

InterClear Central de Valores, S.A.

Financial Statements

For the years ended December 31, 2017 and 2016
(with the Independent Auditors' Report)

INDEPENDENT AUDITORS' REPORT

To the General Superintendence of Securities, the Board of Directors, and
Stockholders of Interclear Central de Valores, S.A.

Opinion

We have audited the accompanying financial statements of Interclear Central de Valores, S.A., (“the Company”), which comprise the statements of financial position as of December 31, 2017 and 2016, and the statements of profit or loss and other comprehensive income, changes in stockholders’ equity, and cash flows for the years then ended, as well as a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Interclear Central de Valores, S.A. as of December 31, 2017 and 2016, its financial performance and its cash flows for the years then ended, in accordance with the International Financial Reporting Standards and with the regulatory provisions and the disclosure and accounting standards set out by the National Supervisory Board of the Financial System (CONASSIF), which are detailed in Note 2.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) and in accordance with the regulatory provisions, disclosure standards, and accounting standards issued by the National Supervisory Board of the Financial System and by the General Superintendence of Securities. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We are independent from Bolsa Nacional de Valores, S.A., in accordance with the Code of Professional Ethics of the Association of Certified Public Accountant of Costa Rica, the Code of Ethics for Professional Accountants of the International Federation of Accountants (IFAC), and we have fulfilled our other ethical responsibilities in accordance with such requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis on Matters

Accounting Basis - We direct the attention to Note 2 to the financial statements, where the accounting basis used by the Company is described, and which are regulated by the General Superintendence of Securities (SUGEVAL). The accompanying financial statements have been prepared in accordance with the formats, disclosure standards, and regulations issued by the



National Supervisory Board of the Financial System and SUGEVAL, for their presentation to the regulatory entity, and as a result of this, such financial statements may not be appropriate for other purposes. Our opinion is not modified in regards to this matter.

Responsibilities of Management and Those Charged with the Entity’s Governance with the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the legal and regulatory provisions set out by the International Financial Reporting Standards, and in accordance with the regulatory provisions, disclosure standards, and accounting standards set out by the National Supervisory Board of the Financial System and by the General Superintendence of Securities, as indicated in Note 2 and for the internal control that Management deems necessary to allow the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In the preparation of financial statements, Management is responsible for assessing the ability of the Company to continue as a going concern, disclosing as it may be necessary, the matters related to the going concern principle and using such accounting basis, unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those in charge of the Company’s governance are responsible for the supervision of the financial reporting process of the Company.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing and with the legal and regulatory provisions issued by the National Supervisory Board of the Financial System and by the General Superintendence of Securities will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statement.

As part of an audit in accordance with the International Standards on Auditing and the legal and regulatory provisions issued by the National Supervisory Board of the Financial System and by the General Superintendence of Securities, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Deloitte.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements in the context of the applicable financial reporting framework. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. Our conclusions are based on information available at the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Jose A. Zúñiga Taborda - C.P.A. No.1491
Insurance Policy No.0116 FIG 7
Expires: September 30, 2018
Revenue stamp of Law No.6663, ¢1.000



March 8, 2018

INTERCLEAR CENTRAL DE VALORES, S.A.
STATEMENTS OF FINANCIAL POSITION

As of December 31, 2017 and 2016

(Expressed in Costa Rican colones without cents)

	<u>Notes</u>		<u>2017</u>		<u>2016</u>
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	2.d, 4	¢	445.531.761	¢	570.664.381
Investments in financial instruments	2.c, 5		1.531.842.062		732.481.726
Accounts receivable	2.e, 6		139.130.951		106.275.552
Deferred tax assets	2.f, 11b		1.489.187		780.902
Total current assets			2.117.993.961		1.410.202.561
Other assets	2.m, 7		15.959.122		19.718.366
TOTAL ASSETS		¢	2.133.953.084	¢	1.429.920.927
 <u>LIABILITY AND STOCKHOLDERS' EQUITY</u>					
<u>LIABILITIES</u>					
CURRENT LIABILITIES:					
Accounts payable	2.e, 8	¢	428.463.185	¢	61.462.399
Accumulated expenses and other accounts payable	2.g, 2.h, 9		19.144.152		12.396.871
Income tax payable	2.f, 16		18.301.249		163.881.427
TOTAL LIABILITIES			465.908.587		237.740.697
 <u>EQUITY</u>					
Capital stock	11a		940.909.091		550.000.000
Non-capitalized equity contributions	11a		57.199.771		37.508.885
Unrealized losses from valuation of investments	2.o, 11b		(5.254.126)		(1.822.105)
Legal reserve	2.i		51.774.093		30.839.277
Retained earnings			623.415.668		575.654.173
TOTAL EQUITY			1.668.044.497		1.192.180.230
TOTAL LIABILITIES AND EQUITY		¢	2.133.953.084	¢	1.429.920.927
 MEMORANDA ACCOUNTS	 13	 ¢	 8.300.762.977.298	 ¢	 5.745.489.838.400



MBA Gustavo Monge
General Manager



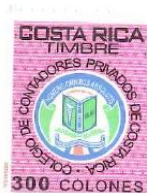
MBA Cathy Marín
Accountant



MBA Javier Prendas
Internal Auditor

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

Law No.6614 stamp,
affixed and paid in the original



INTERCLEAR CENTRAL DE VALORES, S.A.
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended December 31, 2017 and 2016

(Expressed in colones without cents)

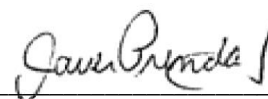
	<u>Note</u>	<u>2017</u>	<u>2016</u>
Income:			
Custodies and operations - local	14	¢ 1.062.150.635	¢ 1.150.937.795
Custodies and operations - international	14	95.810.493	122.414.455
Trust management		166.153.888	121.465.246
Computer services		29.276.475	30.086.018
Income from book entries		25.301.880	26.443.396
Administrative services		49.204.194	50.034.722
Total operating income	2.k	<u>1.427.897.565</u>	<u>1.501.381.632</u>
General and administrative expenses	2.k, 15	<u>(932.051.743)</u>	<u>(903.137.931)</u>
Operating profit		<u>495.845.822</u>	<u>598.243.701</u>
Other income and expenses			
Income on investments		56.903.866	19.881.746
Exchange rate differences - net		18.998.426	2.259.180
Other income and expenses - net		2.032.628	2.039.660
Total other income and expenses		<u>77.934.920</u>	<u>24.180.586</u>
Profit before income tax		573.780.742	622.424.287
Income tax	2.f, 16	<u>(155.084.431)</u>	<u>(180.762.762)</u>
Net profit of the year		<u>418.696.311</u>	<u>441.661.525</u>
Other comprehensive income, net of income tax			
Items that could be reclassified to losses and profits			
Unrealized loss from valuation of investments	2.o, 11b	<u>(3.432.021)</u>	<u>(1.822.105)</u>
Comprehensive income of the year		<u>¢ 415.264.290 ¢</u>	<u>¢ 439.839.420 ¢</u>



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General Manager



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Accountant



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Internal Auditor

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INTERCLEAR CENTRAL DE VALORES, S.A.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the years ended December 31, 2017 and 2016

(Expressed in colones without cents)

	Note	Capital Stock	Non-Capitalized Equity Contributions	Unrealized Losses from Valuation of Investments	Legal Reserve	Retained Earnings	Total Equity
Balance as of December 31, 2015		¢ 525.000.000	22.348.282	-	8.756.201	156.075.724	¢ 712.180.207
Capital increase	11a	25.000.000		-		-	25.000.000
Non-capitalized equity contributions	11a		15.160.603	-			15.160.603
Transfer to reserve					22.083.076	(22.083.076)	-
Total comprehensive income of the year	2.o, 11b	-	-	(1.822.105)	-	441.661.525	439.839.420
Balance as of December 31, 2016		¢ 550.000.000	37.508.885	(1.822.105)	¢ 30.839.277	¢ 575.654.173	¢ 1.192.180.230
Capitalization of profits	11a	350.000.000				(350.000.000)	-
Capital contributions	11a	40.909.091				-	40.909.091
Non-capitalized equity contributions	11a		19.690.886				19.690.886
Transfer to reserve	2.i				20.934.816	(20.934.816)	-
Total comprehensive income of the year	2.o, 11b			(3.432.021)		418.696.311	415.264.290
Balance as of December 31, 2017		¢ 940.909.091	57.199.771	(5.254.126)	¢ 51.774.093	¢ 623.415.668	¢ 1.668.044.497



MBA Gustavo Monge
General Manager



MBA Cathy Marín
Accountant



MBA Javier Prendas
Internal Auditor

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INTERCLEAR CENTRAL DE VALORES, S.A.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2017 and 2016

(Expressed in colones without cents)

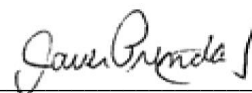
	<u>Note</u>	<u>2017</u>	<u>2016</u>
Cash flows of the operating activities			
Net profit	¢	418.696.311	¢ 441.661.525
Items applied to results that do not require the use of funds			
Adjustments to reconcile the net profit with net cash provided by the operating activities:			
Amortization	7	2.270.931	9.040.463
Net losses from exchange rate differences		(13.057.694)	(4.144.925)
Interest income		(56.903.866)	(19.881.746)
Income tax expense	16	155.084.431	180.762.762
Deferred income tax		-	-
Variation in operating assets and liabilities			
Accounts receivable		(32.214.361)	25.124.050
Income tax advance payment		-	-
Prepaid expenses		-	-
Accounts payable		378.709.148	(68.356.097)
Accumulated expenses and other accounts payable		6.747.290	6.243.820
Cash provided by the operating activities			
Interest collected		859.332.190	570.449.852
Income tax paid		55.390.391	10.198.460
		<u>(300.664.609)</u>	<u>(32.863.997)</u>
Net cash provided by the operating activities			
		614.057.972	547.784.316
Net cash flows of the investment activities			
Increase in other assets		1.488.313	6.628.422
Increase in investments in financial instruments		(801.278.882)	(167.835.728)
Net cash flows used in the investment activities			
		<u>(799.790.569)</u>	<u>(161.207.307)</u>
Net cash flows in the financing activities			
Capital contributions	11a	40.909.091	25.000.000
Non-capitalized equity contributions	11a	19.690.886	15.160.603
Net cash flows provided by the investment activities			
		60.599.977	40.160.603
Net effect in cash and cash equivalents			
		(125.132.620)	426.737.612
Cash and cash equivalents at the beginning of the year			
		570.664.381	143.926.768
Cash and cash equivalents at the end of the year			
	¢	<u>445.531.761</u>	¢ <u>570.664.381</u>



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General Manager



MBA Cathy Marín
Accountant



MBA Javier Prendas
Internal Auditor

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

InterClear Central de Valores, S.A.

Notes to the Financial Statements

For the years ended December 31, 2017 and 2016

1. Operations and Organization

InterClear Central de Valores, S.A., hereinafter (“the Company” or INTERCLEAR) was organized under the laws of the Republic of Costa Rica, and it was authorized through Resolution SGV-R-1997 of the General Superintendence of Securities (SUGEVAL) on January 28, 2009. This Company was created with the purpose of complying with the shareholding structure requisite established by the Securities Market Regulatory Law No. 7732 for this type of entity, where Bolsa Nacional de Valores, S.A (Costa Rican National Stock Exchange) can participate up to 40% of capital stock.

InterClear Central de Valores, S.A. is a corporation that consists of 24 stockholders (23 in 2016), out of which the National Stock Exchange owns an interest of 40.0%, in compliance with the provisions established in the Custody Regulations for the entities supervised by SUGEVAL.

As of December 31, 2017 and 2016, the Company operates with 12 employees and is located at Parque Empresarial Forum, in Santa Ana.

The information regarding the Company and the services rendered can be found at the official website www.interclearcr.com.

2. Significant Accounting Policies

a. Basis for the Preparation of the Financial Statements

The financial statements have been prepared based on the accounting provisions issued by the National Supervisory System of the Financial Board (CONASSIF) and by the General Superintendence of Securities (SUGEVAL).

The financial statements were approved by the Audit Committee on March 8, 2018.

b. Functional Currency and Transactions in Foreign Currency

The Company’s accounting records are kept in Costa Rican colones (¢), legal tender of the Republic of Costa Rica and functional currency of the Company. The transactions in foreign currency are recorded at the exchange rate in force as of the date of the transaction. The assets and liabilities in foreign currency are adjusted at the end of each period using the purchasing exchange rate established by the Central Bank of Costa Rica in force as of such date. The exchange rate differences resulting from the liquidation of rights and obligations denominated in foreign currency, as well as the adjustment of balances as of closing date, are recorded against the operating results of the period in which they occur. The

InterClear Central de Valores, S.A.

Notes to the Financial Statements

For the years ended December 31, 2017 and 2016

exchange rates as of December 31, 2017 for purchasing and selling foreign currency were ¢566,42 and ¢572,56, respectively (¢548,18 and ¢561,10 in 2016)

c. Financial Instruments

A financial instrument is any contract that originates a financial asset at a company, and at the same time, a financial liability or equity instrument at another company. The principal financial instruments include cash and cash equivalents, investments, accounts receivable, and accounts payable.

i. *Classification*

Marketable instruments are those that the Company keeps with the purpose of generating short term profits. However, according to the current regulation, only investments in open-end funds are recorded as marketable instruments.

Accounts receivable as classified as instruments originated by the Company since they were established in order to provide a borrower with funds and not to generate profits on the short term.

Available for sale assets are those financial assets that are not held to maturity, have not been originated by the Company, nor will be kept until maturity.

Held-to-maturity investments are debt securities with defined yields and terms that the Company has the intention and capacity to keep until maturity. According to the current regulations, the Company cannot use the category of held-to-maturity investments.

ii. *Recognition*

The Company recognizes marketable and available-for-sale financial assets and liabilities on the date in which it commits to buy or sell the financial instrument. As of this date, any profit or loss from resulting from changes in the market value is recognized.

iii. *Measurement*

Financial instruments are initially measured at cost, including transaction costs. For financial assets, cost is the fair value of the counteritem given. For financial liabilities, cost is fair value of the counteritem received. Transaction costs included in the initial measurement are those costs resulting from the purchase of the investment.

InterClear Central de Valores, S.A.

Notes to the Financial Statements

For the years ended December 31, 2017 and 2016

After the initial measurement, all marketable and available for sale securities are registered at fair value. Those instruments that do not have a quote price in an active market and for which other methods to estimate fair value haven clearly shown inappropriate or inapplicable are recorded at cost, plus the transactions costs, less any impairment loss. If a reasonable valuation arises in subsequent date, such instruments are valued at fair value.

Held-to-maturity securities are shown at fair value, and interest earned and dividends are recognized as income. Changes in fair value of these securities, if any, are directly registered in other comprehensive income until such securities are sold, or when it is determined that they have suffered an impairment loss. In these cases, accumulated losses or earning previously recognized in other comprehensive income are included in the net profit or loss of the year.

The items originated by the Company and financial liabilities that are not marketable are recorded at amortized cost, using effective interest rate method.

iv. Profits and Losses and Subsequent Measurements

Profits and losses resulting from changes in fair value of marketable and available-for-sale investments are recognized in the statement of profit or loss and other comprehensive income, respectively.

v. Write-Off of Financial Assets

A financial asset is written off when the Company loses control of contractual rights in which the asset is included. This occurs when the rights are realized, expire, or are assigned to a third party.

Available for sale and marketable investments that are sold are written off, and they are corresponding account receivable from the buyer is recognized on the date in which the Company commits to sell the asset. The Company uses the specific identification method to determine the profits or losses realized as a result of the written-off asset.

A financial liability is written off when the obligation specified in the contract has been paid, canceled, or has expired.

vi. Financial Asset Impairment

Financial assets that are recorded at cost or at amortized cost are reviewed by the Company as of the date of each balance sheet in order to determine if there is objective evidence of impairment. Should there be any evidence, impairment loss is recognized, based on the estimated recoverable amount.

InterClear Central de Valores, S.A.

Notes to the Financial Statements

For the years ended December 31, 2017 and 2016

If during a subsequent period, the impairment loss amount is decreased, and decrease can be objectively linked to an event occurred after determining the loss, such loss is reversed and its effect is recognized in the statement of profit or loss and other comprehensive income.

d. Cash and Cash Equivalents

The balance of cash, deposits at sight, and fixed term deposits, as well as investments in securities intended to be converted into cash within a term no greater than three months, are considered as cash and cash equivalents.

e. Accounts Receivable and Payable

Accounts receivable and payable are recorded at nominal value pending of collection and payment, respectively.

f. Income Tax

Income tax of the period is calculated according to the provisions established by the Costa Rican Income Tax Law and its Regulations. Should any tax result from this calculation, it is charged to the statement of profit or losses and credited to a liability account.

Deferred income tax is recognized on the temporary differences that arise from the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred tax asset is recognized for all temporary deductible differences. A deferred tax asset is recognized for all temporary deductible differences to the extent that the future taxable profit will be offset against those temporary deductible differences that can be used. These assets and liabilities are not recognized if the temporary differences arise from initial recognition (other than the business combination) of other assets and liabilities in an operation that does not affect the tax or the accounting profit. Also, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of the surplus.

The carrying amount of the deferred tax asset is subject to review at the end of each reporting period, and it should be reduced, to the extent it is likely that there will be no sufficient tax profit in the future to recover the totality of part of the asset.

Deferred tax assets and liabilities should be measured using the tax rates that are expected to be applied in the period in which the asset is realized or the liability is paid off, based on rates (and tax laws) that at the end of the reporting period have been approved or are practically approved.

InterClear Central de Valores, S.A.

Notes to the Financial Statements

For the years ended December 31, 2017 and 2016

The measurement of deferred tax liabilities and deferred tax assets will reflect the tax consequences that would result from the way in which the entity expects, at the end of the reporting period, to recover or liquidate the carrying amount of its assets and liabilities.

g. Provisions

A provision is recognized in the statement of financial position when the Company acquires a legal or contractual obligation as a result of a past event, when it is likely that an economic disbursement occurs to pay off such obligation, and when it is possible to estimate it with high accuracy. The recognized provision is approximate to payoff value; however, it cannot differ from the final amount. The estimated value of the provisions is adjusted to the date of statement of financial position that directly affects the statement of profit or loss and other comprehensive income.

h. Employees' Legal Benefits

(i) Termination or Dismissal Benefits

The Costa Rican labor law requires payment of severance benefits to personnel dismissed without just cause, at the moment of death, or retirement. The law establishes the equivalent to 7-day payment for staff who has worked between 3 and 6 months, 14-day payment for those who have worked more than 6 months and less than one year, and finally, for those who have over one year of service, a maximum of eight years, according to a table published in the Worker's Protection Law.

According to the Worker's Protection Law, every employee will contribute 3% of monthly salaries of employees to the Complementary Pension Regime during the time the business relationship remains active. Such amount will be collected by the Costa Rican Social Security System (CCSS) and the respective contributions transferred to the entities authorized by the employee.

In addition, 5.33% of the salaries paid to the associated employees is transferred to the Employees' Association, which is registered as an expense of the year in which it occurs. This contribution made to the Employees' Association, and the amount contributed to the Complementary Pension Regime, are considered severance pay advances.

According to the Labor Code of Costa Rica, the Company should indemnify the employees dismissed without a just cause, those that retire, and the families of the deceased employees. It is the Company's policy to record these indemnifications as expenses of the period when incurred, including severance benefits made to the Employee Association.

InterClear Central de Valores, S.A.

Notes to the Financial Statements

For the years ended December 31, 2017 and 2016

(i) Employees' Legal Benefits on the Short-Term

Christmas Bonus

Costa Rican law requires payment of a twelfth of the monthly salary for each worked month. This payment is made in December, and it is paid to the employee, regardless if dismissed or not. The Company monthly records a provision to cover future disbursements for this concept.

Vacation

The Costa Rican law establishes that for each year of work, employees are entitled to a certain number of vacation days. The Company has the policy of accruing vacation days based on a study prepared for this purpose. For such concept, a provision to pay vacation to employees has been established.

i. Legal Reserve

According to the provisions of the Code of Commerce of Costa Rica, InterClear Central de Valores, S.A. records a reserve of 5%, calculated based on the net profits of the year and until reaching 20% of capital stock.

j. Basic Earning per Share

The basic earnings per share measures performance of an entity on the reported period, and it is calculated dividing the available profit for the common stockholders by the weighted average of outstanding common shares during the period.

k. Recognition of Income and Expenses

Income from services, commissions, and others is recognized when the service is provided. Interest earned on the portfolio of securities, notes receivable, and trade accounts receivable is recognized as earned. Expenses are recognized when incurred.

l. Asset Impairment

At the end of each reporting period, the Company evaluates the carrying amounts of its tangible and intangible assets to determine if there is any indication of impairment on the assets. Should there be any, the recoverable amount of the asset is calculated to determine and record the scope of the impairment loss (if any).

InterClear Central de Valores, S.A.

Notes to the Financial Statements

For the years ended December 31, 2017 and 2016

Intangible assets with an undefined useful life or not available for use yet should be subjected to an annual impairment test, or even more frequently if there is any indication that value could be impaired.

The recoverable amount is the higher of fair value less the disposal costs and value in use. When estimating the value in use, the estimated future cash flows are discounted from the current value using a discount rate before tax that reflects the current market valuations regarding the temporary value of money and the specific risks for the asset for which the future cash flows estimates have not been adjusted.

If the calculated recoverable amount of an asset (or cash generating unit) is less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognized in the statement of profit or loss and other comprehensive income, except if the asset is recorded to a revaluated amount, in which case the impairment loss should be considered a decrease in revaluation.

When a loss is subsequently reversed, the carrying amount of the asset (or cash generating unit) increases to the revised estimated value of its recoverable amount, in such way that the increased carrying amount does not exceed the carrying amount that would have been calculated if the impairment loss for such asset (or cash generating unit) would not have been recognized in previous years. Reversal of an impairment loss is automatically recognized in profit or loss, unless the corresponding asset is recorded at the revaluated amount, in which case the impairment loss must be considered a decrease in revaluation.

m. Intangible Assets

The intangible assets with a defined useful life separately acquired are recorded at cost less the accumulated amortization and any accumulated impairment loss. The estimated useful life and the amortization method are reviewed at the end of each reporting period, and the effect of any change in the estimate is recorded on a prospective basis.

n. Use of Estimates

The Company's management has conducted a number of estimates and assumptions related to the assets, liabilities, results, and the disclosures of contingent liabilities at the time of preparing these financial statements. Actual results could differ from those estimates. Significant estimates that are particularly susceptible to significant changes are related to the determination of fair value of the investments in financial instruments, the determination of useful lives, and the amortization of intangible assets.

InterClear Central de Valores, S.A.

Notes to the Financial Statements

For the years ended December 31, 2017 and 2016

o. Unrealized Losses from Valuation of Investments

These correspond to the profit or loss generated from the market valuation of the assets available for sale, quoted at a stock exchange. The value of these investments is updated at fair value, for which market value or other valuation methodology recognized by SUGEVAL is used as reference. Profits or losses arising from variation in fair value and nominal value are taken to other comprehensive income in the account denominated “Profit (loss) not realized by valuation of investments”, and they are included in the net profit or loss of the period until the financial asset is sold, expires, or until its monetary recovery or renewal takes place, or until it is determined that the asset at issue has suffered an impairment on value.

3. Assets Subject to Restrictions

As of December 31, 2017 and 2016, the Company did not have any assets subject to restrictions.

4. Cash and Cash Equivalents

Cash and cash equivalents are detailed as follows:

	Al 31 de diciembre de	
	2017	2016
Bancos	¢ 380 357 431	¢ 61 946 981
Más: Equivalentes de efectivo	65 174 330	508 717 400
	¢ <u>445 531 761</u>	¢ <u>570 664 381</u>

As of December 31, 2017, the detail of cash equivalents is the following:

Emisor	Tasa interés	Instrumento	Moneda	Monto
BNCR	3.05%	icp	Colones	¢ 44 500 000
BNCR	0.25%	icp\$	Dólares	20 674 330
				¢ <u>65 174 330</u>

InterClear Central de Valores, S.A.

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For the years ended December 31, 2017 and 2016

As of December 31, 2016, the detail of cash equivalents is the following:

<u>Emisor</u>	<u>Tasa interés</u>	<u>Instrumento</u>	<u>Moneda</u>	<u>Monto</u>
BNCR	0.80%	icp	Colones	¢ 273,000,000
BNCR	0.20%	icp\$	Dólares	235,717,400
				¢ <u>508,717,400</u>

5. Investments in Financial Instruments

As of December 31, 2017 and 2016, investments in financial instruments are detailed as follows:

	<u>Al 31 de diciembre de</u>	
	<u>2017</u>	<u>2016</u>
Inversiones negociables	¢ 646 674 343	¢ 171 383 793
Inversiones disponibles para la venta	873 970 958	551 414 647
Productos por cobrar	11 196 761	9 683 286
	¢ <u>1 531 842 062</u>	¢ <u>732 481 726</u>

InterClear Central de Valores, S.A.

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For the years ended December 31, 2017 and 2016

As of December 31, 2017 and 2016, the detail of investments in financial instruments is the following:

Emisor	Tasa interés	Instrumento	Vencimiento en meses			Total
			De 0 a 3	De 6 a 12	Mayor de 12	
<u>Negociables</u>						
SAMA	3.25%	Liquidez Colones	¢ 349 679 684			¢ 349 679 684
SAMA	1.84%	Liquidez Dólares	159 080 790			159 080 790
MULTI	1.66%	Premium	37 431 333	-	-	37 431 333
MULTI	3.10%	Suma	100 482 536	-	-	100 482 536
Sub-Total Negociables			<u>646 674 343</u>	<u>-</u>	<u>-</u>	<u>646 674 343</u>
<u>Disponibles para la venta</u>						
MULTI	1.27%	multc	80 008 115	-	-	80 008 115
MULTI	6.02%	mult\$	253 792 158	-	-	253 792 158
BCCR	6.06%	bem	-	-	296 957 520	296 957 520
BPDC	9.00%	CDP	-	140 694 498	-	140 694 498
G	4.14%	tp\$	-	102 518 667	-	102 518 667
Sub-Total Disponibles para la venta			<u>333 800 273</u>	<u>243 213 165</u>	<u>296 957 520</u>	<u>873 970 958</u>
Productos por cobrar			11 196 761	-	-	11 196 761
			<u>¢ 991 671 377</u>	<u>243 213 165</u>	<u>296 957 520</u>	<u>¢ 1 531 842 062</u>
Emisor	Tasa interés	Instrumento	Vencimiento en meses			Total
			De 0 a 3	De 3 a 6	Mayor de 12	
<u>Negociables</u>						
SAMA	2.77%	Liquidez Colones	¢ 10,748,732			¢ 10,748,732
SAMA	1.87%	Liquidez Dólares	160,635,062			160,635,062
Sub-Total Negociables			<u>171,383,793</u>	<u>-</u>	<u>-</u>	<u>171,383,793</u>
<u>Disponibles para la venta</u>						
BCCR	6.06%	bem	-	-	302,616,000	302,616,000
BPDC	5.55%	CDP	-	149,884,500	-	149,884,500
G	4.14%	tp\$	-	-	98,914,147	98,914,147
Sub-Total Disponibles para la venta			<u>-</u>	<u>149,884,500</u>	<u>401,530,147</u>	<u>551,414,647</u>
Productos por cobrar			-	9,683,286	-	9,683,286
			<u>¢ 171,383,793</u>	<u>159,567,786</u>	<u>401,530,147</u>	<u>¢ 732,481,726</u>

The classification of instrument maturity is determined according to the terms and conditions of the issue and not the Company's intention for realization of these instruments.

InterClear Central de Valores, S.A.

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For the years ended December 31, 2017 and 2016

6. Accounts Receivable

Accounts receivable are detailed as follows:

	Al 31 de diciembre de	
	2017	2016
Compañías relacionadas (véase nota 10)	¢ 138 882 129	¢ 104 346 741
Funcionarios	18 300	75 694
Impuesto sobre la renta por cobrar	230 522	300 136
Otros	-	1 552 981
	¢ <u>139 130 951</u>	¢ <u>106 275 552</u>

7. Other Assets

Other assets are detailed as follows:

	Al 31 de diciembre de	
	2017	2016
Cargos diferidos	¢ 15 959 122	¢ 17 447 435
Activos intangibles	-	2 270 931
	¢ <u>15 959 122</u>	¢ <u>19 718 366</u>

Deferred charges correspond to prepaid expenses for insurance policies and maintenance of information systems.

As of December 31, 2017 and 2016, intangible assets are detailed as follows:

	Saldo al 31/12/2016	Adiciones	Saldo al 31/12/2017
Costo:			
Programas de cómputo	¢ 40 663 545	-	¢ 40 663 545
Amortización acumulada	(38 392 614)	(2 270 931)	(40 663 545)
	¢ <u>2 270 931</u>	<u>(2 270 931)</u>	¢ <u>-</u>

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For the years ended December 31, 2017 and 2016

	Saldo al 31/12/2015	Adiciones	Saldo al 31/12/2016
Costo:			
Programas de cómputo	¢ 40,663,545	-	¢ 40,663,545
Amortización acumulada	<u>(29,352,151)</u>	<u>(9,040,463)</u>	<u>(38,392,614)</u>
	<u>¢ 11,311,394</u>	<u>(9,040,463)</u>	<u>¢ 2,270,931</u>

Amortization expense for 2017 amounted to ¢2,270,931, (¢9,040,463 in 2016), and it was charged to the statement of profit or loss and other comprehensive income of the period. Intangible assets are amortized within a 3-year period.

8. Accounts Payable

Accounts payable are detailed as follows:

	Al 31 de diciembre de	
	2017	2016
Compañías relacionadas (véase nota 10)	¢ 130 289 861	¢ 53 419 017
Cuentas por pagar operaciones de custodia	284 112 924	
Retenciones a terceros	5 667 476	-
Proveedores	2 950 907	86 600
Otros	<u>5 442 016</u>	<u>7 956 782</u>
	<u>¢ 428 463 185</u>	<u>¢ 61 462 399</u>

The balance of the account payable “custody transactions” corresponds to the margin call cash contributions of the Guarantee Trust for the repurchase operations of the Bolsa Nacional de Valores, S.A., which management was given to InterClear Central de Valores, S.A. as of February 2017.

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For the years ended December 31, 2017 and 2016

9. Accumulated Expenses and Other Accounts Payable

Accumulated expenses and other accounts payable are detailed as follows:

	Al 31 de diciembre de	
	2017	2016
Salarios, bonificaciones, CCSS y otros	¢ 7 753 636	¢ 6 274 092
Honorarios profesionales	2 758 000	-
Aguinaldo y vacaciones	8 632 516	6 122 779
	¢ <u>19 144 152</u>	¢ <u>12 396 871</u>

10. Balances and Transactions with Related Parties

Balances with related parties are the following:

	Al 31 de diciembre de	
	2017	2016
<u>Cuentas por cobrar:</u>		
Puestos de Bolsa y depositantes	98 020 249	104 346 741
Bolsa Nacional de Valores, S.A.	¢ 40 861 881	¢ -
	¢ <u>138 882 129</u>	¢ <u>104 346 741</u>
<u>Cuentas por pagar:</u>		
Cam-X Technologies, S.A.	¢ 93 234 893	¢ 38 441 177
Bolsa Nacional de Valores, S.A.	37 054 968	14 977 840
	¢ <u>130 289 861</u>	¢ <u>53 419 017</u>

Balance receivable from brokerage houses and depositors corresponds to services billed during the month and paid the following month. These correspond to custody service fees and other related services.

Balance receivable from Bolsa Nacional de Valores, S.A. originates mainly from the administrative and custody services of the Guarantee Trust for the repurchase operations of the Bolsa Nacional de Valores, S.A.

Balance payable to Bolsa Nacional de Valores, S.A. originates mainly from the lease agreement for office space that Bolsa has with the Company.

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The balance payable to Cam-x Technologies, S.A. originates mainly from the information services provided to the Company.

The transactions with related parties that were included in the statement of profit or loss and other comprehensive income are the following:

	Al 31 de diciembre de	
	2017	2016
<u>Ingresos por servicios</u>		
Puestos de Bolsa y depositantes	¢ 1 261 743 676	¢ 1 379 916 386
Bolsa Nacional de Valores, S.A.	166 153 888	121 465 246
	<u>¢ 1 427 897 564</u>	<u>¢ 1 501 381 632</u>
<u>Gastos administrativos e informáticos</u>		
Bolsa Nacional de Valores, S.A.	¢ 46 224 504	¢ 42 683 239
Cam-X Technologies, S.A.	383 675 577	396 269 757
	<u>¢ 429 900 081</u>	<u>¢ 438 952 996</u>

During 2017, remunerations paid to the Company's key staff amount to ¢33,769,000 (¢32,367,250 during 2016).

11. Equity

a) Capital Stock

As of December 31, 2016, capital stock was represented by 550,000,000 shares with a nominal value of ¢1 each. In 2017, a new stockholder was incorporated, which made a contribution of ¢36,359,986, corresponding to the purchase of 24,545,455 shares at a cost of ¢1.4813 each, which generated an excess payment of ¢11,814,532.

In addition, Bolsa made a contribution of ¢24,239,991 corresponding to the acquisition of 16,363,636 shares at a price of ¢1.4813 which generated an excess of ¢7,876,354. This contribution was made in order to balance shareholding interest.

In 2017, the total of non-capitalized realized equity contributions amounted to ¢19,690,886. (¢15,160,603 in 2016).

InterClear Central de Valores, S.A.

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For the years ended December 31, 2017 and 2016

Additionally, in May 2017, the Company made capital increase for the sum of ¢350,000,000, which resulted from retained earnings.

As of December 31, 2017, the capital stock is represented by 940,909,091 subscribed and paid common and nominative shares, of ¢1 each, for a total amount of ¢940,909,091. Non-capitalized equity contributions amount to the sum of ¢57,199,771. (¢37,508,885 in 2016)

b) Unrealized Losses for Valuation of Investments

As of December 31, 2017, unrealized losses for valuation of investments amounted to ¢5,254,126. The detail of the movements of profits and losses for valuation during the year amounts to:

	Al 31 de diciembre de	
	2017	2016
Saldo inicial	¢ (1 822 105)	¢ -
Efecto de valoración de inversiones no realizada	(2 360 951)	(2 603 007)
Efecto de valoración de inversiones no realizada no gravable	(1 779 355)	(0)
Efecto Impuesto sobre la renta diferido	708 285	780 902
Saldo final	¢ <u>(5 254 126)</u>	¢ <u>(1 822 105)</u>

The detail of deferred income tax movement is shown as follows:

	Al 31 de diciembre de	
	2017	2016
Saldo inicial	¢ 780 902	¢ -
Movimientos	708 285	780 902
Saldo final	¢ <u>1 489 187</u>	¢ <u>780 902</u>

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12. Profit per Share

Calculation of net profit per share is shown as follows:

	Al 31 de diciembre de	
	2017	2016
Utilidad neta del periodo	¢ 418 696 311	¢ 441 661 525
Cantidad promedio de acciones comunes	745 454 546	537 500 000
Utilidad neta por acción	¢ <u>0.56</u>	¢ <u>0.82</u>

13. Memoranda Accounts

Memoranda accounts are detailed as follows:

	Al 31 de diciembre de	
	2017	2016
Títulos valores en custodia:		
Operaciones locales	¢ 6 873 086 352 297	¢ 4 769 069 309 441
Operaciones internacionales	376 214 650 986	269 133 022 127
Operaciones fideicomiso y otros	1 051 429 994 567	707 271 271 959
Otros	31 979 447	16 234 873
	¢ <u>8 300 762 977 298</u>	¢ <u>5 745 489 838 400</u>

14. Income from Custody and International Operations

Detail of income from local custody fees is the following:

	Al 31 de diciembre de	
	2017	2016
Cuota sobre saldos	¢ 587 890 064	¢ 579 533 092
Cargos por movimientos	474 260 571	571 404 703
	¢ <u>1 062 150 635</u>	¢ <u>1 150 937 795</u>

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Income from international custody fees is detailed as follows:

		Al 31 de diciembre de		
		2017	2016	
Servicios a depositantes en CEDEL - Clearstream	¢	95 810 493	¢	122 414 455
	¢	<u>95 810 493</u>	¢	<u>122 414 455</u>

15. General and Administrative Expenses

General and administrative expenses are detailed as follows:

		Al 31 de diciembre de		
		2017	2016	
Salarios y obligaciones laborales	¢	324 957 650	¢	293 736 259
Servicios recibidos de la BNV		46 224 504		42 683 239
Dietas Junta Directiva		13 191 377		8 899 707
Servicios recibidos de Camx Tech		383 675 577		396 269 757
Mantenimiento hardware y software		-		8 841 672
Seguros		15 486 975		18 454 114
Comisiones SINPE		77 452 618		57 794 244
Misceláneos		3 206 117		2 720 470
Capacitación		5 503 253		6 965 463
Gastos representación		564 261		1 138 756
Honorarios profesionales		26 772 791		14 903 674
Gastos por contribuciones a Sugeval		5 144 960		14 314 985
Suscripciones		4 557 450		2 124 280
Visitas al exterior funcionarios		4 805 148		7 395 002
Eventos y reuniones		705 323		2 395 855
Promoción y publicidad		3 055 727		9 381 716
Amortización (Nota 7)		2 270 931		9 040 463
Otros		14 477 081		6 078 275
	¢	<u>932 051 743</u>	¢	<u>903 137 931</u>

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Notes to the Financial Statements

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16. Income Tax

a) Review by Tax Authorities

According to the current tax laws, income tax returns for the last three fiscal years are open for review by the tax authorities. Consequently, a potential contingency could arise in case the tax authorities apply criteria other than those used by the Company to settle its taxes. The Company's management considers that it has properly applied and interpreted the tax regulations.

b) Income Tax Calculation

According to the Costa Rican Income Tax Law, the Company should file its annual income tax returns for the twelve-month period ended December 31 of each year.

Income tax was calculated on net profit, applying the current rate, deducting non-taxable income, and adding non-deductible expenses, as detailed below:

	Al 31 de diciembre de	
	2017	2016
Impuesto esperado al aplicar la tarifa de impuestos vigente (30%) a las utilidades antes de impuestos	¢ 172 134 222	¢ 186 727 286
Menos		
Efecto de ingresos no gravables - intereses sobre inversiones en valores retenidos en la fuente	(17 071 160)	(5 964 524)
Efecto de gastos financieros y operativos no deducibles	21 368	-
	¢ <u>155 084 431</u>	¢ <u>180 762 762</u>

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For the years ended December 31, 2017 and 2016

Detail of current income tax payable is the following:

	Al 31 de diciembre de	
	2017	2016
Impuesto sobre la renta	¢ 155 084 431	¢ 180 762 762
Anticipo de impuesto sobre la renta	(135 572 070)	(14 655 585)
Retenciones a clientes	(1 211 111)	(2 225 750)
Impuesto sobre la renta por pagar	¢ 18 301 250	¢ 163 881 427

Transfer Pricing - On September 13, 2013, the Government of Costa Rica through Decree No.37898-H issued transfer pricing regulations. For tax purposes, this decree requires taxpayers performing related-party transactions to determine their income, costs, and deductions, taking into account for such operations, the prices and amounts of the consideration to be agreed between independent entities or individuals in comparable operations in accordance with the arm's length principle, pursuant to the principle of economic reality contained in Article 8 of the Code of Tax Standards and Procedures.

To comply with this requirement, companies must conduct transfer pricing studies and make adjustments to their income tax returns when the conditions agreed with related parties result in lower taxes in the country or in deferred tax payments. Moreover, a transfer pricing tax return must be filed on an annual basis and must contain sufficient information, documents, and analyses to assess their transactions with related parties.

In the opinion of the Company's management, there is no significant impact on the assessment of income tax for the corresponding periods in case an audit is performed by the tax authorities as a result of the law established through decree No.37898-H.

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For the years ended December 31, 2017 and 2016

17. Gross Income

Per requirement of the General Superintendence of Securities, the Company's gross income is as follows:

	Al 31 de diciembre de	
	2017	2016
Comisiones por custodia local	¢ 1 062 150 635	¢ 1 150 937 795
Comisiones por custodia internacional	207 657 368	235 036 041
Gestión de fideicomisos	166 153 888	121 465 246
Ingresos por intereses sobre inversiones	56 903 866	19 881 746
Servicios de cómputo	29 276 475	30 086 018
Servicios de anotación en cuenta	25 301 880	26 443 396
Servicios administrativos	49 204 194	50 034 722
Diferencial cambiario	281 120 932	37 332 972
Otros ingresos	2 032 626	2 039 660
	¢ <u>1 879 801 864</u>	¢ <u>1 673 257 596</u>

18. Agreements and Contracts

As of December 31, 2017 and 2016, the Company has entered into the following agreements:

- ***Contract between Caja de Valores, S.A. and Bolsa de Valores Nacionales, S.A. de Honduras, Central Panamericana de Valores, Central de Depósito de Valores, S.A. de C.V. and Central Nicaragüense de Valores, S.A.*** – The object of the agreements is providing services including custody, management, transfer, liquidation, and others for securities deposited at those organizations. The term is indefinite and is in accordance with the instructions documented by the parties.
- ***Contract with Bancentro, S.A. (Nicaragua)*** – Special mandate to receive and safeguard securities on behalf of InterClear Central de Valores. The term of the agreement is for two years, which can be extended, and the rates charged will be equal to the ones that InterClear charges to Bancentro, S.A. (Nicaragua) for the same services.
- ***Contract with Clearstream, previously Centrale de Livraison de Valeurs Mobilières (CEDEL), and Otras S.D. Indeval, S.A. de C.V.*** – Agreements were signed so that, through these entities, the investors retired in Costa Rica could have access to the international market of external debt securities. Similarly, such

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For the years ended December 31, 2017 and 2016

agreements allow providing services including custody, management, transfer, and liquidation of other securities deposited at these organizations. The term is indefinite and is in accordance with the instructions documented by the parties.

- ***Commercial Lease Agreement between Bolsa Nacional de Valores, S.A. and InterClear Central de Valores, S.A.*** – In December 2014, the Company entered into an agreement with Bolsa Nacional de Valores, S.A., for the commercial lease of office space used by employees. This agreement is for a three-year term, and it can be automatically extended for periods of one year.
- ***IT Services Agreement between Cam-x Technologies, S.A. and InterClear Central de Valores, S.A.*** – In July 2014, the Company entered into an agreement with Cam-x Technologies, S.A. to provide information technology services. This agreement is for an indefinite term, and both parties could unilaterally terminate it at any moment.

19. Financial Instrument Risk Management

InterClear Central de Valores, S.A. is exposed to the following risks related to the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (interest rate and exchange rate)

The Company monitors the risk through a risk unit, which hierarchically depends of the Risk Committee, who at the same time reports to the Board of Directors.

The Board of Directors is responsible for establishing and supervising the risk management structure. The Directors have created the Risk Committee, which is responsible for developing and monitoring the Company's risk management policies. This committee regularly reports to the Board of Directors of its activities.

The Company's risk management policies are established to identify and analyze the risks faced, to establish proper risk controls and limits, and to monitor the risks and compliance with the limits.

Risk management systems and policies are regularly reviewed, so that they reflect changes in market conditions and in the activities of InterClear Central de Valores, S.A.

Through its management procedures and standards, the Company intends to develop a disciplined and constructive control environment where all employees understand their roles and obligations.

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The Audit Committee supervises the way in which Management monitors compliance with risk management policies and procedures, and it also reviews if risk management framework is appropriate. The Internal Audit performs regular reviews of risk management controls and procedures, which results are reported to the Audit Committee.

Due to the course of the business, the operating risk is the most important one, from which a number of causes depend on, such as processes, persons, technology, infrastructure, etc.

The operating risk is the potential loss for faults or deficiencies in the systems, in internal controls or for errors in the operating processes, and the best applicable practices and those adopted by InterClear Central de Valores, S. A.

The following are the financial instrument risk management schemes:

a) Credit Risk

The Company is exposed to credit risk, which is the risk of the counterparty not making the payments in full and on time. The financial assets that potentially present credit for the Company consist mainly of bank deposits, accounts receivable, and investments. Bank deposits are mainly placed at prestigious financial institutions.

The Company's investment portfolio establishes that in the short and midterm, 60% of the resources should be placed at the public sector and 40% in investment funds kept by their investment portfolios only in the public sector. In the case of long-term investments, management has the discretion to decide.

Accounts receivable originated by the services provided by the Company are paid on a monthly basis.

b) Liquidity Risk

Liquidity risk is the risk that exists for the Company if it cannot fulfill its financial obligations when they expire. The approach to administer liquidity is to make sure, to the extent possible, that there will be sufficient liquidity to comply with obligations when they expire, both under normal and stressful conditions, without incurring on unacceptable losses or risk the security of the company.

The Company's management administer liquidity risk keeping proper cash reserves. Also, it performs a constant monitoring of its cash flows and matched maturity analysis, which allows to timely attend to the short and mid-term obligations.

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For the years ended December 31, 2017 and 2016

A detail of the recovery of the Company's financial assets and liabilities as of December 31, 2017 and 2016 is as follows:

	2017			Total
	De 1 a 3 meses	De 6 meses a 1 año	Más de 1 año	
Activos				
Efectivo y equivalentes de efectivo	¢ 445 531 761	-	-	¢ 445 531 761
Inversiones en instrumentos financieros	980 474 616	243 213 165	296 957 520	1 520 645 301
Productos por cobrar sobre inversiones	11 196 761	-	-	11 196 761
Cuentas por cobrar	138 900 429	230 522	-	139 130 951
Total activos financieros	1 576 103 567	243 443 687	296 957 520	2 116 504 774
Pasivos				
Cuentas por pagar	428 463 185	-	-	428 463 185
Total pasivos financieros	428 463 185	-	-	428 463 185
Brecha de activos y pasivos	¢ 1 147 640 382	243 443 687	296 957 520	¢ 1 688 041 589

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	2016				Total
	De 1 a 3 meses	De 3 a 6 meses	De 6 meses a 1 año	Más de 1 año	
Activos					
Efectivo y equivalentes de efectivo	¢ 570,664,381	-	-	-	¢ 570,664,381
Inversiones en instrumentos financieros	171,383,793	149,884,500	-	401,530,147	722,798,440
Productos por cobrar sobre inversiones	-	9,683,286	-	-	9,683,286
Cuentas por cobrar	105,975,416	-	300,136	-	106,275,552
Total activos financieros	848,023,590	159,567,786	300,136	401,530,147	1,409,421,659
Pasivos					
Cuentas por pagar	61,462,399	-	-	-	61,462,399
Total pasivos financieros	61,462,399	-	-	-	61,462,399
Brecha de activos y pasivos	¢ 786,561,191	159,567,786	300,136	401,530,147	¢ 1,347,959,260

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c) Market Risk

Market risk is associated to changes in the price of market factors, such as interest rates, price of shares, and exchange rate, which can affect profits or the value of the Company's financial position. The objective of market risk management is to identify, measure, control, and monitor market risk exposures according to the risk parameters and at the same time optimize profitability.

Interest Rate Risk – The Company is exposed to the effects of changes in interest rates prevailing in the market, on its financial position, and cash flows. In virtue of such, Management regularly monitors this risk, reporting its behavior on a monthly basis to the Risk Committee and to the Company's top management, trying to keep a balanced mix of financial instruments with a fixed and variable rate. The Company is exposed to interest rate risk due to variation of financial instruments of variable rate. A detail of fixed rate investments is shown as follows:

Al 31 de diciembre de 2017			
Emisor	Instrumento	Tasa de Interés Efectiva	Total
BNCR	icp	3.05%	¢ 44 500 000
BNCR	icp\$	0.25%	20 674 330
BCCR	bem	6.06%	296 957 520
BPDC	CDP	9.00%	140 694 498
G	tp\$	4.14%	102 518 667
			¢ <u>605 345 015</u>
Al 31 de diciembre de 2016			
Emisor	Instrumento	Tasa de Interés Efectiva	Total
BNCR	icp	0.80%	¢ 273,000,000
BNCR	icp\$	0.20%	235,717,400
BCCR	bem	6.06%	302,616,000
BPDC	CDP	5.55%	149,884,500
G	tp\$	4.14%	98,914,147
			¢ <u>1,060,132,047</u>

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The Company does not perform a sensitivity analysis of these investments since due to corporate policies, securities are kept until maturity; however, due to regulatory requirement, investments are classified and valued as available for sale.

A detail of variable rate investments and their rate review period is shown as follows:

Al 31 de diciembre de 2017					
Emisor	Instrumento	Tasa de Interés		Total	1 a 6 meses
		Efectiva			
SAMA	Liquidez Colones	3.25%	¢	349 679 684	¢ 349 679 684
SAMA	Liquidez Dólares	1.84%		159 080 790	159 080 790
MULTI	Premium	1.66%		37 431 333	37 431 333
MULTI	Suma	3.10%		100 482 536	100 482 536
MULTI	multc	1.27%		80 008 115	80 008 115
MULTI	mult\$	6.02%		253 792 158	253 792 158
			¢	<u>980 474 616</u>	¢ <u>980 474 616</u>

Al 31 de diciembre de 2016					
Emisor	Instrumento	Tasa de Interés		Total	1 a 6 meses
		Efectiva			
SAMA	Liquidez Colones	2.77%	¢	10,748,732	¢ 10,748,732
SAMA	Liquidez Dólares	1.87%		160,635,062	160,635,062
			¢	<u>171,383,794</u>	¢ <u>171,383,794</u>

Sensitivity Analysis

The sensitivity analysis of the effect on results over investments in the Company's variable rate securities, in the event of an increase or decrease of interest rates, is shown as follows:

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For the years ended December 31, 2017 and 2016

		2017	
		Cambio de más 1 punto porcentual	Cambio de menos 1 punto porcentual
Fondos de inversión abiertos	¢	6 466 743	¢ (6 466 743)
Fondos de inversión cerrados		3 338 003	(3 338 003)
	¢	<u>9 804 746</u>	<u>¢ (9 804 746)</u>
<hr/>			
		2016	
		Cambio de más 1 punto porcentual	Cambio de menos 1 punto porcentual
Fondos de inversión abiertos	¢	<u>5,127,760</u>	¢ <u>(2,751,886)</u>
	¢	<u>5,127,760</u>	<u>¢ (2,751,886)</u>

Exchange Rate Risk – The Company incurs in transactions denominated in US dollars. This currency experiences periodic fluctuations regarding the US dollar, according to the monetary and exchange rate policies of the Central Bank of Costa Rica. Thus, any fluctuation in the value of the Costa Rican colón regarding the US dollar affects the Company’s results, the financial position, and the cash flows. The Company constantly monitors its net position in US dollars and considers that this risk is an implicit part of its commercial operations in the country.

A detail of the assets and liabilities denominated in foreign currency is the following:

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For the years ended December 31, 2017 and 2016

		Al 31 de diciembre de	
		2017	2016
Activos:			
Efectivo	US\$	352 200	US\$ 90 604
Inversiones en instrumentos financieros		1 013 302	904 282
Cuentas e intereses por cobrar		79 879	91 238
Total		<u>1 445 381</u>	<u>1 086 124</u>
Pasivos:			
Cuentas por pagar		(438 996)	(98 104)
Total		<u>(438 996)</u>	<u>(98 104)</u>
Exceso de activos sobre pasivos	US\$	<u>1 006 385</u>	US\$ <u>988 020</u>

Sensitivity Analysis

A sensitivity analysis on the position of the Company's net foreign currency. This analysis is made taking into consideration the effect on results of each increase or decrease percent point in the closing exchange rate of the period. As of the closing date, exchange rate is ¢566.42: (¢548.18 in 2016)

		Al 31 de diciembre de	
		2017	2016
Aumento en el tipo de cambio			
Activos	¢	8 186 925	¢ 5 951 960
Pasivos		(2 486 562)	(537 611)
Neto		<u>5 700 363</u>	<u>5 414 349</u>
Disminución en el tipo de cambio			
Activos		(8 186 925)	(5 951 960)
Pasivos		2 486 562	537 611
Neto	¢	<u>(5 700 363)</u>	¢ <u>(5 414 349)</u>

Notes to the Financial Statements

For the years ended December 31, 2017 and 2016

a) Capital Management

Management's policy is to keep a strong capital basis. In order to obtain an appropriate yield on equity, the Company has established goals that guarantee an acceptable profit on equity.

Management's objective is to maximize yields of its investors through an appropriate balance between invested capital and debt, trying to decrease the risk for stockholders and creditors.

During this year, there have been no changes on the way of managing the Company's capital.

20. Fair Value of the Financial Instruments

The financial instruments have been prepared on the historical cost basis. In general, the historical cost is based on the fair value of the consideration granted in exchange of goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability on the measurement date. Fair value for measurement and/or disclosure purpose in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and, measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1** - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** - inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (that is to say, prices) or indirectly; and (that is to say, derivative of prices).
- **Level 3** - unobservable inputs important for asset or liability.

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Management considers that the carrying amount of accounts receivable, accounts payable, and cash on hand and due from banks approximates their fair value due to their short term nature.

Investments in financial instruments are valued according to the Price vector of Proveedor Integral de Precios Centroamérica, S.A. [Central American Comprehensive Pricing Provider] (PIPCA, S.A.), which considers among others, the latest prices quoted in the market.

21. Transition to International Financial Reporting Standards (IFRS) and New Accounting Pronouncements

Through various resolutions, the National Financial System Oversight Board (CONASSIF) (the Board) partially implemented the International Financial Reporting Standards (IFRS) as of January 1, 2004 and issued by the International Accounting Standards Board (IASB). In order to regulate application of those standards, the Board issued the Terms of Accounting Regulations Applicable to Entities Regulated by SUGEF, SUGEVAL, and SUPEN, and to Non-Financial Issuers. Through communication C.N.S. 116-07 of December 18, 2007, the Board issued a comprehensive amendment of the “*Accounting Regulations Applicable to Entities Regulated by SUGEF, SUGEVAL, SUPEN and SUGESE and to Non-Financial Issuers*”.

Afterwards, through articles 8 and 5 of the minutes of meetings 1034-2013 and 1035-2013, held on April 2, 2013, respectively, the National Supervisory Board of the Financial System decided to reform the “*Accounting Regulations Applicable to Entities Regulated by SUGEF, SUGEVAL, SUPEN and SUGESE and to Non-Financial Issuers*” (the Regulations).

According to such document, IFRS and the corresponding interpretations are mandatory for supervised entities, in accordance with texts in effect as of January 2011; this applied for audits as of December 31, 2014, except for the special treatments applicable to supervised entities and non-financial issuers. Early adoption of the standards is not permitted.

Pursuant to the Regulations, the adoption of new IFRS or interpretations issued by the IASB, as well as any other revisions of IFRS adopted, will require the prior authorization of the National Supervisory Board of the Financial System (CONASSIF). There have not been new authorizations made by CONASSIF during 2017 and 2016 that affect the Company.

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Notes to the Financial Statements

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Following is a summary of some of the main differences between the accounting standards issued by CONASSIF and IFRS:

- **Registration of Allowances, Provisions, and Reserves** - These items are determined following pre-established formulas, relevant legislation, or upon request by the regulatory authorities. The result of these allowances, provisions, and reserves does not necessarily comply with the International Financial Reporting Standards.
- **Financial Instruments** - According to the standard approved for the investments made in bonds or other similar securities, in joint portfolios of investment funds, pension funds and capitalization funds should be classified as assets available for sale, regardless of the purpose that the Company has.
- **Classification of Items** - The items of the financial statements are classified according to the models and contents established by CONASSIF through SUGEVAL. Some of them include the obligation of classifying works in progress as other assets and the need to include information on profit per share.
- **Functional Currency** - According to the definition of the National Supervisory Board of the Financial System, the Costa Rican colón is defined as the functional currency for the supervised entities; thus, supervised entities must use the purchasing exchange rate of reference of the Central Bank of Costa Rica to record the translation of foreign currency to functional currency, and the exchange rate of reference of the Central Bank of Costa Rica at the end of the month should be used to recognize the exchange rate difference adjustment.
- **Other Provisions** - SUGEVAL issues specific provisions on specific transactions which can differ from the International Financial Reporting Standards.
- **Accounting Policies, Changes in Accounting Estimates and Errors** – Regarding the correction of fundamental errors of previous periods, these should be made adjusting the accrued profits at the beginning of the period, and the retrospective information should be corrected to restore the comparability, unless it is impossible to conduct such comparison. When an adjustment is made to retained earnings at the beginning, as a result of a fundamental error, the entity should submit to the Superintendence, within a term of three days after making an adjustment, a note that explains the transaction made.

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- ***Interim Financial Information*** - The financial statements should comply with that required by IAS 1, except for what is indicated in the provisions of CONASSIF regarding presentation and disclosure of the financial statements.
- ***Intangible Assets*** - Assets should be recorded at cost of acquisition less the accumulated amortization and the accumulated value impairment losses that could have affected.

As of December 31, 2010, the automated applications in use should be systematically amortized using the straight/line method, in the course of the period in which economic benefits for the entity are expected to be produced, which could not exceed five years (5), similar procedure and term should be used for the amortization of acquired surplus.

- ***Fair (Market) Value*** - Fair value of an investment that is negotiated under an organized financial market is determined by reference to prices quoted in such financial market for negotiations made as of the date of the balance sheet. For those investments for which an active financial market does not exist, fair value is determined using valuation techniques. Such techniques include recent market transactions among interested and duly informed parties that act under conditions of mutual independence; references to fair value of other substantially similar financial instrument, and the cash flow discount or other valuation models. The fair value for 2017 and 2016 is determined based on the price vector provided by Proveedor Integral de Precios de Centroamérica, S.A. (PIPICA), both for local investments as well as for foreign investments.
- ***Financial Instruments; Transfer of Assets*** - Interest on trusts and other special-purpose vehicles are valued in accordance with the trusted equity amount.
- ***Investment in Equity for Rent or Surplus*** - Investment properties are valued at fair value, unless when there is no evidence of being able to determine it. Residual value of the investment property should be considered as zero.
- ***Business Combinations*** - The business combination between entities under common control should be made by integrating their assets, liabilities, and equity, taking assets and liabilities at their fair value, in order to determine the final equity effect on the preceding equity.
