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# Corporate presentation 2016

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# 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, 2015, 2014, 2013, 2012 and 2011 included in this report have been audited by KPMG for the purpose of submitting the Form 20-F to the SEC, 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, 2015 we prepared financial information included in our reports to international investors 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, U.S. GAAP and 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.

Please note that for the years 2014 and 2015 Grupo Aval figures are reported according to IFRS issued by the IASB.

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

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**1** Macroeconomic Context-Colombia and Central America

2 Colombia's Financial System

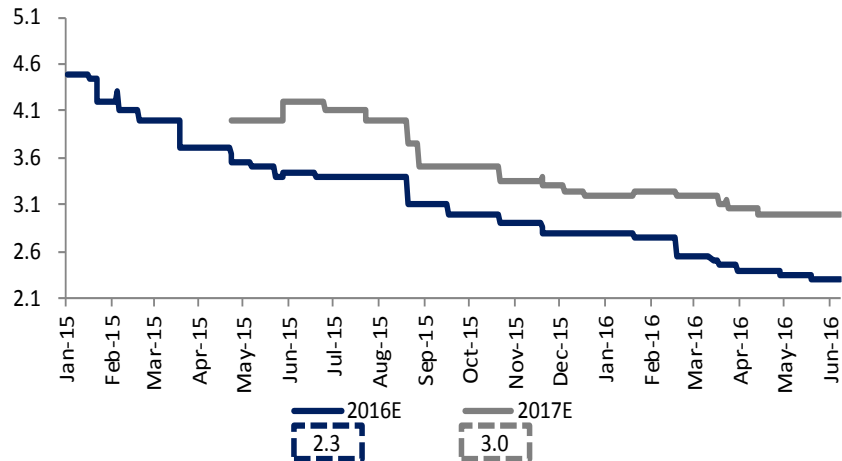
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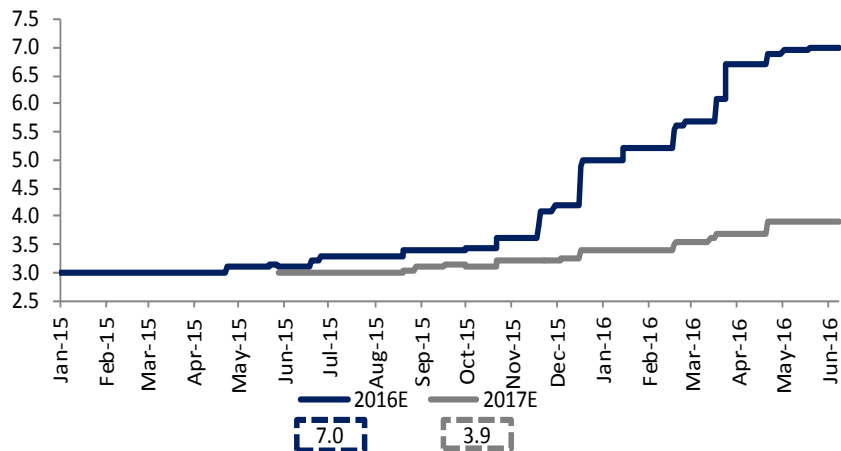
# Macroeconomic Context-Colombia and Central America

## Real GDP growth (%) forecasts



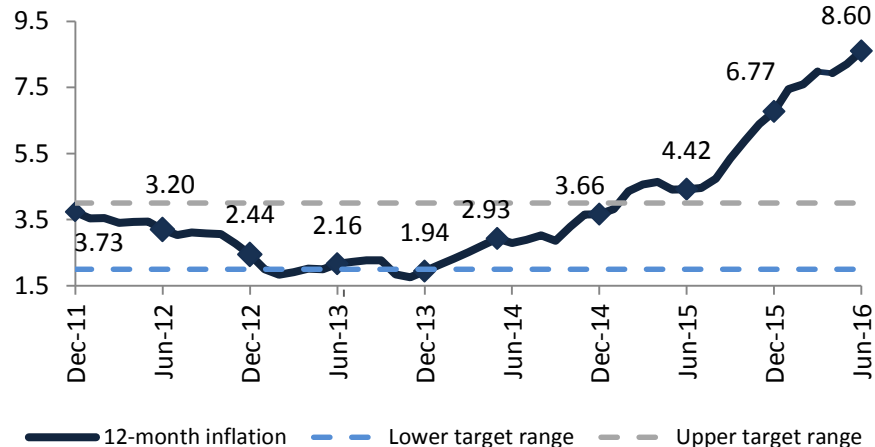
Source: Bloomberg Consensus

## Inflation expectations (%)



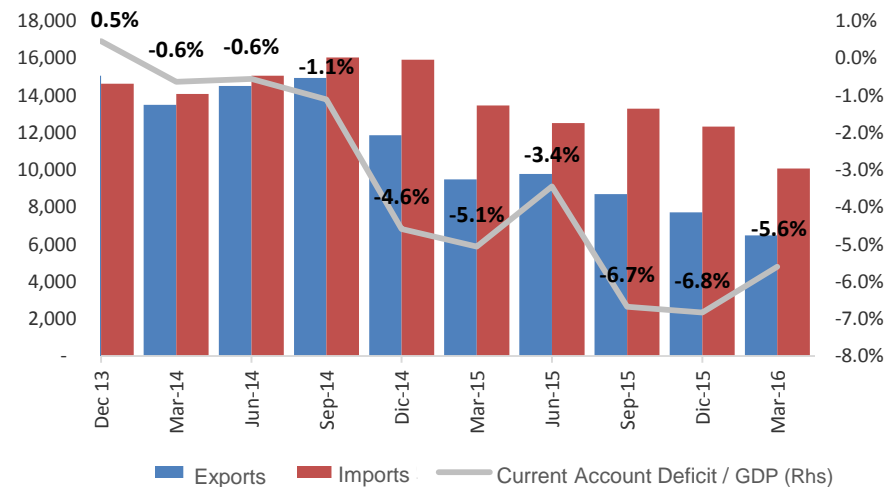
Source: Bloomberg Consensus

## Inflation (%)



Source: Banco de la República de Colombia and DANE

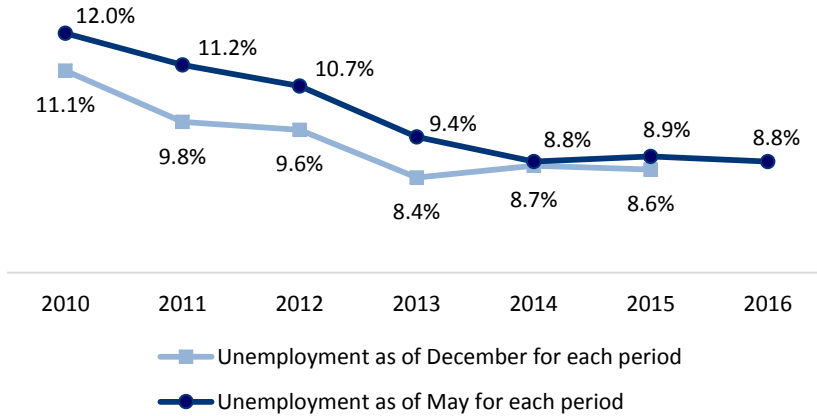
## Current Account balance (USD mm)



Source: Banco de la República de Colombia and DANE

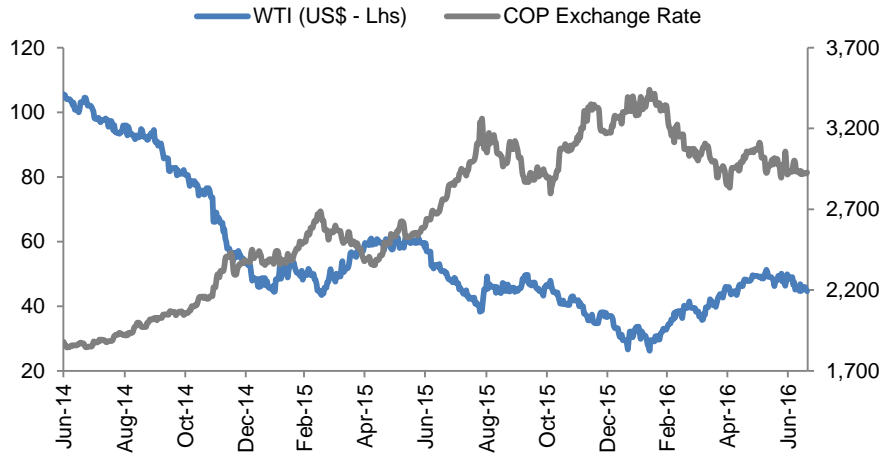
# Macroeconomic Context-Colombia and Central America

## Unemployment (%)



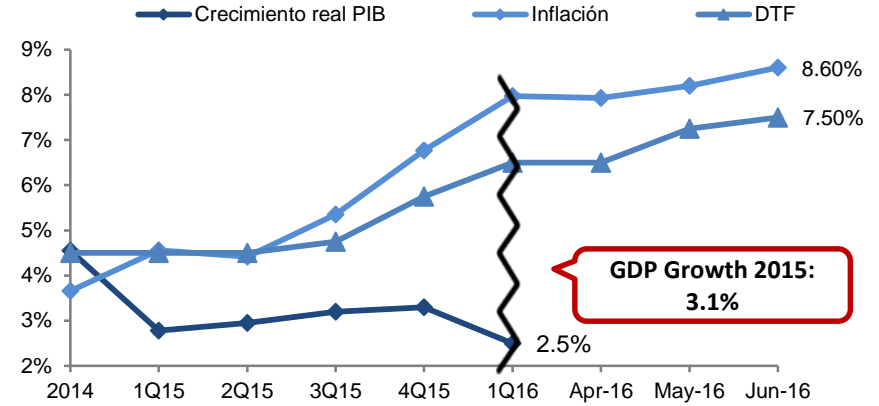
Source: DANE

## Colombian Peso vs WTI US\$/barrel



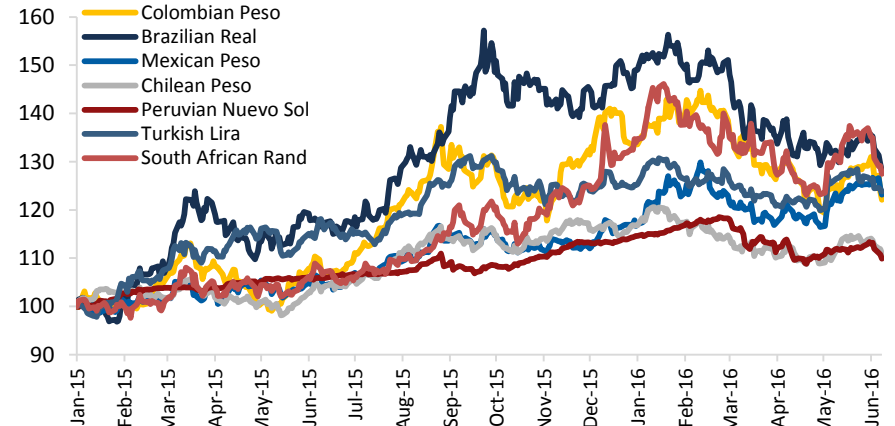
Source: Bloomberg

## Central Bank's Monetary Policy



Source: Banrep and DANE

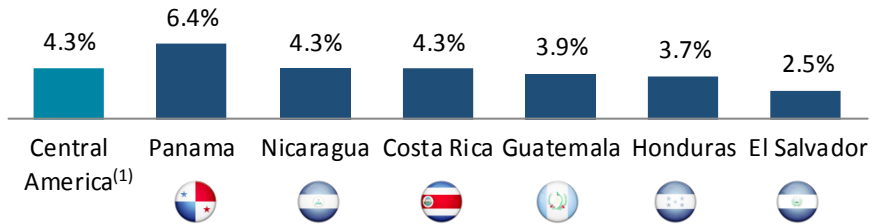
## Colombian Peso vs Emerging markets' currencies (100=Jan, 2015)



Source: Bloomberg

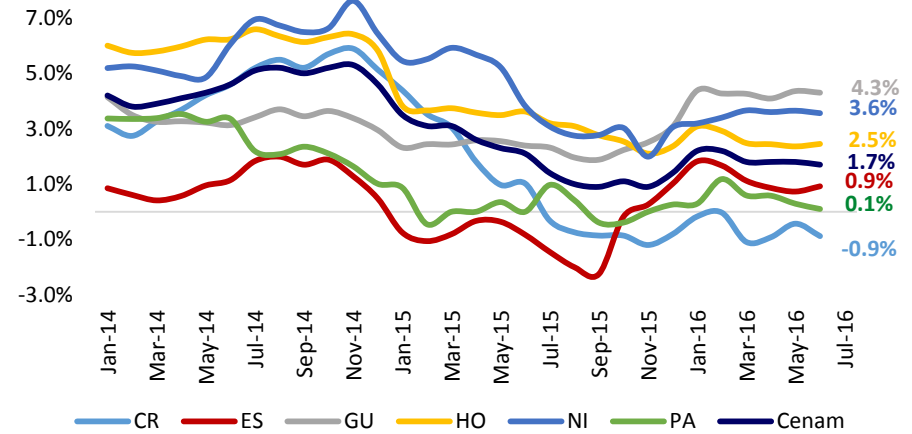
# Macroeconomic Context-Colombia and Central America

## Promising growth outlook – Real GDP CAGR '15–'18E



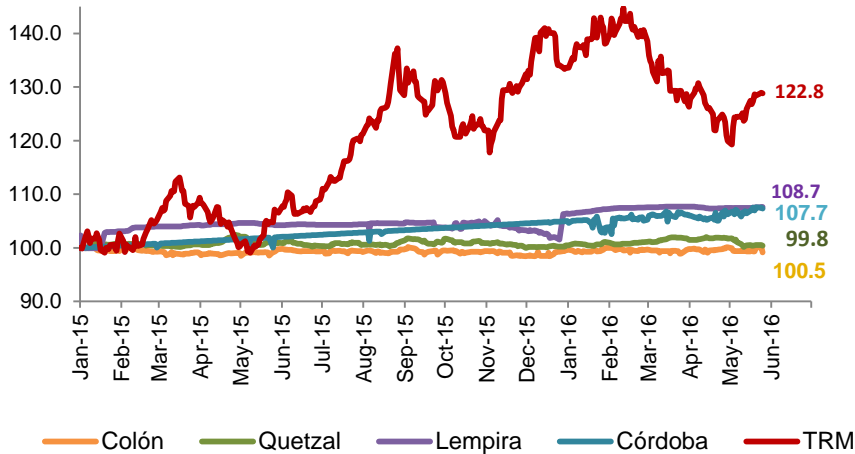
Source: FMI WEO April-16; (1) Aggregate growth of all countries in Central America

## Inflation per Country



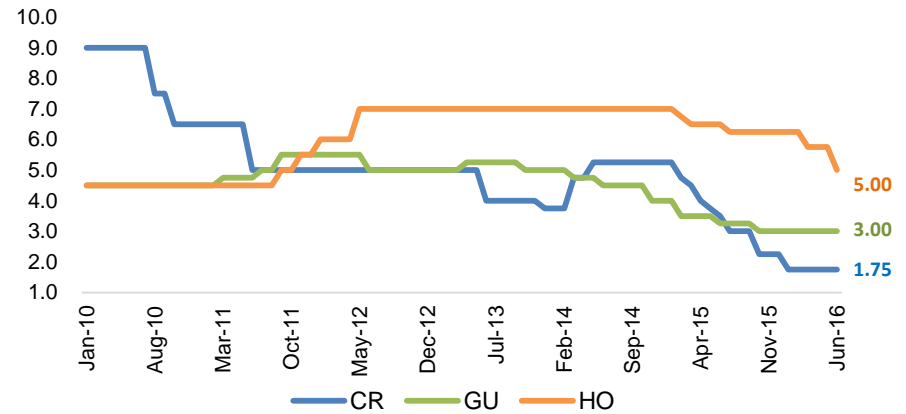
Source: SECMCA

## Regional exchange rates



Source: Bloomberg

## Central Banks' interest rates



Source: SECMCA

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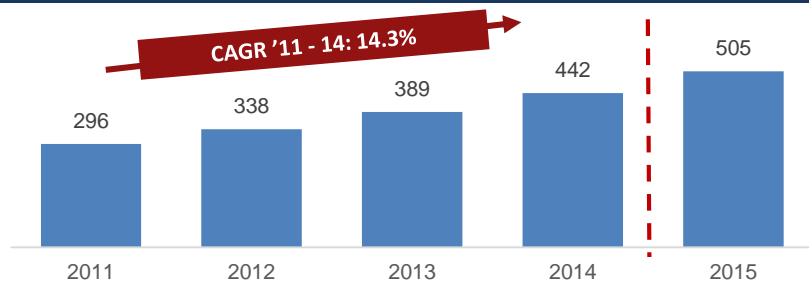
5 Grupo Aval's Historical Financial Performance



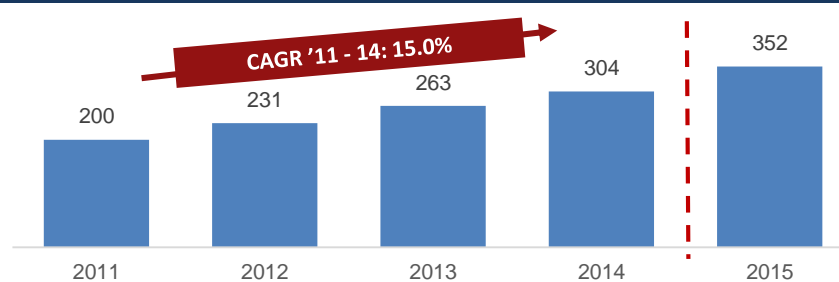
# Colombia's Financial System

Figures in Ps trillion

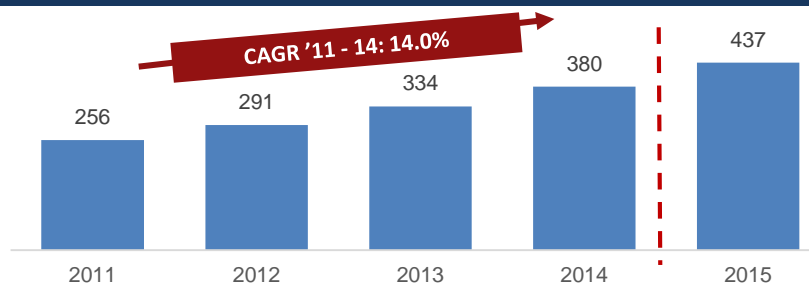
## Assets



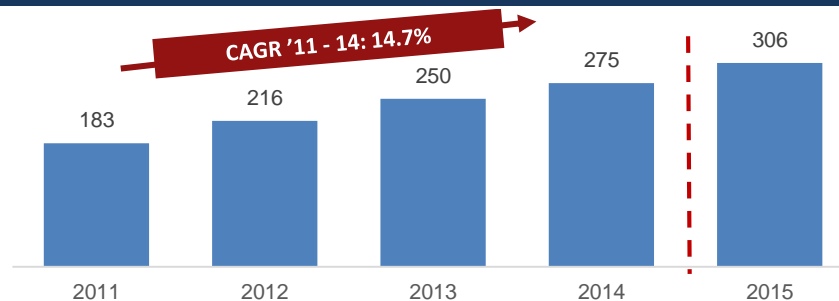
## Gross loans



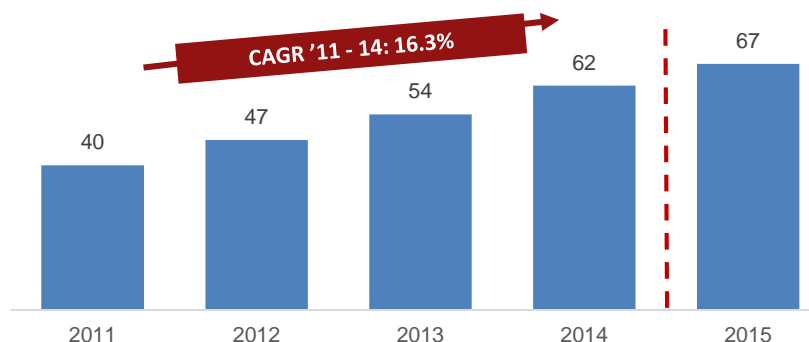
## Liabilities



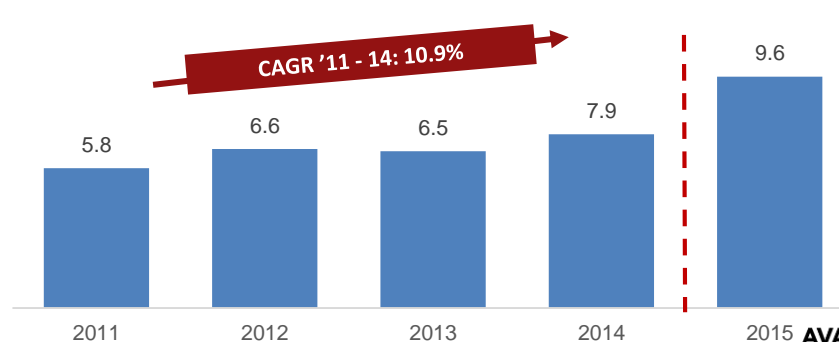
## Deposits



## Total Equity



## Net income



Note: Information prior to 2015 presented under Colombian banking GAAP, figures for 2015 are presented under IFRS as adopted in Colombia

Source: Unconsolidated information under IFRS as filed with the Colombia Superintendency of finance and published monthly. System: Sum of banks, Deposit are calculated as checking accounts, savings accounts and time deposits

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# Grupo Aval's Operating Entities and Main Results

Grupo Aval continues to be a clear leader in the Colombian market

Organizational Structure as of December 31, 2015



Colombian banking subsidiaries



Companies that consolidate into Banco de Bogotá



## Highlights

- Largest banking group in Colombia, with over Ps 216.7 trillion in total assets and Ps 405.3 trillion in assets under management as of December 31, 2015<sup>(3)</sup>
- 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
- 13.7 million banking clients (10.3 million in Colombia and 3.4 million in Central America) as of December 31, 2015
- Wide banking network with 1,433 branches and 3,808 ATM's in Colombia, as well as 352 full-service branches and 1,815 ATMs in Central America as of December 31, 2015

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
- Leader in assets under management with a 42.9% market share as of December 31, 2015



- 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. (1) Includes direct and indirect ownership through Banco de Bogotá 46.9%, Banco de Occidente 33.1% and Grupo Aval 20.0%. (2) Includes direct and indirect ownership through Banco de Bogotá 38.2%, Grupo Aval 9.4%, Banco Popular 5.8% and Banco de Occidente 4.6%. (3) Includes owned and third party assets

# Grupo Aval's Operating Entities and Main Results

## Successful Multi-brand and Diversified Business Model

### Key Figures (As of December 31, 2015)



Figures in billion COP

	porvenir	Caribank	BAC CREDITMATIC	Banco de Occidente	banco popular	Banco AV Villas	Consolidated
Net Loans	93,979	25,630	14,273	8,455			141,828
Assets	152,269	35,650	19,109	11,547			216,679
Deposits	92,044	23,891	12,605	8,959			135,955
Total Equity <sup>(2)</sup>	17,434	4,035	2,567	1,266			22,906
Attributable Equity	13,294	4,021	2,540	1,261			14,568
Net Income <sup>(3)</sup>	1,894	472	348	176			2,041
ROAA <sup>(4)</sup>	1.9%	1.4%	1.9%	1.6%			1.7%
ROAE <sup>(4)</sup>	15.3%	11.8%	13.9%	14.0%			14.5%

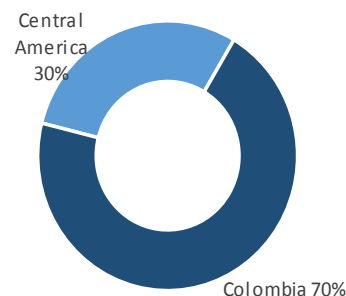
Figures excluding wealth tax paid on 1Q2015

Source: Company filings under IFRS. (1) Companies that consolidate into Banco de Bogotá; (2) Includes attributable equity and minority interest; (3) Net income for the 12 month period ended December 31, 2015; (4) ROAA is calculated as annualized 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 annualized net income attributable to controlling interest 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). (5) Calculations exclude the wealth tax from the Colombian operations. when included Central American operations would have been 28% of total net income.

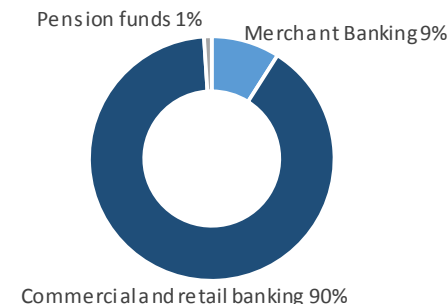
### Business Composition

#### By Assets – December 31, 2015

#### Geographic

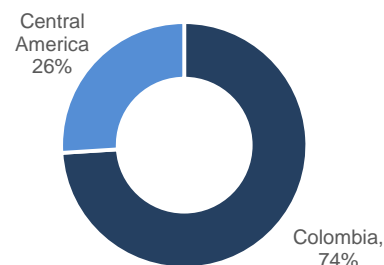


#### Business

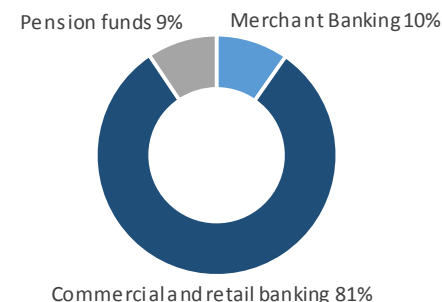


#### By Net Income – 12 month period ended December 31, 2015

#### Geographic<sup>(5)</sup>



#### Business



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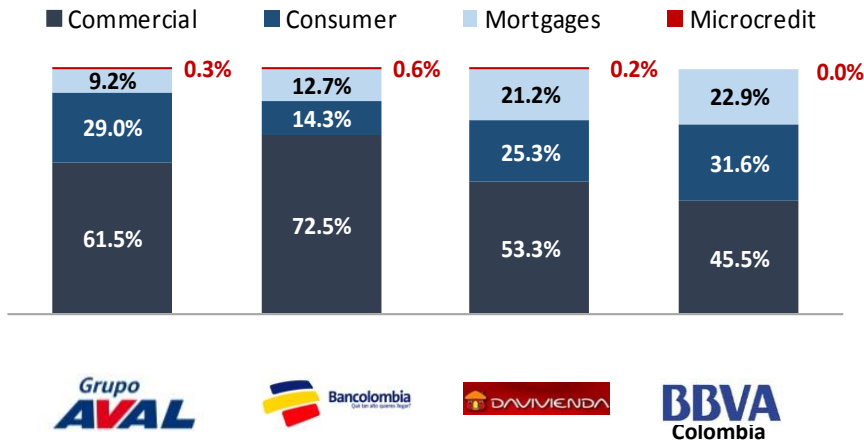
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**4 Grupo Aval's Positioning in Colombia and Central America**

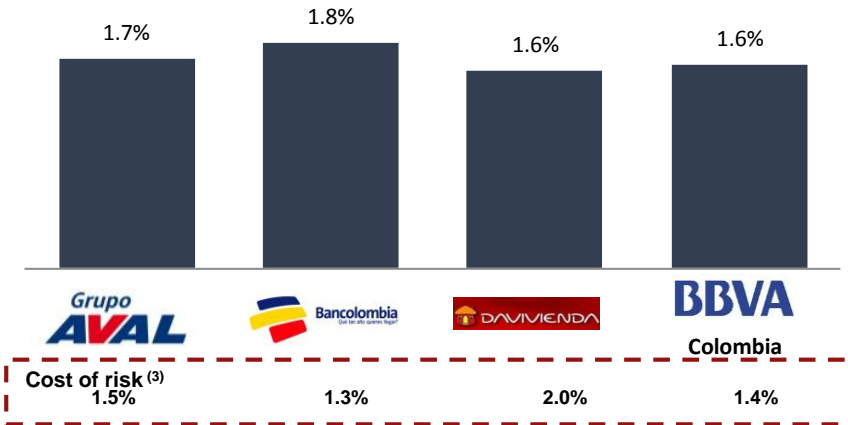
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# Grupo Aval's Positioning in Colombia and Central America

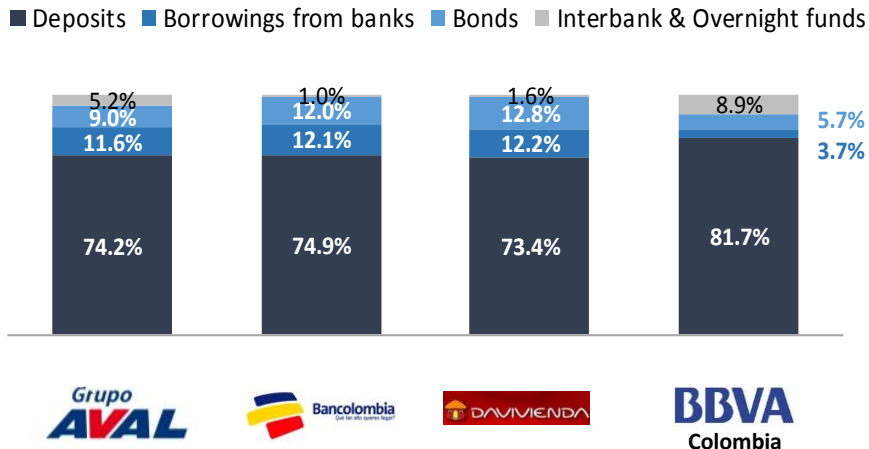
## Gross loan portfolio composition – December 31, 2015



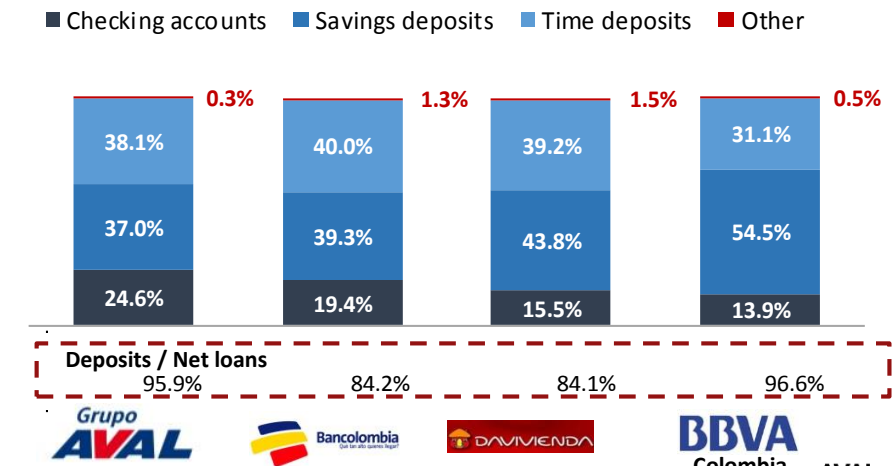
## Loan portfolio quality (PDLs 90+)<sup>(2)</sup> – December 31, 2015



## Funding composition – December 31, 2015



## Deposit composition – December 31, 2015



Source: Consolidated figures based on company filings as of December 31, 2015. (1) Includes interbank & overnight funds and others; (2) PDLs 90+ as reported in consolidated figures, except for BBVA which refers to loan capital 90+ days past due on an unconsolidated basis as reported to the Superintendencia of Finance. For Grupo Aval, +90 days PDLs would have been 1.6% when excluding interest accounts receivable; (3) Calculated as impairment loss net of recovery of charged-off loans divided by average gross loans excluding interbank and overnight funds (total loans at the end of the period plus total loans at the end of the prior period, divided by two).

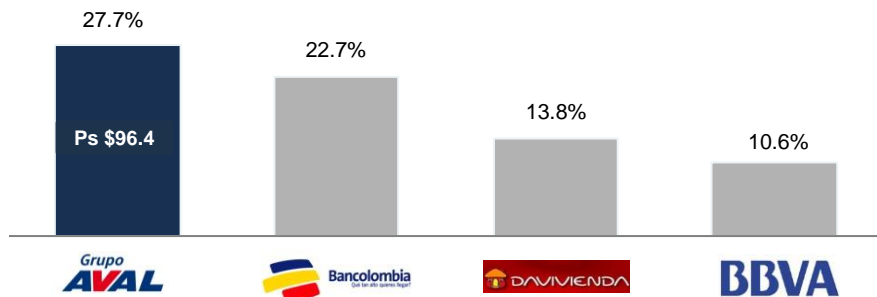
# Grupo Aval's Positioning in Colombia and Central America

Figures in Ps trillion

## Combined Unconsolidated Market Shares of our Colombian Banks as of December 31, 2015

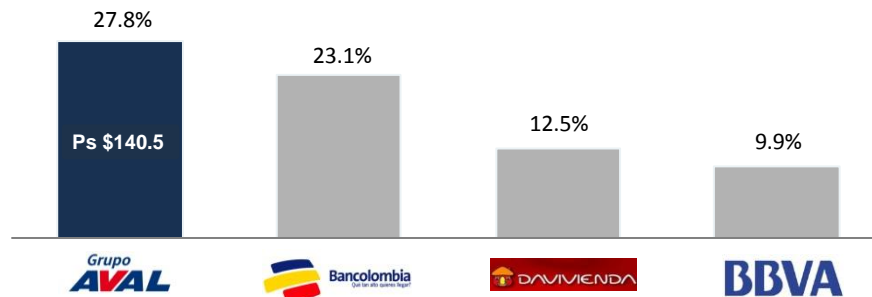
### Net loans<sup>(1)</sup>

System Ps \$ 336.1



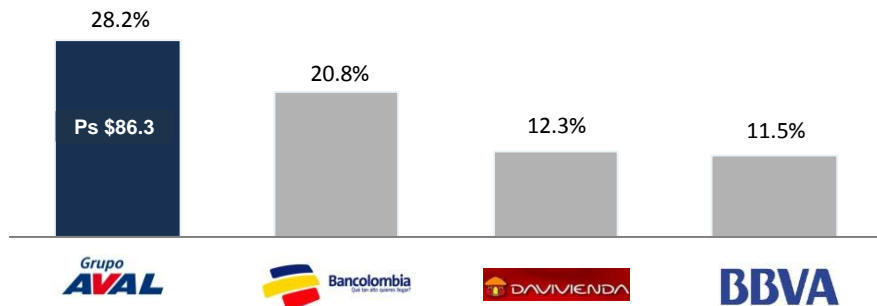
### Total assets

System Ps \$ 504.7



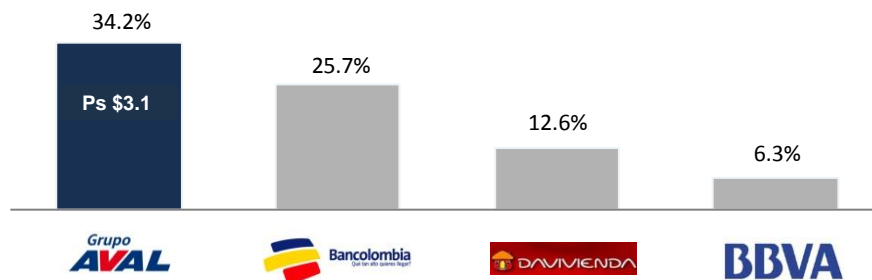
### Deposits<sup>(2)</sup>

System Ps 306.3



### Net income for the 12 months ended December 31, 2015

System Ps 9.6



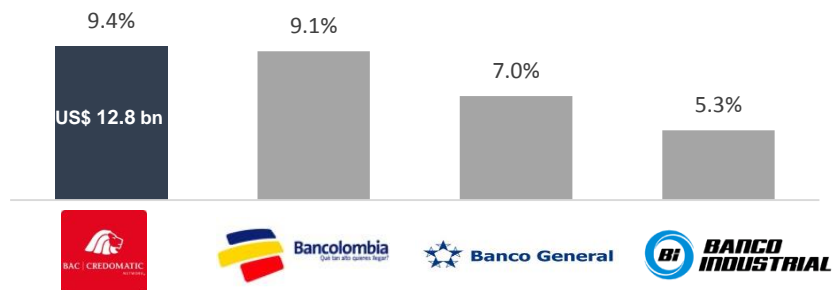
Source: Unconsolidated information under IFRS filed with the Colombian Superintendency of Finance and published monthly; as of December 31, 2015. System: Sum of banks. Grupo Aval is the sum of Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas. (1) Figures excluding interbank & overnight funds for comparative purposes. (2) Deposits are calculated as checking accounts, saving accounts and time deposits.

# Grupo Aval's Positioning in Colombia and Central America

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

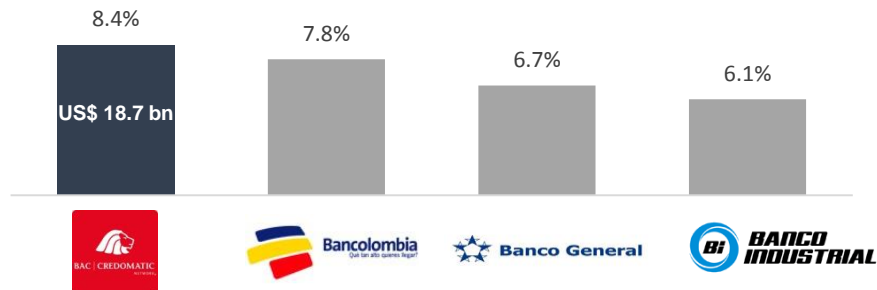
### Net loans

System US\$ 137.4 Bn



### Total assets

System US\$ 221.7 Bn



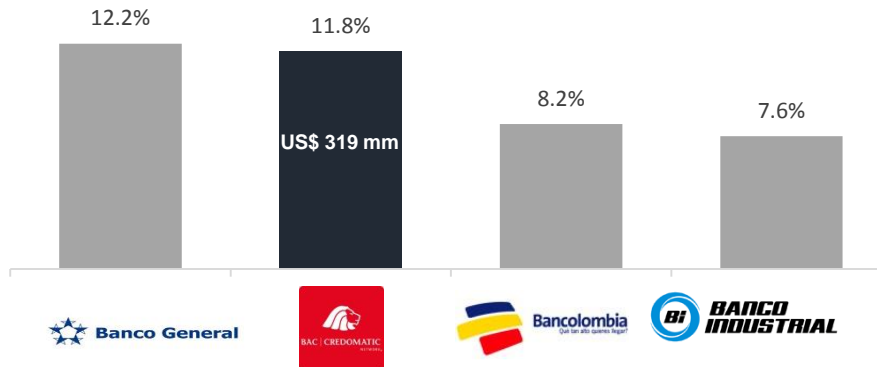
### Deposits <sup>(1)</sup>

System US\$ 151.2Bn



### Net income for the 12 months ended December 31, 2015

System US\$ 2.7 Bn



Source: Company filings. Calculated based on publicly disclosed data aggregated from the local superintendencies of Costa Rica, Honduras, El Salvador, Guatemala, Nicaragua and Panama. Market share is determined based on the sum of each bank's operations in the aforementioned countries. Bancolombia includes Banistmo (Panama), Bancolombia (Panama), Grupo Agromercantil (Guatemala) and Banco Agrícola (Salvador), Scotiabank includes Citibank (Panamá and Costa Rica).



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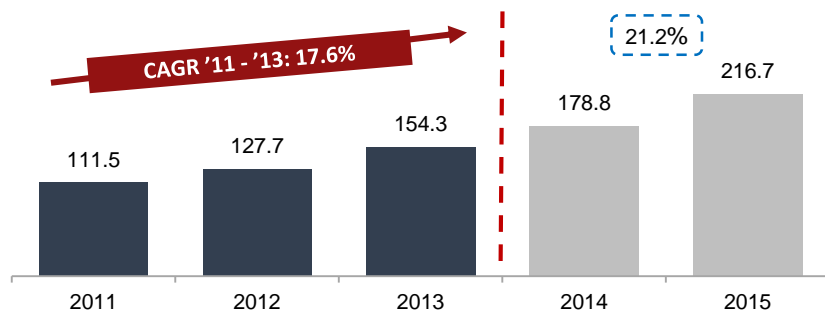
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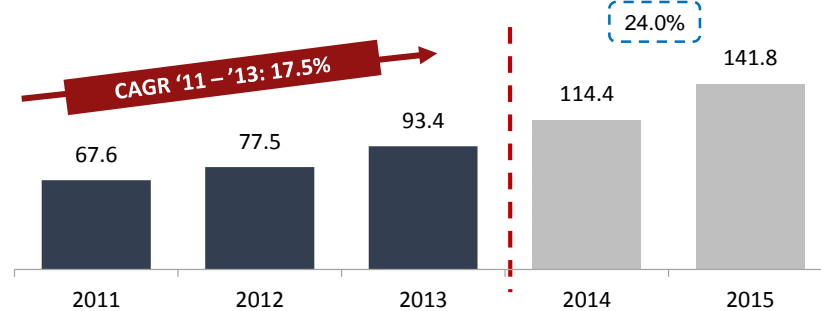
# Grupo Aval's Historical Financial Performance

Figures in Ps trillion

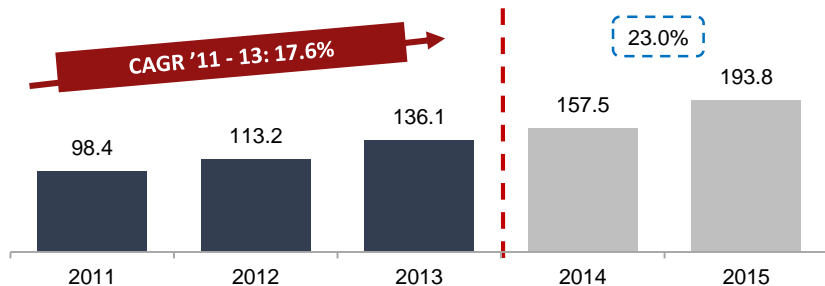
## Assets



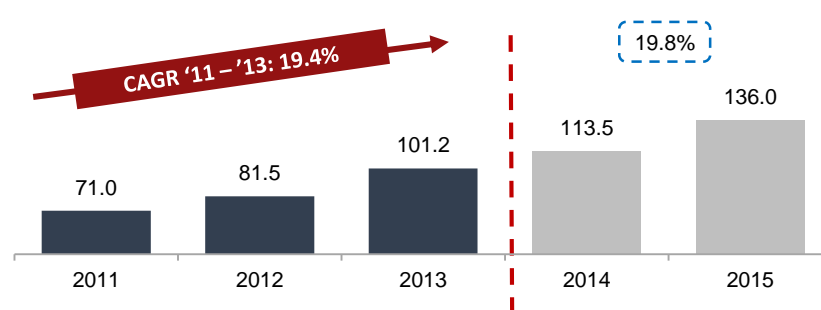
## Net loans and leases



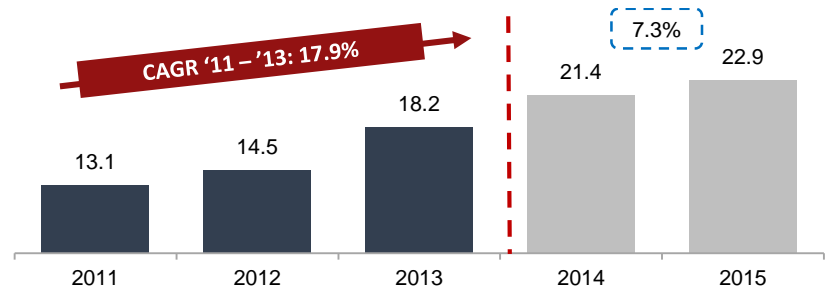
## Liabilities



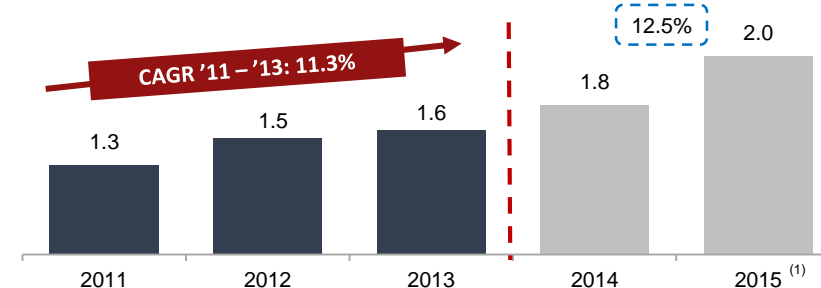
## Deposits



## Total Equity



## Net income



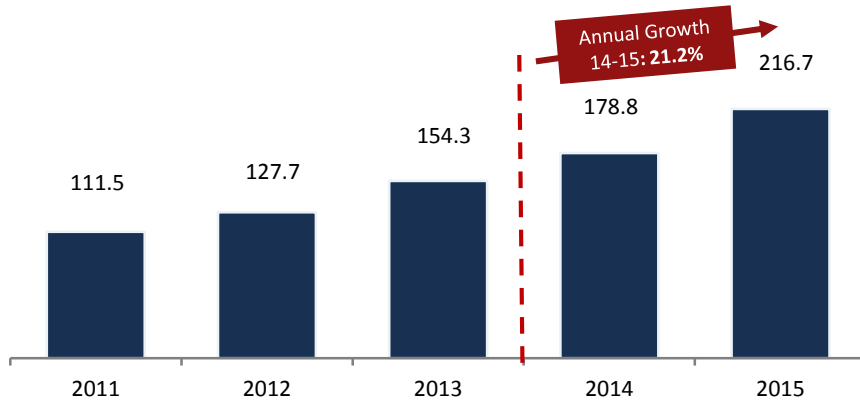
Source: Company filings. Consolidated results of Grupo Aval. Figures from 2011 to 2013 are reported under Colombian Banking GAAP. Figures for the periods ended December 31, 2015 and 2014 are reported under Full IFRS as applicable by the IASB. (1) Net income for 2015 includes US\$208.7 billion of attributable wealth tax paid during the first quarter, if excluded net income would have been Ps 2.2 billion or 24.0% higher than that of 2014.

# Grupo Aval's Historical Financial Performance

Figures in Ps trillion

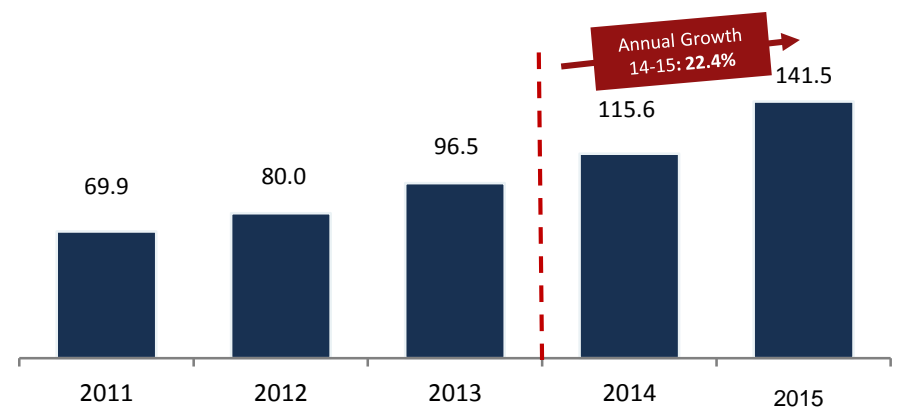
## ASSETS

### Total Assets



## LOANS

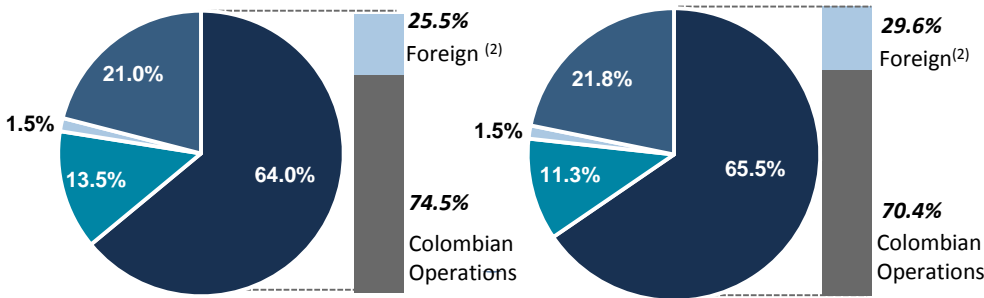
### Gross loans<sup>(1)</sup>



## Assets Breakdown

**2014**

% of total assets

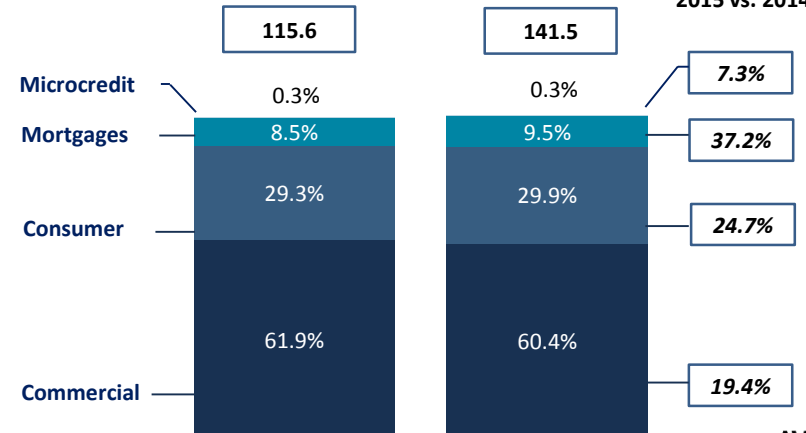


## Gross Loans Breakdown

**2014**

**2015**

Growth 2015 vs. 2014



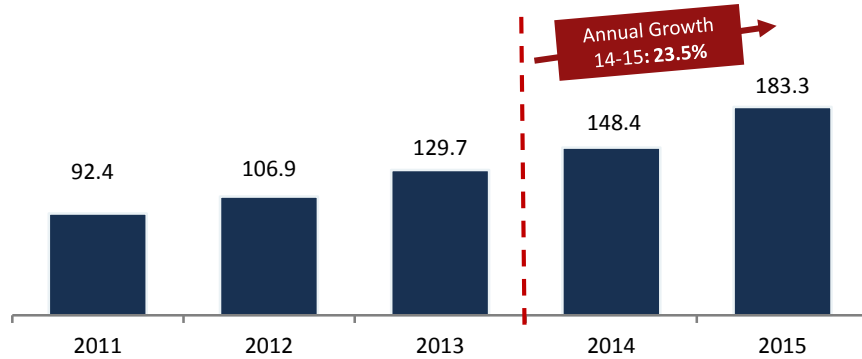
(1) Exclude interbanks and Overnight Operations for 2014 and 2015  
 (2) Foreign operations reflect Central American operations.

# Grupo Aval's Historical Financial Performance

Figures in Ps trillion

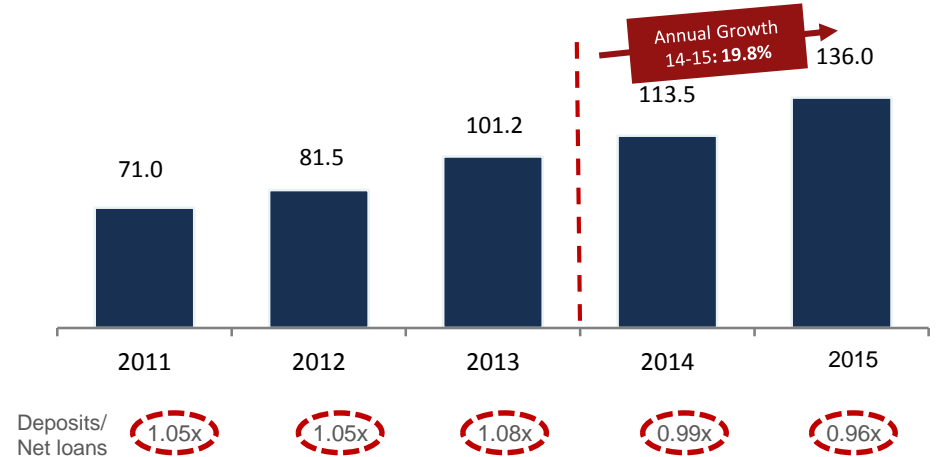
## FUNDING

### Total Funding

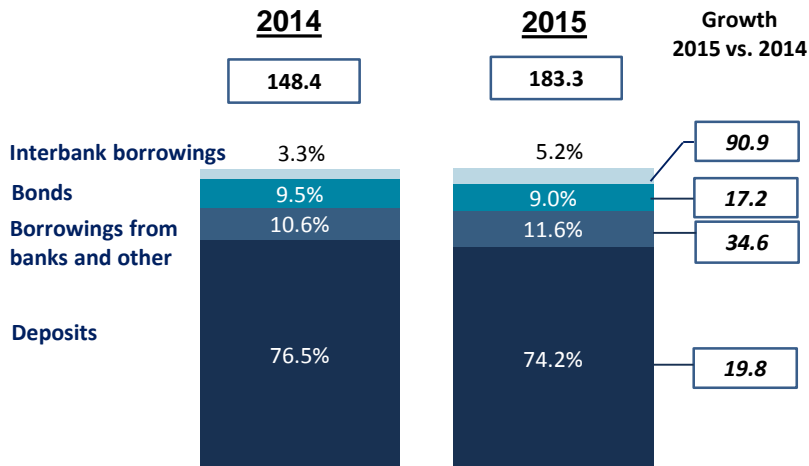


## DEPOSITS

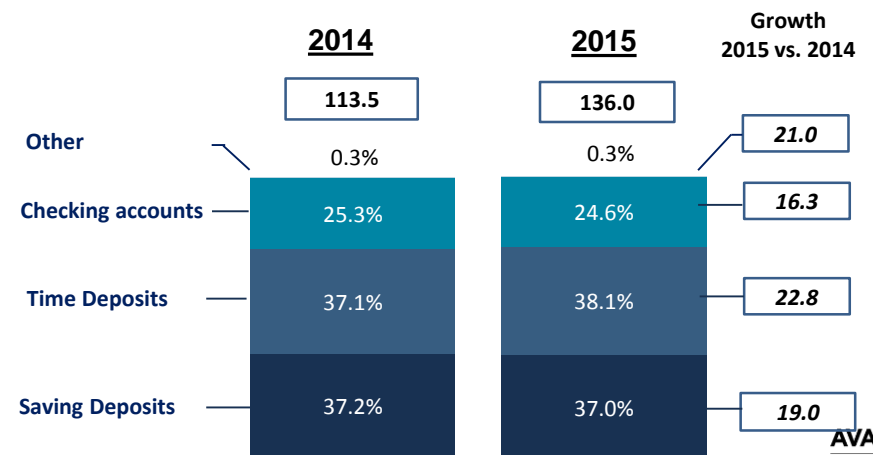
### Deposits



## Funding Breakdown



## Deposits Breakdown



# Grupo Aval's Historical Financial Performance

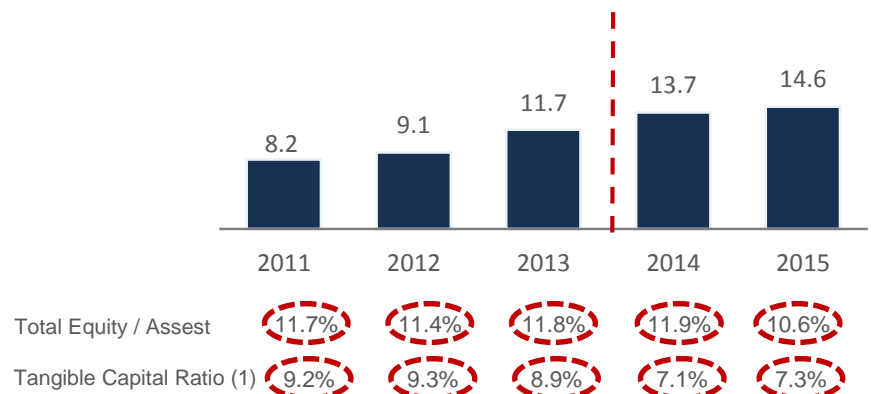
Figures in Ps trillion

## CAPITAL

### Total Equity



### Attributable Equity



(1) Tangible capital ratio is calculated as equity plus non controlling interest minus goodwill divided by total assets minus goodwill

## Solvency

	Banco de Bogotá		Banco de Occidente		banco popular		Banco AV Villas	
	2014	2015 <sup>(2)</sup>	2014	2015	2014	2015	2014	2015
(Tier 1)	8.0	9.4	8.9	9.6	10.5	10.6	11.6	10.6
Solvency	11.5	13.6	11.8	11.0	12.2	11.2	12.6	10.9

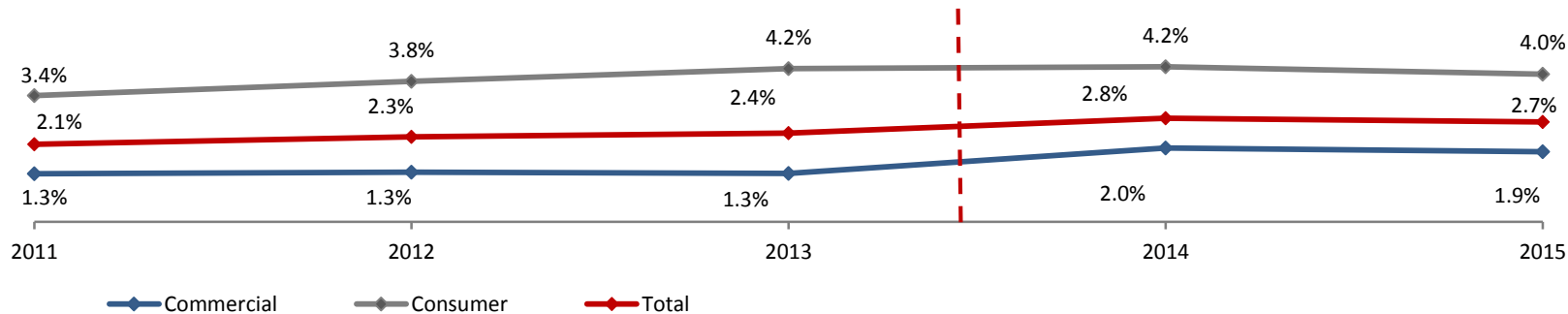
(2) The regulatory capital ratio for Banco de Bogotá for 2015 has been restated as a result of discussions with the Superintendency of Finance in which it became evident that the bank's calculation of its Solvency Ratios had omitted the inclusion of an existing OCI account in its regulatory capital. Previously reported ratios were: 6.5% for Tier 1 and 10.65% for Total Solvency.

# Grupo Aval's Historical Financial Performance

Figures in Ps trillion

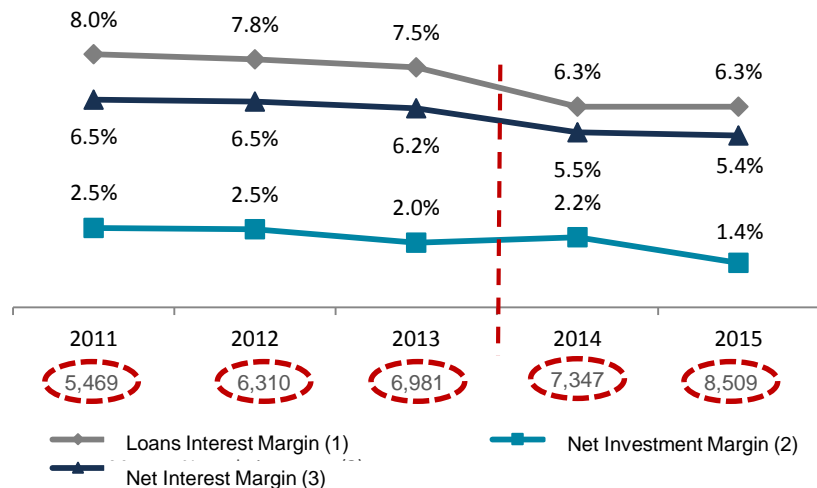
## Loan Portfolio Quality

### Asset quality – 30 days PDL



Source: Consolidated figures based on company filings

## Net Interest Margin



Loans Interest Margin (1)

Net Investment Margin (2)

Figures in billion COP

(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

(4) Impairment loss net of recovery of charged-off loans divided by average gross loans excluding Interbank and Overnight funds (total loans at the end of the period plus total loans at the end of the prior period, divided by two)

## Impairment Loss<sup>(4)</sup>/ Average Gross Loans

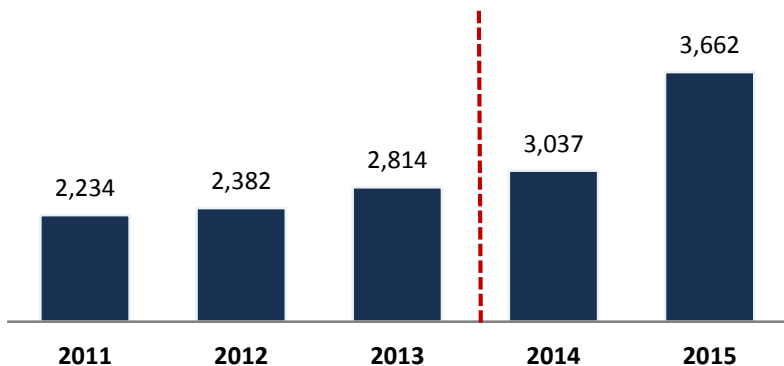


# Grupo Aval's Historical Financial Performance

Figures in Ps billion

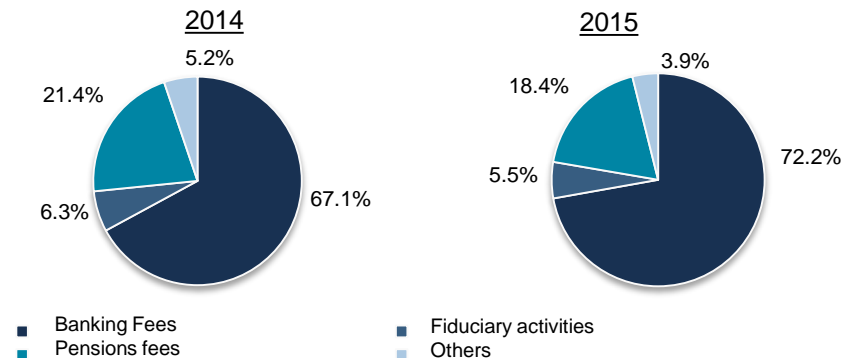
## NET FEES AND OTHER OPERATING INCOME

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



(1) Total fees and other service income minus fees and other services expenses.

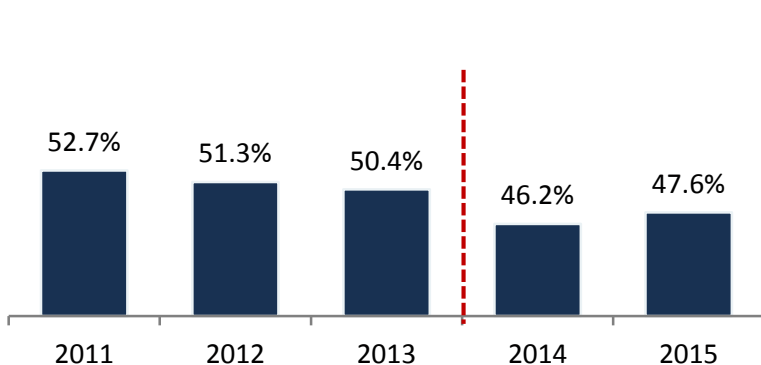
### Fee Income <sup>(2)</sup>



(2) Total gross fees and other services

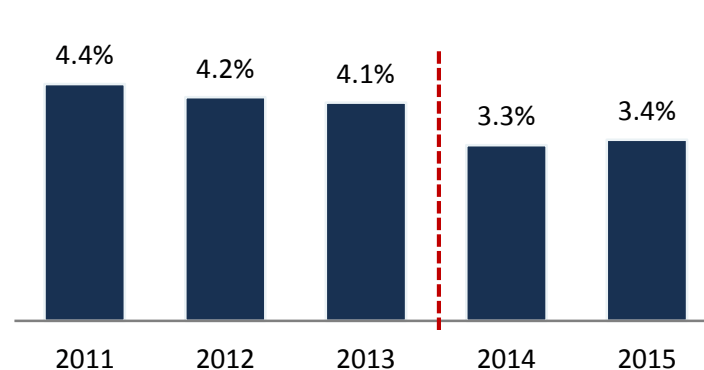
## EFFICIENCY

### Operating Expenses / Operating Income



Source: Company fillings, consolidates figures. From 2011 to 2013 Efficiency ratio is calculated as operating expenses before D&A divided by operating income before net provisions. For 2014 and 2015 efficiency ratio is calculated as personnel plus administrative and other expenses divided by net interest income plus net trading income, other services income, net and fees and other income, (excluding others).

### Operating Expenses / Average Asset



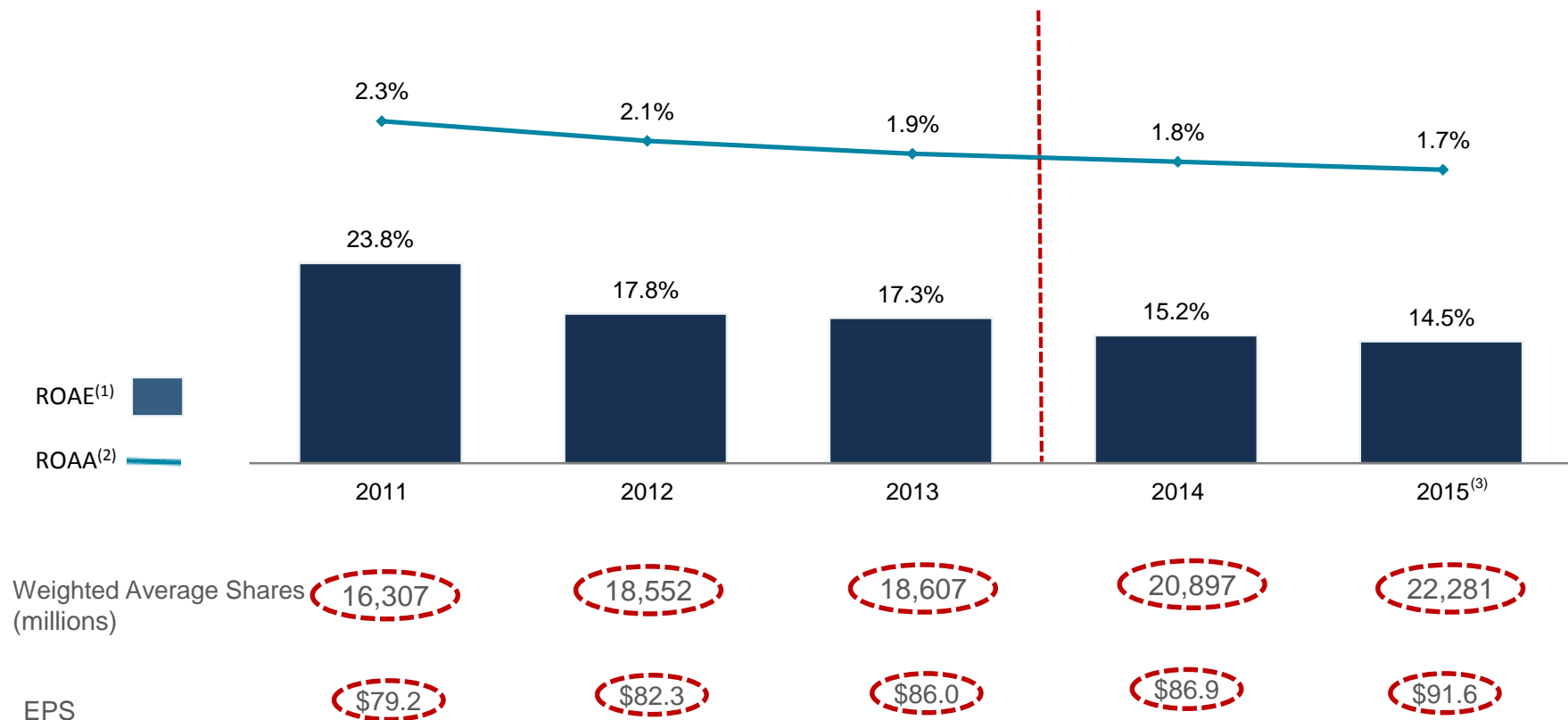
Form 2011 to 2013 efficiency ratio is calculated as operating expenses before D&A divided by average total asset. For 2014 and 2015 efficiency ratio is calculated as personnel plus administrative and other expenses divided by average total assets.

# Grupo Aval's Historical Financial Performance

Figures in Ps trillion

## PROFITABILITY

### Profitability



Source: Company Filings consolidated figures. <sup>(1)</sup> ROAE from 2011 to 2013 is calculated as net income divided by the thirteen-month average of shareholders' equity for each year ended at december. For 2013, ROAE is calculated excluding COP 2.1 trillion in capital raised in december 2013. For 2014 and 2015 ROAE 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). <sup>(2)</sup> ROAA is calculated as income before non-controlling interest divided by the thirteen-month average of total asset for each year ended at december 31st. For 2014 and 2015 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). <sup>(3)</sup> When excluding the wealth tax from 2015 figures, ROAE would have been 15.9% and ROAA 1.8%



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## Contact Information

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