1Q2019 CONSOLIDATED EARNINGS RESULTS CALL TRANSCRIPT

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Operator

Welcome to Grupo Aval's First Quarter 2019 Consolidated Results under IFRS Conference Call. My name is Hilda and I will be your operator for today's call.

Grupo Aval Acciones y Valores S.A. (Grupo Aval) is an issuer of securities in Colombia and in the United States, registered with Colombia's National Registry of Shares and Issuers (Registro Nacional de Valores y Emisores) and the United States Securities and Exchange Commission (SEC). As such, it is subject to compliance with securities regulation in Colombia and applicable U.S. Securities regulations.

All of our banking subsidiaries (Banco de Bogotá, Banco de Occidente, Banco Popular, and Banco AV Villas), Porvenir and Corficolombiana, are subject to inspection and supervision as financial institutions by the Superintendency of Finance. Grupo Aval is now also subject to the inspection and supervision of the Superintendency of Finance as a result of Law 1870 of 2017, also known as Law of Financial Conglomerates, which came in effect on February 6, 2019. Grupo Aval, as the holding company of its financial conglomerate is responsible for the compliance with capital adequacy requirements, corporate governance standards, risk management, and internal control and criteria for identifying, managing and revealing conflicts of interest, applicable to its financial conglomerate.

The consolidated financial information included in this document is presented in accordance with IFRS as currently issued by the IASB. Details of the calculations of non-GAAP measures such as ROAA and ROAE, among others, are explained when required in this report.

Grupo Aval has adopted IFRS 16 retrospectively from January 1, 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening Condensed Consolidated Statement of Financial Position on January 1, 2019. Consequently, quarterly results for 2019 are not fully comparable to previous periods.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, Grupo Aval, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies. Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

This report includes forward-looking statements. In some cases, you can identify these forward-looking statements by words such as "may", "will", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue", or the negative of these and other comparable words. Actual results and events may differ materially from those anticipated herein as a consequence of changes in general, economic and business conditions, changes in interest and currency rates and other risk described from time to time in our filings with the Registro Nacional de Valores y Emisores and the SEC.

Recipients of this document are responsible for the assessment and use of the information provided herein. Matters described in this presentation and our knowledge of them may change extensively and materially over time but we expressly disclaim any obligation to review, update or correct the information provided in this report, including any forward-looking statements and do not intend to provide any update for such material developments prior to our next earnings report.

The content of this document and the figures included herein are intended to provide a summary of the subjects discussed rather than a comprehensive description.

When applicable, in this document we refer to billions as thousands of millions.

At this time, all participants are in a 'listen only' mode, later we will conduct a 'Question and Answer' session. I will now turn the call over to Mr. Luis Carlos Sarmiento Gutierrez, Chief Executive Officer, Mr. Sarmiento Gutierrez you may begin.

Luis Carlos Sarmiento Gutiérrez

Chief Executive Officer

Thank you Hilda. Good morning all and thank you for joining our first quarter 2019 conference call. It is my pleasure to share with you our strong financial results for the quarter that ended on March 31st. As in previous calls, today I will cover several subjects including a few financial highlights, which Diego Solano will discuss in detail, an update of our digital strategy, possible regulatory changes, an update on legal issues surrounding the Ruta del Sol project, macroeconomic results and our economic guidance for 2019.

To highlight a few of this quarter's numbers, our attributable net income for the quarter was 763 billion pesos or 34.2 pesos per share, an increase of 28% versus 2018's first quarter results of 598 billion pesos or 26.8 pesos per share, and our return on average equity for the quarter rose to 17.4%.

These results were mainly driven by positive trends such as: increases in net interest margin and in net fee income (both from banking and pension fund management); an improvement in Cost of Risk supported by better consumer loan vintages and by the apparent end of the deteriorating credit cycle; continued success in keeping costs under control; and strong performance from our Non-Financial sector investments, especially Corficolombiana's three toll roads under construction and Promigas.

Our loan portfolio grew by more than 7% in the last twelve months ending March 31st; however, growth during the quarter, in absence of foreign exchange effects, was a modest 0.2%. This was especially noticeable in our Central American loan portfolio, which contracted during the quarter because of slow economic growth, exacerbated by the Nicaraguan crisis, which has resulted in a loan portfolio decrease, in that country, of 23% in the last twelve months, about a third of which took place during this first quarter. January and February were also months of no growth in our Colombian loan portfolio. However, I am pleased to say that average loan portfolio growth in Colombia of between 0.8% and 1% per month, both in commercial and consumer loans, during March, April and May puts us on track to meet our guidance of growth for the year. Even better news is that we have started to detect a loan pricing environment which we believe places us in a good position to increase, profitably, our loan volume. And, as the economy slowly accelerates we expect that the pick-up in loan growth will be sustainable. Furthermore, as we expect a year of stable interest rates, growth should contribute to an increase in our net interest income.

The abovementioned trends and figures, which will be discussed in further detail throughout the presentation, continue to show the sustainability of Grupo Aval´s results and the benefits derived from our business diversification, both in sectors and in geographies.

As we have reported in the past, all our banks in Colombia and Central America are focused on executing our digital strategy. One of the necessary end-results of this strategy is presenting to our clients a viable omni-channel solution. By doing so, we will also be able to continue the shrinkage in our footprint, but at the same time we will continue upgrading and investing in our resulting branch network both from client experience and operational standpoints.

In the meantime, we continue to increase the number of our digital clients, which currently surpass 3 million in Colombia and Central America and to migrate transactions to digital channels. We now have more than 2 million active users on our mobile banking platforms, a figure that rises exponentially every year.

Finally, through the implementation of customized content and automating processes, we were able to sell close to 200,000 digital products online in 2018, representing growth of 50% versus the previous year. Our goal is to surpass this figure in 2019.

On the regulatory front, we are keeping ourselves well-informed of a specific proposed Bill of Law as it journeys through Congress. This bill considers eliminating some fee income on credit cards and debit cards and it limits fees charged on savings accounts.

In theory, the bill suggests that the elimination of such charges would increase banking penetration of low income individuals. As we have tried to explain to Representatives and Senators alike, the truth is completely the opposite. Cost of Risk and costs to serve this stratum of the population is higher; therefore, when faced with revenue-limiting restrictions, banks will have no option but to stop serving certain segments of clients. This is exactly the opposite of what this bill intends to achieve.

The bill has already passed the second mandatory debate in the lower chamber of Congress. It has moved on to the financial committee of the Senate where it is being discussed. If it passes in the committee, it will be presented to the Senate in full for their consideration and approval. If it is approved by the full Senate exactly as redacted by the lower chamber, it must be sanctioned by the President, who could challenge it, before the bill becomes a law.

There is no clear timeline for the senate debates as other political matters might be on its agenda before this topic; in fact, if debates are delayed, the bill might move on to the next legislature as the second semester of this year is a period of electoral debate.

Asobancaria, the Association of Colombian banks, is representing the financial system in front of Congress in an effort to drive across the banks' message with regard to the inconvenience of the proposed bill. Banks are also discussing more efficient ways to penetrate all client segments in order to present, to Congress, alternatives to this bill.

In our estimation, if this bill becomes Law, the impact to Aval's net income, post taxes and minority interest, is approximately Ps 220 billion, or 8% of our yearly results. Although not as severe an impact to net income as compared to some of our peers, we are giving this matter all our attention.

As the year progresses, we are also expecting multiple changes and additions to existing banking regulations, by the superintendence of finance and the ministry of finance, regarding required levels of liquidity, Basel III norms, and operational-risk capital consumption laws, to name a few. At the holding company level, more regulations will be published with specific requirements related to the application of the conglomerates law. We have started to strengthen our Risk area to make sure that we comply with all requirements in a timely manner.

Regarding legal matters related to the Ruta del Sol legal proceedings, I will try to summarize some of the most important developments in the last couple of months.

Since the filing of our 20-F, on Abril 29, a judge of first instance found Jose Elias Melo guilty of having knowledge of the Odebrecht bribes in 2009, and sentenced Mr. Melo to almost 12 years imprisonment. Mr. Melo has appealed this decision before the Tribunal Superior de Bogotá. As explained by the judge in his sentence, by law he is obligated to refer to the Attorney General's office for possible investigation certain matters that came up at trial. As such, the judge referred a list of sixteen individuals all of whom were mentioned in one way or another during Mr. Melo's trial, three of which are current employees of Grupo Aval or its subsidiaries, including myself, Gustavo Ramirez, and Mauricio Millan.

Secondly, I will just remind you that the CRDS' Arbitration Tribunal is expected to rule on or before August 20, this year and the expert opinion of Forest Partners, Estrada y Asociados (a Duff & Phelps subsidiary) was submitted to the Arbitration Tribunal yesterday. The tribunal should now formally share this opinion with the parties to this proceeding and allow some days for their review and comments. As you may recall, this is an opinion on technical and financial issues regarding CRDS that should serve as the basis for the Arbitration Tribunal to establish the liquidation value of the Ruta del Sol 2 contract.

Finally, last week the Constitutional Court ruled in favor of the legality of most of Law 1882 of 2018, that establishes a procedure to liquidate concession contracts judged as null. On a positive note, this law protects the interests of creditors, including banks, in cases of nullity of concession contracts. The constitutional legality of the Law had been questioned by some politicians.

Finally, let's address the most relevant macroeconomic results of the Colombian and Central American economies.

GDP growth in Colombia during the first quarter of 2019 was 2.3% when seasonally adjusted and 2.8% without adjustments for seasonality, both shy of our own estimates. Our expectation for GDP growth during 2019 is still in the range of 3% to 3.25%, somewhat more conservative than the government's.

We see inflation for 2019 between 3.0% and 3.25% with eventual pressures coming from La Niña weather phenomenon and from a relatively cheap peso affecting the value of imported goods and being transferred into higher prices of consumer goods.

Because we see a controlled inflation scenario in our base case, we continue to see a stable monetary policy for the next two quarters with maybe one or at most two hikes of 25 pbs each by the end of the year. If inflation starts to increase because of devaluation or weather, hikes might happen sooner.

We continue to feel that the expected fiscal deficit target for this year will be met and believe that the recent announcements from the Government to privatize some companies, or a portion of them, could help them fund the, hopefully temporary, resources needed to control the Venezuelan migration. The current account deficit might deteriorate in the short term if the price of oil drops and imports outgrow additional revenues from oil and other exports.

On the FX front, our view is that the current level of Peso - Dollar rate is above the level it should be. There has been a recent decoupling between the oil price and the fx rate driven by the market turmoil that is impacting the majority of the emerging markets' currencies and by certain foreign players unwinding their portfolio positions in Government fixed income peso denominated securities. As such, we expect the exchange rate to return to the $3,100 pesos per dollar area assuming oil prices remain at approximately USD 70 per barrel.

Finally, unemployment continues to deteriorate resulting from a larger supply of employees and a stable-at-best demand for additional workforce. On the supply side Colombians are competing for jobs with Venezuelans entering the work force with lower salary expectations, and on the demand side, we feel that companies are not yet demanding expanded workforces as can be derived from a somewhat weak volume in new pension affiliations. This is an area we will monitor closely as it might have an eventual impact on our consumer loan portfolios.

Our Central America outlook for 2019 is similar to the IMF's which estimates 3.3% growth for 2019 versus 2.8% in 2018. This estimate could be threatened by a US economic slowdown taking a toll in remittances inflow or by a sharp increase in oil prices. We are encouraged by a better performing Costa Rican economy and by an improving fiscal situation in El Salvador, as well as by strong levels of monetary international reserves in all the region, except in Nicaragua where the political situation, although better, is still distant from being permanently resolved.

We hope to continue beating your expectations. I now leave you with Diego Solano. Thank you for your attention.

Diego Solano Saravia, Chief Financial Officer

Thank you Luis Carlos, I will now move to the consolidated results of Grupo Aval under IFRS and wrap-up with our guidance for 2019.

As mentioned by Luis Carlos, 1Q19 was a strong quarter for Grupo Aval: our NIM benefited from a robust result of our investments portfolio; cost of risk fell, in spite of the burden of Nicaraguan provisions, mainly driven by a continuing improvement of our Colombian consumer portfolio; the benefits of our cost control efforts deployed in 2018 have enabled us to continue improving our efficiency; and finally our non-financial sector, continues to strongly contribute to our results.

Starting on page 9, Assets grew 11.2% over the year and decreased 0.5% during the quarter.

Colombian assets grew 8.8% over the year and remained stable during the quarter. Rights-of-use of leases and contracts associated with the adoption of IFRS 16 and growth of investments, offset by lower interbank and overnight assets drove the volume dynamics during the quarter in Colombia.

Central America, which weighs close to 30% of our book, delivered 2.7% annual and 0.5% quarterly growths in dollar terms, affected by Nicaragua. Nicaragua, which represents 6% of our Central American assets, contracted 23.6% and 1.8% over the 12-month and 3 month periods ended on March 31, 2019. Central America excluding Nicaragua grew 5.8% and 0.7%, respectively during the same periods.

On to page 10, loans excluding repos grew 7.3% over the year and decreased 0.5% during the quarter. Quarterly performance reflected seasonality and the effect on our foreign currency assets of a 2.3% appreciation of the Colombian peso.

In Colombia, Commercial loans remained stable during the quarter, showing a slow dynamic, particularly in USD denominated loans. Even though not yet reflected in our figures, hints of a mild strengthening of our corporate portfolio growth started to emerge since March.

Our Colombian corporate loan portfolio remained stable during the quarter and contracted 1.2% over the year.

Commercial peso-denominated loans showed a quarterly growth of 0.7%, the first increase since 1Q18.

Commercial USD denominated loans decreased 4.0% in peso terms QoQ.

Strong growth of our Colombian retail portfolios partially compensated the soft dynamic of our corporate portfolio. Colombian consumer and mortgage businesses expanded 10.1% and 18.0%, respectively, over the 12 months. Quarterly growths were 2.2% and 2.8%, respectively.

Central America expanded 3.1% in dollar terms over the year and contracted 1.1% during the quarter. Nicaragua contracted 23% and 7.2% during these periods, while the rest of the region expanded 5.4% over the year and contracted 0.7% during the quarter. As in Colombia, recent performance in Central America hints to a recovery in growth rates.

On Pages 11 and 12, we present several Loan Portfolio Quality ratios.

30 days PDL showed a slight deterioration during the quarter driven by Nicaragua, a seasonal behavior of the consumer portfolio in the rest of Central America, and by a slight deterioration of the commercial loan porfolios around the region.

We continued reducing the burden of the 3 corporate cases; coverage for CRDS went up to 45% given the approximately USD 100 million payment received in January that reduced the outstanding net balance to USD 124 million. Our coverage for the SITP companies reached 39% on average, with company specific ratios ranging from 100% down to 13%, depending on quality. Tranzit is now fully provisioned.

In Colombia, the improving trend in delinquency of consumer loans persisted, with 30-day PDLs falling 5 bps during the quarter to 5.1%, accumulating a reduction of 90 bps since its peak in 1Q2018. Similarly, 90-day PDLs fell 10 bps during the quarter to 3.0%, accumulating 53 bps drop since peaking in 2Q2018.

In Central America, consumer loan PDL increased 27 bps to 4.5% on a 30 days basis and 16 bps to 1.8% on a 90-day basis, as compared to a year earlier. Nicaragua accounted for 25 bps and 11 bps of this increase, respectively during the same period.

PDL ratios for Commercial loan portfolios deteriorated in both geographies, partially affected by slow growth. Even though deterioration in the quality of our corporate portfolio persists, the speed at which it is happening has moderated, 12 month deterioration in 30 days PDL as of end of quarter was 45 bps, while the same metric reported a quarter ago was 68 bps.

We recorded a 10 bps increase in 30-day PDLs and a 12 bps improvement in 90-day PDLs in Colombia.

Commercial 30-day and 90-day PDLs deteriorated 24 and 21 bps respectively during the quarter, in Central America. When excluding Nicaragua, increases were 14 and 12 bps on 30-days and 90-days basis, respectively.

Our PDL for Mortgages deteriorated during the quarter, mainly driven by Central America. Having said so, our ratios continue to be notoriously better than those reported by our peers.

Our quarterly cost of risk decreased 106 bps, with Colombia improving 128 bps and Central America improving 56 bps. Cost of risk of the 3 corporate cases that have been following over our last calls, Electricaribe, SITP and Ruta del Sol, accounted for 83 bps of our overall improvement and 120 bps of that in Colombia. Improvement in Central America was explained by a lower, although still high, burden of the Nicaraguan retail portfolios.

PDL coverage for 90-day PDLs remained stable at 1.6x.

Seasonality and deterioration in Central America given the impact of Nicaragua affected Quarterly New PDL formation. In Colombia New 30 days PDL formation was 6% less than a year earlier. In Central America, New 30 days PDL formation was over 30% higher in dollar terms.

On Page 13 we present Funding and Deposits evolution.

Funding dynamics were consistent with loan growth.

Our funding structure remained materially stable with deposits representing 76% of total funding and our Deposit to Net Loans improving to 99%. Our liquidity position was slightly higher than normal for a first quarter, with our Cash to Deposits ratio at 16.5%.

Deposits decreased 0.7% in the quarter reflecting year-end seasonality and exchange rate movements, and increased 7.6% over the last 12 months. Colombia remained stable and Central America grew 0.2% in USD terms, during the quarter. Over the 12-month period, Colombia grew at 4.2% in peso terms while Central America grew at 1.8% in USD terms.

On Page 14 we present the evolution of our total capitalization, our attributable shareholders equity and the capital adequacy ratios of our banks.

Our total and attributable equity fell during this quarter as dividends were declared. Total equity contracted by 516 billion pesos while our attributable equity fell close to 455 billion pesos.

Dividends of 1.3 trillion were declared at the Aval level during the quarter, affecting attributable equity.

As of 1Q19 our banks show appropriate Tier 1 and Solvency Ratios.

During this period, most of the banks increased their Tier I ratio as a result of the accounting of retained earnings after dividends were declared.

Regarding Basel 3, relevant regulation from the Superintendency of Finance on the solvency calculation is still pending. Thus we are unable to provide estimates at this point. We will provide the market preliminary figures once regulation is completed.

On page 15 we present our yield on loans, cost of funds, spreads and Net Interest Margin

Our NIM increased 11 bps driven by a strong quarterly performance of our NIM on investments partially offset by a decline in NIM on loans in Central America.

Moving forward, we might see a slight expansion of the NIM on corporate loans, subject to increase in the Central Bank rates by the end of this year. With regard to the consumer portfolio, we might see increased pricing competition as the improvement in quality of consumer loans persists and dynamic growth increases the share of newly priced loans in our mix.

On page 16 we present net fees and other income.

Gross Fee Income performance was consistent with balance sheet growth, led by banking fees. Gross fees in Colombia increased by 3.1% in pesos and 3.5% in Central America in USD terms, in 1Q19 as compared to 1Q18.

Non-financial Sector over the quarter reflects a better performance from the energy & gas sector and a smaller contribution from infrastructure companies. The decline in income from infrastructure is explained by the one-time impact of the initiation phase of Covioriente in 4Q18, this explains around a third of the difference. In addition, a slower progress of construction during 1Q19, as compared to the strong performance delivered during 4Q18, explains the remainder of this difference.

We expect our infrastructure business to continue contributing to our overall performance during this and the following years as the Coviandina, Covipacifico, and Covioriente concessions advance in their construction activity.

Other operating income was high during the previous quarter, given that it included a 373 billion pesos from our PP&E optimization.

Increase in Income from Non-consolidated Investments mainly reflects higher dividends from Empresa de Energía de Bogotá and Gas Natural.

Derivatives and FX gains declined mainly in Central America due to the appreciation of the Costa Rican Colón.

On Page 17 we present some efficiency ratios.

IFRS 16 was adopted on January 1, 2019. Even though the adoption of IFRS 16 implied changes in certain line items, the net impact on equity and net income was not material.

Here is some color on how it affected our financial statements. The impact of first time adoption on our attributable equity was 5.0 billion pesos. Right-to-use assets and financial liabilities for right-of-use were materially the same at 2.2 trillion pesos.

The 1Q19 total expenses associated with rents increased by 7.7 billion pesos to 138.4 billion pesos, compared Rent Expenses recorded during the previous quarter. Under IFRS 16 these expenses are broken down into: 28 billion pesos in Interest expenses, 70 billion pesos in Depreciation of right-of-use assets, and 40 billion pesos in Rents on short term or low value leases.

Since IFRS 16 changed the accounting method of leases, some of our rent expenses previously accounted under administrative expenses are now accounted under depreciation and interest expense. To capture this change in accounting rules, we have adjusted our efficiency ratios to Total Other expenses divided by total income or by average assets, as appropriate.

Total other expenses grew 4.7% as compared to a year earlier, with personnel expenses increasing 4.4% and administrative expenses decreasing 0.8%.

Lower income from FX gains in Central America negatively affected cost to income during the quarter.

As mentioned before, the progress of our digital efforts and cost control initiatives throughout our subsidiaries have been the key drivers of efficiency.

Finally, on Page 18 we present our net income and profitability ratios.

Attributable Net income for 1Q19 was 763 billion pesos, or 34 pesos per share.

Our ROAA and ROAE for the quarter were 2.1% and 17.4%, respectively.

Before we move into Questions & Answers I will now summarize our general guidance for 2019.

We expect loan growth to be in the 8-10% area in absence of FX movements.

We expect our cost of risk, net of recoveries, to be in the 2.0% area.

We expect NIM to be in 5.7 to 5.8% range, with stability in Colombia and some pressure in Central America.

We expect total operating expenses to increase in the 6% area.

Finally, we expect our ROAE to be in the 15.5 to 15.75% range, incorporating the effect of the 4% temporary tax surcharge for financial businesses.

We are now available to address your questions.

Q&A

Operator: Thank you. We will now begin the Q&A's session. If you have a question, please press * then 1 on your touchtone phone. If you wish to be removed from the queue please press the # or the hash key, if you are using a speaker phone you may need to pick up the handset first, before pressing the numbers. Once again, if you have a question please press * and then 1 on your touchtone phone.

We have a question from Jason Mollin from Scotiabank:

Jason Mollin: Hello everyone. My first question is on the implications of rising unemployment in Colombia as you showed in your presentation and you said you're monitoring it very closely, ahh you're growing the fact that it is in the consumer segment or mortgages and consumer, can you talk about the actual unemployment of your client base in Colombia? Is it showing the same overall trends or is this impacting individuals that are not clients of the bank and is this really a concern for the outlooks of cost of risk?

Diego Solano: I think the answer is in your question…yes, you're right this unemployment is happening mainly in segments that we're not serving, these are the low-income segments and most of the informal jobs. Having said so, we continue to be very careful and are looking into these figures.

Operator: The next question comes from Gabriel Nobrega from Citi,

Gabriel Nobrega: Hi everyone and thank you for the opportunity and for the thorough presentation about the possible impacts from the new regulation on banking fees. If understood correctly it could still take a bit of time for this law to become into effect, so I'm just trying to understand here, is the 8% impact which has been presented here if it would be on Aval's 2020 result and also if I could maybe pick your brain and understand if you're already studying strategies in order to mitigate these factors, and then I'll make a second question afterwards. Thank you.

Luis Carlos Sarmiento: Well, yeah let me address both of your questions. On the one hand, yes you're right we're still away from having that law passed by the Senate in full, as I said in my presentation, if the Senate changed in any way the wording of the law as it came out of the House of Representatives, then that will even merit an additional debate of the two chamber together to try to find a language that will satisfy both. After that, it might go to the President for his signature, and little that we know, the Government might not even agree with the law as it is being discussed. Although, we did go ahead and estimated a worst-case scenario in case the bill was passed exactly as it is being considered right now and that's where our numbers came from, that would be a full year of decreased revenues and we would start to see that…yeah, next year if it passes, as I said there are so many things on the table in Congress and on the other hand it's second semester this year we're going to have elections, so that might even be pushed to next legislation during which case we wouldn't see the results until 2020-2021. We're already talking to all these congressmen to try to convey to them what we think about the law and to try to come up with alternatives, so yeah to try to answer your question, still a ways to go on the one hand, and secondly 2020-2021 is what we would see the full effect, and the second question, you said you'd ask a second question later…alright.

Operator: The next question comes from Andrés Soto from Santander,

Andrés Soto: Good morning everyone, and thank you for your presentation…I have two questions. The first one is related to cost of risk. If I understood correctly, you are resucing the guidance or rather improving your guidance of cost of risk to 2%, it was 2.2% in your previous call, I'd like to understand…was this improvement come from a better outlook for the large three cases in particular 'Electricaribe' and 'Ruta del Sol'? or this is related to a better performance that you're seeing in your loan portfolio. And my second question, is regarding some comments you made in your previous calls regarding new regulations in Colombia regarding financial holding companies that will allow 'Porvenir' to buy securities issued by Grupo Aval, I'd like to understand, to have an update on what is the current status of this process if everything is in place for Porvenir to buy Grupo Aval shares and other securities or what is still missing for this to happen. Thank you.

Diego Solano: Ok Andrés, for clarity there hasn't been a substantial change in our guidance in cost of risk, there might be a difference in what the 2.2% stands for, that is the gross number before recoveries, the 2% that we mentioned today is net of recoveries; having said so, we are positive on the way our consumer portfolio is behaving, and we have started to see as mentioned, even though still high, provisions coming from Nicaragua have started to moderate, so we continue to have that guidance however we see those positive factors in the evolution of those numbers.

Luis Carlos Sarmiento: On your second question, yes in fact the Law of Conglomerates in one of the resolutions which basically dictates how the law is to be applied, allowed 'Porvenir' to start matching what other pension funds that belong to Conglomerates actually did in the past, and that is that going forward all pension fund managers that belong to Conglomerates will be able to invest up to 8% of their total funds under administration in securities issued by members of the Conglomerate. In that respect, 'Porvenir' could, if it decided to do so, invest in securities issued by Grupo Aval or any of the other companies that form the Conglomerate. We obviously cannot know what they're going to do, there is a really strict Chinese Wall that we have built and strengthen to make sure that from the holding company and from the other companies of the conglomerate we cannot tell what 'Porvenir' intends to do with that approval. But the good news is that if 'Porvenir' is to match what other pension funds already own in Grupo Aval securities it is to be, I'd imagine foreseeable that 'Porvenir' would like to increase a bit their own standing. The greatest, the better news is that any investments that 'Porvenir' decides to undertake in Grupo Aval securities will have no other…there are many possible potential good consequences, one of which will be the liquidity of our share should increase as they do so. So, we're as interested as anybody else to see what 'Porvenir' decides to do, they have put in place investment committees composed of their independent Board of Directors, independent members of the Board of Directors and obviously our expectations are high, we'll see what happens and when we see what happens we'll be able to report, the greatest thing will be…I don't even know if 'Porvenir' does quarterly calls but if they don't, you as analysts of their results should ask them what they propose to do and maybe they'll make it public. Thank you.

Operator: The next question comes from Nicolás Riva from Bank of America.

Nicolás Riva: Yeah…Thank you Luis Carlos and Diego for taking my questions. Most of my questions have been answered, but one quick question on 'Ruta del Sol' is there any update on the investigation from the U.S. Department of Justice? Thank you.

Luis Carlos Sarmiento: No, we continue to cooperate, meaning anything that has been asked through our lawyers we have answered and the moment we know more we'll bring it up in one of these calls.

Operator: The next question comes from Yuri Fernandes from J.P. Morgan.

Yuri Fernandes: Thank you for the call gentlemen I have a question, on your loan interest margin that decreased, you pointed this quarter, and if you can provide more color, I understood it came from Central America but if you can give more details to us on how this evolves during the year, and my second question is regarding your digital strategy if you can provide also color on I don't know the size of your CAPEX, how you assume the different things evolving. I recall that you have been working all the things together in the same kind of platform, but if you can provide also some details on what you have been doing on the digital side that would be nice. Thank you.

Diego Solano: Ok, let me take the first one and, on the loan interest margin. What we saw during this quarter was mainly the impact of changes in currency in Central America in addition to, changes in currency meaning there has been a substantial volatility and gains that net interest margin is calculated as a P&L account that is based on average exchange rates and then, the denominator are balance sheet accounts that are based on period end and exchange rates you get some distortion there, so there might be a temporary effect of this volatility. There's an additional change when you're taking Nicaragua out that would be as mentioned we've been contracting our operation in Nicaragua, and it had a particularly high net interest margin, so was a combination of those two effects was what caused the burden on our numbers during this quarter. Question on moving forward, we have a combination of two forces, one that might generate expansion, it comes from a more dynamic market and eventually hikes in interest rates that might happen later this year. We see those hikes in rates less probable than we saw them three months ago but are still on the table. The higher demand will impact also prices in a favorable way. Then, you have the consumer portfolio where we've been forecasting for a long that we would have a contraction in the margins, and margins have been more benign that we had expected, but as the economy recovers that is an event that is feasible to happen given the additional competition.

Luis Carlos Sarmiento: Let me address a little bit about the digital strategy. You know, we don't like to throw numbers out there to especially going forward more than a year on how much we'll spend here or there, or invest here or there, but if you twisted my arm I would say, you know right now our estimation is that we will invest in our digital lab one-hundred to one-hundred and fifty US million dollars so, during the next two or three years. However, one of the conditions that I put on that digital lab is that the amount we invest on them depends mostly on the revenues that they are able to generate for us and the cost savings that they're able to generate for us, and you know…I gotta make sure that we don't invest too much more than we are revenue generating or cost saving. So, in the sense that we can deliver on additional revenues and cost savings in number similar to that, we'll invest that, but if we're able to generate more revenues or decrease more savings, we'll definitely invest more.

What we've done as you mentioned we have, we're now functioning out of one digital lab rather than two, and all our banks are working through that digital lab. Things that we've done, for example we have a very active process going-on now, data lake management, where we are for the first time in many many years aligning our data regarding all of our clients in the same way for all the banks, where those clients are clients of and to make sure that our information about each of our clients' information is identical regardless of how and where you address the client.

Secondly, we continue delivering digital products and we have now digitalized the most important products of all our banks, both here and in Central America.

Thirdly, we continue to digitalize processes, for example collections as we move forward, we have been pretty successful in improving our collection processes especially around consumer lending through digital processes, we have for example created, we are changing now all our transactional webpages for our banks with a product that we created in-house, same in the future I think that our mobile banking transactions page or mobile banking platform, will be an in-house production, and amongst all that, we have been able to continue the reduction on our physical footprint, and we will continue to do so, and from the digital labs we're also coming out with ideas on how to make the remaining physical footprint much more accessible and likable I'd say from our clients' standpoint.

Operator: The next question comes from Sebastián Gallego, from Credicorp Capital.

Sebastián Gallego: Hi, good morning everyone, thanks for the presentation. I had three questions actually, the first one can you comment on the commercial loan portfolio particularly in Colombia, I know you mentioned that your strategy is oriented towards the retail portfolio still but we have seen a very weak performance overall on the commercial front. Second question is regarding 'Corfi' and its contribution on income for revenues at the Aval level, we saw definitely a slow-down compared to previous quarters and my question is what can we expect throughout 2019, what's the kind of contribution we will expect to have in that line or you guys expect? and my last question is regarding Nicaragua, can you comment, you mentioned all the effects it's having on that operation, but can you comment on a mid-term strategy, what are you guys planning to do within this operation? Thank you so much.

Diego Solano: OK. Regarding the commercial loan portfolio, as the figures of GDP growth have come out, it is evident that the economy is still moving slowly. We mentioned that we've see some improvement particularly because of two reasons: One, even though January and February were very slow, March and the following months have been much more dynamic. This dynamic is not only based on lease but on actual loans that have been placed. In addition, there is a landmark that is we have contracting for the previous 4Q, quarter by quarter, this is the first quarter where the tendency has been broken, and even though still shy we see some growth during the period. Something to add to that, is part of…not the market but the Aval specific contraction had been related to the way we were pricing our loans where we found that loans were being placed at prices that were not generating value, so we gave away intentionally part of that market share. We've seen some of the pricing discipline coming back to market and that has allowed us to regain some of the market share that we had forgone.

Luis Carlos Sarmiento: Yeah, I'll take some of that blame, as Diego was saying…as I say often growth yes, but profitable growth, and commercial lending is obviously still a huge huge part of our strategy, you know about sixty-something percent or sixty percent of our total loan portfolio is in commercial landing so, no we will not look away from it, we will obviously keep working on it, but we needed to make sure that whatever we kept lending would be profitable for the group and so what we did is sort of shied away from following the crowd and decided to set standards that we obliged ourselves to meet and that's why we stayed out of the game for a little while but as I said in the presentation, we also see I think more sensible pricing now and hopefully we will be, we will continue growing as Diego was saying as we've seen in the last 3 months.

With respect to 'Corficolombiana', let me see in the 1Q 2019, the revenues from around concessions in 'Corficolombiana' gave us about 6 pesos per share, as he said in 4Q 2018, that number had been closer to 11 pesos per share but you have to remember that every time that a toll-road starts construction it receives a boost in income from assets that he had booked as assets and not as income and that it realizes as earnings once the road gets going and that happened in 4Q 2018, in part. As Diego was also saying in 1Q 2019 as expected weather delayed some of the roads, so the advancement of progress in construction in 1Q really as expected were slower than the progress that we had seen in 4Q 2018. Going forward we expect that in 2019 we see about $26 pesos per share coming from those activities in 'Corficolombiana'.

And with respect to Nicaragua this is what we've done. The crisis in Nicaragua started around April 19, 2018 and it's been going on since. What we, obviously the first thing that impacted the whole financial system was a large decrease in the deposit base of the financial system, in fact, about 25% of the total deposits of the financial system had been withdrawn from the banks in the financial system. In our case, if you look at our bank in Nicaragua, that is exactly the case, we lost about 25% of the deposit base, not in the consolidated bank, because what we saw was a good part of those deposits just being moved out of our Nicaraguan bank mostly into our Panamanian bank and sometimes into our Costa Rican bank. So, our net decrease was not 25%, what we have done is obviously we have started to collect aggressively in our loan portfolio so that we would never be faced with any sort of a liquidity crunch and in fact we have decreased as we mentioned since the beginning of the crisis our loan portfolio by about the same amount, by about 25% and Nicaragua was one of those banks where our loans and our deposits were matched.

So what we've done is we kept the bank very very liquid, the bank is still profitable, what we've seen…and we have decreased both the loan and deposits portfolios by similar amounts and, what we have seen in the last few weeks is that we are seeing a return of deposits of the system into our bank, sort of applied to quality in Nicaragua. So, that's what we've done and we'll continue to do so…we have unfortunately and obviously we've had to reduce our employment count in Nicaragua, and the good news in the middle of all this bad is that the government has sat down and is talking to a committees put together by you know…businessmen and the church and education representatives and they've been talking about a solution which I'm not briefed, I don't really know what is going on but what we see on the news is that…there might be…everybody is looking for a solution, I think everybody has realized that this is not really good for the country, the country decreased its GDP last year by about 5%, so you can imagine…so we kept the bank afloat, it's profitable, it's very liquid and hopefully it will remain that way until the country turns the corner and starts moving in the right direction again.

Operator: The next and last question comes from Juan Nicolás Pardo from Sura Asset Management…

Juan Nicolás Pardo: Good morning and thank you for the presentation. I have two questions, the first one I'd like to know if you have any assessment on how it would impact your results the approval of this law initiative that looks forward to erase bad debtors' historical records and if you have any estimate on the time line to be discussed and to be approved by Congress…and my second question has to do with 'Avianca', this company has been recently downgraded to note CCC+, I'd like to know if you have any exposition to that name.

Luis Carlos Sarmiento: Ok, on your first question… the first impact of that law should…I mean…I'm in disagreement with the law, I don't think that you should compensate people for not having good payment ethics once they borrowed, but on the other hand what that bill proposes is that people will be withdrawn from the credit lists, once and only once, and when they pay off their loans that they are not current on…so, in that respect it should be positive, I mean in the end you know beside the philosophical issue if that gets people to pay up then, you probably will see a recovery in provisions…but, for us is too early to try to put a number on that, but philosophically I couldn't agree with that law at all …I don't think that…you know when that happens people get in the habit of just letting their loans lag and until the next bill is passed, a forgiveness bill so we'll see…and I'm sorry to have an exact answer to your question, but no we haven't really measured how much we'll be benefited or not by the passing of that bill.

Diego Solano: And regarding your question on Avianca, we do have exposure to the Avianca Group and I'm going to get into some detail of the Avianca Group, it's about US$ 215 million dollars, most of this debt around US$ 174 – 175 million dollars is a syndicated loan to TACA that is guaranteed by Avianca Holdings and it's secured with credit card receivables that are in Trust. We see those numbers performing well and expect them to continue performing well, and in addition we see covenants being met under that loan. In addition to those US$ 174 million dollars, we have around US$ 29 million dollars that are secured by their main building which is a great property that well covers this loan. The remainder which is slightly about US$ 10 million dollars is worth in capital loans that are unsecured.

Operator: The next and last question comes from Carlos Rodríguez from Ultraserfinco…

Carlos Rodríguez: Good morning everyone and thank you for the conference call. Just follow up regarding your commercial loan book. I want to know, how is your appetite for infrastructure projects, and specially in Bogotá, I'm talking about with the Mass Transportation System problem with non-performing loans, I mean are you willing to support the infrastructure plan, the infrastructure investment plan in Bogota, or do you prefer to step aside…? Thank you.

Luis Carlos Sarmiento: In general, we have to step aside from infrastructure until we see exactly what happens to the 'Ruta del Sol' contract liquidation, we are very very expectant to see what the message is from the Government regarding good-faith creditors and the chances they have of being paid even in the midst of turbulent times like these. And specifically regarding the Bogota Transport System, we´ll stay away for now…and see how it all boils down, and infrastructure in general as I said we are also sitting it out until we see what happens, obviously we have concessions of our own that to the legal extent we will finance and make sure that they get built.

Operator: The next and last question comes from Iván Galvez from Credicorp Capital…

Hi guys. Thank you for the presentation. I actually wanted to ask a question about the NPLs, it was thought that the NPLs were going to go down in this period but they are not, and I wanted to know why the reason because is not only the reason in your bank but in the whole Colombia, and I think it will be systemic, and it will be also a consequence of commercial loans and I wanted to know if you think it is going to improve or not and what are the reasons…thank you.

Diego Solano: Regarding NPLs, there are a few factors to point, but the bottom line message is that we see the cycle recovering as it is making progress. Two things that are affecting NPLs in the short-term are the end of the cycle as you might have seen, the consumer cycle preceded the commercial loan deterioration cycle. So, it started before and ended before. The corporate cycle what I'm meaning is not the big cases but more mid-market companies started with a lag and it is expected to end with a lag with what happened to consumer. We've seen some hints of that improving, there's something in addition to bear in mind when you look at 1Q, and it is if you take a series of five years in a roll, you'll find that systematically the first quarter brings some additional NPLs than what an average quarter does. So, you need to bear that in mind when you look at the numbers but we see hints of improvement into the future.

Operator: We have no further questions at this time, I will now turn the call over to Mr. Sarmiento Gutierrez for closing remarks.

Luis Carlos Sarmiento Gutiérrez

Chief Executive Officer

Thank you Hilda, and thank you very much all for your actually very very good questions today, and as I said at the end of the presentation, we'll keep working hard to continue delivering on the numbers, and if anything comes up, we'll bring it up to the market and see you next time. Thank you very much.

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