FitchRatings

Banks

Colombia

Grupo Aval Acciones y Valores S.A.

Grupo Aval

Full Rating Report

Ratings

Grupo Aval

Long-Term IDR	BBB
Short-Term IDR	F3
Local Currency Long-Term IDR	BBB
Local Currency Short-Term IDR	F3
Support Rating	5
Support Rating Floor	NF

Sovereign Risk

Foreign Currency Long-Term IDR	BBB
Local Currency Long-Term IDR	BBB+

Outlooks

Foreign Currency Long-Term IDR	Stable
Sovereign Foreign Currency Long-Term IDR	Stable
Sovereign Local Currency Long-Term IDR	Stable

Financial Data

Grupo Aval

	1Q15	2014
Total Assets (USDm)	73,579	67,470
Total Assets (COPm)	189,543	177,414
Total Equity (COPm)	22,040	22,457
Operating Profit (COPm)	1,142	3,729
Published Net Income (COPm)	754	2,544
Comprehensive Income (COPm)	754	2,524
Operating ROAA (%)	2.46	2.27
Operating ROAE (%)	20.31	18.71
Internal Capital Generation (%)	13.88	11.33
Tangible Equity/ Tangible Assets (%)	8.80	9.74
Tier I Ratio (%)	N.A.	N.A.
Net income (COPm)	754	2,544

N.A. – Not available.

Related Research

Banco de Bogota S.A. (November 2015)

Analysts

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Key Rating Drivers

Sustained Operating Performance: Grupo Aval Acciones y Valores S.A.'s (Grupo Aval, or GA) banks maintained their good performance, reflecting their structural strengths, adroit risk management and sound core earnings. Operating costs were curbed but are now structurally higher, while loan loss provisions declined in relative terms. Overall efficiency declined compared with historical levels; accordingly, profitability declined but remains at very good levels.

Sound Financial Standing: Driven by the consistent performance of its operating companies and its relatively moderate leverage at the holding company level, GA enjoys a well-diversified balance sheet with a moderate risk profile and a consistent, above-average profitability.

Robust Asset Quality: Owing to its diversification and to specific strengths within each bank (e.g. low-risk portfolio, payroll lending and sound credit process), asset quality remained strong; furthermore, past-due loans (PDLs) are adequately covered by loan loss reserves.

Moderate Double Leverage: On an unconsolidated basis, GA's double leverage is moderate (about 1.0x at December 2014) and expected to remain fairly stable unless the group embarks in rapid asset or inorganic growth.

Strong Competitive Position: GA attains, through a multibrand strategy, a 30% market share in Colombia and a sizable presence in Central America. GA's individual banks have quite different profiles but similar financial strength; the consolidated group is a sound all-around competitor boasting adequate growth and profitability.

Diversified Franchises: Operating in a concentrated market with strong local players, the banks of Grupo Aval have established specialized franchises in their respective target markets. Aiming to maintain its market share, the group does not currently plan to consolidate its banks.

Moderate Efficiency: Given its ample branch network and consumer segment growth, as well as the limited economies of scale caused by the multibrand strategy, GA's efficiency, which compares well with that of local competitors, is below its regional peers' average. Improvement, while possible, is not expected to be very rapid.

Rating Sensitivities

Sustained Performance: Grupo Aval's issuer default ratings (IDRs) would be underpinned by a sustained performance at each operating company, stronger debt service coverage ratios and improved operating conditions in Central America that would reduce the risk the group takes in this region. Further improvements in the regulation of bank holding companies in Colombia may also be beneficial.

Heightened Leverage: On the other hand, a substantial increase in the group's leverage (double leverage above 120%) or a decline in the dividend flows from the operating companies that would, as a whole, result in a deterioration of its debt coverage ratios, would pressure Grupo Aval's ratings.

Operating Environment

Slower Yet Still Positive Economic Growth

Real GDP growth reached 4.7% in 2014, and Fitch Ratings forecasts a moderate growth of 2.57% in 2015 and 2.90%, respectively, in 2016 that should, nevertheless, remain stronger than regional and rating peers. Resilient domestic demand, a weaker COP and the beginning of the 4G infrastructure program could partly balance weaker terms of trade and rising external borrowing costs. Inflation has risen above the target range of the central bank in 1H15 but is likely to remain below that of its ‘BBB’ rated peers.

Supportive financing conditions in terms of cost and maturity profile, continued external market access and limited FX mismatches mitigate refinancing risks. Fiscal policy flexibility is constrained by a narrow revenue base, a rigid expenditure profile and limited fiscal savings. Despite expenditure adjustment, reduced revenues from low oil prices and weaker growth will increase the central government deficit to 2.9% of GDP in 2015. General government debt, at 42.3% of GDP in 2014, is expected to increase in line with the ‘BBB’ rating category median. However, deft liability management has improved currency, refinancing and interest rate risks.

In the past five years, the banking system’s gross loans grew at an annual average rate of 10.7% thanks to an expansion of the middle class, lower unemployment rates and rising income. Notwithstanding this strong growth, Colombia’s level of financial penetration remains relatively low (private credit to GDP stood at 52.6% at YE14, below the ‘BBB’ rating category median of 61.5%), placing it in a good position for further growth.

Company Profile

Colombia and Central America’s Largest Banking Conglomerate

Grupo Aval is Colombia’s largest bank holding company (28% consolidated market share by assets at December 2014) and a top contender in Central America (9% market share in the region). At June 2015, in addition to several electronic and nonbanking channels, GA had 1,397 branches in Colombia, 356 branches in Central America, 3,775 ATMs in Colombia and 1,736 ATMs in Central America.

The group has its roots in the takeover of BO, a medium-sized bank oriented to the public sector in 1971. It then incorporated a savings and loans company (AV Villas [AV]) that would benefit from the synergies with its construction business and acquired Banco de Bogota (Bogota) in 1981, a bank oriented to the corporate segment and GA’s main subsidiary. In 1997, the group acquired Banco Popular (BP), a consumer bank strong in payroll lending, and Corficolombiana (CFC), an investment bank with investments in energy, infrastructure, hospitality and agribusiness. In 2010, GA acquired BAC Credomatic (a retail-oriented bank conglomerate in Central America) and strengthened it with Grupo Reformador (Guatemala) and BBVA Panama in 2013.

GA has a diverse and stable universal banking business model based on intermediation and complementary financial services (trust, brokerage, pension fund management, investment banking and advisory, among others). Internally, GA is organized into three core areas in charge of finance, risk and IT that are complemented by internal control and investor relations. The core areas consolidate reporting from each operating subsidiary, ensure compliance with local and foreign regulation and create guidelines and core policies that govern all businesses in a consistent manner. In addition, the board of directors actively participates in major decisions (e.g. credit and IT) when a coordinated effort is required.

Related Criteria

Global Bank Rating Criteria (March 2015)

Management

Experienced and Deep Management

While the holding company by itself has a very streamlined organization, key executives have ample expertise in the banking and financial services industries. GA is tightly controlled by the main shareholder, but each of its operating companies enjoys autonomy and has experienced and deep managerial teams. GA's conservative culture is clearly recognizable but each entity has its particular traits and, as they compete among them, they pride themselves on their achievements.

For the group as a whole and for each bank, this structure creates a large pool of capable and experienced managers that are regularly tapped to assume responsibilities in either of the group's banks. Managers share the overarching corporate culture and contribute their own experience. The group's top management values hands-on experience and seeks cross-fertilization. The same approach is applied to each new subsidiary. Local expertise is identified, retained and empowered. It is made accountable for each subsidiary's performance.

Clear Strategy, Swift Execution

Grupo Aval has a consistent multibrand strategy; each one of its four banks in Colombia caters to specific segments and carries out its own commercial strategy that, at times, involves competing with sibling banks. Some synergies exist and are exploited whenever possible, but the challenges of operating four largely independent banks are, according to the management, offset by the group's ability to capture business that would otherwise be left to competitors.

Key strategic decisions (e.g. acquisition of BAC, new core banking platform) are taken at the holding company level considering each entity's focus, strengths and needs. Individual growth strategy is left to each bank that develops its own products and services in a quite autonomous way. A similar approach was implemented at BAC but, as expected, some cross-fertilization is taking place as Bogota contributes its corporate lending know-how to BAC and taps into BAC's ample experience in credit cards and consumer lending.

Risk Appetite

Conservative Risk Appetite

Broad risk management guidelines are set forth by the holding company, but each bank has autonomy to set its own risk policies; the latter are generally conservative. Best practices are shared, and market and operational risk policies have been largely harmonized. Credit decisions are taken at the bank level following each institution's internal policies that include, among others, formal credit committees for corporate/middle-market lending and automated, scoring/credit factory processes for retail. Exposures exceeding COP20bn on aggregate across all banks are reviewed and approved by GA's board of directors.

GA's risk policies tend to be quite conservative, with relatively low loan to values, direct payroll deduction structures and low risk/volatility investments. To prevent undesired risk-taking, credit officers in middle-market and small- and medium-sized enterprise (SME) segments may have full credit cycle responsibilities (lending and collection), and traders' compensation is structured so as to encourage balanced risk-taking.

Rapid organic and inorganic growth has given way to a more moderate expansion since 2014. GA has generally acquired very strong banks and, by relying on an empowered, accountable local management, has seamlessly integrated its acquisitions. Moreover, acquisitions have been accompanied by adequate capitalization and medium-term funding.

Financial Profile

GA's financial profile is based on consolidated figures prepared following Colombian GAAP at 1Q15. Since Jan. 1, 2015, banks in Colombia have reported consolidated statements in IFRS. Accordingly, quarterly reports have been delayed and somewhat inconsistent as reporting systems/rules are fine-tuned. GA reported 1Q15 figures in ColGAAP and IFRS. IFRS is expected to have a mixed but not materially important impact on financial metrics. Quarterly reports at 2Q15 showed variations in line with Fitch's expectations. In any case, and to avoid confusion, Fitch will publish IFRS-based financials only after GA has completed a full year of reporting.

Asset Quality

Robust Asset Quality

Each bank operates in a particular segment/business, hence presenting some asset/product concentration, but on aggregate the group has a very well diversified loan portfolio with roughly two-thirds of the loans granted to corporate customers and one-third to retail customers. No single industry represents more than 10% of the gross portfolio.

Asset Quality

(%)

	1Q15	2014	2013	2012
Growth of Gross Loans	5.95	16.83	20.60	14.41
Impaired Loans/Gross Loans	2.60	2.60	2.40	2.20
Reserves for Impaired Loans/Impaired Loans	115.30	117.10	132.67	144.58
Impaired Loans Less Reserves for Impaired Loans/Fitch Core Capital	(9.51)	N.A.	N.A.	N.A.
Loan Impairment Charges/Average Gross Loans	1.64	1.44	1.47	1.21

N.A. – Not available
Source: Company reports.

GA's main exposures, excluding those to consumer and retail, were to manufacturing, public services, transportation and communications. Concentration by obligor is also very moderate. Asset quality at the consolidated level remained sound, 30-day past due loans (PDLs) stood at 2.6% at March 2015 (unchanged from December 2014). Given its target market and portfolio mix, Banco de Bogota has one of the best asset qualities, while Banco Popular benefits from its payroll lending structure. BO and AV Villas show PDL levels below GA's average, reflecting their concentration on the consumer/SME segments. However, these figures compare quite well with those of banks specialized in these segments.

Loan loss reserves are adequate at 1.1x 30-day PDLs, a level considered adequate given the group's asset quality, conservative policies and sound capital generation. Charge-offs remained moderate, reflecting the dominant policy of not charging off loans unless all collection efforts are exhausted.

Moderate Risk in Investments

GA's investment portfolio is about 85% debt securities and 15% equity investments. The latter include Corficolombiana's equity stakes in various infrastructure, hospitality and energy projects. Debt securities are mostly from government and government agencies (roughly 80%), including a large share of short-term TES (i.e. Colombian Treasury bills), a common instrument to manage liquidity for which Bogota, BO and BP are market makers. The rest include a mix of bonds from corporations, foreign governments and financial institutions. Investment policy is quite conservative focusing on the underlying credit quality, limited market risk/volatility and diversification.

Earnings and Profitability

Strong Growth and Resilient Margins Drive Performance

Moderate growth and resilient margins, partially underpinned by higher exposures to retail, drive GA's performance through 2015. The group contained operating costs, thus improving efficiency. Non-interest revenues declined in relative terms while loan loss provisions increased in relative terms, owing to the riskier profile of the loan portfolio. Hence, profitability declined to 1.7% return on average assets and 14% return on average equity at March 2015.

Performance

(%)

	1Q15	2014	2013	2012
Net Interest Income/Average Earning Assets	6.21	6.09	6.68	6.87
Non-Interest Expense/Gross Revenues	52.47	55.97	54.47	60.74
Loans and Securities Impairment Charges/Pre-Impairment Operating Profit	28.05	28.49	25.08	14.57
Operating Profit/Average Total Assets	2.46	2.27	2.75	3.08
Operating Profit/Risk-Weighted Assets	N.A.	N.A.	N.A.	N.A.
Net Income/Average Equity	13.75	12.76	16.94	17.76

N.A. – Not available
Source: Company reports.

When broken down by subsidiary, GA's revenues roughly reflect its asset structure. With Bogota as the largest contributor (about 50% of revenues), BO and BP contribute about 20% each while the other smaller subsidiaries contribute about 10%.

Interim figures at 1Q15 pointed to slower asset growth during 2015, particularly in Central America. Expansion into retail should underpin margins, while loan loss provisions should gradually increase in line with the loan portfolio. Overall profitability should stabilize in the 1.5%–2.0% range (ROAA).

Capitalization and Leverage

Stable Capital Metrics

GA's consolidated capital has remained fairly stable over time, but individual banks can see changes according to their acquisitions or earnings generation. In general terms, the group seeks to achieve a balanced growth and manages capital in centralized manner, upstreaming dividends and making contributions as necessary.

Capital

(%)

	1Q15	2014	2013	2012
Fitch Core Capital/Weighted Risk	N.A.	N.A.	N.A.	N.A.
Fitch Eligible Capital/Weighted Risks	N.A.	N.A.	N.A.	N.A.
Tangible Common Equity/Tangible Assets	8.8	9.74	8.86	8.97
Core Tier I Regulatory Capital Ratio	N.A.	N.A.	N.A.	N.A.
Internal Capital Generation	13.88	11.33	14.35	17.37

N.A. – Not available.
Source: Company reports.

GA's consolidated ratio of tangible common equity to tangible assets has hovered around 9% for the past few years. Inorganic growth has put pressure on capital ratios and, despite a healthy internal capital generation, the group's growth has required additional capital injections. Capital should be underpinned by slower overall growth and sustained profitability.

Funding and Liquidity

Ample Liquidity Funds Growth

GA as a whole enjoys a wide, ample depositor base that funds all lending activities at a relatively low cost. Of course there are differences among the banks in terms of concentration or access to capital markets, but the customer deposits fund in almost every case 100% (and more) of the loan portfolio.

Liquidity

(%)

	1Q15	2014	2013	2012
Loans/Customer Deposits	97.81	98.57	95.38	98.24
Interbank Assets/Interbank Liabilities	N.A.	N.A.	N.A.	N.A.
Customer Deposits/Total Funding (Excluding Derivatives)	77.61	78.31	78.17	76.3

N.A. – Not available.
Source: Company reports.

Deposits fund about two-thirds of the consolidated balance sheet and are mostly savings (about 39% of deposits at March 2015), while the rest is split between demand (24%) and time deposits (37%), with the former declining slightly in relative terms. Other sources of funding include interbank funding (about 12% of assets) and long-term bonds (7%). Given the ample access to capital markets in Colombia and the need to better match assets and liabilities, GA's banks are increasingly recurring to capital markets.

Unconsolidated Leverage, Debt Service and Double Leverage

GA's unconsolidated balance sheet is very simple, as it basically has cash and investments on one hand and loans and capital on the other. Revenues are almost exclusively dividends and revaluations (over 90% at March 2015), with a small contribution from the yield of cash investments and other fees and commissions billed to the operating companies for the coordination and planning services provided by the holding company.

According to Fitch's calculations (assuming a conservative dividend growth scenario), the EBITDA to interest ratio improved above 6.0x, and its debt to EBITDA ratio declined to the 1.6x–2.4x range. The expected increase on the dividend flows from the main operating subsidiaries and the possible inclusion of dividends from the pension fund business may result in a steady enhancement of such metrics in the absence of new financial debt.

Finally, GA's double leverage remained well below the 120% threshold. It had increased during 2012, then declined and is now in the 100%–105% range. Continued profitability should underpin GA's double leverage and debt coverage ratios, but these metrics could be affected if the banks grow too fast or GA engages in new M&A without a corresponding increase in capital.

Grupo Aval Acciones y Valores S.A. Income Statement

	31 Mar 2015			31 Dec 2014		31 Dec 2013		31 Dec 2012	
	3 Mos - 1st Qtr USDm Unaudited	3 Mos - 1st Qtr COPbn Unaudited	As % of Earning Assets	Year End COPbn Unqualified	As % of Earning Assets	Year End COPbn Unqualified	As % of Earning Assets	Year End COPbn Unqualified	As % of Earning Assets
1. Interest Income on Loans	1,125.6	2,899.5	7.93	10,361.2	7.44	9,286.3	7.66	8,699.2	8.55
2. Other Interest Income	175.7	452.7	1.24	1,525.3	1.10	1,497.1	1.24	1,546.4	1.52
3. Dividend Income	32.3	83.1	0.23	298.5	0.21	326.4	0.27	99.3	0.10
4. Gross Interest and Dividend Income	1,333.6	3,435.3	9.40	12,185.0	8.75	11,109.8	9.17	10,344.9	10.17
5. Interest Expense on Customer Deposits	335.9	865.3	2.37	3,086.5	2.22	2,624.8	2.17	2,650.8	2.61
6. Other Interest Expense	143.4	369.4	1.01	1,241.9	0.89	1,177.6	0.97	1,245.4	1.22
7. Total Interest Expense	479.3	1,234.7	3.38	4,328.4	3.11	3,802.4	3.14	3,896.2	3.83
8. Net Interest Income	854.3	2,200.6	6.02	7,856.6	5.64	7,307.4	6.03	6,448.7	6.34
9. Net Gains (Losses) on Trading and Derivatives	(182.0)	(468.9)	(1.28)	(1,002.2)	(0.72)	(39.4)	(0.03)	214.9	0.21
10. Net Gains (Losses) on Other Securities	0.0	0.1	0.00	33.2	0.02	96.4	0.08	10.7	0.01
11. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Fees and Commissions	342.2	881.6	2.41	3,162.8	2.27	2,814.4	2.32	2,395.4	2.35
14. Other Operating Income	250.1	644.3	1.76	1,795.8	1.29	934.0	0.77	1,901.9	1.87
15. Total Non-Interest Operating Income	410.4	1,057.1	2.89	3,989.6	2.87	3,805.4	3.14	4,522.9	4.45
16. Personnel Expenses	276.9	713.2	1.95	2,523.3	1.81	2,320.3	1.91	2,212.4	2.18
17. Other Operating Expenses	386.6	996.0	2.73	4,107.3	2.95	3,732.8	3.08	4,451.3	4.38
18. Total Non-Interest Expenses	663.5	1,709.2	4.68	6,630.6	4.76	6,053.1	4.99	6,663.7	6.55
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
20. Pre-Impairment Operating Profit	601.1	1,548.5	4.24	5,215.6	3.75	5,059.7	4.18	4,307.9	4.24
21. Loan Impairment Charge	182.0	468.9	1.28	1,485.8	1.07	1,269.2	1.05	901.8	0.89
22. Securities and Other Credit Impairment Charges	(13.4)	(34.6)	(0.09)	n.a.	-	n.a.	-	(274.2)	(0.27)
23. Operating Profit	432.5	1,114.2	3.05	3,729.8	2.68	3,790.5	3.13	3,680.3	3.62
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
25. Non-recurring Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
26. Non-recurring Expense	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Other Non-operating Income and Expenses	34.2	88.1	0.24	263.1	0.19	236.1	0.19	139.5	0.14
29. Pre-tax Profit	466.7	1,202.3	3.29	3,992.9	2.87	4,026.6	3.32	3,819.8	3.76
30. Tax expense	173.9	448.1	1.23	1,449.0	1.04	1,414.7	1.17	1,368.0	1.34
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
32. Net Income	292.8	754.2	2.06	2,543.9	1.83	2,611.9	2.16	2,451.8	2.41
33. Change in Value of AFS Investments	n.a.	n.a.	-	(20.3)	(0.01)	(376.9)	(0.31)	40.4	0.04
34. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Remaining OCI Gains/(losses)	n.a.	n.a.	-	n.a.	-	n.a.	-	(555.4)	(0.55)
37. Fitch Comprehensive Income	292.8	754.2	2.06	2,523.6	1.81	2,235.0	1.84	1,936.8	1.90
38. Memo: Profit Allocation to Non-controlling Interests	97.4	251.0	0.69	875.2	0.63	1,011.4	0.83	955.4	0.94
39. Memo: Net Income after Allocation to Non-controlling Interests	195.3	503.2	1.38	1,668.7	1.20	1,600.5	1.32	1,496.4	1.47
40. Memo: Common Dividends Relating to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Exchange rate		USD1 = COP2576.05000		USD1 = COP2392.46000		USD1 = COP1922.56000		USD1 = COP1771.54000	

Grupo Aval Acciones y Valores S.A. Balance Sheet

	31 Mar 2015			31 Dec 2014		31 Dec 2013		31 Dec 2012	
	3 Mos - 1st Qtr USDm	3 Mos - 1st Qtr COPbn	As % of Assets	Year End COPbn	As % of Assets	Year End COPbn	As % of Assets	Year End COPbn	As % of Assets
Assets									
A. Loans									
1. Residential Mortgage Loans	n.a.	n.a.	-	9,034.7	5.09	6,520.1	4.23	4,348.3	3.42
2. Other Mortgage Loans	3,826.9	9,858.4	5.20	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	13,461.9	34,678.6	18.30	33,166.4	18.67	27,801.3	18.02	23,380.2	18.37
4. Corporate & Commercial Loans	25,706.6	66,221.5	34.94	62,764.8	35.34	54,855.6	35.55	45,514.2	35.76
5. Other Loans	3,378.5	8,703.3	4.59	7,790.2	4.39	7,336.8	4.76	6,786.6	5.33
6. Less: Reserves for Impaired Loans	1,406.0	3,621.9	1.91	3,413.7	1.92	3,073.0	1.99	2,545.6	2.00
7. Net Loans	44,968.0	115,839.9	61.12	109,342.4	61.56	93,440.8	60.56	77,483.7	60.87
8. Gross Loans	46,374.0	119,461.8	63.03	112,756.1	63.48	96,513.8	62.55	80,029.3	62.87
9. Memo: Impaired Loans included above	809.8	2,086.2	1.10	n.a.	-	n.a.	-	n.a.	-
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets									
1. Loans and Advances to Banks	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	11.6	0.01
3. Trading Securities and at FV through Income	2,686.4	6,920.2	3.65	5,054.6	2.85	7,517.8	4.87	5,650.7	4.44
4. Derivatives	427.6	1,101.5	0.58	1,088.1	0.61	191.8	0.12	454.3	0.36
5. Available for Sale Securities	8,288.4	21,351.4	11.26	20,478.8	11.53	16,432.4	10.65	14,150.8	11.12
6. Held to Maturity Securities	1,163.3	2,996.8	1.58	3,057.6	1.72	3,348.4	2.17	3,249.7	2.55
7. Equity Investments in Associates	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Total Securities	12,565.7	32,369.9	17.08	29,679.1	16.71	27,490.4	17.82	23,517.1	18.48
10. Memo: Government Securities included Above	n.a.	n.a.	-	18,295.4	10.30	18,475.4	11.97	12,671.2	9.95
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Earning Assets	n.a.	n.a.	-	223.5	0.13	253.6	0.16	716.0	0.56
15. Total Earning Assets	57,533.7	148,209.8	78.19	139,245.0	78.40	121,184.8	78.54	101,716.8	79.91
C. Non-Earning Assets									
1. Cash and Due From Banks	8,350.3	21,510.7	11.35	18,693.5	10.52	16,096.6	10.43	13,398.9	10.53
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	55.0	141.8	0.07	134.1	0.08	109.2	0.07	92.0	0.07
4. Fixed Assets	906.2	2,334.4	1.23	2,276.0	1.28	2,044.8	1.33	1,738.7	1.37
5. Goodwill	2,285.4	5,887.3	3.11	5,626.7	3.17	4,968.0	3.22	2,842.2	2.23
6. Other Intangibles	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Current Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Deferred Tax Assets	n.a.	n.a.	-	378.1	0.21	159.1	0.10	120.3	0.09
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	4,448.6	11,459.8	6.05	11,261.3	6.34	9,724.9	6.30	7,380.4	5.80
11. Total Assets	73,579.2	189,543.8	100.00	177,614.7	100.00	154,287.4	100.00	127,289.3	100.00
Exchange rate		USD1 = COP2576.05000		USD1 = COP2392.46000		USD1 = COP1922.56000		USD1 = COP1771.54000	

Grupo Aval Acciones y Valores S.A. Balance Sheet

	31 Mar 2015			31 Dec 2014		31 Dec 2013		31 Dec 2012	
	3 Mos - 1st USDm	3 Mos - 1st COPbn	As % of Assets	Year End COPbn	As % of Assets	Year End COPbn	As % of Assets	Year End COPbn	As % of Assets
Assets									
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	11,296.6	29,100.5	15.35	30,250.5	17.03	25,971.5	16.83	21,052.4	16.54
2. Customer Deposits - Savings	18,270.2	47,065.0	24.83	42,283.1	23.81	42,479.6	27.53	33,545.9	26.35
3. Customer Deposits - Term	17,846.3	45,972.9	24.25	41,858.6	23.57	32,739.3	21.22	26,865.0	21.11
4. Total Customer Deposits	47,413.1	122,138.4	64.44	114,392.2	64.40	101,190.4	65.59	81,463.3	64.00
5. Deposits from Banks	n.a.	n.a.	-	4,589.5	2.58	5,123.6	3.32	5,156.5	4.05
6. Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Commercial Paper and Short-term Borrowings	8,531.7	21,978.1	11.60	7,470.9	4.21	525.6	0.34	781.8	0.61
8. Total Money Market and Short-term Funding	55,944.8	144,116.5	76.03	126,452.6	71.19	106,839.6	69.25	87,401.6	68.66
9. Senior Unsecured Debt (original maturity > 1 year)	5,147.2	13,259.4	7.00	19,625.2	11.05	22,608.2	14.65	19,368.1	15.22
10. Subordinated Borrowing	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Other Long-term Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Total LT Funding (original maturity > 1 year)	5,147.2	13,259.4	7.00	19,625.2	11.05	22,608.2	14.65	19,368.1	15.22
14. Derivatives	753.3	1,940.5	1.02	1,681.5	0.95	226.1	0.15	410.6	0.32
15. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
16. Total Funding	61,845.2	159,316.4	84.05	147,759.3	83.19	129,673.9	84.05	107,180.3	84.20
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	n.a.	n.a.	-	652.4	0.37	308.5	0.20	337.5	0.27
4. Current Tax Liabilities	n.a.	n.a.	-	155.1	0.09	188.6	0.12	410.8	0.32
5. Deferred Tax Liabilities	n.a.	n.a.	-	288.7	0.16	297.5	0.19	214.7	0.17
6. Other Deferred Liabilities	n.a.	n.a.	-	16.2	0.01	101.2	0.07	419.4	0.33
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	204.7	0.12	309.5	0.20	288.4	0.23
9. Other Liabilities	3,178.1	8,186.9	4.32	6,073.5	3.42	5,207.7	3.38	4,320.0	3.39
10. Total Liabilities	65,023.3	167,503.3	88.37	155,149.9	87.35	136,086.9	88.20	113,171.1	88.91
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	6.9	0.00	5.0	0.00	4.9	0.00
G. Equity									
1. Common Equity	5,933.2	15,284.3	8.06	15,633.6	8.80	12,246.9	7.94	7,963.7	6.26
2. Non-controlling Interest	2,839.8	7,315.5	3.86	7,368.2	4.15	6,472.2	4.19	5,575.4	4.38
3. Securities Revaluation Reserves	(217.1)	(559.3)	(0.30)	(543.9)	(0.31)	(523.6)	(0.34)	(146.7)	(0.12)
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	n.a.	n.a.	-	n.a.	-	n.a.	-	720.9	0.57
6. Total Equity	8,555.9	22,040.5	11.63	22,457.9	12.64	18,195.5	11.79	14,113.3	11.09
7. Total Liabilities and Equity	73,579.2	189,543.8	100.00	177,614.7	100.00	154,287.4	100.00	127,289.3	100.00
8. Memo: Fitch Core Capital	6,270.5	16,153.2	8.52	16,741.8	9.43	13,227.5	8.57	11,271.1	8.85
9. Memo: Fitch Eligible Capital	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Exchange rate		USD1 = COP2576.05000			USD1 = COP2392.46000		USD1 = COP1922.56000		USD1 = COP1771.54000

Grupo Aval Acciones y Valores S.A. Summary Analytics

	31 Mar 2015 3 Mos - 1st Qtr	31 Dec 2014 Year End	31 Dec 2013 Year End	31 Dec 2012 Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	9.99	10.01	10.73	11.65
2. Interest Expense on Customer Deposits/ Average Customer Deposits	2.97	2.89	2.97	3.50
3. Interest Income/ Average Earning Assets	9.69	9.44	10.16	11.03
4. Interest Expense/ Average Interest-bearing Liabilities	3.26	3.15	3.29	3.86
5. Net Interest Income/ Average Earning Assets	6.21	6.09	6.68	6.87
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	4.89	4.94	5.52	5.91
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	6.21	6.09	6.68	6.87
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	32.45	33.68	34.24	41.22
2. Non-Interest Expense/ Gross Revenues	52.47	55.97	54.47	60.74
3. Non-Interest Expense/ Average Assets	3.78	4.03	4.40	5.58
4. Pre-impairment Op. Profit/ Average Equity	28.23	26.16	32.81	31.21
5. Pre-impairment Op. Profit/ Average Total Assets	3.42	3.17	3.67	3.61
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	28.05	28.49	25.08	14.57
7. Operating Profit/ Average Equity	20.31	18.71	24.58	26.66
8. Operating Profit/ Average Total Assets	2.46	2.27	2.75	3.08
9. Operating Profit / Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	13.75	12.76	16.94	17.76
2. Net Income/ Average Total Assets	1.67	1.55	1.90	2.05
3. Fitch Comprehensive Income/ Average Total Equity	13.75	12.66	14.50	14.03
4. Fitch Comprehensive Income/ Average Total Assets	1.67	1.53	1.62	1.62
5. Taxes/ Pre-tax Profit	37.27	36.29	35.13	35.81
6. Net Income/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
D. Capitalization				
1. Fitch Core Capital/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
2. Fitch Eligible Capital/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
3. Tangible Common Equity/ Tangible Assets	8.80	9.74	8.86	8.97
4. Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.
5. Total Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.
6. Core Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.
7. Equity/ Total Assets	11.63	12.64	11.79	11.09
8. Cash Dividends Paid & Declared/ Net Income	n.a.	n.a.	n.a.	n.a.
9. Internal Capital Generation	13.88	11.33	14.35	17.37
E. Loan Quality				
1. Growth of Total Assets	6.72	15.12	21.21	14.16
2. Growth of Gross Loans	5.95	16.83	20.60	14.41
3. Impaired Loans/ Gross Loans	2.60	2.60	2.40	2.20
4. Reserves for Impaired Loans/ Gross Loans	3.03	3.03	3.18	3.18
5. Reserves for Impaired Loans/ Impaired Loans	115.30	117.10	132.67	144.58
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	(9.51)	n.a.	n.a.	n.a.
7. Impaired Loans less Reserves for Impaired Loans/ Equity	(6.97)	n.a.	n.a.	n.a.
8. Loan Impairment Charges/ Average Gross Loans	1.64	1.44	1.47	1.21
9. Net Charge-offs/ Average Gross Loans	n.a.	1.26	1.07	0.53
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	1.86	0.12	0.11	0.11
F. Funding and Liquidity				
1. Loans/ Customer Deposits	97.81	98.57	95.38	98.24
2. Interbank Assets/ Interbank Liabilities	n.a.	n.a.	n.a.	n.a.
3. Customer Deposits/ Total Funding (excluding derivatives)	77.61	78.31	78.17	76.30
4. Liquidity Coverage Ratio	n.a.	n.a.	n.a.	n.a.
5. Net Stable Funding Ratio	n.a.	n.a.	n.a.	n.a.

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