Mauricio's question. You were saying that you're expecting a bit of an improvement in NPL ratio going forward, but the cost of credit at 1.3% in the quarter was below the guidance for the cost of credit for the year, which if I'm not mistaken is in the range between 1.4% and 1.5%. I want to know, what's the new guidance for the cost -- specifically for the cost of credit -- of credit risk in Grupo Aval?

And the other question is just an update in ROE expected for 2014 and the ROE expected by management for the long term.

Luis Carlos Sarmiento Gutierrez - *Grupo Aval - CEO*

Okay, Juan. Regarding the cost of credit, we believe to have the same -- the guidance continues to be the same as we had before. We actually have some slight preference to an eventual improvement in that, but we would hold our previous guidance.

The reason why we actually had a lower cost of credit was more centered in the IT complexities in Central America that made difficult for us to really assert at that point in time if we required additional loan-loss reserves. Loan-loss reserves in Colombia have been stable in this quarter, compared to the previous quarter, at around 1.4%. The loan-loss reserves in Central America were slightly lower, and might adjust it, depending on the -- how quick our success to get things back in order are. So to make a long explanation short, we continue to have the same view as we had on the previous call.

Regarding ROE, we expect to see ROE in the mid-teens for the year, particularly considering that we already have this quarter with these nonrecurring that will affect year-end ROE. ROE would have been slightly higher than that in absence of this nonrecurring.

For moving forward to 2015, I will not give you a precise figure, but I will give you our thoughts on how it should evolve. 2015 should have the full effect of the increase in rates from the central bank. As I mentioned before, we expect to have a full quarter and a half, perhaps, of these kind of raises, but not at the 4.5 level of central bank rates that we will have by year end, but more reflecting what is happening currently. So we will have that benefit. That should improve our net interest margin on loans and, therefore, our overall net interest margin and ROE.

In addition to that, I mentioned that Central America is just -- or integration of the new operations has just begun. This is our February-March event where things are really being done. This will imply that growth from Central America will materialize later this year and fully during the following year.

And last but not least, bear in mind that we issue COP2.4 trillion that have an effect on the quarter that you're looking into. So the combination of those point to a much higher ROE that should us to the high teens later on starting 2015 or onwards. We do not expect to go back to the 20-plus ROEs, at least under the current macroeconomic environment.

Operator

And our next question comes from Nicolas Norena of Serfinco. Please go ahead.

Nicolas Norena - *Serfinco - Analyst*

Hello, good morning, and thank you for hosting this conference call. I wanted to do a follow-up question on the last conference call you guys hosted, and it's regarding the 4G concessions and the BBBs, the [ABBs] in Colombia. I wanted to know if your position had changed or if you're seeing something different in that part of the infrastructure financing. Thank you.

Luis Carlos Sarmiento Gutierrez - *Grupo Aval - CEO*

I think that, first of all, I want to make sure what -- the understanding of what our position is and then restate that our position continues to be the same. What our position has been is, we fully backed the 4G concession plans. We believe it to be something that is very relevant for Colombia and that will generate positive growth, both for the economy as a whole, and also for banks. Therefore, we're very interested for participating there.

However, as we do not only with 4G concessions, but with any kind of loan that we bring into our portfolio, we are very careful on our credit quality evaluation. Particularly you can't lend to a project in the [vacuum], you lend to a conjunction of different aspects of the project. This means who the sponsors are, how the contract looks like, what toll road you're talking about. And this is a kind of analysis that we do not only for 4G concessions, but for all loans, particularly those long-lived projects, as the case of 4G.

So we are very interested in participating in these projects. But we need to do that with care, not only for our shareholders, but also for those who deposit their funds with Grupo Aval.

Operator

And our next question comes from [Andre Suarte] of [Asosoro and Valores].

Andre Suarte - *Asosoro and Valores - Analyst*

Good morning. Thank you for the presentation. I have a few questions related to evaluation assumptions. The first one is, I would like to know what's the regulatory limit on the maximum market share Aval can have on the total loans and total assets of the banks and on the financial system, given the fact that you guys have around 29% of the total bank loans.

The other question has to do with your expectations on the growth of Colombia's loan portfolio. That's around 11% to 12%. And what are your expectations regarding the evolution of (inaudible) I don't know the translation, I suppose that's financial inclusion or something like that.

Wait. Just a second. And that's given the fact that if you take a look at the share of the top players, you guys (inaudible) the evolution is pretty stable. So I suppose your growth is limited to those, like, to the maximum share you guys can have and the growth of Colombia's loans. I would like your answer on these items for Central America, as well.

And, finally, this question that is related with what Nicolas just asked, I would like to know what's your expectation on the revenue distribution of Corficolombiana, specifically on the importance of the gas business, as compared with infrastructure. That's it. Thank you.

Luis Carlos Sarmiento Gutierrez - *Grupo Aval - CEO*

Okay, we have limited this to one question, but I'm going to try summarize, given that there's like eight questions in what you just mentioned. So I'm going to try to tackle all of them, but it might be brief.

Regarding regulatory limits on market share, there's no regulatory limit on market share, per se. There is, however, in Colombia, considerations on -- consolidation that are determined more by the other Superintendency is different from the Superintendency of banks.

We do expect to continue growing our market share organically in Colombia. And inorganically, we would be willing to consider opportunities. However, in practice, this is not a regulatory issue. This is more of a value issue. Sometimes it's tougher for us to find value in assets that appear to be scarce to other competitors. In the past, we've been very disciplined with the price we offer for assets on sale and that's the reason why some of those have been purchased by other competitors.

But in short, there is no restriction there. It is more a de facto restriction, given that we already have a substantial presence in the country.

Regarding the growth of Colombia, I believe that was your question. We are -- we believe that expectations of analysts and of the government are in the right direction with growth over 4.5%. Growth that will be induced by new infrastructure is yet to be seen, but could bring numbers higher than the 4.5 that we are looking into, perhaps closer to the government targets of 6%.

Regarding financial penetration, there's many ways to measure that. One way that we like to look at it is a financial system gross loans to GDP, they will stand around 38%, 37%, 38%. With GDP per capita that is already above $8,000.

If you recall Colombia at the turn of last century was -- had a banking penetration of around 28% under this same measure, with a GDP per capita of around $2,000, $2,500 per capita per annum, so we're talking about drastically different country. Therefore, we do expect to see further penetration in Colombia and penetration to increase at a rate similar to what we have seen over the past few years. This means further penetration of close to 200 basis points per annum.

Where to see Colombia going to, a good way to think about it is countries like Colombia lag other countries in Latin America for a number of years. We are not yet as -- at the level at which a country like Chile is at. But at some point within the next 10 to 15 years, we should be aspiring to those kind of levels.

You were mentioning Central America. Central America -- Central America is a different story than Colombia. Central America is a region that is made up of six countries with different situations or -- so talking about the region as a country might not be appropriate.

However, what you can expect -- and this is based not only on our view, but what you will see from analysts -- is Central America should be growing at a pace similar to that of Colombia, perhaps initially slightly slower, but in time, might catch up and even surpass what Colombia is growing at.

The reason why we went into Colombia is -- into Central America is Central America has the same population as Colombia, but roughly about 50% of its GDP. So the opportunity in Central America converting to a level similar to Colombia let's say in 10 years from today is a huge opportunity that we are seeking to capture.

Regarding Corficolombiana, I'm not sure I understood your question well, but the way you should think about Corficolombiana is Corficolombiana is very much about creating wealth, and there is temporary or a cyclical behavior on how things flow through the P&L.

In time, Corficolombiana should continue to generate value, as has done in the past, so a good way to think about Corficolombiana is, on average, it should generate income similar to what it has done before with growth that will come primarily from its investments in new infrastructure and new energy that have been made over the past years and that will continue to be made.

So that's the way to think about it in global terms. Specifically if you're looking to Aval, there's two lines you need to look into the P&L if you want to read Corficolombiana better, and it is income from dividends, which mainly comes from unconsolidated companies of Corficolombiana and income from nonfinancial sector, which is basically the operating income from those companies that are consolidated under Corficolombiana.

Operator

And we have no further questions at this time.

Luis Carlos Sarmiento Gutierrez - *Grupo Aval - CEO*

If there's no further questions, thank you very much for attending our call and look forward to see you on the next call. Bye.

Operator

Thank you, ladies and gentlemen. This concludes today's conference. Thank you for participating. You may now disconnect.
