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PRESENTATION

Operator

My name is Hilda and I will be your operator for today's call. (Operator Instructions).

Grupo Aval is an issuer of securities in Colombia and in the United States, registered with the Colombia's National Registry of Shares and Issuers, RNVE, and the United States Securities and Exchange Commission. As such, it is subject to the control of the Superintendency of Finance and Compliance with the applicable US securities regulation as a foreign private issuer under Rule 405 of the US Securities Act of 1933.

Grupo Aval is not a financial institution and is not supervised or regulated as a financial institution in Colombia. Although we are not a financial institution until December 31, 2014, we prepare the consolidated financial information included in our quarterly reports in accordance with the regulations of the Superintendency of Finance for financial institutions and generally accepted accounting principles for banks to operate in Colombia, also known as Colombian Banking GAAP, because we believe that that presentation on that basis most appropriately reflected our activities as a holding company over a group of banks and other financial institutions.

However, in 2009 the Colombian Congress enacted Law 1314 establishing the implementation of IFRS in Colombia. As a result, since January 1, 2015, financial entities and Colombian issuers of publicly traded securities, such as Grupo Aval, must prepare financial statements in accordance with IFRS as applicable in Colombia. IFRS as applicable under Colombian regulations differs since certain aspects of IFRS as are currently issued by the IASB. Our 20-F annual report filed with the SEC provides a description of the principal differences between Colombian Banking GAAP and US GAAP, as well as expected changes from our implementation of IFRS as applicable under Colombian regulation.

The unedited consolidated financial information included in this webcast is presented in accordance with IFRS as currently issued by the IASB. 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 current rates, and other risk factors, as evidenced in our Form 20-F available at the SEC webpage.

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When applicable, in this webcast we 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 Executive Financial Officer of Grupo Aval; and Tatiana Uribe, Financial Planning and Investor Relations Officer 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 Acciones y Valores S.A. - President*

Thank you. Good morning and thank you very much for joining our call. As I anticipated we would do and informed you of such during our last call, we have now converted our 2014 financials from Colombian GAAP to full IFRS. Consequently, from this call onwards we will be presenting our quarterly financial results in this accounting standard.

Additionally, as expected, we have somewhat changed our first-quarter net income results previously reported as COP554 billion and now restated to COP575 billion, both numbers excluding the extraordinary wealth tax expense.

But first, allow me a couple of minutes to refer to Colombia's economy. To start with, our growth estimation of approximately 3% has proven to be substantially correct with first and second quarter growth of 2.8% and 3%, respectively. At this point, we estimate that we will continue to see similar growth numbers in the remaining quarters of this year and again in 2016.

The country continues to adapt to the price of both new reality, as well as to the price of $1 in Colombian pesos. On this subject, the second quarter of 2015 finally showed a stabilization of the exchange rate after six months of extreme volatility. In fact, exchange rates on March 31 and June 30 were almost unchanged.

The price of oil has also somewhat stabilized as proof even though oil prices increased during the second quarter, today the price of a barrel is almost what it was on March 31. As a result of foreign exchange, we have begun to see a reduced growth rate in imports and we hope that nonoil exporters will soon take advantage of the increased level of competitiveness that arises from comparatively cheaper labor costs in the presence of a weaker peso to compensate in part for the decrease in proceeds from oil exports.

In fact, as you will see later on, Colombia's current account deficit has started to show some improvement. In the meantime, unemployment continues to show acceptable levels. However, inflation continues to show resiliently high numbers, in part as a result of the rise in costs for importers of foreign raw materials and finished goods. In fact, on a 12-month basis, inflation peaked in August at approximately 4.7%, substantially over the Central Bank's target.

Because of this, we have all but discarded the idea that the Central Bank would loosen monetary policy and now think that it might be considering to tighten monetary policy as a result of the observed inflation numbers.

The DTF continues stock at the Central Bank's rate level of approximately 4.5%. However, if the Central Bank takes action, we believe that this rate will edge up accordingly.

With regards to the 4G infrastructure program, the second wave of concessions has been awarded in its entirety. The winning parties are trying to secure financing and our banks are gearing up to participate in selected financing packages. As we had expressed in the past, we expect that this financing will have a positive influence both in rate and volumes in our own petroleum.

We also celebrated with cautious joy yesterday's news coming from Cuba announcing an imminent signing of the much awaited peace treaty with Colombia's FARC guerrillas. The final implementation of this accord should eventually translate into decreased military spending and an excellent opportunity to develop the agro industry in many rural areas that had all but been forgotten due to their occupation by this guerrilla group.

Now turning to all our financial results, these are the main highlights. Diego Solano, Aval's CFO, will refer to each of these in more detail following this summary. Our consolidated balance grew by 19% in the year ended June 30, 2015, and by 1.4% in the quarter, 76% represented by our Colombian originated assets and the rest from our foreign operations.

Our loan growth for the year was 22%, partially explained by the depreciation of the peso (technical difficulty) and close to 4% in the quarter ended June 30, 2015, which was not influenced by foreign exchange. Total growth in the last quarter came from both the consumer and the commercial portfolios.

As is typical when the country's economy slows down, we saw a slight deterioration of 10 basis points in the quality of our loans, with 30 days past due loans reaching 2.6%. Thus, our cost of risk showed a 20 basis-point increase in this quarter versus the previous ones. The ratio of provision expense net to average loans was 1.6% for the second quarter of 2015.

Our deposits grew at a lower rate than our loans as we funded part of our loan growth with a reduction of our fixed-income portfolio. Our current levels of total deposits to net loans is 98%.

As we explained during our last call, the main adjustment to our balance sheet as we move to IFRS resulted from the consolidation of Promigas. The main effect from consolidating this company was a reduction in our consolidated equity and a change in NIM, as we now include Promigas' debt interest expense in this calculation. Because of the aforementioned, our ratios of total equity to total assets and tangible equity to tangible assets were adjusted accordingly. As of June 30, these ratios stood at 11% and 7%, respectively.

Additionally, our NIM, which now includes the debt interest expense paid by Promigas, ended June 30 at 5.3% versus 5.7% in the previous quarter, mainly driven by a contraction of the NIM and fixed-income securities that decreased from 3.1% in the first quarter of 2015 to 1.1% in the second quarter of 2015, in line with the increasing rate environment we saw in the Colombian test market.

Efficiency remained stable at approximately 47%. Attributable net income for the quarter amounted to COP544 billion and year-to-date income reached COP1.1 trillion before the extraordinary wealth tax expense, an increase of 9% over comparable accumulated net income as of June 30, 2014.

Finally, our return on average assets for the period was 1.8% and our return on average equity for the period was 16%.

As I mentioned before, I will now pass on the presentation to Diego Solano, who will describe in detail our results for the quarter. Thank you and you have a good day.

Diego Solano - *Grupo Aval Acciones y Valores S.A. - CFO*

Thank you, Luis Carlos.

Starting on page 6, now moving to the body of the presentation, we present the evolution of some of the key macro drivers of our industry. As Mr. Sarmiento mentioned, our view on 2015 performance of the economy was substantially correct. Market consensus and real GDP growth, as reported by Bloomberg, now stands at 3% for 2015 and 3.1% for -- sorry -- that is that 3% for 2015 and 3.1% for 2016.

We share the market consensus with a slight negative bias. We expect 2015 growth to be in the 2.75% to 3% range, potentially below the lower limit of our previous guidance. We share the market's view in terms of GDP growth expectations for 2016.

We have a positive view on the impact of a more competitive peso, as well as on the impact of fourth-generation concessions in private/public initiatives and the economy. We expect their impact on growth, however, to materialize in the latter part of 2016 and more substantially during 2017.

Regarding unemployment, the last data point available is that for July 2015 the figure reported was 8.8%, improving from 9.3% figure reported a year earlier and showing resiliency to a slower GDP growth.

Finally, I would like to highlight two elements that suggest that the worst could be over and that elements for the recovery of Colombia are beginning to align.

Number one, positive data reflecting a reduction in the current account deficit during the second quarter of this year. This data point hints that even though high in absolute terms, the current account deficit would peak during this year and then revert to a more reasonable level in the medium term, as it has already started to increase as a percentage of GDP.

Second, the revision up of the estimates -- the estimated cap on fiscal deficits allowed under the fiscal rule to 3.0% for 2015 and 3.6% for 2016. This level temporarily reduces some pressure on further government spending cuts and/or tax reforms. This revision reflects adjustments done to incorporate lower oil prices and lower GDP growth expectations than previously assumed in the fiscal [growth].

Moving to page 7, we present inflation and some interest-rate benchmarks. Cumulative twelve-month inflation as of August was 4.74%, consistently above the Central Bank's upper limit of 4% over most of this year. Market consensus is now showing an expected inflation of 4.3% for 2015, above the upper limit for this year.

Figures for 2016 stand at a more acceptable 3.4%. Consistent with this [year-end] inflation, the market consensus now points to a Central Bank intervention rate hikes up to 50% in the remainder -- 250 basis points during the remainder of this year.

Anchoring inflation expectations during the remainder of this year will be key for salary and other operational expense increases during 2016. Given that the Central Bank has kept its interest rate flat now at 4.5%, we are currently seeing negative real interest rates. The DTF, our benchmark rate, has hovered around the level of the repo rate, thus remaining negative in real terms. This level is substantially below the historical 1.75% to 2% positive interest rate levels in Colombia.

Even though we are cautious on DTF spread expansion over the repo rate, given recent performance, we believe changes in the global and local liquidity could eventually favor a recovery on this front.

On page 8, we present oil prices effect on foreign exchange. As mentioned during our last call, given the relevance of oil for Colombian exports, a very strong negative correlation exists between international oil prices and the Colombian peso/US dollar exchange rate. Both in the period and average exchange rates were similar for the first quarter of 2015 and the second quarter of 2015 and did not impact our financials in a material manner during the quarter.

Volatility, however, has increased after period end with Colombian peso appreciating an additional 18% since the end of the second quarter, up to COP3,066 on average on September 22. With current levels of depreciation, Colombia has one of the most depreciated currencies among the American markets. Depreciation of the currency is positive for us from the income statement perspective as our Central American operation contributes more, but is heavy on our equity as it increases the growth of our risk-weighted assets coming from that region.

On page 9, we present our chart on Central America and macroeconomic progress and it is continuing having a positive GDP growth forecast, up close to 4% for the region in 2016. As mentioned in previous calls, we expect this region to be positively impacted by the lower oil prices as these countries are net importers. In addition, we foresee the positive effect in the region of a strengthened US economy. We expect that this environment will continue to favor both loan growth in US dollars and the quality of the loan portfolio in the region.

I will now move to the results of Grupo. I will start on page 10 with our asset evolution. As mentioned by Mr. Sarmiento, this document includes our results under IFRS. The numbers that I will refer to are prepared under full IFRS, which differs in certain aspects from the version of IFRS implemented in Colombia.

In particular, we have adjusted our financials to reflect, one, the equity tax as an expense, rather than a debit to the equity reserves; two, the equity -- the impact of classifying our fixed-income investments in three categories, rather than two categories, as currently implemented in Colombia; three, adjustments to loan-loss provision expenses to comply with IFRS, rather than the methodology applied by the Colombian Superintendency of Finance. This cash adjustment hasn't been material in the two past quarters for Grupo.

Now moving to the chart, total assets grew 19% as compared to the second quarter of 2014 and 1.4% during the last quarter. Our consolidated balance-sheet structure was similar to that in place at the end of June 2014 and March 2015, with net loans gaining relevance in our balance sheet now accounting for 64.3% of our assets, up from close to 63% three months earlier.

The investments have compensated the slight increase in our accounting for 13.3% of our assets, down from close to 14.4% three months earlier, as we decided to reduce the size of our portfolio due to the volatility in the fixed-income markets and our view on interest rates.

Colombian assets account for 74% of our balance sheet. When compared to 12 months earlier, the Central American assets increased their weight, mainly due to the Colombian peso depreciation.

On page 11, we present our loan portfolio evolution. Loans under IFRS are approximately 5% higher than under our previous accounting. The main items, which are now considered part of the loan portfolios, are operational leases, advances for leased assets, and interest receivable on loans.

Gross loans increased by 22.2% over the 12-month period ended on June 30, 2015. This change resulted from our Colombian book growing at 13.5% and Central America at 56.3%, 13.2% in dollar terms.

In the last 12-month period, mortgages continued to be our most dynamic portfolio, growing at 44%. Consumer and commercial loans grew 26% and 18%, respectively, during the same period. In the second quarter of 2015, gross loans grew 3.7%, with the Colombian operation growing at 4.5% and the Central American operation growing at 3.7%.

The structure of our gross loan portfolio was stable in the quarter, while having experienced a slight shift towards a higher component of personal loans over the past 12-month period. Commercial loans account for 62.7% of our portfolio, while consumers and mortgage loans account for 28.5% and 8.5%, respectively.

Colombia accounted for 75% of our loan portfolio, slightly up from 74.9% nine months earlier and down from 80.6% 12 months earlier. The increase in weight of the Central American operations compared to 12 months earlier was mainly due to the appreciation of the US dollar relative to the Colombian peso.

On page 12, several loan portfolio quality ratios are presented. On the top left of the page, you will find the evolution of our loans past due more than 30 days and our nonperforming loans, both as a percentage of total loans. During this quarter, our delinquency ratio slightly deteriorated from 2.5% to 2.6% when measured as 30 days past due loans to total loans and was stable when measured as NPLs to total loans at 1.7%.

Moving to the right, annualized net provision expenses net of recoveries of charge-off assets for the quarter was 1.6%, up from 1.4% recorded three months earlier. Provision expenses to average loans during the quarter were 1.6% in Colombia and 1.8% in Central America. Higher provision expenses in Central America were associated with the consumer loan portfolio.

The bottom left, you will find an annualized ratio of charge-offs as share of average NPLs. This ratio was 0.7 times in the second quarter of 2015, slightly lower than 0.8 times recorded during the previous quarter.

Finally, on the bottom right you will find -- you will see several loan-loss reserve coverage ratios. Our allowances are 2.7% of our total loan portfolios and cover 1.5% of our NPLs and 1 times PDLs.

On page 13, you will find further detail on the quality of our loan portfolio. On this page, you will find the evolution as a percentage of total loans of our loans past due more than 30 days and our nonperforming loans. I will also refer to 90 days the past-due loans, which, even though not included in this chart, are covered in the results report made available with this presentation.

During this quarter, our delinquency ratio had a slight deterioration when measured as 30 days PDLs to total loans and as 90 days PDLs to total loans. This performance is consistent with the deceleration of GDP growth. 30 days PDLs increased from 2.5% to 2.6%, while 90 days PDLs remained stable at 1.5%, both as a percent of total loans, excluding interest account receivables.

Broken down by type of loan, consumer loans experienced a slight deterioration under both metrics, recording 4.1% and 2.1% on 30-day and 90-day horizons, respectively. Commercial loans were stable in the 30-day horizon at 1.8% and deteriorated slightly in the 90-day horizon to 1.3%.

Broken down by geography, in Colombia 30 days PDLs to total loans were 2.7%, slightly above the 2.6% recorded at the end of March 2015, while 90 days PDLs to total loans in Colombia were 1.7%, slightly higher than the 1.6% recorded at end of March 2015. In Central America, 30 days PDLs to total loans were 2.3%, at the same level as recorded at end of March 2015, while 90 days PDLs in Colombia were 1%, at the same level as recorded at end of March 2015.

Delinquency measured as NPLs to total loans was 1.7%, both as of the end of the second and the first quarter of 2015. This ratio slightly increased in Colombia during the quarter to 1.9% and was stable in Central America at 1.3%.

Funding and deposits evolution is presented on page 14. Total funding increased 18% over the last 12 months and 1.8% during the last quarter. Broken down by geography, Colombia grew at 10.4% over the last 12 months and 1.7% during the last quarter. Central America grew at 47.6% in Colombian peso terms, or 6.9% in US dollar terms, over the last 12 months and 1.8% in Colombian peso terms, or 1.7% in US dollar terms, over the last quarter.

Deposits increased at 16.2% during the last 12 months and 0.8% during the last quarter. Broken down by geography, Colombia grew 8.4% over the last 12 months and 0.2% during the last quarter. Central America grew 48.8% in Colombia peso terms, or 7.4% in US dollar terms, over the last 12 months and 2.8% in Colombia peso terms, or 2.8% in US dollar terms, over the last quarter.

As previously mentioned, loan growth has been partially funded with a reduction of the fixed-income portfolio. This behavior has been consistent with an expectation of the cycle of interest rate increase. Our funding and deposit structure remained substantially stable during the quarter. Our deposits accounted for three-quarters of our total funding. Our deposits covered 98% of our net loans. This ratio has changed compared to Colombian Banking GAAP, explained in part by the adjustment up in the value of loans. Checking accounts represent 23% of our deposits.

Now moving to page 15, we present the evolution of our total capitalization, our attributable shareholders' equity, and the capital equity ratio of our banks. Our total equity, defined as attributable equity plus minority interest, was COP21.5 trillion as of the end of June. This implies 19.8% increase over the last 12 months and 3% during the last quarter.

Total equity accounted for 63.9%. Total equity as of June 2015, up from 61.9% a year earlier. Minority interest under IFRS is higher because of consolidating Promigas.

Shareholder equity was COP13.7 trillion as of the end of June. This implies a 23.5% growth during the last 12 months and 2.1% during the quarter. Equity under IFRS decreased slightly compared to Colombian Banking GAAP, mainly due to changes in deferred taxes, elimination of certain reappraisals of assets, and the adjustments in recognition of certain liabilities, such as pension liabilities, employee benefits, and tax liability.

On this chart, we also show the consolidated solvency of our banks. Solvency during the quarter was relatively stable. The 12-month period ended on June changes in the solvency of Banco de Bogota incorporates a substantial growth in the Central American risk-weighted assets that result from the appreciation of the US dollar relative to the Colombian peso.

On page 16, we present our net interest margin. Our net interest margin for the second quarter of 2015 was 5.3%, contracting from 5.7% during the previous quarter, driven by a contraction in the net interest margin on investments. During the quarter, net interest margin on loans was 6.3%, as well as recorded -- as that recorded for the previous quarter.

Changes in this figure as reported under IFRS relative to those measured under our previous accounting standard are mainly due to the upward adjustments in the loans mentioned earlier in this call and the inclusion of Promigas debt interest payments. The Promigas debt interest payments at around 10 basis points -- or reduced 10 basis points of our net interest margin.

Net interest margin on fixed-income investments was 1.1, down from 3.1 a quarter earlier. The yield on fixed-income investments decreased mainly as a result of the increasing rates of government bonds. Quarterly net interest income grew 11% compared to the same period one year earlier, increasing from COP1.84 trillion to COP2.04 trillion during the quarter. Net interest income for the quarter contracted 1.8 relative to that for the previous quarter.

On page 17, we present net fees and other income. Our fee income is presented on the top of the page. Gross fee income grew 21.1% compared to the same period a year earlier. Net fees for this quarter increased by 1.4 compared to those received during the first quarter of 2015.

Bottom of the page, we present other income. Other income increased 24% compared to the previous quarter. This increase was mainly driven by an increase in income from our equity investments. Income from our equity investments, which includes dividends and equity method and income from the nonfinancial sector, accounted for COP397 billion out of the total COP760 billion of other income recorded during this quarter.

Income from the nonfinancial sector increased substantially under IFRS compared to Colombian Banking GAAP, due to the consolidation of Promigas.

On page 18, we present efficiency. On this page, we present a couple ratios of operating expenses as of a share of total income and average assets. Our efficiency, measured as operating expense to income, was 47.2% in the quarter, improving from 47.6% during the previous quarter.

Our efficiency, measured as operating expenses to average assets, was 3.4% in the quarter, at the same level as the previous quarter and a year earlier.

Finally, on page 19, we present our net income and profitability ratios. Net income for the quarter was COP544 billion or COP24.4 per share. Cumulative net income as of June was COP911 billion or COP40.9 per share. In absence of the wealth tax, our cumulative net income as of June would have been COP1.1 trillion or COP50.2 per share. Return on average assets and return of -- and average equity for this quarter were 1.8% and 16%, respectively.

With this, I open it to questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Saul Martinez, JPMorgan.

Saul Martinez - *JPMorgan - Analyst*

Two questions. I will ask my first one, I'll let you answer, then I will follow up. First on credit quality, I want to get your sense for how you feel about the evolution of credit quality and whether you feel we are on the verge of a worsening credit cycle in Colombia. Your cost of risk did go up. Obviously, it did go up less than what it did for some of your peers this quarter, but -- and correct me if I'm wrong, in general second quarter tends to show a bit of improvement in terms of coverage, cost of risk, NPLs, and first quarter, a little bit of worsening. It doesn't seem to be the case for banks in Colombia.

So just given the overall backdrop where credit has grown for a number of years well about GDP growth and you have seen some increases in leverage, the economy is obviously slowing, you have had some companies, infrastructure companies, or an infrastructure company who is having some financial difficulties, can you just paint a picture of how you feel in general about asset quality and whether we could see a more notable worsening in your cost of risk and in the cost of risk for Colombian banks generally in the coming quarters? And I have a follow-up question as well.

Diego Solano - *Grupo Aval Acciones y Valores S.A. - CFO*

Saul, I think it's a very pertinent question. The kind of impact that we had on our results for this quarter, we had a relevant influence of a higher cost of risk.

We had guided at the beginning of the year to 1.5% to 1.7% of cost of risk. We believe we will be in the higher end of that range by the end of the year. We have an influence of a lower quarter -- a lower first quarter in cost of risk, and this quarter had been, I would say, quite substantial, but representative of what could follow for the rest of the year, so that we would end up around the higher end of our range.

For next year, it is a tricky question because it is very much tied to economic data. Based on a view of a year similar to this one, we can be more generous for next year than what we are being for this year. Therefore, the center of a range for next year could be where we end up this year. That could be around 1.7%.

You mentioned a couple of one-time items. I think people might have seen in the press what has happened with some of the construction companies. This is something we had mentioned in the past as one of the areas where we're being particularly keen on how we select who to lend in the fourth-generation concessions and how these projects are structured. We continue to believe this is going to be key for the success of the plan and for the success of the banks who lend to these projects. But at this point, we will take these as one-time events, rather than something to worry about.

Saul Martinez - *JPMorgan - Analyst*

Okay, if I just take a -- and I am looking at it from 50,000 feet above sea level and this is a more general question for the country as a whole. But credit growth to GDP growth has been 2 times, on average, for the last five to six years. Penetration, you can argue it is low in a global basis, but the delta has been pretty high over the last five, six years in terms of loan to GDP.

You are seeing a slowdown. Credit growth still growing a low teen range. Maybe it slows further. Do you see a risk that your cost of risk is not 1.7, but for the banks it goes up meaningfully more than that and you see a cycle over the next year to two years that is much worse than the base-case scenario?

Diego Solano - *Grupo Aval Acciones y Valores S.A. - CFO*

Saul, to that point, I think that you need to go back to what is happening in the Colombian economy. What is going on in the Colombian economy is part of the GDP deceleration is related to industries that are not employment intensive.

You might have noticed that in the macro data, we continue to see quite good performance of employment, perhaps better than what you expect for this kind of slowdown. But the explanation that we find to that phenomena and to the -- I would say mild effect on consumer quality is that what has been hit has been an industry that is pretty much concentrated and that has (technical difficulty)

Operator

Please stand by. We're experiencing audio technical difficulties. All parties, please stand by. (Operator Instructions).

Thank you, ladies and gentlemen. We will now resume.

Saul Martinez - *JPMorgan - Analyst*

Sorry, Diego, I think we missed a lot of what you said. We had some audio difficulties.

Diego Solano - *Grupo Aval Acciones y Valores S.A. - CFO*

I will repeat just for the sake. I know when we dropped out. You were mentioning that you are quite surprised with the kind of performance (multiple speakers). There could be a higher cost of risk into the future.

Saul Martinez - *JPMorgan - Analyst*

Yes, where we got cut off, Diego, was -- you said employment was performing well and that helps, and then you got cut off.

Diego Solano - *Grupo Aval Acciones y Valores S.A. - CFO*

Okay, employment is performing well and this sounds reasonable, given that what has brought down GDP has been in part the oil industry, which is pretty much in a nutshell. What I mean by being in a nutshell is that the areas of the country where it operates are very specific and its impact on employment is quite low.

It does have a second derivative in it is when these taxes and royalties get spent and at that point we can get some more spillover into the rest of the economy. However, what has been hit has been this kind of industry while the depreciation of the peso has already begun to help employment-intensive industries.

Therefore from the consumer standpoint, the consumer lending standpoint, there is some sort of a relief in this kind of slowdown. The guidance that I was now giving and it is that we expect to be on the higher end of a range, that means around 1.7 -- the 1.7 area in cost of risk basically incorporates that we are expecting the rest of the year to be similar to what has happened during this quarter.

For next year, assuming a 3% GDP growth with some improvement during the second half and particularly the last quarter of the year in GDP growth, we are pretty much cautious and taking this year as a base and starting a range around that that would take us to something in the 1.6, 1.8 area.

To try to be as straight to your -- or direct to your question, we do not believe that this is bringing in a significantly higher cost of risk cycle. There are indeed some of these events -- I know this part I already mentioned or it was when I got cut off, but these events around the construction companies are events that could be one-time events. We are indeed very cautious about the structure of these programs and it is what we have been voicing over the past year and a half, that the sponsor groups, the way the projects are structured, the quality of the equity being contributed to these projects is here and it is [being key] in the way that we are analyzing our underwriting.

Operator

Juan Dominguez, Credicorp Capital.

Juan Dominguez - *Credicorp - Analyst*

Good morning and thanks for the invitation to this call. I have a question regarding liquidity. We have seen some increases in loan to deposit ratios in the entire industry. Nothing to be really alarmed for right now, but I wonder if you can provide us some color on what do you expect in terms of a funding.

And also, we have heard some, in your peers, some pressures on the liquidity market, especially in longer-term term deposits. I wonder if you can also provide us some color on what to expect in terms of cost of funding.

Diego Solano - *Grupo Aval Acciones y Valores S.A. - CFO*

Okay, thank you, Juan. Regarding the liquidity, we continue to see some tightening in liquidity in Colombia and also globally. We do not disregard the impact that global liquidity might be having on local liquidity and countries such as Colombia. This will be mild, however, as for this year. We expect next year deposits to grow slightly below loan growth.

When you look at our numbers at Aval, something that you need to bear in mind is that Aval historically has had our larger share of fixed-income portfolio as a percentage of total assets. Therefore, part of what we have done to adjust to the interest-rate cycle is reduce part of our fixed-income investment portfolio.

This has a secondary effect. This is not the primary driver of doing it, but it also provides some of the funding for loan growth. That's why you can also see that in our case our deposits have adjusted slightly stronger than what the system average looks like.

This environment we see more positively than negatively for ourselves. In the case of Grupo Aval, our banks are pretty well funded by deposits; therefore, it becomes more of a strength in this kind of cycle. On the other hand, banks that are not as strong might have to be forced to adjust their prices up; therefore, the competitive pressure on pricing might somehow ease.

As I started out, we have to be cautious on forecasting DTF spread to repo rate expansion because we have been proven wrong over the past months and the market has been proven wrong, but this is actually a positive event that could help us see some recovery on this front moving forward.

For the longer maturities, I don't really have a view on any hazard on that dimension. We do believe that in time, and this is going to be a multiyear process as the fourth-generation concessions add up in our portfolios, we might have to slightly adjust the duration of our funding. However, the pace at which this will happen is quite slow. The impact on our portfolio is of around 1% per year, 1.5% per year; therefore, we will have time to adjust.

Operator

Mauricio Restrepo, BTG Pactual.

Mauricio Restrepo - *BTG Pactual - Analyst*

Thanks for the call. A couple of questions. The first ones are related to IFRS. I don't know if you can give us some details of the net impact of 2014 results on the IFRS compared to [full] GAAP and if you are going to provide some of the quarterly numbers for us to adjust our models.

Also related to that point, if you can comment specifically on other operating income that increased significantly. You can mention some of the variables that changed, and also how we can look or how can we look at the -- on the impact of the noncontrolling interest as well.

And the second question is probably if you have a new ROE guidance under IFRS for this year and coming years.

Diego Solano - *Grupo Aval Acciones y Valores S.A. - CFO*

Okay, regarding IFRS, we didn't do this in advance to this call, but within the next couple weeks, what we are planning on doing is to present to the market what our full quarter-by-quarter results for 2014 are.

The reason we are taking this couple weeks is that we are still in the process -- finalizing the process of auditing our financials, consolidated financials of our subsidiaries. But, in fact, we acknowledge that this will be particularly useful for the market to get a better feel.

Having said so, our view at this point is that the second quarter of this year can be quite representative of how our numbers will look under IFRS. The first quarter had a negative effect of the equity tax, but this could be levels that can give you an idea of how our numbers will look into the future.

First, I mentioned it briefly, but just to highlight it, the case of cost of risk at least for this quarter, the effect that we saw in our numbers was actually very mild, and for the previous quarter it was also immaterial. So one of the sources of changes in accounting that had been discussed in the past might not be making our numbers very different from those that you saw previously, particularly under US GAAP.

Regarding other operating income, I think you're right on the spot. The most relevant piece of the other operating income is what is coming from Corficolombiana. Particularly with including Promigas, we had a substantial change in two lines. The top line is operating income, but then there is a second line that adjusts that number down and it is the noncontrolling interest that you mentioned. In the case of Promigas, around 80% of the income that comes into this line flows out back in the noncontrolling interest, the income from the nonfinancial particularly.

Regarding ROE guidance, we will give more precise guidance during our next call. Anyway, what we are looking into considering equity tax and this kind of impacts for this year is that we might end the year somewhere close to the 14% area. I think I covered your questions already.

Operator

Thank you. At this moment, we show no other questions. Do you have any final remarks?

Diego Solano - *Grupo Aval Acciones y Valores S.A. - CFO*

Thank you very much for attending this call. As I mentioned before, we will be soon providing full 2014 IFRS information and hope to see you on our next call.

Operator

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