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2Q20 Consolidated Earnings Results

IFRS

AVILA 2020 - INFORMACIÓN FINANCIERA



Grupo Aval Acciones y Valores S.A. (“Grupo Aval”) is an issuer of securities in Colombia and in the United States.. As such, it is subject to compliance with securities regulation in Colombia and applicable U.S. securities regulation. Grupo Aval is also subject to the inspection and supervision of the Superintendency of Finance as holding company of the Aval 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.

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.

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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

Balance Sheet

COP \$tn	2Q19	1Q20	2Q20	2Q20 vs 2Q19	2Q20 vs 1Q20
Gross Loans	\$ 170.7	\$ 200.7	\$ 209.3	22.6%	4.3%
Deposits	\$ 166.0	\$ 203.2	\$ 212.2	27.8%	4.4%
Deposits/Net Loans	1.00 x	1.04 x	1.04 x	0.05 x	0.00 x

Loan Quality

90 days PDLs / Total loans	3.2%	3.1%	3.0%	(22) bps	(15) bps
Allowance/90 days PDLs	1.53 x	1.41 x	1.53 x	0.00 x	0.12 x
Cost of risk	2.2%	2.2%	3.1%	87 bps	94 bps

Profitability

Net interest margin	5.9%	4.8%	5.3%	(56) bps	50 bps
Fee income Ratio	25.4%	24.6%	21.4%	(396) bps	(315) bps
Efficiency Ratio	45.4%	47.1%	51.3%	593 bps	428 bps
Attributable net income	\$ 0.81	\$ 0.70	\$ 0.32	-60.2%	-53.8%
ROAA	2.1%	1.8%	0.8%	(136) bps	(101) bps
ROAE	18.3%	14.2%	6.6%	(1,169) bps	(768) bps

Key results of the quarter:

- Grupo Aval closed on the Multi Financial Group (MFG) acquisition in Panama during the month of May.
- The acquisition represented a one-time increase in consolidated total assets of approximately Ps 18.6 trillion (USD 5.0 billion) and in consolidated total liabilities of approximately Ps 16.7 trillion (USD 4.4 billion).
- Including the acquisition of MFG, Aval's consolidated assets grew by 25.8% in the last twelve months to Ps 333 trillion.
- Consolidated gross loans grew in the last twelve months to Ps 209 trillion, or 22.6%, including the MFG acquisition.
- Consolidated deposits grew in the last twelve months to Ps 212 trillion, or 27.8%, including the MFG acquisition.
- Cost of risk during the semester increased significantly to 2.7%, when compared to 2.1% during the first semester of 2019 and 2.3% during the second semester of last year. 40 to 50% of loan provisions booked during this quarter were Covid-related.
- Total NIM during the semester was 5.1%, a decrease of almost 70 bps versus total NIM during the first half of 2019, and of 60 bps versus total NIM recorded during the second half of last year. However, total NIM during the second quarter of 2020 improved by 50bps versus total NIM during the first quarter, driven by a 456 bps increase in NIM on Investments.
- Although gross fee income during the first semester was in line with gross fee income during the first semester of last year, a sharp decrease (-19%) was recorded in fee income from banking activities versus the previous quarter, mostly related to the region's quarantine that resulted in a material decrease in credit card usage.
- Income from non-financial sector operations contracted by 8.6% versus the first half of 2019 and by 10.6% versus the second semester of 2019, mainly driven by a contraction in revenues from infrastructure investments, which decreased by 8.9% and 11.7% versus the first and second semesters of 2019. This decrease was driven by the lockdown in Colombia that halted construction in our 4G concessions; however, the Government has already lifted most restrictions and construction has restarted.
- We continue to observe strong funding and liquidity positions, as evidenced by the Deposits/Net Loans ratio of 1.04x and the Cash/Deposits ratio of 18.9%.
- As a result, ROAA and ROAE for the semester were 1.3% and 10.4% respectively.

Gross loans excludes interbank and overnight funds. **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, gross profit from sales of goods and services, net trading income, net income from other financial instruments mandatory at FVTPL and total other income. **Efficiency Ratio** is calculated as total other expenses divided by net interest income plus net income from commissions and fees, gross profit 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



Colombia

64.2% of Assets



Central America⁽¹⁾

35.8% of Assets

2Q19	1Q20	2Q20	2Q20 vs 2Q19	2Q20 vs 1Q20
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2Q19	1Q20	2Q20	2Q20 vs 2Q19	2Q20 vs 1Q20
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Balance Sheet

Gross Loans	\$ 119.1	\$ 131.4	\$ 132.8	11.5%	1.0%
Deposits	\$ 115.1	\$ 131.8	\$ 131.6	14.4%	-0.1%
Deposits/Net Loans	1.00 x	1.05 x	1.04 x	0.04 x	-0.01 x

Gross Loans	\$ 51.6	\$ 69.3	\$ 76.5	48.4%	10.5%
Deposits	\$ 51.0	\$ 71.4	\$ 80.6	58.2%	12.9%
Deposits/Net Loans	0.99 x	1.04 x	1.05 x	0.06 x	0.02 x

Loan Quality

90 days PDLs / Total loans	3.9%	4.0%	4.0%	10 bps	0 bps
Allowance/90 days PDLs	1.45 x	1.31 x	1.42 x	-0.02 x	0.12 x
Cost of risk	2.2%	2.4%	3.5%	130 bps	116 bps

90 days PDLs / Total loans	1.6%	1.5%	1.2%	(38) bps	(26) bps
Allowance/90 days PDLs	1.98 x	1.94 x	2.12 x	0.14 x	0.17 x
Cost of risk	2.3%	1.7%	2.3%	7 bps	61 bps

Profitability

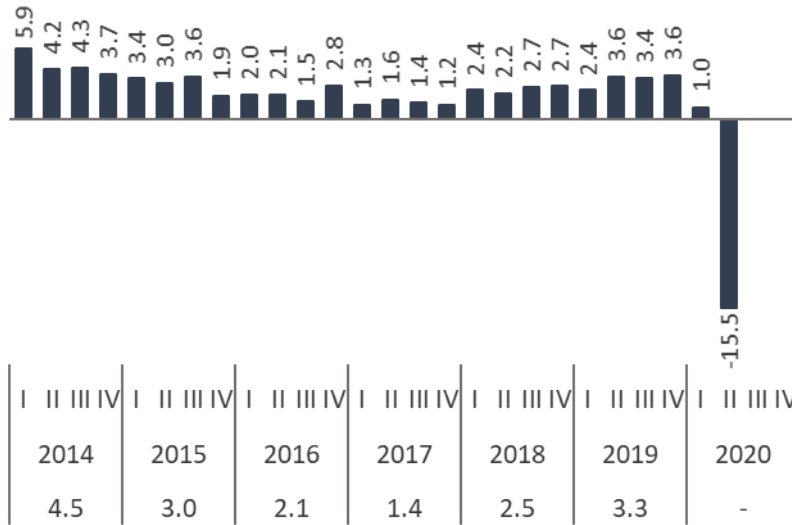
Net interest margin	5.4%	4.0%	4.9%	(51) bps	89 bps
Fee income Ratio	20.8%	20.9%	18.9%	(190) bps	(204) bps
Efficiency Ratio	40.3%	42.7%	47.4%	710 bps	472 bps
Attributable net income ⁽²⁾	\$ 0.60	\$ 0.40	\$ 0.16	-73.6%	-59.8%
ROAA	2.4%	1.8%	0.7%	(162) bps	(100) bps
ROAE	27.4%	18.9%	8.5%	(1,898) bps	(1,042) bps

Net interest margin	6.9%	6.4%	6.0%	(88) bps	(43) bps
Fee income Ratio	35.5%	31.0%	25.6%	(982) bps	(534) bps
Efficiency Ratio	56.5%	54.7%	57.8%	126 bps	310 bps
Attributable net income ⁽²⁾	\$ 0.21	\$ 0.31	\$ 0.16	-22.6%	-46.1%
ROAA	1.6%	1.9%	0.9%	(74) bps	(104) bps
ROAE	9.4%	10.8%	5.4%	(398) bps	(541) 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 323.4 bn for 2Q20 corresponds to the Ps 158.9 bn of our Colombian operation plus Ps 239.3 bn of our Central American operation multiplied by 68.7%, our stake in Banco de Bogotá. **Gross loans** excludes interbank and overnight funds. **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, gross profit from sales of goods and services, net trading income, net income from other financial instruments mandatory at FVTPL and total other income. **Efficiency Ratio** is calculated as total other expenses divided by net interest income plus net income from commissions and fees, gross profit 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.

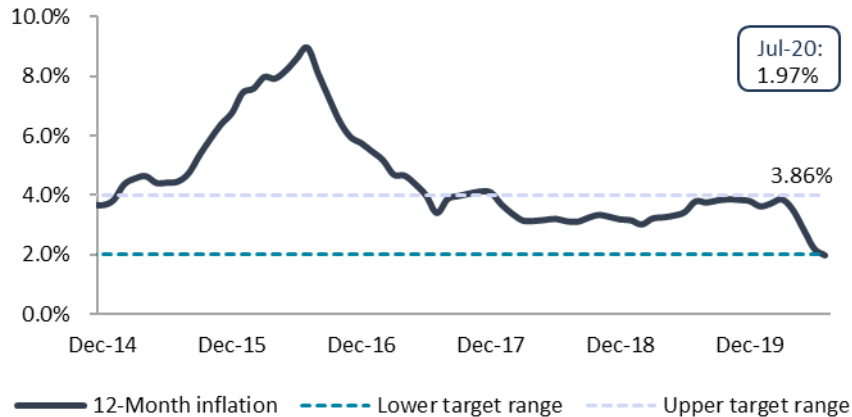
Macroeconomic context - Colombia (1 | 2)

GDP Growth (%)



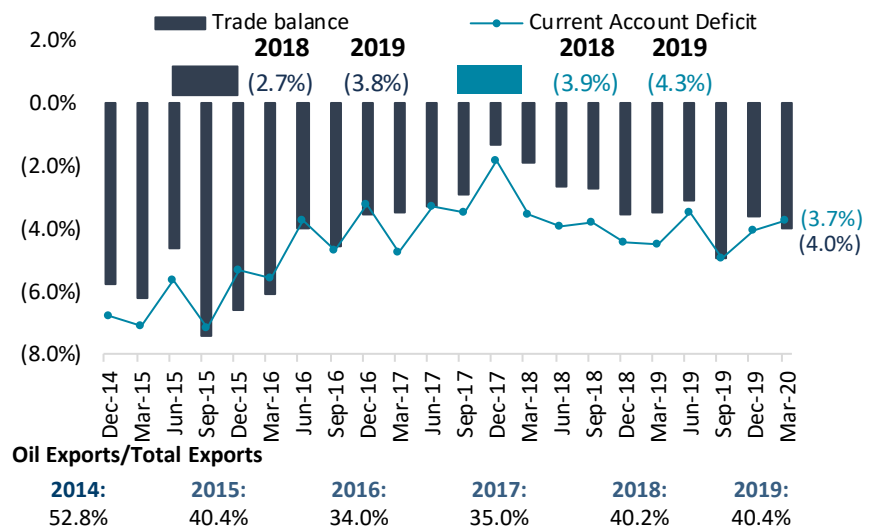
Source: DANE. Seasonally adjusted, constant prices of 2015 GDP

Inflation (%)



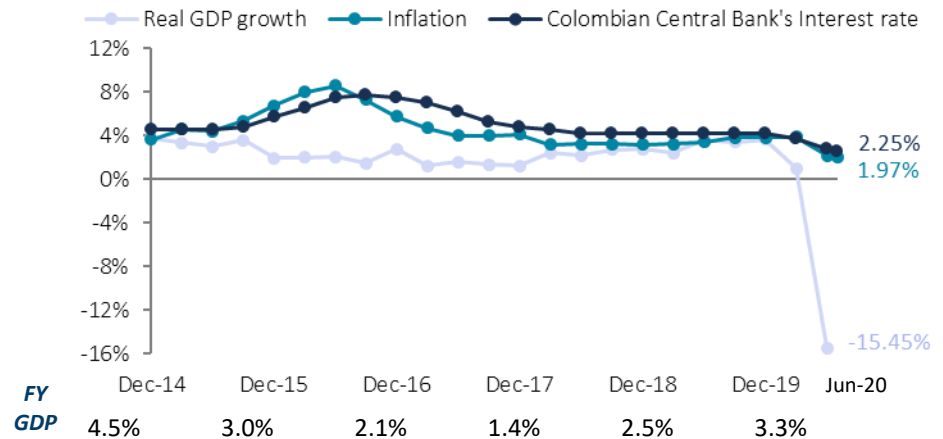
Source: Banco de la República de Colombia and DANE.

Current Account (% GDP, quarterly)



Source: Banco de la República de Colombia.

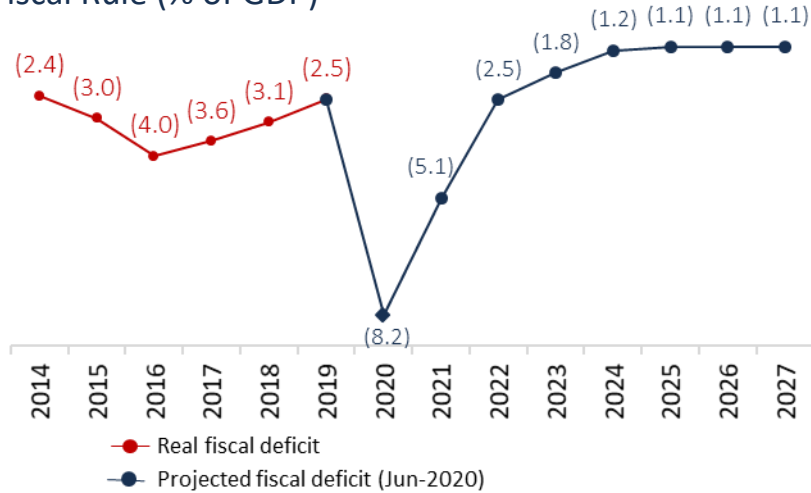
Central Bank's Monetary Policy



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

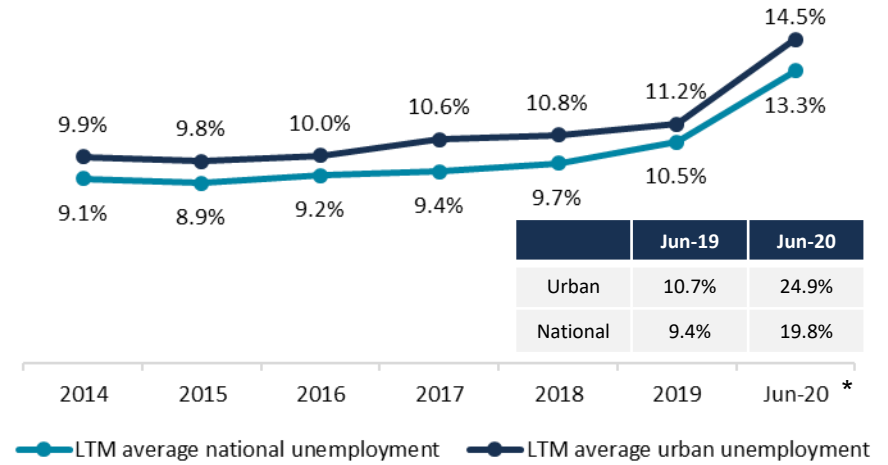
Real and Projected Fiscal Deficit

Fiscal Rule (% of GDP)



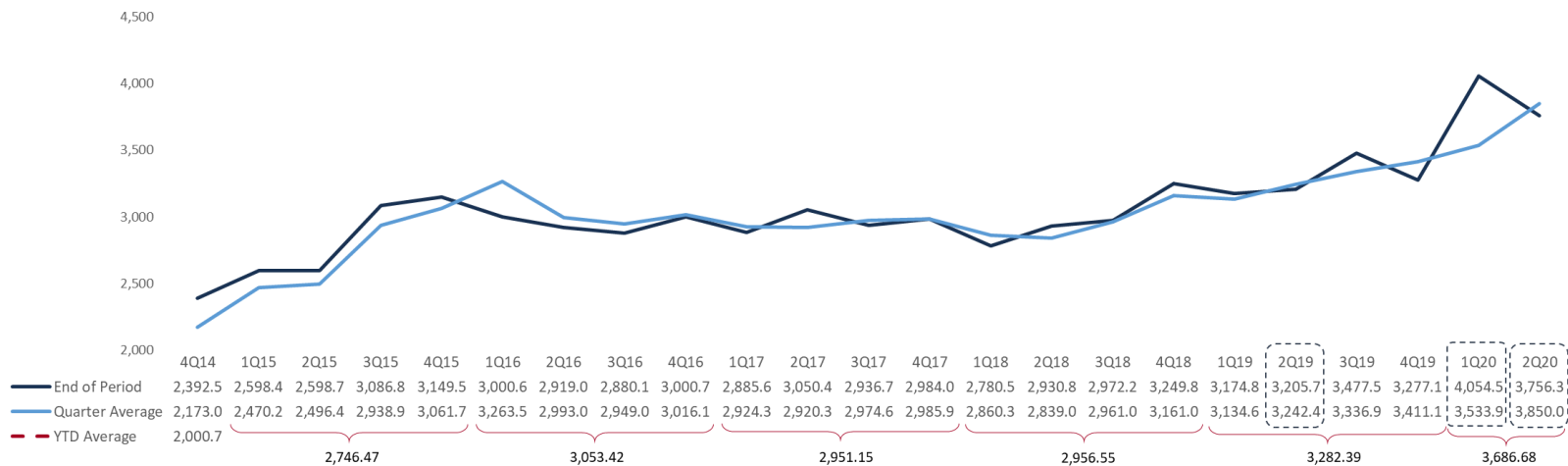
Source: Ministry of Finance. Projections start in 2020.

Unemployment (%)



Source: Banco de la República de Colombia. Urban unemployment defined as unemployment of 13 cities and their metropolitan areas. * Last twelve months average from July 2019 to June 2020.

Colombian Peso Exchange Rate

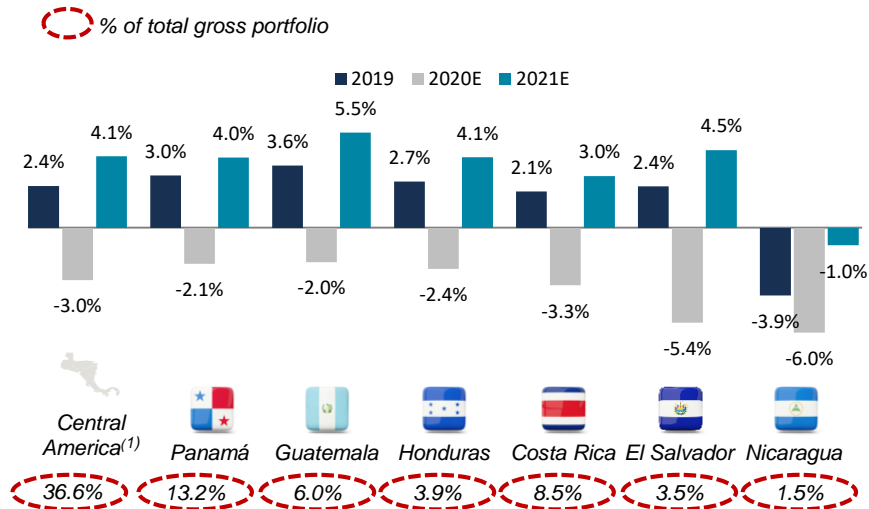


	2Q20 vs. 2Q19	2Q20 vs. 1Q20
End of Period	17.2%	(7.4%)
Quarter Average	18.7%	8.9%

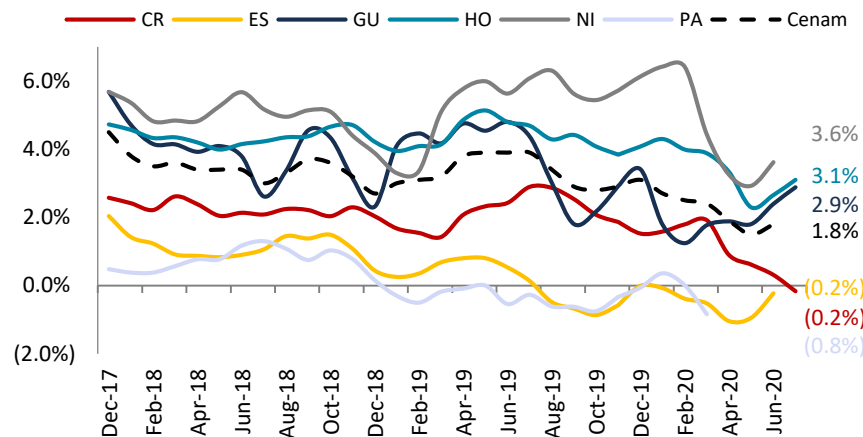
Source: Banco de la República de Colombia.

Macroeconomic context – Central America

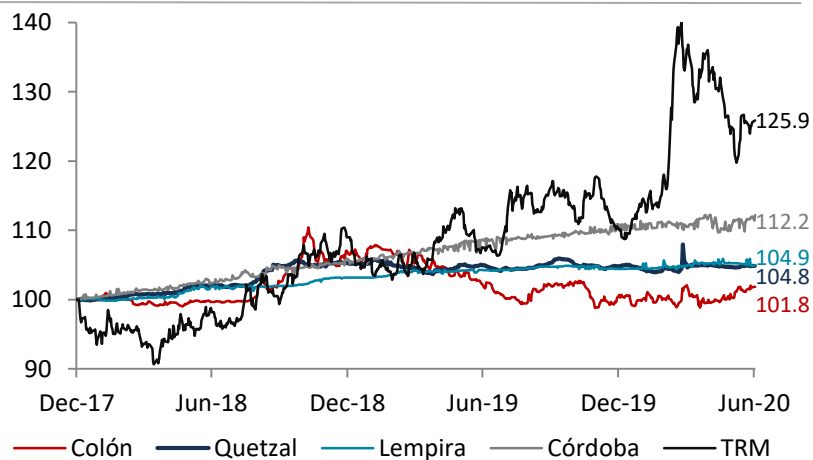
Growth Outlook – Real GDP



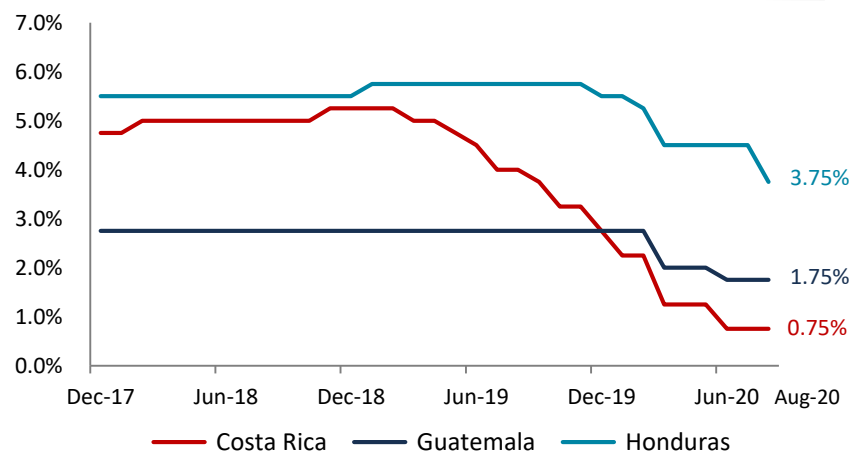
Inflation per Country



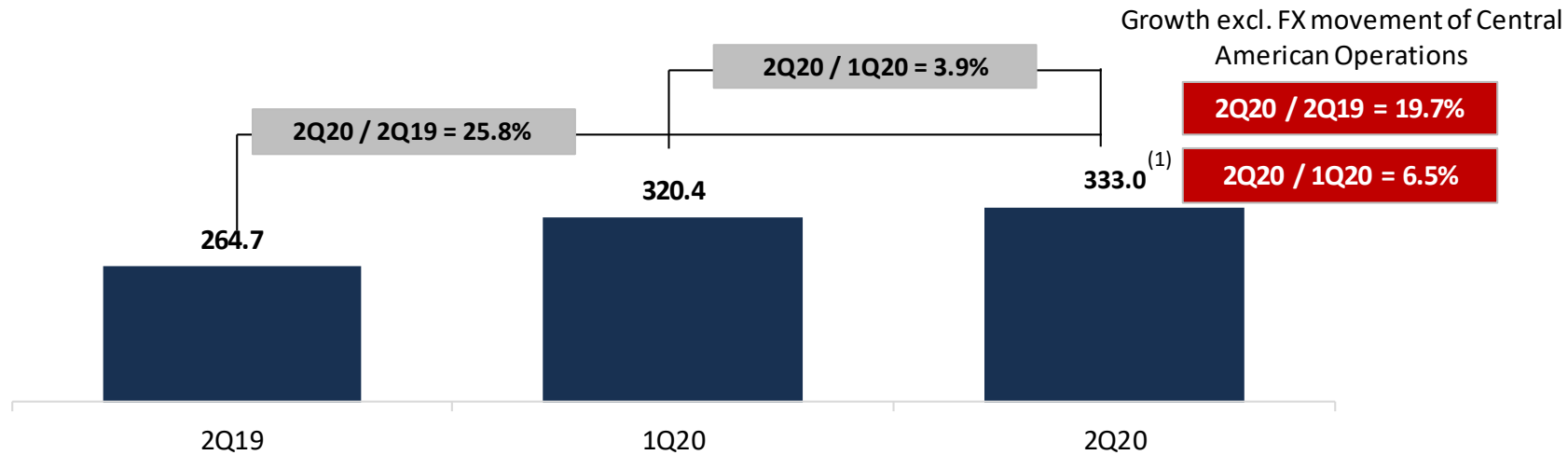
Regional Exchange Rates (100=12/31/2017)



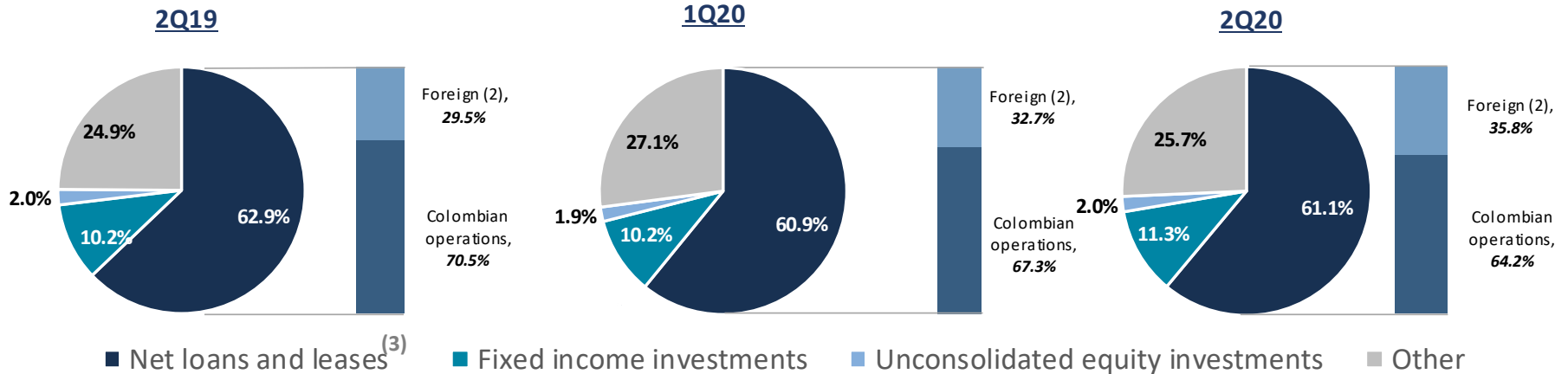
Central Bank's Interest Rates



Total Assets



Assets Breakdown

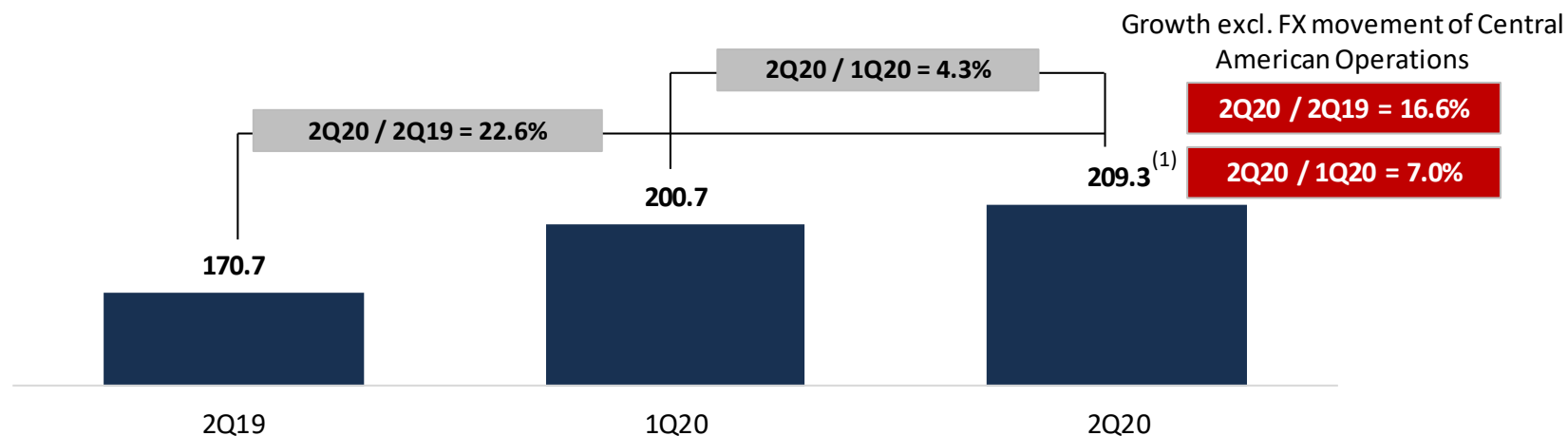


(1) Includes Ps. 18.6 trillion of assets of Multi Financial Group. Growth excluding FX and the acquisition would have been 13.0% on a yearly basis and 0.5% on a quarterly basis (2) Foreign operations reflect Central American operations. (3) Net loans and leases include interbank and overnight funds.

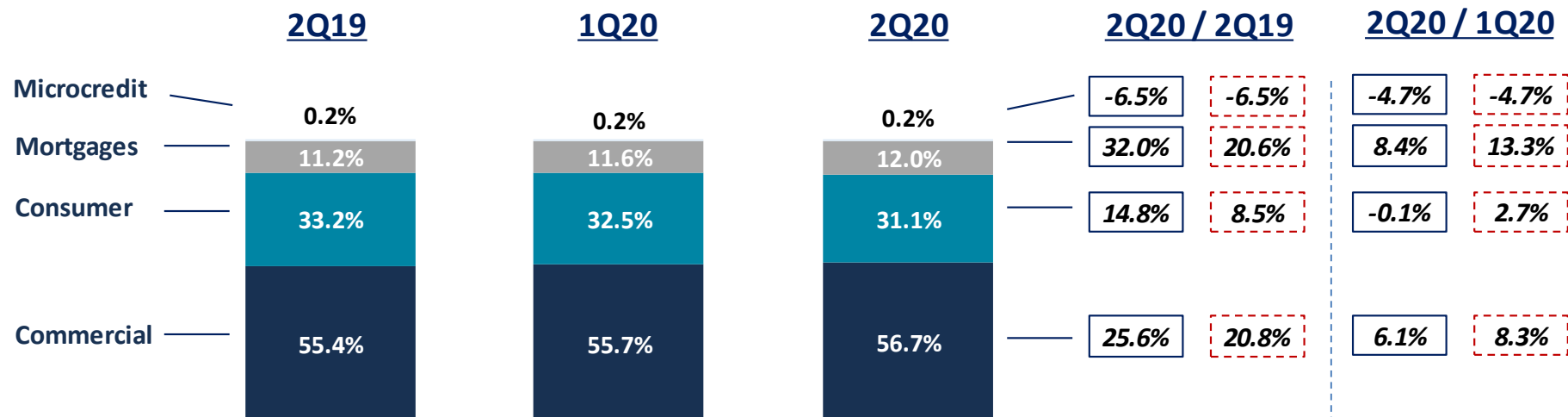
Loans and receivables

Figures in Ps. Trillions – Excluding interbank and overnight funds

Gross loans



Gross loans Breakdown

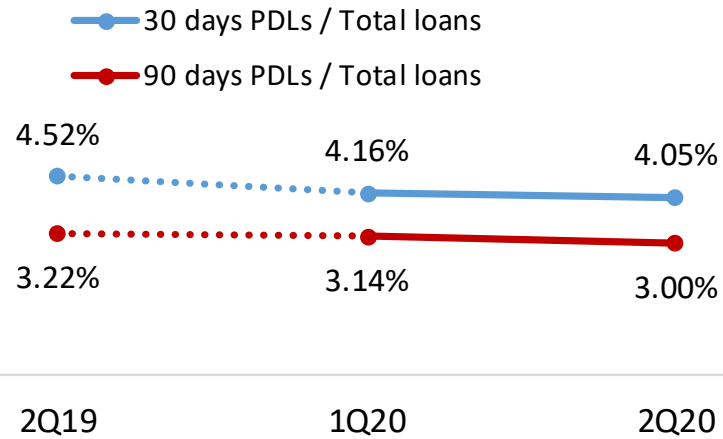


% Growth excluding FX movement of Central American Operations

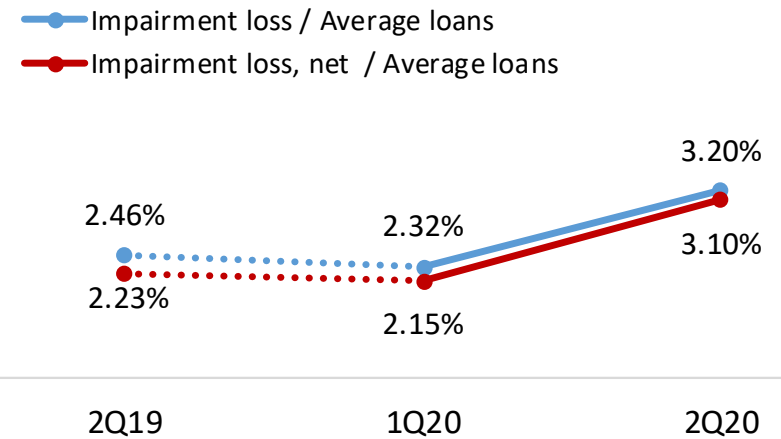
(1) Includes Ps. 12.7 trillion of gross loans of Multi Financial Group. Ps. 7.1 trillion of commercial loans, Ps. 3.0 trillion of consumer loans and Ps. 2.6 trillion of mortgages loans. Gross loans growth excluding FX and the acquisition would have been 9.5% on a yearly basis and 0.5% on a quarterly basis.

Loan portfolio quality

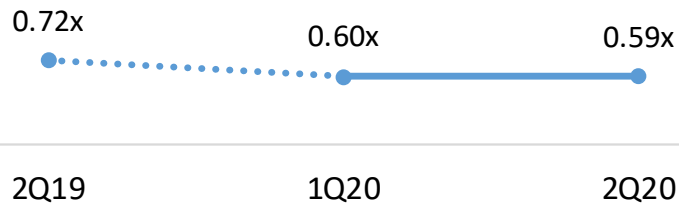
Quality



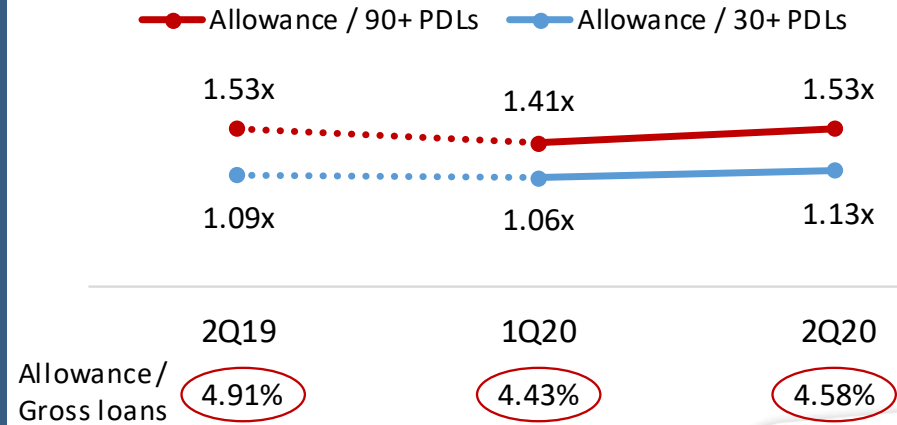
Cost of Risk



Charge offs / Average 90+ PDLs



Coverage



Loan portfolio quality

Figures in Ps. Billions

30 days past due loans ⁽¹⁾

	2Q19	1Q20	2Q20
Commercial	4.20%	4.11%	4.08%
Consumer	4.94%	4.11%	3.80%
Mortgages	4.60%	4.37%	4.44%
Microcredit	16.93%	15.15%	13.34%
Total loans	4.52%	4.16%	4.05%

90 days past due loans ⁽²⁾

	2Q19	1Q20	2Q20
Commercial	3.62%	3.45%	3.60%
Consumer	2.69%	2.60%	1.96%
Mortgages	2.61%	2.98%	2.71%
Microcredit	12.42%	14.37%	12.14%
Total loans	3.22%	3.14%	3.00%

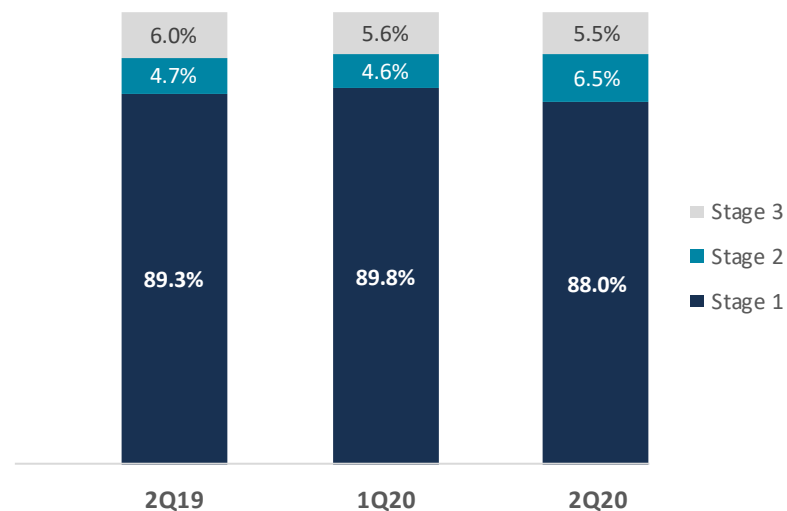
30 days past due formation ⁽¹⁾

	2Q19	3Q19	4Q19	1Q20	2Q20
Initial +30 PDLs	7,426	7,716	8,155	7,827	8,353
New +30 PDLs	1,252	1,331	1,502	1,433	1,058
Charge-offs	(961)	(892)	(1,829)	(907)	(927)
Final +30 PDLs	7,716	8,155	7,827	8,353	8,483

90 days past due formation ⁽²⁾

	2Q19	3Q19	4Q19	1Q20	2Q20
Initial +90 PDLs	5,143	5,491	5,846	5,842	6,305
New +90 PDLs	1,309	1,247	1,826	1,371	893
Charge-offs	(961)	(892)	(1,829)	(907)	(927)
Final +90 PDLs	5,491	5,846	5,842	6,305	6,271

Loans by Stages (%)



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

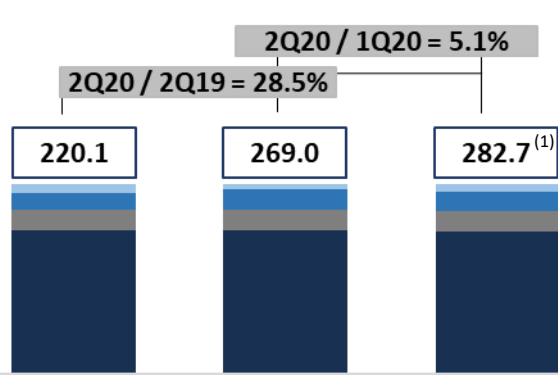
(2) Past Due Loans + 90 / Total Loans including interest accounts receivable. PDLs 90+ defined as loans more than 90 days past due.

Total funding

Growth excl. FX movement of Central American Operations

2Q20 / 2Q19 = 22.5%

2Q20 / 1Q20 = 7.6%



Funding composition

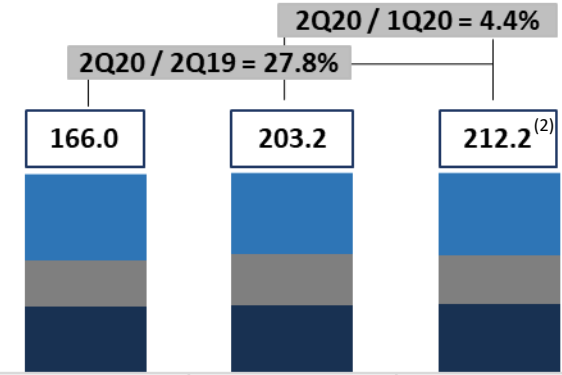
	2Q19	1Q20	2Q20
Interbank borrowings	4.7%	2.9%	3.9%
Bonds issued	9.1%	10.7%	10.2%
Banks and others	10.7%	10.9%	10.8%
Deposits	75.4%	75.6%	75.1%

Total deposits

Growth excl. FX movement of Central American Operations

2Q20 / 2Q19 = 21.4%

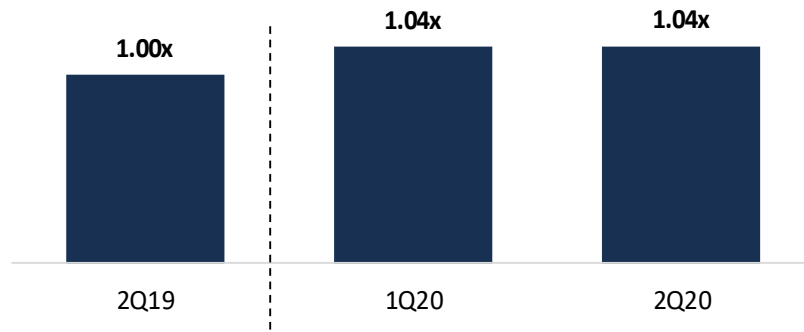
2Q20 / 1Q20 = 7.2%



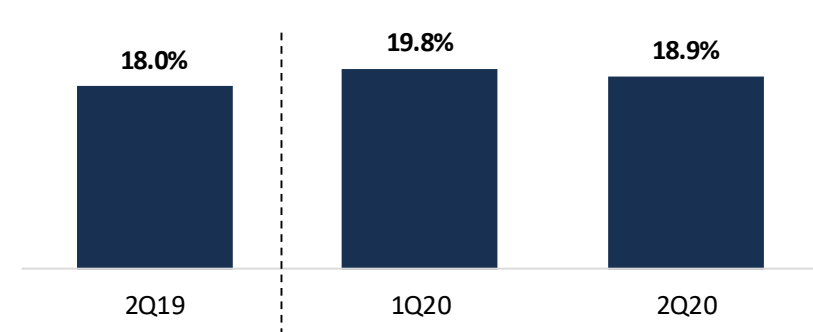
Deposit composition

	2Q19	1Q20	2Q20
Others	0.3%	0.2%	0.2%
Time deposits	43.2%	39.9%	40.8%
Checking accounts	23.1%	26.1%	24.4%
Savings accounts	33.4%	33.8%	34.5%

Deposits / Net loans*(%)



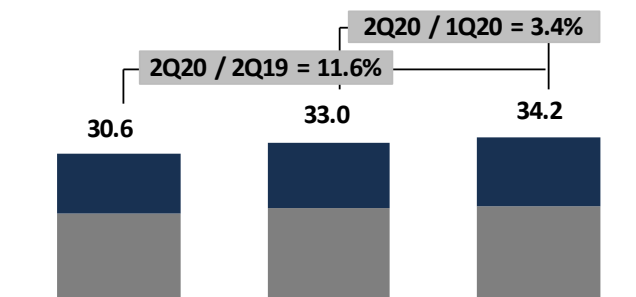
Cash / Deposits (%)



(1) Includes Ps. 16.3 trillion of funding of Multi Financial Group. Growth excluding FX and the acquisition would have been 15.4% on a yearly basis and 1.4% on a quarterly basis. (2) Includes Ps. 11.0 trillion of deposits of Multi Financial Group. Growth excluding FX and the acquisition would have been 15.2% on a yearly basis and 1.7% on a quarterly basis.

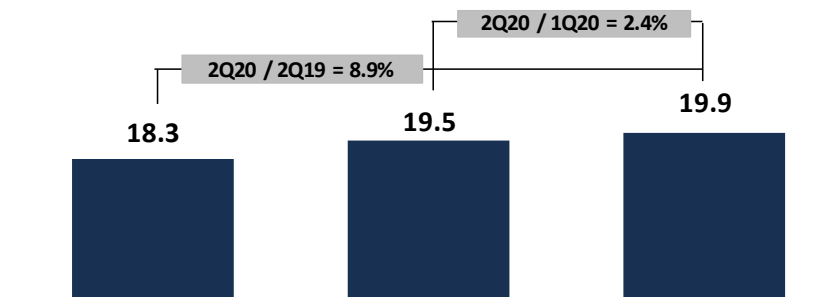
(*) Net Loans equals gross loans plus interbank and overnight funds net of allowance for impairment of loans and receivables

Attributable Equity + Minority Interest



	2Q19	1Q20	2Q20
Minority interest	12.3	13.6	14.2
Attributable equity	18.3	19.5	19.9

Attributable Shareholders Equity



	2Q19	1Q20	2Q20
Total equity / Assets	11.6%	10.3%	10.3%
Tangible equity ratio (1)	8.7%	7.5%	7.6%

Consolidated Capital Adequacy of our Banks (%)



	Banco de Bogotá			Banco de Occidente			banco popular			Banco AV Villas		
	2Q19	1Q20	2Q20	2Q19	1Q20	2Q20	2Q19	1Q20	2Q20	2Q19	1Q20	2Q20
Primary capital (Tier 1)	9.5	9.6	9.8 ⁽²⁾	10.4	9.1	8.7	8.7	8.4	7.8	10.1	11.0	11.0
Solvency Ratio	13.2	12.3	12.4	12.7	10.4	10.5	10.5	9.6	9.1	10.7	11.1	11.5

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

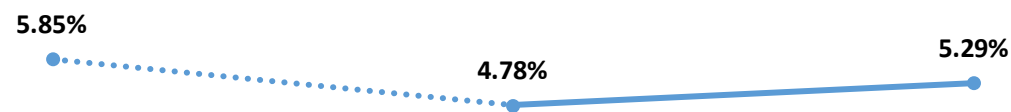
(2) Total Tier 1: CET1 :8.6% and AT1: 1.1%

NIM – Net Interest Margin

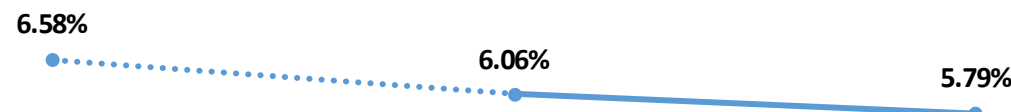
Net interest income(1) (trillions)

2Q19	1Q20	2Q20	2Q20 / 2Q19	2Q20 / 1Q20
3.0	2.7	3.3	9.6%	20.2%

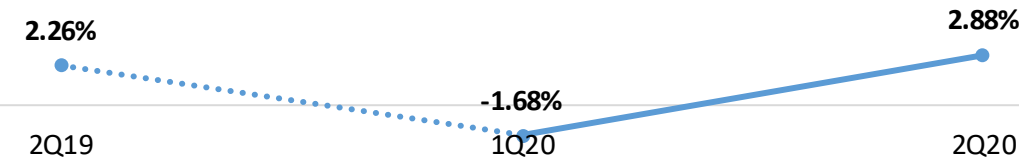
Net Interest Margin⁽¹⁾



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 5.0% for 2Q20, 5.3% for 1Q20 and 5.7% for 2Q19.

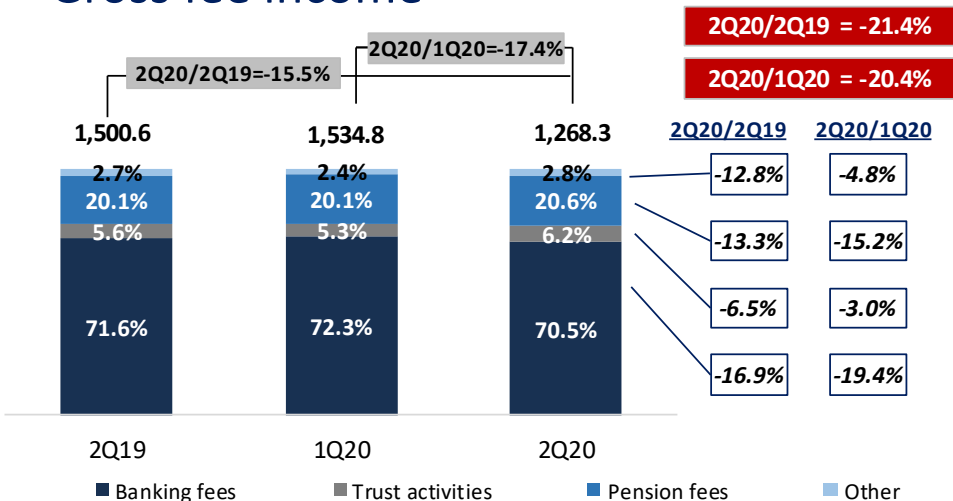
(2) Loans Interest Margin: Net Interest Income on Loans to Average loans and financial leases.

(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 ⁽¹⁾

	2Q19	1Q20	2Q20
Energy & gas	189	206	145
Infrastructure	494	716	193
Hotels	6	2	-20
Agribusiness	0	3	3
Other ⁽²⁾	-89	-93	-82
Total	600	834	239

(1) Net income from sales of goods and services

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

■ Growth excluding FX movement of Central American Operations

Other operating income

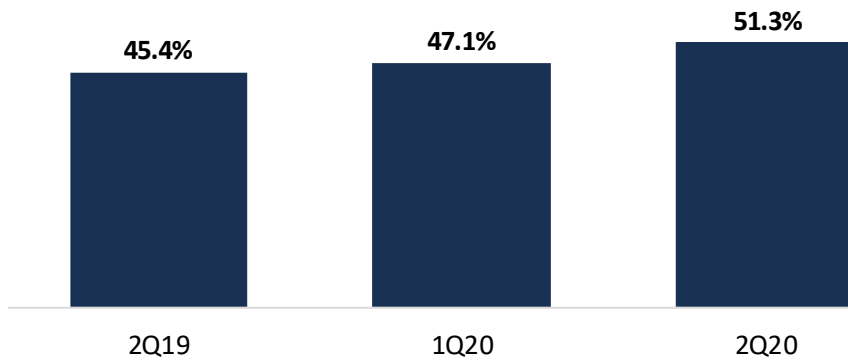
Foreign exchange gains (losses), net	17	-1,148	558
Net income (loss) on financial derivatives	31	1,161	-364
Other trading income on derivatives	25	145	-46
Derivatives and foreign exchange gains (losses), net (1)	73	158	147
Gains on valuation of assets	-7	3	-2
Net income from other financial instruments mandatory at FVTPL	53	73	60
Net gain on sale of investments and OCI realization	65	94	106
Gain on the sale of non-current assets held for sale	7	29	7
Income from non-consolidated investments ⁽²⁾	66	148	43
Other income from operations	119	69	141
Total other income from operations	376	574	503

	2Q19	1Q20	2Q20
Foreign exchange gains (losses), net	17	-1,148	558
Net income (loss) on financial derivatives	31	1,161	-364
Other trading income on derivatives	25	145	-46
Derivatives and foreign exchange gains (losses), net (1)	73	158	147
Gains on valuation of assets	-7	3	-2
Net income from other financial instruments mandatory at FVTPL	53	73	60
Net gain on sale of investments and OCI realization	65	94	106
Gain on the sale of non-current assets held for sale	7	29	7
Income from non-consolidated investments ⁽²⁾	66	148	43
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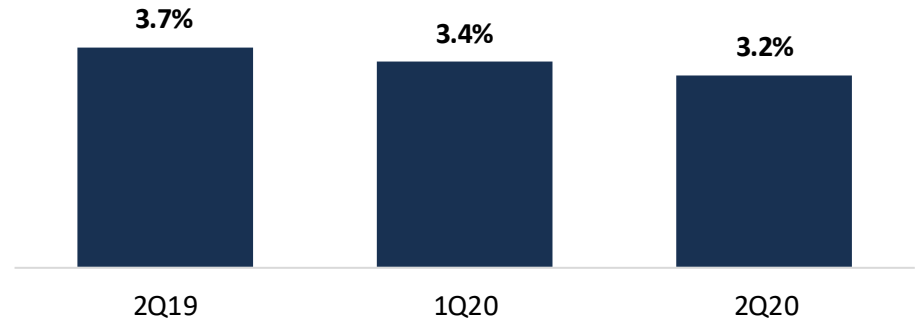
(1) Includes income from trading and hedging derivatives reflected as part of the net trading income on the Statement of Profit or Loss.

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

Cost to income



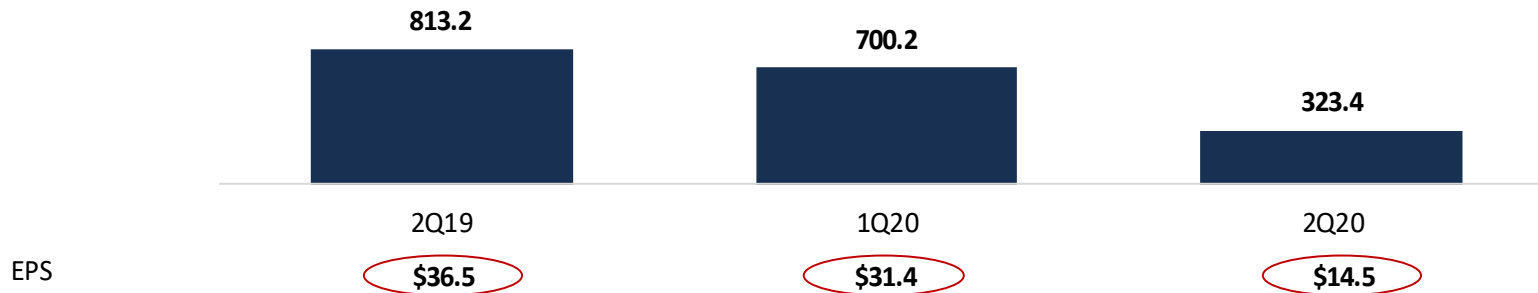
Cost to assets



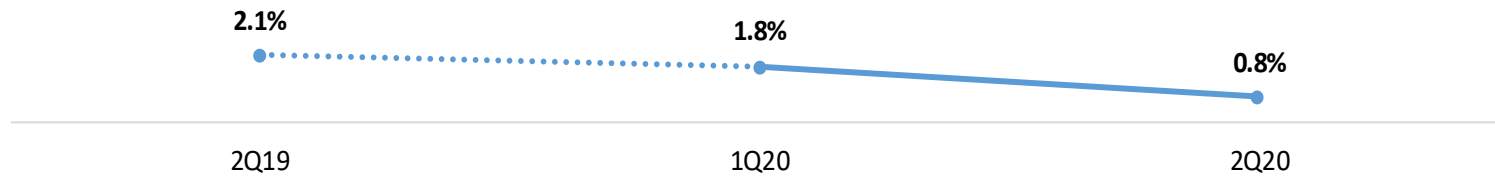
Cost to income efficiency ratio is calculated as total other expenses divided by net interest income plus net income from commissions and fees, net income from sales of goods and services, net trading income, net income from other financial instruments mandatory at FVTPL and total other income.

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

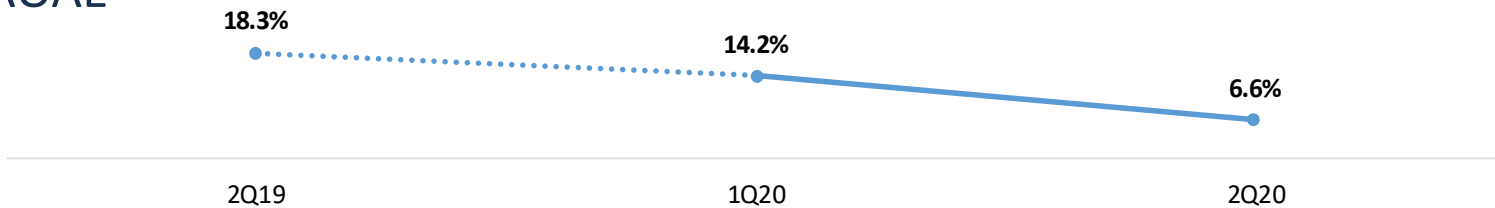
Net income attributable to controlling interest



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

