

## **LARRAIN VIAL SPA AND SUBSIDIARIES**

Consolidated Financial Statements as of  
December 31, 2019 and 2018,  
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

MCh\$ : Amounts expressed in millions of Chilean pesos

UF : Amounts expressed in inflation-adjusted units

ThUS\$ : Amounts expressed in thousands of United States dollars

MXN\$ : Amounts expressed in Mexican pesos



## 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, 2019 and 2018, 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.



***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Larráin Vial S.p.A. and its subsidiaries as of December 31, 2019 and 2018, 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.

Signed in the Spanish version

Danissa Castillo

KPMG SpA

Santiago, April 24, 2019

## LARRAIN VIAL SPA AND SUBSIDIARIES

Consolidated Statements of Financial Position  
as of December 31, 2019 and 2018

<b>Assets</b>	<b>Note</b>	<b>2019 ThCh\$</b>	<b>2018 ThCh\$</b>
Current assets:			
Cash and cash equivalents	6	214,662,523	40,791,510
Other financial assets, current	7	216,485,125	218,440,641
Other non-financial assets, current	8	1,063,113	5,754,439
Trade and other receivables	9	233,330,048	87,320,786
Receivables due from related parties	11	24,927	234
Current tax assets	10	<u>12,296,688</u>	<u>12,765,722</u>
<b>Total current assets</b>		<b><u>677,862,424</u></b>	<b><u>365,073,332</u></b>
Non-current assets:			
Other non-current financial assets	12	26,834,331	32,315,735
Other non-financial assets, non-current	13	365,428	313,119
Equity-accounted investees	14	15,849,373	13,675,037
Intangible assets other than goodwill	16	5,654,202	5,783,194
Goodwill	17	1,347,601	-
Property, furniture and equipment	18	15,427,567	10,773,449
Investment in other companies	15	483,178	467,625
Deferred tax assets	19	<u>5,575,016</u>	<u>6,507,421</u>
<b>Total non-current assets</b>		<b><u>71,536,696</u></b>	<b><u>69,835,580</u></b>
<b>Total assets</b>		<b><u>749,399,120</u></b>	<b><u>434,908,912</u></b>

The accompanying 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, 2019 and 2018

<b>Liabilities and equity</b>	<b>Note</b>	<b>2019 ThCh\$</b>	<b>2018 ThCh\$</b>
Current liabilities:			
Other financial liabilities, current	20	163,334,255	128,289,122
Trade and other payables	21	382,374,058	141,797,662
Payables due to related parties, current	11	2	-
Other short-term provisions	22	13,168,909	10,782,865
Current tax liabilities	10	10,340,083	7,834,372
Other current non-financial liabilities	23	<u>26,814,419</u>	<u>12,911,513</u>
<b>Total current liabilities</b>		<b><u>596,031,726</u></b>	<b><u>301,615,534</u></b>
Non-current liabilities:			
Other non-current financial liabilities	20	25,398,580	6,098,664
Payables due to related parties, non-current	11	-	4,452,007
Deferred tax liabilities	19	<u>135,109</u>	<u>96,172</u>
<b>Total non-current liabilities</b>		<b><u>25,533,689</u></b>	<b><u>10,646,843</u></b>
Equity:			
Share capital	24	22,835,075	22,835,075
Other reserves	24	1,724,181	(1,769,244)
Retained earnings	24	<u>96,056,368</u>	<u>96,379,235</u>
Equity attributable to the owners of the Parent		<u>120,615,624</u>	<u>117,445,066</u>
Non-controlling interests	24	<u>7,218,081</u>	<u>5,201,469</u>
<b>Total equity</b>		<b><u>127,833,705</u></b>	<b><u>122,646,535</u></b>
<b>Total liabilities and equity</b>		<b><u>749,399,120</u></b>	<b><u>434,908,912</u></b>

The accompanying 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, 2019 and 2018

	<b>Note</b>	<b>01-01-2019 12-31-2019 ThCh\$</b>	<b>01-01-2018 12-31-2018 ThCh\$</b>
Revenue	25	137,919,685	117,815,131
Cost of sales	26	<u>(28,868,072)</u>	<u>(22,973,689)</u>
Gross profit		<b>109,051,613</b>	<b>94,841,442</b>
Administrative expenses	27	<u>(73,901,880)</u>	<u>(68,376,628)</u>
Profit from operating activities		<u>35,149,733</u>	<u>26,464,814</u>
		3,929,198	1,597,027
Share of profit (loss) of equity-accounted investees and joint ventures		(2,422,236)	(2,073,468)
		(65,507)	(165,338)
Finance costs	28	<u>3,181,833</u>	<u>1,548,582</u>
Profit before taxes		39,773,021	27,371,617
Income tax expense	19	<u>(12,018,873)</u>	<u>(8,005,928)</u>
Profit		<b><u>27,754,148</u></b>	<b><u>19,365,689</u></b>
Profit attributable to:			
Owners of the Parent		24,866,622	17,334,239
Non-controlling interest		<u>2,887,526</u>	<u>2,031,450</u>
<b>Profit</b>		<b><u>27,754,148</u></b>	<b><u>19,365,689</u></b>

The accompanying 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, 2019 and 2018

	<b>01-01-2019 12-31-2019 ThCh\$</b>	<b>01-01-2018 12-31-2018 ThCh\$</b>
Profit	27,754,148	19,365,689
Components of other comprehensive income, before tax:		
Foreign currency translation gains/(losses), before taxes	2,014,801	555,859
Financial assets at fair value from equity	2,121	(118,000)
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	1,476,503	166,263
Total comprehensive income	<b><u>31,247,573</u></b>	<b><u>19,969,811</u></b>
Comprehensive income attributable to:		
Owners of the Parent	28,360,049	17,938,361
Non-controlling interests	<u>2,887,524</u>	<u>2,031,450</u>
Total comprehensive income	<b><u><u>31,247,573</u></u></b>	<b><u><u>19,969,811</u></u></b>

The accompanying 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, 2019 and 2018

2019	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, 2019	22,835,075	(1,769,244)	(1,769,244)	96,379,235	117,445,066	5,201,469	122,646,535
Increase (decrease) due to adjustments	-	-	-	-	-	-	-
Opening balance	<b>22,835,075</b>	<b>(1,769,244)</b>	<b>(1,769,244)</b>	<b>96,379,235</b>	<b>117,445,066</b>	<b>5,201,469</b>	<b>122,646,535</b>
Changes in equity:							
Profit for the year	-	-	-	24,866,622	24,866,622	2,887,526	27,754,148
Other movements in equity	-	-	-	-	-	-	-
Other comprehensive income	-	3,493,425	3,493,425	-	3,493,425	-	3,493,425
Dividends paid (*)	-	-	-	(25,167,189)	(25,167,189)	(870,914)	(26,038,103)
Other increases (decreases) for other distributions to the Owners	-	-	-	(22,300)	(22,300)	-	(22,300)
Total changes in equity	-	3,493,425	3,493,425	(322,867)	3,170,558	2,016,612	5,187,170
Closing balance as of December 31, 2019	<b>22,835,075</b>	<b>1,724,181</b>	<b>1,724,181</b>	<b>96,056,368</b>	<b>120,615,624</b>	<b>7,218,081</b>	<b>127,833,705</b>

(\*) The balance of ThCh\$25,167,189 is composed of the dividends of ThCh\$11,528,707 paid in 2019, less the provision reserve of ThCh\$5,700,000 accrued as of December 31, 2018, plus the provision of ThCh\$19,338,482 as of December 31, 2019.

The accompanying 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, 2019 and 2018

<b>2018</b>	<b>Share capital ThCh\$</b>	<b>Other reserves ThCh\$</b>	<b>Total other reserves ThCh\$</b>	<b>Retained earnings (losses) ThCh\$</b>	<b>Equity attributable to the owners of the Parent ThCh\$</b>	<b>Non- controlling interests ThCh\$</b>	<b>Total equity ThCh\$</b>
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	<u>22,835,075</u>	<u>(2,373,366)</u>	<u>(2,373,366)</u>	<u>84,305,654</u>	<u>104,767,363</u>	<u>5,077,584</u>	<u>109,844,947</u>
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	<u>-</u>	<u>604,122</u>	<u>604,122</u>	<u>12,073,581</u>	<u>12,677,703</u>	<u>123,885</u>	<u>12,801,588</u>
Closing balance as of December 31, 2018	<u>22,835,075</u>	<u>(1,769,244)</u>	<u>(1,769,244)</u>	<u>96,379,235</u>	<u>117,445,066</u>	<u>5,201,469</u>	<u>122,646,535</u>

(\*) 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 Cash Flows (Direct Method) for the years ended December 31, 2019 and 2018

	Note	2019 ThCh\$	2018 ThCh\$
Cash flows from operating activities :			
Cash receipts from sale of goods and rendering of services		78,017,346	55,034,963
Cash receipts from royalties, deposits, fees and other revenue		18,196,157	33,637,520
Cash receipts from contracts in force for brokerage or trading purposes		182,598,041	-
Cash receipts for premiums and services, annuities and other benefits from policies underwritten		-	-
Other cash receipts from operating activities		2,622,294	-
Cash payments to suppliers for goods and services		-	(67,430,824)
Cash payments from contracts in force for brokerage or trading purposes		(81,540,089)	(30,782,372)
Cash payments to and on behalf of employees		(22,118,337)	(23,126,118)
Other cash payments used in operating activities		-	(23,274,974)
Dividends paid		(298,520)	(117,598)
Interest paid		(104,729)	(3,386)
Interest received		-	136,224
Income taxes reimbursed (paid)		(6,059,885)	(6,793,798)
Other cash inflows (outflows)		(1,651,080)	685,594
		<b>169,661,198</b>	<b>(62,034,769)</b>
Net cash from (used in) operating activities			
Cash flows from investing activities:			
Cash flows used to obtain control of subsidiaries or other businesses	14	(702,815)	-
Cash flows used for the acquisition of non-controlling interests		-	-
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		(3,035,771)	-
Other cash payments to acquire interest in joint ventures		-	(2,305,939)
Loans granted to related parties		(714)	(7,244)
Acquisition of property and equipment	18	(352,736)	(21,565)
Acquisition of intangible assets		(750,225)	-
Cash payments from from futures, forward, share option and swap contracts		-	-
Cash receipts from futures, forwards, share options and swaps contracts		-	2,994
Dividends received		3,696,077	1,155,118
Interest paid		-	-
Interest received		6,606	16,628
Other cash receipts (disbursements)		20,949	-
		<b>(1,118,629)</b>	<b>647,627</b>
Net cash from (used in) investing activities			
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		15,007,090	-
Proceeds from short-term borrowings		5,611,951	7,994,804
Repayment of borrowings		(3,795,842)	-
Loans granted to related parties		-	(1,111,545)
Dividends paid		(7,299,922)	(7,512,660)
Repayment of borrowings		-	-
Payment of loans granted to related parties		(4,463,940)	-
Interest paid		(186,797)	(63,645)
Other cash receipts (disbursements)		-	(18,662)
		<b>4,872,540</b>	<b>(711,707)</b>
Net cash from (used in) financing activities			
Net increase (decrease) in cash and cash equivalents, before the effect of movements in exchange rates on cash held			
		173,415,109	(62,098,849)
Effect of exchange rate fluctuations on cash and cash equivalents			
		455,904	(127,436)
Cash and cash equivalents at January 1			
		40,791,510	103,017,795
Cash and cash equivalents at December 31			
	<b>6</b>	<b>214,662,523</b>	<b>40,791,510</b>

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

## LARRAIN VIAL SPA AND SUBSIDIARIES

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## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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:

<b>Shareholder</b>	<b>Ownership %</b>
Chacabuco S.A.	47.16
Rentas ST Ltda.	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, 2019, have been approved by the Company's Senior Management on April 24, 2020.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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.

## **LARRAIN VIAL SPA AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### **(2) Basis of preparation**

The accompanying consolidated financial statements as of December 31, 2019 and 2018, 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, 2019 and 2018, 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.

In 2019, Larraín Vial Asociados Ltda and Larraín Vial Inversiones dos Ltda. merged with Larraín Vial SpA.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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:

Company	Country	Currency	Ownership percentage 2019		
			Direct %	Indirect %	Total %
Larraín Vial Servicios Financieros Ltda.	Chile	Ch\$	91.00	8.55	99.55
Larraín Vial S.A. Corredores de Bolsa de Productos	Chile	Ch\$	99.94	-	99.94
Larraín Vial Activos AGF S.A.	Chile	Ch\$	99.99	-	100.00
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\$	-	72.52	72.52
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\$	-	72.72	72.72
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\$	95.00	5.00	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	-	100.00	100.00
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\$	0.01	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	-	71.99	71.99
Fibra Activos Inmobiliarios	Peru	PEN	-	50.00	50.00
Larraín Vial Inversiones Ltda.	Chile	Ch\$	1.20	98.70	99.90
Alcalá Inversiones S.A.	Chile	Ch\$	99.00	1.00	100.00



## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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, 2019 and 2018.
- Consolidated statements of profit or loss by function and other comprehensive income for the years ended December 31, 2019 and 2018.
- Consolidated statements of net changes in equity for the years ended December 31, 2019 and 2018.
- The consolidated statements of cash flows as of December 31, 2019 and 2018.
- Notes to the consolidated financial statements as of December 31, 2019 and 2018.

#### (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) Deferred taxes

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.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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, 2019.

### (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.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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:

<b>Chilean pesos per foreign currency or inflation-adjusted unit</b>	<b>2019 Ch\$</b>	<b>2018 Ch\$</b>
United States dollar	748.74	694.77
Colombian peso	3,271.55	3,239.45
Peruvian sol	3.3110	3.3670
Unidad de fomento (inflation-adjusted units)	28,309.94	27,565.79
Argentine peso	59.8300	37.7413

#### (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.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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. Intangible assets resulting from the acquisitions of DD3 Capital Partners will be amortized in a period of 5 to 11 years. Intangible assets resulting from the acquisition of Gestor Rentas Inmobiliarias are amortized over income received.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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.



## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (3) Significant accounting policies, continued

#### (h) 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.

	<b>Useful life Years</b>
Buildings, offices (leaseback contracts)	50
Buildings and infrastructure	10
Equipment	5
Furniture, supplies and other property, plant and equipment	5
Right-of-use asset	5

#### (i) Income tax and deferred taxes

##### (i) Chile

On September 29, 2014, the Tax Reform Law was enacted, which, among other aspects, defines the by default tax system applicable to the Company, the corporate income tax rate that will be gradually applied to companies from 2014 to 2018 and allows companies choosing one of two tax systems established therein: the attributed income system or the partially-integrated system, which results in entities being subject to different tax rates starting in 2017.

The attributed regime is applicable to individual entrepreneurs, single-owner limited liability companies, communities and partnerships when formed exclusively by natural persons domiciled and residing in Chile. The Partially Integrated regime is applicable to the remaining taxpayers, such as openly and closely held shareholder corporations, joint-stock companies or partnerships whose owners are not solely natural persons domiciled or residing in Chile. The tax system to which the Company, by default, shall be subject to as of January 1, 2017, is the partially integrated system.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (3) Significant accounting policies, continued

#### (i) Income tax and deferred taxes, continued

##### (i) Chile, continued

Likewise, the Company may opt for changing the tax system applicable by default within the last three months of the 2017 business year, upon approval by the shareholders at an Extraordinary Shareholders' Meeting with a quorum of at least two thirds of voting-right shares issued; this change will become effective through submission of the statement signed by the Company, and the meeting minute reduced to public deed, entered into by the company. The Company shall be subject to the tax system that was assigned to it, during at least five consecutive business years. After this period, the Company can change the tax system and should be subject to the new system for at least five consecutive years.

##### (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, as shown below:

Year	Partially-integrated System
2017	25.5%
2018 and thereafter	27%

##### (ii) Peru

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.

##### (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.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (3) Significant accounting policies, continued

#### (i) Income tax and deferred taxes, continued

##### (iv) Colombia, continued

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 but without tax adjustment.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (3) Significant accounting policies, continued

#### (ii) 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.

#### (iii) 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.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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.

#### (iv) 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.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (3) Significant accounting policies, continued

#### (v) 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.

#### (vi) 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.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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.

#### (r) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date of a lease contract, a right-of-use asset of the leased asset is determined at cost, which comprises the amount of the initial measurement of a lease liability plus other disbursements made, except for short-term lease payments and those in which the underlying asset is of low value, which are directly recognized in profit or loss.



## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
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### **(3) Significant accounting policies, continued**

#### **(r) Leases, continued**

The lease liability amount is measured at the present value of the lease payments that are not paid at that date, which are discounted using the incremental borrowing rate for loans received.

The right-of-use asset is measured using the cost model, less accumulated depreciation and accumulated impairment losses; depreciation of the right-of-use asset is recognized in Profit or Loss based on the straight-line depreciation method from the commencement date and up to the end of the lease term.

After the commencement date, the lease liability is measured reducing the carrying amount to reflect the lease payments made and modifications to the lease contract.

In accordance with the provisions of IFRS 16 "Leases" Larraín Vial SpA and subsidiaries do not apply this standard to contracts which term is 12 months or less and those containing a low-value underlying asset. In such cases, payments are recognized as a short-term lease expense.

#### **(s) Distribution of dividends**

Larraín SpA and Subsidiaries recognize within liabilities, the portion of the profit for the period to be distributed in conformity with legal provisions. At least 30% of such profit is accrued for at the end of each year.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
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### (3) Significant accounting policies, continued

#### (t) 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, 2019

New IFRS	Mandatory application date
IFRS 16: Leases	Annual periods beginning on or after January 1, 2019. Early adoption is permitted for entities applying IFRS 15 on or before such date.
IFRIC 23: Uncertainty over Income Tax Treatments	Annual periods beginning on or after January 1, 2019. Early adoption is permitted.
<b>Amendments to IFRS</b>	
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, Financial Instruments, and IFRS 4, Insurance Contracts: Amendment to IFRS 4.	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.
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.

#### **IFRS 16 "Leases"**

Issued on January 13, 2016, this Standard requires that companies acting as lessees in operating leases account for all leases in their separate financial statements beginning on January 1, 2019. Companies acting as lessees in operating leases will record more assets recording operating leases will record more assets but will also be more heavily indebted. The larger the operating lease portfolio, the greater the impact on key reporting metrics. This standard is effective for the periods beginning on or after January 1, 2019.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (3) Significant accounting policies, continued

#### (t) Application of new effective or not effective standards, continued

##### IFRS 16 "Leases", continued

Although IFRS 16 does not modify the definition of a lease contract established in IAS 17, the main change is the introduction of the concept of control in such definition. For the accounting treatment for the lessor and lessee, the new standard establishes the following:

- i) Lessee accounting: IFRS 16 requires that lessees account for all leases under a single model, similar to the finance lease accounting under IAS 17. Accordingly, at the commencement date of a lease contract the lessee will recognize in the statement of financial position a right-of-use asset, and a liability for future lease payments, and in the statement of profit or loss the depreciation of the related asset separately from the interest associated with the related liability. The standard includes two voluntary recognition exemptions for leases with terms equal to or less than 12 months.
- ii) Lessor accounting: there are no substantial modifications with respect to the current model under IAS 17. The lessor will continue to classify leases under the same principles established in the current standard, as either finance leases or operating leases.

The Company performed an implementation process to assess the impact of IFRS 16 on its consolidated financial statements. Such assessment, required to apply professional judgment and perform assumptions, which are detailed as follows:

- i) Analysis of the lease contracts signed by the Company in order to identify whether such contracts are within the scope of the standard.
- ii) Analysis of lease contracts that could benefit from the exemption from the application of this Standard as they correspond to contracts with maturity of less than 12 months or that have underlying assets of low individual value; e.g. lease of certain office equipment (personal computers, printers and photocopiers) which are considered to be low value assets.
- iii) Estimate of lease terms based on the non-cancellable period and the periods covered by renewal options exercisable by the Company and considered reasonably certain.
- iv) Estimate of the discount rate for the calculation of the present value of future lease payments. This rate is equal to the lessee's incremental borrowing rate when the interest rate implicit in the lease cannot be readily determined. The Company has used the incremental borrowing rate from January 1, 2019 for the transition. Such rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.
- v) When measuring lease liabilities classified as operating leases, the Company discounted lease payments using its incremental borrowing rate as of January 1, 2019.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (3) Significant accounting policies, continued

#### (t) Application of new effective or not effective standards, continued

##### IFRS 16 "Leases", continued

The application of new requirements in IFRS 16 generated a right-of-use asset and a lease liability for ThCh\$5,400,210 as of January 1, 2019.

##### IFRIC 23 Uncertainty over Income Tax Treatments

This interpretation is effective from January 1, 2019. The application of IFRIC 23 Uncertainty over Income Tax Treatments, is consistent with the requirements of the Interpretation and its application has generated no impact on the Company's consolidated financial statements as of December 31, 2019.

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

New IFRS	Effective 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 such date.
<b>Amendments to IFRS</b>	
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely.
Amendments to references in the Conceptual Framework for 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. Early adoption is permitted.
Definition of Material (Amendments to IAS 1 and IAS 8)	Annual periods beginning on or after January 1, 2020. Early adoption is permitted.
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, IFRS 7)	Annual periods beginning on or after January 1, 2020. Early adoption is permitted.

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.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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, 2019, 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 impact on these consolidated financial statements in relation to IFRS 16, generating a right-of-use asset and a lease liability for ThCh\$5,400,210 as of January 1, 2019.

During 2019, the amortization criterion of intangible assets was reviewed for Gestor Rentas Inmobiliarias S.A., changing from a 10 year straight-line criterion to an income received criterion. This change generated a lower expense of ThCh\$371,398.

As of December 31, 2019, no significant accounting changes have occurred that affect the presentation of these consolidated financial statements.

### (5) Financial risk management

#### (5.1) 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.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (5) Financial risk management, continued

#### (5.1) Risk management, continued

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.
- 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:**

Responsible for the correct management of business processes, approving its Management policies and procedures, verifying the status of risk levels and internal controls.

- **Committees**

Committees correspond to multidisciplinary groups of employees responsible for analyzing specific topics related to their competence, to verify the right execution of processes and controls, in order to support and report to the Board of Directors.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (5) Financial risk management, continued

#### (5.1) Risk management, continued

##### (5.1.1) Governance structure, continued

- **Risk Management and Control**

Organizational Structure implemented by the Risk Management System in the organization, identifying, measuring, limiting and reporting the risks, and also verifying the business processes are managed properly, considering their regulatory implications.

- **Compliance**

This area's objective is to ensure proper compliance with internal as well as external standards in order to mitigate the risk of sanctions, financial losses and reputational damage, due to possible noncompliance with laws, regulations, code of conduct and good practices of the market.

- **Risk and Compliance Managements in Subsidiaries**

LarrainVial has Risks and Compliance management structures in its subsidiaries that ensure the implementation of the Management System of Risks and Internal Controls defined by the Corporate Risk Management.

- **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.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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.

LarrainVial adopted the Three Lines of Defense model within the risk management framework. This model allows identifying the responsibilities of each unit based on activities performed, generating control instances that decrease the Company's risk exposure thus allowing LarrainVial to be within the standard framework of each country where it operates and better practices of markets where it operates.

The three lines of defense are as follows:

- First line: Relates to individuals responsible for the business lines and process owners composed of the Commercial Areas, Desks and Operations.
- Second line: Relates to risk expert areas that supervise the First Line, and are composed of the Risks Areas, Compliance and Prosecutor's Office.
- Third line: Relates to an independent area for verification and assurance (Internal Audit) composed by the Comptroller's Office.

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.



## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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

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 in 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\$139,565. 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, 2019, outstanding simultaneous transactions by classification of their shares are distributed as follows.

Year	Month	Amount ThCh\$	Percentage %
2020	January	25,854,313	84.48%
	February	2,123,163	6.94%
	March	2,105,106	6.88%
	April	57,751	0.19%
	May	190,302	0.62%
	June	272,872	0.89%
	<b>Total</b>		<b>30,603,507</b>

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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, 2019, 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\$164,856. 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, 2019, with regard to short sale only those lines with operations currently in force are considered.

Year	Month	Amount ThCh\$	Percentage
2020	January	6,840,266	13.81%
	February	79,353	0.16%
	March	12,197,241	24.62%
	April	21,167,583	42.72%
	August	9,262,086	18.69%
	<b>Total</b>	<b>49,546,529</b>	<b>100.00%</b>

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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, 2019, LarrainVial has a VaR exposure in forward, as shown in the table below and was within the limits of the financial risks established:

Risk control	Currency	Limit	Exposure	Usage %
Value at Risk (VaR)	US\$	(50)	1.88	3.76

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\$
266	144,227

As of December 31, 2019, 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\$
129	36,330	10,730	13,389	12,212

##### iv. Financial assets

As of December 31, 2019, Larrain 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.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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.

	<b>N1</b>	<b>AAA</b>	<b>AA+</b>	<b>AA</b>	<b>A+</b>	<b>A</b>	<b>A-</b>	<b>BBB</b>
Financial	28.23%	21.53%	1.32%	5.41%	2.34%	0.00%	0.00%	0.00%
Banco Central	0.00%	3.84%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Corporations	5.46%	0.86%	0.62%	3.18%	0.15%	0.59%	4.66%	0.47%
Government	0.00%	10.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Overall total</b>	<b>33.69%</b>	<b>36.73%</b>	<b>1.94%</b>	<b>8.59%</b>	<b>2.49%</b>	<b>0.59%</b>	<b>4.66%</b>	<b>0.47%</b>

	<b>BBB-</b>	<b>BB-</b>	<b>B-</b>	<b>CCC+</b>	<b>C</b>	<b>Overall total</b>
Financial	0.00%	0.00%	0.00%	0.00%	0.00%	<b>58.83%</b>
Banco Central	0.00%	0.00%	0.00%	0.00%	0.00%	<b>3.84%</b>
Corporations	6.41%	2.74%	1.67%	0.01%	0.01%	<b>26.83%</b>
Government	0.00%	0.00%	0.00%	0.00%	0.00%	<b>10.50%</b>
<b>Overall total</b>	<b>6.41%</b>	<b>2.74%</b>	<b>1.67%</b>	<b>0.01%</b>	<b>0.01%</b>	<b>100.00%</b>

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

<b>Period</b>	<b>% of maturity</b>
2020	47.80%
2021	4.70%
2022	12.30%
2023	10.60%
2024 and thereafter	24.60%

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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:

	<b>BBB %</b>	<b>BBB- %</b>	<b>BB %</b>	<b>BB- %</b>	<b>B+ %</b>	<b>B %</b>	<b>NP %</b>	<b>Overall total %</b>
Corporations	3.64%	72.43%	0.38%	0.00%	2.11%	0.00%	0.01%	78.57%
Financial	0.00%	18.27%	0.00%	0.00%	0.39%	2.76%	0.01%	21.43%
Government	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Overall total</b>	<b>3.64%</b>	<b>90.70%</b>	<b>0.38%</b>	<b>0.00%</b>	<b>2.50</b>	<b>2.76%</b>	<b>0.02%</b>	<b>100.00%</b>

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

<b>Period</b>	<b>% of maturity</b>
2020	0.00%
2021	0.00%
2022	3.64%
2023	25.16%
2024 or further	71.20%

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

<b>Issuing country</b>	<b>Overall total %</b>
Chile	38.46%
Peru	30.77%
Colombia	7.69%
Other	23.08%

## **LARRAIN VIAL SPA AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### **(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.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
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### (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.

Sector	Adjustment			Overall total
	Ch\$	UF	US\$	
Banks	26.76%	32.07%	0.00%	58.83%
Banco Central	3.84%	0.00%	0.00%	3.84%
Corporations	8.97%	13.37%	4.49%	26.83%
Government	5.34%	5.16%	0.00%	10.50%
Overall total	<b>44.91%</b>	<b>50.60%</b>	<b>4.49%</b>	<b>100.00%</b>



## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (5) Financial risk management, continued

#### (5.1) Risk management, continued

##### (5.1.2) Risk management and internal control system, continued

###### (c) Market risk, continued

###### Price risk: 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

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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

		<b>2019</b>
		<b>%</b>
Domestic shares	Level 1	5.57
Shares of BCS, BEC and CCLV	Level 2	1.53
Investment funds	Level 1	5.93
Domestic debt instruments	Level 1	8.25
Foreign shares	Level 1	3.52
Foreign debt instruments	Level 2	17.63
Derivatives (*)	Level 2	5.14
Committed debt securities portfolio	Level 1	45.65
Currencies	Level 1	5.40
Invoices	Level 2	1.38

(\*) 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 denominated in currencies other than Chilean peso represent 26.6% and as of December 31, 2019, are as follows:

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

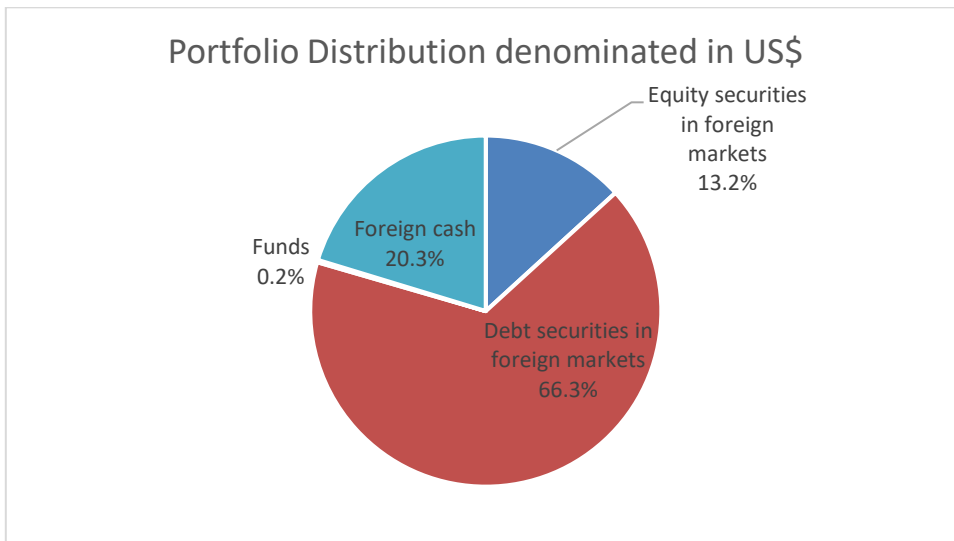
### (5) Financial risk management, continued

#### (5.1) Risk management, continued

#### (5.1.2) Risk management and internal control system, continued

#### (c) Market risk, continued

#### Fair value hierarchy, continued



## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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, LarrainVial 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 the operating risks, risk and control assessment of each unit's processes is performed. For the identification of risks, the assessment considers the opinion of the personnel expert in the process and the personnel expert in risks. Accordingly, the potential impact and the occurrence probability of risk events affecting the objectives of LarrainVial are determined in an objective manner. Note that the results of the risk and control assessments are reviewed continuously, in order to keep 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 LarrainVial's Operational Risk model, is the management of risk events occurred. This management relates to the analysis and recording of risk events that generate operating losses, inquiring the origin and causes of the event, and subsequently, recording this analysis in the ORM, which is the Operating Risk Tool used by LarrainVial. The objectives of this mechanism are:

- Capturing risk events occurred, 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. These reports address the level of risk exposure and non-compliance detected in the period.

## **LARRAIN VIAL SPA AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### **(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 2019, 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 25 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.
- Presentation of improvements to policies of LarrainVial S.A. Corredora de Bolsa to the Corporate Risks Committee.
- Risk Assessment for subsidiaries of LarrainVial SpA.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (6) Cash and cash equivalents

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

(a) As of December 31, 2019 and 2018, this caption is composed of the following:

	<b>2019</b>	<b>2018</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>
Cash in Chilean pesos	1,626,439	287,189
Cash in foreign currency	567,787	219,240
Banks in Chilean pesos	71,792,406	6,139,579
Banks in foreign currency	140,675,891	34,145,502
Total	<b>214,662,523</b>	<b>40,791,510</b>

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

As of December 31, 2019

	<b>2019</b>				
	<b>Chilean peso</b>	<b>US dollar</b>	<b>Euro</b>	<b>Other</b>	<b>Total</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>	<b>ThCh\$</b>	<b>ThCh\$</b>	<b>ThCh\$</b>
Cash on hand	1,626,439	533,263	33,273	1,251	2,194,226
Cash in banks	71,792,406	135,453,981	4,887,871	334,039	212,468,297
<b>Cash and cash equivalents</b>	<b>73,418,845</b>	<b>135,987,244</b>	<b>4,921,144</b>	<b>335,290</b>	<b>214,662,523</b>

As of December 31, 2018

	<b>2018</b>				
	<b>Chilean peso</b>	<b>US dollar</b>	<b>Euro</b>	<b>Other</b>	<b>Total</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>	<b>ThCh\$</b>	<b>ThCh\$</b>	<b>ThCh\$</b>
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
<b>Cash and cash equivalents</b>	<b>6,426,768</b>	<b>27,813,579</b>	<b>3,001,795</b>	<b>3,549,368</b>	<b>40,791,510</b>

As of December 31, 2019 and 2018, cash and cash equivalents comprise balances denominated in United States dollars (ThCh\$135,453,982 and ThCh\$27,619,148 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 21 Trade and other payables.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (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, 2019 and 2018, the detail of other current financial assets is as follows:

	<b>2019</b>	<b>2018</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>
Debt securities at market value	145,248,264	167,192,695
Future operations	463,728	5,857,009
Shares in investment funds (CFI)	4,399,020	7,307,715
Shares	15,294,129	14,753,076
Mutual fund deposits	7,325,834	4,488,650
Forward transactions	35,977,063	9,798,854
Other investments	7,777,087	9,042,642
<b>Total</b>	<b><u>216,485,125</u></b>	<b><u>218,440,641</u></b>

#### (a) Debt securities at market value

<b>As of December 31, 2019</b>	<b>Own portfolio</b>		
<b>Financial instruments at fair value</b>	<b>Available</b>	<b>Committed</b>	<b>Total</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>	<b>M\$</b>
From Government	20,126,996	5,937,538	26,064,534
From financial institutions	13,058,226	38,046,427	51,104,653
From companies	18,624,206	49,454,871	68,079,077
Total debt securities and financial brokerage instruments (DS and FBI)	<b><u>51,809,428</u></b>	<b><u>93,438,836</u></b>	<b><u>145,248,264</u></b>
<b>As of December 31, 2018</b>	<b>Own portfolio</b>		
<b>Financial instruments at fair value</b>	<b>Available</b>	<b>Committed</b>	<b>Total</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>	<b>M\$</b>
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)	<b><u>83,844,353</u></b>	<b><u>83,348,342</u></b>	<b><u>167,192,695</u></b>

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (7) Other current financial assets, continued

#### (b) Future operations

As of December 31, 2019		Maturity		Total ThCh\$
Average rate %	Up to 7 days ThCh\$	Over 7 days ThCh\$		
Simultaneous transactions	0.26%	-	372,996	372,996
Repurchase agreements	0.42%	-	90,732	90,732
<b>Total</b>		<b>-</b>	<b>463,728</b>	<b>463,728</b>

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

#### (c) Shares in investment funds (CFI)

	2019 ThCh\$	2018 ThCh\$
Debt securities	550,725	307,217
Equity securities	3,848,295	7,000,498
<b>Total</b>	<b>4,399,020</b>	<b>7,307,715</b>

#### (d) Shares

	2019 ThCh\$	2018 ThCh\$
Chile	14,659,717	14,729,841
Colombia	484,480	16,796
Peru	149,932	6,439
<b>Total</b>	<b>15,294,129</b>	<b>14,753,076</b>



## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

### (7) Other current financial assets, continued

#### (e) Mutual funds

	<b>2019</b> <b>ThCh\$</b>	<b>2018</b> <b>ThCh\$</b>
Debt securities	2,506,727	2,311,583
Money market	3,981,407	478,036
Balanced	-	141,114
Equity securities	<u>837,700</u>	<u>1,557,917</u>
<b>Total</b>	<b><u>7,325,834</u></b>	<b><u>4,488,650</u></b>

**LARRAIN VIAL SPA AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

**(7) Other current financial assets, continued**

**(f) Forward transactions**

**Financial derivative contracts as of December 31, 2019**

Type of contract	No. of operations	Purchase		Domestic		Sale		Derivative financial instruments at fair value			Total assets at fair value
		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\$	ThCh\$		
<b>A) Forward</b>											
US dollars (Offsetting)	514	961,616,445	720,296,642	(1,009,048,217)	(758,643,537)	1,757,638	30,447,537	-	-	32,205,175	
US dollars (Cash delivered)	42	7,478,000	5,562,853	(10,663,850)	(8,121,470)	30,749	204,186	-	-	234,935	
Euro (Offsetting)	7	120,000,000	107,897,200	(120,000,000)	(101,962,000)	-	2,859,249	-	-	2,859,249	
Euro (Cash delivered)	2	100,000	83,470	(100,000)	(83,670)	-	991	-	-	991	
UF (Offsetting)	2	1,000,000	29,209,000	(1,000,000)	(28,651,000)	-	-	46,000	-	46,000	
UF (Cash delivered)	-	-	-	-	-	-	-	-	-	-	
Colombian pesos (Offsetting)	9	-	-	(29,730,000,000)	(6,226,260)	-	501,029	-	-	501,029	
<b>B) Other agreements (specify)</b>	1	5,000,000,000	5,000,000	-	-	-	-	129,684	-	129,684	
<b>Total</b>	<b>577</b>	<b>6,090,194,445</b>	<b>868,049,165</b>	<b>(30,870,812,067)</b>	<b>(903,687,937)</b>	<b>1,788,387</b>	<b>34,012,992</b>	<b>175,684</b>	<b>-</b>	<b>35,977,063</b>	

**LARRAIN VIAL SPA AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements  
as of December 31, 2019 and 2018

**(7) Other current financial assets, continued**

**(f) Forward transactions, continued**

**Financial derivative contracts as of December 31, 2018**

Type of contract	No. of operations	Purchase		Domestic		Sale		Derivative financial instruments at fair value			Total assets at fair value
		Amount in monetary unit of the agreement	Amount of the agreement	Amount of MU of the agreement	Amount of the agreement	Up to 7 days	8 to 360 days	Over 1 year	Asset position		
			ThCh\$		ThCh\$		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>A) Forward</b>											
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)	-	-	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>569</b>	<b>30,533,636,792</b>	<b>823,343,840</b>	<b>(853,878,684)</b>	<b>(852,241,710)</b>	<b>530,152</b>	<b>9,268,702</b>	<b>-</b>	<b>-</b>	<b>9,798,854</b>	

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (7) Other current financial assets, continued

#### (g) Other investments

	<b>2019</b>	<b>2018</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>
International custody	7,377,186	5,968,878
Commodities exchange invoices	295,449	2,938,173
Short sales	104,452	135,591
Total	<u><b>7,777,087</b></u>	<u><b>9,042,642</b></u>

### (8) Other current non-financial assets

As of December 31, 2019 and 2018, the detail of other current non-financial assets is as follows:

	<b>2019</b>	<b>2018</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>
Value-added tax fiscal credit	74,406	5,298,815
Other non-financial assets (*)	988,707	455,624
<b>Total</b>	<u><b>1,063,113</b></u>	<u><b>5,754,439</b></u>

(\*) 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, 2019 and 2018, the detail of this caption is as follows:

	<b>2019</b>	<b>2018</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>
Receivables from brokers and dealers (*)	201,278,380	63,477,398
Accounts receivable	32,002,563	23,843,388
Dividend receivable	49,105	-
Total	<u><b>233,330,048</b></u>	<u><b>87,320,786</b></u>

(\*) "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.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (10) Current tax assets and liabilities

As of December 31, 2019 and 2018, the detail of this caption is as follows:

(a) As of December 31, 2019 and 2018, the detail of this caption is as follows:

	<b>2019</b>	<b>2018</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>
Monthly provisional income tax payment	8,619,546	12,210,054
Income taxes recoverable	3,584,750	486,486
Credit for training expenses	92,392	69,182
<b>Total</b>	<b><u>12,296,688</u></b>	<b><u>12,765,722</u></b>

(b) As of December 31, 2019 and 2018, the detail of current tax liabilities is as follows:

	<b>2019</b>	<b>2018</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>
Provision for income tax	10,167,557	7,562,334
Other taxes (*)	172,526	272,038
<b>Total</b>	<b><u>10,340,083</u></b>	<b><u>7,834,372</u></b>

(\*) Other taxes correspond to taxes paid abroad.

### (11) Balances with related parties

As of December 31, 2019 and 2018, 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

	<b>2019</b>	<b>2018</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>
FIP Crecimiento Forestal	24,927	-
LV S.A	-	164
LV Asociados SpA	-	70
<b>Total</b>	<b><u>24,927</u></b>	<b><u>234</u></b>

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (11) Balances with related parties, continued

#### (b) Trade payables due to related parties, current

	2019 ThCh\$	2018 ThCh\$
LV S.A	2	-
Total	2	-

#### (c) Trade payables due to related parties, non-current

	2019 ThCh\$	2018 ThCh\$
Chacabuco S.A.	-	2,739,424
Rentas ST Ltda.	-	1,712,583
Total	-	4,452,007

#### (d) Assets associated with transactions with related parties

Company	Relationship	Transaction	2019		2018	
			Amount ThCh\$	Effect on profit or loss ThCh\$	Amount ThCh\$	Effect on profit or loss ThCh\$
FIP Crecimiento Forestal	Shareholder	Current account	24,927	-	-	-
LV S.A	Shareholder	Current account	-	-	164	-
LV Asociados SpA	Shareholder	Current account	-	-	70	-
Total			24,927	-	234	-

#### (e) Liabilities associated with transactions with related parties

Company	Relationship	Transaction	2019		2018	
			Amount ThCh\$	Effect on profit or loss ThCh\$	Amount ThCh\$	Effect on profit or loss ThCh\$
Chacabuco S.A.	Shareholder	Repayment of borrowings	2,739,424	4,940	-	-
Renta ST Ltda.	Shareholder	Repayment of borrowings	1,712,583	16,167	-	-
LV S.A.	Shareholder	Loans to related parties	2	-	-	-
Chacabuco S.A.	Shareholder	Loans to related parties	-	-	2,739,424	82,519
Renta ST Ltda.	Shareholder	Loans to related parties	-	-	1,712,583	52,041
Total			4,452,009	21,107	4,452,007	134,560

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (12) Other non-current financial assets

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

As of December 31, 2019 and 2018, the detail of other non-current financial assets is as follows:

	<b>2019</b> <b>ThCh\$</b>	<b>2018</b> <b>ThCh\$</b>
Investment funds	7,411,654	7,641,814
Collateral amounts	18,126,904	24,096,430
Other assets	<u>1,295,773</u>	<u>577,491</u>
Total	<u><b>26,834,331</b></u>	<u><b>32,315,735</b></u>

#### (a) Investment funds

	<b>2019</b> <b>ThCh\$</b>	<b>2018</b> <b>ThCh\$</b>
NG Capital Partners I	1,629,901	2,917,152
Américas Energy Fund II	1,379,499	1,580,880
CMB-LV Infraestructura III	1,355,276	-
Américas Energy Fund I	998,467	1,378,831
Fibra II	925,334	674,877
FIP Forestal	294,854	415,463
FIP Deuda Automotriz	147,266	-
FIP Filipina Dos	137,673	137,673
FIP Automotriz Carte	135,637	-
Victus Chile	131,452	81,875
FIP Indiana	109,424	109,424
FIP Master Servicio Audiovisual	95,615	3,603
Fibra I	43,913	157,041
FIP Agrodesarrollo	23,148	23,148
FIP Opción Global	3,845	3,089
FIP Hammer	350	350
FIP Agrícola	-	158,408
<b>Total</b>	<u><b>7,411,654</b></u>	<u><b>7,641,814</b></u>

#### (b) Securities granted as collateral

	<b>2019</b> <b>ThCh\$</b>	<b>2018</b> <b>ThCh\$</b>
Guarantees for financial operations	<u>18,126,904</u>	<u>24,096,430</u>
<b>Total</b>	<u><b>18,126,904</b></u>	<u><b>24,096,430</b></u>

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (12) Other non-current financial assets, continued

#### (c) Other assets

	<b>2019</b>	<b>2018</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>
Servicio Audiovisual	461,669	31,544
Taneq SPA	281,217	-
Minera Activa Uno S.p. A.	213,137	208,444
Minera Activa Dos S.p. A.	150,494	147,311
UMM Capital S.A.	100,685	99,494
San Sebastián Inmobiliaria Ltda. Cuenta en Participación V	70,652	74,082
CCLV Contraparte Central S.A.	16,727	15,460
Subsolé Capital de Riesgo	1,192	1,156
<b>Total</b>	<b>1,295,773</b>	<b>577,491</b>

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

As of December 31, 2019 and 2018, the detail of other non-financial assets, non-current is as follows:

	<b>2019</b>	<b>2018</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>
Guarantees	346,563	306,172
Other non-financial assets, non-current	18,865	6,947
<b>Total</b>	<b>365,428</b>	<b>313,119</b>



## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
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### (14) Equity-accounted investees

As of December 31, 2019 and 2018, the detail of this caption is as follows:

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

	Country	Ownership interest %	2019 ThCh\$	2018 ThCh\$
Sociedad Altamar Capital Partners, SL	Spain	16.80	5,150,849	3,227,957
Sociedad Altamar Capital Partners, Goodwill y otros intangibles (4)	Spain	-	2,371,780	2,371,780
DD3 Capital Advisor	Mexico	12.60	803,808	530,097
DD3 Capital Advisor Goodwill y otros intangibles (2)	Mexico	-	1,236,966	1,409,217
Gestor Rentas Inmobiliarias S.p.A.	Chile	40.00	907,530	69,503
Gestor Rentas Inmobiliarias- Goodwill y otros intangibles (1)	Chile	-	1,044,952	1,543,597
Eurocapital Servicios Financieros S.A.C	Peru	32.50	1,646,500	1,060,508
Sociedad MA S.p.A.	Chile	50.00	650,497	539,683
Inversiones Cayman Inc.	Cayman	50.00	583,464	1,769,601
Inversiones CMB- LV S.p.A (3)	Chile	50.00	192,866	360,000
Sembrador S.p.A.	Chile	42.05	298,583	34,611
Administrador Fen Capital	Chile	51.00	260,204	223,563
Acción Bolsa de Productos Agro.	Chile	5.02	154,918	151,099
LVA Índices S.A.	Chile	33.33	142,786	46,687
Administrador Mater	Chile	50.00	142,115	125,314
Fibra Activos Inmobiliarios S.A.C.	Peru	50.00	95,906	910
Grupo LOA S.p.A.	Chile	50.00	66,040	67,715
LVM Holding SPA	Chile	40.00	40,000	-
Asesorías e Inversiones Mater	Chile	50.00	42,297	27,397
SCL Energía Activa S.A.	Chile	50.00	17,312	15,213
Inversiones Minera GBS S.A.	Chile	2.67	-	81,820
LV Asset Management SAU	Argentina	75.00	-	18,765
<b>Total</b>			<b>15,849,373</b>	<b>13,675,037</b>

(1) On March 3, 2018, Larrain 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 the aforementioned shares amounted to ThCh\$432 per share which was paid in cash and generated updated goodwill as of December 31, 2019 and 2018 of ThCh\$574,104, which does not record impairment based on the assessments made and an intangible asset of ThCh\$470,848 as of December 31, 2019 (ThCh\$969,493 in 2018), which is amortized based on income received from the current year-end.

(2) On March 12, 2018, Larrain Vial S.p.A. acquired 7,875 shares of Sociedad DD3 Capital Advisor S.A., equivalent to 12.60% of its share capital. The price for the acquisition of the aforementioned shares amounted to MXN\$7,599 per share paid in cash (equivalent to ThCh\$1,945,939 for the total of shares). As of December 31, 2019 and 2018, such acquisition generated a goodwill of ThCh\$267,147 which does not record impairment based on the assessments made and an intangible asset of ThCh\$972,819 as of December 31, 2019 (ThCh\$1,145,070 in 2018) which is amortized over five years.

(3) On September 21, 2018, Larrain 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 Larrain Vial SpA was formalized. Accordingly, 99.997% of the Company's shares were transferred to Inversiones CMB-LV SpA.

(4) The balance presented in Altamar Capital Partners relates to Goodwill which does not record impairment based on the assessments made.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
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### (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, 2019 and 2018, the detail of this caption is as follows:

	<b>2019</b>	<b>2018</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>
Colombia Securities Exchange	483,178	467,625
Total	<b>483,178</b>	<b>467,625</b>

#### (a) Colombian Securities Exchange

<b>Entity</b>	<b>2019</b>		<b>2018</b>	
	No. of shares	Fair value ThCh\$	No. of shares	Fair value ThCh\$
Colombia Securities Exchange (*)	182,000	483,178	182,000	467,625
Total	<b>182,000</b>	<b>483,178</b>	<b>182,000</b>	<b>467,625</b>

As of December 31, 2019 and 2018, movements in investments are detailed as follows:

#### Colombia Securities Exchange Movements

	<b>2019</b>	<b>2018</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>
Opening balance	467,625	483,558
Profit (loss)	15,553	(15,933)
<b>Total</b>	<b>483,178</b>	<b>467,625</b>

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
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### (16) Intangible assets other than goodwill

As of December 31, 2019 and 2018, movements in intangible assets are detailed as follows:

#### As of December 31, 2018

Intangible assets	Licenses ThCh\$	T-24 System ThCh\$	Software ThCh\$	Total ThCh\$
<b>Balance as of January 1, 2019</b>	884,614	5,349,206	1,268,193	7,502,013
Exchange rate fluctuations	11,268	-	10,446	21,714
Additions for the period	585	-	749,640	750,225
<b>Gross amount as of December 31, 2019</b>	<b>896,467</b>	<b>5,349,206</b>	<b>2,028,279</b>	<b>8,273,952</b>
Amortization for the period	(108,762)	(534,921)	(248,361)	(892,044)
Increase/(decrease) in exchange rate	(4,640)	-	(4,247)	(8,887)
Accumulated amortization	(247,059)	(904,923)	(566,837)	(1,718,819)
Total accumulated amortization	<b>(360,461)</b>	<b>(1,439,844)</b>	<b>(819,445)</b>	<b>(2,619,750)</b>
<b>Net amount as of December 31, 2019</b>	<b>536,006</b>	<b>3,909,362</b>	<b>1,208,834</b>	<b>5,654,202</b>

#### As of December 31, 2018

Intangible assets	Licenses ThCh\$	T-24 System ThCh\$	Software ThCh\$	Total ThCh\$
<b>Balance as of January 1, 2018</b>	878,437	5,349,206	1,504,542	7,732,185
Exchange rate fluctuations	6,177	-	2,444	8,621
Additions for the period	-	-	-	-
Disposals or withdrawals for the period	-	-	(238,793)	(238,793)
<b>Gross amount as of December 31, 2018</b>	<b>884,614</b>	<b>5,349,206</b>	<b>1,268,193</b>	<b>7,502,013</b>
Amortization for the period	(95,738)	(638,311)	(57,590)	(791,639)
Increase in exchange rate	(6,542)	-	(1,995)	(8,537)
Accumulated amortization	(144,779)	(266,612)	(507,252)	(918,643)
Total accumulated amortization	<b>(247,059)</b>	<b>(904,923)</b>	<b>(566,837)</b>	<b>(1,718,819)</b>
<b>Net amount as of December 31, 2018</b>	<b>637,555</b>	<b>4,444,283</b>	<b>701,356</b>	<b>5,783,194</b>

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 Larrain Vial Comisionista de Bolsa in Colombia and by Larrain Vial S.A. Corredora de Bolsa in Chile.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
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### (17) Goodwill

As of December 31, 2019 and December 31, 2018, this caption is composed of the following:

	<b>2019</b>	<b>2018</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>
Goodwill - Alcalá Inversiones S.A.	1,016,243	-
Intangible assets - Relationship with customers (a)	331,358	-
<b>Total</b>	<b><u>1,347,601</u></b>	<b><u>-</u></b>

(a) Changes in intangible assets

	<b>2019</b>
	<b>ThCh\$</b>
Intangible assets, gross	477,805
Amortization	<u>(23,890)</u>
Intangible assets, net	453,915
Deferred taxes	<u>(122,557)</u>
<b>Total</b>	<b><u>331,358</u></b>

On June 24, the Company acquired 100% of Inversiones Alcalá S.A. generating goodwill of ThCh\$1,016,243 for this business combination, as established in IFRS 3, without recording impairment based on the assessments made. In addition, an intangible asset related to relationships with customers was identified, which is amortized over 10 years.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (18) Property, plant and equipment

As of December 31, 2019 and 2018, the detail of this caption is as follows:

**As of December 31, 2019, movements are detailed as follows:**

Property, plant and equipment	Machinery and equipment ThCh\$	Furniture and fixtures ThCh\$	Facilities ThCh\$	Leased assets ThCh\$	Work in progress ThCh\$	(*) Right-of- use assets ThCh\$	Office remodeling ThCh\$	Total ThCh\$
Initial balance as of January 1, 2019	1,275,524	487,971	1,661,767	7,481,236	1,382,830	-	3,394,484	15,683,812
Exchange rate fluctuations	9,182	4,465	13,626	-	-	-	-	27,273
Additions for the period	-	6,282	21,816	-	324,638	6,909,026	-	7,261,762
Disposals or withdrawals for the period	(2,032)	-	-	-	-	(408,951)	-	(410,983)
Reclassifications	1,099,182	-	3,667,917	-	(1,372,615)	-	(3,394,484)	-
Gross amount as of December 31, 2019	<b>2,381,856</b>	<b>498,718</b>	<b>5,365,126</b>	<b>7,481,236</b>	<b>334,853</b>	<b>6,500,075</b>	<b>-</b>	<b>22,561,864</b>
Depreciation for the year	(1,082,654)	(8,857)	(22,394)	(149,625)	-	(940,180)	-	(2,203,710)
Exchange rate fluctuations	(4,806)	(1,794)	(9,351)	-	-	(4,274)	-	(20,225)
Accumulated depreciation	(1,074,047)	(302,075)	(1,661,767)	(598,500)	-	-	(1,273,973)	(4,910,362)
Reclassifications	-	-	(1,273,973)	-	-	-	1,273,973	-
Total accumulated depreciation	<b>(2,161,507)</b>	<b>(312,726)</b>	<b>(2,967,485)</b>	<b>(748,125)</b>	<b>-</b>	<b>(944,454)</b>	<b>-</b>	<b>(7,134,297)</b>
Net amount as of December 31, 2019	<b>220,349</b>	<b>185,992</b>	<b>2,397,641</b>	<b>6,733,111</b>	<b>334,853</b>	<b>5,555,621</b>	<b>-</b>	<b>15,427,567</b>

(\*) Corresponds to the recognition of the right-of-use asset for the application of IFRS 16 "Leases".

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (18) Property, plant and equipment, continued

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	-	893,981	271,696	1,445,850
Disposals or withdrawals for the period	-	-	-	-	-	-	-
Gross amount as of December 31, 2018	<b>1,275,524</b>	<b>487,971</b>	<b>1,661,767</b>	<b>7,481,236</b>	<b>1,382,830</b>	<b>3,394,484</b>	<b>15,683,812</b>
Depreciation for the year	(188,909)	(18,435)	(40,563)	(149,625)	-	(683,353)	(1,080,885)
Decrease in exchange rate	3,603	4,017	5,059	-	-	-	12,678
Accumulated depreciation	(888,741)	(287,657)	(1,626,263)	(448,875)	-	(590,620)	(3,842,156)
Total accumulated depreciation	<b>(1,074,047)</b>	<b>(302,075)</b>	<b>(1,661,767)</b>	<b>(598,500)</b>	<b>-</b>	<b>(1,273,973)</b>	<b>(4,910,363)</b>
Net amount as of December 31, 2018	<b>201,477</b>	<b>185,896</b>	<b>-</b>	<b>6,882,736</b>	<b>1,382,830</b>	<b>2,120,510</b>	<b>10,773,449</b>

#### (a) 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.

#### (b) 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.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (19) Income tax and deferred taxes

As of December 31, 2019 and 2018, the detail of this caption is as follows:

#### (a) As of December 31, 2019 and 2018, 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.

	<b>2019</b>		<b>2018</b>	
	<b>Deferred tax assets ThCh\$</b>	<b>Deferred tax liabilities ThCh\$</b>	<b>Deferred tax assets ThCh\$</b>	<b>Deferred tax liabilities ThCh\$</b>
Accrued vacations	482,064	-	450,077	-
Financial Instruments	711,304	82,703	1,842,910	74,666
Allowance for doubtful accounts	136,796	-	116,356	-
Lease	467,584	-	564,731	-
Provision for bonuses for personnel	2,696,997	-	2,093,619	-
Operations under repurchase or resale agreements	(12,163)	-	41,539	-
Stock exchange seats	-	16,356	-	15,328
Tax loss	1,004,630	-	1,166,469	-
Other	87,804	36,050	231,720	6,178
<b>Total</b>	<b>5,575,016</b>	<b>135,109</b>	<b>6,507,421</b>	<b>96,172</b>

#### (b) Income tax

As of December 31, 2019 and 2018, the detail of income tax is as follows:

	<b>2019 ThCh\$</b>	<b>2018 ThCh\$</b>
Provision for corporate income tax	(10,435,130)	(6,768,398)
Payment of income taxes	(356,607)	(2,236)
Tax on the industry, trading and wealth	(207,860)	(301,542)
Provisional payment for absorbed earnings (PPUA)	49,625	-
Effect of deferred taxes	(1,068,901)	(933,752)
<b>Total</b>	<b>(12,018,873)</b>	<b>(8,005,928)</b>

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (19) 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:

	2019		2018	
	Rate %	Tax calculated ThCh\$	Rate %	Tax calculated ThCh\$
Profit before tax		39,773,022		27,371,617
Applicable tax rate	(27.00)	(10,738,716)	(27.00)	(7,390,337)
Capital adjustment	2.51	997,331	3.24	885,905
Price-level adjustment of tax assets	(2.47)	(982,888)	(2.6)	(710,551)
Variance in financial instruments	(0.56)	(223,109)	3.39	927,029
Effect of tax rates in foreign jurisdictions	(1.23)	(490,261)	(2.06)	(565,067)
Other additions and disposals	(1.46)	(581,230)	(4.21)	(1,152,907)
Effective rate (debit) credit associated with income tax and/or deferred taxes	<b>(30.21)</b>	<b>(12,018,873)</b>	<b>(29.24)</b>	<b>(8,005,928)</b>

### (20) Other current and non-current financial liabilities

As of December 31, 2019 and 2018, the detail of other current financial liabilities is as follows:

	2019 ThCh\$	2018 ThCh\$
Future obligations	102,943,452	113,752,693
Forward obligations	33,451,565	10,586,533
Bank borrowings	5,378,214	1,960,423
Revolving credit facility	19,468,644	1,500,000
Lease liability	557,715	489,473
Liabilities under lease agreements	1,534,665	-
<b>Total current</b>	<b>163,334,255</b>	<b>128,289,122</b>
Bank borrowings	15,500,000	-
Lease liability	5,741,591	6,098,664
Liabilities under lease agreements	4,156,989	-
<b>Total non-current</b>	<b>25,398,580</b>	<b>6,098,664</b>



## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (20) Other current and non-current financial liabilities, continued

#### (a) Future obligations

	<b>2019</b> <b>ThCh\$</b>	<b>2018</b> <b>ThCh\$</b>
Obligations under repurchase agreements on debt securities and financial brokerage instruments (Repurchase agreements)	93,393,788	100,716,820
Short sale	9,549,664	13,035,873
Simultaneous transactions	-	-
Total	<u><b>102,943,452</b></u>	<u><b>113,752,693</b></u>

#### (b) Forward obligations

	<b>2019</b> <b>ThCh\$</b>	<b>2018</b> <b>ThCh\$</b>
Forward	<u>33,451,565</u>	<u>10,586,533</u>
Total	<u><b>33,451,565</b></u>	<u><b>10,586,533</b></u>

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (20) Other current and non-current financial liabilities, continued

#### (b) Forward obligations, continued

**2019**

Type of contract	No. of operations	Domestic		Derivative financial instruments at fair value								Total liabilities at fair value ThCh\$
		Purchase Amount in monetary unit of the agreement ThCh\$	Amount of the agreement ThCh\$	Amount of MU of the agreement	Sale Amount of the agreement ThCh\$	Up to 7 days ThCh\$	Asset position		Liability position			
							8 to 360 days ThCh\$	Over 1 year ThCh\$	Up to 7 days ThCh\$	8 to 360 days ThCh\$	Over 1 year ThCh\$	
<b>A) Forward</b>												
U.S. dollars (offsetting)	514	961,616,445	720,296,642	(1,009,048,217)	(758,643,537)	1,757,638	30,447,537	-	(1,545,874)	(27,977,644)	-	(29,523,518)
U.S. dollars (cash delivered)	42	7,478,000	5,562,853	(10,663,850)	(8,121,470)	30,749	204,186	-	(10,625)	(60,457)	-	(71,082)
Euro (offsetting)	7	120,000,000	101,897,200	(120,000,000)	(101,962,000)	-	2,859,249	-	-	(2,794,608)	-	(2,794,608)
Euro (cash delivered)	2	100,000	83,470	(100,000)	(83,670)	-	991	-	-	(792)	-	(792)
UF (offsetting)	2	1,000,000	29,209,000	(1,000,000)	(28,651,000)	-	-	46,000	-	(59,507)	-	(59,507)
UF (cash delivered)	-	-	-	-	-	-	-	-	-	-	-	-
Colombian pesos (offsetting)	9	-	-	(29,730,000,000)	(6,226,260)	-	501,029	-	-	(1,002,058)	-	(1,002,058)
<b>B) Other (share purchase and sale contracts considering cash delivered)</b>	1	5,000,000,000	5,000,000	-	-	-	-	129,684	-	-	-	-
<b>Total</b>	<b>577</b>	<b>6,090,194,445</b>	<b>862,049,165</b>	<b>(30,870,812,067)</b>	<b>(903,687,937)</b>	<b>1,788,387</b>	<b>34,012,992</b>	<b>175,684-</b>	<b>(1,556,499)</b>	<b>(31,895,066)</b>	<b>-</b>	<b>(33,451,565)</b>

**2018**

Type of contract	No. of operations	Domestic		Derivative financial instruments at fair value								Total liabilities at fair value ThCh\$
		Purchase Amount in monetary unit of the agreement ThCh\$	Amount of the agreement ThCh\$	Amount of MU of the agreement	Sale Amount of the agreement ThCh\$	Up to 7 days ThCh\$	Asset position		Liability position			
							8 to 360 days ThCh\$	Over 1 year ThCh\$	Up to 7 days ThCh\$	8 to 360 days ThCh\$	Over 1 year ThCh\$	
<b>A) Forward</b>												
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)	-	(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)	-	(450,812)
Euro (offsetting)	2	350,000	267,925,000	(350,000)	(269,405,500)	-	10,783	-	-	(9,307)	-	(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	-	-	-	-	-
<b>B) Other (share purchase and sale contracts considering cash delivered)</b>	2	-	-	(22,712,819)	(15,000,000)	-	-	-	-	(6,752)	-	(6,752)
<b>Total</b>	<b>557</b>	<b>30,533,636,792</b>	<b>822,211,579</b>	<b>(878,549,993)</b>	<b>(921,266,449)</b>	<b>522,614</b>	<b>9,260,572</b>	<b>-</b>	<b>(704,592)</b>	<b>(9,885,941)</b>	<b>-</b>	<b>(10,586,533)</b>

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
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### (20) Other current and non-current financial liabilities, continued

#### (c) Bank borrowings

Financial institution	Currency	Interest rate %	2019 ThCh\$ Current	2018 ThCh\$ Current
Banco Interamericano de Finanzas	PEN	4.20%	4,403,915	-
Banco Bice	Ch\$	0.35%	-	1,909,877
CorpBanca Itaú Chile	Ch\$	0.44%	-	663
Banco Penta	USD	8.3%	526,196	-
Citibank Perú	PEN	3.77%	438,131	49,875
Banco Davivienda	COL	11.50%	9,972	-
Banco Santander	Ch\$	0.44%	-	5
Banco Crédito e Inversiones	Ch\$	0.35%	-	2
Banco Security	Ch\$	0.44%	-	1
Total			<b>5,378,214</b>	<b>1,960,423</b>

#### (d) Credit facility

Financial institution	Currency	Interest rate %	2019 ThCh\$ Current	2018 ThCh\$ Currente
Banco Corpbanca	Ch\$	0.31%	14,606,350	-
Banco Citibank	US\$	0.69%	3,740,665	-
Euroclear	PEN	4.20%	1,121,622	-
Banco Consorcio	Ch\$	0.30%	-	1,500,000
Banco Bice	Ch\$	0.44%	-	-
Banco Scotiabank Perú	US\$	7.00%	-	-
Banco Santander	Ch\$	4.20%	5	-
Banco Security	Ch\$	3.82%	1	-
Banco Crédito e Inversiones	Ch\$	0.44%	1	-
Total			<b>19,468,644</b>	<b>1,500,000</b>

#### (e) Long-term bank borrowing

Bank	Interest rate	2019 ThCh\$ Non-current	2018 ThCh\$ Non-current
Banco Consorcio (*)	TAB + 1.8%	15,500,000	-
Total		<b>15,500,000</b>	<b>-</b>

(\*) Préstamo a 10 años a una tasa de TAB (90d) + 1,80% a partir del 29 de marzo del 2019.

#### (f) Obligation under lease agreements

Bank	Interest rate	Current		Non-current	
		2019 ThCh\$	2018 ThCh\$	2019 ThCh\$	2018 ThCh\$
Banco Bice	UF + 3.78%	521,709	489,473	5,741,591	6,098,664
Hewlett Packard	4.9%	36,006	-	-	-
Total		<b>557,715</b>	<b>489,473</b>	<b>5,741,591</b>	<b>6,098,664</b>

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (20) Other current and non-current financial liabilities, continued

#### (f) Obligations under lease agreements, continued

As of December 31, 2019:

Obligation	Bank	Currency	Interest rate %	Guarantee	Up to 7 days ThCh\$	8 to 360 days ThCh\$	Over 1 year ThCh\$	Total ThCh\$
Loan	Banco BICE	UF	3.78	-	-	521,709	5,741,591	6,263,300
Loan	Hewlett Packard		4.9%		-	36,006	-	36,006
	Total				-	<b>557,715</b>	<b>5,741,591</b>	<b>6,299,306</b>

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\$
Loan	Banco BICE	UF	3.78	-	-	489,473	6,098,664	6,588,137
	Total				-	<b>489,473</b>	<b>6,098,664</b>	<b>6,588,137</b>

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.

#### (g) Lease liability:

Counterparties	Interest rate Average	Up to 7 days ThCh\$	8 to 360 days ThCh\$	Over 1 year ThCh\$	Total ThCh\$
Natural persons	-	-	-	-	-
Legal entities (*)	2.46	-	1,534,665	4,156,989	5,691,654
Security brokers	-	-	-	-	-
Institutional investors	-	-	-	-	-
Related parties	-	-	-	-	-
Total		-	<b>1,534,665</b>	<b>4,156,989</b>	<b>5,691,654</b>

Lease liabilities	2019	2018
Balance as of January 1, 2019	6,995,907	-
Finance costs	-	-
Lease payments	(1,304,253)	-
Other	-	-
Total	<b>5,691,654</b>	-

(\*) From January 1, 2019, this account is presented in addition to long-term lease liabilities as a result of the application of IFRS 16 "Leases".

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (21) Trade and other payables

As of December 31, 2019 and 2018, the detail of trade and other payables is the following:

#### a) Current payables

	<b>2019</b> <b>ThCh\$</b>	<b>2018</b> <b>ThCh\$</b>
Payables to brokers and dealers (*)	239,890,821	89,997,234
Payables (**)	138,905,925	45,764,304
Other provisions	2,848,638	2,445,748
Value-added tax fiscal debit	254,086	3,132,968
Social security institutions and withholdings	474,588	457,408
<b>Total</b>	<b><u>382,374,058</u></b>	<b><u>141,797,662</u></b>

(\*) "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 Larrain Vial Group to its suppliers. Such accounts are paid at terms which do not exceed 30 days, without being subject to accrual of interest.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (22) Other short-term provisions

(a) As of December 31, 2019 and 2018, this caption comprises the following:

	<b>2019</b>	<b>2018</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>
Provision for bonuses	11,197,373	8,944,169
Accrued vacations	1,870,078	1,794,683
Other provisions	101,458	44,013
Total	<b>13,168,909</b>	<b>10,782,865</b>

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

(i) As of December 31, 2019

	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	8,944,169	20,378,503	(18,144,118)	18,819	11,197,373
Accrued vacations	1,794,683	2,314,028	(2,243,423)	4,790	1,870,078
Other provisions	44,013	101,457	(44,012)	-	101,458
<b>Total</b>	<b>10,782,865</b>	<b>22,793,988</b>	<b>(20,431,553)</b>	<b>23,609</b>	<b>13,168,909</b>

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (22) Other short-term provisions, continued

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

(ii) 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
<b>Total</b>	<b>9,131,938</b>	<b>61,400,933</b>	<b>(59,768,579)</b>	<b>18,573</b>	<b>10,782,865</b>

### (23) Other non- financial liabilities, current

As of December 31, 2019 and 2018, the detail of this caption is as follows:

	2019 ThCh\$	2018 ThCh\$
Other payables	24,645,149	10,525,316
Deferred income from the sale of property, plant and equipment	2,169,270	2,386,197
Total	<b>26,814,419</b>	<b>12,911,513</b>

### (24) Equity

As of December 31, 2019 and 2018, the detail of equity is as follows:

#### (a) Capital

As of December 31, 2019 and 2018, the Company's share capital amounts to ThCh\$22,835,975 and is composed of the following subscribed and paid shares:

	Number of shares	
	2019	2018
Series A	33,175,531	33,175,531
Series B	3,110,571	3,110,571
Total	<b>36,286,102</b>	<b>36,286,102</b>

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (24) Equity, continued

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 not 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.

#### (b) Other reserves

As of December 31, 2019 and 2018, this caption comprises the following:

	<b>2019</b>	<b>2018</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>
Opening balance	(1,769,244)	(2,373,366)
Translation adjustment from related parties	2,014,801	555,859
Financial assets at fair value through equity	2,122	(118,000)
Share of other comprehensive income of investments in companies	<u>1,476,502</u>	<u>166,263</u>
Total	<b><u>1,724,181</u></b>	<b><u>(1,769,244)</u></b>



## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (24) Equity, continued

#### (c) Non-controlling interests

As of December 31, 2019 and 2018, the detail of non-controlling interests is as follows:

	<b>2019</b> <b>ThCh\$</b>	<b>2018</b> <b>ThCh\$</b>
Opening balance	5,201,469	5,077,584
Dividend distribution	(870,914)	(924,554)
Other comprehensive income	-	-
Other increases (decreases) for other distributions to the owners	1,000,120	(983,011)
Share of profit or loss	<u>1,887,406</u>	<u>2,031,450</u>
Total	<b><u>7,218,081</u></b>	<b><u>5,201,469</u></b>

#### (d) Retained earnings

	<b>2019</b> <b>ThCh\$</b>	<b>2018</b> <b>ThCh\$</b>
Opening balance	96,379,235	84,305,654
Profit for the period	24,866,622	17,334,239
Reversal of 2018 dividends	5,700,000	5,407,342
Provision for dividends	(19,338,482)	(5,700,000)
Other movements in equity (*)	(22,300)	-
Dividends or withdrawals paid	<u>(11,528,707)</u>	<u>(4,968,000)</u>
Total	<b><u>96,056,368</u></b>	<b><u>96,379,235</u></b>

(\*) These movements correspond to equity effects under the equity method in some subsidiaries for ThCh\$(154,245) and the gain (loss) due to merger for ThCh\$131,945, see Note 2 a).

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (25) Revenue

As of December 31, 2019 and 2018, this caption is composed of the following:

	<b>2019</b> <b>ThCh\$</b>	<b>2018</b> <b>ThCh\$</b>
Revenue from fund income	56,619,263	46,362,116
Revenue from financial advisory services	35,134,872	31,480,113
Gain or loss from financial instruments	23,680,055	16,626,005
Revenue from brokerage services	9,253,592	9,171,299
Commission revenue	8,474,029	10,946,837
Other revenue	4,757,874	3,228,761
<b>Total</b>	<b><u>137,919,685</u></b>	<b><u>117,815,131</u></b>

### (26) Cost of sales

As of December 31, 2019 and 2018 the detail of cost of sales is as follows:

	<b>2019</b> <b>ThCh\$</b>	<b>2018</b> <b>ThCh\$</b>
Commission costs	(21,592,221)	(16,033,481)
Interest on obligations	(3,275,634)	(3,917,012)
Services on behalf of third parties	(3,440,874)	(2,718,244)
Other cost of sales	(559,343)	(304,952)
<b>Total</b>	<b><u>(28,868,072)</u></b>	<b><u>(22,973,689)</u></b>

### (27) Administrative expenses

As of December 31, 2019 and 2018, the detail of administrative expenses is as follows:

	<b>2019</b> <b>ThCh\$</b>	<b>2018</b> <b>ThCh\$</b>
Personnel expenses	(47,313,580)	(43,542,591)
Selling expenses	(21,920,590)	(22,416,500)
Other administrative expenses	(4,667,710)	(2,417,537)
<b>Total</b>	<b><u>(73,901,880)</u></b>	<b><u>(68,376,628)</u></b>

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (28) Finance costs

As of December 31, 2019 and 2018, the detail of finance costs is as follows:

	<b>2019</b> <b>ThCh\$</b>	<b>2018</b> <b>ThCh\$</b>
Interest paid	(1,423,628)	(1,033,924)
Bank expenses	(713,243)	(791,127)
Fee on revolving credit facility	(285,365)	(248,417)
Total	<u><b>(2,422,236)</b></u>	<u><b>(2,073,468)</b></u>

### (29) Commitments

#### Commitments entered into with financial institutions:

##### Banco Consorcio

The loan agreements signed by Larrain Vial SpA with financial institutions impose different obligations on the Company in addition to payment obligations, including the compliance with financial indicators of different types during the term of such contracts, which are common for these type of financing operations.

The Company must report compliance with these obligations on an annual basis. As of December 31, 2019, the Company complies with all the financial indicators required in such agreements. These indicators are as follows:

1. Consolidated indebtedness limit of long-term financial debt up to 40% of Equity.
2. Ratio of operating profit over financial expenses higher than 4 times.
3. Consolidated equity higher than ThCh\$90,000

### (30) Contingencies and commitments

#### (a) Direct commitments

As of December 31, 2019, the Larraín Vial Group maintains equity securities amounting to ThCh\$3,097,841 at the Santiago Stock Exchange to guarantee term operations.

On September 26, 2018, the Company entered into a guarantee contract referred to as "Guaranty" with Citigroup Inc. and each subsidiary. Such contract authorizes Larraín Vial S.A. Corredora de Bolsa to become a guarantor and co-debtor of all and every obligation arising from loans for debtors Larraín Vial Colombia S.A. Comisionista de Bolsa, Larrain Vial Investment Inc. and Larraín Vial Sociedad Agente de Bolsa S.A.

In 2016, the Company became guarantor of all and every obligation arising for Larraín Vial Securities US LLC from the obligations with MarketAxess Corporation; through the present date there are no specific assets or amounts committed, since there have been no transactions with MarketAxess Corporation.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (30) Contingencies and commitments, continued

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

As of December 31, 2019, the Group records no guarantees in favor of third parties.

#### (c) Legal

As of December 31, 2019, 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 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 (No.561-2016, accumulated under No.13.070-2015) submitted to the Court of Appeals of Santiago), currently in progress.

- (ii) Lawsuit No.2: "Basso against Ponce", Case 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 lawsuit. On February 28, 2017, the plaintiffs corrected the errors of the lawsuit. On November 26, 2018, the probative term finished, and on March 11, 2019 the Court summoned the parties to a settlement hearing, which has not been yet performed.

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

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (30) Contingencies and commitments, continued

#### (c) Legal, continued

##### **Lawsuit No.3: "Plaza against Larraín Vial S.A. Corredora", Case No. C-39.542-2018, filed at the 22th Civil Court of Santiago**

On August 8, 2019, Larraín Vial S.A. Corredora de Bolsa was noticed of a lawsuit for the designation of an arbitrator, presented by Mr. Ronnie Adelqui Plaza Rojas. On August 12, 2019, Larraín Vial S.A. Corredora de Bolsa filed a dilatory plea, opposing to the designation of the arbitrator, based, among other reasons, on the extinction of the mandate alleged by the plaintiff, absence of active legitimation, existence of a commercial and specific mandate, not a judicial mandate, and inexistence of an arbitration clause. On August 20, 2019, the Court decided to accept the plea filed by Larraín Vial S.A. Corredora de Bolsa, and therefore, invalidated the resolution that gave rise to the arbitrator designation request.

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

##### **Lawsuit No.4: "Larraín Vial S.A. Corredores de Bolsa de Productos against Pablo Massoud L y Cía Ltda.". Case No. C-3451-2019, filed at the 1st Civil Court of Melipilla.**

On August 26, 2019, Larraín Vial S.A. Corredores de Bolsa de Productos filed the preparatory procedures for the executive proceeding for the legal notification of invoices against Pablo Massoud y Compañía Limitada, for two unpaid invoices amounting to ThCh\$138,905,304. On September 26, 2019, the Court certified that no material falsification of invoices or the receipt of goods delivered or the service rendered was alleged, and the term for filing such arguments had already expired.

##### **Lawsuit No.5: "Larraín Vial S.A. Corredores de Bolsa de Productos against Pablo Massoud L y Cía Ltda.". Case No. C-4010-2019, filed at the 1st Civil Court of Melipilla.**

On September 30, 2019, Larraín Vial S.A. Corredores de Bolsa de Productos filed compulsory settlement lawsuit against Pablo Massoud y Compañía Limitada. On October 10, 2019, the initial hearing took place, in which the defendant made use of the bankruptcy proceeding for reorganization established in chapter III of Law 20.720. The Court accepted the defendant's request and stated the defendant made use of the reorganization proceeding, establishing a term of 20 days to present background information.

On October 18, 2019, the Court suspended the procedure for the duration of the bankruptcy finance protection, since reorganization resolution was issued in relation to the debtor, in case C-4062-2019 of the same Court. On October 25, 2019, Larraín Vial S.A. Corredora de Bolsa de Productos took part in the aforementioned cases to verify the loan that Pablo Massoud L. y Cía. maintains with such company Limitada for Ch\$1,967,536,239.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (30) Contingencies and commitments, continued

#### (c) Legal, continued

On January 30, 2020 the judicial reorganization agreement was approved, however, the resolution that approves the agreement in terms of Article 89 second paragraph Law 20.720 is still pending

**Lawsuit No.6: "Larraín Vial S.A. Corredores de Bolsa de Productos against Massoud". Case No/RIT No. O-10303-2019, Taxpayer ID 1910050988-4, filed at the 4th Supervisory Court in Preliminary Proceedings of Santiago.**

On October 15, 2019, Larraín Vial S.A. Corredores de Bolsa de Productos filed a criminal lawsuit against Pablo Ceferino Massoud Ladrón de Guevara, as perpetrator of acts showing typical characteristics of crime as established in Article 37 of Law No. 19.220, which regulates the establishment of agricultural product exchanges, and scam, and is also directed against all individuals who are responsible as authors, accomplices or cover-ups of the actions on which it is based.

#### (d) Collateral

As of December 31, 2019 and 2018, the Company has provided no collateral.

#### (e) Guarantees on transactions

(i) In conformity with Law No.18.045, as of December 31, 2019, the Company granted the following securities in guarantee:

	<b>ThCh\$</b>
Guarantee for stock trading operations:	
Non-adjustable promissory notes issued by the Central Bank of Chile Guarantee	5,156,373
Subtotal	<b>5,156,373</b>
Other guarantees:	
Deposit with Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation for US\$100,000	74,874
OP. SOMA debt security bond UF 10,500	297,254
OP. SOMA debt security bond UF 8,000	226,479
Effective guarantee	2,749,634
Guarantee	8,544,897
Conasev guarantee	-
Subtotal	<b>11,893,138</b>
Total	<b>17,049,511</b>

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

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (30) Contingencies and commitments, continued

#### (e) Guarantees on transactions, continued

##### (ii) Stockbroker integral insurance policies

- Insurance Policy for Electronic Equipment

Insurance company: Compañía de Seguros Generales Continental S.A:

Validity: from September 30, 2018 through September 30, 2019.

Policy holder: Asesorías Larrain Vial Ltda.

Amount insured: UF 28,819 (twenty eight thousand eight hundred and nineteen 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.

#### (f) Guarantees for funds managed

The amount of the guarantee will be the higher of UF 10,000 (ThCh\$283,099 as of December 31, 2019) and 1% of the average daily equity managed for the prior calendar year at the update date.

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

On January 10, 2019, Larrain Vial Asset Management Administradora General de Fondos S.A. renewed the guarantees for each Fund managed through January 10, 2020, in favor of Larrain Vial 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, 2019, Larrain 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
57304804	UF163,532	Investors whose funds are managed by the Company	CorpBanca	January 10, 2020

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (30) Contingencies and commitments, continued

#### (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.

#### (i) Comfort letters (CL)

As of year-end December 31, 2019, the Company has provided the following Comfort Letters (CL):

- (i) Collateral granted by Larraín Vial S.A. Corredora de Bolsa on October 28, 2016, in favor of MarketAxess Corporation to guarantee compliance with obligations of LarraínVial Securities US LLC.
- (ii) CL dated March 3, 2017, granted in favor of Banco BICE, which indicates that the Company is obliged to maintain a 75% ownership on LVCC Asset Management S.A., and the latter a 99.987% ownership on LarraínVial Asset Management Administradora General de Fondos S.A., for as long as this company maintains obligations outstanding with the Bank.
- (iii) CL dated January 23, 2018, granted in favor of Banco de Crédito del Perú which indicates that the Company is obliged to maintain at least 51% of authorized and issued shared capital of LARRAIN VIAL SOCIEDAD AGENTE DE BOLSA S.A. ("SAB"); maintain the effective control on SAB's management agencies; provide technical assistance as required by SAB; subordinate all payments, debts, dividends due by SAB in favor of its individual ownership interest solely if SAB fails to comply with its bank borrowings as agreed; no circumstance is foreseen where SAB will fail to comply with its obligations and liabilities with the Bank.

This CL expires on January 23, 2020.

- (iv) CL dated February 8, 2018, granted in favor of Fondo Bursátil IShares COLCAP and Fondo Bursátil MSCI Colombia Risk Weighted ETFs represented by CITIVALORES Comisionista de Bolsa., to meet the obligations of LARRAÍN VIAL COLOMBIA S.A. COMISIONISTA DE BOLSA.
- (v) CL dated March 14, 2018, granted in favor of Banco BICE, which indicates that the Company is obliged to maintain a 80% ownership on Activa SpA, and the latter a 51% ownership on Administradora FEN Capital S.A., for as long as this company maintains obligations outstanding with the Bank.



## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2019 and 2018

### (30) Contingencies and commitments, continued

#### (i) Comfort letters (CL), continued

- (vi) CL dated March 21, 2018, granted in favor of Banco Davivienda S.A., 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, granted in favor of Administradora de Fondos de Pensiones Cuprum to meet 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 dated July 23, 2018, granted in favor of Banco Interamericano de Finanzas, which indicates that the existing relationship with Larraín Vial Sociedad Agente de Bolsa S.A. cannot be modified and specially its ownership in the share capital of such Company cannot decrease under the percentage existing at the granting date of the CL.
  - (ix) CL dated August 2018, granted in favor of Pershing LLC, to be responsible for debts assumed by LarrainVial Securities US LLC.
  - (x) Collateral granted by Larraín Vial S.A. Corredora de Bolsa dated September 26, 2018, in favor of Citigroup Inc., to ensure the obligations of Larraín Vial Colombia S.A. Comisionista de Bolsa, Larraín Vial Investment Inc. and Larraín Vial Sociedad Agente de Bolsa S.A.
  - (xi) CL dated August 19, 2018, granted in favor of Bancolombia S.A. corresponding to a Irrevocable Commercial Purchase Offer of all and any enforceable obligation in charge of Larraín Vial Colombia S.A. Comisionista de Bolsa.
  - (xii) CL dated November 8, 2018, granted in favor of Banco de Bogotá, to be responsible for the obligations of LARRAÍN VIAL COLOMBIA S.A. COMISIONISTA DE BOLSA., for an amount of up to COP\$22,800,000,000 (twenty two thousand eight hundred million of Colombian pesos).
- This CL expires on November 8, 2020.
- (xiii) CL dated November 26, 2018, granted in favor of Banco de Chile, which indicates that the Company is obliged to maintain control of Larraín Vial S.A. Corredora de Bolsa.
  - (xiv) Indemnity and Guarantee Contract dated March 19, 2019, granted in favor of MACQUARIE BANK LIMITED (Australia), to be responsible for the obligations of Larrain Vial Investment Inc. for an amount of up to US\$25,000,000.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
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### (30) Contingencies and commitments, continued

#### (i) Comfort letters (CL), continued

- (xv) CL dated March 20, 2019, granted in favor of Banco Interamericano de Finanzas (Peru) which indicates that the Company is obliged to maintain ownership until the payment of the total obligations assumed by Larraín Vial Sociedad Agente de Bolsa S.A. for US\$10,000,000.
- (xvi) Loan assumed on March 29, 2019 with Banco Consorcio S.A. for Ch\$15,500,000,000.
- (xvii) CL dated June 21, 2019, granted in favor of Sociedad Administradora de Fondos de Pensiones y Cesantías PORVENIR S.A., which indicates that the Company is obliged to guarantee the compliance with obligations and operations that Larraín Vial Securities US LLC performs in the development of its corporate purpose with Porvenir and its funds, for an amount of up to US\$10,000,000.  
  
This CL expires on June 21, 2021.
- (xviii) CL dated November 25, 2019, granted in favor of Banco de Crédito del Perú, which indicates the Company is obliged to maintain ownership of Larraín Vial Sociedad Agente de Bolsa S.A., to the extent that the latter maintain as debtor any obligation pending of payment in favor of Banco de Crédito del Perú.  
  
This CL expires on November 25, 2021.
- (xix) CL dated March 12, 2020, granted in favor of Banco Interamericano de Finanzas (Peru), which indicates the Company is obliged to maintain ownership until the total payment of loan obligations assumed by Larraín Vial Sociedad Agente de Bolsa S.A. is made for the amount of US\$15,000,000 (this CL updates and supersedes the prior CL dated March 20, 2019, granted in favor of Banco Interamericano de Finanzas).

### (31) Environment

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

### (32) Sanctions

As of December 31, 2019 and 2018, the Larraín Vial Group, its directors or managers have not been imposed any significant sanction of any nature by regulatory entities.

## LARRAIN VIAL SPA AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
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### **(33) Significant events**

On June 24, 2019, Larraín Vial SpA acquired 99 shares equivalent to 99% of Alcalá Inversiones S.A. and Asesorías Larraín Vial Limitada acquired one share, equivalent to 1% of such share.

As of December 31, 2019, the Company records no significant events.

### **(34) Subsequent events**

Lawsuit No. 5 "Larraín Vial S.A. Corredores de Bolsa de Productos against Pablo Massoud L y Cía. Ltda.". Case No. C-4010-2019, filed at the 1st Civil Court of Melipilla. On January 30, 2020 the judicial reorganization agreement was approved, however, the resolution that approves the agreement in terms of Article 89 second paragraph Law 20.720 is still pending

On March 11, 2020, the WHO declared the outbreak of Covid-19 as a "pandemic", mainly due to the significant expansion that it has had worldwide, which has led different governments and companies from the private sector in the most affected countries or zones to take measurements (Southeast Asia, Italy, Spain, United States, among others).

Measurements taken to respond to the outbreak have generated volatility and uncertainty in financial markets worldwide. Larraín Vial SpA and subsidiaries, will maintain a strict follow-up of this situation, in order to perform an appropriate and timely recognition in the Company's financial statements of the possible effects of an increase in the volatility of currencies, falls in financial investment market values, low demand of instruments, among others.

It is important to note that Larraín Vial SpA and subsidiaries have implemented an Operating Continuity Plan.

In Management opinion, between December 31, 2019, 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.