



Condensed consolidated interim financial statements 1Q 2019

GRUPO AVAL ACCIONES Y VALORES S.A.

VALORES Y ACCIONES



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Grupo Aval Acciones y Valores S.A. and Subsidiaries
Condensed Consolidated Statement of Financial Position
(Figures in millions of Colombian pesos)

	Notes	March 31, 2019 ⁽¹⁾	December 31, 2018
Assets			
Cash and cash equivalents		Ps. 26,918,514	Ps. 28,401,283
Trading assets		6,936,906	7,204,312
Investment securities		24,758,919	23,030,159
Hedging derivatives assets	4	25,319	30,138
Loans, net	4	164,738,089	168,685,654
Other accounts receivable, net		9,644,240	9,300,643
Non-current assets held for sale		179,637	186,714
Investments in associates and joint ventures		879,877	982,743
Tangible assets	6	8,699,822	6,588,483
Goodwill	7	7,200,819	7,318,594
Concessions	8	5,874,330	5,514,481
Other Intangibles		1,034,728	1,033,884
Income tax assets		900,080	935,175
Other assets		471,693	462,890
Total assets		<u>Ps. 258,262,973</u>	<u>Ps. 259,675,153</u>
Liabilities and equity			
Liabilities			
Trading liabilities	4	Ps. 522,457	Ps. 811,305
Hedging derivatives liabilities	4	85,112	195,539
Customer deposits	4	163,255,109	164,359,451
Financial obligations	4	52,034,868	51,211,990
Provisions	11	729,178	695,288
Income tax liabilities		2,779,912	2,574,398
Employee benefits	10	1,262,154	1,264,881
Other liabilities	12	8,555,698	9,007,953
Total liabilities		<u>Ps. 229,224,488</u>	<u>Ps. 230,120,805</u>
Equity			
Owners of the parent:			
	13		
Subscribed and paid-in capital		Ps. 22,281	Ps. 22,281
Additional paid-in capital		8,476,888	8,472,336
Retained earnings		8,019,360	8,598,319
Other comprehensive income		816,353	696,773
Equity attributable to owners of the parent		<u>17,334,882</u>	<u>17,789,709</u>
Non-controlling interest		<u>11,703,603</u>	<u>11,764,639</u>
Total equity		<u>29,038,485</u>	<u>29,554,348</u>
Total liabilities and equity		<u>Ps. 258,262,973</u>	<u>Ps. 259,675,153</u>

See notes that are an integral part of the condensed consolidated financial statements.

(1) The Group adopted IFRS 16 as of January 1, 2019 (See Note 2.)

Luis Carlos Sarmiento Gutiérrez
President
Principal executive officer

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(See my report of May 15, 2019)

Grupo Aval Acciones y Valores S.A. and Subsidiaries
Condensed Consolidated Statement of Income
(Figures in millions of Colombian pesos)

	<u>Notes</u>	<u>March 31, 2019 ⁽¹⁾</u>	<u>March 31, 2018</u>
Interest income		4,669,195	4,589,190
Interest expense		<u>(1,939,704)</u>	<u>(1,860,921)</u>
Net interest income		2,729,491	2,728,269
Net impairment loss on financial assets		<u>(833,124)</u>	<u>(873,411)</u>
Net interest income, after impairment losses		1,896,367	1,854,858
Income from commissions and fees		1,405,216	1,311,804
Expenses from commissions and fees		<u>(146,233)</u>	<u>(161,527)</u>
Net income from commissions and fees	15	1,258,983	1,150,277
Income from sales of goods and services		1,923,489	1,376,716
Costs and expenses of sales goods and services		<u>(1,348,941)</u>	<u>(1,170,874)</u>
Net income from sales goods and services	15	574,548	205,842
Net trading income	16	108,164	(90,335)
Net income from other financial instruments mandatory at fair value through profit or loss		53,697	52,011
Other income	17	385,911	425,817
Other expenses	17	<u>(2,286,454)</u>	<u>(2,176,999)</u>
Net income before tax expense		1,991,216	1,421,471
Income tax expense		<u>(634,573)</u>	<u>(470,127)</u>
Net income for the year	Ps.	<u>1,356,643</u>	<u>Ps. 951,344</u>
Net income for the year attributable to:			
Owners of the parent		762,862	597,745
Non-controlling interest		<u>593,781</u>	<u>353,599</u>
	Ps.	<u>1,356,643</u>	<u>Ps. 951,344</u>
Net income per share basic and diluted (in Colombian pesos)	13	<u>34.24</u>	<u>26.83</u>

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Grupo Aval Acciones y Valores S.A. and Subsidiaries
Condensed Consolidated Statement of Other Comprehensive Income
(Figures in millions of Colombian pesos)

	Note	March 31, 2019 ⁽¹⁾	March 31, 2018
	Ps.	1,356,643	Ps. 951,344
Net income for the year			
Other comprehensive income			
Items that may be reclassified to profit or loss			
Net gain (loss) on hedges of net investments in foreign operations:			
Foreign currency translation differences from hedged foreign operations	5	(310,078)	(796,454)
Hedging derivative instrument	5	146,828	355,243
Hedging non-derivative instrument	5	163,609	441,243
Cash flow hedges		10,942	6,230
Foreign currency translation differences from unhedged foreign operations		18,239	2,649
Investments in associates and joint ventures		(6,942)	(15,119)
Unrealized gains (losses) on securities at FVOCI		170,445	(58,339)
Income (Expenses) tax		(107,056)	(246,947)
Total, items that may be reclassified to profit or loss		85,987	(311,494)
Items that will not be reclassified to profit or loss			
Unrealized gains (losses) on equity securities at FVOCI		158,030	(3,390)
Actuarial gains (losses) from defined benefit pension plans		(657)	2,207
Income (expenses) tax		(272)	(1,481)
Total, items that will not be reclassified to profit or loss		157,101	(2,664)
Total other comprehensive income		Ps. 243,088	Ps. (314,158)
Total comprehensive income, net of taxes		Ps. 1,599,731	Ps. 637,186
Total comprehensive income for the year attributable to:			
Owners of the Group		119,580	391,185
Non-controlling interest		123,508	246,001
		Ps. 243,088	Ps. 637,186

See notes that are an integral part of the condensed consolidated financial statements.

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Grupo Aval Acciones y Valores S.A. and Subsidiaries
Consolidated Statement of Changes in Equity for the three-month periods ended at March 31, 2019 and 2018
(Figures in millions of Colombian pesos)

	Subscribed and paid-in capital	Additional paid – in capital	Appropriated retained earnings	Other comprehensive income (OCI)	Equity attributable to owners of the parent	Non- controlling interest (NCI)	Total equity
Balance at December 31, 2018	Ps. 22,281	Ps. 8,472,336	Ps. 8,598,319	Ps. 696,773	Ps. 17,789,709	Ps. 11,764,639	Ps. 29,554,348
Change in accounting policies on January 1, 2019 ⁽¹⁾	-	-	(4,960)	-	(4,960)	(22,022)	(26,982)
Balance at January 1, 2019	Ps. 22,281	Ps. 8,472,336	Ps. 8,593,359	Ps. 696,773	Ps. 17,784,749	Ps. 11,742,617	Ps. 29,527,366
Transactions of non - controlling interest	-	4,552	-	-	4,552	(4,552)	-
Dividends declared	-	-	(1,336,861)	-	(1,336,861)	(751,751)	(2,088,612)
Other comprehensive income	-	-	-	119,580	119,580	123,508	243,088
Net income	-	-	762,862	-	762,862	593,781	1,356,643
Balance at March 31, 2019	Ps. 22,281	Ps. 8,476,888	Ps. 8,019,360	Ps. 816,353	Ps. 17,334,882	Ps. 11,703,603	Ps. 29,038,485

	Subscribed and paid-in capital	Additional paid – in capital	Appropriated retained earnings	Other comprehensive income (OCI)	Equity attributable to owners of the parent	Non- controlling interest (NCI)	Total equity
Balance at December 31, 2017	Ps. 22,281	Ps. 8,412,685	Ps. 7,573,912	Ps. 223,543	Ps. 16,232,421	Ps. 9,745,829	Ps. 25,978,250
Change in accounting policies on January 1, 2018	-	(109,254)	(1,043,645)	543,644	(609,255)	(229,383)	(838,638)
Balance at January 1, 2018	Ps. 22,281	Ps. 8,303,431	Ps. 6,530,267	Ps. 767,187	Ps. 15,623,166	Ps. 9,516,446	Ps. 25,139,612
Dividends declared	-	-	(1,069,489)	-	(1,069,489)	(599,571)	(1,669,060)
Other comprehensive income	-	-	-	(206,560)	(206,560)	(107,598)	(314,158)
Net income	-	-	597,745	-	597,745	353,599	951,344
Balance at March 31, 2018	Ps. 22,281	Ps. 8,303,431	Ps. 6,058,523	Ps. 560,627	Ps. 14,944,862	Ps. 9,162,876	Ps. 24,107,738

See notes that are an integral part of the condensed consolidated financial statements.

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Grupo Aval Acciones y Valores S.A. and Subsidiaries
Condensed Consolidated Statement of Cash Flows for the three-month periods ended March 31, 2019 and 2018
(Figures in millions of Colombian pesos)

	Note	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Cash flows from operating activities:			
Net income before tax expense	Ps.	1,991,216	Ps. 1,421,471
Reconciliation of net income before taxes and net cash provided by operating activities:			
Depreciation and amortization		327,352	226,560
Impairment losses of loans and receivables	4	940,080	993,017
Net interest income		(2,729,491)	(2,728,269)
Gains on sales of non-current assets held for sale		(4,432)	(2,053)
Valuations and interest from Concession agreements		(332,623)	(173,051)
Gain on sales of property, plant and equipment		(441)	(6,399)
Foreign exchange gains		(104,401)	(357,825)
Income proceeds of investments in associates and joint Ventures		(47,325)	(40,189)
Other adjustment for reconciliation net income		(111,173)	65,692
Fair value adjustments on:			
Investment property and biological assets		(9,186)	(13,030)
Derivative financial instruments		115,735	251,887
Changes in operating assets and liabilities:			
Financial assets held for trading		1,075,664	407,929
Other accounts receivable		77,881	(56,403)
Non-current assets held for sale		2,087	4,914
Other assets		(18,285)	4,048
Other liabilities, provisions and employee benefits		(2,107,323)	(354,528)
Loans and receivables		1,381,185	(1,770,052)
Customer deposits		467,331	987,449
Interbank borrowings and overnight funds		497,767	2,046,580
Borrowings from development entities		(567)	(440)
Borrowings from banks and others		(1,202,027)	(708,541)
Interest received		4,498,065	4,559,274
Interest paid		(1,892,118)	(1,588,416)
Income tax payments		(447,380)	(169,856)
Net cash provided by operating activities	Ps.	<u>2,367,591</u>	Ps. <u>2,999,769</u>
Cash flows from investing activities:			
Acquisition of property plant and equipment	Ps.	(140,010)	Ps. (120,972)
Increase of FVOCI, net		(2,419,293)	(1,827,586)
Purchases of amortized cost financial assets		(1,522,937)	(1,028,723)
Maturities of amortized cost financial assets		1,499,377	1,012,071
Additions of other intangible assets		(52,348)	(52,430)
Proceeds from sales of property and equipment		16,826	30,597
Dividends received from investments		97,280	121,145
Capitalization of intangible assets in concession contracts		(477,027)	(225,206)
Proceeds from sales of non-current assets held for sale		19,341	12,049
Net cash used in investing activities:	Ps.	<u>(2,978,791)</u>	Ps. <u>(2,079,055)</u>
Cash Flows from financing activities:			
Dividends paid to shareholders	Ps.	(263,543)	Ps. (326,800)
Dividends paid to non-controlling interest		(155,185)	(166,223)
Issuance of debt securities		455,009	500,119
Payment of outstanding debt securities		(406,712)	(382,196)
Net cash provided by (used in) financing activities	Ps.	<u>(370,431)</u>	Ps. <u>(375,100)</u>
Effect of foreign currency changes on cash and cash equivalents		<u>(501,138)</u>	<u>(1,194,757)</u>
(Decrease) increase in cash and cash equivalents		<u>(1,482,769)</u>	<u>(649,143)</u>
Cash and cash equivalents at the beginning of the period	Ps.	<u>28,401,283</u>	Ps. <u>22,336,838</u>
Cash and cash equivalents at the end of the period	Ps.	<u>26,918,514</u>	Ps. <u>21,687,695</u>

See notes that are an integral part of the condensed consolidated financial statements.

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NOTE 1 – REPORTING ENTITY

Grupo Aval Acciones y Valores S.A. (hereinafter the “The Group” or “Grupo Aval”) was established under Colombian law in January 7, 1994, with its main offices and business address registered in Bogotá, D.C., Colombia. The corporate purpose of Grupo Aval is the purchase and sale of securities issued by financial and commercial entities. Grupo Aval is the majority shareholder of Banco de Bogotá S.A., Banco de Occidente S.A., Banco Popular S.A. and Banco Comercial AV Villas S.A., entities whose main purpose is to perform all transactions, operations and services inherent to the banking business, pursuant to applicable laws and regulations. Furthermore, through its direct and indirect investments in Corporación Financiera Colombiana S.A. (“Corficolombiana”) and in Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A. (“Porvenir”), The Group engages in investment banking activities, invests in the non-financial sector and manages pensions and severance funds in Colombia.

NOTE 2 – BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated condensed interim financial information has been prepared in accordance with International accounting standard IAS 34 Interim Financial Reporting, which is contained in accounting and financial information standards accepted in Colombia (NCIF) established in law 1314 of 2009, regulated by the sole regulatory Decree 2420 of 2015, modified by Decrees 2496 of 2015, 2131 of 2016, 2170 of 2017 and 2483 of 2018.

These interim financial statements do not include all the information required for a complete set of IFRS financial statements and should be read in conjunction with the Group’s last annual consolidated financial statements as of and for the year ended 31 December 2018. All information is presented in millions of pesos and has been rounded to the nearest unit.

Grupo Aval does not present seasonal or cyclical effects on its disclosed revenue, however selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

Changes in significant accounting policies

Except for the changes described below, the accounting policies applied in these interim financial statements are the same as those applied by Grupo Aval in the financial statements for the year ended December 31, 2018.

A. IFRS 16.

Changes in accounting policies

Grupo Aval has adopted IFRS 16 using the cumulative effect method, with the effect of initial adoption recognized on January 1, 2019 but has not restated comparatives for the 2018 reporting period, according with 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.

IFRS 16 introduced a new and only 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 equal to previous accounting policies

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payment that are based on an index or a rate.
- Amounts expected to be payable by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

Grupo Aval Acciones y Valores S.A. and Subsidiaries
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(Figures in millions of Colombian pesos)

- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs.
- Restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the Grupo Aval. These terms are used to maximize operational flexibility in terms of managing contracts.

Adjustments recognized on adoption of IFRS 16

On adoption of IFRS 16, the Grupo Aval recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019.

The some right-of-use assets the associated for property leases were measured on a retrospective basis as if the new rules had always been applied. For other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet as of December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Recognized right-of-use assets relate to the following table:

	1 January 1, 2019
Right of use assets	Ps. 2,193,098
Deferred tax liabilities	(633,058)
Total	1,560,040
Retained earnings	Ps. 40,272
Retained earnings // deferred tax for-right-of-use	(13,290)
Total	Ps. 26,982
Net, effect	Ps. 1,587,022
	January 1, 2019
Financial liabilities for right-of-use	Ps. 2,202,559
Provisions for dismantling for right-of-use	30,811
Deferred tax assets	(646,348)
Net, effect	Ps. 1,587,022

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.

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- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Grupo Aval has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date Group Aval relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

NOTE 3 – USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those described in the last annual financial statements ended on December 31, 2018, except for the new significant judgements related to lessee accounting under IFRS 16, which are described in Note 2 (A).

Lease terms

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Measurement of fair values

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and the valuation techniques used may not fully reflect all the factors relevant to the positions of Grupo Aval. Therefore the appraisals are adjusted, if necessary, to allow for additional factors, including country risk, liquidity risks and counterparty risks.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for assets or liabilities identical to those which the entity can access as of the date of measurement.
- Level 2 inputs are inputs different than quoted prices included in Level 1 that are observable for the asset or liability, whether directly or indirectly in non-active markets.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which fair value measurement is classified in whole is determined based on the input of the lowest level that is most significant for measuring its total fair value. For such purpose, the relevance of an input is assessed in connection with to measurement of the total fair value. Financial instruments that are listed in markets that are not deemed active, but which are valued based in accordance with quoted market prices, quotes from price vendors or alternative price sources supported by observable inputs, are classified in Level 2.

If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, this measurement is classified as Level 3. The assessment of the importance of a particular input to the measurement of fair value in whole requires judgment, taking into account specific factors of the asset or liability.

Determining what is deemed as 'observable' requires a significant judgment by Grupo Aval. Grupo Aval considers as observable data the market data which is already available, distributed or updated by the price suppliers, and it is reliable and verifiable, with no property rights, and provided by independent sources which are actively involved in the reference market.

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NOTE 4 – FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

a) Carrying value and fair value

The following table presents an analysis, within the hierarchy of fair value, of Grupo Aval's assets and liabilities (by class), measured at fair value as of March 31, 2019 and December 31, 2018 on a recurring basis. For financial instruments that are not measured at fair value if the carrying amount is a reasonable approximation of fair value, fair value information is not included:

March 31, 2019

	<u>Carrying Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
			Fair value		
Assets					
Trading investment					
Securities issued or secured by Colombian Government	Ps. 1,691,007	Ps. 1,231,198	Ps. 459,809	Ps. —	Ps. 1,691,007
Securities issued or secured by other entities of the Colombian Government	72,849	18,498	54,351	—	72,849
Securities issued or secured by foreign Governments	98,593	—	98,593	—	98,593
Securities issued or secured by central banks	13,080	—	13,080	—	13,080
Securities issued or secured by other financial entities	1,333,701	—	1,333,701	—	1,333,701
Securities issued or secured by entities of the Non—financial sector	27,085	—	27,085	—	27,085
Other	7,238	—	7,238	—	7,238
Total trading investment	Ps. 3,243,553	Ps. 1,249,696	Ps. 1,993,857	Ps. —	Ps. 3,243,553
Investments in debt securities at fair value through profit or loss					
Other	27,743	—	15,667	12,076	27,743
Total investments in debt securities at fair value through profit or loss	Ps. 3,271,296	Ps. 1,249,696	Ps. 2,009,524	Ps. 12,076	Ps. 3,271,296
Investments in debt securities at fair value through OCI					
Securities issued or secured by Colombian Government	11,439,898	8,934,479	2,505,419	—	11,439,898
Securities issued or secured by other entities of the Colombian Government	403,865	232,465	171,400	—	403,865
Securities issued or secured by foreign Governments	3,747,119	90,663	3,656,456	—	3,747,119
Securities issued or secured by central banks	988,694	—	988,694	—	988,694
Securities issued or secured by other financial entities	3,401,418	286,434	3,114,984	—	3,401,418
Securities issued or secured by entities of the Non—financial sector	211,668	—	211,668	—	211,668
Other	283,441	—	283,441	—	283,441
Total investments in debt securities at fair value through OCI	Ps. 20,476,103	Ps. 9,544,041	Ps. 10,932,062	Ps. —	Ps. 20,476,103
Total investments in debt securities	Ps. 23,747,399	Ps. 10,793,737	Ps. 12,941,586	Ps. 12,076	Ps. 23,747,399
Equity securities					
Trading equity securities	3,266,325	4,281	2,801,247	460,797	3,266,325
Investments in equity through OCI	1,248,433	1,084,527	61,619	102,287	1,248,433
Total equity securities	Ps. 4,514,758	Ps. 1,088,808	Ps. 2,862,866	Ps. 563,084	Ps. 4,514,758
Held for trading Derivatives					
Currency Forward	298,566	—	298,566	—	298,566
Bond Forward	316	—	316	—	316
Interest Rate Swap	56,374	—	56,374	—	56,374
Currency Swap	37,584	—	37,584	—	37,584
Currency Options	34,188	—	34,188	—	34,188

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	Carrying Value	Fair value			Total
		Level 1	Level 2	Level 3	
	Ps.	Ps.	Ps.	Ps.	Ps.
Total held for trading derivatives	427,028	—	427,028	—	427,028
Hedging Derivatives					
Currency Forward	25,319	—	25,319	—	25,319
Total hedging derivatives	25,319	—	25,319	—	25,319
Other account receivables					
Financial assets in concession contracts	2,542,111	—	—	2,542,111	2,542,111
Total other account receivables designated at fair value	2,542,111	—	—	2,542,111	2,542,111
Non—financial assets					
Biological Assets	91,404	—	—	91,404	91,404
Investment properties	891,398	—	—	891,398	891,398
Total non-financial assets at fair value	982,802	—	—	982,802	982,802
Total assets at fair value on recurring basis	31,256,615	11,882,545	16,256,799	3,117,271	31,256,615
Financial assets at amortized cost, net					
Investments in debt securities, net	3,006,639	31,774	2,973,503	—	3,005,277
Securities issued or secured by other entities of the Colombian Government	2,968,815	—	2,967,419	—	2,967,419
Securities issued or secured by Foreign Governments	37,824	31,774	6,084	—	37,858
Loan portfolio, net (see detail literal f)	164,738,089				171,578,386
Commercial	93,981,006				
Consumer	52,126,698				
Mortgage	18,302,194				
Microcredit	328,191				
Other accounts receivables, net	7,102,129				
Total financial assets at amortized cost	174,846,857				
Liabilities					
Trading Derivatives					
Currency Forward	350,063	—	344,548	5,515	350,063
Bond Forward	2,865	—	2,865	—	2,865
Bond Futures	47	47	—	—	47
Interest Rate Swap	44,791	—	44,791	—	44,791
Currency Swap	96,131	—	96,131	—	96,131
Currency Options	28,560	—	28,560	—	28,560
Total trading derivatives	522,457	47	516,895	5,515	522,457
Hedging Derivatives	84,390	—	84,390	—	84,390
Interest Rate Swap	722	—	722	—	722
Total hedging derivatives	85,112	—	85,112	—	85,112
Financial liabilities at amortized cost					
Customer Deposits	163,255,109				163,271,053
Checking accounts	37,743,229				37,754,693
Time deposits	68,362,527				68,366,942
Savings accounts	56,637,009				56,637,009
Others	512,344				512,409
Financial obligations	52,034,868				53,119,701
Interbank borrowings and overnight funds	7,298,017				7,298,017
Leases contracts	3,116,847				2,954,486
Borrowings from banks and similar	18,230,951				18,861,759

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	<u>Carrying Value</u>	<u>Fair value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Bonds issued (see detail "e")	19,979,781				20,599,123
Borrowings from development entities	3,409,272				3,406,316
Total Financial liabilities at amortized cost	Ps. 215,289,977				Ps. 216,390,754
December 31, 2018					
	<u>Carrying Value</u>	<u>Fair value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Assets					
Trading investment					
Securities issued or secured by Colombian Government	Ps. 2,270,642	Ps. 2,109,574	Ps. 161,068	Ps. —	Ps. 2,270,642
Securities issued or secured by other entities of the Colombian Government	128,545	19,606	108,939	—	128,545
Securities issued or secured by foreign Governments	98,155	—	98,155	—	98,155
Securities issued or secured by central banks	12,914	—	12,914	—	12,914
Securities issued or secured by other financial entities	1,218,751	—	1,218,751	—	1,218,751
Securities issued or secured by entities of the Non—financial sector	29,122	—	29,122	—	29,122
Other	4,849	—	4,849	—	4,849
Total trading investment	Ps. 3,762,978	Ps. 2,129,180	Ps. 1,633,798	Ps. —	Ps. 3,762,978
Investments in debt securities at fair value through profit or loss					
Other	31,256	—	17,523	13,733	31,256
Total investments in debt securities at fair value through profit or loss	Ps. 3,794,234	Ps. 2,129,180	Ps. 1,651,321	Ps. 13,733	Ps. 3,794,234
Investments in debt securities at fair value through OCI					
Securities issued or secured by Colombian Government	10,525,774	8,208,778	2,316,996	—	10,525,774
Securities issued or secured by other entities of the Colombian Government	497,635	232,312	265,323	—	497,635
Securities issued or secured by foreign Governments	3,015,556	91,315	2,924,241	—	3,015,556
Securities issued or secured by central banks	1,131,740	—	1,131,740	—	1,131,740
Securities issued or secured by other financial entities	3,308,480	279,653	3,028,827	—	3,308,480
Securities issued or secured by entities of the Non—financial sector	209,940	—	209,940	—	209,940
Other	246,632	—	246,632	—	246,632
Total investments in debt securities at fair value through OCI	Ps. 18,935,757	Ps. 8,812,058	Ps. 10,123,699	Ps. —	Ps. 18,935,757
Total investments in debt securities	Ps. 22,729,991	Ps. 10,941,238	Ps. 11,775,020	Ps. 13,733	Ps. 22,729,991
Equity securities					
Trading equity securities	2,672,648	3,060	2,212,915	456,673	2,672,648
Investments in equity through OCI	1,090,601	935,737	51,224	103,640	1,090,601
Total equity securities	Ps. 3,763,249	Ps. 938,797	Ps. 2,264,139	Ps. 560,313	Ps. 3,763,249
Held for trading Derivatives					
Currency Forward	617,799	—	616,116	1,683	617,799
Bond Forward	71	—	71	—	71
Interest Rate Swap	43,181	—	43,181	—	43,181
Currency Swap	48,546	—	48,546	—	48,546
Currency Options	59,089	—	59,089	—	59,089
Total held for trading derivatives	Ps. 768,686	Ps. —	Ps. 767,003	Ps. 1,683	Ps. 768,686
Hedging Derivatives					
Currency Forward	30,138	—	30,138	—	30,138
Total hedging derivatives	Ps. 30,138	Ps. —	Ps. 30,138	Ps. —	Ps. 30,138
Other account receivables					

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	Carrying Value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets in concession contracts	2,488,414	—	—	2,488,414	2,488,414
Total other account receivables designated at fair value	Ps. 2,488,414	Ps. —	Ps. —	Ps. 2,488,414	Ps. 2,488,414
Total assets at fair value on recurring basis	Ps. 29,780,478	Ps. 11,880,035	Ps. 14,836,300	Ps. 3,064,143	Ps. 29,780,478
Financial assets at amortized cost, net					
Investments in debt securities, net	2,972,545	32,324	2,952,649	—	2,984,973
Securities issued or secured by other entities of the Colombian Government	2,931,110	—	2,943,498	—	2,943,498
Securities issued or secured by Foreign Governments	32,320	32,324	—	—	32,324
Securities issued or secured by other financial entities	9,114	—	9,151	—	9,151
Loan portfolio, net (see detail literal f)	168,685,654				176,228,181
Commercial	98,051,116				
Consumer	52,006,179				
Mortgage	18,290,839				
Microcredit	337,520				
Other accounts receivables, net	6,812,229				
Total financial assets at amortized cost	178,470,428				
Liabilities					
Trading Derivatives					
Currency Forward	589,021	—	583,242	5,779	589,021
Bond Forward	2,730	—	2,730	—	2,730
Bond Futures	32	32	—	—	32
Interest Rate Swap	32,380	—	32,380	—	32,380
Currency Swap	148,378	—	148,378	—	148,378
Currency Options	38,764	—	38,764	—	38,764
Total trading derivatives	Ps. 811,305	Ps. 32	Ps. 805,494	Ps. 5,779	Ps. 811,305
Hedging Derivatives					
Currency Forward	195,539	—	195,539	—	195,539
Total hedging derivatives	Ps. 195,539	Ps. —	Ps. 195,539	Ps. —	Ps. 195,539
Financial liabilities at amortized cost					
Customer Deposits	164,359,451				164,682,492
Checking accounts	39,702,878				39,702,878
Time deposits	66,853,012				67,176,010
Savings accounts	57,221,439				57,221,482
Others	582,122				582,122
Financial obligations	51,211,990				51,811,768
Interbank borrowings and overnight funds	6,814,078				6,814,083
Borrowings from banks and others	20,610,766				21,020,334
Bonds issued (see detail “e”)	20,140,350				20,152,729
Borrowings from development entities	3,646,796				3,824,622
Total Financial liabilities at amortized cost	215,571,441				216,494,260

b) Fair Value determination

The following table provides information about valuation techniques and significant inputs when measuring at fair value on recurring basis assets and liabilities, with fair value hierarchy level 2 and level 3.

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Level 2 financial instruments as those traded in non-active market, the following table provides information about valuation techniques and significant inputs when measuring assets and liabilities.

	<u>Valuation technique</u>	<u>Significant inputs ⁽¹⁾</u>
ASSETS		
Investments in debt securities at fair value		
<u>In Colombian Pesos</u>		
Securities issued or secured by the Colombian Government	— Discounted cash flow	— Estimated Prices (2)
Securities issued or secured by Colombian government entities	Discounted cash flow	Estimated Prices (2)
Securities issued or secured by other financial entities	Discounted cash flow	Estimated Prices (2) Yield and Margin
Securities issued or secured by non-financial sector entities	Discounted cash flow	Estimated Prices (2)
Other	Discounted cash flow	Estimated Prices (2) Yield and Margin
<u>In Foreign Currency</u>		
Securities issued or secured by the Colombian Government	Market Price	Quoted Prices Estimated Prices (2)
Securities issued or secured by Colombian government entities	Discounted cash flow	Estimated Prices (2)
Securities issued or secured by foreign governments	- Internal Model - Market Price	- Discounted cash flows using yields from similar securities outstanding - Market Price or price calculated based on benchmarks set by price providers methodologies - Bloomberg Generic / Bloomberg Valuation
Securities issued or secured by Central Banks	- Internal Model - Market Price	- Discounted cash flows using yields from similar securities outstanding - Market Price or price calculated based on benchmarks set by price providers methodologies
Securities issued or secured by other financial entities	- Discounted cash flow - Internal Model - Market Price	- Estimated Prices ⁽²⁾ - Quoted Price or price calculated based on benchmarks set by price providers methodologies - Bloomberg Generic / Bloomberg Valuation
Securities issued or secured by non-financial sector entities	- Market Price	- Average Price - Quoted Price - Bloomberg Generic
Other	- Discounted cash flow - Internal Model - Market Price	- Estimated Prices ⁽²⁾ - Theoretical Price Mutual Funds which by the end of the month capitalize or pay interests - Quoted Price
Equity securities		
Corporate Stock	Market Price	Estimated Prices (2)
Investment Funds	Market Price	Market value of underlying assets, less management and administrative fees
Pension and severance funds (3)	Market Price	Market value of underlying assets, less management and administrative fees
Trading Derivatives		
Foreign Currency Forward		- Underlying asset price
Debt securities Forward		- Currency curve by underlying asset
Interest rate Swap	Discounted cash flow	- Forward Exchange rates curve of the operation's currency
Cross Currency Swap		- Implicit curves of Exchange rates forwards
Swap (others)		- Swap curves by underlying asset
Currency Options		- Implicit volatilities matrixes and curves
Hedging Derivatives		
Currency Forward	Discounted cash flow	Curves by currency
LIABILITIES		
Derivatives held for trading		
Foreign Currency Forward	Discounted cash flow	- Underlying asset price
Debt securities Forward		- Currency curve by underlying asset
Interest rate Swap		- Forward Exchange rates curve of the operation's currency

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	<u>Valuation technique</u>	<u>Significant inputs ⁽¹⁾</u>
Currency Swap		- Implicit curves of exchange rates forwards
Swap (others)		- Swap curves by underlying asset
Currency Options		- Implicit volatilities matrixes and curves
Hedging Derivatives		
Foreign Currency Forward	Discounted cash flow	- Underlying asset price
Interest rate Forward		- Currency curve by underlying asset
Interest rate Swap		- Forward Exchange rates curve of the operation's currency
		- Implicit curves of Exchange rates forwards
		- Swap curves by underlying asset
		- Implicit volatilities matrixes and curves

(1) Quoted market prices (ie obtained from price vendors)

(2) Estimated Price: A valuation model based on information obtained from a price vendor when it is not able to supply quoted prices (unadjusted) for each security. This model is the basis for the construction of the valuation margin of the securities that is represented on the assigned curve or reference rate. This margin remains constant on the assigned curve or reference rate when calculating the theoretical valuation price.

(3) The subsidiary Porvenir S. A. according to Colombian rules is required to invest to 1% of its total assets under management from severance and mandatory pension funds.

The following table provides information about valuation techniques and significant unobservable inputs when measuring Level 3 assets and liabilities at recurring fair value.

	<u>Valuation technique</u>	<u>Significant inputs</u>
ASSETS		
Investments in debt securities at fair value		
<u>In Colombian Pesos</u>		
Other	Discounted cash flow	Projected payments flow of mortgage securitizations ⁽¹⁾
Equity securities		
Investments in equity securities ⁽²⁾	Discounted cash flow	- Growth in values after 5 years
		- Net Income
		- Growth in residual values after 5 years
		- Discount interest rates
		- EBITDA Value
	Comparable Multiples	- Multiple of EBITDA
		- Net income value
		- Multiple of net income
<u>Other financial assets</u>		
Assets under concession contracts	-	- Free-cash flow from concession contracts
		- Concession contract's maturity period
	Discounted cash flow	- Perpetuity value of the year "n" free-cash flow
		- Present value of the discounted residual value at Weighted Average Cost of Capital ("WACC").
		- Financial income: annual adjustment of the financial asset's value.

The detail of valuation process for financial assets in concession arrangements are outlined in ⁽³⁾

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The following details sensitivity analysis of the valuation when measuring Level 3 assets at recurring fair value, on base of the valuation at December 31, 2018:

(1) Mortgage-Backed Securities

The methodology through which the sensitivity analysis of TIPS securities is carried out consists of calculating the fair value of the securities under the modification of the two main variables that affect their fair value: Prepayment and Default. For this, two scenarios proposed by the Tularizadora were used, which consist a prepayment of 10% and 1 time delinquency curve and a prepayment of 20% and 1.5 time delinquency curve.

	Favorable scenario (i)		Unfavorable scenario (ii)
Ps.	57	Ps.	(63)

- (i) Pre-payment of 10% and 1 time delinquency curve.
(ii) Pre-payment of 20% and 1 time delinquency curve.

(2) Valuation of equity instruments Level 3

Investments with fair value hierarchy level 3 have significant unobservable inputs. Level 3 instruments includes equity instruments, which are not quoted on any stock exchange. Like observable prices are not available for these securities, Grupo Aval has used valuation techniques as discounted cash flows to obtain fair value.

The following table includes a sensitivity analysis of main equity securities by Ps. 45,219 as of December 31, 2018 classified at FVOCI level 3:

<u>Methods and Variables</u>	<u>Variation</u>	<u>Favorable impact</u>	<u>Unfavorable impact</u>
Comparable Multiples / Recent Transaction Price			
EBITDA Number of times	+/-1 x	Ps. 1,819	Ps. (1,823)
Adjusted Net Asset Value			
Most relevant variable in assets	+/-10%	221	(177)
Adjusted discounted cash flow			
Growth in residual values	+/-1% of the gradient	204	(134)
	+/-1%	60	(147)
Growth in residual values after 5 years	+/- 30 bp	135	(101)
	+/-1%	743	(741)
Income	+/-1%	710	(674)
	+/- 1% anual	352	(529)
Discount interest rates	+/- 50 pb	597	(572)
		<u>Ps. 4,841</u>	<u>Ps. (4,898)</u>

(3) Valuation of financial assets under concession arrangement rights

Promigas and subsidiaries, designated at fair value the financial assets under concession contracts, the method of discounted cash flows was used to determine the fair value.

The assumptions in the calculation of the financial asset were:

Financial assets are calculated taking into account the expiration date of each concession contract.

The calculation was carried out in proportion to the expiration of each of the concession contracts in force.

Only the operational cash flows of these assets under concession were taken into account.

The components of the calculations are as follows:

- Free cash flow generated solely by assets under concession.
- Expiration period of the concession.

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- Amount in-perpetuity of the Free Cash Flow (FCF) of the year, estimated factoring a growth in the residual amount between 3% and 1% each year.
- Current amount of the residual amount Weighted Average Cost of Capital (WACC), estimated taking into account an interest rate between 9.35 % and 8.64% each year.
- Financial Income: Annual adjustment of the amount of the financial asset to WACC (*).

(*) Nominal WACC calculated under the Capital Asset Pricing Model (CAPM) methodology for each, updated annually. The following variables were used for determining the WACC:

- Beta Unlevered USA (Oil/Gas Distribution): Damodaran. [Betaunlevered 0.61, 2018]
- Risk Free Rate, Source: Geometric Average 1992-2018 of American bonds “T-Bonds”.
- Marker Return, Source: Geometric Average 1992-2018 Damodaran “Stocks” USA.
- Market Premium: Market Return – Risk Free Rate
- Country Risk Premium: Average last 5 years EMBI (Difference between 10-year Colombian sovereign bonds and 10 year “T-Bonds”). Damodaran
- Emerging Market: Equity Premium Emerging countries (Lambda - Damodaran)

Sensitivity analysis

The following table includes a sensitivity analysis of the assumptions used by Promigas and its subsidiaries in the calculation of fair value of unconditional transfer rights of gas pipelines to Government entities at the expiration date of the contracts.

Variable	December 31, 2018	
	+100 bps	-100 bps
WACC	Ps. (637,463)	Ps. 979,778
Growth rate	550,567	(387,696)

c) Transfer of levels

The following table summarizes the transfer between fair value levels 1 and 2 as of March 31, 2019 and December 31, 2018. In general, transfers between Level 1 and Level 2 in the investment portfolios are due, fundamentally, to changes in the liquidity levels of the securities in the markets.

March 31, 2019

	Investments in debt securities at FVTPL		Investments in debt securities at FVOCI	
	Transfers between:		Transfers between:	
	Level 2 to 1	Level 1 to 2	Level 2 to 1	Level 1 to 2
Securities issued or secured by Colombian Government	Ps. —	Ps. —	Ps. —	Ps. 297,075
Securities issued or secured by other Colombian Government entities	—	Ps. —	—	—
Securities issued or secured by other financial entities	—	—	—	—
	<u>Ps. —</u>	<u>Ps. —</u>	<u>Ps. —</u>	<u>Ps. 297,075</u>

December 31, 2018

	Investments in debt securities at FVTPL		Investments in debt securities at FVOCI	
	Transfers between:		Transfers between:	
	Level 2 to 1	Level 1 to 2	Level 2 to 1	Level 1 to 2
Securities issued or secured by Colombian Government	Ps. —	Ps. —	Ps. 17,668	Ps. 14,081
Securities issued or secured by other Colombian Government entities	Ps. —	Ps. —	Ps. 229,202	—
Securities issued or secured by other financial entities	—	—	—	189,013
	<u>Ps. —</u>	<u>Ps. —</u>	<u>Ps. 246,870</u>	<u>Ps. 203,094</u>

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There were no transfers of fair values between levels and 2 to or from level 3.

The reconciliation of the balances at the beginning of the period to the closing balances with the fair value measurements classified at Level 3 is shown in the following table.

	Financial assets in debt securities	Equity instruments	Financial assets in concession arrangements
	Ps. 13,733	Ps. 560,313	Ps. 2,488,414
December 31, 2018			
Valuation adjustment with an effect on income	(1,044)	4,124	53,697
Valuation adjustments with an effect on OCI	—	(1,371)	—
Transfers from non—current assets held for sale	—	—	—
Reclassification	—	—	—
Additions	—	18	—
Sales / redemptions	(613)	—	—
March 31, 2019	Ps. 12,076	Ps. 563,084	Ps. 2,542,111

d) Items Measurements at Fair Value on a Non-Recurring Basis

Grupo Aval is required, on a nonrecurring basis to adjust the carrying value of certain assets and liabilities or provide valuation allowances. These assets or liabilities primarily include impaired collateralized loans and non-current assets held for sale. The fair value of these assets which are classified as Level 3 are determined using pricing models, discounted cash flow methodologies, a current replacement cost or similar techniques, using internal models or external experts with sufficient experience and knowledge of the real estate market or of assets being appraised. Generally, these appraisals are carried out by references to market data or based on the replacement cost, when sufficient market data is not available.

The following table present Grupo Aval's assets and liabilities, classified within the fair value hierarchy, which are measured on a nonrecurring basis as of March 31, 2019 and December 31, 2018 at fair value less cost of sale:

	Level 1	Level 2	Level 3	Total
March 31, 2019				
Impaired collateralized loans	Ps. —	Ps. —	Ps. 931,467	Ps. 931,467
Non- current assets held for sale	—	—	179,637	179,637
	Ps. —	Ps. —	Ps. 1,111,104	Ps. 1,111,104
December 31, 2018				
Impaired collateralized loans	Ps. —	Ps. —	Ps. 896,257	Ps. 896,257
Non- current assets held for sale	—	—	186,714	186,714
	Ps. —	Ps. —	Ps. 1,082,971	Ps. 1,082,971

e) Financial obligations from issued bonds

The different entities from Grupo Aval are authorized by the Superintendency of Finance and by the regulatory entities abroad where Grupo Aval operates, for issuing or placing either bonds or general guarantee bonds. The bonds issued by Grupo Aval and subsidiaries are non-guaranteed. Detail of issued bonds as of March 31, 2019 and December 31, 2018, by issue date and maturity date was as follows:

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Issuer	Issue Date	March 31, 2019	December 31, 2018	Maturity Date	Interest Rate
Peso denominated					
Banco de Bogotá S.A.	23/02/2010	Ps. 128,990	Ps. 134,736	23/02/2020	CPI + 5.45% and UVR + 5.45%
Banco de Occidente	Between 30/03/2009 and 14/12/2017	3,062,814	3,143,903	Between 01/04/2019 and 14/12/2032	CPI + 2.9% a 5.75% and Fixed between 6.18% and 7.85%
Corporación Financiera Colombiana S.A.	Between 27/08/2009 and 02/03/2018	2,750,231	2,853,685	Between 20/05/2019 and 02/03/2043	CPI + 3.18% a 6.9%, Fixed 7.1%
Banco Popular	Between 26/02/2013 and 13/02/2019	1,844,967	1,616,729	Between 12/09/2019 and 12/10/2026	CPI + 2.72% a 4.13%; Fixed between 6.17% and 8.10%
Grupo Aval Acciones y Valores	Between 03/12/2009 and 28/06/2017	1,108,449	1,108,713	Between 03/12/2019 and 28/06/2042	CPI + 2.69% a 5.20%
Peso denominated Total		Ps. 8,895,451	Ps. 8,857,766		
Foreign Currency					
Banco de Bogotá S.A. Under rule 44A.	Between 19/02/2013 and 03/08/2017	6,894,832	7,042,678	Between 19/02/2023 and 03/08/2027	Between 4.38% a 6.25%
BAC Credomatic					
El Salvador	Between 11/02/2013 and 26/11/2018	735,995	753,556	Between 30/05/2019 and 26/11/2023	Between 5.20% y 5.85%
Guatemala	Between 03/04/2018 and 24/08/2018	4,116	14,025	Between 03/04/2019 and 26/08/2019	Between 4.25% a 6.25%
Honduras	Between 12/05/2017 and 11/03/2019	295,145	205,017	Between 12/05/2020 and 11/03/2022	Between 0.75% y 9.50%
BAC Credomatic Total		Ps. 1,035,256	Ps. 972,598		
Banco Bogotá Total		Ps. 7,930,088	Ps. 8,015,276		
Grupo Aval Limited	19/09/2012	3,154,242	3,267,308	26/09/2022	4.75%
Foreign Currency Total		Ps. 11,084,330	Ps. 11,282,584		
Total of Bonds		Ps. 19,979,781	Ps. 20,140,350		

The amount of issue bonds due over 12 months as of March 31, 2019 is Ps. 18,209,195 and December 31, 2018 is Ps. 18,772,405.

Grupo Aval has not had any defaults of principal or interest or other breaches with respect to its liabilities during the three months ended 31 March 2019 and year ended 31 December 2018, and Grupo Aval is complying with the related covenants agreed with investors and debtors.

f) Credit risk concentration

The following is the balance of financial assets by loan portfolio and their provision for impairment as of March 31, 2019 and December 31, 2018:

Portfolio segment	March 31, 2019			December 31, 2018		
	Gross balance	Allowance for impairment	Net balance of credit portfolio	Gross balance	Allowance for impairment	Net balance of credit portfolio
Commercial (1)	Ps. 98,265,859	Ps. 4,284,853	Ps. 93,981,006	Ps. 102,408,977	Ps. 4,357,861	Ps. 98,051,116
Consumer	55,607,639	3,480,941	52,126,698	55,455,064	3,448,885	52,006,179
Mortgage	18,620,872	318,678	18,302,194	18,592,103	301,264	18,290,839
Microcredit	412,767	84,576	328,191	425,697	88,177	337,520
Total	Ps. 172,907,137	Ps. 8,169,048	Ps. 164,738,089	Ps. 176,881,841	Ps. 8,196,187	Ps. 168,685,654

(1) The main variation is generated by repos and inter-bank repos, which went from 7,635,188 in December 2018 to \$ 4,460,723 in March 2019, which represents a decrease of \$ 3,174,465. Variation is generated by repos and inter-bank repos, which went from \$ 7,635,188 in December 2018 to \$ 4,460,723 in March 2019, which represents a decrease of \$ 3,174,465.

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Loans are recorded at amortized cost on the statement of financial position and are classified as commercial, consumer, mortgages, and microcredit. Due to the significance of the financial leasing portfolio for Grupo Aval, these amounts are also presented separately in all the tables for disclosure purposes:

March 31, 2019

<u>Portfolio segment</u>	<u>Balance in Statement of financial position</u>	<u>Leasing presentation adjustment</u>	<u>Balance according to disclosure</u>
Commercial	Ps. 98,265,859	Ps. (9,806,816)	Ps. 88,459,043
Consumer	55,607,639	(247,134)	55,360,505
Residential mortgage	18,620,872	(1,361,139)	17,259,733
Microcredit	412,767	—	412,767
Financial leasing	—	11,415,089	11,415,089
Total portfolio	<u>Ps. 172,907,137</u>	<u>Ps. —</u>	<u>Ps. 172,907,137</u>

December 31, 2018

<u>Portfolio segment</u>	<u>Balance in Statement of financial position</u>	<u>Leasing presentation adjustment</u>	<u>Balance according to disclosure</u>
Commercial	Ps. 102,408,977	Ps. (9,858,952)	Ps. 92,550,025
Consumer	55,455,064	(254,483)	55,200,581
Residential mortgage	18,592,103	(1,312,741)	17,279,362
Microcredit	425,697	—	425,697
Financial leasing	—	11,426,176	11,426,176
Total portfolio	<u>Ps. 176,881,841</u>	<u>Ps. —</u>	<u>Ps. 176,881,841</u>

(1) Loan portfolio by economic sector

Below is the loan portfolio distribution of Grupo Aval by economic activity as of March 31, 2019 and December 31, 2018:

<u>Sector</u>	<u>March 31, 2019</u>	<u>%</u>	<u>December 31, 2018</u>	<u>%</u>
Consumer services	Ps. 79,254,595	46 %	Ps. 78,976,887	45 %
Commercial services	37,231,585	22 %	41,160,951	23 %
Construction	10,917,109	6 %	11,093,895	6 %
Food, beverage and tobacco	8,068,447	5 %	8,128,767	5 %
Transportation and communications	6,924,455	4 %	7,117,087	4 %
Public services	5,807,249	4 %	6,123,390	4 %
Chemical production	5,707,633	3 %	5,614,918	3 %
Other industrial and manufacturing products	4,977,639	3 %	4,859,538	3 %
Agricultural	4,201,829	2 %	4,201,518	2 %
Government	3,839,041	2 %	3,868,987	2 %
Trade and tourism	2,375,938	1 %	2,353,139	1 %
Other	2,386,667	1 %	2,288,046	1 %
Mining products and oil	1,214,950	1 %	1,094,718	1 %
Total of each economic sector	<u>Ps. 172,907,137</u>	<u>100 %</u>	<u>Ps. 176,881,841</u>	<u>100 %</u>

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(2) Portfolio credit by risk level rating

As of March 31, 2019, and December 31, 2018, the following is a summary of the portfolio credit by risk level rating:

	March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Commercial				
“A” Normal risk	Ps. 79,713,591	Ps. 360,173	Ps. 124,061	Ps. 80,197,825
“B” Acceptable risk	455,440	1,224,759	436,271	2,116,470
“C” Appreciable risk	60,629	237,620	2,553,090	2,851,339
“D” Significant risk	1,010	25,775	1,558,980	1,585,765
“E” Risk of nonrecoverability	717	4,609	1,702,318	1,707,644
Commercial portfolio gross balance	Ps. 80,231,387	Ps. 1,852,936	Ps. 6,374,720	Ps. 88,459,043
Consumer				
“A” Normal risk	47,883,032	1,981,874	17,754	49,882,660
“B” Acceptable risk	761,347	925,119	12,856	1,699,322
“C” Appreciable risk	132,626	1,167,418	474,550	1,774,594
“D” Significant risk	25,408	243,258	1,043,734	1,312,400
“E” Risk of nonrecoverability	5,687	33,789	652,053	691,529
Consumer portfolio gross balance	Ps. 48,808,100	Ps. 4,351,458	Ps. 2,200,947	Ps. 55,360,505
Mortgage				
“A” Normal risk	15,370,356	580,960	16,793	15,968,109
“B” Acceptable risk	53,877	380,717	3,639	438,233
“C” Appreciable risk	14,672	441,450	37,940	494,062
“D” Significant risk	158	12,869	117,737	130,764
“E” Risk of nonrecoverability	19	347	228,199	228,565
Mortgage portfolio gross balance	Ps. 15,439,082	Ps. 1,416,343	Ps. 404,308	Ps. 17,259,733
Microcredit				
“A” Normal risk	335,872	2,418	233	338,523
“B” Acceptable risk	201	10,716	-	10,917
“C” Appreciable risk	22	6,692	-	6,714
“D” Significant risk	55	3,280	5,833	9,168
“E” Risk of nonrecoverability	68	1,335	46,042	47,445
Microcredit portfolio gross balance	Ps. 336,218	Ps. 24,441	Ps. 52,108	Ps. 412,767
Financial leasing				
“A” Normal risk	9,738,247	114,333	11,462	9,864,042
“B” Acceptable risk	241,588	204,049	90,267	535,904
“C” Appreciable risk	21,511	56,620	234,765	312,896
“D” Significant risk	140	1,664	515,249	517,053
“E” Risk of nonrecoverability	35	-	185,159	185,194
Financial leasing portfolio gross balance	Ps. 10,001,521	Ps. 376,666	Ps. 1,036,902	Ps. 11,415,089
Gross balance of financial assets per credit portfolio	Ps. 154,816,308	Ps. 8,021,844	Ps. 10,068,985	Ps. 172,907,137

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	Stage 1	Stage 2	Stage 3	Total
Commercial				
“A” Normal risk	Ps. 83,532,853	Ps. 195,949	Ps. 183,263	Ps. 83,912,065
“B” Acceptable risk	565,266	1,220,838	491,062	2,277,166
“C” Appreciable risk	88,802	227,429	2,680,090	2,996,321
“D” Significant risk	1,290	36,295	1,548,951	1,586,536
“E” Risk of nonrecoverability	3,008	10,350	1,764,579	1,777,937
Commercial portfolio gross balance	Ps. 84,191,219	Ps. 1,690,861	Ps. 6,667,945	Ps. 92,550,025
Consumer				
“A” Normal risk	47,782,665	1,815,283	19,295	49,617,243
“B” Acceptable risk	799,326	1,004,173	12,805	1,816,304
“C” Appreciable risk	128,850	1,149,796	458,474	1,737,120
“D” Significant risk	23,896	228,509	1,070,538	1,322,943
“E” Risk of nonrecoverability	6,568	37,819	662,584	706,971
Consumer portfolio gross balance	Ps. 48,741,305	Ps. 4,235,580	Ps. 2,223,696	Ps. 55,200,581
Mortgage				
“A” Normal risk	15,478,116	563,066	20,965	16,062,147
“B” Acceptable risk	72,557	337,093	3,059	412,709
“C” Appreciable risk	13,547	418,754	35,318	467,619
“D” Significant risk	151	11,632	101,164	112,947
“E” Risk of nonrecoverability	1,686	5,196	217,058	223,940
Mortgage portfolio gross balance	Ps. 15,566,057	Ps. 1,335,741	Ps. 377,564	Ps. 17,279,362
Microcredit				
“A” Normal risk	344,424	2,897	194	347,515
“B” Acceptable risk	162	10,542	—	10,704
“C” Appreciable risk	71	7,519	—	7,590
“D” Significant risk	35	2,980	5,671	8,686
“E” Risk of nonrecoverability	31	1,436	49,735	51,202
Microcredit portfolio gross balance	Ps. 344,723	Ps. 25,374	Ps. 55,600	Ps. 425,697
Financial leasing				
“A” Normal risk	9,818,788	79,008	26,299	9,924,095
“B” Acceptable risk	267,541	183,862	61,275	512,678
“C” Appreciable risk	45,418	56,561	217,937	319,916
“D” Significant risk	178	10,403	477,820	488,401
“E” Risk of nonrecoverability	446	114	180,526	181,086
Financial leasing portfolio gross balance	Ps. 10,132,371	Ps. 329,948	Ps. 963,857	Ps. 11,426,176
Gross balance of financial assets per credit portfolio	Ps. 158,975,675	Ps. 7,617,504	Ps. 10,288,662	Ps. 176,881,841

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(3) **Loss allowance**

The table below shows the loss allowance balances as of March 31, 2019 and December 31, 2018.

	March 31, 2019				
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	12—month ECL	Lifetime ECL not credit—impaired	Lifetime ECL credit—impaired		
Loan portfolio					
Loan commercial portfolio	Ps. 635,994	Ps. 186,109	Ps.3,049,437	Ps. —	Ps.3,871,540
Loan consumer portfolio	1,002,024	925,637	1,547,040	—	3,474,701
Loan mortgage portfolio	36,321	77,529	157,700	—	271,550
Loan microcredit portfolio	23,871	11,506	49,199	—	84,576
Loan financial leasing portfolio	72,659	35,381	358,641	—	466,681
Total loan portfolio	Ps.1,770,869	Ps.1,236,162	Ps.5,162,017	Ps. —	Ps.8,169,048
Investments in debt securities at amortized cost	65	—	—	—	65
Other accounts receivable	10,038	9,841	77,500	165,218	262,597
Total loss allowance financial assets at amortized cost	Ps.1,780,972	Ps.1,246,003	Ps.5,239,517	Ps.165,218	Ps.8,431,710
Investments in debt securities at FVOCI	27,522	26,883	19,709	—	74,114
Loan commitments and financial guarantee contracts	38,679	12,458	4,229	—	55,366
Total loss allowance	Ps.1,847,183	Ps.1,285,344	Ps.5,263,455	Ps.165,218	Ps.8,298,593

	December 31, 2018				
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	12—month ECL	Lifetime ECL not credit—impaired	Lifetime ECL credit—impaired		
Loan portfolio					
Loan commercial portfolio	Ps. 695,728	Ps. 190,633	Ps. 3,051,088	Ps. —	Ps. 3,937,449
Loan consumer portfolio	998,390	890,556	1,553,365	—	3,442,311
Loan mortgage portfolio	35,187	73,461	148,595	—	257,243
Loan microcredit portfolio	23,348	11,962	52,867	—	88,177
Loan financial leasing portfolio	72,221	30,434	368,352	—	471,007
Total loan portfolio	Ps. 1,824,874	Ps. 1,197,046	Ps. 5,174,267	Ps. —	Ps. 8,196,187
Investments in debt securities at amortized cost	71	—	—	—	71
Other accounts receivable	19,700	11,561	66,327	159,303	256,891
Total loss allowance financial assets at amortized cost	Ps. 1,844,645	Ps. 1,208,607	Ps. 5,240,594	Ps. 159,303	Ps. 8,453,149
Investments in debt securities at FVOCI	20,757	31,980	46,280	—	99,017
Loan commitments and financial guarantee contracts	40,715	14,358	4,355	—	59,428
Total loss allowance	Ps. 1,906,117	Ps. 1,254,945	Ps. 5,291,229	Ps. 159,303	Ps. 8,611,594

⁽¹⁾ Grupo Aval has initially adopted IFRS 15 and IFRS 9 as of January 1, 2018. According to the transition methods chosen, comparative information is not restated. See Notes 2 (2.4) (B).

The table below shows for loans stage 3 individually assessed for ECL the gross amount and loss allowance balances as of March 31, 2019 and December 31, 2018.

	March 31, 2019			
Without recognized provision				
Commercial	Ps.	71,926	Ps.	57,260
Financial leasing		133,530		244,546
Subtotal	Ps.	205,456	Ps.	301,806

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	March 31, 2019		
	<u>Gross Amount Registered</u>	<u>Collateral Guarantees</u>	<u>Allowance Recognized</u>
With recognized provision			
Commercial	Ps. 5,328,182	Ps. 605,605	Ps. 2,224,176
Consumer	2,781	584	1,893
Financial leasing	688,737	453,646	243,461
Subtotal	Ps. 6,019,700	Ps. 1,059,835	Ps. 2,469,530
Totals			
Commercial	5,400,108	662,865	2,224,176
Consumer	2,781	584	1,893
Financial leasing	822,267	698,192	243,461
Total	Ps. 6,225,156	Ps. 1,361,641	Ps. 2,469,530
	December 31, 2018		
	<u>Gross Amount Registered</u>	<u>Collateral Guarantees</u>	<u>Allowance Recognized</u>
Without recognized provision			
Commercial	Ps. 85,531	Ps. 126,642	Ps. —
Financial leasing	115,881	320,797	—
Subtotal	Ps. 201,412	Ps. 447,439	Ps. —
With recognized provision			
Commercial	Ps. 5,788,368	Ps. 511,605	Ps. 2,195,263
Consumer	2,604	560	1,813
Financial leasing	659,499	243,023	231,056
Subtotal	Ps. 6,450,471	Ps. 755,188	Ps. 2,428,132
Totals			
Commercial	5,873,899	638,247	2,195,263
Consumer	2,604	560	1,813
Financial leasing	775,380	563,820	231,056
Total	Ps. 6,651,883	Ps. 1,202,627	Ps. 2,428,132

The difference between the value of the loan and the guarantees disclosed on the table above correspond to unsecured loans valued with the discounted cash flow method. When using this method, it is implied that it is possible for the customer to make future payments.

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) in credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL;
- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments de-recognized in the period;
- Impact of the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for asset denominated in foreign currencies and other movements; and
- Financial assets derecognized during the period and write-offs of allowances related to assets than were written off during the period

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The following tables show the reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

Loan portfolio

	Stage 1 12—month ECL	Stage 2 Lifetime ECL not credit— impaired	Stage 3 Lifetime ECL credit— impaired	Total
Loss allowance as of 31 December 2018	Ps. 1,824,874	Ps. 1,197,046	Ps. 5,174,267	Ps. 8,196,187
Transfers:				
Transfer from stage 1 to stage 2	(143,452)	143,452	—	—
Transfer from stage 1 to stage 3	(45,791)	—	45,791	—
Transfer from stage 2 to stage 3	—	(315,687)	315,687	—
Transfer from stage 3 to stage 2	—	62,647	(62,647)	—
Transfer from stage 2 to stage 1	154,822	(154,822)	—	—
Transfer from stage 3 to stage 1	79,777	—	(79,777)	—
Net remeasurement of loss allowance	(111,372)	327,135	810,474	1,026,237
New financial assets originated or purchased	122,573	11,328	27,617	161,518
Financial assets that have been derecognized	(108,660)	(36,912)	(122,195)	(267,767)
Unwind of discount ⁽²⁾	678	3,038	115,576	119,292
FX and other movements	(1,124)	—	(31,257)	(32,381)
Write—offs	(1,456)	(1,063)	(1,031,519)	(1,034,038)
Loss allowance as of 31 March 2019	Ps. 1,770,869	Ps. 1,236,162	Ps. 5,162,017	Ps. 8,169,048

⁽¹⁾ The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

Loan commercial portfolio

	Stage 1 12—month ECL	Stage 2 Lifetime ECL not credit— impaired	Stage 3 Lifetime ECL credit— impaired	Total
Loss allowance as of 31 December 2018	Ps. 695,728	Ps. 190,633	Ps. 3,051,088	Ps. 3,937,449
Transfers:				
Transfer from stage 1 to stage 2	(13,381)	13,381	—	—
Transfer from stage 1 to stage 3	(10,739)	—	10,739	—
Transfer from stage 2 to stage 3	—	(36,151)	36,151	—
Transfer from stage 3 to stage 2	—	8,591	(8,591)	—
Transfer from stage 2 to stage 1	13,653	(13,653)	—	—
Transfer from stage 3 to stage 1	19,753	—	(19,753)	—
Net remeasurement of loss allowance	(61,221)	34,985	243,216	216,980
New financial assets originated or purchased	64,441	1,033	13,111	78,585
Financial assets that have been derecognized	(70,927)	(15,253)	(46,197)	(132,337)
Unwind of discount ⁽¹⁾	112	2,563	95,787	98,462
FX and other movements	(1,102)	—	(8,119)	(9,221)
Write—offs	(323)	(20)	(317,995)	(318,338)
Loss allowance as of 31 March 2019	635,994	186,109	3,049,437	3,871,540

⁽¹⁾ The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

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Loan consumer portfolio

	Stage 1 12—month ECL	Stage 2 Lifetime ECL not credit— impaired	Stage 3 Lifetime ECL credit— impaired	Total
	Ps. 998,390	Ps. 890,556	Ps. 1,553,365	Ps. 3,442,311
Loss allowance as of 31 December 2018				
Transfers:				
Transfer from stage 1 to stage 2	(121,994)	121,994	—	—
Transfer from stage 1 to stage 3	(25,683)	—	25,683	—
Transfer from stage 2 to stage 3	—	(260,291)	260,291	—
Transfer from stage 3 to stage 2	—	46,842	(46,842)	—
Transfer from stage 2 to stage 1	127,139	(127,139)	—	—
Transfer from stage 3 to stage 1	50,374	—	(50,374)	—
Net remeasurement of loss allowance	(41,729)	263,148	503,649	725,068
New financial assets originated or purchased	50,825	9,984	13,952	74,761
Financial assets that have been derecognized	(34,973)	(18,907)	(45,767)	(99,647)
Unwind of discount ⁽¹⁾	566	475	9,796	10,837
FX and other movements	(1)	—	(19,033)	(19,034)
Write—offs	(890)	(1,025)	(657,680)	(659,595)
Loss allowance as of 31 March 2019	Ps. 1,002,024	Ps. 925,637	Ps. 1,547,040	Ps. 3,474,701

⁽¹⁾ The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

Loan mortgage portfolio

	Stage 1 2—month ECL	Stage 2 Lifetime ECL not credit— impaired	Stage 3 Lifetime ECL credit— impaired	Total
	Ps. 35,187	Ps. 73,461	Ps. 148,595	Ps. 257,243
Loss allowance as of 31 December 2018				
Transfers:				
Transfer from stage 1 to stage 2	(3,838)	3,838	—	—
Transfer from stage 1 to stage 3	(69)	—	69	—
Transfer from stage 2 to stage 3	—	(8,891)	8,891	—
Transfer from stage 3 to stage 2	—	4,174	(4,174)	—
Transfer from stage 2 to stage 1	7,598	(7,598)	—	—
Transfer from stage 3 to stage 1	2,012	—	(2,012)	—
Net remeasurement of loss allowance	(5,359)	13,489	23,168	31,298
New financial assets originated or purchased	1,413	49	—	1,462
Financial assets that have been derecognized	(431)	(981)	(1,317)	(2,729)
Unwind of discount ⁽¹⁾	—	—	1,027	1,027
FX and other movements	—	—	(3,595)	(3,595)
Write—offs	(192)	(12)	(12,952)	(13,156)
Loss allowance as of 31 March 2019	Ps. 36,321	Ps. 77,529	Ps. 157,700	Ps. 271,550

⁽¹⁾ The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

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Loan microcredit portfolio

	Stage 1	Stage 2	Stage 3	Total
	12—month	Lifetime	Lifetime	
	ECL	ECL not	ECL credit—	
	Ps.	credit—	impaired	Ps.
	23,348	impaired	impaired	88,177
	Ps.	11,962	Ps.	52,867
Loss allowance as of 31 December 2018	23,348	11,962	52,867	88,177
Transfers:				
Transfer from stage 1 to stage 2	(2,164)	2,164	—	—
Transfer from stage 1 to stage 3	(775)	—	775	—
Transfer from stage 2 to stage 3	—	(6,077)	6,077	—
Transfer from stage 3 to stage 2	—	710	(710)	—
Transfer from stage 2 to stage 1	1,758	(1,758)	—	—
Transfer from stage 3 to stage 1	348	—	(348)	—
Net remeasurement of loss allowance	1,621	4,543	5,901	12,065
New financial assets originated or purchased	1	—	—	1
Financial assets that have been derecognized	(215)	(32)	(28)	(275)
Unwind of discount ⁽¹⁾	—	—	2,287	2,287
Write—offs	(51)	(6)	(17,622)	(17,679)
Loss allowance as of 31 March 2019	23,871	11,506	49,199	84,576

⁽¹⁾ The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

Loan financial leasing portfolio

	Stage 1	Stage 2	Stage 3	Total
	12—month	Lifetime	Lifetime	
	ECL	ECL not	ECL credit—	
	Ps.	credit—	impaired	Ps.
	72,221	impaired	impaired	471,007
	Ps.	30,434	Ps.	368,352
Loss allowance as of 31 December 2018	72,221	30,434	368,352	471,007
Transfers:				
Transfer from stage 1 to stage 2	(2,075)	2,075	—	—
Transfer from stage 1 to stage 3	(8,525)	—	8,525	—
Transfer from stage 2 to stage 3	—	(4,277)	4,277	—
Transfer from stage 3 to stage 2	—	2,330	(2,330)	—
Transfer from stage 2 to stage 1	4,674	(4,674)	—	—
Transfer from stage 3 to stage 1	7,290	—	(7,290)	—
Net remeasurement of loss allowance	(4,684)	10,970	34,540	40,826
New financial assets originated or purchased	5,893	262	554	6,709
Financial assets that have been derecognized	(2,114)	(1,739)	(28,886)	(32,739)
Unwind of discount ⁽²⁾	—	—	6,679	6,679
FX and other movements	(21)	—	(510)	(531)
Write—offs	—	—	(25,270)	(25,270)
Loss allowance as of 31 March 2019	72,659	35,381	358,641	466,681

⁽¹⁾ The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

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Investments in debt securities at FVOCI

	Stage 1 12—month ECL	Stage 2 Lifetime ECL not credit— impaired	Stage 3 Lifetime ECL credit— impaired	Total
	Ps. 20,757	Ps. 31,980	Ps. 46,280	Ps. 99,017
Loss allowance as of 31 December 2018				
Transfers:				
Transfer from stage 1 to stage 2	—	—	—	—
Net remeasurement of loss allowance	(1,572)	(3,908)	(55)	(5,535)
New financial assets originated or purchased	9,765	—	—	9,765
Financial assets that have been derecognized	(519)	(445)	(25,102)	(26,066)
Unwind of discount ⁽¹⁾	—	—	—	—
FX and other movements	(909)	(744)	(1,414)	(3,067)
Write—offs	—	—	—	—
Loss allowance as of 31 March 2019	Ps. 27,522	Ps. 26,883	Ps. 19,709	Ps. 74,114

⁽¹⁾ The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

Investments in debt securities at amortized cost

	Stage 1 12—month ECL	Stage 2 Lifetime ECL not credit— impaired	Stage 3 Lifetime ECL credit— impaired	Total
	Ps. 71	Ps. —	Ps. —	Ps. 71
Loss allowance as of 31 December 2018				
Net remeasurement of loss allowance	(29)	—	—	(29)
New financial assets originated or purchased	22	—	—	22
Financial assets that have been derecognized	(5)	—	—	(5)
Unwind of discount ⁽¹⁾	—	—	—	—
FX and other movements	6	—	—	6
Write—offs	—	—	—	—
Loss allowance as of 31 March 2019	Ps. 65	Ps. —	Ps. —	Ps. 65

⁽¹⁾ The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

Other accounts receivable

	Stage 1 12—month ECL	Stage 2 Lifetime ECL not credit— impaired	Stage 3 Lifetime ECL credit impaired	Simplified Approach	Total
	Ps. 19,700	Ps. 11,561	Ps. 66,327	Ps. 159,303	Ps. 256,891
Loss allowance as of 31 December 2018					
Transfers stages	(19,176)	(754)	19,930	—	—
Net remeasurement of loss allowance	816	455	5,360	13,461	20,092
New financial assets originated or purchased	—	—	—	—	—

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	Stage 1 12—month ECL	Stage 2 Lifetime ECL not credit— impaired	Stage 3 Lifetime ECL credit impaired	Simplified Approach	Total
Financial assets that have been derecognized	—	—	—	—	—
Unwind of discount (1)	—	—	—	—	—
FX and other movements	—	—	—	(390)	(390)
Approach change	8,996	(1,421)	(10,170)	2,595	—
Write—offs	(298)	—	(3,947)	(9,751)	(13,996)
Loss allowance as of 31 March 2019	Ps. 10,038	Ps. 9,841	Ps. 77,500	Ps. 165,218	262,597

⁽¹⁾ The unwind of discount on Stage 3 financial assets is reported within "interest income" so that interest income is recognized on the amortized cost (after deducting the ECL allowance)

Loan commitments and financial guarantee contracts

	Stage 1 12—month ECL	Stage 2 Lifetime ECL not credit— impaired	Stage 3 Lifetime ECL credit— impaired	Total
Loss allowance as of 31 December 2018	Ps. 40,715	Ps. 14,358	Ps. 4,355	Ps. 59,428
Transfers:				
Transfer from Stage 1 to Stage 2	(616)	616	-	-
Transfer from Stage 1 to Stage 3	(109)	-	109	-
Transfer from Stage 2 to Stage 3	-	(284)	284	-
Transfer from Stage 3 to Stage 2	-	34	(34)	-
Transfer from Stage 2 to Stage 1	3,059	(3,059)	-	-
Transfer from Stage 3 to Stage 1	14	-	(14)	-
Net remeasurement of loss allowance	(4,927)	478	(534)	(4,983)
New loan commitments and financial guarantees issued	608	315	55	978
FX and other movements	(65)	-	8	(57)
Loss allowance as of 31 March 2019	Ps. 38,679	Ps. 12,458	Ps. 4,229	Ps. 55,366

⁽¹⁾ Grupo Aval has initially adopted IFRS 15 and IFRS 9 as of January 1, 2018. According to the transition methods chosen, comparative information is not restated. See Notes 2 (2.5) (B).

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g) Credit Commitments

Following is the detail of the guarantees, letters of credit and credit commitments on non-used credit lines as of March 31, 2019 and December 31, 2018:

Loan commitments and financial guarantee contracts

As part of our operations, Grupo Aval grants guarantees and letters of credit to its customers wherein Grupo Aval financial subsidiaries are irrevocably committed to make payments to third parties when customers do not comply with their obligations with such third parties. These products have the same policies for approval of disbursements of loans regarding client's credit risk and guarantees required according to the circumstances of each client.

The commitments for credit extension represent unused portions of authorizations to grant loans, use of credit cards, overdraft quotas and letters of credit. With respect to credit risk over commitments to extend credit lines, Grupo Aval is potentially exposed to losses in an amount equal to the total amount of unused commitments, if the unused amount were to be withdrawn in whole. However, the amount of the loss is less than the total amount of commitments unused, since most commitments to extend credits are contingent once the customer maintains the specific of credit risk standards.

Grupo Aval monitors maturity terms of commitments regarding credit quotas, because long-term commitments have a higher credit risk than short-term commitments.

Pending unused credit lines and guarantees do not necessarily represent future cash out flows, because such quotas may expire and not be used whole or in part.

Following is the detail of the guarantees, letters of credit and credit commitments on non-used credit lines as of March 31, 2019 and December 31, 2018.

	<u>March 31, 2019</u>		<u>December 31, 2018</u>
	<u>Notional amount</u>		<u>Notional amount</u>
Guarantees	Ps. 3,332,153	Ps.	3,446,601
Unused letters of credit	1,347,451		1,186,691
Unused limits of overdrafts	103,370		306,740
Unused credit card limits	20,856,652		20,816,061
Other	5,275,823		5,169,588
Total	Ps. 30,915,449	Ps.	30,925,681

Following is the detail of the credit commitments by type of currency:

	<u>March 31, 2019</u>		<u>December 31, 2018</u>
Colombian Pesos	Ps. 15,013,421	Ps.	14,918,915
U.S. dollars	12,785,642		12,885,921
Euro	2,890,636		2,892,670
Other	225,750		228,175
Total	Ps. 30,915,449	Ps.	30,925,681

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NOTE 5 – HEDGE ACCOUNTING

In accordance with its risk management policies, Grupo Aval uses hedge accounting to manage foreign exchange risk relating to investments in foreign operations and in forecasted transactions of its subsidiary Promigas, as follows:

Hedges of net investment in foreign operations

Banco de Bogotá, Banco de Occidente and Promigas are exposed to foreign exchange risk relating to its investments in foreign subsidiaries, whose functional currencies are the US dollar.

The purpose of hedge accounting is to mitigate and offset any adverse changes resulting from the fluctuation in exchange rate of the Colombian Peso and the functional currency of such investments. The impacts of those movements are reflected in the cumulative translation adjustment in other comprehensive income of the consolidated financial statements.

To cover this risk, Grupo Aval hedges its exposure through foreign currency financial liabilities expressed in U.S. dollars and forward contracts for the sale of U.S. dollars.

Changes in the fluctuation of the Colombian peso against the U.S. dollar are as follows:

<u>Date</u>	<u>Value of USD 1</u>	<u>Quarterly variation in pesos</u>
March 31, 2019	3,174.79	(74.96)
December 31, 2018	3,249.75	277.57
March 31, 2018	2,780.47	(203.53)

According to information described above, the following table shows movements of OCI gross of taxes, related to hedges of net investment in foreign operations:

<u>Detail of investment</u>	<u>Translation adjustment of the investments</u>	<u>Exchange difference of financial liabilities</u>	<u>Exchange difference in forward contracts</u>	<u>Net OCI account</u>
Leasing Bogotá Panamá	Ps. (292,025)	Ps. 154,950	Ps. 137,883	Ps. 808
Other subsidiaries and branches Banco de Bogotá	(9,243)	—	8,945	(298)
Occidental Bank Barbados	(1,822)	1,671	—	(151)
Banco de Occidente Panamá	(1,463)	1,463	—	—
Sociedad Portuaria El Cayao S.A. E.S.P.	(2,534)	2,534	—	—
Gases del Pacífico S.A.C.	(348)	348	—	—
Gas Natural de Lima y Callao S.A.C. – Calidda	(2,643)	2,643	—	—
Total	Ps. (310,078)	Ps. 163,609	Ps. 146,828	Ps. 359

According to information described above, the following table contains details of hedging operations carried out to cover foreign denominated equity investments. The analysis is presented gross of taxes:

March 31, 2019

<u>Detail of investment</u>	<u>Thousands of USD</u>			<u>Ps. millions</u>			
	<u>Investment amount</u>	<u>Amount of hedge by financial liabilities in foreign currency</u>	<u>Amount of hedge by forward contracts</u>	<u>Cumulative translation adjustment of the investments (1)</u>	<u>Exchange difference of financial liabilities (1)</u>	<u>Exchange difference in forward contracts</u>	<u>Net OCI account</u>
Leasing Bogotá Panamá	4,081,731	(2,067,100)	(2,000,066)	Ps. 3,837,356	Ps.(1,440,255)	Ps.(2,531,948)	Ps.(134,847)

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Detail of investment	Thousands of USD			Ps. millions			Net OCI account
	Investment amount	Amount of hedge by financial liabilities in foreign currency	Amount of hedge by forward contracts	Cumulative translation adjustment of the investments ⁽¹⁾	Exchange difference of financial liabilities ⁽¹⁾	Exchange difference in forward contracts	
Other subsidiaries and branches							
Banco de Bogotá ⁽²⁾	130,591	—	(129,755)	116,735	—	(114,453)	2,282
Occidental Bank Barbados	27,165	(27,165)	—	22,784	(22,935)	—	(151)
Banco de Occidente Panamá	30,666	(30,666)	—	34,114	(34,114)	—	—
Sociedad Portuaria El Cayao S.A. E.S.P. ⁽³⁾	29,214	(29,214)	—	7,538	(7,538)	—	—
Gases del Pacífico S.A.C. ⁽³⁾	3,500	(3,500)	—	2,046	(2,046)	—	—
Gas Natural de Lima y Callao S.A.C. – Calidda ⁽³⁾	41,457	(41,457)	—	5,353	(5,353)	—	—
Total	4,344,324	(2,199,102)	(2,129,821)	Ps. 4,025,926	Ps.(1,512,241)	Ps.(2,646,401)	Ps.(132,716)

December 31, 2018

Detail of investment	Thousands of USD			Ps. millions			Net OCI account
	Investment amount	Amount of hedge by financial liabilities in foreign currency	Amount of hedge by forward contracts	Cumulative translation adjustment of the investments ⁽¹⁾	Exchange difference of financial liabilities ⁽¹⁾	Exchange difference in forward contracts	
Leasing Bogotá Panamá	3,964,051	(2,067,100)	(1,896,348)	Ps. 4,129,381	Ps. (1,595,205)	Ps. (2,669,831)	Ps. (135,655)
Other subsidiaries and branches							
Banco de Bogotá ⁽²⁾	126,380	—	(121,116)	125,978	—	(123,398)	2,580
Occidental Bank Barbados	23,971	(23,971)	—	24,606	(24,606)	—	—
Banco de Occidente Panamá	23,439	(23,439)	—	35,577	(35,577)	—	—
Sociedad Portuaria El Cayao S.A. E.S.P. ⁽³⁾	31,214	(31,214)	—	10,072	(10,072)	—	—
Gases del Pacífico S.A.C. ⁽³⁾	4,000	(4,000)	—	2,394	(2,394)	—	—
Gas Natural de Lima y Callao S.A.C. – Calidda ⁽³⁾	31,649	(19,336)	—	7,996	(7,996)	—	—
Total	4,204,704	(2,169,060)	(2,017,464)	Ps. 4,336,004	Ps. (1,675,850)	Ps. (2,793,229)	Ps. (133,075)

⁽¹⁾ Includes exchange difference hedged

⁽²⁾ Includes Banco de Bogotá Panamá, Banco Bogotá Finance, Ficentro and contributions of foreign branches in Miami, New York and Nassau.

⁽³⁾ Includes only a portion of this investments hedged

a) Hedging of foreign exchange

Debt financial instruments that are not derivatives can be designated as hedging instruments of changes in foreign currency exchange rates. According to this rule Banco de Bogotá and Banco de Occidente designed debt in U.S. dollar as hedging instruments of their foreign subsidiaries as follows:

- Bonds issued by Banco de Bogotá in the international market were designated as hedging instruments of its investment in Leasing Bogotá Panamá amounting US\$2,067 million in 2018 and 2017.
- Other financial liabilities in the amount of \$102 million as December 31, 2018 (US\$103 million as of December 31, 2017) were used to hedge part of the net foreign investment Banco de Occidente and Promigas have in foreign subsidiaries as part of a hedging strategy, by which when some obligations expire, new obligations will be designated to replace them.
- Between December 21, 2015 and November 2, 2016, financial liabilities designated as hedging instruments described above included an intra-group liability amounting to US\$ 500 million that Banco de Bogotá had as a hedging instrument of its investment in Leasing Bogotá Panamá. This operation was eliminated in the

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consolidation process of Grupo Aval and was excluded of the foreign investment hedge accounting. Starting May 1st and up to November 2nd, 2016 Grupo Aval designated financial assets in foreign debt securities amounting to US\$ 500 million as cash flow hedge, the foreign exchange differences of this intra-group liability were not eliminated in the consolidation process and recorded in Other Comprehensive Income in the amount of Ps. 73,708. This value would be realized in the future as income only when the investment in Leasing Bogotá Panamá is sold. On November 2nd, 2016 Banco de Bogotá cancelled the intragroup liability amounting to US\$ 500 million which was replaced in the foreign investment hedge accounting with other obligations in foreign currency with third parties.

b) Hedging of Forecasted Transactions

In the ordinary course of its operations Promigas S.A. and its subsidiaries receive income in U.S. Dollars derived from the transportation of gas in their gas pipelines. Promigas and its subsidiaries hedge the exchange risk arising in future transactions of highly probable gas transportation income, entered into forward contracts for the sale of U.S. dollars with financial entities different from the ones consolidated into Grupo Aval.

c) Testing of Hedge Effectiveness

Grupo Aval considers hedging as highly effective if at the beginning and in subsequent periods, the hedging is highly effective at offsetting changes in fair value or in cash flows attributable to the risk hedged during the period for which the hedging has been designated. The hedging is considered as such if the effectiveness of the hedging is in a range between 80% and 125%. Such effectiveness is assessed by Grupo Aval's entities at least quarterly and at the end of each accounting period.

According this the hedging were effective at March 31, 2019 and December 31, 2018.

NOTE 6 – TANGIBLE ASSETS

Property, plant and equipment	March 31, 2019	December 31, 2018
Properties, plant and equipment for own use	Ps. 5,590,578	Ps. 5,663,743
Right-of-use assets ⁽¹⁾	2,118,837	-
Investment properties	891,398	836,324
Biological Assets	91,404	84,206
Properties, plant and equipment given in operating lease	7,605	4,210
Total	Ps. 8,699,822	Ps. 6,588,483

(1) The Group adopted IFRS 16 as of January 1, 2019 (See Note 2.)

6.1 Properties, plant and equipment for own use

Following is the detail of the balance at March 31, 2019 and December 31, 2018, by type:

March 31, 2019	Cost	Accumulated depreciation	Impairment loss	Carrying amount
Land	Ps. 1,004,932	Ps. -	Ps. (3,741)	Ps. 1,001,191
Buildings	2,640,783	(587,225)	-	2,053,558
Office equipment and accessories	1,006,277	(692,312)	(38)	313,927

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March 31, 2019	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Impairment loss</u>	<u>Carrying amount</u>
Information technology equipment	1,708,379	(1,269,322)	(167)	438,890
Vehicles	135,212	(73,844)	(27)	61,341
Equipment and machinery	1,359,333	(233,786)	(1,403)	1,124,144
Silos	8,613	(5,984)	-	2,629
Warehouses	44,415	(26,925)	-	17,490
Advanced payments for the acquisition of plant property and equipment	1,091	-	-	1,091
Improvements in leaseholds properties	365,969	(214,533)	-	151,436
Construction in progress	203,416	-	-	203,416
Bearer plants	231,263	(9,798)	-	221,465
Balance as of March 31, 2019	Ps. 8,709,683	Ps. (3,113,729)	Ps. (5,376)	Ps. 5,590,578

December 31, 2018	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Impairment loss</u>	<u>Carrying amount</u>
Land	Ps. 1,011,018	Ps. -	Ps. (3,742)	Ps. 1,007,276
Buildings	2,652,100	(569,741)	-	2,082,359
Office equipment and accessories	1,013,974	(684,617)	(262)	329,095
Information technology equipment	1,725,795	(1,260,973)	-	464,822
Vehicles	134,417	(70,826)	(35)	63,556
Equipment and machinery	1,354,271	(222,139)	(1,862)	1,130,270
Silos	8,613	(5,739)	-	2,874
Warehouses	44,416	(26,679)	-	17,737
Advanced payments for the acquisition of plant property and equipment	1,284	-	-	1,284
Improvements in leaseholds properties	381,158	(220,939)	-	160,219
Construction in progress	185,264	-	-	185,264
Bearer plants	228,175	(9,188)	-	218,987
Balance as of December 31, 2018	Ps. 8,740,485	Ps. (3,070,841)	Ps. (5,901)	Ps. 5,663,743

6.2 Right of use assets

Following is the detail of the balance at March 31, 2019, by type.

March 31, 2019	<u>Cost</u>	<u>Accumulated depreciation ⁽¹⁾</u>	<u>Impairment loss</u>	<u>Carrying amount</u>
Land	Ps. 7,688	Ps. (124)	Ps. -	Ps. 7,564
Buildings	1,910,475	(69,024)	-	1,841,451
Office equipment and accessories	73	(6)	-	67
Information technology equipment	53,057	(2,629)	-	50,428
Vehicles	8,515	(3,800)	-	4,715
Equipment and machinery	154,249	(3,600)	-	150,649
Warehouses	66,569	(2,606)	-	63,963
Balance as of March 31, 2019	Ps. 2,200,626	Ps. (81,789)	Ps. -	Ps. 2,118,837

(1) Includes: I) Depreciation charged to profit or loss by Ps. (74,128), II) Reclassifications of financial leases to right of use assets for adoption of IFRS 16 by Ps. (7,200), III) Adjustments for exchange differences by Ps. (507) and IV) Withdrawals by Ps. 46.

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NOTE 7 – GOODWILL

Following is the roll-forward of goodwill balances during the period ended March 31, 2019 and December 31, 2018:

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Balance at the beginning of the period	Ps. 7,318,584	Ps. 6,901,056
Foreign exchange adjustment	(117,775)	417,538
Balance at the end of the period	<u>Ps. 7,200,819</u>	<u>Ps. 7,318,594</u>

NOTE 8 – CONCESSIONS

The following is the balance for Grupo Aval for concession contracts at March 31, 2019 and December 31, 2018:

	<u>Gas and energy</u>	<u>Infrastructure</u>	<u>Total</u>
Cost			
At December 31, 2017	Ps. 2,546,056	Ps. 1,495,628	Ps. 4,041,684
Impact of the adoption of IFRS 15 ⁽²⁾	-	619,949	619,949
Balance at January 01, 2018	<u>2,546,056</u>	<u>2,115,577</u>	<u>4,661,633</u>
Additions	428,375	1,617,306	2,045,681
Reclassification to PPE	25,840	-	25,840
Withdrawals / Sales	(1,250)	(124)	(1,374)
Foreign exchange adjustment	33,993	-	33,993
At December 31, 2018	<u>3,033,014</u>	<u>3,732,759</u>	<u>6,765,773</u>
Additions	99,343	377,716	477,059
Reclassification to PPE	-	-	-
Withdrawals / Sales	(21)	-	(21)
Foreign exchange adjustment	(9,612)	-	(9,612)
At March 31, 2019	<u>Ps. 3,122,724</u>	<u>Ps. 4,110,475</u>	<u>Ps. 7,233,199</u>
Accumulated Amortization			
At December 31, 2017	Ps. (369,893)	Ps. (557,624)	Ps. (927,517)
Amortization of the year	(129,509)	(170,701)	(300,210)
Reclassification to PPE	(665)	-	(665)
Withdrawals / sales ⁽¹⁾	147	(21,230)	(21,083)
Foreign exchange adjustment	(1,817)	-	(1,817)
At December 31, 2018	<u>Ps. (501,737)</u>	<u>Ps. (749,555)</u>	<u>Ps. (1,251,292)</u>
Amortization of the period	(35,806)	(50,353)	(86,159)
Reclassification to PPE	-	-	-
Withdrawals / sales ⁽¹⁾	-	(21,884)	(21,884)
Foreign exchange adjustment	466	-	466
At March 31, 2019	<u>Ps. (537,077)</u>	<u>Ps. (821,792)</u>	<u>Ps. (1,358,869)</u>
Total Intangible Assets			
Balance at December 31, 2017	Ps. 2,176,163	Ps. 938,004	Ps. 3,114,167
Impact of the adoption of IFRS 15 ⁽²⁾	-	619,949	619,949
Balance at January 01, 2018	<u>2,176,163</u>	<u>1,557,953</u>	<u>3,734,116</u>
Cost	486,958	1,617,182	2,104,140
Amortization	(131,844)	(191,931)	(323,775)
Balance at December 31, 2018	<u>2,531,277</u>	<u>2,983,204</u>	<u>5,514,481</u>
Cost	89,710	377,716	467,426

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	<u>Gas and energy</u>	<u>Infrastructure</u>	<u>Total</u>
Amortization	(35,340)	(72,237)	(107,577)
Balance at March 31, 2019	Ps. 2,585,647	Ps. 3,288,683	Ps. 5,874,330

- (1) In infrastructure, Proyectos de Infraestructura PISA S.A. includes an amortization of Ps. 21,230 in 2018 and Ps. 21,884 in 2019 that was offset with a liability outstanding with Agencia Nacional de Infraestructura – (ANI), due to the liquidation of the capacity records with the ANI.
- (2) Grupo Aval has initially adopted IFRS 15 as of January 1, 2018. According to the transition methods chosen, comparative information is not restated.

NOTE 9 – INCOME TAX

The current period income tax expense and deferred tax expense are recognized in each interim period based on the best estimate.

The effective income tax rate of Grupo Aval consolidated regarding continuous operations for the three-month period ended on March 31 of 2019 was 31,87% and for the period ended on March 31 of 2018 was 33.07%.

The effective tax rate presented a non-material variation of 1,20%, which is higher in the first quarter of 2018 compared to the same period of the actual year.

As important events that affected the recognition of the income tax expense in the quarters, the following can be indicated:

- The nominal rate of taxation decreased by 4% for companies responsible for income tax in Colombia that are not classified as financial entities, going from 37% in 2018 to 33% in 2019, in accordance with the Law 1943 of 2018. Financial entities responsible for income tax in Colombia continue to be taxed at the 37% rate.
- During the quarter ended March 31, 2018, Banco de Occidente recorded a refund of CREE tax from the 2013 and 2014 fiscal periods in the amount of Ps. 28,792.

Grupo Aval adopted IFRS 16 and made changes in the accounting policies as of January 1, 2019.

With the transition methods, the comparative information is not re-expressed. See note 2.

NOTE 10 – EMPLOYEE BENEFITS

The detail of the balance of liabilities for employee benefits as of March 31, 2019 and December 31, 2018 is as follows:

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Short term	483,278	481,320
Post-employment	533,769	541,226
Long term	245,107	242,335
Total	Ps. 1,262,154	Ps. 1,264,881

NOTE 11 – PROVISIONS

Below are the balances for legal provisions and other provisions during the periods ended on March 31, 2019 and December 31, 2018:

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Concepts	<u>March 31, 2019</u>		<u>December 31, 2018</u>	
Legal Provisions	Ps.	125,223	Ps.	125,929
Other provisions		603,955		569,359
Total	Ps.	<u>729,178</u>	Ps.	<u>695,288</u>

NOTE 12 – OTHER LIABILITIES

Accounts payable and other liabilities comprise the following:

Items	<u>March 31, 2019</u>		<u>December 31, 2018</u>	
Dividends payable ⁽¹⁾	Ps.	2,205,188	Ps.	535,311
Suppliers and services payable		1,326,605		1,846,831
Income received for third parties		792,686		453,450
Cashier checks		547,155		690,195
Contractual obligations related to concessions		512,491		535,960
Non-financial liabilities		368,100		478,833
Commissions and fees		346,379		430,279
Withholdings taxes and labor contributions		336,506		427,782
Collection on behalf of third parties ⁽²⁾		333,255		1,514,309
Collection service		255,621		314,785
Affiliate establishments		245,970		335,078
Customer loyalty programs		151,682		154,979
Transactions ACH y ATH ⁽³⁾		213,149		605,657
Tax levies		50,795		71,691
Checks drawn and not paid		43,288		48,864
Financial transactions tax		32,047		45,905
Canceled accounts		29,190		26,987
Anticipated income		23,452		34,605
Cash surplus		19,709		167,309
Promissory buyers		17,217		18,371
Insurance payables		13,708		48,505
Other liabilities		691,505		222,267
Total	Ps.	<u>8,555,698</u>	Ps.	<u>9,007,953</u>

(1) During the month of March, shareholders' meetings were held, where dividends were decreed.

(2) Corresponds to the pending collection to be transferred to the tax authority for tax withholdings.

(3) Corresponds to the compensation of electronic ACH and ATH transactions for payment and transfer concepts.

Grupo Aval Acciones y Valores S.A. and Subsidiaries
Notes to the Condensed Consolidated Financial Statements
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NOTE 13 – CONTROLLING INTEREST EQUITY

Declared dividends

The dividends are declared and paid to shareholders based on unconsolidated net income under Colombian IFRS for the immediately preceding period:

	<u>March 31, 2019</u>		<u>December 31, 2018</u>
Profits of the immediately preceding period determined in the separate financial statements of Grupo Aval.	Ps. 2,887,749	Ps.	2,001,178
Release of Occasional Reserves available to the Assembly	6,265,450		5,333,761
Total available to the Assembly	Ps. 9,153,199	Ps.	7,334,939
Cash dividends declared	60 pesos per share payable in twelve installments of 5 pesos per share, from April 2019 to March 2020		48 pesos per share payable in twelve installments of 4 pesos per share, from April 2018 to March 2019
Total shares outstanding	22,281,017,159		22,281,017,159
Total dividends decreed for controlling interests	1,336,861		1,069,489
Total Occasional Reserve available to the Assembly	7,816,338		6,265,450

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Contingencies

Capital expenses commitments

As of March 31, 2019, and December 31, 2018, Grupo Aval had contractual disbursement commitments of capital expenditures for Ps. 73,802 and Ps. 127,367, respectively.

Contingencies

As of March 31, 2019, and December 31, 2018, Grupo Aval was party to administrative and legal proceedings as defendant; the claims of the proceedings were assessed based on analyses and opinion-s of responsible lawyers. The following legal contingencies were determined:

Labor Proceedings

As of March 31, 2019, and December 31, 2018, labor complaints had been recognized for Ps. 75,915 and Ps. 80,113 respectively. Historically, the majority of these proceedings have been resolved in favor of Grupo Aval and subsidiaries.

Administrative, Tax Proceedings and Other Proceedings

Claims derived from administrative and judicial processes include those of fiscal responsibility over the concession contracts, tax proceedings and others. Filed by national and local tax authorities. These authorities may establish, in some cases, sanctions in which Grupo Aval and its affiliates may incur as a result of: (i) the performance of their duty as a withholder or collector of national and local taxes, and/or (ii) a higher value in their obligations as taxpayers. As of March 31, 2019, and December 31, 2018, the amount of the claims reached the sum of Ps. 154,305 and Ps. 241,092 respectively.

Grupo Aval Acciones y Valores S.A. and Subsidiaries
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NOTE 15 – INCOME FROM CONTRACTS WITH CUSTOMER FOR COMMISSION AND FEE

Below is a detail of the income and expenses for commissions and fees of contracts with customers for the next periods:

Income from commissions and fees	March 31, 2019	March 31, 2018
Commissions on banking services	Ps. 697,952	Ps. 636,096
Fees on credit cards	309,447	281,208
Pension and severance fund management	255,531	253,586
Trust activities	80,690	76,904
Storage services	41,010	37,328
Commissions on drafts, checks and checkbooks	12,261	12,906
Office network services	5,919	11,188
Other commissions	2,406	2,588
Total	Ps. 1,405,216	Ps. 1,311,804
<hr/>		
Commissions and Fees Expenses	March 31, 2019	March 31, 2018
Banking Services	Ps. (71,003)	Ps. (82,468)
Affiliations to Pension Funds	(19,011)	(17,845)
Offices Network Services	(6,392)	(12,563)
Information Processing Services of Operators	(4,665)	(7,482)
Collection Service of Contributions to Financial Entities	(1,342)	(1,737)
Administration and intermediation services	(1,015)	(1,093)
Banks Guarantees	(160)	(165)
Sales and Services Commissions	(14)	(24)
Other	(42,631)	(38,150)
Total	Ps. (146,233)	Ps. (161,527)
Net commission and fee income	Ps. 1,258,983	Ps. 1,150,277

Net income from the sale of goods and services:

	March 31, 2019	March 31, 2018
Income from the sale of goods and services from non-financial sector	Ps. 1,832,479	Ps. 1,344,292
Others operating income	91,010	32,424
Total income	Ps. 1,923,489	Ps. 1,376,716
<hr/>		
Cost of sales of companies from non-financial sector	(906,047)	(801,503)
General and administrative expenses	(137,475)	(131,420)
Personnel expenses	(132,916)	(117,590)
Amortization	(90,199)	(72,189)
Commissions and fees expenses	(29,936)	(4,991)
Depreciation	(25,457)	(22,660)
Bonus payments	(10,512)	(9,575)
Allowance for impairment of loans and receivables	(6,906)	(8,757)
Donations expenses	(4,921)	(1,774)
Depreciation right of use assets	(3,761)	-
Labor severances	(811)	(415)
Total costs for goods and services	Ps. (1,348,941)	Ps. (1,170,874)
Net, income from non-financial sector	Ps. 574,548	Ps. 205,842

Grupo Aval Acciones y Valores S.A. and Subsidiaries
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NOTE 16 – NET INCOME FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND

LOSSES

Net trading income includes income from client driven trading activities primarily conducted in markets, including foreign exchange, credit, rates and equities trading, as follows:

	March 31, 2019	March 31, 2018
Trading investment income ⁽¹⁾		
Fixed income securities	Ps. 85,798	Ps. 32,404
Equities	97,450	(19,504)
Total trading investment income	Ps. 183,248	Ps. 12,900
Derivatives income		
Net income (loss) on financial derivatives ⁽²⁾	Ps. (82,272)	Ps. (152,077)
Other trading income ⁽³⁾	7,188	48,842
Total derivatives income	Ps. (75,084)	Ps. (103,235)
Total net trading income	Ps. 108,164	Ps. (90,335)

- (1) Includes net trading income from investment securities held for trading, that reflects the interest from investment in debt securities, gains/losses from mark-to-market valuation from investment in equity and debt securities and net income from trading activities.
- (2) Includes net trading income from derivatives, which reflects the gains/losses from mark-to-market valuation on trading derivatives.
- (3) Includes gains/losses from: (i) Net changes in the valuation of hedging derivatives from mark-to-market valuations from unhedged, (ii) the ineffective portion of the hedge, (iii) Transfers of due hedging derivatives from OCI to the statement of income.

Grupo Aval Acciones y Valores S.A. and Subsidiaries
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NOTE 17 – OTHER INCOME AND EXPENSE

Below is a detail of the others income and expense:

Other Income	March 31, 2019	March 31, 2018
Foreign exchange gains (losses), net	Ps. 166,053	Ps. 289,713
Share of profit of equity accounted investees, net of tax	47,325	40,189
Dividends	75,887	54,012
Gain on the sale of non-current assets held for sale	5,997	2,273
Net gain on asset valuation	4,563	8,244
Net gain on sale of debt and equity securities	5,948	(43,565)
Other income	80,138	74,951
Total other income	Ps. 385,911	Ps. 425,817

Other Expense	March 31, 2019	March 31, 201
Personnel expenses	(965,199)	(924,128)
Taxes and fees	(195,672)	(169,965)
Affiliation contributions and transfers	(153,041)	(126,096)
Depreciation and amortization	(137,568)	(131,711)
Consultancy, audit and other fees	(136,568)	(119,626)
Maintenance and repairs	(98,310)	(89,720)
Insurance	(91,400)	(93,472)
Depreciation right of use assets	(70,367)	-
Warehouse services	(65,078)	(65,425)
Marketing	(64,470)	(59,326)
Transportation services	(44,129)	(43,614)
Leases (rent)	(39,570)	(117,261)
Cleaning and security services	(32,246)	(30,905)
Outsourcing services	(27,274)	(30,208)
Supplies and stationary	(21,423)	(18,325)
Electronic data processing	(19,341)	(17,913)
Travel expenses	(12,380)	(11,329)
Adaptation and installation	(11,249)	(12,647)
Loss from sale of non-current assets held for sale	(1,565)	(220)
Other expense	(99,604)	(115,108)
Total other expense	Ps. (2,286,454)	Ps. (2,176,999)

Grupo Aval Acciones y Valores S.A. and Subsidiaries
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NOTE 18 – ANALYSIS OF OPERATING SEGMENTS

Following is the detail of the reportable financial information summarized for each segment as of March 31, 2019 and December 31, 2018:

**Statement of Financial Position
March 31, 2019**

	Banco de Bogotá S.A.	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Corficolombiana S.A.	Other segments ⁽¹⁾	Eliminations	Total
Assets								
Trading assets	Ps. 3,104,630	Ps. 1,422,366	Ps. 230,887	Ps. 409,781	Ps. 1,790,141	Ps. 1,041	Ps. (21,940)	Ps. 6,936,906
Investment securities	13,056,716	4,834,392	3,172,824	1,441,646	2,841,662	-	(588,321)	24,758,919
Hedging derivatives assets	24,101	-	-	-	1,593	-	(375)	25,319
Investments in associates and joint ventures	4,354,153	1,222,322	425,831	2,224	661,276	-	(5,785,929)	879,877
Loans and receivables	106,568,297	27,815,940	18,484,951	11,225,331	1,984,529	-	(1,340,959)	164,738,089
Other Assets	33,317,043	4,133,172	2,711,249	1,515,976	19,843,673	4,932,248	(5,529,498)	60,923,863
Total Assets	Ps. 160,424,940	Ps. 39,428,192	Ps. 25,025,742	Ps. 14,594,958	Ps. 27,122,874	Ps. 4,933,289	Ps. (13,267,022)	Ps. 258,262,973
Liabilities								
Customer Deposits	106,409,483	26,511,454	17,867,392	11,259,577	3,617,213	-	(2,410,010)	163,255,109
Financial Obligations	28,914,912	7,004,308	3,149,781	1,193,514	9,626,880	4,285,809	(2,140,336)	52,034,868
Other Liabilities	5,989,882	1,512,570	1,138,091	553,656	5,332,941	1,516,261	(2,108,890)	13,934,511
Total Liabilities	Ps. 141,314,277	Ps. 35,028,332	Ps. 22,155,264	Ps. 13,006,747	Ps. 18,577,034	Ps. 5,802,070	Ps. (6,659,236)	Ps. 229,224,488

**Statement of Financial Position
December 31, 2018**

	Banco de Bogotá S.A.	Banco de Occidente S.A.	Banco Popular S.A.	Banco AV Villas S.A.	Corficolombiana S.A.	Other segments ⁽¹⁾	Eliminations	Total
Assets								
Trading assets	Ps. 3,086,060	Ps. 1,670,934	Ps. 235,283	Ps. 302,226	Ps. 1,987,205	Ps. 212	Ps. (77,608)	Ps. 7,204,312
Investment securities	11,238,754	5,070,964	2,900,778	1,225,551	3,189,297	-	(595,185)	23,030,159
Hedging derivatives assets	32,981	-	-	-	43	-	(2,886)	30,138
Investments in associates and joint ventures	4,157,015	1,247,935	396,289	2,347	759,222	-	(5,580,065)	982,743
Loans and receivables	111,018,238	26,996,654	18,287,166	11,027,826	2,575,561	-	(1,219,791)	168,685,654
Other Assets	33,769,462	3,935,123	2,829,152	1,649,531	17,729,308	3,924,117	(4,094,546)	59,742,147
Total Assets	Ps. 163,302,510	Ps. 38,921,610	Ps. 24,648,668	Ps. 14,207,481	Ps. 26,240,636	Ps. 3,924,329	Ps. (11,570,081)	Ps. 259,675,153
Liabilities								
Customer Deposits	108,404,522	25,592,232	17,571,388	11,425,400	3,805,028	-	(2,439,119)	164,359,451
Financial Obligations	28,560,065	6,881,717	3,139,013	647,872	9,673,342	4,376,021	(2,066,040)	51,211,990
Other Liabilities	6,670,148	1,941,504	1,047,333	514,029	4,643,578	443,591	(710,819)	14,549,364
Total Liabilities	Ps. 143,634,735	Ps. 34,415,453	Ps. 21,757,734	Ps. 12,587,301	Ps. 18,121,948	Ps. 4,819,612	Ps. (5,215,978)	Ps. 230,120,805

(1) Includes Grupo Aval Holding, Grupo Aval Limited, Grupo Aval International Limited and ATH Negocio Conjunto.

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Statement of Income for the quarter ended March 31, 2019

	<u>Banco de Bogotá S.A.</u>	<u>Banco de Occidente S.A.</u>	<u>Banco Popular S.A.</u>	<u>Banco AV Villas S.A.</u>	<u>Corficolombiana S.A.</u>	<u>Other segments ⁽¹⁾</u>	<u>Eliminations</u>	<u>Total</u>
External Income								
Interest income	Ps. 2,932,317	Ps. 769,201	Ps. 576,146	Ps. 359,993	Ps. 31,467	Ps. 71	Ps. -	Ps. 4,669,195
Commission and fee income	1,141,651	101,684	64,369	66,714	18,464	12,334	-	1,405,216
Income From Sales of Goods and Services	32,165	18,306	674	(873)	1,873,217	-	-	1,923,489
Participation in profit or loss associates and joint business	2,741	915	1,242	721	41,706	-	-	47,325
Dividends	1,629	279	592	54	73,333	-	-	75,887
Other Income	236,912	58,028	11,159	17,736	100,423	302	-	424,560
	Ps. 4,347,415	Ps. 948,413	Ps. 654,182	Ps. 444,345	Ps. 2,138,610	Ps. 12,707	Ps. -	Ps. 8,545,672
Intersegment Income								
Interest income	Ps. 17,634	Ps. 2,937	Ps. 2,328	Ps. 666	Ps. 95,359	Ps. 27	Ps. (118,951)	Ps. -
Commission and fee income	1,351	2,069	912	3,329	306	26,063	(34,030)	-
Income From Sales of Goods and Services	198	34,542	-	873	1,303	-	(36,916)	-
Participation in profit or loss associates and joint business	141,940	70,258	20,462	(844)	546	-	(232,362)	-
Dividends	5,288	1,677	2,925	88	101	-	(10,079)	-
Other Income	28,800	516	52	363	(1,653)	12,483	(40,561)	-
	195,211	111,999	26,679	4,475	95,962	38,573	(472,899)	-
Total income	Ps. 4,542,626	Ps. 1,060,412	Ps. 680,861	Ps. 448,820	Ps. 2,234,572	Ps. 51,280	Ps. (472,899)	Ps. 8,545,672
Expenses								
Interest expense	Ps. (1,158,641)	Ps. (288,217)	Ps. (217,159)	Ps. (100,364)	Ps. (174,432)	Ps. (57,524)	Ps. 56,633	Ps. (1,939,704)
Impairment loss on loan and other accounts receivable	(621,539)	(215,823)	(89,675)	(78,068)	71,933	-	-	(933,172)
Depreciations and amortizations	(142,003)	(27,926)	(18,126)	(16,095)	(2,355)	(2,323)	893	(207,935)
Commission and fee expense	(88,738)	(17,992)	(15,636)	(30,231)	(3,008)	(813)	10,185	(146,233)
Costs and expenses of sales goods and services	(62,174)	(69,436)	(163)	-	(1,227,777)	1,870	8,739	(1,348,941)
Administrative Expenses	(754,506)	(158,885)	(140,039)	(91,859)	(29,331)	(54,981)	143,075	(1,086,526)
Other expense	(652,492)	(81,204)	(92,331)	(51,919)	(114,038)	103,528	(3,489)	(891,945)
Income tax expense	(276,209)	(47,985)	(33,184)	(27,611)	(234,278)	(16,033)	727	(634,573)
Total Expenses	(3,756,302)	(907,468)	(606,313)	(396,147)	(1,713,286)	(26,276)	216,763	(7,189,029)
Net income for the year	Ps. 786,324	Ps. 152,944	Ps. 74,548	Ps. 52,673	Ps. 521,286	Ps. 25,004	Ps. (256,136)	Ps. 1,356,643

	<u>Banco de Bogotá S.A.</u>	<u>Banco de Occidente S.A.</u>	<u>Banco Popular S.A.</u>	<u>Banco Av. Villas S.A.</u>	<u>Corficolombiana S.A.</u>	<u>⁽¹⁾ Otros Segmentos</u>	<u>Eliminaciones</u>	<u>Total</u>
External Income								
Revenue from contracts with customers	Ps. 1,175,205	Ps. 155,252	Ps. 65,281	Ps. 70,042	Ps. 1,800,225	Ps. 109,815	Ps. (47,115)	Ps. 3,328,705
Timing of revenue recognition								
At a point in time	871,368	121,065	49,371	29,431	1,763,635	94	53,934	2,888,898
Over time	303,837	34,187	15,910	40,611	36,590	109,721	(101,049)	439,807

- (1) Includes Grupo Aval Holding, Grupo Aval Limited, Grupo Aval International Limited and ATH Negocio Conjunto
(2) Income from contracts with customer for commission and fee, see note 15

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Statement of Income for the quarter ended March 31, 2018

	<u>Banco de Bogotá S.A.</u>	<u>Banco de Occidente S.A.</u>	<u>Banco Popular S.A.</u>	<u>Banco AV Villas S.A.</u>	<u>Corficolombiana S.A.</u>	<u>Other segments ⁽¹⁾</u>	<u>Eliminations</u>	<u>Total</u>
External Income								
Interest income	Ps. 2,747,200	Ps. 820,147	Ps. 564,253	Ps. 322,710	Ps. 134,805	Ps. 75	Ps. -	Ps. 4,589,190
Commission and fee income	1,061,998	96,741	57,400	63,913	20,019	11,733	-	1,311,804
Income From Sales of Goods and Services	32,975	21,790	3,430	-	1,318,521	-	-	1,376,716
Participation in profit or loss associates and joint business	(83)	235	355	382	39,300	-	-	40,189
Dividends	6,060	269	1,285	49	46,349	-	-	54,012
Other Income	109,745	41,330	17,804	13,969	107,905	2,539	-	293,292
	Ps. 3,957,895	Ps. 980,512	Ps. 644,527	Ps. 401,023	Ps. 1,666,899	Ps. 14,347	Ps. -	Ps. 7,665,203
Intersegment Income								
Interest income	Ps. 13,761	Ps. 401	Ps. 230	Ps. 5	Ps. 11,052	Ps. 42	Ps. (25,491)	Ps. -
Commission and fee income	892	1,501	1,007	5,029	292	24,636	(33,357)	-
Income From Sales of Goods and Services	7	17,663	-	-	1,429	-	(19,099)	-
Participation in profit or loss associates and joint business	74,642	26,752	(1,140)	(957)	(74)	-	(99,223)	-
Dividends	8,639	7,834	9,355	146	1,211	-	(27,185)	-
Other Income	59,797	904	280	411	(516)	8,519	(69,395)	-
	Ps. 157,738	Ps. 55,055	Ps. 9,732	Ps. 4,634	Ps. 13,394	Ps. 33,197	Ps. (273,750)	Ps. -
Total income	Ps. 4,115,633	Ps. 1,035,567	Ps. 654,259	Ps. 405,657	Ps. 1,680,293	Ps. 47,544	Ps. (273,750)	Ps. 7,665,203
Expenses								
Interest expense	Ps. (1,056,404)	Ps. (296,763)	Ps. (220,914)	Ps. (89,435)	Ps. (195,486)	Ps. (55,391)	Ps. 53,472	Ps. (1,860,921)
Impairment loss on loan and other accounts receivable	(568,980)	(261,216)	(70,458)	(72,949)	(10,595)	-	(52)	(984,253)
Depreciations and amortizations	(87,822)	(19,106)	(11,468)	(7,919)	(3,452)	(1,944)	-	(131,711)
Commission and fee expense	(98,061)	(20,232)	(22,181)	(26,972)	(3,207)	(628)	9,754	(161,527)
Costs and expenses of sales goods and services	(64,482)	(54,747)	(3,564)	-	(1,053,075)	2,161	2,833	(1,170,874)
Administrative Expenses	(711,495)	(182,690)	(126,867)	(91,756)	(21,896)	(48,771)	88,691	(1,094,784)
Other expense	(589,293)	(119,380)	(90,525)	(48,654)	(24,098)	72,047	(39,759)	(839,662)
Income tax expense	(283,681)	1,624	839,607	(23,344)	(114,550)	(15,682)	5,113	(470,127)
Total Expenses	(3,460,218)	(952,513)	(585,584)	(361,029)	(1,426,359)	(48,208)	120,052	(6,713,859)
Net income for the year	Ps. 655,415	Ps. 83,054	Ps. 68,675	Ps. 44,628	Ps. 253,934	Ps. (664)	Ps. (153,698)	Ps. 951,344

	<u>Banco de Bogotá S.A.</u>	<u>Banco de Occidente S.A.</u>	<u>Banco Popular S.A.</u>	<u>Banco Av. Villas S.A.</u>	<u>Corficolombiana S.A.</u>	<u>⁽¹⁾ Otros Segmentos</u>	<u>Eliminaciones</u>	<u>Total</u>
External Income								
Revenue from contracts with customers ⁽²⁾	Ps. 1,095,696	Ps. 137,005	Ps. 60,971	Ps. 68,942	Ps. 1,308,886	Ps. 107,884	Ps. (90,864)	Ps. 2,688,520
Timing of revenue recognition								
At a point in time	819,250	107,849	44,782	29,361	1,283,770	62	29,408	2,314,482
Over time	276,446	29,156	16,189	39,581	25,116	107,822	(120,272)	374,038

(1) Includes Grupo Aval Holding, Grupo Aval Limited, Grupo Aval International Limited and ATH Negocio Conjunto

(2) Income from contracts with customer for commission and fee, see note 15

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Reconciliation of net income, assets and liabilities of reportable operating segments

Main eliminations of total income, expenses, assets and liabilities between segments with the corresponding consolidated entries at the level of Grupo Aval are:

- Loans with financial obligations of entities mainly from non-financial sector.
- Investments in term deposits and outstanding bonds of in other segments.
- Investments in subordinate's elimination and record of non- controlling interests.
- Intercompany leasing's and commissions paid between Grupo Aval's entities.
- Expenses and incomes for commissions.

18.1 Analysis of Revenues by Products and Services

Grupo Aval's revenues are analyzed by products and services, in the statement of income.

NOTA 19 – TRANSFERS OF FINANCIAL ASSETS

Grupo Aval and its subsidiaries enters into transactions in the normal course of business by which it transfers financial assets to third parties. Depending on the circumstances, these transfers may either result in these financial assets being derecognized or continuing to be recognized in Grupo Aval's financial statements.

A. Transferred financial assets not qualifying for full derecognition

i. Sale and repurchase agreements

The debt securities of financial investments at fair value through profit or loss that are being used as guarantees in repurchase transactions amounted to Ps. 1,119,594 as of March 31, 2019 and Ps. 1,139,782 as of December 31, 2018; the financial assets at amortized cost that are being used as guarantees in repurchase transactions amounted to Ps. 113,382 as of March 31, 2019 and the debt securities of financial investments at fair value through OCI that are being used as guarantees in repurchase transactions amounted to Ps. 4,258,581 as of March 31, 2019 and Ps. 4,029,816 as of December 31, 2018.

ii. Securities lending

As of March 31, 2019, and as of December 31, 2018, Grupo Aval has not recorded securities lending.

B. Transfer of financial assets that are derecognized in their entirety

I. Securitizations

As of March 31, 2019, and as of December 31, 2018, Grupo Aval has not transfer financial assets for special purpose vehicles.

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NOTE 20 – UNCONSOLIDATED STRUCTURED ENTITIES

The table below shows the total assets of unconsolidated structured entities in which Grupo Aval had an interest at the reporting date and its maximum exposure to loss in relation to those interests:

March 31, 2019	<u>Securitizations</u>		<u>Grupo Aval's managed funds</u>		<u>Total</u>
Grupo Aval's interest-assets					
Investments at fair value through profit or loss	Ps.	12,076	Ps.	2,897,515	Ps. 2,909,591
Other account receivables		-		78,757	78,757
Total assets in relation to the Grupo Aval's interests in the unconsolidated structured entities		<u>12,076</u>		<u>2,976,272</u>	<u>2,988,348</u>
Grupo Aval's maximum exposure	Ps.	<u>12,076</u>	Ps.	<u>2,976,272</u>	Ps. <u>2,988,348</u>

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NOTE 21 – RELATED PARTIES

Balances as of March 31, 2019 and December 31, 2018, with related parties, are detailed in the following tables:

		March 31, 2019						
		Individuals		Entity				
		Natural persons with control over Grupo Aval	Key management personnel	Associates and joint ventures	Entities controlled by individuals	Entities with significant influence by individuals		
Assets								
Cash and equivalents	Ps.	-	Ps.	-	Ps.	-	Ps.	-
Financial assets in investments		-		855,061		-		-
Financial assets in credit operations		2,481		1,112,182		1,513,838		99,848
Accounts receivable		11		96,584		3,365		337
Other assets		-		5,218		3,737		-
Liabilities								
Deposits	Ps.	107,385	Ps.	27,844	Ps.	63,537	Ps.	594,337
Accounts payables		167		1,072		12,987		1,232,217
Financial obligations		-		-		-		-
Others liabilities		-		14,268		319		2,906

		December 31, 2018						
		Individuals		Entity				
		Natural persons with control over Grupo Aval	Key management personnel	Associates and joint ventures	Entities controlled by individuals	Entities with significant influence by individuals		
Assets								
Cash and equivalents	Ps.	-	Ps.	-	Ps.	-	Ps.	-
Financial assets in investments		-		920,170		-		-
Financial assets in credit operations		2,680		1,443,476		1,513,218		102,958
Accounts receivable		9		8,105		3,329		17
Other assets		-		20,348		5,030		-
Liabilities								
Deposits	Ps.	100,199	Ps.	21,726	Ps.	70,960	Ps.	570,558
Accounts payables		38		686		10,114		291,328
Financial obligations		1		3		102		7
Others liabilities		-		25,040		194		23,470

Grupo Aval Acciones y Valores S.A. and Subsidiaries
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For the quarter ended march 31, 2019

	Individuals		Entity		
	Natural persons with control over Grupo Aval	Key management personnel	Associates and joint ventures	Entities controlled by individuals	Entities with significant influence by individuals
Interest income	Ps. 50	Ps. 280	Ps. 7,251	Ps. 30,050	Ps. 1,956
Fee income and commissions	1	18	8,811	28,985	-
Leases	-	-	9	92	-
Other income	2	36	59,536	1,209	119
Financial expenses	(56)	(262)	(344)	(6,911)	(13)
Fee expenses and commissions	(1)	(401)	(4,965)	(568)	(30)
Operating expenses	-	(1,890)	-	(448)	-
Other expenses	(4)	(372)	(12,802)	(8,688)	-

For the quarter ended march 31, 2018

	Individuals		Entity		
	Natural persons with control over Grupo Aval	Key management personnel	Associates and joint ventures	Entities controlled by individuals	Entities with significant influence by individuals
Interest income	Ps. 23	Ps. 307	Ps. 48,239	Ps. 55,411	Ps. 54
Fee income and commissions	2	24	6,192	15,268	1
Leases	-	-	107	80	-
Other income	4	59	59,742	1,001	-
Financial expenses	(233)	(420)	(29,229)	(22,991)	(3)
Fee expenses and commissions	(1)	(444)	(5,844)	(759)	-
Operating expenses	-	(4,677)	-	(1,079)	-
Other expenses	(4)	(498)	(7,308)	(7,251)	-

Grupo Aval Acciones y Valores S.A. and Subsidiaries
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Expenses during the current period were recognized with respect to uncollectible or doubtful accounts related to amounts in debt by related parties of Ps. 4,529.

Compensation of Key Management Personnel

The compensation received by the key personnel of the management comprises the following:

Concepts	Period ended in	
	March 31,2019	March 31,2018
Salaries	Ps. 4,596	Ps. 4,445
Short term benefits for employees	734	731
Total	Ps. 5,330	Ps. 5,176

NOTE 22 – SUBSEQUENT EVENTS

As of the date of issuance of the condensed consolidated financial statements, no subsequent events are known that need to be disclosed in the financial statements.