3Q18 Consolidated Earnings Results

IFRS

Disclaimer

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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, as a result of the enactment of Law 1870 of 2017, also known as Law of Financial Conglomerates, starting on February 6, 2019, Grupo Aval will be subject to the supervision and regulation of the Superintendency of Finance. Grupo Aval, as the holding company of its financial conglomerate will become responsible for the compliance with capital adequacy requirements, corporate governance standards, financial risk management and internal control framework and criteria for identifying, managing and revealing conflicts of interest, applicable to its financial conglomerate.

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.

The results for 1Q2018, 2Q2018 and 3Q2018 are not comparable to previous quarters due to the prospective adoption in Colombia of IFRS 9 and IFRS 15 starting in January 1, 2018.

The previously reported figures for 2Q2018 had been adjusted to reflect the treatment of provision charges to stage 3 loans as described under IFRS 9 and detailed in KPMG’s practical guide to IFRS standards whose content we learnt post the 2Q2018 conference call and that clarifies the methodology that needs to be used to fully adopt this new standard.

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.

Consolidated key results for the quarter

COP$ tn		3Q17	2Q18	3Q18	3Q18 vs 3Q17	3Q18 vs 2Q18
Balance Sheet	Gross Loans	$ 155.4	$ 160.3	$ 161.8	4.1%	0.9%
	Deposits	$ 146.9	$ 152.0	$ 153.2	4.3%	0.8%
	Deposits/Net Loans	0.95 x	0.96 x	0.97 x	0.02 x	NS
	Tangible Equity Ratio	8.0%	7.7%	8.6%	58 bps	85 bps
Loan Quality	PDLs 90+/Total loans	2.7%	3.1%	3.2%	48 bps	10 bps
	Cost of risk	2.6%	1.9%	2.3%	(33) bps	37 bps
Profitability	Net interest margin	5.9%	5.8%	5.8%	(13) bps	1 bps
	Fee income Ratio	26.6%	26.5%	22.7%	(389) bps	(377) bps
	Efficiency Ratio	46.8%	46.1%	39.1%	(772) bps	(702) bps
	Attributable net income	$ 0.44	$ 0.68	$ 0.78	78.7%	14.8%
	ROAA	1.3%	2.0%	2.4%	114 bps	49 bps
	ROAE	11.2%	17.7%	19.1%	798 bps	142 bps

- Solid net income for the quarter of Ps 783 billion (35.1 pesos per share), bringing the accumulated net income for the year to Ps 2,062 billion. Net income for the quarter increased by 14.9% versus the previous quarter and 78.7% versus 3Q17. Accumulated net income increased by 37.9% versus income for the first nine months in 2017.
- 3Q18 net income results were positively impacted by the full adoption of IFRS 15 with regard to concession project accounting; excluding retroactive income related to this adoption, net income for the quarter was Ps 658 billion.
- 2.4% and 19.1% of ROAA and ROAE for the quarter or (1.9% and 16% in absence of the retroactive income).
- Resilient NIM at 5.8% for the quarter, similar to this same ratio in the previous two quarters.
- Improving PDL´s (18 bp) and NPL's (11 bp) for the consumer portfolio during the quarter, an indication that the worst of the credit cycle, which impacted mostly these portfolios, is over.
- Deterioration of the commercial portfolio's PDL's (27 bp) and NPL's (23 bp) mostly driven by slow growth in Colombia and specific corporate clients in Central America.
- Deterioration of Cost of Risk (37 bp) mainly as a consequence of a 72 bp increase in this ratio in Central America resulting from the political scenario in Nicaragua and the macroeconomic environment in Costa Rica when applied to the calculation of IFRS 9 impairment losses.
- Strong efficiency ratio (39.1% on an operating expenses-to-total income and 3.5% on a cost-to-asset basis). Efficiency was driven by a decrease of 0.9% in total operating expenses.
- Improvement of 85 bps in Tangible Equity Ratio to 8.6%.

Gross loans excludes interbank and overnight funds. **Tangible Capital Ratio** is calculated as Total Equity minus Goodwill and other Intangibles divided by Total Assets minus Goodwill and other Intangibles. **PDLs 90+** defined as loans more than 90 days past due. **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. **Fee income ratio** is calculated fee net income divided by net interest income plus net trading income, other income and fees and other services income, net (excluding others). **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). **ROAA** is calculated as annualized Net Income divided by average of total assets. **ROAE** is calculated as Net Income attributable to Aval's shareholders divided by average attributable shareholders' equity. **NS** refers to non-significant figures.

Key results per region for the quarter

COP $ tn

		Colombia					Central America(1)				
		71% of Assets					29% of Assets				
		3Q17	2Q18	3Q18	3Q18 vs 3Q17	3Q18 vs 2Q18	3Q17	2Q18	3Q18	3Q18 vs 3Q17	3Q18 vs 2Q18
Balance Sheet	Gross Loans	$ 111.2	$ 114.0	$ 114.6	3.1%	0.6%	$ 44.2	$ 46.3	$ 47.2	6.8%	1.9%
	Deposits	$ 105.5	$ 107.1	$ 108.0	2.4%	0.8%	$ 41.4	$ 44.8	$ 45.2	9.2%	0.9%
	Deposits/Net Loans	0.96 x	0.97 x	0.98 x	NS	NS	0.91 x	0.95 x	0.95 x	0.03 x	NS
	Tangible Equity Ratio	7.2%	6.8%	7.9%	67 bps	108 bps	10.1%	10.1%	10.4%	33 bps	31 bps
Loan Quality	PDLs 90+/Total loans	3.3%	3.8%	3.9%	64 bps	11 bps	1.2%	1.3%	1.4%	14 bps	9 bps
	Cost of risk	2.8%	1.9%	2.1%	(73) bps	23 bps	2.2%	2.1%	2.8%	67 bps	72 bps
Profitability	Net interest margin	5.7%	5.6%	5.5%	(15) bps	(9) bps	6.6%	6.3%	6.5%	(8) bps	24 bps
	Fee income Ratio	22.5%	22.2%	18.3%	(415) bps	(394) bps	35.2%	35.5%	33.1%	(203) bps	(235) bps
	Efficiency Ratio	44.1%	43.1%	34.8%	(929) bps	(832) bps	52.5%	52.6%	49.3%	(316) bps	(322) bps
	Attributable net income (2)	$ 0.25	$ 0.49	$ 0.58	130.0%	19.9%	$ 0.18	$ 0.19	$ 0.20	8.1%	2.3%
	ROAA	1.2%	2.1%	2.8%	158 bps	70 bps	1.6%	1.7%	1.7%	7 bps	(1) bps
	ROAE	12.4%	24.5%	27.3%	1,490 bps	285 bps	9.8%	10.5%	10.2%	42 bps	(29) bps

(1) Central America refers to Leasing Bogotá Panamá (LBP) operation expressed in Colombian Pesos, at the exchange rate of each period. **(2)** Attributable net income for Grupo Aval of Ps 782.7 bn for 3Q18 corresponds to the Ps 583.4 bn of our Colombian operation plus Ps 289.9 bn of our Central American operation multiplied by 68.7%, our stake in Banco de Bogotá. **Gross loans** excludes interbank and overnight funds. **Tangible Capital Ratio** is calculated as Total Equity minus Goodwill and other Intangibles divided by Total Assets minus Goodwill and other Intangibles. **PDLs 90+** defined as loans more than 90 days past due. **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. **Fee income ratio** is calculated fee net income divided by net interest income plus net trading income, other income and fees and other services income, net (excluding others). **Efficiency Ratio** is calculated as personnel plus administrative and other expenses excluding wealth tax divided by net interest income plus net trading income, other income and fees and other services income, net (excluding others). **ROAA** is calculated as annualized Net Income divided by average of total assets. **ROAE** is calculated as Net Income attributable to Aval's shareholders divided by average attributable shareholders' equity. **NS** refers to non-significant figures. Equity for Central America is calculated as LBP multiplied by our 68.7% stake in the company. Equity for Colombia is calculated as the difference between our consolidated attributable equity and the equity in Central America.

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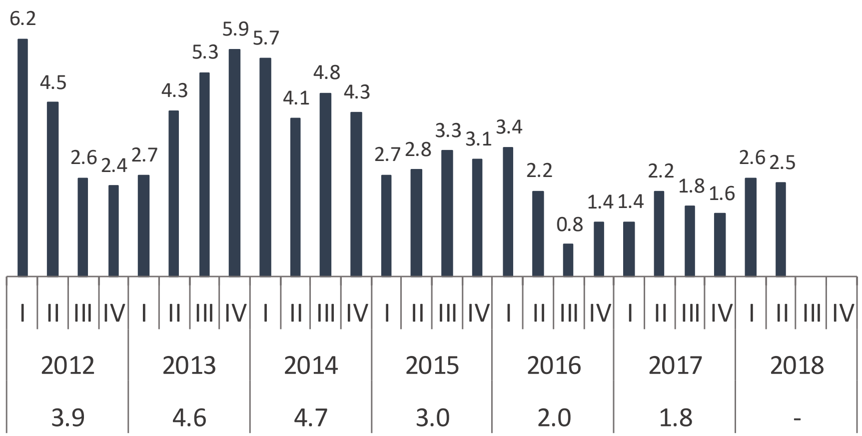
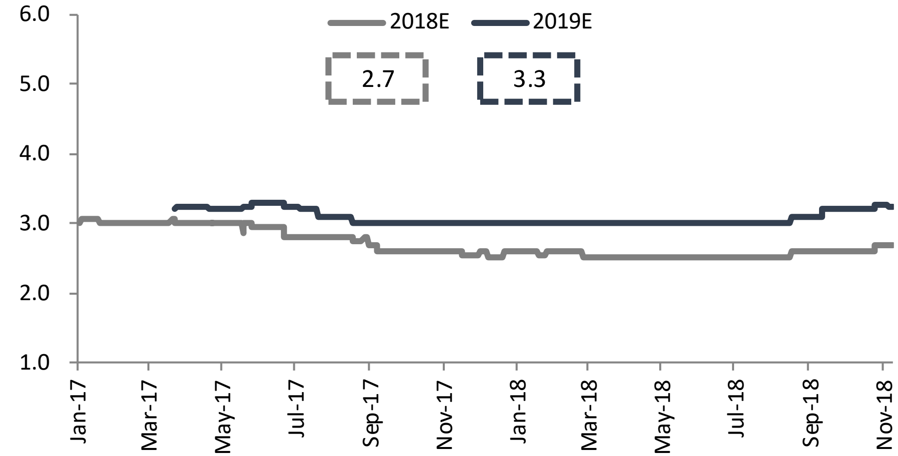
Macroeconomic context – Colombia (1/3)

GDP Growth (%)



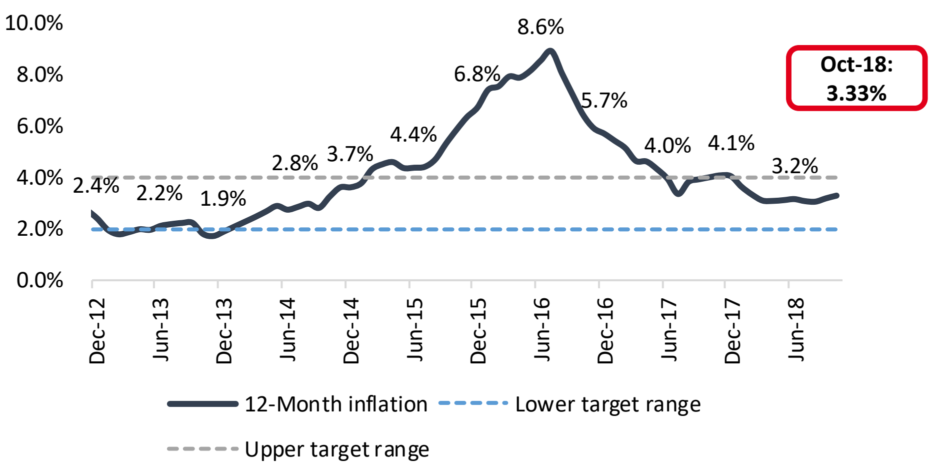
Source: DANE. Seasonally-adjusted , constant prices (2015) GDP.

GDP Growth Expectations (%)



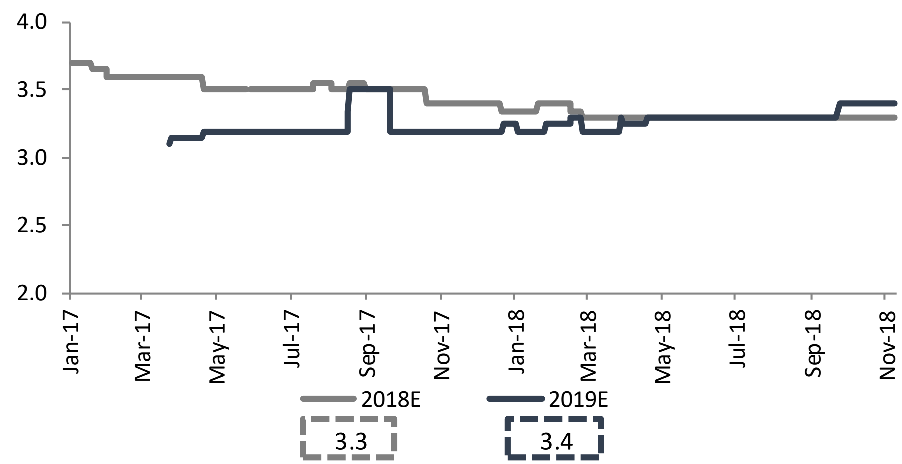
Source: Bloomberg Consensus

Inflation (%)



Source: Banco de la República de Colombia

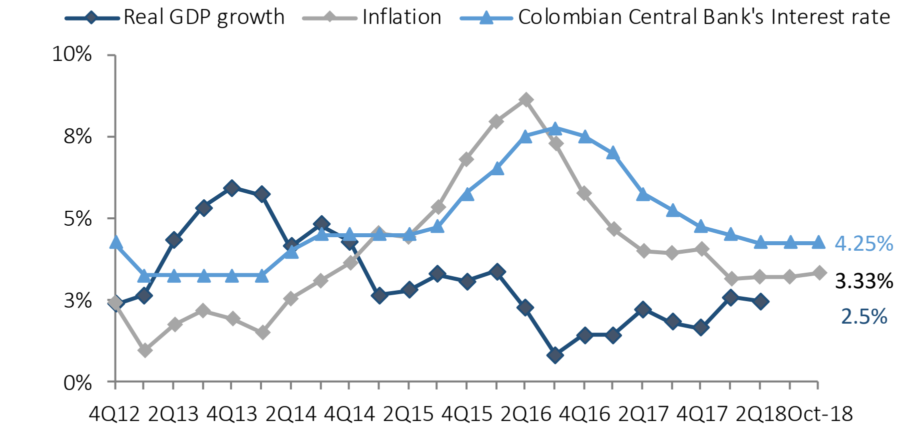
Inflation Expectations (%)



Source: Bloomberg Consensus

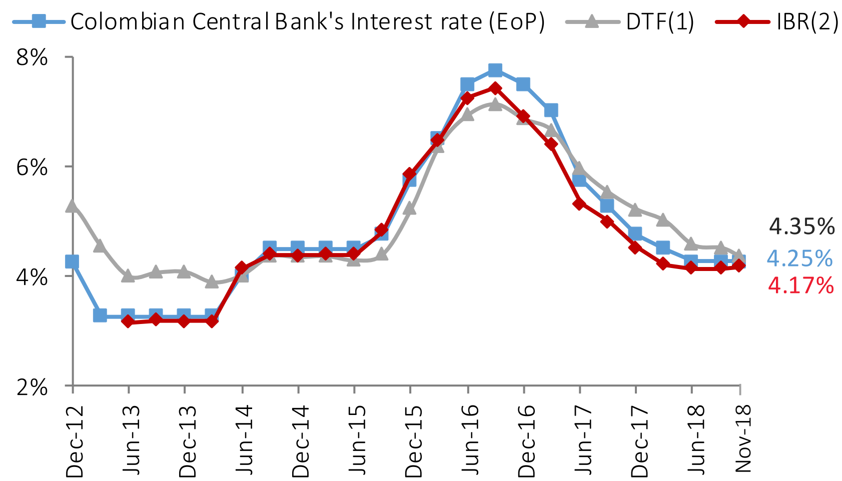
Macroeconomic context – Colombia (2/3)

Central Bank's Monetary Policy



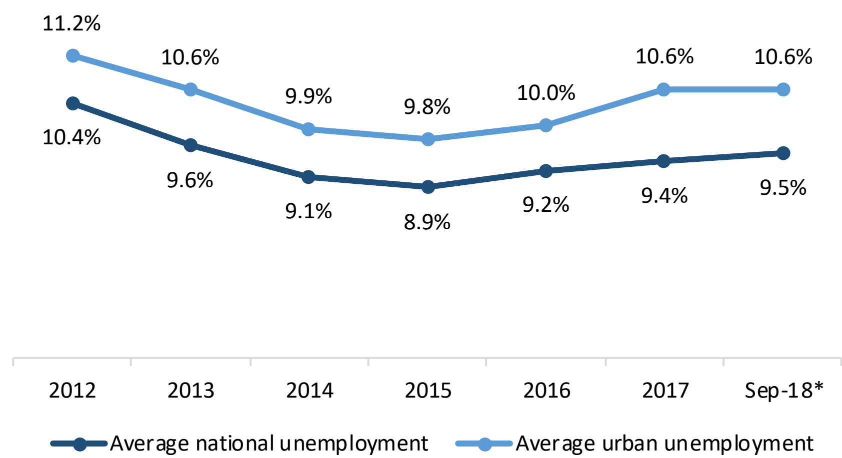
FY GDP	2012: 3.9%	2013: 4.6%	2014: 4.7%	2015: 3.0%	2016: 2.0%	2017: 1.8%

Source: Banco de la República de Colombia and DANE.. GDP as of June 2018. GDP Seasonally-adjusted, constant prices (2015 basis)



Source: Banco de la República de Colombia. [(1)]End of period DTF rate [(2)] End of period 3-month interbank (IBR) rate

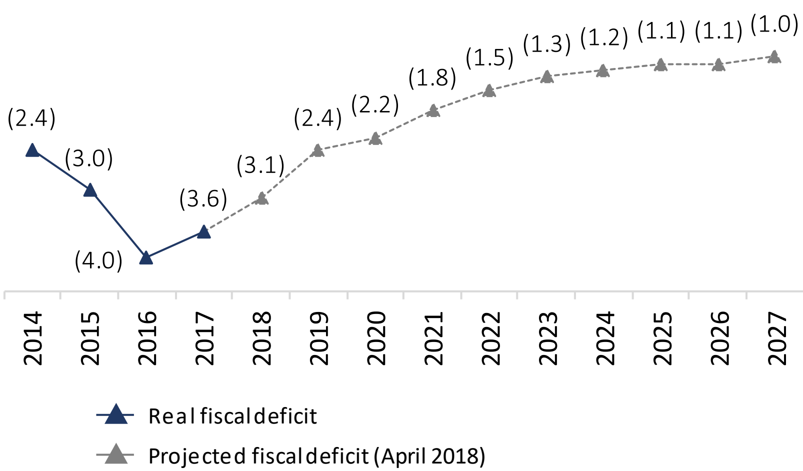
Unemployment (%)



Source: Banco de la República de Colombia. Last twelve month average. *Last twelve month average from October 2017 to September 2018

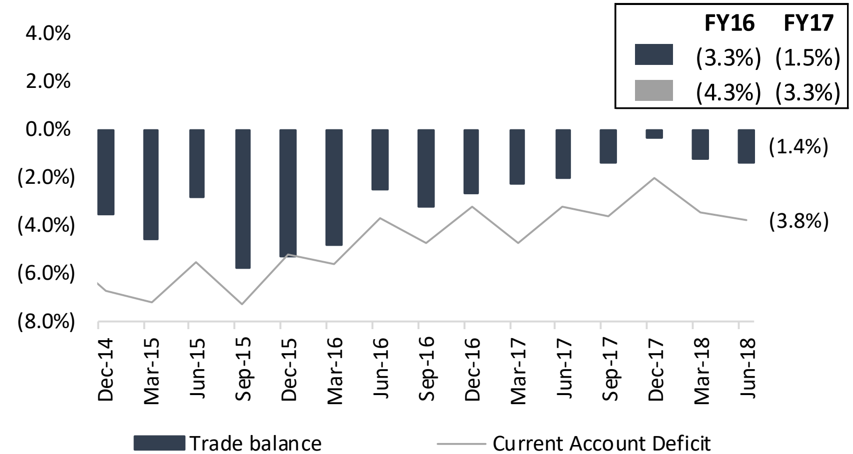
Macroeconomic context – Colombia (3/3)

Real and Projected Fiscal Deficit - Fiscal Rule (% of GDP)



Source: Ministry of Finance. Projections start in 2018.

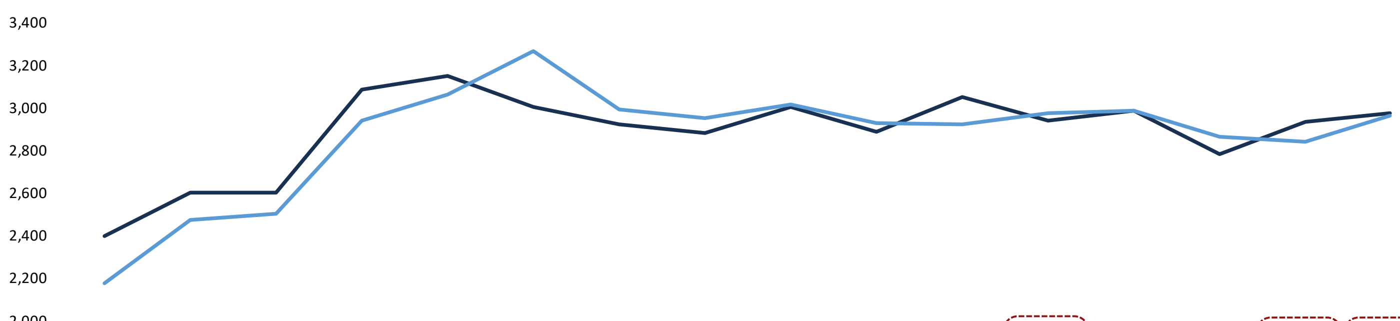
Current Account (% GDP, quarterly)



Oil Exports/Total Exports

2014:	2015:	2016:	2017:
52.2%	39.6%	33.9%	34.5%

Colombian Peso Exchange Rate



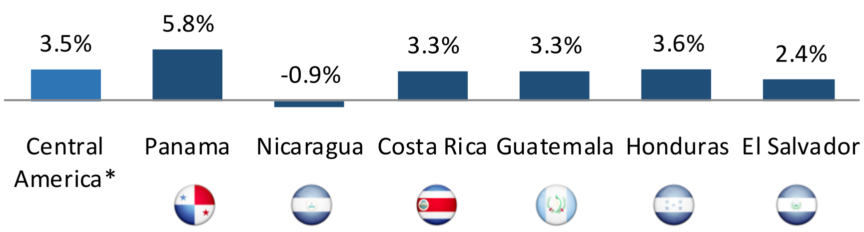
	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18
End of Period	2,392.5	2,598.4	2,598.7	3,086.8	3,149.5	3,000.6	2,919.0	2,880.1	3,000.7	2,885.6	3,050.4	2,936.7	2,984.0	2,780.5	2,930.8	2,972.2
Quarter Average	2,173.0	2,470.2	2,496.4	2,938.9	3,061.7	3,263.5	2,993.0	2,949.0	3,016.1	2,924.3	2,920.3	2,974.6	2,985.9	2,860.3	2,839.0	2,961.0

3Q18 vs. 3Q17	3Q18 vs. 2Q18
1.2%	1.4%
(0.5%)	4.3%

Source: Banco de la República de Colombia.

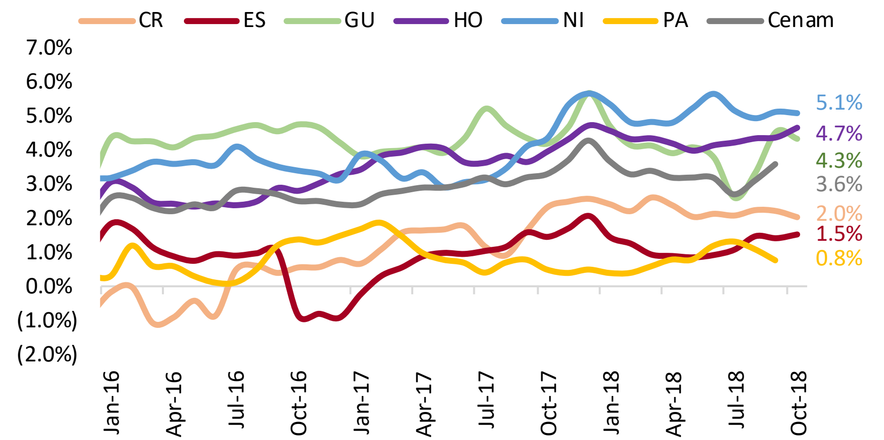
Macroeconomic context – Central America

Growth Outlook – Real GDP CAGR ’17–’20E



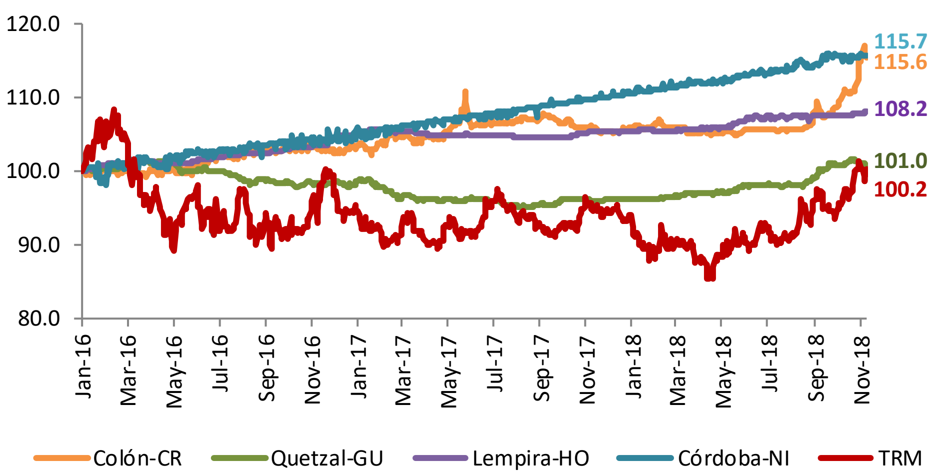
Source: IMF WEO Oct-18; (*) Aggregate growth of all the Central American countries

Inflation per Country



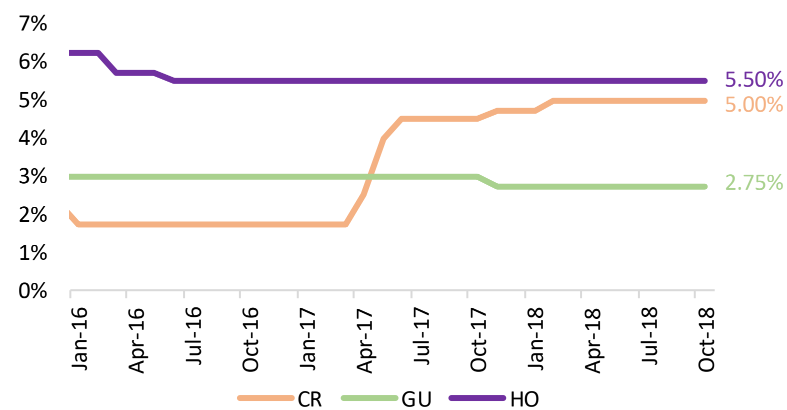
Source: SECMCA. CR: Costa Rica, ES: El Salvador, GU: Guatemala, HO: Honduras, NI: Nicaragua, PA: Panama. Inflation of Panamá and Cenam as of September 2018.

Regional Exchange rates



Source: Bloomberg CR: Costa Rica, ES: El Salvador, GU: Guatemala, HO: Honduras, NI: Nicaragua, PA: Panamá

Central Banks’ Interest Rates



Source: SECMCA

Assets

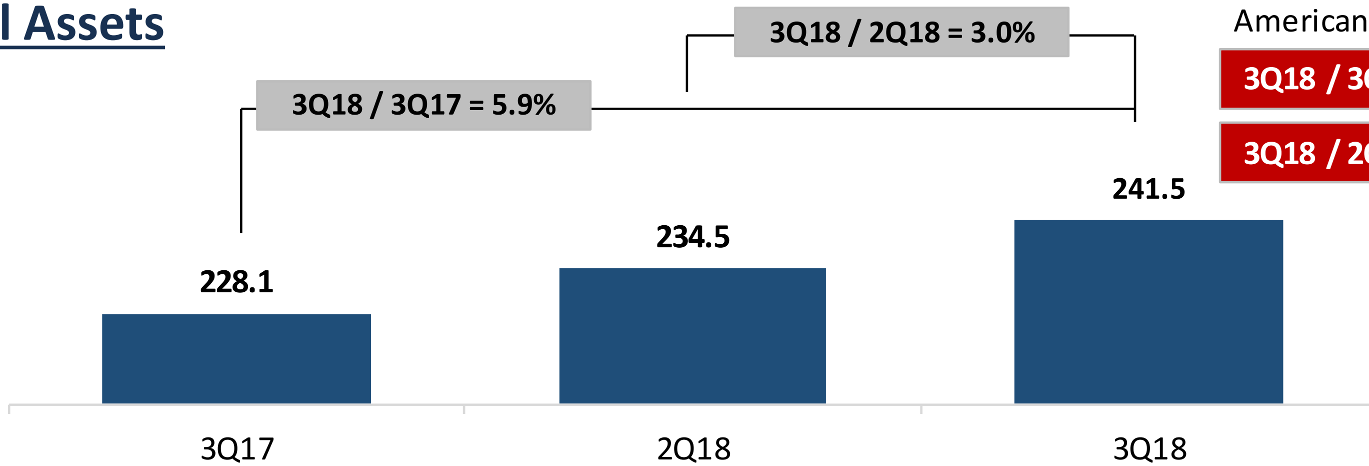
Figures in Ps. Trillions

Total Assets

Growth excl. FX movement of Central American Operations

3Q18 / 3Q17 = 5.5%

3Q18 / 2Q18 = 2.5%

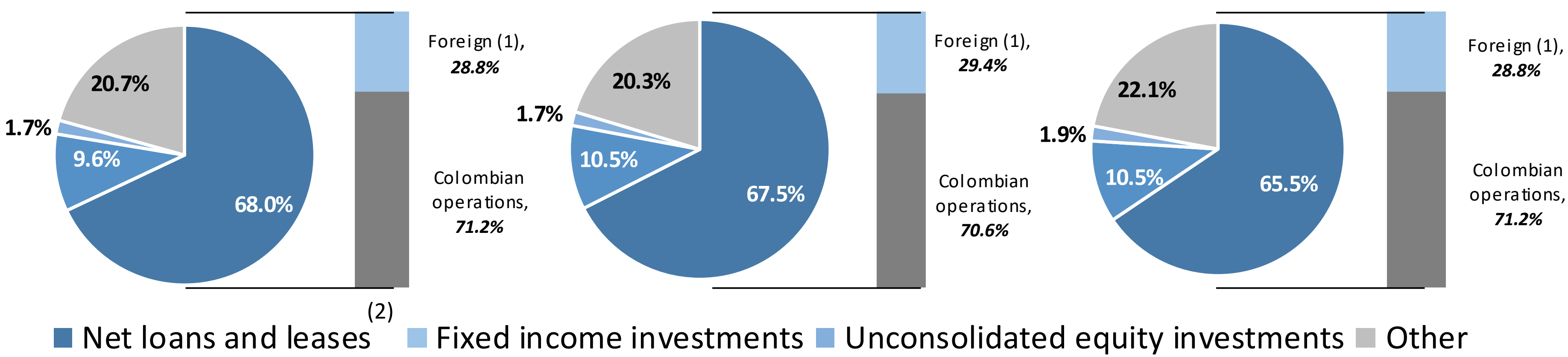


Assets Breakdown

3Q17

2Q18

3Q18



(1) Foreign operations reflect Central American operations. (2) Net loans and leases include interbank and overnight funds.

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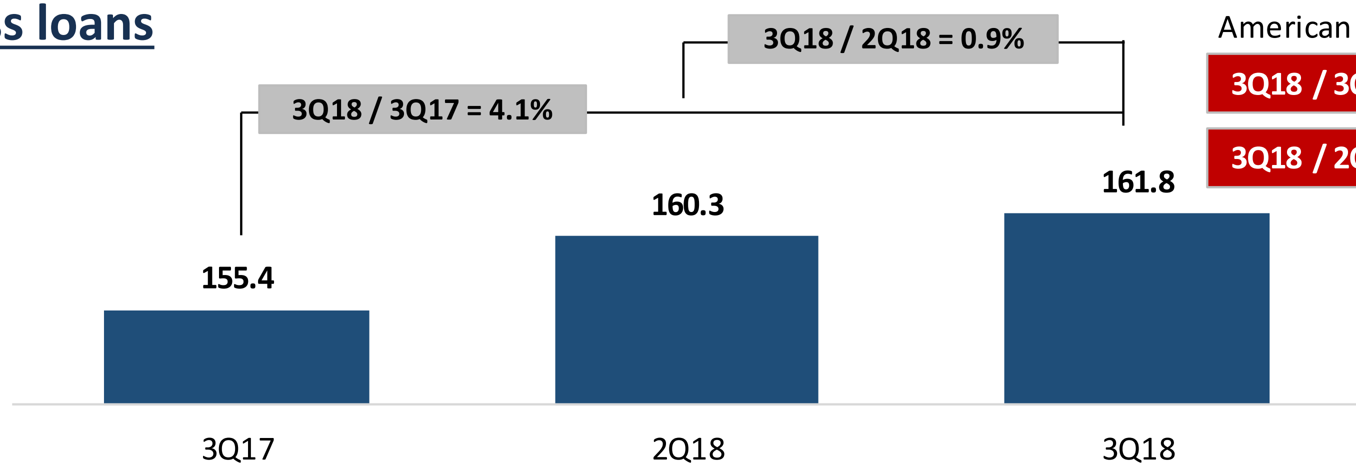
Loans and receivables

Figures in Ps. Trillions – Excluding interbank and overnight funds

Gross loans

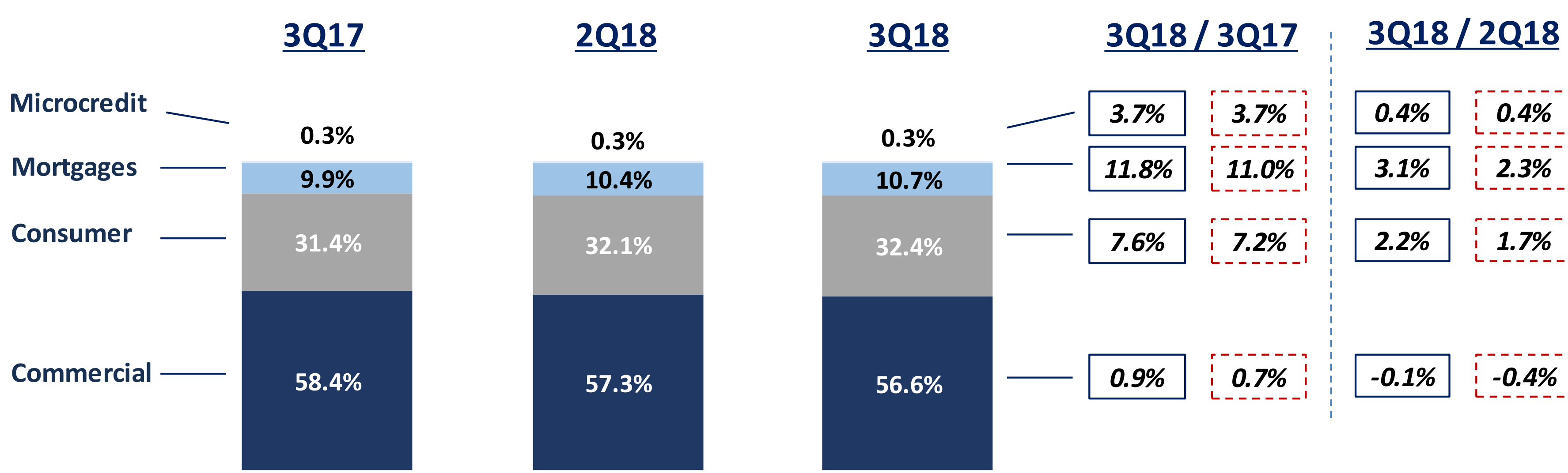


Growth excl. FX movement of Central American Operations

3Q18 / 3Q17 = 3.8%

3Q18 / 2Q18 = 0.5%

Gross loans Breakdown



% Growth excluding FX movement of Central American Operations

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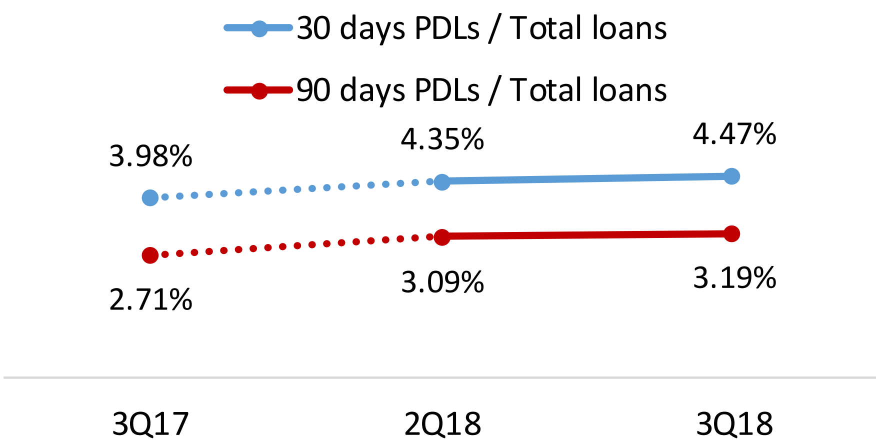
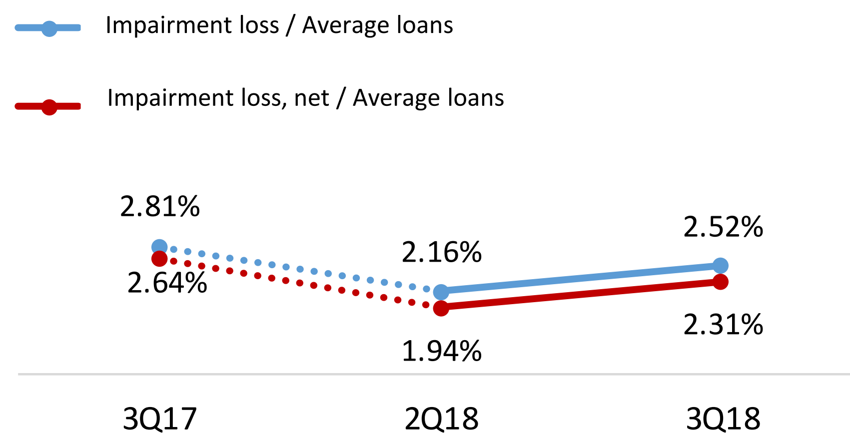
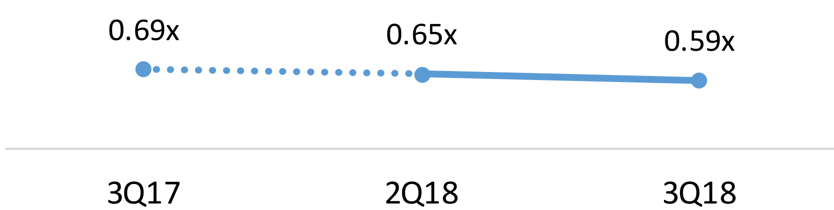
Loan portfolio quality

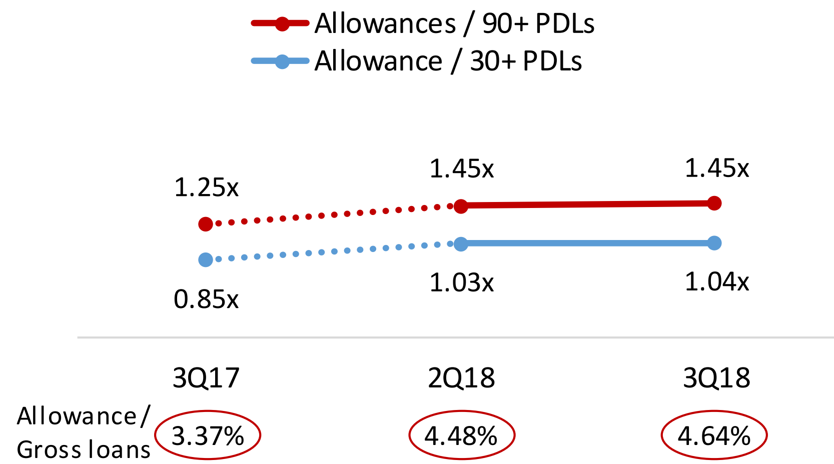


Cost of Risk



Charge offs / Average NPLs





Loan portfolio quality

Figures in Ps. Billions

30 days past due loans (1)

	3Q17	2Q18	3Q18
Commercial	3.39%	3.81%	4.09%
Consumer	5.07%	5.35%	5.17%
Mortgages	3.67%	3.98%	4.08%
Microcredit	15.18%	15.05%	15.29%
Total loans	**3.98%**	**4.35%**	**4.47%**

90 days past due loans (2)

	3Q17	2Q18	3Q18
Commercial	2.81%	3.28%	3.52%
Consumer	2.70%	3.00%	2.89%
Mortgages	1.96%	2.16%	2.20%
Microcredit	10.94%	11.04%	11.32%
Total loans	**2.71%**	**3.09%**	**3.19%**

30 days past due formation

	3Q17	4Q17	1Q18	2Q18	3Q18
Initial PDLs	5,843	6,182	6,195	6,675	6,975
New PDLs	1,032	735	1,205	1,067	1,005
Charge-offs	(693)	(722)	(726)	(767)	(751)
Final PDLs	**6,182**	**6,195**	**6,675**	**6,975**	**7,229**

90 days past due formation

	3Q17	4Q17	1Q18	2Q18	3Q18
Initial PDLs	3,877	4,212	4,382	4,491	4,960
New PDLs	1,028	892	835	1,236	957
Charge-offs	(693)	(722)	(726)	(767)	(751)
Final PDLs	**4,212**	**4,382**	**4,491**	**4,960**	**5,166**

(1) Past Due Loans + 30 / Total Loans including interest accounts receivable
(2) Past Due Loans + 90 / Total Loans including interest accounts receivable

Funding

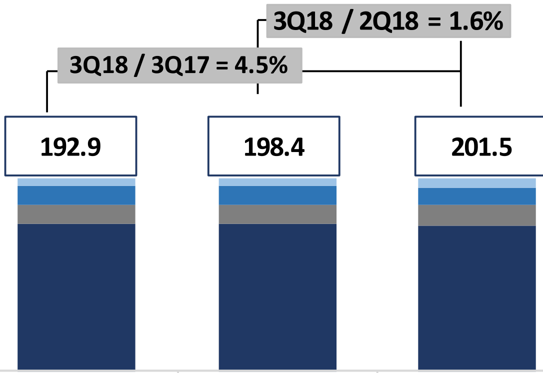
Figures in Ps. Trillions

Total funding

Growth excl. FX movement of Central American Operations

3Q18 / 3Q17 = 4.1%

3Q18 / 2Q18 = 1.2%



Funding composition

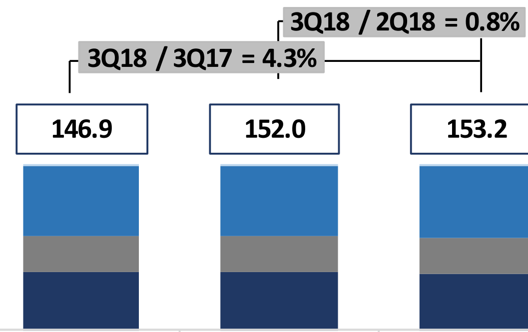
	3Q17	2Q18	3Q18
Interbank borrowings	4.1%	3.6%	4.3%
Long term bonds	9.6%	9.8%	9.5%
Banks and others	10.2%	10.0%	10.2%
Deposits	76.2%	76.6%	76.0%

Total deposits

Growth excl. FX movement of Central American Operations

3Q18 / 3Q17 = 3.9%

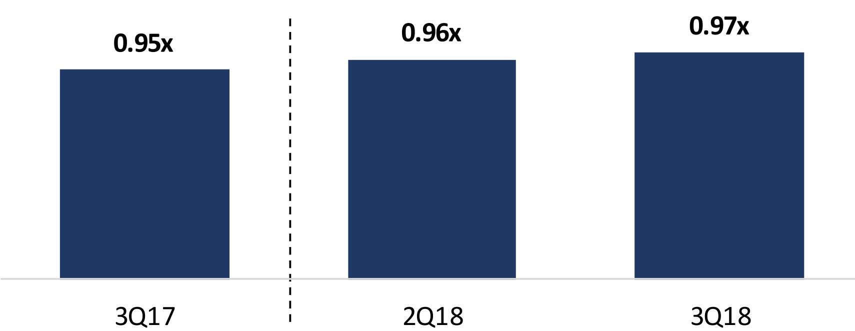
3Q18 / 2Q18 = 0.4%



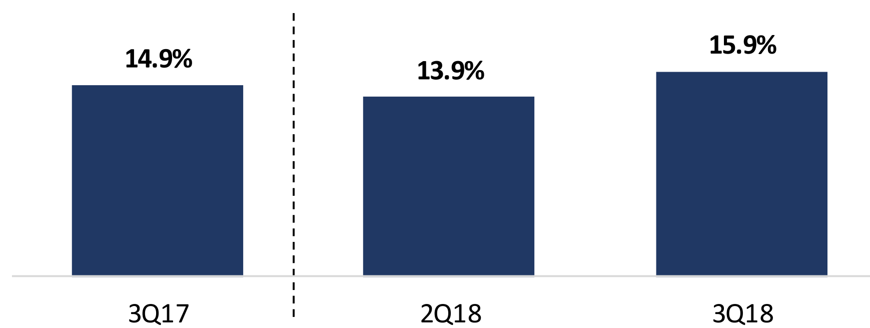
Deposit composition

	3Q17	2Q18	3Q18
Others	0.3%	0.3%	0.4%
Time deposits	42.8%	42.0%	43.3%
Checking accounts	21.6%	22.4%	21.8%
Savings accounts	35.2%	35.3%	34.5%

Deposits / Net loans (%)



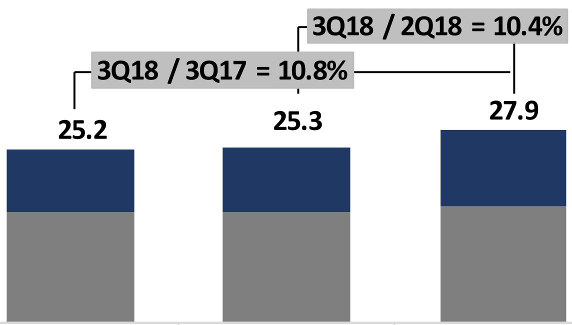
Cash / Deposits (%)



Capital

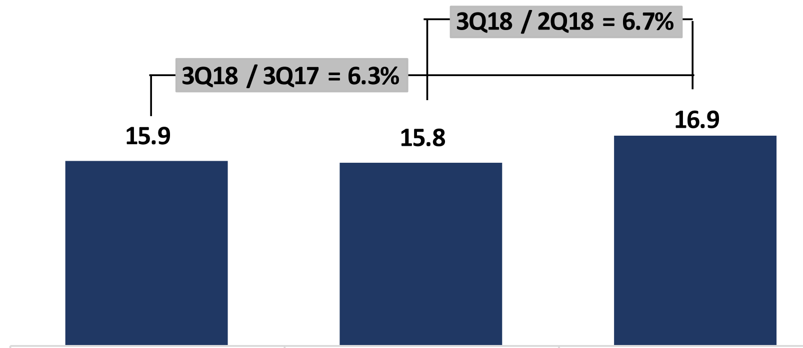
Figures in Ps. Trillions

Attributable Equity + Minority Interest



	3Q17	2Q18	3Q18
Minority interest	9.3	9.4	11.0
Attributable equity	15.9	15.8	16.9

Attributable Shareholders Equity



	3Q17	2Q18	3Q18
Total equity / Assets	11.0%	10.8%	11.6%
Tangible capital ratio (1)	8.0%	7.7%	8.6%

Consolidated Capital Adequacy of our Banks (%)

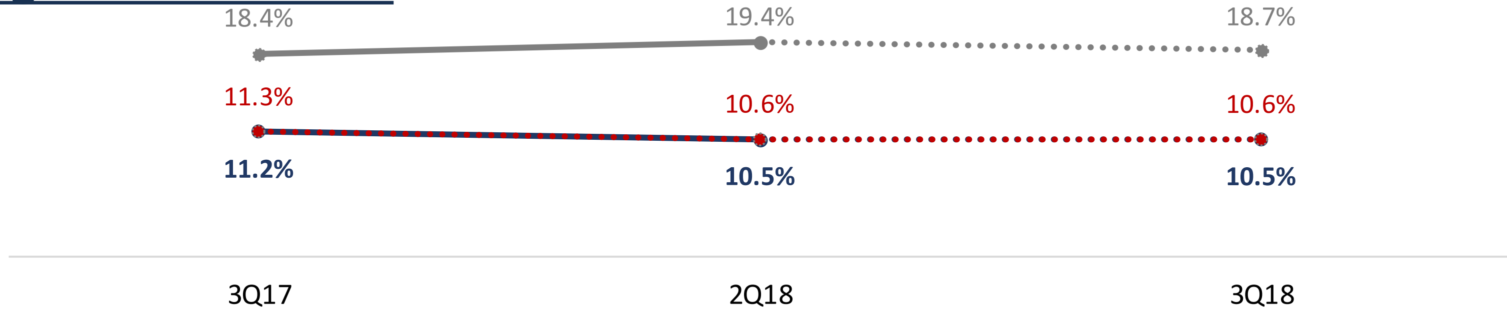
	Banco de Bogotá			Banco de Occidente			banco popular			Banco AV Villas		
	3Q17	2Q18	3Q18	3Q17	2Q18	3Q18	3Q17	2Q18	3Q18	3Q17	2Q18	3Q18
Primary capital (Tier 1)	9.1	9.1	8.9	10.5	10.5	10.2	9.3	8.3	8.2	11.1	10.6	10.2
Solvency Ratio	14.0	13.3	13.2	12.7	13.0	12.7	10.9	10.0	10.1	12.4	11.8	10.7

(1) Tangible Capital Ratio is calculated as Total Equity minus Goodwill and other Intangibles divided by Total Assets minus Goodwill and other Intangibles.

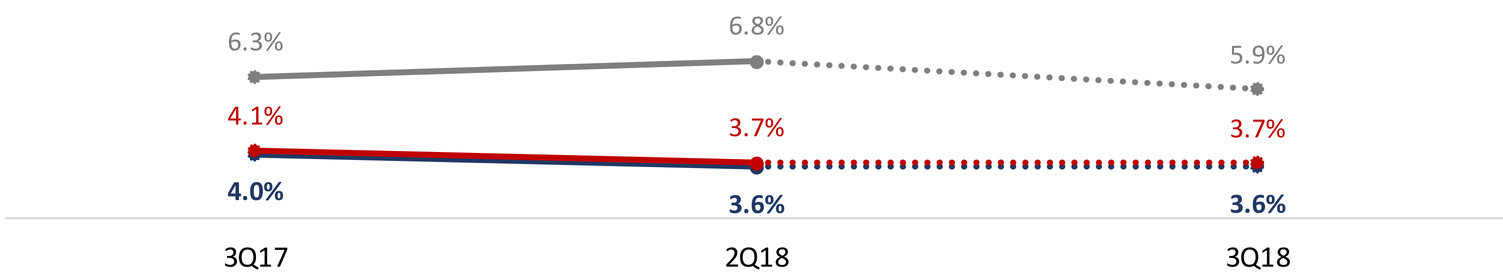
Grupo AVAL

NIM – Net Interest Margin (1/2)

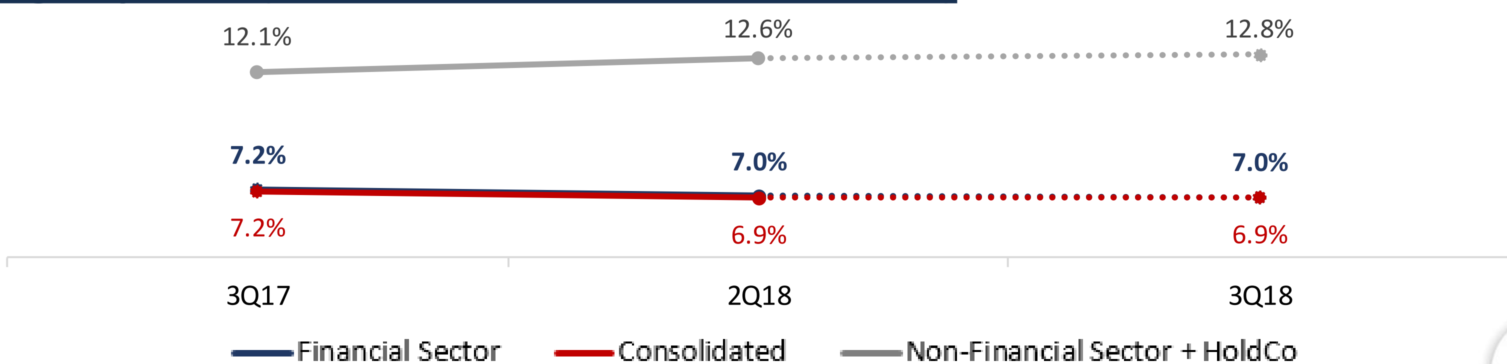
Average Yield on Loans



Average Cost of Funds



Average Spread (Yield on Loans – Cost of Funds)

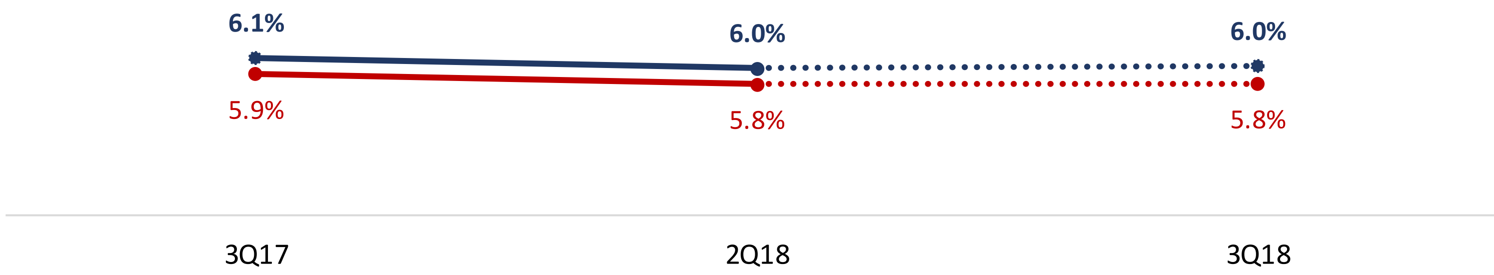


NIM – Net Interest Margin (2/2)

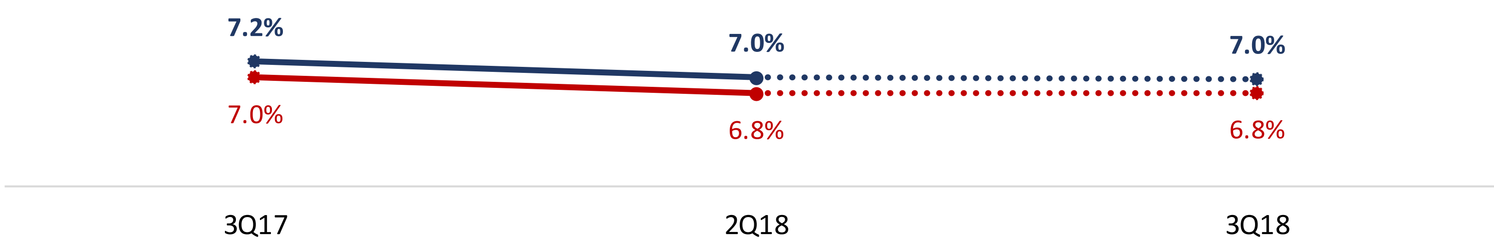
Net interest income(1) (trillions)

3Q17	2Q18	3Q18	3Q18 / 3Q17	3Q18 / 2Q18
2.7	2.8	2.8	2.1%	1.2%

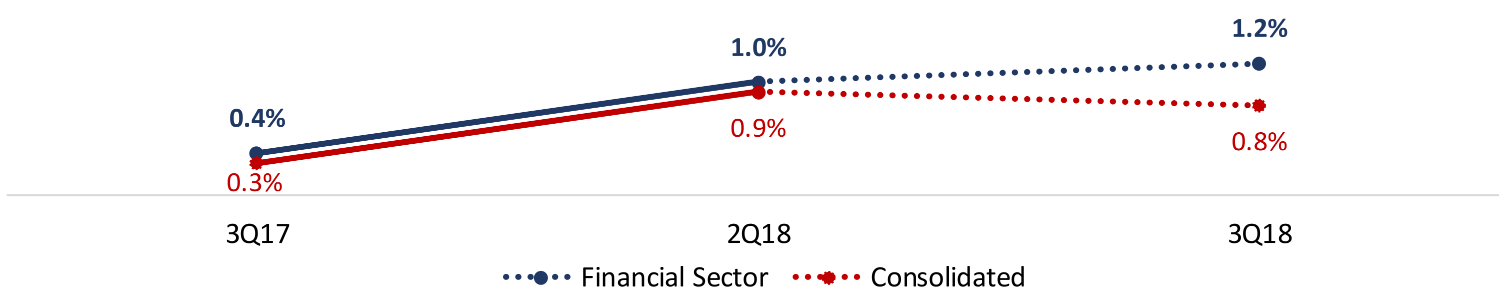
Net Interest Margin(1)



Loans Interest Margin(2)



Net Investments Margin(3)



(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. NIM without income from investment securities held for trading through profit or loss was 5.9% for 3Q18, 5.8% for 2Q18 and 5.9% for 3Q17.

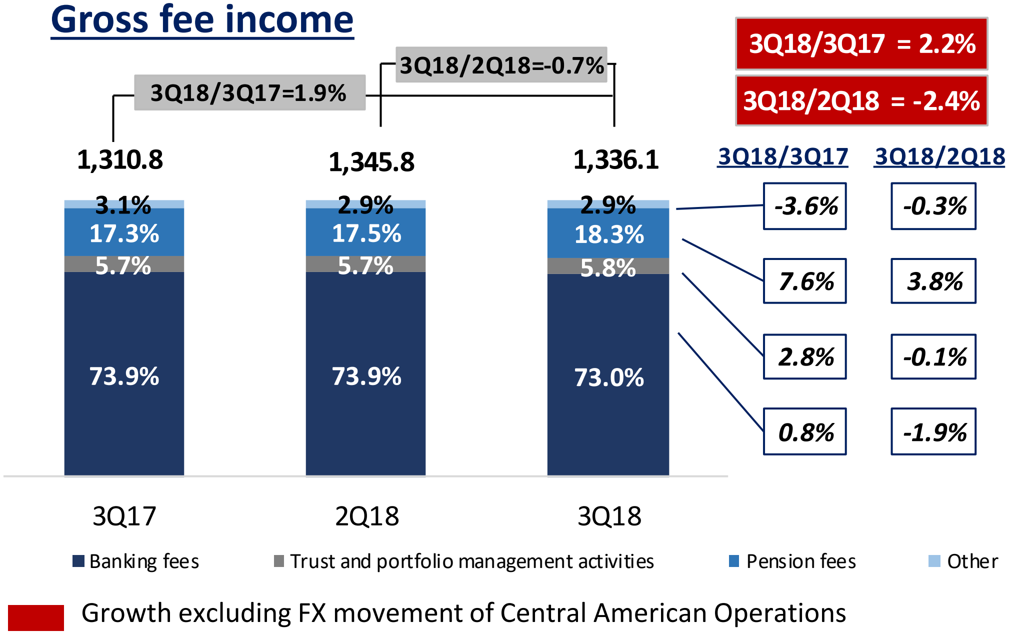
(2) Loans Interest Margin: Net Interest Income on Loans to Average loans and financial leases.

(3) 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

Gross fee income



Non-financial sector

	3Q17	2Q18	3Q18
Energy & gas	172.4	145.8	165.5
Infrastructure	48.9	208.7	861.2
Hotels	9.1	0.7	13.7
Agribusiness	-0.6	0.8	0.8
Other (1)	-70.5	-97.0	-68.9
Total	**159.3**	**259.0**	**972.3**

(1) Reflects net NFS from Ventas y Servicios, Megalinea and Gestión y Contacto call-centers and other subsidiaries

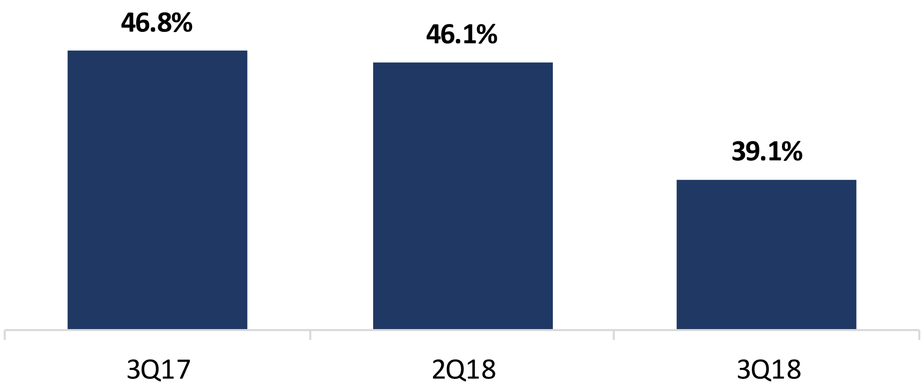
Other operating income

	3Q17	2Q18	3Q18
Foreign exchange gains (losses), net	151.6	-24.4	106.0
Trading derivatives	-41.6	139.3	24.9
Hedging activities	44.6	40.8	40.0
Derivatives and foreign exchange gains (losses), net (1)	154.6	155.7	171.0
Gains on valuation of assets	6.3	-0.4	2.2
Net income from financial instruments designated at fair value	45.3	75.0	50.2
Net gain on sale of investments	13.6	23.7	5.9
Gain on the sale of non-current assets held for sale	4.3	3.9	8.3
Income from non-consolidated investments	47.8	50.5	58.9
Other operating income	93.8	81.3	116.2
Total other operating income	**365.9**	**389.7**	**412.6**

(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.

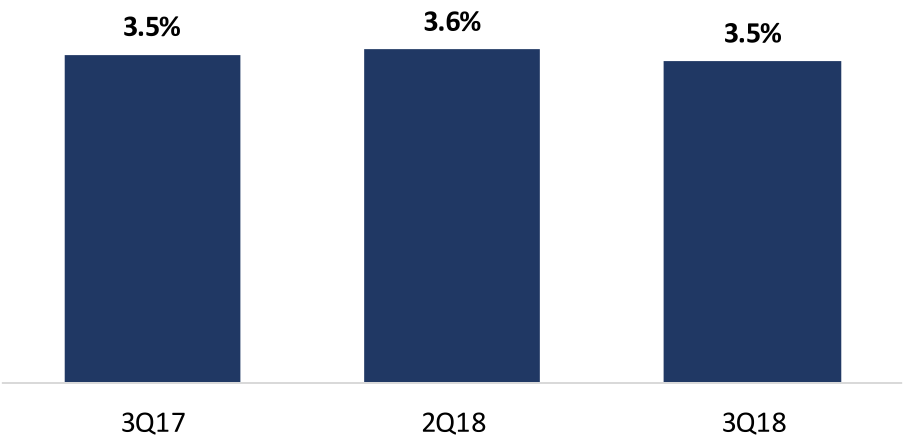
Efficiency ratio

Operating expenses / Total Income



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

Operating expenses / Average Assets

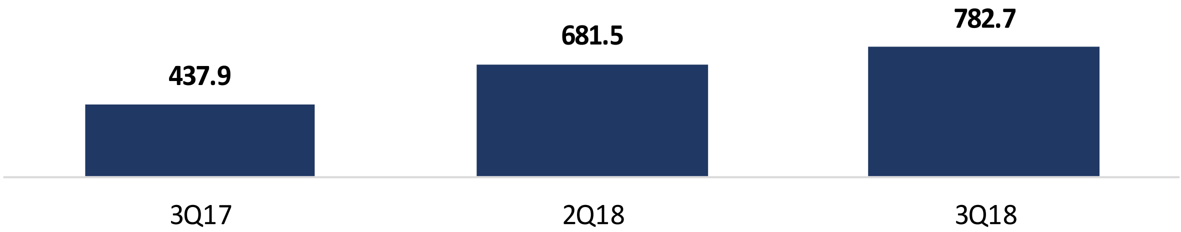


Efficiency Ratio is calculated as annualized personnel plus administrative and other expenses excluding wealth tax divided by average of total assets.

Profitability

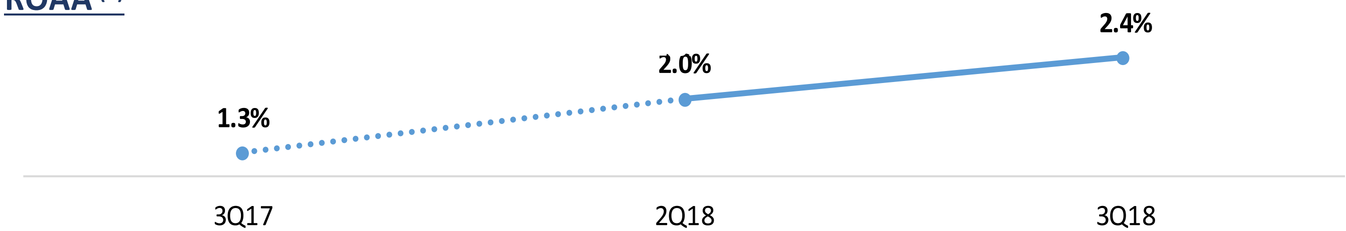
Figures in Ps. Billions

Net income attributable to controlling interest

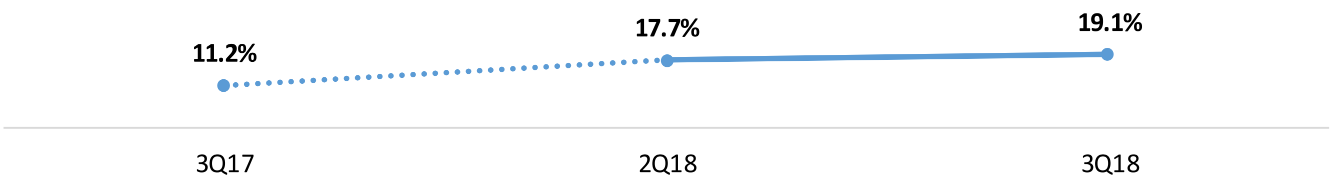


EPS	$19.7	$30.6	$35.1

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.

Appendix

Financing Law- Ley de Financiamiento

As presented to the Colombian Congress on October 30th, 2018

Objectives

- ✓ Finance the Government's estimate of a Ps 14 billion gap in the 2019 Fiscal Budget
- ✓ Change "structurally" the fiscal framework of Colombia
- ✓ Boost GDP growth above 4% starting in 2020

Main aspects of the proposed reform

1. Corporate taxes

- Reduction of corporate taxes from 37% to 30%[1] and elimination of *Renta Presuntiva* (a tax imposed on companies based on their shareholders' equity in absence of taxable income) currently at 3.5% by 2021.
- Deducibility of financial transaction taxes and Industry and Commerce taxes (@ 50% until 2022 and @100% post 2022).
- One-time taxation of 5% of dividends and participations paid or credited to Colombia - based companies. 5% taxation of dividends received by individuals.
- Taxation as income of management fees received by trust companies, stockbrokers and investment management companies.

3. Other taxes

- Taxation of interest payment to jurisdictions different from Colombia up to 20%.
- Taxation of credit and debit cards fees.
- Taxation at the general tax rate in the sale of real estate.

2. VAT

- Expansion of good and services subject to VAT
- Reduction in VAT rate from 19% to 18% in 2019 and 17% in 2020.
- Compensation of 3 UVTs (currently US$33) per month to lower income households to offset the burden generated by the increase of items taxed with VAT.

4. Taxes to individuals

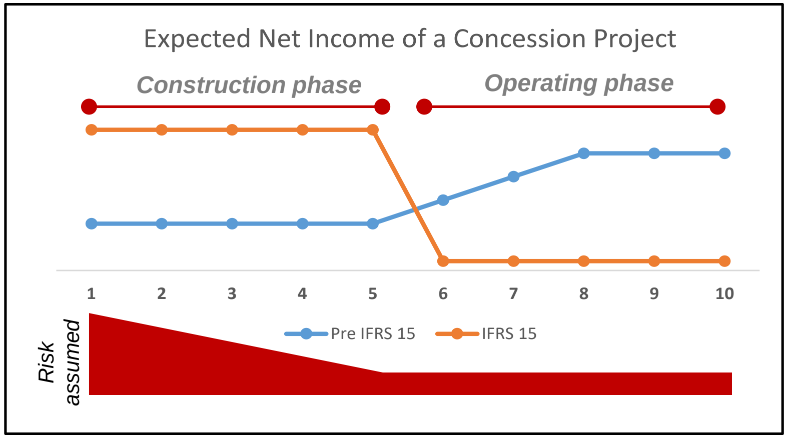
- Increase of the income tax rate for individuals up to 37% depending on the individual's net income.
- Creation of an equity tax for individuals with net assets of more than Ps 3,000 million (approx. USD 1 million) at a rate of between 0.5% and 1% depending on the individual's net assets.
- Creation of a voluntary "simplified tax regime" allowing for a unified payment of the income tax, the consumption tax, and the industry and commerce tax for individuals.

[1] For Grupo Aval, a reduction of 100bps in the corporate tax rate accounts for an additional peso/share (based on FY 2017 numbers)

Update on Aval's 4G infrastructure projects; Impact on Corficolombiana´s results of full adoption of IFRS 15

- **Update:** As of September, 2018 Corficolombiana had started construction of two 4G road concessions: ***Pacifico 1*** *and* ***Chirajara-Fundadores.*** Completion of the construction phase of these two projects is estimated by the end of the year 2023. It is expected that construction of a third 4G project (Villavicencio – Yopal) will commence during November 2018 and be completed by the year 2024. The construction of a fourth project (Mulalo – Loboguerrero) should commence in the third quarter of 2019 and be completed by the year 2025. Corficolombiana is the sole shareholder in two of these projects and a 90% shareholder of the third.

- **IFRS15:** With the introduction and full adoption of IFRS 15[1], Corficolombiana has changed the way it accounts its concession projects in line with the risk associated with the two stages of a toll road: construction and operation. According to IFRS 15, Corficolombiana has to differentiate the two phases of each Concession Project, because the services provided to the client (the Colombian Government) in each phase are different; in line with this Corficolombiana has to reflect a differentiated return in each of the phases depending on the level of implied risk. As the risks involved during the construction phase of the toll-roads are, by far, larger, than the risk of the operating phase, the returns obtained during the construction years are expected to be much larger than the ones obtained during the operating years.



Pre IFRS 15 accounting

The construction and operating phases were analyzed as one and consequently income was accrued uniformly during the total duration of the contract without consideration of the different levels of risk assumed in each phase contracted (construction and operation).

IFRS 15 accounting

The construction and operating phases are analyzed as two independent phases (because the services provided in each phase are different) and income depends on the level of risk assumed in each phase.

IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. Applying IFRS 15, an entity recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To recognize revenue under IFRS 15, an entity applies the following five steps: i) identify the contract(s) with a customer, ii) identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct, iii) determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, an entity must estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer, iv) ***allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract***, and v) recognize revenue when a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For a performance obligation satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognized as the performance obligation is satisfied.