

MANAGEMENT AND SUSTAINABILITY REPORT

2019

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VERIFICADO
por la Oficina de Asesoría Jurídica de la
SE CIBACOL



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President's Report 2019

GRI 102-14

Bogotá D.C.

Dear Shareholders,

It is my pleasure to present you with the extraordinary results of Grupo Aval Acciones y Valores S.A. in 2019. As you will read below and can learn about throughout this management report, last year marked a notable improvement in Colombia's macroeconomic environment. Supported by the above, it was a year for the development of our strategic initiatives and strong operating performance of our subsidiaries. Additionally, in October, we agreed the acquisition

of Multi Financial Group Inc. (MFG), the holding company of Multibank Panamá, a business that adds to our participation in the Panamanian financial system. In this country, we will become the second largest player in terms of size of assets and consolidated our leading position in Central America. We hope to complete this transaction during the first half of 2020.

Before talking about our subsidiaries' performance, I will start by describing the macroeconomic situation of the regions where we operate. At the end of the year, most of our assets (70%) were in Colombia, while the rest of them (30%) were located in other countries, mainly in Central America. Therefore, I will firstly describe the Colombian situation, secondly the Central American situation and finally, I will summarize the main factors in the year's results.

Colombia:

The year 2019 was one of stabilizing Colombia's economic recovery. After the slow recovery in 2018, a year in which the GDP grew only 2.5%, in 2019, the economic dynamics resumed a growth rate of 3.3%; a level not seen since 2015, when the economy reacted to the shock in terms of the exchange rate and oil price. I must also highlight that the Colombian economy continued on its road to recovery, while the global economy's growth slowed down, including the main Latin American countries.

This year, growth was achieved as the result of a greater contribution of the domestic demand, particularly in home consumption, which benefited

from the stability in the monetary policy (low interest rates), the increase in remittances from abroad, the growing expenses of Venezuelan immigrants and greater growth of salaries than inflation among the formally employed.

In monetary policy, the Central Bank of Colombia kept its reference rate stable throughout the year at 4.25%, after having cut to said level at the end of April 2018. This level is in slightly expansive terrain, tending to give the economic dynamics some air. As a consequence of the Central Bank's orthodox management of the monetary policy, inflation in Colombia managed to locate itself within the target range (2%-4%) in the year, closing at 3.80% for the twelve months ending in December.

Inflation started the year with a downward trend, reaching 3.0% in February. However, it resumed an upward trend, mainly associated with inflation pressures from food products¹ (5.2% in 2019 compared to 2.4% in 2018) and to a lesser degree, of traded goods (2.3% in 2019 compared to 1.1% in 2018). Non-traded goods (3.5% in 2019 compared to 3.8% in 2018) and regulated goods (4.5% in 2019 compared to 6.4% in 2018) partly offset these inflation pressures.

1. Includes food consumed inside and outside the home.

The exchange rate recorded episodes of volatility during the year, recording a minimum of COP 3,072 per U.S. dollar and a maximum of COP 3,522 per U.S. dollar. On average, the exchange rate depreciated 11% during the year, as a result of two markedly different trends. In the first months of the year, the Colombian peso became stronger against the U.S. dollar, mainly due to the recovery of the oil price. In contrast, from May, the U.S. dollar became stronger globally, driven by the worsening of the trade war between the United States and China.

The current account deficit showed a slight deterioration during 2019 (-4.3%, 35 basis points higher than the deficit in 2018), associated with an increase in the deficit of the trade balance (-2.7% in 2018 compared to -3.8% in 2019) as the result of the double effect of the increase in the value of imports in U.S. dollars (+2.7%) and the drop in exports (-5.7%).

The government managed to reduce the fiscal deficit from 3.1% in 2018 to 2.5% in 2019; a value below the threshold of the Tax Rule of 2.7% for the year. This positive performance was driven by a good performance in tax collection and greater income than budgeted from the dividends of Ecopetrol to the Colombian Government.

Finally, unemployment in Colombia continued to worsen during 2019. The total average unemployment rate in Colombia reached 10.5% in December, the highest level since 2011 (10.8%), compared to 9.7% in 2018. The average unemployment rate of the thirteen metropolitan areas increased from 10.8% in 2018 to 11.2% in 2019. The increase in unemployment rates is

mainly explained by the limited employment generation and the impact on unskilled jobs from the immigration of millions of Venezuelans to the country.

Central America:

During 2019, the Central American region had less growth than in 2018, associated with the smaller increase in the global economy. It is worth highlighting that regional growth had a better performance in the second half of the year than in the first. We hope these dynamics continue in 2020.

In the countries where we operate, Guatemala continued with good growth dynamics in 2019 (3.6% at September 2019 compared to 3.1% in 2018), Panama slowed down (2.9% at September 2019 compared to 3.7% in 2018), but the dynamics are expected to improve because of the operation of the new “Cobre Panamá” coal mine and the progress of large infrastructure projects. In turn, Honduras showed a slowdown (2.4% at September 2019 compared to 3.7% in 2018), caused by a less dynamic agricultural sector. El Salvador's dynamics decreased slightly (2.4% at September 2019 compared to 2.5% in 2018), due to elections in 2019. The slowdown in Costa Rica (1.7% at September 2019 compared to 2.7% in 2018) was associated with uncertainty about the tax amendment, which seems to have achieved its mission and enabled the recovery of the economy toward the last quarter. In Nicaragua, with the lack of official information, the economy is expected to keep contracting in 2019 (-5.0%), but with a moderate recovery in 2020 (-0.8%).

Strong results in 2019 for Grupo Aval:

In 2019, for the first time in our history, we exceeded COP 3.0 trillion in separate net income, increasing 5.0% from the COP 2.9 trillion in 2018. Additionally, we closed the year with consolidated assets of COP 278.8 trillion and a total consolidated equity of COP 33.3 trillion.

Our performance in 2019 was driven by (i) a better performance of the Colombian economy; (ii) a better portfolio quality, which resulted in a lower cost of risk; (iii) strong returns on our fixed income and equity portfolios; (iv) our continued effort to digitalize services and optimize costs; and (v) a strong contribution from our non-financial entities.

During 2020, we will keep working on our profitable and sustainable growth strategy, leveraged with comprehensive risk management, innovation, the pursuit of efficiency and economies of scale, supported by the best human resources and sustainability of our businesses.

We are focused on taking advantage of new technologies to improve the experience of our existing clients, through new digital services and projects, with which we can also now serve new segments that we could not previously serve, and reach new markets. Additionally, the installation of these new digital technologies enables us to provide these products in services in a significantly more efficient way, and to serve those segments in new markets. The optimization of Red Aval, the improvement of our digital channels (banking website and mobile banking) and the implementation of business cases for analysis have been essential in this process.

In 2019, we started to structure our sustainability model, in both the Holding Company and our subsidiaries, with the aim to collectively expand the impact on our stakeholders. Having a sustainability approach enables us to address and understand the business, not only from its economic impact, but also from its social and environmental impact, and its capacity to create long-term value.

I end this letter by thanking each and every one of our 80,000 direct and temporary employees and our excellent managerial board for their effort and dedication, as well as our clients and other stakeholders for putting their trust in our group. I invite you to read the management report, where you will find a review of Grupo Aval and its subsidiaries, an analysis of our separate and consolidated income, as well as a summary of the results of our transactions in Colombia and Central America. We also include macroeconomic and financial system information on each one of these markets, the sustainability report and the separate and consolidated financial statements with their respective disclosures.

We hope to keep achieving!

Yours faithfully,

Luis Carlos Sarmiento Gutiérrez

President of Grupo Aval S.A.



About this Report

Introduction to the Management Report

[GRI 102-50, 102-52, 102-54](#)

This management report is part of the requirements of the Code of Commerce, the recommendations of the Best Corporate Practices – *Código País* survey issued by the Financial Superintendence of Colombia, as well as the Global Reporting Initiative (GRI) standards.

Below, we present our Management Report 2019, which is annually presented to our General Meeting of Shareholders, held in March every year. As part of this management report, it is our pleasure to include our first sustainability report, through which we will communicate the main activities, initiatives, challenges and achievements in social, environmental and economic aspects for the best interests of our shareholders and investors.

Additionally, our commitment to our investors and stakeholders as part of our values of transparency and integrity also motivate us to communicate the main management achievements in these topics during 2019. As it is the first report in which we present our sustainability strategy, we will include a compilation of the main achievements and progress with the aim to present an up-to-date road map.

We have prepared the sustainability report in accordance with the Core option of the GRI Standards. Throughout the text, you can find the indicators related to the management of material topics in sustainability, which have been compiled in the GRI Content Index.

Below, we provide some definitions and clarifications to facilitate the understanding of this report:

» **Holding Company, Grupo Aval or the Company:**

Refers to Grupo Aval Acciones y Valores S.A., separately.

» **Consolidated Grupo Aval or consolidated:**

Refers to Grupo Aval Acciones y Valores S.A. and its subsidiaries.

» **Aval Financial Conglomerate or Aval FC:**

Refers to the set of companies in Colombia and abroad that exercise a financial, insurance or stock market activity over which Grupo Aval acts as a financial holding company within the terms of Law 1870 of 2017 (hereinafter "Law of Financial Conglomerates"). The Aval FC is comprised of 68 entities identified in Resolution 0155 of 2019 issued by the Financial Superintendence, which include Banco de Bogotá, Banco de Occidente, Banco Popular, Banco AV Villas, Porvenir, Corficolombiana and BAC Credomatic Inc.

» **BAC:**

Refers to BAC Credomatic Inc., the holding company of our operations in six countries of Central America.

» **Aval banks:**

Refer to Grupo Aval's four bank subsidiaries in Colombia, specifically Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas.

» **Red Aval:**

Refers to the Aval banks' set of ATMs, which have a fully integrated platform and enable our clients to make transactions from any of the four banks. This network is fully managed by A Toda Hora S.A.S. (ATH). Similarly, it refers to the Aval banks' branches, which are integrated so that clients can make regular transactions (withdrawals, deposits, balance inquiries and debt payments, etc.) at any branch.

» All the financial information was published in accordance with the Colombian Financial Reporting Standards (NCIF, for the Spanish original).

» The accounting and financial information of this report and its attachments was audited by the firm KPMG S.A.S (KPMG Colombia).

» The figures are expressed in Colombian pesos (COP) and U.S. dollars (USD), under the U.S. numerical system (commas for thousands and points for decimals). We present one thousand million as one billion and one million million as one trillion.

» All figures in U.S. dollars converted into Colombian pesos were expressed using the Official Exchange Rate (TRM, for the Spanish original) certified by the Financial Superintendence of Colombia (hereinafter "SFC") at December 31, 2019, which was COP3,277.14.



Grupo Aval and its Subsidiaries

GRI 102-1, 102-2, 102-5

THIS CHAPTER PRESENTS A BRIEF DESCRIPTION OF GRUPO AVAL AND ITS STRUCTURE.

Grupo Aval Acciones y Valores S.A. is the Holding Company of the Aval Financial Conglomerate, one of the main financial groups in Latin America, operating in 13 countries. We have positioned ourselves as the largest financial group in Colombia and the leading banking group in Central America by level of assets through the continuous evolution of our businesses which, accompanied by a successful history of acquisitions and mergers, has enabled us to expand in Colombia and Central America.

Our mission is to provide our clients with socially responsible, safe and easy-to-access financial solutions in any place and at any time. With this in mind, we have designed a profitable and sustainable growth strategy

that enables us to create value in our subsidiaries and for our shareholders through comprehensive risk management, innovation and the pursuit of corporate efficiency; have the best talent; and ensure the sustainability of our businesses.

Our investment portfolio in subsidiaries is mainly comprised of six entities in Colombia and one abroad, dedicated to the provision of financial, pension and investment services and management of companies in the real sector.

- Banco de Bogotá: Founded in Bogotá in 1870, it is the oldest financial institution of Colombia. Operating in 11 countries, it provides global banking services to people, companies and SMEs in Colombia and in Central America through its subsidiary BAC. The bank is undergoing a process of transformation to become a benchmark in digital banking, leading the innovation of financial services that benefit our clients' lives and make our services more efficient and timely.

- Banco de Occidente: Founded in Cali in 1965, its main focus is commercial business banking and banking for affluent segments, also providing different retail banking services. The bank has a particularly strong presence in southwest Colombia, from where it originates.

- Banco Popular: Founded in Bogotá in 1950, it established itself as a government banking institution par excellence, and it was subsequently privatized in the 1990s. The bank has managed to maintain a good relationship with the country's public entities and it remains a leader in the

country's payroll loan market with its "Prestayá" product.

- Banco AV Villas: Founded in Bogotá in 1972 as Corporación de Ahorro y Vivienda Las Villas, the bank started its activities as a mortgage credit institution focusing on the low and middle income population. Currently, the bank provides all the services of a commercial bank, focusing on consumer services, complemented by its traditional line of mortgage products.

- Corporación Financiera Colombiana (Corficolombiana): Founded in Bogotá in 1959, as an affiliate of Banco de Bogotá, Corficolombiana is the result of the merger of seven financial corporations between 1997 and 1999. In 2005, Corficolombiana merged with Corfivalle and it was consolidated as the largest financial corporation in the country, with a directly managed investment portfolio and in different sectors of the Colombian economy.

- Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir (Porvenir): Founded in Bogotá in 1991 by Banco de Bogotá and Banco de Occidente as a severance fund administrator. With the creation of the private mandatory pension system (Individual Savings Regime with Solidarity, RAIS for the Spanish original) in Colombia in 1993, Porvenir entered this business in 1994 and over time, established itself as the largest pension and severance fund in the country, measured by number of subscribers and the funds managed. Porvenir also provides voluntary pension and private equity management services.

Through our subsidiaries and their subsidiaries, we consolidate 169 companies that operate in the financial services, pension and severance fund, electricity and gas, infrastructure, hotel and agribusiness sectors, among others.

Our origin as Grupo Aval dates back to 1994, when Mr. Luis Carlos Sarmiento Angulo, our controlling shareholder, founded this company to manage his investments. In 1999, we carried out our first common share issuance on the Colombian Securities Exchange (BVC, for the Spanish original) under the name GRUPOAVAL, for a gross value of COP 65.2 billion. Subsequently, in 2007, we carried out a second issuance of common shares on the BVC for a gross value of COP 372.0 billion.

In 2011, we registered with the U.S. Securities and Exchange Commission (SEC) and we made the first issuance of preferred shares on the BVC under the name PFAVAL, for a gross value of COP 2.1 trillion. In December 2013, we made the third issuance of ordinary shares on the BVC for a gross value of

COP 2.4 trillion, and on September 23, 2014, we made another initial public offering (IPO) through the issuance of American depositary receipts (ADRs, each representing 20 preferred shares) under the name AVAL on the New York Stock (NYSE) for a gross value of USD 1.3 billion.

The situation of business group was registered on December 31, 2018, because Mr. Luis Carlos Sarmiento Angulo established the existence of unity of purpose and management over Grupo Aval and other companies that comprise Grupo Empresarial Sarmiento Angulo.

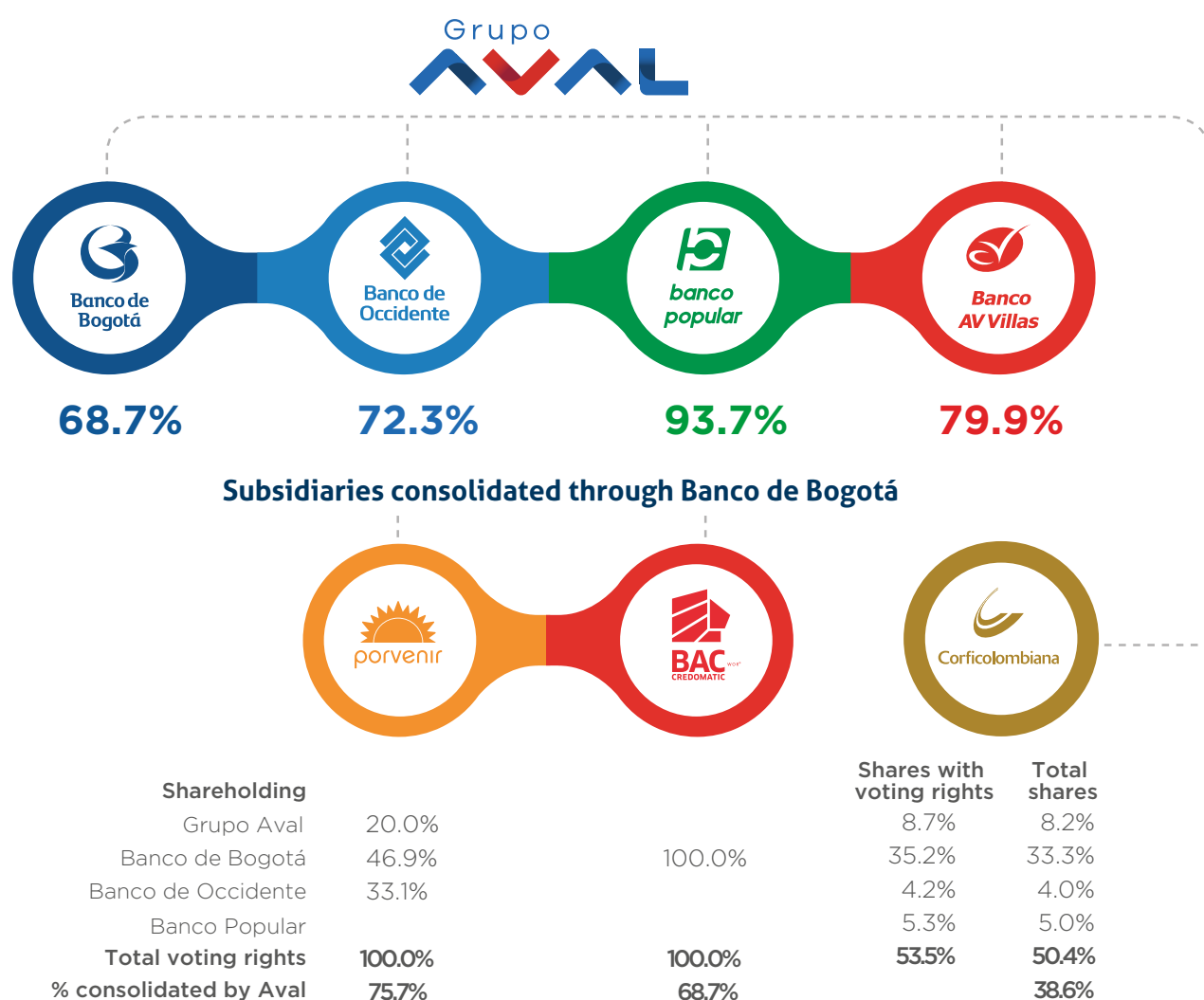
As of February 6, 2019, the Law of Financial Conglomerates came into effect and in this way, we established ourselves as the Financial Holding Company of the Aval FC. Therefore, we are now subject to the supervision and oversight of the SFC solely as a financial holding company and we must meet certain requirements, which we will describe further on in this document.



3.1 Direct and indirect shareholding of Grupo Aval in its subsidiaries

Our business model is focused on growing profitably and sustainably, organically and inorganically. The structure of our investment portfolio enables us to take advantage of a multi-brand strategy in which we capitalize all the

strengths, specific knowledge and best practices of each one of our subsidiaries. Our investment portfolio is based in Colombia with the following ownership structure in our subsidiaries' capital:





Grupo Aval is part of Grupo Empresarial Sarmiento Angulo, which was established on December 31, 2018 and registered on January 31, 2019.

Source: Grupo Aval with the cut-off date of December 31, 2019. We refer to the consolidated percentage of Aval as our controlling interest in these subsidiaries.

We work in coordination with our subsidiaries through procedures and policies that align their specific objectives with a corporate strategy. We acknowledge the experience and history of each one of our management teams. Therefore, we encourage the individual development of each one of our subsidiaries, all as part of the corporate strategy.

This way of operating promotes free competition, enables us to gain new market opportunities, to transform and to innovate in the range of products and services for our clients, and to generate efficiency through the materialization of corporate synergies. Similarly, it maximizes the benefit that we generate for our stakeholders and helps us to lead the markets and segments in which we develop our activities.

 <p>Complete set of banking products offered through our four banks:</p>		 <p>Leading Central American banking group that operates in Panama, Costa Rica, Guatemala, Honduras, El Salvador and Nicaragua:</p>	
Market share		Market share	
25.7% in assets		11.2% in assets	
24.9% in net loans		12.4% in net loans	
26.0% in deposits		11.1% in deposits	
31.6% in corporate loans		40.4% in credit card plastics	
26.6% in consumer loans		56.3% in acquisition of credit cards	
40.5% in payroll loans		12.6% in net income	
19.8% in credit cards			
23.6% in vehicle loans			
33.1% in net income			
Market position		Market position	
#1 in assets		#1 in assets	
#2 in net loans		#1 in net loans	
#1 in deposits		#1 in deposits	
#1 in corporate loans		#1 in credit card plastics	
#1 in consumer loans		#1 in acquisition of credit cards	
#1 in payroll loans		#2 in net income	
#2 in credit cards			
#2 in vehicle loans			
#1 in net income			
 <p>Leading pension and severance fund manager in Colombia</p>			
Market share		<ul style="list-style-type: none"> • Largest highway operator in Colombia • Largest gas transportation and distribution company in Colombia • Largest hotel chain in Colombia • More than 25,000 hectares grown 	
44.4% in assets under management			
50.4% in net income			
58.1% in affiliates			
Market position			
#1 in assets under management			
#1 in net income			
#1 in affiliates			

Source: Calculations by Grupo Aval with information from the SFC, the financial superintendences of each country in Central America and corporate information with the cut-off date in September 2019 (last data available at the same cut-off date).

The strength and sustainability of our business and of each one of our subsidiaries enables us to have high-quality credit ratings that enable our financing at competitive rates, leveraging our growth and profitability.

Issuer	Class	Moody's rating	Fitch rating	National Fitch rating	S&P rating	BRC	Moody's outlook	Fitch outlook	S&P outlook
Grupo Aval	Foreign currency - LT	Ba2	BBB				Negative	Negative	
	Foreign currency - ST		F3						
	Local currency - LT	Ba2	BBB			AAA			
	Local currency - ST		F3						
Banco de Bogotá	Foreign currency - LT	Baa2	BBB		BB+		Negative	Negative	Stable
	Foreign currency - ST	P-2	F2		B				
	Local currency - LT	Baa2	BBB		BB+	AAA			
	Local currency - ST	P-2	F2		B	BRC1+			
Banco de Occidente	Foreign currency - LT		BBB					Negative	
	Foreign currency - ST		F3						
	Local currency - LT		BBB	AAA		AAA			
	Local currency - ST		F3	F1+		BRC1+			
Banco Popular	Local currency - LT					AAA			
	Local currency - ST					BRC1+			
Banco AV Villas	Local currency - LT					AA+			
	Local currency - ST					BRC1+			
Corficolombiana	Foreign currency - LT		BBB					Negative	
	Foreign currency - ST		F2						
	Local currency - LT		BBB	AAA		AAA			
	Local currency - ST		F2	F1+		BRC1+			

Source: Moody's, Fitch Ratings, Standard & Poor's (S&P) and BRC Standard & Poor's.

Successful implementation of our strategy and those of our subsidiaries has enabled us to receive important local and international awards and acknowledgments.



Awards	Description
Global 2000 – World’s Best Employers 2019	We were one of the 500 companies deemed the world’s best employers from a sample of 1.4 million independent recommendations.
Global 2000 – Best Regarded Companies 2019	We were one of the 250 companies regarded as a global benchmark from 15,000 surveys through a web panel in more than 50 countries.



Awards	Description
Euromoney magazine Colombia’s Best Bank 2019	Over the last decade, we have been acknowledged on six occasions by the English Euromoney magazine as Colombia’s Best Bank . The 2019 distinction highlighted our digital strategy and leadership in the market.
The Banker magazine Colombia’s Bank of the Year 2019	We received the Bank of the Year Award in Colombia for the eighth time in the last ten years. Out of the selection criteria, from the Financial Times group’s financial magazine, innovation in the digital strategy stands out, as well as growth in profit, returns and efficiency.
The Banker’s Tech Projects Awards Digital Transformation Project of the Year 2019	For the first time in Latin America, the British magazine awarded the global award of Digital Transformation of the Year 2019 to our Bank, acknowledging our “ New Online Banking ” platform, which enables our users to easily and intuitively make transfers, payments and withdrawals.
Global Finance magazine Colombia’s Best Bank 2019	For the fourth year in a row, the Class Editori group, through the Global Finance magazine, awarded us Best Bank in Colombia , as a result of our growth in assets, returns, development of new businesses and innovation in products.
Global Finance magazine Best Foreign Exchange Provider in Colombia 2019	For the seventh year in a row, the English Global Finance magazine acknowledged us as the Best Foreign Exchange Provider in Colombia in response to our business dynamics, capacity to adapt to changes in the markets and market share, which enable us to build a more competitive and secure environment for different operators.



Awards	Description
LatinFinance magazine Colombia's Bank of the Year 2019	Highlighting our results and our digital strategy, we were acknowledged for the sixth time in the last decade as Bank of the Year Colombia 2019 , by LatinFinance.



Awards	Description
Great Place to Work	Great Place to Work was awarded in November 2019 and the Bank came in tenth place in the category of companies with more than 500 employees and it was established as the best bank to work for in Colombia. In the same survey, the Bank came in 21 st place out of companies from all sectors and sizes for women as the entity that stands out in the surveys for being the bank with the best workplace for women in Colombia.
ICONTEC	Certifies the Bank as an entity that has policies and practices to benefit the work environment.



Awards	Description
Biggest Donor of Recyclable Material 2019	Fundación Tapas para Sanar acknowledged the Bank as the biggest donor of recyclable material in 2019, contributing more than 40 tons. The foundation's operations were supported by the commitment of the Bank's employees, families and customers.



Awards	Description of the initiative
Global Brands Magazine	Best Financial Education Initiative – Porvenir Colombia Savings Academy 2019.
RepTrak Global Top Companies	Most Reputable Pension Fund in Colombia.
Colciencias	Colciencias awarded an acknowledgment to Porvenir's Innovation and Digital Transformation Unit.
Colombian Athletics Federation	Gold Order of the Colombian Athletics Federation. The acknowledgment praises Porvenir's constant support over the past 20 years in the development of athletics and support of the Bogotá Half Marathon.



Awards	Description of the initiative
LatamDigital	LatamDigital award in the Best Digital Transformation Project category with the Pension 100% Digital project.
ISO	ISO 9001:2015 certification.



Corficolombiana

Description of the initiative
We are one of the world's 500 companies with the most valuable and strong banking brands, according to Brand Finance, a leading consultant in the world of brand assessment. Furthermore, in 2019, we increased 96 points to come in 399 th place in the world.
In the third ceremony of the Best Economic Research Area Awards (AIE, for the Spanish original), organized by the Colombian Securities Exchange with the aim to acknowledge and promote the quality of information of the market research areas, Corficolombiana's Economic Research team won a bronze award in the Macronomic Aggregates and Specific Fixed Income Forecasts category.
We obtained the IR issuer recognition of the Colombian Securities Exchange for the fourth year in a row for adopting best practices in information disclosure and investor relations.



Awards	Description of the initiative
Great Place to Work	After a full diagnostic of the organizational climate and culture, Great Place to Work (GPTW) selected BAC as one of the best workplaces in Central America in 2019. The operations of Guatemala, El Salvador, Honduras, Costa Rica, Panama and the Regional Areas were surveyed between June and August 2018. With the survey results obtained, BAC satisfactorily approved the process and managed to obtain the Great Place to Work® certificate granted by GPTW.
The European <ul style="list-style-type: none"> • Bank of the Year – Honduras • Bank of the Year – Costa Rica • Best Bank for Financial Inclusion – Costa Rica • Innovative Digital Bank of the Year – Central America and Caribbean 	BAC was awarded by The European magazine with the Bank of the Year acknowledgments in Honduras and Costa Rica, Best Bank for Financial Inclusion in Costa Rica, and Innovative Digital Bank of the Year in Central America and the Caribbean. BAC was nominated in these categories by the magazine's global subscribers for being an outstanding entity in its management and for being a pillar of the local and regional economy.
International Investor <ul style="list-style-type: none"> • Most Innovative Financial • Service Provider – LATAM 2019 • Best Corporate Banking Service Provider – Costa Rica 2019 	The British International Investor magazine awarded BAC with the prizes of Most Innovative Financial Service Provider in Latin America and Best Corporate Banking Service Provider in Costa Rica.

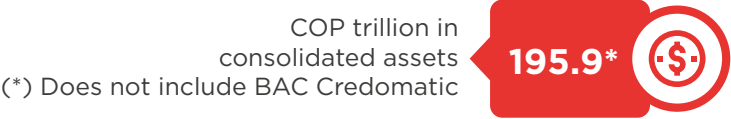
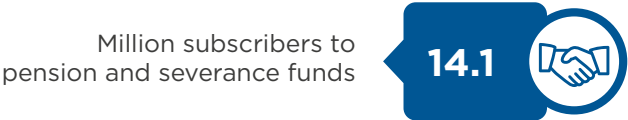


Awards	Description of the initiative
<p>Euromoney</p> <ul style="list-style-type: none"> • Best Bank – Central America and Caribbean • Best Bank – Costa Rica • Best Bank – Guatemala 	<p>For the fifth year in a row, Euromoney awarded the BAC Credomatic financial group as the “Best Bank of Central America and the Caribbean” for its sustained growth and its position as the most important bank of the region, thanks to the trust and preference of its 3.6 million customers.</p>
<p>Vida y Éxito – Acknowledgment in the Sustainable Finances category (regional)</p>	<p>As part of the “Sostenibilidad Rentable (Profitable Sustainability)” event, the regional Vida y Éxito magazine acknowledged BAC as a leading company in sustainability. For the magazine, companies have the task of ensuring their sustainability by creating economic, environmental and social value, and the “Sostenibilidad Rentable” event gave them the opportunity to learn from experts not only how to be more sustainable, but also how to be sustainable even in times of economic uncertainty.</p>
<p>Revista Summa – Reputation and Ethics</p>	<p>For the first time, Revista Summa conducted its own survey to find the most highly valued companies and entrepreneurs in Central America in terms of their public image, integrity and adoption of good practices. On this occasion, the magazine acknowledged BAC as one of the companies with the Best Reputation and Ethics in 2019.</p>
<p>Latin Finance</p> <ul style="list-style-type: none"> • Best Bank – Central America • Best Bank – Costa Rica • Best Bank – Guatemala 	<p>LatinFinance annually acknowledges the excellence of financial service providers in Latin America and the Caribbean, which are chosen after a rigorous and exhaustive selection process. For the second time in a row, BAC is one of the region’s Best Banks. The acknowledgment is granted to the institution for its outstanding performance in the provision of retail, commercial and investment services in the region.</p>
<p>World Finance</p> <ul style="list-style-type: none"> • Best Consumer Digital Bank – Panama, Costa Rica, Nicaragua, El Salvador, Honduras and Guatemala • Best Mobile Banking Application – Panama, Costa Rica, Nicaragua, El Salvador, Honduras and Guatemala 	<p>World Finance acknowledges the bank’s innovative culture and awards BAC’s commitment to its clients to offer increasingly more personalized and digital experiences through the opening of new branches in the region with a “customer-centric” approach. Additionally, its mobile banking application won Best Mobile Banking Application in the region.</p>
<p>The Banker</p> <ul style="list-style-type: none"> • Best Bank – Costa Rica 	<p>BAC Credomatic Costa Rica was awarded Best Bank 2019 by The Banker magazine. The acknowledgment was awarded to the institution for its progress in digital transformation and for continuously improving its efficiency, which meant it could take the organization to the next level.</p>

3.2 Geographical presence and markets served

GRI 102-4, 102-6, 102-7

Through our subsidiaries, we have an ample geographical presence that enables us to serve more than 16 million banking clients and 14 million clients with mandatory pension, severance and voluntary pension funds. At the cut-off of December 31, we had COP 278.8 trillion in total assets, COP 259.9 trillion in assets under management and shareholder equity of COP 19.9 trillion in consolidation.

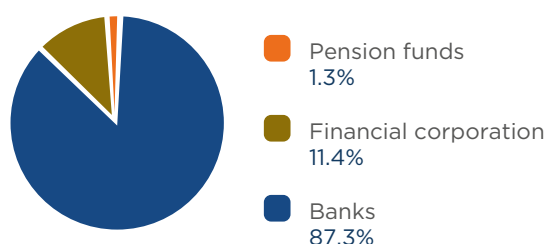
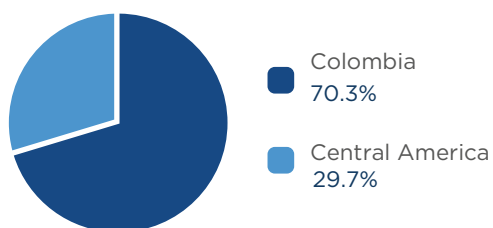


Balance (COP trillions)	
Total assets	\$ 278.8
Net loans	\$ 173.9
Deposits	\$ 175.5
Attributable earnings	\$ 3.0
AUM	\$ 259.9

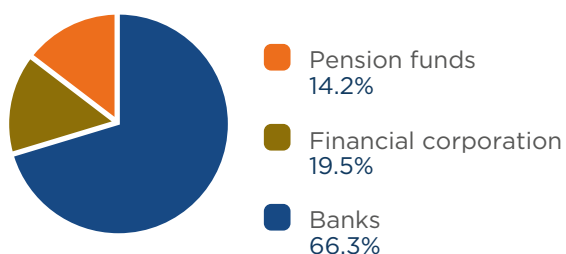
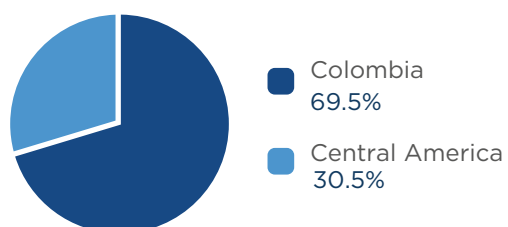
Key indicators	
ROAA	2.0%
ROAE	16.4%
Tangible equity	9.2%
Efficiency	47.6%
Deposits / Net loans	100.9%

Clients (millions)	
Bank clients	16.1
Pension fund clients	14.1
Points of service (thousands)	49.0

Assets



Net income



Source: Grupo Aval. AUM refers to the assets of third parties under management, which include Porvenir, Fiduciaria Bogotá, Fiduciaria de Occidente, Fiduciaria Popular and Fiduciaria Corficolombiana. The ROAE is calculated as the attributable net income divided by the average shareholder equity at five points between December 2019 and December 2018. The ROAA is calculated as the net income divided by the average equity at five points between December 2019 and December 2018. Tangible equity is calculated as equity less intangible assets (different to the intangible assets related to concession rights) divided by assets less intangible assets. Efficiency is defined as other expenses divided by the sum of net income from interest, net income from commission and fees, gross income from the sale of goods and services, net income from trading instruments, net income from financial instruments at fair value different to trading instruments, and other income.

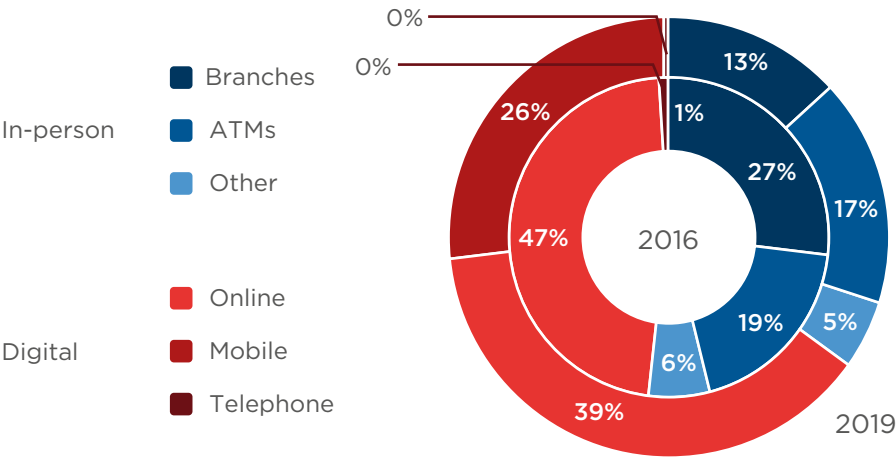
GRI 102-10

Our profitable and sustainable growth strategy has innovation as one of its pillars, which in turn, has the digitalization of our banks as its main focus. We trust that the use of new digital technologies will enable our subsidiaries to improve their customer experience, reach new segments that we could not previously serve, improve our efficiency and create new products and markets. The enhancement of Red Aval, the improvement of digital channels and the implementation of business cases for analysis have been essential in this process.

Since we started our plan to enhance Red Aval at the beginning of 2017, in three years, we have migrated to more cost-efficient channels. In the same period, we have managed to increase the number of bank clients in Colombia by 1.6 million or 15%, and we have reduced the share of transactions in physical channels (offices, ATMs and others) within the total combination of transactions from 52.0% to 34.7% between 2016 and 2019, increasing the share of alternative channels (web, mobile and telephone), especially mobile banking.

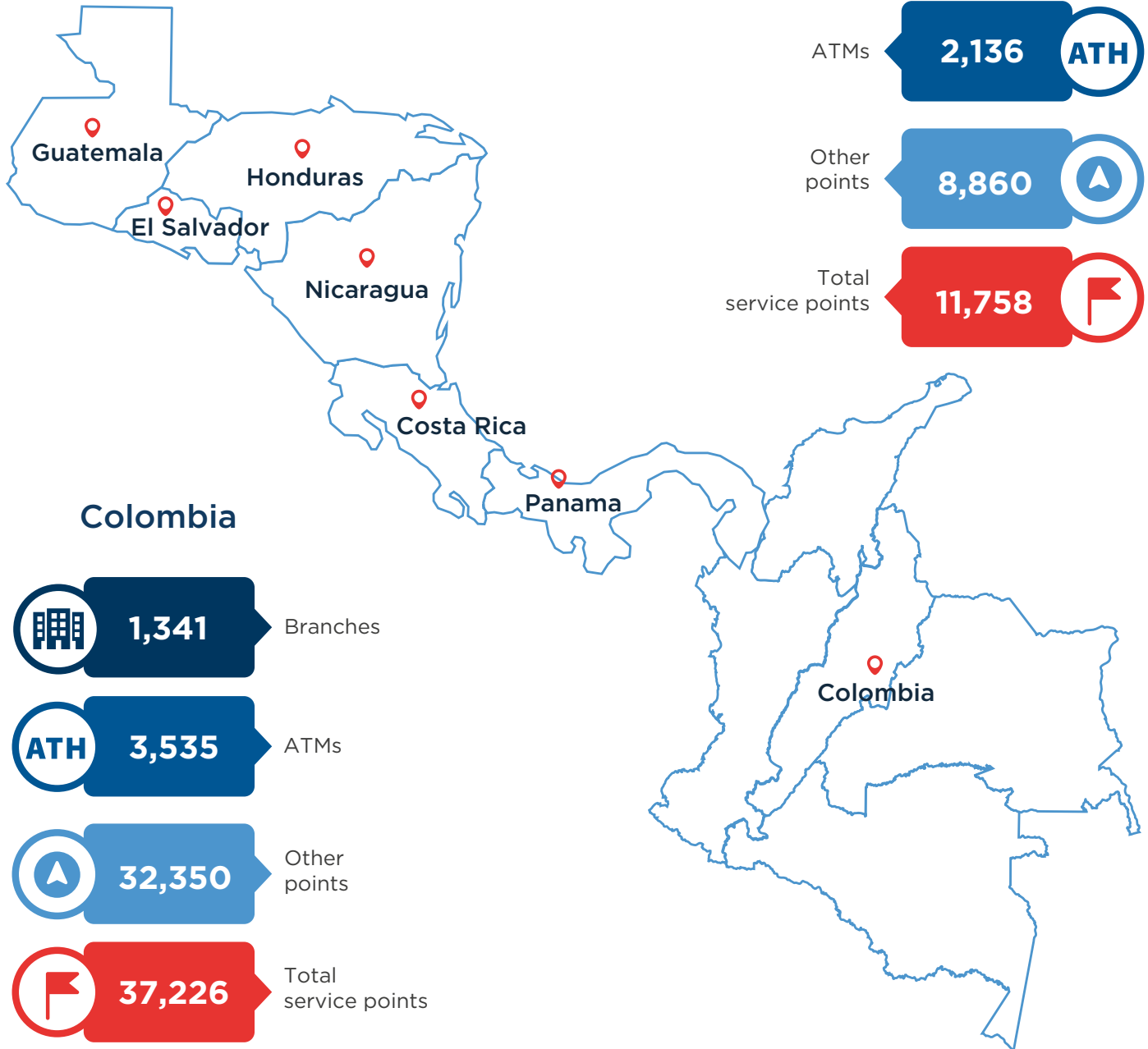
The improvement of our digital channels has enabled us to reach 3.5 digital clients (2.1 million in Colombia and 1.4 million in Central America) and to make 934,000 online sales (asset and liability products, etc.). We also have 22 products that are 100% digitalized (14 in Colombia and eight in Central America), understood as the sum of our subsidiaries' products. In Colombia, 36.5% of sales of digital products were made through digital channels in 2019. Currently, we are working on 31 advanced analytics cases: 19 in Colombia and 12 in Central America. For more information about innovation and digital transformation, see Chapter 6.5.C of this report.

This strategy has enabled us to progress in initiatives for inclusion and incorporation into the banking system, helping us to fulfill our social and economic role of responsibly providing the highest quality financial services and actively meeting the demand in the regions where we operate. Below, we describe our distribution network in Colombia and Central America.



Source: Grupo Aval. In 2016, total transactions exceeded 891 million, and in 2019, they amounted to 1.204 billion. Includes monetary and non-monetary transactions.


Central America



Source: Grupo Aval. BAC's branches include 351 full-service branches as well as 29 in-store branches, 325 in-situ branches, nine digital branches and 48 automobile offices. The other points in Colombia and Central America are mainly correspondent banks. In Central America, they also include self-service points.

Each one of our subsidiaries has developed its own commercial model and a specific appetite for the different segments and products that comprise universal banking. Below, we present the Aval

banks' commercial approach, which will enable us to be leaders in the previously presented market segments.

					
SEGMENTS					
Corporations					
Business and SME					
Microenterprises					
Clients with large wealth (preferential)					
Individuals (retail banking)					
PRODUCTS					
Commercial loans					
Consumer loans					
Mortgages					
Leases					
Cash transactions					
International transactions					

Source: Grupo Aval.

The profitable and sustainable growth strategy also has comprehensive risk management as one of its pillars. Our subsidiaries are governed by strict standards of origination and by discipline in pricing, which enable us to generate long-term value.

During 2019, in the strategic planning of the Aval banks, we improved the asset liability management (ALM) model, which separates the bank's structural balance from the treasury balance, enabling more adequate management, measurement and control of the balance risks, particularly the interest rate, exchange rate and liquidity risks.

One of the most important tools for the correct operation of the ALM model is the funds transfer pricing (FTP) mechanism. The FTP curves also

enable the isolation of the managed risks by the ALM units of the commercial units and they play a leading role in the implementation of a transparent price construction system for the intake and placement of resources. It is important to highlight that the FTP system in each entity starts with academic foundations, but it needs to be adjusted according to the specific and unique characteristics of each one.

The results of adequate balance risk management through the ALM and digital transformation of our banks will enable us to be more efficient and, therefore, reduce the costs for clients, with a better service and facilitating the achievement of new businesses. For a more detailed description of risk management, see Note 4 of our audited consolidated financial statements.

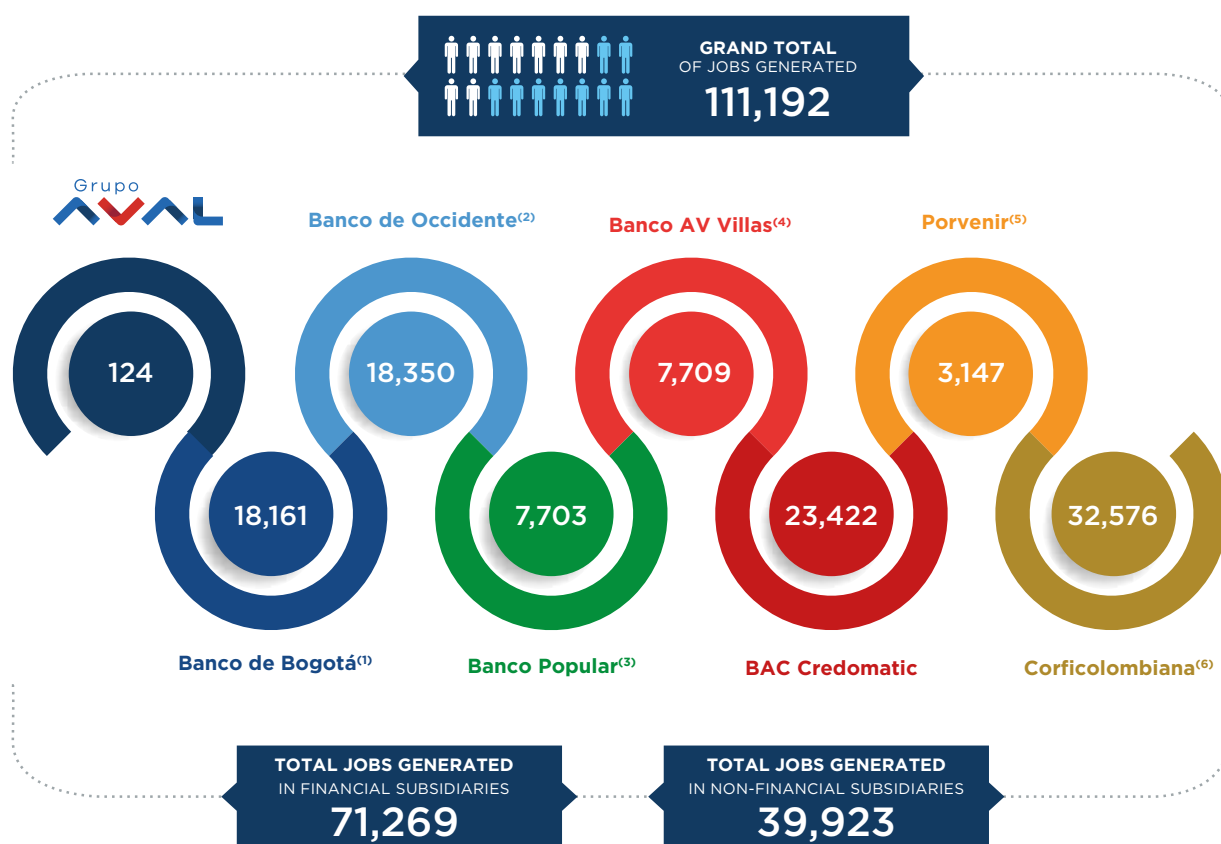


3.3 Employees (general approach)

GRI 102-7, 102-8, 102-9, 102-41

Another one of our strategy's essential pillars is focused on having the best human resources by obtaining, paying and retaining them. Therefore, at Grupo Aval, we generate more than 111,000 jobs, of which, more than 72,000 are direct jobs, 8,000 are

hired through temporary employment agencies and 30,000 are hired through outsourcing. Additionally, Banco de Occidente (2019) was awarded with the Great Place to Work distinction in Colombia.



Source: Grupo Aval with the cut-off date of December 31, 2019. Includes direct employees, temporary jobs and jobs through outsourcing companies.

(1) Does not include the employees of BAC and Porvenir and their respective subsidiaries. A total of 52.04% (5,253) of the direct employees (10,094) of Banco de Bogotá (separate) are represented by trade unions and 55.98% (5,651) of them are covered by the collective bargaining agreement, which expires in August 2021.

(2) A total of 46.38% (3,483) of the direct employees (7,510) of Banco de Occidente (separate) are represented by trade unions and are covered by the collective bargaining agreement, which expires in December 2021.

(3) A total of 64.06% (2,273) of the direct employees (3,548) of Banco Popular (separate) are represented by trade unions and 95.29% (3,381) of them are covered by the collective bargaining agreement, which expires in December 2020.

(4) A total of 12.23% (542) of the direct employees (4,431) of Banco AV Villas (separate) are represented by trade unions and 73.57% (3,260) of them are covered by the collective bargaining agreement, which expires in December 2020.

(5) A total of 0.11% (3) of Porvenir's (separate) direct employees (2,639) are represented by trade unions.

(6) The total jobs created include 31,385 in non-financial subsidiaries and 1,191 in financial institutions.

3.4 Changes in the organization

GRI 102-10

In line with our expansion strategy, on October 31, 2019, through its subsidiary Leasing Bogotá S.A. Panama, Banco de Bogotá S.A. agreed the acquisition of Multi Financial Group, Inc. (“MFG”) in Panama, a transaction that is currently in the authorization process by the different supervisory entities of the countries where it operates. For Grupo Aval and Banco de Bogotá, this transaction represents an important step in the development of their regionalization strategies. At June 30, 2019,

MFG had consolidated assets of approximately USD 5 billion and a carrying amount of equity of USD 560 million. In the twelve months ending on June 30, 2019, MFG’s earnings amounted to approximately USD 60 million. The transaction will add more than 100,000 new clients to Banco de Bogotá. It is hoped that the transaction will be completed toward the second quarter of 2020, when these entries will be added to Grupo Aval’s consolidated balance sheet.

3.5 Summary of our operations’ performance

In this section of the report, we will present the general context of our subsidiaries, as well as the most relevant information about their financial performance.

In 2019, we managed to exceed the earnings of 2018, reaching COP 3.0 trillion in separate net income, 5.0% higher than the COP 2.9 trillion in 2018. The growth in consolidated profit reached 4.2%, ending the year at COP 3.0 trillion and based on the following factors:

- Firstly, the Colombian economy grew at a better pace in 2019 than the previous year (3.3% in 2019 compared to 2.5% in 2018). An increase in the domestic demand and in investment drove the growth in demand, while the trade and financial services sectors grew in supply. The sectors that

grew above the GDP were financial services, trade and government services, while the construction, manufacturing and telecommunications sectors grew at a slower rate.

- Secondly, 2019 was a year in which the pricing competition in the banking industry heightened. Even when the Central Bank of Colombia’s average rate of 4.25% for 2019 was only 10 basis points lower than the 4.35% in 2018, the system’s loan interest rates were lower as a result of the transfer of clients’ better credit conditions to the origination rates of new loans, especially consumer loans. Although this scenario is negative for our brokerage activity and our net interest margins (given that Grupo Aval’s consolidated position is net assets), it was offset

by a better quality of yields throughout the year and, therefore, a lower risk cost.

- Thirdly, the global fixed income and equity markets gained excellent profitability, which translated into higher returns on our loan portfolios than the historical average. A significant portion of these high yields materialized through Porvenir's mandatory pension investment funds and our banks' fixed income portfolios. As a result of the above, commission on returns charged to unemployed clients in mandatory pension and private equity funds were also higher than in 2018.

- Fourthly, our consolidated operations in Colombia and Central America continued their digitalization efforts, which together with a cost enhancement strategy (shared services and economies of scale), resulted in a reduction of our traditional footprint and faster migration to cost-efficient digital channels. We will continue the digitalization of our operations, digitally offering innovative products and services to our clients and implementing business analytics, to improve our clients' experience and increase their loyalty. Our cost enhancement strategy resulted in a 3.5% increase in the total expenses of our

consolidated operations in Colombia and 17.4% in our consolidated operations in Central America (5.7% denominated in U.S. dollars), driven by a devaluation of more than 11% in the average TRM.

- Sixthly, our subsidiaries in Colombia (financial and non-financial) incorporated the positive effect of the Financing Law (Law 1945 of 2018), which reduced the tax rate to 33% in 2019 from 37% in 2018.

- Finally, we kept leveraging our strong financial results in terms of our balance sheet. At December 31, 2019, in consolidation, the proportion of deposits to net loans was 101%, our liquidity position (measured as cash and cash equivalents to total deposits) was 17.2% and the tangible equity indicator was 9.2%. These indicators demonstrate our strength.

The year's results were also affected by the adoption and application of IFRS 16 regarding finance leases. For more information about the standard's impact, please see Note 2 of the audited consolidated financial statements, which can be found further on in this report.

3.6 Performance analysis of our operations in Colombia

Below, we present a complete report of the macroeconomic performance and evolution of the banking system in the regions where we operate, accompanied by an analysis of our results and those of our main subsidiaries.



Increase in GDP

3.3% in 2019 vs. 2.5% in 2018



Inflation

3.80% in 2019 vs. 3.18% in 2018



Average exchange rate

COP 3,282 in 2019 vs. COP 2,957 (11.0%)



Tax deficit

2.5% in 2019 vs. 3.1% in 2018

3.6.A. Colombian economic environment

In 2019, the Colombian economy continued its recovery process, showing greater growth in the GDP than in 2018, annual inflation within the Central Bank's target range and a greater increase in home consumption than the previous year. All of this in the context of a slowdown in the global economy's growth.

Over the last year, the global economy had grown at its slowest pace in more than a decade, as a result of reduced dynamics in developed and emerging economies. According to estimates of the International Monetary Fund (IMF), the global economy would have grown 2.9% in 2019, falling 0.7 percentage points (p.p.) from the 3.6% observed in 2018. Specifically, the increase in political and trade uncertainty associated with the trade war, Brexit and the political and social instability in emerging countries affected investor trust and increased the economic slowdown. The above led to the increase in value of "safe haven assets", such as the U.S. dollar, and resulted in the stabilization of the global liquidity conditions.

There was a significant turnaround in the FED's monetary policy position in the United States, which instead of continuing the normalization process started in 2018, decided to preventively cut its benchmark interest rate in light of the deterioration in private investment, foreign demand and financial conditions. Said stimulus occurred during a gradual slowdown of the economy, although this keeps increasing at a greater rate than its potential, driven by private consumption. Meanwhile, the weakness of economic activity in some countries of the Eurozone and the persistent

inflation at a lower level than target led to the European Central Bank (ECB) increasing its degree of monetary accommodation. In response to the small impact of the monetary policy on real estate activity, discussions on the effectiveness of the tax stimulus have gained importance. However, the difficulty in the tax consolidation of some peripheral economies persists as a considerable risk. In the United Kingdom, the uncertainty about the terms of Brexit was the main source of instability during 2019.

In turn, the emerging economies were affected by the greater levels of risk and domestic political instability, especially in Latin America. In effect, the new governments in Mexico and Argentina are still working to restore both local and international investor trust, while other countries of the region, such as Chile, Bolivia and Ecuador have faced important social movements.

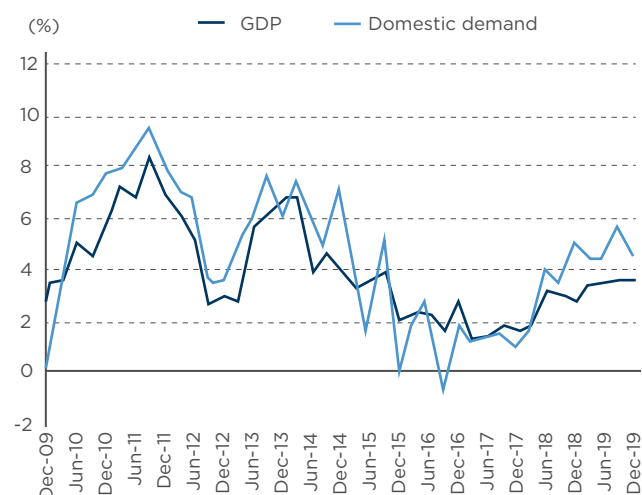
As mentioned above and in contrast to the global slowdown, the Colombian economy continued its recovery process and increased its growth from 2.5% in 2018 to 3.3% in 2019, achieving its best performance in the last five years. The restoration of growth occurred thanks to the impulse of domestic demand, which increased its growth from 1.1% in 2017 to 4.5% in 2019, the highest since 2015.

Home consumption remained the main engine of economic activity. This component grew 4.6% in 2019, greatly above the 2017 and 2018 records (2.1% and 3.0%, respectively), promoted by the stability of the interest rates at low levels, the increase in

remittances from abroad, the growing expenses of Venezuelan immigrants and an accelerated growth in salaries among the formally employed.

Similarly, fixed investment notably increased its growth, from 1.5% in 2018 to 4.6% in 2019. The above as a result of the recovery of machinery and equipment purchases, which was driven by the provisions adopted in the Financing Law, and by greater foreign purchases of transportation equipment, particularly aircrafts and the new Transmilenio bus fleet.

GDP vs. Domestic Demand



Source: DANE. Calculations: Corficolombiana.

In contrast, public spending slowed down from 2018, despite it being an election year, reflecting the tax restrictions faced by the Colombian government. It is worth mentioning that historically, election years have been characterized as years of greater budget execution by local governments.

Additionally, the commercial balance increased its deficit in 2019 and increased its negative effect on the growth of the GDP. Despite the devaluation of the Colombian peso seen throughout the year, imports kept growing at accelerated rates compared to exports.

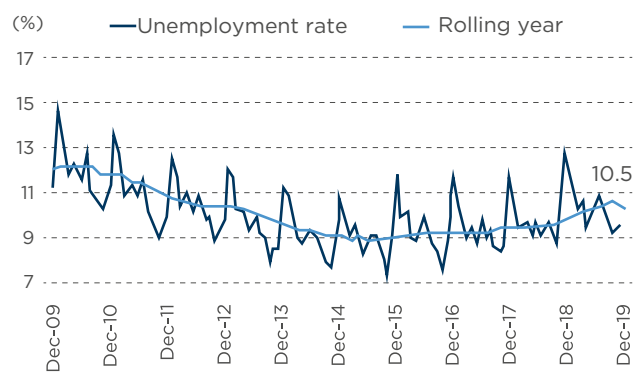
GDP in demand Annual variation (%)

Main	2017	2018	2019
Home consumption	2.1	3.0	4.6
Government consumption	3.6	7.0	4.3
Gross capital formation	-3.2	3.4	4.5
Fixed investment	1.9	1.5	4.6
Exports	2.6	0.9	3.1
Imports	1.0	5.8	9.2
Total GDP	1.4	2.5	3.3

Source: DANE (Colombian National Bureau of Statistics).

In turn, the Colombian unemployment rate maintained a marked upward trend in 2019, reaching double figures again (10.5%), higher than the 9.7% in 2018, and the highest rate since 2011. It is worth highlighting that the worsening of the labor market's figures in the recent period has been largely due to the limited generation of new job positions.

Unemployment rate



Source: DANE. Calculations: Corficolombiana.

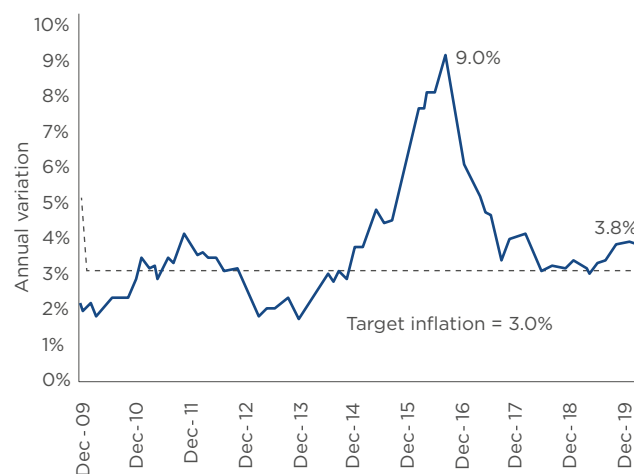
Inflation and monetary policy in Colombia

Inflation maintained a downward trend in the first months of 2019 and decreased to 3.0% in February, its lowest level since the end of 2014. However, from March, it resumed an upward path and subsequently stabilized close to the upper limit of the Central Bank of Colombia's target range, ending the year at 3.8%.

The recent inflation process was mainly due to pressures of food products and to a lesser degree, of tradable goods and services. Food inflation recorded a notable upturn and was 5.2% in December, 2.8 percentage points (p.p.) above the 2.4% the previous year. This group, as well as having a lower base of comparison during a large part of 2018, was affected by supply shocks associated with the adverse weather conditions, the road closures that hindered the supply to the center of the country and the effects of the Colombian peso's devaluation on some processed foods. Similarly and as a result of the devaluation, which reached an annual maximum of 15.6% in May, the inflation of tradable goods also accelerated and ended the year at 2.25%, locating itself again

above the lower limit of the target range and achieving its highest level since the beginning of 2018.

Annual inflation (%)



Source: DANE. Calculations: Corficolombiana.

In turn, the non-tradable and regulated components offset the inflationary pressures during 2019, preventing a greater increase in the price level. Firstly, the inflation of non-tradable goods maintained a slightly downward trend, from 3.79% at the end of 2018 to 3.49% at the

end of 2019, reflecting the indexing of prices at lower levels and a product gap that was negative throughout the year. Secondly, the inflation of regulated goods slowed down 1.9 p.p. between

December 2018 and December 2019, promoted by relative stability in fuel prices and a significant decrease in electricity prices.

CPI and its components

	Monthly variation (%)		Annual variation (%)		Contribution to annual inflation (p.p.)		Change in contribution (p.p.)
	Dec-18	Dec-19	Nov-19	Dec-19	Nov-19	Dec-19	
Total CPI	0.30	0.26	3.84	3.80	3.84	3.80	-0.04
Food	0.42	0.01	5.63	5.21	1.36	1.26	-0.11
Tradable goods	0.12	0.27	2.09	2.25	0.39	0.42	0.03
Non-tradable goods	0.22	0.33	3.38	3.49	1.42	1.47	0.05
Regulated goods	0.51	0.44	4.55	4.48	0.67	0.66	-0.01

Source: DANE. Calculations: Corficolombiana.

In this line, the basic inflation measures accelerated in the second half of the year, after having remained below 3.0% in the first half of 2019. In effect, the average core inflation measures increased from 3.03% in December 2018 to 3.34% in the same month of 2019, reflecting growing, but still controlled, pressures resulting from the demand.

In response to this panorama, and in a context in which the economy was recovering at a moderate pace and remained below its potential capacity, the Central Bank of Colombia's Board of Directors maintained the benchmark interest rate at 4.25% for twenty consecutive months (slightly expansive levels); the longest cycle of stability since the target inflation system was implemented.

Annual core inflation measures

	Dec-18	Dec-19
Without food	3.48%	3.37%
Without food or regulated goods	2.64%	3.10%
Core 20*	3.23%	3.42%
Without primary foods, public utilities and fuel	2.76%	3.46%
Average core inflation measures	3.03%	3.34%

* The basic expenses that recorded the greatest price volatility and that represent 20% of the market basket were excluded from the CPI.

Source: DANE. Calculations: Corficolombiana.

Exchange rate

During 2019, the exchange rate recorded an average of COP 3,282 pesos per U.S. dollar, which assumes an average annual depreciation of 11%. Throughout the year, this upward trend was accompanied by episodes of volatility, which led to the Official Exchange Rate (TRM, for the Spanish original) recording minimums of COP 3,072 and maximums of COP 3,522 per U.S. dollar. Specifically, the devaluation of the Colombian peso was mainly explained by the global strength of the U.S. dollar, as fears of a slowdown in the global economy fed the long positions in this currency as a defense mechanism, while the high volatility was a reflection of the elevated uncertainty in international financial markets.

In the first months of 2019, the exchange rate recorded a downward trend, essentially explained by the recovery of the international prices of crude oil in response to the OPEC's new agreement coming into effect to reduce the supply, as well as the reduced production of Iran and Venezuela. However, the worsening of the trade war between the U.S. and China, as well as President Donald Trump's trade threats to Mexico, globally strengthened the U.S. dollar from May.

Consequently, in the second half of the year, the upward movements in the exchange rate responded to the deteriorated international economic panorama, a situation that made possible a change in the international liquidity outlook. In effect, the three preventive adjustments of the FED's rates and the announcement of a new quantitative easing program by the ECB coincided with significant depreciations in most of the

emerging currencies, which in the end, revealed the protective nature of this currency's value.

Trade tensions between the United States and China were exacerbated because of the bilateral application and expansion of tariffs on a significant amount of products, which further increased risk aversion and took the Colombian peso to record highs at the beginning of October. However, trade pressures significantly decreased at the end of the year in light of the expectation of the signing of phase one of the preliminary agreement between the world's two main economies.



Foreign sector

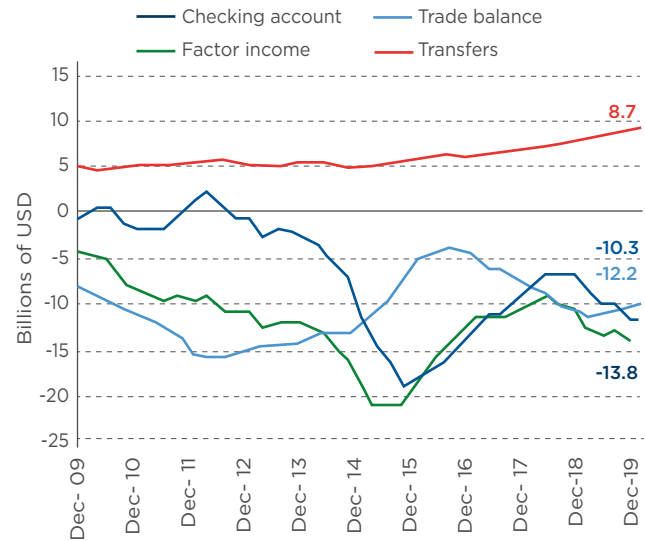
In 2019, the international context remained challenging for most of the emerging economies, and particularly in Colombia, it interrupted the process of macroeconomic adjustment after the exchange shock in the 2014-2017 period. Therefore, the recent evolution of the payment balance accounts suggests that the correction of the checking account deficit will take more time than anticipated months ago.

In effect, the checking account deficit was 4.3% of the GDP in 2019, 0.4 p.p. above that recorded in 2018. This is mainly explained by the increase in the deficit in the trade and services balance, although it was offset by the increase in net transfers and less imbalance in factor income.

Specifically, the increase in the trade deficit of goods was USD 3.303 billion for the indicated period, as a result of an annual increase of USD 1.237 billion in the value of imports and a drop of USD 2.066 billion in exports. Even when the increase was generalized, the increase in imports of fuel and lubricants (28.3%) and transportation equipment (10.5%) stands out. This increase is added to the fall in exports, mainly coal (-23.9%) and oil (-5.6%).

In contrast, during 2019, the net expenditure due to factor income decreased USD 1.455 billion from the same period of 2018, as a result of the lower expenditure because of earnings related to foreign direct investment (FDI) and greater income from Colombia's investments abroad. Therefore, between 2018 and 2019, the gross expenditure of factor income decreased by USD 585 million, with a notorious drop of USD 1.062 billion due to the profits obtained from companies related to FDI in the country. The above was offset with gross revenue from factor income of USD 817 million.

Current account and its components (four quarters)



Source: BanRep.



Tax accounts

In 2019, the government continued the adjustment process required by the Tax Rule (Law 473 of 2011), achieving that the three main credit rating agencies confirmed Colombia's sovereign rating, maintaining the international investors' trust in its tax management. Therefore, the main economic challenge of 2019 –to maintain trust in the tax adjustment– was successfully overcome in an international context that was adverse for the majority of the emerging economies.

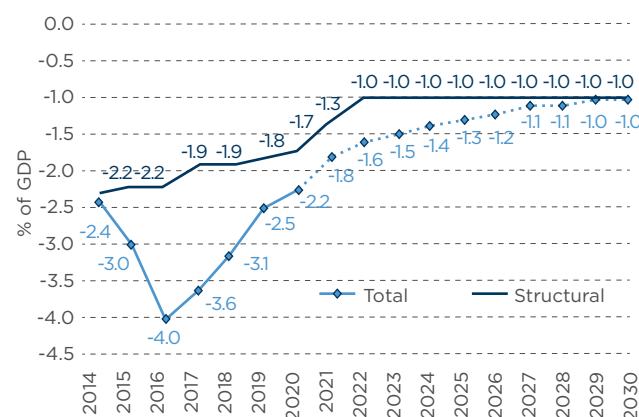
The deficit of the Colombian Central Government as a proportion of the GDP would have decreased 3.1% in 2018 to 2.5% in 2019 (one of the strongest adjustments in recent years), so that it would be below the limit established by the Tax Rule Consultation Committee (CCRF, for the Spanish original), without the need to resort to the transfer of government assets. The factors that would have enabled the reduction in the central government's deficit include the good performance of tax collection, which grew 9.0% in gross value in 2019, to COP 157.4 trillion (around COP 148 trillion after deducting tax refunds, mainly the TIDIS - tax refund securities).

In turn, non-tax revenue exceeded the Colombian Government's expectations and contributed to the achievement of the tax target in 2019, mainly due to two factors. Firstly, Ecopetrol's dividends payable to the Colombian government amounted to COP 8.2 trillion, that is COP 1.8 trillion (0.2% of the GDP) more than budgeted a year ago (COP 6.4 trillion according to the Medium-Term Fiscal Framework –MFMP, for the Spanish original– of 2018). This income was due to the increase in the approved payout rate (80% compared to 53% the previous year) and to the good financial performance of the state company associated with the better international prices of crude oil in 2018 (year of taxation of the profits from the dividends distributed in 2019), cost efficiency and the devaluation of the Colombian peso.

The second factor is the inclusion of the Central Bank's 2018 profits (distributed in 2019) and the Central Government's revenue ("above the line") and not as a source for financing the deficit ("below the line"), which is how they were accounted for in previous years. This methodological change added COP 2.2 trillion (0.2% of the GDP) to the government's revenue in 2019, which were not anticipated a year ago, but were included in the MFMP 2019.

However, in light of the forecast difficulties in revenue for 2019, the Ministry of Finance maintained a significant amount of resources frozen in the Central Bank, which was reflected in the historically high amount of the National Treasury in the Central Bank. Although the Colombian Government unfroze part of the funds, at the close of 2019, COP 9 trillion were no longer

Tax balance of the central Colombian Government



Source: Ministry of Finance. Calculations: Corficolombiana.

implemented, which resulted in a reduction in government's proportion (less public spending).

Therefore, the efforts in collection and austerity, and the additional income from the oil sector and

from the methodological change in the accounting of the Central Bank's profits enabled it not only to meet the target but also to achieve a better level for the tax goal in 2019.

3.6.B. Recent results of the Colombian financial system^{3 4}



**COP 460.3 trillion
of net loans**



**Deposits
Net loans = 93.3%**

**Growth in
subsidiaries'
equity by**

8.2%

to

**COP 91.6
trillion**



3. The banking system is defined as commercial financing companies and banks overseen by the SFC at the cut-off date of each period.

4. Figures in trillions, unless otherwise indicated.

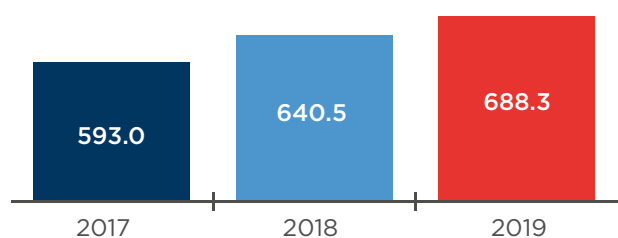
Main line items of the statement of financial position

Assets

At the close of 2019, the banking system's assets amounted to COP 688.3 trillion, recording an increase of 7.5% from the close of 2018.

The increase in assets was mainly influenced by the fixed income investments, the rights of use from the application of IFRS 16 and the increase in the net loan portfolio, which at December 2019, represented 66.9% of the total assets.

Total assets

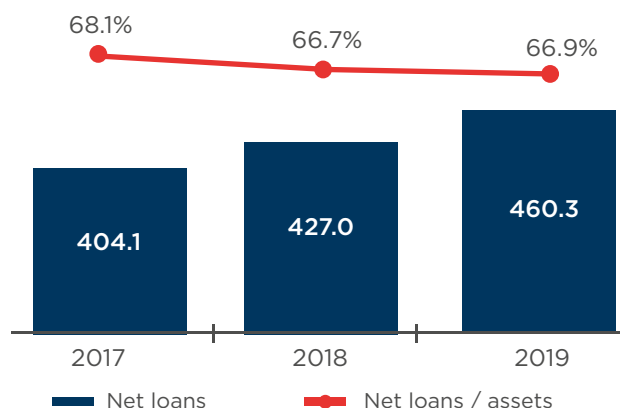


Loan and lease portfolio⁵

At the close of December 2019, the system's net loan portfolio amounted to COP 460.3 trillion and recorded a 7.8% increase from December 2018. The portfolio has grown at an effective annual compound rate of 6.2% for the last three years.

Net consumer loans and mortgages experienced the greatest growth in the year, closing at COP 143.7 trillion and COP 66.1 trillion, respectively. These portfolios showed growth of 16.4% and 9.9% from December 2018.

Net loans



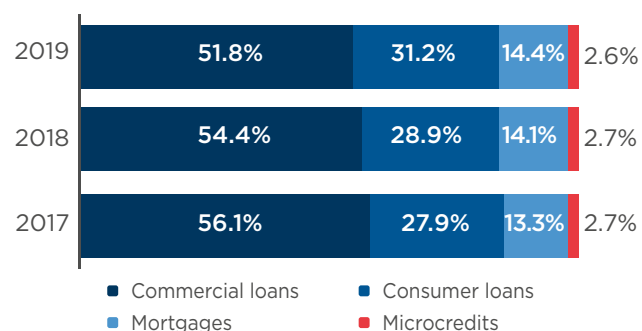
In turn, commercial loans closed at COP 238.5 trillion in December 2019, recording an increase of 2.8% from the close of 2018. Finally, the microcredit portfolio closed at COP 12.0 trillion in December 2019 and grew 5.5% from December 2018.

Commercial loans have still not returned with their strong dynamics, despite the continuity of the economic recovery in the past two years.

5. Defined as loan capital less loan capital allowances (account 14 of the Single Financial Reporting Catalog, CUIF, for the Spanish original, as established by the SFC).

At the close of 2019, the composition of the portfolio showed a greater concentration of consumer loans and mortgages from the close of 2018. At December 2019, commercial loans had a share of 51.8% of the total portfolio, followed by consumer loans, mortgages and microcredits, with shares of 31.2%, 14.4% and 2.6%, respectively.

Net loan portfolio composition

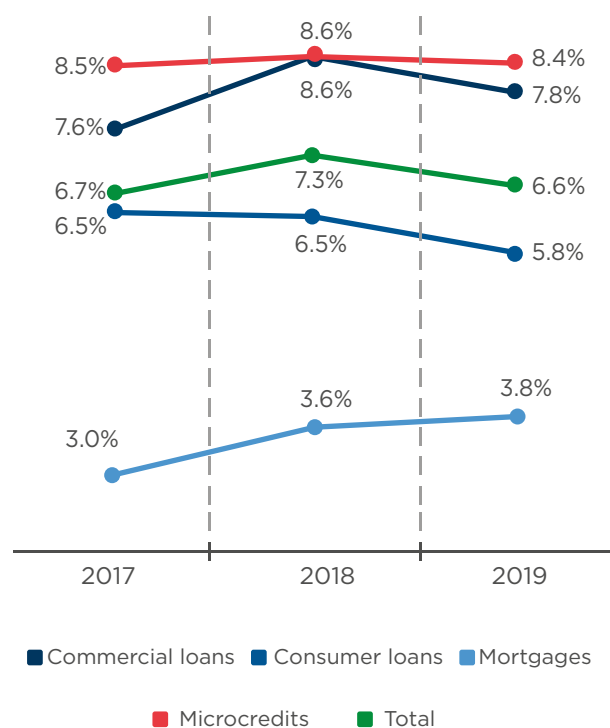


Loan portfolio quality⁶

At the close of 2019, the quality of the system's loan portfolio showed an improvement from the close of 2018. The CDE loan portfolio indicator (measured as CDE loans / total gross loans) decreased to 6.6% in December 2019 from 7.3% in December 2018. Meanwhile, the capital hedging of the gross loan portfolio (measured as the balance of loan allowances / CDE loans) closed at 92.1% in 2019, compared to 86.1% in 2018.

The improvement in loan portfolio quality was driven by consumer and commercial loans. The above in a scenario that gives some indications about the completion of the "credit cycle" in commercial loans and the consolidation of a trend of improvement of the consumer loan quality.

CDE loans by type of portfolio



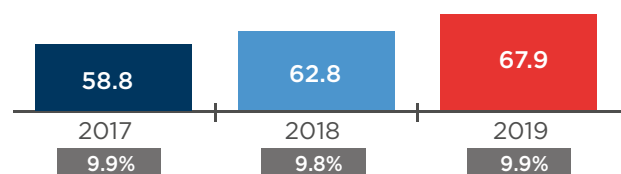
6. Calculated as the balance of loan capital, with C, D or E ratings, divided by the balance of gross loan capital.

Fixed income investments

Fixed income investments closed at COP 67.9 trillion in 2019, showing an increase of 8.0% from 2018. The percentage of fixed income investments over total assets had increased slightly at December 2019, closing at 9.9%, compared to 9.8% at December 2018.

The following graph presents the evolution in fixed income investments at the annual cut-off dates of 2017, 2018 and 2019.

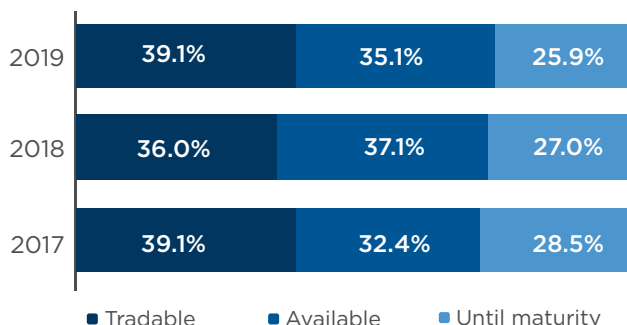
Fixed income investments



The distribution of fixed income investments considerably changed in 2019 from the previous year, showing a greater concentration in investments held for trading and decreasing the

share of investments available for sale and held until maturity.

Fixed income composition

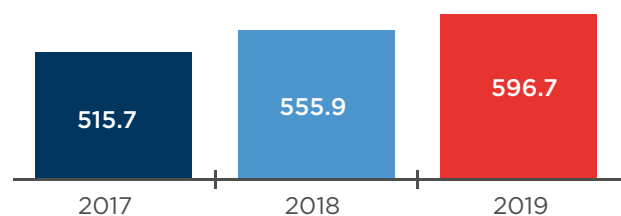


As well as the net loan portfolio and fixed income investments, the banking system's assets are comprised of cash (6.8% of total assets), equity investments and investments in controlled companies, associates and joint ventures (8.7% of total assets) and other tangible and intangible assets (7.8% of total assets).

Liabilities

At December 2019, total liabilities amounted to COP 596.7 trillion, which shows 7.4% growth from December 2018.

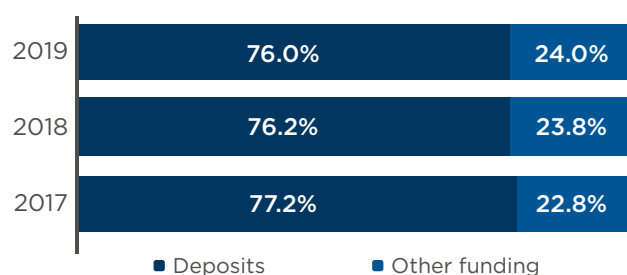
Total liabilities



At the close of 2019, total funding (deposits, bonds, borrowings, loans from government

financing entities and interbank funds) amounted to COP 565.0 trillion, showing a 7.9% increase from December 2018. Out of total funding, deposits represent 76.0% and other funding 24.0%.

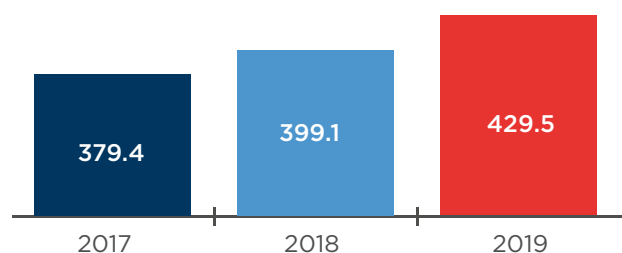
Total funding composition



Deposits

At December 2019, deposits amounted to COP 429.5 trillion, growing 7.6% from the close of December 2018. When analyzing the performance by deposit type, it can be seen that deposits in savings accounts were the most dynamic product, growing 10.7% or COP 19.1 trillion from December 2018, followed by deposits in checking accounts, which increased 7.3% or COP 4.1 trillion in the same period. Term deposits increased by 4.2% or COP 6.6 trillion, while other deposits grew 8.4% or COP 0.6 trillion from December 2018.

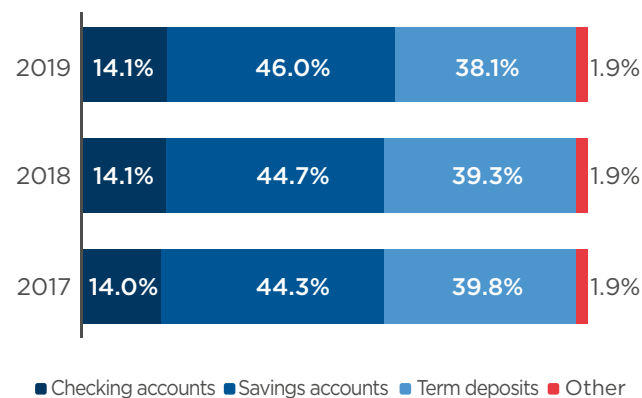
Deposits



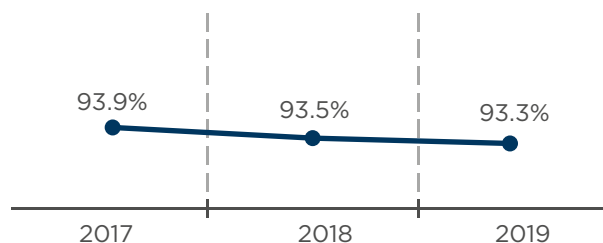
Due to the greater growth of deposits in savings accounts, this type of deposit increased its relative share in total deposits last year.

The system's ratio of deposits to net loans amounted to levels of 93.3%, presenting a slight decrease from the level of 93.5% in December 2018. This shows that for every COP 100 of net loans, the system's banks fund COP 93.3 with deposits and the remainder with other liabilities or equity.

Composition of deposits



Deposits / Net loans



Other funding

Other funding is comprised of bonds, borrowings, loans from government financing entities and interbank funds. The total amounted to COP 135.4 trillion at the close of 2019, representing 8.8%

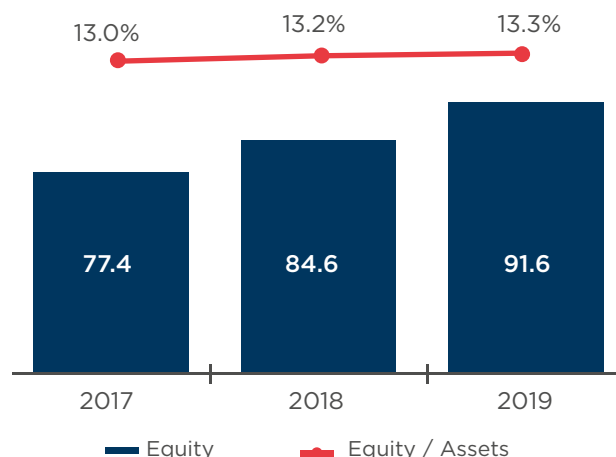
growth from 2018. Out of this growth, 4.7% is due to finance lease liabilities originating from January 1, 2019, and the adoption of IFRS 16.

Equity

At the close of December 2019, the banking system's equity balance amounted to COP 91.6 trillion, growing 8.2% from December 2018. Among the factors that affected the growth in equity of the system's institutions during the year, the impact of the increase in reserves, the growth in subscribed and paid-in capital and the increase in net income stand out.

At the close of December 2019, the ratio of the carrying amount of equity over the total assets of the banking system amounted to 13.3%.

Equity



Main line items of the profit and loss statement and management indicators

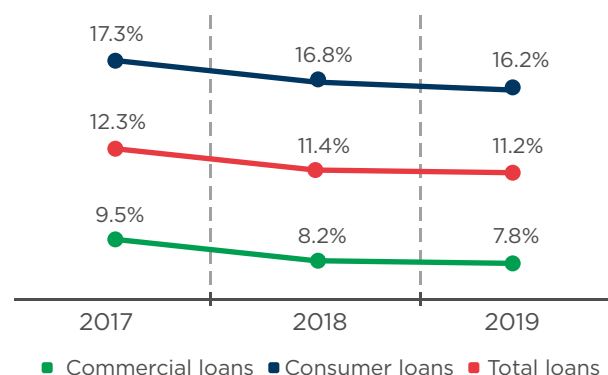
Interest income

Interest income amounted to COP 57.6 trillion between January and December 2019, showing 6.6% growth from the same period of 2018. The income in 2019 included interest from loans, leases and repos of COP 53.3 trillion and income from interest and changes in the fair value of fixed income and equity of COP 4.3 trillion.

The increase in loan portfolio interest was led by the growth in the portfolio balance, while the growth in income from investments was explained by the high returns of trading securities during 2019. This occurred while the global fixed income markets presented important increases in value.

The implicit loan interest rate in 2019, excluding repos and interbank funds, was 11.2%, decreasing by approximately 26 bps from the 2018 rate. The following graph presents the implicit rates for each period for commercial, consumer and total loans.

Implicit loan rates



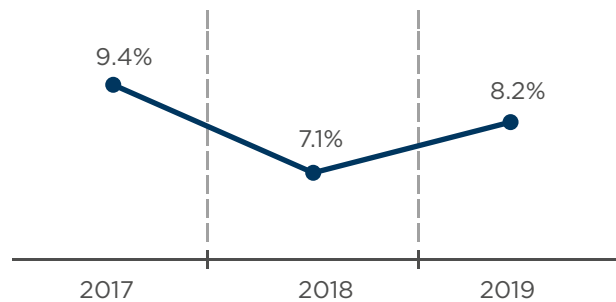
The decrease in the average loan placement rate⁷ was 26 bps compared to a drop of 25 bps in the average term deposit rate (DTF, for the Spanish original), which was 4.5% at November 2019 and 4.8% at November 2018. When analyzing the commercial and consumer loan rates, slowdowns higher than the total rate are observed due to a combination effect inside total average loans, where the average consumer loans increased more than three times the average commercial loans and helped to offset the slowdown.

However, it is worth highlighting that 2019 was a year in which rate competition intensified. This happened because the banks managed to transfer the end of the loan portfolio cycle to the prices offered in the new originations. Even when said performance leads to compression of the net

interest margin, it ends up being offset through the allowance expenses by disbursing better yields.

Meanwhile, the average performance of the fixed income investment portfolio⁸ (interest from coupons, appreciation and attainment of OCI), between January and December 2019 was 8.2%, compared to the return of 7.1% reported in the same period of 2018. The appreciation of fixed income during this period, mainly in the middle parts of the curve, led to the increase in profitability, and the system's position in trading securities enabled the reporting of the effect in the profit and loss statement.

Fixed income rate



7. Calculated as the interest income from loans divided by the average at the 13 points of the average monthly balance of gross loans.

8. Calculated as interest income from the fixed income investments divided by the average at the 13 points of the average monthly balance of fixed income investments.

Interest expenses

Between January and December 2019, interest expenses were COP 21.1 trillion (COP 14.4 trillion of expenses in deposits and COP 6.7 trillion in other funding), increasing 5.2% from the same period of the previous year.

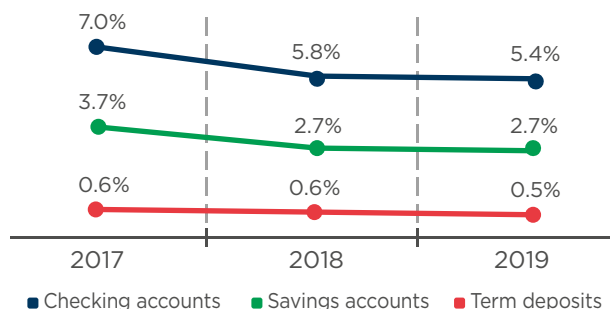
Said increase in expenses is related to the relative stability in deposit interest expenses of 0.9% or COP 0.1 trillion and to an increase of 15.7% or COP 0.9 trillion in other funding expenses. The growth in other funding expenses of 5.4% or

COP 0.3 trillion is mainly due to the finance lease liability interest expenses that resulted from the implementation of IFRS 16.

When analyzing the average cost of deposits⁹, a decrease is shown from an average cost of 3.5% in 2019, to an average cost of 3.7% in 2018. The evolution of the average cost by deposit type is shown below.

9. Calculated as the interest expenses of deposits divided by the average at the 13 points of the average monthly balance of deposits.

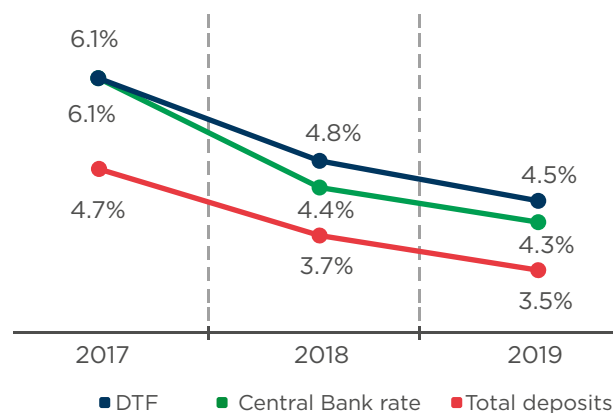
Average cost by deposit type



The drop in the term deposit rates was related to the repricing associated with the expansive cycle in the Central Bank of Colombia's rate, which has been at 4.25% since April 2018. In turn, the other deposits maintained their average cost in line with the stability of the Central Bank's intervention rate during the period of analysis. The average intervention rate of the Central Bank of Colombia,

the average DTF and the total average cost of deposits are compared below.

Benchmark rates*

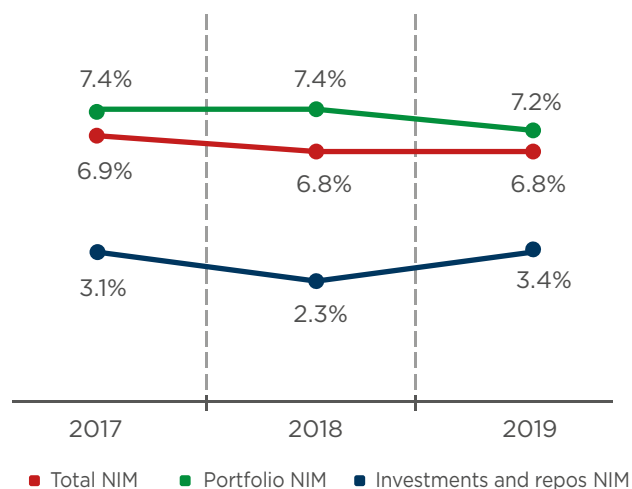


* For the DTF, the monthly average was taken for 2017, 2018 and January to December 2019, and for the Central Bank of Colombia's intervention rate, the daily average for 2017, 2018 and January to December 2019 was taken.

Net interest margin

The net interest margin, calculated as the net income from interest over the average productive assets (understood as the average gross loans plus investments¹⁰ and average repos and interbank funds) presented a slight decrease of 1 bp, remaining relatively stable at 6.8%. This relative stability occurred mainly as a result of an increase of approximately 112 bps in the net interest margin of investments (NIM of investments and repos). The net interest margin of loans (NIM of loans) showed a slight decrease of 17 bps, in line with the decrease in the previously analyzed placement rates.

Net interest margin



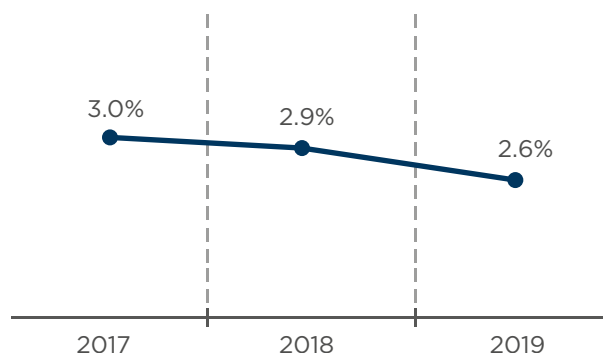
10. Includes equity and tradable fixed income available for sale and fixed income held until maturity.

Net expenses of loan allowances

The net expenses of loan allowances (measured as the allowance for the loan portfolio and interest receivable less the recoveries of written-off loans) reached COP 12.5 trillion between January and December 2019, showing a decrease of 5.2% from the same period the previous year. Additionally, the risk cost¹¹ decreased from 2.9% by approximately 34 bps to 2.6%. The evolution of the risk cost is shown below.

11. Calculated as the net expenses of loan allowances divided by the average at the 13 points of the average monthly balance of the loan portfolio.

Risk cost



Commission income

The net income from commission reached COP 5.4 trillion between January and December 2019, showing a 2.0% increase compared to around COP 5.3 trillion reported the previous year. As a percentage of revenue, net commission comprised

10.5% at December 2019 and 10.9% in the same period of 2018. As a percentage of average assets, net commission comprised 0.8% at December 2019 and 1.2% at December 2018.

Operating expenses

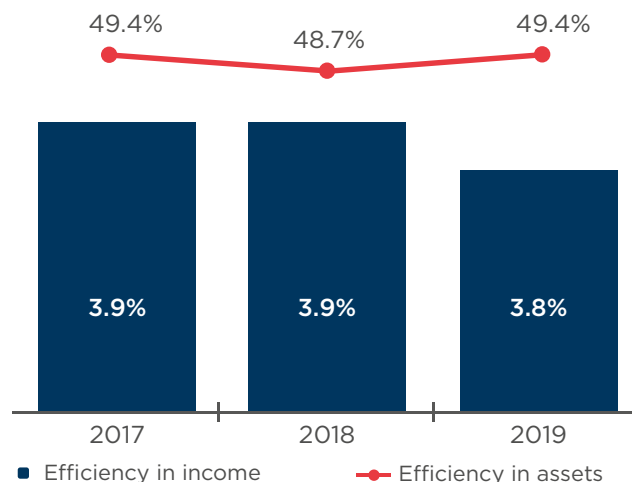
The application of IFRS 16 changed the treatment of leases, migrating from the recognition of a lease expense (administrative) to one that separates those with a duration of more than one year and considered high value from a depreciation portion (associated with the right-of-use asset) and a financial expense (associated with the lease liability). That is why we have migrated the efficiency metrics and the analysis of the operating expenses to include all the system's expenses and not only the staff and administrative expenses.

Additionally, we now include in revenue, all the income apart from the earnings method and the dividends, because these reflect the net income of the subsidiaries and not their separate costs and income, which generate distortions in the efficiency metrics.

Therefore, between January and December 2019, the operating expenses amounted to COP 25.4 trillion, up 7.0% from the COP 23.7 trillion reported in the same period of 2018. The ratio of operating

expenses to revenue was 49.4% for 2019, showing an increase of 69 bps from 2018, when this ratio was 48.7%. The ratio of operating expenses to average assets was 3.8% at December 2019 compared to 3.9% reported in the same period of 2018. The efficiency indicators are presented below.

Efficiency indicators



Implicit tax rate

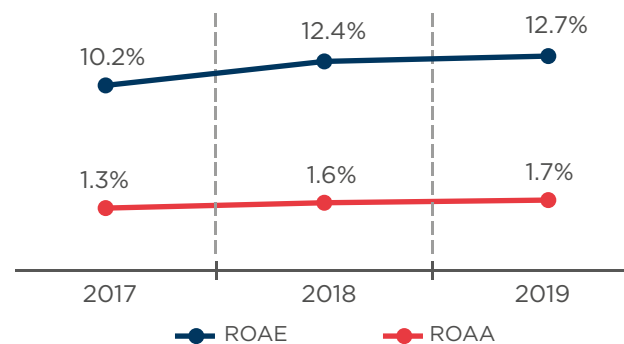
The implicit tax rate (income tax expenses over earnings before tax excluding the equity method and dividends) changed to 29.6% in 2019 from 29.5% in 2018.



Net income

Finally, the net income of the financial sector was COP 11.1 trillion between January and December 2019, showing an increase of 13.7% from the COP 9.7 trillion reported in the same period of the previous year. The profitability indicators of ROAE¹² and ROAA¹³ are shown below.

Profitability indicators



12. Calculated as the net income divided by the average at the 13 points of the average monthly balance of equity.

13. Calculated as the net income divided by the average at the 13 points of the average monthly balance of assets.

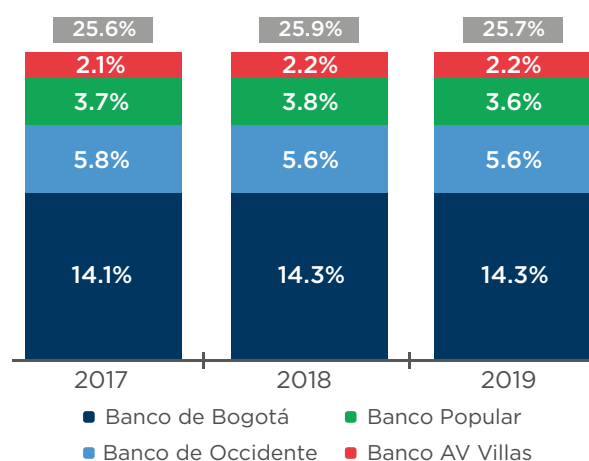
3.6.C. Grupo Aval in the Colombian banking system

The Aval banks' market shares are presented below. These figures were calculated with information from the separate financial statements reported to the SFC based on the International Financial Reporting Standards applicable in Colombia (NCIF).

Through the Aval banks, we are leaders in the local market share in total assets (25.7%), net loans (24.6%), deposits (25.5%), equity (31.7%) and net income (32.7%) at December 31, 2019.

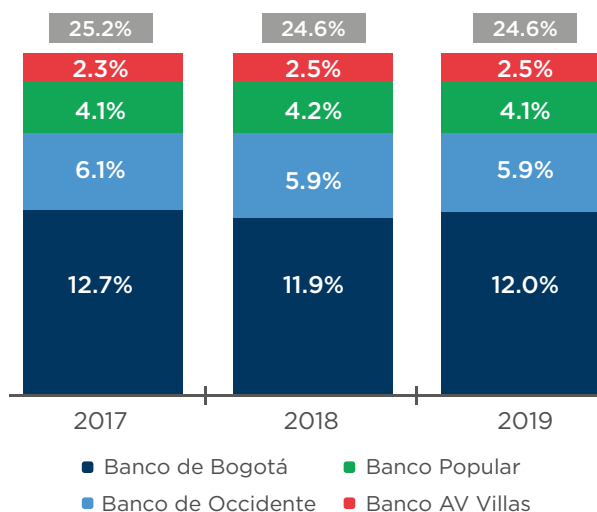
Assets

At December 2019, the Aval banks continued to be leaders in the Colombian financial market, with a joint share in assets of 25.7%. At said date, the Aval banks' assets amounted to COP 176.7 trillion, which showed 6.6% growth from December 2018. The system grew 7.5% during 2019, achieving total assets of COP 688.3 trillion. The evolution of our market shares over total assets is shown below.



Net loans

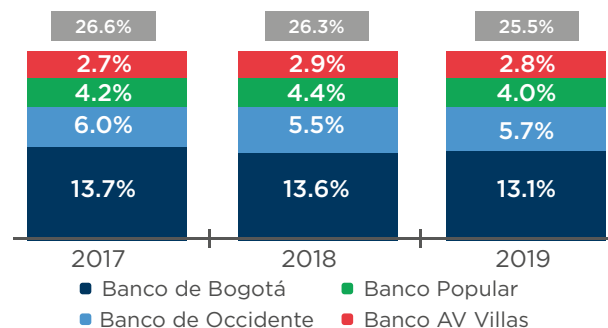
Our market share in net loans at December 2019 closed at 24.6%, remaining stable from the close of 2018. At December 2019, the sum of the Aval banks' net loan balance amounted to COP 113.1 trillion and grew 7.8% from the same month in 2018, while the system's net loans amounted to COP 460.3 trillion with an increase of 7.8% from the previous year.



Deposits

The Aval banks' market share in the deposits balance in December 2019 closed at 25.5%, 81 bps lower than the market share at December 2018. The deposits balance at December 2019 for the Aval banks amounted to COP 109.5 trillion, with a 4.3% increase from December 2018. The system's total deposits amounted to COP 429.5 trillion at the close of 2019, up 7.6% from 2018.

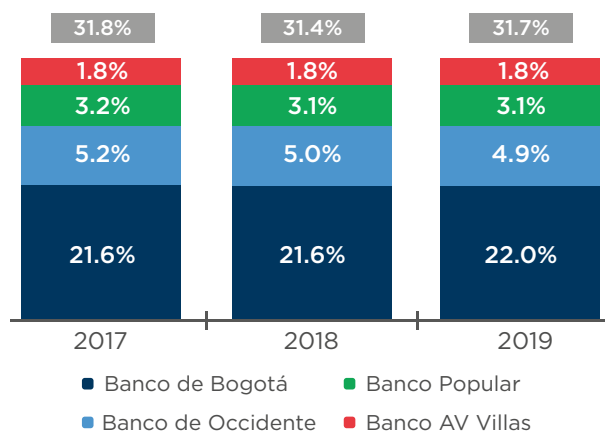
The evolution of the market shares in deposits is shown below.



Equity

At December 2019, the market share of our banks' equity was 31.7%, higher than that obtained in the same period of 2018. The sum of the Aval banks closed at COP 29.1 trillion in December 2019, up 9.3% from December 2018. The system's equity at the close of 2019 was COP 91.6 trillion, showing an increase of 8.2% from the same period of 2018.

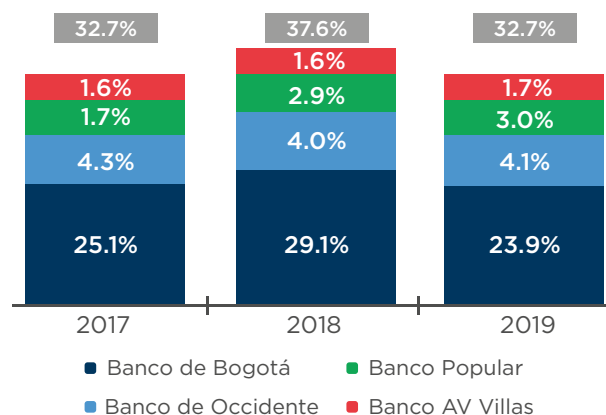
The evolution of the market share in equity is shown below.



Net income

At December 2019, the market share in the net income of all the Aval banks amounted to 32.7%, a lower figure than observed at December 2018 of 37.6%.

The evolution of the market share in net income is shown below.



3.6.D. Results of the Holding Company's separate financial statements

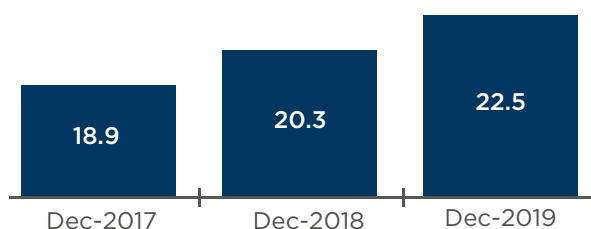
Below, we present a summary of the main figures of our separate financial statements at the close of 2019. The results presented are in accordance with the NCIF. As of January 1, 2019, we adopted IFRS 16 retrospectively with a cumulative effect. In accordance with the transition methods we

selected, the comparative information is not updated. For more information about the adoption of this standard and its impact on the Holding Company, please see note 2 of our audited separate financial statements.

Assets

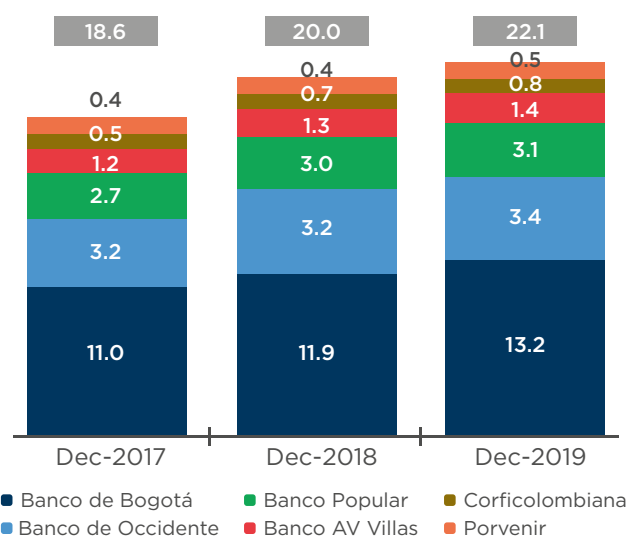
At December 31, 2019, our total assets amounted to COP 22.5 trillion, with an increase of 10.8% from the balance reported at December 31, 2018, of COP 20.3 trillion.

Assets



Our assets mainly consist of our shares in Banco de Bogotá (68.7%), Banco de Occidente (72.3%), Banco Popular (93.7%), Banco AV Villas (79.9%), Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir (20.0%) and Corporación Financiera Colombiana (8.2%).

The growth in the assets line item, directly associated with the growth in the investment line item, was the result of our subsidiaries' equity transactions. Between 2019 and 2018, investments increased 10.5%.



Note: The total includes the investments in Grupo Aval Limited and ADL Digital Labs S.A.S.

Liabilities

Our total liabilities amounted to COP 2.1 trillion at December 2019, showing an increase of 3.5% or COP 71.310 billion, from the balance at December 31, 2018.

57.8% of liabilities and amounted to COP 1.2 trillion, borrowings to 20.2%, and the remaining 22.0% is comprised of dividends, taxes and other accounts payable.

At December 31, 2019, outstanding bonds denominated in Colombian pesos represented

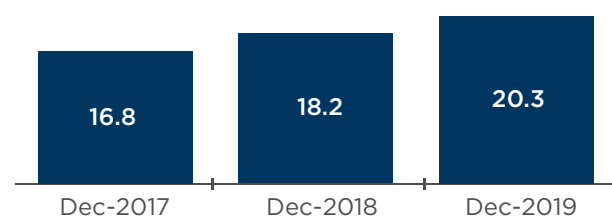
Grupo Aval's issuances in the local market are broken down below:

Year	Cash (millions)	Rate	Rating
2009 issuance (Series A – 15 years)	COP 124,520	CPI + 5.20%	AAA – BRC Investor Services S.A.
2016 issuance (Series A – 10 years)	COP 93,000	CPI + 3.86%	AAA – BRC Investor Services S.A.
2016 issuance (Series A – 20 years)	COP 207,000	CPI + 4.15%	AAA – BRC Investor Services S.A.
2017 issuance (Series A – 3 years)	COP 100,000	CPI + 2.69%	AAA – BRC Investor Services S.A.
2017 issuance (Series A – 25 years)	COP 300,000	CPI + 3.99%	AAA – BRC Investor Services S.A.
2019 issuance (Series C – 5 years)	COP 100,000	6.42%	AAA – BRC Investor Services S.A.
2019 issuance (Series A – 20 years)	COP 300,000	CPI + 3.69%	AAA – BRC Investor Services S.A.
TOTAL	COP 1,224,520		

Shareholder equity

At the close of December 31, 2019, shareholder equity amounted to COP 20.3 trillion, with an increase of 11.6% or COP 2.1 trillion from the equity at the close of December 2018. The change in equity reflects the growth in value of our investments and the changes in earnings of the period net of the dividends declared.

Equity



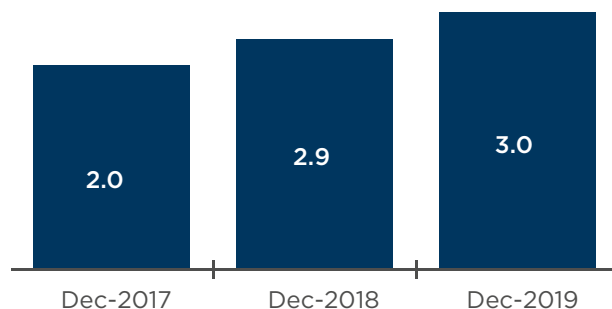
Net income

The net income in our separate financial statements is the result of the income by the equity method of our investments net of the Holding Company's operating and financial expenses.

also occurred thanks to the better results of the Group's direct investments.

At the close of 2019, we had a net income of COP 3.0 trillion, compared to one of COP 2.9 trillion for the year ending on December 31, 2018, which shows a 5.0% increase. The net earnings per share in 2019 were COP 136. The increase in Grupo Aval's net income mainly occurred as the result of an increase in income by the equity method of 5.1% or COP 0.1 trillion from 2018. This increase

Net income



Main figures of Grupo Aval Limited (GAL)

Grupo Aval Limited is our off-shore subsidiary, through which we had made two senior bond issuances in the international market at December 31, 2019, 100% endorsed by Grupo Aval. The bond issuance that remains on the market is as follows:

Current issuances ¹⁴	2012
Duration	10 years
Maturity	September 2022
Amount	USD 1 billion
Coupon rate	4.75%

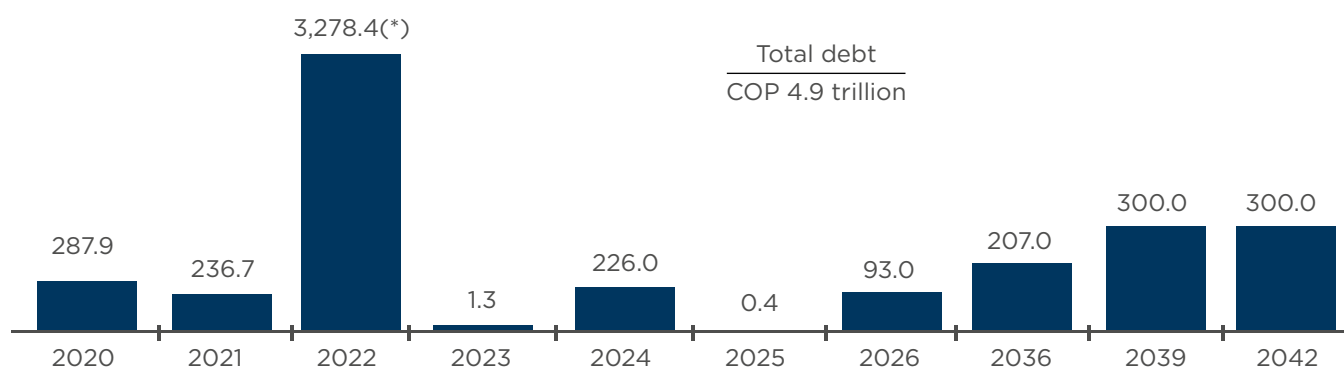
14. For information about the issuance of international bonds on February 4, 2020, see Chapter 5.2 "Events after the closing date".

At December 31, 2019, GAL's assets amounted to USD 882.0 million. Cash and investments that can be liquidated amounted to USD 284.0 million. Loans to related parties amounted to USD 597.9 million (of which USD 226.4 million were for loans granted to Covioriente, USD 186.1 million for loans granted to Porvenir and USD 185.3 million for loans granted to Leasing Bogotá Panamá and BAC International Bank, Inc.). The liabilities associated with the capital and interest of the bonds described above amounted to USD 1.0124 billion at the cut-off date of December 31, 2019.

Profile of capital due on borrowings of Grupo Aval and Grupo Aval Limited (trillions of COP)

At December 31, 2019, Grupo Aval and Grupo Aval Limited had a total combined debt of COP 5.0 trillion, including interest. The profile of capital due

on borrowings of Grupo Aval and Grupo Aval is presented below (billions).



Source: Grupo Aval. (*) Mostly from the issuance by GAL of USD 1 billion. Figure restated at the exchange rate of COP 3,277.14 of December 31, 2019.

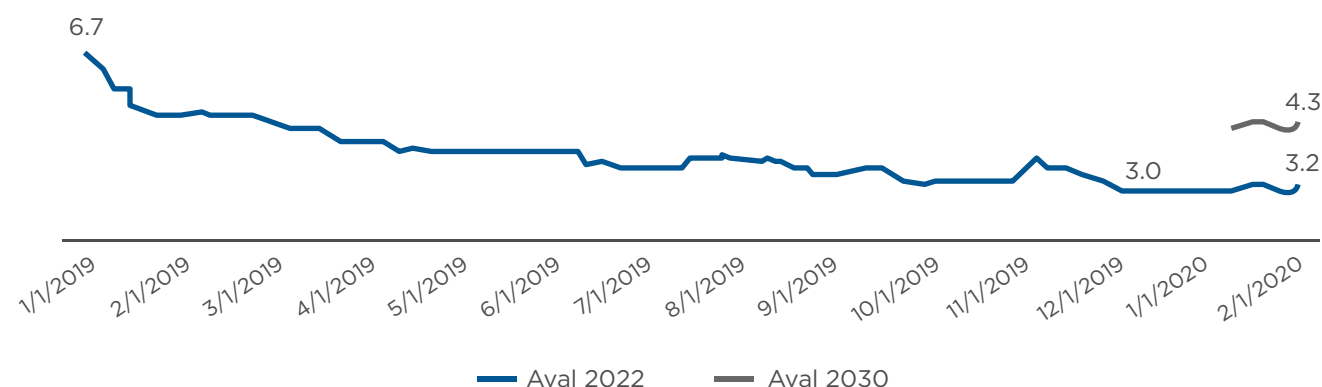
Main debt metrics and hedging of the debt service of Grupo Aval and Grupo Aval Limited (combined)

Debt and hedging of the debt service	2017	2018	2019	Δ 2019 vs. 2018	Δ 2019 vs. 2017
Double leverage	1.16x	1.15x	1.14x	-0.01	-0.02
Net debt / Income from flow	2.9x	2.8x	2.6x	-0.25	-0.37
Net debt / Flow of dividends	3.6x	3.5x	3.2x	-0.37	-0.44
Income from flow / Interest expenses	5.0x	5.3x	5.6x	0.38	0.67

Double leverage is calculated as investments in subsidiaries at the book value (excluding revaluations), subordinated loans to subsidiaries and goodwill, as a percentage of the shareholder equity. (2) The income from cash flow is defined as recurring cash flow of dividends, investments and income from net annual operations. (3) Net debt is calculated as the total debt less cash and cash equivalents and fixed income investments.

Evolution of the rates of return on the bonds issued by Grupo Aval Limited during 2019

Return on Bonds (%)



Source: Bloomberg. Latest prices at February 28, 2020.

At February 28, 2020, Grupo Aval Limited's ratings were rated as BBB by Fitch and as Ba2 by Moody's.

3.6.E. Results of Grupo Aval's consolidated financial statements

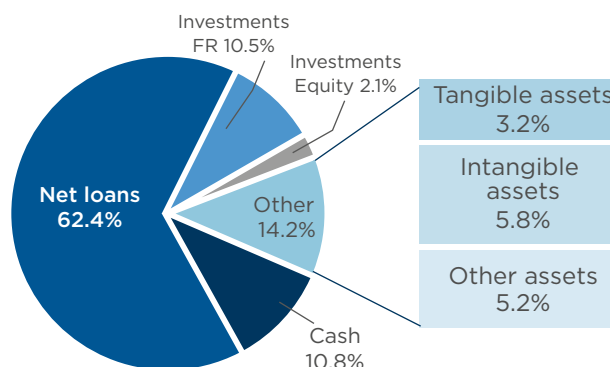
Below, we present a summary of the main figures of our consolidated financial statements at the close of 2019. The results presented are in accordance with the NCIF. As of January 1, 2019, we adopted IFRS 16 retrospectively with a cumulative effect.

In accordance with the transition methods we selected, the comparative information is not updated. The figures are expressed in trillions of Colombian pesos, except when otherwise indicated.

Assets

At December 31, 2019, our assets amounted to COP 278.8 trillion, with an increase of 7.4% from the balance reported at December 31, 2018, of COP 259.7 trillion. The assets of our Colombian operations, which comprise 70.3% of total consolidated assets increased 8.2% in the year, while our Central American operations, which comprise 29.7% of total consolidated assets, grew 5.6% in Colombian pesos (4.7% in U.S. dollars).

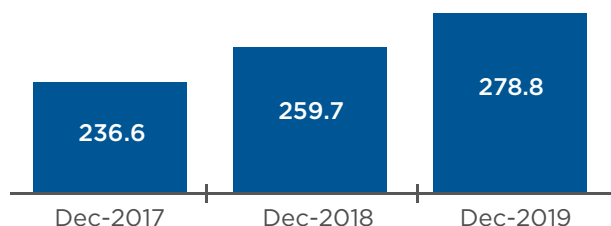
Composition of assets 2019



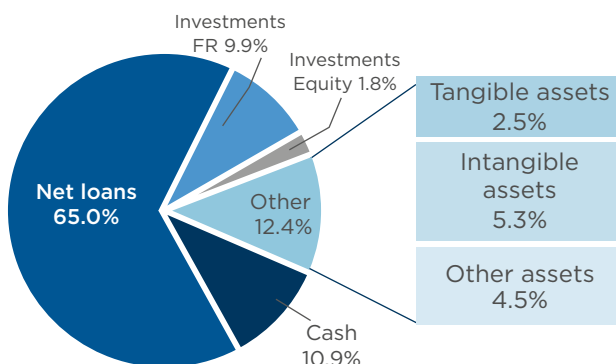
Our net loans at the close of 2019 amounted to COP 173.9 trillion, with a growth of 3.1% or COP 5.3 trillion during the year and comprised 62.4% of the total assets at December 31, 2019.

Our net loans, excluding repos, grew 6.3% in the year and amounted to COP 171.2 trillion. By type of loan: (i) net commercial loans, which comprise 55.3% of the total net loans (excluding repos), increased 4.8%, (ii) net consumer loans, which comprise 32.9% of total net loans (excluding repos), increased 8.2%, (iii) net mortgages, which comprise 11.6% of total net loans (excluding repos), increased 8.6%. The net microcredit portfolio, which comprises only 0.2% of total net loans (excluding repos), decreased 5.0%.

Assets



Composition of assets 2018



In turn, fixed income investments, which comprise 10.5% of our total assets, amounted to COP 29.3 trillion at December 31, 2019, increasing by 14.2% or COP 3.6 trillion in the year. In the fixed income portfolio, 47.9% of investments are comprised of Colombian sovereign securities, 17.6% of sovereign securities not from Colombia, 12.5% of securities issued by other entities of the Colombian

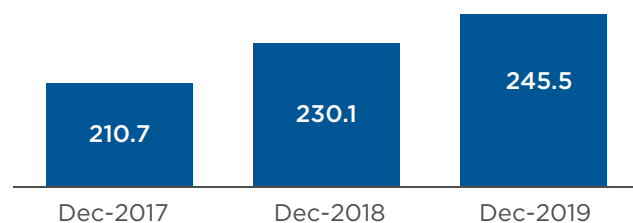
government, and 3.4% of securities issued by central banks.

Cash comprised 10.8% of total assets and in other assets, the intangible assets and tangible assets stand out, which had weightings of 5.8% and 3.2% of total assets, respectively.

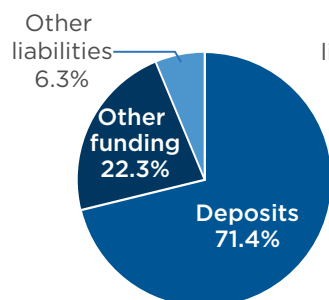
Liabilities

Our liabilities amounted to COP 245.5 trillion at the close of 2019, increasing 6.7% or COP 15.4 trillion from the balance at December 31, 2018. The liabilities of our Colombian operations, which comprise 72.2% of total liabilities, increased 7.8% in the year, while those of our Central American operations, which comprise 27.8% of our liabilities, grew 3.9% in Colombian pesos (3.1% in U.S. dollars).

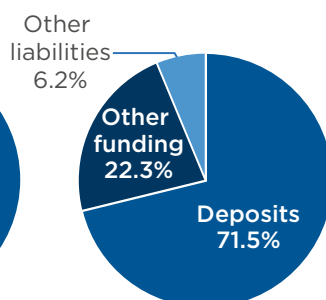
Liabilities



Composition of liabilities 2018



Composition of liabilities 2019

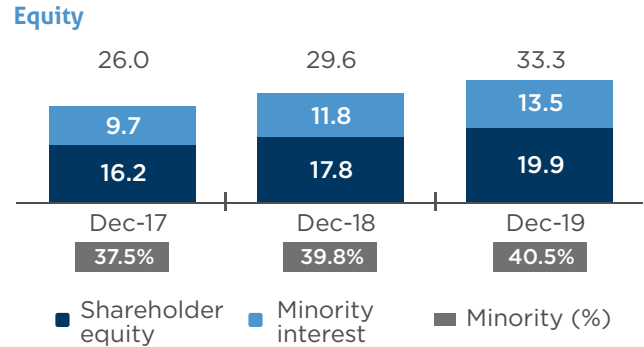


Public deposits comprised 71.5% of our total liabilities at December 31, 2019, amounting to COP 175.5 trillion, showing an increase of COP 11.1 trillion or 6.8% in the year. Within total deposits: (i) term deposits, which comprise 41.7% of total deposits, increased 9.5%; (ii) deposits in savings accounts, which comprise 33.8% of total deposits, increased 3.7%; and (iii) deposits in checking accounts, which comprise 24.2% of total deposits, increased 6.9%. Other deposits comprise only 0.3% of total deposits.

In turn, other funding, comprised of borrowings, bonds, interbank loans and borrowings from government financing entities, which comprise 22.3% of our total liabilities, amounted to COP 54.8 at December 31, 2019, showing an increase of 7.1% or COP 3.6 trillion in the year. The annual growth is due to an increase of COP 2.4 trillion in the interbank funds balance, an increase of COP 1.8 trillion in the bond balance and a decrease of COP 0.8 trillion in the borrowings balance.

Equity

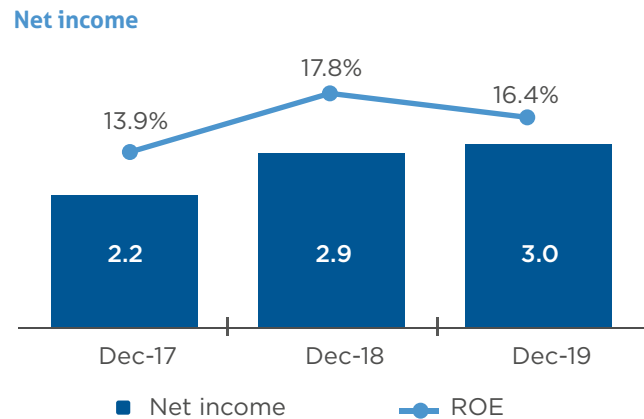
At the close of December 31, 2019, our total equity amounted to COP 33.3 trillion, with an increase of COP 3.8 trillion or 12.8% from the equity at the close of December 2018. The equity attributable to Grupo Aval's shareholders amounted to COP 19.9 trillion at December 31, 2019, and increased 11.6% or COP 2.1 trillion in the year.



Net income

At the close of the year ending on December 31, 2019, Grupo Aval reported earnings attributable to the shareholders of COP 3.0 trillion, increasing 4.2% from the COP 2.9 trillion of the year ended on December 31, 2018.

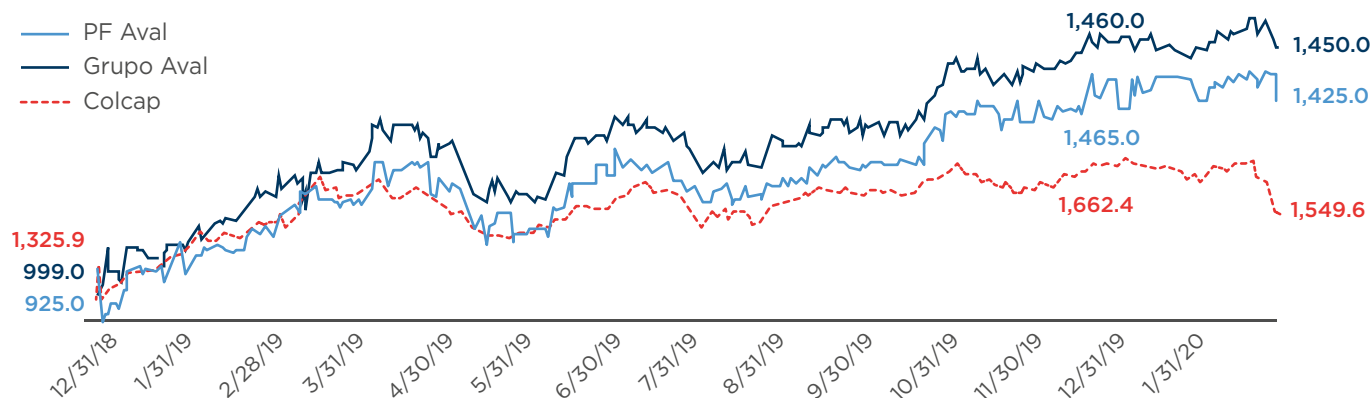
Finally, our returns indicators in 2019 were 16.4% on equity (ROE) and 2.0% on assets (ROA), compared to the 2018 indicators of 17.8% and 2.2%, respectively.



3.6.F. Performance of Grupo Aval's shares

During the period between December 31, 2019, and December 31, 2018, the price of our common share (GRUPOAVAL) increased 46.1% from COP 999 to COP 1,460. In turn, our preferred share (PFAVAL), the Company's most liquid share, increased 58.4% from

COP 925 to COP 1,465 in the same period. During the same period of time, the COLCAP increased 25.4%, from COP 1,326 to COP 1,662.



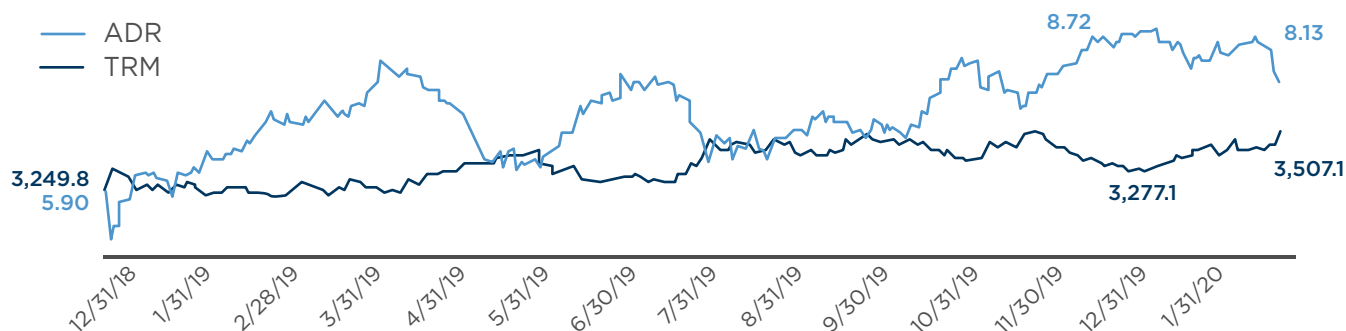
* Base graph 100 from the prices of December 31, 2018. Latest prices at February 28, 2020.

Source: Bloomberg.

At the cut-off of February 28, 2020, the price of our common share was COP 1,450, which shows a 0.7% decrease in the year-to-date, while the price of our preferred shares was COP 1,425, showing a 2.7% decrease in the year-to-date.

Meanwhile, the ADR (AVAL) listed on the NYSE and equivalent to 20 Aval preferred shares had a price of USD 8.72 at the cut-off of December 31, 2019,

showing a 47.8% increase from the price at December 31, 2018, when it was USD 5.90. The performance of the ADR, also taking into account the price of the preferred share, is positively or negatively affected by the evolution of the Official Exchange Rate (TRM). In 2019, the TRM showed a devaluation of 0.8%, from COP 3,249.8 at December 31, 2018, to COP 3,277.14 at December 31, 2019.



* Base graph 100 as of December 31, 2018. Latest prices at February 28, 2020.

Source: Bloomberg.

3.6.G. Results of our subsidiaries in Colombia

At the close of 2019, our main subsidiaries were Banco de Bogotá, Banco de Occidente, Banco Popular, Banco AV Villas, Corficolombiana and Porvenir, whose results are listed below. The presented results are in accordance with the NCIF and refer to the consolidated financial statements of each entity. The Group adopted IFRS 16

retrospectively with the cumulative effect as of January 1, 2019. In accordance with the transition methods selected, the comparative information is not updated. The figures are expressed in trillions of Colombian pesos, except when otherwise indicated.

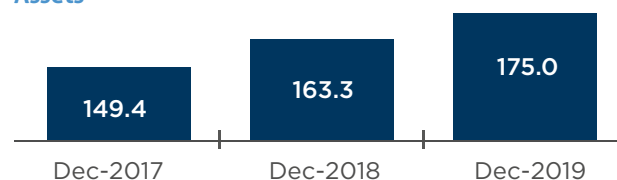
Banco de Bogotá



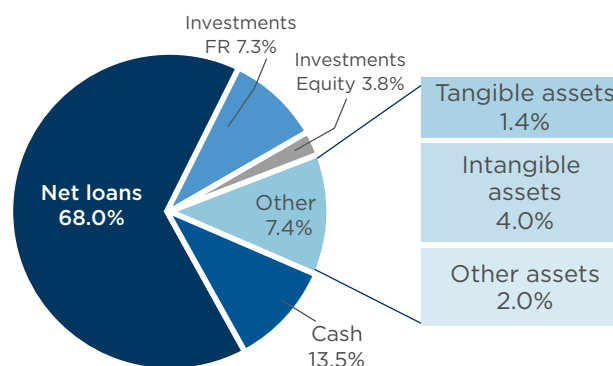
Assets

At December 31, 2019, the bank's total assets amounted to COP 175.0 trillion, which is due to an increase of 7.2% or COP 11.7 trillion from the balance at December 31, 2018. The assets of Banco de Bogotá's Colombian operations, which comprised 52.6% of total assets, increased 8.6% in the year, while the Central American operations, which comprised 47.4% of total assets, increased 5.6% in Colombian pesos (4.7% in U.S. dollars).

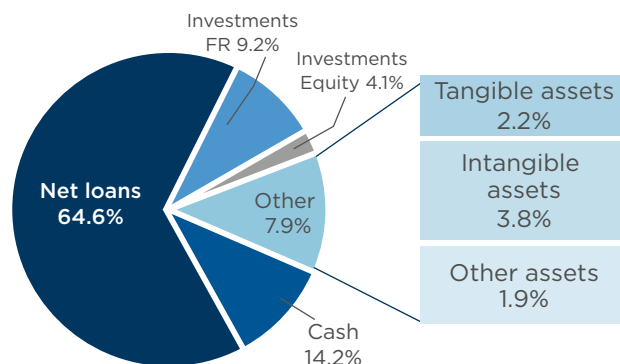
Assets



Composition of assets 2018



Composition of assets 2019



In turn, net loans, which comprised 64.6% of assets at December 31, 2019, were at COP 113.1 trillion and increased 1.9% or COP 2.1 trillion during the year.

Net loans, excluding repos, grew 6.6% in the year and amounted to COP 111.3 trillion. By type of loan: (i) net commercial loans, which comprise 58.2% of total net loans (excluding repos), increased 6.0%;

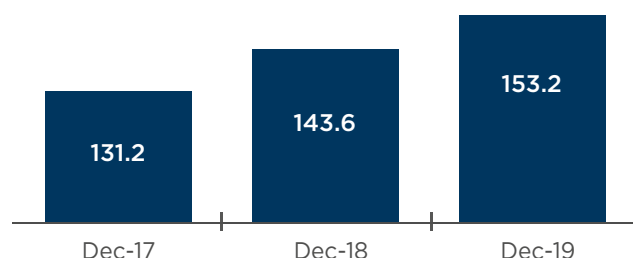
(ii) net consumer loans, which comprise 28.1% of total net loans (excluding repos), increased 7.8%; and (iii) net mortgages, which comprise 13.4% of total net loans (excluding repos), increased 7.3%. The net microcredit portfolio only comprises 0.3% of total net loans (excluding repos).

Fixed income investments, which comprised 9.2% of the total assets, amounted to COP 16.1 trillion at December 31, 2019, increasing by 34.5% or COP 4.1 trillion in the year. Out of assets other than the bank's loans and fixed income investments, cash, intangible assets, and investments in equity instruments and in associates and property, plant and equipment stand out.

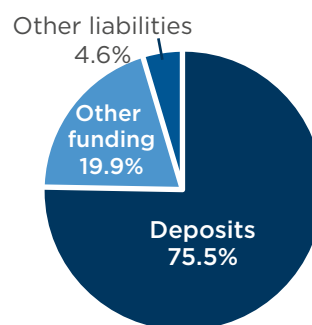
Liabilities

Liabilities were at COP 153.2 trillion at the close of 2019, increasing 6.6% from the balance at December 31, 2018. The liabilities of Banco de Bogotá's Colombian operations, which comprised 55.4% of total liabilities, increased 8.9% in the year, while the Central American operations, which comprised 44.6% of total liabilities, increased 3.9% in Colombian pesos (3.1% in U.S. dollars).

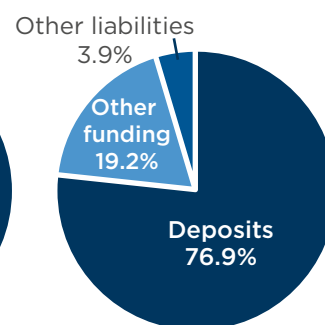
Liabilities



Composition of liabilities 2018



Composition of liabilities 2019



Public deposits comprised 76.9% of total liabilities and amounted to COP 117.8 trillion at December 31, 2019, increasing by 8.7% or COP 9.4 trillion in the year. Within total deposits: (i) term deposits, which comprise 41.4% of total deposits, increased 7.7%; (ii) deposits in checking accounts, which comprise 28.9% of total deposits, increased 7.4%; and (iii)

deposits in savings accounts, which comprise 29.5% of total deposits, increased 11.5%. Other deposits comprise only 0.3% of total deposits.

In turn, other funding, comprised of borrowings, bonds, interbank funds and borrowings from government financing entities, which comprise

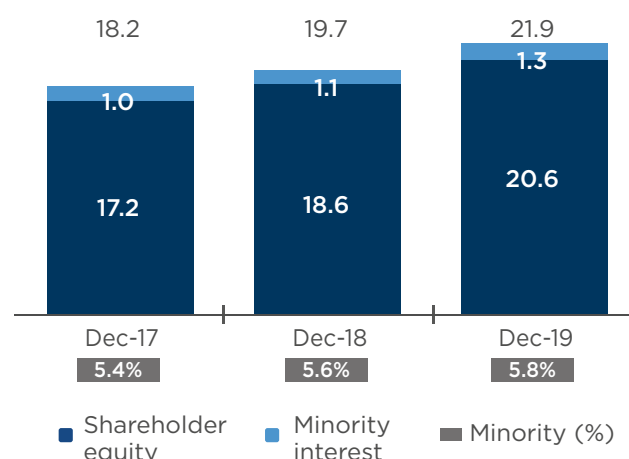
19.2% of total liabilities, amounted to COP 29.4 trillion at December 31, 2019, showing growth of 2.8% or COP 0.8 trillion in the year. The increase in the year is mostly due to growth in the balance of interbank funds.

Equity

At the close of December 31, 2019, Banco de Bogotá's total equity amounted to COP 21.9 trillion, with an increase of COP 2.2 trillion or 11.1% from the equity at the close of December 2018.

The bank's shareholder equity amounted to COP 20.6 trillion at December 31, 2019, and increased 10.9% or COP 2.0 trillion in the year. The equity attributable to third parties (non-controlling interest) amounted to COP 1.3 trillion, increasing by 15.8% or COP 0.2 trillion in the year.

Equity

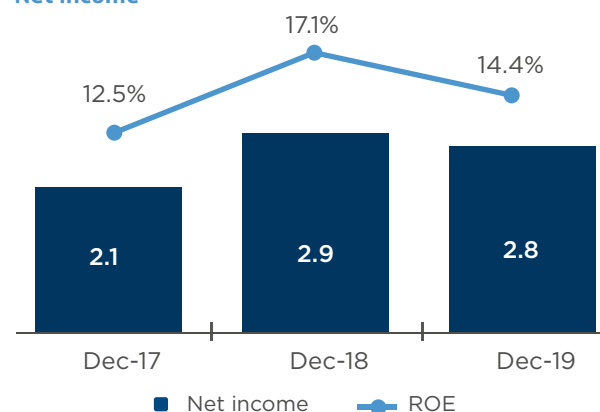


Net income

During the year ending on December 31, 2019, Banco de Bogotá reported a net income attributable to shareholders of COP 2.8 trillion compared to COP 2.9 trillion for the year ending on December 31, 2018.

Finally, the returns indicators of 2019 were 14.4% on equity (ROE) and 1.8% on assets (ROA), compared to the 2018 indicators of 17.1% and 2.1%, respectively.

Net income



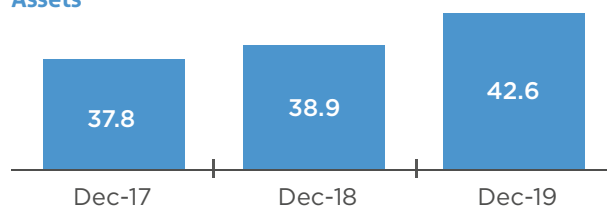
Banco de Occidente



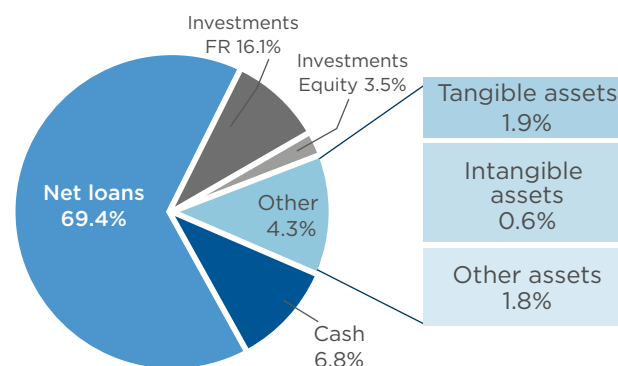
Assets

At December 31, 2019, the bank's total assets amounted to COP 42.6 trillion, which is due to an increase of 9.4% or COP 3.7 trillion from the balance at December 31, 2018.

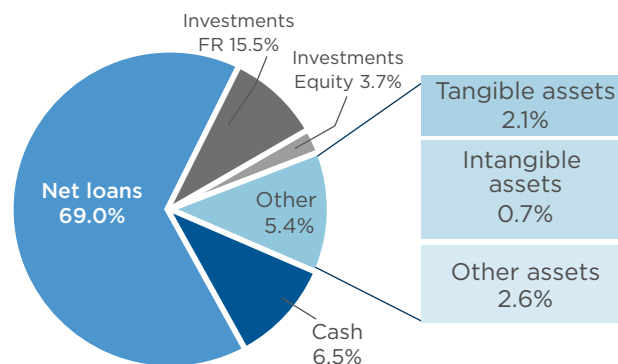
Assets



Composition of assets 2018



Composition of assets 2019



In turn, net loans, which comprised 69.0% of assets, were at COP 29.4 trillion, presenting an increase of 8.8% or COP 2.4 trillion during the year. Net loans, excluding repos, grew 9.3% in the year and amounted to COP 28.8 trillion. By type of loan: (i) net commercial loans, which comprise 71.1% of total net loans (excluding repos), increased 9.2%; (ii) net consumer loans, which comprise 23.5% of total net loans (excluding repos), increased 7.5%;

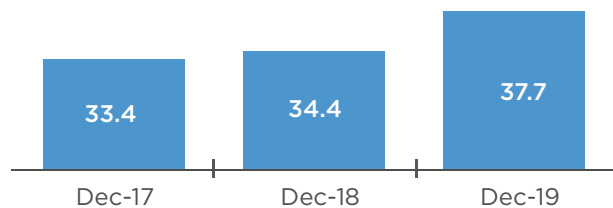
and (iii) net mortgages, which comprise 5.5% of total net loans (excluding repos), increased 18.8%.

Fixed income investments, which comprised 15.5% of total assets, amounted to COP 6.6 trillion at the close of December 31, 2019, increasing by 5.3% in the year. Out of assets other than the bank's loans and fixed income investments, cash and investments in equity instruments and in associates and property, plant and equipment stand out.

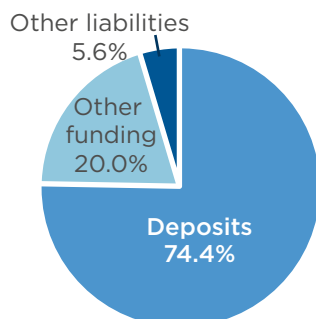
Liabilities

In turn, liabilities were at COP 37.7 trillion, increasing 9.6% from the balance at December 31, 2018.

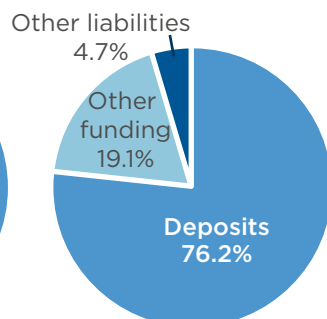
Liabilities



Composition of liabilities 2018



Composition of liabilities 2019



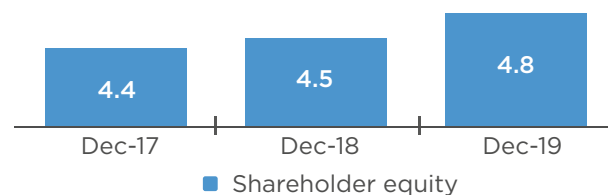
Public deposits comprised 76.2% of total liabilities and increased 12.2% from the balance at December 31, 2018. Within total deposits: (i) deposits in savings accounts, which comprise 43.8% of total deposits, increased 13.8%; (ii) term deposits, which comprise 33.9% of total deposits, increased 16.3%; and (iii) deposits in checking accounts, which comprise 22.2% of total deposits, increased 3.8%. Other deposits comprise only 0.2% of total deposits.

Other funding, comprised of borrowings, bonds, interbank funds and loans from government financing entities comprised 19.1% of the bank's liabilities and amounted to COP 7.2 trillion, increasing 4.6% in the year.

Equity

At the close of 2019, shareholder equity amounted to COP 4.8 trillion, 7.9% higher than the value of December 2018. Shareholder equity comprises 99.5% of total equity.

Equity

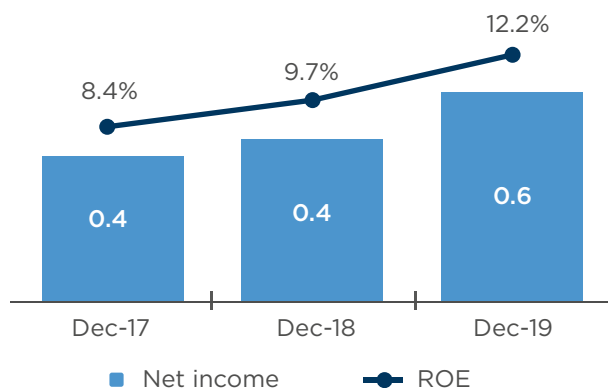


Net income

Banco de Occidente reported a net income attributable to shareholders of COP 563.356 billion during the year ending on December 31, 2019, which is positive compared to the COP 413.390 billion during 2018.

Finally, the returns indicators for 2019 were 12.2% on equity (ROE) and 1.4% on assets (ROA). These indicators in 2018 were 9.7% and 1.1%, respectively.

Net income



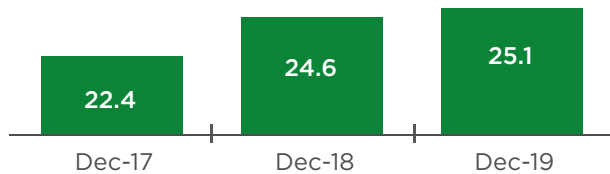
Banco Popular



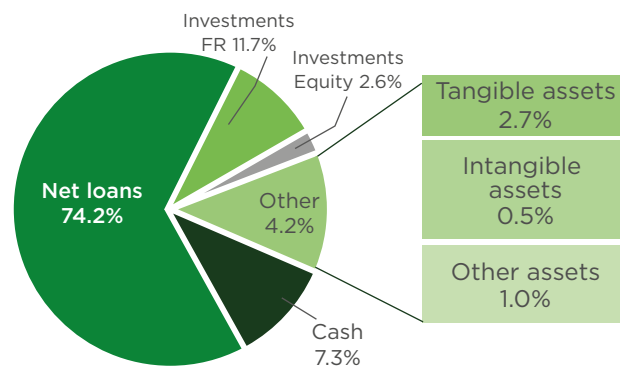
Assets

At December 31, 2019, the bank's total assets amounted to COP 25.1 trillion, which is due to an increase of 1.9% or COP 0.5 trillion from the balance at December 31, 2018.

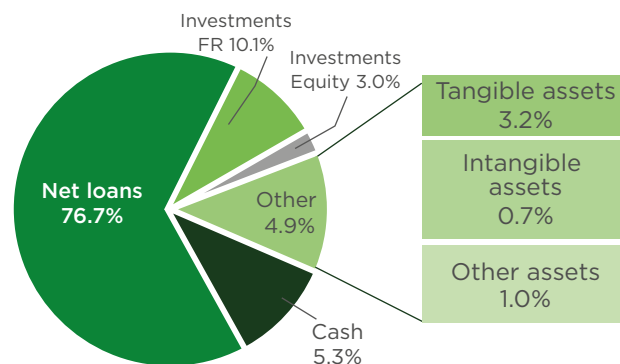
Assets



Composition of assets 2018



Composition of assets 2019



In turn, net loans, which comprised 76.7% of assets, amounted to COP 19.3 trillion and had an increase of 5.3% or COP 1.0 trillion during the year. By type of loan: (i) net consumer loans, which comprise 58.8% of total net loans, increased 9.3%; (ii) net commercial loans, which comprise 36.2% of total net loans, decreased 1.7%; and (iii) net mortgages, which comprise 4.9% of total net loans, increased 17.5%. The repos and microcredit

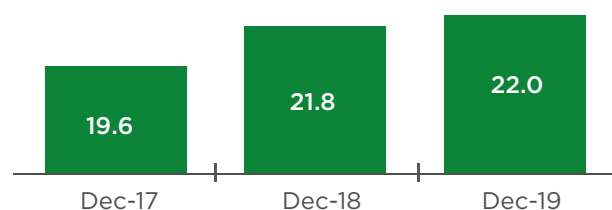
portfolio comprised 0.09% and 0.03% of total net loans, respectively.

Fixed income investments, which comprised 10.1% of total assets, amounted to COP 2.5 trillion at the close of December 31, 2019, decreasing by 11.7% or COP 0.3 trillion in the year. Out of assets other than the bank's loans and fixed income investments, cash and investments in equity instruments and in associates and property, plant and equipment stand out.

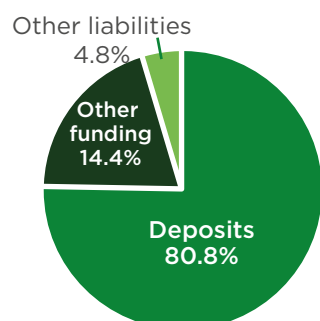
Liabilities

In turn, liabilities were at COP 22.0 trillion, increasing 1.3% from the balance at the close of December 2018.

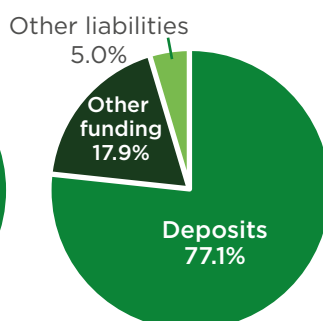
Liabilities



Composition of liabilities 2018



Composition of liabilities 2019



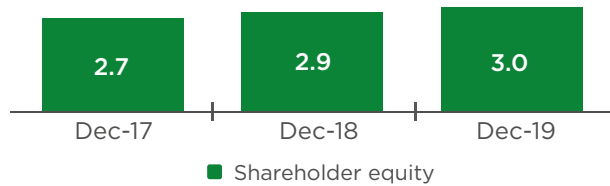
Public deposits comprised 77.1% of total liabilities and decreased 3.3% or COP 0.6 trillion from the balance at December 31, 2018. Within total deposits: (i) deposits in savings accounts, which comprise 48.9% of total deposits, decreased 12.1%; (ii) term deposits, which comprise 44.6% of total deposits increased 9.5%; and (iii) deposits in checking accounts, which comprise 6.5% of total deposits, increased 2.1%. Other deposits comprise only 0.1% of total deposits.

Other funding, comprised of borrowings, bonds, interbank funds and loans from government financing entities comprised 17.9% of the bank's liabilities and amounted to COP 4.0 trillion, increasing 26.0%. The increase in the year is mostly due to growth in the balance of interbank loans and loans from banks and other entities.

Equity

At the close of 2019, shareholder equity amounted to COP 3.0 trillion, increasing 6.3% from the value of December 2018. Shareholder equity comprises 99.0% of total equity.

Equity

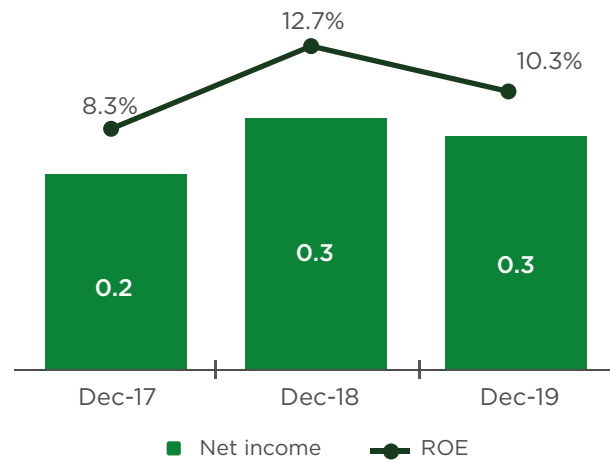


Net income

Banco Popular reported a net income attributable to shareholders of COP 301.256 billion during the year ending on December 31, 2019, decreasing 12.3% from the COP 343.313 billion reported during 2018.

Finally, the returns indicators for 2019 were 10.3% on equity (ROE) and 1.2% on assets (ROA). In 2018, these indicators were 12.7% and 1.5%, respectively.

Net income



Banco AV Villas



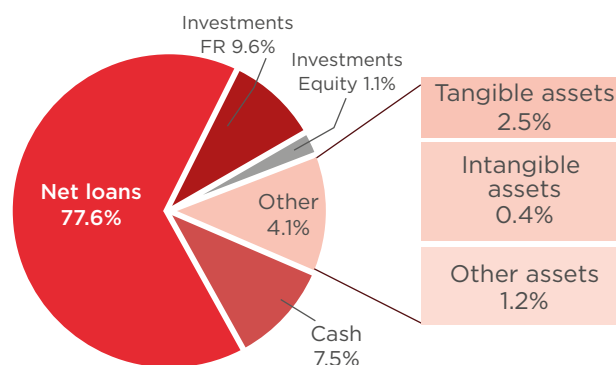
Assets

At December 31, 2019, the bank's total assets amounted to COP 15.2 trillion, which is due to an increase of 7.0% or COP 1.0 trillion from the close of December 2018.

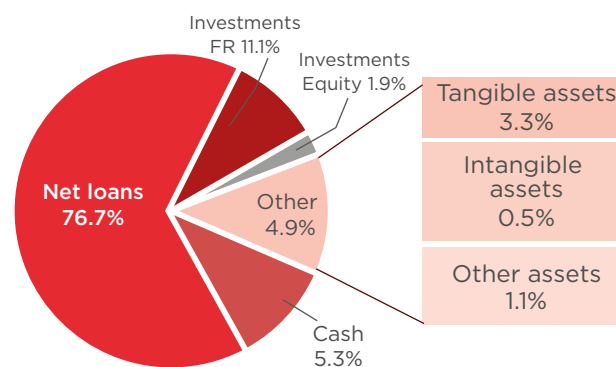
Assets



Composition of assets 2018



Composition of assets 2019



In turn, net loans, which comprised 76.7% of assets, were at COP 11.7 trillion, showing an increase of 5.8% or COP 0.6 trillion from December 2018. By type of loan: (i) net consumer loans, which comprise 55.4% of total net loans, increased 8.9%;

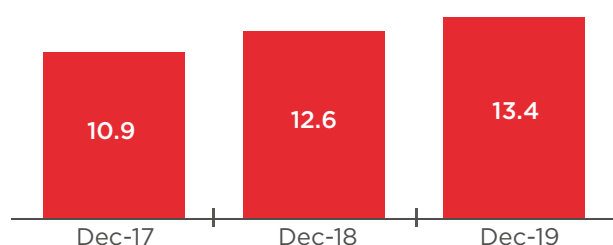
(ii) net commercial loans, which comprise 24.2% of total net loans, decreased 0.02%; and (iii) net mortgages, which comprise 20.4% of total net loans, increased 7.6%. The microcredit portfolio comprises only 0.01% of net loans.

Fixed income investments, which comprised 11.1% of total assets, reported a balance of COP 1.7 trillion at the close of December 31, 2019, increasing by 23.6% or COP 0.3 trillion in the year. Out of assets other than the bank's loans and fixed income investments, cash and property, plant and equipment stand out.

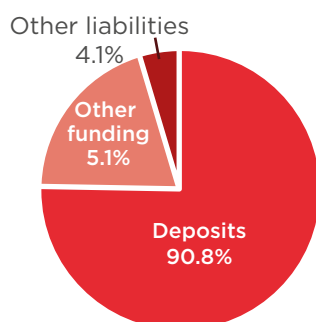
Liabilities

Liabilities were at COP 13.4 trillion, increasing 6.6% from the balance at December 31, 2018.

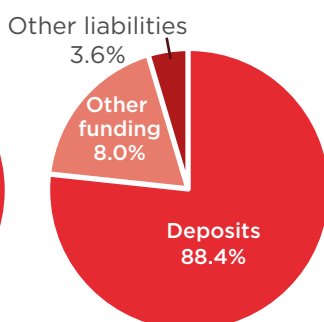
Liabilities



Composition of liabilities 2018



Composition of liabilities 2019



Public deposits comprised 88.4% of total liabilities and increased 3.7% or COP 0.4 trillion from the balance at December 31, 2018. Within total deposits: (i) deposits in savings accounts, which comprise 52.0% of total deposits, increased 4.1%; (ii) term deposits, which comprise 39.0% of total deposits, increased 1.4%; and (iii) deposits in checking accounts, which comprise 9.0% of total deposits, increased 12.9%.

Other funding, comprised of borrowings, bonds, interbank funds and loans from government financing entities comprised 8.0% of the bank's liabilities and reported a balance of COP 1.1 trillion, increasing COP 0.4 trillion. This increase in the year is mostly due to a rise in the balance of interbank loans.

At the close of 2019, shareholder equity amounted to COP 1.8 trillion, 10.8% higher than the value at

Equity

December 31, 2018. Shareholder equity comprises 99.6% of total equity.

Equity

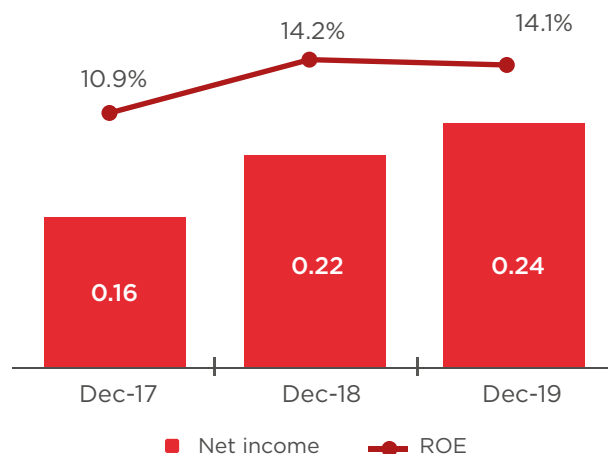


Net income

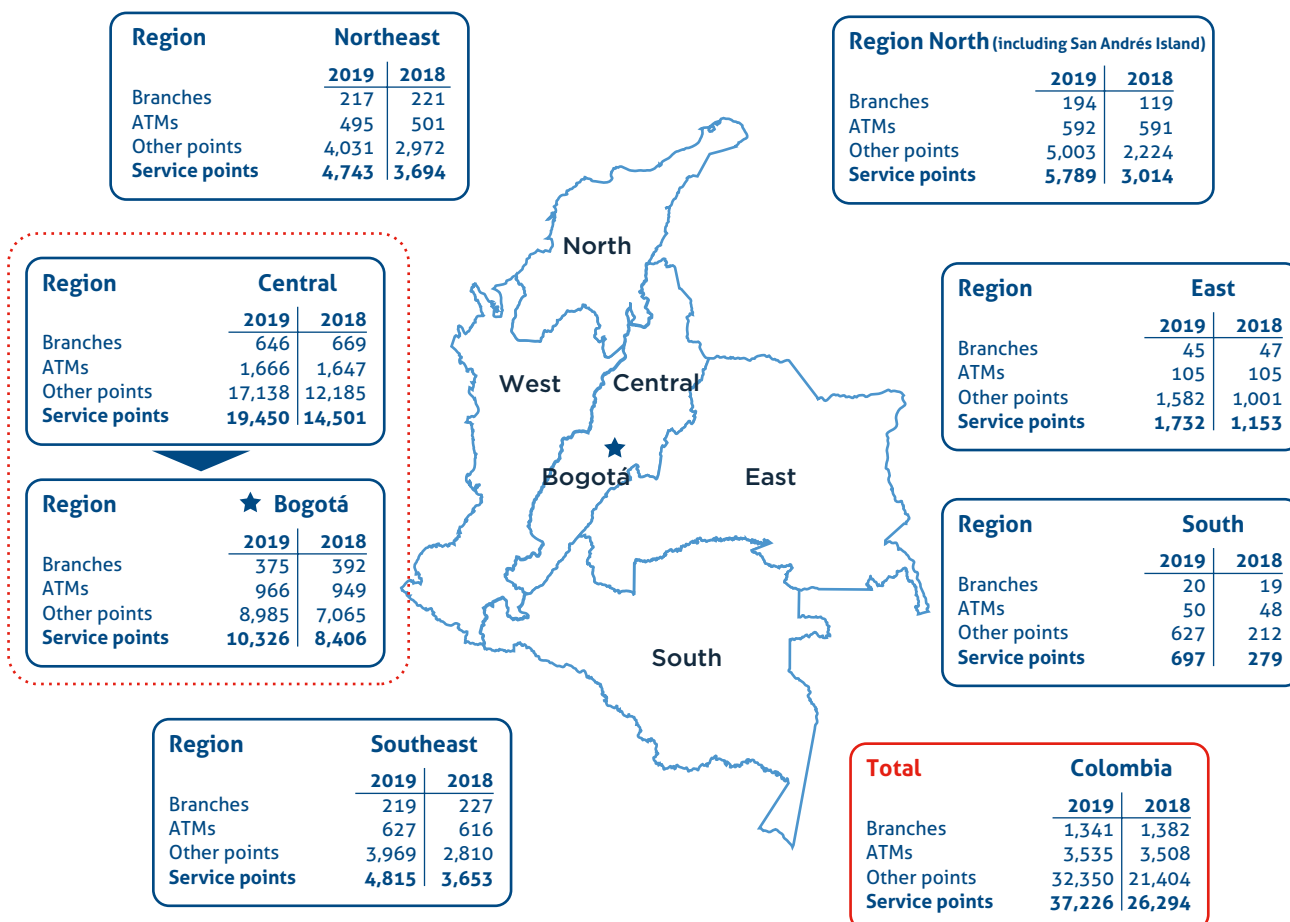
Banco AV Villas reported a net income attributable to shareholders of COP 235.998 billion during the year ending on December 31, 2019, compared to COP 215.758 billion during 2018. Part of this increase was a consequence of less loan allowance expenses and greater net income from commission.

Finally, the returns indicators for 2019 were 14.1% on equity (ROE) and 1.6% on assets (ROA). In 2018, these indicators were 14.2% and 1.6%, respectively.

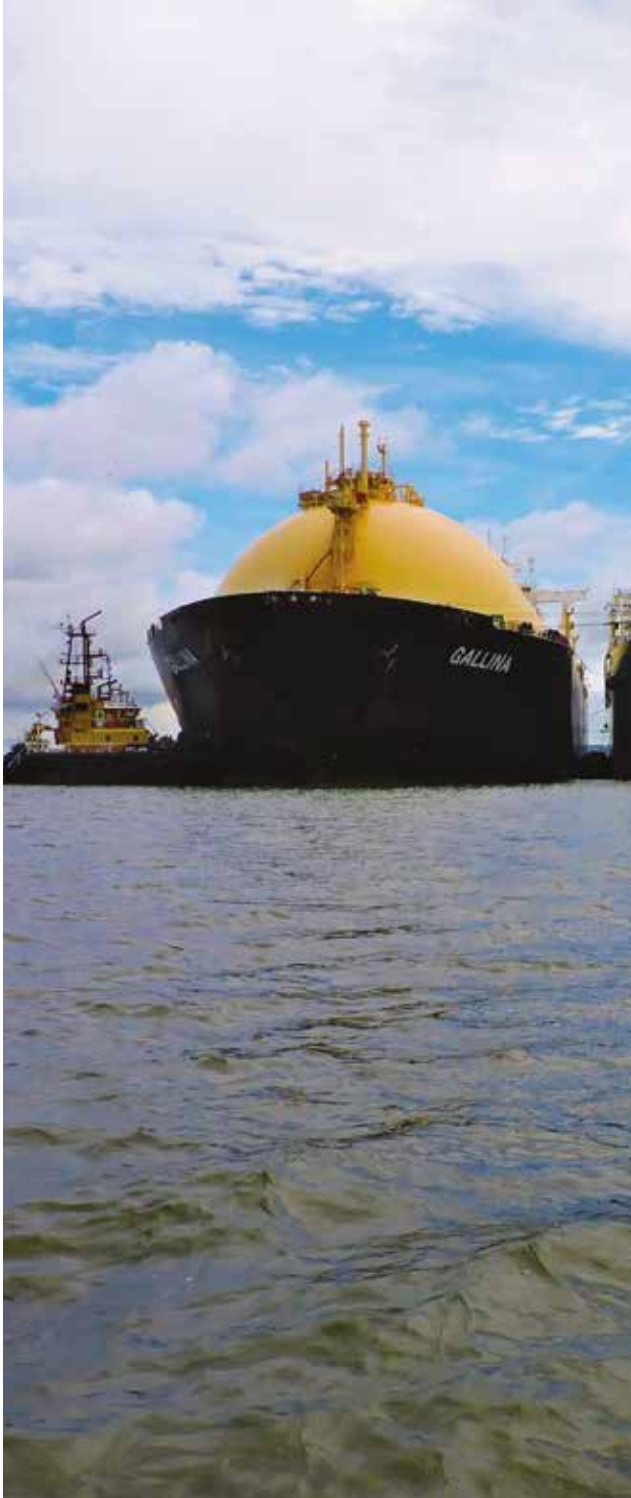
Net income



Below, we present the distribution by regions of Red Aval at the cut-off of 2019 and 2018:



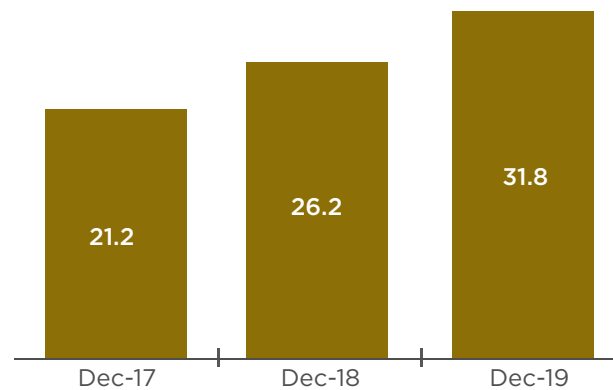
Corporación Financiera Colombiana (Corficolombiana)



Assets

At December 31, 2019, Corficolombiana achieved consolidated assets of COP 31.8 trillion, representing a 21.2% increase from the balance at December 31, 2018.

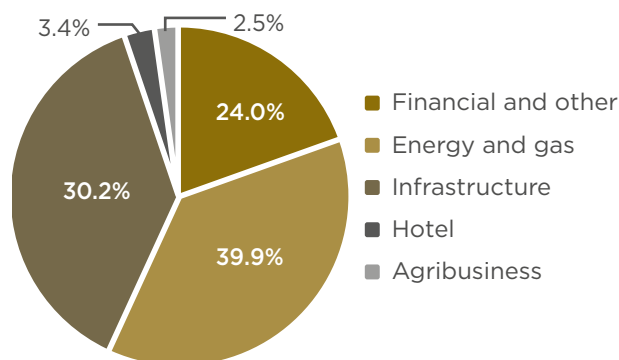
Assets



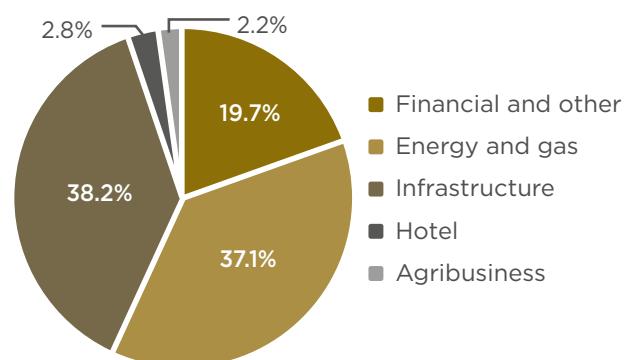
Composition of Corficolombiana's consolidated assets at December 31, 2019

The strategic sectors in which Corficolombiana invests, as shown in the graph, are infrastructure, energy and gas, and finance.

Composition of assets by sector 2018



Composition of assets by sector 2019

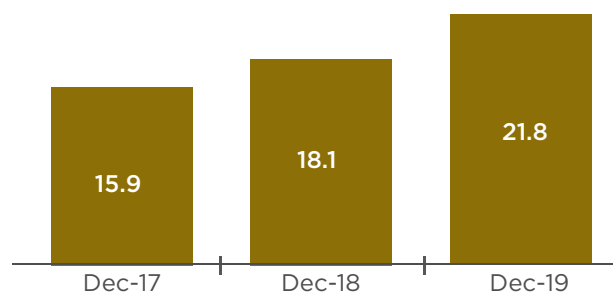


Liabilities

Liabilities reported a balance of COP 21.8 trillion at December 31, 2019, increasing 20.5% from the close of 2018.

31, 2018. Within total deposits: (i) term deposits, which comprise 86.8% of total deposits, increased 10.7%; and (ii) deposits in savings accounts, which comprise 11.5% of total deposits, decreased 17.6%.

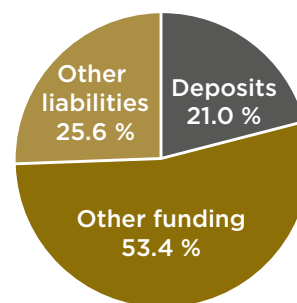
Liabilities



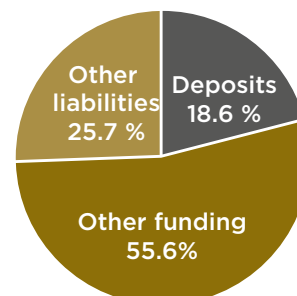
Other funding, comprised of borrowings, bonds, interbank funds and loans from government financing entities comprised 55.6% of the corporation's liabilities and reported a balance of COP 12.2 trillion, increasing 25.6%. This increase in the year is mainly due to an increase in the balance of debt securities and borrowings.

Public deposits comprised 18.6% of total liabilities and increased 6.9% from the balance at December

Composition of liabilities 2018



Composition of liabilities 2019



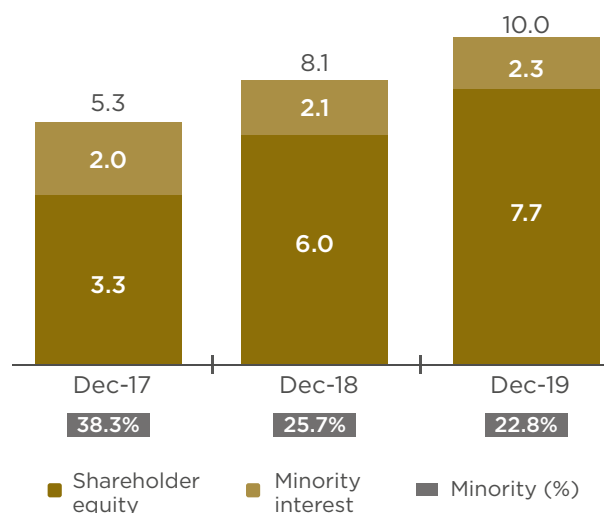
Equity

At the close of December 31, 2019, the corporation's total equity amounted to COP 10.0 trillion, with an increase of COP 1.8 trillion or 22.8% from the equity at the close of December 2018.

The corporation's shareholder equity amounted to COP 7.7 trillion at December 31, 2019, and increased 27.6% or COP 1.7 trillion in the year.

The equity attributable to third parties (non-controlling interest) amounted to COP 2.3 trillion, increasing by 8.9% or COP 0.2 trillion in the year.

Equity



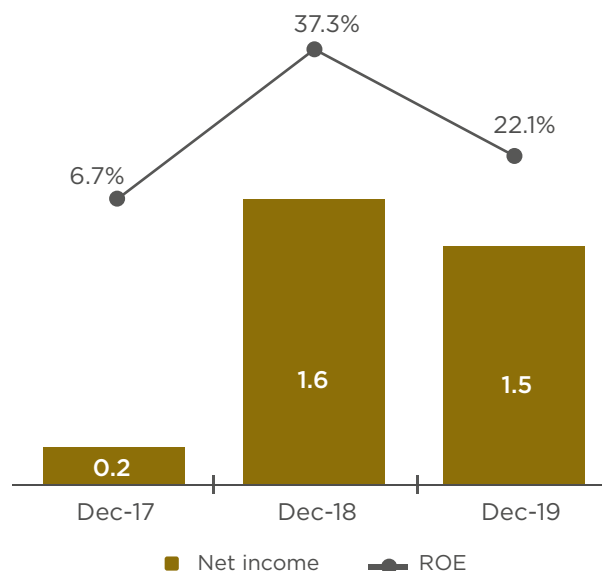
Net income

The net income attributable to Corficolombiana's shareholders was COP 1.5 trillion during the year ending on December 31, 2019, decreasing by COP 0.1 trillion from the COP 1.6 trillion during 2018. Under IFRS 15, revenue related to progress in pre-construction is immediately recognized in the statement of income when the certificate to start construction is signed. In the case of the fourth generation (4G) Pacífico 1 (Covipacifico) and Chirajara-Fundadores (Coviandina) concessions, the start and progress of construction in 2018 was greater than the progress of construction in 2019, which led to a decrease in Corficolombiana's earnings.

Finally, Corficolombiana's returns indicators for the year on assets (ROA) and on equity (ROE) were

17.1% and 2.1%, respectively. The same indicators for 2018 were 9.0% and 37.3%, respectively.

Net income



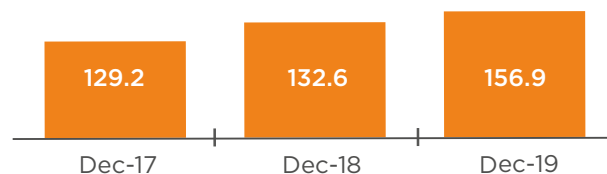
Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir



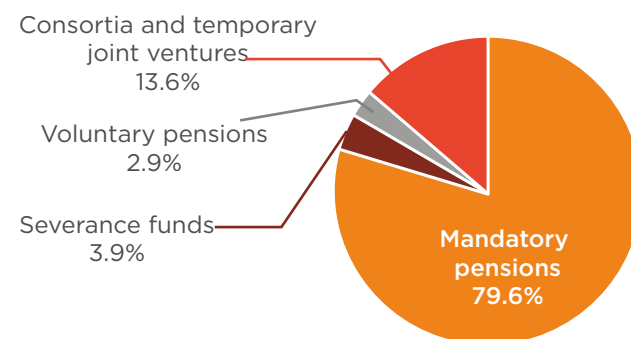
Managed funds

The total value of the funds managed by Porvenir at December 31, 2019, was COP 156.9 trillion, which shows a growth of 18.3% from the balance at December 31, 2018. This total includes shares in private equity.

Assets



Composition of managed funds at December 31, 2019



The funds managed in mandatory pensions comprised 79.6% of total funds at the close of December 31, 2019, and amounted to COP 124.9 trillion, increasing by 20.5% in the year.

The funds managed in severance funds comprised 3.9% of total funds at the close of December 31, 2019, and amounted to COP 6.1 trillion, increasing by 17.9% in the year.

The funds managed in voluntary pensions comprised 2.9% of total funds at the close of

December 31, 2019, and amounted to COP 4.5 trillion, increasing by 12.1% in the year.

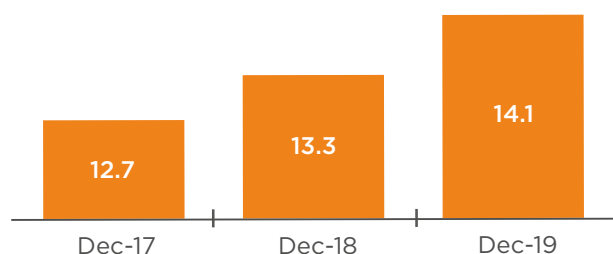
Finally, the funds managed in private equity comprised 13.6% of total funds at the close of December 31, 2019, and amounted to COP 21.4 trillion, increasing by 8.5% in the year.

Subscribers

At December 31, 2019, Porvenir had 14.1 million subscribers for mandatory pension, voluntary pension and severance funds, which shows a growth of 6.4% from the total subscribers at December 31, 2018.

Out of the total subscribers, (i) 9.6 million or 67.7% are subscribers of mandatory pensions, increasing 7.3% in the year; (ii) 4.4 million or 31.1% are subscribers of severance funds, increasing 4.6% in the year; and (iii) 182,000 or 1.3% are subscribers of voluntary pensions, increasing 5.8% in the year.

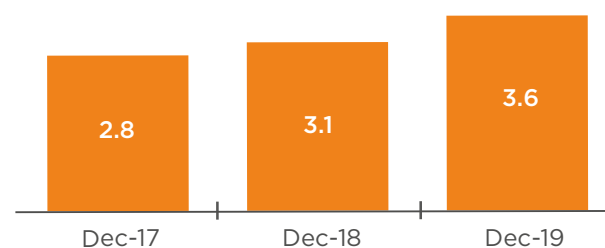
Subscribers

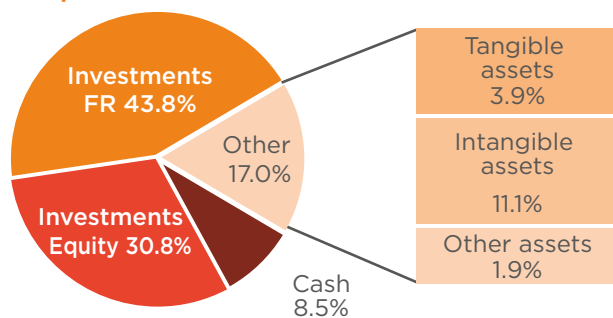
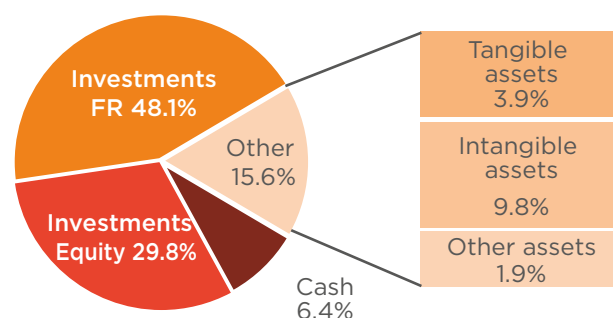


Assets

At December 31, 2019, the pension fund administrator's total consolidated assets were COP 3.6 trillion, increasing by 16.9% from the close of December 2018.

Assets



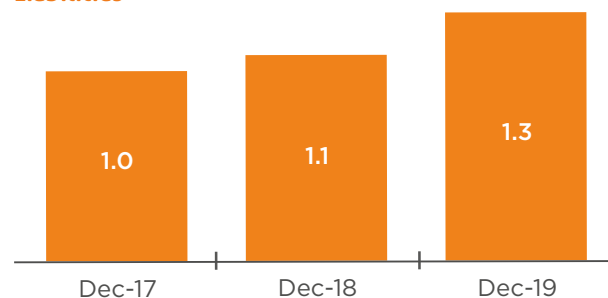
Composition of assets 2018**Composition of assets 2019**

Fixed income or capital investments, which comprised 48.1% of total assets at the close of December 2019, increased 28.5% in the year, and fixed income investments, which comprised 29.8% of total assets at the close of December 2019, increased 13.2% in the year.

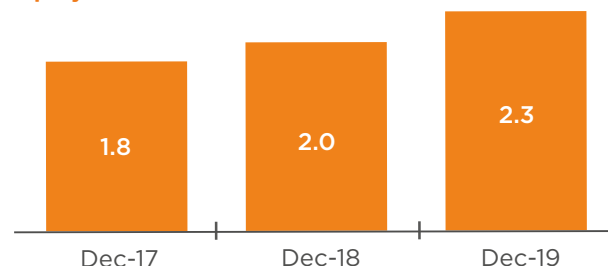
Out of assets other than equity and fixed income investments, intangible assets (associated with the goodwill from the acquisition of BBVA Horizonte in 2013), property, plant and equipment, and cash stand out.

Liabilities

Liabilities amounted to COP 1.3 trillion, increasing 19.4% from the close of December 31, 2018.

Liabilities**Equity**

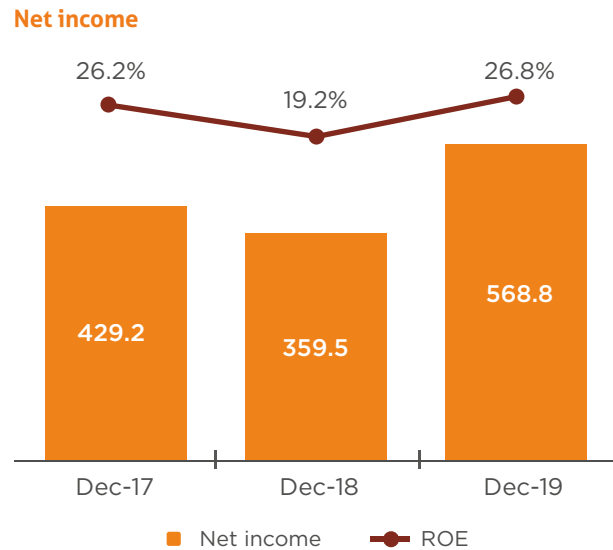
The entity's equity increased 15.6% in the year and ended at COP 2.3 trillion.

Equity

Net income

Porvenir reported net income attributable to shareholders of COP 568.782 billion during the year, increasing 58.2% from the COP 359.511 billion obtained in 2018. The result is due to higher income associated with the yield of own portfolios and the stabilization funds.

Finally, in 2019, the indicators of return on assets (ROA) and return on equity (ROE) were 16.8% and 26.8%, respectively. Said indicators were 12.3% and 19.2%, respectively, in 2018.



3.7 Performance analysis of our operations in Central America

In this section, we refer to all figures in U.S. dollars.



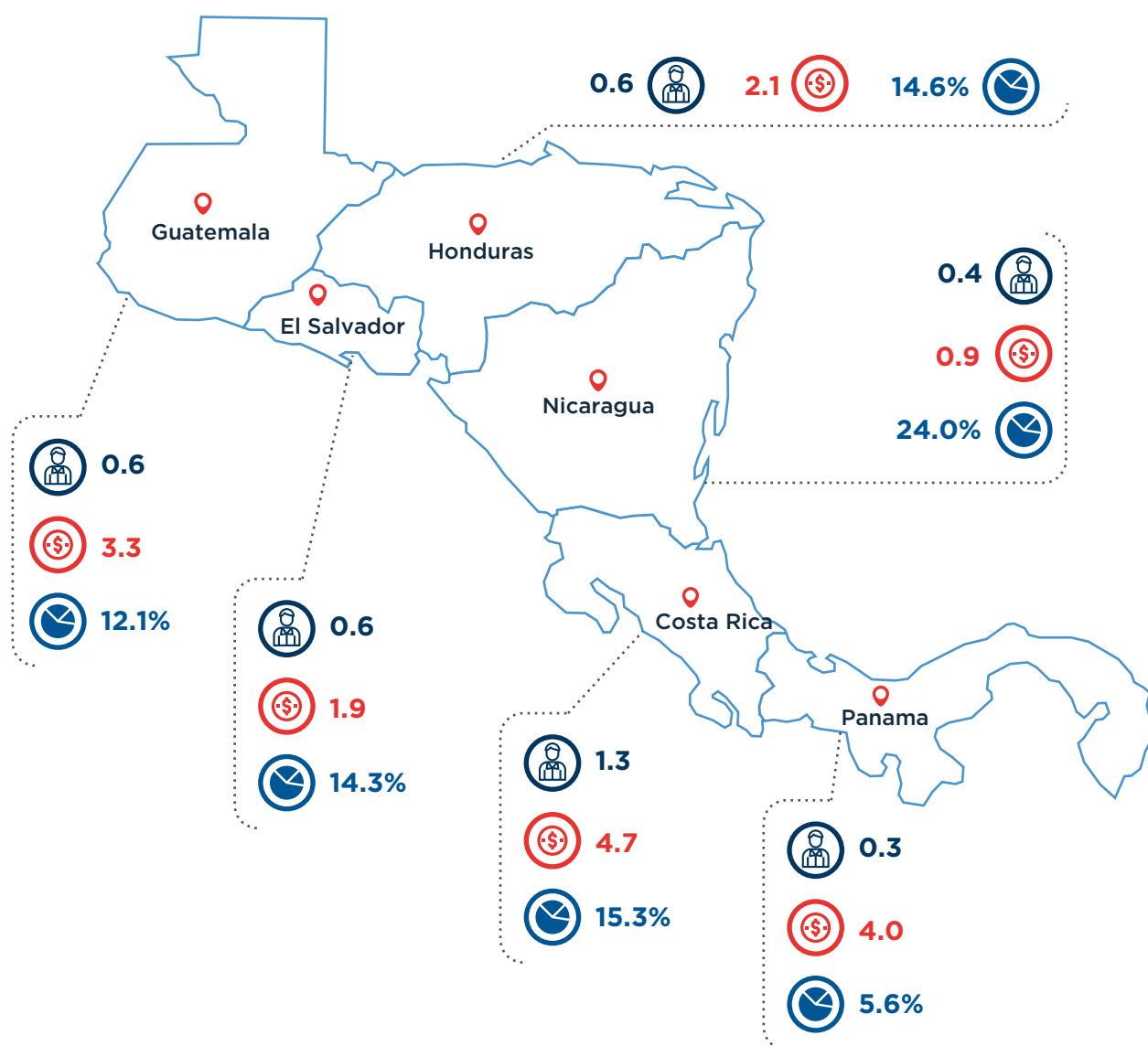
3.8
million
clients



16.8
million USD
in net loans



10.5%
Market share
in net loans



Source: BAC. Client information and balance of net loans at December 31, 2019. Share in the regional market created with the cut-off in December 2019, except for Panama, which is in November, because this was the last information available.

3.7.A. Central American economic environment

In 2019, the Central American economy had presented growth a little lower than the 3.1% observed the previous year, with 2.7% progress by the third quarter. The reduced dynamics are explained not only by less global growth, but also by the continued impact of the shocks that repressed the regional economy during 2018. These shocks were notorious in the first part of the year, but gradually waned and enabled a better performance in the second half of the year. In effect, while the region's economy grew 2.6% in the first half of the year, excluding Nicaragua due to a lack of information, by the third quarter, it showed 3.0% progress.

Guatemala maintained good growth dynamics in 2019, with 3.6% progress at September 2019, improving from the growth of 3.1% in 2018. Despite the political uncertainty from the presidential elections, in which Alejandro Giammattei was elected, the economy showed continuous acceleration throughout the year.

After growing 3.7% in 2018, Panama's activity slowed down to 2.9% in the first nine months of 2019. However, it is expected to become more dynamic in the fourth quarter, not only because of the waning of the extended shock of the construction sector's strike in 2018, but also because of the operation of the new "Cobre Panamá" copper mine and the progress of large infrastructure projects.

The economy of Honduras also presented moderation in its performance throughout the year. After growing 3.7% in 2018, its activity lost impetus by the third quarter, with a variation of 2.4%. Its performance reflected the weakening of the agricultural dynamics, not only because of the climatic shock of the El Niño phenomenon, but also because of the lower coffee and banana prices; the main export products.

The slowdown was not so pronounced in El Salvador. Considering that elections were held in February, the political uncertainty rapidly decreased in the first part of the year. Therefore, while its activity grew 2.5%, by the third quarter, it had progressed 2.4%.

In the case of Costa Rica, the reduced economic dynamics were explained by the uncertainty generated by the tax amendment, less trade with Nicaragua and the effect of the climate shock on agricultural production. Therefore, while activity grew 2.7% in 2018, its pace slowed down to 1.7% between January and September 2019.

In the absence of official information on Nicaragua's economy, an approximation of the year's result is the IMF's projection of a slowdown of 5.0%, which reflects the prolongation of the political and social tension that started in April 2018.

Regarding prices, in 2019, inflation closed with an increase of 0.2 p.p. to 2.0%, reflecting the global upward pressure of fuel; short-duration shocks on food prices in Guatemala; supply problems associated with the tensions in Nicaragua; and VAT adjustments and the devaluation of the exchange rate in Costa Rica.

The monetary policy was adjusted according to the needs of each economy. In the absence of inflation risks, the Central Bank of Costa Rica reduced

its interest rate to encourage the economy's expansion. The reduction in the accumulated rate in 2019 was of 250 basis points to 2.75%. Although it increased its interest rate by 25 bps at the beginning of the year, the Honduran Central Bank reversed the adjustment in the last month of 2019, leaving the rate at 5.50%, taking advantage of the gap generated by the lower interest rates in the world. In Guatemala, given that the shock in food prices was temporary, the Central Bank decided to keep the interest rate stable at 2.75%.

Summary of economic indicators

	Growth (Annual var. %)		Inflation (Annual var. %) ²	Central bank interest rate (%) ³	Exchange rate (USD/X) ⁴	
Colombia	3.1%	¹	3.5%	4.25%	3,283	COP
Costa Rica	1.7%	¹	2.1%	2.75%	587.6	CRC
El Salvador	2.4%	¹	0.1%	N.D.	1.0	USD
Guatemala	3.6%	¹	3.7%	2.75%	7.70	GTQ
Honduras	2.4%	¹	4.4%	5.50%	24.6	HNL
Nicaragua	N.D.	¹	5.4%	N.D.	33.3	NIO
Panama	2.9%	¹	-0.4%	N.D.	1.0	USD

Source: DANE, Central Bank of Colombia, Central American Monetary Council, Bloomberg. Banco de Bogotá Economic Research Calculations.

¹ Average growth of the GDP in the first three quarters of 2019. ² Average of January-December, or until the most recent month available. ³ Current interest rate in December. ⁴ Local currency per U.S. dollar, January-December average. In Colombia, it is the average Official Exchange Rate (TRM).

3.7.B. Recent results of the Central American banking system

At December 2019, Central America showed an important recovery in its growth rates, resuming its upward path. Assets reached an interannual increase of 4.4%, largely explained by the 11.2%

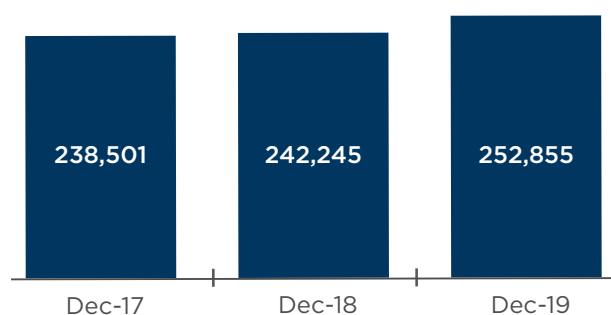
growth in the investment portfolio and 2.1% growth in net loans. In turn, deposits reported an increase of 6.7%.

Central American banking system by country						
Dec-19	Assets		Net loans		Deposits	
Millions of USD	USD	Annual variation	USD	Annual variation	USD	Annual variation
Guatemala	50,059	6.2%	26,209	3.8%	35,869	7.4%
Honduras	24,788	7.9%	13,968	8.3%	14,658	10.1%
El Salvador	19,958	7.9%	12,864	5.2%	13,679	11.0%
Nicaragua	6,326	-6.2%	3,428	-20.2%	3,972	-7.5%
Costa Rica	47,287	5.4%	29,507	2.3%	33,285	12.2%
Panama	104,437	0.0%	68,560	1.2%	75,952	3.6%
Total	252,855	4.4%	154,536	2.1%	177,416	6.7%

Source: Data obtained from the superintendences of each country. For Guatemala, the financial groups (FGs) as a whole are considered and then, the banks that do not belong to an FG are added. Panama covers banks with a general license, the total loan portfolio and the total deposits. Last available figures of Panama at November 2019.

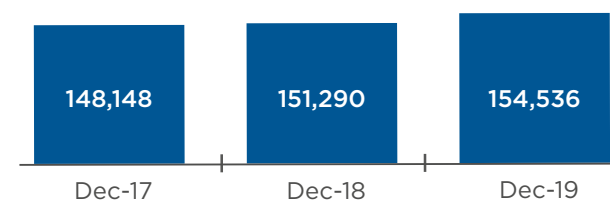
In the case of assets, the system grew 4.4% during 2019. Honduras and El Salvador justified this evolution to the greatest extent, followed by Guatemala and Costa Rica. In contrast, Nicaragua kept showing a slowdown of its economic activity, affected by the social and political crisis it has experienced since 2018.

Total assets



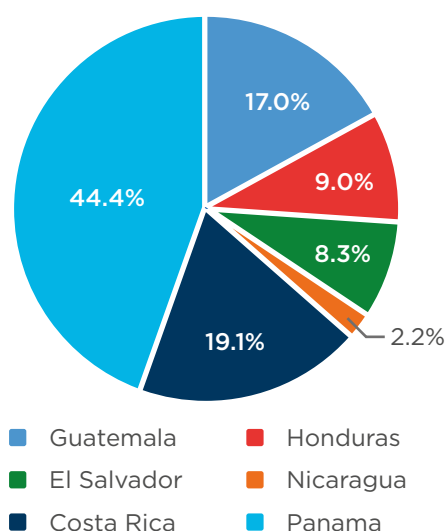
In net loans, there was 2.1% growth from the same period of 2018. Honduras was the country with the greatest growth, supported by the dynamics of mortgages and business loans. In turn, Nicaragua maintained a downward trend as a result of the sociopolitical situation, which caused a reduction in deposits, especially in U.S. dollars, leading to a restriction of credit for economic activities.

Net loans



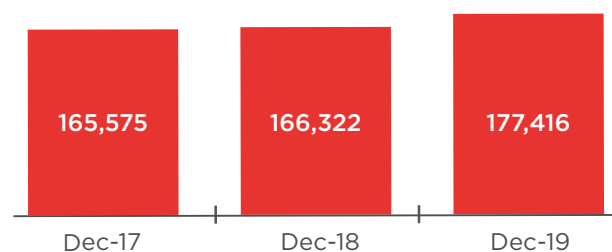
However, despite the dynamics of countries such as Honduras and El Salvador, those with the greatest share in the total portfolio of the region continue to be Panama, Costa Rica and Guatemala with 80.4%, where mortgages and consumer loans showed the best performance.

Share in net loans by country in Central America



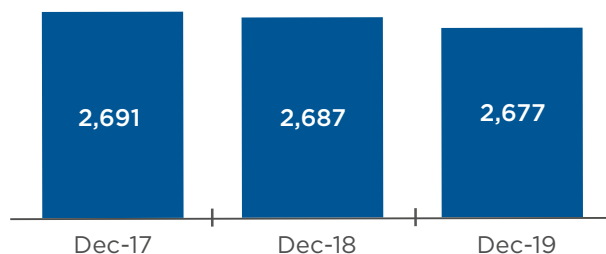
In deposits, there was a 6.7% increase. Costa Rica, El Salvador and Honduras showed the greatest growth, with rates over 10%. In contrast, Nicaragua showed a reduction in its uptake, due to the outflow of capital to other countries, the increase in unemployment and the increase in the demand for cash caused by the crisis.

Deposits



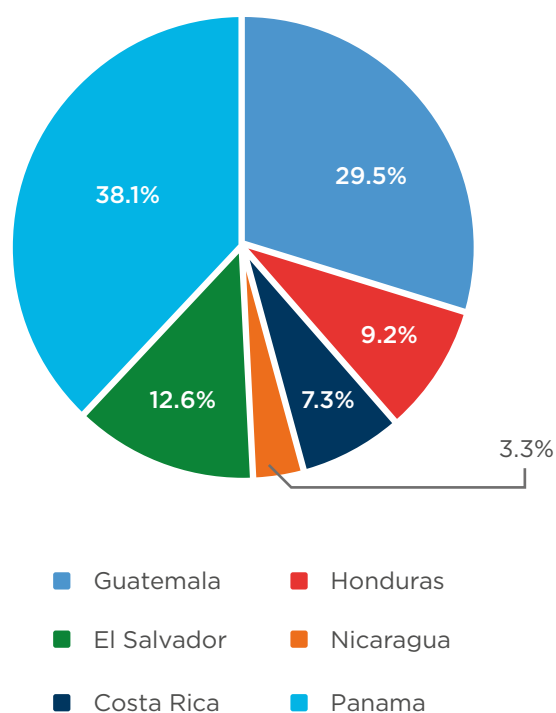
Finally, the earnings of Central America slightly decreased by 0.4%, affected by the reduction in interest income in Nicaragua due to less placements.

Earnings



Like in loans, at December 2019, Panama was the country with the greatest contribution to earnings in the region with 38.1%, followed by Guatemala with 29.5% and Costa Rica with 12.6%.

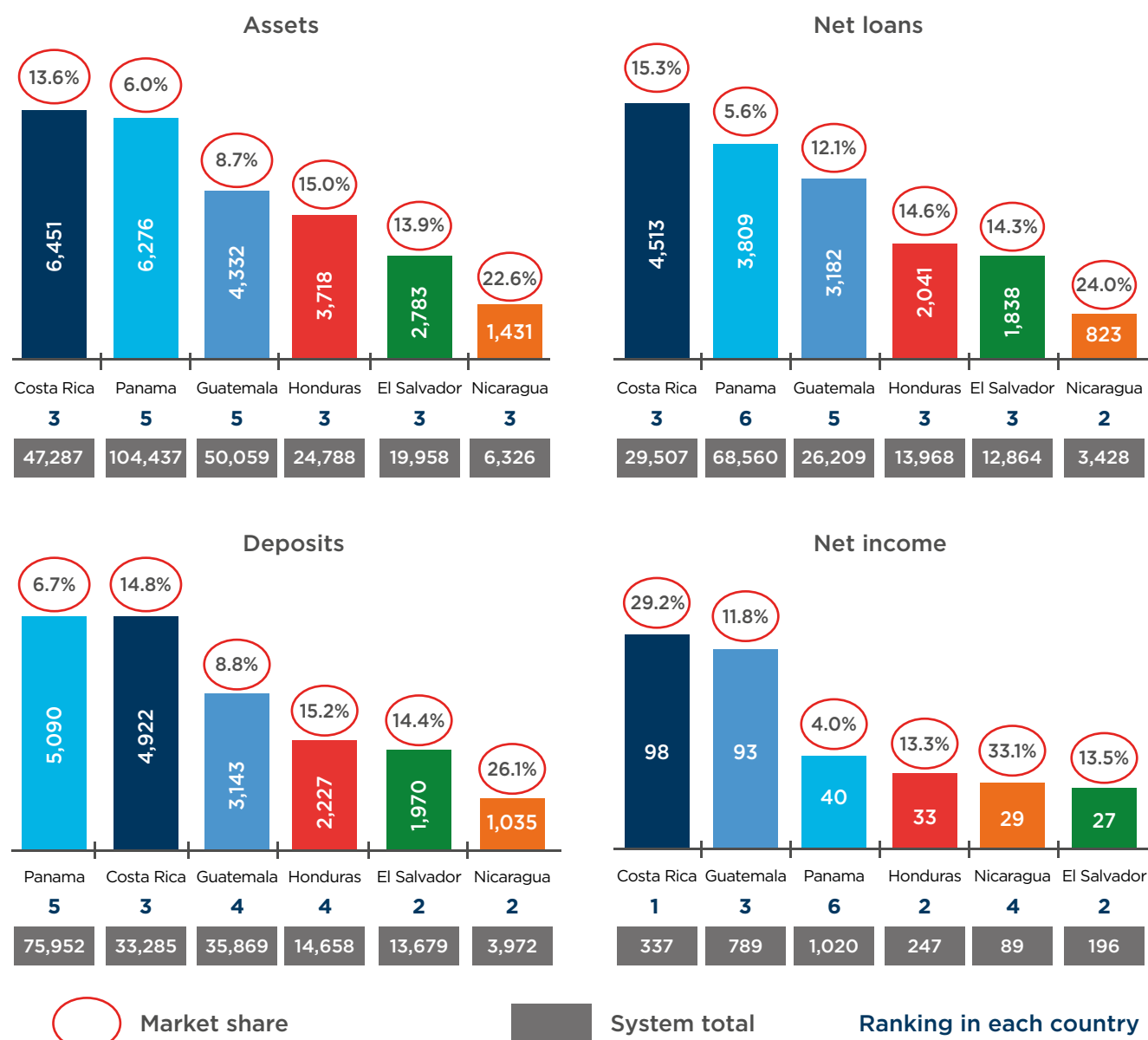
Share in the earnings by country in Central America



3.7.C. BAC in the Central American banking system

In terms of market share, BAC maintains significant presence in all the countries where it operates. However, it is in Nicaragua, El Salvador and Honduras where the group has the greatest

market share in the main line items of the financial statements, such as assets, net loans, deposits and net income.

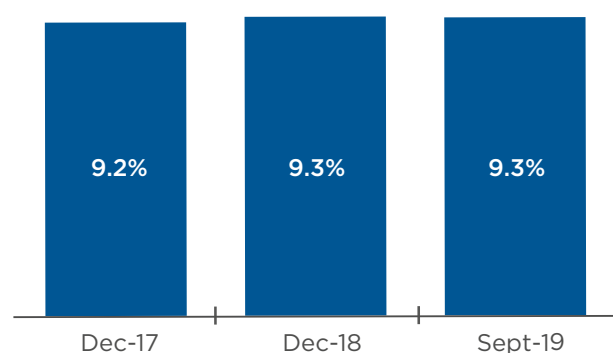


Information from the banking system of each country (GAAP)

Figures in millions of USD
Panama at November 2019. Last figures available.

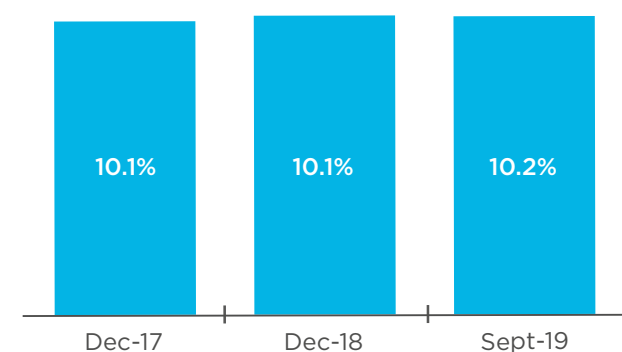
These results translate into strong levels of growth, higher than its Central American peers, which position it as the most important bank in the region, in first place in most of the metrics (according to the results of September, last information available).

Total assets



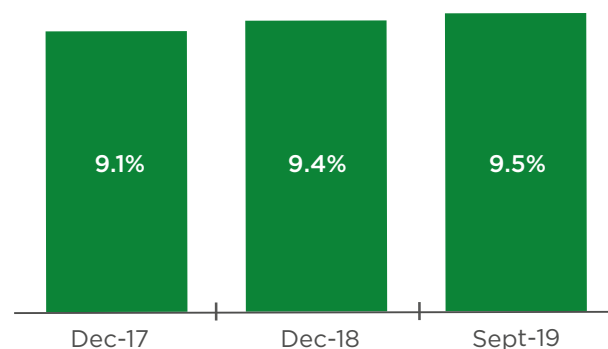
In net loans, the annual increase of 3.3% in BAC, higher than the 2.2% of the Central American system, has been supported by its strategy to gain the loyalty of transnational clients, mainly through highly profitable products, such as credit cards and commercial loans. This enables it to stay in first place in the placement of net loans with a 10.2% share at September 2019.

Net loans



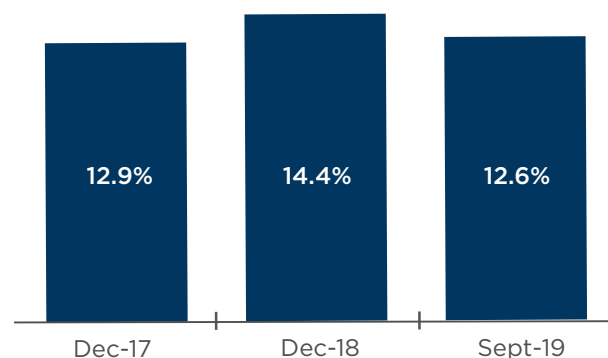
In deposits, BAC continued to focus on the enhancement of its funding combination, increasing its uptake by 6.2%, positioning it in first place with a market share of 9.5%. The strengthening of modern and versatile electronic banking has enabled more efficient management in the creation of bank accounts, which accompanied by the development of more customer-friendly mobile banking, supports this result.

Deposits

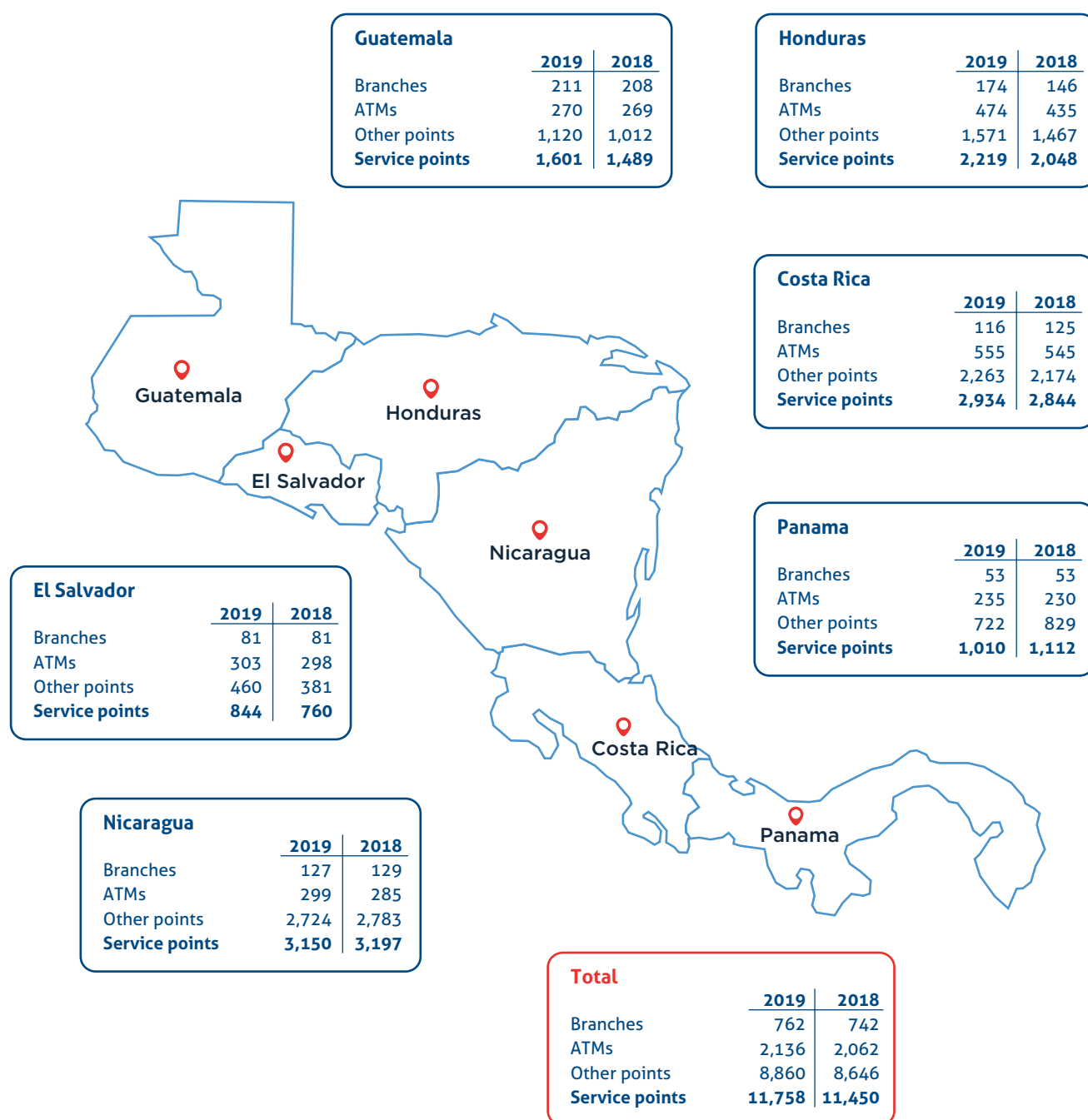


Meanwhile, net income maintains a positive performance, enabling the group to strengthen its regional position, where at September 2019, BAC had 12.6% of the banking system's total earnings.

Net income



Below, we present the distribution of the BAC network by country at the cut-off of 2019 and 2018:



BAC Credomatic

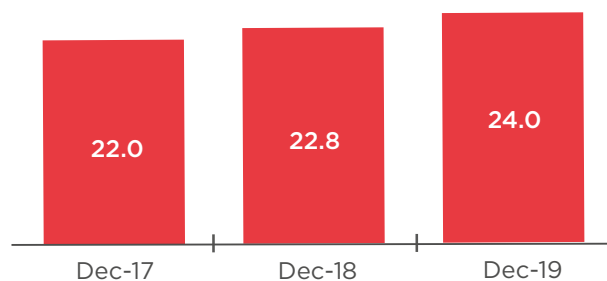


3.7.D. Results of BAC

Assets

At December 31, 2019, consolidated assets amounted to USD 24.0 billion, up 5.3% from the balance at December 31, 2018.

Assets



The evolution of net loans, with 3.7% growth during this period, greatly explains the increase in assets. The increases observed in commercial loans stand out, consisting of 3.8% and in credit cards of 9.1%.

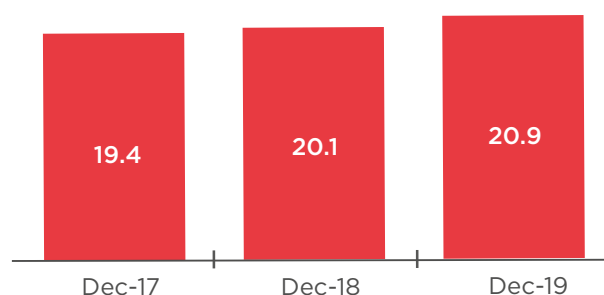
Cash, which comprised 16.6% of assets, amounted to USD 4.0 billion with a 4.8% reduction in the year. In turn, fixed income investments comprised 9.3%, reaching a balance of USD 2.2 billion at the close 2019.

Liabilities

In turn, liabilities amounted to USD 20.9 billion, with an increase of 4.0% from the close of December 2018.

Deposits comprise 82.2% of liabilities and increased 9.3% in the year, reaching USD 17.1 billion. Other funding comprises 12.8% of liabilities, at USD 2.7 billion.

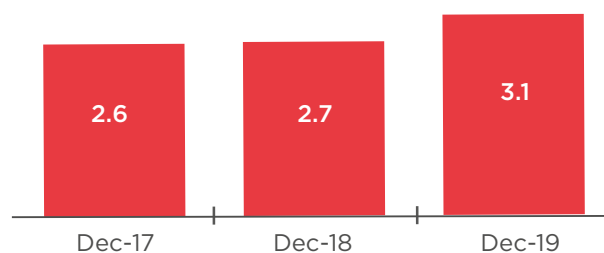
Liabilities



Equity

BAC's equity amounted to USD 3.1 billion, up 15.6% from its balance of USD 2.7 billion in 2018.

Equity



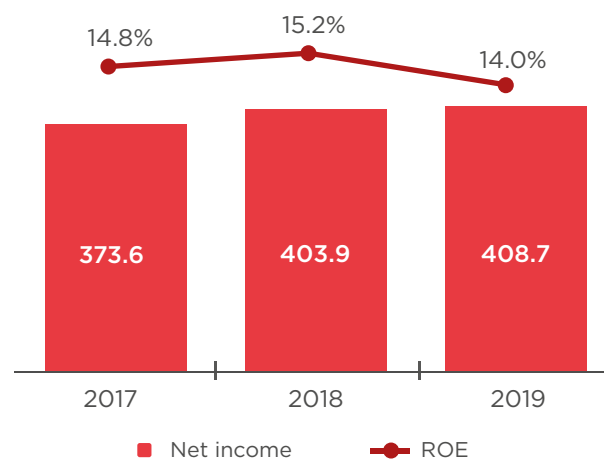
Net income

At the close of 2019, BAC reported an annual net income of USD 408.7 million with a 1.2% increase from the USD 403.9 million of 2018.

Finally, in 2019, the indicators of return on assets (ROA) and return on equity (ROE) were 1.8% and 14.0%, respectively.

Leasing Bogotá Panamá, BAC's holding company, reported a profit of USD 404.3 million during 2019.

Net income



3.8 Grupo Aval's other related entities

As well as our subsidiaries, we also have subsidiaries that lead Grupo Aval's cross-cutting efforts and are supported by our Vice-Presidency of Information Technology. These are an essential part of our profitable and sustainable growth strategy through the pursuit of corporate efficiency. Therefore, through these companies, we provide support to the Holding Company and to some of our subsidiaries. The two most important companies are:

- ATH: This subsidiary aims to provide more flexible and timely services to the clients of our financial subsidiaries in Colombia. These

services are based on providing reliable and secure operations through adequate technology, innovation, productivity in operations and high brand and quality positioning with a specialized team. The challenge posed by the technological changes in the market have meant that the research and development of new services has to be constant.

- ADL Digital Labs S.A.S. (ADL): This related entity aims to increase the innovation process and strengthen the digital transformation processes of our subsidiaries' financial services in Colombia.



Main results of Corficolombiana



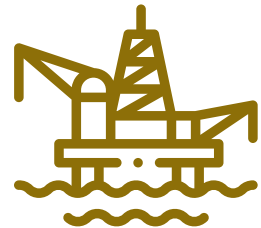
The Board of Directors of Corficolombiana approved the General Guarantee Bond Issuance program for a total value of COP 1 trillion. The first issuance of COP 500 billion was made.



The Integrated Trade Model came into effect, which integrates the securities offerings of Corficolombiana and its financial subsidiaries (Casa de Bolsa and Fiduciaria Corficolombiana) and increases the capacity for customer service and distribution of transactional products.

« ENERGY AND GAS »

- Start of operation of the initial stretch of the gas pipeline between Correa – Rocha (Bolívar), **the longest underground river crossing in Latin America.**
- **Start of operation of the Jobo-Majaguas gas pipeline**, with 85 km and a capacity to transport 100 MCFD.
- First **bond issuance on the international market** for USD 400 million.
- **New distribution concession in Peru**, which will benefit **260,000 users** in the Piura region (Term: 32 years, expected investment of USD 230 million).



« HOTELS »

In 2019, operations started of the **Meliá Cartagena Karmairi** and **Estelar San Isidro** hotels in **Lima, Peru**. Offering more than 227 new rooms to the public.



« INFRASTRUCTURE »

Bogotá – Villavicencio corridor (Coviandina)

- From 2019, our Coviandina subsidiary has operated **100% of the corridor**.
- It overcame the strongest rainy season emergency in recent years and the project is **six months ahead of the construction schedule** agreed with the National Infrastructure Agency (ANI, for the Spanish original).
- Construction progress at Dec 2019: 64.81%.

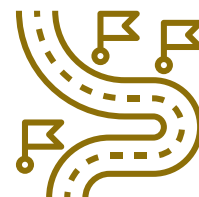
Ancón Sur - Bolombolo corridor (Pacífico 1)

- In December 2019, the existing road in Sinfaná was activated, managing to overcome the rainy season emergency that occurred in May.
- **Important progress in the Sinifaná tunnel** by achieving the connection of its entry and exit.
- Construction progress at Dec 2019: 33.85%.

Villavicencio – Yopal corridor (Covioriente)

- The project is **six months ahead of the construction schedule** agreed with the ANI.
- Construction progress at Dec 2019: 23.13%.

PISA acquired the minority interest in CCFC (49.5%), achieving a **100% shareholding**.



« AGRIBUSINESS »

Rubber

- The standardization process of Mavalle with the **Goodyear** company took place, which brings us closer to being its **strategic suppliers of natural rubber** in the region.
- The rubber project issued 321,236 Certified Emission Reductions for their purchase by agents that need to offset their polluting emissions.
- The exploitation of 399 hectares of rubber was started by our Pajonales company, completing a total of 4,157 hectares for a **total production of 8,781 tons of coagulated lumps of rubber**.

Rice

- Adaption of 300 hectares with cutting-edge technology to increase productivity through mechanized transplantation, in turn, reducing water consumption by 50%, and fertilization and chemical and cultural weed and pest control by more than 20%.



Main results of Porvenir


 More than **14 million**
 subscribers at the close of 2019

AUMs (assets under management)

COP157 trillion,

interannual increase of 18.3%




Market share of

44.3% of AUMs

in mandatory pensions, improvement
of 13 bps from the previous year



Sales results

 **817** thousand subscriptions to
 mandatory pensions,
 an increase of **31%** from 2018



 **COP 653** billion in mandatory
 pension income,
 with an annual
 increase of **28%**


COP3.1 trillion collected through the
 severance fund campaign,
 variation of 12% from the previous year
 Out of the industry's
 total collection, Porvenir gained **51.4%**



We connect with our subscribers through *Ruta Porvenir*, understanding the importance of financial advice and education in each stage of life

Generation Porvenir

Pension Kids Porvenir
Generation Porvenir



Building your Porvenir

Statements – segmented
communication



Establishing your Porvenir

Double advice and
strategy, 12 years



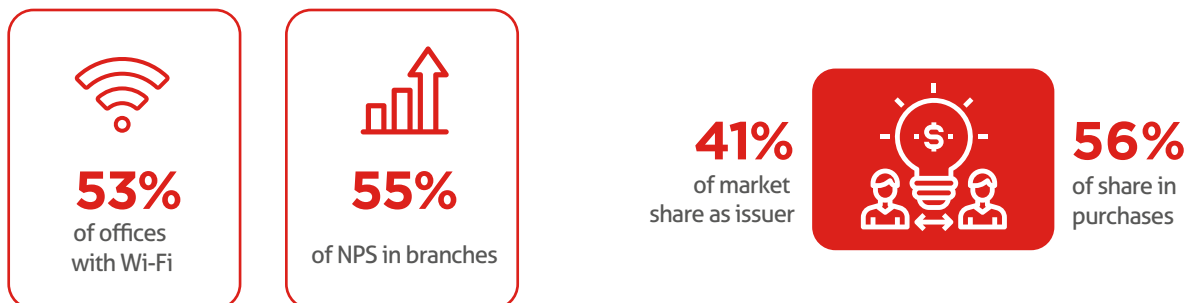
Enjoying your Porvenir

Porvenir Pensioner
Community



Main results of BAC

Growth with innovation



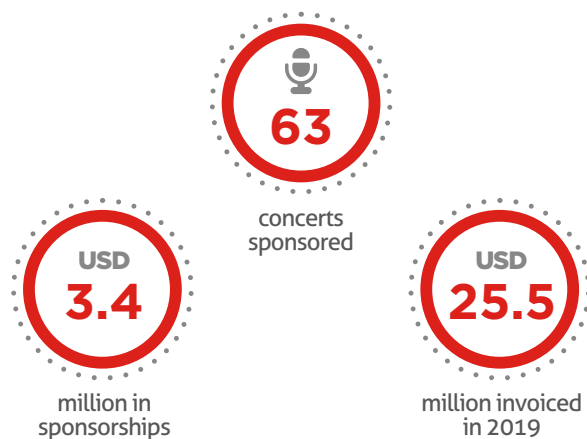
BAC Credomatic Travel



Compass devices



Concerts



Digital channels



75%
of transactions
were digital



Opening of **9**
digital branches

New faster digital branch format, unique in Central America

Digital areas to teach
self-service to clients

Promotion of migration to
digital channels through ATMs

Customer
experience
approach

Mobile banking transactions



+30%
growth
from 2018

503

million
transactions
in 2019



New app that enables payment
in credit card machines and
withdrawals from ATMs

Online sales

214 thousand
products sold
in 2019

+22%



growth from 2018

2.1
million visits



1 in every 3 is a digital client



3 out of every 4 clients use
digital platforms



1.4 million digital users
in 2019 (+19% from 2018)

784 thousand

digital users with online
value transactions



Structure and Strategic Management

To achieve our mission and strategic objectives, we have established a governance structure and a profitable and sustainable growth strategy in which the efficient management of our subsidiaries and constant management of our main stakeholders take precedence. This strategy has been established through the Company President and Senior Management.

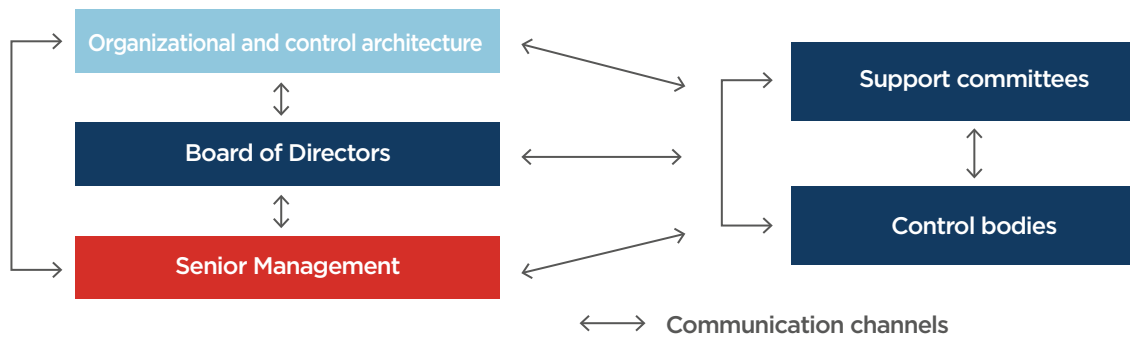
4.1 Governing bodies

GRI 102-18

Currently, at Grupo Aval, we have a governance and control architecture, comprised of the General Meeting of Shareholders, the supporting committees of the Board of Directors, the control bodies

and Senior Management. For more information on corporate governance, please see Chapters 6.4.A and 9 of this report.

Organizational and control architecture



4.1.A. Principal members of the Board of Directors



Luis Carlos Sarmiento Angulo

Civil Engineering degree from
Universidad Nacional de Colombia

Chairman of the Grupo Aval Acciones y Valores S.A. Board of Directors since March 1999 and board member of Organización Luis Carlos Sarmiento Angulo Ltda. since 1995; of Casa Editorial El Tiempo S.A.; of Fundación Grupo Aval since 2011; and of Fundación para el Futuro de Colombia – Colfuturo. Mr. Sarmiento Angulo is the controlling shareholder of Grupo Empresarial Sarmiento Angulo (which Grupo Aval Acciones y Valores S.A. is a part of and he is the controlling shareholder of Banco de Bogotá, Banco de Occidente, Banco AV Villas and Banco Popular).

Not considered a PEP¹



Alejandro Figueroa Jaramillo

Civil Engineering degree from
Facultad Nacional de Minas,
Antioquia

Masters in Economics and doctoral candidate in Economics at Harvard University. CEO of Banco de Bogotá since 1988. Member of the following boards of directors: Grupo Aval Acciones y Valores S.A. since March 1999; Porvenir S.A. since December 1991; Corporación Financiera Colombiana S.A. since August 1998; Fundación Grupo Aval since 2011; Banco de Bogotá – Panama; and Asociación Bancaria de Colombia. He has also been a board member of BAC Credomatic Inc. and Credomatic International Corporation since 2010.

Not considered a PEP¹



María Lorena Gutiérrez Botero

Degree in Industrial Engineering
from Universidad de los Andes

She has been the CEO of Corficolombiana since August 2018. Ms. Gutiérrez was formerly the Minister of Commerce, Industry and Tourism from 2017 to 2018, the Colombian Ambassador to Germany from 2016 to 2017 and Minister of the Presidency from 2010 to 2016. She was also Dean of the School of Business Administration of Universidad de los Andes, she has a degree in Industrial Engineering with a specialization in Finance from Universidad de los Andes, and she has an MBA and a PhD in Finance from the Freeman School of Business at Tulane University. Member of the following boards of directors: Grupo de Energía de Bogotá S.A. since 2020; Promigas S.A. since 2019; Proindesa S.A.S. since 2018; Fiduciaria Corficolombiana since 2018; Gas Comprimido del Perú since 2018; Gases del Caribe since 2018; and Calidda since 2018.

Considered a PEP¹



Álvaro Velásquez Cock

Economics degree from
Universidad de Antioquia

Other studies: Candidate for Masters in Economics at the University of London. Among other positions, he has been Professor of Economics and Dean of the School of Economics at Universidad de Antioquia, Director of the DANE, Manager of Corporación Financiera Nacional in Bogotá, CEO of Pedro Gómez & Cía. S.A., General Manager of Apple Computers and member of the Advisory Committee of the Bank Superintendency. A member of boards of directors including the following: Grupo Aval Acciones y Valores S.A. since March 2008; Banco de Bogotá from 1993 to 1997 and from 2001 to the present; Banco de Bogotá (Panama) since February 1984; Corporación Financiera Colombiana S.A. since June 1992; Unipalma from July 1996; and several entities of the BAC Credomatic group in Central America since December 2010. He has been a board member of: Banco Ganadero, Banco Extebandes, Acueducto de Bogotá, Deceval, Compañía Agrícola de Inversiones S.A., Celanese, Coviandes and Gas Natural. Mr. Velásquez is a member of Grupo Aval's Audit Committee and Corporate Affairs Committee.

Not considered a PEP¹



Fabio Castellanos Ordóñez

Degree in Business Administration
from California State Polytechnic
University, Pomona

Masters degree in Management in the Network Economy from Università Cattolica del Sacro Cuore, Italy (in collaboration with the University of California in Berkeley). He is currently the Local Representative of AMF (Ascending Markets Financial Guarantee Corporation). Mr. Castellanos has exercised the roles of Chief Country Officer and Executive Director of ABN-AMRO Bank (Colombia) S.A., Royal Bank of Scotland (Colombia) S.A. and Scotiabank Colombia S.A. Similarly, Mr. Castellanos was the Vice-President and Chief Financial Officer of the Representative Office in Colombia of Chase Manhattan Bank, N.A. Mr. Castellanos is a member of the boards of directors of Junior Achievement Colombia, Ignacio Gómez IHM S.A., and Corporación Umabarí. Mr. Castellanos is a member of Grupo Aval's Audit Committee and Corporate Affairs Committee.

Not considered a PEP¹



Miguel Largacha Martínez

Law degree from
Universidad Javeriana

CEO of Porvenir since 2008 and principal member of Grupo Aval's Board of Directors since March 29, 2019. Mr. Largacha Martínez was CEO of Horizonte Sociedad Administradora de Fondos de Pensiones y de Cesantías S.A. (an affiliate of BBVA Colombia S.A.), and had other positions inside BBVA Colombia S.A., including the Executive Vice-President and Vice-President of Banco Ganadero (predecessor of BBVA Colombia S.A.). He has been a Board member of Fundación Grupo Aval since 2011. He has a degree in Law from Universidad Javeriana and has completed postgraduate studies in Financial Legislation and Executive Management at Universidad de los Andes.

Not considered a PEP¹



Esther América Paz Montoya

Business Administration degree
from Universidad del Valle

She was the CEO of Banco AV Villas and of Ahorramás Corporación de Ahorro y Viviendas. She has been a Board member of Grupo Aval Acciones y Valores S.A. since March 2005. Ms. Paz Montoya is a member of Grupo Aval's Audit Committee and Corporate Affairs Committee.

Not considered a PEP¹

4.1.B. Alternate members



Mauricio Cárdenas Müller

Electrical Engineering degree from
Universidad Javeriana

MBA from Universidad de la Sabana - INALDE Business School. He has been an alternate member of Grupo Aval's Board of Directors since 2015. Previously, he was a principal member from 2010 to 2014, and an alternate member from 2002 to 2010. Mr. Cárdenas Müller has been an advisor of Luis Carlos Sarmiento Angulo since 2004. He has been a member of the boards of directors of Seguros Alfa S.A. and Seguros de Vida Alfa S.A. since 2014, where he also worked from 2002 to 2010; of Fundación para el Futuro de Colombia - Colfuturo since 2007; of Porvenir since 2008; and of Casa Editorial El Tiempo since 2011.

Not considered a PEP¹



Juan María Robledo Uribe

Economics degree from Colegio
Mayor, Nuestra Señora del Rosario

He currently holds the role of Executive Vice-President of Banco de Bogotá. Member of the following boards of directors: Corporación Financiera Colombiana S.A. since June 2006; Grupo Aval Acciones y Valores S.A. since March 2000; Fiduciaria Bogotá S.A. since April 2007; Porvenir S.A. since March 1991; Credomatic International Corporation since December 2010 and Fundación Grupo Aval since 2011.

Not considered a PEP¹



Juan Camilo Ángel Mejía

Civil Engineering degree from
Universidad de Medellín

He has been the CEO of Banco AV Villas since 2007. His other positions have included Vice-President of Real Estate at Banco AV Villas, Vice-President of Asset Normalization, Vice-President of Credit and Loans, and Capital Market Project Manager at Corfinsura. He is a member of boards of directors including the following: Grupo Aval Acciones y Valores S.A. since September 2008; Asobancaria since September 2007; Titularizadora Colombiana S.A. since March 2008 and Fundación Grupo Aval since 2011.

Not considered a PEP¹



Ana María Cuéllar de Jaramillo

Degree in Accounting from
Universidad Jorge Tadeo Lozano

She is currently an independent consultant, specializing in consultancy on financial control processes and systems. She was Director of the National Directorate of Taxes and Customs (DIAN, for the Spanish original) and held several roles in Citibank, including Vice-president of Financial Control. Member of the following boards of directors: Banco de Bogotá since 2007; Megalínea; Biomax S.A.; and Ladrillera Santa Fe S.A. She is also a member of several boards of directors of the BAC Credomatic group, the following of which stand out: Banco de América Central S.A., Guatemala, since 2012; Banco de América Central S.A., El Salvador, since 2012; Banco de América Central Honduras S.A. since 2011; Credomatic de Honduras S.A. since 2011; Banco de América Central S.A., Nicaragua, since 2011; Banco BAC San José S.A. since 2011; and BAC International Bank Inc. since 2010.

Not considered a PEP¹



Luis Fernando López Roca

Doctorate in Finance and
International Relations from
Universidad Externado de Colombia

He has been an alternate member of Grupo Aval's Board of Directors since April 2018. He is a partner of López Montealegre Abogados S.A., Director of the Financial Law Department of Universidad Externado de Colombia, and Associate Judge of the Constitutional Court for the 2018-2019 term and arbitrator. He has been the Superintendent of Securities, President of the Colombian Association of Financing Companies and Advisor of the Inter-American Development Bank. He also held different roles in the Superintendence of Companies, the Bogotá Chamber of Commerce and the Financial Superintendence of Colombia. He has a Doctorate in Finance and International Relations from Universidad Externado de Colombia and postgraduate studies in Public Economic Law from Universidad Externado de Colombia and Universidad de los Andes. Mr. López Roca's business address is Carrera 14 No. 93B-32 Of. 404, Bogotá, D.C., Colombia.

Not considered a PEP¹



Cesar Prado Villegas

Law degree from
Universidad del Rosario

CEO of Banco de Occidente since 2018 and member of Grupo Aval's Board of Directors since March 29, 2019. Previously, Mr. Prado was Administrative Vice-President of Banco de Bogotá from April to September 2018, CEO of Fiduciaria Bogotá, from 2010 to 2018, and Financial Superintendent from 2007 to 2008. He has a Law degree from Universidad del Rosario, graduated in Commercial Law from Universidad de los Andes and holds a Masters Degree in Law from the London School of Economics. He has been a member of the Board of Directors of Corporación Financiera de Colombia since 2019.

Not considered a PEP¹



Germán Villamil Pardo

Law degree from
Universidad de los Andes

Other studies: Specialization in Tax Law from Universidad de los Andes. He is a partner of Gómez Pinzón Abogados S.A. and Gómez Pinzón Asemarcas S.A., and has served in various roles in the Ministry of Finance and in the Central Bank of Colombia. He has been a member of the Board of Directors of Grupo Aval Acciones y Valores S.A. since March 2006.

Not considered a PEP¹

4.1.C. General Counsel



Luis Fernando Pabón Pabón

Law degree from
Universidad Javeriana

Specialization in Financial Law from Universidad de Los Andes. He currently acts as Legal Advisor to Organización Luis Carlos Sarmiento Angulo Ltda. and he has been Secretary of the Board of Directors of Grupo Aval Acciones y Valores S.A. since 2000. He has been a member of the Board of Directors of Banco AV Villas since 1998; Porvenir since 2003; Almaviva S.A. since 2007; Organización Luis Carlos Sarmiento Angulo Ltda. since 2006; and Casa Editorial El Tiempo and CEET TV since 2011. He previously worked as Vice-President of Legal Affairs at Banco de Colombia and as Legal Advisor to the CEO of Banco de Bogotá.

Not considered a PEP¹

PEP¹. Politically exposed person (PEP) according to Decree 1674 of October 21, 2016.

4.1.D. Committees

GRI 102-18

Compensation Committee

At the meeting held on August 11, 2010 (Minutes no. 124), the Board of Directors approved the creation of the Compensation Committee, which is comprised of two Board Members.

The Company's Compensation Committee is responsible for setting the remuneration of the Company's President and establishing the parameters for the President to determine the remuneration of the Company's senior executives and employees.

Although the appointment of the Holding Company's President is the sole responsibility of the Board of Directors, the Compensation Committee is in charge of setting the remuneration of the Company's President.

Members
Luis Carlos Sarmiento Angulo
Mauricio Cárdenas Müller

Audit Committee

The Audit Committee has the roles attributed to it by Law 964 of 2005, our Bylaws and other applicable provisions.

Pursuant to the Rules of Procedure for the Audit Committee, the committee ensures transparency in the preparation, presentation and disclosure of the financial information that we prepare, and reviews and discusses with the Statutory Auditor the

financial statements, quarterly reports and other financial and risk reports we prepare.

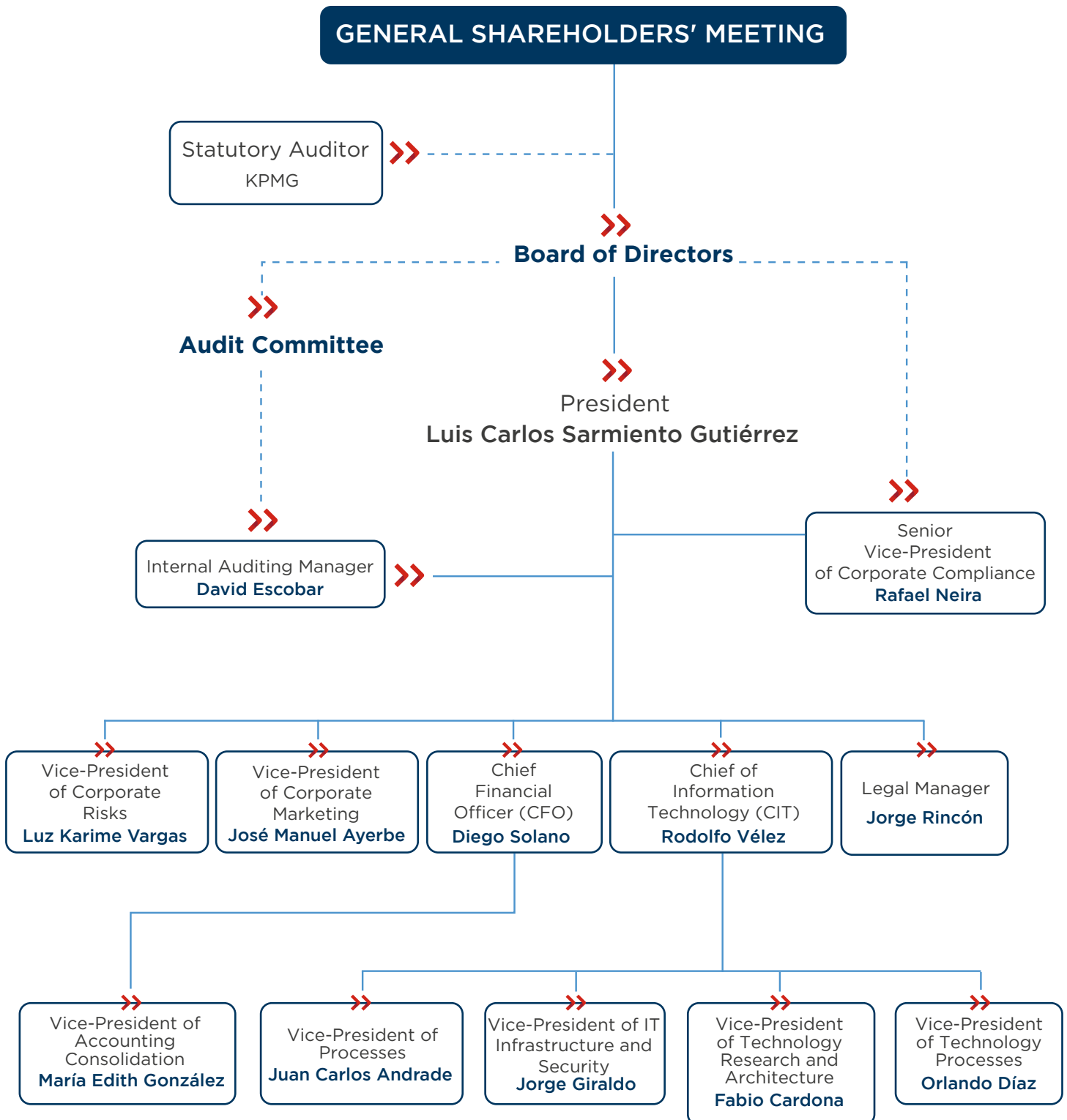
Members
Esther América Paz Montoya
Fabio Castellanos Ordóñez
Álvaro Velásquez Cock

Corporate Affairs Committee

At the meeting held on April 11, 2013 (Minutes no. 124), the Board of Directors approved the creation of the Corporate Affairs Committee, comprised of three Board Members. The Corporate Affairs Committee is responsible for studying issues related to the planning and management of the Vice-Presidency of Corporate Compliance of the Holding Company and its subsidiaries.

Members
Esther América Paz Montoya
Fabio Castellanos Ordóñez
Álvaro Velásquez Cock

4.2 Organization chart



4.2.A. Senior Vice-Presidency of Finance

This vice-presidency is in charge of monitoring and analyzing the results of the Group's main entities, as well as the financing transactions and management of the Holding Company's cash flow. The area is responsible for preparing and reporting accounting information. Additionally, it is responsible for the administrative and human resources functions of the Holding Company and supports the creation of the corporate human resources program for the Group's main subsidiaries.

Through the budgeting process, it monitors and analyzes the financial and commercial performance of the main controlled companies with the aim to support their strategic management and maximize the financial sustainability and benefit

for our shareholders and other stakeholders. In the Holding Company, it plans and controls expenses, and the design and implementation of enhancement strategies for liabilities. It also supports the processes for the issuance of shares or bonds, or other specialized options.

This vice-presidency leads the preparation of the separate and consolidated financial information for local regulatory reporting to the SEC and for the issuance of securities. As part of this responsibility, it works to maintain the highest standards of quality, transparency and timeliness in the disclosure of financial information for the use of our shareholders, bondholders, supervisors, market analysts and other stakeholders, both national and international.

4.2.B. Senior Vice-Presidency of Information Technology

With the management of architecture, cybersecurity, processes, infrastructure and corporate procurement, this vice-presidency supports both the operating and IT business

processes, and keeps standardizing them for all our subsidiaries, seeking enhancements in costs, improvements in their competitiveness and cutting-edge innovation in products and services.



4.2.C. Senior Vice-Presidency of Corporate Compliance

This vice-presidency makes audit visits to our subsidiaries, in compliance with the annual plan approved by the Holding Company's President, assessing the risk-based approach in the internal auditors' work. Additionally, it monitors the subsidiaries' improvement plans and the best practices taught to them on issues of control, information security and auditing. Likewise, it monitors the results of the audit tests on the *Sarbanes-Oxley* (SOX) controls and trains our employees and the internal auditors of our subsidiaries.

It also keeps promoting the use of the Aval Ethics Hotline as a means of communication to receive information about possible irregular incidents or violations of our ethical principles. The Aval Ethics Hotline is implemented in: the Aval banks, the

Holding Company, the six countries where BAC operates, the four trust companies, the securities brokerage firm, Porvenir, the two general storage companies, Corficolombiana and its subsidiaries, among others. It is also available on the internet at www.grupoaval.com.

The reports received through the Aval Ethics Hotline in 2019 were analyzed by the Vice-Presidency of Corporate Compliance and sent to the internal auditors or compliance officers of each one of the entities, who addressed them in a due and timely manner. In each case, when warranted, the internal auditors or compliance officers made the respective investigations and took the relevant corrective measures.

4.2.D. Vice-Presidency of Corporate Risks

This vice-presidency is in charge of contributing to the cohesion and control architecture of our entities through a corporate risk management system with a consolidated approach.

During 2019, we established actions and work plans for compliance with Law 870 of 2017, known as the "Law of Financial Conglomerate Supervision", as well as the decrees and bulletins of the SFC that develop it (Decree 1486 of August 2018 and Bulletin 013 of June 2019 of the SFC).

In corporate risk management, we monitor the credit, market, liquidity, operational and regulatory risks, which include AML/CTF, the ML/TF Prevention System (Grupo Aval's Holding Company), and FATCA (Foreign Account Tax Compliance Act). We also manage the corporate programs in compliance with the SOX Act and ABAC (Anti-bribery and Anti-corruption). In turn, we issue corporate policies on information security. Grupo Aval's Audit Committee supervised corporate risk management through regular meetings which presented the results on said management.

4.2.E. Vice-Presidency of Corporate Marketing

This vice-presidency is in charge of generating value for the subsidiaries, taking advantage of synergies, capitalizing on best practices and coordinating corporate initiatives to: support the subsidiaries' commercial efforts, gain differentiation and reduce client desertion, increase the subsidiaries' competitiveness in products, services and channels, migrate to more beneficial and cheaper channels for subsidiaries and clients, strengthen Grupo Aval's reputational assets, and

achieve market positioning that strengthens and drives each entity.

The Vice-Presidency of Corporate Marketing actively participates in corporate committee meetings with the subsidiaries to monitor, detect opportunities and propose plans for improvement in specific topics, such as: marketing, loyalty, channels, sustainability and reputation.

4.2.F. Legal Department

The Holding Company's Legal Department attends to the internal and corporate legal needs, especially with respect to supporting the securities issuance processes, the preparation and negotiation of contracts, corporate governance matters, brand monitoring, advice and support in the merger and acquisition processes carried out by our subsidiaries, and compliance with our regulatory duties as a securities issuer and financial holding company of the Aval Financial Conglomerate.

The Legal Department also coordinates some corporate projects in which our subsidiaries collectively participate, as well as the implementation and follow-up of the corporate guidelines provided by the Holding Company's President. Additionally, the Legal Department monitors the legislative initiatives and regulatory changes that affect the activities implemented by the Holding Company and our subsidiaries (mainly the financial and securities market sector) in order to implement the necessary measures to comply with the applicable regulation.

4.2.G. Internal Auditing Department

This department conducts audits on the Company's internal control with a risk-based approach according to best practices, independently assessing the Holding Company's risk management and controls, as well as its processes and systems.

In compliance with the audit plan approved by the Audit Committee for 2019, it issued reports and monitored the action plans established by those responsible for responding to the comments issued in the audit, ensuring the continuous improvement of internal control.

It also conducted audit tests on the design and operation of controls on the financial reporting processes for the purposes of the SOX Act and as part of reporting under SEC Form 20-F, as well as for the purposes of issuing local financial statements for the year ending on December 31, 2019. The Audit Committee supervised and

monitored the management of this department through regular reports that were submitted to it during the year on the implementation of the audit plan, the results of the audits, the independence and objectivity of its operation and the status of the action plans for the audited processes.

4.3 Strategic management

Our mission and vision, as well as the ten governing principles of the Holding Company, guide our action and the way in which we do

business, generate results and create value for all our stakeholders.

4.3.A. Mission and vision

»» Mission

Our mission is to provide our clients with socially responsible, safe and easy-to-access financial solutions in any place and at any time, through the legal vehicles available in each market where we operate. These solutions must also be profitable for our clients and companies, so that they generate value for our shareholders.

»» Vision

Our vision is to become one of the three main financial groups in Latin America, offering portfolios of products and services that allow all our clients to manage their finances with us comprehensively, and at the same time, maximize the value of our shareholders' investment through trust in our strength and consistent returns.

4.3.B. Values and governing principles

GRI 102-16

LEGALITY 	TRANSPARENCY 	LOYALTY AND INTEGRITY 
<p>We ensure full compliance with the Colombian constitution, laws, standards, policies, regulations and controls adopted by the relevant authorities and ourselves for the regulation of our activities.</p>	<p>We recognize the importance and value of providing clear, honest, correct and timely information for adequate knowledge of our financial and non-financial position, as an essential basis for relations with our shareholders, investors, stakeholders and/or third parties, and the capital market.</p>	<p>We act ethically and loyally toward society, our shareholders and investors, stakeholders and/or third parties, always in observance of the applicable regulation, respecting and supporting the strengthening of the institutions and collaborating with the authorities in the application of and compliance with the law.</p>
TRUTH AND HONORABILITY 	CONFIDENTIALITY 	
<p>We are interested in the way in which we obtain results and so we are committed to zero-tolerance of any non-compliance or incorrect action, giving priority to general interest over individual interest. Consequently, the statements and information provided by our employees shall always be in accordance with reality and the facts, protecting the good name and image of the Company, our employees, shareholders, control entities, clients, third parties or others.</p>	<p>We protect all our information (official or private in any format that said information is found) and the information of our employees, shareholders and third parties. Our employees shall treat confidential or privileged information properly, carefully and confidentially, abstaining from using this information in a different way to the one authorized or facilitating its access by third parties without the relevant authorization, or for undue purposes. All information in the hands of our employees must be treated under the parameters of integrity, availability, privacy and confidentiality.</p>	
CAUTION 	SELF-CONTROL AND SELF-REGULATION 	RESPECT AND EQUAL TREATMENT 
<p>Our action is based on correct understanding of the risks associated with value generation. As part of this, our employees must assess their decisions with good judgment and criteria, identifying, measuring and managing their risks and recognizing the information's value and the importance of guaranteeing its confidentiality.</p>	<p>Our employees apply criteria of self-control and self-regulation as an essential tool to prevent, detect, monitor and mitigate the different risks we are exposed to and that we clearly communicate so that they are of use.</p>	<p>Our employees provide credibility and calm with respect to their management, which must be developed within an environment of respect and equality, recognizing the diversity of criteria and fostering an adequate environment to promote equal opportunities and treatment to express opinions, pose queries or make suggestions about our development.</p>
EXCELLENCE AND INNOVATION 		SOCIAL RESPONSIBILITY 
<p>One of our strategic pillars revolves around our people. Therefore, we and our employees are committed to attracting, retaining and developing the most talented and suitable professionals. To do this, we have constructed a highly competent and committed work team as an essential component for value generation. We promote meritocracy and encourage teamwork, innovation, continuous improvement of our operation, and the cross-cutting and horizontal implementation of best practices inside our subsidiaries.</p>		<p>We recognize and understand our role in the development of society, as well as the importance and impact of correct behavior as a factor that contributes to the generation of the community's economic, social and environmental well-being.</p>

4.3.C. Organizational objectives

Grupo Aval has positioned itself as the main financial conglomerate of Colombia and the leading banking group in Central America. In the upcoming years, we intend to keep consolidating our leadership in the financial sector through a strategy designed to harness opportunities for sustainable growth and profitability in the different businesses we participate in through our subsidiaries; specifically, seeking the achievement of the following objectives:

- Increase the share in and penetration of the financial markets of Colombia and Central America, encouraging and harnessing the growth potentials that both regions offer given the low rates of banking penetration. We aim to leverage growth in a risk policy based on strict standards of origination and discipline in pricing, which will enable us to generate long-term value.
- Develop and gain operating synergies between Grupo Aval and its subsidiaries through the provision of shared services in the different entities with the aim to achieve efficiencies as a result of

the application of economies of scale in aspects such as corporate procurement and centralized technology developments.

- Expand our supply of products and services and diversify sources of income, constantly looking to expand these supplies to satisfy our customers' changing needs and improve our profitability, focusing on: (i) improving our market share in profitable segments and projects in which we have the potential for organic growth; (ii) launching existing and new projects to serve our segments (such as the population outside the banking system); (iii) improving our supply of products and services by making them digital; and (iv) increasing our cross-selling efforts to our 16.1 million bank clients and our 14.1 million pension and severance fund clients in Colombia at December 31, 2019.
- Acquire and integrate shareholdings in companies that generate strategic value for the Group through the selective pursuit of strategic investments and acquisitions in Colombia and Latin America.



Laws and Regulations

5.1 State of compliance with intellectual property, copyright and free circulation of invoices laws

In compliance with section 4, Article 47, of Law 222 of 1995, amended by Article 1, Law 603 of 2000, Grupo Aval has honorably applied the regulations for intellectual property and copyright. The products and programs protected by intellectual property are duly licensed.

Pursuant to paragraph 2, Article 778, of the Code of Commerce, Grupo Aval states that during the present reporting period, the Company did not commit any act that could obstruct the free circulation of the invoices issued by its suppliers.

5.2 Events after the closing date

On January 28, 2020, we announced the issuance of bonds on the international capital market for a total value of USD 1 billion. The bonds were issued with a term of ten (10) years and a coupon rate of 4.375%. The maturity, on just one account, will be on February 4, 2030, and the interest will be paid every six months.

The bonds were issued by Grupo Aval Limited, a Grupo Aval subsidiary, with Grupo Aval's irrevocable guarantee pursuant to Rule 144A and Regulation S, issued under the U.S. Securities Act of 1933.

5.3 Risks faced by Grupo Aval

Grupo Aval and its financial and non-financial subsidiaries in Colombia and abroad are exposed to a series of risks associated with the development of their corporate purpose or related to the industries in which they operate. The most significant risks include: risk of macroeconomic situation in the jurisdiction where they operate, credit risk, market or interest rate risk, liquidity risk, exchange rate risk (between the Colombian peso and U.S. dollar, or between the functional

currencies of some of our subsidiaries in Central America and the U.S. dollar), operational risk, risk of money laundering, and risk of non-compliance with legal and regulatory requirements. For further details on the risks faced by Grupo Aval in consolidation, please read Note 4 of Grupo Aval's consolidated financial statements. The Holding Company's own risks are disclosed in Note 4 of Grupo Aval's separate financial statements.

5.4 Regulations for conglomerates

The Law of Financial Conglomerates and its regulatory decrees introduced important changes to the structure of the Colombian financial system, particularly for companies that act as financial holding companies of their conglomerates. In the case of Grupo Aval and its financial subsidiaries, through Resolution 0155 of February 6, 2019, the Financial Superintendence of Colombia (SFC, for the Spanish original) identified Grupo Aval as a

financial holding company of Aval FC. Additionally, the SFC identified the companies that are part of said conglomerate, which currently amount to 67.

Likewise, as a result of the Law of Financial Conglomerates coming into effect on February 6, 2019, Grupo Aval, as the financial holding company of its conglomerate, became subject to inspection and oversight by the SFC, having to fulfill the duties

and responsibilities established by the applicable regulation for financial conglomerates.

As a consequence of the above, the functions of the Office of the Financial Superintendence of Colombia were amended, defining the set of policies and guidelines for the supervision of conglomerates (Resolution 684 of 2019).

Out of the duties and responsibilities, those established in External Bulletin 12 of 2019 stand out, which gives instructions on the sufficient level of capital, as well as those in External Bulletin 12 of 2019, which give instructions on risk management in financial conglomerates; starting a process of compliance with said regulatory framework within the terms established for said effect.

5.5 Laws

Below, we present a compilation of the main laws, decrees resolutions, letters, external bulletins, and circular letters that were issued in 2019, and that in one way or another affect the development of our businesses and those of our subsidiaries in Colombia.

LAW 2009 OF DECEMBER 27, 2019:

“Through which, a package of financial products and/or services is included at no additional cost for the payment of debit and credit cards’ management fees.”

The issue of this law makes it mandatory for financial institutions that charge management fees on savings accounts and debit and credit cards to guarantee their users with a minimum package of products and/or services at no additional cost on a monthly basis.

In the case of savings accounts, the institution must guarantee access to at least three (3) of the following products: savings account book, nationwide account deposits, withdrawals at counters in a branch different to the one where the account is registered, paper copy of the bank statements, bank account certification, or the issue of cashier’s checks. For debit cards, the minimum package must include at no additional cost three (3) of the following products: withdrawals in own network, inquiries in own network, bank account certification, nationwide deposits through branches or ATMs of own network, or paper and online bank statements. For credit cards, the minimum package must contain three (3) of the following products: cash advances from ATMs of the same financial institution, cash advances in branches, balance inquiries in ATMs of the same institution, or card replacement due to wear and tear.

LAW 2010 OF DECEMBER 27, 2019:

“Through which, standards are adopted for the promotion of economic growth, employment, investment, improvement of public finances, progressiveness, and equality and efficiency of the tax system, according to the objectives on the matter established by Law 1943 of 2018 and other provisions.”

Through Law 2010 of 2019, also known as the Financing Law, the Colombian Government aims to focus the collection of new revenue in the following areas: (i) obtaining more resources

from the creation of new wealth tax and dividend tax (including new taxes on the financial sector); (ii) promotion of a new tax normalization that consists of aspects including amendment of the ID structure of tax on individuals, incorporating new measures into the tax reconciliation processes in accounting; (iii) development of mechanisms to prevent tax evasion, with the notable creation of a new kind of crime, known as tax evasion or fraud; and (iv) the creation of tax incentives applicable to large-scale investments, exempt income of the orange economy and investments in the agricultural sector.

5.6 Decrees

Ministry of Finance and Public Credit

DECREE 1719 OF SEPTEMBER 19, 2019:

“Through which, point 2 of paragraph 3, Article 33, of Law 100/1993 is regulated and Chapter 9, Title 5, Part 2, Book 2, of Decree 1833 of 2016 is added, a compilation of the regulations for the General Pension System.”

This decree regulates the special benefit applicable to any parent whose child suffers from a physical or mental disability to access the seniority pension before the required minimum age. The above provided that the person has made pension payments to the General Pension System for the minimum weeks required in the Average Premium Regime to access the seniority pension.

DECREE 1562 OF AUGUST 30, 2019:

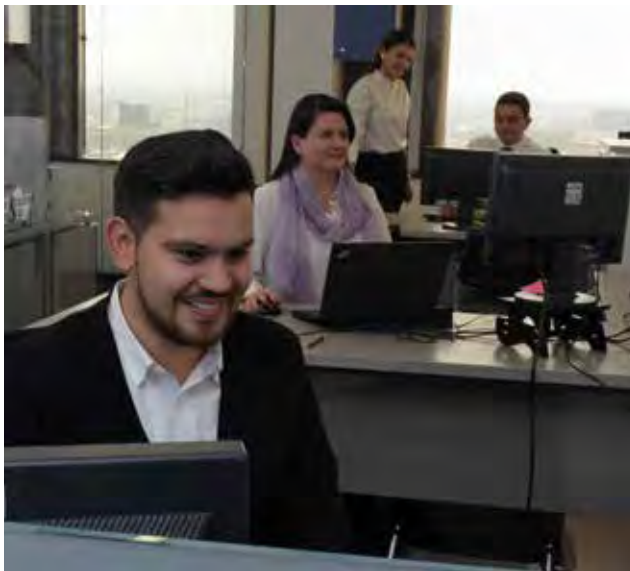
“Through which, three paragraphs are added to Article 2.2.1.3.3, and Articles 2.2.1.3.15. to 2.2.1.3.26 are added to Decree 1072/2015, with respect to the withdrawal of severance funds.”

This decree adds and regulates procedures for the authorization and withdrawal of severance funds by employees and establishes the terms for transfer of the resources to fulfill the request. Additionally, it regulates the possibility of carrying out the procedures online through the digital channels made available.

DECREE 1421 OF AUGUST 6, 2019:

“Through which, Decree 2555 of 2010 is amended with respect to the sufficient net worth requirements for the operational risk of lending companies and other provisions are established.”

This decree establishes operational risk capital requirements, such as the equity strengthening instrument to reduce the impact of unexpected or catastrophic losses. The provisions of this decree include amendments related to: (i) the total solvency ratio; (ii) the basic solvency ratio; (iii) the definition of operational risk; (iv) the value of exposure to operational risks; (v) the capital conservation buffer and the buffer of entities with systemic importance; and (vi) the transition period established in Article 13 of Decree 1477 of 2018.



DECREE 1420 OF AUGUST 6, 2019:

“Through which, Decree 2555 of 2010 is amended regarding the sufficient net worth of trust companies, pension and severance fund administrators, and securities brokerage companies.”

This decree adjusts the existing regulations on sufficient net worth for entities that manage third-party assets. Additionally, it aims to improve the solvency of securities brokerage companies, including adequate management of their own assets through weighting by risk level and the value of exposure to market risk.

DECREE 1351 OF JULY 26, 2019:

“Through which, Decree 2555 of 2010 is amended regarding the temporary transfer of security transactions in the over-the-counter market, custody activity as an agent of the temporary transfer of securities, and disclosure of information on the securities market through electronic media, as well as the establishment of other provisions.”

This decree regulates investments in shareholdings issued by stock market funds, establishing restrictions for pension fund administrators. It also establishes authorizations for securities brokerage companies under all the criteria described therein for making repurchase agreements or repos, and establishes regulatory provisions for OTC trading, registration and transactions.

5.7 Resolutions

RESOLUTION 155 OF 2019:

“Through which, the entities that comprise the Aval Financial Conglomerate are identified.”

This resolution identifies the Aval Financial Conglomerate and establishes the obligation to keep the information on the entities and/or investment vehicles that are part of the conglomerate up-to-date.

RESOLUTION 160 OF 2019:

“Through which, financial holding companies are assigned to the different Institutional Offices of the SFC and the coordination of the supervision of financial conglomerates is established.”

This Resolution assigns the supervision of the Aval Financial Conglomerate to the SFC’s Office One for Financial Intermediaries.

RESOLUTION 684 OF 2019:

“Through which, the set of policies and guidelines of the operating system to oversee the Supervised Entities and/or Financial Conglomerates is established, applying the Comprehensive Framework for Supervision.”

This resolution establishes the following measures: (i) definition of the objective of the supervision work; (ii) establishment of the general principles and premises for the supervision work; (iii) establishment of the separate, consolidated and conglomerate levels of supervision and definition of the types of entities it applies to; (iv) definition of the responsibility and formation of the supervision nuclei; (v) allocation of the directors and delegates of the SFC; and (vi) definition of the roles and responsibilities of the supervision and monitoring panels and committees.

5.8 External bulletins

EXTERNAL BULLETIN 33 OF 2019:

“Instructions related to the solvency of Securities Brokerage Firms, Investment Management Companies, Trust Companies, Pension and Severance Fund Administrators and Insurance Brokers.”

This external bulletin unifies and updates the solvency ratio for managers of third-party assets. Additionally, it issues guidelines to amend the existing regulations applicable to the sufficient net worth of said entities and harmonizes regulation on the technical equity of securities brokerage firms.

EXTERNAL BULLETIN 31 OF 2019:

“Instructions regarding transactions with derivatives and structured products.”

With the aim to promote the development of the derivatives and structured products market, this external bulletin updates the calculation of the credit exposure of transactions with financial instruments and incorporates into the calculation the recognition of the guarantees granted and that mitigate credit risk.

EXTERNAL BULLETIN 29 OF 2019:

“Instructions regarding transactions with derivatives and structured products.”

With the aim to strengthen, facilitate and promote the use of new technologies, this external bulletin develops a regulatory framework for the provision of cloud computing services, as well as guidelines for the use of biometric factors in the provision of financial services, with respect to the required security and quality.

EXTERNAL BULLETIN 16 OF 2019:

“Amends Chapter II of the Basic Accounting and Financial Bulletin, issued through External Bulletin 100 of 1995, with respect to credit risk management.”

This External Bulletin aims to: (i) amend the General Regime for the assessment, rating and provision

of a loan portfolio; and (ii) prohibit the reversal of restructured loans that at the cut-off date of June 30, 2019, reported a rating in the default category.

EXTERNAL BULLETIN 14 OF 2019:

“Instructions on Own Position, Own Cash Position, Gross Position of Leverage, Position of Controlled Investments Abroad, Exchange Rate Risk Indicators and Indicators of Short-Term Exposure of Foreign Exchange (Forex) Brokers and of Public Discount Houses that are not Forex Brokers.”

This external bulletin gives instructions on daily control of own position, own position of cash, gross position of leverage, position of controlled investments abroad, exchange rate risk indicators and indicators of short-term exposure of foreign exchange (forex) brokers and of public discount houses that are not forex brokers.

EXTERNAL BULLETIN 13 OF 2019:

“Risk Management Framework for Financial Conglomerates”.

This external bulletin establishes terms for the risk management framework coming into effect and establishes the guidelines indicated in Chapter XXX of the Basic Accounting and Financial Bulletin to be adopted by financial conglomerates.

EXTERNAL BULLETIN 12 OF 2019:

"Gives instructions related to the sufficient level of capital of Financial Conglomerates."

This external bulletin gives instructions related to the communication of the necessary information to measure the sufficient level of capital for financial conglomerates, as well as the necessary technical document for the creation and details of the information to be assessed.

EXTERNAL BULLETIN 005 OF 2019:

"Gives instructions regarding cloud computing services."

In consideration of the need to promote the use of cloud computing, the SFC added Chapter VI to Title I, Part I, of the Basic Legal Bulletin with the aim to provide rules on the use of cloud computing services.

EXTERNAL BULLETIN 10 OF 2019:

"Instructions related to the solvency ratio."

This external bulletin establishes basic guidelines on the calculation of sufficient net worth for the managers of third-party assets and their solvency ratio. This external bulletin is addressed to trust companies, pension and severance fund administrators, and insurance brokers.



5.9 Circular letters

CIRCULAR LETTER 23 OF 2019:

"Guidelines on the financial and macroeconomic scenarios on which the stress tests required by the supervisors must be conducted, which must be sent in 2019."

Through this circular letter, the SFC provides instructions on the baseline and adverse scenarios

on which the supervised entities must conduct the stress tests required by the supervisor. Therefore, this circular letter aims to promote: (i) the design of scenarios of which the severity and impact is determined by the entities themselves according to their risk profile, (ii) the risk management culture, and (iii) the promotion of the design of recovery plans.



Sustainability at Grupo Aval

At Grupo Aval and our subsidiaries, we are committed to economic, social and environmental development to contribute to the sustainable progress of the countries where we operate, ensure the wellbeing of our employees, the future of new generations, and the sustainable and profitable growth of our business.

In this chapter, we refer to Grupo Aval's sustainability report, which is reported under the GRI Standards and reflects our sustainability management as an integral part of the corporate strategy.

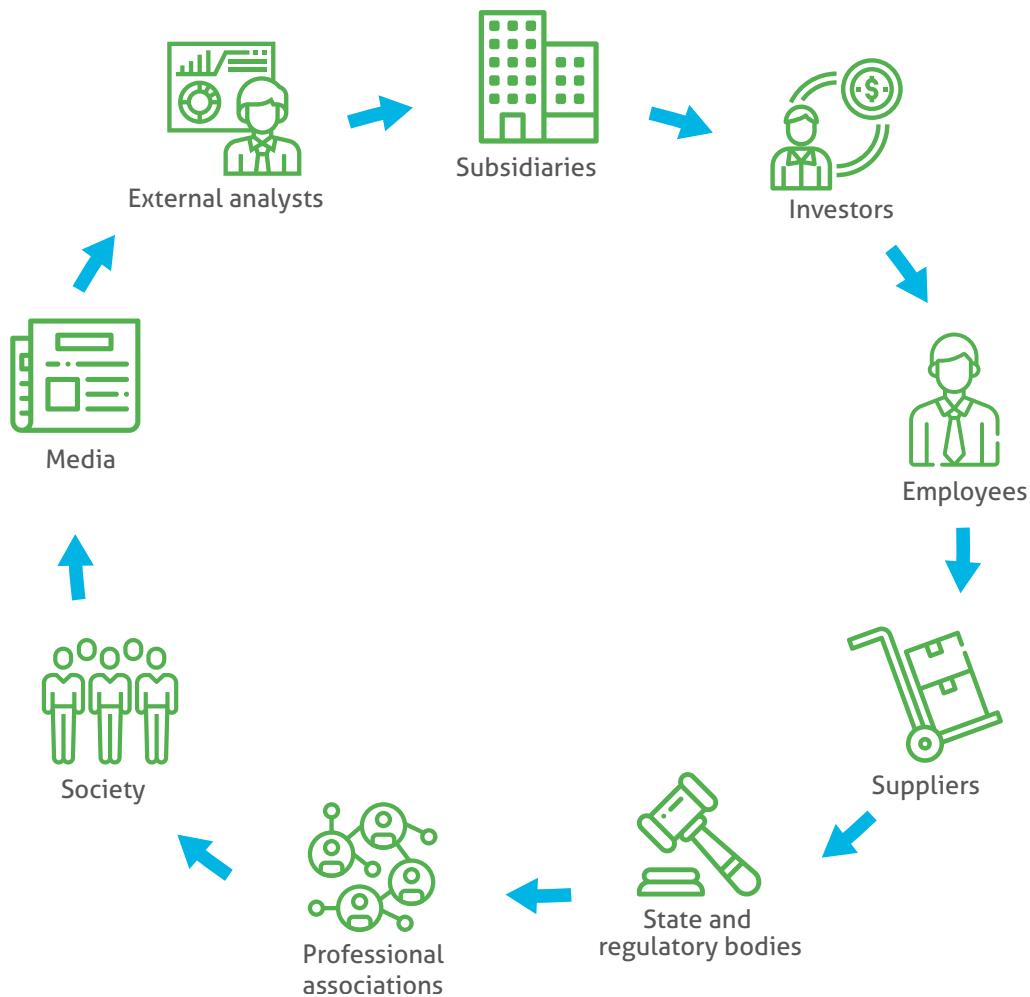
The acquired commitments, the action plan and the progress will be internally managed topics. We will assess the option of them being assessed by a Board committee and reported to the stakeholders periodically through different channels of communication.

6.1 Stakeholders

GRI 102-40, 102-42, 102-43

Stakeholder engagement is essential for the correct development of sustainability. Therefore, we prioritize stakeholders who are particularly

influenced by the actions of the business and with which we have a close relationship in ordinary activities.



To meet the main needs of each stakeholder, we provide specific communication channels and mechanisms that enable us to develop two-way

dialogs, know their expectations, respond to their requests and recognize their needs. Below, we describe Grupo Aval's main channels.



Subsidiaries

Grupo Aval's communication activities	Channels	Frequency
<ul style="list-style-type: none"> Monitor the commercial and financial performance, relevant events and projects expected from the subsidiaries 	<ul style="list-style-type: none"> Email Telephone calls In-person meetings 	Weekly Monthly
<ul style="list-style-type: none"> Establish the digital transformation strategy of each subsidiary 	<ul style="list-style-type: none"> In-person meetings Email 	Daily Weekly
<ul style="list-style-type: none"> Manage relevant and recurring legal matters and process the authorizations required 	<ul style="list-style-type: none"> Email Telephone calls In-person meetings 	Weekly On demand
<ul style="list-style-type: none"> Communicate the corporate procurement policy and process Report the progress and next steps in corporate negotiation processes and projects to implement initiatives 	<ul style="list-style-type: none"> Email In-person meetings 	Monthly
<ul style="list-style-type: none"> Align the corporate marketing initiatives 	<ul style="list-style-type: none"> Email Telephone calls Marketing committee meetings 	Weekly Monthly
<ul style="list-style-type: none"> Request information related to the human resources of each subsidiary Send corporate communications addressed to the subsidiaries' employees 	<ul style="list-style-type: none"> Email Telephone calls In-person meetings 	Weekly Monthly



Suppliers

Grupo Aval's communication activities	Channels	Frequency
<ul style="list-style-type: none"> Report the progress and next steps in corporate negotiation processes Report changes in corporate agreements in force Request proposals 	<ul style="list-style-type: none"> Email Paper communications IT platforms for suppliers to submit proposals 	On demand
<ul style="list-style-type: none"> Hire services adapted to the investors' service needs 	<ul style="list-style-type: none"> Email Telephone calls In-person meetings 	On demand
<ul style="list-style-type: none"> Receive and investigate reports made through the Aval Ethics Hotline Conduct auditing or monitoring activities 	<ul style="list-style-type: none"> Aval Ethics Hotline In-person meetings 	On demand
<ul style="list-style-type: none"> Negotiate marketing events and partnerships 	<ul style="list-style-type: none"> Email Telephone calls Marketing committee meetings 	Weekly Monthly
<ul style="list-style-type: none"> Implement new services, resolve queries and establish service agreements 	<ul style="list-style-type: none"> Email Telephone calls In-person meetings 	Monthly



Investors

Grupo Aval's communication activities	Channels	Frequency
<ul style="list-style-type: none"> Keep investors informed of Grupo Aval's financial performance and other relevant topics Efficiently and effectively respond to the requirements that arise 	<ul style="list-style-type: none"> Annual reports Email 	Annual On demand
<ul style="list-style-type: none"> Receive and investigate reports made through the Aval Ethics Hotline Provide information and answer questions in the due diligence processes for the issuance of securities on stock exchanges or when the investors request a meeting with the Vice-Presidency of Corporate Compliance 	<ul style="list-style-type: none"> Ethics Hotline Telephone calls In-person meetings Replies to written requirements 	On demand
<ul style="list-style-type: none"> Keep this category of stakeholder informed of Grupo Aval's financial performance and other relevant topics 	<ul style="list-style-type: none"> Email Telephone calls In-person meetings Written communication 	Weekly
<ul style="list-style-type: none"> Report the announcement of sessions of the General Meeting of Shareholders Facilitate the exercise of the right to inspection prior to ordinary sessions of the General Meeting of Shareholders 	<ul style="list-style-type: none"> Email Telephone calls In-person meetings 	Annual



Employees

Grupo Aval's communication activities	Channels	Frequency
<ul style="list-style-type: none"> Receive and investigate reports made through the Aval Ethics Hotline Conduct auditing or monitoring activities 	<ul style="list-style-type: none"> Ethics Hotline In-person meetings 	On demand
<ul style="list-style-type: none"> Disclose documents and policies of the Holding Company Report on guidelines, benefits, news and other topics of general interest Report relevant topics managed by each area 	<ul style="list-style-type: none"> Email Telephone calls In-person meetings 	Weekly Annual
<ul style="list-style-type: none"> Implement quick methodologies within a culture aimed at value creation, implemented by self-managed teams 	Different formats of in-person and digital communication, such as open training events with guest experts	Weekly
<ul style="list-style-type: none"> Report relevant issues to the Board meetings Report legal topics of common interest 	<ul style="list-style-type: none"> Email Telephone calls In-person meetings 	Constant



State and regulatory bodies

Grupo Aval's communication activities	Channels	Frequency
<ul style="list-style-type: none"> Keep the control bodies informed of any unusual transaction in the securities market on Grupo Aval shares 	<ul style="list-style-type: none"> Written communication 	On demand
<ul style="list-style-type: none"> Respond to requests, requirements or visits from the control or regulatory bodies 	<ul style="list-style-type: none"> In-person meetings Replies to written requirements Statements 	On demand
<ul style="list-style-type: none"> Maintain constant communication with the Financial Superintendence of Colombia and other authorities according to specific needs 	<ul style="list-style-type: none"> Telephone calls Written communication Email 	On demand
<ul style="list-style-type: none"> Maintain constant communication about regulatory changes and their implementation (SFC, Financial Regulation Unit and Ministry of Finance) 	<ul style="list-style-type: none"> Email Telephone calls In-person meetings Written communication 	On demand



External analysts

Grupo Aval's communication activities	Channels	Frequency
<ul style="list-style-type: none"> Keep the financial performance analysts informed of Grupo Aval's financial performance and other relevant topics 	<ul style="list-style-type: none"> Email Telephone calls In-person meetings 	On demand
<ul style="list-style-type: none"> Respond to the external analysts' requests 	<ul style="list-style-type: none"> Telephone calls In-person meetings Replies to written requirements 	On demand



Professional associations

Grupo Aval's communication activities	Channels	Frequency
<ul style="list-style-type: none"> Attend the seminars and discussion meetings of ANIF (Colombian Association of Financial Associations) and Asobancaria (Colombian Banking Association) 	<ul style="list-style-type: none"> In-person meetings 	Quarterly
<ul style="list-style-type: none"> Attend the board meetings of Corporación Excelencia en la Justicia (Excellence in Justice Corporation) 	<ul style="list-style-type: none"> In-person meetings 	Monthly
<ul style="list-style-type: none"> Maintain constant communication with Asobancaria about regulatory changes and their implementation 	<ul style="list-style-type: none"> Email Telephone calls In-person meetings Written communication 	On demand
<ul style="list-style-type: none"> Participate in the training workshops organized by ACRIP (Human Resources Association) 	<ul style="list-style-type: none"> Email Telephone calls In-person meetings 	On demand



Media

Grupo Aval's communication activities	Channels	Frequency
<ul style="list-style-type: none"> Report on Grupo Aval's relevant events, launch of products and services, news of interest and performance Respond to the media's information requests 	<ul style="list-style-type: none"> Scheduled visits to facilities Generation of articles with specialized media 	Quarterly Annual



Society

Grupo Aval's communication activities	Channels	Frequency
<ul style="list-style-type: none"> Keep the general public informed of Grupo Aval's operations, products and services, and performance 	<ul style="list-style-type: none"> Annual report 	Annual

6.1.A. Other relevant communication channels



Contact email



Ethics Hotline



Website



Communications plan

6.2 Materiality analysis

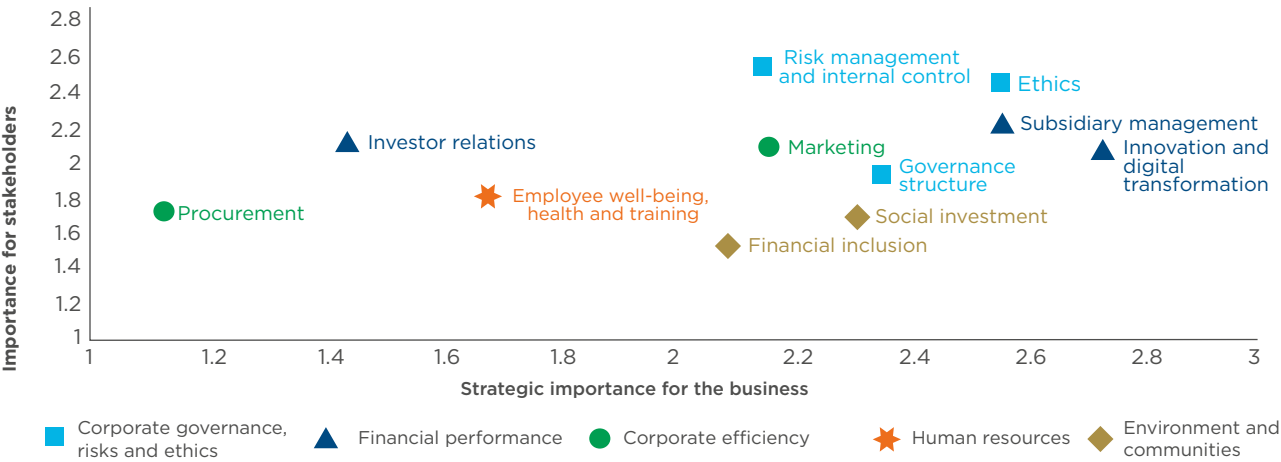
GRI 102-44, 102-46, 102-47

In 2019, we joined our efforts and good practices under a structured sustainability method that is visible and understandable for our stakeholders and generates value for them. To do this, we conducted an internal analysis, where we understood the strategic needs of the business, as well as the expectations of our subsidiaries and main stakeholders.

We established five strategic pillars:

- Corporate governance, risks and ethics
- Economic performance and innovation
- Corporate efficiency
- Human resources
- Environment and communities

We identified 11 material topics¹⁵ and we prioritized them according to their impact on the business, as follows:



<p>»</p> <p>Priority topics</p> <p>Ethics, Subsidiary management, Innovation and digital transformation, Risk management, Internal control, and Governance structure.</p>	<p>»</p> <p>Relevant topics</p> <p>Financial inclusion, Investor relations, Well-being, Employee health and safety, and Marketing.</p>	<p>»</p> <p>Emerging topics</p> <p>Procurement, and Social investment.</p>
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15. For more information on the alignment of our material topics with the GRI Standards, please see the GRI Content Index at the end of this document.

Finally, the 11 material topics were grouped in the strategic pillars:

- **Corporate governance, risks and ethics**, where ethics prevail, ensuring business continuity and profitable growth with self-control and self-regulation.

- * Governance structure
- * Risk management and internal control
- * Ethics

- **Financial performance**

- * Subsidiary management
- * Investor relations (customer service)
- * Innovation and digital transformation

- **Corporate efficiency**, maintaining a sustainable and responsible approach.

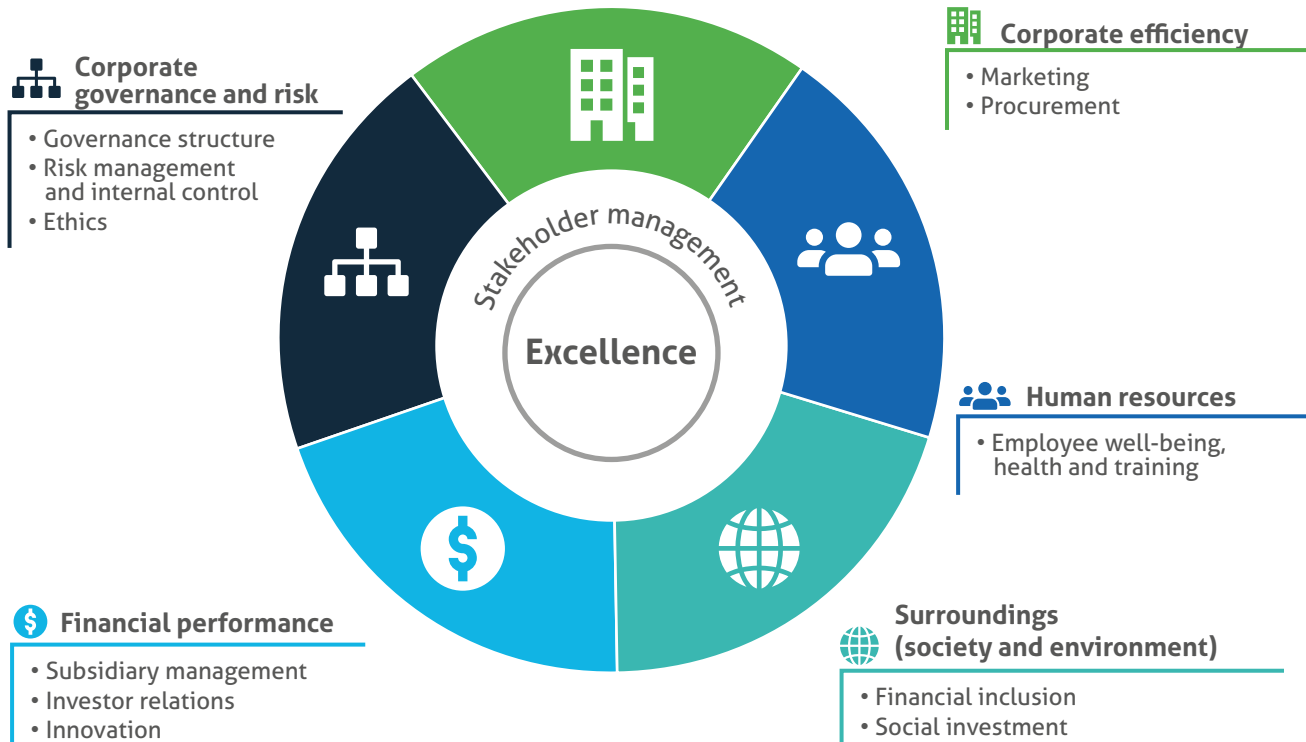
- * Marketing
- * Procurement

- **Human resources**, based on the respect, equal treatment and well-being of employees.

- * Employee well-being, health and training.

- **Environment**, comprised of our commitment to the development of the environment from our position as the Holding Company.

- * Financial inclusion (community)
- * Social investment (continuity)



Note: Application of GRI principles in the preparation of the report

The principles for the preparation of this report are adapted to the guidelines of the GRI *Sustainability Reporting Principles* in both content and quality.

Content principles

- » **Inclusion of stakeholders:** We identify and prioritize our stakeholders and we aim to explain how our actions respond to their expectations and interests.
- » **Sustainability context:** This report's non-financial information is a demonstration of what we understand by sustainability, summarized in the management of the social, environmental or corporate governance factors generated or affected by the business activities.
- » **Materiality:** The chapters on the sustainability pillars (Chapters 6.4, 6.5, 6.6, 6.7 and 6.8) explain the importance, the impacts and the future commitments of each material topic.
- » **Exhaustiveness:** This report contains sufficient information so that stakeholders can assess the performance in the presented material topics.

Quality principles




- » **Accuracy:** The information contained herein is sufficiently accurate and detailed so that the stakeholders can analyze our performance on the material topics we present.
- » **Balance:** This report presents Grupo Aval's non-financial information, which reflects the positive and negative aspects of its performance in the management of the prioritized material topics.
- » **Clarity:** The non-financial information of this report is presented so that all the stakeholders can understand and access it.
- » **Comparability:** This report was written under the GRI Standards so that our performance in sustainability can be visualized in an evolving table, which will be refined each year, in line with the global standards and adopting the best practices of the sector's benchmarks.
- » **Punctuality:** We aim for this report to be available annually so that stakeholders can have the necessary information and can make informed decisions.

6.3 Subsidiary relations for sustainability

GRI 102-9

We manage several of the established material topics through two channels: provision of corporate services and the development of the Holding Company's guidelines for subsidiaries.

Currently, the services that we provide as a Holding Company to our subsidiaries are as follows:

	<p>Financial and accounting advice: Our subsidiaries receive services, advice and guidelines on topics related to the quality, timeliness and reliability of the financial information that is reported to the market. Similarly, through Grupo Aval, we monitor the subsidiaries' budget execution.</p>
	<p>Regulatory advice: Through the Holding Company, we issue instructions and advise our subsidiaries on the implementation and observance of international regulation, including regulation on control of financial reporting (Sarbanes-Oxley Act), the Foreign Account Tax Compliance Act (FATCA), on anti-money laundering (AML/CFT) and Anti-Bribery Anti-Corruption (ABAC) compliance.</p>
	<p>Internal control: Grupo Aval's subsidiaries receive services from the Vice-Presidency of Corporate Compliance, a body that aims to strengthen the culture with a risk-based approach. For these purposes, Grupo Aval's Vice-Presidency of Corporate Compliance establishes the guidelines and good practices for internal control, fostering an adequate approach that lies in the strength and effectiveness of each entity's internal control.</p>
	<p>Legal support: We provide ongoing support and issue guidelines to the subsidiaries on aspects such as: corporate governance, understanding and interpretation of the regulatory issues, specific projects of relevance, and monitoring of the legislative and regulatory agenda with an impact on the business.</p>
	<p>Marketing, loyalty, innovation and publicity activities: Through the Holding Company, we design, produce and implement strategies with the participation of the subsidiaries in order to have a greater impact on the market and achieve more efficiency.</p>
	<p>Shared services: The Holding Company aims to achieve efficiency and significant reductions in the subsidiaries' costs of hiring goods and services in information technology and security, as well as the procurement of supplies and hiring of services required for operation.</p>

In addition, understanding that the scope of the material topics exceeds the Holding Company's operation, we have established strategic partnerships or business relations with other

companies that enable us to adequately manage some material topics. Particularly, we highlight the relationships with:



Business opportunities:

- ATH, a subsidiary of Banco AV Villas, through which we establish the provision of some corporate services.
- ADL is an associate through which we hire the provision of corporate services.



Commitment to communities:

- Corporación Microcrédito Aval, an independent entity we partner with for the management of our commitments to financial inclusion.
- CTIC, a foundation through which we invest in health topics related to communities.

6.4 Corporate governance, risk and ethics management

We have a transparent structure governed by policies and procedures that are homogeneously applied across all our subsidiaries to ensure high

ethical standards and the sustainable development of our activities in line with that defined by our governing bodies.

Context

Prior to the Law of Financial Conglomerates, we already had a corporate risk management process in the Holding Company, considering the risks we are exposed to in the development of our activities. We have continued to evolve, as shown in the 2015 code of "Best Corporate Practices in Colombia", and as a result of the implementation of new processes due to the application of the Law of Financial Conglomerates.

We have a formal, consolidated risk management and control environment in the Holding Company with scope over our subsidiaries (explained in

the "Policy Framework for Comprehensive Risk Management"¹⁶). Additionally, we have established different corporate policies applicable to the main risks that affect us and our subsidiaries. Said policies are part of a corporate system led by the Vice-Presidency of Corporate Risks, which coordinates regulatory, financial and non-financial (e.g. information security) risk management.

16. Updated in December 2019 and called the "Corporate Policy for Comprehensive Risk Management"

Law of Financial Conglomerates

In September 2017, the Colombian Government issued the Law of Financial Conglomerates, which came into force on February 6, 2019, and gives the SFC responsibilities including “to give instructions to financial holding companies regarding risk management, internal control, information disclosure, conflicts of interest and corporate governance, which must be applied by the entities that comprise the financial conglomerate”. In development of the power granted to give instructions on risk management, the SFC issued Bulletin 013 of June 2019, which creates Chapter XXX – Risk Management Framework for Financial Conglomerates (MGR, for the Spanish original), in the Basic Accounting and Financial Bulletin (CBCF, for the Spanish original) (External Bulletin 100 of 1995), and establishes the requirements for the design, implementation and maintenance of the MGR. This regulation will come into force in June 2021 and for some matters on technology infrastructure¹⁷ and IT systems, it will come into force from June 2022,

and can be extended for two additional years upon justified request.

In response to the provisions of Bulletin 013 of 2019, we have designed a work plan that will enable us to respond to the provisions of said bulletin within the term indicated therein. Given that the implementation of the MGR will include the considerations indicated below, Grupo Aval will significantly establish the corporate risk management it has been structuring for some time:

- » Design of the Risk Appetite Framework for the financial conglomerate
- » Own risk management of the financial conglomerate, that is the risk of infection, risk of concentration and strategic risk
- » Risk governance structure
- » Technology infrastructure and IT systems
- » Required documents of the MGR

6.4.A. Corporate governance structure

In accordance with the laws and regulations in force, we and our subsidiaries have a uniform governance structure. Therefore, vast majority of our subsidiaries are joint-stock companies,

whose management and administrative bodies are comprised of a General Meeting of Shareholders, a Board of Directors and a Manager or CEO.

17. Related to the definition of general guidelines for the complete reading and presentation of information on risks of the financial conglomerate (paragraph e, section 4, of the Basic Accounting and Financial Bulletin).

Consequently, the framework of each of the governing bodies' scope provides the guidelines to achieve the corporate purpose of each subsidiary, aiming to maximize the value generation and achievement of the objectives of the different stakeholders involved.

Chapters 4 and 9 provide the detailed composition of our governing bodies and organizational structure.

Importance of the governance structure

Coordinate all the decision-making processes with a single management team that will establish us as leaders of the financial sector in Colombia and Central America.



Actions and initiatives

Reports

We prepare corporate governance reports, which are required due to our status as an issuer registered in the National Registry of Securities and Issuers (RNEV, for the Spanish original). Specifically, we complete and submit the Best Corporate Practices survey (Código País survey) in which we report the status of the Holding Company in terms of governance structure.

In accordance with the foregoing, in the Corporate Governance Report, we disclose issues such as: (i) relevant events, (ii) ownership structure of the Aval Financial Conglomerate, (iii) management structure of the conglomerate, (iv) transactions with related parties, (v) risk management system, (vi) General Meeting of Shareholders, and (vii) information on the Board of Directors and its committees.

Corporate Governance Report

We implement our Corporate Governance Report under the guidelines of the Código País survey, which reflects the aspects that, in the Company's opinion, are important for shareholders and investors and that Grupo Aval develops in its normal course of business.

The work plan is consistent with the Código País survey standards of the Financial Superintendence of Colombia (SFC, for the Spanish original). We also keep the initiatives aligned with the requirements of the Colombian Securities Exchange's IR recognition for access to information and we developed a plan for the evaluation and implementation of the Aval Financial Conglomerate's sustainability report.

Other relevant documents on corporate governance

- Grupo Aval's Rules of Procedure for the General Meeting of Shareholders
- Institutional Relations Framework of Reference
- Rules of Procedure for the Board of Directors
- Corporate Governance Code
- Support committees
- Rules of Procedure for the Audit Committee
- Policy on the Appointment and Remuneration of the Board of Directors
- Código País survey

Achievements and figures

Having Board Members committed to Grupo Aval ensured an average attendance of 98% at Board meetings.

Commitments

- Identify the Steering Committee that can best contribute, support and follow up on the sustainability commitments. The Corporate Affairs Committee or the Risk Committee were proposed.

Area responsible: General Secretary of the Board of Directors and the Legal Department of the Holding Company.

6.4.B. Risk management and internal control

We have a solid corporate risk structure to create value for the organization, contribute to the subsidiaries' cohesion and control architecture, maximize strategy execution and optimize operations.

Management is carried out under the three lines of defense system, in accordance with the recommendations of the COSO¹⁸ model, described below:

- The first line of defense lies with each of the areas or employees that manage the business, primarily responsible for identifying, assessing, managing, monitoring and controlling its risks.

- The second line of defense consists of risk management, which is responsible for continuously monitoring compliance with all risk obligations, performing risk measurement activities and reporting to Senior Management.

- The third line of defense consists of internal auditing and compliance, with independent evaluation of the organization's risk management and controls, as well as the processes and systems, reporting to the Audit Committee to help ensure that the key business risks are managed appropriately and that the Internal Control System in place is effective.

18. Sponsoring Organizations of the Treadway Commission.

Importance of risk management and internal control

To ensure the generation of value for our shareholders within the framework of legal compliance and adequate risk management.

Actions and initiatives

Corporate policy for integrated risk management

We have a policy that defines the general framework for risk management and the principles that govern it. It also establishes the methodology, the risk management systems implemented, the measurement and mitigation process, the documentary architecture of the Organization's risk management system, the reporting levels to Senior Management and the boards of directors on risk management, among other matters.

A matrix identifies standardized corporate controls regarding the following risk systems:

- Regulatory risks: Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Risk Management System, Anti-Bribery Anti-Corruption (ABAC) compliance program, for the Spanish original), SOX compliance program, and compliance with the FATCA provisions.
- Financial risks: credit (CRMS), liquidity (LRMS) and market risk (MRMS) management systems.
- Non-financial risks: operational risk management system (ORMS)
- Other risks: Information security.

The management of the aforementioned control systems is carried out notwithstanding the subsidiaries' duty to (i) comply with the regulations applicable to each entity for each of the risk management systems; and (ii) implement their own processes and set limits, risk appetites and other specific conditions in accordance with their own characteristics, organizational structure and governance, as well as their legal autonomy.

Each system has its respective corporate risk management committees with the participation of those responsible for the risk areas of each of Grupo Aval's subsidiaries.

Monitoring

At Grupo Aval, we are constantly monitoring to identify situations of alarm in the materialization of relevant risk incidents. We also monitor and coordinate action plans on the most important aspects of corporate governance, inherent risks with the greatest impact on the subsidiaries, controls, auditing, information security and cybersecurity.

International compliance

We monitor compliance with the internal auditors' schedules of the subsidiaries subject to SOX controls. We also ensure the visits of the Vice-Presidency of Corporate Compliance to

some of the subsidiaries, in order to review work papers and provide feedback on the opportunities for improvement detected. All of this is done to improve the auditors' management in the planning, execution and reporting of the results of the SOX control tests.

Control

As an internal counterbalance mechanism, we have the Vice-Presidency of Corporate Compliance, whose mission is to promote the strengthening and continuous improvement of the subsidiaries'

internal control systems. This is line with good corporate governance, audit and control practices for the subsidiaries in Colombia as well as those in the Central American countries where BAC operates.

By fulfilling its objectives and its audit and monitoring functions, the Vice-Presidency of Corporate Compliance promotes control standards in the subsidiaries, with an approach focused on the inherent risks with the greatest impact.

Achievements and figures

Vice-Presidency of Corporate Compliance

- Completion of 23 audit visits to the subsidiaries, in both Colombia (15) and Central America (8), which were presented to the CEOs of each entity, resulting in work plans.
- Promotion of 30 guidelines and good control practices in the subsidiaries.
- One training workshop held for internal auditors and compliance officers, with the participation of 50 professionals from Central America, Peru and Colombia.

» The Vice-Presidency of Operational and Regulatory Risk provided the following training:

SOX Act Compliance program

SOX training sessions in 2019	21
SOX committees meetings with subsidiaries	10
SOX instructions issued	23

AML/CFT

AML/CFT training sessions in 2019	3
Corporate AML/CFT committee meetings	11
Corporate AML/CFT instructions	13

Information security

Corporate training sessions	1
Information security committee meetings	4
Corporate instructions	1

Commitments

- Add to the risk policies to include social and environmental aspects in Grupo Aval's risk assessment.
 - Conduct a diagnostic in 2020 to adopt a corporate policy for the Environmental and Social Risk Management System (ESRMS), and assess its implementation as of 2021.
 - Audit compliance with the commitments made in the 2019 Sustainability Report.
 - Provide support and monitoring regarding information security, control and audit in ATH.
- Area responsible: Vice-Presidency of Operational and Regulatory Risk and Vice-Presidency of Corporate Risks

6.4.C. Ethics

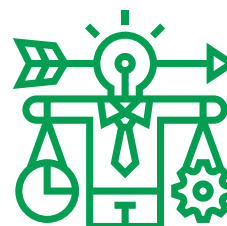
GRI 102-17, 205-1, 205-2

Our values and strategic vision compel us to comply with the ethical standards established by the Board of Directors and the General Meeting of Shareholders. This applies to the operation of the Holding Company and our subsidiaries. We are focused on preventing potential incidents of

fraud, corruption, bribery and misconduct, and any kind of irregular situation. The main internal mechanisms for managing ethics at Grupo Aval are the Anti-Corruption program, the Ethics Hotline and the Code of Ethics and Good Conduct.

Importance of Ethics

To ensure that Grupo Aval and its subsidiaries have policies on ethics and conduct, and that there are channels in place for stakeholders to report any complaint, irregularity, misconduct, etc., these reports can be escalated to the applicable offices.



Actions and initiatives

Anti-corruption program

Through the Anti-Bribery Anti-Corruption (ABAC) compliance program, we aim to integrate the elements of the Internal Control System to prevent and manage incidents of corruption within the

group, directing and promoting the principles and values established for our business ethics and corporate policies.

The objectives of the program include promoting an ethical culture to mitigate risks of corruption and in relations with third parties, as well as establishing guidelines to prevent, detect, investigate and remedy possible incidents of corruption effectively and in a timely manner.

The second line of defense has incorporated the ethical component with greater emphasis on the **Compliance program**. The Anti-Corruption Policy describes the "zero tolerance" of this kind of

risk, which requires that high standards of ethics are met in our operations, mainly regarding: management of conflicts of interest, donations, sponsorships, gifts and invitations, purchases (procurement processes), processes of business acquisitions, joint ventures and associates and corporate social responsibility programs. We also established the expected minimum standards to manage the transparency of the operations' accounting records.

We are currently carrying out the following actions as part of this program:

- » Monitoring sponsorship and donation transactions throughout the year.
- » Reinforcing awareness of the anti-corruption culture through campaigns and training.
- » Reporting the results of our management of the Anti-Corruption Compliance program to the Audit Committee.
- » Calibrating risk assessment methodologies for the Anti-Corruption Compliance program.
- » Reinforcing policies and procedures for the adequate and transparent management of third party intermediaries (TPI), establishing the evaluation and design, by entity, of exposure to ABAC risk.
- » Developing a monitoring system for all Grupo Aval subsidiaries according to their exposure to ABAC risk.
- » Monitoring performance on key issues for each type of risk through a dashboard.. The dashboards are established on a quarterly basis by each risk system.
- » Requesting individual certifications from each subsidiary on compliance, management, risk monitoring and identification of incidents that occurred during the calendar year.
- » Receiving quarterly confirmations on high-impact incidents in each risk to ascertain whether or not they have occurred, and for which risks we need to implement immediate action plans.

Aval Ethics Hotline

In turn, we have continued to implement and strengthen our Aval Ethics Hotline. This hotline is a communication channel that allows employees, suppliers, investors and customers of the Group's subsidiaries to report possible fraud, misconduct, corruption, money laundering, any other situation considered irregular or possible incidents that

breach the established rules. This mechanism is documented through a set of instructions and a procedure. Furthermore, as part of the induction process for new employees and in the hiring of suppliers, we inform them of this reporting channel. We also carry out periodic disclosures and testing of its operation.

»» How does the Aval Ethics Hotline work?

The Aval Ethics Hotline is implemented on the websites of: the Holding Company, the Aval banks, the six countries where BAC operates, the four trust companies, the brokerage firm, the pension fund administrator, the entity that manages the ATM network, the two general storage companies, Corporación Financiera Colombiana and the subsidiaries of said corporation, among others.

Anyone who wants to use the Aval Ethics Hotline can access it through the internal data network of the aforementioned entities or on the internet, where they will find a web page that provides information about the purpose of the Ethics Hotline and some examples of incidents that can be reported through this channel.

Once the person decides to move forward with the complaint, he/she is given a form to be completed with: the details of the facts, the entity about which he/she is making the complaint, and the type of claimant (employee, customer, supplier or shareholder), and he/she is given the opportunity to attach electronic documents related to the complaint.

Once the claimant has completed and submitted the information requested on the Aval Ethics Hotline web form, it is sent to an email address, following protocols

to ensure the confidentiality of the information and the protection of the claimant's identity. From that moment on, the management of the complaint begins, which involves: its analysis, classification according to type (possible fraud, human resources, possible workplace harassment and others), establishing a level of priority for it (normal or high), referring it to the entity's internal auditor (or the person responsible for its investigation), and assigning a deadline for the delivery of the results of that investigation.

Upon receipt of the investigation report from the entities' internal auditors, a review is conducted to determine whether any observations or comments are made by the Vice-Presidency of Corporate Compliance. Also, if any action plans have been proposed, they are evaluated to determine whether or not they are appropriate.

A detailed follow-up of the reports, the results of the investigations and the action plans (where applicable) is carried out on a monthly basis, in order to request any corrections, if necessary. This follow-up is recorded in minutes, which are in the custody of Grupo Aval's Vice-Presidency of Corporate Compliance.

Code of Ethics and Good Conduct

The Code of Ethics and Good Conduct defines our commitment to carry out business activities under criteria of transparency, ethical behavior and compliance with the rules that apply to us as an issuer of securities in the national and international markets. This code is an essential element of the Internal Control System (ICS). Our interest is to

ensure that all employees are aware of and apply the guidelines.

To this end, we continuously carry out: training for new employees on the guidelines of the Code of Ethics and Good Conduct and periodic communications to encourage the conduct set out in the Code of Ethics and Good Conduct.

Achievements and figures

- The ABAC Corporate Policy was updated and disclosed.
- All of the reports received through the Aval Ethics Hotline were analyzed by the Vice-Presidency of Corporate Compliance and sent to the internal auditors or compliance officers of each subsidiary, who addressed them in a due and timely manner.

» In terms of training, we achieved:

ABAC Anti-Corruption program

Corporate training sessions	8
Corporate ABAC committee meetings	11
Corporate ABAC instructions	19

Commitments

- Implement a monitoring system by risk level and the automation of warning signs.
- Keep the Ethics Hotline log up to date, reporting the number of complaints made, addressed and classified by type.

- Strengthen the Ethics Hotline to ensure excellent communication with stakeholders.

Area responsible: Senior Vice-Presidency of Corporate Compliance, Vice-Presidency of Operational and Regulatory Risk and Human Resources department.

6.5 Financial performance

We understand that our financial performance is vital to ensuring the sustainability of the business, to compensate our customers and investors

and to contribute to the well-being of all our stakeholders, based on the adequate management of subsidiaries, innovation and investor relations.

Context

An essential part of our business is to achieve the financial and strategic management of the subsidiaries in order to fulfill our investors' expectations. Through our business model, we aim to ensure that each subsidiary and its subordinate companies have the freedom to define their strategy independently, while ensuring compliance with the Holding Company's strategic guidelines.

In this context, we monitor the entities financially and ensure that they achieve positive financial

results. This monitoring also involves recognizing strategic opportunities to expand markets or improve our subsidiaries' services. Therefore, we have adopted innovation and digital transformation as one of the strategic guidelines of the Holding Company, so that the subsidiaries remain competitive in the face of global dynamics.

All of the above aims to ensure positive results for our investors.

GRI 201-1

Economic value generated (Holding Company)	Separate	Percentage
Earnings-equity method	COP 3,013	91%
Other revenue	COP 286	9%
Economic value generated	COP 3,299	100.0%
Shareholders (*)	COP 1,270	41%
Funders	COP 122	4%
Suppliers	COP 18	1%
Employees (**)	COP 37	1%
Taxes and contributions	COP 88	3%
Economic value distributed	COP 1,602	48.6%
Depreciation and amortization	COP 2	1%
Reserves	COP 1,761	50%
Economic value retained	COP 1,696	51.4%

Note: monetary values are presented in billions.

(*) Pending the payout proposal Assuming a dividend of COP 5 per share per month.

(**) Employees: including direct employees. Suppliers: including temporary and outsourcing.

6.5.A. Subsidiary management

At Grupo Aval we invest in companies with outstanding financial and commercial performance, and we promote compliance with the highest standards in the sector and the proper implementation of new regulatory measures. We do so based on a sustainable approach that enables

us to grow organically. We also assess potential inorganic opportunities (merger, acquisition or sale of businesses) that strengthen or materialize opportunities for the Group. This is done with a view to maximize the value generated for our shareholders.

Importance of subsidiary management

To ensure that our subsidiaries have an optimal financial and commercial performance to maximize the value of our shareholders' investments.

Actions and initiatives

Most of the actions to manage our investment portfolio are planned and executed by the Senior Vice-Presidency of Finance. From this point, periodic control is carried out of the financial and commercial performance compared to the competition, in addition to the monitoring of budget compliance of the Holding Company, the Aval banks, BAC, Corficolombiana and Porvenir. In general, the following actions are taken:

- Regular monitoring of the financial and commercial performance compared to the competition.
- Monitoring of the budget compliance of Grupo Aval and its subsidiaries.

- Assessment of the impact and implementation plans for new regulatory measures, with the support of the Vice-Presidency of Corporate Risks and the Legal Department.
- Leading of processes and support of the subsidiaries, when appropriate, in transactions on international capital markets.
- Support of the subsidiaries in their assessment of potential opportunities for mergers, acquisitions, business sales and capital optimization.
- Preparation of periodic reports (Quarterly Report to the SFC, management report and form 20-F).

Achievements and figures

- The monthly follow-up of compliance with the financial budget by the Holding Company, the Aval banks, BAC, Corficolombiana and Porvenir was carried out.
- The work of the Aval banks was coordinated, based on corporate guidelines to comply with the SFC's regulatory requirement on capital stress testing (EPR).
- Support was provided to BAC and Banco de Bogotá in the valuation and subscription processes of the MFG purchase agreement in Panama.

Commitments

- Keep strengthening the monitoring of the banks' financial and commercial performance, especially in Colombia. This is done in order to keep the entities' objectives aligned with those of our investors and, consequently, to ensure that risks are taken in line with the Group's profitability expectations.
- Keep supporting the subsidiaries in the implementation of new regulatory measures and capital optimization strategies, as needed. In the latter, we will support the process of strengthening their risk control systems and adoption of Basel III (Decree 1477 of 2018 and Decree 1421 of 2019).

Area responsible: Senior Vice-Presidency of Finance.

6.5.B. Investor relations

It is essential for us to manage, serve and keep our investors (understood as shareholders, holders of debt securities and analysts) informed since they are an essential part of the Holding Company's

raison d'être. Offering an adequate, effective and timely service is one of our priorities as a business. This is why we have provided different communication channels to address your needs.

Importance of investor relations

- To interpret our investors' expectations in order to take strategic action regarding the business.
- To keep them informed of their investments' performance.

Actions and initiatives

The main actions we carry out are focused on managing our channels of communication and dialog with investors and markets. Therefore, we carry out the following actions through our Investor Relations department:

- Constant direct dialog based on participation in investor events.
- Response to the requests made by investors through Deceval.
- Audit of the following services: conversion of shares, special transactions, shareholder register, IR Recognition and shareholder service by Deceval.



In 2019, considering the interest of our investors in the Group's management in terms of sustainability, the Investor Relations department promoted a project to establish Grupo Aval's sustainability model, which is being implemented by the Corporate Marketing department.

Achievements and figures

- More than 130 institutional investors attended at nine events held in: United States, United Kingdom, Canada, Mexico, Chile, Argentina and Peru.
- Four quarterly results conference calls made.
- More than 230 requests from analysts and institutional investors addressed.
- Achievement of the IR Recognition, awarded by the Colombian Securities Exchange to issuers with best practices.

Commitments

- Report the efforts and progress made by Grupo Aval in sustainability, keeping investors informed through the sustainability forums in which the Investor Relations department participates.
- Continue to address investors' requests effectively and in a timely manner.

- Support the market analysts by attending the investor events they organize.
- Keep improve improving our BVC-CESA Corporate Governance Best Practices rating. Maintain the IR Recognition, awarded by the

Colombian Securities Exchange to issuers with best practices in information disclosure and investor relations.

Area responsible: Senior Vice-Presidency of Finance.

6.5.C. Innovation and digital transformation

Understanding global and sector trends in technology, we are leveraging ourselves with ADL to establish our innovation and digital transformation strategy. This is based on the development of creative solutions with good technology support that meet the financial needs

of the subsidiaries' customers. The strategies designed make it possible to create greater value for the different stakeholders involved and to maintain as a focus point the constant improvement of services and products according to the sustainability challenges that arise.

Importance of innovation and digital transformation

To develop creative and innovative solutions with the most advanced technology support to meet the financial needs of the subsidiaries' customers.








Actions and initiatives

ADL

Together with our subsidiaries, ADL designs creative solutions using flexible methods, offering services and models of greater value, sharing lessons learned and capitalizing on the experience

of our own business teams and those of the Group's subsidiaries. This is done through five main lines of work:

	Digitalization: End-to-end transformation of user experiences with a flexible form of operation that develops and delivers digital products.
	Analytics: Development of a group data platform that enables the implementation of advanced analytical models based on business problems that affect the life cycle of customers or entity management.
	Channels: Redesign and evolution of digital transaction channels that improve our users' experience by facilitating access and execution of monetary and non-monetary transactions. Specifically, the Aval banks' web and mobile banking portals were redesigned and launched this year.
	Disruptive innovation: Generation of services or products that do not exist on the market, executed through innovative processes. The <i>dale!</i> platform was designed to decrease cash use, boost access to the financial system for individuals and businesses outside the banking system, and improve the financial service experience.
	Digital marketing: Support for entities in building the skills and abilities needed to implement digital marketing strategies focused on excellent performance.

Investments were made in R&D to develop intellectual property rights.



Achievements and figures

More than 37 initiatives were carried out in 2019 on the different fronts, from which the following progress stands out in each line of work:

- A total of 2.1 million active digital customers reached.
- Fourteen digital products and a commercial tool launched in the Aval banks. Currently, 49% of product placement is carried out digitally.
- Testing of 19 cases in analytics, including the propensity model for the acquisition of personal and corporate banking products, the customer retention model and the fraud model.



All ADL projects have a definition of Objectives and Key Results (OKR) which serve as the framework for the main experience and business goals of each project. These objectives are reviewed on a quarterly basis and focus mainly on placement measured as number of products, customer acquisition costs and budget execution.

Commitments

In 2020, we will increase projects in execution and efforts in the different work fronts, as follows:

- Digitalization: Keep developing digital products by expanding the scope in business banking.
- Analytics: Consolidate the Aval banks' data platform ("Data Lake").
- Channels: Keep developing and evolving the Aval banks' banking websites and mobile banking. Additionally, we will start the development of the

Mobile App for the business segment, improving the user experience for this important segment.

- Disruptive innovation: Launch the *dale!* platform with the main objective of decreasing cash use, boosting access to the financial system for individuals and businesses outside the banking system, and improving the financial services experience.

Area responsible: ADL with the support of the Senior IT Vice-Presidency.

6.6 Corporate efficiency

We aim to contribute to the profitability of the business through efforts that, under centralized coordination, create greater value, impact and

efficiency, take advantage of synergies, capitalize on best practices and achieve economies of scale.

Context

In order to become the largest financial group in the region, it is necessary to think from a sustainability perspective and begin to generate long-term relationships with the environment in which we operate. Therefore, thinking about corporate efficiency for some of our shared services is not only a cost-saving approach, but also an opportunity to think as a group about a sustainable operations or minimum quality guidelines for services.

We are currently establishing two approaches for corporate efficiency. First, the unification of some operating services, managed through ATH. Secondly, the definition of corporate marketing strategies aimed at building loyalty and ensuring quality services for any of the customers of the subsidiaries covered by the Grupo Aval brand.

6.6.A. Corporate marketing

Understanding the nature of the relationship with our subsidiaries and considering the importance of establishing ourselves as the most important financial group in the region, we aim to support the strengthening and profitable growth of the subsidiaries by: (i) leading marketing and publicity for the development of campaigns and benefits that complement the subsidiaries' sales efforts,

such as the Aval Experiences campaign; and (ii) implementing projects and initiatives aimed at increasing the competitiveness of the Group's subsidiaries in products, services, channels and segments based on best practices, and local and international market trends, such as the *Tuplús* loyalty program.

Importance of corporate marketing

Identify synergies between subsidiaries that help their businesses grow through corporate strategies. Implement social marketing initiatives

to stand out, gain relevance and strengthen the reputational assets of Grupo Aval and the entities.

Actions and initiatives

The Vice-Presidency of Marketing leads or participates in five corporate committees every month attended by members of each subsidiary to follow-up, detect opportunities and propose plans for improvement on specific topics such as:

marketing, loyalty, channels, sustainability and reputation, and the *dale!* platform.

The most representative initiatives resulting from this work are:

Aval Experiences

Through our Aval Experiences program (created in 2012), we have established ourselves as a financial group committed to supporting the entertainment industry. This approach changed the traditional concept of sponsorship from investing resources in exchange for brand presence to a dynamic model of exclusive ticket pre-sales for the Group's credit and debit card customers. This has been an exceptional opportunity for customers, and has allowed us to strengthen ties with young customers.

This model has enabled us to accurately measure the return on investment, generate positive news in the media, engage in positive conversations in social media, and help increase customer retention, becoming a successful and sustainable initiative over time.

With the support we provide to event promoters, over 1.5 million Colombians have had the opportunity to attend concerts by their favorite artists: from the legendary Rolling Stones, U2, Roger Waters and Bruno Mars; to iconic festivals such as Estéreo Picnic and Knotfest; and pop icons such as Maroon 5, Lady Gaga, Justin Bieber, Coldplay, Shakira

and the Backstreet Boys. Additionally, our banks' cardholders have had access to better ticket prices and have priority when purchasing tickets during the pre-sale stage.



Tuplús

In 2019, we launched the *Tuplús* loyalty program, with the aim of consolidating the Aval banks' loyalty programs. The program aims to increase the bank customers' loyalties, by increasing billing and helping to reduce customer defection. We are currently managing the platform through a technology tool that enables us to unify all the subsidiaries' points. We have the support of ATH for its administration and management.



dale!

As part of our commitment to digital transformation and financial inclusion (see Chapter 6.8.A), we created Aval Soluciones Digitales S.A., a company that will reach the market with its *dale!* brand, the digital platform in the form of a specialist electronic payment and deposit company (SEDPE, for the Spanish original). Through this platform, we aim to encourage the digitalization of money and the reduction of cash use, creating payment ecosystems where individuals, businesses and partners interact.

dale! is our first 100% digital company, which will enrich the market offer and contribute to the inclusion and incorporation of more Colombians into the banking system, offering many of its transactions at no cost to people and businesses, as well as very competitive rates compared to the market offer. These initiatives put it in a favorable position to become the country's leader in digital payments.



dale!
Pasa, paga y recibe plata

Grupo Aval - Grin Partnership

As part of an environmentally friendly proposal, which enables the construction of smart cities and contributes to citizen culture, we formed a commercial partnership with Grin (a mobility company that provides an electric scooter rental service), focused on improving and facilitating citizen mobility in Bogotá and Medellín while protecting the environment by reducing CO₂ emissions.



Achievements and figures

Aval Experiences

Promotion of the culture

Under the Aval Experiences model, we support more than 10 facilitators, with the presentation of more than 200 musical and cultural shows.



Support of the orange economy.



We created "We Fund your Talent" in partnership with the Bogotá Chamber of Commerce and Banco de Bogotá, an initiative that includes the training, formalization and funding of the music sector. More than COP 23 billion were paid out in loans.

Environmental conservation at cultural events



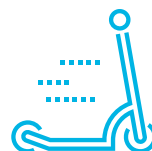
We facilitated Ecobots and carried out campaigns to promote recycling. More than 10 tons of waste were collected and more than 30 recyclers from the municipality of Sopó benefited.

Incorporation into the banking system



Strategic and sales support for *dale!*, Grupo Aval's digital platform that aims to discourage the use of cash and help to incorporate and include more Colombians in the banking system.

Mobility



We established a partnership with Grin to promote the use of environmentally-friendly modes of transportation among the banks' employees and clients.

Commitments

- Manage Grupo Aval's sustainability model and be one of the top 50 most reputable companies in Colombia.
- Establish a large-scale partnership with *Ecobot* to promote recycling in shopping centers and other points of interest.
- Assess Grupo Aval's management based on the Dow Jones Sustainability Index.
- Strengthen the partnership with Grin to reduce the carbon footprint.
- Achieve the LGBTI certification for Grupo Aval and all its subsidiaries in order to ensure adequate service levels for this segment.
- Continue establishing *dale!* and develop products and services to popularize this kind of service. By the end of 2020, we expect to have 285,000 active *dale!* accounts.
- Keep improving the Aval Experiences and "We Fund your Talent" platforms to continue supporting the development of the orange economy.

Area responsible: Vice-Presidency of Corporate Marketing.

6.6.B. Corporate procurement

To generate efficiency in our subsidiaries' operations, we identify savings opportunities in the acquisition of goods or services. This work enables us to carry out corporate negotiations, so we can take advantage of possible synergies and

develop efficiency. This corporate vision also enables us to identify and apply the best practices of the Group's subsidiaries and the market in the procurement of corporate goods and services.

Importance of corporate procurement

Generate corporate synergies in the provision of our subsidiaries' shared services to optimize processes, economies of scale and the generation of savings in operating costs.

Ensure that suppliers comply with good sustainability practices in accordance with our guidelines.

Actions and initiatives

This initiative is mainly carried out with: the Aval banks, Corficolombiana, Porvenir and ATH. The Holding Company currently centralizes and manages the procurement and supply process independently, but the Holding Company will adopt the best corporate procurement practices once the subsidiaries have established the process. Corporate procurement management mainly consists of:

- Establishing corporate procurement policies.

- Identifying and applying the best practices of the Group's subsidiaries and the market in the procurement of corporate goods and services.
- Defining and standardizing systems that will enable greater efficiency in the Group's acquisition of goods and services.
- Identifying savings opportunities in the corporate acquisition of goods or services and negotiations.

Achievements and figures

- Implementation of environmentally responsible initiatives, such as: printing almost 100% of statements sent to customers on eco-friendly paper, reducing copies of cash transaction forms, establishing sizes and weights in the production of publicity material to reduce paper waste, using digital supplier self-management tools to reduce paper use, and managing paper documents.
- Completion of a pilot energy saving project was at 12 subsidiary offices with the aim to explore reductions in energy consumption.
- Formation of category-based committees comprised of experts from each subsidiary to ensure greater benefits in corporate procurement.

Commitments

- Establish measurement indicators and reduction targets for energy and water consumption, and the respective implementation plans in the Group's subsidiaries.
 - Define and include social and environmental criteria in the evaluation of proposals submitted by suppliers. This is done to ensure that suppliers take their impacts into account.
 - Develop environmentally sustainable specifications for the procurement of frequently and repeatedly consumed items and supplies.
 - Popularize the pilot energy-saving project in the subsidiaries.
- Area responsible: Vice-Presidency of Corporate Purchases, Grupo Aval Procurement department.

6.7 Human resources

We develop human resources in an environment of trust, respect, equality, teamwork and job stability. We also work to instill a sense of pride

and belonging among all the employees of Grupo Aval and its subsidiaries.

6.7.A. Employee well-being, health and training

GRI 403-1, 403-3, 403-4, 403-6, 404-1

We are currently focused on providing safe and healthy work environments for our employees, in order to contribute to their well-being, development and productivity, through activities promoting healthy lifestyles and work habits. To this end, we have an occupational health and safety

policy that aims to promote the participation and self-care of all the Holding Company's employees. We also promote training and professional growth experiences through continuous exposure to the new challenges of the Holding Company and our subsidiaries.

Importance of employee well-being, health and training

Attract and retain the best talent.

Actions and initiatives

Hazard identification, risk assessment and incident investigation

We identify hazards through periodic inspections by members of the Joint Committee on Occupational Health and Safety (COPASST, for the Spanish original) and the emergency brigade. We also have the support of the professional risk insurance company (ARL, for the Spanish original), which assigns specialized professionals to conduct workplace inspections and support prevention and promotion activities.

Employees who want to report occupational hazards or situations have communication mechanisms to do so, which are: (i) email: cpasst@grupoaval.com, (ii) reporting in person to members of the brigade or the Remuneration and Occupational Health department, and (iii) using the facilities' emergency telephone numbers.

In compliance with current legal provisions, we have a procedure for reporting and investigating work-related illnesses that must be followed by

employees who report occupational situations that they believe may cause injury, illness or disease, as well as a rehabilitation and reinstatement procedure that protects employees who may have a work-related illness.

In order to determine the improvements to the Occupational Health and Safety Management System, Grupo Aval has documented processes for:

- Reporting and investigating occupational accidents and incidents.
- Hazard identification and risk assessment.
- Completing the procedure for corrective, preventive and improvement actions.

These processes are an integral part of the management system and comply with current occupational health and safety regulations in accordance with the ARL audit and assessment reviews.

Worker participation, consultation, and communication on occupational health and safety

Our employee participation and consultation processes for the development, implementation and assessment of the Occupational Health and Safety Management System, as well as the processes for communicating relevant occupational health and safety information, are governed by the regulations in force through the Plan, Do, Check,

Act (PDCA) cycle of continuous improvement and the objectives of the management system.

The COPASST is the committee established to regulate health and safety relations. This committee is comprised of eight members (four elected by the employees and four elected by the Company) and its responsibilities are: to investigate occupational accidents and incidents, conduct the inspections designed in the work plan and perform the other activities regulated by law on occupational health and safety. The COPASST meets once a month, recording in its minutes the steps taken and decisions made regarding the actions to be implemented for hazard intervention, risk minimization and corrective, preventive and improvement actions.

Employee training and performance

We provide three lines of training aimed at strengthening regulatory issues, soft skills and technical know-how. In general, all employees can participate in and have access to these training sessions. As part of the performance evaluation process, the manager establishes the training needs for the following year with each employee.

Our employees' performance is evaluated annually and, based on this, training and recognition actions are established to promote their personal and professional development.

Achievements and figures

Occupational health and safety

GRI 404-1, 404-3

In addition to the achievements in occupational health, safety and training, the following was carried out:

- A consultant was hired to design the necessary tools to identify the employees with the greatest potential at Grupo Aval and its subsidiaries, and their possible successors.
- Together with the Vice-Presidency of Corporate Marketing, *#YoSoyAval* day was established. It is

an event that takes place with the subsidiaries, that shares experiences of commitment and leadership, and that acknowledges employees who have stood out for their dedication, service attitude, loyalty, teamwork and integrity.

- *#YoSoyAval* day reinforces a sense of pride and belonging based on the good practices carried out by each subsidiary.

Commitments

- Set up a diversity and inclusion committee with the Vice-Presidency of Corporate Marketing.
- Establish a consistent measurement system at Grupo Aval and its subsidiaries and a compensation system based on the performance evaluation tool.
- Implement the professional development and retention policy to ensure the career growth of the employees of Grupo Aval and its subsidiaries.
- Encourage volunteer programs leveraged on the existing ones in the subsidiaries.

- Structure a training program for the development of soft skills.

- Improve health care programs for employees.

- Ensure the use of the digital products launched by the Group and/or its subsidiaries

Area responsible: Senior Vice-Presidency of Finance, Human Resources Department and Vice-Presidency of Corporate Marketing (*#YoSoyAval* Day).

6.8 Environment

We contribute to the sustainable development of the communities and the environment in which we operate. We focus on strengthening financial inclusion and social investment in high-impact and long-term projects, specifically with Corporación

Microcrédito Aval and donations from all our entities in projects such as the Cancer Research and Treatment Center (CTIC, for the Spanish original).

6.8.A. Financial inclusion

By supporting Corporación Microcrédito Aval (CMA), at Grupo Aval, we are committed to providing access to financial services for the most vulnerable population in the microenterprise sector, particularly in the segments of single

mothers, young micro-entrepreneurs and rural business ventures in Colombia through comprehensive financial services.

Importance of financial inclusion

To contribute to the social development of micro-entrepreneurs without opportunities to access financial services, especially single mothers, so

that they can realize their business ideas with low-cost loans and in favorable conditions.

Actions and initiatives

In order to promote this corporation, through the Holding Company, we are managing the following contributions to the corporation:

- Our subsidiaries ensure the financial viability of Corporación Microcrédito Aval through donations.

- Corporación Microcrédito Aval supports its customers with market, technology, financial planning, control and administrative management issues in all their processes.

Achievements and figures

The corporation's management has achieved significant results in 2019, the following of which are important to mention:



Increase in active clients by

60%



Increase of disbursements by

68%



Portfolio increase by

59%



Up-to-date portfolio by

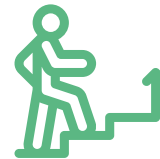
97%

They place the



of their portfolio in the rural sector through the Zipaquirá and Facatativá offices

55%



of the portfolio is placed on women microentrepreneurs

The achieved better financial indicators as regards the sector

The impaired portfolio quality indicator of the sector is

6.1%

Commitments

CMA has set the following objectives for 2020:

- Achieve a portfolio growth of 50%.
- Achieve an increase in customers of more than 50%.
- Achieve an increase in disbursements of more than 70%.
- Maintain the average of small loans.
- Open a new branch to further develop the rural sector.
- Manage and obtain funds from the Colombian Government and international cooperation entities to diversify funding sources.
- Encourage the inclusion of single mothers in the banking system.

Area responsible: CMA management team, Grupo Aval employees, and members of the CMA Board of Directors.

6.8.B. Social investment

Through our subsidiaries, we aim to have a positive impact on the communities where we operate. We can do so by managing partnerships with foundations; delivering donations; supporting social initiatives, campaigns and social investment projects; and strengthening the culture and sports sectors.

In line with our philosophy and that of our subsidiaries, all donations are channeled based on an approach that ensures positive results for the beneficiaries of the foundations we support.

Importance of social investment

To support social investment in the countries where we operate in order to have a positive impact on communities through institutional support.



Luis Carlos Sarmiento Angulo Cancer Research and Treatment Center

Our commitment to society goes beyond innovative solutions to access financial services. In a partnership with the subsidiaries, we have decided to support the Luis Carlos Sarmiento Angulo Cancer Research and Treatment Center (CTIC, for the Spanish original).

The CTIC is a comprehensive center for the prevention, treatment and research of adult and pediatric cancer patients, which will offer quality standards and technology comparable to those offered by the best institutions in the world, under conditions of sustainability. This is the first initiative in the health sector to be declared a project of strategic national interest (PINES, for the Spanish original) by the Colombian Government, in accordance with CONPES 3762 and Decree 2445/2013.



After construction, the center will have:

- 128 hospital rooms
- 30 intensive care beds
- Radiotherapy bunkers
- Hematology and bone marrow transplant services
- Nuclear medicine
- Diagnostic imaging
- Surgical services
- Clinical laboratory
- Genetics and molecular biology services
- Chemotherapy
- Scientific research center

The entire CTIC project will be built in a smart building, designed to support the technologies required to become a digital hospital. The center will be able to provide specialized medical services for all of Colombia and Latin America.



Sustainability in our Subsidiaries

All our subsidiaries have lived up to their commitment to sustainability. Each one has an approach that is in line with its business strategy and addresses different economic, social and environmental challenges and impacts. Below, we present the approach of each subsidiary and the main initiatives that are aligned with our sustainability pillars.

Each company develops its strategy and initiatives according to its needs. Through our management, we aim to generate synergies that will enable us to increase the impact of the actions taken and the investments made. Our medium-term commitment is to achieve the outstanding performance of all the companies, including ourselves, in terms of sustainability.

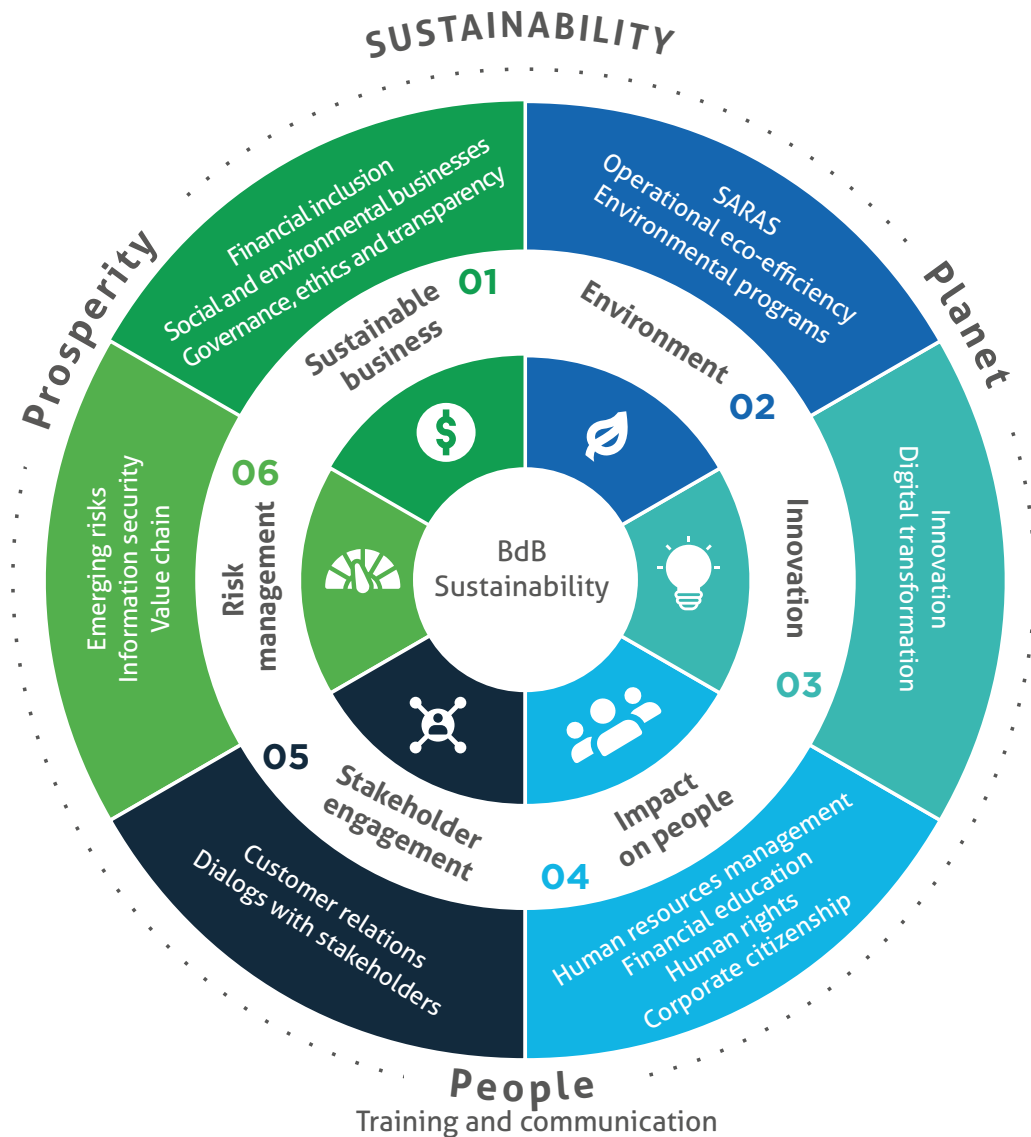


7.1 Banco de Bogotá

Banco de Bogotá lives up to its commitment to sustainability by understanding the needs and expectations of its stakeholders. Based on them, the entity designs differentiating and innovative experiences, identifies best practices in the sector, and positions itself globally.

Currently, the entity has a sustainability strategy that is part of the global strategy, in order

to consolidate a comprehensive, sustainable model. This strategy has three perspectives: Prosperity, Planet and People, and six strategic fronts (Sustainable business, Environment, Risk management, Stakeholder relations, Innovation and Impact on people), through which it aims to manage the bank's main material topics.



7.1.A. Initiative highlights

Green Committee

Related pillar: Corporate governance, risk and ethics management

Description of the initiative

Committed to the environmental approach inside the business, Banco de Bogotá formed a Green Committee. It is a roundtable where environmental issues are managed, in alignment with the sustainability strategy and, particularly, the environmental strategy. This committee is governed by international and national best practices, such as the Green Protocol. Its actions are focused on implementing practices related to the business and the incorporation of economic, environmental and social criteria into the loan portfolio.

It is an interdisciplinary committee that has members from different areas, such as: Sustainability, Risk, Business, Sales, Credit, Structured finance, Treasury and Communications, as well as all the departments required by the committee for the implementation of initiatives and programs.

Main achievements in 2019

- Consolidation and implementation of the Environmental and Social Risk Management System (ESRMS).
- Design, construction and launch of the Sustainable Development Line to finance business projects that generate environmental and social benefits.

Diversity and inclusion

Related pillar: Human resources

Description of the initiative

In 2019, Banco de Bogotá developed the first internal guidelines and the strategy to manage and promote diversity and inclusion. Through them, it aims to create a more human, creative and diverse culture for productivity with a commitment to the development of personal and organizational objectives.

The strategy was based on training and processes to raise the employees' awareness on issues such as: diversity, gender violence and disability. Employees also actively participated in events such as the International Day for the Elimination of Violence Against Women, confirming their corporate commitment to keep reporting abuse and discrimination, and in this way, promote a workplace free from these behaviors.

Main achievements in 2019

- Strengthened commitment to diversity and inclusion, managing to position the issue among the bank's employees.
- Completion of 2,288 surveys on employees to find out their perception of the importance of diversity and inclusion.

Micro-finance

Related pillar: Environment

Description of the initiative

In order to provide better opportunities to individuals and micro-enterprises through incorporation into the banking system, Banco de Bogotá has a portfolio that includes specialized microcredit products.

Last year, we worked to extend the coverage of this initiative. To do so, we worked on the implementation of new methodologies for customer enrollment and the improvement and optimization of internal enrollment processes in rural areas. This was done with the aim to take the bank's operations to the country's rural areas that still do not enjoy the benefits and opportunities of the financial system, so we can contribute to Colombians' progress.

Main achievements in 2019

- Disbursement of more than 2,762 microcredits for around COP17,006 million in 761 municipalities.
- Increase in the number of customers enrolled by 2%, through the implementation and development of methods of analysis and product approval, focused on knowledge of agricultural activities.
- Consolidation of partnerships with USAID and the National Coffee Growers Federation in order to develop financial inclusion initiatives.
- Launch of a new mobile office (van) to complement the "A Journey for the Progress of the Country" Road to Financial Inclusion strategy, reaching 19 municipalities located in six departments of the country: Tolima, Huila, Cauca, Nariño, Caldas and Risaralda.

Carbon footprint measurement and offsetting

Related pillar: Environment

Description of the initiative

Considering the importance of identifying our impacts on the environment, Banco de Bogotá is one of our first subsidiaries to measure the carbon footprint generated by the operation of the business. This measurement is carried out in administrative buildings and offices nationwide, with a view to design actions to mitigate, reduce and offset their impact.

Main achievements in 2019

- Calculation of 100% of the carbon footprint in offices, administrative headquarters and executive management.
- Planting of 19,800 native trees since 2017, capturing around 12,672 tons of CO₂ over 15 years, occupying a conservation area of 7.92 hectares.
- Planting of 9,800 trees in 2019, 1,800 of which were planted by the bank's employees through environmental volunteering.

7.1.B. Sustainability commitments for 2020

- Position the bank's sustainability strategy internally and externally.
- Assess the bank's management based on the Dow Jones Sustainability Index.
- Achieve acknowledgment as the leading bank in sustainable mobility
- Obtain a consolidated human rights management system.
- Consolidate the sustainable procurement model.
- Reduce paper consumption by 5% from 2019.
- Position the bank as committed to credit evaluation through the Environmental and Social Risk Management System (ESRMS).
- Increase the number of beneficiaries of the financial education program by 18%.
- Increase the number of volunteers by 50% from 2019.





7.2 Banco de Occidente

At Banco de Occidente, business sustainability makes it possible to develop a balance between the social, economic and environmental aspects of the business. The entity is currently carrying out different initiatives within the framework of social investment, customers, financial inclusion, and human resources and environmental management.

The different initiatives include loans for financing *Occiauto Planeta Azul* hybrid and electric vehicles, and rediscount lines of credit aimed at energy efficiency and renewable energy. Similarly, the entity is renowned for promoting actions and

results among its customers and society for the conservation and proper management of natural resources through the *Planeta Azul* (Blue Planet) award.

Regarding the impact of its operation on the environment, in 2017, the bank launched the implementation of energy-efficient, solar-powered offices. Finally, in human resources, Banco de Occidente constantly works to maintain an appropriate work environment and constant dialog with its employees.



7.2.A. Initiative highlights

Energy and environmental efficiency

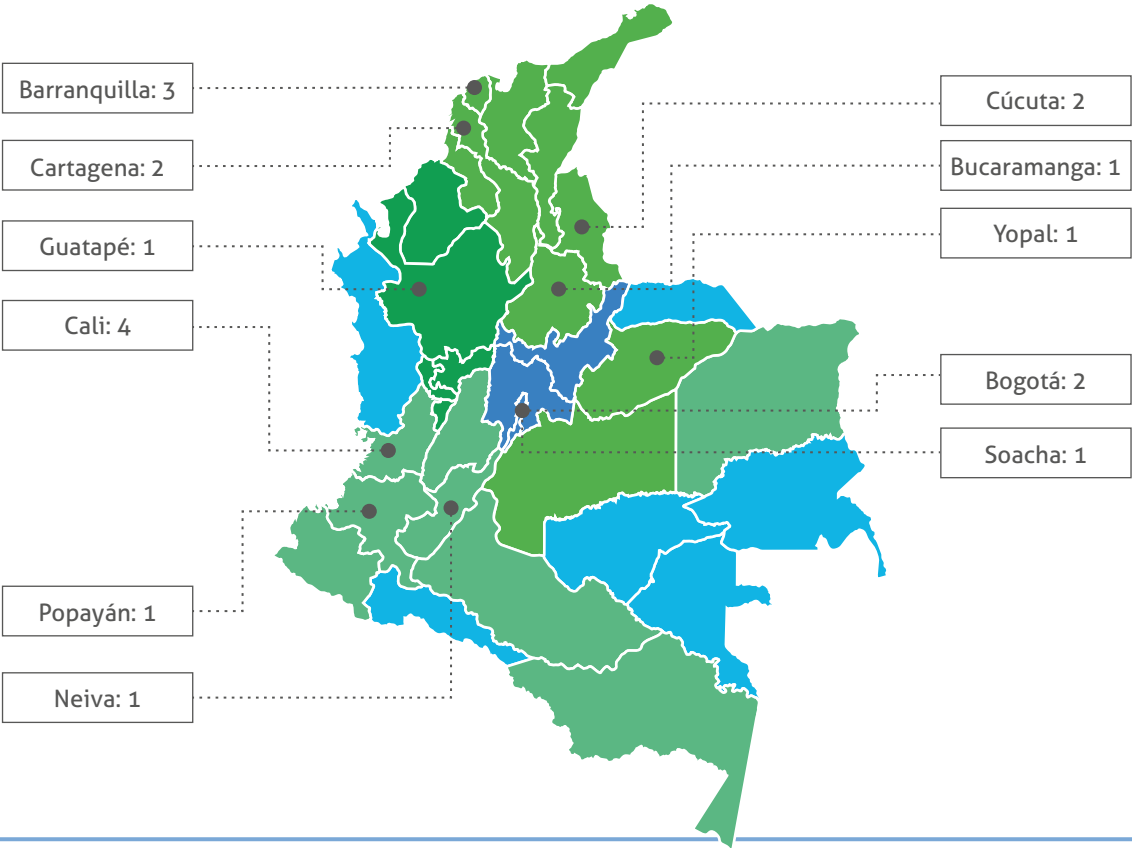
Related pillar: Environment

Description of the initiative

With the aim to improve efficiency in energy consumption and make its operation increasingly more sustainable, Banco de Occidente has integrated several energy-saving technologies in 16 branches. This has made it possible to decrease the impact of its operation on the environment by reducing its carbon footprint.

Main achievements in 2019

- Reduction of energy consumption by 29% in 16 branches.
- Operation of two branches with solar panels (Yopal and El Edén shopping center in Bogotá).



Occiauto Planeta Azul

Related pillar: Financial performance

Description of the initiative

Based on its desire to innovate through its products and aiming to encourage its customers to use mobility alternatives that generate less environmental impact, Banco de Occidente developed a specialized vehicle loan to finance *Occiauto Planeta Azul* hybrid and electric vehicles.

Main achievements in 2019

- Increase in the number of vehicles financed between January and December, from financing four units in January 2019 to 29 units in December of the same year.

Great Place to Work

Pillar: Human resources

Description of the initiative

To promote an adequate work environment, Banco de Occidente carries out actions in the business units, staff areas and branches to contribute to its maintenance and constant improvement. This dynamic fosters the achievement of healthy and productive work teams to achieve the proposed strategic results. The work environment is measured using the methodology of the Great Place to Work Institute, which specializes in the assessment and transformation of companies' work environments.

Main achievements in 2019

- Achievement of the Great Place to Work acknowledgment as the best bank to work for in Colombia. Ranking in tenth place out of the best companies to work for in the country in the category of companies with more than 500 employees (December 2019).
- Achievement of the Great Place to Work acknowledgment as the bank with the best workplace for women in Colombia. Ranking in 21st place out of companies of all sizes and economic sectors (March 2019).
- Achievement of the Great Place to Work and ICONTEC certifications for having work environment policies and practices that generate trust and organizational commitment.

7.2.B. Sustainability commitments for 2020

- To develop a strategic sustainability plan to strengthen and coordinate the business, social and environmental actions currently being implemented.
- Continue with the 15th call for proposals of *Planeta Azul*.
- Continue with the publication of the ecological book made by the bank.
- Hold a *Planeta Azul* competition for the bank's employees.
- Start the process of changing the lighting of the administrative areas from the use of halogen light bulbs to LEDs, helping to save energy.
- Begin the process of LEED certification for sustainable construction at the El Edén shopping center branch in Bogotá.





7.3 Banco Popular

Banco Popular bases its sustainability strategy on the idea that “You can always leave a positive legacy”. Therefore, the strategic, operating and business management decisions and actions are aimed and contributing to sustainable development by contributing to the balance of economic, social and environmental development. To achieve this, the bank defines a strategy based on four strategic pillars that are part of the concept of “leaving a positive legacy”. These pillars are as follows:

- **Let’s be more:** Actions designed to contribute to the economic and social development of Colombia to achieve the aims and projects.
- **Let’s look after more:** Actions designed to protect the environment through the responsible and sustainable use of resources in general.
- **Let’s learn more:** Initiatives aimed at contributing to Colombians’ financial education.
- **Let’s give more:** Actions carried out to improve the quality of life of its main stakeholders, who are its employees and their families.



7.3.A. Initiative highlights

Organizational health and inspiring leadership

Related pillar: Human resources

Description of the initiative

Interested in contributing to talent development, Banco Popular has implemented initiatives that aim to generate inspiring leaders inside the entity with the necessary skills to promote good workplace health. This is to guarantee that the bank can align and implement its strategy with the highest professional quality and can easily renew and adapt itself to external environments.

Other initiatives

- **Employee experience:** Aims to know, understand, improve and generate a positive experience in the employees' daily work at the organization. Through the concept of experience, each interaction with employees is explored during their time at the organization (before, during and after they are employed).
- **Value proposition for employees:** With this initiative, we aim to provide areas for our human resources' development and quality of life. This includes issues such as compensation, career plan, work-life balance, acknowledgment and training. The above is developed with the aim to attract and retain the best talent, and to increase our human resources' level of motivation and commitment.
- **Campus Popular:** This corporate university initiative aims to promote the ongoing development and transformation of human resources through knowledge management and value creation in the business.

Main achievements in 2019

Organizational health

- Significant improvement of the score in the Organizational Health Index (OHI), from 69 points in 2015 to 77 points in 2019 (Increased in eight out of the nine assessed dimensions).

Inspiring leadership

- Increase in the inspired leadership rating by six points, from 76 points in 2015 to 82 points in 2019.
- Construction of the inspiring leadership model, which aims to strengthen the management style of the bank's leaders, providing tools that enable the generation of identity and alignment with the institutional strategy. Said model was analyzed and prepared with the bank's executive committee and will start to be replicated during 2020.
- Implementation of the sales coaching model to inspire and develop the sales leaders and teams of the vice-presidencies of personal, SME, business and government banking.

Inclusion of retirees into the banking system

Related pillar: Environment

Description of the initiative

Aware of the importance of the service for retirees, in 2019, Banco Popular, in synergy with Banca de las Oportunidades, developed a project with the aim to improve retirees' quality of life and improve their financial education. This was achieved through:

- Talks on topics of interest for pensioners
- Establishment of an easy process for retirees to open a bank account
- Development of the different cash withdrawal methods through ATMs, accompanied by key recreational activities aimed at helping to look after their finances and improve their experience with the bank.

Main achievements in 2019

- Organization of six talks on financial education for retirees with the participation of 1,240 senior citizens.
- Establishment of an easy process for retirees to open an account, which resulted in 5.65% growth in this segment.
- Inclusion into the banking system of 25,449 customers, achieving 450,177 retirees at the close of December 2019.



CETA – Engine of Shared Value

Related pillar: Financial performance

Description of the initiative

The Agile Transformation Center (CETA, for the Spanish original) is Banco Popular's digital laboratory, created as a place for joint work to manage the organization's facilitating projects or the initiatives from ADL.

Through a results-based approach and developing a flexible culture, key projects have been implemented for the Bank's transformation. One of them is the Engine of Shared Value project, part of the bank's shared value strategy. The project is assessing the implementation of a pricing solution that centralizes and standardizes the management, charging and exoneration from fees on the bank's different products, with the Oracle Revenue Management and Billing (ORMB) platform as the selected technology.

Main achievements in 2019

- Activation of the development and test environments of ORMB in the cloud.
- Settings and configuration of the ORMB module, which includes business rules and variables for the pricing of prioritized products and services.
- Development of the web service required for online integration with other platforms.
- Configuration of the transactions defined in the initial scope as Minimum Viable Product (MVP) 1 for the payroll savings accounts.
- Activation of the data extract, transform, load mechanisms (ETLs) for the migration of baseline information to ORMB (clients, accounts and debit cards).

7.3.B. Sustainability commitments for 2020

- Complete the internal communication of the Sustainability Policy, as well as its approval by the Executive Committee.
- Define an action plan for the sustainability programs and initiatives with the aim to start their implementation in 2021.
- Map and analyze the key stakeholders to identify their main needs and expectations, and in this way, create a materiality exercise that guides the sustainability actions and initiatives.
- Carry out the first measurement of the carbon footprint and write the first report under the GRI Standards.



7.4 Banco AV Villas

Banco AV Villas addresses sustainability, understanding the importance of value generation with all its stakeholders, through coherent action with the organization's corporate values and ethical principles.

Therefore, the bank has economic, social and environmental initiatives aligned with the business objectives, which through the bank's innovation and profitable and sustainable growth, aim to improve the quality of life of clients, employees, shareholders and communities.



7.4.A. Initiative highlights

Bikehouse credit card

Related pillar: Financial performance

Description of the initiative

Committed to supporting the country's cyclists, Banco AV Villas launched the Bikehouse credit card. With this card, designed for bicycle users, it aims to promote physical activity and at the same time, meet the specific needs of a niche of consumers interested in cycling.

Differential benefits of the Bikehouse credit card:

- 20% discount in Bikehouse workshops
- 10% discount on selected products
- 15% interest rate discount for purchases in Bikehouse stores
- Exemption from the management fee for the first year and as of the second year, it is only charged in the case of debt

Main achievements in 2019

Activation of the most important Colombian cycle trips:

- April: Cycle trip in Facatativá, with 500 attendees.
- May: Cycle trip in Medellín, with 500 attendees.
- December: Antioquia cycle trip with New Year's Eve in Marinilla Antioquia, and 600 people attending, approximately.

Value offer for employees

Related pillar: Human resources

Description of the initiative

Banco AV Villas has an initiative to provide its employees with a comprehensive value offer aimed at improving their quality of life and well-being. Said initiative is based on providing different kinds of assistance when required by its employees. There are currently different kinds of support including: educational assistance, educational assistance for children, optician's assistance, seniority pension assistance, funeral assistance, and birth assistance.

Main achievements in 2019

Assistance	No.	Value (millions)
Total	10,593	COP6,586

7.4.B. Sustainability commitments for 2020

- Strengthen the corporate responsibility and sustainability strategy by aligning it with the Sustainable Development Goals, establishing its lines of action or pillars.
- Map and analyze stakeholders to define new economic, social and environmental initiatives with indicators that enable monitoring and assessment of their impact.





7.5 Corficolombiana

Corficolombiana is committed to sustainability and understands that it is directly related to the business strategy, because, through the generation of economic, social and environmental value, it is possible to make a long-lasting and increasingly more significant impact on its stakeholders and on society in general. Therefore, it has developed a model based on five pillars, which summarize its sustainability commitments:

- Business results: Management of efficient and profitable investments that drive the country's development.
- Corporate governance: Promotion of ethical and responsible decision-making.
- Human resources: The personal development and well-being of its employees.
- Surroundings and environment: Improvement of its environment and good use of resources.
- Stakeholders: Construction of relationships of trust and mutual benefit with its stakeholders.

7.5.A. Initiative highlights

Carbon bonds

Related pillar: Environment

Description of the initiative

Aiming to develop sustainable financial products that add economic, environmental or social value to its stakeholders, Corficolombiana issued carbon bonds of the project for the farming, production and processing of natural rubber. The natural rubber forest of almost 8,500 hectares in the Colombian high plains has been created as a carbon sink. The project has enabled the issuance of Certified Emission Reductions (known as carbon bonds), authenticated by renowned national and international experts and certifiers, which are being sold for their purchase by agents that need to offset their polluting emissions.

Main achievements in 2019

- Capture of 321,236 tons of CO² by this forest between 2015 and 2019 with the aim to mitigate the impact of greenhouse gases on the environment.
- A total of 321,236 Certified Emissions Reductions sold, equivalent to 336,641 tons of CO² captured.

7.5.B. Sustainability commitments for 2020

- Spread and empower the sustainability strategy.
- Communicate the sustainability features of the existing investments.
- Assess and conduct due monitoring of the existing investments.
- Assess and implement sustainable products derived from the main activities of the corporation's companies that generate added economic, environmental or social value for its priority stakeholders.





7.6 Porvenir

Being the leading pension fund administrator in Colombia, Porvenir is aware of its immense responsibility to its more than 12 million subscribers. Therefore, it understands a savings culture as a mechanism of inclusion and social transformation essential for a dignified old age.

Consequently, saving is the pillar of its mission and the focus through which it generates shared value and contributes to the economic, social and environmental development of the country.

Its strategic priorities in sustainability are: strengthening of the social security system for old age, encouragement of savings, customer service, economic growth, human resources management, digital transformation and innovation, and operational efficiency.

All of the above is developed by strengthening the relationship with each stakeholder through its corporate purpose as a pension and severance fund.

7.6.A. Initiative highlights

Digital transformation

Related pillar: Financial performance

Description of the initiative

Porvenir understands that digital transformation is one of the priorities of today's companies and the industry of pension fund administrators is not excluded from this phenomenon. To establish this, it has made investments of around USD30 million.

Main achievements in 2019

- Robotization and automation of 80% of the establishment of pensions.
- A total of 95% of the subscribers' transactions made through Porvenir's digital channels.
- In e-commerce, the company launched "*Tu Ahorro es Porvenir* (Your Saving is Porvenir)" in 2019, a 100% digital savings channel.
- For customer service, Porvenir has the Andrea Virtual Assistant chatbot, which operates through Facebook Messenger and the Luis Consultor Financiero app.
- To optimize processes inside the organization, the company has the Optimus robot.
- Each year, Porvenir makes 1,000,000 severance fund withdrawals and 22% are made online.
- Completion of pension benefit application online.

Financial education

Related pillar: Environment

Description of the initiative

Since 2010, Porvenir has been a leader in financial education initiatives, understanding savings as the engine of the country's economic and social development. Under this line, the "Porvenir Savings Academy" was launched in 2019, which is the umbrella strategy to generate content and participation in events that encourage saving and personal finances.

Main achievements in 2019

- Creation of a website focused on savings and pension topics, with more than 22,000 visits to the site.
- Development of the first savings podcast in Colombia.
- Participation as volunteers in Global Money Week, having an impact on 3,700 children and young people.
- Workshops held in different regions of the country, reaching 200 children of employees and 1,650 children of subscribers through business partners.



Porvenir University

Related pillar: Human resources

Description of the initiative

Porvenir University aims to train the company's human resources to develop the critical skills that the business needs and in this way, make our leadership in the sector sustainable.

To do this, the human resources that the business requires are identified with a long-term vision, their current skills are assessed, their potential is understood and their talent is developed through our education offers, notably the Leadership School, Digital School and Porvenir Ambassadors program.

Main achievements in 2019

Leadership school:

- 11 senior and 30 junior managers with high potential with an offer of specialized education at top-level universities.
- The company's leaders are now aligned with its leadership brand.
- A map of talents that enables the leaders to identify lines of succession and key positions. It was used in 2019 to cover six managerial vacancies.
- Training of 305 leaders on the Situational Leadership Model, with a 98% level of satisfaction.

Online School:

- Identification of the digital skills that the business needs and structuring of a cross-cutting offer for the whole company and a personalized offer for each center of excellence.
- Awareness raised among human resources of the skills required by the digital world.
- Nine vertical programs aligned with the challenges of each center of excellence implemented.
- A total of 2,517 employees trained with a satisfaction level of 94%.

Porvenir Ambassadors:

- More than 2,600 Porvenir Ambassadors certified, who are now able to provide pension guidance any Colombian.
- Generation of a learning environment at all levels of the company thanks to a dynamic, segmented and disruptive methodology.
- This program has been referenced by the SFC.

7.6.B. Sustainability commitments for 2020

- Strengthen the different social, environmental and corporate governance initiatives and achieve progressive alignment with the global sustainability agenda.
- Strengthen the old-age protection system and drive savings through a portfolio of solutions adapted to the subscribers' trends and needs.
- Work to keep innovating in the service channels and with investment products, such as ESG alternatives focused on thematic investments.
- Increase the initiatives for contributing to the environment and promote activities that encourage energy efficiency.





7.7 BAC

BAC takes on corporate social responsibility (CSR) as a way of doing business that promotes the company's sustainability and in turn, lets it effectively contribute to the sustainable development of the countries where it operates. This facilitates the achievement of the goals and dreams of the people and communities that it serves, while fostering the achievement of its long-term commercial goals.

This approach is managed through two action focus points:

- Increase its positive impacts, maximizing the effect of all the actions, technology tools, products and services, through which it brings greater well-being to people and promotes the companies' development.

- Mitigate its negative impacts, aiming to eliminate, reduce or offset the negative effects that could result from its commercial operations, from the improper use of its products and services by those who access them, or from its direct or indirect impact on the environment and the community.

Its sustainability strategy is based on the three dimensions of sustainable development and the sustainability initiatives are framed in each one of them:

- Economic dimension: Prosperity.
- Environmental dimension: Planet.
- Social dimension: People.



7.7.A. Initiative highlights

ESRMS: Environmental and Social Risk Management System

Related pillar: Corporate governance, risk and ethics management

Description of the initiative

To opportunely identify, assess and manage the environmental and social risks that may result from the activities and projects financed by BAC, the entity established its Environmental and Social Risk Management System (ESRMS). This policy involves the addition of sustainability criteria and indicators in the analysis of credit risk. The policy applies for all the loan applications for amounts of more than USD1 million, regardless of the country where they are made, the type of loan, and the activity in which the funds will be invested.

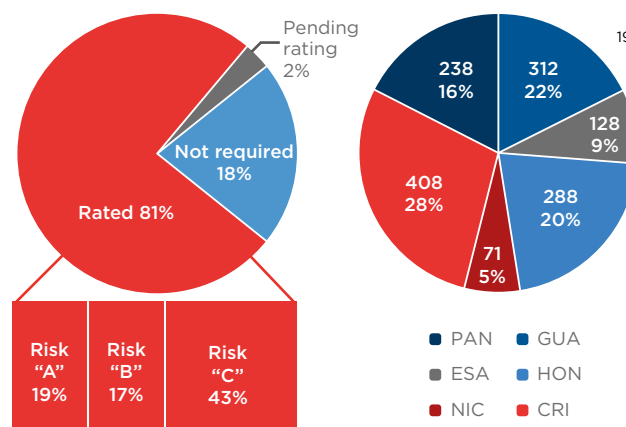
Main achievements in 2019

BAC | Cedromatic financial network

ESRMS status of business portfolio at December 2019 (millions of USD)

	GUA	ESA	HON	NIC	CRI	PAN	REG
Risk "A"	454	81	238	105	497	37	1,412
Risk "B"	296	156	199	66	206	304	1,227
Risk "C"	856	237	298	193	556	958	3,098
In process	52	0	19	25	37	56	189
Not required	180	237	323	98	374	81	1,293
Total	1,838	711	1,077	487	1,670	1,436	7,219

Country	# Groups	Assessed	79.5%
GUA	312	Risk "A"	20%
ESA	128	Risk "B"	17%
HON	288	Risk "C"	43%
NIC	71	In process	3%
CRI	408	Not re-	18%
PAN	238	quired	
TOTAL	1445		



19. The companies are rated in the categorization phase with the aim to make a decision on the nature and scope of their environmental and social risks, as well as the measures that can be used to mitigate these risks. The companies can be rated in the categories: A, A_{mitigated}, B, B_{mitigated} or C. The rating depends on the type, location (proximity to ecologically vulnerable areas), sensitivity and scale of the project, as well as the nature and scale of its possible effects. Category A is the one of greatest environmental risk.

Business Strengthening program for small and medium-sized companies

Related pillar: Financial performance

Description of the initiative

Small and medium-sized companies are important for the development of the business in Central America. Therefore, BAC has a training and advisory program to improve the SME entrepreneurs' managerial skills in finance, marketing, projects and innovation. This training enables the entrepreneurs to make better decisions and face the market challenges, promoting the growth of their businesses and their sustainability in the long term. The in-person training effort is complemented with an online course and digital content strategy, available at: <https://aprendiendo.baccredomatic.com/>.

BAC also offers special services for SMEs, including electronic social security and supplier payments, cash offices, scheduled savings accounts, business debit cards, credit lines, and operating or finance leases.

Main achievements in 2019

- Strengthening of 14,400 companies in 2019.
- Support of 325 female entrepreneurs.



BAC Possibilities

Related pillar: Human resources

Description of the initiative

This entity is committed to the comprehensive development of its employees. Therefore, BAC created the *BAC Possibilities* program, which consists of serving employees and their families who activate four or more indicators in the Multidimensional Poverty Index (MPI) and/or, are in a serious debt situations, and/or have a disabled person within their family unit.

The aim of BAC Possibilities is to improve the living conditions of its employees and their families, so that in three years, 50% of the families identified at the start of the project are no longer included in the MPI.

Through a survey and subsequent interviews, the employees in vulnerable conditions are established and through BAC Possibilities, a plan is defined to improve their situation, through: readjustment of debts, housing plans, and support for disabled people or senior citizens, as well as an employment agency for the employees' family members.

Main achievements in 2019

Honduras 2019

- Analysis of 282 cases of the debt index.
- Holding of 57 interviews with the Multidimensional Poverty Index (MPI).
- Financial coaching sessions for employees and their families.
- Creation of health tokens for benefited employees.
- Sending of family members' résumés to the BAC Human Resources Selection department.
- Management of inter-institutional partnerships.
- Creation of an emergency savings fund with the contributions of employees (5% and 10% of their salaries).

Costa Rica (accumulated 2017-2019)

- Population served with solutions: 193.
- Rewriting of debts: 84.
- Care network: 16 employees and 18 children.
- Education: Graduated from ninth grade: 3. Graduated from high school: 12.
- Employment: 5.
- Employability workshop: 11 employee family members.
- Enterprise: 1.
- Psycho-emotional care: 84.
- Housing: 4 completed, 27 active.
- Outside the MPI: 227.
- Second survey applied: 408 employees assessed.

7.7.B. Sustainability commitments for 2020

- Start the BAC Possibilities program in four of the six counties where BAC operates with the aim to combat poverty among employees.
- Make partnerships with the education governing bodies in four countries with the aim to include financial and/enterprise education in the national curriculum.
- Amend the ESRMS (Environmental and Social Risk Management System) to update the environmental and social risk requirements according to the current size of the business.
- Hold the Social Enterprise Competition in two countries.
- Carry out the consultation and validation process for the sustainability model with key stakeholders (process carried out every two years).





GRI Content Index

This is the first year in which Grupo Aval is reporting under the GRI Standards. The GRI Standards are a widely renowned international framework on economic, social and environmental performance. This report has been prepared in accordance with the GRI Standards: Core option. The referenced page numbers indicate in which part of this report you can find the standards, unless another document is indicated.

Indicator	Contents	Comments, description or reasons for omission	Page number or URL
GRI 102: General Disclosures			
102-1	Name of the organization	Grupo Aval Acciones y Valores S.A.	p. 16
102-2	Activities, brands, products, and services	<i>There are no comments or omissions, see the indicated page or URL.</i>	p. 15
102-3	Location of headquarters	Carrera 13 N°26A - 47, Bogotá D.C., Colombia.	N/A
102-4	Location of operations	<i>There are no comments or omissions, see the indicated page or URL.</i>	p. 26
102-5	Ownership and legal form	<i>There are no comments or omissions, see the indicated page or URL.</i>	p. 16
102-6	Markets served	<i>There are no comments or omissions, see the indicated page or URL.</i>	p. 26
102-7	Scale of the organization	Since Grupo Aval is a financial holding company, instead of presenting the net sales, it presents the net income.	p. 26
102-8	Information on employees and other workers	<p>At December 31, 2019, in consolidation, Grupo Aval generated approximately 111,192 jobs, with 72,623 (65.3%) direct employees, 8,433 (7.58%) people hired through temporary employment agencies, and 30,136 (27.1%) through outsourcing. Out of the 72,623 direct employees, 54.4% (39,515) were women while the remaining 45.6% (33,130) were men.</p> <p>In the Holding Company, a total of 124 jobs were generated with 119 (96%) direct jobs, five (4%) through outsourcing and zero temporary jobs. Additionally, out of the Holding Company's 119 direct employees, 55% was comprised of men and 45% of women.</p>	<p>p. 32</p> <p>All the information about this content is presented in the Comments, description, or reasons for omission column</p>

Indicator	Contents	Comments, description or reasons for omission	Page number or URL
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GRI 102: General Disclosures

102-8

The breakdown is provided below:

p. 32

Company	Direct employees	Temporary employees	Outsourcing employees	Number of employees Dec-19
Grupo Aval	119	0	5	124
Banco de Bogotá	12,034	2,235	3,892	18,161
Corficolombiana	11,580	3,388	17,608	32,576
Porvenir	2,889	18	240	3,147
Banco de Occidente	16,379	0	1,971	18,350
Banco Popular	4,281	1,159	2,263	7,703
Banco AV Villas	5,286	715	1,708	7,709
Total	52,568	7,515	27,687	87,770
BAC Credomatic	20,055	918	2,449	23,422
Consolidated total	72,623	8,433	30,136	111,192

Includes direct, temporary and outsourcing employees. Does not include SENA apprentices.

Company	Men	Women	Number of direct employees Dec-19	Men (%)	Women (%)
Grupo Aval	65	54	119	55%	45%
Banco de Bogotá	5,116	6,918	12,034	43%	57%
Corficolombiana	7,899	3,681	11,580	68%	32%
Porvenir	1,120	1,769	2,889	39%	61%
Banco de Occidente	6,190	10,189	16,379	38%	62%
Banco Popular	1,815	2,466	4,281	42%	58%
Banco AV Villas	1,999	3,287	5,286	38%	62%
Total	24,204	28,364	52,568	46%	54%
BAC Credomatic	8,913	11,142	20,055	44%	56%
Consolidated total	33,117	39,506	72,623	46%	54%

Indicator	Contents	Comments, description or reasons for omission	Page number or URL
GRI 102: General Disclosures			
102-9	Supply chain	<p>The Holding Company's main activities, brands, and services are described on the indicated pages.</p> <p>The workforce for the supply chain of Grupo Aval Acciones y Valores is not intensive due to its nature as a financial conglomerate.</p>	p. 32
102-10	Significant changes to the organization and its supply chain	The significant changes to the size, structure and capital are described on the indicated pages. There were no significant changes to suppliers.	p. 33
102-11	Precautionary principle or approach	The organization does not apply the precautionary principle or approach.	All the information about this content is presented in the Comments, description, or reasons for omission column
102-12	External initiatives	<p>The economic, environmental and social charters and principles that Grupo Aval Acciones y Valores S.A. subscribes to or supports are as follows:</p> <ul style="list-style-type: none"> • Global Reporting Initiative (GRI) • Protocolo Verde (Green Protocol) of Asobancaria 	All the information about this content is presented in the Comments, description, or reasons for omission column

Indicator	Contents	Comments, description or reasons for omission	Page number or URL
GRI 102: General Disclosures			
102-13	Membership of associations	<p>The memberships or associations to which Grupo Aval Acciones y Valores S.A. subscribes or supports are:</p> <ul style="list-style-type: none"> • Financial Superintendence of Colombia • Bloomberg Finance LP • Bolsa de Valores de Colombia S.A. • Bogotá Chamber of Commerce • NYSE Market Inc. • SET ICAP FX S.A. • Financial Superintendence of Colombia • ACRIP (Human Resources Association) 	All the information about this content is presented in the Comments, description, or reasons for omission column
102-14	Statement from senior decision-maker	<i>There are no comments or omissions, see the indicated page or URL.</i>	p. 10
102-16	Values, principles, standards, and norms of behavior	<i>There are no comments or omissions, see the indicated page or URL.</i>	p. 114
102-17	Mechanisms for advice and concerns about ethics	<i>There are no comments or omissions, see the indicated page or URL.</i>	p. 140
102-18	Governance structure	<p>In Grupo Aval, the committees responsible for decision-making on economic topics are the Risk Committee and the Corporate Affairs Committee.</p> <p>In 2019, there was not a committee for decision-making on social or environmental topics. However, in 2020, we will assess which committee needs to assume this responsibility.</p>	pp. 99-113
102-40	List of stakeholder groups	<i>There are no comments or omissions, see the indicated page or URL</i>	p. 125

Indicator	Contents	Comments, description or reasons for omission	Page number or URL
GRI 102: General Disclosures			
102-41	Collective bargaining agreements	<p>Grupo Aval does not have employees who are members of trade unions. However, we show the number of employees of the main subsidiaries (not-consolidated) covered by collective agreements and represented by trade unions below.</p> <ul style="list-style-type: none"> • Out of Banco de Bogotá's direct employees (10,094) (not consolidated), 52.04% (5,253) are represented by trade unions and 55.98% (5,651) of said employees are covered by a collective agreement. • Out of Banco de Occidente's direct employees (7,510) (not consolidated), 46.38% (3,483) are represented by trade unions and in turn, are covered by a collective agreement. • Out of Banco Popular's direct employees (3,548) (not consolidated), 64.06% (2,273) are represented by trade unions and 95.29% (3,381) of said employees are covered by a collective agreement. • Out of Banco AV Villas's direct employees (4,431) (not consolidated), 12.23% (542) are represented by trade unions and 73.57% (3,260) of said employees are covered by a collective agreement. • Only 0.11% (3) of the direct employees (not consolidated) of Porvenir (2,639) are represented by trade unions. 	<p>p. 32</p> <p>All the information about this content is presented in the Comments, description, or reasons for omission column</p>

Indicator	Contents	Comments, description or reasons for omission	Page number or URL
GRI 102: General Disclosures			
102-42	Identifying and selecting stakeholders	<p>In 2019, we started the process of creating Grupo Aval's sustainability strategy. Part of this process consisted of interviewing around 100 employees from different areas and organizational levels inside the Holding Company as well as in the subsidiaries. The interviews enabled us to gain a lot of information about the current status of sustainability, and the expectations and future opportunities. After the interviews, the challenge was to analyze, categorize and prioritize the most relevant factors, taking into account two variables: the strategic importance for the business and the impact of said factors on our stakeholders.</p> <p>Parallel to the interview analysis process, we reviewed the best sustainability practices of national and international benchmarks to identify the most relevant issues for the financial sector, and we analyzed the internationally recognized sustainability standards, especially the Global Reporting Initiative's (GRI) Sustainability Reporting Standards.</p> <p>The groups that participated in the materiality and reporting process were:</p> <ul style="list-style-type: none"> • Employees from different organizational areas and levels of the Holding Company • Employees from different organizational areas and levels of the subsidiaries (Banco AV Villas, Banco de Bogotá, Banco de Occidente, Banco Popular, BAC Credomatic, Porvenir and Corficolombiana) 	All the information about this content is presented in the Comments, description, or reasons for omission column
102-43	Approach to stakeholder engagement	<p>To conduct the materiality exercise, we carried out 100 interviews of the stakeholders stated in the GRI 100-42 content.</p> <p>To write this report, employees of the Holding Company's areas as well as employees of the subsidiaries participated in the processes of creation, drafting and review of the document.</p>	pp. 126-129

Indicator	Contents	Comments, description or reasons for omission	Page number or URL																																																																
GRI 102: General Disclosures																																																																			
102-44	Key topics and concerns raised	There are no comments or omissions, see the indicated page or URL.	pp. 130-132																																																																
102-45	Entities included in the consolidated financial statements	<div>The entities that are part of Grupo Aval in consolidation at December 2019 are presented below:</div> <table><tr><th colspan="2">SUBSIDIARIES OF GRUPO AVAL ACCIONES AND VALORES S.A. ("GRUPO AVAL")</th></tr><tr><td>1</td><td>GRUPO AVAL ACCIONES Y VALORES S.A.</td></tr><tr><td>2</td><td>BANCO DE BOGOTÁ S.A.</td></tr><tr><td>3</td><td>BANCO DE OCCIDENTE S.A.</td></tr><tr><td>4</td><td>BANCO POPULAR S.A.</td></tr><tr><td>5</td><td>BANCO AV VILLAS S.A.</td></tr><tr><td>6</td><td>CORPORACIÓN FINANCIERA COLOMBIANA S.A. – CORFICOLOMBIANA</td></tr><tr><td>7</td><td>GRUPO AVAL LIMITED</td></tr><tr><td>9</td><td>ATH NEGOCIO CONJUNTO</td></tr></table> <table><tr><th colspan="2">SUBSIDIARIES OF BANCO DE BOGOTÁ S.A.</th></tr><tr><td>1</td><td>ALMACENES GENERALES DE DEPÓSITO ALMAVIVA S.A.</td></tr><tr><td>2</td><td>ALMAVIVA GLOBAL CARGO S.A.</td></tr><tr><td>3</td><td>ALMAVIVA ZONA FRANCA S.A.S.</td></tr><tr><td>4</td><td>APORTES EN LINEA S.A.</td></tr><tr><td>5</td><td>AVAL SOLUCIONES DIGITALES S.A.</td></tr><tr><td>6</td><td>BANCO DE BOGOTÁ S.A. PANAMÁ</td></tr><tr><td>7</td><td>BANCO DE BOGOTÁ NASSAU</td></tr><tr><td>8</td><td>BOGOTA FINANCE CORPORATION</td></tr><tr><td>9</td><td>CORPORACIÓN FINANCIERA CENTROAMERICANA S.A. – FICENTRO</td></tr><tr><td>10</td><td>FIDUCIARIA BOGOTÁ S.A. – FIDUBOGOTÁ</td></tr><tr><td>11</td><td>LEASING BOGOTÁ S.A. PANAMÁ</td></tr><tr><td>12</td><td>MEGALÍNEA S.A.</td></tr><tr><td>13</td><td>SOCIEDAD ADMINISTRADORA DE FONDOS DE PENSIONES Y CESANTÍAS PORVENIR S.A.</td></tr><tr><td>14</td><td>BAC CREDOMATIC, INC.</td></tr><tr><td>15</td><td>BAC INTERNATIONAL CORP.</td></tr><tr><td>16</td><td>BAC INTERNATIONAL BANK, INC.</td></tr><tr><td>17</td><td>PREMIER ASSET MANAGEMENT, INC.</td></tr><tr><td>18</td><td>BAC INTERNATIONAL BANK (GRAND CAYMAN)</td></tr><tr><td>19</td><td>BAC VALORES (PANAMA), INC.</td></tr><tr><td>20</td><td>CREDOMATIC INTERNATIONAL CORP.</td></tr><tr><td>21</td><td>BAC BAHAMAS BANK, LIMITED</td></tr><tr><td>22</td><td>CORPORACIÓN LATINOAMERICANA DE FINANZAS, S.A.</td></tr></table>	SUBSIDIARIES OF GRUPO AVAL ACCIONES AND VALORES S.A. ("GRUPO AVAL")		1	GRUPO AVAL ACCIONES Y VALORES S.A.	2	BANCO DE BOGOTÁ S.A.	3	BANCO DE OCCIDENTE S.A.	4	BANCO POPULAR S.A.	5	BANCO AV VILLAS S.A.	6	CORPORACIÓN FINANCIERA COLOMBIANA S.A. – CORFICOLOMBIANA	7	GRUPO AVAL LIMITED	9	ATH NEGOCIO CONJUNTO	SUBSIDIARIES OF BANCO DE BOGOTÁ S.A.		1	ALMACENES GENERALES DE DEPÓSITO ALMAVIVA S.A.	2	ALMAVIVA GLOBAL CARGO S.A.	3	ALMAVIVA ZONA FRANCA S.A.S.	4	APORTES EN LINEA S.A.	5	AVAL SOLUCIONES DIGITALES S.A.	6	BANCO DE BOGOTÁ S.A. PANAMÁ	7	BANCO DE BOGOTÁ NASSAU	8	BOGOTA FINANCE CORPORATION	9	CORPORACIÓN FINANCIERA CENTROAMERICANA S.A. – FICENTRO	10	FIDUCIARIA BOGOTÁ S.A. – FIDUBOGOTÁ	11	LEASING BOGOTÁ S.A. PANAMÁ	12	MEGALÍNEA S.A.	13	SOCIEDAD ADMINISTRADORA DE FONDOS DE PENSIONES Y CESANTÍAS PORVENIR S.A.	14	BAC CREDOMATIC, INC.	15	BAC INTERNATIONAL CORP.	16	BAC INTERNATIONAL BANK, INC.	17	PREMIER ASSET MANAGEMENT, INC.	18	BAC INTERNATIONAL BANK (GRAND CAYMAN)	19	BAC VALORES (PANAMA), INC.	20	CREDOMATIC INTERNATIONAL CORP.	21	BAC BAHAMAS BANK, LIMITED	22	CORPORACIÓN LATINOAMERICANA DE FINANZAS, S.A.	All the information about this content is presented in the Comments, description, or reasons for omission column
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20	CREDOMATIC INTERNATIONAL CORP.																																																																		
21	BAC BAHAMAS BANK, LIMITED																																																																		
22	CORPORACIÓN LATINOAMERICANA DE FINANZAS, S.A.																																																																		

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24	CORPORACION DE INVERSIONES CREDOMATIC, S.A.
25	CREDOMATIC DE GUATEMALA, S.A.
26	INFORMACIONES, S.A.
27	BAC BANK, INC.
28	CORPORACIÓN TENEDORA BAC CREDOMATIC, S.A.
29	CREDIBANJO, S.A.
30	BANCO DE AMERICA CENTRAL, S.A.
31	BAC VALORES GUATEMALA, S.A.
32	FINANCIERA DE CAPITALS, S.A.
33	INVERSIONES FINANCIERAS BANCO DE AMÉRICA CENTRAL, S.A.
34	BAC LEASING, S.A. DE C.V.
35	BANCO DE AMERICA CENTRAL, S.A.
36	INVERSIONES BURSÁTILES CREDOMATIC, S.A. DE C.V.
37	CREDOMATIC DE EL SALVADOR, S.A. DE C.V.
38	BAC SAN JOSÉ PUESTO DE BOLSA, S.A.
39	BAC SAN JOSÉ LEASING, S.A.
40	BAC SAN JOSÉ SOCIEDAD DE FONDOS DE INVERSIÓN, S.A.
41	BANCO BAC SAN JOSÉ, S.A.
42	BAC SAN JOSE PENSIONES OPERADORA DE PLANES DE PENSIONES COMPLEMENTARIAS, S.A.
43	BAC CREDOMATIC CORREDORA DE SEGUROS, S.A.
44	CREDOMATIC DE COSTA RICA, S.A.
45	CORPORACION TENEDORA BAC COM, S.A.
46	CRÉDITO, S.A.
47	BAC VALORES NICARAGUA, PUESTO DE BOLSA, S.A.
48	BANCO DE AMERICA CENTRAL, S.A. (BAC)
49	ALMACENES GENERALES DE DEPÓSITOS BAC, S.A.
50	CREDOMATIC DE HONDURAS, S.A.
51	BANCO DE AMERICA CENTRAL HONDURAS, S.A.
52	ADMINISTRADORA DE FONDOS DE PENSIONES Y CESANTÍAS, BAC PENSIONES HONDURAS, S.A.
53	CREDOMATIC DEL ISTMO, S.A.
54	CREDOMATIC DE CENTROAMÉRICA, S.A.
55	CREDOMATIC INTERNATIONAL, S.A.
56	CREDOMATIC LATINOAMERICANA, S.A. COMLATSA
57	VALORES INTERNACIONALES, S.A.
58	VALES INTERCONTINENTALES, S.A.
59	TRANSCOM BANK (BARBADOS) LIMITED***
60	SOCIEDAD DE CORRETAJE DE INVERSIONES EN VALORES, S.A.***
61	RUDAS HILL FINANCIAL, INC.
62	CREDOMATIC AIR SERVICES, LLP***

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65	NEGOCIOS Y TRANSACCIONES INSTITUCIONALES, S.A.		
66	ACTIVIDADES EMPRESARIALES, S.A.***		
67	INVERSIONES CÁDIZ, S.A.***		
68	VALORES E INVERSIONES, S.A.***		
69	AGENCIA DE VIAJES GEOTOURS, S.A. DE C.V.		
70	VENTAS INTERNACIONALES, S.A. DE C.V.		
71	SISTEMAS INTERNACIONALES, S.A. DE C.V.		
72	CREDOMATIC REPRESENTACIONES TURÍSTICAS, S.A. DE C.V.		
73	VIAJES CREDOMATIC EL SALVADOR, S.A. DE C.V.		
74	CREDICARD, S.A.		
75	INMOBILIARIA CREDOMATIC, S.A.		
76	AGENCIA DE VIAJES INTERTUR S.A.		
77	CREDIT SYSTEMS, INC.		
78	CENTRAL AMERICAN CREDIT CARD HOLDING, INC.***		
79	FALKLAND REAL ESTATE, S.A.		
80	COINCA COMUNICACIONES INALÁMBRICAS DE CENTRO AMÉRICA, S.A.		
81	COINCA COMUNICACIONES INALÁMBRICAS DE CENTROAMÉRICA, S.A.		
82	COINCA COMUNICACIONES INALÁMBRICAS DE CENTROAMÉRICA, S.A. DE C.V.		
83	COINCA COMUNICACIONES INALÁMBRICAS DE CENTRO AMÉRICA, S.A.		
84	COSIC, S.A.		
85	COMUNICACIONES INALÁMBRICAS DE CENTRO AMÉRICA, S.A. (COINCA)		
86	COINCA CORP.		
87	MEDIO DE PAGO, S.A.		
88	BAC LATAM SSC S.A.		
89	COSIC COMERCIALIZACIÓN DE SISTEMAS INALÁMBRICOS DE COMUNICACIÓN S.A.		
SUBSIDIARIES OF BANCO DE OCCIDENTE			
1	BANCO DE OCCIDENTE S.A. PANAMÁ		
2	FIDUCIARIA DE OCCIDENTE S.A.		
3	OCCIDENTAL BANK BARBADOS		
4	VENTAS Y SERVICIOS S.A.		
SUBSIDIARIES OF BANCO POPULAR S.A.			
1	ALPOPULAR ALMACÉN GENERAL DE DEPÓSITOS S.A. ALPOPULAR S.A.		
2	FIDUCIARIA POPULAR S.A. – FIDUCIAR S.A.		
3	INCA FRUEHAUF - INCA S.A.		
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1	A TODA HORA S.A. ATH		

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 - 2 CASA DE BOLSA S.A.
 - 3 CFC ENERGY HOLDING S.A.S.
 - 4 CFC GAS HOLDING S.A.S.
 - 5 CFC PRIVATE EQUITY HOLDINGS S.A.S.
 - 6 COLOMBIANA DE LICITACIONES Y CONCESIONES S.A.S.
 - 7 COMPAÑÍA ENERGÉTICA DE OCCIDENTE S.A.S. E.S.P.
 - 8 COMPAÑÍA EN INFRAESTRUCTURA Y DESARROLLO S.A.S. – COVINDESA
 - 9 COMPAÑÍA HOTELERA CARTAGENA DE INDIAS S.A.
 - 10 CONCESIONARIA NUEVA VIA AL MAR S.A.
 - 11 CONCESIONARIA PANAMERICANA S.A.S.
 - 12 CONCESIONARIA VIAL ANDINA S.A.S. - COVIANDINA
 - 13 CONCESIONARIA VIAL DE LOS ANDES - COVIANDES S.A.
 - 14 CONCESIONARIA VIAL DEL ORIENTE S.A.S.
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 - 16 CONCESIONES CCFC S.A.S
 - 17 CONSTRUCTORA DE INFRAESTRUCTURA VIAL S.A.S. – COINVIAL
 - 18 ENLACE SERVICIOS COMPARTIDOS S.A.S.
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 - 27 GESTORA EN INFRAESTRUCTURA Y DESARROLLO S.A.S.
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102-46	Defining report content and topic boundaries	<i>There are no comments or omissions, see the indicated page or URL.</i>	pp. 130-132
102-47	List of material topics	<i>There are no comments or omissions, see the indicated page or URL.</i>	pp. 130-132

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102-48	Restatements of information	This content does not apply because this is Grupo Aval's first report under the GRI Standards.	All the information about this content is presented in the Comments, description, or reasons for omission column
102-49	Changes in reporting	This content does not apply because this is Grupo Aval's first report under the GRI Standards and the first time that Grupo Aval has conducted a materiality exercise on sustainability.	All the information about this content is presented in the Comments, description, or reasons for omission column
102-50	Reporting period	<i>There are no comments or omissions, see the indicated page or URL.</i>	p. 14
102-51	Date of most recent report	This content does not apply because this is Grupo Aval's first report under the GRI Standards.	All the information about this content is presented in the Comments, description, or reasons for omission column
102-52	Reporting cycle	<i>There are no comments or omissions, see the indicated page or URL.</i>	p. 14

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102-53	Contact point for questions regarding the report	ktabares@grupoaval.com for the sustainability report. nnorena@grupoaval.com for the management report. investorrelations@grupoaval.com for issues regarding investor relations.	All the information about this content is presented in the Comments, description, or reasons for omission column
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.	All the information about this content is presented in the Comments, description, or reasons for omission column
102-55	GRI content index	<i>There are no comments or omissions, see the indicated page or URL.</i>	pp. 191-209
102-56	External assurance	The non-financial information in the report and corresponding to the GRI Standards has not been externally assured.	All the information about this content is presented in the Comments, description, or reasons for omission column

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GRI 103: 2016 Management Approach

Corporate governance, risk and ethics management

pp. 134-143

Material topics	103-1	103-2	103-3
- Governance structure (p. 135)	The explanation of why this topic is material for Grupo Aval is provided in subchapter 6.4.A. The impacts of this material topic occur in the Holding Company and in the subsidiaries.	The management approach and the components of this material topic are stated in subchapter 6.4.A. The purpose of the management approach consists of preventing and mitigating the possible negative impacts, as well as increasing the positive impacts.	The management evaluation mechanisms of this material topic are: internal and external verification systems. The results of the management of this material topic are presented in subchapter 6.4.A and in the Corporate Governance Report in Chapter 9.
- Risk management and internal control (p. 125)	The explanation of why this topic is material for Grupo Aval is provided in subchapter 6.4.B. The impacts of this material topic occur in the Holding Company and in the subsidiaries.	The management approach and the components of this material topic are stated in subchapter 6.4.B. The purpose of the management approach consists of preventing and mitigating the possible negative impacts, as well as increasing the positive impacts.	The management evaluation mechanisms of this material topic are: internal and external verification systems, internal and external auditing, and feedback from employees. The results of the management of this material topic are presented in subchapter 6.4.B.
- Ethics (p. 140)	The explanation of why this topic is material for Grupo Aval is provided in subchapter 6.4.C. The impacts of this material topic occur in the Holding Company and in the subsidiaries.	The management approach and the components of this material topic are stated in subchapter 6.4.C. The purpose of the management approach consists of preventing and mitigating the possible negative impacts, as well as increasing the positive impacts.	The management evaluation mechanisms of this material topic are: internal and external verification systems, internal and external auditing, and feedback from employees. The results of the management of this material topic are presented in subchapter 6.4.C.

Note: Neither the GRI Standards nor content are associated with the results of the management evaluation of these material topics, because the indicators to measure the management of each material topic have still not been defined. Therefore, the full information is still not available. However, in 2020, Grupo Aval will continue the process of structuring its sustainability strategy, and during said process, it will seek to define the indicators to measure the management and performance of each material topic. It is predicted that in 2021, Grupo Aval will be able to report the full information.

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GRI 103: 2016 Management Approach

Economic performance

pp. 144-150

Material topics	103-1	103-2	103-3
- Subsidiary management (Investment Policies) (p. 145)	<p>The explanation of why this topic is material for Grupo Aval is provided in subchapter 6.5.</p> <p>The impacts of this material topic occur in the Holding Company and in the subsidiaries.</p>	<p>The management approach and the components of this material topic are stated in subchapter 6.5.A.</p> <p>The purpose of the management approach consists of preventing and mitigating the possible negative impacts, as well as increasing the positive impacts.</p>	<p>The management evaluation mechanisms of this material topic are: internal and external verification systems, internal and external auditing, and feedback from the subsidiaries and Board of Directors.</p> <p>The results of the management of this material topic are presented in subchapters 6.5.A., 3.6 and 3.7.</p>
- Investor relations (customer service) (p. 146)	<p>The explanation of why this topic is material for Grupo Aval is provided in subchapter 6.5.B.</p> <p>The impacts of this material topic occur in the Holding Company.</p>	<p>The management approach and the components of this material topic are stated in subchapter 6.5.B.</p> <p>The purpose of the management approach consists of preventing and mitigating the possible negative impacts, as well as increasing the positive impacts.</p>	<p>The management evaluation mechanisms of this material topic are: internal and external verification systems, internal and external auditing, and feedback from investors.</p> <p>The results of the management of this material topic are presented in subchapter 6.5.B.</p>
- Innovation and digital transformation (p. 148)	<p>The explanation of why this topic is material for Grupo Aval is provided in subchapter 6.5.C.</p> <p>The impacts of this material topic occur in the subsidiaries.</p>	<p>The management approach and the components of this material topic are stated in subchapter 6.5.C.</p> <p>The purpose of the management approach consists of increasing the positive impacts.</p>	<p>The management evaluation mechanisms of this material topic are: internal verification systems and feedback from the subsidiaries.</p> <p>The results of the management of this material topic are presented in subchapter 6.5.C.</p>

Note: Neither the GRI Standards nor content are associated with the results of the management evaluation of these material topics, because the indicators to measure the management of each material topic have still not been defined. Therefore, the full information is still not available. However, in 2020, Grupo Aval will continue the process of structuring its sustainability strategy, and during said process, it will seek to define the indicators to measure the management and performance of each material topic. It is predicted that in 2021, Grupo Aval will be able to report the full information.

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GRI 103: 2016 Management Approach

Corporate efficiency

pp. 151-156

Material topics	103-1	103-2	103-3
- Marketing (Customer service) (pp. 151-155)	The explanation of why this topic is material for Grupo Aval is provided in subchapter 6.6.A. The impacts of this material topic occur in the Holding Company and in the subsidiaries.	The management approach and the components of this material topic are stated in subchapter 6.6.A. The purpose of the management approach consists of increasing the positive impacts.	The management evaluation mechanisms of this material topic are: internal and external verification systems and feedback from the subsidiaries and Board of Directors. The results of the management of this material topic are presented in subchapter 6.6.A.
- Procurement (Sustainable supply chain) (pp. 155-156)	The explanation of why this topic is material for Grupo Aval is provided in subchapter 6.6.B. The impacts of this material topic occur in the subsidiaries.	The management approach and the components of this material topic are stated in subchapter 6.6.B. The purpose of the management approach consists of preventing and mitigating the possible negative impacts, as well as increasing the positive impacts.	The management evaluation mechanisms of this material topic are: internal verification systems and feedback from the subsidiaries and suppliers. The results of the management of this material topic are presented in subchapter 6.6.B.

Note: Neither the GRI Standards nor content are associated with the results of the management evaluation of these material topics, because the indicators to measure the management of each material topic have still not been defined. Therefore, the full information is still not available. However, in 2020, Grupo Aval will continue the process of structuring its sustainability strategy, and during said process, it will seek to define the indicators to measure the management and performance of each material topic. It is predicted that in 2021, Grupo Aval will be able to report the full information.

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GRI 103: 2016 Management Approach

Human resources

pp. 157-159

Material topics	103-1	103-2	103-3
Employee well-being, health and training (occupational health and safety, training and retention, and diversity and inclusion) (p. 157-159)	<p>The explanation of why this topic is material for Grupo Aval is provided in subchapter 6.7.A.</p> <p>The impacts of this material topic occur in the Holding Company.</p>	<p>The management approach and the components of this material topic are stated in subchapter 6.7.A.</p> <p>The purpose of the management approach consists of preventing and mitigating the possible negative impacts, as well as increasing the positive impacts.</p>	<p>The management evaluation mechanisms of this material topic are: internal and external verification systems and feedback from employees.</p> <p>The results of the management of this material topic are presented in subchapter 6.7.A.</p>

Note: Neither the GRI Standards nor content are associated with the results of the management evaluation of these material topics, because the indicators to measure the management of each material topic have still not been defined. Therefore, the full information is still not available. However, in 2020, Grupo Aval will continue the process of structuring its sustainability strategy, and during said process, it will seek to define the indicators to measure the management and performance of each material topic. It is predicted that in 2021, Grupo Aval will be able to report the full information.

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GRI 103: 2016 Management Approach

Environment

pp. 160-163

Material topics	103-1	103-2	103-3
Financial inclusion (p. 160)	The explanation of why this topic is material for Grupo Aval is provided in subchapter 6.8.A. The impacts of this material topic occur in Corporación Microcrédito Aval.	The management approach and the components of this material topic are stated in subchapter 6.8.A. The purpose of the management approach consists of increasing the positive impacts.	The management evaluation mechanisms of this material topic are: internal verification systems. The results of the management of this material topic are presented in subchapter 6.8.A.
Social investment (p. 162)	The explanation of why this topic is material for Grupo Aval is provided in subchapter 6.8.B. The impacts of this material topic occur in the subsidiaries.	The management approach and the components of this material topic are stated in subchapter 6.8.B. The purpose of the management approach consists of increasing the positive impacts.	The management evaluation mechanisms of this material topic are: internal verification systems. The results of the management of this material topic are presented in subchapter 6.8.B.

Note: Neither the GRI Standards nor content are associated with the results of the management evaluation of these material topics, because the indicators to measure the management of each material topic have still not been defined. Therefore, the full information is still not available. However, in 2020, Grupo Aval will continue the process of structuring its sustainability strategy, and during said process, it will seek to define the indicators to measure the management and performance of each material topic. It is predicted that in 2021, Grupo Aval will be able to report the full information.

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GRI 201: Economic Performance 2016

201-1	Direct economic value generated and distributed	<i>There are no comments or omissions, see the indicated page or URL.</i>	p. 144
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GRI 403: Occupational Health and Safety 2018

403-1	Occupational health and safety management system	Grupo Aval Acciones y Valores has an occupational health and safety management system that covers the Holding Company's employees, which was started based on the legal requirements established by the Colombian Ministry of Labor in Resolution 1111 of 2017.	p. 159
403-3	Occupational health services	<i>There are no comments or omissions, see the indicated page or URL.</i>	p. 159
403-4	Worker participation, consultation, and communication on occupational health and safety	<i>There are no comments or omissions, see the indicated page or URL.</i>	p. 159
403-6	Promotion of worker health	<i>There are no comments or omissions, see the indicated page or URL.</i>	p. 159

GRI 404: Training and education 2016

404-1	Average hours of training per year per employee	<i>There are no comments or omissions, see the indicated page or URL.</i>	p. 159
404-3	Percentage of employees receiving regular performance and career development reviews	<i>There are no comments or omissions, see the indicated page or URL.</i>	p. 159



Corporate Governance Report

During 2019, as part of our ongoing process of improvement in the adoption of high corporate governance standards, we reviewed the status of adoption of the recommendations presented by the Code of Best Corporate Practices, also known as “Código País”, with the aim to identify the possibility of implementing additional recommendations to those that we had already adopted.

As part of the above, we carried out a relevant documentation process for the purposes of preparing this report, under the guidelines established in measure no. 33 of Código País.

In accordance with the above, and in this Corporate Governance Report, we will disclose topics such as: (i) relevant events, (ii) the conglomerate’s ownership structure, (iii) the conglomerate’s management structure, (iv) transactions with related parties, (v) risk management systems, and (vi) the General Meeting of Shareholders.

9.1 Relevant events

During 2019, we carried out the following activities, considered relevant for the purposes of this report.

9.1.A. Aval Financial Conglomerate

The Law of Financial Conglomerates and its regulatory decrees introduced important changes to the structure of the Colombian financial system, particularly for companies that act as financial holding companies of their conglomerates.

In the case of Grupo Aval and its financial subsidiaries, through Resolution no. 0155 of February 6, 2019, the Financial Superintendence of Colombia (SFC, for the Spanish original) identified Grupo Aval as a financial holding company of Aval FC. Additionally, in said resolution, the SFC identified the entities that are part of said conglomerate.

Likewise, as a result of the Law of Financial Conglomerates coming into effect, on February 6, 2019, as well as its regulatory decrees, Grupo Aval, as the financial holding company of its conglomerate, became subject to inspection and oversight by the SFC, having to fulfill duties and responsibilities established by the applicable regulation for financial conglomerates.

Said duties and responsibilities include the following:

» Establish the technical and sufficient net worth of Aval FC and verify its compliance with the **sufficient level of capital**.

» Identify, constantly update and keep available for the SFC information about its **related parties**.

» Establish general guidelines for adequate identification, disclosure, management and control of the **conflicts of interest** that arise or may arise in the operations carried out between the entities of the conglomerate, or between them and their related parties, or those that the conglomerate's entities carry out with their managers.

» Establish **policies and limits on risk exposure and concentration** between the entities that form the financial conglomerate, and between them and their related parties.

Regarding the **sufficient level of capital**, based on the method established and shared with the SFC, Aval FC meets all the requirements of sufficient capital defined by Decree 774 of 2018 since November 8, 2019, date that said regulation came into effect. The numerical calculation shows that the technical net worth greatly exceeds the requirement of sufficient net worth and, therefore, it meets the requirement of the sufficient level of capital.

Regarding **related parties**, we carried out joint work with our entities to foster correct understanding of the criteria of connection and through this, we generated a list of related parties that is regularly updated pursuant to a procedure provided for that effect.

Regarding **conflicts of interest**, in March 2019, our Board of Directors approved the “Policy for the Identification, Communication, Management and Control of Conflicts of Interest in the Aval Financial Conglomerate”, and together with our main subsidiaries, we work jointly to verify that said policy is implemented by the entities that comprise Aval FC.

Finally, regarding **limits of exposure and risk concentration**, in February 2020, our Board of Directors approved the “*Policy of Limits of Risk Exposure and Concentration*” of the Aval FC.

9.1.B. Sustainability report

During 2019, we carried out a process accompanied by external advisors to develop our first sustainability report, which is included in this management report. Said report, prepared according to the GRI Standards, aims to report

the main activities, initiatives, challenges and achievements in social, environmental and economic topics in the best interests of our shareholders, investors and other stakeholders.



9.2 Ownership structure of the conglomerate

9.2.A. Company capital and ownership structure

Grupo Aval's authorized capital is the sum of one hundred and twenty billion Colombian pesos (COP 120,000,000,000), represented in one hundred and twenty billion (120,000,000,000) shares, with a par value of one Colombian peso (COP 1.00) per share. The shares are nominative and of capital, and they can be common shares or preferred shares with a dividend but without voting rights.

At December 31, 2019, we had more than 61,000 shareholders as a result of five share democratization processes in the years 1999, 2007, 2011, 2013 and 2014. At December 31, 2019, we had a total of 22,281,017,159 outstanding shares, of which 15,137,789,974 were common shares and 7,143,227,185 were preferred shares with a dividend but without voting rights.

9.2.B. Shareholders who have significant, direct or indirect shareholdings

Mr. Luis Carlos Sarmiento Angulo is the controlling shareholder of Grupo Aval. The direct and indirect share held by Mr. Sarmiento in our share capital represents more than 50%. This situation of control was registered in the Bogotá Chamber of Commerce at February 11, 2003, under number 00865815.

A list of Grupo Aval's largest shareholders is presented below, whose share is calculated over the total subscribed and paid-in capital. The total balance of each shareholder consists of the sum of its position in common shares and preferred shares in the Company at the cut-off date of December 31, 2019.

Grupo Aval's main shareholders					
Shareholder	Common shares	Preferred shares	Total shares	Shareholding (%)	
1 Adminegocios S.A.S.	6,094,903,964	27,921,669	6,122,825,633	27.50%	
2 Actiunidos S.A.	3,028,922,128	687,451,726	3,716,373,854	16.70%	
3 El Zuque S.A.	561,052,547	958,153,905	1,519,206,452	6.80%	
4 JP Morgan Chase Bank NA FBO Holders of DR (Aval ADR)	-	1,295,205,900	1,295,205,900	5.80%	
5 Inversiones Escorial S.A.	1,270,118,990	-	1,270,118,990	5.70%	
6 Socineg S.A.	532,546,743	683,851,342	1,216,398,085	5.50%	
7 Aminversiones S.A.	631,496,256	497,711,356	1,129,207,612	5.10%	
8 Intrassets Trading S.A.	986,514,816	-	986,514,816	4.40%	
9 Rendifin S.A.	636,198,157	164,660,421	800,858,578	3.60%	
10 Inversegovia S.A.	403,605,252	-	403,605,252	1.81%	

9.2.C. Information on shares directly (personally) or indirectly (through companies or other vehicles) held by the Board members and the voting rights they represent

The shares of which members of the Board of Directors are direct holders are presented below:

Board members	Close of December 2019			Voting rights of common shares (%)
	Common	Preferred	Total shares	
Luis Carlos Sarmiento Angulo	14,761,004,300	3,053,066,569	178,140,070,869	97.5110%
Alejandro Figueroa Jaramillo	-	-	-	0.0000%
María Lorena Gutiérrez Botero	-	-	-	0.0000%
Álvaro Velásquez Cock	8,264	11,538	19,802	0.0001%
Fabio Castellanos Ordóñez	-	-	-	0.0000%
Miguel Largacha Martínez	-	-	-	0.0000%
Esther América Paz Montoya	251,718	423,076	674,794	0.0017%
Mauricio Cárdenas Müller	40,616	76,923	117,539	0.0003%
Juan María Robledo Uribe	-	-	-	0.0000%
Juan Camilo Ángel Mejía	7,319	22,666	29,985	0.0000%
Ana María Cuéllar de Jaramillo	-	50,846	50,846	0.0000%
Luis Fernando López Roca	-	-	-	0.0000%
Cesar Prado Villegas	-	-	-	0.0000%
Germán Villamil Pardo	33,058	-	33,058	0.0002%

9.2.D. Family, commercial, contractual or company relations that exist between the holders of significant shares and the company, or between the holders of significant interests

Adminegocios S.A.S., Actiunidos S.A., El Zuque S.A., Inversiones Escorial S.A., Socineg S.A., Aminversiones S.A., Rendifin S.A. and Inversegovia S.A. are governed by the guidelines issued by

Mr. Luis Carlos Sarmiento Angulo, and as such, they are part of Grupo Empresarial Sarmiento Angulo, as is Grupo Aval.

9.2.E. Summary of known agreements between shareholders

Agreements have not been made between the Company's shareholders.

5.2.F. Own shares held in the company

There are no own shares held in the company.

9.3 Management structure of the conglomerate

9.3.A. Composition of the Board of Directors and identification of the origin or background of each one of its members

Grupo Aval's Board of Directors		Date
Principal Members	Alternate Members	Appointment
Luis Carlos Sarmiento Angulo	Mauricio Cárdenas Müller	Minutes no. 81 of March 29, 2019
Alejandro Figueroa Jaramillo	Juan María Robledo Uribe	Minutes no. 81 of March 29, 2019
María Lorena Gutiérrez Botero	Juan Camilo Ángel Mejía	Minutes no. 81 of March 29, 2019
Álvaro Velásquez Cock	Ana María Cuéllar de Jaramillo	Minutes no. 81 of March 29, 2019
Fabio Castellanos Ordóñez (*)	Luis Fernando López Roca (*)	Minutes no. 81 of March 29, 2019
Miguel Largacha Martínez	Cesar Prado Villegas	Minutes no. 81 of March 29, 2019
Esther América Paz Montoya (*)	Germán Villamil Pardo (*)	Minutes no. 81 of March 29, 2019

* Independent members.

The Holding Company's Board of Directors is comprised of seven principal members with their respective personal alternates, elected by the General Meeting of Shareholders for a one-year term, with the option to be reelected indefinitely or dismissed from their position at any time.

- **Executive members:** Registered agents or members of Senior Management that participate in the management of the Company's daily work.

- **Independent members:** They, at least, meet the requirements of independence established in Law 964 of 2005, or the regulations that amend or replace them, and the other internal regulation issued by the Company to consider them as such, regardless of the shareholder or group of shareholders that have nominated and/or voted for them.

- **Equity members:** They are not independent members and are individual or company

shareholders, or persons expressly appointed by the individual or company shareholder or group of shareholders to be a member of the Board of Directors.

The Board members not identified in this document as independent members must be understood as equity members.

9.3.B. Board member résumés

The résumés of the members of our Board of Directors can be consulted on the website: [www.grupoaval.com](https://www.grupoaval.com/wps/portal/grupo-aval/aval/inversionistas/gobierno-corporativo) in the Investors / Corporate Governance section.

<https://www.grupoaval.com/wps/portal/grupo-aval/aval/inversionistas/gobierno-corporativo>

9.3.C. Changes in the Board of Directors during the tax year

After Grupo Aval's General Meeting of Shareholders, which took place on March 29, 2019, in which the Company's Board members were elected for the

term from April 1, 2019, to March 31, 2020, there was no alteration in the composition of the Board of Directors.



9.3.D. Members of the Company's Board of Directors who are Board members of the subsidiaries or who hold executive positions in them

None of our Board members is employed by Grupo Aval. The Company's Board members who have some kind of connection to the companies of the Aval FC are listed below:

Name	Principal / Alternate	Details
Luis Carlos Sarmiento Angulo	Principal	Member of the boards of directors of: Organización Luis Carlos Sarmiento Angulo Ltda.; Casa Editorial El Tiempo; and Fundación Grupo Aval.
Alejandro Figueroa Jaramillo	Principal	CEO of Banco de Bogotá S.A. and member of the boards of directors of: Porvenir; Corficolombiana; Fundación Grupo Aval; Banco de Bogotá (Panama); and BAC Credomatic.
María Lorena Gutiérrez Botero	Principal	CEO of Corficolombiana S.A. and member of the boards of directors of: Promigas; Calídda; and Fiduciaria Corficolombiana.
Álvaro Velásquez Cock	Principal	Member of the boards of directors of: Banco de Bogotá; Banco de Bogotá (Panama); Corficolombiana; entities of the BAC Credomatic group; and Unipalma.
Fabio Castellanos Ordóñez	Principal	N/A
Miguel Largacha Martínez	Principal	CEO of Porvenir S.A. and member of the Board of Directors of Fundación Grupo Aval.
Esther América Paz Montoya	Principal	N/A
Mauricio Cárdenas Müller	Alternate	Advisor to the CEO of Adminegocios SAS and member of the boards of directors of: Seguros Alfa and Vida Alfa; Porvenir; and Casa Editorial El Tiempo.
Juan María Robledo Uribe	Alternate	Executive Vice-President of Banco de Bogotá S.A. and member of the boards of directors of: Corficolombiana; Fiduciaria Bogotá; Porvenir; Credomatic International Corporation; and Fundación Grupo Aval.
Juan Camilo Ángel Mejía	Alternate	CEO of Banco AV Villas and member of the Board of Directors of Fundación Grupo Aval.
Ana María Cuéllar de Jaramillo	Alternate	Member of the boards of directors of: Banco de Bogotá S.A.; Megalínea; and entities of the BAC Credomatic group.
Luis Fernando López Roca	Alternate	N/A
Cesar Prado Villegas	Alternate	CEO of Banco de Occidente S.A. and member of the Board of Directors of Corficolombiana S.A.
Germán Villamil Pardo	Alternate	N/A

9.3.E. Policies approved by the Board of Directors during the reporting period

On March 20, 2019, as part of the adoption of the Law of Financial Conglomerates and Decree 1486 of 2018, our Board of Directors approved the “Policy for the Identification, Communication, Management and Control of Conflicts of Interest in the Aval Financial Conglomerate”. Additionally, on October 30, 2019, it approved the “Corporate Information Security Policy”.

Similarly on October 30, 2019, our Board of Directors approved the update of the following policies:

- Corporate Anti-Corruption Policy
- Corporate AML/CTF Policy
- Corporate SOX Policy
- Comprehensive Risk Management Policy
- AML/CTF Policy
- SOX Policy

9.3.F. Process of appointing Board members

Pursuant to Article 21 of the Company Bylaws, the Board of Directors shall be comprised of seven (7) principal members, who shall have seven (7) personal alternates, and at least twenty-five percent (25%) of the members must be independent. The members shall be elected by the General Meeting of Shareholders through the electoral quotient system.

Additionally, at session no. 72 on December 21, 2015, the Company’s General Meeting of Shareholders approved the “Board of Directors Appointment and Remuneration Policy”, which contains aspects including the criteria for the composition of our Board of Directors and the “Procedure for the Submission and Assessment of Proposals and Candidates”.

9.3.G. Board of Directors Remuneration Policy

At session no. 72 on December 21, 2015, the General Meeting of Shareholders approved the Holding Company’s “Board of Directors Appointment and Remuneration Policy”, which contains aspects including the criteria for the remuneration of

our Board of Directors. For the term between April 1, 2019, and March 31, 2020, the amount of fees for each Board member was established as COP 2,500,000 per session.

9.3.H. Remuneration of the Board of Directors and Senior Management

In 2019, in fees for the Board of Directors and its support committees, we paid out a total of COP 739,900,000. Additionally, during 2019,

we paid a total of COP 37,083,200,000 for employee salaries.

9.3.I. Quorum for Board meetings

In 2019, 100% of the meetings of the Board of Directors and support committees had the necessary quorum for deliberation and decision-making.

9.3.J. Attendance records for Board and committee meetings

In 2019, the average attendance of Board members was 98%, the attendance of members of the Audit Committee was 85%, and the

attendance of members of the Corporate Affairs Committee was 83%.

5.3.K. Chairman of the Board of Directors (functions and key areas)

The functions of the chairman of our Board of Directors are established in Article 22 of the Company Bylaws and in Article 6 of the Rules of Procedure for the Board of Directors, approved by

said body in meeting no. 240 of November 2015, which can be consulted on the Company's website: www.grupoaval.com.

9.3.L. Secretary of the Board of Directors (functions and key areas)

The functions of the Secretary of the Board of Directors are established in Article 22 of the Company Bylaws and in Article 7 of the Rules of Procedure for the Board of Directors, approved

by said body in meeting no. 240 of November 2015, which can be consulted on the Company's website: www.grupoaval.com.

9.3.M. Relations during the year between the Board of Directors and the Statutory Auditor, financial analysts, investment banks and credit rating agencies

In 2019, the interaction of our Board of Directors with the Statutory Auditor was mainly through the meetings of the Company's Audit Committee. Our

Board of Directors did not have interactions with financial analysts, investment banks or ratings agencies.

9.3.N. External consulting received by the Board of Directors

In 2019, our Board of Directors did not hire external assurance as part of its functions.

9.3.O. Management of Board information

Pursuant to Article 4 of the Rules of Procedure for the Board of Directors, the Board members' duties include acting with diligence and care, and ensuring the confidentiality and proper management of information that they have in exercise of their functions. The Board members must report any circumstances that could result in a conflict of interest and, when applicable, provide the office appointed by the Company with all the

relevant information so that it can make a decision on the authorization for the activity that generates the potential conflict of interest.

Additionally, as the Secretary is informed in advance, the Secretary must present the related material to the Board members at the respective meeting.

9.3.P. Activities of the Board committees

In 2019, the Audit Committee held a total of 12 meetings, in which it mainly discussed aspects related to the Internal Auditing Department's work plan, the control environment, and the preparation of our financial statements. In turn, the Corporate

Affairs Committee held a total of two meetings in 2019, which discussed aspects related to the control work implemented by our Vice-Presidency of Corporate Compliance on the subsidiaries.

9.3.Q. Information about the evaluation processes of the Board of Directors and Senior Management, as well as a summary of the results

During 2019, we worked on the preparation of a self-assessment form for the Board of Directors, which will be implemented from 2020. Additionally, together with an expert consultant,

we worked on establishing target evaluation parameters of employees, through the use of “*Balanced Scorecards*” and “*KPIs*” as strategic management tools.

9.4 Transactions with related parties

9.4.A. Responsibilities of the Board of Directors in this kind of transaction and conflicts of interest

Pursuant to the above, regarding **conflicts of interest**, in March 2019, our Board of Directors approved the “Policy for the Identification, Communication, Management and Control of Conflicts of Interest of the Aval Financial Conglomerate”.

According to this policy, it is the responsibility of the Board of Directors to know and assess the

components of a conflict of interest and to express through a justified decision: (i) its approval of the transaction, (ii) if the entities must abstain from making the transaction, (iii) if the transaction can be made subject to the alteration of certain conditions, or (iv) if the completion of the transaction must be subject to the consideration of the respective General Meeting of Shareholders.

9.4.B. Details of the most important transactions with related parties in the Company’s opinion, including transactions between the conglomerate’s companies

Grupo Aval presents the Business Group’s special report to its General Meeting of Shareholders, established in Article 29 of Law 222 of 1995, which contains the following aspects: (i) the transactions of greatest importance completed during the respective period between the controlling company or its affiliates or subsidiaries with the respective controlled company; (ii) the

transactions of greatest importance completed during the respective period between the controlled company and other entities, due to influence or in the interests of the controlling company, as well as the transactions of greatest importance completed during the respective period between the controlling company and other entities in the interests of the controlled

company; and (iii) the decisions of greatest importance that the controlled company has made or stopped making due to influence or in the interests of the controlling company, as well as the

decisions of greatest importance that the controlling company has made or stopped making in the interests of the controlled company.

9.4.C. Conflicts of interest that have arisen and action of Board members

The Board of Directors must keep a record of the transactions that were subject to its approval and, in compliance with the duty of disclosure established in Article 2.39.3.1.4 of Decree 2555 of 2010, it reports them in the end-of-year accountability

report that is presented to the General Meeting of Shareholders. In 2019, the Board of Directors had no knowledge of conflicts of interest.

9.4.D. Mechanisms to resolve conflicts of interest between companies of the same conglomerate and their application during the tax year

The mechanism established in the “Policy for the Identification, Communication, Management and Control of Conflicts of Interest of the Aval Financial Conglomerate” starts with the correct identification of current or potential conflicts of interest so they can be reported to the relevant governing bodies.

The following shall be considered relevant governing bodies to be informed of these situations: (i) the Conflict of Interest Committee, or any other committee that carries out said role;

(ii) the boards of directors; (iii) and the general meetings of shareholders. According to the situation and its materiality, each one of these bodies makes the relevant decisions pursuant to the Conflicts of Interest Policy (approval, rejection or amendment of the terms of the transaction or escalation to another body).

Additionally, the mechanisms to resolve conflicts of interest consist of the three lines of defense in control to verify correct application of the policy.



9.5 Company risk management systems

Through our Risk Management System with a consolidated scope, we aim to contribute to the cohesion and control architecture of our subsidiaries, and at the same time, generate value for the organization, maximize the implementation of strategies and optimize operations. The scope of risk management aims to generate a consistent vision of our consolidated situation for adequate management and control with the aim to

achieve risk assumption within acceptable levels, optimizing the equation of profitability and risk, and meeting the expectations of investors, clients and other stakeholders.

Detailed information about the Company's risk management can be found in Chapter 6, section 6.4.B, page 125, Note 4, of the audited consolidated financial statements.

9.6 General Meeting of Shareholders

9.6.A. Operating differences of the General Meeting of Shareholders between the minimum levels of current regulations and that defined by the Company Bylaws and Rules of Procedure for the General Meeting of Shareholders

In the Rules of Procedure for the General Meeting of Shareholders, we have established the shareholders' right to include additional topics to those already established in the meeting announcement, as well as the grounds to reject information requested by the shareholders, as applicable.

Similarly, the Corporate Governance Code establishes that the shareholders who represent at least fifteen percent (15%) of the Company's outstanding shares, as well as investors in debt securities that own at least twenty-five percent (25%) of the total trading securities issued by the

Company, may hire, at their own cost and under their own responsibility, specialized audits when they have well-founded doubts about the quality, reliability and legality of the financial statements disclosed by the Company to the authorities and to the general public, about the Company's internal control, or about the control exercised by the Statutory Auditor.

Finally, through our website www.grupoaval.com, we have implemented publication media that can be easily accessed by the shareholders, with the aim to share the proposals that will be discussed at the General Meeting of Shareholders.

9.6.B. Measures adopted during the tax year to encourage the shareholders' participation

During 2019, we carried out a review exercise to raise the standards related to the IR certification of the Colombian Securities Exchange and we developed an evaluation and rating process of our initiatives in sustainability and those of our subsidiaries, which produced lines of action to improve the assessed indicators.

Additionally, we disclosed reports on the quarterly results addressed to our shareholders and investors in general. Similarly, we made quarterly presentations (results calls) where we informed the market of the performance of our businesses and we reported relevant information to the market in a timely manner in accordance with the law.

9.6.C. Reporting to shareholders and communication with them

We have the Strategic Planning and Investor Relations Management department, dedicated to providing information and responding to the requests of shareholders, investors and stakeholders. Those interested in requesting information can do so by calling

telephone no. (+57 1) 7433222, extension 23350, in Bogotá or writing to the email address: investorrelations@grupoaval.com, or contacting Grupo Aval's headquarters at the address: Carrera 13 # 26A-47, Piso 23, Bogotá, Colombia.

9.6.D. Number of requests and topics on which shareholders have requested information

In 2019, we received 21,825 requests from shareholders, 79% of which were resolved by telephone call, 17% at the counter, 3% by email and 1% in person. The most recurring issues were tax return certificates (22%), purchase and sales

processes (19%), balance information on shares and dividends (17%), changes of depositor (10%), update of information (8%), special transactions (7%), and share prices (5%).

9.6.E. Attendance records of the General Meeting of Shareholders

At the General Meeting of Shareholders on March 29, 2019, 13,552,067,515 shares were represented out of the 15,164,558,493 common shares that

were the Company's total shares with voting rights at that date. Therefore, the percentage of shares represented was 89.37%.

9.6.F. Details of the main agreements

The main agreements reached at the General Shareholders Meeting on March 29, 2019, were related to the approval of the management report, our separate and consolidated financial

statements, and the payout proposal; and the election of the Company's Board of Directors and Statutory Auditor, as well as establishing their fees.



