



DCV ::

# Creating value

Integrated Annual Report 2019

## Presentation to shareholders

In accordance with its bylaws, the Depósito Central de Valores (DCV) presents to its shareholders its first Integrated Annual Report.

This document reports on the performance and advances in terms of finance, strategy, corporate governance, social, and environment. It communicates how the corporate responsibility approach is transversally integrated within the business model of DCV.

In this Integrated Annual Report, “DCV” or “the Company” refer indistinctly to Depósito Central de Valores S.A.

## About the first 2019 Integrated Annual Report

Depósito Central de Valores S.A.’s 2019 Annual Integrated Report covers the period between January 1 and December 31, 2019, for the Company and its subsidiary. This document has been prepared following the Global Reporting Initiative (GRI) Standards in their Core option, as well as the Integrated International Reporting Council (IIRC) framework guidelines, the principles established the AA100 Standards from Accountability about communication with stakeholders and the Norma de Carácter General (NCG) N°30 from the Comisión para el Mercado Financiero (Financial Market Commission – CMF).

This first integrated annual report reflects the vision DCV has respecting corporate responsibility, as since its creation its principal focus has been to contribute to making financial markets more secure and efficient.

## Scope

The financial and non-financial information presented throughout this document covers all the operations of DCV and its subsidiary DCV Registros S.A. (also “DV Registros”) between January 1 and December 31, 2019.

The present report was prepared by DCV’s Finance and Management Control Division with the participation of the Company’s senior management, and advisory from DEVA. The information contained herein was prepared by the different areas of DCV.

*“DCV creates value for its clients, employees, providers, the financial market, and its shareholders.”*

## Identification of Depósito Central de Valores

**Business name:** Depósito Central de Valores S.A., Depósito de Valores

**Invented name:** DCV

**Type of corporation:** Private stock company

**Legal address:** Av. Apoquindo 4001, 12<sup>th</sup> floor, Las Condes, Santiago, Chile

**Tax ID number:** 96.666.140-2

**Phone numbers:**

2 2239 9000 central line

2 2239 9001 depositor attention

2 2239 9039 technology and systems

**Website:** [www.dcv.cl](http://www.dcv.cl)

**External auditors:** KPMG Auditores Consultores S.A.

**Registration in the Securities Register:** the company does not require registration in the Securities Register

**Contact details for information regarding the Integrated Report:**

Ricardo Toro Dubó

Chief Financial and Management Control Officer

[rtoro@dcv.cl](mailto:rtoro@dcv.cl)

## Constitutive documents

The Company was incorporated by public deed dated March 15, 1993, granted at the Notary Office of René Benavente Cash, and its incorporation was authorized and its bylaws approved by Resolution N°59 dated March 19, 1993, by the Superintendencia de Valores y Seguros, today the Financial Market Commission. The corresponding record was written on page 5,629 under N° 4,612 of the Commercial Register of Santiago's Real Estate Register on March 19, 1993, and published in the Official Gazette on March 22, 1993. On December 29, 1993, the Superintendencia de Valores y Seguros, currently financial Market Commission (CMF), authorized through Exempt Resolution N°264, the Company's operation as a "Securities Depository" and authorized its Internal Rules of Procedure and the Depository Agreement to be used.

The by-laws have been amended several times. The last amendment was registered on a public deed dated August 27, 2014, granted at the Notary Office of René Benavente Cash and approved by Resolution N°45 dated February 19, 2015, by the Superintendencia de Valores y Seguros, today CMF. The corresponding record was written on page 17,045 under N°10,460 of the Commercial Register of Santiago's Real Estate Register on February 27, 2015, and published in the Official Gazette on March 3, 2015. The purpose of the amendment was to reduce the number of directors, and reduce the agreement quorum for the issues established in Article 12 of the Company's by-laws.

The Company is subject to Law N° 18,876 of 1989, its rules and regulations set forth by the Financial Market Commission.

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## Letter from the Chairman of the Board

Dear Shareholders:

In 2019, Depósito Central de Valores attained a net income of \$3,010 million, 13.5% above that of 2018, while total revenues reached \$27,301 million, 7.5% higher than those of the previous year. The total applied discount to depositors reached \$3,430 million, 1.2% less than in 2018.

On the other hand, total consolidated expenses reached \$17,839 million, showing a 9.2% increase compared to the previous year, within the year's budget. The latter was due to the transformation process in which the Company is immersed and which implies allocating more resources to the strengthening and renewal of technological infrastructure, enhancement of security infrastructure, and development of projects that guarantee the achievement of goals and commitments with the market. All of the aforementioned in relation to material administrative issues, such as risk management, security, transformation, innovation, and efficiency.

During 2019, the Company allocated \$3,485 million to investments in IT infrastructure, development and implementation of computer systems, and other items within its annual plan. As always, these initiatives are set within DCV's strategic guidelines, consistent with the purpose of attaining a business architecture in line with the market's needs for the coming years.

At the close of the year, DCV maintains securities on deposit for a total of UF 9,319 million, equivalent to a 0.2% increase with respect to 2018. This amount is comprised of UF 9,033 million in national custody (98.8%) and UF 106 million in international custody (1.2%).

### National custody

The total amount in national custody is dematerialized in a 98.4%, and compared to 2018 the largest increases were recorded in time deposits (UF 155 million), General Treasury bonds (UF 123 million), bank bonds (UF 94 million) and discountable notes from the Banco Central de Chile (U 53 million).

On the other hand, investment fund shares decreased (UF 309 million), public stock companies' shares (UF 125 million), bonds from the Banco Central de Chile (UF 79 million), recognition bonds (UF 16 million) and mortgage finance bonds (UF 7 million).

The custody of variable income securities closed the year with UF 2,485 million, 13.9% less than in 2018; while the custody of fixed income securities (which includes recognition bonds) recorded a 5% increase in relation to the amount under custody as of December 2018, ending the year with a volume of UF 4,546 million. Financial intermediation securities increased 11.6% compared to December 2018, closing the period with UF 2,003 million under custody.

The transactions registered in DCV's systems reached 3.2 million during the year, recording a 1% decrease with respect to 2018. Transactions of variable income securities represent 41.9% of total transactions, while fixed income and financial intermediation securities account for 14.6% and 43.5% of total transactions, respectively.

These changes in operating volumes partially reflect what happened in the market during 2019, a year in which the national situation drove contractions in the capitalization of some companies and in which issuance, investment, and activity trends were also negatively affected.

## International custody

The amount under international custody is UF 106 million (US\$ 4 billion), which represents a 5% decrease with respect to 2018. At the close of the year, eleven depositors maintain approximately US\$ 198 million in DCV's accounts with DTCC and 23 operate through Euroclear and concentrate US\$ 3,374 million under custody; regarding the activity with foreign securities in the local market, 16 depositors maintain close to US\$ 331 million under custody at Deutsche Bank.

Regarding the Mercado Integrado Latinoamericano (Integrated Latin American Market – MILA), at the close of 2019, eight local depositors operated US\$ 30 million under custody on this market. Also, FundSettle depositors (a subsidiary of Euroclear for the administration of international mutual fund units) maintain US\$ 82 million under custody.

## Technology

Technology management, as in previous years, focused on achieving short and medium-term goals. Given that these are based on DCV's strategic pillars, they pursue a flexible architecture and business infrastructure that guarantees continuous and secure operation. This without losing sight of efficiency and service quality, both within the Company and to the market.

During the exercise, investment plans related to the renewal and strengthening of the current technological infrastructure were accomplished, as well as investments concerning the availability of the infrastructure required for the proper execution of the implementation and launch stages of the DCV Evolution project (DCVe).

In a security context, actions and investments continued to be carried out aimed at implementing and maintaining a proactive and preventive position against eventual threats. Also, being an extremely dynamic area –in which threats evolve as quickly as the development of new mitigating technologies-, the Company manages security risks from an integral perspective, which covers from the purely technological and control aspects, to those related to the organizational culture, a key aspect in a risk-based management.

In other technological areas during the period, DCV consolidated its participation in several national and international groups, which are aimed at the joint exploration and development of technologies and services. This allows the Company to incorporate within its management a look to the future and the compared experience of what's happening in the global capital markets in terms of exploration and development of new disruptive technologies, business models, and, also in the Fintech world.

## Transformation

One of the biggest changes driven by DCV during its 26 years of existence is, undoubtedly, the DCVe project, an initiative developed together with Nasdaq –one of the principal global providers of technology for the financial markets- which will allow the Company to have a world-class system.

During 2019, the DCVe project successfully completed key implementation stages achieving goals set in functional and technical areas. At the same time, activities to approach the market were carried out through communication plans and activities to familiarize our clients with the new technology.

DCVe is a transformational milestone that covers not only technological aspects, but also fundamental aspects to position the Company to face future challenges in a highly competitive market with high-security standards and operating requirements. Thus, cultural and management factors are an essential part of the project which will end as planned by the end of 2020.

## Shareholder and contributor registers

At the close of the period, the subsidiary DCV Registros manages 724 registers, which include more than 262 thousand shareholders, figures that compare favorably with the 586 registers by the end of 2018. During the year, the subsidiary carried out 235 shareholders meetings (241 in 2018) and completed 156,281 dividend payments to shareholders (155,996 in 2018). The amount involved in these processes reached \$968,197 million (\$900,917 million in the previous year).

## Finance

The Company's equity accounts as of December 31, 2019, are the following: Paid-in Capital of \$4,089.8 million, plus Accumulated Results of \$11,770.4 million and less other Integral Results of \$225.6 million, totaling an Equity of \$15,634.6 million. The \$11,770.4 million Accumulated Result is comprised of Accumulated Earnings of \$9,663.6 million and Net Income for the period of \$3,009.9 million. Thereof, \$903.1 million are subtracted which corresponds to the mandatory 30% minimum dividend provision of the period's net income.

I conclude by pointing out that DCV plays a critical role in the Chilean financial system, for which it works tirelessly to improve the quality and security of the services rendered, maintaining a solid financial position. This has been and will continue to be possible, thanks to a team of employees whose capability and dedication have led the Company to occupy a prominent place in the local market.

**Sergio Baeza Valdés**

**Chairman of the Board**

## Letter from the CEO

Dear Shareholders:

Since its inception, Depósito Central de Valores (DCV) has been committed and responsible for providing the necessary infrastructure so that participants of the capital markets always operate in a secure, efficient, and quality environment. To achieve this goal, the Company has always acted in line with its corporate values, which drive it to do business in an ethical, responsible, and transparent manner.

In this line, the Company decided to advance in the elaboration of its first Integrated Report, a document that contains elements that describe its corporate responsibility vision, as well as how it manages its material topics in the economic, financial, social and environmental areas; i.e. the integration of sustainability within daily management. To this end, this report was prepared following the Global Reporting Initiative (GRI) Standards, a private initiative that provides a standard for sustainability reports, a practice that today has been widely adopted by international companies.

To provide the market with information that accounts for the performance of companies in such diverse areas as social responsibility, sustainable development, and governance practices, among others, has become a good practice globally, as it contributes to transparency and trust. Such is the level it has reached that in Chile this vision has been adopted by the Comisión para el Mercado Financiero (Financial Market Commission – CMF), which in December 2019 published for comments a regulation with new requirements in terms of economic, social and environmental information for issuers of public securities. The new rules are expected to be applicable in 2021 when companies publish their annual reports corresponding to the 2020 period.

Based on the aforementioned, throughout this document, DCV displays all the information it deems necessary for the reader –in any area of interest- to learn about its performance, concerns, commitment, and purpose, both with the market as with the economy and the community.

### Market context

After the 2008 financial crisis, the global trend has been geared towards a more integrated supervisory architecture, to ensure the efficient functioning of the financial system and strengthen attributes to prevent the occurrence of new crises or mitigate their impacts.

In this context, in Chile, the Financial Market Commission and the Superintendence of Banks and Financial Institutions in June 2019 merged to form a single regulator. CMF authorities have said that this structure allows, among other things, to have a systemic view of the financial market and regulated institutions, higher regulatory consistency between sectors and thus avoid arbitrage, strengthen and harmonize market conduct supervision, take advantage of synergies, reduce coordination and information exchange costs between regulators, and improve conditions to oversee financial conglomerates.

### Growing interest of investors for ESG information

Recently, investors have shown a growing interest in information that goes beyond the purely financial sphere. This has made that within capital markets, responsible investment –which involves incorporating environmental, social, and corporate governance factors into decisions- has become increasingly important. The latter is mainly because investors are demanding more and better information from issuers, including ESG variables (Environment, Social, and Governance), to identify risks, business opportunities and future profitability.



DCV, as part of the financial market's infrastructure, plays a key role in the intersection of investors, companies, and regulators, all of which play a role in the transition to more sustainable economies. In this line, DCV fosters and promotes this transition.

### Corporate governance

As part of the commitment to ethical behavior, during the period, DCV took part for the first time in the Barometer of Values and Business Ethics conducted by Fundación Generación Empresarial and Diario Financiero (Finance Newspaper). The in depth study assessed the state of ethics and values within the Company. Thanks to the latter, DCV was distinguished for its commitment to integrity and ethics. This is part of a continuous improvement process.

In corporate governance, the Company continued to advance in the implementation of best practices. In this context, the Board met every month with a 93% average attendance; while in the case of committees, attendance reached 94%. Thus, each one complied with the periodicity of their annual meetings.

On the other hand, it's important to highlight that in 2019, DCV obtained the ISO 27001 certification on Information Security. This is the most important international standard on the topic and seeks to protect and preserve information confidentiality, integrity, and availability from a wide range of threats. This certification ensures the integrity, reliability, and availability of information; the implementation of international standards associated with information security; the development of an appropriate security policy aligned with the business; and elaborate, adopt and promote measures to reduce the impact of an information security incident on the business.

### DCV Evolution project (DCVe)

In 2019, DCV turned 26 years old amidst a transformation process conducting and steering it to act according to the reality of the markets and the society, i.e. with a vision of the future that prepares the Company to face the medium and long-term challenges. The technological changes and increasing market needs require the Company to be able to respond in an agile, secure, and efficient manner, providing services that deliver solutions to the needs and requirements of its clients and the market.

The DcVe project, which started in 2018 and is carried out in strategic alliance with Nasdaq, was born with the goal of taking part in the new challenges currently present in the capital markets and the industry in general. The initiative contemplates the renewal of the CORE system with a world-class one, like Nasdaq's.

During 2019 key phases of the project were finalized and advances were made in those related to the communication and familiarization of participants. All this aiming for the market to be prepared and have firsthand knowledge regarding the aspects and attributes of the change process, thus generating a direct bond that allows DCV to understand perceptions and concerns in the early stages of the implementation process.

### Innovation and performance

Equally important is that during this period, DCV obtained the first place in the Most Innovative Company Chile ranking in the financial infrastructure sector, acknowledgment from ESE Business School from the Universidad de Los Andes. This ranking highlights advances made by the Company to add value to the financial market.

The award reaffirms DCV's vision to contribute and add value to the market through a formal innovation process that allows the constant exploration of new services, products, technologies, and changes that contribute to innovation in the financial market.

In 2019, the Company continued advancing in terms of value under custody, reaching UF 9,139 million, equivalent to a 0.2% increase with respect to 2018, or 1.28 times GDP (estimated). Thereof, UF 9,138 million are in national custody (98.8%) and UF 106 million in international custody (1.2%).

## Employees

DCV makes efforts to foster among its employees an inclusive, secure, and healthy environment, where they can contribute their respective strengths. In this context, the Company's diversity and inclusion program is geared towards incorporating people with different abilities and thus have a diverse and inclusive culture.

In this logic, and given the commitment with the incorporation of women into the labor world, the Company took part for the second time in the award "Executive Woman 2019". This is an acknowledgment that highlights professionals that stand out for their performance, innovation, and leadership in the public, private and academic sectors, as well as in nonprofit foundations, and that in its last version awarded Sandra Guazzotti, Senior Vice-president Multi-Country Region Latin America at Oracle.

On the other hand, the Company carries out volunteer activities that provide employees the opportunity to use their skills for the benefit of society, both in programs that support foundations and in allocating time for financial education training.

I would like to especially thank all employees, as their effort and commitment allowed DCV to operate continuously during the events that took place during the last part of the year.

For the next years, the challenge is to continue providing a service of excellence that adds value through an ethical behavior based on the attributes of trust, security, innovation, and efficiency. That way, we can always respond in the most comprehensive way to the needs of the market, the economy, and society.

**Fernando Yáñez González**

**Chief Executive Officer**

# 01

DCV AT A GLANCE



*DCV's Corporate Governance has a clear role as part of the financial market's critical infrastructure.*



## Key figures

	2019	% change w/r 2018
DCV clients (#)	185	+2.78%
Transactions (Tx)	3,235,800	-0.98%
DCV Registros- clients (#)	405	+11.9%
DCV Registros- registers under management (#)	724	+11.9%

Ratios	2019	2018
Indebtedness (times)	0.9	0.5
Return over assets (ROA, %)	12.85%	10.16%
Return over equity (ROE, %)	20.45%	

## Forward service

<b>Total Forward contracts CLP-UF</b>	<b>UF 935 million</b>
<b>Total Forward contracts CLP-US\$</b>	<b>\$258 billion</b>
<b>Total contracts registered (Operations)</b>	<b>53,328</b>

## Employees

<b>Total employees</b>	<b>249</b>
<b>Women</b>	<b>41.4%</b>
<b>Men</b>	<b>58.6%</b>
<b>Average age</b>	<b>41.5 years</b>
<b>Commitment</b>	<b>76%</b>

## Service quality

<b>Global satisfaction results 2018</b>	
Average grade	6.4
Average grades between 6 and 7	89%
Financial market operators surveyed	600

## Key IFRS financial figures<sup>1</sup>

Operating volumes	2015	2016	2017	2018	2019
<b>Amount on deposit (UF million)</b>	<b>6,910</b>	<b>7,848</b>	<b>9,088</b>	<b>9,121</b>	<b>9,139</b>
Fixed income	3,448	3,876	4,141	4,427	4,635
Financial intermediation	1,642	1,788	1,784	1,794	2,003
Equities	1,820	2,184	3,163	2,900	2,502
Amount on deposit / GDP (times) <sup>2</sup>	1,07	1,06	1,16	1,21	1,29
<b>Number of transactions</b>	<b>3,306,082</b>	<b>3,416,196</b>	<b>3,510,391</b>	<b>3,268,374</b>	<b>3,235,800</b>
Over-the-counter	2,612,012	2,686,674	2,625,983	2,421,732	2,391,552
Stock market	685,070	729,522	884,408	846,642	844,248
Number of collections	685,177	612,058	548,077	500,939	464,894

Statement of comprehensive income (Th. \$)	2015	2016	2017	2018	2019
Total revenues from normal activities	17.026.599	18.927.935	20.588.994	21.927.022	23.871.623
Employee benefits expenses	-8,803,412	-9,850,189	-9,812,059	-10,211,672	-11,134,052
Depreciation and amortization expenses	-1,108,490	-1,244,936	-1,764,881	-2,386,172	-2,438,263
Other expenses by nature	-4,830,028	-5,070,803	-5,575,077	-6,129,472	-6,705,244
Other gains (losses)	132,929	111,407	126,875	120,090	156,596
<b>Gain (loss) from operating activities</b>	<b>2,417,598</b>	<b>2,873,414</b>	<b>3,563,852</b>	<b>3,319,796</b>	<b>3,750,660</b>
<b>Net income (loss) before taxes</b>	<b>2.449.792</b>	<b>2.944.390</b>	<b>3.617.886</b>	<b>3.502.195</b>	<b>3.962.424</b>
Income tax expense	-499.377	-632.933	-862.947	-849.572	-952.546
<b>Net income (loss) from continuing operations</b>	<b>1.950.415</b>	<b>2.311.457</b>	<b>2.754.939</b>	<b>2.652.623</b>	<b>3.009.879</b>
<b>Net income (loss)</b>	<b>1.950.415</b>	<b>2.311.457</b>	<b>2.754.939</b>	<b>2.652.623</b>	<b>3.009.879</b>

Statement of financial position (Th. \$)	2015	2016	2017	2018	2019
Total current assets	7,214,435	9,183,511	10,878,325	11,890,698	10,726,038
Total non-current assets	6,312,131	6,942,136	7,194,892	8,747,102	18,907,990
Property, plant, and equipment	3,220,556	3,021,569	3,012,668	3,349,205	8,116,108
<b>Total assets</b>	<b>13,526,566</b>	<b>16,125,647</b>	<b>18,073,217</b>	<b>20,637,800</b>	<b>29,634,028</b>
Total current liabilities	3,786,827	4,344,864	4,156,121	4,798,753	8,106,736
Total non-current liabilities	1,239,192	1,701,310	1,889,868	2,036,838	5,892,628
<b>Non-controlling interest</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Total equity</b>	<b>8,500,546</b>	<b>10,079,471</b>	<b>12,027,227</b>	<b>13,802,208</b>	<b>15,634,663</b>
<b>Total liabilities and equity</b>	<b>13,526,566</b>	<b>16,125,647</b>	<b>18,073,217</b>	<b>20,637,800</b>	<b>29,634,028</b>

Ratios	2015	2016	2017	2018	2019
Indebtedness (leverage, times)	0.59	0.60	0.50	0.50	0.90
Return over assets (ROA)	14.42%	14.33%	15.24%	12.85%	10.16%
Return over equity (ROE)	24.97%	24.88%	24.92%	20.54%	20.45%

1. The financial statements Comprehensive Statement of Income and Statement of Financial Position are presented under IFRS.
2. The figure for 2019 was estimated based on figures published by the BCCh in its December 2019 IPOM.

## Historical review

### 1993

Creation of DCV.

### 1995

Beginning of custody and register of transactions (Tx) and Fixed Income Securities (IRF).

### 1997

Custody of Financial Intermediation Instruments (IIF) and Equity Securities (IRV). Dematerialization of securities issued by the Central Bank of Chile (BCCh).

### 1999

Register for buying on margin.

### 2000

Custody and register of Term Deposit (DPF) transactions. Dematerialization of bonds and mortgage finance bonds. Creation of subsidiary DCV Registros S.A.

### 2002

Flexible series securities.

### 2003/2004

Beginning of custody of mutual fund units. Custody of dollar-denominated bonds issued by the BCCh.

### 2005

Stock option deposits. Operations of Intraday Liquidity Facility (FLI). Beginning of Delivery-Versus-Payment (DVP).

### 2006

Straight-through-Processing (STP). Intraday Settlement Facility. Launch of statistical reports on the website.

### 2008

Thomas Murray classifies DCV with an "A+" in custody risk.

### 2009/2010

Beginning of client account service for stockbrokers. DVP for foreign securities markets begins. Offset settlement operations for CCLV (Contraparte Central S.A.) is initiated.

### 2011

Euroclear arrives in Chile. Beginning of the MILA forward service.

### 2012

Agreement with SD Indeval (Mexican Securities Depository). Beginning of the shareholders register monitoring service. DCV obtains certification for its Crime Prevention Model (Law N°20,393).

## 2013/2014

Business Continuity Management System (BCMS) certification obtained under the BS 25999 international norm. ISO 22301 certification obtained. Implementation of FATCA requirements together with the new portfolio valuation report for AFP (pension funds).

## 2015

REP (Electronic Pledge Register) service commences. Beginning of MVE (Foreign Exchange Market in Pesos) custody.

## 2016

Beginning of mining guarantees custody service, REP service with foreign securities, contribution, and redemption of CFM (Cuotas de Fondos Mutuos – Mutual Funds Units with values) service.

## 2017

Launch of several new services: special BCCh pledge; automatic contribution and retirement of stock options; and buying and selling of BCCh securities.

## 2018

Creation of the New Businesses and Innovation Department. Beginning of the Special Pledge service for depositors and the implementation of the DCV Evolution (DCVe) project.

## 2019 highlights

*“During 2019, the Depósito Central de Valores supported and carried out important activities in diverse areas of interest for the capital market and its stakeholders.”*

### Corporate governance

#### Generación Empresarial – Diario Financiero Award

In 2019, and for the first time, DCV took part in the third Generación Empresarial – Diario Financiero Award on integrity commitment. Together with other companies, it was part of the Barometer of Values and Corporate Ethics, being recognized as one of the outstanding companies for its commitment and management of integrity and ethics.

### Innovation

#### Most Innovative Companies Chile 2019

DCV ranked first in the Most Innovative Companies Chile 2019 ranking, in the financial infrastructure sector. This award, presented annually by the ESE Business School of the Universidad de Los Andes, highlights the advances made by the Company to add value to the financial market. The award reaffirms the Company's vocation to be at the forefront of new technologies and permanently exploring different services, products, and changes that contribute to innovation in the financial market.

### Community

#### Businesswoman and Capital Magazine

For the fifth consecutive year, DCV sponsored the Businesswoman of the Year award, organized by Businesswoman and Capital Magazine. Its goal is to recognize and make visible the best executive women who are leaders in different industries.

### **DCV's annual corporate event**

As in every year, DCV conducted its corporate event in which new technologies and the challenges for the financial market were debated. The event hosted presentations from Mónica Singer from Consensus and blockchain expert; Kevin Cowan, Commissioner from the Financial Market Commission; Beltrán de Ramón, Manager of the Financial Markets Division at the Central Bank of Chile; and Mauricio Martínez, Executive Director at EY and creator of the first Fintech study. The seminar was attended by financial market representatives and clients.

## **Corporate governance**

### **Whistleblowing channel**

Since its beginning, Depósito Central de Valores has developed a commitment to corporate integrity and an ethical culture. The Company believes that corporations should be recognized not only for the quality of their products and services, but also for their ethical behavior and good practices. Therefore, DCV decided to take a step forward to continue strengthening its corporate integrity. For ten years there has existed a corporate integrity group focused on employees, who can make use of an intranet channel to post questions and concerns (whistleblowing). The latter is managed by an external provider to guarantee confidentiality. Concerns can be sent directly to the [cumplimiento@dcv.cl](mailto:cumplimiento@dcv.cl) email, through which the compliance team will receive them confidentially.

## **Clients**

### **Annual training cycle with DCV clients**

As part of the commitment with its clients and the market, DCV carried out its annual training cycle through online presentations. The initiative's principal goal was to transmit knowledge about the functionalities of current services and communicate the benefits of the new ones, in particular the special pledge.

## **Technology**

### **DCV and the Central Bank of Chile**

New technologies like DTL (Distributed Ledger Technology) help reduce risks and improve the process of issuing securities. This was the principal conclusion of the first phase –already concluded– of the initiative led by DCV and the Central Bank of Chile, after beginning to explore the incorporation of the blockchain technology to the issuance of securities. This project has as its goal the understanding and adoption of new technologies, such as DLT, in the processes related to the BCCh and DCV, in its custodian role. Also, the project seeks to assess the technical feasibility for the issuance of BCCh bonds in the primary market.

## **Technology**

**International scope:** DCV carried out important technology agreements and initiatives during 2019. The Company continued participating in a consortium comprised of other securities depositories and industry providers, working together to demonstrate how DTL technology may be implemented in post-trade scenarios, which new products could be built on it and how existing standards can support them. In this line, the consortium produced a new report that analyzes the impact of crypto assets in the current services of the financial market.

**National scope:** DCV and the Chilean Electronic Stock Exchange began a study for the creation of an OTC (over-the-counter) pacts platform. Meanwhile, an association agreement was signed together with the Santiago Stock Exchange and Grupo GTD to form a Technological Consortium for the development of several blockchain-



based applications for the financial market. This alliance is the first of its kind in Latin America. The agreement contemplates the development of a Corporate Blockchain Network, a new infrastructure that will enable the connection of local and international clients from the securities market through nodes provided by the Technological Consortium or installed within the client's systems.

## Innovation

**DCV is part of Innovation Circle:** within the innovation scope, DCV joined Innovation Circle, an innovation program developed by Imagine Lab, backed by Microsoft Chile and the Innovation, Entrepreneurship, and Technology Center from the Universidad Adolfo Ibáñez (CIET UAI). The program seeks to help companies from diverse industries face innovation challenges, adopt digital transformation processes through technological knowledge, develop capabilities, and create collaboration networks between companies and startups.

## Stakeholder: FMI (Financial Market Infrastructure)

### Agreement between BCI Corredores de Bolsa and Depósito Central de Valores

DCV and BCI Corredores de Bolsa signed an agreement to boost the Foreign Securities Market and its over 200 registered securities, among them Exchange Traded Funds (ETF) issued in the United States and American equities. This is a service that allows trading locally securities issued abroad, with the possibility to settle locally in Chilean pesos or US dollars. This platform provides investors an alternative to diversify their investment portfolios with foreign-issued securities, acquiring them as if they were issued locally.

## Stakeholder: FMI (Financial Market Infrastructure)

### BRAA immobilization process (BRAA – Bonos de Reconocimiento de Afiliados Activos – Active Affiliate's Recognition Bonds)

After a long period working with the pension fund managers (AFP – Administradora de Fondos de Pensión), the Instituto de Previsión Social (IPS) and the Superintendence of Pensions, DCV implemented the immobilization process of the Active Affiliate's Recognition Bonds (BRAA) and the authorization of formalities associated with these securities. The current service considers AFPs for custody and administration, and the IPS to respond to BRAA formalities associated with AFP requests and insurance companies for the transfer of BRAA securities.

## Operational continuity

### British Standards Institution (BSI) audit process

DCV completed the British Standards Institution (BSI) audit process and received the ISO 23001 recertification without observations, for the correct management of business continuity. Operational continuity is a strategic pillar for DCV to guarantee the availability of critical services and compliance with regulations. With the latter in mind, DCV carries out a permanent and rigorous audit and certification process which has permitted the Company to have had the ISO 23001 Business Continuity Management certification since 2013. This certification guarantees that DCV has an appropriate business continuity management system.

### ISO 27001 certification on Information Security

DCV successfully achieved the ISO 27001 Information Security certification. This is the principal international standard on this matter and seeks to protect and preserve information confidentiality, integrity, and availability from a wide range of threats. With this certification, DCV ensures the integrity, confidentiality, and availability of information; the implementation of international information security standards; the development of an appropriate security policy aligned with the business, and the elaboration, adoption, and promotion of measures to reduce the impact of a security incident.

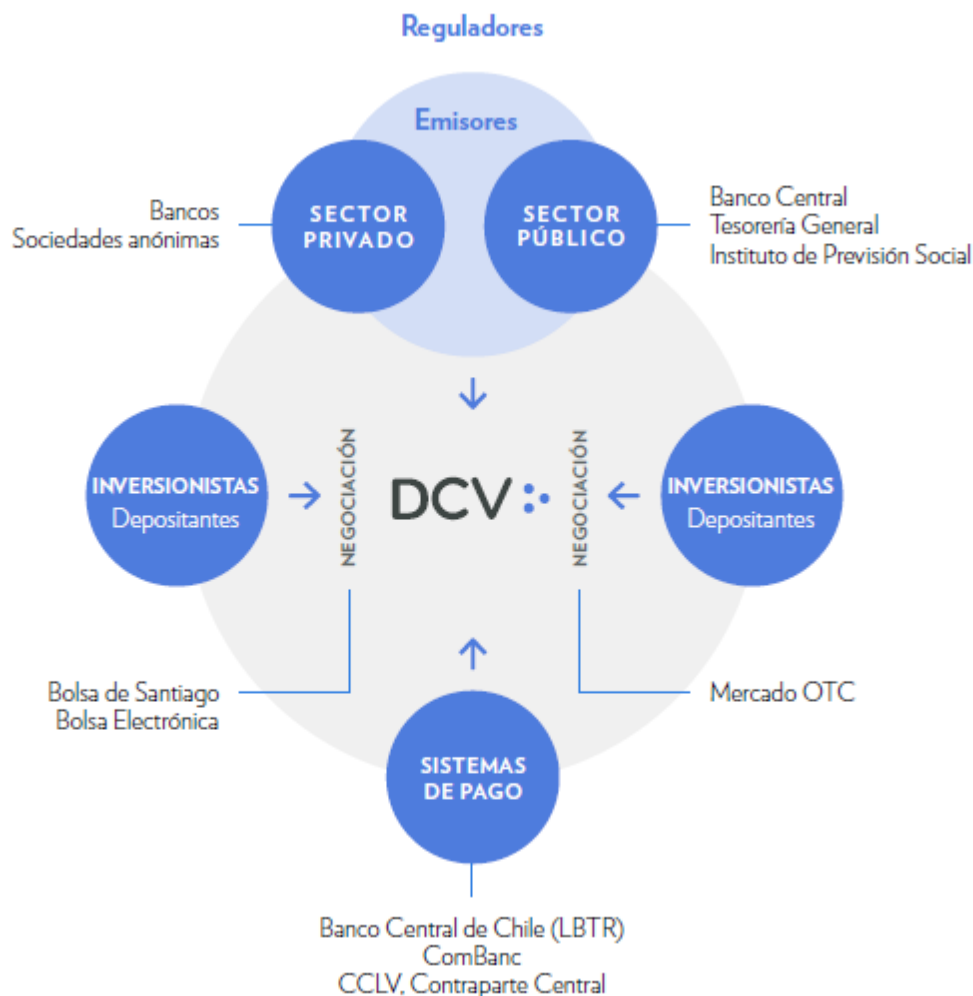
### DCV Evolution project: transformation strategy

DCV faces one of the most important changes in its 26 years of existence, the DCV Evolution (DCVe) project, which involves the transformation of the technological platform and the review of processes to face the financial market’s new challenges. On its technological side, the initiative is carried out together with Nasdaq, one of the principal providers and leaders of technology at a global level.

The project includes four central guidelines: minimum client impact; adapt DCV’s productive and operational processes; constant and timely information; and consider that this transformation will affect the entire market, so progress must be made together.

DCVe will generate benefits for the entire Chilean capital market, modernizing the systems related to securities custody and settlement, adding best international practices in the matter, as well as performance, scalability, redundancy, resilience, agility, and simplified processes, among others. Also contemplated is the access to world-class technology in relation to the securities depositories industry, and the introduction of the vision of a relevant player in the financial industry, with permanent access to renew services for the Chilean market.

### DCV in the market



## What does Depósito Central de Valores do?

DCV operates as a securities depository and is the sole company to provide this service in Chile. It's an entity in which ownership is principally in the hands of its users, among them stockbrokers (through the stock exchanges) and institutional investors (insurance companies, banks, pension fund managers, and investment funds).

It has under deposit public securities, mainly those owned by institutional investors, as well as those maintained under custody by stockbrokers, either on their behalf or on behalf of their clients. As well, it electronically registers securities exchange operations and facilitates the transfer of ownership, as a result of the business operations conducted by its depositors in the capital market.

## DCV and its commitment to the financial market

*“DCV's focus is set on continuity, availability, security, risk management, service quality, and resilience.”*

DCV has several business units, among which stand out national custody, international custody, administration of registers, statistics, documents, and guarantees.

It's a company with a key role in the financial markets. Thus, it has a priority to manage risk for the industry, allowing operational continuity in a robust and secure system.

Also, it offers innovative solutions that improve service quality to support its clients.

DCV is efficient and for that is embedded within the global community, has scale economies and solid experience in risk management. The Depósito Central de Valores is committed to promoting and fostering initiatives that care about the responsible use of resources, to provide future generations a better country to live in. In addition, it promotes among its employees and nearby community the care for the environment and conducts volunteering and financial education actions. The Company cares about its employee's health and security and supports a work and personal life balance that allows them to develop.

## Financial market players

### Issuers

Are principally stock companies that issue shares and/or debt securities to be registered and placed in the market to raise funds.

### Investors

All those persons and/or companies, national or foreign, that invest in financial instruments. They represent the demand side in the securities market. Among non-institutional investors are natural and juridical persons.

### Stockbrokers

They are securities intermediaries legally empowered to operate in the securities market.

### Stock exchanges

Entities that operate in the securities market, where transactions of securities are conducted through continuous public auction mechanisms, and in which stockbrokers may also conduct other investment transactions. There are two stock exchanges in the country: the Santiago Stock Exchange and the Chilean Electronic Stock Exchange.

### *CCLV*

Contraparte Central S.A. (CCLV, is a central counterparty clearing house or derivatives clearing organization – DCO) is a stock company incorporated under Law N°20,345 and the instructions set forth by the CMF, and whose object is to manage securities clearing and settlement systems acting either as a central clearing counterparty entity –for equities and derivatives markets- or as a financial instrument clearinghouse for fixed income, financial intermediation, and simultaneous operations markets, and also develop all complementary activities authorized by the CMF.

### *ComBanc S.A.*

Sociedad Operadora de la Cámara de Compensación de Pagos de Alto Valor S.A. (ComBanc S.A.) was incorporated as a bank support Company in accordance to Article 74 of the General Banking Act and its existence authorized by the Superintendence of Banks and Financial Institutions (which today is part of the CMF). Also, it is subject to the rulings established in Chapter III.H.5 of the Chilean Central Bank's Financial Standards Compendium and the overseeing of the Financial Market Committee.

### *Financial Market Commission (CMF)*

It is a decentralized public service of a technical nature and with juridical personality and its own equity, which relates to the Chilean President through the Ministry of Finance. The Commission ensures the correct operation, development, and stability of the financial market, facilitating the participation of market agents and promoting the care of public faith.

### *Chilean Central Bank (BCCh)*

An autonomous and technical entity whose objective is to ensure the stability of the currency, i.e. to maintain inflation rates low and stable over time. Also, it must promote the stability and efficacy of the financial system, ensuring the normal operation of internal and external payments.

### *ComDer Contraparte Central S.A.*

Central counterparty entity, created as a Market Infrastructure and authorized by Law N°20,345 and supervised by the Financial Market Commission.

## **Regulatory framework**

The principal legal body that regulates DCV is Law N°18,876, which establishes the legal framework for the Constitution and Operation of Private Securities Depository and Custody Entities. Also, it is regulated and supervised by the Financial Market Commission.

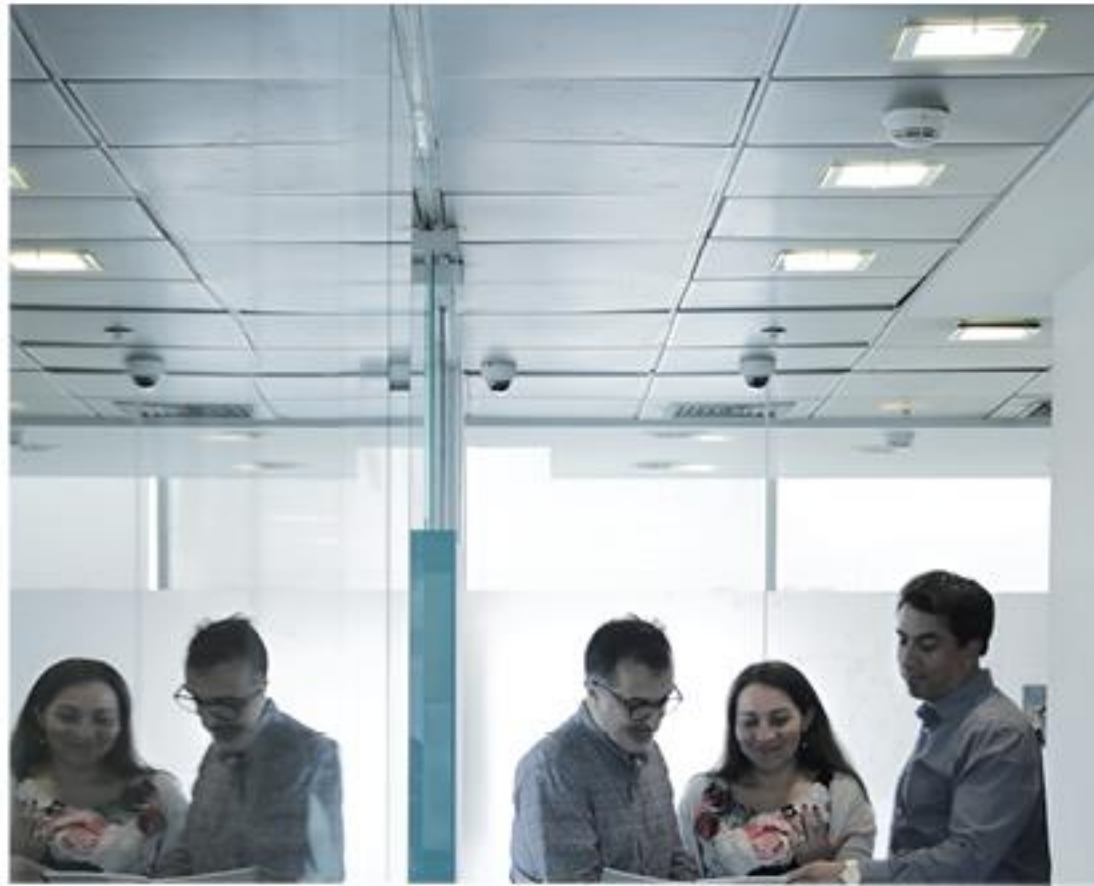
Given that the Company operates only as a securities depository, without acting as a securities settlement system, it's exposed only to operational, custody, and general business risks, but not to credit or liquidity risks.

Regarding responsibility, the Company will answer for the very slight fault in the execution of its obligations, being especially responsible for any loss, deterioration, destruction or delay in the return of any securities given in deposit and the errors and delays registered in the transfer of securities and settlement operations, of which damages to depositors derive. It will also answer for the authenticity and integrity of the securities admitted in custody, all of the aforementioned, with the possibility to act against the depositor that has incurred or is responsible by action or omission of the above-described situations. In all these cases, the Company shall replace at its cost all losses suffered by its depositors as soon as they are detected or claimed.

[https://www.dcv.cl/img/images/regulaciones/estatutos/tr\\_estatutos\\_dcv\\_febrero\\_2016.pdf](https://www.dcv.cl/img/images/regulaciones/estatutos/tr_estatutos_dcv_febrero_2016.pdf)

# 02

## DCV'S STRATEGIC VISION



*DCV's management focus is on securities custody. This as an essential part of its role in the financial market and its relationship with the other infrastructure companies in the system.*



## Market environment and trends

### Macroeconomic situation of the country

Chile has been one of the fastest-growing economies in Latin America over the last decades, due to a solid macroeconomic framework that permitted to absorb the effects of a volatile international environment.

However, the 2019 exercise closed with a Gross Domestic Product (GDP) change estimated around 1% by the Chilean Central Bank, quite distant from the 4% growth recorded in 2018. Although there was a challenging external context, adverse climatic conditions, and the delay in some reforms promoted by the Government, the effects of the disorders that took place starting mid-October explain an important part of the economic performance of the period. The consequences of this phenomenon made growth expectations in Chile for 2020 decrease to a range of 0.5%-1.5% according to the Chilean Central Bank.

Regarding the stock market, although the Santiago Stock Exchange's principal index –SP IPSA- ended the year with the largest decline in six years and a 1.6% reduction in the number of transactions –mainly affected by the disorders that took place in the country-, total traded amounts reached a record high growing 6.7%. The largest increases were in Investment Funds Shares, Fixed Income, Money-Market, and Foreign Securities markets, while the Stock and Financial Intermediation markets contracted.

With respect to the issuance of securities –which is directly related to the custody work conducted by DCV-, there were two initial public offerings during the period, which together added up to \$764,497 million. Added to the latter is the issuance of Green and Social Bonds for a total of \$366 million, by five issuers.

### Increase in the intensity of cyberattacks

Although it is a risk that has been present over the last years, currently its intensity and sophistication has been growing. The 2019 period was especially active, a year in which hackers caused losses of approximately US\$2.2 billion according to data from Accenture, a consultant that states that every 39 seconds an attack occurs in the world. The financial world has been especially attentive after the attacks on bank accounts and credit card data thefts in diverse banking institutions around the world, including Chile.

In the last global risks report from the World Economic Forum (WEF), data thefts and cyberattacks place fourth and fifth, respectively, in terms of probability of occurrence, accounting for the level of concern in this regard. “The vulnerability of critical technological infrastructure is a growing concern for national security”, said the WEF on its report.

In this context, DCV has made an important effort from the financial standpoint to strengthen the working framework in terms of cybersecurity.

### Integration, administration, and communication of ESG variables in the business model

The Financial Market Commission, within its objective of raising market conduct standards and contribute to the development of the financial market, has made important advances in this line. In December 2019, the CMF published for comments changes to the Norma de Carácter General N°30 (NCG) regarding ESG information that securities issues will have to report in 2021 through their annual reports corresponding to the 2020 period.

In this same line, the Nasdaq Stock Exchange published an ESG information guide as a reference framework for public securities issuers, to foster in them the reporting of environmental, social, and governance data.

## New technologies

This is an era marked by digital transformation, with new technological guidelines, which will end in revolutionizing all sectors. Among the principal trends are 5G mobile networks, artificial intelligence, autonomous devices, blockchain, augmented analytics, digital ethics, and privacy, among others.

In this context, the Santiago Stock Exchange successfully launched a new application for the short sales system –securities lending- using blockchain, becoming the first stock exchange in Latin America to use this technology in stock exchange transactions.

DCV has not been left behind. Together with the Santiago Stock Exchange and GTD entered into an agreement of association that will allow the conformation of a Technological Consortium to develop several blockchain-based applications for the financial market. This is the first such agreement in Latin America.

This added to the work conducted together with the Chilean Central Bank to explore the incorporation of blockchain to the issuance of securities. In addition is the active participation of DCV in the international consortium comprised of other securities depositories and industry providers, whose conjoint work aims to search for implementation alternatives of the DLT technology to improve and optimize processes in the financial industry.

*“DCV is empowered to receive public securities in deposit, facilitating transfer operations of these securities between depositors, following the procedures contemplated in the law.”*

## Vision

To be a highly efficient institution that delivers excellent service quality, a leader in the development and innovation of services for the capital markets, both locally and internationally.

## Mission

To be a provider of custody, settlement, and other complementary services infrastructure for the securities market, both locally and internationally, fulfilling the highest security, availability, efficiency, and quality standards.

## Strategic pillars and business model

DCV’s mission is its Corporate Responsibility, which is to develop its businesses in an ethical, responsible, and sustainable manner, together with adding value to the financial market by efficiently fulfilling its role.

The Company’s purpose is aligned with its corporate strategy of being a solid and resistant infrastructure, key for the stability of the local financial system.

## Operational continuity

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

## Technological development

Technological development is fundamental for the Company’s future, by maintaining day-to-day architecture and infrastructure that permits flexibility, continuity, and medium-term projection.

### **Product/business development**

Working together with the market to provide inherent and complementary services that diversify DCV's revenues, improve existing ones, and augment the offer of infrastructure to the securities market.

### **Service quality**

Client service and knowledge are strategic to create strong and trustworthy ties with the market, contributing to its integral development.

### **Risk management**

Managing properly the risks faced by DCV, providing the market greater certainty about the Company's operational continuity, generating trust in shareholders and the other stakeholders.

### **Efficiency**

To provide services and solutions that take advantage of DCV's economies of scale with proper use of resources, guiding efforts to reduce operating costs, both in the Company and the market.



## Advances of the 2019 Strategic Plan

Corporate balanced scorecard	Strategic pillars						Fulfillment	Graphical
	Operational continuity	Technological development	Business/product development	Service quality	Risk management	Efficiency		
<b>Shareholders/finance</b>								
Achievement of results						•	116,00%	•
Control of total expenses						•	102,00%	•
Control of IT expenses		•				•	124,00%	•
Efficiency index						•	101,00%	•
<b>Clients/service delivery</b>								
DCV client satisfaction index	•	•	•	•			100,00%	•
DCV Registros client satisfaction index	•	•	•	•			92,00%	•
Operational quality								
Response time of applications	•	•		•	•	•	100,41%	•
BCCh SLA fulfillment	•	•		•	•	•	99,66%	•
IT platform uptime	•	•		•	•	•	99,99%	•
CCLV SLA fulfillment	•	•		•	•	•	106,28%	•
Capacity policy compliance	•	•		•	•		102,04%	•
Real revenues								
Non-core revenues			•				0,00%	•
Core revenues			•			•	89,20%	•
Critical operating incidents	•	•		•	•		67,00%	•
<b>Organization</b>								
Engagement level	•			•	•		98,70%	•
Critical employee backup policy compliance	•			•	•		103,10%	•
<b>Risk management</b>								
Certification processes compliance (SSAE16-AT205)	•			•	•	•	100,00%	•
Operational risk								
Audit and risk policy compliance	•	•	•	•	•	•	100,00%	•
Risk – extreme risk coverage indicator	•	•	•	•	•	•	100,00%	•
Compliance with regulatory requirements/rulings				•	•		100,00%	•
Business continuity plan fulfillment	•			•	•		105,30%	•

## DCV Evolution Project

The DCV Evolution project was born in 2016, to participate in the challenges presented in the capital markets and the local and global financial industry. With it, the goal is to face the future under a different paradigm, transforming to respond more agilely and with more sophisticated and top-quality products and services.

To face this challenge and develop the new platform that will support all the core services, DCV added Nasdaq as a strategic partner, a leading world provider of transaction register, settlement, securities exchange technology, exchange listing, information, and public company services.

As it is a project that will affect the market as a whole, it requires that everyone takes part in the process, which is based on four guidelines:

- Minimum client impact.
- Adapt operational and productive processes to obtain a scalable solution, making the most of the benefits of a world-class solution and achieving synergies with the strategic partner.
- Deliver constant and timely information to the participants about the project's advances, involving them early in the process.
- Work collaboratively with each one of the participants of DCV.

### Client benefits

The DCV Evolution Project will provide clients a new platform based on world-class technology, designed to satisfy their operational and information needs, maintaining operational continuity and security as fundamental pillars. DCV Evolution ensures the correct transition towards new services.

#### *Modernization*

Of the systems linked to securities custody and settlement services, incorporating the best international practices on the matter; performance, scalability, redundancy, resiliency, among others.

#### *Access*

World-class technologies in relation to the securities depository industry.

#### *World-class vision*

Introduce the vision of a relevant player in the world financial industry, with permanent access to service renewal for the Chilean market.

#### *Agility*

Agility and simplicity to access information. Have simpler processes.

#### *Better experience*

A new and better user experience.

## Main highlights

### *2016 – 2017*

Search for a strategic technological partner to accompany DCV in its challenge.

### *2018*

Workshop to launch the official kick-off.

Adaptation and improvements to the system by deliverables (Beta).

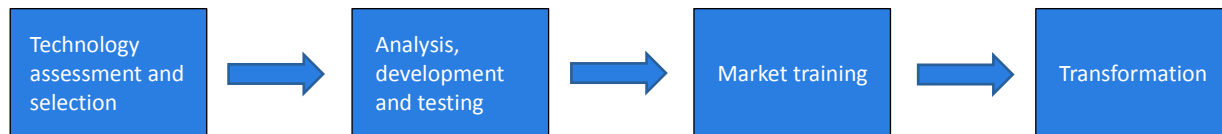
## 2019

Beginning of test phases:

- Familiarization.
- Training.

## Schedule

The following chart summarizes the schedule of the process initiated in 2016 –with the search of a strategic partner- and is scheduled to end in 2020. It's presented in three big sets of activities:



## 2019 stages

During 2019 several activities were carried out according to the planned schedule. The transformation of processes began in April in parallel to the delivery of the system's analysis. Also, the market and DCV participant familiarization stage was carried out between May and December.

The Company has made available the electronic email [evolución@dcv.cl](mailto:evolución@dcv.cl) for more information and inquiries about DCV Evolution, as well as information on its website which can be accessed at <https://www.dcv.cl/es/dcv-evolucion/descripcion-dcvevolucion.html>.

# 03

## MATERIALITY



*Depósito Central de Valores is constantly searching to adopt the best practices.*



## Principles, scope and preparation process of this report

The Depósito Central de Valores is constantly searching for the best practices to adopt to deliver a quality service with the highest standards. The latter implies a commitment to act sustainably in its business as well as in the social and environmental areas, to add value to all stakeholders.

Throughout this report, Depósito Central de Valores seeks to respond to the need of delivering to stakeholders and the community as a whole, non-financial, or ESG information, which complements the financial information provided to the market for its decision making. This is why, within the framework of its first integrated report, the Company conducted a materiality study defining those issues that are relevant to it and the stakeholders.

The materiality study carried out by DCV followed the recommendations of GRI (Global Reporting Initiative). The latter defines material topics as those that can reasonably be considered as important for reflecting an organization's significant economic, environmental, and social impacts, or that substantially influence the assessments and decisions of stakeholders.

The current report was led by DCV's Finance Division and the participation of the Company's senior management. The information contained in this document was prepared by the Company's different areas.

The preparation of this report was based in:

- The Global Reporting Initiative (GRI) Standards in their core option.
- The guidelines of the Integrated International Reporting Council (IIRC).
- The principles established in the Accountability AA1000 Standards about stakeholder dialogue.
- Norma de Carácter General (NCG) N°30 of the Financial Market Commission.

The financial and non-financial information presented throughout this document covers all operations in the Chilean territory conducted by Depósito Central de Valores S.A., Depósito de Valores and its subsidiary DCV Registros S.A. for the period comprised between January 1, and December 31, 2019.

## Stakeholders

GRI defines stakeholders as entities or individuals that can reasonably be expected to be significantly affected by the reporting organization's activities, products, or services: or whose actions can reasonably be expected to affect the ability of the organization to implement its strategies or achieve its objectives.

### Stakeholder identification

The Company's stakeholders were determined based on the declarations of comparable companies in the sector and DCV's senior management, and subsequently divided into those with a direct relationship and those with an indirect relationship with the Company. The first group is comprised of employees, shareholders, strategic providers, clients, directors, and Financial Market Infrastructures (FMI). The second group includes the regulator, unions, and the general financial community, in which retail shareholders are included.



### Stakeholder dialogue

The Depósito Central de Valores seeks to better relate with its stakeholders, listening to their concerns, opinions, and expectations to design its sustainability strategy and run the business. This sets the basis for mutual trust, fundamental to sustain a proper relationship over time, and from there develop the business and add value to all stakeholders.

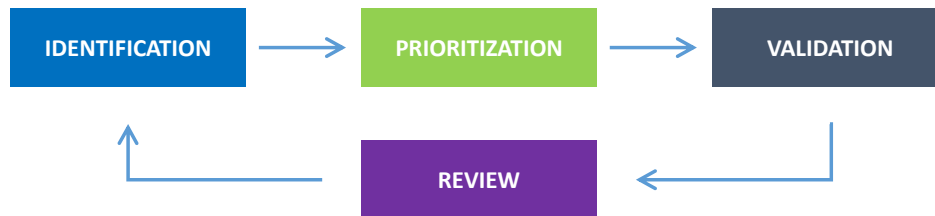
The Company relates constantly to its stakeholders through several communication channels. For this, it has corporate communication media such as the annual report, website, press releases, and periodic information relevant to the market. Internally, DCV has specific tools to communicate with employees such as emails, newsletters, digital screens, information boards, meetings, and surveys, among others. Besides communicating internally and to the market, the Company gathers the opinions of shareholders through feedback channels such as a suggestions mailbox, whistleblower channel, and web contact form, among others.

Stakeholders	Stakeholder expectations	Dialogue channels
Employees	Professional and career development, and work-life balance.	<ul style="list-style-type: none"> <li>• Intranet</li> <li>• Internal e-mailing</li> <li>• Newsletters</li> <li>• Digital screens and boards in common spaces</li> </ul>
		<ul style="list-style-type: none"> <li>• Workgroup meetings Joint and bipartite committees</li> <li>• Organization climate assessment</li> <li>• Performance assessment</li> <li>• Whistleblowing channel</li> </ul>
Shareholders	Value creation and profitability, ensuring company sustainability in the long-run.	<ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Shareholder meetings</li> <li>• Financial reports</li> </ul>
		<ul style="list-style-type: none"> <li>• Website</li> <li>• Specific requirements</li> </ul>
Strategic providers	Development and growth of the DCV-provider relationship in the long-run, close communication, transparency and fairness in processes, and fair and on-time payment.	<ul style="list-style-type: none"> <li>• Formal communication through email, letters, visits, and meetings.</li> <li>• Informal communication through electronic means and telephone.</li> <li>• Technical basis for service execution.</li> </ul>
		<ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Whistleblower channel</li> <li>• Website</li> <li>• Social media</li> <li>• Corporate events</li> <li>• Special requirements</li> </ul>
Clients	High-quality service with international availability standards, maintaining the security of documents under custody and data protection.	<ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Meetings with clients</li> <li>• Client service channel</li> <li>• Whistleblower channel</li> <li>• Email</li> <li>• Specialized events</li> </ul>
		<ul style="list-style-type: none"> <li>• Training</li> <li>• Satisfaction surveys</li> <li>• Website</li> <li>• Social media</li> <li>• Press releases</li> </ul>
Directors	Ethical and transparent behavior, seeking to implement the best practices in corporate governance.	<ul style="list-style-type: none"> <li>• Shareholder meetings</li> <li>• Board meetings</li> <li>• Annual reports</li> <li>• Email</li> <li>• Specialized events</li> </ul>
		<ul style="list-style-type: none"> <li>• Training</li> <li>• Satisfaction surveys</li> <li>• Website</li> <li>• Social media</li> <li>• Press releases</li> </ul>
FMI (Financial Market Infrastructures)	Security, stability, and trust, allowing for a proper functioning of the financial market and its future development.	<ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Email</li> <li>• Specialized events</li> <li>• Training</li> </ul>
		<ul style="list-style-type: none"> <li>• Satisfaction surveys</li> <li>• Website</li> <li>• Social media</li> <li>• Press releases</li> </ul>
Regulator	Trustworthy relationship, mutual work, and transparency, contributing to stability and development of the financial market.	<ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Email</li> <li>• Specialized events</li> <li>• Training</li> </ul>
		<ul style="list-style-type: none"> <li>• Satisfaction surveys</li> <li>• Website</li> <li>• Social media</li> <li>• Press releases</li> </ul>
Unions	Trustworthy relationship, mutual work, and transparency, contributing to stability and development of the financial market.	<ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Email</li> <li>• Specialized events</li> <li>• Training</li> </ul>
		<ul style="list-style-type: none"> <li>• Satisfaction surveys</li> <li>• Website</li> <li>• Social media</li> <li>• Press releases</li> </ul>
Financial community (retail shareholders)	High-quality service with international availability standards, maintaining the security of documents under custody and data protection.	<ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Client meetings</li> <li>• Client service channel</li> <li>• Whistleblowing channel</li> <li>• Email</li> <li>• Specialized events</li> </ul>
		<ul style="list-style-type: none"> <li>• Training</li> <li>• Satisfaction surveys</li> <li>• Website</li> <li>• Social media</li> <li>• Press releases</li> </ul>

## Materiality assessment

### Assessment process

The definition process of relevant topics was based on a four-stage methodology: Identification, Prioritization, Validation, and Review of the relevant topics.



### Identification of material topics

During the first stage, a series of potential material topics for the Company and the sector were raised based on DCV’s internal and external background. On the internal front, information was gathered from the Company’s policies, strategic planning, and business model, taking as a reference the Company’s vision, its specific characteristics, and the special circumstances of its economic, social, and sector environment. On the external front, information about corporate responsibility and good practices was gathered from the principal comparable companies worldwide, through their annual financial and sustainability reports, as well as topics raised by analysts and institutional investors concerning corporate responsibility and the questions considered by the Dow Jones Sustainability Index (DJSI) –a benchmark sustainability index- for banks and financial sector companies.

### Strategic prioritization

The material topics selected were prioritized by DCV’s senior management in terms of their impact on the business and the importance for stakeholders. To do that, a qualitative survey was conducted including in-person interviews and a semi-structured questionnaire, which was applied to members of the board, senior management, and employees. As well, representatives of stakeholders were interviewed. In total, 30 interviews were conducted.

### Validation

The prioritized topics were validated by senior management.

### Review

The materiality assessment is a continuous process in which material topics are periodically reviewed based on changes in the environment and feedback gathered from stakeholders.

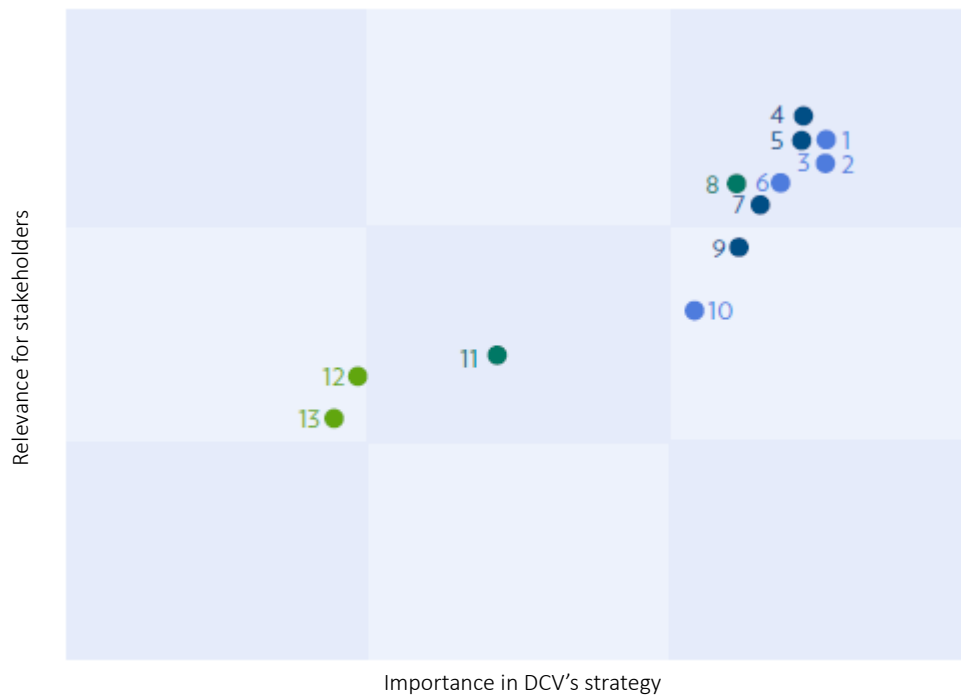
## Identified material topics

Environment	Social
<ul style="list-style-type: none"> <li>Efficient use of resources</li> <li>Energy management</li> </ul>	<ul style="list-style-type: none"> <li>Human capital development</li> <li>Diversity, inclusion, and equity</li> </ul>
Governance	Business environment
<ul style="list-style-type: none"> <li>Risk management and operational continuity</li> <li>Corporate governance</li> <li>Technology and innovation</li> <li>Compliance</li> <li>Sustainability and financial benefit</li> </ul>	<ul style="list-style-type: none"> <li>Service quality</li> <li>Business ethics and transparency</li> <li>Regulation</li> <li>Client perception</li> </ul>



## Materiality matrix

The following chart presents the materiality matrix validated by senior management.



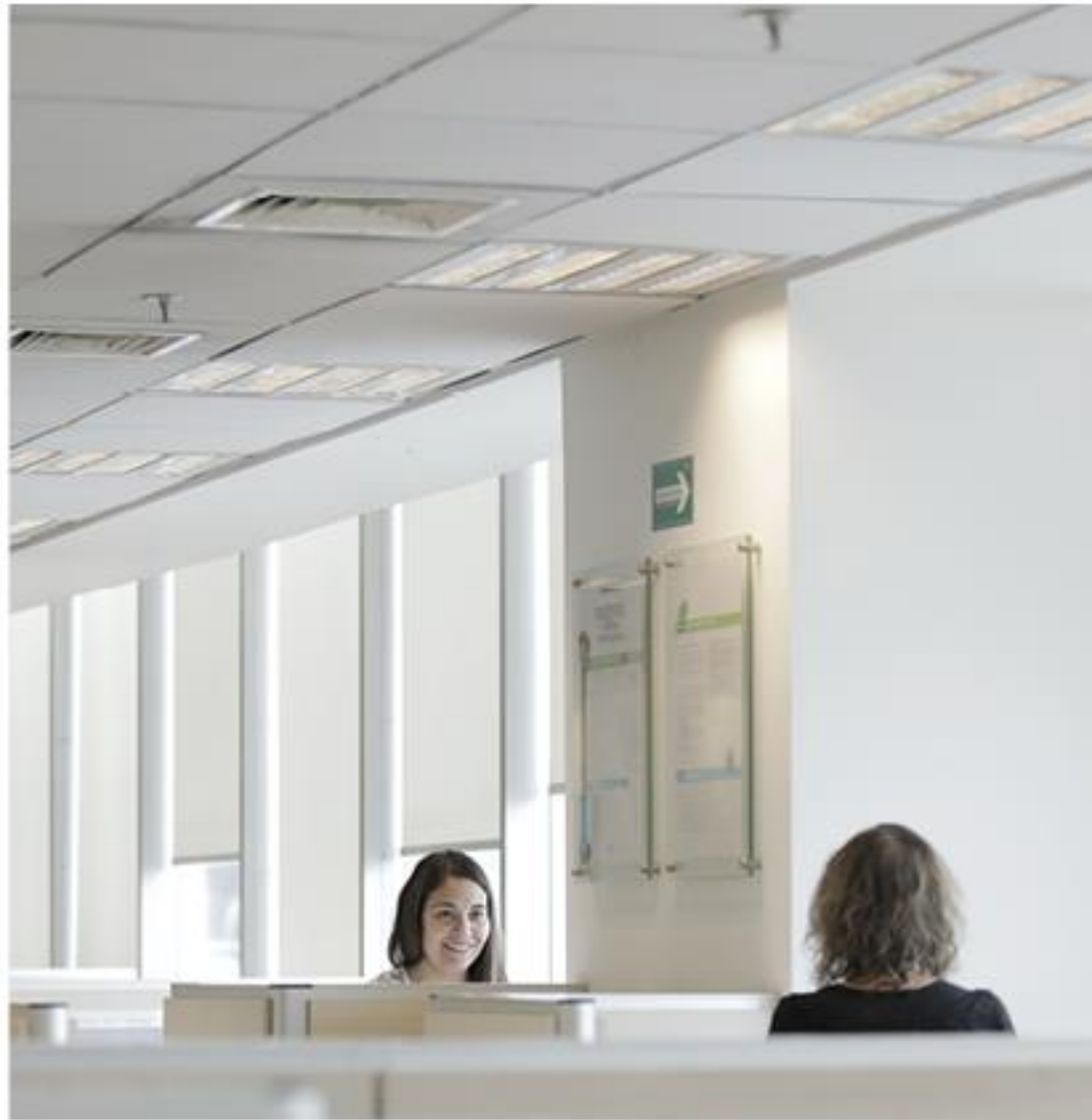
Governance	Business environment	Social	Environment
1. Risk management and operational continuity	4. Service quality	8. Human capital development	12. Efficient use of resources
2. Corporate governance	5. Business ethics and transparency	11. Diversity, inclusion, and equity	13. Energy management
3. Technology and innovation	7. Regulation		
6. Compliance	9. Client perception		
10. Sustainability and financial benefit			

## Management approach

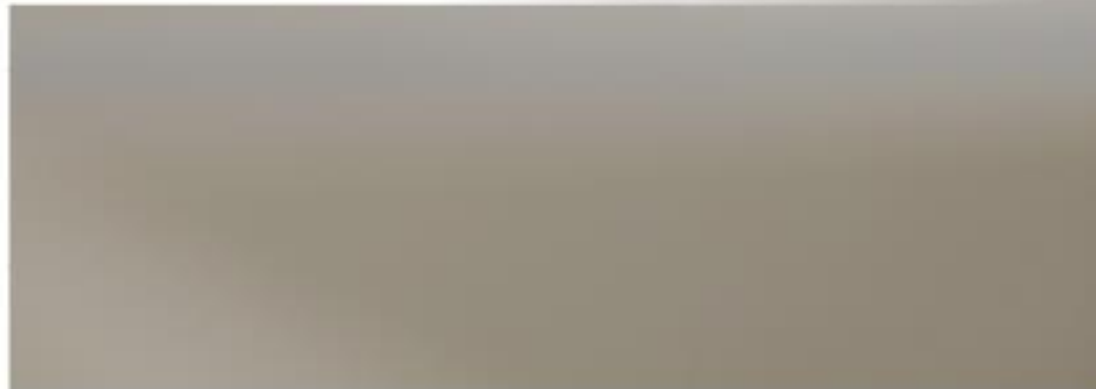
Material topic	Why it is important	Stakeholders Impacted	How it is managed
	<b>Significant impacts and stakeholder expectations</b>	<b>Where the impacts occur</b>	<b>What has been done</b>
<b>Risk management and operational continuity</b>	Operational continuity is a critical business factor. This, together with materialization of risks, impacts the entire financial market through possible information losses regarding investments in securities or the inability of conducting transactions, undermining confidence in DCV and the market in general.	Clients, shareholders, market infrastructures, and the general financial community.	Through policies, processes, standards, controls, world-class risk management and control models based on risk culture, and redundant information systems, focused on information security, cybersecurity, and risk management.
<b>Corporate governance</b>	Ethical and transparent behavior with proper controls is fundamental for DCV. This permits to maintain the FMI's trust and add stability to the local financial system.	Board of directors, employees, shareholders, clients, regulators, and market infrastructures.	Through a strong risk culture.
<b>Technology and innovation</b>	DCV's sustainability depends on incorporating new technologies and innovations for securities administration, information security, and cybersecurity, mitigating risks, and accompanying the growth and development of the market.	Clients, market infrastructures, employees, and regulators.	Through the constant search for best practices in information management and cybersecurity, and entering into strategic alliances with other global companies in the market (e.g. DCV Evolution), as well as other market infrastructures.
<b>Service quality</b>	Maintaining a high service quality is fundamental for DCV's sustainable development and client perception.	Clients, market infrastructures, employees, and regulators.	Through the constant search for best practices in management, and periodic service quality surveys.
<b>Business ethics and transparency</b>	Ethics and transparency are fundamental values for DCV and have been since its creation.	Board of directors, employees, shareholders, clients, regulators, and market infrastructures.	It is managed by the Board and the CEO, who provide guidelines concerning the control of these key and fundamental issues for DCV.
<b>Compliance management and prevention</b>	Ensure compliance with standards, regulations, and laws is an essential part of DCV's business management, allowing proper business performance and mitigation of the risks to which the Company is exposed.	Board of directors, employees, shareholders, clients, regulators, and market infrastructures.	Compliance and Comptroller areas are in charge of overseeing the rigorous compliance of regulations, policies, and procedures.
<b>Regulation</b>	Non-compliance of regulation exposes DCV to fines and sanctions, and eventually to the close of operations.	Shareholders, clients, regulators, employees, and providers.	Through the Compliance and Internal Audit areas, an ongoing assessment of compliance of regulations, standards, and procedures is carried out.
<b>Human capital development</b>	To have the best talent is fundamental for adequate business performance. Employees must train permanently to stay up-to-date in new technologies and standards.	Employees	DCV seeks to attract and retain the best talent, offering training plans to support their development.
<b>Client perception</b>	Client perception is a relevant aspect of DCV's business management.	Clients, shareholders, and the financial community.	Through quality surveys, meetings, and close relationships with clients, DCV takes care of service quality which influences client perception.
<b>Sustainability and financial benefits</b>	The company must take care of resource usage to ensure its long-term sustainability.	Board of directors, employees, shareholders, clients, regulators, and market infrastructures.	It's managed by the Board of directors and the CEO and in the operation of the Financial Division.
<b>Diversity, inclusion, and equity</b>	It's one of DCV's most relevant material topics, given the company's business and its role in the financial market.	Board of directors, employees, shareholders, clients, regulators, and market infrastructures.	It's governed by the Board and the CEO through committees, and the Technology Division is in charge of information management.

# 04

## CORPORATE GOVERNANCE



*At DCV, actions  
are governed by its  
values.*



### Commitment

Commit to the challenge of fulfilling the Company’s vision and mission, each one contributing from their 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, seeking to always be consistent in statements and actions.

### Excellence

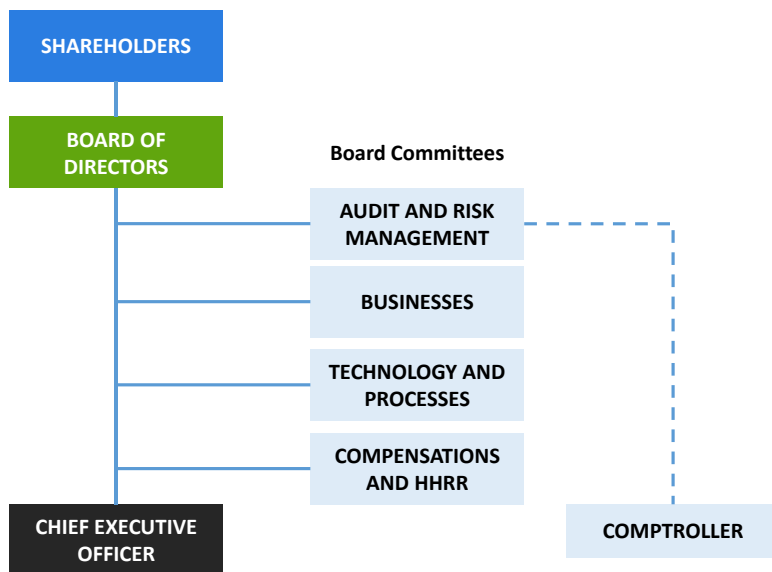
Put the maximum effort to deliver the highest possible quality in all services and activities.

### Responsibility

Fulfill obligations with a high sense of duty and professionalism, carrying out actions seriously and consequently.

## Corporate governance model

DCV is subject to Law N°18,876 (which “Establishes the Legal Framework for the Constitution and Operation of Private Securities Custody and Depository Entities”). As well, DCV is regulated and supervised by the Financial Market Commission (CMF). The Company has a subsidiary, DCV Registros, whose purpose is to manage shareholder registers.



### According to Article 1 of the Rules on Securities Depositories D.S. 734

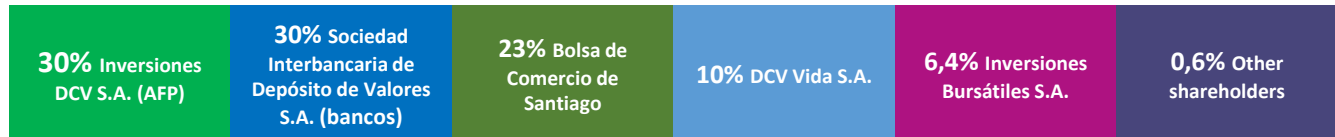
DCV was incorporated under Law N°18,876 and was established as a special stock company in line with Article 126 of Law N°18,046. As such, it is subject to all regulations applicable to public stock companies in all that is not contrary to the law, by the said Rules, the regulations set forth by the Financial Market Commission, and its by-laws.

## Sole purpose

The company's sole purpose is to take securities in deposit and facilitate their transfer operations, in line with the procedures contemplated in Law N°18.876.

According to the aforementioned law, public securities registered in the Financial Market Commission's Securities Register, those issued by the Chilean Central Bank and those issued or guaranteed by the state are subject to be deposited. Also, the Company may take in deposit other assets, documents, or contracts authorized by the CMF, in line with general regulations.

## Shareholders



RUT	Shareholder	Shares	%
96.654.350-7	Inversiones DCV S.A.	46,834	30,0
96.659.320-2	Sociedad Interbancaria de Depósito de Valores S.A.	46,834	30,0
90.249.000-0	Bolsa de Comercio de Santiago, Bolsa de Valores	35,096	23,0
96.658.670-2	DCV Vida S.A.	15,612	10,0
96.643.560-7	Inversiones Bursátiles S.A.	9,918	6,4
-	Other shareholders	1,008	0,6
	<b>Total</b>	<b>156,112</b>	<b>100,0</b>

## Ordinary and extraordinary meetings of shareholders

The general shareholders meeting has attendance requirements, limits to voting rights, incompatibility regime, conflicts of interest, transactions with related parties, shareholders meeting date and attendance percentage, appointment and turnover of external auditors, and fees for external auditors and other services. For more information please visit the corporate website (<https://www.dcv.cl/es/regulacion/actas/actas-dcv.html>).

## Board of Directors

The current Board of Directors was elected at the shareholders meeting that took place on March 26, 2019, for a two-year term.

### 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:** March 1993

**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:** January 1994

**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:** March 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 is currently the CEO of the Santiago Stock Exchange, a position he has held since 1998.

**Date of the first election to the board:** September 1998

**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. Presently, 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. At present, 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

*Directors who ceased their term during the last two years*

**Juan Carlos Reyes Madriaza**

RUT: 7.382.629-2

Profession: Civil Engineer

Date elected to the board: August 26, 2014

Date term ended: March 26, 2019

**José Arturo del Río Leyton**

RUT: 5.892.815-1

Profession: Business Administration

Date elected to the board: March 28, 2017

Date term ended: March 26, 2019



## Board committees

### *Audit and Risk Management Committee*

**Purpose:**

- Overseeing of the Internal Audit, and Risk and Compliance.
- Approval of Risk Management, and Comptroller and Compliance Policies.
- Analyze and conclude regarding the reviews by external auditors and the CMF.
- Oversee transactions with related parties.
- Inform about conflicts of interest, and suspicious acts and conducts or frauds.

**Members:**

President: Jorge Claude Boudel

Directors: Arturo Concha Ureta; Mario Gómez Dubravcic

Secretary: Secretary of the Board

Executive team: Chief Executive Officer, Chief IT Planning and Finance Officer; Comptroller; Chief Risk Officer; Chief Finance and Management Control Officer

**Meetings:** The committee meets ten times a year, on the dates established by the committee.

**Responsibilities:** At a general level, and over the aforementioned responsibilities, the committee is subject to the following obligations:

- Regularly brief the Board about the activities, issues, and recommendations related to the committee.
- Ensure adequate communication and coordination between risk, compliance, internal audit, external auditors, and the Board.
- Review any report issued by the organization related to the committee's responsibilities.

**Average assistance over the period:** Ten sessions were held with 100% attendance of directors.

### *Compensation and Human Resources Committee*

**Purpose:**

- Defines and approves compensation and employee benefit policies.
- Defines and approves compensation for the CEO and senior management.
- Defines the parameters, criteria, and variables for the annual incentive plan calculation.
- Review the policies proposed by the Human Resources Department.

**Members:**

President: Sergio Baeza Valdés

Directors: Arturo Concha Ureta; Mario Gómez Dubravcic; Cristián Rodríguez Allendes

Secretary: Secretary of the Board

Executive team: Chief Executive Officer, Chief Human Resources Officer

**Average assistance over the period:** Five sessions were held with 100% attendance of directors.

*Business Committee*

**Purpose:**

- Define, analyze, and propose to the Board the Mission, Vision, and Values.
- Define, analyze, and propose to the Board relevant business initiatives and their target market.
- Define, analyze, and propose to the Board changes to current services.
- Define, analyze, and propose to the Board, any other strategic initiative proposed to be carried out.
- Analyze the projections of the annual plans, the strategic plan, and investments.

**Members:**

President: Guillermo Tagle Quiroz

Directors: Juan Andrés Camus Camus; Fred Meler Sunkel

Secretary: Secretary of the Board

Executive team: Chief Executive Officer, Chief Commercial and New Businesses Officer; Chief Finance and Planning Officer

**Average assistance over the period:** five sessions were held with 100% attendance of directors.

*IT and Processes Committee*

**Purpose:**

Define, analyze, and propose to the Board the medium and long-term technological vision, all initiatives oriented towards technology improvements, priorities and allocation of resources on different projects, and any other technology or processes initiative.

**Members:**

President: José Antonio Martínez

Directors: Cristián Rodríguez Allendes; Jaime Munita Valdivieso

Secretary: Secretary of the Board

Executive team: Chief Executive Officer, Chief Finance and Planning Officer; Chief IT Operations Officer; Chief Operations and Services Officer

**Average assistance over the period:** Nine sessions were held with 78% assistance of directors.

**Summary board committee composition**

	Committees			
	Audit and Risk Management	Compensations and Human Resources	Business	IT and Processes
Sergio Baeza Valdés		●		
Arturo Concha Ureta	●	●		
Juan Andrés Camus Camus			●	
Jorge Claude Bourdel	●	●		
Mario Gómez Dubravčić	●			
José Antonio Martínez Zugarramurdi				●
Fred Meller Sunkel			●	
Jaime Munita Valdivieso				●
Cristián Rodríguez Allendes		●		●
Guillermo Tagle Quiroz			●	

## Board diversity

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

## Board compensation

(Figures in \$ thousands)	2018			2019		
	Attendance	Committees	Total	Attendance	Committees	Total
Sergio Baeza Valdés	37,523	4,892	<b>42,415</b>	40,141	3,342	<b>43,483</b>
Arturo Concha Ureta	29,366	10,602	<b>39,968</b>	30,106	10,032	<b>40,138</b>
Juan Andrés Camus Camus	19,578	4,887	<b>24,465</b>	20,071	4,172	<b>24,243</b>
Jorge Claude Bourdel	<b>18,755</b>	16,312	<b>35,067</b>	20,071	16,723	<b>36,794</b>
Mario Gómez Dubravcic	16,317	9,777	<b>26,095</b>	19,225	9,194	<b>28,419</b>
José Antonio Martínez Zugarramurdi	19,578	6,523	<b>26,100</b>	20,073	9,204	<b>29,277</b>
Fred Meller Sunkel	16,328	2,446	<b>18,774</b>	17,559	4,172	<b>21,731</b>
Jaime Munita Valdivieso	0	0	<b>0</b>	15,918	2,927	<b>18,845</b>
Cristián Rodríguez Allendes	0	0	<b>0</b>	15,934	2,527	<b>18,461</b>
Guillermo Tagle Quiroz	17,963	8,155	<b>26,119</b>	19,229	8,344	<b>27,573</b>
José Arturo del Río Leyton	19,578	8,969	<b>28,546</b>	3,307	2,481	<b>5,788</b>
Juan Carlos Reyes Madriaza	19,578	13,045	<b>32,623</b>	3,307	3,307	<b>6,615</b>
<b>Total</b>	<b>214,563</b>	<b>85,608</b>	<b>300,172</b>	<b>224,940</b>	<b>76,425</b>	<b>301,365</b>

## Best practices

Throughout its existence, Depósito Central de Valores has generated mechanisms that support the management of the risks faced in each of its businesses, always searching for continuous improvement and the incorporation of the latest market practices into its processes.

### Company management

DCV is administered by a Board of Directors comprised of ten members elected at a shareholders meeting of shareholders. Directors serve for two-year terms and can be reelected indefinitely.

Upon the vacancy of a director, all of the Board must be renewed at a meeting of shareholders to take place no later than 30 days.

The quorum for Board meetings shall be the absolute majority of its members and agreements shall be adopted by an absolute majority of directors of the Company, unless the law or the by-laws demand a special quorum. In case of a tied vote, the person who chairs the meeting shall have the tie-breaking vote.

The Board has four committees: Audit and Risk Management, Business; Compensation and Human Resources, and Technology and Processes.

### Board election and turnover

The Board elects a Chairman and a Vice-chairman from among its members at the first meeting held after their appointment by the shareholders meeting.

## Induction process

During 2019 two inductions were conducted to the two new directors elected at the March 26, 2019 meeting of shareholders.

DCV has a procedure that considers the form and content that permits an appropriate induction process of a new director, for both, DCV and its subsidiary DCV Registros. The Company considers that for proper performance, a new director must achieve as soon as possible a general knowledge about the Company, its business, and the industry in which it participates.

## Board compensation

Directors are compensated for their service and the amount shall be fixed annually at the general shareholders meeting.

## Induction program

The Board shall define and management shall establish an induction program, which should cover at least the following topics:

- Mission, vision, and corporate values.
- The general juridical and regulatory framework, and that particular to the business.
- Strategic plan.
- Finances.
- The most relevant risks and their management.
- Corporate governance, and duties of the directors and the distinct committees.
- Relevant stakeholders.
- Principal policies, ethics code, by-laws, and Corporate Integrity Program.

## Corporate Integrity Program

DCV has a Corporate Integrity Program that seeks to safeguard correct employee behavior with all its stakeholders. Its guidelines are taken from the Company's ethical values compendium, the Internal Rules of Procedure, and regulations applicable to the Company.

To continue strengthening corporate integrity, during 2019 DCV made available to all stakeholders the Whistleblower Channel.

## Board training

- DCV has a procedure concerning the Board's training and continuous improvement, whose object is to delineate the forms and content that allow to train directors permanently and thus perfect their knowledge about the Company.
- Training covers all types of topics that allow the delivery of necessary knowledge and competencies to fulfill the role of director, achieve the Board's goals, and detect potential improvements in its functioning.
- Includes regulatory and organizational changes that might affect the Company's operation, as well as any relevant issues for the Company and the market.

## Scope

Training covers topics such as trends and analysis of the evolution of securities depositories in Latin America and the rest of the world; principal risks, their mitigation, and monitoring, including sustainability risks, legal changes, and applicable regulation; changes to the internal rules of procedure and deposit agreements and/or its annexes; knowledge update and progress of each division; others that may be suggested by directors or management, and approved by a majority of the Board.

Regarding formal training, these are planned at the beginning of each year and at least one session per semester is scheduled for each topic.

## Board advisory

The Board can hire external advisory if necessary. The procedure establishes that these must be requested by at least by one director and approved by the majority of the Board.

During 2019, the Board did not contract advisory services with the external auditor in charge of auditing the financial statements.

## Board operation

- The Board meets with the majority of its members and its agreements are adopted as established in the Company's by-laws. Board meetings are attended by the CEO, the Chief IT Planning and Finance Officer, and the Chief Commercial and New Businesses Officer.
- The Board meets every month at dates set by the Board. In each session, the Secretary of the Board prepares minutes with the topics covered and the agreements reached. These minutes must be approved by directors.
- Board functions are established in Law N°18,046.

## Conflicts of interest policy

DCV is obliged to conduct its businesses in such a way that the commercial criteria and decision making of its employees are not influenced by incompatible personal interests. Whenever an employee's interests influence, either real or apparent, or has the capacity to influence decision making at DCV, a conflict of interest arises. The Company has a policy that establishes pertinent principles and standards to prevent and manage conflicts of interest. In some cases, the said conflicts may represent an especially high risk to the Company's reputation or its commercial interests, and employees must necessarily prevent them.

## Donations policy

This policy, which also applies to DCV Registros, establishes the objectives and guidelines of DCV's Donation Program. In the policy, the Company declares its intention to contribute to the sustainable development of the community and society in general.

**Scope:** Donation program objectives and approach, information about financing for the annual budgeting process, the administrative process for the reception and assessment of donation requests, assessment, and report presentation process for the donation program.

## Ethics manual

This is a key piece of the Corporate Ethics Program and seeks to foster it adjusting to the Company's current needs. The Ethics Manual is the concrete and practical expression of standards, internal rules of procedure, and laws applicable to the Company. As such, it's DCV's responsibility to promote and effectively apply its guidelines. This code applies to all who are part of DCV and DCV Registros, irrespective of their position, specialty, or activities carried out.

The code applies even after the provision of services to the Company has concluded. This implies respecting confidentiality clauses, returning in good condition all resources given to carry out the job, and restrain from conducting any action aimed at affecting or damaging DCV or its employees.

### Board meetings

Board meetings are ordinary and extraordinary. Ordinary meetings are held at least once a month on the pre-established dates and do not require a special summons. Extraordinary meetings are held when specifically summoned by the Chairman, at their initiative or the request of one or more directors, following the Chairman's determination for the need of a meeting, unless requested by the absolute majority of directors, in which case the meeting shall be held without the need for a prior determination. These summonses, if necessary, are made by a certified letter sent to the address registered by each director with the Company. In extraordinary sessions, only topics specifically stated in the notice of meeting may be addressed unless all directors unanimously agree otherwise.

### 2019 meetings and attendance

The board met twelve times during the period, with an average attendance of 93%.

## Surveillance Committee

Depositors meet in ordinary and extraordinary assemblies to discuss those topics established by law. Ordinary assemblies are held once a year, while extraordinary assemblies are held when determined by the Company's Board or when requested by the Surveillance Committee.

### Responsibilities

The Surveillance Committee originates in Law N°18,876 on the "Constitution and Operation of Private Securities Custody and Depository Entities". Among other topics, the ordinary assembly of depositors must appoint a Surveillance Committee.

### Attributions

Among the Surveillance Committee's attributions are: to verify that custody, clearing, settlement, and transfer operations are fully and timely fulfilled; conduct quarterly account balancing and verify the accuracy and match of depositors' accounts; verify that the available information is sufficient, truthful and timely; verify the quality of facilities and security systems as well as the quality and amount of guarantees and insurance in force. The following link provides details of the procedures to present claims to the Committee.

<https://www.dcv.cl/es/acerca-222/gobierno-corporativo/comite-devigilancia.html>.

### Assembly chairman and secretary

The assemblies shall be chaired by the Chairman of the Surveillance Committee.

### Assembly minutes

In each assembly, minutes shall be prepared containing the topics covered, and agreements reached.

## Composition

The Surveillance Committee is comprised of five members elected annually by the Ordinary Assembly of Depositors. Since March 2019 and until the next assembly –to be held in March 2020- the Surveillance Committee is comprised by:

- Hugo de la Carrera P. (Chairman)
- Oscar Mehech C. (Vice-chairman)
- Américo Becerra M. (Secretary)
- Jaime Escárate F.
- Pedro Bolados M.

## Compensation

Expenses related to the compensation of the Committee’s members as well as those for administrative and financial support are contained in an annual budget charged to depositors.

## Assembly of Depositors presents management report and advances of the DCV Evolution project

### March 15, 2019

During the XXIV assembly of depositors, DCV’s Surveillance Committee presented its management report for the 2018 period. At the time, Fernando Yáñez, CEO of DCV, provided details about the DCV Evolution project, highlighting that “the Company is permanently renovating itself and we believe that after 26 years of operations of DCV’s Core system, it was time to renew and prepare ourselves for times of transformation, times of adding value, of new technologies and improvements to our services”.

<https://www.dcv.cl/es/centro-de-noticias/dn-circulares/articulos/4245-circular-n-322-ajecucaciones-al-servicio-braa.html>

## Senior management

### Fernando Yáñez González

**Chief Executive Officer**

RUT: 6.374.964-5  
 Profession: Civil Engineer  
 Date of appointment:  
 03/21/1993

### Rodrigo Roblero Arriagada

**Chief TI 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 Nieves

**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 TI Operations and Cybersecurity Officer**

RUT: 10.829.874-K  
 Profession: Civil Engineer  
 Date of appointment:  
 08/13/2012

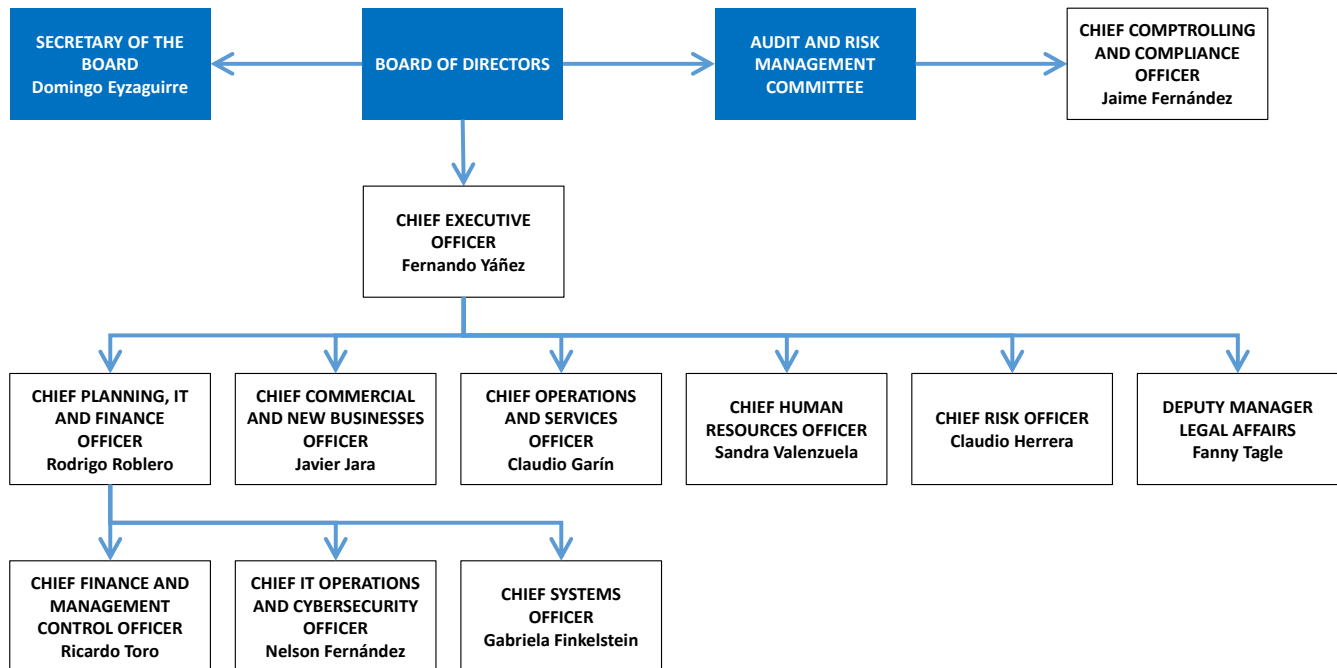
### Domingo Eyzaguirre Pepper

**Secretary of the Board**

RUT: 7.176.907-0  
 Profession: Lawyer  
 Date of appointment: 03/1993



## Organization chart



## Senior management compensation

The following table sets forth total compensation paid to the Company’s senior management:

Total compensation senior management team (MM\$)	
2018	1,290
2019	1,487

## Senior management incentives

Senior management incentives are based on the fulfillment of each position’s and area’s goals, as well as the Company’s corporate goals set for the period.

## Senior management diversity

Gender	2	8			
	Women	Men			
Nationality	9	1			
	Chilean	Foreigners			
Age	2	7	1	0	
	Between 41 and 50 years old	Between 51 and 60 years old	Between 61 and 70 years old	More than 70 years old	
Service years	2	1	2	1	4
	Less than 3	Between 3 and 6	Between 7 and 8	Between 9 and 12	13 or more

# 05

**DCV: CREATING  
VALUE FOR ALL  
STAKEHOLDERS**

*DCV's focus in corporate responsibility is linked to the relationship with its stakeholders.*



## Employees

### Integration pillar: diversity and inclusion

- DCV promotes an inclusive work environment, which implies respecting and valuing individual differences. This allows the Company to take advantage of the strengths and talents of each employee.
- Diversity represents a value for the Company, so it has a team of employees comprised of both men and women, from different nationalities, origins, cultures, ideas, ethnic groups, generations, sexual orientations, religions, lifestyles, skills, capabilities, and unique characteristics.
- For DCV, inclusion is the openness to and acceptance of individual differences, incorporating their capabilities and valuing people for their talents and contributions.

### DCV commitments

#### Gender

The goal is to have a proportional workforce between men and women, where female employees are never less than 40%, considering all employees at DCV and its subsidiary DCV Registros. The latter is used to face difficulties that may arise in the selection processes of technical profiles, which culturally are occupied by men.

#### Physical disabilities

The goal is to have a share of employees with physical disabilities of no less than 1% of total employees, considering the total workforce of DCV and DCV Registros.

#### Nationality

Maintain a share of no less than 1% of the workforce, considering total employees at DCV and DCV Registros, for employees from other nationalities.

#### *Pillar: corporate ethics*

Since the beginning, DCV has built a culture identifying it with the highest ethical standards.

This is why in 2019 the Company accepted an invitation to take part in the “Corporate Values and Ethics Barometer (BVEE)”, which allowed the identification of strengths and weaknesses within the corporate values and ethics framework. The latter has provided guidelines for new actions that will help in further strengthening the ethics culture and the construction of a workplace of which people feel proud.

#### *Pillar: commitment*

In 2019 the twelfth commitment measurement took place with a 92% participation rate. The result was a 76% commitment, decreasing four points with respect to 2018, however, the score remains seven points above the Chilean average.

This measurement also considers variables that detect the strengths and weaknesses of work teams –work climate-, which in this last survey reached 71%.

#### *ICI Measurement (Internal Service Quality Index)*

Since 2011, the ICI survey is the method used to assess the quality of services delivered by each area, where everyone is simultaneously a client and a provider.

This chain of values and relationships influences the final product delivered to clients, and drives the knowledge of their requirements and expectations, fostering future service improvements.

During 2019, 83 services were measured. 81% of employees participated in the survey, which resulted in an 86% level of satisfaction –surveyed employees that are very satisfied or satisfied-, well above the results of other companies that apply this same methodology.

### Total compensation

DCV rewards employee's performance and contribution through salary or total compensation. This includes economic compensation, benefits, acknowledgments, and development opportunities, becoming a differentiating factor and a way to attract new talent, create loyalty, and maintain commitment. The latter permits the balancing of organizational interests with those of employees or partners, motivating them to deliver to their full potential.

The total compensation model is based on three principles:

- Transparency
- Internal equity (in the acknowledgment and valuation of responsibilities) and contribution (in the achievement and success of their performance)
- External competitiveness (when considering market conditions)

Furthermore, it's the framework that declares DCV's intention and adopted practices for the treatment of compensation.

### Quality of life and prevention of risk

#### Activities 2019 (permanent)

- Healthy meals: twice a week, different alternatives for healthy meals are provided, such as fruit, yogurt, dried fruits, cookies, etc.
- Healthy pause: once a week exercise is conducted to prevent and ease postural pains, carry out experiential dynamics, and deliver general self-care and prevention tools.
- Express massages: two full days a week include 12-minute sessions of express massages in a chair.
- Sports – mini football league: between April and November the mini football team plays every week at the Terra Soccer complex (Av. Quilín 0194, Macul). Also, at the end of the year participates in an intercompany tournament played at Estadio Palestino where they put in practice everything learned during the season.
- DCV guides: no-cost psychological and legal guidance and support to employees and their families.
- Quality of life program: hand spa to celebrate women at DCV, flu vaccination campaign, Mother's Day and Father's Day celebration, ophthalmologic operation, children's day celebration, celebration activities on national holidays, Halloween celebration and meaningful Christmas with a solidarity approach.

#### Prevention of risk

Employee's health and security are of utmost importance to the Company. There is a permanent commitment to comply with current legislation and oversee the health and security of all employees at DCV.

This is constantly broadcasted through the Company's various communication channels (intranet, informative screens, email, etc.). The information delivered contains risks associated with administrative tasks and their control measures, procedures in case of emergency, and evacuation in case of emergency, among others.

All Company facilities comply with Decreto Supremo (DC) 584 regarding basic, sanitary, and work environment conditions. In the same way, employee work stations have all the necessary ergonomic elements to maintain a correct posture throughout the working day to reduce sicknesses and muscle-skeletal pain. There is a permanent watch for maintaining the best working conditions in all areas of the Company, renewing them whenever necessary.

During 2019 and together with Chilean Security Association and the permanent work of the joint committee, training sessions were conducted on topics such as fire extinguisher management, emergency plans, accident

prevention on the way to and from work, the psychology of emergencies, trauma and rescue, accident investigation techniques and others.

In addition, all new employees take part in the Obligation to Inform Talk (ODI), consistent with Article 21 of DS 40. This activity is designed to deliver the necessary knowledge about current legislation and work environment risks, preventive measures and correct control methods, and to know the emergency procedures and others related to accident prevention at work and occupational diseases.

*Joint committees*

DCV has two Hygiene and Security joint committees, one for the Company and the other for its subsidiary, which meet every month to review topics directly related to work accidents.

Joint committees work rigorously to comply with DS 54, being up-to-date with their functions and legal obligations, and permanently advised by the Company’s Risk Prevention expert.

They have an annual work schedule which includes permanent activities such as inspections, observations, training, and security talks, as well as broadcasting preventive material and good practice sheets.

Both joint committees are working to achieve the certification delivered by the Chilean Security Association, which has developed a voluntary process for scalable certification and recognition of the work carried out by joint committees. The certification has three levels: Initial, Intermediate, and Superior.

The goal of certifying is to recognize the Hygiene and Security joint committees, which have carried out an outstanding performance in health and security within the Company, demonstrating legal compliance and commitment with the health and security of each employee. The latter is evidenced in the compliance audits conducted at each level.

Accident rate	
DCV 2019	0
DCV Registros 2019	0

*Performance measurement*

The Corporate Conduct Measurement (MCC) is the formal instance of performance evaluation, in which employees are evaluated by their direct leaders based on the Corporate Conducts used for measuring –across the Company- all Company employees, thus providing a clear guideline of what and how it is measured.

To foster even more objectivity in the measurement process, it is based on the achievement of goals to date, and the fulfillment of the Performance Agreement defined at the beginning of the Performance Management cycle.

At this stage, employees can also evaluate their leaders according to the same Corporate Conducts. This provides a clear signal about the importance of leadership, as it is of great value to know how teams evaluate their leaders.

At DCV an ascending and a descending evaluation are conducted. This provides information about the performance of employees, and in turn, the latter measure of their leaders –with the same conducts- to identify how teams evaluate their supervisor’s leadership performance.

Performance evaluation is mandatory so all employees are evaluated. This is a key part of the internal processes of the organization.

### Leadership

DCV acknowledges that the key to its success is its human capital. That is why developing and promoting leadership is a crucial strategy, as people mark the difference in the achievement of objectives and the fulfillment of business goals.

The Company's responsibility is that leaders add value to the organization and that the time they use in their functions becomes a unique experience during their professional careers at DCV.

Each process that is part of leadership management contributes significantly to the consolidation of the Company's institutional culture, in line with DCV's values and way of being. These processes are oriented so that each employee can give the best of themselves, feel part of the projects, get involved, and commit in such a way that favors the delivery of quality service.

### Training

To enhance transformation, development and continuous improvement is a constant challenge faced by DCV. Thus, training and coaching are strategic processes, as long as they are oriented to the provision of knowledge and the necessary skills for employees to effectively contribute to the results of the business and the achievement of organizational objectives and goals.

An essential part of training at DCV are topics referring to regulatory compliance, information security, business continuity, risk management, and organizational policies, as well as programs that aim to strengthen directive and leadership skills. The training seeks to balance Company goals with employee's continuous improvement and growth expectations, thus contributing to their development, employability, and personal fulfillment.

## Social responsibility

### Green footprint

The Company's commitment to the environment is reflected in the Green Footprint Program, which since 2017 has cared about raising awareness, integrate and encourage DCV employees to make a real contribution in the care of the planet, and with that, continue working every day to be a more sustainable company over time.

#### Principal actions 2019

- Awarding of the winning team of the "Green Footprint Team" contest (March 2019): acknowledges the area that demonstrated the best performance in reducing paper usage between August 2018 and March 2019.
- Activity to propose ideas that contribute to the environment: company employees provided an important number of ideas reflecting the interest and relevance that Green Footprint has in DCV, as well as the awareness people show for the care of the planet.
- International Earth Day celebration: on April 22, 2019, the International Earth Day was celebrated at DCV, and the Company took advantage of the opportunity to promote care and conservation actions.

### Corporate volunteering

An important part of DCV's culture is shown in each of the social responsibility actions carried out through the Corporate Volunteering Program. The latter seeks to promote and channel employee commitment and spirit of solidarity with the community, strengthening the corporate identity.

### *Principal actions 2019*

- Meaningful Halloween: the “Meaningful Halloween” campaign took place in October and had a goal of collecting 60 pumpkins full of chocolates for vulnerable children aged between two and four years from the Los Pintanitos pre-school, located at La Pintana commune.
- Meaningful Christmas: the “Sponsor a Child” campaign was conducted, in which employees chose a child from the Los Pintanitos pre-school at La Pintana commune as a godchild to give them a present.
- Christmas campaign “Sponsor a Child” presents delivery: on Friday, December 20, at pre-school Los Pintanitos at La Pintana commune, 54 children received the gifts from their godparents together with a visit of Santa Claus accompanied by DCV’s volunteers.

### **Internships**

Three students from the Telecommunications area in Colegio Polivalente San Lu s Beltr n did their internships at DCV in 2019. The experience lasted two months, a time in which the Company opened its doors to them so that they could learn about the working world and put their knowledge into practice. During the period they helped the IT Services department, specifically the Workstation Support area.

# 06

## RISK MANAGEMENT AT THE BUSINESS' CENTER

*DCV's risk  
management model  
is part of daily work  
and is inserted into all  
levels.*





## Integral Risk Management System

Depósito Central de Valores and its subsidiary are committed to and assign a high priority to risk management, placing it at the center of the business. The Company has a **General Risk Policy** that establishes the general framework for risk management, functions, and responsibilities, as well as the definition of the Company’s acceptable risk level.

In this way, risk management is aligned with the current regulatory framework and the Company’s objectives and strategic pillars, reflecting the mission and vision in the products and services delivered to clients.

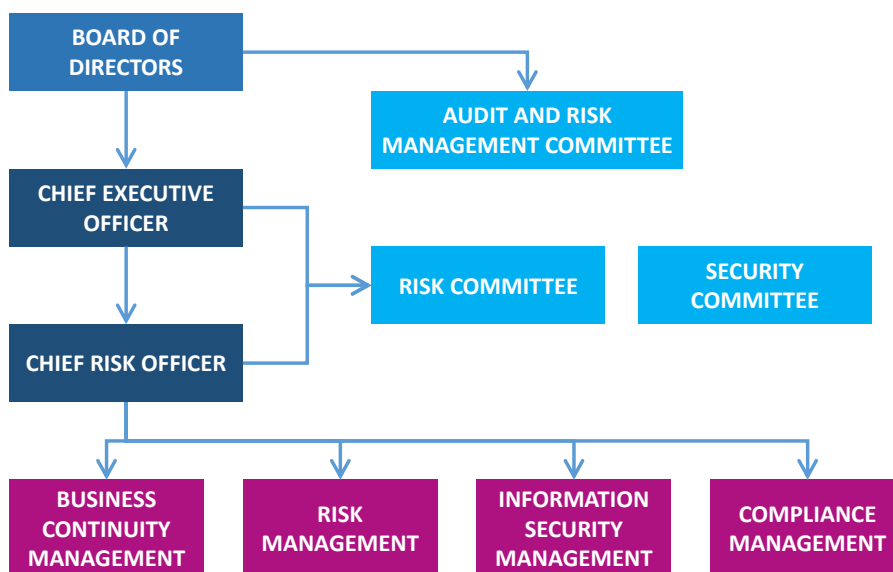
DCV’s **Integral Risk Management System** has among its objectives:

- Detection of all risks (actual and potential) to make decisions about their treatment.
- Continuous improvement of processes and control systems to minimize the risks in which the Company can incur.
- Resource allocation and management for the coverage of identified risks.
- Promotion of a risk culture within the organization, fostering employee awareness and action for effective risk control.

Risk management at DCV is based on two key principles: **it is everyone’s responsibility and it is integrated into all activities and systems, forming a part of the basis of DCV’s strategic planning.**

Hence, all employees and areas are part of risk management through the integration of practices and procedures into their daily activities, ensuring a consistent application throughout all levels of management.

### Risk governance



The Board of Directors is ultimately responsible for risk management at DCV. This body provides the principal guidelines for risk management through the Company’s strategic plan and approves the integral risk management model.

The integral risk management model is structured on three lines of defense:

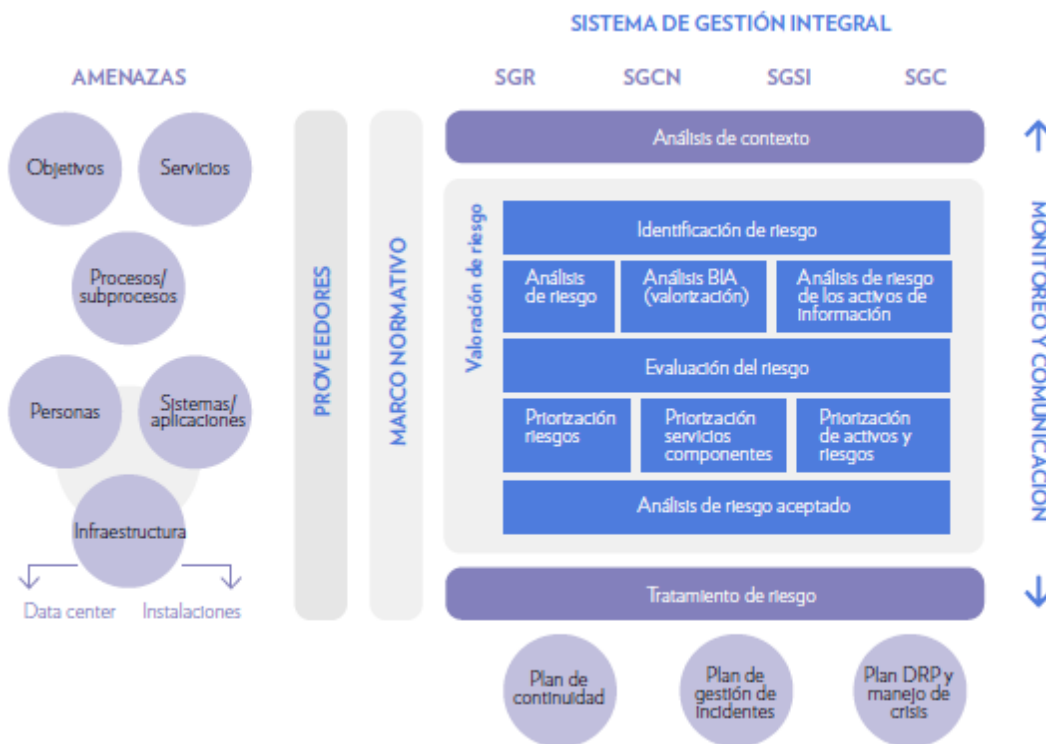
- The first line of defense is comprised of the people responsible for and executors of processes, who act as primary risk managers.

- The second line of defense is integrated by the Risk and Compliance Departments, who are in charge of managing and monitoring all risks within the Company.
- The third line of defense is the responsibility of the Comptroller area through the Internal Audit function, which assesses the effectiveness of the implementation of the risk policies.

All units report continuously to the different committees regarding their performance, thus ensuring a constant and permanent flow of information and the state of the organization concerning risks.

### Integral Risk Management System

*“DCV is a local and international reference in the implementation of IBM’s Open Pages GRC, a world-class software for risk management and compliance.”*



The **Integral Risk Management Model** is structured around an integral vision of the risks to which DCV is exposed.

The model covers the identification of possible threats that may put at risk the objectives, services offered, processes, and sub-processes of the organization, as well as the ensuring of compliance with the legal framework, the proper functioning of the Integral Risk Management System and the permanent monitoring and communication of risk management and the state of the Company.

The **Integral Risk Management System** considers four subsystems:

- Risk Management System (SGR)
- Business Continuity Management System (SGCN)
- Information Security Management System (SGSI)
- Compliance Management system (SGC)

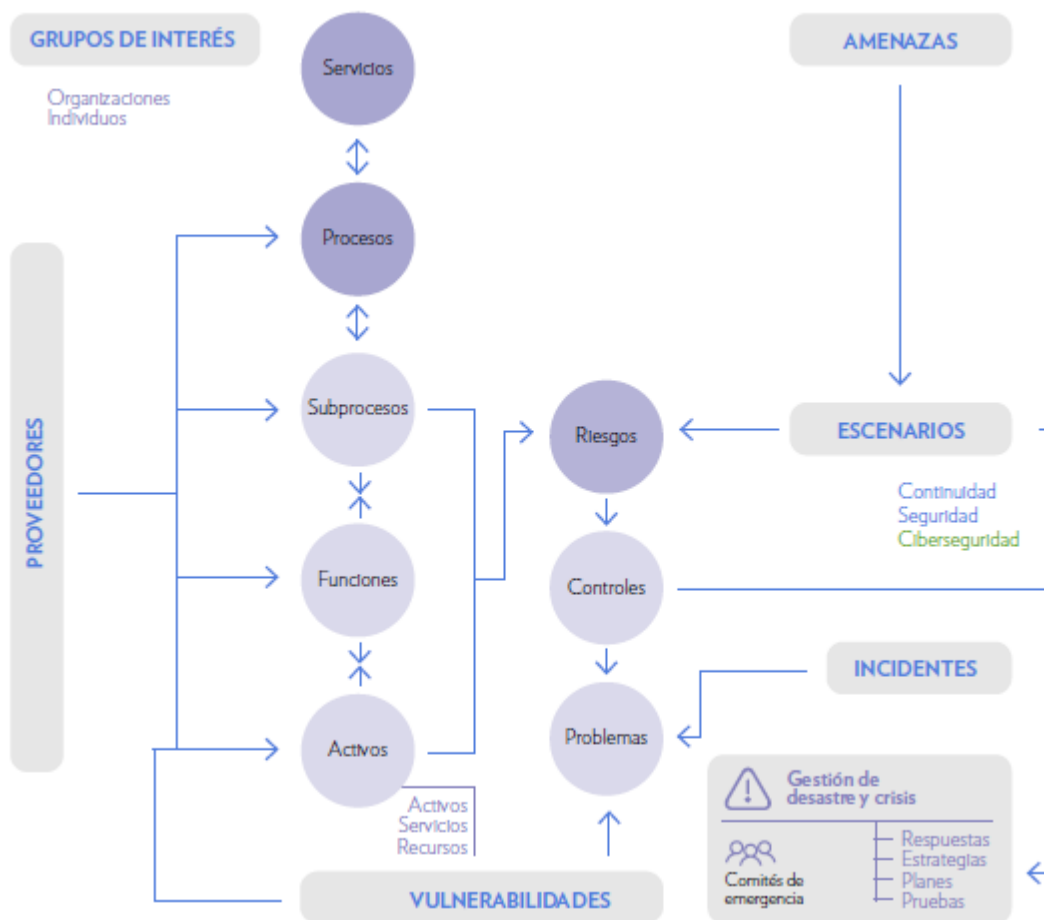
In this way, an integrated vision is provided which complements the analysis of each of the covered aspects.

DCV's Integral Risk Management System uses world-class components, as is the case of IBM's Open Pages GRC system, an integrated software for governance, risk management, and compliance. Gartner Peer Insights, a leading company in technological research and advisory, classifies this application in the top-right part of its Magic Quadrant. DCV was their first implementation in South America in 2012, and has since become a worldwide reference, being requested by several local and international institutions.

### Risk Management System (SGR)

#### Risk identification

The policy of risk assumption is based on an informed decision about the acceptance of the probability of the occurrence and impacts of a particular risk category. The risk management methodology defines the elements for the organization to determine the acceptable risk level, which must be approved by senior management and the Audit and Risk Management Committee. This level is understood as the risk volume, on a wide basis, that DCV is willing to accept in its search for value generation, aligning the desired performance of the strategy with the risk accepted by the Company.



The criteria for risk identification consider the sources, impacts, and causes of events, taking into account those with significant consequences for the Company, independent of whether the origin is under DCV's control or not. Furthermore, the identification must consider the analysis of the internal and external contexts, incorporating interconnected entities and third parties.

## Risk classification

DCV classifies risks by type, referenced in IOSCO's Principles, and by origin, referencing the source that could materialize the identified risk.

### *Risks classified by type*

Risk management at DCV must care for risks across the board, especially those specific to its risk profile in accordance with the Infrastructure role played as a custodian of securities. Among the risks to be considered are:

- **Systemic risk:** the inability of one or more players to act as intended and which could cause other participants not to be able to fulfill their obligations if necessary. In these circumstances, diverse indirect effects could materialize, and the inability of an FMI to complete a settlement could have detrimental consequences for the markets to which it provides services, as well as for the economy as a whole.
- **Operational risk:** is the risk that deficiencies in the information systems or internal processes, human errors, management failure, or disturbances caused by external events, cause the reduction, deterioration, or interruption of services offered by the Company.
- **Legal risk:** is the risk that a law or regulation is applied unexpectedly, which usually bears a loss. The legal risk may materialize when the application of pertinent laws and regulations may be unpredictable.
- **General business risks:** refers to any possible deterioration of the Company's financial situation (as a business), as a consequence of a reduction in revenues or an increase in expenses that results in expenses exceeding revenues, and a loss is generated which must be covered with capital.
- **Custody risk:** is the risk of loss of the assets maintained in custody in case of insolvency, negligence, fraud, bad administration, or inadequate maintenance of a custodian's (or sub-custodian's) files.
- **Investment risk:** is the risk of loss faced by an FMI when investing its resources or those of the participants, such as guarantees. These risks may be pertinent not only for resource maintenance and investment costs, but also for the security and reliability of an FMI's risk management systems.
- **Information security risks:** is the risk inherent to information systems and the assets supporting them and that could generate negative impacts on DCV and the organizations that depend on its services, which includes cybersecurity risk.

### *Risks classified by their origin*

- **People:** is the risk of intentional or unintentional losses caused by employees or which involves them. This type of risk causes problems to the internal organization and losses.
- **Relation with third parties:** refers to losses caused by the relationships or contacts the Company has with its clients, shareholders, third parties, regulators, and other stakeholders.
- **Processes:** refers to the risks related to the execution and maintenance of operations and the variety of aspects of business execution, including products and services.
- **Technologies:** refers to the risk of losses caused by piracy, theft, failure, interruptions, or other disruptions in technology, data, or information; also, the technology that does not contribute to achieving the objectives of the business.
- **External:** refers to the risk of losses due to damages to property, plant, and equipment or intangible assets due to natural or unnatural causes. This risk category also includes actions caused by external agents, such as fraud. In the case of regulators, it considers the enactment or change of laws that may alter the Company's ability to continue operating in a specific market.

### *Risk assessment*

Risk assessment is the complete process of identification, analysis, and valuation of risks.

The assessment process permits, among other things, to determine the potential (residual) and materialized (live) risk level in sub processes, projects, services, areas, and assets, which result from the analysis of inherent risks, revision of control structures, problems, and incidents, as well as risk acceptance criteria.

In addition, in the case of information assets, it determines its value based on the organization's BIA analysis, which identifies the applicable threats and existing vulnerabilities (or that may exist), as well as existing controls and their effects over the identified risk, determines the potential effects and finally prioritizes the derived risks and ranks them against the set of risk valuation criteria.

For the risk assessment to be effective, the participation of people from different processes at DCV that have a relation with the scope being analyzed is required. In this way, the threats, vulnerabilities, impacts, and probabilities are identified in a short time.

This process must be carried out in planned intervals or when significant changes occur or are proposed.

### Operational Continuity Management System (SGCN)

*“Our commitment to the capital market is to be the last component of the financial system to stop operating and the first one to recover, whatever the incident or disaster.”*

The need for DCV to operate uninterrupted in its role as an FMI is inherent to national and international financial markets. In this context, the Company seeks to guarantee operational continuity, understood as the availability of critical processes and compliance with regulations despite the occurrence of events that may affect its functioning, recovering critical services as soon as possible and safeguarding the protection and security of the people. Given the preceding, DCV has defined operational continuity as strategic for service development and delivery.

Operational continuity management is carried out through the **Business Continuity Management System (SGCN)**, which is based on the ISO 22301 standard. It covers unlikely risks but with a large impact, and considers specific responses for defined scenarios in such a way as to recover critical processes and services that allow restoring operations to a minimum level within a pre-defined time, until returning to normal operations.

#### *Business continuity plan*

DCV has developed a methodology that delivers a transparent and clear response to the organization regarding the risks to which it is exposed. A fundamental tool within this methodology is the Business Continuity Plan (BCP). This is a complete and self-sustaining definition of a set of pre-defined responses by the Company to address unlikely risk events. The BCP is generated based on the results of the Risk Analysis (RA) and the Business Impact Analysis (BIA), establishing responses based on coverage (or efficacy) and efficiency in relation to each scenario.

### Information Security Management System (SGSI)

*“The Information Security Management System (SGSI) covers the risks arising from inadequate management of the Company's information assets, derived from failure in the systems themselves or third party's actions. The SGSI is ISO 27001 certified.”*

#### *Information security*

DCV has an information security management system certified in October 2019 under the ISO 27001 “Information technology – information security management systems – requirements” standard. This is the most important standard at an international level about the topic, and reviews in a complementary and specific manner 114 internal controls that seek to protect and preserve the confidentiality, integrity, and availability of information from a wide range of threats.

With this certification, DCV seeks to implement international standards on information security, develop an appropriate security policy aligned with the business, and elaborate, adopt and promote measures to reduce the impact of any security incident.

This new certification adds to and complements the ISO 22301 “Societal security – business continuity management systems – requirements” standard attained in 2014 and recertified during July 2019.

DCV’s scope for its business continuity and information security management systems are those that permit the Company to fulfill its mission, goals and obligations, both internal and external to the organization (including those related to interested parties), as well as complying with legal and regulatory responsibilities.

These certifications position DCV as a world-class company and confirm globally that it’s capable of responding rapidly and with efficacy when facing an unexpected interruption threat potentially devastating for operations, protecting its business and reputation, preserving the interests of related parties, and always protecting the security of information.

#### *Generating the threat landscape*

Quarterly analysis of several information sources is used to prepare a panorama that compiles the principal cybernetic threats assessed during the past year, identifying cyber threats, risks, and threat agents that might directly affect DCV. As a result, a report is prepared to provide interested parties information about cyber threats and emerging threat trends for the near future. This allows the Company to assess the current state of controls and countermeasures that help identify security breaches early.

#### *Incorporation of the layer model*

The “In-depth Security” model is a set of necessary practices for safekeeping a system or a network of systems. Based on the latter the concept of security is proposed as efficient risk management organized over a layered-defined structure. Thus, each layer is secured with particular strategic actions which increase in complexity with each level, mitigating risks and preventing an attack from elevating to the next stage.

The aforementioned approach, together with the incorporation of cybersecurity controls, provides a more complete view of the reach and effectiveness of these controls, as well as the identification of possible improvement points.

#### *IT risk management*

The incorporation and update of threats and breaches into the GRC, added to the layered segregation of assets, processes, and sub-processes provides management with visibility regarding DCV’s security state. This facilitates the incorporation of dashboards and reports oriented to the identification of risks and their impact on the organization in the event a threat materializes.

#### *Risk analysis of new technologies*

The advent of new information technologies such as Blockchain, digital transformation, cloud services, and taking advantage of the associated economies of scale, translates into new businesses or the deployment of new and better services at DCV. However, this also brings additional or previously non-contemplated risks, given that when using new data processing, transmission and storage means outside of the infrastructure, it is necessary to count with appropriate measures to ensure the three basic security principles: confidentiality, integrity, and availability of information.

For this reason the Risk Department has been actively involved in the new projects since their theoretical conception, intending to update and detail the guidelines that will help implement the best control and security practices, taking into account the risk of the said activity and asset criticality, as well as alignment with the applicable regulation.

## Compliance Management System (SGC)

For proper compliance with the general regulatory framework as well as the ethical culture of the organization, DCV has established an internal control system based on the COSO model and the ISO 19600 “Compliance Management Systems” standard. This system establishes specific guidelines for the prevention and detection of conducts related with: corruption and bribery; the relation with government entities, civil servants, and state-owned companies; donations, sponsorships, and political contributions; and asset and money laundering and the financing of terrorism.

The Compliance area, which reports to the Risk Management Division, is in charge of a compliance officer who is responsible for compliance management across the organization. This position executes internal control through a set of activities based on policies and procedures, which help ensure that the necessary actions are taken to manage the risks that may affect the achievement of the Company’s business objectives. The action framework covers compliance with the following regulation:

- Sector legislation, in particular those set forth at Law N°18,876 and its rules of procedure, and the instructions set forth by the Financial Market Commission.
- Law N°20,393 on Criminal Liability of Legal Persons.
- Labor regulation and employee protection.
- Finance and taxation.
- Personal data protection.
- Environment.
- Fair competition.

Applicable legislation for DCV considers the creation of a Surveillance Committee independent of management (does not report to management) and integrated by five members representing depositors chosen at the ordinary assembly. The committee’s function is the internal audit of the Company’s operations and those conducted with it by the depositors, ensuring a correct operation and safeguarding of the interests of the depositors.

Senior management and the different departments monitor the quality of DCV’s internal control through a series of mechanisms, reporting on a monthly and formal basis to the Audit and Risk Management Committee of the Board. On the other hand, the Surveillance Committee independently contracts the services of consulting firms to obtain an opinion regarding operational processing and general IT controls, to afterward provide the assembly of depositors with a detailed account.

Finally, given its importance in the securities market, DCV is subject to periodic reviews by regulatory entities.

### *Conflicts of interest*

DCV is committed to run its business in such a way so that commercial criteria and employee decision making are not influenced by personal incompatible interests. To comply with the aforementioned, there is a Conflicts of Interest Policy, applicable to executives, permanent advisors, and employees in a general or particular manner.

### *Crime prevention model*

In line with the requirements of Law N°20,393 on Criminal Liability of Legal Persons, DCV has a Crime Prevention Model (MPD) oriented to fight corruption, asset and money laundering, and the financing of terrorism. The model was certified in February 2018 for two years by BH Compliance, a certification entity registered with and authorized by the CMF.

### *Corporate Integrity Program*

#### **Whistleblower channel**

Depósito Central de Valores is characterized by acting in accordance with the highest ethical standards. In this context, in 2008 began the Corporate Integrity Program. This is a tool that seeks to safeguard the correct behavior of DCV employees with all stakeholders, taking as guidelines the Company's ethical values compendium, DCV's Rules of Procedure, and applicable regulations.

The platform, accessible at [www.integridadcorporativa.cl](http://www.integridadcorporativa.cl), has a queries/whistleblower channel hosted on Gestión Social's servers, an external consultant specializing in corporate ethics and sustainability. The platform permits to confidentially raise situations that may breach DCV's ethical framework. All queries and/or complaints follow an established control and verification procedure, as well as the implementation of pertinent measures when appropriate, and a formal answer.

#### **Internal Audit**

The Internal Audit Department, part of the Comptroller Department, is the third line of defense. It reports functionally to the Audit and Risk Management Committee of the Board, and administratively to the CEO, acting as an independent assessment unit with total access to the organization's records, assets, and employees related to the issues under audit. The area conducts its activities in line with the International Professional Practices Framework for Internal Audit from The Institute of International Auditors.

The scope of the audit work comprises the examination and assessment of the sufficiency of the business and support processes, the effectiveness of the system of government, risk management, internal control, fraud prevention, regulatory compliance (internal and external), and DCV's governance. The latter considers the provisions for internal audit outlined in Law N°18,876, its rules of procedures, and Rule 1,939 of the CMF.

#### *Internal Audit Plan*

At least once a year the Comptroller presents its Internal Audit Plan to the Audit and Risk Management Committee for approval, which considers continuous monitoring focused on transactions and general IT controls, reporting to the committee every month. In addition, Internal Audit follows up all audit commitments and periodically reports to management and the Audit and Risk Management Committee of the Board.

Audit results are reported to the Board and the Company's senior management at the end of each review, as well as to the Surveillance Committee.

#### *Quality assurance and improvement program*

The activity of internal audit develops and maintains a continuous quality improvement and assurance program that covers all aspects of internal audit. Among others, the program assesses regulatory compliance by the internal audit department as well as its efficiency and efficacy, identifying improvement opportunities.



# 07

## ECONOMIC PERFORMANCE

*DCV has increasingly integrated ESG variables into its management scope, decidedly advancing in governance.*



## 2019 Performance

### Clients

At the close of the period, Depósito Central de Valores had 185 depositors with the main ones being AFPs (Administradoras de Fondos de Pensiones – Pension Fund Managers), banks, insurance brokers, and AGFs (Administradoras Generales de Fondos – General Fund Managers) among the most important. All of them together represent 83.8% of total revenues, with AFPs accounting for 24.4% and banks 20.5% of total revenues, respectively.

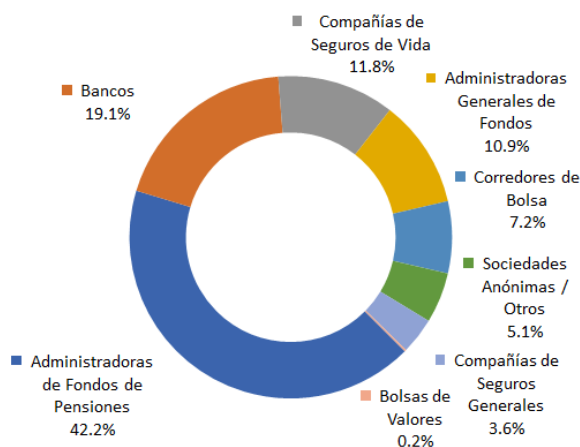
In terms of securities’ custody, AFPs plus banks, insurance companies, and AGFs represent 83.9% of total revenues for this concept. AFPs as a whole account for 42.4% of custody revenues and banks 19.1%.

Regarding revenues from registration of operations, at the close 2019, the four most important industries were stockbrokers, AFPs, AGFs, and banks, which in total represent 94.9% of total revenues. Individually considered, stockbrokers account for 66.9% of revenues, followed by pension funds with 11.0%.

### Total depositors as of December 31, 2019

Market	Depositors	Revenue breakup
Pension fund managers (AFP)	7	24.4%
Banks	18	20.5%
Stockbrokers	34	19.4%
General fund managers (AGF)	33	19.5%
Life insurance companies	38	8.3%
General insurance companies	32	3.3%
State entities	3	2.5%
Public stock companies	17	1.7%
Stock exchanges	3	0.5%

### Securities under custody as of December 31, 2019



### Amount on deposit

As of December 31, 2019, the total amount on deposit reached UF 9,139 million, 0.2% higher than that of 2018. Thereof, UF 9,105 million corresponds to investment portfolios managed by market agents and the balance to Active Affiliate’s Recognition Bonds (BRAA).

When splitting the investment portfolio excluding BRAAs by type of instrument, fixed income securities (IRF) represent 50.5% of the total as of the close of the year, compared to 48.3% in 2018. On the other hand, equity securities (IRV) account for 27.5% of the portfolio (32% in 2018), while financial intermediation securities (IIF) account for 22% of the investment portfolio (19.8% in 2018).

The table below sets forth the evolution of amounts under custody and the annual change split by type of instrument excluding BRAAs, for the 2015-2019 period. Standing out is the movement from IRV to IRF and IIF during the year, continuing the trend reported in 2018.

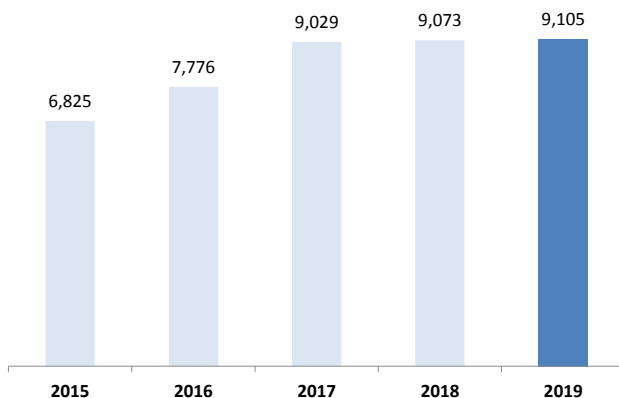
Evolution of securities under custody by type – 2015-2019

Market <sup>1</sup>	Amount deposited (UF million)					Annual change (%)				
	2015	2016	2017	2018	2019	15/14	16/15	17/16	18/17	19/18
IRF	3.363	3.804	4.082	4.379	4.601	5,7%	13,1%	7,3%	7,3%	5,1%
IIF	1.642	1.788	1.784	1.794	2.003	-0,7%	8,9%	-0,2%	0,6%	11,6%
IRV	1.820	2.184	3.163	2.900	2.502	0,6%	20,0%	44,8%	-8,3%	-13,7%
<b>Total</b>	<b>6.825</b>	<b>7.776</b>	<b>9.029</b>	<b>9.073</b>	<b>9.105</b>	<b>2,7%</b>	<b>13,9%</b>	<b>16,1%</b>	<b>0,5%</b>	<b>0,4%</b>

Most of the instruments under custody are dematerialized, which excluding BRAAs represent 98.8% of the total as of December 31, 2019, increasing from the 98.7% reported in 2018. In this respect, it is important to highlight that the physical issuance of financial securities is almost null, being reduced almost entirely to recognition bonds and some term deposits.

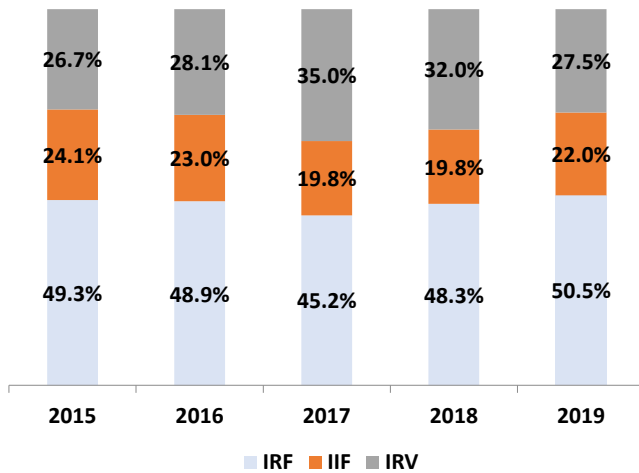
When considering BRAAs, the amount of dematerialized securities reduces to 98.4% of the total in 2019 and 98.2% in 2018.

Evolution of the Investment portfolio (UF millions)

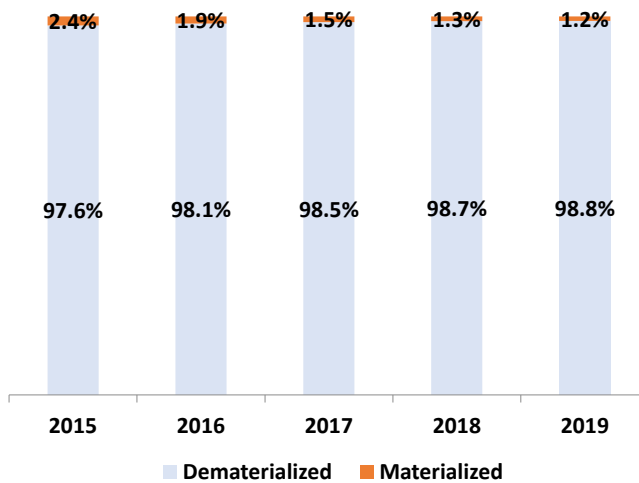


<sup>1</sup> Excludes BRAA. IIF = Financial intermediation instruments. IRF= Fixed income securities. IRV = Equity securities.

Evolution in participation by type of instrument under custody (excludes BRAA)



Evolution of the amounts deposited by type of issuance



**Dematerialized issuances on deposit**

As of December 31, 2019, almost all securities under deposit at DCV are dematerialized, while only 0.1% are physical and correspond principally to Recognition Bonds and some term deposits. The principal types of dematerialized securities are bank bonds, followed by Pagarés Descontables del Banco Central (PDBC – Central Bank Notes) and corporate bonds.

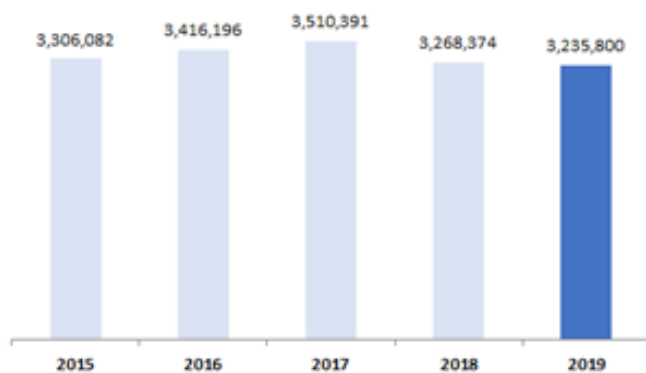
### Dematerialized and physically issued securities

Securities	Dematerialized	Physical	Total	% physical issuance
Bank bonds	397,867	-	397,867	0.00 %
Pagarés descontables del Banco Central (PDBC)	373,295	-	373,295	0.00 %
Corporate bonds	290,527	-	290,527	0.00 %
Non-serialized commercial paper	105,000	-	105,000	0.00 %
Treasury bonds	93,667	-	93,667	0.00 %
Term deposits	66,057	546	66,603	0.82 %
Subordinated bonds	36,000	-	36,000	0.00 %
Securitized debt	3,340	12	3,352	0.36 %
Mortgage finance bonds	1,977	-	1,977	0.00 %
MINVU leasing bonds	1,700	-	1,700	0.00 %
INP reparation bonds	110	-	110	0.00 %
Recognition bonds	-	797	797	100.00 %
<b>Total</b>	<b>1,369,540</b>	<b>1,355</b>	<b>1,370,895</b>	<b>0.10 %</b>

### Register of purchase and sale operations

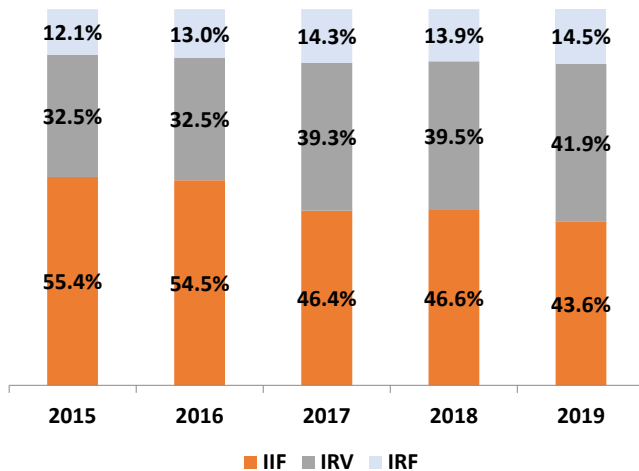
In 2019, the volume of purchase and sale operations decreased by 1% compared to the previous year reaching 3,235,800 transactions.

#### Annual purchase and sale transactions



Broken down by type of instrument, IIF transactions represent 43.6% of total transactions as of the close of the period, less than the 46.6% reported in 2018. On the other hand, equity security transactions increased from 39.6% in 2018 to 41.9% in 2019. Finally, fixed income security transactions increased from 13.9% in 2018 to 14.5% in 2019.

Participation evolution of transactions by type of instrument

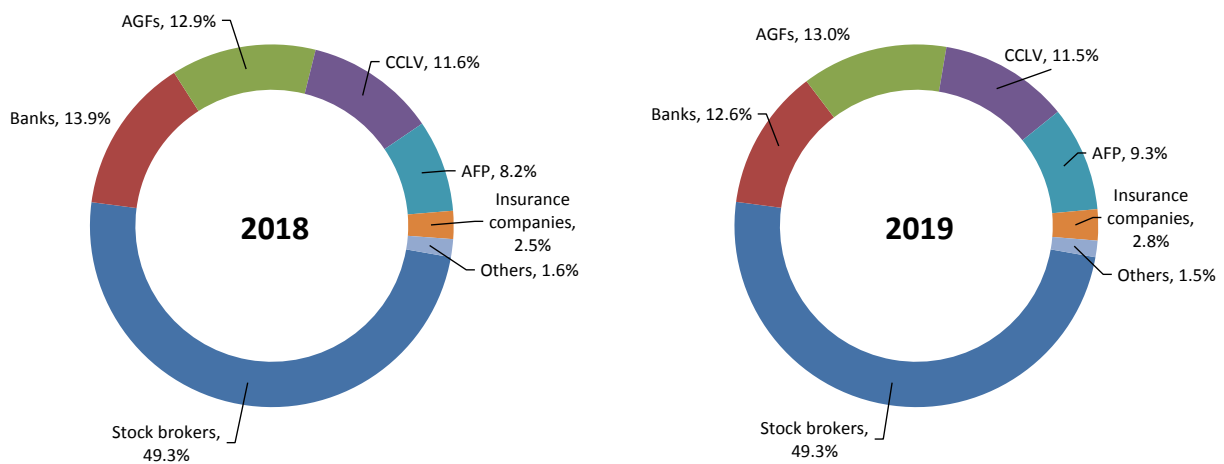


The table below sets forth the evolution of transactions of securities by type for the period 2015-2019. IIF transactions decreased by 7.4% in 2019 compared to 2018, while fixed income and equity securities’ transactions increased by 3.7% and 4.9%, respectively, during the same period.

Evolution of transactions by type of instrument

Market <sup>2</sup>	Transactions (thousands)					Annual change (%)				
	2015	2016	2017	2018	2019	15/14	16/15	17/16	18/17	19/18
IIF	1,832	1,861	1,630	1,521	1,409	7.6%	1.6%	-12.4%	-6.7%	-7.4%
IRF	401	443	502	454	471	-8.9%	10.6%	13.3%	-9.6%	3.7%
IRV	1,073	1,111	1,378	1,293	1,356	-6.0%	3.6%	24.0%	-6.2%	4.9%
<b>Total</b>	<b>3,306</b>	<b>3,416</b>	<b>3,510</b>	<b>3,268</b>	<b>3,236</b>	<b>0.6%</b>	<b>3.3%</b>	<b>2.8%</b>	<b>-6.9%</b>	<b>-1.0%</b>

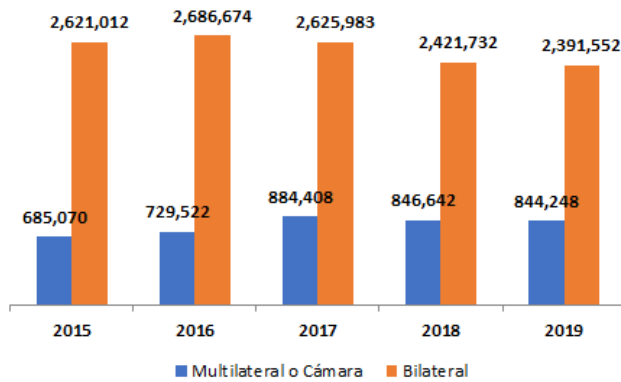
Participation by industry in purchase and sale transactions reflect a concentration within stockbrokers, banks, AGFs and CCLV, which together account for 86.4% of total transactions in 2019. Stockbrokers alone account for 49.3% of total transactions, followed by banks with 12.6%.



<sup>2</sup> Excludes BRAA. IIF = Financial intermediation instruments. IRF= Fixed income securities. IRV = Equity securities.

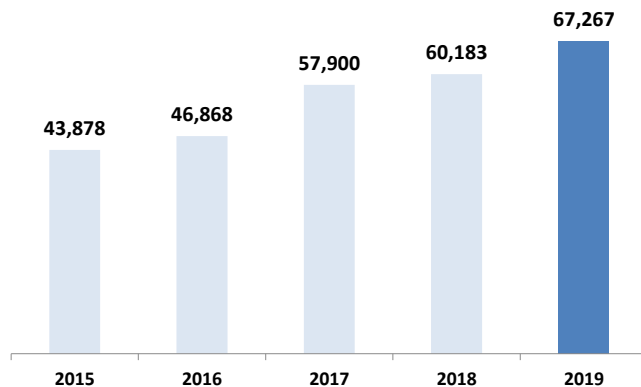
When breaking down purchase and sale transactions by type of settlement, bilateral operations stand out with 2,391,552 transactions in 2019, 1.2% less than in 2018. Multilateral or Cámara transactions total 844,248, 0.3% lower than the amount reported last year.

#### Evolution of purchase and sale transactions by type of settlement



Regarding total amounts traded in purchase and sale operations during the year ended December 31, 2019, these increased 11.8% compared to 2018, holding the growth trend seen during recent years.

#### Total annual amount traded in purchase and sale transactions (UF million)



When breaking down the amounts traded by type of instrument, the largest transactions correspond to financial intermediation instruments which total UF 32,436 million, 13.9% more than in 2018. Fixed income securities' transactions, on the other hand, total UF 20,228 million, increasing 1.8%, while equity securities' transactions reached UF 14,603 million, increasing 23.5%, in both cases with respect to 2018.

#### Evolution of annual amounts traded by type of instrument

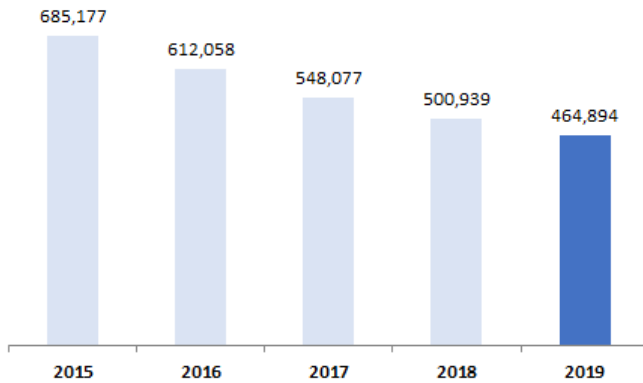
Market <sup>3</sup>	Amount traded (UF million)					Annual change (%)				
	2015	2016	2017	2018	2019	15/14	16/15	17/16	18/17	19/18
IIF	23,802	25,627	28,801	28,478	32,436	2.3%	7.7%	12.4%	-1.1%	13.9%
IRF	13,881	15,317	19,433	19,879	20,228	-2.1%	10.3%	26.9%	2.3%	1.8%
IRV	6,195	5,924	10,386	11,826	14,603	930.8%	-4.4%	75.3%	13.9%	23.5%
<b>Total</b>	<b>43,878</b>	<b>46,868</b>	<b>57,900</b>	<b>60,183</b>	<b>67,267</b>	<b>1.0%</b>	<b>6.8%</b>	<b>23.5%</b>	<b>3.9%</b>	<b>11.8%</b>

<sup>3</sup> Excludes BRAA. IIF = Financial intermediation instruments. IRF= Fixed income securities. IRV = Equity securities.

## Securities administration

Within securities management, collection activities maintain the downward trend seen over previous years. Effectively, during the period the number of collection activities totaled 464,894, 7.2% lower compared to the figure reported in 2018.

### Collection activities



In relation to the amount presented for collection, it reached UF 13,829 million, thereof 85% correspond to the banking industry and general fund managers.

### Collection activities and amount presented for collection, by industry

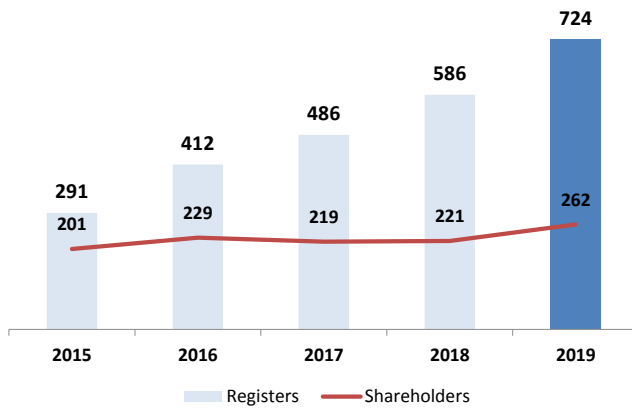
Industry	Collection activities		Amount collected	
	Quantity	% over total	UF millions	% over total
Banks	228,229	49.1%	8,942	64.7%
AGFs	85,447	18.4%	2,813	20.3%
Others	37,448	8.1%	919	6.6%
AFPs	38,983	8.4%	640	4.6%
Stockbrokers	36,705	7.9%	352	2.5%
Life insurance companies	32,943	7.1%	115	0.8%
General insurance companies	4,945	1.1%	46	0.3%
CCLV	194	0.0%	2	0.0%
<b>Total</b>	<b>464,894</b>	<b>100.0%</b>	<b>13,829</b>	<b>100.0%</b>

### Administration of shareholder and / or contributor records

At the close of 2019, the subsidiary DCV Registros maintains 404 clients and 724 registers, 42 and 138 more than in 2018, respectively. In this way, the Company serves over 262 thousand shareholders, managing 1,019 corporate capital events (dividend payments and capital increases, among others) and 235 meetings of shareholders.

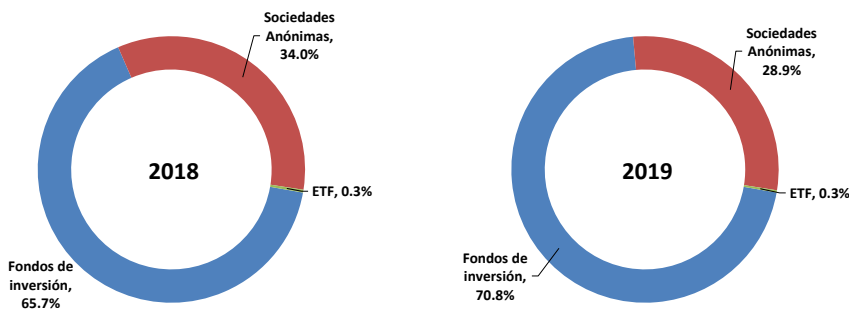


## Registers and shareholders



From the total registers managed by DCV Registros, 70.8% correspond to investment funds, and 28.9% to stock companies. These figures compare to 65.7% and 34.0%, respectively in 2018.

### Composition of the portfolio of registers of shareholders and contributors administered by DCV Registros

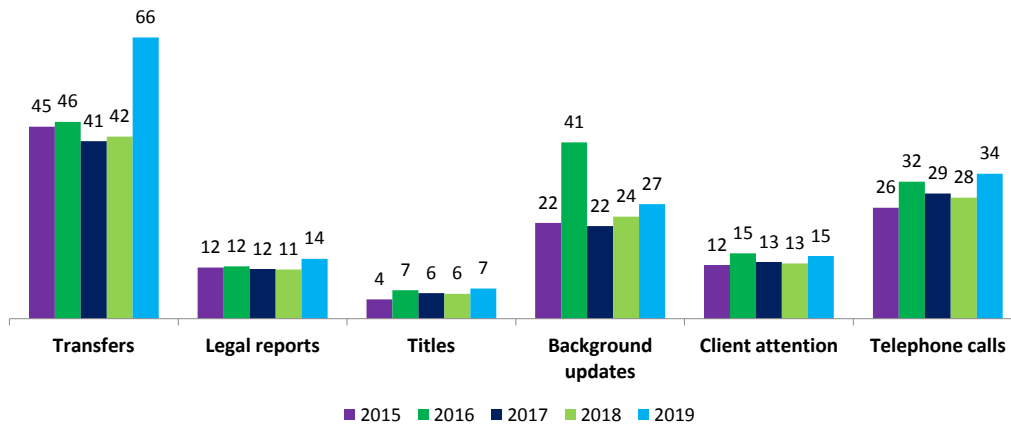


## Capital events

DCV Registros subsidiary managed 1,019 capital events during 2019 compared to 654 in 2018. Thereof, 235 were shareholders meetings (237 in 2018), 292 were special processes associated with rights issuances, rights of withdrawal, stock exchanges, stock auctions, capital reductions, and share issuances, among others (172 in 2018), and 727 dividend payments (511 in 2018). Regarding the latter, 156,281 dividend payments to shareholders (155,997 in 2018). The total amount involved in these processes reached \$968,197 million, higher than the \$900,917 million of the previous period.

DCV Registros conducts a series of operations with clients including transfers, legal reports, client attention, and telephone calls, among others. During 2019, 195,509 operations with clients were carried out, thereof 65,604 are transfers (54.5% more than in 2018), 33,798 are telephone calls, 26,708 background updates and 14,612 attention to clients.

Evolution of principal operations (thousands)



Financial results 2019

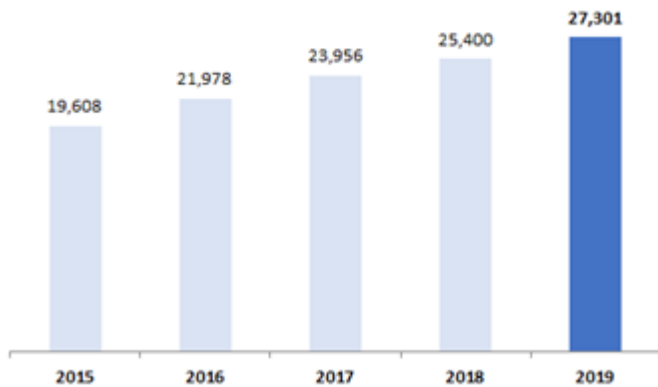
“At the close of 2019, DCV posted a M\$3,009,879 consolidated net income, 13.5% higher than the result obtained the previous year. This result is explained by higher revenues net of discounts and lower cost growth, as well as higher non-operational income.”

Consolidated statement of comprehensive income

\$ thousands	2018	2019	19/18 change
Revenue from normal activities	21,927,022	23,871,623	8.9%
Cost for employee benefits	-10,211,672	-11,134,052	9.0%
Depreciation and amortization expense	-2,386,172	-2,438,263	2.2%
Other expenses by nature	-6,129,472	-6,705,244	9.4%
Other gains (losses)	120,090	156,596	30.4%
<b>Gain (loss) from operating activities</b>	<b>3,319,796</b>	<b>3,750,660</b>	<b>13.0%</b>
<b>Net income (loss) before taxes</b>	<b>3,502,195</b>	<b>3,962,425</b>	<b>13.1%</b>
Income tax expense	-849,572	-952,546	12.1%
<b>Net income (loss) from continuing operations</b>	<b>2,652,623</b>	<b>3,009,878</b>	<b>13.5%</b>
<b>Net income (loss)</b>	<b>2,652,623</b>	<b>3,009,878</b>	<b>13.5%</b>

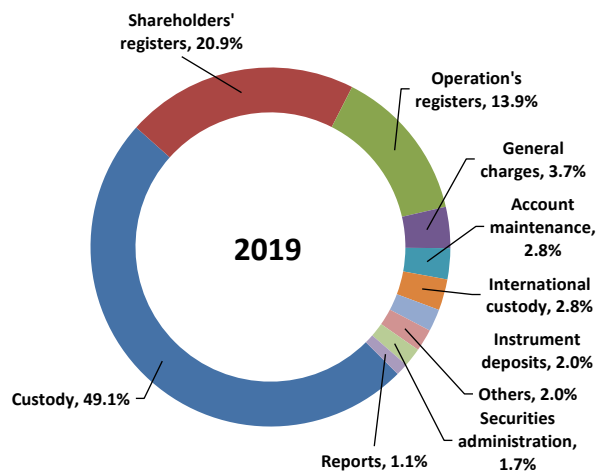
DCV’s consolidated revenues, net of discounts, increased 8.9% with respect to 2018, reaching M\$23,871,623. Excluding discounts, gross revenues increased 7.5% to M\$27,301,492. Gross revenues are divided into two large items, those related to securities custody and those associated with the administration of shareholder registers, which increased 7% and 9.3%, respectively, in relation to the previous exercise.

Total gross revenues (\$ million)



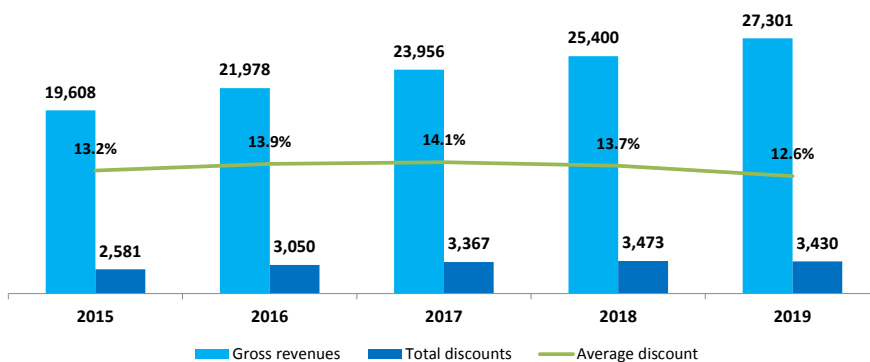
Broken down by type, total gross revenues maintain the structure of the prior year. Custody stands out with 49.1% of total revenues, while Shareholders Registers account for 20.9% and Register of Operations for 13.9% of total revenues. These services on an aggregated basis represent 83.9% of DCV’s total revenues.

Revenues by type (%)



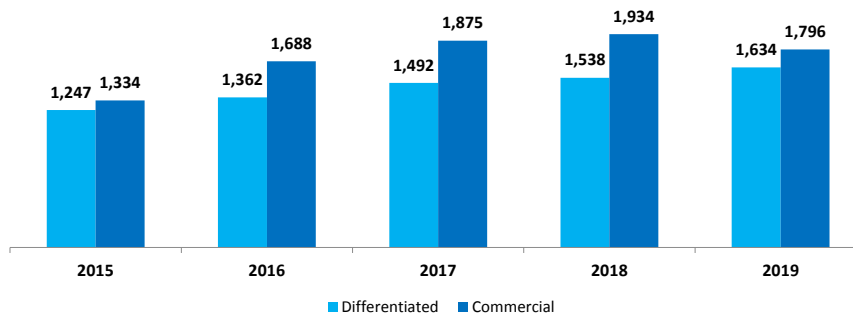
The Company applies two types of discounts to clients in the monthly billing process. The first is differentiated by service, while the second is a commercial discount generally applied over the total amount billed.

Gross revenues versus discounts (\$ millions)



DCV has differentiated discounts of 15% on the monthly fixed charge, 9% on the securities custody service, 5% on the opening of additional accounts, 4% on the register of operations, and 22% on the securities administration service.

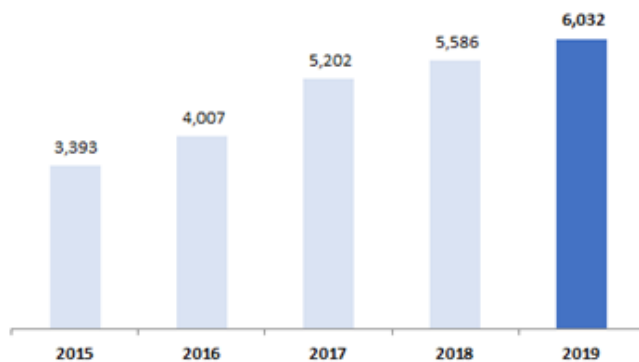
Discounts by type (\$ millions)



During 2019, total discounts added up to M\$3,492,870, 1.24% lower than in 2018. The latter was due to a 6.2% increase in differentiated discounts and a 7.2% reduction in the commercial discount. All in all, the total average discount decreased from 13.7% in 2018 to 12.6% in 2019.

Operating costs increased 6.6%, less than the rise in total net revenues, while sales, general and administrative expenses rose 15.9%, both with respect to the previous period. With all, the operating income reached M\$3,594,064 in the period. Adjusting for depreciation and amortization expenses, EBITDA for the year was M\$6,032,327, an 8.7% increase when compared to 2018.

EBITDA evolution (\$ millions)



As of the close of 2019, DCV’s total assets totaled M\$29,634,028, increasing by 43.6% with respect to 2018. The latter is explained principally by two reasons. In the first instance, IFRS 16 Leases became effective. This standard, issued on January 13, 2016, establishes that all operating leases be accounted for in the consolidated financial statements starting January 1, 2019. Due to the latter, DCV recognized as an asset the right-to-use asset of the leased facilities, which as of December 31, 2019, amounts to M\$3,977,480, while also recognizing a lease liability that represents the obligation to make payments for the said lease, and which amounts to M\$4,112,368 at the end of the year.

In the second place, in December 2019 the Company took a bank loan with a 12-month term and maturing in December 2020. The amount of the loan was M\$2,127,563 as of December 31, 2019, and was recognized as a

current liability. A substantial part of the loan remained invested in financial instruments as of the close of the year.

Consolidated balance statement (\$ thousands)

	2018	2019
Current assets	12,815,395	15,845,103
Fixed assets	3,349,205	8,116,108
Other assets	4,473,200	5,672,816
<b>Total assets</b>	<b>20,637,800</b>	<b>29,634,028</b>
Current liabilities	6,454,525	10,009,303
Long term liabilities	381,066	3,990,061
Minority interest	1	1
Equity	13,802,208	15,634,663
<b>Total assets and liabilities</b>	<b>20,637,800</b>	<b>29,634,028</b>

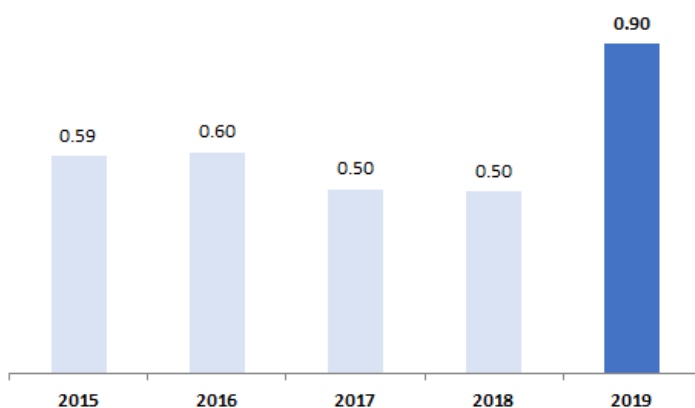
Profitability measured as ROE and understood as net income over equity, reached 20.45%, in line with the figure posted the previous year. On the other hand, ROA, i.e. net income over total assets, reached 10.16%, lower than the 12.85% posted in 2018. This result is due to the increase in total assets in part as a consequence of the impact of IFRS 16 Leases.

Financial indicators

Ratios	2018	2019
Return over equity (ROE)	20.54%	20.45%
Return over assets (ROA)	12.85%	10.16%
Indebtedness (times)	0.5	0.9

On the other hand, indebtedness, measured as total liabilities over total equity, increased from 0.5 times in 2018 to 0.9 times in 2019. This increase is a consequence of the effect of IFRS 16 over liabilities, to which is added the bank loan taken in the last month of the year.

Indebtedness (times)



# 08

KEY FIGURES 2019



Human resources			
Profile of Employees 2019	Women	Men	Total
Managers	2	8	10
Deputy managers	7	9	16
Professionals and technicians	52	88	140
Administrative assistants	42	41	83
<b>Total</b>	<b>103</b>	<b>146</b>	<b>249</b>

Diversity in the organization		
By gender	2019	%
Women	2	41.4
Men	7	58.5
<b>Total</b>	<b>103</b>	<b>100.0</b>
By nationality	2019	%
Chilean	242	97.2
German	1	0.4
Argentinean	1	0.4
Colombian	1	0.4
Venezuelan	4	1.6
<b>Total</b>	<b>249</b>	<b>100.0</b>
By age	2019	%
Less than 40 years of age	123	49.4
Between 41 and 50 years of age	71	28.5
Between 51 and 60 years of age	44	17.7
Between 61 and 70 years of age	11	4.4
More than 70 years of age	0	0.0
<b>Total</b>	<b>249</b>	<b>100.0</b>
By years of service	2019	%
Less than 3 years	69	27.7
Between 3 and 6 years	62	24.9
Between 7 and 8 years	25	10.0
More than 9 years	93	37.3
<b>Total</b>	<b>249</b>	<b>100.0</b>
By contract type	2019	%
Indefinite	242	97.2
Fixed-term	7	2.8
<b>Total</b>	<b>249</b>	<b>100.0</b>

Disability and social minorities		
	2019	%
N° of employees with disabilities	3	1.2

Health and security	
Hours of absenteeism	2019
Women	9,332
Men	5,496
<b>Total</b>	<b>14,828</b>
Absenteeism rate <sup>4</sup>	2019
Women	1.86%
Men	4.48%
<b>Total</b>	<b>2.94%</b>
Work-related injury rate <sup>5</sup>	%
Work-related injury rate	0

<sup>4</sup> Absenteeism hours / total theoretical working hours \* 100. Theoretical hours = 170 weekly hours \* 12.

<sup>5</sup> Total number of accidents with lost time / total worked hours \* 1,000,000. Excludes maternity leave.

Turnover	
	2019
New hires	49
Total terminations	37
<b>Total turn over</b>	<b>15.0%</b>

Equity		
Total wage gap	2019	
Highest salary <sup>6</sup> / average salary	7.26	
Initial standard salary / minimum salary	1.85	
Wage gap by employee category <sup>7</sup>	Women	Men
Manager	0.82	1.22
Deputy manager	0.98	1.02
Professionals and technicians	0.90	1.10
Administrative assistants	1.07	0.94
<b>Total</b>	<b>0.77</b>	<b>1.30</b>

Training	
	2019
Total N  of training hours	11,568
N° of training hours per trained employee	82.62
Total training amount (UF)	4,286
Average investment per employee (UF)	30.8

Performance evaluation	
% of employees with performance evaluation	2019
Manager	100.0%
Deputy manager	100.0%
Professionals and technicians	100.0%
Administrative assistants	100.0%
<b>Total</b>	<b>100.0%</b>

Performance evaluation	
% of employees with performance evaluation	2019
Manager	100.0%
Deputy manager	100.0%
Professionals and technicians	100.0%
Administrative assistants	100.0%
<b>Total</b>	<b>100.0%</b>

Internal climate	
Internal climate assessment	2019
Work climate survey	71%
% committed employees	76%

Providers		
	2019	%
National providers	369	92.0
International providers	32	8.0
Total providers	401	100.0
Critical providers	49	12.2
Average payment days to providers	30	

<sup>6</sup> Excludes CEO salary in both figures.

<sup>7</sup> Average base salary of women / average base salary of men.

# 09

## GENERAL INFORMATION





## General information

### Brands and patents

DCV has several brands and patents registered under its name. Among them:

- SADE
- DCV
- MILA
- DEPÓSITO CENTRAL DE VALORES
- DCV DEPÓSITO CENTRAL DE VALORES
- DCV REGISTROS
- WWW.ACSDA.ORG
- WWW.DCV.CL
- E-SARA DCV
- DCV EDUCA
- DCV-AS
- DCV Soluciones
- DCV Asesorías
- DCV Consultorías
- DCV Digitalización 18845

Also, the following software programs and data bases have been registered:

- Forward version 3
- Sara version 10
- SACI version 1
- SADE version 8
- Juntas de Accionistas version 1
- Corporativo version 8
- Data base as of 05.15.2019

### Providers and clients

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

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

### Insurance

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

### Properties

DCV operates on leased facilities at Av. Apoquindo and Los Conquistadores. Its principal assets include computers and software packages, furniture, and office equipment.

## Paid-in capital and reserves

DCV manages its capital base to have an adequate capitalization level, complying with applicable regulation and maintaining a solid financial position that permits ensuring access to financial markets, to carry out necessary investments to accompany business growth, to achieve commercial objectives and provide shareholders with adequate profitability. The Company's equity situation is outlined in the following table:

M\$	2018	2019
Paid-in capital	4,089,817	4,089,817
Other integral results	(225,574)	(161,189)
Accumulated earnings (losses)	11,770,240	9,873,580
Non-controlling interests	1	1
Equity	15,634,664	13,802,209
Equity for the CMF (UF)	552,268	500,701
Equity required by the CMF (UF)	30,000	30,000

As of December 31, 2019, paid-in capital is divided into 156,112 outstanding shares, all without par value.

## Dividend policy

The Company's dividend policy is to distribute at least 30% of attributable net income. The latter has the goal of strengthening the Company's balance sheet and to comply with CPSS-IOSCO principles, so as to build a liquid reserve equivalent to six months of operational expenses.

At the shareholders meeting held on March 26, 2019, it was agreed to pay a final dividend of \$2,098 per share on 2018 profits. The latter implied paying \$327,522,976 for the 156,112 shares outstanding. Adding to the aforementioned interim dividend N°31 for \$3,000 per share yields and a total amount of \$486,336,000 paid during the second half of 2018, total dividends paid on 2018 profits reach \$795,858,976. During 2019 no other dividends were paid.

As of December 31, 2019, the Company provisioned a minimum dividend of \$903 million equivalent to 30% of 2019 liquid profits.

## Statistical information on dividends

Dividend N°	Dividend type	Dividend per share (\$)	Total amount (MM\$)	Year
32	Final	2,098	328	2018
31	Interim	3,000	468	2018
30	Final	1,295	202	2017
29	Interim	4,000	624	2017
28	Final	2,335	365	2016
27	Interim	2,107	329	2016
26	Final	1,363	213	2015
25	Final	2,443	381	2015
24	Final	3,587	560	2014
23	Final	6,850	1,069	2014
22	Final	878	137	2013
21	Final	2,248	351	2013

## 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 meeting of shareholders 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 Auditores 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 comments and proposals of shareholders**

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

## 2020 perspectives

### Businesses and services

The year 2020 will stand out by the culmination of the DCV Evolution project, enabling the Company to increase its growth capacity and develop its core business more efficiently and productively. In addition, the Company will continue to search for and develop new alliances that articulate the future business development, offering creative and innovative solutions to clients.

Commercial activities will continue searching to contribute efficiency to the financial market through the core businesses of DCV and DCV Registros, strengthening the communication and commercialization of services to clients.

In terms of market development, DCV will continue playing an important role in the quest for and development of new technologies, through collaborative work with other national and international actors in the financial market, and always seeking to offer better services to clients and provide the market with more stability while watching over the risks of the business.

### IT security, operation, and architecture

Business continuity is a fundamental priority for DCV. Counting on a robust technological structure that ensures operational continuity and platform stability will continue being a relevant management focus during the period. The latter will require new investments with the aim of accompanying the growth and development of the business, as well as the adoption of new technologies, ensuring the resilience of the business, and information security and availability against possible cyberattacks or adverse market events.

### Risk management

The “risk-based management” approach for DCV’s global management will continue to be a fundamental pillar of the Company’s corporate vision. Special attention will be placed on risks derived from cybersecurity and information technologies, as well as operational continuity. Essential for the latter will be a correct execution of the integral risk management model through early and anticipated identification of possible threats, as well as a permanent measurement and mitigation of DCV’s and DCV Registro’s core business risks.

### Transformation: DCV Evolution project

This project, which seeks to replace DCV’s core system with a leading-edge technology developed by Nasdaq, will continue moving on as planned. During 2020 the system will be tested integrally, both internally and with the market, work will be carried out with the Financial Market Commission to approve the Company’s new Rules of Procedure and the changes to the Deposit Agreement, and user training and familiarization will continue to ensure the certainty that when decided, the system’s launch is successful.

### Employees

DCV’s focus during 2020 concerning employees will be on the promotion and conformation of heterogeneous teams, committed and identified with the Company. Work will continue to be carried out to strengthen work climate and quality of life, with a proper work-life balance. This adds up to the initiatives to be deployed during the period to contribute to the integral development of employees and thus support the achievement of corporate goals.

### Organizational culture

The DCV Evolution project poses a major challenge in terms of changes in the organizational culture that needs to be aligned and prepared to be part of the change implied by DCV’s technological transformation. During the period, work will continue to strengthen the changes initiated the previous year, with a focus on collaborative work as a central part of the operation without neglecting the focus on core service.

## Finance

The year 2020 will present an especially challenging financial landscape. DCV's management focus will be on materializing the benefits of the DCV Evolution project, which will translate into operational efficiencies and larger growth capacity. Also, the continuous efforts in controlling operational expenses and improving EBITDA will continue, as well as the development of the commercial business searching for innovative income diversification sources. This way, the Company expects to achieve the financial goals set for the organization, balancing risks with an appropriate shareholder return, and creating value for all DCV's stakeholders.

## Information about subsidiaries

**DCV Registros S.A.**  
As of December 31,  
2019

**Chairman:**  
Sergio Baeza Valdés

**Directors:**

- Arturo Concha Ureta
- Juan Andrés Camus Camus
- Mario Gómez Dubravcic
- Jorge Claude Bourdel
- José Antonio Martínez Zugarramurdi
- Fred Meller Sunkel
- Cristián Rodríguez Allendes
- Guillermo Tagle Quiroz

**Chief Executive Officer:**  
Fernando Yáñez González

**Juridical nature:**  
Stock company

**Paid-in capital:**  
M\$ 863,950

**Ownership:**  
DCV S.A.: 2,599,999 shares (99.99%)  
Servicios ABIF S.A.: 1 share

**Social object:**  
Administration of shareholders' registers

**RUT:** 96.964.310-3

Statements of financial position (M\$)	12/31/2019	12/31/2018
<b>ASSETS</b>		
Current assets	1,715,593	2,543,318
Non-current assets	3,590,480	324,948
<b>Total assets</b>	<b>5,306,073</b>	<b>2,868,266</b>
<b>NET EQUITY AND LIABILITIES</b>		
Total current liabilities	1,247,931	981,847
Total non-current liabilities	2,019,235	-
<b>Total Liabilities</b>	<b>3,267,166</b>	<b>981,847</b>
Equity attributable to shareholders	2,038,907	1,886,419
Non-controlling interest	-	-
<b>Total Equity</b>	<b>2,038,907</b>	<b>1,886,419</b>
<b>Total Equity and Liabilities</b>	<b>5,306,073</b>	<b>2,868,266</b>
Statements of income by function (M\$)	01-01-2019 12-31-2019	01-01-2018 12-31-2018
<b>Gain (loss) from operating activities</b>	<b>2,024,828</b>	<b>1,810,049</b>
<b>Net income (loss) before taxes</b>	<b>2,024,266</b>	<b>1,852,667</b>
Income tax expenses	(535,378)	(487,644)
<b>Net Income (Loss)</b>	<b>1,488,888</b>	<b>1,365,023</b>
Net income (loss) attributable to shareholders	1,488,888	1,365,023
Net income (loss) attributable to non-controlling interests	-	-
Comprehensive income statement (M\$)	01-01-2019 12-31-2019	01-01-2018 12-31-2018
Profit (loss)	1,488,888	1,365,023
Other comprehensive income		
<b>Comprehensive income</b>	<b>1,488,888</b>	<b>1,365,023</b>
Comprehensive income (loss) attributable to shareholders	1,488,888	1,365,023
Comprehensive income(loss) attributable to non-controlling interest	-	-

Statement of cash flows (Direct method – M\$)	01-01-2019	01-01-2018
	12-31-2019	12-31-2018
Net cash flows from (used in) operating activities	1,752,233	1,124,248
Net cash flows from (used in) investment activities	(594,078)	94,464
Net cash flow from (used in) financing activities	(1,314,933)	(1,300,000)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(156,778)</b>	<b>(81,288)</b>
Effect of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the financial year	765,894	847,182
<b>Cash and cash equivalents at the end of the year</b>	<b>609,116</b>	<b>765,894</b>

Statement of Changes in Equity (M\$)	2019			2017		
	Equity Attributable to Shareholders	Non-controlling Interests	Total Equity	Equity Attributable to Shareholders	Non-controlling Interests	Total Equity
Opening Balance	1,886,419	-	1,886,419	1,839,596	-	1,839,596
Total changes in Equity	152,488	-	152,488	46,823	-	46,823
<b>Closing Balance</b>	<b>2,038,907</b>	<b>-</b>	<b>2,038,907</b>	<b>1,886,419</b>	<b>-</b>	<b>1,886,419</b>

## 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

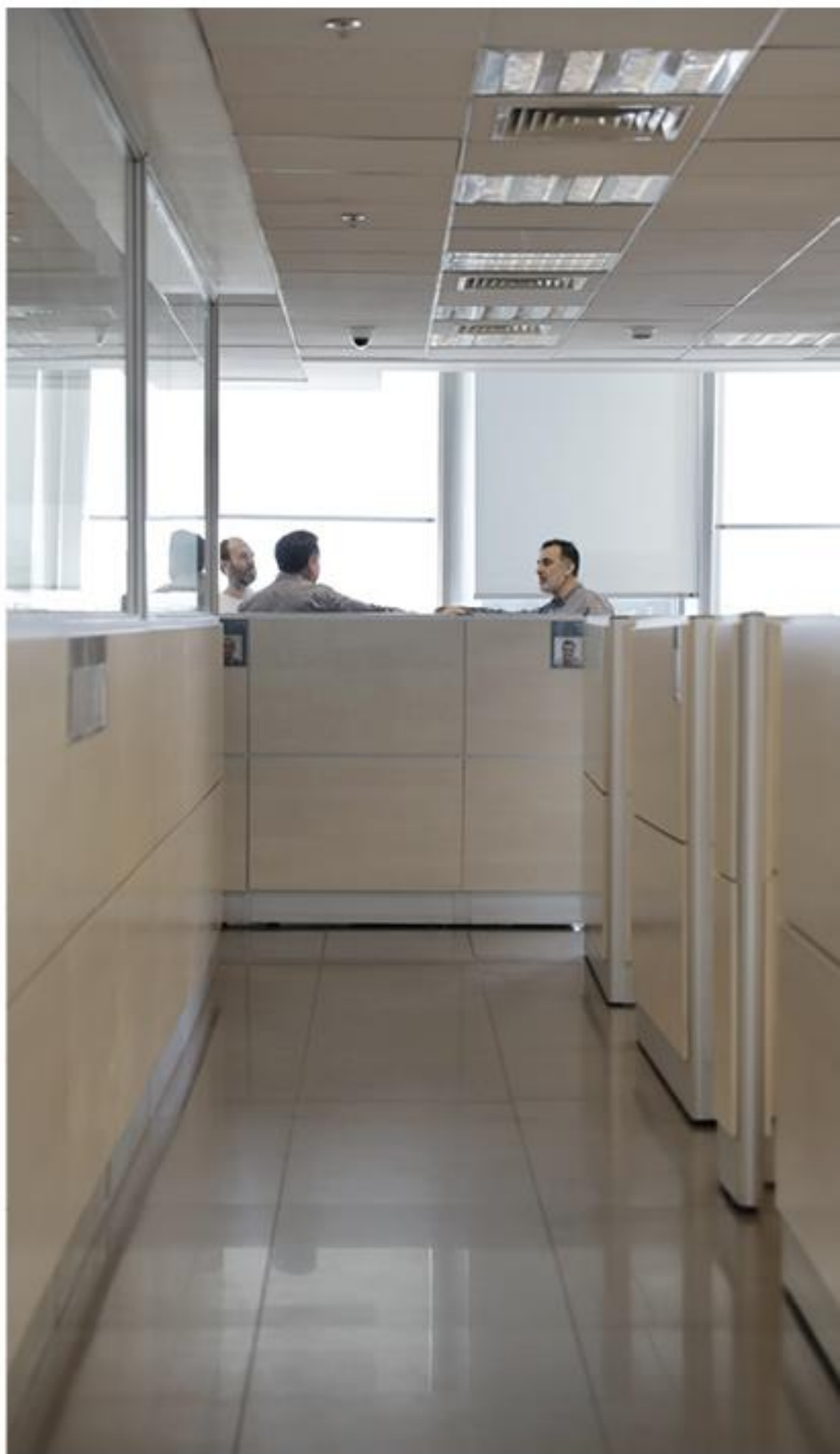
RUT: 6.374.974-5

Santiago, March 2020



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# Annexes



## Glossary

### Bearer form

A bearer form security does not register ownership information in the issuing corporation's books, and which is payable to its holder or presenter. Ownership can be transferred by merely handing over the security.

### Amortization

Gradual reduction of debt through periodic and equal payments (installments), in a sufficient quantity, to pay interest and settle the debt at maturity. When the debt originates in real assets, periodic payments usually include a sufficient amount to pay taxes and property insurance.

### ESG

Identifies the environmental, social, and governance criteria or factors in regards to sustainability.

### Circulars

Communications distributed to participants by DCV, regarding topics related to the Company's operational or administrative aspects, and that do not require previous authorization from the Financial Market Commission.

### Position account

Electronic register in which all balances and transactions conducted with securities in the depository are recorded, and in which the latter are identified by an instrument code for the account's beneficiary.

### Depositors

Entities that have entered into a Deposit Agreement with DCV, also known as clients.

### DVP

Delivery-Versus-Payment, a securities industry settlement method. The buyer pays for the security at the same time as the delivery of the security.

### Dematerialized issuance

Securities issuance susceptible to be deposited, of which DCV and the issuer agree that the latter is not obliged to issue physical titles, but to maintain in its registers a system of account entries at DCV.

### Capital events / Corporate events

Equity rights that arise from specific securities, such as dividends, stock splits, rights issues, stock repurchases, lotteries, prepayments, interest, total or partial amortizations, and any other economic benefit associated with a security. Also included in this definition are events that give the bearer voting or other rights.

### IIF

Financial intermediation instruments.

### IRF

Fixed income securities.

### IRV

Equity securities.

## Settlement

Process whereby securities or the interest in securities are delivered against payment, fulfilling the respective obligations.

## OTC / Over-the-counter

A decentralized market in which participants trade with one another directly, generally either by telephone or computer networks, without involving a stock exchange or organized market.

## Participants

All entities that, given their quality as depositor, issuer, payer, or other, have been conferred the said characteristic by DCV.

## Position

Balance a depositor has in its account for each one of the securities in its portfolio, and which additionally reflects the state of their availability.

## STP

Straight-through-processing refers to a method used by financial companies to speed-up financial transactions by processing without manual intervention. The system processes financial transactions directly, i.e. simultaneously and without waiting times.

## GRI tables

GRI Standard	Content	Core option	Page	Additional information	
<b>GENERAL CONTENT</b>					
Organizational profile	102-1	Name of the organization	•	3	
	102-2	Activities, brands, products, and services	•	3, 66, 92	
	102-3	Location of headquarters	•	3	
	102-4	Location of operations	•	3	
	102-5	Ownership and legal form	•	3	
	102-6	Markets served	•	3, 66	
	102-7	Scale of the organization	•	12	
	102-8	Information on employees and other workers	•	92	
	102-9	Supply chain	•	92	
	102-10	Significant changes to the organization and its supply chain	•		There have not been in the period
	102-11	Precautionary Principle or approach	•	60	
	102-12	External initiatives	•		ACSDA, ANNA, ISSA (see the following link: <a href="https://www.dcv.cl/es/acerca-222/membresias.html">https://www.dcv.cl/es/acerca-222/membresias.html</a> )
	102-13	Membership of associations	•		DCV does not participate in external associations
Strategy	102-14	Statement from senior decision-maker	•	5, 8	
	102-15	Key impacts, risks, and opportunities		60	
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	•	36	
	102-17	Mechanisms for advice and concerns about ethics		36	
Governance	102-18	Governance structure	•	36, 41, 42	
	102-19	Delegating authority		43	
	102-20	Executive-level responsibility for economic, environmental, and social topics		41, 42	
	102-21	Consulting stakeholders on economic, environmental, and social topics		32, 33	
	102-22	Composition of the highest governance body and its committees		38, 39, 40, 41, 42, 43	
	102-23	Chair of the highest governance body		5, 38	
	102-24	Nominating and selecting the highest governance body		37	
	102-25	Conflicts of interest		45	
	102-26	Role of highest governance body in setting purpose, values, and strategy		36	
	102-27	Collective knowledge of highest governance body		38, 39, 40	
	102-28	Evaluating the highest governance body's performance			The Board does not have an external performance evaluation.
	102-29	Identifying and managing economic, environmental, and social impacts			
	102-30	Effectiveness of risk management processes			
	102-31	Review of economic, environmental, and social topics			
	102-32	Highest governance body's role in sustainability reporting		2	The Board and the annual shareholders meeting approve the Annual Report.
	102-33	Communicating critical concerns			
102-34	Nature and total number of critical concerns				
102-35	Remuneration policies				
102-36	Process for determining remuneration				
102-37	Stakeholders' involvement in remuneration				
102-38	Annual total compensation ratio		79		
102-39	Percentage increase in annual total compensation ratio				
Stakeholder engagement	102-40	List of stakeholder groups	•	29	
	102-41	Collective bargaining agreements	•		There are no unions.
	102-42	Identifying and selecting stakeholders	•	29, 30	

GRI Standard	Content	Core option	Page	Additional information	
102-43	Approach to stakeholder engagement	•	30, 31		
102-44	Key topics and concerns raised	•	31, 32, 33, 34		
Reporting practices	102-45	Entities included in the consolidated financial statements	•	2	
	102-46	Defining report content and topic Boundaries	•	32, 33, 34	
	102-47	List of material topics	•	32	
	102-48	Restatements of information	•		There are no changes.
	102-49	Changes in reporting	•	2	
	102-50	Reporting period	•		Comprises the information between 01.01.2019 and 12.31.2019.
	102-51	Date of most recent report	•		The previous annual report was published in 2019.
	102-52	Reporting cycle	•		The annual report must be published every year according to regulation.
	102-53	Contact point for questions regarding the report	•	3	
	102-54	Claims of reporting in accordance with the GRI Standards	•	2	GRI core option.
102-55	GRI content index	•	92		
102-56	External assurance			No external assurance has been done.	

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# Consolidated Financial Statements



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## Report of Independent Registered Public Accounting Firm

To the Board of Directors and shareholders of Depósito Central de Valores S.A., Depósito de Valores:

We have audited the accompanying consolidated financial statements of Depósito Central de Valores S.A., Depósito de Valores, and its subsidiary, which comprises the consolidated statement of financial position as of December 31, 2019, and 2018, and the related consolidated statement of comprehensive income, changes in shareholder's 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 consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conduct our audits following Generally Accepted Auditing Principles in Chile. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements.

An audit involves carrying out procedures to obtain audit evidence regarding the amounts and disclosures in the consolidated financial statements. The selected procedures depend on the auditor's judgment, including assessing the risk of material misstatements in the consolidated 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 consolidated financial statements to design 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 consolidated 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 consolidated financial statements reasonably present, in all material aspects, the financial position of Depósito Central de Valores S.A., Depósito de Valores 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

## Consolidated statements of financial position

ASSETS	Note	12/31/2019	12/31/2018
		M\$	M\$
Current assets			
Cash and cash equivalents	6	5,316,628	3,857,568
Other financial assets, current	7	684,634	3,602,192
Other non-financial assets, current	8	1,610,621	1,451,963
Trade and other accounts receivable	10	2,933,998	2,956,056
Accounts receivable from related parties	11c	7,843	7,550
Current tax assets	12	172,314	15,369
<b>Total current assets</b>		<b>10,726,038</b>	<b>11,890,698</b>
Non-current assets			
Other non-financial assets, non-current	8	275,251	36,337
Other financial assets, non-current	7	5,119,065	924,696
Intangible assets other than goodwill	13	4,328,823	3,667,883
Property, plant, and equipment	14	8,116,108	3,349,205
Deferred tax assets	15	1,068,743	768,981
<b>Total non-current assets</b>		<b>18,907,990</b>	<b>8,747,102</b>
<b>Total assets</b>		<b>29,634,028</b>	<b>20,637,800</b>

Attached notes 1 through 34 are an integral part of these financial statements.

LIABILITIES AND EQUITY	Note	12/31/2019	12/31/2018
		M\$	M\$
<b>Current liabilities</b>			
Other financial liabilities, current	16	2,620,087	124,332
Business creditors and other accounts payable	17	2,200,514	2,032,477
Employee benefits provisions, current	18	2,013,032	1,958,862
Other non-financial liabilities, current	19	1,273,103	683,082
<b>Total current liabilities</b>		<b>8,106,736</b>	<b>4,798,753</b>
<b>Non-current liabilities</b>			
Other financial liabilities, non-current	16	3,990,061	381,066
Employee benefits provisions, non-current	18	1,902,567	1,655,772
<b>Total non-current liabilities</b>		<b>5,892,628</b>	<b>2,036,838</b>
<b>Total liabilities</b>		<b>13,999,364</b>	<b>6,835,591</b>
<b>Equity</b>			
Paid-in capital	20	4,089,817	4,089,817
Accumulated earnings (losses)	20	11,770,420	9,873,580
Other integral results	20	(225,574)	(161,189)
Equity attributable to shareholders		15,634,663	13,802,208
Non-controlling interest	20	1	1
<b>Total equity</b>		<b>15,634,664</b>	<b>13,802,209</b>
<b>Total liabilities and equity</b>		<b>29,634,028</b>	<b>20,637,800</b>

Attached notes 1 through 34 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\$
<b>Income (loss)</b>			
Income from ordinary activities	21	23,871,623	21,927,022
Cost of employee benefits	22	(11,134,052)	(10,211,672)
Depreciation and amortization expense	13, 14	(2,438,263)	(2,386,172)
Impairment losses		(17,714)	(20,005)
Other expenses by nature	23	(6,687,530)	(6,109,467)
Other gains (losses)	24	156,596	120,090
<b>Gain (loss) from operating activities</b>		<b>3,750,660</b>	<b>3,319,796</b>
Financial income	25	398,298	226,784
Financial expenses	26	(93,887)	(29,920)
Exchange differences		12,623	1,888
Gain (loss) from indexation adjustments		(105,269)	(16,353)
<b>Net income (loss) before taxes</b>		<b>3,962,425</b>	<b>3,502,195</b>
Income tax expenses	27	(952,546)	(849,572)
<b>Net income (loss) from continuing operations</b>		<b>3,009,879</b>	<b>2,652,623</b>
Net income (loss) from discontinued operations		-	-
<b>Net income</b>		<b>3,009,879</b>	<b>2,652,623</b>
Net income (loss) attributable to shareholders		3,009,879	2,652,623
Net income (loss) attributable to non-controlling interests		-	-
<b>Earnings per share</b>			
Basic earnings per share	28	19.280	16.992
Basic earnings (loss) per share on continuing operations	28	19.280	16.992
Basic earnings (loss) per share on discontinued operations		-	-
<b>Comprehensive income statement</b>			
Profit (loss)		1,488,888	1,365,023
<b>Other comprehensive income statement components, before taxes</b>			
Other comprehensive results, before taxes, actuarial gains (losses) for defined benefit plans	20g	(88,199)	(112,031)
<b>Other comprehensive income statement components, before taxes</b>		<b>(88,199)</b>	<b>(112,031)</b>
<b>Income taxes related to other comprehensive income (number)</b>			
Income taxes related to defined benefit plans in other comprehensive income	20g	23,814	30,248
<b>Total income taxes related to other comprehensive income</b>		<b>23,814</b>	<b>30,248</b>
<b>Other comprehensive income</b>	18	<b>(64,385)</b>	<b>(81,783)</b>
<b>Comprehensive income</b>		<b>2,945,494</b>	<b>2,570,840</b>
Comprehensive income attributable to shareholders		2,945,494	2,570,840
Comprehensive income attributable to non-controlling interest		-	-
<b>Comprehensive income</b>		<b>2,945,494</b>	<b>2,570,840</b>

Attached notes 1 through 34 are an integral part of these financial statements.

## Statements of changes in equity

	Note	Paid-in capital	Reserves from exchange differences	Retained earnings (losses)	Equity attributable to shareholders	Non-controlling interests	Total equity
		M\$	M\$	M\$	M\$	M\$	M\$
<b>Opening balance as of 01/01/2019</b>		<b>4,089,817</b>	<b>-</b>	<b>9,712,391</b>	<b>13,802,208</b>	<b>1</b>	<b>13,802,209</b>
Restated opening balance		4,089,817	-	9,712,391	13,802,208	1	13,802,209
<b>Changes in equity</b>							
Comprehensive income		-	-	-	-	-	-
Net income (loss)		-	-	3,009,879	3,009,879	-	3,009,879
Other comprehensive income (net)	20g	-	-	(64,385)	(64,385)	-	(64,385)
<b>Comprehensive income</b>		<b>-</b>	<b>-</b>	<b>2,945,494</b>	<b>2,945,494</b>	<b>-</b>	<b>2,945,494</b>
Dividends	20f	-	-	(903,108)	(903,108)	-	(903,108)
Increase (decrease) due to transfers and other changes	20g	-	-	(209,931)	(209,931)	-	(209,931)
Increase (decrease) due to transactions of treasury stock		-	-	-	-	-	-
<b>Total changes in equity</b>		<b>-</b>	<b>-</b>	<b>1,832,455</b>	<b>1,832,455</b>	<b>-</b>	<b>1,832,455</b>
<b>Closing balance as of 12/31/2019</b>	<b>20</b>	<b>4,089,817</b>	<b>-</b>	<b>11,544,846</b>	<b>15,634,663</b>	<b>1</b>	<b>15,634,664</b>

	Note	Paid-in capital	Reserves from exchange differences	Retained earnings (losses)	Equity attributable to shareholders	Non-controlling interests	Total equity
		M\$	M\$	M\$	M\$	M\$	M\$
<b>Opening balance as of 01/01/2018</b>		<b>4,089,817</b>	<b>-</b>	<b>7,937,410</b>	<b>12,027,227</b>	<b>1</b>	<b>12,027,228</b>
Restated opening balance		4,089,917	-	7,937,410	12,027,227	1	12,027,228
<b>Changes in equity</b>							
Comprehensive income		-	-	-	-	-	-
Net income (loss)		-	-	2,652,623	2,652,623	-	2,652,623
Other comprehensive income (net)	20g	-	-	(81,783)	(81,783)	-	(81,783)
<b>Comprehensive income</b>		<b>-</b>	<b>-</b>	<b>2,570,840</b>	<b>2,570,840</b>	<b>-</b>	<b>2,570,840</b>
Dividends	20f	-	-	(795,859)	(795,859)	-	(795,859)
<b>Total changes in equity</b>		<b>-</b>	<b>-</b>	<b>1,774,981</b>	<b>1,774,981</b>	<b>-</b>	<b>1,774,981</b>
<b>Closing balance as of 12/31/2018</b>	<b>20</b>	<b>4,089,917</b>	<b>-</b>	<b>9,712,391</b>	<b>13,802,208</b>	<b>1</b>	<b>13,802,209</b>

Attached notes 1 through 34 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\$
<b>Cash flows from (used in) operating activities</b>			
<b>Proceeds from operating activities</b>			
Proceeds from the sale of goods and provision of services		24,907,295	22,783,703
<b>Payments for operating activities</b>			
Payments to suppliers for goods and services		-	-
Payments to and on behalf of employees		(6,719,038)	(5,919,908)
Other payments for operating activities		(10,620,796)	(10,126,720)
<b>Net cash flows from (used in) the operation</b>		<b>(3,141,518)</b>	<b>(2,895,362)</b>
Interest received		442,524	239,430
Income taxes reimbursed (paid)		(14,230)	(17,627)
Other cash receipts (payments)		(62,829)	(79,647)
<b>Net cash flows from (used in) operating activities</b>	<b>5</b>	<b>4,791,408</b>	<b>3,983,869</b>
<b>Cash flows from (used in) investment activities</b>			
Cash flows used in the acquisition of non-controlling interests	8b	(225,475)	-
Other payments to acquire equity or debt instruments from other companies, classified as investment activities		(4,272,739)	(1,115,100)
Cash flows from the sale of property, plant, and equipment		-	1,771
Purchases of property, plant, and equipment		(3,485,265)	(2,015,757)
Other cash proceeds (payments), classified as investment activities		3,030,908	(339,974)
<b>Net cash flows from (used in) investment activities</b>	<b>5</b>	<b>(4,952,571)</b>	<b>(3,469,060)</b>
<b>Cash flows from (used in) financing activities</b>			
Proceeds from loans		2,105,884	-
<b>Total proceeds from loans</b>			
Payments of finance lease liabilities		(93,881)	(80,659)
Dividends paid	20a	(327,523)	(670,501)
Interest paid	26	(78,955)	(24,311)
<b>Net cash flow from (used in) financing activities</b>	<b>5</b>	<b>1,605,525</b>	<b>(775,471)</b>
<b>Net increase (decrease) in cash and cash equivalents, before the effect of exchange rate changes</b>		<b>1,444,362</b>	<b>(260,662)</b>
Effect of exchange rate changes on cash and cash equivalents		14,698	3,677
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>1,459,060</b>	<b>(256,985)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>3,857,568</b>	<b>4,114,553</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>5,316,628</b>	<b>3,857,568</b>

Attached notes 1 through 34 are an integral part of these financial statements.

## Notes to the financial statements

### Note 1 – Corporate information

#### a) Information on the company

Depósito Central de Valores S.A., Depósito de Valores and Subsidiary (hereinafter “DCV” or “the Company”) was incorporated by public deed dated March 15, 1993, granted at the Notary Office of René Benavente Cash, and an abstract of the said deed published in the Official Gazette on March 22, 1993.

DCV 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*, ex Superintendence of Securities and Insurance). The company does not require to be registered within the Securities Register.

By Exempt Resolution N°264 dated December 29, 1993, the CMF authorized the Company’s operation as a Securities Depository and approved its Rules of Procedure and Deposit Agreement.

Depósito Central de Valores S.A., Depósito de Valores is headquartered at Av. Apoquindo N°4001, 12th floor, Las Condes, Santiago, Chile.

The subsidiary DCV Registros S.A. (hereinafter “DCV Registros”) 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.

#### b) Principal activities

The Company’s activities are conducted in Chile and correspond to securities custody, which groups the services of securities custody (custody of financial instruments that are part of the investment portfolios of depositors), transactions register (debiting the seller’s depository account position and crediting the buyer’s depository account position through electronic means), dematerialized deposits (the deposit of electronic issuances conducted by different entities authorized to issue public securities, carried out in a dematerialized manner, i.e. without the need to print physical ownership titles), securities administration (the exercise of patrimonial rights of financial instruments on deposit, such as, collection of interest, amortizations, lotteries, prepayments and any other of similar nature, which are informed by DCV to those responsible for the issue or its payer and are perceived by the depositor), and other services.

During the recent years, DCV has also developed the international custody service, which relates to operations regarding foreign securities and whose origin involves an International Custodian. Thus, the operations that Depositors may conduct under this service include Foreign Securities Custody, Recording of Purchases and Sales of Securities Exempt of Payment or Counter Payment, Constitution of Guarantees, Securities Administration and Securities Lending.

DCV Registros S.A. conducts activities related 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 capacity to their respective areas of business.

#### c) Employees

As of December 31, 2019, and 2018, DCV has a total of 243 employees, including those at DCV Registros. This figure only considers employees with indefinite term contracts.

## Note 2 – Basis of preparation

### a) Covered accounting periods

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

The consolidated 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 consolidated statements of financial position as of December 31, 2019, and the consolidated 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 the financial information set forth by the Financial Market Commission, which is comprised of the International Financial Reporting Standards (“IFRS”).

#### b.2) Responsibility of the information

The information contained in these financial statements is the 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 and Note 14). The effect of the changes in the useful lives of intangible assets is detailed in Note 13.
- ii) Impairment tests for intangible assets: key assumptions for the recuperation of development costs (Note 13).
- iii) Basis for the calculation of employee benefits – severance payment, actuarial calculation (Note 18).
- iv) Client impairment based on portfolio age and individual assessment (Note 10).
- v) 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 15).
- vi) The fair value of financial assets and liabilities (Note 9).

Although these estimates have been made based on the best information available as of the date of issue of these consolidated financial statements, it is possible that events that may occur in the future obligate 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 consolidated statements of classified financial position, balances are classified based on their maturity, classifying as current all those maturing within the next 12 months, and as non-current all those maturing afterward.

#### **c) Basis for consolidation**

##### **Subsidiary**

The subsidiary company is an entity controlled by the parent company. The subsidiary's financial statements are included in the consolidated financial statements from the date control begins until the date it ends. The parent company controls an entity when the following conditions are met simultaneously, as stated in IFRS 10:

- i) existence of power over the investee;
- ii) exposure or rights to variable returns from its involvement with the investee; and
- iii) the ability to use its power over the investee to affect the amount of returns.

##### **Loss of control**

When the parent company loses control of a subsidiary, it derecognizes the assets, liabilities, and any non-controlling stake and other equity components of the former subsidiary. Any resulting gain or loss is recognized in profit or loss. If the parent company retains an interest in the former subsidiary, this shall be recognized at its fair value as of the date of loss of control.

##### **Consolidated companies**

Following accounting standards for consolidation of financial statements, the present consolidated financial statements include the assets, liabilities, results, and cash flows from Depósito Central de Valores S.A., Depósito de Valores, and its subsidiary DCV Registros S.A., in which the former has a 99.99996% interest. The effects of significant transactions with DCV Registros S.A. have been eliminated and the interest of minority shareholders has been recognized and presented in the consolidated statements of financial position and the consolidated statements of income by nature in the "Non-controlling interest" account.

##### **Non-controlling interest**

The non-controlling interest represents the portion of gains, losses, and net assets that directly or indirectly is not owned by the Company. The non-controlling interest is presented separately within the consolidated statements of income, of integral income, and as part of the equity in the consolidated statements of financial position. Non-controlling interests are initially measured at the proportional interest of the identifiable net assets of the acquired company at the date of acquisition. Changes in DCV's interests in a subsidiary that do not result in the loss of control are accounted for as equity transactions.

##### **Business combination**

The Company accounts for business combinations using the acquisition method when control is transferred to DCV. The consideration transferred in the acquisition is generally measured at fair value as well as the identifiable net assets acquired. Any goodwill resulting from the transaction is subject to annual impairment tests. Any gain due to an acquisition in very advantageous conditions is immediately recognized in profit and loss. Transaction costs are recorded as an expense when incurred, except if they relate to the issuance of debt or equity securities.

## Investments accounted for under the equity method

DCV's investments accounted for under the equity method include participation in associates and joint ventures.

An associate is an entity over which DCV has a significant influence, but not control or joint control of its financial and operating policies. A joint venture is an agreement in which DCV has joint control, and through which DCV has rights over the net assets of the agreement, but not over the assets and liabilities. Participation in associates and joint ventures are accounted for using the equity method. Initially, they are recognized at cost, which includes transaction costs. After the initial recognition, consolidated financial statements include DCV's participation in profit and loss and integral results of the investments accounted for under the equity method, until the date in which significant influence or joint control ceases.

## Transactions eliminated in the consolidation

Balances and intercompany transactions as well as any other unrealized income or expense arising from any intercompany group transactions are eliminated. Unrealized gains arising from transactions with investees recognized under the equity method are eliminated from the investment in the proportional share of DCV in the investment. Unrealized losses are eliminated in the same way, but only as long as there is no evidence of impairment.

## d) Functional currency and foreign currency translation

The consolidated 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 consolidated 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
New Peruvian Sol	224.55	206.25
Euro	832.35	795.89
Mexican Peso	39.55	35.33

## d) Approval of the consolidated financial statements

These consolidated financial statements were approved by the Company's Board of Directors in the board meeting N°303, held on January 14, 2020.

## f) New accounting standards

### f.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 basis, 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 basis, 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 consolidated 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 consolidated 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 that are pre-payable for a lower amount than the outstanding balance and interest.

This 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 consolidated financial statements.

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

In February 2018, IASB finalizes the amendments to IAS 19 related to 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 and the net interest for the period; 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 amendments are applied for the first time.

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

### **IAS 12 – Income Taxes**

Clarifies that all the effects 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 do not 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 the consolidated 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 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 in 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 consolidated financial statements.

### f.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, 2021. Early application is permitted for entities that apply IFRS 9 and IFRS 15 on or before this 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 provides a more uniform presentation and measurement guide for all insurance contracts. These requirements are designed to generate 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 the consolidated 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)**

This 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 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 consolidated financial statements.

#### **Revised Conceptual Framework in IFRS Standards**

The International Accounting Standards Board (the “Board”) issued in 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 have no material impacts on the consolidated 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 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 consolidated financial statements make based on those consolidated 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 consolidated financial statements.

### **g) Measurement basis**

The consolidated statements of financial position have been prepared based on the historical cost, except for 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, except for Note 3.a.1.2).
- Non-derivative financial instruments at fair value with changes through profit or loss (Note 3.a.4).

## **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**

DCV 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 trading, as an irrevocable decision. A financial asset is classified within this category if it's acquired to sell it in the short term. Interests 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 on 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's acquired to collect 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 on 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 to collect 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 afterward accounted for at fair value. Financial assets at amortized cost are afterward accounted for at amortized cost following the effective interest rate method. Financial assets at fair value through other comprehensive income are afterward 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.

### a.4) Derivative financial instruments and hedging activities

DCV uses derivative financial instruments like currency forwards to hedge risks associated with fluctuations in exchange rates. Derivatives are initially recognized at fair value at the date of the derivatives contract and subsequently re-valued at their fair value. The method for recognizing gains or losses resulting from changes in fair value depends on whether the derivative has been defined as a hedging instrument, and if so, of the nature of the item under coverage.

At the beginning of the transaction, the existing relationship between the hedging instruments and the hedged items is documented, as well as the risk management objectives and the strategy to conduct several hedging operations. Furthermore, DCV documents the assessment, both at the beginning as well as over a continual base, if whether the derivatives used in hedging transactions are highly effective in compensating the changes to fair value or the effective cash flows of hedged items.

#### a.4.1) Fair value hedges

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in profit and loss, together with any change in the fair value of the asset or liability hedged that is attributable to the hedged risk.

#### a.4.2) Cash flow hedges

The effective part of the changes in fair value of derivatives that are designated and qualified as cash flow hedges is recognized in "Other reserves". The gain or loss related to the non-effective part is immediately recognized in profit or loss under "Financial costs" or "Exchange rate differences", according to their nature.

The carrying amounts in "Other reserves" are recognized in profit or loss in the periods in which the hedged item affects results. In the case of interest rate hedges, this means that the carrying amounts in equity are reclassified as "Financial costs" as interest on the associated debts is accrued.

When a hedging instrument matures or is sold or does not fulfill the requirements for hedge accounting, any gain or loss accumulated up until that moment in "Other reserves", remains in equity and is recognized when the expected transaction is recognized in profit or loss. When the expected transaction is deemed not to be conducted, the accumulated profit or loss in net equity is immediately taken into profit or loss under "Financial costs" or "Exchange rate differences", according to its nature.

#### a.4.3) Derivatives not accounted for as hedge accounting

Certain derivatives are not accounted for as hedge accounting and are recognized as fair value through profit or loss. Changes in the fair value of any derivative registered this way are immediately recognized in profit or loss.

#### a.4.4) Derivatives accounted for as hedge accounting

As of December 31, 2019, DCV has not classified any operations as hedge accounting. As of December 31, 2018, operations classified as hedge accounting correspond to a forward contract whose objective was to mitigate exchange rate volatility risk of a future firm commitment denominated in US dollars. Hence, changes in the fair value of the commitment are attributable to fluctuations in the currency in which the debt was prescribed, so changes in the fair value of the debt are expected to be effectively hedged by the forward contract subscribed for this effect.

The conditions of the aforementioned forward contract are the same as those agreed upon for the commitments which they were designed to hedge, i.e. the same terms, currencies and amounts, and are defined as compensation.

As of December 31, 2019, there are no forward contracts. As of December 31, 2018, there is one forward contract designated as a hedge whose fair value is M\$394,302. These fair values are obtained by DCV and incorporate the current parameters (spot values, forward points, and rates) valid as of the date of the consolidated financial statements.

### **b) Property, plant, and equipment**

Property, plant, and equipment are measured at cost, which corresponds to the acquisition price plus any costs directly attributable to put 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 property, plant, and equipment items are determined by comparing the sale price with the respective book value, recognizing the net effect as "other income (loss)" in the consolidated income statement by nature.

Depreciation is recorded in profit or loss based on the straight-line depreciation method over the useful life of each part of a property, plant, and equipment item. Facilities and improvements on assets under an operating

lease are depreciated over the shortest period between the lease term and useful life unless the Company is certain that it 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 14c). 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 DCV and its cost can be reliably measured. Daily maintenance costs of property, plant, and equipment are recognized on the consolidated statements of integral income in the period incurred.

### **c) Intangible assets other than goodwill**

Intangible assets are mainly software and accounted for at cost, which corresponds to their purchase price plus any cost directly attributable to put the asset in operating conditions, less accumulated depreciation, and accumulated impairment losses. Subsequent disbursements are capitalized only when they increase future economic benefits.

Development activities of Information Systems involve a plan for the production of new products and processes, substantially improved. Disbursements during development are capitalized when the costs can be reliably estimated, the product or process is technically and commercially viable, possible future benefits may be obtained, and DCV claims and has sufficient resources to complete development and use or sell the asset. DCV recognizes as intangible assets the development of projects with disbursements for services contracted to third parties. Internal development costs are recognized in profit and loss during the period.

Amortization is recognized in profit and loss based on the straight-line amortization method according to the estimated useful lives of intangible assets. It should be noted that there are no intangible assets with an indefinite useful life. Useful lives of intangible assets other than goodwill are presented in Note 13.

### **d) Short and long-term employee benefits**

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.

DCV pays certain long term defined benefits for a portion of its employees in addition to their salaries, bonuses, and vacations.

The cost of providing benefits under the defined benefit plans (long term) is determined separately for each plan through the projected unit credit method, following what is prescribed in IAS 19 Employee Benefits. The employee benefits liability represents the present value of the obligations under the plans, which are discounted using interest rates of government bonds denominated in the currency in which the benefits will be paid, and have similar maturity terms compared to the duration of the respective obligations.

### **e) Provisions**

Provisions are recognized when:

- DCV has a present obligation as a result of a past event;
- A resource outflow, 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 from services (see Note 21) are recognized on an accrued basis to the extent that economic benefits are likely to flow to DCV 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 with 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 and expenses**

Financial income received is comprised of interest from investments in financial instruments, which have been classified as cash and cash equivalents. Also, current and non-current financial assets are considered depending on their term. 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.

Financial costs are comprised of interest from financing obtained in the form of financial leases and by the recognition of gains or losses generated by the currency forward contracts. All financial costs are recognized in profit or loss using the effective interest rate method.

#### **h) Income taxes**

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 in 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 offset only to the extent to which certain conditions established in IAS 12 are met.

The provisioned amount for income taxes for the 2019 and 2018 periods is 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 the book value of assets and liabilities and their respective taxable base, calculated with the tax rate expected to be in effect when the 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 for the recovery of the deferred tax asset.

Deferred taxes are measured using fiscal tax rates expected to be applicable to temporary differences in the period in which they are reversed, using default fiscal tax rates applicable to each period. The default tax regime applicable to DCV and its subsidiary is "Partially Integrated", whose applicable fiscal tax rates are detailed as follows:

Year	Partially Integrated
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2018	27.00%
2019	27.00%

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### 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 consolidated statement of financial position.

### i) Earnings per share

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

DCV has not issued securities convertible into common stock or stock options.

### j) Leases

DCV has applied IFRS 16 using the modified retrospective approach, and in consequence, comparable information has not been restated and continues to be reported following 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, DCV assesses if the 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 for compensation. To assess whether a contract entails the right to control an identified asset, DCV uses the lease definition 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, DCV distributes the consideration in the contract to each leased component based on their relative independent prices. However, in the case of property lease, DCV has chosen not to separate the non-lease components and account for lease and non-lease components as a single lease.

DCV 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 made 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 is located, less received lease incentives.

Subsequently, the right-to-use asset is depreciated using the straight-line method from the start date up until the end of the lease term, unless the lease transfers the underlying asset's ownership to DCV at the end of the lease term, or the cost of the right-to-use asset reflects that DCV 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 on 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 start date, discounted at the lease's implicit interest rate, or if this rate cannot be easily determined, DCV's incremental borrowing rate. In general, DCV uses the incremental borrowing rate as a discount rate.

DCV 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 start date;
- amounts expected to be paid by the lessee as residual value guarantees; and
- the exercise price of a purchase option if DCV 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 DCV 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 DCV'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.

DCV 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 consolidated statement of financial position.

#### *Short-term and low-value asset leases*

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

#### *j.1.2) As a lessor*

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

To classify the lease, DCV 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 is a finance lease; and if not, it's an operating lease. As part of these assessments, DCV considers certain indicators, 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, DCV 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:
  - o the buyer had the capacity or the right to operate the asset obtaining or controlling a more than insignificant quantity of output;
  - o the buyer had the capacity or the right to control the asset's physical access obtaining or controlling a more than insignificant quantity of output; or
  - o the facts and circumstances indicated that there was a remote probability that other parties obtained a more than insignificant quantity 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, DCV 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 following the applicable accounting policy for the corresponding asset.

Assets maintained under other leases were classified as operating leases and were not recognized in DCV's consolidated statement of financial position. Payments made under operating leases were recognized in profit and loss 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 DCV acted as a lessor, it determined at the beginning of each lease whether it was a finance or operating lease. To classify each lease, DCV 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, DCV considered certain indicators, 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 indicate 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 the said cash flows and the asset's specific risk.

If 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, DCV 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 DCV'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 DCV does not have reasonable expectations of recovering said financial asset in whole or a portion thereof.

In the case of individual clients, DCV'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, DCV conducts an individual assessment of the opportunity and scope of the charge off, based on whether a reasonable expectation of recovery exists or not.

DCV does not expect a significant recovery of the charged-off amount. However, charged-off financial assets may be subject to certain activities to comply with DCV 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 maturing within three months and low risk of changes in value.

#### **- Operating activities**

Activities that constitute DCV's and its subsidiary'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

The accounting policies adopted in the preparation of these consolidated 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 consolidated financial statements.

DCV decided to implement the standard following the modified retrospective approach, thus, the accumulated effect of IFRS 16 standard 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 comparable information.

DCV 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 with the obligation's estimated duration.

### n.1) Definition of a lease

Previously, following IFRIC4 DCV 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, DCV 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 under IAS 17 and IFRIC 4. As a 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, DCV previously classified leases as operating or finance depending on the assessment of whether the lease significantly transferred to DCV all the risks and benefits inherent to the ownership of the underlying asset. Under IFRS 16, DCV recognizes right-to-use assets and lease liabilities for most of the leases – i.e. these leases are accounted for in the consolidated financial statements.

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

Previously, DCV 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: DCV 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: DCV applied this approach to all other leases.

DCV 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.

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

- 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 leased asset and lease liability under IAS 17 immediately before the said date.

#### n.3) As a lessor

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

#### n.4) Impact on the financial statements

##### n.4.1)

In the transition to IFRS 16, DCV recognized additional right-of-use assets, including property, plant, and equipment, and additional lease liabilities, recognizing the difference in accumulated earnings. The impact of the transition is summarized below:

Concept	January 1, 2019
	M\$
Right-of-use assets, property, plant, and equipment	1,796,468
Deferred tax assets	(77,644)
Lease liabilities	2,084,043
Accumulated earnings	287,575

When measuring lease liabilities for leases that were classified as operating leases, DCV discounted lease payments using its incremental borrowing rate as of January 1, 2019. The weighted average interest rates applied are set forth below:

Institution	Financing	Beginning	Term (years)	Rate
Fegomi	Property and fitting out – Burgos building, 3 <sup>rd</sup> floor	2016	5	2.52%
Alsacia	Property and fitting out – Burgos building 12 <sup>th</sup> floor	2008	10	3.12%
Renta Nueva Sta. Maria	Property and fitting out – Santa María Tower	2019	10	2.58%

## Note 4 – Financial risk management

The management of risk of DCV is supervised by the board, creating an Operational Risk Management and Audit Committee, which is responsible for developing and monitoring the risk management policies of DCV.

### a) Credit risk

Corresponds to the risk of financial loss arising when a client or counterparty in a financial instrument fails to meet its contractual obligations and originates principally from sales debtors and investment instruments of DCV.

DCV's credit risk exposure is low given the characteristics of its clients that correspond principally to Banking Institutions, Third Party and Pension Fund Administrators, Insurance Companies, Stock Brokers and Stock Exchanges among others.

The majority of DCV's clients are clients with a payment history that allows for a fairly accurate assessment of impairment, which in DCV's history has been minimal.

DCV 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 5.8% of total client debt, of which 77.7% has been provisioned for a total amount of \$91.8 million. As of December 31, 2018, client debt 60 days or more overdue was approximately 6.3% of total client debt, of which 51.6% had been provisioned for a total amount of \$94.7 million.

In relation to client portfolio concentration, in consolidated terms, when considering the 10 largest clients of the parent company and the subsidiary, these represent 31.6% of gross income.

DCV manages its risk exposure by investing in highly liquid instruments diversified by issuer rating, where the minimum long-term credit risk rating should be at least BBB+. DCV has an investment policy that contemplates distribution percentages according to issuer rating and duration of financial instruments. DCV maintains investments in term deposits, type I mutual funds, Central Bank bonds, and bank bonds.

### b) Liquidity risk

Corresponds to the risk that DCV cannot meet its financial obligations in a timely manner. DCV maintains a liquidity policy based on the proper administration of its assets and liabilities through policies that achieve the timely fulfillment of client commitments as well as its obligations, considering the efficient management of cash surpluses and financing alternatives generating stable cash flows over time.

The Management of DCV makes cash flow projections in anticipation of liquidity or debt needs, when appropriate, and the Company counts on short and long-term credit facilities committed by banks for amounts sufficient to cover projected cash needs.

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

Financial assets	As of	6 months or less	Time to maturity	
	12-31- 2019		Between 6 and 12 months	Between 12 and 24 months
	M\$	M\$	M\$	M\$
Cash and cash equivalents	5,316,628	5,316,628	-	-
Other current financial assets	684,634	404,138	280,496	-
Other non-current financial assets	5,119,065	-	-	5,119,065
Trade accounts, gross	2,941,303	2,846,315	94,988	-
<b>Total</b>	<b>14,061,630</b>	<b>8,567,081</b>	<b>375,484</b>	<b>5,119,065</b>

DCV monitors 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\$2,846,315. This excludes the possible impact of extreme circumstances which cannot reasonably be predicted.

Contractual cash flows from obligations acquired by DCV 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	4,112,368	1,057,492	264,373	264,373	528,746
Operating leases – facilities	11,471	26,883	26,883	-	-
Operating leases - sites	21,378	513,072	128,268	128,268	256,536
Trade creditors and accounts payable	2,200,514	8,409,756	4,791,378	3,618,378	-
<b>Total</b>	<b>6,345,731</b>	<b>10,007,203</b>	<b>5,210,902</b>	<b>4,011,019</b>	<b>785,282</b>

As of December 31, 2019, DCV maintains a credit facility from Banco de Crédito e Inversiones for M\$100,000.

### c) Market risk – Interest rates

Corresponds to the risk that changes in market prices affect DCV'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 that affect DCV's results are those at which long term financing was contracted in relation to capital investments through finance leases, those rates used to value the obligation contracted with employees for severance payments, and the rates used to determine the impact of the implementation of IFRS 16 Leases. All financing has been contracted with fixed interest rates to achieve a balance in the debt structure that allows DCV to minimize the cost of debt and eliminate volatility in profit or loss.

Based on the nature of DCV's business and the aforementioned conditions, there is no significant risk exposure to interest rate changes.

The following table sets forth interest rates in force during the 2019 exercise:

Institution	Financing	Beginning	Term (years)	Rate
Banco Santander Chile	Property and fitting out – Burgos building, 4 <sup>th</sup> floor	2019	10	2.58%
Ricoh Chile	Printing equipment	2017	3	15%
Fegomi	Property and fitting out – Burgos building, 3 <sup>rd</sup> floor	2016	5	2.52%
Alsacia	Property and fitting out – Burgos building, 12 <sup>th</sup> floor	2008	10	3.12%
Renta Nueva Sta. María	Property and fitting out – Torre Santa María	2019	10	2.58%
Banco Crédito e Inversiones	Investment plan	2019	12	UF + 0.2%

### d) Foreign-exchange rate risk

As of December 31, 2019, DCV does not maintain positions in US dollars in its consolidated financial statements which may positively or negatively affect equity.

DCV does not have outstanding debt implying cash outflows in foreign currency for the acquisition of assets or the provision of some type of services. There are no relevant operations and/or transactions in foreign currency, and there are no subsidiaries or cash outflows from related companies linked to any foreign currency.

As of December 31, 2018, DCV had forward instruments to hedge against changes in the US dollar at the time of making payments to the foreign provider and also maintained in bank accounts, balances in foreign currencies such as New Peruvian Soles, Euros and Mexican Pesos. However, the principal currency with

exchange rate risk was the US dollar. At the close of 2018, outstanding balances in other foreign currencies do not represent a material exchange rate or liquidity risk for DCV. Given the latter, DCV was exposed to exchange rate risk, and that was the reason it implemented hedging policies to balance assets and liabilities denominated in foreign currency through the acquisition of financial instruments for hedging.

**e) Risk from changes in the monetary adjustment unit (*Unidad de Fomento*)**

DCV's operating revenues are based on prices set in Unidades de Fomento (UF – inflation-indexed currency), a significant portion of costs is defined in UF (operational insurance), debt for financing has also been structured in UF, and finally, indemnification for years of service are determined on a nominal base so they also imply an adjustment effect.

Given the above-mentioned structure, as of December 31, 2019, DCV's consolidated financial statements present a position in the inflation-indexed currency such that, given a 5% change in the adjustment unit, the positive or negative effect in DCV's equity would be approximately 2.15%, or \$335.4 million.

**Note 5 – Financial information by segments**

The factors used as a basis for the identification of DCV's operating segments are the following:

- a) DCV, on a consolidated basis, has two components that carry out independent business activities through which they obtain ordinary revenue and incur expenses.
- b) DCV has differentiated financial information for each identified component or segment.
- c) Operating income of the identified segments is reviewed regularly by executives of DCV to decide about assigning resources to each segment, as well as to assess their performance.

Given the aforementioned, DCV's identified segments are securities custody and settlement (operations conducted by the parent company), and the shareholders register service (operations conducted by the subsidiary DCV Registros S.A.).

An aggregation criterion has been applied to these segments, as they group a set of services intimately related to one another based on the nature of the services, on the nature of production processes, and client category or type.

The segment related to securities custody and settlement groups the following services: i) securities custody (custody of financial instruments that are part of the investment portfolios of depositors); transactions register (debiting the seller's depository account position and crediting the buyer's depository account position through electronic means), dematerialized deposits (the deposit of electronic issuances conducted by different entities authorized to issue public securities, carried out in a dematerialized manner, i.e. without the need to print physical ownership titles), securities administration (the exercise of patrimonial rights of financial instruments in deposit, such as, collection of interests, amortizations, draws, prepayments and any other of similar nature, which are informed by DCV to the responsible for the issue or its payer and are perceived by the depositor), and other minor services.

The second segment is focused on activities related to the administration of shareholders registers, such as the register of share transfers, dividend payments, carrying out meetings of shareholders, and the issuance of juridical and tax reports, all of them associated and relative to the tasks of shareholders registers of issuers that are clients of DCV.

The information regarding Depósito Central de Valores S.A. and its subsidiary DCV Registros S.A. that represents DCV's identified segments as of December 31, 2019, and 2018, is the following:

**a) For the period ended on December 31, 2019:**

For the period ended December 31, 2019	Deposit and Custody of securities M\$	Administration of shareholders registers M\$	Eliminations M\$	Total M\$
<b>Ordinary revenues</b>				
Revenues from ordinary activities with external clients	18,173,165	5,698,458	-	23,871,623
Revenues from ordinary activities between segments	-	-	-	-
<b>Total revenues by segment</b>	<b>18,173,165</b>	<b>5,698,458</b>	<b>-</b>	<b>23,871,623</b>
Financial income	341,039	57,259	-	398,298
Financial expenses	(78,954)	(14,933)	-	(93,887)
<b>Net financial result, by segment</b>	<b>262,085</b>	<b>42,326</b>	<b>-</b>	<b>304,411</b>
Impairment losses	(7,240)	(10,474)	-	(17,714)
Depreciation and amortization	(2,329,262)	(109,001)	-	(2,438,263)
Other gains (losses)	943,134	107,732	(894,270)	156,596
Exchange differences and indexation adjustments	(49,758)	(42,888)	-	(92,646)
<b>Significant expenses</b>				
Employee benefits expenses	(9,389,763)	(1,744,289)	-	(11,134,052)
Operational insurance	(790,801)	(142,244)	-	(933,045)
IT and communication expenses	(2,001,710)	(302)	-	(2,002,012)
External advisory	(953,228)	(212,697)	-	(1,165,925)
Other expenses	(1,918,463)	(1,562,355)	894,270	(2,586,548)
<b>Total significant expenses</b>	<b>(15,053,965)</b>	<b>(3,661,887)</b>	<b>894,270</b>	<b>(17,821,582)</b>
Income tax expense (gain)	(417,168)	(535,378)	-	(952,546)
<b>Net income (loss)</b>	<b>1,520,991</b>	<b>1,488,888</b>	<b>-</b>	<b>3,009,879</b>
<b>As of December 31, 2019</b>				
Total assets by segment	26,814,060	5,306,073	(2,486,105)	29,634,028
Total liabilities by segment (excludes equity)	11,179,398	3,267,166	(447,200)	13,999,364
Disbursements from non-cash assets, y segment	(2,906,998)	(578,267)	-	(3,485,265)
Net cash flows from (used in) operating activities	4,339,175	1,752,233	(1,300,000)	4,791,408
Net cash flows from (used in) investment activities	(4,358,493)	(594,078)	-	(4,952,571)
Net cash flows from (used in) financing activities	1,620,458	(1,314,933)	1,300,000	1,605,525

**b) For the period ended on December 31, 2018:**

For the period ended December 31, 2018	Deposit and Custody of securities M\$	Administration of shareholders registers M\$	Eliminations M\$	Total M\$
<b>Ordinary revenues</b>				
Revenues from ordinary activities with external clients	16,714,883	5,212,139	-	21,927,022
Revenues from ordinary activities between segments	-	-	-	-
<b>Total revenues by segment</b>	<b>16,714,883</b>	<b>5,212,139</b>	<b>-</b>	<b>21,927,022</b>
Financial income	187,806	38,978	-	226,784
Financial expenses	(29,920)	-	-	(29,920)
<b>Net financial result, by segment</b>	<b>157,886</b>	<b>38,978</b>	<b>-</b>	<b>196,864</b>
Impairment losses	(10,508)	(9,497)	-	(20,005)
Depreciation and amortization	(2,336,247)	(49,925)	-	(2,386,172)
Other gains (losses)	914,030	78,270	(872,210)	120,090
Exchange differences and indexation adjustments	(18,105)	3,640	-	(14,465)
<b>Significant expenses</b>				
Employee benefits expenses	(8,612,723)	(1,598,949)	-	(10,211,672)
Operational insurance	(737,532)	(132,446)	-	(869,978)
IT and communication expenses	(1,816,866)	(5,028)	-	(1,821,894)
External advisory	(648,578)	(155,758)	-	(804,336)
Other expenses	(1,956,712)	(1,528,757)	872,210	(2,613,259)
<b>Total significant expenses</b>	<b>(13,772,411)</b>	<b>(3,420,938)</b>	<b>872,210</b>	<b>(16,321,139)</b>
Income tax expense (gain)	(361,928)	(487,644)	-	(849,572)

For the period ended December 31, 2018	Deposit and Custody of securities	Administration of shareholders registers	Eliminations	Total
<b>Net income (loss)</b>	<b>1,287,600</b>	<b>1,365,023</b>	<b>-</b>	<b>2,652,623</b>
<b>As of December 31, 2019</b>				
Total assets by segment	20,099,618	2,868,266	(2,330,084)	20,637,800
Total liabilities by segment (excludes equity)	6,297,409	981,847	(443,665)	6,835,591
Disbursements from non-cash assets, y segment	(1,998,273)	(17,484)	-	(2,015,757)
Net cash flows from (used in) operating activities	4,159,621	1,124,248	(1,300,000)	3,983,869
Net cash flows from (used in) investment activities	(3,563,524)	94,464	-	(3,469,060)
Net cash flows from (used in) financing activities	(775,471)	(1,300,000)	1,300,000	(775,471)

Uniform criteria have been used for the valuation and/or determination of ordinary revenues, expenses, and results for each segment and reported period, as well as for assets and liabilities for each segment and reported period.

The information relative to assets, liabilities, and results contained herein incorporates eliminations that affect the consolidated amount of each segment. Thus, in the case of assets and liabilities, the eliminations in the years 2019 and 2018 correspond to the monthly billing between each company, which originate in the provision of administration services and the lease of computer software from the parent company to the subsidiary, and which were reflected as income in the segment providing the services and as expense in the segment receiving the services. The eliminations of assets and liabilities also consider the value of the investment in the subsidiary, dividends, and other movements between related parties.

#### Note 6 – Cash and cash equivalents

Cash and cash equivalent balances are comprised, principally, of amounts maintained in bank checking accounts and cash surpluses invested in term 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)	2,100	3,294
Balances in bank checking accounts	384,423	273,746
Investments in term deposits	761,539	921,294
Investments in BCCh securities	1,384,871	469,732
Investments in mutual funds	2,783,695	2,189,502
<b>Cash and cash equivalents</b>	<b>5,316,628</b>	<b>3,857,568</b>

### 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	6,645	01-02-2020
Banco Internacional	9	159,909	01-09-2020
Banco de Chile	9	340,432	01-09-2020
Banco ItaúCorp	17	99,904	01-17-2020
Banco de Chile	35	4,990	02-04-2020
Banco de Credito e Inv.	38	149,659	02-07-2020
<b>Total investments in term deposits</b>		<b>761,538,995</b>	

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

Issuer	Days	12-31-2019	Maturity
		M\$	
Banco de Credito e Inv.	2	28,110	01-02-2019
Banco Scotiabank	2	59,793	01-02-2019
Banco Security	2	157,580	01-02-2019
Banco ItaúCorp	4	9,997	01-04-2019
Banco Security	8	24,985	01-08-2019
Banco ItaúCorp	15	79,585	01-15-2019
Banco de Chile	16	65,416	01-16-2019
Banco Internacional	23	79,853	01-23-2019
Banco de Credito e Inv.	35	184,836	02-04-2019
Banco Scotiabank	36	19,935	02-05-2019
Banco BICE	51	211,204	02-20-2019
<b>Total investments in term deposits</b>		<b>921,294</b>	

### b) Investments in Central Bank securities.

Issuer	Type	Maturity	12-31-2019	12-31-2018
			M\$	M\$
Central Bank of Chile	PDBC	January 2019	-	469,732
Central Bank of Chile	PDBC	January 2020	1,384,871	-
<b>Total investments Central Bank securities</b>			<b>1,384,871</b>	<b>469,732</b>

### c) Investments in mutual funds.

Issuer	Name	12-31-2019	12-31-2018
		M\$	M\$
Banco Estado S.A. AGF	Solvente	801,468	665,457
Santander AGF.	Money Market	1,087,778	600,027
ScotiaAzul AGF S.A.	Corporativo	894,449	605,835
Zurich Chile AGF.	Money Market – A	-	318,183
<b>Total investments in mutual funds</b>		<b>2,783,695</b>	<b>2,189,502</b>



#### d) 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	Euros	S./*	\$ MXN	Total
	M\$	M\$	M\$	M\$	M\$	M\$
Cash (fixed funds)	1,207	893	-	-	-	2,100
Balances in bank checking accounts	241,525	134,454	1,641	6,602	201	384,423
Investments in term deposits	761,539	-	-	-	-	761,539
Investments in BCCh securities	1,384,871	-	-	-	-	1,384,871
Investments in mutual funds	2,783,695	-	-	-	-	2,783,695
<b>Cash and cash equivalents</b>	<b>5,172,837</b>	<b>135,347</b>	<b>1,641</b>	<b>6,602</b>	<b>201</b>	<b>5,316,628</b>

\* S./ is the Peruvian currency, New Peruvian Sol

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

Concept	CLP	USD	Euros	S./*	\$ MXN	Total
	M\$	M\$	M\$	M\$	M\$	M\$
Cash (fixed funds)	1,121	2,173	-	-	-	3,294
Balances in bank checking accounts	199,176	67,242	36	6,990	302	273,746
Investments in term deposits	921,294	-	-	-	-	921,294
Investments in BCCh securities	469,732	-	-	-	-	469,732
Investments in mutual funds	2,189,502	-	-	-	-	2,189,502
<b>Cash and cash equivalents</b>	<b>3,780,825</b>	<b>69,415</b>	<b>36</b>	<b>6,990</b>	<b>302</b>	<b>3,857,568</b>

\* S./ is the Peruvian currency, New Peruvian Sol

e) There are no restrictions 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 with the issuer's solvency and the risk of default, on a scale from a maximum AAA rating to a minimum D rating. DCV 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 capability of fulfillment, 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)	-	3,024,559
Bonds (ii)	684,634	561,592
Others	-	16,041
<b>Other current financial assets</b>	<b>684,634</b>	<b>3,602,192</b>

(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	494,967	04-23-2019	AAA
Banco de Chile	136	339,503	05-16-2019	AAA
Banco de Chile	149	157,806	05-29-2019	AAA
Banco Scotiabank	151	719,801	05-31-2019	AAA
Banco Internacional	154	313,812	06-03-2019	A+
Banco Estado	158	295,640	06-07-2019	AAA
Banco Internacional	204	24,393	07-23-2019	A+
Banco Internacional	219	195,854	08-07-2019	A+
Banco Estado	221	342,590	08-09-2019	AAA
Banco Scotiabank	242	63,464	08-30-2019	AAA
Banco de Chile	296	76,729	10-23-2019	AAA
<b>Total investments in term deposits</b>		<b>3,024,559</b>		

(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\$		
ENAP	Jan-19	-	84,449	AA+
Banco Security	Jun-19	-	96,697	AA-
Forum	Jun-19	-	30,165	AA-
Banco Security	Jul-19	-	112,215	AA-
Banco Scotiabank	Aug-19	-	84,147	AAA
Banco Scotiabank	Nov-19	-	153,919	AAA
Banco Scotiabank	Jan-20	61,767	-	AAA
Banco Estado	Jan-20	71,922	-	AAA
Banco Santander	Mar-20	67,368	-	AAA
Forum	Apr-20	10,179	-	AA
Banco ItaúCorp	Apr-20	172,503	-	AA
Banco Consorcio	May-20	20,399	-	AA-
Banco Security	Jul-20	93,415	-	AA
Banco ItaúCorp	Jul-20	29,109	-	AA
Forum	Aug-20	100,296	-	AA
Banco Consorcio	Sep-20	57,676	-	AA-
<b>Total investments in bonds</b>		<b>686,634</b>	<b>561,592</b>	

b) The following table sets forth the detail of the non-current portion of other financial assets, which depicts those investments maturing over a year:

Non-current portion	12-31- 2019	12-31- 2018
	M\$	M\$
Bonds (i)	519,065	924,696
<b>Other non-current financial assets</b>	<b>519,065</b>	<b>924,696</b>

(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 Central de Chile	Jun-20	-	20,354	AAA
Banco Security	Jul-20	-	93,775	AA-
Banco Central de Chile	Feb-21	377,402	-	AAA
Banco BICE	Feb-21	58,937	-	AA
Tesorería de la Republica	Mar-21	41,828	-	AAA
Forum	Mar-21	72,572	-	AA
Banco Consorcio	Mar-21	144,886	-	AA-
Banco Scotiabank	May-21	118,921	87,071	AAA
Banco de Crédito e Inv.	Jun-21	411,742	-	AAA
Soc. Consec.Tecnocontrol	Jun-21	8,981	-	AAA
Fondo Independencia	Jul-21	159,445	-	AA-
Banco Santander	Aug-21	58,888	-	AAA
Banco Scotiabank	Oct-21	148,660	-	AAA
Banco de Chile	Dec-21	59,921	57,843	AAA
Banco Central de Chile	Mar-22	77,937	-	AAA
Banco Santander	Apr-22	30,569	-	AAA
Banco Scotiabank	May-22	146,920	-	AAA
Banco ItaúCorp	Sep-22	375,234	-	AA
Banco Security	Oct-22	29,701	-	AA
Banco de Chile	Nov-22	60,474	-	AAA
Banco de Chile	Dec-22	30,914	-	AAA
Banco Estado	Jan-23	10,001	-	AAA
BTG Pactual	Feb-23	57,460	-	AA-
Tesorería de la Republica	Mar-23	489,178	101,625	AAA
Banco Internacional	Mar-23	59,808	55,716	AA-
Banco Scotiabank	May-23	314,458	-	AAA
Banco de Chile	May-23	62,713	-	AAA
Banco Estado	May-23	61,359	-	AAA
Banco de Chile	Jun-23	205,631	273,589	AAA
Banco ItaúCorp	Jul-23	247,128	234,723	AA
Banco Scotiabank	Jul-23	90,351	-	AAA
Banco ItaúCorp	Sep-23	322,301	-	AA
Banco Scotiabank	Sep-23	278,194	-	AAA
Banco Security	Oct-23	31,776	-	AA
Banco de Chile	Oct-23	220,729	-	AAA
Banco Scotiabank	Feb-24	62,841	-	AAA
Banco de Chile	May-24	29,650	-	AAA
Banco de Chile	Jan-25	664	-	AAA
Banco Estado	Jun-25	127,591	-	AAA
Banco de Chile	Aug-25	33,300	-	AAA
<b>Total investments in bonds</b>		<b>5,119,065</b>	<b>924,696</b>	

## Note 8 – Other non-financial assets

a) In the current portion of this account are registered prepayments made by DCV 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	978,405	891,769
Annual maintenance services	586,360	505,532
Prepaid leases	32,185	31,337
Other prepaid expenses	13,671	23,325
<b>Total other current non-financial assets, current</b>	<b>1,610,621</b>	<b>1,451,963</b>

b) The table below sets forth the non-current portion of other non-financial assets:

Concept	12-31- 2019	12-31- 2018
	M\$	M\$
Joint accounts – BCS (i)	195,433	-
Lease guarantees	74,818	31,337
Investments in other companies	5,000	5,000
<b>Total other current non-financial assets, non-current</b>	<b>275,251</b>	<b>36,337</b>

(i) Corresponds to the contribution made by DCV for the agreement with the companies Bolsa de Santiago and GTD signed on September 2019, and whose objective is the joint development of technologies through a joint venture agreement. This agreement considers making subsequent contributions based on the achievement of the project's milestones.

As of December 31, 2019, the balances for the joint venture agreement are as follows:

Concept	12-31- 2019	12-31- 2018
	M\$	M\$
Opening balance	-	-
Contributions	225,475	-
Expenses	(30,042)	-
<b>Closing balance</b>	<b>195,433</b>	<b>-</b>

Expenses associated with the joint venture agreement are accounted for under Other gains (losses).

## 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	Hedge derivatives	At fair value through other comprehensive income	Total
	M\$	M\$	M\$	M\$	M\$	M\$
Cash and cash equivalents	386,523	-	4,930,105	-	-	5,316,628
Other financial assets, current	-	-	684,634	-	-	684,634
Trade receivables and other accounts receivable	-	2,933,998	-	-	-	2,933,998
Other financial assets, non-current	-	-	5,119,065	-	-	5,119,065
Accounts receivable from related entities	-	7,843	-	-	-	7,843
<b>Total financial instruments</b>	<b>386,523</b>	<b>2,941,841</b>	<b>10,733,804</b>	<b>-</b>	<b>-</b>	<b>14,062,168</b>

As of December 31, 2018	Cash	At amortized cost	At fair value through profit or loss	Hedge derivatives	At fair value through other comprehensive income	Total
	M\$	M\$	M\$	M\$	M\$	M\$
Cash and cash equivalents	277,040	-	3,580,528	-	-	3,857,568
Other financial assets, current	-	-	3,602,192	-	-	3,602,192
Trade receivables and other accounts receivable	-	2,956,056	-	-	-	2,956,056
Other financial assets, non-current	-	-	924,696	-	-	924,696
Accounts receivable from related entities	-	7,550	-	-	-	7,550
<b>Total financial instruments</b>	<b>277,040</b>	<b>2,963,606</b>	<b>8,107,416</b>	<b>-</b>	<b>-</b>	<b>11,348,062</b>

The following tables set forth the classification of financial liabilities to the categories described in Note 3.1 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	-	2,620,087	2,620,087
Trade payables and other accounts due	-	2,200,514	2,200,514
Other financial liabilities, non-current	-	3,990,061	3,990,061
<b>Total financial liabilities</b>	<b>-</b>	<b>8,810,662</b>	<b>8,810,662</b>

As of December 31, 2018	At fair value	At amortized cost	Total
	M\$	M\$	M\$
Other financial liabilities, current	25,275	99,057	124,332
Trade payables and other accounts due	-	2,032,477	2,032,477
Other financial liabilities, non-current	-	381,066	381,066
<b>Total financial liabilities</b>	<b>25,275</b>	<b>2,512,600</b>	<b>2,537,875</b>

DCV 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.

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

#### b) Valuation of instruments

(i) Currency forwards: observable market prices for forwards are used and then cash flows are discounted with a representative interest rate to calculate the fair value of currency forwards.

(ii) Hierarchy of fair value of financial instruments: The financial instruments recognized at fair value in the consolidated 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 DCV has access at the said date. A liability’s fair value reflects its default risk. Some of DCV’s accounting policies and disclosures require the measurement of the fair value of financial and non-financial assets and liabilities. When one is available, DCV 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 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\$
<b>Assets</b>				
<b>Assets at fair value through profit or loss</b>				
Investments in term deposits	-	761,539	-	761,539
Investments in bank bonds	-	5,803,699	-	5,803,699
Investments in BCCh bonds	-	1,384,871	-	1,384,871
Investments in mutual funds	2,783,695	-	-	2,783,695
Others	-	-	-	-
<b>Total assets</b>	<b>2,783,695</b>	<b>7,950,109</b>	<b>-</b>	<b>10,733,804</b>
<b>Liabilities</b>				
<b>Hedging derivatives</b>				
Currency forwards	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As of December 31, 2018	Level 1	Level 2	Level 3	Total
	M\$	M\$	M\$	M\$
<b>Assets</b>				
<b>Assets at fair value through profit or loss</b>				
Investments in term deposits	-	3,945,853	-	3,945,853
Investments in bank bonds	-	1,486,288	-	1,486,288
Investments in BCCh bonds	-	469,732	-	469,732
Investments in mutual funds	2,189,502	-	-	2,189,502
Others	-	16,041	-	16,041
<b>Total assets</b>	<b>2,189,502</b>	<b>5,917,914</b>	<b>-</b>	<b>8,107,416</b>
<b>Liabilities</b>				
<b>Hedging derivatives</b>				
Currency forwards	-	25,275	-	25,275
<b>Total liabilities</b>	<b>-</b>	<b>-25,275</b>	<b>-</b>	<b>-25,275</b>

As of December 31, 2019, there are no forward contracts. The effect on profit or loss originated from the valuation of forward contracts designated as fair value hedge accounting as of December 31, 2018, corresponds to an M\$25,275 loss. On the other hand, the effect on profit or loss by the valuation of the respective hedged item corresponds to an M\$16,041 gain as of December 31, 2018. Thus, the net effect as of December 31, 2018, corresponds to an M\$5,609 loss.

The application of hedge efficacy tests at the close of 2018, be they either retrospective or prospective based on a sensitivity analysis about the change of exchange rates under different scenarios, concluded in hedges that are always within the ranges described by the applicable Standard to be defined as effective, i.e. between 80% and 125%.

## Note 10 – Trade receivables and other accounts receivable

These accounts register invoices for services related to the business activity of DCV and its subsidiary, 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)	2,941,303	2,902,352
Credit risk loss allowance	(112,400)	(94,687)
Accounts receivable	85,335	98,909
Other receivables	19,760	49,482
<b>Total trade receivables and other accounts receivable</b>	<b>2,933,998</b>	<b>2,956,056</b>

a) The following tables set forth the detail of gross trade receivables for DCV on a consolidated basis, classified by delinquency tranches and type of portfolio. It should be noted that as of December 31, 2019, 92% of the portfolio is performing or less than 30 days overdue (86% as of December 31, 2018).

December 31, 2019		Non-securitized portfolio			Total portfolio amount, gross
Delinquency tranches Trade receivables, gross	N° of clients non-re-negotiated portfolio	Non-renegotiated portfolio, gross	N° clients renegotiated portfolio	Renegotiated portfolio, gross	
		M\$		M\$	M\$
Not yet due	595	2,621,380	-	-	2,621,380
Between 1 and 30 days	40	71,686	-	-	71,686
Between 31 and 60 days	62	97,036	-	-	97,036
Between 61 and 90 days	33	41,740	-	-	41,740
Between 91 and 120 days	15	4,111	-	-	4,111
Between 121 and 150 days	15	6,914	-	-	6,914
Between 151 and 180 days	8	3,448	-	-	3,448
Between 181 and 210 days	7	2,613	-	-	2,613
Between 211 and 250 days	10	6,945	-	-	6,945
More than 251 days	14	85,430	-	-	85,430
<b>Total portfolio</b>	<b>799</b>	<b>2,941,303</b>	<b>-</b>	<b>-</b>	<b>2,941,303</b>

December 31, 2018		Non-securitized portfolio			Total portfolio amount, gross
Delinquency tranches Trade receivables, gross	N° of clients non-re-negotiated portfolio	Non-renegotiated portfolio, gross	N° clients renegotiated portfolio	Renegotiated portfolio, gross	
		M\$		M\$	M\$
Not yet due	553	2,004,918	-	-	2,004,918
Between 1 and 30 days	222	499,347	-	-	499,347
Between 31 and 60 days	98	217,916	-	-	217,916
Between 61 and 90 days	49	65,916	-	-	65,916
Between 91 and 120 days	23	37,942	-	-	37,942
Between 121 and 150 days	15	5,595	-	-	5,595
Between 151 and 180 days	3	1,132	-	-	1,132
Between 181 and 210 days	3	1,047	-	-	1,047
Between 211 and 250 days	3	1,830	-	-	1,830
More than 251 days	4	66,709	-	-	66,709
<b>Total portfolio</b>	<b>973</b>	<b>2,902,352</b>	<b>-</b>	<b>-</b>	<b>2,902,352</b>

b) The following tables set forth the detail of gross trade receivables for DCV individually, classified by delinquency tranches and type of portfolio. It should be noted that as of December 31, 2019, 92% of the portfolio is performing or less than 30 days overdue (87% as of December 31, 2018).

December 31, 2019					
Delinquency tranches Trade receivables, gross	N° of clients non-re-negotiated portfolio	Non-securitized portfolio		Renegotiated portfolio, gross	Total portfolio amount, gross
		Non-renegotiated portfolio, gross	N° clients renegotiated portfolio		
		M\$		M\$	M\$
Not yet due	184	1,845,465	-	-	1,845,465
Between 1 and 30 days	30	22,981	-	-	22,981
Between 31 and 60 days	30	54,382	-	-	54,382
Between 61 and 90 days	19	26,717	-	-	26,717
Between 91 and 120 days	11	2,745	-	-	2,745
Between 121 and 150 days	10	2,468	-	-	2,468
Between 151 and 180 days	5	1,483	-	-	1,483
Between 181 and 210 days	4	1,355	-	-	1,355
Between 211 and 250 days	5	2,844	-	-	2,844
More than 251 days	7	77,320	-	-	77,320
<b>Total portfolio</b>	<b>305</b>	<b>2,037,760</b>	<b>-</b>	<b>-</b>	<b>2,037,760</b>

December 31, 2018					
Delinquency tranches Trade receivables, gross	N° of clients non-re-negotiated portfolio	Non-securitized portfolio		Renegotiated portfolio, gross	Total portfolio amount, gross
		Non-renegotiated portfolio, gross	N° clients renegotiated portfolio		
		M\$		M\$	M\$
Not yet due	185	1,393,702	-	-	1,393,702
Between 1 and 30 days	70	227,929	-	-	227,929
Between 31 and 60 days	38	124,783	-	-	124,783
Between 61 and 90 days	20	18,924	-	-	18,924
Between 91 and 120 days	11	25,211	-	-	25,211
Between 121 and 150 days	9	2,978	-	-	2,978
Between 151 and 180 days	2	735	-	-	735
Between 181 and 210 days	2	725	-	-	725
Between 211 and 250 days	2	1,445	-	-	1,445
More than 251 days	4	66,709	-	-	66,709
<b>Total portfolio</b>	<b>343</b>	<b>1,863,141</b>	<b>-</b>	<b>-</b>	<b>1,863,141</b>

c) The following tables set forth the detail of gross trade receivables for DCV Registros, 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					
Delinquency tranches Trade receivables, gross	N° of clients non-re-negotiated portfolio	Non-securitized portfolio		Renegotiated portfolio, gross	Total portfolio amount, gross
		Non-renegotiated portfolio, gross	N° clients renegotiated portfolio		
		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
<b>Total portfolio</b>	<b>494</b>	<b>903,543</b>	<b>-</b>	<b>-</b>	<b>903,543</b>



December 31, 2018		Non-securitized portfolio			
Delinquency tranches	N° of clients non-re-negotiated portfolio	Non-renegotiated portfolio, gross	N° clients renegotiated portfolio	Renegotiated portfolio, gross	Total portfolio amount, gross
Trade receivables, 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	-	-	-	-	-
<b>Total portfolio</b>	<b>630</b>	<b>1,039,211</b>	<b>-</b>	<b>-</b>	<b>1,039,211</b>

d) The criterion 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 age of the debt, 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	(94,687)	(74,682)
Additions	(119,701)	(83,598)
Deductions	101,988	63,593
<b>Credit risk loss allowance closing balance</b>	<b>(112,400)</b>	<b>(94,687)</b>

## Note 11 – Balances and related party transactions

### a) Transactions with DCV Registros S.A. (subsidiary)

The effect on results from transactions with DCV Registros S.A. as of December 31, 2019, corresponds to an expense of M\$ 894,170 and of M\$ 872,210 as of December 31, 2018. These amounts are an income for the parent company and an expense for the subsidiary, which originated on the provision of administration services and the lease of computer software from the parent company to the subsidiary. These amounts have been eliminated during the consolidation process.

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

Company	Relation	Currency	Service	12-31- 2019	12-31- 2018
				M\$	M\$
DCV Registros S.A.	Subsidiary	UF	Administration service	537,561	524,300
DCV Registros S.A.	Subsidiary	UF	Software lease	356,790	347,910
<b>Transactions with related parties</b>				<b>894,270</b>	<b>872,210</b>

### b) Senior management

DCV is managed by the Board and senior executives of Depósito Central de Valores S.A., Depósito de Valores. The Board is comprised of 10 directors among which there is a Chairman and a Vice-chairman. Also, there are four Committees comprised of 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 DCV. The compensation of directors as well as for senior management has been paid by the parent company for the years 2019 and 2018, and are part of the administration services provided by the parent company to the subsidiary.

The following table sets forth compensation paid as of December 31, 2019, and 2018:

Directors and senior management	12-31- 2019	12-31- 2018
	M\$	M\$
Directors	301,366	300,171
Senior management	1,487,069	1,289,600
<b>Total compensation</b>	<b>1,788,435</b>	<b>1,589,771</b>

### c) Transactions with related parties

i) Compensation paid to DCV's directors is included as expenses of the period under fees and temporary staff, contained in Note 23, Other expenses by nature.

ii) Compensation paid to DCV's senior management is included as expenses of the period under Salaries, contained in Note 22, Employee benefits expenses.

DCV has accounts receivable from related parties for services corresponding to the billing of DCV's business operations, whose contracts are set in UF, and do not generate interest or credit risk loss provisions.

The following table sets forth a detail of the related parties in the aforementioned situation:

RUT	Company	Relation	Currency	12-31- 2019	12-31- 2018
				M\$	M\$
90.294.000-0	Bolsa de Comercio de Santiago	Shareholder	UF	4,048	3,695
96.551.730-8	Bolsa Electrónica de Chile, Bolsa de Valores	Shareholder	UF	2,382	2,534
96.572.920-8	CCLV, Contraparte Central S.A.	Shareholder	UF	1,413	1,321
<b>Total accounts receivable from related parties</b>				<b>7,843</b>	<b>7,550</b>

These amounts were part of revenues from ordinary activities in the consolidated statement of income by nature. The effects on profit or loss of these transactions for the periods comprised between January 1 and December 31, 2019, and 2018, are set forth below:

RUT	Company	Relation	Currency	12-31- 2019	12-31- 2018
				M\$	M\$
90.294.000-0	Bolsa de Comercio de Santiago	Shareholder	UF	48,697	42,939
96.551.730-8	Bolsa Electrónica de Chile, Bolsa de Valores	Shareholder	UF	30,643	32,471
96.572.920-8	CCLV, Contraparte Central S.A.	Shareholder	UF	15,272	17,462
<b>Total accounts receivable from related parties</b>				<b>94,432</b>	<b>92,872</b>

### 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	40,938	48,309
Monthly provisional payments (PPM)	1,248,585	1,094,471
Taxes to be recovered	33,873	23,183
Income tax	(1,151,082)	(1,150,594)
<b>Total training expenses and PPM</b>	<b>172,314</b>	<b>15,369</b>
<b>Total income tax</b>	<b>-</b>	<b>-</b>

### Note 13 – Intangible assets distinct from goodwill

DCV's intangible assets correspond to information systems and development of information systems that are not an integral part of equipment, thus they are not disclosed in Property, plant, and equipment. These are identifiable assets whose future benefits, in general, are provided by the ordinary revenues and/or costs savings they generate and different returns derived from their use. The cost assigned to intangible assets is reliably determined as it is the payment to non-related third parties for development services. The assets under development maintained by DCV, are technically feasible to be completed, DCV intends to conclude their development so as for them to be used internally, will generate future benefits as they obey to needs related to internal improvement processes, have proper financial planning that ensures their sustainability, and are feasible to be valued efficiently as they are assets whose costs are related to their development.

The following table sets forth a detail of the intangible assets registered in the present consolidated financial statements:

Concept	12-31- 2019	12-31- 2018
	M\$	M\$
Training expenses	40,938	48,309
Monthly provisional payments (PPM)	1,248,585	1,094,471
Taxes to be recovered	33,873	23,183
Income tax	(1,151,082)	(1,150,594)
<b>Total training expenses and PPM</b>	<b>172,314</b>	<b>15,369</b>
<b>Total income tax</b>	<b>-</b>	<b>-</b>

a. Computer systems under development	Dec. 31, 2019	Dec. 31, 2018
	M\$	M\$
Proyecto evolucion - Nasdaq	2,676,944	1,482,094
Proyecto DCVe -Automatización Suite Funcional	123,439	-
Proyecto DCVe -migración de datos	116,479	13,368
Proyecto DCVe -middleware	107,768	25,845
Proyecto DCVe -Datos Históricos	69,949	-
Proyecto DCVe -Accesos No Participantes	59,991	-
Proyecto mejoras custodia internacional	51,271	34,469
Proyecto certificado dividendo con calificación tributaria	51,100	-
Proyecto ROADMAP Legado -Recorte Legado	28,214	-
Proyecto roadmap legado -VMS	26,698	3,260
Proyecto sistema gestión de personas	21,008	-
Proyecto automatización generacional informe financiero	9,877	-
Proyecto Liquidación de Facturas BPC	6,018	-
Proyecto DCVe -Web Service Bolsa/CCLV	4,816	-
Proyecto certificado de posición CI	4,444	4,444
Proyecto incorporación emisor Banco Chile	-	51,159
Proyecto mejoras JJAA	-	35,637
Proyecto DCVe -aceptación	-	16,300
Proyecto migración intranet	-	12,837
Proyecto DCVe -reportes	-	8,708
<b>Total computer systems under development</b>	<b>3,358,016</b>	<b>1,688,121</b>

The book carrying amount of computer systems under development as of December 31, 2019, includes MM\$3,159 related directly or indirectly to the implementation of the productive service developed together with Nasdaq. This item as a whole corresponds to 94.1% of outstanding developments during the year (91.6% in 2018).

b. Computer systems	Dec. 31, 2019	Dec. 31, 2018
	M\$	M\$
Bono reconocimiento afiliados activos	343,160	374,033
Mejoras SARA	207,275	280,753
Sistema Gestión de Personas	76,794	920
Evolutivo Sistemas DCV	70,202	-
Mejoras firma digital avanzada	64,795	89,877
Incorporación Emisor Banco de Chile	61,201	-
Mejoras Junta Accionistas	35,115	-
Solución escritorios virtuales	34,155	49,919
Homologación de browser	23,576	32,416
Informe automático emisores DCVR	20,506	27,342
Migración APCWIN a web	18,467	25,854
Cámara de derivados	8,632	23,431
Contratos forward	1,944	5,833
Implementación healthcheck EPM	1,324	5,295
Proyecto evolutivo sistemas DCV	-	223,220
ISO compra - venta	-	111,845
Proyecto prenda especial sobre valores en depósito	-	108,708
Mensajería ISO	-	81,051
Sistema gestión de ingresos	-	75,320
Proyecto sistema gestión de personas	-	66,003
Migración Sybase	-	50,478
Migración WAS 7	-	43,952
ISO fase II - prendas	-	41,290
Librería de Pruebas	-	31,699
Otros desarrollos de sistemas	3,661	230,523
<b>Total computer systems</b>	<b>970,807</b>	<b>1,979,762</b>
<b>Total intangible assets other than goodwill</b>	<b>4,328,823</b>	<b>3,667,883</b>

The detail of the movements of intangible assets other than goodwill as of December 31, 2019, and 2018 is set forth in the following table:

Concept	Computer systems under development	Computer systems	Total
	M\$	M\$	M\$
<b>Opening balance as of 01-01-2019</b>	1,688,121	1,979,762	3,667,883
Additions	1,992,482	322,587	2,315,069
Amortization expenses	-	(1,331,542)	(1,331,542)
Deductions or activations (*)	(322,587)	-	(322,587)
<b>Closing balance as of 12-31-2019</b>	<b>3,358,016</b>	<b>970,807</b>	<b>4,328,823</b>

Concept	Computer systems under development	Computer systems	Total
	M\$	M\$	M\$
<b>Opening balance as of 01-01-2018</b>	855,420	2,465,899	3,321,319
Additions	1,967,494	1,123,088	3,090,582
Amortization expenses	-	(1,609,225)	(1,609,225)
Deductions or capitalizations (*)	(1,134,793)	-	(1,134,793)
<b>Closing balance as of 12-31-2018</b>	<b>1,688,121</b>	<b>1,979,762</b>	<b>3,667,883</b>

(\*) Deductions or capitalizations: as of December 31, 2019, and 2018 correspond to computer systems under development that once concluded and in operation, are transferred to computer systems, thus beginning their amortization period. It also considers computer systems projects charged-off by DCV.

The following table sets forth a detail of the accumulated amortization of intangible assets other than goodwill as of December 31, 2019, and 2018:

Concept	Dec. 31, 2019	Dec. 31, 2018
	M\$	M\$
<b>Opening balance</b>	(3,940,425)	(2,331,200)
Amortization of the period	(602,861)	(847,140)
Accelerated amortization of the period	(728,681)	(762,085)
Deductions or transfers	-	-
<b>Closing balance</b>	<b>(5,271,967)</b>	<b>(3,940,425)</b>

The detail of the useful lives of intangible assets is the following:

Concept	Minimum useful life or rate (months)	Maximum useful life or rate (months)
Computer systems	48	72

Senior management periodically assesses the useful life of computer systems based on the usage tranche of each system. Thus, during the year 2018, these procedures revealed that the estimation of the useful life of certain computer systems developed by DCV required precision. In line with the aforementioned, the useful life of the said computer systems was modified generating an effect on profit or loss – a higher amortization expense – of M\$728,681 as of December 31, 2019 (M\$762,085 as of December 31, 2018).

#### Development costs

Capitalized development costs include MM\$3,159 representing the costs and disbursements of the development of the DCVe project. Outstanding commitments for the acquisition of intangible assets reach MM\$1,495.

Management has conducted an impairment test. The recoverable amount of the UGE that included these development costs (DCVe project) was estimated based on the present value of the expected effective future cash flows (value in use), assuming the implementation and operation is in November 2020 and using a discount rate (including tax shields) of 5.14% and a terminal value growth rate of 1.6%. The estimated recoverable UGE amount was larger than its book value so no impairment was recognized.

#### Note 14 – 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\$
<b>Leasing</b>		
Fixed assets under lease (*)	903,244	916,969
<b>Plant and equipment</b>		
Furniture and supplies	317,501	398,111
Office machines	196,612	224,945
Security equipment	108,270	141,180
<b>IT equipment</b>		
Hardware	3,902,005	2,731,982
Software	3,074,050	3,329,634
<b>Land and buildings</b>		
Buildings	348,815	348,815
Land	37,243	37,243
<b>Facilities and accessories</b>		
Facilities	1,189,796	1,056,028
<b>Others</b>		
Right-of-use (**)	3,977,480	-
Other fixed assets	77,797	61,507
<b>Accumulated depreciation</b>		
Fixed assets under lease (*)	(327,503)	(304,167)
Furniture and supplies	(209,627)	(330,548)
Office machines	(167,442)	(168,005)

Security equipment	(83,370)	(94,407)
Hardware	(1,890,109)	(1,727,336)
Facilities	(483,712)	(836,494)
Right-of-use	(258,731)	-
Other fixed assets	(44,741)	(37,051)
Buildings	(74,131)	(66,189)
Software	(2,477,339)	(2,333,012)
<b>Total property, plant, and equipment</b>	<b>8,116,108</b>	<b>3,349,205</b>

(\*) As of December 31, 2019, fixed assets under lease is comprised of Building for M\$572,642 (M\$586,367 in 2018), Land for M\$143,689 (M\$143,689 in 2018), Facilities for M\$107,919 (M\$107,919 in 2018), Furniture for M\$42,943 (M\$42,943 in 2018) and Printing equipment for M\$36,051 (M\$36,051 in 2018).

(\*\*) 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\$3,718,749. The accounting of these assets is similar to that of a lease contract but is presented under Other Fixed Assets to be observed independent of the financing activities carried out by DCV.

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\$
<b>Leasing</b>		
Fixed assets under lease	575,741	612,802
<b>Plant and equipment</b>		
Furniture and supplies	107,874	67,563
Office machines	29,170	56,940
Security equipment	24,900	46,773
<b>IT equipment</b>		
Hardware	2,011,896	1,004,646
Software	596,711	996,622
<b>Land and buildings</b>		
Buildings	274,684	282,626
Land	37,243	37,243
<b>Facilities and accessories</b>		
Facilities	706,084	219,534
<b>Others</b>		
Right-of-use (*)	3,718,749	-
Other fixed assets	33,056	24,456
<b>Total property, plant, and equipment</b>	<b>8,116,108</b>	<b>3,349,205</b>

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
<b>Facilities and accessories</b>		
Facilities	3	10
<b>IT equipment</b>		
Hardware	3	10
Software	2	4
<b>Leasing</b>		
Buildings	50	50
Computational	3	6
Others	3	6
<b>Buildings</b>		
Buildings	50	50
<b>Plant and equipment</b>		
Furniture and supplies	3	10
Office machines	2	10
Security equipment	3	10
<b>Other property, plant, and equipment</b>		
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	Land and buildings	Leasing	Others	Right-of-use (*)	Total
	M\$	M\$	M\$			M\$	M\$	M\$
<b>Opening balance as of 01-01-2019</b>	<b>219,534</b>	<b>2,001,268</b>	<b>171,276</b>	<b>319,869</b>	<b>612,802</b>	<b>24,456</b>	<b>-</b>	<b>3,349,205</b>
Additions	569,992	1,252,642	70,942	-	-	16,293	3,977,480	5,887,349
Depreciation expenses	(83,442)	(645,303)	(80,274)	(7,942)	(23,336)	(7,693)	(258,731)	(1,106,721)
Deductions	-	-	-	-	(13,725)	-	-	(13,725)
Changes due to transfers	-	-	-	-	-	-	-	-
<b>Closing balance as of 12-31-2019</b>	<b>706,084</b>	<b>2,608,607</b>	<b>161,944</b>	<b>311,927</b>	<b>575,741</b>	<b>33,056</b>	<b>3,718,749</b>	<b>8,116,108</b>

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

Concept	Facilities and accessories	IT equipment	Plant and equipment	Land and buildings	Leasing	Others	Right-of-use (*)	Total
	M\$	M\$	M\$			M\$	M\$	M\$
<b>Opening balance as of 01-01-2018</b>	<b>264,338</b>	<b>1,583,970</b>	<b>173,870</b>	<b>327,812</b>	<b>657,065</b>	<b>5,614</b>	<b>-</b>	<b>3,012,669</b>
Additions	48,488	970,516	81,436	-	-	24,727	-	1,125,167
Depreciation expenses	(93,292)	(553,218)	(83,575)	(7,943)	(33,034)	(5,885)	-	(776,947)
Deductions	-	-	(455)	-	-	-	-	(455)
Changes due to transfers	-	-	-	-	(11,229)	-	-	(11,229)
<b>Closing balance as of 12-31-2018</b>	<b>219,534</b>	<b>2,001,268</b>	<b>171,276</b>	<b>319,869</b>	<b>612,802</b>	<b>24,456</b>	<b>-</b>	<b>3,349,205</b>

## Note 15 – 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	431,069	-	431,069	391,003	-	391,003	40,066	-
Indemnity provision in equity	82,626	-	82,626	58,812	-	58,812	-	23,814
Vacations provision	213,226	-	213,226	185,189	-	185,189	28,037	-
Progressive vacations provision	-	-	-	5,899	-	5,899	(5,899)	-
System's development	267,378	-	267,378	131,545	-	131,545	135,833	-
SARA – SADE system	-	-	-	-	-	-	-	-
BRA project, activated	23,347	-	23,347	48,421	-	48,421	(25,074)	-
Leasing obligations	105,665	-	105,665	129,633	-	129,633	(23,968)	-
Various provisions	72,269	-	72,269	94,523	-	94,523	(22,254)	-
Bad debts	32,823	-	32,823	25,565	-	25,565	7,258	-
Right-to-use	77,645	-	77,645	-	-	-	-	77,645
Right-to-use debt	1,032,694	-	1,032,694	-	-	-	1,032,694	-
Financial right-to-use assets	-	(1,004,062)	(1,004,062)	-	-	-	(1,004,062)	-
Purchase option advance	22,972	-	22,972	22,973	-	22,973	(1)	-
Furniture and equipment	901,633	(808,635)	92,998	518,325	(499,668)	18,657	74,341	-
Assets under leasing	-	(155,450)	(155,450)	-	(165,457)	(165,457)	10,007	-
Capitalized expenses (facilities)	-	(182,807)	(182,807)	-	(142,597)	(142,597)	(40,210)	-
Facilities	-	(43,650)	(43,650)	-	(42,009)	(42,009)	(1,641)	-
Derivatives	-	-	-	-	-	-	-	-
<b>Total deferred taxes</b>	<b>3,263,347</b>	<b>(2,194,604)</b>	<b>1,068,743</b>	<b>1,618,712</b>	<b>(849,731)</b>	<b>768,981</b>	<b>198,303</b>	<b>101,459</b>

Deferred tax assets and liabilities are presented in net form for each company that is consolidated in DCV's statements of financial position. As of December 31, 2019, and 2018, the parent company has a net deferred tax asset of M\$1,068,743 and M\$768,981, respectively.

## Note 16 – Other financial liabilities

DCV maintains the following financial liabilities:

- A financial lease with Banco Santander that corresponds to the acquisition and enabling of the fourth floor of the Burgos building. The latter is within DCV's operational continuity plan. This lease has a 15-year term, a UF +4.88% annual interest rate, and originated in 2008. The monthly installment reaches UF 320.55 and matures in November 2023.
- A lease with Ricoh Chile S.A. for printing machines for DCV's offices. This lease has a 3-year term (36 months) and a 15% annual interest rate. The monthly installment reaches UF 46.26 and matures in March 2020.



- A bank loan acquired in December 2019 with a 12-month term (maturing in December 2020) and a 1% annual interest rate. This loan was taken from BCI bank, a banking entity that has a 2.1% indirect interest in DCV, as it owns 7% of Sociedad Interbancaria de Depósito de Valores which in turn owns directly 30% of DCV's shares. Also, one of the current directors of DCV works at the said bank.

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

Other financial liabilities, current	12-31- 2019	12-31- 2018
	M\$	M\$
Bank loans	2,127,563	-
Interest from bank loans	(21,135)	-
Leasing installments	112,824	121,335
Deferred interest, payable	(16,961)	(22,278)
Lease liabilities	417,796	-
Forwards contracts	-	25,275
<b>Total other financial liabilities, current</b>	<b>2,620,087</b>	<b>124,332</b>

Other financial liabilities, non-current	12-31- 2019	12-31- 2018
	M\$	M\$
Bank loans	-	-
Interest from bank loans	-	-
Leasing installments	317,617	419,127
Deferred interest, payable	(22,128)	(38,061)
Lease liabilities	3,694,572	-
Forwards contracts	-	-
<b>Total other financial liabilities, non-current</b>	<b>3,990,061</b>	<b>381,066</b>
<b>Total financial liabilities</b>	<b>6,610,148</b>	<b>505,398</b>

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

The aforementioned lease financing was conducted by Banco Santander, banking entity with an 8.79% indirect interest in DCV as it owns 19.29% of Sociedad Interbancaria de Depósito de Valores which in turn owns directly 30% of DCV's shares. Also, one of the current directors of DCV works at the said bank. The financing operation was conducted in line with current market conditions at the moment of the agreement. As of December 31, 2019, and 2018, the amount associated with this concept reaches M\$4387,513 and M\$462,675, respectively, and is presented under Other Financial liabilities current and non-current.

The following table sets forth the distribution of leasing installments until maturity:

	90 days	More than 90 days and up to a year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
<b>Facilities</b>								
Capital	22,585	69,439	96,623	101,439	97,427			387,513
Interest	4,637	12,234	12,279	7,455	2,394			38,999
<b>Derivatives</b>								
Forwards		-	-	-	-	-	-	-
<b>Furniture</b>								
Capital	3,839							3,839
Interest	90							90
<b>Total installments</b>	<b>31,151</b>	<b>81,673</b>	<b>108,902</b>	<b>108,894</b>	<b>99,821</b>			<b>430,441</b>

The following table sets forth the reconciliation between financial liabilities and cash flows:

Other financial liabilities (current and non-current)	Balance as of 01-01-2019	Originated	Used	Total	Other movements	Balance as of 12-31-2019
	M\$	M\$	M\$	M\$	M\$	M\$
Bank loans	-	2,105,884	-	2,105,884	544	2,106,428
Leasing installments	480,123	-	-	-	(88,771)	391,352
Leasing liabilities	-	-	(172,835)	(172,835)	4,285,203	4,112,368
Forward contracts	25,275	-	-	-	(25,275)	-
Dividends paid	-	-	(327,523)	(327,523)	327,523	-
<b>Total Other financial liabilities</b>	<b>505,398</b>	<b>2,105,884</b>	<b>(500,358)</b>	<b>1,605,526</b>	<b>4,499,224</b>	<b>6,610,148</b>

## Note 17 – 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 (*)	1,722,405	1,615,902
Invoices to be received	478,109	416,575
<b>Trade payables and other accounts due</b>	<b>2,200,514</b>	<b>2,032,477</b>

(\*) As of December 31, 2019, and 2018, the amount due for operating insurance reaches M\$1,173.666 and M\$1,079,638, 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	40,742	-	-	40,742
Services	2,159,772	-	-	2,159,772
<b>Total</b>	<b>2,200,514</b>	<b>-</b>	<b>-</b>	<b>2,200,514</b>

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	11,336	-	-	11,336
Services	1,403,221	304,110	-303,653	2,010,984
Others	-	10,157	-	10,157
<b>Total</b>	<b>1,414,557</b>	<b>-</b>	<b>-</b>	<b>2,032,477</b>

## Note 18 – Provisions for employee benefits

### Provisions for employee benefits, current

The following table sets forth the detail of the carrying amounts under Provisions for employee benefits, which include employee vacations, bonuses for the achievement of goals, and other employee provisions:

Provision	12-31- 2019	12-31- 2018
	M\$	M\$
Employee vacations	789,725	707,733
Employee bonuses	1,223,307	1,142,553
Other employee provisions	-	108,576
<b>Total provisions for employee benefits, current</b>	<b>2,013,032</b>	<b>1,958,862</b>

The following tables set forth the movements pertaining to provisions for employee vacations and bonuses, and other provisions, current:

Provision	Vacations	Bonuses	Other employee provisions	Total
	M\$	M\$	M\$	M\$
Opening balance as of 01-01-2019	707,733	1,142,553	108,576	1,958,862
Additions	743,062	1,302,074	150,540	2,195,676
Reductions	(661,070)	(1,221,320)	(259,116)	(2,141,506)
Closing balance as of 12-31-2019	789,725	1,223,307	-	2,013,032

Provision	Vacations	Bonuses	Other employee provisions	Total
	M\$	M\$	M\$	M\$
Opening balance as of 01-01-2018	625,957	1,185,894	108,451	1,920,302
Additions	552,746	1,142,553	106,516	1,801,815
Reductions	(470,970)	(1,185,894)	(106,391)	(1,763,255)
Closing balance as of 12-31-2018	707,733	1,142,553	108,576	1,958,862

These provisions are registered per what is stated in Note 3d). DCV 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 of the obligation.

The carrying amount of the bonus provisions as of December 31, 2019, reaches M\$1,223,307 (M\$1,142,553 as of December 31, 2018). The effect on profit or loss as of December 31, 2019, and 2018, amounts to M\$1,175,733 and M\$1,083,856, respectively.

#### Provisions for employee benefits, non-current

In addition, DCV implemented a defined benefit plan for certain employees defined as indemnification for years of service. The cost related to this benefit is obtained through the projected unit credit method actuarial calculation, in line with IAS 19 Employee Benefits. The provision as of December 31, 2019, and 2018 reached M\$1,902,567 and M\$1,655,772, respectively.

The following table sets forth a detail of the carrying amounts under this item:

Provision	12-31-2019	12-31-2018
	M\$	M\$
Indemnification	1,902,257	1,655,772
Total provisions for employee benefits, non-current	1,902,257	1,655,772

The following table sets forth a reconciliation of the defined benefits obligation, a detail of the expenses as of December 31, 2019, and 2018, and principal assumptions used in the determination of the obligation:

Effects due to actuarial calculation	31-Dec-19	31-Dec-18
	M\$	M\$
Opening balance	1,655,772	1,398,655
Interest expense	27,037	26,185
Service cost attributable to the current period	131,558	118,901
Services paid during the period	-	-
Expected obligation	(1,814,368)	(1,543,741)
Obligation at the close of the period	1,902,567	1,655,772
Hypothesis actuarial gain (loss)	54,667	25,886
Experience actuarial gain (loss)	33,532	86,145
Actuarial gains (losses)	88,199	112,031

Deferred tax effects	31-Dec-19	31-Dec-18
	M\$	M\$
Actuarial gain (loss) – IAS update	(88,199)	(112,031)
Deferred asset	23,814	30,248
<b>Total other comprehensive income</b>	<b>(64,385)</b>	<b>(81,783)</b>

The details to conduct the fair value reconciliation are the following:

- Interest rate according to the interest rate discount vector informed by the Regulator for actuarial calculations of insurance companies.
- Expected average rate of salary increases equivalent to 2%.
- Average employee turnover rate defined by sex and age, with historical data, equivalent to 5%.
- Mortality table RV-2014 issued by the CMF.
- Other significant actuarial assumptions: legal retirement age by sex, 65 years for men and 60 years for women.

The present value of the obligation with employees is reviewed and adjusted quarterly by monitoring the changes in the aforementioned calculation parameters

### Note 19 – Other non-financial liabilities, current

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

Concept	12-31- 2019	12-31- 2018
	M\$	M\$
Dividends payable (*)	903,108	327,523
Pension retentions	136,928	129,556
Monthly taxes (VAT and others)	124,840	131,372
Others	108,227	94,631
<b>Total non-financial liabilities, current</b>	<b>1,273,103</b>	<b>683,082</b>

(\*) Total dividends payable is the provisioned amount, per described in Note 20 – Capital and reserves, letter d).

### Note 20 – Capital and reserves

#### a) Dividends paid by Depósito Central de Valores S.A.

- On March 27, 2019, was approved the payment of final dividend N°32 for M\$327,523, equivalent to \$2,098 per share.
- On September 25, 2018, was approved the payment of interim dividend N°31 for M\$202,165 equivalent to \$1,295 per share.
- On March 27, 2018, was approved the payment of final dividend N°30 for M\$202,165, equivalent to \$1,295 per share.

#### b) Paid-in capital and number of shares

As per prescribed by Article 33 of the Rules of Procedure of the Chilean Stock Corporations Law, by public deed dated August 26, 1999, granted at the notary office of René Benavente Cash, a statement was recorded regarding the expiration of the six-year-period set by the Extraordinary Meeting of Shareholders to pay the capital increase in full. Thus, considering that 7,000 shares were not paid-in by shareholders within the stated period, DCV's total outstanding shares amount to 156,112.

### c) Minimum equity

The assessment of the minimum required capital by the Financial Market Commission is the following:

Concept	12-31- 2019	12-31- 2018
	M\$	M\$
Paid-in capital	4,089,817	4,089,817
Other reserves	-	-
Other comprehensive income	(225,574)	(161,189)
Accumulated earnings (losses)	11,770,420	9,873,580
Non-controlling interests	1	1
<b>Book value of equity</b>	<b>15,634,664</b>	<b>13,802,209</b>
<b>Equity for the CMF (UF)</b>	<b>552,268</b>	<b>500,701</b>
<b>Equity required by the CMF (UF)</b>	<b>30,000</b>	<b>30,000</b>

### d) Capital management

The objective of DCV in managing its capital is to maintain an adequate capitalization level that allows it to secure access to financial markets to develop its goals, optimize shareholder return, and maintain a solid financial position.

### e) 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\$903,108 and M\$327,523, respectively. This dividend provision is made to comply with the legal requirement to distribute among shareholders at least 30% of annual net income.

### f) Dividends

Concept	12-31- 2019	12-31- 2018
	M\$	M\$
Interim dividend		468,336
Mandatory dividend (interim)	903,108	327,523
<b>Total dividends</b>	<b>903,108</b>	<b>795,859</b>

At the Meeting of Shareholders held on March 26, 2019, was approved the distribution and payment of a final dividend amounting to M\$327,523. This amount added to the interim dividend approved by the Board on September 25, 2018, for M\$468,336, corresponds to the distribution of 30% of the net income of 2018.

### g) Other comprehensive income

This item originates in the actuarial result due to the changes in the indemnification for years of service, in line with IAS 19 Employee Benefits. The effect (net of taxes) as of December 31, 2019, and 2018, reaches M\$64,385 and M\$81,783, respectively.

Other comprehensive income	12-31- 2019	12-31- 2018
	M\$	M\$
Opening balance IAS	(161,189)	(79,406)
Actuarial result – IAS update	(88,199)	(112,031)
Deferred asset	23,814	30,248
<b>Total other comprehensive income</b>	<b>(225,574)</b>	<b>(161,189)</b>

## Note 21 – Revenues from ordinary activities

The following table sets forth consolidated revenues and discounts for the periods ended December 31, 2019, and 2018:

Concept	12-31- 2019	12-31- 2018
	M\$	M\$
Gross revenues	27,301,493	25,399,532
Commercial discounts	(1,795,758)	(1,934,251)
Service discounts	(1,634,112)	(1,538,259)
<b>Total discount</b>	<b>(3,429,870)</b>	<b>(3,472,510)</b>
<b>Net revenues</b>	<b>23,871,623</b>	<b>21,927,022</b>

The services offered by Depósito Central de Valores S.A. are affected by two types of discounts. The first is applied over the total billed amount and reached 9.6% on average during 2019 and 11% during 2018. The second discount is applied depending on the type of service: 9% for securities custody; 4% for transaction registers; 22% for securities administration; and 15% over the monthly fixed charge. Shareholders register services are not subject to these discounts.

The following table sets forth gross revenues (excluding discounts) for DCV detailed by the type of service generating them:

Concept	12-31- 2019	12-31- 2018
	M\$	M\$
Securities custody	10,416,248	9,673,590
Principal account service	4,248,144	3,966,287
Purchase and sale register	2,787,400	2,691,904
General charges	1,272,309	1,235,870
International custody	776,377	618,486
Securities deposit	547,160	474,141
Transaction register	349,015	314,478
Securities administration	274,168	295,359
Transfer register	200,418	193,995
Opening of additional accounts	174,342	188,395
Forward contracts	125,492	123,128
Special portfolio valuation	107,952	101,165
Active affiliate recognition bonds service	102,696	96,396
Balance certificates	98,186	112,051
Electronic pledge register	97,918	79,292
Mining guarantees custody	17,742	13,991
Withdrawal of securities from custody	7,468	8,550
Deposit and withdrawal of OSAS	-	247.00
ISIN code assignment	-	68
<b>Total Securities custody</b>	<b>21,603,035</b>	<b>20,187,393</b>
Shareholders register fixed charge	4,063,512	3,573,450
Other operating revenues	459,705	435,670
Judicial reports charge	305,691	299,482
Shareholders meetings charge	296,298	327,508
Dividend payments	289,505	254,761
Rights issuance processes	111,147	186,882
Tax certificates	101,090	70,773
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
<b>Total Shareholders register administration</b>	<b>5,698,458</b>	<b>5,212,139</b>
<b>Gross revenues</b>	<b>27,301,493</b>	<b>25,399,532</b>

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

Consolidated gross revenues as of December 31, 2019, are divided into revenues from securities custody and settlement (79.1% in 2019 and 79.5% in 2018) and revenues from the administration of shareholders registers (20.9% in 2019 and 20.5% in 2018).

## Note 22 – Employee benefits expenses

The following table sets forth the detail of employee expenses for the periods ended December 31, 2019, and 2018:

Concept	12-31- 2019	12-31- 2018
	M\$	M\$
Salaries	8,463,357	7,719,480
Bonuses	1,175,733	1,083,856
Social laws and sick leave	252,283	258,925
Indemnities and settlements	201,379	117,881
Indemnification for years of service	158,595	145,086
Training	112,892	176,581
Other employee expenses (*)	769,813	709,863
<b>Total employee benefits expenses</b>	<b>11,134,052</b>	<b>10,211,672</b>

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

Concept	12-31- 2019	12-31- 2018
	M\$	M\$
Collation	215,510	209,755
Medical insurance	169,595	170,457
Other employee expenses	131,857	130,403
Other benefits	125,782	103,418
Recruitment	58,871	29,582
Office cafeteria	52,578	50,020
Work uniforms	14,244	14,907
Inscriptions	1,376	1,321
<b>Total other employee expenses</b>	<b>769,813</b>	<b>709,863</b>

## Note 23 – Other expenses by nature

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

Other expenses by nature	12-31- 2019	12-31- 2018
	M\$	M\$
Maintenance of Infrastructure and systems	1,621,239	1,425,724
External advisory	1,165,925	804,336
Operating insurance	933,045	869,978
Other operating expenses	677,780	626,591
Buildings and facilities	471,825	669,896
Communications	380,773	396,171
Fees and temporary personnel	309,883	312,765
Other general expenses	259,505	263,245
Outsourced employees	254,068	150,937
Meetings, travel and others	176,042	133,113
General insurance	104,212	98,431
Marketing expenses	100,724	127,921
Patents, taxes and rights	96,275	79,311
Office supplies	90,988	102,420
Telephone expenses	45,246	48,628
<b>Total other expenses by nature</b>	<b>6,687,530</b>	<b>6,109,467</b>

(\*) In the year 2019, this item includes M\$401,458 for direct operating expenses of the International Service (M\$358,106 in 2018), M\$146,881 for national operating expenses (M\$137,570 in 2018), and M\$129,441 for mechanization and printing expenses (M\$130,915 in 2018).

Within Other General Expenses is contained the portfolio administration service conducted by Santander Private Banking, a division of Banco Santander, banking entity with an 8.79% indirect interest in DCV as it owns 19.29% of Sociedad Interbancaria de Depósito de Valores which in turn directly owns 30% of DCV's shares. Also, one of the current directors of DCV works at the said bank. The award of DCV's portfolio administration was conducted based on an assessment process that considered economic and commercial conditions offered by Banco Santander, as well as by other banking institutions. As of December 31, 2019, and 2018, fees paid for this concept are presented under "Other operating expenses by nature" and amount to M\$12,648 and M\$10,846, respectively.

## Note 24 – Other gains (losses)

As of December 31, 2019 and 2018, concepts related to remuneration of average balances, financial interests and office leases, among others, are recorded in income, while expenses correspond to amounts related to penalties and other:

Concept	12-31- 2019	12-31- 2018
	M\$	M\$
<b>Non-operating income</b>		
Balance compensation	104,382	80,439
Office rent	46,587	29,642
Other income	39,045	13,315
Gains from the sale of fixed assets	98	3,018
<b>Non-operating expenses</b>		
Other non-operating expenses	(30,658)	(3,137)
Losses from the sale of fixed assets	-	(455)
Other non-operating expenses	(2,858)	(2,732)
<b>Total other gains (losses)</b>	<b>156,596</b>	<b>120,090</b>



## Note 25 – Financial income

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

Concept	12-31- 2019	12-31- 2018
	M\$	M\$
Interest income from investments	263,793	167,340
Translation gains from Santander portfolio	77,855	7,048
Capital gains on mutual fund investments	38,002	30,489
Gain on forward contracts	18,648	21,907
<b>Total other gains (losses)</b>	<b>398,298</b>	<b>226,784</b>

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	153,262	11,457
Sovereign bonds	57,026	6,395
Bank and corporate bonds	53,505	149,488
<b>Total interest income from investments</b>	<b>263,793</b>	<b>167,340</b>

## Note 26 – Financial expenses

Financial expenses consider interest paid for the acquisition of assets financed through a finance lease and expenses associated with hedging financial instruments as follows:

Concept	12-31- 2019	12-31- 2018
	M\$	M\$
Interest paid on leases	19,198	24,311
Other financial expenses	-	5,609
Right-to-use interests (*)	74,689	-
<b>Total financial expenses</b>	<b>93,887</b>	<b>29,920</b>

(\*) Corresponds to the recognition of the application of IFRS 16 Leases, related to the treatment of the leases of the offices located at the Burgos building, floors 3<sup>rd</sup> and 12<sup>th</sup>, and Santa María Tower (M\$8,128, M\$51,628 and M\$14,933, respectively).

## Note 27 – Income tax expense

The following table sets forth the detail of income tax expenses:

Concept	12-31- 2019	12-31- 2018
	M\$	M\$
<b>Income tax expense</b>		
Current period	(1,151,082)	(1,150,594)
Single tax Article 21 Income Tax Law (LIR)	-	(2,288)
Tax surplus	233	-
<b>Total</b>	<b>(1,150,849)</b>	<b>(1,152,882)</b>
<b>Deferred tax expense</b>		
Origin and reversal of temporary differences	198,303	303,310
<b>Total</b>	<b>198,303</b>	<b>303,310</b>
Income tax expense excluding taxes over the sale of continuing operations and share of income tax of investments accounted for by the equity method	(952,546)	(849,572)
<b>Total income tax expenses</b>	<b>(952,546)</b>	<b>(849,572)</b>

The following table sets forth the reconciliation for the effective tax rate:

Concept	12-31-2019	Effective rate	12-31-2018	Effective rate
	M\$	%	M\$	%
Net income for the period	3,009,879		2,652,623	
Total tax expense	(952,546)		(849,572)	
<b>Net income before taxes</b>	<b>3,962,425</b>		<b>3,502,195</b>	
Income tax expense	(1,151,082)		(1,152,882)	
Tax surplus	233		-	
Deferred taxes	198,303		303,310	
<b>Total expense</b>	<b>(952,546)</b>	<b>-24.04%</b>	<b>(849,572)</b>	<b>-24.26%</b>
Tax rate over net income (before taxes)	1,069,854	27.00%	945,593	27.00%
Adjustment Article 72 Income Tax Law (LIR)	(673)	-0.02%	-	-
Single tax Article 21 Income Tax Law (LIR)	-	-	2,288	0.07%
Permanent differences	(116,635)	-2.94%	(98,309)	-2.81%
<b>Total reconciliation</b>	<b>952,546</b>	<b>24.04%</b>	<b>849,572</b>	<b>24.26%</b>

## Note 28 – 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	3,009,879	2,652,623
Shares outstanding	156,112	156,112
<b>Total basic earnings per share</b>	<b>19.280</b>	<b>16.992</b>

DCV's shares are not publicly traded and the Company is not in the process of issuing stock in public stock markets. Thus, concerning 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. DCV has not issued convertible debt or any other equity securities, hence, there are no dilutive effects on earnings per share.

## Note 29 – Leases

DCV has leases grouped in the following way:

### a) As a lessee (IFRS 16)

#### a.1) Right-to-use assets

DCV registers under IFRS 16 all property lease contracts. Previously, these leases were classified as operating leases under IAS 17. Right-to-use assets related to property leases are presented under property, plant, and equipment (see movements in Note 14.d).

DCV also leases equipment previously classified as finance leases under IAS 17 (see Note 14).

DCV also leases facilities in the short term and has chosen not to recognize right-to-use assets or lease liabilities related to these leases.

Office leases	12-31- 2019	12-31- 2018
	M\$	M\$
Offices at Burgos, 3 <sup>rd</sup> floor (1)	-	66,117
Offices at Burgos, 12 <sup>th</sup> floor (2)	-	211,704
Offices at Huérfanos 20 <sup>th</sup> floor (3)	30,957	30,178
Offices at Huérfanos, 22 <sup>nd</sup> floor (4)	63,770	62,188
Offices at Providencia, 6 <sup>th</sup> floor (5)	23,769	-
<b>Total basic earnings per share</b>	<b>118,496</b>	<b>370,187</b>

(1) Lease agreed on a five-year term with Fegomi S.A. This lease started in the year 2016 and ends in July 2021, and operations of the parent company are conducted at this facility. Beginning in 2019 with the application of IFRS 16 Leases, this lease contract was capitalized generating a right-to-use, the obligation, and respective depreciation.

(2) Lease from Inmobiliaria Alsacia S.A. This lease originated in 2008 and matures in December 2022. The headquarters of Depósito Central de Valores S.A. are in this building. Beginning in 2019 with the application of IFRS 16 Leases, this lease was capitalized, generating a right-to-use, the obligation, and respective depreciation.

(3) Lease from Soluciones Tecnológicas de Negocios SpA for the offices located at Edificio Santiago 2000, 20<sup>th</sup> floor. The parent company's operations are conducted at this facility. This lease commenced in the year 2012 and matures in February 2020.

(4) Lease from Inmobiliaria Helvetia LTDA. for the offices located at Edificio Santiago 2000, 22<sup>nd</sup> floor. The operations of the subsidiary DCV Registros S.A. are conducted at this facility. This lease originated in 2005 and matures in April 2020.

(5) Lease from InterCap for the offices located on the 6<sup>th</sup> floor of Edificio Proespacio. This facility houses the operations of the parent company. The lease began in 2019 and matures in December 2019.

a.2) Amounts recognized in profit or loss:

2019 – Leases under IFRS 16	
	M\$
Interest on lease liabilities	(74,689)
Expenses related to short-term leases	(258,731)

2018 – Operating leases under IAS 17	
	M\$
Lease expenses	(370,187)

a.3) Amounts recognized in the statement of cash flows:

Cash outflows from leases	
	M\$
Total cash outflows from leases	(172,835)

a.4) Production site's leases

Concept	12-31-2019	12-31-2018
	M\$	M\$
Remote site lease	43,096	27,497
Production site lease	213,442	188,529
<b>Total site's leases</b>	<b>256,538</b>	<b>216,026</b>

These leases are for physical space especially enabled as well as for equipment to replicate DCV's central technological facilities. The latter is part of DCV's contingency and operational continuity plans. The cost of these leases is presented under "Other expenses by nature" in the consolidated statements of income.

## Note 30 – Contingencies

### a) Responsibility for securities custody

As of December 31, 2019, and 2018, DCV maintains instruments in custody according to the following detail:

Concept	31-Dec-19	31-Dec-18
	MM\$	MM\$
Fixed income	127,734,426	118,033,098
Equity	70,354,089	79,540,313
Financial intermediation	56,691,971	49,465,286
International custody	2,989,069	3,064,815
Recognition bonds	957,330	1,312,807
<b>Total responsibility for securities custody</b>	<b>258,726,885</b>	<b>251,416,319</b>

For these instruments, DCV has contracted insurance following the prescriptions of Law 18,876.

### Official loyalty policy 2019-2020

Policy	Insurance company	Currency	Insured amount	Deductible	Premium
BBB – PRI	Southbridge	UF	1,066,577	4,600	8,313
BBB – XS1	Southbridge	UF	561,356	1,066,577	2,071
BBB – XS2	Southbridge	UF	6,872,067	1,627,933	19,355
		UF	<b>8,500,000</b>	<b>2,699,110</b>	

### Covered risks

- 1) Fidelity
- 2) Local
- 3) Transit
- 4) Cashier's check forgery
- 5) Extensive forgery – Titles and/or Securities
- 6) Money and/or Currency forgery
- 7) Offices and contents
- 8) Computer crimes LSW983

### Exclusion

- 1) Cyberattacks
- 2) War and terrorism
- 3) Asset laundering
- 4) Absolute bills of lading

### b) Responsibility for funds for dividend payments

As of December 31, 2019, and 2018, DCV 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
<b>Total issuer funds for dividend payments</b>	<b>5,412,676</b>	<b>3,347,575</b>

### **c) Trials and litigation**

DCV is not involved in relevant judgements or litigation that may eventually have significant financial impacts.

#### **Note 31 – Environment**

Due to its nature, DCV is not subject to payments related to improvements and/or investments in production 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 32 – Research and development**

As of December 31, 2019, and 2018, DCV has not recorded payments of any kind related to research and development. Developments correspond to Computer Systems activated under Intangible assets other than goodwill.

#### **Note 33 – Sanctions**

During the years 2019 and 2018, and as of the date of the present report, the Financial Market Commission, CMF and other administrative authorities have not sanctioned DCV, its Directors or senior management.

#### **Note 34 – Subsequent events**

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

## Reasoned analysis

### Analysis of the Consolidated Statements of Financial Position

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

Principal categories	Unit	12-31- 2019	12-31- 2018	Change	
				M\$	%
Current assets	M\$	10,726,038	11,890,698	(1,164,660)	-9.79%
Non-current assets	M\$	18,907,990	8,747,102	10,160,888	116.16%
<b>Total assets</b>	<b>M\$</b>	<b>29,634,028</b>	<b>20,637,800</b>	<b>8,996,228</b>	<b>43.59%</b>
Current liabilities	M\$	8,106,736	4,798,753	3,307,983	68.93%
Non-current liabilities	M\$	5,892,628	2,036,838	3,855,790	189.30%
Equity	M\$	15,634,664	13,802,209	1,832,455	13.28%
<b>Total liabilities and equity</b>	<b>M\$</b>	<b>29,634,028</b>	<b>20,637,800</b>	<b>8,996,228</b>	<b>43.59%</b>

As of December 31, 2019, total assets increased 44% compared to the previous year, or MM\$8,996.

Available resources, such as cash and short and medium-term investments, decreased 20%, or M\$1,458. This was principally due to the change in the investment strategy moving from short to longer-term investments. Consequently, investments with maturities of less than a year decreased 22% with respect to December 31, 2018, while investments with maturities exceeding a year increased 454% when compared to the same period last year.

Trade receivables and other accounts receivable do not present significant changes (they decreased 1% or MM\$22 with respect to December 31, 2018).

Other financial assets, current, increased 11% or MM\$159 with respect to the close of 2018, principally due to the renovation of DCV's operational insurance –contracted on an annual basis- and the increase in other current expenses related to the maintenance of technological infrastructure.

Other non-financial assets, non-current, increased 657% compared to December 31, 2018, or MM\$239. The latter is explained by the contribution made by DCV as a consequence of the agreement with Bolsa de Santiago and GTD, whose objective is the joint development of technologies through a joint venture.

Other financial assets, current, increased 454% with respect to December 2018, or MM\$4,194. This is due to the transfer of some investments from current to non-current (over a year), as described in the change of available resources, and also as a result of the conformation of the IOSCO reserve fund.

Intangible assets, net, rose 18% on a year-over-year basis, or MM\$661. This effect is a consequence of the net increase in computer systems development (MM\$1,670), with disbursements principally linked to the DCV Evolution project (implementation of the Nasdaq system). The latter was compensated by the reduction in the value of computer systems in use (M\$1,009) due to the application of an accelerated amortization method on some systems internally developed by the Company, which translated into a higher amortized value of MM\$729 as of December 2019.

The item Property, plant, and equipment increased 142% or MM\$4,767, principally due to the adoption of IFRS 16 Leases, related to lease treatment. As a consequence, under this item were recorded the respective right-to-use assets for MM\$3,719, as per the detail outlined in Note 14 of the consolidated financial statements.

Trade payables and other accounts payable increased 8% with respect to the close of 2018, or MM\$168, principally due to the payment of insurance obligations that are paid on the first half of each year, and the increase in invoices linked to the development of technological projects.

Current employee benefits provisions increased 3% with respect to December 31, 2018, equivalent to MM\$54. This change is explained by the variation in the base parameters of each provision, as is the case of employee salaries and the annual performance measured in terms of the Company's performance indicators.

Other financial liabilities, current, increased MM\$2,496 with respect to December 2018 (+2,007%). The movement is principally a consequence of the loan from Banco BCI for MM\$2,128 and the effects of the application of IFRS 16 Leases for MM\$418. Also, the non-current portion rose 947% with respect to the previous year (MM\$3,609), which originated in the application of IFRS 16 Leases which expanded long term debt by MM\$3,695.

The Company's total equity increased by 13% or MM\$1,832. This is backed by the Company's dividend policy (distribution of 30% of net income and thus the accumulation of 70% of the year's earnings), which is also part of the conformation of the IOSCO reserve fund. As well, the effect on equity of the application of IFRS 16 Leases should also be considered (accumulated effect of MM\$287 – deferred taxes for MM\$78).

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	1.32	2.48	-46.60%
Acid-test ratio (2)	Times	1.32	2.48	-46.60%

Indebtedness	Unit	12-31- 2019	12-31- 2018	Change
Debt over equity (3)	Times	0.95	0.53	79.70%
Debt quality (4)	Times	0.58	0.70	-17.51%

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

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

(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:

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

(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:

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

(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:

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

## Analysis of the Consolidated Statements of Integral Income

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

Principal categories	Unit	12-31- 2019	12-31- 2018	Change	
				M\$	%
Operating revenues	M\$	23,871,623	21,927,022	1,944,601	8.87%
Employee expenses	M\$	(11,134,052)	(10,211,672)	(922,380)	9.03%
Depreciation and amortization	M\$	(2,438,263)	(2,386,172)	(52,091)	2.18%
Impairment losses	M\$	(17,714)	(20,005)	2,291	-11.45%
Other expenses	M\$	(6,530,934)	(5,989,377)	(541,557)	9.04%
<b>Operating income</b>	<b>M\$</b>	<b>3,594,064</b>	<b>3,199,706</b>	<b>394,358</b>	<b>12.32%</b>
Financial expenses	M\$	(93,887)	(29,920)	(63,967)	213.79%
<b>Non-operating results</b>	<b>M\$</b>	<b>368,361</b>	<b>302,489</b>	<b>65,872</b>	<b>21.78%</b>
Income tax expense	M\$	(952,546)	(849,572)	(102,974)	12.12%
<b>Net income</b>	<b>M\$</b>	<b>3,009,879</b>	<b>2,652,623</b>	<b>357,256</b>	<b>13.47%</b>
EBITDA (5)	M\$	6,032,327	5,585,878	446,449	7.99%

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

$$EBITDA = \text{Operating income} + \text{Depreciation \& amortization expenses}$$

As of December 31, 2019, the Company's net income increased 13.5% with respect to December 31, 2018, or MM\$357. On the other hand, EBITDA increased by 8%, or MM\$446.

The Company's gross revenues increased 7.5% on a consolidated basis while discounts decreased 1.2%, or MM\$1,902 and MM43, respectively.

Operating revenues from the subsidiary DCV Registros increased by 9.3% as of December 31, 2019, or MM\$486. The item Shareholders Register Fixed Administration Charge represents 71% of total Company revenues. This item expanded 14% when compared to December 2018, or MM\$490.

DCV's gross revenues grew 7% (MM\$1,416) with Securities Custody the most relevant service in terms of billing as it represents 48% of the parent company's total revenues, and reaching MM\$10,416 as of December 31, 2019.

Differentiated discounts rose 6% or MM\$96, as a consequence of the growth in operational volumes. On the other hand, the commercial discount decreased 7% or MM\$138, justified in a reduction in the commercial discount rate from 11% in 2018 to 9.6% in 2019. At the same time, differentiated discounts continue to be consistently applied to clients over recent years.

Employee benefits expenses increased 9% principally due to the nominal and real growth in salaries, or MM\$922 more compared to the previous year.

Other expenses expanded 9% or MM\$542. These expenses grow in part as a consequence of the Company's transformation process, and also due to the increase in external advisory expenses, other operating expenses, meetings and travel related to the Company's projects, and the need for more investments and expenses in the cybersecurity area.



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

Profitability Indicators	Unit	12-31- 2019	12-31- 2018	Change
Return on equity (6)	%	20.45%	20.54%	-0.44%
Return on assets (7)	%	10.16%	12.85%	-20.98%
EBITDA / Sales (8)	%	25.27%	25.47%	-0.80%
Net income / Sales (9)	%	12.61%	12.10%	4.22%

(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:

$$ROE = \frac{\text{Net income}}{\text{Average equity}}$$

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

$$ROA = \frac{\text{Net income}}{\text{Total assets}}$$

(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:

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

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

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

### Analysis of the Consolidated 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:

	Unit	12-31- 2019	12-31- 2018	Change	
				M\$	%
Net cash flows from (used in) operating activities	M\$	4,791,408	3,983,869	807,539	20.27%
Net cash flows from (used in) investment activities	M\$	(4,952,571)	(3,469,060)	(1,483,511)	42.76%
Net cash flow from (used in) financing activities	M\$	1,605,525	(775,471)	2,380,996	-307.04%
Effect of exchange rate changes on cash and cash equivalents	M\$	14,698	3,677	11,021	299.73%
Net increase (decrease) in cash and cash equivalents	M\$	1,459,060	(256,985)	1,716,045	-667.76%
Cash and cash equivalents at the beginning of the financial year	M\$	3,857,568	4,114,553	(256,985)	-6.25%
Cash and cash equivalents at the end of the year	M\$	5,316,628	3,857,568	1,459,060	37.82%

Operating cash flow as of December 31, 2019, increased 20% compared to the same period the previous year, or MM\$808. Proceeds from the sale of goods and services increased 9% or MM\$2,123 as a consequence of the increase in sales and collections at DCV and its subsidiary DCV Registros. Payments to providers for the provision of goods and services increased 13% or MM\$799, while payments to and on behalf of employees rose 5% or MM\$494, and other payments for operational activities increased 9% or MM\$246.

Regarding cash flow from investment activities, a 43% decrease or MM\$1,483 was recorded. This higher cash outflow is a consequence of higher financial investments, higher technological investments (computer hardware and software), and the payment of the Nasdaq installment as per the agreement.

Cash flow from financing activities decreased 307% or mM\$2,381 principally due to the loan taken from Banco BCI for MM\$2,128.

### Risks related to the Company

DCV, as part of the market infrastructures, plays the role of a Central Securities Depository. Among the principal risks managed by the Company as operating risks, regulatory risk, continuity risks, and service security risks. Regarding operating risk management frameworks, the Company complies with Rule N°1939 from the CMF (ex SVS) for Operating Risk Management in securities depository and custody entities and Rule 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 view of risk, 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 allows for the inclusion of specific risk categories based on the integral risk management model through threat and scenario analysis, and critical asset's assessments. As a consequence, risk and problems associated with 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 to the IT Operations Division as a specific issue with dedicated resources.

Within the Risk Management Governance structure are the definition of roles for each of the actors participating in its definition and administration 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 the Company 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 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.

In addition to 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 consideration in the estimation of collectability, but not the only one.