



TELEFÓNICA MÓVILES CHILE S.A. AND SUBSIDIARIES

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended as of
December 31, 2019 and 2018

(Translation of Financial Statements originally issued in Spanish – See Note 2c)

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ThCh\$: Thousands of Chilean Pesos

MCh\$: Millions of Chilean Pesos

CLASSIFIED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2019 and 2018



	Notes	12.31.2019	12.31.2018
		ThCh\$	ThCh\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	(5)	234,466,421	263,376,457
Other current financial assets	(6)	24,825,391	5,211,677
Other current non-financial assets	(7)	41,185,320	38,268,897
Current trade and other accounts receivable	(8a)	233,716,006	198,534,756
Current receivables from related companies	(9a)	21,109,235	21,487,842
Inventory	(10a)	59,288,009	55,566,162
Current tax assets	(11b)	7,531,100	13,177,118
TOTAL CURRENT ASSETS		622,121,482	595,622,909
NON-CURRENT ASSETS			
Other non-current financial assets	(6)	195,990,996	152,156,299
Other non-current non-financial assets	(7)	12,877,869	2,716,622
Non-current trade and other accounts receivable	(12a)	27,422,344	34,028,767
Intangible assets other than goodwill. net	(13a)	159,339,848	179,955,847
Goodwill	(14)	504,774,872	504,839,853
Property, plant and equipment. net	(15a)	1,447,850,314	1,252,993,757
Deferred tax assets	(11c)	116,368,421	118,546,134
TOTAL NON-CURRENT ASSETS		2,464,624,664	2,245,237,279
TOTAL ASSETS		3,086,746,146	2,840,860,188

The accompanying notes 1 to 30 are an integral part of these consolidated financial statements

CLASSIFIED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2019 and 2018



	Notes	12.31.2019 ThCh\$	12.31.2018 ThCh\$
LIABILITIES			
CURRENT LIABILITIES			
Other current financial liabilities	(16)	204,817,950	58,886,127
Trade and other payables	(17a)	304,290,564	385,753,698
Current payables to related companies	(9b)	66,055,208	52,202,802
Other current provisions	(19a)	1,601,625	5,745,139
Current tax liabilities	(11f)	5,252,731	3,420,586
Current employee benefits accrual	(20a)	9,397,635	8,597,752
Other current non-financial liabilities	(21)	51,935,044	29,757,242
TOTAL CURRENT LIABILITIES		643,350,756	544,363,346
NON-CURRENT LIABILITIES			
Other non-current financial liabilities	(16)	905,710,265	844,037,498
Trade and other payables non-current	(17a)	2,160,741	4,320,435
Current payables to related companies non-current	(9c)	38,027,645	168,255
Other non-current provisions	(19b)	18,800,555	20,183,648
Deferred tax liabilities	(11c)	93,901,530	84,570,341
Non-current employee benefits accrual	(20a)	26,723,862	26,842,153
Other non-current non-financial liabilities	(21)	7,656,136	8,042,563
TOTAL NON-CURRENT LIABILITIES		1,092,980,734	988,164,893
TOTAL LIABILITIES		1,736,331,490	1,532,528,239
NET SHAREHOLDERS' EQUITY			
Issued capital	(22a)	1,329,872,285	1,294,872,285
Retained earnings		472,507,995	465,582,534
Other reserves	(22d)	(457,825,500)	(457,727,425)
Shareholders' equity attributable to owners of the parent		1,344,554,780	1,302,727,394
Non-controlling interest	(22e)	5,859,874	5,604,555
TOTAL NET SHAREHOLDERS' EQUITY		1,350,414,656	1,308,331,949
TOTAL NET LIABILITIES & SHAREHOLDERS' EQUITY		3,086,746,146	2,840,860,188

The accompanying notes 1 to 30 are an integral part of these consolidated financial statements

CLASSIFIED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2019 and 2018



STATEMENTS OF COMPREHENSIVE INCOME	Notes	2019	2018
		ThCh\$	ThCh\$
Income from ordinary operations	(24a)	1,503,478,490	1,573,231,970
Other income	(24b)	29,082,196	6,727,566
Employee benefits expenses	(20d)	(123,066,124)	(124,721,095)
Depreciation and amortization expense	(13b)(15b)	(330,619,898)	(279,535,462)
Other expenses, by nature	(24c)	(921,200,350)	(1,024,754,855)
Profit from operating activities		157,674,314	150,948,124
Interest income	(24d)	5,346,785	5,866,803
Interest expense	(24d)	(50,781,750)	(42,164,789)
Foreign exchange differences	(24e)	(1,259,091)	982,622
Income from indexation units	(24f)	(371,139)	(112,653)
Profits before tax from continuing operations		110,609,119	115,520,107
Income tax expense	(11e)	(28,143,608)	(29,604,356)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		82,465,511	85,915,751
Profit attributable to holders of equity instruments of the controller and minority interest:			
Profit attributable to owners of the parent		82,221,847	85,790,209
Profit attributable to non-controlling interest	(22e)	243,664	125,542
PROFIT (LOSS) FOR THE PERIOD		82,465,511	85,915,751
EARNINGS PER SHARE		Ch\$	Ch\$
Earnings per basic share			
Earnings per basic share for continuing operations	(23)	0.088	0.095
Earnings per basic share for discontinuing operations		-	-
Earnings per basic share		0.088	0.095
Diluted earnings per share			
Diluted earnings per share from continuing operations		0.088	0.095
Diluted earnings per share from discontinuing operations		-	-
Diluted earnings per share		0.088	0.095

The accompanying notes 1 to 30 are an integral part of these consolidated financial statements

CLASSIFIED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2019 and 2018



For years ended December 31,

STATEMENTS OF OTHER COMPREHENSIVE INCOME	2019 ThCh\$	2018 ThCh\$
PROFIT (LOSS) FOR THE PERIOD	82,465,511	85,915,751
OTHER COMPREHENSIVE INCOME		
Components of other comprehensive income that will not be reclassified		
Total other comprehensive income that will not be reclassified to income for the period	(2,397,133)	(232,839)
Components of other comprehensive income that will be reclassified to income for the period	891,517	(225,969)
Difference of conversion	(1,505,616)	(458,808)
Profit (loss) to difference of conversion, before taxes		
Financial assets available for sale	1,113,162	(7,470,156)
Profit (loss) on new measurement of financial assets available for sale	1,113,162	(7,470,156)
Profit (loss) on cash flow hedges		
Total Components of other comprehensive income that will be reclassified to income for the period	(392,454)	(7,928,964)
Total other components of other comprehensive income, before taxes	647,226	71,410
Income taxes associated to components of other comprehensive income which will not be reclassified to income for the period		
Income taxes associated to new measurements of defined benefits plans of		
Income taxes associated to components of other comprehensive income which will be reclassified to income for the period	(300,554)	2,593,708
Income tax related to hedging cash flows from other comprehensive income	346,672	2,665,118
Total income taxes associated to components of other	(45,782)	(5,263,846)
TOTAL OTHER COMPREHENSIVE INCOME	82,419,729	80,651,905
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		
COMPREHENSIVE INCOME ATTRIBUTABLE TO:	82,123,772	80,568,679
Comprehensive income attributable to owners of the parent	295,957	83,226
TOTAL COMPREHENSIVE INCOME	82,419,729	80,651,905

The accompanying notes 1 to 30 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

As of December 31, 2019 and 2018



	Changes in capital (Note 22 a)	Changes in the other reserves (Note 22 d)				Retained earnings	Equity attributable to owners of the parent	Non controlling interests (Note 22 e)	Total equity	
	Issued capital	Cash flow hedge reserves	Reserves of actuarial gains or losses on defined benefit plans	Accrual of profits or losses on remeasurement of financial assets available for sale	Other miscellaneous reserves					Total other reserves
Balance at the beginning of the year 2019	1,294,872,285	338,921	(8,203,551)	1,271,402	(451,134,197)	(457,727,425)	465,582,534	1,302,727,394	5,604,555	1,308,331,949
Changes in equity										
Comprehensive income										
Profit	-	-	-	-	-	-	82,221,847	82,221,847	243,664	82,465,511
Other comprehensive income	-	760,328	(1,742,258)	883,855	-	(98,075)	-	(98,075)	52,293	(45,782)
Comprehensive income	-	760,328	(1,742,258)	883,855	-	(98,075)	82,221,847	82,123,772	295,957	82,419,729
Dividends	-	-	-	-	-	-	(75,035,060)	(75,035,060)	(40,619)	(75,075,679)
Capital increase	35,000,000	-	-	-	-	-	-	35,000,000	-	35,000,000
Other increase (decrease) from transfers and other changes (1)	-	-	-	-	-	-	(261,326)	(261,326)	(19)	(261,345)
Total changes in shareholders' equity	35,000,000	-	-	-	-	-	6,925,461	41,827,385	255,319	42,082,705
Ending balance as of 12.31.2019	1,329,872,285	1,099,249	(9,945,809)	2,155,257	(451,134,197)	(457,825,500)	472,507,995	1,344,554,779	5,859,874	1,350,414,654
Balance at the beginning of the year 2018	1,257,872,285	5,172,662	(8,038,094)	1,493,734	(451,774,473)	(453,146,171)	487,027,163	1,291,753,277	6,541,189	1,298,294,466
Changes in equity										
Comprehensive income										
Profit	-	-	-	-	-	-	85,790,209	85,790,209	125,542	85,915,751
Other comprehensive income	-	(4,833,741)	(165,457)	(222,332)	-	(5,221,530)	-	(5,221,530)	(42,316)	(5,263,846)
Resultado integral	-	(4,833,741)	(165,457)	(222,332)	-	(5,221,530)	85,790,209	80,568,679	83,226	80,651,905
Dividends	-	-	-	-	-	-	(87,388,498)	(87,388,498)	(40,355)	(87,428,853)
Capital increase	37,000,000	-	-	-	-	-	-	37,000,000	-	37,000,000
Other increase (decrease) from transfers and other changes	-	-	-	-	-	-	-	-	-	-
Other increase (decrease) from transactions with treasury shares (2)	-	-	-	-	640,276	640,276	(19,846,340)	(19,206,064)	(979,505)	(20,185,569)
Total changes in shareholders' equity	37,000,000	(4,833,741)	(165,457)	(222,332)	640,276	(4,581,254)	(21,444,629)	10,974,117	(936,634)	10,037,483
Ending balance as of 12.31.2018	1,294,872,285	338,921	(8,203,551)	1,271,402	(451,134,197)	(457,727,425)	465,582,534	1,302,727,394	5,604,555	1,308,331,949

(1) Movements in equity correspond to the effects of the first-time application of IFRS 16 both at the Parent Company and subsidiary Telefónica Chile S.A. effective from January 1, 2019.

(2) Movements in equity correspond to the effects of the first-time application of IFRS 9 and IFRS 15 both at the Parent Company and subsidiaries Telefónica Chile S.A. and Telefónica Empresas S.A. effective from January 1, 2018.

The accompanying notes 1 to 30 are an integral part of these consolidated financial statements



	For years ended December 31,	
Notes	2019	2018
	ThCh\$	ThCh\$
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Types of operating activity charges		
Proceeds from sale of assets and services rendered	1,691,896,380	1,767,785,409
Proceeds from sales and services	1,634,562,264	1,759,858,472
Proceeds from related entities	57,334,116	7,926,937
Types of payments	(1,256,985,977)	(1,302,264,012)
Payments to suppliers for supplying goods and services	(857,193,050)	(1,007,006,558)
Payments to and on account of employees	(139,507,678)	(158,603,059)
Payments from related entities	(115,063,953)	(61,277,371)
Other operating activities payments (1)	(145,221,296)	(75,377,024)
Net cash flows provided by (used in) operating activities	434,910,403	465,521,397
Income taxes paid reimbursed classified as operating activities (less)	(5,132,567)	(30,328,460)
Cash flows provided by (used in) operating activities	429,777,836	435,192,937
CASH FLOWS PROVIDED BY (USED IN) INVESTMENT ACTIVITIES		
Amounts from sales of property, plant and equipment,	43,869,046	4,030,666
(Payments) proceeds Loans to related entities, classified as investing activities	(337,363,749)	(281,609,921)
Dividends received	597,255	375,963
Interest received, classified as investing activities	3,481,643	3,811,803
Net cash flows provided by (used in) investment activities	(289,415,805)	(273,391,489)
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Proceeds from loans, classified as financing activities		
Loans from related entities	(9d) 179,898	45,083,000
Loan reimbursement	(47,000,000)	-
Payments to acquire or redeem the entity's shares	(23a) 35,000,000	37,000,000
Lease payments as per IFRS 16	(41,819,955)	-
(Payments) collections loans	(75,040,625)	(147,787,497)
Interest paid (2)	(31,920,362)	(29,605,314)
Other cash inputs (outputs)	(8,671,023)	(9,909,200)
Net cash flows provided by (used in) financing activities	(169,272,067)	(105,219,011)
Increase (decrease) in cash and cash equivalents, before the effects of changes in he exchange rate	(28,910,035)	56,582,437
Effects of changes in the exchange rate over cash and cash equivalents	-	112
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(28,910,036)	56,582,549
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	263,376,457	206,793,908
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(5) 234,466,421	263,376,457

(1) Corresponds to the net amount of factoring transactions, portfolio sales, VAT and fee-based payments.

(2) Corresponds to interest paid on bonds and loans. See note 16.

The accompanying notes 1 to 30 are an integral part of these consolidated financial statements

i) Corporate information:

Telefónica Móviles Chile S.A. (formerly Inversiones Telefónica Móviles Holding S.A., (hereinafter “the Company”), was established as a limited liability company on July 12, 2004, On December 30, 2011 the partners agreed to change it to a closely held company. The Company’s capital is divided into 10 billion common, single series registered shares, without par value, which have been fully subscribed and paid. The Company’s line of business is: i) operating the public telephone service concessions which it May come to hold by virtue of Supreme Decrees issued by the Ministry of Transportation and Telecommunications; ii) performing all types of activities in the field of telecommunications services (fixed and mobile), comprising the installation, operation, exploitation and management, in general, of all types of networks, systems and services; iii) purchasing and selling all types of articles and products in the communications area; iv) offering data processing services to third parties; v) performing research and development activities in the telecommunications and telematics fields; vi) investing in tangible and intangible personal property, in shares of public companies, rights in other companies, bonds, commercial papers and other transferable securities, as well as their administration and operation. The Company is located at Avenida Providencia No, 111, Santiago, Chile.

Telefónica Móviles Chile S.A. is part of the Telefónica Group, where its majority shareholder, Inversiones Telefónica International Holding SpA, is an indirect subsidiary of Telefónica S.A., whose parent company is located in Spain.

The subsidiary registered in the Securities Registry is:

Subsidiary	Taxpayer No.	Registration No.	Participation percentage (direct and indirect)	
			12.31.2019	12.31.2018
			%	%
Telefónica Chile S.A.	90.635.000-9	009	99.1405597	99.1405597

2. Significant accounting principles:

a) Accounting period

These consolidated financial statements (hereinafter, “financial statements”) cover the years ended December 31, 2019 and 2018.

b) Basis of presentation

The consolidated financial statements for December 31, 2019 and 2018 and their corresponding notes are shown in a comparative manner in accordance with Note 2a). Certain minor reclassifications have been made for comparison purposes to the 2018 financial statements, for better comparison with the financial statements as of December 31, 2019.

c) Basis of preparation

The financial statements as of December 31, 2019 and 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

The figures included in these consolidated financial statements are expressed in thousands of Chilean pesos, since the Chilean peso is the Company’s functional and reporting currency. All values are rounded to the nearest thousands, except when otherwise indicated.

The Company’s Board of Directors is responsible for the information contained in these consolidated financial statements, and it expressly manifests its responsibility for the consistent and reliable nature of the application of IFRS.

d) Exchange Method

Balances of monetary assets and liabilities denominated in foreign currency are presented valued at the closing exchange rate for each exercise, Foreign currency translation differences arising from the application of this standard are recognized in income for the period through the “Foreign currency translation differences account and differences resulting from valuation of the UF are recognize in income for the period in the “income from indexation units” account.

Non-monetary items in foreign currency, which are measured in terms of historical cost, are converted using the exchange rate on the transaction date and non-monetary items that are measured at fair value in a foreign currency, are converted using the exchange rates for the date on which this fair value is measured.

When a loss or profit derived from a non-monetary item is recognized in other comprehensive income, any foreign currency translation difference included in that loss or profit, is also recognized in other comprehensive income. On the other hand, when the loss or profit, derived from a non-monetary item, is recognized in income for the period, any foreign currency translation difference, included in this loss or profit, will also be recognized in income for the exercise.

2. Significant accounting principles:

d) Exchange Method, continued

Assets and liabilities in US\$ (United States dollars), Euros, Brazilian Real and UF (Unidades de Fomento), have been converted to Chilean pesos at the observed exchange rates as of the closing date of each period, detailed as follows:

DATE	USD	EURO	REAL	UF
12.31.2019	748.74	839.58	186.51	28,309.94
12.31.2018	694.77	794.75	179.59	27,565.79

e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries (hereinafter, "the Company"), including assets, liabilities, income, expenses and cash flows after making adjustments and eliminations related to transactions between the companies that are part of the consolidation, Minority investments have been recognized under "Non-controlling Interests" (note 22e).

Control is achieved when the Company is exposed to or has rights to variable returns from its interest in the investee and has the capacity to influence these returns through its power over it, In order to comply with the definition of control the following points must be fulfilled:

- Power over the investee (i.e, existing rights that give it the capacity to direct the relevant activities of the investee),
- Exposure, or right to variable returns from its interest in the investee; and
- Capacity to use its power over the investee to influence the amount of the returns of the investor.

The financial statements of the consolidated companies cover the periods ended on the same dates as the individual financial statements of the parent Company, Telefónica Móviles Chile S.A. and have been prepared using the same accounting policies.

Non-controlling interest represents the portion of net income or loss and net assets of certain subsidiaries that are not owned by the parent company, and are presented in the consolidated statements of income and equity, separately from shareholders' equity.

The following subsidiaries are included in consolidation:

Taxpayer No.	Company Name	Origin Country	Currency	% of participation 12.31.2019			12.31.2019 Total
				Direct	Indirect	Total	
96.990.810-7	Telefónica Móviles Soluciones y Aplicaciones S.A.(1)	Chile	CLP	-	-	-	99.9999996
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA	Chile	CLP	100.0000000	-	100.0000000	100.0000000
90.635.000-9	Telefónica Chile S.A.	Chile	CLP	99.1405597	-	99.1405597	99.1405597
76.703.410-1	Telefónica Empresas Chile S.A.	Chile	CLP	-	99.9999973	99.9999973	99.9999973
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	Chile	CLP	49.0000000	51.0000000	100.0000000	100.0000000

(1) On November 22, 2019, Telefónica Móviles Chile S.A. purchased from Telefónica Chile S.A. the shares of Telefónica Móviles Soluciones y Aplicaciones S.A., becoming 100% owner of the shares, generating the dissolution of the Company.



2. Significant accounting principles, continued

e) Basis of consolidation, continued

The summarized financial information at December 31, 2019 of the companies included in the consolidation is as follows:

Taxpayer No,	Company Name	% Participation	Currents assets	Non-currents assets	Total Assets	Currents liabilities	Non-currents liabilities	Total liabilities	Equity	Revenues from ordinary operations	Profit (loss), Net
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA	100.00	9,106,405	213,155	9,319,560	7,218,270	3,829	7,222,099	2,097,460	1,448,784	79,387
90.635.000-9	Telefónica Chile S.A.	99.14	243,737,041	1,296,480,095	1,540,217,136	295,754,590	568,517,852	864,272,442	675,944,694	346,761,986	26,537,025
78.703.410-1	Telefónica Empresas Chile S.A.	99.99	207,145,100	87,166,671	294,311,771	175,555,018	4,920,169	180,475,187	113,836,584	328,534,567	9,868,605
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	100.00	97,504,311	53,067,947	150,572,258	59,827,441	30,816,055	90,643,496	59,928,762	179,743,289	6,196,325

The summarized financial information at December 31, 2018 of the companies included in the consolidation is as follows:

Taxpayer No,	Company Name	% Participation	Currents assets	Non-currents assets	Total Assets	Currents liabilities	Non-currents liabilities	Total liabilities	Equity	Revenues from ordinary operations	Profit (loss), Net
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
96.990.810-7	Telefónica Móviles Soluciones y Aplicaciones S.A.	100.00	1.678.122	-	1.678.122	780.863	-	780.863	897.259	-	(60.149)
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA	100.00	8.726.722	197.755	8.924.477	6.788.717	43.142	6.831.859	2.092.618	4.229.804	1.140.688
90.635.000-9	Telefónica Chile S.A.	99.14	238.285.555	1.184.341.689	1.422.627.244	271.655.507	502.544.202	774.199.709	648.427.535	350.921.713	13.829.858
78.703.410-1	Telefónica Empresas Chile S.A.	99.99	147.230.152	90.850.440	238.080.592	131.581.497	3.378.847	134.960.344	103.120.248	237.324.633	6.658.941
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	100.00	98.434.126	49.823.206	148.257.332	55.120.571	33.995.171	89.115.742	59.141.590	149.629.211	13.689.870

2. Significant accounting principles, continued

f) Financial assets and liabilities

1. Financial assets other than derivatives

Classification and presentation

The Company classifies its financial assets into the following categories: loans and accounts receivable, financial assets at fair value through profit and loss, financial assets held to maturity and assets-held-for-sale. The classification depends on the purpose for which the financial assets were acquired. The Company determines the classification of its financial assets at the time of initial recognition.

i) Amortized cost

Financial assets that comply with the following two conditions will be measured at amortized cost: the objective of the business model supporting them is to hold the financial assets to obtain contractual cash flows and in turn, the contractual conditions of the financial assets lead to cash flows composed of principal and interest payments only on specific dates.

The Company's financial assets that comply with the conditions established in IFRS 9, for valuation at amortized cost are: accounts receivable, loans and cash and cash equivalents.

Trade receivables are recognized for the amount of the invoice, and an adjustment is recorded if there is objective evidence of customer payment risk.

The estimated impairment of accounts receivable, is determined on the basis of the expected loss throughout the lives of the assets, determined by assessing the historical payment behavior and current information demonstrating the present and future condition of customers from the various segments that compose the portfolio. Recoverability matrices are prepared for this assessment, composed of aging periods, which provide the percentages of uncollectible based on past behavior, in addition to gathering timely customer information and monitoring changes in macroeconomic factors, thus recognizing impairment which are from inception.

Loans and accounts receivable are included in "Trade and other accounts receivable" in the consolidated statement of financial position, except for those with due dates in excess of 12 months from the closing date which are classified as Non-current trade and other accounts receivable. They are recorded at amortized cost using the effective interest rate method, which is its initial fair value.

The effective interest rate method is a method for calculating the amortized cost of a financial asset or liability and imputing finance income or expenses throughout the relevant period, The effective interest rate is the discount rate that exactly matches the estimated cash flows receivable or payable throughout the expected life of the financial instrument (or, when adequate in a shorter period) with the net carrying amount of the financial asset or liability.

Short-term trade receivables are not discounted. The Company has determined no difference between the amount invoiced and the amortized cost, as the transaction has no significant associated costs.

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

1. Financial assets other than derivatives, continued

Classification and presentation, continued

Cash and cash equivalents recognized in the financial statements includes cash balances, checking accounts, time deposits and investments in instruments with original maturity of three months or less. These items are recorded at their historical cost, which does not significantly differ from their realization value.

There are no restrictions on the use of cash and cash equivalents contained in this heading.

ii) Financial assets at fair value through other comprehensive income

Financial assets that comply with the following two conditions are measured at fair value through other comprehensive income: they are classified within a business model whose objective is to hold financial assets both to collect contractual cash flows and to sell them and in turn, contractual conditions lead to payment of principal and interest on the amount of the outstanding principal.

The Company will apply this valuation to factoring transactions, as long as the following conditions are met by sales subject to this transaction: significant, frequent sales, not motivated by credit risk and far from their due date.

iii) Financial assets at fair value through profit or loss

Financial assets will be considered in this category when they are not classified in the two previous categories or are irrevocably designated at their initial recognition at fair value through profit or loss.

They are recorded in the statement of financial position at fair value, and changes in their value are recorded directly in income when they occur, as are the costs of the initial transaction.

2. Financial liabilities

The Company irrevocably determines the classification of its financial liabilities at the time of their initial recognition.

Financial liabilities are initially recognized at fair value and in the case of loans, include costs directly attributable to the transaction. Subsequent measurement of financial liabilities depends on their classification: amortized cost, fair value through profit or loss or held for trading.

Financial liabilities are derecognized when the obligation is cancelled, liquidated or expires, When an existing financial liability is replaced by another from the same lender under substantially different terms, or the terms of an existing liability are substantially modified, that exchange or modification is treated as an accounting derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

2. Financial liabilities, continued

i) Financial liabilities at amortized cost

The Company classifies all its financial liabilities at amortized cost, except for liabilities held for trading or that decrease an accounting asymmetry, which are valued at fair value through profit or loss.

ii) Financial liabilities at fair value through profit or loss

Financial liabilities are classified in the category of financial liabilities at fair value through profit or loss when they are initially recognized at fair value through profit or loss, in order to reduce accounting asymmetries.

This classification includes derivatives designated as effective hedging instruments (see note 18.2).

The underlying items associated to these derivatives, which are measured at amortized cost, consider the fair value risk rate amount determined.

3. Derivative financial instruments

The Company holds hedge derivatives to manage its exposure to interest and/or exchange rate risks (see Note 18.2) to manage its risks associated to changes in interest rate and exchange rate. The Company's objective in respect to derivatives is to minimize these risks using the most effective method to eliminate or reduce the impact on underlying hedged transactions.

Derivative instruments are recognized at fair value on the date of the statement of financial position under "Other financial assets" or "Other financial liabilities" depending on whether their fair value is positive or negative respectively. They are classified as current or non-current depending on whether they mature in less than or more than twelve months. Derivative instruments that meet all the requirements for being treated as hedge instruments for long-term items are presented as non-current assets or liabilities, based on their balance separately from the hedged items, as indicated in IFRS 9.

Hedges for risks of variations, in exchange rates, in firmly committed transactions. May be treated indistinctly as either a fair value hedge or cash flow hedge.

Variations in the fair value of derivatives that have been designated as and meet the requirements for being treated as fair value hedge instruments, are recorded in the income statement netting the effects of the part of the underlying for which the risk is being hedged.

In the case of cash flow hedges, changes in the fair value of derivatives are recorded, for the effective part of those hedges, in an equity reserve called "Cash flow hedge reserve". The accumulated deficit or profit in that heading is transferred to the comprehensive statement of income to the extent that the underlying has an impact on the comprehensive income statement for the hedged risk, netting that effect. The part of the hedge considered to be ineffective is recorded directly in the comprehensive income statement.

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

3. Derivative financial instruments, continued

Initially, the Company formally documents the hedge relationship between the derivative and the hedged item, as well as the objectives and risk management strategies pursued in establishing the hedge. This documentation includes identifying the hedge instrument, hedged item or transaction as well as the nature of the hedged risk. It also specifies the method for assessing the degree of effectiveness when offsetting the exposure to changes in the hedged element, whether in its fair value or in the cash flows attributable to the hedged risk. The effectiveness assessment is performed prospectively and retroactively, both at inception of the hedge relationship and systematically throughout the period for which it were designated.

The fair value of the derivative portfolio reflects estimates based on calculations performed using observable market data, employing specific valuation and risk management tools widely used by diverse financial entities.

g) Inventory

Materials for consumption and replacement are valued at cost or net realization value, whichever is lower.

The net realizable value is the estimated sales value during the normal course of business, less costs related to the sale and costs related to finishing the product.

When cash flows related to inventory purchases are covered by an effective hedge, the corresponding gains and losses accumulated in equity become part of the cost of acquired inventory.

Obsolescence is determined on the basis of the age and commercial turnover of equipment and accessories, According to the Company's policies, establish a provision for items that have been in inventory for more than 360 days since their purchase date and whose turnover is greater than 12 months. Likewise, stored scrapped products or accessories are considered to be a total loss.

h) Impairment of non-current assets

At each year-end non-current assets are evaluated for possible indications of impairment. If such indications exist, the Company estimates the asset's recoverable amount, which is its value in use or its fair value, less cost to sell, whichever is greater. Value in use is determined by discounting estimated future cash flows. When an asset's recoverable amount is less than its net book value, impairment is recorded.

To calculate impairment, the Company estimates the return on assets assigned to the different cash generating units based on expected cash flows.

i) Leases

Leases are recognized in accordance with IFRS 16, as a right of use asset and a corresponding liability as of the date on which the leased asset is available for use by the Company. The financial cost is charged to income over the term of the lease. The right of use asset is depreciated using the straight-line method over the useful life of the asset or the term of the lease, whichever is shorter.

2. Significant accounting principles, continued

i) Leases, continued

1. Initial recognition

Right of use assets are measured at cost including the following:

- The initial measurement amount of the lease liability
- Any lease payment made on or before the commencement date less any lease incentive received.
- Any direct initial cost and
- Restoration or decommissioning costs.

Lease liabilities include the present value, as of the commencement date of the lease, net of the following payments:

- Fixed payments (including those that are so in substance), less lease incentives receivable.
- Variable lease payments based on an index or rate.
- The amounts that are expected to be payable by the lessee as guarantee for the residual value;
- Payment of fines for lease contract termination, if the lease termination reflects the lessee that exercises that option.

2. Subsequent measurement

The right of use asset must be measured using the cost model, that is, cost less accumulated depreciation and any accumulated impairment loss, adjusted for any new measurement of the lease liability, including restatement of indexation units (UF).

The lease liability will be measured increasing the carrying amount to reflect the interest on the lease liability and reducing the carrying amount to reflect lease payments made. In addition it must include new evaluations or modifications.

Lease payments are discounted using the implicit interest rate in the lease contract, if it can be determined, or the incremental interest rate.

Payments associated to short-term leases and low value asset leases are recognized, as an expense based on accrual of the service, in income. Short-term leases are those that are equal to or less than twelve months (that do not contain a purchase option). Low value assets comprise equipment for information processes, office furniture and equipment.

j) Income taxes

The income tax expense for each year comprises current and deferred income taxes.

Tax assets and liabilities for the current year and prior years are measured at the amount the Company estimates it will recover from or pay to tax authorities. Tax rates and government regulations used to calculate these amounts are those in force as of each year end 27% as of December 31, 2019 and 2018, respectively.

2. Significant accounting principles, continued

j) Income taxes

The deferred tax amount is obtained from analyzing temporary differences that arise due to differences between the tax and book values of assets and liabilities, mainly allowance for doubtful accounts, depreciation of Property, plant and equipment and staff severance indemnities.

Under Chilean tax regulations tax loss carry forwards can be realized as future tax benefits with no time restrictions.

Temporary differences generally become taxable or deductible when the related liability is settled or the related asset is recovered. A deferred tax liability or asset represents the amount of tax payable or refundable in future years under the currently enacted tax laws and rates as a result of temporary differences determined as of the date of issuance of the financial statements. Deferred tax assets and liabilities are not discounted at their current value and are classified as non-current.

k) Goodwill

Represent the difference between acquisition cost and fair value, of the assets acquired, liabilities assumed and identifiable contingent liabilities acquired from an associate. After initial recognition, goodwill is recorded at cost, less any accumulated impairment loss.

The Company tests goodwill impairment annually and when there are indicators that the net carrying amount might not be fully recoverable. Impairment testing, based on fair value, is performed for each cash generating unit. If that fair value is less than the net carrying amount, an irreversible impairment loss is recognized in the income statement.

l) Intangibles

i) Administrative Concession

Concession licenses correspond to the cost incurred to obtain mobile cellular telephone public services concessions. They are presented at their acquisition cost less accumulated amortization and less any impairment loss, should there be any. The Company amortizes these licenses over the concession period (30 years from the date of publication of the decree that accredits the respective license in the Official Gazette, which began in December 2003).

ii) Licenses and softwares

Intangibles includes software licenses and the right to use underwater cable, which are recorded at acquisition or production cost, less accumulated amortization and less any accumulated impairment loss. Also includes intangible assets being developed which correspond to commercial systems applications, mainly billing, collecting and collections, to be used by the Company in the normal course of its operations in relation to its customer, These intangible assets being developed are recorded at acquisition cost plus all costs associated to their implementation and are amortized over the exercise in which their use is expected to generate income.

2. Significant accounting principles, continued

l) Intangibles, continued

ii) Licenses and softwares, continued

Software licenses and rights to use underwater cable have finite useful lives and are amortized over their estimated useful lives. As of the close of each period date there is an analysis underway to determine whether there are events or changes that indicate that the net book value might not be recoverable, in which case impairment tests will be carried out.

The methods and periods of amortization applied are reviewed as of each year-end and if applicable, adjusted in a prospective manner.

The Company amortizes software licenses and the right to use underwater cable using the straight-line method over their estimated useful lives, which for software licenses is 3 years and for rights to use underwater cables, a maximum of 20 years.

Software licenses and right of use of submarine cables have no ownership restrictions and are not held as guarantees of compliance with obligations

m) Property, plant and equipment

Property, plant and equipment items are valued at acquisition cost, less accumulated depreciation and less applicable impairment losses. Land is not depreciated.

Acquisition cost includes external costs plus internal costs necessary to carry out the investment, comprised of direct costs, direct labor costs used in the installation and any other cost necessary to carry out the investment. In addition, the Company recognizes an obligation for assets that will be dismantled, corresponding to future disbursements that the company must make for removal of certain installations. These future disbursements are incorporated in the restated value, updated present value, recognizing the corresponding dismantling provision.

Changes in the valuation of existing dismantling liabilities, derived from changes in the amount or temporary structure of outflow of resources that incorporate economic benefits required to settle the obligation, or a change in the discount rate, shall be added to or deducted from the cost of the corresponding asset in the current period. The amount deducted from the cost of the asset must not exceed its carrying amount. If the decrease in the liability should exceed the carrying amount of the asset, the excess is immediately recognized in income for period.

Property, plant and equipment assets have no ownership restrictions and are not held as guarantees on compliance with obligations.

An asset's dismantling provisioned cost is recognized in the income statement through depreciation over its useful life, under depreciation and amortization expense. The provision discount process is recognized in income for the period as finance cost.

Interest and other financial expenses incurred and directly attributable to the acquisition or construction of qualifying assets, Maybe capitalized, Qualifying assets, under the criteria of the Telefónica Group, are assets that require at least 18 months of preparation for their use or sale. At the closure of periods of 2019 and 2018 there are no capitalized interests.

2. Significant accounting principles, continued

m) Property, plant and equipment, continued

Costs for improvements that result in increased productivity, efficiency, or extension of the useful lives of assets, are capitalized as higher cost of such assets when they comply with the requirements to be recognized as an asset.

Repair and maintenance expenses are charged to the income statement account for the fiscal year, in which they are incurred.

n) Depreciation of property, plant and equipment

The Company depreciates Property, plant and equipment from the moment when the assets are in condition to be used, distributing the cost of the assets on a straight-line basis over the respective estimated useful life. Projects classified under building in progress, for which their estimated termination date as of each closing year has expired, but are in usable condition are also included.

The average annual financial depreciation rate of the Company is approximately 11.93% and 10.14% at December 31, 2019 and 2018, respectively.

Estimated useful lives are summarized in the following detail:

Assets	Useful lives in years	
	Minimum	Maximum
Buildings	5	40
Transportation equipment	7	10
Supplies and accessories	7	10
Office equipment	10	10
Information equipment	4	4
Network and communications equipment	5	20
Other property, plant and equipment	2	7

Estimated residual values, amortization methods and exercise are reviewed as of each year-end and if appropriate, adjusted prospectively.

ñ) Provisions

i) Employment benefits

The Company is obligated to pay staff severance indemnities in respect of collective negotiation agreements. This obligation is provisioned using the actuarial value of the accrued benefit cost method, using an nominal annual discount rate of 3.587% and 4.673% at December 31, 2019 and december 31, 2018 respectively, considering estimations such as future permanence, employee mortality rate and future salary increases determined on the basis of actuarial calculations, Discount rates are determined by reference to market interest curves.

2. Significant accounting principles, continued

ñ) Provisions, continued

ii) Provision for dismantling expenses

Corresponds to the cost that will be incurred in the future for dismantling microwave antennas from the telecommunications infrastructure once the third-party site rental contract ends. This cost is calculated at current value and recorded as a property, plant and equipment item in assets and as a non-current accrual for future obligations. That property, plant and equipment item is amortized over the duration of the asset associated to that accrual.

iii) Other provisions

Provisions are recognized when the Company has a present legal or constructive obligation, as a result of a past event, whose settlement requires an outflow of resources that is considered likely and can be reliably estimated. This obligation can be legal or constructive, derived from among other factors, regulations, contracts, common practices or public commitments that create a valid third-party expectation that the Company will assume certain responsibilities.

o) Income and expenses

Income and expenses are recognized in the income statement based on the accrual criteria, regardless of the moment at which the cash flows or financing derived from it is produced.

The Company's income is produced mainly by providing the following:

i) Telecommunications

It is composed of voice and data packages, international business (carrier payments), multiservice network services and capacities, television, interconnection, network and equipment rental, sale of equipment and other services, such as value added services or maintenance. Products and services can be sold separately or jointly, in commercial packages.

In the case of commercial offers where the customer pays a flat rate, which can include minutes, broadband and pay TV plans, revenue is recognized in a straight-line over the period covered by the rate paid by the customer.

In the case of revenue generated only by traffic, it is recorded as it is consumed.

In equipment sales, revenue is recognized at the time of delivery of the equipment to the customer; in case of sales including installation, configuration, startup or other complementary activities, revenue is recognized upon satisfactory reception by the customer.

Revenue from capacity and multi-service networks, is accrued as the services are rendered.

Interconnection revenue derived from fixed-mobile and mobile-fixed calls, as well as from other services used by customers, is recognized in the period in which such calls are placed.

2. Significant accounting principles, continued

o) Income and expenses, continued

i) Telecommunications, continued

The Company has current agreements with foreign correspondents, with conditions which are established to regulate international traffic and their collection or payment is performed in accordance with net traffic exchange and the rates set in each agreement. Accounting for this exchange is on an accrual basis, recognizing the costs and income in the period in which they are produced, recording balances receivable or payable for each correspondent under "Trade and other accounts receivable" or "Trade and Other Payables", as applicable.

The amount corresponding to traffic that has been pre-paid and use is pending generates deferred income which is recorded in liabilities. Electronic top-ups have an expiry period of 180 days if there are no new top-ups, and any deferred revenue associated to prepaid traffic is recognized directly in income when traffic is consumed or when the top-up expires, since as of that moment the Company has no remaining obligations to provide the service.

Monthly fees are recognized as income using the straight-line method in the corresponding period, Rentals and other services are recognized as income as the service is provided.

In accordance with IFRS 15, for commercial package offers that combine different goods and services for fixed telephone service, data, Internet and television, the Company determines whether it is necessary to separate the different elements identified, applying the appropriate revenue recognition criterion for each case. Total revenue for the package is allocated to its identified elements on the basis of their respective fair values (i.e. the fair value of each individual component, in relation to the total fair value of the package). To the extent that packages are commercialized with an equipment discount, the application of the new criteria will involve an increase in the recognition of income from sale of equipment, which will generally be recognized coinciding with the time of delivery to the customer, at the expense of periodic income from providing services in subsequent periods.

Likewise, due to IFRS 15 the Company will recognize an asset for the cost of obtaining contracts as long as these are incremental, the Company believes they will be recovered, they can be allocated to a contract and it is deemed that they will be amortized over more than one year. In addition, the Company will recognize an asset for the costs of complying with a contract as long as these are identified directly with a specific contract, generate or improve Company resources that will be used to satisfy or continue to satisfy compliance obligations in the future and the Company expects to recover those costs with time. In both cases the amortization period is determined based on the transfer of the goods or services related to those assets to the customer.

All costs directly associated to obtaining revenue are recognized in profit and loss to the extent that the revenue is generated. The rest of the expenses are recognized in profit and loss when they are accrued.

2. Significant accounting principles, continued

o) Income and expenses, continued

ii) Customer loyalty program:

The Company has a customer loyalty program called “Club Movistar” which provides multiple benefits to customers which can be provided by third parties or by the Company. These benefits will be reflected as a discount in revenue when points are exchanged for products. As of December 31, 2019 and 2018, the valuation of this loyalty program is immaterial in relation to the contracts for which it was generated.

iii) Government subsidies:

Operating subsidiaries Telefónica Chile S.A. and Telefónica Móviles Chile S.A. participate in tenders for State projects associated to the Telecommunications Development Fund, for the purpose of receiving resources to install operating assets for the operation and exploitation of public services. If a project were to be obtained, these resources, called government subsidies, are initially recorded as deferred income, under other non-financial liabilities, and charged against income over the useful lives of the assets associated to those subsidies (Note 21).

Subsidiary Telefónica Investigación y Desarrollo Chile SpA participates in tenders for State projects associated to the Innova Chile Committee, in order to carry out research and development, technology transfer and marketing activities, in the area of information and communication technologies. These government subsidies are initially recorded as deferred revenue under “other non-financial liabilities” and are recoded in income as the projects progress in their development (Note 21).

p) Use estimates

The following section shows the main future hypotheses assumed and other relevant sources of uncertainty in estimates as of the reported periods that could have a significant effect on the financial statements in the future.

i) Property, plant and equipment and intangibles

The accounting treatment for Property, plant and equipment and intangible assets uses estimates to determine useful life for the purpose of calculating depreciation and amortization.

Determination of useful lives requires estimates regarding expected technological progress and alternative use of assets. Hypotheses regarding technological framework and its future development imply a significant degree of judgment, as the timing and nature of future technological change is difficult to predict.

ii) Deferred taxes

The Company evaluates probability of recovery of deferred tax assets based on estimates of future earnings. This probability of recovery ultimately depends on the Company’s capacity to generate taxable income throughout the period in which the deferred tax assets are deductible.

This analysis takes into consideration the forecasted reversal calendar for deferred tax liabilities as well as estimates of taxable income, based on internal projections that are updated to reflect recent trends.

2. Significant accounting principles, continued

p) Use estimates, continued

ii) Deferred taxes, continued

Determining the proper classification of tax items depends on various factors, including timing estimates, realization of deferred tax assets and the expected timing of tax payment. The real flows of income tax payments and recoveries. May differ from estimates made by the Company as a consequence of changes in tax legislation or of unforeseen future transactions that May affect tax balances.

As described in Note 1 and Note 11 c), during 2017 the Company merged by absorption with its subsidiary Telefónica Móviles Chile S.A., generating an impact on income in the amount of ThCh\$140,423,552. That amount arises from the allocation of tax goodwill generated in the merger, to the non-monetary assets of the absorbed entity, which is ultimately reflected in the recording of a deferred tax asset under IFRS. This allocation requires that management determine the fair value of those assets using their best estimate. As of March 31, 2018 the Company has concluded the process of estimating the fair value of non-monetary assets involved in the merger and has determined deferred taxes in the amount of ThCh\$ 148,606,473, which will be amortized over the useful lives of the corresponding assets.

iii) Provisions

Given the uncertainty inherent to estimates used to determine provisions, real disbursements. May differ from the amounts originally recognized using these estimates.

Determination of the amounts of provisions is based on the best estimate of the disbursements that must be made for the corresponding obligations, taking into consideration all information available as of period-end, including the opinion of independent experts, such as legal advisors and consultants.

iv) Employment benefits

The cost of defined benefit post retirement plans as well as the present value of the obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. All assumptions are reviewed once a year. In determining the appropriate discount rate management considers the interest rates of instruments issued by the Central Bank of Chile. The mortality rate is based on publicly available mortality tables for the specific country.

Future salary increases and pension increases are based on expected future inflation rates for the specific country. (View details of the actuarial hypotheses used in Note 20a).

v) Financial assets and liabilities

Where the fair value of financial assets and financial liabilities recorded in the balance sheet and disclosed in the notes can not be derived from active markets, they are determined using valuation techniques including the discounted cash flows model.

2. Significant accounting principles, continued

p) Use estimates, continued

vi) Financial assets and liabilities, continued

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instrument.

q) Methods of consolidation

Consolidation has been carried out using the global integration method for companies where there is control, whether through effective control or the existence of agreements with the rest of the shareholders.

All balances and transactions between consolidated companies have been eliminated in the consolidation process. Likewise, the margins included in these operations performed by companies dependent on other companies of the Company for capitalized goods or services have been eliminated in the consolidation process.

The accounts in the statement of comprehensive income and consolidated cash flows gather, respectively, the income, expenses and cash flows of companies that stop being a part of the Company up to the date on which the participation has been sold or the company has been liquidated. Likewise, in the case of new acquisitions, income and expenses and cash flows of the new companies are gathered from the date of purchase of those companies.

The value of the participation of non-controlling shareholders in the equity and income of dependent companies consolidated using the global integration method is presented in "non-controlling interests" and "income attributable to non-controlling interests", respectively.

r) New IFRS and Interpretations of the IFRS Interpretations Committee

i. Publication of new standards

IFRS improvements and amendments, as well as interpretations that have been published during the year are detailed below. As of the closing date, these standards are not yet in force and the Company has not applied any of them in:

	New Standard	Mandatory application date
IFRS 17	Insurance Contracts	January 1, 2021

IFRS 17 "Insurance Contracts"

Published in May 2017, it replaces current IFRS 4, IFRS 17 will mainly change accounting for all entities that issue insurance contracts and investment contracts with discretionary participation characteristics. The standard is applicable to annual exercises commencing as of January 1, 2021. Early application is allowed only when IFRS 15, "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" are applied.

2. Significant accounting principles, continued

r) New IFRS and Interpretations of the IFRS Interpretations Committee, continued

ii. Publication of standards modifications

	Improvements and amendments	Mandatory application date
IFRS 9	Financial Instruments	January 1, 2019
IAS 28	Investments in Associates and Joint Ventures	January 1, 2019
IFRS 3	Business Combinations	January 1, 2019
IFRS 11	Joint Arrangements	January 1, 2019
IAS 12	Income Taxes	January 1, 2019
IAS 23	Borrowing Costs	January 1, 2019
IAS 19	Employee Benefits	January 1, 2019
IAS 1	Presentation of Financial Statements	January 1, 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2020
IFRS 3	Business Combinations	January 1, 2020
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform	January 1, 2020
IFRS 10 and IAS 28	Consolidated Financial Statements and Investments in Associates and Joint Ventures	Determined

IFRS 9 “Financial Instruments”

Published in October 2017. The amendment allows more assets to be measured at amortized cost than in the previous version of IFRS 9, particularly certain prepaid financial assets with negative compensation. The qualifying assets, which include certain loans and debt instruments, would have otherwise been measured at fair value through profit or loss (FVTPL). In order to qualify for amortized cost, the negative compensation must be “reasonable compensation for early termination of the contract”.

IAS 28 “Investments in Associates and Joint Ventures”

Published in October 2017. This amendment clarifies that companies that account for long-term interests in an associate or joint venture – in which the equity method is not applicable – must be accounted for use IFRS 9. The Board has published an example that illustrates how companies apply the requirements of IFRS 9 and IAS 28 to long-term interests in an associate or a joint venture.

IFRS 3 “Business Combinations”

The amendment clarified that obtaining control of a company that is a joint operation, is a business combination that is achieved in stages. The acquirer must remeasure its previous participation in the joint operation at fair value on the date of acquisition.

IFRS 11 “Joint Arrangements”

The amendment clarifies, that the party that obtains joint control of a company that is a joint operation, can not remeasure its previously held participation in the joint operation.

IAS 12 “Income Taxes”

The amendment clarified that the consequences of income tax on dividends from financial instruments classified as equity, must be recognized on the basis of where the past transactions or events that generated the distributable benefits were recognized.

2. Significant accounting principles, continued

r) New IFRS and Interpretations of the IFRS Interpretations Committee, continued

ii. Publication of standards modifications, continued

IAS 23 “Borrowing Costs”

The amendment clarified that, if a specific loan is still outstanding after the qualified asset is ready for its foreseen use or sale, it becomes part of general borrowings.

IAS 19 “Employee Benefits”

The amendment requires that entities use updated assumptions to determine the cost of current service and net interest for the rest of the period after a modification, reduction or liquidation of the plan; and recognize any reduction in a surplus of profits or losses as part of the past cost of service, or a profit or loss in the settlement, even if this surplus was not previously recognized because it did not exceed the upper limit of the asset.

IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”

It uses a definition of materiality that is consistent with all IFRS and the Conceptual Framework for Financial Reporting, it clarifies the explanation of the definition of material and incorporates some of the guidelines in IAS 1 on immaterial information.

IFRS 3 “Business Combinations”

It revises the definition of a business. Based on the feedback received by the IASB, the application of the guidelines is often thought to be too complex and results in too many transactions that qualify as business combinations.

IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”

These amendments provide certain simplifications in relation to interest rate benchmark reform. The simplifications are related to hedge accounting and have an effect on IBOR reform which generally should not cause hedge accounting to end. However, any hedge ineffectiveness must continue to be recorded in income.

IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”

This amendment addresses an inconsistency in the requirements of IFRS 10 and IAS 28 related to the treatment of the sale or contributions of assets between an investor and its associate or joint venture. The main consequence of the amendment is that a full gain or loss is recognized when the transaction involves a business (whether it is in a subsidiary or not) and a partial gain or loss when the transaction involves assets that do not constitute a business, even if these are in a subsidiary.

iii. Application of new standards

Based on the analysis performed to date, the Company believes that the application of many of these standards, improvements, amendments and interpretations will not have a significant impact on the financial statements in the exercise of initial application.

2. Significant accounting principles, continued

s) Statement of cash flows

The statement of cash flows includes movements of cash performed during the exercise, determined using the direct method. Cash flows are understood to be cash inflows and outflows or inflows and outflows of other equivalent means, such as highly liquid time deposits maturing in less than three months with low risk of change in value. The following expressions are used in the following sense:

- i. Operating activities: are activities that constitute the main source of the Company's ordinary income, as well as other activities that cannot be qualified as from investing or financing activities.
- ii. Investing activities: are activities such as acquisition, alienation or disposal of non-current assets by other means and other investments not included in cash and cash equivalents.
- iii. Financing activities: are activities that produce changes in the size and composition of total shareholders' equity and in liabilities of a financial nature.

3. Changes in Accounting Policy and Disclosures

IFRS have been consistently applied during the exercise covered by these financial statements, except for the application of IFRS 16, effective since January 1, 2019.

The Company has adopted IFRS 16 using a Partial Modified Retrospective method as of January 1, 2019, but has not re-expressed the comparative information for 2018, in accordance with what is allowed by the standard, considering all contracts with a term longer than 12 months. The Company has decided to apply the low value exception only to assets identified as office furniture and equipment with a value of less than US\$ 5,000.

As of January 1, 2019, the date of initial application of IFRS 16, the Company has recorded a net, first-time application effect of ThCh\$ 261,326, as a decrease in retained earnings, under equity, composed of ThCh\$ 357,981 in effect of first-time application of IFRS 16 and ThCh\$ 96,655 in deferred taxes. Likewise, as explained in Note 2 j), the Company has recognized a right of use asset in the amount of ThCh\$ 233,020,080 and a liability for the lease obligation in the amount of ThCh\$223,455,433.

4. Financial information by segment

Telefónica Móviles Chile S.A. discloses segment information in accordance with IFRS 8, "Operating Segments" which establishes the standards for reporting operating segments and related disclosures for products and services and geographical areas. Operating segments are defined as components of an entity for which there is separate financial information that is regularly used by the main decision maker to decide how to assign resources and to evaluate performance. The Company presents segment information that is used by management for internal decision making purposes.

The Company manages and measures the performance of its operations by business segment. Since the Company's corporate organization coincides basically with that of the businesses, and therefore the segments, distribution established in the information presented below, is based on the financial information of the companies. These are integrated in each segment. Assets and liabilities correspond to those directly attributable to the segment.

4. Financial information by segment, continued

The operating segments reported internally are as follows:

a) Mobile Telecommunications

Mobile Telecommunications services mainly include revenue from the providing of mobile telecommunications services, sale of electronic prepaid top-up and the sale of handheld equipment. Revenue is recognized as the services are provided.

b) Fixed Telecommunications

Landline telephone services include basic telephone services, connections and line installations, value added services, broadband, dedicated lines, international long-distance services, marketing of handsets, and circuit media rental and others. According to the financial statements, the income is recognized as the services are provided or the equipment is sold.

c) Television Services

Multimedia services include direct and indirect development, installation, maintenance, marketing and operations of television services via cable, satellite, broadband or any other physical means using any physical or technical means, including individual paid services or multiple basic channels, special or paid, videos on demand and interactive or multimedia television services. Corresponding with the financial statements, income is recognized as the services are delivered.

d) Corporate Communications and Data

Corporate communications services include revenue from the sale and rental of telecommunications equipment and the sale of networks to corporate customers, rental of networks associated to public or private projects and data transmission services. Revenue is recognized as the services are provided or the equipment is sold.

e) Others

"Other" includes logistics, personnel and management services.

4. Financial information by segment, continued

Relevant information regarding Telefónica Móviles Chile S.A. and its subsidiaries, which represent different segments, together with information regarding other subsidiaries, corresponding to December 31, 2019 and 2018 is detailed as follows:

For the year ended as of December 31, 2019	Mobile Telecommunications	Fixed Telecommunications	Corporate Communication and Data	Television Services	Other	Eliminations	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Income from external customers	858,683,220	331,703,403	167,707,061	145,384,806	-	-	1,503,478,490
Income from ordinary activities arising from transactions with other operating segments of the same entity	9,113,737	129,212,087	15,442,700	-	179,743,289	(333,511,813)	-
Total income from operating activities from external customers and transactions with other operating segments of the same entity	867,796,957	460,915,490	183,149,761	145,384,806	179,743,289	(333,511,813)	1,503,478,490
Cost of sales	289,946,721	44,431,389	121,144,183	94,202,465	-	(138,123,541)	411,601,217
Administrative expenses	331,473,190	230,279,089	55,261,789	36,119,115	25,034,018	(168,568,068)	509,599,133
Employee benefits expenses	1,351,094	195,606	4,157	-	144,084,632	(22,569,365)	123,066,124
Cost of interest	32,940,630	21,882,681	630,646	203,870	1,916,914	(6,792,991)	50,781,750
Interest income	4,893,517	5,201,144	1,219,354	-	825,761	(6,792,991)	5,346,785
Depreciation and amortization	154,975,164	157,307,885	13,769,708	5,243,970	1,846,571	(2,523,400)	330,619,898
Participation in profit of associated companies accounted for using the equity method	32,152,011	12,948,179	80,552	-	-	(45,180,742)	-
Income tax expense	16,159,607	7,381,986	(680,085)	3,714,292	1,567,808	-	28,143,608
Other significant non-cash items	5,915,154	11,781,980	9,648,244	-	77,218	29,370	27,451,966
Profits(loss) before tax	100,070,840	36,750,143	3,287,428	9,615,386	7,764,133	(46,878,811)	110,609,119
Profit (loss) for the period from continuing operations	83,911,233	29,368,157	3,967,513	5,901,094	6,196,325	(46,878,811)	82,465,511
Profit (loss) for the period from discontinuing operations	-	-	-	-	-	-	-
Profit (loss) for the period	83,911,233	29,368,157	3,967,513	5,901,094	6,196,325	(46,878,811)	82,465,511
Assets	2,372,658,197	1,540,217,136	129,497,179	164,814,592	150,572,258	(1,271,013,216)	3,086,746,146
Investments in associates accounted for using the equity method	708,160,121	146,581,758	779,073	-	-	(855,520,952)	-
Increases in non-current assets	64,970,201	161,860,868	16,598,541	-	-	-	243,429,610
Liabilities	1,020,228,549	864,272,442	101,066,105	79,409,082	90,643,496	(419,288,184)	1,736,331,490
Shareholders' equity	1,352,429,648	675,944,694	28,431,074	85,405,510	59,928,762	(85,1725,034)	1,350,414,654
Liabilities & Shareholders' equity	2,372,658,197	1,540,217,136	129,497,179	164,814,592	150,572,258	(1,271,013,218)	3,086,746,146
Cash flows provided by (used in) operating activities	209,936,521	181,094,399	13,476,926	16,234,110	(21,921,027)	30,956,907	429,777,836
Cash flows provided by (used in) investment activities	(58,658,413)	(235,188,434)	2,025,482	3,600,857	3,490,951	(4,686,248)	(289,415,805)
Cash flows provided by (used in) from in financing activities	(132,824,442)	(26,478,805)	(15,410,280)	(18,834,787)	19,590,000	4,686,248	(169,272,066)



4. Financial information by segment, continued

For the year ended as of December 31, 2018	Mobile	Fixed	Corporate	Television	Other	Eliminations	Total
	Telecommunications	Telecommunications	Communication and Data	Services			
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Income from external customers	916,884,001	342,366,904	145,695,967	168,285,098	-	-	1,573,231,970
Income from ordinary activities arising from transactions with other operating segments of the same entity	9,066,715	122,981,231	11,955,158	-	190,319,297	(334,322,401)	-
Total income from operating activities from external customers and transactions with other operating segments of the same entity	925,950,716	465,348,135	157,651,125	168,285,098	190,319,297	(334,322,401)	1,573,231,970
Cost of sales	387,050,151	48,458,836	92,737,683	109,040,769	-	(147,446,814)	489,840,625
Administrative expenses	324,930,291	254,687,307	47,204,241	41,808,419	27,298,383	(161,014,411)	534,914,230
Employee benefits expenses	1,961,124	(124,590)	6,963	-	147,247,170	(24,369,572)	124,721,095
Cost of interest	23,378,229	19,102,856	1,249,534	125,066	2,173,005	(3,863,901)	42,164,789
Interest income	3,276,084	4,370,302	1,095,068	-	925,601	(3,800,252)	5,866,803
Depreciation and amortization	110,573,216	146,901,527	14,802,131	6,641,250	24,285	593,053	279,535,462
Participation in profit of associated companies accounted for using the equity method	20,442,547	17,755,257	132,383	-	-	(38,330,187)	-
Income tax expense	18,328,313	7,041,819	(2,837,222)	2,369,705	4,701,741	-	29,604,356
Other significant non-cash items	3,917,234	4,838,887	(1,320,991)	-	318,474	(156,069)	7,597,535
Profits(loss) before tax	105,693,570	23,286,645	1,557,033	10,669,594	14,820,529	(40,507,264)	115,520,107
Profit (loss) for the period from continuing operations	87,365,257	16,244,826	4,394,255	8,299,889	10,118,788	(40,507,264)	85,915,751
Profit (loss) for the period from discontinuing operations	-	-	-	-	-	-	-
Profit (loss) for the period	87,365,257	16,244,826	4,394,255	8,299,889	10,118,788	(40,507,264)	85,915,751
Assets	2,112,225,017	1,461,853,436	100,735,756	128,209,144	155,540,437	(1,117,703,602)	2,840,860,188
Investments in associates accounted for using the equity method	676,446,612	135,989,648	721,207	-	-	(813,157,467)	-
Increases in non-current assets	70,101,714	168,302,283	19,372,282	-	434,659	-	258,210,938
Liabilities	803,312,139	812,518,176	69,628,049	54,707,752	99,170,087	(306,807,964)	1,532,528,239
Shareholders' equity	1,308,912,878	649,335,260	31,107,707	73,501,392	56,370,350	(810,895,638)	1,308,331,949
Liabilities & Shareholders' equity	2,112,225,017	1,461,853,436	100,735,756	128,209,144	155,540,437	(1,117,703,602)	2,840,860,188
Cash flows provided by (used in) operating activities	227,009,555	209,307,541	4,907,044	24,803,992	(39,999,684)	9,164,489	435,192,937
Cash flows provided by (used in) investment activities	(89,289,329)	(205,354,446)	25,689,981	(20,063,643)	-	15,625,947	(273,391,489)
Cash flows provided by (used in) from in financing activities	(88,184,774)	(16,608,315)	(26,621,482)	(7,623,585)	39,920,003	(6,100,858)	(105,219,011)

There are no differences in the criteria used, in respect to the previous year, in relation to measurement and valuation of segment income and valuation of their assets and liabilities, as well as transactions between segments.

Accounting criteria regarding transactions between subsidiaries of Telefónica Móviles Chile S.A. which are performed at market prices, independently and in a manner similar to transactions with third parties, consider that balances, transactions and profits or losses remain in the segment of origin and are only eliminated in the consolidated financial statements of the entity.

5. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

Concepts	Currency	12.31.2019 ThCh\$	12.31.2018 ThCh\$
Cash (a)		320,322	431,560
	CLP	320,322	431,560
Banks (b)		82,702,268	27,816,511
	CLP	75,244,771	26,443,540
	USD	7,379,053	803,353
	EUR	65,979	369,771
	Other currencies	12,465	199,847
Time Deposits (c)		151,443,831	235,128,386
	CLP	151,443,831	235,128,386
Total cash and cash equivalents		234,466,421	263,376,457
Sub-total by currency	CLP	227,008,924	262,003,486
	USD	7,379,053	803,353
	EUR	65,979	369,771
	Others currencies	12,465	199,847

Each item within cash and cash equivalents is detailed as follows:

a) Cash

The cash balance is made up of funds to be rendered destined to minor expenses and the book value is the same as the fair value.

b) Banks

The balance in banks is made up of money held in checking accounts and the book value is the same as the fair value.

c) Time deposits

The time deposits with original maturities of less than three months are recorded at fair value and the detail as of December 31, 2019 and 2018 is as follows:

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh	Accrued interest in local currency ThCh\$	12.31.2019 ThCh\$
Time deposits	CLP	151,400,000	1.92%	4	151,400,000	43,831	151,443,831
Total					151,400,000	43,831	151,443,831

5. Cash and cash equivalents, continued

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh	Accrued interest in local currency ThCh\$	12.31.2018 ThCh\$
Time deposits	CLP	234,970,000	3.00%	17	234,970,000	158,386	235,128,386
Total					234,970,000	158,386	235,128,386

In accordance with the working capital management policies, all investments in time deposits and buyback agreements have been entered into only with widely recognized domestic banks with the highest credit quality rating in Chile.

6. Other current and non-current financial assets

Other current and non-current financial assets are detailed as follows:

Concepts	12.31.2019		12.31.2018	
	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Hedging instruments (See Note 18.2)	20,248,206	188,086,659	5,074,553	145,143,595
Other investments (c)	-	7,853,869	-	6,962,236
Other credits (b)	4,496,741	-	-	-
Guarantees established (a)	80,444	50,468	137,124	50,468
Total	24,825,391	195,990,996	5,211,677	152,156,299

- a) Guarantees are those established for clients, official organizations and other institutions.
- b) Other credits, in the amount of ThCh\$4,496,741, correspond to the loan granted to Digital Holding SpA for the sale of the Data Center.
- c) Other investments, current and non-current, are detailed as follows:

Participation	Country	Investment currency	12.31.2019 ThCh\$	12.31.2018 ThCh\$
Telefónica Brazil (1)	Brazil	REAL	7,849,896	6,958,379
Other participation	Chile	CLP	3,973	3,857
Total			7,853,869	6,962,236

- (1) - This investment is valued at market value through the trading of its shares, information obtained in the Sao Paulo Stock Exchange (Bovespa), and variations in their value are recorded when they occur, directly in Equity under Other reserves.
- As of December 31, 2019 and 2018, dividends in the amount of ThCh\$ 597,255 and ThCh\$ 375,963, respectively, were accrued on the 0.06% share in the Equity of Telefónica Brazil.

7. Other current and non-current non-financial assets

Other non-financial assets correspond to prepayments detailed as follows:

Conceptos	31.12.2019		12.31.2018	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Amortizable expenses (1)	18,123,850	11,907,681	16,231,335	1,752,409
Deferred Costs of mobile equipments (2)	7,566,293	-	6,111,281	-
Advance leases (3)	2,318,902	970,188	12,214,853	964,213
Franchisee commissions (4)	4,085,301	-	1,705,993	-
Other Taxes (5)	9,090,974	-	2,005,435	-
Total	41,185,320	12,877,869	38,268,897	2,716,622

(1) This item mainly includes capitalization of compliance costs associated to television equipment in the amount of ThCh\$14,023,442 in 2019. On the other hand, it includes in current costs those associated to television equipment in the amount of ThCh\$13,561,458 in 2018; and in non-current costs, those capitalization associated to television equipment in the amount of ThCh\$11,291,139 in 2019 and capitalization of costs associated to television equipment in the amount of ThCh\$1,750,487 in 2018. Annually, the Company reviews the behavior of the medium lifecycle of the customer to calculate the amortization expense for this concept which resulted in an increase in 2019 and therefore a higher balance to be amortized.

In addition, the Company includes in current for maintenance and licenses, ThCh\$ 2,083,463 and ThCh\$ 1,005,798; and insurance in the amount of ThCh\$1,221,391 and ThCh\$1,150,167 respectively in 2019 and 2018.

(2) Corresponds to the cost of dispatched prepaidequipments, that have not been activated by the end customers. As of December 31, 2019 and 2018, the number of pending handsets activation is 59,572 and 68,108, respectively.

(3) For 2019, the decrease in prepaid leases is mainly due to lease contracts that were associated to IFRS 16, and which therefore are presented net of current and non-current financial liabilities, since the coming into force of the new standard (See Note 16).

(4) Corresponds to variable customer capture commissions are capitalized and amortized over a period of 18 months.

(5) This item includes remaining fiscal credit of VAT, VAT corresponding to billing of telecom links contracts entered into in December 2019 and recoverable taxes due to Chilean extreme zone.

8. Current trade and other accounts receivable

a) The composition of current trade and other accounts receivables is as follows:

Concepts	31.12.2019			12.31.2018		
	Gross value ThCh\$	Allowance for doubtful accounts ThCh\$	Net value ThCh\$	Gross value ThCh\$	Allowance for doubtful accounts ThCh\$	Net value ThCh\$
Receivables on current loan transactions	423,049,240	(223,356,438)	199,692,802	387,741,581	(203,743,562)	183,998,019
Invoiced services (1)	307,725,835	(221,264,838)	86,460,997	209,363,424	(200,120,468)	9,242,956
Services provided and not invoiced	92,279,760	(1,154,434)	91,125,326	153,958,317	(2,508,625)	151,449,692
Contractual asset (2)	23,043,645	(937,166)	22,106,479	24,419,840	(1,114,469)	23,305,371
Miscellaneous receivables (3)	34,023,204	-	34,023,204	14,536,737	-	14,536,737
Total	457,072,444	(223,356,438)	233,716,006	402,278,318	(203,743,562)	198,534,756

(1) In 2019 and 2018, commercial portfolio sales transactions were carried out with Banco Santander España and Interamerican Investment Corporation (IDB Invest), for a total amount of MCh\$ 150,397 and MCh\$ 115,304, respectively. The Company acts as collection agent in these transactions.

(2) Under IFRS 15, contractual assets correspond to the difference between revenue from sale of postpaid equipment and the amount received from the customer at the beginning of the contract.

(3) This item includes insurance recoveries in the amount of MCh\$3,700, sale of real estate in the amount of MCh\$2,200 and contingency to Voissnet (See Note 27a)

8. Current trade and other accounts receivable

- b) The composition of current trade and other accounts receivable with overdue net balances that have not been collected and have not been provisioned as a whole is detailed as follows:

Concepts	12.31.2019				Total	12.31.2018				Total
	Less than 3 months	3 to 6 months	6 to 12 months	Greater than 12 months		Less than 3 months	3 to 6 months	6 to 12 months	Greater than 12 months	
Miscellaneous receivables	41,065,554	12,141,347	-	-	53,206,901	29,617,113	9,170,670	-	-	38,787,783
Total	41,065,554	12,141,347	-	-	53,206,901	29,617,113	9,170,670	-	-	38,787,783

- c) The movement of allowance for doubtful accounts, which includes “Current trade and other accounts receivable” and “Non-current trade and other accounts receivable” found in Note 12, is detailed as follows:

Movements	12.31.2019	12.31.2018
	ThCh\$	ThCh\$
Beginning balance	206,149,878	174,489,215
Increases	65,902,786	49,048,664
Eliminations/ Additions	(45,652,697)	(45,212,779)
Adjustment on first-time application of IFRS 9 (see note 3)	-	27,824,778
Movements, subtotal	20,250,089	31,660,663
Ending balance	226,399,967	206,149,878

- d) Allowance for doubtful account movements according to the composition of the portfolio as of December 31, 2019 and 2018 are detailed as follows:

Provisions and write-offs	31.12.2019	12.31.2018
	ThCh\$	ThCh\$
Accrual for portfolio that has not been renegotiated	63,186,958	42,887,885
Accrual for renegotiated portfolio	2,925,953	1,474,881
Adjustment on first-time application of IFRS 9	-	27,824,778
Write-offs for the year	(45,862,822)	(40,526,881)
Total	20,250,089	31,660,663

8. Current trade and other accounts receivable, continued

- e) As of December 31, 2019 and 2018, the portfolio composition of returned documents and those in judicial collection is detailed as follows:

Portfolio of returned documents and judicial collection as of 12.31.2019	Returned notes receivable, portfolio w/o guarantee	Returned notes receivable, portfolio w/guarantee	Notes receivable in judicial collection, portfolio w/o guarantee	Notes receivable in judicial collection, portfolio w/guarantee
Number of customers in portfolio of returned documents or those in judicial collection	1,432	-	-	-
Portfolio of returned documents or those in judicial collection (ThCh\$)	1,142,026	-	-	-

Portfolio of returned documents and judicial collection as of 12.31.2018	Returned notes receivable portfolio w/o guarantee	Returned notes receivable, portfolio w/guarantee	Notes receivable in judicial collection, portfolio w/o guarantee	Notes receivable in judicial collection, portfolio w/guarantee
Number of customers in portfolio of returned documents or those in judicial collection	6,775	-	-	-
Portfolio of returned documents or those in judicial collection (ThCh\$)	3,754,910	-	-	-



8. Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of December 31, 2019 is detailed as follows:

Aging of portfolio by segment for the period December 31, 2019	Up to date ThCh\$	From 1 to 30 days ThCh\$	From 31 to 60 days ThCh\$	From 61 to 90 day ThCh\$	From 91 to 120 days ThCh\$	From 121 to 150 days ThCh\$	From 151 to 180 days ThCh\$	From 181 to 210 days ThCh\$	From 211 to 250 days ThCh\$	More than 250 days ThCh\$	Total portfolio w/o guarantee ThCh\$
Fixed Telecommunications											
Number of clients w/o renegotiation (1)	670,218	283,048	76,151	47,298	62,845	69,603	44,844	62,006	66,440	2,922,723	4,305,176
Net portfolio w/o renegotiation	19,180,998	6,419,055	1,129,367	2,742,475	932,538	453,987	788,434	-	-	-	31,646,854
Debt	19,371,760	7,097,728	2,624,559	3,675,548	2,075,325	1,777,154	1,631,368	960,914	1,092,639	90,491,419	130,798,414
Provision	(190,762)	(678,673)	(1,495,192)	(933,073)	(1,142,787)	(1,323,167)	(842,934)	(960,914)	(1,092,639)	(90,491,419)	(99,151,560)
Number of clients w/renegotiation	46,443	9,044	2,337	1,422	683	620	779	844	1,098	86,123	149,393
Net renegotiated portfolio	90,364	559	9	2	-	-	-	-	-	-	90,934
Debt	454,475	90,262	25,346	15,513	7,507	5,770	7,068	7,621	9,943	790,734	1,414,239
Provision	(364,111)	(89,703)	(25,337)	(15,511)	(7,507)	(5,770)	(7,068)	(7,621)	(9,943)	(790,734)	(1,323,305)
Total number of clients	716,661	292,092	78,488	48,720	63,528	70,223	45,623	62,850	67,538	3,008,846	4,454,569
Total Fixed Telephone Portfolio	19,271,362	6,419,614	1,129,376	2,742,477	932,538	453,987	788,434	-	-	-	31,737,788
Debt	19,826,235	7,187,990	2,649,905	3,691,061	2,082,832	1,782,924	1,638,436	968,535	1,102,582	91,282,153	132,212,653
Provision	(554,873)	(768,376)	(1,520,529)	(948,584)	(1,150,294)	(1,328,937)	(850,002)	(968,535)	(1,102,582)	(91,282,153)	(100,474,865)
Corporate Communication and Data											
Number of clients w/o renegotiation (1)	3,801	2,220	839	41	544	553	357	277	386	2,468	11,486
Net portfolio w/o renegotiation	35,789,835	11,645,455	665,168	1,946,875	4,470,981	844,835	555,190	-	-	-	55,918,339
Debt	35,877,578	11,857,142	731,021	2,224,253	4,788,224	1,100,719	871,459	279,638	698,587	5,837,887	64,266,508
Provision	(87,743)	(211,687)	(65,853)	(277,378)	(317,243)	(255,884)	(316,269)	(279,638)	(698,587)	(5,837,887)	(8,348,169)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	3,801	2,220	839	41	544	553	357	277	386	2,468	11,486
Total Corporate Communication and Data Portfolio	35,789,835	11,645,455	665,168	1,946,875	4,470,981	844,835	555,190	-	-	-	55,918,339
Debt	35,877,578	11,857,142	731,021	2,224,253	4,788,224	1,100,719	871,459	279,638	698,587	5,837,887	64,266,508
Provision	(87,743)	(211,687)	(65,853)	(277,378)	(317,243)	(255,884)	(316,269)	(279,638)	(698,587)	(5,837,887)	(8,348,169)
Television											
Number of clients w/o renegotiation (1)	13,065	30,483	29,610	14,747	20,072	28,063	15,591	20,061	19,607	153,173	344,472
Net portfolio w/o renegotiation	6,805,221	273,982	103,455	25,101	12,158	2,338	1,785	-	-	-	7,224,040
Debt	6,826,057	435,048	675,154	339,931	454,780	648,166	367,078	485,015	568,239	9,356,274	20,155,742
Provision	(20,836)	(161,066)	(571,699)	(314,830)	(442,622)	(645,828)	(365,293)	(485,015)	(568,239)	(9,356,274)	(12,931,702)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	13,065	30,483	29,610	14,747	20,072	28,063	15,591	20,061	19,607	153,173	344,472
Total Television Portfolio	6,805,221	273,982	103,455	25,101	12,158	2,338	1,785	-	-	-	7,224,040
Debt	6,826,057	435,048	675,154	339,931	454,780	648,166	367,078	485,015	568,239	9,356,274	20,155,742
Provision	(20,836)	(161,066)	(571,699)	(314,830)	(442,622)	(645,828)	(365,293)	(485,015)	(568,239)	(9,356,274)	(12,931,702)

(1) The information mentioned in this line represents the number of current clients and to those that have been commercially eliminated and which are still in collections management.



8. Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of December 31, 2019 is detailed as follows, continued

Aging of portfolio by segment for the period December 31, 2019	Up to date	From 1 to 30 days	From 31 to 60 days	From 61 to 90 day	From 91 to 120 days	From 121 to 150 days	From 151 to 180 days	From 181 to 210 days	From 211 to 250 days	More than 250 days	Total portfolio w/o guarantee
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Mobile Business											
Number of clients w/o renegotiation (1)	849,343	226,843	58,179	60,881	40,610	53,899	52,759	53,546	64,361	1,870,818	3,331,239
Gross portfolio w/o renegotiation	62,438,933	7,310,058	3,671,880	5,131,803	1,225,807	1,996,806	856,488	-	-	-	82,631,775
Debt	70,192,340	8,931,685	5,881,123	6,522,074	6,177,989	8,482,751	4,540,747	5,040,418	4,663,298	61,261,238	181,693,663
Provision	(7,753,407)	(1,621,627)	(2,209,243)	(1,390,271)	(4,952,182)	(6,485,945)	(3,684,259)	(5,040,418)	(4,663,298)	(61,261,238)	(99,061,888)
Number of clients w/renegotiation	50	47	17	12	6	16	4	6	4	12,618	12,780
Net renegotiated portfolio	74,071	198	112	-	-	-	-	-	-	-	74,381
Debt	70,508	5,380	3,127	2,444	2,036	1,718	782	627	348	1,590,059	1,677,029
Accrual	3,563	(5,182)	(3,015)	(2,444)	(2,036)	(1,718)	(782)	(627)	(348)	(1,590,059)	(1,602,648)
Total number of clients	849,393	226,890	58,196	60,893	40,616	53,915	52,763	53,552	64,365	1,883,436	3,344,019
Total Other Portfolio	62,513,004	7,310,256	3,671,992	5,131,803	1,225,807	1,996,806	856,488	-	-	-	82,706,156
Debt	70,262,848	8,937,065	5,884,250	6,524,518	6,180,025	8,484,469	4,541,529	5,041,045	4,663,646	62,851,297	183,370,692
Provision	(7,749,844)	(1,626,809)	(2,212,258)	(1,392,715)	(4,954,218)	(6,487,663)	(3,685,041)	(5,041,045)	(4,663,646)	(62,851,297)	(100,664,536)
Contractual asset and Other											
Number of clients w/o renegotiation (1)	-	-	-	-	-	-	-	-	-	-	-
Net portfolio w/o renegotiation	56,129,683	-	-	-	-	-	-	-	-	-	56,129,683
Debt	57,066,849	-	-	-	-	-	-	-	-	-	57,066,849
Provision	(937,166)	-	-	-	-	-	-	-	-	-	(937,166)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	-	-	-	-	-	-	-	-	-	-	-
Total Contractual Asset and Other Portfolio	56,129,683	-	-	-	-	-	-	-	-	-	56,129,683
Debt	57,066,849	-	-	-	-	-	-	-	-	-	57,066,849
Provision	(937,166)	-	-	-	-	-	-	-	-	-	(937,166)
Consolidated Portfolio											
Number of clients w/o renegotiation (1)	1,536,427	542,594	164,779	122,967	124,071	152,118	113,551	135,890	150,794	4,949,182	7,992,373
Net portfolio w/o renegotiation	180,344,670	25,648,550	5,569,870	9,846,254	6,641,484	3,297,966	2,201,897	-	-	-	233,550,691
Debt	189,334,584	28,321,603	9,911,857	12,761,806	13,496,318	12,008,790	7,410,652	6,765,985	7,022,763	166,946,818	453,981,176
Provision	(8,989,914)	(2,673,053)	(4,341,987)	(2,915,552)	(6,854,834)	(8,710,824)	(5,208,755)	(6,765,985)	(7,022,763)	(166,946,818)	(220,430,485)
Number of clients w/renegotiation	46,493	9,091	2,354	1,434	689	636	783	850	1,102	98,741	162,173
Net renegotiated portfolio	164,435	757	121	2	-	-	-	-	-	-	165,315
Debt	524,983	95,642	28,473	17,957	9,543	7,488	7,850	8,248	10,291	2,380,793	3,091,268
Provision	(360,548)	(94,885)	(28,352)	(17,955)	(9,543)	(7,488)	(7,850)	(8,248)	(10,291)	(2,380,793)	(2,925,953)
Total number of clients	1,582,920	551,685	167,133	124,401	124,760	152,754	114,334	136,740	151,896	5,047,923	8,154,546
Total Consolidated Portfolio	180,509,105	25,649,307	5,569,991	9,846,256	6,641,484	3,297,966	2,201,897	-	-	-	233,716,006
Debt	189,859,567	28,417,245	9,940,330	12,779,763	13,505,861	12,016,278	7,418,502	6,774,233	7,033,054	169,327,611	457,072,444
Provision	(9,350,462)	(2,767,938)	(4,370,339)	(2,933,507)	(6,864,377)	(8,718,312)	(5,216,605)	(6,774,233)	(7,033,054)	(169,327,611)	(223,356,438)

(1) The information mentioned in this line represents the number of current clients and to those that have been commercially eliminated and which are still in collections management



8. Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of December 31, 2018 is detailed as follows, continued

Aging of portfolio by segment for the period december 31, 2018	Up to date ThCh\$	From 1 to 30 days ThCh\$	From 31 to 60 days ThCh\$	From 61 to 90 day ThCh\$	From 91 to 120 days ThCh\$	From 121 to 150 days ThCh\$	From 151 to 180 days ThCh\$	From 181 to 210 days ThCh\$	From 211 to 250 days ThCh\$	More than 250 days ThCh\$	Total portfolio w/o guarantee ThCh\$
Fixed Telecommunications											
Number of clients w/o renegotiation (1)	696,053	297,104	78,884	55,401	66,460	69,420	44,396	61,766	68,051	3,876,648	5,314,183
Gross portfolio w/o renegotiation	19,412,233	4,392,405	963,297	515,292	234,444	112,471	69,320	-	-	-	25,699,462
Debt	19,730,621	5,006,124	2,193,514	1,702,915	1,497,828	1,360,265	1,350,994	1,139,571	967,452	92,914,669	127,863,953
Provision	(318,388)	(613,719)	(1,230,217)	(1,187,623)	(1,263,384)	(1,247,794)	(1,281,674)	(1,139,571)	(967,452)	(92,914,669)	(102,164,491)
Number of clients w/renegotiation	99,059	347	370	349	364	324	355	351	404	71,193	173,116
Net renegotiated portfolio	125,798	-	-	-	-	-	-	-	-	-	125,798
Debt	950,146	3,605	3,947	3,704	3,672	3,121	3,512	3,288	4,312	621,372	1,600,679
Provision	(824,348)	(3,605)	(3,947)	(3,704)	(3,672)	(3,121)	(3,512)	(3,288)	(4,312)	(621,372)	(1,474,881)
Total number of clients	795,112	297,451	79,254	55,750	66,824	69,744	44,751	62,117	68,455	3,947,841	5,487,299
Total Fixed Telephone Portfolio	19,538,031	4,392,405	963,297	515,292	234,444	112,471	69,320	-	-	-	25,825,260
Debt	20,680,767	5,009,729	2,197,461	1,706,619	1,501,500	1,363,386	1,354,506	1,142,859	971,764	93,536,041	129,464,632
Provision	(1,142,736)	(617,324)	(1,234,164)	(1,191,327)	(1,267,056)	(1,250,915)	(1,285,186)	(1,142,859)	(971,764)	(93,536,041)	(103,639,372)
Corporate Communication and Data											
Number of clients w/o renegotiation (1)	2,646	1,545	584	29	379	385	249	193	269	1,718	7,997
Net portfolio w/o renegotiation	32,848,129	5,133,416	1,295,463	2,879,052	1,190,772	906,270	404,979	-	-	-	44,658,081
Debt	32,910,516	5,224,710	1,307,151	3,114,347	1,431,229	1,121,296	769,866	318,900	596,508	2,977,826	49,772,349
Provision	(62,387)	(91,294)	(11,688)	(235,295)	(240,457)	(215,026)	(364,887)	(318,900)	(596,508)	(2,977,826)	(5,114,268)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	2,646	1,545	584	29	379	385	249	193	269	1,718	7,997
Total Corporate Communication and Data Portfolio	32,848,129	5,133,416	1,295,463	2,879,052	1,190,772	906,270	404,979	-	-	-	44,658,081
Debt	32,910,516	5,224,710	1,307,151	3,114,347	1,431,229	1,121,296	769,866	318,900	596,508	2,977,826	49,772,349
Provision	(62,387)	(91,294)	(11,688)	(235,295)	(240,457)	(215,026)	(364,887)	(318,900)	(596,508)	(2,977,826)	(5,114,268)
Television											
Number of clients w/o renegotiation (1)	37,049	42,496	42,840	39,940	38,586	41,930	41,137	34,142	26,185	165,154	509,459
Net portfolio w/o renegotiation	9,354,667	623,618	214,657	86,435	29,274	1,686	859	-	-	-	10,311,196
Debt	9,428,399	852,779	1,190,194	1,101,216	1,044,076	1,143,045	1,134,644	961,315	815,245	9,874,662	27,545,575
Provision	(73,732)	(229,161)	(975,537)	(1,014,781)	(1,014,802)	(1,141,359)	(1,133,785)	(961,315)	(815,245)	(9,874,662)	(17,234,379)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	37,049	42,496	42,840	39,940	38,586	41,930	41,137	34,142	26,185	165,154	509,459
Total Television Portfolio	9,354,667	623,618	214,657	86,435	29,274	1,686	859	-	-	-	10,311,196
Debt	9,428,399	852,779	1,190,194	1,101,216	1,044,076	1,143,045	1,134,644	961,315	815,245	9,874,662	27,545,575
Provision	(73,732)	(229,161)	(975,537)	(1,014,781)	(1,014,802)	(1,141,359)	(1,133,785)	(961,315)	(815,245)	(9,874,662)	(17,234,379)

(1) The information mentioned in this line represents the number of current clients and to those that have been commercially eliminated and which are still in collections management



8. Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of December 31, 2018 is detailed as follows, continued

Aging of portfolio by segment at December 31, 2018	Up to date	From 1 to 30 days	From 31 to 60 days	From 61 to 90 day	From 91 to 120 days	From 121 to 150 days	From 151 to 180 days	From 181 to 210 days	From 211 to 250 days	More than 250 days	Total portfolio w/o guarantee
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Mobile Business											
Number of clients w/o renegotiation (1)	908,646	176,374	62,478	53,561	50,674	39,108	41,981	54,141	33,232	1,547,464	2,967,659
Net portfolio w/o renegotiation	60,079,723	8,346,908	2,608,385	2,557,748	996,379	4,238,710	985,494	-	-	-	79,813,347
Debt	60,522,617	10,331,104	4,878,354	5,013,421	5,101,076	7,040,167	3,334,549	3,563,540	3,940,001	51,048,735	154,773,564
Provision	(442,894)	(1,984,196)	(2,269,969)	(2,455,673)	(4,104,697)	(2,801,457)	(2,349,055)	(3,563,540)	(3,940,001)	(51,048,735)	(74,960,217)
Number of clients w/renegotiation	192	193	52	19	44	46	33	71	48	12,885	13,583
Net renegotiated portfolio	84,315	383	38	16	-	-	12	-	-	-	84,764
Debt	107,510	15,808	3,268	3,374	5,487	4,549	4,391	6,588	3,786	1,610,860	1,765,621
Provision	(23,195)	(15,425)	(3,230)	(3,358)	(5,487)	(4,549)	(4,379)	(6,588)	(3,786)	(1,610,860)	(1,680,857)
Total number of clients	908,838	176,567	62,530	53,580	50,718	39,154	42,014	54,212	33,280	1,560,349	2,981,242
Total Other Portfolio	60,164,038	8,347,291	2,608,423	2,557,764	996,379	4,238,710	985,506	-	-	-	79,898,111
Debt	60,630,127	10,346,912	4,881,622	5,016,795	5,106,563	7,044,716	3,338,940	3,570,128	3,943,787	52,659,595	156,539,185
Provision	(466,089)	(1,999,621)	(2,273,199)	(2,459,031)	(4,110,184)	(2,806,006)	(2,353,434)	(3,570,128)	(3,943,787)	(52,659,595)	(76,641,074)
Contractual asset and Other											
Number of clients w/o renegotiation (1)	-	-	-	-	-	-	-	-	-	-	-
Net portfolio w/o renegotiation	37,842,108	-	-	-	-	-	-	-	-	-	37,842,108
Debt	38,956,577	-	-	-	-	-	-	-	-	-	38,956,577
Provision	(1,114,469)	-	-	-	-	-	-	-	-	-	(1,114,469)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	-	-	-	-	-	-	-	-	-	-	-
Total Contractual Asset and Other Portfolio	37,842,108	-	-	-	-	-	-	-	-	-	37,842,108
Debt	38,956,577	-	-	-	-	-	-	-	-	-	38,956,577
Provision	(1,114,469)	-	-	-	-	-	-	-	-	-	(1,114,469)
Consolidated Portfolio											
Number of clients w/o renegotiation (1)	1,644,394	517,519	184,786	148,931	156,099	150,843	127,763	150,242	127,737	5,590,984	8,799,298
Net portfolio w/o renegotiation	159,536,860	18,496,347	5,081,802	6,038,527	2,450,869	5,259,137	1,460,652	-	-	-	198,324,194
Debt	161,548,730	21,414,717	9,569,213	10,931,899	9,074,209	10,664,773	6,590,053	5,983,326	6,319,206	156,815,892	398,912,018
Provision	(2,011,870)	(2,918,370)	(4,487,411)	(4,893,372)	(6,623,340)	(5,405,636)	(5,129,401)	(5,983,326)	(6,319,206)	(156,815,892)	(200,587,824)
Number of clients w/renegotiation	99,251	540	422	368	408	370	388	422	452	84,078	186,699
Net renegotiated portfolio	210,113	383	38	16	-	-	12	-	-	-	210,562
Debt	1,057,656	19,413	7,215	7,078	9,159	7,670	7,903	9,876	8,098	2,232,232	3,366,300
Provision	(847,543)	(19,030)	(7,177)	(7,062)	(9,159)	(7,670)	(7,891)	(9,876)	(8,098)	(2,232,232)	(3,155,738)
Total number of clients	1,743,645	518,059	185,208	149,299	156,507	151,213	128,151	150,664	128,189	5,675,062	8,985,997
Total Consolidated Portfolio	159,746,973	18,496,730	5,081,840	6,038,543	2,450,869	5,259,137	1,460,664	-	-	-	198,534,756
Debt	162,606,386	21,434,130	9,576,428	10,938,977	9,083,368	10,672,443	6,597,956	5,993,202	6,327,304	159,048,124	402,278,318
Provision	(2,859,413)	(2,937,400)	(4,494,588)	(4,900,434)	(6,632,499)	(5,413,306)	(5,137,292)	(5,993,202)	(6,327,304)	(159,048,124)	(203,743,562)

(1) The information mentioned in this line represents the number of current clients and to those that have been commercially eliminated and which are still in collections management.



9. Receivables from and payable to related companies

a) Currents receivables from related companies:

Company	Taxpayer No.	Country of Origin	Nature of the relationship	Transaction origin	Currency	Term	12.31.2019 ThCh\$	12.31.2018 ThCh\$	
Telxius Torres Chile, S.A.	76.558.575-9	Chile	Common end controller	Services prov.	CLP	60 days	12,096,459	9,694,655	
Telefónica Internacional Wholesale Services España		Foreing	Spain	Common end controller	Services prov.	EUR	90 days	5,045,351	4,379,668
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Services prov.	CLP	60 días	953,832	956,011	
Telxius Cable Chile	96.910.730-9	Chile	Common end controller	Services prov.	CLP	60 days	788,480	721,676	
Telefónica S.A.		Foreing	Spain	Shareholder	Services prov.	EUR	90 days	712,499	712,499
Telefónica Digital España		Foreing	Spain	Common end controller	"	EUR	60 days	627,459	977,665
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	"	CLP	60 days	254,661	281,304	
Media Networks Perú		Foreing	Perú	Common end controller	"	USD	90 days	195,900	836,803
Wayra Chile Tecnología e Innovación Ltda.	96.672.150-2	Chile	Common end controller	"	CLP	60 days	147,444	74,813	
Telefónica Móviles España S.A.		Foreing	Spain	Common end controller	"	EUR	90 days	92,113	66,148
Telefónica del Perú		Foreing	Perú	Common end controller	"	CLP	60 days	59,981	121,981
Telcel Venezuela		Foreing	Venezuela	Common end controller	"	USD	90 days	33,091	46,498
Media Networks Chile	76.243.733-3	Chile	Common end controller	"	CLP	60 days	27,209	10,265	
Terra Networks Chile S.A.	96.834.230-4	Chile	Common end controller	"	CLP	60 days	24,194	47,916	
Telefónica Uk Ltd (antes O2 (UK) Ltd)		Foreing	UK	Common end controller	"	EUR	90 days	22,067	19,388
Telefónica On The Spot Soluciones Digitales De Chile Spa	76.338.291-5	Chile	Common end controller	"	CLP	60 days	6,296	4,222	
Inversiones Telefónica Internacional Holding L S.A.	77.363.730-K	Chile	Common end controller	"	CLP	60 days	5,262	1,732	
Terra Networks Brasil		Foreing	Brazil	Common end controller	"	USD	90 days	5,148	-
Pegaso PCS, S.A. de C.V.		Foreing	México	Common end controller	"	USD	90 days	4,845	57,419
Colombia Telecomunicaciones S.A.E.S.P		Foreing	Colombia	Common end controller	"	USD	60 days	3,866	436,611
Telefónica Learning Services Chile Capacitación Ltda.	76.131.334-7	Chile	Common end controller	"	CLP	60 days	1,453	4,962	
Otecel S.A.		Foreing	Ecuador	Common end controller	"	USD	60 days	1,043	2,618
Telefónica Móviles El Salvador		Foreing	El Salvador	Common end controller	"	USD	90 days	582	681
Telefónica Brasil		Foreing	Brazil	Common end controller	"	USD	90 days	-	361,443
Telefonía Celular de Nicaragua S.A.		Foreing	Nicaragua	Common end controller	"	USD	90 days	-	798
Telefónica Móviles Guatemala		Foreing	Guatemala	Common end controller	"	USD	90 days	-	12,317
Telefónica Argentina S.A.		Foreing	Argentina	Common end controller	"	USD	180 days	-	30,744
Telefónica O2 Germany GmbH & Co Ohg		Foreing	Germany	Common end controller	"	USD	90 days	-	850,567
Telefónica Móviles del Uruguay S.A.		Foreing	Uruguay	Common end controller	"	USD	90 days	-	36,330
Telefónica Móviles de Panamá		Foreing	Panamá	Common end controller	"	USD	90 days	-	7,484
Telefónica Móviles Argentina S.A.		Foreing	Argentina	Common end controller	"	USD	90 days	-	210,653
Telefónica Learning Services Chile Spa	76.318.959-7	Chile	Common end controller	"	CLP	60 days	-	1,705	
Telefónica Investigación y Desarrollo S.A. (TIDSA)		Foreing	Spain	Common end controller	"	EUR	90 days	-	135,356
Fundación Telefónica Chile S.A.	74.944.200-k	Chile	Associated	"	CLP	60 days	-	384,910	
Total							21,109,235	21,487,842	

There are no allowances for doubtful accounts or guarantees related to amounts included in outstanding balances.

For amounts in excess of 5% of their total heading the origin of the service rendered is specified.



9. Receivables from and payable to related companies, continued

b) Currents payables from related companies, continued

Company	Taxpayer No.	Country of Origin	Nature of the relationship	Transaction origin	Currency	Term	12.31.2019 ThCh\$	12.31.2018 ThCh\$
Telxius Torres Chile S.A.	76.558.575-9	Chile	Common end controller	Subtotal			15,383,448	9,575,433
				Spaces lease	CLP	60 days	8,942,700	8,391,763
				Colocalization lease (IFRS 16)	CLP	60 days	6,372,666	636,129
				Infrastructure lease	CLP	60 days	38,515	471,628
				Colocalization lease	CLP	60 days	29,567	75,913
Telefónica S.A.	Foreign	Spain	Common end controller	Serv. Provided			8,375,772	8,840,377
				Brand Fee	EUR / CLP	90 days	7,917,019	8,062,739
Telxius Cable Chile	96.910.730-9	Chile	Common end controller	Subtotal			7,095,059	6,551,488
				Voice IP transit	CLP	60 days	4,432,682	4,604,977
				Data and links	CLP	60 days	2,298,835	1,192,853
				Commercial Mandate	CLP	60 days	87,574	729,747
				Others	CLP	60 days	275,968	23,911
Telefónica Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	180 days	12,209,013	4,042,858
Telefónica Digital España	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	5,798,222	5,753,026
Telefónica International Wholesale Services España	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	5,667,001	6,087,907
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Serv. Provided	CLP	60 days	1,715,810	2,062,670
Telefónica Latam Holding	Foreign	Spain	Common end controller	Subtotal			1,860,017	1,874,932
				Management Fee	EUR	90 days	1,860,017	1,871,048
				Otros	EUR	90 days	-	3,884
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Serv. Provided	CLP	60 days	3,324,841	1,709,682
Media Networks Perú	Foreign	Perú	Common end controller	Satelital Space	USD	90 days	1,516,382	1,898,281
Telefónica Compras Electrónicas	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	688,623	841,807
Telefónica Global Technology S.A.U.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	573,922	523,799
Telefónica Learning Services Chile Capacitación Ltda.	76.131.334-7	Chile	Common end controller	Serv. Provided	CLP	60 days	382,084	-
Telefónica Brasil	Foreign	Brazil	Common end controller	Serv. Provided	USD	90 days	376,358	358,571
Telefónica del Perú S.A.	Foreign	Perú	Common end controller	Serv. Provided	USD	180 days	209,586	208,929
Terra Networks Chile S.A.	96.834.230-4	Chile	Common end controller	Serv. Provided	CLP	60 days	147,832	301,652
Telefónica O2 Germany Gmbh & Co Ohg	Foreign	Germany	Common end controller	Serv. Provided	EUR	90 days	133,778	144,742
Colombia Telecomunicaciones S.A.E.S.P. (Telecom.)	Foreign	Colombia	Common end controller	Serv. Provided	USD	60 days	109,716	140,411
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	90 days	105,127	184,439
Telefónica Global Roaming Gmbh	Foreign	Germany	Common end controller	Serv. Provided	EUR	90 days	89,361	146,609
Telefónica Móviles España S.A.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	67,643	66,252
Telefónica USA Inc.	Foreign	USA	Common end controller	Serv. Provided	USD	60 days	48,414	449,518
Telefónica Servicios Audiovisuales	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	46,018	25,855



9. Receivables from and payable to related companies, continued

b) Current payables to related companies, continued

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	12.31.2019 ThCh\$	12.31.2018 ThCh\$
Pegaso PCS, S.A. de C.V.	Extranjera	México	Common end Controller	Serv. Provided	USD	90 días	35,611	15,900
Telefónica On The Spot Soluciones Digitales de Chile SpA	76.338.291-5	Chile	Common end Controller	Serv. Provided	CLP	60 días	24,475	141,770
Telefónica Investigación y Desarrollo S.A. (TIDSA)	Extranjera	Spain	Common end Controller	Serv. Provided	EUR	90 días	19,000	4,304
Telefónica Global Tecnología Chile	59.165.120-k	Chile	Common end Controller	Computer Services	CLP	60 días	16,105	16,105
Telfisa Global B.V.	Extranjera	Spain	Common end Controller	Administration Commision	CLP	90 días	9,664	12,707
Otecel S.A.	Extranjero	Ecuador	Common end Controller	Serv. Provided	USD	90 días	8,762	6,396
Telefónica Móviles del Uruguay S.A.	Extranjera	Uruguay	Common end Controller	Serv. Provided	USD	90 días	7,768	16,916
Telefónica Móviles Panamá	Extranjera	Panamá	Common end Controller	Serv. Provided	USD	90 días	4,343	3,243
Telcel Venezuela	Extranjera	Venezuela	Common end Controller	Serv. Provided	USD	90 días	2,829	3,077
Telefónica de España S.A.U	Extranjera	Spain	Common end Controller	Serv. Provided	EUR	180 días	1,611	112
Tgestiona Logistica Peru Sac	Extranjera	Perú	Common end Controller	Serv. Provided	USD	90 días	865	8,031
Telefónica Móviles El Salvador	Extranjera	El Salvador	Common end Controller	Serv. Provided	USD	90 días	101	223
Telefónica Learning Services Chile SpA	76.318.959-7	Chile	Common end Controller	Serv. Provided	CLP	90 días	47	-
Fundación Telefónica Chile	74.944.200-k	Chile	Common end Controller	Serv. Provided	CLP	60 días	-	137,771
Telefónica Uk Ltd	Extranjera	UK	Common end Controller	Serv. Provided	USD	90 días	-	42,272
Telefónica Móviles Guatemala	Extranjero	Guatemala	Common end Controller	Serv. Provided	USD	90 días	-	4,737
Total							66,055,208	52,202,802

There are no guarantees related to amounts included in outstanding balances.

For amounts in excess of 5% of their total heading the origin of the service rendered is specified.

c) Non-current payables to related companies:

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	12.31.2019 ThCh\$	12.31.2018 ThCh\$
Telxius Torres Chile S.A. (1)	76.558.575-9	Chile	Common end controller	Colocalization lease (IFRS 16)	CLP	-	37,179,398	-
Telefónica S.A.	Foreing	Spain	End Controller	Obligation RRHH	CLP	-	848,247	168,255
Total							38,027,645	168,255

(1) With the coming into effect of IFRS 16, current contracts with Telxius Torres Chile S.A. as of January 1, 2019 have been recognized as a financial obligation



9. Receivables from and payable to related companies, continued

d) The most significant transactions and their effects on Results:

Company	Taxpayer No.	Country of Origin	Nature of the relationship	Transaction Origin	Currency	12.31.2019		12.31.2018	
						Amount	Efect on income (Debit)/Credit	Amount	Efect income (Debit)/Credit
						ThCh\$	ThCh\$	ThCh\$	ThCh\$
Telefónica S.A.	Foreing	Spain	End Controller	Brand Fee	EUR	13,783,604	(13,783,604)	26,139,682	(26,139,682)
Media Networks Perú	Foreing	Perú	Common end controller	Spaces lease	USD	9,092,665	(9,092,665)	9,240,306	(9,240,306)
Telefónica Global Technology	Foreing	Spain	Common end controller	Costs	EUR	4,268,723	(4,268,723)	4,766,466	(4,766,466)
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Costs	CLP	12,646,562	(12,646,562)	6,923,396	(6,923,396)
Telefónica Digital España	Extranjera	Spain	Common end controller	Costs	EUR	7,854,188	(7,854,188)	6,195,797	(6,195,797)
Telefónica Argentina S.A.	Foreing	Argentina	Common end controller	Media Lease	USD	8,438,851	(8,438,851)	7,329,240	(7,329,240)
Telefónica International Wholesale Services España	Foreing	Spain	Common end controller	Sales	EUR	2,412,039	2,412,039	2,141,253	2,141,253
				Costs	EUR	3,294,560	(3,294,560)	3,985,948	(3,985,948)
Telxius Cable Chile S.A	96.910.730-9	Chile	Common end controller	Sales	CLP	2,961,803	2,961,803	3,009,360	3,009,360
				Access and transit	CLP	14,362,576	(14,362,576)	13,713,728	(13,713,728)
				Sales	CLP	1,419,656	1,419,656	-	-
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Costs	CLP	6,428,708	6,428,708	4,112,963	(4,112,963)
Telefónica S.A.	Foreing	Spain	End Controller	Brand Fee	EUR	11,613,688	(11,613,388)	11,632,003	(11,632,003)
				Others	USD	2,067,670	(2,067,670)	685,656	(685,656)
Media Networks Perú	Foreing	Perú	Common end controller	Costs	USD	6,731,475	(6,731,475)	9,640,306	(9,640,306)
Telefónica Argentina S.A.	Foreing	Argentina	Common end controller	Costs	CLP	8,438,853	(8,438,853)	7,329,240	(7,329,240)
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Costs	EUR	12,646,534	(12,646,534)	6,106,623	(6,106,623)
TIWS Chile II SpA	76.540.944-6	Chile	Common end controller	Costs	EUR	6,428,703	(6,428,703)	1,457,898	(1,457,898)
Telefónica Digital España	Foreing	Spain	Common end controller	Costs	EUR	7,854,189	(7,854,189)	5,889,071	(5,889,071)
				Sales	EUR	1,207,072	1,207,072	957,168	957,168
Telefónica Compras Electrónica S.A.	Foreing	Spain	Common end controller	Costs	EUR	1,749,665	(1,749,665)	1,729,772	(1,729,772)
Telefónica International Wholesale Services II	Foreing	Spain	Common end controller	Sales	EUR	2,412,038	2,412,038	1,321,229	1,321,229
				Costs	EUR	3,294,561	(2,294,561)	2,996,021	(2,996,021)
Telxius Torres Chile S.A.	76.558.575-9	Chile	Common end controller	Leases	CLP	1,289,054	(1,289,054)	-	-

Only transactions between related parties in excess of ThCh\$1,000,000 are disclosed.

9. Receivables from and payable to related companies, continued

d) The most significant transactions and their effects on results, continued

Title XVI of the Company's Law, and other relevant standards, requires that a publicly traded corporation's transactions with related companies are carried out under similar terms to those commonly prevailing in the market.

There have been charges and credits to current accounts in the receivables of companies due to billing for sale of materials, equipment and services. The conditions of the Mercantile Current Account and Mandate are currents, accruing interest at a variable interest rate that adjusts to market conditions.

Sales and service rendering expire in the short-term (less than one year) and the expiry conditions for each case vary by virtue of the transaction that generates them.

e) Remuneration and benefits received by the Company's key employees:

The Company is managed by a Board of Directors composed of 11 members and its key employees, at December 31, 2019 and 2018, are 64 and 65 executives, respectively.

Concepts	12.31.2019	12.31.2018
	ThCh\$	ThCh\$
Salaries	12,470,757	12,379,982
Post employment benefits	1,846,968	1,928,698
Total	14,317,725	14,308,680

10. Inventory

a) The detail of inventory is as follows:

Concepts	31.12.2019			12.31.2018		
	Gross value	Allowance for obsolescence	Net value	Gross value	Allowance for obsolescence	Net value
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Mobile equipment	37,151,692	(364,271)	36,787,421	41,801,732	(1,241,829)	40,559,903
Modems and Router	7,305,621	(748,031)	6,557,589	4,067,087	(1,001,222)	3,065,865
Decoders and antennas	9,548,025	(578,411)	8,969,615	8,166,587	(220,094)	7,946,493
Basic telephony, public telephony and telephone switchboards components	2,489,025	(381,658)	2,107,368	2,169,968	(755,823)	1,414,145
IP Solutions Projects	4,000,524	-	4,000,524	2,214,315	-	2,214,315
Mobile accessories	143,022	(3,290)	139,732	23,068	(7,330)	15,738
Other	782,171	(56,410)	725,760	403,232	(53,529)	349,703
Total	61,420,080	(2,132,071)	59,288,009	58,845,989	(3,279,827)	55,566,162

As of December 31, 2019 and December 31, 2018 there have been no inventory write-offs, there is no inventory in guarantee.

10. Inventory, continued

b) The movement of inventory is as follows:

Movements	31.12.2019 ThCh\$	12.31.2018 ThCh\$
Beginning balance	55,566,162	49,212,817
Purchases	265,136,170	247,663,504
Capitalized sales (note 24c)	(255,232,196)	(235,652,304)
Sales pending capitalization (note 7)	(7,329,883)	(6,111,281)
Allowance for obsolescence	1,147,756	453,508
Transfer to materials allocated to the investment (note 15b)	-	(82)
Movement, subtotal	3,721,847	6,353,345
Ending balance	59,288,009	55,566,162

11. Income Taxes**a) Income Taxes:**

As of December 31, 2019 the parent Telefónica Móviles Chile S.A. and subsidiary, Telefónica Chile Servicios Corporativos Ltda., have established a first category income tax provision, determining a positive taxable base in the amount of ThCh\$41,419,836 and ThCh\$2,191,926, respectively.

As of December 31, 2018, Telefónica Móviles Chile S.A., Telefónica Chile Servicios Corporativos Ltda., and Telefónica Investigación y Desarrollo SpA, established a first-category income tax provision, determining a positive taxable base of ThCh\$30,423,133.

As of December 31, 2019 and 2018, the Parent and subsidiaries presents the following tax losses of first category income tax:

- Telefónica Chile S.A., ThCh\$2,862,594 and ThCh\$27,548,368 at December 31, 2019 and 2018, respectively.
- Telefónica Empresas S.A., ThCh\$36,307,058 and ThCh\$20,779,469 at December 31, 2019 y 2018, respectively.
- Telefónica Investigación y Desarrollo SpA, ThCh\$354,364 at December 31, 2019.

Regarding those companies with tax losses, it should be noted that, in the normal development of their operations, the Parent Company and its subsidiaries are subject to regulation and oversight by the Chilean Internal Revenue Service, whereby differences may arise in the application of the criteria for determining taxes.

11. Taxes, continued**a) Income Taxes, continued**

As of December 31, 2019, corporate income is detailed as follows:

Subsidiaries	Accumulated credit balances (SAC)								
	Control	Income subject to Global Complementary or Additional Tax (RAI)	Difference between Accelerated Devaluation And normal (DDAN)	Exempt income (REX) Non-taxable income	Accumulated as of 01.01.2017		Current loan rate (factor of 27%) Total available credit against final taxes (art 41 A & 41 C of ITL)	Accumulated up to 12.31.2016 Effective rate 22,77% Entitled to return	Total Balance of Taxable Net Income (STUT)
					Subject to restitution entitled to return	No Subject to restitution entitled to return			
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Telefónica Móviles Chile S.A.	65,142,376	65,142,376	-	-	10,967,913	-	-	1,057,143	4,686,247
Telefónica Chile S.A.	-	-	-	-	-	-	-	170,019,389	753,975,100
Telefónica Empresas Chile S.A.	2,870,559	-	-	2,870,559	(198,735)	-	-	-	-
Telefónica Chile Servicios Corporativos Ltda.	83,658,762	83,658,762	-	-	12,892,020	-	-	17,295,010	64,412,044
Telefónica Investigación y Desarrollo SPA	2,076,118	2,076,118	-	-	678,399	-	-	-	-
Total	153,747,815	150,877,256	-	2,870,559	24,339,597	-	-	188,371,542	823,073,391

b) Current tax assets

As of December 31, 2019 and 2018, current income tax assets are detailed as follows:

Conceptos	12.31.2019 ThCh\$	12.31.2018 ThCh\$
Taxes for recovering previous years (1)	1,519,311	3,103,379
Monthly prepaid tax installments (2)	2,455,060	5,471,861
Provisional payment on absorbed profits (3)	2,718,729	4,199,489
Sence	838,000	400,000
Total	7,531,100	13,177,118

- (1) Corresponds to the net balance between monthly provisional payments and the income tax provision AT 2020. In addition, this item must include tax refunds received by Telefónica Móviles for monthly provisional payments ("PPM") for the 2019 fiscal year in the amount of ThCh\$2,330,740.
- (2) On April 2, 2019, Telefónica Móviles S.A. received a PPM refund for the 2018 fiscal year in the amount of ThCh\$1,046,822. In January and August 2019, subsidiary Telefónica Chile S.A., received a PPM refund for the 2018 fiscal year in the amount of ThCh\$3,612,081.
- (3) During year 2019, there was a refund of monthly provisional payments on absorbed profits from Telefónica Móviles Chile S.A. in the amount of ThCh\$ 1,480,760. The recoverable tax balance, for provisional payments on absorbed profits, is only related to the Parent.

11. Income Taxes, continued**c) Deferred tax assets and liabilities**

As of December 31, 2019 and 2018, accumulated balances of temporary differences originated net deferred tax assets in the amount of ThCh\$22,466,891 and; ThCh\$33,975,793 respectively, and which are detailed as follows:

Disclosure of temporary differences, losses and unused tax credits December 31, 2019	Allowance for doubtful accounts	Obsolescence provision	Deferred income	Effect or taxable goodwill on merger of subsidiary	Dismantling provision	Deferred Cost of sale and deferred sales commissions	Personnel provisions	Amortization and depreciation of assets	Tax loss	Right – of – use assets and lease obligations	Other temporary differences	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
Deferred tax assets and liabilities														
Deferred tax assets	36,312,173	498,253	4,472,265	96,880,357	5,057,214	-	17,713,195	9,946,286	10,671,484	8,286,817	4,781,690	(78,251,313)	116,368,421	116,368,421
Deferred tax liabilities	-	-	6,971,160	-	-	3,661,938	11,129,182	141,440,873	-	9,259,031	(309,341)	(78,251,313)	93,901,530	93,901,530
Deferred tax liabilities (assets)	(36,312,173)	(498,253)	2,498,895	(96,880,357)	(5,057,214)	3,661,938	(6,584,013)	131,494,587	(10,671,484)	972,214	(5,091,031)		(22,466,891)	(22,466,891)
Deferred tax assets and liabilities, net														
Deferred tax assets, net	(36,312,173)	(498,253)	-	(96,880,357)	(5,057,214)	-	(6,584,013)	-	(10,671,484)	-	(5,091,031)	-	(161,094,525)	(161,094,525)
Deferred tax liabilities, net	-	-	2,498,895	-	-	3,661,938	-	131,494,587	-	972,214	-	-	138,627,634	138,627,634
Deferred tax expense (benefit)														
Deferred tax expense (benefit)	(3,041,618)	309,894	(224,954)	15,256,154	376,262	1,237,260	1,043,635	(3,760,986)	2,398,275	1,068,874	(2,388,765)	-	12,274,031	12,274,031
Deferred tax expense (benefit) recognized in income	(3,041,618)	309,894	(224,954)	15,256,154	376,262	1,237,260	1,043,635	(3,760,986)	2,398,275	1,068,874	(2,388,765)	-	12,274,031	12,274,031
Deferred tax liabilities (assets) – Beginning balance Dec, 2018	(33,270,555)	(808,147)	2,723,849	(112,136,511)	(5,433,476)	2,424,678	(6,980,422)	135,255,573	(13,048,516)	-	(2,702,266)	-	(33,975,793)	(33,975,793)
Changes in deferred tax liabilities (assets)														
Deferred tax expense (benefit) recognized in income	(3,041,618)	309,894	(224,954)	15,256,154	376,262	1,237,260	1,043,635	(3,760,986)	2,398,275	1,068,874	(2,388,765)	-	12,274,031	12,274,031
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	(21,243)	(96,660)	-	-	(117,903)	(117,903)
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	(647,226)	-	-	-	-	-	(647,226)	(647,226)
Increase (decrease) from business combinations, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to loss of control of subsidiary, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to net foreign currency translation, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
mentos (disminuciones) de pasivos (activos) por impuestos diferidos	(3,041,618)	309,894	(224,954)	15,256,154	376,262	1,237,260	396,409	(3,760,986)	2,377,032	972,214	(2,388,765)	-	11,508,902	11,508,902
Pasivo (activo) por impuestos diferidos	(36,312,173)	(498,253)	2,498,895	(96,880,357)	(5,057,214)	3,661,938	(6,584,013)	131,494,587	(10,671,484)	972,214	(5,091,031)	-	(22,466,891)	(22,466,891)



11. Income Taxes, continued

c) Assets and Liability by Deferred taxes, continued

Disclosure of temporary differences, losses and unused tax credits december 31, 2018	Allowance for doubtful accounts	Obsolescence provision	Deferred income	Effect or taxable goodwill on merger of subsidiary	Dismantling provision	Deferred Cost of sale and deferred sales commissions	Personnel provisions	Amortization and depreciation of assets	Tax loss	Other temporary differences	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
Deferred tax assets and liabilities													
Deferred tax assets	33,270,555	808,147	4,565,235	112,136,511	5,433,476	-	18,381,366	9,655,282	13,048,516	3,988,759	(82,741,713)	118,546,134	118,546,134
Deferred tax liabilities	-	-	7,289,084	-	-	2,424,678	11,400,944	144,910,855	-	1,286,493	(82,741,713)	84,570,341	84,570,341
Deferred tax liabilities (assets)	(33,270,555)	(808,147)	2,723,849	(112,136,511)	(5,433,476)	2,424,678	(6,980,422)	135,255,573	(13,048,516)	(2,702,266)	-	(33,975,793)	(33,975,793)
Deferred tax assets and liabilities, net													
Deferred tax assets, net	(33,270,555)	(808,147)	-	(112,136,511)	(5,433,476)	-	(6,980,422)	-	(13,048,516)	(2,702,266)	-	(174,379,893)	(174,379,893)
Deferred tax liabilities, net	-	-	2,723,849	-	-	2,424,678	-	135,255,573	-	-	-	140,404,100	140,404,100
Deferred tax expense (benefit)													
Deferred tax expense (benefit)	11,192,762	122,448	2,171,369	15,346,129	(1,371,185)	(2,528,176)	(2,196,577)	1,168,931	(9,120,813)	868,574	-	15,653,462	15,653,462
Deferred tax expense (benefit) recognized in income	11,192,762	122,448	2,171,369	15,346,129	(1,371,185)	(2,528,176)	(2,196,577)	1,168,931	(9,120,813)	868,574	-	15,653,462	15,653,462
Changes in deferred tax liabilities (assets)													
Deferred tax liabilities (assets) – Beginning balance Dec, 2017	(36,950,627)	(930,595)	(10,178,366)	(127,482,640)	(4,062,291)	8,772,190	(4,712,435)	138,403,612	(1,940,251)	(3,570,840)	-	(42,652,243)	(42,652,243)
Changes in deferred tax liabilities (assets)													
Deferred tax expense (benefit) recognized in income	11,192,762	122,448	2,171,369	15,346,129	(1,371,185)	(2,528,176)	(2,196,577)	1,168,931	(9,120,813)	868,574	-	15,653,462	15,653,462
Deferred taxes related to items credited (charged) directly to equity	(7,512,690)	-	10,730,846	-	-	(3,819,336)	-	(4,316,970)	(1,987,452)	-	-	(6,905,602)	(6,905,602)
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	-	(71,410)	-	-	-	(71,410)	(71,410)
Increase (decrease) from business combinations, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to loss of control of subsidiary, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to net foreign currency translation, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in deferred tax liabilities (assets)	3,680,072	122,448	12,902,215	15,346,129	(1,371,185)	(6,347,512)	(2,267,987)	(3,148,039)	(11,108,265)	868,574	-	8,676,450	8,676,450
Deferred tax liabilities (assets)	(33,270,555)	(808,147)	2,723,849	(112,136,511)	(5,433,476)	2,424,678	(6,980,422)	135,255,573	(13,048,516)	(2,702,266)	-	(33,975,793)	(33,975,793)

(1) Corresponds to netting of deferred tax assets and liabilities.

11. Income Taxes, continued**c) Deferred tax assets and liabilities, continued****Effect of tax goodwill due to merger**

As indicated in Note 1, on May 2, 2017, the Company merged its subsidiary Telefónica Móviles Chile S.A. by absorption, thus generating recognition of deferred taxes in the amount of ThCh\$148,606,473. The adjustment was recorded with a credit to income under income tax, resulting from the difference between the tax value of the investment and taxable capital, value that was allocated to non-monetary assets arising from the merger.

As of December 31, 2019 and 2018, the balance of this deferred tax asset amounts to ThCh\$96,880,357 and ThCh\$112,136,511, respectively.

d) Taxable Income

As of December 31, 2019 and 2018, a first category income tax provision has been established, therefore a taxable positive base was determined in the amount of ThCh\$43,611,762 and ThCh\$30,423,133, respectively for each year. This is detailed as follows:

Concepts	Taxable Net Income	
	12.31.2019 ThCh\$	12.31.2018 ThCh\$
Finance Income	82.465.511	85.915.754
Recorded tax expense	28.143.608	29.604.356
Additions	578.552.777	524.175.540
Deductions	(645.550.134)	(609.272.517)
Taxable net income (4)	43.611.762	30.423.133
First category tax rate of 27%	11.775.176	8.214.246
Art. 21 rejected expenses tax base	7.608.575	4.875.792
Art. 21 non-deductible expenses (40% rate)	3.043.430	1.950.317
Total Tax Provision	14.818.606	10.164.563
Contingencies provision (1)	10.983	374.302
Hedging instrument income tax provision (2)	918.783	(32.718)
Effect of Financial debt fair value derivatives (3)	(1.768.444)	-
Previous year deficit	1.361.785	2.805.775
Derivative instruments provision to equity	527.864	638.972
Total first category tax	15.869.577	13.950.894

(1) Corresponds to contingencies of the subsidiary Telefónica Móviles Soluciones y Aplicaciones S.A. (see Note 27 b).

(2) Corresponds to the deficit (surplus) in the tax provision calculated on 2018 and 2017 hedging instruments (liquidated). This tax provision is presented as higher or lower expense for the period.

(3) Corresponds to the effect of reclassification of derivative instruments from Equity to Income.

(4) Taxable net income considers reclassification of derivative instruments recorded in Equity.



11. Income Taxes, continued

e) Income tax reconciliation

The income tax expense reconciliation, as of December 31, 2019 and 2018, is detailed as follows:

Concepts	12.31.2019		12.31.2018	
	Taxable Base ThCh\$	27% Tax Rate ThCh\$	Taxable Base ThCh\$	27% Tax Rate ThCh\$
Based on accounting income before taxes:				
Finance income	82,465,511		85,915,754	
Recorded tax expense	28,143,608		29,604,356	
Income before taxes	110,609,119	29,864,462	115,520,111	31,190,429
Permanent differences	(6,373,528)	(1,720,854)	(5,874,345)	(1,586,073)
Price-level restatement of taxable equity	(60,460,377)	(16,324,302)	(59,928,304)	(16,180,642)
Price-level restatement of taxable value of investments in related companies	31,306,623	8,452,788	30,964,992	8,360,548
Income from investment in related parties	1,698,125	458,493	1,584,020	427,685
Contingency provision	40,678	10,983	(547,747)	(147,892)
Adjustment on deferred tax balances	(545,293)	(147,229)	(28,351,178)	(7,654,818)
Previous year deficit (surplus)	5,043,648	1,361,785	10,391,754	2,805,775
Art. 21 non-deductible expenses	11,271,967	3,043,431	7,223,396	1,950,317
Uncollectible debtor write-offs	1,408,625	380,329	(121,179)	(32,718)
IFRS 16 adjustment	(347,030)	(93,698)	-	-
Doubtful accounts write-off	8,082,883	2,182,378	45,290,564	12,228,452
Others (1)	(3,873,377)	(1,045,812)	(12,380,663)	(3,342,780)
Total corporate tax expense	104,235,591	28,143,608	109,645,762	29,604,356
Based on taxable net income and deferred taxes calculated on the basis of temporary differences				
27% income tax		11,775,176		8,214,246
40% income tax		3,043,430		1,950,317
Contingency provision		10,983		374,302
Hedging instrument income tax provision		918,783		(32,718)
Effect of Financial debt fair value derivatives		(1,768,444)		-
Previous year deficit (surplus)		1,361,785		2,805,775
Income tax expense		15,869,577		13,950,894
Deferred tax expense (income)		12,274,031		15,653,462
Total corporate tax expense		28,143,608		29,604,356
Effective income tax rate (2)		25.44%		25.63%

(1) This item includes tax fines, price-level of tax loss, price-level of non-monetary assets, goodwill, IPAS to result, decoders, among others.

(2) Effective rate, determined considering the tax expense accounted for in result with respect to the financial result before tax, amounts to 25.82%.

11. Income Taxes, continued

f) Current income tax liabilities

As of December 31, 2019 and 2018, current income tax liabilities are detailed as follows:

Concepts	12.31.2019 ThCh\$	12.31.2018 ThCh\$
Income tax provision (1)	1,830,065	1,394,825
Non-deductible expenses provision	3,043,431	603,036
Provision for contingencies (Note 27 b)	252,308	1,191,149
Others	126,927	231,576
Total	5,252,731	3,420,586

(1) Annual income taxes are presented nets of monthly provisional payments in the amount of ThCh\$9,945,111 and ThCh\$8,166,705.

12. Non-current trade and other accounts receivable

a) Non-current trade and other accounts receivable are detailed as follows:

Concepts	12.31.2019			12.31.2018		
	Gross value ThCh\$	Allowance for doubtful accounts ThCh\$	Net value ThCh\$	Gross value ThCh\$	Allowance for doubtful accounts ThCh\$	Net value ThCh\$
Receivables on non-current loan transactions	18,284,092	(3,043,533)	15,240,559	19,411,992	(2,406,316)	17,005,676
Trade receivables	15,508,627	(2,947,334)	12,561,293	16,835,225	(2,277,294)	14,557,931
Contractual asset (1)	2,775,465	(96,199)	2,679,266	2,576,767	(129,022)	2,447,745
Miscellaneous receivables (2)	12,181,785	-	12,181,785	17,023,091	-	17,023,091
Total	30,465,877	(3,043,533)	27,422,344	36,435,083	(2,406,316)	34,028,767

(1) Under IFRS 15, the contractual asset is the difference between revenue from sale of handsets and the amount received from the customer at the beginning of the contract.

(2) Mainly includes loans related to employees.

b) As of December 31, 2019 and December 31, 2018, Non-current trade and other accounts receivable by due date are detailed as follows:

Concepts	As of December 31, 2019								
	Gross Portfolio value in ThCh\$				Allowance for doubtful accounts ThCh\$				Net Total
	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh\$	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh\$	
Trade receivables	4,936,775	9,355,796	3,991,521	18,284,092	(2,516,800)	(243,682)	(283,051)	(3,043,533)	15,240,559
Miscellaneous receivables	2,144,476	897,756	9,139,553	12,181,785	-	-	-	-	12,181,785
Total	7,081,251	10,253,552	13,131,074	30,465,877	(2,516,800)	(243,682)	(283,051)	(3,043,533)	27,422,344

Concepts	As of December 31, 2018								
	Gross Portfolio value in ThCh\$				Allowance for doubtful accounts ThCh\$				Net Total
	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh\$	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh\$	
Trade receivables	5,222,546	10,341,782	3,847,664	19,411,992	(2,033,767)	(221,060)	(151,489)	(2,406,316)	17,005,676
Miscellaneous receivables	2,982,525	1,255,759	12,784,807	17,023,091	-	-	-	-	17,023,091
Total	8,205,071	11,597,541	16,632,471	36,435,083	(2,033,767)	(221,060)	(151,489)	(2,406,316)	34,028,767



13. Intangible Assets other than goodwill

a) Intangible assets other than goodwill as of December 31, 2019 and 2018 are detailed as follows:

Concepts	12.31.2019			12.31.2018		
	Intangible, gross ThCh\$	Accumulated amortization ThCh\$	Intangible, net ThCh\$	Intangible, gross ThCh\$	Accumulated amortization ThCh\$	Intangible, net ThCh\$
Intangible assets in development (1)	31,563,423	-	31,563,423	20,363,160	-	20,363,160
Licenses and softwares	641,270,703	(539,955,665)	101,315,038	631,965,788	(501,240,939)	130,724,849
Administratives grantings (2)	130,169,199	(104,421,195)	25,748,004	130,169,199	(102,592,962)	27,576,237
Other intangible assets (3)	21,689,823	(20,976,440)	713,383	21,832,500	(20,540,899)	1,291,601
Total	824,693,148	(665,353,300)	159,339,848	804,330,647	(624,374,800)	179,955,847

(1) A

(1) Corresponds mainly to: evolutionary developments in the amount of ThCh\$ 10,468,933, licenses in the amount of ThCh\$4,899,743 and operating continuity in the amount of ThCh\$16,194,747.

(2) This item records licenses for spectrum rights of use.

(3) Corresponds to rights to use underwater cable.

b) As of December 31, 2019 the movements of intangible assets, others than goodwill, are detailed as follows:

Movements	Intangible assets in development, net	Licenses and franchises, net	Administratives Grantings, net	Other intangible assets, net	Intangible, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Beginning balance as of 01.01.2019	20,363,160	130,724,849	27,576,237	1,291,601	179,955,847
Additions	41,863,338	-	-	-	41,863,338
Low	-	(25,035,402)	-	(142,677)	(25,178,079)
Low amortization	-	24,946,873	-	142,677	25,089,550
Amortization	-	(63,661,599)	(1,828,233)	(578,218)	(66,068,050)
Transfer from work in progress (Note 15b)	(712,307)	4,389,549	-	-	3,677,242
Transfer from costs of developing to service	(29,950,768)	29,950,768	-	-	-
Movements, subtotal	11,200,263	(29,409,811)	(1,828,233)	(578,218)	(20,615,999)
Ending balance as of 12.31.2019	31,563,423	101,315,038	25,748,004	713,383	159,339,848
Remaining average useful life	-	1.6 years	14 years	1.2 years	-

As of December 31, 2018 the movements of intangible assets other than goodwill are detailed as follows:

Movements	Intangible assets in development, net	Licenses and franchises, net	Administratives Grantings, net	Other intangible assets, net	Intangible, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Beginning balance as of 01.01.2018	3,872,270	159,552,527	29,404,469	1,884,654	194,713,920
Additions	35,018,308	-	-	-	35,018,308
Low	-	(122,611,460)	-	-	(122,611,460)
Low amortization	-	122,611,460	-	-	122,611,460
Amortization	-	(76,971,705)	(1,828,232)	(593,053)	(79,392,990)
Transfer from work in progress (Note 15b)	(5,943,531)	35,560,140	-	-	29,616,609
Transfer from costs of developing to service	(12,583,887)	12,583,887	-	-	-
Movement, subtotal	16,490,890	(28,827,678)	(1,828,232)	(593,053)	(14,758,073)
Ending balance as of 12.31.2018	20,363,160	130,724,849	27,576,237	1,291,601	179,955,847
Remaining average useful life	-	2.4 years	16.9 years	4 years	-

13. Intangible Assets other than goodwill, continued

Licenses correspond to software licenses, which are obtained through non-renewable contracts therefore the Company has defined that they have definite useful lives of 3 years.

Intangible assets with defined useful lives are amortized on a straight-line basis over their estimated useful lives, Amortization for each year is recognized in the statement of comprehensive income within "Depreciation and Amortization".

Intangible assets are tested for impairment whenever there is an indication of a potential loss in value, and in any case at each year-end.

As of December 31, 2019 and 2018 impairment testing did not result in any loss of value of intangible assets.

The main additions to intangible assets, other than goodwill as of December 31, 2019 and 2018, are investments in information application and licenses.

Items in the intangibles heading, that are fully depreciated and in use, are licenses and franchises which amount to ThCh\$444,474,965 and ThCh\$412,715,176 , as of December 31, 2019 and 2018, respectively.

14. Goodwill

Current goodwill as of this fiscal year was generated before the date of transition to and adoption of International Financial Reporting Standards and, as of December 31, 2019, the value recorded as of that date remains the same.

Goodwill movements as of December 31, 2019 and 2018 are as follows:

Taxpayer No,	Company	01.01.2019 ThCh\$	Additions ThCh\$	Deletions ThCh\$	12.31.2019 ThCh\$
87.845.500-2	Telefónica Móviles Chile S.A. (1)	483,179,725	-	-	483,179,725
96.672.160-k	Telefónica Chile S.A. (Ex Telefónica Larga Distancia S.A.) (2)	21,039,896	-	-	21,039,896
96.834.320-3	Telefónica Internet Empresas S.A. (3)	620,232	-	64,981	555,251
Total		504,839,853	-	64,981	504,774,872

- (1) On May 2, 2017, subsidiary Telefónica Móviles Chile S.A. was merged by absorption and the Company's business name was changed.
(2) On April 30, 2016, the merger by incorporation of subsidiary Telefónica Larga Distancia S.A. in Telefónica Chile S.A. took place, with the latter absorbing the former, acquiring all its assets and liabilities and succeeding it in all its rights and obligations.
(3) On July 24, 2019, the Company sold a Data Center that was associated to this cash generating unit (CGU) therefore, on the same date, it was derecognized goodwill in proportion and recorded in income from the sales transaction, as indicated in IAS 36.

Taxpayer No,	Company	01.01.2018 ThCh\$	Additions ThCh\$	Eliminations ThCh\$	12.31.2018 ThCh\$
87.845.500-2	Telefónica Móviles Chile S.A. (1)	483,179,725	-	-	483,179,725
96.672.160-k	Telefónica Chile S.A. (Ex Telefónica Larga Distancia S.A.) (2)	21,039,896	-	-	21,039,896
96.834.320-3	Telefónica Internet Empresas S.A.	620,232	-	-	620,232
Total		504,839,853	-	-	504,839,853

14. Goodwill, continued

Assets indicated in goodwill are tested for impairment once a year, at each year-end. As of December 31, 2019 impairment testing was determined taking into consideration the following estimated variables:

- i) Projected operating income and costs are based on the Strategic Plan for 2020, 2021, 2022 projecting a fourth and fifth year as a terminal value. These projections have been made taking into consideration the Company's best estimate, using sector projections, historical behavior of the business and future expectations.
- ii) Cash flow projections are calculated at terminal value, covering a 5-year period, with the last period being the terminal value.
- iii) The rate used to discount future cash flows is 7.76% (WACC), that represents the market value of the specific business and industry risk, taking into consideration the time value of money and individual risks of the assets being analyzed. The growth rate for perpetual future cash flows is a conservative rate of 3.45%
- iv) The valuation is determined using the Value in Use (VU) mechanism, that requires that the VU be determined through the net present value of the cash flows that the Company expects to receive from Cash Generating Unit (CGUs). Two CGUs have been defined:
 - Telefónica Móviles Chile S.A., which mainly provides mobile broadband and mobile telephone services.
 - Telefónica Chile S.A. and its subsidiary Telefónica Empresas Chile S.A., which provide fixed broadband, television, and fixed telephone services and technology services for corporates.

According to the impairment calculations performed by Management, as of December 31, 2019 there has been no need detected to make significant adjustments since the recoverable value is greater than the book value in all cases.

15. Property, plant and equipment

- a) The detail of Property, plant and equipment items as of December 31, 2019 and December 31, 2018 and their corresponding accumulated depreciation is as follows:

Conceptos	12.31.2019			12.31.2018		
	Property, plant & equipment, Gross ThCh\$	Accumulated depreciation ThCh\$	Property, plant & equipment, Net ThCh\$	Property, plant & equipment, Gross ThCh\$	Accumulated depreciation ThCh\$	Property, plant & equipment, Net ThCh\$
Land	23,677,584	-	23,677,584	24,309,203	-	24,309,203
Buildings	925,636,992	(618,001,090)	307,635,902	957,834,225	(649,919,202)	307,915,023
Transport equipments	475,562	(475,562)	-	475,562	(473,400)	2,162
Supplies and accessories	33,713,419	(32,051,084)	1,662,335	33,963,023	(31,756,734)	2,206,289
Office equipments	3,642,424	(2,756,811)	885,613	3,547,414	(2,524,607)	1,022,807
Construction in progress	156,074,976	-	156,074,976	157,874,623	-	157,874,623
Information equipment	74,847,517	(56,624,441)	18,223,076	69,753,836	(49,701,717)	20,052,119
Network and communication equipment	3,553,656,427	(2,873,291,394)	680,365,033	3,548,990,956	(2,867,859,135)	681,131,821
Right of use (1)	280,078,443	(59,055,594)	221,022,849	-	-	-
Other property, plant & equipment (2)	345,347,652	(307,044,706)	38,302,946	318,263,356	(259,783,646)	58,479,710
Total	5,397,150,996	(3,949,300,682)	1,447,850,314	5,115,012,198	(3,862,018,441)	1,252,993,757

(1) Corresponds to rights of use associated to lease contracts under IFRS 16, (see Note 15 d).

(2) Includes subscriber equipment, private switchboards, satellite equipment and general equipment.



15. Property, plant and equipment, continued

b) As of December 31, 2019 the movements of property, plant and equipment items are as follows:

Movements	Land	Buildings, net	Transport equipment, net	Supplies and accessories, net	Office equipment, net	Construction in progress net	Information equipment, net	Network and communications equipment, net	Right of use, net	Other property, plant & equipment, net	Property, plant and equipment, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Beginning balance as of 01.01.2019	24,309,203	307,915,023	2,162	2,206,289	1,022,807	157,874,623	20,052,119	681,131,821	233,020,080	58,168,432	1,486,013,837
Additions	-	-	-	-	-	201,606,021	-	-	50,926,818	-	252,532,839
Retirements	(866,507)	(71,720,316)	-	(543,568)	-	-	(2,625,728)	(84,587,885)	(4,530,205)	(29,558,379)	(199,736,881)
Acc. Dep. retirements		57,397,725	-	333,483	-	-	2,405,896	82,703,534	-	29,435,956	177,269,609
Depreciation expense		(25,479,613)	(2,162)	(627,833)	(232,204)	-	(9,328,618)	(88,135,793)	(59,055,594)	(51,676,492)	(264,551,848)
Other Increase (decrease) (1)	234,888	39,523,083	-	293,964	95,010	(203,405,668)	7,719,407	89,253,356	661,750	61,946,968	(3,677,242)
Movements, subtotal	(631,619)	(279,121)	(2,162)	(543,954)	(137,194)	(1,799,647)	(1,829,043)	(766,788)	(11,997,231)	10,,148,053	(38,163,523)
Ending balance as of 12.31.2019	23,677,584	307,635,902	-	1,662,335	885,613	156,074,976	18,223,076	680,365,033	221,022,849	68,316,485	1,447,850,314

(1) Includes movement of net transfer to property, plant and equipment to Intangible in the amount of ThCh\$3,677,242 (Note 13b)

As of December 31, 2019, the property, plant and equipment items that are fully depreciated and still in use are detailed as follows:

	Land	Buildings, gross	Transport equipments, gross	Supplies and accessories, gross	Office equipment, gross	Construction in progress, gross	Information equipment, gross	Network and communications equipment, gross	Other property, plant & equipment, gross	Property, plant and equipment, gross
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Fully depreciated assets still in use	-	296,418,373	475,561	29,196,537	1,717,836	-	40,642,659	2,372,264,159	221,848,621	2,962,563,745

Additions in year 2019 fundamentally show the effect of incorporation of network improvement (Broadband), systems and software development (Believe, others), antennas and transmission equipment (infrastructure), energy system (operating continuity).

In the normal course of business, the Company monitors both new and existing assets and their depreciation rates, adjusting them to technological evolution and development of markets in which it competes. The Company has no assets provided in guarantee.



15. Property, plant and equipment, continued

c) As of December 31, 2018, the movements of property, plant and equipment items are as follows:

Movements	Land	Buildings, net	Transport equipments, net	Supplies and accessories, net	Office equipment, net	Construction in progress, net	Information equipment, net	Network and communications equipment, net	Other property, plant & equipment, net	Property, plant and equipment, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Beginning balance as of 01.01.18	24,392,958	314,896,570	4,325	2,774,322	1,126,173	169,884,000	19,795,957	680,706,127	51,284,563	1,265,184,023
Additions	-	-	-	-	-	223,192,630	-	-	-	223,192,630
Withdrawals	(83,755)	(4,067,963)	(59,291)	(180,182)	-	-	(30,644,667)	(10,602,983)	(30,852,198)	(76,491,039)
Depreciation withdrawals	-	1,217,818	59,291	180,182	-	-	30,620,279	9,651,466	30,722,124	72,451,160
Depreciation expense	-	(25,522,627)	(2,163)	(809,310)	(257,299)	-	(10,572,871)	(120,057,864)	(42,912,588)	(200,142,472)
Depreciation transfer	-	4,907,072	-	-	-	-	-	(4,900,236)	(6,836)	-
Other increases (decreases) (1)	-	16,484,153	-	241,277	153,933	(235,202,007)	10,853,421	126,335,311	49,933,367	(31,200,545)
Movements, subtotal	(83,755)	(6,981,547)	(2,163)	(568,033)	(103,366)	(12,009,377)	256,162	425,694	6,883,869	(12,190,266)
Ending balance as of 12.31.18	24,309,203	307,915,023	2,162	2,206,289	1,022,807	157,874,623	20,052,119	681,131,821	58,168,432	1,252,993,757

(1) Corresponds to the movement of transfers from construction in progress to intangible assets in the amount of ThCh\$ (29,616,609) (Note 13 b).

As of December 31, 2018, the property, plant and equipment items that are fully depreciated and still in use are detailed as follows:

	Land	Buildings, gross	Transport equipments, gross	Supplies and accessories, gross	Office equipment, gross	Construction in progress, gross	Information equipment, gross	Network and communications equipment, gross	Other property, plant & equipment, gross	Property, plant and equipment, gross
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Fully depreciated assets still in use	-	314,014,599	453,935	27,607,104	1,573,992	-	35,525,226	2,388,021,285	201,586,892	2,968,783,033

Notes to the consolidated financial statements. Continued

As of December 31, 2019 and 2018

15. Property, plant and equipment, continued

d) As of December 31, 2019, the movements of right of use assets items are as follows:

Movements	Rights of use on land and natural properties, net	Rights of use on buildings, net	Rights of use on plant and machinery, net	Other rights of use, net	Advance payments for rights of use, net	Rights of use, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Beginning balance as of 01.01.19	49,450,161	173,919,988	8,697,995	951,936	-	233,020,080
Additions	17,154,340	10,732,859	12,511,269	5,998,145	661,750	47,058,363
Depreciation expense	(19,281,531)	(36,131,266)	(1,971,986)	(1,670,811)	-	(59,055,594)
Others	-	-	-	-	-	-
Movements, subtotal	(2,127,191)	(25,398,407)	10,539,283	4,327,334	661,750	(11,997,231)
Ending balance as of 12.31.2019	47,322,970	148,521,581	19,237,278	5,279,270	661,750	221,022,849

16. Other current and other non-current financial liabilities

The composition of other current and other non-current financial liabilities that accrue interest is as follows:

Concepts	12.31.2019		12.31.2018	
	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Bank loans (a)	204,520	163,025,228	360,837	150,851,556
Unguaranteed obligations (Bonds) (1) (b)	119,507,903	614,538,045	54,011,525	680,876,592
Hedge instruments (see Note 18.2)	3,538,527	5,599,137	4,513,765	12,309,350
Lease obligations (2)	78,739,697	122,547,855	-	-
Other financial debts (3)	2,827,303	-	-	-
Total	204,817,950	905,710,265	58,886,127	844,037,498

(1) Includes fair value adjustment for loans subject to fair value hedging. As of December 2019, the amount corresponds to ThCh\$14,173,097 in non-current.

(2) Corresponds to recognition of the liability for qualifying lease contracts under IFRS 16.

(3) Corresponds to the generation of financial liabilities on the sale of the portfolio to Banco Santander Spain with continued involvement.



16. Other current and other non-current financial liabilities, continued

a) As of December 31, 2019, the detail of bank loans is as follows:

Type	Debtor taxpayer No	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bilateral Loan	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	0-E	Bank of Tokyo	Chile	US\$	At expiry	3.57%	3.26%	MMUS\$ 150 mm	15-04-2021
Bilateral Loan	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	0	Banco Scotiabank	Chile	US\$	At expiry	4.07%	3.62%	MMUS\$ 68,6 mm	13-11-2023

ClassesType	Debtor taxpayer No	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands)										
					To Maturity										Total nominal amounts in local currency ThCh\$
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$	1 to 2 years ThCh\$	2 to 3 years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 years ThCh\$	4 to 5 years ThCh\$	Total 3 to 5 years ThCh\$	5 years and over ThCh\$		
Bilateral Loan (1)	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	-	-	99,057,000	-	99,057,000	-	-	-	-	-	99,057,000
Bilateral Loan (2)	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	Banco Scotiabank	-	-	-	-	-	-	47,022,556	47,022,556	-	-	47,022,556
Total					-	-	99,057,000	-	99,057,000	-	47,022,556	47,022,556	-	-	146,079,556

Type	Debtor taxpayer No	Debtor	Debtor country	Creditor	Current					Non-current					Total Non-current as of 12.31.2019 ThCh\$	
					To Maturity		Total current as of 09.30.2019 ThCh\$	1 to 2 years ThCh\$	2 to 3 years ThCh\$	To Maturity						
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$				Total 1 to 3 years ThCh\$	3 to 4 years ThCh\$	4 to 5 years ThCh\$	Total 3 to 5 years ThCh\$	5 years and over ThCh\$		
Crédito Bilateral (1)	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	118,852	-	118,852	112,250,112	-	112,250,112	-	-	-	-	-	112,022,697
Crédito Bilateral (2)	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	Banco Scotiabank	88,668	-	85,668	-	-	-	51,002,531	-	51,002,531	-	-	51,002,531
Total					204,520	-	204,520	112,250,112	-	112,250,112	51,002,531	-	51,002,530	-	-	163,025,228

(1) On April 15, 2016, an international loan was obtained from The Bank of Tokyo-Mitsubishi and Export Development Canada in the amount of US\$150 million (Ch\$99,057 million), with an monthly interest rate of labor + 0,8% for 5 years bullet, maturing April 11, 2021.

(2) On November 13, 2018, a loan was obtained from Scotiabank in the amount of US\$68.6 million (Ch\$47,023 million) with an interest rate of labor (3M) + 1% annual for a 5-year bullet term, maturing on November 13, 2023.



16. Other current and other non-current financial liabilities, continued

a) As of December 31, 2018 the detail of bank loans is as follows:

Type	Debtor taxpayer No	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bilateral Loan (1)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	97.030.000-7	Bank of Tokyo	Tokyo	USD	At expiry	1.47%	1.23%	MMUS\$150	2021
Bilateral Loan (2)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	97.018.000-1	Bank Scotiabank	Chile	USD	At expiry	3.98%	3.62%	MMUS\$68.6	2023

Type	Debtor taxpayer No	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands)									Total nominal amounts in local currency ThCh\$
					To Maturity									
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$	1 to 2 years ThCh\$	2 to 3 years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 years ThCh\$	4 to 5 years ThCh\$	Total 3 to 5 years ThCh\$	5 years and over ThCh\$	
Bilateral Loan (1)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	-	-	-	99,057,000	99,057,000	-	-	-	-	99,057,000
Bilateral Loan (2)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Bank Scotiabank	-	-	-	-	-	-	47,022,556	47,022,556	-	47,022,556
Total					-	-	-	99,057,000	99,057,000	-	47,022,556	47,022,556	-	146,079,556

Type	Debtor taxpayer No	Debtor	Debtor country	Creditor	Current			Non-current						Total Non-current as of 12.31.2018 ThCh\$	
					To Maturity		Total current as of 12.31.2018 ThCh\$	To Maturity							
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$		1 to 2 years ThCh\$	2 to 3 years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 years ThCh\$	4 to 5 years ThCh\$	Total 3 to 5 years ThCh\$		5 years and over ThCh\$
Bilateral Loan (1)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	131,925	-	131,925	-	103,735,302	103,735,302	-	-	-	-	103,735,302
Bilateral Loan (2)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Bank Scotiabank	228,912	-	228,912	-	-	-	-	47,116,254	47,116,254	-	47,116,254
Total					360,837	-	360,837	-	103,735,302	103,735,302	-	47,116,254	47,116,254	-	150,851,556

- 1) On April 15, 2016, an international loan was obtained from The Bank of Tokyo-Mitsubishi and Export Development Canada in the amount of US\$150 million (Ch\$99,057 million), with an monthly interest rate of $\text{libor} + 0,8\%$ for 5 years bullet, maturing April 11, 2021..
- 2) On November 13, 2018, a loan was obtained from Scotiabank in the amount of US\$68.6 million (Ch\$47,023 million) with an interest rate of $\text{libor} (3M) + 1\%$ annual for a 5-year bullet term, maturing on November 13, 2023.

On April 30, 2017 the international loan agreement that the subsidiary Telefónica Chile S.A. maintained with Sovereign Bank N.A. expired.



16. Other current and other non-current financial liabilities, continued

b) As of December 31, 2019, the detail of unguaranteed obligations (Bonds) is as follows, continued:

Type	Debtor taxpayer No,	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bond 144A	90.635.000-9	Telefónica Chile S.A.	Chile	97.036.000-K	The Bank of New York Mellon	USA	USD	At expiry	4,06%	3,88%	MUSD 500	10-12-2022
Bond Serie K	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	CLP	At expiry	4,91%	4,90%	M\$ 94.410	09-13-2021
Bond Serie F	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	At expiry	3,82%	3,60%	UF 3 mm	10-04-2023
Bond Serie I	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	At expiry	2,00%	1,95%	UF 2 mm	08-14-2020
Bond Serie G	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	At expiry	2,01%	2,20%	UF 2 mm	06-20-2020
Bond Serie T	90.635.000-9	Telefónica Chile S.A.	Chile	97.004.000-5	Banco Chile	Chile	CLP	At expiry	5,09%	4,90%	MCh\$ 48.000	07-05-2023

Type	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands) To Maturity								Total nominal amounts in local currency ThCh\$	
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$	1 to 2 Years ThCh\$	2 to 3 Years ThCh\$	Total 1 to 3 Years ThCh\$	3 to 4 Years ThCh\$	4 to 5 Years ThCh\$	Total 3 to 5 Years ThCh\$		5 years and Over ThCh\$
Bond 144A	90.635.000-9	Telefónica Chile S.A.	Chile	0-E	-	-	-	236,400,000	236,400,000	-	-	-	-	236,400,000
Bond Serie K	87845500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	-	94,410,000	-	94,410,000	-	-	-	-	94,410,000
Bond Serie F	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	-	-	-	-	-	66,928,680	66,928,680	-	66,928,680
Bond Serie I	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	50,317,080	-	-	-	-	-	-	-	50,317,080
Bond Serie G	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	50,108,620	-	-	-	-	-	-	-	50,108,620
Bond Serie T	90.635.000-9	Telefónica Chile S.A.	Chile	97.004.000-5	-	-	28,800,000	-	28,800,000	19,200,000	-	19,200,000	-	48,000,000
Total					-	100,425,700	123,210,000	236,400,000	359,610,000	19,200,000	66,928,680	86,128,680	-	546,164,380



16. Other current and other non-current financial liabilities, continued

b) As of December 31, 2019, the detail of unguaranteed obligations (Bonds) is as follows, continued:

Type	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current			Non-current					Total Non-current as of 12.31.2019 ThCh\$		
					To Maturity		Total current as of 12.31.2019 ThCh\$	To Maturity							
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$		1 to 2 Years ThCh\$	2 to 3 Years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 Years ThCh\$	4 to 5 Years ThCh\$		Total 3 to 5 years ThCh\$	5 years and Over ThCh\$
Bond 144A (1)	90.635.000-9	Telefónica Chile S.A.	Chile	0-E	-	2,665,112	2,665,112	-	378,096,842	378,096,842	-	-	-	-	378.096.842
Bond Serie K (2)	87845500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	1,348,498	-	1,348,498	94,404,420	-	94,404,420	-	-	-	-	94.404.420
Bond Serie F (3)	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	570,317	570,317	-	-	-	93,955,291	-	93,955,291	-	93.955.291
Bond Serie I (4)	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	57,016,652	57,016,652	-	-	-	-	-	-	-	-
Bond Serie G (5)	87.845.500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	56,705,915	56,705,915	-	-	-	-	-	-	-	-
Bond Serie T (6)	90.635.000-9	Telefónica Chile S.A.	Chile	97.004.000-5	1,201,409	-	1,201,409	28,856,596	-	28,856,596	19,224,896	-	19,224,896	-	48.081.492
Total					2.549.907	116.957.996	119.507.903	123.261.016	378.096.842	501.357.858	113.180.187	-	113.180.187	-	614.538.045

- 1) On October 12, 2012, Telefónica Chile S.A. issued 144A Reg S Bonds in the American capitals market in the amount of US\$ 500,000,000 (equivalent to ThCh\$ 236,400,000 historical), at an effective annual interest rate of 3.887% and 10-year bullet maturing on October 12, 2022. The placement banks were Banco Bilbao Vizcaya Argentaria, S.A. Citigroup Global Markets Inc. and J.P. Morgan Securities LLC. The funds resulting from the issuance were destined to refinancing liabilities and other corporate purposes.
- 2) On September 13, 2016, there was a placement in the local market in the amount of ThCh\$ 94,410,000 with a 5-year bullet, maturing on September 13, 2021, with no covenants or control clauses.
- 3) On October 15, 2013, a placement was made in the local market for a 10-year bullet bond in the amount of UF3,000,000, maturing on October 4, 2023,
- 4) On August 20, 2015, a placement was made in the local market for a 5-year bullet bond in the amount of UF 2,000,000, maturing on August 14, 2020, with no covenants or control clauses,
- 5) On July 23, 2015, a placement was made in the local market for a 5-year bullet bond in the amount of UF 2,000,000 maturing on June 20, 2020 with no covenants or control clauses,
- 6) On January 5, 2017, Telefónica Chile S.A. placed series T, 5-year Bond in the local market in the amount of MCh\$ 48,000 at a nominal annual rate of 4,9%, maturing on July 5, 2023, The amount collected by this operation amounted to ThCh\$48,795,000

On March 14, 2019, the subsidiary, Telefónica Chile S.A., paid Banco de Chile Q Bond for a total capital payment of ThCh\$47,000,000 and interest in the amount of ThCh\$1,332,356.



16. Other current and other non-current financial liabilities, continued

b) As of December 31, 2018, the detail of unguaranteed obligations (Bonds) is as follows:

Type	Debtor taxpayer No,	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Series Bond F (1)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	97,036,000-K	Banco Santander	Chile	UF	At expiry	3,82%	3,60%	M UF 3	2023
Series Bond G (2)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	97,036,000-K	Banco Santander	Chile	UF	At expiry	2,01%	2,20%	M UF 2	2020
Series Bond I (3)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	97,036,000-K	Banco Santander	Chile	UF	At expiry	2,00%	1,95%	M UF 2	2020
Series Bond K (4)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	97,036,000-K	Banco Santander	Chile	CLP	At expiry	4,91%	4,90%	M\$ 94,410	2021
Series Bond 144A (5)	90,635,000-9	Telefónica Chile S.A.	Chile	Foreign	The Bank of New York Mellon	USA	USD	At expiry	4,06%	3,88%	MUSD 500	2022
Series Bond Q (6)	90,635,000-9	Telefónica Chile S.A.	Chile	97,004,000-5	Banco Chile	Chile	CLP	At expiry	6,17%	5,75%	MCh\$47,000	2019
Series Bond T (7)	90,635,000-9	Telefónica Chile S.A.	Chile	97,004,000-5	Banco Chile	Chile	CLP	At expiry	5,09%	4,90%	MCh\$ 48,000	2023

Type	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands)								Total nominal amounts in local currency ThCh\$	
					To Maturity									
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$	1 to 2 Years ThCh\$	2 to 3 Years ThCh\$	Total 1 to 3 Years ThCh\$	3 to 4 Years ThCh\$	4 to 5 Years ThCh\$	Total 3 to 5 Years ThCh\$		5 years and Over ThCh\$
Series Bond F (1)	76,021,780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	-	-	-	-	66,928,680	66,928,680	-	66,928,680
Series Bond G (2)	76,021,780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	50,108,620	-	50,108,620	-	-	-	-	50,108,620
Series Bond I (3)	76,021,780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	50,317,080	-	50,317,080	-	-	-	-	50,317,080
Series Bond K (4)	76,021,780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	-	94,410,000	94,410,000	-	-	-	-	94,410,000
Series Bond 144A (5)	90,635,000-9	Telefónica Chile S.A.	Chile	The Bank of New York Mellon	-	-	-	-	-	236,400,000	-	236,400,000	-	236,400,000
Series Bond Q (6)	90,635,000-9	Telefónica Chile S.A.	Chile	Banco Chile	47,000,000	-	-	-	-	-	-	-	-	47,000,000
Series Bond T (7)	90,635,000-9	Telefónica Chile S.A.	Chile	Banco Chile	-	-	9,600,000	19,200,000	28,800,000	-	19,200,000	19,200,000	-	48,000,000
Total					47,000,000	-	110,025,700	113,610,000	223,635,700	236,400,000	236,400,000	322,528,680	-	593,164,380



16. Other current and other non-current financial liabilities, continued

b) As of December 31, 2018, the detail of unguaranteed obligations (Bonds) is as follows:

Type	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current			Non-current					Total Non-current as of 12.31.2018 ThCh\$		
					To Maturity		Total current as of 12.31.2018 ThCh\$	To Maturity							
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$		1 to 2 Years ThCh\$	2 to 3 Years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 Years ThCh\$	4 to 5 Years ThCh\$		Total 3 to 5 years ThCh\$	5 years and Over ThCh\$
Series Bond F (1)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	713,426	713,426	-	-	-	-	81,936,000	81,936,000	-	81,936,000
Series Bond G (2)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	36,454	36,454	55,278,755	-	55,278,755	-	-	-	-	55,278,755
Series Bond I (3)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	404,114	-	404,114	55,085,686	-	55,085,686	-	-	-	-	55,085,686
Series Bond K (4)	76.021.780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander The Bank of New York Mellon	-	1,363,654	1,363,654	-	94,389,476	94,389,476	-	-	-	-	94,389,476
Series Bond 144A (5)	90.635.000-9	Telefónica Chile S.A.	Chile	Banco Chile	-	2,529,878	2,529,878	-	-	-	346,034,137	-	346,034,137	-	346,034,137
Series Bond Q (6)	90.635.000-9	Telefónica Chile S.A.	Chile	Banco Chile	47,757,841	-	47,757,841	-	-	-	-	-	-	-	-
Series Bond T (7)	90.635.000-9	Telefónica Chile S.A.	Chile	Banco Chile	1,206,158	-	1,206,158	19,303,851	9,623,791	29,927,642	9,616,534	9,608,362	19,224,896	-	48,152,538
Total					49,368,113	4,643,412	54,011,525	129,668,292	104,013,267	233,681,559	355,650,671	91,544,362	447,195,033	-	680,876,592

(1) On October 15, 2013, a placement was made in the local market for a 10-year bullet bond in the amount of UF3,000,000, maturing on October 4, 2023.

(2) On July 23, 2015, a placement was made in the local market for a 5-year bullet bond in the amount of UF 2,000,000, maturing on June 20, 2020, with no covenants or control clauses.

(3) On August 20, 2015, a placement was made in the local market for a 5-year bullet bond in the amount of UF 2,000,000, maturing on August 14, 2020, with no covenants or control clauses.

(4) On September 13, 2016, a placement was made in the local market for a 5-year bullet bond in the amount of ThCh\$ 94,410,000, maturing on September 13, 2021, with no covenants or control clauses.

(5) On October 12, 2012, Telefónica Chile S.A. issued 10-year Reg S 144A bullet bonds in the American capitals market in the amount of US\$500,000,000 (equivalent to ThCh\$236,400,000 historical), in US dollars, at an effective annual interest rate of 3,887%, maturing on October 12, 2022. Placement banks were Banco Bilbao Vizcaya Argentaria, S.A., Citigroup Global Markets Inc, and J.P. Morgan Securities LLC, Funds resulting from the issuance shall be destined to refinancing of liabilities and other corporate purposes.

(6) On March 26, 2014, Telefónica Chile S.A. placed a series Q, 5-year bullet bond in the local market in the amount of ThCh\$ 47,000,000 at a nominal annual rate of 5,75%, maturing on March 14, 2019, The amount collected by this operation amounted to ThCh\$46,406,000.

(7) On January 5, 2017, Telefónica Chile S.A. placed series T, 5-year Bond in the local market in the amount of MCh\$ 48,000 at a nominal annual rate of 4,9%, maturing on July 5, 2023, The amount collected by this operation amounted to ThCh\$48,795,000.

Notes to the consolidated financial statements. continued

As of December 31, 2019 and 2018

16. Other current and other non-current financial liabilities, continued

- c) The composition of movements of current and non-current financial assets and liabilities from financing activities, as of December 31, 2019 is detailed as follows:

Reconciliation of current financing activities	Cah flows			Items other than cash flows			12.31.2019
	12.31.2018	Collection	Payment	Foreign currency translation	Accrued interest	Other(*) movements	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Financial liabilities	58,886,127	6,987,015	(127,048,671)	11,396,045	34,936,121	219,661,313	204,817,950
Bank loans	360,837	-	(5,007,727)	10,744	4,965,023	(124,357)	204,520
Unguaranteed obligations (bonds) (1)	54,011,525	-	(73,912,635)	12,811,833	26,328,871	100,268,309	119,507,903
Hedging instruments	4,513,765	5,695,225	(6,308,354)	(1,426,532)	820,109	244,314	3,538,527
Lease obligations (2)	-	-	(41,819,955)	-	2,822,118	117,737,534	78,739,697
Other financial debts	-	1,291,790	-	-	-	1,535,513	2,827,303
Related party commercial mandate	729,747	28,495,516	(28,324,586)	-	-	(813,103)	87,574
Related party leases	-	-	-	-	-	3,821,253	3,821,253
Issued capital	1,294,872,285	35,000,000	-	-	-	-	1,329,872,285
Dividends pending payment (3)	187,737	-	(75,040,625)	-	-	74,999,713	146,825
Other financial payments (4)	-	-	(9,340,716)	-	-	9,340,716	-
Total	1,354,675,896	70,482,531	(239,754,598)	11,396,045	34,936,121	307,009,892	1,538,745,887

(*) The "Other movements" item includes the following:

- (1) Transfer of Series "G" and "I" Bonds from the long-term, in the amount of ThCh\$50,116,680 and ThCh\$50,323,560, respectively and amortized cost in the amount of ThCh\$(171,931).
- (2) Corresponds to recognition of lease contracts that qualify under IFRS 16.
- (3) Corresponds to approval of an interim dividend in the amount of ThCh\$75,000,000.

Reconciliation of non-current financing activities	Cah flows			Items other than cash flows			12.31.2019
	12.31.2018	Collection	Payment	Foreign currency translation	Accrued interest	Other(*) movements	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Financial liabilities	844,037,498	-	-	31,207,965	-	30,464,802	905,710,265
Bank loans	150,851,556	-	-	11,842,072	-	331,599	163,025,228
Unguaranteed obligations (Bonds) (1)	680,876,592	-	-	19,365,843	-	(85,704,390)	614,538,045
Hedging instruments	12,309,350	-	-	49	-	(6,710,262)	5,599,137
Lease obligations (2)	-	-	-	-	-	122,547,855	122,547,855
Total	844,037,498	-	-	31,207,964	-	30,464,802	905,710,265

(*) The "Other movements" item includes the following:

- (1) Includes transfer of Series "G" and "I" Bond from the short-term, in the amount of ThCh\$50,116,680 and ThCh\$50,323,560, respectively and adjustment to fair value on loans subject to fair value hedging in the amount of ThCh\$14,173,097.
- (2) Corresponds to recognition of lease contracts that qualify under IFRS 16

16. Other current and other non-current financial liabilities, continued

- c) The composition of current and non-current financial liabilities from financing activities, as of December 31, 2018, is detailed as follows:

Reconciliation of current financing activities	Cash flows			Items other than cash flows			12.31.2018 ThCh\$
	12.31.2017	Collection	Payment	Foreign currency translation	Accrued interest	Other(*) movements	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Financial liabilities	14,160,658	1,002,308	(36,543,730)	(1,374,986)	22,315,625	81,641,877	58,886,127
Bank loans	93,320	-	(2,702,240)	-	1,923,854	2,969,757	360,837
Unguaranteed obligations (Bonds) (1)	7,028,581	-	(27,167,547)	(173,374)	20,200,357	74,323,865	54,011,525
Hedging instruments	7,038,757	1,002,308	(6,673,943)	(1,201,612)	191,414	4,348,255	4,513,765
Related party commercial mandate	1,744,056	2,050,000	(1,384,605)	-	-	748,504	3,157,955
Issued capital	1,257,872,285	37,000,000	-	-	-	-	1,294,872,285
Dividends pending payment (2)	359,513	-	(147,787,497)	-	-	(147,615,721)	187,737
Other financial payments	-	-	(6,555,486)	-	-	(6,555,486)	-
Total	1,274,136,512	40,052,308	(192,271,318)	(1,374,986)	22,315,625	236,561,588	1,357,104,104

(*) The "Other movements" item includes the following:

(1) Transfer of series "Q" Bond from the long-term, in the amount of ThCh\$47,000,000, and amortized cost in the amount of ThCh\$2,600.

(2) Corresponds to approval of an eventual dividend of ThCh\$106,261,506 and interim dividend in the amount of ThCh\$41,501,517.

Reconciliation of non-current financing activities	Cash flows			Items other than cash flows			12.31.2018 ThCh\$
	12.31.2018	Collection	Payment	Foreign currency translation	Accrued interest	Other(*) movements	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Bank loans	91,615,282	47,000,000	-	12,560,815	-	(324,541)	150,851,556
Unguaranteed obligations (Bonds)	681,739,322	-	-	45,321,297	-	(46,184,027)	680,876,592
Hedging instruments	14,290,035	-	-	(6,844,361)	-	4,863,676	12,309,350
Total	787,644,639	47,000,000	-	51,037,751	-	(41,644,892)	844,037,498

(*) The "Other movements" item includes the following:

(1) Includes transfer of series "Q" bond to the short-term, in the amount of ThCh\$47,000,000

- d) Current lease financial liabilities, as of December 31, 2019, are detailed as follows:

Due date		Total current		Due dates			Total non-current as of
Up to 90 days	91 days to 1 year	12.31.2019	1 to 3 years	3 to 5 years	Over 5 years	12.31.2019	
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
44,844,974	33,894,723	78,739,697	122,547,855	-	-	122,547,855	

17. Trade and other payables

a) The composition of Trade and other payables is as follows:

Conceptos	12.31.2019		12.31.2018	
	Current	No-current	Current	No-current
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Debts due to purchases or services provided, invoiced (1)	126,078,371	-	131,500,796	-
Real property providers, invoiced	46,503,948	-	76,449,598	-
Debts due to purchases or services provided, provisioned (1) (2)	88,312,397	2,160,741	122,084,916	4,320,435
Payables to employees	29,848,647	-	35,744,374	-
Real property providers, provisioned	13,400,376	-	19,786,277	-
Dividends pending payment	146,825	-	187,737	-
Total	304,290,564	2,160,741	385,753,698	4,320,435

(1) "Debts from purchases or services rendered" corresponding to foreign and domestic suppliers, for the exercises ended as of December 31, 2019 and 2018 are detailed as follows:

Debts due to purchases or services provided	12.31.2019 ThCh\$	12.31.2018 ThCh\$
Domestic	195,000,648	232,705,466
Foreign	19,390,120	20,880,246
Total	214,390,768	253,585,712

(2) Non-current balances correspond to equipment purchase obligations.

b) Accounts payable payment terms

The Company has a policy of paying its suppliers in an average period of 60 days as of the date of reception of the respective invoice. There are cases in which due to specific circumstances, other than general policy, the established period is not complied with, for example, contracts that have specific agreed-upon deadlines, or delay on the part of the supplier in the issuance of invoices, or the closing of agreements with suppliers for delivery of goods or providing of the service, etc.

The Company does not present interest associated to debts in this heading.

As of December 31, 2019, the main suppliers in the mobile operation are Huawei Chile S.A. with 17.8%, Samsung Electronics Chile Ltda, with 8.5%, and Nokia Solutions and Networks Chile with 5.7%; and as of December 31, 2018 the main suppliers corresponds to Huawei Chile S.A. with 15.5%, Samsung Electronics Chile Ltda. With 5.9% and Nokia Solutions and Networks Chile with 5.9%.

17. Trade and other payables, continued

b) Accounts payable payment terms, continued

The terms of accounts payable to suppliers with up to date payments, as of December 31, 2019 and 2018, are detailed as follows:

Suppliers with up to date payments As of 12.31.2019	Goods ThCh\$	Services ThCh\$	Total ThCh\$
Trade accounts to date			
Up to 30 days	22,511,930	55,534,170	78,046,100
From 31 to 60 days	12,657,376	27,078,772	39,736,148
From 61 to 90 days	-	1,955	1,955
Total	35,169,306	82,614,897	117,784,203
Average period of payment of up to date accounts	60	59	

Suppliers with up to date payments As of 12.31.2018	Goods ThCh\$	Services ThCh\$	Total ThCh\$
Trade accounts to date			
Up to 30 days	39,964,912	55,437,601	95,402,513
From 31 to 60 days	30,400,355	43,492,110	73,892,465
From 61 to 90 days	-	167,175	167,175
Total	70,365,267	99,096,886	169,462,153
Average period of payment of up to date accounts	59	55	

The terms of accounts payable to suppliers with overdue payments, as of December 31, 2019 and 2018, are detailed as follows:

Overdue suppliers As of 12.31.2019	Goods ThCh\$	Services ThCh\$	Total ThCh\$
Overdue trade accounts payable by term			
Up to 30 days	4,619,541	35,164,250	39,783,791
From 31 to 60 days	5,408,114	-	5,408,114
From 61 to 90 days	1,045,001	58,889	1,103,890
From 91 to 120 days	147,660	-	147,660
From 121 to 180 days	-	1,692,128	1,692,128
More than 180 days	331,957	6,330,576	6,662,533
Total	11,552,273	43,245,843	54,798,116
Average payment period of overdue accounts	58	38	

Overdue suppliers As of 12.31.2018	Goods ThCh\$	Services ThCh\$	Total ThCh\$
Overdue trade accounts payable by term			
Up to 30 days	4,001,723	26,474,812	30,476,535
From 31 to 60 days	1,006,995	1,861,342	2,868,337
From 61 to 90 days	533,287	-	533,287
From 91 to 120 days	114,322	-	114,322
From 121 to 180 days	345,919	147,764	493,683
More than 180 days	82,085	3,919,992	4,002,077
Total	6,084,331	32,403,910	38,488,241
Average payment period of overdue accounts	58	33	



18. Financial instruments

1. Classification of financial instruments by nature and category

a) Details of financial instruments of assets classified by nature and category, as of December 31, 2019, is as follows:

Description of financial assets	Note	Assets recorded at amortized cost		Financial assets booked at fair value = book value									Total financial assets		
		Financial assets at amortized cost	Fair Value of financial assets at amortized cost	Through profit and loss		Through other comprehensive income (equity)			Hedges	Subtotal financial assets at fair value	Fair value measurement hierarchy			Total Book Value of Financial Assets	Total Fair Value of Financial Assets
				Financial Assets - held for trading	Financial assets - fair value to P&L option	Financial assets - Debt instruments	Financial assets - Equity instruments	Level 1 (quoted prices)			Level 2 (observable inputs other than quoted prices)	Level 3 (inputs not based on observable market data)			
													ThCh\$		
Other participations (net)	6-b	-	-	-	-	-	7,853,872	-	7,853,872	7,849,896	3,976	-	7,853,872	7,853,872	
Other participations		-	-	-	-	-	7,853,872	-	7,853,872	7,849,896	3,976	-	7,853,872	7,853,872	
Derivative instrument assets		-	-	-	-	-	-	188,086,656	188,086,656	-	188,086,656	-	188,086,656	188,086,656	
Derivative instrument assets	18-2	-	-	-	-	-	-	188,086,656	188,086,656	-	188,086,656	-	188,086,656	188,086,656	
Deposits and pledges		50,468	50,468	-	-	-	-	-	-	-	-	-	50,468	50,468	
Deposits and pledges	6-a	50,468	50,468	-	-	-	-	-	-	-	-	-	50,468	50,468	
Non-current trade and other accounts receivable		27,422,344	27,422,344	-	-	-	-	-	-	-	-	-	27,422,344	27,422,344	
Non-current trade and other accounts receivable	12	27,422,344	27,422,344	-	-	-	-	-	-	-	-	-	27,422,344	27,422,344	
Non-current financial assets		27,472,812	27,472,812	-	-	-	7,853,872	188,086,656	195,940,528	7,849,896	188,090,632	-	223,413,340	223,413,340	
Current trade accounts receivable		259,321,982	259,321,982	-	-	-	-	-	-	-	-	-	259,321,982	259,321,982	
Current trade and other accounts receivable	8-a	238,212,747	238,212,747	-	-	-	-	-	-	-	-	-	238,212,747	238,212,747	
Account receivable from relate entities	9-a	21,109,235	21,109,235	-	-	-	-	-	-	-	-	-	21,109,235	21,109,235	
Current deposits and pledges		80,444	80,444	-	-	-	-	-	-	-	-	-	4,577,185	4,577,185	
Current pledges and deposits	6-a	80,444	80,444	-	-	-	-	-	-	-	-	-	4,577,185	4,577,185	
Derivative instrument of assets		-	-	-	-	-	-	20,248,206	20,248,206	-	20,248,206	-	20,248,206	20,248,206	
Derivative instrument of assets	18-2	-	-	-	-	-	-	20,248,206	20,248,206	-	20,248,206	-	20,248,206	20,248,206	
Cash and cash equivalents		234,466,421	234,466,421	-	-	-	-	-	-	-	-	-	234,466,421	234,466,421	
Cash and cash equivalents	5	234,466,421	234,466,421	-	-	-	-	-	-	-	-	-	234,466,421	234,466,421	
Current financial assets		493,868,847	493,868,847	-	-	-	-	20,248,206	24,885,518	-	20,248,206	-	514,117,053	514,257,624	
Total financial assets		521,341,659	521,341,659	-	-	-	7,853,872	208,334,862	216,329,305	7,849,896	208,338,838	-	737,530,393	737,670,964	



18. Financial instruments, continued

1. Classification of financial instruments by nature and category, continued

b) Details of financial instruments of assets classified by nature and category, as of december 31, 2018, is as follows:

Description of financial assets	Note	Assets recorded at amortized cost		Financial assets booked at fair value = book value									Total financial assets		
		Financial assets at amortized cost	Fair Value of financial assets at amortized cost	Through profit and loss		Through other comprehensive income (equity)			Hedges	Subtotal financial assets at fair value	Fair value measurement hierarchy			Total Book Value of Financial Assets	Total Fair Value of Financial Assets
				Financial Assets - held for trading	Financial assets - fair value to P&L option	Financial assets - Debt instruments	Financial assets - Equity instruments	Level 1 (quoted prices)			Level 2 (observable inputs other than quoted prices)	Level 3 (inputs not based on observable market data)			
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Other participations (net)	6-b	-	-	-	-	-	6,962,236	-	6,962,236	6,958,379	3,857	-	6,962,236	6,962,236	
Other participations		-	-	-	-	-	6,962,236	-	6,962,236	6,958,379	3,857	-	6,962,236	6,962,236	
Derivative instrument assets		-	-	-	-	-	-	145,143,595	145,143,595	-	145,143,595	-	145,143,595	145,143,595	
Derivative instrument assets	18-2	-	-	-	-	-	-	145,143,595	145,143,595	-	145,143,595	-	145,143,595	145,143,595	
Deposits and pledges		50,468	50,468	-	-	-	-	-	-	-	-	-	50,468	50,468	
Deposits and pledges	6-a	50,468	50,468	-	-	-	-	-	-	-	-	-	50,468	50,468	
Non-current trade and other accounts receivable		34,028,767	34,028,767	-	-	-	-	-	-	-	-	-	34,028,767	34,028,767	
Non-current trade and other accounts receivable	12	34,028,767	34,028,767	-	-	-	-	-	-	-	-	-	34,028,767	34,028,767	
Non-current financial assets		34,079,235	34,079,235	-	-	-	6,962,236	145,143,595	152,105,831	6,958,379	145,147,452	-	186,185,066	186,185,066	
Current trade accounts receivable		220,022,598	220,022,598	-	-	-	-	-	-	-	-	-	220,022,598	220,022,598	
Current trade and other accounts receivable	8-a	198,534,756	198,534,756	-	-	-	-	-	-	-	-	-	198,534,756	198,534,756	
Account receivable from relate entities	9-a	21,487,842	21,487,842	-	-	-	-	-	-	-	-	-	21,487,842	21,487,842	
Current deposits and pledges		137,124	137,124	-	-	-	-	-	-	-	-	-	137,124	137,124	
Current pledges and deposits	6-a	137,124	137,124	-	-	-	-	-	-	-	-	-	137,124	137,124	
Derivative instrument of assets		-	-	-	-	-	-	5,074,553	5,074,553	-	5,074,553	-	5,074,553	5,074,553	
Derivative instrument of assets	18-2	-	-	-	-	-	-	5,074,553	5,074,553	-	5,074,553	-	5,074,553	5,074,553	
Cash and cash equivalents		263,376,457	263,376,457	-	-	-	-	-	-	-	-	-	263,376,457	263,376,457	
Cash and cash equivalents	5	263,376,457	263,376,457	-	-	-	-	-	-	-	-	-	263,376,457	263,376,457	
Current financial assets		483,536,179	483,536,179	-	-	-	-	5,074,553	5,074,553	-	5,074,553	-	488,610,732	488,610,732	
Total financial assets		517,615,414	517,615,414	-	-	-	6,962,236	150,218,148	157,180,384	6,958,379	150,222,005	-	674,795,798	674,795,798	

18. Financial instruments, continued

1. Classification of financial instruments by nature and category, continued

The book value of financial assets such as cash and cash equivalents and the current portion of accounts receivable from related entities approximates their fair values, due to the short-term nature of their expiries.

The book value of the current portion of trade and other accounts receivable approximates their fair values, due to the short-term nature of their expiries.

Instruments recorded under other current and non-current financial assets classified as financial assets at fair value through profit or loss and hedge derivatives are presented at their fair value in the Consolidated Statement of Financial Position.

Financial instruments recorded under other non-current financial assets mainly include the investment in Telefonica Brazil which is recorded at fair value (note 6).

Instruments recorded under other current financial assets classified as held to maturity mainly include time deposits maturing in more than 90 days.



18. Financial instruments, continued

1. Classification of financial instruments by nature and category, continued

c) Details of financial instruments of liabilities classified by nature and category, as of December 31, 2019, is as follows:

Description of financial liabilities	Note	Financial liabilities at amortized cost		Financial liabilities booked at fair value = booked value							Total financial liabilities	
		Financial liabilities at amortized cost	Fair value of liabilities at amortized cost	With changes in the income statement		Hedges	SUBTOTAL FINANCIAL LIABILITIES AT FAIR VALUE	Fair value measurement hierarchy			Total Book Value of Financial Liabilities	Total Fair Value of Financial Liabilities
				Financial liabilities - Held for trading	Financial liabilities - Fair value option to PL			Level 1 (quoted prices)	Level 2 (observable inputs other than quoted prices)	Level 3 (inputs not based on observable market data)		
Issuance of obligations and other non-current marketable securities	16-d	614,538,045	636,502,212	-	-	-	-	-	-	-	614,538,045	636,502,212
Non-current debts with loan entities	16-c	163,025,228	163,252,642	-	-	-	-	-	-	-	163,025,228	163,252,642
Long-term hedge derivative instrument of liabilities	18-2	-	-	-	-	5,599,137	5,599,137	-	5,599,137	-	5,599,137	5,599,137
Trade and other accounts payable	17	2,160,741	2,160,741	-	-	-	-	-	-	-	2,160,741	2,160,741
Accounts payable to related entities	9-c	38,027,645	38,027,645	-	-	-	-	-	-	-	38,027,645	38,027,645
Other non-current financial debts(1)		122,547,855	122,547,855	-	-	-	-	-	-	-	122,547,855	122,547,855
Non-current financial liabilities		940,299,514	962,491,095	-	-	5,599,137	5,599,137	-	5,599,137	-	945,898,651	968,090,232
Issuance of short-term obligations and other marketable securities	16-d	119,507,902	120,216,089	-	-	-	-	-	-	-	119,507,902	120,216,089
Short-term debts with credit entities	16-c	204,521	204,521	-	-	-	-	-	-	-	204,521	204,521
Short-term derivative instrument of liabilities	18-2	-	-	-	-	3,538,527	3,538,527	-	3,538,527	-	3,538,527	3,538,527
Trade and other accounts payable	16	304,290,564	304,290,564	-	-	-	-	-	-	-	304,290,564	304,290,564
Accounts payable to related entities	9-b	66,055,208	66,055,208	-	-	-	-	-	-	-	66,055,208	66,055,208
Other non-current financial debts(1)		81,566,999	81,566,999	-	-	-	-	-	-	-	81,566,999	81,566,999
Current financial liabilities		571,625,195	490,766,382	-	-	3,538,527	3,538,527	-	3,538,527	-	575,163,722	575,871,909
Total financial liabilities		1,511,924,708	1,453,257,476	-	-	9,137,664	9,137,664	-	9,137,664	-	1,521,062,372	1,543,962,139

(1) Includes lease agreement liabilities that qualify under IFRS 16 and sale of portfolio to Banco Santander (see Note 16).



18. Financial instruments, continued

1. Classification of financial instruments by nature and category, continued

c) Details of financial instruments of liabilities classified by nature and category as of december 31, 2018 is as follows:

Description of financial liabilities	Note	Financial liabilities at amortized cost		Financial liabilities booked at fair value = booked value						Total financial liabilities		
		Financial liabilities at amortized cost	Fair value of liabilities at amortized cost	With changes in the income statement		Hedges	SUBTOTAL FINANCIAL LIABILITIES AT FAIR VALUE	Fair value measurement hierarchy			Total Book Value of Financial Liabilities	Total Fair Value of Financial Liabilities
				Financial liabilities - Held for trading	Financial liabilities - Fair value option to PL			Level 1 (quoted prices)	Level 2 (observable inputs other than quoted prices)	Level 3 (inputs not based on observable market data)		
Issuance of obligations and other non-current marketable securities	17-d	680,876,592	683,021,614	-	-	-	-	-	-	-	680,876,592	683,021,614
Non-current debts with loan entities	17-c	150,851,556	150,851,556	-	-	-	-	-	-	-	150,851,556	150,851,556
Long-term hedge derivative instrument of liabilities	19-2	-	-	-	-	12,309,350	12,309,350	-	12,309,350	-	12,309,350	12,309,350
Trade and other accounts payable		4,320,435	4,320,435	-	-	-	-	-	-	-	4,320,435	4,320,435
Accounts payable to related entities		168,257	168,257	-	-	-	-	-	-	-	168,257	168,257
Non-current financial liabilities		836,216,840	838,361,862	-	-	12,309,350	12,309,350	-	12,309,350	-	848,526,190	850,671,212
Issuance of short-term obligations and other marketable securities	17-d	54,011,525	54,235,234	-	-	-	-	-	-	-	54,011,525	54,235,234
Short-term debts with credit entities	17-c	360,837	360,837	-	-	-	-	-	-	-	360,837	360,837
Short-term derivative instrument of liabilities	19-2	-	-	-	-	4,513,765	4,513,765	-	4,513,765	-	4,513,765	4,513,765
Trade and other accounts payable	18	385,753,698	385,753,698	-	-	-	-	-	-	-	385,753,698	385,753,698
Accounts payable to related entities	9-c	52,202,802	52,202,802	-	-	-	-	-	-	-	52,202,802	52,202,802
Current financial liabilities		492,328,862	492,552,571	-	-	4,513,765	4,513,765	-	4,513,765	-	496,842,627	497,066,336
Total financial liabilities		1,328,545,702	1,330,914,433	-	-	16,823,115	16,823,115	-	16,823,115	-	1,345,368,817	1,347,737,548

18. Financial instruments, continued

1. Classification of financial instruments by nature and category, continued

The book value of the current portion of accounts payable to related entities and trade accounts receivable approximates their fair values, due to the short-term nature of their due dates.

Instruments recorded under other current and non-current financial liabilities classified as financial liabilities at fair value through profit or loss and hedge derivatives are presented at their fair value in the Consolidated Statement of Financial Position.

Financial instruments recorded under other current and non-current financial liabilities which correspond to interest-bearing loans, are generally recorded for the cash received, net of costs incurred in the transaction, These obligations are valued at amortized cost, using the effective interest rate method, and mainly include bank loans and unguaranteed obligations (bonds), among other things (note 17).



18. Financial instruments, continued

2. Hedging instruments

As of December 31, 2019, hedging instruments are detailed as follows:

Type of hedge	Underlying	Current Assets		Current Liabilities		To Maturity		Non-current Assets	
		Up to 90 days	90 days to 1 year	Up to 90 days	90 days to 1 year	1 to 3 years	3 to 5 years	1 to 3 years	3 to 5 years
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Exchange rate – cash flow hedge (1)	Supplier Debt	1,712,483	3,797,289	(3,323)	(36,660)	-	-	-	-
Exchange rate – fair value hedge (2)	Supplier Debt	553,571	-	(149,439)	-	-	-	-	-
Interest rate – cash flows hedge (3)	Financial Debt	2,424,304	-	(3,349,105)	-	-	5,035,550	(4,582,403)	(980,600)
Exchange rate and interest rate – fair value hedge (4)	Financial Debt	582,684	11,177,875	-	-	-	183,051,109	(36,134)	-
Total		5.273.042	14,975,164	(3,501,867)	(36,660)	-	188,086,659	(4,618,537)	(980,600)

Hedge instruments have generated an effect on result of ThCh\$43,482,286. As of December 31, 2019 and the accumulated effect on equity, net of taxes is ThCh\$(1,099,249) (see note 22d).

As of December 31, 2018, hedging instruments are detailed as follows:

Type of hedge	Underlying	Current Assets		Current Liabilities		To Maturity		Non-current Assets	
		Up to 90 days	90 days to 1 year	Up to 90 days	90 days to 1 year	1 to 3 years	3 to 5 years	1 to 3 years	3 to 5 years
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Exchange rate – cash flow hedge (1)	Supplier Debt	1,854,434	645,892	(23)	(102)	-	-	-	-
Exchange rate – fair value hedge (2)	Supplier Debt	1,034,352	-	(1,561,659)	-	-	-	-	-
Interest rate – cash flows hedge (4)	Financial Debt	1,539,875	-	(2,951,981)	-	-	5,477,645	-	(12,309,264)
Exchange rate and interest rate – fair value hedge (5)	Financial Debt	-	-	-	-	-	139,665,950	(88)	-
Total		4,428,661	645,892	(4,513,663)	(102)	-	145,143,595	(88)	(12,309,264)

Hedge instruments have generated an effect on result of ThCh\$62,501,428, As of December 31, 2018 (see note 24d, 24e, and 24f) and the accumulated effect on equity, net of taxes is ThCh\$338,921 (see note 22d).

Description of hedge instruments:

1. Exchange rate – cash flow hedge: This category includes derivative instruments used to hedge highly probable trade debt future cash flows,
2. Exchange rate – fair value hedge: This category includes derivative instruments entered into to hedge existing commercial debt,
3. Interest rate – cash flows hedge: This category includes, derivative instruments entered into to hedge debt instrument interest rate risk, whose interest cash flows payable are denominated at a variable interest rate,
4. Exchange rate and interest rate – fair value hedge: This category includes derivative instruments entered into to hedge foreign currency risk on debt instrument capital,

18. Financial instruments, continued

3. Valuation of hedging instruments

The Company has financial derivative valuation models that use local and international financial market interest rate curves, to determine cash flows associated to each derivative and to discount those cash flows to present value, once this valuation is obtained, it is compared to the valuation certificates provided to us by the banks, Should there be material differences, a review of the internal model is carried out and it is verified if the bank is making a correct valuation.

The main assumptions used in the valuation models of derivative instruments are as follows:

- a) Market assumptions such as spot prices and other price projections, credit risk (own and counterparty) and rates, using observable market information and through techniques commonly used among its participants.
- b) Discount rates like risk free rates and counterparty rates (based on risk profiles and information available in the market).
- c) In addition, variables such as: volatility, correlation, regression formulas and market spread, are incorporated to the model.

The methodologies and assumptions used to determine the fair value of financial derivative instruments are applied consistently from one year to another, The Company considers that what has been previously described is used in a fair manner, since it is in line with those used by the market and result in a measurement of fair value that is appropriate for the purposes of measuring the financial statements and disclosures, It should be noted that these disclosures are complete and adequate.

4. Fair value hierarchy of financial instruments

Financial instruments recognized at fair value in the statement of financial position are classified according to the following hierarchies (note 18,1):

- Level 1: Corresponds to methodologies of fair value measurement using market rates (without adjustments) in an active market considering the same assets and liabilities valued,
- Level 2: Corresponds to methodologies of fair value measurement using data on market rates, not included in Level 1, that are observable for assets and liabilities valued, whether directly (that is, as a price) or indirectly (that is, derived from a price),
- Level 3: Corresponds to methodologies of fair value measurement using valuation techniques that include information on assets and liabilities valued, which are not based on observable market information.



19. Other currents provisions

a) The balance of currents provisions is detailed as follows:

Concepts	12.31.2019	12.31.2018
	ThCh\$	ThCh\$
Civil and regulatory	1,601,625	5,745,139
Total	1,601,625	5,745,139

Based on the progress of the proceedings, the Company's management considers that the provisions recorded in the financial statements adequately cover the litigation risks described in Note 27, therefore they do not foresee that they will result in liabilities other than those recorded.

Due to the characteristics of the risks that cover these provisions, it is impossible to determine a reasonable payment date schedule.

As of December 31, 2019 and 2018, the movements in provisions are as follows:

Movements	12.31.2019	12.31.2018
	ThCh\$	ThCh\$
Beginning balance	5,745,139	10,387,867
Increase in existing provisions	2,256,777	1,356,537
Provisioning application	(6,400,291)	(4,548,355)
Movement subtotal	(4,143,514)	(4,642,728)
Ending balance	1,601,625	5,745,139

b) Other non-currents provisions:

As of December 31, 2019 and 2018, the balance of other non-currents provisions is detailed as follows:

Concepts	12.31.2019	12.31.2018
	ThCh\$	ThCh\$
Dismantling provision (1)	18,730,421	20,123,983
Non-currents provisions others	70,134	59,665
Total	18,800,555	20,183,648

(1) Movements of the dismantling provision as of December 31, 2019 and 2018 are detailed as follows:

Movements	12.31.2019	12.31.2018
	ThCh\$	ThCh\$
Beginning balance	20,123,983	19,331,353
Increase in existing provisions	319,997	219,945
Financial restatement	701,762	817,837
Telxius transfer (1)	-	(164,847)
Applied provision	(2,415,321)	(80,305)
Movements, subtotal	(1,393,562)	792,630
Ending balance	18,730,421	20,123,983

1) On June 29, 2018, the Company sold to Telxius Torres Chile S.A. 37 telecommunications infrastructure, and this value corresponds to the decommissioning provision associated to those assets.

20. Employee benefits accrual

a) Employment benefits

The employee benefits provision corresponds to liabilities for future termination benefits that are estimated to be accrued for employees both in the general and private payroll, which are subject to severance pay whether through collective or individual employee contracts, and is recorded at actuarial value, determined using the projected credit unit method. Actuarial profits and losses on severance pay derived from changes in estimates in the turnover rates, mortality, salary increases or discount rate, are recorded in accordance with International Accounting Standard 19 R (IAS 19R), under other comprehensive income, affecting Equity directly, procedure that the Company has applied since the beginning of the convergence application of the International Standard,

As of December 31, 2019 and 2018, current and non-current employee benefits accrual are as follows:

Concepts	31.12.2019 ThCh\$	12.31.2018 ThCh\$
Current amount of liability recognized for termination benefits	9,397,635	8,597,752
Non-current amount of liability recognized for termination benefits	26,723,862	26,842,153
Total	36,121,497	35,439,905

As of December 31, 2019 and 2018 the movements for current employee benefits provisions are detailed as follows:

Movements	09,30,2019 ThCh\$	12,31,2018 ThCh\$
Beginning balance	35,439,905	37,243,714
Service costs	(114,271)	289,707
Interest costs (see note 24 d)	1,656,106	1,935,183
Actuarial profits, net due to experience	2,397,133	232,839
Benefits paid	(3,607,413)	(4,440,817)
Others	350,037	179,279
Movement subtotal	681,592	(1,803,809)
Ending balance	36,121,497	35,439,905

Actuarial Hypotheses

The hypotheses used for the actuarial calculation of employee benefits obligations are reviewed once a year and correspond to the following detail, as of December 31, 2019 and 2018:

- **Discount rate:** An annual nominal rate of 3.587% and 4,673% are used as of December 31, 2019 and 2018, respectively. This rate must be representative of the time value of money, for which a risk-free rate, represented by BCP (Central Bank of Chile Bonds issued in Chilean pesos) instruments, is used for a relevant term of close to 20 years.
- **Incremental Salary Rate:** An increase table is used according to the inflation projection established by the Central Bank of Chile. The rate used for the exercise ended December 31, 2019 and 2018, was 3%.

20. Employee benefits accrual, continued

a) Post employment benefits, continued

Actuarial Hypotheses, continued

- **Mortality:** The RV-2014 mortality tables established by the Financial Market Commission (CMF) are used to calculate social life insurance reserves in Chile,
- **Turnover rate:** Based on the historical Company data, the rotation used for both years are as follows:

Benefits	Rotation rate Resignation	Rotation rate Dismissal
Frozen compensation	0,14%	1,79%
Post-frozen compensation	3,41%	6,02%
Quotas system	2,73%	2,73%
Death	2,73%	2,73%

- **Years of service:** The Company assumes that the employees will remain until their legal retirement age, (up to 60 years old women and 65 years old men).

The model for calculating employee termination benefits has been prepared by a qualified external actuary. The model uses variables and market estimates in accordance with the methodology established by IAS 19 to determine this provision.

b) Sensitivity of assumptions

Based on the actuarial calculation as of December 31, 2019, the sensitivity of the main assumptions has been reviewed, determining the following possible effects on Equity:

Description	Base	Plus 1% ThCh\$	Less 1% ThCh\$
Discount rate	3.587%	(2,050,621)	2,291,006

c) Expected cash flows

In accordance with the employee benefits obligation, future cash flows for the following exercises are detailed as follows:

Description	1st year ThCh\$
Future payment cash flows	4,658,190

20. Employee benefits accrual, continued

d) Employee benefits expenses

Expenses recognized in the comprehensive income statement for this concept are composed of payroll for personnel hired by subsidiaries Telefónica Investigación y Desarrollo SpA and Telefónica Chile Servicios Corporativos Ltda., detailed as follows:

Conceptos	12.31.2019 ThCh\$	12.31.2018 ThCh\$
Wages and salaries	122,691,769	124,431,389
Post employment benefit obligations expense	374,355	289,707
Total	123,066,124	124,721,096

21. Other current and non-current non-financial liabilities

a) Other non-financial liabilities are detailed as follows:

Concepts	12.31.2019		12.31.2018	
	Current ThCh\$	Non Current ThCh\$	Current ThCh\$	Non Current ThCh\$
Contractual liabilities (1)	14,259,915	2,673,550	13,840,015	3,072,995
Handsets sold and not activated	5,687,633	-	5,489,074	-
Services charged and not rendered	5,167,858	-	4,728,848	-
IRUS rights of use	396,020	2,672,552	384,232	3,068,573
Others contractual liabilities (2)	3,008,404	998	3,237,861	4,422
Deferred income	3,880,359	1,709,923	4,833,085	1,916,567
Company projects to be undertaken (3)	1,265,884	744,484	3,615,005	1,235,997
Sale of telecommunications infrastructure	1,320,124	518,074	569,050	614,042
Other Deferred income (4)	1,294,351	447,365	649,030	66,528
Subsidies	523,355	3,272,663	1,305,643	3,053,001
Research and Development (5)	-	-	945,887	-
Extreme zones	282,541	1,056,038	118,942	595,562
Subsidy for Tierra del Fuego base stations	70,355	773,910	70,355	844,265
Puerto Natales and Cerro Castillo Fiber Optics Network	52,623	403,444	52,623	456,067
Connectivity for service networks and telecentre	90,380	341,431	90,380	431,811
Juan Fernandez Island Satellite links	27,456	697,840	27,456	725,296
Taxes	33,271,415	-	9,778,499	-
VAT (6)	30,900,052	-	7,382,141	-
Other taxes (7)	2,371,363	-	2,396,358	-
Others non-financial liabilities	51,935,044	7,656,136	29,757,242	8,042,563

- (1) With the coming into effect of IFRS 15 as of January 1, 2018, the obligations that arise from contracts signed with our customers are classified as contractual liabilities.
- (2) Includes connection instalments, electronic prepay top-up and unaccrued interest on sales paid in instalments.
- (3) Corresponds to billing of projects of companies that are recorded in revenue to the extent of their degree of progress.
- (4) Corresponds mainly to collections management commission, generated by the sale of portfolio to BID.
- (5) Corresponds to government subsidy received by subsidiary Telefónica Investigación y Desarrollo SpA.
- (6) Mainly, corresponds to provisions for link contract billed in December 2019.
- (7) Includes withholding tax and other taxes.



21. Other current and non-current non-financial liabilities, continued

Movements of contractual liabilities, deferred income and subsidies as of December 31, 2019 are as follows:

Movements	12.31.2019					
	Contractual liabilities		Deferred Income		Subsidies	
	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Beginning balance	13,840,015	3,072,995	4,833,085	1,916,567	1,305,643	3,053,002
Endowments	273,326,534	14,544	5,721,293	167,775	163,600	579,418
Write-downs/applications	(273,243,059)	(77,564)	(6,976,331)	(72,107)	(1,128,941)	(176,703)
Transfer	336,425	(336,425)	302,312	(302,312)	183,053	(183,053)
Movements, subtotal	419,900	(399,445)	(952,726)	(206,644)	(782,288)	219,662
Ending balance	14,259,915	2,673,550	3,880,359	1,709,923	523,355	3,272,663

Movements of contractual liabilities, deferred income and subsidies, as of December 31, 2018, are as follows:

Movements	12.31.2018					
	Contractual liabilities		Deferred Income		Subsidies	
	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Beginning balance	-	-	40,270,801	3,646,952	1,615,404	3,332,010
Endowments	255,096,132	558,329	10,867,741	1,428,243	83,595	76,064
Write-downs/applications	(272,411,916)	(180,455)	(12,758,680)	(1,098,696)	(748,429)	-
Transfer	31,155,799	2,695,121	(33,546,777)	(2,059,932)	355,073	(355,073)
Movements, subtotal	13,840,015	3,072,995	(35,437,716)	(1,730,385)	(309,761)	(279,009)
Ending balance	13,840,015	3,072,995	4,833,085	1,916,567	1,305,643	3,053,001

b) The detail of the expirations of the current non-financial liabilities as of December 31, 2019 and 2018 is as follows:

Expirations		Total Current to 12.31.2019 ThCh\$	1 to 3 years ThCh\$	Expirations		Total non-current to 12.31.2019 ThCh\$
until 90 days ThCh\$	91 days to 1 year ThCh\$			3 to 5 years ThCh\$	5 years and more ThCh\$	
15,345,017	36,590,027	51,935,044	3,920,652	1,604,439	2,131,045	7,656,136

Expirations		Total Current to 12,31,2018 ThCh\$	1 to 3 years ThCh\$	Expirations		Total non-current to 12,31,2018 ThCh\$
until 90 days ThCh\$	91 days to 1 year ThCh\$			3 to 5 years ThCh\$	5 years and more ThCh\$	
16,168,656	13,588,586	29,757,242	3,862,465	1,781,778	2,398,320	8,042,563



22. Equity

The Company manages its Capital aimed at safeguarding the capacity to continue as a going concern, with the purpose of generating returns to its shareholders and with the objective of maintaining a strong credit rating and favorable capital ratios to support its businesses and guarantee ongoing and expedite access to the financial markets, maximizing shareholders value. The Company manages its Capital structure and adjusts it, in accordance with changes in existing economic conditions.

No changes were introduced in the objectives, policies or processes during fiscal years ended as of December 31, 2019 and 2018.

a) Capital

As of December 31, 2019 and 2018, the Company's paid-in capital is composed as follows:

Number of shares

Series	12.31.2019			12.31.2018		
	No. of subscribed shares	No. of paid shares	No. of shares with voting rights	No. of subscribed shares	No. of paid shares	No. of shares with voting rights
Unique	936,165,609,040	936,165,609,040	936,165,609,040	911,784,715,847	911,784,715,847	911,784,715,847
Total	936,165,609,040	936,165,609,040	936,165,609,040	911,784,715,847	911,784,715,847	911,784,715,847

Capital

Series	12.31.2019		12.31.2018	
	Subscribed Capital ThCh\$	Paid-in Capital ThCh\$	Subscribed Capital ThCh\$	Paid-in capital ThCh\$
Unique	1,329,872,285	1,329,872,285	1,294,872,285	1,294,872,285
Total	1,329,872,285	1,329,872,285	1,294,872,285	1,294,872,285

At the Extraordinary Shareholders' Meeting held on May 9, 2018, the shareholders approved a Capital increase from ThCh\$1,257,872,285, divided into 887,631,908,214 ordinary shares to ThCh\$1,294,872,285, divided into 911,784,715,847 ordinary shares,

At the Extraordinary Shareholders' Meeting held on Mar 13, 2019, the shareholders approved a capital increase from ThCh\$1,294,872,285, divided into 911,784,715,847 ordinary shares to ThCh\$1,329,872,285, divided into 936,165,609,040 ordinary shares,

Based on the above, as of December 31, 2019, the Company's shareholder structure is detailed as follows:

Company	Shares
Inversiones Telefónica International Holding S.A.	926,165,606,064
Telefónica S.A.	10,000,002,976
Total	936,165,609,040

22. Equity, continued

b) Distribution of shareholders

As established in Circular No. 792 issued by the Financial Market Commission (CMF) (ex-Superintendency of Securities and Insurance) of Chile, the distribution of shareholders based on their participation in the Company, as of December 31, 2019, is as follows:

Type of Shareholder	Participation percentage %	Number of shareholders
Participation of 10% or more	98.9318	1
Less than 10% participation:	1.0682	1
Investment equal to or exceeding UF 200	-	-
Investment under UF 200	-	-
Total	100.0000	2
Parent Company	98.9318%	1

c) Dividends:

i) Dividends policy:

In accordance with Law No. 18,046, unless a different agreement is adopted unanimously at the Shareholders' Meeting, when the Company makes profits, at least 30% of it must be distributed as dividends.

On April 30, 2019 the Ordinary Shareholders' Meeting of subsidiary Telefónica Chile S.A., did not approve the distribution of dividends, therefore the proportion of the dividends provision in the amount of ThCh\$40,009 was reversed. As of December 31, 2019, a provision for the legal minimum dividend of 30% of the year net income was established, amounting to ThCh\$ 75,069, corresponding to the minority interest of the subsidiary.

As of December 31, 2019 the following dividends were distributed:

Date	Dividend	Distributed amount ThCh\$	Value per share ThCh\$	Charge to utilities	Payment date
12-27-2019	Interim	75,000,000	0.0801	Fiscal year 2019	December 2019

22. Equity, continued

d) Other reserves:

The balances, nature and purpose of other reserves are detailed as:

Concepts	Balance as of 12.31.2018 ThCh\$	Net movement ThCh\$	Balance as of 12.31.2019 ThCh\$
Capital revaluation reserve (i)	(233,685,327)	-	(233,685,327)
Business combination reserve (ii)	(95,176,556)	-	(95,176,556)
Other reserves (iii)	(122,214,004)	-	(122,214,004)
Employee benefits reserve (iv)	(8,203,551)	(1,742,258)	(9,945,809)
Foreign currency translation reserve (v)	(58,310)	-	(58,310)
Cash flows hedge reserve (vi)	338,921	760,328	1,099,249
Equity instruments reserves (vii)	1,271,402	883,855	2,155,257
Total	(457,727,425)	(98,075)	(457,825,500)

i) Capital revaluation

In accordance with Law No. 18.046, second paragraph of Article 10 and in accordance with Official Circular No. 456 issued by the Financial Market Commission (former Superintendency of Securities and Insurance), the revaluation of the Company's Capital as of December 31, 2008, date of application of International Financial Reporting Standards, must be presented in this account.

ii) Business combination reserve

Corresponds to company reorganizations performed in previous years.

iii) Other miscellaneous reserves

Contains the difference between the valuation of the investments that Telefónica Móviles S.A. has in the consolidated subsidiaries and the capital of each one of these. This effect is in the amount of ThCh\$53,430,874.

In September, 2017 and in reference to the withdrawal of 1,072,813 minority shareholders described in the treasury shares reserves (note 23b) v), Telefónica Móviles Chile S.A, increased its interest in subsidiary Telefónica Chile S.A, from 97.92% to 99.0281653%, which generated an increase of ThCh\$1,083,569 in the aforementioned effect.

During 2014, the Company made a capital increase paid by Telefónica Internacional Holding S.A. with the contribution in dominion of a group of assets and liabilities. This transaction generated a difference between the carrying amount of those assets and liabilities and the contribution value of ThCh\$61,567,621 that were recognized in this heading, since it corresponds to a corporate reorganization.

In July 2010, the Company purchased from the Dutch company, Telefónica Chile Holding B.V., the investment in Telefónica Internacional S.A. This transaction generated a 20% withholding tax that was assessed by the Chilean Internal Revenue Service in 2013 and which had to be paid by the Company for being jointly and severally liable. This tax, in the amount of ThCh\$3,722,259, was recognized as "Other reserves".

22. Equity, continued

d) Other reserves, continued

iii) Other miscellaneous reserves, continued

In addition, this item includes the accumulated revaluation reserve and of the adjustment for first-time adoption of International Financial Reporting Standards (IFRS) assumed by subsidiary Telefónica Móviles Soluciones y Aplicaciones S,A, in the amount of ThCh\$2,365,462 and others negative concepts for ThCh\$70,619.

iv) Employee benefits reserve

Corresponds to the effect arising from changes in the actuarial hypotheses for the employee benefits provision, originated in subsidiaries Telefónica Chile Servicios Corporativos Ltda. and Telefónica Investigación y Desarrollo Chile SpA.

v) Foreign currency translation difference reserve

Corresponds to the differences generated by the conversion of the Company's financial statements.

vi) Hedge reserve

Transactions designated as cash flow hedges of expected transactions are probable, and where the Company can execute the transaction, the Company has a positive intention and ability to consummate the expected transaction. Expected transactions designated in our cash flow hedges are maintained as probably occurring on the same date and amount as originally designated, otherwise the ineffectiveness shall be measured and recorded when appropriate. In addition, the effects of fair value associated with rate insurance are included.

vii) Equity instruments reserves

Corresponds to the effect of market valuation of the investment of Telefónica Chile S.A. subsidiary in Telefónica Brazil.

e) Non-controlling interest

As of December 31, 2019 and 2018, recognition of the share of equity belonging to third parties is detailed as follows:

Subsidiaries	Porcentaje		Non-controlling interest	
	Non-controlling interest		12.31.2019 ThCh\$	12.31.2018 ThCh\$
	2019 %	2018 %		
Telefónica Chile S.A.	0.8594402	0.8594402	5,859,874	5,604,555
Total			5,859,874	5,604,555



22. Equity, continued

e) Non-controlling interest, continued

As of December 31, 2019 and 2018 recognition of the share in income belonging to third parties is detailed as follows:

Subsidiaries	Percentage Non-controlling interest		Non-controlling interest Equity	
	2019 %	2018 %	31.12.2019 M\$	31.12.2018 M\$
Telefónica Chile S.A.	0.8594402	0.8594402	243,664	125,542
Total			243,664	125,542

23. Earnings per Share

The details of Earnings per share are as follows:

	12.31.2019 ThCh\$	12.31.2018 ThCh\$
Earnings attributable to owners of the parent	82,221,847	85,790,212
Profit available for shareholders	82,221,847	85,790,212
Weighted average number of shares	923,975,162,444	899,708,312,031
Basic earnings per share in Ch\$	0.088	0.095

Earnings per share have been calculated dividing income for the year attributable to the parent by the weighted average number of common shares outstanding during the year. The Company has not issued convertible debt or other equity securities. Consequently, there are no potentially diluting effects on earnings per share of the Company.

24. Income and Expenses

a) The details of income from ordinary operations as of December 31, 2019 and 2018 are as follows:

Ingresos ordinarios	12.31.2019	12.31.2018
	M\$	M\$
Mobile Telecommunications	858,681,214	916,884,000
Broadband	199,707,083	192,136,118
Data Services and corporate technological solutions	155,006,006	141,871,337
Television services and equipment	152,265,100	170,192,132
Fixed telephone services	116,098,703	129,596,147
Wholesale services	21,720,384	22,552,236
Total	1,503,478,490	1,573,231,970



24. Income and Expenses, continued

b) The detail of other operating income, as of December 31, 2019 and 2018, are as follows:

Other Incomes	12.31.2019	12.31.2018
	M\$	M\$
Proceeds from disposal of property, plant and equipment (1)	14,581,647	1,121,473
Income from indemnities, complaints and others (2)	8,788,227	828,826
Income from disposal of real property	3,499,679	3,011,356
Subsidies	1,325,609	1,097,450
Other current management income	887,034	668,461
Total	29,082,196	6,727,566

(1) On July 24, 2019 a Datacenter was sold by ThCh\$10,795,589.

(2) Contains ThCh\$ 7,657,991 corresponding to amount collected from insurance companies, associated to policies covering damages caused by national contingency that began on October 18, 2019.

c) The detail of other operating income as of December 31, 2019 and 2018 are as follows:

Other expenses	12.31.2019	12.31.2018
	ThCh\$	ThCh\$
Sale cost of inventory (note 10b) (1)	246,630,709	238,173,014
Exterior services (2)	129,184,523	158,424,967
Media rental (2)	124,533,340	146,206,462
Sales commissions	90,168,318	97,450,734
Allowance for doubtful accounts	65,902,786	49,048,664
Computer services	47,061,433	52,558,472
Plant maintenance	46,150,917	46,552,423
Interconnections and roaming (3)	40,525,498	80,874,338
Customer service	37,957,626	53,697,168
Advertising	24,950,835	23,116,084
Energy	23,224,718	22,940,214
Real estate spending	15,720,113	20,945,723
Deferred sale cost of handsets (4)	7,329,883	15,770,669
Others (5)	21,859,651	18,995,923
Total	921,200,350	1,024,754,855

(1) Includes sale cost associated to handsets sold and activated in the period.

(2) Due to the application of IFRS 16, a large part of the leased space and placements were capitalized as rights of use, therefore the expense is presented as depreciation in the amount of ThCh\$28,583,970 as of December 31, 2019, See note 15d.

(3) Since January 26, 2019, it includes the coming into effect of new Tariff Decree No. 21/2019, which determined a reduction of 79% in the mobile access charge. See Note 29c i).

(4) Corresponds to accrual of deferred cost on handset sold the previous year and which are pending activation by the end user as of year-end.

(5) As of December 31, 2019 and 2018, it includes transportation expenses, insurance, consulting, events, fines, sanctions, and security and surveillance expenses, among others.



24. Income and Expenses, continued

d) The detail of financial income and expenses, as of December 31, 2019 and 2018, is as follows:

Financial expenses, net	12.31.2019 ThCh\$	12.31.2018 ThCh\$
Interest income		
Interest earned on deposits	3,159,822	3,711,899
Interest earned on investments	340,855	369,865
Interest earned on projects	1,113,334	1,107,676
Dividends on account of group companies	412,458	370,947
Interest on mercantile mandate	19,727	3,979
Other financial income	300,589	302,437
Total interest income	5,346,785	5,866,803
Interest expense		
Interest on bond (1)	6,116,585	4,149,638
Interest on loans from bank institutions	26,097,840	29,290,585
Interest on update of IPAS	1,656,106	1,935,183
Interest on projects	243,402	387,727
Other financial expenses (2)	16,667,817	6,401,656
Total interest expenses	50,781,750	42,164,789
Total financial income and costs, net	(45,434,965)	(36,297,986)

(1) This item is presented net of interest rate hedge.

(2) Composed mainly of 4% tax on remittances abroad, sale of portfolio costs, lease financing costs and other finance costs.

e) Foreign currency translation, as of December 31, 2019 and 2018, are detailed as follows:

Currency translation	12.31.2019 ThCh\$	12.31.2018 ThCh\$
Financial debt	(29,441,066)	(52,342,076)
Trade and other accounts payable	(1,174,691)	(2,260,733)
Current accounts receivable from related entities	(297,514)	215,152
Current accounts payable to related entities	(210,370)	(271,516)
Hedge instruments	28,275,656	55,267,170
Current trade and other accounts receivable	900,940	1,109,585
Cash and cash equivalents	687,954	(734,960)
Total	(1,259,091)	982,622

f) Indexation units, as of December 31, 2019 and 2018, are detailed as follows:

Indexation units	12.31.2019 ThCh\$	12.31.2018 ThCh\$
Financial debt	(4,690,635)	(5,702,219)
Cash and cash equivalents	(416,862)	(121,631)
Current trade and other accounts receivable	265,814	399,372
Hedge instruments	4,489,389	5,485,555
Trade and other payables	(125,293)	(145,567)
Tax liabilities	106,448	65,145
Financial debt leasing	-	(93,306)
Total	(371,139)	(112,651)

25. Leases

The main low value lease contracts, short-term (less than 12 months) and variable payments, that were not considered under IFRS 16, are directly associated to the line of business, such as equipment leases for information processes, furniture and office equipment. They are presented under other expenses by nature, in the statement of income.

The Company has operating lease contracts that contain various clauses referred to dates and terms of renewal and readjustments. Should a decision be made for early termination of a contract, the payments stipulated in those clauses must be made.

As of December 31, 2019, lease expenses amount to ThCh\$2,850,336.

Concepts	12.31.2019			Total ThCh\$
	Up to one year ThCh\$	From one to five years ThCh\$	More than 5 years ThCh\$	
Minimum operating lease payments payable	7,941,213	15,496,457	33,705,424	57,143,094



26. Local and Foreign Currency

The detail for currency of current assets and non-currents assets are the following:

Currents assets	12.31.2019	12.31.2018
	ThCh\$	ThCh\$
Cash and cash equivalents	234,466,421	263,376,457
US Dollars	7,379,053	803,353
Euros	65,979	369,771
Chilean Pesos	227,008,924	262,003,486
Others currencies	12,465	199,847
Other current financial assets	24,825,391	5,211,677
US Dollars	8,060,222	4,757,121
Euros	169,352	31,266
Chilean Pesos	4,835,258	423,290
UF	11,760,559	-
Current trade and other accounts receivable	233,716,006	198,534,756
Us Dollars	-	3,784
Euros	60,744	39,538
Chilean Pesos	233,216,824	198,190,733
U.F.	438,438	300,701
Current receivables from related companies	21,109,235	21,487,842
US Dollars	5,048,821	6,467,316
Euros	-	-
Chilean Pesos	16,002,833	14,766,443
Others currencies	57,581	254,083
Other current assets (1)	108,004,429	107,012,177
Chilean Pesos	108,004,429	107,012,177
Total current assets	622,121,482	595,622,909
US Dollars	20,488,096	12,031,574
Euros	296,075	440,575
Chilean Pesos	589,068,268	582,396,129
U,F,	12,198,997	300,701
Others currencies	70,046	453,930

(1) Includes: Other current non-financial assets and current inventories.

Non-currents assets	31.12.2019	12.31.2018
	ThCh\$	ThCh\$
Other non-current financial assets	195,990,996	152,156,299
US Dollars	158,017,808	112,126,778
Chilean Pesos	54,444	5,531,972
U,F,	30,068,849	27,539,170
Others currencies	7,849,895	6,958,379
Non-current trade and other accounts receivable	27,422,344	34,028,767
Chilean Pesos	27,422,344	34,028,767
Other non-currents non-financial assets	12,877,869	2,716,622
Chilean Pesos	12,877,869	2,716,622
Other non-current assets (2)	2,228,333,455	2,056,335,591
Chilean Pesos	2,228,333,455	2,056,335,591
Total non-current assets	2,464,624,664	2,245,237,279
US Dollars	158,017,808	112,126,778
Chilean Pesos	2,268,688,112	2,098,612,952
U,F,	30,068,849	27,539,170
Others currencies	7,849,895	6,958,379

(2) Includes: Other non-current non-financial assets, intangible assets other than goodwill, goodwill, property, plant and equipment and deferred tax assets.

26. Local and Foreign Currency, continued

The detail for currency of current liabilities is as follows:

Currents liabilities	12.31.2019	12.31.2018	12.31.2019	12.31.2018
	to 90 days ThCh\$		91 days to 1 years ThCh\$	
Other current financial liabilities	107,925,152	5,244,587	96,892,797	53,641,540
US Dollars	424,068	360,837	2,827,072	2,529,878
Euros	8,351	-	-	-
Chilean Pesos	20,953,818	4,479,636	7,614,566	50,361,782
U,F,	86,538,915	404,114	86,451,159	749,880
Trade and other payables	304,290,564	385,753,698	-	-
US Dollars	28,472,557	39,340,646	-	-
Euros	4,071,790	7,637,881	-	-
Chilean Pesos	258,856,935	296,886,411	-	-
U,F,	12,871,579	41,886,727	-	-
Others currencies	17,703	2,033	-	-
Current receivables from related companies	66,055,208	52,202,802	-	-
US Dollars	3,402,129	9,717,807	-	-
Euros	478,268	384,174	-	-
Chilean Pesos	58,011,843	42,100,821	-	-
U,F,	4,162,968	-	-	-
Other current liabilities (1)	68,187,035	24,572,618	36,590,026	22,948,101
Chilean Pesos	68,187,035	24,572,618	36,590,026	22,948,101
Total current liabilities	509,867,933	467,773,705	133,482,823	76,589,641
US Dollars	32,298,754	49,419,290	2,827,072	2,529,878
Euros	4,558,409	8,022,055	-	-
Chilean Pesos	369,419,605	368,039,486	44,204,592	73,309,883
U,F,	103,573,462	42,290,841	86,451,159	749,880
Others currencies	17,703	2,033	-	-

(1) Includes: Other current provisions, current tax liabilities and other current non-financial liabilities.

Non-current liabilities by currency are detailed as follows, continued:

Non-current liabilities	12.31.2019	12.31.2018	12.31.2019	12.31.2018	12.31.2019	12.31.2018
	1 to 3 years ThCh\$		3 to 5 years ThCh\$		5 years and over ThCh\$	
Other non-current financial liabilities	740,546,948	337,416,947	165,163,317	506,620,551	-	-
US Dollars	495,353,048	103,735,302	51,002,531	393,150,391	-	-
Chilean Pesos	163,233,548	123,317,204	20,205,496	31,534,160	-	-
U.F.	81,960,352	110,364,441	93,955,290	81,936,000	-	-
Trade and other payables non-current	2,160,741	3,863,491	-	456,944	-	-
Chilean Pesos	2,160,741	3,863,491	-	456,944	-	-
Non-current receivables from related companies	38,027,645	168,255	-	-	-	-
Chilean Pesos	29,796,210	168,255	-	-	-	-
U.F.	8,231,435	-	-	-	-	-
Other non-current liabilities (1)	27,175,257	36,267,823	14,993,292	25,661,617	104,913,534	77,709,265
Chilean Pesos	27,175,257	36,267,823	14,993,292	25,661,617	104,913,534	77,709,265
Other non-current liabilities	807,910,591	377,716,516	180,156,609	532,739,112	104,913,534	77,709,265
US Dollars	495,353,048	103,735,302	51,002,531	393,150,391	-	-
Chilean Pesos	222,365,756	163,616,773	35,198,788	57,652,721	104,913,534	77,709,265
U.F.	90,191,787	110,364,441	93,955,290	81,936,000	-	-

(1) Includes: Other current provisions, current income tax liabilities and other current non-financial liabilities.

27. Contingencies and restrictions

In the normal development of its line of business, Telefónica Chile S.A. is part of certain proceedings, involving civil, labor, special and penal matters for different concepts and amounts. In general, management and its legal counsel, both internal and external periodically monitor the evolution of those lawsuits and contingencies affecting Telefónica Chile S.A. in the normal course of its operations, analyzing in each case the possible effect on the financial statements. Taking into consideration the legal and factual arguments exposed in those proceedings, especially those in which the Company is the defendant party, and historical results obtained by Telefónica Chile S.A. in proceedings with similar characteristics in the opinion of the legal advisors, the risk that it will be condemned to pay the amounts claimed in the mentioned lawsuits is remote.

Notwithstanding, there are certain proceedings in which due to the aforementioned considerations it is believed that there is a risk of loss that is rated as probable, which has motivated the establishment of provisions for the amount of what would be the estimated loss as of December 31, 2019, which altogether amounts to ThCh\$1,601,625 in the parent and of which ThCh\$1,057,506 correspond to subsidiaries. It is estimated that Telefónica Móviles Chile S.A. must pay the amount of ThCh\$273,479 during the fourth quarter of 2020 and the rest during the second quarter of 2020.

On the other hand, there are several proceedings for which the estimated risk of loss is qualified as possible, for a total amount of ThCh\$6,963,151 in the parent and the amount of ThCh\$4,625,913 in the subsidiaries.

In addition to the above, the following proceedings should be especially mentioned:

a) Voissnet proceeding

On March 31, 2016, the 4th Civil Court of Santiago dictated final sentence in the judicial proceeding called "Voissnet S.A. vs Telefónica Chile S.A.", Rol No. 26.086-2014, completely rejecting the lawsuit. On June 19, 2018, the Court of Appeals of Santiago, aware of the writ of appeal filed by the plaintiff, revoked that sentence and condemned subsidiary Telefónica Chile S.A. to pay the amount of ThCh\$5,526,164,936. Subsidiary Telefónica Chile S.A. filed an appeal for dismissal in form and substance before the Supreme Court, whose foundation make its legal advisors believe that the sentence will be set aside by the Supreme Court. At the demand of Voissnet, on February 12, 2019, the Company was obligated to pay that amount, which it expects to recover after the Supreme Court hands down its sentence.

b) Tax contingency

Is part of a process of reviewing the taxable income of subsidiary Telefónica Móviles Soluciones y Aplicaciones S.A. on June 17, 2016, the Internal Revenue Service issued the recalculation corresponding to Fiscal year 2012. This recalculation led to differences in the non-deductible expenses of the third subsection of article 21 of the Income Tax Law, which amounted to Ch\$872,741,004, amount that was paid on July 25, 2019.

On November 22, 2019, the Company purchased all Telefónica Móviles Soluciones y Aplicaciones S.A. shares, thus generating its dissolution.

27. Contingencies and restrictions, continued

c) Miscellaneous lawsuits:

In the judicial proceeding entitled “OPS Ingeniería Limitada vs Telefónica Móviles Chile S,A,” complaint filed before the 22nd Civil Court of Santiago, Rol C No. 20,891-2013, dated January 17, 2017, the Court of Appeals of Santiago dictated final sentencing in Civil Record No. 8249-2015, rejecting the appeal filed by Telefónica Móviles Chile S.A. and the appeal filed by the plaintiff OPS against the first instance final sentence, and partially accepting the appeal filed by Telefonica.

In accordance with the above, that Court reduced the amount of the judgment from UF 510,011.92 to UF 357,590.52. Both parties filed appeals for dismissal on this sentence, which were registered with the Supreme Court under Case No. 18,171-2017, and are ready to be heard; during December 2018, the actions filed were viewed, leaving the case in a state of agreement. On August 29, 2019, the Supreme Court accepted the appeal for dismissal filed by Telefónica Móviles Chile S.A., and handed down a replacement sentence through which it confirmed the final sentence handed down on January 17, 2017 by the Santiago Court of Appeals, with express declaration that the indemnity that must be paid to the plaintiff amounts to UF 166,179, this being the only payment to which the defendant was condemned. On October 8, 2019, Telefónica Móviles Chile S.A. deposited the amount of ThCh\$4,663,561 in the current bank account of the 22nd Civil Court of Santiago.

d) Financial restrictions:

As of December 31, 2019, the Company has no financial restrictions.

e) Guarantee deposits:

The detail of guarantee deposits is as follows:

Guarantee creditor	Debtor			Current guarantee deposits ThCh\$	Liberated guarantees		
	Name	Relationship	Type of guarantee		2020 ThCh\$	2021 ThCh\$	2022 and more ThCh\$
Public and privatized organizations				3,083,374	2,603,789	37,648	441,937
Undersecretaries and Ministries	TCH	Subsidiary	Deposit	1,711,591	1,244,277	27,577	439,737
Other private organizations	TCH	Subsidiary	Deposit	1,047,121	1,045,503	1,618	-
Municipalities	TCH	Subsidiary	Deposit	247,464	244,911	353	2,200
Other public organizations	TCH	Subsidiary	Deposit	77,198	69,098	8,100	-
Public and privatized organizations				19,076,363	9,404,821	4,423,402	5,248,140
Other private organizations	TEM	Subsidiary	Deposit	6,549,242	3,292,501	1,360,976	1,895,765
Other public organizations	TEM	Subsidiary	Deposit	6,417,768	3,829,229	738,787	1,849,752
Undersecretaries and Ministries	TEM	Subsidiary	Deposit	2,983,379	1,677,446	1,051,269	254,664
Banks	TEM	Subsidiary	Deposit	1,769,817	203,677	773,808	792,332
Municipalities	TEM	Subsidiary	Deposit	1,125,393	384,551	352,236	388,606
Universities	TEM	Subsidiary	Deposit	230,764	17,417	146,326	67,021
Public and privatized organizations				33,335,805	30,628,328	1,012,203	1,695,274
Undersecretaries and Ministries	TMCH	Matrix	Deposit	29,859,796	28,761,223	456,420	642,153
Other private organizations	TMCH	Matrix	Deposit	2,141,165	1,208,187	88,549	844,429
Other public organizations	TMCH	Matrix	Deposit	675,072	461,969	117,198	95,905
Municipalities	TMCH	Matrix	Deposit	472,283	180,546	178,950	112,787
Banks	TMCH	Matrix	Deposit	169,589	3,653	165,936	-
Universities	TMCH	Matrix	Deposit	17,900	12,750	5,150	-
Total				55,495,542	42,636,938	5,473,253	7,385,351

TMCH: Telefónica Móviles Chile S.A.

TCH: Telefónica Chile S.A.

TEM: Telefónica Empresas Chile S.A.

27. Contingencies and restrictions, continued

f) Insurance:

The companies of the Telefónica Group in Chile have an insurance program that protects their assets from losses derived from events involving acts of terrorism, sabotage, disturbances and malicious damages, among others, as well as extraordinary expenses to minimize damages and execute contingency plans to restore services. All in accordance with the conditions, limits and deductibles established in the purchased policies.

From the beginning of the massive social unrest on October 18, 2019, Telefónica in Chile has suffered damages that have been notified to the insurance company. The claim is in the process of being adjusted, and there has already been an advance on account in the amount of ThCh\$3,350,790.

28. Environment (not audited)

Due to the nature of its line of business, the activities it develops and the technology associated to its management, the Company has not been affected by legal or regulatory provisions obligating it to make investments or material disbursements referring to protection of the environment during this year, whether in a direct or indirect manner.

Law No. 20,599 was published on June 11, 2012 regulating the installation of telecommunications services emitting and transmitting antennas.

Law No. 20,599 was published on September 11, 2012 regulating the installation of emitting and transmitting antennas of telecommunications services.

The provisions adopted include: i) restrictions and new regulations for the installation of new sites based on the height of the tower, its location and its closeness to sensitive entities and to other previously installed towers, New and stricter approval conditions are imposed for these new sites; ii) there is retroactive regulation of the height of towers installed before the law was enacted, which are close to the sensitive places determined by the Telecommunications Undersecretary (schools, hospitals, playschools, preschool, old age homes and others); and iii) also in a retroactive manner, there is regulation of tower concentration in denominated Saturated Zones, for which solutions contemplated are based on reducing the number of structures or else, compensation is established with work to improve the community, which must be agreed upon by the Neighborhood Groups and the Municipal Council, for 20% of the total cost of the tower, should some type of camouflage be used in the structure and 50% in cases where no camouflage is used.

In compliance with this law, there are site dismantling activities or reduction of the height of existing structures, which implies responsible handling of the waste produced. For this purpose, we have a current contract with companies responsible for recycling, and have the certificates of recycling and final disposal of project residues.

The Company bases itself on what is required in the environmental assessment in reference to levels of emission of associated electromagnetic waves and also in the urbanistic and environmental area.

28. Environment (not audited), continued

The 2019-2022 environmental investment plan was activated at a national level, for comprehensive management of hazardous waste generated due to the implementation and operation of production processes at Telefónica's technical sites. This plan addresses from the generation of waste to its segregation and transitory storage up to transportation to its final disposal, with adequate infrastructure and with the corresponding environmental authorizations. The plan also includes improvements to the current fuel storage facilities.

The regime established by Law No 20,920 Framework for Waste Management, the Extended Responsibility of the Producer and Encouragement of Recycling, places special attention on the wording of the Regulations that are in the process of being dictated and which will implement its content, especially the regime of extended producer responsibility (which is applicable only to a group of priority products), as well as the control procedures for cross-border movement of dangerous and non-dangerous waste.

For the purpose of evaluating the impact that this regulation might have on the current operations of subsidiary Telefónica Chile and, particularly, regarding its waste management, we have seen drafts of the contracts and tender documents existing to date.

The Company is in the process of evaluating each phase contemplated by Law to identify and quantify its impact, As of December 31, 2019 the Company's expenditures in relation to the implementation of the corresponding phases are not significant.

29. Risk management

As of June 14, 2019, the company underwent the oversight process in respect to ISO 14001:2015 International Certification, which is valid up to 2021, in conformity with the implementation of an Environmental Management System for Telefónica Chile. This certification is full scope, and provides the Company with coverage from the design stage to deployment and maintenance of the mobile network, plus marketing of Telecommunication Services and right up to our end customers. We continue progressing with the environmental management system deployment at a national level, complemented by the environmental mitigation plan that allows the Company to assess and address environmental risks at all the technical establishments of Telefónica.

a) Characterization of the market and competition

The Company faces strong competition in all its business areas and believes that this high level of competitiveness will be maintained, In order to confront this situation, the Company permanently adapts its business strategies and products, seeking to satisfy the demands of its current and potential customers, innovating and developing excellence in its attention.

The mobile telephone market is comprised of nine operators, of which four have their own network and the rest correspond to virtual mobile operators (VMO),

Operators with their own network are: Telefónica Móviles Chile S,A, (Movistar), owned by the Telefónica Group; Entel S,A,, owned by the Almendral Group; Claro, belonging to the América Móvil Group and WOM (formerly Nextel which in March 2015 was sold to the English group Novator Partners LLP.

29. Risk management, continued

a) Characterization of the market and competition, continued

There are five in total Virtual Mobile Operators. In 2012 Virgin Mobile, Netline (GTEL) and GTD Móvil entered the market. At the end of 2013, VTR signed a contract with Movistar to provide roaming services. In April 2015, VMO Simply began commercial operations.

Mobile Voice

At the end of the fourth quarter of 2019, it is estimated that the mobile telephone market will have close to 27,3 million accesses, with an increase of +0.2% in comparison to the same period the year before, With this, mobile telephone penetration per 100 inhabitants would reach 145.6%, representing a decrease of -1.05 percentage points in a year.

Prepayment customers present a decrease in the industry, caused by the commercial strategy of the companies to accelerate the migration of these customers to postpaid plans. When comparing the fourth quarter of 2018 and 2019, prepay customers decreased by -1,235 thousand customers, whereas customers with contracts grew by +1,292 thousand customers. The proportion of prepayment closed at 54.4% over total customers in the market, decreasing -4,65 percentage points in comparison to December 2018.

Mobile Internet

Mobile Internet access experienced a high level of growth thanks to the higher penetration of smartphones with 3G and 4G technology, which allow better Internet navigation in the device, It is estimated that the number of units connected to Mobile Internet will reach 19,1 million as of December 2019, growing +3.5% in respect to fourth quarter of 2018. With the above, market penetration per inhabitant is 102.2%, increasing +2.50 percentage points in a year.

b) Competition Risk

The mobile voice business is at a maturing stage, but without decreasing its dynamism due to the effects of portability and the entry of new operators. This has caused companies to intensify the competition and improve their offers in order to maintain customers and capture the new ones that are being incorporated to the mobile market.

In the fourth quarter of 2019, there were more than 817 thousand mobile porting instances. Mobile portability since December 2019 has accumulated 19.0 million of ported customers, which is equivalent to 69.7% of total mobile voice customers in the industry.

29. Risk management, continued

c) Regulatory Environment

The installation, operation and exploitation of telecommunications services located in the national territory are framed in General Telecommunications Law 18,168, and its complementary regulations. Through the Undersecretary of Telecommunications (Subtel), the Ministry of Transportation and Telecommunications, applies and controls that regulation.

i) Telecommunications tariff system

In accordance with Law 18.168 (General Telecommunications Law), mobile service tariffs are free and set by the market. Interconnection tariffs between operators are established by the Ministries of Economy, Transportation and Telecommunications.

In the case of mobile telephone services, the current Decree is applicable from January 26, 2019 for a five-year term.

In the case of fixed telephone service, the current Decree is applicable from May 9, 2019 for a five-year term.

ii) Spectrum Allocation

There are two mechanisms for allocating frequencies in Chile: direct allocation and allocation through public tender.

The Company has telecommunications concessions that allow it to operate in the 850 MHz, 1,900 MHz, 2,600 MHz, 700 Mhz frequency bands, which are granted by the Ministry of Transportation and Telecommunications.

In the case of the 700 Mhz concession, the complaint filed by the Association of Consumers (Conadecus) was resolved in 2019 through the surrender of two 3.500 MHz band concessions (in the south part of the country) and the future tender of 10 MHz in the 1.900 MHz band in accordance with the tender documents that Telefónica presented to Subtel and to the Antitrust Commission ("TDLC") in November 2019 and which have not yet been approved.

On December 5, 2019 the TDLC dictated Resolution 59-2019, through which it established new spectrum caps. Among the main aspects, the TDLC's resolution dictates the following:

- A structure of 5 macro-bands was established: Low (lower than 1 GHz); Medium Low (from 1 to 3 GHz); Medium (from 3 to 6 GHz); Medium High (from 6 to 24 GHz) and High (higher than 24 GHz).
- For low bands, a 35% spectrum holding cap was established by operator.
- For the medium low bands a maximum cap of 30% was established.

29. Risk management, continued

c) Regulatory Environment, continued

ii) Spectrum Allocation, continued

- For medium bands, which include 3.500 MHz, short, medium and long-term measures were established. In the short-term, Subtel will not be able to auction contiguous blocks which, in total are less than 40 MHz per operator and, in a first auction, it must have at least 80 MHz, to ensure the existence of a minimum of two operators. In the mid-term, it must ensure that there are at least 4 operators with a minimum of 40 contiguous MHz per operator. Finally, in the long-term, there will be a maximum cap of 30% for this macro-band, with a minimum of 80 contiguous MHz per operator.
- There are no caps for medium high bands, due to their lack of attribution and allocation for mobile services in the bands that compose it. Once Subtel has attributed spectrum it must once again consult the TDLC in order to establish the cap for this macro-band.
- There are also short, medium and long-term special measures established for high bands. In the short-term, Subtel must ensure the allocation of contiguous blocks, which in total must not be less than 400 MHz per operator. In the mid-term, Subtel must ensure the existence of at least 4 operators with a minimum of 400 contiguous MHz in this macro-band. In the long-term, there will be a cap of 25% and Subtel must ensure that there are at least 4 operators with a minimum of 800 contiguous MHz each.

Resolution 59-2019 issued by the TDLC was appealed before the Supreme Court by consumer organization Conadecus and by operators WOM and Netline, and is currently being reviewed by that court.

On the other hand, on May 13, 2019 Subtel called a Citizen Consultation on the 5G tender, so that the interested parties could contribute. On January 14, 2020 Subtel called a new consultation on the same issue.

In addition, in August 2019, the TDLC held an allegations hearing in relation to the non-contentious consultation made by Telefónica Móviles Chile S.A. regarding the decisions adopted by Subtel on the use of the spectrum in the 3.400–3.600 MHz band (where it first suspended the use of the band and subsequently freed part of this spectrum for use by fixed Wireless services). After this, the issue went into the analysis stage for the resolution that must be issued by that Tribunal in the following months.

1. New Law: Minimum guaranteed Internet access speed

The Bill was approved by the National Congress and published in the Official Gazette on November 25, 2017.

The new law mainly establishes that:

- i. A percentage of the speed offered for the different time segments, with more or less congestions, must be guaranteed in respect to domestic and international connections both wired and wireless.
- ii. Contracts with users must establish average speeds and the main technical characteristics of the service.

29. Risk management, continued

c) Regulatory Environment, continued

ii) Spectrum Allocation, continued

1. New Law: Minimum guaranteed Internet access speed, continued

- iii. Users must have a system or application available that allows them to measure those speeds and associated technical parameters, which will have the weight of legal presumption for the purpose of resolving complaints, all in conformity with the technical regulation dictated by the Telecommunications Undersecretary.
- iv. An Independent Technical Organization (“OTI” in Spanish) will measure service quality. This organization will be financed by service operators.
- v. In order to be an Internet access supplier, the company is required to be a Public or Intermediate Telecommunications Service concessionary.

Law 21.046 also establishes the dictation of a Regulation regulating the implementation of those obligations.

On December 20, 2019 Subtel submitted for review of the Controllershship, the Regulation on Organization, Operation and Tendering of the Independent Technical Organization (OTI), which focuses on the creation, governance and tendering of that organization, which is in charge of performing centralized measurement of speed and other technical parameters. The technical aspects of the speed measurements, both the individual measurements that users will take and the centralized service quality measurement, are delayed for subsequent regulation. The full operation of the Law will begin after enactment of this Regulation and the Technical Standard.

2. Law on Removal of Cables that are not in use

After concluding its legislative process, the bill that obligates telecommunication services concessionaries and permit holders to make themselves responsible for the adequate installation, identification, modification, maintenance, order and transportation of aerial and underground cables associated to telecommunications services was published as new law 21.172, in Official Gazette on August 20, 2019.

Subtel has begun a discussion panel to dictate the new regulation that will allow the application of the new Law to operate.

3. Bill on the use of facilities for the Providing of Virtual Mobile Operation and Automatic National Roaming

In August the Executive power sent a bill for legislative processing which establishes the obligation to allow access and use of facilities for the providing of virtual mobile operation and automatic national roaming.

The bill was approved in the Senate and on October 1, 2019 it went on to the second constitutional process in the Chamber of Deputies.

29. Risk management, continued**d) Technological changes**

The telecommunications industry is a sector that is subject to quick and important technological progress and the introduction of new products and services. The industry's growth has been driven, to a great extent, by the need of customers to be connected through mobile devices. This translates into a demand for permanent investment to allow the Company to stay on the leading edge of technology, Subsidiaries Telefónica Chile S.A. and Telefónica Móviles Chile S.A. are constantly assessing the incorporation of new technologies to the business, taking into consideration both the costs and benefits.

e) Level of Chilean economic activity

Since the Company's operations are located in Chile, these are sensitive to and dependent on the country's level of economic activity, In periods of low economic growth, high unemployment rates and reduced internal demand, there has been a negative impact on the local and long distance telephone traffic, as well as on the level of customer default.

f) Financial risk management objectives and policies

The Company's main financial liabilities, in addition to derivatives, comprise bank loans and bond obligations, payables and other payables, The main purpose of those financial liabilities is to obtain financing for the Company's operations, The Company has trade receivables, cash and short-term deposits, which arise directly from its operations,

The Company also has investments held for sale and derivative transactions, The Company is exposed to market risk, credit risk and liquidity risk,

The Company's Management supervises that financial risks are identified, measured and managed in accordance with defined policies, All activities derived from risk management are carried out by specialist teams with adequate skills, experience and supervision, It is the Company's policy that there is no commercialization of derivatives for speculative purposes,

The policies for managing such risks, which are reviewed and ratified by the Board of Directors, are summarized below:

Market Risk

Market risk is the risk of fluctuation in the fair value of future cash flows of a financial instrument due to changes in market prices. Market prices comprise three types of risks: interest rate risk, exchange rate risk and other price risks, such as equity risk. Financial instruments affected by market risk include loans, deposits, investments held for sale and derivative financial instruments.

29. Risk management, continued

f) Financial risk management objectives and policies, continued

Interest rate risk

Interest rate risk is the risk of fluctuation in the fair value of future cash flows of a financial derivative due to changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is mainly related to the Company's long-term debt obligations with variable interest rates.

The Company manages its interest rate risk maintaining a balanced portfolio of loans and debts at variable and fixed interest rates. The Company has interest rate swaps in which it agrees to interchange, at certain intervals, the difference between the amounts of fixed and variable interest rates, calculated in reference to a notional agreed upon capital amount. These swaps are designated to hedge underlying debt obligations,

The Company periodically determines the efficient exposure to short and long-term debt due to changes in interest rates, considering its own expectations regarding future evolution of rates. As of December 31, 2019, the Company had 51% of its current and non-current financial debt accruing interest at a fixed rate.

The Company believes it is reasonable to measure the risk associated to interest on the financial debt such as the sensitivity of the monthly financial accrual expense in case of a change of 25 basic points in the reference interest rate of the debt, which as of December 31, 2019 corresponds to the Nominal Average Chamber Rate (TCPN) ("Tasa Promedio de Cámara Nominal"). In this manner, an increase of 25 basic points in the monthly TCPN would mean an increase in the monthly financial accrual expense for 2020 of approximately ThCh\$ 67.734, whereas a decrease in the TCPN would mean a reduction of ThCh\$ 67.734 in the monthly financial accrual for year 2020.

Foreign currency risk

Foreign currency risk is the risk that the future fair values or cash flows of a financial instrument may fluctuate due to exchange rate. The Company's exposure to exchange variation risks is related mainly to obtaining short and long-term financial debt in foreign currency and to a lesser extent to its operating activities. The Company's policy is to negotiate derivative financial instruments to help minimize this risk.

Credit risk

Credit risk is the risk that a counterpart may not fulfill its obligations under a financial instrument or customer contract, which leads to a financial loss. The Company is exposed to credit risk from its operating activities (mainly due to receivables and credit notes) and from its financial activities, including bank deposits, transactions in foreign currency and other financial instruments.

Credit risks related to customer loans is managed in accordance with the policies, procedures and controls established by the Company to manage customer credit risk. Customer credit quality is evaluated in an ongoing manner. Outstanding customer charges are supervised. The maximum exposure to credit risk as of the report presentation date is the value of each class of financial asset.

29. Risk management, continued**f) Financial risk management objectives and policies, continued****Credit risk, continued**

Credit risk related to balances with banks, financial instruments and negotiable values is managed by the Finance Management Department in conformity with the Company's policies. Surplus funds are only invested with an approved counterpart and within the credit limits assigned to each entity. Counterpart limits are reviewed annually, and can be updated during the year.

The limits are established to reduce counterpart risk concentration.

Liquidity risk

The Company monitors its risk of lack of funds using a recurrent liquidity planning tool. The Company's objective is to anticipate the financing needs and maintain an investment profile that allows it to cover its obligations.

Capital management

The capital includes shares and equity attributable to the equity of the parent less unearned income reserves.

The Company's main objective in respect to capital management is to ensure that it maintains a strong credit rating and prosperous capital ratios to support its businesses and maximize shareholder value. Return on equity (income/total average equity) is 6.10% as of December 2019, with a decrease of 0.5% in comparison to December 2018, where it reached 6.60%. This is mainly due to a decrease profits attributable to the owners of MCh\$3,568,365 to the higher financial expense in comparison to the previous year, mainly due to higher cost of sales of the portfolio and implementation of IFRS 16.

The Company manages its capital structure and makes adjustments to it, in response to changes in economic conditions.

There were no changes in the objectives, policies or processes during the years ended as of December 31, 2019 and 2018.

30. Subsequent events

The consolidated financial statements of Telefónica Móviles Chile S,A, and subsidiaries, as of December 31, 2019, were approved and authorized for issuance at the Board of Directors Meeting held on January 31, 2020.

On January 31, 2020, the Company's Board of Directors approved the following:

- a) Propose the establishment of a subsidiary whose name will be InfraCo SpA whose objective will be the operation and commercialization of intermediate telecommunications services on a fiber optics network.
- b) Capital increase of 24,227,357,309, registered cash shares, without par value equivalent to Ch\$35,000,000,000. For this purpose it agreed to call an Extraordinary Shareholders' Meeting on February 3, 2020.

In the period from 1 to 31 of January of 2020, there have been no other significant subsequent effects that affect these consolidated financial statements.

Julio Jorge Vega
Accounting Manager

Rafael Zamora Sanhueza
Director of Finance and Management Control

Roberto Muñoz Laporte
General Manager