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3Q16 Consolidated Earnings Results

IFRS

Disclaimer

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As an issuer of securities in Colombia, Grupo Aval is required to comply with periodic reporting requirements and corporate governance, however, it is not regulated as a financial institution or as a holding company of banking subsidiaries and, thus, is not required to comply with capital adequacy regulations applicable to banks and other financial institutions. All of our banking subsidiaries (Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas), Porvenir and Corficolombiana, are subject to inspection and surveillance as financial institutions by the Superintendency of Finance.

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

However, in 2009 the Colombian Congress enacted Law 1314 establishing the implementation of IFRS in Colombia. As a result, since January 1, 2015 financial entities and Colombian issuers of publicly traded securities such as Grupo Aval must prepare financial statements in accordance with IFRS. IFRS as applicable under Colombian regulations differs in certain aspects from IFRS as currently issued by the IASB.
The unaudited consolidated financial information included in this document is presented in accordance with IFRS as currently issued by the IASB. Details of the calculations of non-GAAP measures such as ROAA and ROAE, among others, are explained when required in this report.

Because of our recent migration to IFRS and recent implementation of IFRS accounting principles, the unaudited consolidated financial information for the first, second and third quarter of 2016, and the comparative information for the relevant unaudited consolidated periods of 2015 presented herein, may be subject to further amendments.

This report may include forward-looking statements, which actual results may vary from those stated herein as a consequence of changes in general, economic and business conditions, changes in interest and currency rates and other risks factors as evidenced in our Form 20-F available at the SEC webpage. Recipients of this document are responsible for the assessment and use of the information provided herein. Grupo Aval will not have any obligation to update the information herein and shall not be responsible for any decision taken by investors in connection with this document. The content of this document and the unaudited figures included herein are not intended to provide full disclosure on Grupo Aval or its affiliates.

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

Highlights

<u>The following are the main highlights of our 3Q2016 results under IFRS: (1/2)</u>

- Attributable Net Income for the quarter was 613.9 billion pesos or 27.6 pesos per share, showing a 38% increase versus the comparable 3Q2015 result of 444.8 billion pesos or 20 pesos per share. Year to date, attributable net income, excluding the non-recurrent equity tax expense, increased by 20%.
- Total gross loan portfolio grew by 4.2% in the last twelve months and by 0.8% in the quarter. In absence of the periods' exchange rate movements the gross loan portfolio would have grown by 1.1% in the quarter and by 6.2% in the last twelve months.
- Deposits grew by 5.5% in the last twelve months and declined by 0.6% in the quarter. In absence of the periods' exchange rate movements, the deposits would have declined by 0.3% in the quarter and grown by 7.5% in the last twelve months.
- The ratio of Deposits to Net Loans closed at 0.95x in September 30, 2016, fairly unchanged when compared to this same ratio at the end of June 30, 2016 and slightly better when compared to September 30, 2015.
- In line with our expectations, average yield on loans increased by 60 bps during 3Q2016 reaching 11.9% versus 11.3% in the previous quarter and by 190 bps versus 10% during 3Q2015.
- We also saw an important NIM expansion during the period. NIM on Loans was 6.8% in 3Q2016 versus 6.5% in 2Q2016 and 6.3% in 3Q2015; Total NIM was 5.8% in 3Q2016 versus 5.6% in 2Q2016 and 5.3% in 3Q2015.

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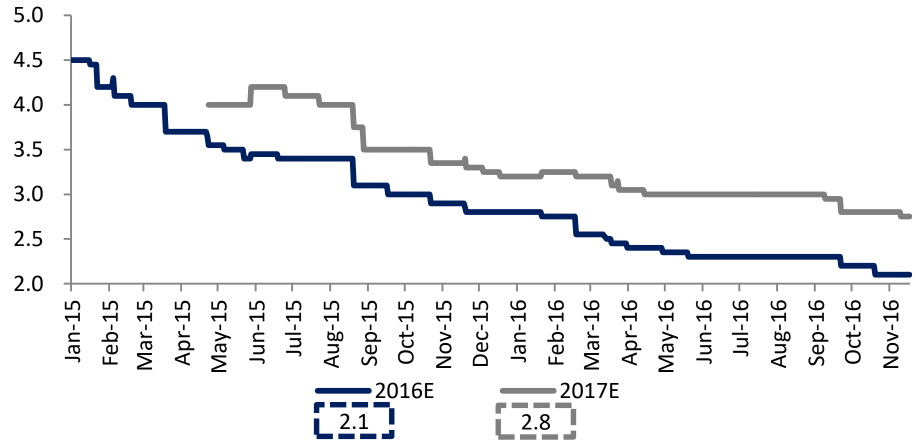
Highlights

The following are the main highlights of our 3Q2016 results under IFRS: (2/2)

- Cost of risk for 3Q2016 was 1.9% before recoveries of provisions and 1.7% after recoveries of allowances for loan losses, returning to more normalized levels after the figures for 2Q2016, 2.1% and 1.9%, were impacted by the one-time provision expense to charge off the Pacific Rubiales loan.
- Our consolidated efficiency ratio, measured as cost to income, was 45.9% for the quarter, 130 bps better than the 47.2% observed during 2Q2016 and 580 bps better when compared to 3Q2015.
- As of September 30, 2016, all our banks showed Tier 1 capital ratios between 9.5% and 10.5%. Banco Popular's proforma figures for full solvency reflect a subordinated bond issuance closed post September, 2016.
- During 3Q2016, our return on average assets was 1.8%, 10bps better than the 1.7% observed during 2Q2016 and 50bps above our ROAA during 3Q2015.
- Our return on average equity during 3Q2016 was 16.2% almost unchanged versus our ROAE during 2Q2106 and 340 bps above our ROAE during 3Q2105.

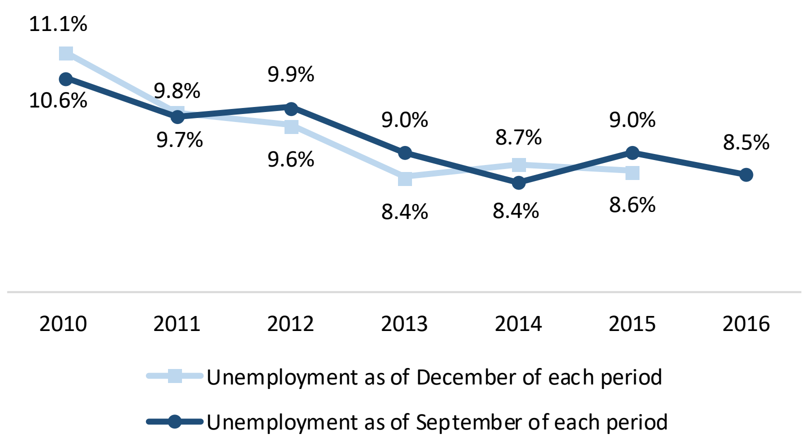
Macroeconomic context - Colombia

GDP Growth Expectations (%)



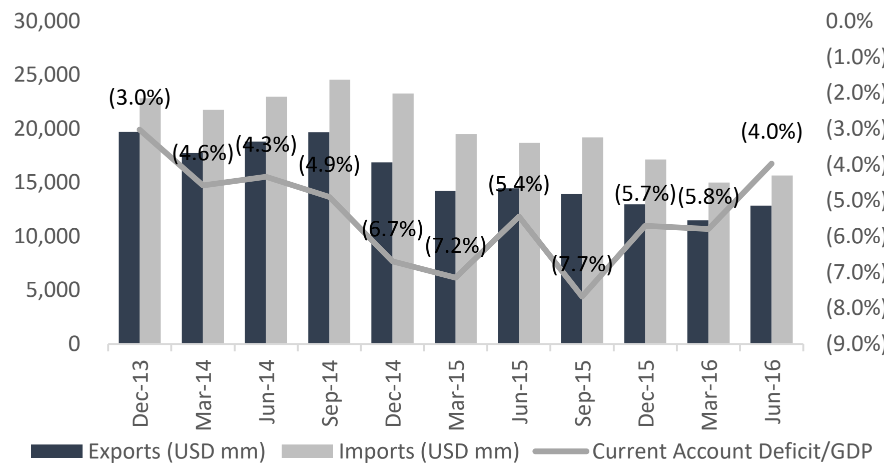
Source: Bloomberg Consensus

Unemployment (%)



Source: DANE.

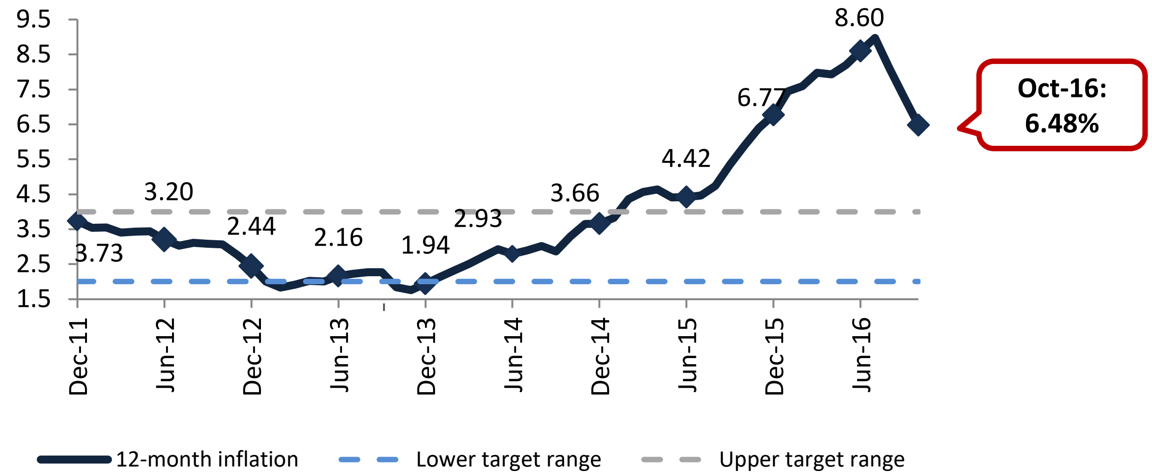
Current Account balance (USD mm)



Source: Banrep and DANE.

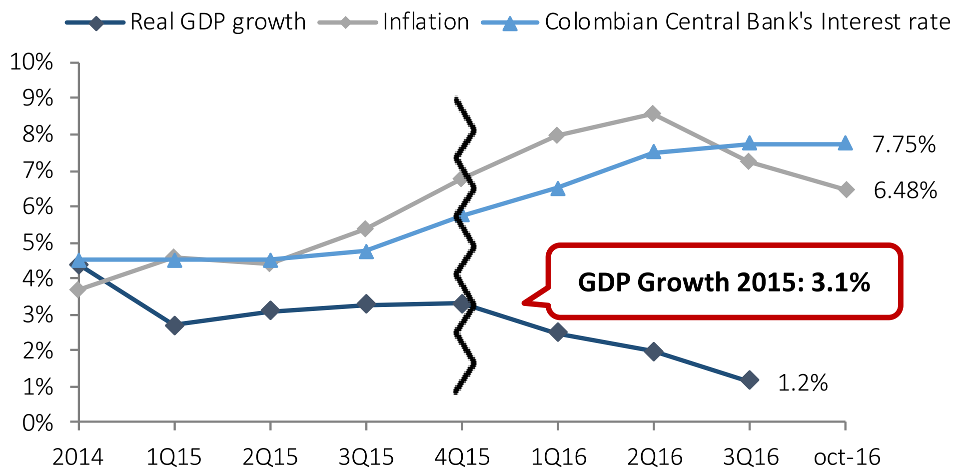
Macroeconomic context - Colombia

Inflation (%)

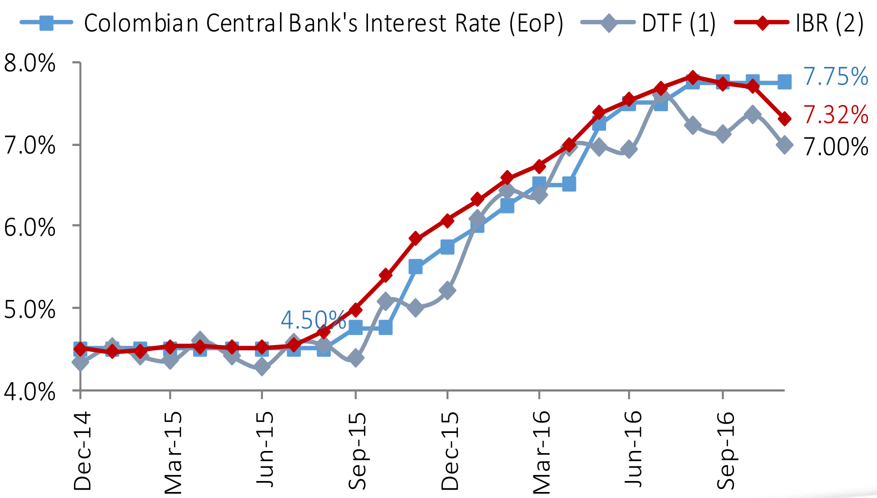


Source: Banrep

Central Bank's Monetary Policy



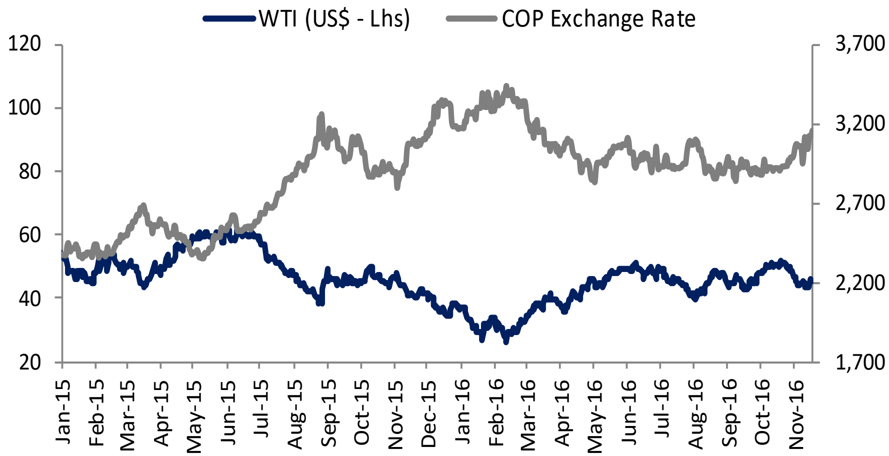
Source: Banrep and DANE



Source: Banrep. [(1)]End of period DTF rate [(2)] End of period 3-month interbank (IBR) rate

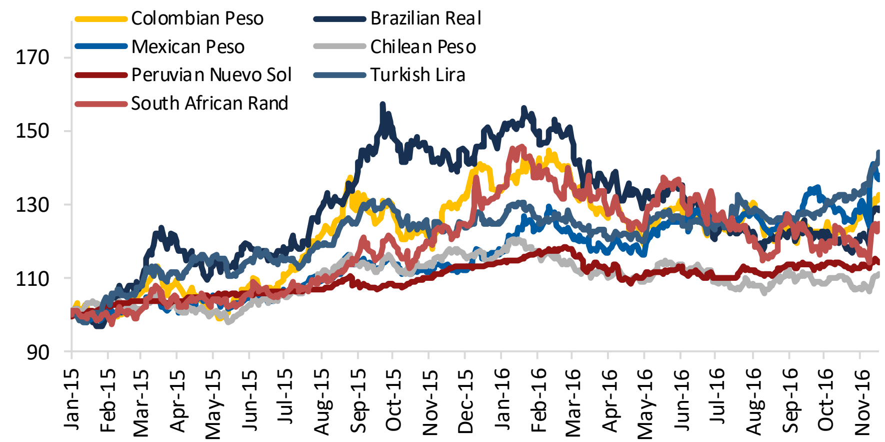
Macroeconomic context - Colombia

Colombian Peso vs WTI US$/barrel



Source: Bloomberg

COP vs Emerging markets' currencies



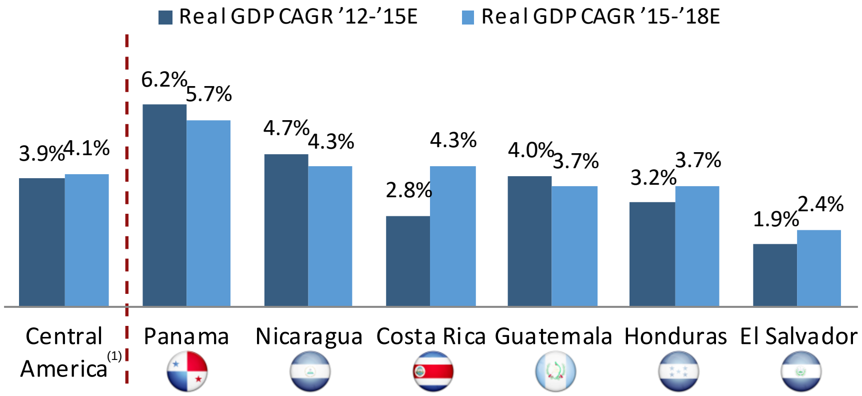
Source: Bloomberg. (100=Jan 31, 2015)

Colombian Peso Exchange Rate

	3Q15	2Q16	3Q16	3Q16 vs. 2Q15	3Q16 vs. 3Q15
Average	2,938.94	2,993.00	2,948.97	-1.5%	0.3%
End of period	3,086.75	2,919.01	2,880.08	-1.3%	-6.7%

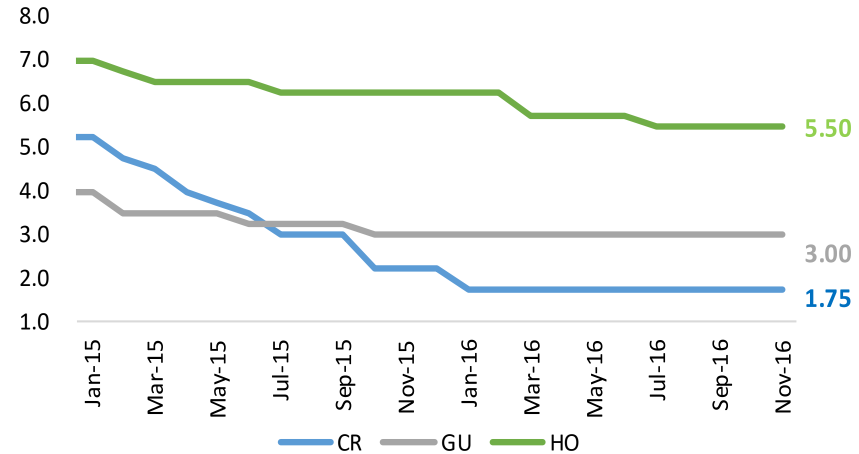
Macroeconomic context – Central America

Real GDP CAGR Evolution



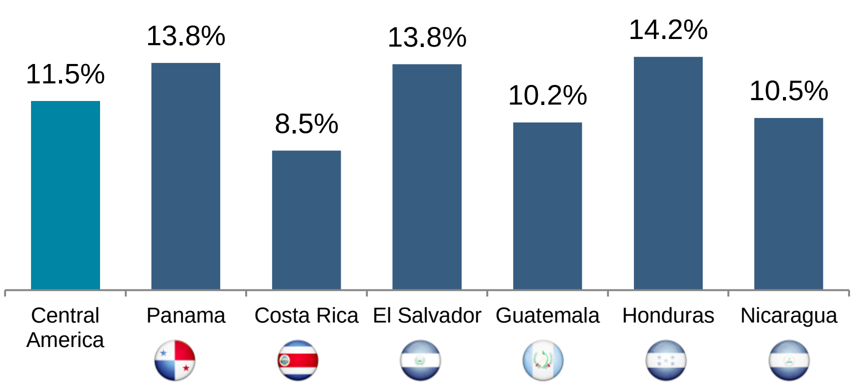
Source: IMF; (1) Average growth of all the Central American countries

Central Banks' Monetary Policies



Source: SECMCA

Oil & gas imports / Total imports (%)



Source: SECMCA, Central Banks, as of September 2015

Assets

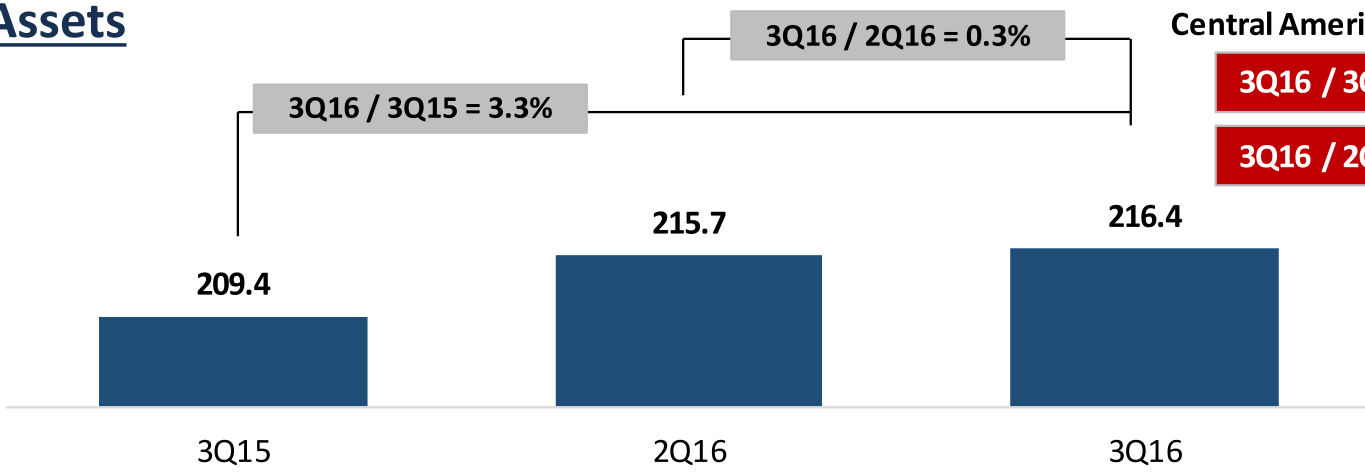
Figures in Ps. Trillions

Total Assets

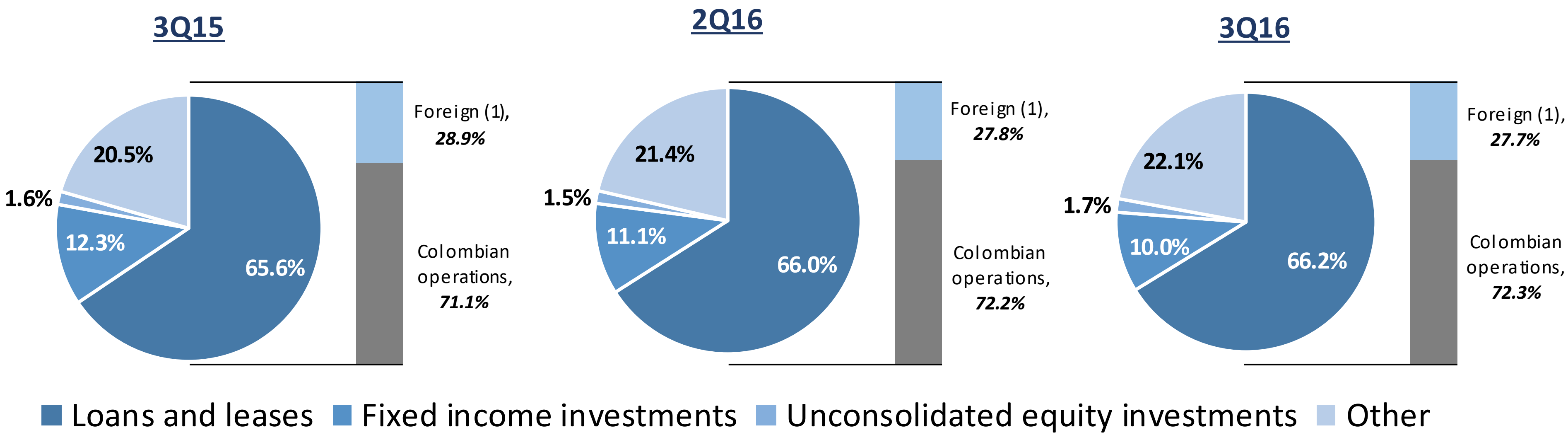
Growth excl. FX movement of Central American Operations

3Q16 / 3Q15 = 5.4%

3Q16 / 2Q16 = 0.7%



Assets Breakdown

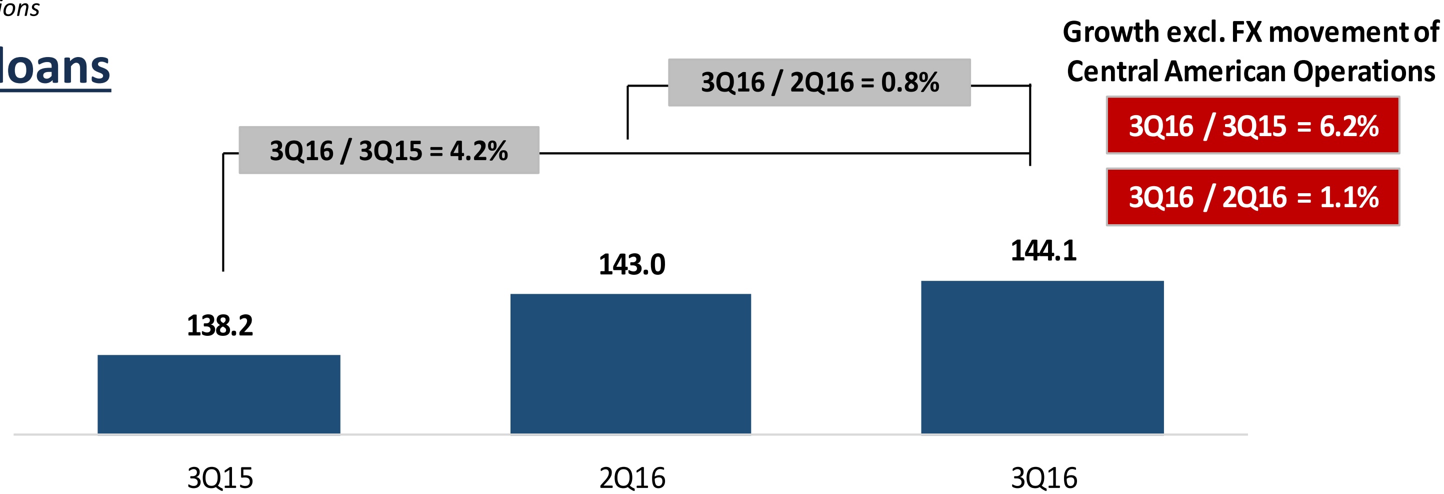


(1) Foreign operations reflect Central American operations.

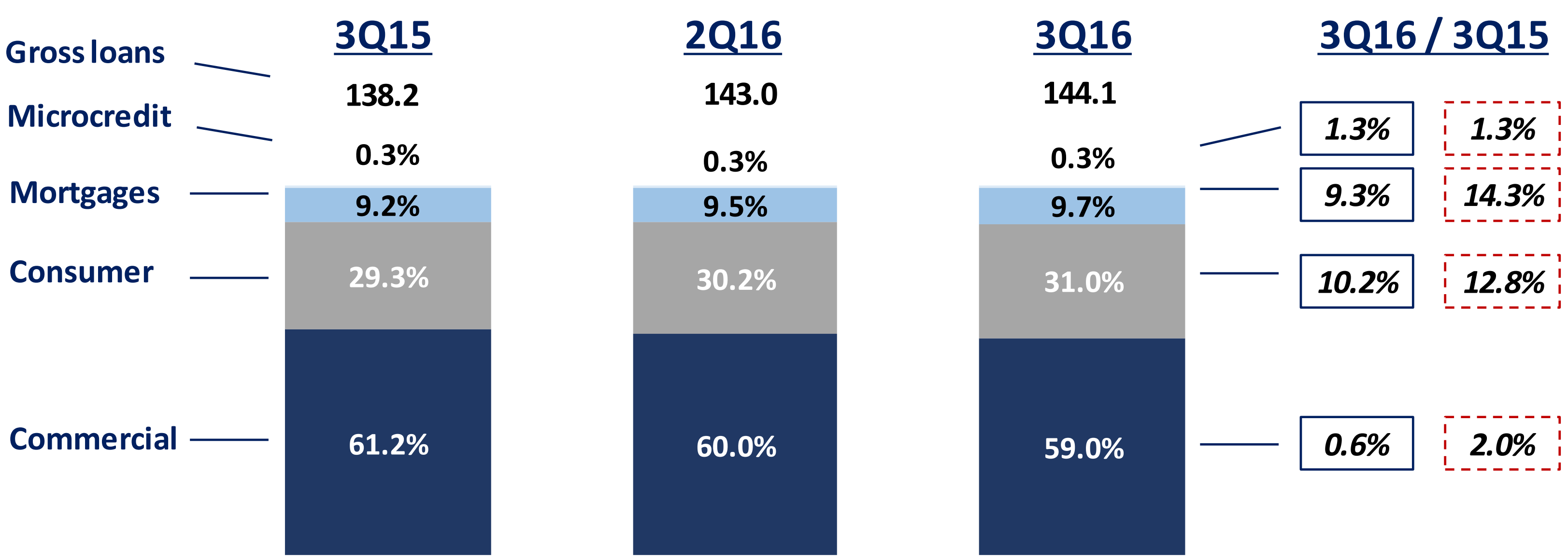
Loans

Figures in Ps. Trillions

Gross loans

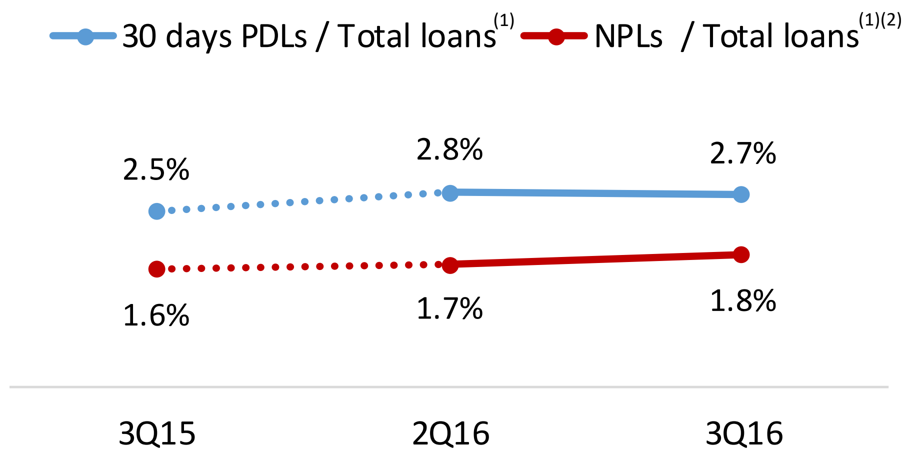


Gross loans Breakdown

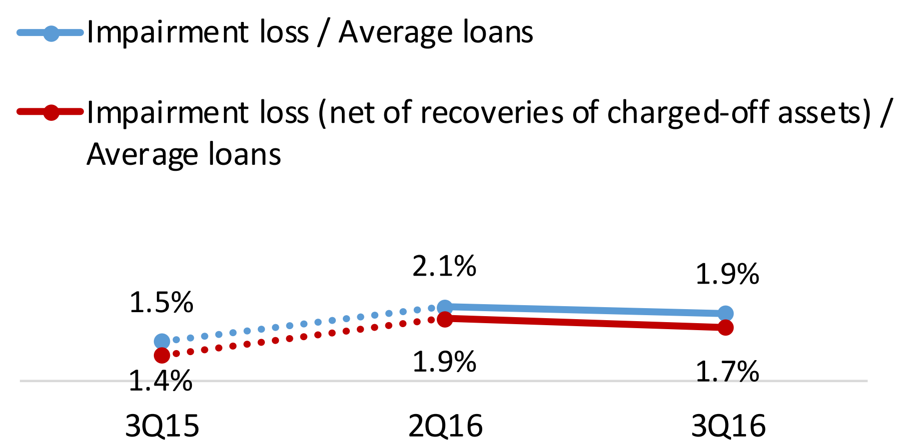


% Growth excluding FX movement of Central American Operations

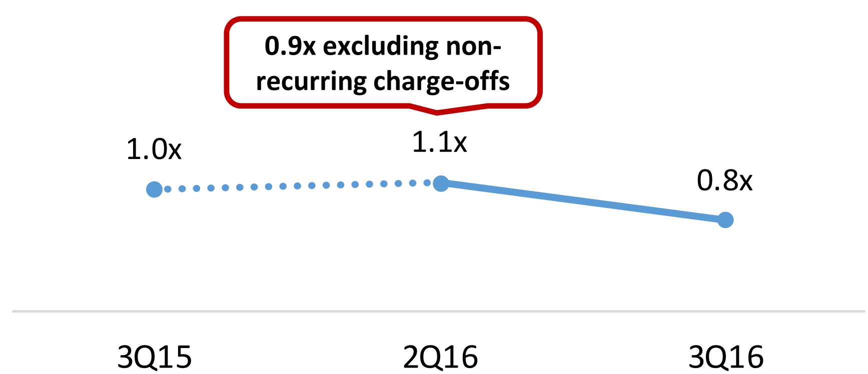
Loan portfolio quality

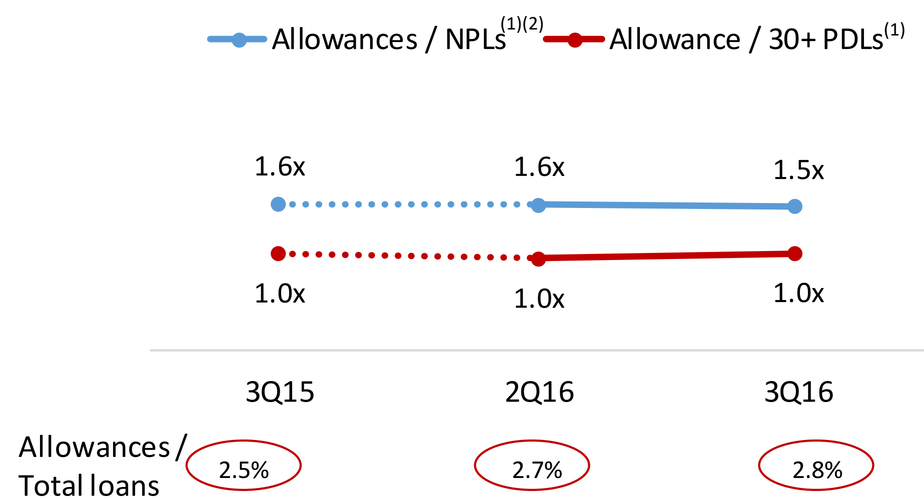


(1) 30 days PDLs and NPLs exclude interest account receivables.



Charge offs / Average NPLs(1)(2)





(2) NPL defined as microcredit loans more than 30 days past due, consumer more than 60 days past due, mortgage more than 120 days past due and commercial loans more than 90 days past due

(1) 30 days PDLs and NPLs exclude interest account receivables.

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Loan portfolio quality

	Past due loans [1][*]			Non-performing loans [2][*]		
	3Q15	2Q16	3Q16	3Q15	2Q16	3Q16
Commercial	1.8%	2.1%	1.9%	1.3%	1.3%	1.4%
Consumer	3.8%	4.1%	4.2%	2.5%	2.7%	2.8%
Mortgages	2.8%	2.7%	2.9%	1.1%	1.1%	1.2%
Microcredit	9.4%	10.5%	11.2%	9.4%	10.5%	11.2%
Total loans	**2.5%**	**2.8%**	**2.7%**	**1.6%**	**1.7%**	**1.8%**

(*) PDL + 30 days: including interest account receivables, is 2.6% for 3Q15, 2.9% for 2Q16 and 3.0% for 3Q16
(*) NPLs: including interest account receivables, is 1.8% for 3Q15, 1.9% for 2Q16 and 2.0% for 3Q16

[1] Past Due Loans + 30 / Total Loans.
[2] NPL defined as microcredit loans more than 30 days past due, consumer and financial leases more than 60 days past due, mortgage more tan 120 days past due and commercial loans more than 90 days past due.

Funding

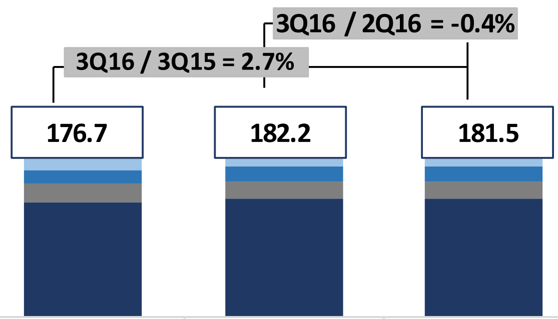
Figures in Ps. Trillions

Total Funding

Growth excl. FX movement of Central American Operations

3Q16 / 3Q15 = 4.7%

3Q16 / 2Q16 = 0.0%



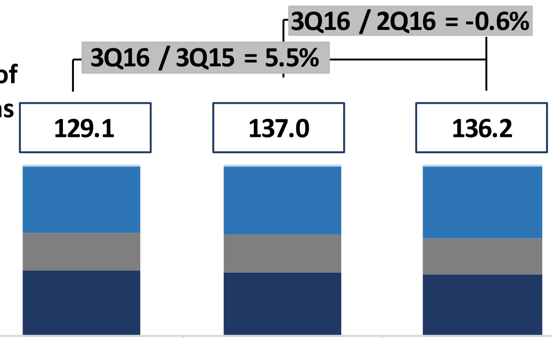
Funding composition	3Q15	2Q16	3Q16
Interbank borrowings	6.7%	4.8%	5.3%
Long term bonds	9.3%	9.5%	9.6%
Banks and others	11.0%	10.6%	10.1%
Deposits	73.0%	75.2%	75.0%

Total Deposits

Growth excl. FX movement of Central American Operations

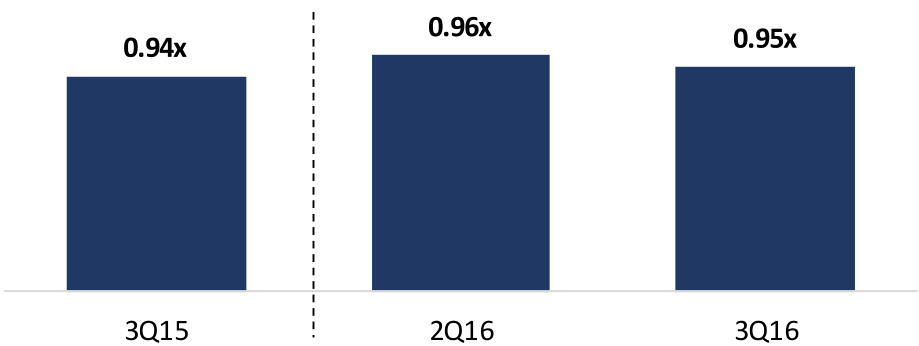
3Q16 / 3Q15 = 7.5%

3Q16 / 2Q16 = -0.3%



Deposit composition	3Q15	2Q16	3Q16
Others	0.4%	0.3%	0.3%
Time deposits	38.5%	40.5%	42.9%
Checking accounts	23.0%	21.9%	20.8%
Savings accounts	38.1%	37.3%	36.0%

Deposits / Net loans (%)



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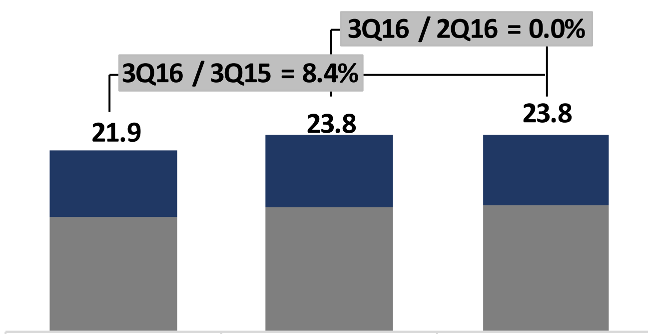
Capital

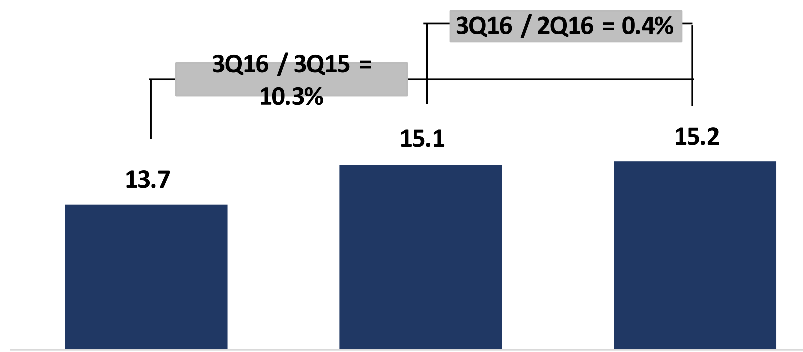
Figures in Ps. Trillions

Attributable Equity + Minority Interest



	3Q15	2Q16	3Q16
Minority interest	8.2	8.7	8.6
Attributable equity	13.7	15.1	15.2

Attributable Shareholders Equity



	3Q15	2Q16	3Q16
Total Equity / Assets	10.5%	11.0%	11.0%
Tangible capital ratio (1)	7.2%	7.9%	7.9%

Consolidated Capital Adequacy of our Banks (%)

	Banco de Bogotá			Banco de Occidente			banco popular				Banco AV Villas		
	3Q15	2Q16	3Q16	3Q15	2Q16	3Q16	3Q15	2Q16	3Q16	3Q16 (2)	3Q15	2Q16	3Q16
Primary capital (Tier 1)	7.5	6.8	9.5	10.0	9.8	10.4	10.9	9.4	9.6	9.6	10.4	10.1	10.5
Solvency Ratio	10.0	13.0	14.4	11.4	12.4	12.9	11.6	9.7	9.7	11.4	10.8	11.2	11.5

(1) Tangible Capital Ratio is calculated as Total Equity minus Goodwill and other Intangibles divided by Total Assets minus Goodwill and other Intangibles.
(2) Reflects an estimation on Banco Popular's pro-forma solvency ratio after the issuance of $300.0 Billion Subordinated Notes in October 2016.

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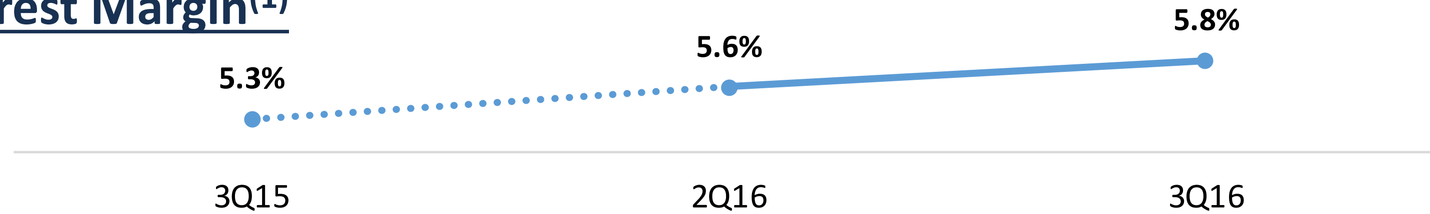
NIM – Net Interest Margin

Net interest income[1] (trillions)

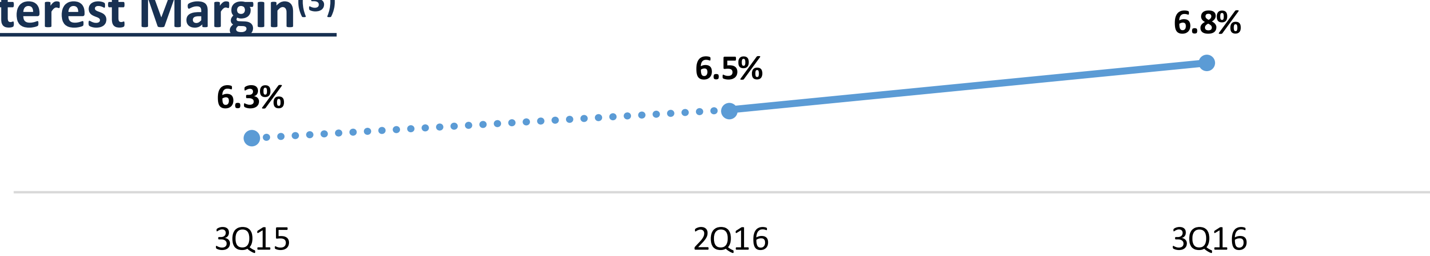
3Q15	2Q16	3Q16	3Q16 / 3Q15	3Q16 / 2Q16
2.1	2.4	2.5	15.7%	4.3%

Net Interest Margin[1]



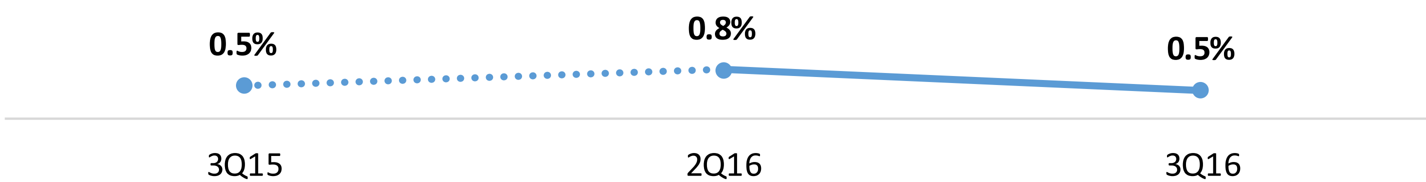
Avg.cost of total funds[2] **3.5%** **4.5%** **4.8%**

Loans Interest Margin[3]



Avg. yield on loans **10.0%** **11.3%** **11.9%**

Net Investments Margin[4]

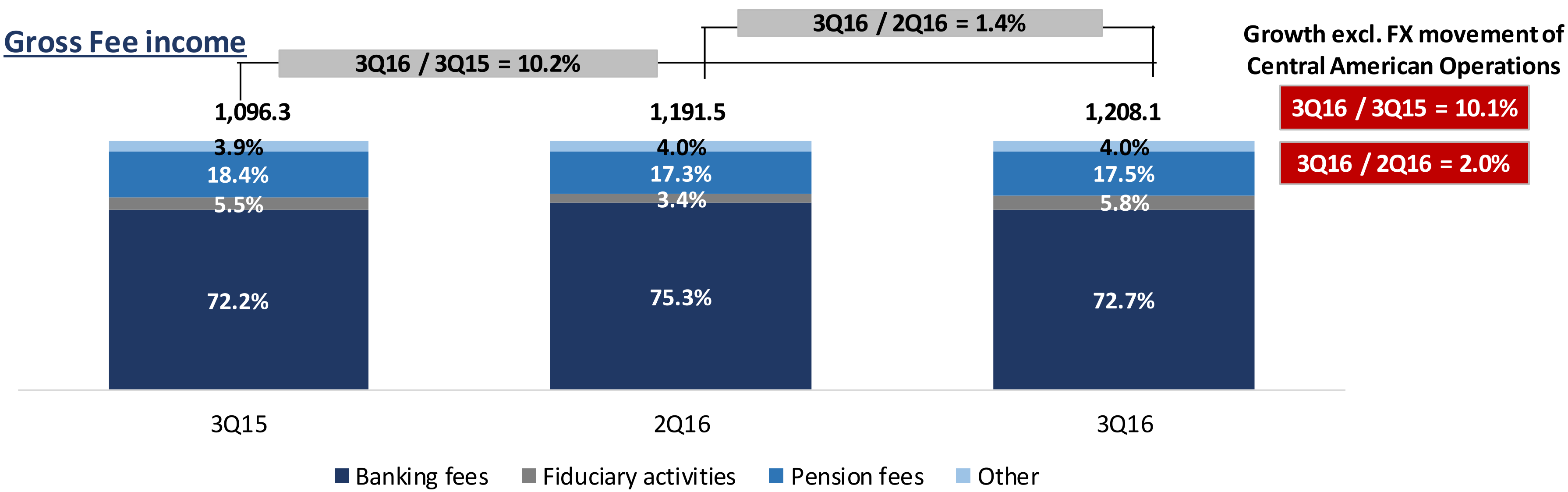


Avg. yield on fixed income **4.2%** **5.6%** **5.6%**

(1) Net Interest Income and Net Interest Margin: Includes net interest income plus net trading income from investment securities held for trading through profit or loss divided by total average interest-earning assets.
(2) When excluding the non-interest bearing funding the average cost of funds would have been 3.8% for 3Q15, 4.9% for 2Q16 and 5.2%% for 3Q16.
(3) Loans Interest Margin: Net Interest Income on Loans to Average loans and financial leases.
(4) Net Investments Margin: Net Interest income on fixed income securities, net trading income from equity and fixed income investment securities held for trading through profit and on interbank and overnight funds to Average securities and Interbank and overnight funds.

Fees and other operating income

Figures in Ps. Billions



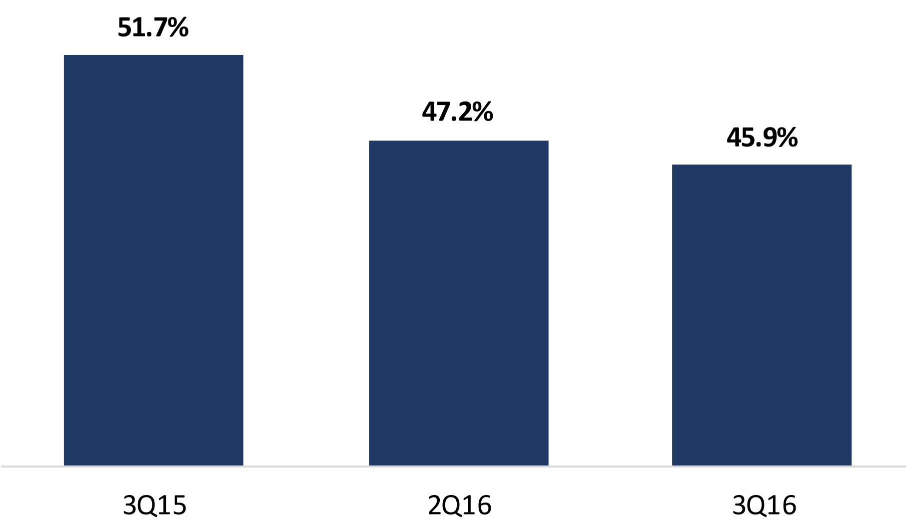
Other operating income

	3Q15	2Q16	3Q16
Income from non-financial sector, net	200.1	213.0	223.5
Net income from financial instruments designated at fair value	38.3	45.3	43.5
Derivatives and foreign exchange gains (losses), net (1)	72.4	223.2	139.0
Income from non-consolidated investments and other (2)	191.3	288.9	214.2
Total other operating income	**502.0**	**770.4**	**620.1**

(1) Includes income from trading and hedging derivatives reflected as part of the net trading income on the Statement of Profit or Loss.
(2) Includes equity method income, dividend income and other income.

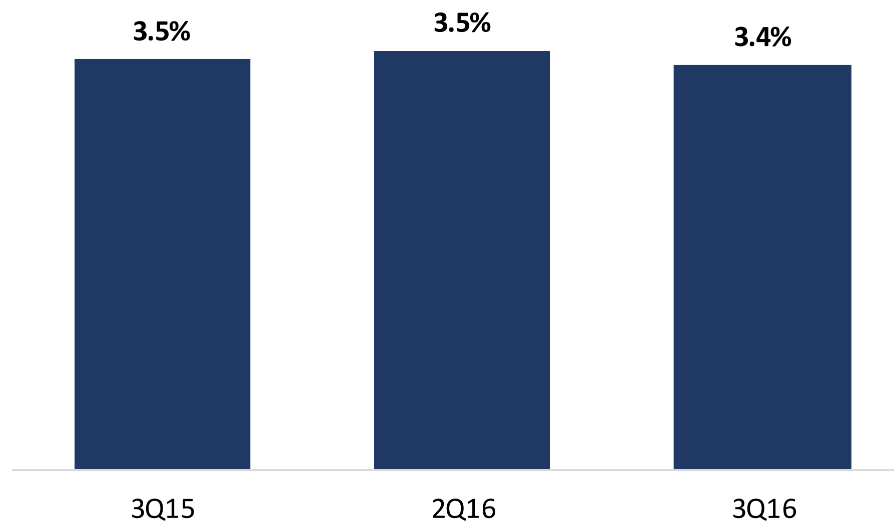
Efficiency ratio

Operating expenses / Total Income



Efficiency Ratio is calculated as personnel plus administrative and other expenses divided by net interest income plus net trading income, other income and fees and other services income, net (excluding others).

Operating expenses / Average Assets

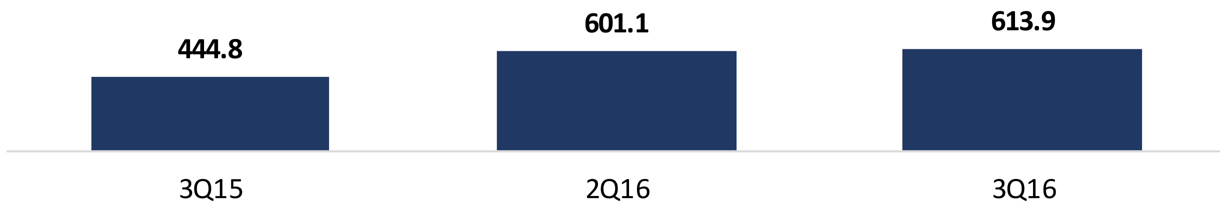


Efficiency Ratio is calculated as annualized personnel plus administrative and other expenses divided by average of total assets.

Profitability

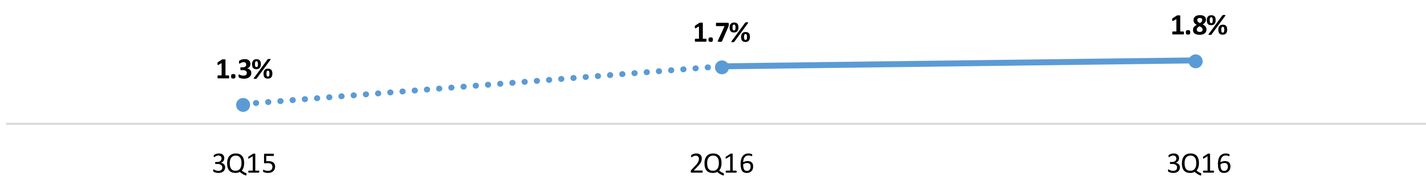
Figures in Ps. Billions

Net income attributable to controlling interest

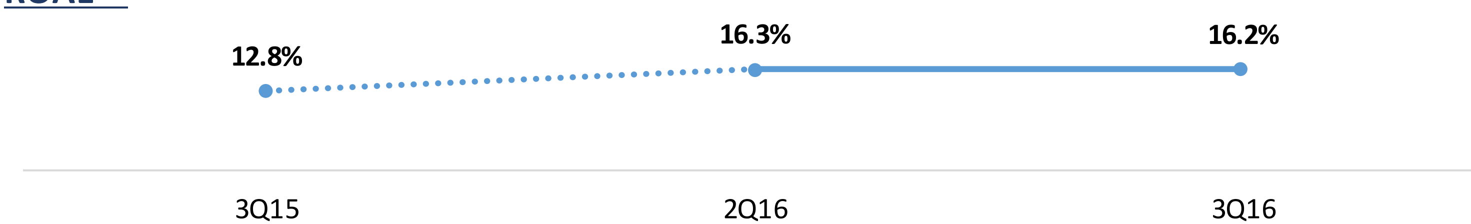


	3Q15	2Q16	3Q16
EPS	$20.0	$27.0	$27.6
Shares outstanding (MM Avg)	22,281	22,281	22,281

ROAA [1]



ROAE [2]



[1] ROAA for each quarter is calculated as annualized Net Income divided by average of total assets.

[2] ROAE for each quarter is calculated as annualized Net Income attributable to Aval's shareholders divided by average attributable shareholders' equity.

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