Annual Report 2019

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CREATING VALUE

DCV REGISTROS

Letter from the CEO

"DCV Registros will continue to focus on delivering safe and high-quality services, supporting the critical role played by its parent company, Depósito Central de Valores S.A., within the Chilean financial system."

Dear shareholders:

I present to you the first Annual Report of DCV Registros S.A. which gives an account of its performance during the year 2019.

Since the Company began operating in 2001, its purpose has been to facilitate the administration of shareholders registers of corporations in an integral manner and one place. This has allowed participants to mitigate risk, reduce costs and increase process effectiveness.

Due to the latter the Company is compromised with the delivery –to clients and the market- of the highest quality standards in terms of service and security, with the goal of providing safekeeping and trust in the care of securities.

As a subsidiary of DCV, the priority has always been and will be, service quality, an attribute that DCV Registros seeks to maintain and measure periodically.

During 2019, 60 new clients were added to the register administration totaling 724. This figure involves over 262 thousand shareholders of corporations and funds and compares favorably with the 586 registers outstanding as of the end of 2018.

During the period, the Company conducted 235 shareholders meetings (241 in 2018) and executed 156,281 dividend payments to shareholders (155,996 in 2018). The total amount involved in these processes reached $968,197 million ($900.917 million the previous year).

Net income for the year 2019 reached $124 million, a 9% increase compared to 2018. Ebitda was 12% higher, reaching $231 million.

Regarding operating income, principal revenues were derived from fixed administration fees (71%), mechanization, printing and postage services (8%), fees for shareholders meetings (5%), legal reports fees (5%) and dividend payment fees (5%).

I would like to highlight the movement of Company operations from their traditional location at downtown Santiago to the Providencia neighborhood, in a process started in 2019 and that ended in February 2020.

I conclude these remarks stating that DCV Registros will continue to focus on delivering safe and high-quality services, supporting the critical role played by its parent company DCV S.A. within the Chilean financial system. Before and now, this has only been possible since it has a team of employees whose capacity and dedication have led this Company to be in an outstanding position in the local market.

Fernando Yáñez González

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ABOUT DCV REGISTROS

DCV Registros was born to facilitate the administration of stock company's shareholders' registers in an integral manner and a single place.

Identification of DCV Registros

Business name: DCV Registros S.A.

Invented name: DCV Registros

Type of corporation: Private stock company

Legal address: Av. Los Conquistadores 1730, 24th floor, Providencia, Santiago

Tax ID number: 96.964.310-3

Company duration: indefinite

Contact details:

Shareholders
atencionaccionistas@dcv.cl
+56 223 939 003

Issuers
atencionemisores@dcv.cl
+56 223 939 003

Depositors
mac@dcv.cl
+56 223 939 001

Website: www.dcv.cl

DCV Registros S.A. is a private stock company incorporated under Law N° 18,876 of 1989, its rules and regulations set forth by the Financial Market Commission (*Comisión para el Mercado Financiero - CMF*).

The company's purpose is exclusively to deliver shareholders register services. That is, the administration, management and holding of shareholders registers of stock companies, mutual funds and foreign securities, among others, and perform all related acts with the aforementioned activities.

About the incorporation

The Company was incorporated by public deed dated April 10, 2001, granted at the Notary Office of René Benavente Cash, as "DCV Registros S.A.", subsidiary of *Depósito Central de Valores S.A., Depósito de Valores* (DCV), with the purpose of offering shareholders register services.

Its incorporation was authorized and its bylaws approved by Resolution N°223 dated July 5, 2001, by the *Superintendencia de Valores y Seguros*, today the Financial Market Commission.

The corresponding record was written on page 17,754 under N°14,266 of the Commercial Register of Santiago's Real Estate Register on July 11, 2001, and published in the Official Gazette on July 17, 2001.

Amendments

The last amendment of the bylaws was registered on a public deed dated August 27, 2014, granted at the Notary Office of René Benavente Cash and approved by Resolution N°044 dated February 19, 2015, by the *Superintendencia de Valores y Seguros*.

The corresponding record was written on page 16,887 under N°10,350 of the Commercial Register of Santiago's Real Estate Register on February 26, 2001, and published in the Official Gazette on March 3, 2015. The purpose of the amendment was to reduce the number of directors.

The Company is a subsidiary of *Depósito Central de Valores S.A., Depósito de Valores*, which was incorporated by public deed dated March 15, 1993, granted at the Notary Office of René Benavente Cash and an extract published in the Official Gazette on March 22, 1993.

Historic highlights

2000

At the beginning of the year, DCV S.A. starts the shareholders register service for public stock companies with Endesa and its subsidiaries as clients. At the end of the year, total issuers reached 42.

2001

In April, DCV S.A. incorporated the subsidiary DCV Registros S.A. to facilitate the administration of shareholders registers of stock companies and investment funds in an integral manner.

At the end of the year Stock was acquired, a company with 32 clients.

Acquisition of Comber y Cia. Servicios Accionarios, incorporating 40 additional public stock companies and investment funds to the portfolio. The year ended with 91 issuers.

2002

Eight new clients were added, totaling 108 registers under administration.

2004

In December the acquisition of BPO Sonda S.A. was completed.

2005

Development of systems for shareholders and issuers, adding value to the services offered to the aforementioned.

Implementation of operational infrastructure to assimilate the impacts of months with higher volumes of shareholders meetings and dividend payments.

2015

Of the 165 shareholders meetings carried-out by our clients, 145 were conducted by DCV Registros, equivalent to 88%.

2016

Electronic Pledge Register: The *Depósito Central de Valores* and the *Asociación de Bancos e Instituciones Financieras* (ABIF) worked together in the implementation of the Electronic Pledge Register (*Registro Electrónico de Prendas – REP*) for making and releasing pledges.

2017

DCV Registros achieves record business figures and also notably increases the number of registers under management, reaching **560**.

Beginning of market-oriented projects: contribution and redemption services of mutual fund units with financial instruments, automatic contribution and redemption services of stock options and automatic reports for DCV Registros' clients.

2018

CGE Group (Compañia General de Electricidad) and its subsidiaries become clients for the administration of their shareholder registers. This includes CGE S.A., Empresa Eléctrica Magallanes S.A., Empresa de Transmisión Eléctrica S.A., CGE Magallanes, CGE Argentina and CGE Gas Natural S.A.

2019

During the period, DCV Registros adds **58 new companies** between stock companies and investment funds.

New offices: DCV teams located at the traditional offices in downtown Santiago (Huerfanos 770), will move to modern facilities located at the new Santa María Tower (Av. Los Conquistadores 1730, Providencia). Two floors will house the DCV Registros subsidiary, as well as the custody and the Comptroller and Human Resources divisions.

Financial highlights

	2017	2018	2019
N° of registers under management	486	586	724
N° of shareholders (thousands)	219	221	262

02

CORPORATE GOVERNANCE

DCV Registros' commitment is based on the quality and security of its operation for clients.

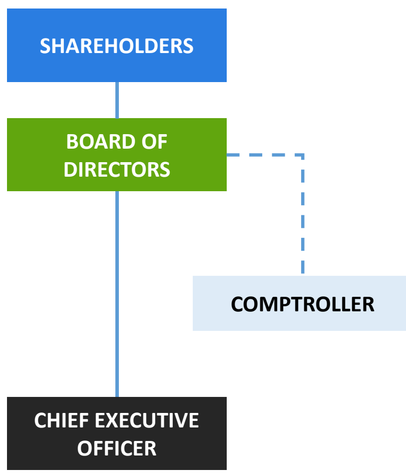
Governance bodies

The structure of the Company's corporate governance was established in its bylaws. According to the latter, the Company is managed by a Board of Directors, which in turn delegates on a CEO and senior executives the Company's day-to-day management.

The Company's management is carried out by the Board of Directors and senior management of its parent company Depósito Central de Valores S.A., Depósito de Valores.

In addition to the Board, there are four committees comprised of a smaller number of board members:

- Audit and Operating Risk Management Committee
- Technology and Processes Committee
- Businesses Committee
- Compensation and Human Resources Committee



Shareholders and ownership of DCV Registros

As of December 31, 2019, total paid-in capital amounts to M$863,930 divided into 2,600,000 nominative shares, of the same value and without par value, all subscribed and paid. Of these, 2,599,999 shares belong to *Depósito Central de Valores S.A., Depósito de Valores* and one share to *Servicios ABIF S.A.* The latter company belongs to the *Asociación de Bancos e Instituciones Financieras de Chile A.G.*

Description of share series

The Company has a sole share series without nominal value, each share with one voting right. There are no public shares and the Company is not in the process of issuing stock to the general public.

Due to the latter, the earnings per share calculation does not take into account the weighted average number of shares outstanding, but rather the total amount of shares outstanding, when considering earnings attributable to total shareholders. The Company has not issued debt or other equity securities, hence there are no diluting effects on per-share earnings.

Shareholders meetings

Shareholders meet at ordinary and extraordinary meetings called upon by the Board. Ordinary meetings must be held no later than April 30 of each year and they must pronounce, among other issues, about the Company's situation and the report from the external auditors; approve the annual report and financial statements; the payout of each year's earnings; the election and removal of board members; and in general, any issue of interest to the Company, except those that should be seen at an extraordinary meeting.

As well, they must annually appoint independent external auditors with the purpose of reviewing the Company's balance and other financial statements and then inform on writing to the following shareholders meeting.

An Extraordinary Shareholders Meeting will be held if determined by the Board of Directors or is called upon by shareholders that represent at least 10% of the shares with voting rights, to review the said issues as stated by law, Company by-laws, or the Board.

On March 26, 2019, was held the 2019 ordinary shareholders meeting. The session was attended by 100% of the shareholders. The annual report, the financial situation and the external auditor's report regarding 2018 were approved at this meeting. As well, board members were elected and their compensation was approved for the 2019 period and a dividend payment was agreed upon. Also, the external auditor for the 2019 exercise was appointed.

Board of Directors

According to its bylaws, DCV Registros is managed by a Board of Directors comprised of 10 members, elected by the shareholders meeting, who may or may not be shareholders.

Board members serve for two-year terms and may be re-elected indefinitely. At the end of their term, the Board must be completely renewed. In case of a board member vacancy, the whole Board must be renewed no later than 30 days at a shareholders meeting.

At the first board meeting to take place after the election, the Board must elect among its members a Chairman and a Vice-chairman.

Board meetings may be ordinary or extraordinary. The former are held at least once a month.

Extraordinary board meetings are held when called by the Chairman, when asked for by two or more board members, or when summoned directly by an absolute majority of board members.

At the shareholders' meeting held on March 26, 2019, the following persons were elected as board members:

Chairman

Sergio Baeza Valdés

Business Administrator from the Pontificia Universidad Católica de Chile, with a post-graduate degree from the University of Notre Dame in the United States, studies at the École Nationale de la Statistique et de L'Administration Économique de París, France, and an Advanced Management Program at Harvard Business School. He participated in the creation of the Chilean private pension fund system and has been chairman of the Asociación de AFP de Chile, AFP Santa María, Aetna Seguros Generales, ING Seguros de Vida, ING Créditos Hipotecarios, Isapre Cruz Blanca and Icare.

Date of the first election to the Board: April 2001
Date elected to the Board: March 26, 2019

Vice-chairman

Arturo Concha Ureta

Business Administrator and Public Accountant from the Pontificia Universidad Católica and ISMP Harvard Business School. Currently serves as board member of the Bolsa Electrónica de Chile S.A. and Inmobiliaria Manquehue S.A. Also, he is chairman of the boards of Cámara de Compensación de Pagos de Alto Valor S.A. (ComBanc), ComDer Contraparte Central S.A., Comercial Promociones y Turismo S.A., Travel Club and Duty Free S.A. He is a board member of DCV since January 1994 and its vice-chairman since March 2013.

Date of the first election to the Board: April 2001
Date elected to the Board: March 26, 2019

Board members

Juan Andrés Camus Camus

Business Administrator from the Pontificia Universidad Católica de Chile. Founding partner of Celfin Capital in 1988 and CEO until 2008. Chairman of BTG Pactual-Chile until 2016, an entity that merged with Celfin Capital in 2012. He is a member of the Directive Council of the Centro de Estudios Públicos, board member of the Santiago Stock Exchange since April 2010, and its chairman since April 2014.

Date of the first election to the Board: March 2017
Date elected to the Board: March 26, 2019

Mario Gómez Dubravic

Business Administrator from the Pontificia Universidad Católica de Chile, with post-graduate studies at Universidad de los Andes. Currently he serves in the boards of BCI Bank, Empresas JY S.A. and Inmobiliaria JY. He is also chairman of Administrador Financiero del Transantiago S.A. (AFT) and Artikos Chile S.A.

Date of the first election to the Board: May 2001
Date elected to the Board: March 26, 2019

Jorge Claude Bourdel

Civil Engineer from the Universidad de Chile. Since 2001 he is executive vice-chairman of the Asociación de Aseguradores de Chile.

Date of the first election to the Board: April 2001
Date elected to the Board: March 26, 2019

José Antonio Martínez Zugarramurdi

Civil Engineer from the Universidad de Chile and Master in Business Law from the Universidad Adolfo Ibáñez. He currently is the CEO of the Santiago Stock Exchange, a position he has held since 1998.

Date of the first election to the Board: April 2001
Date elected to the Board: March 26, 2019

Fred Meller Sunkel

Business Administrator from the Universidad Central de Chile. He has served as General Director at Santander Corporate and Investment Banking (CIB) since January 2011. Previously, he was responsible for the Markets Division for Europe and UK at Santander Bank (Spain). He also led the treasury area, was in charge of the Financial Direction of Banco Santander Chile and was CEO of Santander Agente de Valores. Currently he is chairman of Santander S.A. Corredores de Bolsa.

Date of the first election to the Board: October 2008
Date elected to the Board: March 26, 2019

Jaime Munita Valdivieso

Business Administrator from the Universidad Finis Terrae and MBA from the Universidad Adolfo Ibáñez. He was Country Head at Compass Group, CEO of Corpbanca in Colombia and board member of Celfin Capital. Currently he serves as CEO of AFP Capital.

Date of the first election to the Board: March 2019
Date elected to the Board: March 26, 2019

Cristián Rodríguez Allendes

Business Administrator from the Pontificia Universidad Católica de Chile. Currently he is chairman of the board of AFP Habitat, having previously served as CEO of the company.

Date of the first election to the Board: March 2019
Date elected to the Board: March 26, 2019

Guillermo Tagle Quiroz

Business Administrator from the Universidad Católica de Chile and MBA from the University of California, Los Angeles (UCLA). Currently he is president of IM Trust – Credicorp Capital (2015 to date) and of the Consejo Consultivo Mercado de Capitales of the Ministry of Finance (2008 to date) and serves as board member at the Bolsa Electrónica de Chile and Inbest Chile. In addition, he is vice-chairman of the Fundación de Egresados de la Facultad de Economía de la Pontificia Universidad Católica de Chile. Previously he was Research Director at Santander Investment (1994-2000), General Director of IM Trust (2006-2015) and board member of CFR Pharmaceuticals (2010-2014).

Date of the first election to the Board: March 2007
Date elected to the Board: March 26, 2019

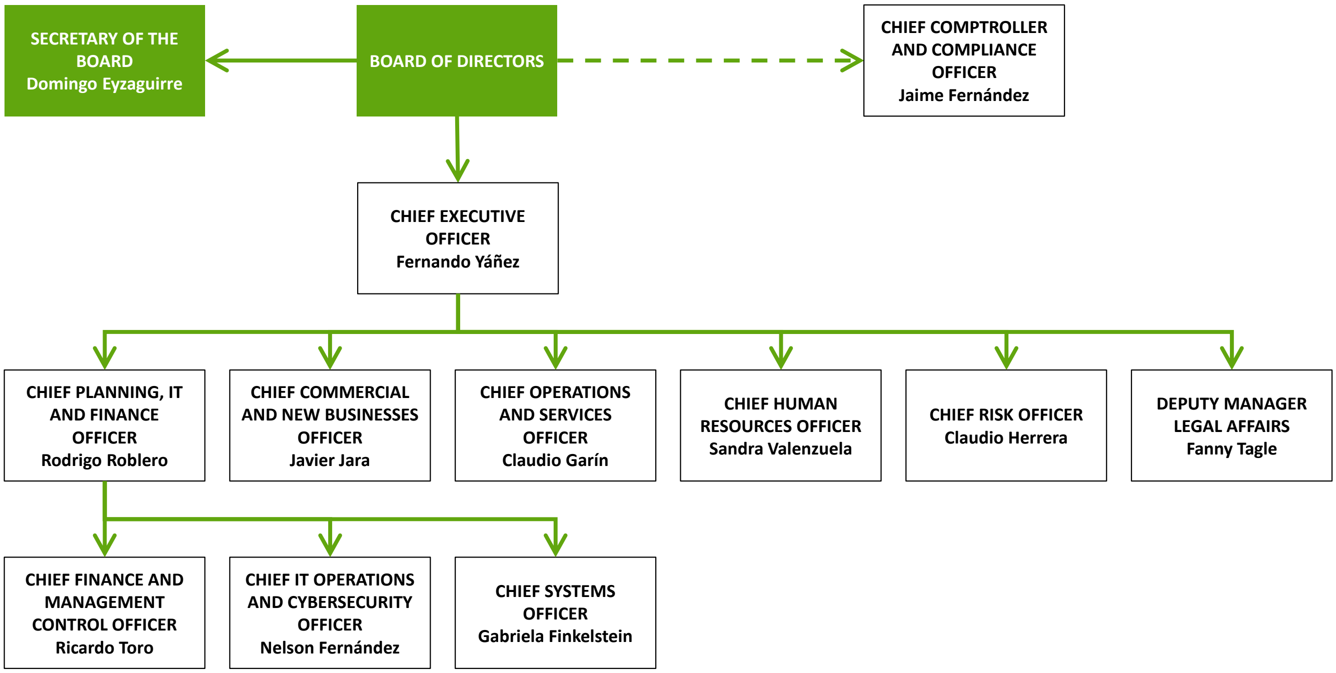
Board diversity

Gender	0 Women	10 Men			
Nationality	10 Chilean	0 Foreigners			
Age	0 Between 41 and 50 years of age	3 Between 51 and 60 years of age	6 Between 61 and 70 years of age	1 More than 70 years of age	
Service years	2 Less than 3	1 Between 3 and 6	0 Between 7 and 8	1 Between 9 and 12	6 13 or more

Board members over the last two years

RUT	Name	Profession	Position	Election date	End of term
5.572.979-4	Sergio Baeza Valdés	Business administration	Chairman	03/26/2019	
5.992.845-5	Arturo Concha Ureta	Business administration	Vice-chairman	03/26/2019	
6.370.841-0	Juan Andrés Camus Camus	Business administration	Director	03/26/2019	
6.348.784-8	Jorge Claude Bourdel	Civil engineer	Director	03/26/2019	
5.865-947-9	Mario Gómez Dubravcic	Business administration	Director	03/26/2019	
8.419-520-0	José Antonio Martínez Zugarramurdi	Business administration	Director	03/26/2019	
9.976.183-0	Fred Meller Sunkel	Business administration	Director	03/26/2019	
11.477.182-1	Jaime Munita Valdivieso	Civil engineer	Director	03/26/2019	
7.687.468-9	Cristián Rodríguez Allendes	Business administration	Director	03/26/2019	
8.089.223.3	Guillermo Tagle Quiroz	Business administration	Director	03/26/2019	
5.892.815-1	José Arturo del Río Leyton	Business administration	Director	08/23/2011	03/26/2019
7.382.629-2	Juan Carlos Reyes Madriaza	Civil engineer	Director	08/23/2011	03/26/2019

Organization chart



Senior management

The parent company has ten senior managers who serve at executive positions in the company.

Fernando Yáñez González
Chief Executive Officer
RUT: 6.374.964-5
Profession: Civil Engineer
Date of appointment: 03/21/1993

Rodrigo Roblero Arriagada
Chief IT, Planning and Financial Officer
RUT: 10.895.776-K
Profession: Business Administration, Master in Applied Economics in Public Policy, Universidad Alberto Hurtado (2010), MBA, ESADE Barcelona (2000), Master in Tax Law (2004).
Date of appointment: 08/11/2003

Javier Jara Traub
Chief Commercial and new Businesses Officer
RUT: 8.510.133-1
Profession: Lawyer, MBA program, Universidad Adolfo Ibáñez of Management INC (2010)
Date of appointment: 03/26/2007

Sandra Valenzuela Nievas
Chief Human Resources Officer
RUT: 10.412.118-7
Profession: Accountant-Auditor, Psychologist (graduate), Universidad de las Américas (2008).
Date of appointment: 10/01/2013

Claudio Garín Palma
Chief Operating Officer
RUT: 9.769.725-6
Profession: Business Administration
Date of appointment: 03/01/2011

Jaime Fernández Morandé
Chief Comptroller and Compliance Officer
RUT: 7.006.397-2
Profession: Execution Engineer in Computer Science, Master in Company Administration, Universidad Adolfo Ibáñez (2010).
Date of appointment: 05/07/2012

Claudio Herrera Calderón
Chief Risk Officer
RUT: 11.862.871-3
Profession: Accountant-Auditor
Date of appointment: 11/01/2018

Ricardo Toro Dubó
Chief Financial and Management Control Officer
RUT: 12.104.077-8
Profession: Accountant-Auditor, Master in Financial Direction, Universidad Adolfo Ibáñez (2005), Executive MBA, Universidad Adolfo Ibáñez (2010), Master in Business Law, Universidad Adolfo Ibáñez (2017)
Date of appointment: 11/01/2018

Gabriela Finkelstein Moranzoni
Chief Systems Officer
RUT: 21.153.828-7
Profession: Bachelor in Computer Science
Date of appointment: 12/01/2014

Nelson Fernández Benavides
Chief IT Operations and Cybersecurity Officer
RUT: 10.829.874-K
Profession: Civil Engineer
Date of appointment: 08/13/2012

Domingo Eyzaguirre Pepper
Secretary of the Board
RUT: 7.176.907-0
Profession: Lawyer
Date of appointment: 03/1993

03

BUSINESS SCOPE

DCV Registros inaugurated its new offices in Providencia.

Scope of action

Industrial sector

DCV Registros carries out its economic activities within the financial sector, specifically in the register administration market, offering services to diverse companies across all economic sectors in the country.

The Company's current activities consider offering services locally. Also, the Company faces uniform risks and regulations related to a specific geographic area and a single operating segment.

Production processes associated with the offering of services are based on a technological and administrative infrastructure shared with its parent company, while base operating assets are common across the organization and are not associated with specific services.

Activities and businesses

DCV Registros carries out its activities in Chile, which correspond to the administration of shareholder registers. This allows stock companies and investment funds to outsource a specialized activity that is not part of their core business, thus being able to redirect productive capacities to their respective business areas.

Offered services

Shareholders register

DCV Registros has an infrastructure that allows it to provide an important contribution to the administration of registers, delivering security, safeguard and care to the securities of each shareholder.

The latter facilitates the administration's tasks and access to information for issuers and shareholders.

- Transfers of equity and investment fund units.
- Issuance and administration of securities.
- Dividend payments and payments to Chilean firefighters.
- Update of information provided by investors and issuers.
- Automated update of stock exchange transactions.
- Issuance of tax-related information.
- Liens and prohibitions register.
- Legal background review and issuance of legal reports.
- Crossing of shareholders, agents and beneficiaries' databases with the lists defined in Oficio Circular 700.
- Recording of marks in the Shareholders Register Information System (*Sistema de Administración de Registro de Accionistas – SARA*).
- Monthly update of information with the close of the Shareholders Register and/or each time ONU tables are updated.

Other Shareholders Register optional services

- Stock and rights issuance.

Shareholder monitoring

To comply with the regulation issued by the CMF through Oficio Circular 700 dated October 18, 2011, DCV Registros developed a Shareholders Registry Monitoring Service.

Annual tax declaration

Delivery of dividend information in compliance with regulation from the Servicio de Impuestos Internos (Internal Revenue System – SII).

Services:

- Annual tax declaration.
- Tax annexes.
- Rectified issuers.

Sworn statements

DCV Registros collects information for the issuance of sworn statements in connection to the annual tax declaration process for the issuers of registers under management, as well as for certificates for their respective shareholders.

Shareholders meetings

Exchange of shares, right of withdrawal, share auctions, mergers and public offers of share acquisition.

Mission, vision and values of DCV Registros

DCV Registros was born in 2001 to facilitate the administration of shareholder registers of stock companies and investment funds in an integral manner, in a single place, helping to reduce associated times, costs and risks, committing high-quality service and security standards.

Mission

To be a provider of shareholders register services in the local market, complying with the highest standards in terms of security, availability, efficiency and quality.

Vision

To be a highly efficient institution that delivers excellent service quality and innovative solutions to capital markets.

Values

DCV Registros values':

Commitment: Commit with the challenge of fulfilling the Company's vision and mission, each one contributing from its function, with the best disposition and effort.

Respect: Recognize the value of all people and their contribution, reflecting cordiality and openness in their actions.

Ethics: Act righteously and honestly, procuring to always be consistent in statements and actions.

Excellence: Put maximum effort to deliver the highest quality in all services and activities.

Responsibility: Comply with obligations with a high sense of duty and professionalism, undertaking actions seriously and consequently.

Strategic pillars

The Company's infrastructure allows it to provide the register administration service delivering security, safeguard and care for each shareholder's securities, facilitating the administration's tasks and access to information for issuers and shareholders.

Operational continuity

Within the day-to-day activities of each of DCV's functions, operational continuity is strategic for the sustainable development of the Company and its long-run viability. This considers information security and service availability with capacity according to market requirements.

Technological development

For the future of the Company, technological development is fundamental to maintain a day-to-day architecture that delivers flexibility, continuity and medium-term projection.

Product and business development

Work together with the market to provide inherent and complementary services (NCG 220) that allow revenue diversification for DCV, improve existing ones and increase the offer of infrastructure to the capital market.

Service quality

Client service and knowledge are strategic for the creation of strong bonds and trust with the market and contribution to its integral development.

Risk administration

Adequately manage risks faced by DCV, deliver to the market higher certainty about the Company's operational continuity and generate trust in shareholders and other stakeholders.

Efficiency

Provide services and solutions that take advantage of DCV's scale economies with an adequate use of resources, directing efforts to the reduction of the Company's operating costs as well as the market's.

Business model

Stock companies and investment funds must maintain updated shareholders registers to comply with current applicable regulation, and more importantly, keep control of the different processes relative to ownership and capital events, such as securities issuances and dividend payments. DCV Registros offers its clients the possibility to outsource these processes concentrating on the development of their businesses. Given the Company's expertise and position in the market, it is capable of operating efficiently, transparently and coordinated with other market entities, creating value to its clients and shareholders.

Company progress

"The building in which the new facilities of DCV Registros are located counts with LEED certification, which among other things, measures the efficient use of energy and water, the correct use of materials, and waste management in construction and the overall environment within the building."

The Company's activity during 2019 showed an important increase despite the economic deceleration. Net income for the period reached $1,488 million, 7.3% higher than the previous year.

This result is a consequence of a 9.3% increase in consolidated revenues which totaled $5,698 million. In turn, the latter is due to a 13.7% increase in revenues from the administration of shareholders registers, the Company's principal source of income.

During the period, DCV Registros totaled 724 clients, 58 more than the previous year, representing close to 70% of the market.

The larger revenues were partially compensated by an increase in operating costs, in particular by a 9.1% expansion in employee benefit expenses ($1,744 million), higher expenses by nature (+5.2%) and higher depreciation and amortization expenses (+118.3%) associated with the relocation to the new offices at Torre Nueva Santa María and the impact generated by the application of IFRS 16 related to the accounting treatment of leases.

All in all, the operating result reached $1,024 million, 11.9% above last year's figure. On the other hand, pretax income was up 9.3% to $2.024 million. The difference is due to the financial cost of the lease of the new offices and a loss on inflation adjusted units compared to a gain on the previous year. Finally, tax expenses climbed to $533 million, 9.8% higher than in 2018, yielding a 26.5% effective tax rate.

DCV Registros' clients

DCV Registros is born to facilitate the administration of shareholders registers of stock companies and investment funds in an integral manner and a single place, helping to reduce associated times, costs and risks, and committing high-quality service and security standards.

The Company's infrastructure allows it to provide the register administration service delivering security, safeguard and care for each shareholder's securities. Also, it facilitates the administration's tasks and access to information for issuers and shareholders, with the confidence of being supported by an expert, exclusively dedicated to this service during the last 20 years.

Commercial work focuses on the search of clients, geared towards stock companies that offer the chance of conducting a public offering or that currently keep their register internally, investment funds and others.

As a subsidiary of DCV, the company has an important focus on service quality, with the latter being one of the attributes it seeks to maintain and measure periodically. Service channels stand out together with the importance of maintaining, first of all, security for issuers and shareholders.

04

RISK MANAGEMENT

During almost 20 years, DCV Registros has built an infrastructure to deliver register administration services to shareholders, providing security and trust.

Risk management

DCV Registros adheres to its parent company Depósito Central de Valores' risk management model.

Thus, the subsidiary's services are supported by DCV's infrastructure, with the latter being the company that obtains the certifications detailed further on.

Principal risks

Among the principal risks managed within the Company are operational, regulatory and continuity risks, and service security.

Operational risk management framework

With regards to the operational risk management framework, the Company complies with CMF's Rule N°1939 for Operational Risk Management in depository and custody of securities entities, and Rule N°2237 which establishes, for depository and custody of securities entities, the obligation to observe the international standards of financial markets infrastructure principles.

International standards

The Company has implemented an integrated risk management system based on international standards:

- ISO 31000 for risk management
- ISO 22301 for business continuity management
- ISO 27001 for information security

DCV Registros has a computer system in which risk management and its different dimensions are managed on a centralized basis with an integrated risk view, allowing the monitoring of its risks.

Cybersecurity risk

During the period, cybersecurity and technological risks were added to the risk management framework, considering ISO 27302 as a benchmark, which has allowed to include specific risk categories. The latter is based on the integrated risk management model, through threat analysis, scenarios and assessment of critical assets, thus allowing the prioritization of risks and problems associated with cybersecurity and IT risks.

In addition, the IT Operations Division incorporated and strengthened cybersecurity management as a specific issue with dedicated resources.

Risk management governance

Within the Risk Management Governance structure are defined the roles of each actor that participates in its definition and management. It is integrated by the board of the Company, the Audit and Risk Committee of its parent company, the Risk Management Committee, the Risk Management area, the Comptroller and employees.

Risk levels

The Board of Director's current accepted risk policy is of a moderate level, establishing a 5% tolerance level for residual risk and 3% for the live or materialized risk.

The Company's risk levels are reviewed every month, both for potential and materialized risks.

Mitigation measures

Within the different committees, mitigation measures consider the redefinition of control structures, risk monitoring, continuity and recuperation plans, and monitoring of mitigation plans and commitments.

Credit risk

The Company manages bad debt risk through a collection policy and impairment estimates, which together mitigate credit risk on assets with a low collection probability.

The collection policy of DCV Registros is based on quantitative as well as qualitative aspects. Thus, debt aging and each client's situation entails actions that tend to recovery.

The following are structured activities related to the collection process:

- **Phone calls**: undertaken as a first collection action. This activity is conducted when the account is due for 30 days.
- **Electronic mail**: undertaken as a second collection action for debts between 30 and 60 days past-due.
- **Certified mail**: this is a third collection action used for debts over 60 days past-due. It's done through letters signed by an executive of DCV Registros and, in general, are also addressed to an executive of the debtor company.
- **Legal proceedings**: undertaken as a fourth collection action and reserved for debts over 120 days past-due. It's conducted by the Company's general counsel team.

Besides the aforementioned activities, several areas engage in the collection process, depending on the particular characteristics of each debt.

Qualitative aspects of collection have an impact on bad debt. Considering particular situations, the aging of bad debt is a factor to take into account in the estimation of collectability, but not the only one.

05

CORPORATE RESPONSIBILITY

A cornerstone of DCV Registros is diversity and inclusion.

Diversity

Diversity in the organization

Gender	39 Women	28 Men	67 Total employees		
Nationality	67 Chilean	0 Foreigners			
Age	39 Less than 40 years of age	13 Between 41 and 50 years of age	11 Between 51 and 60 years of age	4 Between 61 and 70 years of age	0 More than 70 years of age
Service years	22 Less than 3	17 Between 3 and 6	6 Between 7 and 8	22 Between 9 and 12	

Equal remuneration

As of December 31, 2019, DCV Registros has 67 employees, considering only those with an indefinite term contract.

Position type	Salary relation (men / women)
Professionals and technicians	1.2
Administrative and assistants	1.05

06

GENERAL CORPORATE INFORMATION

The role of the governance dimension at DCV Registros involves guaranteeing security, operational continuity and client relations.

General information

Brands and patents

The Company has the following trademark: E-SARA.

Providers and clients

Two providers individually concentrate 10% or more of total expenses.

No clients individually concentrate 10% or more of total revenues.

Insurance

DCV Registros has contracted insurance covering professional liability, errors and omissions, civil liability of the Board of Directors and managers, and general civil liability.

Properties

DCV Registros operates on leased facilities at Los Conquistadores and does not have any properties. Its fixed assets include mainly furniture and office equipment, computers and software.

Attributable net income

The Company manages its capital so as to maintain an adequate capitalization level that permits ensuring access to financial markets and develop its goals, optimize shareholder return and maintain a solid financial position.

The financial position of the Company as of December 31, 2019, is as follows:

	M$
Paid-in capital	863,930
Accumulated earnings	133,000
Net income for the year	1,488,888
Minus minimum mandatory dividends (provisioned)	(447,000)
Total net equity as of December 31, 2019	2,038,907

Dividend policy

The Company's dividend policy is to distribute at least 30% of attributable net income.

At the shareholders meeting held on March 26, 2019, it was agreed to pay a dividend of $500 per share on 2018 profits, which translates into a total dividend -including the minimum provision for mandatory dividends at the close of 2018- of $1,300,000,000 to be distributed between the 2,600,000 outstanding shares.

Statistical information on dividends

Dividend N°	Dividend type	Date	Dividend per share	On profits
20	Final	03/26/2019	$500	2018
19	Final	03/27/2018	$500	2017
18	Final	03/28/2017	$503	2016
17	Final	03/29/2016	$241	2015
16	Interim	09/29/2015	$140	2015
15	Final	03/31/2015	$351	2014
14	Final	03/25/2014	$182	2013

During the year, DCV Registros did not pay interim dividends, setting apart a minimum mandatory dividend of $410,800,000 as of December 31, 2019, equivalent to 30% of 2019 attributable profits.

This dividend provision was set aside to comply with current regulation that mandates companies to distribute annually at least 30% of the period's attributable profits.

Shareholders meeting

- Quorum. On March 26, 2019, the 18th meeting was held, in which 100% of shareholders participated.
- Balance statement and annual report. At the said meeting, the Annual Report, financial statements and external auditor's report for the year 2018 were approved.
- Election of the Board. The following persons were elected as board members for the Company for a two-year term: Sergio Baeza Valdés; Juán Andrés Camus Camus; Arturo Concha Ureta; Jorge Claude Bourdel; Mario Gómez Dubravcic; José Antonio Martínez Zugarramurdi; Fred Meller Sunkel; Jaime Munita Valdivieso; Cristián Rodríguez Allendes; and Guillermo Tagle Quiroz.
- Board compensation. Board members did not receive compensation for the 2018 period and the same was agreed for the 2019 period.
- Dividend proposal. The Board proposed and was approved by the shareholders, to pay a final dividend N°20 amounting to $500 per share on 2018 profits. The latter implies to distribute a total amount of $1,300,000,000 between the 2,600,000 outstanding shares. The dividend was paid to shareholders registered on the register as of April 17, 2019, starting on April 22, 2019, at DCV Registros S.A. offices.

Advisory to the Board

During 2019 the Board of Directors did not contract any services with the Company's external audit firm.

External auditors

As per Law N°18.046 of Stock Companies and in compliance with Rule 718 dated February 10, 2012, and Rule 764 dated December 21, 2012, both from the CMF, the Board proposed to the shareholders meeting the nomination of external auditors for the following period.

After a review of the background presented by each interested firm, on its meeting held on March 5, 2019, the Board of Directors proposed KPMG Aduditores Consultores Ltda. to be the external auditor for 2019.

At the shareholders meeting held on March 26, 2019, KPMG Auditores Consultores Ltda. was appointed as the external auditor for the Company for 2019.

Synthesis of shareholder comments and proposals

There are no shareholder comments or proposals presented at the shareholders meeting held on March 26, 2019.

Responsibility statement

The signatories declare under oath that they are responsible for the truthfulness of all information contained on this Annual Report:

Sergio Baeza Valdés
Chairman
RUT: 5.572.979-4

Arturo Concha Ureta
Vice-chairman
RUT: 5.922.845-5

Juan Andrés Camus Camus
Director
RUT: 6.370.841-0

Mario Gómez Dubravcic
Director
RUT: 5.865.947-9

Jorge Claude Bourdel
Director
RUT: 6.348.784-8

José Antonio Martínez Zugarramurdi
Director
RUT: 8.419.520-0

Fred Meller Sunkel
Director
RUT: 9.976.183-0

Jaime Munita Valdivieso
Director
RUT: 11.477.182-1

Cristián Rodríguez Allendes
Director
RUT: 7.687.468-9

Guillermo Tagle Quiroz
Director
RUT: 8.099.223-3

Fernando Yáñez González
Chief Executive Officer
RUT: 6.374.974-5

Santiago, March 2020

07

FINANCIAL STATEMENTS

Content

Report of Independent Registered Public Accounting Firm

To the Board of Directors and shareholders of DCV Registros S.A.:

We have audited the accompanying financial statements of DCV Registros S.A., which comprise the statements of financial position as of December 31, 2019, and 2018, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the two years in the period ended in the said dates, including the related notes to the said financial statements.

Management's responsibility for the financial statements

The Company's Management is responsible for the preparation and reasonable presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes the design, implementation and maintenance of a pertinent internal control for the preparation and reasonable presentation of financial statements that are exempt from significant misstatements, either due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conduct our audits in accordance with Generally Accepted Auditing Principles in Chile. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves carrying out procedures to obtain audit evidence regarding the amounts and disclosures in the financial statements. The selected procedures depend on the auditor's judgment, including assessing the risk of material misstatements in the financial statements, either due to fraud or error. When assessing such risk assessments, the auditor considers the relevant internal control for the preparation and reasonable presentation of the Company's financial statements with the aim of designing appropriate audit procedures given the circumstances, but without the purpose of expressing an opinion about the Company's internal control. In consequence, we do not express such opinion. An audit also includes assessing the appropriateness of accounting principles used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We consider that the audit evidence obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the aforementioned financial statements reasonably present, in all material aspects, the financial position of DCV Registros as of December 31, 2019, and 2018, and the operating results and cash flows for the years ended in the said dates in accordance with International Financial Reporting Standards.

Mario Torres S.
KPMG Ltda.
Santiago, January 14, 2020

Statements of financial position

ASSETS	Note	12/31/2019	12/31/2018
		M$	M$
Current assets			
Cash and cash equivalents	6	609,116	765,894
Other financial assets, current	7	34,784	531,218
Other non-financial assets, current	8	154,266	138,768
Trade receivables	10	901,960	1,059,204
Accounts receivable from related parties	11	-	-
Current tax assets	12	15,467	48,234
Total current assets		**1,715,593**	**2,543,318**
Non-current assets			
Other non-financial assets, non-current		39,804	-
Other financial assets, non-current	7	741,053	222,914
Investments in associates using the equity method		-	-
Intangible assets other than goodwill		-	-
Property, plant and equipment	13	2,771,235	85,964
Deferred tax assets	14	38,388	16,070
Total non-current assets		**3,590,480**	**324,948**
Total assets		**5,306,073**	**2,868,266**

Attached notes 1 through 32 are an integral part of these financial statements.

LIABILITIES AND EQUITY	Note	12/31/2019	12/31/2018
		M$	M$
Current liabilities			
Other financial liabilities, current	15	181,922	-
Trade payables	16	250,325	227,113
Accounts payable to related parties	11	-	-
Current tax liabilities	12	-	-
Employee benefits provisions, current	17	240,838	204,385
Other non-financial liabilities, current	18	574,846	550,349
Total current liabilities		**1,247,931**	**981,847**
Non-current liabilities			
Other financial liabilities, non-current	15	2,019,235	-
Employee benefits provisions, non-current		-	-
Accounts due to related companies, non-current		-	-
Deferred tax liabilities	14	-	-
Other non-financial liabilities, non-current		-	-
Total non-current liabilities		**2,019,235**	**-**
Total liabilities		**3,267,166**	**981,847**
Net equity			
Paid-in capital	19	863,930	863,930
Accumulated earnings (losses)	19	1,174,977	1,022,489
Share premiums		-	-
Treasury stock		-	-
Other reserves		-	-
Other integral results		-	-
Equity attributable to shareholders		2,038,907	1,886,419
Non-controlling interest		-	-
Total equity		**2,038,907**	**1,886,419**
Total liabilities and equity		**5,306,073**	**2,868,266**

Attached notes 1 through 32 are an integral part of these financial statements.

Statements of integral income

	Note	01-01-2019 12-31-2019	01-01-2018 12-31-2018
		M$	M$
Income (loss)			
Income from ordinary activities	20	5,698,458	5,212,139
Other income by nature		-	-
Employee benefit expenses	21	(1,744,289)	(1,598,949)
Depreciation and amortization expenses	13	(109,001)	(49,925)
Impairment losses		(10,474)	(9,497)
Other expenses by nature	22	(1,917,598)	(1,821,989)
Other gains (losses)	23	107,732	78,270
Gain (loss) from operating activities		**2,024,828**	**1,810,049**
Financial income	24	57,259	38,978
Financial expenses		(14,933)	-
Exchange differences		-	-
Gain (loss) from indexation adjustments		(42,888)	3,640
Net income (loss) before taxes		**2,024,266**	**1,852,667**
Income tax expense	25	(535,378)	(487,644)
Net income (loss) from continuing operations		**1,488,888**	**1,365,023**
Net income (loss) from discontinued operations		-	-
Net income		**1,488,888**	**1,365,023**
Net income (loss) attributable to shareholders		1,488,888	1,365,023
Net income (loss) attributable to non-controlling interests		-	-
Earnings per share			
Basic earnings per share	26	0.573	0.525
Basic earnings (loss) per share on continuing operations		0.573	0.525
Basic earnings (loss) per share on discontinued operations		-	-
Comprehensive income statement			
Profit (loss)		1,488,888	1,365,023
Comprehensive income		**1,488,888**	**1,365,023**
Comprehensive income attributable to shareholders		1,488,888	1,365,023
Comprehensive income attributable to non-controlling interest		-	-
Comprehensive income		**1,488,888**	**1,365,023**

Attached notes 1 through 32 are an integral part of these financial statements.

Statements of changes in equity

	Note	Paid-in capital	Reserves from exchange differences	Other reserves	Retained earnings (losses)	Equity attributable to shareholders	Non-controlling interests	Total equity
		M$	M$	M$	M$	M$	M$	M$
Opening balance as of 01/01/2019		**863,930**	**-**	**-**	**1,022,489**	**1,886,419**	**-**	**1,886,419**
Increase (decrease) due to the correction of errors		-	-	-	-	-	-	-
Restated opening balance		863,930	-	-	1,022,489	1,886,419	-	1,886,419
Changes in equity								
Comprehensive income		-	-	-	-	-	-	-
Net income (loss)		-	-	-	1,488,888	1,488,888	-	1,488,888
Comprehensive income		-	-	-	1,488,888	1,488,888	-	1,488,888
Dividends	19e	-	-	-	(1,336,400)	(1,336,400)	-	(1,336,400)
Total changes in equity		**-**	**-**	**-**	**152,488**	**152,488**	**-**	**152,488**
Closing balance as of 12/31/2019		**863,930**	**-**	**-**	**1,174,977**	**2,038,907**	**-**	**2,038,907**

	Note	Paid-in capital	Reserves from exchange differences	Other reserves	Retained earnings (losses)	Equity attributable to shareholders	Non-controlling interests	Total equity
		M$	M$	M$	M$	M$	M$	M$
Opening balance as of 01/01/2018		**863,930**	**-**	**-**	**975,666**	**1,839,596**	**-**	**1,839,596**
Increase (decrease) due to the correction of errors		-	-	-	-	-	-	-
Restated opening balance		863,930	-	-	975,666	1,839,596		1,839,596
Changes in equity								
Comprehensive income		-	-	-	-	-	-	-
Net income (loss)		-	-	-	1,365,023	1,365,023	-	1,365,023
Comprehensive income		-	-	-	1,365,023	1,365,023	-	1,365,023
Dividends	19e	-	-	-	(1,318,200)	(1,318,200)	-	(1,318,200)
Total changes in equity		**-**	**-**	**-**	**46,823**	**46,823**	**-**	**46,823**
Closing balance as of 12/31/2018		**863,930**	**-**	**-**	**1,022,489**	**1,886,419**	**-**	**1,886,419**

Attached notes 1 through 32 are an integral part of these financial statements.

Statements of cash flows

	Note	01-01-2019 12-31-2019	01-01-2018 12-31-2018
		M$	M$
Cash flows from (used in) operating activities			
Proceeds from operating activities			
Proceeds from the sale of goods and provision of services		6,911,154	5,886,694
Other proceeds from operating activities		-	-
Payments for operating activities			
Payments to suppliers for goods and services		(2,213,112)	(1,928,060)
Payments to and on behalf of employees		(1,701,207)	(1,549,891)
Other payments of operating activities		(1,426,005)	(1,382,138)
Net cash flows from (used in) the operation		**1,570,830**	**1,026,605**
Interest received		155,848	112,475
Income taxes reimbursed (paid)		32,608	
Other cash receipts (payments)		(7,053)	(14,832)
Net cash flows from (used in) operating activities		1,752,233	1,124,248
Cash flows from (used in) investment activities			
Other payments to acquire equity or debt instruments from other companies, classified as investment activities		(290,314)	(340,627)
Purchases of property, plant and equipment		(578,267)	(17,484)
Other cash proceeds (payments), classified as investment activities		274,503	452,575
Net cash flows from (used in) investment activities		(594,078)	94,464
Cash flow from (used in) financing activities			
Payments of finance lease liabilities		(14,933)	-
Dividends paid	19a	(1,300,000)	(1,300,000)
Net cash flow from (used in) financing activities		(1,314,933)	(1,300,000)
Net increase (decrease) in cash and cash equivalents, before the effect of exchange rate changes		(156,778)	(81,288)
Effect of exchange rate changes on cash and cash equivalents		-	-
Net increase (decrease) in cash and cash equivalents		(156,778)	(81,288)
Cash and cash equivalents at the beginning of the financial year		765,894	847,182
Cash and cash equivalents at the end of the year	6	609,116	765,894

Attached notes 1 through 32 are an integral part of these financial statements.

Notes to the financial statements

Note 1 – Corporate information

a) Incorporation of the Company

DCV Registros S.A., headquartered at Huerfanos N°770, 22nd floor, Santiago, Chile, was incorporated by public deed dated April 10, 2001, granted at the Notary Office of René Benavente Cash, and an abstract published in the Official Gazette on July 17, 2001.

The Company is subject to the provisions outlined in Law N°18,876 of 1989 and the instructions set forth by the Financial Market Commission (*Comisión para el Mercado Financiero – CMF*). The company does not require to be registered within the Securities Register.

DCV Registros S.A. is a subsidiary of Depósito Central de Valores S.A., Depósito de Valores, which was incorporated by public deed dated March 15, 1993, granted at the Notary Office of René Benavente Cash, and an abstract published in the Official Gazette on March 22, 1993.

b) Principal activities

The Company's activities are conducted in Chile and correspond to the administration of shareholders registers, allowing stock companies and investment funds to outsource a specialized activity which is not part of their core business, and thus redirect productive capacities to their respective business areas.

c) Employees

DCV Registros S.A. has 63 employees as of December 31, 2019, and 64 employees as of December 31, 2018. This figure only considers employees with indefinite term contracts.

Note 2 – Basis of preparation

a) Covered accounting periods

The present Financial Statements as of December 31, 2019, are presented compared with the statements as of December 31, 2018.

The statements of comprehensive income, cash flows and changes in equity are presented for the 12 months comprised between January 1 and December 31, 2019, and 2018.

b) Basis of reporting

b.1) Criteria

The statements of financial position as of December 31, 2019, and the statements of comprehensive income, changes in equity and cash flows for the year ended on December 31, 2019, have been prepared in accordance with instructions and norms for the preparation and presentation of financial information set forth by the Financial Market Commission, which are comprised of the International Financial Reporting Standards ("IFRS").

b.2) Information responsibility

The information contained in these financial statements is responsibility of the Company's Board of Directors, which explicitly states that all principles and criteria included in IFRS standards as issued by the International Accounting Standards Board ("IASB") have been applied, and represent the comprehensive, explicit and unreserved adoption of the said international standards.

b.3) Management estimates

In the preparation of these financial statements certain relevant estimates and assumptions have been made in order to quantify some assets, liabilities, revenues, expenses and commitments that appear in them. These estimates and assumptions are regularly reviewed by the Company's management and refer to:

i) Useful lives of property, plant and equipment (Note 13).

ii) Client impairment based on portfolio age and individual assessment (Note 10).

iii) The hypothesis of future taxable income generation, the taxation of which is deductible from deferred tax assets, as well as deferred tax expenses through the generation of deferred tax liabilities (Note 14).

iv) The fair value of financial assets and liabilities (Note 9).

Although these estimates have been made on the basis of the best information available as of the date of issue of these financial statements, it is possible that events that may occur in the future force to modify them (either upwards or downwards) in future periods, which would be made on a prospective basis, recognizing the effects of the changes in estimates in the corresponding future financial statements.

b.4) Current and non-current classification

In the statements of classified financial position, balances are classified based on their maturity, classifying as current all those maturing on or before the next 12 months, and as non-current all those maturing afterwards.

c) Functional currency and foreign currency translation

The financial statements are presented in thousands of Chilean pesos (M$), which is the Company's functional and presentation currency.

Monetary assets and liabilities denominated in foreign currency as of the date of reporting are translated into the functional currency at the current exchange rate as of the said date.

Monetary assets and liabilities denominated in *Unidades de Fomento* (UF – inflation indexed currency) as of the date of reporting are translated into the functional currency at the current exchange rate as of the said date.

Exchange rates as of the date of these financial statements are set forth on the following table:

Currency	Dec. 31, 2019 $	Dec. 31, 2018 $
Unidad de Fomento (UF - inflation indexed currency)	28,309.94	27,565.79
US dollar (USD)	744.62	695.69

d) Authorization of financial statements

These financial statements were approved by the Company's Board of Directors in board meeting N°212, dated January 14, 2020.

e) New accounting standards

e.1) New standards, interpretations and changes to standards which are mandatory as of January 1, 2019

New IFRS and IFRIC

IFRS 16 – Leases

IFRIC 23 – Uncertainty over Income Tax Treatments

Changes to IFRS

Long-Term Interests in Associates and Joint Ventures (Amendments to IAS 28).

Prepayment Features with Negative Compensation (Amendments to IFRS 9).

Plan Amendments, Curtailment or Settlement (Amendments to IAS 19).

Annual Improvements to IFRS Standards 2015-2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23).

New standards

IFRS 16 – Leases

Issued on January 13, 2016, this standard requires that companies with operating leases account for all of them in their financial statements as of January 1, 2019. Companies with operating leases will have more assets, but also a higher debt.

The standard is effective for annual reporting periods beginning on or after January 1, 2019.

IFRS 16 introduces a single lease accounting model for lessees. The lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Exemptions exist for leases with a term of fewer than 12 months or low-value underlying assets. The lessor's accounting remains similar to the actual standard, as they continue to classify leases as either finance or operational. The effect of the implementation of IFRS 16 is described on Note 3.n.

New interpretation

IFRIC 23 – Uncertainty over Income Tax Treatments

This interpretation, issued on September 7, 2017, guides the determination of taxable profits (tax losses), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12 Income Taxes.

It specifically considers:

- whether tax treatments should be considered collectively;
- assumptions relative to the taxation authority's examination;
- the determination of taxable profits (tax losses), tax bases, unused tax losses, unused tax credits and tax rates; and
- the effect of changes in facts and circumstances.

The interpretation is effective for the annual periods starting on or after January 1, 2019.

Management considers that this amendment had no material impacts on the financial statements.

Amendments to IFRS

Long-Term Interests in Associates and Joint Ventures (Amendments to IAS 28)

This amendment contemplates:

- Clarification that an entity applies IFRS 9, including impairment requirements, to long term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint venture but to which the equity method is not applied.
- The deletion of paragraph 41 as the Board considered that it reiterated IFRS 9 requirements creating confusion regarding the accounting of long term interests.

This standard amendment is effective for the annual periods beginning on or after January 1, 2019.

Management considers that this amendment had no material impacts on the financial statements.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

This amendment allows classification and measurement at amortized cost, or, depending on the business model, at fair value through other comprehensive income, of some financial assets pre-payable for a lower amount than the outstanding balance and interest.

This standard amendment is effective for the annual periods beginning on or after January 1, 2019.

Management considers that this amendment had no material impacts on the financial statements.

Plan Amendments, Curtailment or Settlement (Amendments to IAS 19)

In February 2018, IASB finishes the amendments to IAS 19 related with plan amendments, curtailments or settlements.

Amendments clarify that:

- within an amendment, curtailment or settlement of a defined compensation plan, an entity now uses updated actuarial assumptions to determine the ongoing cost of the service ant the period's net interest; and
- the effect of the asset's ceiling is not considered when calculating the profit or loss of any settlement plan and is treated separately within other comprehensive income.

The amendments apply for plan amendments, curtailments or settlements occurring on or after January 1, 2019, or on the date the amendments are applied for the first time.

Management considers that this amendment had no material impacts on the financial statements.

Annual Improvement to IFRS Standards 2015-2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)

IFRS 3 Business Combinations and IFRS 11 Joint Ventures: clarifies the accounting of interest increases in a joint venture that meets the definition of a business.

- If one party maintains (or obtains) joint control, the previously maintained interest is not measured again.
- If one party obtains control, the transaction is a business combination by stages and the acquiring party re-measures the previously maintained interest at fair value.

Besides clarifying when a previously maintained interest in a joint venture has to be measured again, the amendments also provide a guide concerning what constitutes the previously maintained interest. This is the total interest previously maintained in the joint venture.

Management considers that this amendment had no material impacts on the financial statements.

IAS 12 – Income Taxes

Clarifies that all the effect of income taxes on dividends (including payments from financial instruments classified as equity) are recognized consistently with transactions that generate distributable income (either in income, other comprehensive income or equity).

Although the amendments provide some clarification, they don't try to direct the underlying question (i.e. how to determine if a payment represents profit distribution). Hence, challenges may remain when establishing whether income tax on some instruments is recognized in income or equity.

Management considers that this amendment had no material impacts on its financial statements.

IAS 23 – Borrowing Costs

Clarifies that the general loan pool used to calculate costs for eligible loans only excludes loans that specifically finance eligible assets still under development or construction. Loans specifically intended to finance eligible assets available for use or sale (or any other eligible asset) are included in the said general pool.

As the costs of the retrospective application may outweigh the benefits, changes are applied prospectively to the costs of loans incurred on or after the date in which the company adopts the amendments.

Depending on the entity's current policy, proposed amendments may result in the inclusion of more loans into the general loan pool. The latter will result in the capitalization of more or fewer loans during one period depending on:

- if the weighted average cost of any loan included within the pool, as a result of the amendments, is greater or less than that which would be included under the entity's current policy; and
- the relative amounts of eligible assets under development and outstanding loans during the period.

Amendments are effective for the annual reporting periods beginning on or after January 1, 2019.

Management considers that this amendment had no material impacts on the financial statements.

e.2) New accounting standards – not yet implemented

The following new standards and amendments have been issued and apply to the annual periods beginning after January 1, 2020:

New IFRS standard	Mandatory application date
IFRS 17 Insurance Contracts	Annual periods beginning on or after January 1, 20201. Early application is permitted for entities that apply IFRS 9 and IFRS 15 on or before said date.
Amendments to IFRS standards	
Sales or Contributions of Assets between an Investor and its Associate/Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely.
Revised Conceptual Framework in IFRS Standards	Annual periods beginning on or after January 1, 2020. Early application is permitted
Definition of a Business (Amendments to IFRS 3)	Annual periods beginning on or after January 1, 2020. Early application is permitted
Definition of Material (Amendments to IFRS 1 and IAS 8)	Annual periods beginning on or after January 1, 2020. Early application is permitted.

IFRS 17 – Insurance Contracts

Issued on May 18, 2017, this standard requires that insurance liabilities be measured at their current fulfillment value and gives a more uniform presentation and measurement guide for all insurance contracts. These requirements are designed to generate a consistent principle-based accounting.

The standard is effective for the annual periods beginning on or after January 1, 2021, with early application permitted if IFRS 9 and IFRS 15 have been applied. Nevertheless, the International Accounting Standards Board confirmed at their April 2019 meeting their tentative decision to defer the effective application date to January 1, 2021, which shall be subject to evaluation by the Due Diligence Supervisory Board together with the other amendments proposed which correspond to:

- Exclusion of the changes related to the time value of money and financial risk of the contractual service margin.
- Amendments to paragraphs B96 (d) and B97 (a) of IFRS 17 to address the disaggregation of the changes in the risk-adjustment for non-financial risks.
- Amendment to paragraph B118 of IFRS 17 to clarify that an entity may interrupt the use of the risk mitigation option on a group of insurance contracts only if the eligibility criteria for the group ceases to be applied.
- Clarification of the definition of an investment component.
- Amendment to paragraph 11 (b) of IFRS 17 to guarantee that IFRS 17 be applied to investment contracts with discretionary participation features.
- Amendment to paragraph 48 (a) and paragraph 50 (b) of IFRS 17 to adjust the loss component due to changes in the risk-adjustment for non-financial risk.

- Amendment to paragraph B128 of IFRS 17 to clarify that changes in the measurement of a group of insurance contracts caused by changes in the underlying items, for the purpose of IFRS 17, be treated as changes in investments and, consequently, as changes related with the time value of money or assumptions related to financial risk.

Management considers that this amendment had no material impacts on its financial statements.

Amendments to IFRS

Sales or Contributions of Assets between an Investor and its Associate/Joint Venture (amendments to IFRS 10 and IAS 28)

These amendment was issued on September 11, 2014 and requires that whenever transfers from subsidiaries to associates or joint ventures are conducted, all gains are recognized when the transferred assets meet the “business” definition under IFRS 3 Business Combinations. The amendment establishes a strong pressure on the definition of a business for the recognition of results. The amendment also introduces new and unexpected accountings for transactions that consider a partial maintenance of assets that are not a business.

The definitive application date of this amendment has been postponed indefinitely.

Management considers that this amendment will have no material impacts on the financial statements.

Revised Conceptual Framework in IFRS Standards

The International Accounting Standards Board (the “Board”) issued on March 2018 the Revised Conceptual Framework in IFRS Standards. The Conceptual Framework serves mainly as a tool for the Board’s development of standards and helps their interpretation by the IFRS Interpretations Committee. It does not override the requisites of individual IFRS.

The principal changes to the conceptual framework principles have implications on how and when assets and liabilities are recognized and derecognized in the financial statements.

Some concepts in the revised Framework are completely new, as the “practical ability” approach to liabilities. The principal amendments include:

New “bundles of rights” approach to assets

A physical object may be “divided and subdivided” from an accounting perspective. For example, in some circumstances an entity would book as an asset a right to use an aircraft, rather than the aircraft itself. The challenge will be determining to what extent an asset can be split into different rights and the impact on recognition and derecognition of accounts.

New “practical ability” approach for recognizing liabilities

The old recognition thresholds are gone – a liability will be recognized if a company has no practical ability to avoid it. This may bring some liabilities on the balance sheet earlier than at present.

However, if there is uncertainty over existence and measurement or a low probability of outflows, then this may result in no or delayed recognition in some cases.

The challenge will be determining which future actions/costs a company has no ‘practical ability’ to avoid.

New control-based approach to derecognition

A company will derecognize an asset from the balance sheet when it loses control over all or part of it – i.e. the focus is no longer on the transfer of risks and rewards.

The challenge will be determining what to do if the company retains some rights after the transfer.

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

Management considers that this amendment will not have material impacts on the financial statements.

Definition of a Business (amendments to IFRS 3)

In October 2018 the International Accounting Standards Board issued limited scope amendments to IFRS 3 Business Combinations to improve the definition of a business and make it easier for companies to decide whether activities and assets acquired are a business or a group of assets.

The amendments include an optional concentration test. This is a simplified assessment that results in the acquisition of an asset if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of identifiable similar assets. If the concentration test is not applied, or the test fails, a detailed assessment must be performed.

The amendments clarify the definition of a business and are intended to assist entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition. The amendments:

- clarify that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output;
- remove the assessment of whether market participants are capable of replacing any missing elements and continue creating output;
- add guidance and illustrative examples to help entities assess whether an acquired process is substantive;
- narrow down the definitions of a business and of outputs focusing on goods or services provided to customers and eliminate the reference to the ability to reduce costs; and
- introduce an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is a business.

Definition of Material (amendments to IFRS 1 and IAS 8)

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

The Board has promoted the inclusion of the "obscuring" concept in the definition, together with the existing references of omitting and misstating. Also, the Board increased the threshold from "could influence" to "could reasonably be expected to influence".

The Board also eliminated the definition of omissions or significant errors from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments are effective for the annual periods beginning on or after January 1, 2020. Early application is permitted.

Management considers that this amendment will have no material impacts on the financial statements.

f) Measurement bases

The statements of financial position have been prepared based on the historical cost, with the exception of the following accounts, which have been measured at fair value:

- Derivative financial instruments at fair value with changes through profit or loss (Note 3.a.1, with the exception of Note 3.a.1.2).
- Non-derivative financial instruments at fair value with changes through profit or loss (Note 3b).

Note 3 – Significant accounting policies

Accounting policies applied as of December 31, 2019, are consistent with those used on the previous period and are described below:

a) Financial assets

a.1) Classification and presentation

The Company classifies its financial assets in the following categories: fair value through profit or loss, amortized cost and fair value through other comprehensive income. The classification depends on the business model in which an asset is held and its contractual cash flow features. Management determines the classification of financial assets when initially recognized.

a.1.1) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when they are held for trade, as an irrevocable decision. A financial asset is classified within this category if it is acquired with the purpose of selling it in the short term. Interest and gains or losses are recognized in profit or loss.

a.1.2) Financial assets at amortized cost

Financial assets are classified as at amortized cost when the following two criteria are met: i) the business model seeks to maintain the financial assets to collect the effective contractual cash flows; and ii) contractual terms of the financial asset give rise to cash flows in specified dates that are solely payments of principal and interest over the outstanding principal balance. A financial asset is classified within this category if it is acquired with the purpose of collecting the effective contractual cash flows. Interest is recognized in profit or loss, and gains or losses, excluding impairment losses, are recognized in profit or loss when derecognizing the accounts.

a.1.3) Financial assets at fair value through other comprehensive income

Financial assets are classified as at fair value through other comprehensive income when the following two criteria are met: i) the business model seeks to collect the contractual cash flows and the sale of the financial assets; and ii) contractual conditions of the financial asset give rise to cash flows in specified dates that are solely payments of principal and interest over the outstanding principal balance. A financial asset is classified within this category if it is acquired with the purpose of collecting the effective contractual cash flows and sell the financial assets. Interest is recognized in profit or loss and gains or losses are recognized in equity before the accounts are derecognized. When they are derecognized they are reflected in profit or loss.

a.2) Initial recognition

Investments are initially recognized at fair value plus transaction costs in the case of all financial assets at amortized cost. Financial assets at fair value through profit or loss are initially accounted for at fair value and transaction costs are recognized directly in profit or loss.

a.3) Subsequent valuation

Financial assets at fair value through profit or loss are afterwards accounted for at fair value. Financial assets at amortized cost are afterwards accounted for at amortized cost in accordance with the effective interest rate method. Financial assets at fair value through other comprehensive income are afterwards accounted for at fair value, recognizing the difference between amortized cost and fair value in equity.

Investments are derecognized when the rights to collect their cash flows have expired or have been transferred, and the Company has substantially transferred all risks and benefits derived from its ownership. The Company will assess and recognize on each reporting date, a value adjustment for expected credit losses over a financial asset or group of financial assets, measured at amortized cost or measured at fair value through other comprehensive income.

b) Non-derivative financial instruments

Non-derivative financial instruments include trade receivables and other accounts receivable at amortized cost, net of any impairment.

c) Property, plant and equipment

Property, plant and equipment is measured at cost, which corresponds to the acquisition price plus any costs directly attributable to set the asset in operating condition, less accumulated depreciation and impairment.

When parts of an item in property, plant and equipment have different useful lives, they are registered as separate items (important components) of property, plant and equipment.

Gains or losses generated in the sale of a property, plant and equipment item are determined comparing the sale price with the respective book value, recognizing the net effect as “other income (loss)” in the income statement by nature.

Depreciation is recorded in the income statement based on the straight line depreciation method over the useful live of each part of a property, plant and equipment item. Facilities and improvements on assets under operating lease are depreciated over the shortest period between lease term and useful life, unless there’s certainty that the Company will renew the contract at the end of the lease term.

Useful lives and residual values of assets are reviewed annually and their terms are detailed in Note 13c).

The replacement cost of part of an item in property, plant and equipment is recognized at book value, as long as the future economic benefits incorporated within the replaced part flow to the Company and its cost can be reliably measured. Daily maintenance costs of property, plant and equipment are recognized on the integral income statement in the period incurred.

d) Earnings per share

Earnings per share are calculated dividing net income attributable to ordinary shareholders of the Company by the weighted average number of outstanding common shares.

The Company has not issued securities convertible into common stock or stock options.

e) Short term employee benefit obligations

Short term employee benefit obligations are measured on a non-discounted basis and accounted for as expenses as the related service is rendered. A liability is recognized for the expected amount due.

f) Provisions

Provisions are recognized when:

- The company has a present obligation as a result of a past event;
- An outflow of resources, including economic benefits, is likely to be required to settle the obligation;
- A reliable estimate of the obligation's amount can be made.

g) Revenues from ordinary activities

Revenues (see Note 20) are recognized on an accrued basis to the extent that economic benefits are likely to flow to the Company and can be reliably measured. Revenues are measured at fair value, excluding discounts, rebates and other sales taxes. When uncertainty arises regarding the recoverability of a balance already included in ordinary income, the non-recoverable amount or that which has become improbable to collect, is recognized as impairment rather than adjusting the original income amount.

Ordinary revenues associated to the provision of services are recognized considering the degree of fulfillment of the service at the date of reporting, as long as the result of the transaction can be reliably estimated.

h) Financial income

Financial income received is comprised of interest from investments in financial instruments, which have been classified as cash and cash equivalents. These investments have been measured at fair value or amortized cost, depending on their nature, thus recognizing changes in their value in the period's profit or loss.

i) Income taxes

Income tax

Income tax expenses include current and deferred taxes. Income taxes are recognized in profit or loss except to the extent that they relate to a business combination or accounts directly recognized in equity or other comprehensive income.

Current taxes

Current taxes include expected taxes payable or recoverable over the taxable profit or loss of the year, and any adjustment to taxes payable or recoverable related to previous years. It is measured using approved tax rates, or those which the approval process is expected to be finished at the date of reporting. Current taxes also include any taxes arising from dividends.

Current tax assets and liabilities are compensated only to the extent in which certain conditions are met. The provisioned amount for income taxes for the 2019 and 2018 periods are presented in the statement of financial position net of monthly provisional payments, training expenses and the 4% credit arising from the acquisition of property, plant and equipment, concepts attributable to annual tax payments.

Deferred taxes

Deferred taxes arise from temporary differences between book value of assets and liabilities and their respective taxable base, calculated with the tax rate expected to be in effect when said assets and liabilities are realized.

The book value of deferred tax assets is reviewed at the date of reporting and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be used.

Non-recognized deferred tax assets are reassessed on each date of reporting and are recognized to the extent that it's probable that future taxable income allows to recover the deferred tax asset.

Deferred taxes are measured using fiscal tax rates expected to be applicable to temporary differences on the period in which they are reversed, using default fiscal tax rates applicable on each period. The default tax regime applicable to the Company is "Partially Integrated", with applicable fiscal tax rates detailed below:

Year	Partially Integrated
2018	27.00%
2019	27.00%

Value added tax

Revenues, expenses and assets are recognized net of value added taxes. The amount of value added tax recoverable or payable to the tax authority is included as part of tax accounts receivable or payable on the classified statement of financial position.

j) Leases

The company has applied IFRS 16 using the modified retrospective approach, and in consequence, comparable information has not been restated and continues to be reported in accordance with IAS 17 and IFRIC 4 standards. Accounting policy details under IAS 17 and IFRIC 4 are disclosed separately.

j.1) Applied policy as of January 1, 2019

At the beginning of a contract, the Company assesses if said contract is, or contains, a lease. A contract is, or contains, a lease if it transfers the right to control an identified asset for a certain term in exchange of compensation. To assess whether a contract entails the right to control an identified asset, the Company uses the definition of lease included in IFRS 16. This policy applies to contracts signed on or after January 1, 2019.

j.1.1) As a lessee

When entering into, or when a contract containing a lease component is modified, the Company distributes the consideration in the contract to each leased component on the basis of their relative independent prices.

However, in the case of property lease, the Company has chosen not to separate the non-lease components and account for lease and non-lease components as a single lease.

The Company recognizes a right-of-use asset and a lease liability at the starting date of the lease. The right-to-use asset is initially measured at cost, which includes the initial payment of the lease liability adjusted for payments done before or since the starting date, plus any initial direct costs incurred and an estimate of the costs to be incurred when dismantling and eliminating the underlying asset or the place in which it's located, less received lease incentives.

Subsequently, the right-to-use asset is depreciated using the straight-line method from the starting day up to the end of the lease term, unless the lease transfers the underlying asset's ownership to the Company at the end of the lease term, or the cost of the right-to-use asset reflects that the Company is exercising a purchase option. In that case, the right-to-use asset will be depreciated through the useful life of the underlying asset, determined over the same basis as property, plant and equipment. Also, the right-to-use asset is reduced periodically by impairment losses, if any, and is adjusted by certain new measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments not paid on the starting date, discounted at the lease's implicit interest rate, or if this rate cannot be easily determined, the Company's incremental borrowing rate. In general, the company uses the incremental borrowing rate as a discount rate.

The Company determines its incremental borrowing rate obtaining interest rates from diverse external financing sources and makes certain adjustments to reflect the lease term and the type of leased asset.

Lease payments included in the measurement of the lease liability include the following:

- fixed payments, including payments that are essentially fixed;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the starting date;
- amounts expected to be paid by the lessee as residual value guarantees; and
- the exercise price of a purchase option if the company is reasonably certain of exercising the said option, lease payments in an optional renewal period if the company is reasonably certain of exercising an extension option, and lease penalty payments derived from an early termination of the lease unless the company is reasonably certain of not terminating the lease early.

The lease liability is measured at amortized cost using the effective interest rate method. A new measure is made whenever a change in future lease payments occurs as a consequence of a change in the index or rate, if there's a change in the Company's estimate of the expected payment amount under a residual value guarantee, if the Company changes its assessment of whether exercising or not a purchase option, expansion or termination, or if there's an essentially fixed lease payment that has been modified.

When the lease liability is re-measured, the corresponding adjustment to the right-of-use asset's book value is made, or is recorded in the income statement if the right-of-use asset's book value has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment properties under "Property, plant and equipment" and lease liabilities under "Other financial liabilities" in the statement of financial position.

Short-term and low-value asset leases

The Company has chosen not to recognize right-of-use assets and lease liabilities for low-value assets and short-term leases. The company recognizes lease payments associated to these leases as expense on a straight-line basis over the lease term.

j.1.2) As a lessor

When the Company acts as a lessor, it determines at the beginning of each lease whether it is a finance or operating lease.

To classify the lease, the Company conducts a general assessment of whether or not the lease substantially transfers all the risks and benefits inherent to the property of the underlying asset. If this is the case, it's a finance lease; and if not, it's an operating lease. As part of these assessments the Company considers certain indicators, as for example if the lease covers most of the asset's economic life.

j.2) Applicable policy before January 1, 2019

For contracts entered into before January 1, 2019, the Company determined whether the agreement was or contained a lease based on an assessment of:

- whether the agreement's fulfillment depended on the use of an asset or specific assets; and
- whether the agreement entailed a right to use the asset. An agreement entailed a right to use the asset if any of the following conditions were met:
    - the buyer had the ability or the right to operate the asset obtaining or controlling a more than insignificant quantity of output;
    - the buyer had the ability or the right to control the asset's physical access obtaining or controlling a more than insignificant quantity of output; or
    - the facts and circumstances indicated that there was a remote probability of other parties obtaining a more than insignificant amount of output, and the unit price was not fixed per unit of output nor was it equal to the actual market price.

j.2.1) As a lessee

In the comparable period, as a lessee the Company classified as finance leases those that substantially transferred all risks and benefits related to the property. When this was the case, leased assets were initially measured at an amount equal to the lower value between fair value and the present value of minimum lease payments. Minimum lease payments were those the lessee had to pay during the lease term, excluding any contingent rent. After the initial recognition, assets were accounted for in accordance with the applicable accounting policy for the corresponding asset.

Assets maintained under other leases were classified as operating leases and were not recognized in the Company's statement of financial position. Payments made under operating leases were recognized in the income statement on a straight-line basis throughout the lease term. Received lease incentives were recognized as an integral part of the total lease expense during the lease term.

j.2.2) As a lessor

When the Company acted as a lessor, it determined at the beginning of each lease whether it was a finance or operating lease. To classify each lease, the Company conducted a general assessment of whether or not the lease substantially transferred all the risks and benefits inherent to the property of the underlying asset. If this was the case, it was a finance lease; and if not, it was an operating lease. As part of these assessments the Company considered certain indicators, as for example if the lease covered most of the asset's economic life.

k) Impairment

Impairment of non-financial assets

Relevant long-lived non-financial assets are subject to annual impairment tests whenever events or economic changes happen indicating that its value may not be recoverable. When the asset's book value exceeds its recoverable amount, the difference is recognized as a revaluation loss in profit or loss.

An asset's recoverable amount is defined as the greater between its net sale price and value in use. Net sale price is the amount that can be obtained from the sale of the asset in a free market, less costs to sell. Value in use is the present value of the future cash flows expected to be generated from the continuous use of an asset and its final disposal (sale) at the end of its useful life. The present value is determined using the discount rate that reflects the actual value of said cash flows and the asset's specific risk.

In the event that non-financial assets have been subject to impairment, these will be reviewed at each reporting date to check for possible impairment reversals.

Impairment of financial assets

Impairments on trade receivable accounts and contract assets are always measured by an amount equal to the expected credit losses during the life span. When determining whether a financial asset's credit risk has increased substantially since the initial recognition, the company estimates expected credit losses considering the reasonable and sustainable information that's relevant and available without undue costs or efforts. This includes qualitative and quantitative information and analysis, based on the Company's historical experience and an informed credit assessment including that referring to the future.

A financial asset's gross book amount is charged off when the Company does not have reasonable expectations of recovering said financial asset in whole or a portion thereof. In the case of individual clients, the Company's policy is to charge off the gross book amount when the financial asset is 180 days overdue, based on the historical experience on the recovery of similar assets. In the case of corporate clients, the Company conducts an individual assessment on the opportunity and scope of the charge off, based on whether a reasonable expectation of recovery exists or not. The Company does not expect a significant recovery of the charged off amount. However, charged off financial assets may be subject to certain activities in order to comply with Company procedures for recovery of due amounts.

l) Other financial liabilities

All loans are initially recognized at fair value of received payment less direct costs attributable to the transaction. After initial recognition, loans are measured at amortized cost using the effective interest rate method. Adjustments originated in liabilities denominated in Unidades de Fomento (inflation indexed currency) are recognized in the income statement under "Gain (loss) from indexation adjustments".

m) Statement of cash flows

The statement of cash flows includes cash movements made during the period, determined through the direct method. The following expressions and their meaning are set forth below:

- Cash flows

Cash inflows and outflows or of other equivalent means, understanding these as highly liquid investments with a term of less than three months and low risk of changes in value.

- Operating activities

Activities that constitute the Company's principal source of ordinary revenues and expenses, as well as other activities that cannot be classified as investment or financing.

- Investment activities

Acquisition, sale or disposal by other means of non-current assets and other investments not classified as cash and cash equivalents.

- Financing activities

Activities that produce changes in the size and composition of equity and financial liabilities.

n) Accounting changes

Accounting policies adopted in the preparation of these financial statements have been applied evenly compared to last year's financial statements, except for the application of the new IFRS 16 standard adopted as of January 1, 2019. Other standards also became effective as of the same date, but have no material effect over the financial statements.

The Company decided to implement the standard following the modified retrospective approach, thus, the accumulated effect of IFRS 16 was recognized as an adjustment to the accumulated earnings' opening balance as of January 1, 2019. Hence, comparable information presented for 2018 has not been re-expressed, i.e. it is presented as previously reported under IAS 17 and related interpretations. Details of the accounting policy change are set forth below. Also, IFRS 16 disclosure requirements have, in general, not been applied to the comparable information.

The Company will recognize new assets and liabilities (current and non-current) for its operating leases of facilities destined for conducting administrative, commercial and operating activities, as described in Note 29. The nature of the expenses related to these leases (which was originally only the contractual monthly lease rate) will change with the adoption of the standard. The recognition of a right-of-use asset creates a depreciation expense related to the use of the asset, while the recognition of a lease liability creates an interest expense, in accordance to the obligation's estimated duration.

n.1) Definition of a lease

Previously, following IFRIC4 the Company determined when entering into the contract whether it is, or contains, a lease. Now management assesses if a contract is, or contains, a lease based on the definition of a lease, as explained in Note 3.j.

As well, as part of the assessment the Company considered the application of the practical solution to adopt the definition of a lease at the time of transition. This implies that it will apply IFRS 16 to all contracts entered into before January 1, 2019, and identified as leases in accordance to IAS 17 and IFRIC 4. In consequence, the definition of a lease under IFRS 16 was applied only to contracts entered into, or modified, on or after January 1, 2019.

n.2) As a lessee

As a lessee, the Company previously classified leases as operating or finance depending on the assessment of whether the lease significantly transferred to the Company all the risks and benefits inherent to the ownership of the underlying asset. Under IFRS 16, the Company recognizes right-to-use assets and lease liabilities for most of the leases – i.e. these leases are accounted for in the financial statements.

n.2.1) Leases classified as operating leases under IAS 17

Previously, the Company classified leases as operating leases under IAS 17. At the time of transition, the aforementioned lease liabilities were measured at the present value of pending lease payments, discounted at the incremental borrowing rate as of January 1, 2019.

Right-of-use assets are measured:

- at book value as if IFRS 16 had been applied since the initial date, discounted at the incremental borrowing rate at the initial application date: the Company applied this approach to its largest property leases; or
- at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments: the Company applied this approach to all other leases.

The Company has conducted impairment tests on its right-to-use assets at the time of transition concluding that there are no indications of impairment of the said assets.

The Company used the following practical solutions when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Company:

- did not recognize right-of-use assets or liabilities for leases in which the term is due within the next 12 months since the date of initial application;
- did not recognize right-of-use assets or liabilities for low-value asset leases (for example, computer hardware);
- excluded the direct initial costs from the right-of-use asset's measurement at the initial application date; and
- used the retrospective approach to determine the lease term.

n.2.2) Leases classified as finance leases under IAS 17

These leases were classified as finance leases under IAS 17. For these leases, the book value of the right-of-use asset and lease liability as of January 1, 2019, was determined as the book value of the lease asset and lease liability under IAS 17 immediately before the said date.

n.3) As a lessor

The Company has no lease contracts as a lessor. Hence, it does not require to make adjustments in transition to IFRS 16 regarding the leases in which it acts as a lessor.

n.4) Impact on the financial statements

The Company has chosen not to recognize right-of-use assets nor lease liabilities for contracts entered into before January 1, 2019. No impacts were recorded in equity.

Note 4 – Financial risk management

The Company's risk management is supervised by the Board, creating an Operational Risk Management and Audit Committee, which is responsible for developing and monitoring the Company's risk management policies.

a) Credit risk

Is the risk of financial loss arising when a client or counterparty in a financial instrument fails to meet its contractual obligations, and originates mainly from trade accounts and the Company's investment instruments.

The Company's credit risk exposure is low given its client's characteristics, which are mainly banks, general fund managers, pension fund managers, insurance companies, stock brokers and stock exchanges, among others.

DCV's clients, to a large extent, have a payment history that allows the Company to conduct a fairly accurate assessment of the portfolio's impairment, which has historically been minimal.

The Company has a collection policy structured around an efficient and uniform client debt turnover over time. As of December 31, 2019, client debt 60 days or more overdue is approximately 4% of total client debt, of which 56.7% has been provisioned for a total amount of $20.6 million.

As of December 31, 2018 client debt 60 days or more overdue was approximately 6.1% of total client debt, of which 15.9% had been provisioned for a total amount of $10.1 million.

Regarding client portfolio concentration, the 10 most important clients represent 30.4% of total net revenues.

The Company manages risk exposure investing in highly liquid instruments diversified by issuer rating, where the minimum long-term credit risk rating should be at least BBB+.

The Company has an investment policy which contemplates distribution percentages according to issuer rating and duration of financial instruments.

The Company maintains investments in time deposits, type I mutual funds and bank bonds.

b) Liquidity risk

Is the risk that the Company cannot meet its financial obligations in a timely manner.

The Company maintains a liquidity policy based on the correct administration of its assets and liabilities through policies that achieve the timely fulfillment of client commitments as well as the Company's obligations. This considers an efficient management of cash surpluses and financing alternatives generating stable cash flows over time.

The Company's management makes cash flow projections in anticipation of liquidity or debt needs, when appropriate. Thus, the Company counts with short and long term credit facilities committed by banks for amounts sufficient to cover projected cash needs.

The table below sets forth the Company's financial assets by time remaining to maturity:

Financial assets	As of 12-31- 2019	6 months or less	Time to maturity Between 6 and 12 months	Between 12 and 24 months
	M$	M$	M$	M$
Cash and cash equivalents	609,116	609,116	-	-
Other current financial assets	34,784	34,784	-	-
Other non-current financial assets	741,053	741,053	-	-
Trade accounts, gross	903,543	890,074	13,469	-
Total	2,288,496	2,275,027	13,469	-

The Company monitors the expected cash inflow levels from trade accounts together with expected cash outflows for trade creditors and other accounts payable. As of December 31, 2019, expected cash flows from trade accounts with up to 6 months to maturity amounted to M$890,074.

This excludes the possible impact of extreme circumstances which cannot reasonably be predicted.

Contractual cash flows from obligations acquired by the company are set forth in the following table:

Financial liabilities	As of 12-31- 2019	Total contractual cash flows	6 months or less	Projected liabilities Between 6 and 12 months	Between 12 and 24 months
	M$		M$	M$	M$
Lease liabilities	2,201,157	477,931	119,483	119,483	238,965
Operating leases	5,407	21,629	21,629	-	-
Trade creditors and accounts payable	250,325	711,024	444,012	267,012	-
Total	2,456,889	1,210,584	585,124	386,495	238,965

As of December 31, 2019, the company has no credit facilities from any financial institution.

c) Market risk – Interest rates

Is the risk that changes in market prices affect the Company's net income, either through the value of maintained financial assets or through liabilities valued according to market prices (interest rates, foreign-exchange rates, share prices and others).

Interest rates affecting the Company's net income are those used to determine the impact of the implementation of IFRS 16 Leases, set forth in the following table:

Institution	Financing	Beginning	Term (years)	Rate
Renta Nueva Sta. María	Property and fitting out – Torre Santa María	2019	10	2.58%

Based on the Company's business nature, there is no significant risk exposure to interest rate changes.

d) Foreign-exchange rate risk

There are no relevant operations and/or transactions in foreign currency, no relevant payments are made in international markets for the acquisition of assets or the provision of some type of services, and there are no subsidiaries or cash flows from related companies linked to any foreign currency.

Considering that the Company is not exposed to foreign-exchange rate risk, it does not require the implementation of hedging policies for foreign-currency denominated assets and liabilities, either in a natural way or by contracting financial instruments for hedging.

e) Risk from changes in the monetary adjustment unit (*unidad de fomento*)

The Company has no debt issues, debt positions or financial instruments for hedging or other types, measured at fair value determined based on interest rates, currencies or other method. Thus, it does not require to implement statistical systems for prediction and measurement that guarantee the stability and non-volatility of net income.

The Company's operating revenues are based in prices set in Unidades de Fomento (inflation indexed currency). Hence, the Company's financial statements as of December 31, 2019 reflect a position in inflation indexed currency such that, given a 5% change in the adjustment unit, the positive or negative effect in the Company's equity would be approximately 7.2%, or $146.7 million.

Note 5 – Information by segments

IFRS 8 Operating Segments, stipulates that said standard should be applied by entities whose debt or equity instruments are traded in a public market or entities that are in the process of issuing securities to be traded in a public market.

DCV Registros S.A. is a closed stock company, i.e. its securities are not publicly traded. As such, the standard is not mandatory. However, the Company has opted to conduct an analysis aimed at identifying segments to be disclosed in the present financial statements.

a) Business segments

Services provided by the Company correspond to a group related to each other. The principal source of revenue is the fixed installment charged by that the Company for the monthly shareholder registry service.

Production processes associated with providing services are based on a common technological and administrative infrastructure. Base operating assets are common across the organization and are not associated with specific services.

b) Geographic services

The Company's current activities are conducted locally and have a common political and economic framework. Also, the Company faces uniform risks and regulations associated with a specific geographic area.

Based on the aforementioned background, the Company concluded that it has only one operating segment and no other has been identified so as to be disclosed in the present financial statements.

Note 6 – Cash and cash equivalents

Cash and cash equivalent balances are comprised, mainly, of amounts maintained in bank checking accounts and cash surpluses invested in time deposits or mutual funds. The following table sets forth the composition of cash and cash equivalents:

Concept	12-31- 2019	12-31- 2018
	M$	M$
Cash (fixed funds)	57	170
Balances in bank checking accounts	67,529	91,644
Investments in term deposits	2,145	-
Investments in BCCh securities	24,998	-
Investments in mutual funds	514,387	674,080
Cash and cash equivalents	609,116	765,894

a) Investments in term deposits

The following table sets forth a detail of the investments in term deposits as of December 31, 2019:

Issuer	Days	12-31-2019	Maturity
		M$	
Banco de Chile	2	2,145	01-02-2020
Total investments in term deposits		2,145	

As of December 31, 2018, there are no investments in term deposits.

b) Investments in mutual funds.

Issuer	Name	12-31-2019	12-31-2018
		M$	M$
Banco Estado S.A. AGF	Solvente	256,541	262,879
Santander AGF.	Money Market	120,950	50,755
ScotiaAzul AGF S.A.	Corporativo	136,896	279,475
B.C.I. F.M. S.A.	Competitivo	-	-
Zurich Chile AGF.	Money Market	-	80,971
Total investments in mutual funds		514,387	674,080

c) Cash and cash equivalents by currency

The following table sets forth the cash and cash equivalent balances by currency as of December 31, 2019:

Concept	CLP	USD	Total
	M$	M$	M$
Cash (fixed funds)	57	-	57
Balances in bank checking accounts	67,529	-	67,529
Investments in term deposits	2,145	-	2,145
Investments in BCCh securities	24,998	-	24,998
Investments in mutual funds	514,387	-	514,387
Cash and cash equivalents	609,116	-	609,116

The following table sets forth the cash and cash equivalent balances by currency as of December 31, 2018:

Concept	CLP	USD	Total
	M$	M$	M$
Cash (fixed funds)	170	-	170
Balances in bank checking accounts	91,644	-	91,644
Investments in mutual funds	674,080	-	674,080
Cash and cash equivalents	765,894	-	765,894

d) There is no restriction whatsoever over amounts disclosed as cash and cash equivalent.

Note 7 – Other financial assets

This item includes investments with maturities exceeding 90 days and thus are not classified as cash and cash equivalents. Each instrument is presented together with its respective credit risk rating, associated to the issuer's solvency and the risk of default, in a scale from a maximum AAA rating to a minimum D rating. The Company controls its risk level investing only in instruments with a minimum BBB+ rating.

- AAA: Maximum rating, extremely high fulfillment capacity.
- AA: Very high fulfillment capacity.
- A: High fulfillment capability.
- BBB: Adequate fulfillment capability, higher susceptibility to changes in economic conditions.

The following tables set forth the detail of other financial assets as of December 31, 2019, and 2018.

a) The detail of the current portion of other financial assets is as follows:

Current portion	12-31- 2019	12-31- 2018
	M$	M$
Term deposits (i)	-	274,485
Bonds (ii)	34,784	256,733
Other current financial assets	34,784	531,218

(i) Term deposits

As of December 31, 2019, there are no investments in current term deposits.

The following table sets forth the detail of investments in term deposits as of December 31, 2018:

Issuer	Days	12-31-2018	Maturity	Credit risk rating
		M$		
Banco de Chile	113	161,991	04-23-2019	AAA
Banco Internacional	154	24,092	06-03-2019	A+
Banco Internacional	204	10,389	07-23-2019	A+
Banco Estado	221	39,163	08-09-2019	AAA
Banco de Chile	296	38,850	10-23-2019	AAA
Total investments in term deposits		274,485		

(ii) Bonds

The following table sets forth the detail of investments in bonds as of December 31, 2019, and 2018:

Issuer	Maturity	12-31-2019	12-31-2018	Credit risk rating
		M$		
Banco Security	Jun-19	-	96,697	AA-
Forum	Jun-19	-	20,110	AA-
Banco Soctiabank	Nov-19	-	139,926	AAA
Banco Estado	Jan-20	14,385	-	AAA
Banco Consorcio	May-20	20,399	-	AA-
Total investments in bonds		34,784	256,733	

b) The detail of the non-current portion of other financial assets is as follows:

Non-current portion	12-31- 2019	12-31- 2018
	M$	M$
Bonds (i)	741,053	222,914
Other non-current financial assets	741,053	222,914

(i) Bonds

The following table sets forth the detail of investments in bonds as of December 31, 2019, and 2018:

Issuer	Maturity	12-31-2019	12-31-2018	Credit risk rating
		M$		
Banco BICE	Feb-21	29,468	-	AA
Banco BICE	Feb-21	29,468	-	AA
Banco Central de Chile	Feb-21	89,162	-	AAA
Banco Central de Chile	Feb-21	48,118	-	AAA
Banco de Crédito e Inversiones	Jun-21	51,468	-	AAA
Soc. Consec. Tecnocontrol	Jun-21	8,981	-	AAA
Banco Scotiabank	Oct-21	29,732	-	AAA
Banco de Chile	Dec-21	29,960	28,992	AAA
Banco Central de Chile	Mar-22	15,345	-	AAA
Banco Santander	Apr-22	30,569	-	AAA
Banco Scotiabank	May-22	29,384	-	AAA
Banco Scotiabank	May-22	29,384	-	AAA
Banco ItaúCorp	Sep-22	53,605	-	AA
Banco Security	Oct-22	14,850	-	AA
Banco de Chile	Nov-22	60,474	-	AAA
Banco Internacional	Mar-23	-	27,858	AA-
Tesorería de la República	Mar-23	101,443	-	AAA
Banco de Chile	Jun-23	58,752	136,794	AAA
Banco ItaúCorp	Jul-23	30,890	29,340	AA
Total investments in bonds		741,053	222,914	

Note 8 – Other non-financial assets, current

These accounts register prepayments made by the Company for services to be received during the following months, according to the following detail:

Concept	12-31- 2019	12-31- 2018
	M$	M$
Operating insurance	148,622	133,052
Prepaid leases	5,407	5,265
Other prepaid expenses	237	451
Total other current non-financial assets	154,266	138,768

Note 9 – Financial instruments

a) Financial instruments by category

The following tables set forth the classification of financial instruments to the categories described in Note 3.a.1 Financial Assets as of December 31, 2019, and 2018:

As of December 31, 2019	Cash	At amortized cost	At fair value through profit or loss	At fair value through other comprehensible income	Total
	M$	M$	M$	M$	M$
Cash and cash equivalents	67,586	-	541,530	-	609,116
Other financial assets, current	-	-	34,784	-	34,784
Trade receivables and other accounts receivable	-	901,960	-	-	901,960
Other financial assets, non-current	-	-	741,053	-	741,053
Total financial instruments	67,586	901,960	1,317,367	-	2,286,913

As of December 31, 2018	Cash	At amortized cost	At fair value through profit or loss	At fair value through other comprehensible income	Total
	M$	M$	M$	M$	M$
Cash and cash equivalents	91,814	-	674,080	-	765,894
Other financial assets, current	-	-	531,218	-	531,218
Trade receivables and other accounts receivable	-	1,059,204	-	-	1,059,204
Other financial assets, non-current	-	-	222,914	-	222,914
Total financial instruments	91,814	1,059,204	1,428,212	-	2,579,230

The following tables set forth the classification of financial liabilities to the categories described in Note 3.l Financial Liabilities as of December 31, 2019, and 2018:

As of December 31, 2019	At fair value	At amortized cost	Total
	M$	M$	M$
Other financial liabilities, current	-	181,922	181,922
Trade payables and other accounts due	-	250,325	250,325
Other financial liabilities, non-current	-	2,019,235	2,019,235
Total financial liabilities	-	2,415,482	2,415,482

As of December 31, 2018	At fair value	At amortized cost	Total
	M$	M$	M$
Trade payables and other accounts due	-	227,113	227,113
Total financial liabilities	-	227,113	227,113

The Company has not indicated fair values for financial instruments at amortized cost as trade receivables and payables, given that their book value is a reasonable approximation of their fair value.

Instruments registered in other financial liabilities, current and non-current, classified as financial liabilities at fair value through profit or loss are presented at their fair value in the statement of financial position. In Note 9b) Valuation of instruments, is explained the methodology used to measure their fair values.

b) Valuation of instruments

Hierarchy of financial instruments' fair value

Financial instruments recognized at fair value in the statement of financial position are classified according to the following hierarchies:

Level 1: Price quoted in an active market for identical assets and liabilities;

Level 2: Assumptions different from quoted prices included in Level 1 which are observable for assets and liabilities, either directly (i.e. as a price) or indirectly (i.e. derived from a price); and

Level 3: Assumptions for assets and liabilities not based on observable market information.

The "fair value" is the price which would be received when selling an asset or paid for transferring a liability in an ordered transaction between market participants at the date of measurement in the principal market or, in its absence, the most advantageous market to which the Company has access at the said date. A liability's fair value reflects its default risk. Some of the Company's accounting policies and disclosures require the measurement of the fair value of financial and non-financial assets and liabilities. When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is considered "active" if transactions of assets and liabilities are conducted with sufficient frequency and volume in order to provide price information on a continuous base.

The following tables set forth the hierarchy of assets measured at fair value through profit or loss as of December 31, 2019, and 2018:

As of December 31, 2019	Level 1	Level 2	Level 3	Total
	M$	M$	M$	M$
Assets at fair value through profit or loss				
Investments in term deposits	-	2,145	-	2,145
Investments in bank bonds	-	775,837	-	775,837
Investments in BCCh bonds	-	24,998	-	24,998
Investments in mutual funds	514,387	-	-	514,387
Total assets	514,387	802,980	-	1,317,367

As of December 31, 2018	Level 1	Level 2	Level 3	Total
	M$	M$	M$	M$
Assets at fair value through profit or loss				
Investments in term deposits	-	274,485	-	274,485
Investments in bank bonds	-	479,647	-	479,647
Investments in mutual funds	674,080	-	-	674,080
Total assets	674,080	754,132	-	1,428,212

Note 10 – Trade receivables and other accounts receivable, current

These accounts register invoices from services related to the Company's business activity, as well as cashier's checks received as payment for a portion of the said service.

The following table sets forth the detail of these accounts as of December 31, 2019, and 2018:

Concept	12-31- 2019	12-31- 2018
	M$	M$
Trade receivables, gross (a)	903,543	1,039,211
Credit risk loss allowance	(20,560)	(10,087)
Accounts receivable	6,156	6,256
Other receivables	12,821	23,824
Total trade receivables and other accounts receivable	901,960	1,059,204

a) The following tables set forth the detail of gross trade receivables classified by delinquency tranches and type of portfolio. It should be noted that as of December 31, 2019, 91% of the portfolio is performing or less than 30 days overdue (85% as of December 31, 2018).

December 31, 2019	Non-securitized portfolio				
Delinquency tranches Trade receivables, gross	N° of clients non-re-negotiated portfolio	Non-renegotiated portfolio, gross	N° of clients renegotiated portfolio	Renegotiated portfolio, gross	Total portfolio, gross
		M$		M$	M$
Not yet due	411	775,915	-	-	775,915
Between 1 and 30 days	10	48,705	-	-	48,705
Between 31 and 60 days	32	42,654	-	-	42,654
Between 61 and 90 days	14	15,023	-	-	15,023
Between 91 and 120 days	4	1,366	-	-	1,366
Between 121 and 150 days	5	4,446	-	-	4,446
Between 151 and 180 days	3	1,965	-	-	1,965
Between 181 and 210 days	3	1,258	-	-	1,258
Between 211 and 250 days	5	4,101	-	-	4,101
More than 251 days	7	8,110	-	-	8,110
Total portfolio	494	903,543	-	-	903,543

December 31, 2018	Non-securitized portfolio				
Delinquency tranches Trade receivables, gross	N° of clients non-re-negotiated portfolio	Non-renegotiated portfolio, gross	N° of clients renegotiated portfolio	Renegotiated portfolio, gross	Total portfolio, gross
		M$		M$	M$
Not yet due	368	611,216	-	-	611,216
Between 1 and 30 days	152	271,418	-	-	271,418
Between 31 and 60 days	60	93,133	-	-	93,133
Between 61 and 90 days	29	46,992	-	-	46,992
Between 91 and 120 days	12	12,731	-	-	12,731
Between 121 and 150 days	6	2,617	-	-	2,617
Between 151 and 180 days	1	397	-	-	397
Between 181 and 210 days	1	322	-	-	322
Between 211 and 250 days	1	385	-	-	385
More than 251 days	-	-	-	-	-
Total portfolio	630	1,039,211	-	-	1,039,211

b) The criteria used to determine the credit risk estimate is based on both, a quantitative and a qualitative component. The base factor to determine the estimate is based on a portfolio's delinquency tranches: 50% of the debt is provisioned for those debts between 90 and 120 days overdue, and 100% of the debt for those debts more than 120 days overdue. The qualitative factor attends those situations in which, independent of the debt's age, there are indications of an eventual deterioration, such as insolvency situations.

The following table sets forth the movement detail of credit risk estimates:

Credit risk loss allowance	12-31- 2019	12-31- 2018
	M$	M$
Opening balance	(10,087)	(589)
Additions	(80,429)	(38,739)
Deductions	69,956	29,241
Credit risk loss allowance closing balance	(20,560)	(10,087)

Note 11 – Related party transactions

a) Transactions and amounts receivable and due with related parties

As of December 31, 2019, and 2018 there are no accounts receivable from related parties.

As of December 31, 2019, and 2018 there are no accounts payable to related parties.

The effect on results from transactions with related parties as of December 31, 2019, corresponds to an expense of M$894,170 and of M$872,210 as of December 31, 2018.

The following table sets forth the services provided from the parent company to the subsidiary:

Company	Relation	Currency	Service	12-31- 2019	12-31- 2018
				M$	M$
Depósito Central de Valores S.A.	Parent	UF	Administration service	537,561	524,300
Depósito Central de Valores S.A.	Parent	UF	Software lease	356,790	347,910
Transactions with related parties				894,270	872,210

b) Senior management

The Company is managed by the Board and senior executives of the parent company Depósito Central de Valores S.A., Depósito de Valores. The Board consists of 10 directors among which there's a Chairman and a Vice-chairman. Also, there are four Committees conformed by a smaller group of directors, the Operational Risk Management and Audit Committee, the Technology and Processes Committee, the Businesses Committee and the Human Resources and Compensations Committee. Regarding senior management, the parent company has 10 executives who serve as managers for the said company. Director's compensation as well as for senior management have been paid by the parent company for the years 2019 and 2018.

Note 12 – Tax assets and liabilities, current

The following table sets forth a detail of current tax assets and liabilities:

Concept	12-31- 2019	12-31- 2018
	M$	M$
Training expenses	8,286	9,802
Monthly provisional payments (PPM)	558,132	527,284
Taxes to be recovered	6,305	10,661
Income tax	(557,256)	(499,513)
Total training expenses and PPM	15,467	48,234
Total income tax	-	-

Note 13 – Property, plant and equipment

a) The following table sets forth the detail of property, plant and equipment:

Concept	12-31- 2019	12-31- 2018
	M$	M$
Plant and equipment		
Furniture and supplies	65,863	109,983
Office machines	23,701	23,285
Security equipment	-	3,875
TI equipment		
Hardware	52,714	51,869
Software	14,703	14,703
Facilities and accessories		
Facilities	530,556	255,820
Others		
Right-of-use (*)	2,181,012	-
Other fixed assets	15,582	-
Accumulated depreciation		
Furniture and supplies	-	(102,826)
Office machines	(18,708)	(15,052)
Security equipment	-	(2,408)
Hardware	(43,435)	(38,647)
Facilities	-	(199,935)
Right-of-use	(36,050)	-
Software	(14,703)	(14,703)
Total property, plant and equipment	**2,771,235**	**85,964**

(*) The change in this item is due to the application of IFRS 16 related to lease treatments, generating right-of-use assets from the lease of facilities for M$2,144,962. The accounting of these assets is similar to that of a lease contract but is presented under Other Fixed Assets to be observed independently from the financing activities carried out by the Company.

b) The following table sets forth the detail of property, plant and equipment net of accumulated depreciation:

Concept	12-31- 2019	12-31- 2018
	M$	M$
Plant and equipment		
Furniture and supplies	65.863	7.157
Office machines	4.993	8.233
Security equipment	-	1.467
TI equipment		
Hardware	9.279	13.222
Software	-	-
Facilities and accessories		
Facilities	530.556	55.885
Others		
Right-of-use (*)	2.144.962	-
Other fixed assets	15.582	-
Total property, plant and equipment	**2,771,235**	**85,964**

c) The following table sets forth the useful lives for property, plant and equipment:

Concept	Minimum useful life or rate	Maximum useful life or rate
	Years	Years
Facilities and accessories		
Facilities	10	10
IT equipment		
Hardware	3	6
Software	3	6
Plant and equipment		
Furniture and supplies	3	10
Office machines	2	10
Other property, plant and equipment		
Other fixed assets	3	10

d) The following table sets forth the changes in the value of property, plant and equipment:

Concept	Facilities and accessories	IT equipment	Plant and equipment	Others	Right-of-use (*)	Total
	M$	M$	M$	M$	M$	M$
Opening balance as of 01-01-2019	**55,885**	**13,222**	**16,857**	**-**	**-**	**85,964**
Additions	530,555	846	66,277	-	2,181,012	2,778,690
Depreciation expenses	(55,884)	(4,789)	(12,278)	-	(36,050)	(109,001)
Deductions	(255,820)	-	(113,858)	-	-	(369,678)
Transfers	255,820	-	113,858	15,582	-	385,260
Closing balance as of 12-31-2019	530,556	9,279	70,856	15,582	2,144,962	2,771,235

(*) Corresponds to the application of IFRS 16 related to lease treatments.

Concept	Facilities and accessories	IT equipment	Plant and equipment	Others	Right-of-use (*)	Total
	M$	M$	M$	M$	M$	M$
Opening balance as of 01-01-2018	**82,147**	**7,915**	**27,697**	**-**	**-**	**117,759**
Additions	-	10,244	7,886	-	-	18,130
Depreciation expenses	(26,262)	(4,937)	(18,726)	-	-	(49,925)
Closing balance as of 12-31-2018	55,885	13,222	16,857	-	-	85,964

Note 14 – Deferred tax assets and liabilities

The following table sets forth the detail of deferred tax assets and liabilities:

Concept	12-31-2019			12-31-2018			12-31-2019	
	Assets	Liabilities	Net	Assets	Liabilities	Net	Effect in results	Effect in equity
	M$	M$	M$	M$	M$	M$	M$	M$
Indemnity provision	-	-	-	2,755	-	2,755	(2,755)	-
Vacations provision	28,804	-	28,804	18,739	-	18,739	10,065	-
Progressive vacations provision	-	-	-	5,899	-	5,899	(5,899)	-
Various provisions	5,657	-	5,657	-	-	-	5,657	-
Bad debts	8,027	-	8,027	2,723	-	2,723	5,304	-
Leasing liability	594,312	-	594,312	-	-	-	594,312	-
Right-to-use asset	-	(579,140)	(579,140)	-	-	-	(579,140)	-
Furniture and equipment	7,692	(3,853)	3,839	8,348	(22,394)	(14,046)	17,885	-
Capitalized expenses (facilities)	-	(23,111)	(23,111)	-	-	-	(23,111)	-
Total deferred taxes	644,492	(606,104)	38,388	38,464	(22,394)	16,070	22,318	-

Note 15 – Other financial liabilities

The following table sets forth the detail of other financial liabilities:

Other financial liabilities, current	12-31- 2019	12-31- 2018
	M$	M$
Lease liabilities (*)	181,922	-
Total other financial liabilities, current	181,922	-

Other financial liabilities, non-current	12-31- 2019	12-31- 2018
	M$	M$
Lease liabilities (*)	2,019,235	-
Total other financial liabilities, non-current	2,019,235	-
Total financial liabilities	2,201,157	-

(*) Corresponds to the application of IFRS 16 related to lease treatments.

Note 16 – Trade payables and other accounts due

The following table sets forth the detail of the carrying amounts included under trade payables and other accounts due, which includes invoices due to operational providers, insurance and others:

Concept	12-31- 2019	12-31- 2018
	M$	M$
Trade payables (*)	204,139	190,618
Invoices to be received	46,186	36,495
Trade payables and other accounts due	250,325	227,113

(*) As of December 31, 2019 and 2018, the amount due for operating insurance reaches M$177,926 and M$159,751, respectively.

The following tables set forth the detail of trade payables and other accounts due by time to maturity:

As of December 31, 2019	30 days or less	Between 31 and 60 days	Between 61 and 90 days	Total
Type of service	M$	M$	M$	M$
Products	23,291	-	-	23,291
Services	227,034	-	-	227,034
Total	250,325	-	-	250,325

As of December 31, 2018	30 days or less	Between 31 and 60 days	Between 61 and 90 days	Total
Type of service	M$	M$	M$	M$
Products	2,639	-	-	2,639
Services	224,474	-	-	224,474
Total	227,113	-	-	227,113

Note 17 – Provisions for employee benefits

The Company pays employees an annual bonus subject to approval by the Board and an assessment of the accomplishment of annual goals established by the Board. A provision is established for this concept, which varies according to accrual calculated on a straight-line basis with effect on profit or loss and its use due to payment.

The carrying amount of the bonus provisions as of December 31, 2019 reach M$134,156 (M$113, 314 as of December 31 2018). The effect on profit or loss as of December 31, 2019 and 2018 amounts to M$140,049 and M$159,395, respectively.

The detail of the carrying amounts included under employee benefits provisions, current, is set forth in the following table:

Provision	12-31- 2019	12-31- 2018
	M$	M$
Employee vacations	106,682	91,251
Employee bonuses	134,156	113,134
Total provisions for employee benefits, current	240,838	204,385

The following tables set forth changes to provisions for employee vacations and bonuses, and other provisions:

Provision	Vacations	Bonuses	Other employee provisions	Total
	M$	M$	M$	M$
Opening balance as of 01-01-2019	91,251	113,134	-	204,385
Additions	91,645	140,049	-	231,694
Deductions	(76,214)	(119,027)	-	(195,241)
Closing balance as of 12-31-2019	106,682	134,156	-	240,838

Provision	Vacations	Bonuses	Other employee provisions	Total
	M$	M$	M$	M$
Opening balance as of 01-01-2018	81,235	64,075	-	145,310
Additions	90,430	113,134	12,035	215,599
Deductions	(80,414)	(64,075)	(12,035)	(156,524)
Closing balance as of 12-31-2018	91,251	113,134	-	204,385

Note 18 – Other non-financial liabilities, current

The following table sets forth the composition of other non-financial liabilities as of December 31, 2019 and 2018:

Concept	12-31- 2019	12-31- 2018
	M$	M$
Dividends payable (*)	447,200	410,800
Monthly taxes (VAT and others)	56,929	72,548
Pension retentions	27,402	26,182
Others	43,315	40,819
Total non-financial liabilities, current	574,846	550,349

(*) Total dividends payable is the provisioned amount, as per described in Note 19 – Capital and reserves, letter d).

Note 19 – Capital and reserves

a) Dividends paid by DCV Registros S.A.

- On March 27, 2019, was approved the payment of final dividend N°20 for $1,300,000,000 equivalent to $500 per share, charged against 2018 results.
- On March 27, 2018, was approved the payment of final dividend N°19 for $1,300,000,000 equivalent to $500 per share, charged against 2017 results.

b) Paid-in capital and number of shares

As of December 31, 2019, and 2018, paid-in capital is M$863,930 and the number of shares outstanding is 2,600,000. The following table sets forth a detail of share ownership:

Shareholders	Number of shares	Percentage
	M$	%
Depósito Central de Valores S.A.	2,599,999	99.99996%
Asociación de Bancos e Instituciones Financieras de Chile A.G.	1	0.00004%
Total non-financial liabilities, current	2,600,000	100.00000%

c) Capital management

The Company manages its capital with the purpose of maintaining an adequate capitalization level that allows it to secure access to financial markets in order to develop its goals, optimize shareholder return and maintain a solid financial position.

d) Mandatory dividend

As of December 31, 2019, and 2018, a provision was recorded for the payment of the mandatory minimum dividend, which amounted to M$447,200 and M$410,800, respectively.

This dividend provision is made to comply with the legal requirement to distribute among shareholders at least 30% of annual net income.

e) Dividends

The following table sets forth the change in the statement of changes in equity produced by dividends:

Concept	12-31- 2019	12-31- 2018
	M$	M$
Final dividend	889.200	907.400
Mandatory dividend (interim)	447.200	410.800
Total dividends	1.336.400	1.318.200

The interim dividend presented as of December 31, 2019, considers the deduction of the mandatory dividend recorded as of December 31, 2018.

Note 20 – Revenues from ordinary activities

The following table sets forth a detail of the revenues according to the service that generates them for the years ended December 31, 2019, and 2018:

Concept	12-31- 2019	12-31- 2018
	M$	M$
Shareholders register fixed charge	4,063,512	3,573,450
Judicial reports charge	305,691	299,482
Shareholders meetings charge	296,298	327,508
Dividend payments	289,505	254,761
Rights issues	111,147	186,882
Tax certificates	101,090	70,773
Delivery mechanization	60,328	52,912
WinSTA support agreement	5,688	5,547
Share transfer charge	3,486	3,197
Insurance policy	2,008	1,957
Other operating revenues (*)	459,705	435,670
Gross revenues	5,698,458	5,212,139

(*) As of December 31, 2019, this concept groups revenues from Mechanization, printing and postage services for M$428,767 and Warehousing services for M$30,060. As of December 31, 2018, this concept groups revenues from Mechanization, printing and postage services for M$408,112 and Warehousing services for M$27,558.

Note 21 – Employee benefits expenses

The following table sets forth the detail of employee expenses:

Concept	12-31- 2019	12-31- 2018
	M$	M$
Wages and salaries	1,284,222	1,200,185
Bonuses	140,049	159,395
Indemnity payments	73,987	9,434
Social laws and sick leave	40,560	46,307
Training	9,702	6,547
Other employee expenses (*)	195,769	177,081
Total employee benefits expenses	1,744,289	1,598,949

(*) The detail of other employee expenses is set forth below:

Concept	12-31- 2019	12-31- 2018
	M$	M$
Collation	49,362	47,453
Other employee expenses	45,885	43,560
Other benefits	39,847	30,456
Medical insurance	33,405	28,307
Office cafeteria	18,111	16,351
Work uniforms	7,861	6,716
Recruitment	1,298	4,238
Total other employee expenses	195,769	177,081

Note 22 – Other expenses by nature

The following table sets forth all operating and administrative expenses (excluding employee expenses and depreciation and amortization expenses) for the years ended December 31, 2019, and 2018:

Other expenses by nature	12-31- 2019	12-31- 2018
	M$	M$
External consulting	212,697	155,758
Other general expenses	147,236	156,935
Operating insurance	142,244	132,446
Buildings and facilities	135,437	108,836
Outsourced employees	108,095	108,762
Office supplies	22,317	25,470
General insurance	14,492	13,603
Patents, taxes and rights	14,006	13,440
Marketing expenses	13,116	8,867
Telephone expenses	4,214	4,149
Meetings, travel and others	2,242	4,616
System and infrastructure maintenance	302	5,028
Other operating expenses (*)	1,101,200	1,084,079
Total other expenses by nature	1,917,598	1,821,989

(*) This item includes expenses related to administration services provided and software lease from the parent company. As of December 31, 2019, and 2018, this expense amounts to M$894,270 and M$872,210, respectively.

Note 23 – Other gains (losses)

The following table sets forth the detail of other gains (losses) as of December 31, 2019, and 2018, which includes mainly income from bank interests, client charge-offs and other non-operating expenses:

Concept	12-31- 2019	12-31- 2018
	M$	M$
Non-operating income		
Balance compensation	104,382	80,435
Other income	3,914	614
Gains from sale of fixed assets	52	358
Non-operating expenses		
Other non-operating expenses	(616)	(3,137)
Total other gains (losses)	107,732	78,270

Note 24 – Financial income

The following table sets forth financial income earned by the Company for the years ended December 31, 2019 and 2018:

Concept	12-31- 2019	12-31- 2018
	M$	M$
Interest income from investments	34,395	25,118
Translation gains from Santander portfolio	11,877	4,716
Capital gains on mutual fund investments	10,987	9,144
Total other gains (losses)	57,259	38,978

The following table sets forth a detail of the account Interest income from investments for the years ended December 31, 2019 and 2018:

Concept	12-31- 2019	12-31- 2018
	M$	M$
Term deposits $/UF	3,401	20,237
Sovereign bonds	6,700	959
Bank and corporate bonds	24,294	3,922
Total interest income from investments	**34,395**	**25,118**

Note 25 – Income tax expense

a) Composition of income tax expense

Concept	12-31- 2019	12-31- 2018
	M$	M$
Income tax expense		
Current period	(557,256)	(499,513)
Tax deficit	(440)	
Total	(557,696)	(499,513)
Deferred tax expense		
Origin and reversal of temporary differences	22,318	11,869
Total	**22,318**	**11,869**
Income tax expenses excluding taxes over the sale of continuing operations and share of income tax of investments accounted for by the equity method	(535,378)	(487,644)
Total income tax expenses	**(535,378)**	**(487,644)**

b) Effective tax rate reconciliation

Concept	12-31-2019	Effective rate	12-31-2018	Effective rate
	M$	%	M$	%
Net income for the period	1,488,888		1,365,023	
Total tax expense	(535,378)		(487,644)	
Net income before taxes	**2,024,266**		**1,852,667**	
Income tax expense	(557,696)		(499,513)	
Tax surplus	(440)		-	
Deferred taxes	22,318		11,869	
Total expense	**(535,818)**	**-26,47%**	**(487,644)**	**-26,32%**
Tax rate over net income (before taxes)	546,552	27,00%	500,220	27,00%
Permanent differences	(11,174)	-0,55%	(12,576)	-0,68%
Total reconciliation	**535,378**	**26,47%**	**487,644**	**26,32%**

Note 26 – Basic earnings per share

The following table sets forth a detail of earnings per share for the years ended December 31, 2019 and 2018.

Concept	12-31- 2019	12-31- 2018
	M$	M$
Net income attributable to shareholders	1,488,888	1,365,023
Shares outstanding	2,600,000	2,600,000
Total basic earnings per share	0,573	0,525

The Company's shares are not publicly traded and the Company is not in the process of issuing stock in public stock markets. Thus, in relation to net income attributable to shareholders, the calculation of earnings per share is not based on the weighted average number of shares outstanding, but rather on the total number of shares outstanding. The Company has not issued convertible debt or any other equity securities, hence, there are no dilutive effects on earnings per share.

Note 27 – Leases

a) Right-to-use assets

The Company registered using IFRS 16 all property lease contracts. Previously, these leases were classified as operating leases in accordance to IAS 17. Right-to-use assets related to property leases are presented under property, plant and equipment (see movements in Note 13.d).

b) Amounts recorded in profit or loss

2019 – Leases under IFRS 16	
	M$
Interest on lease liabilities	(14,933)
Expenses related to short-term leases	(36,050)

2018 – Operating leases under IAS 17	
	M$
Lease expenses	(62,188)

c) Amounts recorded in the statement of cash flows

Cash outflows from leases	
	M$
Total cash outflows from leases	(14,933)

d) Other leases

The Company maintains a lease with Inmobiliaria Helvetia Limitada, corresponding to the offices on the 22nd floor of Santiago 2000 building, facilities in which the Company's activities are conducted. This lease originated in 2005 and expires on April 2020. Each monthly installment is for UF 191. The Company has chosen not to recognize right-of-use assets or lease liabilities in relation to this lease.

The Company maintains a software lease with Depósito Central de Valores S.A., Depósito de Valores. The monthly installment during 2018 was 1,066 UF. The term of the contract is 12 months with an automatic renewal clause.

The amounts recorded during the period for these leases are included under “Other expenses by nature” in the statement of integral income, and its detail is set forth in the following table:

Leases	12-31- 2019	12-31- 2018
	M$	M$
Software lease	356,709	347,910
Facilities on Huérfanos 22nd floor	63,770	62,188
Total leases	420,479	410,098

Note 28 – Contingencies and commitments

Responsibility for funds for dividend payments

As of December 31, 2019, and 2018, the Company registers off-balance the funds received from shareholder registry clients for dividend payment and the corresponding payment responsibility. The following table sets forth carrying amounts for this item, which are maintained in a checking account at Banco de Crédito e Inversiones:

Concept	12-31- 2019	12-31- 2018
	M$	M$
Issuer funds for dividend payments	5,412,676	3,347,575
Total issuer funds for dividend payments	5,412,676	3,347,575

Note 29 – Environment

Due to its nature, the Company is not subject to payments related to improvements and/or investments in productive processes, verification and control of compliance with laws regarding processes and industrial facilities or any other, which might affect, directly or indirectly, the environment.

Note 30 – Research and development

As of December 31, 2019, and 2018, the Company has not recorded payments of any kind related to research and development.

Note 31 – Sanctions

During the years 2019 and 2018, and as of the date of the present report, the Financial Market Commission (CMF – Comisión para el Mercado Financiero, ex Superintendencia de Valores y Serguros) and other administrative authorities have not sanctioned the Company, its Directors or senior management.

Note 32 – Subsequent events

Between December 31, 2019 and the date of issuance of these financial statements, there have been no other events of a financial or other nature that may materially affect the interpretation of these financial statements.

REASONED
ANALYSIS

Analysis of the Statements of Financial Position

The following table sets forth the principal asset and liability categories as of December 31, 2019 and 2018:

				Change	
Principal categories	Unit	12-31- 2019	12-31- 2018	M$	%
Current assets	M$	1,715,593	2,543,318	(827,725)	-32.55%
Non-current assets	M$	3,590,480	324,948	3,265,532	1004.94%
Total assets	M$	5,306,073	2,868,266	2,437,807	84.99%
Current liabilities	M$	1,247,931	981,847	266,084	27.10%
Non-current liabilities	M$	2,019,235	-	2,019,235	-
Equity	M$	2,038,907	1,886,419	152,488	8.08%
Total liabilities and equity	M$	5,306,073	2,868,266	2,437,807	84.99%

As of December 31, 2019, total assets increased 85% compared to the previous year, or MM$2,348.

The Company's available resources (reflected in Cash and cash equivalents and Other financial assets, current), decreased 50% or MM$653. Regarding Trade receivables and Other accounts receivable, a 15% reduction or MM$157 was recognized when compared to December 2018, mainly due to a decrease in Trade receivables, net.

The item Property, plant and equipment increased 3,124% or MM$2,685, mainly due to the adoption of IFRS 16 related to lease treatment. In consequence, under this item were recorded the respective right-to-use assets for MM$2,145, in accordance to the detail set forth in Note 13 of the financial statements.

Current assets decreased 68% or MM$33, explained in net terms by the increase in monthly provisional payments during the period (5%) compared to the tax provision increase (12%).

Current liabilities increased 27% with respect to December 2018 or MM$266, explained by the MM$182 increase in Other financial liabilities, current, due to the implementation of IFRS 16.

In the same way, Non-current liabilities increased MM$2,019 compared to December 2018, explained by the application of the IFRS standard in long term liabilities, as detailed in Note 16 of the financial statements.

Total equity increased 8% or MM$152. This is justified by the accumulated results during the year.

The following tables set forth the Company's principal liquidity, indebtedness and activity ratios:

Liquidity	Unit	12-31- 2019	12-31- 2018	Change
Current ratio (1)	Times	1.37	2.59	-46.93%
Acid-test ratio (2)	Times	1.37	2.59	-46.93%

Indebtedness	Unit	12-31- 2019	12-31- 2018	Change
Debt over equity (3)	Times	1.66	0.53	215.86%
Debt quality (4)	Times	0.38	1.00	-61.80%

(1) The Current ratio (Cr) measures the company's ability to pay short-term obligations and is calculated with the following formula:

$$Cr = \frac{Current\ assets}{Current\ liabilities}$$

(2) The Acid-test ratio (Ar) is an indicator used to measure the Company's ability to pay its short-term obligations without resorting to the sale of inventories. It is measured as Total current assets less Inventories, divided by Total current liabilities. The calculation formula is expressed below:

$$Ar = \frac{(Current\ assets - Inventories)}{Current\ liabilities}$$

(3) Debt over equity (De) assesses the Company's indebtedness level in relation to Equity. The calculation formula considers average Equity between two periods (December 31, 2019, and 2018) and is expressed below:

$$De = \frac{(Current\ liabilities + Non - current\ liabilities)}{Average\ equity}$$

(4) The Debt quality indicator (Dq) assesses the quality of the Company's obligations in terms of their time-to-maturity and is calculated as follows:

$$Dq = \frac{Current\ liabilities}{(Current\ liabilities + Non - current\ liabilities)}$$

Analysis of the Statements of Integral Income

The following table sets forth the principal categories of the Income Statement by Nature as of December 31, 2019 and 2018:

Principal categories	Unit	12-31- 2019	12-31- 2018	Change M$	Change %
Operating revenues	M$	5,698,458	5,212,139	486,319	9.33%
Employee expenses	M$	(1,744,289)	(1,598,949)	(145,340)	9.09%
Depreciation and amortization expenses	M$	(109,001)	(49,925)	(59,076)	118.33%
Impairment losses	M$	(10,474)	(9,497)	(977)	10.29%
Other expenses	M$	(1,809,866)	(1,743,719)	(66,147)	3.79%
Operating income	**M$**	**1,917,096**	**1,731,779**	**185,317**	**10.70%**
Financial expenses	M$	(14,933)	-	(14,933)	-
Non-operating results	M$	107,710	120,888	(13,178)	-10.90%
Income tax expense	M$	(535,378)	(487,644)	(47,734)	9.79%
Net income	**M$**	**1,488,888**	**1,365,023**	**123,865**	**9.07%**
EBITDA (5)	**M$**	**2,026,097**	**1,781,704**	**244,393**	**13.72%**

(5) EBITDA is the Company's gross operating result before deducting financial expenses, interest and taxes. The calculation formula is expressed below:

$$EBITDA = Operating\ income + Depreciation\ \&\ amortization\ expenses$$

As of December 31, 2019, the Company's net income increased 9% with respect to December 31, 2018, or MM$124. On the other hand, EBITDA increased 14% or MM$244.

Operating revenues as of December 31, 2019 were 9% higher compared to the same period last year, or MM$486. The item Shareholder registry fixed administration charge represents 71% of the Company's total revenue. This item shows a 4% growth compared to December 2018, equivalent to MM$490.

The principal services in terms of operating revenues as of December 2019 are: Shareholder registry fixed administration fees (71%), Mechanization, printing and postage services (8%), fees from shareholder meetings (5%), legal reports fees (5%) and dividend payment fees (5%).

Employee benefits expenses increased 9% due to the real and nominal increase of wages and salaries, or MM$145.

Other expenses present a 4% increase, or MM$66, mainly due to External consultancies (MM$57) and, Office rent and common expenses (MM$27).

The following table sets forth the Company's principal profitability ratios:

Profitability	Unit	12-31- 2019	12-31- 2018	Change
Return on equity (6)	%	75.86%	73.27%	3.54%
Return on assets (7)	%	28.06%	47.59%	-41.04%
EBITDA / Sales (8)	%	35.56%	34.18%	4.01%
Net income / Sales (9)	%	26.13%	26.19%	-0.23%

(6) Return on equity (ROE) measures the performance of shareholder investments in relation to the net income obtained in one period. The calculation formula considers average equity between two periods (December 31, 2019, and 2018) and is expressed below:

$$ROE = \frac{Netincome}{Averageequity}$$

(7) Return on assets (ROA) relates the Company's net income for the period with total assets. Its calculation formula is presented below:

$$ROA = \frac{Neti\ ncome}{Total\ assets}$$

(8) EBITDA / Revenues relates Gross operating income (before deducting tax and depreciation and amortization expenses) for the period with total revenues. Its calculation formula is presented below:

$$\frac{EBITDA}{Sales} = \frac{(Operating\ result + Depreciation\ \&\ amortizationexpense)}{Total\ revenues}$$

(9) Net income / Sales relates the Company's net income with total revenues during the period. Its calculation formula is presented below:

$$\frac{Net\ income}{Sales} = \frac{Net\ income}{Total\ revenues}$$

Analysis of the Statements of Cash Flows

The following table sets forth the principal categories of the Statement of Cash Flows as of December 31, 2019 and 2018:

Principal categories	Unit	12-31- 2019	12-31- 2018	Change M$	Change %
Net cash flows from (used in) operating activities	M$	1,752,233	1,124,248	627.985	55,86%
Net cash flows from (used in) investment activities	M$	(594,078)	94,464	(688.542)	-728,89%
Net cash flow from (used in) financing activities	M$	(1,314,933)	(1,300,000)	(14.933)	1,15%
Effect of exchange rate changes on cash and cash equivalents	M$	-	-	-	-
Net increase (decrease) in cash and cash equivalents	**M$**	**(156,778)**	**(81,288)**	**(75.490)**	**92,87%**
Cash and cash equivalents at the beginning of the financial year	M$	765,894	847,182	(81.288)	-9,60%
Cash and cash equivalents at the end of the year	**M$**	**609,116**	**765,894**	**(156.778)**	**-20,47%**

Operating cash flow as of December 31, 2019, increased 56% compared to the same period the previous year, equivalent to MM$628. This increase is due to higher proceeds from the sale of goods and services, which increased 17% or MM$1,024. This higher collection was compensated by higher payments to providers and employees, as well as other payments of operating expenses during the period: payments to, and on behalf of, employees increased 10% or MM$151; payments to providers of goods and services were 15% higher or MM$285, and payments of other operating expenses increased 3% or MM$44.

Regarding cash flow from investment activities, a 729% decrease or MM$689 was recorded. This lower cash flow is a consequence of the reinvestment at maturity of the investment portfolio carried as of December 31, 2018, in financial instruments with maturities over 90 days. Hence, these investments ceased to be recognized as cash equivalents and are presented as other financial assets in the financial statements as of December 31, 2019.

Cash flow from financing activities presents no material movements between the informed periods.

Risks related to the Company

DCV Registros S.A., as a subsidiary of Depósito Central de Valores S.A. (DCV), adheres to the risk management model of its parent company. Thus, the subsidiary's services are supported by DCV's infrastructure, with the latter being the company that obtains the certifications detailed below.

Among the principal risks managed by the Company are operating risks, regulatory risk, continuity risks and service security risks. Regarding operating risk management frameworks, the Company complies with Circular N°1939 from the CMF (ex SVS) for Operating Risk Management in securities deposit and custody entities and Circular N°2237 which establishes for the said entities, the obligation to adhere to international standards of financial market infrastructure principles.

The Company has implemented an integral risk management system based on international standards ISO 31000 for Risk Management, ISO 22301 Business Continuity Management System and ISO 27001 for Information Security. Since 2012, DCV has a computer system in which Risk Management and its diverse dimensions are centrally managed with an integral risk view, allowing the monitoring of risks. During the year, specific cybersecurity and technological risk issues were incorporated into the risk management framework, considering ISO 27032 as a benchmark. This permits the inclusion of specific risk categories based on the integral risk management model through threat and scenario analysis, and the assessment of critical asset. As a consequence, risk and problems associated to cybersecurity and IT can be prioritized through the development of panels for asset categories and threat types. Also, cybersecurity management has been strengthened and added into the IT Operations Division as a specific issue with dedicated resources.

The Risk Management Governance structure contemplates the definition of roles for each of the actors participating in its definition and management, and is comprised of the Company's Board of Directors, the Operating Risk and Audit Committee (integrated by directors and senior management), the Management Risk Committee, the Risk Management division, the Comptroller and employees. The Board has defined an accepted risk policy of a Moderate level, setting a 5% tolerable risk level for the residual risk and 3% for the live or materialized risk.

The Company's risk levels are reviewed every month within the different committees, for both potential and materialized risks. Mitigation measures consider the redefinition of control structures, risk monitoring, continuity and recuperation plans, and monitoring of mitigation plans and commitments.

Credit risk

The Company manages bad debt risk through a collection policy and impairment estimates, which together mitigate the risk of recording assets with a low recovery probability.

The collection policy of DCV Registros is based on quantitative as well as qualitative aspects. Thus, debt aging and each client's situation entails actions that tend to recovery.

The following are structured activities related to the collection process:

- **Phone calls**: undertaken as a first collection action. This activity is done when the account is 30 days past due.
- **Electronic mail**: undertaken as a second collection action for debts between 30 and 60 days past-due.
- **Certified mail**: undertaken as a third collection action for debts over 60 days past-due. It's done through letters signed by an executive of DCV Registros and, in general, are also addressed to an executive of the debtor company.
- **Legal proceedings**: undertaken as a fourth collection action and is reserved for debts over 120 days past-due. It's done by the company's general counsel team.

Besides the aforementioned activities, several areas engage in the collection process, depending on the particular characteristics of each debt.

Qualitative aspects of collection have an impact on uncollectable debt. Taking into account particular situations, the aging of bad debt is a factor to take into consideration in the estimation of collectibility, but not the only one.