



TELEFÓNICA MÓVILES CHILE S.A. AND SUBSIDIARIES

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended as of
December 31, 2020 and 2019

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ThCh\$: Thousands of Chilean Pesos

MCh\$: Millions of Chilean Pesos

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2020 and 2019



	Notes	12.31.2020 ThCh\$	12.31.2019 ThCh\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	(5)	465,809,329	234,466,421
Other current financial assets	(6)	10,487,114	24,825,391
Other current non-financial assets	(7)	71,616,996	41,026,188
Current trade and other accounts receivable	(8a)	234,486,698	233,716,006
Current receivables from related companies	(9a)	9,099,951	21,109,235
Inventory	(10a)	67,436,585	59,288,009
Current tax assets	(11b)	14,137,836	7,531,100
Current assets or assets groups for disposal classified as held for sale	(18)	6,823,255	-
TOTAL CURRENT ASSETS		879,897,764	621,962,350
NON-CURRENT ASSETS			
Other non-current financial assets	(6)	165,091,624	195,990,996
Other non-current non-financial assets	(7)	57,495,188	13,037,001
Non-current trade and other accounts receivable	(12a)	23,323,922	27,422,344
Intangible assets other than goodwill, net	(13a)	142,413,233	159,339,848
Goodwill	(14)	504,774,872	504,774,872
Property, plant and equipment, net	(15a)	1,153,562,933	1,226,827,465
Investment properties	(16)	4,098,412	-
Right of-use assets	(17)	187,317,843	221,022,849
Deferred tax assets	(11c)	117,547,492	116,368,421
TOTAL NON-CURRENT ASSETS		2,355,625,519	2,464,783,796
TOTAL ASSETS		3,235,523,283	3,086,746,146

The accompanying notes 1 to 36 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2020 and 2019



	Notes	12.31.2020 ThCh\$	12.31.2019 ThCh\$
LIABILITIES			
CURRENT LIABILITIES			
Other current financial liabilities	(19)	256,848,790	126,078,253
Current leases liabilities	(20)	61,503,041	78,739,697
Trade and other payables	(21a)	353,691,526	304,290,564
Current payables to related companies	(9b)	59,548,404	66,055,208
Other current provisions	(23a)	5,494,711	1,601,625
Current tax liabilities	(11f)	7,660,502	5,252,731
Current employee benefits accrual	(24a)	11,091,202	9,397,635
Other current non-financial liabilities	(25)	50,016,178	51,935,045
TOTAL CURRENT LIABILITIES		805,854,354	643,350,758
NON-CURRENT LIABILITIES			
Other non-current financial liabilities	(19)	755,603,039	783,162,410
Non current leases liabilities	(20)	98,438,384	122,547,855
Trade and other payables non-current	(21a)	1,160,617	2,160,741
Current payables to related companies non-current	(9c)	40,801,985	38,027,645
Other non-current provisions	(23b)	17,265,245	18,800,555
Deferred tax liabilities	(11c)	95,702,933	93,901,530
Non-current employee benefits accrual	(24a)	25,399,311	26,723,862
Other non-current non-financial liabilities	(25)	5,652,851	7,656,136
TOTAL NON-CURRENT LIABILITIES		1,040,024,365	1,092,980,734
TOTAL LIABILITIES		1,845,878,719	1,736,331,492
NET SHAREHOLDERS' EQUITY			
Issued capital	(26a)	1,364,872,285	1,329,872,285
Retained earnings		494,586,414	472,507,995
Other reserves	(26d)	(475,474,018)	(457,825,500)
Shareholders' equity attributable to owners of the parent		1,383,984,681	1,344,554,780
Non-controlling interest	(26e)	5,659,883	5,859,874
TOTAL NET SHAREHOLDERS' EQUITY		1,389,644,564	1,350,414,654
TOTAL NET LIABILITIES & SHAREHOLDERS' EQUITY		3,235,523,283	3,086,746,146

The accompanying notes 1 to 36 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

As of December 31, 2020 and 2019



For years ended December 31,

	Notes	2020 ThCh\$	2019 ThCh\$
STATEMENTS OF COMPREHENSIVE INCOME			
Income from ordinary operations	(28a)	1,430,183,582	1,503,478,490
Other income	(28b)	18,971,119	29,082,196
Employee benefits expenses	(24d)	(131,388,429)	(123,066,124)
Depreciation and amortization expense	(13b) (15b) (17)	(328,472,644)	(330,619,898)
Impairment losses (reversal of impairment losses)	(29a)	(63,485,408)	(64,755,029)
Other expenses, by nature	(29b)	(829,806,878)	(856,445,321)
Profit from operating activities		96,001,342	157,674,314
Interest income	(30a)	3,957,798	5,346,785
Interest expense	(30a)	(51,028,184)	(50,781,750)
Foreign exchange differences	(30b)	(342,137)	(1,259,091)
Income from indexation units	(30b)	376,010	(371,139)
Profits before tax from continuing operations		48,964,829	110,609,119
Income tax expense	(11e)	(17,012,510)	(28,143,608)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		31,952,319	82,465,511
Profit attributable to holders of equity instruments of the controller and minority interest:			
Profit attributable to parent owners		31,974,809	82,221,847
Profit attributable to non-controlling interest	(26e)	(22,490)	243,664
PROFIT (LOSS)		31,952,319	82,465,511
EARNINGS PER SHARE			
Earnings per basic share			
Earnings per basic share for continuing operations	(27)	0.033	0.088
Earnings per basic share for discontinuing operations			
Earnings per basic share		0.033	0.088
Diluted earnings per share			
Diluted earnings per share from continuing operations		0.033	0.088
Diluted earnings per share from discontinuing operations			
Diluted earnings per share		0.033	0.088

The accompanying notes 1 to 36 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

As of December 31, 2020 and 2019



	2020	2019
	ThCh\$	ThCh\$
STATEMENTS OF OTHER COMPREHENSIVE INCOME		
PROFIT (LOSS)	31,952,319	82,465,511
OTHER COMPREHENSIVE INCOME		
Components of other comprehensive income that will not be reclassified to income for the year		
Other comprehensive income, before taxes. profits (losses) on new measurements of defined benefits plans	(250,269)	(2,397,133)
Other comprehensive income, before taxes. profits (losses) from investment in equity instruments	(1,877,979)	891,517
Total other comprehensive income that will not be reclassified to income for the year	(2,128,248)	(1,505,616)
Components of other comprehensive income that will be reclassified to income for the year		
Profit (loss) on cash flow hedges	(21,485,067)	1,113,162
Total Components of other comprehensive income that will be reclassified to income for the year	(21,485,067)	1.113.162
Total other components of other comprehensive income. before taxes	(23,613,315)	(392,454)
Income taxes associated to components of other comprehensive income which will not be reclassified to income for the year		
Income taxes associated to new measurements of defined benefits plans of other comprehensive income	67,573	647,226
Total income taxes associated to components of other comprehensive income which will not be reclassified to income for the year	67,573	647.226
Income taxes associated to components of other comprehensive income which will be reclassified to income for the year		
Income tax related to hedging cash flows from other comprehensive income	5,800,968	(300,554)
Total income taxes associated to components of other comprehensive income	5,868,541	346,672
TOTAL OTHER COMPREHENSIVE INCOME	(17,744,774)	(45,782)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	14,207,545	82,419,729
COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Comprehensive income attributable to parent owners	14,326,291	82,123,772
Comprehensive income attributable to non-controlling interest	(118,746)	295,957
TOTAL COMPREHENSIVE INCOME	14,207,545	82,419,729

For years ended December 31,

The accompanying notes 1 to 36 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

As of December 31, 2020, and 2019



	Changes in capital (Note 26 a)	Changes in the other reserves (Note 26 d)					Retained earnings	Equity attributable to parent owners	Non controlling interests (Note 26 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				
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Balance at the beginning of the year	1,329,872,285	1,099,249	(9,945,809)	2,155,257	(451,134,197)	(457,825,500)	472,507,995	1,344,554,780	5,859,874	1,350,414,654
Changes in equity										
Comprehensive income										
Profit	-	-	-	-	-	-	31,974,809	31,974,809	(22,490)	31,952,319
Other comprehensive income	-	(15,604,784)	(181,893)	(1,861,841)	-	(17,648,518)	-	(17,648,518)	(96,256)	(17,744,774)
Comprehensive income	-	(15,604,784)	(181,893)	(1,861,841)	-	(17,648,518)	31,974,809	14,326,291	(118,746)	14,207,545
Dividends	-	-	-	-	-	-	(9,896,390)	(9,896,390)	(81,245)	(9,977,635)
Capital increase	35,000,000	-	-	-	-	-	-	35,000,000	-	35,000,000
Other increase (decrease) from transfers and other changes	-	-	-	-	-	-	-	-	-	-
Total changes in shareholders' equity	35,000,000	(15,604,784)	(181,893)	(1,861,841)	-	(17,648,518)	22,078,419	39,429,901	(199,991)	39,229,910
Ending balance as of 12.31.2020	1,364,872,285	338,921	(10,127,702)	293,416	(451,134,197)	(475,474,018)	494,586,414	1,383,984,681	5,659,883	1,389,644,564
Balance at the beginning of the year	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	760,328	(1,742,258)	883,855	-	(98,075)	6,925,461	41,827,386	255,319	43,082,705
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	1,344,554,780	5,859,874	1,350,414,654

(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

The accompanying notes 1 to 36 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

As of December 31, 2020 and 2019



For years ended December 31,

	Notes	2020 ThCh\$	2019 ThCh\$
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Types of operating activity charges			
Proceeds from sale of assets and services rendered		1,671,892,477	1,691,896,380
Proceeds from sales and services		1,645,061,924	1,682,989,446
Proceeds from related entities		26,830,553	8,906,934
Types of payments		(1,229,421,710)	(1,256,985,977)
Payments to suppliers for supplying goods and services		(853,105,300)	(905,620,232)
Payments to and on account of employees		(132,549,685)	(139,507,678)
Payments from related entities		(86,510,137)	(66,636,771)
Other operating activities payments (1)		(157,256,588)	(145,221,296)
Net cash flows provided by (used in) operating activities		442,470,767	434,910,403
Income taxes paid		(14,725,930)	(5,132,567)
Cash flows provided by (used in) operating activities		427,744,837	429,777,836
CASH FLOWS PROVIDED BY (USED IN) INVESTMENT ACTIVITIES			
Amounts from sales of property, plant and equipment		20,366,682	43,869,046
Additions to property, plant and equipment		(240,247,185)	(337,363,749)
Interest received		2,359,870	3,481,643
Dividends received		404,452	597,255
Other cash inputs (outputs)		1,000	-
Net cash flows provided by (used in) investment activities		(217,115,181)	(289,415,805)
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES			
(Payments) collections loans to related entities		614,640	179,898
Proceeds from loans		221,077,366	-
Reimbursement of loans, classified as financing activities		(124,335,600)	(47,000,000)
Proceeds from shares issued		35,000,000	35,000,000
Lease obligation payments in accordance with IFRS 16		(82,221,737)	(41,819,955)
Interest paid (2)		(32,075,484)	(31,920,362)
(Payments) dividends		(81,249)	(75,040,625)
Other cash inputs (outputs)		2,735,316	(8,671,023)
Net cash flows provided by (used in) financing activities		20,713,252	(169,272,067)
Increase (decrease) in cash and cash equivalents, before the effects of changes in the exchange rate		231,342,908	(28,910,036)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		231,342,908	(28,910,036)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(note 5)	234,466,421	263,376,457
CASH AND CASH EQUIVALENTS AT END OF YEAR	(note 5)	465,809,329	234,466,421

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

(2) Corresponds to interest paid on bonds and loans, (See note 18.)

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements

1. 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 become the owner 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 Internacional Holding SpA is an indirect subsidiary of Telefónica S.A., which has its headquarters in Spain.

The subsidiary registered in the Securities Registry is:

Subsidiary	Taxpayer No.	Registration No.	Participation percentage (direct and indirect)	
			12.31.2020 %	12.31.2019 %
Telefónica Chile S.A.	90.635.000-9	009	99.1405597	99.140.5597

2. Significant accounting principles:

a) Accounting period

These consolidated financial statements (hereinafter, “financial statements”) cover the years ended December 31, 2020 and 2019.

b) Basis of presentation

The consolidated financial statements for December 31, 2020 and 2019 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 2019 financial statements, for better comparison with the financial statements as of December 31, 2020.

c) Basis of preparation

The financial statements as of December 31, 2020 and 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

2. Significant accounting principles, continued

c) Basis of preparation, continued

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 where 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 year. 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 year.

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 year, detailed as follows:

DATE	USD	EURO	REAL	UF
12.31.2020	710.95	873.30	137.33	29,070.33
12.31.2019	748.74	839.58	186.51	28,309.94

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. For its part, minority investments have been recognized under "Non-controlling Interests" (note 26e).

2. Significant accounting principles, continued:

e) Basis of consolidation, continued

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 (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 12.31.2020			12.31.2019 Total
				Direct	Indirect	Total	
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
77.122.635-3	InfraCo SpA (1)	Chile	CLP	-	100.0000000	100.0000000	-

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.

(1) On January 31, 2020, company InfraCo SpA was established, in which Telefónica Chile S.A. subscribed all of its shares, obtaining 100% interest in this company.

Notes to the consolidated financial statements, continued

As of December 31, 2020 and 2019



2. Significant accounting principles, continued

e) Basis of consolidation, continued

The summarized financial information at December 31, 2020 of the companies included in the consolidation is as follows:

Taxpayer No.	Company Name	% Participation (*)	Currents assets ThCh\$	Non-currents assets ThCh\$	Total Assets ThCh\$	Currents liabilities ThCh\$	Non-currents liabilities ThCh\$	Total liabilities ThCh\$	Equity ThCh\$	Revenues from ordinary operations ThCh\$	Profit (loss), Net ThCh\$
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA	100,0000000	2,967,682	391,927	3,359,609	1,714,972	2,898	1,717,870	1,641,739	627,152	(479,756)
78.703.410-1	Telefónica Empresas Chile S.A.	99,9999973	228,610,365	81,310,339	309,920,704	212,360,72	3,806,864	216,167,590	93,753,114	304,759,051	(8,542,224)
90.635.000-9	Telefónica Chile S.A.	99,1405597	316,404,432	1,248,430,748	1,564,835,180	245,221,566	657,269,617	902,491,183	662,343,997	421,564,481	(1,757,522)
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	100,0000000	111,347,798	49,889,213	161,237,011	67,602,402	28,432,406	96,034,808	65,202,203	176,973,250	5,456,354
77.122.635-3	InfraCo SpA (1)	100,0000000	1,000	-	1,000	-	-	-	1,000	-	-

(*) Direct and indirect participation.

(1) On January 31, 2020, Telefónica Chile S.A. purchased a million registered shares of InfraCo SpA, obtaining 100% interest in this company.

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 ThCh\$	Non-currents assets ThCh\$	Total Assets ThCh\$	Currents liabilities ThCh\$	Non-currents liabilities ThCh\$	Total liabilities ThCh\$	Equity ThCh\$	Revenues from ordinary operations ThCh\$	Profit (loss), Net ThCh\$
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA	100,0000000	9,106,405	213,155	9,319,560	7,218,270	3,829	7,222,099	2,097,460	1,448,784	79,387
78.703.410-1	Telefónica Empresas Chile S.A.	99,9999973	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
90.635.000-9	Telefónica Chile S.A.	99,1405597	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
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	100,0000000	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

(*) Direct and indirect participation.

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.

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

1. Financial assets other than derivatives, continued

Classification and presentation, continued

i) Amortized cost, continued

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.

Cash and cash equivalents recognized in the financial statements includes cash balances, checking accounts, time deposits and investments in instruments with original maturity of ninety days 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. Significant accounting principles, continued

f) Financial assets and liabilities, continued

2. Financial liabilities, continued

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 and fair value through profit or loss.

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.

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 to 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 22,2).

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

3. Derivative financial instruments

The Company holds hedge derivatives to manage its exposure to interest and/or exchange rate risks (see Note 21.2) 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.

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

3. Derivative financial instruments, continued

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.

Hedging the risk associated with the variation of exchange rates in a firmly committed transaction, may be treated as a fair value hedge or cash flow hedge, indistinctly.

Variations in the fair value of derivatives that have been designated and meet the requirements for being treated as fair value hedge instruments, are recorded in the comprehensive income statement offsetting 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 income statement to the extent that the underlying has an impact on the comprehensive income statement for the hedged risk, offsetting that effect. The part of the hedge considered to be ineffective is recorded directly in the comprehensive income statement.

The Company formally documents, at the initial moment, the hedging relationship between the derivative and the hedged item, as well as the objectives and risk management strategies pursued when 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 item, either 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 derivatives portfolio reflects estimates based on calculations made from observable market data, using specific assessment and risk management tools widely used among diverse financial entities.

2. Significant accounting principles, continued

g) Inventory

Materials for consumption and replacement are valued at their weighted average cost or at net realizable 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 rotation of equipment and accessories. According to the Company's policies, a provision has been made for inventories whose age since the purchase is greater than 360 days and whose rotation is greater than 12 months. Likewise, stored scrapped products or accessories are considered to be a total loss.

h) Non- Current assets classified as held for sale

Non-current assets held for sale are measured at the lower of their book value and fair value less the cost of sales. Assets are classified in this account when their book value can be recovered through a very probable sale transaction, immediately available in their present condition. Management must be committed to a plan to sell the asset and a program to find a purchaser and complete the plan must have actively begun. Also it must be expected that the sale will qualify for full recognition.

Property, plant and equipment assets classified as held for sale are not depreciated.

i) Impairment of non-current assets

At each year-end, non-current assets are evaluated for signs of possible impairment. If such signs 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 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.

j) 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

j) Leases, continued

1) Initial recognition, continued

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 in income as an expense, based on accrual of the service. Short-term leases are those that are equal to or less than 12 months (that do not contain a purchase option). Low value assets comprise equipment for information processes, office furniture and equipment.

k) Income taxes

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

Tax assets and liabilities for the current and prior periods are measured at the amount the Company estimates it will recover or pay to tax authorities. Tax rates and government regulations used to calculate these amounts are those in force as of each year, being 27% as of December 31, 2020 and 2019, respectively.

2. Significant accounting principles, continued

k) Income taxes, continued

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, the tax loss from previous periods can be used in the future as a tax benefit with no expiration period.

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.

l) Goodwill

Represents the difference between the acquisition cost and the fair values 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. The impairment test, which is based on fair value, is performed for each cash generating unit, for which the goodwill has been allocated. If that fair value is less than the carrying amount, an irreversible impairment loss is recognized in the income statement.

Impairment testing was determined considering the following estimated variables:

- i) Forecasted operating revenue and costs are based on the Strategic Plan for 2020, 2021 and 2022, forecasting a fourth and fifth year as terminal value. These projections have been made considering the Company's best estimates, using sectorial projections, historical behavior of the business and future expectations.
- ii) Cash flow projections are made at a terminal value, covering a 5-year period, with the last period being the terminal value.
- iii) The rate used to discount future cash flows considers the time value of money and the individual risks of the assets under analysis.
- iv) The valuation is determined using the value in use (VU) mechanism, which requires that the VU be determined using the net present value of the cash flows that the Company expects to receive from the Cash Generating Unit (CGU). Telefónica Chile S.A. and its subsidiary Telefónica Empresas Chile S.A. have been considered to be a CGU and provide fixed broadband, television, fixed telephone and technology services for companies.

2. Significant accounting principles, continued

m) Investment properties

Investment properties correspond to buildings held for the purpose of obtaining income instead of using them in the production process, or in the supply of goods or services, or for administrative purposes, or to sell them in the course of the Company's ordinary activities.

If the elements can be disaggregated for rental, they receive a separate accounting treatment. They are recognized as an asset when it is probable that they will generate future benefits that will flow to the Company and their cost can be reliably measured.

Investment properties are initially recognized at cost, and the standard subsequently establishes two valuation alternatives, at fair value or cost. The latter includes the original cost, plus accumulated amortization, less accumulated impairment losses.

The criterion chosen by the Telefónica Group is to value them at cost.

n) Intangibles

i) Administrative concessions

Concession licenses correspond to the cost incurred to obtain mobile cellular telephone public services concessions. They are registered 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 software

This item 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 under development 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 customers. These intangible assets under development are recorded at acquisition cost plus all costs associated to their implementation and are amortized over the period in which their use is expected to generate income.

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.

2. Significant accounting principles, continued

n) Intangibles, continued

ii) Licenses and software

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

There are no restrictions on ownership of software licenses or the right of use of underwater cable, and they have not been pledged as guarantee of compliance with obligations.

ñ) 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 of the asset, recognizing the corresponding dismantling provision.

Changes in the valuation of the existing dismantling liabilities, derived from changes in the amount or in the temporary structure of the outflow of resources that incorporate economic benefits required to cancel 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 book value. If the decrease in the liability should exceed the book value of the asset, the excess is immediately recognized in income for the year.

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

Interest and other financial expenses incurred and directly attributable to the acquisition or construction of qualifying assets, may be 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 end of the 2020 and 2019, years there are no capitalized interests.

2. Significant accounting principles, continued

ñ) 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 year in which they are incurred.

Property, plant and equipment assets do not have ownership restrictions and are not used as guarantees of compliance with obligations.

o) 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 10.12% and 11.10% at December 31, 2020 and 2019, respectively.

Estimated useful lives are summarized as follows:

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, as well as the methods and applied amortization periods are reviewed as of each closing year and, if appropriate, adjusted prospectively.

p) Provisions

i) Post-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 a nominal annual discount rate of 3.65% and 3.59% at December 31, 2020 and 2019 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

p) 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 obligation. 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 implicit 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 tacit, derived from, among other factors, regulations, contracts, customary practices or public commitments that create a valid expectation before third parties that the Company will assume certain responsibilities.

q) 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 comes mainly from the provision of the following services:

i) Telecommunications

It is composed of voice and data packages, international business (carrier payments), multiservice network and capacities, pay TV, 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 revenues generated only by traffic, they are recorded as they are consumed.

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

2. Significant accounting principles, continued

q) Income and expenses, continued

i) Telecommunications, continued

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

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

Interconnection income derived from fixed-mobile and mobile-fixed calls, as well as from other services used by customers, are recognized in the period in which they make said calls.

The Company has current agreements with foreign correspondents, with which the conditions governing international traffic are set, and the same is charged or paid in accordance with the net traffic exchanges and at the rates set in each agreement. Accounting for this exchange is carried out on an accrual basis, recognizing costs and income in the year in which they are produced, recording the balances receivable or payable for each correspondent in the headings of "Accounts trade receivables and other accounts receivable" and "Accounts receivable from related entities, current" or "Trade creditors and Other accounts payable" and "Accounts payable to entities related, current", as applicable.

In the case of prepayment, the amount corresponding to the paid traffic pending generates a deferred income which is recorded within liabilities. Electronic top-ups usually have an expiry period of up to 90 days, and any unused prepaid traffic is recognized directly in income when traffic is consumed or when the top-up expires, since from 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 year. Rentals and other services are recognized as income as the service is provided.

In accordance with IFRS 15, income from 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, it is estimated that they will be recovered, they can be allocated to a contract and it is estimated that they will be amortized over more than one year. In addition, the Company will recognize an asset for contract compliance costs as long as these are directly identified with a specific contract,

2. Significant accounting principles, continued

p) Income and expenses, continued

i) Telecommunications, continued

generate or improve the Company's resources that will be used to satisfy or continue to satisfy compliance obligations in the future and the Company expects to recover those costs over time. For both cases, the amortization period is determined based on the transfer to the customer of the goods or services related to those assets.

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.

ii) Customer loyalty program

The Company has a customer loyalty program called "Club Movistar" which provides multiple benefits to its customers which can be provided by third parties or by the Company. These benefits will be reflected as a discount in revenue when points from the program are exchanged for products. As of December 31, 2020 and 2019, the valuation of this loyalty program is immaterial in relation to the contracts for which it was generated.

iii) Government subsidies

Parent Company and the subsidiary Telefónica Chile S.A. participate in tenders for Government 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. These resources, called "Government subsidies", in the case to be obtained from January 1, 2018, must be presented in the statement of financial position recognizing them as deductions from the book value of the associated assets. The subsidies obtained prior to January 1, 2018 were initially recorded as a deferred income, in the item "Other non-financial liabilities", and are allocated to results in the period of useful life of the assets associated with these subsidies (Note 25a).

Subsidiary Telefónica Investigación y Desarrollo Chile SpA participates in tenders for Government projects associated to the Chile Innova Committee, in order to carry out Research and Development, technology transfer and marketing activities in the area of Information and Communication technologies. In the case of obtaining a project, these resources, called Government subsidies, are initially recorded as deferred revenue under "other non-financial liabilities", and recoded in income as the projects progress in their development (Note 25).

2. Significant accounting principles, continued

r) 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) Impairment of trade accounts receivable

The Company applies the simplified model to calculate impairment of trade accounts receivable for all commercial accounts and contractual assets. The simplified model is based on an estimated uncollectable rate approach to determine the expected credit loss for the entire life of the asset. In this manner, an estimated uncollectable percentage is applied, based on the historical uncollectibility adjusted by current and projected macroeconomic conditions, for each group of similar trade accounts receivable that compose the customers portfolio.

ii) 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.

Decommissioning estimates for assets classified in property, plant and equipment, are calculated on the basis of the price agreed with the supplier, taking this to its future value using the future inflation rate, and then bring it to its present value using a risk-free discount rate.

iii) Right of use:

Regarding the reasonable period of time of contracts considered non-cancellable under IFRS 16, it is important to consider that those contracts with a duration of less than one year, including their active extensions with that duration, are considered to be within the short-term exceptions of the standard. In addition, contracts for information processing equipment and office furniture and equipment with a comparable new individual purchase cost of US\$ 5,000 (reference value) are considered to be of low value.

Variable rent contracts are considered to be the new tower land lease contracts where, according to the contract, the price can increase or decrease due to the number of operators that are "co-located" in a tower. This rental is not fully considered under IFRS 16, the Company applies the criterion that 50% of this rent is accounted for as a result for the contracts that have a single operator.

2. Significant accounting principles, continued

r) Use estimates, continued

iv) 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.

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 Results 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.

iv) 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 amount 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 the end of period, including the opinion of independent experts, such as legal advisors and consultants.

vi) Post-employment benefits

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, it is considered the interest rates of instruments issued by the Central Bank of Chile. The mortality rate is based on publicly available mortality tables for the country.

2. Significant accounting principles, continued

r) Use estimates, continued

vi) Post-employment benefits

Future salary increases and pension increases are based on expected future inflation rates for the country. See details of the actuarial hypotheses used in Note 24a).

vii) Other remunerations

The Company has defined a Variable Remuneration System for its collaborators, based on annual compliance with the established objectives.

viii) Financial assets and liabilities

When 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. The inputs to these models are taken from observable markets when possible, but when not, a degree of judgment is required in establishing fair values. The variables 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 the financial instrument.

ix) Inventory

The estimation of the obsolescence of the inventories is described in Note 2g.

s) 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 among consolidated companies have been eliminated in the consolidation process. Likewise, the margins included in the operations carried out by subsidiaries to other companies of the Company for capitalizable goods or services, have been eliminated in the consolidation process.

The accounts in the statement of comprehensive income and consolidated cash flows include, respectively, the income and expenses and cash flows of the companies that cease to be 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 minority shareholders in the equity and results of companies subsidiaries consolidated by the global integration method is presented in the items "non-controlling interests" and "profit attributable to non-controlling interests", respectively.

2. Significant accounting principles, continued

t) 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 period, are detailed below. As of the closing date, these standards are still not in force and the Company has not opted for early application of any of them:

	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 years 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.

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

ii. Publication of standards modifications

	Improvements and amendments	Mandatory application date
NIC 1	Presentation of financial statements	January 1, 2022
NIIF 3	Business combinations, implementation guide review	January 1, 2022
NIC 16	Property, plant and equipment	January 1, 2022
NIC 37	Provisions, contingent liabilities and contingent assets	January 1, 2022
NIIF 10 y NIC 28	Consolidated financial statements and investments in associates and joint ventures.	To determinate

IAS 1 "Presentation of Financial Statements"

These limited scope amendments to IAS 1 "Presentation of Financial Statements", clarify that liabilities shall be classified as current and non-current, depending on the rights existing as of the reporting period close date. The classification is not affected by the entity's expectations or by events after the reporting date (for example, reception of a resignation or covenant non-compliance). The amendment also clarifies the meaning of IAS 1 when it refers to "settlement" of a liability. The amendment must be retrospectively applied in accordance with IAS 8. In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of application to January 1, 2023.

2. Significant accounting principles, continued

t) New IFRS and Interpretations of the IFRS Interpretations Committee

ii. Publication of standards modifications

IFRS 3 “Business Combinations”

Reference to the Conceptual Framework – Amendments to IFRS 3: Minor amendments were made to IFRS 3 “Business Combinations” to update the references to the Conceptual Framework for financial reporting and to add an exception for recognition of liabilities and contingent liabilities within the scope of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” and Interpretation 21 “Levies”. The amendments also confirm that contingent assets must not be recognized on the date of acquisition.

NIC 16 Property, plant and equipment

Amendment to IAS 16, “Property, Plant and Equipment” prohibits companies from deducting, the revenues received from sale of articles produced while the company is preparing the asset for its foreseen use, from the cost of property, plant and equipment. The company must recognize those revenues from sales and the related costs in profit or loss for the year.

NIC 37 Provisions, contingent liabilities and contingent assets

Amendment to IAS 37, “Provisions, Contingent Liabilities and Contingent Assets” clarifies, for onerous contracts, which inevitable costs a company must include to assess whether a contract will generate losses.

NIIF 10 y NIC 28 Consolidated financial statements and investments in associates and joint ventures.

Published in September 2014, 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

Annual improvements to IFRS standards 2018-2020 cycle. The following improvements were completed in May 2020:

- IFRS 9 Financial Instruments: clarifies which fees must be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases: amendment to illustrative example 13 to eliminate the illustration of lessor payments in relation to lease improvements, to eliminate any confusion regarding the treatment of lease incentives.

2. Significant accounting principles, continued

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

ii. Publication of standards modifications, continued

NIIF 10 y NIC 28 Consolidated financial statements and investments in associates and joint ventures.

IFRS 1 First-time adoption of International Financial Reporting Standards: allows entities that have measured their assets and liabilities at the book value of their parent company to also measure accumulated foreign currency translation using the amounts informed by the parent company. This amendment shall also apply to associates and joint ventures that have opted for the same IFRS 1 exemption.

- IAS 41 Agriculture: elimination of the requirement that entities exclude tax cash flows when measuring fair value according to IAS 41. The purpose of this amendment is to be in line with the Standard's requirement to discount cash flows after taxes.

Based on the analysis performed to date, the Company believes that the application of these amendments will not have a significant effect on the financial statements in the year of first-time application

iii) Application of new standards and amendment of standards

Improvements and amendments		Mandatory application date
NIC 1	Presentation of financial statements	January 1, 2020
NIIF 3	Business combinations	January 1, 2020
NIIF 9, NIC 39 y NIIF 7	Benchmark interest rate reform	January 1, 2020
NIIF 16	Lease concessions	January 1, 2020
Conceptual framework	Financial reports	January 1, 2020

The application of these standards and standard amendments have not had a significant impact as of the closing date of these financial statements.

2. Significant accounting principles, continued

u) Statement of cash flows

The statement of cash flows includes movements of cash performed during the period, 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 can not be qualified as investing or financing.
- 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 financial liabilities.

3. Changes in Accounting Policy and Disclosures

International Financial Reporting Standards have been consistently applied in the year covered by these financial statements.

4. Financial information by segment

Telefónica Móviles Chile S.A. and subsidiaries disclose 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 of the segments, the distributions established in the information presented below, are based on the financial information of the companies of each business segment. Assets and liabilities correspond to those directly attributable to the segment.

The operating segments reported internally are as follows:

a) Mobile Telecommunications

Mobile Telecommunications services mainly include revenues from the provision of mobile telecommunications services, sale of electronic prepaid top-ups and the sale of handsets. Revenues are 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, incomes are recognized as the services are provided or the equipment is sold.

c) Corporate Communications and Data

Corporate communications services include revenues 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. Revenues are recognized as the services are provided.

d) 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. Consistent with the financial statements, incomes are recognized as the services are delivered.

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, 2020 and 2019, is detailed as follows:

For the exercise ended as of december 31, 2020	Mobile Telecommunications	Fixed Telecommunications	Corporate Communication and Data	Television Services	Other	Eliminations	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Income from external customers	830,285,705	307,199,084	177,136,639	115,562,154	-	-	1,430,183,582
Income from ordinary activities arising from transactions with other operating segments of the same entity	6,664,082	114,365,397	12,060,258	-	176,973,250	(310,062,987)	-
Total income from operating activities from external customers and transactions with other operating segments of the same entity	836,949,787	421,564,481	189,196,897	115,562,154	176,973,250	(310,062,987)	1,430,183,582
Cost of sales	298,585,958	41,734,573	153,325,575	71,116,112	-	(145,120,363)	419,641,855
Impairment losses (reversal of impairment losses)	42,005,059	17,150,524	3,741,935	587,890	-	-	63,485,408
Administrative expenses	266,509,873	194,384,510	41,969,840	31,502,640	17,641,249	(141,843,089)	410,165,023
Employee benefits expenses	1,492,419	211,456	29,704	-	149,205,503	(19,550,653)	131,388,429
Cost of interest	36,829,907	24,194,747	280,799	627,109	1,474,073	(12,378,451)	51,028,184
Interest income	4,167,021	10,535,631	1,443,845	-	189,752	(12,378,451)	3,957,798
Depreciation and amortization	158,672,505	153,229,958	13,099,912	3,688,987	2,059,380	(2,278,098)	328,472,644
Participation in profit of associated companies accounted for using the equity method	931,195	(5,830,416)	70,933	-	-	(4,828,288)	-
Income tax expense	15,481,413	3,996,092	(9,907,770)	6,027,542	1,415,233	-	17,012,510
Other significant non-cash items	17,012,510	6,874,641	1,179,332	94,891	88,790	(7)	19,004,992
Profits(loss) before tax	48,719,627	2,238,569	(20,556,758)	8,134,307	6,871,587	3,557,497	48,964,829
Profit (loss) for the period from continuing operations	33,238,214	(1,757,523)	(10,648,988)	2,106,765	5,456,354	3,557,497	31,952,319
Profit (loss) for the period from discontinuing operations	-	-	-	-	-	-	-
Profit (loss) for the period	33,238,214	(1,757,523)	(10,648,988)	2,106,765	5,456,354	3,557,497	31,952,319
Assets	2,514,424,499	1,564,835,180	136,365,110	173,555,594	161,237,011	(1,315,011,182)	3,235,406,212
Investments in associates accounted for using the equity method	688,600,626	126,159,606	847,629	-	-	(815,607,861)	-
Increases in non-current assets	43,270,386	87,243,696	10,402,904	-	-	-	140,916,986
Liabilities	1,121,301,544	902,491,183	121,053,850	95,113,740	96,034,808	(490,233,477)	1,845,761,648
Shareholders' equity	1,393,122,957	662,343,997	15,311,260	78,441,854	65,202,203	(824,777,707)	1,389,644,564
Liabilities & Shareholders' equity	2,514,424,501	1,564,835,180	136,365,110	173,555,594	161,237,011	(1,315,011,184)	3,235,406,212
Cash flows provided by (used in) operating activities	234,946,785	87,572,862	(1,302,780)	(1,569,310)	6,154,991	101,942,289	427,744,837
Cash flows provided by (used in) investment activities	(41,960,933)	(164,407,197)	(524,425)	(932,310)	-	(9,290,316)	(217,115,181)
Cash flows provided by (used in) financing activities	(28,971,314)	41,896,294	2,483,795	3,035,749	(7,051,925)	9,320,653	20,713,252

Notes to the consolidated financial statements, continued

As of December 31, 2020 and 2019



4. Financial information by segment, continued

For the exercise 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	162,876,295	150,215,572	-	-	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	178,318,995	150,215,572	179,743,289	(333,511,813)	1,503,478,490
Cost of sales	289,946,721	44,431,389	132,975,339	86,150,755	-	(161,337,572)	392,166,633
Impairment losses (reversal of impairment losses)	45,650,471	16,457,583	2,598,700	48,275	-	-	64,755,029
Administrative expenses	331,473,190	213,821,506	51,626,647	33,327,840	25,034,018	(191,004,512)	464,278,688
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	21,882,682	630,646	203,870	1,916,914	(6,792,992)	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	157,307,884	13,769,708	5,243,970	1,846,571	(2,523,399)	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	(4,330,602)	7,364,809	1,567,808	-	28,143,608
Other significant non-cash items	5,915,154	11,782,037	9,648,246	-	77,218	29,310	27,451,965
Profits(loss) before tax	54,420,369	36,750,200	(12,338,050)	25,240,862	7,764,133	(1,228,395)	110,609,119
Profit (loss) for the period from continuing operations	38,260,762	38,260,762	(8,007,448)	17,876,053	6,196,325	(1,228,395)	82,465,511
Profit (loss) for the period from discontinuing operations	-	-	-	-	-	-	-
Profit (loss) for the period	38,260,762	38,260,762	(8,007,448)	17,876,053	6,196,325	(1,228,395)	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	144,492,739	24,554,394	-	-	-	234,017,334
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	(851,725,032)	1,350,414,656
Liabilities & Shareholders' equity	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
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	(4,686,247)	(289,415,804)
Cash flows provided by (used in) financing activities	(132,824,442)	(26,478,805)	(15,410,280)	(18,834,787)	19,590,000	4,686,247	(169,272,067)

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

Accounting criteria regarding transactions among subsidiaries of Telefónica Móviles Chile S.A., which are carried out at market prices, independently and in a manner similar to transactions with third parties, consider that, the 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 composition is detailed as follows:

Concepts	Currency	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Cash (a)		690,363	320,322
	CLP	689,665	320,322
	EUR	698	-
Banks (b)		125,114,499	82,702,268
	CLP	123,169,727	75,244,771
	USD	1,786,501	7,379,053
	EUR	86,385	65,979
	Others currencies	71,886	12,465
Time deposits (c)		340,004,467	151,443,831
	CLP	340,000,467	151,443,831
Total cash and cash equivalents		465,809,329	234,466,421
Sub-total by currency	CLP	463,863,859	227,008,924
	USD	1,786,501	7,379,053
	EUR	87,083	65,979
	Other currencies	71,886	12,465

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 its 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 its book value is the same as the fair value.

5. Cash and cash equivalents, continued

c) Time deposits

Time deposits, maturing in less than 90 days, are recorded at fair value and, of December 31, 2020 and 2019, are detailed 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\$	12.31.2020 ThCh\$
Time deposits	CLP	340,000,000	0,24%	10	340,000,000	4,467	340,004,467
Total					340,000,000	4,467	340,004,467

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

In accordance with working capital management policies, all investments in time deposits are only with well-known domestic banks that are ranked in Chile with the highest credit quality.

6. Other current and non-current financial assets

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

Concepts		12.31.2020		12.31.2019	
		Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Hedging instruments	(See Note 22,2)	10,167,161	159,119,588	20,248,206	188,086,659
Other investments	(a)	-	5,972,036	-	7,853,869
Other credits	(b)	-	-	4,496,741	-
Guarantees established	(c)	319,953	-	80,444	50,468
Total		10,487,114	165,091,624	24,825,391	195,990,996

a) Other current and non-current investments are detailed as follows:

Participation	Country	Investment currency	31.12.2020 ThCh\$	12.31.2019 ThCh\$
Telefónica Brasil (1) (2)	Brazil	REAL	5,971,918	7,849,897
Other participation	Chile	CLP	118	3,972
Total			5,972,036	7,853,869

(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.

(2) As of December 31, 2020 and 2019, dividends in the amount of ThCh\$683,795 and ThCh\$412,248, respectively, have been received and recognized as financial income (see note 30a).

6. Other current and non-current financial assets, continued

- b) Correspond to the loan granted to Digital Holding SpA for the sale of the Data Center and to interest accrued on this transaction as of the date of the corresponding financial statements. This loan became due in July 2020 and was paid in that same month.
- c) Guarantees are those established for clients, official organizations and other institutions.

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

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

Concepts	12.31.2020		12.31.2019	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Contract compliance costs (1)	32,386,274	41,861,530	14,419,167	11,882,149
Costs of obtaining contracts (2)	11,703,978	15,219,092	3,825,464	159,132
Deferred cost of handsets	9,407,689	-	7,566,293	-
Advance leases (3)	2,805,765	14,603	2,318,902	970,188
Support and repair services (4)	2,728,256	17,317	2,083,463	25,532
Insurance	1,418,266	-	1,221,391	-
Amortizable expenses	1,498,949	382,646	500,534	-
Other Taxes (5)	9,667,819	-	9,090,974	-
Total	71,616,996	57,495,188	41,026,188	13,037,001

- (1) This item includes capitalization of compliance costs associated with television equipment, broadband equipment and project management. In the first quarter of 2020, the contractual conditions of broadband service changed, which caused the capitalization of associated compliance costs. The company carries out a quarterly check of the behavior of the customer's average lifetime to calculate the amortizable expense.
- (2) Corresponds mainly to capitalization of commissions for customers additions. As of July 1, 2020, it includes capitalization of commission costs associated to adding new mobile telephone, basic telephony, broadband and television customers. This is due to the change in the estimate of the amortization period of these customer addition costs (average lifetime of the customer) for customers with indefinite contracts. On a quarterly basis, the company reviews the customer's average lifetime behavior to calculate the amortizable expense.
- (3) This item includes operating leases outside the IFRS 16 standard.
- (4) For 2020, this item mainly includes Fullstak licensing and support in the amount of ThCh\$1,099,526, Pivotal licensing and support in the amount of ThCh\$563,221, SAS licenses support and maintenance in the amount of ThCh\$224,748, Panda Security and Sunblade support in the amount of ThCh\$164,806, Microft Premier support in the amount of ThCh\$149,972, Hortonwork licenses in the amount of ThCh\$ 124,322 and Domain data and support in the amount of ThCh\$60,711.
- (5) This item includes remaining VAT credit and recoverable taxes.

8. Current trade and other accounts receivable

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

Concepts	12.31.2020			12.31.2019		
	Gross value ThCh\$	Provision for impairment ThCh\$	Net value ThCh\$	Gross value ThCh\$	Provision for impairment ThCh\$	Net value ThCh\$
Receivables on current loan transactions	425,524,730	(215,793,759)	209,730,971	423,049,240	(223,356,438)	199,692,802
Invoiced services (1)	282,568,700	(213,516,018)	69,052,682	307,725,835	(221,264,838)	86,460,997
Services provided and not invoiced	125,198,716	(1,303,780)	123,894,936	92,279,760	(1,154,434)	91,125,326
Contractual asset (2)	17,757,314	(973,961)	16,783,353	23,043,645	(937,166)	22,106,479
Miscellaneous receivables (3)	24,755,727	-	24,755,727	34,023,204	-	34,023,204
Total	450,280,457	(215,793,759)	234,486,698	457,072,444	(223,356,438)	233,716,006

(1) As of the December 2020 and 2019 closing dates, large company portfolio sales were carried out, massive services and mobile handset installments for a total amount of MCh\$122.898.754 and MCh\$112,102,848, respectively. The Company has become the collection agent for massive service transactions.

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

(3) As of December 31, 2020 and 2019, this item mainly includes loans and advances to employees in the amount of ThCh\$7,676,369 and ThCh\$10,679,582, advances to suppliers in the amount of ThCh\$4,567,559 and ThCh\$6,540,850, various debtors for the sale of fixed assets in the amount of ThCh\$2,267,225 and ThCh\$1,985,819 and Voissnest contingency (see Note 33 a) i)), respectively. Additionally, as of December 31, 2019 it includes an account receivable from the insurance company in the amount of ThCh\$4,625,571.

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	12.31.2020					12.31.2019				
	Less than 3 months	3 to 6 months	6 to 12 months	Older than 12 months	Total	Less than 3 months	3 to 6 months	6 to 12 months	Older than 12 months	Total
Miscellaneous receivables	28,729,637	9,033,283	1,713,058	-	39,475,978	41,065,554	12,141,347	-	-	53,206,901
Total	28,729,637	9,033,283	1,713,058	-	39,475,978	41,065,554	12,141,347	-	-	53,206,901

c) The movement of Provision for impairment, 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	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Beginning balance	226,399,971	206,149,882
Increases	63,732,465	65,902,786
Eliminations/ Additions (1)	(71,433,091)	(45,652,697)
Movements, subtotal	(7,700,626)	20,250,089
Ending balance	218,699,345	226,399,971

(1) Includes additional write-off for shutdown of the commercial system

8. Current trade and other accounts receivable, continued

The Company has evaluated the impairment of trade accounts receivable as of December 31, 2020 as a result of Covid-19 considering the following:

Regulatory measures due to the health contingency.

Company measures related to new service plans offered to customers.

Differentiated analysis by segment.

- Update of rates as of December 2020 for each of the segments resulting from recoverability matrices under the habitual procedure.
- Evolution and follow-up of collection.

Based on the analyses performed, at the closing date of these Financial Statements, an additional bad debt expense of MCh\$4,640,373 has been recorded in the Company's results. Due to the collection efforts carried out, collection recoverability rates have improved during the third quarter, reaching similar levels to the rates existing before of the contingency.

In addition, there are certain gaps in customer payments of large business segments that the Company believes will not generate additional expected losses in excess of those already calculated, but they do have an impact on the portfolio value increase.

- d) Provision for impairment movements according to the composition of the portfolio as of December 31, 2020 and 2019 are detailed as follows:

Provisions and write-offs	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Provision for non renegotiated portfolio	64,269,058	66,342,696
Provision for renegotiated portfolio	(536,593)	(229,785)
Write-offs for the exercise	(71,433,091)	(45,862,822)
Total	(7,700,626)	20,250,089

- e) As of December 31, 2020 and 2019 the portfolio of returned documents and those in judicial collection is detailed as follows:

Portfolio of returned documents and judicial collection as of 12.31.2020	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	1,412	-	-	-
Portfolio of returned documents or those in judicial collection (ThCh\$)	1,761,444	-	-	-

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	-	-	-

Notes to the consolidated financial statements, continued

As of December 31, 2020 and 2019



8. Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of December 31, 2020 is detailed as follows:

Stratification of portfolio by segment As of December 31, 2020	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)	495.107	213.336	47.237	35.897	31.208	30.271	34.643	41.431	53.908	3.202.452	4.185.490
Net portfolio w/o renegotiation	18.113.101	5.115.450	85.380	589.380	280.505	1.140.416	289.141	-	-	-	25.613.373
Debt	19.822.734	6.952.105	1.223.384	5.297.932	1.355.831	2.563.989	1.117.370	1.075.892	1.050.212	90.217.356	130.676.805
Accrual	(1.709.633)	(1.836.655)	(1.138.004)	(4.708.552)	(1.075.326)	(1.423.573)	(828.229)	(1.075.892)	(1.050.212)	(90.217.356)	(105.063.432)
Number of clients w/renegotiation	10.577	3.722	794	373	234	131	119	107	94	90.133	106.284
Net renegotiated portfolio	29.844	123	1	-	-	-	-	-	-	-	29.968
Debt	150.416	36.513	8.380	4.007	2.470	1.360	1.206	953	823	826.187	1.032.315
Accrual	(120.572)	(36.390)	(8.379)	(4.007)	(2.470)	(1.360)	(1.206)	(953)	(823)	(826.187)	(1.002.347)
Total number of clients	505.684	217.058	48.031	36.270	31.442	30.402	34.762	41.538	54.002	3.292.585	4.291.774
Total Fixed Telephone Portfolio	18.142.945	5.115.573	85.381	589.380	280.505	1.140.416	289.141	-	-	-	25.643.341
Debt	19.973.150	6.988.618	1.231.764	5.301.939	1.358.301	2.565.349	1.118.576	1.076.845	1.051.035	91.043.543	131.709.120
	(1.830.205)	(1.873.045)	(1.146.383)	(4.712.559)	(1.077.796)	(1.424.933)	(829.435)	(1.076.845)	(1.051.035)	(91.043.543)	(106.065.779)
Accrual											
Corporate Communication and Data											
Number of clients w/o renegotiation (1)	2,436	1,287	40	740	641	624	522	478	538	4,654	11,960
Net portfolio w/o renegotiation	49,520,680	6,181,584	345,137	2,133,405	981,939	824,075	615,965	567,896	413,883	731,279	62,315,843
Debt	49,692,916	6,451,896	415,277	2,799,009	1,421,039	1,408,674	1,192,344	1,299,829	1,406,135	9,056,166	75,143,285
Accrual	(172,236)	(270,312)	(70,140)	(665,604)	(439,100)	(584,599)	(576,379)	(731,933)	(992,252)	(8,324,887)	(12,827,442)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	2,436	1,287	40	740	641	624	522	478	538	4,654	11,960
Total Corporate Communication and Data Portfolio	49,520,680	6,181,584	345,137	2,133,405	981,939	824,075	615,965	567,896	413,883	731,279	62,315,843
Debt	49,692,916	6,451,896	415,277	2,799,009	1,421,039	1,408,674	1,192,344	1,299,829	1,406,135	9,056,166	75,143,285
Accrual	(172,236)	(270,312)	(70,140)	(665,604)	(439,100)	(584,599)	(576,379)	(731,933)	(992,252)	(8,324,887)	(12,827,442)
Television											
Number of clients w/o renegotiation (1)	212,536	77,338	12,820	10,069	8,915	9,511	11,572	15,483	22,120	273,126	653,490
Net portfolio w/o renegotiation	12,080,722	198,221	36,416	11,260	5,237	3,499	2,395	-	-	-	12,337,750
Debt	12,090,461	246,195	259,952	202,862	170,803	183,962	114,531	249,478	560,902	10,029,578	24,108,724
Accrual	(9,739)	(47,974)	(223,536)	(191,602)	(165,566)	(180,463)	(112,136)	(249,478)	(560,902)	(10,029,578)	(11,770,974)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	212,536	77,338	12,820	10,069	8,915	9,511	11,572	15,483	22,120	273,126	653,490
Total Television Portfolio	12,080,722	198,221	36,416	11,260	5,237	3,499	2,395	-	-	-	12,337,750
Debt	12,090,461	246,195	259,952	202,862	170,803	183,962	114,531	249,478	560,902	10,029,578	24,108,724
Accrual	(9,739)	(47,974)	(223,536)	(191,602)	(165,566)	(180,463)	(112,136)	(249,478)	(560,902)	(10,029,578)	(11,770,974)

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

Notes to the consolidated financial statements, continued
As of December 31, 2020 and 2019



8. Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of December 31, 2020 is detailed as follows, continued

Stratification of portfolio by segment As of December 31, 2020	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\$
Mobile Business											
Number of clients w/o renegotiation (1)	866,171	262,064	43,091	33,866	22,153	27,585	28,911	31,958	41,457	1,886,649	3,243,905
Net portfolio w/o renegotiation	73,727,293	7,065,881	2,933,274	4,034,125	1,374,246	2,002,831	1,513,034	-	-	-	92,650,684
Debt	78,865,019	8,140,435	4,397,200	4,955,376	4,655,727	6,300,620	3,954,351	3,339,949	3,090,069	57,720,528	175,419,274
Accrual	(5,137,726)	(1,074,554)	(1,463,926)	(921,251)	(3,281,481)	(4,297,789)	(2,441,317)	(3,339,949)	(3,090,069)	(57,720,528)	(82,768,590)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	10,556	10,556
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	62	26	26	26	26	9	26	26	44	1,386,742	1,387,013
Accrual	(62)	(26)	(26)	(26)	(26)	(9)	(26)	(26)	(44)	(1,386,742)	(1,387,013)
Total number of clients	866,171	262,064	43,091	33,866	22,153	27,585	28,911	31,958	41,457	1,897,205	3,254,461
Total Other Portfolio	73,727,293	7,065,881	2,933,274	4,034,125	1,374,246	2,002,831	1,513,034	-	-	-	92,650,684
Debt	78,865,081	8,140,461	4,397,226	4,955,402	4,655,753	6,300,629	3,954,377	3,339,975	3,090,113	59,107,270	176,806,287
Accrual	(5,137,788)	(1,074,580)	(1,463,952)	(921,277)	(3,281,507)	(4,297,798)	(2,441,343)	(3,339,975)	(3,090,113)	(59,107,270)	(84,155,603)
Contractual Asset and Others											
Number of clients w/o renegotiation (1)	-	-	-	-	-	-	-	-	-	-	-
Net portfolio w/o renegotiation	41,539,080	-	-	-	-	-	-	-	-	-	41,539,080
Debt	42,513,041	-	-	-	-	-	-	-	-	-	42,513,041
Accrual	(973,961)	-	-	-	-	-	-	-	-	-	(973,961)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	-	-	-	-	-	-	-	-	-	-	-
Total Other Portfolio	41,539,080	-	-	-	-	-	-	-	-	-	41,539,080
Debt	42,513,041	-	-	-	-	-	-	-	-	-	42,513,041
Accrual	(973,961)	-	-	-	-	-	-	-	-	-	(973,961)
Consolidated Portfolio											
Number of clients w/o renegotiation (1)	1,576,250	554,025	103,188	80,572	62,917	67,991	75,648	89,350	118,023	5,366,881	8,094,845
Net portfolio w/o renegotiation	194,980,876	18,561,136	3,400,207	6,768,170	2,641,927	3,970,821	2,420,535	567,896	413,883	731,279	234,456,730
Debt	202,984,171	21,790,631	6,295,813	13,255,179	7,603,400	10,457,245	6,378,596	5,965,148	6,107,318	167,023,628	447,861,129
Accrual	(8,003,295)	(3,229,495)	(2,895,606)	(6,487,009)	(4,961,473)	(6,486,424)	(3,958,061)	(5,397,252)	(5,693,435)	(166,292,349)	(213,404,399)
Number of clients w/renegotiation	10,577	3,722	794	373	234	131	119	107	94	100,689	116,840
Net renegotiated portfolio	29,844	123	1	-	-	-	-	-	-	-	29,968
Debt	150,478	36,539	8,406	4,033	2,496	1,369	1,232	979	867	2,212,929	2,419,328
Accrual	(120,634)	(36,416)	(8,405)	(4,033)	(2,496)	(1,369)	(1,232)	(979)	(867)	(2,212,929)	(2,389,360)
Total number of clients	1,586,827	557,747	103,982	80,945	63,151	68,122	75,767	89,457	118,117	5,467,570	8,211,685
Total Consolidated Portfolio	195,010,720	18,561,259	3,400,208	6,768,170	2,641,927	3,970,821	2,420,535	567,896	413,883	731,279	234,486,698
Debt	203,134,649	21,827,170	6,304,219	13,259,212	7,605,896	10,458,614	6,379,828	5,966,127	6,108,185	169,236,557	450,280,457
Accrual	(8,123,929)	(3,265,911)	(2,904,011)	(6,491,042)	(4,963,969)	(6,487,793)	(3,959,293)	(5,398,231)	(5,694,302)	(168,505,278)	(215,793,759)

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

Notes to the consolidated financial statements, continued

As of December 31, 2020 and 2019



8. Current trade and other accounts receivable, continued

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

Stratification of portfolio by segment As of December 31, 2019	Up to date ThCh\$	From 1 to 30 days ThCh\$	From 31 to 60 days ThCh\$	From 61 to 90 days 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 customers 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
Gross 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 customers 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 customers	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 customers w/o renegotiation (1)	3,801	2,220	839	41	544	553	357	277	386	2,468	11,486
Gross 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 customers w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-	-
Total number of customers	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 customers 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
Gross 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 customers w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-	-
Total number of customers	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 customers and to those that have been commercially eliminated and which are still in collections management

Notes to the consolidated financial statements, continued

As of December 31, 2020 and 2019



8. Current trade and other accounts receivable, continued

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

Stratification of portfolio by segment As of December 31, 2019	Up to date ThCh\$	From 1 to 30 days ThCh\$	From 31 to 60 days ThCh\$	From 61 to 90 days 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\$
Mobile Business											
Number of customers 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 customers 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
Provision	3,563	(5,182)	(3,015)	(2,444)	(2,036)	(1,718)	(782)	(627)	(348)	(1,590,059)	(1,602,648)
Total number of customers	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 customers 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 customers w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-	-
Total number of customers	-	-	-	-	-	-	-	-	-	-	-
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 customers 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 customers 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 customers	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 customers and those that have been commercially removed and are still in collection management.

Notes to the consolidated financial statements, continued

As of December 31, 2020 and 2019



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	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Telxius Torres Chile, S.A.	76.558.575-9	Chile	Common end controller	Prest. de Serv	CLP	60 days	3,506,043	12,096,459
Telefónica International Wholesale Services España	Foreign	Spain	Common end controller	Prest. de Serv	EUR	90 days	1,511,463	4,721,355
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Serv, Provided	CLP	60 days	1,025,297	953,832
Telxius Cable Chile	96.910.730-9	Chile	Common end controller	Serv, Provided	CLP	60 days	1,023,689	788,480
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Serv, Provided	CLP	60 days	394,084	254,661
Telefónica S.A.	Foreign	Spain	End controller	Serv, Provided	EUR	90 days	299,768	712,499
Telefónica Digital España	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	276,787	627,459
Telefónica Brasil	Foreign	Brazil	Common end controller	Serv, Provided	USD	90 days	245,864	125,183
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv, Provided	USD	90 days	183,970	198,813
Telefónica Cybersecurity Tech SpA	77.145.256-6	Chile	Common end controller	Prest. de Serv	CLP	60 days	244,547	-
Telefónica Factoring Chile, S.A.	76.096.189-2	Chile	Common end controller	Prest. de Serv	CLP	60 days	107,418	-
Telcel Venezuela	Foreign	Venezuela	Common end controller	Serv, Provided	USD	90 days	96,299	33,091
Telefónica Móviles España S.A.	Foreign	Spain	Common end controller	Serv, Provided	EUR	90 days	48,606	92,113
Pegaso PCS, S.A. de C.V.	Foreign	México	Common end controller	Serv, Provided	USD	90 days	42,967	4,845
Telefónica Uk Ltd (antes O2 (UK) Ltd)	Foreign	Reino Unido	Common end controller	Serv, Provided	EUR	90 days	21,158	22,067
Colombia Telecomunicaciones S.A.E.S.P	Foreign	Colombia	Common end controller	Serv, Provided	USD	60 days	18,587	3,866
Terra Networks Chile S.A.	96.834.230-4	Chile	Common end controller	Serv, Provided	CLP	60 days	17,855	24,194
Telefónica Móviles del Uruguay	Foreign	Uruguay	Common end controller	Serv, Provided	USD	90 days	16,173	-
Wayra Chile Tecnología e Innovación Ltda.	96.672.150-2	Chile	Common end controller	Serv, Provided	CLP	60 days	7,325	147,444
Inversiones Telefónica Internacional Holding L S.A.	77.363.730-K	Chile	Common end controller	Serv, Provided	CLP	60 days	5,262	5,262
Terra Networks Brasil	Foreign	Brazil	Common end controller	Serv, Provided	USD	90 days	5,148	5,148
Telefónica On The Spot Soluciones Digitales De Chile Spa	76.338.291-5	Chile	Common end controller	Prest. de Serv	CLP	60 days	1,045	6,296
Telefónica Móviles El Salvador	Foreign	El Salvador	Common end controller	Serv, Provided	USD	90 days	596	582
Telefónica del Perú	Foreign	Perú	Common end controller	Serv, Provided	CLP	60 days	-	59,981
Media Networks Chile	76.243.733-3	Chile	Common end controller	Prest. de Serv	CLP	60 days	-	27,209
Telefónica Learning Services Chile Capacitación Ltda.	76.131.334-7	Chile	Common end controller	Prest. de Serv	CLP	60 days	-	1,453
Media Networks Perú	Foreign	Perú	Common end controller	Serv, Provided	USD	90 days	-	195,900
Otecel S.A.	Foreign	Ecuador	Common end controller	Serv, Provided	USD	60 days	-	1,043
Total							9,099,951	21,109,235

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.

Notes to the consolidated financial statements, continued

As of December 31, 2020 and 2019



9. Receivables from and payable to related companies, continued

b) Current payables to related companies:

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Telefónica S.A.	Foreign	Spain	End controller	Subtotal			8,286,825	8,375,772
				Brand Fee	EUR / CLP	60 days	7,841,891	7,917,019
				Others	EUR	60 days	444,934	458,753
Telxius Torres Chile S.A.	76.558.575-9	Chile	Common end controller	Subtotal			8,442,676	15,383,448
				Spaces lease	CLP	60 days	5,795,443	8,942,700
				Co-localization lease	CLP	60 days	2,560,600	6,372,666
				Serv, Provided	CLP	60 days	86,633	68,082
Telefónica Argentina S.A.	Foreign	Argentina	Common end controller	Serv, Provided	USD	60 days	10,387,758	12,209,013
Inversiones Telefónica Internacional Holding L S.A.	77.363.730-K	Chile	Common end controller	Serv, Provided	CLP	60 days	9,867,639	-
Telefónica Digital España	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	6,097,011	5,798,222
Telefónica Cybersecurity Tech SpA	77.145.256-6	Chile	Common end controller	Serv, Provided	CLP	60 days	2,787,013	-
Telefónica International Wholesale Services España	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	2,079,681	5,667,001
Telxius Cable Chile (Ex Telef. Int. Wholesale Services Chile SA)	96.910.730-9	Chile	Common end controller	Subtotal			2,234,522	7,095,059
				Ip voice traffic	CLP	60 days	1,148,643	4,432,682
				Data and links	CLP	60 days	997,511	2,298,835
				Commercial Mandate	CLP	60 days	88,368	87,574
				Others	CLP	60 days	-	275,968
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Serv, Provided	CLP	60 days	1,806,721	1,715,810
Telefónica Latam Holding	Foreign	Spain	Common end controller	Management Fee	EUR	60 days	1,792,803	1,860,017
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Serv, Provided	CLP	60 days	1,565,664	3,324,888
Media Networks Perú	Foreign	Perú	Common end controller	Satellite Space	USD	60 days	1,401,556	1,516,382
Telefónica Compras Electrónicas	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	779,941	688,623
Telefónica Global Technology S.A.U.	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	522,721	573,922
Telefónica del Perú S.A.	Foreign	Perú	Common end controller	Serv, Provided	USD	60 days	510,725	209,586
Terra Networks México Holding S.A.	Foreign	México	Common end controller	Serv, Provided	USD	60 days	254,870	-
Telefónica Global Roaming GmbH	Foreign	Alemania	Common end controller	Serv, Provided	EUR	60 days	183,867	89,361
Telefónica Hispanoamérica, S.L (antes LACH)	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	103,827	-
Telefónica O2 Germany GmbH & Co Ohg	Foreign	Alemania	Common end controller	Serv, Provided	EUR	60 days	106,834	133,778
Telefónica Global Services GmbH (antes O2 GMBH)	Foreign	Alemania	Common end controller	Serv, Provided	EUR	60 days	67,000	-
Telefónica USA Inc.	Foreign	USA	Common end controller	Serv, Provided	USD	60 days	64,352	48,414
Telefónica On The Spot Soluciones Digitales de Chile Spa	76.338.291-5	Chile	Common end controller	Serv, Provided	CLP	60 days	59,952	24,475
Telefónica Brasil	Foreign	Brazil	Common end controller	Serv, Provided	USD	60 days	47,275	376,358
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv, Provided	USD	60 days	33,389	105,127
Telefónica Móviles España S.A.	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	22,814	67,643
Telefónica Servicios Audiovisuales	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	18,151	46,018
Telefónica Global Technology Chile	59.165.120-k	Chile	Common end controller	Computer services	CLP	60 days	16,105	16,105
Otecel S.A.	Foreign	Ecuador	Common end controller	Serv, Provided	USD	60 days	5,291	8,762

Notes to the consolidated financial statements, continued

As of December 31, 2020 and 2019



9. Receivables from and payable to related companies, continued

a) Current payables to related companies, continued

Company	Taxpayer No,	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Telefónica de España S.A.U	Foreign	Spain	Common end controller	Serv, Provided.	EUR	60 days	1,421	1,611
Terra Networks Chile S.A.	96.834.230-4	Chile	Common end controller	Serv, Provided.	CLP	60 days	-	147,832
Tgestiona Logística Peru Sac	Foreign	Perú	Common end controller	Serv, Provided.	USD	60 days	-	39,305
Colombia Telecomunicaciones S.A.E.S.P. (Telecom.)	Foreign	Colombia	Common end controller	Serv, Provided.	USD	60 days	-	109,716
Telefónica Learning Services Chile Capacitación Ltda.	76.131.334-7	Chile	Common end controller	Serv, Provided.	CLP	60 days	-	382,084
Telefónica Investigación y Desarrollo S.A. (TIDSA)	Foreign	Spain	Common end controller	Serv, Provided.	EUR	60 days	-	19,000
Telefónica Móviles del Uruguay S.A.	Foreign	Uruguay	Common end controller	Serv, Provided.	USD	60 days	-	7,768
Telefónica Móviles Panamá	Foreign	Panamá	Common end controller	Serv, Provided.	USD	60 days	-	4,343
Telfisa Global B.V.	Foreign	Spain	Common end controller	Administration commission	CLP	90 days	-	9,664
Telefónica Móviles El Salvador	Foreign	El Salvador	Common end controller	Serv, Provided.	USD	60 days	-	101
Total							59,548,404	66,055,208

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.

b) Non-current payables to related companies:

Company	Taxpayer No,	Country of origin	Nature of the relationship	Transaction origin	Currency	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Telxius Torres Chile S.A.	76,558,575-9	Chile	Common end controller	Co-localization lease	CLP	39,447,038	37,179,398
Telefónica S.A.	Foreign	Spain	End controller	HR obligation	CLP	1,354,947	848,247
Total						40,801,985	38,027,645



9. Receivables from and payable to related companies, continued

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

Sociedad	RUT	País origen	Naturaleza de la relación	Descripción de la transacción	Moneda	12.31.2020		12.31.2019	
						Monto M\$	Efecto en resultados (Cargo)/Abono ThCh\$	Monto M\$	Efecto en resultados (Cargo)/Abono ThCh\$
Telefónica S.A.	Foreign	Spain	End controller	Brand Fee	EUR	24,058,384	(24,058,384)	13,783,604	(13,783,604)
Media Networks Perú	Foreign	Perú	Common end controller	Sales	USD	1,042,827	1,042,827	571,587	571,587
				Spaces lease		5,987,289	(5,987,289)	9,092,665	(9,092,665)
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Costs	CLP	6,830,829	(6,830,829)	9,241,046	(12,646,562)
Telefónica Global Technology	Foreign	Spain	Common end controller	Costs	EUR	5,877,376	(5,877,376)	4,268,723	(4,268,723)
Telefónica Argentina S.A.	Foreign	Argentina	Common end controller	rental of media	USD	5,691,237	(5,691,237)	8,438,851	(8,438,851)
Telefónica Digital España	Foreign	Spain	Common end controller	Costs	EUR	4,899,158	(4,899,158)	7,854,188	(7,854,188)
Telefónica International Wholesale Services España	Foreign	Spain	Common end controller	Sales	EUR	1,822,943	1,822,943	2,412,039	2,412,039
				Costs	EUR	3,538,207	(3,538,207)	3,294,560	(3,294,560)
Telxius Cable Chile S.A	96.910.730-9	Chile	Common end controller	Sales	CLP	3,081,019	3,081,019	2,961,803	2,961,803
				Access and transit	CLP	9,834,029	(9,834,029)	14,362,576	(14,362,576)
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Sales	CLP	2,268,026	2,268,026	1,419,656	1,419,656
				Costs	CLP	7,438,509	(7,438,509)	6,428,708	6,428,708
Telefónica Cybersecurity Tech SpA	77.145.256-6	Chile	Common end controller	Costs	CLP	2,633,646	(2,633,646)	-	-
Telxius Torres Chile S.A.	76.558.575-9	Chile	Common end controller	Lease	CLP	2,358,655	(2,358,655)	1,289,054	(1,289,054)
Telefónica Latinoamérica Holding S.L.	Foreign	Spain	Common end controller	Costs	EUR	1,542,120	(1,542,120)	1,753,138	(1,753,138)

As of December 31, 2020, 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 Corporations Law, and other relevant regulations, requires that a publicly traded corporation's transactions with related companies are carried out under terms similar to those commonly prevailing in the market. As of December 31, 2020 and 2019, the Company has no significant transactions with related parties other than those already reported in these financial statements.

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 are 69 and 64 executives for December 31, 2020 and 2019, respectively.

Concepts	12.31.2020	12.31.2019
	ThCh\$	ThCh\$
Salaries	11,163,439	12,470,757
Post employment benefits	3,230,879	1,846,968
Total	14,394,318	14,317,725

10. Inventory

a) The detail of inventory is as follows:

Concepts	12.31.2020			12.31.2019		
	Gross value	Allowance for obsolescence	Net value	Gross value	Allowance for obsolescence	Net value
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Mobile equipment	36,673,626	(78,158)	36,595,468	37,151,692	(364,271)	36,787,421
Modems and Router (1)	20,352,861	(952,595)	19,400,266	7,305,621	(748,032)	6,557,589
IP Solutions Projects (2)	4,534,625	-	4,534,625	4,000,524	-	4,000,524
Decoders and antennas (3)	3,638,292	(455,822)	3,182,470	9,548,024	(578,411)	8,969,613
Basic telephony, public telephony and switchboard ("centralitas") components (4)	3,549,579	(346,472)	3,203,107	2,489,027	(381,658)	2,107,369
Mobile accessory	438,231	(38,491)	399,740	143,022	(3,290)	139,732
Other	134,385	(13,476)	120,909	782,170	(56,409)	725,761
Total	69,321,599	(1,885,014)	67,436,585	61,420,080	(2,132,071)	59,288,009

- (1) In the first quarter of 2020 the contractual conditions of the broadband service changed with fiber optics technology, which caused the Company to record all equipment associated to that service as inventory, whereas until the previous year this was recorded as property, plant and equipment. The amount of the transaction was ThCh\$ 8,365,412.
- (2) Mainly due to higher investment, Obrascon ThCh\$1,801,278, Metro ThCh\$1,828,527 and Plaza S.A. ThCh\$897,297.
- (3) Decrease in decoder and antennae purchases by subsidiary Telefónica Empresas Chile S.A. due to the implementation of fiber optics in new projects.
- (4) Corresponds to new private services projects.

As of December 31, 2020 and 2019 there have been no inventory write-offs, there is no inventory in guarantee.

The Company has assessed the possible impairment of inventory as of December 31, 2020 due to the macroeconomic effects generated by the health emergency (Covid 19). The analysis has considered: commercial dynamics, analysis of obsolescence and net realizable value, business decisions and stock planning.

Based on the previous analysis, it was determined that there is no obsolescence effect to record as a result of the contingency, as of December 31, 2020.

b) The movement of inventory is as follows:

Movements	12.31.2020	12.31.2019
	ThCh\$	ThCh\$
Beginning balance	59,288,009	55,566,162
Purchases	336,590,478	265,136,170
Sales	(326,914,096)	(262,562,080)
Allowance for obsolescence	247,057	1,147,757
Transfer to assets available for sale (see Note 18)	(1,774,863)	-
Movement, subtotal	8,148,576	3,721,847
Ending balance	67,436,585	59,288,009

11. Income Taxes

a) Income Taxes:

As of December 31, 2020, the parent company, Telefónica Móviles Chile S.A. and subsidiary Telefónica Chile Servicios Corporativos Ltda., have established a first category income tax provision, since it determined a positive tax base in the amount of ThCh\$5,220,965 and ThCh\$5,831,206, respectively. The rest of the companies of the Group have tax losses.

As of December 31, 2019, 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 of ThCh\$41,419,836 and ThCh\$2,191,926, respectively.

The following are first category tax losses as of December 31, 2020 and 2019, as applicable:

- Telefónica Chile S.A. ThCh\$25,966,611 and ThCh\$2,862,594 at December 31, 2020 and 2019, respectively.
- Telefónica Empresas S.A. ThCh\$62,126,717 and ThCh\$36,307,058 at December 31, 2020 and 2019, respectively.
- Telefónica Investigación y Desarrollo SpA. ThCh\$1,094,256 y ThChM\$354,364 at December 31, 2020 and 2019, respectively.

Regarding the current tax results of the Parent company and its subsidiaries, it should be noted that, in the normal development of their operations, they are subject to regulation and supervision by the Internal Revenue Service, as a result of which differences may arise in the application of criteria for determining taxes.

Merger of Telefónica Móviles Soluciones y Aplicaciones S.A. with Telefónica Móviles S.A.

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 the owner of 100% of its shares, generating the dissolution of the Company.

On December 5, 2019, public deed Repertoire No. 50871-2019, evidenced the dissolution of Telefónica Móviles Soluciones y Aplicaciones S.A. This company through a merger process was absorbed by Telefónica Móviles S.A., generating a non-depreciable Goodwill that, as of December 31, 2020, amounts to ThCh\$3,336,297.

11. Income Taxes, continued

a) Income Taxes, continued

As of December 31, 2020, 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.	28,961,059	28,961,059	-	-	13,489,591	-	-	1,085,685	4,812,776
Telefónica Chile S.A.	-	-	-	-	256,168	-	-	172,573,328	764,621,517
Telefónica Empresas Chile S.A.	2,948,064	-	-	2,948,064	(266,614)	-	-	-	-
Telefónica Chile Servicios Corporativos Ltda.	90,959,595	90,959,595	-	-	15,419,816	-	-	17,761,975	66,151,169
Telefónica Investigación y Desarrollo SPA	1,401,524	1,401,524	-	-	702,870	-	-	-	-
Total	124,270,242	121,322,178	-	2,948,064	29,601,831	-	-	191,420,988	835,585,462

b) Current tax assets

As of December 31, 2020 and 2019, current income tax assets are detailed as follows:

Concepts	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Monthly prepaid tax installments (1)	7,557,251	1,519,311
Taxes for recovering previous years (2)	3,861,856	2,455,060
Provisional payment on absorbed profits (3)	2,718,729	2,718,729
Sence and others	-	838,000
Total	14,137,836	7,531,100

- (1) Corresponds to the net balance between monthly provisional payments and the income tax provision at 2021. During March, April and May 2020, the payment of the monthly provisional payment was suspended due to tax measures related to Covid19.
- (1) Corresponds to Telefónica Chile S.A. For ThCh \$932,012 (Income Statement AT2019 and AT2020), Telefónica Móviles S.A. for ThCh \$ 739,892 (Income Statement AT2017) and Telefónica Chile Servicios Corporativos Ltda. for ThCh \$2,199,685 (Income Statement AT2020 and previous years).
- (2) Tax refunds from Inversiones Telefónica Móviles Holding S.A. for fiscal years 2015 and 2016.

During the second quarter of 2020, the tax measures adopted by the Government due to Covid-19, involved the suspension of the monthly provisional payment (PPM) during April, May and June, which implied lower cash flow of approximately ThCh\$2,600,000.

Notes to the consolidated financial statements, continued

As of December 31, 2020 and 2019



11. Income Taxes, continued

c) Deferred tax assets and liabilities

As of December 31, 2020 and 2019, accumulated balances of temporary differences originated net deferred tax assets in the amount of ThCh\$30,072,378 and ThCh\$22,466,891 respectively and which are detailed as follows:

Disclosure of temporary differences, losses and unused tax credits December 31, 2020	Provision for impairment	Obsolescence provision	Deferred income	Effect or taxable goodwill on merger of subsidiary	Dismantling provision	Deferred cost of sales & deferred sales commissions	Personnel provisions	Amortization and depreciation of assets	Tax loss	Right of use and leasing obligations	Other temporary differences	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
Deferred tax assets and liabilities														
Deferred tax assets	35,936,616	431,549	3,627,492	88,326,631	5,019,851	-	17,788,044	9,836,021	24,080,648	9,461,264	5,124,675	(82,085,299)	117,547,492	117,547,492
Deferred tax liabilities	-	-	6,604,620	-	-	7,431,722	11,155,976	145,678,164	-	9,145,836	(2,228,086)	(82,085,299)	95,702,933	95,702,933
Deferred tax liabilities (assets)	(35,936,616)	(431,549)	2,977,128	(88,326,631)	(5,019,851)	7,431,722	(6,632,068)	135,842,143	(24,080,648)	(315,428)	(7,352,761)	-	(21,844,559)	(21,844,559)
Deferred tax assets and liabilities, net														
Deferred tax assets, net	(35,936,616)	(431,549)	-	(88,326,631)	(5,019,851)	-	(6,632,068)	-	(24,080,648)	(315,428)	(7,352,761)	-	(168,095,552)	(168,095,552)
Deferred tax liabilities, net	-	-	2,977,128	-	-	7,431,722	-	135,842,143	-	-	-	-	146,250,993	146,250,993
Deferred tax expense (benefit)														
Deferred tax expense (benefit)	375,557	66,704	478,233	8,553,726	37,363	3,769,784	19,678	4,347,556	(10,003,992)	(1,287,642)	(2,261,730)	-	4,095,237	4,095,237
Deferred tax expense (benefit) recognized in income	375,557	66,704	478,233	8,553,726	37,363	3,769,784	19,678	4,347,556	(10,003,992)	(1,287,642)	(2,261,730)	-	4,095,237	4,095,237
Changes in deferred tax liabilities (assets)														
Deferred tax liabilities (assets) – Beginning balance Dec, 2019	(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)
Changes in deferred tax liabilities (assets)														
Deferred tax expense (benefit) recognized in income	375,557	66,704	478,233	8,553,726	37,363	3,769,784	19,678	4,347,556	(10,003,992)	(1,287,642)	(2,261,730)	-	4,095,237	4,095,237
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	(3,405,172)	-	-	-	(3,405,172)	(3,405,172)
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	(67,733)	-	-	-	-	-	(67,733)	(67,733)
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 (assets) liabilities	375,557	66,704	478,233	8,553,726	37,363	3,769,784	(48,055)	4,347,556	(13,409,164)	(1,287,642)	(2,261,730)	-	622,332	622,332
Deferred tax liabilities (assets)	(35,936,616)	(431,549)	2,977,128	(88,326,631)	(5,019,851)	7,431,722	(6,632,068)	135,842,143	(24,080,648)	(315,428)	(7,352,761)	-	(21,844,559)	(21,844,559)

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

Notes to the consolidated financial statements, continued
As of December 31, 2020 and 2019



11. Income Taxes, continued

c) Assets and Liability by Deferred taxes, continued

Disclosure of temporary differences, losses and unused tax credits December 31, 2019	Other temporary differences	Provision for impairment	Obsolescence provision	Deferred income	Effect or taxable goodwill on merger of subsidiary	Dismantling provision	Deferred cost of sales & deferred sales commissions	Personnel provisions	Amortization and depreciation of assets	Tax loss	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
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
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)
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)
Deferred tax liabilities, net	-	-	2,498,895	-	-	3,661,938	-	131,494,587	-	972,214	-	-	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
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
Changes in deferred tax liabilities (assets)													
Deferred tax liabilities (assets) – Beginning balance Dec, 2017	(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)
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
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	(21,243)	(96,660)	-	-	(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)	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in deferred tax (assets) liabilities	(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
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)

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

11. Income Taxes, continued

d) Taxable Income

As of December 31, 2020 and 2019 a first category income tax provision has been established, therefore a taxable positive base was determined in the amount of ThCh\$11,052,171 and ThCh\$43,611,762, respectively for period, detailed as follows:

Concepts	Taxable Net Income	
	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Finance income	31,952,319	82,465,511
Recorded tax expense	17,012,510	28,143,608
Additions	534,794,531	578,552,777
Deductions	(572,707,188)	(645,550,134)
Taxable net income	11,052,171	43,611,762
First category tax rate 27%	2,984,086	11,775,176
Art, 21 rejected expenses tax base	2,112,087	7,608,575
First category tax rate 40%	844,834	3,043,430
Total tax provision	3,828,920	14,818,606
Provision contingencies (1)	6,317,103	10,983
Hedging instrument income tax provision (2)	2,041,884	527,864
Settlement of derivatives of previous years(3)	353,752	918,783
Reclassification of hedging tax to income (4)	-	(1,768,444)
Deficit (Excess) previous year	375,614	1,361,785
Total first category taxes	12,917,273	15,869,577

- (1) Corresponds to interest and readjustments of the contingencies provision of the parent company (see Note 33 b) and a new provision recognized due to the closing of the audit process for the ending of activities of Telefónica Móviles S.A.
- (2) Taxable net income considers adjustment for derivative instruments recorded in equity.
- (3) Corresponds to the tax expense (benefit) calculated on 2019 hedging instruments, which is carried out in the settlement of the derivative, which occurs in the following period to its provision. This tax provision is presented as a higher or lower expense for the period.
- (4) Taxable net income considers an adjustment for hedging instruments charged to equity.

11. Income Taxes, continued

e) Income tax reconciliation

The income tax expense reconciliation for December 31, 2020 and 2019 is detailed as follows:

Conceptos	12.31.2020		12.31.2019	
	Taxable Base ThCh\$	27% Tax Rate ThCh\$	Taxable Base ThCh\$	27% Tax Rate ThCh\$
Based on accounting income before taxes:				
Finance income	31,952,319		82,465,511	
Recorded tax expense	17,012,510		28,143,608	
Income before taxes	48,964,829	13,220,504	110,609,119	29,864,462
Permanent differences	14,044,464	3,792,006	(6,373,528)	(1,720,854)
Price-level restatement of taxable equity	(60,222,401)	(16,260,048)	(60,460,377)	(16,324,302)
Price-level restatement of taxable value of investments in related companies	29,245,963	7,896,410	31,306,623	8,452,788
Income from investment in related parties	1,270,791	343,114	1,698,125	458,493
Contingency provision	23,396,678	6,317,103	40,678	10,983
Adjustment on deferred tax balances	(2,922,470)	(789,067)	(545,293)	(147,229)
Previous year deficit (surplus)	1,391,163	375,614	5,043,648	1,361,785
Art. 21 non-deductible expenses	3,129,015	844,834	11,271,967	3,043,431
Hedging instrument	1,310,200	353,754	1,408,625	380,329
Uncollectible debtor write-offs	3,709,065	1,001,448	8,082,883	2,182,378
Dividend charged to tax loss in T-Chile	9,868,605	2,664,523	-	-
Others (1)	3,867,855	1,044,321	(4,220,407)	(1,139,510)
Permanent differences	14,044,464	3,792,006	(6,373,528)	(1,720,854)
Total corporate tax expense	63,009,293	17,012,510	104,235,591	28,143,608
Based on taxable net income and deferred taxes calculated on the basis of temporary differences				
27% income tax		5,025,970		12,303,040
40% income tax		844,834		3,043,431
Contingency provision		6,317,103		10,983
Settlement of derivatives of previous years		353,752		918,783
Effect on income due to reclassification of derivatives		-		(1,768,444)
Previous year deficit (surplus)		375,614		1,361,784
Income tax expense		12,917,273		15,869,577
Total deferred tax expense (income)		4,095,237		12,274,031
Total corporate tax expense (income)		17,012,510		28,143,608
Effective income tax rate (2)		34.74%		25.44%

(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 34.74%.

11. Income Taxes, continued

f) Current income tax liabilities

As of December 31, 2020 and 2019, current income tax liabilities are detailed as follows:

Concepts	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Income tax accrual (1)	119,330	1,830,065
Unic income tax	844,834	3,043,431
Contingency provision (note 33 1)	6,569,411	252,308
Others	126,927	126,927
Total	7,660,502	5,252,731

(1) Annual income taxes are presented net of monthly provisional payments in the amount of ThCh\$ 3,957,604 and ThCh\$ 9,945,111, respectively.

12. Non-current trade and other accounts receivable

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

Concepts	12.31.2020			12.31.2019		
	Gross value ThCh\$	Provision for impairment ThCh\$	Net value ThCh\$	Gross value ThCh\$	Provision for impairment ThCh\$	Net value ThCh\$
Receivables on non-current loan transactions	15,628,533	(2,905,586)	12,722,947	18,284,092	(3,043,533)	15,240,559
Trade receivables	13,530,862	(2,801,321)	10,729,541	15,508,627	(2,871,454)	12,637,172
Contractual asset (1)	2,097,671	(104,265)	1,993,406	2,775,465	(172,079)	2,603,386
Miscellaneous receivables (2)	10,600,975	-	10,600,975	12,181,785	-	12,181,785
Total	26,229,508	(2,905,586)	23,323,922	30,465,877	(3,043,533)	27,422,344

(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) Non-current trade and other accounts receivable by due date, as of December 31, 2020 and 2019, are detailed as follows:

As of December 31, 2020									
Concepts	Gross Portfolio value in ThCh\$				Provision for impairment 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	13,608,496	1,424,241	595,796	15,628,533	(2,895,757)	(9,829)	-	(2,905,586)	12,722,947
Miscellaneous receivables	240,611	1,058,459	9,301,905	10,600,975	-	-	-	-	10,600,975
Total	13,849,107	2,482,700	9,897,701	26,229,508	(2,895,757)	(9,829)	-	(2,905,586)	23,323,922

As of December 31, 2019									
Concepts	Gross Portfolio value in ThCh\$				Provision for impairment 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	14,718,527	2,905,784	659,781	18,284,093	(2,843,717)	(195,549)	(4,267)	(3,043,532)	15,240,560
Miscellaneous receivables	276,507	1,216,639	10,688,908	12,181,784	-	-	-	-	12,181,784
Total	14,995,034	4,122,153	11,348,690	30,465,877	(2,843,717)	(195,549)	(4,267)	(3,043,532)	27,422,344

13. Intangible Assets other than goodwill

a) Intangible assets other than goodwill as of December 31, 2020 and 2019 are detailed as follows:

Concepts	12.31.2020			12.31.2019		
	Intangible, gross ThCh\$	Accumulated amortization ThCh\$	Intangible, net ThCh\$	Intangible, gross ThCh\$	Accumulated amortization ThCh\$	Intangible, net ThCh\$
Licenses and franchises (1)	693,467,896	(600,780,286)	92,687,610	641,270,703	(539,955,665)	101,315,038
Administratives grantings (2)	96,164,309	(77,696,724)	18,467,585	130,169,199	(104,421,195)	25,748,004
Intangible assets in development (3)	31,115,361	-	31,115,361	31,563,423	-	31,563,423
Other intangible assets (4)	21,689,823	(21,547,146)	142,677	21,689,823	(20,976,440)	713,383
Total	842,437,389	(700,024,156)	142,413,233	824,693,148	(665,353,300)	159,339,848

- (1) Mainly corresponds to IBM and Microsoft Licenses for ThCh \$ 13,218,347, FTH Software, Switching and Administrative for ThCh\$ 55,789,066 , “Believe” project ThCh \$ 16,456,079 and Other Licenses and Franchises for ThCh \$ 7,641,578.
- (2) This item records licenses for right of use of spectrum
- (3) Mainly corresponds to: evolutionary developments for ThCh \$14,424,296, licenses for ThCh \$6,245,739 and operational continuity for ThCh \$10,058,510.
- (4) Corresponds to submarine cable usage rights.

b) As of December 31, 2020 the movements of intangible assets other than goodwill are detailed as follows (CHECK EL SGTE CUADRO, aunque da igual no tiene mismo orden en las partidas que en español):

Movements	Intangible assets in development, net ThCh\$	Licenses and franchises, net ThCh\$	Administratives Grantings Net ThCh\$	Other intangible assets, Net ThCh\$	Intangible, net ThCh\$
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Beginning balance as of 01.01.2020	31,563,423	101,315,038	25,748,004	713,383	159,339,848
Additions	46,977,157	-	-	-	46,977,157
Transfer from costs of developing to service	(52,558,310)	52,558,310	-	-	-
Cancellations	-	(180,296)	(31,318,658)	-	(31,498,954)
Amortization of cancellations	-	180,296	31,318,658	-	31,498,954
Amortization	-	(61,155,094)	(4,594,187)	(570,706)	(66,319,987)
Transfer of gross value to assets available for sale (see Note 18)	-	(180,821)	(34,004,889)	-	(34,185,710)
Transfer of amortization to assets available for sale (see Note 18)	-	150,177	31,318,657	-	31,468,834
Transfer from work in progress (Note 15b)	5,133,091	-	-	-	5,133,091
Movement, subtotal	(448,062)	(8,627,428)	(7,280,419)	(570,706)	(16,926,615)
Ending balance as of 12.31.2020	31,115,361	92,687,610	18,467,585	142,677	142,413,233
Remaining average useful life	-	1.52 years	13 years	0.25 years	

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

Movements	Intangible assets in development, net ThCh\$	Licenses and franchises, net ThCh\$	Administratives Grantings Net ThCh\$	Other intangible assets, Net ThCh\$	Intangible, net ThCh\$
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Beginning balance as of 01.01.2018	20,363,160	130,724,849	27,576,237	1,291,601	179,955,847
Additions	41,863,338	-	-	-	41,863,338
Cancellations	-	(25,035,402)	-	(142,677)	(25,178,079)
Amortization of cancellations	-	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	-	-	-
Movement, 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 year	14 year	1.2 year	

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 signs of a potential loss in value, and in any case at each year-end.

As of December 31, 2020, there were no signs of loss of value of assets, therefore no impairment testing was carried out.

The Company has evaluated the possible impairment of intangible assets as of December 31, 2020 due to the macroeconomic effects generated by the health emergency (Covid-19) and impairment testing did not result in loss of value of intangible assets.

The main additions to intangible assets, other than goodwill, as of December 31, 2020 and 2019, are investments in computer application and licenses.

Items in the intangibles heading that are fully depreciated and in use are licenses and franchises which amount to ThCh\$492,568,088 and ThCh\$444,474,965, as of December 31, 2020 and 2019, respectively..

14. Goodwill

Current goodwill as of this year was generated before the date of transition to and adoption of International Financial Reporting Standards and, as of December 31, 2020, the value recorded as of that date remains the same.

Goodwill movement as of December 31, 2020 and 2019 is as follows:

Taxpayer No.	Company	01.01.2020 ThCh\$	Additions ThCh\$	Eliminations ThCh\$	12.31.2020 ThCh\$
76.124.890-1	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)	555,251	-	-	555,251
Total		504.774.872	-	-	504,774,872

(1) On May 2, 2017, subsidiary Telefónica Móviles Chile S.A. was merged by absorption, and the Company's name was changed.

(2) On April 30, 2016 Telefónica Larga Distancia S.A. was merged by incorporation with Telefónica Chile S.A. with the latter absorbing the former and acquiring 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, goodwill was proportionately derecognized and charged to income from the sale transaction as indicated in IAS 36.

Taxpayer No.	Company	01.01.2019 ThCh\$	Additions ThCh\$	Eliminations 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.	620,232	-	64,981	555,251
Total		504,839,853	-	64.981	504,774,872

14. Goodwill, continued

Assets indicated in goodwill are tested for impairment once a year, at each year-end.

The Company has evaluated the possible impairment of goodwill as of December 31, 2020 due to the macroeconomic effects generated by the health emergency (Covid-19) and impairment testing did not result in a loss of goodwill value, the recoverable value was higher than its book value.

Impairment testing was determined taking into consideration the following estimated variables:

- i) Projected revenue and operating costs are based on the Strategic Plan for 2020, 2021 and 2022, projecting a fourth and fifth year as terminal value. These projections have been made considering the Company's best estimates, using sectorial 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 takes into consideration the time value of money and the individual risks of the assets analyzed.
- iv) The valuation is determined using the Value in Use (VU) mechanism, which requires that the VU be determined through the net present value of the cash flows that the Company expects to receive from the Cash Generating Unit (CGUs). Two CGUs have been defined:
 - Telefónica Móviles Chile S.A., which mainly provides broadband and mobile telephone services.
 - Telefónica Chile S.A. and its subsidiary, Telefónica Empresas Chile S.A., which provide fixed broadband, television, fixed telephone and technology services for companies.

15. Property, plant and equipment

- a) The detail of Property, plant and equipment items for the periods as of December 31, 2020 and 2019 and their corresponding accumulated depreciation, is as follows:

Concepts	12.31.2020			12.31.2019		
	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	23,448,557	-	23,448,557	23,677,584	-	23,677,584
Buildings (1)	916,316,041	(647,690,000)	268,626,041	925,636,992	(618,001,090)	307,635,902
Supplies and accessories	33,761,988	(32,543,037)	1,218,951	33,713,419	(32,051,084)	1,662,335
Office equipment	3,809,975	(2,971,541)	838,434	3,642,424	(2,756,811)	885,613
Construction in progress	156,941,673	-	156,941,673	156,074,976	-	156,074,976
Information equipment	68,663,830	(57,743,283)	10,920,547	74,847,517	(56,624,441)	18,223,076
Network and communication Equipment (2)	3,364,297,728	(2,704,264,138)	660,033,590	3,553,656,427	(2,873,291,394)	680,365,033
Other property, plant & equipment (3)	347,418,394	(315,883,254)	31,535,140	345,823,214	(307,520,268)	38,302,946
Total	4,914,658,186	(3,761,095,253)	1,153,562,933	5,117,072,553	(3,890,245,088)	1,226,827,465

(1) In Buildings, a decrease is appreciated due to amortization in the amount of ThCh\$ (51,644,269), transfer to investment property in the amount of ThCh\$ (4,079,209), offset by new additions in the amount of MCh\$ 16,582,433 (pipeline posts and other infrastructures and improvements).

(2) As of December 31, 2020 and 2019, there is a provision in the amount of ThCh\$(17,175,350) and ThCh\$(18,730,421), respectively, corresponding to the estimated cost of dismantling telecommunications infrastructure microwave antennae. The obligation is presented under Non-current liabilities in Other non-current provisions. (see Note 23b).

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

Notes to the consolidated financial statements, continued

As of December 31, 2020 and 2019



15. Property, plant and equipment, continued

b) As of December 31, 2020 the movements in Property, plant and equipment items are as follows:

Movements	Land	Buildings, 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\$
Beginning balance as of 01.01.2020	23,677,584	307,635,902	1,662,335	885,613	156,074,976	18,223,076	680,365,033	38,302,946	1,226,827,465
Additions (1)	-	-	-	-	140,916,986	-	-	-	140,916,986
Withdrawals	(250,382)	(16,913,942)	(3,579)	-	(2,521,836)	(3,149,622)	(284,489,993)	(13,431,160)	(320,760,514)
Withdrawals depreciation	-	16,331,243	3,579	-	-	2,353,538	283,494,253	11,846,708	314,029,321
Depreciation expense	-	(51,644,269)	(495,532)	(224,711)	-	(7,785,513)	(114,914,622)	(20,849,840)	(195,914,487)
Other Increase (decrease) (2)	21,355	17,296,316	52,148	183,108	(136,953,090)	2,574,456	95,592,546	16,127,250	(5,105,911)
Transfer of gross value to investment property (3)	(8,989,442)	-	(15,557)	-	-	(1,617,025)	(2,944)	(10,624,968)	(8,989,442)
Transfer of depreciation to investment property (3)	-	4,910,233	-	9,981	-	-	1,603,398	2,944	6,526,556
Transfer of gross value to assets available for sale (4)	-	-	-	-	(575,363)	(5,608,521)	-	(1,097,966)	(7,281,850)
Transfer of depreciation to assets available for sale (4)	-	-	-	-	-	4,313,133	-	637,202	4,950,335
Movements, subtotal	(229,027)	(39,009,861)	(443,384)	(47,179)	866,697	(7,302,529)	(20,331,443)	(6,767,806)	(73,264,532)
Ending balance as of 12.31.2020	23,448,557	268,626,041	1,218,951	838,434	156,941,673	10,920,547	660,033,590	31,535,140	1,153,562,933

(1) Additions in 2020 correspond mainly to new investments, in operational continuity in the amount of ThCh\$29,267,538, access to fiber optics ThCh\$21,758,870, platforms and services in the amount of ThCh\$13,603,163, corporate customer equipment in the amount of ThCh\$6,963,403, core, transportation and optimization in the amount of ThCh\$41,222,622, and mobile network in the amount of ThCh\$23,355,117).

(2) Corresponds to the movement of net transfers from intangible assets to Property, plant and equipment in the amount of ThCh\$ 4.746.275 (Note 13 b).

(3) Corresponds to transfer of the net value from Property, plant and equipment to Investment properties (Note 16).

(4) Transfer to assets available for sale (Note 18).

As of December 31, 2020, the Property, plant and equipment items, which are fully depreciated and still in use, are detailed as follows:

	Land	Buildings, 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\$
Fully depreciated assets still in use	-	288,322,002	29,414,722	2,172,871	-	55,205,712	2,159,537,035	-	281,556,372

The Company has evaluated the possible impairment of Property, plant and equipment as of December 31, 2020 due to the macroeconomic effects generated by the health emergency (Covid-19) and impairment testing did not result in any loss of value. Furthermore, should there be signs of impairment, the respective testing will be carried out.

To date, the Company has no Property, plant and equipment that is temporarily out of service and not actively in use. Should any of these situations occur, they will be destined for sale or will be derecognized.

15. Property, plant and equipment, continued

c) 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	Other property, plant & equipment, net	Property, plant and equipment, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Beginning balance as of 01.01.19	24,309,203	307,915,023	2,162	2,206,289	1,022,807	157,874,623	20,052,119	681,131,821	68,404,518	1,262,916,403
Additions	-	-	-	-	-	201,606,021	-	-	-	201,606,021
Withdrawals	(866,507)	(71,720,316)	-	(543,568)	-	-	(2,625,728)	(84,587,885)	(44,785,318)	(205,129,322)
Deprec. withdrawals	-	57,397,725	-	333,483	-	-	2,405,896	82,703,534	34,428,971	177,269,609
Depreciation expense	-	(25,479,613)	(2,162)	(627,833)	(232,204)	-	(9,328,618)	(88,135,793)	(81,692,193)	(205,496,254)
Other increase (decrease) (1)	234,888	39,523,083	-	293,964	95,010	(203,405,668)	7,719,407	89,253,356	61,946,968	(4,338,992)
Movements, subtotal	(631,619)	(279,121)	(2,162)	(543,954)	(137,194)	(1,799,647)	(1,829,043)	(766,788)	(30,101,572)	(36,088,938)
Ending balance as of 12.31.19	23,677,584	307,635,902	-	1,662,335	885,613	156,074,976	18,223,076	680,365,033	38,302,946	1,226,827,465

(1) Corresponds to the movement of transfers from construction in progress to intangible assets in the amount of ThCh\$ (3,677,242) (Note 13 b).

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	Supplies and accessories, gross	Office equipment, gross	Construction in progress gross	Information equipment, gross	Network and communications equipment, gross	Property, plant and equipment under financial leases, 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	29,196,537	1,717,836	-	40,642,659	2,372,264,159	-	222,324,183	2,962,563,747

The Company, in its normal course of operations, monitors both new and existing assets, and their depreciation rates, standardizing them to the technological evolution and to the development in the markets in which it competes. The Company does not have assets provided in guarantee.

For real estate lease agreements, the Company has considered it is necessary to establish a provision for dismantling costs, which is presented in Other non-current provisions.

16. Investment properties

The composition of this item corresponds to eleven rental floors in the Corporate Building and its related assets and the detail is as follows:

Concepts	12.31.2020		
	Gross value ThCh\$	Accumulated amortization ThCh\$	Net value ThCh\$
Buildings	8,989,442	(4,910,233)	4,079,209
Network and communications equipment	1,617,025	(1,603,398)	13,627
Office equipment	15,557	(9,981)	5,576
Plant and equipment	2,944	(2,944)	-
Total	10,624,968	(6,526,556)	4,098,412

As of March 2020, the Company has recognized rentals from investment properties in operating income. As of December 31, 2020, this concept amounts to ThCh\$744,300.

The useful life of the assets included within Investment Property is standardized to those defined for Property, plant and equipment assets.

17. Right of use assets

a) As of December 31, 2020 and December 31, 2019, the items that compose this account and their corresponding accumulated depreciation are detailed as follows:

Concepts	12.31.2020			12.31.2019		
	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	72,881,183	(39,313,703)	33,567,480	66,604,501	(19,281,531)	47,322,970
Constructions	198,779,645	(75,214,028)	123,565,617	184,652,847	(36,131,266)	148,521,581
Plant and machinery	10,121,817	(3,701,511)	6,420,306	21,209,264	(1,971,986)	19,237,278
Other Rights of use	29,782,510	(6,018,070)	23,764,440	7,611,831	(1,670,811)	5,941,020
Total	311,565,155	(124,247,312)	187,317,843	280,078,443	(59,055,594)	221,022,849

b) As of December 31, 2020 the movements of right of use assets items are as follows:

Movements	Rights of use on land and natural properties, net ThCh\$	Rights of use on buildings, net ThCh\$	Rights of use on plant and machinery, net ThCh\$	Other rights of use, net ThCh\$	Rights of use, net ThCh\$
Beginning balance as of 01.01.20	47,322,970	148,521,581	19,237,278	5,941,020	221,022,849
Additions (1)	8,403,536	12,119,713	-	10,403,838	30,927,087
Withdrawals	(2,237,672)	(98,935)	-	-	(2,336,607)
Depreciation withdrawals	969,639	76,814	-	-	1,046,453
Depreciation expense	(21,001,811)	(39,159,576)	(1,729,525)	(4,347,259)	(66,238,171)
Other increases (decreases)	110,818	2,106,020	(11,087,447)	11,766,841	2,896,232
Movements, subtotal	(13,755,490)	(24,955,964)	(12,816,972)	17,823,420	(33,705,006)
Ending balance as of 12.31.20	33,567,480	123,565,617	6,420,306	23,764,440	187,317,843

(1) Considers lease back provision to Telxius in the amount of ThCh\$880,033 (DAS and land), lease back provision to ATP in the amount of ThCh\$1,376,454 (DAS and land) and others pending additions provision in the amount of ThCh\$1,750,002 (Control 13 Sox).

17. Right of use assets, continued

b) 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 ThCh\$	Rights of use on buildings, net ThCh\$	Rights of use on plant and machinery, net ThCh\$	Other rights of use, net ThCh\$	Advance payments for rights of use, net ThCh\$	Rights of use, net 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 12.31.19	47,322,970	148,521,581	19,237,278	5,279,270	661,750	221,022,849

18. Current assets or groups of assets for disposal classified as held for sale

The composition of current assets or groups of assets for their disposal classified as held for sale is as follows:

Concepts	12.31.2020		
	Gross value ThCh\$	Accumulated amortization ThCh\$	Net value ThCh\$
Administrative concessions	34,004,890	(31,318,657)	2,686,233
Constructions in process	575,363	-	575,363
Existence for sale	1,774,863	-	1,774,863
Computer equipment	5,608,521	(4,313,133)	1,295,388
Other property, plant and equipment	1,097,966	(637,202)	460,764
Licenses and franchises	180,821	(150,177)	30,644
Total	43,242,424	(36,419,169)	6,823,255

On December 31, 2020, the 10 MHz spectrum between the 1865 - 1870 MHz and 1945 - 1950 MHz bands was transferred to their net book value as of that date. As of December 31, 2020, the net book value of the assets related to the Cloud business is transferred.

19. 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		12.31.2020		12.31.2019	
		Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Bank loans	(a)	107,005,217	177,503,803	204,520	163,025,228
Unguaranteed obligations (Bonds) (1)	(b)	119,223,234	553,244,197	119,507,903	614,538,045
Hedge instruments	(see Note 22.2)	28,697,814	24,855,039	3,538,527	5,599,137
Other financial debts (2)		1,922,525	-	2,827,303	-
Total		256,848,790	755,603,039	126,078,253	783,162,410

(1) Includes mark-to-market of loans subject to fair value hedging. As of December 2020, the amount corresponds to ThCh\$ 21,593,415 in non-current

(2) Corresponds to the generation of financial liabilities for portfolio sales operations.

The Company has evaluated its financial liabilities as of December 31, 2020 due to the macroeconomic effects generated by the health emergency (Covid-19) and has determined that the obligations continue to be true and there are no additional changes in their valuation.

Notes to the consolidated financial statements, continued

As of December 31, 2020 and 2019



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

a) As of December 31, 2020, the detail of bank loans is as follows:

Types	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)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Foreign	Bank of Tokyo	Tokyo	USD	At maturity	0.36%	1.23%	US\$ 150 mm	04-15-2021
Bilateral Loan (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.018.000-1	Bank Scotiabank	Chile	USD	At maturity	1.49%	3.62%	US\$ 68.6 mm	11-13-2023
Bilateral Loan (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Foreign	Bank of Nova Scotia	Chile	USD	At maturity	2.07%	3.05%	US\$ 140,19 mm	09-29-2023
Bilateral Loan (4)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.004.000-5	Banco de Chile	Chile	CLP	At maturity	2.15%	1.90%	CLP 30,000 mm	10-06-2024

Types	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)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	-	99,057,000	-	-	-	-	-	-	-	99,057,000
Bilateral Loan (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Bank Scotiabank	-	-	-	47,022,556	47,022,556	-	-	-	-	47,022,556
Bilateral Loan (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Nova Scotia	-	-	-	119,080,998	119,080,998	-	-	-	-	119,080,998
Bilateral Loan (4))	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco de Chile	-	-	-	-	-	30,000,000	-	30,000,000	-	30,000,000
Total					-	99,057,000	-	166,103,554	166,103,554	30,000,000	-	30,000,000	-	265,160,554

Types	Debtor taxpayer No.	Debtor	Debtor country	Creditor	Current		Total current as of 12.31.2020	Non-current						Total Non-current as of 12.31.2020 ThCh\$	
					To Maturity			To Maturity							
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$	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)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	44,794	106,578,247	106,623,040	-	-	-	-	-	-	-	-
Bilateral Loan (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Bank Scotiabank	79,464	-	79,464	-	48,434,807	48,434,807	-	-	-	-	48,434,807
Bilateral Loan (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Nova Scotia	224,379	-	224,379	-	99,236,991	99,236,991	-	-	-	-	99,236,991
Bilateral Loan (4)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco de Chile	-	78.334	78,334	-	-	-	29.832.005	-	29.832.005	-	29,832,005
Total					348,636	106,656,581	107,005,217	-	147,671,798	147,671,798	29,832,005	-	29,832,005	-	177,503,803

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 Libor + 0,8% for 5 years bullet, maturing on 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 Libor (3M) + 1% annual for a 5-year bullet, maturing on November 13, 2023.

3) On April 17, 2020, a loan was obtained from Bank of Nova Scotia in the amount of US\$140.19 million (Ch\$119,080 million) with an interest rate of Libor (6M) + 1.9%, maturing on April 20, 2021. On September 30, 2020, the due date was extended to September 29, 2023 with an interest rate of Libor (6M) + 1.53%.

4) On October 6, 2020, a local loan was taken with the Banco de Chile for ThCh \$ 30,000,000 with an annual interest rate of 1.9%, maturing on October 6, 2024.

Notes to the consolidated financial statements, continued

As of December 31, 2020 and 2019



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

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

Types	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)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.030.000-7	Bank of Tokyo	Tokyo	USD	At expiry	3.57%	3.26%	MMUS\$150	04-15-2021
Bilateral Loan (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.018.000-1	Bank Scotiabank	Chile	USD	At expiry	4.07%	3.62%	MMUS\$68.6	11-13-2023

Types	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)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	-	-	99,057,000	-	99,057,000	-	-	-	-	99,057,000	
Bilateral Loan (2)	76.124.890-1	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	

Types	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\$	
Bilateral Loan (1)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	118,852	-	118,852	112,022,697	-	112,022,697	-	-	-	-	112,022,697
Bilateral Loan (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Bank Scotiabank	85,668	-	85,668	-	-	-	51,002,531	-	51,002,531	-	51,002,531
Total					204,520	-	204,520	112,022,697	-	112,022,697	51,002,531	-	51,002,531	-	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 a monthly interest rate of Libor + 0.8% for 5 years bullet, maturing on 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 Libor (3M) + 1% annual for a 5-year bullet term, maturing on November 13, 2023.

Notes to the consolidated financial statements, continued

As of December 31, 2020 and 2019



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

b) As of December 31, 2020 the detail of unguaranteed obligations (Bonds) is as follows:

Types	Debtor taxpayer No.	Debtor	Debtor country	Creditor taxpayer No.	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bond 144A (1)	90.635.000-9	Telefónica Chile S.A.	Chile	0-E	The Bank of New York Mellon	EE.UU.	USD	At maturity	4.06%	3.88%	US\$ 500 mm	10-12-2022
Bond series K (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	CLP	At maturity	4.91%	4.90%	MM\$ 94,410	09-13-2021
Bond series F (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	At maturity	3.82%	3.60%	UF 3 mm	10-04-2023
Bond series T (4)	90.635.000-9	Telefónica Chile S.A.	Chile	97.004.000-5	Banco de Chile	Chile	CLP	At maturity	4.72%	4.90%	MM\$ 48,000	07-05-2023
Bono Serie O (5)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.004.000-5	Banco de Chile	Chile	CLP	At maturityexpiry	3.36%	3.50%	MM\$ 70,000	12-01-2025

Types	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\$		
Bono 144A (1)	90.635.000-9	Telefónica Chile S.A.	Chile	The Bank of New York Mellon	-	-	236,400,000	-	236,400,000	-	-	-	-	236,400,000	
Bono Serie K (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	94,410,000	-	-	-	-	-	-	-	94,410,000	
Bono Serie F (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	-	66,928,680	66,928,680	-	-	-	-	66,928,680	
Bono Serie T (4)	90.635.000-9	Telefónica Chile S.A.	Chile	Banco de Chile	9,600,000	9,600,000	-	19,200,000	19,200,000	-	-	-	-	38,400,000	
Bono Serie O (5)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco de Chile	-	-	-	-	-	-	70,000,000	70,000,000	-	70,000,000	
Total					9,600,000	104,010,000	236,400,000	86,128,680	322,528,680	-	70,000,000	70,000,000	-	506,138,680	

Notes to the consolidated financial statements, continued

As of December 31, 2020 and 2019



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

b) As of December 31, 2020 the detail of unguaranteed obligations (Bonds) is as follows, continued:

Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current			Non-current							Total Non-current as of 12.31.2020
					To Maturity		Total current as of 12.31.2020	To Maturity					Total Non-current as of 12.31.2020		
					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\$	
Bono 144A (1)	90.635.000-9	Telefónica Chile S.A.	Chile	The Bank of New York Mellon	-	2,528,210	2,528,210	366,355,594	-	366,355,594	-	-	-	-	366,355,594
Bono Serie K (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	1,363,654	94,404,420	95,768,074	-	-	-	-	-	-	-	-
Bono Serie F (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	582,242	582,242	-	97,207,595	97,207,595	-	-	-	-	97,207,595
Bono Serie T (4)	90.635.000-9	Telefónica Chile S.A.	Chile	Banco Chile	10,524,294	9,620,005	20,144,299	-	19,241,482	19,241,482	-	-	-	-	19,241,482
Bono Serie O(5)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco de Chile	-	200,409	200,409	-	-	-	-	70,439,527	70,439,527	-	70,439,527
Total					11,887,948	107,335,286	119,223,234	366,355,594	116,449,077	482,804,671	-	70,439,527	70,439,527	-	553,244,198

- (1) On October 12, 2012, Telefónica Chile S.A. issued a 10-year 144A Reg S bullet Bond in the American Capital Market for an amount of US\$ 500,000,000 (equivalent to ThCh\$ 236,400,000 historical), with an effective annual interest rate of 3.887% in US dollars 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 used for refinancing liabilities and other corporate purposes.
- (2) On September 13, 2016, there was a 5-year bullet placement in the local market for an amount of ThCh\$ 94,410,000, maturing on September 13, 2021, with no covenants or control clauses.
- (3) On October 15, 2013, there was a 10-year bullet placement in the local market for an amount of UF 3,000,000, maturing on October 4, 2023
- (4) On January 5, 2017, Telefónica Chile S.A. placed a 6.5-year bullet Bond Series T in the local market with a nominal annual interest rate of 4.9%, maturing on July 5, 2023. The amount collected on this transaction amounted to ThCh\$48,795,000
- (5) On December 21, 2020, there was a 5-year bullet placement in the local market for an amount of ThCh \$ 70,000,000, maturing December 1, 2025.

On June 22, 2020, Telefónica Móviles Chile S.A. paid the Banco Santander G Bond for a total capital amount of UF 2,000,000 and interest in the amount of UF 21,880, equivalent to ThCh \$ 57,408,140 and ThCh \$ 628,045 respectively.

On August 14, 2020, Telefónica Móviles Chile S.A. paid the Banco Santander I Bond for a total capital amount of UF2,000,000 and interest in the amount of UF 19,406 equivalent to ThCh \$ 57,327,460 and ThCh \$ 556,248 respectively.

Notes to the consolidated financial statements, continued

As of December 31, 2020 and 2019



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

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

Types	Debtor taxpayer No.	Debtor	Debtor country	Creditor taxpayer No.	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bono 144A (1)	90.635.000-9	Telefónica Chile S.A.	Chile	0-E	The Bank of New York Mellon	EE.UU.	USD	Upon maturity	4,06%	3,88%	US\$ 500 mm	10-12-2022
Bono Serie K (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	CLP	Upon maturity	4,91%	4,90%	MM\$ 94.410	09-13-2021
Bono Serie F (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	Upon maturity	3,82%	3,60%	UF 3 mm	10-04-2023
Bono Serie I (4)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	Upon maturity	2,00%	1,95%	UF 2 mm	08-14-2020
Bono Serie G (5)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	Upon maturity	2,01%	2,20%	UF 2 mm	06-20-2020
Bono Serie T (6)	90.635.000-9	Telefónica Chile S.A.	Chile	97.004.000-5	Banco Chile	Chile	CLP	Upon maturity	5,09%	4,90%	MCh\$48,000	07-05-2023

Types	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\$		
Bono 144A (1)	90.635.000-9	Telefónica Chile S.A.	Chile	The Bank of New York Mellon	-	-	-	236,400,000	236,400,000	-	-	-	-	-	236,400,000
Bono Serie K (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	94,410,000	-	94,410,000	-	-	-	-	-	94,410,000
Bono Serie F (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	-	-	-	-	66,928,680	66,928,680	-	-	66,928,680
Bono Serie I (4)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	50,317,080	-	-	-	-	-	-	-	-	50,317,080
Bono Serie G (5)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	50,108,620	-	-	-	-	-	-	-	-	50,108,620
Bono Serie T (6)	90.635.000-9	Telefónica Chile S.A.	Chile	Banco Chile	-	-	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

Notes to the consolidated financial statements, continued

As of December 31, 2020 and 2019



19. 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:

Types	Debtor taxpayer No.	Debtor	Debtor country	Creditor	Current			Non-current							Total Non-current as of 12.31.2019
					To Maturity		Total current as of 12.31.2019	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\$	
Bono 144A (1)	90.635.000-9	Telefónica Chile S.A.	Chile	The Bank of New York Mellon	-	2,665,112	2,665,112	-	378,096,842	378,096,842	-	-	-	-	378,096,842
Bono Serie K (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	1,348,498	-	1,348,498	94,404,420	-	94,404,420	-	-	-	-	94,404,420
Bono Serie F (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	570,317	570,317	-	-	-	93,955,291	-	93,955,291	-	93,955,291
Bono Serie I (4)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	57,016,652	57,016,652	-	-	-	-	-	-	-	-
Bono Serie G (5)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	56,705,915	56,705,915	-	-	-	-	-	-	-	-
Bono Serie T (6)	90.635.000-9	Telefónica Chile S.A.	Chile	Banco Chile	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 bullet Bonds in the American Capital Market for an amount of US\$ 500,000,000 (equivalent to ThCh\$ 236,400,000 historical), at an annual effective 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 used for refinancing liabilities and other corporate purposes.
- (2) On September 13, 2016, a 5-year bullet placement was made in the local market for an amount of ThCh\$ 94,410,000, maturing on September 13, 2021, with no covenants or control clauses.
- (3) On October 15, 2013, a 10-year bullet placement was made in the local market for an amount of UF 3,000,000, maturing on October 4, 2023.
- (4) On August 20, 2015, a 5-year bullet placement was made in the local market for an amount of UF 2,000,000, maturing on August 14, 2020, with no covenants or control clauses.
- (5) On July 23, 2015, a 5-year bullet placement was made in the local market for an 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 a 6.5-year bullet Bond Series T in the local market, for an amount of MTh\$48,000 with an annual nominal rate of 4.9%, maturing on July 5, 2023. The amount collected on this transaction was ThCh\$48,795,000

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

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

c) As of December 31, 2020 the composition of movements in current and non-current financial assets and liabilities from financial activities are as follows:

Conciliation of financing activities, current	Cash flows				Items other than cash flows			12.31.2020
	12.31.2019	Charges	Payments	Exchange rate	Accrued interest	Reclassification current / non-current	Others (*) movements	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Financial liabilities	204,817,950	233,002,471	(239,920,375)	19,654,388	28,615,412	54,694,868	13,567,829	318,351,832
Banks loans (1)	204,520	149,999,216	(4,401,162)	7,602,110	4,799,361	(50,023,998)	(1,174,830)	107,005,217
Unguaranteed obligations (Bonds) (1)	119,507,903	71,078,150	(138,699,796)	(12,742,779)	27,083,853	53,210,000	(214,097)	119,223,234
Hedge instruments (2)	3,538,527	11,435,602	(6,093,582)	24,373,147	(6,162,823)	-	1,606,943	28,697,814
Leases (3)	78,739,697	-	(74,319,498)	421,910	2,895,021	51,508,866	(1,662,243)	61,503,042
Other financial debts (4)	2,827,303	489,503	(16,406,337)	-	-	-	15,012,056	1,922,525
Related companies commercial mandate (5)	87,574	1,434,640	(820,000)	-	-	-	(613,846)	88,368
Related companies leases (3)	12,087,801	-	(7,902,235)	136,549	616,151	2,643,761	3,756,706	6,135,885
Issued Capital	1,329,872,285	35,000,000	-	-	-	-	-	1,364,872,285
Dividends pending of payment (6)	75,721	-	(81,249)	-	-	-	5,528	-
Total	1,545,657,772	269,437,111	(248,723,859)	19,790,937	29,231,563	57,338,629	16,716,217	1,689,448,370

(*) Others

- (1) Corresponds to recognition of amortized cost, 4% tax and stamp tax.
- (2) Corresponds to recognition of the fair value of interest rate insurance and transfer from financial assets.
- (3) Corresponds to recognition of the obligation for liabilities on lease contracts that qualify under IFRS 16.
- (4) Corresponds to portfolio sales settlement.
- (5) Corresponds to movements of related-party transactions with Fundación Telefónica Chile.
- (6) Corresponds to dividends paid in May 2020.

Conciliation of financing activities, Non-current	Cash flows				Items other than cash flows			12.31.2020
	12.31.2019	Charges	Payments	Exchange rate	Accrued interest	Reclassification current / non-current	Others (*) movements	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Financial liabilities	905,937,680	-	-	(30,078,201)	-	(54,694,868)	32,876,812	854,041,423
Banks loans	163,252,643	-	-	(35,245,011)	-	50,023,998	(527,827)	177,503,803
Unguaranteed obligations (Bonds)	614,538,045	-	-	(16,537,352)	-	(53,210,000)	8,453,504	553,244,197
Hedge instruments	5,599,137	-	-	21,704,162	-	-	(2,448,260)	24,855,039
Leases (1)	122,547,855	-	-	-	-	(51,508,866)	27,399,395	98,438,384
Related companies leases	37,179,397	-	-	-	-	(2,643,761)	4,911,402	39,447,038
Total	943,117,077	-	-	(30,078,201)	-	(57,338,629)	37,788,214	893,488,461

(*) Others

- (1) Corresponds to recognition of lease agreements that qualify under IFRS 16.

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

c) As of December 31, 2019, the composition of movements in current and non-current financial liabilities from financial activities are as follows:

Conciliation of financing activities, current	Cash flows				Items other than cash flows			12.31.2019
	12.31.2018	Charges	Payments	Exchange rate	Accrued interest	Reclassification current / non-current	Others (*) movements	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Financial liabilities	58,886,127	6,987,015	(136,389,387)	12,998,483	35,356,007	411,563,727	(184,584,022)	204,817,950
Banks loans (1)	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	100,347,926	(79,617)	119,507,903
Hedge instruments (2)	4,513,765	5,695,225	(6,308,354)	(1,426,532)	820,109	-	244,314	3,538,527
Leases (3)	-	-	(41,819,955)	1,602,438	3,242,004	311,215,801	(195,500,591)	78,739,697
Other financial debts (4)	-	1,291,790	(9,340,716)	-	-	-	10,876,229	2,827,303
Related companies commercial mandate (5)	729,747	28,495,516	(28,324,586)	-	-	-	(813,103)	87,574
Related companies leases (3)	-	-	-	-	-	-	3,821,253	3,821,253
Issued capital (4)	1,294,872,285	35,000,000	-	-	-	-	-	1,329,872,285
Dividends pending of payment (6)	187,737	-	(75,040,625)	-	-	-	74,999,713	146,825
Total	1,354,675,896	70,482,531	(239,754,598)	12,998,483	35,356,007	411,563,727	(106,576,159)	1,538,745,887

(*) Others

- (1) Corresponds to recognition of amortized cost, 4% tax and stamp tax.
- (2) Corresponds to recognition of the fair value of interest rate insurance and transfer from financial assets.
- (3) Corresponds to recognition of obligations for liabilities on lease contracts that qualify under IFRS 16.
- (4) Corresponds to portfolio sales settlement.
- (5) Corresponds to movements of related-party transactions with Telxius Cable Chile S.A. and Fundación Telefónica Chile.
- (6) Corresponds to dividends paid to minority interests in 2019.

Reconciliation of non-current financing activities	Cah flows				Otras partidas distintas al flujo de efectivo			12.31.2019
	12.31.2018	Charges	Payments	Foreign currency translation	Accrued interest	Reclassification current / non-current	Other (*) movements	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Financial liabilities	844,037,498	-	-	31,207,965	-	(100,347,926)	8,264,873	783,162,409
Bank loans	150,851,556	-	-	11,842,072	-	-	331,599	163,025,227
Unguaranteed obligations (Bonds)	680,876,592	-	-	19,365,843	-	(100,347,926)	14,643,536	614,538,045
Hedging instruments	12,309,350	-	-	49	-	-	(6,710,262)	5,599,137
Lease obligations (1)	-	-	-	-	-	(311,215,801)	433,763,656	122,547,855
Total	844,037,498	-	-	31,207,964	-	(411,563,727)	248,473,905	905,710,264

(*) Others

- (1) Corresponds to recognition of lease agreements that qualify under IFRS 16.

20. Current and non-current lease liabilities

a) The composition of the Liabilities for current and non-current leases that accrue interest is as follows:

Concepts	12.31.2020		12.31.2019	
	Current M\$	Non-current M\$	Current M\$	Non-current M\$
Lease obligations (1)	61,503,041	98,438,384	78,739,697	122,547,855
Total	61,503,041	98,438,384	78,739,697	122,547,855

(1) Corresponds to the recognition of the liability for the lease contracts that qualify under IFRS 16.

b) The detail of the expirations of the current and non-current financial liabilities for leases as of December 31, 2020 and 2019 is as follows:

Due date Up to 90 days ThCh\$	91 days to 1 year ThCh\$	Total current 12.31.2020 ThCh\$	1 to 3 years ThCh\$	Due dates 3 to 5 years ThCh\$	Over 5 years ThCh\$	Total non-current as of 12.31.2020 ThCh\$
29,537,743	31,965,298	61,503,041	55,268,820	26,224,368	16,945,196	98,438,384

Due date Up to 90 days ThCh\$	91 days to 1 year ThCh\$	Total current 12.31.2019 ThCh\$	1 to 3 years ThCh\$	Due dates 3 to 5 years ThCh\$	Over 5 years ThCh\$	Total non-current as of 12.31.2019 ThCh\$
21,225,047	57,514,650	78,739,697	75,104,661	22,918,495	24,524,699	122,547,855

21. Trade and other payables

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

Description	12.31.2020		12.31.2019	
	Current ThCh\$	No-current ThCh\$	Current ThCh\$	No-current ThCh\$
Debts due to purchases or services provided, invoiced (1)	160,043,934	-	126,078,371	-
Debts due to purchases or services provided, provisioned (1) (2)	108,343,256	1,160,617	88,312,397	2,160,741
Real property providers, invoiced	47,804,868	-	46,503,948	-
Real property providers, provisioned	5,335,893	-	13,400,376	-
Payables to employees	32,097,916	-	29,848,647	-
Dividends pending of payment	65,659	-	146,825	-
Total	353,691,526	1,160,617	304,290,564	2,160,741

(1) "Debts from purchases or services rendered" corresponding to foreign and domestic suppliers, for the periods ended as of December 31, 2020 and 2019 are detailed as follows:

Debts due to purchases or services provided	12.31.2020	12.31.2019
	ThCh\$	ThCh\$
Domestic	240,181,598	195,000,648
Foreign	28,205,592	19,390,120
Total	268,387,190	214,390,768

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

21. Trade and other payables, continued**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, among others.

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

As of December 31, 2020, the main suppliers in mobile operations are Huawei Chile S.A. with 11.9%, Samsung Electronics Chile Ltda. with 9.4%, Nokia Solutions and Networks Chile with 4.3%. As of December 31, 2019, the main suppliers were Huawei Chile S.A. with 17.8%, Samsung Electronics Chile Ltda. with 8.5%, and Nokia Solutions and Networks Chile with 5.7%.

The terms of accounts payable to suppliers with up to date payments as of December 31, 2020 and 2019 are detailed as follows:

Suppliers with up to date payments As of 12.31.2020	Goods (Immobilized) ThCh\$	Services and Purchases ThCh\$	Total ThCh\$
Trade accounts to date			
Up to 30 days	29,670,694	95,128,442	124,799,136
From 31 to 60 days	13,587,224	44,335,237	57,922,461
From 61 to 90 days	155,540	3,637,929	3,793,469
From 91 to 120 days	479,791	235,581	715,372
From 121 to 180 days	846,390	64,709	911,099
More than 180 days	428,891	425,307	854,198
Total	45,168,530	143,827,205	188,995,735
Average period of payment of up to date accounts	113	76	

Suppliers with up to date payments As of 12.31.2019	Goods (Immobilized) ThCh\$	Services and Shopping Purchases ThCh\$	Total ThCh\$
Trade accounts to date			
Up to 30 days	22,294,299	54,533,561	76,827,860
From 31 to 60 days	12,657,376	27,078,772	39,736,148
From 61 to 90 days	-	1,955	1,955
Total	34,951,675	81,614,288	116,565,963
Average period of payment of up to date accounts	60	60	

21. Trade and other payables, continued**b) Payment terms of accounts payable, continued**

The terms of accounts payable to suppliers with overdue payments as of December 31, 2020 and 2019 are detailed as follows:

Overdue suppliers by term As of 12.31.2020	Goods (Immobilized) ThCh\$	Services and Purchases ThCh\$	Total ThCh\$
Overdue trade accounts payable by term			
Up to 30 days	2,285,025	10,045,370	12,330,395
From 31 to 60 days	39,024	2,193,933	2,232,957
From 61 to 90 days	233,822	588,885	822,707
From 91 to 120 days	33,546	243,520	277,066
From 121 to 180 days	160	985,571	985,731
More than 180 days	44,761	2,159,450	2,204,211
Total	2,636,338	16,216,729	18,853,067
Average payment period of overdue accounts	57	36	

Overdue suppliers by term As of 12.31.2019	Goods (In ThCh\$	Services and Purchases ThCh\$	Total ThCh\$
Overdue trade accounts payable by term			
Up to 30 days	4,619,541	37,732,753	42,352,294
From 31 to 60 days	5,408,114	148,840	5,556,954
From 61 to 90 days	1,045,001	207,850	1,252,851
From 91 to 120 days	147,660	430,385	578,045
From 121 to 180 days	-	3,150,788	3,150,788
More than 180 days	331,957	2,793,467	3,125,424
Total	11,552,273	44,464,083	56,016,356
Average payment period of overdue accounts	58	38	

Notes to the consolidated financial statements, continued

As of December 31, 2020 and 2019



22. 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, 2020 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 (market prices)	Level 2 (observable inputs other than market prices)	Level 3 (inputs not based on observable market data)		
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Other participations (net)	6-a	-	-	-	-	-	5,972,036	-	5,972,036	5,972,036	-	-	5,972,036	5,972,036
Other participations		-	-	-	-	-	5,972,036	-	5,972,036	5,972,036	-	-	5,972,036	5,972,036
Derivative instrument assets		-	-	-	-	-	-	159,119,588	159,119,588	-	159,119,588	-	159,119,588	159,119,588
Derivative instrument assets	22-2	-	-	-	-	-	-	159,119,588	159,119,588	-	159,119,588	-	159,119,588	159,119,588
Non-current Deposits and pledges		-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and pledges		-	-	-	-	-	-	-	-	-	-	-	-	-
Non-current trade and other accounts receivable		23,323,922	23,323,922	-	-	-	-	-	-	-	-	-	23,323,922	23,323,922
Non-current trade and other accounts receivable	12	23,323,922	23,323,922	-	-	-	-	-	-	-	-	-	23,323,922	23,323,922
Non-current financial assets		23,323,922	23,323,922	-	-	-	5,972,036	159,119,588	165,091,624	5,972,036	159,119,588	-	188,415,546	188,415,546
Current trade accounts receivable		243,586,649	243,586,649	-	-	-	-	-	-	-	-	-	243,586,649	243,586,649
Current trade and other accounts receivable	8-a	234,486,698	234,486,698	-	-	-	-	-	-	-	-	-	234,486,698	234,486,698
Account receivable from relate entities	9-a	9,099,951	9,099,951	-	-	-	-	-	-	-	-	-	9,099,951	9,099,951
Current deposits and pledges		319,953	319,953	-	-	-	-	-	-	-	-	-	319,953	319,953
Current pledges and deposits	6-c	319,953	319,953	-	-	-	-	-	-	-	-	-	319,953	319,953
Derivative instrument of assets		-	-	-	-	-	-	10,167,161	10,167,161	-	10,167,161	-	10,167,161	10,167,161
Derivative instrument of assets	22-2	-	-	-	-	-	-	10,167,161	10,167,161	-	10,167,161	-	10,167,161	10,167,161
Cash and cash equivalents		465,809,329	465,809,329	-	-	-	-	-	-	-	-	-	465,809,329	465,809,329
Cash and cash equivalents	5	465,809,329	465,809,329	-	-	-	-	-	-	-	-	-	465,809,329	465,809,329
Current financial assets		709,715,931	709,715,931	-	-	-	-	10,167,161	10,167,161	-	10,167,161	-	719,883,092	719,883,092
Total financial assets		733,039,853	733,039,853	-	-	-	5,972,036	169,286,749	175,258,785	5,972,036	169,286,749	-	908,298,638	908,298,638

Notes to the consolidated financial statements, continued

As of December 31, 2020 and 2019



22. 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, 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 (market prices)	Level 2 (observable inputs other than market prices)	Level 3 (inputs not based on observable market data)		
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Other participations (net)	6-a	-	-	-	-	-	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	22-2	-	-	-	-	-	-	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-c	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	6-b 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	-	-	-	-	-	-	-	-	-	80,444	80,444
Current pledges and deposits	6-c	80,444	80,444	-	-	-	-	-	-	-	-	-	80,444	80,444
Derivative instrument of assets		-	-	-	-	-	-	20,248,206	20,248,206	-	20,248,206	-	20,248,206	20,248,206
Derivative instrument of assets	22-2	-	-	-	-	-	-	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	20,248,206	-	20,248,206	-	514,117,053	514,117,053
Total financial assets		521,341,659	521,341,659	-	-	-	7,853,872	208,334,862	216,188,734	7,849,896	208,338,838	-	737,530,393	737,530,393

22. 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 maturities.

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 maturities.

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 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 6a).

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

Notes to the consolidated financial statements, continued

As of December 31, 2020 and 2019



22. 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, 2020 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 (market prices)	Level 2 (observable inputs other than market prices)	Level 3 (inputs not based on observable market data)		
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Issuance of obligations and other non-current marketable securities	19-b	553,244,197	586,245,617	-	-	-	-	-	-	-	553,244,197	586,245,617
Non-current debts with loan entities	19-a	177,503,803	177,503,803	-	-	-	-	-	-	-	177,503,803	177,503,803
Long-term hedge derivative instrument of liabilities	22-2	-	-	-	-	24,855,039	24,855,039	-	24,855,039	-	24,855,039	24,855,039
Trade and other accounts payable	21-a	1,160,617	1,160,617	-	-	-	-	-	-	-	1,160,617	1,160,617
Accounts payable to related entities	9-c	40,801,985	40,801,985	-	-	-	-	-	-	-	40,801,985	40,801,985
Other non-current financial debts	20	98,438,384	98,438,384	-	-	-	-	-	-	-	98,438,384	98,438,384
Non-current financial liabilities		871,148,986	904,150,406	-	-	24,855,039	24,855,039	-	24,855,039	-	896,004,025	929,005,445
Issuance of short-term obligations and other marketable securities	19-b	119,223,234	123,017,030	-	-	-	-	-	-	-	119,223,234	123,017,030
Short-term debts with credit entities	19-a	107,005,217	107,005,217	-	-	-	-	-	-	-	107,005,217	107,005,217
Short-term derivative instrument of liabilities	22-2	-	-	-	-	28,697,814	28,697,814	-	28,697,814	-	28,697,814	28,697,814
Trade and other accounts payable	21-a	353,691,526	353,691,526	-	-	-	-	-	-	-	353,691,526	353,691,526
Accounts payable to related entities	9-c	59,548,404	59,548,404	-	-	-	-	-	-	-	59,548,404	59,548,404
Other non-current financial debts (1)	20	63,425,566	63,425,566	-	-	-	-	-	-	-	63,425,566	63,425,566
Current financial liabilities		702,893,947	706,687,743	-	-	28,697,814	28,697,814	-	28,697,814	-	731,591,761	735,385,557
Total financial liabilities		1,574,042,933	1,610,838,149	-	-	53,552,853	53,552,853	-	53,552,853	-	1,627,595,786	1,664,391,002

(1) Includes sale of portfolio to Banco Santander (See Note 18 Other financial debts).

Notes to the consolidated financial statements, continued

As of December 31, 2020 and 2019



22. Financial instruments, continued

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

b) 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 (market prices)	Level 2 (observable inputs other than market prices)	Level 3 (inputs not based on observable market data)		
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Issuance of obligations and other non-current marketable securities	19-b	614,538,045	636,502,212	-	-	-	-	-	-	-	614,538,045	636,502,212
Non-current debts with loan entities	19-a	163,025,228	163,252,642	-	-	-	-	-	-	-	163,025,228	163,252,642
Long-term hedge derivative instrument of liabilities	22-2	-	-	-	-	5,599,137	5,599,137	-	5,599,137	-	5,599,137	5,599,137
Trade and other accounts payable	21-a	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 long-term financial debts	20	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	19-b	119,507,902	120,216,089	-	-	-	-	-	-	-	119,507,902	120,216,089
Short-term debts with credit entities	19-a	204,521	204,521	-	-	-	-	-	-	-	204,521	204,521
Short-term derivative instrument of liabilities	22-2	-	-	-	-	3,538,527	3,538,527	-	3,538,527	-	3,538,527	3,538,527
Trade and other accounts payable	21-a	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 long-term financial debts (1)	20	81,566,999	81,566,999	-	-	-	-	-	-	-	81,566,999	81,566,999
Current financial liabilities		571,625,194	572,333,381	-	-	3,538,527	3,538,527	-	3,538,527	-	575,163,721	575,871,908
Total financial liabilities		1,511,924,708	1,534,824,476	-	-	9,137,664	9,137,664	-	9,137,664	-	1,521,062,372	1,543,962,140

(1) Includes sale of portfolio to Banco Santander (See Note 19 Other financial debts).

22. 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 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) (see note 19).



22. Financial instruments, continued

2. Hedging instruments

As of December 31, 2020, hedging instruments are detailed as follows:

Type of hedge	Underlying	To Maturity							
		Current Assets		Current Liabilities		Non-current Assets		Non-current Assets	
		Up to 90 days ThCh\$	90 days to 1 year ThCh\$	Up to 90 days ThCh\$	90 days to 1 year ThCh\$	1 to 3 years ThCh\$	3 to 5 years ThCh\$	1 to 3 years ThCh\$	3 to 5 years ThCh\$
Exchange rate hedge – cash flow (1)	Suppliers Debt	132,308	46,637	(8,040,984)	(15,621,964)	-	-	(1,411,828)	-
Exchange rate hedge – fair value (2)	Suppliers Debt	302,015	6,619,837	(1,620,762)	-	-	-	(21,808,182)	-
Interest rate hedge – cash flow (3)	Financial Debt	2,667,757	-	(3,414,104)	-	-	11,688,395	(1,635,029)	-
Exchange rate and interest rate hedge – fair value (4)	Financial Debt	398,607	-	-	-	-	147,431,188	-	-
Total		3,500,687	6,666,474	(13,075,850)	(15,621,964)	-	159,119,583	(24,855,039)	-

As of December 31, 2020, Hedging instruments have generated an effect on year result of ThCh\$36,254,603, and an accumulated effect on equity, net of taxes, of ThCh\$14,505,537 (see note 26d)

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

Type of hedge	Underlying	To Maturity							
		Current Assets		Current Liabilities		Non-current Assets		Non-current Assets	
		Up to 90 days ThCh\$	90 days to 1 year ThCh\$	Up to 90 days ThCh\$	90 days to 1 year ThCh\$	1 to 3 years ThCh\$	3 to 5 years ThCh\$	1 to 3 years ThCh\$	3 to 5 years ThCh\$
Exchange rate hedge – cash flow (1)	Suppliers Debt	1,712,483	3,797,289	(3,323)	(36,660)	-	-	-	-
Exchange rate hedge – fair value (2)	Suppliers Debt	553,571	-	(149,439)	-	-	-	-	-
Interest rate hedge – cash flows (3)	Financial Debt	2,424,304	-	(3,349,105)	-	-	5,035,550	(4,582,403)	(980,600)
Exchange rate and interest rate hedge – fair value (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 26d).

Description of hedge instruments:

1. Exchange rate hedge – cash flow: This category includes derivative instruments used to hedge highly probable future cash flows of trade debt.
2. Exchange rate hedge – fair value: This category includes derivative instruments entered into to hedge existing commercial debt.
3. Interest rate hedge – cash flows: 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 hedge – fair value: This category includes derivative instruments entered into to hedge foreign currency risk on capital of debt instrument.

22. 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, both 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 apply 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. Hierarchy of financial instruments fair value

Financial instruments recognized at fair value in the Statement of financial position are classified according to the following hierarchies (note 22.1):

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.

23. Other currents provisions

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

Concepts	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Civil and regulatory provisions	5,494,711	1,601,625
Total	5,494,711	1,601,625

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 33a, therefore they do not foresee that they will result in liabilities other than those recorded.

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

As of December 31, 2020 and 2019, the movements in provisions are as follows:

Movements	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Beginning balance	1,601,625	5,745,139
Increase in existing provisions	5,296,788	2,256,777
Provision application	(1,403,702)	(6,400,291)
Movements subtotal	3,893,086	(4,143,514)
Ending balance	5,494,711	1,601,625

b) Other non-currents provisions:

As of December 31, 2020 and 2019, the balance of other non-current provisions are detailed as follows:

Concepts	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Dismantling provision (2)	17,175,350	18,730,421
Non-currents provisions others (1)	89,895	70,134
Total	17,265,245	18,800,555

(1) Includes provisions for municipal licenses and mutual support.

(2) Movements of the dismantling provision as of December 31, 2020 and 2019 are detailed as follows:

Movements	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Beginning balance	18,730,421	20,123,983
Financial update	141,182	701,762
Upward	114,318	319,997
Reverse of dismantling provision	(1,810,571)	(2,415,321)
Movement subtotal	(1,555,071)	(1,393,562)
Ending balance	17,175,350	18,730,421

24. Employee benefits accrual

a) Post-employment benefits

The employee benefits provision corresponds to liabilities for future severance pay for years of service that are estimated to be accrued for employees, both in the general and private payroll, through collective or individual employee contracts, and are 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. This procedure has been applied by the Company since the beginning of the convergence to International Standard.

As of December 31, 2020 and 2019 current and non-current employee benefits accrual are as follows:

Concepts	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Current amount of liability recognized for termination benefits	11,091,202	9,397,635
Non-current amount of liability recognized for termination benefits	25,399,311	26,723,862
Total	36,490,513	36,121,497

As of December 31, 2020 and 2019 the movements for current employee benefits provisions are detailed as follows:

Movements	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Beginning balance	36,121,497	35,439,905
Service costs	95,680	(114,271)
Interest costs (see note 24 d)	1,295,678	1,656,106
Actuarial profits, net due to experience	250,267	2,397,133
Benefits paid	(921,887)	(3,607,413)
Others	(350,722)	350,037
Movement subtotal	369,016	681,592
Ending balance	36,490,513	36,121,497

24. Employee benefits accrual, continued

a) Post-employment benefits, continued

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, 2020 and December 31, 2019:

- **Discount rate:** An annual nominal rate of 3.65% and 3.59% is used as of December 31, 2020 and 2019, respectively. This rate must be representative of the time value of money, for which a risk-free rate, represented by BCP financial instruments (Central Bank of Chile Bonds issued in Chilean pesos), is used for a relevant term of around 20 years.
- **Incremental Salary Rate:** for calculation, an increase table is used according to the inflation projection established by the Central Bank of Chile. The rate used for the periods ended December 31, 2020 and 2019 was 3%.
- **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 periods are as follows:

Benefit group	Turnover rate for resignation	Turnover rate for dismissal
Frozen Compensation	0.09%	1.72%
Post-frozen Compensation	3.17%	7.23%
Quotas system	2.73%	2.73%
Decease	2.73%	2.73%

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

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, 2020, 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	3.653%	(2,071,444)	2,314,270

24. Employee benefits accrual, continued**c) Expected cash flows**

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

Description	1st year ThCh\$
Future payment cash flows	5,610,701

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:

Concepts	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Wages and salaries	131,292,749	123,180,395
Post employment benefit obligations expense	95,680	(114,271)
Total	131,388,429	123,066,124

25. Other current and non-current non-financial liabilities**a) Other non-financial liabilities are detailed as follows:**

Concepts	12.31.2020		12.31.2019	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Contractual liabilities (1)	18,599,189	2,250,291	14,259,915	2,673,550
Handsets sold and not activated	9,429,162	-	5,687,633	-
Services charged and not rendered	5,034,677	-	5,167,858	-
IRUS rights of use	422,250	2,250,291	396,020	2,672,552
Others contractual liabilities (2)	3,713,100	-	3,008,404	998
Deferred income	4,357,500	1,069,070	3,880,359	1,709,923
Corporate projects to be undertaken (3)	1,978,284	435,723	1,265,884	744,484
Sale of telecommunications infrastructure	1,097,554	419,712	1,320,124	518,074
Other Deferred income (4)	1,281,662	213,635	1,294,351	447,365
Subsidies	359,756	2,333,490	523,355	3,272,663
Extreme zones	118,942	357,680	282,541	1,056,038
Subsidy for Tierra del Fuego base stations	70,355	703,554	70,355	773,910
Puerto Natales and Cerro Castillo Fiber Optics Network	52,623	350,820	52,623	403,444
Connectivity for service networks and telecentre	90,380	251,052	90,380	341,431
Juan Fernandez Island Satellite links	27,456	670,384	27,456	697,840
Taxes	26,699,733	-	33,271,416	-
VAT (5)	24,681,683	-	30,900,052	-
Other taxes (6)	2,008,050	-	2,371,364	-
Others non-financial liabilities	50,016,178	5,652,851	51,935,045	7,656,136

(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 commissions for collection management, generated on the sale of the portfolio to BID.

(5) Corresponds to the net effect between VAT debit and tax credit.

(6) Includes withholding tax and other taxes.

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

Movements of contractual liabilities, deferred income and subsidies as of December 31, 2020 and 2019 are as follows:

Movements	12.31.2020					
	Contractual liabilities		Deferred Income		Subsidies	
	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Beginning balance	14,259,915	2,673,550	3,880,359	1,709,923	523,355	3,272,663
Endowments	254,905,765	-	5,448,246	386,300	-	-
Reduction/applications	(250,989,749)	-	(5,673,335)	(324,923)	(1,102,772)	-
Transfers	423,259	(423,259)	702,230	(702,230)	939,173	(939,173)
Movement subtotal	4,339,275	(423,259)	477,141	(640,853)	(163,599)	(939,173)
Ending balance	18,599,190	2,250,291	4,357,500	1,069,070	359,756	2,333,490

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	579,417
Write downs/applications	(273,243,059)	(77,564)	(6,976,331)	(72,107)	(1,128,941)	(176,703)
Transfers	336,425	(336,425)	302,312	(302,312)	183,053	(183,053)
Movements, subtotal	419,900	(399,445)	(952,726)	(206,644)	(782,288)	219,661
Ending balance	14,259,915	2,673,550	3,880,359	1,709,923	523,355	3,272,663

b) The detail of the expirations of the current non-financial liabilities as of December 31, 2020 and 2019 is as follows:

Expirations		Total Current to 12.31.2020 ThCh\$	1 to 3 years ThCh\$	Expirations		Total non-current to 12.31.2020 ThCh\$
until 90 days ThCh\$	91 days to 1 year ThCh\$			3 to 5 years ThCh\$	5 years and more ThCh\$	
47,141,182	2,874,997	50,016,179	3,030,380	783,330	1,839,141	5,652,851

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	36,590,028			51,935,045	3,920,652	

26. Equity

The Company manages its capital for the purpose of safeguarding its capacity to continue as a going concern for the purpose of generating returns to its shareholders. As well with the objective of maintaining a strong credit rating and favorable capital ratios in order to support its businesses and guarantee ongoing and expedite access to the financial markets, maximizing the 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 the periods ended as of December 31, 2020 and 2019.

a) Capital

As of December 31, 2020 and 2019, the Company's paid-in capital is composed as follows:

Number of shares

Series	No. of shares subscribed	12.31.2020			12.31.2019	
		No. of shares paid	No. of shares with voting rights	No. of shares subscribed	No. of shares paid	No. of shares with voting rights
Unique	960,392,966,349	960,392,966,349	960,392,966,349	936,165,609,040	936,165,609,040	936,165,609,040
Total	960,392,966,349	960,392,966,349	960,392,966,349	936,165,609,040	936,165,609,040	936,165,609,040

Capital

Series	12.31.2020		12.31.2019	
	Subscribed capital	Paid-in capital	Subscribed capital	Paid-in capital
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Unique	1,364,872,285	1,364,872,285	1,329,872,285	1,329,872,285
Total	1,364,872,285	1,364,872,285	1,329,872,285	1,329,872,285

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

At the Extraordinary Shareholders' Meeting held on February 26, 2020, the shareholders approved a Capital increase from ThCh\$1,329,872,285, that was divided into 936,165,609,040 ordinary shares, to ThCh\$1,364,872,285, divided into 960,392,966,349 ordinary shares.

26. Equity, continued

Based on the above, as of December 31, 2020, the Company's shareholder structure is detailed as follows:

Company	Shares
Inversiones Telefónica International Holding S.A.	950,392,963,373
Telefónica S.A.	10,000,002,976
Total	960,392,966,349

On March 31, 2020 according to contract of purchase sale of shares, Telefónica S.A. transferred all its shareholding of 10,000,002,976 shares of Telefónica Móviles Chile S.A. to Latin América Cellular Holdings S.L. at a selling price of € 26,159,899.63.

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, 2020, is as follows:

Type of Shareholder	Participation %	Number of shareholders
Participation of 10% or more	98.9588	1
Less than 10% participation:	1.0412	1
Investment equal to or exceeding UF 200	-	-
Investment under UF 200	-	-
Total	100.0000	2
Parent Company	98.9588%	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 them must be distributed as dividends.

As of December 31, 2020, the Company has provisioned 30% of the profit for fiscal year 2020 as an interim dividend of ThCh\$ 9,971,466.

As of December 31, 2020, there have been no dividends distributed. As of December 31, 2019, the following dividend distribution was made:

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

26. Equity, continued**d) Other reserves:**

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

Concepts	Balance as of 12.31.2019 ThCh\$	Net movement ThCh\$	Balance as of 12.31.2020 ThCh\$
Capital revaluation reserve (i)	(233,685,327)	-	(233,685,327)
Business combination reserve (ii)	(95,176,556)	-	(95,176,556)
Other miscellaneous reserves (iii)	(122,214,004)	-	(122,214,004)
Employee benefits reserve (iv)	(9,945,809)	(181,895)	(10,127,704)
Foreign currency translation difference reserve (v)	(58,310)	-	(58,310)
Cash flow hedges reserve (vi)	1,099,249	(15,604,784)	(14,505,535)
Reserve for financial assets (vii)	2,155,257	(1,861,839)	293,418
Total	(457,825,500)	(17,648,518)	(475,474,018)

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 (ex-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 item.

ii) Business combination reserve

Corresponds to corporate 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 26)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 Inversiones Telefónica Internacional Holding S.A. with the contribution in dominion of a group of assets and liabilities. This transaction generated a difference between the book value of those assets and liabilities and the contribution value of ThCh\$61,567,621 that were recognized in this item, 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 responsible. This tax, in the amount of ThCh\$3,722,259, was recognized as "Other reserves".

In addition, it is composed of 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 other negative concepts for ThCh\$70,619.

26. Equity, continued**d) Other reserves, continued****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) Cash Flow hedges reserves

Transactions designated as cash flow hedges for expected transactions are probable, and if the Company can carry out the transaction, the Company has the positive intention and ability to consummate the expected transaction. Expected transactions designated in our cash flow hedges remain probable of occurrence on the same date and amount as originally designated, otherwise, the ineffectiveness will be measured and recorded when appropriate. In addition, this includes fair value effects associated to interest rate insurance.

vii) Reserves for financial assets

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, 2020 and 2019, recognition of the portion of Equity belonging to third parties is detailed as follows:

Subsidiaries	Percentage Non-controlling interest		Non-controlling interest Shareholders' Equity	
	2020	2019	12.31.2020	12.31.2019
	%	%	ThCh\$	ThCh\$
Telefonica Chile S.A.	0.8594402	0.8594402	5,659,883	5,859,874
Total			5,659,883	5,859,874

As of December 31, 2020 and 2019 recognition of the portion of Results belonging to third parties is detailed as follows:

Subsidiaries	Percentage Non-controlling interest		Non-controlling interest in result Profit (loss)	
	2020	2019	12.31.2020	12.31.2019
	%	%	ThCh\$	ThCh\$
Telefonica Chile S.A.	0.8594402	0.8594402	(22,490)	243,664
Total			(22,490)	243,664

27. Earnings per Share

The detail of Earnings per share is as follows:

Basic earnings per share	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Earnings attributable to parent owners	31,974,809	82,221,847
Resultado disponible para accionistas	31,974,809	82,221,847
Weighted average number of shares	957,701,037,759	923,975,162,444
Basic earnings per share in Ch\$	0.033	0.088

Earnings per share have been calculated dividing income the Result for the year attributable to the Parent company, 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.

28. Incomes

a) The detail of incomes from ordinary operations, as of December 31, 2020 and 2019, is as follows:

Ordinary incomes	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Mobile Telecommunications	830,285,705	858,683,220
Fixed Telecommunications	307,199,084	331,703,403
Data services and technology solutions companies	177,136,639	162,876,295
Television services and equipment	115,562,154	150,215,572
Total	1,430,183,582	1,503,478,490

b) The detail of Other operating incomes, as of December 31, 2020 and 2019, is as follows:

Other incomes	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Incomes from indemnities, complaints and others (1)	5,935,684	8.788.227
Surcharges due to default	1,773,339	3.499.679
Subsidies	1,102,772	1.325.609
Profits from sale of fixed assets and other (2)	10,159,324	15.468.681
Total	18,971,119	29,082,196

- (1) Contains a figure of ThCh\$ 5,056,608 corresponding to collection from the insurance company, associated to policies that cover damages caused by the national contingency due to social conflict that began on October 18, 2019.
- (2) On July 24, 2019, the Data Center was sold for ThCh\$10,795,589.

29. Expenses

a) Impairment loss, net:

Provision for impairment	12.31.2020 M\$	12.31.2019 M\$
Trade accounts receivable (see note 8c)	63,485,408	64,755,029
Total	63,485,408	64,755,029

b) The detail of Other expenses, by nature, as of December 31, 2020 and 2019, is as follows:

Other expenses	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Media rental and other exterior services (1)	355,642,427	383,134,720
Sale cost of inventory and commissions (2)	366,065,701	344,128,910
Customer service	45,760,350	49,193,470
Interconnections and roaming (3)	25,406,145	32,029,978
Others (4)	36,932,255	47,958,243
	829,806,878	856,445,321

- (1) This item includes media rental, external services, maintenance, computer services, energy supply and real estate expenses. The variation is mainly explained by the decrease in TV content costs, lower Premium channel contracts and lower expenses related to a drop in links in comparison to the previous year.
- (2) Increase mainly associated with higher amortized amount of compliance costs for fixed broadband and television equipment in the amount of ThCh\$10,325,210, an increase in cost of sales of mobile handsets in the amount of ThCh\$21,906,199 due to higher commercial activity than the previous year, increase in sale of private service projects in the amount of ThCh\$9,035,037 and lower commissions expense for customers addition in the amount of ThCh\$22,752,944 (see Note 7).
- (3) At an accumulated level the roaming cost decreased by ThCh\$2,780,831 mainly due to lower traffic due to the health contingency and lower tariffs as per commercial agreements; in addition, interconnections present a lower cost of ThCh\$4,073,944 mainly due to changes in the Tariff decree applied in the first quarter of 2019.
- (4) This item includes expenses for transportation, insurance, consulting, events, fines, sanctions, security and surveillance and advertising, among others. The variation is mainly explained by the decrease due to the net effect of lower media exposure, as well as slowdown of expenses associated with advertising, lower restructuring provision and the recognition of customer indemnities.

30. Financial incomes and expenses

a) The detail of net financial incomes and expenses, as of December 31, 2020 and 2019, is as follows:

Financial expenses, net	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Financial incomes		
Interest earned on deposits and investments	1,933,287	3,500,677
Interest earned on projects	1,032,801	1,113,334
Dividends received and accrued	683,795	412,458
Interests by mercantile mandate	2,883	19,727
Other financial incomes	305,032	300,589
Total financial incomes	3,957,798	5,346,785
Financial expenses		
Interest on obligations (bonds) (1)	18,994,385	26,097,840
Interest on loans from bank institutions (1)	7,987,466	6,116,585
Financial expenses Portfolio sale / Factoring	15,610,784	9,902,014
Leasing costs	3,513,556	3,360,164
Interest on update of employee termination benefits	1,295,678	1,656,106
Cost of remittances abroad	811,157	702,518
Other financial expenses	2,815,158	2,946,523
Total financial expenses	51,028,184	50,781,750
Total financial incomes and expenses, net	(47,070,386)	(45,434,965)

- (1) This item is presented net of interest rate hedge for M\$6,162,702.

30. Financial incomes and expenses, continued

- b) The detail of the differences and units of currency exchange readjustments as of December 31, 2020 and 2019 is as follows:

Differences exchange	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Cash and cash equivalents	(163,151)	687,954
Current trade and other accounts receivable	474,712	900,940
Current accounts receivable from related entities	(612,898)	(297,514)
Trade and other accounts payable	(933,397)	(1,174,691)
Current accounts payable to related entities	304,283	(210,370)
Financial debt	46,470,284	(29,441,066)
Hedge instruments	(45,881,970)	28,275,656
Total	(342,137)	(1,259,091)

Units readjustments	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Current trade and other accounts receivable	378,969	265,814
Trade and other payables	(145,227)	(542,155)
Current tax assets	127,135	106,448
Financial debt	(3,761,877)	(4,690,635)
Hedge instruments	3,777,010	4,489,389
Total	376,010	(371,139)

31. Leases

The main low value, short-term (less than 12 months) and variable payments lease contracts, that were not considered under IFRS 16, are directly associated with the business line, such as leases for commercial offices and spaces for technical telecommunications facilities. These items are presented in the Income Statement as "Other expenses by nature".

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, 2020, lease expenses amount to ThCh\$ 2,020,302.

Future lease obligations, as of December 31, 2020 are detailed as follows:

Concepto	12.31.2020			
	Up to one year ThCh\$	From one to five years ThCh\$	More than 5 years ThCh\$	Total ThCh\$
Minimum operating lease payments payable	2,968,579	6,615,802	5,979,091	15,563,472

32. Local and Foreign Currency

Currency breakdown of current assets and non-currents assets is as follows:

Currents assets	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Cash and cash equivalents	465,809,329	234,466,421
Chilean Pesos	463,863,858	227,008,924
US Dollars	1,786,501	7,379,053
Euros	87,083	65,979
Other currencies	71,887	12,465
Other current financial assets	10,487,114	24,825,391
US Dollars	8,871,730	8,060,222
Chilean Pesos	1,383,278	4,835,258
Euros	232,106	169,352
U.F.	-	11,760,559
Current trade and other accounts receivable	234,486,698	233,716,006
Chilean Pesos	233,698,688	233,216,824
U.F.	752,514	438,438
Euros	35,496	60,744
Current receivables from related companies	9,099,951	21,109,235
Chilean Pesos	7,340,242	16,002,833
US Dollars	1,506,614	5,048,821
Other currencies	253,095	57,581
Other current assets (1)	160,014,672	107,845,297
Chilean Pesos	160,014,672	107,845,297
Total current assets	879,897,764	621,962,350
Chilean Pesos	866,300,738	588,909,136
US Dollars	12,164,845	20,488,096
U.F.	752,514	12,198,997
Euros	354,685	296,075
Other currencies	324,982	70,046

(1) Includes: Other current non-financial assets, current tax assets, current inventory and non-current assets or groups of assets for disposal classified as held for sale or as held for distribution to the owners.

Non-currents assets	12.31.2020 ThCh\$	12.31.2019 ThCh\$
Other non-current financial assets	165,091,624	195,990,996
US Dollars	119,303,018	158,017,808
U.F.	28,128,170	30,068,849
Chilean Pesos	11,688,397	54,444
Other currencies	5,972,039	7,849,895
Non-current trade and other accounts receivable	23,323,922	27,422,344
Chilean Pesos	23,323,922	27,422,344
Other non-currents non-financial assets	57,495,188	13,037,001
Chilean Pesos	57,495,188	13,037,001
Right of use	187,317,843	221,022,849
Chilean Pesos	187,065,017	221,022,849
U.F.	252,826	-
Other non-current assets (2)	1,922,396,942	2,007,310,606
Chilean Pesos	1,922,396,942	2,007,310,606
Total non-current assets	2,355,625,519	2,464,783,796
Chilean Pesos	2,201,969,466	2,268,847,244
US Dollars	119,303,018	158,017,808
U.F.	28,380,996	30,068,849
Other currencies	5,972,039	7,849,895

(2) Includes: Investments accounting for using the equity method, intangible assets other than goodwill, goodwill, property, plant and equipment and deferred tax assets.

32. Local and Foreign Currency, continued

Currency breakdown of current liabilities is as follows:

Currents liabilities	Up to 90 days		From 91 days to 1 year	
	31.31.2020	12.31.2019	12.31.2020	12.31.2019
	ThCh\$		ThCh\$	
Other current financial liabilities	26,910,998	66,101,366	229,937,792	59,976,887
Chilean Pesos	16,900,623	8,729,508	104,627,130	35,544
US Dollars	9,993,996	346,855	124,728,420	2,665,112
Euros	16,379	8,351	-	-
U.F.	-	57,016,652	582,242	57,276,231
Finance leases	29,537,742	21,225,047	31,965,299	57,514,650
U.F.	20,911,937	18,864,472	23,807,799	50,245,572
Chilean Pesos	8,450,252	2,303,157	7,981,948	7,093,608
US Dollars	175,553	57,418	175,552	175,470
Trade and other payables	353,691,526	304,290,564	-	-
Chilean Pesos	306,875,803	258,856,935	-	-
US Dollars	27,627,085	28,472,557	-	-
U.F.	15,216,241	12,871,579	-	-
Euros	3,955,256	4,071,790	-	-
Other currencies	17,141	17,703	-	-
Current receivables from related companies	59,548,404	66,055,208	-	-
US Dollars	28,663,012	3,402,129	-	-
Chilean Pesos	20,971,344	58,011,843	-	-
U.F.	7,249,063	4,162,968	-	-
Euros	2,664,985	478,268	-	-
Other current liabilities (1)	71,387,597	31,597,009	2,874,996	36,590,027
Chilean Pesos	71,387,597	31,597,009	2,874,996	36,590,027
Total current liabilities	541,076,267	489,269,194	264,778,087	154,081,563
Chilean Pesos	424,585,619	359,498,452	115,484,074	43,719,177
US Dollars	66,459,646	32,278,959	124,903,972	2,840,582
U.F.	43,377,241	92,915,671	24,390,041	107,521,804
Euros	6,636,620	4,558,409	-	-
Other currencies	17,141	17,703	-	-

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

32. Local and Foreign Currency, continued

Currency breakdown of non-current liabilities is as follows:

Non-current liabilities	1 to 3 years		3 to 5 years		5 years and over	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019	12.31.2020	12.31.2019
	ThCh\$		ThCh\$		ThCh\$	
Other non-current financial liabilities	655,331,507	617,999,093	100,271,532	165,163,317	-	-
US Dollars	537,247,402	494,701,943	100,271,532	51,002,531	-	-
U.F.	97,207,595	-	-	93,955,290	-	-
Chilean Pesos	20,876,510	123,297,150	-	20,205,496	-	-
Finance leases	55,268,820	75,104,661	26,224,368	22,918,495	16,945,196	24,524,699
U.F.	39,298,351	58,401,751	18,507,015	21,407,020	6,943,046	13,054,223
Chilean Pesos	15,543,815	16,063,300	7,717,353	1,511,475	10,002,150	11,470,476
US Dollars	426,654	639,610	-	-	-	-
Non-current accounts payable to related companies	40,801,985	38,027,645	-	-	-	-
Chilean Pesos	34,480,215	29,796,210	-	-	-	-
U.F.	6,321,770	8,231,435	-	-	-	-
Other non-current liabilities (1)	26,578,308	29,335,998	73,752,268	14,993,292	44,850,381	104,913,534
Chilean Pesos	26,578,308	29,335,998	73,752,268	14,993,292	44,850,381	104,913,534
Total Non-current liabilities	777,980,620	760,467,397	200,248,168	203,075,104	61,795,577	129,438,233
US Dollars	537,674,056	495,341,553	-	51,002,531	-	-
Chilean Pesos	142,827,716	66,633,186	18,507,015	115,362,309	6,943,046	13,054,224
U.F.	97,478,848	198,492,658	181,741,153	36,710,264	54,852,531	116,384,009

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

33. Contingencies and restrictions**a) Legal proceedings**

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 the company 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 the company 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 processes in which, due to the aforementioned considerations, it has been considered that there is a probable risk of loss. This has led to the provisions at a parent company level, for the amount of the estimated loss as of December 31, 2020, which altogether amounts to ThCh\$5,494,711, of which ThCh\$4,312,048 correspond to subsidiaries. In respect to these figures, it is estimated that Telefónica Móviles Chile S.A. will have to pay the amount of ThCh\$650,000 on its part, during the first quarter of 2021 and the rest during the second quarter of 2021.

33. Contingencies and restrictions, continued**a) Legal proceedings, continued**

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\$7,873,153 in the Parent company and the amount of ThCh\$4,376,642 in the subsidiaries.

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

i) Voissnet Proceeding

On March 31, 2016, the 4th Civil Court of Santiago dictated final sentence in the legal proceeding “Voissnet S.A. vs Telefónica Chile S.A.”, case No. 26.086-2014, completely rejecting the complaint. On June 19, 2018, the Court of Appeals of Santiago, after hearing the appeal filed by the plaintiff, revoked that sentence and condemned subsidiary Telefónica Chile S.A. to pay the amount of Ch\$5,526,164,936. Subsidiary Telefónica Chile S.A. filed an appeal for dismissal in form and substance before the Supreme Court, whose foundation leads its legal counsel to believe that this sentence will be annulled by the Supreme Court.

b) Financial restrictions:

As of December 31, 2020, the Company has no financial restrictions.

c) Insurances:

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 to execute contingency plans to reestablish services. All in accordance with the conditions, limits and deductibles established in the contracted policies.

From the beginning of the massive social demonstrations unrest on October 18, 2019, Telefónica in Chile has suffered damages that have been notified to the insurance company Orion. As of December 31, 2020, a total amount of ThCh\$5,056,608 has been recognized in the income statement for the settlement associated to coverage of the damages to commercial offices, to the headquarters and telephone exchanges, among others, whose recovered amounts are in accordance with the settlement previously received from the insurance company.

33. Contingencies and restrictions, continued

d) Guarantee deposits:

The detail of guarantee deposits is as follows:

Guarantee creditor	Debtor			Current guarantee deposits	Liberated guarantees		
	Name	Relationship	Type of guarantee		2020	2021	2022 and more
					ThCh\$	ThCh\$	ThCh\$
Public and Private Organisms				968,359	-	505,715	462,644
Public Organisms - Undersecretaries and Ministries	TCH	Subsidiary	Deposit	509,914	-	58,065	451,849
Public Organisms - Municipalities	TCH	Subsidiary	Deposit	197,137	-	194,937	2,200
Private Organisms - Others	TCH	Subsidiary	Deposit	141,997	-	133,402	8,595
Public Organisms - Others	TCH	Subsidiary	Deposit	119,311	-	119,311	-
Public and Private Organisms				1,021,892,189	-	757,718,708	264,173,481
Public Organisms - Others	TEM	Subsidiary	Deposit	504,920,113	-	429,098,500	75,821,613
Private Organisms - Others	TEM	Subsidiary	Deposit	295,940,257	-	114,262,749	181,677,508
Banks	TEM	Subsidiary	Deposit	181,456,568	-	180,861,311	595,257
Public Organisms - Municipalities	TEM	Subsidiary	Deposit	23,823,835	-	20,614,794	3,209,041
Public Organisms - Undersecretaries and Ministries	TEM	Subsidiary	Deposit	14,742,688	-	11,996,218	2,746,470
Universities	TEM	Subsidiary	Deposit	1,008,728	-	885,136	123,592
Public and Private Organisms				5,563,891	-	2,869,470	2,694,421
Private Organisms - Others	TMCH	Parent	Deposit	2,395,246	-	914,213	1,481,033
Public Organisms - Undersecretaries and Ministries	TMCH	Parent	Deposit	1,781,717	-	1,167,172	614,545
Public Organisms - Municipalities	TMCH	Parent	Deposit	642,045	-	385,976	256,069
Public Organisms - Others	TMCH	Parent	Deposit	530,738	-	194,345	336,393
Banks	TMCH	Parent	Deposit	185,528	-	185,528	-
Universities	TMCH	Parent	Deposit	28,617	-	22,236	6,381
Total				1,028,424,439	-	761,093,893	267,330,546

TMCH: Telefónica Móviles Chile S.A.

TCH: Telefónica Chile S.A.

TEM: Telefónica Empresas Chile S.A.

34. Environment

Law No. 20,599 was published on June 11, 2012 regulating the installation of emitting and transmitting antennas of telecommunication 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 are based on reducing the number of structures or, failing that, compensations related to tasks for improving the community, which must be agreed by the Neighborhood Groups and the Municipal Council, and that correspond to a 20% of the total cost of the tower in case that some type of camouflage be used in the structure and to 50% in case that 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 the residues.

The Company bases itself on what is required in the environmental assessment in reference to emission levels of electromagnetic waves and also in the urbanistic and environmental area. In this context, certain information requirements have been presented by the competent authorities (Municipalities, Superintendency of the Environment, among others), to measure noise and take mitigating measures if necessary.

The 2020-2024 environmental investment plan was activated nationwide, for comprehensive management of dangerous residues generated from production processes involving the implementation and operation of Telefónica's technical sites. This plan addresses from the generation of residues to their segregation, transitory storage, transportation and 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, pays special attention to the wording of the Regulations that are in 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 movements of dangerous and non-dangerous waste. The process for packaging, cartons and plastics is already in progress complementing the plan to establish the recycling goal associated to them. In addition, the basis for the beginning of a work plan for electrical and electronic waste, which will allow us to work in advance on the new regulation. We are already working on the qualitative and quantitative impacts that this new regulation may have on the operations of Telefónica Chile and, in particular, on its waste management, which has been taken into account in various processes related to suppliers and incorporated in new corporate purchasing processes.

34. Environment, continued

In the context of Supreme Decree 1/2013 issued by the Ministry of the Environment, that approves the Regulation of Pollutant Emissions and Transfers, PRTR, and Res. Ex.144/2020 issued by the Ministry of the Environment, that approves the basic standard for the implementation of amendment to the regulation for the pollutant release and transfer registry, PRTR; Telefónica Chile has complied with its environmental declaration obligations for fiscal year 2019, which culminates with the Annual Sworn Declaration for each facility in October 2020.

From June 14, 2019, the Company went through the process of supervision of the ISO 14001:2015 international certification valid until 2021, in conformity with the implementation of an Environmental Management System for Telefónica Chile. This is a full-scope certification, which provides us with coverage from the design, deployment and maintenance of the mobile network, plus commercialization of telecommunications services to our end customers. We continue progressing in the deployment plan for the environmental management system nationwide, complemented with the environmental mitigation plan which allows Telefónica to evaluate and address environmental risks in all its technical facilities. In addition, we have successfully performed the external follow-up audit, carried out in August 2020, to strengthen our action plans for certification renewal which will occur in 2021.

In addition, at the end of 2021, the Company began to work on the process of obtaining certification under the ISO 50001:2018, which will certify that we work with a policy of continuous improvement in safety and energy performance in all our production processes. Specifically, this standard will certify that we adequately manage all energy aspects derived from the company's activity, that is, from the delivery of our services to the operation of our infrastructure. In addition, it challenges us to activate a plan with measures to minimize the energy consumption of our facilities. The certification considers a 12-month period (December 2020-December 2021), where the Company must go through different stages: 1) Gap analysis; 2) Establish an energy baseline; 3) Create a plan for improvement, training and communications; 4) Implementation and operation; 5) Evaluation of performance; and 6) Certification.

35. Risk management**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 demand of its current and potential customers, innovating and developing excellence in its customer service.

b) Tariff system for mobile telephones:

According to General Telecommunications Law No. 18.168, mobile service tariffs are free and established by the market. Interconnection tariffs between operators are fixed by the Ministry of Economy and the Ministry of Transportation and Telecommunications.

In the case of mobile telephone service, the current Decree applies from January 26, 2019 for a 5-year term.

In the case of fixed telephone service, the current Decree applies from May 9, 2019 for a 5-year term.

35. Risk management, continued

c) Radio electric spectrum assignation:

The Company owns telecommunications concessions that allow it to operate in the 850 MHz, 1.900 MHz, 2.600 and 700 MHz band frequencies granted by the Ministry of Transportation and Telecommunications.

In the case of returning the spectrum ordered by sentence from the Supreme Court in June 2018, Telefónica opted for two ways of complying:

1. To renounce to two concessions in the 3400 – 3600 MHz band, in the XI and XII Regions (south zone of the country), equivalent to 10 MHz of spectrum nationwide. This renouncement was presented to Subtel on November 9, 2019.
2. Tender for a 10 MHz concession in the 1900 MHz band: tender documents were presented in Subtel and in the Antitrust Commission (“Tribunal for Defense of Free Competition” or Tribunal de Defensa de la Libre Competencia TDLC, in Spanish) in November 2019. Both organizations have made observations, therefore a new version of the tender documents was presented on June 25, 2020, which has been approved by Subtel and the “TDLC”. Therefore, the timeline for the tender process came into effect on September 4, as follows:
 - Sale of tender documents: September 25 – November 9
 - Tender consultation: October 9 – November 9
 - Consultation response: November 23
 - Delivery of offers: December 7

On December 7, WOM S.A. and Claro Chile S.A. submitted offers for the tender. On December 15 those offers were opened and, on December 21, Telefónica announced its acceptance of the offer presented by Claro Chile S.A., therefore both companies presented to Subtel a request for prior authorization of the transfer of the concession, which is in progress. The next steps are:

- That Subtel authorize the prior transfer of the concession;
- Signing of the act or contract (purchase/sale) that perfects the transfer of the concession and payment of the economic offer;
- Presentation of a modification request due to change of ownership, by virtue of which Claro Chile will become the concessionaire;
- Publication of the Decree that modifies the concession due to change in ownership in the Official Gazette.

On December 5, 2019, the “TDLC” dictated Resolution No. 59-2019, through which new spectrum caps were established. Among its main aspects, the “TDLC” resolution dictates the following:

- A structure of 5 macro bands was defined: Low (less 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 (greater than 24 GHz).
- For low bands, a spectrum ownership cap was established at 35% by operator.
- For medium low bands, a cap of 30% was established.
- For medium bands, which include 3.500 MHz, short, medium and long-term measures are established. In the short-term, Subtel can not auction contiguous blocks which, altogether, add up less than 40 MHz per operator and, in a first auction, must have at least 80 MHz, to ensure the existence of a minimum of two operators.

35. Risk management, continued

c) Radio electric spectrum assignation, continued

For the medium term, Subtel must ensure that there are at least 4 operators with a minimum of 40 MHz contiguous per operator. Finally, in the long-term, a maximum cap of 30% will be in force for this macroband, with a minimum of 80 contiguous MHz per operator.

- No limits are established for medium high bands, due to the absence of mobile service attributions and assignments in the bands that compose them. Once Subtel has attributed spectrum, it must consult with the "TDLC" to establish a cap for this macroband.
- Short, medium and long-term special measures are also established for high bands. In the short-term, Subtel must ensure the assignment of contiguous blocks which, altogether, add up no less than 400 MHz per operator. In the medium term, Subtel must ensure the existence of at least 4 operators with a minimum of 400 MHz contiguous in this macroband. In the long-term a cap of 25% will be in force and Subtel must ensure that there are at least 4 operators with a minimum of 800 contiguous MHz each.

Resolution No. 59-2019 issued by the "TDLC" was appealed before the Supreme Court by the consumer organization "Conadecus" and by operators WOM and Netline, although WOM desisted from its complaint. The allegations for the other two appeals took place at the end of April and, on July 13, 2020, the Court issued its decision which establishes the following:

- Confirms all caps proposed by the "TDLC", except for the microband associated to low bands (< than 1 GHz), which it adjusts from 35% to 32% and eliminates the validity of the short, medium and long-term period for those caps.
- Complementary measures are decreed: 1) Mandatory and temporary national roaming; 2) Offer of Facilities and Resale for VMOs, approved by the National Economic Prosecutor's Office ("Fiscalía Nacional Económica" or FNE, in spanish), with prior report from Subtel; 3) audits, paid by mobile network operators, to permanently monitor roaming and VMO offer obligations; 4) commitment for effective use of the spectrum, under penalty of being obligated to make available to third parties the part of the spectrum that is not being used; 5) before another spectrum allocation tender, Subtel must analyze whether the incumbent operators can reasonably offer it in their preexisting frequencies in an immediate manner or after optimizing those networks in the available frequencies within a deadline and at reasonable costs.

On the other hand, on January 14, 2020, Subtel called a new Citizen Consultation to define the "Technical Model for allocating Telecommunications Service Concessions operating 5G networks", with a deadline of until February 14 for all interested parties to issue opinions. Subsequently, on August 1 and 17, Subtel published in the Official Gazette the tenders for "Granting Telecommunication Service Concessions that Operate High Speed Wireless Networks". The project considers four public tenders:

- 700 MHz Band: 20 MHz bandwidth
- AWS Band: 30 MHz bandwidth
- 3.5 GHz Band: 150 MHz bandwidth
- 26 GHz Band: 1600 MHz bandwidth

35. Risk management, continued

c) Radio electric spectrum assignation, continued

In September 7, 2020 was the deadline for all those interested in participating in the tenders, called by Subtel for “Granting Telecommunication Service Concessions that Operate High Speed Wireless Networks”, to make their consultations and clarifications on the tender documents published on August 17. On September 28, 2020, an Exempt Resolution was issued to provide a response to the consultations made by the interested parties. In that Resolution, Subtel announced that it would make amendments to the Tender Documents, stating that one of those amendments would be that the deadline for presenting proposals would be extended from its original date, October 19, 2020, to a new date, November 18, 2020. On November 17, Telefónica submitted all its information and its technical project to participate in the tender for the 3.5 GHz band. Subsequently, on November 19, the public act took place, via streaming, for opening the proposals received through which there is a review of which are the candidates in each contest and it is verified that all the information required in the Bases have been sent. In the case of the 3.5 GHz band tender, 5 applicants were submitted, adding to the proposal of Telefónica that of Claro Chile S.A.; Entel; WOM and Boreal NET. On December 30, Subtel reported that the presentation made by Telefónica had no objections, which ensures its participation in the future tender.

In addition, the “TDLC” allegations audience took place in August 2019 regarding the non-contentious consultation made by Telefónica Móviles Chile S.A. in respect to 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 this band and subsequently freed part of the spectrum for the use of fixed wireless services). Regarding this consultation, on August 31, 2020, the “TDLC” issued Resolution No. 62 in which, although it was resolved that with its administrative actions Subtel would not be violating free competition and that no advantage would be granted to the “first mover”, also stated in its Recitals 141 to 150 and in Resolution 2) that there must be a public tender to grant mobile service concessions on the 3400 – 3600 MHz band and that the current concessionaries of local wireless public telephone service operating on the 3400 – 3600 MHz band cannot be exempted from that tender.

On September 11, 2020, Telefónica Móviles Chile S.A. filed a complaint before the Supreme Court, still pending resolution.

On October 30, Telefónica Móviles Chile S.A. submitted a new query to the TDLC, proposing that the Tender Documents for the 5G tenders be previously reviewed by said Court and requesting that, in the meantime, it dictate a precautionary measure to suspend the contests. That precautionary measure was rejected and the consultation continues its course in the Court, which established a deadline until December 23 for the interested parties to provide information on the case. Eleven interested parties provided information, mostly questioning the consultation made by Telefónica, except for the Conadecus Consumers Organization, who shared, in general terms, that the bidding rules have anti-competitive aspects.

35. Risk management, continued

d) New Law: Internet access minimum guaranteed speed, continued

Law No. 21.046 was published in the Official Gazette on November 25, 2017.

This Law No. 21.046 also establishes the dictation of a Regulation that regulates the implementation of those obligations.

On December 20, 2019, Subtel submitted for the acknowledgement of the General Controller of the Republic, the Regulation on Organization, Operation and Tender of the Independent Technical Organization (“OTI” or “Organismo Técnico Independiente”), which centers on the creation, governance and tender of that organization, which is in charge of taking centralized measurements of speed and other technical parameters. The technical aspects of speed measurements, both the individual ones to be carried out by users and the centralized service quality measurements, are postponed for a subsequent regulation. The full operation of the Law will begin after the enactment of this Regulation and the Technical Standard.

On March 16, 2020, through ATELMO, companies in the industry made Comptroller General of the Republic (“Contraloría General de la República”) aware of a series of observations regarding the legality of the Regulation that is in the process of being approved, after which it was removed and once again presented by Subtel.

Finally, on July 27, 2020, the Official Gazette published the regulation that “ESTABLISHES THE ORGANIZATION, OPERATION AND PUBLIC TENDER MECHANISM OF THE INDEPENDENT TECHNICAL ORGANIZATION” which is the entity in charge of implementing and managing an Internet speed measurement system in the country, by virtue of Law No. 21,046 dated in 2017.

Additionally, on Monday, August 3, 2020, Subtel published Exempt Resolution No. 1251 in the Official Gazette, which “SETS THE TECHNICAL STANDARD OF LAW NO. 21.046, WHICH ESTABLISHES THE OBLIGATION OF A GUARANTEED MINIMUM SPEED OF INTERNET ACCESS”, by means of which establishes the characteristics of the Internet speed measurement systems and other parameters. The foregoing is notwithstanding the amendments that will subsequently be made to Resolution No. 3729 of 2011 in reference to network neutrality measurements.

The Comptroller General of the Republic still has to make a pronouncement on the appeal filed by the industry, through ATELMO, against this regulation.

e) Law on removal of unused cable

After concluding its legislative process, the Bill, that obligates concessionaries and holders of telecommunications services to take responsibility for the adequate installation, identification, modification, maintenance, order and transfer of all aerial and underground cables associated to telecommunications services, was published as the new Law No. 21,172, in the Official Gazette, on August 20, 2019.

On March 2, 2020, Subtel submitted a new Fundamental Technical Plan (“PTF”) for Network Management and Maintenance that regulates the installation and removal of lines and other overhead and underground elements. When this regulation is enacted, it will allow to put into operation what is ordered in the law.

35. Risk management, continued**f) Bill on the use of facilities to provide Virtual Mobile Operation and Automatic National Roaming**

In August 2019, the Executive power sent a bill to the legislature that establishes the obligation to permit access and use of the facilities to provide virtual mobile operation and automatic national roaming. After complying with all its legislative process, this bill was finally approved by the National Congress and sent to the Executive Branch. It was published in the Official Gazette on July 15, 2020 (Law No. 21,245).

This project obligates public service concessionaries, who have been allocated spectrum, to sign reciprocal agreements to have a national roaming offer in a group of locations, routes or zones that are isolated; those with low population density; those benefitted by Telecommunications Development Fund (FDT) projects; those with mandatory service; or with the presence of a single operator. In addition, the signing of agreements will also be mandatory nationwide, to mitigate interruptions of the mobile network in emergency situations.

In addition, for the rest of the country, in order to promote investment in networks and facilitate the entry of new operators, it will also be mandatory to sign agreements with new entrants, whose subscription by the new operator will be for a maximum period that must not exceed five years counted from the beginning of the services.

Subtel must dictate a regulation in a period of 90 days from the date of publication of the new law and the obligations will begin to be in force in a period of 60 days from the date of publication of that regulation. However, in the case of locations, routes or zones that are isolated, or with low density, benefitting from FDT or with the presence of a single operator, the agreement between the parties and the beginning of the service must not exceed a period of 60 days from the date of publication of the new Law, deadline that expires on October 9, 2020.

g) Public Consultation on regulations for the operation of International Roaming at a local price between Chile and Argentina

Subtel published the new local price roaming regulation in the Official Gazette on August 28, 2020, with immediate application as of August 29, 2020.

On October 20, through Atelmo, the industry filed two appeals, one before the National Economic Prosecutor's Office to claim eventual illegalities in the procedure used by Subtel to dictate the regulation and another before Subtel itself, in order to get it to clarify the correct sense and scope of the concept of "local rate" roaming. None of these appeals have been resolved yet and, in any case, none of them suspends the entry into force of the regulations.

35. Risk management, continued

h) Cybersecurity regulations

On Friday, August 14, Subtel published Exempt Resolution No. 1318 in the Official Gazette, approving the technical regulations on cybersecurity. The specific matters contained in this regulation include a set of administrative requirements on reporting reports and protocols that must be complied with in case of cyber incident events affecting the networks and systems used to provide telecommunications service, in order to guarantee operating continuity.

i) Bill declaring Internet as a Public Service

This Bill, firstly presented on March 9, 2018, has gone back into the process and is still in the first legislative procedure in the Senate's Transportation and Communications Commission.

Mainly, the proposal is to modify the General Telecommunications Law to include access to Internet as a public service and obligate to companies, in a maximum period of 6 months from when the request is presented by the user, to provide all services defined as "public" in the law. A set of indications for the project were presented, which are being analyzed in the Senate Commission.

j) Bill that creates the Superintendency of Telecommunications

A project, that was first presented in 2011 and which creates the Superintendency of Telecommunications, has been resumed. It is at the stage of the second constitutional process, at the Senate's Transportation and Telecommunications Commission. This project seeks to modify the sector's regulatory institution, separating the supervising function from dictating public policy in telecommunications matters function.

k) 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.

On January 30, 2020, the World Health Organization designated the outbreak of coronavirus 2019 ("COVID-19") as a public health emergency of international significance. In Chile, on March 16, 2020, the Ministry of Health declared COVID-19 at stage 4, which implied a series of measures to contain its spreading and, on March 18, 2020, a State of Constitutional Exception and Catastrophe was declared throughout the national territory. The health measures adopted to address this situation, both at local and international levels, include, among other things, restricting the circulation of persons and closing of borders, which is expected to significantly affect the economic activity and the markets in general. In addition, the Government has launched the so-called "Solidarity Connectivity Plan" ("Plan Solidario de Conectividad" in Spanish) which grants access to basic services for 60 days and the Company at the same time has offered its customers an "Unemployment Benefit", which consists of a reduction of 50% in their invoice for 3 months. To date we still have current clients with this plan.

35. Risk management, continued**l) Financial risk management objectives and policies, continued**

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.

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 exchange, 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 intended 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, 2020, the Company had 71% of its current and non-current financial debt accruing interest at a fixed rate and 29% at variable rate.

35. Risk management, continued**l) Financial risk management objectives and policies, continued****Interest rate risk, continued**

The Company believes it is reasonable to measure the risk associated to the interest rate of the financial debt as the sensitivity of the monthly finance cost of accrual in case of a change in 25 basis points in the debt's benchmark interest rate, which, as of December 31, 2020, corresponds to the "Tasa Promedio de Cámara Nominal" (TCPN). In this manner, an increase of 25 basis points in the monthly TCPN would mean an increase in the accrual monthly financial cost, for 2021, of approximately ThCh\$49,423; whereas a drop in the TCPN would mean a reduction of ThCh\$49,423 in the accrual monthly financial cost for 2021.

When the time comes for a benchmark rate reform such as the LIBOR rate, where the Company maintains outstanding debt at the aforementioned rate, the changes would be as follows:

1. Provide the use of a replacement benchmark in relation to (or in addition to) the affected currency instead of this reformed benchmark rate.
2. Align all provisions of the contract affected by the use of the replacement benchmark.
3. Allow the replacement benchmark to be used to calculate the interest of the affected contract (including without limitation, any consequential changes required to allow that replacement benchmark to be used for the purpose of the agreement).
4. Implement the market conditions applicable to that replacement benchmark.
5. Adjust the price to reduce or eliminate, to the to the extent reasonably feasible, any transfer of economic value from one party to another as a result of the application of the replacement benchmark (or if any adjustment or method to calculate the adjustment recommended by the relevant organization has been formally designated, the adjustment shall be determined on the basis of that designation).

All the aforementioned under the mutual agreement of both parties.

Due to the COVID-19 effect on the local economy, the Central Bank of Chile has decreased the monetary policy rate by a total of 125 bps, which is beneficial for the Company as it has debt with variable interest rates, resulting in lower finance costs.

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 rate variation risks is mainly related 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 to minimize this risk.

The impact of COVID-19 on the exchange rate should be noted since it has caused depreciation of the local currency and, therefore, an important edge in the foreign currency risk. Telefónica foresees this impact will not be relevant in the short-term, since its total financial debt is hedged against fluctuations in the exchange rate until its expiry.

35. Risk management, continued**I) Financial risk management objectives and policies, continued****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. (see Note 8b).

The maximum exposure to credit risk as of the report presentation date is the value of each class of financial asset.

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.

Regarding COVID-19, the credit risk related to bank balances, financial instruments and marketable securities has not been affected due to the strength of the banking sector.

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 to maintain an investment profile that allows it to cover its obligations.

The consequence of the health crisis produced by COVID-19 has been to lower presential collection, due to the closing of several commercial branches throughout Chile. However, the lower presential collection has been partially counteracted by higher collection via Internet.

Capital management

The Capital includes shares and equity attributable to the equity of the Parent company less unearned income reserves.

The Company's main objective in respect to capital management is to ensure that it has a strong credit rating and prosperous capital ratios to support its businesses and maximize shareholders' value. Equity return on investment (income/equity), as of December 31, 2020, is 2.30%, a 3.80 p.p. of decrease in comparison to December 2019, when it reached 6.10%. This is mainly due to the decrease in income for the year and the capital increase of 2.9% (see Note 26).

35. Risk management, continued

I) Financial risk management objectives and policies, continued

Capital management, continued

The Company manages its Capital structure and adjusts it, according to changes in economic conditions.

No changes were introduced in the objectives, policies or processes during the years ended as of December 31, 2020 and 2019.

36. Subsequent events

The consolidated financial statements of Telefónica Móviles Chile S.A. and subsidiaries, for the year ended as of December 31, 2020, were approved and authorized for issuance at the Board of Directors Meeting held on January 28, 2021.

On January 1, 2021, the subsidiary Telefónica Empresas Chile S.A. sold the Cloud business, including its associated assets (see Note 18) to Telefónica Cybersecurity & Cloud Tech Chile SpA for ThCh\$8,961,504.

On January 13, 2021, the Undersecretary of Telecommunications (Subtel) notified the Exempt Resolution No. 50-2021 which authorizes the transfer of the spectrum concession to Claro Chile S.A.. As of that date, according to the tender documents, Claro Chile S.A. has 10 business days to pay the price it offered for the concession and to present, together with TMCH, the request for concession modification due to change in ownership. On January 27, 2021, the counter-sale contract was signed by virtue of which Telefónica Móviles Chile S.A. sold to Claro Chile S.A. the concession of public mobile telephone service in the 1900 MHz band, corresponding to a 10 MHz bandwidth, for the sum of ThCh\$15,355,232, in compliance with the ruling of the Supreme Court of June 25, 2018 (see Note 35 c).

At the Company's Board of Directors meeting held on January 28, 2021, the Board agreed to summon the Extraordinary Shareholders' Meeting (ESM) of the Company to be held on January 28, 2021, at 5 p.m., at the Company's corporate building, located at Avda. Providencia No. 111, Conference Room A, 1st Floor, Providencia, Santiago. The matter to be addressed at the ESM is to inform the shareholders and have them make a pronouncement on an eventual dividend distribution proposal, charged to retained earnings of previous years, in the amount of ThCh\$105,124,000.

At the time and place mentioned above, the aforementioned ESM was held, in which the shareholders present unanimously agreed to distribute an eventual dividend, charged to the retained earnings of previous years, for an amount of ThCh\$105,124,000, to be paid in cash on February 2, 2021.

In the period from January 1 to January 28, 2021, there have been no other significant subsequent events that affect these consolidated financial statements.

Julio Jorge Vega
Finance and Accounting Director

Rafael Zamora Sanhueza
Finance, Strategy and Management control Director

Roberto Muñoz Laporte
General Manager