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# Corporate presentation 2015



# Disclaimer

Grupo Aval Acciones y Valores S.A. (“Grupo Aval”) is an issuer of securities in Colombia and 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 the control of the Superintendency of Finance and compliance with applicable U.S. securities regulation as a “foreign private issuer” under Rule 405 of the U.S. Securities Act of 1933. Grupo Aval is not a financial institution and is not supervised or regulated as a financial institution in Colombia.

The consolidated financial statements at December 31, 2014, 2013, 2012, 2011 and 2010 included in this report have been audited by KPMG for the purpose of its submission to the SEC filed by Grupo Aval in the Form 20-F on a yearly basis. As 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.

Although we are not a financial institution, until December 31, 2014 we prepared the 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. We believe that presentation on that basis most appropriately reflected our activities as a holding company of 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.

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 as applicable under Colombian regulation. Colombian Banking GAAP and IFRS as applicable under Colombian regulations differ in certain significant respects from U.S. GAAP. IFRS as applicable under Colombian regulations also differs in certain aspects from IFRS as currently issued by the IASB. Our 20-F annual report filed with the SEC provides a description of the principal differences between Colombian Banking GAAP and U.S. GAAP as well as expected changes from our implementation of IFRS as applicable under Colombian regulations. Details of the calculations of non-GAAP measures such as ROAA and ROAE, among others, are explained when required in this report.

As a result of our migration to IFRS and our first year of implementation of IFRS accounting principles, our interim unaudited consolidated financial information for 2015, and the comparative interim information for the respective periods of 2014, may be subject to further amendments.

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 is not intended to provide full disclosure on Grupo Aval or its affiliates.

Grupo Aval has been granted the IR Recognition by the Colombian Securities Exchange (Bolsa de Valores de Colombia S.A). This is not a certification of the registered securities or the solvency of the issuer. Also, does not imply an opinion on the quality and accuracy of the content, it only denotes a verification of the existence of the information on the website of the issuer.

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Macroeconomic Context- Colombia and Central America

Colombia's Financial System

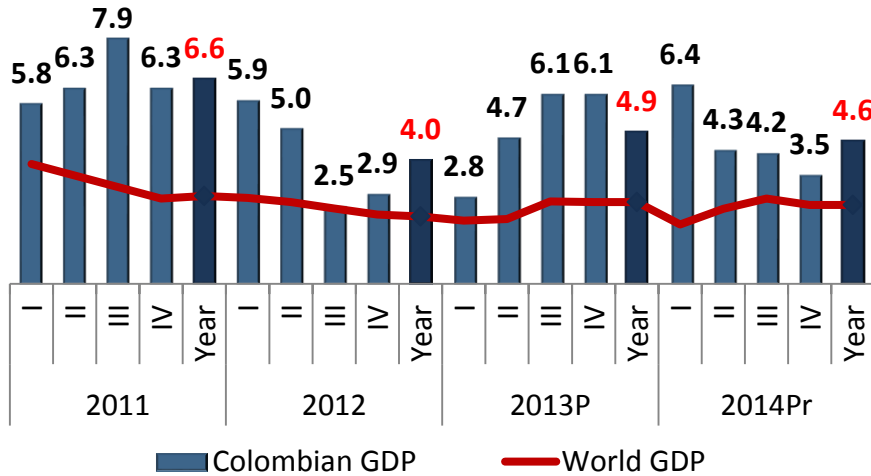
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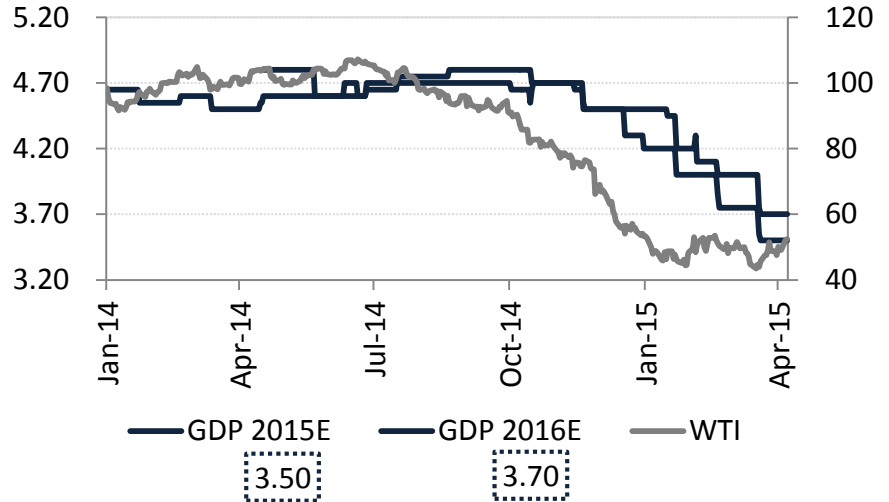
# Macroeconomic context- Colombia

## GDP Growth (%)



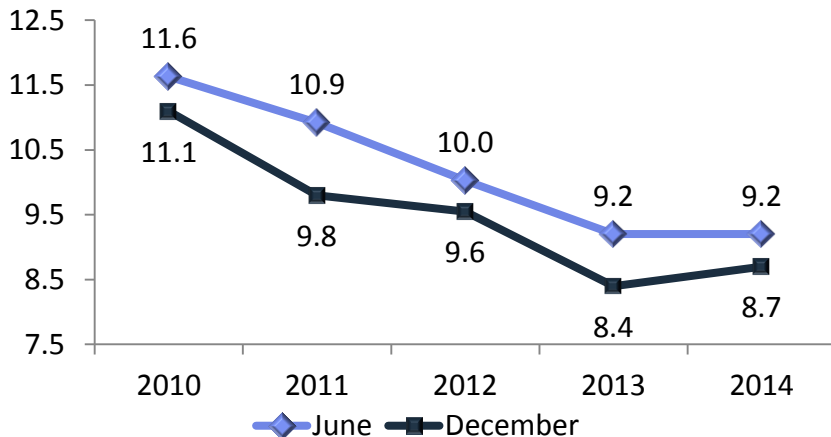
Source: DANE and Bloomberg. GDP yearly % change – Seasonally adjusted data at constant prices.  
(P) = Provisional (Pr) = Preliminary

## GDP Growth Expectations

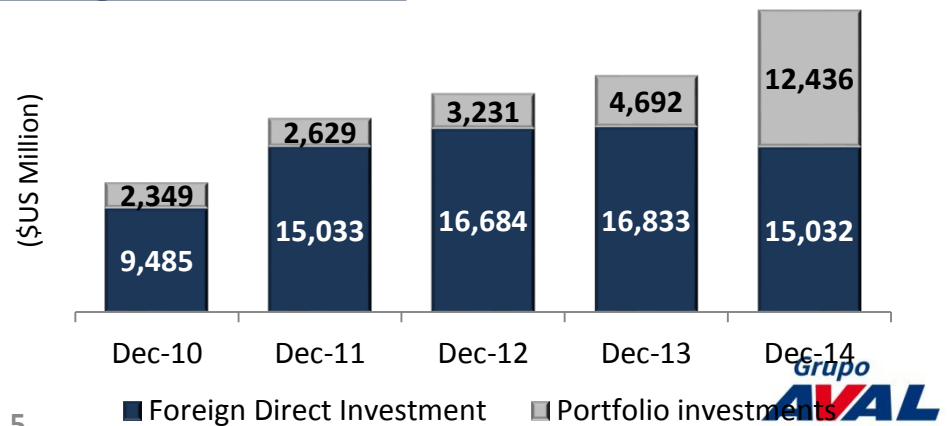


Source: Bloomberg Consensus

## Unemployment (%)

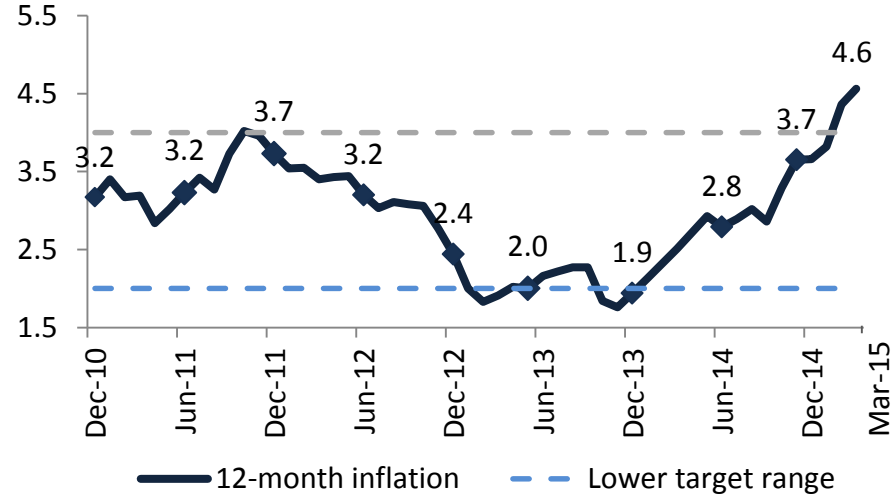


## Foreign Investment



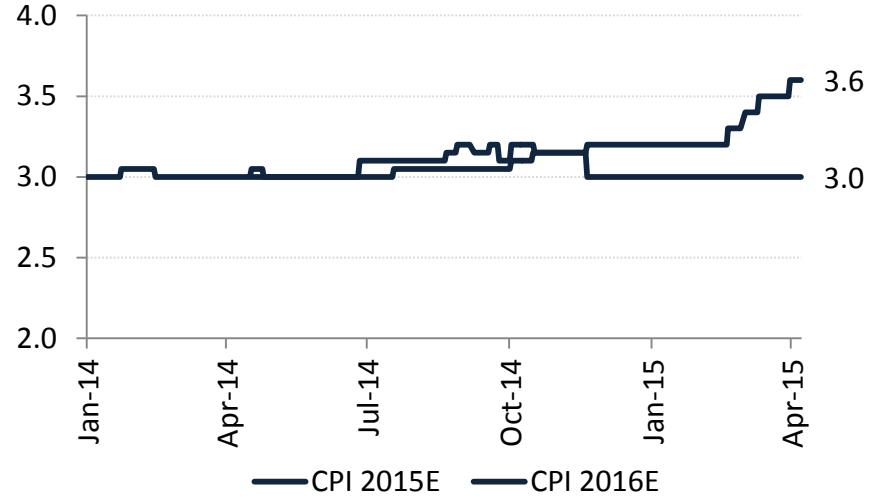
# Macroeconomic context- Colombia

## Inflation (%)



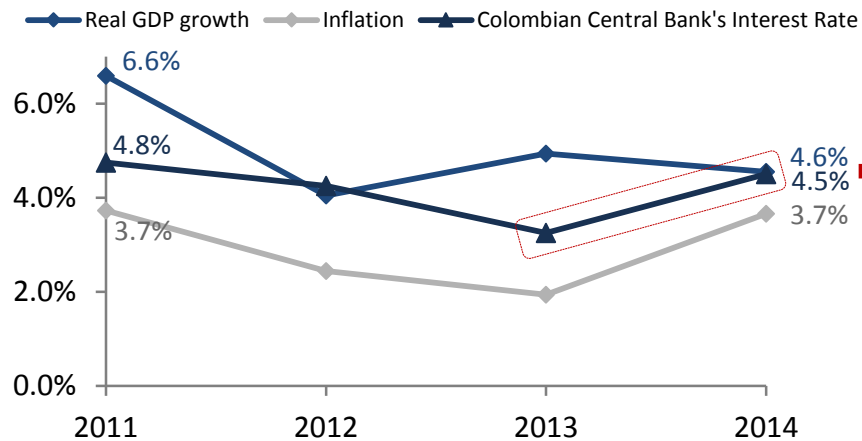
Source: DANE

## Inflation Expectations for YE15 and YE16

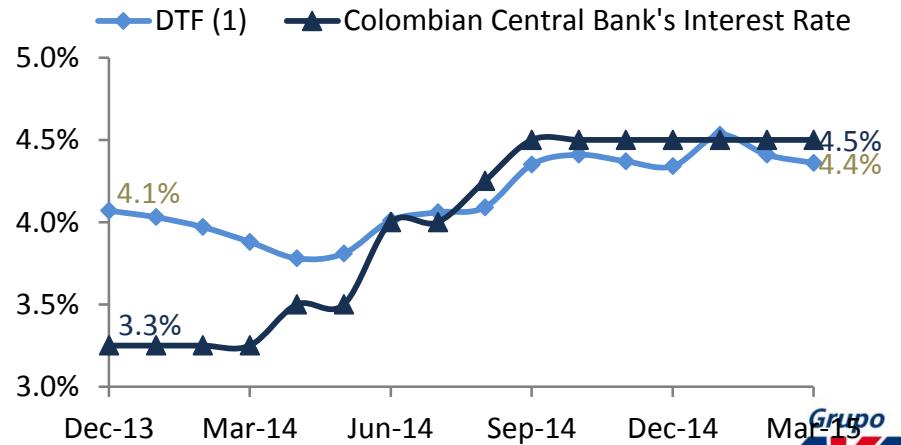


Source: Bloomberg Consensus

## Central Bank's Monetary Policy



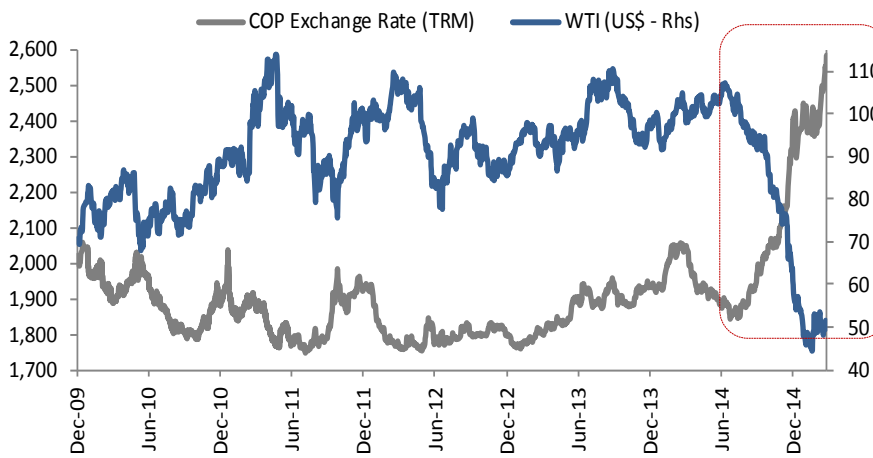
Source: Banrep and DANE



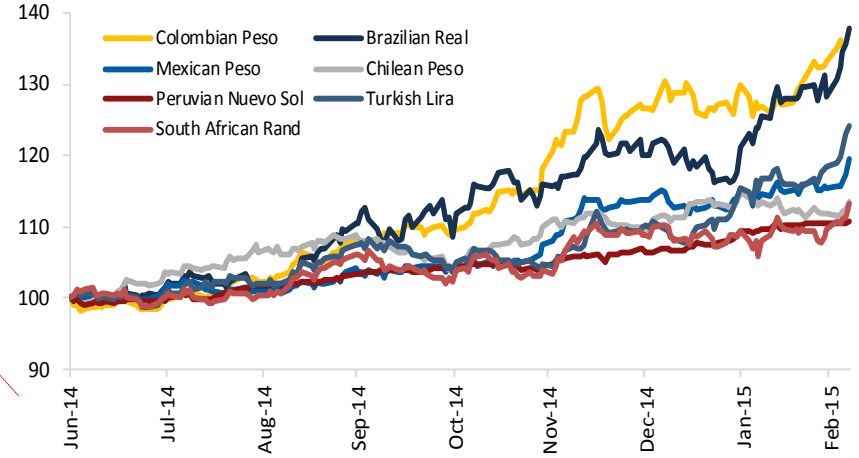
6 Source: Banrep. (1) End of period DTF rate.

# Macroeconomic context- Colombia

## Colombian Peso vs WTI US\$/barrel



## COP vs Emerging markets' currencies



Source: Bloomberg

Source: Bloomberg. (100=Jun-30, 2014)

## Facts about the impact of oil prices on Colombia's economy

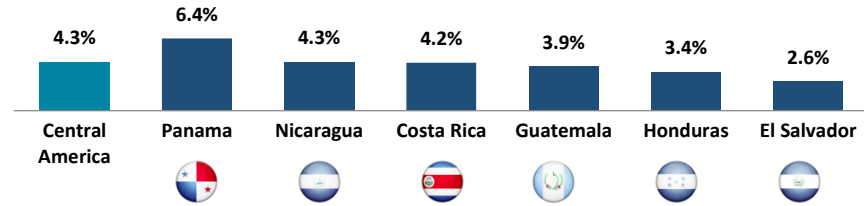
Oil represents 55.2% of Colombia's total exports.

Mining & Energy sectors represent 21.8% of the Government's fiscal revenues or 3.7% of GDP, according to the 2014 Fiscal Framework

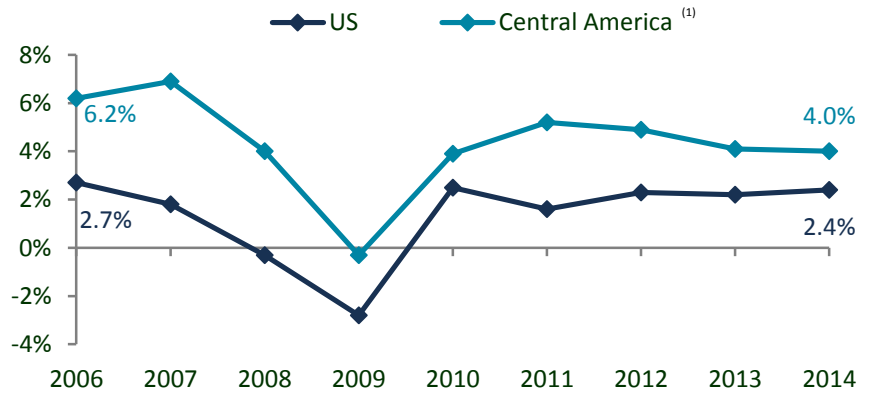
Foreign direct investment associated with the Oil & Gas industry has amounted to 35% of the total FDI over the past eight years

# Macroeconomic context- Central America

## Real GDP CAGR '14-'17E (%)



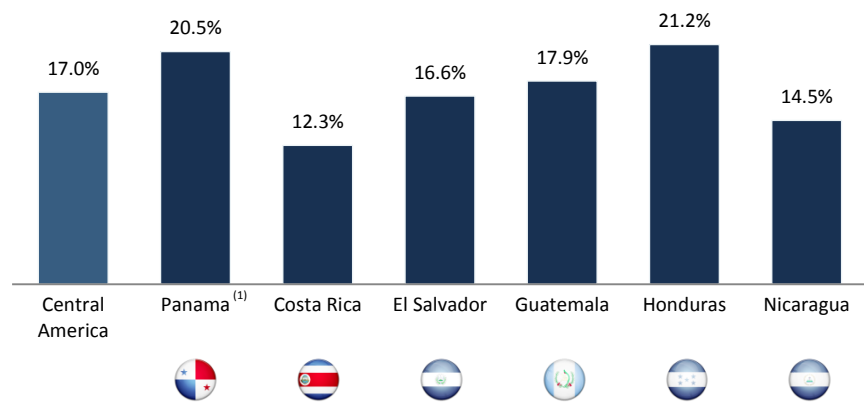
## Real GDP growth evolution (%)



Source: IMF; <sup>(1)</sup> Aggregate growth of all the Central American countries

Source: IMF; <sup>(1)</sup> Average growth of all the Central American countries.

## Oil & gas imports / Total imports (%)



Source: SECMCA, Central Banks; <sup>(1)</sup> Corresponds to 2013 since numbers for 2014 are not available.



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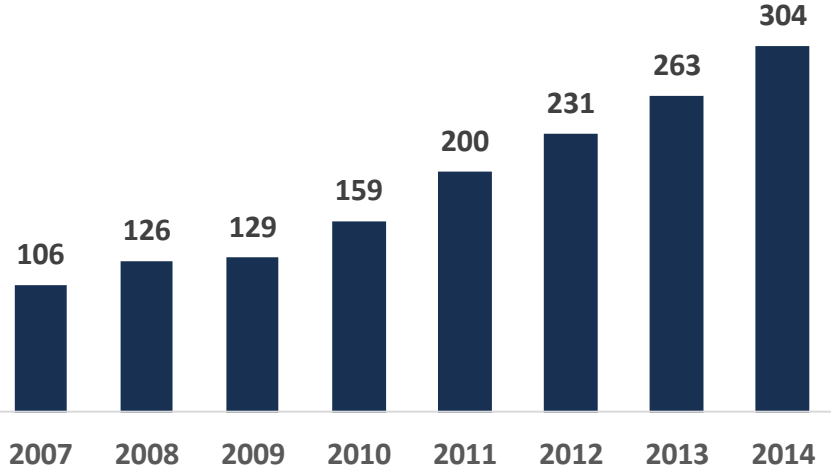
Grupo Aval's Historical Financial Performance

# Colombian Financial System

Figures in Ps. trillions

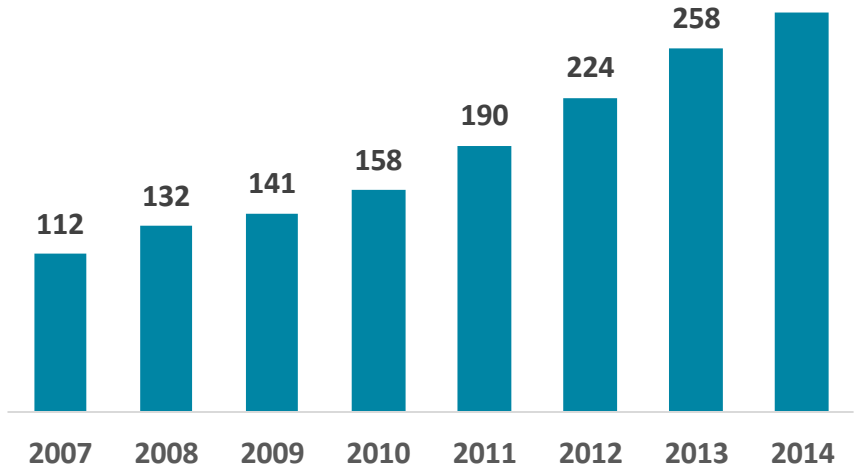
## Gross loans

CAGR '07-'14: 16.2%



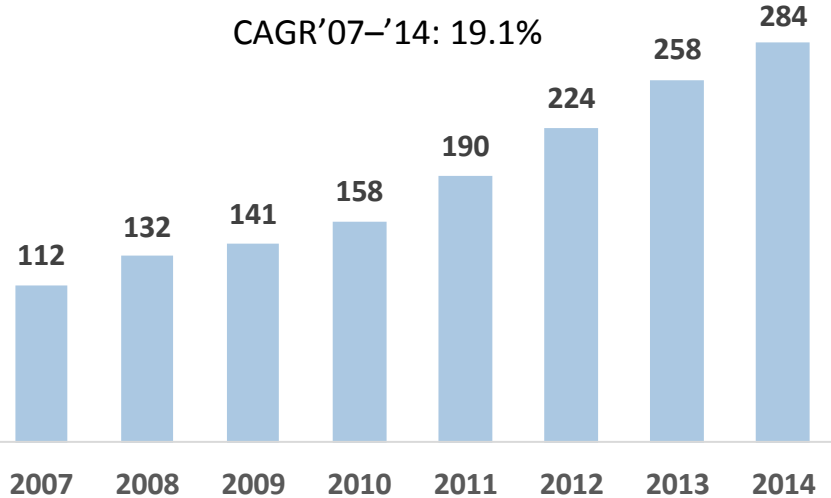
## Deposits

CAGR '07-'14: 14.3%



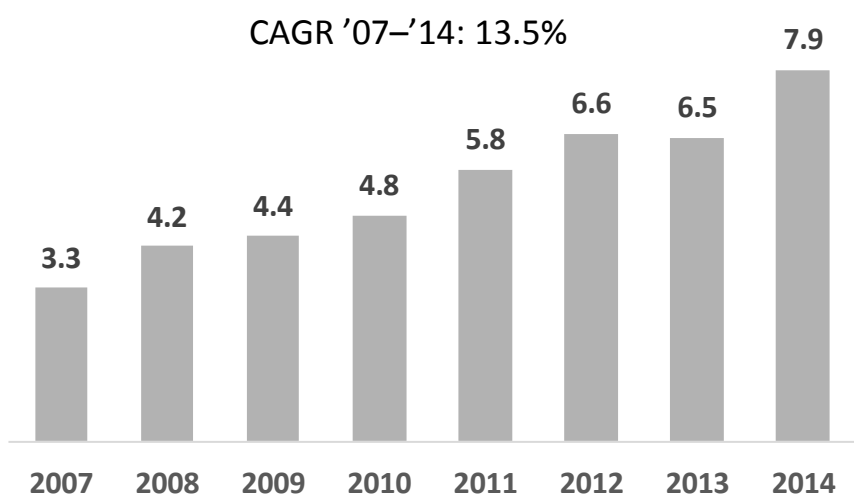
## Equity

CAGR '07-'14: 19.1%



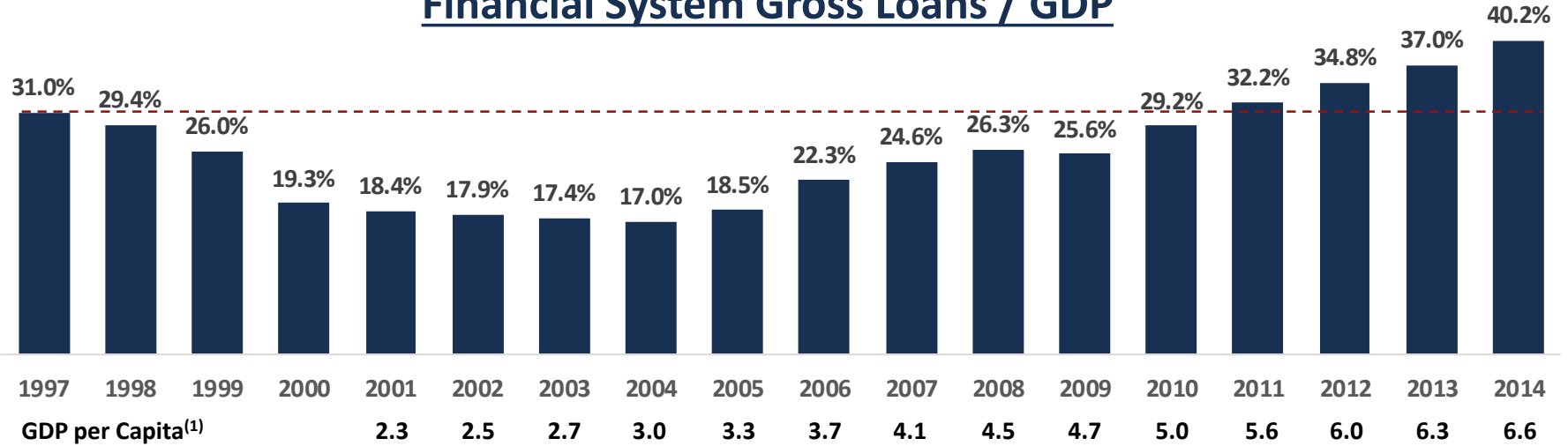
## Net income

CAGR '07-'14: 13.5%



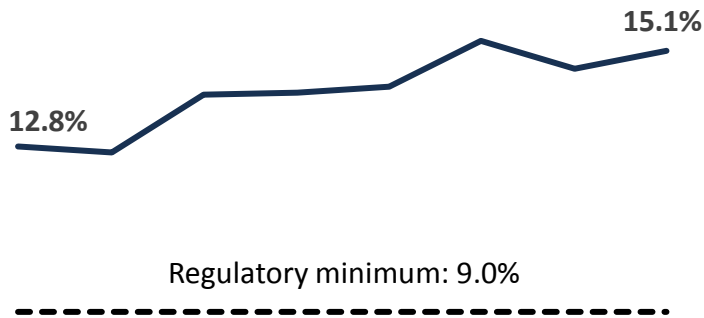
# Colombian Financial System

## Financial System Gross Loans / GDP



Source: DANE and Superintendency of Finance. <sup>(1)</sup> Colombia nominal GDP per capita in thousands of USD, DANE.

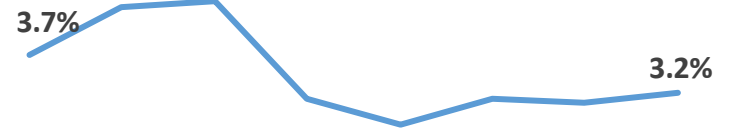
## System Solvency



2007 2008 2009 2010 2011 2012 2013 2014

Source: Superintendency of Finance.

## 30 days PDLs / Gross Loans



2007 2008 2009 2010 2011 2012 2013 2014

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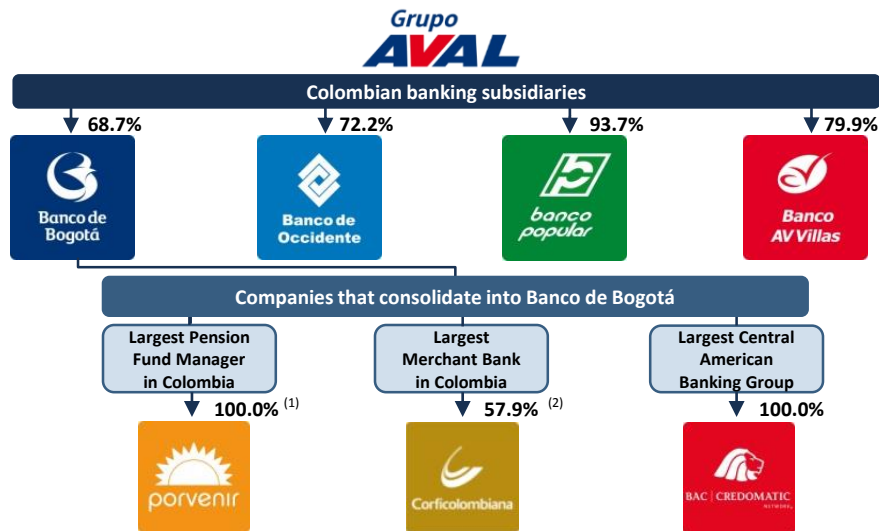
**Grupo Aval's Operating Entities and Main Results**

Grupo Aval's Positioning in Colombia and Central America

Grupo Aval's Historical Financial Performance

# Grupo Aval is the leading banking group in Colombia and Central America

## Organizational Structure as of March 31, 2015



## Highlights

- Largest banking group in Colombia, with over Ps. 177 trillion in total assets and Ps. 348 trillion<sup>(3)</sup> in AUM as of December 31, 2014
- Multi-brand banking model allows for maximum penetration and profitability
- Merchant banking and pension fund businesses further leverage Colombia's macroeconomic growth
- Expansion into Central America has created the only regionally integrated banking player and largest by consolidated assets
- 13.0 million banking clients (9.7 million in Colombia and 3.2 million in Central America) as of December 31, 2014
- Wide banking network with 1,418 branches and 3,791 ATMs in Colombia, as well as 351 full-service branches and 1,638 ATMs in Central America as of December 31, 2014



## Grupo Aval's diversified Business Platform

- 
  - Full-service bank with nationwide coverage
  - Focus on commercial lending (18% market share)
- 
  - Focus on enterprise customers and affluent segments
  - Leading presence in the southwest region of Colombia and in niche products such as auto loans and leasing
- 
  - Market leader in payroll loans
  - Leading provider of financial solutions to government entities throughout Colombia
- 
  - Consumer-focused bank
  - Targets mid-income segments of the population
- 
  - Leading Central American bank
  - Full-service financial institution with the leading credit card issuance and merchant-acquiring franchises in the region
- 
  - Leading merchant bank in Colombia
  - Actively managed equity portfolio through controlling and non-controlling investments
- 
  - Leading private pension and severance fund manager in Colombia
- 
  - Defines guiding principles and strategy that create value for its subsidiaries and shareholders through multi-brand management, capital adequacy analysis, M&A execution, budget and control, risk management, shared services and compliance

Source: Company filings. <sup>(1)</sup>Includes direct and indirect ownership through Banco de Bogotá 46.9%, Banco de Occidente 33.1% and Grupo Aval 20.0%. <sup>(2)</sup>Includes direct and indirect ownership through Banco de Bogotá 38.2%, Grupo Aval 9.3%, Banco Popular 5.7% and Banco de Occidente 4.6%. <sup>(3)</sup>Includes owned and third party assets.

# Successful Multi-brand and Diversified Business Model

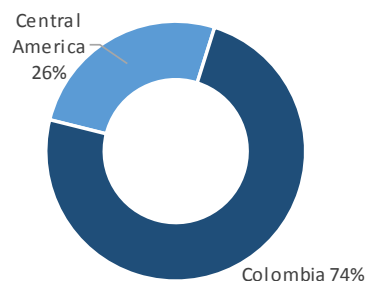
## Key Figures (As of December 31, 2014)

Key figures (Ps. bn)					 <b>Consolidated</b>
	porvenir	Corficolombiana	(1)		
Net loans	69,485	20,433	12,628	6,830	109,342
Assets	118,367	32,531	17,059	10,971	177,615
Deposits	74,303	23,324	10,562	8,441	114,392
Total equity <sup>(2)</sup>	16,060	4,017	2,693	1,289	22,465
Attributable equity	12,203	4,003	2,626	1,284	15,097
Net income <sup>(3)</sup>	1,389	466	366	195	1,669
ROAA <sup>(4)</sup>	1.7%	1.5%	2.2%	1.9%	1.5%
ROAE <sup>(4)</sup>	13.5%	12.0%	14.5%	15.9%	12.4%

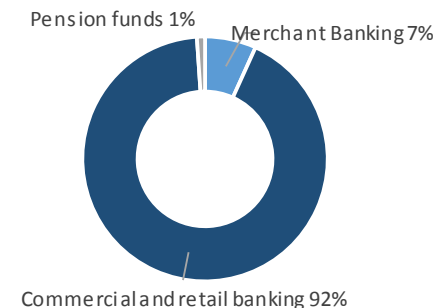
## Business Composition

### By Assets – December 31, 2014

#### Geographic

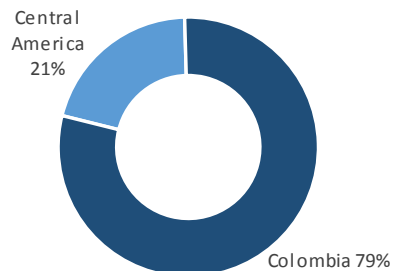


#### Business

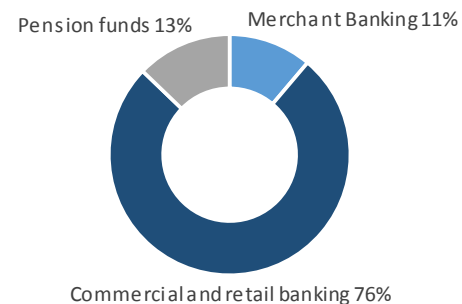


### By Net Income – December 31, 2014

#### Geographic



#### Business



Source: Company filings (1) Companies that consolidate into Banco de Bogotá; (2) Includes attributable equity and minority interest; (3) Net income for the 12 month period ending December 31; (4) ROAA is calculated as income before non-controlling interest divided by average assets (total assets at the end of the period plus total assets at the end of the prior period, divided by two); ROAE is calculated as net income divided by average shareholders' equity (shareholders' equity at the end of the period plus shareholders' equity at the end of the prior period, divided by two); ROAE for Banco de Bogotá was adjusted to exclude the effect of the Ps. 1.5 trillion capitalization during the end of 2014; ROAE and ROAA for Banco de Occidente were adjusted to exclude the non-recurring effect of Ps. 729.8 billion driven by the reclassification of Banco de Occidente's investment in Corficolombiana from its available for sale portfolio to its trading portfolio, and by the sale of part of these shares to Grupo Aval S.A.

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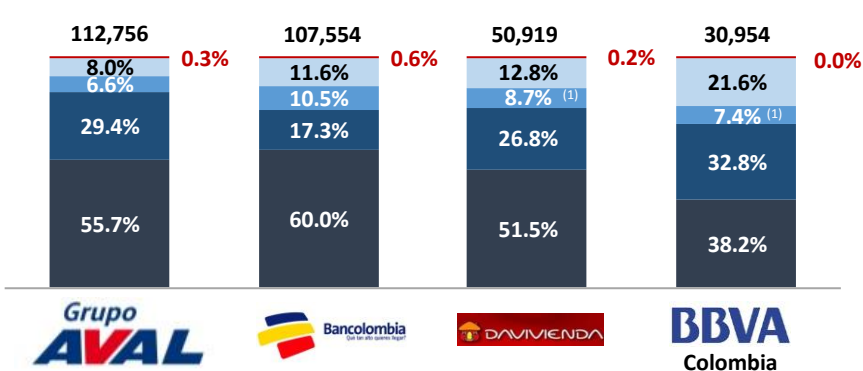
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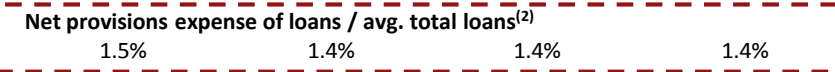
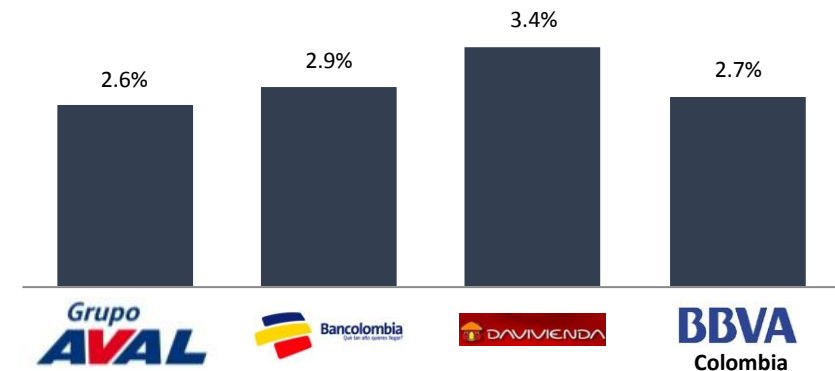
# Healthy Funding and Lending Composition with a Conservative Approach to Risk Management

## Portfolio Composition (Ps. bn) – December 31, 2014

■ Commercial ■ Consumer ■ Financial leases ■ Mortgages ■ Microcredit

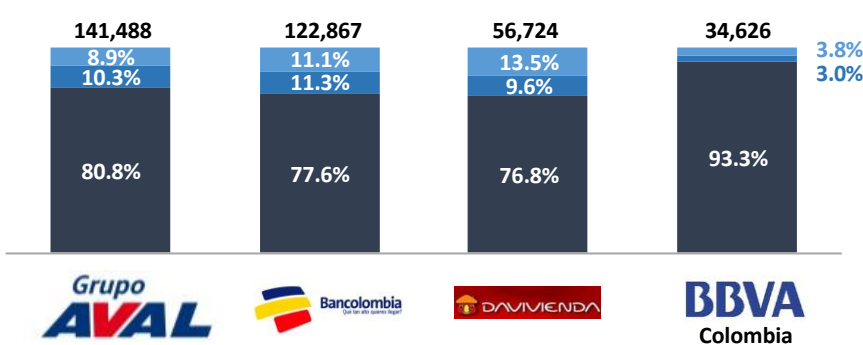


## Loan Portfolio Quality (PDLs 30+) – December 31, 2014



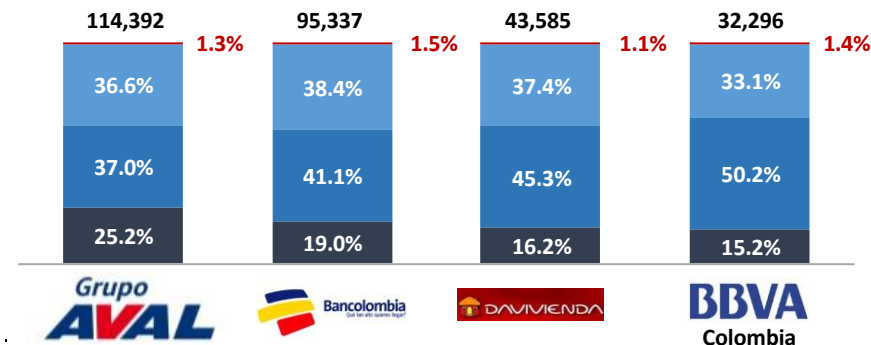
## Funding Composition (Ps. bn) – December 31, 2014

■ Deposits ■ Borrowings from banks ■ Bonds / long term debt



## Deposit Composition (Ps. bn) – December 31, 2014

■ Checking accounts ■ Savings deposits ■ Time deposits ■ Other

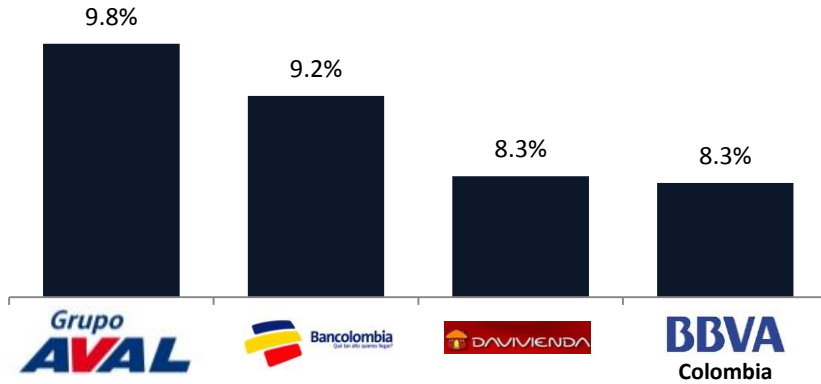


Source: Consolidated figures based on company filings as of December 31, 2014. <sup>(1)</sup> Housing leases for Davivienda and for BBVA includes housing leases; <sup>(2)</sup> Calculated as net provisions expense of loans divided by average loans (total loans at the end of the period plus total loans at the end of the prior period, divided by two).

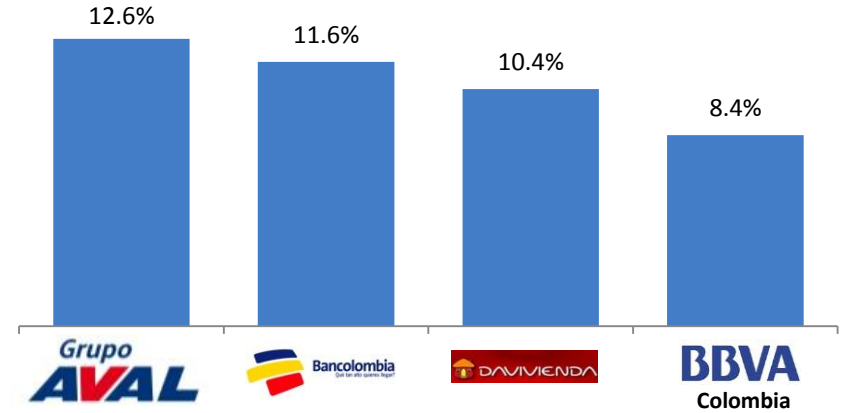


# Strong Capital Position on a Consolidated Basis

**Tangible Equity Ratio – December 31, 2014**



**Total Equity (2) / Total Assets – December 31, 2014**



Source: Consolidated figures based on company filings as of December 31, 2014.

(1) Calculated as shareholders' equity plus non-controlling interest, minus goodwill, all divided by total assets minus goodwill.

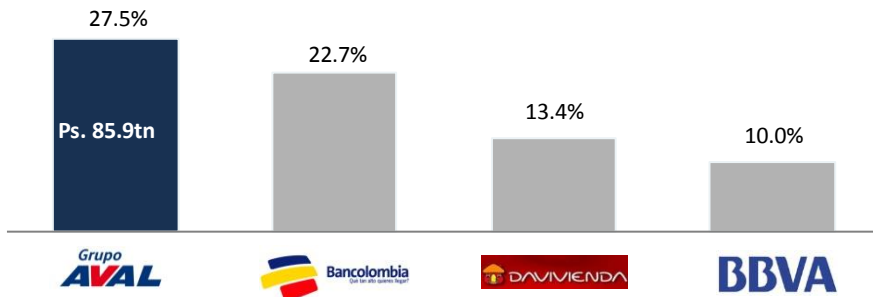
(2) Total equity includes attributable and non attributable equity of each entity.

# Dominant Player in a Competitive Colombian Market

## Combined Unconsolidated Market Shares of our Colombian Banks as of February 28, 2015

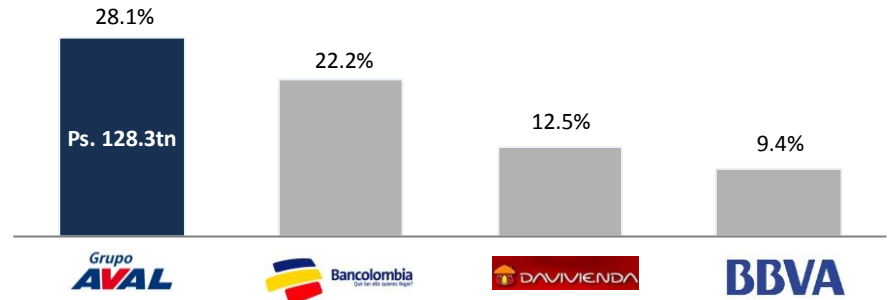
### Gross Loans

System: Ps. 312.5tn



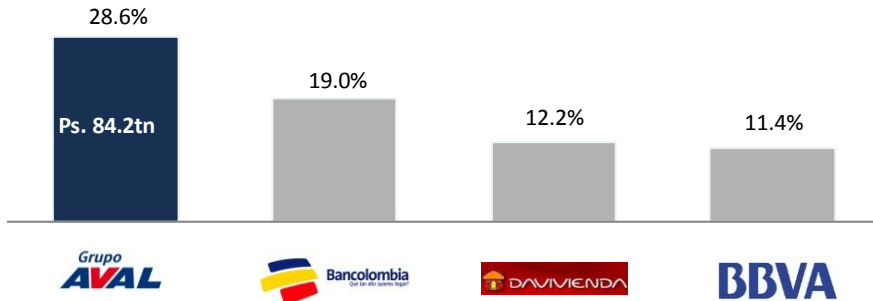
### Total Assets

System: Ps. 456.6tn



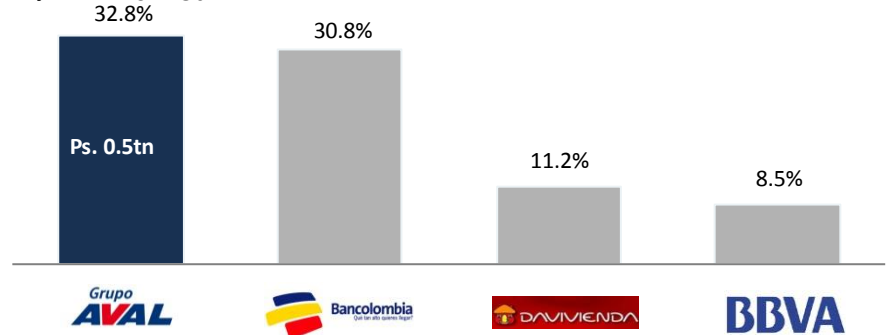
### Deposits

System: Ps. 294.0tn



### Net Income for the 2 Months Ended February 28, 2015

System: Ps. 1.5tn



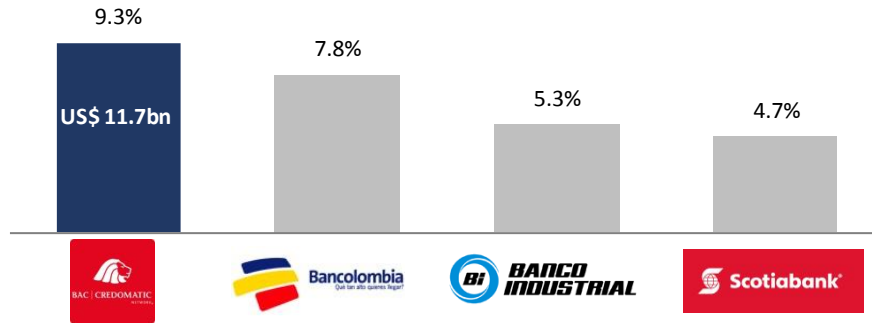
Source: Unconsolidated information under IFRS filed by our banking subsidiaries with the Colombian Superintendency of Finance and published monthly; as of February 28, 2015. System: Sum of total banks. Grupo Aval is the sum of Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas. Tn refers to Ps. trillion

# Leading Central American Banking Group with Integrated Regional Presence

## Central America market share as of March 31, 2015

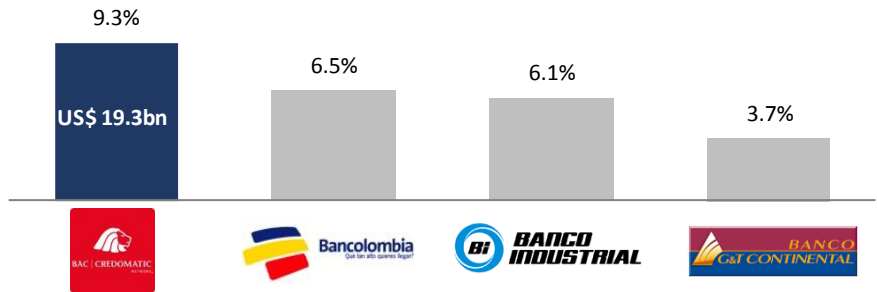
### Gross Loans % <sup>(1)</sup>

System: US\$ 125.8bn



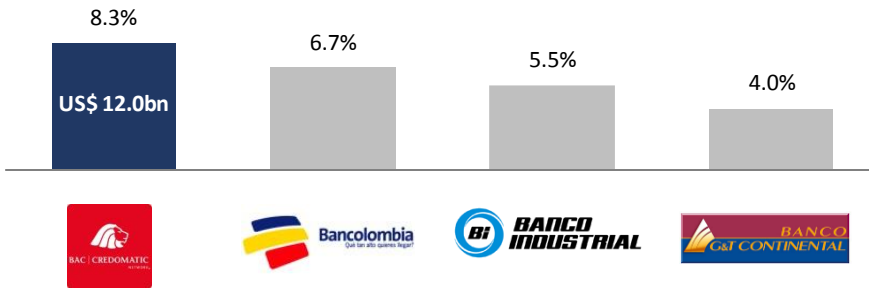
### Total Assets <sup>(1)</sup>

System: US\$ 206.2bn



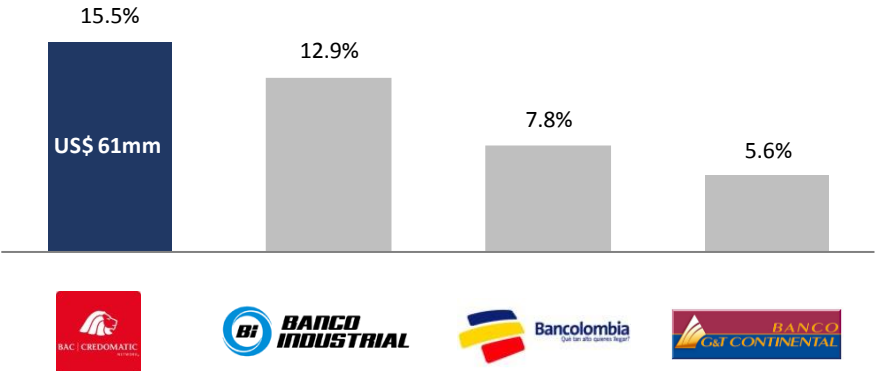
### Deposits % <sup>(1)</sup>

System: US\$ 144.4bn



### Net Income for the 3 Months Ended March 31, 2015

US\$ 397mm



Source: Company filings

Calculated based on publicly disclosed data aggregated from the local superintendencies of Costa Rica, Honduras, El Salvador, Guatemala, Nicaragua and Panama (except in the Net Income chart where Panamá is excluded). <sup>(1)</sup> Market share is determined based on the sum of each bank's operations in the aforementioned countries. Bancolombia includes Banistmo (Panama), Bancolombia (Panama) and Banco Agrícola (Salvador)

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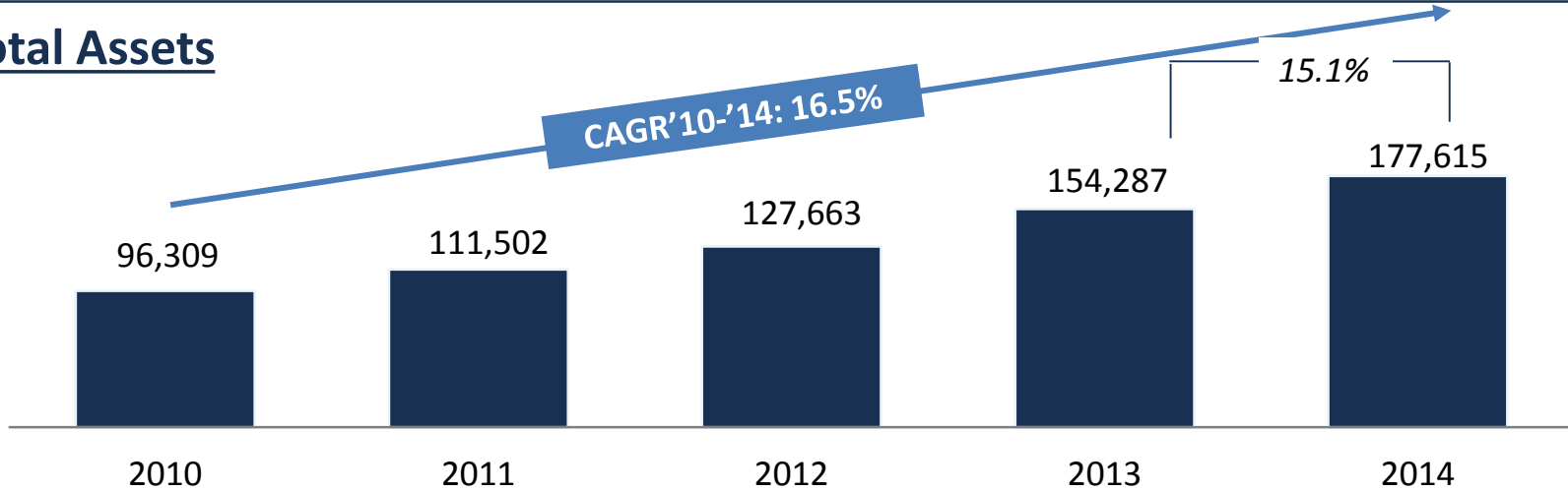
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# Asset Evolution

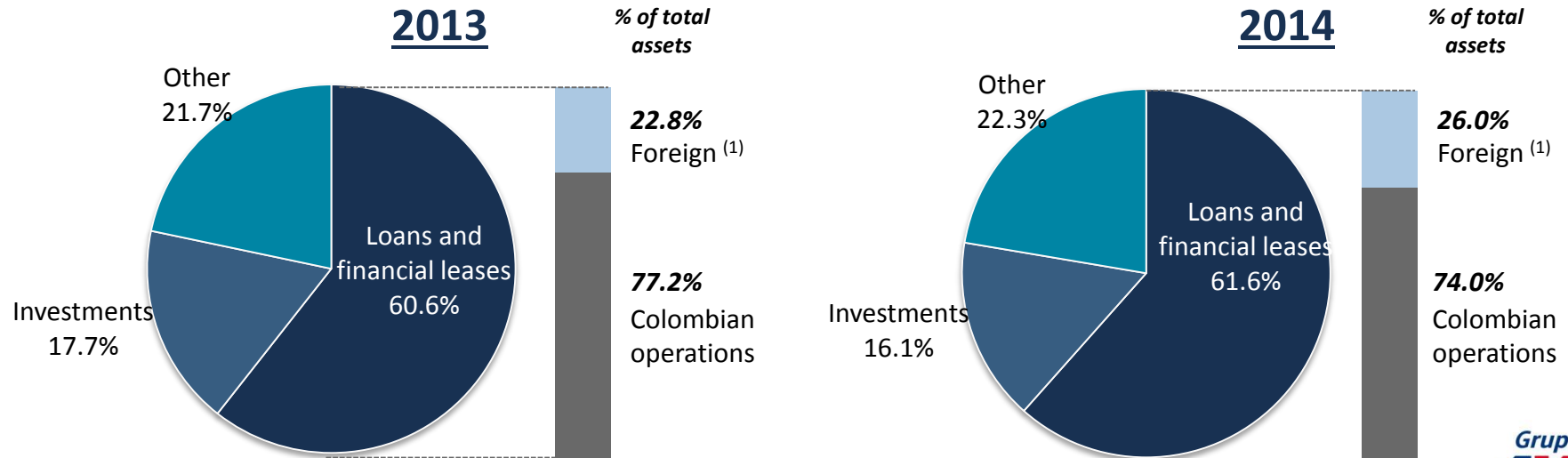
Figures in Ps. billions

## Total Assets



Source: Company Filings. Consolidated figures.

## Assets Breakdown

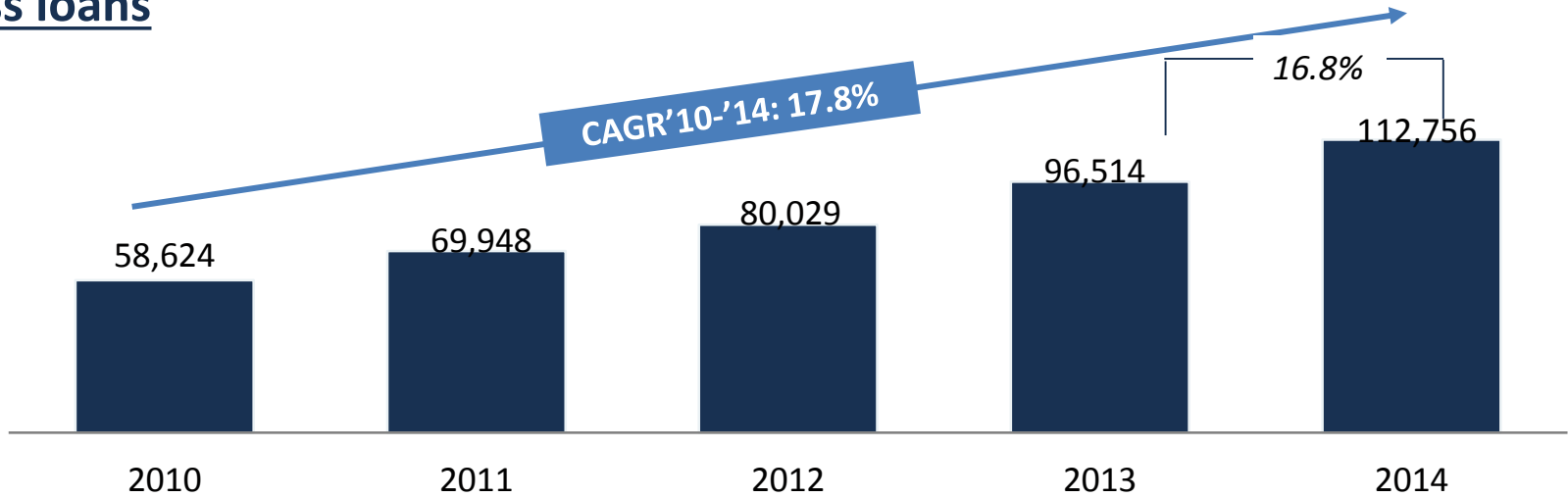


<sup>(1)</sup> Foreign operations reflect Central American operations.

# Loans

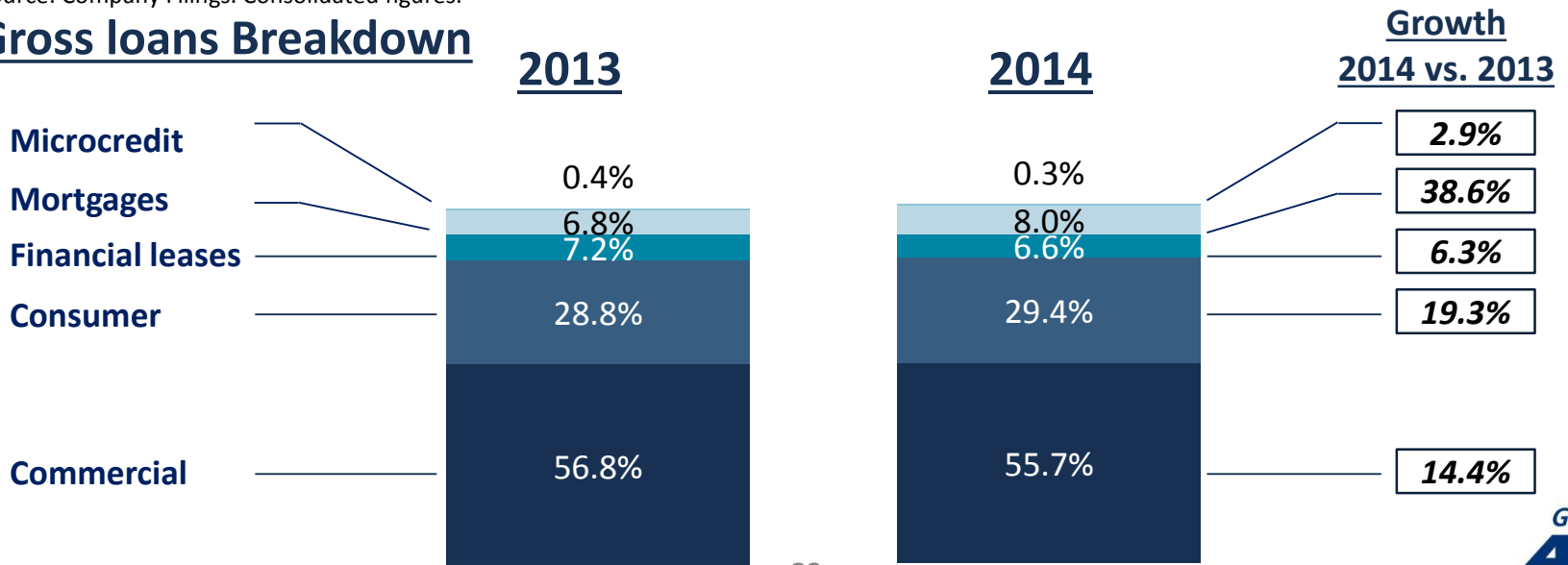
Figures in Ps. billions

## Gross loans



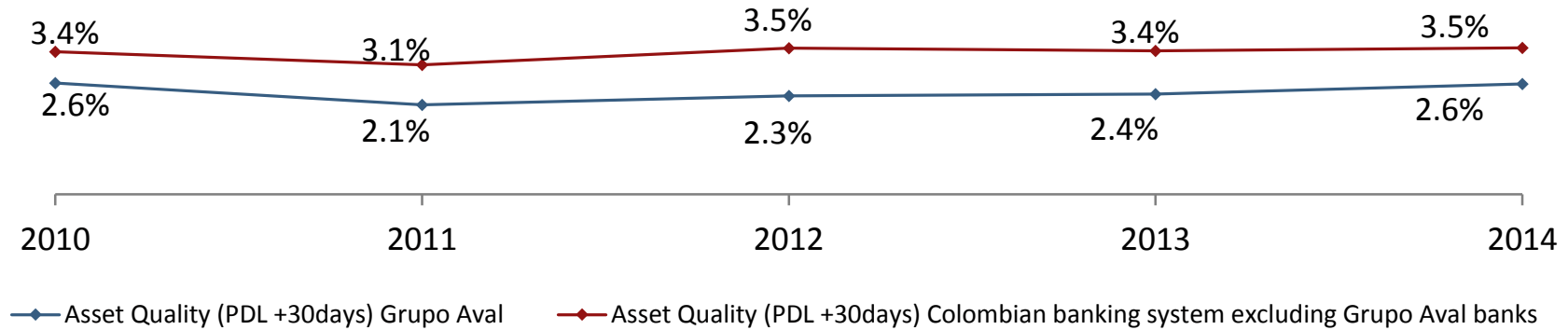
Source: Company Filings. Consolidated figures.

## Gross loans Breakdown



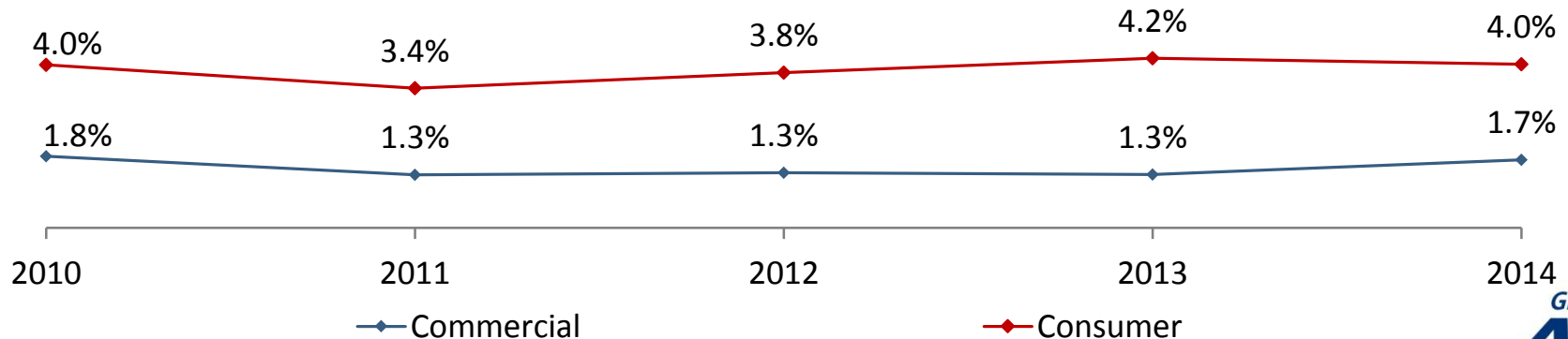
# Loan Portfolio Quality

## Asset quality – Colombia



Source: Company Filings. Grupo Aval is calculated as the sum of its banks.

## Grupo Aval – 30 Day Past Due Loans / Total Loans (%)

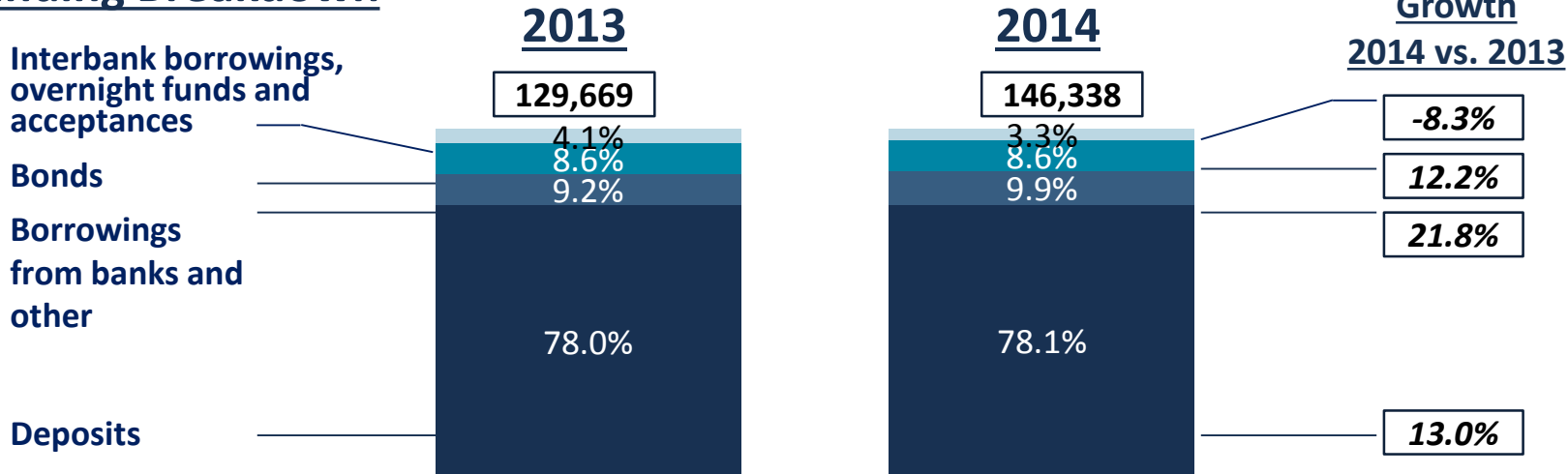


Source: Company Filings. Consolidated figures.

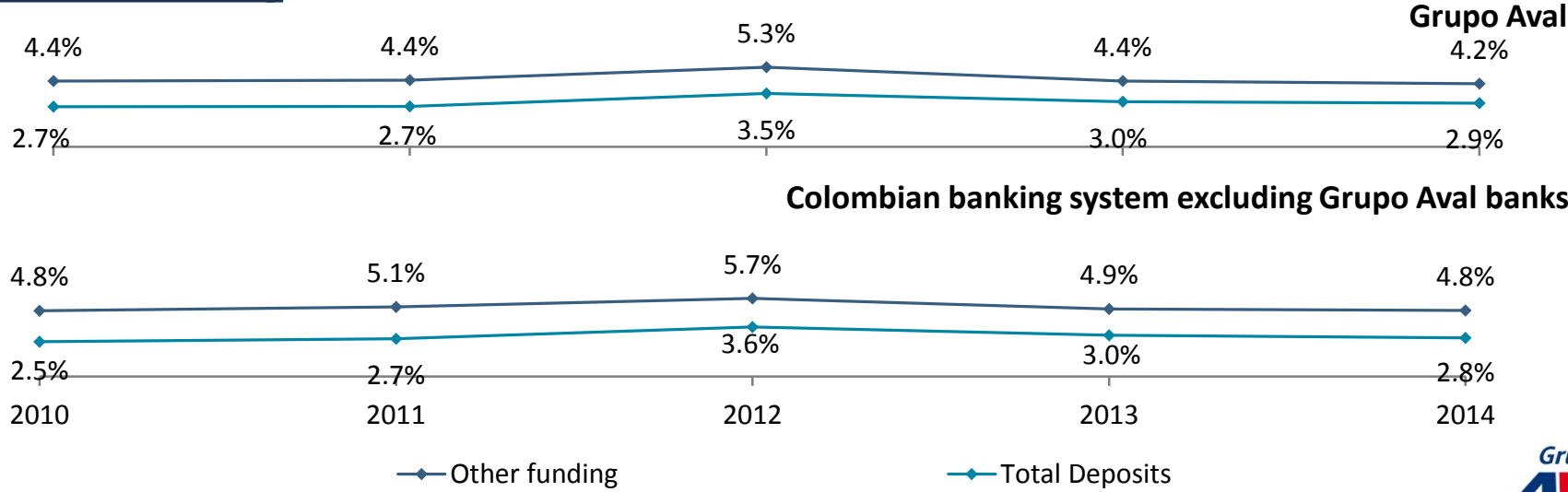
# Funding

Figures in Ps. billions

## Funding Breakdown



## Cost of Funding

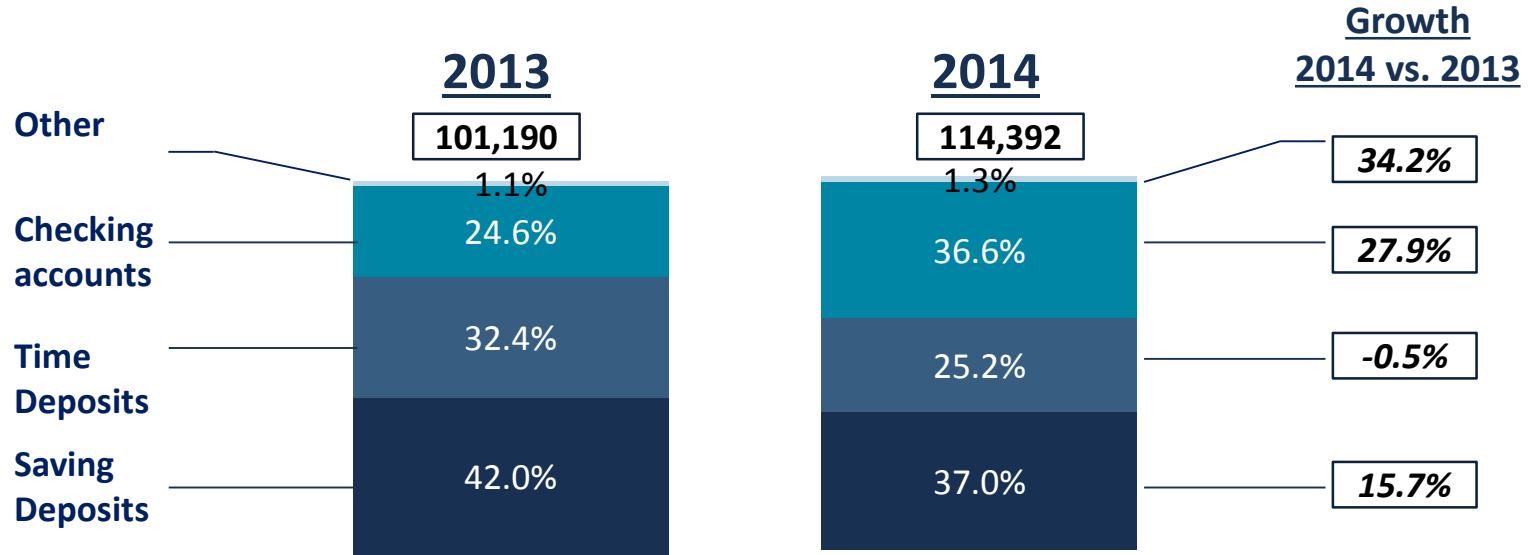


Source: Company Filings. Consolidated figures. Superintendency of Finance.



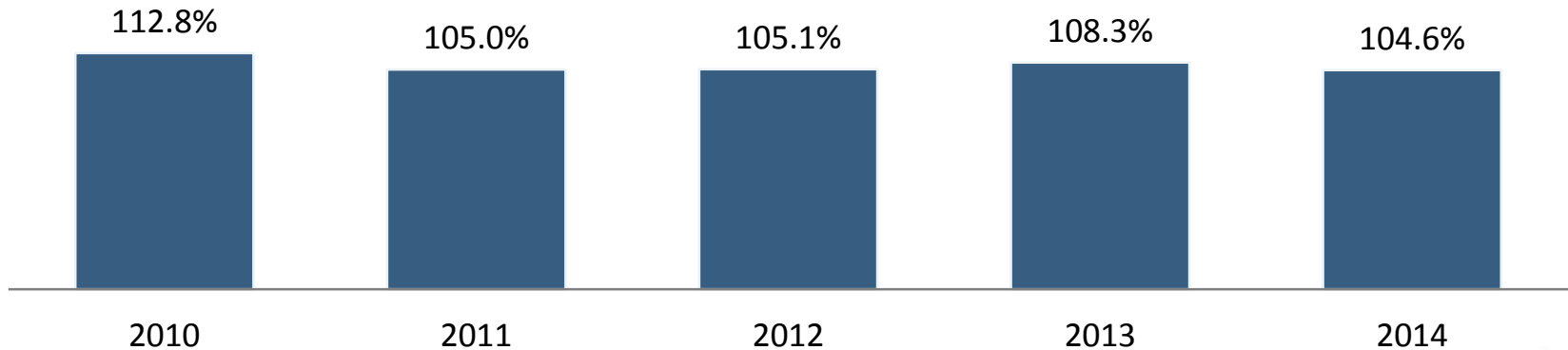
# Deposits

Figures in Ps. billions



Source: Company Filings. Consolidated figures.

## Deposits / Net Loans (%)

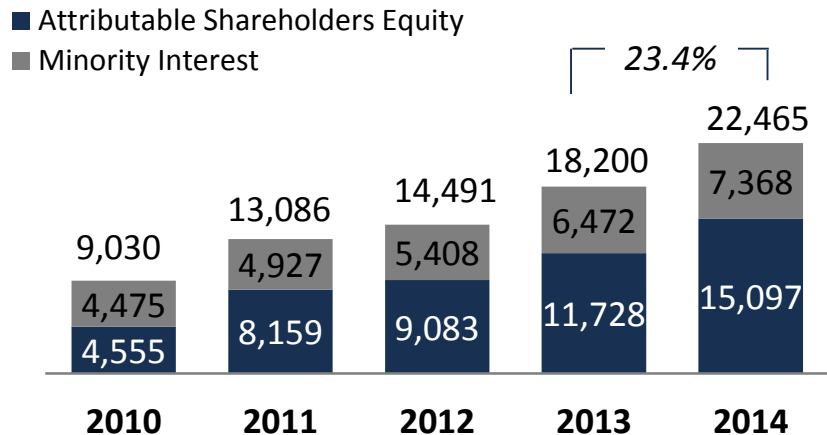


Source: Company Filings. Consolidated figures.

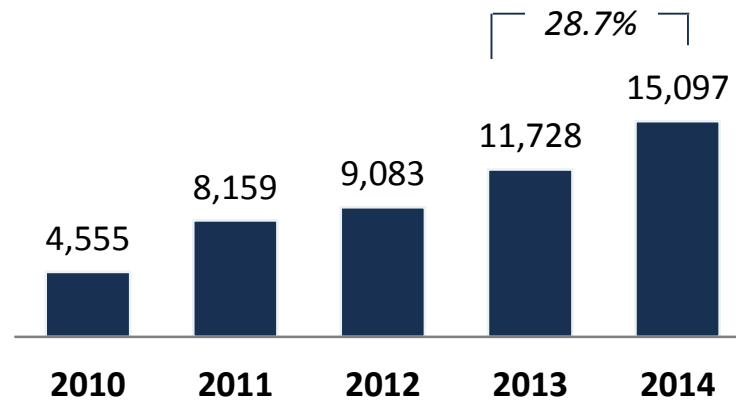
# Capital

Figures in Ps. billions

## Attributable Equity + Minority Interest



## Attributable Shareholders Equity



Source: Company Filings. Consolidated figures.

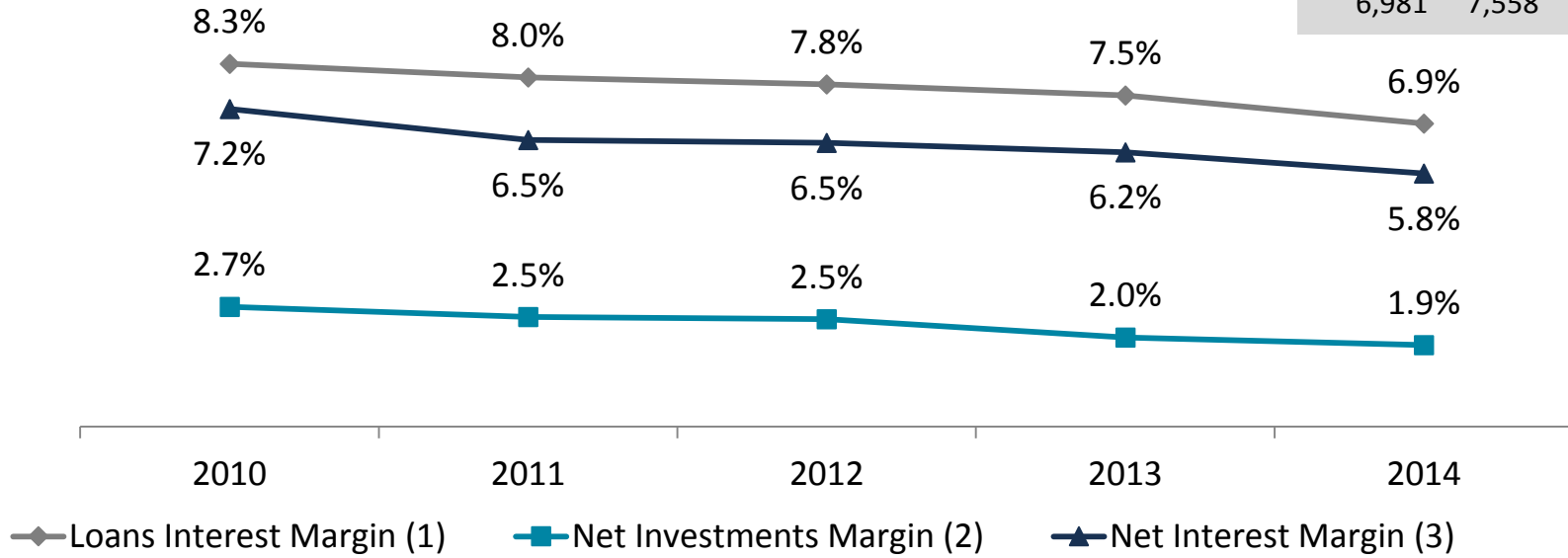
## Consolidated Capital Adequacy of our Banks (%)

	Banco de Bogotá		Banco de Occidente		banco popular		Banco AV Villas		Grupo AVAL Combined	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
<b>Tier 1</b>	7.5	8.0	9.1	8.9	9.5	10.5	10.7	11.6	8.2	8.6
<b>Solvency Ratio</b>	11.2	11.5	12.9	11.8	10.8	12.2	11.8	12.6	11.5	11.7

Source: Grupo Aval Banks. Consolidated figures.

Net interest income

2013	2014	Var. 14/13
6,981	7,558	8.3%



Avg. cost of funds /  
Total Int. and non Int.  
funding

3.0%

3.1%

4.0%

3.3%

3.2%

Source: Company Filings. Consolidated figures.

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

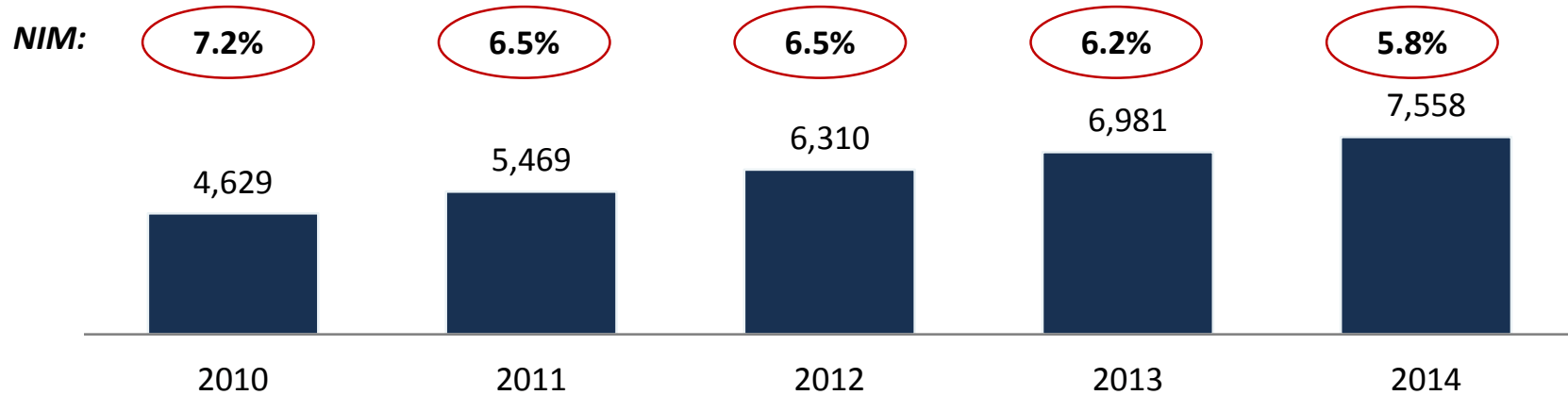
(2) Net Investment Margin: Net Interest income on Fixed Income securities and on Interbank and Overnight funds to Average Fixed Income securities and Interbank and overnight funds.

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

# NIM and Cost of Risk

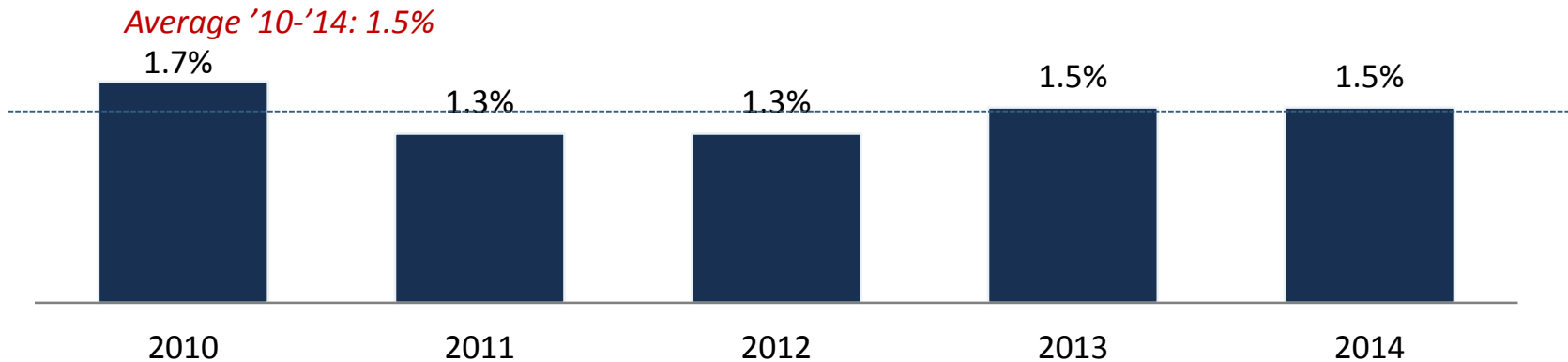
Figures in Ps. billions

## Net interest Income

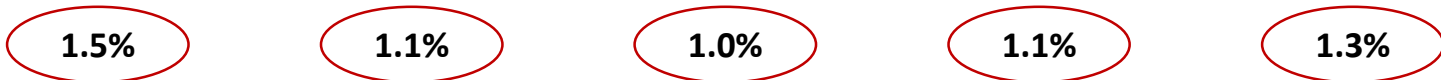


Source: Company Filings. Consolidated figures.

## Provision expense / Average Loans



Charge offs/  
Average  
Loans

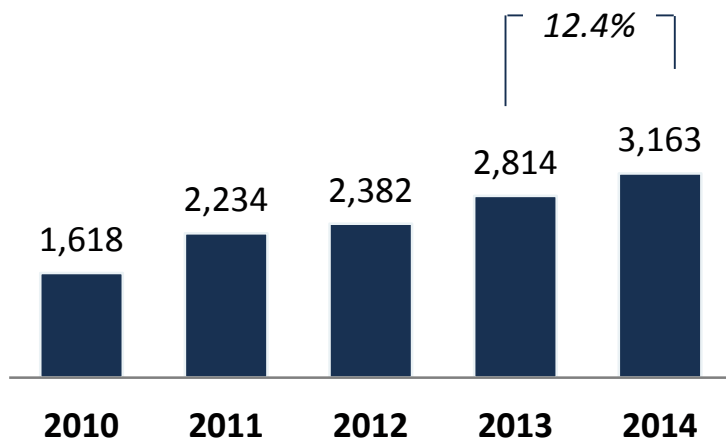


Source: Company Filings. Consolidated figures.

# Net Fees and Other Operating Income

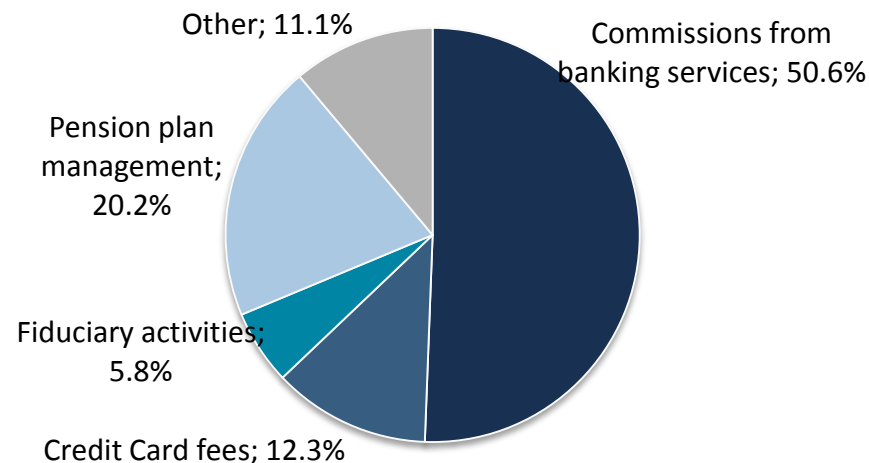
Figures in Ps. billions

## Net Fees<sup>(1)</sup>

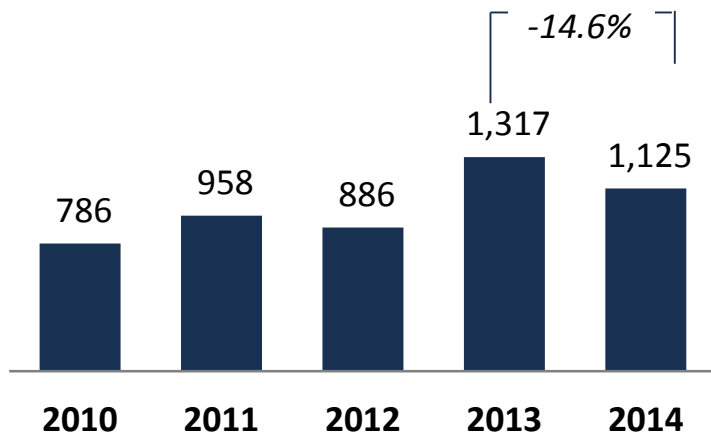


<sup>(1)</sup> Total fees and other service income minus fees and other services expenses.

## Fee Income 2014



## Other operating income



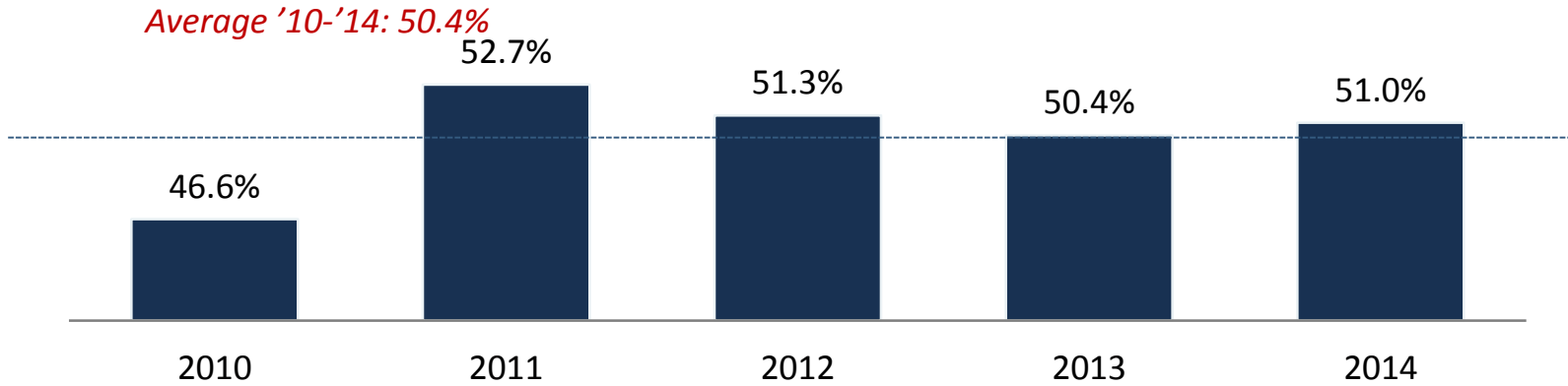
## Other operating income

	2012	2013	2014
Dividend Income	99	326	298
Foreign exchange (losses) gains, net	180	305	282
Income from non-financial sector, net	386	441	329
Other	221	245	216
<b>Total other operating income</b>	<b>886</b>	<b>1,317</b>	<b>1,125</b>

Source: Company Filings. Consolidated figures.

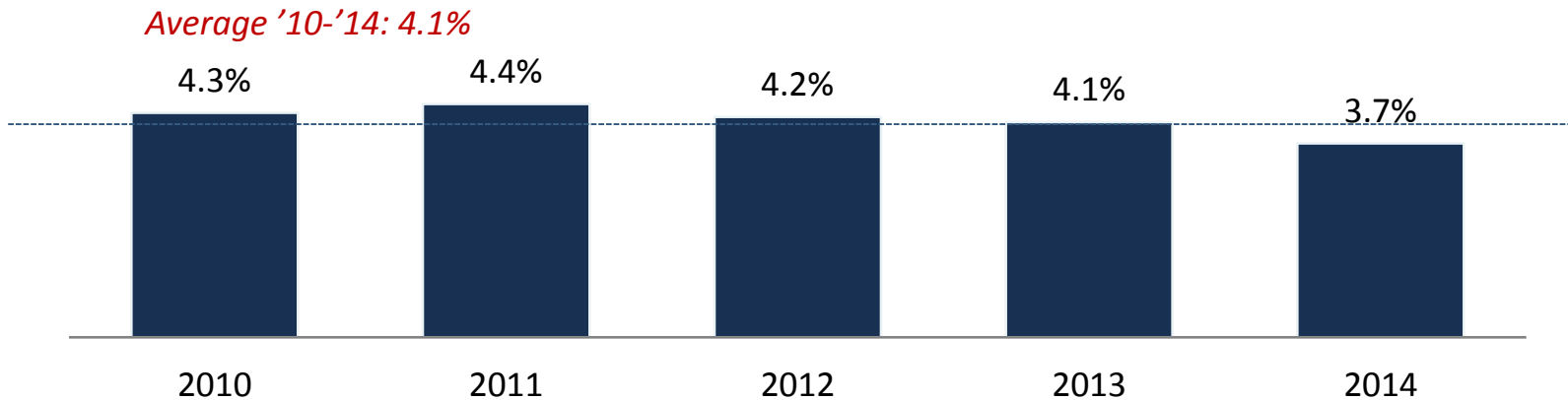
# Efficiency

## Operating expenses / Operating Income



Source: Company Filings. Consolidated figures. Efficiency Ratio is calculated as Operating Expenses before D&A divided by Operating Income before net provisions.

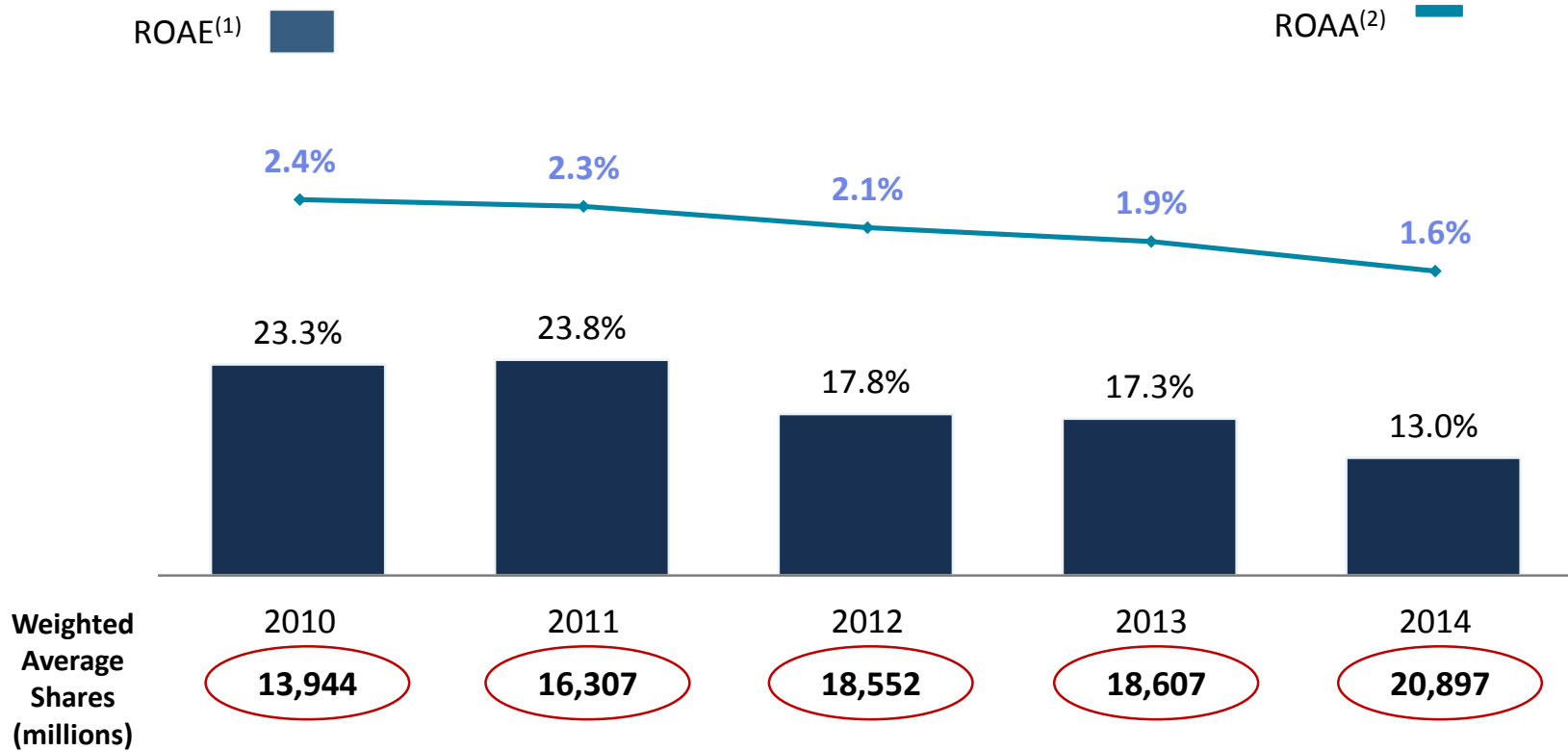
## Operating expenses / Average Assets



Source: Company Filings. Consolidated figures. Efficiency Ratio is calculated as annualized Operating Expenses before D&A divided by average of total assets.

# Profitability

Figures in Ps. billions



Source: Company Filings. Consolidated figures. <sup>(1)</sup> ROAE is calculated as Net Income divided by the thirteen-month average of shareholders' equity for each year ended at Dec. 31<sup>st</sup>. For 2013, ROAE is calculated excluding Ps. 2,114.5 billions in capital raised in Dec, 2013. <sup>(2)</sup> ROAA is calculated as Income before non-controlling interest divided by the thirteen-month average of total assets for each year ended at Dec. 31<sup>st</sup>.

## Contact Information

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