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3Q19 Consolidated Earnings Results

IFRS



Grupo Aval Acciones y Valores S.A. (“Grupo Aval”) is an issuer of securities in Colombia and in the United States, registered with Colombia’s National Registry of Shares and Issuers (Registro Nacional de Valores y Emisores) and the United States Securities and Exchange Commission (“SEC”). As such, it is subject to compliance with securities regulation in Colombia and applicable U.S. securities regulation.

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 supervision as financial institutions by the Superintendency of Finance. Grupo Aval is now also subject to the inspection and supervision of the Superintendency of Finance as a result of Law 1870 of 2017, also known as Law of Financial Conglomerates, which came in effect on February 6, 2019. Grupo Aval, as the holding company of its financial conglomerate is responsible for the compliance with capital adequacy requirements, corporate governance standards, risk management and internal control and criteria for identifying, managing and revealing conflicts of interest, applicable to its financial conglomerate.

The 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.

Grupo Aval has adopted IFRS 16 retrospectively from January 1, 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening Condensed Consolidated Statement of Financial Position on January 1, 2019. Consequently, quarterly results for 2019 are not fully comparable to previous periods.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, Grupo Aval, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies. Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group’s incremental borrowing rate.

This report includes forward-looking statements. In some cases, you can identify these forward-looking statements by words such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” or “continue,” or the negative of these and other comparable words. Actual results and events may differ materially from those anticipated herein as a consequence of changes in general, economic and business conditions, changes in interest and currency rates and other risk described from time to time in our filings with the Registro Nacional de Valores y Emisores and the SEC.

Recipients of this document are responsible for the assessment and use of the information provided herein. Matters described in this presentation and our knowledge of them may change extensively and materially over time but we expressly disclaim any obligation to review, update or correct the information provided in this report, including any forward looking statements, and do not intend to provide any update for such material developments prior to our next earnings report.

The content of this document and the figures included herein are intended to provide a summary of the subjects discussed rather than a comprehensive description.

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

Consolidated key results for the quarter

COP \$tn		3Q18	2Q19	3Q19	3Q19 vs 3Q18	3Q19 vs 2Q19
Balance Sheet	Gross Loans	\$ 161.8	\$ 170.7	\$ 179.3	10.8%	5.0%
	Deposits	\$ 153.2	\$ 166.0	\$ 174.0	13.6%	4.8%
	Deposits/Net Loans	0.97 x	1.00 x	1.00 x	0.03 x	0.00 x
	Tangible Equity Ratio	8.6%	8.7%	8.9%	31 bps	20 bps
Loan Quality	90 days PDLs / Total loans	3.2%	3.2%	3.3%	7 bps	4 bps
	Cost of risk	2.3%	2.2%	2.5%	18 bps	26 bps
Profitability	Net interest margin	5.8%	5.9%	5.7%	(12) bps	(17) bps
	Fee income Ratio	22.7%	26.0%	25.2%	253 bps	(75) bps
	Efficiency Ratio	41.6%	45.4%	47.9%	624 bps	246 bps
	Attributable net income	\$ 0.78	\$ 0.81	\$ 0.74	-5.0%	-8.6%
	ROAA	2.4%	2.1%	2.0%	(47) bps	(17) bps
	ROAE	19.1%	18.3%	15.8%	(333) bps	(245) bps

- Accumulated attributable net income for the nine months ended September 2019 increased 12.5% versus the same period in 2018.
- 3Q19 results were strong at Ps 743 billion, 33.4 pesos per share, after significant provisions for CRDS which impacted this attributable net income number in Ps 148 billion.
- Strong loan portfolio growth of 11% yoy (and 5.0% in the quarter) with a pick up in the commercial portfolio.
- Net Interest Margin for the quarter of 5.7%, in line with our expectations, as a result of 6.4% NIM on loans and 2.3% NIM on investments.
- As expected, Cost of Risk, *excluding CRDS provisions*, of 1.8% for the quarter and 2.5% fully loaded. Cumulative Cost of Risk for the first three quarters of 2.2% and 1.9% excluding provisions for CDRS.
- Net fee income for the nine months ended September increased by 12% when comparing versus the same period in 2018, almost 14% versus the same quarter in 2018 and remained stable versus the previous quarter, due mainly to strong banking and pension fund fees.
- Continued contribution from our Non-Financial Sector investments during the quarter resulted in a 10% increase in income from non-financial investments versus the previous quarter.
- Personnel, including severance costs, and SG&A expenses grew by 6.3% for the nine months ended September 2019 versus the same period in 2018.
- Allowances/90+ PDL's at 153%, Deposits/Loans at 1.00x, Liquidity at approximately 16% and Tangible Equity at 8.9%, as of September 30, 2019, complement the balance sheet's strength.

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 debt and equity investments at FVTPL divided by total average interest-earning assets. **Fee income ratio** is calculated as net income from commissions and fees divided by net interest income plus net income from commissions and fees, net income from sales of goods and services, net trading income, net income from other financial instruments mandatory at FVTPL and total other income (excluding others). **Efficiency Ratio** is calculated as total other expenses divided by net interest income plus net income from commissions and fees, net income from sales of goods and services, net trading income, net income from other financial instruments mandatory at FVTPL and total other income. **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

69% of Assets



Central America⁽¹⁾

31% of Assets

3Q18	2Q19	3Q19	3Q19 vs 3Q18	3Q19 vs 2Q19
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3Q18	2Q19	3Q19	3Q19 vs 3Q18	3Q19 vs 2Q19
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Balance Sheet

Gross Loans	\$ 114.6	\$ 119.1	\$ 122.1	6.5%	2.6%
Deposits	\$ 108.0	\$ 115.1	\$ 117.7	9.0%	2.3%
Deposits/Net Loans	0.98 x	1.00 x	1.01 x	0.03 x	0.00 x
Tangible Equity Ratio	7.9%	7.6%	7.7%	(21) bps	4 bps

Gross Loans	\$ 47.2	\$ 51.6	\$ 57.1	21.1%	10.8%
Deposits	\$ 45.2	\$ 51.0	\$ 56.4	24.7%	10.7%
Deposits/Net Loans	0.95 x	0.99 x	0.98 x	0.03 x	NS
Tangible Equity Ratio	10.4%	11.4%	11.8%	135 bps	37 bps

Loan Quality

90 days PDLs / Total loans	3.9%	3.9%	4.0%	4 bps	6 bps
Cost of risk	2.1%	2.2%	2.4%	34 bps	23 bps

90 days PDLs / Total loans	1.4%	1.6%	1.7%	35 bps	12 bps
Cost of risk	2.8%	2.3%	2.6%	(24) bps	32 bps

Profitability

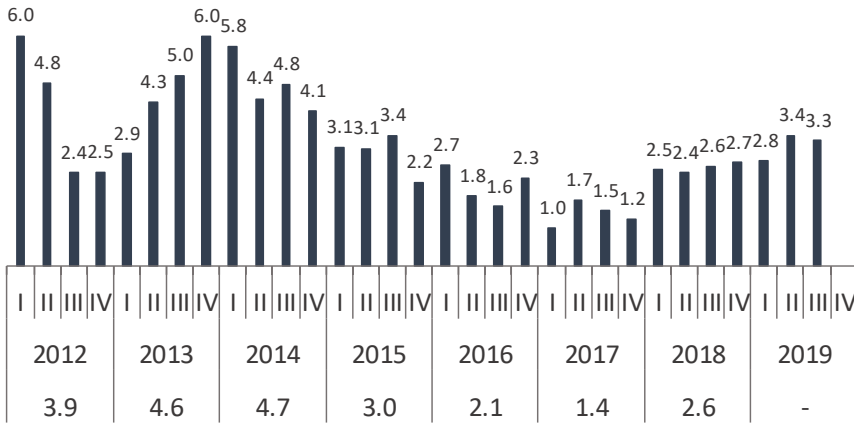
Net interest margin	5.5%	5.4%	5.3%	(24) bps	(16) bps
Fee income Ratio	18.3%	21.4%	20.9%	262 bps	(43) bps
Efficiency Ratio	36.8%	40.3%	43.7%	689 bps	339 bps
Attributable net income ⁽²⁾	\$ 0.58	\$ 0.60	\$ 0.52	-11.5%	-14.1%
ROAA	2.8%	2.4%	2.1%	(63) bps	(25) bps
ROAE	27.3%	27.4%	22.9%	(446) bps	(457) bps

Net interest margin	6.5%	6.9%	6.6%	8 bps	(24) bps
Fee income Ratio	33.1%	35.8%	33.7%	60 bps	(209) bps
Efficiency Ratio	53.4%	56.5%	56.1%	277 bps	(37) bps
Attributable net income ⁽²⁾	\$ 0.20	\$ 0.21	\$ 0.23	13.8%	6.8%
ROAA	1.7%	1.6%	1.6%	(6) bps	3 bps
ROAE	10.2%	9.4%	9.3%	(91) bps	(10) 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 743.2 bn for 3Q19 corresponds to the Ps 516.4 bn of our Colombian operation plus Ps 330.0 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 as net income from commissions and fees divided by net interest income plus net income from commissions and fees, net income from sales of goods and services, net trading income, net income from other financial instruments mandatory at FVTPL and total other income (excluding others). **Efficiency Ratio** is calculated as total other expenses divided by net interest income plus net income from commissions and fees, net income from sales of goods and services, net trading income, net income from other financial instruments mandatory at FVTPL and total other income. **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.

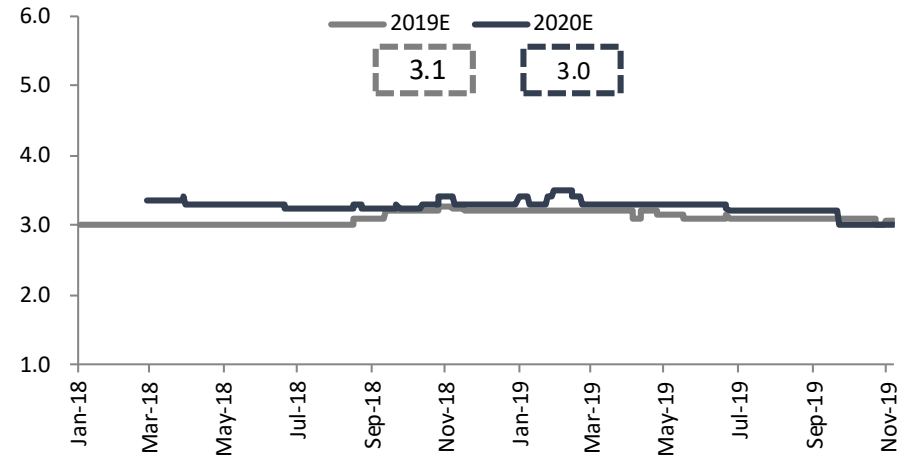
Macroeconomic context – Colombia (1/3)

GDP Growth (%)



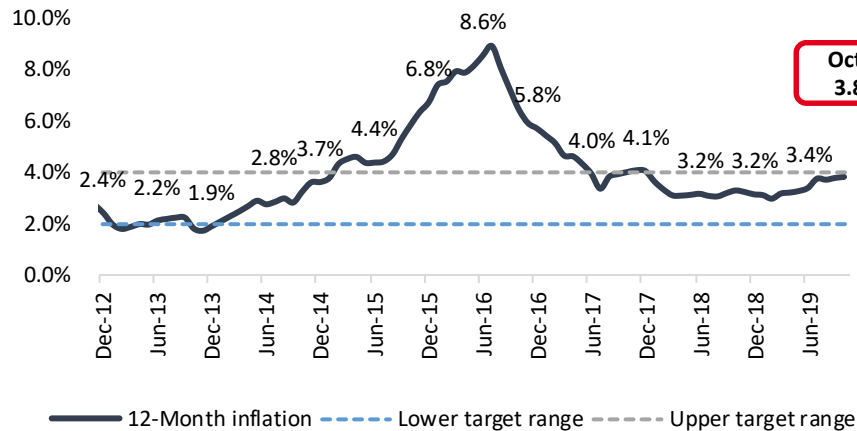
Source: DANE. Seasonally-adjusted, constant prices (2015) GDP.

GDP Growth Expectations (%)



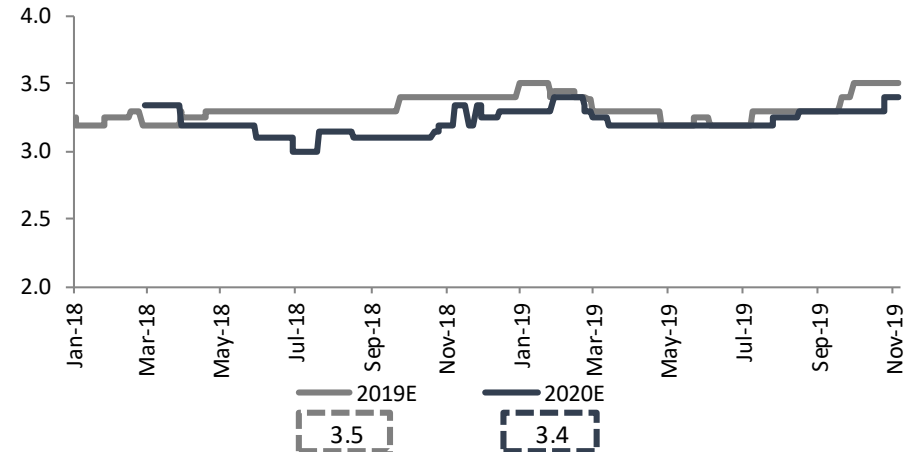
Source: Bloomberg Consensus

Inflation (%)



Source: Banco de la República de Colombia

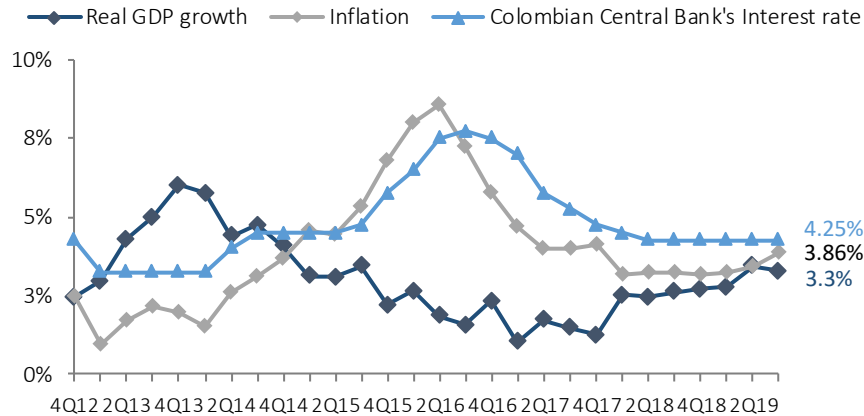
Inflation Expectations (%)



Source: Bloomberg Consensus

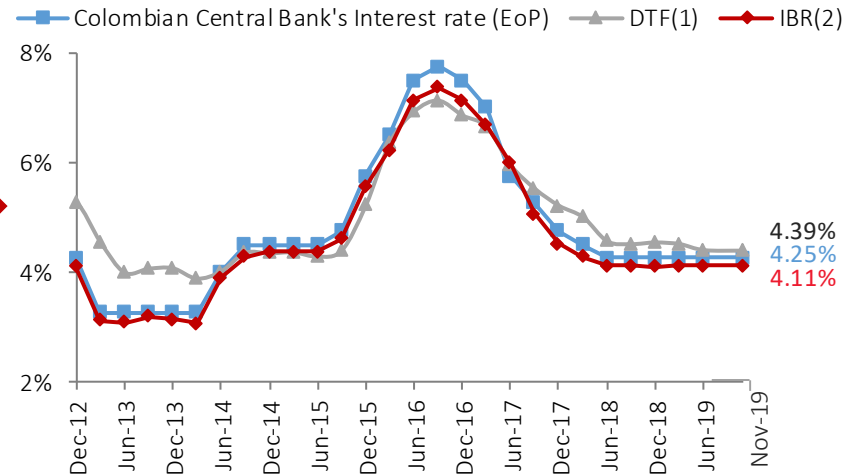
Macroeconomic context – Colombia (2/3)

Central Bank's Monetary Policy



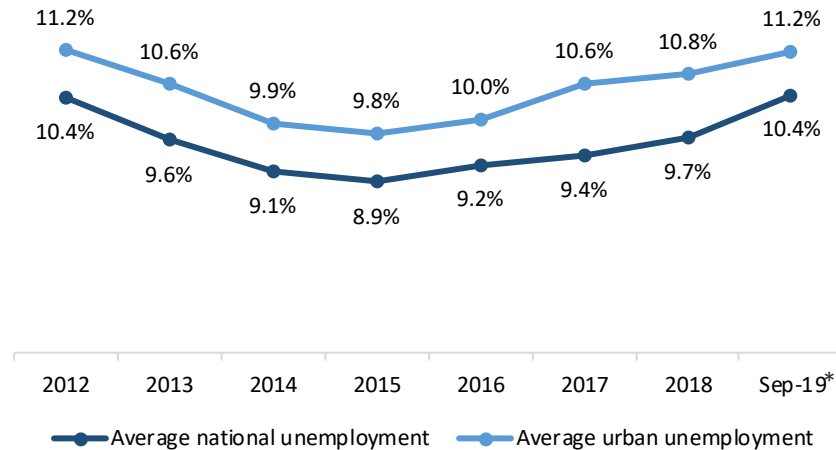
FY	2012:	2013:	2014:	2015:	2016:	2017:	2018:
GDP	3.9%	4.6%	4.7%	3.0%	2.1%	1.4%	2.6%

Source: Banco de la República de Colombia and DANE. GDP as of September 2019. 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

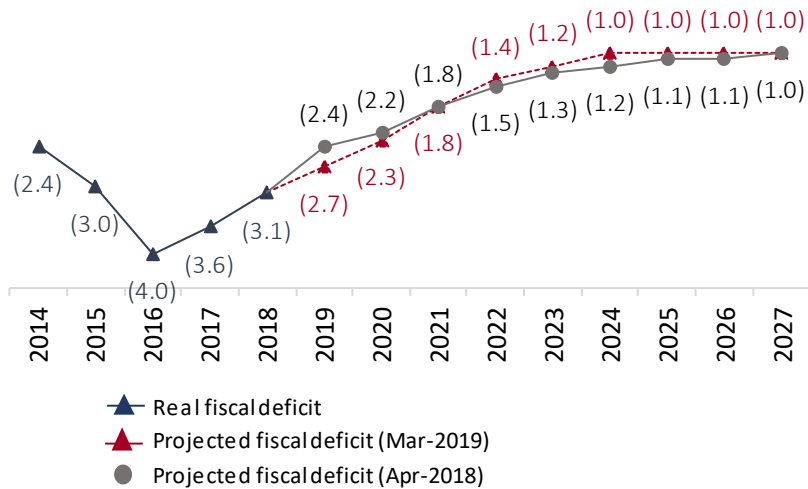
Unemployment (%)



Source: Banco de la República de Colombia. Urban unemployment defined as unemployment of 13 cities and their metropolitan areas *Last twelve month average from October 2018 to September 2019

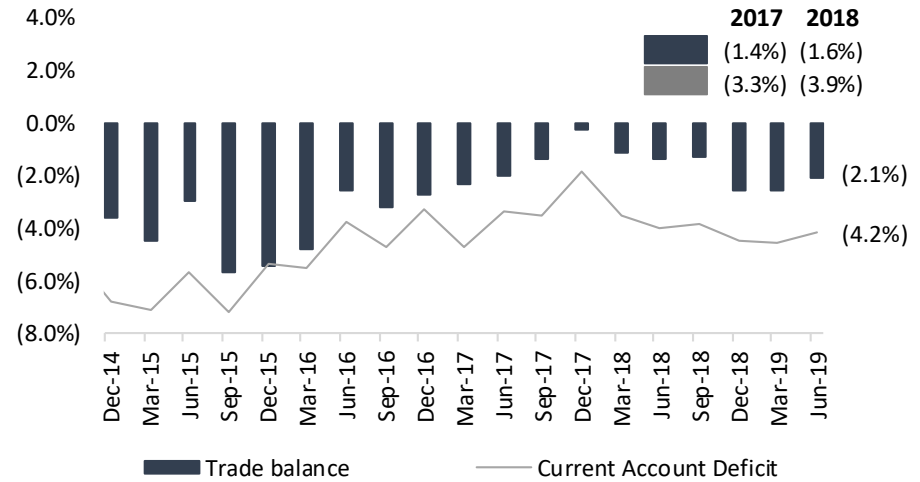
Macroeconomic context – Colombia (3/3)

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

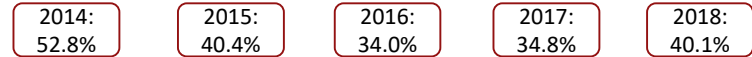


Source: Ministry of Finance. Projections start in 2019.

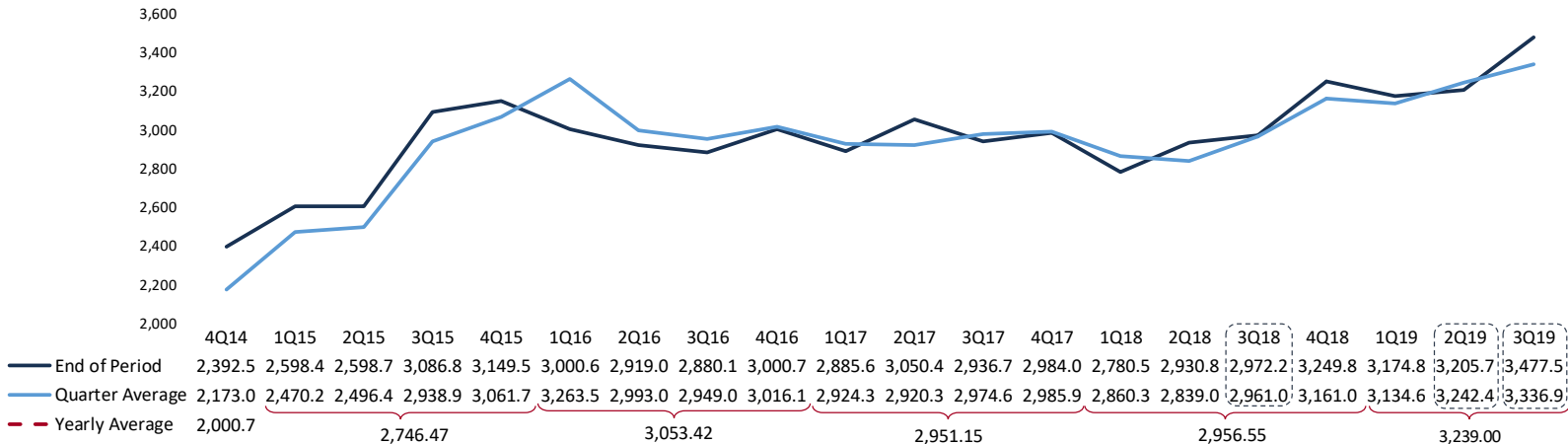
Current Account (% GDP, quarterly)



Oil Exports/Total Exports



Colombian Peso Exchange Rate

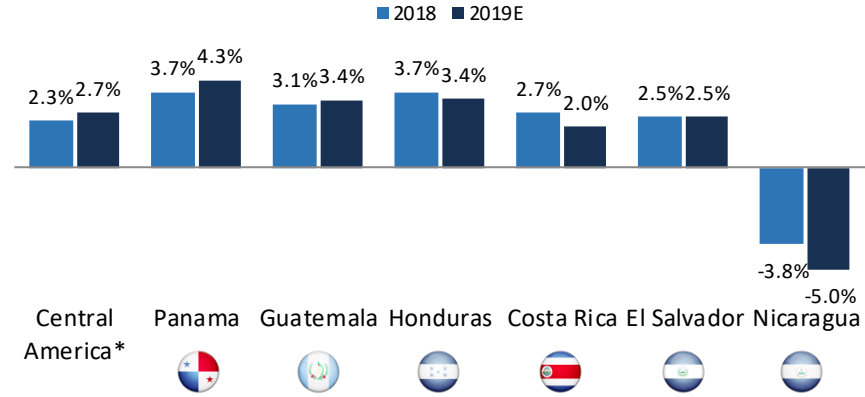


3Q19 vs. 3Q18	3Q19 vs. 2Q19
17.0%	8.5%
12.7%	2.9%

Source: Banco de la República de Colombia.

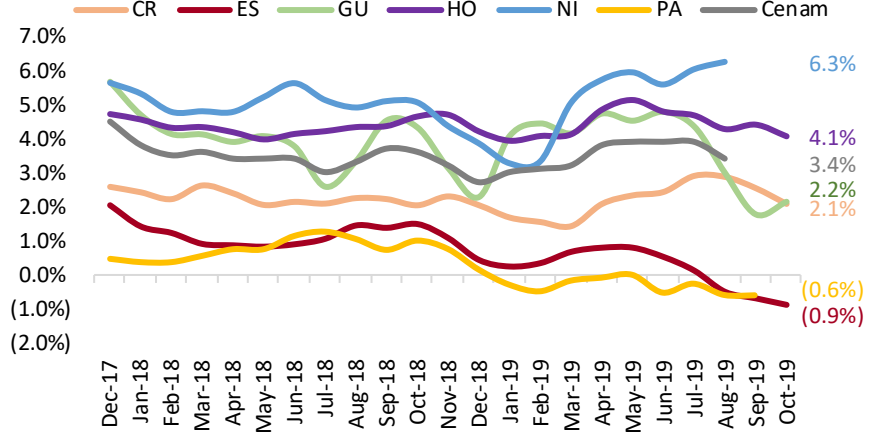
Macroeconomic context – Central America

Growth Outlook – Real GDP



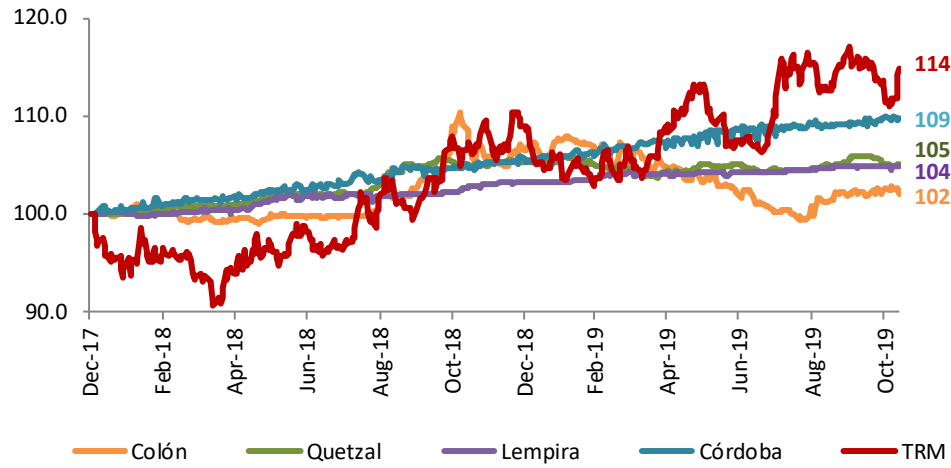
Source: For year 2018, Central Banks, INEC Panamá, US Bureau of Economic Analysis. For expected year 2019, IMF WEO Oct-19; (*) Aggregate growth of all the Central American countries

Inflation per Country



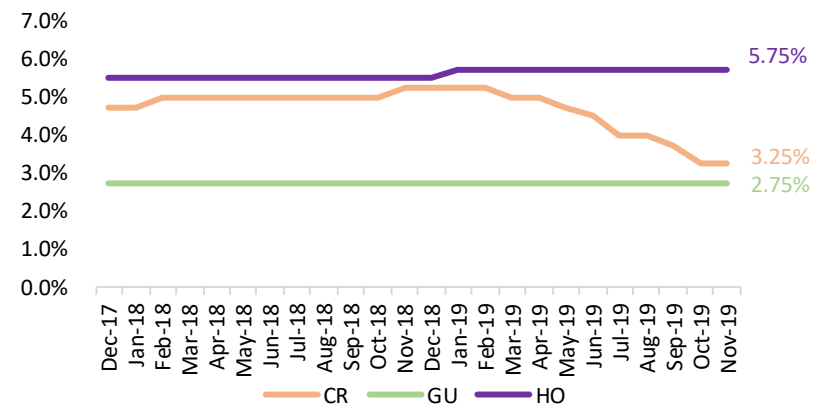
Source: SECMCA. CR: Costa Rica, ES: El Salvador, GU: Guatemala, HO: Honduras, NI: Nicaragua, PA: Panamá. Central America's inflation as of August 2019.

Regional Exchange rates



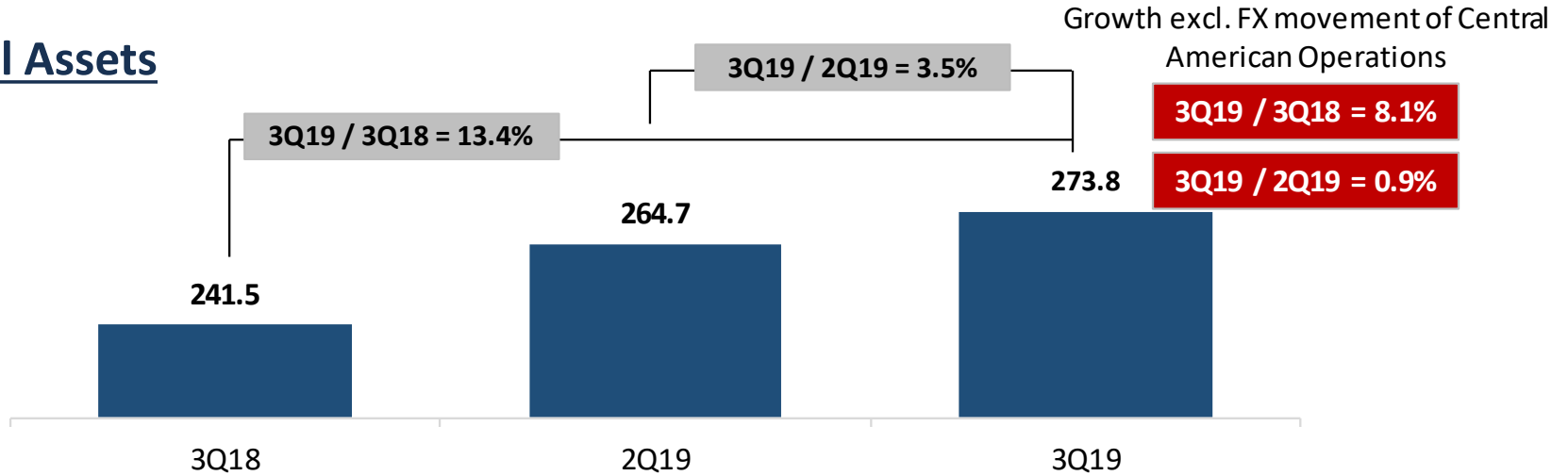
Source: Bloomberg CR: Costa Rica, ES: El Salvador, GU: Guatemala, HO: Honduras, NI: Nicaragua, PA: Panamá

Central Banks' Interest Rates

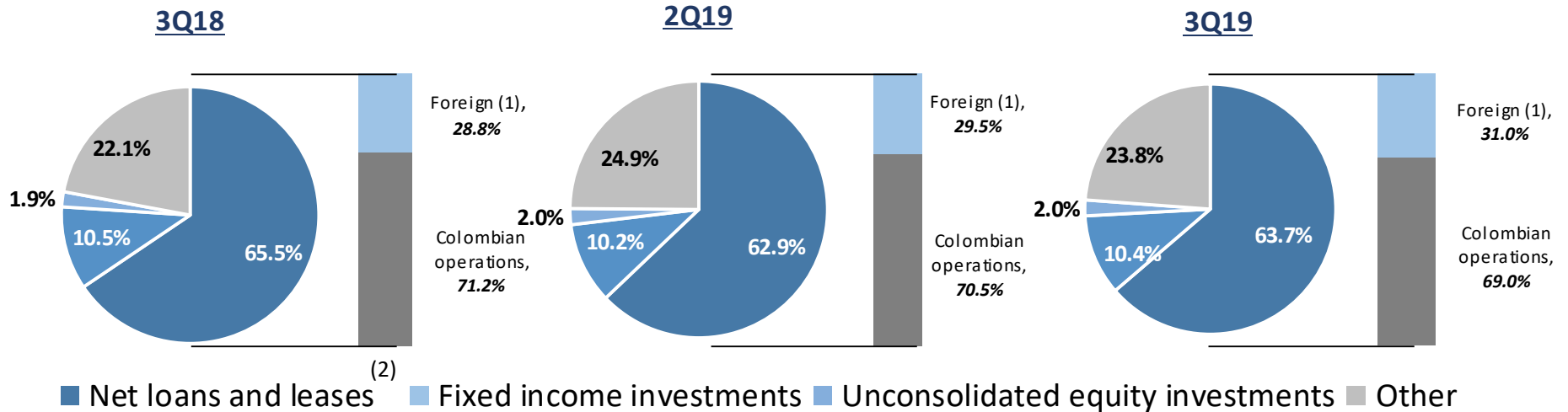


Source: SECMCA

Total Assets



Assets Breakdown

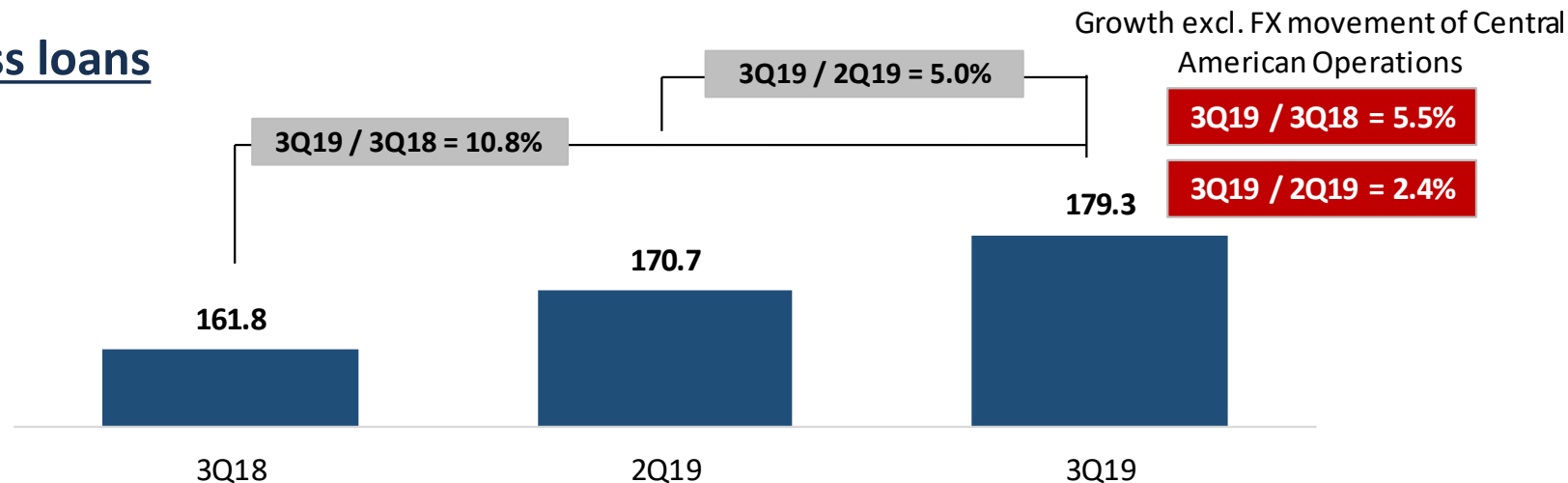


(1) Foreign operations reflect Central American operations. (2) Net loans and leases include interbank and overnight funds.

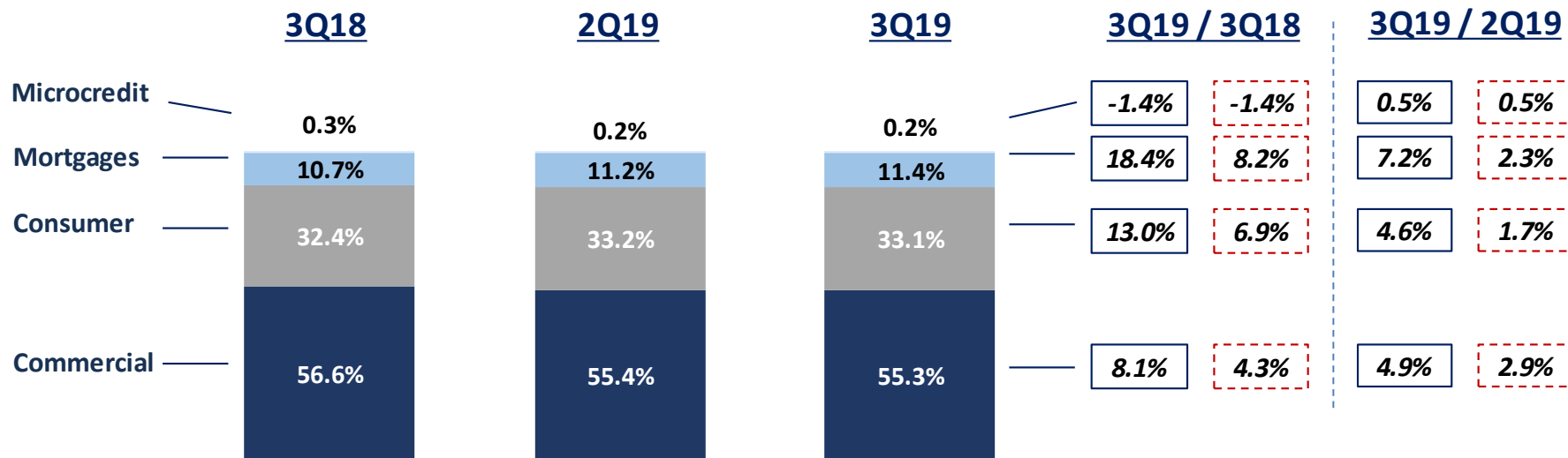
Loans and receivables

Figures in Ps. Trillions – Excluding interbank and overnight funds

Gross loans



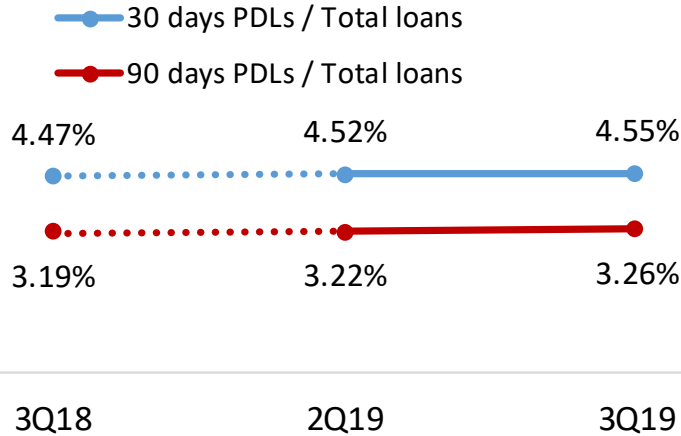
Gross loans Breakdown



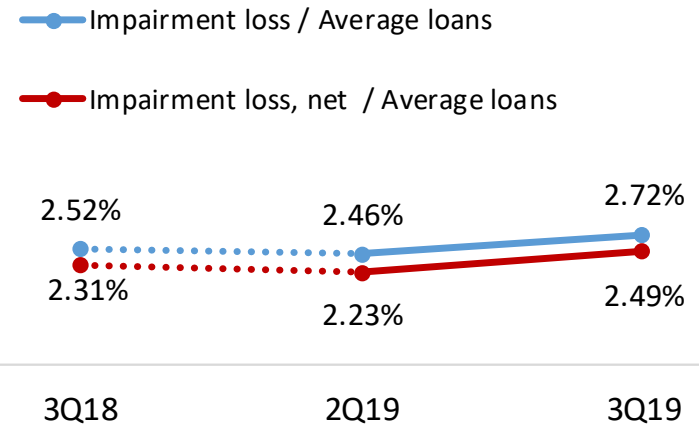
% Growth excluding FX movement of Central American Operations

Loan portfolio quality

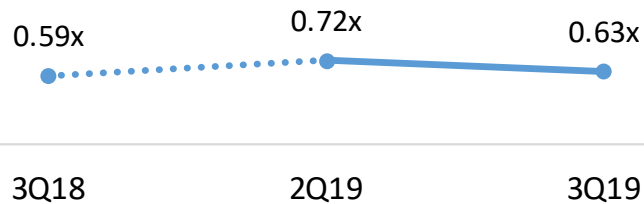
Quality



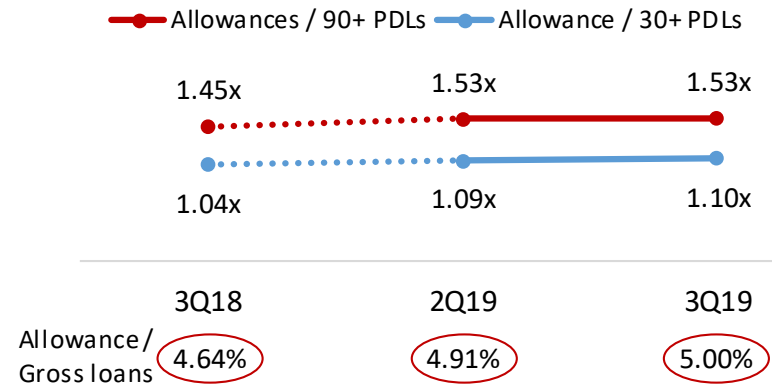
Cost of Risk



Charge offs / Average 90+ PDLs



Coverage



30 days past due loans (1)

	3Q18	2Q19	3Q19
Commercial	4.09%	4.20%	4.26%
Consumer	5.17%	4.94%	4.87%
Mortgages	4.08%	4.60%	4.78%
Microcredit	15.29%	16.93%	17.36%
Total loans	4.47%	4.52%	4.55%

90 days past due loans (2)

	3Q18	2Q19	3Q19
Commercial	3.52%	3.62%	3.67%
Consumer	2.89%	2.69%	2.70%
Mortgages	2.20%	2.61%	2.71%
Microcredit	11.32%	12.42%	13.02%
Total loans	3.19%	3.22%	3.26%

30 days past due formation

	3Q18	4Q18	1Q19	2Q19	3Q19
Initial PDLs	6,975	7,229	7,195	7,426	7,716
New PDLs	1,005	872	1,264	1,252	1,331
Charge-offs	(751)	(905)	(1,034)	(961)	(892)
Final PDLs	7,229	7,195	7,426	7,716	8,155

90 days past due formation

	3Q18	4Q18	1Q19	2Q19	3Q19
Initial PDLs	4,960	5,166	5,188	5,143	5,491
New PDLs	957	927	988	1,309	1,247
Charge-offs	(751)	(905)	(1,034)	(961)	(892)
Final PDLs	5,166	5,188	5,143	5,491	5,846

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

(2) Past Due Loans + 90 / Total Loans including interest accounts receivable. PDLs 90+ defined as loans more than 90 days past due.

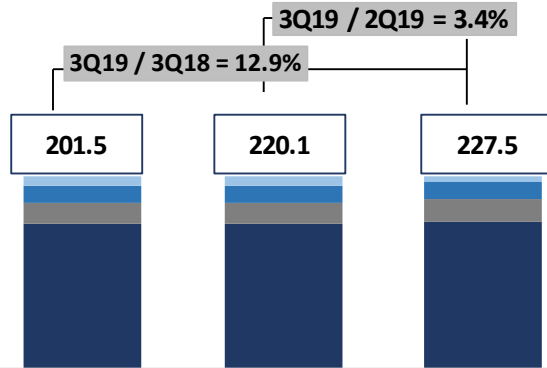
Total funding

Growth excl. FX movement of Central American Operations

3Q19 / 3Q18 = 7.8%

3Q19 / 2Q19 = 0.9%

Funding composition



	3Q18	2Q19	3Q19
Interbank borrowings	4.3%	4.7%	2.5%
Bonds issued	9.5%	9.1%	9.4%
Banks and others	10.2%	10.7%	11.6%
Deposits	76.0%	75.4%	76.5%

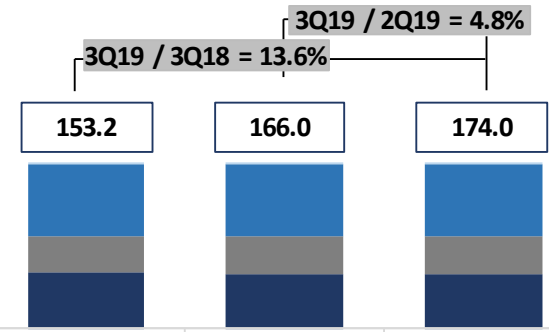
Total deposits

Growth excl. FX movement of Central American Operations

3Q19 / 3Q18 = 8.2%

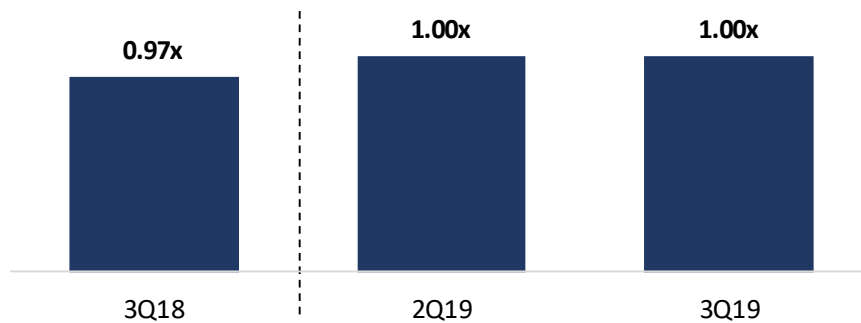
3Q19 / 2Q19 = 2.2%

Deposit composition

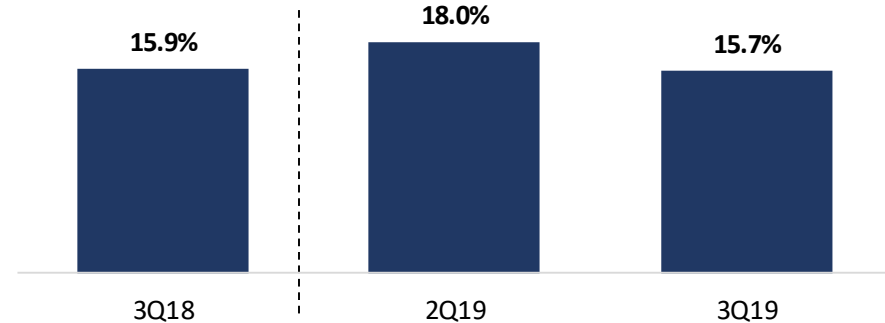


	3Q18	2Q19	3Q19
Others	0.4%	0.3%	0.2%
Time deposits	43.3%	43.2%	43.8%
Checking accounts	21.8%	23.1%	22.8%
Savings accounts	34.5%	33.4%	33.2%

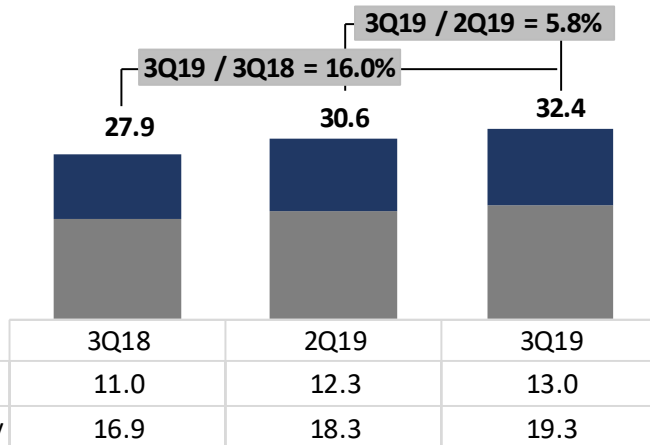
Deposits / Net loans (%)



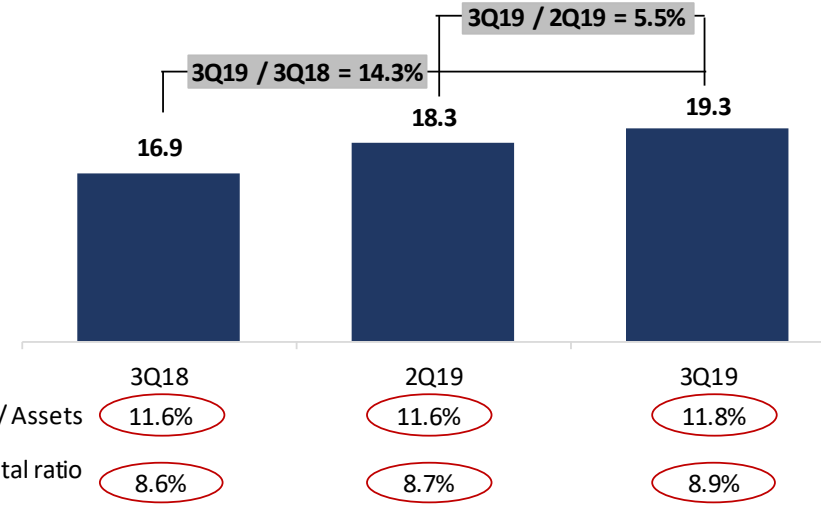
Cash / Deposits (%)



Attributable Equity + Minority Interest



Attributable Shareholders Equity



Consolidated Capital Adequacy of our Banks (%)



	Banco de Bogotá			Banco de Occidente			banco popular			Banco AV Villas		
	3Q18	2Q19	3Q19	3Q18	2Q19	3Q19	3Q18	2Q19	3Q19	3Q18	2Q19	3Q19
Primary capital (Tier 1)	8.9	9.5	9.6	10.2	10.4	10.2	8.2	8.7	8.7	10.2	10.1	10.2
Solvency Ratio	13.2	13.2	13.4	12.7	12.7	12.4	10.1	10.5	10.7	10.7	10.7	11.0

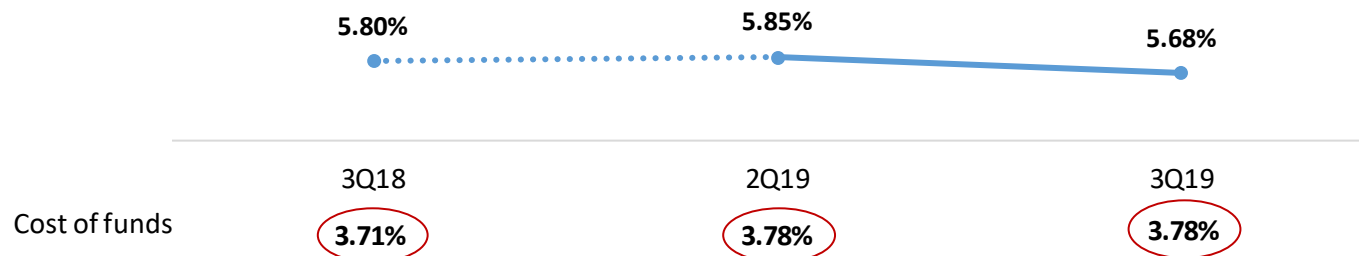
(1) Tangible Capital Ratio is calculated as Total Equity minus Goodwill and other Intangibles divided by Total Assets minus Goodwill and other Intangibles.

NIM – Net Interest Margin

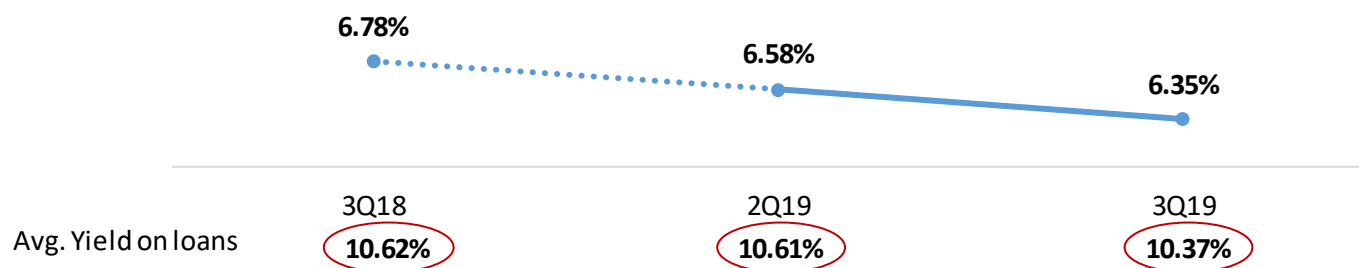
Net interest income(1) (trillions)

3Q18	2Q19	3Q19	3Q19 / 3Q18	3Q19 / 2Q19
2.8	3.0	3.0	6.6%	0.0%

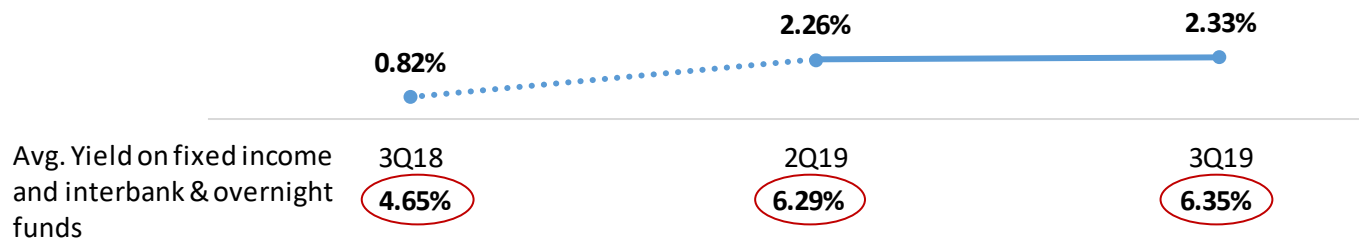
Net Interest Margin⁽¹⁾



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 5.6% for 3Q19, 5.7% for 2Q19 and 5.8% for 3Q18.

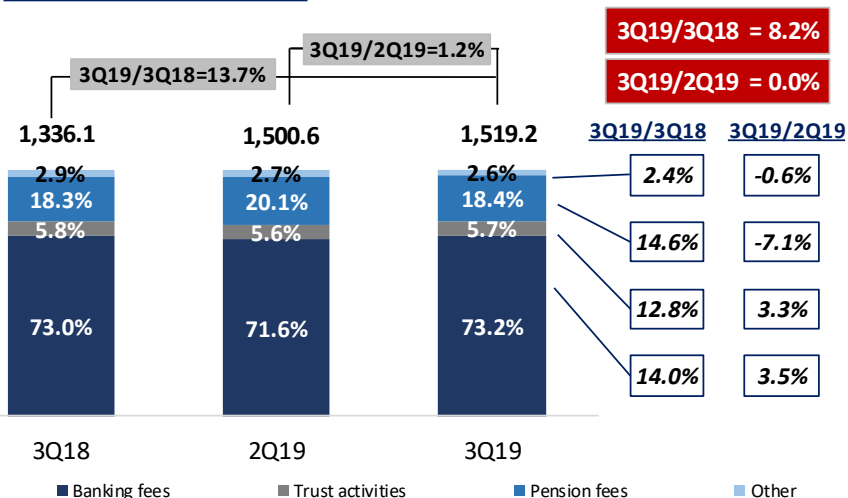
(2) Loans Interest Margin: Net Interest Income on Loans to Average loans and financial leases.

(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



Growth excluding FX movement of Central American Operations

Other operating income

Foreign exchange gains (losses), net	106	17	-208
Net income (loss) on financial derivatives	25	31	250
Other trading income on derivatives	40	25	78
Derivatives and foreign exchange gains (losses), net (1)	171	73	120
Gains on valuation of assets	2	-7	5
Net income from other financial instruments mandatory at FVTPL	50	53	55
Net gain on sale of investments and OCI realization	6	65	119
Gain on the sale of non-current assets held for sale	8	7	6
Income from non-consolidated investments (2)	59	66	68
Other income from operations	116	119	115
Total other income from operations	413	376	488

Non-financial sector⁽¹⁾

	3Q18	2Q19	3Q19
Energy & gas	165	189	193
Infrastructure	861	494	551
Hotels	14	6	8
Agribusiness	1	0	-1
Other ⁽²⁾	-69	-89	-90
Total	972	600	661

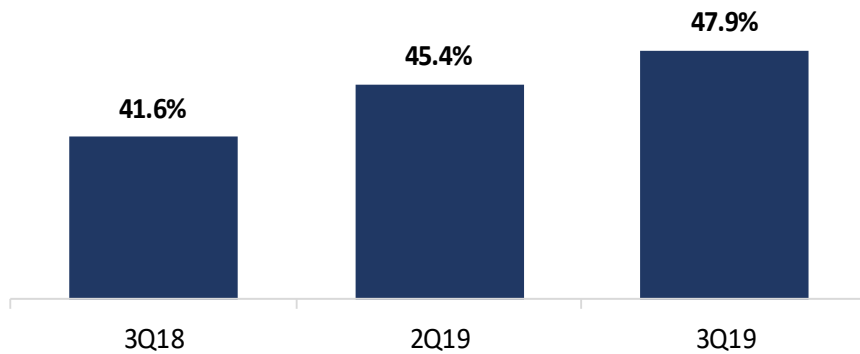
(1) Net income from sales of goods and services

(2) Reflects net NFS from Nexa BPO, Megalinea and Aportes en Línea call-centers and other subsidiaries

(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 share of profit of equity accounted investees, net of tax, and dividend income.

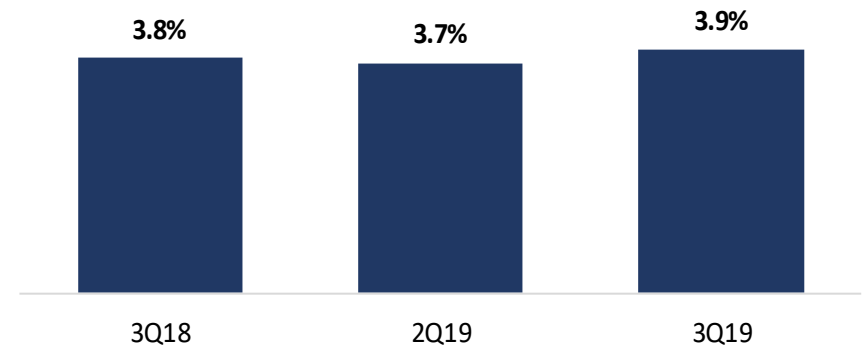
Cost to income⁽¹⁾



Cost to income efficiency ratio is calculated as total other expenses divided by net interest income plus net income from commissions and fees, net income from sales of goods and services, net trading income, net income from other financial instruments mandatory at FVTPL and total other income.

⁽¹⁾ Cost to income as previously reported would have been 39.1%, 41.4% and 43.8% for 3Q18, 2Q19 and 3Q19, respectively.

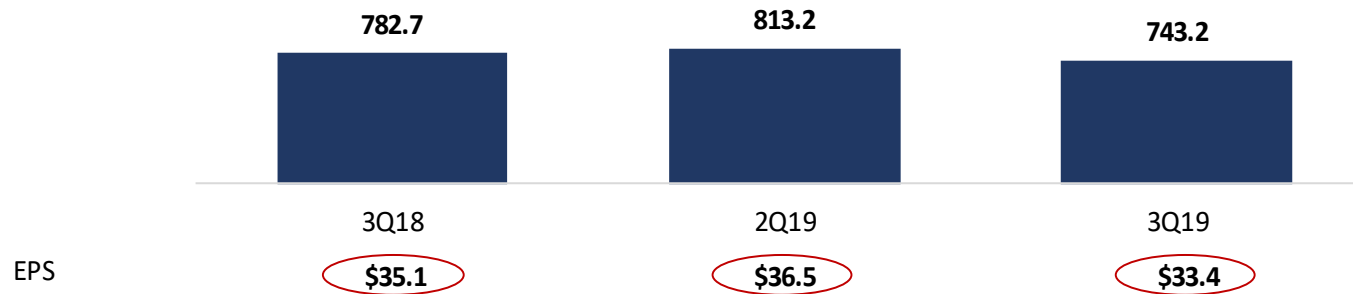
Cost to assets⁽²⁾



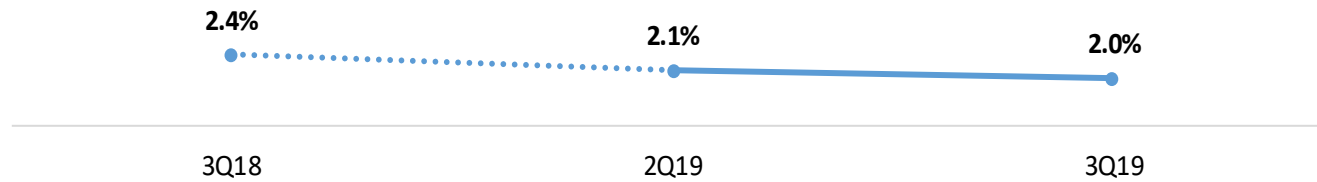
Cost to assets efficiency ratio is calculated as annualized total other expenses divided by average total assets.

⁽²⁾ Cost to assets as previously reported would have been 3.5%, 3.3% and 3.5% for 3Q18, 2Q19 and 3Q19, respectively.

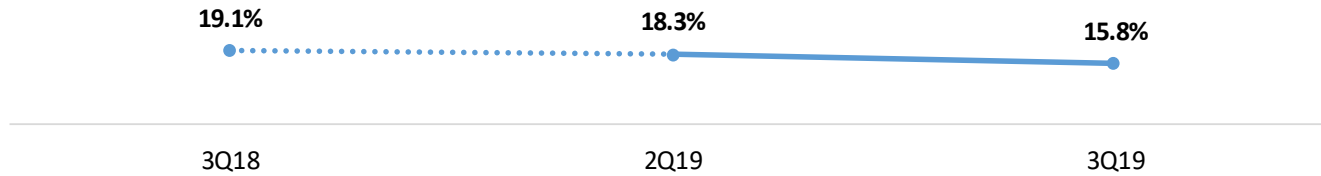
Net income attributable to controlling interest



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.

Grupo

