



## **TELEFÓNICA MÓVILES CHILE S.A. AND SUBSIDIARIES**

### **REPORT ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

March 31, 2020 (not audited), December 31, 2019 and March 31, 2019 (not audited)

(Translation of financial statements originally issued in Spanish – See Note 2c)

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ThCh\$ : Thousands of Chilean Pesos

MCh\$ : Millions of Chilean Pesos

CLASSIFIED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
As of March 31, 2020 and 2019 (not audited), and December 31, 2019



	Notes	03.31.2020	12.31.2019
		ThCh\$	ThCh\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	(5)	143,750,731	234,466,421
Other current financial assets	(6)	40,632,586	24,825,391
Other current non-financial assets	(7)	51,947,490	41,185,320
Current trade and other accounts receivable	(8a)	294,788,675	233,716,006
Current receivables from related companies	(9a)	17,736,009	21,109,235
Inventory	(10a)	75,166,239	59,288,009
Current tax assets	(11b)	7,380,982	7,531,100
<b>TOTAL CURRENT ASSETS</b>		<b>631,402,712</b>	<b>622,121,482</b>
<b>NON-CURRENT ASSETS</b>			
Other non-current financial assets	(6)	291,061,249	195,990,996
Other non-current non-financial assets	(7)	16,819,274	12,877,869
Non-current trade and other accounts receivable	(12a)	25,521,756	27,422,344
Intangible assets other than goodwill, net	(13a)	158,487,822	159,339,848
Goodwill	(14)	504,774,872	504,774,872
Property, plant and equipment, net	(15a)	1,442,730,262	1,447,850,314
Investment properties	(16)	4,271,699	-
Deferred tax assets	(11c)	117,897,058	116,368,421
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,561,563,992</b>	<b>2,464,624,664</b>
<b>TOTAL ASSETS</b>		<b>3,192,966,704</b>	<b>3,086,746,146</b>

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

CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION

As of March 31, 2020 (not audited), December 31, 2019



	Notes	03.31.2020	12.31.2019
		ThCh\$	ThCh\$
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Other current financial liabilities	(16)	198,775,713	204,817,950
Trade and other payables	(17a)	311,424,078	304,290,564
Current payables to related companies	(9b)	60,600,802	66,055,208
Other current provisions	(19a)	1,625,779	1,601,625
Current tax liabilities	(11f)	8,134,806	5,252,731
Current employee benefits accrual	(20a)	9,795,859	9,397,635
Other current non-financial liabilities	(21)	33,720,671	51,935,044
<b>TOTAL CURRENT LIABILITIES</b>		<b>624,077,708</b>	<b>643,350,756</b>
<b>NON-CURRENT LIABILITIES</b>			
Other non-current financial liabilities	(16)	992,642,058	905,710,265
Trade and other payables non-current	(17a)	1,878,349	2,160,741
Current payables to related companies non-current	(9c)	41,473,106	38,027,645
Other non-current provisions	(19b)	18,865,495	18,800,555
Deferred tax liabilities	(11c)	87,857,985	93,901,530
Non-current employee benefits accrual	(20a)	25,800,091	26,723,862
Other non-current non-financial liabilities	(21)	6,874,594	7,656,136
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,175,391,678</b>	<b>1,092,980,734</b>
<b>TOTAL LIABILITIES</b>		<b>1,799,469,386</b>	<b>1,736,331,490</b>
<b>NET SHAREHOLDERS' EQUITY</b>			
Issued capital	(22a)	1,364,872,285	1,329,872,285
Retained earnings		476,615,911	472,507,995
Other reserves	(22d)	(453,867,587)	(457,825,500)
Shareholders' equity attributable to owners of the parent		1,387,620,609	1,344,554,780
Non-controlling interest	(22e)	5,876,709	5,859,874
<b>TOTAL NET SHAREHOLDERS' EQUITY</b>		<b>1,393,497,318</b>	<b>1,350,414,656</b>
<b>TOTAL NET LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		<b>3,192,966,704</b>	<b>3,086,746,146</b>

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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

As of March 31, 2020 and 2019 (not audited)

For periods ended March 31,

	Notes	<u>2020</u>	<u>2019</u>
<b>STATEMENTS OF COMPREHENSIVE INCOME</b>		<b>ThCh\$</b>	<b>ThCh\$</b>
Income from ordinary operations	(24a)	345,910,498	377,820,354
Other income	(24b)	4,000,769	1,331,842
Employee benefits expenses	(20d)	(31,408,791)	(31,004,238)
Depreciation and amortization expense	(13b) (15b) (15d)	(81,880,085)	(81,254,513)
Other expenses, by nature	(24c)	(222,296,409)	(229,227,025)
<b>Profit from operating activities</b>		<b>14,325,982</b>	<b>37,666,420</b>
Interest income	(24d)	870,628	1,575,380
Interest expense	(24d)	(12,898,469)	(10,600,939)
Foreign exchange differences	(24e)	624,068	215,764
Income from indexation units	(24f)	(248,323)	236,014
<b>Profits before tax from continuing operations</b>		<b>2,673,888</b>	<b>29,092,639</b>
Income tax expense	(11e)	1,424,056	(8,420,610)
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>4,097,944</b>	<b>20,672,029</b>
<b>Profit attributable to holders of equity instruments of the controller and minority interest:</b>			
Profit attributable to owners of the parent		4,107,916	20,645,542
Profit attributable to non-controlling interest	(22e)	(9,972)	26,487
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>4,097,944</b>	<b>20,672,029</b>
<b>EARNINGS PER SHARE</b>		<u>Ch\$</u>	<u>Ch\$</u>
<b>Earnings per basic share</b>			
Earnings per basic share for continuing operations	(23)	0.00428	0.02200
Earnings per basic share for discontinuing operations		-	-
Earnings per basic share		0.00428	0.02200
<b>Diluted earnings per share</b>		-	-
Diluted earnings per share from continuing operations		0.00428	0.02200
Diluted earnings per share from discontinuing operations		-	-
Diluted earnings per share		0.00428	0.02200

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

As of March 31, 2020 and 2019 (not audited)

STATEMENTS OF COMPREHENSIVE INCOME	For periods ended March 31,	
	2020 ThCh\$	2019 ThCh\$
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>4,097,944</b>	<b>20,672,029</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Components of other comprehensive income that will not be reclassified to income</b>		
Other comprehensive income, before taxes, profits (losses) on new measurements of defined benefits plans	323,316	(20,623)
Other comprehensive income, before taxes, profits (losses) from investment in equity instruments	(975,590)	-
<b>Total other comprehensive income that will not be reclassified to income for the period</b>	<b>(652,274)</b>	<b>(20,623)</b>
<b>Components of other comprehensive income that will be reclassified to income for the period</b>		
<b>Difference of conversion</b>		
Profit (loss) to difference of conversion, before taxes	-	-
<b>Financial assets available for sale</b>		
Profit (loss) on new measurement of financial assets available for sale	-	214,080
Profit (loss) on cash flow hedges	5,529,531	2,026,664
<b>Total Components of other comprehensive income that will be reclassified to income for the period</b>	<b>5,529,531</b>	<b>2,240,744</b>
<b>Total other components of other comprehensive income, before taxes</b>	<b>4,877,257</b>	<b>2,220,121</b>
<b>Income taxes associated to components of other comprehensive income which will not be reclassified to income for the period</b>		
Income taxes associated to new measurements of defined benefits plans of other comprehensive income	(87,295)	5,568
<b>Income taxes associated to components of other comprehensive income which will be reclassified to income for the period</b>		
Income tax related to hedging cash flows from other comprehensive income	(805,242)	(1,157,848)
<b>Total income taxes associated to components of other comprehensive income</b>	<b>(892,537)</b>	<b>(1,152,280)</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>3,984,720</b>	<b>1,067,840</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>8,082,664</b>	<b>21,739,870</b>
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>		
Comprehensive income attributable to owners of the parent	8,065,829	21,709,687
Comprehensive income attributable to non-controlling interest	16,835	30,183
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>8,082,664</b>	<b>21,739,870</b>

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

As of March 31, 2020 and 2019 (not audited)



	Changes in capital (Note 22 a)	Changes in the other reserves (Note 22 d)				Retained earnings	Equity attributable to owners of the parent	Non controlling interests (Note 22 e)	Total Equity	
	Issued capital	Cash flow hedge reserves	Reserves of actuarial gains or losses on defined benefit plans	Accrual of profits or losses on remeasurement of financial assets available for sale	Other miscellaneous reserves	Total other reserves				
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
<b>Balance at the beginning of the period</b>	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
<b>Changes in equity</b>										
<b>Comprehensive income</b>										
Profit	-	-	-	-	-	-	4,107,916	4,107,916	(9,972)	4,097,944
Other comprehensive income	-	4,690,132	234,987	(967,206)	-	3,957,913	-	3,957,913	26,807	3,984,720
<b>Comprehensive income</b>	-	4,690,132	234,987	(967,206)	-	3,957,913	4,107,916	8,065,829	16,835	8,082,664
Dividends	-	-	-	-	-	-	-	-	-	-
Capital increase	35,000,000	-	-	-	-	-	-	35,000,000	-	35,000,000
Other increase (decrease) from transfers and other changes (1)	-	-	-	-	-	-	-	-	-	-
<b>Total changes in shareholders' equity</b>	35,000,000	4,690,132	234,987	(967,206)	-	3,957,913	4,107,916	43,065,829	16,835	43,082,664
<b>Ending balance as of 03.31.2020</b>	1,364,872,285	5,789,381	(9,710,822)	1,188,051	(451,134,197)	(453,867,587)	476,615,911	1,387,620,609	5,876,709	1,393,497,318
<b>Balance at the beginning of the period</b>	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
<b>Changes in equity</b>										
<b>Comprehensive income</b>										
Profit	-	-	-	-	-	-	20,645,542	20,645,542	26,487	20,672,029
Other comprehensive income	-	866,917	(15,011)	212,239	-	1,064,145	-	1,064,145	3,696	1,067,841
<b>Comprehensive income</b>	-	866,917	(15,011)	212,239	-	1,064,145	20,645,542	21,709,687	30,183	21,739,870
Dividends	-	-	-	-	-	-	-	-	-	-
Capital increase	35,000,000	-	-	-	-	-	-	35,000,000	-	37,000,000
Other increase (decrease) from transfers and other changes (2)	-	-	-	-	-	-	(261,326)	(261,326)	(19)	(261,345)
<b>Total changes in shareholders' equity</b>	-	-	-	-	-	-	(19,937,519)	(19,937,519)	(269,915)	(20,207,434)
<b>Ending balance as of 03.31.2019</b>	1,257,872,285	(1,169,258)	(8,501,013)	1,879,758	(451,774,473)	(459,564,986)	494,977,243	1,293,284,542	6,281,814	1,299,566,356

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

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS DIRECT

As of March 31, 2020 and 2019 (not audited)



For three-month periods ended  
March 31,

Notes	2020 ThCh\$	2019 ThCh\$
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
<b>Types of operating activity charges</b>		
<b>Proceeds from sale of assets and services rendered</b>	<b>410,414,141</b>	<b>409,797,974</b>
Proceeds from sales and services	402,045,738	408,352,844
Proceeds from related entities	8,368,403	1,445,130
<b>Types of payments</b>		
Payments to suppliers for supplying goods and services	(229,234,581)	(255,751,554)
Payments to and on account of employees	(25,611,313)	(15,343,106)
Payments from related entities	(43,719,244)	(54,871,178)
Other operating activities payments (1)	(122,544,005)	(111,027,170)
<b>Net cash flows provided by (used in) operating activities</b>	<b>(10,695,002)</b>	<b>(27,195,034)</b>
Income taxes paid reimbursed classified as operating activities (less)	(4,008,469)	414,437
<b>Cash flows provided by (used in) operating activities</b>	<b>(14,703,471)</b>	<b>(26,780,597)</b>
<b>CASH FLOWS PROVIDED BY (USED IN) INVESTMENT ACTIVITIES</b>		
Amounts from sales of property, plant and equipment, classified as investment activities	1,828,703	-
Additions to property, plant and equipment, classified as investing activities	(82,217,276)	(89,801,152)
Interest received, classified as investing activities	1,828,703	-
<b>Net cash flows provided by (used in) investment activities</b>	<b>(79,737,138)</b>	<b>(88,107,221)</b>
<b>CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
<b>Proceeds from loans, classified as financing activities</b>		
Payments to acquire or redeem the entity's shares	(300,000)	(340,000)
(Payments) collections loans to related entities (16)	-	(47,000,000)
(Payments) collections loans (16)	35,000,000	35,000,000
Lease liability payments (2)	(22,226,599)	(4,981,701)
Interest paid (3)	(5,153,721)	(6,540,288)
Other cash inputs (outputs)	(3,594,763)	(1,032,277)
<b>Net cash flows provided by (used in) financing activities</b>	<b>(3,724,917)</b>	<b>(24,894,266)</b>
<b>Increase (decrease) in cash and cash equivalents, before the effects of changes in the exchange rate</b>	<b>(90,715,692)</b>	<b>(139,782,084)</b>
<b>Effects of changes in the exchange rate over cash and cash equivalents</b>		
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(90,715,692)</b>	<b>(139,782,084)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>234,466,421</b>	<b>263,376,456</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b> (5)	<b>143,750,729</b>	<b>123,594,372</b>

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

(2) Corresponds to payment of liabilities in accordance with IFRS 16.

(3) Corresponds to interest paid on bonds and loans as of March 31, 2019 and 2018, See note 16.

The accompanying notes 1 to 30 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 come to hold by virtue of Supreme Decrees issued by the Ministry of Transportation and Telecommunications; ii) performing all types of activities in the field of telecommunications services (fixed and mobile), comprising the installation, operation, exploitation and management, in general, of all types of networks, systems and services; iii) purchasing and selling all types of articles and products in the communications area; iv) offering data processing services to third parties; v) performing research and development activities in the telecommunications and telematics fields; vi) investing in tangible and tangible 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, and its majority shareholders are indirect subsidiaries 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)	
			03.31.2020	12.31.2019
			%	%
Telefónica Chile S.A.	90.635.000-9	009	99.1405597	99.140.5597

## 2. Significant accounting principles:

### a) Accounting period

The interim consolidated financial statements (hereinafter, the “financial statements”) cover the following periods: Interim Consolidated Statements of Financial Position, ended as of March 31, 2020 and December 31, 2019; Interim Consolidated Comprehensive Income Statements for the three and three-month periods ended as of March 31, 2020 and 2019 and the corresponding Interim Statement of Changes in Equity, and interim Statements of Cash Flows for the three-month periods ended as of March 31, 2020 and 2019.

### b) Basis of presentation

The interim consolidated financial statements for March 31, 2020 and December 31, 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 2018 financial statements, for better comparison with the financial statements as of March 31, 2020.

## 2. Significant accounting principles, continued:

### c) Basis of preparation

The consolidated financial statements as of March 31, 2020, and the Interim Consolidated Comprehensive Income Statements, Interim Statement of Changes in Equity, and interim Statements of Cash Flows for the three-month periods ended as of March 31, 2020 and 2019 have been prepared in accordance with International Accounting Standard 34 (IAS 34) "Interim Financial Reporting", incorporated in International Financial Reporting Standards.

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

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

### d) Exchange Method

Balances of monetary assets and liabilities denominated in foreign currency are presented valued at the closing exchange rate for each 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 period.

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

DATE	USD	EURO	REAL	UF
03.31.2019	852.03	934.55	163.85	28,597.46
12.31.2018	748.74	839.58	186.51	28,309.94
03.31.2018	678.53	761.28	173.83	27,565.76

### e) Basis of consolidation

The interim consolidated financial statements comprise the financial statements of the parent company and its subsidiaries (hereinafter, "the Company"), including assets, liabilities, income, expenses and cash flows after making adjustments and eliminations related to transactions between the companies that are part of the consolidation, Minority investments have been recognized under "Non-controlling Interests" (note 23e).

## 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 03.31.2020			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	-



## 2. Significant accounting principles, continued

### e) Basis of consolidation, continued

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

Taxpayer No.	Company Name	% Participation	Currents assets	Non-currents assets	Total Assets	Currents liabilities	Non-currents liabilities	Total liabilities	Equity	Revenues from ordinary operations	Profit (loss), Net
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA	99.9999973	9,661,293	220,968	9,882,261	7,792,813	2,589	7,795,402	2,086,859	303,856	(10,765)
78.703.410-1	Telefónica Empresas Chile S.A.	99.9999973	228,520,010	85,347,651	313,867,661	195,820,983	4,575,105	200,396,088	113,471,573	75,445,594	(1,773,179)
90.635.000-9	Telefónica Chile S.A.	99.1405597	324,595,580	1,381,436,962	1,706,032,542	396,864,833	631,038,247	1,027,903,080	678,129,462	107,613,908	(933,883)
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	51.0000000	86,227,128	51,515,295	137,742,423	45,769,990	30,427,280	76,197,270	61,545,153	43,752,706	1,380,534
77.122.635-3	InfraCo SpA (1)	100.0000000	1,000	-	1,000	-	-	-	1,000	-	-

(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 March 31, 2019 of the companies included in the consolidation is as follows:

Taxpayer No.	Company Name	% Participation	Currents assets	Non-currents assets	Total Assets	Currents liabilities	Non-currents liabilities	Total liabilities	Equity	Revenues from ordinary operations	Profit (loss), Net
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA	99.9999973	7.893.890	230.230	8.124.120	6.406.689	20.735	6.427.424	1.696.696	395.780	(16.880)
78.703.410-1	Telefónica Empresas Chile S.A.	99.9999973	147.069.416	94.971.232	242.040.648	131.055.387	6.425.743	137.481.130	104.559.518	78.489.946	1.726.335
90.635.000-9	Telefónica Chile S.A.	99.1405597	206.702.385	1.243.162.064	1.449.864.449	269.028.680	527.739.362	796.768.042	653.096.407	111.168.109	3.333.374
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	51.0000000	72.846.840	51.533.544	124.380.384	41.201.621	25.935.715	67.137.336	57.243.048	44.543.340	1.775.824

## 2. Significant accounting principles, continued

### f) Financial assets and liabilities

#### 1. Financial assets other than derivatives

##### Classification and presentation

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

##### i) Amortized cost

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

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

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

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

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

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

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

## 2. Significant accounting principles, continued

### f) Financial assets and liabilities, continued

#### 1. Financial assets other than derivatives, continued

##### Classification and presentation, continued

Cash and cash equivalents recognized in the financial statements includes cash balances, checking accounts, time deposits and investments in instruments with original maturity of 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. Financial liabilities

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

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

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

## 2. Significant accounting principles, continued

### f) Financial assets and liabilities, continued

#### 2. Financial liabilities, continued

##### i) Financial liabilities at amortized cost

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

##### ii) Financial liabilities at fair value through profit or loss

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

This classification includes derivatives designated as effective hedging instruments (see note 19,2).

#### 3. Derivative financial instruments

The Company holds hedge derivatives to manage its exposure to interest and/or exchange rate risks (see Note 19, 2) to manage its risks associated to changes in interest rate and exchange rate. The Company's objective in respect to derivatives is to minimize these risks using the most effective method to eliminate or reduce the impact on underlying hedged transactions.

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

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

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

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

## 2. Significant accounting principles, continued

### f) Financial assets and liabilities, continued

#### 3. Derivative financial instruments, continued

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

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

### g) Inventory

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

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

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

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

### h) Impairment of non-current assets

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

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

### i) Leases

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



## 2. Significant accounting principles, continued

### i) Leases, continued

#### Initial recognition

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

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

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

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

#### Subsequent measurement

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

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

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

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

### j) Income taxes

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

Tax assets and liabilities for the current 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 period 27% as of March 31, 2020 and December 31, 2019, respectively.

## 2. Significant accounting principles, continued

### j) 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 tax loss carry forwards can be realized as future tax benefits with no time restrictions.

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

### k) Goodwill

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

The Company tests goodwill impairment annually and when there are indicators that the net carrying amount might not be fully recoverable. 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.

### l) Intangibles

#### i) Administrative concessions

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

#### i) Licenses and software

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

## 2. Significant accounting principles, continued

### i) Intangibles, continued

#### ii) Licenses and software, continued

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

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

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

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.

### m) Property, plant and equipment

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

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

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

There are no restrictions on ownership of property, plant and equipment assets and they have not been pledged as guarantee of compliance with obligations.

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

Interest and other financial expenses incurred and directly attributable to the acquisition or construction of qualifying assets, Maybe capitalized, Qualifying assets, under the criteria of the Telefónica Group, are assets that require at least 18 months of preparation for their use or sale. At the closure of periods of 2020 and 2019 there are no capitalized interests.

## 2. Significant accounting principles, continued

### l) Intangibles, continued

### m) Property, plant and equipment

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 period, in which they are incurred.

### n) Depreciation of property, plant and equipment

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

The average annual financial depreciation rate of the Company is approximately 9.54% and 10.25% at March 31, 2020 and 2019, respectively.

Estimated useful lives are summarized in the following detail:

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

Estimated residual values, as well as the methods and applied amortization periods are reviewed as of each closing period and, if appropriate, adjusted prospectively.

## 2. Significant accounting principles, continued

### ñ) 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.

### o) 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 an nominal annual discount rate of 3.76% and 3.59% at March 31, 2020 and December 31, 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.

#### ii) Provision for dismantling expenses

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

## 2. Significant accounting principles, continued

### o) Provisions

#### iii) Other provisions

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

### p) Income and expenses

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

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

#### i) Telecommunications

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

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

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

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

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

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

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

## 2. Significant accounting principles, continued

### p) Income and expenses, continued

#### i) Telecommunications, continued

The amount corresponding to traffic that has been pre-paid and use is pending generates deferred income which is recorded in liabilities, Electronic top-ups 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 as of that moment the Company has no remaining obligations to provide the service.

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

In accordance with IFRS 15, 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), unlike the criteria applied up to last year (in accordance with IAS 18) where no amounts contingent on delivery of the remaining elements to be provided to customers were allocated. 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, IFRS 15 requires the recognition of an asset for any incremental costs which are expected to be recovered, incurred to obtain and comply with a contract, and their subsequent allocation to profit or loss in the same extent in which income related to that asset is allocated.

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 customers which can be provided by third parties or by the Company. These benefits will be reflected as a discount in revenue when points are exchanged for products. As of March 31, 2020 and December 31, 2019, the valuation of this loyalty program is immaterial in relation to the contracts for which it was generated.

#### iii) Government subsidies:

Operating subsidiaries Telefónica Chile S.A. and Telefónica Móviles Chile S.A. participate in tenders for State projects associated to the Telecommunications Development Fund, for the purpose of receiving resources to install operating assets for the operation and exploitation of public services. These resources, called

government subsidies, are initially recorded as deferred income, under other non-financial liabilities, and charged against income over the useful lives of the assets associated to those subsidies (Note 22).

## 2. Significant accounting principles, continued

### p) Income and expenses, continued

#### iii) Government subsidies, continued

Subsidiary Telefónica Investigación y Desarrollo Chile SpA participates in tenders for State projects associated to the Innova Chile Committee, in order to carry out research and development, technology transfer and marketing activities, in the area of information and communication technologies. These government subsidies are initially recorded as deferred revenue under “other non-financial liabilities”, and are recorded in income as the projects progress in their development (Note 22).

### q) Use estimates

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

#### i) Property, plant and equipment and intangibles

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

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

#### ii) Deferred taxes

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

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

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 d), during 2017 the Company merged by absorption with its subsidiary Telefónica Móviles Chile S.A., generating an impact on income in the amount of ThCh\$140,423,552. That amount arises from the allocation of tax goodwill generated in the merger, to the non-monetary assets of the absorbed entity, which is ultimately reflected in the recording of a deferred tax asset under IFRS. This allocation requires that management determine the fair value of those assets using their best estimate. As of March 31, 2018 the Company has concluded the process of estimating the fair value of non-monetary assets



involved in the merger and has determined deferred taxes in the amount of ThCh\$ 148,606,473, which will be amortized over the useful lives of the corresponding assets.

## 2. Significant accounting principles, continued

### q) Use estimates, continued

#### iii) Provisions

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

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

#### iv) Post-employment benefits

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

Future salary increases and pension increases are based on expected future inflation rates for the specific country. View details of the actuarial hypotheses used in Note 21a).

#### v) Financial assets and liabilities

Where the fair value of financial assets and financial liabilities recorded in the balance sheet and disclosed in the notes can not be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instrument.

#### r) Methods of consolidation

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

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

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

income and expenses and cash flows of the new companies are gathered from the date of purchase of those companies.

## 2. Significant accounting principles, continued

### r) Methods of consolidation, continued

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

### s) 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 forced 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.

#### ii. Publication of standards modifications

	Improvements and amendments	Mandatory application date
NIC 1	Presentation of financial statements; clarifies definition of materiality	January 1, 2020
NIIF 3	Business combinations, implementation guide review	January 1, 2020
NIIF 9, NIC 39 y NIIF 7	Benchmark interest rate Reform	January 1, 2020
NIIF 10 y NIC 28	Interim consolidated financial statements and investments in associates and joint ventures. Addresses inconsistency of requirements	To determinate

## 2. Significant accounting principles, continued

### s) New IFRS and Interpretations of the IFRS Interpretations Committee, continued

#### ii. Publication of standards modifications, continued

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

Published in October 2018. It uses a definition of materiality that is consistent with all IFRS and the Conceptual Framework for Financial Reporting, it clarifies the explanation of the definition of material and incorporates some of the guidelines in IAS 1 on immaterial information.

##### **IFRS 3 “Business Combinations”**

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

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

Published in September 2019. These amendments provide certain simplifications in relation to the benchmark interest rate Reform. The simplifications are related to hedge accounting and have an effect on the IBOR Reform which generally should not result in the end of hedge accounting. However, any hedging inefficiency must continue being recorded in income.

##### **IFRS 10 “Consolidated Financial Statements” and IAS 28 “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.

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

## 2. Significant accounting principles, continued

### t) 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 from investing or financing activities.
- ii. Investing activities: are activities such as acquisition, alienation or disposal of non-current assets by other means and other investments not included in cash and cash equivalents.
- iii. Financing activities: are activities that produce changes in the size and composition of total shareholders' equity and in liabilities of a financial nature.

## 3. Changes in Accounting Policy and Disclosures

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

## 4. Financial information by segment

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

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

#### 4. Financial information by segment, continued

The operating segments reported internally are as follows:

##### a) Mobile Telecommunications

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

##### b) Fixed Telecommunications

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

##### c) Television Services

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

##### d) Corporate Communications and Data

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

##### 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 March 31, 2020, December 31, 2019 and March 31, 2019 is detailed as follows:

For the period ended as of March 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	197,696,492	75,985,304	40,488,852	31,739,849	-	174,723,915	345,910,498
Income from ordinary activities arising from transactions with other operating segments of the same entity	2,074,355	62,092,608	3,216,893	-	95,886,160	(163,270,016)	-
<b>Total income from operating activities from external customers and transactions with other operating segments of the same entity</b>	<b>199,770,847</b>	<b>138,077,912</b>	<b>43,705,745</b>	<b>31,739,849</b>	<b>95,886,160</b>	<b>(163,270,016)</b>	<b>345,910,498</b>
Cost of sales	67,521,749	9,029,388	30,746,006	23,517,914	-	(32,836,671)	97,978,386
Administrative expenses	83,308,101	58,513,121	14,214,589	4,900,646	5,045,756	(41,664,190)	124,318,023
Employee benefits expenses	328,074	58,513,121	14,214,589	4,900,646	36,200,611	(82,748,250)	31,408,791
Cost of interest	8,849,054	69,192	-	-	368,331	3,611,892	12,898,469
Interest income	852,161	2,414,053	375,292	-	98,007	(2,868,885)	870,628
Depreciation and amortization	38,211,026	39,314,186	3,340,429	1,103,814	556,416	(645,786)	81,880,085
Participation in profit of associated companies accounted for using the equity method	(249,397)	(1,087,052)	17,947	-	-	1,318,502	-
Income tax expense	(112,500)	(509,250)	113,565	998,255	309,513	624,473	1,424,056
Other significant non-cash items	2,173,151	3,074,509	(883,188)	-	10,448	1,596	4,376,516
<b>Profits(loss) before tax</b>	<b>4,328,758</b>	<b>(22,959,586)</b>	<b>(19,299,817)</b>	<b>(2,683,171)</b>	<b>53,823,501</b>	<b>(10,535,798)</b>	<b>2,673,888</b>
<b>Profit (loss) for the period from continuing operations</b>	<b>4,441,258</b>	<b>(22,450,336)</b>	<b>(19,413,382)</b>	<b>(3,681,426)</b>	<b>53,513,988</b>	<b>(11,160,271)</b>	<b>1,249,832</b>
<b>Profit (loss) for the period from discontinuing operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit (loss) for the period</b>	<b>4,441,258</b>	<b>(22,450,336)</b>	<b>(19,413,382)</b>	<b>(3,681,426)</b>	<b>53,513,988</b>	<b>(11,160,271)</b>	<b>1,249,832</b>
Assets	2,400,651,067	1,706,032,542	138,101,771	175,765,890	137,742,423	(1,365,326,989)	3,192,966,704
Investments in associates accounted for using the equity method	711,118,144	147,020,093	800,087	-	-	(858,938,324)	-
Increases in non-current assets	25,185,766	46,247,357	4,097,721	-	155,217	-	75,686,061
Liabilities	1,004,820,240	1,027,903,080	112,221,809	88,174,279	76,197,270	(509,847,292)	1,799,469,386
Shareholders' equity	1,395,830,823	678,129,462	25,879,962	87,591,611	61,545,153	(855,479,693)	1,393,497,318
Liabilities & Shareholders' equity	<b>2,400,651,063</b>	<b>1,706,032,542</b>	<b>138,101,771</b>	<b>175,765,890</b>	<b>137,742,423</b>	<b>(1,365,326,986)</b>	<b>3,192,966,704</b>
Cash flows provided by (used in) operating activities	(38,202,900)	40,948,021	(5,585,316)	(6,727,991)	(23,912,873)	18,777,602	(14,703,471)
Cash flows provided by (used in) investment activities	(19,911,768))	(58,129,292)	(610,588)	(1,085,490)	-	-	(79,737,138)
Cash flows provided by (used in) from in financing activities	(52,798,493)	20,329,723	5,494,218	6,715,155	23,984,471	-	3,724,917

#### 4. Financial information by segment, continued

For the period ended as of December 31, 2019	Mobile Telecommunications	Fixed Telecommunications	Corporate Communication and Data	Television Services	Other	Eliminations	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Income from external customers	858,683,220	331,703,403	167,707,061	145,384,806	-	-	1,503,478,490
Income from ordinary activities arising from transactions with other operating segments of the same entity	9,113,737	129,212,087	15,442,700	-	179,743,289	(333,511,813)	-
<b>Total income from operating activities from external customers and transactions with other operating segments of the same entity</b>	<b>867,796,957</b>	<b>460,915,490</b>	<b>183,149,761</b>	<b>145,384,806</b>	<b>179,743,289</b>	<b>(333,511,813)</b>	<b>1,503,478,490</b>
Cost of sales	289,946,721	44,431,389	121,144,183	94,202,465	-	(138,123,541)	411,601,217
Administrative expenses	331,473,190	230,279,089	55,261,789	36,119,115	25,034,018	(168,568,068)	509,599,133
Employee benefits expenses	1,351,094	195,606	4,157	-	144,084,632	(22,569,365)	123,066,124
Cost of interest	32,940,630	21,882,681	630,646	203,870	1,916,914	(6,792,991)	50,781,750
Interest income	4,893,517	5,201,144	1,219,354	-	825,761	(6,792,991)	5,346,785
Depreciation and amortization	154,975,164	157,307,885	13,769,708	5,243,970	1,846,571	(2,523,400)	330,619,898
Participation in profit of associated companies accounted for using the equity method	32,152,011	12,948,179	80,552	-	-	(45,180,742)	-
Income tax expense	16,159,607	7,381,986	(680,085)	3,714,292	1,567,808	-	28,143,608
Other significant non-cash items	5,915,154	11,781,980	9,648,244	-	77,218	29,370	27,451,966
<b>Profits(loss) before tax</b>	<b>100,070,840</b>	<b>36,750,143</b>	<b>3,287,428</b>	<b>9,615,386</b>	<b>7,764,133</b>	<b>(46,878,811)</b>	<b>110,609,119</b>
<b>Profit (loss) for the period from continuing operations</b>	<b>83,911,233</b>	<b>29,368,157</b>	<b>3,967,513</b>	<b>5,901,094</b>	<b>6,196,325</b>	<b>(46,878,811)</b>	<b>82,465,511</b>
<b>Profit (loss) for the period from discontinuing operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit (loss) for the period</b>	<b>83,911,233</b>	<b>29,368,157</b>	<b>3,967,513</b>	<b>5,901,094</b>	<b>6,196,325</b>	<b>(46,878,811)</b>	<b>82,465,511</b>
Assets	2,372,658,197	1,540,217,136	129,497,179	164,814,592	150,572,258	(1,271,013,216)	3,086,746,146
Investments in associates accounted for using the equity method	708,160,121	146,581,758	779,073	-	-	(855,520,952)	-
Increases in non-current assets	64,970,201	161,860,868	16,598,541	-	-	-	243,429,610
Liabilities	1,020,228,549	864,272,442	101,066,105	79,409,082	90,643,496	(419,288,184)	1,736,331,490
Shareholders' equity	1,352,429,648	675,944,694	28,431,074	85,405,510	59,928,762	(851,725,034)	1,350,414,654
Liabilities & Shareholders' equity	2,372,658,197	1,540,217,136	129,497,179	164,814,592	150,572,258	(1,271,013,218)	3,086,746,146
Cash flows provided by (used in) operating activities	209,936,521	181,094,399	13,476,926	16,234,110	(21,921,027)	30,956,907	429,777,836
Cash flows provided by (used in) investment activities	(58,658,413)	(235,188,434)	2,025,482	3,600,857	3,490,951	(4,686,248)	(289,415,805)
Cash flows provided by (used in) from in financing activities	(132,824,442)	(26,478,805)	(15,410,280)	(18,834,787)	19,590,000	4,686,248	(169,272,066)

#### 4. Financial information by segment, continued

For the period ended as of March 31, 2019	Mobile	Fixed	Corporate	Television	Other	Eliminations	Total
	Telecommunications	Telecommunications	Communication and Data	Services			
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Income from external customers	219,890,768	82,327,584	36,346,392	39,255,610	-	-	377,820,354
Income from ordinary activities arising from transactions with other operating segments of the same entity	1,890,875	28,840,525	2,887,944	-	44,543,340	(78,162,684)	-
<b>Total income from operating activities from external customers and transactions with other operating segments of the same entity</b>	<b>221,781,643</b>	<b>111,168,109</b>	<b>39,234,336</b>	<b>39,255,610</b>	<b>44,543,340</b>	<b>(78,162,684)</b>	<b>377,820,354</b>
Cost of sales	77,065,914	10,000,053	24,157,125	26,843,907	-	(32,747,797)	105,319,202
Administrative expenses	79,149,658	57,529,756	10,839,832	9,702,350	5,213,942	(38,527,715)	123,907,823
Employee benefits expenses	238,008	146,751	6,963	-	36,526,474	(5,913,958)	31,004,238
Cost of interest	6,080,899	5,430,948	121,155	16,839	417,204	(1,466,106)	10,600,939
Interest income	1,221,802	1,305,671	287,387	-	225,752	(1,465,232)	1,575,380
Depreciation and amortization	38,053,025	38,229,093	3,876,444	1,342,220	179,474	(425,743)	81,254,513
Participation in profit of associated companies accounted for using the equity method	4,170,036	2,608,920	132,383	-	-	(6,911,339)	-
Income tax expense	6,269,000	514,133	234,722	697,812	704,943	-	8,420,610
Other significant non-cash items	710,355	247,147	751,359	-	43,925	30,834	1,783,620
<b>Profits(loss) before tax</b>	<b>27,296,332</b>	<b>3,993,246</b>	<b>1,403,946</b>	<b>1,350,294</b>	<b>2,475,923</b>	<b>(7,427,102)</b>	<b>29,092,639</b>
<b>Profit (loss) for the period from continuing operations</b>	<b>21,027,332</b>	<b>3,479,113</b>	<b>1,169,224</b>	<b>652,482</b>	<b>1,770,980</b>	<b>(7,427,102)</b>	<b>20,672,029</b>
<b>Profit (loss) for the period from discontinuing operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit (loss) for the period</b>	<b>21,027,332</b>	<b>3,479,113</b>	<b>1,169,224</b>	<b>652,482</b>	<b>1,770,980</b>	<b>(7,427,102)</b>	<b>20,672,029</b>
Assets	2,326,454,872	1,449,864,449	106,497,885	135,542,763	126,064,867	(1,156,261,871)	2,988,162,965
Investments in associates accounted for using the equity method	681,035,720	136,817,555	745,160	-	-	(818,598,435)	-
Increases in non-current assets	14,453,152	18,936,217	2,457,133	-	-	-	35,846,502
Liabilities	960,711,840	796,768,042	76,989,433	60,491,697	67,933,791	(339,542,312)	1,623,352,491
Shareholders' equity	1,365,743,032	653,096,407	29,508,452	75,051,066	58,131,075	(816,719,558)	1,364,810,474
Liabilities & Shareholders' equity	2,326,454,872	1,449,864,449	106,497,885	135,542,763	126,064,866	(1,156,261,870)	2,988,162,965
Cash flows provided by (used in) operating activities	(13,803,713)	(32,003,257)	(2,243,575)	(2,702,578)	(39,999,684)	63,483,812	(27,268,995)
Cash flows provided by (used in) investment activities	(91,168,506)	(63,219,442)	(1,026,307)	(1,824,546)	-	69,620,000	(87,618,801)
Cash flows provided by (used in) from in financing activities	23,453,021	(34,989,887)	3,671,978	4,487,973	39,920,003	(61,437,354)	(24,894,266)



#### 4. Financial information by segment, continued

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

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

#### 5. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

Concepts	Currency	03.31.2020 ThCh\$	12.31.2019 ThCh\$
<b>Cash (a)</b>		<b>7,212,841</b>	<b>320,322</b>
	CLP	704,047	320,322
	USD	5,910,834	-
	EUR	522,495	-
	GBP	75,465	-
<b>Banks (b)</b>		<b>23,518,351</b>	<b>27,816,511</b>
	CLP	21,098,196	26,443,540
	USD	2,120,836	803,353
	EUR	91,817	369,771
	Other currencies	207,502	199,847
<b>Time deposits (c)</b>		<b>60,024,233</b>	<b>151,443,831</b>
	CLP	60,024,233	151,443,831
<b>Total cash and cash equivalents</b>		<b>123,594,372</b>	<b>263,376,457</b>
<b>Sub-total by currency</b>	<b>CLP</b>	<b>136,903,249</b>	<b>227,008,924</b>
	<b>USD</b>	<b>6,202,798</b>	<b>7,379,053</b>
	<b>EUR</b>	<b>569,219</b>	<b>65,979</b>
	<b>GBP</b>	<b>75,465</b>	<b>12,465</b>

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

##### a) Cash

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

##### b) Banks

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

## 5. Cash and cash equivalents, continued

### c) Time deposits

The time deposits, with original maturities of less than three months, are recorded at fair value and the detail as of March 31, 2020 and December 31, 2019 is as follows:

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh	Accrued interest in local currency ThCh\$	03.31.2020 ThCh\$
Time deposits	CLP	60,000,000	1.78%	12	60,000,000	24,233	60,024,233
<b>Total</b>					<b>60,000,000</b>	<b>24,233</b>	<b>60,024,233</b>

  

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
<b>Total</b>					<b>151,400,000</b>	<b>43,831</b>	<b>151,443,831</b>

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

## 6. Other current and non-current financial assets

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

Concepts		03.31.2020		12.31.2019	
		Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Exchange rate hedge	(See Note 19.2)	35,993,605	284,132,500	20,248,206	188,086,659
Other credits	(a)	4,558,537	-	4,496,741	-
Established guarantees	(b)	80,444	50,468	80,444	50,468
Other investments	(c)	-	6,878,281	-	7,853,869
<b>Total</b>		<b>40,632,586</b>	<b>291,061,249</b>	<b>24,825,391</b>	<b>195,990,996</b>

- a) Other credits in the amount of ThCh\$4,558,537, correspond to the credit granted to Digital Holding SpA due to the sale of the Data Center and interest accrued on that transaction as of the date of these financial statements. This loan becomes due in December 2020
- b) Established guarantees are guarantees against customers, official organizations and other institutions.

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

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

Participation	Country	Investment currency	03.31.2020 ThCh\$	12.31.2019 ThCh\$
Telefónica Brazil (1)(2)	Brazil	REAL	6,874,306	7,849,897
Other participation	Chile	CLP	3,972	3,972
<b>Total</b>			<b>6,878,278</b>	<b>7,853,869</b>

(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 March 31, 2020, no dividends have been received from this participation, and as of March 31, 2019, dividends were received in the amount of ThCh\$189,672.

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

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

Description	03.31.2020		12.31.2019	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Amortizable expenses	20,151,787	15,753,015	14,818,996	11,882,149
Other taxes	9,619,651	-	9,090,974	-
Deferred cost of handsets (1)	9,538,097	-	7,566,293	-
Franchisee commissions (3)	4,689,017	-	4,085,301	-
Support and repair services	4,559,107	22,265	2,083,463	25,532
Unearned leasing (2)	2,616,102	1,043,994	2,318,902	970,188
Insurance (5)	773,729	-	1,221,391	-
<b>Total</b>	<b>51,947,490</b>	<b>16,819,274</b>	<b>41,185,320</b>	<b>12,877,869</b>

(1) This item includes capitalization of compliance costs associated to television and fixed broadband equipment in the amount of ThCh\$ 19,046,247 and ThCh\$14,419,167 as "current" and ThCh\$ 15,753,015 and ThCh\$ 11,882,149 as "non-current" for 2020 and 2019, respectively. In the first quarter of 2020 the contractual conditions of the broadband service changed, which resulted in the capitalization of associated compliance costs. Annually, the Company reviews the behavior of the average customer life to calculate amortizable expenses for this concept.

(2) This item includes remaining VAT credit and recoverable taxes.

(3) Mainly corresponds to capitalization of commissions for customer acquisition additions which are amortized over an 18-month period.

(4) Includes operating leases classified outside IFRS 16.

(5) Current assets correspond to support and repair services in the amount of MCh\$4,559,107 and MCh\$2,083,463, respectively for 2020 and 2019.

## 8. Current trade and other accounts receivable

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

Concepts	03.31.2020			12.31.2019		
	Gross value ThCh\$	Allowance for doubtful accounts ThCh\$	Net value ThCh\$	Gross value ThCh\$	Allowance for doubtful accounts ThCh\$	Net value ThCh\$
<b>Receivables on current loan transactions</b>	<b>498,275,917</b>	<b>(232,379,378)</b>	<b>265,896,539</b>	<b>423,049,240</b>	<b>(223,356,438)</b>	<b>199,692,802</b>
Invoiced services (1)	380,482,564	(230,287,903)	150,194,661	307,725,835	(221,264,838)	86,460,997
Services provided and not invoiced (2)	95,393,328	(1,188,390)	94,204,938	92,279,760	(1,154,434)	91,125,326
Contractual asset (3)	22,400,025	(903,085)	21,496,940	23,043,645	(937,166)	22,106,479
<b>Miscellaneous receivables</b>	<b>28,892,136</b>	<b>-</b>	<b>28,892,136</b>	<b>34,023,204</b>	<b>-</b>	<b>34,023,204</b>
<b>Total</b>	<b>527,168,053</b>	<b>(232,379,378)</b>	<b>294,788,675</b>	<b>457,072,444</b>	<b>(223,356,438)</b>	<b>233,716,006</b>

(1) As of the March 2020 and December 2019 close date, factoring transactions with domestic entities and sale of commercial portfolio to Banco Santander España and Interamerican Investment Corporation (IDB Invest), for a total of MCh\$38,617 and MCh\$112,102 respectively. The Company remains as the collection agent in transactions with Banco Santander España and Interamerican Investment Corporation (IDB Invest).

(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) This item includes, among other items, employee loans in the amount of MCh\$ 9,348, accounts receivable from insurance company in the amount of MCh\$1,297, sale of real estate in the amount of MCh\$2,200 and Voissnet contingency (see Note 28a).

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	03.31.2020					12.31.2019				
	Less than 3 months	3 to 6 months	6 to 12 months	Greater than 12 months	Total	Less than 3 months	3 to 6 months	6 to 12 months	Greater than 12 months	Total
Miscellaneous receivables	46,843,688	12,680,052	-	-	59,523,740	41,065,554	12,141,347	-	-	53,206,901
<b>Total</b>	<b>46,843,688</b>	<b>12,680,052</b>	<b>-</b>	<b>-</b>	<b>59,523,740</b>	<b>41,065,554</b>	<b>12,141,347</b>	<b>-</b>	<b>-</b>	<b>53,206,901</b>

The Company has evaluated the possible impairment of trade accounts receivable as of March 31, 2020 due to the macroeconomic effects generated by the health emergency (Covid-19). This analysis has taken into account the following:

- Differentiated analysis by business segment.
- Application of rates for each of the segments resulting from recoverability matrices, without considering the effect of Covid-19.
- Regulatory measures due to the health contingency.
- Expiry date for each of the cycles issued, both for the fixed and the mobile business.

According to the previous information, as of the closing date of these financial statements there has been a significant mismatch of payments in certain cycles. The Company decided to use the evolution of the unemployment rate as a reference indicator to estimate the impairment of current doubtful account rates. Based on this analysis the Company determined an additional expected loss rate on the portfolio of 1.4%, which represents MCh\$1,335 recorded in allowance for doubtful accounts. This effect is mainly for the massive and small and medium-sized enterprises (SMEs) segments.

## 8. Current trade and other accounts receivable, continued

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

Movements	03.31.2020	12.31.2019
	ThCh\$	ThCh\$
<b>Beginning balance</b>	<b>226,399,967</b>	<b>206,149,878</b>
Increases	14,149,134	65,902,786
Eliminations/ Additions	(5,233,983)	(45,652,697)
<b>Movements, subtotal</b>	<b>8,915,151</b>	<b>20,250,089</b>
<b>Ending balance</b>	<b>226,399,967</b>	<b>206,149,878</b>

d) Allowance for doubtful account movements according to the composition of the portfolio as of March 31, 2020 and December 31, 2019 are detailed as follows:

Provisions and write-offs	03.31.2020	12.31.2019
	ThCh\$	ThCh\$
Accrual for portfolio that has not been renegotiated	14,276,473	66,342,696
Accrual for renegotiated portfolio	(127,343)	(229,785)
Write-offs for the period	(5,233,983)	(45,862,822)
<b>Total</b>	<b>8,915,147</b>	<b>20,250,089</b>

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

Portfolio of returned documents and judicial collection as of 03.31.2020	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	1,428	-	-
Portfolio of returned documents or those in judicial collection (ThCh\$)	1,138,351	-	-	-

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	-	-	-



8. Current trade and other accounts receivable, continued

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

Aging of portfolio by segment As of March 31, 2020	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\$
<b>Fixed Telecommunications</b>											
Number of customers w/o renegotiation (1)	684,549	283,880	72,093	47,876	64,393	69,693	43,302	61,203	68,382	2,971,402	4,366,773
Gross portfolio w/o renegotiation	27,080,671	7,538,660	109,840	5,043,234	443,620	1,475,280	426,078	-	-	-	42,117,383
Debt	28,354,500	8,639,128	1,297,096	6,117,166	1,565,486	2,960,465	1,290,152	1,122,457	1,095,664	89,353,666	141,795,780
Provision	(1,273,829)	(1,100,468)	(1,187,256)	(1,073,932)	(1,121,866)	(1,485,185)	(864,074)	(1,122,457)	(1,095,664)	(89,353,666)	(99,678,397)
Number of customers w/renegotiation	38,449	8,019	2,127	1,269	544	268	216	246	532	88,723	140,393
Net renegotiated portfolio	68,049	336	5	1	-	-	-	-	-	-	68,391
Debt	381,180	80,194	22,528	13,106	5,543	2,726	2,034	2,368	4,906	814,087	1,328,672
Provision	(313,131)	(79,858)	(22,523)	(13,105)	(5,543)	(2,726)	(2,034)	(2,368)	(4,906)	(814,087)	(1,260,281)
<b>Total number of customers</b>	<b>722,998</b>	<b>291,899</b>	<b>74,220</b>	<b>49,145</b>	<b>64,937</b>	<b>69,961</b>	<b>43,518</b>	<b>61,449</b>	<b>68,914</b>	<b>3,060,125</b>	<b>4,507,166</b>
<b>Total Fixed Telephone Portfolio</b>	<b>27,148,720</b>	<b>7,538,996</b>	<b>109,845</b>	<b>5,043,235</b>	<b>443,620</b>	<b>1,475,280</b>	<b>426,078</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,185,774</b>
<b>Debt</b>	<b>28,735,680</b>	<b>8,719,322</b>	<b>1,319,624</b>	<b>6,130,272</b>	<b>1,571,029</b>	<b>2,963,191</b>	<b>1,292,186</b>	<b>1,124,825</b>	<b>1,100,570</b>	<b>90,167,753</b>	<b>143,124,452</b>
<b>Provision</b>	<b>(1,586,960)</b>	<b>(1,180,326)</b>	<b>(1,209,779)</b>	<b>(1,087,037)</b>	<b>(1,127,409)</b>	<b>(1,487,911)</b>	<b>(866,108)</b>	<b>(1,124,825)</b>	<b>(1,100,570)</b>	<b>(90,167,753)</b>	<b>(100,938,678)</b>
<b>Corporate Communication and Data</b>											
Number of customers w/o renegotiation (1)	3,905	2,281	862	42	559	568	367	284	397	2,535	11,800
Gross portfolio w/o renegotiation	49,572,482	6,812,103	6,968,677	1,211,266	2,528,649	2,712,546	629,577	-	-	-	70,435,300
Debt	49,715,040	7,167,633	7,442,984	1,309,596	2,802,253	3,086,883	913,951	429,800	893,479	6,635,991	80,397,610
Provision	(142,558)	(355,530)	(474,307)	(98,330)	(273,604)	(374,337)	(284,374)	(429,800)	(893,479)	(6,635,991)	(9,962,310)
Number of customers w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-	-
<b>Total number of customers</b>	<b>3,905</b>	<b>2,281</b>	<b>862</b>	<b>42</b>	<b>559</b>	<b>568</b>	<b>367</b>	<b>284</b>	<b>397</b>	<b>2,535</b>	<b>11,800</b>
<b>Total Corporate Communication and Data Portfolio</b>	<b>49,572,482</b>	<b>6,812,103</b>	<b>6,968,677</b>	<b>1,211,266</b>	<b>2,528,649</b>	<b>2,712,546</b>	<b>629,577</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,435,300</b>
<b>Debt</b>	<b>49,715,040</b>	<b>7,167,633</b>	<b>7,442,984</b>	<b>1,309,596</b>	<b>2,802,253</b>	<b>3,086,883</b>	<b>913,951</b>	<b>429,800</b>	<b>893,479</b>	<b>6,635,991</b>	<b>80,397,610</b>
<b>Provision</b>	<b>(142,558)</b>	<b>(355,530)</b>	<b>(474,307)</b>	<b>(98,330)</b>	<b>(273,604)</b>	<b>(374,337)</b>	<b>(284,374)</b>	<b>(429,800)</b>	<b>(893,479)</b>	<b>(6,635,991)</b>	<b>(9,962,310)</b>
<b>Television</b>											
Number of customers w/o renegotiation (1)	301,411	48,317	19,475	13,364	18,503	25,982	13,750	19,751	18,235	155,367	634,155
Gross portfolio w/o renegotiation	14,655,418	484,862	70,842	23,567	11,229	2,691	1,585	-	-	-	15,250,194
Debt	15,396,224	838,362	430,089	295,889	435,970	594,302	316,363	445,887	462,003	9,383,546	28,598,635
Provision	(740,806)	(353,500)	(359,247)	(272,322)	(424,741)	(591,611)	(314,778)	(445,887)	(462,003)	(9,383,546)	(13,348,441)
Number of customers w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-	-
<b>Total number of customers</b>	<b>301,411</b>	<b>48,317</b>	<b>19,475</b>	<b>13,364</b>	<b>18,503</b>	<b>25,982</b>	<b>13,750</b>	<b>19,751</b>	<b>18,235</b>	<b>155,367</b>	<b>634,155</b>
<b>Total Television Portfolio</b>	<b>14,655,418</b>	<b>484,862</b>	<b>70,842</b>	<b>23,567</b>	<b>11,229</b>	<b>2,691</b>	<b>1,585</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,250,194</b>
<b>Debt</b>	<b>15,396,224</b>	<b>838,362</b>	<b>430,089</b>	<b>295,889</b>	<b>435,970</b>	<b>594,302</b>	<b>316,363</b>	<b>445,887</b>	<b>462,003</b>	<b>9,383,546</b>	<b>28,598,635</b>
<b>Provision</b>	<b>(740,806)</b>	<b>(353,500)</b>	<b>(359,247)</b>	<b>(272,322)</b>	<b>(424,741)</b>	<b>(591,611)</b>	<b>(314,778)</b>	<b>(445,887)</b>	<b>(462,003)</b>	<b>(9,383,546)</b>	<b>(13,348,441)</b>

(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

8. Current trade and other accounts receivable, continued

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

Aging of portfolio by segment As of March 31, 2020	Up to date	From 1 to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 120 days	From 121 to 150 days	From 151 to 180 days	From 181 to 210 days	From 211 to 250 days	More than 250 days	Total portfolio w/o guarantee
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Mobile Business</b>											
Number of customers w/o renegotiation (1)	843,404	321,536	65,305	55,120	49,527	35,730	54,511	52,374	59,619	1,968,580	3,505,706
Gross portfolio w/o renegotiation	89,705,979	9,506,987	3,712,876	5,357,142	1,143,324	1,777,596	1,527,877	-	-	-	112,731,781
Debt	97,978,042	11,237,091	6,069,904	6,840,414	6,426,777	8,697,412	5,458,591	5,377,592	4,975,245	65,359,248	218,420,316
Provision	(8,272,063)	(1,730,104)	(2,357,028)	(1,483,272)	(5,283,453)	(6,919,816)	(3,930,714)	(5,377,592)	(4,975,245)	(65,359,248)	(105,688,535)
Number of customers w/renegotiation	-	-	-	-	-	-	-	-	-	12,162	12,162
Net renegotiated portfolio	69,740	186	105	-	-	-	-	-	-	-	70,031
Debt	67,621	5,160	2,999	2,344	1,953	1,648	750	601	334	1,524,950	1,608,360
Provision	2,119	(4,974)	(2,894)	(2,344)	(1,953)	(1,648)	(750)	(601)	(334)	(1,524,950)	(1,538,329)
<b>Total number of customers</b>	<b>843,404</b>	<b>321,536</b>	<b>65,305</b>	<b>55,120</b>	<b>49,527</b>	<b>35,730</b>	<b>54,511</b>	<b>52,374</b>	<b>59,619</b>	<b>1,980,742</b>	<b>3,517,868</b>
<b>Total Other Portfolio</b>	<b>89,775,719</b>	<b>9,507,173</b>	<b>3,712,981</b>	<b>5,357,142</b>	<b>1,143,324</b>	<b>1,777,596</b>	<b>1,527,877</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>112,801,812</b>
Debt	98,045,663	11,242,251	6,072,903	6,842,758	6,428,730	8,699,060	5,459,341	5,378,193	4,975,579	66,884,198	220,028,676
Provision	(8,269,944)	(1,735,078)	(2,359,922)	(1,485,616)	(5,285,406)	(6,921,464)	(3,931,464)	(5,378,193)	(4,975,579)	(66,884,198)	(107,226,864)
<b>Contractual Asset and Other</b>											
Number of customers w/o renegotiation (1)	-	-	-	-	-	-	-	-	-	-	-
Gross portfolio w/o renegotiation	54,115,595	-	-	-	-	-	-	-	-	-	54,115,595
Debt	55,018,680	-	-	-	-	-	-	-	-	-	55,018,680
Provision	(903,085)	-	-	-	-	-	-	-	-	-	(903,085)
Number of customers w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-	-
<b>Total number of customers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Portfolio net of Contractual Asset and Other</b>	<b>54,115,595</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,115,595</b>
Debt	55,018,680	-	-	-	-	-	-	-	-	-	55,018,680
Provision	(903,085)	-	-	-	-	-	-	-	-	-	(903,085)
<b>Consolidated Portfolio</b>											
Number of customers w/o renegotiation (1)	1,833,269	656,014	157,735	116,402	132,982	131,973	111,930	133,612	146,633	5,097,884	8,518,434
Gross portfolio w/o renegotiation	235,130,145	24,342,612	10,862,235	11,635,209	4,126,822	5,968,113	2,585,117	-	-	-	294,650,253
Debt	246,462,486	27,882,214	15,240,073	14,563,065	11,230,486	15,339,062	7,979,057	7,375,736	7,426,391	170,732,451	524,231,021
Provision	(11,332,341)	(3,539,602)	(4,377,838)	(2,927,856)	(7,103,664)	(9,370,949)	(5,393,940)	(7,375,736)	(7,426,391)	(170,732,451)	(229,580,768)
Number of customers w/renegotiation	38,449	8,019	2,127	1,269	544	268	216	246	532	100,885	152,555
Net renegotiated portfolio	137,789	522	110	1	-	-	-	-	-	-	138,422
Debt	448,801	85,354	25,527	15,450	7,496	4,374	2,784	2,969	5,240	2,339,037	2,937,032
Provision	(311,012)	(84,832)	(25,417)	(15,449)	(7,496)	(4,374)	(2,784)	(2,969)	(5,240)	(2,339,037)	(2,798,610)
<b>Total number of customers</b>	<b>1,871,718</b>	<b>664,033</b>	<b>159,862</b>	<b>117,671</b>	<b>133,526</b>	<b>132,241</b>	<b>112,146</b>	<b>133,858</b>	<b>147,165</b>	<b>5,198,769</b>	<b>8,670,989</b>
<b>Total Consolidated Portfolio</b>	<b>235,267,934</b>	<b>24,343,134</b>	<b>10,862,345</b>	<b>11,635,210</b>	<b>4,126,822</b>	<b>5,968,113</b>	<b>2,585,117</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>294,788,675</b>

Notes to the consolidated financial statements. Continued  
As of March 31, 2020 (not audited), and December 31, 2019



<b>Debt</b>	<b>246,911,287</b>	<b>27,967,568</b>	<b>15,265,600</b>	<b>14,578,515</b>	<b>11,237,982</b>	<b>15,343,436</b>	<b>7,981,841</b>	<b>7,378,705</b>	<b>7,431,631</b>	<b>173,071,488</b>	<b>527,168,053</b>
<b>Provision</b>	<b>(11,643,353)</b>	<b>(3,624,434)</b>	<b>(4,403,255)</b>	<b>(2,943,305)</b>	<b>(7,111,160)</b>	<b>(9,375,323)</b>	<b>(5,396,724)</b>	<b>(7,378,705)</b>	<b>(7,431,631)</b>	<b>(173,071,488)</b>	<b>(232,379,378)</b>

(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

**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



Notes to the consolidated financial statements. Continued  
As of March 31, 2020 (not audited), and December 31, 2019



Aging 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\$
<b>Fixed Telecommunications</b>											
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)
<b>Total number of customers</b>	<b>716,661</b>	<b>292,092</b>	<b>78,488</b>	<b>48,720</b>	<b>63,528</b>	<b>70,223</b>	<b>45,623</b>	<b>62,850</b>	<b>67,538</b>	<b>3,008,846</b>	<b>4,454,569</b>
<b>Total Fixed Telephone Portfolio</b>	<b>19,271,362</b>	<b>6,419,614</b>	<b>1,129,376</b>	<b>2,742,477</b>	<b>932,538</b>	<b>453,987</b>	<b>788,434</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,737,788</b>
Debt	<b>19,826,235</b>	<b>7,187,990</b>	<b>2,649,905</b>	<b>3,691,061</b>	<b>2,082,832</b>	<b>1,782,924</b>	<b>1,638,436</b>	<b>968,535</b>	<b>1,102,582</b>	<b>91,282,153</b>	<b>132,212,653</b>
Provision	<b>(554,873)</b>	<b>(768,376)</b>	<b>(1,520,529)</b>	<b>(948,584)</b>	<b>(1,150,294)</b>	<b>(1,328,937)</b>	<b>(850,002)</b>	<b>(968,535)</b>	<b>(1,102,582)</b>	<b>(91,282,153)</b>	<b>(100,474,865)</b>
<b>Corporate Communication and Data</b>											
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	-	-	-	-	-	-	-	-	-	-	-
<b>Total number of customers</b>	<b>3,801</b>	<b>2,220</b>	<b>839</b>	<b>41</b>	<b>544</b>	<b>553</b>	<b>357</b>	<b>277</b>	<b>386</b>	<b>2,468</b>	<b>11,486</b>
<b>Total Corporate Communication and Data Portfolio</b>	<b>35,789,835</b>	<b>11,645,455</b>	<b>665,168</b>	<b>1,946,875</b>	<b>4,470,981</b>	<b>844,835</b>	<b>555,190</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,918,339</b>
Debt	<b>35,877,578</b>	<b>11,857,142</b>	<b>731,021</b>	<b>2,224,253</b>	<b>4,788,224</b>	<b>1,100,719</b>	<b>871,459</b>	<b>279,638</b>	<b>698,587</b>	<b>5,837,887</b>	<b>64,266,508</b>
Provision	<b>(87,743)</b>	<b>(211,687)</b>	<b>(65,853)</b>	<b>(277,378)</b>	<b>(317,243)</b>	<b>(255,884)</b>	<b>(316,269)</b>	<b>(279,638)</b>	<b>(698,587)</b>	<b>(5,837,887)</b>	<b>(8,348,169)</b>
<b>Television</b>											
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	-	-	-	-	-	-	-	-	-	-	-
<b>Total number of customers</b>	<b>13,065</b>	<b>30,483</b>	<b>29,610</b>	<b>14,747</b>	<b>20,072</b>	<b>28,063</b>	<b>15,591</b>	<b>20,061</b>	<b>19,607</b>	<b>153,173</b>	<b>344,472</b>
<b>Total Television Portfolio</b>	<b>6,805,221</b>	<b>273,982</b>	<b>103,455</b>	<b>25,101</b>	<b>12,158</b>	<b>2,338</b>	<b>1,785</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,224,040</b>
Debt	<b>6,826,057</b>	<b>435,048</b>	<b>675,154</b>	<b>339,931</b>	<b>454,780</b>	<b>648,166</b>	<b>367,078</b>	<b>485,015</b>	<b>568,239</b>	<b>9,356,274</b>	<b>20,155,742</b>
Provision	<b>(20,836)</b>	<b>(161,066)</b>	<b>(571,699)</b>	<b>(314,830)</b>	<b>(442,622)</b>	<b>(645,828)</b>	<b>(365,293)</b>	<b>(485,015)</b>	<b>(568,239)</b>	<b>(9,356,274)</b>	<b>(12,931,702)</b>

(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

## 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

Notes to the consolidated financial statements. Continued  
As of March 31, 2020 (not audited), and December 31, 2019



Aging 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\$
<b>Mobile Business</b>											
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)
<b>Total number of customers</b>	<b>849,393</b>	<b>226,890</b>	<b>58,196</b>	<b>60,893</b>	<b>40,616</b>	<b>53,915</b>	<b>52,763</b>	<b>53,552</b>	<b>64,365</b>	<b>1,883,436</b>	<b>3,344,019</b>
<b>Total Other Portfolio</b>	<b>62,513,004</b>	<b>7,310,256</b>	<b>3,671,992</b>	<b>5,131,803</b>	<b>1,225,807</b>	<b>1,996,806</b>	<b>856,488</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,706,156</b>
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)
<b>Contractual asset and Other</b>											
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	-	-	-	-	-	-	-	-	-	-	-
<b>Total number of customers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Contractual Asset and Other Portfolio</b>	<b>56,129,683</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,129,683</b>
Debt	57,066,849	-	-	-	-	-	-	-	-	-	57,066,849
Provision	(937,166)	-	-	-	-	-	-	-	-	-	(937,166)
<b>Consolidated Portfolio</b>											
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)
<b>Total number of customers</b>	<b>1,582,920</b>	<b>551,685</b>	<b>167,133</b>	<b>124,401</b>	<b>124,760</b>	<b>152,754</b>	<b>114,334</b>	<b>136,740</b>	<b>151,896</b>	<b>5,047,923</b>	<b>8,154,546</b>
<b>Total Consolidated Portfolio</b>	<b>180,509,105</b>	<b>25,649,307</b>	<b>5,569,991</b>	<b>9,846,256</b>	<b>6,641,484</b>	<b>3,297,966</b>	<b>2,201,897</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>233,716,006</b>
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.

## 9. Receivables from and payable to related companies

a) Currents receivables from related companies:

Notes to the consolidated financial statements. Continued  
As of March 31, 2020 (not audited), and December 31, 2019



Company	Taxpayer No.	Country of Origin	Nature of the relationship	Transaction origin	Currency	Term	03.31.2020 ThCh\$	12.31.2019 ThCh\$
Telefónica International Wholesale Services Spain	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	6,391,441	5,045,351
Telxius Torres Chile, S.A.	76.558.575-9	Chile	Common end controller	Serv. Provided	CLP	60 days	5,387,951	12,153,551
Telxius Cable Chile	96.910.730-9	Chile	Common end controller	Serv. Provided	CLP	60 days	1,598,983	788,480
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Serv. Provided	CLP	60 days	1,511,219	953,832
Telefónica Digital España	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	782,899	627,459
Telefónica S.A.	Foreign	Spain	End Controller	Serv. Provided	EUR	90 days	347,758	712,499
Wayra Chile Tecnología e Innovación Ltda.	96.672.150-2	Chile	Common end controller	Serv. Provided	CLP	60 days	333,280	147,444
Telefónica Brasil	Foreign	Brazil	Common end controller	Serv. Provided	USD	90 days	311,527	-57,092
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Serv. Provided	CLP	60 days	268,452	254,661
Media Networks Perú	Foreign	Peru	Common end controller	Serv. Provided	USD	90 days	160,714	195,900
Telefónica del Perú	Foreign	Peru	Common end controller	Serv. Provided	CLP	60 days	131,655	59,981
Telcel Venezuela	Foreign	Venezuela	Common end controller	Serv. Provided	USD	90 days	112,349	33,091
Colombia Telecomunicaciones S.A.E.S.P	Foreign	Colombia	Common end controller	Serv. Provided	USD	60 days	109,192	3,866
Telefónica Uk Ltd (antes O2 (UK) Ltd)	Foreign	United Kingdom	Common end controller	Serv. Provided	EUR	90 days	85,409	22,067
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	90 days	70,929	-
Telefónica Móviles España S.A.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	47,053	92,113
Media Networks Chile	76.243.733-3	Chile	Common end controller	Serv. Provided	CLP	60 days	27,209	27,209
Terra Networks Chile S.A.	96.834.230-4	Chile	Common end controller	Serv. Provided	CLP	60 days	24,700	24,194
Telefónica O2 Germany Gmbh & Co Ohg	Foreign	Germany	Common end controller	Serv. Provided	USD	90 days	10,784	-
Pegaso PCS, S.A. de C.V.	Foreign	Mexico	Common end controller	Serv. Provided	USD	90 days	5,163	4,845
Terra Networks Brasil	Foreign	Brazil	Common end controller	Serv. Provided	USD	90 days	5,148	5,148
Inversiones Telefónica Internacional Holding L S.A.	77.363.730-K	Chile	Common end controller	Serv. Provided	CLP	60 days	5,142	5,262
Telefónica On The Spot Soluciones Digitales De Chile Spa	76.338.291-5	Chile	Common end controller	Serv. Provided	CLP	60 days	4,725	6296
Otecel S.A.	Foreign	Ecuador	Common end controller	Serv. Provided	USD	60 days	1,907	1,043
Telefónica Móviles El Salvador	Foreign	El Salvador	Common end controller	Serv. Provided	USD	90 days	420	582
Telefónica Learning Services Chile Capacitación Ltda.	76.131.334-7	Chile	Common end controller	Serv. Provided	CLP	60 days	-	1,453
<b>Total</b>							<b>17,736,009</b>	<b>21,109,235</b>

There are no allowances for doubtful accounts or guarantees related to amounts included in outstanding balances.  
For amounts in excess of 5% of their total heading, the origin of the service rendered is specified.

## 9. Receivables from and payable to related companies, continued

b) Current payables to related companies:

Notes to the consolidated financial statements. Continued  
As of March 31, 2020 (not audited), and December 31, 2019



	Taxpayer No.	Country of origin	Nature of The relationship	Transaction origin	Currency	Term	03.31.2020	12.31.2019
							ThCh\$	ThCh\$
Telefónica Argentina S.A.	Foreign	Argentina	Common end controller	Serv. provided	USD	180 days	11,626,314	12,314,140
Telefónica S.A.	Foreign	Spain	Final controller	<b>Subtotal</b>			<b>9,331,687</b>	<b>8,375,772</b>
				Brand Fee	EUR / CLP	90 days	8,658,381	7,917,019
				Other	EUR	90 days	673,306	458,753
Telxius Torres Chile S.A.	76.558.575-9	Chile	Common end controller	<b>Subtotal</b>			<b>6,602,720</b>	<b>15,383,448</b>
				Leased space	CLP	60 days	3,199,684	8,942,700
				Leased co-locations (IFRS 16)	CLP	60 days	2,350,239	5,533,854
				Leased co-locations	CLP	60 days	1,037,295	838,812
				Serv. provided	CLP	60 days	15,502	68,082
Telxius Cable Chile (Ex Telef. Int. Wholesale Services Chile SA)	96.910.730-9	Chile	Common end controller	<b>Subtotal</b>			<b>6,400,745</b>	<b>7,095,059</b>
				IP voice traffic	CLP	60 days	4,174,317	4,432,682
				Data and links	CLP	60 days	2,114,619	2,298,835
				Commercial mandate	CLP	60 days	87,924	87,574
				Other	CLP	60 days	23,885	275,968
Telefónica International Wholesale Services Spain	Foreign	Spain	Common end controller	Serv. provided	EUR	90 days	6,148,551	5,667,001
Telefónica Digital España	Foreign	Spain	Common end controller	Serv. provided	EUR	60 days	5,722,424	5,798,222
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Serv. provided	CLP	60 days	3,220,226	1,715,810
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Serv. provided	CLP	60 days	2,549,933	3,324,841
Media Networks Perú	Foreign	Peru	Common end controller	Satellite space	USD	90 days	2,252,290	1,516,382
Telefónica Latam Holding	Foreign	Spain	Common end controller	Management Fee	EUR	90 days	2,030,914	1,860,017
Telefónica Global Technology S.A.U.	Foreign	Spain	Common end controller	Serv. provided	EUR	90 days	1,889,282	573,922
Telefónica Compras Electrónicas	Foreign	Spain	Common end controller	Serv. provided	EUR	90 days	795,278	688,623
Telefónica Brasil	Foreign	Brazil	Common end controller	Serv. provided	USD	90 days	332,523	376,358
Telefónica del Perú S.A.	Foreign	Peru	Common end controller	Serv. provided	USD	180 days	225,216	209,586
Telefónica On The Spot Soluciones Digitales de Chile Spa	76.338.291-5	Chile	Common end controller	Serv. provided	CLP	60 days	144,593	24,475
Telefónica O2 Germany Gmbh & Co Ohg	Foreign	Germany	Common end controller	Serv. provided	EUR	90 days	102,181	133,778
Telefónica Global Roaming Gmbh	Foreign	Germany	Common end controller	Serv. provided	EUR	90 days	98,239	89,361
Terra Networks Chile S.A.	96.834.230-4	Chile	Common end controller	Serv. provided	CLP	60 days	85,360	147,832
Telefónica Móviles España S.A.	Foreign	Spain	Common end controller	Serv. provided	EUR	90 days	58,042	67,643
Telefónica USA Inc.	Foreign	USA	Common end controller	Serv. provided	USD	60 days	27,142	48,414
Pegaso PCS, S.A. de C.V.	Foreign	Mexico	Common end controller	Serv. provided	USD	90 days	21,009	35,611
Telefónica Servicios Audiovisuales	Foreign	Spain	Common end controller	Serv. provided	EUR	60 days	18,290	46,018
Telefónica Móviles del Uruguay S.A.	Foreign	Uruguay	Common end controller	Serv. provided	USD	90 days	17,616	7,768

9. Receivables from and payable to related companies, continued

b) Current payables to related companies:

	Country	Nature of	Transaction	31.03.2020	31.12.2019
TELEFÓNICA MÓVILES CHILE S.A. AND SUBSIDIARIES					

Notes to the consolidated financial statements. Continued

As of March 31, 2020 (not audited), and December 31, 2019

Sociedad	Taxpayer No.	of origin	The relationship	origin	Currency	Term	M\$	M\$
Colombia Telecomunicaciones S.A.E.S.P. (Telecom.)	Foreign	Colombia	Common end controller	Serv. provided	USD	60 days	11,705	109,716
Otecel S.A.	Foreign	Ecuador	Common end controller	Serv. provided	USD	90 days	10,678	8,762
Telcel Venezuela	Foreign	Venezuela	Common end controller	Serv. provided	USD	90 days	55	2,829
Telefónica Móviles El Salvador	Foreign	El Salvador	Common end controller	Serv. Provided	USD	90 days	32	101
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	90 days	-	19,000
Telefónica Global Technology Chile	59.165.120-k	Chile	Common end controller	Information serv.	CLP	60 days	-	16,105
Telfisa Global B.V.	Foreign	Spain	Common end controller	Mgmt commission	CLP	90 days	-	9,664
Telefónica Móviles Panamá	Foreign	Panama	Common end controller	Serv. provided	USD	90 days	-	4,343
Telefónica de España S.A.U	Foreign	Spain	Common end controller	Serv. provided	EUR	180 days	-	1,611
Tgestiona Logistica Peru Sac	Foreign	Peru	Common end controller	Serv. provided	USD	90 days	-	865
Telefónica Learning Services Chile Spa	76.318.959-7	Chile	Common end controller	Serv. provided	CLP	90 days	-	47
<b>Total</b>							<b>60,600,802</b>	<b>66,055,208</b>

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.

c) Non-current payables to related companies:

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	03.31.2020 ThCh\$	12.31.2019 ThCh\$
Telxius Torres Chile S.A. (1)	76.558.575-9	Chile	Common end controller	Co-localization lease (IFRS 16)	CLP	-	40,415,001	37,179,398
Telefónica S.A.	Foreign	Spain	End Controller	HR obligation	CLP	-	1,058,105	848,247
<b>Total</b>							<b>41,473,106</b>	<b>38,027,645</b>

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

9. Receivables from and payable to related companies, continued

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

Nature of the	Transaction	03.31.2020	12.31.2019
TELEFÓNICA MÓVILES CHILE S.A. AND SUBSIDIARIES			

Notes to the consolidated financial statements. Continued  
As of March 31, 2020 (not audited), and December 31, 2019



Company	Taxpayer No.	Country Of origin	Relationship	origin	Currency	Amount ThCh\$	Effect on Income (Debit)/Credit ThCh\$	Amount ThCh\$	Effect on Income (Debit)/Credit ThCh\$
Telefónica S.A.	Foreign	Spain	End controller	Brand Fee	EUR	6,868,271	(6,868,271)	6,114,198	(6,114,198)
Media Networks Perú	Foreign	Peru	Common end controller	Leased space	USD	2,030,808	(2,030,808)	1,502,169	(1,502,169)
Telefónica Global Technology	Foreign	Spain	Common end controller	Expenses	EUR	1,070,687	(1,070,687)	1,014,289	(1,014,289)
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Expenses	CLP	3,435,079	(3,435,079)	1,884,592	(1,884,592)
Telefónica Digital España	Foreign	Spain	Common end controller	Expenses	EUR	2,016,988	(2,016,988)	1,977,866	(1,977,866)
Telefónica Argentina S.A.	Foreign	Argentina	Common end controller	Media rental	USD	2,405,489	(2,405,489)	1,956,485	(1,956,485)
Telefónica International Wholesale Services Spain	Foreign	Spain	Common end controller	Sales	EUR	1,378,841	1,378,841	2,141,253	2,141,253
				Expenses	EUR	1,589,941	(1,589,941)	1,195,214	(1,195,214)
Telxius Cable Chile S.A	96.910.730-9	Chile	Common end controller	Access and traffic	CLP	3,866,528	(3,866,528)	3,248,522	(3,248,522)
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Expenses	CLP	2,047,970	(2,047,970)	1,854,171	(1,854,171)
Telxius Torres Chile S.A.	76.558.575-9	Chile	Common end controller	Lease	CLP	1,289,054	(1,289,054)	4966	(496)

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

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

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

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

The Company is managed by a Board of Directors consisting of 10 members and its key employees are 67 executives at March 31, 2020 and 2019, respectively.

Concepts	03.31.2020	03.31.2019
	ThCh\$	ThCh\$
Salaries	4,304,079	5,258,136
Post employment benefits	851,474	751,817
<b>Total</b>	<b>5,155,553</b>	<b>6,009,953</b>

## 10. Inventory

a) The detail of inventory is as follows:

Concepts	03.31.2020			12.31.2019		
	Gross value ThCh\$	Allowance for obsolescence ThCh\$	Net value ThCh\$	Gross value ThCh\$	Allowance for obsolescence ThCh\$	Net value ThCh\$
Mobile equipment	41,779,289	(177,618)	41,601,671	37,151,692	(364,271)	36,787,421
Modems and Router	17,170,972	(1,037,558)	16,133,414	7,305,621	(748,031)	6,557,590
Basic telephony, public telephony and telephone switchboard ("centralitas") components	8,681,004	(689,710)	7,991,294	9,548,025	(578,411)	8,969,614
IP Solutions Projects	6,360,168	-	6,360,168	4,000,524		4,000,524
Decoders and antennas	2,415,517	(137,972)	2,277,545	2,489,025	(381,658)	2,107,367
Mobile accessories	346,167	(12,233)	333,934	143,022	(3,290)	139,732
Others	510,693	(42,480)	468,213	782,171	(56,410)	725,761
<b>Total</b>	<b>77,263,810</b>	<b>(2,097,571)</b>	<b>75,166,239</b>	<b>61,420,080</b>	<b>(2,132,071)</b>	<b>59,288,009</b>

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

The Company has evaluated the possible deterioration that inventories could suffer as of March 31, 2020 as a result of the effects on the economy that the health emergency could generate (Covid 19). For the analysis, the following has been considered: balances and types of materials as of March 31, commercial dynamics, obsolescence analysis and net realization 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 March 31, 2020.

b) The movement of inventory is as follows:

Movements	03.31.2020 ThCh\$	12.31.2019 ThCh\$
<b>Beginning balance</b>	<b>59,288,009</b>	<b>55,566,162</b>
Purchases	77,375,134	265,136,170
Capitalized sales (note 25c)	(61,531,404)	(262,562,080)
Allowance for obsolescence	34,500	1,147,757
<b>Movement, subtotal</b>	<b>15,878,230</b>	<b>3,721,847</b>
<b>Ending balance</b>	<b>75,166,239</b>	<b>59,288,009</b>



## 11. Income Taxes

### a) Income Taxes:

As of March 31, 2020, the parent company, Telefónica Móviles Chile S.A. and subsidiary Telefónica Chile S.A. have established a first category income tax provision, since it determined a positive taxable base in the amount of ThCh\$1,018,308 and ThCh\$23,174,208, respectively. The rest of the companies of the Group have tax losses.

As of March 31, 2019, Telefónica Móviles Chile S.A., established a first category income tax provision, since it determined a positive taxable base of ThCh\$26,831,854

As of March 31, 2020 and 2019, the Parent and subsidiaries present the following tax losses of first category:

- Telefónica Empresas S.A. ThCh\$40,779,801 and ThCh\$21,385,728 at March 31, 2020 and 2019, respectively.
- Telefónica Chile Servicios Corporativos Ltda, ThCh\$14,532,550 and ThCh\$12,091,606 at March 31, 2020 and 2019, respectively.
- Telefónica Investigación y Desarrollo SpA ThCh\$ 456,778 and ThCh\$242,882 at March 31, 2020 and 2019, respectively.
- Telefónica Chile S.A., ThCh\$23,410,534 at March 31, 2019.
- Telefónica Móviles Soluciones y Aplicaciones S.A. ThCh\$242,882 at March 31, 2020.

Regarding the real taxable income 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 oversight by the Chilean Internal Revenue Service, therefore there can be differences in the application of criteria for determining taxes. Notwithstanding the above, currently there are no tax losses reviews in progress.

## 11. Taxes, continued

### a) Income Taxes, continued

As of March 31, 2020, corporate income is detailed as follows:

Subsidiaries	Accumulated loan balances (SAC)								
	Income subject to global complementary or additional tax (RAI)		Difference between accelerated & normal devaluation (DDAN)	Exempt income (REX) Non-taxable income	Subject to restitution With right to return	Accumulated as of 01.01.2017 Current loan rate (factor of 25.5%)		Accumulated up to 12.31.2016 Effective rate 22.71% entitled to return	TOTAL BALANCE OF TAXABLE NET INCOME (STUT)
	Control					Subject to restitution entitled to return	Not Subject to restitution entitled to return		
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Telefónica Móviles Chile S.A.	416,032	416,032	-	-	-	10,711,516	-	1,068,771	4,737,796
Telefónica Chile S.A.	-	-	-	-	-	-	-	171,910,693	761,805,711
Telefónica Empresas Chile S.A.	2,902,135	-	-	2,902,135	-	(235,996)	-	-	-
Telefónica Chile Servicios Corporativos Ltda.	70,179,955	70,179,955	-	-	-	13,631,815	-	17,485,255	65,120,577
Telefónica Investigación y Desarrollo SPA	2,028,234	2,028,234	-	-	-	691,919	-	-	-
<b>Total</b>	<b>75,526,356</b>	<b>72,624,221</b>	<b>-</b>	<b>2,902,135</b>	<b>-</b>	<b>24,799,254</b>	<b>-</b>	<b>190,464,719</b>	<b>831,664,084</b>

### b) Current tax assets

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

Description	03.31.2020	12.31.2019
	ThCh\$	ThCh\$
Monthly prepaid tax installments (2)	1,369,193	1,519,311
Taxes for recovering previous years (1)	2,455,060	2,455,060
Provisional payment on absorbed profits (3)	2,718,729	2,718,729
Sence and others	838,000	838,000
<b>Total</b>	<b>7,380,982</b>	<b>7,531,100</b>

(1) Corresponds to the net balance between monthly provisional payments and the income tax provision at 2020.

(2) Corresponds to Telefónica Chile S.A. in the amount of ThCh\$1,491,032 (FY2019 Income Tax Return), Telefónica Móviles S.A. in the amount of ThCh\$739,892 (FY 2017 Tax Return) and Telefónica Chile Servicios Corporativos Ltda. in the amount of ThCh\$224,136 (previous years).

(3) Tax refunds for Inversiones Telefónica Móviles Holding S.A. for fiscal years 2015 and 2016

## 11. Income Taxes, continued

### c) Deferred tax assets and liabilities

As of March 31, 2020, December 31, 2019 and March 31, 2019, accumulated balances of temporary differences originated net deferred tax assets in the amount of ThCh\$30,039,073; ThCh\$22,466,891 and ThCh\$32,415,308 respectively, and which are detailed as follows:

Disclosure of temporary differences, losses and unused tax credits	Other temporary differences	Allowance for doubtful accounts	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	Equity adjustment due to termination benefits and hedging insurance	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
March 31, 2019														
<b>Deferred tax assets and liabilities</b>														
Deferred tax assets	38,719,264	488,938	4,555,382	94,147,709	5,067,418	-	12,950,279	9,173,227	15,057,665	9,667,330	5,256,983	(77,187,137)	117,897,058	117,897,058
Deferred tax liabilities	-	-	6,618,801	-	-	4,846,843	10,850,851	137,469,512	-	10,619,054	(5,359,939)	(77,187,137)	87,857,985	87,857,985
<b>Deferred tax liabilities (assets)</b>	<b>(38,719,264)</b>	<b>(488,938)</b>	<b>2,063,419</b>	<b>(94,147,709)</b>	<b>(5,067,418)</b>	<b>4,846,843</b>	<b>(2,099,428)</b>	<b>128,296,285</b>	<b>(15,057,665)</b>	<b>951,724</b>	<b>(10,616,922)</b>		<b>(30,039,073)</b>	<b>(30,039,073)</b>
<b>Deferred tax assets and liabilities, net</b>														
Deferred tax assets, net	(38,719,264)	(488,938)	-	(94,147,709)	(5,067,418)	-	(2,099,428)	-	(15,057,665)	-	(10,616,922)	-	(166,197,344)	(166,197,344)
Deferred tax liabilities, net	-	-	2,063,419	-	-	4,846,843	-	128,296,285	-	951,724	-	-	136,158,271	136,158,271
<b>Deferred tax expense (benefit)</b>														
Deferred tax expense (benefit)	(2,407,091)	9,315	(435,476)	2,732,648	(10,204)	1,184,905	4,397,291	(3,198,302)	(4,905,018)	(20,490)	(5,525,891)	-	(8,178,313)	(8,178,313)
Deferred tax expense (benefit) recognized in income	(2,407,091)	9,315	(435,476)	2,732,648	(10,204)	1,184,905	4,397,291	(3,198,302)	(4,905,018)	(20,490)	(5,525,891)	-	(8,178,313)	(8,178,313)
<b>Changes in deferred tax liabilities (assets)</b>														
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)
<b>Changes in deferred tax liabilities (assets)</b>														
Deferred tax expense (benefit) recognized in income	(2,407,091)	9,315	(435,476)	2,732,648	(10,204)	1,184,905	4,397,291	(3,198,302)	(4,905,018)	(20,490)	(5,525,891)	-	(8,178,313)	(8,178,313)
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	518,837	-	-	-	518,837	518,837
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	87,294	-	-	-	-	-	87,294	87,294
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)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Increase (decrease) in deferred tax (assets) liabilities</b>	<b>(2,407,091)</b>	<b>9,315</b>	<b>(435,476)</b>	<b>2,732,648</b>	<b>(10,204)</b>	<b>1,184,905</b>	<b>4,484,585</b>	<b>(3,198,302)</b>	<b>(4,386,181)</b>	<b>(20,490)</b>	<b>(5,525,891)</b>	<b>-</b>	<b>(7,572,182)</b>	<b>(7,572,182)</b>
<b>Deferred tax liabilities (assets)</b>	<b>(38,719,264)</b>	<b>(488,938)</b>	<b>2,063,419</b>	<b>(94,147,709)</b>	<b>(5,067,418)</b>	<b>4,846,843</b>	<b>(2,099,428)</b>	<b>128,296,285</b>	<b>(15,057,665)</b>	<b>951,724</b>	<b>(10,616,922)</b>		<b>(30,039,073)</b>	<b>(30,039,073)</b>

## 11. Income Taxes, continued

### c) Assets and Liability by Deferred taxes, continued

Disclosure of temporary differences, losses and unused tax credits	Other temporary differences	Allowance for doubtful accounts	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
December 31, 2019													
<b>Deferred tax assets and liabilities</b>													
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
<b>Deferred tax liabilities (assets)</b>	<b>(36,312,173)</b>	<b>(498,253)</b>	<b>2,498,895</b>	<b>(96,880,357)</b>	<b>(5,057,214)</b>	<b>3,661,938</b>	<b>(6,584,013)</b>	<b>131,494,587</b>	<b>(10,671,484)</b>	<b>972,214</b>	<b>(5,091,031)</b>		<b>(22,466,891)</b>
<b>Deferred tax assets and liabilities, net</b>													
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
<b>Deferred tax expense (benefit)</b>													
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
<b>Changes in deferred tax liabilities (assets)</b>													
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)
<b>Changes in deferred tax liabilities (assets)</b>													
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)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Increase (decrease) in deferred tax (assets) liabilities</b>	<b>(3,041,618)</b>	<b>309,894</b>	<b>(224,954)</b>	<b>15,256,154</b>	<b>376,262</b>	<b>1,237,260</b>	<b>396,409</b>	<b>(3,760,986)</b>	<b>2,377,032</b>	<b>972,214</b>	<b>(2,388,765)</b>	<b>-</b>	<b>11,508,902</b>
Deferred tax liabilities (assets)	<b>(36,312,173)</b>	<b>(498,253)</b>	<b>2,498,895</b>	<b>(96,880,357)</b>	<b>(5,057,214)</b>	<b>3,661,938</b>	<b>(6,584,013)</b>	<b>131,494,587</b>	<b>(10,671,484)</b>	<b>972,214</b>	<b>(5,091,031)</b>	<b>-</b>	<b>(22,466,891)</b>

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

## 11. Income Taxes, continued

### c) Assets and Liability by Deferred taxes, continued

Disclosure of temporary differences, losses and unused tax credits	Other temporary differences	Allowance for doubtful accounts	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	Equity adjustment due to termination benefits and hedging insurance	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
March 31, 2019														
<b>Deferred tax assets and liabilities</b>														
Deferred tax assets	4,052,948	35,453,349	728,676	3,481,920	107,473,506	5,503,802		13,886,213	8,654,565	15,476,518	64,530,743	(141,194,880)	118,047,360	118,047,360
Deferred tax liabilities	265,044	-	-	7,585,512	-	-	2,363,869	11,631,839	143,219,922	-	61,760,746	(141,194,880)	85,632,052	85,632,052
<b>Deferred tax liabilities (assets)</b>	<b>(3,787,904)</b>	<b>(35,453,349)</b>	<b>(728,676)</b>	<b>4,103,592</b>	<b>(107,473,506)</b>	<b>(5,503,802)</b>	<b>2,363,869</b>	<b>(2,254,374)</b>	<b>134,565,357</b>	<b>(15,476,518)</b>	<b>(2,769,997)</b>	<b>-</b>	<b>(32,415,308)</b>	<b>(32,415,308)</b>
<b>Deferred tax assets and liabilities, net</b>														
Deferred tax assets, net	(3,787,904)	(35,453,349)	(728,676)	(107,473,506)	(5,503,802)	-	(2,254,374)	(15,476,518)	(2,769,997)	-	(173,448,126)	(173,448,126)	(173,448,126)	(173,448,126)
Deferred tax liabilities, net	-	-	-	4,103,592	-	-	2,363,869	-	134,565,357	-	-	-	141,032,818	141,032,818
<b>Deferred tax expense (benefit)</b>														
Deferred tax expense (benefit)	(1,085,638)	(2,182,794)	79,471	1,379,743	4,663,005	(70,326)	(60,809)	4,731,616	(690,216)	(3,314,287)	(2,673,337)	-	776,428	776,428
Deferred tax expense (benefit) recognized in income	(1,085,638)	(2,182,794)	79,471	1,379,743	4,663,005	(70,326)	(60,809)	4,731,616	(690,216)	(3,314,287)	(2,673,337)	-	776,428	776,428
<b>Changes in deferred tax liabilities (assets)</b>														
Deferred tax liabilities (assets) – Beginning balance Dec, 2017	(2,702,266)	(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)	-	-	(33,975,793)	(33,975,793)
<b>Changes in deferred tax liabilities (assets)</b>														
Deferred tax expense (benefit) recognized in income	(1,085,638)	(2,182,794)	79,471	1,379,743	4,663,005	(70,326)	(60,809)	4,731,616	(690,216)	(3,314,287)	(2,673,337)	-	776,428	776,428
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	-	886,285	(96,660)	-	789,625	789,625
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	-	(5,568)	-	-	-	-	(5,568)	(5,568)
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)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Increase (decrease) in deferred tax liabilities (assets)</b>	<b>(1,085,638)</b>	<b>(2,182,794)</b>	<b>79,471</b>	<b>1,379,743</b>	<b>4,663,005</b>	<b>(70,326)</b>	<b>(60,809)</b>	<b>4,726,048</b>	<b>(690,216)</b>	<b>(2,428,002)</b>	<b>(2,769,997)</b>	<b>-</b>	<b>1,560,485</b>	<b>1,560,485</b>
<b>Deferred tax (assets) liabilities</b>	<b>(3,787,904)</b>	<b>(35,453,349)</b>	<b>(728,676)</b>	<b>4,103,592</b>	<b>(107,473,506)</b>	<b>(5,503,802)</b>	<b>2,363,869</b>	<b>(2,254,374)</b>	<b>134,565,357</b>	<b>(15,476,518)</b>	<b>(2,769,997)</b>	<b>-</b>	<b>(32,415,308)</b>	<b>(32,415,308)</b>

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

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

As indicated in Note 1, on May 2, 2017 the Company merged its subsidiary Telefónica Móviles Chile S.A. by absorption, thus generating recognition of deferred taxes during 2017 in the amount of ThCh\$140,423,552 adjusting this estimate as of March 31, 2018 to ThCh\$148,606,473. In both cases the adjustment was made with a credit to income under income tax, resulting from the difference between the tax value of the investment and taxable capital, value that was allocated to non-monetary assets arising from the merger.

**d) Taxable Income**

As of March 31, 2019 and 2018 a first category income tax provision has been established, therefore a taxable positive base was determined in the amount of ThCh\$24,192,517 and ThCh\$27,837,651, respectively, for each period. This is detailed as follows:

Concepts	Taxable Net Income	
	03.31.2020 ThCh\$	03.31.2019 ThCh\$
Finance income	4,097,942	20,672,029
Recorded tax expense	(1,424,056)	8,420,610
Additions	163,003,075	113,208,696
Deductions	(141,484,444)	(114,463,683)
<b>Taxable net income</b>	<b>24,192,517</b>	<b>27,837,651</b>
<b>First category tax rate 27%</b>	<b>6,531,980</b>	<b>7,516,166</b>
<b>Art. 21 rejected expenses tax base</b>	<b>1,264,320</b>	<b>963,358</b>
<b>Art. 21 non-deductible expenses ( 40% rate)</b>	<b>505,728</b>	<b>385,343</b>
<b>Total tax provision</b>	<b>7,037,708</b>	<b>7,901,509</b>
Provision contingencies (1)	2,955	14,237
Settlement of previous derivatives (2)	219,396	-
Hedging instrument income tax provision (3)	(505,802)	(271,564)
<b>Total first category taxes</b>	<b>6,754,257</b>	<b>7,644,182</b>

(1) Corresponds to contingencies of the subsidiary Telefónica Móviles Soluciones y Aplicaciones S.A. (see Note 28 b),

(2) Corresponds to the income tax expense (benefit) calculated on 2019 hedging instruments, which is realized in the settlement of the derivative, which occurs in the period following its provision. This tax provision is presented as a higher or lower expense for the period

(3) Taxable net income considers adjustment for derivative instruments recorded in equity.

## 11. Income Taxes, continued

### e) Income tax reconciliation

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

Concepts	03.31.2020		03.31.2019	
	Taxable base ThCh\$	27%Tax Rate ThCh\$	Taxable base ThCh\$	27%Tax Rate ThCh\$
<b>Based on accounting income before taxes:</b>				
Finance income	4,097,944		20,672,029	-
Recorded tax expense	(1,424,056)		8,420,610	-
<b>Income before taxes</b>	<b>2,673,888</b>	<b>721,950</b>	<b>29,092,639</b>	<b>7,855,013</b>
<b>Permanent differences</b>	<b>(7,948,168)</b>	<b>(2,146,005)</b>	<b>2,094,804</b>	<b>565,597</b>
Price-level restatement of taxable equity	(24,436,740)	(6,597,920)	-	-
Price-level restatement of taxable value of investments in related companies	14,102,662	3,807,719	(299,339)	(80,822)
Income from investment in related parties	337,291	91,068	407,039	109,901
Contingency provision	10,944	2,955	52,730	14,237
Adjustment on deferred tax balances	1,873,063	505,727	-	-
Art. 21 non-deductible expenses	812,574	219,395	1,427,200	385,344
Uncollectible debtor write-offs	373,962	100,970	17,313	4,675
Others (1)	(1,021,924)	(275,919)	489,861	132,262
<b>Total corporate tax expense</b>	<b>(5,274,280)</b>	<b>(1,424,056)</b>	<b>31,187,443</b>	<b>8,420,610</b>
<b>Based on taxable net income and deferred taxes calculated on the basis of temporary differences</b>				
27% income tax		6,026,178		7,244,602
40% income tax		505,728		385,343
Contingency provision		2,955		14,237
Hedging instrument income tax provision		219,396		-
<b>Income tax expense</b>		<b>6,754,257</b>		<b>7,644,182</b>
<b>Deferred tax expense (income)</b>		<b>(8,178,313)</b>		<b>776,428</b>
<b>Total corporate tax expense</b>		<b>(1,424,056)</b>		<b>8,420,610</b>
<b>Effective income tax rate (2)</b>		<b>(53.26%)</b>		<b>28.94%</b>

(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 53.26%.

## 11. Income Taxes, continued

### f) Current income tax liabilities

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

Concepts	03.31.2020 ThCh\$	12.31.2019 ThCh\$
Income tax accrual (1)	4,203,458	1,830,065
Unic income tax	3,549,158	3,043,431
Contingency provision (note 28 b)	255,263	252,308
Others	126,927	126,927
<b>Total</b>	<b>8,134,806</b>	<b>5,252,731</b>

(1) Annual income taxes are presented net of monthly provisional payments in the amount of ThCh\$14,103,697 and ThCh\$ 9,945,111.

## 12. Non-current trade and other accounts receivable

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

Concepts	03.31.2020			12.31.2019		
	Gross value	Allowance for doubtful accounts	Net value	Gross value	Allowance for doubtful accounts	Net value
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Receivables on non-current loan transactions</b>	<b>17,162,256</b>	<b>(2,935,740)</b>	<b>14,226,516</b>	<b>18,284,092</b>	<b>(3,043,533)</b>	<b>15,240,559</b>
Trade receivables	15,048,205	(2,839,541)	12,208,664	15,508,627	(2,947,334)	12,561,293
Contractual asset (1)	2,114,051	(96,199)	2,017,852	2,775,465	(96,199)	2,679,266
Miscellaneous receivables (2)	11,295,240	-	11,295,240	12,181,785	-	12,181,785
<b>Total</b>	<b>28,457,496</b>	<b>(2,935,740)</b>	<b>25,521,756</b>	<b>30,465,877</b>	<b>(3,043,533)</b>	<b>27,422,344</b>

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

(2) Mainly includes loans related to employees,

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

Concepts	As of March 31, 2020								
	Gross Portfolio value in ThCh\$				Allowance for doubtful accounts ThCh\$				Net Total
	1 to 3 years	3 to 5 years	More than 5 years	Gross Total ThCh\$	1 to 3 years	3 to 5 years	More than 5 years	Gross Total ThCh\$	
Trade receivables	4,013,747	9,184,845	3,963,664	17,162,256	(2,484,395)	(208,032)	(243,313)	(2,935,740)	14,226,516
Miscellaneous receivables	1,986,536	832,588	8,476,116	11,295,240	-	-	-	-	11,295,240
<b>Total</b>	<b>6,000,283</b>	<b>10,017,433</b>	<b>12,439,780</b>	<b>28,457,496</b>	<b>(2,484,395)</b>	<b>(208,032)</b>	<b>(243,313)</b>	<b>(2,935,740)</b>	<b>25,521,756</b>

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



### 13. Intangible Assets other than goodwill

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

Concepts	03.31.2020			12.31.2019		
	Intangible, gross ThCh\$	Accumulated amortization ThCh\$	Intangible, net ThCh\$	Intangible, gross ThCh\$	Accumulated amortization ThCh\$	Intangible, net ThCh\$
Intangible assets in development (1)	43,440,590	-	43,440,590	31,563,423	-	31,563,423
Licenses and software (1)	644,094,896	(554,909,317)	89,185,579	641,270,703	(539,955,665)	101,315,038
Administratives grantings	130,169,199	(104,878,253)	25,290,946	130,169,199	(104,421,195)	25,748,004
Other intangible assets (2)	21,689,823	(21,119,116)	570,707	21,689,823	(20,976,440)	713,383
<b>Total</b>	<b>839,394,508</b>	<b>(680,906,686)</b>	<b>158,487,822</b>	<b>824,693,148</b>	<b>(665,353,300)</b>	<b>159,339,848</b>

(1) Correspond mainly to: operating continuity in the amount of ThCh\$20,991,825, evolutionary developments in the amount of ThCh\$11,829,950, platforms in the amount of ThCh\$7,232,021 and licenses in the amount of ThCh\$3,386,794.

(2) This item records licenses for right of use of spectrum

(3) Corresponds to right of use of cable

b) As of March 31, 2020 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\$
<b>Beginning balance as of 01.01.2020</b>	31,563,423	101,315,038	25,748,004	713,383	159,339,848
Additions	15,329,417	-	-	-	15,329,417
Transfer from costs of developing to service	(3,452,250)	3,452,250	-	-	-
Cancellations	-	(24,016)	-	-	(24,016)
Amortization of cancellations	-	24,016	-	-	24,016
Amortization	-	(14,977,671)	(457,058)	(142,676)	(15,577,405)
Transfer from work in progress (Note 15b)	-	(604,038)	-	-	(604,038)
<b>Movement, subtotal</b>	<b>11,877,167</b>	<b>(12,129,459)</b>	<b>(457,058)</b>	<b>(142,676)</b>	<b>(852,026)</b>
<b>Ending balance as of 03.31.2020</b>	<b>43,440,590</b>	<b>89,185,579</b>	<b>25,290,946</b>	<b>570,707</b>	<b>158,487,822</b>
<b>Remaining average useful life</b>	-	<b>1.49 year</b>	<b>13.83 years</b>	<b>1 year</b>	

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\$
<b>Beginning balance as of 01.01.2019</b>	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	-	-	-
<b>Movement, subtotal</b>	<b>11,200,263</b>	<b>(29,409,811)</b>	<b>(1,828,233)</b>	<b>(578,218)</b>	<b>(20,615,999)</b>
<b>Ending balance as of 12.31.2019</b>	<b>31,563,423</b>	<b>101,315,038</b>	<b>25,748,004</b>	<b>713,383</b>	<b>159,339,848</b>
<b>Remaining average useful life</b>	-	<b>1.6 year</b>	<b>14 year</b>	<b>1.2 year</b>	

### 13. Intangible Assets other than goodwill, continued

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

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

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

As of March 31, 2020, there were no indications 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 March 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 March 31, 2020 and December 31, 2019, are investments in information application and licenses.

Items in the intangibles heading that are fully depreciated and in use are licenses and franchises and amount to ThCh\$456,423,886 and ThCh\$444,474,965, as of March 31, 2020 and December 31, 2019, respectively.

### 14. Goodwill

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

Goodwill movements as of March 31, 2020 and December 31, 2019 are as follows:

Taxpayer No,	Company	01.01.2020 ThCh\$	Additions ThCh\$	Eliminations ThCh\$	03.31.2020 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
<b>Total</b>		<b>504,774,872</b>	<b>-</b>	<b>-</b>	<b>504,774,872</b>

(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 sales transaction as indicated in IAS 36

Taxpayer No,	Company	01.01.2019 ThCh\$	Additions ThCh\$	Eliminations ThCh\$	12.31.2019 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.	620,232	-	64,981	555,251
<b>Total</b>		<b>504,839,853</b>	<b>-</b>	<b>64,981</b>	<b>504,774,872</b>

The assets indicated in goodwill are subjected to impairment testing once a year, at each year-end.

#### 14. Goodwill, continued

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

- i) Projected 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 expectations.
- ii) Cash flow projections are calculated at terminal value, covering a 5-year period, with the last period being the terminal value.
- iii) The rate used to discount future cash flows is 7.76% (WACC), that represents the market value of the specific business and industry risk, taking into consideration the time value of money and individual risks of the assets being analyzed. The growth rate for perpetual future cash flows is a conservative rate of 3.45%
- iv) The valuation is determined using the Value in Use (VU) mechanism, that requires that the VU be determined through the net present value of the cash flows that the Company expects to receive from the use of the asset or 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.

The Company has evaluated the possible impairment of goodwill as of March 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.

#### 15. Property, plant and equipment

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

Concepts	03.31.2020			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	23,677,584	-	23,677,584	23,677,584	-	23,677,584
Buildings	923,607,138	(617,034,915)	306,572,223	925,636,992	(618,001,090)	307,635,902
Transport equipment	475,562	(475,562)	-	475,562	(475,562)	-
Supplies and accessories	32,932,771	(32,173,978)	758,793	33,713,419	(32,051,084)	1,662,335
Office equipment	4,409,473	(2,803,358)	1,606,115	3,642,424	(2,756,811)	885,613
Construction in progress	173,427,708		173,427,708	156,074,976	-	156,074,976
Information equipment	74,569,589	(57,045,508)	17,524,081	74,847,517	(56,624,441)	18,223,076
Network and communication Equipment	3,580,462,449	(2,909,144,730)	671,317,719	3,553,656,427	(2,873,291,394)	680,365,033
Rights of use (1)	284,955,907	(74,902,601)	210,053,306	280,078,443	(59,055,594)	221,022,849
Other property, plant & equipment (1)	348,936,903	(311,144,170)	37,792,733	345,347,652	(307,044,706)	38,302,946
<b>Total</b>	<b>5,447,455,084</b>	<b>(4,004,724,822)</b>	<b>1,442,730,262</b>	<b>5,397,150,996</b>	<b>(3,949,300,682)</b>	<b>1,447,850,314</b>

1. Includes rights of use associated to lease contracts under IFRS 16, (see Note 15 d).
2. Includes subscriber equipment, private switchboards, satellite equipment and general equipment
3. The new investments correspond mainly to operating continuity in the amount of ThCh\$20,943,319, fiber optics access in the amount of ThCh\$7,613,903, platforms and services in the amount of ThCh\$ 17,951,770, company equipment in the amount of ThCh\$14,072,680, and rights of use in the amount of ThCh\$532,850.
4. Corresponds to rights of use of underwater cable.

## 15. Property, plant and equipment, continued

b) As of March 31, 2020 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	Property, plant and equipment under financial leases, net	Other property, plant & equipment, net	Property, plant and equipment, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Beginning balance as of 01.01.2020	23,677,584	307,635,902	-	1,662,335	885,613	156,074,976	18,223,076	680,365,033	221,022,849	38,302,946	1,447,850,314
Additions	-	-	-	-	-	60,356,644	-	-	3,025,862	-	63,382,506
Withdrawals	-	(32,023)	-	(3,552)	-	-	(1,783,444)	(459,066)	-	(1,906,908)	(4,184,993)
Withdrawals depreciation	-	91	-	3,552	-	-	1,783,444	444,458	-	1,906,907	4,138,452
Depreciation expense	-	(5,624,001)	-	(126,446)	(55,363)	-	(2,204,511)	(29,331,523)	(15,847,007)	(13,113,829)	(66,302,680)
Other Increase (decrease) (1)	-	8,841,655	-	(777,096)	782,606	(43,003,912)	1,505,516	20,314,373	1,851,602	12,603,617	2,118,361
Transfer of gross value to investment properties	-	(8,989,442)	-	-	(15,557)	-	-	(1,617,025)	-	(2,944)	(10,624,968)
Transfer of depreciation to investment property	-	4,740,041	-	-	8,816	-	-	1,601,468	-	2,944	6,353,269
<b>Movements, subtotal</b>	-	<b>(1,063,679)</b>	-	<b>(903,542)</b>	<b>720,502</b>	<b>17,352,732</b>	<b>(698,995)</b>	<b>(9,047,314)</b>	<b>(10,969,543)</b>	<b>(510,213)</b>	<b>(5,120,052)</b>
<b>Ending balance as of 03.31.2020</b>	<b>23,677,584</b>	<b>306,572,223</b>	<b>-</b>	<b>758,793</b>	<b>1,606,115</b>	<b>173,427,708</b>	<b>17,524,081</b>	<b>671,317,719</b>	<b>210,053,306</b>	<b>37,792,733</b>	<b>1,442,730,262</b>

(1) Corresponds to the movement of transfers from intangible assets to property, plant and equipment in the amount of ThCh\$ 604,041 (Note 13 b).

(2) Corresponds to transfer of the gross value from property, plant and equipment to investment properties in the amount of ThCh\$10,624,968

(3) Includes transfer of depreciation from property, plant and equipment to investment properties in the amount of ThCh\$6,353,269

As of March 31, 2020, the property, plant and equipment items that are fully depreciated and still in use are detailed as follows:

	Land	Buildings, gross	Transport equipment, 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\$	ThCh\$
Fully depreciated assets still in use	-	298,783,724	475,561	29,228,638	1,740,965	-	39,819,310	2,378,744,679	-	233,786,717	2,982,579,594

Additions for the period 2020 fundamentally show the effect of incorporation of network improvement (Broadband), systems and software development (Believe, others), antennas and transmission equipment (infrastructure), energy system (Operating Continuity).

In the normal course of business, the Company monitors both new and existing assets and their depreciation rates, adjusting for technological evolution and development of markets in which we compete.

The Company has no assets provided in guarantee.

## 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	Property, plant and equipment under financial leases, net	Other property, plant & equipment, net	Property, plant and equipment, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Beginning balance as of 01.01.19</b>	<b>24,309,203</b>	<b>307,915,023</b>	<b>2,162</b>	<b>2,206,289</b>	<b>1,022,807</b>	<b>157,874,623</b>	<b>20,052,119</b>	<b>681,131,821</b>	<b>223,097,434</b>	<b>58,168,432</b>	<b>1,486,013,837</b>
Additions	-	-	-	-	-	201,606,021	-	-	60,849,464	-	252,532,839
Withdrawals depreciation	(866,507)	(71,720,316)	-	(543,568)	-	-	(2,625,728)	(84,587,885)	(4,530,205)	(29,558,379)	(199,736,881)
Acc. Dep. retirements	-	57,397,725	-	333,483	-	-	2,405,896	82,703,534	-	29,435,956	177,269,609
Depreciation expense	-	(25,479,613)	(2,162)	(627,833)	(232,204)	-	(9,328,618)	(88,135,793)	(59,055,594)	(51,676,492)	(264,551,848)
Other increase (decrease) (1)	234,888	39,523,083	-	293,964	95,010	(203,405,668)	7,719,407	89,253,356	661,750	61,946,968	(3,677,242)
<b>Movements, subtotal</b>	<b>(631,619)</b>	<b>(279,121)</b>	<b>(2,162)</b>	<b>(543,954)</b>	<b>(137,194)</b>	<b>(1,799,647)</b>	<b>(1,829,043)</b>	<b>(766,788)</b>	<b>(2,074,585)</b>	<b>10,148,053</b>	<b>(38,163,523)</b>
<b>Ending balance as of 12.31.19</b>	<b>23,677,584</b>	<b>307,635,902</b>	<b>-</b>	<b>1,662,335</b>	<b>885,613</b>	<b>156,074,976</b>	<b>18,223,076</b>	<b>680,365,033</b>	<b>221,022,849</b>	<b>68,316,485</b>	<b>1,447,850,314</b>

(1) Corresponds to the movement of transfers from construction in progress to intangible assets in the amount of ThCh\$ (5,013,839) (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	Transport equipment, 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\$	ThCh\$
<b>Fully depreciated assets still in use</b>	<b>-</b>	<b>296,418,373</b>	<b>475,561</b>	<b>29,196,537</b>	<b>1,717,836</b>	<b>-</b>	<b>40,642,659</b>	<b>2,372,264,159</b>	<b>-</b>	<b>221,848,621</b>	<b>2,962,563,745</b>

## 15. Property, plant and equipment, continued

d) As of March 31, 2020 and 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\$
<b>Beginning balance as of 01.01.20</b>	<b>47,322,970</b>	<b>148,521,581</b>	<b>19,237,278</b>	<b>5,279,270</b>	<b>661,750</b>	<b>221,022,849</b>
Additions	817,220	69,741	-	2,138,901	-	3,025,863
Depreciation expense	(4,991,143)	(9,351,232)	(459,582)	(1,045,051)	-	(15,847,007)
Others	16,545	2,496,806	-	-	(661,750)	1,851,601
<b>Movements, subtotal</b>	<b>(4,157,377)</b>	<b>(6,784,685)</b>	<b>(459,582)</b>	<b>1,093,850</b>	<b>(661,750)</b>	<b>(10,969,543)</b>
<b>Ending balance as of 03.31.20</b>	<b>43,165,593</b>	<b>141,736,896</b>	<b>18,777,696</b>	<b>6,373,120</b>	<b>-</b>	<b>210,053,306</b>

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\$
<b>Beginning balance as of 01.01.19</b>	<b>39,179,662</b>	<b>173,919,988</b>	<b>8,697,995</b>	<b>951,936</b>	<b>-</b>	<b>223,097,434</b>
Additions	27,424,839	10,732,859	12,511,269	5,998,145	661,750	57,328,862
Others	(19,281,531)	(36,131,266)	(1,971,986)	(1,670,811)	-	(59,055,594)
<b>Movements, subtotal</b>	<b>(2,127,191)</b>	<b>(25,398,407)</b>	<b>10,539,283</b>	<b>4,327,334</b>	<b>661,750</b>	<b>(11,997,231)</b>
<b>Ending balance as of 03.31.19</b>	<b>47,322,970</b>	<b>148,521,581</b>	<b>19,237,278</b>	<b>5,279,270</b>	<b>661,750</b>	<b>221,022,849</b>

The Company has evaluated the possible impairment of property, plant and equipment as of March 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.

## 16. Investment properties

The composition of investment properties that accrue interest is as follows:

Concepts	31.03.2020		
	Current ThCh\$	Accumulated amortization ThCh\$	Non-Current ThCh\$
Buildings	8,989,442	(4,740,041)	4,249,401
Network and communications equipment	1,617,025	(1,601,468)	15,557
Office equipment	15,557	(8,816)	6,741
Plant and equipment	2,944	(2,944)	-
<b>Total</b>	<b>10,624,968</b>	<b>(6,353,269)</b>	<b>4,271,699</b>

## 17. 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	03.31.2020		12.31.2019	
	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Bank loans (a)	153,669	185,619,399	204,520	163,025,228
Unguaranteed obligations (Bonds)(1) (b)	124,175,997	686,754,747	119,507,903	614,538,045
Hedge instruments (see Note 19.2)	1,530,971	4,580,258	3,538,527	5,599,137
Leases (2)	69,146,411	115,687,654	78,739,697	122,547,855
Other financial debts (3)	3,768,665	-	2,827,303	-
<b>Total</b>	<b>198,775,713</b>	<b>992,642,058</b>	<b>204,817,950</b>	<b>905,710,265</b>

(1) Includes mark-to-market of loans subject to fair value hedging. As of March 2020, the amount corresponds to ThCh\$33,843,320 in non-current

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

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





## 17. Other current and other non-current financial liabilities

a) As of March 31, 2020, bank loans are detailed 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	1.75%	1.23%	MMUS\$150	15-04-2021
Bilateral Loan (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.018.000-1	Bank Scotiabank	Chile	USD	At maturity	3.03%	3.62%	MMUS\$68,6	13-11-2023

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
<b>Total</b>					-	-	<b>99,057,000</b>	-	-	<b>99,057,000</b>	-	<b>99,057,000</b>	<b>47,022,556</b>	-	<b>146,079,556</b>

Types	Debtor taxpayer No	Debtor	Debtor country	Creditor	Current			Non-current					Total Non-current as of 03.31.2020 ThCh\$			
					To Maturity		Total current as of 03.31.2020	To Maturity								
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$	03.31.2020 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	80,124	-	80,142	127,542,874	-	-	127,542,874	-	-	-	-	127.542.874
Bilateral Loan (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Bank Scotiabank	73,544	-	73,544	-	-	-	-	58,076,525	-	58,076,525	-	58.076.525
<b>Total</b>					<b>153,669</b>	-	<b>153,669</b>	<b>127,542,874</b>	-	-	<b>127,542,874</b>	<b>58,076,525</b>	-	<b>58,076,525</b>	-	<b>185,619,399</b>

(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,

(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, expiring on November 13, 2023.



## 17. Other current and other non-current financial liabilities, continued

a) As of December 31, 2019, bank loans are detailed 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 expiry	3.57%	3.26%	MMUS\$150	15-04-2021
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	13-11-2023

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	-	-	-	-	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	
<b>Total</b>					-	-	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
<b>Total</b>					204,520	-	204,520	112,022,697	-	112,022,697	51,002,531	-	51,002,531	-	163,025,228

- 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,
- 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.



## 17. Other current and other non-current financial liabilities, continued

b) As of March 31, 2020, unguaranteed obligations (Bonds) are detailed as follows, continued:

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 expiry	4.06%	3.88%	US\$ 500 mm	12-10-2022
Bond series K (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	CLP	At expiry	4.91%	4.90%	MM\$ 94.410	13-09-2021
Bond series F (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	At expiry	3.82%	3.60%	UF 3 mm	04-10-2023
Bond series I (4)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	At expiry	2.00%	1.95%	UF 2 mm	14-08-2020
Bond series G (5)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	At expiry	2.01%	2.20%	UF 2 mm	20-06-2020
Bond series T (6)	90.635.000-9	Telefónica Chile S.A.	Chile	97.004.000-5	Banco Chile	Chile	CLP	At expiry	5.09%	4.90%	MM\$ 48.000	05-07-2023

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	0-E	-	-	-	236,400,000	236,400,000	-	-	-	-	236,400,000
Bono Serie K (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97,036,000-K	-	-	94,410,000	-	94,410,000	-	-	-	-	94,410,000
Bono Serie F (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97,036,000-K	-	-	-	-	-	66,928,680	-	66,928,680	-	66,928,680
Bono Serie I (4)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97,036,000-K	-	50,317,080	-	-	-	-	-	-	-	50,317,080
Bono Serie G (5)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97,036,000-K	50,108,620	-	-	-	-	-	-	-	-	50,108,620
Bono Serie T (6)	90.635.000-9	Telefónica Chile S.A.	Chile	97,004,000-5	-	-	28,800,000	-	28,800,000	19,200,000	-	19,200,000	-	48,000,000
<b>Total</b>					<b>50,108,620</b>	<b>50,317,080</b>	<b>123,210,000</b>	<b>236,400,000</b>	<b>359,610,000</b>	<b>86,128,680</b>	-	<b>86,128,680</b>	-	<b>546,164,380</b>



## 17. Other current and other non-current financial liabilities, continued

b) As of March 31, 2020, unguaranteed obligations (Bonds) are detailed as follows, continued:

Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current			Non-current					Total Non-current as of 03.31.2020 ThCh\$		
					To Maturity		Total current as of 03.31.2020 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	0-E	-	7,132,347	7,132,347	-	448,014,128	448,014,128	-	-	-	-	448,014,128
Bono Serie K (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	203,405	-	203,405	94,406,368	-	94,406,368	-	-	-	-	94,406,368
Bono Serie F (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	1,336,724	1,336,724	-	-	-	96,264,791	-	96,264,791	-	96,264,791
Bono Serie I (4)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	57,324,094	57,324,094	-	-	-	-	-	-	-	-
Bono Serie G (5)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	57,566,894	-	57,566,894	-	-	-	-	-	-	-	-
Bono Serie T (6)	90.635.000-9	Telefónica Chile S.A.	Chile	97.004.000-5	612,533	-	612,533	28,844,564	-	28,844,564	19,224,896	-	19,224,896	-	48,069,460
<b>Total</b>					<b>58,382,832</b>	<b>65,793,165</b>	<b>124,175,997</b>	<b>123,250,932</b>	<b>448,014,128</b>	<b>571,265,060</b>	<b>115,489,687</b>	<b>-</b>	<b>115,489,687</b>	<b>-</b>	<b>686,754,747</b>

- (1) On October 12, 2012, Telefónica Chile S.A. issued a 10-year 144A Reg S bullet Bond in the American capitals 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, maturing on October 12, 2022. The placement banks were Banco Bilbao Vizcaya Argentaria, S.A., Citigroup Global Markets Inc. and J.P. Morgan Securities LLC. The funds resulting from the issuance were destined to refinancing liabilities and to 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 August 20, 2015, there was a 5-year bullet placement 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, there was a 5-year bullet placement 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 Series T bullet Bond 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

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



## 17. Other current and other non-current financial liabilities, continued

b) As of December 31, 2019, unguaranteed obligations (Bonds) are detailed 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	12-10-2022
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	13-09-2021
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	04-10-2023
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	14-08-2020
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	20-06-2020
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	05-07-2023

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	0-E	-	-	-	236,400,000	236,400,000	-	-	-	-	236,400,000
Bono Serie K (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	-	94,410,000	-	94,410,000	-	-	-	-	94,410,000
Bono Serie F (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	-	-	-	-	-	66,928,680	66,928,680	-	66,928,680
Bono Serie I (4)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	50,317,080	-	-	-	-	-	-	-	50,317,080
Bono Serie G (5)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	50,108,620	-	-	-	-	-	-	-	50,108,620
Bono Serie T (6)	90.635.000-9	Telefónica Chile S.A.	Chile	97.004.000-5	-	-	28,800,000	-	28,800,000	19,200,000	-	19,200,000	-	48,000,000
<b>Total</b>					<b>-</b>	<b>100,425,700</b>	<b>123,210,000</b>	<b>236,400,000</b>	<b>359,610,000</b>	<b>19,200,000</b>	<b>66,928,680</b>	<b>86,128,680</b>	<b>-</b>	<b>546,164,380</b>

## 17. Other current and other non-current financial liabilities, continued

b) As of December 31, 2019, unguaranteed obligations (Bonds) are detailed as follows:

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\$
Bono 144A (1)	90.635.000-9	Telefónica Chile S.A. Telefónica Móviles Chile S.A.	Chile	0-E	-	2,665,112	<b>2,665,112</b>	-	378,096,842	378,096,842	-	-	-	-	<b>378,096,842</b>
Bono Serie K (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	1,348,498	-	<b>1,348,498</b>	94,404,420	-	94,404,420	-	-	-	-	<b>94,404,420</b>
Bono Serie F (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	570,317	<b>570,317</b>	-	-	-	93,955,291	-	93,955,291	-	<b>93,955,291</b>
Bono Serie I (4)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	57,016,652	<b>57,016,652</b>	-	-	-	-	-	-	-	-
Bono Serie G (5)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	56,705,915	<b>56,705,915</b>	-	-	-	-	-	-	-	-
Bono Serie T (6)	90.635.000-9	Telefónica Chile S.A.	Chile	97.004.000-5	1,201,409	-	<b>1,201,409</b>	28,856,596	-	28,856,596	19,224,896	-	19,224,896	-	<b>48,081,492</b>
<b>Total</b>					<b>2,549,907</b>	<b>116,957,996</b>	<b>119,507,903</b>	<b>123,261,016</b>	<b>378,096,842</b>	<b>501,357,858</b>	<b>113,180,187</b>	-	<b>113,180,187</b>	-	<b>614,538,045</b>

- (1) On October 12, 2012, Telefónica Chile S.A. issued 144A Reg S bullet Bonds in the American capitals 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%, maturing on October 12, 2022. The placement banks were Banco Bilbao Vizcaya Argentaria, S.A. Citigroup Global Markets Inc. and J.P. Morgan Securities LLC. The funds resulting from the issuance were destined to refinancing liabilities and other corporate purposes.
- (2) On September 13, 2016, 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 Series T Bond 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 payment of ThCh\$47,000,000 and interest in the amount of ThCh\$1,332,356.

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

c) As of March 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		03.31.2020 ThCh\$
	12.31.2019	Upward	Low	Exchange rate	Accrued interest	Others (*) movements	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
<b>Financial liabilities</b>	<b>204,817,950</b>	<b>1,920,134</b>	<b>(29,505,080)</b>	<b>722,531</b>	<b>14,646,830</b>	<b>6,173,348</b>	<b>198,775,712</b>
Banks loans	204,520	-	(1,155,743)	(18,063)	1,124,321	(1,366)	153,669
Unguaranteed obligations (Bonds) (1)	119,507,903	-	(3,997,978)	1,218,347	7,618,847	(171,122)	124,175,997
Hedge instruments	3,538,527	85,134	(2,124,760)	(479,599)	5,108,696	(4,597,027)	1,530,971
Leases (2)	78,739,697	-	(22,226,599)	1,847	794,966	11,836,500	69,146,411
Other financial debts	2,827,303	1,835,000	-	-	-	(893,638)	3,768,665
<b>Related companies commercial mandate(4)</b>	<b>87,574</b>	<b>-</b>	<b>(300,000)</b>	<b>-</b>	<b>-</b>	<b>300,000</b>	<b>87,574</b>
<b>Related companies leases</b>	<b>5,533,854</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,183,615)</b>	<b>2,350,239</b>
<b>Issued capital</b>	<b>1,329,872,285</b>	<b>35,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,364,872,285</b>
<b>Dividends pending payment</b>	<b>146,825</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>146,825</b>
<b>Other financial payments</b>	<b>-</b>	<b>-</b>	<b>(3,390,137)</b>	<b>-</b>	<b>-</b>	<b>3,390,137</b>	<b>-</b>
<b>Total</b>	<b>1,540,458,488</b>	<b>36,920,134</b>	<b>(33,195,217)</b>	<b>722,531</b>	<b>14,646,830</b>	<b>6,679,870</b>	<b>1,566,232,635</b>

(\*) The "Others movements" item includes the following:

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

Conciliation of financing activities, Non-current	Cash flows				Items other than cash flows		03.31.2020 ThCh\$
	12.31.2019	Upward	Low	Exchange rate	Others (*) movements		
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$		
<b>Financial liabilities</b>	<b>905,710,265</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,010,763</b>	<b>11,921,029</b>	<b>992,642,058</b>
Banks loans	163,025,228	-	-	-	22,523,142	71,029	185,619,399
Unguaranteed obligations (Bonds) (1)	614,538,045	-	-	-	52,355,690	19,861,012	686,754,747
Hedge instruments	5,599,137	-	-	-	9,173	(1,028,052)	4,580,258
Leases (2)	122,547,855	-	-	-	122,758	(6,982,959)	115,687,654
<b>Total</b>	<b>905,710,265</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,010,763</b>	<b>11,921,029</b>	<b>992,642,058</b>

(\*) The "Others movements" item includes the following:

- (1) Transfer of Series "G" and "I" Bonds from the short-term in the amount of ThCh\$50,116,680 and ThCh\$50,323,560, respectively and fair value adjustment for those loans subject to fair value coverage for ThCh\$14,173,097.
- (2) Corresponds to recognition of lease agreements that qualify under IFRS 16.

## 17. Other current and other non-current financial liabilities, continued

c) As of March 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			03.31.2019 ThCh\$
	12.31.2018 ThCh\$	Upward ThCh\$	Low ThCh\$	Exchange rate ThCh\$	Accrued interest ThCh\$	Others movements ThCh\$		
<b>Financial liabilities</b>	<b>58,886,127</b>	<b>2,236,595</b>	<b>(60,249,931)</b>	<b>(1,280,056)</b>	<b>9,135,666</b>	<b>60,805,569</b>	<b>69,533,970</b>	
Banks loans (1)	360,837	-	(1,226,110)	2,909	1,232,913	(109,829)	260,720	
Unguaranteed obligations (Bonds) (2)	54,011,525	-	(52,314,177)	(11,206)	6,701,822	(31,509)	8,356,455	
Hedge instruments	4,513,765	451,595	(2,450,722)	(1,271,550)	1,133,317	(370,020)	2,006,385	
Leases (3)	-	-	(4,258,922)	(209)	67,614	61,435,157	57,243,640	
Other financial debts	-	1,785,000	-	-	-	(118,230)	1,666,770	
<b>Related companies commer. mandate (4)</b>	<b>575,560</b>	<b>(340,000)</b>	-	-	-	<b>499,548</b>	<b>735,108</b>	
<b>Related company leases</b>	-	-	-	-	-	<b>4,782,092</b>	<b>4,782,092</b>	
<b>Issued capital</b>	<b>1,294,872,285</b>	<b>35,000,000</b>	-	-	-	-	<b>1,329,872,285</b>	
<b>Dividends pending payment</b>	<b>187,737</b>	-	-	-	-	-	<b>187,737</b>	
<b>Other financial payments</b>	-	<b>45,338</b>	<b>(1,586,268)</b>	-	-	<b>1,540,930</b>	-	
<b>Total</b>	<b>1,354,521,709</b>	<b>36,941,933</b>	<b>(61,836,199)</b>	<b>(1,280,056)</b>	<b>9,135,666</b>	<b>67,645,785</b>	<b>1,405,111,192</b>	

- (1) As of March 31, 2019, the cash flow movements in current of Banks loans are the amount of ThCh\$1,226,110 of interest payment.
- (2) As of March 31, 2019, the cash flow movements in current of Unguaranteed obligations are the amount of ThCh\$48,332,356 of interest payment from Q bonus.
- (3) Corresponds to recognition of liability payments on lease agreements that qualify under IFRS 16, which are net of prepayments in the amount of ThCh\$10,413,334
- (4) Includes movements with related parties and other movements that are not part of financial liabilities, but whose cash flows correspond to financing activities.

Conciliation of financing activities, non-current	Cash flows			Items other than cash flows		03.31.2019 ThCh\$
	12.31.2018 ThCh\$	Upward ThCh\$	Low ThCh\$	Exchange rate ThCh\$	Others movements ThCh\$	
Banks loans	91,615,282	47,000,000	-	12,560,815	(324,541)	150,851,556
Unguaranteed obligations (Bonds)	681,739,322	-	-	45,321,297	(46,184,027)	680,876,592
Hedge instruments	14,290,035	-	-	(6,844,361)	4,863,676	12,309,350
<b>Total</b>	<b>787,644,639</b>	<b>47,000,000</b>	-	<b>51,037,751</b>	<b>(41,644,892)</b>	<b>844,037,498</b>

d) The detail of the expirations of the current financial liabilities for leases as of March 31, 2020 and 2019 is as follows:

Due date		Total Current to 03.31.2020 ThCh\$	Expirations			Total non-current to 03.31.2020 ThCh\$
until 90 days ThCh\$	91 days to 1 year ThCh\$		1 to 3 years ThCh\$	3 to 5 years ThCh\$	5 years and more ThCh\$	
17,160,296	51,986,115	<b>69,146,411</b>	49,805,841	38,999,938	26,881,875	<b>115,687,654</b>

  

Due date		Total Current to 03.31.2019 ThCh\$	Expirations			Total non-current to 03.31.2019 ThCh\$
until 90 days ThCh\$	91 days to 1 year ThCh\$		1 to 3 years ThCh\$	3 to 5 years ThCh\$	5 years and more ThCh\$	
21,225,047	57,514,650	<b>78,739,697</b>	75,104,661	22,918,495	24,524,699	<b>122,547,855</b>



## 18. Trade and other payables

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

Description	03.31.2020		12.31.2019	
	Current ThCh\$	No-current ThCh\$	Current ThCh\$	No-current ThCh\$
Debts due to purchases or services provided, invoiced (1)	106,616,770	-	126,078,371	-
Debts due to purchases or services provided, provisioned (1) (2)	105,520,789	1,878,349	88,312,397	2,160,741
Real property providers, invoiced	51,060,562	-	46,503,948	-
Real property providers, provisioned	32,792,065	-	13,400,376	-
Payables to employees	15,287,067	-	29,848,647	-
Dividends pending payment	146,825	-	146,825	-
<b>Total</b>	<b>311,424,078</b>	<b>1,878,349</b>	<b>304,290,564</b>	<b>2,160,741</b>

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

Debts due to purchases or services provided	03.31.2020	12.31.2019
	ThCh\$	ThCh\$
Domestic	198,742,187	195,000,648
Foreign	13,395,372	19,390,120
<b>Total</b>	<b>212,137,559</b>	<b>214,390,768</b>

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

b) Accounts payable payment terms

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

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

As of March 31, 2020, the main suppliers in mobile operations are Huawei Chile S.A. with 14.5%, BID Portfolio Sale with 8.3%, Samsung Electronics Chile Ltda. with 7.6%, Nokia Solutions and Networks Chile with 4.2% and the Ministry of Public Works with 4.0%. 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%.

As of March 31, 2020 the main suppliers in fixed operations, considering as a minimum margin 4% of total accounts payable, correspond to: Ministry of Public Works with 9.0%; Ezentis Chile S.A. with 7.1%; Cobra Chile Servicios S.A. with 6.9%; CAM Servicio de Telecomunicaciones with 5.1%; Huawei Chile S.A. with 4.2%. For December 31, 2019, the main suppliers correspond to: Ministry of Public Works with 8.2%; Nokia Solutions and Networks Chile with 8.0%; Huawei Chile S.A. with 5.7% and Ezentis Chile S.A. with 5.1%.

## 18. Trade and other payables, continued

b) Accounts payable payment terms, continued

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

Suppliers with up to date payments As of 03.31.2020	Goods	Services	Total
	ThCh\$	ThCh\$	ThCh\$
<b>Trade accounts to date</b>			
Up to 30 days	27,856,323	42,603,562	70,459,885
From 31 to 60 days	16,538,550	48,299,939	64,838,489
From 61 to 90 days	,	1,492,652	1,492,652
<b>Total</b>	<b>44,394,873</b>	<b>92,396,153</b>	<b>136,791,026</b>
<b>Average period of payment of up to date accounts</b>	<b>60</b>	<b>57</b>	

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

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

Overdue trade accounts payable by term As of 03.31.2020	Goods	Services	Total
	ThCh\$	ThCh\$	ThCh\$
<b>Overdue trade accounts payable by term</b>			
Up to 30 days	6,104,743	7,712,248	13,816,991
From 31 to 60 days	143,596	992,127	1,135,723
From 61 to 90 days	55,866	1,845,202	1,901,068
From 91 to 120 days	1,829	1,344,302	1,346,131
From 121 to 180 days	23,890	829,483	853,373
More than 180 days	335,762	1,497,258	1,833,020
<b>Total</b>	<b>6,665,686</b>	<b>14,220,620</b>	<b>20,886,306</b>
<b>Average payment period of overdue accounts</b>	<b>60</b>	<b>19</b>	

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

## 19. 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 March 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 (quoted prices)	Level 2 (observable inputs other than quoted prices)	Level 3 (inputs not based on observable market data)		
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
<b>Other participations (net)</b>	6-b	-	-	-	-	-	6,874,306	-	6,874,306	6,874,306	3,857	-	6,878,163	6,878,163
Other participations		-	-	-	-	-	6,874,306	-	6,874,306	6,874,306	3,857	-	6,878,163	6,878,163
<b>Derivative instrument assets</b>		-	-	-	-	-	-	284,132,619	284,132,619	-	284,132,619	-	284,132,619	284,132,619
Derivative instrument assets	18-2	-	-	-	-	-	-	284,132,619	284,132,619	-	284,132,619	-	284,132,619	284,132,619
<b>Deposits and pledges</b>		50,468	50,468	-	-	-	-	-	-	-	-	-	50,468	50,468
Deposits and pledges	6-a	50,468	50,468	-	-	-	-	-	-	-	-	-	50,468	50,468
<b>Non-current trade and other accounts receivable</b>		25,521,756	25,521,756	-	-	-	-	-	-	-	-	-	25,521,756	25,521,756
Non-current trade and other accounts receivable	12	25,521,756	25,521,756	-	-	-	-	-	-	-	-	-	25,521,756	25,521,756
<b>Non-current financial assets</b>		25,572,224	25,572,224	-	-	-	6,874,306	284,132,619	291,006,925	6,874,306	284,136,476	-	316,583,006	316,583,006
<b>Current trade accounts receivable</b>		317,083,222	317,083,222	-	-	-	-	-	-	-	-	-	317,083,222	317,083,222
Current trade and other accounts receivable	8-a	299,347,212	299,347,212	-	-	-	-	-	-	-	-	-	299,347,212	299,347,212
Account receivable from relate entities	9-a	17,736,010	17,736,010	-	-	-	-	-	-	-	-	-	17,736,010	17,736,010
<b>Current deposits and pledges</b>		80,444	80,444	-	-	-	-	-	-	-	-	-	80,444	80,444
Current pledges and deposits	6-a	80,444	80,444	-	-	-	-	-	-	-	-	-	80,444	80,444
<b>Derivative instrument of assets</b>		-	-	-	-	-	-	35,993,605	35,993,605	-	35,993,605	-	35,993,605	35,993,605
Derivative instrument of assets	18-2	-	-	-	-	-	-	35,993,605	35,993,605	-	35,993,605	-	35,993,605	35,993,605
<b>Cash and cash equivalents</b>		143,750,729	143,750,729	-	-	-	-	-	-	-	-	-	143,750,729	143,750,729
Cash and cash equivalents	5	143,750,729	143,750,729	-	-	-	-	-	-	-	-	-	143,750,729	143,750,729
<b>Current financial assets</b>		460,914,395	460,914,395	-	-	-	-	35,993,605	35,993,605	-	35,993,605	-	496,908,000	496,908,000
<b>Total financial assets</b>		486,486,619	486,486,619	-	-	-	6,874,306	320,126,224	327,000,530	6,874,306	320,130,081	-	813,491,006	813,491,006

## 19. 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 (quoted prices)			Level 2 (observable inputs other than quoted prices)	Level 3 (inputs not based on observable market data)			
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
<b>Other participations (net)</b>	6-b	-	-	-	-	-	7,853,872	-	7,853,872	7,849,896	3,976	-	7,853,872	7,853,872	
Other participations		-	-	-	-	-	7,853,872	-	7,853,872	7,849,896	3,976	-	7,853,872	7,853,872	
<b>Derivative instrument assets</b>		-	-	-	-	-	-	188,086,656	188,086,656	-	188,086,656	-	188,086,656	188,086,656	
Derivative instrument assets	18-2	-	-	-	-	-	-	188,086,656	188,086,656	-	188,086,656	-	188,086,656	188,086,656	
<b>Deposits and pledges</b>		50,468	50,468	-	-	-	-	-	-	-	-	-	50,468	50,468	
Deposits and pledges	6-a	50,468	50,468	-	-	-	-	-	-	-	-	-	50,468	50,468	
<b>Non-current trade and other accounts receivable</b>		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	
<b>Non-current financial assets</b>		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	
<b>Current trade accounts receivable</b>		259,321,982	259,321,982	-	-	-	-	-	-	-	-	-	259,321,982	259,321,982	
Current trade and other accounts receivable	8-a	238,212,747	238,212,747	-	-	-	-	-	-	-	-	-	238,212,747	238,212,747	
Account receivable from relate entities	9-a	21,109,235	21,109,235	-	-	-	-	-	-	-	-	-	21,109,235	21,109,235	
<b>Current deposits and pledges</b>		80,444	80,444	-	-	-	-	-	-	-	-	-	4,577,185	4,577,185	
Current pledges and deposits	6-a	80,444	80,444	-	-	-	-	-	-	-	-	-	4,577,185	4,577,185	
<b>Derivative instrument of assets</b>		-	-	-	-	-	-	20,248,206	20,248,206	-	20,248,206	-	20,248,206	20,248,206	
Derivative instrument of assets	18-2	-	-	-	-	-	-	20,248,206	20,248,206	-	20,248,206	-	20,248,206	20,248,206	
<b>Cash and cash equivalents</b>		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	
<b>Current financial assets</b>		493,868,847	493,868,847	-	-	-	-	20,248,206	24,885,518	-	20,248,206	-	514,117,053	514,257,624	
<b>Total financial assets</b>		521,341,659	521,341,659	-	-	-	7,853,872	208,334,862	216,329,305	7,849,896	208,338,838	-	737,530,393	737,670,964	

## 19. Financial instruments, continued

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

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

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

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

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

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

## 19. 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 March 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 (quoted prices)	Level 2 (observable inputs other than quoted prices)	Level 3 (inputs not based on observable market data)		
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Issuance of obligations and other non-current marketable securities	16-d	686,754,747	684,827,608	-	-	-	-	-	-	-	686,754,747	684,827,608
Non-current debts with loan entities	16-c	185,619,399	185,619,399	-	-	-	-	-	-	-	185,619,399	185,619,399
Long-term hedge derivative instrument of liabilities	18-2	-	-	-	-	4,580,258	4,580,258	-	4,580,258	-	4,580,258	4,580,258
Trade and other accounts payable	17	1,878,349	1,878,349	-	-	-	-	-	-	-	1,878,349	1,878,349
Accounts payable to related entities	9-c	38,240,407	38,240,407	-	-	-	-	-	-	-	38,240,407	38,240,407
Other non-current financial debts(1)		115,687,653	115,687,653	-	-	-	-	-	-	-	115,687,653	115,687,653
<b>Non-current financial liabilities</b>		<b>1,028,180,555</b>	<b>1,026,253,416</b>	-	-	<b>4,580,258</b>	<b>4,580,258</b>	-	<b>4,580,258</b>	-	<b>1,032,760,813</b>	<b>1,030,833,674</b>
Issuance of short-term obligations and other marketable securities	16-d	124,175,997	120,216,089	-	-	-	-	-	-	-	124,175,997	120,216,089
Short-term debts with credit entities	16-c	153,669	153,669	-	-	-	-	-	-	-	153,669	153,669
Short-term derivative instrument of liabilities	18-2	-	-	-	-	1,530,971	1,530,971	-	1,530,971	-	1,530,971	1,530,971
Trade and other accounts payable	17	311,424,078	311,424,078	-	-	-	-	-	-	-	311,424,078	311,424,078
Accounts payable to related entities	9-b	60,600,802	60,600,802	-	-	-	-	-	-	-	60,600,802	60,600,802
Other non-current financial debts (1)		72,915,076	72,915,076	-	-	-	-	-	-	-	72,915,076	72,915,076
<b>Current financial liabilities</b>		<b>569,269,622</b>	<b>492,394,638</b>	-	-	<b>1,530,971</b>	<b>1,530,971</b>	-	<b>1,530,971</b>	-	<b>570,800,593</b>	<b>566,840,685</b>
<b>Total financial liabilities</b>		<b>1,597,450,177</b>	<b>1,518,648,054</b>	-	-	<b>6,111,229</b>	<b>6,111,229</b>	-	<b>6,111,229</b>	-	<b>1,603,561,406</b>	<b>1,597,674,360</b>

(1) Includes liabilities for lease agreements that qualify under IFRS 16 and sale of portfolio to Banco Santander (See Note 16)

## 19. 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 (quoted prices)	Level 2 (observable inputs other than quoted prices)	Level 3 (inputs not based on observable market data)		
Issuance of obligations and other non-current marketable securities	16-a	614,538,045	636,502,212	-	-	-	-	-	-	-	614,538,045	636,502,212
Non-current debts with loan entities		163,025,228	163,252,642	-	-	-	-	-	-	-	163,025,228	163,252,642
Long-term hedge derivative instrument of liabilities	18-2	-	-	-	-	5,599,137	5,599,137	-	5,599,137	-	5,599,137	5,599,137
Trade and other accounts payable		2,160,741	2,160,741	-	-	-	-	-	-	-	2,160,741	2,160,741
Accounts payable to related entities		38,027,645	38,027,645	-	-	-	-	-	-	-	38,027,645	38,027,645
Other long-term financial debts		122,547,855	122,547,855	-	-	-	-	-	-	-	122,547,855	122,547,855
<b>Non-current financial liabilities</b>		<b>940,299,514</b>	<b>962,491,095</b>	-	-	<b>5,599,137</b>	<b>5,599,137</b>	-	<b>5,599,137</b>	-	<b>945,898,651</b>	<b>968,090,232</b>
Issuance of short-term obligations and other marketable securities	16-a	119,507,902	120,216,089	-	-	-	-	-	-	-	119,507,902	120,216,089
Short-term debts with credit entities		204,521	204,521	-	-	-	-	-	-	-	204,521	204,521
Short-term derivative instrument of liabilities	18-2	-	-	-	-	3,538,527	3,538,527	-	3,538,527	-	3,538,527	3,538,527
Trade and other accounts payable	17	304,290,564	304,290,564	-	-	-	-	-	-	-	304,290,564	304,290,564
Accounts payable to related entities	9-c	66,055,208	66,055,208	-	-	-	-	-	-	-	66,055,208	66,055,208
Other long-term financial debts		81,566,999	81,566,999	-	-	-	-	-	-	-	81,566,999	81,566,999
<b>Current financial liabilities</b>		<b>571,625,195</b>	<b>490,766,382</b>	-	-	<b>3,538,527</b>	<b>3,538,527</b>	-	<b>3,538,527</b>	-	<b>575,163,722</b>	<b>575,871,909</b>
<b>Total financial liabilities</b>		<b>1,511,924,708</b>	<b>1,453,257,476</b>	-	-	<b>9,137,664</b>	<b>9,137,664</b>	-	<b>9,137,664</b>	-	<b>1,521,062,372</b>	<b>1,543,962,139</b>

## 19. 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), among other things (note 17).



## 19. Financial instruments, continued

### 2. Hedging instruments

As of March 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 – cash flow hedge (1)	Supplier Debt	7,682,185	7,199,828	(2,201,736)	(1,876)	-	-	-	-
Exchange rate – fair value hedge (2)	Supplier Debt	2,308,670	13,415,174	-	-	-	-	-	-
Interest rate – cash flows hedge (3)	Financial Debt	4,452,711	-	(1,480,968)	-	-	20,059,030	(4,274,454)	(305,804)
Exchange rate and interest rate – fair value hedge (4)	Financial Debt	541,494	-	-	-	-	264,073,470	-	-
<b>Total</b>		<b>14,985,060</b>	<b>20,615,002</b>	<b>(3,682,704)</b>	<b>(1,876)</b>	<b>-</b>	<b>284,132,500</b>	<b>(4,274,454)</b>	<b>(305,804)</b>

Hedge instruments have generated an effect on result of ThCh\$81,506,195, As of March 31, 2020 and the accumulated effect on equity, net of taxes is ThCh\$3,242,229.

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 – cash flow hedge (1)	Supplier Debt	1,712,483	3,797,289	(3,323)	(36,660)	-	-	-	-
Exchange rate – fair value hedge (2)	Supplier Debt	553,571	-	(149,439)	-	-	-	-	-
Interest rate – cash flows hedge (3)	Financial Debt	2,424,304	-	(3,349,105)	-	-	5,035,550	(4,582,403)	(980,600)
Exchange rate and interest rate – fair value hedge (4)	Financial Debt	582,684	11,177,875	-	-	-	183,051,109	(36,134)	-
<b>Total</b>		<b>4,428,661</b>	<b>5,273,042</b>	<b>14,975,164</b>	<b>(3,501,867)</b>	<b>(36,660)</b>	<b>-</b>	<b>188,086,659</b>	<b>(4,618,537)</b>

Hedge instruments have generated an effect on result of ThCh\$43,482,286, As of December 31, 2019 (see note 24d, 24e, and 24f) and the accumulated effect on equity, net of taxes is ThCh\$1,099,249 (see note 22d).

Description of hedge instruments:

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

## 19. Financial instruments, continued

### 3. Valuation of hedging instruments

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

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

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

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

### 4. Fair value hierarchy of financial instruments

Financial instruments recognized at fair value in the statement of financial position are classified according to the following hierarchies (note 19,1):

- 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.

## 20. Other currents provisions

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

Concepts	03.31.2020 ThCh\$	12.31.2019 ThCh\$
Civil and regulatory	1,625,779	1,601,625
<b>Total</b>	<b>1,625,779</b>	<b>1,601,625</b>

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 29b, therefore they do not foresee that they will result in liabilities other than those recorded.

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

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

Movements	03.31.2020 ThCh\$	12.31.2019 ThCh\$
<b>Beginning balance</b>	<b>1,601,625</b>	<b>5,745,139</b>
Increase in existing provisions	505,793	2,256,777
Provisioning application	(481,638)	(6,400,291)
<b>Movements subtotal</b>	<b>24,155</b>	<b>(4,143,514)</b>
<b>Ending balance</b>	<b>1,625,779</b>	<b>1,601,625</b>

b) Other non-currents provisions:

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

Concepts	03.31.2020 ThCh\$	12.31.2019 ThCh\$
Dismantling provision (1)	18,768,214	18,730,421
Non-currents provisions others	97,281	70,134
<b>Total</b>	<b>18,865,495</b>	<b>18,800,555</b>

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

Movements	03.31.2020 ThCh\$	12.31.2019 ThCh\$
<b>Beginning balance</b>	<b>18,730,423</b>	<b>20,123,983</b>
Financial update	37,792	701,762
Upward	-	319,997
Reverse dismantling provision	(1)	(2,415,321)
<b>Movement subtotal</b>	<b>37,791</b>	<b>(1,393,562)</b>
<b>Ending balance</b>	<b>18,768,214</b>	<b>18,730,421</b>

## 21. Employee benefits accrual

### a) Post-employment benefits

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

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

Concepts	03.31.2020 ThCh\$	12.31.2019 ThCh\$
Current amount of liability recognized for termination benefits	9,795,859	9,397,635
Non-current amount of liability recognized for termination benefits	25,797,502	26,723,862
<b>Total</b>	<b>35,593,361</b>	<b>36,121,497</b>

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

Movements	03.31.2020 ThCh\$	12.31.2019 ThCh\$
<b>Beginning balance</b>	<b>36,121,497</b>	<b>35,439,905</b>
Service costs	88,607	(114,271)
Interest costs (see note 24 d)	323,919	1,656,106
Actuarial profits, net due to experience	(323,315)	2,397,133
Benefits paid	(308,900)	(3,607,413)
Others	(305,858)	350,037
<b>Movement subtotal</b>	<b>(525,547)</b>	<b>681,592</b>
<b>Ending balance</b>	<b>35,595,950</b>	<b>36,121,497</b>

## 21. 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 March 31, 2020 and December 31, 2019:

- **Discount rate:** An annual nominal rate of 3.67% and 3.59% are used as of March 31, 2020 and December 31, 2019 respectively. This rate must be representative of the time value of money, for which a risk-free rate, represented by BCP (Central Bank of Chile Bonds issued in Chilean pesos) instruments, is used for a relevant term of close to 20 years.
- **Incremental Salary Rate:** An increase table is used according to the inflation projection established by the Central Bank of Chile. The rate used for the periods ended March 31, 2020 and December 31, 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	0.14%	1.79%
Post-frozen Compensation	3.41%	6.02%
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 March 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	3.67%	(2,020,775)	2,257,661

## 21. Employee benefits accrual, continued

### c) Expected cash flows

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

Description	1st year ThCh\$
Future payment cash flows	4,865,322

### 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	03.31.2020 ThCh\$	03.31.2019 ThCh\$
Wages and salaries	31,320,184	30,913,890
Post employment benefit obligations expense	88,607	90,348
<b>Total</b>	<b>31,408,791</b>	<b>31,004,238</b>

## 22. Other current and non-current non-financial liabilities

Other non-financial liabilities are detailed as follows:

Concepts	03.31.2020		12.31.2019	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
<b>Contractual liabilities (1)</b>	<b>14,847,659</b>	<b>2,572,755</b>	<b>14,259,915</b>	<b>2,673,550</b>
Handsets sold and not activated	7,898,334	-	5,687,633	-
Services charged and not rendered	4,535,331	-	5,167,858	-
IRUS rights of use	400,307	2,572,066	396,020	2,672,552
Others contractual liabilities (2)	2,013,687	689	3,008,404	998
<b>Deferred income</b>	<b>3,731,551</b>	<b>1,698,532</b>	<b>3,880,359</b>	<b>1,709,923</b>
Company projects to be undertaken (3)	1,300,981	672,154	1,265,884	744,484
Sale of telecommunications infrastructure	1,320,124	493,484	1,320,124	518,074
Other Deferred income (4)	1,110,446	532,894	1,294,351	447,365
<b>Subsidies</b>	<b>359,756</b>	<b>2,603,307</b>	<b>523,355</b>	<b>3,272,663</b>
Extreme zones	118,942	446,885	282,541	1,056,038
Subsidy for Tierra del Fuego base stations	70,355	756,321	70,355	773,910
Puerto Natales and Cerro Castillo Fiber Optics Network	52,623	390,288	52,623	403,444
Connectivity for service networks and telecentre	90,380	318,837	90,380	341,431
Juan Fernandez Island Satellite links	27,456	690,976	27,456	697,840
<b>Taxes</b>	<b>14,781,705</b>	-	<b>33,271,415</b>	-
VAT (6)	11,478,800	-	30,900,052	-
Other taxes (7)	3,302,905	-	2,371,363	-
<b>Others non-financial liabilities</b>	<b>33,720,671</b>	<b>6,874,594</b>	<b>51,935,044</b>	<b>7,656,136</b>

(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 instalments of the government subsidy received by subsidiary Telefónica Investigación y Desarrollo SpA.

(6) Mainly corresponds to provisions on link contract billed in December 2019

(7) Includes withholding tax and other taxes.

## 22. Other current and non-current non-financial liabilities, continued

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

Movements	03.31.2020					
	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	62,048,546	-	670,892	155,201	-	-
Reduction/applications	(61,561,597)	-	(986,292)	-	(832,955)	-
Transfer	100,795	(100,795)	166,592	(166,592)	669,356	(669,356)
<b>Movement subtotal</b>	<b>587,744</b>	<b>(100,795)</b>	<b>(148,808)</b>	<b>(11,391)</b>	<b>(163,599)</b>	<b>(669,356)</b>
<b>Ending balance</b>	<b>14,847,659</b>	<b>2,572,755</b>	<b>3,731,551</b>	<b>1,698,532</b>	<b>359,756</b>	<b>2,603,307</b>

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

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

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

Expirations		Total Current to	Expirations			Total non-current
until 90 days	91 days to 1	03.31.2020	1 to 3 years	3 to 5 years	5 years and	to 03.31.2020
ThCh\$	year	ThCh\$	ThCh\$	ThCh\$	more	ThCh\$
	ThCh\$				ThCh\$	
30,684,823	3,035,848	33,720,672	3,615,225	1,199,423	2,059,946	6,874,594

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

## 23. Equity

The Company manages its capital for the purpose of safeguarding the capacity to continue as a going concern, for the purpose of generating returns to its shareholders and with the objective of maintaining a strong credit rating and favorable capital ratio to support its businesses and guarantee ongoing and expedite access to the financial markets maximizing shareholder 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 March 31, 2020 and 2019.

### a) Capital

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

#### Number of shares

Series	03.31.2020			12.31.2019		
	No. of shares subscribed	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
<b>Total</b>	<b>960,392,966,349</b>	<b>960,392,966,349</b>	<b>960,392,966,349</b>	<b>936,165,609,040</b>	<b>936,165,609,040</b>	<b>936,165,609,040</b>

#### Capital

Series	03.31.2020		12.31.2019	
	Subscribed capital ThCh\$	Paid-in capital ThCh\$	Subscribed capital ThCh\$	Paid-in capital ThCh\$
Unique	1,364,872,285	1,364,872,285	1,329,872,285	1,329,872,285
<b>Total</b>	<b>1,364,872,285</b>	<b>1,364,872,285</b>	<b>1,329,872,285</b>	<b>1,329,872,285</b>

At the Extraordinary Shareholders' Meeting held on May 9, 2018, the shareholders approved a Capital increase from ThCh\$1,294,872,285, divided into 911,784,715,847 ordinary shares to ThCh\$1,329,872,285, divided into 936,165,609,040 ordinary shares.

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



## 23. Equity, continued

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

Company	Shares
Inversiones Telefónica Internacional Holding S.A.	950,392,963,373
Telefónica S.A.	10,000,002,976
<b>Total</b>	<b>960,392,966,349</b>

On March 31, 2020 as per sale of shares contract, Telefónica S.A. transferred all its share interest 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 March 31, 2020 is as follows:

Type of Shareholder	Participation percentage %	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	-	-
<b>Total</b>	<b>100.0000</b>	<b>2</b>
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.

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

As of March 31, there have been no dividends distributed. As of December 31, 2019, the following dividend distribution took place:

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



## 23. Equity, continued

### d) Other reserves:

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

Concepts	Balance as of	Net movement	Balance as of
	12.31.2019		03.31.2020
	ThCh\$	ThCh\$	ThCh\$
Capital revaluation reserve (i)	(233,685,327)	-	(233,685,327)
Business combination reserve (ii)	(95,176,556)	-	(95,176,556)
Others reserves (iii)	(122,214,004)	-	(122,214,004)
Employee benefits reserve (iv)	(9,945,809)	234,987	(9,710,822)
Foreign currency translation reserve (v)	(58,310)	-	(58,310)
Cash flows hedge reserve (vi)	1,099,249	4,690,132	5,789,381
Reserve for financial assets (vii)	2,155,257	(967,206)	1,188,051
<b>Total</b>	<b>(457,825,500)</b>	<b>3,957,913</b>	<b>(453,867,587)</b>

### 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 Superintendency of Securities and Insurance, the revaluation of the Company's Capital as of December 31, 2008, must be presented in this account.

### ii) Business combination reserve

Corresponds to company reorganizations performed in previous years.

### iii) Other miscellaneous reserves

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

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

During 2014, the Company made a Capital increase paid by Telefónica Internacional Holding S.A. with the contribution in dominion of a group of assets and liabilities. This transaction generated a difference between the carrying amount of those assets and liabilities and the contribution value of ThCh\$61,567,621 (83,297 thousand euros) that were recognized in this heading, since it corresponds to a corporate reorganization.

In July 2010, the Company purchased from the Dutch company, Telefónica Chile Holding B.V., the investment in Telefónica Internacional S.A. This transaction generated a 20% withholding tax that was assessed by the Chilean Internal Revenue Service in 2013 and which had to be paid by the Company for being jointly and severally liable. This tax in the amount of ThCh\$3,722,259 (5,036 thousand euros) 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.

## 23. 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) Treasury shares reserves

Transactions designated as cash flow hedges for expected transactions are probable, and where 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 are held as probably occurring 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 March 31, 2020 and 2019 recognition of the share of equity belonging to third parties is detailed as follows:

Subsidiaries	Percentage Non-controlling interest		Non-controlling interest	
	2020	2019	03.31.2020	12.31.2019
	%	%	ThCh\$	ThCh\$
Telefónica Chile S.A.	0.8594402	0.8594402	5,880,737	5,859,874
<b>Total</b>			<b>5,880,737</b>	<b>5,859,874</b>

As of March 31, 2020 and 2019 recognition of the share in income belonging to third parties is detailed as follows:

Subsidiaries	Percentage Non-controlling interest		Non-controlling interest in result Profit (loss)	
	2020	2019	03.31.2020	03.31.2019
	%	%	ThCh\$	ThCh\$
Telefónica Chile S.A.	0.8594402	0.8594402	4,107,916	20,645,542
<b>Total</b>			<b>4,107,916</b>	<b>20,645,542</b>

## 24. Earnings per Share

The details of Earnings per share are as follows:

Basic earnings per share	03.31.2020 ThCh\$	03.31.2019 ThCh\$
Earnings attributable to owners of the parent	4,107,916	20,645,542
<b>Profit available for shareholders</b>	<b>4,107,916</b>	<b>20,645,542</b>
Weighted average number of shares	952,317,180,579	936,165,609,040
<b>Basic earnings per share in Ch\$</b>	<b>0.00428</b>	<b>0.02200</b>

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

## 25. Income and Expenses

a) The details of income from ordinary operations as of March 31, 2020 and 2019 are as follows:

Ordinary income	03.31.2020 ThCh\$	03.31.2019 ThCh\$
Mobile Telecommunications	197,696,945	219,890,768
Broadband	49,608,868	48,340,533
Corporate Communication	38,645,705	35,214,690
Television	32,394,381	39,654,916
Fixed Telecommunications	22,877,913	28,851,778
Wholesalers	4,686,686	5,867,669
<b>Total</b>	<b>345,910,498</b>	<b>377,820,354</b>

b) The detail of other operating income as of March 31, 2020 and 2019 are as follows:

Other income	03.31.2020 ThCh\$	03.31.2019 ThCh\$
Income from indemnities, complaints and others	2,043,379	214,848
Surcharges due to default	838,594	954,506
Subsidies	832,956	82,080
Other current management income	285,840	80,408
<b>Total</b>	<b>4,000,769</b>	<b>1,331,842</b>

(1) Contains a figure of ThCh\$ 1,748,782 corresponding to collection from the insurance company, associated to policies that cover damages caused as a product of the national contingency that began on October 18, 2019

## 25. Income and Expenses, continued

c) The detail of other operating income as of March 31, 2020 and 2019 are as follows:

Other expenses	03.31.2020 ThCh\$	03.31.2019 ThCh\$
Sales cost of inventory (note 10b) (1)	54,632,309	55,150,904
Exterior services (2)	29,384,409	30,970,166
Media rental (2)	29,295,792	33,439,059
Sales commissions	21,889,070	20,116,982
Allowance for doubtful accounts	16,628,617	13,928,528
Customer service	13,188,128	13,854,121
Computer services	11,731,845	11,849,220
Plant maintenance	10,395,237	12,246,090
Deferred cost of sale of handsets (3)	7,329,883	6,111,281
Advertising	6,190,446	6,795,951
Energy	6,051,942	5,669,195
Interconnections and roaming (4)	5,873,336	11,591,800
Real estate spending	4,624,751	3,890,743
Others (5)	5,080,644	3,612,985
<b>Total</b>	<b>222,296,409</b>	<b>229,227,025</b>

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

(2) Due to the application of IFRS 16, a large part of the leased space and placements were capitalized as rights of use, therefore the expense is presented as depreciation in the amount of ThCh\$28,583,970 as of March 31, 2020. See note 15d.

(3) Corresponds to accrual of the deferred costs of handsets sold in the previous period and which were pending activation by the end user at period-end

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

d) The detail of financial expenses, net, as of March 31, 2020 and 2019, is as follows:

Financial expenses, net	03.31.2020 ThCh\$	03.31.2019 ThCh\$
<b>Interest income</b>		
Interest earned on deposits	442,965	970,651
Interest earned on investments	153,772	60,253
Interest earned on projects	243,855	290,855
Dividends on account of group companies	-	189,672
Interest on mercantile mandate	2,410	63,458
Other financial income	27,626	491
<b>Total interest income</b>	<b>870,628</b>	<b>1,575,380</b>
<b>Interest expense</b>		
Interest on bond	1,037,277	1,442,393
Interest on loans from bank institutions (1)	6,106,848	7,049,531
Interest on mercantile mandate	350	64,427
Interest on projects	49,825	55,218
Interest on update of employee termination benefits	323,919	414,025
Other financial expenses (2)	5,380,249	1,575,345
<b>Total interest expense</b>	<b>12,898,469</b>	<b>10,600,939</b>
<b>Total financial income and costs, net</b>	<b>(12,027,840)</b>	<b>(9,025,559)</b>

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

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

## 25. Income and Expenses, continued

e) Foreign currency translation as of March 31, 2020 and 2019 are detailed as follows:

Description	03.31.2020 ThCh\$	03.31.2019 ThCh\$
Current accounts receivable from related entities	897,280	(376,431)
Current accounts payable to related entities	(1,454,951)	102,831
Current trade and other accounts receivable	127,385	893,411
Trade and other accounts payable	(3,227,433)	(412,395)
Cash and cash equivalents	86,011	64,427
Financial debt	(73,930,089)	11,601,381
Hedge instruments	78,125,865	(11,657,460)
<b>Total</b>	<b>624,068</b>	<b>215,764</b>

f) Indexation units as of March 31, 2020 and 2019 are detailed as follows:

Description	03.31.2020 ThCh\$	03.31.2019 ThCh\$
Receivables from related companies	621,989	(137)
Payables to related companies	(189,568)	49,633
Current trade and other accounts receivable	(272,395)	155,504
Trade and other payables	(407,653)	220,382
Cash and cash equivalents	87,537	(189,356)
Financial debt	(2,012,757)	198
Hedge instruments	1,924,526	(210)
<b>Total</b>	<b>(248,321)</b>	<b>236,014</b>

## 26. 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 March 31, 2020, lease expenses amount to ThCh\$ 818,550

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

Description	03.31.2020			
	Up to one year	From one to five	More than 5	Total
	ThCh\$	years ThCh\$	years ThCh\$	ThCh\$
Minimum operating lease payments payable	4,177,303	7,719,596	3,783,138	15,680,036
<b>Total</b>	<b>4,177,303</b>	<b>7,719,596</b>	<b>3,783,138</b>	<b>15,680,036</b>



## 27. Local and Foreign Currency

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

Currents assets	03.31.2020	12.31.2019
	ThCh\$	ThCh\$
<b>Cash and cash equivalents</b>	<b>143,750,729</b>	<b>234,466,421</b>
Chilean Pesos	136,903,247	227,008,924
US Dollars	6,202,798	7,379,053
Euros	569,219	65,979
Others currencies	75,465	12,465
<b>Other current financial assets</b>	<b>40,632,586</b>	<b>24,825,391</b>
US Dollars	20,759,628	8,060,222
U.F.	13,956,668	11,760,559
Chilean Pesos	5,220,073	4,835,258
Euros	696,217	169,352
<b>Current trade and other accounts receivable</b>	<b>294,788,675</b>	<b>233,716,006</b>
Chilean Pesos	294,187,544	233,216,824
U.F.	565,764	438,438
Euros	35,367	60,744
<b>Current receivables from related companies</b>	<b>17,736,009</b>	<b>21,109,235</b>
Chilean Pesos	11,412,982	16,002,833
US Dollars	6,272,225	5,048,821
Others currencies	50,802	57,581
<b>Other current assets (1)</b>	<b>134,494,711</b>	<b>108,004,429</b>
Chilean Pesos	134,494,711	108,004,429
<b>Total current assets</b>	<b>631,402,712</b>	<b>622,121,482</b>
<b>Chilean Pesos</b>	<b>582,218,557</b>	<b>589,068,268</b>
<b>US Dollars</b>	<b>33,234,651</b>	<b>20,488,096</b>
<b>U.F.</b>	<b>14,522,432</b>	<b>12,198,997</b>
<b>Euros</b>	<b>1,300,803</b>	<b>296,075</b>
<b>Others currencies</b>	<b>126,267</b>	<b>70,046</b>

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

Non-currents assets	03.31.2020	12.31.2019
	ThCh\$	ThCh\$
<b>Other non-current financial assets</b>	<b>291,061,249</b>	<b>195,990,996</b>
US Dollars	236,765,570	158,017,808
U.F.	27,307,899	30,068,849
Chilean Pesos	20,113,474	54,444
Others currencies	6,874,306	7,849,895
<b>Non-current trade and other accounts receivable</b>	<b>25,521,756</b>	<b>27,422,344</b>
Chilean Pesos	25,521,756	27,422,344
<b>Other non-currents non-financial assets</b>	<b>16,819,274</b>	<b>12,877,869</b>
Chilean Pesos	16,819,274	12,877,869
<b>Other non-current assets (2)</b>	<b>2,228,161,713</b>	<b>2,228,333,455</b>
Chilean Pesos	2,228,161,713	2,228,333,455
<b>Total non-current assets</b>	<b>2.561.563.992</b>	<b>2.464.624.664</b>
<b>Chilean Pesos</b>	<b>2,290,616,217</b>	<b>2,268,688,112</b>
<b>US Dollars</b>	<b>236,765,570</b>	<b>158,017,808</b>
<b>U.F.</b>	<b>27,307,899</b>	<b>30,068,849</b>
<b>Others currencies</b>	<b>6,874,306</b>	<b>7,849,895</b>

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



## 27. Local and Foreign Currency, continued

The detail for currency of current liabilities is as follows:

Currents liabilities	03.31.2020	12.31.2019	03.31.2020	12.31.2019
	Up to 90 days ThCh\$		From 91 days to 1 year ThCh\$	
<b>Other current financial liabilities</b>	<b>79,226,565</b>	<b>87,326,413</b>	<b>119,549,150</b>	<b>117,491,536</b>
U.F.	70,992,824	75,881,124	99,313,588	107,521,803
Chilean Pesos	7,807,990	11,032,665	12,732,559	7,129,150
US Dollars	425,751	404,273	7,503,003	2,840,582
Euros	-	8,351	-	-
<b>Trade and other payables</b>	<b>311,424,075</b>	<b>304,290,564</b>	-	-
Chilean Pesos	277,735,135	258,856,935	-	-
US Dollars	25,158,767	28,472,557	-	-
Euros	4,414,327	4,071,790	-	-
U.F.	4,098,579	12,871,579	-	-
Others currencies	17,267	17,703	-	-
<b>Current receivables from related companies</b>	<b>60,600,802</b>	<b>66,055,208</b>	-	-
Chilean Pesos	55,099,656	58,011,843	-	-
US Dollars	5,100,347	3,402,129	-	-
Euros	400,799	478,268	-	-
U.F.	-	4,162,968	-	-
<b>Other current liabilities (1)</b>	<b>50,241,267</b>	<b>31,597,009</b>	<b>3,035,848</b>	<b>36,590,026</b>
Chilean Pesos	50,241,267	31,597,009	3,035,848	36,590,026
<b>Total current liabilities</b>	<b>501,492,709</b>	<b>489,269,194</b>	<b>122,584,998</b>	<b>154,081,562</b>
Chilean Pesos	390,884,048	359,498,451	15,768,407	43,719,176
US Dollars	30,684,865	32,278,959	7,503,003	2,840,582
U.F.	75,091,403	92,915,671	99,313,588	107,521,803
Euros	4,815,126	4,558,409	-	-
Others currencies	17,267	17,703	-	-

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

The detail for currency of non-current liabilities is as follows:

Non-current liabilities	03.31.2020	12.31.2019	03.31.2020	12.31.2019	03.31.2020	12.31.2019
	1 to 3 years ThCh\$		3 to 5 years ThCh\$		5 years and over ThCh\$	
<b>Other non-current financial liabilities</b>	<b>849,153,020</b>	<b>693,103,754</b>	<b>116,607,163</b>	<b>188,081,812</b>	<b>26,881,875</b>	<b>24,524,699</b>
US Dollars	580,482,021	495,341,553	58,076,525	51,002,531	-	-
Chilean Pesos	139,170,348	139,360,450	21,352,003	21,716,971	11,496,518	11,470,476
U.F.	129,500,651	58,401,751	37,178,635	115,362,309	15,385,357	13,054,224
<b>Trade and other payables non-current</b>	<b>1,878,349</b>	<b>2,160,741</b>	-	-	-	-
Chilean Pesos	1,878,349	2,160,741	-	-	-	-
<b>Non-current receivables from related companies</b>	<b>38,240,407</b>	<b>38,027,645</b>	-	-	-	-
Chilean Pesos	25,767,093	29,796,210	-	-	-	-
U.F.	12,473,314	8,231,435	-	-	-	-
<b>Other non-current liabilities (1)</b>	<b>21,707,615</b>	<b>27,175,257</b>	<b>40,862,940</b>	<b>14,993,292</b>	<b>76,827,610</b>	<b>104,913,534</b>
Chilean Pesos	21,707,615	27,175,257	40,862,940	14,993,292	76,827,610	104,913,534
<b>Other non-current liabilities</b>	<b>914,212,090</b>	<b>760,467,397</b>	<b>157,470,103</b>	<b>203,075,104</b>	<b>103,709,485</b>	<b>129,438,233</b>
US Dollars	580,482,021	495,341,553	58,076,525	51,002,531	-	-
Chilean Pesos	191,756,104	198,492,658	62,214,943	36,710,263	88,324,128	116,384,010
U.F.	141,973,965	66,633,186	37,178,635	115,362,309	15,385,357	13,054,224

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

## 28. Contingencies and restrictions

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

Notwithstanding, there are certain processes in which, due to the aforementioned considerations, it has been considered that there is a probable risk of loss. This has motivated the establishment of provisions at a parent company level, for the amount of the estimated loss as of March 31, 2020, which altogether amounts to ThCh\$1,625,780, of which ThCh\$1,009,606 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\$491,538 on its part, during the second quarter of 2020 and the rest during the second half of 2020.

On the other hand, there are several proceedings for which the estimated risk of loss is qualified as possible, for a total amount of ThCh\$3,109,229 in the parent and the amount of ThCh\$4,130,917 in the subsidiaries.

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

### a) Netline Proceeding with Telefónica Móviles Chile S.A. and others

On March 19, 2020, the Supreme Court dictated sentence rejecting the appeal for dismissal in form and substance filed by Netline Mobile S.A. against the final sentence of January 8, 2018 handed down by the Court of Appeals of Santiago, which, in turn, confirmed the final judgment of acquittal handed down on September 8, 2016, by Tenured Judge of the 6<sup>th</sup> Civil Court of Santiago, in case No. C-3.320-2014, "Netline Mobile S.A. vs Telefónica Móviles Chile S.A., Entel Chile S.A. and Claro Chile S.A. This process began through a complaint filed by Netline Mobile S.A. whereby it requested that the defendants be condemned joint and severally, to payment of the amount of ThCh\$59,112,106. With the aforementioned sentence of the Supreme Court this process finally came to an end.

### b) Voissnet Proceeding

On March 31, 2016, the 4<sup>th</sup> 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 dismissed by the Supreme Court.

## 28. Contingencies and restrictions, continued

### c) Financial restrictions:

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

**e) Guarantee deposits:**

The detail of guarantee deposits is as follows:

Guarantee creditor	Debtor		Type of guarantee	Current guarantee deposits ThCh\$	Liberated guarantees		
	Name	Relationship			2019 ThCh\$	2020 ThCh\$	2021 and more ThCh\$
<b>Public and private Organisms</b>				<b>2,882,510</b>	<b>2,402,729</b>	<b>37,844</b>	<b>441,937</b>
Public Organisms - Undersecretaries and Ministries	TCH	Subsidiary	Deposit	1,505,346	1,038,032	27,577	439,737
Private Organisms - Others	TCH	Subsidiary	Deposit	1,053,070	1,051,452	1,618	-
Public Organisms - Municipalities	TCH	Subsidiary	Deposit	225,220	222,471	549	2,200
Public Organisms - Others	TCH	Subsidiary	Deposit	98,874	90,774	8,100	-
<b>Public and private Organisms</b>				<b>19,454,383</b>	<b>8,095,603</b>	<b>5,862,983</b>	<b>5,495,797</b>
Private Organisms - Others	TEM	Subsidiary	Deposit	7,174,680	3,380,222	1,376,976	2,417,482
Public Organisms - Others	TEM	Subsidiary	Deposit	6,658,973	2,478,538	2,397,665	1,782,770
Public Organisms - Undersecretaries and Ministries	TEM	Subsidiary	Deposit	2,680,300	1,401,367	1,052,127	226,806
Banks	TEM	Subsidiary	Deposit	1,608,967	512,718	526,333	569,916
Public Organisms - Municipalities	TEM	Subsidiary	Deposit	1,114,814	320,358	363,556	430,900
Universities	TEM	Subsidiary	Deposit	216,649	2,400	146,326	67,923
<b>Public and private Organisms</b>				<b>33,237,906</b>	<b>29,971,153</b>	<b>1,278,745</b>	<b>1,988,008</b>
Public Organisms - Undersecretaries and Ministries	TMCH	Parent	Deposit	29,732,343	28,687,528	432,729	612,086
Private Organisms - Others	TMCH	Parent	Deposit	2,086,740	856,894	383,921	845,925
Public Organisms - Municipalities	TMCH	Parent	Deposit	651,649	259,296	181,702	210,651
Public Organisms - Others	TMCH	Parent	Deposit	622,741	153,435	153,882	315,424
Banks	TMCH	Parent	Deposit	121,361	-	121,361	-
Universities	TMCH	Parent	Deposit	23,072	14,000	5,150	3,922
<b>Total</b>				<b>55,574,799</b>	<b>40,469,485</b>	<b>7,179,572</b>	<b>7,925,742</b>

TMCH: Telefónica Móviles Chile S.A.

TCH: Telefónica Chile S.A.

TEM: Telefónica Empresas Chile S.A.

**28. Contingencies and restrictions, continued**

**f) Insurance:**

The companies of the Telefónica Group in Chile have an insurance program that protects their assets from losses derived from events involving acts of terrorism, sabotage, disturbances and malicious damages, among others, as well as extraordinary expenses to minimize damages and execute contingency plans to reestablish restore services. All in accordance with the conditions, limits and deductibles established in the purchased 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. The claim is in the process of being adjusted, and there has already been an advance on account in the amount of ThCh\$8,428,404.

## 29. Environment (not audited)

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

Law No. 20.599 was published on June 11, 2012 regulating the installation of emitting and transmitting antennas of telecommunications services.

Law No. 20,599 was published on September 11, 2012 regulating the installation of telecommunications services emitting and transmitting antennas. The provisions adopted include: i) restrictions and new regulations for the installation of new sites based on the height of the tower, its location and its closeness to sensitive entities and to other previously installed towers, New and stricter approval conditions are imposed for these new sites; ii) there is retroactive regulation of the height of towers installed before the law was enacted, which are close to the sensitive places determined by the Telecommunications Undersecretary (schools, hospitals, playschools, preschool, old age homes and others); and iii) also in a retroactive manner, there is regulation of tower concentration in denominated Saturated Zones, for which solutions contemplated are based on reducing the number of structures or else, compensation is established with work to improve the community, which must be agreed upon by the Neighborhood Groups and the Municipal Council, for 20% of the total cost of the tower, should some type of camouflage be used in the structure and 50% in cases where no camouflage is used.

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

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

## 29. Environment (not audited), continued

The 2019-2022 environmental investment plan was activated at a national level, 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, places special attention on the wording of the Regulations that are in the process of being dictated and which will implement its content, especially the regime of extended producer responsibility (which is applicable only to a group of priority products), as well as the control procedures for cross-border movement of dangerous and non-dangerous waste.

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

The Company is in the process of evaluating each phase contemplated by Law to identify and quantify its impact, As of March 31, 2020 the Company's expenditures in relation to the implementation of the corresponding phases are not significant.

## 30. Risk management

As of 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 full-scope certification, which provides us with coverage from the design to 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 at a national level, complemented with the environmental mitigation plan which allows the Telefónica to evaluate and address environmental risks in all its technical facilities.

### a) Characterization of the market and competition

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

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

### 30. Risk management

#### a) Characterization of the market and competition, continued

The mobile telephone market is composed of 9 operators, of which four have their own network and the rest are Virtual Mobile Operators (VMO).

Operators with their own network are: Telefónica Móviles Chile (Movistar), owned by the Telefónica Group; Entel S.A., owned by the Almendral Group; Claro, belonging to the América Móvil Group and WOM belonging to the Novator Partners LLP Group.

There are five virtual mobile operators. In 2012 Virgin Mobile, Netline (GTEL) and GTD Móvil entered the market. At the end of 2013, VTR signed a contract with Movistar for the delivery of roaming services. In April 2015, virtual mobile operator Simple began commercial operations.

#### Mobile Voice

At the end of the fourth quarter of 2019, it is estimated that the mobile telephone market will have close to 27.3 million accesses, increasing 0.2% in comparison to the same period the year before. With this, mobile telephone penetration per 100 inhabitants would reach 145.6%, decreasing 1.05 percentage points in a year.

The mobile prepayment segment presented a decrease in the industry, due to the commercial strategy of companies to accelerate the migration of these customers to postpaid plans. When comparing the fourth quarter of 2018 and 2019, prepayment customers decreased by -1,235,000 customers, whereas customers with contracts grew by +1,292,000 customer. The proportion of prepayment customers closed at 54.4% over the total in the market, decreasing by -4.65 p.p. in respect to December 2018.

#### Mobile Internet

Access to mobile Internet has experienced high growth rates thanks to the greater penetration of smartphones with 3G and 4G technology, which allow better navigation of the Internet in the device. It was estimated that the number of handsets connected to Mobile Internet would reach 19.1 million as of December 2019, a growth of +3.5% in comparison to the fourth quarter of 2018. Together with the above, it was estimated that market penetration by inhabitants would be 102.2%, a growth of +2.50 p.p. in one year.

#### b) Competition Risk

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

In the fourth quarter of 2019, more than 817,000 mobile customers ported. Mobile portability, from its inception to December 2019, has accumulated 19.0 million of ported customers, which would be equivalent to 69.7% of total mobile voice customers in the industry.

### 30. Risk management

#### c) Regulatory Environment

The installation, operation and exploitation of the telecommunications services located in the national territory are regulated by General Telecommunications Law No. 18,168, and its complementary regulations. The Ministry of Transportation and Telecommunications, through the Telecommunications Undersecretary (Subtel), applies and controls that regulation.

##### i) 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.

##### ii) Tariff system for fixed telephone services:

In Chile there are two mechanisms for assigning frequencies: direct assignment and assignment by public tender.

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 the 700 Mhz concession, in 2019 the complaint filed by a Consumers Association (Conadecus) was resolved through the surrender of 2 concessions in the 3.500 MHz band (in the country's southern zone) and the future tender for 10 MHz in the 1.900 MHz band in accordance with the tender documents that Telefónica presented to Subtel and to the Antitrust Commission ("TDLC") in November 2019 and that have not yet been approved.

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.



### 30. Risk management

#### c) Regulatory Environment

##### ii) Tariff system for fixed telephone services, continued

— 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, which altogether add up to 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. For the medium term, Subtel must ensure that there are at least 4 operators with a minimum of 40 contiguous MHz per operator. Finally, in the long-term, a maximum cap of 30% will be in force for this macro band, 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 macro band.

— 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 to 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 contiguous MHz in this macro band. 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 brought before the Supreme Court by the consumer organization Conadecus and by operators WOM and Netline, and is currently being heard by that Court.

On the other hand, on May 13, 2019 Subtel called a Citizen Consultation process regarding the 5G tender in order for interested parties to provide their contributions. On January 14, 2020 Subtel called a new consultation process on the same issue.

In addition, the TDLC allegations audience took place in August in respect to 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). After this, the issue entered the analysis stage for the resolution that should be issued by that Court in the next months.

##### ii) New Law: Minimum guaranteed Internet access speed

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

The new law mainly establishes that:

- i. A percentage of the average speed offered for the different timeframes with higher and lower congestion must be guaranteed, in respect to national and international, wire and wireless connections.
- ii. User contracts must establish the average speeds and main technical characteristics of the service.

### 30. Risk management

#### c) Regulatory Environment

##### iii) New Law: Minimum guaranteed Internet access speed

- iii. A system must be made available to users that allows the measurement of those speeds and associated technical parameters, which will have legal weight for the purpose of resolving complaints, all in conformity with the technical regulation dictated by the Telecommunications Undersecretary.
- iv. An Independent Technical Organization will measure quality of service. This organization will be financed by the service operators.
- v. To be an Internet access supplier requires being a concessionaire of Public or Intermediate Telecommunications Services.

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 in Spanish), 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 Technical Standard.

##### iv) Law on removal of unused cable

After concluding its legislative process, the bill that obligates concessionaries and holders of telecommunications services permit holders 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.

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

##### v) 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.

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

### 30. Risk management, continued

#### d) Technological changes

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

#### e) Level of Chilean economic activity

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

#### f) Financial risk management objectives and policies

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

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

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

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

#### Market Risk

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

### 30. Risk management, continued

#### f) Financial risk management objectives and policies, continued

##### Interest rate risk

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

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

The Company periodically determines the efficient exposure to short and long-term debt due to changes in interest rates, considering its own expectations regarding future evolution of rates. As of March 31, 2020 the Company had 53% of its current and non-current financial debt accruing interest at a fixed rate.

The Company believes it is reasonable to measure the risk associated to the interest rate of the financial debt as the sensitivity of the monthly finance cost of accrual in case of a change in 25 base points in the debt's benchmark interest rate, which as of March 31, 2020 corresponds to the "Tasa Promedio de Cámara Nominal" (TCPN). In this manner an increase of 25 base points in the monthly TCPN would mean an increase in the monthly accrual finance cost for 2020 of approximately ThCh\$67,734, whereas a drop in the TCPN would mean a reduction of ThCh\$67,734 in the monthly finance cost of accrual for 2020.

Due to the effect of COVID-19 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 variation risks is related mainly to obtaining short and long-term financial debt in foreign currency and to a lesser extent to its operating activities. The Company's policy is to negotiate derivative financial instruments to help minimize this risk.

The impact of COVID-19 on the exchange rate should be noted, since it has caused depreciation of the currency and therefore is an important aspect 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.

### 30. Risk management, continued

#### f) 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. 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 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 in March, due to the closing of several branches throughout Chile. However, the lower presential collection has been partially counteracted by higher collection through the Internet.

## Capital management

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

The Company's main objective in respect to capital management is to ensure that it has a strong credit rating and prosperous capital ratios to support its businesses and maximize shareholder value. Equity return on investment (income/equity) as of March 31, 2020 is 0.30%, a 1.20% decrease in comparison to March 2019, where it reached 1.50%. This is mainly due to the decrease in income for the period and the capital increase (see Note 23).

### 30. Risk management, continued

#### f) Financial risk management objectives and policies, continued

##### Capital management, continued

The Company manages its capital structure and adjusts it, in light of changes in economic conditions.

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

### 31. Subsequent events

- a) The consolidated financial statements of Telefónica Móviles Chile S.A. and subsidiaries, for the periods as of March 31, 2020, were approved and authorized for issuance at the Board of Directors Meeting held on April 30, 2020.
- b) In the period from April 1 to 30, 2020, there have been no other significant subsequent effects that affect these consolidated financial statements.

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