KPMG

(FREE TRANSLATION OF THE REPORT ISSUED IN SPANISH)
STATUTORY AUDITOR'S REPORT

To the Shareholders
Grupo Aval Acciones y Valores S.A.:

Opinion

I have audited the consolidated financial statements of Grupo Aval Acciones y Valores S.A. and Subsidiaries (the Group), which comprise the consolidated statement of financial position at December 31, 2019 and the consolidated statements of income, other comprehensive income, changes in equity and cash flows for the year then ended and their respective notes that include the summary of significant accounting policies and other explanatory notes.

In my opinion, the above mentioned consolidated financial statements, attached to this report, present fairly, in all material aspects, the consolidated financial position of the Group at December 31, 2019, the consolidated results of its operations, and its consolidated cash flows for the year then ended, in conformity with Accounting and Financial Reporting Standards accepted in Colombia, applied on a consistent basis with previous year, except by the application of International Financial Reporting Standard IFRS 16 – Leases. which became effective as of January 1, 2019.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) accepted in Colombia. My responsibilities under those standards are further described in the "Statutory Auditor' Responsibilities for the Audit of the Consolidated Financial Statements" section of my report. I am independent of the Group in accordance with the Accountant's Professional Code of Ethics issued by the International Ethics Standards Board for Accountants (IESBA Code), included in the Information Assurance Standards accepted in Colombia together with the ethical requirements established in Colombia that are relevant to my audit of the consolidated financial statements and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code mentioned.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Assessment of the Loan Portfolio Impairment under IFRS 9 (see notes 4.1.5 and 11 to the consolidated financial statements)	
The key audit matter	**How our audit approached this matter**
The Group periodically reviews the credit risk exposure of its loan portfolio. Such determination is one of the most significant and complex estimates in the preparation of the accompanying consolidated financial statements, due to the high degree of judgment involved in the development of the models to determine impairment based on an expected loss approach required in the IFRS 9. The value of the portfolio provision as of December 31, 2019 amounts to $8.185.797 million. I considered the evaluation of the loan portfolio impairment as a key audit matter, because it involves a significant measurement uncertainty that required a complex judgment, and knowledge and experience in the industry, especially with regard to (1) the evaluation of the methodologies used, including the methodology to estimate the loss due to non-compliance of the Group's customers; (2) the probability of loss given the default of the Group's customers and its key factors and assumptions; (3) the qualification of loans and qualitative factors that are incorporated into the variables of the internal models established by the Group; and (4) the estimated impairment	My audit procedures to assess the sufficiency of credit risk impairment included, among others, the following: • Involvement of professionals with experience and knowledge in the assessment of credit risk and information technology, to evaluate certain internal controls related to the Group's process for determining the loan portfolio impairment. This included controls related to (1) validation of the models that determine the probability of loss, severity and exposure at the time of default by the Group's customers (2) the Group's monitoring on the determination of portfolio impairment (3) information technology controls on the input data to the models that determine credits impairment, as well as related calculations; (4) the evaluation to identify if there was a significant change in credit risk; and (5) the review of macroeconomic variables and the weighted scenarios used in the models for determining the loan portfolio impairment; and (6), the review of commercial loans analyzed individually and write-offs. • Professionals with knowledge in assessment of credit risk and

calculations by the credit risk of the entire loan portfolio.	information technology assisted me to (1) evaluate the methodologies and key data used to determine the probability of loss, the severity and exposure at the time of default , and the parameters produced by the models; (2) evaluate the macroeconomic variables and the weighted probability scenarios used in the internal models including the consideration of alternative data for certain variables; (3) recalculation of the expected loss model and its related data; and (4) evaluate the qualitative adjustments applied to the model. • For a credits sample, the credit risk assigned by the Group and the Group's judgment were evaluated to determine if there was a significant increase in the related credit risk.

<table>
<tr><th colspan="2">Assessment of the measurement of the fair value of financial assets classified in level 3 in accordance with the provisions of IFRS 13. (see notes 5.1 and 16 to the consolidated financial statements)</th></tr>
<tr><th>The key audit matter</th><th>How our audit approached this matter</th></tr>
<tr><td>As of December 31, 2019, the Group has recognized financial assets on concession agreements classified at level 3 of fair value for $2.706.030 million.

The main reasons for considering this a key audit matter are: (1) there was significant judgment by Management to determine the fair value of financial assets over concession agreements classified at level 3 of fair value, using internally developed models, including input data and other estimation assumptions (2) there was significant judgment and an audit effort to evaluate the evidence obtained related to the evaluation models, input data and assumptions, as well as the audit effort involved in using of professionals with specialized valuation skills and knowledge.</td><td>My audit procedures to assess the fair value of financial assets classified in level 3 under IFRS 13, included among others:

- Evaluate the design, implementation and operational effectiveness of the key controls established by the Group to determine the fair value of financial assets over concession agreements. This included controls related to: (1) the approval and validation of the models, methodologies and assumptions; (2) the review of the financial assets calculation and the income recognized by their valuation.

- Engagement of professionals in Valuation with knowledge and experience in the industry who assisted me in (1) comparing the specific key data determined or used by the Group with observable market data and contractual information, (2); assess whether the methodology used in the valuation of the financial asset is consistent with the valuation practices generally used for that purpose; (3) recalculate the fair value of the financial asset and the WACC rate, using the methodology defined by the Group and (4) compare the WACC rate defined by the Group with a range determined by valuation professionals considering market parameters.</td></tr>
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Assessment of the measurement of the intangible asset on concession agreements (see note 16 to the consolidated financial statements).	
The key audit matter	**How our audit approached this matter**
The Group has recognized in the Consolidated Statement of Financial Position an intangible asset for $4.172,464 million, derived from the road infrastructure concession contracts that are currently under construction. The recognition of this asset was made considering the fair value of the services provided and the related costs to provide these services. Once the construction stage is completed, the assets will be amortized until the end of the concession period. The main reasons for considering this a key audit matter are: (1) there was significant judgment by Management to determine the value of the intangible asset on concession agreements, using models internally developed that include input data and other estimation assumptions. such as the fair value of the services provided, the costs projected that will be incurred in construction and the discount rate used; (2) there was significant judgment and an audit effort to evaluate the evidence obtained related to the evaluation models, input data and assumptions, as well as the audit effort implying the involvement of professionals with industry experience and knowledge specialized in valuation	My audit procedures to evaluate the measurement of intangible assets on concession agreements included, among others: - Evaluate the design, implementation and operational effectiveness of the key controls established by the Group to determine the value of the intangible asset on concession agreements. This included controls related to: (1) the approval and validation of the models, methodologies and assumptions; (2) the review of the calculation of the intangible asset and the income recognized by the intangible asset measurement. - Involvement of professionals with experience and knowledge in valuation who assisted me in: (1) inspecting the methodological documentation to obtain an understanding of the financial models used by the Group; (2) evaluate whether the methodology used in the valuation of the intangible asset is consistent with the valuation practices generally used for that purpose and the Financial Reporting Standards accepted in Colombia; (3) independently recalculate the value of the intangible asset and the WACC rate and (4) compare the "key data" including the macroeconomic assumptions used by the Group's management with the market information.

Other matters

The consolidated financial statements at and for the year ending December 31, 2018 are submitted only for comparison purposes, were audited by me and in my report dated March 5, 2019 expressed an unqualified opinion thereon.

Responsibilities of Management and those in charge with the Group's governance for the consolidated financial statements

Management is responsible for the fair preparation and presentation of these consolidated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes: designing, implementing and maintaining the internal control relevant that management considers necessary for the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern accounting basis unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Statutory Auditor's responsibilities for the audit of the consolidated financial statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the users' economic decisions taken on the basis of these consolidated financial statements.

As part of an audit conducted in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant for the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern hypothesis and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I would conclude that a material uncertainty exists, I am required to draw attention in my statutory auditor's report to the related disclosure in the consolidated financial statements or, if such disclosure is inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Group ceases to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate to those charged with the Group's governance regarding, among other matters, the planned scope and timing for the audit, as well as significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these matters in my statutory auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Diana Alexandra Rozo Muñoz
Revisor Fiscal de Grupo Aval Acciones y Valores S.A.
T.P. 120741- T
Miembro de KPMG S.A.S.

March 4, 2020