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1Q16 Consolidated Earnings Results

IFRS

May 2016



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, Banco AV Villas, and their respective Colombian financial subsidiaries, including 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 webcast 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 quarter 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 webcast we refer to billions as thousands of millions.

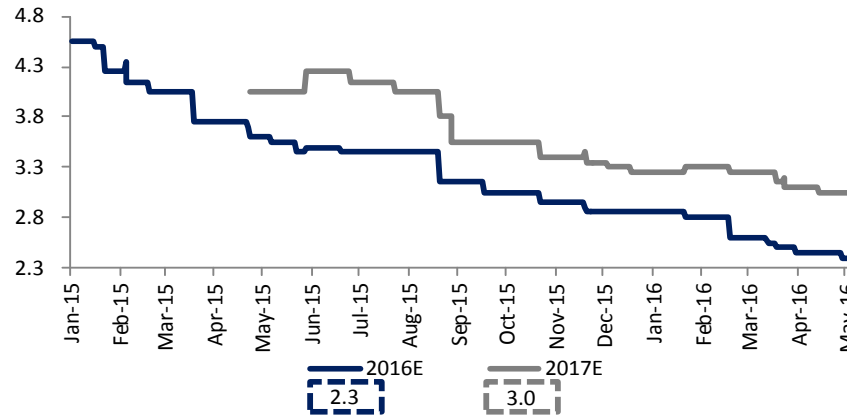
The following are the main highlights of our 1Q2016 results under Full IFRS: (1/2)

- Attributable Net Income for the period, before the wealth tax, was 645.3 billion pesos or 29 pesos per share, showing a 19% increase versus the comparable 1Q2015 result of 542.9 billion pesos or 24 pesos per share. Including the wealth tax, attributable Net Income for the period was 466.4 billion versus 334.2 billion in 1Q2015.
- Total gross loan portfolio (excluding interbank and overnight funds) grew by 16.7% in the last twelve months and showed a slight decrease of 0.3% during the first quarter of 2016. In absence of the movements of the COP-USD rate of the period, the loan portfolio would have grown 1.1%.
- Deposits grew at 0.7% in the quarter, a healthier pace than the growth in loans; as a result the ratio of Deposits to Net Loans improved from 0.96x in December 2015 to 0.98x in March 2016. In absence of the movements of the COP-USD rate of the period, the deposits would have grown 2.1%.
- Average yield on loans showed a 80 pbs. increase between 4Q2015 and 1Q2016 closing at 10.9% for this quarter.
- During 1Q2016 and in line with an increase in the Central Bank rate, cost of funds increased by approximately 50 bps. to 4.1% from 3.6% in 4Q2015. As a result, the spread between the average yield on loans and the average cost of total funds improved by 30 bps. from 4Q2015 to 1Q2016 closing at 6.8% in this quarter.
- NIM on loans improved by 27 pbs. in the quarter reaching 6.5% when compared to 4Q2015; NIM on total investments was 1.3%, showing a slight deterioration versus the 1.4% reported in 4Q2015, and Total NIM improved by 24 bps versus 4Q2015 to 5.7% in 1Q2016.

The following are the main highlights of our 1Q2016 results under Full IFRS: (2/2)

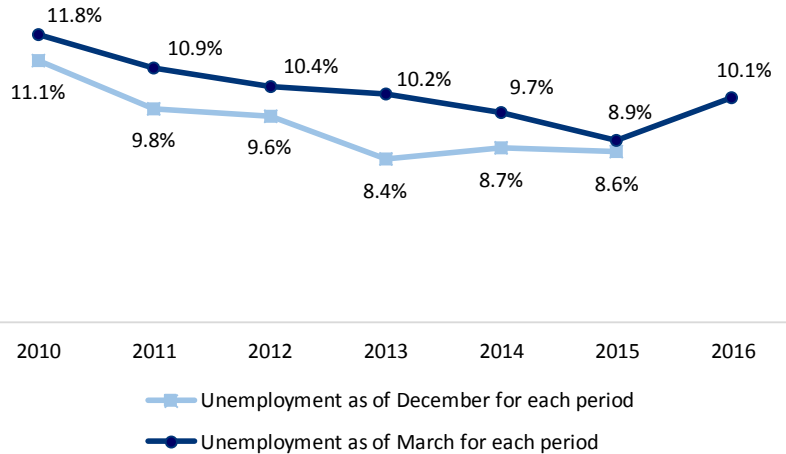
- Cost of risk for 1Q2016 was 2.0% before recoveries of provisions and 1.9% after such recoveries. These ratios were affected by certain non-recurrent provisions made during the quarter and by the decrease in the size of the loan portfolio.
- When compared to 4Q2015, our efficiency improved both on a cost to income basis and on a cost to asset basis. Efficiency ratios for 1Q2016 were 44.1% and 3.4% respectively.
- During 1Q2016, the return on assets, excluding the wealth tax payment, was 2.0% (1.5% including wealth tax), and the return on equity, excluding the attributable portion of the wealth tax payment, was 17.8% (12.9% including the attributable wealth tax).
- As of March 31, 2016 our banks show stronger Tier 1 and Total Solvency Ratios than the previously reported for December 31, 2015, particularly in Banco de Bogotá.
- We are currently finalizing the analysis of measures that we expect to put in place during 2016 which will boost Banco de Bogotá's capital ratios as calculated by the rating agencies. We have already engaged the local regulators, our auditors and rating agencies and expect to announce such plans to the market in the coming weeks once all discussions and pro-forma calculations have been agreed upon by all parties involved.

GDP Growth Expectations (%)



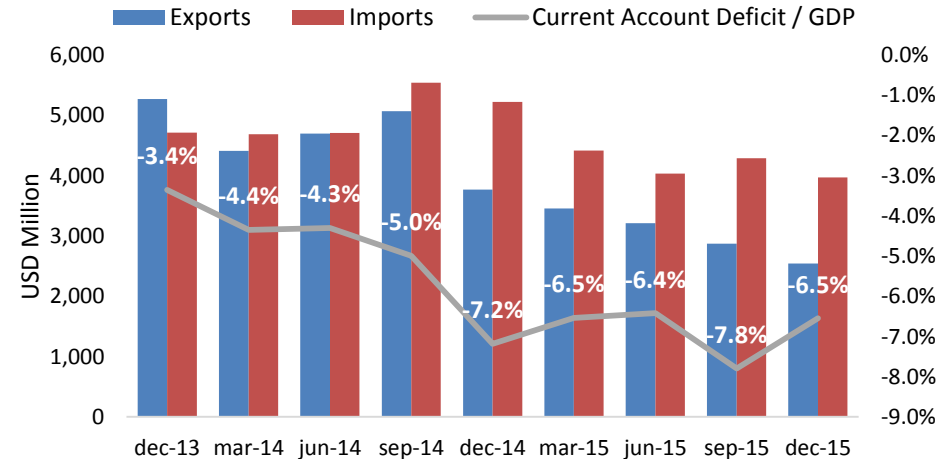
Source: Bloomberg Consensus

Unemployment (%)



Source: DANE.

Current Account balance (USD mm)

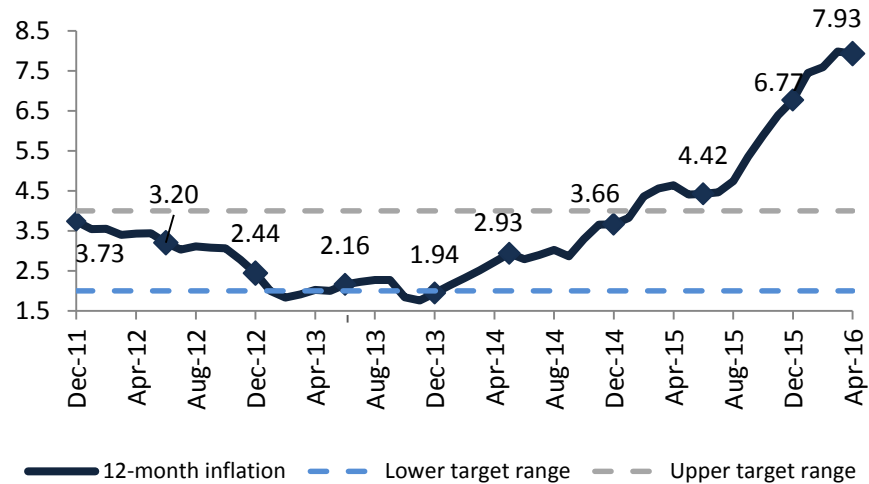


Source: Banrep and DANE.

Macroeconomic context - Colombia

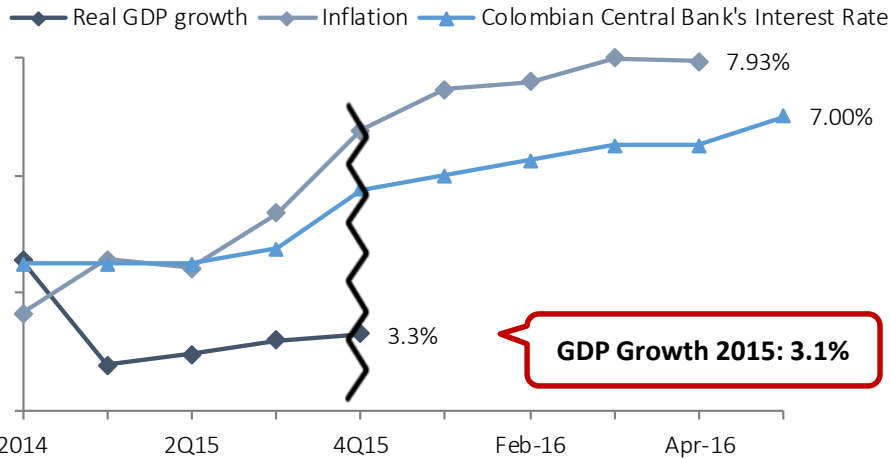


Inflation (%)

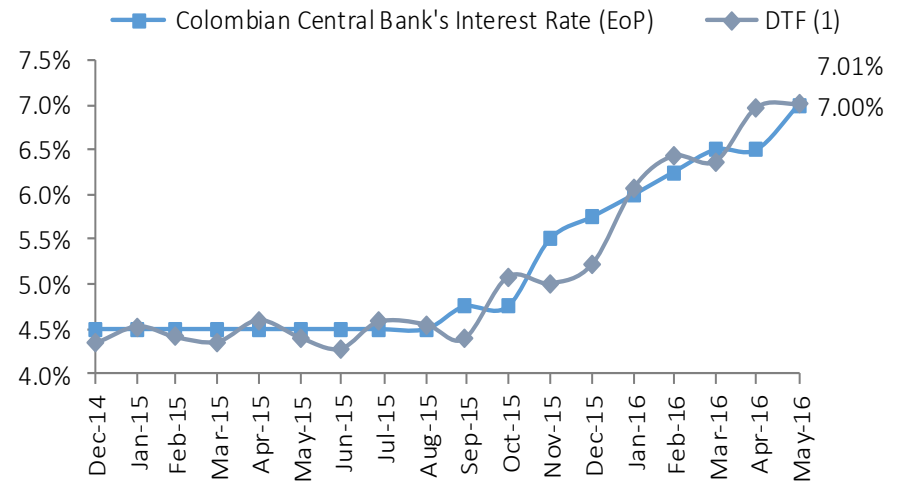


Source: DANE

Central Bank's Monetary Policy

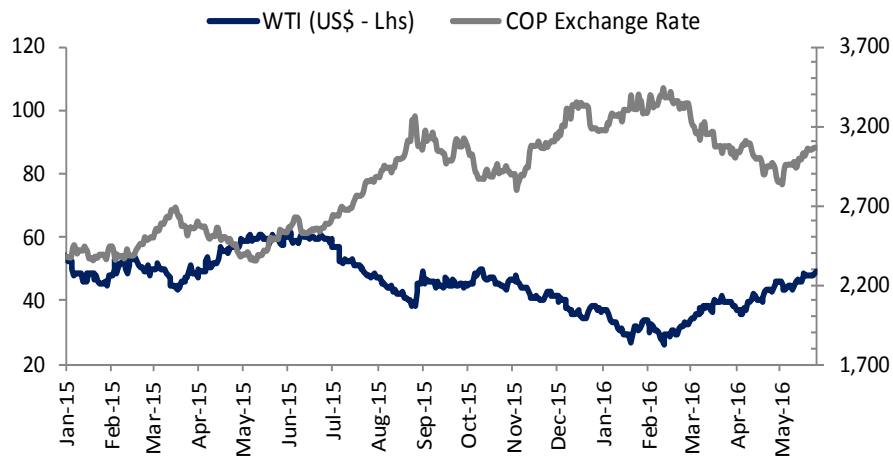


Source: Banrep and DANE



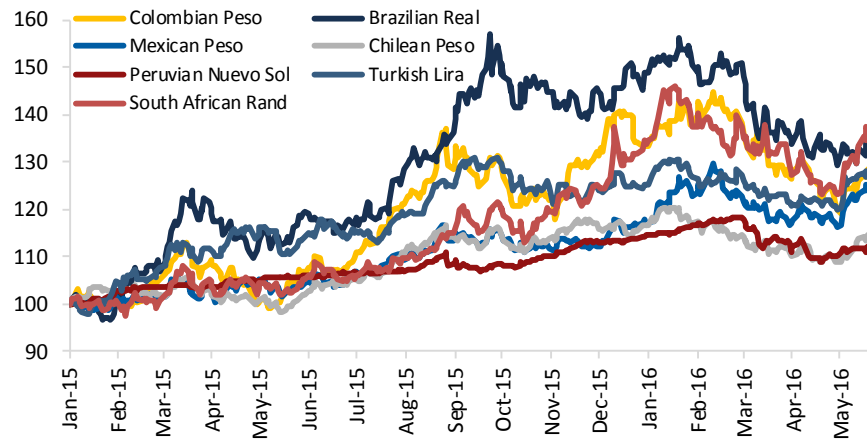
Source: Banrep. ⁽¹⁾End of period DTF rate.

Colombian Peso vs WTI US\$/barrel



Source: Bloomberg

COP vs Emerging markets' currencies



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

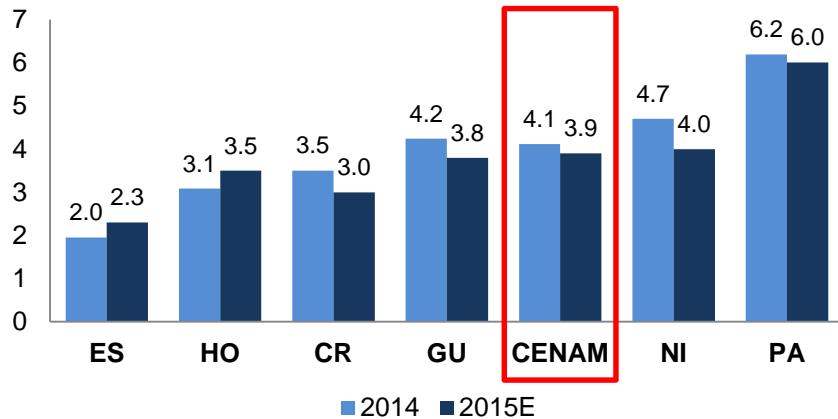
Colombian Peso Exchange Rate

	1Q15	4Q15	1Q16	1Q16 vs. 4Q15	1Q16 vs. 1Q15
Average	2,470.16	3,061.74	3,263.49	6.6%	32.1%
End of period	2,598.36	3,149.47	3,000.63	-4.7%	15.5%

Macroeconomic context – Central America

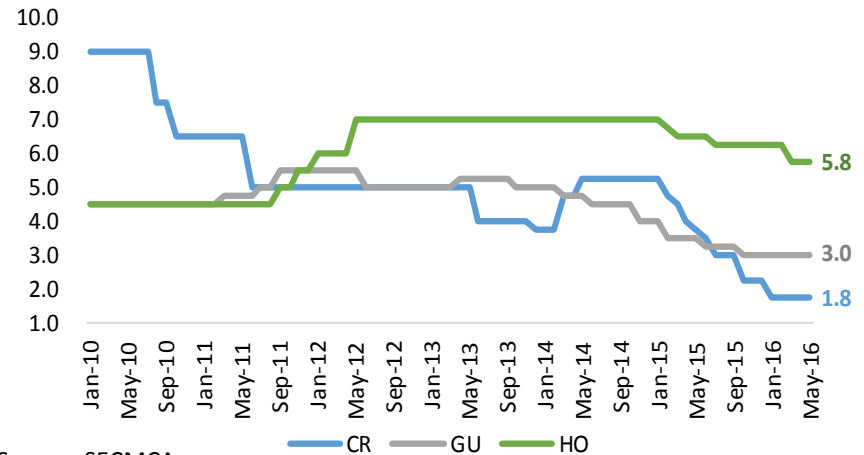


Real GDP growth evolution (%)



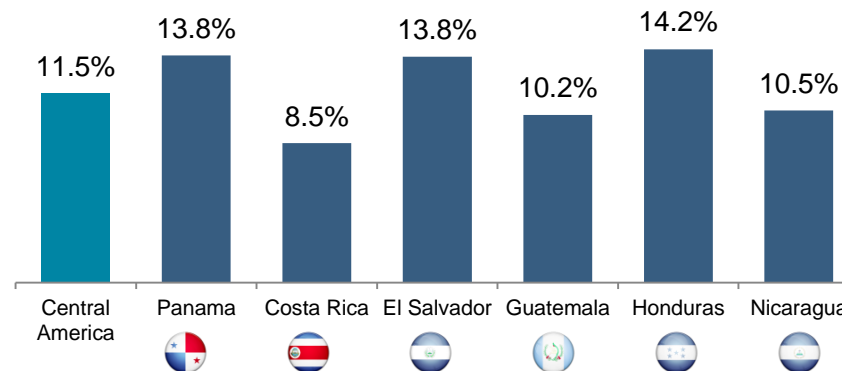
Fuente: FMI

Central Bank's Monetary Policy



Source: SECMCA

Oil & gas imports / Total imports (%)



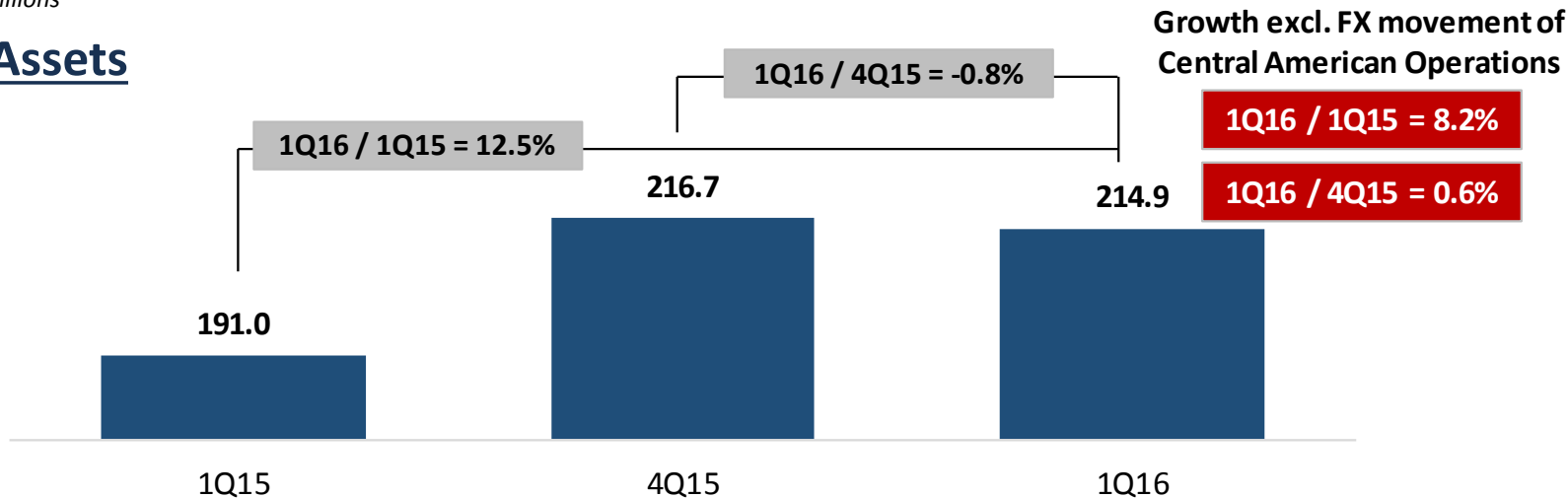
Source: SECMCA, Central Banks, as of September 2015

Assets

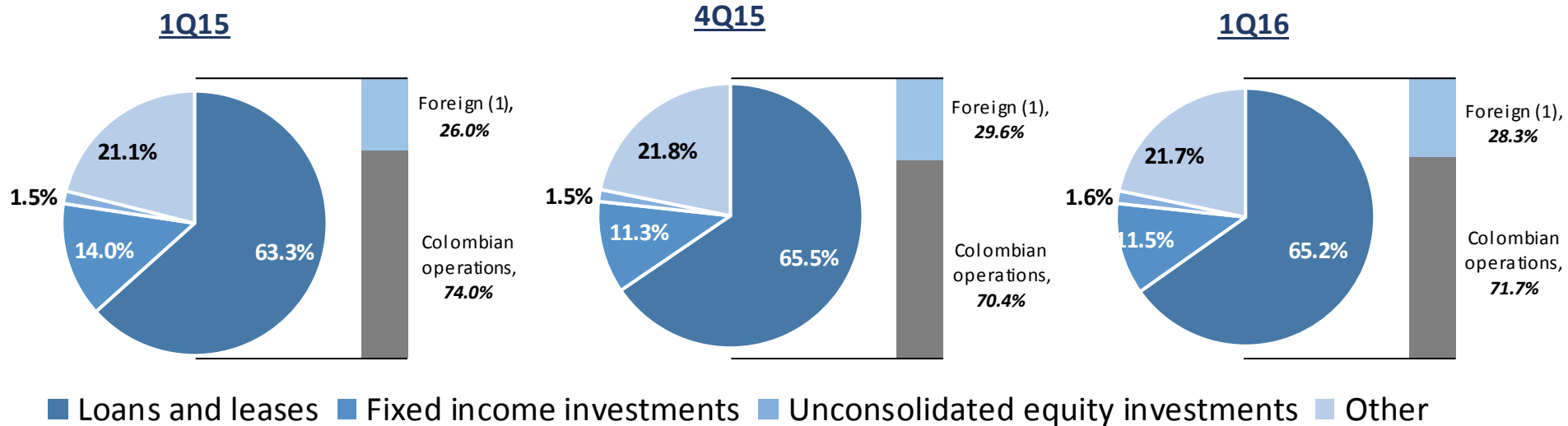
Figures in Ps. Trillions



Total Assets



Assets Breakdown



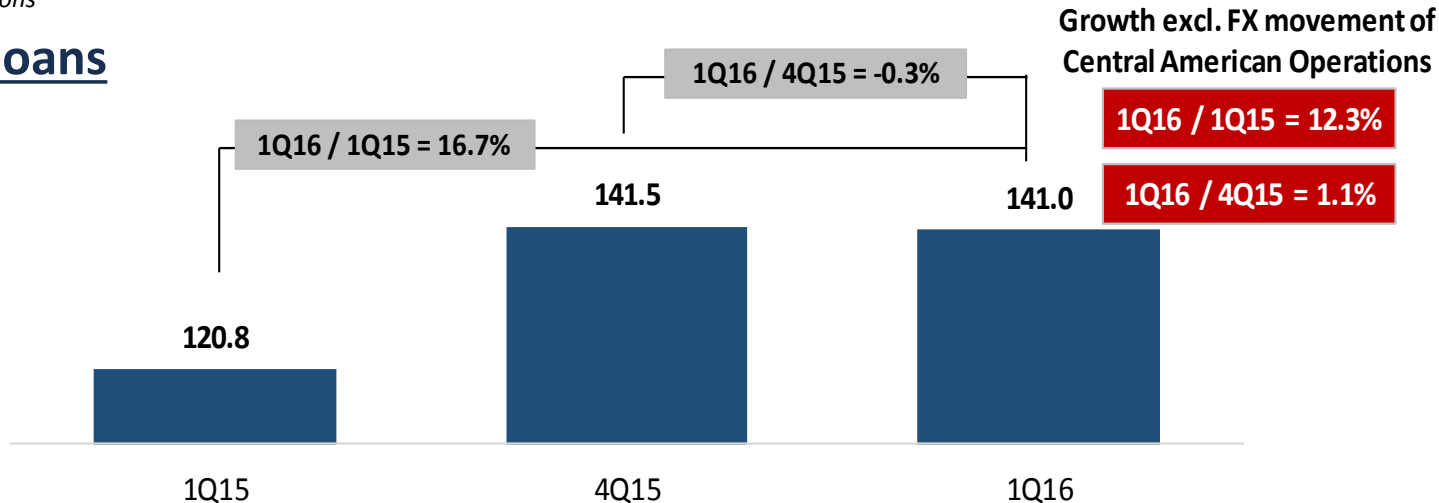
(1) Foreign operations reflect Central American operations.

Loans

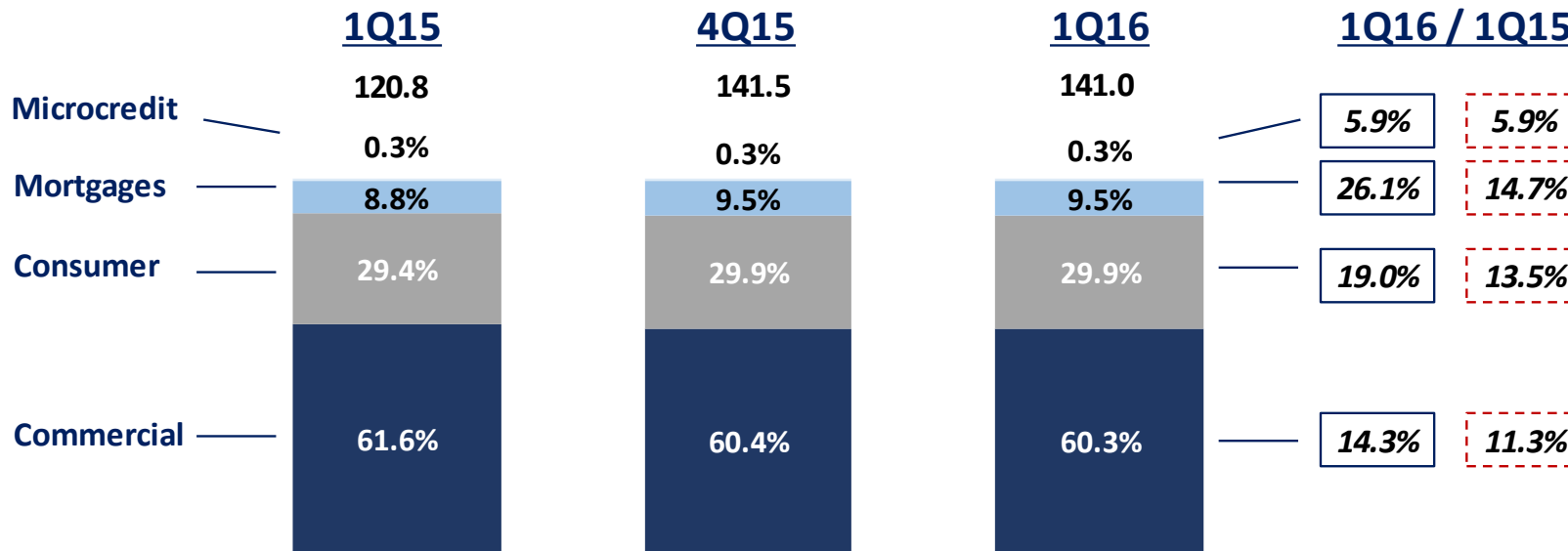
Figures in Ps. Trillions



Gross loans



Gross loans Breakdown

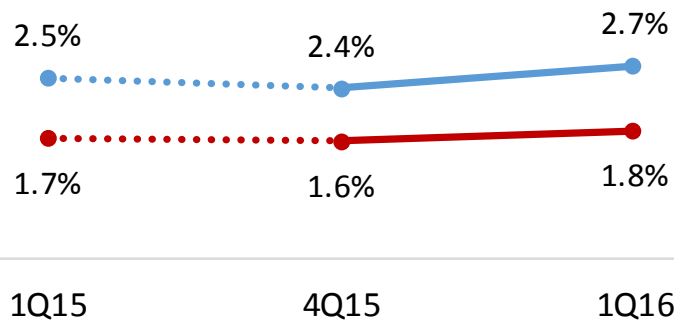


% Growth excluding FX movement of Central American Operations

Loan portfolio quality

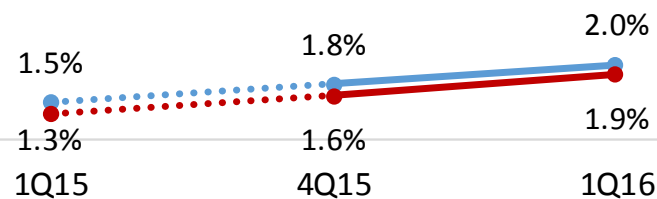


—●— 30 days PDLs / Total loans ⁽¹⁾ —●— NPLs / Total loans ⁽¹⁾⁽²⁾



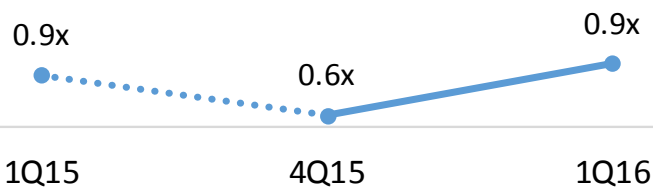
—●— Impairment loss / Average loans

—●— Impairment loss (net of recoveries of charged-off assets) / Average loans

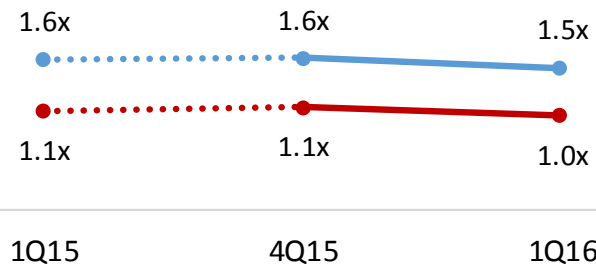


(1) 30 days PDLs and NPLs exclude interest account receivables.

Charge offs / Average NPLs ⁽¹⁾⁽²⁾



—●— Allowances / NPLs ⁽¹⁾⁽²⁾ —●— Allowance / 30+ PDLs ⁽¹⁾



Allowances / Total loans 2.7% 2.6% 2.7%

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

(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

Past due loans ^{(1)(*)}

Non-performing loans ^{(2)(*)}

	1Q15	4Q15	1Q16	1Q15	4Q15	1Q16
Commercial	1.8%	1.6%	2.0%	1.2%	1.2%	1.4%
Consumer	4.0%	3.8%	4.1%	2.7%	2.6%	2.7%
Mortgages	2.9%	2.7%	2.9%	1.2%	1.1%	1.2%
Microcredit	10.6%	9.5%	10.1%	10.6%	9.5%	10.1%
Total loans	2.5%	2.4%	2.7%	1.7%	1.6%	1.8%

(*) **PDL + 30 days:** including interest account receivables, is 2.7% for 4Q15 and 3.0% for 1Q16

(*) **NPLs:** including interest account receivables, is 1.8% for 4Q15 and 2.0% for 1Q16

⁽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 than 120 days past due and commercial loans more than 90 days past due.

Funding

Figures in Ps. Trillions

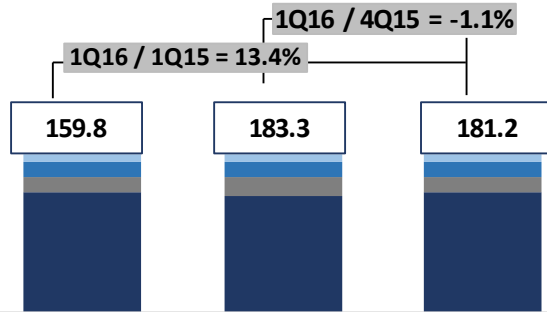


Total Funding

Growth excl. FX movement of Central American Operations

1Q16 / 1Q15 = 9.1%

1Q16 / 4Q15 = 0.2%



Funding composition

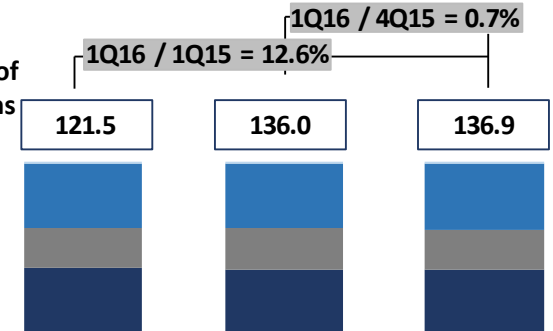
	1Q15	4Q15	1Q16
Interbank borrowings	4.6%	5.2%	5.1%
Long term bonds	9.5%	9.0%	8.7%
Banks and others	9.9%	11.6%	10.6%
Deposits	76.0%	74.2%	75.6%

Total Deposits

Growth excl. FX movement of Central American Operations

1Q16 / 1Q15 = 8.5%

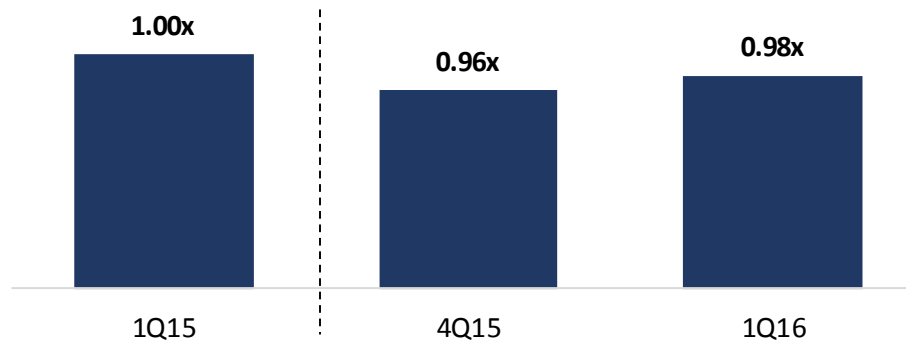
1Q16 / 4Q15 = 2.1%



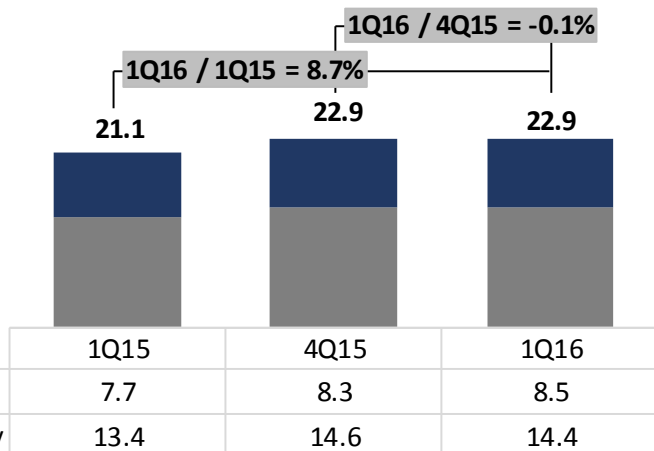
Deposit composition

	1Q15	4Q15	1Q16
Others	0.3%	0.3%	0.3%
Time deposits	38.1%	38.1%	39.1%
Checking accounts	22.9%	24.6%	24.0%
Savings accounts	38.7%	37.0%	36.7%

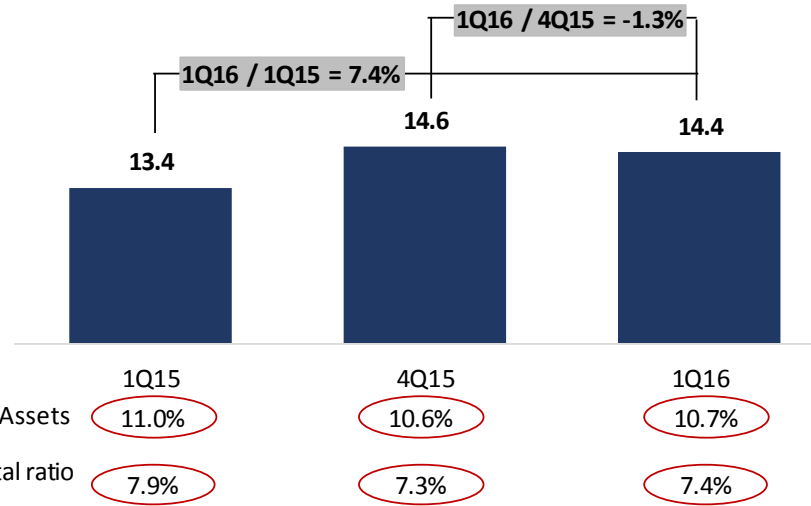
Deposits / Net loans (%)



Attributable Equity + Minority Interest



Attributable Shareholders Equity



Consolidated Capital Adequacy of our Banks (%)⁽²⁾

	Banco de Bogotá			Banco de Occidente			banco popular			Banco AV Villas		
	1Q15	4Q15 ⁽²⁾	1Q16	1Q15	4Q15	1Q16	1Q15	4Q15	1Q16	1Q15	4Q15	1Q16
Primary capital (Tier 1)	7.8	9.4	10.0	10.0	9.6	9.9	11.0	10.6	10.7	10.5	10.6	10.2
Solvency Ratio	10.8	13.6	13.7	12.1	11.0	11.2	12.2	11.2	11.4	11.3	10.9	10.7

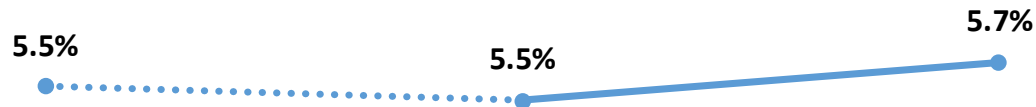
(1) Tangible Capital Ratio is calculated as Total Equity minus Goodwill and other Intangibles divided by Total Assets minus Goodwill and other Intangibles.

(2) The regulatory capital ratio for Banco de Bogotá for 4Q2015 has been restated as a result of discussions with the Superintendency of Finance in which it became evident that the bank's calculation of its Solvency Ratios had omitted the inclusion of an existing OCI account in its regulatory capital. Previously reported ratios were: 6.5% for Tier 1 and 10.65% for Total Solvency.

Net interest income (trillions)

1Q15	4Q15	1Q16	1Q16 / 1Q15	1Q16 / 4Q15
1.9	2.3	2.3	20.5%	2.9%

Net Interest Margin⁽¹⁾



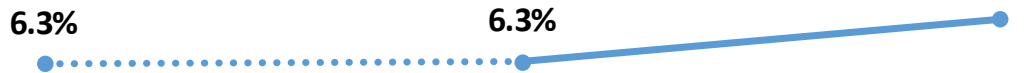
Avg. cost of total funds⁽²⁾

3.4%

3.6%

4.1%

Loans Interest Margin⁽³⁾



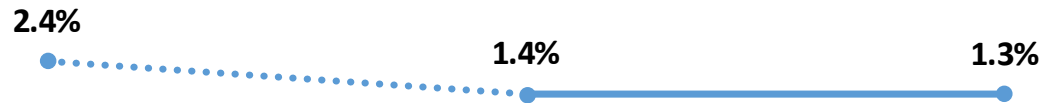
Avg. yield on loans

9.8%

10.1%

10.9%

Net Fixed Income Margin⁽⁴⁾



Avg. yield on fixed income

5.9%

5.2%

5.7%

(1) Net Interest Margin: Net interest income divided by total average interest-earning assets.

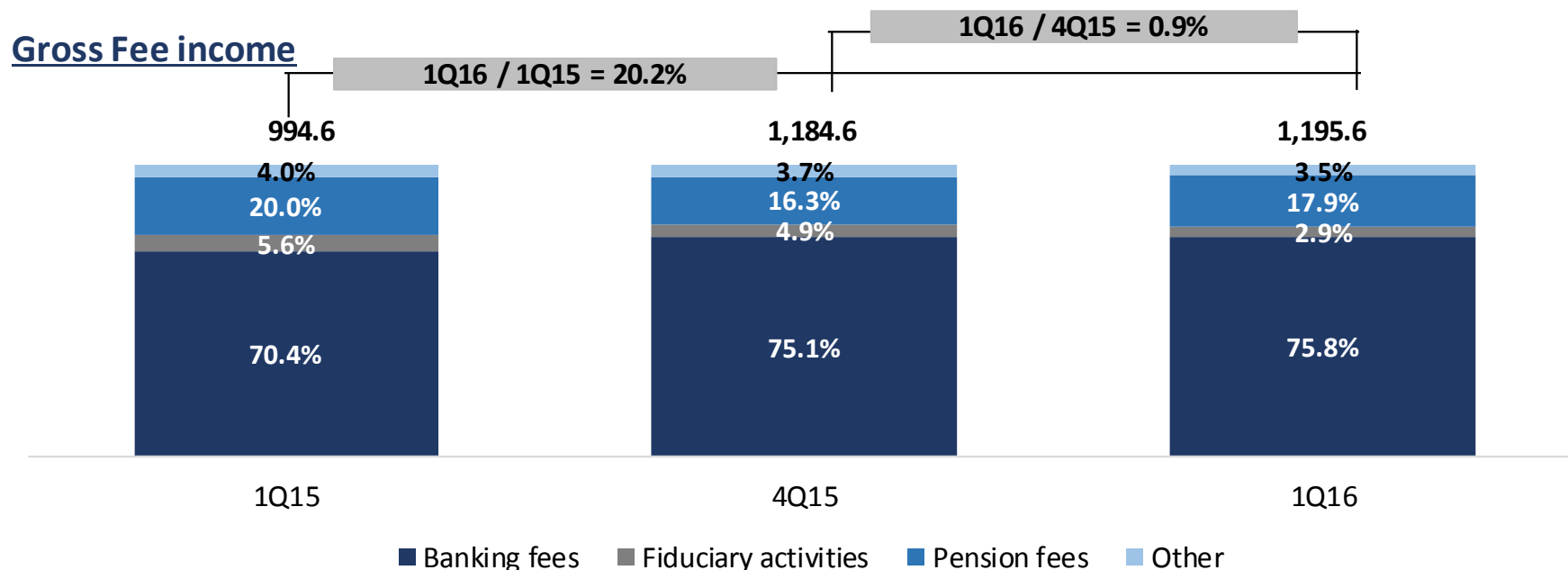
(2) When excluding the non-interest bearing funding the average cost of funds would have been 3.7% for 1Q15, 3.9% for 4Q15 and 4.5% for 1Q16.

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

(4) Net Fixed Income Margin: Net Interest income on Fixed Income securities and on Interbank and Overnight funds to Average Fixed Income securities and Interbank and overnight funds.

Fees and other operating income

Figures in Ps. Billions



Other operating income

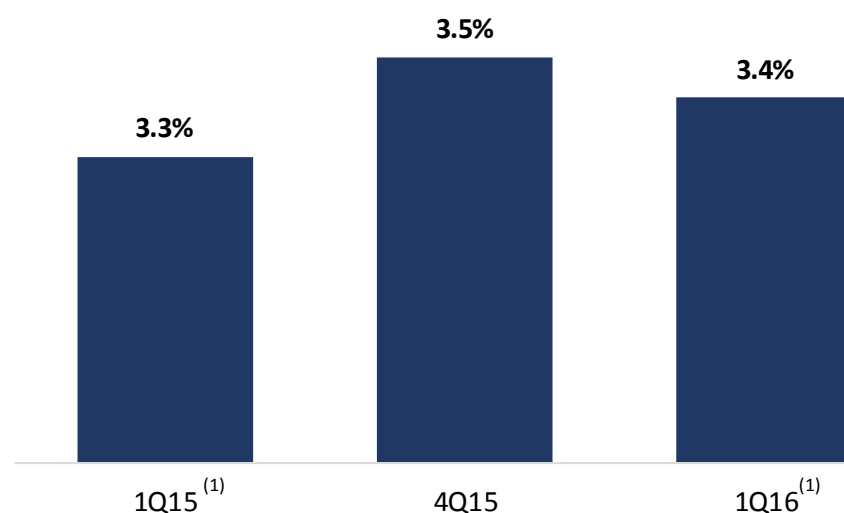
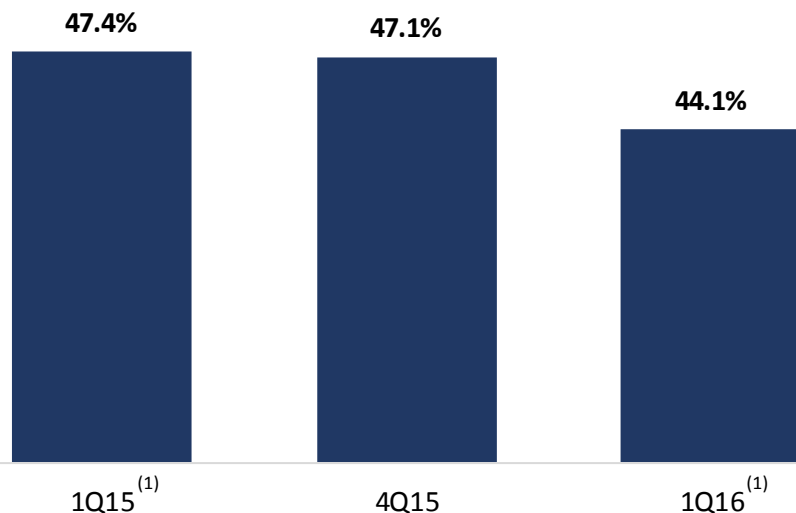
	1Q15	4Q15	1Q16
Income from non-financial sector, net	196.7	256.1	212.9
Net income from financial instruments designated at fair value	38.3	38.3	41.7
Derivatives and foreign exchange gains (losses), net (1)	61.7	227.5	251.2
Income from non-consolidated investments and other (2)	247.6	330.7	338.9
Total other operating income	544.2	852.5	844.6

(1) Includes the portion of "Net Trading Income" related to derivatives.

(2) Includes equity method income, dividend income and other income.

Operating expenses / Total Income

Operating expenses / Average Assets



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).

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

⁽¹⁾ Efficiency for 1Q16 and 1Q15, was calculated excluding the effect of Ps 267.7 billion and Ps 303.2 billion of wealth tax paid during each period, respectively. When included, efficiency would have been 50.4% for 1Q16 and 56.9% for 1Q15, and 3.9% for both periods when calculated as a percentage of average assets.

Profitability

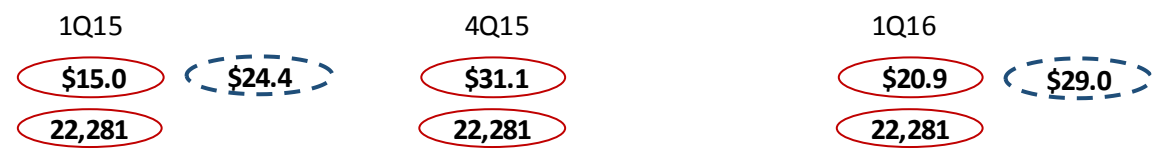
Figures in Ps. Billions

Net income attributable to controlling interest

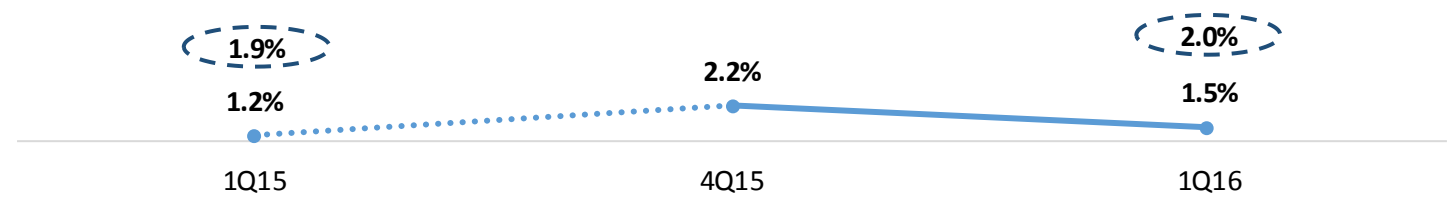


Figures excluding wealth tax

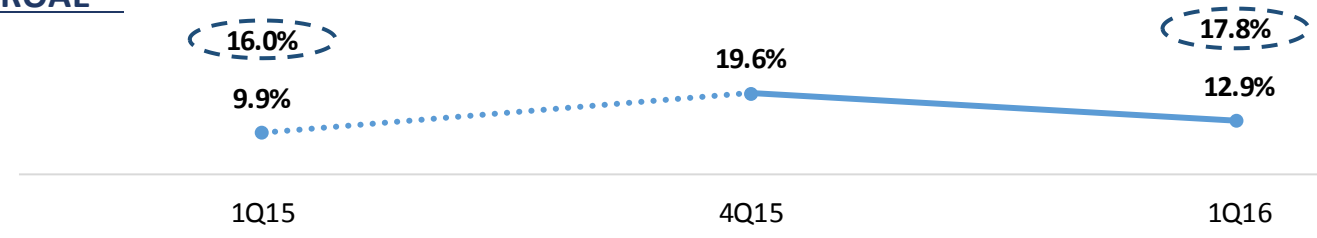
EPS
Shares outstanding (MM Avg)



ROAA (1)



ROAE (2)



⁽¹⁾ROAA for each quarter is calculated as annualized Net Income divided by average of total assets. ROAA for 1Q16 and 1Q15 excludes the effect of Ps 267.7 billion and Ps 303.2 billion of wealth tax paid during each period.

⁽²⁾ROAE for each quarter is calculated as annualized Net Income attributable to Aval's shareholders divided by average attributable shareholders' equity. ROAE for 1Q16 and 1Q15 excludes the effect of Ps 178.9 billion and Ps 208.7 billion of attributable wealth tax paid during each period.