



# Grupo Aval Acciones y Valores S.A. (AVAL)

Updated May 21<sup>st</sup>, 2026, by Ian Bezek

## Key Metrics

<b>Current Price:</b>	\$4.24	<b>5 Year Annual Expected Total Return:</b>	11.0%	<b>Market Cap:</b>	\$5.0B
<b>Fair Value Price:</b>	\$4.40	<b>5 Year Growth Estimate:</b>	7.0%	<b>Ex-Dividend Date:</b>	05/29/26
<b>% Fair Value:</b>	96%	<b>5 Year Valuation Multiple Estimate:</b>	0.7%	<b>Dividend Payment Date:</b>	06/08/26
<b>Dividend Yield:</b>	4.0%	<b>5 Year Price Target</b>	\$6.17	<b>Years Of Dividend Growth:</b>	2 <sup>1</sup>
<b>Dividend Risk Score:</b>	D	<b>Sector:</b>	Financials	<b>Rating:</b>	Hold

## Overview & Current Events

Grupo Aval Acciones y Valores S.A. is a Colombian financial holding company. It is the parent institution of four different Colombian banks which, in aggregate, are the largest banking entity in the country as measured by deposits and gross loans. Grupo Aval's subsidiaries also control businesses across verticals including pensions and asset management, payments, government finance, investment banking, and insurance. In addition, Aval has partial ownership of a subsidiary which owns hard assets in Colombia including toll roads, energy and gas, agribusiness, and hotels.

Grupo Aval has been publicly traded in Colombia for more than 30 years, and it debuted its shares in New York with an IPO in 2014. Each U.S. ADR share represents 20 shares of the local Colombian equity. In 2022, Grupo Aval spun off its Central American banking business, which had represented about a third of its total assets prior to that transaction. The bank paid out a special dividend of \$1.47 per share to U.S. holders of AVAL stock as compensation in lieu of delivering shares of the new bank to non-Colombian investors. We do not count that dividend in the firm's usual DPS since that acted more like a return of capital in practice.

The company reported its Q1 results on May 13<sup>th</sup>, 2026. The company's EPS of seven cents was unchanged year-over-year in dollar terms. Net income fell 7% as measured in Colombian Pesos, but this was offset by appreciation in the value of the peso as compared to the U.S. Dollar. Aval grew its gross loans by 7.7% year-over-year, and credit metrics remained strong and were largely unchanged versus prior quarters. However, profitability was pressured due to a sudden 200 basis point increase in Colombia's central bank interest rate in Q1 to head off inflation; this caused a significant uptick in funding costs and lowered net interest margin. We expect funding costs to moderate in the back half of 2026; however, the slow start will limit the bank's overall growth. We have trimmed our full-year EPS estimate.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$0.63	\$0.58	\$0.81	\$0.78	\$0.59	\$0.75	\$0.45	\$0.16	\$0.19	\$0.37	<b>\$0.44</b>	<b>\$0.62</b>
<b>DPS</b>	\$0.38	\$0.33	\$0.29	\$0.34	\$0.34	\$0.28	\$0.28	\$0.18	\$0.13	\$0.14	<b>\$0.17</b>	<b>\$0.22</b>
<b>Shares</b>	1114	1114	1114	1114	1114	1114	1157	1187	1187	1187	<b>1187</b>	<b>1187</b>

The nation of Colombia derives about half its export income from crude oil. As such, Aval's earnings are significantly tied to oil prices and the bank had been in a downward trend operationally since 2014 when oil prices rolled over. The election of a socialist government in 2022 further weakened the Colombian economy. However, Aval's earnings are bouncing back from a trough now, and we see significant room for recovery. Do note, though, that Aval spun off a large subsidiary in 2022, so it will be harder to regain its peak levels of profitability with today's smaller asset base.

Aval grew its dividend every year between 2001 and 2015 (as measured in Colombian Pesos). However, the crash in oil prices led to a dividend cut in 2016. Aval pays a monthly dividend, and it most recently increased its dividend in March 2026. The dividend is set at 2.65 pesos per month per share, a 15% increase from last year's dividend level. In U.S. Dollar terms, the dividend works out to approximately \$0.014 per share per month, which amounts to about \$0.17 annually.

<sup>1</sup> As measured in Colombian Pesos.

Disclosure: This analyst has a long position in AVAL stock.



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## Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	12.7	14.5	7.3	11.2	11.6	6.8	5.7	15.6	10.5	8.8	9.6	10.0
Avg. Yld.	4.9%	4.7%	5.7%	4.0%	5.9%	5.3%	6.0%	3.6%	7.9%	4.3%	4.0%	3.5%

Grupo Aval has averaged a roughly 10x P/E ratio over both the past five and ten years, respectively. That should continue to be a fair valuation for the stock going forward. Aval could earn a higher P/E ratio in the future if Colombia regains more prestige internationally, but, for now, it faces lingering structural challenges and political concerns. The bank is currently yielding 4.0%. We expect the yield to remain below prior levels as Aval seeks to reinvest in its business as local economic conditions improve.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

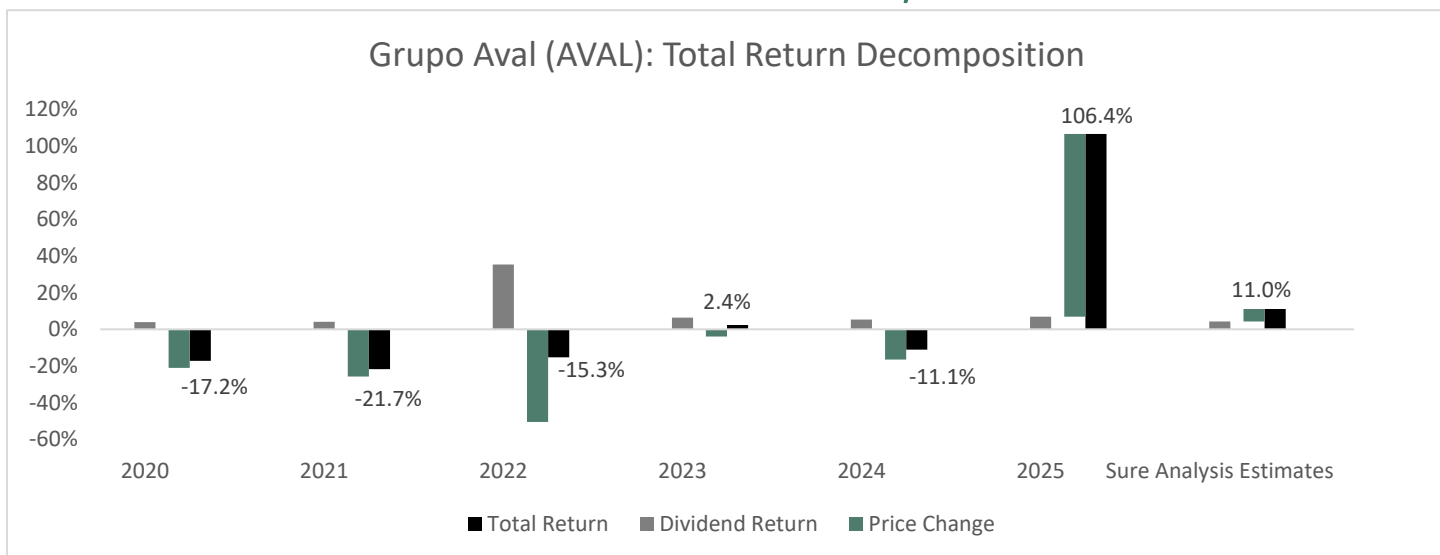
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	60%	57%	36%	44%	58%	37%	62%	113%	68%	38%	39%	35%

Aval had a 14-year dividend growth streak running up through 2015. Management is conservative, and a Colombian billionaire retains ownership of more than 80% of the bank's equity. This family leadership has proven to be good stewards of capital and run the bank prudently. Aval remained profitable and increased its dividend during the 2008 recession. However, Aval is not immune to economic shocks, and it is particularly exposed to oil price volatility. Aval's ownership of hard assets in Colombia makes it more cyclical than some other local financial institutions. We believe the current dividend is sustainable and there is room for dividend growth going forward.

## Final Thoughts & Recommendation

Group Aval has faced a perfect storm of economic and political troubles around it in recent years. However, the core banking units remain highly profitable and have managed risk well. When Colombia comes out of this downturn and returns to robust economic growth, AVAL shares should lead the charge higher for Colombian equities. The bank's current 4.0% yield is high enough to make it an interesting monthly dividend-paying option. The bank has an appealing total return outlook of 11.0% annualized thanks to the dividend, reasonable growth prospects, and a touch of multiple expansion. However, limited dividend growth history, and political risk ahead of Colombia's upcoming presidential election leave the stock at a hold rating today.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenue</b>	7,254	6,060	6,868	6,584	4,195	4,287	3,861	3,688	3,950	10,720
<b>SG&amp;A Exp.</b>	2,065	1,620	1,716	1,527	860	916	878	945	1,895	-
<b>D&amp;A Exp.</b>	347	306	325	397	382	387	259	269	-	337
<b>Net Profit</b>	954	667	988	928	640	883	589	172	250	787
<b>Net Margin</b>	13.1%	11.0%	14.4%	14.1%	15.2%	20.6%	15.3%	4.7%	6.3%	7.3%
<b>Free Cash Flow</b>	379	1,267	2,479	1,195	2,174	976	(325)	1,098	-	222
<b>Income Tax</b>	917	596	729	638	370	622	539	306	233	354

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets</b>	74,841	78,531	79,980	85,044	94,286	90,258	60,892	78,608	74,424	92,370
<b>Cash &amp; Equivalents</b>	7,411	7,294	8,669	9,170	9,912	8,764	3,275	4,535	3,859	2,927
<b>Accounts Receivable</b>	622	602	687	671	665	-	-	-	6,347	-
<b>Goodwill &amp; Int.</b>	3,462	3,607	4,271	4,903	5,409	5,282	3,611	4,735	4,380	4,899
<b>Total Liabilities</b>	66,604	69,942	70,877	74,873	83,937	80,548	54,543	70,382	66,896	83,170
<b>Accounts Payable</b>	538	604	569	573	778	794	578	907	-	932
<b>Long-Term Debt</b>	15,202	15,032	15,773	16,728	17,118	18,027	14,856	17,106	16,531	6,521
<b>Shareholder's Equity</b>	5,211	5,407	5,479	6,054	6,032	5,661	3,392	4,380	3,961	1,556
<b>LTD/E Ratio</b>	2.92	2.78	2.88	2.76	2.84	3.18	4.38	3.91	4.17	3.77

## Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Return on Assets</b>	1.3%	0.9%	1.2%	1.1%	0.7%	1.0%	0.8%	0.2%	0.3%	0.9%
<b>Return on Equity</b>	12.3%	7.9%	11.2%	9.6%	6.2%	8.8%	7.3%	2.4%	3.2%	9.4%
<b>ROIC</b>	4.2%	2.8%	4.1%	3.6%	2.4%	3.2%	2.4%	0.7%	1.0%	3.0%
<b>Shares Out.</b>	1114	1114	1114	1114	1114	1114	1157	1187	1187	1,187
<b>Revenue/Share</b>	9.51	7.96	9.06	8.69	5.32	5.67	4.90	4.55	3.33	9.03
<b>FCF/Share</b>	0.50	1.67	3.27	1.58	2.76	1.29	(0.41)	1.36	-	0.19

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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