



Fitch Rates Grupo Aval Limited's Upcoming Senior Unsecured Notes 'BBB(EXP)'

Fitch Ratings - New York - 17 January 2020:

Fitch Ratings expects to assign a 'BBB(EXP)' rating to Grupo Aval Limited's (GAL) upcoming senior unsecured notes. The notes (for an amount and maturity to be determined) will be senior unsecured obligations and unconditionally guaranteed by Grupo Aval Acciones y Valores S.A. (Grupo Aval, sole shareholder of GAL, rated BBB/Negative).

The notes will carry a fixed interest rate to be set at the time of the issuance and interest payments will be semi-annually. The net proceeds of these senior notes will be used for general corporate purposes, which may include enhancing Grupo Aval's strategic interests in the financial services sector, through acquisitions or other corporate transactions, strengthening the capital base of Grupo Aval's subsidiaries by making equity investments or investing a relevant portion of the net proceeds of this offering in additional tier 1 or other hybrid capital issued by Grupo Aval's subsidiaries in Colombia or Central America, and prepaying outstanding indebtedness, including to related parties.

The final debt issue rating is contingent upon receipt of final documents confirming the information already received.

Key Rating Drivers

The expected rating assigned to GAL's new issuance is aligned with the guarantor's Long-Term Foreign Currency Issuer Default Rating (IDR). The notes will rank pari passu with all of GAL's existing and future senior unsecured obligations. Grupo Aval's guarantee will rank pari passu with all of Grupo Aval's existing and future senior unsecured obligations but will be structurally subordinated to all indebtedness and other liabilities of Grupo Aval's operating subsidiaries.

Grupo Aval's ratings are driven by the business and financial profile of its main operating subsidiary, Banco de Bogota. Low double leverage, good cash flow metrics and a sound competitive position in multiple markets also support Grupo Aval's ratings.

RATING SENSITIVITIES

The ratings for GAL's senior unsecured debt would move in line with Grupo Aval's IDRs.

Grupo Aval's IDR would remain at the same level as Bogota's and move in tandem with any rating actions on its main operating subsidiary. However, the relativity between the two entities' ratings could also be affected by any material and sustained increase in Grupo Aval's double-leverage metrics (above 1.2x), and the holding company's liquidity position and its management. Additionally, a change in the dividend flows from the operating

companies or debt levels at the holding company that affects its debt coverage ratios could also be detrimental to its ratings.

For further information about the drivers and rating sensitivities for Grupo Aval's ratings, please refer to the latest press release (Fitch Affirms Banco De Bogota and Related Entities; Outlook Negative, dated June 17, 2019) at www.fitchratings.com.

Fitch currently rates Grupo Aval and GAL issuance as follows:

Grupo Aval:

--Long-Term Foreign and Local Currency IDR 'BBB'; Outlook Negative

--Short-Term Foreign and Local Currency IDR 'F3';

--Support Rating '5';

--Support Rating Floor 'NF';

GAL:

--Senior Unsecured Guaranteed Debt Issued by Grupo Aval Ltd. 'BBB'.

Date of Relevant Committee

13-Jun-2019

Public Ratings with Credit Linkage to other ratings

Aval's ratings are support-driven by Bogota's ratings.

RATING ACTIONS			
ENTITY/DEBT		RATING	
Grupo Aval Limited			
senior unsecured	LT		
	BBB(EXP)		
	Expected Rating		

Additional information is available on www.fitchratings.com

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Applicable Criteria

Bank Rating Criteria (pub. 12 Oct 2018)

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