LARRAIN VIAL SPA AND SUBSIDIARIES

Consolidated Financial Statements as of
December 31, 2018 and 2017,
and for the years then ended

(With Independent Auditor's Report thereon)

LARRAIN VIAL SPA AND SUBSIDIARIES

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ThCh$: Amounts expressed in thousands of Chilean pesos
UF : Amounts expressed in inflation-adjusted units
ThUS$: Amounts expressed in thousands of United States dollars

Independent Auditors' Report

The Shareholders and Directors
Larraín Vial S.p.A.:

We have audited the accompanying consolidated financial statements of Larraín Vial S.p.A. and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Auditing Standards Generally Accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Larraín Vial S.p.A. and its subsidiaries as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

The above translation of the auditor's report is provided as a free translation from the Spanish language original, which is the official and binding version. Such translation has been made solely for the convenience of non-Spanish readers.

Juan Pablo Belderrain P.

KPMG Ltda.

Santiago, April 24, 2019

LARRAIN VIAL SPA AND SUBSIDIARIES

Consolidated Statements of Financial Position
as of December 31, 2018 and 2017

Assets	**Note**	**2018 ThCh$**	**2017 ThCh$**
Current assets:			
Cash and cash equivalents	6	40,791,510	103,017,795
Other financial assets, current	7	218,440,641	171,867,700
Other non-financial assets, current	8	5,754,439	5,681,344
Trade and other receivables	9	87,320,786	82,214,521
Receivables due from related parties	11(a)	234	2,481
Current tax assets	10(a)	12,765,722	9,585,184
Total current assets		365,073,332	372,369,025
Non-current assets:			
Other non-current financial assets	12	32,280,588	14,889,739
Other non-financial assets, non-current	13	313,119	204,788
Equity-accounted investees	14(a)	13,710,184	10,090,284
Intangible assets other than goodwill	16	6,307,998	6,813,542
Property, furniture and equipment	17	10,248,645	10,415,417
Investment in other companies	15	467,625	642,429
Deferred tax assets	18(a)	6,507,421	7,789,488
Total non-current assets		69,835,580	50,845,687
Total assets		434,908,912	423,214,712

The notes are an integral part of these consolidated financial statements.

LARRAIN VIAL SPA AND SUBSIDIARIES

Consolidated Statements of Financial Position, Continued
as of December 31, 2018 and 2017

Liabilities and equity	**Note**	**2018 ThCh$**	**2017 ThCh$**
Current liabilities:			
Other financial liabilities, current	19	128,289,122	107,277,944
Trade and other payables	20	141,797,662	171,032,856
Other short-term provisions	21	10,782,865	9,131,938
Current tax liabilities	10(b)	7,834,372	6,795,416
Other current non-financial liabilities	22	12,911,513	5,238,742
Total current liabilities		301,615,534	299,476,896
Non-current liabilities:			
Other non-current financial liabilities	19	6,098,664	6,404,670
Payables due to related parties, non-current	11(b)	4,452,007	6,917,451
Deferred tax liabilities	18(a)	96,172	570,748
Total non-current liabilities		10,646,843	13,892,869
Equity:			
Share capital		22,835,075	22,835,075
Other reserves	23(b)	(1,769,244)	(2,373,366)
Retained earnings	23(d)	96,379,235	84,305,654
Equity attributable to the owners of the Parent		117,445,066	104,767,363
Non-controlling interests	23(c)	5,201,469	5,077,584
Total equity		122,646,535	109,844,947
Total liabilities and equity		434,908,912	423,214,712

The notes are an integral part of these consolidated financial statements.

LARRAIN VIAL SPA AND SUBSIDIARIES

Consolidated Statements of Profit or Loss by Function
for the years ended December 31, 2018 and 2017

	Note	01-01-2018 12-31-2018 ThCh$	01-01-2017 12-31-2017 ThCh$
Revenue	24	117,815,131	111,263,185
Cost of sales	25	(22,973,689)	(22,555,467)
Gross profit		94,841,442	88,707,718
Administrative expenses	26	(68,376,628)	(63,470,846)
Profit from operating activities		26,464,814	25,236,872
Share of profit (loss) of equity-accounted investees and joint ventures		1,597,027	1,845,469
Finance costs	27	(2,073,468)	(1,751,067)
Other non-operating income (loss)		(165,338)	51,036
Foreign currency exchange differences		1,548,582	456,342
Profit before taxes		27,371,617	25,838,652
Income tax expense	18(b)	(8,005,928)	(5,911,879)
Profit		19,365,689	19,926,773
Profit attributable to:			
Owners of the Parent		17,334,239	18,024,473
Non-controlling interest		2,031,450	1,902,300
Profit		19,365,689	19,926,773

The notes are an integral part of these consolidated financial statements.

LARRAIN VIAL SPA AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income
for the years ended December 31, 2018 and 2017

	01-01-2018 12-31-2018 ThCh$	01-01-2017 12-31-2017 ThCh$
Profit	19,365,689	19,926,773
Components of other comprehensive income, before tax:		
Gain (loss) from foreign currency translation difference	722,122	(1,113,766)
Financial assets at fair value from equity	(118,000)	1,016,067
Income taxes related to items of other comprehensive income:	-	-
Income taxes related to available for sale financial assets from other comprehensive income	-	-
Share of other comprehensive income of equity-accounted investees	-	-
Total comprehensive income	19,969,811	19,829,074
Comprehensive income attributable to:		
Owners of the Parent	17,938,361	17,876,172
Non-controlling interests	2,031,450	1,952,902
Total comprehensive income	19,969,811	19,829,074

The notes are an integral part of these consolidated financial statements.

LARRAIN VIAL SPA AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
for the years ended December 31, 2018 and 2017

2018	**Share capital ThCh$**	**Other reserves ThCh$**	**Total other reserves ThCh$**	**Retained earnings (losses) ThCh$**	**Equity attributable to the owners of the Parent ThCh$**	**Non-controlling interests ThCh$**	**Total equity ThCh$**
Opening balance as of January 1, 2018	22,835,075	(2,373,366)	(2,373,366)	84,305,654	104,767,363	5,077,584	109,844,947
Increase (decrease) due to adjustments	-	-	-	-	-	-	-
Opening balance	22,835,075	(2,373,366)	(2,373,366)	84,305,654	104,767,363	5,077,584	109,844,947
Changes in equity:							
Profit for the year	-	-	-	17,334,239	17,334,239	2,031,450	19,365,689
Other comprehensive income	-	604,122	604,122	-	604,122	-	604,122
Dividends paid	-	-	-	(4,968,000)	(4,968,000)	(924,554)	(5,892,554)
Other increases (decreases) for other distributions to the Owners (*)	-	-	-	(292,658)	(292,658)	(983,011)	(1,275,669)
Total changes in equity	-	604,122	604,122	12,073,581	12,677,703	123,885	12,801,588
Closing balance as of December 31, 2018	22,835,075	(1,769,244)	(1,769,244)	96,379,235	117,445,066	5,201,469	122,646,535

(*) The balance of ThCh$292,658 comprises the provision for minimum dividend of ThCh$5,700,000 as of December 31, 2018, less the reversal of the provision of ThCh$5,407,342 as of December 31, 2017.

The notes are an integral part of these consolidated financial statements.

LARRAIN VIAL SPA AND SUBSIDIARIES

Consolidated Statements of Changes in Equity, continued
for the years ended December 31, 2018 and 2017

2017	**Share capital ThCh$**	**Other reserves ThCh$**	**Total other reserves ThCh$**	**Retained earnings (losses) ThCh$**	**Equity attributable to the owners of the Parent ThCh$**	**Non-controlling interests ThCh$**	**Total equity ThCh$**
Opening balance as of January 1, 2017	22,835,075	(2,225,065)	(2,225,065)	76,693,523	97,303,533	4,436,227	101,739,760
Increase (decrease) due to adjustments	-	-	-	-	-	-	-
Opening balance	22,835,075	(2,225,065)	(2,225,065)	76,693,523	97,303,533	4,436,227	101,739,760
Changes in equity:							
Profit for the year	-	-	-	18,024,473	18,024,473	1,902,300	19,926,773
Other comprehensive income	-	(148,301)	(148,301)	-	(148,301)	50,602	(97,699)
Shares issued	-	-	-	-	-	-	-
Dividends paid	-	-	-	(5,005,000)	(5,005,000)	(1,311,545)	(6,316,545)
Other increases (decreases) for other distributions to the Owners (*)	-	-	-	(5,407,342)	(5,407,342)	-	(5,407,342)
Total changes in equity	-	(148,301)	(148,301)	7,612,131	7,463,830	641,357	8,105,187
Balance as of December 31, 2017	22,835,075	(2,373,366)	(2,373,366)	84,305,654	104,767,363	5,077,584	109,844,947

(*) The balance of ThCh$5,407,342, relates to the provision of 30% of profit for 2017.

The notes are an integral part of these consolidated financial statements.

LARRAIN VIAL SPA AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Direct Method)
for the years ended December 31, 2018 and 2017

	2018 ThCh$	2017 ThCh$
Cash flows from (used in) operating activities :		
Cash receipts from sale of goods and rendering of services	55,034,963	65,059,820
Cash receipts from royalties, deposits, fees and other revenue	33,637,520	32,811,785
Cash receipts from contracts in force for brokerage or trading purposes	-	27,790,374
Cash receipts for premiums and services, annuities and other obligations from policies underwritten	-	1,380,717
Other cash receipts from operating activities	-	-
Cash payments to suppliers for goods and services	(67,430,824)	(59,354,375)
Cash receipts from contracts designated as held for brokerage or held for trading	(30,782,372)	-
Cash payments to and on behalf of employees	(23,126,118)	(28,108,463)
Other cash payments used in operating activities	(23,274,974)	(3,235,066)
Dividends paid	(117,598)	(261,102)
Interest paid	(3,386)	125,866
Interest received	136,224	28,175
Income taxes reimbursed (paid)	(6,793,798)	(3,636,189)
Other cash receipts (payments)	685,594	2,491,130
Net cash from (used in) operating activities	(62,034,769)	35,092,672
Cash flows from (used in) investing activities:		
Other receipts from the sale of other companies' equity or debt securities	1,807,635	-
Other payments to acquire equity or debt securities of other entities	-	(6,274,339)
Other cash payments to acquire interest in joint ventures	(2,305,939)	-
Loans granted to related parties	(7,244)	136,251
Acquisition of property and equipment	(21,565)	(9,241)
Cash receipts from futures, forward, share option and swap contracts	-	-
Cash payments from futures, forwards, share options and swaps contracts	2,994	(493,226)
Dividends received	1,155,118	397,219
Interest received	16,628	20,551
Other cash receipts (disbursements)	-	-
Net cash from (used in) investing activities	647,627	(6,222,785)
Cash flows from (used in) financing activities :		
Cash payments for the acquisition or redemption of Company's shares	-	-
Proceeds from share issuance	-	-
Proceeds from long-term borrowings	-	-
Proceeds from short-term borrowings	7,994,804	-
Loans granted to related parties	(1,111,545)	652,354
Dividends paid	(7,512,660)	(6,235,604)
Repayment of borrowings	-	-
Payment of loans granted to related parties	-	-
Interest paid	(63,645)	(393,886)
Other cash receipts (disbursements)	(18,661)	-
Net cash from (used in) financing activities	(711,707)	(5,977,136)
Net increase (decrease) in cash and cash equivalents, before the effect of movements in exchange rates on cash held	(62,098,849)	22,892,751
Effect of exchange rate fluctuations on cash and cash equivalents	(127,436)	1,657,199
Cash and cash equivalents at January 1	103,017,795	78,467,845
Cash and cash equivalents at December 31	40,791,510	103,017,795

The notes are an integral part of these consolidated financial statements.

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(1) General information

(a) Information of the Company and its subsidiaries

Larraín Vial S.p.A. (hereinafter the "Company") was incorporated as a shareholders' corporation on November 3, 1980 and registered under sheet 18255, No. 9312 of 1980. On November 11, 2015, the Company changed its name to Larraín Vial S.p.A.

The registered address of Larraín Vial S.p.A. is located at Avenida El Bosque Norte N°0177, piso 4, comuna de Las Condes, Santiago.

The Group is engaged in the construction, acquisition, direct or indirect investment in and/or administration of companies in Chile or abroad the line of business of which are linked to the provision of stock exchange and brokerage services, the management of third party investments or financial or economic advisory services in capital markets or other similar markets. The Company is also engaged in providing services and advice in administrative, bookkeeping, economic, financial and marketing matters or any type of matters; and making investments in all types of movable and immovable property, tangible and intangible assets for their use, enjoyment, management, operation and disposal.

Larraín Vial SpA is the Parent of the Group companies and the owner and/or Parent of the different companies comprising the Larraín Vial Group, including, among others: Larraín Vial S.A. Corredora de Bolsa and LarraínVial Asset Management Administradora General de Fondos S.A., both Chilean companies under the oversight of the Chilean Financial Market Commission (SVS); Larraín Vial Sociedad Agente de Bolsa S.A. and Larraín Vial S.A. Sociedad Administradora de Fondos de Inversión, Peruvian companies under the oversight of the Peruvian Superintendence of the Securities Market; and Larraín Vial Colombia S.A. Comisionista de Bolsa, a Colombian company under the oversight of the Colombian Financial Superintendence.

Likewise, it includes Activa S.A., a shareholders' corporation through which the Group performs private equity business activities.

The distribution of shares of Larraín Vial S.p.A. is detailed as follows:

Shareholder	Ownership %
Chacabuco S.A.	47.16
Rentas ST Dos Limitada	35.13
Inmobiliaria Fontecilla Limitada	4.57
Sociedad de Inversiones San Roque Limitada	4.57
LV Asociados S.p.A.	8.57

These consolidated financial statements as of December 31, 2018, were approved by the Board of Directors at its Meeting held on April 24, 2019.

(1) General information, continued

(a) Information of the Company and its subsidiaries, continued

The Larraín Vial Group conducts the following main businesses or provides the following main services:

- Mutual funds and investment funds.
- Mutual fund contributions and redemptions.
- Purchase and sale of currencies
- Purchase and sale currency and rate forward contracts.
- Purchase and sale of debt securities.
- Purchase and sale of equity securities.
- Securities loaned and obligations under repurchase agreements.
- Securities borrowed and purchase under resale agreements.
- Securities loaned and obligations under repurchase agreements.
- Short sale.
- Provision of advisory services.
- Portfolio management.
- Purchase and sale of shares.
- Fees for the purchase and sale of foreign securities.
- Security custody.
- Debt and equity securities brokerage.
- Simultaneous transactions on behalf of customers.
- Corporate finance.
- Third-party product distribution.

(2) Basis of preparation

The accompanying consolidated financial statements as of December 31, 2018 and 2017, have been prepared in accordance with International Financial Reporting Standards (IFRS).

The information contained in these consolidated financial statements is the responsibility of Larraín Vial S.p.A.

For the preparation of the consolidated financial statements as of December 31, 2018 and 2017, Management has used its best understanding with respect to the standards and interpretations to be applied, and current facts and circumstances, which can be subject to changes. For instance, amendments to current standards and additional interpretations can be issued by the International Accounting Standards Board (IASB), changing the current regulation.

The translation of these financial statements is provided as a free translation from the Spanish language original, which is the official and binding version. Such translation has been made solely for the convenience of non-Spanish readers.

(a) Consolidation of the financial statements

For the preparation of the consolidated financial statements, Larraín Vial S.p.A. and its subsidiaries consider all those entities on which it has direct or indirect interest greater than 50%. Additionally, it considers those entities in which the Company has the ability to have effective control regardless of the interest percentages in such companies. Note that in accordance with IFRS 10, control is the power to direct the entity's financial and operating activities to obtain returns from its activities.

The financial statements of the subsidiaries are consolidated on a line by line basis with the financial statements of Larraín Vial S.p.A. Consequently, all the balances and effects of significant transactions performed by consolidating companies are eliminated on consolidation. Third party interest in the equity of consolidated companies is presented in the caption "non-controlling interest" in the consolidated statement of financial position within total equity. Additionally, third party interest of the profit or loss for the year is presented in the caption "profit attributable to non-controlling interests" in the consolidated statement of comprehensive income and the statement of changes in equity.

(2) Basis of preparation, continued

(a) Consolidation of the financial statements, continued

The table below includes the entities in which the Company has direct or indirect interest and are included in the consolidated financial statements:

			Ownership percentage 2018		
Company	**Country**	**Currency**	**Direct %**	**Indirect %**	**Total %**
Larraín Vial Servicios Financieros Ltda.	Chile	Ch$	90.00	9.97	99.97
Larraín Vial S.A. Corredores de Bolsa de Productos	Chile	Ch$	99.94	-	99.94
Larraín Vial Inversiones Dos Ltda.	Chile	Ch$	97.50	-	97.50
Asesorías Larraín Vial y Asociados Ltda.	Chile	Ch$	58.13	-	58.13
Larraín Vial Activos AGF S.A.	Chile	Ch$	99.99	-	99.99
Larraín Vial Securities US LLC	USA	US$	100.00	-	100.00
Larraín Vial Servicios Corporativos S.p.A.	Chile	Ch$	100.00	-	100.00
Larraín Vial Colombia S.A. Comisionista de Bolsa	Colombia	COP	-	100.00	100.00
Larraín Vial Sociedad Agente de Bolsa S.A.	Peru	PEN	-	100.00	100.00
Larraín Vial S.A. Corredora de Bolsa	Chile	Ch$	51.00	49.00	100.00
Larraín Vial Proyectos e Inversiones Ltda.	Chile	Ch$	96.00	4.00	100.00
Larraín Vial S.A. Sociedad Administradora de Fondo de Inversión	Peru	PEN	-	65.00	65.00
San Sebastián Inmobiliaria S.A.	Chile	Ch$	-	80.08	80.08
Activa S.A.	Chile	Ch$	0.01	79.98	79.99
Activa S.p.A.	Chile	Ch$	72.48	7.51	79.99
Activa Private Debt S.p.A.	Chile	Ch$	72.48	7.51	79.99
Larraín Vial Asset Management Administradora General de Fondos S.A.	Chile	Ch$	0.01	74.99	75.00
LVCC Asset Management	Chile	Ch$	75.00	-	75.00
Larraín Vial Servicios Profesionales Ltda.	Chile	Ch$	89.00	11.00	100.00
LV Colombia SAS	Colombia	COP	-	100.00	100.00
ProFondos Comunicaciones Financieras S.p.A.	Chile	Ch$	-	100.00	100.00
Andes Investment Group Inc.	Chile	Ch$	-	100.00	100.00
LV Trading Group Inc.	Chile	Ch$	-	100.00	100.00
Larraín Vial Capital Perú SAC	Peru	PEN	-	99.99	99.99
Larraín Vial Investment INC	BVI	US$	-	100.00	100.00
Larraín Vial Perú S.A.	Peru	PEN	-	50.00	50.00
Asesorías Larraín Vial Ltda.	Chile	Ch$	99.00	1.00	100.00
Larraín Vial S.A Asesorías y Servicios.	Chile	Ch$	0.10	97.81	97.91
Larraín Vial Asesorías y Servicios Ltda.	Chile	Ch$	0.01	99.99	100.00
Asesorías e Inversiones el Bosque S.A.	Chile	Ch$	0.01	99.99	100.00
Larraín Vial Perú Activos Reales	Peru	PEN	-	65.00	65.00
Larraín Vial Advisory S.p.A.	Chile	Ch$	-	100.00	100.00
Larraín Vial Argentina SAU	Argentina	ARG	-	100.00	100.00
Activa Private Debt Perú	Peru	PEN	-	79.99	79.99

(2) Basis of preparation, continued

(b) Accounting period

These consolidated financial statements are composed of:

- The consolidated statements of financial position for the years ended December 31, 2018 and 2017.
- Consolidated statements of profit or loss by function and other comprehensive income for the years ended December 31, 2018 and 2017.
- The consolidated statements of changes in equity as of December 31, 2018 and 2017.
- The consolidated statements of cash flows as of December 31, 2018 and 2017.
- Notes to the consolidated financial statements as of December 31, 2018 and 2017.

(c) Functional and presentation currency

The items included in the consolidated financial statements are presented using the currency of the main jurisdiction in which the reporting entity operates. These financial statements are presented in thousands of Chilean pesos, which is the Company's functional and presentation currency.

(d) Judgments and estimates

The preparation of the consolidated financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed by the management of the Companies in order to quantify some assets, liabilities, revenues, expenses and uncertainties. Revisions to accounting estimates are recognized in the year in which the estimate is revised and any future year affected.

Particularly, the information about significant areas of estimation of uncertainty and critical judgments by Management in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements, are described in:

(i) <u>Deferred taxes</u>

Larraín Vial S.p.A. and subsidiaries account for deferred tax assets based on their possibility to be recovered on the basis of the existence of deferred tax liabilities with similar reversal terms and the possibility to generate future taxable earnings.

(2) Basis of preparation, continued

(d) Judgments and estimates, continued

(ii) Accrued vacations

Larraín Vial S.p.A. and subsidiaries recognize accrued vacations considering its accrued basis which will be evaluated by Management on an annual basis.

(iii) Provision for bonuses

Larraín Vial S.p.A. and subsidiaries recognize a provision when it is contractually bound or when past practices have created an implicit obligation, and when the obligation can be estimated reliably. This bonus is recognized for accounting purposes on a monthly basis and affects all the Company's financial statements.

(e) Significant reclassifications

Certain reclassifications have been made on certain items of the consolidated statement of financial position as of December 31, 2018, to conform to the presentation of the statement of financial position as of December 31, 2017.

(3) Significant accounting policies

The Group selects and applies its accounting policies consistently to the transactions and other similar events, unless a standard or interpretation specifically requires or allows establishing categories of items for which the application of different policies could be appropriate. If a standard or interpretation requires or allows establishing the categories indicated above, a proper accounting policy is selected and applied consistently to each category.

(a) Basis of translation

Transactions in foreign currencies and inflation-adjusted units are recorded at the exchange rate of the related currency or inflation-adjusted unit at the date in which the transaction meets the requirements for its initial recognition. At each reporting date, monetary assets and liabilities denominated in foreign currencies and inflation-adjusted units are translated to Chilean pesos using the exchange rates in force for the related currency or inflation-adjusted unit. Foreign currency translation differences generated by both the settlement of foreign currency transactions and the measurement of monetary assets and liabilities in foreign currencies are recognized in the statement of income for the period in the caption foreign currency translation gain (loss), whereas differences generated from changes in inflation-adjusted units are recognized in the caption income (loss) from inflation-adjusted units.

(3) Significant accounting policies, continued

(a) Basis of translation, continued

For consolidation purposes, the assets and liabilities of the subsidiaries the functional currency of which is other than Chilean peso, are translated to Chilean pesos using the exchange rates prevailing at the date of the consolidated financial statements whereas foreign currency translation differences generated by the translation of assets and liabilities are recognized in the caption translation reserve within other reserves in equity. The revenue, costs and expenses are translated using the monthly average exchange rate for the related periods.

The exchange rates for the main foreign currencies and inflation-adjusted units used in preparing the consolidated financial statements are as follows:

Chilean pesos per foreign currency or inflation-adjusted unit	**2018 Ch$**	**2017 Ch$**
United States dollar	694.7700	614.7500
Colombian peso	3,239.4500	2,984.7700
Peruvian sol	3.3670	3.2410
Unidad de foment (inflation-adjusted units)	27,565.7900	26,798.1400
Argentine peso	37.7413	18.5695

(b) Offsetting of balances and transactions

Generally, in the consolidated financial statements there is no offsetting of assets or liabilities or revenue and expenses, except for those cases where such offsetting is required or permitted by any section of the standard and such presentation is the reflection of the substance of the transaction.

Revenues and expenses generated by transactions which contractually or compulsorily because of a law contemplate the possibility of offsetting and the Company has the intent of settling its net amount or realizing the asset and pay the liability simultaneously are recorded as net amounts in profit or loss.

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions. Foreign currency translation gains and losses that result from the settlement of these transactions and from conversion at the closing exchange rates for monetary assets and liabilities denominated in foreign currency are recognized in the statement of income, unless if deferred in equity, such as the hedges qualifying as cash flow hedges.

(3) Significant accounting policies, continued

(b) Offsetting of balances and transactions, continued

(ii) Transactions denominated in foreign currency

Foreign currency translation gains or losses on monetary and non-monetary items, such as equity and debt instruments at fair value through profit or loss, are recognized as part of the gain or loss in the fair value. Foreign currency translation differences on financial items accounted for at amortized cost, are included in the item foreign currency translation differences in the consolidated statement of profit or loss by function.

(c) Cash and cash equivalents

Cash and cash equivalents include cash and other highly liquid low risk short-term investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, if any, are classified as third-party resources under current liabilities in the statement of financial position.

(d) Financial assets and financial liabilities

Measurement is the process of determining the monetary amounts at which the components of the financial statements are recognized and accounted for in the statement of financial position and the statement of comprehensive income. This involves the selection of the particular basis of measurement.

A number of different bases of measurement are used employed to different degrees and in different combinations in the financial statements. Such bases or methods are the following:

- Recognition

Initially, the Company recognizes its financial assets and financial liabilities on the trading date, i.e., the date on which the Company commits to acquire or dispose of the asset.

Financial assets and financial liabilities are initially measured at the fair value of the transaction.

- Classification

In conformity with IFRS 9, the Company classifies its financial instruments under the categories used for management and valuation purposes: i) at fair value through profit or loss, ii) at fair value through other comprehensive income, and, iii) at amortized cost. Such classification depends on the intent with which such assets are acquired.

(3) Significant accounting policies, continued

(d) Financial assets and financial liabilities, continued

The Company classifies its financial assets based on:

- The Company's business model to manage the financial assets.
- The characteristics of the contractual cash flows from the financial asset.

(i) Financial instruments recorded at fair value through profit or loss

Financial instruments at fair value through profit or loss are financial assets acquired in order to obtain short-term benefits from fluctuations in their prices. Financial assets at fair value through profit or loss comprise debt securities and equity securities, both from securities owned and securities brokered, in addition to derivative financial instruments.

(ii) Financial instruments recorded at fair value through other comprehensive income

Assets classified under this category comprise equity instruments acquired and held not for trading purposes at short term. These instruments are measured at fair value, and changes in such value are recognized as a debit or credit to equity accounts.

(iii) Financial assets at amortized cost

Financial instruments at amortized cost comprise non-derivative financial assets with fixed or determinable payments measured at amortized cost. Financial assets at amortized cost include the financing granted to customers through purchase transactions with reverse repurchase agreements.

- Derecognition of assets and liabilities

The Company derecognizes a financial asset in its statement of financial position when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive contractual cash flows for the financial asset during the transactions in which all the ownership risks and rewards of the financial asset are transferred.

The Company eliminates a financial liability (or part thereof) in its statement of financial position when such liability expires, i.e., when the obligation specified in the related contract is paid or it expires.

- Measurement at fair value

The fair value is the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between market participants on the measurement date.

(3) Significant accounting policies, continued

(d) Financial assets and financial liabilities, continued

(iii) Financial assets at amortized cost, continued

- Measurement at fair value, continued

The Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are easily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If the market of a financial instrument is not active, the fair value is determined using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyzes and option pricing models.

The valuation technique selected makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with generally accepted economic methodologies for pricing financial instruments. Inputs used in the valuation technique reasonably reflect how the market could be expected to price the instrument and reflect the risk-return factors inherent in the financial instrument. Periodically, the Company assesses the valuation technique and tests it for validity using prices from any recent and observable market transaction in the same instrument, or based on any available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, (i.e., the fair value of the consideration given or received), unless the fair value of that instrument is determined by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or through a valuation technique whose variables include only observable market data. When the transaction price is the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price, and any difference between such price and the value initially obtained from the valuation model is subsequently recognized in profit or loss based on the individual facts and circumstances of the transaction, and not after the valuation is completely supported by observable input and the transaction is completed.

(3) Significant accounting policies, continued

(d) Financial assets and financial liabilities, continued

(iii) Financial assets at amortized cost, continued

- Offsetting

Financial assets and liabilities are offset and the net amount is recorded in the statement of financial position when the Company has a legally enforceable right and/or obligation to offset the amounts recognized and intends to settle the amount on a net basis.

Income and expenses are presented on a net basis provided that this is permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

(e) Trade and other receivables

Trade and other receivable are initially recognized at their fair value (nominal value that, if applicable, includes implicit interest) and thereafter at their amortized cost using the effective interest rate method, less the expected credit losses in conformity with IFRS 9. An expected credit loss of trade receivables is established when there is objective evidence that the Group will not be able to collect of the outstanding amounts owed to it according to the original terms of receivables.

Embedded interest must be disaggregated and recognized as finance income when accrued.

The amount of the provision is calculated as the difference between its nominal value and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

However, if the difference between the nominal amount and the fair value is not significant, the nominal value is used.

(f) Intangible assets

Intangible assets are non-monetary assets without physical substance that can be individually identified either because they are separable or because they arise from a legal or contractual right. The statement of financial position includes assets whose cost can be measured reliably and from which Larraín Vial S.p.A. and its subsidiaries expect to obtain future economic benefits in accordance with IAS 38.

For the treatment of intangible assets with a finite useful life, the Company considers them as amortizable and are subject to impairment testing.

The Company has determined an amortization period of 10 years for intangible assets, which are recognized in profit or loss. For the acquisitions of Gestor Rentas Inmobiliarias and DD3 Capital Partners, the Company established an amortization period of 5 to 11 years.

(3) Significant accounting policies, continued

(g) Goodwill

Goodwill represents the excess in the acquisition cost in a business combination on the Company's interest in the fair value of identifiable assets, liabilities and contingent liabilities of the subsidiary at the date of acquisition and is accounted for at cost less accumulated impairment losses. Goodwill related to business combinations are included in the carrying amount of the investment.

Goodwill generated in the acquisition of joint ventures is assessed for impairment as part of the investment provided that evidence exists that the investment may be impaired. An impairment loss is recognized as the amount by which the carrying amount of the cash-generating unit exceeds its recoverable amount, recording such recoverable amount as the higher of the fair value of the cash-generating unit less costs to sell and its value in use.

An impairment loss is first allocated to goodwill to reduce its carrying amount and then to the other assets from the cash-generating unit. Upon recognition of impairment losses these are not reversed in subsequent years.

(h) Property, furniture and equipment

(i) Recognition and measurement

Equipment is measured at its acquisition cost net of the related accumulated depreciation and any impairment losses.

Property is initially recognized at acquisition cost. Subsequent to initial recognition, the Company has opted for measuring its property at fair value less accumulated depreciation and impairment losses.

Costs of extensions, modernization or improvements that represent an increase in productivity, capacity, efficiency or an increase in the useful lives of assets, are capitalized increasing the value of the related assets. Repair, preservation and maintenance expenses are expensed in profit or loss in the period in which they incurred. Gains or losses from the sale or retirement of items of property, plant and equipment are recognized in profit or loss for the period and calculated as the difference between the sales price and net carrying amount of the asset.

(ii) Subsequent costs

The cost of replacing an item of property, plant and equipment is recognized at its carrying amount only if it is probable that the future economic benefits associated with the item of property, plant and equipment will flow to the Company and the cost of the item can be measured reliably. Maintenance costs of property and equipment are recognized as incurred.

(3) Significant accounting policies, continued

(i) Property, plant and equipment, continued

(iii) Depreciation

Items of property and equipment, net of their residual value are depreciated by allocating, on a straight-line basis, the cost in the estimated useful life years that comprise the period in which the Company expects to use them.

The useful life is revised on a regular basis and prospectively adjusted, if applicable.

	Useful life Years
Buildings, offices (leaseback contracts)	50
Buildings and infrastructure	10
Equipment	5
Furniture, supplies and other property, plant and equipment	5

(j) Income tax and deferred taxes

(i) Chile

Upon the publication of the Tax Reform Law and its subsequent amendment, the corporate income tax rate applicable for the tax basis for 2017 is 25.5% and 27% starting from 2018.

(i.1) Deferred taxes

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences in the period in which they reverse using tax rates by default applied at the reporting date. For the purpose of these financial statements, the applicable tax rate as of December 31, 2017, and starting from 2018, is 27%.

(ii) Perú

Through Decree Law No.1261 issued on December 10, 2016 and in force from January 1, 2017, the tax rate applicable to corporate income was amended to 29.5%.

Such Decree Law also established the amendment to 5% of the income tax rate applicable to the distribution of dividends and any other type of distribution of profits that are generated and distributed beginning on January 1, 2017.

(3) Significant accounting policies, continued

(j) Income tax and deferred taxes, continued

(iii) Colombia

In Colombia, income is subject to tax at a rate of 25% as income tax and complementary tax for the years 2016 and 2015 in accordance with Law No.1607 of 2012. For 2017, in accordance with Law No.1819 of 2017, the rate will be 34% and 33% thereafter.

Law No.1607 of December 2012 incorporated Income Tax for Equality (CREE) at a rate of 9%as the contribution made by companies, legal entities and added taxpayers filing income tax and complementary tax for the benefit of the employees, generating employment and social investment. By way of the effective term of Law No.1819 of 2'016, such tax is abolished for the subsequent periods.

The basis to determine the Income Tax and the Income Tax for Equality (CREE) cannot be lower than 3% of equity on the last day of the prior taxable year. Note that starting from 2018, in accordance with Law No.1819 of 2017 the rate increases to 3.5%.

(iii.1) Deferred taxes

Through Law No.1.819 of December 29, 2016 an Additional Rate is implemented, which will be effective for 2 years, between 2018 and 2017; is calculated on the same taxable basis determined for the Income Tax for Equality (CREE) provided that this does not exceed $800 million Colombian pesos. The rate of the applicable rate is 6% for 2017 and 4% for 2018.

For the years ended December 31, 2018 and 2017, the payment of income tax and complementary taxes is made on the basis of presumed income because the commission agent has recorded losses for tax purposes.

Deductible differences exceed taxable differences because for 2016 tax credits were recorded as part of deferred taxes essentially supported for the financial forecast and the possibilities of being reversed or recovering their effect.

(iii.2) Tax losses and excess in presumed income

Through the implementation of Law No. 1.819 of December 2016, a limitation to consolidated losses up to taxable period 2017 was implemented. Such limitation results in a decrease in tax credits which should be offset in the following periods without maximum term limit bout without tax adjustment.

(3) Significant accounting policies, continued

(k) Equity-accounted investees

Associates are entities over which the Company has significant influence, but has no control over them, generally including 20% to 50% of voting rights as indicated in IAS "Investments in Associates". Investments in associates are equity-accounted and initially recognized at cost.

Under the equity method, the investment in the associate is recognized in the statement of financial position at cost plus the ownership interest of the Company in capital increases or decreases of the related entity. The statement of income reflects the ownership interest of the Company in the related entity's profit or loss. When a change is directly recognized in the related entity's equity, Companies recognize their ownership interest in such change in their equity and disclose that interest in the statement of changes in equity. Gains or losses arising from transactions between the Companies and related entities are eliminated to the extent of the associate's ownership interest.

(l) Impairment of assets

Under the expected credit loss model, the Company is required to account for expected credit losses as well as the changes in such expected credit losses at each reporting date, in order to reflect the changes in credit risk since the initial recognition. In other words, the occurrence of a credit event is not necessary for the recognition of credit losses. The Company measures loss allowance accounts at an amount equal to the lifetime expected credit losses; except for the following, when they are measured at the amount of the twelve-month expected credit losses:

- Debt instruments determined to have low credit risk at the reporting date.

- Other debt instruments and bank balances for which credit risk (i.e., the risk of a default occurring over the expected life of the financial instrument) has not increased significantly from initial recognition.

The Company recognizes a loss allowance account for expected credit losses on:

- Financial assets measured at amortized cost.
- Debt investments measured at fair value through other comprehensive income.
- Trade payables.

Financial assets - Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses. In determining whether the credit risk on a financial instrument has increased significantly from initial recognition in estimating expected credit losses, the Company considers reasonable and sustainable information that is available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

(3) Significant accounting policies, continued

(k) Impairment of assets, continued

The Company considers a financial asset to be in default when:

- It is not probable that the borrower will pay or meet their credit obligations in full, without actions by the Company to recover the amount such as the performance of the guarantee, if any.

- The financial asset is past due for more than 90 days.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Non-financial assets At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is annually tested for impairment.

The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted at their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized for such asset.

(l) Trade payables

Trade payables are recognized initially at fair value and subsequently measured at their amortized cost using the effective interest method.

As for trade receivables, if the difference between the nominal value and the fair value is not significant, nominal value is used.

(3) Significant accounting policies, continued

(m) Provisions

A liability is recognized if:

- The Group has a present legal or constructive obligation as a result of past events;
- An outflow of economic benefits will be required to settle the obligation;
- The amount of the obligation can be estimated reliably.

If a number of similar obligations exists, the probability that a cash outflow is required to settle the obligation is determined considering the type of obligation as a whole. Although the likelihood of outflow for any one item may be small, it may well be probable that some outflow of resources will be needed to settle the class of obligations as a whole. Provisions are measured at the present value of outflows expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision as a result of the passage of time is recognized as borrowing cost.

(n) Employee benefits

(i) Accrued vacations

The Group recognizes employee vacations on an accrual basis at their nominal amount. The concept referred to employee vacation benefits does not represent a significant amount in the statement of comprehensive income.

(ii) Short-term employee benefits

The Group contemplates an annual incentive plan for its employees that is based on individual goal compliance and such benefits comprise a given number or portion of monthly salaries, accrued for on the basis of the estimated amount for distribution.

(o) Revenue recognition

Revenue is recognized in conformity with IFRS 15, Revenue from Contracts with Customers, which establishes a single revenue recognition model applicable to contracts with customers through two revenue recognition approaches: at a point in time, or over time.

(3) Significant accounting policies, continued

(o) Revenue recognition, continued

The Company considers an analysis based on a five-step model to determine the recognition of revenue:

(i) Identify the contract(s) with a customer.
(ii) Identify the performance obligations in the contract.
(iii) Determine the transaction price.
(iv) Allocate the transaction price to the performance obligations in the contract.
(v) Recognize revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, revenue is recognized when (or as) each performance obligation with the customer is satisfied.

Revenue from sales

- Revenue is recognized in profit or loss as and when accrued, which relates to the transaction date.
- The entity has transferred to the buyer the significant risks and rewards of ownership of the securities regardless of whether title is transferred or not.
- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the securities sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the entity.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the rendering of services

- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the entity.
- The stage of completion of the transaction at the end of the reporting period can be measured reliably.
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.
- Revenue is recognized in profit or loss as and when accrued, which relates to the transaction date.

(3) Significant accounting policies, continued

(o) Revenue recognition, continued

Recognition of revenue from fees and commissions

Fees and commissions for brokerage services for the purchase and sale of securities in the stock market are recognized as revenue as they occur.

Revenue recognition for interests and dividends

Interests are recognized using the effective interest method. Dividends are recognized on the date in which the right by the shareholder to receive payment is established.

(p) Related party disclosures

Related party disclosures are detailed in Note 11 to the financial statements, indicating the relationship with each related party involved, as well as the transaction description and related balances for an adequate understanding of the potential effects on the consolidated financial statements.

(q) Borrowing costs

Obligations with banks and financial institutions are initially recognized at their fair value net of costs incurred in the transaction.

Subsequently, external resources are measured at amortized cost, any difference between the funds obtained (net of costs required for obtaining them) and the reimbursement value, is recognized in the statement of income over the term of the debt using the effective interest method. The effective interest method consists of applying the market rate to debts with similar characteristics (net of the borrowing costs). Note that if the difference between the nominal amount and the fair value is not significant, the nominal value is used.

(3) Significant accounting policies, continued

(r) Application of new effective or not effective standards

(i) New standards, amendments to standards and interpretations that are mandatory for the first time for annual periods beginning on or after January 1, 2018

New standards	**Mandatory application date**
IFRS 9, Financial Instruments	Annual periods beginning on or after January 1, 2018.
IFRS 15, Revenue from Contracts with Customers	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.
New interpretations	
IFRIC 22: Foreign Currency Transactions and Advance Consideration	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.
Amendments to IFRS	
IAS 40: Transfers of Investment Property (Amendments to IAS 40, Investment Property)	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.
IFRS 9, Financial Instruments, and IFRS 4, Insurance Contracts: Amendment to IFRS 4.	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.
IFRS 2, Share-based Payment: Clarifying accounting for certain types of share-based payment transactions.	Annual periods beginning on or after January 1, 2018.
IFRS 15, Revenue from Contracts with Customers: Amendment clarifying requirements and providing additional transition relief for entities implementing the new standard.	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.
Annual Improvements to IFRSs 2014-2016 Cycle. Amendments to IFRS 1 and IAS 28.	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.

The Group's Management has assessed the application of these standards and amendments and has identified no significant accounting effects on the consolidated financial statements.

(3) Significant accounting policies, continued

(r) Application of new effective or not effective standards, continued

IFRS 9, Financial Instruments

IFRS 9 establishes new requirements for recognizing and measuring financial assets, financial liabilities, and certain purchase or sale contracts of non-financial items. This standard supersedes IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 includes three main categories to classify financial assets: measured at amortized cost, at fair value through other comprehensive income (FVTOCI), or at fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 removes the existing categories under IAS 39: held-to-maturity assets, loans and receivables, and available-for-sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. IFRS 9 maintains the existing requirements under IAS 39 for classifying and measuring financial liabilities.

The application of IFRS 9 had no impact on equity in the consolidated financial statements.

IFRS 15, “Revenue from Contracts with Customers”

The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), recognizing the effect of the initial application of the standard at the initial application date (i.e., January 1, 2018). The application of IFRS 15, Revenue from Contracts with Customers, generated no effects on equity and, accordingly, the information disclosed as of December 31, 2017, has not been restated in these financial statements. The application of the new requirements under IFRS 15 generated no effects on equity in the Company's financial statements.

(3) Significant accounting policies, continued

(r) Application of new effective or not effective standards, continued

(iv) Standards and amendments to standards that have been issued but are not yet effective

New IFRS	**Mandatory application date**
IFRS 16, Leases	Annual periods beginning on or after January 1, 2019. Early adoption is permitted for entities that apply IFRS 15 on or before that date.
IFRS 17: Insurance Contracts	Annual periods beginning on or after January 1, 2021. Early adoption is permitted for entities that apply IFRS 9 and IFRS 15 on or before that date.
New interpretations	
IFRIC 23: Uncertainty over Income Tax Treatments	Annual periods beginning on or after January 1, 2019. Early adoption is permitted.
Amendments to IFRS	
IAS 28: Long-term Interests in Associates and Joint Ventures	Annual periods beginning on or after January 1, 2019. Early adoption is permitted.
IFRS 9: Prepayment Features with Negative Compensation	Annual periods beginning on or after January 1, 2019. Early adoption is permitted.
Plan Amendment, Curtailment and Settlement (Amendments to IAS 19, Employee Benefits).	Annual periods beginning on or after January 1, 2019. Early adoption is permitted.
IFRS 10, Consolidated Financial Statements, and IAS 28, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date deferred indefinitely.
Annual improvements to IFRS Cycle 2015-2017. Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23	Annual periods beginning on or after January 1, 2019. Early adoption is permitted.
Amendments to References to the Conceptual Framework in IFRS Standards.	Annual periods beginning on or after January 1, 2020.
Definition of a Business (Amendments to IFRS 3).	Annual periods beginning on or after January 1, 2020.
Definition of Material (Amendments to IAS 1 and IAS 8).	Annual periods beginning on or after January 1, 2020.

The Company's Management believes the future adoption of IFRS 16, the Standards, Amendments and Interpretations indicated above, will not have any significant impact on these financial statements.

(3) Significant accounting policies, continued

(u) Application of new effective or not effective standards, continued

IFRS 16 "Leases"

The Company has estimated the impact of the initial application of IFRS 16 on its financial statements as a right-of-use asset accounted for in an amount equal to a lease liability of ThCh$8,783,386. The actual impacts from adopting these standards as of January 1, 2019, may change as the new accounting policies are subject to changes up to the date on which the Company issues its first financial statements which include the initial application date. For the initial application of the standard, the Company opted to recognize the cumulative effect at the initial application date (January 1, 2019), not restating the comparative information and accounting for a right-of-use asset accounted for in an amount equal to a lease liability.

Definition of a Business (Amendments to IFRS 3 Business Combinations)

In October 2018, the International Accounting Standards Board issued narrow-scope amendments to IFRS 3, Business Combinations, to improve the definition of a business. The amendments will help companies determine whether an acquisition made is a business or a group of assets.

The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process.

The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an acquisition of an asset. The amendments:

(a) Clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

(b) Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce output.

(c) Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired.

(d) Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.

(e) Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendment is effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.

Management is currently assessing the potential impact of adopting these amendments.

(3) Significant accounting policies, continued

(r) Application of new effective or not effective standards, continued

Definition of Material (Amendments to IAS 1 Presentation of Financial Statements, IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors).

In October 2018, the International Accounting Standards redefined its definition of material. This amendment aligns the definitions used across IFRS Standards and the Conceptual Framework. The new definition establishes that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The Board has promoted the incorporation of "obscuring information" in the definition, in addition to the existing references of "omitting" and "misstating." Additionally, the Board expanded the threshold of "could influence" to "could reasonably be expected to influence."

The Board also eliminated the definition of omissions and misstatements under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendment is effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.

Management is currently assessing the potential impact of adopting these amendments.

(4) Changes in accounting policies

The policies adopted in preparing these consolidated financial statements policies have been applied consistently to those applied in the prior year consolidated financial statements. This includes adopting new standards starting from January 1, 2018, described in Note 3 q) Application of new effective or not effective standards, which have been issued and reviewed by Management in these consolidated financial statements. The adoption of these new standards had no significant impact on these consolidated financial statements.

As of December 31, 2018, no significant accounting changes have occurred that affect the presentation of these consolidated financial statements.

(5) Financial risk management

Risk management

Larraín Vial, in line with its strategic objectives of being customer-oriented and strengthening the control function, has established a Good Governance framework. This institutional model is based in four foundations allowing Larraín Vial to customize its activities to the sector's good practice international standards and achieving such strategic objectives with a high degree of security. The four foundations in which the Good Governance framework is based are: Corporate Governance, Protection Model and Customer Service, Risk Management and Control Environment.

The quality of risk management is one of the Larraín Vial Group's strong points and, accordingly, a priority. Because of this, risks that may affect the Company are detected to generate strategies that anticipate such risks and turn them into opportunities for achieving return, generating value for the customers.

In line with this, over the last few years Larraín Vial has been focused on achieving increased control on the performance of its businesses, which has allowed reaching a more detailed view of risks to which it is confronted in its daily management activities and accordingly, establishing or improving the controls necessary to mitigate their impact. These highlight, among others:

- The review of business processes, risks and controls existing at the Trading Desks, the subsidiaries in Peru and Colombia and the Custody and Treasury Units.
- The improvement in the Compliance area and the Comptrollership Unit Management by increasing in both their number of employees and material resources available for use.
- The detailed diagnostic of the operating and control model of the Treasury and Custody units by identifying potential opportunities for improvement.

Larraín Vial operates by using a centralized Corporate Services model which allows achieving both high efficiency in its operations and high service quality level.

The risk policy is focused on maintaining a mitigated and predictable risk profile for the group of its activities for which its risk management model is a key model for achieving the Group's strategic objectives. Such model is regulated by the following principles:

- The independence of the risk function with respect to the business, establishing separate functions between the business areas, responsible for managing risks to which they are confronted, and the risk areas responsible for looking after that the significant risks of all the Group's activities and businesses are identified, measured, managed and controlled.

(5) Financial risk management, continued

(5.1) Risk management, continued

- Establishing policies and procedures, generating a risk culture and structuring the basic regulating framework through which risk activities and processes are regulated.

- Establishing risk aversion or tolerance, to limit the levels and types of risks that the Company is willing to assume in the performance of its activities.

- Active involvement by the Board in decision making.

Below, we include the information on Larraín Vial's Governance structure:

(5.1.1) Governance structure

Larraín Vial and its related parties, maintain a governance structure that includes active involvement by entire organization, establishing the following duties and accountabilities of the different areas in the organizational structure:

- **Board of Directors:**

The Board is responsible for the right operation of the Company and risk policies, including promoting compliance with the legislation and regulations, approving the Group's Corporate Policies and understanding the risks inherent to the Group's businesses and activities, disseminating the risk management culture through the approval of a risk management and internal control methodology.

- **Board of Directors' Committee**

This Committee is responsible for promoting and enabling the best corporate governance for the Company, as well as assisting the Board of Directors in complying with its responsibilities on the review and assessment of the following:

- Financial statements
- Internal control and compliance system
- Controllership Unit
- External audit services

This Committee is the last Government instance prior to the Board of Directors, to which every control body in the Group companies has to report. Consequently, its decisions on any matter within its competence, upon reporting them to the Board of Directors and obtaining their approval, become binding on all corporate entities and employees of the Larraín Vial Group companies.

(5) Financial risk management, continued

(5.1) Risk management, continued

(5.1.1) Governance structure, continued

- **Risk Committees:**

The Risk Committee establishes the procedures and mechanisms for managing risks and provides senior management with recommendations on changes in policies, procedures and indicators analyzed. Additionally, it establishes mechanisms that allow foreseeing and mitigating operating compliance risks.

This Committee provides advisory to the Board to improve the ease of decision-making. Because of this, management reports are submitted regularly to adequately control risk management and monitoring the Company's exposure.

- **Risk Management:**

Larraín Vial has a Corporate Risk Management that looks after the implementation of the Risk and Internal Control Management System within the organization which allows identifying, measuring and controlling risks verifying that business processes are managed adequately and in accordance with the best practices, considering for this its regulating risks and implications.

- **Business Units:**

Business units are responsible for managing risks in the related working areas. Business units must continuously identify the risks arising both from internal and external circumstances. Business units must execute and comply with the policies approved.

- **Comptrollership Unit:**

The Comptrollership Unit Management performs internal audit functions and is responsible for the independent review of processes, assessing the implementation of policies, the performance of procedures and effectiveness of controls performed.

The detail of the exposure to such risks, as well as their management, is detailed as follows.

(5) Financial risk management, continued

(5.1) Risk management, continued

(5.1.2) Risk management and internal control system

Larraín Vial has developed a Risk Management Corporate Policy which defines the activities to minimize risks and the foundations and general guidelines for risk management to which the Group is confronted. Such policy also allows consistent and systematic risk management in line with the Company's objectives. The Corporate Policy is proposed by the Risk Committee and reviewed and approved by the Board of Directors at least once a year. It establishes the general foundations for the structure, management and monitoring of the different types of risks to which the Group companies and businesses are exposed.

Within the framework of the risk management LarraínVial adopted the three lines of defense model for regulatory compliance and internal policies, which allows generating controls and filters at the time of the contact with the customer and on a corporate basis.

The three lines of defense are as follows:

- First line: Responsible for the business lines and process owners composed of the commercial areas, desks and operations.
- Second line: Corporate Risk, Legal Counsel.
- Third line: Independent area for verification and assurance, Internal Audit.

This methodology together with the ongoing training provided to the different staff areas allows addressing the Company's risks in holistic manner.

Below, we include a detail of market and operational risk factors.

- Financial risk management

Financial risk relates to equity losses that may occur because of exposure to credit risk, liquidity risk or market risk.

(a) Credit risk

Credit risk is the probability that a customer or counterparty fails to meet its obligations or commitments on the date and amount established, because of a deterioration of its payment capacity or no intention of paying such obligations resulting in the other party to a contract incurring losses by not meeting the financial obligations assumed. Sources of credit risk are issuer and counterparty risks, which are presented below.

(5) Financial risk management, continued

(5.1) Risk management, continued

(5.1.2) Risk management and internal control system, continued

(a) Credit risk, continued

- **Issuer risk:** Possibility that the debt issuer either by way of fixed income or financial brokerage, does not meet its obligation on a timely basis and in the manner established. Because of such risk, the Credit Risk Committee establishes the specific limits for debt portfolios. In its turn, this requires that the Credit Risk Committee controls such limits and reporting to the Committee.

On a daily basis a review of the limits agreed is performed reporting the portfolio to the responsible employees who must regularize excesses using the procedure established for such purposes. The Credit Risk Committee is informed on a regular basis as to the status of the portfolio and when required, determines actions to regularize individual cases.

- **Customer and counterparty risk:** This is the possibility that a counterparty does not meet its portion of the agreement wither during its term or at the date of settlement. The main source of credit risk relates to forward transactions for which policies are in place for para for their operation using lines, limits and controls assigning a maximum amount for operation to each customer. The Credit Risk area is responsible for the customers' daily exposure.

Below, we include a summary of its customers' credit risk exposure.

i. Brokerage receivables

Larraín Vial has a collections policy, which is detailed as follows:

- Business executives have vast knowledge of the client and maintain a daily control of amounts owed and guarantees.

- Daily collection controls are distributed to Supervisors, Managers, Directors and Control Areas who report in regard on defaulting clients.

Domestic and international institutional counterparties that hold securities in custody with third parties operate on the basis of delivery when paid and therefore, there is only one marginal credit risk resulting from the variation during the collection period of this transaction.

(5) Financial risk management, continued

(5.1) Risk management, continued

(5.1.2) Risk management and internal control system, continued

(a) Credit risk, continued

ii. Consolidated portfolio distribution

As of December 31, 2018, the portfolio of Larraín Vial, based on the nature of its investments, is distributed in conformity with that indicated in Note 7.

iii. Derivatives and revolving operational credit facilities

Larraín Vial operates under the matched transactions and takes no underlying positions in derivatives. Simultaneous transactions and short sales in shares require approved lines for each client, which are granted and controlled by the Credit Committee. This type of transactions are framed within the standards contained in the Operations manual of the Chilean Stock Exchange and Electronic Stock Exchange, and that ongoing follow-up of the positions and status of guarantees is performed.

- **Simultaneous transactions**

The revolving operational credit facilities granted have a life of one year, are renewable and amount to MCh$144,375. These lines operate in accordance with standards currently in force in the stock exchanges and are covered through guarantees in accordance with regulations in force.

As of December 31, 2018, outstanding simultaneous transactions by classification of their shares are distributed as follows.

Year	Month	Amount ThCh$	Percentage %
2019	January	18,137,442	79
	February	458,422	2
	March	2,977,510	13
	April	910,943	4
	June	381,299	2
	Total	22,865,616	

(5) Financial risk management, continued

(5.1) Risk management, continued

(5.1.2) Risk management and internal control system, continued

(a) Credit risk, continued

iii. Derivatives and revolving operational credit facilities, continued

- **Short sale**

As of December 31, 2018, with regard to short sale only those lines with operations currently in force are considered.

The revolving operational credit facilities granted have a life of one year, are renewable and amount to MCh$73,830. These lines operate in accordance with standards currently in force in the stock exchanges and are covered through guarantees in accordance with regulations in force.

As of December 31, 2018, with regard to short sale only those lines with operations currently in force are considered.

Year	Month	Amount ThCh$	Percentage %
2019	January	8,842,611	22.33
	February	1,111,635	2.81
	March	7,801,388	19.71
	April	8,018,103	20.25
	May	2,044,295	5.16
	August	11,774,379	29.74
	Total	39,592,411	

(5) Financial risk management, continued

(5.1) Risk management, continued

(5.1.2) Risk management and internal control system, continued

(a) Credit risk, continued

iii. Derivatives and revolving operational credit facilities, continued

- **Forward**

As of December 31, 2018, the detail of VaR exposure in forward is as follows:

Risk control	Currency	Limit	Exposure	Usage %
Value at Risk (VaR)	US$	(100)	8.20	8.20

Below there is detail of forward revolving credit facilities authorized, which have a term of one year, are subject to renewal and are measured using the VaR calculation at 95%.

No. of lines used	Total of lines authorized MCh$
274	102,047

As of December 31, 2018, the summary of outstanding forward transactions with related parties and y non-banking counterparties is as follows.

No. of lines used	Revolving credit facility used MCh$	Long position: Amounts MCh$	Short position: Amounts MCh$	Reconciled position: Amounts MCh$
122	51,081	1,978	28,230	5

iv. Other financial assets

As of December 31, 2018, Larraín Vial's investment portfolio is composed of debt securities, term deposits and a controlled equity security position, which are exposed to credit risks.

The risk level allowed for the portfolio of such instruments is determined by the Credit Risk Committee. On a daily basis, the Credit Risk area controls the exposure for local debt securities and includes limits by risk rating, instrument category and issuer. The status of such limits is reported to the areas involved for follow-up and compliance based on the investment policies and guidelines defined.

(5) Financial risk management, continued

(5.1) Risk management, continued

(5.1.2) Risk management and internal control system, continued

(a) Credit risk, continued

iv. Other financial assets, continued

The table below reflects the percentage of the portfolio in accordance with the risk rating and related sector to which the consolidated local debt securities portfolio relates.

	N1 %	AAA %	AA %	AA- %	A+ %	A %	A- %	BBB+ %	BBB %	BBB- %
Banks	16.14	16.70	2.78	0.00	0.29	0.00	0.00	0.17	3.72	0.62
Banco Central	0.00	1.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Corporations	6.85	1.18	4.24	10.88	1.32	0.52	2.58	1.25	7.61	7.72
Government	0.00	8.92	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Overall total	22.99	28.16	7.05	10.88	1.61	0.52	2.58	1.42	11.33	8.34

	BB %	BB- %	B+ %	C %	Overall total %
Banks	0.00	0.00	0.00	0.00	40.42
Banco Central	0.00	0.00	0.00	0.00	1.36
Corporations	4.47	0.62	0.01	0.02	49.27
Government	0.00	0.00	0.00	0.00	8.95
Overall total	4.47	0.62	0.01	0.02	100.00

The table below details the maturity dates of the domestic debt securities portfolio by period.

Period	% of maturity
2019	26.0
2020	8.0
2021	14.4
2022	12.5
2023 and thereafter	39.1

(5) Financial risk management, continued

(5.1) Risk management, continued

(5.1.2) Risk management and internal control system, continued

(a) Credit risk, continued

iv. Other financial assets, continued

With respect to the international debt securities portfolio, the table below reflects the percentage of the portfolio with a long position, in accordance with the international risk rating and its related sector:

	A+ %	BBB+ %	BBB %	BBB- %	BB+ %	BB %	BB- %	B+ %
Corporations	1.00	2.40	12.53	21.94	0.58	6.37	5.84	2.66
Financial	0.00	5.09	15.80	3.82	0.81	8.45	0.44	1.28
Overall total	1.00	7.49	28.33	25.76	1.39	14.82	6.28	3.94

	B %	Total general %
Corporations	10.00	63.32
Financial	0.99	36.68
Overall total	10.99	100.00

The table below reflects the maturity dates of the international debt securities portfolio by period.

Period	% of maturity
2019	0.8%
2020	15.2%
2021	1.6%
2022	17.6%
2023 and thereafter	64.7%

This is grouped by issuing country in accordance with the table below.

Issuing country	Overall total %
Chile	30.00
Peru	31.70
Colombia	13.30
Other	25.00

(5) Financial risk management, continued

(5.1) Risk management, continued

(5.1.2) Risk management and internal control system, continued

(b) Liquidity risk

The liquidity risk relates to the Company's needs for funds to deal with its payment obligations. Where the Company’s objective is maintaining a balance between the continuity of funds and financial flexibility through normal operating flows, short-term borrowings, short-term investments and revolving credit facilities. The financing policy of transactions does not contemplate long-term debt and therefore, solely requires short-term financing. On an ongoing and regular basis, the Company assesses risk concentration, the portfolio and sources of financing.

Within its liquidity policies, the Company observes regulatory compliance by the markets where it operates and considers as its main financing activities its operations through agreements, revolving credit facilities and own capital.

For financing through repurchase agreements, the Company has a debt security portfolio in Chile, which is diversified and has high liquidity, where 94.88%% of the Company's portfolio has local risk investment grade rating of BBB- or higher.

The Company's liquidity ratio is 1.2 times, presenting its ability to pay its current liabilities.

(5) Financial risk management, continued

(5.1) Risk management, continued

(5.1.2) Risk management and internal control system, continued

(c) Market risk

Market risks affecting trading activities arise from variations in the market prices that could adversely affect the value of positions in financial instruments. The main sources of market risk are as follows:

- **Interest rate risk:** The interest rate risk for trading activities is basically the potential negative impact of rate fluctuations on the financial instrument measurement.

- **Price risk:** Loss from adverse fluctuations in instrument prices.

- **Currency risk:** Fluctuations in the value of the assets and liabilities denominated in other currencies, not offset by derivatives.

Upon identification of the sources of market risk, Larraín Vial uses a number of methodologies in order to measure such risk. The standard methodology applied for the trading activity is Value at Risk (VaR). Exposure is controlled by establishing limits and monitoring compliance. For such purpose, Larraín Vial has a system for the daily follow-up of metrics and limits composed of alerts the level of which has been defined by the Corporate Risk Committee. If any alert level is exceeded, the direct supervisor of the Desk line manager is informed. Additionally, all excesses in force are informed as part of the contents in the daily reports, indicating their excess levels together with the approval and term of regularization obtained from the responsible executive. Daily reports also include the information on the excesses that were effectively regularized on such closing date.

Interest rate risk

Summary of the domestic debt securities portfolio as of December 31, 2018, by adjustment rate.

	Adjustment			
Sector	**Ch$**	**UF**	**US$**	**Overall total**
Banks	10.31%	25.76%	4.34%	40.41%
Banco Central	1.36%	0.00%		1.36%
Corporations	7.10%	37.68%	4.50%	49.28%
Government	5.80%	3.15%	0.00%	8.95%
Overall total	24.37%	66.59%	9.04%	100.00%

(5) Financial risk management, continued

(5.1) Risk management, continued

(5.1.2) Risk management and internal control system, continued

(c) Market risk, continued

If debt securities increase by 20%, the effect would not be greater than 1.65% of the value of the local debt securities (LDS) portfolio, and the effect on the international debt securities (IDS) portfolio would be 6.85%.

Sensitivity analysis of the portfolio as of December 31, 2018.

Rate variation	Adverse impact on the LDS portfolio	Adverse impact on the IDS portfolio
10% increase	0.84%	3.43%
20% increase	1.65%	6.85%

Fair value hierarchy

Larraín Vial has classified the measurement of the fair value by using a hierarchy reflecting the information level used in the valuation. The hierarchy is comprised of 3 levels and detailed as follows:

- Level 1: The Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are easily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

- Level 2: Instruments in active markets whose price cannot be obtained directly, or instruments presenting quoted prices. Quoted prices other than those included within Level 1.

- Level 3: If the market for a financial instrument is not active, the Company determines the fair value using valuation techniques. These valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other financial instruments that are substantially the same, discounted cash flows and option pricing models. The Company will incorporate all the factors that market participants would consider when pricing and will be aligned with generally accepted economic methodologies to calculate the price of financial instruments

(5) Financial risk management, continued

(5.1) Risk management, continued

(5.1.2) Risk management and internal control system, continued

(c) Market risk, continued

Fair value hierarchy, continued

		2018 %
Domestic shares	Level 1	5.86
Shares of BCS, BEC and CCLV	Level 2	1.78
Investment funds	Level 1	10.83
Domestic debt instruments	Level 1	10.56
Foreign shares	Level 1	0.09
Foreign debt instruments	Level 1	10.86
Derivatives (*)	Level 2	10.52
Committed debt securities portfolio	Level 1	46.15
Invoices	Level 2	3.35

(*) It is considered the absolute value of the position at market value.

The sources of valuation used by the Company correspond to prices reported directly from the Santiago Stock Exchange or by means of public access prices ("Level 1"); prices from a financial instrument data supplier are classified as "Level 2".

For currency forward instruments, their valuation is conducted using the spot value informed everyday by the Central Bank of Chile as price source; this is adjusted to that defined in "Level 2" for this type of instrument.

Currency risk

The portfolio of Larraín Vial, based on the nature of its investments, is distributed as detailed in Note 7. Financial assets in currencies other than the Chilean peso represent 21.38% of its portfolio, and as of December 31, 2018, they are distributed as follows:

Debt securities - Foreign market	78.0%
Alternative investments	18.8%
Funds	2.9%
Equity securities - Foreign market	0.3%

For the debt securities - foreign markets, the Company actively manages exchange rate hedges.

(5) Financial risk management, continued

(5.1) Risk management, continued

The detail of operating risk management is presented below.

(5.1.3) Operational risk management

The operational risk model is applicable to all business, support and management processes. For such purpose and consistent with the recommendations included in Basel, Larraín Vial has defined operational risk as the possibility of occurrence of equity losses because of failure, deficiencies or inadequate internal processes, people, systems or other external processes.

To identify and measure operational risks, a risk self-assessment is applied on individuals responsible for processes by way of which the opinion is sought from the expert employees on the process for the identification of risks and drawing a final conclusion on the potential impact and event occurrence affecting the objectives of the related units and process. The outcome of the self-assessment is revised on an annual basis together with process expert employees with the purpose of maintaining such information validated and updated.

According to the different exposure levels obtained for the risks identified, management actions are prioritized for risk mitigation purposes. Such management actions contemplate the execution of action plans, the implementation of indicators that can be managed by the organization and monitoring exposure to the risk.

Another mechanism, which is a part of the Company's Operational Risk is the management of loss events. Such management corresponds to recording the operating loss-triggering events and their subsequent analysis as to their origin and causes for their occurrence. Objectives of the record of operating loss-triggering events include:

- Capturing operating loss-triggering events generating a historical basis that allows studying the behavior of such events.
- Informing Senior Management as to the behavior of operating losses.
- Determining the causes generating such losses, supporting the development of action plans that allow correcting such events.
- Through historical data, becoming aware of risk exposure and risk tolerance.

Results from the Operational Risk are presented through regular reports for the Senior Management indicating the status of risks (or immediate reports, as the case may be in the event of severe non-compliance) on the management of incidents, failures, errors arising from such risks.

(5) Financial risk management, continued

(5.1) Risk management, continued

(5.1.3) Operational risk management, continued

The summary of the main activities performed by the Operating Risk Department during 2018, focused on strengthening the Company's control measures is detailed below:

- Follow-up on reporting events to the Company's key personnel: Follow-up of 30 individuals on a monthly basis.

- Risk rating agency management: Preparation and delivery of information for risk rating agencies for LV CdB.

- Insurance management for the Group: Continuous management of 19 insurance policies for different holding entities, which includes the review of coverage, quoting and insurance contracts.

- Subsidiaries: Risk management for international subsidiaries; Dissemination and Implementation of corporate practices of operational risk, review and follow-up of significant operational risk events.

(6) Cash and cash equivalents

Cash and cash equivalents includes cash balances, current accounts and petty cash recorded.

(a) As of December 31, 2018 and 2017, this caption is composed of the following:

	2018 ThCh$	2017 ThCh$
Cash in Chilean pesos	287,189	6,791
Cash in foreign currency	219,240	258,038
Banks in Chilean pesos	6,139,579	22,813,590
Banks in foreign currency	34,145,502	79,939,376
Total	40,791,510	103,017,795

(b) The detail of cash and cash equivalents by currency is as follows:

As of December 31, 2018

	2018				
	Chilean peso ThCh$	US dollar ThCh$	Euro ThCh$	Other ThCh$	Total ThCh$
Cash on hand	287,189	194,431	24,809	-	506,429
Cash in banks	6,139,579	27,619,148	2,976,986	3,549,368	40,285,081
Cash and cash equivalents	6,426,768	27,813,579	3,001,795	3,549,368	40,791,510

As of December 31, 2017

	2017				
	Chilean peso ThCh$	US dollar ThCh$	Euro ThCh$	Other ThCh$	Total ThCh$
Cash on hand	6,791	228,461	29,577	-	264,829
Cash in banks	22,813,590	78,431,804	1,411,542	96,030	102,752,966
Cash and cash equivalents	22,820,381	78,660,265	1,441,119	96,030	103,017,795

As of December 31, 2018 and 2017, cash and cash equivalents comprise balances denominated in United States dollars (ThCh$27,619,148 and ThCh$78,431,804 respectively), held in the stockbrokers' current accounts denominated in foreign currencies. These amounts in U.S. dollars are held to cover the obligations with customers detailed in Note 20 Trade and other payables.

(7) Other current financial assets

This caption includes investments in equity securities, investments in corporate bonds, investment fund deposits, shares, mutual fund deposits, and financial derivative agreements adjusted at fair value.

As of December 31, 2018 and 2017, the detail of other current financial assets is as follows:

	2018 ThCh$	2017 ThCh$
Debt securities at market value	167,192,695	117,123,461
Future operations	5,857,009	12,031,105
Shares in investment funds (CFI)	7,307,715	8,596,765
Shares	14,762,108	6,673,155
Mutual fund deposits	4,479,618	1,154,926
Forward transactions	9,798,854	24,102,975
Other investments	9,042,642	2,185,313
Total	218,440,641	171,867,700

(a) Debt securities at market value

As of December 31, 2018	**Own portfolio**		
Financial instruments at fair value	**Available ThCh$**	**Committed ThCh$**	**Total M$**
From Government	26,094,015	1,858,483	27,952,498
From financial institutions	39,662,364	25,502,955	65,165,319
From companies	18,087,974	55,986,904	74,074,878
Total debt securities and financial brokerage instruments (DS and FBI)	83,844,353	83,348,342	167,192,695

As of December 31, 2017	**Own portfolio**		
Financial instruments at fair value	**Available ThCh$**	**Committed ThCh$**	**Total M$**
From Government	12,126,660	146,035	12,272,695
From financial institutions	14,338,233	39,439,689	53,777,922
From companies	12,650,650	38,422,194	51,072,844
Total debt securities and financial brokerage instruments (DS and FBI)	39,115,543	78,007,918	117,123,461

(7) Other current financial assets, continued

(b) Future operations

As of December 31, 2018		Maturity		
	Average rate %	Up to 7 days ThCh$	Over 7 days ThCh$	Total ThCh$
Simultaneous transactions	0.37	-	5,649,250	5,649,250
Repurchase agreements	0.42	207,759	-	207,759
Total		207,759	5,649,250	5,857,009

As of December 31, 2017		Maturity		
	Average rate %	Up to 7 days ThCh$	Over 7 days ThCh$	Total ThCh$
Simultaneous transactions	0.33	174,141	7,730,542	7,904,683
Repurchase agreements	1.43	4,001,040	125,382	4,126,422
Total		4,175,181	7,855,924	12,031,105

(c) Shares in investment funds (CFI)

	2018 ThCh$	2017 ThCh$
Equity securities	7,000,498	7,984,131
Debt securities	307,217	612,634
Total	7,307,715	8,596,765

(d) Shares

	2018 ThCh$	2017 ThCh$
Chile	14.729.841	4.808.645
Colombia	16.796	1.850.231
Argentina	9.032	-
Peru	6.439	14.279
Total	14.762.108	6.673.155

(e) Mutual funds

	2018 ThCh$	2017 ThCh$
Debt securities	2,311,583	627,706
Equity securities	1,557,917	-
Money market	469,004	334,022
Balanced	141,114	193,198
Total	4,479,618	1,154,926

(7) Other current financial assets, continued

(f) Forward transactions

Financial derivative contracts as of December 31, 2018

		Domestic				Derivative financial instruments at fair value			
		Purchase		Sale		Asset position			
Type of contract	**No. of operations**	**Amount in monetary unit of the agreement**	**Amount of the agreement ThCh$**	**Amount of MU of the agreement**	**Amount of the agreement ThCh$**	**Up to 7 days ThCh$**	**8 to 360 days ThCh$**	**Over 1 year ThCh$**	**Total assets at fair value ThCh$**
A) Forward									
US dollars (Offsetting)	440	781,368,861	534,102,424	(826,950,740)	(564,867,353)	441,424	8,832,784	-	9,274,208
US dollars (Cash delivered)	113	21,917,931	14,837,622	(26,577,944)	(17,968,857)	88,728	264,815	-	353,543
Euro (Offsetting)	2	350,000	267,925,000	(350,000)	(269,405,500)	-	10,783	-	10,783
Euro (Cash delivered)	-	-	-	-	-	-	-	-	-
UF (Offsetting)	11	-	-	-	-	-	-	-	-
UF (Cash delivered)	-	-	-	-	-	-	-	-	-
Colombian pesos (Offsetting)	3	29,730,000,000	6,478,794	-	-	-	160,320	-	160,320
B) Other agreements (specify)	-	-	-	-	-	-	-	-	-
Total	569	30,533,636,792	823,343,840	(853,878,684)	(852,241,710)	530,152	9,268,702	-	9,798,854

(7) Other current financial assets, continued

f) Forward transactions, continued

Financial derivative contracts as of December 31, 2017

Type of contract	No. of operations	Domestic – Purchase – Amount in monetary unit of the agreement	Domestic – Purchase – Amount of the agreement ThCh$	Domestic – Sale – Amount of MU of the agreement	Domestic – Sale – Amount of the agreement ThCh$	Derivative financial instruments at fair value – Asset position – Up to 7 days ThCh$	Asset position – 8 to 360 days ThCh$	Asset position – Over 1 year ThCh$	Total assets at fair value ThCh$
A) Forward									
US dollars (Offsetting)	440	1,015,181,056	643,096,079	(1,000,454,326)	(638,779,518)	9,220,539	14,291,453	-	23,511,992
US dollars (Cash delivered)	113	7,618,624	4,810,116	(16,072,413)	(10,279,405)	65,820	318,516	-	384,336
Euro (Offsetting)	2	3,503,500	377,842,050	(3,503,500)	(378,999,650)	-	17,000	-	17,000
Euro (Cash delivered)	-	-	-	-	-	-	-	-	-
UF (Offsetting)	11	-	-	(94,015)	(2,509,472)	-	5,531	-	5,531
UF (Cash delivered)	-	-	-	-	-	-	-	-	-
Colombian pesos (Offsetting)	3	-	-	(29,730,000,000)	(6,266,865)	-	184,116	-	184,116
B) Other agreements (specify)	-	-	-	-	-	-	-		-
Total	569	1,026,303,180	1,025,748,245	(30,750,124,254)	(1,036,834,910)	9,286,359	14,816,616	-	24,102,975

(7) Other current financial assets, continued

(g) Other investments

	2018 ThCh$	2017 ThCh$
International custody	5,968,878	1,580,097
Commodities exchange invoices	2,938,173	480,271
Short sales	135,591	124,945
Total	9,042,642	2,185,313

(8) Other current non-financial assets

As of December 31, 2018 and 2017, the detail of other current non-financial assets is as follows:

	2018 ThCh$	2017 ThCh$
Value-added tax fiscal credit	5,298,815	5,101,629
Other non-financial assets (*)	455,624	579,715
Total	5,754,439	5,681,344

(*) Other non-financial assets include supplier advances, salary advances and loans for employees and other prepaid expenses.

(9) Trade and other receivables

As of December 31, 2018 and 2017, the detail of this caption is as follows:

	2018 ThCh$	2017 ThCh$
Receivables from brokers and dealers (*)	63,477,398	65,353,139
Accounts receivables	23,843,388	16,861,382
Total	87,320,786	82,214,521

(*) "Receivables from brokers and dealers" correspond to brokerage operations, fees receivable, and stock exchange rights, and purchase and sale transactions related to instruments in the commodities market on behalf of the customer. The counterparty to the account is recognized in the caption liabilities under "Payables to brokers and dealers" in the consolidated financial statements.

(10) Current tax assets and liabilities

As of December 31, 2018 and 2017, the detail of this caption is as follows:

(a) As of December 31, 2018 and 2017, the detail of this caption is as follows:

	2018 ThCh$	2017 ThCh$
Monthly provisional income tax payment	12,210,054	7,992,577
Income taxes recoverable	486,486	1,521,984
Credit for training expenses	69,182	70,623
Total	12,765,722	9,585,184

(b) As of December 31, 2018 and 2017, the detail of current tax liabilities is as follows:

	2018 ThCh$	2017 ThCh$
Provision for income tax	7,562,334	6,705,270
Other taxes (*)	272,038	90,146
Total	7,834,372	6,795,416

(*) Other taxes correspond to taxes paid abroad.

(11) Balances with related parties

As of December 31, 2018 and 2017, the detail of receivables and payables due from and to related parties is the following:

Transactions with related parties have been made at market price, no allowances for doubtful accounts have been recorded and no guarantees have been recorded for these operations.

Current accounts correspond to funding whose payment will be made by wire transfer or by means of a debit to the current account (commercial account) for the total amount owed without any commissions, interests or readjustments.

(a) Trade receivables due from related parties

	2018 ThCh$	2017 ThCh$
FIP Crecimiento Forestal	-	2,481
LV S.A	164	-
LV Asociados SpA	70	-
Total	234	2,481

(11) Balances with related parties, continued

(b) Trade payables due to related parties, current

	2018 ThCh$	2017 ThCh$
Chacabuco S.A.	2,739,424	4,256,653
Renta ST Limitada	1,712,583	2,660,798
Total	4,452,007	6,917,451

(c) Assets associated with transactions with related parties

			2018		2017	
Company	Relationship	Transaction	Amount ThCh$	Effect on profit or loss ThCh$	Amount ThCh$	Effect on profit or loss ThCh$
FIP Crecimiento Forestal	Shareholder	Loan granted	-	-	2,481	-
LV S.A	Shareholder	Current account	164	-	-	-
LV Asociados SpA	Shareholder	Current account	70	-	-	-
Total			234	-	2,481	-

(d) Liabilities associated with transactions with related parties

			2018		2017	
Company	Relationship	Transaction	Amount ThCh$	Effect on profit or loss ThCh$	Amount ThCh$	Effect on profit or loss ThCh$
Chacabuco S.A.	Shareholder	Loan received	2,739,424	82,519	4,256,653	140,545
Renta ST Ltda.	Shareholder	Loan received	1,712,583	52,041	2,660,798	99,003
Total			4,452,007	134,560	6,917,451	239,548

(12) Other non-current financial assets

This caption comprises investment fund deposits, securities granted as collateral and other assets, which are measured at fair value.

As of December 31, 2018 and 2017, the detail of other non-current financial assets is as follows:

	2018 ThCh$	2017 ThCh$
Investment funds	7,638,211	7,476,044
Collateral amounts	24,096,430	6,872,202
Other assets	545,947	541,493
Total	32,280,588	14,889,739

(a) Investment funds

	2018 ThCh$	2017 ThCh$
Americas Energy Fund I	1,378,831	2,399,705
NG Capital Partners I	2,917,152	2,289,809
Americas Energy Fund II	1,580,880	1,214,382
Fibra II	674,877	541,610
FIP Forestal	352,474	471,961
FIP Agrícola	158,408	86,169
Fibra I	157,041	-
FIP Filipina Dos	137,673	137,673
FIP Indiana	109,424	107,294
FIP Agrodesarrollo	86,137	86,137
Victus Chile	81,875	139,511
FIP Opción Global	3,089	1,793
Total	7,638,211	7,476,044

(b) Securities granted as collateral

	2018 ThCh$	2017 ThCh$
Guarantees for financial operations	24,096,430	6,872,202
Total	24,096,430	6,872,202

(12) Other non-current financial assets, continued

(c) Other assets

	2018 ThCh$	2017 ThCh$
Minera Activa Uno S.p.A. (*)	208,444	203,896
Minera Activa Dos S.p.A. (*)	147,311	143,672
UMM Capital S.A. (*)	99,494	99,494
San Sebastián Inmobiliaria Ltda. Cuenta en Participación V	74,082	79,037
CCLV Contraparte Central S.A. (*)	15,460	14,709
Subsolé Capital de Riesgo (*)	1,156	685
Total	545,947	541,493

(*) As of December 31, 2017, these investments were recorded under Investments using the equity method; however, as of December 31, 2018, they were reclassified as other assets under Other non-current financial assets, reclassifying the balances as of December 31, 2017, for comparative purposes.

(13) Other non-financial assets, non-current

As of December 31, 2018 and 2017, the detail of other non-financial assets, non-current is as follows:

	2018 ThCh$	2017 ThCh$
Guarantees	306,172	198,640
Other non-financial assets, non-current	6,947	6,148
Total	313,119	204,788

(14) Equity-accounted investees

As of December 31, 2018 and 2017, the detail of this caption is as follows:

(a) The amount of investments in associates is detailed as follows:

	Country	Ownership interest %	2018 ThCh$	Ownership interest %	2017 ThCh$
Sociedad Altamar Capital Partners, SL	Spain	16.80	3,227,957	16.80	2,184,790
Sociedad Altamar Capital Partners, Goodwill y otros intangibles	Spain	-	2,371,780	-	2,371,780
DD3 Capital Advisor **(2)**	Mexico	12.60	530,097	-	-
DD3 Capital Advisor Goodwill y otros intangibles	Mexico	-	1,409,217	-	-
Inversiones Cayman Inc	Cayman	50.00	1,769,601	50.00	1,692,145
Gestor Rentas Inmobiliarias S.p.A. **(1)**	Chile	40.00	69,503	40.00	69,701
Gestor Rentas Inmobiliarias- Goodwill y otros intangibles	Chile	-	1,543,597	-	1,586,510
Eurocapital Servicios Financieros S.A.C	Peru	32.50	1,060,508	32.50	849,505
Sociedad MA S.p.A.	Chile	50.00	539,683	50.00	540,151
Inversiones CMB- LV S.p.A **(3)**	Chile	50.00	360,000	-	-
Administrador Fen Capital	Chile	51.00	223,563	51.00	150,282
Sembrador S.p.A.	Chile	42.50	159,925	42.50	163,024
Acción Bolsa de Productos Agro.	Chile	5.02	151,099	5.02	149,243
Larraín Vial Perú Activos Reales **(4)**	Peru	-	-	65.00	113,381
Inversiones Minera GBS S.A.	Chile	2.67	81,820	12.67	47,094
Grupo LOA S.p.A.	Chile	50.00	67,715	50.00	94,622
LVA Índices S.A.	Chile	33.33	46,687	33.33	46,687
Servicio Audivisual	Chile	15.79	35,147	-	-
Asesorías e Inversiones Mater	Chile	50.00	27,397	50.00	19,415
LV Asset Management SAU	Argentina	100.00	18,765	-	-
SCL Energía Activa S.A.	Chile	50.00	15,213	50.00	11,044
Fibra Activos Inmobiliarios S.A.C.	Peru	50.00	910	50.00	910
Total			13,710,184		10,090,284

(1) On March 3, 2018, Larraín Vial S.p.A. acquired 4,000 shares of Gestor de Rentas Inmobiliarias S.p.A. owned by Aurus Capital S.A. Administradora General de Fondos, equivalent to 40% of its share capital. The price for the acquisition of such shares totaled ThCh$432 per share paid in cash at the time of the purchase and sale transaction, which as of December 31, 2018, gave rise to adjusted goodwill of ThCh$574,104, which is subject to impairment test, and intangible assets of ThCh$969,493, which will be amortized within eleven years.

(2) On March 12, 2018, Larraín Vial SpA purchased 7,875 shares of DD3 Capital Advisor S.A. representing 12.60% of its ownership. The purchase price of the aforementioned shares amounted to MXN$7,599 per share, which was paid in cash on the transaction date (equivalent to ThCh$1,945,939 for the total of shares). which as of December 31, 2018, gave rise to adjusted of ThCh$264,147, which is subject to impairment test, and intangible assets of ThCh$1,145,070, which will be amortized within five years.

(3) On September 21, 2018, Larraín Vial SpA purchased shares of Inversiones CMB –LV S.p.A. equivalent to 50% of its share capital. The purchase of the aforementioned shares amounted to ThCh$360,000, which was paid in cash on the transaction date. On December 27, 2018, the partnership between CMB-Prime Administradora General de Fondos S.A. and Larraín Vial SpA was formalized. Accordingly, 99.997% of the Company's shares were transferred to Inversiones CMB-LV SpA.

(4) Starting from October 2018, this investment is included in the consolidation of the financial statements.

(15) Investments in other companies

This caption comprises the investments in associates held by Larraín Vial SpA Group in the Santiago Electronic Stock Exchange and Colombia Securities Exchange, which are measured at market value. As of December 31, 2018 and 2017, the detail of this caption is as follows:

	2018 ThCh$	2017 ThCh$
Colombia Securities Exchange	467,625	483,558
Bolsa Electrónica de Chile (The Chilean Electronic Stock Exchange)	-	158,871
Total	467,625	642,429

(a) Colombian Securities Exchange

Entity	12-2018 No. of shares	12-2018 Fair value ThCh$	12-2017 No. of shares	12-2017 Fair value ThCh$
Colombia Securities Exchange (*)	182,000	467,625	91,000,000	483,558
Total	182,000	467,625	91,000,000	483,558

(*) On May 2, 2018, as per Bulletin No. 124 issued by the Colombian Securities Exchange on April 27, 2018, a reverse stock split was conducted on the Company's investment in ordinary shares. The Colombian Securities Exchange increased the par value from Ch$1 to Ch$500 per share; accordingly, the stockbroker's shares decreased from 91,000,000 to 182,000 shares.

As of December 31, 2018 and 2017, movements in investments are detailed as follows:

Colombia Securities Exchange Movements	2018 ThCh$	2017 ThCh$
Opening balance	483,558	430,478
Profit (loss)	(15,933)	53,080
Total	467,625	483,558

(b) Bolsa Electrónica de Chile

Entity	2018 No. of shares	2018 Fair value ThCh$	2017 No. of shares	2017 Fair value ThCh$
Bolsa Electrónica de Chile	-	-	1	158,871
Total	-	-	1	158,871

(15) Investments in other companies, continued

(b) Bolsa Electrónica de Chile, continued

As of December 31, 2018 and 2017, movements in investments are detailed as follows:

Movements	**2018 ThCh$**	**2017 ThCh$**
Opening balance	158,871	149,163
Transfer to investment at fair value through equity		
Profit	(158,871)	9,708
Total	-	158,871

(16) Intangible assets other than goodwill

As of December 31, 2018 and 2017, movements in intangible assets are detailed as follows:

(a) As of December 31, 2018

Intangible assets	**Licenses ThCh$**	**T-24 System ThCh$**	**Software ThCh$**	**Total ThCh$**
Balance as of January 1, 2018	878,437	5,349,206	1,504,542	7,732,185
Exchange rate fluctuations	6,177	-	2,443	8,620
Additions for the period	-	-	286,340	286,340
Disposals or withdrawals for the period	-	-	(327)	(327)
Gross amount as of December 31, 2018	884,614	5,349,206	1,792,998	8,026,818
Amortization for the period	(95,739)	(638,311)	(57,590)	(791,640)
Increase in exchange rate	(6,542)	-	(1,995)	(8,537)
Accumulated amortization	(144,779)	(266,612)	(507,252)	(918,643)
Total accumulated amortization	(247,060)	(904,923)	(566,837)	(1,718,820)
Net amount as of December 31, 2018	637,554	4,444,283	1,226,161	6,307,998

(16) Intangible assets other than goodwill, continued

(b) As of December 31, 2017

Intangible assets	Licenses ThCh$	T-24 System ThCh$	Software ThCh$	Total ThCh$
Balance as of January 1, 2017	643,566	-	5,705,291	6,348,857
Exchange rate fluctuations	(6,117)	-	(2,419)	(8,536)
Additions for the period	240,988	580,047	570,829	1,391,864
Disposals or withdrawals for the period	-	4,769,159	(4,769,159)	-
Gross amount as of December 31, 2017	878,437	5,349,206	1,504,542	7,732,185
Amortization for the period	(20,396)	(266,612)	(107,398)	(394,406)
Increase in exchange rate	6,541	-	1,995	8,536
Accumulated amortization	(130,924)	-	(401,849)	(532,773)
Total accumulated amortization	(144,779)	(266,612)	(507,252)	(918,643)
Net amount as of December 31, 2017	733,658	5,082,594	997,290	6,813,542

The balance of intangible assets includes software development, which to certain extent corresponds to the R&D system. In addition, trademarks and licenses correspond to license for software used by Larraín Vial Comisionista de Bolsa in Colombia and by Larraín Vial S.A. Corredora de Bolsa in Chile.

(17) Property, plant and equipment

As of December 31, 2018 and 2017, the detail of this caption is as follows:

(a) As of December 31, 2018, movements are detailed as follows:

Property, plant and equipment	**Machinery and equipment ThCh$**	**Furniture and fixtures ThCh$**	**Fixtures ThCh$**	**Assets under lease contracts ThCh$**	**Assets under construction ThCh$**	**Office remodeling ThCh$**	**Total ThCh$**
Initial balance as of January 1, 2018	1,138,302	376,343	1,650,055	7,481,236	488,849	3,122,788	14,257,573
Exchange rate fluctuations	(5,573)	(7,134)	(6,904)	-	-	-	(19,611)
Additions for the period	142,795	118,762	18,616	-	369,177	271,696	921,046
Disposals or withdrawals for the period	-	-	-	-	-	-	-
Gross amount as of December 31, 2018	1,275,524	487,971	1,661,767	7,481,236	858,026	3,394,484	15,159,008
Depreciation for the year	(188,909)	(18,435)	(40,563)	(149,625)	-	(683,353)	(1,080,885)
Decrease in exchange rate	3,603	4,016	5,059	-	-	-	12,678
Accumulated depreciation	(888,741)	(287,657)	(1,626,263)	(448,875)	-	(590,620)	(3,842,156)
Total accumulated depreciation	(1,074,047)	(302,076)	(1,661,767)	(598,500)	-	(1,273,973)	(4,910,363)
Net amount as of December 31, 2018	201,477	185,895	-	6,882,736	858,026	2,120,511	10,248,645

(17) Property, plant and equipment, continued

(b) As of December 31, 2017, movements are detailed as follows:

Property, plant and equipment	Machinery and equipment ThCh$	Furniture and fixtures ThCh$	Fixtures ThCh$	Assets under lease contracts ThCh$	Assets under construction ThCh$	Office remodeling ThCh$	Total ThCh$
Initial balance as of January 1, 2017	653,500	339,156	1,661,386	7,481,236	503,873	2,065,004	12,704,155
Exchange rate fluctuations	(3,482)	(4,459)	(4,314)	-	-	-	(12,255)
Additions for the period	496,420	41,646	-	-	214,214	1,064,474	1,816,754
Disposals or withdrawals for the period	(8,136)	-	(7,017)	-	(229,238)	(6,690)	(251,081)
Gross amount as of December 31, 2017	1,138,302	376,343	1,650,055	7,481,236	488,849	3,122,788	14,257,573
Depreciation for the year	(334,281)	(12,227)	(105,324)	(151,671)	-	(239,470)	(842,973)
Decrease in exchange rate	(3,538)	3,161	3,161		-	-	2,784
Accumulated depreciation	(550,922)	(278,591)	(1,524,100)	(297,204)	-	(351,150)	(3,001,967)
Total accumulated depreciation	(888,741)	(287,657)	(1,626,263)	(448,875)	-	(590,620)	(3,842,156)
Net amount as of December 31, 2017	249,561	88,686	23,792	7,032,361	488,849	2,532,168	10,415,417

(c) Valuation

Management has opted for applying the cost model as accounting policy and applies such policy to all items containing a class of property, plant and equipment.

(d) Depreciation method

Items of property, plant and equipment (except for land) are depreciated on a straight-line basis giving rise to a constant charge throughout the life of the item of PPE concerned.

(18) Income tax and deferred taxes

As of December 31, 2018 and 2017, the detail of this caption is as follows:

(a) As of December 31, 2018 and 2017, deferred taxes are detailed as follows:

Deferred taxes correspond to the amount of income taxes that Larraín Vial S.p.A. and subsidiaries Company will have to pay (liabilities) or recover (assets) in future periods, related to the temporary differences between the fiscal and the tax base and the carrying amount of certain assets and liabilities.

	2018		2017	
	Deferred tax assets ThCh$	**Deferred tax liabilities ThCh$**	**Deferred tax assets ThCh$**	**Deferred tax liabilities ThCh$**
Accrued vacations	450,077	-	443,498	-
Financial Instruments	1,842,910	74,666	2,401,720	556,028
Allowance for doubtful accounts	116,356	-	66,071	-
Lease	564,731	-	674,694	-
Provision for bonuses for personnel	2,093,619	-	2,257,661	-
Gain from bargain purchase	-	-	1,917	-
Operations under repurchase or resale agreements	41,539	-	700,881	-
Stock exchange seats	-	15,328	-	14,720
Tax loss	1,166,469	-	933,480	-
Other	231,720	6,178	309,566	-
Total	6,507,421	96,172	7,789,488	570,748

(b) Income tax

As of December 31, 2018 and 2017, the detail of income tax is as follows:

	2018 ThCh$	**2017 ThCh$**
Provision for corporate income tax	(6,768,398)	(6,031,717)
Payment of income taxes	(2,236)	(370,945)
Tax on the industry, trading and wealth	(301,542)	(173,971)
Adjustment for provisional payment for absorbed earnings (PPUA)	-	144,362
Effect of deferred taxes	(933,752)	520,392
Total	(8,005,928)	(5,911,879)

(18) Income tax and deferred taxes, continued

(c) Reconciliation of tax rate

Reconciliation of income tax expense using the statutory rate to the income tax expense using the effective rate:

	2018		2017	
	Rate %	Tax calculated ThCh$	Rate %	Tax calculated ThCh$
Profit before tax	-	27,371,617	-	25,838,652
Applicable tax rate	27.00	(7,390,337)	25.50	(6,588,856)
Capital adjustment	(3.24)	885,905	(2.15)	554,766
Price-level adjustment of tax assets	2.6	(710,551)	(0.42)	108,651
Variance in financial instruments	(3.39)	927,029	(1.28)	331,629
Effect of tax rates in foreign jurisdictions	2.06	565,067	(1.71)	(440,731)
Other additions and disposals	4.21	(1,152,907)	(0.5)	122,662
Effective rate (debit) credit associated with income tax and/or deferred taxes	29.24	(8,005,928)	22.88	(5,911,879)

(19) Other current and non-current financial liabilities

As of December 31, 2018 and 2017, the detail of other current financial liabilities is as follows:

	2018 ThCh$	2017 ThCh$
Future obligations	113,752,693	80,739,841
Forward obligations	10,586,533	23,367,917
Bank borrowings	1,960,423	711,694
Revolving credit facility	1,500,000	2,000,000
Liabilities under lease agreements	489,473	458,492
Total current	128,289,122	107,277,944
Liabilities under lease agreements	6,098,664	6,404,670
Total non-current	6,098,664	6,404,670

(19) Other current and non-current financial liabilities, continued

(a) Future obligations

	2018 ThCh$	2017 ThCh$
Obligations under repurchase agreements on debt securities and financial brokerage instruments (Repurchase agreements)	100,716,820	80,684,968
Short sale	13,035,873	54,873
Total	113,752,693	80,739,841

(b) Forward obligations

	2018 ThCh$	2017 ThCh$
Forward	10,586,533	23,367,917
Total	10,586,533	23,367,917

(19) Other current and non-current financial liabilities, continued

(b) Forward obligations, continued

2018

		Domestic				Derivative financial instruments at fair value							
		Purchase		Sale		Asset position			Liability position				
Type of contract	**No. of operations**	**Amount in monetary unit of the agreement**	**Amount of the agreement ThCh$**	**Amount of MU of the agreement**	**Amount of the agreement ThCh$**	**Up to 7 days ThCh$**	**8 to 360 days ThCh$**	**Over 1 year ThCh$**	**Up to 7 days ThCh$**	**8 to 360 days ThCh$**	**Over 1 year ThCh$**	**Total assets at fair value ThCh$**	**Total liabilities at fair value ThCh$**
A) Forward													
U.S. dollars (offsetting)	435	781,368,861	532,970,163	(826,909,230)	(563,735,092)	433,886	8,824,654	–	(615,737)	(9,500,925)	-	9,258,540	(10,116,662)
U.S. dollars (cash delivered)	113	21,917,931	14,837,622	(26,577,944)	(17,968,857)	88,728	264,815	–	(88,855)	(365,957)	-	353,543	(450,812)
Euro (offsetting)	2	350,000	267,925,000	(350,000)	(269,405,500)	-	10,783	–		(9,307)	-	10,783	(9,307)
Euro (cash delivered)	-	-	-	-	-	-	-	-	-	-	-	-	-
UF (offsetting)	2	-	-	(2,000,000)	(55,157,000)	-	-	-	-	(3,000)	-	-	(3,000)
UF (cash delivered)	-	-	-	-	-	-	-	-	-	-	-	-	-
Colombian pesos (offsetting)	3	29,730,000,000	6,478,794	-	-	-	160,320	–		-	-	160,32	-
B) Other (share purchase and sale contracts considering cash delivered)	2	-	-	(22,712,819)	(15,000,000)	-	-	-	-	(6,752)	-	-	(6,752)
Total	557	30,533,636,792	822,211,579	(878,549,993)	(921,266,449)	522,614	9,260,572	-	(704,592)	(9,885,941)	-	10,053,186	(10,586,533)

2017

		Domestic				Derivative financial instruments at fair value							
		Purchase		Sale		Asset position			Liability position				
Type of contract	**No. of operations**	**Amount in monetary unit of the agreement**	**Amount of the agreement ThCh$**	**Amount of MU of the agreement**	**Amount of the agreement ThCh$**	**Up to 7 days ThCh$**	**8 to 360 days ThCh$**	**Over 1 year ThCh$**	**Up to 7 days ThCh$**	**8 to 360 days ThCh$**	**Over 1 year ThCh$**	**Total assets at fair value ThCh$**	**Total liabilities at fair value ThCh$**
A) Forward													
U.S. dollars (offsetting)	452	1,015,181,056	643,096,079	(1,000,454,326)	(638,779,518)	9,220,539	14,040,259	–	(13,395,116)	(7,836,351)	-	23,260,79	(23,231,467)
U.S. dollars (cash delivered)	64	7,618,624	4,810,116	(16,072,413)	(10,279,405)	65,820	318,516	–	(37,745)	(83,223)	-	384,33	(120,968)
Euro (offsetting)	8	3,503,500	377,842,050	(3,503,500)	(378,999,650)	-	17,000	–		(15,482)	-	17,00	(15,482)
Euro (cash delivered)	-	-	-	-	-	-	-	-	-	-	-		-
UF (offsetting)	-	-	-	-	-	-	-	-	-	-	-		-
UF (cash delivered)	-	-	-	-	-	-	-	-	-	-	-		-
Colombian pesos (offsetting)	3	-	-	(29,730,000,000)	(6,266,865)	-	184,116	–		-	-	184,11	-
B) Other (share purchase and sale contracts considering cash delivered)	-	-	-	-	-	-	-	-	-	-	-		-
Total	527	1,026,303,180	1,025,748,245	(30,750,030,239)	(1,034,325,438)	9,286,359	14,559,891	–	(15,432,861)	(7,935,056)	-	23,846,25	(23,367,917)

(19) Other current and non-current financial liabilities, continued

(c) Bank borrowings

Financial institution	Currency	Interest rate %	2018 ThCh$ Current	2017 ThCh$ Current
Banco Bice	Ch$	0.35	1,909,877	-
Banco de Chile	Ch$	0.41	-	28,007
CorpBanca Itaú Colombia	COP	11.00	-	336,079
CorpBanca Itaú Chile	Ch$	0.44	663	
Citibank Perú	PEN	5.30	49,875	59,236
Banco Santander	Ch$	0.44	5	-
Banco Crédito e Inversiones	Ch$	0.35	2	2
Banco Security	Ch$	0.44	1	1
Banco Internacional	Ch$	0.20	-	288,369
Total			1,960,423	711,694

(d) Credit line

Financial institution	Currency	Interest rate %	2018 ThCh$	2017 ThCh$
Banco Consorcio	Ch$	0.3	1,500,000	2,000,000
Total			1,500,000	2,000,000

(e) Revolving credit facility

		Current		Non-current	
Bank	Interest rate	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$
Banco Bice	UF + 3.78%	489,473	458,492	6,098,664	6,404,670
Total		489,473	458,492	6,098,664	6,404,670

(19) Other current and non-current financial liabilities, continued

(e) Revolving credit facility, continued

As of December 31, 2018:

Obligation	Bank	Currency	Interest rate %	Guarantee	Up to 7 days ThCh$	8 to 360 days ThCh$	Over 1 year ThCh$	Total ThCh$
Borrowing	Banco BICE	UF	3.78	-	-	489,473	6,098,664	6,588,137
	Total				-	489,473	6,098,664	6,588,137

As of December 31, 2017:

Obligation	Bank	Currency	Interest rate %	Guarantee	Up to 7 days ThCh$	8 to 360 days ThCh$	Over 1 year ThCh$	Total ThCh$
Borrowing	Banco BICE	UF	3.78	-	-	458,492	6,404,670	6,863,162
	Total				-	458,492	6,404,670	6,863,162

On December 19, 2014, Larraín Vial S.A. Corredora de Bolsa entered into a lease agreement with Banco BICE for 15 years with an interest rate of 3.78% with purchase option for Torre del Bosque. This transaction generated gain of ThCh$3,253,904, which is presented under Other liabilities; such gain will be amortized within the term of the contract.

(20) Trade and other payables

As of December 31, 2018 and 2017, the detail of trade and other payables is the following:

	2018 ThCh$	2017 ThCh$
Payables to brokers and dealers (*)	89,997,234	80,789,604
Payables (**)	45,764,304	86,467,115
Other provisions	2,445,748	2,806,761
Value-added tax fiscal debit	3,132,968	336,354
Social security institutions and withholdings	457,408	633,022
Total	141,797,662	171,032,856

(*) "Brokerage payables" relate to brokerage operations, stock exchange rights, and purchase and sale transactions related to instruments in the commodities market. The account's counterparty is recorded under "Trade and other payables."

(**) Payables mainly include balances maintained in Brokers' current accounts in foreign currencies. Additionally, these contain short-term documents, activities and own costs arising from the activities conducted by Larraín Vial Group to its suppliers. Such accounts are paid at terms which do not exceed 30 days, without being subject to accrual of interest.

(21) Other short-term provisions

(a) As of December 31, 2018 and 2017, this caption comprises the following:

	2018 ThCh$	2017 ThCh$
Provision for bonuses	8,944,169	7,172,043
Accrued vacations	1,794,683	1,913,537
Other provisions	44,013	46,358
Total	10,782,865	9,131,938

(b) Movements in this caption are detailed as follows:

(i) As of December 31, 2018

	Opening balance as of January 1 ThCh$	Increase (decrease) in provisions ThCh$	Provision used ThCh$	Exchange rate fluctuations ThCh$	Closing balance as of December 31 ThCh$
Provision for bonuses	7,172,043	38,051,505	(36,283,537)	4,158	8,944,169
Accrued vacations	1,913,537	23,305,415	(23,437,620)	13,351	1,794,683
Other provisions	46,358	44,013	(47,422)	1,064	44,013
Total	9,131,938	61,400,933	(59,768,579)	18,573	10,782,865

(ii) As of December 31, 2017

	Opening balance as of January 1 ThCh$	Increase (decrease) in provisions ThCh$	Provision used ThCh$	Exchange rate fluctuations ThCh$	Closing balance as of December 31 ThCh$
Provision for bonuses	5,350,358	12,588,079	(10,763,033)	(3,361)	7,172,043
Accrued vacations	1,801,377	416,558	(300,747)	(3,651)	1,913,537
Other provisions	40,221	139,821	(133,684)	-	46,358
Provision for legal employee bonus	567	-	(567)	-	-
Total	7,192,523	13,144,458	(11,198,031)	(7,012)	9,131,938

(22) Other non- financial liabilities, current

As of December 31, 2018 and 2017, the detail of this caption is as follows:

	2018 ThCh$	2017 ThCh$
Other payables	10,525,316	2,635,618
Deferred income from the sale of property, plant and equipment	2,386,197	2,603,124
Total	12,911,513	5,238,742

(23) Equity

As of December 31, 2018 and 2017, the detail of equity is as follows:

(a) Capital

As of December 31, 2018 and 2017, the Company's capital and reserves are composed of the following:

	Number of shares	
	2018	2017
Series A	33,175,531	33,175,531
Series B	3,110,571	3,110,571
Total	36,286,102	36,286,102

Series "A" shares grant the right to attend to and vote at the Ordinary and Extraordinary Shareholders' Meetings. Additionally, such shares grant the following rights: (i) receiving share capital refunds or from the Company's dissolution in all respects not related to Series "B" shares; (ii) receiving dividends, which are subordinated to the payment of dividends for Series "B" shares; (iii) in general, exercise all the rights granted to all ordinary shareholders in conformity with the Company's By-Laws and the Law. Series "B" shares grant the right to attend to and vote at the Ordinary and Extraordinary Shareholders' Meetings. In addition, they are entitled to receive an annual dividend charged to the Company's net profit for the related year, the amount and payment schedule will be defined by the shareholders at a Shareholders' Meeting in conformity with the Company's By-Laws. Such dividends will be paid and such payment will have preference over those dividends that may be agreed for Series "A" shares. Series "B" shares (a) will grant right to dividends (b) right to capital refund, either because of a capital decrease or associated with the Company's dissolution or any other event. (c) They will no grant a right to withdrawal or preference option for the subscription of shares or other securities convertible into shares which the Company may issue. (d) In general, it obliges to respect and comply with the duties, obligations and/or limitations that are applicable to them in conformity with the By-Laws or the Law.

(23) Equity, continued

(b) Other reserves

As of December 31, 2018 and 2017, this caption comprises the following:

	2018 ThCh$	2017 ThCh$
Opening balance	(2,373,366)	(2,225,065)
Translation adjustment from related parties	722,122	(1,164,368)
Financial assets at fair value through equity	(118,000)	1,016,067
Total	(1,769,244)	(2,373,366)

(c) Non-controlling interests

As of December 31, 2018 and 2017, the detail of non-controlling interests is as follows:

	2018 ThCh$	2017 ThCh$
Opening balance	5,077,584	4,436,227
Dividend distribution	(924,554)	(1,311,545)
Other comprehensive income	-	50,602
Other increases (decreases) for other distributions to the owners	(983,011)	-
Share of profit or loss	2,031,450	1,902,300
Total	5,201,469	5,077,584

(d) Retained earnings

(i) Provision for minimum dividend

In accordance with the dividend distribution policy, the provision for dividends is as follows:

	2018 ThCh$	2017 ThCh$
Opening balance	84,305,654	76,693,523
Profit for the period	17,334,239	18,024,474
Reversal of 2017 dividends	5,407,342	-
Provision for dividends	(5,700,000)	(5,407,343)
Dividends or withdrawals paid	(4,968,000)	(5,005,000)
Total	96,379,235	84,305,654

(24) Revenue

As of December 31, 2018 and 2017, this caption is composed of the following:

	01-01-2018 12-31-2018 ThCh$	01-01-2017 12-31-2017 ThCh$
Revenue from fund income	46,362,116	41,888,111
Revenue from financial advisory services	31,480,113	24,412,869
Gain or loss from financial instruments	16,626,005	24,697,522
Revenue from brokerage services	10,946,837	9,970,190
Commission revenue	9,171,299	8,519,588
Other revenue	3,228,761	1,774,905
Total	117,815,131	111,263,185

(25) Cost of sales

As of December 31, 2018 and 2017 the detail of cost of sales is as follows:

	01-01-2018 12-31-2018 ThCh$	01-01-2017 12-31-2017 ThCh$
Commission costs	(16,033,481)	(15,860,772)
Interest on obligations	(3,917,012)	(3,344,437)
Services on behalf of third parties	(2,718,244)	(2,951,503)
Other cost of sales	(304,952)	(398,755)
Total	(22,973,689)	(22,555,467)

As of December 31, 2018, DCV operating expenses are presented classified under Third-party services. As of December 31, 2017, these were recorded classified as Marketing costs amounting to ThCh$474,979, and were reclassified for comparative purposes.

(26) Administrative expenses

As of December 31, 2018 and 2017, the detail of administrative expenses is as follows:

	01-01-2018 12-31-2018 ThCh$	01-01-2017 12-31-2017 ThCh$
Personnel expenses	(43,542,591)	(41,419,124)
Selling expenses	(22,416,500)	(20,026,169)
Other administrative expenses	(2,417,537)	(2,025,553)
Total	(68,376,628)	(63,470,846)

As of December 31, 2018, DCV operating expenses are presented classified under Third-party services. As of December 31, 2017, these were recorded classified as Marketing costs amounting to ThCh$474,979, and were reclassified for comparative purposes.

(27) Finance costs

As of December 31, 2018 and 2017, the detail of finance costs is as follows:

	01-01-2018 12-31-2018 ThCh$	01-01-2017 12-31-2017 ThCh$
Interest paid	(1,033,924)	(723,629)
Bank expenses	(791,127)	(689,983)
Fee on revolving credit facility	(248,417)	(337,455)
Total	(2,073,468)	(1,751,067)

(28) Contingencies and commitments

(a) Direct commitments

As of December 31, 2018, the Larraín Vial Group maintains equity securities amounting to ThCh5,460,937 at the Santiago Stock Exchange to guarantee term operations.

As of August 4, 2011, the Larraín Vial Group entered into a guarantee contract named "Guaranty" with Citigroup Inc. and each subsidiary for US$17,000,000 (seventeen million U.S. dollars). The guarantee contract mentioned above authorizes Larraín Vial S.A. Corredora de Bolsa to become a guarantor and co-debtor of all and every obligation arising from the credits for Larraín Vial Sociedad Agente de Bolsa S.A. a Peruvian subsidiary.

(b) Collateral on corporate assets in favor of third parties

As of December 31, 2018, the Group records no guarantees in favor of third parties.

(28) Contingencies and commitments, continued

(c) Legal

As of December 31, 2018, the Company is a party to the following lawsuits:

(i) Lawsuit No.1: "Larraín Vial S.A. Corredora de Bolsa against the Financial Market Commission". Case Journal No. C-21500-2014, filed with 29th Civil Court of Santiago

On September 30, 2014, Larraín Vial S.A. Corredora de Bolsa filed a claim for a fine imposed by the Chilean Financial Market Commission, in relation to the Cascadas case, through exempt resolution No.223 dated September 2, 2014, for UF200,000. On December 2, 2015, the claim filed by Larraín Vial S.A. Corredora de Bolsa was accepted, voiding the fine imposed by the SVS against the Company. On December 16, 2015, the Financial Market Commission filed a claim against the sentence in first instance (Journal No.561-2017 submitted to the Court of Appeals of Santiago), currently in progress.

(ii) Lawsuit No.2: "Basso against Ponce", Case Journal No. C-11.619-2015, filed with the 17th Civil Court of Santiago

On November 20, 2015, Larraín Vial S.A. Corredora de Bolsa was noticed of a lawsuit seeking compensation for damages, filed by two minority shareholders of the Cascadas companies, for an amount that will be determined in the subsequent procedural stage. On January 29, 2017, the lawsuit was amended, excluding Julio Ponce and Aldo Motta as defendants. On February 2, 2017, the Court ruled to withdraw the lawsuit against the aforementioned defendants, amended the lawsuit amount as indicated above, and ordered that its resolution be notified along with the lawsuit. On June 10, 2017, the amendment of the lawsuit was noticed through a subpoena sent to Larraín Vial S.A. Corredora de Bolsa. On July 22, 2017, Larraín Vial S.A. Corredora de Bolsa, replied to the lawsuit. On August 29, 2017, the Court accepted the dilatory plea related to the incompetence to file the complaint recorded by the other defendant Roberto Guzmán ordering the plaintiff to correct the complaint. Currently, this lawsuit was already amended and noticed to the parties; the resolution accepting the case for evidentiary stage was served, and the procedure is still pending.

The outcome of this lawsuit has no material impact on the financial statements of Larraín Vial S.A. Corredora de Bolsa.

(28) Contingencies and commitments, continued

(c) Legal, continued

(iii) Inapplicability requirement for unconstitutionality, Case No. 3575 - 17

On June 13, 2018, Larraín Vial S.A. Corredora de Bolsa, filed an inapplicability requirement for unconstitutionality with the Constitutional Court in accordance with first subparagraph of article 29 D.L No. 3.538 of 1980, Basic Constitutional Law issued by the Financial Market Commission, in the record of summary proceeding filed against a fine, entitled "Larraín Vial S.A. Corredores de Bolsa vs. the Financial Market Commission", Case No. C-21.500-2014 of the 29th Civil Court of Santiago, currently acknowledged by the Court of Appeals of Santiago through an appeal filed under Case No. 561-2017, submitted to the Court under Journal No. 13.070-2015. This proceeding request the statement of inapplicability for unconstitutionality of article 29 of first subparagraph of D.L No. 3.538, applicable to "Larraín Vial S.A. Corredora de Bolsa vs. SVS", currently in second stage as a result of the appeal filed by CDE against the final sentence favorable to Larraín Vial ruled by 29th Civil Court of Santiago. On May 7, 2018, the Constitutional Court issued its ruling on its sentence, accepting the appeal filed by Larraín Vial S.A. Corredora de Bolsa, and determining the inapplicability of Article 29, sub-paragraph one of Decree Law No. 3.538 of 1980, in the records referred to above.

(j) Pre-trial Evidentiary Actions "Sociedad Médica y Maternidad Sierra Bella S.A. against Larraín Vial S.A. Corredora de Bolsa" filed under Case No. C-34.565-2018 with the 7th Civil Court of Santiago.

On December 6, 2018, Larraín Vial S.A. Corredora de Bolsa was noticed on a pre-trial action, submitted by Sociedad Médica y Maternidad Sierra Bella S.A., requesting that evidence documents be shown. The evidentiary hearing was held on December 13, 2018, in which Larraín Vial presented practically all the documentation requested, which was acknowledged by the Court, and the counterparty had no further objection or observation to submit.

(d) Collateral

As of December 31, 2018 and 2017, the Company has provided no collateral.

(28) Contingencies and commitments, continued

(e) Guarantees on transactions

(i) In conformity with Law No.18.045, as of December 31, 2018, the Company granted the following securities in guarantee:

	ThCh$
Guarantee for stock trading operations:	
Non-adjustable promissory notes issued by the Central Bank of Chile	5,129,780
Guarantee	-
Subtotal	5,129,780
Other guarantees:	
Deposit with Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation for US$100,000	69,477
OP. SOMA debt security bond UF 10,500	289,441
OP. SOMA debt security bond UF 8,000	220,526
Effective guarantee	2,024,591
Guarantee	2,418,777
Conasev guarantee	306,172
Subtotal	5,328,984
Total	10,458,764

This balance is classified in the caption "Other non-current financial assets."

(ii) Stockbroker integral insurance policies

- Insurance Policy for Electronic Equipment

Insurance company: Compañía de Seguros Penta Seguros Generales S.A:
Validity: from September 30, 2018 through September 30, 2019.
Policy holder: Asesorías Larraín Vial Ltda.
Amount insured: UF 43,064 (forty three thousand sixty four UF).

Guarantee in accordance with Law No.19.220

The Company has engaged an insurance policy with the purpose of guaranteeing the correct and full compliance with its obligations as a Commodity Exchange Broker in accordance with Articles Nos. 11 and 12 of Law No.19.220.

(28) Contingencies and commitments, continued

(f) Guarantees for funds managed

The amount of the guarantee will be the higher of UF 10,000 (ThCh$275,658 as of December 31, 2018) and 1% of the average daily equity managed for the prior calendar year at the update date.

Larraín Vial Activos S.A. Administradora General de Fondos constituted guarantees in favor of the funds managed maturing on January 10, 2019.

On January 10, 2018, LarraínVial Asset Management Administradora General de Fondos S.A. renewed the guarantees for each Fund managed through January 10, 2019, in favor of LarraínVial Asset Management Administradora General de Fondos S.A., which acts as the representative of the beneficiaries, thereby meeting the provisions of Article No. 4 of Law No. 20.712.

(g) Guarantees for portfolio management

On January 10, 2018, Larraín Vial Asset Management Administradora General de Fondos S.A. recorded a guarantee for the benefit of the investors the funds of which are managed by the Company to ensure compliance with its obligations associated with such services.

Performance bond No.	Amount	Beneficiary	Issuer's name	Maturity
54740824	UF 135,261	Investors whose funds are managed by the Company	CorpBanca	January 10, 2019

(h) Insurance

LarraínVial has an insurance policy to cover its operations, which complies with the current regulatory requirements.

The main insurance policies entered into by the Company are detailed as follows: Collateral for right professional performance, employee loyalty insurance, Directors and officers' civil liability insurance, financial institutions professional civil liability insurance, and fire and earthquake insurance.

(28) Contingencies and commitments, continued

(i) Comfort letters (CL)

As of year-end December 31, 2018, the Company has provided the following Comfort Letters (CL):

(i) Collateral granted by Larraín Vial S.A. Corredora de Bolsa on October 28, 2016, to guarantee compliance with obligations of LarraínVial Securities US LLC.

(ii) CL of March 3, 2017, , related to the commitment to maintain the ownership percentage of LVCC Asset Management S.A. and on behalf of this company, the ownership percentage of LarraínVial Asset Management Administradora General de Fondos S.A.

(iii) CL of January 23, 2018, and July 23, 2018, related to the commitment to maintain the ownership percentage of LARRAIN VIAL SOCIEDAD AGENTE DE BOLSA S.A.

This CL expires on March 23, 2020.

(iv) CL dated February 8, 2018, to meet the obligations of LARRAIN VIAL SOCIEDAD AGENTE DE BOLSA S.A.

(v) CL dated March 14, 2018, which indicates that the Company is committed to maintain 80% on Activa SpA ownership, and the latter 51% on Administradora Fen Capital S.A.

(vi) CL dated March 21, 2018, to comply with the obligations of LARRAÍN VIAL COLOMBIA S.A. COMISIONISTA DE BOLSA., up to COP$60,000,000,000 (sixty thousand million of Colombian pesos)

(vii) CL dated March 23, 2018, to comply with the obligations of LARRAÍN VIAL SECURITIES US LLC., up to US$2,000,000 (two million of United States dollars)

This CL expires on March 23, 2020.

(viii) CL of August 2018 to meet the contractual obligations assumed by LarraínVial Securities US LLC.

(ix) Collateral granted by Larraín Vial S.A. Corredora de Bolsa of September 26, 2018 to guarantee the payment of obligations by Larraín Vial Colombia S.A. Comisionista de Bolsa, Larraín Vial Investment Inc., and Larraín Vial Sociedad Agente de Bolsa S.A.

(x) October 19, 2018, Irrevocable Commercial Offer to purchase any obligation payable by Larraín Vial Colombia S.A. Comisionista de Bolsa.

(28) Contingencies and commitments, continued

(i) Comfort letters (CL), continued

(xi) CL of November 8, 2018 to comply with the obligations assumed by LARRAÍN VIAL COLOMBIA S.A. COMISIONISTA DE BOLSA. up to COP$22,800,000,000 (twenty-two thousand, eight hundred million Colombian pesos).

This CL expires on November 8, 2020.

(xii) CL of November 26, 2018 related to the commitment to maintain its control over Larraín Vial S.A. Corredora de Bolsa.

<u>Subsequent to December 31, 2018</u>:

(i) CL of March 20, 2019 related to the commitment to maintain the ownership percentage in Larraín Vial Sociedad Agente de Bolsa S.A.

(ii) Collateral and Indemnity Contract of March 19, 2019, entered into to pay the obligations of Larraín Vial Investment Inc. for up to US$25,000,000.

(iii) Loan of Ch$15,500,000,000 assumed on March 29, 2019 with Banco Consorcio S.A.

(29) Environment

The Larraín Vial Group has incurred no expenditure in environmental matters as it does not conduct any hazardous activities.

(30) Sanctions

As of December 31, 2018 and 2017, the Larraín Vial Group, its directors or managers have not been imposed any significant sanction of any nature by regulatory entities.

(31) Significant events

(a) Larraín Vial S.p.A.

As of December 31, 2018, the Company records no significant events.

(32) Subsequent events

In Management opinion, between December 31, 2018, and the date of issuance of these consolidated financial statements, no subsequent events have occurred that could have a significant effect on the consolidated financial statements, other than those indicated above.