Offering Memorandum **Confidential**

Telefónica Móviles Chile S.A.

(a sociedad anónima organized under the laws of Chile)

U.S.$500,000,000 3.537% Senior Notes due 2031

We are offering U.S.$500,000,000 aggregate principal amount of our 3.537% senior notes due 2031. The notes will mature on November 18, 2031. We will pay interest on the notes semi-annually in arrears on November 18 and May 18 of each year, commencing on May 18, 2022. Payment of principal, interest and all other amounts due in respect of the notes will be made in U.S. dollars.

We may redeem the notes, in whole or in part, by paying the greater of 100% of the outstanding principal amount and a "make-whole" amount, in each case plus accrued and unpaid interest, if any, to the date of redemption. We may also redeem the Notes, in whole or in part, at any time and from time to time, beginning on the date that is 90 days prior to the final maturity date of the Notes (the "Par Call Date"), at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, to the date of redemption. In addition, we may redeem the notes, in whole but not in part, at a price equal to 100% of the outstanding principal amount, plus accrued and unpaid interest, if any, to the date of redemption upon the occurrence of specified events relating to tax law, as set forth in this offering memorandum.

The notes will constitute our direct, unconditional, unsecured and unsubordinated obligations and will rank at all times *pari passu* in right of payment with all our other existing and future unsecured and unsubordinated indebtedness (other than obligations preferred by statute or by operation of law).

There is currently no public market for the notes. We intend to apply to have the notes listed on the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market of the Luxembourg Stock Exchange. The notes will be issued only in registered form in minimum denominations of U.S.$150,000 and integral multiples of U.S.$1,000 in excess thereof.

Investing in the notes involves risk. See "Risk Factors" beginning on page 15.

Issue Price for the notes: 100.000% plus accrued interest, if any, from November 18, 2021.

The notes have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). The notes may not be offered or sold within the U.S. or to U.S. persons, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the Securities Act and to certain non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. Prospective purchasers that are qualified institutional buyers are hereby notified that the seller may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfers of the notes, see "Plan of Distribution" and "Transfer Restrictions."

The notes in book-entry form are expected to be delivered through the facilities of The Depository Trust Company ("DTC") and its direct and indirect participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream") on or about November 18, 2021.

This offering memorandum constitutes a prospectus for purposes of Luxembourg law on prospectus securities dated July 16, 2019, as amended. This offering memorandum may not be used for another purpose it has been published for.

Joint Bookrunners

BBVA **BofA Securities** **Goldman Sachs & Co. LLC** **Scotiabank**

The date of this offering memorandum is November 10, 2021.

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We have not authorized anyone to provide any information other than that contained in this offering memorandum or any information prepared by or on behalf of us or to which we have referred you. The initial purchasers and we take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. Neither we nor the initial purchasers are making an offer of the notes in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this offering memorandum is accurate at any date other than the date on the front cover of this offering memorandum.

Unless otherwise indicated or the context otherwise requires, all references in this offering memorandum to "Telefónica Móviles Chile" or the "Company," "we," "our," "ours," "us" or similar terms refer to Telefónica Móviles Chile S.A., together with its subsidiaries. When we refer to "Telefónica" we refer to our controlling shareholder. When we refer to the "Telefónica Group," we refer to the Telefónica S.A. group of companies worldwide and its consolidated subsidiaries.

This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the notes. We reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the notes offered by this offering memorandum. BBVA Securities Inc., BofA Securities, Inc., Goldman Sachs & Co. LLC, and Scotia Capital (USA) Inc. will act as initial purchasers with respect to the offering of the notes. This offering memorandum is personal to you and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise acquire the notes. Distribution of this offering memorandum by you to any person other than those persons retained to advise you is unauthorized, and any disclosure of any of the contents of this offering memorandum without our prior written consent is prohibited.

The distribution of this offering memorandum and the offering and sale of the notes in certain jurisdictions may be restricted by law. You must (1) comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this offering memorandum and the purchase, offer or sale of the notes, and (2) obtain any required consent, approval or permission for the purchase, offer or sale by you of the notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales, and neither we nor the initial purchasers nor their agents have any responsibility therefore. See "Transfer Restrictions" for information concerning some of the transfer restrictions applicable to the notes. Neither we nor the initial purchasers are making an offer to sell the notes in any jurisdiction except where such an offer or sale is permitted. You should understand that you will be required to bear the financial risks of your investment for an indefinite period of time.

You acknowledge that:

- you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum;

- you have not relied on the initial purchasers or their agents or any person affiliated with the initial purchasers or their agents in connection with your investigation of the accuracy of such information or your investment decision; and

- no person has been authorized to give any information or to make any representation concerning us or the notes other than those as set forth in this offering memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by us, the initial purchasers or their agents.

In making an investment decision, you must rely on your own examination of our business and the terms of this offering, including the merits and risks involved. None of the U.S. Securities and Exchange Commission (the "SEC") or any federal or state securities commission or regulatory authority has approved or disapproved of the notes. Furthermore, none of the foregoing authorities have passed upon or endorsed the merits of this offering, or confirmed the accuracy or determined the adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

This offering memorandum may only be used for the purpose for which it has been published. The initial purchasers are not making any representation or warranty as to the accuracy or completeness of the information contained in this offering memorandum, and nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation, whether as to the past or the future. The initial purchasers have not independently verified any of such information and assume no responsibility for the accuracy or completeness of the information contained in this offering memorandum.

The notes will not be registered under Law No. 18,045 (*Ley de Mercado de Valores*), as amended, of Chile (the "Securities Market Law") with the *Comisión para el Mercado Financiero* (the Chilean Securities Commission or "CMF"), and, accordingly, may not be offered to persons in Chile except in circumstances that do not constitute a public offering under Chilean law.

Los valores no serán registrados en la Comisión para el Mercado Financiero bajo aplicación de la ley de Mercado de Valores No.18.045, según fuera modificada, por lo que, de acuerdo a ello, no podrán ser ofrecidas a personas en Chile excepto en circunstancias que no constituyan una oferta pública bajo ley chilena.

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

See "Risk Factors," following the "Summary," for a description of certain factors relating to an investment in the notes, including information about our business. None of us, the initial purchasers or any of our or their representatives is making any representation to you regarding the legality of an investment by you under applicable legal investment or similar laws. You should consult with your own advisors as to legal, tax, business, financial and related aspects of a purchase of the notes.

NOTICE TO INVESTORS IN CHILE

THE FOLLOWING INFORMATION IS PROVIDED TO PROSPECTIVE INVESTORS PURSUANT TO CMF RULE 336:

1. DATE OF COMMENCEMENT OF THE OFFER: NOVEMBER 8, 2021. THE OFFER OF THE NOTES IS SUBJECT TO CMF RULE (*NORMA DE CARÁCTER GENERAL*) No. 336, DATED JUNE 27, 2012, AS AMENDED, ISSUED BY THE CMF.

2. THE SUBJECT MATTER OF THIS OFFER ARE SECURITIES NOT REGISTERED WITH THE SECURITIES REGISTRY (*REGISTRO DE VALORES*) OR THE FOREIGN SECURITIES REGISTRY (*REGISTRO DE VALORES EXTRANJEROS*) KEPT BY THE CMF. AS A CONSEQUENCE, THE NOTES ARE NOT SUBJECT TO THE OVERSIGHT OF THE CMF.

3. SINCE THE NOTES ARE NOT REGISTERED IN CHILE, THE ISSUER IS NOT OBLIGED TO PROVIDE ANY PUBLIC INFORMATION ABOUT THE NOTES IN CHILE.

4. THE NOTES MAY NOT BE SUBJECT TO A PUBLIC OFFERING UNTIL THEY ARE REGISTERED IN THE APPLICABLE SECURITIES REGISTRY.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or (ii) a customer within the meaning of the provisions of the UK Financial Services and Market Act 2000 ("FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

MARKET DATA

Market data and certain industry forecast data used in this offering memorandum were obtained from internal reports and studies, where appropriate, as well as estimates, market research, publicly available information and industry publications, including reports prepared by the *Subsecretaría de Telecomunicaciones* (the Chilean Subsecretary of Telecommunications, or "Subtel"). Industry publications generally state that the information they include has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal reports and studies, estimates and market research, which we believe to be reliable and accurately extracted by us for use in this offering memorandum, have not been independently verified. However, we believe such data is accurate and agree that we are responsible for the accurate extraction of such information from such sources and its correct reproduction in this offering memorandum.

SERVICE OF PROCESS AND ENFORCEABILITY OF CIVIL LIABILITIES

We are a private corporation (*sociedad anónima*) organized under the laws of Chile. Substantially all of our directors and officers and certain experts named herein reside outside the United States (principally in Chile). All or a substantial portion of our assets and the assets of these persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon us or such persons or to enforce against us or them in U.S. courts judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

We have been advised by Dalgalarrando y Cía., our external Chilean counsel, that any final and conclusive monetary judgment against us under the notes of any New York Court will be recognized and will be enforced by the courts of Chile, without re-examining or re-litigating the merits of the original action, provided the following conditions are met (the existence or non-existence of which would be determined by the Supreme Court of Chile):

(i) if there is a treaty between Chile and the country where the monetary judgment was rendered with respect to the enforcement of foreign judgments, the provisions of such treaty shall be applied. On the date hereof, Chile is not a party to any treaty with the United States with respect to the enforcement in Chile of judgments rendered by a New York Court;

(ii) in the absence of a treaty, the rules of reciprocity will apply to the enforcement of judgments; if the country where the judgment was passed does not recognize judgments of Chilean courts, such foreign judgments may not be enforced in Chile; and

(iii) if the previous rules cannot be applied, the monetary judgment of foreign courts will have in Chile the same effect as the judgments given by Chilean courts, provided that the foreign monetary judgment:

- is final, conclusive and enforceable according to the law of the deciding court;
- does not contravene Chilean law (without regard to procedural differences);
- it is not contrary to Chilean public policy;
- is not the subject of a proceeding before a Chilean court (with the same parties and arising out of the same facts and circumstances);
- does not affect any real property located in Chile (jurisdiction over real property in Chile belongs exclusively to Chilean courts); and
- is not decided by default within the meaning of Chilean law. The defendant against whom the enforcement is sought must have been given personal notice of the proceedings in accordance with Chilean law and must have been afforded a real opportunity to appear before the foreign court and defend his case, which are factual issues that must be established when obtaining in Chile the enforcement of a foreign monetary judgment. Personal service made upon our process agent, assuming that manner of service to be valid under the local law of the place where service was made, would constitute due notice, unless the defendant was able to prove that due to other reasons it was prevented from assuming its defense. Please note that, under Chilean law, service of process by mail, fax or email may be deemed not to constitute due service of process for the above purposes.

We have been advised by Dalgalarrando y Cía., that there is doubt as to the enforceability, in original actions in Chilean courts, of liabilities predicated solely on the U.S. federal securities laws and as to the enforceability in Chilean courts of judgments of U.S. courts obtained in actions predicated upon the civil liability provisions of the U.S. federal securities laws.

ADDITIONAL INFORMATION

While any notes remain outstanding, we will make available, upon request, to any holder and any prospective purchaser of notes the information required pursuant to Rule 144(A)(d)(4)(i) under the Securities Act, during any period in which we are not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We are required periodically to furnish certain information, including quarterly and annual reports to the CMF, which will be available in Spanish for inspection on the CMF's website at https://www.cmfchile.cl/.

We will apply to list the notes on the Official List of the Luxembourg Stock Exchange and to trade the notes on the Euro MTF Market. See "Listing and General Information." We will comply with any undertakings given or undertaken by us from time to time to the Luxembourg Stock Exchange in connection with the notes, and we will furnish to them all such information as the rules of the Luxembourg Stock Exchange may require in connection with the listing of the notes.

You may obtain copies, without charge, of the indenture that governs the notes by requesting them in writing or by telephone at the address and phone number below:

TELEFÓNICA MÓVILES CHILE S.A.
Attention: Corporate Finance Department
Av. Providencia 111
Santiago
Chile
Telephone number: (562) 2691-2020

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this offering memorandum, references to "USD," "U.S.$," "U.S. dollars" and "dollars" are to United States dollars, and references to "CL$", "Chilean pesos," "pesos" or "Ch$" are to Chilean pesos.

References to "UF" are to *Unidad de Fomento*. The UF is an inflation-indexed Chilean monetary unit with a value in Chilean pesos that is adjusted daily to reflect changes in the official Consumer Price Index ("CPI") of the *Instituto Nacional de Estadísticas* (the "Chilean National Institute of Statistics"). The UF is revalued in monthly cycles. Each day in the period beginning on the tenth day of the current month through the ninth day of the succeeding month, the nominal peso value of the UF is indexed up (or down in the event of deflation) in order to reflect a proportionate amount of the change in the Chilean consumer price index during the prior calendar month.

This offering memorandum contains translations of certain Chilean peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the Chilean peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated, at any particular rate or at all. Unless otherwise indicated, the exchange rate used in converting Chilean pesos into U.S. dollars for amounts presented as of and for the year ended December 31, 2020 and as of and for the nine months ended September 30, 2021 is based on the observed exchange rate reported by the Central Bank of Chile (the "Chilean Central Bank") for September 30, 2021 (the last day in September for which a quotation is available, and which was published by the Chilean Central Bank on October 1, 2021), which was Ch$811.90 per U.S.$1.00. The Federal Reserve Bank of New York does not report a noon buying rate for pesos. See "Exchange Rates" for additional information regarding rates of exchange.

The financial data presented herein as of September 30, 2021, for the nine month periods ended September 30, 2020 and 2021 and as of and for the years ended December 31, 2018, 2019 and 2020 under International Financial Reporting Standards ("IFRS") is stated in nominal Chilean pesos.

Financial Statements

We prepare our annual audited consolidated financial statements and our unaudited interim consolidated financial statements in accordance with IFRS, as issued by the International Accounting Standards Board (the "IASB"). References in this offering memorandum to IFRS mean IFRS as issued by the IASB.

We maintain our financial books and records in Chilean pesos. Our financial information contained in this offering memorandum includes:

- our unaudited consolidated interim financial statements as of September 30, 2021 and for the nine month periods ended September 30, 2020 and 2021, together with the notes thereto, prepared in accordance with IFRS, which we refer to in this offering memorandum as our "Unaudited Interim Consolidated Financial Statements;" and

- our audited consolidated financial statements as of and for the years ended December 31, 2018, 2019 and 2020, together with the notes thereto, prepared in accordance with IFRS, which we refer to in this offering memorandum as our "Audited Consolidated Financial Statements." Our Audited Consolidated Financial Statements have been audited by PricewaterhouseCoopers Consultores Auditores SpA ("PwC"), independent auditors. The report of PwC on our Audited Consolidated Financial Statements appears elsewhere in this offering memorandum.

Operating Data

When we refer to our subscribers we mean the number of lines activated, or accesses of each service activated, whereas references to customers mean the individuals or companies that have subscribed for our services. We disconnect, or "churn," our subscribers at the moment they voluntarily discontinue their service or 90 days after their account has become delinquent. In the mobile business, we count postpaid subscribers for the length of their contracts. We disconnect, or "churn," our postpaid subscribers when they voluntarily discontinue their service or 90 days after their account has become delinquent. We disconnect our prepaid subscribers after a period of 90 days after they discontinue the use of our service, so long as they have not activated a top up or have received traffic. We calculate our subscriber market share by dividing our own subscriber figures into the total market subscriber figures. We compile total market subscriber figures based on subscriber figures publicly reported by market participants, and we do not independently verify these figures.

Throughout this offering memorandum, we make reference to certain operating data, such as average revenues per subscriber per month ("ARPU"), accesses and churn rate that are not included in our financial statements. We calculate ARPU by dividing revenues for a given period by the average number of subscribers for such period. For our mobile business, we calculate ARPU by dividing revenues, excluding revenues from handset sales, for a given period by the average number of subscribers for such period. We calculate churn rate as the total number of subscriber deactivations for a given period divided by total average subscribers of such period. Access or subscription refers to a connection to any of the telecommunications services that we offer.

We provide this operating data because it is regularly reviewed by management and because management believes it is useful in evaluating our performance from period to period. We believe that presenting information about ARPU and total number of customer accesses is useful in assessing the usage and acceptance of our products and services, and that presenting churn rate is useful in assessing our ability to retain subscribers. This additional operating information may not be uniformly defined by our competitors. Accordingly, this additional operating information may not be comparable with similarly titled measures and disclosures by other companies.

Rounding

We have made rounding adjustments to reach some of the figures included in this offering memorandum. Accordingly, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them. Percentage figures have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. Accordingly, percentage amounts may vary from that obtained by performing the same calculations using the figures in this offering memorandum.

General Information

We own or have rights to use the trademarks, service marks and trade names that we use in conjunction with the operation of our business. Some of the more important trademarks that we own or have rights to use that appear in this offering memorandum include: *Movistar* and *Telefónica*, each of which may be registered or trademarked in Chile, the United States or other jurisdictions. Solely for convenience, we may refer to our trademarks, service marks and trade names in this offering memorandum without the ™ and ® symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent permitted under applicable law, our rights to our trademarks, service marks and trade names. Each trademark, trade name or service mark of any other company appearing in this offering memorandum is, to our knowledge, owned by such other company.

Special Note Regarding Non-IFRS Financial Measures

This offering memorandum includes certain references to non-IFRS financial measures such as Adjusted EBITDA, Adjusted EBITDA Margin and Net Debt. Our management believes that disclosure of non-IFRS measures provides useful information to investors and financial analysts in their review of our operating performance and their comparison of our operating performance to the operating performance of other companies in our industry and other industries. These are supplemental financial measures that are not presented in accordance with IFRS. You are cautioned not to place undue reliance on this information and should note that Adjusted EBITDA, Adjusted EBITDA Margin and Net Debt calculated by similarly titled measures reported by other companies, including our competitors.

Our management believes that disclosure of Adjusted EBITDA can provide useful information to investors, financial analysts and the public in their review of our operating performance and their comparison of our operating performance to the operating performance of other companies in the same industry and other industries. Nevertheless, Adjusted EBITDA should not be considered as an alternative measure to Profit or as an indicator of our results of operations, or as an alternative to cash flows from operations or as an indicator of liquidity. Adjusted EBITDA has important limitations as an analytical tool and should not be considered in isolation from, or as a substitute for an analysis of, our operating results as reported under IFRS.

We define Adjusted EBITDA as our profit (attributable to owners of the parent) plus profit attributable to non-controlling interests, income tax expense, depreciation and amortization, finance expenses and foreign exchange differences and monetary adjustment result, minus finance income.

We define Adjusted EBITDA Margin as Adjusted EBITDA divided by total revenues, expressed as a percentage.

We define Net Debt as the consolidated sum of current financial liabilities, non-current financial liabilities, current lease liabilities, and non-current lease liabilities, including our foreign currency and interest rate hedges, minus the amount of our cash and cash equivalents and other current financial investments.

For a reconciliation of Adjusted EBITDA to Profit and Net Debt to Other Current Financial Liabilities, see "Selected Financial and Other Information."

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This offering memorandum contains statements that constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Many of the forward-looking statements contained in this offering memorandum can be identified by the use of forward-looking words such as “anticipate,” “believe,” “could,” “expect,” “should,” “plan,” “intend,” “estimate” and “potential,” among others.

Forward-looking statements appear in a number of places in this offering memorandum and include, but are not limited to, statements regarding our intent, belief or current expectations. Forward-looking statements are based on our management’s beliefs and assumptions and on information currently available to our management. Such statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements as a result of various factors, including, but not limited to, those identified under the section entitled “Risk Factors” in this offering memorandum. These risks and uncertainties include factors relating to:

- our ability to acquire and retain subscribers;
- changes in competition and pricing environments;
- the effects of the COVID-19 pandemic and the efforts to mitigate its impact;
- earthquakes, tsunamis and other natural disasters, system failures, equipment failure or breaches of network or information technology security, and wireless fraud;
- the impact of unrelated parties not meeting our business requirements, including a significant adverse change in the ability or willingness of such parties to provide devices or infrastructure equipment for our network, or of unrelated parties’ ability or willingness to provide related devices, infrastructure equipment and software applications, or to develop new technologies and devices or features, for our network;
- our inability to acquire additional radio spectrum capacity or successfully expand our existing mobile networks;
- the cost and availability of adequate insurance coverage;
- exercise of control by our controlling shareholder and potential changes in our controlling shareholder and implications on our business and strategy;
- changes in capital market conditions that may affect policies or attitudes towards lending to Chile or Chilean companies, and unanticipated increases in financing and other costs or the inability to obtain debt refinancing on attractive terms;
- changes in general economic, business, political or other conditions in Chile or elsewhere in Latin America;
- changes in technology and our ability to adapt to such changes;
- changes in commodity costs, labor, supply, fuel, utilities, distribution and other operating costs;
- changes in labor relations;
- changes in government regulation, including the revocation or suspension of our concessions and licenses and the passing of draft bills currently under consideration by the Chilean congress;
- currency devaluations and foreign exchange fluctuations;
- unexpected results of litigation filed against us or our suppliers or vendors;

- other factors that may affect our financial condition, liquidity and results of operations; and
- other risk factors discussed under "Risk Factors."

Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

SUMMARY

This summary highlights information contained elsewhere in this offering memorandum. This summary may not contain all the information that may be important to you, and we urge you to read this entire offering memorandum carefully, including the "Risk Factors," "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections and our consolidated financial statements and notes to those statements, included elsewhere in this offering memorandum, before deciding to invest in the notes.

Our Business

We are one of the largest telecommunications operators in Chile, providing a complete range of telecommunications services throughout the country, including fixed and mobile services, as well as a wide range of digital services for retail and business clients. We offer our clients a wide range of mobile telecommunications, including voice services, mobile Internet browsing, mobile broadband, international roaming and multiple value-added services. Our subsidiary Telefónica Chile S.A. offers fixed broadband services, mainly through fiber optic, pay TV, telephony, international long distance, data transmission services, digital services and comprehensive telecommunications solutions for residential and business customers.

As part of the Telefónica Group, we benefit from its experience as a global telecommunications operator. As of June 30, 2021, Telefónica provided telecommunications services in 13 countries to more than 345 million subscribers. Given its global presence, Telefónica actively participates in telecommunications developments and deploys best practices and innovative solutions in all its markets.

For the fiscal year ended December 31, 2020 and the nine months ended September 30, 2021, we had an adjusted EBITDA of Ch$424,475 million and Ch$679,773 million, respectively. Excluding a non-recurring effect in 2021, adjusted EBITDA reached Ch$321,519 million in the nine months ended September 30, 2021.

As of September 30, 2021, we had approximately 10.4 million total subscribers, of which 7.7 million are mobile and 2.7 million are fixed.

The following table shows our ARPU, churn rate and subscribers in 2018, 2019, 2020 and the nine months ended September 30, 2020 and 2021:

	For the years ended December 31,			For the nine months ended September 30,	
	2018	2019	2020	2020	2021
Total Accesses[1]					
Total postpaid subscribers	3,609,801	3,711,160	4,142,452	3,921,478	4,745,466
Total prepaid subscribers	4,886,449	3,896,493	3,228,632	3,477,556	2,970,645
Lines in Service	1,222,435	1,058,230	928,936	944,091	889,353
Fixed Broadband	1,094,053	1,007,510	1,002,593	1,012,495	1,260,038
Pay TV Customers	651,339	523,261	496,770	476,260	576,128
ARPU[2]					
Mobile postpaid	13,563	12,585	11,390	11,562	10,002
Mobile prepaid	5,801	5,235	5,120	5,122	5,308
Basic Telephony	5,598	5,239	4,536	4,527	4,133
Fixed Broadband	12,740	13,485	14,305	14,214	14,891
Pay TV	21,120	21,353	19,893	19,698	20,516
Churn[3]					
Mobile postpaid	2.4%	3.0%	2.5%	2.6%	2.3%
Mobile prepaid	6.0%	4.4%	3.8%	4.7%	5.6%

	For the years ended December 31,			For the nine months ended September 30,	
	2018	2019	2020	2020	2021
Basic Telephony	1.9%	2.0%	2.0%	2.2%	1.6%
Fixed Broadband	2.6%	2.8%	2.6%	2.5%	1.8%
Pay TV	3.0%	3.2%	2.8%	2.7%	1.8%

(1) Measured as of the last date of the applicable period.

(2) We calculate ARPU by dividing revenues for a given period by the average number of subscribers for such period. Averages are calculated as the average of each of the months in the applicable period. We calculate Mobile services ARPU by dividing revenues, excluding revenues from handset sales and interconnections, for a given period by the average number of subscribers for such period.

(3) We calculate churn rate as the total number of subscriber deactivations for a given period divided by total average subscribers of such period. Averages are calculated as the average of each of the months in the applicable period.

Our Services

We offer a wide range of telecommunications services throughout Chile for residential, SME and business customers, among which are mobile services such as voice and data services, mobile broadband (MBB), roaming and multiple value-added services. Additionally, through our subsidiary Telefónica Chile S.A. we offer fixed broadband services, pay TV, basic telephony, international long distance, data transmission and digital services, among others. As of September 30, 2021, we had 7,716,111 mobile accesses and 2,741,173 fixed accesses, including 1,261,180 fixed broadband (FBB) accesses, of which nearly 85% are fiber optic broadband accesses.

Mobile Services and equipment sales

Mobile voice and data services

We offer wireless voice and data services under a variety of rate plans to meet the needs of different user segments, including retail and corporate customers. The rate plans are either “prepaid,” where the subscriber pays in advance for a specified volume of use over a specified period, or “postpaid,” where the subscriber is billed monthly for the previous month. As of September 30, 2021, postpaid subscribers represented approximately 62% of our total mobile subscribers.

Mobile Broadband (MBB)

Our MBB service allows our subscribers to access the Internet from a laptop, desktop or any device with Wi-Fi available using a MiFi modem or a portable router to provide a wireless connection that can reach 3G, 4G and 4G + speeds depending on the capacity of the device and signal availability. Our MBB service allows our subscribers to be always connected without depending on passwords, fixed web, cables or Wi-Fi availability. The main features of our MBB platform are emails, continuous Internet access (subject to signal strength), instant text messaging, chats, and downloads.

Roaming

By hiring the innovative “Movistar Passport” for a fixed price, our customers have unlimited navigation and a certain number of voice minutes that may be used in 79 countries abroad for a period between 7 and 21 days. We offer international roaming services for our subscribers through the networks of international mobile service providers with whom we have entered into international roaming agreements. We also provide roaming services in Chile to subscribers of our international roaming partners.

Equipment sales

We offer mobile equipment and accessories of different brands, ranges and features, which can be purchased in various purchase modalities.

Fixed Broadband

Fixed Broadband Services

We offer broadband to residential customers, small and medium-sized business ("SME") customers, and corporate customers through fiber optic technology and xDSL.

We have led the development of fiber optics in Chile, thus reinforcing our value proposition in broadband, which has led us to be the leader in speed and quality in Chile in 2020 and 2021. This has allowed us to provide multiple services with excellent quality and reliability. Our fixed broadband plans range from a speed of 100 Mbps to 900 Mbps through fiber optic.

Our quality broadband offer has allowed us to face the exponential growth in data traffic, allowing our clients to have the best connectivity while working remotely. As a result of the COVID-19 pandemic, fiber optic was consolidated as the best Internet alternative in Chile, showing a clear superiority over other data transmission technologies.

Our broadband service has continued to expand, supported by bundling with voice and IPTV plans.

Video and Pay Television Services

We offer pay television services with more than 155 TV signals through "IPTV", using high-speed Internet access through fiber optic.

Additionally, we provide an Internet television service, under the commercial name of "Movistar Play", which allows access to TV services to all our clients, fixed and mobile, through their smart TV, mobile equipment or personal computer.

Additionally, we have a satellite television service (DTH) for areas where Movistar's fiber optic technology is not yet available or for more traditional and less digital customer profiles.

Corporate Customer Communications and Data

Through our subsidiary Telefónica Empresas S.A. ("Telefónica Empresas"), we provide integrated communications solutions for business clients, including government ministries, large corporations, health and educational institutions and small and medium enterprises (SME). Telefónica Empresas provides data transmission, mainly through IP-based services and digital services such as Cloud, security services and IoT, and also data services for Corporate and SME customers.

Basic Telephony

We provide basic telephone service to our clients through the public telephone network with "*traditional plans*" that consist of a fixed monthly charge plus variable charges depending on usage, and "*minute plans*" that consist of basic telephone service with a certain number of minutes or with unlimited traffic for a monthly charge. All our plans can be combined with broadband and pay TV plans. The basic telephony services also include interconnection services, international long distance service and public telephony, among others.

In recent years, the focus of our business has been to protect our voice telephony business, given the contraction in the number of lines in service caused by the notable growth of mobile telephone service and other technologies. Our strategy to protect revenues from the fixed line segment has been to promote the combination of fixed voice service with broadband and/or pay TV.

Our Strengths

Our competitive strengths are the following:

One of the Largest Integrated Telecommunications and Digital Services Providers in Chile. We are the only operator in Chile with a relevant market share in all the fixed and mobile business segments. As of September 30, 2021, we had 10,457,284 accesses, of which 7,716,111 are mobile (of which 62% are post-payment clients) and 2,741,173 are fixed (of which 41% are broadband accesses and 21% are pay TV).

We offer a series of fixed telecommunications services, including broadband, pay TV and telephony. We are leaders in the fiber optics broadband market with a 47.7% market share as of June 30, 2021, which has allowed to increase our market share in total broadband from 25.4% as of June 2020 to 28.0% as of June 2021. In addition, we have the best offering in terms of quality and speed, as evidenced by the first place awards we received from Ookla (a global provider of internet testing and analysis) and Alco (a customer experience expert in Latin America) in 2020 and 2021. Our IPTV platform allows us to deliver TV and OTT content to our customers in an integrated and high definition manner.

On the postpaid mobile service, we are the operator with the highest growth rate in the last twelve months in terms of market share, increasing our market share from 26.7% as of June 2020 to 27.9% as of June 2021. We expect to keep this growth rate with a competitive offering of quality services and by incorporating our 5G services, as we develop and deploy our 5G network across the country.

Additionally, we offer a robust suite of digital services for companies and SMEs, such as cloud, cybersecurity, IoT services and we leverage the technological support of the different specialized areas of Grupo Telefonica.

Our Network Technology & Coverage. As of September 30, 2021, we operated the most extensive fixed line and fiber optic telecommunications networks in Chile through a commercial agreement with InfraCo SpA for wholesale connectivity, according to our estimates, with the broadest national coverage of voice, fiber optic broadband, IPTV and corporate services. As of June 30, 2021, we had a 47.7% fiber optic market share, the largest market share of any other company in Chile. In addition, we have an advanced mobile telecommunications network and we are committed to ensuring that our service platform is kept up-to-date with the latest technology, as our LTE / 4G and 3G networks cover more than 90% of Chile's population. We recently obtained through public auction the spectrum licenses necessary to deploy a 5G network that will allow us to offer an even faster and better quality experience to our customers. We are currently implementing the first phase of our 5G network, which will be our next generation network access technology. We believe that ensuring high quality and updating our mobile network allows us to provide our clients with the highest quality of service in Chile and that it will also allow us to introduce new products and advanced services in the Chilean market.

Our Differentiated Customer Experience. We believe that our focus on delivering innovative service offerings and superior customer care results in a more rewarding customer experience and a higher degree of customer loyalty. We have introduced many innovative products and services to the Chilean market. Our voice and data services, including our significant library of entertainment content, advanced networks and focus on new businesses, aim at differentiating our brand through the provision of unique products and services. In addition, we are the only operator in the market that has a relevant market share in both the mobile and fixed business segments, and we have an important customer base that bundled fixed services such as broadband, Pay TV and voice and bundled mobile services including voice, Internet and value added services.

The Movistar Brand. The Movistar brand is among the most valuable brands in Chile in all income segments, and is known for its high-quality communications services, innovation, youth, accessibility and reliability. Telefónica has implemented a uniform marketing and branding strategy in Spain and Latin America, but we also apply a personalized marketing approach to the Chilean market that largely reflects the local culture. Through our use of the Movistar brand, which is owned by the Telefónica Group, we are the only Chilean operator with a complete set of telecommunications products and have the second largest top of mind, purchase consideration and recommendation rates among Chilean consumers.

Our Relationship with Telefónica. As part of the Telefónica Group, we benefit from its experience as a global telecommunications operator, synergies, strategic initiatives and technological innovation. As of June 30, 2021, Telefónica provided telecommunications services in 13 countries to more than 345 million subscribers. Given its global presence, Telefónica actively participates in telecommunications developments and deploys best practices and innovative solutions in all its markets. We also benefit from Telefónica's economies of scale. For example, Telefónica negotiates the supply of most of its devices and hardware centrally for all its subsidiaries, which allows us to benefit from volume prices.

Our Diversified and Strong Distribution Channels. As of September 30, 2021, we have developed an extensive network that consists of around 25 main distributors, 8 owned stores, 29 points of sale in shopping centers, 300 retail stores and 92 branches across the country that we operate through partners. We carry out permanent training and evaluation programs to partners aiming to maintain a high level of quality of service. We also have a dedicated corporate sales group to serve the needs of our large corporate subscribers and other high-usage subscribers.

Our Solid Financial Structure and Average Leverage. We have a solid financial structure, reflected in our low levels of indebtedness and strong cash flow generation. Our total indebtedness as of September 30, 2021 was Ch$833,744 million, including foreign exchange and interest rate hedges, with an average maturity of 2.4 years. In addition, our adjusted EBITDA for the 12 months ended September 30, 2021 is greater than the principal amount of our debt maturities in the 12 months ended September 30, 2021, allowing us to cover our financial needs in anticipation of maturities. As of December 31, 2020, our ratio of net debt to adjusted EBITDA was 1.27x, including lease liabilities.

Experienced Management Team and First-Rate Employees. We rely on our experienced management team with vast experience in the telecommunications industry. We also have highly qualified professionals with solid experience and know-how in the industry. Additionally, our employees strive to provide excellent customer service and we are constantly implementing training and development programs. We provide our employees with a positive work environment.

Our Strategy

Our strategic plan, aligned with the Telefónica Group’s regional initiatives, is based on the following strategic levers:

Growth**:** We plan to capture growth opportunities in the telecommunications industry, especially in high speed broadband and TV / video services, driven by the growth of fiber optics, in line with the growth of data demand in the residential and business segments.

We see significant growth opportunities in providing digital services through our robust portfolio of services and the technological support of the specialized areas of the Telefónica group, which allows us to have an offer of services that is tailored to the needs of corporate clients. On the other hand, we will maintain a focus on growing in connectivity and providing greater services to clients in the small and medium-sized business segment.

In the mobile business, we will maintain our focus on the growth of the postpaid service through competitive offers in the market and the development of the new 5G network during the following years and continue with our policy of profitable growth in the equipment sale business, maintaining a wide range of high-quality, high-performance equipment and accessories, that allow us to maintain high levels of satisfaction for our mobile business customers. Additionally, we expect to grow in revenues from wholesale services from the fixed and mobile businesses.

Digitization**:** We intend to continue advancing in the digitization of our internal and commercial systems, opening new alternatives for information, sales and after-sales services for our current clients and potential clients. We seek to have stable, redundant, and easy-to-use systems and processes to be more efficient and more friendly with customers. We want to become a fully digitalized company by making as many of our services as possible accessible on-line over the internet, including customer support, sales, and billing, thus also improving service satisfaction levels.

Efficient Infrastructure: Regarding our network infrastructure, both mobile and fixed, our commitment is to continue growing in speed, quality and coverage, profitably.

Due to the growing demand for data services in the mobile and fixed business, it is essential to invest in the development and updating of our networks, to guarantee the satisfaction of our clients and maintain an offer of innovative services and capture business growth. In this sense, it is our intention to make continuous investments to improve the speed and quality of our networks, increase our fixed and mobile points of presence, and expand our coverage. In 2021, we have added 50 MHz in the 3500 MHz band for the use of 5G technology.

For the mobile business, our current focus is to increase the speed and coverage of the 4G / LTE network and at the same time carry out the deployment of the new 5G network, with national coverage, which will allow us to expand our service offer; taking advantage of the benefits of this new technology such as increased speed, low latency rate and broad device connectivity, offering a better user experience and the development of new data-demanding services, such as video and gaming, IoT, wearables, smart homes, smart cities, telemedicine and other applications for productive industries, agriculture and mining.

Additionally, we will maintain our fiber optic expansion plan, through a commercial agreement for wholesale connectivity services signed with the company On-net Fibra, in July 2021, of which the subsidiary Telefónica Chile owns 40% of the property. On-net Fibra has committed to making the necessary investments to fulfill its accelerated fiber optic network deployment plan.

In conjunction with the above, we will continue to advance in the management of legacy networks, with the migration of clients to more modern services and systems in a gradual and efficient way, leveraging ourselves in the digital transformation of the commercial systems of the mass segment and companies and the shutdown of networks and systems.

Talent and Leadership. We will continue to leverage our management talent and promote leadership in order to achieve an efficient and flexible organization. We want our best employees to stand out and influence others to work agilely and efficiently. We want employees who are committed and aligned with the needs of the business and clients, organized under the umbrella of the Hispam unit of the Telefónica group, which will allow us to take advantage of best practices and share knowledge and experiences in other Latin American countries.

Sustainable Business. We seek to position ourselves as a socially responsible actor in Chile and increase our attractiveness for ESG investments.

We believe that our duty is to take advantage of the capabilities of connectivity and digitization, not only to contribute value to our clients, but also to help face major challenges such as climate change, inequality, employability or misinformation. In that sense, we want to:

- Help society prosper: promote economic and social progress based on digitization, leaving no one behind.
- Build a greener future by harnessing the power of digitization to curb climate change and go beyond what is expected from us and assume our responsibility at all times to generate trust.

In order to meet our goals, we listen to our clients, employees, investors, governments and other stakeholders. With the information available about our stakeholders, we identify areas of work to fulfill our mission of making our world more human, connecting people's lives and fulfilling our responsible business plan that includes various projects associated with sustainability, privacy and security, ethics, human capital, governance, suppliers, environment and climate change.

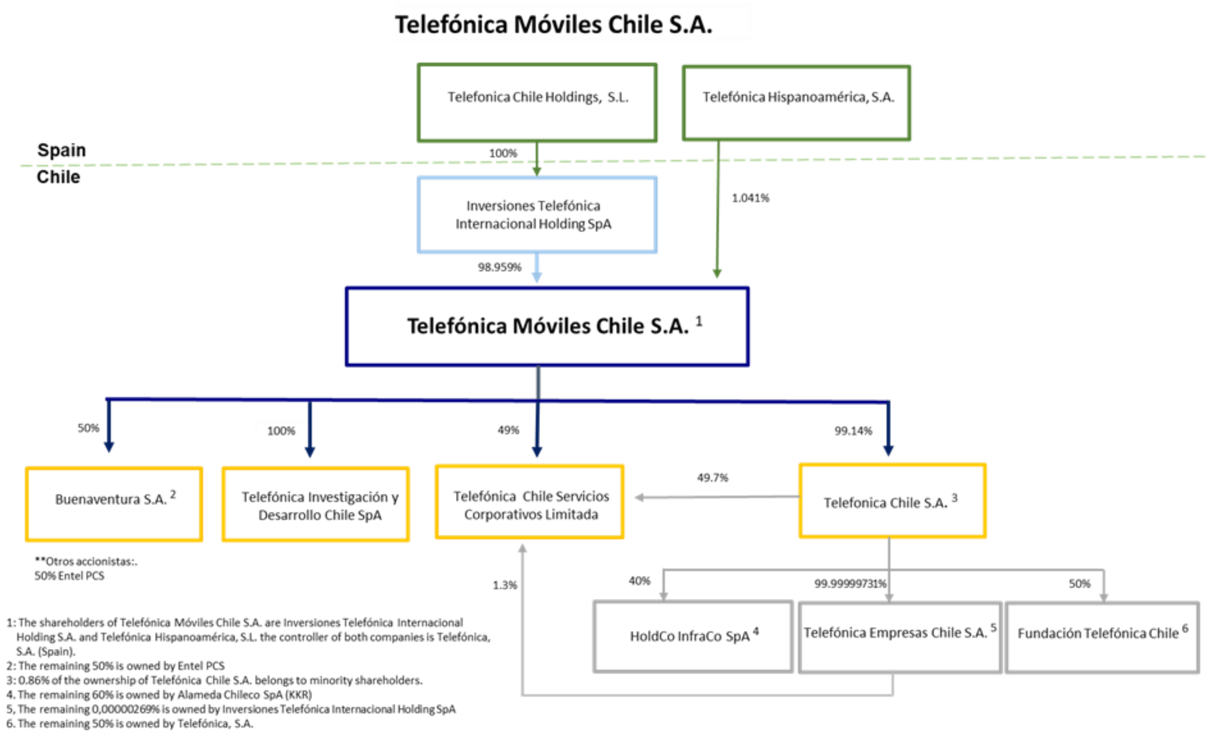
The aforementioned approach helps us to:

- Manage risks and anticipate increasing regulation.
- Improve productivity by incorporating sustainability criteria in processes.

- Grow by enhancing the social or environmental benefits of our products and services as a differential element in the market.

Corporate Structure

Our corporate structure (including our shareholders) as of September 30, 2021 is shown in the chart below:



General Information

Our principal executive offices are located at Avenida Providencia 111, Santiago, Chile. Our telephone number at this location is +562-2691-2020. Our websites are www.movistar.cl and www.telefonicachile.cl (for corporate information). Information contained on, or accessible through, our website is not incorporated by reference in, and shall not be considered part, of this offering memorandum.

THE OFFERING

This summary highlights information presented in greater detail elsewhere in this offering memorandum. This summary is not complete and does not contain all the information you should consider before investing in the notes. You should carefully read this entire offering memorandum before investing in the notes, including "Description of the Notes," "Risk Factors" and our consolidated financial statements.

Issuer	Telefónica Móviles Chile S.A.
Notes offered	U.S.$500,000,000 aggregate principal amount of 3.537% senior notes due 2031.
Issue price	100.000% plus accrued interest, if any, from November 18, 2021.
Issue date	November 18, 2021.
Maturity date	November 18, 2031.
Interest payment dates	November 18 and May 18 each year, commencing on May 18, 2022.
Interest	The notes will bear interest from November 18, 2021 at the annual rate of 3.537%, payable semi-annually in arrears on each interest payment date.
Ranking	The notes will be our general unsecured and unsubordinated obligations and will, at all times, rank *pari passu* in right of payment with all our other existing and future unsecured and unsubordinated indebtedness (except those obligations preferred by operation of Chilean law, including labor and tax claims). The notes will be effectively subordinated to our secured indebtedness to the extent of the assets securing such indebtedness. In addition, the notes will be structurally subordinated to all existing and future indebtedness and other liabilities (including trade payables) of our subsidiaries. As of September 30, 2021 we had Ch$833,734 million of outstanding indebtedness, including foreign exchange and interest rate hedges (none of which was secured). As of September 30, 2021, Ch$259,431 million of our total outstanding indebtedness was indebtedness of our subsidiaries.
Optional redemption for the notes	We may redeem the notes, in whole or in part, by paying the greater of the outstanding principal amount of the notes and a "make-whole" amount, in each case plus accrued and unpaid interest to the date of redemption. In addition, we may redeem the notes, in whole or in part, at any time and from time to time, beginning on the date that is 90 days prior to the final maturity date of the notes (the "Par Call Date"), at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, to the date of redemption. See "Description of the Notes—Optional Redemption."

Optional Tax Redemption	The notes are redeemable at our option in whole (but not in part) at any time at the principal amount thereof plus accrued and unpaid interest and any additional amounts due thereon if the laws or regulations affecting taxes in the Republic of Chile or any other jurisdiction with the power to impose, levy or assess taxes in respect of payments on the notes change after the date of the indenture in certain respects and impose withholding tax on interest paid on the notes in excess of 4.0 %. See "Description of the Notes—Optional Redemption—Tax Redemption."
Additional Amounts	Payments of interest in respect of the notes made by us to foreign holders will be subject to Chilean interest withholding tax at a rate of 4.0%. Subject to certain exemptions, we will pay such additional amounts as may be necessary so that the net amount received by the holders of the notes after withholding or deduction for or on account of any Chilean taxes, or any taxes imposed by any other jurisdiction through which we make any payment under the notes, will not be less than the amount that would have been received in the absence of such withholding or deduction. For a discussion of the tax consequences of, and limitations on, the payment of additional amounts with respect to any such taxes, see "Description of the Notes—Additional Amounts" and "Taxation—Chilean Taxation."
Covenants	The indenture contains covenants that, among other things: • limit our ability to create liens; • limit our ability to engage in sale/lease back transactions; • limit our ability to consolidate with or merge into any other corporation or convey or transfer our properties and assets substantially as an entirety to any person (which may only be a Chilean or U.S. person or corporation); and • require us to make available, upon request, to any holder, any owner of a beneficial interest in any note or any prospective purchaser designated by a holder or owner, certain supplementary and periodic information, documents and reports. These covenants are subject to important exceptions and qualifications. See "Description of the Notes—Covenants."
Events of default	For a discussion of certain events of default that will permit acceleration of the principal of the notes plus accrued interest, and any other amounts due with respect to the notes, see "Description of Notes—Events of Default."
Use of proceeds	We intend to apply the gross proceeds, after deducting commissions and estimated expenses to repay or redeem the 3.875% Senior Notes due 2022 (the "2022 Notes") issued by Telefonica Chile S.A. and for general corporate purposes. See "Use of Proceeds."
Form and denomination	The notes will be issued in the form of global notes without coupons, registered in the name of a nominee of DTC and its direct and indirect participants, including Euroclear and Clearstream.

	The notes will be issued in minimum denominations of U.S.$150,000 and integral multiples of U.S.$1,000 in excess thereof.
Transfer restrictions................................	We have not registered the notes under the Securities Act. The notes are subject to restrictions on transfer and may only be offered in transactions exempt from or not subject to the registration requirements of the Securities Act. See “Transfer Restrictions.”
Listing...	We will apply to list the notes on the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF Market. However, we cannot assure you that the listing application will be approved.
Governing law	The indenture and the notes will be governed by the laws of the State of New York.
Trustee, registrar, paying agent and transfer agent..................................	The Bank of New York Mellon.
Luxembourg listing agent.......................	The Bank of New York Mellon (Luxembourg) S.A.
Legal Entity Identifier	549300PDWJ2U6A15B785.
Selling restrictions.................................	There are restrictions on persons to whom notes can be sold, and on the distribution of this offering memorandum, as described in “Plan of Distribution.”
Risk Factors	You should carefully consider all of the information contained in this offering memorandum prior to investing in the notes. In particular, we urge you to carefully consider the information set forth under “Risk Factors” for a discussion of risks and uncertainties relating to us, our subsidiaries, our business, our shareholders and an investment in the notes.

SUMMARY FINANCIAL AND OTHER INFORMATION

The following tables present our summary consolidated financial and operating information as of and for the years ended December 31, 2018, 2019 and 2020 and as of September 30, 2021 and for the nine months ended September 30, 2020 and 2021, in accordance with IFRS as issued by the IASB. This information should be read in conjunction with, and is qualified in its entirety by reference to, our Audited Consolidated Financial Statements, our Unaudited Interim Consolidated Financial Statements and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this offering memorandum.

The summary consolidated financial information as of December 31, 2018, 2019 and 2020 and for each of the years then ended has been derived from our Audited Consolidated Financial Statements, which have been audited by PwC. The report of PwC on our Audited Consolidated Financial Statements appears elsewhere in this offering memorandum.

The summary interim consolidated financial information as of September 30, 2021 and for the nine months ended September 30, 2020 and 2021 has been derived from our Unaudited Interim Consolidated Financial Statements contained elsewhere in this offering memorandum. The results of operations for the nine months ended September 30, 2021 are not necessarily indicative of the results to be expected for the year ending December 31, 2021 or for any other period.

	For the year ended December 31,				For the nine months ended September 30, (unaudited)		
	2018	**2019**	**2020**	**2020**	**2020**	**2021**	**2021**
	(in millions of nominal Ch$)			**(in millions of U.S.$)[(1)]**	**(in millions of nominal Ch$)**		**(in millions of U.S.$)[(1)]**
CONSOLIDATED INCOME STATEMENT DATA							
Revenue from ordinary operations	1,573,232	1,503,478	1,430,184	1,761.5	1,040,571	1,154,726	1,422.3
Other income	6,727	29,082	18,971	23.4	10,989	378,731	466.5
Employee benefits expenses	(124,721)	(123,066)	(131,388)	(161.8)	(97,079)	(100,008)	(123.2)
Depreciation and amortization expense	(279,535)	(330,620)	(328,473)	(404.6)	(246,282)	(218,669)	(269.3)
Impairment losses (reversal of impairment losses)	(49,049)	(64,755)	(63,486)	(78.2)	(49,557)	(36,609)	(45.1)
Other expenses[(2)]	(975,706)	(856,445)	(829,807)	(1,022.1)	(597,515)	(717,067)	(883.2)
Profits from operating activities	**150,948**	**157,674**	**96,001**	**118.2**	**61,127**	**461,104**	**568**
Finance income	5,867	5,347	3,958	4.9	3,099	2,814	3.5
Finance costs	(42,165)	(50,782)	(51,028)	(62.9)	(37,525)	(32,504)	(40)
Share in earnings (losses) of associates and joint venture	-	-	-	-	-	(96)	(0.1)
Foreign exchange differences and monetary adjustments	870	(1,630)	34	0.0	(1,102)	(1,054)	(1.3)
Profits before tax from continuing operations	**115,520**	**110,609**	**48,965**	**60.3**	**25,599**	**430,264**	**530**
Income tax expense	(29,604)	(28,144)	(17,013)	(21.0)	(4,494)	(110,037)	(135.5)
Profit from continuing operations	**85,916**	**82,465**	**31,952**	**39.4**	**21,105**	**320,227**	**394.5**

	For the year ended December 31,					For the nine months ended September 30, (unaudited)	
	2018	2019	2020	2020	2020	2021	2021
	(in millions of nominal Ch$)			(in millions of U.S.$)(1)	(in millions of nominal Ch$)		(in millions of U.S.$)(1)
Profit attributable to owners of the parent	85,790	82,222	31,975	39.4	21,146	317,632	391.3
Profit attributable to non-controlling interests	126	243	(23)	—	(41)	2,595	3.2
Profit	**85,916**	**82,465**	**31,952**	**39.4**	**21,105**	**320,227**	**394.5**

	As of December 31,				As of September 30, (unaudited)	
	2018	2019	2020	2020	2021	2021
	(in millions of nominal Ch$)			(in millions of U.S.$)(1)	(in millions of nominal Ch$)	(in millions of U.S.$)(1)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA						
Assets						
Current assets:						
Cash and cash equivalents	263,376	234,467	465,809	537.7	227,924	280.7
Other current financial assets(3)	5,212	24,825	10,487	12.9	51,610	63.6
Other current non-financial assets(4)	38,269	41,026	71,617	88.2	93,916	115.7
Trade and other accounts receivable	198,535	233,716	234,487	288.8	318,775	392.6
Current accounts receivable from related companies	21,488	21,109	9,100	11.2	34,832	42.9
Inventory	55,566	59,288	67,437	83.1	92,909	114.4
Current tax assets	13,177	7,531	14,138	17.4	10,327	12.7
Current assets or assets groups for disposal classified as held for sale	-	-	6,823	8.4	5,394	6.6
Total current assets	**595,623**	**621,962**	**879,898**	**1,083.8**	**835,687**	**1,029.3**
Non-current assets:						
Other non-current financial assets(5)	152,156	195,991	165,092	203.3	243,756	300.2
Other non-current non-financial assets	2,717	13,037	57,495	70.8	118,440	145.9
Non-current trade and other accounts receivable	34,029	27,422	23,324	28.7	41.668	51.3
Non-current receivables from related companies	-	-	-	-	80,380	99.0
Investments in associates and joint ventures	-	-	-	-	67,698	83.4
Intangible assets other than goodwill, net	179,956	159,340	142,413	175.4	265,651	327.2
Goodwill	504,840	504,775	504,775	621.7	504,775	621.7
Property, plant and equipment, net	1,252,994	1,226,828	1,153,563	1,420.8	954,514	1,175.7
Investment properties	-	-	4,098	5.0	3,933	4.8
Right of-use assets	-	221,023	187,318	230.7	177,653	218.8
Deferred tax assets	118,545	116,368	117,547	144.8	100,489	123.8
Total non-current assets	**2,245,237**	**2,464,784**	**2,355,625**	**2,901.4**	**2,558,957**	**3,151.8**

	For the year ended December 31,					For the nine months ended September 30, (unaudited)	
	2018	2019	2020	2020	2020	2021	2021
	(in millions of nominal Ch$)			(in millions of U.S.$)[1]	(in millions of nominal Ch$)		(in millions of U.S.$)[1]
Total assets	**2,840,860**	**3,086,746**	**3,235,523**	**3,985.1**	**3,394,644**		**4,181.1**
Liabilities							
Current liabilities:							
Other current financial liabilities[6]	58,886	126,078	256,849	316.4	13,649		16.8
Current leases liabilities	—	78,740	61,503	75.8	50,234		61.9
Trade and other accounts payable	385,754	304,291	353,692	435.6	395,632		487.3
Current payable to related companies	52,203	66,055	59,548	73.3	71,699		88.3
Other current provisions	5,745	1,602	5,495	6.8	7,937		9.8
Current tax liabilities	3,421	5,253	7,661	9.4	96,467		118.8
Current employee benefits accrual	8,598	9,398	3,343	4.1	3,374		4.2
Other current non-financial liabilities[7]	29,757	51,933	50,016	61.6	42,876		52.8
Total current liabilities	**544,363**	**643,350**	**798,107**	**983**	**681,868**		**839.8**
Non-current liabilities:							
Other non-current financial liabilities [8]	844,037	783,162	755,603	930.7	1,033,053		1,272.4
Non-current leases liabilities	—	122,548	98,438	121.2	145,704		179.5
Trade and other payables non-current	4,320	2,161	1,161	1.4	430		0.5
Current payables to related companies non-current	168	38,028	40,802	50.3	1,613		2.0
Other non-current provisions	20,184	18,801	17,265	21.3	17,738		21.8
Deferred tax liabilities	84,570	93,902	95,703	117.9	94,553		116.5
Non-current employee benefits accrual	26,842	26,724	33,147	40.7	29,326		36.1
Other non-current non-financial liabilities	8,044	7,655	5,653	7.0	83,049		102.3
Total non-current liabilities	**988,165**	**1,092,981**	**1,047,772**	**1,290.5**	**1,405,466**		**1,731.1**
Total liabilities	**1,532,528**	**1,736,331**	**1,845,879**	**2,273.5**	**2,087,334**		**2,570.9**
Net shareholders' equity							
Issued capital	1,294,872	1,329,872	1,364,872	1,681.1	1,364,872		1,681.1
Retained earnings	465,583	472,508	494,586	609.2	375,145		462.1
Other reserves	(457,728)	(457,825)	(475,474)	(585.6)	(439,051)		(540.8)
Shareholders' equity attributable to owners of the parent	1,302,727	1,344,555	1,383,984	1,704.6	1,300,966		1,602.4
Non-controlling interest	5,605	5,860	5,660	7.0	6,344		7.8
Total net shareholders' equity	**1,308,332**	**1,350,415**	**1,389,644**	**1,711.6**	**1,307,310**		**1,610.2**
Total net liabilities and shareholders' equity	**2,840,860**	**3,086,746**	**3,235,523**	**3,985.1**	**3,394,644**		**4,181.1**

	For the year ended December 31,				For the nine months ended September 30, (unaudited)		
	2018	2019	2020	2020	2020	2021	2021
	(in millions of nominal Ch$)[(9)]			(in millions of U.S.$)[(1)(9)]	(in millions of nominal Ch$)[(10)]		(in millions of U.S.$)[(1)(9)]
OTHER DATA							
Capital expenditures[(10)] .	223,193	201,606	140,917	173.6	107,683	99,574	122.6
Net cash provided by operating activities	435,193	429,778	427,745	526.8	185,381	65,518	80.7
Net cash used in investing activities.....	(273,391)	(289,416)	(217,115)	(267.4)	(186,093)	214,146	263.8
Net cash used in financing activities	(105,219)	(169,272)	20,713	25.5	(48,399)	(517,549)	(637.5)
Adjusted EBITDA[(11)]	430,483	488,294	424,475	522.9	307,409	679,773	837.1
Adjusted EBITDA (excluding Non-recurring effect in 2021)	-	-	-	-	-	321,519	396
Adjusted EBITDA margin[(12)]..................	27.4%	31.9%	29.3%	-	29.2%	27.4%	-
Net debt/Adjusted EBITDA[(13)]	1.14	1.37	1.27	-	1.63	1.74	-

(1) For the reader's convenience, we have converted the original Chilean peso amounts into U.S. dollars at the observed exchange rate as published by the Chilean Central Bank on the last business day of the most recent reported period. The exchange rate used for purposes of this conversion was Ch$811.9 per U.S.$1.00 as of September 30, 2021. We make no representation that the Chilean peso or the U.S. dollar amounts referred to herein actually represent, could have been or could be converted into U.S. dollars or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all.

(2) Other miscellaneous operating expenses include mainly costs of sales of equipment and sales commissions, media rental and other exterior services, interconnections and roaming, customer assistance services, and others.

(3) Other current financial assets include financial assets at fair value through profit and loss and hedge assets, current.

(4) Other current non-financial assets include prepayments, current and other assets, current.

(5) Other non-current financial assets include hedge assets, non-current.

(6) Other current financial liabilities include interest bearing loans, current.

(7) Other current non-financial liabilities include deferred revenue and other liabilities, current.

(8) Other non-current financial liabilities include interest bearing loans and hedge liabilities, non-current.

(9) Except percentages, ratios, subscriber figures and ARPU.

(10) Capital expenditures include additions to property, plant and equipment.

(11) Adjusted EBITDA is a non-IFRS financial measure, does not represent cash flows from operations for the periods indicated and should not be considered an alternative to profit before income taxes, as an indicator of our results of operations or as an alternative to cash flows from operations as an indicator of liquidity. Adjusted EBITDA does not have a standardized meaning and, accordingly, our definition of adjusted EBITDA may not be comparable to adjusted EBITDA as used by other companies. For our definition of adjusted EBITDA and a reconciliation thereof, see "Selected Financial and Other Information."

(12) Adjusted EBITDA margin is adjusted EBITDA divided by total revenues, expressed as a percentage. Adjusted EBITDA, as of September 30, 2021, excluded non-recurring effects

(13) Net Debt/Adjusted EBITDA ratio is the ratio of our net debt as of the end of the applicable period divided by our adjusted EBITDA for the last 12 months ended as of the end of the applicable period. Net Debt means the consolidated amount of our short-term debt and long-term debt, including our foreign currency and interest rate hedges, minus the amount of our cash and cash equivalents and other current and non-current financial assets. Net Debt does not have a standardized meaning and, accordingly, our definition of Net Debt may not be comparable to Net Debt as used by other companies. For a reconciliation of Net Debt to Other Current Financial Liabilities, see "Selected Financial and Other Information."

RISK FACTORS

You should carefully consider the risks and uncertainties described below and the other information in this offering memorandum before making an investment in the notes. The risks described below are not the only ones facing our company or investments in Chile. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. This offering memorandum also contains forward-looking statements that involve risks and uncertainties. See "Cautionary Statement Regarding Forward-Looking Statements." Our actual results could differ materially and adversely from those anticipated in these forward-looking statements as a result of certain factors, including the risks facing our company or investments in Chile described below and elsewhere in this offering memorandum.

Risks Relating to Our Business and the Telecommunications Industry

Competition in the telecommunications industry is intense and could adversely affect our business, financial condition and results of operations

The Chilean telecommunications markets are highly competitive. We face substantial competition from other integrated telecommunications providers and from other mobile and fixed-line providers. Some of our competitors may have more funds and other resources than us.

Among other things, our competitors could engage in commercially aggressive practices, such as increased handset subsidies, or other aggressively commercial promotions, offer higher commissions to retailers, provide free airtime or other services and expand their networks or develop and deploy improved wireless technologies faster. We might not be willing or able to match these strategies.

We also face competition from other digital service providers such as cable, mobile local loop, trunking, internet and voice-over-IP companies, as well as other new and non-traditional players that are entering the market, such as digital startups. In addition, as we continue to pursue our strategy of transforming into a digital services player, we increasingly compete against multinational corporations, particularly in the market for customized digital solutions for corporate and SME customers.

Competition in our markets has intensified in recent periods, and we expect that it will continue to intensify in the future as a result of:

- The entry of new competitors into the market, such as WOM S.A. ("WOM"), the development of new technologies, products and services, and the auction of additional spectrum.
- Acquisition of 5G spectrum by our competitor in the recent public auctions by Subtel.
- Consolidation or vertical integration in the telecommunications industry as companies seek out business synergies and cost efficiency. Consolidation may result in larger competitors with greater financial, technical, promotional or other resources to compete with us.
- The change in consumer preferences toward limited uses of land-line telephone service. We expect the number of fixed lines in service to continue to decline or stagnate as certain customers eliminate their fixed-line services in favor of mobile services as a result of lower rates. The rate at which the number of fixed lines in service in Chile may decline depends on economic, social and technological developments and other factors beyond our control.
- The emergence of mobile virtual network operators ("MVNOs"). MVNOs purchase minutes of use from traditional mobile operators for sale to their own subscribers and do not have their own radio spectrum and network infrastructure, MVNOs have a low-cost market entry, as they do not need to make investments in network development and spectrum.
- Commitments to provide digital coverage in more rural or isolated areas, which may result in increased

costs, as mandated by Law No. 21,245. In July 2020, Law No. 21, 245 (the "National Automatic Roaming Law") was enacted, requiring all operators to boost coverage in "digital divide" areas (i.e., rural or isolated areas where subsidized infrastructure was rolled-out as result of specific bids, where operators were required to provide services as a condition to obtaining spectrum and where there are greater connectivity issues) and to allow the use of their networks when another operator's network ceases to work. Specifically, the National Automatic Roaming Law requires mobile network operators to (i) enter into roaming agreements with each other in respect of inter alia isolated or low population density areas; and to mitigate mobile network interruptions; (ii) offer roaming services, essentially for new operators entering the market; and (iii) offer network services to MVNOs. These offers and agreements must be cost-based and economically viable. The Roaming Act is not yet fully applicable pending approval of supplementary regulation, but its application will potentially increase our costs.

- Regulatory initiatives aimed at increasing competition. Regulatory changes that have taken place in the recent past, such as number portability, which enables subscribers to switch wireless and fixed voice providers without changing their telephone numbers, have the potential to bolster the position of our current competitors and lower the barriers to entry for new competitors.

These developments may lead to smaller operating margins, an increased variety of choices for subscribers and increasing movement of subscribers among competitors, which may make it difficult for us to retain subscribers or add new subscribers. High levels of competition can generate reduction in sales prices to make products and services more competitive in the market, reducing profitability. In addition, as the cost of acquiring new subscribers is higher than the cost of maintaining existing subscribers, high levels of subscriber deactivations, or "churn," could have an adverse effect on our results of operations, even if we are able to obtain one new subscriber for each one lost.

Our ability to compete successfully will depend on our network coverage, the quality of our products and service, our rates, customer service, marketing and our ability to anticipate and respond to various competitive factors affecting the telecommunications industry, including new services and technologies, changes in consumer preferences, demographic trends, regulatory requirements, economic conditions and discount pricing strategies by competitors. If we are unable to respond to competition and compensate for declining prices by adding new subscribers, increasing usage and offering new services, our business, financial condition and results of operations could be adversely affected.

The telecommunications industry is subject to rapid technological changes, which could adversely affect our ability to compete effectively and our future financial performance.

The telecommunications industry as a whole has traditionally been, and is likely to continue to be, subject to rapid and significant changes in technology and the related introduction of new products and services. These changes include, among others, evolving industry standards, ongoing improvements in the capacity and quality of digital technology, shorter development cycles for new products and changes in end-user needs and preferences.

New services and technological advances may offer additional opportunities to compete against us on the basis of cost, quality or functionality. It may not be practicable or cost-effective for us to replace or upgrade our installed technologies in response to competitors' actions. Responding to such change may require us to devote substantial financial resources to the development, procurement or implementation of new technologies and to write off obsolete assets relating to our existing technology. If we choose to purchase or invest in the development of new telecommunications technology, we cannot assure you that such new products or services will not serve as a substitute to existing products and services we offer.

The most significant technological change expected in the near future is the implementation of 5G technology, which was first launched in South Korea in the first quarter of 2019. Between January and February 2021, Subtel assigned concessions for the provision of telecommunication services using 5G technology in the following four spectrum bands: 700 MHz, AWS (1,700 and 2,100 MHz), 3.5 GHz and 26 GHz. To commercialize 5G technology widely and migrate our users of 4G technology, we would need to substantially increase our capital expenditures in order to roll out the technology. Such capital expenditure costs could have a negative impact on our results and cash flow required for debt service, and could cause a loss of subscribers if we are unable to implement 5G services quickly enough.

Alternative technologies may be developed that are more advanced than those we currently provide. Even if we adopt new technologies in a timely manner, the cost of such technologies may exceed the benefit to us, and we cannot assure you that we will be able to maintain our level of competitiveness.

In addition, the development of new services in our industry requires us to anticipate and respond to the varied and continually changing demands of our subscribers, and we may not be able to accurately predict technological trends or the success of new services in the market. If we are unable to meet future advances in competing technologies on a timely basis or at an acceptable cost or if these services fail to gain acceptance in the marketplace, our ability to retain and attract subscribers could be reduced, adversely affecting our business, financial condition and results of operations.

We operate in a highly regulated environment and changes in regulation and/or the implementation of new regulations may adversely affect our business, financial condition and results of operations.

Our business is subject to extensive government regulation and can be adversely affected by changes in law, regulation or regulatory policy. The licensing, construction, operation, sale, resale, competition, billing, environmental impact, radio frequency emissions and interconnection arrangements of telecommunications systems in Chile are regulated to varying degrees by government or regulatory authorities. We believe we are currently in compliance in all material respects with all laws and regulations applicable to us, but any of these authorities having jurisdiction over our businesses could adopt or change existing regulations or take other actions that could adversely affect our operations.

For example, under Law No. 18,168 (as amended and together with the regulations promulgated thereunder, and as supplemented from time to time, the “Telecommunications Law”), maximum rates for interconnection charges are set every five years. The structure, level and indexing of the maximum rates that may be charged for interconnection charges are fixed by a joint decree issued by the Ministry of Transport and Telecommunications and the Ministry of Economy, Development and Tourism (the “Rate Decree”). We cannot assure you that additional restrictions will not be imposed on interconnection rates in Chile during the current Rate Decree or that subsequent rate decrees will not further reduce interconnection rates. Further reductions in interconnection rates would adversely affect our business, financial condition and results of operations.

For example, on March 9, 2018, a bill was submitted to Congress seeking to declare the Internet as a public service. The bill is currently in the second legislative stage before the Transport and Telecommunications Commission of the Chamber of Deputies and proposes to amend the Telecommunications Law in order to include the Internet as a public service and establish an obligation for companies to ensure that all services that are defined as "public" be provided within a maximum period of 6 months. As of the date of this offering memorandum, no assurance can be made as to whether the bill will be enacted and what impact it may have in our business, financial conditions or results of operations.

There are other pieces of legislation affecting the telecommunication industry and consumer protection laws that have been proposed, the effects of which may affect the telecommunications sector. In addition, in Latin America generally, and in Chile particular, the expansion of access to the internet is becoming a focal point of social and political debate, receiving increasing attention from political candidates and social reform movements. The framing of internet access as a basic human right and of digitalization as a national policy goal may result in a period of increased regulation and government intervention in the telecommunications market, including a push to increase mobile coverage and internet access to rural and remote areas, legislation mandating the sharing of telecommunications infrastructure among service providers or other policies requiring increased capital investments by telecommunications companies. New regulations or changes in the existing regulatory model may adversely affect our business, financial condition or results of operations.

Failure to comply with applicable laws and regulations could result in the imposition of civil and regulatory penalties that could adversely affect the continued operation of our business, including: loss of required government certifications and authorizations; loss of licenses to operate our business or to perform certain commercial activities; significant fines or monetary penalties; or the suspension of certain of our offerings as a preventative measure. In addition, changes in these laws and regulations may restrict our existing operations, limit the expansion of our business and require extensive system and operating changes that may be difficult or costly to implement.

Regulation of rates may adversely affect revenues in certain of our businesses.

New regulations or changes in the existing regulatory rate scheme may adversely affect our business, financial condition or results of operations. For example, pursuant to Chile's Telecommunications Law, telecommunications providers may generally establish prices for their services without regulation. Article 29 of such law provides certain exceptions to the principle of free tariffs regarding certain services as fixed telephony. However, since January 30, 2009, the *Tribunal de Defensa de la Libre Competencia* (the Chilean Antitrust Court), deregulated these tariffs, except that it left in place maximum rates for traffic originating from any fixed-line connection ("local tranche") and other minor services such as activation and deactivation of fixed lines, enabling access to domestic and international long distance service, on-site technical support and network unbundling. In addition, the maximum prices for interconnection services (mainly network access charges) are regulated by law for all operators. The maximum interconnection rates on regulated services are set by the MTT and the Ministry of Economy, Development and Tourism of Chile (the "Ministry of Economy, Development and Tourism") based on a theoretical business model. In January 2019, the Subtel issued its definitive rate proposal with an 80% reduction in mobile interconnection rates for the 2019-2024 period. Further reductions in mobile interconnection rates have also been proposed, from Ch$8.7 per minute to Ch$1.8 per minute for the 2019-2024 period. As of September 30, 2021, mobile interconnection rate is Ch$2.25 per minute on average. In addition, in January 2020 the Subtel issued a decree that will remain current until 2024 by means of which it reduced by 65% the rates for fixed access, which are retroactively applicable since May 2019. As of September 30, 2021, fixed interconnection rate is Ch$1.48 per minute on average.

Failure to comply with privacy, data protection and cybersecurity laws and regulations could have a materially adverse effect on our reputation, results of operations or financial condition, or have other adverse consequences.

We process large amounts of personally identifiable information of customers and employees. In addition, our networks carry and store large volumes of confidential, personal and business data, through both voice and data traffic. The collection, storage, hosting, transfer, processing, disclosure, use, security and retention and destruction of personal information required to provide our services is subject to privacy, data protection and cybersecurity laws. These laws regulate the collection, storage, hosting, transfer, processing, disclosure, use, security, retention and destruction of personal identifiable information; require notice to individuals of privacy practices; give individuals certain access, opposition, cancellation and correction rights with respect to their personal information; and regulate the use or disclosure of personal identifiable information for secondary purposes such as marketing. Under certain circumstances, some of these laws and regulations require us to provide notification to affected individuals, clients, authorities and/or other regulators in the event of a data breach.

In addition, our ability to generate and provide data-driven analysis to our customers and to otherwise fully exploit the opportunities that exist in the development of Big Data technology, including as a result of advances in artificial intelligence and machine learning, may be constrained by current or future regulatory requirements or ethical considerations that could restrict or impose burdensome and costly requirements on our ability to leverage data in innovative ways.

The right to the protection of personal data is guaranteed in the Chilean Political Constitution and in Law No. 19,628 (the "Chilean Data Protection Act") that governs the collection, storage, usage, transference and processing of personal data, the operation of databases and the rights and duties of the data subjects. In general, according to this law, the processing of personal data must be authorized by law or expressly in writing by the data subject. The international transfer of personal data is not restricted. The Chilean Data Protection Act establishes a general duty of care of the entity responsible of a data base (being the data controller or the data processor) requiring that the entity responsible of a data base takes care of the data with due diligence, assuming responsibility for any damages. Moreover, the party responsible of a data base is required to ensure that those involved in personal data processing are subject to and comply with confidentiality obligations. The Chilean Data Protection Act establishes a general rule under which damages (both moral and monetary damages) that result from willful misconduct or negligence in the processing of personal data shall be compensated. Although enforcement of the Chilean Data Protection Act is infrequent as there is no regulator or independent agency that oversees its compliance, fines can be significant and procedures are costly for data subjects. However, the legislative framework is expected to be significantly amended. A bill currently in Congress follows the GDPR standards including an independent data protection agency, the duty to adopt safety measures and report security breaches, and high fines. In the absence of regulations, other regulators have started to react to privacy issues, such as the National Consumer Bureau on consumer's protection and the CMF on regulations on cybersecurity. In the case of the CMF, this public financial regulator has issued several orders on cybersecurity requirements for banks and financial institutions, including regulations on the outsourcing of data processing services providers.

Our ability to acquire additional radio spectrum capacity may be limited.

Radio spectrum is essential to our growth and the quality of our services, particularly for providing existing 3G and 4G services and increasing deployment of 4G and 5G networks. We can increase the density of our network, thus reducing our need for additional spectrum by building more cell and switch sites, but such measures are costly and would be subject to local restrictions and approvals, and they could still not fully meet our needs. In addition, Chilean regulation has imposed a spectrum limit for groups of spectrum bands available for services of 30% in spectrum groups under 1 GHz, between 1-3 GHz and between 3-6 GHz. For spectrum located in the 26 GHz band, the upper limit of spectrum ownership is 25%.

We cannot assure you that we will be able to acquire additional capacity for our networks when and as needed or that any such acquisitions will be sufficient to meet our present or future needs. If we are not able to acquire sufficient spectrum, such failure may adversely impact our ability to maintain the quality of our services or expand our existing subscriber base, which could adversely affect our business, financial conditions and results of operations.

Our concessions and licenses may be revoked, suspended or modified as a result of our future conduct or other circumstances.

We require permits for the use of the radio electric and radio magnetic spectra, which we use in the operation of our networks. We provide telecommunications services in Chile pursuant to the Telecommunications Law and the terms and conditions of our concessions and licenses require us to provide our services in accordance with numerous technical requirements, minimum service quality standards and defined timetables for network expansion programs and to comply with all other applicable laws. The terms and conditions of our concessions and licenses are subject to the continuous review of the Chilean authorities and are therefore subject to amendment or changes in interpretation. These permits, concessions and licenses specify operating conditions that we must meet, including the types of services we are permitted to offer and minimum specified quality and service conditions, and upon certain circumstances some aspects of such permits, concessions and licenses may be subject to review, interpretation, modification or termination by the relevant governmental authorities.

If we fail to comply with these requirements, Chilean authorities could impose statutorily authorized sanctions on us, including fines or the suspension or revocation of our concessions and licenses. In the event a concession or license is revoked, we would be barred from applying for additional concessions or licenses for a period of five years following the date of such revocation. While as of the date of this memorandum, none of our licenses and concessions have been revoked or suspended, we cannot assure you that they will not be revoked or suspended in the future. Furthermore, our concessions have to be renewed periodically. We cannot assure you that we will be able to fully comply with the terms and conditions of these permits, concessions and licenses. A loss of any of the above described permits, concessions or licenses could adversely impact our results of operations. See "Business—Regulation of the Chilean Telecommunications Industry—Concessions."

While we currently believe we are in compliance with applicable law and the terms and conditions of our concessions and licenses, we cannot assure you that we will continue to be able to do so in the future. Any fines or the suspension, non-renewal or termination of our concessions and licenses would likely have a material adverse effect on our business, financial condition and results of operations.

The ongoing COVID-19 pandemic has had a material impact on the global economy and may adversely affect our business in the future.

The ongoing COVID-19 pandemic has had, and continues to have, a material impact on businesses around the world and the economic environments in which they operate. The Chilean government has taken aggressive measures to slow the spread of COVID-19, including quarantines and lock-downs, restrictions on travel, and closing of businesses and public and private institutions. In addition, governments have imposed a wide variety of consumer protection measures that limit how certain businesses, including telecommunications companies, can operate their businesses and interact with their customers. The virus continues to spread globally and cause significant social and market disruption.

There are a number of consequences of the pandemic and its impact on global economies that could have a material adverse effect on our business:

- The economic slowdown has had an adverse impact on the global economy and could have an adverse impact on demand for our services in the future.

- We have been required to change or restrict many of our operations, including customer support, servicing and repairs, network maintenance, retail operations and investment projects. We have also experienced supply chain disruptions for equipment. This could have an impact on our costs.

- We have implemented policies, including work-from-home policies and social distancing policies that could limit the efficiency and effectiveness of our operations and our reporting and internal controls.

- We have instituted internal measures to tighten control of our costs and expenses, our working capital and our capital expenditures.

The extent of the impact of the ongoing COVID-19 pandemic on the Company's operational and financial performance for the remainder of the year and beyond will depend on future developments, including the duration and spread of the pandemic and the availability and effectiveness of vaccines, all of which are highly uncertain and cannot be predicted. If the ongoing COVID-19 pandemic continues to spread, the impact on our operations, our clients, our suppliers and financial markets could materially adversely affect our financial condition or results of operations.

A system failure could cause delays or interruptions of service, which could cause us to incur fines and lose subscribers.

To provide effective service, we will need to continue to provide our subscribers with reliable service over our network. Some of the risks to our network and infrastructure include:

- physical damage to infrastructure and networks from natural disasters such as earthquakes, tsunamis, floods and volcanic eruptions, among others;

- power surges or outages;

- software defects;

- software or connection disruptions beyond our control;

- breaches of security and protests or social unrest; and

- disruptions due to changes in obsolete equipment.

Our operations also rely on a stable supply of utilities. We have in the past experienced instability of those supplies, including electricity rationing in Chile. We cannot assure you that future supply instability or interruptions will not impair our ability to procure required utility services in the future, which could adversely impact our operations.

Prolonged service interruptions could affect our business. We rely heavily on our network equipment, telecommunications providers, data and software to support all of our functions and for substantially all of our revenues. We are able to deliver services only to the extent that we can protect our network systems against damage from power or telecommunications failures, computer viruses, natural disasters, unauthorized access, social disorder, terrorist acts and other disruptions.

In addition, Article 27 of the Chilean Telecommunications Law requires that we provide uninterrupted service to our subscribers. In the event of a network outage exceeding forty-eight consecutive or non-consecutive hours in any given month, which is not attributable to force majeure, we must reimburse subscribers three times their daily subscription fees for each day of such network outage as restitution. In the event of a network outage, the Telecommunications Law requires us to reimburse subscribers if the outage event exceeds six hours in any given day, or if multiple outage events exceed twelve non-consecutive hours in any given month, reimbursing one day of subscription fees for each 24 hours of outage or fraction longer than six hours.

We endeavor to prepare for failures of our network by providing backup systems and procedures, but we cannot guarantee that such backup systems and procedures will operate satisfactorily in an emergency. Should we experience a prolonged failure, it could seriously jeopardize our ability to continue operations. In particular, should a significant service interruption occur, we may incur material reimbursement obligations, our subscribers may choose a different provider and our reputation may be damaged, reducing our attractiveness to new subscribers, and our business, financial condition and results of operations may be materially adversely affected.

We may require additional financing and we may not be able to generate or obtain the capital we need for further expansion and/or to fund our capital expenditure requirements.

We expect to continue to have substantial liquidity and capital resource requirements to finance our business. We intend to rely upon internally generated cash from our operations and, if necessary, the proceeds of debt and/or equity offerings in the domestic and international capital markets as well as bank debt. We cannot assure you, however, that we will be able to generate sufficient cash flows from operations or obtain sufficient funds from external sources to fund our capital expenditure requirements.

Our future ability to access financial markets in sufficient amounts and at acceptable costs and terms to finance future operations and capital expenditures will depend to a large degree on prevailing capital and financial market conditions over which we have no control, and accordingly we cannot assure you that we will be able to do so. Recent economic conditions and general market volatility has had a negative impact on the liquidity of financial markets. Our failure to generate sufficient cash flows from operations or to be able to obtain third-party financing could cause us to delay or abandon some or all of our planned expansion, including capital expenditures, which, in turn, could have a material adverse effect on our growth strategy.

Our insurance coverage may not adequately cover losses resulting from the risks for which we are insured.

We maintain insurance policies for our network facilities and all of our corporate assets. This insurance coverage protects us in the event we suffer losses resulting from theft, fraud, expropriation, natural disasters, cybersecurity breaches, employee misconduct and damages from the transportation of equipment or other similar events or from business interruptions caused by such events. In addition, we maintain insurance policies for our directors and officers. We cannot assure you, however, that such insurance will be sufficient or will adequately cover potential losses.

The effects of climate change and severe weather, natural disasters like earthquakes, river floods, droughts and wildfires, as well as existing and proposed legislation and regulations in response thereto may adversely affect certain of our operations, the Chilean economy and our network infrastructure.

Severe weather conditions and other natural disasters in areas in which we have locations or through which our transport networks or other infrastructure passes or from which we obtain products from suppliers may materially adversely affect our businesses. For example, Chile lies on the Nazca tectonic plate, one of the world's most seismically active regions, and has been adversely affected by powerful earthquakes in the past causing significant damage to the region and business interruptions. In 2010, an 8.8 magnitude earthquake and tsunami occurred off the coast of central Chile and, in 2015, an 8.3 magnitude earthquake struck the northern region of Chile. In addition, the effects of climate change, droughts, wildfires, river flooding, among others, may result in physical damage to our infrastructure, network and locations, inadequate work forces, temporary disruptions or delays in the supply of our services and products to our customers and stores or a reduction in the availability of products in our stores. The occurrence of any of these natural disasters in the future could have an adverse impact on the Chilean economy and on us, including our business, results of operations and financial condition.

In addition, the development of more stringent environmental protection programs could impose constraints and additional costs on our operations requiring us to make significant investments in the future. We cannot assure you that proposed legislation and regulations will not adversely affect our business, results of operations or financial condition.

We could be adversely affected if major suppliers fail to provide needed equipment and services on a timely basis.

We depend on various key suppliers and vendors, including network installation and maintenance services providers, equipment suppliers, call centers, collection agencies and sales agents, for network infrastructure, handsets, equipment and services to satisfy our operating needs. Many suppliers rely heavily on labor; therefore, any work stoppage, labor relations problems or other labor problems affecting our suppliers could adversely affect our operations.

Suppliers may, among other things, extend delivery times, raise prices and limit supply due to their own shortages and business requirements. Similarly, interruptions in the supply of telecommunications equipment for networks could impede network development and expansion. Our ability to access equipment, products and supplies also can be adversely affected by, among others, political instability, the financial instability of suppliers, suppliers' noncompliance with applicable laws, trade restrictions, tariffs, currency exchange rates, transport capacity and cost, disruption in distribution chains and logistics (including as result of the ongoing COVID-19 pandemic, which has materially disrupted supply chains worldwide and has strained our supply chain and our ability to meet the demand for handsets and to construct and maintain our network and infrastructure) and other factors beyond our control. If suppliers fail to deliver products and services on a timely basis that satisfies our demands, we could experience disruptions, which could have an adverse effect on our business, financial condition and results of operations.

We may be unable to implement our plans to expand and enhance our existing networks in a timely manner or without unanticipated costs, which could hinder or prevent the successful implementation of our business plan, having an adverse effect on our business, financial condition and results of operations.

Our ability to achieve our strategic objectives relating to our mobile services depends in large part on the successful, timely and cost-effective implementation of our plans to expand and enhance our mobile networks.

Factors that could affect this implementation include: our ability to generate cash flow or to obtain future financing necessary for the implementation of our projects; delays in the delivery of telecommunications equipment by our vendors; the failure of the telecommunications equipment supplied by our vendors to comply with its expected capabilities; delays resulting from the failure of third-party suppliers or contractors to meet their obligations in a timely and cost-effective manner; and natural disasters that interrupt the execution of our strategic plans.

Although we believe that our cost estimates and implementation schedule are reasonable, we cannot assure you that the actual costs or time required to complete our projects will not substantially exceed our current estimates. Any significant cost overrun or delay could hinder or prevent the successful implementation of our business plan and result in revenues and profit being less than expected.

Our voice fixed-line telecommunications services face increased competition from mobile service providers and other fixed-line service providers, which may adversely affect our revenue and margins.

Our voice fixed-line telecommunications services face increasing competition from mobile services as the prices for mobile services decline. The number of fixed lines in service in Chile could continue to decline or stagnate, as certain customers eliminate their fixed-line services in favor of mobile services particularly as the technology supporting fixed-line telecommunications becomes more and more obsolete, and the use of existing fixed lines to decrease as customers limit fixed-line calls in favor of calls from mobile telephones as a result of lower mobile rates. The rate at which the elimination of fixed lines in service in Chile proceeds depends on many factors beyond our control, such as economic, social, technological and other developments in Chile. Because we derive some portion of our revenue from our voice fixed-line telecommunications services, the reduction in the number of our fixed-lines in service has negatively affected and is likely to continue to negatively affect our revenue and margins.

We also compete in the market for fixed-line services with other fixed-line service providers, primarily Entel, Claro, VTR and Grupo GTD in Chile. In addition to direct competition, we also face competition from other providers of value-added services that offer VoIP and other internet-based telephony. Our loss of a significant number of fixed-line customers would adversely affect our operating revenue and may adversely affect our results of operations.

We may not be able to adapt to the trend towards the convergence of fixed-line and mobile technology.

The telecommunications industry is experiencing a trend towards the convergence of fixed-line and mobile technology, which aims to remove the distinctions between fixed and mobile networks to create seamless services using a combination of fixed broadband and local access wireless technologies. Although the trend towards fixed mobile convergence may present us with opportunities to leverage our ability to provide both fixed-line and mobile services to retain customers and increase our market share, it also presents significant risks and may require significant investments in infrastructure, such as the deployment of extensive fiber optic cable networks. If we fail to adapt to the evolving technological landscape or if our capital expenditures on new technology and infrastructure fail to perform as expected we may be required to make capital expenditures that exceed our current forecasts.

Our operations depend on our ability to maintain, upgrade and efficiently operate accounting, billing, customer service, information technology and management information systems.

Sophisticated information processing systems are vital to our growth and our ability to monitor costs, create monthly invoices for services, process customer orders, provide customer service and achieve operating efficiencies. The proper functioning of our accounting information and processing systems is critical to our business and our ability to compete effectively. We cannot assure you that we will be able to successfully operate and upgrade our accounting, information and processing systems or that they will continue to perform as expected. Any failure in our accounting, information and processing systems could impair our ability to collect payments from customers and respond satisfactorily to customer needs, which could adversely affect our business, financial condition and results from operations.

We have backup data for our key information and data processing systems that could be used in the event of a catastrophe or a failure of our primary systems, and we have established alternative communication networks where available. However, we cannot assure you that our business activities would not be materially disrupted if there were a partial or complete failure of any of these primary information technology systems or communication networks. Such failures could be caused by, among other things, software bugs, computer virus attacks or conversion errors due to system upgrading. In addition, any security breach caused by unauthorized access to information or systems, or intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, could have a material adverse effect on our business, results of operations and financial condition.

Our ability to remain competitive and achieve further growth will depend in part on our ability to upgrade our information technology systems and increase our capacity on a timely and cost effective basis. Any substantial failure to improve or upgrade information technology systems effectively or on a timely basis could materially and adversely affect our competitiveness, results of operations and financial condition.

Labor relations may negatively impact our business, financial condition and results of operations.

Approximately 92% of our employees in Chile are union members, and we have 12 collective bargaining agreements with terms ranging from 24 to 36 months comprising 23 unions. Although we currently enjoy good relations with our employees and their unions and strikes held in the past have been resolved peacefully, we cannot assure you that labor relations will continue to be positive or that a deterioration in labor relations will not materially and adversely affect our business, financial condition or results of operations.

We cannot assure you that in the future we will be able to successfully negotiate new contracts on favorable terms, or that the unions involved in the negotiations, in the case of our Chilean employees, will not choose to call for a labor strike or invoke Article 342 of the Chilean Labor Code at such time. Article 342 of the Chilean Labor Code allows unions that are renewing labor agreements to freeze the conditions of the previous agreement for a period of 18 months. In addition, new regulations or changes in the existing labor laws in Chile may adversely affect our business, financial condition and results of operations.

Breaches, disruptions or failures of our systems, including as a result of cybersecurity or ransomware attacks, could disrupt our operations and negatively impact our business and reputation.

We depend on information technology systems for significant elements of our operations, including our processes, storage of data and retrieval of critical business information (including third-party information). Our information technology systems are vulnerable to damage from a variety of sources, including network failures, malicious human acts, criminal hackers, hacktivists, state-sponsored intrusions, industrial espionage, employee malfeasance, human or technological error and natural disasters. Moreover, despite network security and back-up measures, some of our servers are potentially vulnerable to physical or electronic break-ins, computer viruses, and similar disruptive problems. Successful cybersecurity or ransomware attacks, breaches, employee malfeasance, or human or technological error may result in, for example, unauthorized access to, disclosure, modification, misuse, loss or destruction of data or systems, including those belonging to us, our customers or third parties; theft of sensitive, regulated or confidential data including personal information; the loss of access to critical data or systems through ransomware, destructive attacks or other means; transaction errors; business delays; and service or system disruptions. Failures or significant disruptions to our information technology systems or those used by our third-party service providers could prevent us from conducting our general business operations and any disruption or loss of information technology systems on which critical aspects of our operations depend could have an adverse effect on our business, results of operations, and financial condition.

Furthermore, our network and telecommunications infrastructure is regularly exposed to cyber-attacks, computer virus attacks or acts of terrorism or vandalism. Any such attack could result in equipment failures or disruptions in our operations. Any inability to operate our network as a result of such events may result in significant expense or loss of market share. These factors, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

Finally, we store personal identifiable information and highly confidential information on our information technology systems, including information related to our suppliers, customers and products. In addition, our networks carry and store large volumes of confidential, personal and business data, through both voice and data traffic. If the security controls and platforms are broken into or if our servers or the servers of any third party on which our data is stored are attacked by a physical or electronic break-ins, computer viruses or other malicious human actions, our confidential information and that of our customers could be exposed, stolen or destroyed.

Any security breach involving the misappropriation, loss or other unauthorized disclosure or use of confidential information of our suppliers, customers, or others, whether by us or a third party, could subject us to civil and criminal penalties, have a negative impact on our reputation, and/or expose us to liability to our suppliers, customers, other third parties or government authorities. Any of these developments could have a materially adverse impact on our business, financial condition and results of operations.

Negative brand recognition and loyalty may negatively affect us.

If our market recognition, loyalty to our brand or our reputation were to be harmed, we could lose customers or fail to increase our customer base. Given our consumer and market focus, maintaining and enhancing our brands is critical to our success. We believe that the importance of brand recognition and loyalty will increase in light of increasing competition in our markets. We plan to continue investing substantial resources to promote our brand, but there is no guarantee that our brand development strategies will enhance our recognition. Some of our existing and potential competitors have well-established brands with substantial recognition. If our efforts to promote and maintain our brand are not successful, our operating results and our ability to attract and retain customers may be adversely affected. Negative reviews, or reviews in which our competitors' brands are rated higher than ours, could negatively affect our brand and reputation. If we do not handle customer complaints effectively, our brand and reputation may suffer, we may lose our customers' confidence, and they may choose not to continue to use our services. In addition, local regulators are active in Chile and we may be subject to class actions with the local consumer protection offices in Chile (SERNAC), which may result in fines and penalties. We may be also exposed to negative social media campaigns which may affect our brand reputation. Complaints or negative publicity about our brands and services could adversely affect our ability to attract and retain customers and our business, financial condition and results of operations.

Any failure to comply with anti-corruption, anti-bribery, anti-money laundering, anti-terrorist financing and antitrust laws and regulations could damage our reputation or expose us to penalties.

We are subject to anti-corruption, anti-bribery, anti-money laundering, anti-terrorist financing, antitrust and other international laws and regulations and are required to comply with the applicable laws and regulations of Chile and certain other jurisdictions. The anti-bribery, anti-corruption and anti-money laundering regulatory regimes to which we are currently subject in Chile could be less developed and stringent than similar regulations in other jurisdictions.

Our internal policies and compliance programs are based upon applicable Chilean laws and what we believe to be best international practices. However, we may in the future discover instances in which we have failed to comply with applicable laws and regulations (including with respect to compliance-related matters) or our internal controls and procedures are insufficient to prevent and/or identify illegal, improper or unethical business practices or activities. If any of employees, contractors, agents, officers or other persons with whom we conduct business engage in fraudulent, corrupt or other illegal, improper or unethical business practices or otherwise violate applicable laws, regulations or our own internal compliance systems, we could become subject to one or more enforcement actions by Chilean or foreign authorities (including the U.S. Department of Justice) or otherwise be found to be in violation of such laws, which may result in penalties, fines and sanctions and in turn adversely affect our reputation, business, financial condition and results of operations. Furthermore, if we were to be associated with corruption, bribery, money laundering (including illegal cash operations) or terrorist financing investigations or proceedings, our reputation as a group could suffer and/or we could become subject to fines, sanctions or legal enforcement, including being added to any "blacklists" that would prohibit certain parties from engaging in transactions with us, which could have a material adverse effect on our business, financial condition and results of operations.

Any downgrading of Spain's debt credit rating for domestic and international debt and/or our parent company's ratings by international credit rating agencies may also affect us.

Any adverse changes to Telefónica's ratings or Spain's credit ratings for domestic and international debt by international rating agencies may adversely affect our ratings, our future financial performance and the value of our securities. For instance, under the methodology used by S&P, we are not permitted to have a credit rating that is superior to that of our parent company. Therefore, any downgrade or negative outlook that S&P applies to Telefónica is automatically applied to us. We cannot assure you that such rating changes will not materially and adversely affect our ratings, our business, our future financial performance, stockholders' equity and the value of our securities.

Our controlling shareholder may exercise its control in a manner that differs from your interests as a noteholder.

Telefónica, our indirect controlling shareholder, has the ability to determine actions that require shareholders' approval, including the election of a majority of our directors and, subject to Chilean law, dividends and other distributions. In particular, subject to our by-laws and the Chilean Corporations Law, there are no restrictions on the ability of Telefónica to increase the frequency and amount of dividends or other distributions we are required to pay to it. Telefónica may exercise this control in a manner that differs from your interests as a noteholder. For example, Telefónica may have an interest in pursuing acquisitions, combinations, divestitures, financings or other transactions which in its judgment could enhance its equity interest, even though such transactions may involve risks to you as a noteholder. In addition, Telefónica may cease to be our indirect controlling shareholder in the future and if that were to occur, our business, strategy and some of our existing strengths may change. Furthermore, since a variety of decisions related to our business are ratified by Telefónica, including those relating to branding, we may experience delays in making certain business decisions as a result of our corporate structure.

We have significant transactions with related parties.

We engage in transactions with numerous related parties for the provision of services or sales of equipment. As of December 31, 2020 and September 30, 2021, such transactions resulted in net payables to related companies of Ch$91,250 million and a net receivables from related companies of Ch$41,899 million, respectively. Most of these transactions occur in the ordinary course of business and are governed by our policy on related party transactions in accordance with articles 44 and 89 of Law No. 18,046 of October 22, 1981 (*Ley sobre Sociedades Anónimas*) (the "Chilean Corporations Law"). These transactions are on similar terms to those customarily prevailing in the market. Nevertheless, transactions with related parties may create the potential for conflicts of interest.

In addition, Telefónica has licensed to us the *Movistar* brand name and certain other intellectual property that is material to our business. These licenses are renewed automatically every year unless they are terminated by either party upon 60 days' written notice. These licenses may also be terminated by Telefónica in the event of a change of control affecting us. If these licenses are terminated and we are required to change our brand name, we would incur significant costs that could negatively affect our business, financial condition and results of operations. See "Related Party Transactions."

Our ability to operate effectively could be impaired if we lose key personnel or are unable to attract and retain skilled personnel.

Our business depends upon the continued efforts, abilities and expertise of our officers and directors, as well as our other key employees. We believe that the unique combination of skills and experience possessed by our officers, directors and other key employees would be difficult to replace, and that the loss of our officers, directors and key employees could have a material adverse effect on our company, including the impairment of our ability to execute our business strategy. There is no assurance that such individuals will continue to be employed by us or that we will be able to attract and retain qualified personnel in the future.

The uncertainty in global financial markets could adversely affect our financing costs and exposure to our customers and counterparties.

The volatility in the global financial markets and uncertainty affecting these markets have resulted in extreme volatility in the credit, equity and fixed income markets. This volatility may limit many companies' access to funding. If access to credit tightens further and borrowing costs rise, our costs could be adversely affected. Difficult financial markets may also adversely affect some of our customers, including other telecommunications carriers that pay us for interconnection and other services. In addition, we enter into derivative transactions with large financial institutions to support our treasury operations, including contracts to hedge our exposure to interest rates and foreign exchange, and we could be adversely affected by severe financial difficulties faced by our counterparties. We could also be adversely affected if our counterparties substantially increase the cost of such hedging contracts.

Risks Relating to Chile

The downturn in the Chilean economy has adversely affected us and may continue to do so in the future.

All of our business operations and assets are located in Chile and substantially all of our customers are Chilean companies or individuals. For these reasons, our results of operations and financial condition are sensitive to, and dependent upon, the level of economic activity in Chile. Historically, growth in the Chilean telecommunications industry has been tied to the state of Chile's economy, particularly levels of consumer spending and demand.

Negative effects of the global pandemic may continue to adversely affect the Chilean economy and unfavorable general economic conditions could negatively affect the affordability of and demand for some of our products and services. In difficult economic conditions, consumers may seek to reduce discretionary spending by forgoing purchases of our products, electing to use fewer higher-margin services or obtaining products and services under lower-cost programs offered by competitors. Similarly, under these conditions our business customers may delay purchasing decisions, delay full implementation of service offerings or reduce their use of services. Furthermore, continued adverse economic conditions may lead to an increased number of our retail and business customers that are unable to pay for services. If any of these events were to occur, it could have a negative effect on our business, financial condition and results of operations.

In spite of the recent growth of the Chilean economy, we cannot assure you that Chile's economy will continue to grow in the future, nor can we assure you that future developments in or affecting the Chilean economy will not impair our ability to proceed with our business plan or materially adversely affect our business, financial condition or results of operations.

Inflation and government measures to curb inflation may adversely affect the Chilean economy and our business and results from operations.

Although Chilean inflation has been reduced in recent years, Chile has experienced high levels of inflation in the past. High levels of inflation in Chile could adversely affect the Chilean economy and have an adverse effect on our results of operations if such inflation is not accompanied by a matching devaluation of the local currency. We cannot assure you that Chilean inflation will not revert to prior levels in the future.

The following table shows the annual rate of inflation (as measured by changes in the Chilean consumer price index and as reported by the *Instituto Nacional de Estadísticas*, or the Chilean National Institute of Statistics) during the last five years and the first nine months of 2021:

Year	Inflation (CPI)
	(in percentages)
2016	2.7
2017	2.3
2018	2.6
2019	3.0
2020	3.0
2021 (through September 30)	4.4

Source: Chilean National Institute of Statistics

The measures taken by the Chilean Central Bank to control inflation have often included maintaining a tight monetary policy with high interest rates, thereby restricting the availability of credit and economic growth.

During the first seven months of 2021, annualized inflation reached 4.5 %, the highest level since 2016, primarily as a result of the increase in the price of fuel and the heightened demand for consumer goods as the spread of COVID-19 receded, together with the increase in available cash resulting from measures approved by the Chilean government that allow the early withdrawal of funds from retirement accounts. Inflation, measures to combat inflation and public speculation about possible additional actions have also contributed materially to economic uncertainty in Chile and to heightened volatility in its securities markets. Periods of higher inflation may also slow the growth rate of the Chilean economy that could lead to reduced demand for our products and services and decreased sales. Inflation is also likely to increase some of our costs and expenses, given that most of our supply contracts are UF-denominated or are indexed to the Chilean consumer price index, and we may not be able to fully pass any such increases on to our customers, which could adversely affect our operating margins and operating income.

Currency devaluations and foreign exchange fluctuations may adversely affect us.

The Chilean peso has been subject to volatility in the past and could be subject to significant fluctuations in the future given the prevalence of a free float exchange regime. The main drivers of exchange rate volatility in past years were the significant fluctuations of commodity prices as well as general uncertainty and trade imbalances in the global markets and, more recently, the impact of the COVID-19 pandemic and political uncertainty surrounding Chile's new constitution and related protests.

Historically, a significant portion of our indebtedness has been denominated in U.S. dollars, while all our revenues and a substantial part of operating expenses has been denominated in Chilean pesos. If the Chilean peso's value declines against the dollar, we will need more Chilean pesos to repay the same amount of dollar-denominated debt. As a result, fluctuations in the Chilean peso to U.S. dollar exchange rate may affect our financial condition and results of operations. As of September 30, 2021, 49% of our interest-bearing debt was denominated in U.S. dollars and was fully hedged against exchange rate variations between the Chilean peso and the U.S. dollar through financial instruments such as forward exchange agreements and cross-currency swaps. The remainder of our interest-bearing debt is UF- or Chilean peso-denominated and therefore not subject to exchange rate risk. Our hedging policy against foreign exchange fluctuations is disclosed in "Management's Discussion and Analysis of Results of Operations—Quantitative and Qualitative Disclosures About Market Risk—Foreign Currency Exchange Rate Risk." We cannot assure you that our hedging policies will avoid future losses related to exchange rate variations. Any significant currency devaluations or foreign exchange fluctuations in the future may adversely affect the performance of the Chilean economy and our business, financial condition and results of operations.

Chile's continuous political, legal and economic uncertainty arising from social unrest and constitutional changes could adversely impact our business, financial condition and results of operations

In October 2019, a series of disruptive protests over economic inequality in Chile were initially sparked by the announcement of an increase in public transportation fares in Santiago. In response to the riots and mass demonstrations that occurred in that period, the Chilean government held a national referendum in October 2020, which decided that a new Chilean Constitution would be drafted by a special constituent assembly comprised entirely of citizens elected for such task (the "Constitutional Convention"). The members of the Constitutional Convention were elected in April 2021 and was officially convened on July 4, 2021. The Constitutional Convention will have approximately one year to draft an entirely new Chilean Constitution and, if approved, the final draft will be submitted for approval to a public referendum with mandatory participation and an approval threshold of the majority of the votes.

As a consequence of the aforementioned political agreement to vote on a new constitution, the Chilean stock market experienced increased volatility and exchange rate fluctuations resulted in a weakening of the Chilean peso against the U.S. dollar. Depreciation of the Chilean peso prompted the Central Bank to inject liquidity into the economy in U.S. dollars. As a result of this monetary policy, share prices and bond spreads of several public companies suffered significant declines as social protests continued across the country. In addition, many institutions and certain companies, including us, experienced physical damages as a result of violence and vandalism associated with the protests. In addition, protests forced us to suspend the sale of a building near our headquarters in Santiago, since the property is adjacent to Plaza Baquedano, where many protests have taken, and continue to take place.

A wide range of rights could potentially be under consideration for reform under the new Chilean Constitution. If a new Chilean Constitution is not approved, the existing Chilean Constitution, which has been in place since 1980, would remain in effect. A new constitution would affect the political situation of Chile, potentially changing a wide range of rights, including property rights, which could affect the Chilean economy and the business outlook for the country, which in turn could negatively impact our business, financial condition and results of operations.

At the same time, while news of the new constitutional process have seemingly eased social discomfort, we cannot assure that a new constitution will put an end to the protests. In that sense, if social unrest in Chile were to continue or worsen, it could have a negative impact on economic growth and the overall business environment in Chile, which could in turn have an adverse effect on our business, financial condition and results of operations.

In addition, presidential and parliamentary elections will be held on November 21, 2021. In order to be elected President, a candidate will need more than 50% of the votes, and a runoff between the two candidates with most votes will be held on December 19, 2021 if no candidate receives over 50% of the votes. The winning candidate will be sworn in March 2022. Elections for the Congress and Senate will also be taking place, with a complete renewal of the lower house of Congress and 54% of the Senate. We cannot be certain of the outcome of the upcoming presidential and parliamentary elections and how that may affect the political climate and regulatory environment in the future.

Changes in the Chilean Labor Code may negatively impact us.

On March 8, 2017, a proposed amendment to the Chilean Labor Code was filed by a group of representatives in the Chilean Congress. The amendment aims at reducing the maximum working week from 45 to 40 hours. In November 2019, the House of Representatives of the Chilean Congress approved "in general" the discussion of the proposed amendment, but the process has not moved further since then, and it is currently in the Senate's second constitutional stage of discussion. In addition to this proposal, the Chilean government submitted an alternative in May 2019 to reduce the maximum working week to 41 hours. This bill is also under review by Congress in the House of Representatives in the First Constitutional Stage of discussion.

On November 14, 2019, representatives presented a bill to amend the Chilean Labor Code, which aims to modify the current mandatory profit-sharing scheme and requiring employers to pay the higher amount between: (a) a 30% of the net profits earned by the employer during a particular year; or (b) a 25% of the annual wages accrued by the employee during the fiscal year, without any cap. In June 2021, this bill was admitted for discussion in the Labor and Social Security Commission of the House of Representatives but has not moved forward since then, remaining in the first constitutional stage of discussion.

In January 2020, the Chilean government introduced to the Senate a social security reform bill, which is expected to include a gradual increase of up to 6% to the employee's pension contribution, payable by the employer. By June 2021, the government insisted in the urgency of the bill, and it is currently in the Senate's second constitutional stage of discussion.

While none of these bills are currently in force, their enactment or the enactment of other similar proposals may increase our labor costs and have material and adverse effects to our financial condition and results of operations. Additionally, the aforementioned bills are currently being discussed and may undergo various modifications to their text before being approved.

Moreover, there are currently two labor laws in force related to the COVID-19 pandemic. Law No. 21,342 provides for two obligations of the employer whose employees are providing or will resume on-site service: to implement a health and safety protocol against COVID-19 and to hire an insurance with COVID-19 coverage for hospitalization and rehabilitation costs, as well as providing death benefits of no less than UF 180 per employee. Law No. 21,347 provides that in cases of public immunization programs for the control and prevention of transmissible diseases, all employees who are among the target population of such campaigns shall be entitled to a half day of work leave for their vaccination.

We cannot assure you that these laws and bills will not have a material adverse effect on us and our operations.

Changes in Chilean tax laws may increase our tax burden and adversely affect our profitability.

In the last decade, several substantial amendments have been made to the Chilean income tax system, including increases to corporate and personal income tax rates.

For instance, in February 2020, Congress enacted Law No. 21,210 aimed at raising additional taxes to finance the government's response to recent social unrest, by including several amendments to the Chilean tax system (the "2020 Tax Reform"). The 2020 Tax Reform, includes, among other measures: (i) an increase from 35% to 40% in the personal income tax bracket for taxpayers with a gross monthly income in excess of approximately Ch$16.0 million; (ii) a progressive tax ranging from 0.075% to 0.275% on real estate properties owned by a taxpayer with a total taxable value exceeding approximately Ch$400 million; (iii) stricter requirements for private investment funds to benefit from preferential tax treatment; (iv) the creation of a new special tax regime for small- and medium-sized enterprises, with a 25% tax rate (who also may benefit from a transitory rate of 10% tax rate applicable to income generated during the years 2021 and 2022); (v) a partially integrated regime as a single tax system for large companies, with a 27% tax rate that will be partially deductible from the final tax to be paid by the owners of the taxpayer entity, who will have a maximum tax burden of 44.45%; (vi) the progressive discontinuation of the provision allowing Chilean holding companies that incur tax losses to claim a refund of the corporate income tax paid by their Chilean affiliates on dividends received by such holding company; (vii) a more restrictive treatment for capital gains taxation; (viii) a special tax contribution of 1% on investments in fixed assets in excess of U.S.$10 million (for the part of the excess) for the benefit of regions hosting projects that exceed U.S.$10 million when a given project requires submission for approval to the environmental approval system; (ix) an accelerated depreciation regime of 50% of the value of new fixed assets imported or acquired between October 1, 2019 and May 30, 2020, with the remaining 50% to be subject to accelerated depreciation. In addition, a special depreciation system was established for the acquisition of new or imported fixed assets between June 1, 2020 and December 31, 2022, which allows the assets to be fully depreciated instantaneously in the same business year in which they are acquired; and (x) the extension of the ability to credit 100% of the corporate income tax until December 31, 2026 for investors residing in countries with which Chile has signed a tax treaty before January 1, 2020, even if such a treaty is not yet in force, among others.

These and further changes, as well as interpretations by the Chilean tax authorities thereto, may result in an increase in tax liabilities, which could adversely affect industry profitability, increase costs, restrict our ability to do business and cause negative effects to our financial results. We cannot assure you that we will be able to maintain our projected cash flow and profitability following any increases in Chilean taxes applicable to us and our operations.

Any downgrading of Chile's debt credit rating for domestic and international debt by international credit rating agencies may also affect our ratings, our business, our future financial performance, and the value of our securities, and any downgrading of our credit ratings could increase our cost of funding and adversely affect our interest margins and results of operations.

On March 24, 2021, Standard & Poor's downgraded the credit rating of Chile's long-term international debt from A+ to A-, with a stable outlook. On October 15, 2020, Fitch Ratings downgraded the credit rating of Chile's long-term international debt from A+ to A, with a negative outlook. On August 25, 2020, Moody's rated Chile's long-term international debt at A1 and downgraded Chile's outlook from stable to negative. Any additional adverse revisions to Chile's credit ratings for domestic and international debt by international rating agencies may adversely affect our ratings, our business, future financial performance, stockholders' equity and the value of our securities. In addition, credit ratings affect the cost and other terms upon which we are able to obtain funding. Rating agencies regularly evaluate us and their ratings of our debt are based on a number of factors, including our financial strength and conditions affecting the financial services industry generally.

There can be no assurance that the rating agencies will maintain the current ratings or outlooks, and any downgrading in our debt credit ratings would likely limit our access to capital markets and adversely affect our operating results and financial condition.

Developments in other emerging markets or in the global telecommunications market may adversely affect us.

Developments in the global telecommunications market and in other emerging markets, particularly in Latin America, may adversely affect the market for our securities and the availability of foreign capital in Chile. We cannot predict whether events in other markets will adversely affect the price of, or market for, our securities.

Unfavorable general economic conditions, including the financial crisis in 2008 in the United States, caused a decrease in the amount of foreign capital invested in emerging markets, including Chile and Latin America. In turn, this caused securities markets in many emerging markets, including Chile and Latin America, to decrease in value and led to depreciation of emerging market currencies compared to the U.S. dollar. Because international investors' reactions to the events occurring in one market sometimes affect other regions or disfavor certain investments, the Chilean economy could be adversely affected by negative economic or financial developments in other countries. We cannot assure you that negative developments in Latin America or other emerging markets will not occur or that such negative developments would not adversely affect the securities markets in which our securities trade or affect our access to sources of financing.

We cannot assure you of the accuracy or comparability of facts, forecasts and statistics contained in this offering memorandum with respect to Chile, its economy and the telecommunications industry.

Facts, forecasts and statistics in this document relating to Chile, Chile's economy and the Chilean telecommunications industry, including market share information, are derived from or based on internal estimates as well as various official and other publicly available sources that we generally believe to be reliable. However, we cannot vouch for the quality and reliability of such official and other sources of materials. In addition, these facts, forecasts and statistics have not been independently verified by us and, therefore, we make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside of Chile and may not be complete or up to date. We have taken reasonable care in reproducing or extracting the information from such sources. However, because of possibly flawed or ineffective methodologies underlying the published information or discrepancies between the published information and market practice and other problems, these facts, forecasts or statistics may be inaccurate and may not be comparable from period to period or to facts, forecasts or statistics produced for other economies, and you should not unduly rely upon them.

Risks Relating to the Notes

The notes are a new issue of securities for which there is currently no public market. You may be unable to sell your notes if a trading market for the notes does not develop.

The offer and sale of the notes have not been nor will be registered under the Securities Act or the securities law of any other jurisdiction and the notes are being offered and sold only to qualified institutional buyers within the meaning of Rule 144A under the Securities Act and in offshore transactions to persons other than U.S. persons pursuant to Regulation S under the Securities Act. The notes will constitute a new issue of securities with no established trading market. Although we will apply to list the notes on the Luxembourg Stock Exchange to trade on the Euro MTF Market, we cannot assure you that a trading market will develop. If a trading market does not develop or is not maintained, holders of the notes may experience difficulty in reselling the notes or may be unable to sell them at all. Accordingly, an active trading market for the notes may not develop.

The notes cannot be publicly offered in Chile unless they are registered with the CMF or offered as non-registered securities in reliance upon CMF Rule 336. The definition of a public offering of securities under Chilean law includes both offers directed to the general public and offers directed to a part or specific group thereof. We do not expect to register the notes with the CMF.

Even if a market develops, the liquidity of any market for the notes will depend on the number of holders of the notes, the interest of securities dealers in making a market in the notes and other factors; therefore, a market for the notes may develop though it may not be liquid. If an active trading market does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price depending upon prevailing interest rates, the market for similar securities, general economic conditions, our performance and business prospects and other factors.

Changes in certain tax laws could lead to the redemption of the notes by us.

Payments of interest in respect of the notes made by us to holders who are not domiciled or resident in Chile will be subject to Chilean interest withholding tax at a rate of 4.0%. Subject to certain exceptions, we will pay additional amounts so that the amount received by the holder after Chilean withholding tax will equal the amount that would have been received if no such taxes had been applicable. Under the indenture, the notes are redeemable at our option, subject to applicable Chilean law, in whole (but not in part) at any time at the principal amount thereof plus accrued and unpaid interest and any additional amounts due thereon if, as a result of changes in the laws or regulations affecting tax laws in Chile or any other jurisdiction from or through which any payment under the notes is made, we become obligated to pay additional amounts on the notes (in excess of additional amounts payable in respect of the 4.0% withholding tax payable on payments of interest on the notes). Although no proposal to increase the withholding tax rate in Chile is currently pending, we cannot assure you that an increase in withholding tax rate will not be presented to or enacted by the Chilean congress. See "Description of the Notes—Optional Redemption—Tax Redemption."

The terms of the notes will not protect you in the event of a change of control.

The terms of the notes will not afford you protection in the event of a change of control that may adversely affect you. As a result, we could enter into any such transaction even though the transaction could increase the total amount of our outstanding indebtedness, adversely affect our capital structure or credit rating or otherwise adversely affect the holders of the notes. If any such transaction were to occur, the value of your notes could decline.

We may incur additional indebtedness ranking equally to the notes or secured indebtedness to which the notes will be effectively subordinated.

The Indenture governing the notes will permit us to issue additional debt that ranks on an equal and ratable basis with the notes without limitations. If we incur any additional debt that ranks on an equal and ratable basis with the notes, the holders of that debt will be entitled to share ratably with the holders of the notes in any proceeds distributed in connection with an insolvency, liquidation, reorganization, dissolution or other winding-up of us subject to satisfaction of certain debt limitations. This may have the effect of reducing the amount of proceeds paid to you. Subject to certain limitations, we also have the ability to incur secured debt and such debt would be effectively senior to the notes to the extent of the value of the collateral securing such debt. In particular, the Indenture governing the notes will permit us to incur liens over any of our headquarters building, towers, antennas, or related communications facilities. As of September 30, 2021, we had Ch$833,734 million of total debt, none of which was secured debt. See "Description of the Notes—Limitation on Liens."

The obligations under the notes will be subordinated to certain statutory liabilities and structurally subordinated to any existing and future indebtedness of our subsidiaries.

Under Chilean bankruptcy law, the obligations under the notes are subordinated to certain statutory preferences. In the event of liquidation, such statutory preferences, including claims for salaries, wages, secured obligations, social security, taxes and certain court fees and expenses, will have preference over any other claims, including claims by any investor in respect of the notes. In addition, our creditors may hold negotiable instruments or other instruments governed by local law that grant rights to attach our assets at the inception of judicial proceedings in the relevant jurisdiction, which attachment is likely to result in priorities benefitting those creditors when compared to the rights of holders of the notes.

Furthermore, the notes will be structurally subordinated to any existing and future indebtedness of our subsidiaries. In the event of a liquidation, winding-up, dissolution or a bankruptcy, administration, reorganization, insolvency, receivership, or similar proceeding, of any of these subsidiaries, the subsidiaries will pay the holders of their own debt, their trade creditors and any preferred shareholders before they would be able to distribute any of their assets to us. As of September 30, 2021, we had Ch$833,734 of total debt, of which Ch$259,431 was debt of our subsidiaries. The Indenture will permit our subsidiaries to incur additional debt without limitations.

There are restrictions on your ability to transfer the notes.

The notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Such exemptions include offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act and in accordance with any applicable securities laws of any other jurisdiction and sales to qualified institutional buyers as defined under Rule 144A under the Securities Act. For a discussion of certain restrictions on resale and transfer, see "Plan of Distribution" and "Transfer Restrictions." Consequently, a holder of notes and an owner of beneficial interests in those notes must be able to bear the economic risk of their investment in the notes for the term of the notes.

Because a significant portion of our operations is conducted through our subsidiaries, our ability to service our debt may be dependent on our receipt of distributions or other payments from our subsidiaries.

A significant portion of our operations is conducted through our subsidiaries. As a result, our ability to service our debt may be dependent on the earnings of our subsidiaries and the payment of those earnings to us in the form of dividends, loans or advances and through repayment of loans or advances from us. Payments to us by our subsidiaries will be contingent upon our subsidiaries' earnings and other business considerations and may be subject to statutory or contractual restrictions.

Holders of the notes may find it difficult to enforce civil liabilities against us or our directors, officers and controlling persons.

We are organized under the laws of Chile and our principal place of business is in Santiago, Chile. Most of our directors, officers and controlling persons reside outside of the United States. In addition, all or a substantial portion of our assets are located outside of the United States. As a result, it may be difficult for holders of notes to effect service of process within the United States on such persons or to enforce judgments against them, including in any action based on civil liabilities under the U.S. federal securities laws. Based on the opinion of our Chilean counsel, there is doubt as to the enforceability against such persons in Chile, whether in original actions or in actions to enforce judgments of U.S. courts, of liabilities based solely on the U.S. federal securities laws. See "Service of Process and Enforceability of Civil Liabilities."

Exchange controls and restrictions thereof could impede our ability to make payments under the notes.

Exchange control risks include: availability risks, the risk that even though we have sufficient Chilean-peso denominated revenues to meet our obligations, U.S. dollars are not available for conversion, convertibility risk, the risk that a Chilean government entity will restrict, condition or terminate our legal right to convert Chilean pesos into U.S. dollars; and transferability risk, the risk that a Chilean government entity will allow us to convert currency into U.S. dollars, but will place restrictions or prohibitions on those U.S. dollars leaving the country.

In order for Chilean domiciled or resident issuers to offer securities internationally, the provisions of Chapter XIV of the Compendium of Foreign Exchange Regulations of the Central Bank of Chile (the "Central Bank of Chile Compendium") shall be observed, including the obligation to provide certain information to the Chilean Central Bank. Under Chapter XIV of the Central Bank of Chile Compendium, payments and remittances of funds from Chile through the Formal Exchange Market are governed by the rules in effect at the time the payment or remittance is made. Therefore, any change made to Chilean laws and regulations after the date hereof could affect foreign investors who have acquired the notes.

There can be no assurance that further Chilean Central Bank regulations or legislative changes to the current foreign exchange control regime in Chile will not restrict or prevent us from acquiring U.S. dollars; or that further restrictions applicable to us will not affect our ability to remit U.S. dollars for payment of interest or principal on the notes. In addition, there can be no assurance that we or any other entity will be able to purchase U.S. dollars in the exchange market at the time or in the amounts required to effect any payment due pursuant to the notes.

There can be no assurance that restrictions applicable to the holders of the notes will not be imposed in the future, nor can there be any assessment of the duration or impact of such restrictions if imposed. See "Exchange Controls."

Chilean insolvency laws may offer our noteholders less protections than they would have under U.S. insolvency laws.

We are a corporation (*sociedad anónima*) incorporated under the laws of Chile, and as such, any insolvency proceedings applicable to such a company are in principle governed by Chilean law. Chilean Bankruptcy Law may not be as favorable to your interests as creditors as the laws of the United States or other jurisdictions with which you may be familiar. For further information, see "Enforcement of Civil Liabilities."

Our obligations under the notes will be subject to the Chilean Bankruptcy laws, and we cannot assure you that you will be able to effectively enforce your rights in such reorganization and liquidation proceedings. In addition, the Chilean Bankruptcy laws may be materially different from, or in conflict with U.S. law, including in the areas of rights of creditors, priority of government entities and other third-party and related-party creditors, ability to obtain post-bankruptcy filing loans or to pay interest and the duration of proceedings. The laws of Chile may not be as favorable to your interests as the laws of jurisdictions with which you are familiar. The application of these laws, or any conflict among them, could call into question what and how Chilean laws should apply. Such issues may adversely affect your ability to enforce your rights under the notes in Chile or limit any amounts that you may receive.

In 2014, Law No. 20,720 (the "Chilean Bankruptcy Law") came into effect and replaced the former Chilean bankruptcy regime (created in 1982) for a law of "reorganization and liquidation" of companies and individuals. The Chilean Bankruptcy Law establishes various rules that seek to avoid bankruptcy of individuals and companies by taking a more pro-entrepreneur approach. Indeed, the Chilean Bankruptcy Law focuses on the reorganization of viable enterprises, establishing procedures for the restructuring of their debts, through an agreement subscribed with its creditors within a maximum period of four months, while preserving the company's capability to produce and employ people. It also establishes the possibility of renegotiation of debts for individuals.

If an enterprise is not economically viable, the law establishes a procedure for the liquidation of assets within a period which shall not exceed twelve months for companies or eight months for individuals. This law also creates the Superintendency of Insolvency and Re-Entrepreneurship that replaced the former Superintendency of Bankruptcy.

In addition, our creditors may hold negotiable instruments or other instruments governed by local law that grant rights to attach our assets at the inception of judicial proceedings in the relevant jurisdiction, which attachment is likely to result in priorities benefitting those creditors when compared to the rights of holders of the notes.

In light of the foregoing, certain of the rights and priorities granted to holders of notes, as well as payments in respect of the notes may be subject to challenge by third-party creditors of the company in the circumstances set forth above.

We cannot assure you that the credit ratings for the notes will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the notes.

Changes in the interest rate environment could adversely impact the trading price of the notes.

We expect that the trading price of the notes will depend on a variety of factors, including, without limitation, the interest rate environment. If interest rates, or expected future interest rates, rise during the term of the notes, the price of the notes will likely decrease. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the trading price of the notes. Because interest rates and interest rate expectations are influenced by a wide variety of factors, many of which are beyond our control, we cannot assure you that changes in interest rates or interest rate expectations will not adversely affect the trading price of the notes

EXCHANGE RATES

Chile has two currency markets, the Formal Exchange Market (*Mercado Cambiario Formal*) and the Informal Exchange Market (*Mercado Cambiario Informal*). The Formal Exchange Market is comprised of banks and other entities authorized by the Chilean Central Bank. The Informal Exchange Market is comprised of entities that are not expressly authorized to operate in the Formal Exchange Market, such as certain foreign exchange houses and travel agencies, among others. The Chilean Central Bank is empowered to require that certain purchases and sales of foreign currencies be carried out on the Formal Exchange Market.

Both the Formal and Informal Exchange Markets are driven by free market forces. Current regulations require that the Chilean Central Bank be informed of certain transactions and that they be effected through the Formal Exchange Market.

The U.S.$ Observed Exchange Rate (*dólar observado*), which is reported by the Chilean Central Bank and published daily in the Chilean newspapers, is the weighted average exchange rate of the previous business day's transactions in the Formal Exchange Market. On September 2, 1999, the Chilean Central Bank eliminated the band within which the Observed Exchange Rate could fluctuate, in order to provide greater flexibility in the exchange market. Nevertheless, the Chilean Central Bank has the power to intervene by buying or selling foreign currency on the Formal Exchange Market to attempt to maintain the Observed Exchange Rate within a desired range. During the past few years, the Chilean Central Bank has attempted to keep the Observed Exchange Rate within a certain range only under special circumstances. Although the Chilean Central Bank is not required to purchase or sell dollars at any specific exchange rate, it generally uses spot rates for its transactions. Other banks generally carry out authorized transactions at spot rates as well.

In December 2019, the Chilean Central Bank of Chile decided to intervene in the exchange market by selling U.S. dollars for a total amount of up to U.S.$10,000 million and by selling FX hedging instruments for a total amount of up to U.S.$10,000 million as well. The Chilean Central Bank's intervention included sales of approximately U.S.$2,550 million and of foreign exchange hedging instruments of approximately U.S.$4,565 million. Initially, this foreign currency selling program was intended to last until May 2020, but as one of the measures adopted to confront the COVID-19 pandemic, the Chilean Central Bank announced in January 2020 that the program would include an additional U.S.$4,500 million.

The Informal Exchange Market reflects transactions carried out at an informal exchange rate (the "Informal Exchange Rate"). There are no limits imposed on the extent to which the rate of exchange in the Informal Exchange Market can fluctuate above or below the Observed Exchange Rate. In recent years, the variation between the Observed Exchange Rate and the Informal Exchange Rate has not been significant.

The following table sets forth the annual low, high, average and period-end Observed Exchange Rate for U.S. dollars for each year starting in 2016, and for the months from January through November 2021, as reported by the Chilean Central Bank.

	Daily Observed Exchange Rate Ch$ per U.S.$1.00			
Year	**Low[(1)]**	**High[(1)]**	**Average[(2)]**	**Period End[(3)]**
2016	645.22	730.31	676.83	669.47
2017	615.22	679.05	649.33	614.75
2018	588.28	698.56	640.29	694.77
2019	649.22	828.25	702.63	748.74
2020	710.26	867.83	792.22	710.95
January 2021	696.18	741.40	723.56	734.62
February 2021	703.65	737.23	722.63	719.91
March 2021	716.46	738.46	726.37	721.82
April 2021	696.80	721.82	707.85	711.06
May 2021	693.74	734.75	712.26	722.11
June 2021	716.06	749.34	726.54	727.76
July 2021	727.76	767.29	750.44	760.20
August 2021	760.20	789.98	779.83	775.14

Year	Daily Observed Exchange Rate Ch$ per U.S.$1.00			
	Low[(1)]	High[(1)]	Average[(2)]	Period End[(3)]
September 2021	766.53	803.59	783.63	811.90
October 2021	803.90	827.56	813.95	810.91

Source: Chilean Central Bank.

(1) Exchange rates are the actual low and high, on a daily basis for each period.

(2) The yearly average rate is calculated as the average of the exchange rates on the last day of each month during the period.

(3) Each year period ends on December 31, and the respective period-end exchange rate is published by the Chilean Central Bank on the first business day of the following year. Each month period ends on the last calendar day of such month, and the respective period end exchange rate is published by the Chilean Central Bank on the first business day of the following month.

We make no representation that the Chilean peso or the U.S. dollar amounts referred to herein actually represent, could have been or could be converted in U.S. dollars or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all. The Federal Reserve Bank of New York does not report a noon buying rate for pesos.

EXCHANGE CONTROLS

The Chilean Central Bank is the entity responsible for monetary policies and exchange controls in Chile. Chilean issuers are authorized to offer securities internationally provided they comply with, among other things, the provisions of Chapter XIV of the Compendium of Foreign Exchange Regulations of the Chilean Central Bank (the "Chilean Central Bank Compendium").

Pursuant to the provisions of Chapter XIV of the Chilean Central Bank Compendium, it is not necessary to seek the Chilean Central Bank's prior approval in order to issue the notes. The Chilean Central Bank only requires that (i) the remittance of funds obtained from the sale of the notes into Chile be made through the Formal Exchange Market and disclosed to the Chilean Central Bank as described below; and (ii) all remittances of funds to make payments under the notes made from Chile be made through the Formal Exchange Market and disclosed to the Chilean Central Bank as described below.

The proceeds of the sale of the notes may be brought into Chile or held abroad. If we remit the funds obtained from the sale of the notes into Chile, such remittance must be made through the Formal Exchange Market and we must deliver to the Chilean Central Bank directly or through an entity participating in the Formal Exchange Market an annex providing information about the transaction, together with a letter instructing such entity to deliver us the foreign currency or the peso equivalent thereof. If we do not remit the funds obtained from the sale of the notes into Chile, we have to provide the same information to the Chilean Central Bank directly or through an entity of the Formal Exchange Market, within the first 10 days of the month following the date on which we received the funds. The regulations require that the information provided describe the financial terms and conditions of the securities offered, related guarantees and the schedule of payments.

All payments in connection with the notes made from Chile must be made through the Formal Exchange Market. Pursuant to Chapter XIV of the Chilean Central Bank Compendium, no prior authorization from the Chilean Central Bank is required for such payments in U.S. dollars. The participant of the Formal Exchange Market involved in the transfer must provide certain information to the Chilean Central Bank on the banking business day following the day of payment. In the event payments are made outside Chile using foreign currency held abroad, we must provide the relevant information to the Chilean Central Bank directly or through an entity of the Formal Exchange Market within the first 10 days of the month following the date on which the payment was made.

Under Chapter XIV of the Chilean Central Bank Compendium, payments and remittances of funds from Chile are governed by the rules in effect at the time the payment or remittance is made. Therefore, any change made to Chilean laws and regulations after the date hereof will affect foreign investors who have acquired the notes. We cannot assure you that further Chilean Central Bank regulations or legislative changes to the current foreign exchange control regime in Chile will not restrict or prevent us from acquiring U.S. dollars or that further restrictions applicable to us will not affect our ability to remit U.S. dollars for payment of interest or principal on the notes.

The above is a summary of the Chilean Central Bank's regulations with respect to the issuance of debt securities, including the notes, as in force and effect as of the date of this offering memorandum. We cannot assure you that restrictions will not be imposed in the future, nor can there be any assessment of the duration or impact of such restrictions if imposed. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of Chapter XIV of the Chilean Central Bank Compendium, a copy of which is available from us upon request.

USE OF PROCEEDS

We expect to receive gross proceeds of U.S.$500,000,000 from the sale of the notes in this offering. We intend to apply the net proceeds, after deducting commissions and estimated expenses, to repay or redeem the 2022 Notes and for general corporate purposes.

CAPITALIZATION

The table below sets forth our consolidated debt and capitalization (defined as long-term debt and shareholders' equity) as of September 30, 2021, derived from our Unaudited Consolidated Interim Financial Statements:

- on an actual basis; and
- as adjusted to give effect to the issuance of the notes offered hereby, and the application of the net proceeds therefrom.

Investors should read this table in conjunction with our consolidated financial statements included in this offering memorandum.

	As of September 30, 2021			
	Actual	**As Adjusted**	**Actual**	**As Adjusted**
	(in millions of nominal Ch$)	**(in millions of nominal Ch$)**	**(in millions of U.S. dollars)**	**(in millions of U.S. dollars)**
Current financial assets:				
Cash and cash equivalents[1]	227,924	393,643	280.7	484.8
Other current financial assets	51,610	51,610	63.6	63.6
Total current financial assets	279,534	445,253	344.3	548.4
Short-term debt:				
Bank debt	538	538	0.7	0.7
Chilean bonds	2,978	2,978	3.7	3.7
International Bonds	6,762	6,762	8.3	8.3
Derivatives	1,922	1,922	2.4	2.4
Other financial debts	1,448	1,448	1.8	1.8
Total-short term debt	**13,648**	**13,648**	**16.8**	**16.8**
Long-term debt:				
Bank debt	345,514	345,514	425.6	425.6
Chilean bonds	274,142	274,142	337.6	337.7
International bonds	413,397	7,447	509.2	9.2
Derivatives	—	—	—	—
Notes offered hereby	—	405,950	—	500.0
Total long-term debt	**1,033,053**	**1,033,053**	**1,272.4**	**1,272.4**
Total debt	**1,046,701**	**1,046,701**	**1,289.2**	**1,289.2**
Shareholders' equity:				
Total shareholders' equity	1,307,311	1,307,311	1,610.2	1,610.2
Total capitalization[2]	**2,074,478**	**1,908,759**	**2,555.1**	**2,351.0**

(1) Cash and cash equivalents increase by Ch$165,719 million (U.S.$204.1 million) after giving effect to the issuance of the notes offered hereby since we had previously hedged a portion of the 2022 notes.

(2) Total capitalization means total short-term debt, long-term debt and shareholders' equity, net of current financial assets.

SELECTED FINANCIAL AND OTHER INFORMATION

The following tables present our selected consolidated financial and operating information as of and for the years ended December 31, 2018, 2019 and 2020 and as of September 30, 2021 and for the nine months ended September 30, 2020 and 2021, in accordance with IFRS as issued by the IASB. This information should be read in conjunction with, and is qualified in its entirety by reference to, our Audited Consolidated Financial Statements, our Unaudited Interim Consolidated Financial Statements and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this offering memorandum.

The selected consolidated financial information as of December 31, 2018, 2019 and 2020 and for each of the years then ended has been derived from our Audited Consolidated Financial Statements, which have been audited by PwC. The report of PwC on our Audited Consolidated Financial Statements appears elsewhere in this offering memorandum.

The selected interim consolidated financial information as of September 30, 2021 and for the nine months ended September 30, 2020 and 2021 has been derived from our Unaudited Interim Consolidated Financial Statements contained elsewhere in this offering memorandum. The results of operations for the nine months ended September 30, 2021 are not necessarily indicative of the results to be expected for the year ending December 31, 2021 or for any other period.

	For the year ended December 31,				For the nine months ended September 30, (unaudited)		
	2018	2019	2020	2020	2020	2021	2021
	(in millions of nominal Ch$)			(in millions of U.S.$)[(1)]	(in millions of nominal Ch$)		(in millions of U.S.$)[(1)]
CONSOLIDATED INCOME STATEMENT DATA							
Revenue from ordinary operations	1,573,232	1,503,478	1,430,184	1,761.5	1,040,571	1,154,726	1,422.3
Other income	6,727	29,082	18,971	23.4	10,989	378,731	466.5
Employee benefits expenses	(124,721)	(123,066)	(131,388)	(161.8)	(97,079)	(100,008)	(123.2)
Depreciation and amortization expense	(279,535)	(330,620)	(328,473)	(404.6)	(246,282)	(218,669)	(269.3)
Impairment losses (reversal of impairment losses)	(49,049)	(64,755)	(63,486)	(78.2)	(49,557)	(36,609)	(45.1)
Other expenses[(2)]	(975,706)	(856,445)	(829,807)	(1,022.1)	(597,515)	(717,067)	(883.2)
Profits from operating activities	**150,948**	**157,674**	**96,001**	**118.2**	**61,127**	**461,104**	**568**
Finance income	5,867	5,347	3,958	4.9	3,099	2,814	3.5
Finance costs	(42,165)	(50,782)	(51,028)	(62.9)	(37,525)	(32,504)	(40)
Share in earnings (losses) of associates and joint venture	-	-	-	-	-	(96)	(0.1)
Foreign exchange differences and monetary adjustments	870	(1,630)	34	0.0	(1,102)	(1,054)	(1.3)
Profits before tax from continuing operations	**115,520**	**110,609**	**48,965**	**60.3**	**25,599**	**430,264**	**530**
Income tax expense	(29,604)	(28,144)	(17,013)	(21.0)	(4,494)	(110,037)	(135.5)
Profit from continuing operations	**85,916**	**82,465**	**31,952**	**39.4**	**21,105**	**320,227**	**394.5**
Profit attributable to owners of the parent	85,790	82,222	31,975	39.4	21,146	317,632	391.3
Profit attributable to non-controlling interests	126	243	(23)	—	(41)	2,595	3.2

	For the year ended December 31,				For the nine months ended September 30, (unaudited)		
	2018	2019	2020	2020	2020	2021	2021
	(in millions of nominal Ch$)			(in millions of U.S.$)(1)	(in millions of nominal Ch$)		(in millions of U.S.$)(1)
Profit	**85,916**	**82,465**	**31,952**	**39.4**	**21,105**	**320,227**	**394.5**

	As of December 31,				As of September 30, (unaudited)	
	2018	2019	2021	2020	2021	2021
	(in millions of nominal Ch$)			(in millions of U.S.$)(1)	(in millions of nominal Ch$)	(in millions of U.S.$)(1)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA						
Assets						
Current assets:						
Cash and cash equivalents	263,376	234,467	465,809	573.7	227,924	280.7
Other current financial assets(3)	5,212	24,825	10,487	12.9	51,610	63.6
Other current non-financial assets(4)	38,269	41,026	71,617	88.2	93,916	115.7
Trade and other accounts receivable	198,535	233,716	234,487	288.8	318,775	392.6
Current accounts receivable from related companies	21,488	21,109	9,100	11.2	34,832	42.9
Inventory	55,566	59,288	67,437	83.1	92,909	114.4
Current tax assets	13,177	7,531	14,138	17.4	10,327	12.7
Current assets or assets groups for disposal classified as held for sale	-	-	6,823	8.4	5,394	6.6
Total current assets	**595,623**	**621,962**	**879,898**	**1,083.8**	**835,687**	**1,029.3**
Non-current assets:						
Other non-current financial assets(5)	152,156	195,991	165,092	203.3	243,756	300.2
Other non-current non-financial assets	2,717	13,037	57,495	70.8	118,440	145.9
Non-current trade and other accounts receivable	34,029	27,422	23,324	28.7	41,668	51.3
Non-current receivables from related companies	-	-	-	-	80,380	99.0
Investments in associates and joint ventures	-	-	-	-	67,698	83.4
Intangible assets other than goodwill, net	179,956	159,340	142,413	175.4	265,651	327.2
Goodwill	504,840	504,775	504,775	621.7	504,775	621.7
Property, plant and equipment, net	1,252,994	1,226,828	1,153,563	1,420.8	954,514	1,175.7
Investment properties	-	-	4,098	5.0	3,933	4.8
Right of-use assets	-	221,023	187,318	230.7	177,653	218.8
Deferred tax assets	118,545	116,368	117,547	144.8	100,489	123.8
Total non-current assets	**2,245,237**	**2,464,784**	**2,355,625**	**2,901.4**	**2,558,957**	**3,151.8**
Total assets	**2,840,860**	**3,086,746**	**3,235,523**	**3,985.1**	**3,394,644**	**4,181.1**
Liabilities						
Current liabilities:						
Other current financial liabilities(6)	58,886	126,078	256,849	316.4	13,649	16.8

	As of December 31,				As of September 30, (unaudited)	
	2018	2019	2021	2020	2021	2021
		(in millions of nominal Ch$)		(in millions of U.S.$)[1]	(in millions of nominal Ch$)	(in millions of U.S.$)[1]
Current leases liabilities	—	78,740	61,503	75.8	50,234	61.9
Trade and other accounts payable	385,754	304,291	353,692	435.6	395,632	487.3
Current payable to related companies	52,203	66,055	59,548	73.3	71,699	88.3
Other current provisions	5,745	1,602	5,495	6.8	7,937	9.8
Current tax liabilities	3,421	5,253	7,661	9.4	96,467	118.8
Current employee benefits accrual	8,598	9,398	3,343	4.1	3,374	4.2
Other current non-financial liabilities[7]	29,757	51,933	50,016	61.6	42,876	52.8
Total current liabilities	544,363	643,350	798,107	**983**	**681,868**	**839.8**
Non-current liabilities:						
Other non-current financial liabilities[8]	844,037	783,162	755,603	930.7	1,033,053	1,272.4
Non-current leases liabilities	—	122,548	98,438	121.2	145,704	179.5
Trade and other payables non-current	4,320	2,161	1,161	1.4	430	0.5
Current payables to related companies non-current	168	38,028	40,802	50.3	1,613	2.0
Other non-current provisions	20,184	18,801	17,265	21.3	17,738	21.8
Deferred tax liabilities	84,570	93,902	95,703	117.9	94,553	116.5
Non-current employee benefits accrual	26,842	26,724	33,147	40.7	29,326	36.1
Other non-current non-financial liabilities	8,044	7,655	5,653	7.0	83,049	102.3
Total non-current liabilities	**988,165**	**1,092,981**	**1,047,772**	**1,290.5**	**1,405,466**	**1,731.1**
Total liabilities	**1,532,528**	**1,736,331**	**1,845,879**	**2,273.5**	**2,087,334**	**2,570.9**
Net shareholders' equity						
Issued capital	1,294,872	1,329,872	1,364,872	1,681.1	1,364,872	1,681.1
Retained earnings	465,583	472,508	494,586	609.2	375,145	462.1
Other reserves	(457,728)	(457,825)	(475,474)	(585.6)	(439,051)	(540.8)
Shareholders' equity attributable to owners of the parent	1,302,728	1,344,554	1,383,984	1,704.6	1,300,966	1,602.4
Non-controlling interest	5,605	5,860	5,660	7.0	6,344	7.8
Total net shareholders' equity	**1,308,332**	**1,350,415**	**1,389,644**	**1,711.6**	**1,307,310**	**1,610.2**
Total net liabilities and shareholders' equity	**2,840,860**	**3,086,746**	**3,235,523**	**3,985.1**	**3,394,644**	**4,181.1**

	For the year ended December 31,				For the nine months ended September 30, (unaudited)		
	2018	2019	2020	2020	2020	2021	2021
		(in millions of nominal Ch$)[9]		(in millions of U.S.$)[1][9]	(in millions of nominal Ch$)[9]		(in millions of U.S.$)[1][9]
OTHER DATA							
Capital expenditures[10]	223,193	201,606	140,917	173.6	107,683	99,574	122.6
Net cash provided by operating activities	435,193	429,778	427,745	526.8	185,381	65,518	80.7
Net cash used in investing activities	(273,391)	(289,416)	(217,115)	(267.4)	(186,093)	214,146	263.8

	For the year ended December 31,				For the nine months ended September 30, (unaudited)		
	2018	2019	2020	2020	2020	2021	2021
		(in millions of nominal Ch$)[9]		(in millions of U.S.$)[1][9]	(in millions of nominal Ch$)[9]		(in millions of U.S.$)[1][9]
Net cash used in financing activities	(105,219)	(169,272)	20,713	25.5	(48,399)	(517,549)	(637.5)
Adjusted EBITDA[11]	430,483	488,294	424,475	522.9	307,409	679,773	837.1
Adjusted EBITDA (excluding Non-recurring effect in 2021)	-	-	-	-		321,519	396
Adjusted EBITDA margin[12]	27.4%	31.9%	29.3%	-	29.2%	27.4%	-
Net debt/Adjusted EBITDA[13]	1.14	1.37	1.27	-	1.63	1.74	-
Total Mobile subscribers	8,567,455	7,652,035	7,607,132	-	7,399,034	7,716,111	-
Prepaid subscribers	3,609,801	3,711,160	4,142,452	-	3,477,556	2,970,645	-
Postpaid subscribers	4,957,654	3,940,875	3,464,680	-	3,921,478	4,745,466	-
Total Fixed subscribers	2,967,827	2,589,001	2,498,223	-	2,432,846	2,741,173	-
Broadband subscribers	1,094,053	1,007,510	1,072,517	-	1,012,495	1.261,180	-
Pay TV subscribers	651,339	523,261	496,770	-	476,260	576,128	-
Fixed lines in service	1,222,435	1,058,230	928,936	-	944,091	903,865	-

(1) For the reader's convenience, we have converted the original Chilean peso amounts into U.S. dollars at the observed exchange rate as published by the Chilean Central Bank on the last business day of the most recent reported period. The exchange rate used for purposes of this conversion was Ch$811.9 per U.S.$1.00 as of September 30, 2021. We make no representation that the Chilean peso or the U.S. dollar amounts referred to herein actually represent, could have been or could be converted into U.S. dollars or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all.

(2) Other miscellaneous operating expenses include mainly costs of sales of equipment and sales commissions, media rental and other exterior services, interconnections and roaming, customer assistance services, and others.

(3) Other current financial assets include financial assets at fair value through profit and loss and hedge assets, current.

(4) Other current non-financial assets include prepayments, current and other assets, current.

(5) Other non-current financial assets include hedge assets, non-current.

(6) Other current financial liabilities include interest bearing loans, current.

(7) Other current non-financial liabilities include deferred revenue and other liabilities, current.

(8) Other non-current financial liabilities include interest bearing loans and hedge liabilities, non-current.

(9) Except percentages, ratios, subscriber figures and ARPU.

(10) Capital expenditures include additions to property, plant and equipment.

(11) Adjusted EBITDA is a non-IFRS financial measure, does not represent cash flows from operations for the periods indicated and should not be considered an alternative to profit before income taxes as an indicator of our results of operations or as an alternative to cash flows from operations as an indicator of liquidity. Adjusted EBITDA does not have a standardized meaning and, accordingly, our definition of adjusted EBITDA may not be comparable to adjusted EBITDA as used by other companies. For our definition of adjusted EBITDA and a reconciliation thereof, see "Selected Financial and Other Information."

(12) Adjusted EBITDA margin is adjusted EBITDA divided by revenue, expressed as a percentage. Adjusted EBITDA, as of September 30, 2021, excludes non-recurring effects.

(13) Net debt/Adjusted EBITDA ratio is the ratio of our net debt as of the end of the applicable period divided by our adjusted EBITDA for the last 12 months ended as of the end of the applicable period. Net debt means the consolidated amount of our short-term debt and long-term debt, including our foreign currency and interest rate hedges, minus the amount of our cash and cash equivalents and other current and non-current financial assets.

The following table presents a reconciliation of adjusted EBITDA to Profit for each of the periods indicated:

	For the year ended December 31,				For the nine months ended September 30, (unaudited)		
	2018	2019	2020	2020	2020	2021	2021
	(in millions of nominal Ch$)			(in millions of U.S.$)(1)	(in millions of nominal Ch$)		(in millions of U.S.$)(1)
Profit (loss) attributable to owners of the parent	85,790	82,222	31,975	39.4	21,146	317,632	391.3
Add: Profit (loss) attributable to non-controlling interests	126	243	(23)	-	(41)	2.595	3.2
Add: Income tax expense	(29,604)	(28,144)	(17,013)	(21.0)	(4,494)	(110,037)	(135.5)
Add: Depreciation and amortization	(279,535)	(330,620)	(328,473)	(404.6)	(246,282)	(218,669)	(269.3)
Add: Finance costs	(42,165)	(50,782)	(51,028)	(62.9)	(37.525)	(32,504)	(40.0)
Add: Foreign exchange differences	983	(1,259)	(342)	(0.4)	(1,307)	(1,906)	(2.3)
Add: Monetary adjustments and Participation in profit of associates	(113)	(371)	376	0.5	205	756	0.9
Subtract: Finance income	5,867	5,347	3,958	4.9	3,099	2,814	3.5
Adjusted EBITDA(2)(3)	430,483	488,294	424,475	522.9	307,409	679,773	837.1
Subtract: Non-recurring effect for sale of 60% of InfraCo	-	-	-	-	-	358,254	441.2
Adjusted EBITDA (excluding Non-recurring effect in 2021)	-	-	-	-	-	321,519	396.0

(1) For the reader's convenience, we have converted the original Chilean peso amounts into U.S. dollars at the observed exchange rate as published by the Chilean Central Bank on the last business day of the most recent reported period. The exchange rate used for purposes of this conversion was Ch$811.9 per U.S.$1.00 as of September 30, 2021. We make no representation that the Chilean peso or the U.S. dollar amounts referred to herein actually represent, could have been or could be converted into U.S. dollars or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all.

(2) Adjusted EBITDA is a non-IFRS financial measure, does not represent cash flows from operations for the periods indicated and should not be considered an alternative to profit before income taxes as an indicator of our results of operations or as an alternative to cash flows from operations as an indicator of liquidity. Adjusted EBITDA does not have a standardized meaning and, accordingly, our definition of adjusted EBITDA may not be comparable to adjusted EBITDA as used by other companies.

The following table sets forth a reconciliation of Net Debt to Other Current Financial Liabilities for each of the periods indicated:

	For the year ended December 31,				For the nine months ended September 30, (unaudited)		
	2018	**2019**	**2020**	**2020**	**2020**	**2021**	**2021**
	(in millions of nominal Ch$)			**(in millions of U.S.$)[(1)]**	**(in millions of nominal Ch$)**		**(in millions of U.S.$)[(1)]**
Other Current Financial Liabilities........................	58,886	126,078	256,849	316.4	248,187	13,649	16.8
Add: Other Non-Current Financial Liabilities	844,037	783,162	755,603	930.7	696,728	1,033,053	1,272.4
Add: Current Leases Liabilities	-	78,740	61,503	75.8	64,640	50,234	61.9
Add: Non-Current Leases Liabilities........................	-	122,548	98,438	121.2	98,813	145,704	179.5
Subtract: Cash & Equivalents........	263,376	234,466	465,809	573.7	185,356	227,924	280.7
Subtract: Other Current Financial Assets	5,075	20,248	10,167	- 12.5	- 31,698	32,068	39.5
Subtract: Other Non-Current Financial Assets	145,144	188,087	159,120	196.0	204,842	217,261	267.6
Net Debt[(2)]	**489,329**	**667,727**	**537,297**	**661.8**	**686,472**	**765,387**	**942.7**

(1) For the reader's convenience, we have converted the original Chilean peso amounts into U.S. dollars at the observed exchange rate as published by the Chilean Central Bank on the last business day of the most recent reported period. The exchange rate used for purposes of this conversion was Ch$811.9 per U.S.$1.00 as of September 30, 2021. We make no representation that the Chilean peso or the U.S. dollar amounts referred to herein actually represent, could have been or could be converted into U.S. dollars or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all.

(2) Net Debt is a non-IFRS measure. Net Debt does not have a standardized meaning and, accordingly, our definition of Net Debt may not be comparable to Net Debt as used by other companies.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our Unaudited Interim Consolidated Financial Statements, our Audited Consolidated Financial Statements and the sections entitled "Selected Consolidated Financial Information" and "Presentation of Financial and Other Information" included elsewhere in this offering memorandum.

The financial data presented herein as of September 30, 2021, and for the nine-month periods ended September 30, 2020 and 2021 and as of and for the years ended December 31, 2018, 2019 and 2020 is stated in nominal Chilean pesos.

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth in "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors."

Overview

We are one of the largest telecom operator in Chile by number of subscribers as of September 30, 2021, providing a full range of wireless telecommunications services throughout Chile. We are an indirectly wholly-owned subsidiary of Telefónica, a global telecom operator which is present in 24 countries worldwide and operates in 13 countries in Europe and Latin America. Our relationship with Telefónica benefits us through the use of its *Movistar* brand, which is well known in Latin America, and through access to Telefónica's experience, economies of scale, synergies, strategic initiatives and technical expertise. As of September 30, 2021, we had approximately 10.4 million subscribers, of which 7.7 million are mobile and 2.7 are fixed subscribers. For the fiscal year ended December 31, 2020 and the nine months ended September 30, 2021, we had an adjusted EBITDA of Ch$424,475 million and Ch$ 679,773 million, respectively. Revenues as of September 30, 2021 include the non-recurring effect of the sale of 60% of our fiber optic business.

We generate revenue primarily from (i) mobile services that include revenues from voice, data and broadband services from postpaid and prepaid mobile customers, as well as revenues from sales of handsets, interconnections and value added services, (ii) fixed telecom services including broadband services and fixed-line telephone services (international long distance, public telephone service and interconnections), (iii) video and television services (Pay TV) and (iv) data services for enterprises and small and medium businesses. Based on our internal estimates and publicly-available information about our competitors, we believe we are one of the largest fixed and mobile telecommunications provider in Chile in terms subscribers ("accesses") and revenues as of June 30, 2021. Other operating income primarily includes the sale of property, plant and equipment and insurance and third party indemnification payments. Employee benefits expenses include salary and wages, benefit obligations, health and life insurance, and other personnel expenses, although the vast majority of our personnel expenses are salary and wages.

We depreciate property, plant and equipment, with the exception of land, from the moment in which the assets are in condition to be used, distributing the cost of the assets on a straight-line basis over their respective estimated useful life.

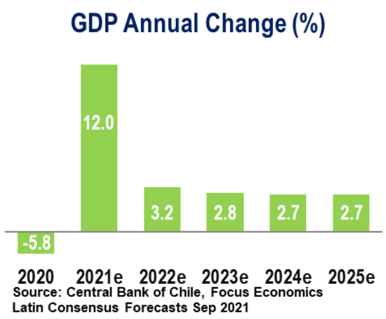
Other miscellaneous operating expenses include mainly costs of sales of equipment, contents, interconnections, lease payments, sales commissions, customer assistance services, allowances for doubtful accounts, advertising, network maintenance, and others.

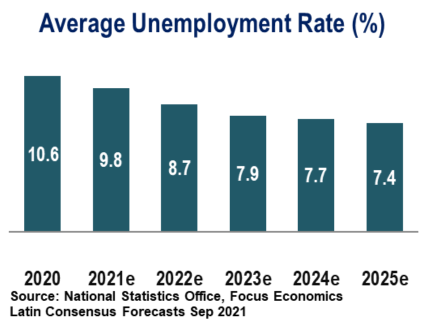
Finance income includes interest received on short-term cash deposits. Finance expenses includes costs incurred in relation with our indebtedness and hedging activities.

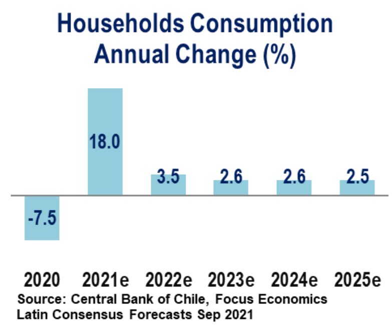
Foreign exchange differences include gains or losses resulting from foreign exchange fluctuations, primarily with respect to accounts payable for equipment, handsets and network devises and contents for TV business purchased in foreign currencies, as well as debt denominated in foreign currency.

Chilean Economy

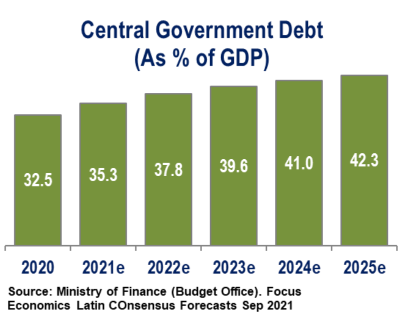
All of our operations and all of our customers are located in Chile. Accordingly, our financial condition and results of operations are substantially dependent upon economic conditions prevailing in Chile. During the last two decades, Chile has consolidated a market-oriented macroeconomic and institutional environment that allowed a sustainable path of economic growth. In 2021 the economy is recovering from its deepest recession since the 80's, mostly caused by the COVID-19 pandemic. Accordingly, GDP growth is expected to reach 12.0% stabilizing at about 2.8% thereafter, which implies a CARG of 4.6% for the period between 2021 and 2025. Along with increases in GDP, the annual unemployment rate is expected to decrease smoothly from 10.6% in 2020 to 7.4% in 2025. Household consumption was boosted during 2021 as a result of fiscal aid packages, pension funds withdrawals and an accommodative monetary policy, and it is expected to increase by 18% in 2021 and to expand at an average annual rate of 2.8% thereafter. According to the International Monetary Fund, in 2020 the Chilean GDP per capita reached $23,370 PPP Dollars (United States Dollars corrected by Purchasing Power Parity), and is expected to increase to $29,275 PPP Dollars by 2025 per IMF's estimates.

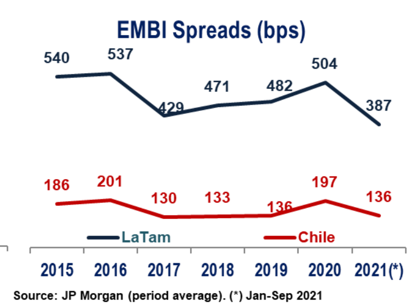


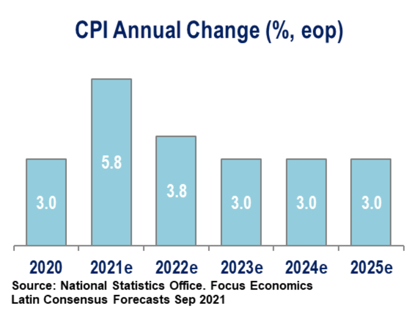




The Chilean monetary policy aims to keep the annual CPI inflation at 3% under and inflation target regime, effective since 1990. In this context, inflation remained around the target most of the times. The same has been the case for its medium and long-term expectations. In August 2021 CPI inflation reached 4.8% and it is projected to pick up around 6% in the coming months due the continuity of transitory inflationary factors (higher oil prices, reduced stocks and one-off demand stimulus), and will slowly converge down to 3% during 2023 following a tighter monetary policy (according to CB Council statements, the reference monetary policy rate will reach its neutral 3.50% by the end of 2021, with further increases expected in 2022). On the fiscal side, gross public debt increased in previous years to 33% of the GDP in 2020, an indebtedness level that is still low when compared to regional and/or credit rating peers. The gross public debt is expected to reach 42% of Chile's GDP by 2025. Chilean fiscal authorities have committed to a public balance consolidation scheme that targets a structural fiscal deficit of 0.9% of GDP by 2025, a reduction of 10.6 basis points. from the 11.5% of GDP projected for 2021. Chile has the lowest sovereign risk premium among Latin American countries and holds the highest credit ratings of the region (Moody's A1 Negative, S&P A Stable, Fitch A- Stable).







Key Business Measures

We track our results of operations and manage our business decisions through three key business measures: (i) number of customer accesses, (ii) ARPU and (iii) churn rate. We believe that the first two measures, prove useful in assessing the usage and acceptance of our products and services, while the churn rate is useful in assessing our ability to retain subscribers.

Average Revenues Per Subscriber (ARPU)

ARPU is a key performance indicator used within the telecommunications industry. We calculate ARPU by dividing revenues for a given period by the average number of subscribers for such period. For our mobile business, we calculate ARPU by dividing revenues, excluding revenues from handset sales, for a given period by the average number of subscribers for such period.

In September 30, 2021, the ARPU for fixed services, such as fixed broad band (FBB) and Pay TV business, have increased 4.8% and 4.2%, respectively, as compared with the same date of previous year, mainly explained by the higher proportion of fiber optic and IPTV accesses in our customer base. Separately, we have seen a decline in ARPU for mobile services as a result of intense competition in the market, which has resulted in a heightened price sensitivity.

Churn Rate

Churn rate is an important measure of our ability to retain existing customers and our customer satisfaction. We calculate the churn rate as the total number of customer deactivations during a given period divided by the average number of subscribers for that period. We continue to count postpaid subscribers for the length of their contracts. We disconnect, or "churn," our postpaid subscribers at the moment they voluntarily discontinue their service or 90 days after their account has become delinquent. We disconnect our prepaid subscribers after a period of 90 days after they discontinue to use our service, so long as they have not activated a calling card or have received traffic.

Our churn rate is influenced directly by the price and quality of our services. As such, we have focused intensely over recent years on increasing customer satisfaction by continuing to improve our network quality, our customer support capabilities and the price and marketing of our service offerings.

Our churn rate for fixed services has decreased considerably as a result of client satisfaction derived from the switch to fiber optic technology. Our churn rate for mobile services has decreased slightly in spite of the intense competition in the market.

The following table shows our total accesses, ARPU and churn rate in 2018, 2019 and 2021 and in the nine-month periods ended September 30, 2020 and 2021:

	For the year ended December 31,			For the nine months ended September 30,	
	2018	2019	2020	2020	2021
Total Accesses(1)					
Total postpaid subscribers	3,609,801	3,711,160	4,142,452	3,921,478	4,745,466
Total prepaid subscribers	4,957,654	3,940,875	3,464,680	3,477,556	2,970,645
Lines in Service	1,222,435	1,058,230	928,936	944,091	889,353
Fixed Broadband	1,094,053	1,007,510	1,002,593	1,012,495	1.260,038
Pay TV Customers	651,339	523,261	496,770	476,260	576,128
ARPU(2)					
Mobile postpaid	13,563	12,585	11,390	11,562	10,002
Mobile prepaid	5,801	5,235	5,120	5,122	5,308
Basic Telephony	5,598	5,239	4,536	4,527	4,133
Fixed Broadband	12,740	13,485	14,305	14,214	14,891
Pay TV	21,120	21,353	19,893	19.698	20,516
Churn(3)					
Mobile postpaid	2.4%	3.0%	2.5%	2.6%	2.3%
Mobile prepaid	6.0%	4.4%	3.8%	4.7%	5.6%
Basic Telephony	1.9%	2.0%	2.0%	2.2%	1.6%
Fixed Broadband	2.6%	2.8%	2.6%	2.5%	1.8%

	For the year ended December 31,			For the nine months ended September 30,	
	2018	2019	2020	2020	2021
Pay TV	3.0%	3.2%	2.8%	2.7%	1.8%

(1) Measured as of the last date of the applicable period.

(2) We calculate ARPU by dividing revenues for a given period by the average number of subscribers for such period. Averages are calculated as the average of each of the months in the applicable period. We calculate Mobile services ARPU by dividing revenues, excluding revenues from handset sales and interconnections, for a given period by the average number of subscribers for such period.

(3) We calculate churn rate as the total number of subscriber deactivations for a given period divided by total average subscribers of such period. Averages are calculated as the average of each of the months in the applicable period.

Effects of Fluctuations in Exchange Rates between the Chilean peso and the U.S. dollar

Substantially all of our revenues and a significant amount of our operating expenses, other than depreciation and amortization, are incurred in Chilean pesos in Chile. As a result, the appreciation or depreciation of the Chilean peso against the U.S. dollar does not have a material effect on our operating margins. However, the costs of a substantial portion of the network equipment that we purchase for our capital expenditure projects, which we recognize over time through depreciation and amortization, are denominated in U.S. dollars or are U.S. dollar-linked. This network equipment is recorded on our balance sheet at its cost in Chilean pesos based on the applicable exchange rate on the date the transfer of ownership, risks and rewards related to the purchased equipment occurs. As a result, depreciation of the Chilean peso against the U.S. dollar results in this network equipment being more costly in Chilean pesos and leads to higher depreciation charges subsequent to the acquisition and use of the assets. Conversely, appreciation of the Chilean peso against the U.S. dollar results in this network equipment being less costly in Chilean pesos and leads to lower depreciation charges.

Our U.S. dollar-denominated indebtedness represented 49% of our outstanding indebtedness at September 30, 2021. As a result, when the Chilean peso depreciates against the U.S. dollar:

- the interest costs on our U.S. dollar-denominated indebtedness increase in Chilean pesos, which negatively affects our results of operations in Chilean pesos;
- the amount of our U.S. dollar-denominated indebtedness increases in Chilean pesos, and our total liabilities and debt service obligations in Chilean pesos increase; and
- our net financial expenses tend to increase as a result of foreign exchange losses that we must record.

An appreciation of the Chilean peso against the U.S. dollar has the converse effects.

In order to mitigate the effects of foreign exchange variations, we have established a hedging policy. As of September 30, 2021, we had entered into hedging transactions in respect of 100 % of our U.S. dollar-denominated indebtedness. The purpose of these hedging transactions is to seek to "match" the currency of our debt with that of our revenues to mitigate foreign exchange risk. However, we cannot assure you that we will maintain similar hedge positions in the future or that our hedging policy will successfully mitigate effects of any foreign exchange variations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures About Market Risk—Foreign Currency Exchange Rate Risk."

Critical Accounting Policies and Estimates

Management's discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with IFRS as issued by the IASB. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses as well as related disclosures. On an ongoing basis, we evaluate our estimates and judgments based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under various assumptions or conditions.

We review our financial reporting and disclosure practices and accounting policies quarterly to ensure that they provide accurate and transparent information relative to the current economic and business environment.

Impairment of Non-Current Non-Financial Assets Other Than Intangible Assets

At each year end, or if there are signs, non-current assets are evaluated for possible indications of impairment. If such indications exist, we estimate the asset's recoverable amount, which is the greater value between its value in use and its fair value, less costs of sale. Value in use is determined by discounting estimated future cash flows. When an asset's recoverable amount is less than its net carrying amount, impairment is determined to exist.

To calculate impairment, we estimate the return from assets assigned to the distinct cash-generating units based on expected cash flows.

The discount rates used are determined before taxes and adjusted for the respective country and business risk. Accordingly, a rate of 7.76% and 7.90% was used for the years ended December 31, 2019 and 2020, respectively, and no impairment adjustments were made in the years 2019 and 2020.

Income Taxes

The income tax expense for the period includes current and deferred income taxes. Tax assets and liabilities for the current and prior periods are measured at the amount we estimate we will recover from or pay to tax authorities. Tax rates and regulations used to calculate these amounts are those in force as of each period end, which was 27% for the nine months ended September 30, 2021 and for the years ended December 31, 2020, 2019 and 2018.

Deferred taxes are calculated based on an analysis of the temporary differences that arise between the tax and book values of assets and liabilities; these differences correspond primarily to the allowance for doubtful accounts, obsolescence allowances, deferred income, depreciation of property, plant and equipment, goodwill and tax loss carryforwards. 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 payments.

In accordance with Chilean tax law, a tax loss carryforward from prior periods can be used in the future as a tax benefit and does not expire. Temporary differences generally become taxable or deductible when the related asset is recovered or the related liability is settled. A deferred tax liability or asset represents the amount of the taxes payable or recoverable in future periods based on current tax rates as a result of temporary differences as of the end of the current period.

Deferred tax assets and liabilities are not discounted to present value and are classified as non-current.

Impairment of Intangible Assets

Goodwill

Goodwill consists of the difference between the purchase price of our acquisitions and fair value of net assets acquired as of the purchase date. Goodwill is recorded at cost less any accumulated impairment loss, if any.

We perform an impairment test on goodwill annually and whenever it becomes apparent that the book value of an asset would not be recoverable. The impairment test, which is based on fair market value when there is an active market for the relevant generating unit, is carried out by business segment, which relate to the cash generating units to which goodwill is assigned initially. If the fair market value is less than net book value, an irreversible impairment loss is recognized in the income statement.

When there is not an active market for the relevant generating unit, we estimate the recoverable amount based on estimated future cash flows, which are discounted with the weighted average cost of capital.

Concession Licenses

Concession licenses consist of the cost incurred to obtain mobile telephone public service concessions. They are presented at purchase cost less accumulated amortization and any accumulated impairment that may exist. We depreciate these licenses over the duration of the concession period, which is 30 years from publication in the Official Gazette of the decrees confirming the respective licenses.

Depreciation of Property, Plant and Equipment

We depreciate property, plant and equipment from the moment in which 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. The determination of useful lives requires estimates regarding expected technological progress and alternative uses for assets, among other factors. Assumptions regarding the technological framework and its future development require a significant degree of judgment, as the timing and nature of future technological changes is difficult to predict.

Estimated residual values and methods and depreciation periods used are reviewed at each period end and, if appropriate, adjusted prospectively. We also apply procedures to evaluate any indication that asset values have been impaired. If an asset's value exceeds its market value or net revenue generating capacity, adjustments for impairment are charged to income for the period.

Provisions and Accrued Expenses

Provision for Asset Retirement Obligations

This provision corresponds to the cost to be incurred in the future to dismantle telecommunication infrastructure on leased property, once the site lease agreements have terminated. This cost, at present value, is recorded as part of the initial cost of property, plant and equipment and as a non-current provision for the obligation. The item within property, plant and equipment is amortized over the useful life of the associated assets, whereas the liability is amortized using the effective interest method.

The estimated date of dismantling is based on the duration of the lease agreements for the sites where the radio towers are installed. The average duration of these agreements is 10 years.

Other Provisions

Provisions are recognized when we have 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 may derive from, among other factors, regulations, contracts, common practices or public commitments that create a valid third-party expectation that we will assume certain responsibilities.

We exercise considerable judgment in measuring and recognizing provisions and the exposure to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the final settlement.

Provisions are recorded for liabilities when losses are expected from executory contracts and the loss is considered probable and can be reasonably estimated. Because of the inherent uncertainties in this evaluation process, actual losses may be different from the originally estimated provision. In addition, significant estimates are involved in the determination of provisions related to taxes, environmental liabilities and litigation risks. These estimates are subject to change as new information becomes available, primarily with the support of internal specialists, if available, or with the support of outside consultants, such as actuaries or legal counsel. Revisions to the estimates of these losses from executory contracts may significantly affect future operating results.

Revenue and Expense Recognition

Revenue and expenses are recognized on an accrual basis (i.e. when the right to receive or the obligation to pay arises). The moment when goods are delivered or received or services are provided is considered for these purposes, regardless of the timing of the cash flow receivable or payable (in advance, simultaneous or with credit).

We generate revenue primarily from providing telecommunication services, recognized at the time the economic benefits that flow to us can be reliably measured and collection is reasonably assured. For the purposes of measuring and estimating telephone services provided but not yet invoiced as well as measuring revenue received in advance, we have computer systems and processes to tally, validate and apply rates to airtime used and under contract by customers using records from various data centers.

Revenue from services provided but not yet invoiced are determined based on contracts, traffic and prices and conditions in force during the period and are presented within "Trade and other current accounts receivable."

Revenue from the sale of prepaid cards is recognized as income in the month in which the traffic is used or the card expires, whichever occurs first. Deferred income is included in current liabilities.

In revenue arrangements including more than one deliverable, the deliverables are assigned to one or more separate units of accounting and the arrangement consideration is allocated to each unit of accounting based on its relative fair value.

Determining the fair value of each deliverable can require complex estimates due to the nature of the goods and services provided. We generally determine the fair value of individual elements based on prices at which the deliverable is regularly sold on a stand-alone basis after considering volume discounts where appropriate.

Revenue from the sale of prepaid handsets is recognized once the device is activated.

Allowance for Doubtful Accounts

We maintain an allowance for impairment of accounts receivable for estimated losses resulting from 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.

Results of Operations for the Nine-Month Periods Ended September 30, 2020 and September 30, 2021

This section presents consolidated and other financial and operating information as of and for the nine months ended September 30, 2020 and 2021. This information should be read in conjunction with, and is qualified in its entirety by reference to, our Unaudited Interim Financial Statements appearing elsewhere in this offering memorandum.

The following table sets forth the principal components of our profit for the nine months ended September 30, 2020 and 2021:

	For the nine months ended September 30, (unaudited)		
	2020	2021	2020/2021
	(in millions of nominal Ch$)		% Change
Principal components of profit:			
Revenue from ordinary operations	1,040,571	1,154,726	11.0
Other income	10,989	378,731	3,346.5
Employee benefits expenses	(97,079)	(100,008)	3.0
Depreciation and amortization expense	(246,282)	(218,669)	(11.2)
Impairment losses (reversal of impairment losses)	(49,557)	(36,609)	(26.1)
Other expenses	(597,515)	(717,067)	20.0
Costs of sales of equipment and sales commissions	(256,976)	(306,732)	19.4
Media rental and other exterior services	(261,936)	(294,246)	12.3
Customer service	(34,861)	(33,368)	(4.3)
Fiber optic network connectivity	-	(21,598)	-
Interconnection and roaming	(18,463)	(22,479)	21.8
Others	(25,279)	(38,644)	52.9
Finance income	3,099	2,814	(9.2)

	For the nine months ended September 30, (unaudited)		
	2020	2021	2020/2021
	(in millions of nominal Ch$)		% Change
Finance costs	(37,525)	(32,504)	(13.4)
Share in earnings (losses) of associates and joint venture	-	(96)	-
Foreign exchange differences	(1,102)	(1,054)	(4.4)
Profit before tax from continuing operations	**25,599**	**430,264**	**1,580.8**
Income tax expense	(4,494)	(110,037)	2,348.6
Profit	**21,105**	**320,227**	**1,417.3**

Revenue from Ordinary Operations

Our revenue from ordinary operations increased 11.0%, from Ch$1,040,571 million in the nine months ended September 30, 2020 to Ch$1,154,726 million in the nine months ended September 30, 2021, primarily as a result of a revenue increase from mobile and fixed services.

Other Income

Our other income increased 3,346.5%, from Ch$10,989 million in the nine months ended September 30, 2020 to Ch$378,731 million in the nine months ended September 30, 2021, primarily as a result of the sale of 60% of our subsidiary InfraCo SpA, including the assets of the fiber optic network to Alameda Chileco SpA (a subsidiary of KKR), resulting in a net effect in income of Ch$358,254 in February 2021.

Employee Benefits Expenses

Our employee benefits expenses increased 3.0% from Ch$97,079 million in the nine months ended September 30, 2020 to Ch$100,008 million in the nine months ended September 30, 2021, primarily as a result of increased wages and salaries.

Depreciation and Amortization Expense

Our depreciation and amortization expense decreased 11.2% from Ch$246,282 million in the nine months ended September 30, 2020 to Ch$218,669 million in the nine months ended September 30, 2021, primarily as a result of fixed asset withdrawals.

Impairment losses (reversal of impairment losses)

Our impairment losses decreased 26.1% from Ch$49,557 million in 2020 to Ch$36,609 million in 2021, primarily as a result of a decrease in expenses relating to the COVID-19 pandemic, a higher recoverability of charges, a reduced expected loss rate on both our mobile and fixed businesses and increased financed sales of mobile terminals.

Other Expenses

Our other expenses increased 20.0%, from Ch$597,515 million in the nine months ended September 30, 2020 to Ch$717,067 million in the nine months ended September 30, 2021, primarily as a result of an increase in the cost of sale of postpaid handsets, the implementation of the new cybersecurity & cloud business, increased television programmers cost and external plant maintenance and management and administrative services, sales commissions and advertising and the implementation fiber optic network connectivity model.

Finance Income

Our finance income decreased 9.2%, from Ch$3,099 million in the nine months ended September 30, 2020 to Ch$2,814 million in the nine months ended September 30, 2021, primarily as a result of decreased dividends received and accrued.

Finance Costs

Our finance costs decreased 13.4%, from Ch$37,525 million in the nine months ended September 30, 2020 to Ch$32,504 million in the nine months ended September 30, 2021, primarily as a result of a decrease in the average interest rate of our bonds, resulting from the refinancing of our debt in 2020 and 2021, and financial expenses portfolio sale / factoring.

Foreign Exchange Differences

Foreign exchange net gain decreased 4.4%, from Ch$1,102 million in the nine months ended September 30, 2020 to Ch$1,054 million in the nine months ended September 30, 2021. All our income is denominated in Chilean pesos, although a portion of our expenses is denominated in foreign currencies. Although we try to fully hedge our foreign currency exposure, occasional hedging shortfalls together with exchange rate fluctuations result in minor gains or losses from time to time.

Income Tax Expense

Our income tax expense increased 2,348.6%, from Ch$4,494 million in the nine months ended September 30, 2020 to Ch$110,037 million in the nine months ended September 30, 2021, primarily as a result of the sale of our fiber optic business in February 2021.

Profit

As a result of the foregoing factors, our profit increased 1,417.3%, from Ch$21,105 million in the nine months ended September 30, 2020 to Ch$320,227 million in the nine months ended September 30, 2021.

Results of Operations for the Years Ended December 31, 2019 and 2020

This section presents consolidated and other financial and operating information as of and for the fiscal years ended December 31, 2019 and 2020. This information should be read in conjunction with, and is qualified in its entirety by reference to, our Audited Consolidated Financial Statements appearing elsewhere in this offering memorandum.

The following table sets forth the principal components of our profit for the years ended December 31, 2019 and 2020:

	For the year ended December 31,		
	2019	2020	2019/2020
	(in millions of nominal Ch$)		% Change
Principal components of profit:			
Revenue from ordinary operations	1,503,478	1,430,184	(4.9)
Other income	29,082	18,971	(34.8)
Employee benefits expenses	(123,066)	(131,388)	6.8
Depreciation and amortization expense	(330,620)	(328,473)	(0.6)
Impairment losses (reversal of impairment losses)	(64,755)	(63,486)	(2.0)
Other expenses	(856,445)	(829,806)	(3.1)
Costs of sales of equipment and sales commissions	(344,129)	(366,066)	6.4
Interconnection	(32,030)	(25,406)	(20.7)
Customer service	(49,193)	(45,760)	(7.0)
Media rental and other exterior services	(383,135)	(355,642)	(7.2)
Others	(47,958)	(36,932)	(23.0)
Finance income	5,347	3,958	(26.0)

	For the year ended December 31,		
	2019	2020	2019/2020
	(in millions of nominal Ch$)		% Change
Finance costs	(50,782)	(51,030)	0.5
Share in earnings (losses) of associates and joint venture	-	-	-
Foreign exchange differences	(1,630)	34	(102.1)
Profit before tax from continuing operations	**110,609**	**48,965**	(55.7)
Income tax expense	(28,144)	(17,013)	(39.6)
Profit	**82,465**	**31,952**	(61.3)

Revenue from Ordinary Operations

Our revenue from ordinary operations decreased 4.9%, from Ch$1,503,478 million in 2019 to Ch$1,430,184 million in 2020, primarily as a result of a reduction in revenue from the mobile, fixed-line and television services. This was partially offset by an increase in revenue from communications and data services, both for private and digital services.

Other Income

Our other income decreased 34.8%, from Ch$29,082 million in 2019 to Ch$18,971 million in 2020, primarily as a result of a 34.32% decrease in income from the sale of the data center business.

Employee Benefits Expenses

Our employee benefits expenses increased 6.8%, from Ch$123,066 million in 2019 to Ch$131,388 million in 2020, primarily as a result of the implementation of an optimization plan completed in 2012 that shifted our workers to our affiliate Telefónica Chile Servicios Corporativos Ltda. After this shift, we no longer have employee benefits expenses other than those related to indemnities. The cost of the human resources provided by Telefónica Chile Servicios Corporativos Ltda. is recorded as other expenses.

Depreciation and Amortization Expense

Our depreciation and amortization expense decreased 0.6% from Ch$330,620 million in 2019 to Ch$328,473 million in 2020, primarily for primarily as a result of fixed asset withdrawals.

Impairment losses (reversal of impairment losses)

Our impairment losses decreased 2.0% from Ch$64,755 million in 2019 to Ch$63,486 million in 2020, primarily as a result of the net effect of a decreased expense related to financed sales of mobile terminals due to a reduction of the expected loss rate and an increase in expenses due to the COVID-19 pandemic.

Other Expenses

Our other expenses decreased 3.1%, from Ch$856,445 million in 2019 to Ch$829,806 million in 2020 primarily due to a 7.2% decrease in media leases and other external services, a 7.0% reduction in customer service expenses, a 22.0% reduction in activation commissions and a 20.7% decrease in interconnection expenses. This was partially offset by a 11.0% increase in direct costs related to mobile terminals and an increase in the cost of private service projects of the business segment.

Finance Income

Our finance income increased 26.0%, from Ch$5,347 million in 2019 to Ch$3,958 million in 2020, primarily as a result of a decrease in interest earned on deposits and investments from financial investments.

Finance Costs

Our finance costs increased 0.5%, from Ch$50,782 million in 2019 to Ch$51,030 million in 2020, primarily as a result of expenses related to factoring operations in 2020.

Foreign Exchange Differences

Our foreign exchange gains decreased from a net gain of Ch$1,630 million in 2019 to a net gain of Ch$34 million in 2020. All our income is denominated in Chilean pesos; however, a portion of our expenses are denominated in foreign currencies. Although we try to fully hedge our foreign currency exposure, occasional hedging shortfalls together with exchange rate fluctuations result in gains or losses from time to time.

Income Tax Expense

Our income tax expense decreased 39.6%, from Ch$28,144 million in 2019 to Ch$17,013 million in 2020, primarily as a result of a reduction in profit, the recognition of tax contingencies, the reclassification of equity instruments, adjustments in provisions for doubtful accounts and fluctuations of exchange rates.

Profit

As a result of the foregoing factors, our profit decreased 61.3%, from Ch$82,465 million in 2019 to Ch$31,952 million in 2020.

Results of Operations for the Years Ended December 31, 2018 and 2019

The following section presents consolidated and other financial and operating information as of and for the fiscal years ended December 31, 2018 and 2019. This information should be read in conjunction with, and is qualified in its entirety by reference to, our Audited Consolidated Financial Statements appearing elsewhere in this offering memorandum.

The following table sets forth the principal components of our profit for the years ended December 31, 2018 and 2019:

	For the year ended December 31,		
	2018	**2019**	**2018/2019**
	(in millions of nominal Ch$)		**% Change**
Principal components of profit:			
Revenue from ordinary operations	1,573,232	1,503,478	(4.4)
Other income	6,727	29,082	332.3
Employee benefits expenses	(124,721)	(123,066)	(1.3)
Depreciation and amortization expense	(279,535)	(330,620)	18.3
Impairment losses (reversal of impairment losses)	(49,049)	(64,755)	32.0
Other expenses	(975,706)	(856,445)	(12.2)
Costs of sales of equipment and sales commissions	(351,394)	(344,129)	(2.1)
Interconnection	(80,874)	(32,030)	(60.4)
Customer service	(53,697)	(49,193)	(8.4)
Media rental and other exterior services	(447,628)	(383,135)	(14.4)
Others	(42,567)	(47,958)	12.7
Finance income	5,867	5,347	(8.9)
Finance costs	(42,165)	(50,782)	20.4
Share in earnings (losses) of associates and joint venture	-	-	-
Foreign exchange differences	870	(1,630)	(287.4)
Profit before tax from continuing operations	**115,521**	**110,609**	(4.3)
Income tax expense	(29,604)	(28,144)	(4.9)
Profit	**85,916**	**82,466**	(4)

Revenue from Ordinary Operations

Our revenue from ordinary operations decreased 4.4%, from Ch$1,573,232 million in 2018 to Ch$1,503,478 million in 2019, primarily as a result of a decrease in revenue from mobile and television services. This was partially offset by an increase in revenue from the fixed-line, private, digital, communications and data services.

Other Income

Our other income increased 332.3%, from Ch$6,727 million in 2018 to Ch$29,082 million in 2019, primarily as a result of the income derived from the sale of the data center business in 2019, and by proceeds received associated with indemnifications from insurance companies.

Employee Benefits Expenses

Our employee benefits expenses decreased 1.3%, from Ch$124,721 million in 2018 to Ch$123,066 million in 2019, primarily as a result of the implementation of an optimization plan that shifted our human resources to our affiliate Telefónica Chile Servicios Corporativos Ltda. that was initiated in 2011. The cost of the human resources provided by Telefónica Chile Servicios Corporativos Ltda. is recorded in other expenses.

Depreciation and Amortization Expense

Our depreciation and amortization expense increased 18.3%, from Ch$279,535 million in 2018 to Ch$330,620 million in 2019, primarily as a result of the implementation of IFRS 16, which resulted in a higher depreciation due to the inclusion of rights of use associated to leases under IFRS 16.

Impairment losses (reversal of impairment losses)

Our impairment losses increased 32.0% from Ch$49,049 million in 2018 to Ch$64,755 million in 2019, primarily as a result of increased expenses related to financed sales of mobile terminals due to an increase of the loss rate and increased commercial activities.

Other Expenses

Our other expenses decreased 12.2%, from Ch$975,706 million in 2018 to Ch$856,445 million in 2019, primarily due to lower operating expenses as a result of the application of IFRS 16 and the decrease in other external services, media rental and interconnections and roaming, the expenses that presented a greater variation.

Finance Income

Our finance income decreased 8.9%, from Ch$5,867 million in 2018 to Ch$5,347 million in 2019 primarily as a result of a decrease in interest earned on deposits and investments from financial investments.

Finance Costs

Our finance costs increased 20.4%, from Ch$42,165 million in 2018 to Ch$50,782 million in 2019, primarily as a result of a 4% tax on remittances abroad, sale of portfolio costs, lease financing costs and other finance costs.

Foreign Exchange Differences

Our foreign exchange loss decreased 287.4%, from a loss of Ch$870 million in 2018 to a gain of Ch$1,630 million in 2019. All our income is denominated in Chilean pesos, however a portion of our expenses are denominated in foreign currencies. Although we try to fully hedge our foreign currency exposure, occasional hedging shortfalls together with exchange rate fluctuations result in minor gains or losses from time to time.

Income Tax Expense

Our income tax expense decreased 4.9%, from Ch$29,604 million in 2018 to Ch$28,144 million in 2019, primarily as a result of a reduction of provisions for doubtful accounts, an adjustment in the 2018 opening balance of deferred taxes and goodwill and an increase in the rejected expense base due to an indemnification to an OPS client.

Profit

As a result of the foregoing factors, our profit decreased 4.0%, from Ch$85,916 million in 2018 to Ch$82,466 million in 2019.

Liquidity and Capital Resources

Our financial condition and liquidity is and will continue to be influenced by a variety of factors, including:

- our ability to generate cash flows from our operations;
- the level of our outstanding indebtedness and the interest we are obligated to pay on this indebtedness;
- changes in exchange rates which will impact the interest in Chilean pesos we are obligated to pay on this indebtedness; and
- our capital expenditure requirements.

Overview

For the nine months ended September 30, 2021, cash flow provided by operating activities was Ch$65,518, compared to Ch$185,381 for the same period in 2020 and net cash flows used in investing activities was Ch$214,146 million compared to Ch$(186,093) million for the same period in 20120. This decrease in cash flows provided by operating activities was mostly due to payments to employees, taxes and the net effect of increased payments and current assets initiatives in 2021. Our capital expenditure program and working capital needs in this period were funded with cash flows from operations. During the first nine months of 2021, our sources of financing were mainly cash flows from operations, which allowed us to make Ch$128,330 million in investments.

At September 30, 2021, our total financial debt, was Ch$1,046,701 million, consisting of Ch$13,649 million in short-term debt and Ch$1,033,052 million in long-term debt. As of September 30, 2021, U.S.$709 million of our financial debt was denominated in U.S. dollars and 100% of our exposure to foreign exchange fluctuations related to such financial debt was hedged. The change in our short-term debt at September 30, 2021 as compared to December 31, 2020 is due to the repayment on April 15, 2021 of the principal amount and accrued interest of a U.S.$150 million loan with MUFG Bank, LTD.

As of September 30, 2021 we were in compliance with all covenants contained in our loan agreements.

Net cash provided by operating activities was Ch$427,745 million in 2020, compared to Ch$429,778 million in 2019, and exceeded net cash flow used by investing activities by Ch$644,860 million.

At December 31, 2020, our total financial debt was Ch$1,012,452 million, consisting of Ch$256,849 million in short-term debt and Ch$755,603 million in long-term debt.

At December 31, 2019, our total financial debt was Ch$909,240 million, consisting of Ch$126,078 million in short-term debt and Ch$783,162 million in long-term debt.

Comparative Cash Flows

The following table sets forth our cash flows for the periods indicated:

	For the year ended December 31,			For the nine months ended September 30, (unaudited)	
	2018	**2019**	**2020**	**2020**	**2021**
	(in millions of nominal Ch$)				
Net cash provided by operating activities	435,193	429,778	427,745	185,381	65,518
Net cash provided by (used in) investing activities	(273,391)	(289,416)	(217,115)	(186,093)	214,146
Net cash provided by (used in) financing activities	(105,219)	(169,272)	20,713	(48,399)	(517,549)
Net increase (decrease) in cash and cash equivalents	**56,583**	**(28,910)**	**231,343**	**(49,111)**	**(237,885)**

	For the year ended December 31,			For the nine months ended September 30, (unaudited)	
	2018	2019	2020	2020	2021
	(in millions of nominal Ch$)				
Cash and cash equivalents at the beginning of the year/period	206,793	263,376	234,466	234,466	465,809
Cash and cash equivalents at the end of the year/period	**263,376**	**234,466**	**465,809**	**185,356**	**227,924**

Operating Activities

	For the nine months ended September 30, (unaudited)	
	2020	2021
	(in millions of nominal Ch$)	
Cash flows provided by (used in) operating activities		
Types of operating activity charges		
Proceeds from sale of assets and services rendered:	**1,217,139**	**1,326,044**
Proceeds from sales and services	1,205,002	1,318,116
Proceeds from related entities	12,137	7,927
Types of payments:	**(1,021,824)**	**(1,246,899)**
Payments to suppliers for supplying goods and services	(617,897)	(827,756)
Payments to and on account of employees	(102,731)	(115,078)
Payments from related entities	(66,209)	(56,651)
Other operating activities payments	(234,987)	(247,415)
Net cash flows provided by (used in) operating activities	**195,315**	**79,144**
Income taxes paid	(9,934)	(13,627)
Cash flows provided by (used in) operating activities	**185,381**	**65,518**

	For the year ended December 31,		
	2018	2019	2020
	(in millions of nominal Ch$)		
Cash flows provided by (used in) operating activities			
Types of operating activity charges			
Proceeds from sale of assets and services rendered:	**1,767,785**	**1,691,896**	**1,671,892**
Proceeds from sales and services	1,759,858	1,682,989	1,645,062
Proceeds from related entities	7,927	8,906	26,830
Types of payments:	**(1,302,264)**	**(1,256,986)**	**(1,229,422)**
Payments to suppliers for supplying goods and services	(1,007,007)	(905,620)	(853,105)
Payments to and on account of employees	(158,603)	(139,508)	(132,550)
Payments from related entities	(61,277)	(66,637)	(86,510)
Other operating activities payments	(75,377)	(145,221)	(157,257)
Net cash flows provided by (used in) operating activities	**465,521**	**434,910**	**442,471**
Income taxes paid	(30,328)	(5,133)	(14,726)
Cash flows provided by (used in) operating activities	**435,193**	**429,778**	**427,745**

In the nine months ended September 30, 2021, net cash provided by operating activities was Ch$65,518 million, compared to Ch$185,381 million for the nine months ended September 30, 2020. The Ch$119,863 million, or 64.7%, decrease was mainly due to payments to employees, taxes and the net effect of increased payments and the current assets initiatives in 2021.

Net cash provided by operating activities was Ch$427,745 million in 2020, compared to Ch$429,778 million in 2019. The Ch$2,033 million, or 0.47%, decrease is due mainly to the net effect of collections and payments, as a result of the difference between accounts receivable and accounts payable, which was partially offset by working capital initiatives and the net effect of tax and employee-related activities.

Net cash provided by operating activities was Ch$429,778 million in 2019, compared to Ch$435,193 million in 2018. The Ch$5,415 million, or 1.24%, decrease is mainly due to the net effect of collections and payments, principally related to tax and employment matters, as well as factoring and related party transactions.

Investing Activities

	For the year ended December 31,			For the nine months ended September 30, (unaudited)	
	2018	2019	2020	2020	2021
	(in millions of nominal Ch$)				
Cash flows provided by (used in) investment activities:					
Proceeds from sale of property, plant and equipment	4,031	43,869	20,367	13,294	38,581
Loss of control of subsidiaries and other businesses	—	—	—	—	493,230
Additions to property, plant and equipment	(281,610)	(337,364)	(240,247)	(201,619)	(301,936)
Collection from related entities	—	—	—	—	—
Payments to related entities					
Interest received	3,812	3,482	2,360	1,992	1,347
Other cash inputs (outputs)	376	597	405	240	(7,027)
Net cash provided by (used in) investing activities	**(273,391)**	**(289,416)**	**(217,115)**	**(186,093)**	**214,146**

In the nine months ended September 30, 2021, net cash used in investing activities was Ch$214,146 million, compared to a net cash inflow of Ch$(186,093) million for the nine months ended September 30, 2020. The Ch$400,239 million decrease was mainly due to the sale of the fiber optic business to InfraCo.

Net cash used in investing activities was Ch$217,115 million in 2020, compared to Ch$289,416 million for 2019. The decrease was primarily due to a Ch$97,117 increase in capital expenditures.

Net cash used in investing activities was Ch$289,416 million in 2019, compared to Ch$273,391 million in 2018. The decrease was mainly due to a Ch$39,000 increase in capital expenditures and the sale of the data center business for Ch$23,043.

The following table presents our investments in network, IT systems, equipment and others:

	For the year ended December 31,			For the nine months ended September 30 (unaudited)	
	2018	2019	2020	2020	2021
	(in millions of nominal Ch$)				
Network	134,153	125,419	114,628	94,097	92,472
Information technology systems	28,850	30,046	27,780	25,096	15,045
Equipment	53,905	48,202	4,646	4,145	1,046
Others	41,303	39,762	40,841	22,066	19,767
Total capital expenditures	**258,212**	**243,429**	**187,894**	**145,403**	**128,330**

Capital expenditures decreased by Ch$17,073 million from Ch$145,403 million in the nine months ended September 30, 2020 to Ch$128,330 million in the nine months ended September 30, 2021. The decrease in capital expenditures was primarily due to was mainly due to the sale of the fiber optic business to InfraCo.

Capital expenditures decreased by Ch$55,535 million, from Ch$243,429 million in 2019 to Ch$187,894 million in 2020. The decrease in capital expenditures was primarily due to the deceleration of investment in the mobile business, partially offset by our investment in fiber optic in 2020.

Capital expenditures decreased by Ch$14,783 million, from Ch$258,212 million in 2018 to Ch$243,429 million in 2019. The decrease in capital expenditures was primarily due to a change in the customer agreements in the fixed business, from which the investment of the equipment of the client turned to operating expenses.

Financing Activities

	For the year ended December 31,			For the nine months ended September 30, (unaudited)	
	2018	2019	2020	2020	2021
	(in millions of nominal Ch$)				
Cash flows provided by (used in) financing activities:					
Loans to related entities	45,083	180	615	482	(647)
Amounts arising from non-current loans	-	-	221,077	119,999	239,687
Payment of financial lease liabilities	-	(41,820)	(82,222)	(60,385)	(65,414)
Loan payments	-	(47,000)	(124,336)	(124,336)	(219,698)
Dividends paid	(147,787)	(75,041)	(81)	(81)	(448,671)
Interest paid	(29,605)	(31,920)	(32,075)	(22,373)	(22,039)
Other cash inputs (outputs)	27,090	26,329	37,735	38,294	(768)
Net cash provided by (used in) financing activities	**(105,219)**	**(169,272)**	**20,713**	**(48,399)**	**(517,549)**

Net cash used in financing activities was Ch$(517,549) million in the nine months ended September 30, 2021, compared to Ch$(48,399) million in the nine months ended September 30, 2020. The Ch$(469,150) million decrease was mainly due to the payment of Ch$448,589 million of dividends in 2021.

Net cash used in financing activities was Ch$20,713 million in 2020, compared to Ch$169,272 million used in financing activities in 2019. The Ch$189,985 million decrease was mainly due to new loans for an aggregate amount of Ch$221.1 million, for repayment purposes, the payment of a Ch$74.9 million dividend, a Ch$11.3 million increase of interest payments related to bonds and hedging instruments, a Ch$77.3 million decrease of bonds paid in 2020 and a decrease of $40.4 million for lease payments as a result of the implementation of IFRS 16.

Net cash used in financing activities was Ch$169,272 million in 2019, compared to Ch$105,219 million used in financing activities in 2018. The Ch$64,053 million decrease was primarily due to a smaller dividend payment in 2019.

During 2020, our cash outflows of Ch$20,713 million primarily resulted from new financing transactions. During 2019, our cash outflows of Ch$204,452 million primarily resulted from payment of loans and dividends, and our cash inflows of Ch$35,180 million primarily resulted from new financing transactions. During 2018, our cash outflows of Ch$187,302 million primarily resulted from payment of dividends, and our cash inflows of Ch$82,083 million primarily resulted from new financing transactions.

Indebtedness

Some of our indebtedness is governed by instruments and agreements that do not contain restrictive covenants. During recent years, we have been renegotiating the terms of our outstanding debt in order to improve our rates and maturities and to establish less restrictive covenants. As of September 30, 2021, we were in compliance with all covenants contained in our loan agreements.

At December 31, 2020, our total financial debt was Ch$1,012,452 million, consisting of Ch$256,849 million in short-term debt, and Ch$755,603 million in long-term debt.

At December 31, 2019, our total financial debt was Ch$909,240 million, consisting of Ch$126,078 million in short-term debt and Ch$783,162 million in long-term debt.

Bank Loans

In November 2018, we entered into a loan agreement with Banco Scotiabank pursuant to which we borrowed U.S.$68.6 million. The loan bears interest at LIBOR 90D + 0.5% rate per trimester and matures on November 13, 2023. Interest is payable every three months. This loan does not contain any financial covenants or guarantees. As of September 30, 2021, U.S.$68.6 million was outstanding.

In April 2020, we entered into a loan agreement with Bank of Nova Scotia pursuant to which we borrowed U.S.$140.186 million, maturing on April 17, 2021. The loan was then amended in September 2020, extending the maturity date to September 29, 2023. The loan bears interest rate of LIBOR plus 1.53% per annum. This loan does not contain any guarantees. As of September 30, 2021, U.S.$140.186 million was outstanding.

In October 2020, we entered into a loan agreement with Banco de Chile pursuant to which we borrowed Ch$30,000 million, maturing on October 6, 2024. The loan bears interest at 1.90% per annum. Interest is payable every six months. This loan does not contain any financial covenants or guarantees. As of September 30, 2021, Ch$30,000 million was outstanding.

In March 2021, we entered into a loan agreement with Banco ITAU Corpbanca, pursuant to which we borrowed Ch$17,911 million, maturing on September 19, 2025. The loan bears interest at 3.35% per annum. Interest is payable every six months. This loan does not contain any financial covenants or guarantees. As of September 30, 2021, Ch$17,911 million was outstanding.

In March 2021, we entered into a loan agreement with Banco Estado pursuant to which we borrowed Ch$50,000 million, maturing on March 29, 2024. The loan bears interest at 1.30% per annum. Interest is payable every year. This loan does not contain any financial covenants or guarantees. As of September 30, 2021, Ch$50,000 million was outstanding.

In March 2021, we entered into a loan agreement with Banco Santander pursuant to which we borrowed Ch$50,000 million, maturing on March 26, 2025. The loan bears interest at 3.22% per annum. Interest is payable every three months. This loan does not contain any financial covenants or guarantees. As of September 30, 2021, Ch$50,000 million was outstanding.

In March 2021, we entered into a loan agreement with Banco de Crédito e Inversiones pursuant to which we borrowed Ch$30,000 million, maturing on March 30, 2025. The loan bears interest at 2.94% per annum. Interest is payable every six months. This loan does not contain any financial covenants or guarantees. As of September 30, 2021, Ch$30,000 million was outstanding.

Senior Notes

In September 2012, our subsidiary Telefónica Chile S.A. issued U.S.$500 million aggregate principal amount of 3.875% senior notes due 2022 in an international private placement offering. These notes pay 3.875% interest per annum in two semi-annual payments. As of September 30, 2021, U.S.$500 million was outstanding.

Local Bonds

In October 2013, we issued UF 3 million 3.60% senior F notes due 2023 in the local market. The terms of the notes provide for semi-annual interest payments. The notes do not contain any financial covenants or guarantees. As of September 30, 2021, UF 3.0 million was outstanding.

In January 2017, we issued Ch$48,000 million 4.90% senior T notes due 2023 in the local market. The terms of the notes provide for semi-annual interest payments. The notes do not contain any financial covenants or guarantees. These notes have an amortization plan, under which we have paid Ch$28,800 million of the principal amount. As of September 30, 2021, Ch$19,200 was outstanding.

In December 2020, we issued Ch$70.000 million 3.50% senior O notes due 2025 in the local market. The terms of the notes provide for a semi-annual interest payments. The notes do not contain any financial covenants or guarantees. As of September 30, 2021, Ch$70,000 was outstanding.

In April 2021, we issued Ch$90,000 million 3.60% senior Q notes due 2025 in the local market. The terms of the notes provide for a semi-annual interest payments. The notes do not contain any financial covenants or guarantee. AS of September 30, 2021, Ch$90,000 was outstanding.

Contractual Obligations and Commitments

The following table presents information relating to our contractual obligations, including interest payments and derivatives, as of September 30, 2021:

	Payment Due by Period						
Contractual Obligations	**Total**	**2021**	**2022**	**2023**	**2024**	**2025**	**Thereafter**
	(in millions of Ch$)						
Financial agreements............	1,033,053	—	413,397	281,800	79,678	167,496	90,681
Interest payable....................	10,278	9,363	915	—	—	—	—
Lease Liabilities	195,938	42,492	66,790	31,630	20,795	12,960	21,271
Derivatives.............................	(199,374)	—	(173,166)	(26,208)	—	—	—
Total..................................	**1,029,627**	**42,501**	**307,936**	**287,222**	**100,473**	**180,457**	**111,952**

Impact of Inflation

We believe that our results of operations are not materially impacted by moderate changes in the inflation rate. Inflation and changing equipment prices did not have a material impact on our operations in 2019, 2020 or the first nine months of 2021. In addition, 8% of our outstanding indebtedness as of September 30, 2021, is indexed to inflation.

We have established a hedging policy in order to mitigate the effects of inflation related to our indebtedness that consists in hedging 100% of our indebtedness that is indexed to inflation. The purpose of these hedging transactions is to seek to "match" the currency of our debt with that of our revenues to mitigate inflation risk. However, we cannot assure you that we will maintain similar hedge positions in the future or that our hedging policy will successfully mitigate the effects of any foreign exchange variations.

Severe increases in inflation, however, could affect the Chilean economy and could have an adverse impact on our business, financial condition and results of operations.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Quantitative and Qualitative Disclosures About Market Risk

Risk Management

In the ordinary course of our business activities, we are exposed to various market risks that are beyond our control, including fluctuations in interest rates and foreign exchange rates, and which may have an adverse effect on the value of our financial assets and liabilities, future cash flows and profit. As a result of these market risks, we could suffer a loss due to adverse changes in interest rates or foreign exchange rates.

Our risk management policy seeks to assess the potential of experiencing losses and the consolidated impact thereof and mitigate our exposure to fluctuations in interest rates and foreign exchange rates.

Interest Rate Risk

The interest rate risk is the risk of fluctuation in the fair value of the future cash flow of a financial instrument, due to changes in market interest rates. Our 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.

We attempt to minimize this risk by maintaining a balanced portfolio of loans and variable and fixed-rate debt and through the use of interest rate swaps. We maintain interest rate swaps, in which the Company agrees to exchange, at specified intervals, the difference between the fixed and variable interest rate amounts calculated in reference to an agreed notional principal amount. These swaps are designated to hedge the underlying debt obligations.

We periodically determine the efficient exposure of our short- and long-term debt to changes in interest rates, based on our expectations regarding the future changes in interest rates.

As of September 30, 2021, 72% of our short- and long-term financial debt was at fixed interest rates, while 28% was variable.

We consider as reasonable to measure the risk associated with the interest rate on financial debt such as the sensitivity of the monthly financial expense due to accrual to a change of 25 basis points in the interest rate reference of the debt which as of September 30, 2021, corresponds to the *Tasa Promedio Cámara Nominal* (TCPN). In this way, a rise of 25 basis points in the monthly accrual for 2021 results approximately in an increase of Ch$49,423,208 in our monthly accrual financial expenses, while a fall of 25 basis points would mean a reduction of Ch$49,423,208 in the monthly accrual financial expenses for 2021.

We have a market risk exposure to changes in interest rates. We attempt to minimize this risk by maintaining a balanced portfolio of loans and variable and fixed-rate debt and through the use of interest rate swaps. These swaps are entered into with financial institutions and have reset dates and key terms that match those of the underlying debt. Accordingly, any change in market value associated with interest rate swaps is offset by the opposite market impact on the related debt.

We have entered into swap agreements with financial institutions pursuant to which we have fixed the interest rates of our floating-rate indebtedness until their maturity. The nominal amount of such swaps is Ch$251,392 million as of September 30, 2021.

We periodically determine the efficient exposure of our short- and long-term debt to changes in interest rates, based on our expectations regarding the future changes in interest rates.

Foreign Currency Exchange Rate Risk

Our exposure to foreign currency exchange rate risk is related principally to securing short- and long-term financing in U.S. dollars and to operating activities related to equipment purchases. We attempt to minimize these risks through the use of cross-currency swap contracts with financial institutions. As of September 30, 2021, 43% of our financial debt was denominated in U.S. dollars, and 100% of our exposure to foreign exchange fluctuations related to such financial debt was hedged. The aggregate nominal amount of such swaps is Ch$407,230 million.

Credit Risk

Our main financial liabilities, in addition to derivatives, consist of bank loans, bond obligations and accounts payable mainly to suppliers. The main purpose of these financial liabilities is to secure financing for our operations. We have trade accounts receivable, cash and short-term investments that arise directly from our operations.

Credit risk is the risk of a counterparty not meeting its obligations stemming from a financial instrument or customer agreement, which could lead to financial loss. We are exposed to credit risk from our operating activities (principally accounts receivable) and financing activities, including bank deposits, foreign exchange transactions and other financial instruments.

Credit risks related to customer credits are managed in accordance with our policies, procedures and controls established for this purpose. Customer credit quality is evaluated on an ongoing basis. Amounts pending collection from customers are monitored. The maximum exposure to credit risk as of the date of presentation of the report is the value of each class of financial assets.

Credit risk related to bank balances, financial instruments and marketable securities is managed by the Chief Financial Officer based on our policies. Surplus funds are only invested with approved counterparties and within the credit limits assigned to each entity. Counterparty limits are reviewed annually and may be updated at other times during the year. These limits are established to reduce the counterparty's risk concentration to a minimum.

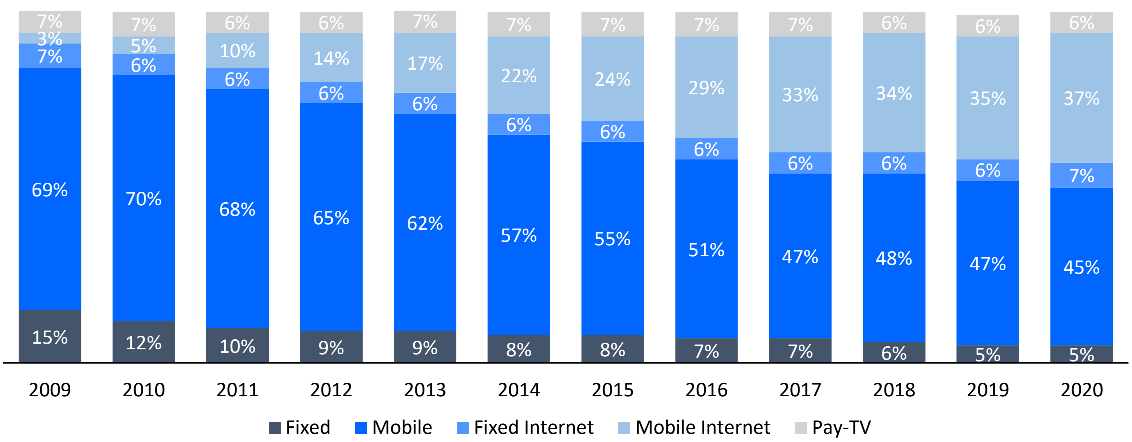
INDUSTRY

The Chilean Telecommunications Industry

Chile's telecommunications market is among the more mature in Latin America, with a modern infrastructure and effective regulatory system. This level of development has been achieved through investment, competition and innovation. The telecommunications market was completely privatized in 1990, and the country welcomes foreign participation. As a result, Chile has one of the most open telecommunications market in the region.

The Chilean telecommunications industry is comprised of mobile communications, fixed telephony, broadband, data transmission, internet service providers ("ISP") and pay television. The Chilean telecommunications industry grew significantly in 2020, driven mainly by the mobile communications sector, which had a market penetration rate (defined as active mobile phone users) of 128.1 subscribers per 100 residents in 2020, according to SUBTEL.

Evolution of Subscriptions per Segment



Source: SUBTEL

Size of Market & Number of Providers per Segment (2020)

Services	Providers	Size of Market
Mobile voice telecommunications with network-owning providers	5	128.1 users per 100 inhabs.
Mobile telecommunications with virtual operators	5	
Broadband		
Fixed	20	3.9 million accesses
3G/4G Wireless	11	19.8 million accesses
Fixed Telecommunications	14	11.8 lines per 100 inhabs.
Pay-TV	33	3.3 million connections

At the end of 2020, there were five mobile telephony providers in Chile that had their own networks, and six virtual providers that used third-party networks to provide their services. The providers that had their own networks are: Telefónica Móviles Chile S.A., owned by the Telefónica Group; Entel, owned by Grupo Almendral; Claro, owned by Grupo América Móvil; WOM, owned by the NII Holding Group; and VTR, owned by Liberty Global Media. The virtual providers that provided services over third-party networks were Virgin Mobile, Netline, GTD Móvil, Telestar and Simple y Mundo.

The following chart shows the business segments in which the main Chilean telecommunications companies operate:

Company	Mobile Communications	Fixed Telephony	Broadband (1)	Data Transmission	Virtual Providers	Pay Television (2)
Telefónica Móviles Chile	✓					
Telefónica Chile		✓	✓	✓		✓
ENTEL	✓	✓	✓	✓		✓
VTR...	✓	✓	✓		✓	✓
Claro	✓		✓	✓		✓
WOM.......................................	✓				✓	
CMET......................................		✓				
Direct TV.................................						✓
GTD - Manquehue...................		✓	✓	✓		
Virgin Mobile		✓	✓	✓	✓	
Netline		✓			✓	
GTD Mobile					✓	

(1) Broadband with last mile access. Does not include resellers or ISPs and does not consider dedicated accesses to corporations.

(2) Only includes those companies that own the infrastructure to provide the service.

The Chilean telecommunications market remains very competitive due to the extensive and aggressive marketing strategies of fixed and mobile services operators. Consistent with global trends, operators in the Chilean fixed telecommunications market are offering plans consisting of voice, internet and cable services targeted specifically to residential customers and small and medium companies. For major corporate customers, operators are offering services to consolidate their IP networks for data and voice services, enabling them to integrate all of their information technology.

According to our estimates, the industry generated Ch$2,746 million in the first half of 2021, evidencing a growth of 8.1% compared to the same period in 2020. The revenues generated by us in that period represent 27.4% of the industry's aggregate revenues.

Major Competitors in the Telecommunications Markets in Chile

The market is composed of four primary mobile telecommunications players, who offer a mix of products and services including mobile telecommunications, fixed-line telephony, pay-TV, broadband, among other services. In the mobile telecommunications segment, these four players together covered 98.5% of the subscriber market share as of March 2021. In Chile, unlike other jurisdictions, it is illegal to jointly bill or offer discounts for inter-platform bundled services.

Entel

Entel is our main mobile competitor in Chile that leads the mobile market, but has limited presence in the fixed segment. In 2018 there has been a considerable growth in the fixed Internet sector, with additional 120,000 wireless fixed access connections (previously accounted as mobile internet connections), and is currently aiming to expand even more it's fixed internet services. The main strategy for doing so has recently included wireless fixed broadband services in medium density areas with a selective deployment of FTTH in high-density areas.

Claro

Claro, a subsidiary of América Móvil, one of the largest providers of mobile communications in Latin America, is the third-largest mobile operator in Chile. It offers mobile, fixed and pay-tv services, but does not lead in any market. It also provides cloud services and customized corporate solutions that act as a compliment for the product package offered by the company. Claro has followed a national deployment strategy that covers the north, center and south of Chile, but has not expanded widely in any of these areas.

VTR

VTR (subsidiary of Liberty Latin America, Inc., which is owned by Liberty Global, Inc.) is the historic Chilean cable company and it currently leads in both fixed internet and pay-tv markets. It also has a small presence in mobile devices through its MVNO operations. VTR has grown and improved its cable network the last years, serving up to two thirds of Chilean households. It is possible for the company to be experiencing capacity restrictions and to be in a network optimization process by increasing node quantity.

WOM

WOM, the fourth mobile operator, has succeeded in reducing prices in 15%-20% and is currently developing pilot projects to enter the fiber market. Ever since the entry of WOM into the Chilean mobile market in 2015 market shares have changed drastically. The company has managed to capture market share, representing more than 5 million mobile connections as of December 2020.

GTD

Both Telsur and GTD Manquehue operate under Grupo GTD. It is owned in 84% by the Chilean family Casanueva and the rest belongs to Citigroup. Grupo GTD has been the first Chilean operator that offered FTTH services. Deployment strategy has been selective, focusing in areas where Telsur is the main holder or high value areas in the metropolitan region.

Mundo Pacífico

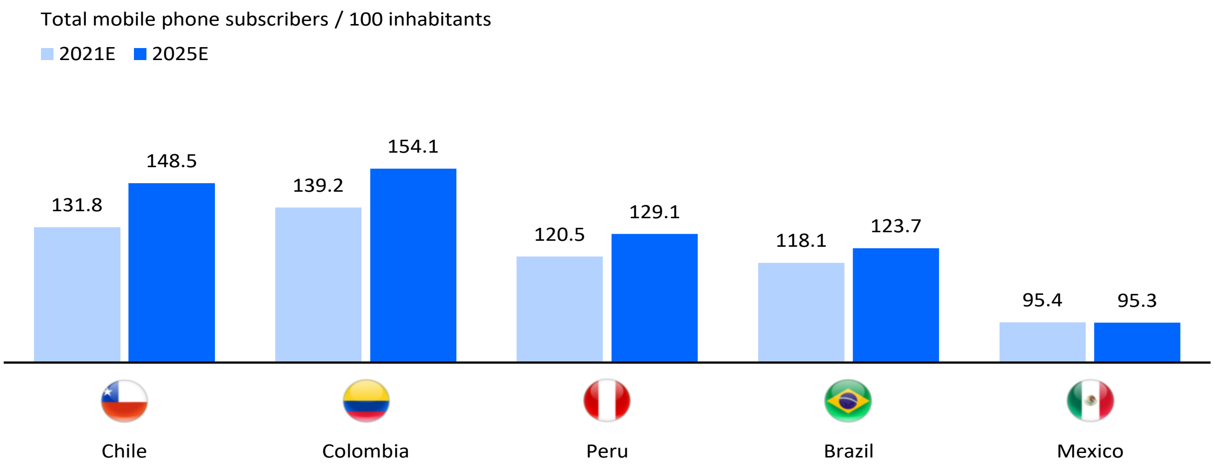
Mundo Pacífico is a competitor based in fixed Internet services. Its main strategy consists in high speed offer in broadband and affordable prices. The company was founded by a group of businessmen in the Arauco province (south of Chile) at the end of the 1990 decade. The last years, the company has prioritized FTTH deployment and has managed to cover 50 counties with FTTH. Mundo Pacífico offers fiber broadband in its coverage areas, which has helped increase its subscriber's base in the last years. In 2019 the company was acquired by Linzor Capital Partners and Teras Capital. Its main strategy consists in offering FTTH services in areas where competition appears to be lower. For 2021 the company aspires to provide services for 2 million residential premises.

We have a relevant market share in all the fixed and mobile business segments, as shown in the following table:

	Mobile	FBB	FO	TV	Fixed Lines
Movistar	24.3%	28.0%	**47.7%**	16.0%	**35.8%**
Competitor 1	**32.3%**	6.8%	6.9%	4.5%	19.0%
Competitor 2	21.8%	11.6%	1.0%	11.0%	4.2%
Competitor 3	1.0%	**31.0%**	1.7%	**31.5%**	20.8%
Competitor 4	0.1%	12.4%	24.3%	6.6%	-
Others	20.6%	10.2%	18.4%	30.3%	20.1%
Total Market Accesses	25,700,791	4,089,655	2,008,345	3,390,823	2,554,139

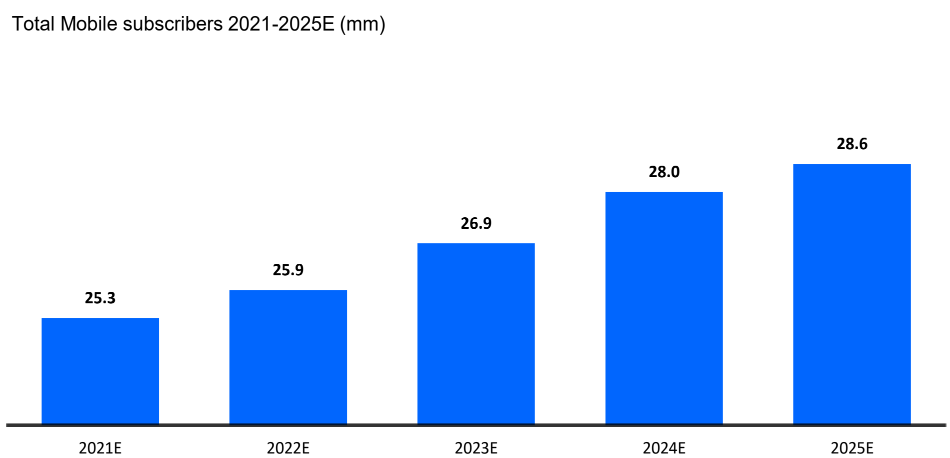
The Chilean Mobile Telecommunications Industry

The mobile telecommunications market is the largest contributor of services in the telecommunications market, accounting for 45% of the market revenue, followed by Mobile Internet with 37% of market share. Consistent to global trends, mobile phones communications are far more popular than fixed-line phones in Chile. Furthermore, the mobile telecommunications market remains an attractive area of the telecommunications industry with expected future growth to be underpinned by the increasing use of mobile broadband services and mobile data consumption. According to SUBTEL, Chile's mobile penetration in 2020 was 128% and is expected to get to 149% by 2025, according to Fitch Solutions, considerable higher than the average for Latin America.



Source: Fitch Solutions. Chile report from June 2021, Colombia report from September 2021, Peru report from July 2021, Brazil report from September 2021 and Mexico report from September 2021.

Within Chile, the substitution of mobile telecommunications services for fixed telecommunications services has been a steady trend. Consumers have increasingly substituted their fixed-line telephones with mobile telephones. As a result, fixed-line telecommunications penetration has fallen year after year, while mobile telecommunications penetration, measured as the number of subscribers per 100 residents, has increased steadily from 65% in 2005 to 128% as of December 31, 2020. The substitution of mobile services has consequently adversely affected the fixed telephony business, whose revenues are driven by traffic. With respect to internet services, the development of 3G and 4G technology has resulted in significant growth in the wireless broadband market, with a market penetration of 105% as of December 2020, compared to the 4% in 2009. The market has continued growing as operators compete by aggressively lowering rates. Technological advances, including the introduction of 4G, LTE, HSPA and HSPA+ technologies, have led to expanding coverage and increased internet speeds. The following chart represents how new mobile subscribers will maintain the upward trend achieved so far:



Source: Fitch Solutions as of June 2021

The Chilean mobile telecommunications market is one of Latin America's most developed, having outperformed by regional standards and international measures. The mobile telecommunications market is currently dominated by Movistar, Entel, Claro and WOM, who as of December 2020, in aggregate, combined for a 98% market share according to SUBTEL. Low cost MVNOs have entered the Chilean market bringing innovative products and services, however they have not successfully captured significant market share from the larger players. In Chile, unlike other jurisdictions, it is illegal to bundle fixed and mobile services.

As of March 2021, there were an estimated 28.5 million mobile voice subscribers in Chile which in December 2000 amounted 3.4 million subscribers (10% CAGR in the years 2000-2020). Reasons for this efficient growth include strong commercial activity in Chile, the development of value-added services, mobile broadband and the introduction of 3G and 4G technologies, the massive growth in postpaid services and the strategy of marketing these services, which now represent approximately 61.6% of all subscribers, as well as a competitive regulatory structure in Chile. Market trends also indicate the continued growth of mobile services, especially for wireless internet and value-added services. In addition, estimates show that from 2021 to 2025, penetration rates for total broadband (Smartphone and BAM Big Screen) will increase from 25.5 to 29.7 of subscriptions per 100 inhabitants. Fixed voice is expected to decrease from 12.8 subscriptions per 100 inhabitants in 2021 to 11.9, which marks a trend in the market of a substitution from fixed voice services to mobile voice services.

The latest trends in Latin America seem to be moving forward the implementation of 5G services. As elsewhere in the world, 5G's real value will be in the enterprise space. This has brought data center operators and hyperscale cloud vendors to invest in facilities in the more digitally-mature markets such as Brazil, Colombia and Chile. A spectrum auction for 5G has already taken place in 1Q21 and operators are already moving towards the expansion of their 5G capabilities. Mobile penetration in Chile, measured as total mobile phone subscribers per 100 inhabitants, is estimated to grow at a faster pace than in other Latin American countries. 5G subscriptions are estimated to gradually take over a greater share of the market and projections for 2030 show more than half the market in 5G subscriptions.

Voice Services

Mobile telephony was the first mobile telecommunications service to emerge in Chile. From a regulatory standpoint, Chile does not allow telecommunication companies to charge breakage fees to subscribers of mobile or fixed-line services who wish to either transition from pre-paid accounts to post-paid accounts or from one network provider to another. This mobile number portability, enacted in 2012, is a fundamental regulation in the mobile telecommunications market as it reduces the frictions related to churn, making the telecommunications market more competitive for MNOs. In Chile, mobile number portability (the migration of one's existing number from one operator to another) has increased constantly since 2015, reaching 26 million as of July 2021, according to SUBTEL.

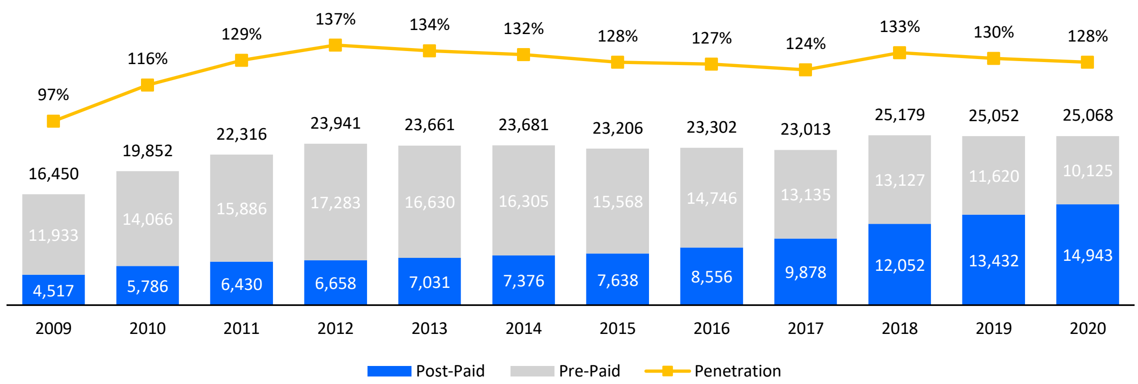
Mobile number portability, in tandem with the favorable macroeconomic backdrop in Chile, have led to a significant increase in migration of subscribers from pre-paid services to post-paid subscriptions. This can be observed in the growth of post-paid subscriptions as a share of total subscriptions which amounted 67% in July 2021 as opposed to 50% in July 2019. Post-paid portabilities as a share of total portabilities also increased in the post-paid sector, which amounted 67% in July 2021 and 58% in July 2019.

This trend has incentivized MNOs to increasingly invest and improve coverage and speed through 4G services in order to position themselves to capture the uptakes of this plan migration. Having a higher post-paid subscriber base enables MNOs to have more predictable and stable cash flows as well as potential higher ARPUs given the greater value proposal the plans for this segment tends to provide customers.

Mobile Telephony reached a penetration of 128% as of December 2020. Pre-paid to post-paid migration continues, with post-paid contracts representing 59.6% of total contracts as of December 2020.

Furthermore, handset subsidies have become less relevant in recent years, as we and our competitors have begun deemphasizing this strategy to drive subscriber growth.

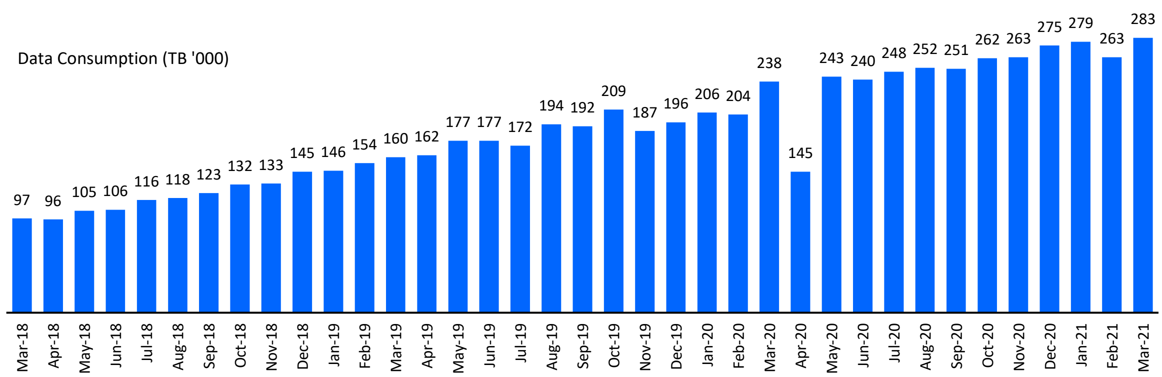
Evolution of Subscribers ('000) and Penetration



Source: SUBTEL

Internet Connections

As technology advances and new developments come into trend, data consumption grows significantly over the years. Compared to selected Latin American peers, Chile has been among the frontrunners in the adoption of this trend, having doubled data consumption in the past two years as shown below:

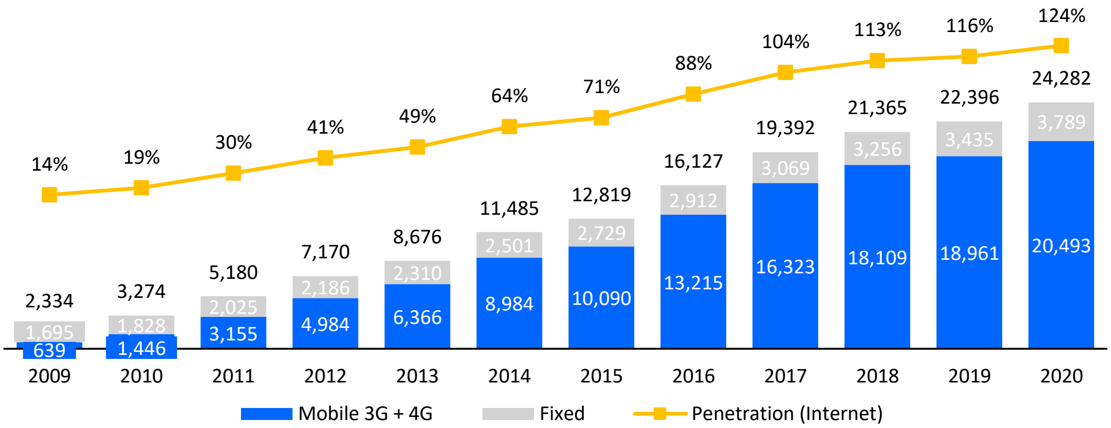


Source: SUBTEL as per last available data (March 2021)

In Chile during 2020, we continued to see a strong growth in fiber optic, with 61.7% coming from Fixed Internet. At the same time, 4G Mobile Internet Services keep increasing, reaching 18.5mm of accesses as of December 2020.

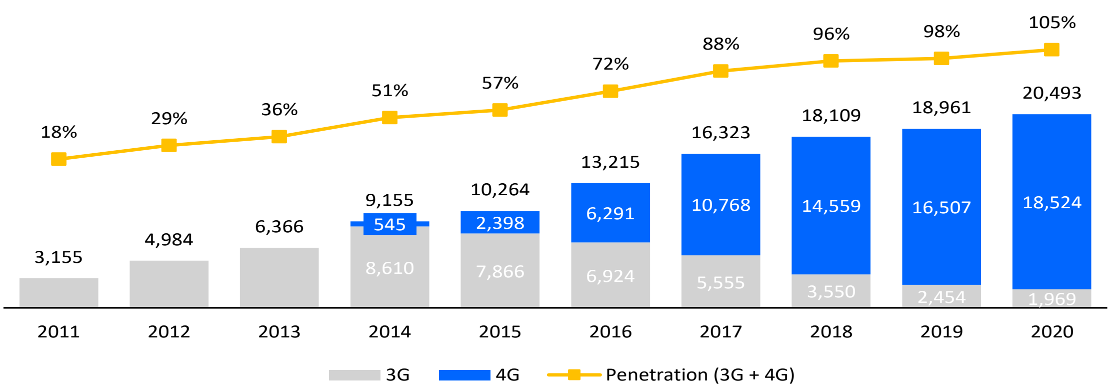
Mobile Data Traffic

The smartphone revolution has contributed to the rapid development in the global telecommunications market, and Chile is no exception. With the adoption of smartphones, consumer interactions with online videos, digital photo sharing and voice note recordings-features not available in feature phones- have increased notably, leading to greater download and upload traffic. This data-centric trend has driven a more sophisticated market to develop in Chile, requiring a broader level of advanced services including higher download speeds and lower latency rates. With the introduction of 4G capability in 2013 and the increased accessibility to smart handheld devices, mobile data consumption has grown considerably. Monthly mobile data traffic grew approximately 18.9% from March 2020 to March 2021, while mobile data connections increased by approximately 2.7% during the same period. As of December 2020, total penetration (Fixed and Mobile (3G+4G)) in Chile reached over 124.1%, with almost 24 million of accesses and a YoY growth of 7.9%. Fixed Internet grew 10.3% in the last 12 months; as of December 2020, the principal technologies used are HFC (47.1%), Fiber Optic (40.9%) and ADSL (6.3%).



Source: SUBTEL

As of December 2020, Mobile Internet (3G+4G) penetration reached 104.7%, with an annual growth of 6.4%. 4G connections keep taking market share from the 3G plans, reaching 18.5 million of connections, from which 2.02 million correspond to new accesses during the last year and representing 90.4% of the total Mobile Internet connections. The number of 3G connections decreased by 19.8% in 2020 compared to 2019.



Source: SUBTEL

Since 2017, the traffic of Mobile Data has increased in a significant manner. Accumulated mobile traffic during 2020 reached 2.93 exabytes, representing an annual growth of 37.6%. Movistar, Entel, WOM and Claro concentrate 99.1% of the total Mobile traffic.

5G

In Chile, spectrum is awarded through concessions that have a duration of thirty years and are renewable for equal periods at the request of the concessionaire. These concessions, which are allocated primarily on minimal annual maintenance commitments, rather than purchase price (certain conditions in the respective public tender, however, trigger an economic auction between contestants), are bid by SUBTEL. In January 2020, SUBTEL announced that they would request bids in relation to 5G, under which 1.8GHz of spectrum in the following bands would be available: 700 MHz, 1700/2100 MHz (AWS), 3.5 GHz and 26 GHz, the latter two exclusively for 5G services.

On August 1 2020, SUBTEL published in the Official Gazette a Call for Proposals to award 5G Licenses. 4 simultaneous but independent bids where announced to deploy and operate wireless mobile services. The following bands were included: 700 MHz for LTE Advanced Pro, 5G or higher; AWS for LTE Advanced Pro, 5G or higher, 3.5 GHz for 5G or higher and 26 GHz for 5G or higher.

Results were published in February 2021 and we succeeded in securing five 10MHz blocks of spectrum in the country's 3.5GHz auction with the highest bid, offering CLP 117bn (~USD 164mm). Entel and WOM also managed to acquire 50MHz each for the same spectrum, with CLP 100bn (~USD 139mm) and CLP 32bn (~USD 45mm), respectively. Auctions for other airwave rights place WOM as the sole acquirer for a 20MHz block for the 700 MHz band and a 400 MHz block for the 26 GHz airwaves. After the bid, Entel requested by SUBTEL to dispose of 2x15MHz in the 3.5GHz spectrum to Claro as its holding exceeded the limit.

	700 MHz	AWS	3.5 GHz	26 GHz	Total Amount Paid (USD mm)
Movistar			50 MHz		164
Entel			50 MHz	400 MHz	139
Claro				400 MHz	-
WOM	20 MHz	30 MHz	50 MHz	400 MHz	149

Source: SUBTEL

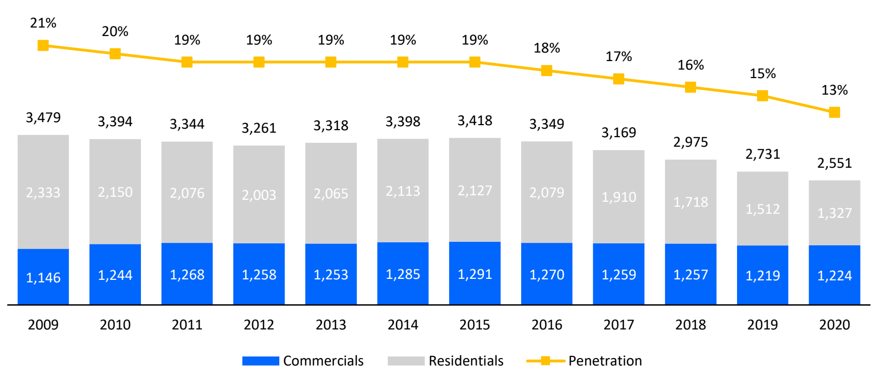
Note: Figures converted from CLP to USD at a FX rate of 713.

Fixed Internet

As of December 2020, penetration of Fixed Internet reached 19.4%, 1.6% more when compared to the same period for 2019. From all the Fixed Internet connections, 90.1% came from residential customers and 9.9% from commercial customers. Total connections as of December 2020 were 3.79 million, representing a 10.3% YoY growth. Furthermore, connections to the internet over fiber optic technology is superior to other technologies, and we have the leading fiber optic network in Chile.

Fixed Telephony

Fixed Telephony lines started their downward trend back in 2016, and have seen a 6.6% decrease in 2020 (last twelve months). Penetration reached 13.2%.



Source: SUBTEL

Pay TV

Pay TV is currently present in 57.8% of homes. In the recent years, there has been an increase in demand and use of Pay TV services nationwide. Nevertheless, this market has suffered some stagnation over the past year, reaching only a 1.4% growth in the last twelve months, reaching a market penetration of 16.7% as of December 2020. VTR maintains the largest market share (as of December 2020), with 32.5% of total subscribers, while DirecTV has 22.6%, followed by Movistar and Claro with 15.2% and 11.3%, respectively.

Long Distance

As regards international long distance, 2020 continued the downward trend of international long distance activity with irregular seasonal changes, according to the Chilean Department of Telecommunications.

BUSINESS

Overview

We are one of the largest telecommunications operators in Chile, providing a complete range of telecommunications services throughout the country, including fixed and mobile services, as well as a wide range of digital services for retail and business clients. We offer our clients a wide range of mobile telecommunications services throughout Chile, including voice services, mobile Internet browsing, mobile broadband, international roaming and multiple value-added services. Telefónica Chile S.A. offers fixed broadband services, pay TV, telephony, international long distance, data transmission services, digital services and comprehensive telecommunications solutions for residential and business customers.

As of September 30, 2021, we had approximately 10.4 million total subscribers, of which 7.7 million are mobile and 2.7 million are fixed.

For the fiscal year ended December 31, 2020 and the nine months ended September 30, 2021, we had an adjusted EBITDA of Ch$424,475 million and Ch$679,773 million, respectively.

Mobile Services

Mobile voice and data services

We offer wireless voice and data services under a variety of rate plans to meet the needs of different user segments, including retail and corporate customers. The rate plans are either “prepaid,” where the subscriber pays in advance for a specified volume of use over a specified period, or “postpaid,” where the subscriber is billed monthly for the previous month. As of September 30, 2021, postpaid subscribers represented approximately 62 % of our total subscribers.

Equipment sales

We offer phones of a wide variety of brands, ranges and features, which can be purchased in various purchase modalities.

Fixed Broadband

Fixed Broadband Services

We offer broadband to residential customers, small and medium-sized business ("SME") customers, and corporate customers through fiber optic technology and xDSL.

We have led the development of fiber optics in Chile, thus reinforcing our value proposition, which has led us to be a leader in broadband quality in Chile in 2020 and 2021. This has allowed us to provide multiple services with excellent quality and reliability. Our fixed broadband plans range from a speed of 100 Mbps to 900 Mbps through fiber optic.

Our fiber optic offer has allowed us to face the exponential growth in data traffic, allowing our clients to have the best connectivity while working remotely. As a result of the COVID-19 pandemic, our fiber optic was positioned as the best Internet alternative in Chilean market, showing a clear superiority over other data transmission technologies.

Our broadband service has continued to expand, supported by bundling with voice and Pay TV plans.

Video and Pay Television Services

We offer pay television services with more than 155 TV signals through “IPTV”, using high-speed Internet access through fiber optic, we also have a satellite television service (DTH) for areas where Movistar’s fiber optic technology is not yet available or for more traditional and less digital customer profiles.

Additionally, we provide an Internet television service, under the commercial name of "Movistar Play", which allows access to TV services to all our clients, fixed and mobile, through their smart TV, mobile equipment or personal computer.

Corporate Customer Communications and Data

Through our subsidiary Telefónica Empresas S.A. ("Telefónica Empresas"), we provide integrated communications solutions for large institutions such as government ministries, large corporations, and health and educational institutions. Telefónica Empresas provides data transmission, mainly through IP-based services and digital services such as Cloud, security services and IoT, and also data services for SME customers.

Basic Telephony

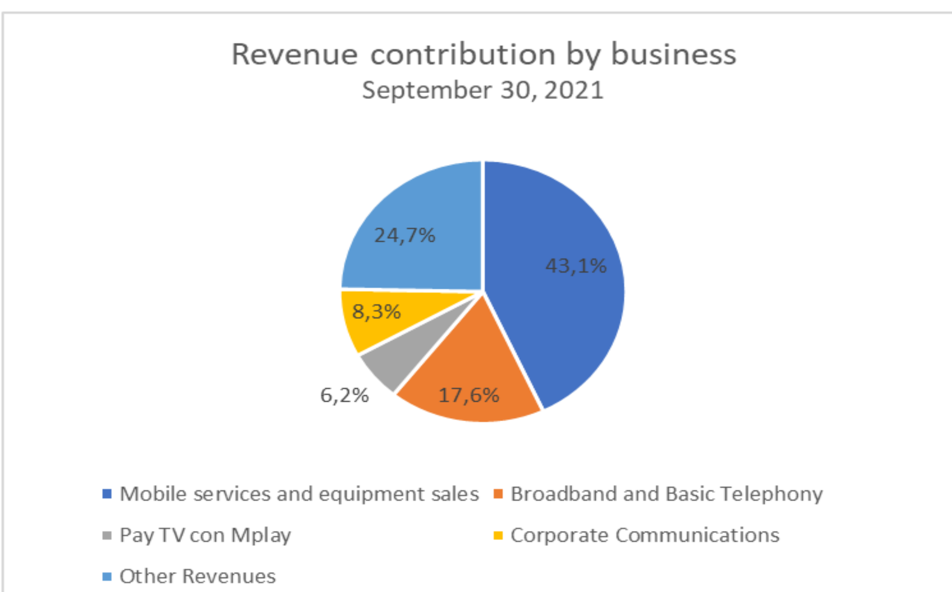
We provide basic telephone service to our clients through the public telephone network with "*traditional plans*" that consist of a fixed monthly charge plus variable charges depending on usage, and "*minute plans"* that consist of basic telephone service with a certain number of minutes or with unlimited traffic for a monthly charge. All our plans can be combined with broadband and pay TV plans. The basic telephony services also include interconnection services and international long distance service.

Revenues by business line

The following table shows our revenues by business line as of December 31, 2018, 2019 and 2020 and in the nine-month periods ended September 30, 2020 and 2021:

	For the year ended December 31,			For the nine months ended September 30,	
	2018	**2019**	**2020**	**2020**	**2021**
Revenues					
Mobile services and equipment sales .	916,885	858,683	830,286	604,824	660,694
Broadband and Basic Telephony........	344,284	331,703	307,199	226,115	270,586
Pay TV...	170,192	145,385	115,562	86,053	95,488
Corporate Communications................	141,871	167,707	177,137	123,579	127,958
Other revenues	6,727	29,082	18,971	10,989	378,731
Total Revenues[(1)]	1,579,960	1,532,560	1,449,155	1,051,560	1,533,457

(1) Revenues as of September 30, 2021, include the non-recurring effect of the sale of our fiber optic business.



The following table shows our total accesses, ARPU and churn rate in 2018, 2019 and 2021 and in the nine-month periods ended September 30, 2020 and 2021:

	For the year ended December 31,			For the six months ended September 30,	
	2018	2019	2020	2020	2021
Total Accesses[(1)]					
Total postpaid subscribers	3,609,801	3,711,160	4,142,452	3.921.478	4.745.466
Total prepaid subscribers....................	4957654	3940875	3464680	3.477.556	2.970.645
Lines in Service	1,222,435	1,058,230	928,936	944.091	889.353
Fixed Broadband	1,094,053	1,007,510	1,002,593	1.012.495	1.260.038
Pay TV Customers..............................	651,339	523,261	496,77	476.260	576.128
ARPU[(2)]					
Mobile postpaid..................................	13,563	12,585	11,390	11.562	10.002
Mobile prepaid	5,801	5,235	5,120	5.122	5.308
Basic Telephony	5,598	5,239	4,536	4.527	4.133
Fixed Broadband	12,740	13,485	14,305	14.214	14.891
Pay TV..	21,120	21,353	19,893	19.698	20.516
Churn[(3)]					
Mobile postpaid..................................	2.4%	3.0%	2.5%	2.6%	2.3%
Mobile prepaid	6.0%	4.4%	3.8%	4.7%	5.6%
Basic Telephony	1.9%	2.0%	2.0%	2.2%	1.6%
Fixed Broadband	2.6%	2.8%	2.6%	2.5%	1.8%
Pay TV	3.0%	3.2%	2.8%	2.7%	1.8%

(1) Measured as of the last date of the applicable period.

(2) We calculate ARPU by dividing revenues for a given period by the average number of subscribers for such period. Averages are calculated as the average of each of the months in the applicable period. We calculate Mobile services ARPU by dividing revenues, excluding revenues from handset sales and interconnections, for a given period by the average number of subscribers for such period.

(3) We calculate churn rate as the total number of subscriber deactivations for a given period divided by total average subscribers of such period. Averages are calculated as the average of each of the months in the applicable period.

Our Strengths

Our competitive strengths are the following:

One of the Largest Integrated Telecommunications and Digital Services Providers in Chile

We are the only operator in Chile with a relevant market share in all the fixed and mobile business segments. As of September 30, 2021, we had 10,457,284 accesses, of which 7,716,111 are mobile (of which 62% are post-payment clients) and 2,741,173 are fixed (of which 41% are broadband accesses and 21% are pay TV).

We offer a series of fixed telecommunications services, including broadband, pay TV and telephony. We are leaders in the fiber optics broadband market with a 47.7% market share as of June 30, 2021, which has allowed to increase our market share in total broadband from 25.4% as of June 2020 to 28.0% as of June 2021. In addition, we have the best offering in terms of quality and speed, as evidenced by the first place awards we received from Ookla (a global provider of internet testing and analysis) and Alco (a customer experience expert in Latin America) in 2020 and 2021. Our IPTV platform allows us to deliver TV and OTT content to our customers in an integrated and high definition manner.

On the postpaid mobile service, we are the operator with the highest growth rate in the last twelve months, increasing our market share from 26.7% as of June 2020 to 27.9% as of June 2021. We expect to keep this growth rate with a competitive offering of quality services and by incorporating our 5G services, as we develop and deploy our 5G network across the country.

Additionally, we offer a robust suite of digital services for companies and SMEs, such as cloud, cybersecurity, IoT services and we leverage the technological support of the different specialized areas of Grupo Telefonica.

Our Network Technology & Coverage

As of September 30, 2021, we operated the most extensive fixed line and fiber optic telecommunications networks in Chile through a commercial agreement with OnNet Fibra for wholesale connectivity, which, according to our estimates, has the broadest national coverage of voice, broadband, pay TV and corporate services. As of June 30, 2021, we had a 47.7% fiber optic market share, the largest market share of any other company in Chile.

In addition, we have an advanced mobile telecommunications network and we are committed to ensuring that our service platform is kept up-to-date with the latest technology. LTE / 4G and 3G networks cover more than 90% of Chile's population. Additionally, our entire 3G network is fully upgraded for high-speed packet access ("HSPA +"), increasing our mobile broadband speeds by approximately six times by updating the response speed of our Internet servers. Also, in some places, we have activated HSPA + Dual Cell (DC) technology that could allow a maximum download speed of 42 Mbps.

We recently obtained through public auction the spectrum licenses necessary to deploy a 5G network that will allow us to offer an even faster and better quality experience to our customers. We are currently implementing the first phase of our 5G network, which will be our next generation network access technology. We believe that ensuring high quality and updating our mobile network allows us to provide our clients with the highest quality of service in Chile and that it will also allow us to introduce new products and advanced services in the Chilean market.

Our Differentiated Customer Experience

We believe that our focus on delivering innovative service offerings and superior customer care results in a more rewarding customer experience and a higher degree of customer loyalty. We have introduced many innovative products and services to the Chilean market. Our voice and data services, including our significant library of entertainment content, advanced networks and focus on new businesses, aim at differentiating our brand through the provision of unique products and services. In addition, we are the only one operator in the market that have a relevant market share in both mobile and fixed business segments, and have an important customer base in all business segments.

The Movistar Brand

The Movistar brand is among the most valuable brands in Chile in all income segments, according to The Lab Y & R's Brand Asset Valuator, and is known for its high-quality communications services, innovation, youth, accessibility and reliability.

Telefónica has implemented a uniform marketing and branding strategy in Spain and Latin America, but we also apply a personalized marketing approach to the Chilean market that largely reflects the local culture. Through our use of the Movistar brand, which is owned by the Telefónica Group, together with Telefónica Chile S.A. (“Telefónica Chile”), Telefónica's Chilean fixed line telecommunications operator, for more information, see “Related Party Transactions” and “Risk Factors—Risks Relating to Our Business and the Wireless Industry— We have significant transactions with related parties.”

We are the only Chilean operator that has a strong market share in mobile and fixed business, with a wide range of services for mass clients, companies and SMEs, having the second largest top of mind, purchase consideration and recommendation rates among Chilean consumers.

Our Relationship with Telefónica

As part of the Telefónica Group, we benefit from its experience as a global telecommunications operator, synergies, strategic initiatives and technological innovation. As of June 30, 2021, Telefónica provided telecommunications services in 13 countries to more than 345 million subscribers.

Given its global presence, Telefónica actively participates in telecommunications developments and deploys best practices and innovative solutions in all its markets. We also benefit from Telefónica's economies of scale. For example, Telefónica negotiates the supply of most of its devices and hardware centrally for all its subsidiaries, which allows us to benefit from volume prices. In addition, we benefit from the use of the Movistar brand, which we believe is recognized as a leading, experienced and reliable brand in all markets in Latin America and Europe where it is present. See "Related Party Transactions."

Our Diversified and Strong Distribution Channels

As of September 30, 2021, we have developed an extensive network that consists of around 25 main distributors, 8 owned stores, 29 points of sale in shopping centers, 300 retail stores and 92 branches across the country that we operate through partners. We carry out permanent training and evaluation programs to partners aiming to maintain a high level of quality of service. We also have a dedicated corporate sales group to serve the needs of our large corporate subscribers and other high-usage subscribers.

Our Solid Financial Structure and Average Leverage

We have a solid financial structure, reflected in our low levels of indebtedness and strong cash flow generation. Our total indebtedness as of September 30, 2021 was Ch$833,734 million, including foreign exchange and interest rate hedges, with an average maturity of 2.4 years. In addition, our adjusted EBITDA for the 12 months ended September 30, 2021 is greater than the principal amount of our debt maturities in the 12 months ended September 30, 2021, allowing us to cover our financial needs in anticipation of maturities. As of December 31, 2020, our ratio of net debt to adjusted EBITDA was 1.27x, including lease liabilities.

Experienced Management Team and First-Rate Employees.

We rely on our experienced management team with vast experience in the telecommunications industry. We also have highly qualified professionals with solid experience and know-how in the industry. Additionally, our employees strive to provide excellent customer service and we are constantly implementing training and development programs. We provide our employees with a positive work environment.

Our Strategy

In Chile, we are part of a highly competitive industry with high price pressure, growing technological development and higher regulatory requirements, which leads us to maintain high levels of investment to keep ourselves in the technological vanguard.

Our strategic plan, aligned with the Telefónica Group’s regional initiatives, is based on the following strategic levers:

- ***Growth*****:** We plan to capture growth opportunities in the telecommunications industry, especially in high speed broadband and TV / video services, driven by the growth of fiber optics, in line with the growth of data demand in the residential and business segments, we see significant growth opportunities in providing digital services through our robust portfolio of services and the technological support of the specialized areas of the Telefónica group, which allows us to have an offer of services that is tailored to the needs of corporate clients, on the other hand, we will maintain a focus on growing in connectivity and providing greater services to clients in the small and medium-sized business segment. In the mobile business, we will maintain our focus on the growth of the postpaid service through competitive offers in the market and the development of the new 5G network during the following years and continue with our policy of profitable growth in the equipment sale business, maintaining a wide range of high-quality, high-performance equipment and accessories, that allow us to maintain high levels of satisfaction for our mobile business customers. Additionally, we expect to grow in revenues from wholesale services from the fixed and mobile businesses.

- ***Digitization*****:** We intend to continue advancing in the digitization of our internal and commercial systems, opening new alternatives for information, sales and after-sales services for our current clients and potential clients. We seek to have stable, redundant, and easy-to-use systems and processes to be more efficient a company and more friendly with customers. We want to become a fully digitalized company by making as many of our services as possible accessible on-line over the internet, including customer support, sales, and billing, thus also improving service satisfaction levels.

- ***Efficient Infrastructure***: Regarding our network infrastructure, both mobile and fixed, our commitment is to continue growing in speed, quality and coverage, profitably.

  Due to the growing demand for data services in the mobile and fixed business, it is essential to invest in the development and updating of our networks, to guarantee the satisfaction of our clients and maintain an offer of innovative services and capture business growth. In this sense, it is our intention to make continuous investments to improve the speed and quality of our networks, increase our fixed and mobile points of presence, and expand our coverage. In 2021, we have added 50 MHz in the 3500 MHz band for the use of 5G technology.

  For the mobile business, our current focus is to increase the speed and coverage of the 4G / LTE network and at the same time carry out the deployment of the new 5G network, with national coverage, which will allow us to expand our service offer taking advantage of the benefits of this new technology such as increased speed, low latency rate and broad device connectivity, offering a better user experience and the development of new data-demanding services, such as video and gaming, IoT, wearables, smart homes, smart cities, telemedicine and other applications for productive industries, agriculture and mining.

  Additionally, we will maintain our fiber optic expansion plan, through a commercial agreement for wholesale connectivity services signed with the company On-net Fibra, in July 2021, of which the subsidiary Telefónica Chile owns 40% of the property. On.net Fibra has committed to making the necessary investments to fulfill its accelerated fiber optic network deployment plan.

  In conjunction with the above, we will continue to advance in the management of legacy networks, with the migration of clients to more modern services and systems in a gradual and efficient way, leveraging ourselves in the digital transformation of the commercial systems of the mass segment and companies and the shutdown of networks and systems.

- ***Talent and leadership***. We will continue to leverage our management talent and promote leadership in order to achieve an efficient and flexible organization. We want our best employees to stand out and influence others to work agilely and efficiently. We want employees who are committed and aligned with the needs of the business and clients, organized under the umbrella of the Hispam unit of the Telefónica group, which will allow us to take advantage of best practices and share knowledge and experiences in other Latin American countries.

- ***Sustainable Business***. We seek to position ourselves as a socially responsible actor in Chile and increase our attractiveness for ESG investments.

  We believe that our duty is to take advantage of the capabilities of connectivity and digitization, not only to contribute value to our clients, but also to help face major challenges such as climate change, inequality, employability or misinformation. In that sense, we want to:

  - Help society prosper: promote economic and social progress based on digitization, leaving no one behind.
  - Build a greener future by harnessing the power of digitization to curb climate change and go beyond what is expected from us and assume our responsibility at all times to generate trust.

  In order to meet our goals, we listen to our clients, employees, investors, governments and other stakeholders. With the information available about our stakeholders, we identify areas of work to fulfill our mission of making our world more human, connecting people's lives and fulfilling our responsible business plan that includes various projects associated with sustainability, privacy and security, ethics, human capital, governance, suppliers, environment and climate change.

  The aforementioned approach helps us to:

  - Manage risks and anticipate increasing regulation.
  - Improve productivity by incorporating sustainability criteria in processes.
  - Grow by enhancing the social or environmental benefits or our products and services as a differential element in the market.

Our Services

We offer a wide range of telecommunications services throughout Chile for residential, SME and business customers, among which are mobile services such as voice and data services, mobile broadband (MBB), roaming and multiple value-added services. Additionally, through its subsidiary Telefónica Chile S.A. we offer fixed broadband services, pay TV, basic telephony, international long distance, data transmission and digital services, among others.

As of September 30, 2021, we had 7,716,111 mobile accesses and 2,741,173 fixed accesses.

Mobile services

Mobile voice and data services

We offer wireless voice and data services in two modalities, "Postpaid" plans, which are billed monthly, with a variety of plans to meet the needs of different customer segments in terms of rates and level of data usage, and "Prepaid" plans, where the customer pays in advance for a specified volume of consumption during a specified period. As of September 30, 2021, postpaid subscribers represented 61.5% of our subscribers.

Postpaid Plans

Postpaid plans are multimedia plans that for a fixed monthly charge offer voice minutes and mobile browsing capacity according to the contracted plan, from 35 gigabytes to plans with free gigabytes. Postpaid plans additionally include text messaging, free browsing on the main social networks, international roaming for a certain number of days a month depending on the contracted plan and TV / video on the cell phone with the "Movistar Play Light" service that grants access to the Movistar movies and series platform and 7 live channels. Postpaid subscribers generate higher ARPU than prepaid subscribers and have a lower churn rate.

The rates of our postpaid plans include voice, messaging and data traffic according to the plan contracted by the clients. Additionally, the following could be added: i) variable charges for the use of data, voice minutes and text messages used in excess of the services specified in the monthly rate, and ii) additional charges for value-added services not included in the monthly fee, such as entertainment content and subscription-based services (e.g. Netflix, Amazon Prime, etc.).

We offer a wide variety of postpaid plans to meet different customer needs, including multimedia plans (voice and data services), voice plans (voice services only), and data plans (data services only). We regularly launch various packages and promotions designed to incentivize the purchase of our postpaid plans, which are accessible to existing and potential customers. For example, in June 2020 we launched the 2x1 product through which a current customer can hire an additional line at no additional cost or a new customer can access two mobile lines by paying the equivalent of a rent during the first 12 months.

Prepaid plans

Through the purchase and installation of a SIM card, pre-paid subscribers activate their cellular numbers. Our pre-paid subscribers can access voice and data services on their mobile for a specified period of time, adding credits to their accounts through an advance money recharge.

During 2020 and 2021, the implementation of the "*Arma tu Prepago*" commercial offer stands out, which allows customers to configure their voice and data plans online, according to their needs for minutes, gigabytes and validity. Additionally, Movistar customers can transfer minutes and gigabytes to other prepaid customers (SOS loans).

Prepaid services serve the needs of segments such as the youth market, equity customers who might not otherwise be able to get the service due to their credit profile, and customers who prefer to pay in cash.

Compared to the average postpaid plan, prepaid plans have higher per-minute rates, lower subscriber acquisition and billing costs, and very low credit risk. However, prepaid subscribers on average use substantially fewer minutes than postpaid subscribers, generating a lower ARPU.

Notwithstanding the foregoing, we have developed a comprehensive strategy to encourage prepaid subscribers to migrate to higher value postpaid plans. We offer additional minute bundle programs to encourage recurring spending for prepaid subscribers, thus creating habits that induce subscribers to migrate from prepaid to postpaid plans. This strategy has been working, as the number of prepaid subscribers as a percentage of our total subscribers has decreased from 57.9% in 2018 to 38.5% as of September 30, 2021.

Once our subscribers have been in the Minutes package program long enough, we offer them a monthly postpaid plan with consumption limits, which we call controlled plans. Controlled plans limit our payment risk and allow the subscriber to obtain better rates for a small increase in spending.

Additionally, we also offer a complete range of value-added services for the prepaid customer base.

Sales of Handsets and Other Accessories

Telefónica Móviles generates revenue from the sale of mobile equipment and accessories to customers. Our customers may acquire equipment together with the hiring of a postpaid plan, through a terminal renewal program (for example, Movistar One) or in the form of unlocked equipment (without plan).

Telefónica Móviles offers different financing options for the purchase of equipment:

• External: direct purchase in installments with a credit card.

• Internal: financing on the customer's bill, subject to commercial evaluation.

• Movistar One: annual renewal program in which a monthly fee allows the customer to change their old equipment for a new smartphone every year.

• Handset direct sale: Cash sale method without the need to contract a postpaid plan.

We carry a wide selection of smartphones and accessories through our stores and website. Currently 24% of sales are made through digital channels (our website, Movistar applications and our online store). Our device offerings always adapt to supply and demand trends.

We do not tie the sale of our phones to subscription plans and we do not provide subsidies for the purchase of our phones. We also offer our subscribers complementary services for mobile phones, such as "insurance" programs, antivirus and firewalls.

Mobile Broadband (MBB)

Our MBB service allows our subscribers to access the Internet from a laptop, desktop or any device with Wi-Fi available using a MiFi modem or a portable router to provide a wireless connection that can reach 3G, 4G and 4G + speeds depending on the capacity of the device and signal availability. Our MBB service allows our subscribers to be always connected without depending on passwords, fixed web, cables or Wi-Fi availability. The main features of our MBB platform are emails, continuous Internet access (subject to signal strength), instant text messaging, chats, and downloads.

Our postpaid plans allow subscribers to access the Internet for a specified amount of data (up to 120 GB per month) for a monthly fee, after which the customer can purchase additional data packages to maintain Internet access.

Roaming

By hiring the innovative "Movistar Passport" for a fixed price, our customers have unlimited navigation and a few voice minutes that may be used in 79 countries abroad for a period between 7 and 21 days.

We offer international roaming services for our subscribers through the networks of international mobile service providers with whom we have entered into international roaming agreements. We also provide roaming services in Chile to subscribers of our international roaming partners.

Subscribers can count on roaming outside of Chile by paying international roaming rates. We have entered into approximately 295 agreements around the world, including maritime and air coverage. Through agreements signed by Telefónica Internacional S.A., we offer our clients coverage in more than 200 countries and locations. Thanks to these agreements we believe that we have the most competitive service in the market. Note that some of our postpaid plans include at no additional cost unlimited Internet browsing through roaming in 25 countries, including the United States, Mexico, United Kingdom, Spain, Brazil, Argentina and Peru.

Value Added services

In addition to historical services such as messaging (short message services or SMS), in recent years we have entered into new agreements with large global operators of digital and entertainment services. Today our offer of added value services has a varied and wide range of options, among which we have: entertainment, security, parental control, music, gaming, home assistance, learning, world-class digital content, among others.

Voice and assistance

We offer features such as voicemail, missed call notification (which notifies a Movistar user that another Movistar user who has run out of credit was trying to call them) and reminders.

Equipment services

Our "Movistar Seguro" plan offers free technical service or replacements in case of accidental damage, failure or theft of your mobile equipment. The cost of such plans is based on their coverage terms. Also, there is an annual renewal program for the latest Smartphone called "Movistar One", whose main attribute is the seamless replacement of an equipment at a preferential value.

Fixed Services

We provide a wide range of fixed telecommunications services throughout Chile, including:

- broadband services,
- fixed line telecommunications services,
- pay television services and
- data transmission and corporate communications solutions.

As of September 30, 2021, we had more than 2.7 million accesses, amounting to an increase of 24.4% in broadband services and 21.0% in pay TV services compared to September 30, 2020. At the same time, the number of fixed lines in service fell by 5.8% compared to September 30, 2020.

Fixed broadband services

We offer fixed broadband through optical technologies, which has been replacing previous ADSL or VDSL technologies, to residential clients, SMEs and corporate clients.

The broadband offer plans ranges from 100 megabytes to 900 megabytes and allows offering symmetric upload and download speeds of up to 600 megabytes. All Internet Home plans incorporate the most advanced router and repeater technology. In addition, they include the free “Movistar Play Light” service, which allows access to broadband TV without the need for installation or decoders.

The broadband service also allows the provision of value-added services, including WiFi repeaters, streaming services (Netflix, Amazon, HBO, TNT Sports, among others), online antivirus and firewall protection, parental controls for the Internet, computer technical support (both remote and at home) and the possibility of acquiring other services such as telephony and pay TV.

Our broadband service has continued to expand, supported by the growth of the market and the need for households to be connected to work, study, and entertain, coupled with the increased number of devices per household and the incursion of the "smarthome".

The following table sets forth the number of broadband connections in service as of the dates indicated:

	As of December 31,			As of September 30,	
	2018	**2019**	**2020**	**2020**	**2021**
Broadband Subscribers..........	1,094,053	1,007,510	1,072,517	1,012,495	1,260,038
xDSL and others......	733,984	500,802	291,502	327,494	189,661
Fiber Optic	360,069	506,708	781,015	685,001	1,070,377
Fiber Optic Subscribers / Total Fixed Broadband..........	32.9%	50.3%	72.8%	67.7%	84.9%

Fixed-Line Telecommunications Services

We currently provide basic telephone services to our clients through the public telephone network with a single plan that contains unlimited minutes to other landlines and 300 minutes to mobiles from any company for a monthly fee.

In recent years, the focus of our business has been to protect our voice telephony business, given the contraction in the number of lines in service caused by the notable growth of mobile telephone service in the local market. Our strategy to protect revenues from the fixed line segment has been to promote the combination of voice service with broadband and pay TV.

The following table sets forth certain fixed-line performance and line connection information for the periods indicated:

	As of December 31,			As of September 30,	
	2018	**2019**	**2020**	**2020**	**2021**
Fixed lines in service	1,222,435	1,058,230	928,936	944,091	889,353

Pay TV Services

We currently offer pay TV services using high-speed accesses ("IPTV"), which has been replacing the satellite TV accesses (DTH) that we offered between 2006 and until the end of 2019. From that date we began a process of technological change in video products from DTH technology to IPTV services with the new Movistar TV. We currently offer the "HD Pro" product that provides access to more than 150 signals (71 in HD), including open TV signals, and which also integrates new forms of consumption such as Amazon, Netflix or YouTube, allowing our customers to remain in one place.

Additionally, we offer the TV Over The Top (OTT) service that allows access to TV and video from any device with Internet access, be it smart TV, handset or PC, under the name of "Movistar Play," which offers a wide catalog of live television channels through the Internet with three access modes:

• Movistar Play TVE: all those clients who have contracted an IPTV or DTH product are allowed to enjoy the contents of about 70 signals, regardless of whether they are at home or not.

• Movistar Play Full: a cheaper TV product than IPTV that allows users to access 56 signals, but is restricted to two simultaneous sessions.

• Movistar Play Light: allows all Movistar customers who do not have a TV service to access 7 free-to-air HD television signals in one place.

In addition to the television plans described above, all clients can contract a product that complements their television service with:

• Sports packages: TNT SPORTS to enjoy the entire local soccer championship, Fox Sports with access to various international disciplines, highlighting the men's Copa Libertadores and CDO with all the content of the Chilean Olympic Committee.

• Cinema and series packages: HBO Premium, Star Premium and Starz Plus, all with content from the first exhibition windows and other exclusive content.

The following table sets forth the number of Pay TV customers as of the dates indicated:

	As of December 31,			As of September 30,	
	2018	2019	2020	2020	2021
Pay TV subscribers	651,339	523,261	496,770	476,260	576,128
IPTV	83,375	102,911	200,376	157,059	327,194
DTH and others	567,964	420,350	296,394	319,201	248,934
IPTV / Total Pay TV subscribers	12.8%	19.7%	40.3%	33.0%	56.8%

Corporate Customer Communications and Data

Through our subsidiary Telefónica Empresas Chile S.A., and under the trademark "Movistar Empresas", the Company offers dedicated data transmission services, digital services and comprehensive telecommunications solutions for its corporate clients, large companies, SMEs and micro-companies. Customers of Telefónica Empresas include government ministries, public institutions, associations and large corporations, both national and international, that are involved in a broad range of economic activities.

Movistar Empresas develops an integrated, innovative and competitive portfolio for the B2B segment, with digital solutions (Cloud, Security, IoT and Big Data) and telecommunications services (Satellite, Telephony, Internet, Television, SDWan, Wan2Cloud, fixed and mobile services, together with global solutions). This allows us to position ourselves as the only provider of comprehensive and high-tech solutions, which also has the most important regional network of data centers in America and Chile.

Today, the growth of companies is directly related to the development of new technologies and productivity increases, based on process automation and value-added solutions. The services provided by Movistar Empresas respond to these needs, addressing two permanent challenges: heightened standards of capacity, availability and quality, as well as the need for convergence and progressive integration of technologies. In this way, it delivers solutions that add value to clients' businesses, efficiently meeting their requirements, developing tailored solutions and supporting them to face the complex and changing interactions of today's world.

We aim to distinguish ourselves as an international leader by the magnitude of our infrastructure and the quality of our human and technological resources, which maximize the scope and potential of our clients' competencies, offering maximum reliability in the definition, development and the management of its platforms and services. We offer innovations that empower your customers' communications, both internal and external, and applications.

Marketing

The Chilean telecommunications market is one of the most competitive and developed in Latin America, with high penetration rates for mobile telephony. To increase profitability, we have focused on maintaining our market position while improving efficiency.

In 2009, Telefónica's companies in Chile began to market all their services in Chile under the Movistar brand. We have repositioned the Movistar brand to add value and personality in order to increase ties with our customers, adjust our offer of products and services and create a marketing and distribution network that can respond to the evolution of our business. As Movistar has become the brand in Chile for all of Telefónica's fixed and mobile telecommunications products and services, its identity is evolving to mature.

The Chilean telecommunications market has undergone significant changes in recent years, and we anticipate that it will continue to be a highly competitive industry. Number portability and the growing penetration of the Internet (both in the fixed and mobile markets) in particular are areas that may experience the most changes.

In addition, new market participants have entered the market with aggressive marketing strategies, both in the form of new MVNOs and in the development of new networks such as WOM and Mundo Pacífico.

In this competitive environment, we have been able to maintain and strengthen our leadership position in the mobile market. As of June 2021, we had a 27.9% market share in the postpaid market (a 1% increase compared to June 2020) as a result of an efficient market segmentation strategy, the successful management of the sale of terminals and the management of the needs of our clients according to their life cycle, which allows us to have a greater penetration of additional services such as MBB and the Internet.

In the fixed market, the accelerated deployment of the fiber optic network in the last two years and the significant growth in fiber optic accesses has positioned Movistar in the market as a leader in Internet speed and in quality of service. As of June 30, 2021, we had a 28.7% fixed broadband market share, a 0.9% increase compared to December 2020, mainly as a result of an increase in fiber optic).

Sales and Distribution

We have integrated and reorganized our sales and distribution channels to offer mobile and fixed services through all our points of sale. We currently offer our consumer products through four types of sales and distribution channels:

- Sales in stores. This channel includes two types of stores, company-owned and third-party. Both modalities, served mainly by the Atento provider, use the flow of current customers for sales and after-sales management.

- Field sales. This channel operates through a franchise model. It is mainly based on a door-to-door model that seeks to generate sales through the placement of stands in high traffic areas, such as city squares, fairs, buildings and strategic places.

- Retail. With approximately 300 point of sales, this channel operates through a network of retailers, including supermarkets, convenience stores and department stores, in which prepaid and postpaid products are sold.

- Call centers and online sales. We use call centers that are based on inbound (customer calls us), outbound (we call our customer base), and cross-sell (uses inbound customer calls for reasons other than request to purchase) platforms to sell products. fixed and mobile.

- Web channel and App. We have digital channels for the attention and sale of fixed and mobile products. This channel is moving towards the total automation of its transactions, improving the shopping experience and reducing operating costs.

In addition to our consumer sales channel, we operate corporate sales through a specialized channel.

Sales to Corporate Customers

Our corporate sales are conducted personally by a dedicated account executive. Following the sale, a customer support manager is responsible for assuring high customer satisfaction and providing solutions to any problems that may arise. We have a dedicated call center that provides support exclusively to our corporate customers that purchase value-added services.

Suppliers

Our main supplies are the phones we sell to customers and the necessary equipment to expand, maintain and operate our network.

Our main phone suppliers are Apple, Samsung and Motorola, but we are also exploring new brands such as Xiaomi, Vivo, Oppo and others, which contributes to our strategy of balance between the available brands.

In 2020, we bought 1.5 million phones, and during the first half of 2021, we bought 800,000 devices. We have raised the average unit purchase ticket from U.S.$209, in 2020, to U.S.$230 in 2021.

Our main network providers are Nokia and Huawei. In 2021, we started developing our 5G network sites to achieve an attractive commercial network in the next few years. Additionally, we are also reinforcing our 4G network to guarantee an optimal network experience.

In order to take advantage of economies of scale, Telefónica negotiates the supply of equipment, terminals and accessories in a centralized manner for all its subsidiaries around the world, which allows us to purchase equipment at lower prices, obtain special contributions and enhance the economic group's supply. The negotiation is tailored to the demands of each country and seeks to maximize contributions and rebates to get the best offers available in the market.

The TV content industry has been concentrating in recent years and the number of suppliers has been reduced due to constant mergers and acquisitions between companies. In the last few years alone, broadcasts that account for nearly 60% of the available rating have been concentrated into two large groups: The World Disney Company and Warner Media. Currently, our TV grid is made up of 155 signals, of which 65% are concentrated by 5 providers (Disney, Warner Media, Discovery, OLE and Viacom).

Faced with the complex and concentrated content market, Telefónica, taking advantage of its client volume in Latin America, negotiates the main international broadcast contracts jointly for the entire region, which allows us to purchase content at more convenient prices.

We currently have the best TV equipment available for services supported on fiber optic, such as IPTV, which allows us to deliver an HD video quality service for all channels which support that feature.

Given the COVID-19 pandemic, there is currently a shortage of electrical components, such as chips, which has forced us to control our equipment stock exhaustively. We have so far managed this challenge successfully, without causing inconveniences to our customers.

Billing and Collection

Our billing and collection processes operate under operational excellence and are supported by stable and scalable systems, in line with our digitization strategy with a focus on the customer, aiming at reducing claims, maintaining satisfaction levels, ensuring estimated collection ratios and promoting reduction of operating costs.

These processes allow us to bill our clients from all business segments, periodically and according to their billing cycles, including a detail of all associated charges, in a transparent and timely manner. Through the automation of the entire control grid and the deployment of alarms, we can detect and correct possible anomalies in the billing processes, in order to maintain high levels of satisfaction.

Our billing and collection processes operate online, applying payments and updating balances immediately in the checking account, which allows us to keep track of recovery levels by cycle and customer segment of the entire portfolio on a daily basis.

The system has modules that control the application of payments, through daily reconciliation with each of the collectors within our collection network, and quality controls of the automatic bill payment processes, to ensure their effectiveness. In this context, we continually explore new means of payments, with a strong focus on customer satisfaction and especially digital payment on the web, so that we continue to leverage the level of satisfaction of the Movistar app and web, with collection solutions and collection valued by customers.

If a customer's payment is overdue, regardless of other collection actions that may be put in place, the service may be suspended until full payment of all outstanding charges is received. In addition, digital collection management has been implemented, which considers collection management via VoiceBot as an additional channel for sending SMS to delinquent customers, emails and traditional collection through call center executives. This digital management of the delinquent portfolio seeks to classify clients according to a combination of three data models to generate differentiated strategies according to profile. However, all clients are managed both digitally and analogically.

Fraud Detection and Prevention

We have implemented fraud detection and prevention measures in accordance with international standards, by which we try to control and manage risks associated with fraud. We classify fraud into six different types:

- Identity Fraud. Fraud perpetrated by a natural person or legal entity that contracts telecommunications services for itself or for a third party under a false identity to gain a benefit to the detriment of the person whose identity is falsely used. Some of our preventive measures include review of complaints we receive related to this kind of fraud, detection of excessive use through "workclass" categorization and analysis, blocking accounts that are in arrears (especially for high-value services such as roaming and LDI) and analysis of applications that do not have appropriate approvals.

- Administrative Fraud. A version of identity fraud that is perpetrated in a remote manner by taking advantage of the entitlements we provide to our clients to streamline processes. Some of our preventive measures are monitoring changes in lines, monitoring users and monitoring the recipient of any changes in lines.

- Fraud at Subscription. Fraud perpetrated by a prospective client that contracts telecommunications services for its own account but with the purpose of making an excessive use of the relevant service and avoiding payment. We prevent this kind of fraud by, among other things, continually monitoring our customers, providing an internal quality score for each customer, and monitoring the client approval processes and related distribution channels.

- Distribution Channel Fraud. Fraud perpetrated at the distribution channel level, either in collusion with a prospective client or by itself, through manipulation of client data to obtain economic benefits or artificial increases in commissions. This fraud is achieved by taking advantage of accessibility to systems (failures in new client filters), process deficiencies or false data. Some of our preventive measures are the imposition of penalties on distributors for erroneous sales and for sales that produce payment defaults from the first invoice, identification of sellers that engage in recurrent misconduct, and review of lost handsets and unused lines.

- Technical Fraud. Fraud perpetrated in an organized manner by taking advantage of any technical gap or deficiency. Some of our preventive measures are to constantly monitor behavior in high-cost transactions (such as roaming and LDI) and to record the international mobile subscriber identity ("IMSI"), a security number for subscriber identity module ("SIM") cards, of units that are used to complete sales.

- Internal Fraud. Fraud perpetrated within our company by direct or indirect employees for their own benefit or the benefit of third parties by unduly using their access to our confidential information and operating processes. Some of our preventive measures include identification and control measures to monitor unauthorized discounts and sales promotions that are not consistent with our commercial policy, monitoring of account tampering, monitoring of users associated with suspect transactions and blocking of certain user accounts upon detection of anomalous behavior.

We implement permanent processes to prevent each type of fraud and ensure that fraud detection tools are updated and effective at all times. We include our fraud, commercial risk, and income assurance departments to participate continually in the release of new products to be able to anticipate the kinds of control and monitoring necessary in each case and to detect any vulnerabilities in these products.

Customer Service

We believe that the quality of customer service leverages customer satisfaction and recommendations, decreasing their churn and increasing their permanence in our company, which we believe is a differentiating aspect in the industry. Therefore, satisfying the different needs of clients, as well as having customer retention policies in place, is a fundamental aspect for the financial performance of service providers and an essential element of our strategy. Our customer service, satisfaction and retention programs are based on providing customers with convenient and easy-to-use products and services, aiming at promoting long-term relationships and minimizing churn.

Our focus is to provide our clients with quality attention and support, which is reflected in the sustained increase in our key performance indicators and in the decrease in our churn rates. Our customer service efforts are based on solving the different needs of customers, based on the development of a continuous improvement program associated with the "Customer Journey", an initiative that focuses on accompanying and responding to the different customer needs throughout their life cycle, from before they become customers until after they have canceled their service, with a highlight on improving satisfaction and loyalty. Specifically, we seek to develop an individualized understanding of our customers to provide a personalized service, creating an emotional connection with Movistar. This approach is applied in our various distribution channels to ensure that we respond appropriately to the needs of our customers.

Customer service is managed according to guidelines defined by the "Corporate Operations Performance Center" (COPC), which consists of a model that defines the best management practices for customer-centered services. This model allows us to significantly reduce costs while improving the quality of our service and customer satisfaction.

Competition

We face intense competition in mobile and fixed business. See "Industry" for more information on our competition.

Our History

Telefónica Móviles Chile S.A., formerly Telefónica Móviles Holding S.A. (ITMH), is a corporation originally constituted as a limited liability Company under the laws of Chile by means of the public deed dated July 12, 2004 granted by René Benavente Cash, public notary in Chile.

Telefónica Móviles Chile S.A. was a subsidiary of Inversiones Telefónica Móviles Holding S.A. (ITMH) that commenced providing mobile telecommunications services in the central regions of Chile in 1989 and began providing service throughout Chile in 1996 following a merger with VTR Celular S.A. ("VTR Celular"). In 2004, Telefónica's wholly-owned mobile phone subsidiary acquired BellSouth's Latin American subsidiaries, which had been operating in Chile since the early 1990's, as well as all of our shares from Telefónica Chile. In 2005, Telefónica unified the branding for its mobile operations in 13 Spanish-speaking countries, including Chile, under the "Movistar" brand. The merger of BellSouth's Chilean subsidiaries and us was completed in 2007, leaving Telefónica Móviles Chile S.A. as the legal successor. Additionally, ITMH held approximately 98% of the shares of Telefónica Chile S.A., which was a fixed-line operator that was created in November 18, 1930. In 1971, the Chilean Government intervened to take control of our company, and, in 1974, the Chilean Government's Corporación de Fomento de la Producción ("Corfo") acquired 80% of our total issued shares, then held by the International Telephone and Telegraph Corporation ("ITT"). In August 1987, Corfo announced that it would reduce its shareholdings and privatize the company by selling approximately 30% of Corfo's shares in the company. In January 1988, 151 million shares of Series A Common Stock of the company were transferred to Bond Chile. After increasing its equity in an April 1988 offering and other additional purchases of Series A Common Stock and Series B Common Stock of the company, Bond Chile owned approximately 50% of our then issued and outstanding capital stock. In April 1990, Telefónica, indirectly acquired the stock of Bond Chile—and in November 2008, Telefónica, acquired a 96.75% equity interest in Telefónica Chile through a series of tender offers.

On October 26, 2009, in the context of trademark unification undertaken by Grupo Telefonica, throughout all of their operators in a global level, Movistar became the new commercial trademark embraced the products of both Telefonica Móviles Chile S.A. and Telefonica Chile S.A. in Chile.

On October 30, 2011, our shareholders resolved that ITMH would be transformed into a close corporation and on March 22, 2017 our shareholders resolved to merge ITMH with Telefónica Móviles Chile S.A., with the surviving entity maintaining Telefónica Móviles Chile S.A. as its legal name. This resulted in Telefónica Chile S.A. (our fixed-line business) becoming a subsidiary of Telefónica Móviles Chile S.A.

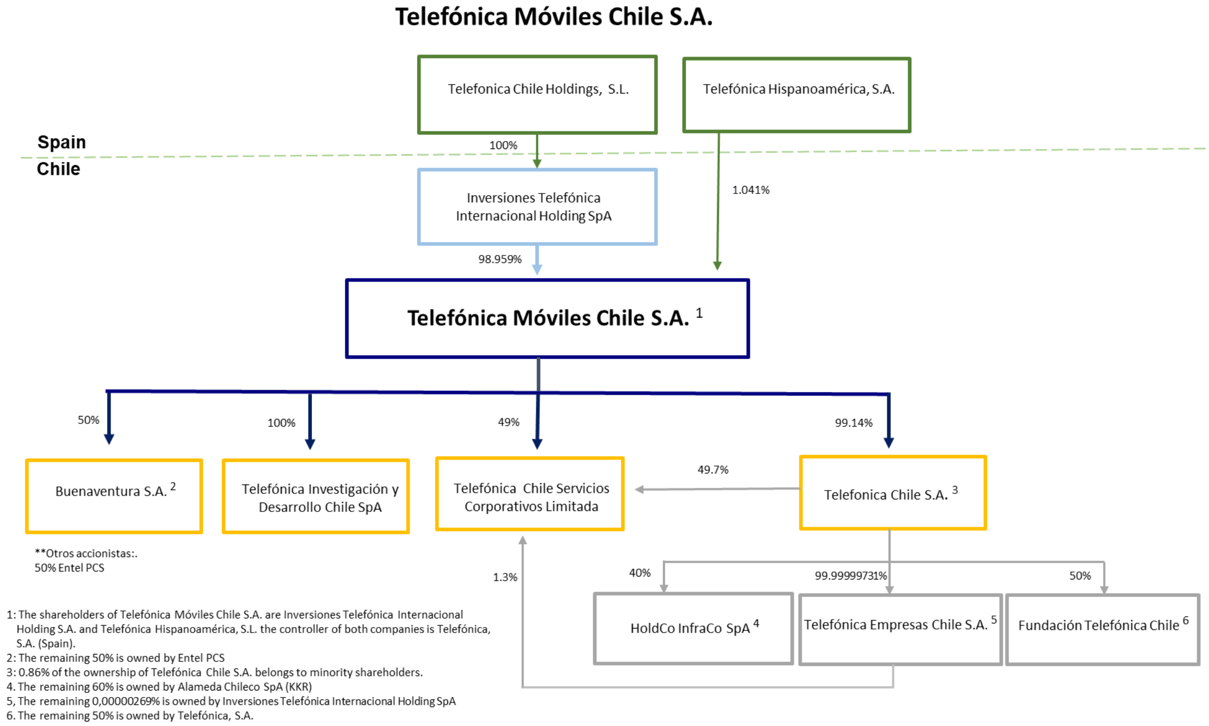
On January 31, 2020 the board of directors of Telefónica Chile S.A. approved the incorporation of a subsidiary under the name InfraCo SpA, whose business objective is to provide intermediate telecommunication services relating to fiber optic infrastructure. Subsequently, the board of directors of Telefónica Chile S.A. approved the incorporation of a subsidiary under the name HoldCo InfraCo SpA to hold the shares of InfraCo Spa. On February 22, 2021 the board of directors of Telefónica Chile S.A. approved the sale of 60% of the HoldCo InfraCo SpA shares to Alameda Chileco SpA. The sale has obtained all the necessary regulatory approvals and is therefore perfected as of the date of this offering memorandum. We have realized U.S.$380 million as revenue from the sale of Infraco SpA.

On August 31, 2020, Telefónica Empresas Chile S.A.'s assets related to information security services were sold to Telefonica CyberSecurity Tech Chile SpA (CyberCo) for an amount of approximately Ch$4.9 billion.

On December 30, 2020, Telefonica Empresas Chile S.A. sold its cloud business and its assets to Telefonica CyberSecurity & Cloud Tech Chile SpA for Ch$8,961.5 million.

Corporate Structure

The following chart sets forth our corporate organization as of September 30, 2021.



Regulation of the Chilean Telecommunications Industry

General

The Ministry of Transportation and Telecommunications, through Subtel, is responsible for regulating telecommunications services in Chile. Its main purpose is to direct, control, promote, develop and provide guidelines for telecommunications in Chile.

Our business is subject to comprehensive regulation under the Telecommunications Law. The Telecommunications Law provides the general legal framework for the installation, operation and supply of five types of telecommunication services:

- Public: telephone services;
- Intermediate: services related to interconnection, transmission to other operators and long distance, physical infrastructure services;
- Broadcasting: services related to television and professional radio broadcasting;
- Limited: services related radio-communication and cable television; and
- Amateur radio.

Subtel grants three types of authorizations:

- Concessions: applicable to public, intermediate and broadcasting services;
- Permits: applicable to limited (private) services; and
- Licenses: applicable to amateur radio and local band.

Mobile Spectrum

In Chile there are two mechanisms used for the assignments of radio spectrum: direct assignment and public auction.

Direct assignment is used when there are no feasibility problems for the usage of radio spectrum and no limitations for the assignment of radio spectrum to an undetermined number of suppliers. Direct assignment is free, and the government, through Subtel, does not receive any consideration for such assignment.

Public auctions are used when the available radio spectrum can only be assigned to a specific number of operators. Bidders participate under equal conditions and winners are determined principally on the technical merits of their respective bids. However, in the event that two or more bids do not differ significantly, the radio spectrum is assigned to the bid with the highest economic value.

Concessions of spectrum assigned

We have concessions granted by Subtel to operate and supply mobile telecommunication services. Below we provide a summary table of the terms of such concessions.

Decree/ Exempt Resolution	Type of service/service area	Frequency Band	Publication date in the Official Gazette	Expiration Date
189/1988	Public mobile phone service/(R.M. and V areas)	824.0 – 835.0 and 845.0 – 846.5 869.0 – 888.0 and 890.0 – 891.5	November 11, 1988	Undefined
114/1989	Public mobile phone service/(Rest of the country)	824.0 – 835.0 and 845.0 – 846.5 869.0 – 888.0 and 890.0 and 891.5	August 3, 1989	Undefined
657/2002	Public mobile phone service/national area	1885 – 1890 MHz 1965 – 1970 MHz	November 16, 2002	November 16, 2032
28/2003	Public mobile phone service/national area	1890 – 1895 MHz 1970 – 1975 MHz	April 3, 2003	April 3, 2033
459/2006	Public mobile data transmission service/Metropolitan Area	898.4 – 899.6 MHz 937.4 – 938.6 MHz	March 21, 2007	March 21, 2037
12/2008	Intermediate/Metropolitan Area	2602 – 2614 MHz 937.4 – 938.6 MHz	February 29, 2008	February 28, 2043
176/2012	Public fixed or mobile data transmission service/national area	2545 – 2565 MHz 2665 – 2885 MHz	March 28, 2013	March 28, 2043
71/2015	Public data transmission service/national area	713 – 723 MHz 768 – 778 MHz	September 14, 2015	September 14, 2045
Exempt resolution 401/2021	Public data transmission service/national area	3.35 – 3.40 GHz	Not available – issuance and publishing of the	Not available

			concession Decree is pending.	

According to the foregoing, our holdings of the spectrum can be summarized as follows:

Band (MHz)	**Bandwidth (MHz)**
850	25
900	2.4
1900	20
2600	40 (FDD) / 12 (TDD)
700	20
Total	119,4

This spectrum corresponds to the total bandwidth that we hold, after giving effect to the Supreme Court ruling that required us to dispose of the bandwidth that was assigned to us in the public auction of the 700MHz bandwidth.

In addition, we hold the 50 MHz bandwidth, which was recently awarded to us as part of the 5G 3.5GHZ public auction. Accordingly, our total spectrum bandwidth availability amount to 169.4 MHz.

Upon expiration of our concessions, we are permitted to participate in the public auction for any such expired concession. The winner of such public auction will be determined based on the technical specifications of the various proposals. As the incumbent concessionaire, we will be declared the winner in the event our proposal is equal to or better than that of the highest bidder.

Frequency Bands of Mobile Telecommunications

The General Plan for the Usage of Spectrum specifies the frequencies that can be used in the operation and supply of telecommunications services and regulations issued by Subtel and set the ranges and the technical characteristics in which specific telecommunication services may be provided.

In 2006, Subtel issued a regulation pursuant to which the introduction of MVNOs to the market was permitted. Such MVNOs were to be granted a concession and enter into an agreement with a network operator. Currently, approximately twenty MVNOs are concessionaries. In Chile there are currently 6 MVNOs operating in the market, all of which operate in our network. In 2021, Law No. 21,245 was published, which required all public services concessionaires of spectrum to make available facilities of national roaming service and OMV. The regulatory decree which will make the law enforceable is still pending.

In June 2018, the Supreme Court ruled that the operators which were awarded spectrum in the 700 MHz band public auction held in 2015, where Movistar, Entel and Claro were awarded 20 MHz, 30 MHz and 20 MHz, respectively, should divest the equivalent of the spectrum awarded in the 700 MHz public auction within a period of 2 years from October 17, 2019. According to the Supreme Court, these operators violated the free competition regulations by being awarded spectrum in the 700 MHz band without respecting the maximum limit of 60 MHz imposed by the same Supreme Court in its judgment of January 27, 2009. To comply with the above, we returned to Subtel the equivalent of 10 MHz granted in the 3.5 MHz band in the southern regions of Chile and Subtel carried out a public auction process for 10 MHz in the 1900 MHz band. The public auction was awarded to Claro Chile SA for Ch$15,355 million on December 21, 2020.

5G Public Auctions

In August of 2020, Subtel summoned a public auction for the concession of telecommunication services to operate wireless high-speed network, also known as “5G public auctions”, which comprised four different categories: (i) the 700MHz band with 20 MHz of bandwidth, (ii) the AWS band with 30 MHz of bandwidth, (iii) the 3.5 GHz band with 150 MHz of bandwidth and (iv) the 26 GHz band with 1600 MHz of bandwidth.

We only submitted a proposal for the 3.5 GHz band, and on January 15, 2021, a tie was declared among Borealnet, Claro, Entel, WOM and us, and a second public auction was called for February 2021.

On February 16, 2021, the public auction offer took place, and the following companies were assigned a spectrum: (i) Telefónica Móviles Chile S.A., with five awards of 10 MHz each in the 3.350-3.400 band, for a total of Ch$117,479,632,231, (ii) Entel, with five awards in the 3.300-3.400 MHz band, for a total of Ch$100,375,123,176 and (iii) WOM, with five awards in the 3.600-3.350 MHz band, for a total of Ch$32,724,000,078.

Licenses

Under the Telecommunications Law, companies must obtain licenses in order to provide the following telecommunications services:

- Public telecommunications services (services provided to the public, such as local and mobile telephony, data transmission, paging and trunking);
- Intermediate telecommunications services (services provided to companies that are holders of telecommunications licenses, as well international long-distance services provided under the Multicarrier System and physical infrastructure service);
- Broadcasting services, such as those provided by radio and television stations; and
- Limited telecommunications services by authorization of Subtel (this classification includes paid television services).

Only corporate entities may obtain licenses. Licenses specify the conditions that the license holder must fulfill in order to install, operate and develop the service and business that are the subject of the license. Licenses granted since 1994 for public and intermediate services generally have 30-year terms and may be renewed indefinitely for 30-year periods at the request of the operator (although certain licenses we hold have longer terms).

Holders of local telephone service licenses are required to provide service to all parties located in the license area that have requested such service within two years of such request. In addition, license holders must provide service to all parties situated outside the license area who are willing to pay for the line extensions required to reach their location from the license holder’s facilities.

The Telecommunications Law requires that holders of public telecommunications service licenses interconnect their networks to other networks providing the same type of service. This requirement is intended to ensure that subscribers and users of public services are able to communicate with each other, both within the country and abroad. The same requirement applies to holders of intermediate service licenses for long-distance services, who are required to interconnect their networks to the local telephone network. Subtel sets the rates applicable to services provided through the interconnection of networks, in accordance with the procedures established in the Telecommunications Law. The structure, level and indexing of these interconnection rates are fixed by a rate decree.

More than one service license may be granted for the same geographic area. Moreover, in instances where the number of licenses to be granted is limited by technical or other concerns, such licenses are awarded through a public auction process.

The Telecommunications Law specifies certain causes for which an operator can be sanctioned through the termination of its public or intermediate service license. A license may be terminated, after notice of noncompliance with the applicable technical regulations, by executive decree, if the operator is in violation of the law or does not comply with the terms and conditions to which the license is subject. If the holder believes that its license has been unlawfully terminated, the holder may appeal the termination before Chilean courts. If a license is terminated, the holder is barred from applying for any license for a period of five years.

Other Licenses Held by Telefónica Chile

We hold the following licenses for the provision of telecommunications services:

- *Local Telephony Public Service Licenses*. We hold a license for local telephone service in all regions of Chile for a 50-year renewable period beginning as of December 1982, except for Regions X, XI and XIV, which were incorporated to such license in 1995. In addition, we hold licenses for local telephone service in the Santiago Metropolitan Region and in certain cities in Regions V and VIII for an indefinite term. We also hold a nationwide public service renewable license for data transmission for a 30-year period beginning as of July 1995.

- *Multicarrier Long Distance Licenses*. The regulatory framework currently in place in Chile eliminated the concept of national long distance in 2014, thus rendering all communications within the Chilean territory as local calls. Currently, the only long distance service that still exists is the international long distance service, which is provided under a concession owned by Telefónica Chile.

- *Public Service Data Transmission*. In addition to the 30-year data transmission license previously mentioned, we hold nationwide public service data transmission licenses for an indefinite term.

- *Limited Television License*. Our subsidiary, Telefónica Empresas Chile S.A. has a license to establish, operate and use services with DTH and IPTV technology.

- *Public Voice-Over-IP Service.* We have a concession for public voice over IP service valid across the country for a renewable period of 30 years beginning in August 2008 by means of Decree No. 77 of 2010.

- *Wireless Fixed-Line Telephony.* By means of Decree No. 115 of 2010, we were granted authorization to use third-party wireless services from to provide local telephony service. In addition, Subtel issued Exempt Resolution No. 4477 of 2010, which expressly authorized the use of certain frequency bands assigned to mobile providers in order to provide fixed-line service. These authorizations allow us to use our own resources or those of third parties to provide services through physical means provided by mobile telephony concessionaires.

Rate Scheme

Pursuant to Law No. 18,168 (General Telecommunications Law), mobile service public rates are unregulated and are set by supply and demand, while fixed service public rates are also market-determined, unless there is an express ruling from the Court of Antitrust which may orders its fixation. Additionally, the maximum prices for interconnection services (mainly, access charges for network use), are subject to rate regulation for all industry operators.

Thus, since 1999, the "CPP" system (Calling Party Pays, that is, whoever makes the communication is responsible for paying the call in full) has been applied for mobile telephone companies, the rate of which is determined by the issuance every 5 years of a decree of the Ministry of Transport and Telecommunications, which establishes the maximum rates for interconnections that each company can charge for calls that end in its network.

Regulation of Rates

Pursuant to the Telecommunications Law, telecommunications providers may generally freely establish prices for their services without regulation. However, there are three exceptions to this general principle:

- If the Antitrust Authority determines that the existing market conditions are not appropriate to guarantee free pricing,

- Interconnection services (mainly network access charges), with maximum prices regulated by law for all operators, and

- Services that, according to the Telecommunications Law, telephone companies are required to provide to carriers.

Under Report No. 2 of January 30, 2009, the Antitrust Authority decreed free pricing for the following services: "telephone line service," "metered local service," "charge per telephonic connection" and "public phones". Also, the Antitrust Authority preserved the imposed maximum rates for local services and other minor services.

In addition, the maximum rates for interconnection service (mainly service fees for network usage) are subject to rate regulation for all operators in the market. According to the Telecommunications Law, the structure, level, and indexation of maximum regulated rates are set by a joint supreme decree issued by the Ministry of Transport and Telecommunications and the Ministry of Economy, Development and Tourism, based on a theoretical business model.

Interconnection

The Telecommunications Law requires mandatory interconnection between all concessionaries of public and intermediate services. The interconnection must be completed within three months of the request. If a supplier fails to comply with such obligation, a fine of between U.S.$6,651 and U.S.$665,100 could be imposed.

Under the Telecommunications Law, maximum interconnection rates are set every five years based on a consultation process between Subtel and telecommunication companies in Chile. The process for determining fees begins approximately one year prior to the expiration of the then current rate scheme. The first part of this process is the determination of the technical and economical basis for the rates, after which the suppliers must submit their rate study with a new proposal. At the conclusion of the process Subtel sets the rate scheme for the following five years.

In 2017, Subtel began the process for setting the rate scheme for 2019-2024 period, which sets the rates subject to regulation of the mobile public service concessionaires, including us. The process culminated in the promulgation of Decree No. 21/2019. The new average value of Mobile Access Charge set by the regulator is Ch$1.8 per minute, expressed in Ch$ as of December 2017, without VAT, which represents a reduction of 79.3% with respect to the average value set in the previous decree.

Likewise, during 2018, Subtel began a new rate process for setting interconnection rates, corresponding to the 2019-2024 period, issuing the Definitive Technical Bases in June 2018. In this framework, we submitted a new rate study on November 9, 2018, and a new decree was published on March 13, 2020, which established, among other measures, a reduction of 65% in fixed access charge. These new rates began to apply retroactively as of May 9, 2019, and therefore, all traffic carried out from that date was subject to redetermination.

Infractions and Sanctions

The Ministry of Transportations and Telecommunications has the authority to impose sanctions, including warnings, fines and suspension and termination of the concession. The Telecommunications Law specifies certain causes for the termination of an operator's public or intermediate service license, including the failure to comply with certain technical requirements, repeated sanctions imposed due to the interruption of services, failure to pay any fine imposed in a timely manner, modifications to the term or types of services provided in the concession and failure to pay any fees related to certain rights to use radio spectrum.

Such sanctions can be appealed before the Santiago Court of Appeals or by the Chilean Supreme Court.

Consumer Protection Laws

Chilean consumer protection laws supplement the Telecommunications Law and address issues such as promotions, sales, false or misleading advertising and other similar issues. The consumer protection laws also provide for the ability to bring class action suits.

Antitrust

The principal regulation concerning competition in Chile is Decree No. 211 of 1973, whose current form was established by Decree No. 1 of 2004. Pursuant to the provisions of this law, the Antitrust Authority monitors acts or behavior involving economic activities that constitute abuse of a dominant market position, collusion or limit, restrain, or distort free competition in a manner that injures the common economic interest in the national territory.

Recent Changes to the Regulatory Framework

Spectrum divestment

In the case of the spectrum divestment ordered by the Supreme Court in June of 2018 we decided to comply by:

1. Renouncing two concessions in the 3400-3600 MHz bands in the XI and XII regions of the country (southern region), that are equivalent to 10 MHz in national spectrum. This relinquishment was presented to Subtel on November 9, 2021.

2. Auctioning of 10 MHz in the 1900 MHz band. On December 7, 2020, WOM and Claro Chile submitted offers, and on December 21, 2020, Telefonica accepted the offer presented by Claro Chile, and both companies filed before Subtel an authorization request for the transfer of the concession, which was authorized by Subtel on January 1, 2021. The purchase agreement was entered into shortly thereafter and the transaction was closed on January 27, 2021. On April 22, 2021 the decree that authorized the transfer of the concession was published, and the transfer was thus perfected.

New Spectrum Limits or Caps

On December 5, 2019 the TLDC issued Resolution No. 59/2019, through which it established new spectrum limits or caps. Among its main priorities, the TLDC's resolution established the following:

1. A new structure of the five bandwidths: Low (less than 1 GHz), Mid-low (1 to 3 GHz), Mid (3-6 GHz), Mid-high (6-34 GHz) and High (more than 24 GHz).

2. For the low bands, a limit of 35% holdings per operator was established.

3. For the mid-low bands, a maximum of 30% holdings per operator was established.

4. For the mid bands, short, medium and long term measures were established. In the short term, Subtel will not be able to auction contiguous blocks whose sum is less than 40 MHz per operator, and in its first auction, the blocks being auctioned should be at least of 80 MHz to ensure that at least two operators exist. In the medium term, Subtel must ensure that there are at least four operators with a minimum of 40 MHz each. Lastly, in the long term measures, a maximum limit of 30% will be established for this bandwidth with an 80 MHz minimum per each operator.

5. For the mid-high bands no limits were established, considering the absence of attributions and appointments for mobile services in the bands which comprise them. Once Subtel has assigned spectrum, the TLDC will have to be consulted again for the fixation of this macro-band.

6. For the high bands, short, medium, and long term measures are also established. In the short term, Subtel will have to award contiguous slots that, in the aggregate, are not inferior to 400 MHz per operator. In the mid-term, Subtel shall ensure that there are at least four operators with a minimum of 400 MHz in this macroband. In the long term, a 25% maximum limit will enter into force and Subtel shall ensure that there are at least four operators with a minimum of 800 MHz each.

Resolution No. 59/2019 of the TDLC was challenged before the Supreme Court by a consumer organization and WOM and Netline, although WOM later withdrew its claim. The closing arguments were submitted at the end of April and on July 13, 2020, the Supreme Court rendered its decision, confirming all the caps and limits proposed by TDLC, except for the macroband associated with low bands (< than 1 GHz), which range was adjusted from 35% to 32% and for the short, medium and long term time horizons, which were removed.

In addition, the Supreme Court established certain complementary measures: 1) mandatory and temporary national roaming; 2) offer of facilities and resale for OMV approved by FNE; 3) audits, at the expense of mobile network operators, in order to permanently monitor roaming obligations; 4) commitment of effective and full use of the spectrum, under penalty of being forced to make available the remaining unused spectrum for third parties; 5) before another public auction for spectrum assignation, Subtel must analyze if the incumbent operators may reasonably offer it in their preexisting frequencies in an immediate manner or after optimization of such networks in the available frequencies within reasonable terms and costs.

5G Public Auctions

On January 14, 2020, Subtel summoned a new public consultation to define a technical 5G model to assign telecommunication services, allowing interested parties to provide comments until February 14, 2020. Afterwards, on August 1 and 17, 2020 Subtel summoned public auctions in order to grant concessions of telecommunication services which operate high-speed wireless networks (5G).

The summon considers four different categories: (i) the 700 MHz band with 20 MHz of bandwidth, (ii) the AWS band with 30 MHz of bandwidth, (iii) the 3.5 GHz band with 150 MHz of bandwidth, and (iv) 26 GHz band with 1600 MHz of bandwidth.

On November 17, 2020, Telefonica submitted all of our records and technical projects in order to enter the 3.5 GHz band auction. A total of five applicants participated for the 3.5 GHz band and the public auction resulted in the assignment of five 10 MHz blocks of spectrum in 3.5 GHz band. On February 22, 2021, Subtel notified us that the bandwidth ranging from 3.35 to 3.4 GHz had been assigned to us.

On April 6, we sent Subtel our proposal for an Effective and Efficient Spectrum Use Plan, in accordance with the requirement set forth in the 3.5 GHz band public auction rules and in the ruling of the Supreme Court of July 13, 2020 and Exempt Resolution No. 865, of April 26, 2021, Subtel approved, without observations, the plan presented by us.

The issuance of the concession license is currently pending, and it will have a 30-year term from the date of its publication in the Official Gazette.

Minimum guaranteed speed for internet access law

Law No. 21,046 came into force on November 25, 2017 and subjects ISPs to guarantee a percentage of the average speed offered and to implement an independent technical body to measure internet access speeds reached by ISP. Since then, Subtel has issued several technical resolutions in order to implement such Law.

Unused cables retirement law

On August 20, 2019, the unused cables retirement law No. 21,172 was published in the Official Gazette. Such law establishes that concessionaires and permit holders of telecommunications services are responsible for its proper installation, identification, modification, maintenance, management, transfer of all overhead and underground cables associated with the services of telecommunications.

Law on the use of facilities for the provision of virtual mobile operation and national automatic roaming

In August 2019, the Executive Branch sent a bill for legislative processing. Law No. 21,245 was published in the Official Gazette on July 15, 2020, and establishes the obligation to allow access and use of facilities for the provision of virtual mobile operation and national automatic roaming.

This law requires that public service concessionaires that are spectrum assignees must enter into reciprocal agreements to have a national roaming offer in a set of localities, routes or isolated areas, with low population density, benefited by projects of the Fund of Telecommunications Development (FDT), mandatory service or with the presence of a single operator. Additionally, for such providers, it will also be mandatory that they enter into agreements, throughout the national territory, to mitigate interruptions to the mobile network in emergency situations.

In addition, for the rest of the country, with the purpose of promoting investment in networks and facilitating the entry of new operators, providers must also enter into agreements with new players, whose subscription by the new operator will have a maximum term of five years since the start of the provision of services.

On January 13, 2021, Subtel sent Regulation No. 138 of 10/13/2021 to the Comptroller for a registration process (*toma de razón*), but later withdrew it. After incorporating some adjustments, Subtel re-filed the aforementioned regulation before the Comptroller's Office on April 23, 2021 and we challenged the validity of certain provisions on June 9, 2021. As of the date of this offering memorandum, the process has been discontinued until Subtel filed a new decree.

Regulations for the operation of International Roaming at local prices between Chile and Argentina

On August 28, Subtel published the new roaming regulations at local prices in the Official Gazette.

Bill seeking the declaration of the Internet as a public service

On March 9, 2018, a bill was submitted to Congress, seeking to declare the Internet as a public service. The bill is currently in the second legislative stage before the Transport and Telecommunications Commission of the Chamber of Deputies.

Mainly, the bill proposes to amend the Telecommunications Law in order to include the Internet as a public service and establish an obligation for companies to ensure that all services that are defined as "public" be provided within a maximum period of 6 months, since a request is submitted by a user.

Employees

With an aim to making our human resources more efficient, in 2012 we completed the process of transferring all Telefonica Móviles Chile and Telefónica Chile human resources to a new company within the Telefónica Chile Group called Telefónica Chile Servicios Corporativos Ltda., which was formed to centralize and streamline our labor force. Telefónica Chile Servicios Corporativos Ltda. now bills us and our subsidiaries for the cost of the human resources it provides. The number of employees, salary, and costs of the human resources that are provided are determined through an external cost study performed by DICTUC, an organization belonging to the Pontificia Universidad Católica de Chile. See “Related Party Transactions” for more information. The following table set forth our number of employees as of December 30, 2020, classified by their role in the company.

Classification	Number of Workers
Executives and managers	507
Professionals and technicians	3,145
Administrative and auxiliary personnel	219
Total	**3,871**

As of December 31, 2020, 92% of our workers were unionized in 23 different labor unions. In 2020 we finalized seven negotiations with labor unions under collective bargaining agreements and during 2021 we finalized negotiations with other five labor unions under collective bargaining agreements. The term of the collective bargaining agreements reached was three years. These negotiations resulted in an agreed formula for salary adjustments based on performance and seniority and our “variable compensation system”, which aligns our interests with those of our labor force by tying a portion of workers’ remuneration to the achievement of certain goals on the part of individual workers and on the part of the company as a whole.

Under the law that privatized the Chilean social security system in 1980, we are required to deduct from employees’ monthly wages a contribution to a personal pension fund owned by each employee, independently managed by a pension fund manager (*Administradoras de Fondos de Pensiones* or “AFPs”), selected by the employee. Compulsory contributions, which currently amount to approximately 12% of monthly taxable income up to a maximum of UF81.6 per month (which amounts to approximately U.S.$3,024 as of September 30, 2021) include the costs of life insurance and disability insurance coverage. Our statutory social security obligation is fully satisfied by the deduction and delivery to the corresponding AFP of such monthly contributions on behalf of the respective employees. Additionally, Chilean employees contribute 7% of their monthly taxable income, up to a maximum of UF81.6 (approximately U.S.$3,024 as of September 30, 2021), to a private insurance company individually selected by the employee to fully fund their healthcare benefits.

Since 2019, we have implemented a “home office” modality allowing our employees to work remotely for a few days a week. This modality was established in cooperation with the unions, aiming to provide our employees with work–life balance, while establishing a stable framework in which all the rights of employees are safeguarded.

With equality and conciliation in mind, in 2021 we obtained a certification under Chilean Standard 3262. As a result, we became the first telecommunications company in Chile to be accredited in gender equality, conciliation and co-responsibility, through the implementation of an equality and conciliation management system that allows us to have a gender-based approach for all the people management processes within the company.

Property, plant and equipment

For an optimal rendering of our services, we use a national mobile network that includes the following technologies:

- 2G GMS/GPRS/EDGE, which offers voice serves and low speed data.

- 3G UMTS/HSPA, which offers voice and medium speed date services.

- 4G LTE, which offers high-speed data.

In 2020, the network 4G LTE grew in more than 700 projects, with a similar distribution in the different regions of the country (distribution based on traffic and or population of each region). All of these projects were deployed over one or more of the three frequency bands that we have assigned for the display of 4G LTE. The frequency bands include 2600 MHz, 700 MHz, and 1900 MHZ. Additionally, we displayed new 4G LTE indoor coverage in more than 30 locations, with the focus being the strengthening of the network in metro stations and airports.

During 2020, we carried out a project of modernization of our 4G mobile equipment, migrating the base stations and installing new LTE projects in the 1900 MHz band. This allowed us to inject more capacity into our 4G LTE network with the inclusion and consolidation of the use of this frequency band, as well as to increase the capacity of our 4G network by updating to higher-order configurations of MIMO schemes. All of these changes are aimed at improving the quality of our customers' experience, by making greater and better use of our spectrum in the available medium and high frequency bands.

For 2021, the mobile segment was still focused on the development and display of 4G LTE with respect to 700MHz, 2,600 MHZ and 1,900 MHz bands, with the goal of improving the capacity of said bands with the application of new MIMO order, with the improvement of the display in our new LTE coverage we try to improve the standardization of our 3G coverage.

On the other hand, for the delivery of fixed services, Telefonica Chile S.A. can rely on an ample fiber optic network and copper pairs in the different cities in the country that allows them to provide coverage for the voice, internet and video services to homes.

In 2020, this “fixed access network” continued its growth mainly for fiber optic solutions for homes, reaching approximately 800 thousand clients in 2.5 million homes on a national level with growing service capabilities with ultra wide bands and plans with up to 900 Mbps. Since July 2021, the fiber network became part of the company On Net Fibra, which is in charge of the connectivity service of our clients, after the sale of 60% of InfraCo to KKR in July 2021.

We also own our corporate headquarters located at Avenida Providencia 111 in Santiago. This building, which houses our principal offices, was completed in October 1996 and currently provides office space for the majority of our and our subsidiaries’ administrative and technical staff. Our and our subsidiaries’ assets are insured, subject to standard deductibles and other terms and conditions, for all events of physical damage and loss of revenue resulting from service outages. The net book value of our property, plant and equipment was Ch$1,153,563 million, and Ch$ 954,514 million as of December 31, 2020 and September 30, 2021, respectively.

Trademarks and Licenses

We own numerous service domain names, marks, trademarks and other intellectual property in Chile. In addition, we license numerous patents, service marks, trademarks and other intellectual property owned by

Telefónica, such as the Movistar and Telefónica brands. Our services often use the intellectual property of others, such as licensed software, and we often license copyrights, patents and trademarks of others. In total, these licenses and our copyrights, patents, trademarks and service marks are of material importance to the business.

In Chile, the use of trademarks and third party licenses is effected through service agreements or purchases, which are contemplated in our general public tender rules and respect third parties' rights in accordance with current regulations.

Telefónica may in the future receive claims that it, we, or third parties from whom we license or purchase goods or services, have infringed on the intellectual property of others. These claims can be time-consuming and costly to defend, and divert management resources. If these claims are successful, Telefónica and/or we could be forced to pay significant damages or stop selling certain products or services or stop using certain trademarks.

Environmental Issues

We believe we are in material compliance with applicable environmental laws and regulations and, to the best of our knowledge, there are currently no international, federal, state or local environmental laws, rules or regulations, which compliance will have a material adverse effect our business, financial condition or results of operations. However, we cannot assure you that any possible future environmental laws, rules or regulations may not have a material adverse effect our business, financial condition or results of operations.

Legal Proceedings

We are from time to time subject to certain claims and party to certain legal proceedings incidental to the normal course of our business. In view of the inherent difficulty of predicting the outcome of legal matters, we cannot state with confidence what the eventual outcome of these pending matters will be, but we believe that we have made adequate reserves related to the costs anticipated to be incurred in connection with these various claims and legal proceedings and believe that liabilities related to such claims and proceedings should not have, in the aggregate, a material adverse effect on our business, financial condition or results of operations. However, in light of the uncertainties involved in such claims and proceedings, we cannot assure you that the ultimate resolution of these matters will not significantly exceed the reserves currently accrued by us. As a result, the outcome of a particular matter may be material to our operating results for a particular period, depending upon, among other factors, the size of the loss or liability imposed and the level of our income for that period.

Voissnet Proceeding

On November 21, 2014 Voissnet S.A. filed a civil lawsuit against our subsidiary Telefónica Chile S.A. seeking civil damages relating to alleged monopolistic activities carried out by Telefónica Chile S.A. On March 31, 2016, the 4th Civil Court of Santiago rejected the complaint. However, on June 19, 2018, the Court of Appeals of Santiago revoked the ruling and condemned Telefónica Chile S.A. to pay Ch$5,526,164,936. Telefónica Chile S.A. has appealed the ruling before the Supreme Court and the appeal is currently under review by the Supreme Court. While we expect a favorable ruling from the Supreme Court, we cannot predict the final result of the dispute at this time. As of the date of this offering memorandum, we have fully provisioned this potential liability. For more information, please refer to Note 33a to our Audited Consolidated Financial Statements.

Insurance

We maintain insurance policies for our network facilities and all of our corporate assets. This insurance coverage protects us in the event we suffer losses resulting from theft, fraud, expropriation, natural disasters or other similar events or from business interruptions caused by such events. In addition, we maintain insurance policies for our directors and officers.

MANAGEMENT

Board of Directors

We are managed by our Board of Directors, which, in accordance with the Company's bylaws, must consist of three directors. If a vacancy occurs on the Board of Directors during the course of any term (for example, upon resignation of a director), the Board of Directors then appoints a new alternate director to serve until the date of the next General Annual Shareholders' Meeting, when an election of the entire Board of Directors must take place.

The Board of Directors appoints a General Manager (also known as our Chief Executive Officer), our current CEO was appointed in July 2012. The Board of Directors has also the ability to appoint other executive officers as are deemed appropriate to implement the Board's policies and decisions. The Board of Directors manages the affairs of the Board as a whole and does not appoint members to permanent committees.

The Board of Directors must meet at least twice per year.

The actual members of the Board of Directors were elected for a three year term at the Extraordinary Shareholders' Meeting held on May 04, 2021. Directors may be reelected indefinitely.

The following table lists the current members of our board of directors:

Name	Position
Rafael Zamora Sanhueza	President of the Board
Marta Elena Ruiz Díaz-Granados	Director
Gladys Fuentes Espinoza	Director

The following is a brief summary of the business experience of our directors:

Rafael Zamora Sanhueza. Mr. Zamora, 56, is our Chief Financial Officer and Comptroller since 2017. He has a degree in industrial civil engineering from the Universidad de Chile and a master's degree in industrial engineering with a specialization in economics from the same university. He joined the Telefónica Group in 1991, where he has held several positions. Notable among these were his tenure as Telefónica Group's Chief of Strategy and Management, Chief of Fixed Residential Business (B2C), Chief Corporate Business (B2B), Chief of Strategic Affairs and Chief of Human Resources.

Gladys Marina Fuentes Espinoza, 52, has a law degree from the Universidad Central de Chile and has a master's degree in Business Management for Lawyers from the Universidad Gabriela Mistral and a degree of Market Regulations and Free Competition from the Universidad de Los Andes. She joined the Telefónica group in 1995 and since then she has worked in the legal department as Business Legal Manager, among others. In 2017, she became director of the General Counsel of Telefónica in Chile.

Martha Elena Ruiz Díaz-Granados, 53, has a law degree from the Universidad Externado in Colombia and has a master's degree in Economic Law from the Pontificia Universidad Javeriana. She has been Legal Director of Values of Celumóvil S.A and Legal Director of BellSouth Colombia S.A. She joined the Telefónica group in 2004 and currently hold the position of General Counsel of Telefónica in Colombia and General Counsel of Telefónica Hispam.

Executive Officers

The following table lists our current executive officers as of September 30, 2021:

Name	Position	Year Appointed
Roberto Muñoz Laporte	Chief Executive Officer	2012
Gladys Fuentes Espinoza	General Counsel	2017
Fernando Saiz Maregatti	Director of Regulation and Corporate Affairs	2015

Name	Position	Year Appointed
Alberto Zuloaga Montero	Internal Auditing Officer	2014
Ana Karina Ulloa Marsicobetre	Director of Personnel	2017
Rodrigo Sajuria Garcés	Director of Corporate Business	2019
Antonio Bueno Figueroa	Director of Network and Technology	2016
Cristián Schalscha Doxrud	Consumer Business Director	2019
Rafael Zamora Sanhueza	Chief Financial Officer and Comptroller	2017
Marisol Castillo Gonzalez	Chief Operating Officer	2021
Francisco Javier Zorzo Garcia-Carrasco	Director of Security and Intelligence	2020

The following is a brief summary of the business experience of our executive officers:

Roberto Muñoz Laporte. Mr. Muñoz, 49, is our Chief Executive Officer. He holds a degree in industrial engineering from the Universidad de Chile. He joined the Telefónica Group in March 2000. He has held the position of Director responsible for the merger of Telefónica Móviles and BellSouth, Commercial Director at Telefónica Móviles Chile, Vice President of Strategic Planning and Corporate Development at Telefónica Chile, Director of Strategy and New Business Development for Latin America at Telefónica S.A. (Spain). Currently he holds the positions of CEO of Telefónica in Chile since March 2012 and President since March 2018.

Gladys Marina Fuentes Espinoza, 52, has a law degree from the Universidad Central de Chile and has a master's degree in Business Management for Lawyers from the Universidad Gabriela Mistral and a degree of Market Regulations and Free Competition from the Universidad de Los Andes. She joined the Telefónica group in 1995 and since then she has worked in the legal department as Business Legal Manager, among others. In 2017, she became director of the General Counsel of Telefónica in Chile. *Fernando Saiz Maregati.* Mr. Saiz, 59, is our Director of Regulation and Corporate Affairs. He holds a degree in civil electronic engineering from the Universidad de Chile. He joined the Telefónica Group in 1994. He has held, among others, the position of General Manager of Mobiles in Chile and Network Director in Telefónica Argentina. He has held his current position at Telefónica Chile since 2015.

Alberto Zuloaga Montero. Mr. Zuloaga, 45, is our Internal Auditing Officer. He has a degree in business administration and management from the Universidad Complutense de Madrid in Spain. He joined the Telefónica Group in 2001. He has been an internal auditor for Telefónica Group in Mexico, Spain, Chile and Ecuador. He has held his current position at Telefónica Chile since 2014.

Ana Karina Ulloa Marsicobetre. Ms. Ulloa, 45, is our Director of Personnel. She has a degree in business administration and management from the Catholic University Andrés Bello of Venezuela and has a Master in Business Administration and Human Resources from Universidad Complutense of Madrid, Spain. She joined the Telefónica Group in 2008. Within Telefónica Group in Venezuela and Chile, she held the positions of Manager of Compensation and Benefits, Manager of Administration and Projects, Manager of Organizational Development. She has held his current position as Director of Personnel at Telefónica in Chile since 2017.

Rodrigo Sajuria Garcés. Mr. Sajuria, 47, is our Director of Corporate Business. He has a degree in civil industrial engineering from the Universidad Católica de Chile and a master's degree in business administration from the Massachusetts Institute of Technology. He joined the Telefónica Group in 2006. He has been a manager in the commercial and marketing areas of Telefónica Chile and held the position of chief of operations officer (COO) between 2017 and 2019. He has held his current position at Telefónica Chile since 2019.

Antonio Bueno Figueroa. Mr. Bueno, 49, is our Director of Network and Technology. He has a degree in civil electronic engineering from the Universidad de Chile. He joined the Telefónica Group in 1997. He has held the position of Mobile Network Project Engineer, Deputy Manager of Added Value Services, Manager of Engineering and Network Support, Manager in System Development, Manager in Architecture and System Security and Manager in Business Transformation. He has held his current position at Telefónica Chile since 2016.

Cristián Schalscha Doxrud. Mr. Schalscha, 48, is our Consumer Business Director. He has a degree in Business Administration from the Universidad Adolfo Ibáñez de Chile and master's degree in Marketing and Commercial Management (ESEM) and Finance (Universidad de Los Andes). He joined the Telefónica Group in 2005 where he has held the position of Business Development Manager and Chief Commercial Officer at Telefonica Chile and Chief Marketing Officer at Telefonica de Argentina. He has held his current position at Telefónica Chile since 2019.

Rafael Zamora Sanhueza. Mr. Zamora, 56, is our Chief Financial Officer and Comptroller. He has a degree in industrial civil engineering from the Universidad de Chile and a master's degree in industrial engineering with a specialization in economics from the same university. He joined the Telefónica Group in 1991, where he has held several positions. Notable among these were his tenure as Telefónica Group's Chief of Strategy and Management, Chief of Fixed Residential Business (B2C), Chief Corporate Business (B2B), Chief of Strategic Affairs and Chief of Human Resources. He has held his current position at Telefónica in Chile since 2017.

Marisol Castillo Gonzalez. Ms. Castillo, 43, is our Chief Operating Officer. She has a degree in Business Administration from Universidad de Santiago de Chile. She has 14 years of experience in our Company, time in which she has worked in different positions such as: Logistics Manager, Operational Simplification Manager, Purchasing Manager, among others. She has held her current position at Telefónica in Chile since 2021.

Francisco Javier Zorzo Garcia-Carrasco. Mr. Zorzo, 53, is our Director of Security and Intelligence. He studied at Academia General Militar and Academia Especial de la Guardia Civil and holds a Master in Global Security Management from Universidad Europea. As a member of the Civil Guard, he held various positions including the position of Interior Attaché of the Spanish Embassy in Venezuela and Chief of Operations of the Civil Guard Command in Malaga, Spain. He joined the Telefónica Group in 2017, where he has performed as Security Director at Telefónica Ecuador and since March 2020 as Director of Security and Intelligence at Telefónica Chile.

Executive Compensation

In 2020, the aggregate gross compensation for our senior executives was Ch$11,168 million (including the base salary and annual incentives).

RELATED PARTY TRANSACTIONS

In the ordinary course of business, we engage in a variety of transactions with certain of our affiliates, primarily for the purchase of goods or services that may also be provided by other suppliers. Our Board of Directors approves all such transactions in advance, and these transactions are carried out at fair market prices negotiated on an arm's-length basis.

Article 89 of the Chilean Corporations Law requires that our transactions with related parties (as defined by article 100 of the Securities Market Law) be on an arm's-length basis or on similar terms to those customarily prevailing in the market. Directors and executive officers of companies that violate this provision are personally liable for losses or damages resulting from such violations.

Article 100 of the Securities Market Law provides that the following persons are related to a company: (i) the other entities of the business conglomerate to which the company belongs, (ii) parents, subsidiaries and equity-method investors and investees of the company having the ability to appoint at least one member of the management of the company or to control 10% or more of the capital or voting capital of a stock company, (iii) all directors, managers, officers and liquidators of the company, and their spouses or blood relatives to the second degree, or any entity controlled, directly or indirectly, by any of the referred individuals, (iv) any person that, by him/herself or with other persons under a joint action agreement, may appoint at least one member of the management of the company or controls 10% or more of the capital or voting capital of a stock company, and (v) other entities or persons determined as such by the CMF.

In addition, article 44 of the Chilean Corporations Law provides that a corporation may only enter into a material transaction in which one or more directors has a personal interest or is acting on behalf of a third party when such transaction is previously known by the board of directors and approved by it and when the terms and conditions of such transaction are similar to those prevailing in the market, except when the by-laws authorize the performance of such operations without being subject to the referred conditions. For purposes of such provision, and to the extent it exceeds UF2,000 (U.S.$74,118), any act or contract for an amount exceeding 1% of a company's equity shall be deemed to be a material transaction. In addition, any act or contract exceeding UF20,000 (U.S.$741,184) shall always be deemed to be a material transaction for these purposes whether or not they represent less than 1% of a company's equity.

However, these dispositions will not be applicable if the transaction has been approved or ratified by an extraordinary shareholders' meeting with a quorum of two-thirds of the shareholders with voting rights. The board of directors must address the issue excluding those directors that are involved in the transaction. The decisions of the board will be documented in the board minutes and disclosed at the following shareholders' meeting.

Transactions that do not meet the foregoing requirements are valid and enforceable; however, the corporation and its shareholders shall have a cause of action to sue for reimbursement on behalf of the corporation, for a total of the damages caused to the affected party, in addition to indemnification for the damages caused. In such proceedings, the defendant shall prove that the transaction met the legal requirements.

We believe that we have complied and are in compliance in all material respects with the requirements of the relevant provisions of the Chilean Corporations Law governing related party transactions with respect to all of our transactions with related parties. See "Risk Factors—Risks Relating to Our Business and the Telecommunications Industry—We have significant transactions with related parties."

Transactions with Related Parties

The following table sets forth our main accounts receivable and payable with related parties during 2018, 2019 and 2020 and the nine-month period ended September 30, 2021. For more information, see the summary description of our related party transactions below and Note 9 to our Audited Consolidated Financial Statements.

	Year ended December 31,			As of September 30,
	2018	2019	2020	2021
	(in millions of nominal Ch$)			
Accounts receivable				
HoldCo Infraco SpA	-	-	-	80,380
Infraco SpA	-	-	-	25,869
Telxius Torres Chile, S.A.	9,695	12,096	3,506	-
Telefónica International Wholesale Services España.	4,380	4,721	1,511	1,076
Telefónica Global Solutions Chile, SpA.	956	954	1,025	1,507
Telxius Cable Chile	722	788	1,024	1,521
Telefónica Ingeniería de Seguridad S.A.	281	255	394	485
Telefónica S.A.	712	712	300	383
Telefónica Digital España	978	627	277	185
Telefónica Brasil	361	125	246	401
Telefónica Móviles Argentina S.A.	211	199	184	151
Telefónica Cybersecurity & Cloud Tech Chile SpA	-	-	245	2,519
Other related parties	3,192	632	388	735
Total	**21,488**	**21,109**	**9,100**	**115,212**

	Year ended December 31,			As of September 30,
	2018	2019	2020	2021
	(in millions of nominal Ch$)			
Accounts payable				
Telxius Torres Chile S.A.	9,575	15,383	47,890	-
Infraco SpA.	-	-	-	24,297
Telefónica S.A.	8,840	8,376	8,287	7,743
Telefónica Argentina S.A.	4,043	12,209	10,388	8,049
Inversiones Telefónica Internacional Holding L S.A.	-	-	9,868	-
Telefónica Digital España.	5,753	5,798	6,097	5,818
Telefónica Cybersecurity & Cloud Tech Chile SpA.	-	-	2,787	11,128
Telefónica Global Solutions	6,088	5,667	2,080	2,697
Telxius Cable Chile (Ex Telef. Int. Wholesale Services Chile SA)	6,551	7,095	2,235	4,815
Telefónica Global Solutions Chile, SpA.	2,063	1,716	1,807	1,734
Telefónica Latam Holding	1,875	1,860	1,793	-
Other related parties	7,415	7,951	7,118	7,032
Total	**52,203**	**66,055**	**100,350**	**73,313**

License Agreement

On June 6, 2005, we entered into a non-exclusive license agreement with Telefónica Móviles, S.A., whereby we were granted the non-exclusive use of the Movistar brand name and certain other intellectual property. The license is exclusively for use of the specified intellectual property in the Republic of Chile. The license was for an original period of one year, renewable automatically for successive one-year periods unless terminated by either party upon 60 days' written notice.

Management Services Agreement

On January 1, 2011, we entered into a management services agreement with Telefónica Chile Servicios Corporativos Ltda. ("TCHSC"), whereby: (i) we would transfer several of our employment contracts to TCHSC and (ii) TCHSC would provide us with the management services outlined in Schedule 1 to the agreement. We pay a monthly fee for the management services, which is determined in correlation with the costs that TCHSC incurs in rendering the services. The agreement is for an indefinite term and may be terminated by either party upon 30 days' written notice.

DESCRIPTION OF THE NOTES

The notes will be issued under an indenture to be dated November 18, 2021 (the "Indenture") to be entered into among us and The Bank of New York Mellon, as trustee (the "Trustee"), registrar, transfer agent and paying agent. The following description of certain provisions of the notes and the Indenture does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the terms and conditions of the notes and the Indenture. Copies of the Indenture are available at the Issuer's principal executive offices, as well as at the offices of the Trustee in New York City and, for so long as the notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, at the office of the paying agent in Luxembourg.

In this section of the offering memorandum, the term "Issuer" refers only to Telefónica Móviles Chile S.A., excluding its subsidiaries. As used herein, the term "Holder" means the person in whose name a note is registered in the register for the notes (the "Register"). You will find definitions of certain other capitalized terms used in this section under "—Certain Definitions."

General

The Issuer will initially issue notes in an aggregate principal amount of US$500 million. The Issuer may, without notice to or the consent of the Holders, issue additional notes of the same series under the Indenture on the same terms and conditions (except for the issue date, issue price and first payment date) as the notes being offered hereby in an unlimited aggregate principal amount (the "Additional Notes"); provided, however, that unless such Additional Notes are issued under a separate CUSIP and ISIN numbers, such Additional Notes must be fungible with the notes for U.S. federal income tax purposes. The notes and the Additional Notes, if any, will be treated as a single series for all purposes under the Indenture, including waivers and amendments. Unless the context otherwise requires, in this section, references to the notes include any Additional Notes actually issued.

The notes will mature on November 18, 2031. The notes will accrue interest at a rate of 3.537% per year. Interest on the notes will be payable semi-annually in arrears on November 18 and May 18 of each year, commencing on May 18, 2022 (each, an "Interest Payment Date"). Interest on the notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Ranking

The notes will be unsecured and unsubordinated obligations of the Issuer and will, at all times, rank *pari passu* in right of payment with all other existing and future unsecured and unsubordinated debt of the Issuer (except those obligations preferred by operation of Chilean law, including labor and tax claims).

The notes will be effectively subordinated to the secured debt of the Issuer to the extent of the assets securing such debt. In addition, the notes will be structurally subordinated to all existing and future debt and other liabilities (including trade payables) of the subsidiaries of the Issuer. As of September 30, 2021, the Issuer had Ch$833,734 million of outstanding debt (none of which was secured debt), of which Ch$259,431 was indebtedness of its subsidiaries.

Payments on the Notes

The Issuer will make payments of principal, interest and all other amounts on the notes in U.S. dollars. For notes in global form, payments on the notes will be made in accordance with the applicable procedures of DTC. For notes issued in certificated, non-global form, payments on the notes may be made by (i) check mailed or delivered to the address of the person entitled thereto at the address appearing in the Register or (ii) wire transfer to an account located in the United States as specified by the person entitled thereto. Notwithstanding the foregoing, a Holder of $1.0 million or more in aggregate principal amount of certificated notes will be entitled to receive interest payments and Additional Amounts, if any, on any Interest Payment Date other than the maturity date by wire transfer of immediately available funds if appropriate wire transfer instructions have been received in writing, not less than 15 calendar days prior to the Interest Payment Date.

If any payment in respect of a note is due on a date that is not a Business Day, then such payment need not be made on such date but may be made on the next succeeding day that is a Business Day, with the same force and effect as if made on the date for such payment, and no interest will accrue for the period from and after such date.

"Business Day" means a day other than a Saturday, Sunday or any day on which banking institutions are authorized or required by law to close in The City of New York, New York or Santiago, Chile.

Payments of interest will be made to the person in whose name a note is registered at the close of business on the November 1 or May 1 (each, a "Record Date"), as the case may be, immediately preceding an Interest Payment Date. Notwithstanding the foregoing, any interest which is payable, but which is not punctually paid or duly provided for, on any Interest Payment Date ("Defaulted Interest") will cease to be payable to the Holder registered on such record date and will be payable at the election of the Issuer to the person in whose name such note is registered at the close of business on a special record date to be fixed by the Trustee not more than 15 nor less than 10 days prior to the date fixed by the Issuer for payment thereof.

Registrar, Paying Agent and Transfer Agent for the Notes

The Trustee will initially act as registrar and New York paying agent and transfer agent. The Issuer may change the registrar, paying agents or transfer agents without prior notice to the Holders of the notes, and the Issuer or any of its Subsidiaries may act as registrar, paying agent or transfer agent. Any change in respect of such agents will be published in accordance with "—Notices."

Additional Amounts

All payments by or on behalf of the Issuer of principal, premium, if any, and interest in respect of the notes will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Chile or any jurisdiction where the Issuer is resident for tax purposes, in each case, by or within any political subdivision thereof or any authority therein or thereof having power to tax or any other jurisdiction from or through which payments are made in respect of the notes ("Taxes"), unless such withholding or deduction is required by law or by the interpretation or administration thereof. In the event of any such withholding or deduction of Taxes, the Issuer will pay to Holders such additional amounts ("Additional Amounts") as will result in the receipt by each Holder of the net amount that would otherwise have been receivable by such Holder in the absence of such withholding or deduction, except that no such Additional Amounts will be payable:

(a) in respect of any Taxes that would not have been so withheld or deducted but for the existence of any present or former connection (including, without limitation, a permanent establishment in Chile) between the Holder, applicable recipient of payment or beneficial owner of the note or any payment in respect of such note (or, if the Holder or beneficial owner is an estate, nominee, trust, partnership, corporation or other business entity, between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over, the Holder, applicable recipient of a payment or beneficial owner) and an authority with the power to levy or otherwise impose or assess a Tax, other than the mere receipt of such payment or the mere holding or ownership of such note or beneficial interest or the enforcement of rights thereunder;

(b) in respect of any Taxes that are imposed as a result of the presentation of the note for payment more than 30 days after the Relevant Date (as defined below) but only to the extent such Taxes exceed the Taxes that would have been imposed had the note been presented for payment on the last day of such 30-day period;

(c) in respect of any Taxes that would not have been so withheld or deducted but for the failure by the Holder or the beneficial owner of the note or any payment in respect of such note to (i) make a declaration of non-residence, or any other claim or filing for exemption, to which it is entitled or (ii) comply with any certification, identification, information, documentation or other reporting requirement concerning its nationality, residence, identity or connection with Chile or with any jurisdiction through which payments are made; *provided that* such declaration or compliance was required as a precondition to exemption from all or part of such Taxes and the Issuer has given the Holders at least 30 days prior notice that they will be required to comply with such requirements;

(d) in respect of any estate, inheritance, gift, value added, sales, use, excise, transfer, personal property or similar taxes, duties, assessments or other governmental charges;

(e) in respect of any Taxes that are payable otherwise than by deduction or withholding from payments on the notes;

(f) in respect of any Taxes that are imposed as a result of the presentation of the note for payment (where presentation is required) to another paying agent;

(g) in respect of any Taxes imposed on a payment to a Holder of a note that is a fiduciary or partnership (including an entity treated as a partnership for tax purposes) or any Person other than the sole beneficial owner of such payment or note for purposes of the laws of the jurisdiction imposing such Taxes, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment or note would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual Holder of such note;

(h) in respect of any Taxes imposed pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") (or any amended or successor version), any current or future regulations promulgated thereunder or other official administrative interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code, and including (for the avoidance of doubt) any intergovernmental agreements (and any law regulation, rule or practice implementing any such intergovernmental agreement) in respect of the foregoing; and

(i) in respect of any combination of clauses (a) through (h) above.

"*Relevant Date*" means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received in The City of New York, New York by the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect has been given to the Holders in accordance with the Indenture.

All references to principal, premium, if any, and interest in respect of the notes will be deemed also to refer to any Additional Amounts which may be payable as set forth in the Indenture or in the notes.

Notwithstanding the foregoing, the limitations on the Issuer's obligation to pay Additional Amounts set forth in clause (c) will not apply if the provision of any certification, identification, information, documentation or other reporting requirement described in such clause (c) would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a Holder or beneficial owner of a note than comparable information or other reporting requirements imposed under U.S. tax law, regulations and administrative practice (such as IRS Forms W-8BEN, W-8BEN-E and W-9).

The Issuer will furnish to the Trustee, within 60 days after the date the payment of any Taxes so deducted or withheld is due pursuant to applicable law, either certified copies of tax receipts evidencing such payment by the Issuer, or, if such receipts are not obtainable, other evidence of such payments by the Issuer.

Upon written request, the Issuer will furnish to the Trustee documentation reasonably satisfactory to the Trustee evidencing payment of Taxes. Copies of such receipts will be made available to Holders upon written request.

The Issuer will promptly pay when due any present or future stamp, court or similar documentary taxes or any other excise or property taxes, charges or similar levies that arise in any jurisdiction from the execution, delivery or registration and enforcement of each note or any other document or instrument referred to herein or therein, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside of Chile and except, in certain cases, for taxes, charges or similar levies resulting from certain registration of transfer or exchange of notes.

Optional Redemption

Make-whole Redemption and Par Call

The Issuer may redeem the notes, in whole or in part, at any time and from time to time prior to the Par Call Date (as defined below), at its option, at a redemption price equal to the greater of (1) 100% of the then outstanding principal amount of the notes being redeemed, and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed to the Par Call Date discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable

Treasury Rate plus 30 basis points, in each case plus accrued and unpaid interest, if any, on the principal amount of the notes being redeemed to the date of redemption.

In addition, the Issuer may redeem the notes, in whole or in part, at any time and from time to time, beginning on August 18, 2031 (the date that is three months prior to the final maturity date of the notes, being the "Par Call Date"), at its option at a redemption price equal to 100% of the principal amount of the notes to be redeemed to the Par Call Date, plus accrued and unpaid interest, if any, on the principal amount of the notes being redeemed to the date of redemption.

Notwithstanding the foregoing, payments of principal and/or interest on the notes that are due and payable on or prior to a date fixed for redemption of notes will be payable to the Holders of those notes registered as such at the close of business on the relevant record dates according to the terms and provisions of the Indenture.

"*Comparable Treasury Issue*" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the Par Call Date that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Par Call Date.

"*Comparable Treasury Price*" means, with respect to the redemption date, (1) the average of four Reference Treasury Dealer Quotations, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"*Independent Investment Banker*" means one of the Reference Treasury Dealers.

"*Reference Treasury Dealer*" means BofA Securities, Inc., Bank of Nova Scotia, New York Agency, an affiliate of Scotia Capital (USA) Inc., and Goldman Sachs & Co. LLC or their respective affiliates which are primary United States government securities dealers and not less than three other leading primary United States government securities dealers in New York City reasonably designated by the Issuer; *provided that* if any of the foregoing cease to be a primary United States government securities dealer in New York City (a "Primary Treasury Dealer"), the Issuer will substitute therefor another Primary Treasury Dealer.

"*Reference Treasury Dealer Quotations*" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at or about 3:30 p.m., New York City time, on the third Business Day preceding such redemption date.

"*Treasury Rate*" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Tax Redemption

The notes may be redeemed, in whole but not in part, at the Issuer's option, subject to applicable Chilean laws, at a redemption price equal to 100% of the outstanding principal amount of the notes, plus accrued and unpaid interest to the redemption date and any Additional Amounts, if, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of Chile or any political subdivision or taxing authority thereof or therein, or any change in the official application, administration or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction) in Chile, or any other jurisdiction with the power to impose, levy or assess Taxes in respect of payments on the notes, the Issuer has or will become obligated to pay Additional Amounts in respect of interest received on the notes at a rate of withholding or deduction in excess of 4.0% ("Excess Additional Amounts") on the next payment date, if such change or amendment is announced or occurs on or after the date of the Indenture, or in the case of a jurisdiction that became subject to the obligations to pay Additional Amounts at a later date, such later date, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; *provided that* no such notice of redemption will be given earlier than 60 days prior to the earliest date on which the Issuer would be obligated to pay such Excess Additional Amounts, were a payment in respect of the notes then due. Prior to the giving of notice of redemption of notes pursuant to the Indenture, the Issuer will deliver to the Trustee an officer's certificate to the effect that the Issuer is or at the time of the redemption will be entitled to effect such a redemption pursuant to the Indenture, and setting forth in reasonable detail the circumstances giving rise to such right of redemption. The officer's certificate will be accompanied by a written opinion of recognized Chilean counsel independent of the Issuer to the effect, among other things, that the Issuer is, or is expected to become, obligated to pay such Excess Additional Amounts as a result of a change or amendment, as described above;

General

Notice of a redemption must be mailed to each holder of notes and published in accordance with the provisions set out under "—Notices," not less than 10 days nor more than 60 days prior to the redemption date. Any redemption may be subject to conditions precedent set forth in the relevant notice of redemption.

On and after any redemption date, interest will cease to accrue on the notes unless the Issuer defaults in the payment of the redemption price.

The Issuer may at any time purchase the notes in the open market or otherwise at any price. Any such purchased notes will not be resold, except in compliance with applicable requirements or exemptions under the relevant securities laws.

Covenants

The Indenture provides that the following covenants will be applicable to the Issuer and its Subsidiaries for so long as any of the notes remains outstanding.

Limitation on Liens

The Issuer will not, nor will it permit any Significant Subsidiary to, issue, assume or suffer to exist any Indebtedness, if such Indebtedness is secured by a Lien upon any property or assets of the Issuer or any Significant Subsidiary, unless, concurrently therewith, the notes will be secured equally and ratably with (or prior to) such Indebtedness; *provided that* the foregoing restriction will not apply to:

(1) any Lien on any property or assets acquired, constructed, developed, extended, repaired or improved by the Issuer or any Subsidiary (individually or together with other Persons), including any property or assets incidental to the use or operation of such property or assets (including any real property where such property or assets are located, any revenue or profit derived from such property or assets or any shares or other ownership interest in, or any Indebtedness of, any Person which holds, owns or is entitled to such property or assets or the revenue or profit derived therefrom), to the extent such Lien is incurred contemporaneously with, or within 360 days after, such acquisition (or in the case of any such property or assets constructed, developed, extended, repaired or improved, contemporaneously with, or within 360 days after, the completion thereof or commencement of commercial operation of such property or assets, whichever is later) to secure or provide for the payment of all or any part of the purchase price or other consideration of such property or assets, or the other costs of such acquisition, construction, development, extension, repair or improvement (including costs such as financing and refinancing costs);

(2) any Lien on any property or assets existing at the time of acquisition thereof or arising after such acquisition pursuant to contractual commitments entered into prior to such acquisition and, in either such case, which is not created as a result of or in connection with or in anticipation of such acquisition;

(3) any Lien on any property or assets acquired from a Person which is merged or consolidated with or into the Issuer or any Subsidiary or any Lien existing on property or assets of any Person at the time such Person becomes a Subsidiary or arose after such time under contractual commitments entered into prior to that event and, in all such cases, which is not created as a result of or in connection with or in anticipation of any such transaction;

(4) any Lien which secures Indebtedness owed by a Subsidiary to the Issuer or any other Subsidiary;

(5) Liens on Indebtedness that by its terms matures within one year of its date of issue;

(6) any Lien in favor of any Person to secure obligations under the provisions of any letters of credit, bank guarantees, bonds, surety obligations, bids and other similar obligations entered into in the ordinary course of business or required or requested by any governmental authority in connection with any contract or statute;

(7) any Lien existing on the date of the Indenture or granted pursuant to an agreement existing on the date of the Indenture;

(8) any Lien resulting from the deposit of funds or evidence of Indebtedness in trust for the purpose of defeasing Indebtedness of the Issuer or any Subsidiary;

(9) Liens arising solely by operation of law;

(10) Liens created for the sole purpose of securing Indebtedness that, when incurred, will be applied to repay all (but not only part) of the notes and all other amounts payable under the notes; *provided* that the notes and all other such amounts are fully satisfied within 90 days after the incurrence of such Indebtedness;

(11) judgment Liens not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceeding may be initiated has not expired and appropriate provisions, if any, have been established as required by IFRS;

(12) Liens for taxes, assessments or governmental charges or levies if such taxes, assessments, governmental charges or levies are not at the time due and payable, or if the same are being contested in good faith and reserves or other appropriate provisions, if any, have been established as required by IFRS;

(13) minor survey exceptions, minor encumbrances, easements or reservations of or with respect to, or rights of others for or with respect to, licenses, rights-of-way, sewers, electric and other utility lines and usages, telegraph and telephone lines, pipelines, surface use, operation of equipment, permits, servitudes and other similar matters, or zoning or other restrictions as to the use of real property or Liens incidental to the conduct of the business of the Company or any of its subsidiaries or to the ownership of its properties which were not incurred in connection with the Indebtedness and which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such person;

(14) Liens in respect of capital leases entered into in the ordinary course of business;

(15) Liens on any headquarters building, towers, antennas, or related communications facilities of the Issuer or any of its subsidiaries; or

(16) any extension, refinancing, renewal or replacement (or successive extensions, refinancings, renewals or replacements) in whole or in part, of any Lien referred to in the foregoing clauses (1) through (15) inclusive or any Lien securing any Indebtedness that refinances, extends, renews, refunds or replaces any other Indebtedness secured in accordance with the foregoing clauses (1) through (15) inclusive; *provided that* the principal amount of Indebtedness secured thereby will not exceed the principal amount of Indebtedness so secured at the time of such extension, refinancing, renewal or replacement plus an amount necessary to pay any customary fees and expenses, including premiums and defeasance costs related to such transaction, and that such extension, refinancing, renewal or replacement will be limited to all or a part of the property or assets which secured the Lien so extended, refinanced, renewed or replaced (plus improvements on such property or assets) and property or assets affixed or appurtenant thereto.

Notwithstanding the foregoing, the Issuer or any Significant Subsidiary may incur Indebtedness secured by a Lien which would otherwise be prohibited under the provisions of the Indenture described in this section or enter into Sale and Leaseback Transactions that would otherwise be prohibited by the provisions of the Indenture described below under "—Limitation on Sale and Leaseback Transactions," *provided that* the aggregate amount of such Indebtedness of the Issuer and its Significant Subsidiaries, together with the aggregate Attributable Value of all Sale and Leaseback Transactions of the Issuer and its Significant Subsidiaries outstanding at such time that were previously incurred pursuant to this paragraph will not exceed 20% of Consolidated Assets at the time any such

Indebtedness is incurred by the Issuer or any Significant Subsidiary or at the time any such Sale and Leaseback Transaction is entered into.

Limitation on Sale and Leaseback Transactions

The Issuer will not, and will not permit any Significant Subsidiary to, enter into any Sale and Leaseback Transaction with respect to any of their property or assets, unless: (x) the Issuer or such Significant Subsidiary would be entitled pursuant to the provisions of the Indenture described above under "—Limitation on Liens" to issue or assume Indebtedness (in an amount equal to the Attributable Value with respect to such Sale and Leaseback Transaction) secured by a Lien on such property or assets without equally and ratably securing the notes; (y) the Issuer or such Significant Subsidiary will apply or cause to be applied, in the case of a sale or transfer for cash, the net proceeds thereof and, in the case of a sale or transfer otherwise than for cash, an amount equal to the fair market value (as determined in good faith by the board of directors of the Issuer) of the property or assets so leased, (A) to the retirement, within 360 days after the effective date of such Sale and Leaseback Transaction, of (i) Indebtedness of the Issuer ranking at least *pari passu* with the notes or (ii) Indebtedness of any Subsidiary, in each case owing to a Person other than the Issuer or any Affiliate of the Issuer, or (B) to the acquisition, purchase, construction, development, extension or improvement of any property or assets of the Issuer or any Subsidiary used or to be used by or for the benefit of the Issuer or any Subsidiary in the ordinary course of business; or (z) the Issuer or such Significant Subsidiary equally and ratably secures the notes. The foregoing restrictions will not apply to any transactions providing for a lease for a term, including any renewal, of not more than three years or to arrangements between the Issuer and a Subsidiary or between Subsidiaries.

Notwithstanding the foregoing, the Issuer and/or any Subsidiary may enter into any Sale and Leaseback Transaction that solely refinances, extends, renews or refunds a Sale and Leaseback Transaction permitted under the preceding paragraph and the restrictions described in the preceding paragraph will not apply to such Sale and Leaseback Transaction.

Consolidation, Merger, Sale or Conveyance

The Issuer will not consolidate with or merge into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person, unless (i) the Issuer is the successor Person or the successor Person (if not the Issuer) will be a Person existing under the laws of the United States (or any State thereof or the District of Columbia) or Chile and will assume, by a supplemental indenture, the due and punctual payment of the principal, premium, if any, and interest (and Additional Amounts, if any) in respect of all the outstanding notes and the performance of every covenant in the Indenture on the part of the Issuer to be performed or observed; (ii) immediately after giving effect to such transaction, no Event of Default, will have happened and be continuing; and (iii) the Issuer will have delivered to the Trustee an officer's certificate and opinion of counsel stating that such consolidation, merger, conveyance or transfer and such supplemental indenture (if any) comply with the foregoing provisions relating to such transaction. In case of any such consolidation, merger conveyance or transfer (other than a lease), such successor entity will succeed to and be substituted for the Issuer as obligor on the notes, with the same effect as if it had been named in the Indenture as such obligor.

Notice of certain events

The Company will give notice to the Trustee as soon as practicable of the occurrence of any event of default or an event which with the passage of time or notice may become an event of default (a "default"), accompanied by a certificate of a responsible officer of the Company setting forth the details of such event of default or default and stating what action the Company proposes to take with respect thereto.

Reporting Requirements

To the extent the same shall not have been made publicly available by filing with the SEC, or on the Issuer's website, the Issuer will (A) make available, upon request, to any Holder and any prospective purchaser of Notes designated by any Holder, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act; and (B) furnish (or in lieu of furnishing, make accessible electronically with notice to the Trustee) to the Trustee:

(1) as soon as they are available, but in any event within 120 calendar days after the end of each fiscal

year of the Issuer, copies of its audited financial statements and notes (on a consolidated basis) in respect of such fiscal year, in English, prepared in accordance with IFRS and audited by a member firm of an internationally recognized firm of independent accountants; and

(2) as soon as they are available, but in any event within 90 calendar days after the end of each of the first, second and third fiscal quarters of each fiscal year of the Issuer, copies of its unaudited financial statements (on a consolidated basis) in respect of the relevant period, in English, prepared on a basis consistent with the audited financial statements of the Issuer and in accordance with IFRS.

Delivery of such reports, information and documents to the Trustee shall be for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of the covenants contained in the Indenture (as to which the Trustee will be entitled to conclusively rely upon an officer's certificate).

Events of Default

The Indenture will provide that the following events constitute "Events of Default" with respect to the notes:

(i) default in the payment of the principal or premium, if any, in respect of any note, at maturity, upon redemption or otherwise;

(ii) default in the payment of interest or Additional Amounts in respect of the notes if such default continues for 30 days after any such interest or Additional Amount becomes due;

(iii) failure to observe or perform any covenant or agreement contained in the notes or the Indenture (other than a payment default referred to in clause (i) or (ii) above), and such failure continues for more than 90 days after written notice to the Issuer by the Trustee or to the Issuer and the Trustee by the Holders of at least 25% in aggregate principal amount of the outstanding notes, specifying such failure and requiring it to be remedied and stating that such notice constitutes a notice of default under the Indenture;

(iv) the Issuer or any of its Significant Subsidiaries fails to pay when due (whether at maturity, upon redemption or acceleration or otherwise) the principal of any Indebtedness in excess, individually or in the aggregate, of US$150.0 million (or the equivalent thereof in other currencies), if such failure continues for more than the period of grace, if any, applicable thereto and the period for payment has not been expressly extended;

(v) one or more final and non-appealable judgments or decrees for the payment of money in the aggregate (to the extent not covered by insurance) in excess of US$150.0 million (or the equivalent thereof in other currencies) are rendered against the Issuer or any of its Significant Subsidiaries and are not paid (whether in full or in installments in accordance with the terms of the judgment) or otherwise discharged and, in the case of each such judgment or decree, there is a period of 90 days following such judgment during which such judgment or decree is not discharged, waived or the execution thereof stayed;

(vi) a final decree or order by a court having jurisdiction has been entered adjudging the Issuer or any of its Significant Subsidiaries as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of the Issuer or any of its Significant Subsidiaries and such decree or order continues undischarged or unstayed for a period of 90 days; or a final decree or order of a court having jurisdiction for the appointment of a receiver or liquidator or for the liquidation or dissolution of the Issuer or any of its Significant Subsidiaries, has been entered pursuant to bankruptcy or insolvency laws, and such decree or order continues undischarged and unstayed for a period of 90 days; *provided* that any Significant Subsidiary may be liquidated or dissolved if, pursuant to such liquidation or dissolution, all or substantially all of its assets are transferred to the Issuer or another Significant Subsidiary of the Issuer, and such liquidation or dissolution shall not constitute an Event of Default; or

(vii) the Issuer or any of its Significant Subsidiaries institutes any proceeding to be adjudicated as voluntary bankrupt, or consents to the filing of a bankruptcy proceeding against it, or files a petition or answer or consent seeking reorganization pursuant to bankruptcy or insolvency laws, or consents to the filing of any such petition, or consents to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or its property.

If an Event of Default specified in clause (vi) or (vii) above occurs with respect to the Issuer or any Significant Subsidiary, with the exception of any applicable insolvency financial protection (*protección financiera concursal*) contemplated in the Chilean insolvency law, Law No. 20,720, the maturity of all outstanding notes will automatically be accelerated and the principal amount of the notes, together with accrued interest thereon, will be immediately due and payable. If any other Event of Default occurs and is continuing, the Trustee or the Holders of not less than 25% of the aggregate principal amount of the notes then outstanding may, by written notice to the Issuer (and to the Trustee if given by Holders), declare the principal amount of the notes, together with accrued interest thereon, immediately due and payable. A default under clause (iv) above will be deemed to be continuing under the Indenture only if and for so long as the payment default in question will not have been waived, cured or shall not have otherwise ceased to exist. The right of the Holders to give such acceleration notice will terminate if the event giving rise to such right has been cured before such right is exercised. Any such declaration may be annulled and rescinded by written notice from the Holders of more than 50% of the aggregate principal amount of the notes then outstanding, prior to judgment, to the Issuer if all amounts then due with respect to the applicable notes are paid (other than amount due solely because of such declaration) and all other defaults with respect to the notes are cured and all amounts owed to the Trustee are paid.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case the Issuer fails to comply with its obligations under the Indenture or the notes and such failure is continuing, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the Holders, unless such Holders have offered to the Trustee security or indemnity reasonably satisfactory to it. The Holders of more than 50% of the aggregate principal amount of the outstanding notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, to the extent such action does not conflict with the provisions of the Indenture or applicable law.

No Holder of any note will have any right to institute any proceeding with respect to the Indenture or the notes or for any remedy thereunder, unless such Holder has previously given to the Trustee written notice of a continuing Event of Default and unless also the Holders of at least 25% in aggregate principal amount of the outstanding notes have made a written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee, such Holder or Holders have offered to the Trustee security or indemnity reasonably satisfactory to it, the Trustee for 60 days after receipt of such notice has failed to institute any such proceeding and no direction inconsistent with such request has been given to the Trustee during such 60-day period by the Holders of more than 50% of the aggregate principal amount of the outstanding notes. However, such limitations do not apply to a suit individually instituted by a Holder of a note for enforcement of payment of principal, premium, if any, and interest in respect of such note on or after respective due dates expressed in such note.

So long as certain conditions are met, the Holders of more than 50% of the aggregate principal amount of the notes then outstanding by notice to the Trustee and the Issuer may waive an existing Event of Default and its consequences except (i) an Event of Default in the payment of the principal of or interest on a note or (ii) an Event of Default in respect of a provision that cannot be amended without the consent of each Holder affected. When an Event of Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Event of Default or impair any consequent right.

Legal Defeasance and Covenant Defeasance

The Issuer may, at its option and at any time, elect to have its obligations with respect to outstanding notes discharged ("Legal Defeasance"). If the Issuer exercises its legal defeasance option, payment of the notes may not be accelerated because of an Event of Default with respect thereto. Such Legal Defeasance means that the Issuer will be deemed to have paid and discharged the entire indebtedness represented by the outstanding notes after the deposit specified in clause (1) of the second following paragraph, except for:

(1) the rights of Holders to receive payments of the principal, premium, if any, and interest in respect of the notes when such payments are due;

(2) the Issuer's obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payments;

(3) the rights, powers, trust, duties and immunities of the Trustee and the Issuer's obligations in

connection therewith; and

(4) the Legal Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have its obligations released with respect to the covenants described under "Covenants—Limitation on Liens," "Covenants—Limitation on Sale and Leaseback Transactions" and "Covenants—Reporting Requirements" and the covenant default and cross-acceleration provisions described under "Events of Default" ("Covenant Defeasance") and thereafter any omission to comply with such obligations will not constitute a default or Event of Default with respect to the notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, reorganization and insolvency events) described under "Events of Default" will no longer constitute an Event of Default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders cash in U.S. dollars, certain direct non-callable obligations of, or guaranteed by, the United States, or a combination thereof, in such amounts as will be sufficient without reinvestment, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal, premium, if any, and interest (including Additional Amounts) in respect of the notes on the stated date for payment thereof;

(2) in the case of Legal Defeasance, the Issuer will have delivered to the Trustee an opinion of counsel from counsel in the United States to the effect that (subject to customary exceptions and exclusions):

(a) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling that the Issuer can rely upon; or

(b) since the date of issuance of the notes, there has been a change in the applicable U.S. federal income tax law,

and in either case to the effect that the beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer will have delivered to the Trustee an opinion of counsel from counsel in the United States (subject to customary exceptions and exclusions) to the effect that the beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) in the case of Legal Defeasance or Covenant Defeasance, the Issuer will have delivered to the Trustee, an opinion of counsel from counsel in Chile (subject to customary exceptions and exclusions) to the effect that, based upon Chilean law then in effect, Holders will not recognize income, gain or loss for Chilean tax purposes, including withholding tax except for withholding tax then payable on interest payments due, as a result of such Legal Defeasance or Covenant Defeasance, as the case may be, and will be subject to Chilean taxes on the same amounts and in the same manner and at the same time as would have been the case if such Legal Defeasance or Covenant Defeasance, as the case may be, had not occurred;

(5) no default or Event of Default has occurred and be continuing on the date of the deposit pursuant to clause (1) of this paragraph (other than a default or Event of Default arising in connection with the grant of any Lien securing a borrowing of funds to be applicable to such deposit);

(6) the Issuer has delivered to the Trustee an officer's certificate stating that the deposit was not made by the Issuer with the intent of preferring the beneficial owners over any other creditors of the Issuer or any Subsidiary of the Issuer or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Issuer or others;

(7) the Issuer has delivered to the Trustee an officer's certificate and an opinion of counsel (subject to customary exceptions and exclusions), each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and

(8) the Issuer has delivered to the Trustee opinions of counsel from U.S. and Chilean counsel (subject to customary exceptions and exclusions and to assumptions as to factual matters, including the absence of an intervening bankruptcy, insolvency or reorganization during the applicable preference period following the date of such deposit and that no Holder or the Trustee is deemed to be an "insider" of the Issuer under the U.S. Bankruptcy Code and any equivalent law of Chile) to the effect that the transfer of trust funds pursuant to such deposit will not be subject to avoidance as a preferential transfer pursuant to the applicable provisions of the U.S. Bankruptcy Code or any successor statute and any equivalent law of Chile.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the notes, as expressly provided for in the Indenture) as to all outstanding notes when:

(1) either:

(a) all the notes theretofore authenticated and delivered (except lost, stolen or destroyed notes which have been replaced or paid and notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust) have been delivered to the Trustee for cancellation; or

(b) all notes not theretofore delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their final stated maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee, and the Issuer has irrevocably deposited or caused to be deposited with the Trustee funds or certain direct, non-callable obligations of, or guaranteed by, the United States sufficient without reinvestment to pay and discharge the entire indebtedness on the notes not theretofore delivered to the Trustee for cancellation, for principal, premium, if any, and interest in respect of the notes to the date of deposit (in the case of Notes which have become due and payable) or to the final stated maturity or redemption date, as the case may be, together with irrevocable instructions from the Issuer directing the Trustee to apply such funds to the payment;

(2) the Issuer has paid all other sums payable under the Indenture and the notes by it; and

(3) the Issuer has delivered to the Trustee an officer's certificate and opinion of counsel (subject to customary exceptions and exclusions) stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with.

Notices

All notices to Holders of global notes will be deemed to have been given upon delivery of such notices to DTC in accordance with its applicable procedures. All notices to Holders of certificated notes will be deemed to have been given upon the sending thereof by email or mailing by first class mail, postage prepaid, of such notices to Holders of the notes at their registered addresses as recorded in the Register. In addition, so long as the notes are listed on the Luxembourg Stock Exchange and the rules of the exchange so require, notices will also be published in a leading newspaper having general circulation in Luxembourg, which is expected to be the "*Luxemburger Wort.*" If such publication is not practicable, notice will be considered to be validly given if otherwise made in accordance with the rules of the Luxembourg Stock Exchange. Any such notice will be deemed to have been delivered on the date of first publication. Any notice to Holders may also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Amendments and Waivers

The Indenture and the notes may be amended by the Trustee and the Issuer without the consent of any Holder for the purpose of curing any ambiguity, curing, correcting or supplementing any defective provision contained therein, conforming the text of the Indenture and the notes to any provision of this "Description of the Notes," or in any other manner which does not adversely affect the interests of any of the Holders of the notes in any material respect.

Modification, amendments and waiver to the Indenture or to the terms and conditions of the notes may also be made, and future compliance therewith or past default by the Issuer (other than a default in the payment of any amount, including in connection with a redemption, due on the notes or in respect of a covenant or provision which cannot be modified and amended without the consent of the Holders of all notes so affected) may be waived, either:

- with the written consent (including consents obtained in connection with a tender offer or exchange offer for the notes) of the Holders of more than 50% of the aggregate principal amount of outstanding notes; or
- by the adoption of resolutions at a meeting of Holders of the notes by, or consent of, the Holders of more than 50% of the aggregate principal amount of the outstanding notes;

provided that, no such modification or amendment to the Indenture or to the terms and conditions of the notes may, without the consent or the affirmative vote of each Holder of each note so affected:

- change the interest rate with respect to any note or reduce the principal amount of any note, or change the time for such payments;
- modify the obligation to pay Additional Amounts;
- change the prices at which the notes may be redeemed by the Issuer, or change the time at which any note may be redeemed;
- change the currency in which, or change the required place at which, payment on principal, premium, if any, and interest with respect to the notes is payable;
- impair the right to institute suit for the enforcement of any payment obligation on or with respect to any note; or
- reduce the above-stated percentage of principal amount of outstanding notes whose Holders are required to consent to modify or amend the Indenture or the terms or conditions of the notes or to waive any future compliance or past default; and

provided, *further*, *that*, in connection with any modification, amendment or supplement, the Issuer has delivered to the Trustee an opinion of counsel and an officer's certificate, each stating, that such modification, amendment or supplement complies with the applicable provisions of the Indenture.

Listing

Application will be made to list the notes on the Official List of the Luxembourg Stock Exchange. In the event that the notes are admitted for listing on the Official List of the Luxembourg Stock Exchange, the Issuer will use its commercially reasonable efforts to maintain such listing, *provided* that if the Issuer reasonably determines that it is unduly burdensome to maintain a listing on the Official List of the Luxembourg Stock Exchange, the Issuer may delist the notes from the Official List of the Luxembourg Stock Exchange in accordance with the rules of the Official List of the Luxembourg Stock Exchange and seek an alternative admission to listing, trading and/or quotation for the notes on a different listing authority, stock exchange and/or quotation system as the Issuer may decide. If such alternative admission to listing, trading and/or quotation of the notes is not available to the Issuer or is, in its commercially reasonable judgment, unduly burdensome, an alternative admission to listing, trading and/or quotation of the notes may not be obtained. Although there is no assurance as to the liquidity that may result from a listing of the notes on the Official List of the Luxembourg Stock Exchange or any other stock exchange, delisting the Notes from the Official List of the Luxembourg Stock Exchange or any other stock exchange may have a material adverse effect on the ability of Holders to resell the notes in the secondary market.

Governing Law, Consent to Jurisdiction, Currency Conversion and Service of Process

The Indenture and the notes will be governed by, and construed in accordance with, the laws of the State of New York.

The Issuer has consented to the non-exclusive jurisdiction of the New York State and U.S. federal courts located in the Borough of Manhattan, The City of New York with respect to any action that may be brought in connection with the Indenture or the notes and has irrevocably appointed Cogency Global Inc. as agent for service of process.

If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder to the holder of a note from U.S. dollars into another currency, the Issuer has agreed, and each Holder by holding such note will be deemed to have agreed, to the fullest extent that the Issuer and they may effectively do so, that the rate of exchange used will be that at which in accordance with normal banking procedures such Holder could purchase U.S. dollars with such other currency in New York City, New York on the day two Business Days preceding the day on which final judgment is given.

The Issuer's obligation in respect of any sum payable by it to a Holder or any other party under the Indenture will, notwithstanding any judgment in a currency (the "judgment currency") other than U.S. dollars, be discharged only to the extent that on the Business Day following receipt by such payee of any sum adjudged to be so due in the judgment currency, a Holder may in accordance with normal banking procedures purchase U.S. dollars with the judgment currency; if the amount of the U.S. dollars so purchased is less than the sum originally due to such payee in the judgment currency (determined in the manner set forth in the preceding paragraph), the Issuer agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such payee against such loss, and if the amount of the U.S. dollars so purchased exceeds the sum originally due to such payee, such payee agrees to remit to the Issuer such excess, *provided that* such payee will have no obligation to remit any such excess as long as the Issuer has failed to pay such payee any obligations due and payable under such note or the Indenture (as applicable), in which case such excess may be applied to the Issuer's obligations under such note or the Indenture (as applicable) in accordance with the terms thereof.

Claims against the Issuer for the payment of principal, premium, if any, or interest on the notes must be made within six years from the due date for payment thereof. However, under Chilean law, such claims may be required to be made within four years from the due date for payment thereof.

Enforceability of Judgments

The Issuer is incorporated in Chile and all of its operating assets are outside the United States. Accordingly, any judgment obtained in the United States against the Issuer, including judgments with respect to the payment of principal, premium, if any, and interest, Additional Amounts and any purchase price with respect to the notes, may not be collectable within the United States. See "Service of Process and Enforcement of Civil Liabilities."

Waiver of Immunity

To the extent that the Issuer or any of its properties, assets or revenues may have or may hereafter become entitled to, or have attributed to the Issuer, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, from setoff or from counterclaim from the jurisdiction of any Chilean, New York State or U.S. federal court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution of judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any such court in which proceedings may at any time be commenced, with respect to the obligations and liabilities of the Issuer, or any other matter under or arising out of or in connection with, the notes or the Indenture, the Issuer irrevocably and unconditionally waives or will waive such right, and agrees not to plead or claim any such immunity and consents to such relief and enforcement.

Form, Denomination and Title

The notes will be issued in registered form, without interest coupons, in minimum denominations of US$150,000 and integral multiples of US$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of notes, but the Issuer or Trustee or other agent may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The notes will be represented by a Restricted Global Note (as defined below) and a Regulation S Global Note (as defined below) (each sometimes referred to herein as a "Global Note" and together sometimes referred to herein as the "Global Notes").

Notes sold in reliance on Rule 144A under the Securities Act initially will be represented by one or more Global Notes in definitive, fully registered form without interest coupons (the "Restricted Global Note") and will be deposited with the Trustee as custodian for DTC and registered in the name of DTC or its nominee.

Notes sold outside the United States in reliance on Regulation S of the Securities Act will be represented by one or more Global Notes in definitive, fully registered form without interest coupons (the "Regulation S Global Note") and will be deposited with the Trustee as custodian for DTC, and registered in the name of DTC or its nominee for the accounts of Euroclear and Clearstream (as indirect participants in DTC).

The Restricted Global Note and Regulation S Global Note will be subject to certain restrictions on transfer and will bear a legend to that effect as described under "Transfer Restrictions."

Transfers of a Reg S note or beneficial interest therein to a person who takes delivery in the form of a Restricted Global Note or beneficial interest therein may be made only pursuant to the policies and procedures of DTC and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Transfers of a 144A note or beneficial interest therein to a person who takes delivery in the form of a Regulation S Global Note or beneficial interest therein may be made only pursuant to the policies and procedures of DTC

Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in another Global Note will, upon transfer, cease to be an interest in such Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest.

The Issuer will initially appoint the Trustee at its office in New York City specified herein as registrar and New York paying agent and transfer agent for the notes. In such capacities, the Trustee will be responsible for, among other things, (i) maintaining a record of the aggregate holdings of notes represented by the Global Notes and accepting notes for exchange and registration of transfer, (ii) ensuring that payments of principal, premium, if any, and interest in respect of the notes received by the Trustee from the Issuer are duly paid to DTC or its nominee and (iii) transmitting to the Issuer any notices from noteholders.

Global Notes

Upon the issuance of a Restricted Global Note and a Regulation S Global Note, DTC or its custodian will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the initial purchasers. Ownership of beneficial interests in a Global Note will be limited to persons who have accounts with DTC ("DTC Participants") or persons who hold interests through DTC Participants. Ownership of beneficial interests in the Global Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of DTC Participants) and the records of DTC Participants (with respect to interests of persons other than DTC Participants).

Investors may hold their interests in a Global Note directly through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants in such systems. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries, which in turn will hold such interests in the Global Notes in customers' securities accounts in the depositaries' names on the books of DTC. Investors that are qualified institutional buyers may hold their interests in Restricted Global Notes directly through DTC if they are DTC Participants, or indirectly through organizations that are DTC Participants.

Payments of the principal, premium, if any, and interest in respect of notes represented by a Global Note registered in the name of DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner of the Global Note representing such notes. None of the Issuer, the Trustee or any paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising, or reviewing any records relating to such beneficial ownership interests. The Issuer expects that DTC or its nominee, upon receipt of any payment of principal, premium, if any, and interest in respect of a Global Note representing any notes held by it or its nominee, will credit DTC Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of DTC or its nominee. The Issuer also expects that payments by DTC Participants to owners of beneficial interests in such Global Note held through such DTC Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC Participants.

Transfers between DTC Participants will be effected in accordance with DTC rules and procedures and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and procedures.

The laws of some jurisdictions require that certain persons take physical delivery of securities in certificated form. Consequently, the ability to transfer beneficial interests in a Global Note to such persons may be limited because DTC can only act on behalf of DTC Participants, who in turn act on behalf of indirect participants and certain banks. Accordingly, the ability of a person having a beneficial interest in a Global Note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of each interest, may be affected by the lack of a physical certificate for such interest.

Subject to compliance with the transfer restrictions applicable to the notes described above and under "Transfer Restrictions," cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream participants, on the other, will be effected in DTC in accordance with DTC rules and procedures on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; *however*, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in Regulation S Global Notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a DTC Participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, as the case may be) immediately following the DTC settlement date, and the credit of any transactions in interests in a Global Note settled during such processing will be reported to the relevant Euroclear or Clearstream participant on such day. Cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a DTC Participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in DTC.

DTC has advised the Issuer that it will take any action permitted to be taken by a Holder of notes (including, without limitation, the presentation of notes for transfer, exchange or conversion as described below) only at the direction of one or more DTC Participants to whose account with DTC interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of the notes as to which such Participant or Participants has or have given such direction. However, in the limited circumstances described herein, DTC will exchange the Global Notes for notes in certificated form, which it will distribute to DTC Participants. See "—Certificated Notes."

DTC has advised the Issuer as follows: DTC will act as the depositary for the notes. The notes will be issued as Global Notes registered in the name of Cede & Co., which is DTC's partnership nominee, in the aggregate principal amount of the issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, including transfers and pledges, in deposited securities through electronic computerized book-entry changes to participants' accounts, thereby eliminating the need for physical movement of notes certificates. Direct participants of DTC include both U.S. and non-U.S. securities brokers and dealers, including the initial purchasers of the notes, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

To facilitate subsequent transfers, all Global Notes representing the notes which are deposited with, or on behalf of, DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of Global Notes with, or on behalf of, DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Global Notes representing the notes; DTC's records reflect only the identity of the direct participants to whose accounts the notes are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the Global Notes representing the notes. Under its usual procedure, DTC mails an omnibus proxy to the Issuer as soon as possible after the applicable record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the notes are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

DTC may discontinue providing its services as securities depositary with respect to the notes at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depositary is not obtained, certificated notes are required to be printed and delivered. See "—Certificated Notes."

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC or a successor securities depositary. In that event, certificated notes will be printed and delivered. See "—Certificated Notes."

Although DTC, Euroclear and Clearstream have agreed to the procedures described above in order to facilitate transfers of interests in the Global Notes among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform these procedures, and these procedures may be discontinued at any time. Neither the Trustee nor the Issuer will have any liability or responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Notes

If DTC is at any time unwilling or unable to continue as a depositary for the reasons set forth under "—Global Notes" above and a successor depositary is not appointed by the Issuer within 90 days, the Issuer elects to discontinue use of the system of book-entry transfers through DTC or a successor securities depository, or an Event of Default has occurred and is continuing with respect to the notes, then, upon surrender by DTC of the Global Notes, the Issuer will issue individual definitive notes in certificated form, having the same terms and conditions and which will have the same aggregate principal amount, in registered form in exchange for Regulation S Global Notes and Restricted Global Notes, as the case may be. Upon any exchange for certificated notes, the certificated notes will be registered in the names of the beneficial owners of the Global Notes representing the notes, which names will be provided by DTC's relevant participants (as identified by DTC) to the Trustee.

The Holder of a certificated note may transfer such note by surrendering it at the office or agency maintained by the Issuer for such purpose in the Borough of Manhattan, The City of New York, which initially will be the office of the Trustee. Upon the transfer, exchange or replacement of certificated notes bearing the legend, or upon specific request for removal of the legend on a certificated note, the Issuer will deliver only certificated notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Neither the Trustee nor the registrar or any transfer agent will be required to register the transfer of or exchange certificated notes for a period from the Record Date to the due date for any payment of principal of, or interest on, the notes or register the transfer of or exchange any notes for 15 days prior to selection for redemption through the date of redemption.

Prior to presentment of a note for registration of transfer (including a Global Note), the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the person in whose name such note is registered as the owner or Holder of such note for the purpose of receiving payment of principal or interest on such note and for all other purposes whatsoever, whether or not such note is overdue, and none of the Issuer, the Trustee or any agent of the Issuer or the Trustee will be affected by notice to the contrary.

Replacement of Notes

In the event that any note becomes mutilated, defaced, destroyed, lost or stolen, the Issuer will execute and, upon the Issuer's request, the Trustee will authenticate and deliver a new note, of like tenor (including the same date of issuance) and equal principal amount, registered in the same manner, and bearing interest from the date to which interest has been paid on such note, in exchange and substitution for such note (upon surrender and cancellation thereof) or in lieu of and substitution for such note. In the event that such note is destroyed, lost or stolen, the applicant for a substitute note will furnish to the Issuer and the Trustee such security or indemnity as may be required by them to hold each of them harmless, and, in every case of destruction, loss or theft of such note, the applicant will also furnish to the Issuer and the Trustee satisfactory evidence of the destruction, loss or theft of such note and of the ownership thereof. Upon the issuance of any substituted note, the Issuer may require the payment by the registered holder thereof of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other fees and expenses (including the fees and expenses of the Trustee) connected therewith.

Trustee

The Bank of New York Mellon is the Trustee under the Indenture. The Issuer may have normal banking relationships with The Bank of New York Mellon and its affiliates in the ordinary course of business. The address of the Trustee is 240 Greenwich Street, Floor 7E, New York, NY 10286.

The Indenture contains provisions for the indemnification of the Trustee and for its relief from responsibility. The obligations of the Trustee to any Holder of notes are subject to such immunities and rights as are set forth in the Indenture.

The Trustee and any of its affiliates may hold notes in their own respective names.

Certain Definitions

The following is a summary of certain defined terms used in the Indenture. Reference is made to the Indenture for the complete definition of all such terms as well as other capitalized terms used herein for which no definition is provided.

For purposes of the following definitions, all calculations and determinations will be made in accordance with IFRS and will be based upon the consolidated financial statements of the Issuer and its subsidiaries.

"*Affiliate*" means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

"*Attributable Value*" means, as to any particular lease under which the Issuer or any Subsidiary is at any time liable as lessee and any date as of which the amount thereof is to be determined, the lesser of (a) the fair market value of the asset subject to the lease and (b) the total net obligations of the lessee for rental payments during the remaining term of the lease (excluding amounts on account of maintenance and repairs, insurance, taxes, assessments and similar charges and contingent rates) discounted from the respective due dates thereof to such date at a rate per annum equivalent to the interest rate inherent in such lease (as determined in good faith by the Issuer).

"*CMF*" means the Chilean Securities Commission (*Comisión para el Mercado Financiero*).

"*Consolidated Assets*" means, as of any date of determination, the total of all assets appearing on a consolidated balance sheet of the Issuer and its Subsidiaries, at the end of the fiscal quarter immediately preceding such date of determination as determined in accordance with IFRS.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, direct or indirect, contingent or otherwise, or entered into for the purpose of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided*, *however*, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning. The term "Guarantee" will not apply to a guarantee of intercompany indebtedness among the Issuer and the Subsidiaries or among the Subsidiaries.

"*IFRS*" means international financial reporting standards or other accounting standards generally accepted in Chile, as required by the CMF for Chilean public companies, in each case as in effect from time to time.

"*Indebtedness*" means, with respect to any Person (without duplication) (a) any obligation of such Person (1) for borrowed money, (2) evidenced by bonds, debentures, notes or similar instruments, (3) under any reimbursement obligation relating to a letter of credit other than letters of credit in the ordinary course of business, (4) for the payment of money relating to any obligations under any capital lease of real or personal property in each case other than, for the avoidance of the doubt, account payables in the ordinary course of business, or (5) a Guarantee of such Person; and (b) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clause (a) above. For the purpose of determining any particular amount of Indebtedness under this definition, guarantees of (or obligations with respect to letters of credit) Indebtedness otherwise included in the determination of such amount shall not be included. For the avoidance of any doubt, any obligation that is non-recourse to any such Person will not be deemed to be Indebtedness under this definition.

"*Issue Date*" means the first date of issuance of notes under the Indenture.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Sale and Leaseback Transaction*" means any transaction or series of related transactions pursuant to which the Issuer or any Significant Subsidiary sells or transfers any property to any Person with the intention of taking back a lease of such property pursuant to which the rental payments are calculated to amortize the purchase price of such property substantially over the useful life thereof and such property is in fact so leased.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Significant Subsidiary*" means a Subsidiary of the Issuer which would be a "significant subsidiary" within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC in effect on the date of the Indenture, assuming the Issuer is the registrant referred to in such definition.

"*Subsidiary*" means any corporation or other business entity of which the Issuer owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interests, in each case having ordinary voting power to elect or appoint directors, managers or trustees of such corporation or other business entity (whether or not capital stock or other ownership interests or any other class or classes have or might have voting power upon the occurrence of any contingency).

TAXATION

General

The following discussion summarizes certain Chilean tax and U.S. federal income tax consequences to beneficial owners arising from the purchase, ownership and disposition of the notes. The summary does not purport to be a comprehensive description of all potential Chilean tax and U.S. federal income tax considerations that may be relevant to a decision to purchase, own or dispose of the notes and is not intended as tax advice to any particular investor. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Chile and the United States. There is currently no applicable income tax treaty in effect between the United States and Chile. However, the United States and Chile have signed an income tax treaty that will enter into force once the treaty is ratified by both countries. There can be no assurance that the treaty will be ratified by either country. The following summary assumes that there is no applicable income tax treaty in effect between the United States and Chile.

Prospective purchasers of the notes should consult their own tax advisors as to the Chilean, United States or other tax consequences of the purchase, ownership and disposition of the notes, including, in particular, the application of the tax considerations discussed below to their particular situations, as well as the application of state, local, foreign or other tax laws.

Chilean Taxation

The following is a general summary of the principal consequences under Chilean tax law with respect to an investment in the notes made by a Foreign Holder (as defined below). It is based on the tax laws of Chile as in effect on the date of this offering memorandum, as well as regulations, rulings and decisions of Chilean tax authorities available on or before such date and now in effect. All of the foregoing is subject to change. Under Chilean law, provisions contained in statutes such as tax rates applicable to foreign investors, the computation of taxable income for Chilean purposes and the manner in which Chilean taxes are imposed and collected may be amended only by another law. In addition, the Chilean tax authorities enact rulings and regulations of either general or specific application and interpret the provisions of Chilean tax law. Chilean tax law may not be applied retroactively against taxpayers who act in good faith relying on such rulings, regulations or interpretations, but Chilean tax authorities may change their rulings, regulations or interpretations prospectively. For purposes of this summary, the term "Foreign Holder" means either (1) in the case of an individual, a person who is not resident or domiciled in Chile (for purposes of Chilean taxation, (a) an individual holder is resident in Chile if he or she remains in Chile, uninterruptedly or not, for a period or periods that in total exceed 183 days, within any 12-month period and (b) an individual is domiciled in Chile if he or she resides in Chile with the actual or presumptive intent of staying in Chile (such intention to be evidenced by circumstances such as the acceptance of employment in Chile or the relocation of one's family to Chile)); or (2) in the case of a legal entity, a legal entity that is not organized under the laws of Chile, unless the notes are assigned to a branch or a permanent establishment of such entity in Chile.

Under the *Ley de Impuesto a la Renta* (the "Income Tax Law"), payments of interest or premium, if any, made to a Foreign Holder in respect of the notes will generally be subject to a Chilean withholding tax currently at the rate of 4.0%. However, such interest and premium are subject to a special additional tax equal to the difference between the withholding tax paid and a 35% tax rate, to the extent such interest and premium are (i) paid to entities deemed to be related to us, as described below and (ii) on the portion of our indebtedness considered to be excessive. Our indebtedness will be considered to be excessive ("Excessive Indebtedness") when we have an indebtedness that exceeds three times our "tax equity," as calculated for Chilean tax purposes. Consequently, such qualifying interest or premium paid to entities deemed to be related to us with respect to the portion of the debt that exceeds the Excessive Indebtedness ratio will be subject to a 35% tax rate (4% withholding tax plus the difference between the withholding tax paid and a 35% rate).

Under the Excessive Indebtedness rules, a lender or creditor, such as a holder of the notes, will be deemed to be related to the payor or debtor, if: (i) the lender or creditor is domiciled, resident, incorporated or established in a territory or jurisdiction that is included in at least two of the cases set forth in Article 41 H of the Income Tax Law. The aforementioned Article 41 H establishes the cases in which a territory or jurisdiction has a preferential tax regime for Income Tax Law purposes; (ii) the lender or debtor, belong to the same company group, or directly or indirectly, owns or participates in 10% or more of the capital or the profits of the other or if lender and debtor has a common partner or shareholder that, directly or indirectly, owns or participates in 10% or more of the capital or the profits of both, and the creditor is domiciled, resident, incorporated or established abroad; (iii) The debt is guaranteed directly or indirectly by third parties that are considered related to the debtor pursuant to i), ii) and iv) hereunder, provided that the third parties are domiciled or resident abroad and are the final beneficiaries of the interests on the applicable credit. The debtor will be required to issue a sworn statement in this regard in the form set forth by the Chilean tax authorities; (iv) financial instruments placed and acquired by unrelated companies which are subsequently acquired or transferred to related companies under the terms indicated in items i) to iii) above; or (v) a party carries out one or more transactions with a third party that, in turn, carries out, directly or indirectly, with a related party of the first party, one or more transactions similar or identical to those carried out with the first party, regardless of the quality in which such third party and the parties are involved in such transactions.

We have agreed, subject to specific exceptions and limitations, to pay to the Foreign Holders of the notes Additional Amounts in respect of the 4% tax described above in order that the interest and premium, if any, the Foreign Holder receives, net of such taxes, equals the amount that would have been received by such Foreign Holder in the absence of such taxes. If we pay Additional Amounts in respect of such Chilean withholding taxes, any refunds of such Additional Amounts will be for the account of Telefónica Móviles Chile. See "Description of the Notes—Additional Amounts."

Under existing Chilean law and regulations, a Foreign Holder will not be subject to any Chilean taxes in respect of payments of principal made by us with respect to the notes.

The Income Tax Law provides that a Foreign Holder is subject to income tax on his Chilean source income. For this purpose, Chilean source income means earnings from activities performed in Chile or from the sale, disposition or other transactions in connection with assets or goods located in Chile. Article 11 of the Chilean Income Tax Law provides that notes issued in Chile by taxpayers domiciled, resident or established in Chile will be deemed to be located in Chile. Therefore, a note issued outside of Chile by a Chilean issuer will not be deemed to be located in Chile, and any capital gains realized on the sale or other disposition by a Foreign Holder of such note will not be subject to any Chilean taxes, provided that such sales or other dispositions occur outside of Chile to a Foreign Holder (except that any premium payable on redemption of the notes will be treated as interest and subject to the Chilean interest withholding tax, as described above).

Value added tax or withholding tax may be applicable on fees and commissions paid or to be paid to non-domiciled and/or non-resident entities.

A Foreign Holder will not be liable for estate, gift, inheritance or similar taxes with respect to its holdings unless notes held by a Foreign Holder are either located in Chile at the time of such Foreign Holder's death, or, if the notes are not located in Chile at the time of a Foreign Holder's death, if such notes were purchased or acquired with cash obtained from Chilean sources. A Foreign Holder will not be liable for Chilean stamp, registration or similar taxes.

As a general rule, the issuance of the notes is subject to stamp tax at a rate of 0.066% per month or fraction thereof elapsed between the issuance and the maturity of the notes, calculated over the principal amount of the notes, with a maximum of 0.8% over the principal amount, which will be payable by us. If the stamp tax is not paid when due, the Chilean law imposes inflation adjustments, interests and penalties. Interest payments that are deferred may be subject to stamp tax if such interest is deemed capitalized according to Chilean law. In addition, until such tax (and any penalty) is paid, Chilean courts will not enforce any action based on the Notes. See "Description of the Notes—Additional Amounts."

Certain U.S. Federal Income Tax Considerations

The following are certain U.S. federal income tax consequences to a "U.S. Holder" (as defined below) of owning and disposing of notes purchased in this offering at the "issue price," which is the first price at which a substantial amount of the notes is sold to the public, and held as capital assets for U.S. federal income tax purposes (generally, assets held for investment).

This discussion does not describe all of the tax consequences that may be relevant to you in light of your particular circumstances, including alternative minimum tax consequences, the application of "Medicare contribution tax" and differing tax consequences that may be applicable to you if you are, for instance:

- a financial institution;
- an insurance company;
- a regulated investment company;
- a dealer or trader in securities;
- holding notes as part of a “straddle” or other integrated transaction;
- a person whose functional currency is not the U.S. dollar;
- a person required for U.S. federal income tax purposes to conform the timing of income accruals to its financial statements under Section 451(b) of the Internal Revenue Code of 1986, as amended (the “Code”);
- a partnership for U.S. federal income tax purposes;
- a tax-exempt entity; or
- holding notes in connection with a trade or business conducted outside of the United States.

If you are a partnership for U.S. federal income tax purposes that holds notes, the U.S. federal income tax treatment of your partners will generally depend on the status of the partners and your activities.

This summary is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, changes to any of which subsequent to the date of this Offering Memorandum may affect the tax consequences described herein. This summary does not address any aspect of state, local or non-U.S. taxation, or U.S. federal tax consequences other than income tax consequences, such as estate and gift tax consequences. If you are considering the purchase of notes, you should consult your tax advisor with regard to the application of the U.S. federal tax laws to your particular situation, as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

You are a U.S. Holder if, for U.S. federal income tax purposes, you are a beneficial owner of a note that is:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Certain Additional Payments and Adjustment of Interest Rate

There are circumstances in which we might be required to make additional payments on a note. We intend to take the position that the possibility of any additional payments does not result in the notes being treated as contingent payment debt instruments under the applicable Treasury regulations. Our position is not binding on the Internal Revenue Service (the “IRS”). If the IRS takes a position contrary to that described above, you may be required to accrue interest income based upon a “comparable yield” (as defined in the Treasury regulations) determined at the time of issuance of the notes, with adjustments to such accruals when any contingent payments are made that differ from a schedule of projected payments based on the comparable yield. In addition, any income on the sale, exchange, retirement or other taxable disposition of the notes would be treated as ordinary income rather than as capital gain. You should consult your tax advisor regarding the tax consequences if the notes were treated as contingent payment debt instruments. The remainder of this discussion assumes that the notes are not treated as contingent payment debt instruments.

Payments of Interest

Stated interest paid on a note will be taxable to you as ordinary interest income at the time it accrues or is received, in accordance with your method of accounting for U.S. federal income tax purposes. This discussion assumes, that the notes will be issued without original issue discount for U.S. federal income tax purposes.

The amount of interest taxable as ordinary income will include any Additional Amounts paid pursuant to the obligations described under "Description of the Notes—Additional Amounts" and will not be reduced by any Chilean taxes withheld therefrom. Interest income earned with respect to a note will constitute foreign-source income for U.S. federal income tax purposes and will generally constitute "passive category income" or, in the case of certain investors, "general category income" for foreign tax credit purposes. Subject to applicable limitations, some of which may vary depending upon your particular circumstances, Chilean income taxes withheld from interest income on a note may be creditable against your U.S. federal income tax liability. The rules governing foreign tax credits are complex, and you should consult your tax advisor regarding the availability of foreign tax credits in your particular circumstances. In lieu of claiming a foreign tax credit, you may elect to deduct foreign taxes, including any Chilean income tax, in computing your taxable income, subject to generally applicable limitations under U.S. law. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the taxable year.

Sale or Other Taxable Disposition of the Notes

Upon the sale or other taxable disposition of a note, you will recognize taxable gain or loss equal to the difference between the amount realized on the sale or other taxable disposition and your adjusted tax basis in the note. Your adjusted tax basis in a note will generally equal the cost of your note. For these purposes, the amount realized does not include any amount attributable to accrued interest, which is treated as described under "—Payments of Interest" above.

Gain or loss, if any, will generally be U.S.-source income or loss for purposes of computing your foreign tax credit limitation. Accordingly, if Chilean or other non-U.S. tax is imposed on the sale or other disposition of a note, you may not be able to fully utilize your U.S. foreign tax credits in respect of such tax unless you have other foreign-source income of the appropriate type. You should consult your own tax advisor as to the foreign tax credit implications of a sale or other taxable disposition of a note. In lieu of claiming a foreign tax credit, you may elect to deduct foreign taxes, including any Chilean income tax, in computing your taxable income, subject to generally applicable limitations under U.S. law. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the taxable year.

Gain or loss realized on the sale or other taxable disposition of a note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of the sale or other taxable disposition the note has been held for more than one year. Long-term capital gains recognized by non-corporate taxpayers are subject to reduced tax rates. The deductibility of capital losses is subject to limitations.

Backup Withholding and Information Reporting

Information returns may be required to be filed with the IRS in connection with payments on the notes and proceeds received from a sale or other disposition of the notes unless you establish, if required to do so, that you are an exempt recipient. You may also be subject to backup withholding on these payments in respect of your notes unless you provide your taxpayer identification number and otherwise comply with applicable requirements of the backup withholding rules or you provide proof of an applicable exemption. Amounts withheld under the backup withholding rules are not additional taxes and may be credited against your U.S. federal income tax liability or refunded, provided the required information is timely furnished to the IRS. You should consult your tax advisor regarding the reporting and filing requirements of acquiring, holding or disposing of the notes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions of the purchase agreement, the initial purchasers named below have severally agreed to purchase from us the following respective principal amounts of notes listed opposite their names below at the initial offering price set forth on the cover page of this offering memorandum less discounts and commissions:

Initial Purchaser	**Principal Amount of Notes**
BBVA Securities Inc.	U.S.$125,000,000
BofA Securities, Inc.	U.S.$125,000,000
Goldman Sachs & Co. LLC	U.S.$125,000,000
Scotia Capital (USA) Inc.	U.S.$125,000,000
Total	**U.S.$500,000,000**

The initial purchasers are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the purchase agreement, such as the receipt by the initial purchasers of officer's certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The purchase agreement provides that the obligations of the several initial purchasers to purchase the notes offered hereby are subject to certain conditions precedent and that the initial purchasers will purchase all of the notes offered by this offering memorandum if any of these notes are purchased.

The initial purchasers may offer and sell the notes through any of their affiliates. In addition, after the initial offering, the initial purchasers may change the offering price and other selling terms.

We have agreed to indemnify the initial purchasers against some specified types of liabilities, including liabilities under the Securities Act, and to contribute to payments the initial purchasers may be required to make in respect of any of these liabilities.

The notes have not been registered under the Securities Act. Each initial purchaser has agreed that it will offer or sell the notes only (i) in the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act or (ii) in offshore transactions in reliance on Regulation S under the Securities Act. The notes being offered and sold pursuant to Regulation S may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any U.S. person, unless the notes are registered under the Securities Act or an exemption from the registration requirements thereof is available. Terms used above have the meanings given to them by Regulation S and Rule 144A under the Securities Act. See "Transfer Restrictions."

Until the expiration of 40 days after the commencement of the offering, any offer or sale of notes within the United States by a broker-dealer may violate the registration requirements of the Securities Act, unless such offer or sale is made pursuant to Rule 144A under the Securities Act or another available exemption from the registration requirements thereof.

The notes are a new issue of securities with no established trading market. We will apply to have the notes listed on the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market. The initial purchasers may make a market in the notes after completion of the offering, but will not be obligated to do so and may discontinue any market-making activities at any time without notice. We cannot assure you as to the liquidity of the trading market for the notes or that an active public market for the notes will develop. If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

We have agreed that, for a period of 60 days from the date of this offering memorandum, we will not, without the prior written consent of the initial purchasers, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce the offering of, any debt securities issued or guaranteed by us. The initial purchasers in their sole discretion may release any of the securities subject to this agreement at any time without notice.

In connection with the offering, the initial purchasers may purchase and sell the notes in the open market. These transactions may include short sales, purchases to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the initial purchasers of a greater principal amount of notes than they are required to purchase in the offering. The initial purchasers may close out any short position by purchasing notes in the open market. A short position is more likely to be created if initial purchasers are concerned that there may be downward pressure on the price of the notes in the open market prior to the completion of the offering. Stabilizing transactions consist of various bids for or purchases of the notes made by the initial purchasers in the open market prior to the completion of the offering.

Purchases to cover a short position and stabilizing transactions may have the effect of preventing or slowing a decline in the market price of the notes. Additionally, these purchases, along with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the notes. As a result, the price of the notes may be higher than the price that might otherwise exist in the open market. These transactions may be effected in the over-the-counter market or otherwise. The initial purchasers are not required to enter into any of these transactions and, if they commence any of such transactions, they may discontinue them at any time.

We expect to deliver the notes against payment for the notes on or about the date specified in the last paragraph of the cover page of this offering memorandum, which will be the fifth business day following the date of the pricing of the notes. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally settle in two business days, purchasers who wish to trade notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the notes initially will settle in T+5, to specify alternative settlement arrangements to prevent a failed settlement.

The initial purchasers are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The initial purchasers and their respective affiliates have in the past performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In the ordinary course of their various business activities, the initial purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments.

In addition, affiliates of some of the initial purchasers are lenders, and in some cases agents or managers for the lenders, under our credit facilities. For example, in April 2020, we entered into a credit agreement with The Bank of Nova Scotia. If any of the initial purchasers or their affiliates has a lending relationship with us, certain of those initial purchasers or their affiliates routinely hedge, and certain other of those initial purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, the initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby.

Notice to Prospective Investors in Brazil

The offer of notes described in this offering memorandum will not be carried out by any means that would constitute a public offering, placement, distribution or negotiation of securities in the Brazilian capital markets under Federal Law No. 6,385, of December 7, 1976, as amended, and under Rule (Instrução) No. 400, of December 29, 2003, as amended, of the Brazilian Securities Commission (Comissão de Valores Mobiliários, or the "CVM"). The offer and sale of the Notes have not been and will not be registered with the CVM in Brazil. Documents relating to the offering of the notes, as well as information contained therein, may not be supplied to investors in Brazil, nor may they be used in connection with any offer for sale of the Notes in Brazil.

Notice to Prospective Investors in Canada

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in the United Kingdom

This offering memorandum is only being distributed to and is only directed at, persons who are outside the United Kingdom or persons in the United Kingdom that are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a "relevant person"). In the United Kingdom, the notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the notes will be engaged in only with, relevant persons. This offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or (ii) a customer within the meaning of the provisions of the UK Financial Services and Market Act 2000 ("FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

Notice to Potential Investors in the European Economic Area

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Notice to Potential Investors in Chile

The offer of the notes is subject to CMF Rule 336. The notes being offered will not be registered under the Chilean Securities Market Law (*Ley de Mercado de Valores*) in the Securities Registry (*Registro de Valores*) or in the Foreign Securities Registry (*Registro de Valores Extranjeros*) both kept by the CMF and, therefore, the notes are not subject to the oversight of the CMF. As unregistered securities in Chile, we are not required to disclose public information about the notes in Chile. Accordingly, the notes cannot and will not be publicly offered to persons in Chile unless they are registered in the corresponding Securities Registry. The notes may only be offered in Chile in circumstances that do not constitute a public offering under Chilean law or in compliance with CMF Rule 336. Pursuant to the Chilean Securities Market Law, a public offering of securities is an offering that is addressed to the general public or to certain specific categories or groups thereof. Considering that the definition of public offering is quite broad, even an offering addressed to a small group of investors may be considered to be addressed to a certain specific category or group of the public and therefore be considered public under applicable law and, as such, subject to registration in Chile. However, pursuant to CMF Rule 336, the notes may be privately offered in Chile to certain "qualified investors" identified as such therein (which in turn are further described in General Rule No. 216, dated June 12, 2008, of the CMF, as amended). CMF Rule 336 requires the following information to be provided to prospective investors in Chile:

1. Date of commencement of the offer: November 8, 2021. The offer of the notes is subject to Rule (*Norma de Carácter General*) No. 336, dated June 27, 2012, issued by the CMF.

2. The subject matter of this offer are securities not registered with the Securities Registry (*Registro de Valores*), nor with the Foreign Securities Registry (*Registro de Valores Extranjeros*) both kept by CMF. As a consequence, the notes are not subject to the oversight of the CMF.

3. Since the notes are not registered in Chile, we are not obliged to provide publicly available information about the notes in Chile.

4. The notes will not be subject to public offering in Chile unless registered with the relevant Securities Registry kept by the CMF.

Notice to Potential Investors in Colombia

The notes have not been, and will not be, registered in the National Securities and Issuers Registry (*Registro Nacional de Valores y Emisores*) of Colombia or traded on the Colombian Stock Exchange (*Bolsa de Valores de Colombia*). Therefore, the notes may not be publicly offered in Colombia or traded on the Colombian Stock Exchange.

The offering memorandum is for the sole and exclusive use of the addressee as an offeree in Colombia, and the offering memorandum shall not be interpreted as being addressed to any third party in Colombia or for the use of any third party in Colombia, including any shareholders, administrators or employees of the addressee.

The recipient of the offering memorandum acknowledges that certain Colombian laws and regulations (specifically foreign exchange and tax regulations) are applicable to any transaction or investment made in connection with the notes being offered and represents that it is the sole party liable for full compliance with any such laws and regulations.

Notice to Potential Investors in Hong Kong

The notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Potential Investors in Japan

The notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended), and the notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan.

Notice to Potential Investors in Mexico

The notes have not been and will not be registered with the RNV maintained by the CNBV, and, therefore, may not be offered publicly in Mexico. The notes may only be offered in Mexico pursuant to the exemptions to registration provided in article 8 of the Mexican Securities Market Law. This offering memorandum is solely our responsibility and has not been reviewed or authorized by the CNBV. The acquisition of the notes by investors, including Mexican investors, will be made under their own responsibility.

Notice to Potential Investors in Peru

The notes and the information contained in this offering memorandum are not being publicly marketed or offered in Peru and will not be distributed or caused to be distributed to the general public in Peru. Peruvian securities laws and regulations on public offerings will not be applicable to the offering of the notes and therefore, the disclosure obligations set forth therein will not be applicable to us or the sellers of the notes before or after their acquisition by prospective investors. The notes and the information contained in this offering memorandum have not been and will not be filled, confirmed, approved or in any way submitted to the SMV (*Superintendencia del Mercado de Valores*) nor have they been registered under the Peruvian Securities Market Law (*Ley del Mercado de Valores*) or any other Peruvian regulations. Accordingly, the notes cannot be offered or sold within Peruvian territory except to the extent any such offering or sale qualifies as a private offering under Peruvian regulations and complies with the provisions on private offerings set forth therein. The notes may not be offered or sold in Peru except in compliance with the securities law thereof.

Neither the notes nor this offering memorandum have been or will be registered or approved by the SMV or the Lima Stock Exchange (Bolsa de Valores de Lima). No offer or invitation to tender notes or to subscribe for or buy or sell the notes or beneficial interests therein can be made in the Republic of Peru except in compliance with the applicable securities laws of Peru.

Notice to Potential Investors in Singapore

This offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferrable within six months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 of the SFA, except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law; or

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Section 309B Notification - In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the "CMP Regulations 2018"), the Company has determined, and hereby notifies all persons (including relevant persons (as defined in Section 309A(1) of the SFA)), that the notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Notice to Potential Investors in Switzerland

The notes may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (the "SIX") or on any other stock exchange or regulated trading facility in Switzerland. This offering memorandum has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the notes or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

TRANSFER RESTRICTIONS

The notes have not been registered under the Securities Act or any state securities laws, and the notes may not be offered or sold except pursuant to an effective registration statement or pursuant to transactions exempt from, or not subject to, registration under the Securities Act. Accordingly, the notes are being offered and sold only:

- in the United States to qualified institutional buyers (as defined in Rule 144A) pursuant to Rule 144A under the Securities Act; and
- outside of the United States, to certain persons, other than U.S. persons, in offshore transactions meeting the requirements of Rule 903 of Regulation S under the Securities Act.

Purchasers' Representations and Restrictions on Resale and Transfer

Each purchaser of notes (other than the initial purchasers in connection with the initial issuance and sale of notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows:

(1) it is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is either (a) a qualified institutional buyer and is aware that the sale to it is being made pursuant to Rule 144A or (b) a non-U.S. person that is outside the United States;

(2) it acknowledges that the notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(3) it understands and agrees that notes initially offered in the United States to qualified institutional buyers will be represented by a global note and that notes offered outside the United States pursuant to Regulation S will also be represented by a global note;

(4) it will not resell or otherwise transfer any of such notes except (a) to us, (b) within the United States to a qualified institutional buyer in a transaction complying with Rule 144A under the Securities Act, (c) outside the United States in compliance with Rule 903 or 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act;

(5) it agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes;

(6) it acknowledges that prior to any proposed transfer of notes (other than pursuant to an effective registration statement) the holder of such notes may be required to provide certifications relating to the manner of such transfer as provided in the indenture (including a transfer of notes pursuant to (a) Rule 144A or (b) Regulation S);

(7) it acknowledges that the trustee, registrar or transfer agent for the notes will not be required to accept for registration transfer of any notes acquired by it, except upon presentation of evidence satisfactory to us and the trustee, registrar or transfer agent that the restrictions set forth herein have been complied with;

(8) it acknowledges that we, the initial purchasers and other persons will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by its purchase of the notes are no longer accurate, it will promptly notify us and the initial purchasers; and

(9) if it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

Legends

The following is the form of restrictive legend which will appear on the face of the Rule 144A Global Note, and which will be used to notify transferees of the foregoing restrictions on transfer:

"This Note has not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws. The holder hereof, by purchasing this Note, agrees for the benefit of Telefónica Móviles Chile S.A. (the "Company") that this Note or any interest or participation herein may be offered, resold, pledged or otherwise transferred only (1) to the Company, (2) so long as this Note is eligible for resale pursuant to Rule 144A under the Securities Act ("Rule 144A"), to a person who the seller reasonably believes is a "qualified institutional buyer" (as defined in Rule 144A) in accordance with Rule 144A, (3) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (4) pursuant to an exemption from registration under the Securities Act afforded by Rule 144 under the Securities Act (if available) or (5) pursuant to an effective registration statement under the Securities Act, and in each of such cases in accordance with any applicable securities laws of any state of the United States or other applicable jurisdiction. The holder hereof, by purchasing this Note, represents and agrees that it shall notify any purchaser of this Note from it of the resale restrictions referred to above.

The foregoing legend may be removed from this Note on satisfaction of the conditions specified in the indenture referred to herein."

The following is the form of restrictive legend which will appear on the face of the Regulation S Global Note and which will be used to notify transferees of the foregoing restrictions on transfer:

"This Note has not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws. The holder hereof, by purchasing this Note, agrees that neither this Note nor any interest or participation herein may be offered, resold, pledged or otherwise transferred in the absence of such registration unless such transaction is exempt from, or not subject to, such registration and in accordance with any applicable securities laws of any other applicable jurisdiction.

The foregoing legend may be removed from this Note after 40 days beginning on and including the later of (a) the date on which the Notes are offered to persons other than distributors (as defined in Regulation S under the Securities Act) and (b) the original issue date of the Notes."

Other Jurisdictions

The distribution of this offering memorandum and the offer and sale or resale of the notes may be restricted by law in certain jurisdictions. Persons into whose possession this offering memorandum comes are required by us and the initial purchasers to inform themselves about and to observe any such restrictions.

LISTING AND GENERAL INFORMATION

1. The notes have been accepted for clearance and settlement through DTC, Euroclear and Clearstream. The CUSIP and ISIN numbers for the notes are as follows:

	Restricted Global Note	Regulation S Global Note
CUSIP	87938XAB7	P90375 AV1
ISIN	US87938XAB73	USP90375AV12

2. Electronic copies of our audited consolidated annual financial statements at and for the years ended December 31, 2020, 2019 and 2018, our unaudited financial statements as of September 30, 2021 and for the nine month periods ended September 30, 2020 and 2021, our future audited consolidated annual financial statements, and our future unaudited consolidated quarterly financial statements, if any, and copies of our articles of association and our *estatutos*, or by-laws, as well as the indenture (including forms of notes and the guarantees), will be available free of charge at the offices of the principal paying agent and any other paying agent, including the Luxembourg listing agent.

3. Except as disclosed in this offering memorandum, there has been no material adverse change in our financial position since September 30, 2021, the date of our latest financial statements included in this offering memorandum.

4. Except as disclosed in this offering memorandum, we are not involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of this offering, nor so far as we are aware is any such litigation or arbitration threatened.

5. We will apply to list the notes on the Official List of the Luxembourg Stock Exchange and to trade the notes on the Euro MTF Market.

6. The issuance of the notes was authorized by our board of directors on October 28, 2021.

7. PricewaterhouseCoopers Consultores Auditores SpA has agreed to the inclusion of its report in this offering memorandum in the form and context in which it is included.

8. To the best of our knowledge, the information contained herein is true and correct in all material respects and does not omit facts that would this offering memorandum as a whole misleading.

VALIDITY OF NOTES

The validity of the notes offered and sold in this offering will be passed upon for us by Davis Polk & Wardwell LLP, New York, New York. Certain matters of U.S. law will be passed upon for the initial purchasers by Clifford Chance LLP, New York, New York. Certain matters of Chilean law will be passed upon for us by Dalgalarrando y Cía., Santiago, Chile, and for the initial purchasers by Philippi Prietocarrizosa Ferrero DU & Uría, Santiago, Chile.

INDEPENDENT AUDITORS

Our consolidated financial statements as of and for the years ended December 31, 2020, 2019 and 2018, included in this offering memorandum, have been audited by PricewaterhouseCoopers Consultores Auditores SpA, independent auditors, as stated in their reports appearing herein.

GLOSSARY

The following explanations are intended to assist the general reader in understanding certain terms as used in this offering memorandum and are not intended to be technical definitions.

2/6 digital access	A technology suitable for large-scale users, such as corporations, that allows for transmission of voice and data at high speeds over digital or analog switched lines.
ADSL	Asymmetric Digital Subscriber Line. A mode of communications transmission that enables data to be sent over standard telephone lines at speeds faster than those of conventional modems.
ATM	Asynchronous Transfer Mode. Broadband switching technology that facilitates very high-speed transmission of voice, data and video over a single network.
Basic ISDN	One of the ISDN standards that can transmit data and voice over standard phone lines providing two bearer channels with a bandwidth of 64 kb/s.
DTH	Direct-to-Home signals. A type of satellite broadcast signal intended for residential reception.
Fiber optic	A mode of physical transmission of data that relies on sending light through an optical fiber that functions as a waveguide instead of sending electrical signals over copper wire.
Frame relay	High-speed packet switched data transmission service.
HD	High Definition television. A digital format for transmitting television at a much higher resolution than that of standard-definition television.
IoT	Internet of things.
IPTV	Internet Protocol Television. A method for delivering television services over internet connections instead of over terrestrial, satellite, or cable signals.
ISDN	Integrated Services Digital Network. A transmission system with the capacity to transmit more than one stream of information (voice, text, data or graphics) simultaneously on a single telephone line using separate logical channels.
kb/s	Kilobits per second. A measure of the rate of data transmission equivalent to 1,000 bits per second.
Mb/s	Megabits per second. A measure of the rate of data transmission equivalent to 1,000 kb/s.
MVNO	Mobile virtual network operators.

Primary ISDN	One of the ISDN standards that can transmit data and voice over standard phone lines providing upwards of 20 bearer channels. This standard is mainly used by medium to large enterprises.
PSTN	Public Switched Telephone Network. The aggregate of all the circuit-switched telephone network in the world comprising the mobile and fixed-line telephone service offered to the public.
SAP	SAP AG. A German manufacturer of business enterprise software used to manage accounting and operations.
VDSL	Very-High-Bit-Rate Digital Subscriber Line. A data transmission technology that provides relatively high transmission rates over standard copper wire.
VPN	Virtual Private Network. An intelligent network-based service that offers a customer or group of customers a network that is functionally comparable to that of a private network.
xDSL	A family of digital subscriber access systems that allows high bit rates over a standard copper twisted pair cable.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

TELEFÓNICA MÓVILES CHILE S.A. AND SUBSIDIARIES

REPORT ON THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2021 (unaudited), December 31, 2020 and September 30, 2020 (unaudited)

(A free translation of the original interim consolidated financial statements issued in Spanish – See Note 2c)

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Notes to the Interim Consolidated Financial Statements

ThCh$: Thousands of Chilean Pesos

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of September 30, 2021 (unaudited) and December 31, 2020

	Notes	09.30.2021	12.31.2020
		ThCh$	ThCh$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	(5)	227,924,458	465,809,329
Other current financial assets	(6)	51,609,751	10,487,114
Other current non-financial assets	(7)	93,915,941	71,616,996
Trade and other accounts receivable	(8a)	318,775,096	234,486,698
Current accounts receivable from related companies	(9a)	34,832,014	9,099,951
Inventory	(10a)	92,909,467	67,436,585
Current tax assets	(11b)	10,326,911	14,137,836
Current assets or assets groups for disposal classified as held for sale	(18)	5,393,616	6,823,255
TOTAL CURRENT ASSETS		**835,687,254**	**879,897,764**
NON-CURRENT ASSETS			
Other non-current financial assets	(6)	243,756,500	165,091,624
Other non-current non-financial assets	(7)	118,440,139	57,495,188
Non-current trade and other accounts receivable	(12a)	41,667,981	23,323,922
Non-current receivables from related companies	(9b)	80,379,829	-
Investments in associates and joint ventures	(19)	67,697,928	-
Intangible assets other than goodwill, net	(13a)	265,651,207	142,413,233
Goodwill	(14)	504,774,872	504,774,872
Property, plant and equipment, net	(15a)	954,513,888	1,153,562,933
Investment properties	(16)	3,933,169	4,098,412
Right of-use assets	(17)	177,653,028	187,317,843
Deferred tax assets	(11c)	100,488,598	117,547,492
TOTAL NON-CURRENT ASSETS		**2,558,957,139**	**2,355,625,519**
TOTAL ASSETS		**3,394,644,393**	**3,235,523,283**

The accompanying notes 1 to 37 are an integral part of these interim consolidated financial statements.

	Notes	09.30.2021 ThCh$	12.31.2020 ThCh$
LIABILITIES			
CURRENT LIABILITIES			
Other current financial liabilities	(20)	13,648,590	256,848,790
Current leases liabilities	(21)	50,234,175	61,503,041
Trade and other accounts payables	(22a)	395,631,742	353,691,526
Current payables to related companies	(9b)	71,699,815	59,548,404
Other current provisions	(24a)	7,936,916	5,494,711
Current tax liabilities	(11f)	96,466,692	7,660,502
Current employee benefits accrual	(25a)	3,373,934	3,342,973
Other current non-financial liabilities	(26)	42,875,942	50,016,178
TOTAL CURRENT LIABILITIES		**681,867,806**	**798,106,125**
NON-CURRENT LIABILITIES			
Other non-current financial liabilities	(20)	1,033,052,391	755,603,039
Non-current lease liabilities	(21)	145,704,097	98,438,384
Trade and other payables non-current	(22a)	429,795	1,160,617
Non-current payables to related companies	(9c)	1,613,273	40,801,985
Other non-current provisions	(24b)	17,738,190	17,265,245
Deferred tax liabilities	(11c)	94,553,345	95,702,933
Non-current employee benefits accrual	(25a)	29,325,708	33,147,540
Other non-current non-financial liabilities	(26)	83,049,070	5,652,851
TOTAL NON-CURRENT LIABILITIES		**1,405,465,869**	**1,047,772,594**
TOTAL LIABILITIES		**2,087,333,675**	**1,845,878,719**
NET SHAREHOLDERS’ EQUITY			
Issued capital	(27a)	1,364,872,285	1,364,872,285
Retained earnings		375,144,907	494,586,414
Other reserves	(27d)	(439,050,856)	(475,474,018)
Shareholders’ equity attributable to owners of the Parent company		1,300,966,336	1,383,984,681
Non-controlling interest	(27e)	6,344,382	5,659,883
TOTAL NET SHAREHOLDERS’ EQUITY		**1,307,310,718**	**1,389,644,564**
TOTAL NET LIABILITIES & SHAREHOLDERS’ EQUITY		**3,394,644,393**	**3,235,523,283**

The accompanying notes 1 to 37 are an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the nine months periods ended September 30, 2021 and 2020 (unaudited)

STATEMENTS OF COMPREHENSIVE INCOME	Notes	For the three-month period ended September 30, 2021 ThCh$	For the nine-month period ended September 30, 2021 ThCh$	For the three-month period ended September 30, 2020 ThCh$	For the nine-month period ended September 30, 2020 ThCh$
Revenue from ordinary operations	(29a)	403,675,567	1,154,726,335	362,326,407	1,040,570,629
Other income	(29b)	362,181,084	378,730,822	2,849,532	10,989,028
Employee benefits expenses	(25d)	(31,538,552)	(100,007,869)	(32,643,799)	(97,079,440)
Depreciation and amortization expense	(13b) (15b) (16) (17)	(71,877,534)	(218,669,452)	(80,637,271)	(246,281,807)
Impairment losses (reversal of impairment losses)	(30a)	(11,790,797)	(36,608,758)	(15,880,919)	(49,557,005)
Other expenses, by nature	(30b)	(262,438,356)	(717,067,136)	(207,395,779)	(597,514,738)
Profit from operating activities		**388,211,412**	**461,103,942**	**28,618,171**	**61,126,667**
Finance income	(31a)	1,566,350	2,814,380	1,325,940	3,098,829
Finance costs	(31a)	(11,555,864)	(32,504,001)	(10,685,123)	(37,524,505)
Share in earnings (losses) of associates and joint ventures		(95,695)	(95,695)		
Foreign exchange differences	(31b)	(476,293)	(1,906,243)	(1,670,331)	(1,306,621)
Income from indexation units	(31b)	89,618	852,089	65,645	204,813
Profits before tax from continuing operations		**377,739,528**	**430,264,472**	**17,654,302**	**25,599,183**
Income tax expense	(11e)	(99,883,006)	(110,037,875)	(6,508,193)	(4,493,907)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**277,856,522**	**320,226,597**	**11,146,109**	**21,105,276**
Profit attributable to holders of equity instruments of the controller and minority interest:					
Profit attributable to owners of the parent	(28)	275,429,587	317,631,624	11,158,388	11,158,388
Profit attributable to non-controlling interest	(27e)	2,426,935	2,594,973	(12,279)	(41,309)
PROFIT (LOSS)		**277,856,522**	**320,226,597**	**11,146,109**	**21,105,276**
EARNINGS PER SHARE					
Earnings per basic share					
Earnings per basic share for continuing operations	(28)	0.287	0.331	0.018	0.022
Earnings per basic share for discontinuing operations					
Earnings per basic share		0.287	0.331	0.018	0.022
Diluted earnings per share					
Diluted earnings per share from continuing operations		0.287	0.331	0.018	0.022
Diluted earnings per share from discontinuing operations					
Diluted earnings per share		0.287	0.331	0.018	0.022

The accompanying notes 1 to 37 are an integral part of these interim consolidated financial statements.

	For the three month period ended September 30, 2021	For the nine-month period ended September 30, 2021	For the three month period ended September 30, 2020	For the nine-month period ended September 30, 2020
STATEMENTS OF OTHER COMPREHENSIVE INCOME	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
PROFIT (LOSS)	**277,856,522**	**320,226,597**	**11,146,109**	**21,105,276**
OTHER COMPREHENSIVE INCOME				
Components of other comprehensive income that will not be reclassified to income for the period				
Other comprehensive income, before taxes. profits (losses) on new measurements of defined benefits plans	764,047	2,890,335	74,186	(1,155,729)
Other comprehensive income, before taxes. profits (losses) from investment in equity instruments	229,739	178	(576,846)	(2,066,413)
Total other comprehensive income that will not be reclassified to income for the period				
Components of other comprehensive income that will be reclassified to income for the period	**993,786**	**2,890,513**	**(502,660)**	**(3,222,142)**
Profit (loss) on cash flow hedges	20,797,343	47,116,762	(7,874,463)	1,622,178
Total Components of other comprehensive income that will be reclassified to income for the period	**20,797,343**	**47,116,762**	**(7,874,463)**	**1,622,178**
Total other components of other comprehensive income. before taxes	**21,791,129**	**50,007,275**	**(8,377,123)**	**(1,599,964)**
Income taxes associated to components of other comprehensive income which will not be reclassified to income for the period				
Income taxes associated to new measurements of defined benefits plans of other comprehensive income	(206,269)	(777,867)	(20,030)	312,047
Total income taxes associated to components of other comprehensive income which will not be reclassified to income for the period	**(206,269)**	**(777,867)**	**(20,030)**	**312,047**
Income taxes associated to components of other comprehensive income which will be reclassified to income for the period				
Income tax related to hedging cash flows from other comprehensive income	(5,615,283)	(12,693,616)	2,126,111	(437,983)
Total income taxes associated to components of other comprehensive income	**(5,821,552)**	**(13,471,483)**	**2,106,081**	**(125,936)**
TOTAL OTHER COMPREHENSIVE INCOME	**15,969,577**	**36,535,792**	**(6,271,042)**	**(1,725,900)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**293,826,099**	**356,762,389**	**4,875,067**	**19,379,376**
COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Comprehensive income attributable to owners of the parent	291,338,417	354,054,786	3,409,358	17,940,788
Comprehensive income attributable to non-controlling interest	2,487,682	2,707,603	1,465,709	1,438,588
TOTAL COMPREHENSIVE INCOME	**293,826,099**	**356,762,389**	**4,875,067**	**19,379,376**

The accompanying notes 1 to 37 are an integral part of these interim consolidated financial statements.

	Changes in capital (Note 27 a)	Changes in the other reserves (Note 27 d)					Retained earnings	Equity attributable to parent owners	Non controlling interests (Note 27 e)	Total Equity
	Issued capital	Cash flow hedge reserves	Reserves of actuarial gains or losses on defined benefit plans	Accrual of profits or losses on remeasurement of financial assets available for sale	Other miscellaneous reserves	Total other reserves				
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Balance at the beginning of the period	**1,364,872,285**	**(14,505,535)**	**(10,127,702)**	**293,416**	**(451,134,197)**	**(475,474,018)**	**494,586,414**	**1,383,984,681**	**5,659,883**	**1,389,644,564**
Changes in equity										
Comprehensive income										
Profit	-	-	-	-	-	-	317,631,624	317,631,624	2,594,973	320,226,597
Other comprehensive income	-	34,319,774	2,103,211	177	-	36,423,162	-	36,423,162	112,630	36,535,792
Comprehensive income	**-**	**34,319,774**	**2,103,211**	**177**	**-**	**36,423,162**	**317,631,624**	**354,054,786**	**2,707,603**	**356,762,389**
Reversal of interim dividends	-	-	-	-	-		9,971,466	9,971,466	-	9,971,466
Dividends	-	-	-	-	-		(447,044,597)	(447,044,597)	(2,023,104)	(449,067,701)
Total changes in shareholders' equity	**-**	**34,319,774**	**2,103,211**	**177**	**-**	**36,423,162**	**(119,441,507)**	**(83,018,345)**	**684,499**	**(82,333,846)**
Ending balance as of 09.30.2021	**1,364,872,285**	**19,814,239**	**(8,024,491)**	**177**	**(451,134,197)**	**(439,050,856)**	**375,144,907**	**1,300,966,336**	**6,344,382**	**1,307,310,718**
Balance at the beginning of the period	**1,329,872,285**	**1,099,249**	**(9,945,809)**	**2,155,257**	**(451,134,197)**	**(457,825,500)**	**472,507,995**	**1,344,554,780**	**5,859,874**	**1,350,414,654**
Changes in equity										
Comprehensive income										
Profit	-	-	-	-	-	-	21,146,585	21,146,585	(41,309)	21,105,276
Other comprehensive income	-	1,181,063	(839,983)	(2,048,654)	-	(1,707,574)	-	(1,707,574)	(18,326)	(1,725,900)
Comprehensive income	**-**	**1,181,063**	**(839,983)**	**(2,048,654)**	**-**	**(1,707,574)**	**21,146,585**	**19,439,011**	**(59,635)**	**19,379,376**
Dividends	-	-	-	-	-	-	75,080	75,080	(80,317)	(5,237)
Capital increase	35,000,000	-	-	-	-	-	-	35,000,000	-	35,000,000
Total changes in shareholders' equity	**35,000,000**	**1,181,063**	**(839,983)**	**(2,048,654)**	**-**	**(1,707,574)**	**21,221,665**	**54,514,091**	**(139,952)**	**54,374,139**
Ending balance as of 09.30.2020	**1,364,872,285**	**2,280,312**	**(10,785,792)**	**106,603**	**(451,134,197)**	**(459,533,074)**	**493,729,660**	**1,399,068,871**	**5,719,922**	**1,404,788,793**

The accompanying notes 1 to 37 are an integral part of these interim consolidated financial statements.

	Notes	2021 ThCh$	2020 ThCh$
		For periods ended September 30	
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Types of operating activity charges			
Proceeds from sale of assets and services rendered		**1,326,043,773**	**1,217,139,131**
Proceeds from sales and services		1,318,116,346	1,205,002,421
Proceeds from related entities		7,927,427	12,136,710
Types of payments		**(1,246,899,310)**	**(1,021,824,023)**
Payments to suppliers for supplying goods and services		(827,756,015)	(617,897,096)
Payments to and on account of employees		(56,650,643)	(66,209,246)
Payments from related entities		(115,077,603)	(102,731,069)
Other operating activities payments (1)		(247,415,049)	(234,986,612)
Net cash flows provided by (used in) operating activities		**79,144,463**	**195,315,108**
Income taxes paid		(13,626,778)	(9,933,664)
Cash flows provided by (used in) operating activities		**65,517,685**	**185,381,444**
CASH FLOWS PROVIDED BY (USED IN) INVESTMENT ACTIVITIES			
Amounts from sales of property, plant and equipment		38,581,402	13,294,214
Loss of control of subsidiaries or other businesses		493,229,554	-
Additions to property, plant and equipment		(301,935,929)	(201,619,182)
Payments to related companies		(10,048,990)	-
Interest received		1,347,185	1,992,080
Dividends received		171,037	239,221
Other cash inputs (outputs)		(7,197,825)	1,000
Net cash flows provided by (used in) investment activities		**214,146,434**	**(186,092,667)**
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES			
(Payments) collections loans to related entities		(646,681)	482,080
Proceeds from loans		239,687,064	119,999,216
Reimbursement of loans, classified as financing activities (1)		(219,697,500)	(124,335,600)
Proceeds from shares issued		-	35,000,000
Lease obligation payments in accordance with IFRS 16		(65,414,419)	(60,384,791)
Interest paid		(22,038,894)	(22,373,499)
(Payments) dividends		(448,670,663)	(81,249)
Other cash inputs (outputs) (2)		(767,897)	3,294,387
Net cash flows provided by (used in) financing activities		**(517,548,990)**	**(48,399,456)**
Increase (decrease) in cash and cash equivalents, before the effects of changes in exchange rate		**(237,884,871)**	**(49,110,679)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(237,884,871)**	**(49,110,679)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(note 5)	**465,809,329**	**234,466,421**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(note 5)	**227,924,458**	**185,355,742**

(1) Corresponds to payment of the "T" Bond principal installment made in January 2021 (see Note 19).

(2) Corresponds to net factoring transactions, "sales of trade accounts receivable".

The accompanying notes 1 to 37 form an integral part of these interim consolidated financial statements.

1. Corporate information:

Telefónica Móviles Chile S.A. (formerly Inversiones Telefónica Móviles Holding S.A., (hereinafter "the Company"), was established as a limited liability company on July 12, 2004. On December 30, 2011, the partners agreed to change it to a closely held company. The Company's capital is divided into 10 billion common, single series registered shares, without par value, which have been fully subscribed and paid. The Company's line of business is:
i) operating the public telephone service concessions which it may become the owner by virtue of Supreme Decrees issued by the Ministry of Transportation and Telecommunications; ii) performing all types of activities in the field of telecommunications services (fixed and mobile), comprising the installation, operation, exploitation and management, in general, of all types of networks, systems and services; iii) purchasing and selling all types of articles and products in the communications area; iv) offering data processing services to third parties; v) performing research and development activities in the telecommunications and telematics fields; vi) investing in tangible and 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, where its majority shareholder Inversiones Telefónica Internacional Holding SpA is an indirect subsidiary of Telefónica S.A., which has its headquarters in Spain.

The subsidiary registered in the Securities Registry is:

Subsidiary	Taxpayer No.	Registration No.	Participation percentage (direct and indirect)	
			09.30.2021 %	12.31.2020 %
Telefónica Chile S.A.	90,635,000-9	009	99.1405597	99.1405597

2. Significant accounting principles:

a) Accounting period

The Interim Consolidated Financial Statements (hereinafter, the "financial statements") cover the following periods: Interim Consolidated Statement of Financial Position, ended as of September 30, 2021 and Annual Consolidated Statements of Financial Position ended as of December 31, 2020; Interim Consolidated Statements of Changes in Shareholders' Equity, Interim Consolidated Statements of Comprehensive Income and Interim Consolidated Statement of Cash Flows for the nine-month periods ended as of September 30, 2021 and 2020.

b) Basis of presentation

The interim consolidated financial statements for September 30, 2021 and December 31, 2020 and their corresponding notes are shown in a comparative manner in accordance with Note 2a). In addition, for comparative purposes, a reclassification has been made between current and non-current of the provision for employee benefits (see note 25a) in the 2020 financial statements, for a better comparison with the financial statements as of September 30, 2021.

c) Basis of preparation

The consolidated financial statements as of September 30, 2021, and the Interim Consolidated Comprehensive Income Statements, Interim Statement of Changes in Equity, and interim Statements of Cash Flows for the six-month periods ended as of September 30, 2021 and 2020 have been prepared in accordance with International Accounting Standard 34 (IAS 34) "Interim Financial Reporting", incorporated in International Financial Reporting Standards.

2. Significant accounting principles, continued

c) Basis of preparation, continued

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

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

d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries (hereinafter, "the Company"), including assets, liabilities, income, expenses and cash flows after making adjustments and eliminations related to transactions between the companies that are part of the consolidation. For its part, minority investments have been recognized under "Non-controlling Interests" (note 27e).

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 09.30.2021			12.31.2020
				Direct	Indirect	Total	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

(1) On June 23, 2021, Telefónica Chile S.A sold 100% of its stake in the subsidiary InfraCo SpA to HoldCo InfraCo SpA.

3. **Significant accounting principles,** continued

e) **Basis of consolidation**, continued

The summarized financial information at September 30, 2021 of the companies included in the consolidation is as follows:

Taxpayer No.	Company Name	% Participation (*)	Currents assets ThCh$	Non-currents assets ThCh$	Total Assets ThCh$	Currents liabilities ThCh$	Non-currents liabilities ThCh$	Total liabilities ThCh$	Equity ThCh$	Revenues from ordinary operations ThCh$	Profit (loss), Net ThCh$
76,378,279-4	Telefónica Investigación y Desarrollo Chile SpA	100.0000000	4,304,997	398,108	4,703,105	3,016,127	2,505	3,018,632	1,684,473	676,221	42,288
78,703,410-1	Telefónica Empresas Chile S.A.	99.9999973	228,860,919	97,204,918	326,065,837	219,451,661	6,706,357	226,158,018	99,907,819	231,846,796	(643,733)
90,635,000-9	Telefónica Chile S.A.	99.1405597	450,979,732	1,330,235,619	1,781,215,351	368,172,752	670,453,124	1,038,625,876	742,589,475	354,741,903	302,538,565
76,086,148-0	Telefónica Chile Servicios Corporativos Ltda.	100.0000000	111,024,273	47,696,745	158,721,018	53,944,087	32,567,371	86,511,458	72,209,560	138,893,315	4,895,333

(*) Direct and indirect participation.

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

Taxpayer No.	Company Name	% Participation (*)	Currents assets ThCh$	Non-currents assets ThCh$	Total Assets ThCh$	Currents liabilities ThCh$	Non-currents liabilities ThCh$	Total liabilities ThCh$	Equity ThCh$	Revenues from ordinary operations ThCh$	Profit (loss), Net ThCh$
76,378,279-4	Telefónica Investigación y Desarrollo Chile SpA	100.0000000	2,967,682	391,927	3,359,609	1,714,972	2,898	1,717,870	1,641,739	627,152	(479,756)
78,703,410-1	Telefónica Empresas Chile S.A.	99.9999973	228,610,365	81,310,339	309,920,704	212,360,72	3,806,864	216,167,590	93,753,114	304,759,051	(8,542,224)
90,635,000-9	Telefónica Chile S.A.	99.1405597	316,404,432	1,248,430,748	1,564,835,180	245,221,566	657,269,617	902,491,183	662,343,997	421,564,481	(1,757,522)
76,086,148-0	Telefónica Chile Servicios Corporativos Ltda.	100.0000000	111,347,798	49,889,213	161,237,011	67,602,402	28,432,406	96,034,808	65,202,203	176,973,250	5,456,354
77,122,635-3	InfraCo SpA (1) (2)	100.0000000	1,000	-	1,000	-	-	-	1,000	-	-

(*) Direct and indirect participation.

(1) On January 31, 2020, Telefónica Chile S.A. purchased a million registered shares of InfraCo SpA, obtaining 100% interest in this company.
(2) On June 23, 2021, Telefónica Chile S.A sold 100% of its stake in the subsidiary InfraCo SpA to HoldCo InfraCo SpA.

2. Significant accounting principles, continued

e) Exchange Method

Balances of monetary assets and liabilities denominated in foreign currency are presented valued at the closing exchange rate for each period. Foreign currency translation differences arising from the application of thisstandard 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 inincome 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
09.30.2021	811.90	939.48	148.77	30,088.37
12.31.2020	710.95	873.30	137.33	29,070.33
09.30.2020	788.15	923.11	140.04	28,707.85

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.

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

1. Financial assets other than derivatives, continued

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.

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. Theseitems 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.

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

1. Financial assets other than derivatives, continued

Classification and presentation, continued

ii. Financial assets at fair value though 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 and fair value through profit or loss.

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

i) Financial liabilities at amortized cost

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

2. **Significant accounting principles,** continued

f) Financial assets and liabilities, continued

2. **Financial liabilities,** continued

ii) Financial liabilities at fair value through profit or loss

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

This classification includes derivatives designated as effective hedging instruments (see note 23,2).

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

3. **Derivative financial instruments**

The Company holds hedge derivatives to manage its exposure to interest and/or exchange rate risks (see Note 23.2) 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.

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

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

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

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

3. Derivative financial instruments, continued

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

The fair value of the derivatives portfolio reflects estimates based on calculations made from observable market data, using specific assessment and risk management tools widely used among diverse financial entities.

g) Inventory

Materials for consumption and replacement are valued at their weighted average cost or at net realizable value, whichever is lower.

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

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

Obsolescence is determined on the basis of the age and commercial rotation of equipment and accessories. According to the Company's policies, a provision has been made for inventories whose age since the purchase is greater than 360 days and whose rotation is greater than 12 months. Likewise, stored scrapped products or accessories are considered to be a total loss.

h) Non- Current assets or disposal groups classified as held for sale

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

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

2. Significant accounting principles, continued

i) Impairment of non-current assets

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

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

j) Leases

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

1) Initial recognition

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

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

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

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

2) Subsequent measurement

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

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

2. Significant accounting principles, continued

j) Leases, continued

2) Subsequent measurement, continued

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

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

k) Income taxes

The income tax expense for each period 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, being 27% as of September 30, 2021 and December 31, 2020, respectively.

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

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

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

l) Goodwill

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

2. Significant accounting principles, continued

l) Goodwill, continued

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

Impairment testing was determined considering the following estimated variables:

i) Forecasted operating revenue and costs are based on the Strategic Plan for 2021, 2022 and 2023, forecasting a fourth and fifth year as terminal value. These projections have been made considering the Company's best estimates, using sectorial projections, historical behavior of the business and future expectations.

ii) Cash flow projections are made at a terminal value, covering a 5-year period, with the last period being the terminal value.

iii) The rate used to discount future cash flows considers the time value of money and the individual risks of the assets under analysis.

iv) The valuation is determined using the value in use (VU) mechanism, which requires that the VU be determined using the net present value of the cash flows that the Company expects to receive from the Cash Generating Unit (CGU). Telefónica Chile S.A. and its subsidiary Telefónica Empresas Chile S.A. have been considered to be a CGU and provide fixed broadband, television, fixed telephone and technology services for companies.

m) Investment properties

Investment properties correspond to buildings held for the purpose of obtaining income instead of using them in the production process, or in the supply of goods or services, or for administrative purposes, or to sell themin 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.

2. Significant accounting principles, continued

n) Intangibles

i) Administrative concessions

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

ii) Licenses and software

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

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

The methods and periods of amortization applied are reviewed as of each period 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 is 3 years for software licenses and a maximum of 20 years for rights to use underwater cable.

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

ñ) Property, plant and equipment

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

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

2. Significant accounting principles, continued

ñ) Property, plant and equipment, continued

These future disbursements are incorporated in the restated value of the asset, recognizing the corresponding dismantling provision.

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

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

Interest and other financial expenses incurred and directly attributable to the acquisition or construction of qualifying assets, may be capitalized. Qualifying assets, under the criteria of the Telefónica Group, are assets that require at least 18 months of preparation for their use or sale.

At the end of the 2021 and 2020, periods there are no capitalized interests.

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.

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

o) Depreciation of property, plant and equipment

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

The average annual financial depreciation rate of the Company is approximately 8.7% and 10.12% at September 30, 2021 and 2020, respectively.

2. Significant accounting principles, continued

o) Depreciation of property, plant and equipment, continued

Estimated useful lives are summarized as follows:

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

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

p) Investments in associates

Investments in entities in which the Company has significant influence, but not control and which are accounted for using the equity method, net of any accumulated impairment loss, are recorded in this account, in accordance with IAS 28 "Investments in Associates and Joint Ventures".

The investment in the associate is recorded in the statement of financial position at fair value plus the Company's share in the increase or decrease in equity of the associate net of the Purchase Price Allocation (PPA).

The income statement reflects the Company's share in the results of the associate. The Company recognizes its share in that change and discloses it in the statement of changes in equity. The accounting policies of associates are consistent with those used by the Company.

q) Provisions

i) Post-employment benefits

The Company is obligated to pay staff severance indemnities in respect of collective negotiation agreements. This obligation is provisioned using the actuarial value of the accrued benefit cost method, using a nominal annual discount rate of 5.441% and 3.65% at September 30, 2021 and December 31, 2020 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) Other remunerations

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

2. Significant accounting principles, continued

q) Provisions, continued

iii) Provision for dismantling expenses

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

iv) Other provisions

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

r) Income and expenses

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

The Company's income comes mainly from the provision of the following services:

i) Telecommunications

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

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

In the case of revenues generated only by traffic, they are recorded as they are consumed.

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

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

2. Significant accounting principles, continued

r) Income and expenses, continued

i) Telecommunications, continued

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

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

In the case of prepayment, the amount corresponding to the paid traffic pending generates a deferred income which is recorded within liabilities. Electronic top-ups usually have an expiry period of up to 180 days, and any unused prepaid traffic is recognized directly in income when traffic is consumed or when the top-up expires, since from that moment the Company has no remaining obligations to provide the service.

Monthly fees are recognized as income using the straight-line method in the corresponding 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 andservices 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 valueof the package). To the extent that packages are commercialized with an equipment discount, the application of the new criteria will involve an increase in the recognition of income from sale of equipment, which will generally be recognized coinciding with the time of delivery to the customer, at the expense of periodic income from providing services in subsequent periods.

Likewise, due to IFRS 15 the Company will recognize an asset for the cost of obtaining contracts as long as these are incremental, it is estimated that they will be recovered, they can be allocated to a contract and it is estimated that they will be amortized over more than one year. In addition, the Company will recognize an asset for contract compliance costs as long as these are directly identified with a specific contract, generate or improve the Company's resources that will be used to satisfy or continue to satisfy compliance obligations in the future and the Company expects to recover those costs over time. For both cases, the amortization period is determined based on the transfer to the customer of the goods or services related to those assets (see note 7).

2. Significant accounting principles, continued

r) Income and expenses, continued

i) Telecommunications, continued

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

ii) Customer loyalty program

The Company has a customer loyalty program called "Club Movistar" which provides multiple benefits to its customers which can be provided by third parties or by the Company. These benefits will be reflected as a discount in revenue when points from the program are exchanged for products. As of September 30, 2021 and 2020, the valuation of this loyalty program is immaterial in relation to the contracts for which it was generated.

iii) Government subsidies

Parent Company and the subsidiary Telefónica Chile S.A. participate in tenders for Government projects associated to the Telecommunications Development Fund, for the purpose of receiving resources to install operating assets for the operation and exploitation of public services. These resources, called "Government subsidies", , in the case to be obtained from January 1, 2018, must be presented in the statement of financial position recognizing them as deductions from the book value of the associated assets.

The subsidies obtained prior to January 1, 2018 were initially recorded as a deferred income, in the item "Other non-financial liabilities", and are allocated to results in the period of useful life of the assets associated with these subsidies (Note 26a).

s) Use estimates

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

i) Impairment of trade accounts receivable

The calculation of impairment of long and short-term financial assets measured at amortized cost, related to trade accounts receivable (generated by the sale of goods and services and telecommunications transactions with other operators) and contractual assets, is based on the expected loss per group of customers, for which the Company applies a simplified model. The simplified model is based on an estimated rate of uncollectability to determine the expected credit loss over the entire life of the asset in particular. For this, the Company uses matrices that have been developed based on the historical uncollectability experience and on a portfolio classified by customer category and type of product and services contracted, according to the pattern of credit behavior. The matrix for each category has a defined temporal horizon divided in intervals based on the collection management policy and is fed with historical data encompassing at least 24 collection cycles. Data is periodically updated.

2. Significant accounting principles, continued

s) Use estimates, continued

Based on the observable information at each closing date, the Company analyzes the need to adjust the rates resulting from those matrices based on current market conditions, regulatory changes, credit improvements, and so on, as well as the prevailing and projected macroeconomic forecasts. This means, any event that could reasonably affect the statistically proven impairment behavior of the portfolio.

Due to the above, hedging for the probability of non-payment of the portfolio is established from the time at which revenue is provisioned, thus faithfully reflecting its intrinsic credit risk.

ii) Property, plant and equipment and intangibles

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

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

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

iii) Right of use:

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

iv) Deferred taxes

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

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

2. Significant accounting principles, continued

s) Use estimates, continued

iv) Deferred taxes, continued

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

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

v) Provisions

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

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

vi) Post-employment benefits

The present value of the obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. All assumptions are reviewed once a year. In determining the appropriate discount rate, it is considered the interest rates of instruments issued by the Central Bank of Chile. The mortality rate is based onpublicly available mortality tables for the country.

Future salary increases and pension increases are based on expected future inflation rates for the country. See details of the actuarial hypotheses used in Note 25a).

vii) Other remunerations

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

2. Significant accounting principles, continued

s) Use estimates, continued

viii) Financial assets and liabilities

When the fair value of financial assets and financial liabilities recorded in the balance sheet and disclosed in the notes cannot be derived from active markets, they are determined using valuation techniques including the Discounted Cash Flows model. The inputs to these models are taken from observable markets when possible, but when not, a degree of judgment is required in establishing fair values. The variables include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of the financial instrument.

ix) Inventory

The inventory obsolescence estimate is described in Note 2g).

t) Methods of consolidation

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

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

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

The value of the participation of minority shareholders in the equity and results of companies subsidiaries consolidated by the global integration method is presented in the items "non-controlling interests" and "profit attributable to non-controlling interests", respectively.

2. Significant accounting principles, continued

u) 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
NIIF 1	First-time adoption of International Financial Reporting Standards	January 1, 2022
NIIF 9	Financial Instruments	January 1, 2022
NIIF 16	Leases	January 1, 2022
NIC 41	Agriculture	January 1, 2022
IFRS 17	Insurance Contracts	January 1, 2023

NIIF 1 "First-time adoption of International Financial Reporting Standards"

Allows entities that have measured their assets and liabilities at the book value recorded in the books of its parent company to also measure cumulative foreign currency differences using the amounts reported by the parent company. This amendment will also be applied to associates and joint ventures that have opted for the same IFRS 1 exemption.

NIIF 9 Financial Instruments

Clarifies which fees must be included in the 10% test for derecognition in financial liability accounts.

NIIF 16 "Leases"

Amendment of illustrative example 13 to eliminate the illustration of payments made by the lessee related to leasehold improvements, to eliminate any confusion regarding the treatment of lease incentives.

NIC 41 "Agriculture"

Removes the requirement for entities to exclude taxation cash flows when measuring fair value according to IAS 41. The purpose of this amendment is to be in line with the requirement of the standard to discount after-tax cash flows.

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 discretional participation characteristics. The standard is applicable to annual years commencing as of January 1, 2021. Early application is allowed only when IFRS 15, "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" are applied.

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

2. Significant accounting principles, continued

u) New IFRS and Interpretations of the IFRS Interpretations Committee

ii. Standards, interpretations and amendments issued, the application of which is not yet mandatory, for which there has been no early adoption.

	Improvements and amendments	Mandatory application date
NIC 1	Presentation of financial statements	January 1, 2023
NIC 12	Income Taxes	January 1, 2023
NIC 16	Property, plant and equipment	January 1, 2022
NIC 37	Provisions, contingent liabilities and contingent assets	January 1, 2022
NIIF 3	Business Combinations, implementation guide review	January 1, 2022
NIIF 10 y NIC 8	Consolidated financial statements and Investments in Associates and Joint Ventures	To determinate

Amendment to IAS 1 "Presentation of Financial Statements"

The classification is not affected by the entity's expectation of events after the reporting date (for example, reception of a resignation or breach of covenant). The amendment also clarifies the meaning of IAS 1 when it refers to the "settlement" of a liability. The amendment must be applied retrospectively in accordance with IAS 8. The effective date of initial application is January 1, 2022, however, that date was deferred to January 1, 2023.

Amendment to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies"

Practice Statement 2 and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", published in February 2021. The purpose of the amendments is to improve accounting policy disclosures and help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 – Deferred Taxes Related to Assets and Liabilities Arising from a Single Transaction.

These amendments require that companies recognize deferred taxes on transactions that, upon initial recognition, lead to equal amounts of taxable and deductible temporary differences.

Amendment to IAS 16, "Property, Plant and Equipment "

Prohibits a company from deducting the cost of property, plant and equipment received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss for the year.

Amendment to IAS 37, "Provisions, Contingent Liabilities and Contingent Assets"

Clarifies, for onerous contracts, which inevitable costs a company must include to assess whether a contract will generate losses.

Amendment to IFRS 3, "Business Combinations"

Minor modifications were made to IFRS 3 to update references to the Conceptual Framework for financial information, without changing business combination requirements.

2. Significant accounting principles, continued

u) New IFRS and Interpretations of the IFRS Interpretations Committee

ii) Standards, interpretations and amendments issued, the application of which is not yet mandatory, for which there has been no early adoption, continued.

Amendment to IFRS 10, "Business Combinations" and IAS 28 "Investments in Associates and Joint Ventures".

Published in September 2014. This amendment addresses an inconsistency between the requirements of IFRS 10 and those of IAS 28 in the treatment of the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full profit or loss is recognized when the transaction involves a business (whether in a subsidiary or not) and a partial profit or loss when the transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.

Based on the analysis carried out to date, the Company believes that the adoption of the mentioned standards, amendments and interpretations will not have a significant impact on the Company's financial statements.

iii) Standards, interpretations and amendments mandatory for the first time for financial years beginning on January 1, 2021.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark (IBOR) Reform – Phase 2". Published in August 2020. It addresses the problems arising during the interest rate benchmark reform, including replacement of one benchmark with an alternative one.

Amendment to IFRS 16 "Rent Concessions" published in March 2021. This amendment extends the application of the practical expedient of IFRS 16 Leases (contained in the amendment to that standard published in May 2020) for one year, for the purpose of helping lessees account for rent concessions related to Covid-19. The amendment is effective for annual periods beginning as of April 1, 2021; however, early adoption is allowed even for financial statements whose issuance has not been authorized as of May 31, 2021.

Based on the analysis carried out to date, the Company believes that the adoption of the mentioned standards, amendments and interpretations will not have a significant impact on the Company's financial statements.

2. Significant accounting principles, continued

v) 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 changein value. The following expressions are used in the following sense:

i. Operating activities: are activities that constitute the main source of the Company's ordinary income, as well as other activities that cannot be qualified as investing or financing.

ii. Investing activities: are activities such as acquisition, alienation or disposal of non-current assets by other means and other investments not included in cash and cash equivalents.

iii. Financing activities: are activities that produce changes in the size and composition of total shareholders' equity and financial liabilities.

3. Changes in Accounting Policy and Disclosures

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

4. Financial information by segment

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

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

The operating segments reported internally are as follows:

a) Mobile Telecommunications

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

b) Fixed Telecommunications

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

c) Corporate Communications and Data

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

d) Television Services

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

e) Others

"Other" includes logistics, personnel and management services.

4. Financial information by segment, continued

Relevant information regarding Telefónica Móviles Chile S.A. and its subsidiaries, which represent different segments, together with information regarding other subsidiaries, corresponding to September 30, 2021, December 31, 2020 and September 30, 2020 is detailed as follows:

For the exercise ended as of September 30, 2021	Mobile Telecommunications	Fixed Telecommunications	Corporate Communication and Data	Television Services	Other	Eliminations	Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Revenue from external customers	660,694,297	270,586,408	127,958,397	95,487,233	-	-	1,154,726,335
Revenue from ordinary activities arising from transactions with other operating segments of the same entity	5,066,531	84,155,495	8,401,166	-	138,893,315	(236,516,507)	-
Total revenue from operating activities from external customers and transactions same entity	**665,760,828**	**354,741,903**	**136,359,563**	**95,487,233**	**138,893,315**	**(236,516,507)**	**1,154,726,335**
Cost of sales	255,995,882	75,954,430	118,116,245	58,740,080	-	(120,440,131)	388,366,506
Impairment losses (reversal of impairment losses)	31,194,933	4,499,660	684,560	229,605	-	-	36,608,758
Administrative expenses	215,321,803	147,231,672	25,727,082	23,633,021	18,723,615	(101,936,563)	328,700,630
Employee benefits expenses	784,555	-	-	-	112,156,350	(12,933,036)	100,007,869
Cost of interest	23,360,790	17,055,522	506,586	493,394	1,085,980	(9,998,271)	32,504,001
Interest income	3,271,062	8,740,574	648,781	-	152,235	(9,998,272)	2,814,380
Depreciation and amortization	118,032,219	90,143,612	7,032,029	2,306,071	1,522,159	(366,638)	218,669,452
Share in earnings (losses) of associates and joint ventures	302,337,140	1,693,553	63,639	-	-	(304,190,027)	(95,695)
Income tax expense	17,366,891	91,506,655	342,053	172,190	650,086	-	110,037,875
Other significant non-cash items	9,155,151	363,754,086	5,489,361	(709,393)	(12,027)	(510)	377,676,668
Profits(loss) before tax	**335,833,999**	**394,045,220**	**(9,505,158)**	**9,375,669**	**5,545,419**	**(305,030,677)**	**430,264,472**
Profit (loss) for the period from continuing	**318,467,108**	**302,538,565**	**(9,847,211)**	**9,203,479**	**4,895,333**	**(305,030,677)**	**320,226,597**
Profit (loss) for the period from	-	-	-	-	-	-	-
Profit (loss) for the period	**318,467,108**	**302,538,565**	**(9,847,211)**	**9,203,479**	**4,895,333**	**(305,030,677)**	**320,226,597**
Assets	2,421,116,523	1,781,215,351	192,378,844	133,686,993	158,721,018	(1,292,474,336)	3,394,644,393
Investments accounted for using the equity method and Investments in associates and joint ventures	771,590,044	203,493,897	938,725	-	-	(908,324,738)	67,697,928
Increases in non-current assets	41,009,631	53,423,979	5,140,121	-	-	-	99,573,731
Liabilities	1,110,176,428	1,038,625,876	133,433,231	92,724,787	86,511,458	(374,138,105)	2,087,333,675
Shareholders' equity	1,310,940,095	742,589,475	58,945,613	40,962,206	72,209,560	(918,336,231)	1,307,310,718
Liabilities & Shareholders' equity	2,421,116,523	1,781,215,351	192,378,844	133,686,993	158,721,018	(1,292,474,336)	3,394,644,393
Cash flows provided by (used in) operating activities	13,728,676	53,203,138	(50,176,929)	(35,136,928)	(524,841)	84,424,569	65,517,685
Cash flows provided by (used in) investment activities	82,978,335	367,836,287	3,928,518	2,750,986	-	(243,347,692)	214,146,434
Cash flows provided by (used in) financing activities	(386,280,457)	(501,909,665)	47,125,912	33,000,421	160,000	290,354,799	(517,548,990)

4. Financial information by segment, continued

For the exercise ended as of December 31, 2020	Mobile Telecommunications ThCh$	Fixed Telecommunications ThCh$	Corporate Communication and Data ThCh$	Television Services ThCh$	Other ThCh$	Eliminations ThCh$	Total ThCh$
Revenue from external customers	830,285,705	307,199,084	177,136,639	115,562,154	-	-	1,430,183,582
Revenue from ordinary activities arising fromtransactions with other operating segments of the same entity	6,664,082	114,365,397	12,060,258	-	176,973,250	(310,062,987)	-
Total revenue from operating activities from external customers and transactions with other operating segments of the	**836,949,787**	**421,564,481**	**189,196,897**	**115,562,154**	**176,973,250**	**(310,062,987)**	**1,430,183,582**
Cost of sales	298,585,958	41,734,573	153,325,575	71,116,112	-	(145,120,363)	419,641,855
Impairment losses (reversal of impairment losses)	42,005,059	17,150,524	3,741,935	587,890	-	-	63,485,408
Administrative expenses	266,509,873	194,384,510	41,969,840	31,502,640	17,641,249	(141,843,089)	410,165,023
Employee benefits expenses	1,492,419	211,456	29,704	-	149,205,503	(19,550,653)	131,388,429
Cost of interest	36,829,907	24,194,747	280,799	627,109	1,474,073	(12,378,451)	51,028,184
Interest income	4,167,021	10,535,631	1,443,845	-	189,752	(12.378,451)	3,957,798
Depreciation and amortization	158,672,505	153,229,958	13,099,912	3,688,987	2,059,380	(2,278,098)	328,472,644
Share in earnings (losses) of associates and joint ventures	931,195	(5,830,416)	70,933	-	-	4,828,288	-
Income tax expense	15,481,413	3,996,092	(9,907,770)	6,027,542	1,415,233	-	17,012,510
Other significant non-cash items	10,767,345	6,874,641	1,179,332	94,891	88,790	(7)	19,004,992
Profits(loss) before tax	**48,719,627**	**2,238,569**	**(20,556,758)**	**8,134,307**	**6,871,587**	**3,557,497**	**48,964,829**
Profit (loss) for the period from continuing operations	**33,238,214**	**(1,757,523)**	**(10,648,988)**	**2,106,765**	**5,456,354**	**3,557,497**	**31,952,319**
Profit (loss) for the period from discontinuing operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit (loss) for the period	**33,238,214**	**(1,757,523)**	**(10,648,988)**	**2,106,765**	**5,456,354**	**3,557,497**	**31,952,319**
Assets	2,514,424,499	1,564,835,180	136,365,110	173,555,594	161,237,011	(1,315,011,182)	3,235,406,212
Investments accounted for using the equity method	688,600,626	126,159,606	847,629	-	-	(815,607,861)	-
Increases in non-current assets	43,270,386	87,243,696	10,402,904	-	-	-	140,916,986
Liabilities	1,121,301,544	902,491,183	121,053,850	95,113,740	96,034,808	(490,233,477)	1,845,761,648
Shareholders' equity	1,393,122,957	662,343,997	15,311,260	78,441,854	65,202,203	(824,777,707)	1,389,644,564
Liabilities & Shareholders' equity	2,514,424,501	1,564,835,180	136,365,110	173,555,594	161,237,011	(1,315,011,184)	3,235,406,212
Cash flows provided by (used in) operating activities	234,946,785	87,572,862	(1,302,780)	(1,569,310)	6,154,991	101,942,289	427,744,837
Cash flows provided by (used in) investment activities	(41,960,933)	(164,407,197)	(524,425)	(932,310)	-	(9,290,316)	(217,115,181)
Cash flows provided by (used in) financing activities	(28,971,314)	41,896,294	2,483,795	3,035,749	(7,051,925)	9,320,653	20,713,252

4. Financial information by segment, continued

For the exercise ended as of September 30, 2020	Mobile Telecommunications ThCh$	Fixed Telecommunications ThCh$	Corporate Communication and Data ThCh$	Television Services ThCh$	Other ThCh$	Eliminations ThCh$	Total ThCh$
Revenue from external customers	604,824,385	226,114,862	123,578,755	86,052,627	-	-	1,040,570,629
Revenue from ordinary activities arising from transactions with other operating segments of the same entity	5,092,844	89,953,228	8,850,909	-	131,756,280	(235,653,261)	-
Total revenue from operating activities from external customers and transactions same entity	**609,917,229**	**316,068,090**	**132,429,664**	**86,052,627**	**131,756,280**	**(235,653,261)**	**1,040,570,629**
Cost of sales	213,958,673	29,486,184	90,098,622	70,169,835	-	(107,897,947)	295,815,367
Impairment losses (reversal of impairment losses)	32,140,785	14,235,598	2,648,924	531,698	-	-	49,557,005
Administrative expenses	196,634,923	146,855,151	36,486,811	18,021,874	13,744,736	(110,044,124)	301,699,371
Employee benefits expenses	1,075,262	258,321	29,704	-	110,466,233	(14,750,080)	97,079,440
Cost of interest	27,002,972	18,044,410	152,908	234,530	1,104,296	(9,014,611)	37,524,505
Interest income	2,781,550	8,074,288	1,087,040	-	170,562	(9,014,611)	3,098,829
Depreciation and amortization	117,081,524	116,603,030	10,176,520	2,874,346	1,549,872	(2,003,485)	246,281,807
Share in earnings (losses) of associates and joint ventures	(2,191,899)	(6,709,814)	51,221	-	-	8,850,492	-
Income tax expense	4,882,649	1,967,821	(751,210)	(2,740,194)	1,134,840	(1)	4,493,905
Other significant non-cash items	4,369,674	5,859,670	(449,115)	94,891	13,227	(1,127)	9,887,220
Profits(loss) before tax	**26,982,415**	**(2,190,460)**	**(6,474,679)**	**(5,684,765)**	**5,074,932**	**7,891,740**	**25,599,183**
Profit (loss) for the period from continuing	**22,099,766**	**(4,158,281)**	**(5,723,469)**	**(2,944,571)**	**3,940,092**	**7,891,741**	**21,105,278**
Profit (loss) for the period from	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit (loss) for the period	**22,099,766**	**(4,158,281)**	**(5,723,469)**	**(2,944,571)**	**3,940,092**	**7,891,741**	**21,105,278**
Assets	2,420,726,457	1,568,591,574	129,722,590	165,101,478	150,692,116	(1,293,145,442)	3,141,688,773
Investments accounted for using the equity method	694,142,724	129,992,907	819,324	-	-	(824,954,955)	-
Increases in non-current assets	37,203,660	62,316,148	8,162,731	-	-	-	107,682,539
Liabilities	1,012,829,531	899,581,326	109,847,109	86,308,442	87,667,180	(459,333,607)	1,736,899,981
Shareholders' equity	1,407,896,924	669,010,248	19,875,481	78,793,036	63,024,936	(833,811,832)	1,404,788,793
Liabilities & Shareholders' equity	2,420,726,455	1,568,591,574	129,722,590	165,101,478	150,692,116	(1,293,145,439)	3,141,688,774
Cash flows provided by (used in) operating activities	112,000,214	(369,832)	(5,894,889)	(7,100,898)	(555,661)	86,720,090	184,799,024
Cash flows provided by (used in) investment activities	(46,153,634)	(126,308,415)	(1,554,093)	(2,762,832)	-	(9,313,694)	(186,092,668)
Cash flows provided by (used in) financing activities	(111,372,576)	37,726,802	7,443,654	9,097,800	(608,925)	9,313,694	(48,399,551)

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

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

5. Cash and cash equivalents

Cash and cash equivalents composition is detailed as follows:

Concepts	Currency	09.30.2021 ThCh$	12.31.2020 ThCh$
Cash (a)		**425,402**	**690,363**
	CLP	424,650	689,665
	EUR	752	698
Banks (b)		**132,494,692**	**125,114,499**
	CLP	129,796,759	123,169,727
	USD	2,159,279	1,786,501
	EUR	483,211	86,385
	Other currencies	55,443	71,886
Time deposits (c)		**95,004,364**	**340,004,467**
	CLP	95,004,364	340,004,467
Total cash and cash equivalents		**227,924,458**	**465,809,329**
Sub-total by currency	**CLP**	**225,225,773**	**463,863,859**
	USD	**2,159,279**	**1,786,501**
	EUR	**483,963**	**87,083**
	Other currencies	**55,443**	**71,886**

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

a) Cash

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

b) Banks

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

5. Cash and cash equivalents, continued

c) Time deposits

Time deposits, maturing in less than 90 days, are recorded at fair value and, of September 30, 2021 and December 31, 2020, are detailed as follows:

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh$	Accrued interest in local currency ThCh$	09.30.2021 ThCh$
Time deposits	CLP	95,000,000	0.57%	13	95,000,000	4,364	95,004,364
Total					**95,000,000**	**4,364**	**95,004,364**

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh$	Accrued interest in local currency ThCh$	12.31.2020 ThCh$
Time deposits	CLP	340,000,000	0.24%	10	340,000,000	4,467	340,004,467
Total					**340,000,000**	**4,467**	**340,004,467**

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

6. Other current and non-current financial assets

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

Concepts		09.30.2021 Current ThCh$	09.30.2021 Non-Current ThCh$	12.31.2020 Current ThCh$	12.31.2020 Non-Current ThCh$
Hedging instruments	(See Note 23,2)	22,019,196	217,260,655	10,167,161	159,119,588
Other non-trade accounts receivable	(a)	18,956,205	20,523,631	-	-
Other investments	(b)(c)	10,048,990	5,972,214	-	5,972,036
Guarantees established	(d)	585,360	-	319,953	-
Total		**51,609,751**	**243,756,500**	**10,487,114**	**165,091,624**

a) Corresponds to the concept of earn out agreed in the optic fiber business sales transaction (see note 19).

b) Financial Instruments are detailed as follows.

Type of investment	Currency	Capital in original currency (thousands)	Effective rate	Average days to maturity	Capital in local currency ThCh$	Accrued interest ThCh$	09.30.2021 ThCh$
Financial instruments	USD	12,800	0.3%	35	10,048,384	606	10,048,990
Total		**12,800**			**10,048,384**	**606**	**10,048,990**

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

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

Participation	Country	Investment currency	09.30.2021 ThCh$	12.31.2020 ThCh$
Telefónica Brasil (1) (2)	Brazil	REAL	5,972,096	5,971,918
Other participation (3)	Chile	CLP	118	118
Total			**5,972,214**	**5,972,036**

(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 September 30, 2021 and December 31, 2020, dividends in the amount of ThCh$196,801 and ThCh$239,081, respectively, that have been recognized as finance income (see note 31a).

(3) Corresponds to the participation in the companies Pegaso México and Telefónica Argentina.

d) Guarantees are those established for clients, official organizations and other institutions.

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

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

Concepts	09.30.2021 Current ThCh$	09.30.2021 Non-current ThCh$	12.31.2020 Current ThCh$	12.31.2020 Non-current ThCh$
Contract compliance costs (1)	44,299,941	79,734,360	32,386,274	41,861,530
Costs of obtaining contracts (2)	23,226,234	38,356,578	11,703,978	15,219,092
Support and repair services (3)	8,554,722	7,422	2,728,256	14,843
Deferred cost of handsets	4,879,061	-	9,407,689	-
insurance	3,026,118	-	1,418,266	
Advance leases (4)	2,459,731	287,816	2,805,765	319,043
Amortizable expenses	1,881,787	53,963	1,498,949	80,680
Other Taxes (5)	5,588,347	-	9,667,819	-
Total	**93,915,941**	**118,440,139**	**71,616,996**	**57,495,188**

(1) As of September 30, 2021 this item includes capitalization of compliance costs associated with television equipment, broadband equipment and project management in the amount to ThCh$19,459,607, ThCh$23,904,516 and ThCh$935,914 in current, and ThCh$25,796,831 ThCh$53,818,873 and ThCh$618,559 in non-current. As of December 31, 2020 this item included capitalization of compliance costs associated to television equipment, broadband equipment and project management in the amount of ThCh$18,175,635, ThCh$13,388,820 and ThCh$821,819 in current, and ThCh$12,077,857, ThCh$28,963,469 and ThCh$820,204 in non-current. In the first quarter of 2020 the broadband service contractual conditions changed, which caused the capitalization of associated compliance costs. Quarterly, the Company reviews the behavior of the average life of the client to calculate the amortizable expense.

(2) Corresponds mainly to capitalization of commissions for customers acquisition. As of July 1, 2020, includes capitalization of commission costs associated to adding new mobile telephone, basic telephone, broadband and television customers. This is due to the change in estimate of the amortization period of these customer acquisition costs (average lifetime of the customer) for customers with indefinite contracts. The company checks the customer's average lifetime behavior to calculate the amortizable expense.

(3) Includes amortizable expenses from services, maintenance and software licenses.

(4) This item includes operating leases outside the IFRS 16 standard.

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

8. Current trade and other accounts receivable

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

Concepts	09.30.2021 Gross value ThCh$	09.30.2021 Provision for impairment ThCh$	09.30.2021 Net value ThCh$	12.31.2020 Gross value ThCh$	12.31.2020 Provision for impairment ThCh$	12.31.2020 Net value ThCh$
Receivables on current loan transactions	**491,674,662**	**(191,717,476)**	**299,957,186**	**425,524,730**	**(215,793,759)**	**209,730,971**
Invoiced services (1)	284,323,718	(189,032,259)	95,291,459	282,568,700	(213,516,018)	69,052,682
Services provided and not invoiced	192,586,050	(2,343,052)	190,242,998	125,198,716	(1,303,780)	123,894,936
Contractual asset (2)	14,764,894	(342,165)	14,422,729	17,757,314	(973,961)	16,783,353
Miscellaneous receivables (3)	**18,817,910**	**-**	**18,817,910**	**24,755,727**	**-**	**24,755,727**
Total	**510,492,572**	**(191,717,476)**	**318,775,096**	**450,280,457**	**(215,793,759)**	**234,486,698**

(1) As of September , 2021 and December 31, 2020 closing dates, large company portfolio sales were carried out, massive services and mobile handset installments for a total amount of ThCh$$36,116,219 and ThCh$122,898,754, respectively, The Company has become the collection agent for massive service transactions.

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

(3) As of September 2021 and December 2020 reporting dates, this item mainly includes loans and advances to employees in the amount of ThCh$6,998,609 and ThCh$7,676,369, advances to suppliers in the amount of ThCh$2,172,874 and ThCh$4,567,559, miscellaneous receivables from disposal of property, plant and equipment in the amount of ThCh$3,433,869 and ThCh$2,267,225 and Voissnet contingency (See Note 34a) i), respectively.

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	09.30.2021 Less than 3 months	09.30.2021 3 to 6 months	09.30.2021 6 to 12 months	09.30.2021 Older than 12 months	09.30.2021 Total	12.31.2020 Less than 3 months	12.31.2020 3 to 6 months	12.31.2020 6 to 12 months	12.31.2020 Older than 12 months	12.31.2020 Total
Miscellaneous receivables	29,580,980	10,750,454	1,047,301	-	41,378,735	28,729,637	9,033,283	1,713,058	-	39,475,978
Total	**29,580,980**	**10,750,454**	**1,047,301**	**-**	**41,378,735**	**28,729,637**	**9,033,283**	**1,713,058**	**-**	**39,475,978**

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

Movements	09.30.2021 ThCh$	12.31.2020 ThCh$
Beginning balance	**218,699,345**	**226,399,971**
Increases	37,022,668	63,732,465
Eliminations/ Additions (1)	(59,754,052)	(71,433,091)
Movements, subtotal	**(22,731,384)**	**(7,700,626)**
Ending balance	**195,967,961**	**218,699,345**

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

8. Current trade and other accounts receivable, continued

The Company has evaluated the impairment of trade accounts receivable as of September 30, 2021 as a result of Covid-19 considering the following:

Regulatory measures due to the health contingency.

Company measures related to new service plans offered to customers.

Differentiated analysis by segment.

- Update of rates as of September 2021 for each of the segments resulting from recoverability matrices under the habitual procedure.
- Evolution and follow-up of collection.

Based on the analysis performed, as of the closing date of these financial statements, the Company has not recorded an additional expense for impairment of trade accounts receivable. Since the Company continues with itssignificant collections management procedures, as of September 2021 there is no evidence of significant deviancesin the collectability rate.

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

d) Provision for impairment movements according to the composition of the portfolio as of September 30, 2021 and December 31, 2020 are detailed as follows:

Provisions and write-offs	09.30.2021 ThCh$	12.31.2020 ThCh$
Provision for non renegotiated portfolio	37,793,017	64,269,058
Provision for renegotiated portfolio	(770,349)	(536,593)
Write-offs for the period	(59,754,052)	(71,433,091)
Total	**(22,731,384)**	**(7,700,626)**

e) As of September 30, 2021 and December 31, 2020 the portfolio of returned documents and those in judicial collection is detailed as follows:

Portfolio of returned documents and judicial collection as of 09.30.2021	Returned notes receivable portfolio w/o guarantee	Returned notes receivable, portfolio w/guarantee	Notes receivable in judicial collection, portfolio w/o guarantee	Notes receivable in judicial collection, portfolio w/guarantee
Number of customers in portfolio of returned documents or those in judicial collection	1,412	-	-	-
Portfolio of returned documents or those in judicial collection (ThCh$)	1,761,444	-	-	-

Portfolio of returned documents and judicial collection as of 12.31.2020	Returned notes receivable, portfolio w/o guarantee	Returned notes receivable, portfolio w/guarantee	Notes receivable in judicial collection, portfolio w/o guarantee	Notes receivable in judicial collection, portfolio w/guarantee
Number of customers in portfolio of returned documents or those in judicial collection	1,412	-	-	-
Portfolio of returned documents or those in judicial collection (ThCh$)	1,761,444	-	-	-

8. Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of September 30, 2021 is detailed as follows:

Stratification of portfolio by segment As of September 30, 2021	Up to date ThCh$	From 1 to 30 days ThCh$	From 31 to 60 days ThCh$	From 61 to 90 day ThCh$	From 91 to 120 days ThCh$	From 121 to 150 days ThCh$	From 151 to 180 days ThCh$	From 181 to 210 days ThCh$	From 211 to 250 days ThCh$	More than 250 days ThCh$	Total portfolio w/o guarantee ThCh$
Fixed Telecommunications											
Number of clients w/o renegotiation (1)	567,218	218,508	42,879	38,496	34,944	30,460	30,216	28,777	32,190	3,021,951	4,045,639
Net portfolio w/o renegotiation	37,881,297	6,004,503	576,587	719,513	991,468	535,751	8,772	-	-	-	46,717,891
Debt	39,513,725	8,006,622	1,924,406	3,780,146	2,531,085	2,073,372	1,166,443	1,352,058	1,750,077	75,321,389	137,419,323
Accrual	(1,632,428)	(2,002,119)	(1,347,819)	(3,060,633)	(1,539,617)	(1,537,621)	(1,157,671)	(1,352,058)	(1,750,077)	(75,321,389)	(90,701,432)
Number of clients w/renegotiation	4,641	1,708	327	161	72	34	29	29	35	90,501	97,537
Net renegotiated portfolio	18,132	79	1	-	-	-	-	-	-	-	18,212
Debt	72,797	22,076	4,789	2,716	1,582	900	564	913	709	830,838	937,884
Accrual	(54,665)	(21,997)	(4,788)	(2,716)	(1,582)	(900)	(564)	(913)	(709)	(830,838)	(919,672)
Total number of clients	**571,859**	**220,216**	**43,206**	**38,657**	**35,016**	**30,494**	**30,245**	**28,806**	**32,225**	**3,112,452**	**4,143,176**
Total Fixed Telephone Portfolio	**37,899,429**	**6,004,582**	**576,588**	**719,513**	**991,468**	**535,751**	**8,772**	**-**	**-**	**-**	**46,736,103**
Debt	**39,586,522**	**8,028,698**	**1,929,195**	**3,782,862**	**2,532,667**	**2,074,272**	**1,167,007**	**1,352,971**	**1,750,786**	**76,152,227**	**138,357,207**
Accrual	**(1,687,093)**	**(2,024,116)**	**(1,352,607)**	**(3,063,349)**	**(1,541,199)**	**(1,538,521)**	**(1,158,235)**	**(1,352,971)**	**(1,750,786)**	**(76,152,227)**	**(91,621,104)**
Corporate Communication and Data											
Number of clients w/o renegotiation (1)	2,245	1,116	36	739	619	581	509	475	551	4,846	11,717
Net portfolio w/o renegotiation	53,750,782	5,580,113	251,404	1,769,759	1,350,831	674,120	365,502	251,725	398,011	397,565	64,789,812
Debt	54,217,743	6,067,977	293,251	2,278,561	1,959,998	1,111,307	713,174	580,947	1,097,053	10,891,950	79,211,961
Accrual	(466,961)	(487,864)	(41,847)	(508,802)	(609,167)	(437,187)	(347,672)	(329,222)	(699,042)	(10,494,385)	(14,422,149)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	**2,245**	**1,116**	**36**	**739**	**619**	**581**	**509**	**475**	**551**	**4,846**	**11,717**
Total Corporate Communication and Data Portfolio	**53,750,782**	**5,580,113**	**251,404**	**1,769,759**	**1,350,831**	**674,120**	**365,502**	**251,725**	**398,011**	**397,565**	**64,789,812**
Debt	**54,217,743**	**6,067,977**	**293,251**	**2,278,561**	**1,959,998**	**1,111,307**	**713,174**	**580,947**	**1,097,053**	**10,891,950**	**79,211,961**
Accrual	**(466,961)**	**(487,864)**	**(41,847)**	**(508,802)**	**(609,167)**	**(437,187)**	**(347,672)**	**(329,222)**	**(699,042)**	**(10,494,385)**	**(14,422,149)**
Television											
Number of clients w/o renegotiation (1)	257,947	87,152	13,107	11,395	9,971	9,701	10,059	9,922	10,951	197,115	617,320
Net portfolio w/o renegotiation	15,599,493	1,612,872	45,769	11,330	3,779	1,519	1,298	-	-	-	17,276,060
Debt	15,609,698	1,964,707	259,983	125,753	194,789	211,957	216,855	203,965	196,989	5,450,439	24,435,135
Accrual	(10,205)	(351,835)	(214,214)	(114,423)	(191,010)	(210,438)	(215,557)	(203,965)	(196,989)	(5,450,439)	(7,159,075)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	**257,947**	**87,152**	**13,107**	**11,395**	**9,971**	**9,701**	**10,059**	**9,922**	**10,951**	**197,115**	**617,320**
Total Television Portfolio	**15,599,493**	**1,612,872**	**45,769**	**11,330**	**3,779**	**1,519**	**1,298**	**-**	**-**	**-**	**17,276,060**
Debt	**15,609,698**	**1,964,707**	**259,983**	**125,753**	**194,789**	**211,957**	**216,855**	**203,965**	**196,989**	**5,450,439**	**24,435,135**
Accrual	**(10,205)**	**(351,835)**	**(214,214)**	**(114,423)**	**(191,010)**	**(210,438)**	**(215,557)**	**(203,965)**	**(196,989)**	**(5,450,439)**	**(7,159,075)**

(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 September 30, 2021 is detailed as follows, continued

Stratification of portfolio by segment As of September 30, 2021	Up to date ThCh$	From 1 to 30 days ThCh$	From 31 to 60 days ThCh$	From 61 to 90 day ThCh$	From 91 to 120 days ThCh$	From 121 to 150 days ThCh$	From 151 to 180 days ThCh$	From 181 to 210 days ThCh$	From 211 to 250 days ThCh$	More than 250 days ThCh$	Total portfolio w/o guarantee ThCh$
Mobile Business											
Number of clients w/o renegotiation (1)	946,400	317,147	46,035	39,545	24,695	30,346	29,112	41,115	30,433	1,601,345	3,106,173
Net portfolio w/o renegotiation	136,290,821	3,065,359	2,627,948	7,315,743	402,517	2,646,398	3,768,499	-	-	63,158	156,180,443
Debt	137,085,532	5,982,454	4,781,640	10,147,657	2,833,132	5,390,608	6,119,591	2,510,696	2,866,657	55,936,120	233,654,087
Accrual	(794,711)	(2,917,095)	(2,153,692)	(2,831,914)	(2,430,615)	(2,744,210)	(2,351,092)	(2,510,696)	(2,866,657)	(55,872,962)	(77,473,644)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	8,757	8,757
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	(63,158)	(63,158)
Debt	-	-	-	-	-	9	9	9	9	636,145	636,181
Accrual	-	-	-	-	-	(9)	(9)	(9)	(9)	(699,303)	(699,339)
Total number of clients	**946,400**	**317,147**	**46,035**	**39,545**	**24,695**	**30,346**	**29,112**	**41,115**	**30,433**	**1,610,102**	**3,114,930**
Total Other Portfolio	**136,290,821**	**3,065,359**	**2,627,948**	**7,315,743**	**402,517**	**2,646,398**	**3,768,499**	**-**	**-**	**-**	**156,117,285**
Debt	**137,085,532**	**5,982,454**	**4,781,640**	**10,147,657**	**2,833,132**	**5,390,617**	**6,119,600**	**2,510,705**	**2,866,666**	**56,572,265**	**234,290,268**
Accrual	**(794,711)**	**(2,917,095)**	**(2,153,692)**	**(2,831,914)**	**(2,430,615)**	**(2,744,219)**	**(2,351,101)**	**(2,510,705)**	**(2,866,666)**	**(56,572,265)**	**(78,172,983)**
Contractual Asset and Others											
Number of clients w/o renegotiation (1)	-	-	-	-	-	-	-	-	-	-	-
Net portfolio w/o renegotiation	33,855,836	-	-	-	-	-	-	-	-	-	33,855,836
Debt	34,198,001	-	-	-	-	-	-	-	-	-	34,198,001
Accrual	(342,165)	-	-	-	-	-	-	-	-	-	(342,165)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	-	-	-	-	-	-	-	-	-	-	-
Total Other Portfolio	**33,855,836**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**33,855,836**
Debt	**34,198,001**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**34,198,001**
Accrual	**(342,165)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(342,165)**
Consolidated Portfolio											
Number of clients w/o renegotiation (1)	1,773,810	623,923	102,057	90,175	70,229	71,088	69,896	80,289	74,125	4,825,257	7,780,849
Net portfolio w/o renegotiation	277,378,229	16,262,847	3,501,708	9,816,345	2,748,595	3,857,788	4,144,071	251,725	398,011	460,723	318,820,042
Debt	280,624,699	22,021,760	7,259,280	16,332,117	7,519,004	8,787,244	8,216,063	4,647,666	5,910,776	147,599,898	508,918,507
Accrual	(3,246,470)	(5,758,913)	(3,757,572)	(6,515,772)	(4,770,409)	(4,929,456)	(4,071,992)	(4,395,941)	(5,512,765)	(147,139,175)	(190,098,465)
Number of clients w/renegotiation	4,641	1,708	327	161	72	34	29	29	35	99,258	106,294
Net renegotiated portfolio	18,132	79	1	-	-	-	-	-	-	(63,158)	(44,946)
Debt	72,797	22,076	4,789	2,716	1,582	909	573	922	718	1,466,983	1,574,065
Accrual	(54,665)	(21,997)	(4,788)	(2,716)	(1,582)	(909)	(573)	(922)	(718)	(1,530,141)	(1,619,011)
Total number of clients	**1,778,451**	**625,631**	**102,384**	**90,336**	**70,301**	**71,122**	**69,925**	**80,318**	**74,160**	**4,924,515**	**7,887,143**
Total Consolidated Portfolio	**277,396,361**	**16,262,926**	**3,501,709**	**9,816,345**	**2,748,595**	**3,857,788**	**4,144,071**	**251,725**	**398,011**	**397,565**	**318,775,096**
Debt	**280,697,496**	**22,043,836**	**7,264,069**	**16,334,833**	**7,520,586**	**8,788,153**	**8,216,636**	**4,648,588**	**5,911,494**	**149,066,881**	**510,492,572**
Accrual	**(3,301,135)**	**(5,780,910)**	**(3,762,360)**	**(6,518,488)**	**(4,771,991)**	**(4,930,365)**	**(4,072,565)**	**(4,396,863)**	**(5,513,483)**	**(148,669,316)**	**(191,717,476)**

(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, 2020 is as follows, continued

Stratification of portfolio by segment As of December 31, 2020	Up to date ThCh$	From 1 to 30 days ThCh$	From 31 to 60 days ThCh$	From 61 to 90 day ThCh$	From 91 to 120 days ThCh$	From 121 to 150 days ThCh$	From 151 to 180 days ThCh$	From 181 to 210 days ThCh$	From 211 to 250 days ThCh$	More than 250 days ThCh$	Total portfolio w/o guarantee ThCh$
Fixed Telecommunications											
Number of clients w/o renegotiation (1)	495.107	213.336	47.237	35.897	31.208	30.271	34.643	41.431	53.908	3.202.452	4.185.490
Net portfolio w/o renegotiation	18.113.101	5.115.450	85.380	589.380	280.505	1.140.416	289.141	-	-	-	25.613.373
Debt	19.822.734	6.952.105	1.223.384	5.297.932	1.355.831	2.563.989	1.117.370	1.075.892	1.050.212	90.217.356	130.676.805
Accrual	(1.709.633)	(1.836.655)	(1.138.004)	(4.708.552)	(1.075.326)	(1.423.573)	(828.229)	(1.075.892)	(1.050.212)	(90.217.356)	(105.063.432)
Number of clients w/renegotiation	10.577	3.722	794	373	234	131	119	107	94	90.133	106.284
Net renegotiated portfolio	29.844	123	1	-	-	-	-	-	-	-	29.968
Debt	150.416	36.513	8.380	4.007	2.470	1.360	1.206	953	823	826.187	1.032.315
Accrual	(120.572)	(36.390)	(8.379)	(4.007)	(2.470)	(1.360)	(1.206)	(953)	(823)	(826.187)	(1.002.347)
Total number of clients	**505.684**	**217.058**	**48.031**	**36.270**	**31.442**	**30.402**	**34.762**	**41.538**	**54.002**	**3.292.585**	**4.291.774**
Total Fixed Telephone Portfolio	**18.142.945**	**5.115.573**	**85.381**	**589.380**	**280.505**	**1.140.416**	**289.141**	**-**	**-**	**-**	**25.643.341**
Debt	**19.973.150**	**6.988.618**	**1.231.764**	**5.301.939**	**1.358.301**	**2.565.349**	**1.118.576**	**1.076.845**	**1.051.035**	**91.043.543**	**131.709.120**
Accrual	**(1.830.205)**	**(1.873.045)**	**(1.146.383)**	**(4.712.559)**	**(1.077.796)**	**(1.424.933)**	**(829.435)**	**(1.076.845)**	**(1.051.035)**	**(91.043.543)**	**(106.065.779)**
Corporate Communication and Data											
Number of clients w/o renegotiation (1)	2,436	1,287	40	740	641	624	522	478	538	4,654	11,960
Net portfolio w/o renegotiation	49,520,680	6,181,584	345,137	2,133,405	981,939	824,075	615,965	567,896	413,883	731,279	62,315,843
Debt	49,692,916	6,451,896	415,277	2,799,009	1,421,039	1,408,674	1,192,344	1,299,829	1,406,135	9,056,166	75,143,285
Accrual	(172,236)	(270,312)	(70,140)	(665,604)	(439,100)	(584,599)	(576,379)	(731,933)	(992,252)	(8,324,887)	(12,827,442)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	**2,436**	**1,287**	**40**	**740**	**641**	**624**	**522**	**478**	**538**	**4,654**	**11,960**
Total Corporate Communication and Data Portfolio	**49,520,680**	**6,181,584**	**345,137**	**2,133,405**	**981,939**	**824,075**	**615,965**	**567,896**	**413,883**	**731,279**	**62,315,843**
Debt	**49,692,916**	**6,451,896**	**415,277**	**2,799,009**	**1,421,039**	**1,408,674**	**1,192,344**	**1,299,829**	**1,406,135**	**9,056,166**	**75,143,285**
Accrual	**(172,236)**	**(270,312)**	**(70,140)**	**(665,604)**	**(439,100)**	**(584,599)**	**(576,379)**	**(731,933)**	**(992,252)**	**(8,324,887)**	**(12,827,442)**
Television											
Number of clients w/o renegotiation (1)	212,536	77,338	12,820	10,069	8,915	9,511	11,572	15,483	22,120	273,126	653,490
Net portfolio w/o renegotiation	12,080,722	198,221	36,416	11,260	5,237	3,499	2,395	-	-	-	12,337,750
Debt	12,090,461	246,195	259,952	202,862	170,803	183,962	114,531	249,478	560,902	10,029,578	24,108,724
Accrual	(9,739)	(47,974)	(223,536)	(191,602)	(165,566)	(180,463)	(112,136)	(249,478)	(560,902)	(10,029,578)	(11,770,974)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	**212,536**	**77,338**	**12,820**	**10,069**	**8,915**	**9,511**	**11,572**	**15,483**	**22,120**	**273,126**	**653,490**
Total Television Portfolio	**12,080,722**	**198,221**	**36,416**	**11,260**	**5,237**	**3,499**	**2,395**	**-**	**-**	**-**	**12,337,750**
Debt	**12,090,461**	**246,195**	**259,952**	**202,862**	**170,803**	**183,962**	**114,531**	**249,478**	**560,902**	**10,029,578**	**24,108,724**
Accrual	**(9,739)**	**(47,974)**	**(223,536)**	**(191,602)**	**(165,566)**	**(180,463)**	**(112,136)**	**(249,478)**	**(560,902)**	**(10,029,578)**	**(11,770,974)**

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

8. Current trade and other accounts receivable, continued

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

Stratification of portfolio by segment As of December 31, 2020	Up to date ThCh$	From 1 to 30 days ThCh$	From 31 to 60 days ThCh$	From 61 to 90 day ThCh$	From 91 to 120 days ThCh$	From 121 to 150 days ThCh$	From 151 to 180 days ThCh$	From 181 to 210 days ThCh$	From 211 to 250 days ThCh$	More than 250 days ThCh$	Total portfolio w/o guarantee ThCh$
Mobile Business											
Number of clients w/o renegotiation (1)	866,171	262,064	43,091	33,866	22,153	27,585	28,911	31,958	41,457	1,886,649	3,243,905
Net portfolio w/o renegotiation	73,727,293	7,065,881	2,933,274	4,034,125	1,374,246	2,002,831	1,513,034	-	-	-	92,650,684
Debt	78,865,019	8,140,435	4,397,200	4,955,376	4,655,727	6,300,620	3,954,351	3,339,949	3,090,069	57,720,528	175,419,274
Accrual	(5,137,726)	(1,074,554)	(1,463,926)	(921,251)	(3,281,481)	(4,297,789)	(2,441,317)	(3,339,949)	(3,090,069)	(57,720,528)	(82,768,590)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	10,556	10,556
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	62	26	26	26	26	9	26	26	44	1,386,742	1,387,013
Accrual	(62)	(26)	(26)	(26)	(26)	(9)	(26)	(26)	(44)	(1,386,742)	(1,387,013)
Total number of clients	**866,171**	**262,064**	**43,091**	**33,866**	**22,153**	**27,585**	**28,911**	**31,958**	**41,457**	**1,897,205**	**3,254,461**
Total Other Portfolio	**73,727,293**	**7,065,881**	**2,933,274**	**4,034,125**	**1,374,246**	**2,002,831**	**1,513,034**	**-**	**-**	**-**	**92,650,684**
Debt	**78,865,081**	**8,140,461**	**4,397,226**	**4,955,402**	**4,655,753**	**6,300,629**	**3,954,377**	**3,339,975**	**3,090,113**	**59,107,270**	**176,806,287**
Accrual	**(5,137,788)**	**(1,074,580)**	**(1,463,952)**	**(921,277)**	**(3,281,507)**	**(4,297,798)**	**(2,441,343)**	**(3,339,975)**	**(3,090,113)**	**(59,107,270)**	**(84,155,603)**
Contractual Asset and Others											
Number of clients w/o renegotiation (1)	-	-	-	-	-	-	-	-	-	-	-
Net portfolio w/o renegotiation	41,539,080	-	-	-	-	-	-	-	-	-	41,539,080
Debt	42,513,041	-	-	-	-	-	-	-	-	-	42,513,041
Accrual	(973,961)	-	-	-	-	-	-	-	-	-	(973,961)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	-	-	-	-	-	-	-	-	-	-	-
Total Other Portfolio	**41,539,080**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**41,539,080**
Debt	**42,513,041**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**42,513,041**
Accrual	**(973,961)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(973,961)**
Consolidated Portfolio											
Number of clients w/o renegotiation (1)	1,576,250	554,025	103,188	80,572	62,917	67,991	75,648	89,350	118,023	5,366,881	8,094,845
Net portfolio w/o renegotiation	194,980,876	18,561,136	3,400,207	6,768,170	2,641,927	3,970,821	2,420,535	567,896	413,883	731,279	234,456,730
Debt	202,984,171	21,790,631	6,295,813	13,255,179	7,603,400	10,457,245	6,378,596	5,965,148	6,107,318	167,023,628	447,861,129
Accrual	(8,003,295)	(3,229,495)	(2,895,606)	(6,487,009)	(4,961,473)	(6,486,424)	(3,958,061)	(5,397,252)	(5,693,435)	(166,292,349)	(213,404,399)
Number of clients w/renegotiation	10,577	3,722	794	373	234	131	119	107	94	100,689	116,840
Net renegotiated portfolio	29,844	123	1	-	-	-	-	-	-	-	29,968
Debt	150,478	36,539	8,406	4,033	2,496	1,369	1,232	979	867	2,212,929	2,419,328
Accrual	(120,634)	(36,416)	(8,405)	(4,033)	(2,496)	(1,369)	(1,232)	(979)	(867)	(2,212,929)	(2,389,360)
Total number of clients	**1,586,827**	**557,747**	**103,982**	**80,945**	**63,151**	**68,122**	**75,767**	**89,457**	**118,117**	**5,467,570**	**8,211,685**
Total Consolidated Portfolio	**195,010,720**	**18,561,259**	**3,400,208**	**6,768,170**	**2,641,927**	**3,970,821**	**2,420,535**	**567,896**	**413,883**	**731,279**	**234,486,698**
Debt	**203,134,649**	**21,827,170**	**6,304,219**	**13,259,212**	**7,605,896**	**10,458,614**	**6,379,828**	**5,966,127**	**6,108,185**	**169,236,557**	**450,280,457**
Accrual	**(8,123,929)**	**(3,265,911)**	**(2,904,011)**	**(6,491,042)**	**(4,963,969)**	**(6,487,793)**	**(3,959,293)**	**(5,398,231)**	**(5,694,302)**	**(168,505,278)**	**(215,793,759)**

(1) The information mentioned in this line represents the number of current customers and 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:

Company	Taxpayer No,	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	09.30.2021 ThCh$	12.31.2020 ThCh$
Infraco SpA (1)	77,122,635-3	Chile	Associate	**Subtotal**	**CLP**		**25,869,089**	**-**
				Deployment services	CLP	60 days	19,534,832	-
				Wholesale and other services	CLP	60 days	5,654,724	-
				Mandate	CLP	60 days	679,533	-
Telefónica Cybersecurity & Cloud Tech chile SpA (2)	77,145,256-6	Chile	Common end controller	Serv, Provided	CLP	60 days	2,518,720	244,547
Telefónica Global Solutions Chile, S.p.A.	76,540,944-6	Chile	Common end controller	Serv, Provided	CLP	60 days	1,506,981	1,025,297
Telxius Cable Chile	96,910,730-9	Chile	Common end controller	Serv, Provided	CLP	60 days	1,521,054	1,023,689
Telefónica Global Solutions	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	1,075,958	1,511,463
Telefónica Ingeniería de Seguridad S.A.	59,083,900-0	Chile	Common end controller	Serv, Provided	CLP	60 days	485,236	394,084
Telefónica Brasil	Foreign	Brazil	Common end controller	Serv, Provided	USD	90 days	401,045	245,864
Telefónica S.A.	Foreign	Spain	End controller	Serv, Provided	EUR	90 days	382,719	299,768
Telefónica de Argentina S.A.	Foreign	Argentina	Common end controller	Serv, Provided	USD	90 days	200,832	-
Terra Network Mexico Holding	Foreign	México	Common end controller	Serv, Provided	USD	60 days	187,000	-
Telefónica Digital España	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	184,634	276,787
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv, Provided	USD	90 days	151,286	183,970
Telefónica Venezolana C.A.	Foreign	Venezuela	Common end controller	Serv, Provided	USD	90 days	100,638	96,299
Telefónica IoT & Big Data Tech Chile SpA	76,338,291-5	Chile	Common end controller	Serv, Provided	CLP	60 days	96,761	1,045
Terra Networks Chile S.A.	96,834,230-4	Chile	Common end controller	Serv, Provided	CLP	60 days	54,580	17,855
Pegaso PCS, S.A. de C.V.	Foreign	México	Common end controller	Serv, Provided	USD	90 days	45,193	42,967
Telefónica Uk Ltd (antes O2 (UK) Ltd)	Foreign	UK	Common end controller	Serv, Provided	EUR	90 days	22,257	21,158
Colombia Telecomunicaciones S.A.E.S.P	Foreign	Colombia	Common end controller	Serv, Provided	USD	60 days	11,227	18,587
Telefónica Móviles España	Foreign	Spain	Common end controller	Serv, Provided	EUR	90 days	7,097	48,606
Inversiones Telefónica Internacional Holding SpA	77,363,730-K	Chile	Common end controller	Serv, Provided	CLP	60 days	5,262	5,262
Telefónica Móviles del Uruguay	Foreign	Uruguay	Common end controller	Serv, Provided	USD	90 days	2,531	16,173
Wayra Chile Tecnología e Innovación Ltda.	96,672,150-2	Chile	Common end controller	Serv, Provided	CLP	60 days	1,312	7.325
Telefónica Móviles El Salvador	Foreign	El Salvador	Common end controller	Serv, Provided	USD	90 days	602	596
Telxius Torres Chile, S.A.	76,558,575-9	Chile	Common end controller	Serv, Provided	CLP	60 days	-	3.506.043
Telefónica Factoring Chile S.A	76,096,189-2	Chile	Common end controller	Serv, Provided	CLP	60 days	-	107.418
Terra Networks Brasil	Foreign	Brazil	Common end controller	Serv, Provided	USD	90 days	-	5.148
			Total				**34,832,014**	**9,099,951**

(1) Fiber optic deployment operations began as of July 2021.
(2) On March 12, 2020, Telefónica Cybersecurity & Cloud Tech Chile SpA was established to provide cybersecurity and information security services. This company was sold in June 2020.

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) Non-current receivables from related companies:

Company	Taxpayer No,	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	09.30.2021 ThCh$	12.31.2020 ThCh$
HoldCo Infraco SpA (1)	77,374,961-2	Chile	Associate	Sale of Fiber Optic business.	CLP	-	80,379,829	-
Total							**80,379,829**	**-**

c) Current payables to related companies:

Company	Taxpayer No,	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	09.30.2021 ThCh$	12.31.2020 ThCh$
Infraco SpA (1)	77,122,635-3	Chile	Associate	Serv. Provided	CLP	60 days	24.296.704	-
Telefónica Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	60 days	8.048.897	10.387.758
Telefónica S.A.	Foreign	Spain	End controller	**Subtotal**			**6.130.323**	**8.286.825**
				Brand Fee	EUR/CLP	60 days	5.596.166	7.841.891
				Others	EUR	60 days	534.157	444.934
Telefónica Cybersecurity & Cloud Tech chile SpA (2)	77,145,256-6	Chile	Common end controller	Serv. Provided	CLP	60 days	11.127.995	2.787.013
Telefónica Digital España	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	5.817.848	6.097.011
Telxius Cable Chile (Ex Telef. Int. Wholesale Services Chile S.A.)	96,910,730-9	Chile	Common end controller	**Subtotal**			**4.814.611**	**2.234.522**
				Ip voice traffic	CLP	60 days	3.779.503	1.148.643
				Data and links	CLP	60 days	946.388	997.511
				Mandate	CLP	60 days	88.720	88.368
Telefónica Global Solutions	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	2.696.580	2.079.681
Telefónica Global Solutions Chile, S.p.A.	76,540,944-6	Chile	Common end controller	Serv. Provided	CLP	60 days	1.733.969	1.806.721
Telefónica Hispanoamérica, S.L (before LACH)	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	1.405.902	103.827
Telefónica Global Tecnology S.A.U.	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	1.220.822	522.721
Telefónica Compras Electrónicas	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	1.166.676	779.941
Telefonica Iot & Big Data Tech	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	783.154	-
Telefónica Ingenieria de Seguridad	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	688.542	-

9. Receivables from and payable to related companies, continued

c) Current payables to related companies, continued

Company	Taxpayer No,	Country of	Nature of the relationship	Transaction	Currency a	Term	09.30.2021 ThCh$	12.31.2020 ThCh$
Telefónica Cybersecurity & Cloud Tech España	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	333.410	-
Telefónica IoT & Big Data Tech Chile SpA	76,338,291-5	Chile	Common end controller	Serv. Provided	CLP	60 days	314.323	59.952
Telefónica Global Roaming Gmbh	Foreign	Germany	Common end controller	Serv. Provided	EUR	60 days	298.079	183.867
Telefónica del Perú S.A.	Foreign	Peru	Common end controller	Serv. Provided	USD	60 days	242.917	510.725
Terra México	Foreign	Mexico	Common end controller	Serv. Provided	USD	60 days	180.758	-
Telefónica O2 Germany Gmbh & Co Ohg	Foreign	Germany	Common end controller	Serv. Provided	EUR	60 days	118.519	106.834
Media Networks Perú	Foreign	Perú	Common end controller	Satellite space	USD	60 days	63.141	1.401.556
Telefonica Venezolana C.A.	Foreign	Venezuela	Common end controller	Serv. Provided	USD	60 days	63.276	-
Telefónica Móviles España S.A.	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	54.494	22.814
Telefónica Learning Services	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	20.445	-
Telefónica Servicios Audiovisuales	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	15.878	18.151
Telefónica Global Tecnology Chile	59,165,120-k	Chile	Common end controller	Computer Services	CLP	60 days	16.105	16.105
Colombia Telecomunicaciones S.A.E.S.P	Foreign	Colombia	Common end controller	Serv. Provided	USD	60 days	14.412	-
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	60 days	13.437	33.389
Otecel S.A.	Foreign	Ecuador	Common end controller	Serv. Provided	USD	60 days	9.397	5.291
Telefónica Móviles del Uruguay S.A.	Foreign	Uruguay	Common end controller	Serv. Provided	USD	60 days	6.360	-
Telefónica de España S.A.U	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	2.841	1.421
Inversiones Telefónica Internacional Holding L S.A.	77,363,730-K	Chile	Common end controller	Serv. Provided	CLP	60 days	-	9.867.639
Telefónica Latam Holding	Foreign	Spain	Common end controller	Management Fee	EUR	60 days	-	1.792.803
Telefónica Ingeniería de Seguridad S.A.	59,083,900-0	Chile	Common end controller	Serv. Provided	CLP	60 days	-	1.565.664
Terra Networks México Holding S.A.	Foreign	Mexico	Common end controller	Serv. Provided	USD	60 days	-	254.870
Telefónica USA Inc.	Foreign	USA	Common end controller	Serv. Provided	USD	60 days	-	64.352
Telefónica Global Services GmbH (antes O2 GMBH)	Foreign	Germany	Common end controller	Serv. Provided	EUR	60 days	-	67.000
Telefónica Brasil	Foreign	Brazil	Common end controller	Serv. Provided	USD	60 days	-	47.275
Telxius Torres Chile S.A.	76,558,575-9	Chile	Common end controller	**Subtotal**			**-**	**8.442.676**
				Spaces lease	CLP	60 days	-	5.795.443
				Co-localization lease	CLP	60 days	-	2.560.600
				Serv. Provided	CLP	60 days	-	86.633
Total							**71.699.815**	**59.548.404**

(1) Fiber optic deployment operations began as of July 2021.

(2) On March 12, 2020, Telefónica Cybersecurity & Cloud Tech Chile SpA was established to provide cybersecurity and information security services. This company was sold in June 2020.

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

9. Receivables from and payable to related companies, continued

d) Non-current payables to related companies:

Company	Taxpayer No,	Country of origin	Nature of the relationship	Transaction origin	Currency	09.30.2021 ThCh$	12.31.2020 ThCh$
Telefónica S.A.	Foreign	Spain	End controller	HR obligation	CLP	1,613,273	1,354,947
Telxius Torres Chile S.A.	76,558,575-9	Chile	Common end controller	Co-localization lease	CLP	-	39,447,038
Total						**1,613,273**	**40,801,985**

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

Company	Taxpayer No,	Country of origin	Nature of the relationship	Description of the transaction	Currency	Amount ThCh$	Effect on income (Charge)/Credit	Amount ThCh$	Effect on income (Charge)/Credit
Infraco SpA (1)	77,122,635-3	Chile	Associate	Serv. Provided	CLP	22.786.001	22.786.001	-	-
				Sale of Fixed Assets	CLP	358.254.175	358.254.175	-	-
				Costs	CLP	21.598.159	(21.598.159)	-	-
Telefónica Cybersecurity & Cloud Tech chile SpA (2)	77,145,256-6	Chile	Common end controller	Costs	CLP	31.679.007	(31.679.007)	-	-
Telefonica S.A.	Foreign	Spain	End controller	Brand Fee	EUR	23.464.486	(23.464.486)	17.753.715	(17.753.715)
Telxius Cable Chile (Ex Telef. Int. Wholesale Services Chile S.A.)	96.910.730-9	Chile	Common end controller	Costs	CLP	11.580.147	(11.580.147)	6.843.478	(6.843.478)
Telefónica Digital España	Foreign	Spain	Common end controller	Costs	CLP	9.224.513	(9.224.513)	4.497.181	(4.497.181)
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Costs	CLP	4.119.072	(4.119.072)	5.415.022	(5.415.022)
Telefónica Global Solutions Chile, S.p.A.	76.540.944-6	Chile	Common end controller	Enlace	CLP	1.690.400	(1.690.400)	1.673.470	1.673.470
				Costs	CLP	4.039.772	4.039.772)	6.439.737	(6.439.737)
Telefónica Global Tecnology S.A.U.	Foreign	Spain	Common end controller	Costs	CLP	5.039.855	(5.039.855)	4.115.321	(4.115.321)
Telefónica IoT & Big Data Tech Chile, SpA	76.338.291-5	Chile	Common end controller	Sale of IOT Big Data	CLP	3.986.763	3.986.763	-	-
			Common end controller	Costs	CLP	1.202.968	(1.202.968)	-	-
Telefónica Argentina S.A.	Foreign	Argentina	Common end controller	Media Rental	CLP	4.111.989	(4.111.989)	4.427.427	(4.427.427)
Telxius Torres Chile S.A.	76.558.575-9	Chile	Common end controller	Lease	CLP	2.510.497	(2.510.497)	2.138.117	(2.138.117)
Telefonica Iot & Big Data Tech	Foreign	Spain	Common end controller	Costs	CLP	2.290.245	(2.290.245)	-	-
Media Network Perú S.A.C.	Foreign	Perú	Common end controller	Media Rental	CLP	2.206.173	(2.206.173)	4.766.828	(4.766.828)
Telefónica Compras Electrónicas S.L.	Foreign	Spain	Common end controller	Serv. Provided	EUR	2.206.066	(2.206.066)	-	-
Telefónica Hispanoamerica	Foreign	Spain	Common end controller	Management Fee	EUR	1.942.760	(1.942.760)	1.084.037	(1.084.037)
Telefónica Global Solutions	Foreign	Spain	Common end controller	Serv. Provided	CLP	1.888.064	1.888.064	1.391.553	1.391.553
				Costs	CLP	2.668.469	(2.668.469)	2.300.608	(2.300.608)
HoldCo InfraCo SpA	77,374,961-2	Chile	Associate	interest and adjustments subordinated debt	CLP	1.516.764	1.516.764	-	-

(1) Fiber optic deployment operations began as of July 1, 2021.
(2) On March 12, 2020, Telefónica Cybersecurity & Cloud Tech Chile SpA was established to provide cybersecurity and information security services. This company was sold in June 2020.

As of September 30, 2021, only transactions between related parties in excess of ThCh$1,000,000 are disclosed.

9. Receivables from and payable to related companies, continued

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

Title XVI of the Corporations Law, and other relevant regulations, requires that a publicly traded corporation's transactions with related companies are carried out under terms similar to those commonly prevailing in the market. As of September 30, 2021 and December 31, 2020, the Company has no significant transactions with related parties other than those already reported in these financial statements.

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

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

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

The Company is managed by a Board of Directors composed of 5 members and its key employees are 65 and 62 executives for September 30, 2021 and 2020, respectively.

Concepts	07.01.2021 al 09.30.2021 ThCh$	09.30.2021 ThCh$	07.01.2020 al 09.30.2020 ThCh$	09.30.2020 ThCh$
Salaries	2,194,141	9,618,355	2,261,140	8,826,000
Post-employment benefits	441,866	1,043,932	67,328	3,215,648
Total	**2,636,007**	**10,662,287**	**2,328,468**	**12,041,648**

10. Inventory

a) The detail of inventory is as follows:

Concepts	Gross value ThCh$	09.30.2021 Allowance for obsolescence ThCh$	Net value ThCh$	Gross value ThCh$	12.31.2020 Allowance for obsolescence ThCh$	Net value ThCh$
Mobile equipment	40,004,607	(146,123)	39,858,484	36,673,626	(78,158)	36,595,468
Modems and Router (1)	23,040,264	(812,093)	22,228,171	20,352,861	(952,595)	19,400,266
Optical fiber (1)	12,384,227	(1,220)	12,383,007	-	-	-
IP Solutions Projects (2)	7,452,438	-	7,452,438	4,534,625	-	4,534,625
Decoders and antennas	3,315,770	(314,995)	3,000,775	3,638,292	(455,822)	3,182,470
Basic telephony, public telephony and switchboard ("centralitas") components	6,128,621	(98,805)	6,029,816	3,549,579	(346,472)	3,203,107
Mobile accessory	1,891,332	(82,676)	1,808,656	438,231	(38,491)	399,740
Other	163,312	(15,192)	148,120	134,385	(13,476)	120,909
Total	**94,380,571**	**(1,471,104)**	**92,909,467**	**69,321,599**	**(1,885,014)**	**67,436,585**

(1) Corresponds to new purchases of the period
(2) As of September 30, 2021 includes balances of IP Solutions Projects corresponding mainly to Metro in the amount of ThCh$2,490,360, Obrascon in the amount of ThCh$1,826,996, Insfraestructura S.A. in the amount of ThCh$768,386, Mayor State in the amount of ThCh$420,472 Celulosa Arauco in the amount of ThCh$317,832 and Estudios P. Valdivia in the amount of ThCh$222,312.

As of September 30, 2021 and December 31, 2020 there have been no inventory write-offs, there is no inventory in guarantee.

The Company has assessed the possible impairment of inventory as of September 30, 2021 due to the macroeconomic effects generated by the health emergency (Covid 19). The analysis has considered: commercial dynamics, analysis of obsolescence and net realizable value, business decisions and stock planning.

Based on the previous analysis, it was determined that there is no obsolescence effect to record as a result of the contingency, as of September 30, 2021.

b) The movement of inventory is as follows:

Movements	09.30.2021 ThCh$	12.31.2020 ThCh$
Beginning balance	**67,436,585**	**59,288,009**
Purchases	329,985,845	336,590,478
Sales	(304,926,873)	(326,914,096)
Allowance for obsolescence	413,910	247,057
Transfer to assets available for sale (see Note 18)	-	(1,774,863)
Movement, subtotal	**25,472,882**	**8,148,576**
Ending balance	**92,909,467**	**67,436,585**

11. Income Taxes

a) Income Taxes:

As of September 30, 2021, 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 tax base in the amount of ThCh$25,912,156 and ThCh$364,726,343, respectively. The rest of the companies of the Group present tax losses.

As of September 30, 2020, Telefónica Móviles Chile S.A. and subsidiary Telefónica Chile S.A.., have established a first category income tax provision, determining a positive taxable base of ThCh$28,690,355 and ThCh$540,387, respectively.

The following are first category tax losses as of September 30, 2021 and 2020, as applicable:

- Telefónica Empresas S.A. ThCh$64,062,112 and ThCh$51,549,088 at September 30, 2021 and 2020, respectively.
- Telefónica Chile Servicios Corporativos Ltda. ThCh$2,191,196 y ThCh$101,550 at September 30, 2021 and 2020, respectively.
- Telefónica Investigación y Desarrollo SpA. ThCh$1,192,619 y ThCh$1,157,340 at September 30, 2021 and 2020, respectively.

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

11. Income Taxes, continued

a) Income Taxes, continued

As of September 30, 2021, corporate income is detailed as follows:

Subsidiaries	Control	Income subject to Global Complementary or Additional Tax (RAI)	Difference between Accelerated Devaluation And normal (DDAN)	Exempt income (REX) Non-taxable income	Accumulated credit balances (SAC) - Accumulated as of 01.01.2017 Current loan rate (factor of 27%) - Subject to restitution entitled to return	No Subject to restitution entitled to return	Total available credit against final taxes (art 41 A & 41 C of ITL)	Accumulated up to 12.31.2016 Effective rate 22,77% Entitled to return	Total Balance of Taxable Net Income (STUT)
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Telefónica Móviles Chile S.A.	-	-	-	-	6,683,636	-	-	52,882,163	233,375,093
Telefónica Chile S.A.	-	-	-	-	98,406,384	-	-	125,656,769	554,537,832
Telefónica Empresas Chile S.A.	3,051,247	-	-	3,051,247	(292,875)	-	-	-	-
Telefónica Chile Servicios Corporativos Ltda.	90,371,897	90,371,897	-	-	15,951,342	-	-	18,383,644	68,466,460
Telefónica Investigación y Desarrollo SPA	1,385,535	1,385,535	-	-	727,470	-	-	-	-
Total	**94,808,679**	**91,757,432**	**-**	**3,051,247**	**121,475,957**	**-**	**-**	**196,922,576**	**856,379,385**

b) Current tax assets

As of September 30, 2021 and December 31, 2020, current income tax assets are detailed as follows:

Concepts	09.30.2021 ThCh$	12.31.2020 ThCh$
Monthly prepaid tax installments (1)	2,102,387	7,557,251
Taxes for recovering previous years (2)	4,967,549	3,861,856
Provisional payment on absorbed profits (3)	2,718,729	2,718,729
Sence and others	538,246	-
Total	**10,326,911**	**14,137,836**

(1) Corresponds to the net balance between monthly provisional payments and the income tax provision AT 2022.

(2) Telefónica Chile S.A. in the mount of ThCh$44,486 (Income Tax Return TY 2019) and ThCh$2,360,911 (Income Tax Return TY2021), Telefónica Chile Servicios Corporativos Ltda. in the amount of ThCh$2,199,685 (Income Tax Return TY2020 and previous years), and Telefónica Móviles in the amount of ThCh$362,467 (Income Tax Return TY2021).

(3) Tax refunds from Telefónica Móviles Chile S.A. in the amount of ThCh$1,974,329 for the 2021 tax year and for Inversiones Telefónica Móviles Holding S.A. in the amount of ThCh$ 2,718,729 for the 2015 and 2016 tax years.

11. Income Taxes, continued

c) Deferred tax assets and liabilities

As of September 30, 2021, December 31, 2020 and September 30, 2020, accumulated balances of temporary differences originated net deferred tax assets in the amount of ThCh$5,935,253, ThCh$21,844,559 and ThCh$30,072,378 respectively and which are detailed as follows:

Disclosure of temporary differences, losses and unused tax credits September 30, 2021	Provision for Obsolescence		Deferred income	Effect or taxable goodwill on merger of subsidiary	Dismantling provision	Deferred cost of sales & deferred sales commissions	Personnel provisions	Amortization and depreciation of assets	Tax loss	Right of use and leasing obligations	Other temporary differences	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
Deferred tax assets and liabilities														
Deferred tax assets	28,695,900	319,792	28,060,932	70,175,519	5,142,005	-	15,741,927	12,475,584	18,210,400	10,345,872	(4,096,830)	(84,582,503)	100,488,598	100,488,598
Deferred tax liabilities	-	-	5,626,850	-	-	11,001,947	10,979,149	133,930,648	-	7,065,060	10,532,194	(84,582,503)	94,553,345	94,553,345
Deferred tax liabilities (assets)	**(28,695,900)**	**(319,792)**	**(22,434,082)**	**(70,175,519)**	**(5,142,005)**	**11,001,947**	**(4,762,778)**	**121,455,064**	**(18,210,400)**	**(3,280,812)**	**14,629,024**	**-**	**(5,935,253)**	**(5,935,253)**
Deferred tax assets and liabilities, net														
Deferred tax assets, net	(28,695,900)	(319,792)	(22,434,082)	(70,175,519)	(5,142,005)	-	(4,762,778)	-	(18,210,400)	(3,280,812)	-	-	(153,021,288)	(153,021,288)
Deferred tax liabilities, net	-	-	-	-	-	11,001,947	-	121,455,064	-	-	14,629,024	-	147,086,035	147,086,035
Deferred tax expense (benefit														
Deferred tax expense (benefit)	7,240,716	111,757	(25,411,210)	18,151,112	(122,154)	3,570,225	1,087,967	(14,387,079)	4,674,719	(2,965,384)	21,981,785	-	13,932,454	13,932,454
Deferred tax expense (benefit) recognized in income	7,240,716	111,757	(25,411,210)	18,151,112	(122,154)	3,570,225	1,087,967	(14,387,079)	4,674,719	(2,965,384)	21,981,785	-	13,932,454	13,932,454
Changes in deferred tax liabilities (assets)														
Deferred tax liabilities (assets) – Beginning balance Dec, 2020	**(35,936,616)**	**(431,549)**	**2,977,128**	**(88,326,631)**	**(5,019,851)**	**7,431,722**	**(6,632,068)**	**135,842,143**	**(24,080,648)**	**(315,428)**	**(7,352,761)**	**-**	**(21,844,559)**	**(21,844,559)**
Changes in deferred tax liabilities (assets)														
Deferred tax expense (benefit) recognized in income	7,240,716	111,757	(25,411,210)	18,151,112	(122,154)	3,570,225	1,087,967	(14,387,079)	4,674,719	(2,965,384)	21,981,785	-	13,932,454	13,932,454
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	1,195,529	-	-	-	1,195,529	1,195,529
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	781,323	-	-	-	-	-	781,323	1,195,529
Increase (decrease) from business combinations, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to loss of control of subsidiary, deferred tax liabilities assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to net foreign currency translation, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in deferred tax (assets) liabilities	**7,240,716**	**111,757**	**(25,411,210)**	**18,151,112**	**(122,154)**	**3,570,225**	**1,869,290**	**(14,387,079)**	**5,870,248**	**(2,965,384)**	**21,981,785**	-	**15,909,306**	**15,909,306**
Deferred tax liabilities (assets)	(28,695,900)	(319,792)	(22,434,082)	(70,175,519)	(5,142,005)	11,001,947	(4,762,778)	121,455,064	(18,210,400)	(3,280,812)	14,629,024	-	(5,935,253)	(5,935,253)

11. Income Taxes, continued

c) Assets and Liability by Deferred taxes, continued

Disclosure of temporary differences, losses and unused tax credits December 31, 2020	Provision for Obsolescence		Deferred income	Effect or taxable goodwill on merger of subsidiary	Dismantling provision	Deferred cost of sales & deferred sales commissions	Personnel provisions	Amortization and depreciation of assets	Tax loss	Right of use and leasing obligations	Other temporary differences	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
Deferred tax assets and liabilities														
Deferred tax assets	35,936,616	431,549	3,627,492	88,326,631	5,019,851	-	17,788,044	9,836,021	24,080,648	9,461,264	5,124,675	(82,085,299)	117,547,492	117,547,492
Deferred tax liabilities	-	-	6,604,620	-	-	7,431,722	11,155,976	145,678,164	-	9,145,836	(2,228,086)	(82,085,299)	95,702,933	95,702,933
Deferred tax liabilities (assets)	**(35,936,616)**	**(431,549)**	**2,977,128**	**(88,326,631)**	**(5,019,851)**	**7,431,722**	**(6,632,068)**	**135,842,143**	**(24,080,648)**	**(315,428)**	**(7,352,761)**	.	**(21,844,559)**	**(21,844,559)**
Deferred tax assets and liabilities, net														
Deferred tax assets, net	(35.936.616)	(431.549)	-	(88.326.631)	(5.019.851)	-	(6.632.068)	-	(24.080.648)	(315.428)	(7.352.761)	-	(168.095.552)	(168.095.552)
Deferred tax liabilities, net	-	-	2.977.128	-	-	7.431.722	-	135.842.143	-	-	-	-	146.250.993	146.250.993
Deferred tax expense (benefit														
Deferred tax expense (benefit)	375,557	66,704	478,233	8,553,726	37,363	3,769,784	19,678	4,347,556	(10,003,992)	(1,287,642)	(2,261,730)	-	4,095,237	4,095,237
Deferred tax expense (benefit) recognized in income	375,557	66,704	478,233	8,553,726	37,363	3,769,784	19,678	4,347,556	(10,003,992)	(1,287,642)	(2,261,730)	-	4,095,237	4,095,237
Changes in deferred tax liabilities (assets)														
Deferred tax liabilities (assets) – Beginning balance Dec, 2019	**(36,312,173)**	**(498,253)**	**2,498,895**	**(96,880,357)**	**(5,057,214)**	**3,661,938**	**(6,584,013)**	**131,494,587**	**(10,671,484)**	**972,214**	**(5,091,031)**	**-**	**(22,466,891)**	**(22,466,891)**
Changes in deferred tax liabilities (assets)														
Deferred tax expense (benefit) recognized in income	375,557	66.704	478.233	8.553.726	37.363	3.769.784	19.678	4,347,556	(10,003,992)	(1,287,642)	(2,261,730)	-	4.095.237	
4,095,237 Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	(3.405.172)	-	-	-	(3.405.172)	(3.405.172)
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	(67,733)	-	-	-	-	-	(67,733)	(67,733)
Increase (decrease) from business combinations, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to loss of control of subsidiary, deferred tax liabilities assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to net foreign currency translation, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in deferred tax (assets) liabilities	**375,557**	**66,704**	**478,233**	**8,553,726**	**37,363**	**3,769,784**	**(48,055)**	**4,347,556**	**(13,409,164)**	**(1,287,642)**	**(2,261,730)**	**-**	**622,332**	**622,332**
Deferred tax liabilities (assets)	**(35,936,616)**	**(431,549)**	**2,977,128**	**(88,326,631)**	**(5,019,851)**	**7,431,722**	**(6,632,068)**	**135,842,143**	**(24,080,648)**	**(315,428)**	**(7,352,761)**	**-**	**(21,844,559)**	**(21,844,559)**

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

11. Income Taxes, continued

c) Assets and Liability by Deferred taxes, continued

Disclosure of temporary differences, losses and unused tax credits September 30, 2020	Allowance for doubtful accounts	Obsolescence	Deferred income	Effect or taxable goodwill on merger of subsidiary	Dismantling provision	Deferred cost of sales & deferred sales commissions	Personnel provisions	Amortization and depreciation of assets	Tax loss	Right of use and leasing obligations	Other temporary differences	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
Deferred tax assets and liabilities														
Deferred tax assets	42,421,221	452,386	6,011,673	89,444,629	4,995,127	-	16,653,236	8,599,335	14,258,317	9,487,816	5,125,239	(72,573,722)	124,875,257	124,875,257
Deferred tax liabilities	-	-	5,224,536		-	5,184,161	11,032,707	139,913,045	-	9,179,110	(3,156,958)	(72,573,722)	94,802,879	94,802,879
Deferred tax liabilities (assets)	**(42,421,221)**	**(452,386)**	**(787,137)**	**(89,444,629)**	**(4,995,127)**	**5,184,161**	**(5,620,529)**	**131,313,710**	**(14,258,317)**	**(308,706)**	**(8,282,197)**		**(30,072,378)**	**(30,072,378)**
Deferred tax assets and liabilities, net														
Deferred tax assets, net	(42,421,221)	(452,386)	(787,137)	(89,444,629)	(4,995,127)	-	(5,620,529)	-	(14,258,317)	(308,706)	(8,282,197)	-	(166,570,249)	(166,570,249)
Deferred tax liabilities, net	-	-	-	-	-	5,184,161	-	131,313,710	-	-	-	-	136,497,871	136,497,871
Deferred tax expense (benefit														
Deferred tax expense (benefit)	(6,109,048)	45,867	(3,286,032)	7,435,728	62,087	1,522,223	1,275,533	(180,877)	(3,745,379)	(1,280,920)	(3,191,166)	-	(7,451,984)	(7,451,984)
Deferred tax expense (benefit) recognized in income	(6,109,048)	45,867	(3,286,032)	7,435,728	62,087	1,522,223	1,275,533	(180,877)	(3,745,379)	(1,280,920)	(3,191,166)	-	(7,451,984)	(7,451,984)
Changes in deferred tax liabilities (assets)														
Deferred tax liabilities (assets) – Beginning balance Dec, 2019	**(36,312,173)**	**(498,253)**	**2,498,895**	**(96,880,357)**	**(5,057,214)**	**3,661,938**	**(6,584,013)**	**131,494,587**	**(10,671,484)**	**972,214**	**(5,091,031)**	**-**	**(22,466,891)**	**(22,466,891)**
Changes in deferred tax liabilities (assets)														
Deferred tax expense (benefit) recognized in income	(6,109,048)	45,867	(3,286,032)	7,435,728	62,087	1,522,223	1,275,533	(180,877)	(3,745,379)	(1,280,920)	(3,191,166)	-	(7,451,984)	(7,451,984)
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	158,546	-	-	-	158,546	158,546
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	(312,049)	-	-	-	-	-	(312,049)	(312,049)
Increase (decrease) from business combinations, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to loss of control of subsidiary, deferred tax liabilities assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to net foreign currency translation, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in deferred tax (assets) liabilities	**(6,109,048)**	**45,867**	**(3,286,032)**	**7,435,728**	**62,087**	**1,522,223**	**963,484**	**(180,877)**	**(3,586,833)**	**(1,280,920)**	**(3,191,166)**	**-**	**(7,605,487)**	**(7,605,487)**
Deferred tax liabilities (assets)	(42,421,221)	(452,386)	(787,137)	(89,444,629)	(4,995,127)	5,184,161	(5,620,529)	131,313,710	(14,258,317)	(308,706)	(8,282,197)	-	(30,072,378)	(30,072,378)

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

11. Income Taxes, continued

d) Taxable Income

As of September 30, 2021 and 2020 a first category income tax provision has been established, therefore a taxable positive base was determined in the amount of ThCh$390,638,501 and ThCh$39,230,742, respectively for period, detailed as follows:

Concepts	Taxable Net Income			
	07.01.21 al 09.30.21 ThCh$	09.30.2021 ThCh$	07.01.20 al 09.30.20 ThCh$	09.30.2020 ThCh$
Finance income	277,856,522	320,226,597	11,146,109	21,105,276
Recorded tax expense	99,883,006	110,037,875	6,508,193	4,493,907
Additions	650,229,642	1,000,234,147	111,719,469	392,409,400
Deductions	(672,432,023)	(1,039,860,118)	(130,977,583)	(378,777,841)
Taxable net income	355,537,147	390,638,501	(1,603,812)	39,230,742
First category tax rate 27%	95,995,029	105,472,395	(433,029)	10,592,300
Art, 21 rejected expenses tax base	(7,545)	655,235	1,160,283	3,123,314
First category tax rate 40%	(3,019)	262,094	464,114	1,249,326
Total tax provision	**95,992,010**	**105,734,489**	**31,085**	**11,841,626**
Provision contingencies (1)	5,864,145	(644,205)	2,463	8,094
Provision for hedging instruments to equity (2)	(3,911,684)	(7,825,778)	2,169,255	(633,196)
Provisional payment on absorbed profits	1,974,329	5,860,221	-	-
Settlement of derivatives of previous years(3)	(776,147)	(3,710,543)	24,492	353,752
(Excess) losses of previous period	(143)	(3,308,763)	(8,700)	375,614
Total first category taxes	**99,142,510**	**96,105,421**	**2,218,595**	**11,945,890**

(1) Corresponds to interest and readjustments of the contingencies provision of the parent company (see Note 34 a).

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

(3) Corresponds to the tax expense (benefit) calculated on 2020 hedging instruments, which is carried out in the settlement of the derivative, which occurs in the following period to its provision. This tax provision is presented as a higher or lower expense for the period.

11. Income Taxes, continued

e) Income tax reconciliation

The income tax expense reconciliation for September 30, 2021 and 2020 is detailed as follows:

	07.01.21 al 09.30.21		09.30.2021		07.01.20 al 09.30.20		09.30.2020	
Items	**Taxable Base ThCh$**	**27% Tax Rate ThCh$**	**Taxable Base ThCh$**	**27% Tax Rate ThCh$**	**Taxable Base ThCh$**	**27% Tax Rate ThCh$**	**Taxable Base ThCh$**	**27% Tax Rate ThCh$**
Based on accounting income before taxes:								
Finance income	277,856,522		320,226,597		11,146,109		21,105,276	
Recorded tax expense	99,883,006		110,037,875		6,508,193		4,493,907	
Income before taxes	**377,739,528**	**101,989,673**	**430,264,472**	**116,171,407**	**17,654,302**	**4,766,662**	**25,599,183**	**6,911,779**
Permanent differences	**(7,802,469)**	**(2,106,667)**	**(22,716,787)**	**(6,133,532)**	**6,450,112**	**1,741,531**	**(8,955,082)**	**(2,417,872)**
Price-level restatement of taxable equity	(18,975,390)	(5,123,355)	(68,450,562)	(18,481,652)	(2,265,944)	(611,805)	(33,561,123)	(9,061,503)
Price-level restatement of taxable value of investments in related companies	15,338,304	4,141,342	41,843,427	11,297,725	499,244	134,796	17,361,138	4,687,507
Income from investment in related parties	(53,211,728)	(14,367,167)	(52,637,079)	(14,212,011)	297,262	80,261	958,758	258,865
Contingency provision	21,719,056	5,864,145	19,318,578	5,216,016	9,122	2,463	29,978	8,094
Adjustment of initial deferred tax balances	21,343,007	5,762,612	39,608,150	10,694,201	239,804	64,747	(5,868,749)	(1,584,562)
(Excess) losses previous period	-	-	(12,254,163)	(3,308,624)	(32,222)	(8,700)	1,391,163	375,614
Art. 21 non-deductible expenses	(11,181)	(3,019)	970,719	262,094	1,718,940	464,114	4,627,133	1,249,326
IFRS16 adjustment	(3,780,346)	(1,020,693)	(3,042,823)	(821,562)	3,328,176	898,608	396,369	107,020
Adjustment for BAF and DECOS components	1,994,798	538,595	9,978,999	2,694,330	3,024,899	816,723	4,256,427	1,149,235
Price-level restatement of non-monetary assets associated to merger intangibles	1,313,394	354,616	3,843,310	1,037,694	107,104	28,918	1,606,568	433,773
Others (1)	6,467,617	1,746,257	(1,895,343)	(511,743)	(476,273)	(128,594)	(152,744)	(41,241)
Total corporate tax expense	**369,937,059**	**99,883,006**	**407,547,685**	**110,037,875**	**24,104,414**	**6,508,193**	**16,644,101**	**4,493,907**
Based on taxable net income and deferred taxes calculated on the basis of temporary differences								
27% income tax		92,083,345		97,646,617		1,736,226		9,959,104
40% income tax		(3,019)		262,094		464,114		1,249,326
Contingency provision		5,864,145		5,216,016		2,463		8,094
Provisional payment on absorbed profits		1,974,329		-		-		-
Settlement of derivatives of previous periods		(776,147)		(3,710,543)		24,492		353,752
(Excess) losses previous period		(143)		(3,308,763)		(8,700)		375,614
Income tax expense		**99,142,510**		**96,105,421**		**2,218,595**		**11,945,890**
Total deferred tax expense (income)		**740,496**		13,932,454		4,289,598		(7,451,983)
Total corporate tax expense (income)		**99,883,006**		**110,037,875**		**6,508,193**		**4,493,907**
Effective income tax rate (2)		**26,44%**		**25,57%**		**36,86%**		**17,55%**

(1) This item includes tax fines, price-level of tax loss, price-level of non-monetary assets, goodwill, IPAS to result, decoders, among others.
(2) Effective rate determined considering the tax expense accounted for in result with respect to the financial result before tax amounts to 25.57%.

11. Income Taxes, continued

f) Current income tax liabilities

As of September 30, 2021 and December 31, 2020, current income tax liabilities are detailed as follows:

Concepts	09.30.2021 ThCh$	12.31.2020 ThCh$
Income tax accrual (1)	95,891,034	119,330
Unic income tax	260,785	844,834
Contingency provision	187,945	6,569,411
Others	126,928	126,927
Total	**96,466,692**	**7,660,502**

(1) Annual income taxes are presented net of monthly provisional payments in the amount of ThCh$9,582,531 and ThCh$3,957,604, respectively.

12. Non-current trade and other accounts receivable

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

Concepts	09.30.2021 Gross value ThCh$	09.30.2021 Provision for impairment ThCh$	09.30.2021 Net value ThCh$	12.31.2020 Gross value ThCh$	12.31.2020 Provision for impairment ThCh$	12.31.2020 Net value ThCh$
Receivables on non-current loan transactions	**35,981,909**	**(4,250,485)**	**31,731,424**	**15,628,533**	**(2,905,586)**	**12,722,947**
Trade receivables	34,513,186	(4,218,248)	30,294,938	13,530,862	(2,801,321)	10,729,541
Contractual asset (1)	1,468,723	(32,237)	1,436,486	2,097,671	(104,265)	1,993,406
Miscellaneous receivables (2)	**9,936,557**	**-**	**9,936,557**	**10,600,975**	-	**10,600,975**
Total	**45,918,466**	**(4,250,485)**	**41,667,981**	**26,229,508**	**(2,905,586)**	**23,323,922**

(1) Under IFRS 15, the contractual asset is the difference between revenue from sale of handsets and the amount received from the customer at the beginning of the contract.
(2) Mainly includes loans related to employees.

b) Non-current trade and other accounts receivable by due date, as of September 30, 2021 and as of December 31, 2020, are detailed as follows:

As of September 30, 2020	Gross Portfolio value in ThCh$				Provision for impairment ThCh$				
Concepts	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh$	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh$	Net Total
Trade receivables	35,765,647	216,262	-	**35,981,909**	(4,245,924)	(4,561)	-	**(4,250,485)**	**31,731,424**
Miscellaneous receivables	226,154	992,056	8,718,347	**9,936,557**	-	-	-	**-**	**9,936,557**
Total	**35,991,801**	**1,208,318**	**8,718,347**	**45,918,466**	**(4,245,924)**	**(4,561)**	**-**	**(4,250,485)**	**41,667,981**

As of December 31, 2020	Gross Portfolio value in ThCh$				Provision for impairment ThCh$				
Concepts	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh$	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh$	Net Total
Trade receivables	13,608,496	1,424,241	595,796	**15,628,533**	(2,895,757)	(9,829)	-	**(2,905,586)**	**12,722,947**
Miscellaneous receivables	240,611	1,058,459	9,301,905	**10,600,975**	-	-	-	-	**10,600,975**
Total	**13,849,107**	**2,482,700**	**9,897,701**	**26,229,508**	**(2,895,757)**	**(9,829)**	**-**	**(2,905,586)**	**23,323,922**

13. Intangible Assets other than goodwill

a) Intangible assets other than goodwill as of September 30, 2021 and as of December 31, 2020 are detailed as follows:

Concepts	09.30.2021			12.31.2020		
	Intangible, gross ThCh$	Accumulated amortization ThCh$	Intangible, net ThCh$	Intangible, gross ThCh$	Accumulated amortization ThCh$	Intangible, net ThCh$
Licenses and franchises (1)	609,816,416	(515,713,280)	94,103,136	693,467,896	(600,393,470)	93,074,426
Administrative granting's (2)	96,164,309	(78,724,753)	17,439,556	96,164,309	(77,696,724)	18,467,585
Intangible assets in development (3)	154,108,515	-	154,108,515	30,728,545	-	30,728,545
Other intangible assets (4)	21,689,823	(21,689,823)	-	21,689,823	(21,547,146)	142,677
Total	**881,779,063**	**(616,127,856)**	**265,651,207**	**842,050,573**	**(699,637,340)**	**142,413,233**

(1) Corresponds to others Software Administrative and corporate for ThCh$40,024,541, "Believe" project ThCh $19,144,746 and Transmission and network for ThCh $4,598,359.
(2) This item records licenses for right of use of spectrum
(3) Corresponds to 5G spectrum in the amount of ThCh$117,479,632, platforms and services in the amount of ThCh$26,295,448, operational continuity in the amount of ThCh$6,106,629, mobile network in the amount of ThCh$3,937,621, core transportation and optimization in the amount of ThCh$192,875 and fiber optics in the amount of ThCh$96,310.
(4) Corresponds to submarine cable usage rights.

b) As of September 30, 2021 the movements of intangible assets other than goodwill are detailed as follows:

Movements	Intangible assets in development, net ThCh$	Licenses and franchises, net ThCh$	Administrative Granting's Net ThCh$	Other intangible assets, Net ThCh$	Intangible, net ThCh$
Beginning balance as of 01.01.2021	**30,728,545**	**93,074,426**	**18,467,585**	**142,677**	**142,413,233**
Additions (1)	146,235,963	-	-	-	146,235,963
Transfer from costs of developing to service	(22,796,403)	22,526,780	-	-	(269,623)
Cancellations	(59,590)	(125,114,086)	-	-	(125,173,676)
Amortization of cancellations	-	125,114,086	-	-	125,114,086
Amortization	-	(43,022,682)	(1,028,029)	(142,677)	(44,193,388)
Transfer from work in progress (Note 15b)	-	24,048,472	-	-	24,048,472
Transfer of gross value to assets available for sale (see Note 18)	-	(4,699,514)	-	-	(4,699,514)
Transfer of amortization to assets available for sale (see Note 18)	-	2,175,654	-	-	2,175,654
Movement, subtotal	**123,379,970**	**1,028,710**	**(1,028,029)**	**(142,677)**	**123,237,974**
Ending balance as of 09.30.2021	**154,108,515**	**94,103,136**	**17,439,556**	**-**	**265,651,207**
Remaining average useful life	**-**	**1.64 years**	**12,72 years**		

(1) Considers an allowance for variable income contracts that become subject to IFRS16 in the amount of ThCh$21,455,128.

13. Intangible Assets other than goodwill, continued

As of December 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$	Administrative Granting's Net ThCh$	Other intangible assets, Net ThCh$	Intangible, net ThCh$
Beginning balance as of 01.01.2020	**31,563,423**	**101,315,038**	**25,748,004**	**713,383**	**159,339,848**
Additions	46,977,157		-	-	46,977,157
Transfer from costs of developing to service	(52,558,310)	52,558,310	-	-	-
Cancellations	-	(180,296)	(31,318,658)	-	(31,498,954)
Amortization of cancellations	-	180,296	31,318,658	-	31,498,954
Amortization	-	(61,155,094)	(4,594,187)	(570,706)	(66,319,987)
Transfer from work in progress (Note 15b)	5,133,091	-	-	-	5,133,091
Transfer of gross value to assets available for sale (see Note 18)	-	(180,821)	(34,004,889)	-	(34,185,710)
Transfer of amortization to assets available for sale (see Note 18)	-	150,177	31,318,657	-	31,468,834
Movement, subtotal	**(834,878)**	**(8,240,612)**	**(7,280,419)**	(570,706)	**(16,926,615)**
Ending balance as of 12.31.2020	**30,728,545**	**93,074,426**	**18,467,585**	**142,677**	**142,413,233**
Remaining average useful life	**-**	**1.52 years**	**13 years**	**0.25 years**	

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

As of September 30, 2021, impairment testing did not result in loss of value of intangible assets.

The Company has evaluated the possible impairment of intangible assets as of September 30, 2021 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 September 30, 2021 and as of December 31, 2020, are investments in computer application and licenses.

Items in the intangibles heading that are fully depreciated and in use are licenses and franchises which amount to ThCh$404,740,022 and ThCh$492,568,088, as of September 30, 2021 and as of December 31, 2020 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 September 30, 2021 and as of December 31, 2020, the value recorded as of that date remains the same.

Goodwill movement as of September 30, 2021 and as of December 31, 2020, is as follows:

Taxpayer No.	Company	01.01.2021 ThCh$	Additions ThCh$	Eliminations ThCh$	09.30.2021 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.	555,251	-	-	555,251
	Total	**504.774.872**	**-**	**-**	**504,774,872**

Taxpayer No.	Company	01.01.2020 ThCh$	Additions ThCh$	Eliminations ThCh$	12.31.2020 ThCh$
76,124,890-1	Telefónica Móviles Chile S.A. (1)	483,179,725	-	-	483,179,725
96,672,160-k	Telefónica Chile S.A. (Ex Telefónica Larga Distancia S.A.) (2)	21,039,896	-	-	21,039,896
96,834,320-3	Telefónica Internet Empresas S.A.	555,251	-	-	555,251
	Total	**504.774.872**	**-**	**-**	**504,774,872**

(1) On May 2, 2017, subsidiary Telefónica Móviles Chile S.A. was merged by absorption, and the Company's name was changed.
(2) On April 30, 2016 Telefónica Larga Distancia S.A. was merged by incorporation with Telefónica Chile S.A. with the latter absorbing the former and acquiring its assets and liabilities and succeeding it in all its rights and obligations.

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

As of September30, 2021, there are no indications of potential loss of value and the macroeconomic effects generated by the health emergency (Covid-19), have not generated any effect on this item.

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

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

i) Projected revenue and operating costs are based on the Strategic Plan for 2021, 2022 and 2023, projecting a fourth and fifth year as terminal value. These projections have been made considering the Company's best estimates, using sectorial projections, historical behavior of the business and future expectations.

ii) Cash flow projections are calculated at terminal value, covering a 5-year period, with the last period being the terminal value.

iii) The rate used to discount future cash flows takes into consideration the time value of money and the individual risks of the assets analyzed.

iv) The valuation is determined using the Value in Use (VU) mechanism, which requires that the VU be determined through the net present value of the cash flows that the Company expects to receive from the Cash Generating Unit (CGUs).

14. Goodwill, continued

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 telephony and technology services for companies.

15. Property, plant and equipment

a) The detail of Property, plant and equipment items for the periods as of September 30, 2021 and as of December 31, 2020 and their corresponding accumulated depreciation, is as follows:

Concepts	09.30.2021			12.31.2020		
	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	21,853,539	-	21,853,539	23,448,557	-	23,448,557
Buildings	910,792,266	(654,651,231)	256,141,035	916,316,041	(647,690,000)	268,626,041
Supplies and accessories	33,815,673	(32,903,272)	912,401	33,761,988	(32,543,037)	1,218,951
Office equipment	3,809,975	(3,116,381)	693,594	3,809,975	(2,971,541)	838,434
Construction in progress	139,292,247	-	139,292,247	156,941,673	-	156,941,673
Information equipment	62,583,154	(54,410,451)	8,172,703	68,663,830	(57,743,283)	10,920,547
Network and communication Equipment	3,248,861,107	(2,737,819,594)	511,041,513	3,364,297,728	(2,704,264,138)	660,033,590
Other property, plant & equipment (1)	345,730,165	(329,323,309)	16,406,856	347,418,394	(315,883,254)	31,535,140
Total	**4,766,738,126**	**(3,812,224,238)**	**954,513,888**	**4,914,658,186**	**(3,761,095,253)**	**1,153,562,933**

(1) Corresponds to the right of use of underwater cable.

15. **Property, plant and equipment**, continued

b) As of September 30, 2021 the movements in Property, plant and equipment items are as follows:

Movements	Land	Buildings, net	Supplies and accessories, net	Office equipment, net	Construction in progress Net	Information equipment, net	Network and communications equipment, net	Other property, plant & equipment, net	Property, plant and equipment, net
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Beginning balance as of 01.01.2021	**23,448,557**	**268,626,041**	**1,218,951**	**838,434**	**156,941,673**	**10,920,547**	**660,033,590**	**31,535,140**	**1,153,562,933**
Additions (1)	-	-	-	-	99,573,731	-	-	-	99,573,731
Withdrawals	(399,289)	(37,695)	-	-	(6,817)	(7,686,912)	(435,487)	(7,263,729)	(15,829,929)
Withdrawals depreciation	-	26,562	-	-	-	6,329,951	268,950	6,989,570	13,615,033
Depreciation expense	-	(15,958,293)	(360,235)	(143,673)	-	(2,997,119)	(78,255,551)	(20,429,625)	(118,144,496)
Transfer of gross value to investment property (2)	(1,246,178)	(34,433,783)	-	-	(7,810,930)	-	(176,099,629)	-	(219,590,520)
Transfer of depreciation to investment property (2)	-	13,246,491	-	-	-	-	36,866,226	-	50,112,717
Other Increase (decrease) (3)	50,449	24,671,712	53,685	(1,167)	(109,405,410)	1,606,236	68,663,414	5,575,500	(8,785,581)
Movements, subtotal	**(1,595,018)**	**(12,485,006)**	**(306,550)**	**(144,840)**	**(17,649,426)**	**(2,747,844)**	**(148,992,077)**	**(15,128,284)**	**(199,049,045)**
Ending balance as of 09.30.2021	**21,853,539**	**256,141,035**	**912,401**	**693,594**	**139,292,247**	**8,172,703**	**511,041,513**	**16,406,856**	**954,513,888**

(1) Additions in 2021 correspond mainly to new investments, in corporate customer equipment in the amount of ThCh$ 150,264, operational continuity in the amount of ThCh$ 1,036,319, core, transportation and optimization in the amount of ThCh$ 22,382,683, Civil works by ThCh$ 914,886 platforms and services ThCh$ 5,769,048, and mobile network in the amount of ThCh$ 69,320,531.

(2) Corresponds to transfer of the net value from available-for-sale assets.

(3) Corresponds to the movement of net transfers from intangible assets to Property, plant and equipment in the amount of ThCh$ 24,048,472 (Note 13 b).

As of September 30, 2021, the Property, plant and equipment items, which are fully depreciated and still in use, are detailed as follows:

	Land	Buildings, gross	Supplies and accessories, gross	Office equipment, gross	Construction in progress gross	Information equipment, gross	Network and communications equipment, gross	Finance lease on property, plant and equipment, Gross	Other property, plant & equipment, gross	Property, plant and equipment, gross
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$		ThCh$	ThCh$
Fully depreciated assets still in use	-	**295,595,912**	**29,549,082**	**2,239,476**	-	**51,682,457**	**2,191,705,192**	-	**324,864,018**	**2,895,636,137**

The Company has evaluated the possible impairment of Property, plant and equipment as of September 30, 2021 due to the macroeconomic effects generated by the health emergency (Covid-19) and impairment testing did not result in any loss of value. Furthermore, should there be signs of impairment, the respective testing will be carried out.

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

15. **Property, plant and equipment**, continued

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

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

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

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

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

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

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

	Land	Buildings, gross	Supplies and accessories, gross	Office equipment, gross	Construction in progress gross	Information equipment, gross	Network and communications equipment, gross	Finance lease on property, plant and equipment, Gross	Other property, plant & equipment, gross	Property, plant and equipment, gross
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$		ThCh$	ThCh$
Fully depreciated assets still in use	-	**288,322,002**	**29,414,722**	**2,172,871**	-	**55,205,712**	**2,159,537,035**	-	**281,556,372**	**2,816,208,714**

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

16. Investment properties

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

Concepts	09.30.2021 Gross value ThCh$	09.30.2021 Accumulated amortization ThCh$	09.30.2021 Net value ThCh$	12.31.2020 Gross value ThCh$	12.31.2020 Accumulated amortization ThCh$	12.31.2020 Net value ThCh$
Buildings	8,989,442	(5,072,446)	3,916,996	8,989,442	(4,910,233)	4,079,209
Network and communications equipment	1,617,025	(1,605,261)	11,764	1,617,025	(1,603,398)	13,627
Office equipment	15,557	(11,148)	4,409	15,557	(9,981)	5,576
Plant and equipment	2,944	(2,944)	-	2,944	(2,944)	-
Total	**10,624,968**	**(6,691,799)**	**3,933,169**	**10,624,968**	**(6,526,556)**	**4,098,412**

As of March 2020, the Company has recognized rentals from investment properties in operating income. As of September 30, 2021, and as of December 31, 2020 this concept amounts to ThCh$716,115 and ThCh$596,080.

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

a) The movements as of September 30, 2021 and December 31, 2020 of the items that make up the Investment Property item are as follows:

Movements	Buildings, net ThCh$	Network and communications equipment, net ThCh$	Office equipment, net ThCh$	Investment properties, net ThCh$
Beginning balance as of 01.01.21	**4,079,209**	**13,627**	**5,576**	**4,098,412**
Depreciation expense	(162,213)	(1,863)	(1,167)	(165,243)
Movements, subtotal	**(162,213)**	**(1,863)**	**(1,167)**	**(165,243)**
Ending balance as of 09.30.21	**3,916,996**	**11,764**	**4,409**	**3,933,169**

Movements	Buildings, net ThCh$	Network and communications equipment, net ThCh$	Office equipment, net ThCh$	Investment properties, net ThCh$
Beginning balance as of 04,01,20	**4,249,401**	**15,557**	**6,741**	**4,271,699**
Depreciation expense	(170,192)	(1,166)	(1,929)	(173,287)
Movements, subtotal	**(170,192)**	**(1,166)**	**(1,929)**	**(173,287)**
Ending balance as of 12.31.20	**4,079,209**	**14,391**	**4,812**	**4,098,412**

17. Right of use assets

a) As of September 30, 2021 and December 31, 2020, the items that compose this account and their corresponding accumulated depreciation are detailed as follows:

Concepts	09.30.2021 Property, plant & equipment, Gross ThCh	Accumulated depreciation ThCh	Property, plant & equipment, Net ThCh$	12.31.2020 Property, plant & equipment, Gross ThCh$	Accumulated depreciation ThCh	Property, plant & equipment, Net ThCh$
Land	81,494,005	(55,809,233)	25,684,772	72,881,183	(39,313,703)	33,567,480
Constructions	210,165,351	(106,328,342)	103,837,009	198,779,645	(75,214,028)	123,565,617
Plant and machinery	9,876,978	(5,027,156)	4,849,822	10,121,817	(3,701,511)	6,420,306
Other Rights of use (1)	56,287,621	(13,006,196)	43,281,425	29,782,510	(6,018,070)	23,764,440
Total	**357,823,955**	**(180,170,927)**	**177,653,028**	**311,565,155**	**(124,247,312)**	**187,317,843**

(1) Considers an allowance for variable income contracts that become subject to IFRS16 in the amount of ThCh$21,455,128.

b) As of September 30, 2021 the movements of right of use assets items are as follows:

Movements	Rights of use on land and natural properties, net ThCh$	Rights of use on buildings, net ThCh$	Rights of use on plant and machinery, net ThCh$	Other rights of use, net ThCh$	Rights of use, net ThCh$
Beginning balance as of 01.01.21	**33,567,480**	**123,565,617**	**6,420,306**	**23,764,440**	**187,317,843**
Additions (1)	7,813,982	10,954,088	-	25,340,321	44,108,391
Withdrawals	(306,534)	27,192	-	-	(279,342)
Depreciation withdrawals	242,710	-	-	-	242,710
Depreciation expense	(16,738,240)	(31,114,314)	(1,325,645)	(6,988,126)	(56,166,325)
Other increases (decreases)	1,105,374	404,426	(244,839)	1,164,790	2,429,751
Movements, subtotal	**(7,882,708)**	**(19,728,608)**	**(1,570,484)**	**19,516,985**	**(9,664,815)**
Ending balance as of 09.30.21	**25,684,772**	**103,837,009**	**4,849,822**	**43,281,425**	**177,653,028**

(1) Considers an allowance for variable income contracts that become subject to IFRS16 in the amount of ThCh$21,456,128, addition of contracts for branches that become subject to IFRS16 due to extension of the term to more than one year and modification of contracts due to rent, currency and ending date changes, among other things.

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

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

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

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

a) Current assets or disposal groups classified as held for sale correspond to assets that the Company expects to sell in the short-term. As of September 30, 2021, this account includes assets of the optic fiber business and thedata center, detailed as follows:

Concepts	09.30.2021 Gross value ThCh$	Accumulated amortization ThCh$	Net value ThCh$	12.31.2020 Gross value ThCh$	Accumulated amortization ThCh$	Gross value ThCh$
Land (1)	1,246,178	-	1,246,178	-	-	-
Buildings (1)	8,321,416	(6,564,174)	1,757,242	-	-	-
Network and communication Equipment (1)	14,895,697	(12,505,501)	2,390,196	-	-	-
Administrative concessions (2)	-	-	-	34,004,890	(31,318,657)	2,686,233
Computer equipment (2)	-	-	-	5,608,521	(4,313,133)	1,295,388
Licenses and franchises (2)	-	-	-	180,821	(150,177)	30,644
Other assets for sale (2)	-	-	-	3,448,192	(637,202)	2,810,990
Total	**24,463,291**	**(19,069,675)**	**5,393,616**	**43,242,424**	**(36,419,169)**	**6,823,255**

(1) These elements correspond to transfer of property, plant and equipment to available for sale assets; corresponding to land, buildings and data centers located at San Martin and Apoquindo.
(2) The assets that were recorded as of December 31, 2020, associated to the Cloud business, were sold in January 2021.

The assets that were recorded as of December 31, 2020, associated to the Cloud business, were sold in February 2021 as planned. On July 1, 2021, the assets related to the optic fiber network transferred from property, plant and equipment and intangible assets were sold in the amount of ThCh$166,608,047, as were other assets for salein the amount of ThCh$6,340,109.

19. Investments in associates and joint ventures

a) As of September 30, 2021, investments in associates, as well as a summary of their information are detailed as follows:

Tax No.	Company name	Ownership %	Current assets ThCh$	Non-current assets ThCh$	Total assets ThCh$	Current liabilities ThCh$	Non-current liabilities ThCh$	Total liabilities ThCh$	Equity ThCh$	Net profit ThCh$
77.374.961-2	HoldCo InfraCo SpA	40%	426,614	238,601,695	239,028,309	1,580,046	200,949,571	202,529,617	36,498,692	1,161,978

On February 22, 2021 at Board of Directors meeting of Telefónica Chile S.A. the Directors agreed to sign a share purchase agreement with KKR Alameda Aggregator L.P. (vehicle controlled by funds managed or advised by subsidiaries of KKR), for the sale of 60% of the shares of its subsidiary Infraco SpA.

HoldCo InfraCo SpA, was created on April 13, 2021, whereby Telefónica Chile S.A. as the only concurrent company, obtained 100% of its equity. Subsequently, on June 23, 2021, Telefónica Chile S.A. sold to HoldCo InfraCo SpA,100% of its ownership in subsidiary InfraCo SpA (created in January 2020) whereby the latter becoming the main asset of HoldCo Infraco SpA.

On July 1, 2021, having complied with all the suspensive conditions established in the respective contracts and with the corresponding approvals granted by the competition authorities, both Chilean (National Economic Prosecutor's Office or "Fiscalía Nacional Económica") and foreign (Commission to Promote Competition in Costa Rica and European Commission in the European Union), Telefónica Chile S.A. and KKR Alameda Aggregator L.P. performed the actions and signed the contracts necessary to materialize the agreement indicated in the previous paragraph, through the sale of 60% of the shares of HoldCo Infraco SpA.

19. Investments in associates and joint ventures, continued

As a result of the transaction, Telefónica Chile S.A. received net operating cash flows of ThCh$457,946,989, generating an operating income of ThCh$358,254,176 (see Note 29b) and a final income net of taxes in the amount of ThCh$260,523,157. The following transactions and records form an integral part of this transaction:

i) Telefónica Chile S.A. sold to InfraCo SpA certain assets related to the fiber optic network, which imply 2.4 million real estate units passed with fiber optic. The assets transferred in this operation have beenrecorded under "Current assets or disposal groups of assets classified as held for sale" since February2021. The total amount of this account associated to this transaction is ThCh$ 173,361,294.

ii) Subordinate promissory note receivable from HoldCo Infraco SpA por ThCh$78,863,065, documented in the Share Purchase Agreement signed with KKR Alameda Aggregator L.P. and which is recorded as "Non- current accounts receivable from related parties" (see Note 9b).

iii) Account receivable from KKR Alameda Aggregator L.P. for the concept of additional contingent payment by the purchaser, according to clause established in the Share Purchase Contract. The determined value with high probability of occurrence, is recorded under "Other financial assets", with ThCh$18,956,206 in current, and ThCh$ 20,523,632 in non-current (see note 6).

iv) Deferred income recorded under "Other non-financial liabilities", with ThCh$8,969,110 in current and ThCh$80,821,991 in non-current (see Note 26a). The price of the transaction that is being retributed to Telefónica Chile S.A. for the purchase of the fiber optics business, is based on two concepts: the purchase of a business, and the commitment to exclusivity of Telefónica Chile S.A. with InfraCo SpA through the Connectivity Services Supply Contract through the fiber optics network. That exclusivity has the same 10-year term as the contract, therefore its period of deferral is for the same term in a linear way.

v) Capital contributions to HolCo InfraCo SpA and adjustments to the fair value of the investment in the amount of ThCh$67,793,623.

b) The movements of investments in associates as of September 30, 2021 are detailed as follows:

Company	Ownership %	Investment as of 07.31.2021 ThCh$	Additions or derecognitions ThCh$	Share in income for the period ThCh$	Other movements (1) ThCh$	Investment as of 09.30.2021 ThCh$
HoldCo InfraCo SpA	40%	67,793,623	-	464,791	(560,486)	67,697,928

(1) Corresponds to amortization of the PPA (Purchase Price Allocation).

20. 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		09.30.2021		12.31.2020	
		Current ThCh$	Non-Current ThCh$	Current ThCh$	Non-Current ThCh$
Bank loans	(a)	538,314	345,514,075	107,005,217	177,503,803
Unguaranteed obligations (Bonds) (1)	(b)	9,740,127	687,538,316	119,223,234	553,244,197
Hedge instruments	(see Note 23,2)	1,921,963	-	28,697,814	24,855,039
Other financial debts (2)		1,448,186	-	1,922,525	-
Total		**13,648,590**	**1,033,052,391**	**256,848,790**	**755,603,039**

(1) Includes mark-to-market of loans subject to fair value hedging, As of September 2021, the amount corresponds to ThCh$11,343,288 in non-current.
(2) Corresponds to the generation of financial liabilities for portfolio sales operations.

The Company has evaluated its financial liabilities as of September 30, 2021 due to the macroeconomic effects generated by the health emergency (Covid-19) and has determined that the obligations continue to be true and there are no additional changes in their valuation.

20. **Other current and other non-current financial liabilities**, continued

a) As of September 30, 2021, the detail of bank loans is as follows:

Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bilateral Loan	76,124,890-1	Telefónica Móviles Chile S,A.	Chile	97,018,000-1	Bank Scotiabank	Chile	USD	At maturity	1.39%	3.62%	US$ 68,6 mm	11-13-2023
Bilateral Loan	76,124,890-1	Telefónica Móviles Chile S,A.	Chile	*Foreign*	Bank of Nova Scotia	Chile	USD	At maturity	1.99%	3.05%	US$ 140,19 mm	09-29-2023
Bilateral Loan	76,124,890-1	Telefónica Móviles Chile S,A.	Chile	97,004,000-5	Banco de Chile	Chile	CLP	At maturity	2.15%	1.90%	CLP 30,000 mm	10-06-2024
Bilateral Loan	76,124,890-1	Telefónica Móviles Chile S,A.	Chile	97,023,000-9	Banco Itaú	Chile	CLP	At maturity	3.62%	3.35%	CLP 17,911 mm	09-19-2025
Bilateral Loan	76,124,890-1	Telefónica Móviles Chile S,A.	Chile	97,036,000-k	Banco Santander	Chile	CLP	At maturity	3.53%	3.22%	CLP 50,000 mm	03-26-2025
Bilateral Loan	76,124,890-1	Telefónica Móviles Chile S,A.	Chile	97,030,000-7	Banco Estado	Chile	CLP	At maturity	1.59%	1.30%	CLP 50,000 mm	03-29-2024
Bilateral Loan	76,124,890-1	Telefónica Móviles Chile S,A.	Chile	97,006,000-6	Banco BCI	Chile	CLP	At maturity	3.22%	2.94%	CLP 30,000 mm	03-30-2025

Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands) 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$	Total nominal amounts in local currency ThCh$
Bilateral Loan (1)	76,124,890-1	Telefónica Móviles Chile S,A.	Chile	Bank Scotiabank	-	-	-	47,022,556	47,022,556	-	-	-	-	47.022.556
Bilateral Loan (2)	76,124,890-1	Telefónica Móviles Chile S,A.	Chile	Bank of Nova Scotia	-	-	-	119,080,998	119,080,998	-	-	-	-	119.080.998
Bilateral Loan (3)	76,124,890-1	Telefónica Móviles Chile S,A.	Chile	Banco de Chile	-	-	-	-	-	30,000,000	-	30,000,000	-	30.000.000
Bilateral Loan (4)	76,124,890-1	Telefónica Móviles Chile S,A.	Chile	Banco Itaú	-	-	-	-	-	-	17,911,000	17,911,000	-	17.911.000
Bilateral Loan (5)	76,124,890-1	Telefónica Móviles Chile S,A.	Chile	Banco Santander	-	-	-	-	-	50,000,000	-	50,000,000	-	50.000.000
Bilateral Loan (6)	76,124,890-1	Telefónica Móviles Chile S,A.	Chile	Banco Estado	-	-	-	50,000,000	50,000,000	-	-	-	-	50.000.000
Bilateral Loan (7)	76,124,890-1	Telefónica Móviles Chile S,A.	Chile	Banco BCI	-	-	-	-	-	30,000,000	-	30,000,000	-	30.000.000
Total					**-**	**-**	**-**	**216,103,554**	**216,103,554**	**110,000,000**	**17,911,000**	**127,911,000**	**-**	**344,014,554**

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

a) As of September 30, 2021, the detail of bank loans is as follows

Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current – To Maturity: Up to 90 days ThCh$	Current – To Maturity: 90 days to 1 years ThCh$	Total current as of 09.30.2021 ThCh$	Non-current – To Maturity: 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$	Total Non-current as of 09.30.2021 ThCh$
Bilateral Loan (1)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Bank Scotiabank	83,489	-	83,489	-	55,412,577	55,412,577	-	-	-	-	55,412,577
Bilateral Loan (2)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Bank of Nova Scotia	-	-	-	-	113,217,570	113,217,570	-	-	-	-	113,217,570
Bilateral Loan (3)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco de Chile	220,644	-	220,644	-	-	-	29,877,271	-	29,877,271	-	29,877,271
Bilateral Loan (4)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco Itaú	-	15,000	15,000	-	-	-	17,783,812	-	17,783,812		17,783,812
Bilateral Loan (5)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco Santander	13,417	-	13,417	-	-	-	49,637,189	-	49,637,189		49,637,189
Bilateral Loan (6)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco Estado	-	205,765	205,765	-	49,800,644	49,800,644	-	-	-		49,800,644
Bilateral Loan (7)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco BCI	-	-	-	-	-	-	29,785,012	-	29,785,012		29,785,012
Total					317,550	220,765	538,315	-	218,430,791	218,430,791	127,083,284	-	127,083,284	-	345,514,075

1) On November 13, 2018, a loan was obtained from Scotiabank in the amount of US$68,6 million (Ch$47,023 million) with an interest rate of Libor (3M) + 1% annual for a 5-year bullet, maturing on November 13, 2023.
2) On April 17, 2020, a loan was obtained from Bank of Nova Scotia in the amount of US$140,19 million (Ch$119,080 million) with an interest rate of Libor (6M) + 1.9%, maturing on April 20, 2021, On September 30, 2020, the due date was extended to September 29, 2023 with an interest rate of Libor (6M) + 1.53%.
3) On October 6, 2020, a local loan was taken with the Banco de Chile for ThCh $ 30,000,000 with an annual interest rate of 1.9%, maturing on October 6, 2024.
4) On March 23, 2021, a local loan was taken with the Banco Itaú for ThCh $ 17,911,000 with an annual interest rate of 3.35%, maturing on September 19, 2025.
5) On March 26, 2021, a local loan was taken with the Banco Santander for ThCh $ 50,000,000 with an annual interest rate of 3.22%, maturing on March 26, 2025.
6) On March 29, 2021, a local loan was taken with the Banco Estado for ThCh $ 50,000,000 with an annual interest rate of 1.30%, maturing on March 29, 2024.
7) On March 30, 2021, a local loan was taken with the Banco BCI for ThCh $ 30,000,000 with an annual interest rate of 2.94%, maturing on March 30, 2025.

On April 15, 2021, Telefónica Móviles Chile S.A. paid the Tokyo loan from MUFG BANK, LTD. for a total of USD 150,000,000 of capital and USD 113,266.25 of interest equivalent to ThCh$106,087,500 and ThCh$80,108 respectively.

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

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

Types	Debtor taxpayer No.	Debtor	Debtor country	Creditor taxpayer No.	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bilateral Loan (1)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Foreign	Bank of Tokyo	Tokyo	USD	At maturity	0.36%	1.23%	US$ 150 mm	04-15-2021
Bilateral Loan (2)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	97.018.000-1	Bank Scotiabank	Chile	USD	At maturity	1.49%	3.62%	US$ 68,6 mm	11-13-2023
Bilateral Loan (3)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	*Foreign*	Bank of Nova Scotia	Chile	USD	At maturity	2.07%	3.05%	US$ 140,19 mm	09-29-2023
Bilateral Loan (4)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	97.004.000-5	Banco Chile	Chile	CLP	At maturity	2.15%	1.90%	CLP 30.000 mm	10-06-2024

					Nominal amounts (capital in thousands)									
					To Maturity									
Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor	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$	Total nominal amounts in local currency ThCh$
Bilateral Loan (1)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Bank of Tokyo	-	99,057,000	-	-	-	-	-	-	-	99,057,000
Bilateral Loan (2)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Bank Scotiabank	-	-	-	47,022,556	47,022,556		-	-	-	47,022,556
Bilateral Loan (3)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Bank of Nova Scotia	-	-	-	119,080,998	119,080,998	-	-	-	-	119,080,998
Bilateral Loan (4))	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco de Chile	-	-	-	-	-	30,000,000	-	30,000,000	-	30,000,000
Total					-	99,057,000	-	166,103,554	166,103,554	30,000,000	-	30,000,000	-	295,160,554

					Current			Non-current								
					To Maturity			To Maturity								
Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Up to 90 days ThCh$	90 days to 1 years ThCh$	Total current as of 12.31.2020 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$	Total Non-current as of 12.31.2020 ThCh$
Bilateral Loan (1)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Bank of Tokyo	44,794	106,578,247	106,623,040	-	-	-	-	-	-	-	-
Bilateral Loan (2)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Bank Scotiabank	79,464	-	79,464	-	48,434,807	48,434,807	-	-	-	-	48,434,807
Bilateral Loan (3)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Bank of Nova Scotia	224,379	-	224,379	-	99,236,991	99,236,991	-	-	-	-	99,236,991
Bilateral Loan (4)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco de Chile	-	78,334	78,334	-	-	-	29,832,005	-	29,832,005	-	29,832,005
Total					348,636	106,656,581	107,005,217	-	147,671,798	147,671,798	29,832,005	-	29,832,005	-	177,503,803

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

2) On November 13, 2018, a loan was obtained from Scotiabank in the amount of US$68,6 million (Ch$47,023 million) with an interest rate of Libor (3M) + 1% annual for a 5-year bullet, maturing on November 13, 2023.

3) On April 17, 2020, a loan was obtained from Bank of Nova Scotia in the amount of US$140,19 million (Ch$119,080 million) with an interest rate of Libor (6M) + 1,9%, maturing on April 20, 2021, On September 30, 2020, the due date was extended to September 29, 2023 with an interest rate of Libor (6M) + 1,53%.

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

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

b) As of September 30, 2021, the detail of unguaranteed obligations (Bonds) is as follows:

Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bond 144A (1)	90,635,000-9	Telefónica Chile S,A,	Chile	0-E	The Bank of New York Mellon	EE,UU,	USD	At maturity	4.06%	3.88%	US$ 500 mm	10-12-2022
Bond series F (2)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	97,036,000-K	Banco Santander	Chile	U,F,	At maturity	3.82%	3.60%	UF 3 mm	10-04-2023
Bond series T (3)	90,635,000-9	Telefónica Chile S,A,	Chile	97,004,000-5	Banco de Chile	Chile	CLP	At maturity	4.72%	4.90%	MM$ 48,000	07-05-2023
Bono Serie O (4)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	97,004,000-5	Banco de Chile	Chile	CLP	At maturity	3.36%	3.50%	MM$ 70,000	12-01-2025
Bono Serie Q (5)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	CLP	At maturity	3.36%	3.60%	MM$90,000	03-01-2026

Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands) 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$	Total nominal amounts in local currency ThCh$
Bono 144A (1)	90,635,000-9	Telefónica Chile S,A,	Chile	The Bank of New York Mellon	-	-	236,400,000	-	236,400,000	-	-	-	-	236,400,000
Bono Serie F (2)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco Santander	-	-	-	66,928,680	66,928,680	-	-	-	-	66,928,680
Bono Serie T (3)	90,635,000-9	Telefónica Chile S,A,	Chile	Banco de Chile	-	-	19,200,000	-	19,200,000	-	-	-	-	19,200,000
Bono Serie O (4)	76,124,890-1	Telefónica Móviles Chile S,A,	Chile	Banco de Chile	-	-	-	-	-	-	70,000,000	70,000,000	-	70,000,000
Bono Serie Q (5)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	-	-	-	-	90,000,000	90,000,000	-	90,000,000
	Total				-	-	255,600,000	66,928,680	322,528,680	-	160,000,000	160,000,000	-	482,528,680

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

b) As of September 30, 2021 the detail of unguaranteed obligations (Bonds) is as follows, continued:

Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current – To Maturity: Up to 90 days ThCh$	Current – To Maturity: 90 days to 1 years ThCh$	Total current as of 09.30.2021 ThCh$	Non-current – To Maturity: 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$	Total Non-current as of 09.30.2021 ThCh$
Bono 144A (1)	90,635,000-9	Telefónica Chile S.A.	Chile	The Bank of New York Mellon	6,762,247	-	**6,762,247**	413,396,645	-	**413,396,645**	-	-	-	-	**413,396,645**
Bono Serie F (2)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	1,394,989	-	**1,394,989**	-	93,953,106	**93,953,106**	-	-	-	-	**93,953,106**
Bono Serie T (3) (5) (6)(8)	90,635,000-9	Telefónica Chile S.A.	Chile	Banco Chile	-	252,055	**252,055**	19,217,078	-	**19,217,078**	-	-	-	-	**19,217,078**
Bono Serie O(4)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco de Chile	888,465	-	**888,465**	-	-	**-**	-	70,290,268	**70,290,268**	-	**70,290,268**
Bono Serie Q(7)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	442,371	**442,371**	-	-	**-**	-	90,681,219	**90,681,219**	-	**90,681,219**
	Total				**9,045,701**	**694,426**	**9,740,127**	**432,613,723**	**93,953,106**	**526,566,829**	**-**	**160,971,487**	**160,971,487**	**-**	**687,538,316**

(1) On October 12, 2012, Telefónica Chile S,A, issued a 10-year 144A Reg S bullet Bond in the American Capital Market for an amount of US$ 500,000,000 (equivalent to ThCh$236,400,000 historical), with an effective annual interest rate of 3.887% in US dollars and 10-year bullet, maturing on October 12, 2022, The placement banks were Banco Bilbao Vizcaya Argentaria, S,A,, Citigroup Global Markets Inc, and J,P, Morgan Securities LLC, The funds resulting from the issuance were used for refinancing liabilities and other corporate purposes.

(2) On 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.

(3) On January 5, 2017, Telefónica Chile S,A, placed a 6,5-year bullet Bond Series T in the local market with a nominal annual interest rate of 4.9%, maturing on July 5, 2023, The amount collected on this transaction amounted to ThCh$48,795,000

(4) On December 21, 2020, there was a 5-year bullet placement in the local market for an amount of ThCh $ 70,000,000, maturing December 1, 2025.

(5) On July 3, 2020, Telefónica Chile S.A. paid the first principal instalment of the T Bond in the amount of ThCh$9,600,000 and ThCh$1,161,936 in interest.

(6) On January 5, 2021, Telefónica Chile S.A. paid the second instalment of the T Bond in the amount of ThCh$9,600,000 and ThCh$929,549 in interest.

(7) On April 13, 2021, a placement was made in the local market for an amount of ThCh$90,000,000 for a term of 5 bullet years, maturing March 1, 2026

(8) On July 2, 2021, Telefónica Chile S.A. paid the third installment of the capital of the T bond for ThCh$9,600,000 and ThCh$697,162 of interest.

On September 10, 2021, Telefónica Móviles Chile S.A. paid the K bond for a total of ThCh$94,410,000 of capital and ThCh$2,285,383.

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

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

Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bond 144A (1)	90,635,000-9	Telefónica Chile S.A.	Chile	0-E	The Bank of New York Mellon	EE,UU,	USD	At maturity	4.06%	3.88%	US$ 500 mm	10-12-2022
Bond series K (2)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	97,036,000-K	Banco Santander	Chile	CLP	At maturity	4.91%	4.90%	MM$ 94,410	09-13-2021
Bond series F (3)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	97,036,000-K	Banco Santander	Chile	U,F,	At maturity	3.82%	3.60%	UF 3 mm	10-04-2023
Bond series T (4)	90,635,000-9	Telefónica Chile S.A.	Chile	97,004,000-5	Banco de Chile	Chile	CLP	At maturity	4.72%	4.90%	MM$ 48,000	07-05-2023
Bono Serie O (5)	76,124,890-1	Telefónica Móviles Chile S-.A.	Chile	97,004,000-5	Banco de Chile	Chile	CLP	At maturity	3.36%	3.50%	MM$ 70,000	12-01-2025

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$	
Bono 144A (1)	90,635,000-9	Telefónica Chile S.A.	Chile	The Bank of New York Mellon	-	-	236,400,000	-	**236,400,000**	-	-	**-**	-	**236,400,000**
Bono Serie K (2)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	94,410,000	-	-	**-**	-	-	**-**	-	**94,410,000**
Bono Serie F (3)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	-	66,928,680	**66,928,680**	-	-	**-**	-	**66,928,680**
Bono Serie T (4)	90,635,000-9	Telefónica Chile S.A.	Chile	Banco de Chile	9,600,000	9,600,000	-	19,200,000	**19,200,000**	-	-	**-**	-	**38,400,000**
Bono Serie O (5)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco de Chile	-	-	-	-	**-**	-	70,000,000	**70,000,000**	-	**70,000,000**
Total					**9,600,000**	**104,010,000**	**236,400,000**	**86,128,680**	**322,528,680**	**-**	**70,000,000**	**70,000,000**	**-**	**506,138,680**

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

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

Types	Debtor taxpayer No.	Debtor	Debtor country	Creditor	Current – To Maturity: Up to 90 days ThCh$	Current – To Maturity: 90 days to 1 years ThCh$	Total current as of 12.31.2020 ThCh$	Non-current – To Maturity: 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$	Total Non-current as of 12.31.2020 ThCh$
Bono 144A (1)	90,635,000-9	Telefónica Chile S.A.	Chile	The Bank of New York Mellon	-	2,528,210	**2,528,210**	366,355,594	-	**366,355,594**	-	-	-	-	**366,355,594**
Bono Serie K (2)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	1,363,654	94,404,420	**95,768,074**	-	-	-	-	-	-	-	-
Bono Serie F (3)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	582,242	**582,242**	-	97,207,595	**97,207,595**	-	-	-	-	**97,207,595**
Bono Serie T (4)	90,635,000-9	Telefónica Chile S.A.	Chile	Banco Chile	10,524,294	9,620,005	**20,144,299**	-	19,241,482	**19,241,482**	-	-	-	-	**19,241,482**
Bono Serie O (5)	90,635,000-9	Telefónica Chile S.A.	Chile	Banco Chile	-	200,409	**200,409**	-	-	-	-	70,439,526	**70,439,526**	-	**70,439,526**
Total					**11,887,948**	**107,335,286**	**119,223,234**	**366,355,594**	**116,449,077**	**482,804,671**	**-**	**70,439,526**	**70,439,526**	**-**	**553,244,197**

(1) On October 12, 2012, Telefónica Chile S,A, issued 144A Reg S bullet Bonds in the American Capital Market for an amount of US$ 500,000,000 (equivalent to ThCh$236,400,000 historical), at an annual effective interest rate of 3.887% and 10- year bullet, maturing on October 12, 2022, The placement banks were Banco Bilbao Vizcaya Argentaria, S,A, Citigroup Global Markets Inc, and J,P, Morgan Securities LLC, The funds resulting from the issuance were used for refinancing liabilities and other corporate purposes.

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

(3) On October 15, 2013, there was a 10-year bullet placement in the local market for an amount of UF 3,000,000, maturing on October 4, 2023.

(4) On January 5, 2017, Telefónica Chile S.A. placed a Series T, 6.5-year bullet bond in the local market, for ThCh$48,000, with a nominal rate of 4.9% annually, maturing on July 5, 2023. The amount collected by this operation was ThCh$48,795,000.

(5) On July 3,2020, Telefónica Chile S.A. paid the first principal instalment of the T Bond in the amount of ThCh$9,600,000 and ThCh$1,161,936 in interest.

(6) On December 21, 2020, there was a 5-year bullet placement in the local market for an amount of ThCh$70,000,000, maturing December 1, 2025.

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

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

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

c) As of September 30, 2021 the composition of movements in current and non-current financial assets and liabilities from financial activities are as follows:

Conciliation of financing activities, current	12.31.2020	Cash flows: Charges	Cash flows: Payments	Items other than cash flows: Exchange rate	Accrued interest	Reclassification current / non-current	Others (*) movements	09.30.2021
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Financial liabilities	**323,826,778**	**5,222,977**	**(313,065,290)**	**(32,554,317)**	**23,681,608**	**40,830,744**	**15,940,265**	**63,882,765**
Banks loans (1)	107,005,217	-	(105,948,161)	(7,621,092)	4,602,483	-	2,499,867	538,314
Unguaranteed obligations (Bonds) (1)	119,223,234	-	(131,347,272)	(117,857)	21,407,933	-	574,089	9,740,127
Hedge instruments (2)	28,697,814	5,222,977	(4,659,459)	(22,859,615)	(4,322,667)	-	(157,087)	1,921,963
Leases (3)	66,977,988	-	(65,414,419)	(1,955,753)	1,993,859	40,830,744	7,801,756	50,234,175
Other financial debts (4)	1,922,525	-	(5,695,979)	-	-	-	5,221,640	1,448,186
Related companies commercial mandate (5)	**88,368**	**707,608**	**(1,354,289)**	**-**	**-**	**-**	**(32,501)**	**(590,813)**
Related companies leases (3)	**2,560,600**	**-**	**-**	**-**	**-**	**(2,560,600)**	-	**-**
Dividends pending of payment (6)	**9,971,466**	**-**	**(448,670,663)**	**-**	**-**	**-**	**438,699,197**	**-**
Total	**336,447,212**	**5,930,585**	**(763,166,639)**	**(32,554,317)**	**23,681,608**	**38,270,144**	**454,683,358**	**63,291,952**

(*) Others
1. (1) Corresponds to recognition of amortized cost, 4% tax and stamp tax,
2. (2) Corresponds to recognition of the fair value of interest rate insurance and transfer from financial assets,
3. (3) Corresponds to recognition of the obligation for liabilities on lease contracts that qualify under IFRS 16,
4. (4) Corresponds to portfolio sales settlement,
5. (5) Corresponds to movements of related-party transactions with Fundación Telefónica Chile,
6. (6) Corresponds to dividends paid in July and August 2021,

Conciliation of financing activities, Non-current	12.31.2020	Cash flows: Charges	Cash flows: Payments	Items other tan cash flows: Exchange rate	Accrued interest	Reclassification current / non-current	Others (*) movements	09.30.2021
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Financial liabilities	**854,041,423**	**239,687,064**	-	**52,760,137**	-	**1,176,894**	**31,090,970**	**1,178,756,488**
Banks loans (1)	177,503,803	147,911,000	-	21,010,648	-	-	(911,376)	345,514,075
Unguaranteed obligations (Bonds) (2)	553,244,197	91,776,064	-	53,444,476	-	-	(10,926,421)	687,538,316
Hedge instruments (3)	24,855,039	-	-	(21,694,987)	-	-	(3,160,052)	-
Leases (4)	98,438,384	-	-	-	-	1,176,894	46,088,819	145,704,097
Related companies leases (4)	**39,447,038**	-	-	-	-	**(39,447,038)**	-	-
Total	**893,488,461**	**239,687,064**	-	**52.760.137**	-	**(38,270,144)**	**31,090,970**	**1,178,756,488**

(*) Others
1. (1) Corresponds to recognition of amortized cost, 4% tax and stamp tax,
2. (2) Includes fair value adjustment for loans subject to fair value hedging in the amount of ThCh$(10,250,126) and amortized cost in the amount of ThCh$676,295
3. (3) Corresponds to recognition of the fair value of rate insurance,
4. (4) Corresponds to recognition of the obligation for liabilities on lease contracts that qualify under IFRS 16,

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

c) As of September 30, 2020, the composition of movements in current and non-current financial liabilities from financial activities are as follows:

Conciliation of financing activities, current	12.31.2019	Cash flows		Exchange rate	Items other than cash flows		Others (*) movements	09.30.2020
		Charges	Payments		Accrued interest	Reclassification current / non-current		
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Financial liabilities	**204,817,950**	**126,263,080**	**(206,176,549)**	**7,016,197**	**21,682,950**	**142,345,400**	**16,878,046**	**312,827,074**
Banks loans (1)	204,520	119,999,216	(4,027,552)	19,186,829	3,781,137	(20,023,998)	(888,482)	118,231,670
Unguaranteed obligations (Bonds) (1)	119,507,903	-	(129,117,843)	(12,748,751)	20,854,885	123,210,000	509,708	122,215,902
Hedge instruments (2)	3,538,527	5,774,361	(6,152,283)	766,491	(5,155,429)	-	6,708,231	5,479,898
Leases (3)	78,739,697	-	(56,497,973)	(188,372)	2,202,357	39,159,398	1,224,860	64,639,967
Other financial debts (4)	2,827,303	489,503	(10,380,898)	-	-	-	9,323,729	2,259,637
Related companies commercial mandate (5)	**87,574**	1,002,080	(520,000)	**-**	**-**	**-**	(481,503)	**88,151**
Related companies leases (3)	**12,087,801**	**-**	(3,886,818)	(17,846)	449,534	1,708,141	3,179,455	**13,520,267**
Issued capital	**1,329,872,285**	35,000,000	-	**-**	**-**	**-**	**-**	**1,364,872,285**
Dividends pending of payment (6)	**75,721**	**-**	(81,249)	-	-	-	5,528	-
Total	**1,546,941,331**	**162,265,160**	**(210,664,616)**	**6,998,351**	**22,132,484**	**144,053,541**	**19,581,526**	**1,691,307,777**

(*) Others

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

Reconciliation of non-current financing activities	12.31.2019	Cash flows		Items other than cash flows			Other (*) movements	09.30.2020
		Charges	Payments	Foreign currency translation	Accrued interest	Reclassification current / non-current		
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Financial liabilities	**905,710,265**	-	-	**7,422,042**	-	**(139,488,012)**	**21,669,617**	**795,541,328**
Bank loans (1)	163,025,228	-	-	(19,188,838)	-	20,023,998	(733,759)	163,354,044
Unguaranteed obligations (Bonds) (2)	614,538,045	-	-	20,986,825	-	(123,210,000)	7,438,601	519,753,471
Hedging instruments (3)	5,599,137	-	-	-	-		8,021,258	13,620,395
Lease obligations (4)	122,547,855	-	-	5,624,055	-	(36,302,010)	6,943,518	98,813,418
Related companies leases (4)	**37,396,656**	-	-	-	-	(4,565,529)	4,911,402	37,742,529
Total	**943,106,921**	**-**	**-**	**7,422,042**	**-**	**(144,053,541)**	**26,581,019**	**833,283,857**

(*) Others

(1) Corresponds to recognition of amortized cost, 4% tax and stamp tax,
(2) Includes fair value adjustment for loans subject to fair value hedging in the amount of ThCh$7,073,906 and amortized cost in the amount of ThCh$364,695.
(3) Corresponds to recognition of the fair value of rate insurance,
(4) Corresponds to recognition of the obligation for liabilities on lease contracts that qualify under IFRS 16,

21. Current and non-current lease liabilities

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

Concepts	09.30.2021		12.31.2020	
	Current ThCh$	Non-current ThCh$	Current ThCh$	Non-current ThCh$
Lease obligations (1)	50,234,175	145,704,097	61,503,041	98,438,384
Total	**50,234,175**	**145,704,097**	**61,503,041**	**98,438,384**

(1) Corresponds to recognition of the liability for lease agreements that qualify under IFRS 16. In 2021, we emphasize the incorporation of new contracts due to changes in components from variable to fixed and recognition of Telxius Torres Chile, S.A. as an external supplier.

b) The detail of the expirations of the current and non-current financial liabilities for leases as of September 30, 2021 and as of December 31, 2020 is as follows:

Due date Up to 90 days ThCh$	Due date 91 days to 1 year ThCh$	Total current 09.30.2021 ThCh$	Due dates 1 to 3 years ThCh$	Due dates 3 to 5 years ThCh$	Due dates Over 5 years ThCh$	Total non-current as of 09.30.2021 ThCh$
27,601,707	22,632,468	**50,234,175**	85,285,245	26,559,730	33,859,122	**145,704,097**

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

22. Trade and other payables

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

Description	09.30.2021		12.31.2020	
	Current ThCh$	No-current ThCh$	Current ThCh$	No-current ThCh$
Debts due to purchases or services provided, invoiced (1)	149,109,641	-	160,043,934	-
Debts due to purchases or services provided, provisioned (1) (2)	165,668,553	429,795	108,343,256	1,160,617
Real property providers, invoiced	43,815,790	-	47,804,868	-
Real property providers, provisioned	8,712,471	-	5,335,893	-
Payables to employees	28,259,628	-	32,097,916	-
Dividends pending of payment	65,659	-	65,659	-
Total	**395,631,742**	**429,795**	**353,691,526**	**1,160,617**

(1) "Debts from purchases or services rendered" corresponding to foreign and domestic suppliers, for the periods ended as of September 30, 2021 and as of December 31, 2020are detailed as follows:

Debts due to purchases or services provided	09.30.2021 ThCh$	12.31.2020 ThCh$
Domestic	262,379,538	240,181,598
Foreign	52,398,656	28,205,592
Total	**314,778,194**	**268,387,190**

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

22. Trade and other payables, continued

b) Accounts payable payment terms

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

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

As of September 30, 2021, the main suppliers, considering a minimum margin of 4% of the total accounts payable correspond to: Samsung Electronics Chile Ltda. with 6.9%, Huawei Chile S.A. with 6.0%, Comercial Multiwireless Ltda. with 4.6%, and for December 31, 2020, the main providers considering a minimum margin of 4% of the total accounts payable of the mobile operation are: Huawei Chile S.A. with 11.9%, Samsung Electronics Chile Ltda. with 9.4%, Nokia Solutions and Networks Chile with 4.3%.

The terms of accounts payable to suppliers with up to date payments as of September 30, 2021 and as of December 31, 2020 are detailed as follows:

Suppliers with up to date payments As of 09.30.2021	Goods (Immobilized) ThCh$	Services and Purchases ThCh$	Total ThCh$
Trade accounts to date			
Up to 30 days	18,672,323	73,363,874	92,036,197
From 31 to 60 days	18,815,286	39,660,801	58,476,087
From 61 to 90 days	874,433	4,819,285	5,693,718
From 91 to 120 days	1,598,979	2,473,877	4,072,856
From 121 to 180 days	173,671	227,473	401,144
More than 180 days	59,238	28,727	87,965
Total	**40,193,930**	**120,574,037**	**160,767,967**
Average period of payment of up to date accounts	**69**	**59**	

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

22. Trade and other payables, continued

b) Payment terms of accounts payable, continued

The terms of accounts payable to suppliers with overdue payments as of September 30, 2021 and as of December 31, 2020 are detailed as follows:

Overdue suppliers by term As of 09.30.2021	Goods (Immobilized) ThCh$	Services and Purchases ThCh$	Total ThCh$
Overdue trade accounts payable by term			
Up to 30 days	2,623,746	22,791,162	25,414,908
From 31 to 60 days	852,885	1,078,726	1,931,611
From 61 to 90 days	8,294	934,059	942,353
From 91 to 120 days	159	223,615	223,774
From 121 to 180 days	0	278,265	278,265
More than 180 days	136,776	3,229,777	3,366,553
Total	**3,621,860**	**28,535,604**	**32,157,464**
Average payment period of overdue accounts	**61**	**42**	

Overdue suppliers by term As of 12.31.2020	Goods (In ThCh$	Services and Purchases ThCh$	Total ThCh$
Overdue trade accounts payable by term			
Up to 30 days	2,285,026	10,045,370	12,330,396
From 31 to 60 days	39,024	2,193,933	2,232,957
From 61 to 90 days	233,821	588,885	822,706
From 91 to 120 days	33,546	243,520	277,066
From 121 to 180 days	160	985,571	985,731
More than 180 days	44,761	2,159,450	2,204,211
Total	**2,636,338**	**16,216,729**	**18,853,067**
Average payment period of overdue accounts	**57**	**36**	

23. 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 September 30, 2021 is as follows:

Description of financial assets	Note	Assets recorded at amortized cost		Financial assets booked at fair value = book value									Total financial assets	
				Through profit and loss		Through other comprehensive income (equity)				Fair value measurement hierarchy				
		Financial assets at amortized cost	Fair Value of financial assets at amortized cost	Financial Assets - held for trading	Financial assets - fair value to P&L option	Financial assets - Debt instruments	Financial assets - Equity instruments	Hedges	Subtotal financial assets at fair value	Level 1 (market prices)	Level 2 (observable inputs other than market prices)	Level 3 (inputs not based on observable market data)	Total Book Value of Financial Assets	Total Fair Value of Financial Assets
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other participations (net)	6-a	-	-	-	-	-	**5,972,096**	-	**5,972,096**	**5,972,096**	**118**	-	**5,972,214**	**5,972,214**
Other participations		-	-	-	-	-	5,972,096	-	5,972,096	5,972,096	118	-	5,972,214	5,972,214
Derivative instrument assets		-	-	-	-	-	-	**217,260,655**	**217,260,655**	-	**217,260,655**	-	**217,260,655**	**217,260,655**
Derivative instrument assets	22-2	-	-	-	-	-	-	**217,260,655**	**217,260,655**	-	**217,260,655**	-	217,260,655	217,260,655
Non-current trade and other accounts receivable		**122,047,810**	**122,047,810**	-	-	-	.	-	-	.	-	-	**122,047,810**	**122,047,810**
Non-current trade and other accounts receivable	12	41,667,981	41,667,981	-	-	.	.	-	-	.	-	-	41,667,981	41,667,981
Account receivable from relate entities	9-b	80,379,829	80,379,829	-	-	.	.	-	-	.	-	-	80,379,829	80,379,829
Other non-trade accounts receivable	6-a	20,523,631	20,523,631	-	-	.	.	-	-	.	-	-	20,523,631	20,523,631
Non-current financial assets		**142,571,441**	**142,571,441**	-	-	-	**5,972,096**	**217,260,655**	**223,232,751**	**5,972,096**	**217,260,773**	-	**365,804,310**	**365,804,310**
Current trade accounts receivable		**353,607,110**	**353,607,110**	-	-	-	-	-	-	-	-	-	**353,607,110**	**353,607,110**
Current trade and other accounts receivable	8-a	318,775,096	318,775,096	-	-	-	-	-	-	-	-	-	318,775,096	318,775,096
Account receivable from relate entities	9-a	34,832,014	34,832,014	-	-	-	-	-	-	-	-	-	34,832,014	34,832,014
Other non-trade accounts receivable	6-a	18,956,205	18,956,205	-	-	-	-	-	-	-	-	-	18,956,205	18,956,205
Current deposits and pledges		**10,634,350**	**10,634,350**	-	-	-	-	-	-	-	-	-	**10,634,350**	**10,634,350**
Current pledges and deposits	6-b/6-d	10,634,350	10,634,350	-	-	-	-	-	-	-	-	-	10,634,350	10,634,350
Derivative instrument of assets		-	-	-	-	-	-	**22,019,196**	**22,019,196**	-	**22,019,196**	-	**22,019,196**	**22,019,196**
Derivative instrument of assets	23-2	-	-	-	-	-	-	22,019,196	22,019,196	-	22,019,196	-	22,019,196	22,019,196
Cash and cash equivalents		**227,924,458**	**227,924,458**	-	-	-	-	-	-	-	-	-	**227,924,458**	**227,924,458**
Cash and cash equivalents	5	227,924,458	227,924,458	-	-	-	-	-	-	-	-	-	227,924,458	227,924,458
Current financial assets		**611,122,123**	**611,122,123**	-	-	-	-	**22,019,196**	**22,019,196**	-	**22,019,196**	-	**633,141,319**	**633,141,319**
Total financial assets		**753,693,566**	**753,693,566**	-	-	-	**5,972,096**	**239,279851**	**245,251,947**	**5,972,096**	**239.279.969**	-	**998,945.629**	**998,945.629**

22. **Financial instruments**, continued

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

b) Details of financial instruments of assets classified by nature and category as of December 31, 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	
				Through profit and loss		Through other comprehensive income (equity)				Fair value measurement hierarchy				
		Financial assets at amortized cost	Fair Value of financial assets at amortized cost	Financial Assets - held for trading	Financial assets - fair value to P&L option	Financial assets - Debt instruments	Financial assets - Equity instruments	Hedges	Subtotal financial assets at fair value	Level 1 (market prices)	Level 2 (observable inputs other than market prices)	Level 3 (inputs not based on observable market data)	Total Book Value of Financial Assets	Total Fair Value of Financial Assets
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other participations (net)	6-a	-	-	-	-	-	**5,972,036**	**-**	**5,972,036**	**5,971,918**	**118**	**-**	**5,972,036**	**5,972,036**
Other participations		-	-	-	-	-	5,972,036	-	5,972,036	5,971,918	118	-	5,972,036	5,972,036
Derivative instrument assets		-	-	**-**	**-**	**-**	**-**	**159,119,588**	**159,119,588**	**-**	**159,119,588**	**-**	**159,119,588**	**159,119,588**
Derivative instrument assets	23-2	-	-	-	-	-	-	159,119,588	159,119,588	-	159,119,588	-	159,119,588	159,119,588
Non-current Deposits and pledges		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Deposits and pledges		-	-	-	-	-	-	-	-	-	-	-	-	-
Non-current trade and other accounts receivable		**23,323,922**	**23,323,922**	**-**	**-**	**-**	**-**	**-**	**-**	**.**	**-**	**-**	**23,323,922**	**23,323,922**
Non-current trade and other accounts receivable	12	23,323,922	23,323,922	-	-	-	-	-	-	.	-	-	23,323,922	23,323,922
Non-current financial assets		**23,323,922**	**23,323,922**	**-**	**-**	**-**	**5,972,036**	**159,119,588**	**165,091,624**	**5,971,918**	**159,119,706**	**-**	**188,415,546**	**188,415,546**
Current trade accounts receivable		**243,586,649**	**243,586,649**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**243,586,649**	**243,586,649**
Current trade and other accounts receivable	8-a	234,486,698	234,486,698	-	-	-	-	-	-	-	-	-	234,486,698	234,486,698
Account receivable from relate entities	9-a	9,099,951	9,099,951	-	-	-	-	-	-	-	-	-	9,099,951	9,099,951
Current deposits and pledges		**319,953**	**319,953**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**319,953**	**319,953**
Current pledges and deposits	6-b	319,953	319,953	-	-	-	-	-	-	-	-	-	319,953	319,953
Derivative instrument of assets		-	-	**-**	**-**	**-**	**-**	**10,167,161**	**10,167,161**	**-**	**10,167,161**	**-**	**10,167,161**	**10,167,161**
Derivative instrument of assets	23-2	-	-	-	-	-	-	10,167,161	10,167,161	-	10,167,161	-	10,167,161	10,167,161
Cash and cash equivalents		**465,809,329**	**465,809,329**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**465,809,329**	**465,809,329**
Cash and cash equivalents	5	465,809,329	465,809,329	-	-	-	-	-	-	-	-	-	465,809,329	465,809,329
Current financial assets		**709,715,931**	**709,715,931**	**-**	**-**	**-**	**-**	**10,167,161**	**10,167,161**		**10,167,161**	**-**	**719,883,092**	**719,883,092**
Total financial assets		**733,039,853**	**733,039,853**	**-**	**-**	**-**	**5,972,036**	**169,286,749**	**175,258,785**	**5,971,918**	**169,286,867**	**-**	**908,298,638**	**908,298,638**

22. Financial instruments, continued

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

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

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

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

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

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

22. **Financial instruments**, continued

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

c) Details of financial instruments of liabilities classified by nature and category as of September 30, 2021 is as follows:

Description of financial liabilities	Note	Financial liabilities at amortized cost		Financial liabilities booked at fair value = booked value							Total financial liabilities	
				With changes in the income statement				Fair value measurement hierarchy				
		Financial liabilities at amortized cost	Fair value of liabilities at amortized cost	Financial liabilities - Held for	Financial liabilities - Fair value	Hedges	SUBTOTAL FINANCIAL LIABILITIES AT FAIR VALUE	Level 1 (market prices)	Level 2 (observable inputs other than	Level 3 (inputs not based on observable	Total Book Value of Financial	Total Fair Value of Financial Liabilities
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Issuance of obligations and other non-current marketable securities	20-b	687,538,316	684,701,491	-	-	-	-	-	-	-	687,538,316	684,701,491
Non-current debts with loan entities	20-a	345,514,075	345,514,075	-	-	-	-	-	-	-	345,514,075	345,514,075
Trade and other accounts payable	22-a	429,795	429,795	-	-	-	-	-	-	-	429,795	429,795
Accounts payable to related entities	9-d	1,613,273	1,613,273	-	-	-	-	-	-	-	1,613,273	1,613,273
Other non-current financial debts	21	145,704,097	145,704,097	-	-	-	-	-	-	-	145,704,097	145,704,097
Non-current financial liabilities		**1,180,799,556**	**1,177,962,731**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,180,799,556**	**1,177,962,731**
Issuance of short-term obligations and other marketable securities	20-b	9,740,127	9,835,677	-	-	-	-	-	-	-	9,740,127	9,835,677
Short-term debts with credit entities	20-a	538,314	538,314	-	-	-	-	-	-	-	538,314	538,314
Short-term derivative instrument of liabilities	23-2	-	-	-	-	1,921,963	1,921,963	-	1,921,963	-	1,921,963	1,921,963
Trade and other accounts payable	22-a	395,631,742	395,631,742	-	-	-	-	-	-	-	395,631,742	395,631,742
Accounts payable to related entities	9-c	71,699,815	71,699,815	-	-	-	-	-	-	-	71,699,815	71,699,815
Other non-current financial debts (1)	20-21	51,682,361	51,682,361	-	-	-	-	-	-	-	51,682,361	51,682,361
Current financial liabilities		**529,292,359**	**529,387,909**	**-**	**-**	**1,921,963**	**1,921,963**	**-**	**1,921,963**	**-**	**531,214,322**	**531,309,872**
Total financial liabilities		**1,710,091,915**	**1,707,350,640**	**-**	**-**	**1,921,963**	**1,921,963**	**-**	**1,921,963**	**-**	**1,712,013,878**	**1,709,272,603**

(1) Includes sale of portfolio to Banco Santander (See Note 20 Other financial debts).

23. 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, 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	
				With changes in the income statement				Fair value measurement hierarchy				
		Financial liabilities at amortized cost	Fair value of liabilities at amortized cost	Financial liabilities - Held for trading	Financial liabilities - Fair value option to PL	Hedges	SUBTOTAL FINANCIAL LIABILITIES AT FAIR VALUE	Level 1 (market prices)	Level 2 (observable inputs other than market prices)	Level 3 (inputs not based on observable market data)	Total Book Value of Financial Liabilities	Total Fair Value of Financial Liabilities
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Issuance of obligations and other non-current marketable securities	20-b	553,244,197	586,245,617	-	-	-	-	-	-	-	553,244,197	586,245,617
Non-current debts with loan entities	20-a	177,503,803	177,503,803	-	-	-	-	-	-	-	177,503,803	177,503,803
Long-term hedge derivative instrument of liabilities	23-2	-	-	-	-	24,855,039	24,855,039	-	24,855,039	-	24,855,039	24,855,039
Trade and other accounts payable	22-a	1,160,617	1,160,617	-	-	-	-	-	-	-	1,160,617	1,160,617
Accounts payable to related entities	9-d	40,801,985	40,801,985	-	-	-	-	-	-	-	40,801,985	40,801,985
Other long-term financial debts	21	98,438,384	98,438,384	-	-	-	-	-	-	-	98,438,384	98,438,384
Non-current financial liabilities		**871,148,986**	**904,150,406**	**-**	**-**	**24,855,039**	**24,855,039**	**-**	**24,855,039**	**-**	**896,004,025**	**929,005,445**
Issuance of short-term obligations and other marketable securities	20-b	119,223,234	123,017,030	-	-	-	-	-	-	-	119,223,234	123,017,030
Short-term debts with credit entities	20-a	107,005,217	107,005,217	-	-	-	-	-	-	-	107,005,217	107,005,217
Short-term derivative instrument of liabilities	23-2	-	-	-	-	28,697,814	28,697,814	-	28,697,814	-	28,697,814	28,697,814
Trade and other accounts payable	22-a	353,691,526	353,691,526	-	-	-	-	-	-	-	353,691,526	353,691,526
Accounts payable to related entities	9-c	59,548,404	59,548,404	-	-	-	-	-	-	-	59,548,404	59,548,404
Other long-term financial debts (1)	21	63,425,566	63,425,566	-	-	-	-	-	-	-	63,425,566	63,425,566
Current financial liabilities		**702,893,947**	**706,687,743**	**-**	**-**	**28,697,814**	**28,697,814**	**-**	**28,697,814**	**-**	**731,591,761**	**735,385,557**
Total financial liabilities		**1,574,042,933**	**1,610,838,149**	**-**	**-**	**53,552,853**	**53,552,853**	**-**	**53,552,853**	**-**	**1,627,595,786**	**1,664,391,002**

(1) Includes sale of portfolio to Banco Santander (See Note 20 Other financial debts).

23. Financial instruments, continued

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

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

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

Financial instruments recorded under other current and non-current financial liabilities which correspond to interest bearing loans, are generally recorded for the cash received, net of costs incurred in the transaction. These obligations are valued at amortized cost, using the effective interest rate method, and mainly include bank loans and unguaranteed obligations (bonds) (see note 20).

23. **Financial instruments**, continued

2. Hedging instruments

As of September 30, 2021, hedging instruments are detailed as follows:

Type of hedge	Underlying	To Maturity							
		Current Assets		Current Liabilities		Non-current Assets		Non-current Assets	
		Up to 90 days ThCh$	90 days to 1 year ThCh$	Up to 90 days ThCh$	90 days to 1 year ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$
Exchange rate hedge – cash flow (1)	Suppliers Debt	11.345,200	2,507,027	(150,658)	(29,491)	219,916	-	-	-
Exchange rate hedge – fair value (2)	Suppliers Debt	2.678,790	-	(1,444,509)	-	-	-	-	-
Interest rate hedge – cash flow (3)	Financial Debt	5.488,180	-	(297,305)	-	6,397,478	9,230,334	-	-
Exchange rate and interest rate hedge – fair value (4)	Financial Debt	-	-	-	-	-	201,412,927	-	-
	Total	**19,512,170**	**2,507,027**	**(1,892,472)**	**(29,491)**	**6,617,394**	**210,643,261**	**-**	**-**

As of September 30, 2021, hedging instruments have generated an effect on period result of ThCh$80,599,800, and an accumulated effect on equity, net of taxes, of ThCh$(19,814,237) (see note 27d).

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

Type of hedge	Underlying	To Maturity							
		Current Assets		Current Liabilities		Non-current Assets		Non-current Assets	
		Up to 90 days ThCh$	90 days to 1 year ThCh$	Up to 90 days ThCh$	90 days to 1 year ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$
Exchange rate hedge – cash flow (1)	Suppliers Debt	132,308	46,637	(8,040,984)	(15,621,964)	-	-	(1,411,828)	-
Exchange rate hedge – fair value (2)	Suppliers Debt	302,015	6,619,837	(1,620,762)	-	-	-	(21,808,182)	-
Interest rate hedge – cash flows (3)	Financial Debt	2,667,757	-	(3,414,104)	-	-	11,688,395	(1,635,029)	-
Exchange rate and interest rate hedge – fair value (4)	Financial Debt	398,607	-	-	-	-	147,431,188	-	-
	Total	**3,500,687**	**6,666,474**	**(13,075,850)**	**(15,621,964)**	**-**	**159,119,588**	**(24,855,039)**	**-**

Hedge instruments have generated an effect on result of ThCh$36,254,603, as of December 31, 2020 and the accumulated effect on equity, net of taxes, is ThCh$14,505,537 (see note 27d).

Description of hedge instruments:

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

23. Financial instruments, continued

3. Valuation of hedging instruments

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

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

a) Market assumptions, such as spot prices and other price projections, credit risk (own and counterparty) and rates, using observable market information and through techniques commonly used among its participants.

b) Discount rates like risk free rates and counterparty rates based on risk profiles and information available in the market.

c) In addition, variables such as: volatility, correlation, regression formulas and market spread, are incorporated to the model.

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

4. Hierarchy of financial instruments fair value

Financial instruments recognized at fair value in the Statement of financial position are classified according to the following hierarchies (note 23.1):

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.

24. Other currents provisions

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

Concepts	09.30.2021 ThCh$	12.31.2020 ThCh$
Civil and regulatory provisions	7,936,916	5,494,711
Total	**7,936,916**	**5,494,711**

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 34a, therefore they do not foresee that they will result in liabilities other than those recorded.

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

As of September 30, 2021 and December 31, 2020, the movements in provisions are as follows:

Movements	09.30.2021 ThCh$	12.31.2020 ThCh$
Beginning balance	**5,494,711**	**1,601,625**
Increase in existing provisions	7,350,301	5,296,788
Provision application	(4,908,096)	(1,403,702)
Movements, subtotal	**2,442,205**	**3,893,086**
Ending balance	**7,936,916**	**5,494,711**

b) Other non-currents provisions:

As of September 30, 2021 and December 31, 2020, the balance of other non-current provisions are detailed as follows:

Concepts	09.30.2021 ThCh$	12.31.2020 ThCh$
Dismantling provision (1)	17,627,773	17,175,350
Non-currents provisions others (2)	110,417	89,895
Total	**17,738,190**	**17,265,245**

(1) Movements of the dismantling provision as of September 30, 2021 and December 31, 2020 are detailed as follows:

Movements	09.30.2021 ThCh$	12.31.2020 ThCh$
Beginning balance	**17,175,350**	**18,730,421**
Financial update	105,108	141,182
Upward	403,365	114,318
Reverse of dismantling provision	(56,050)	(1,810,571)
Movement subtotal	**452,423**	**(1,555,071)**
Ending balance	**17,627,773**	**17,175,350**

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

25. Employee benefits accrual

a) Post-employment benefits

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

As of September 30, 2021 and December 31, 2020 current and non-current employee benefits accrual are as follows:

Concepts	09.30.2021 ThCh$	12.31.2020 ThCh$
Current amount of liability recognized for termination benefits	3,373,934	3,342,973
Non-current amount of liability recognized for termination benefits	29,325,708	33,147,540
Total	**32,699,642**	**36,490,513**

As of January 1, 2021, the Company currently presents the benefits of employees who will reach the legal age to retire within the next twelve months.

As of September 30, 2021 and December 31, 2020 the movements for current employee benefits provisions are detailed as follows:

Movements	09.30.2021 ThCh$	12.31.2020 ThCh$
Beginning balance	**36,490,513**	**36,121,497**
Service costs	185,086	95,680
Interest costs (see note 25 d)	999,748	1,295,678
Actuarial profits, net due to experience	(2,893,790)	250,267
Benefits paid	(2,118,914)	(921,887)
Others	36,999	(350,722)
Movements, subtotal	**(3,790,871)**	**369,016**
Ending balance	**32,699,642**	**36,490,513**

25. 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 September 30, 2021 and December 31, 2020:

- **Discount rate:** An annual nominal rate of 5.441% and 3.65% is used as of September 30, 2021 and December 31, 2020, respectively. This rate must be representative of the time value of money, for which a risk-free rate, represented by BCP financial instruments (Central Bank of Chile Bonds issued in Chilean pesos), is used for a relevant term of around 20 years.

- **Incremental Salary Rate:** for calculation, an increase table is used according to the inflation projection established by the Central Bank of Chile. The rate used for the periods ended September 30, 2021 and December 31, 2020 was 3%.

- **Mortality:** The RV-2014 mortality tables established by the Financial Market Commission (CMF) are used to calculate social life insurance reserves in Chile.

- **Turnover rate:** Based on the historical Company data, the rotation used for both periods are as follows:

Benefit group	Turnover rate for resignation	Turnover rate for dismissal
Frozen Compensation	0.09%	1.72%
Post-frozen Compensation	3.17%	7.23%
Quota 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 September 30, 2021, 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	5.441%	(2,037,565)	2,275,304

25. 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	6,086,922

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	07.01.2021 to 09.30.2021 ThCh$	09.30.2021 ThCh$	07.01.2020 to 09.30.2020 ThCh$	09.30.2020 ThCh$
Wages and salaries	31,484,883	99,822,783	32,556,218	96,807,927
Post employment benefit obligations expense	53,669	185,086	87,581	271,513
Total	**31,538,552**	**100,007,869**	**32,643,799**	**97,079,440**

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

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

Concepts	09.30.2021		12.31.2020	
	Current ThCh$	Non-current ThCh$	Current ThCh$	Non-current ThCh$
Contractual liabilities	**13,854,618**	**1,915,312**	**18,599,189**	**2,250,291**
Handsets sold and not activated	5,180,540	-	9,429,162	-
Services charged and not rendered	5,576,644	-	5,034,677	-
IRUS rights of use	443,100	1,915,312	422,250	2,250,291
Others contractual liabilities (1)	2,654,334	-	3,713,100	-
Deferred income	**12,351,589**	**79,070,084**	**4,357,500**	**1,069,070**
Corporate projects to be undertaken (2)	1,152,370	224,359	1,978,284	435,723
Sale of telecommunications infrastructure	461,855	353,504	1,097,554	419,712
Optical fiber business sale exclusivity (3)	8,969,110	78,479,713	-	-
Other Deferred income (4)	1,768,254	12,508	1,281,662	213,635
Subsidies	**359,756**	**2,063,674**	**359,756**	**2,333,490**
Extreme zones	118,942	268,474	118,942	357,680
Subsidy for Tierra del Fuego base stations	70,355	650,787	70,355	703,554
Puerto Natales and Cerro Castillo Fiber Optics Network	52,623	311,353	52,623	350,820
Connectivity for service networks and telecentre	90,380	183,267	90,380	251,052
Juan Fernandez Island Satellite links	27,456	649,793	27,456	670,384
Taxes	**16,309,979**	**-**	**26,699,733**	**-**
VAT (5)	14,613,871	-	24,681,683	-
Other taxes (6)	1,696,108	-	2,008,050	-
Others non-financial liabilities	**42,875,942**	**83,049,070**	**50,016,178**	**5,652,851**

(1) Includes connection instalments, electronic prepay top-up and unaccrued interest on sales paid in instalments.
(2) Corresponds to billing of projects of companies that are recorded in revenue to the extent of their degree of progress.
(3) Corresponds to the deferral due to exclusivity in the sale of the fiber optic business (see note 19)
(4) Corresponds mainly to commissions for collection management, generated on the sale of the portfolio to BID.
(5) Corresponds to the net effect between VAT debit and tax credit.
(6) Includes withholding tax and other taxes.

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

Movements of contractual liabilities, deferred income and subsidies as of September 30, 2021 and December 31, 2020 are as follows:

Movements	09.30.2021 Contractual liabilities		Deferred Income		Subsidies	
	Current ThCh$	Non-Current ThCh$	Current ThCh$	Non-Current ThCh$	Current ThCh$	Non-Current ThCh$
Beginning balance	**18,599,190**	**2,250,291**	**4,357,500**	**1,069,070**	**359,756**	**2,333,490**
Endowments	175,195,972	-	10,746,956	80,721,991	-	-
Reduction/applications	(180,275,523)	-	(3,874,549)	(1,549,556)	(269,816)	-
Transfers	334,979	(334,979)	1,121,682	(1,171,421)	269,816	(269,816)
Movement subtotal	**(4,744,572)**	**(334,979)**	**7,994,089**	**78,001,014**	**-**	**(269,816)**
Ending balance	**13,854,618**	**1,915,312**	**12,351,589**	**79,070,084**	**359,756**	**2,063,674**

Movements	12.31.2020 Contractual liabilities		Deferred Income		Subsidies	
	Current ThCh$	Non-Current ThCh$	Current ThCh$	Non-Current ThCh$	Current ThCh$	Non-Current ThCh$
Beginning balance	**14,259,915**	**2,673,550**	**3,880,359**	**1,709,923**	**523,355**	**3,272,663**
Endowments	254,905,765	-	5,448,246	386,300	-	-
Write downs/applications	(250,989,749)	-	(5,673,335)	(324.923)	(1,102,772)	-
Transfers	423,259	(423,259)	702,230	(702,230)	939,173	(939,173)
Movements, subtotal	**4,339,275**	**(423,259)**	**477,141**	**(640,853)**	**(163,599)**	**(939,173)**
Ending balance	**18,599,190**	**2,250,291**	**4,357,500**	**1,069,070**	**359,756**	**2,333,490**

b) The detail of the expirations of the current non-financial liabilities as of September 30, 2021 and December 31, 2020 is as follows:

Expirations until 90 days ThCh$	91 days to 1 year ThCh$	Total Current to 09.30.2021 ThCh$	Expirations 1 to 3 years ThCh$	3 to 5 years ThCh$	5 years and more ThCh$	Total non-current to 09.30.2021 ThCh$
38,317,160	4,558,782	**42,875,942**	20,327,758	18,641,186	44,080,126	**83,049,070**

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

27. Equity

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

No changes were introduced in the objectives, policies or processes during the periods ended as of September 30, 2021 and December 31, 2020.

a) Capital

As of September 30, 2021 and December 31, 2020, the Company's paid-in capital is composed as follows:

Number of shares

	09.30.2021			12.31.2020		
Series	**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	960,392,966,349	960,392,966,349	960,392,966,349
Total	**960,392,966,349**	**960,392,966,349**	**960,392,966,349**	**960,392,966,349**	**960,392,966,349**	**960,392,966,349**

Capital

	09.30.2021		12.31.2020	
Series	**Subscribed capital ThCh$**	**Paid-in capital ThCh$**	**Subscribed capital ThCh$**	**Paid-in capital ThCh$**
Unique	1,364,872,285	1,364,872,285	1,364,872,285	1,364,872,285
Total	**1,364,872,285**	**1,364,872,285**	**1,364,872,285**	**1,364,872,285**

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

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

27. Equity, continued

Based on the above, as of September 30, 2021, the Company's shareholder structure is detailed as follows:

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

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

b) Distribution of shareholders

As established in Circular No. 792 issued by the Financial Market Commission (CMF) (ex-Superintendency of Securities and Insurance) of Chile, the distribution of shareholders, based on their participation in the Company as of September 30, 2021, is as follows:

Type of Shareholder	Participation %	Number of shareholders
Participation of 10% or more	98.9588	1
Less than 10% participation:	1.0412	1
Investment equal to or exceeding UF 200	-	-
Investment under UF 200	-	-
Total	**100.0000**	**2**
Parent Company	98.9588%	1

c) Dividends:

i) Dividend policy:

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

As of December 31, 2020, the Company has provisioned 30% of the profit for fiscal year 2020 as an interim dividend of ThCh$ 9,971,466. This amount was reversed in April 2021.

As of September 30, 2021, the following dividend distribution was made:

Date	Dividend	Distributed amount ThCh$	Value per share ThCh$	Charge to utilities	Payment date
01.28.21	Interim	105,124,000	0.1094	Previous exercises	02.02.21
07.26.21	Interim	243,447,842	0.25349	Previous exercises	07.27.21
08.11.21	Interim	98,472,747	0.10253	Previous exercises	12.08.21

27. Equity, continued

d) Other reserves:

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

Concepts	Balance as of 12.31.2020 ThCh$	Net movement ThCh$	Balance as of 09.30.2021 ThCh$
Capital revaluation reserve (i)	(233,685,327)	-	(233,685,327)
Business combination reserve (ii)	(95,176,556)	-	(95,176,556)
Other miscellaneous reserves (iii)	(122,214,004)	-	(122,214,004)
Employee benefits reserve (iv)	(10,127,704)	2,103,211	(8,024,491)
Foreign currency translation difference reserve (v)	(58,310)	-	(58,310)
Cash flow hedges reserve (vi)	(14,505,535)	34,319,774	19,814,239
Reserve for financial assets (vii)	293,418	177	293,593
Total	**(475,474,018)**	**36,423,162**	**(439,050,856)**

i) Capital revaluation

In accordance with Law No. 18,046, second paragraph of Article 10 and in accordance with Official Circular No. 456 issued by the Financial Market Commission (ex-Superintendency of Securities and Insurance), the revaluation of the Company's Capital as of December 31, 2008, date of application of international financial reporting standards, must be presented in this item.

ii) Business combination reserve

Corresponds to corporate reorganizations performed in previous periods.

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 as of December 31, 2016. 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, Telefónica Móviles Chile S.A. increased its interest in subsidiary Telefónica Chile S.A. from 97.92% to 99.0281653%, which generated an increase of ThCh$1,083,569 in the aforementioned effect.

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

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

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

27. Equity, continued

d) Other reserves, continued

iv) Employee benefits reserve

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

v) Foreign currency translation difference reserve

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

vi) Cash Flow hedges reserves

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

vii) Reserves for financial assets

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

e) Non-controlling interest

As of September 30, 2021 and December 31, 2020, recognition of the portion of Equity belonging to third parties is detailed as follows:

Subsidiaries	Percentage Non-controlling interest		Non-controlling interest Shareholders' Equity	
	2021 %	2020 %	09.30.2021 ThCh$	12.31.2020 ThCh$
Telefonica Chile S.A.	0.8594402	0.8594402	6,344,382	5,659,883
Total			**6,344,382**	**5,659,883**

As of September 30, 2021 and 2020 recognition of the portion of Results belonging to third parties is detailed as follows:

Subsidiaries	Percentage Non-controlling interest		Non-controlling interest in result Profit (Loss)	
	2021 %	2020 %	09.30.2021 ThCh$	09.30.2020 ThCh$
Telefonica Chile S.A.	0.8594402	0.8594402	2,594,973	(41,309)
Total			**2,594,973**	**(41,309)**

28. Earnings per Share

The detail of Earnings per share is as follows:

Basic earnings per share	09.30.2021 ThCh$	09.30.2020 ThCh$
Earnings attributable to parent owners	317,631,624	21,146,585
Earnings attributable to parent owners	**317,631,624**	**21,146,585**
Weighted average number of shares	960,392,966,349	956,355,073,464
Basic earnings per share in Ch$	**0.33073**	**0.01780**

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

29. Revenues

a) The detail of incomes from ordinary operations, as of September 30, 2021 and 2020, is as follows:

Ordinary revenues	07.01.2021 to 09.30.2021 ThCh$	09.30.2021 ThCh$	07.01.2020 to 09.30.2020 ThCh$	09.30.2020 ThCh$
Mobile Telecommunications	219,875,568	660,694,297	215,359,001	604,824,385
Fixed Telecommunications	108,407,773	270,586,408	75,700,544	226,114,862
Data services and technology solutions companies	42,177,954	127,958,397	44,340,162	123,578,755
Television services and equipment	33,214,272	95,487,233	26,926,700	86,052,627
Total	**403,675,567**	**1,154,726,335**	**362,326,407**	**1,040,570,629**

b) The detail of Other operating incomes, as of September 30, 2021 and 2020, is as follows:

Other incomes	07.01.2021 to 09.30.2021 ThCh$	09.30.2021 ThCh$	07.01.2020 to 09.30.2020 ThCh$	09.30.2020 ThCh$
Profits from sale of fixed assets and other (1)(2)	358,018,321	372,534,396	1,715,420	1,727,025
Surcharges due to default	671,513	2,314,089	226,133	1,362,270
Incomes from indemnities, complaints and others (3)	3,401,311	3,612,520	818,041	6,886,900
Subsidies	89,939	269,817	89,938	1,012,833
Total	**362,181,084**	**378,730,822**	**2,849,532**	**10,989,028**

(1) In February 2021 the "Cloud business" was sold to related company Cibersecurity & Cloud Tech Chile SpA and in April 2021 the IOT business was sold to related company Telefónica IoT & Big Data Tech Chile SpA for ThCh$3,095,943. In addition, it includes the sale of the spectrum to Claro Chile S.A.
(2) On July 1, 2021, the fiber optic business was sold to InfraCo SpA for ThCh$358,254,176.
(3) Corresponds mainly to the deferral of quota due to exclusivity in the sale of the fiber optic business.

30. Expenses

a) Impairment loss, net:

Provision for impairment	07.01.2021 to 09.30.2021 ThCh$	09.30.2021 ThCh$	07.01.2020 to 09.30.2020 ThCh$	09.30.2020 ThCh$
Trade accounts receivable (see note 8b)	11,882,692	37,022,668	15,736,737	49,726,882
Inventories (see note 10)	(91,895)	(413,910)	(117,528)	(169,877)
Total	**11,790,797**	**36,608,758**	**15,880,919**	**49,557,005**

b) The detail of Other expenses, by nature, as of September 30, 2021 and 2020, is as follows:

Other expenses	07.01.2021 to 09.30.2021 ThCh$	09.30.2021 ThCh$	07.01.2020 to 09.30.2020 ThCh$	09.30.2020 ThCh$
Sale cost of inventory and commissions (1)	107,815,840	306,732,372	95,905,766	256,975,598
Media rental and other exterior services (2)	103,161,729	294,245,602	86,625,036	261,935,780
Customer service	10,382,531	33,368,149	11,254,593	34,860,696
Fiber optic network connectivity (3)	21,598,159	21,598,159	-	-
Interconnections and roaming (4)	7,705,079	22,478,572	5,824,058	18,462,974
Others (5)	11,775,018	38,644,282	7,878,159	25,109,813
Total	**262,438,356**	**717,067,136**	**207,487,612**	**597,344,861**

(1) I The variation corresponds mainly to an increase in the cost of sale of handsets for ThCh$ 39,659,929 due to higher equipment sales, an increase due to the net of a higher amortized amount of compliance costs for fixed broadband and television equipment's for ThCh $ 4,226,216, increase due to costof sales per turnkey deployment project to Infraco SPA for ThCh $ 13,919,933 and lower expense from capitalization of customer acquisition commissions for ThCh $ 8,599,545 (see note 7).

(2) This item includes media rental, external services, maintenance, information services, energy supply, TV content and real estate expenses. The variation is mainly explained by the implementation of the new Cybersecurity & Cloud business for ThCh$7,774,819, higher amortized amount of Fixed Broadband and TV services labor compliance costs for ThCh$5,643,686, higher expense for TV content for ThCh$6,136,470 associated with an increase in the commercial activity of the IPTV business, an increase in maintenance expenses for the plant and technical installations of ThCh$6,067,219, increase from consultancies for ThCh$2,113,453 and increase in storage services for ThCh$3,043,146.

(3) The increase corresponds mainly to the connectivity service over fiber optic network provided by InfraCo SPA since July 1, 2021.

(4) The increase corresponds mainly to the connectivity service over the fiber optic network provided by Infraco SPA since July 1, 2021, for a ThCh$21,598,159 and increased roaming costs of ThCh$4,673,644 due to increased activity.

(5) This item includes transportation expenses, insurance, consulting, events, security and surveillance, and advertising, among others. The variation is mainly explained by a higher provision for restructuring and by the net effect of payment of severance indemnities to clients for unavailability of service and National Consumer Service ("SERNAC") demand in TV business.

31. Finance income and costs

a) The detail of net finance income and costs, as of September 30, 2021 and 2020, is as follows:

Finance costs, net	07.01.2021 al 09.30.2021 ThCh$	09.30.2021 ThCh$	07.01.2020 al 09.30.2020 ThCh$	09.30.2020 ThCh$
Finance income				
Interest earned on deposits and investments	1,328,572	1,933,951	645,347	1,905,820
Interest earned on projects	195,498	641,348	216,792	690,753
Dividends received and accrued	42,280	239,081	463,801	502,256
Total finance income	**1,566,350**	**2,814,380**	**1,325,940**	**3,098,829**
Finance costs				
Interest on obligations (bonds) (1)	4,764,636	13,820,877	3,655,475	15,101,432
Interest on loans from bank institutions (1)	2,372,106	7,097,237	1,938,056	5,568,302
Financial expenses Portfolio sale / Factoring	1,741,141	5,266,595	2,600,376	9,822,089
Leasing costs	995,809	2,315,191	1,122,474	2,773,537
Interest on update of employee termination benefits	333,241	999,740	323,920	971,759
Interest on projects	244,105	733,044	289,368	852,123
Cost of remittances abroad	190,624	531,525	253,192	681,913
Other financial expenses	914,202	1,739,792	502,262	1,753,350
Total finance costs	**11,555,864**	**32,504,001**	**10,685,123**	**37,524,505**
Total finance income and costs, net	**(9,989,514)**	**(29,689,621)**	**(9,359,183)**	**(34,425,676)**

(1) This item is presented net of interest rate hedge for ThCh$6,917,023.

b) The detail of the differences and units of currency exchange readjustments as of September 30, 2021 and 2020 is as follows:

Differences exchange	07.01.21 al 09.30.2021 v	09.30.2021 ThCh$	07.01.2020 al 09.30.2020 ThCh$	09.30.2020 ThCh$
Cash and cash equivalents	304,623	318,264	84,393	732,278
Current accounts receivable from related entities	989,821	1,126,780	(246,069)	(731,216)
Current trade and other accounts receivable	(193,567)	(233,280)	501,693	282,672
Trade and other accounts payable	(4,950,954)	(4,481,882)	(801,871)	(4,266,325)
Current accounts payable to related entities	(2,124,842)	(3,730,192)	29,168	(897,281)
Hedge instruments	87,658,734	75,851,268	(29,541,978)	23,165,905
Financial debt	(82,160,108)	(70,757,201)	28,304,333	(19,592,654)
Total	**(476,293)**	**(1,906,243)**	**(1,670,331)**	**(1,306,621)**

Units readjustments	07.01.2021 al 09.30.2021 ThCh$	09.30.2021 ThCh$	07.01.2020 al 09.30.2020 ThCh$	09.30.2020 ThCh$
Hedge instruments	3,588,370	1,669,870	(31,089)	2,689,571
Trade and other payables	284,116	1,038,042	107,350	102,578
Current trade and other accounts receivable	40,527	40,999	189	28,422
Cash and cash equivalents	-	45	(43,401)	(50,418)
Current accounts receivable from related entities	1,130,622	1,128,022	-	105,873
Current accounts payable to related entities	13,513	13,513	1,286	9,757
Financial debt	(4,967,530)	(3,038,402)	31,310	(2,680,970)
Total	**89,618**	**852,089**	**65,645**	**204,813**

32. 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 September 30, 2021, lease expenses amount to ThCh$ 4,848,189.

Future lease obligations, as of September 30, 2021 and 2020 are detailed as follows:

Concepts		09.30.2021		
	Up to one year ThCh$	From one to five years ThCh$	More than five years ThCh$	Total ThCh$
Minimum operating lease payments payable	9,059,703	-	-	9,059,703

Concepts		09.30.2020		
	Up to one year ThCh$	From one to five years ThCh$	More than five years ThCh$	Total ThCh$
Minimum operating lease payments payable	4,367,650	8,694,224	6,072,255	19,134,129

33. Local and Foreign Currency

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

Currents assets	09.30.2021 ThCh$	12.31.2020 ThCh$
Cash and cash equivalents	**227,924,458**	**465,809,329**
Chilean Pesos	225,225,773	463,863,858
US Dollars	2,159,279	1,786,501
Euros	483,963	87,083
Other currencies	55,443	71,887
Other current financial assets	**51,609,751**	**10,487,114**
Chilean Pesos	30,449,237	232,106
US Dollars	20,886,614	1,383,278
Euros	273,900	-
U.F	-	8,871,730
Current trade and other accounts receivable	**318,775,096**	**234,486,698**
Chilean Pesos	317,987,340	233,698,688
U.F.	748,484	752,514
Euros	39,272	35,496
Current receivables from related companies	**34,832,014**	**9,099,951**
Chilean Pesos	32,909,704	7,340,242
US Dollars	1,378,603	1,506,614
Other currencies	543,707	253,095
Other current assets (1)	**202,545,935**	**160,014,672**
Chilean Pesos	202,545,935	160,014,672
Total current assets	**835,687,254**	**879,897,764**
Chilean Pesos	**809,117,989**	**865,149,566**
US Dollars	**24,424,496**	**4,676,393**
Euros	**797,135**	**122,579**
U.F.	**748,484**	**9,624,244**
Other currencies	**599,150**	**324,982**

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

Non-currents assets	09.30.2021 ThCh$	12.31.2020 ThCh$
Other non-current financial assets	**243,756,500**	**165,091,624**
US Dollars	176,883,322	119,303,018
Chilean Pesos	42,123,654	11,688,397
U.F.	24,749,524	28,128,170
Other currencies	-	5,972,039
Right of use	**177,653,028**	**187,317,843**
Chilean Pesos	155,268,664	187,065,017
U.F.	22,384,364	252,826
Other non-current assets (2)	**2,137,547,611**	**2,003,216,052**
Chilean Pesos	2,137,547,611	2,003,216,052
Total non-current assets	**2,558,957,139**	**2,355,625,519**
Chilean Pesos	**2,334,939,929**	**2,201,969,466**
US Dollars	**176,883,322**	**119,303,018**
U.F.	**47,133,888**	**28,380,996**
Other currencies	**-**	**5,972,039**

(2) Includes: Non-current trade and other accounts receivable, non-current receivables from related companies, other non-currents non-financial assets, intangible assets other than goodwill, goodwill, property, plant and equipment and Investment properties.

33. Local and Foreign Currency, continued

Currency breakdown of current liabilities is as follows:

Currents liabilities	Up to 90 days		From 91 days to 1 year	
	09.30.2021	12.31.2020	09.30.2021	12.31.2020
	ThCh$		ThCh$	
Other current financial liabilities	**12,703,908**	**26,910,998**	**944,682**	**229,937,792**
US Dollars	7,139,253	9,993,996	29,491	124,728,420
Chilean Pesos	3,207,752	16,900,623	915,191	104,627,130
U.F.	1,394,989	-	-	582,242
Euros	961,914	16,379	-	-
Finance leases	**27,601,707**	**29,537,742**	**22,632,468**	**31,965,299**
U.F.	19,319,074	20,911,937	15,527,531	23,807,799
Chilean Pesos	8,095,865	8,450,252	6,918,169	7,981,948
US Dollars	186,768	175,553	186,768	175,552
Trade and other payables	**395,631,742**	**353,691,526**	**-**	**-**
Chilean Pesos	325,568,872	306,875,803	-	-
US Dollars	55,018,602	27,627,085	-	-
U.F.	9,886,041	15,216,241	-	-
Euros	5,140,721	3,955,256	-	-
Other currencies	17,506	17,141	-	-
Current payables to related companies	**71,699,815**	**59,548,404**	**-**	**-**
Chilean Pesos	43,974,265	20,971,344	-	-
US Dollars	23,081,202	28,663,012	-	-
Euros	4,373,431	2,664,985	-	-
U.F.	270,917	7,249,063	-	-
Other current liabilities (1)	**146,094,702**	**63,639,368**	**4,558,782**	**2,874,996**
Chilean Pesos	146,094,702	63,639,368	4,558,782	2,874,996
Total current liabilities	**653,731,874**	**533,328,038**	**28,135,932**	**264,778,087**
Chilean Pesos	**526,941,456**	**416,837,390**	**12,392,142**	**115,484,074**
US Dollars	**85,425,825**	**66,459,646**	**216,259**	**124,903,972**
U.F.	**30,871,021**	**43,377,241**	**15,527,531**	**24,390,041**
Euros	**10,476,066**	**6,636,620**	**-**	**-**
Other currencies	**17,506**	**17,141**	**-**	**-**

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

33. Local and Foreign Currency, continued

Currency breakdown of non-current liabilities is as follows:

Non-current liabilities	1 to 3 years 09.30.2021	1 to 3 years 12.31.2020	3 to 5 years 09.30.2021	3 to 5 years 12.31.2020	5 years and over 09.30.2021	5 years and over 12.31.2020
	ThCh$		ThCh$		ThCh$	
Other non-current financial liabilities	**744,997,620**	**655,331,507**	**288,054,771**	**100,271,532**	**-**	**-**
US Dollars	582,026,792	537,247,402	288,054,771	100,271,532	-	-
U.F.	93,953,106	97,207,595	-	-	-	-
Chilean Pesos	69,017,722	20,876,510	-	-	-	-
Finance leases	**98,427,513**	**55,268,820**	**20,651,759**	**26,224,368**	**26,624,825**	**16,945,196**
U.F.	78,907,941	39,298,351	10,650,603	18,507,015	11,812,141	6,943,046
Chilean Pesos	19,412,266	15,543,815	10,001,156	7,717,353	14,812,684	10,002,150
US Dollars	107,306	426,654	-	-	-	-
Non-current accounts payable to related companies	**1,613,273**	**40,801,985**	**-**	**-**	**-**	**-**
Chilean Pesos	1,613,273	34,480,215	-	-	-	-
U.F.	-	6,321,770	-	-	-	,
Other non-current liabilities (1)	**47,382,694**	**26,578,308**	**46,089,303**	**73,752,268**	**131,624,111**	**52,598,610**
Chilean Pesos	47,382,694	26,578,308	46,089,303	73,752,268	131,624,111	52,598,610
Total Non-current liabilities	**892,421,101**	**777,980,620**	**354,795,833**	**200,248,168**	**158,248,936**	**69,543,806**
US Dollars	**582,134,098**	**537,674,056**	**288,054,771**	**100,271,532**	**-**	**-**
U.F.	**172,861,047**	**142,827,716**	**10,650,603**	**18,507,015**	**11,812,141**	**6,943,046**
Chilean Pesos	**137,425,955**	**97,478,848**	**56,090,459**	**81,469,621**	**146,436,795**	**62,600,760**

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

34. Contingencies and restrictions

a) Legal proceedings

In the normal development of its line of business, the company and its subsidiaries are 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 thoselawsuits and contingencies affecting the company in the normal course of its operations, analyzing in each case the possible effect on the financial statements. Taking into consideration the legal and factual arguments exposed in those proceedings, especially those in which the Company is the defendant party, and historical results obtained by the company in proceedings with similar characteristics in the opinion of the legal advisors, the risk that it will be condemned to pay the amounts claimed in the mentioned lawsuits is remote.

Notwithstanding, there are certain processes in which, due to the aforementioned considerations, it has been considered that there is a probable risk of loss. This has led to the provisions at a parent company level, for the amount of the estimated loss as of September 30, 2021, which altogether amounts to ThCh$ 7,936,916, of which ThCh$ 6,721,573 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$ 680,000 on its part, during the fourth quarter of 2021 and the rest during the first quarter of 2022.

34. Contingencies and restrictions, continued

a) Legal proceedings, continued

On the other hand, there are several proceedings for which the estimated risk of loss is qualified as possible, for a total amount of ThCh$ 8,999,864 in the Parent company and the amount of ThCh$ 5,459,850 in the subsidiaries.

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

i) Voissnet Proceeding

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

b) Financial restrictions:

As of September 30, 2021, the Company has no financial restrictions.

c) Insurances:

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

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

34. Contingencies and restrictions, continued

d) Guarantee deposits:

The detail of guaranteed deposits is as follows:

Guarantee creditor	Debtor Name	Debtor Relationship	Type of guarantee	Current guaranteed deposits ThCh$	Liberated guarantees 2021 ThCh$	Liberated guarantees 2022 ThCh$	Liberated guarantees 2023 and more ThCh$
Public and Private Organisms				**1,045,360**	**392,069**	**609,022**	**44,269**
Public Organisms - Undersecretaries and Ministries	TCH	Subsidiary	Deposit	645,429	136,784	475,064	33,581
Public Organisms - Others	TCH	Subsidiary	Deposit	113,706	5,716	103,222	4,768
Public Organisms - Municipalities	TCH	Subsidiary	Deposit	185,501	182,901	2,600	-
Private Organisms - Others	TCH	Subsidiary	Deposit	100,724	66,668	28,136	5,920
Public and Private Organisms				**24,736,571**	**4,672,272**	**7,891,819**	**12,172,480**
Private Organisms - Others	TEM	Subsidiary	Deposit	7,939,286	1,684,146	3,742,586	2,512,554
Public Organisms - Undersecretaries and Ministries	TEM	Subsidiary	Deposit	7,724,952	885,090	541,883	6,297,979
Public Organisms - Others	TEM	Subsidiary	Deposit	5,729,771	1,342,083	2,018,408	2,369,280
Banks	TEM	Subsidiary	Deposit	1,952,185	368,982	1,158,568	424,635
Public Organisms - Municipalities	TEM	Subsidiary	Deposit	1,120,711	266,888	333,613	520,210
Universities	TEM	Subsidiary	Deposit	269,666	125,083	96,761	47,822
Public and Private Organisms				**54,244,427**	**826,612**	**37,950,869**	**15,466,946**
Public Organisms - Undersecretaries and Ministries	TMCH	Parent	Deposit	50,571,424	82,152	36,228,969	14,260,303
Private Organisms - Others	TMCH	Parent	Deposit	2,386,707	434,820	1,335,367	616,520
Public Organisms - Municipalities	TMCH	Parent	Deposit	632,496	164,985	247,606	219,905
Public Organisms - Others	TMCH	Parent	Deposit	493,111	25,189	132,512	335,410
Banks	TMCH	Parent	Deposit	146,973	118,466	-	28,507
Universities	TMCH	Parent	Deposit	13,716	1,000	6,415	6,301
Total				**80,026,358**	**5,890,953**	**46,451,710**	**27,683,695**

TMCH: Telefónica Móviles Chile S.A.
TCH: Telefónica Chile S.A.
TEM: Telefónica Empresas Chile S.A.

35. Environment

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

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

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

The 2020-2024 environmental investment plan was activated nationwide, for comprehensive management of dangerous residues generated from production processes involving the implementation and operation of Telefónica's technical sites. This plan addresses from the generation of residues to their segregation, transitory storage, transportation and final disposal, with adequate infrastructure and with the corresponding environmental authorizations. Additionally, the regularization of fuel tanks at critical operating sites began in 2021.

The regime established by Law No. 20,920 framework for Waste Management, the Extended Responsibility of the Producer and Encouragement of Recycling, pays special attention to the wording of the Regulations that are in process of being dictated and which will implement its content, especially the regime of extended producer responsibility (which is applicable only to a group of priority products), as well as the control procedures for cross-border movements of dangerous and non-dangerous waste. In March 2021, the new regulation on containers and packaging came into effect, establishing 12 recollection and waste valuation goals as of 2023. In addition, the basis for the beginning of a work plan for electrical and electronic waste, which will allow us to work in advance on the new regulation. We are already working on the qualitative and quantitative impacts that this new regulation may have on the operations of Telefónica Chile and, in particular, on its waste management, which has been taken into account in various processes related to suppliers and incorporated in new corporate purchasing processes.

35. Environment, continued

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

The Company, through a successful Audit process, was informed during the month of May that the certification of the International standard ISO 14001: 2015 is renewed until the year 2024, in conformity with the implementation of an Environmental Management System at Telefónica Chile. This is a full-scope certification, which provides us with coverage from the design, deployment and maintenance of the mobile network, plus commercialization of telecommunications services to our end customers, we continue progressing in the deployment plan for the environmental management system nationwide, complemented with the environmental mitigation plan which allows Telefónica to evaluate and address environmental risks in all its technical facilities.

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

36. Risk management

a) Characterization of the market and competition

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

b) Tariff system for mobile telephones:

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

36. Risk management, continued

c) Radio electric spectrum assignation:

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

c.1) Divestiture of Spectrum

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

1. To renounce to two concessions in the 3400 – 3600 MHz band, in the XI and XII Regions (south zone of the country), equivalent to 10 MHz of spectrum nationwide. This renouncement was presented to Subtel on November 9, 2019.

2. Tender for a 10 MHz concession in the 1900 MHz band: tender documents were presented in Subtel and in the Antitrust Commission ("Tribunal de Defensa de la Libre Competencia" or "TDLC", in Spanish) in November 2019. Both organizations have made observations, therefore a new version of the tender documents was presented on June 25, 2020, which has been approved by Subtel and the "TDLC". Therefore, the timeline for the tender process came into effect on September 4, 2020, as follows:

   - Sale of tender documents: September 25 – November 9
   - Tender consultation: October 9 – November 9
   - Consultation response: November 23
   - Delivery of offers: December 7

   On December 7, 2020, WOM S.A. and Claro Chile S.A. submitted offers for the tender. On December 15, 2020, those offers were opened and, on December 21, 2020, Telefónica announced its acceptance of the offer presented by Claro Chile S.A., in reason of which both companies presented to Subtel a request for prior authorization of the transfer of the concession. On January 11, 2021, the concession was authorized by Subtel, after which the sales agreement was signed by the parties, and the transaction was paid on January 27, 2021.

   The Decree authorizing transfer of the concession was published on April 22, 2021, completing the transfer of the concession title to the new holder.

c.2) Spectrum caps

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.

36. Risk management, continued

c) Radio electric spectrum assignation, continued

c.2) Spectrum caps, continued

- For medium low bands, a cap of 30% was established.
- For medium bands, which include 3.500 MHz, short, medium and long-term measures are established. In the short-term, Subtel cannot auction contiguous blocks which, altogether, add up less than 40 MHz per operator and, in a first auction, must have at least 80 MHz, to ensure the existence of a minimum of two operators. For the medium term, Subtel must ensure that there are at least 4 operators with a minimum of 40 MHz contiguous per operator. Finally, in the long-term, a maximum cap of 30% will be in force for this macroband, with a minimum of 80 contiguous MHz per operator.
- No limits are established for medium high bands, due to the absence of mobile service attributions and assignments in the bands that compose them. Once Subtel has attributed spectrum, it must consult with the "TDLC" to establish a cap for this macroband.
- Short, medium and long-term special measures are also established for high bands. In the short-term, Subtel must ensure the assignment of contiguous blocks which, altogether, add up no less than 400 MHz per operator. In the medium term, Subtel must ensure the existence of at least 4 operators with a minimum of 400 MHz contiguous in this macroband. In the long-term a cap of 25% will be in force and Subtel must ensure that there are at least 4 operators with a minimum of 800 contiguous MHz each.

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

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

36. Risk management, continued

c) Radio electric spectrum assignation, continued

c.3) 5G Public tenders

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

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

In September 7, 2020 was the deadline for all those interested in participating in the tenders, called by Subtel for "Granting Telecommunication Service Concessions that Operate High Speed Wireless Networks", to make their consultations and clarifications on the tender documents published on August 17, 2020. On September 28, 2020, an Exempt Resolution was issued to provide a response to the consultations made by the interested parties. In that Resolution, Subtel announced that it would make amendments to the Tender Documents, statingthat one of those amendments would be that the deadline for presenting proposals would be extended from its original date, October 19, 2020, to a new date, November 18, 2020. On November 17, 2020, Telefónica submitted all its information and its technical project to participate in the tender for the 3.5 GHz band. Subsequently, on November 19, 2020, the public act took place, via streaming, for opening the proposals received through which there is a review of which are the candidates in each contest and it is verified that all theinformation required in the Bases have been sent. In the case of the 3.5 GHz band tender, 5 applicants were submitted, adding to the proposal of Telefónica that of Claro Chile S.A.; Entel; WOM and Boreal NET. On December 30, 2020, Subtel informed that there were no comments on the application made by Telefónica, qualifying it to participate in the tender that took place on February 16. In this tender, it was awarded 5 blocksof 10 MHz of the 3.5 FHz band with the best economic offer presented, which allowed it to choose the spectrum range awarded. Thus, on February 22, 2021, Subtel notified Telefónica Móviles Chile that it had been allocated the band width ranging from 3.35 to 3.4 GHz. On March 1, the Company must present a compliance guarantee ticket for the technical project, in the total amount of UF 450,000 and publish the extract assigned to it by the concession on March 2, 2021. Subsequently, on March 30, 2021, the State was paid the amount stated in the bidtender.

On April 6, TMCH submitted its proposal for a Plan for Effective and Efficient Use of the Spectrum to Subtel, in accordance with the requirements contemplated in the 3.5 GHz tender documents and in the judicial ruling of the Supreme Court on July 13, 2020. Through Exempt Resolution 865 dated April 26, 2021, Subtel approved the Plan submitted by TMCH with no objections.

On September 27, 2021, Subtel notified Telefónica Móviles Chile S.A. of the license granted by the concession, for a 30-year term as of its publication in the Official Gazette, which occurred on October 2, 2021.

36. Risk management, continued

c) Radio electric spectrum assignation, continued

c.4) Consultation with the "TDLC" regarding Subtel's wireless fixed telephone service resolutions

In addition, the "TDLC" allegations audience took place in August 2019 regarding the non-contentious consultation made by Telefónica Móviles Chile S.A. in respect to the decisions adopted by Subtel on the use of the spectrum in the 3.400–3.600 MHz band (where it first suspended the use of this band and subsequently freed part of the spectrum for the use of fixed wireless services). Regarding this consultation, on August 31, 2020, the "TDLC" issued Resolution No. 62 in which, although it was resolved that with its administrative actions Subtel would not be violating free competition and that no advantage would be granted to the "first mover", also stated in its Recitals 141 to 150 and in Resolution 2) that there must be a public tender to grant mobile service concessions on the 3400 – 3600 MHz band and that the current concessionaries of local wireless public telephone service operating on the 3400 – 3600 MHz band cannot be exempted from that tender.

Regarding this Resolution, on March 22, 2021, Telefónica Móviles Chile S.A. desisted from the appeal claim filed before the Supreme Court.

c.5) Consultation with the "TDLC" regarding the Tender Documents for 5G Public Tenders

On October 30, Telefónica Móviles Chile S.A. submitted a new query to the "TDLC", proposing that the Tender Documents for the 5G tenders be previously reviewed by said Court and requesting that, in the meantime, it dictate a precautionary measure to suspend the contests. That precautionary measure was rejected on two occasions and the consultation continues its course in the Court, which established a deadline until December 23 for the interested parties to provide information on the case. Eleven interested parties provided information, mostly questioning the consultation made by Telefónica, except for the Conadecus Consumers Organization, who shared, in general terms, that the bidding rules have anti-competitive aspects. The pleadings hearing was scheduled for March 24, 2021, but it was rescheduled to July. Subsequently, TMCH withdrew the Consultation, which was endorsed by Resolution of the Court on June 29, 2021.

d) New Law: Internet access minimum guaranteed speed

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

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

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

36. Risk management, continued

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

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

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

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

Through the Representative Committee of the ISP, we have worked jointly in the preparation of the Tender Documents to call a tender for the new Independent Technical Organization ("OTI", or "Organismo Técnico Independiente") established in the Regulation. Those Tender Documents were approved by Subtel on March 9, 2021, after which the tender process began. On August 16, 2021, the deadline for submitting a proposal expired. Ultimately, two proposals were received from companies that had acquired the tender document. On August 24, 2021, the technical proposals were opened, and were reviewed and analyzed by the Technical Committee established for that purpose. After the analysis, the Representative Committee of the ISPs decidedto declare the tender void.

e) Law on removal of unused cable

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

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

On June 15, 2021, Subtel submitted the new PTF to the Contraloría for the acknowledgement process. In this instance the operators grouped in ChileTelcos filed complaints due to possible illegalities contained in such regulation. The Contraloría transferred these complaints to Subtel in order it to issue a report on the matter.

36. Risk management, continued

f) Bill on the use of facilities to provide Virtual Mobile Operation and Automatic National Roaming

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

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

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

Subtel must dictate a Regulation in a period of 90 days from the date of publication of the new law and the obligations will begin to be in force in a period of 60 days from the date of publication of that Regulation. On January 13, 2021, Subtel sent to the Comptroller General of the Republic the Regulation No. 138, dated October 13, 2020, for acknowledgement of legality and constitutionality ("toma de razón"), but subsequently it was withdrawn from the Comptroller on April 6, 2021. After incorporating some minor modifications, Subtel once again submitted the mentioned Regulation to the Comptroller's Office on April 23. TMCH submitted its illegality complaints on June 9, 2021. On September 15, the Comptroller notified Telefónica Móviles Chile S.A. that the decree in process had been withdrawn by Subtel. Consequently, the acknowledgement process has been suspended until Subtel resubmits the regulation.

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

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

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

On October 20, through Atelmo, the industry filed two appeals, one before the Comptroller General of the Republic to claim possible illegalities in the procedure used by Subtel to dictate the regulation and another before Subtel itself to clarify the correct meaning and scope of roaming at "local rate". Subtel has not yet madea pronouncement, while the Comptroller rejected the appeal, reason why the companies, grouped in Chile Telcos, filed an appeal for reversal. In any case, none of these proceedings suspends the coming into force of the regulation.

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

Regarding the case of Brazil, at the end of September 2021, the Congress of that country approved the new free trade agreement with Chile, which also establishes international roaming at local price between both nations. This new Treaty, which in Chile was approved by Congress in August 2020, must be ratified by the Governments of both countries, and once this has happened, international roaming at local price begins to take effect after a 1-year period.

h) Bill declaring Internet as a Public Service

The processing of this bill that was presented on March 9, 2018, and which has been approved in its first legislative process in the Senate, has passed to its second process in the Chamber of Deputies.

Mainly, the purpose of the proposal is to modify the General Telecommunications Law to include access to Internet as a public service and force companies to provide all the services that are defined as "public" in the law to be provided within a maximum period of 6 months, since the time the request has been submitted by a user. Additionally, on September 20, the Executive presented new indications.

i) Bill that creates the Superintendency of Telecommunications

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

j) Infraco SpA Authorizations

Infraco SpA is the holder of an intermediate service concession that only provides physical infrastructure, granted by Decree No. 129, dated in 2020, of the Ministry of Transport and Telecommunications. Through this concession, Infraco will be a supplier of a fiber optic network nationwide with a wholesale scope, that is, it will provide services to telecommunications concessionaries and license holders and the latter will supply the service to the end customer.

Infraco is already authorized to operate throughout the country, with the exception of the Region of Aysen.

On April 15, 2021, the National Economic Prosecutor ("FNE" or "Fiscalía Nacional Económica") was voluntarily informed of the concentration operation between Telefónica and the KKR Investment Fund, who will be the controllers of Infraco by 40% and 60%, respectively. On June 11, 2021, the National Economic Prosecutor ("FNE" or "Fiscalía Nacional Económica") issued a resolution authorizing the consulted concentration operation purely and simply, without any type of restriction or condition. Consequently, on July 1, 2021 the newly incorporated company began operating.

k) Bill that creates a registry of Prepaid users

On September 29, 2021 this bill was approved in the first legislative process. In this way, it went to the second procedure before the Committee on Transportation and Telecommunications of the Senate.

This bill seeks to force companies to register their prepaid users and also validate and guarantee the individualization data for these users. In addition, several provisions of the Code of Criminal Procedure relating to the providing of communications data for criminal investigations are amended.

l) Bills to declare the Internet to be a constitutional right

During September 2021, three new bills were submitted, focusing on recognizing the Internet as a constitutional right.

The first bill proposes an amendment of the Constitution to establish that it is the duty of the State to promote free and secure access to the Internet and adopt measures to guarantee connectivity to the inhabitants, as well as to guarantee free and secure access to the Internet to students. To this end, a second bill has been proposed to amend the General Telecommunications Law (LGT) and the Public Works Concessions Law. Amend the LGT in order to force companies to offer connectivity throughout the national territory within 12 months from the publication of the new law, except exceptions defined by the same Law and amend the Public Works Concessions Law to establish that any construction of a new public work must include infrastructure for the deployment of Internet.

Lastly, a third bill seeks to introduce amendments to the same LGT and additionally to the Public Education Law. The LGT seeks to force ISPs to provide Internet at discounted prices to all public educational establishments and to provide free service to more vulnerable families or students that cannot pay for it, based on specific socioeconomic conditions. The Public Education Law seeks for the State to guarantee connectivity to educational establishments, and to family homes of vulnerable students that are not able to pay. It also seeks toguarantee connectivity to all students of public establishments when they cannot operate in person due to an exceptional circumstance.

m) 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 internaldemand, there has been a negative impact on the local and long distance telephone traffic, as well as on the level of customer default.

m) Level of Chilean economic activity, continued

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

n) Financial risk management objectives and polices

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 teamswith adequate skills, experience and supervision. It is the Company’s policy that there is no commercialization ofderivatives 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.

36. Risk management, continued

n) 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 exchange, at certain intervals, the difference between the amounts of fixed and variable interest rates, calculated in reference to a notional agreed upon capital amount. These swaps are intended to hedge underlying debt obligations.

The Company periodically determines the efficient exposure to short and long-term debt due to changes in interest rates, considering its own expectations regarding future evolution of rates.

As of September 30, 2021 the Company had 72% of its short and long-term financial debt bearing a fixed interest rate and 28% with exposure to a variable 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 basis points in the debt's benchmark interest rate, which, as of September 30, 2021, corresponds to the "Tasa Promedio de Cámara Nominal" (TCPN). In this manner, an increase of 25 basis points in the monthly TCPN would mean an increase in the accrual monthly financial cost, for 2021, of approximately ThCh$49,423; whereas a drop in the TCPN would mean a reduction of ThCh$49,423 in the accrual monthly financial cost for 2021.

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

1. Provide the use of a replacement benchmark in relation to (or in addition to) the affected currency instead of this reformed benchmark rate.

2. Align all provisions of the contract affected by the use of the replacement benchmark.

3. Allow the replacement benchmark to be used to calculate the interest of the affected contract (including without limitation, any consequential changes required to allow that replacement benchmark to be used for the purpose of the agreement).

4. Implement the market conditions applicable to that replacement benchmark.

5. Adjust the price to reduce or eliminate, to the to the extent reasonably feasible, any transfer of economic value from one party to another as a result of the application of the replacement benchmark (or if any adjustment or method to calculate the adjustment recommended by the relevant organization has been formally designated, the adjustment shall be determined on the basis of that designation).

All the aforementioned under the mutual agreement of both parties.

36. Risk management, continued

n) Financial risk management objectives and policies, continued

Interest rate risk, continued

As of September 30, 2021, the Company had loans and derivatives associated to the LIBOR benchmark rate. Changes will be made in loans and derivatives simultaneously, in order not to alter the hedging. To date, no substantial change in finance costs is expected due to the change in the variable rate in USD.

As of December 31, 2021 the LIBOR rate will no longer be used, which means that there will be no more debt issuances or financial products with that rate. The LIBOR rate will continue to be reported until mid-2023. The rate that is believed to succeed the LIBOR rate is the SOFR rate, which is an index that has been reported for more than one year.

Foreign currency risk

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

Credit risk

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

Credit risks related to customer loans is managed in accordance with the policies, procedures and controls established by the Company to manage customer credit risk. Customer credit quality is evaluated in an ongoing manner. Outstanding customer charges are supervised. (see Note 8b).

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

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

36. Risk management, continued

n) Financial risk management objectives and policies, continued

Liquidity risk

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

Capital management

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

The Company's main objective in respect to capital management is to ensure that it has a strong credit rating and prosperous capital ratios to support its businesses and maximize shareholders' value. Equity return on investment (income/equity), as of December 31, 2020, is 2.30%, a 3.80 p.p. of decrease in comparison to December 2019, when it reached 6.10%. This is mainly due to the decrease in income for the period and the capital increase of 2.9% (see Note 27).

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

No changes were introduced in the objectives, policies or processes during the periods ended as of September 30, 2021 and 2020.

37. Subsequent events

The consolidated financial statements of Telefónica Móviles Chile S.A. and subsidiaries, for the period ended as of September 30, 2021, were approved and authorized for issuance at the Board of Directors Meeting held on October 28, 2021.

On October 2, 2021, the Official Gazette published Decree 77, which grant Telefónica Móviles Chile S.A., a 30-year concession for public telecommunications services for the purpose of being installed, operated and exploited in the 3.35 – 3.40 GHz frequencies.

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

Julio Jorge Vega
Finance and Accounting Director

Rafael Zamora Sanhueza
Finance, Strategy and Management control Director

Roberto Muñoz Laporte
General Manager

TELEFÓNICA MÓVILES CHILE S.A. AND SUBSIDIARIES

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended as of

December 31, 2020 and 2019

(A free translation of the original consolidated financial statements issued in Spanish – See Note 2c) pwc

Report of Independent Auditors
(A free translation from the original in Spanish)

Santiago, January 28, 2021

To the Shareholders and Directors
Telefónica Móviles Chile S.A.

We have audited the accompanying consolidated financial statements of Telefónica Móviles Chile S.A. and subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019 and the related consolidated statements of comprehensive income, changes in shareholders equity and cash flows for the years then ended and the corresponding notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with generally accepted auditing standards in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Telefónica Móviles Chile S.A. and subsidiaries as of December 31, 2020 and 2019, and the consolidated results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

/s/ PricewaterhouseCoopers

INDEX

ThCh$: Thousands of Chilean Pesos
MCh$: Millions of Chilean Pesos

	Notes	12.31.2020	12.31.2019
		ThCh$	ThCh$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	(5)	465,809,329	234,466,421
Other current financial assets	(6)	10,487,114	24,825,391
Other current non-financial assets	(7)	71,616,996	41,026,188
Trade and other accounts receivable	(8a)	234,486,698	233,716,006
Current accounts receivables from related companies	(9a)	9,099,951	21,109,235
Inventory	(10a)	67,436,585	59,288,009
Current tax assets	(11b)	14,137,836	7,531,100
Current assets or assets groups for disposal classified as held for sale	(18)	6,823,255	-
TOTAL CURRENT ASSETS		879,897,764	621,962,350
NON-CURRENT ASSETS			
Other non-current financial assets	(6)	165,091,624	195,990,996
Other non-current non-financial assets	(7)	57,495,188	13,037,001
Non-current trade and other accounts receivable	(12a)	23,323,922	27,422,344
Intangible assets other than goodwill, net	(13a)	142,413.233	159,339,848
Goodwill	(14)	504,774,872	504,774,872
Property, plant and equipment, net	(15a)	1,153,562,933	1,226,827,465
Investment properties	(16)	4,098,412	-
Right of-use assets	(17)	187,317,843	221,022,849
Deferred tax assets	(11c)	117,547,492	116,368,421
TOTAL NON-CURRENT ASSETS		2,355,625,519	2,464,783,796
TOTAL ASSETS		3,235,523,283	3,086,746,146

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

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

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

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

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

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

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

	Changes in capital (Note 26 a)	Changes in the other reserves (Note 26 d)					Retained earnings	Equity attributable to parent owners	Non controlling interests (Note 26 e)	Total Equity
	Issued capital	Cash flow hedge reserves	Reserves of actuarial gains or losses on defined benefit plans	Accrual of profits or losses on remeasurement of financial assets available for sale	Other miscellaneous reserves	Total other reserves				
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Balance at the beginning of the year	1,329,872,285	1,099,249	(9,945,809)	2,155,257	(451,134,197)	(457,825,500)	472,507,995	1,344,554,780	5,859,874	1,350,414,654
Changes in equity										
Comprehensive income										
Profit	-	-	-	-	-	-	31,974,809	31,974,809	(22,490)	31,952,319
Other comprehensive income	-	(15,604,784)	(181,893)	(1,861,841)	-	(17,648,518)	-	(17,648,518)	(96,256)	(17,744,774)
Comprehensive income	-	(15,604,784)	(181,893)	(1,861,841)	-	(17,648,518)	31,974,809	14,326,291	(118,746)	14,207,545
Dividends	-	-	-	-	-	-	(9,896,390)	(9,896,390)	(81,245)	(9,977,635)
Capital increase	35,000,000	-	-	-	-	-	-	35,000,000	-	35,000,000
Other increase (decrease) from transfers and other changes	-	-	-	-	-	-	-	-	-	-
Total changes in shareholders' equity	35,000,000	(15,604,784)	(181,893)	(1,861,841)	-	(17,648,518)	22,078,419	39,429,901	(199,991)	39,229,910
Ending balance as of 12.31.2020	1,364,872,285	(14.505.535)	(10,127,702)	293,416	(451,134,197)	(475,474,018)	494,586,414	1,383,984,681	5,659,883	1,389,644,564
Balance at the beginning of the year	1,294,872,285	338,921	(8,203,551)	1,271,402	(451,134,197)	(457,727,425)	465,582,534	1,302,727,394	5,604,555	1,308,331,949
Changes in equity										
Comprehensive income										
Profit	-	-	-	-	-	-	82,221,847	82,221,847	243,664	82,465,511
Other comprehensive income	-	760,328	(1,742,258)	883,855	-	(98,075)	-	(98,075)	52,293	(45,782)
Comprehensive income	-	760,328	(1,742,258)	883,855	-	(98,075)	82,221,847	82,123,772	295,957	82,419,729
Dividends	-	-	-	-	-	-	(75,035,060)	(75,035,060)	(40,619)	(75,075,679)
Capital increase	35,000,000	-	-	-	-	-	-	35,000,000	-	35,000,000
Other increase (decrease) from transfers and other changes (1)	-	-	-	-	-	-	(261,326)	(261,326)	(19)	(261,345)
Total changes in shareholders' equity	35,000,000	760,328	(1,742,258)	883,855	-	(98,075)	6,925,461	41,827,386	255,319	43,082,705
Ending balance as of 12.31.2019	1,329,872,285	1,099,249	(9,945,809)	2,155,257	(451,134,197)	(457,825,500)	472,507,995	1,344,554,780	5,859,874	1,350,414,654

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

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

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

(1) Corresponds to the net amount of factoring, portfolio sales, VAT payments and fee transactions.
(2) Corresponds to interest paid on bonds and loans, (See note 19.)

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

1. Corporate information:

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

Telefónica Móviles Chile S.A. is part of the Telefónica Group, where its majority shareholder Inversiones Telefónica Internacional Holding SpA is an indirect subsidiary of Telefónica S.A., which has its headquarters in Spain.

The subsidiary registered in the Securities Registry is:

Subsidiary	Taxpayer No.	Registration No.	Participation percentage (direct and indirect)	
			12.31.2020 %	12.31.2019 %
Telefónica Chile S.A.	90,635,000-9	009	99.1405597	99.1405597

2. Significant accounting principles:

a) Accounting period

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

b) Basis of presentation

The consolidated financial statements for December 31, 2020 and 2019 and their corresponding notes are shown in a comparative manner in accordance with Note 2a). Certain minor reclassifications have been made for comparison purposes to the 2019 financial statements, for better comparison with the financial statements as of December 31, 2020.

c) Basis of preparation

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

2. Significant accounting principles, continued

c) Basis of preparation, continued

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

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

d) Exchange Method

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

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

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

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

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

e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries (hereinafter, "the Company"), including assets, liabilities, income, expenses and cash flows after making adjustments and eliminations related to transactions between the companies that are part of the consolidation. For its part, minority investments have been recognized under "Non-controlling Interests" (note 26e).

2. Significant accounting principles, continued:

e) Basis of consolidation, continued

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

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

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

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

The following subsidiaries are included in consolidation:

Taxpayer No.	Company Name	Origin Country	Currency	% of participation 12.31.2020 Direct	Indirect	Total	12.31.2019 Total
76,378,279-4	Telefónica Investigación y Desarrollo Chile SpA	Chile	CLP	100.0000000	-	100.0000000	100.0000000
90,635,000-9	Telefónica Chile S.A.	Chile	CLP	99.1405597	-	99.1405597	99.1405597
76,703,410-1	Telefónica Empresas Chile S.A.	Chile	CLP	-	99.9999973	99.9999973	99.9999973
76,086,148-0	Telefónica Chile Servicios Corporativos Ltda.	Chile	CLP	49.0000000	51.0000000	100.0000000	100.0000000
77,122,635-3	InfraCo SpA (1)	Chile	CLP	-	100.0000000	100.0000000	-

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

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

2. Significant accounting principles, continued

e) Basis of consolidation, continued

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

Taxpayer No.	Company Name	% Participation (*)	Currents assets ThCh$	Non-currents assets ThCh$	Total Assets ThCh$	Currents liabilities ThCh$	Non-currents liabilities ThCh$	Total liabilities ThCh$	Equity ThCh$	Revenues from ordinary operations ThCh$	Profit (loss), Net ThCh$
76,378,279-4	Telefónica Investigación y Desarrollo Chile SpA	100,0000000	2,967,682	391,927	3,359,609	1,714,972	2,898	1,717,870	1,641,739	627,152	(479,756)
78,703,410-1	Telefónica Empresas Chile S.A.	99,9999973	228,610,365	81,310,339	309,920,704	212,360,72	3,806,864	216,167,590	93,753,114	304,759,051	(8,542,224)
90,635,000-9	Telefónica Chile S.A.	99,1405597	316,404,432	1,248,430,748	1,564,835,180	245,221,566	657,269,617	902,491,183	662,343,997	421,564,481	(1,757,522)
76,086,148-0	Telefónica Chile Servicios Corporativos Ltda.	100,0000000	111,347,798	49,889,213	161,237,011	67,602,402	28,432,406	96,034,808	65,202,203	176,973,250	5,456,354
77,122,635-3	InfraCo SpA (1)	100,0000000	1,000	-	1,000	-	-	-	1,000	-	-

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

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

Taxpayer No.	Company Name	% Participation (*)	Currents assets ThCh$	Non-currents assets ThCh$	Total Assets ThCh$	Currents liabilities ThCh$	Non-currents liabilities ThCh$	Total liabilities ThCh$	Equity ThCh$	Revenues from ordinary operations ThCh$	Profit (loss), Net ThCh$
76,378,279-4	Telefónica Investigación y Desarrollo Chile SpA	100,0000000	9,106,405	213,155	9,319,560	7,218,270	3,829	7,222,099	2,097,460	1,448,784	79,387
78,703,410-1	Telefónica Empresas Chile S.A.	99,9999973	207,145,100	87,166,671	294,311,771	175,555,018	4,920,169	180,475,187	113,836,584	328,534,567	9,868,605
90,635,000-9	Telefónica Chile S.A.	99,1405597	243,737,041	1,296,480,095	1,540,217,136	295,754,590	568,517,852	864,272,442	675,944,694	346,761,986	26,537,025
76,086,148-0	Telefónica Chile Servicios Corporativos Ltda.	100,0000000	97,504,311	53,067,947	150,572,258	59,827,441	30,816,055	90,643,496	59,928,762	179,743,289	6,196,325

(*) Direct and indirect participation.

2. Significant accounting principles, continued

f) Financial assets and liabilities

1. Financial assets other than derivatives

Classification and presentation

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

i) Amortized cost

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

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

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

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

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

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

1. Financial assets other than derivatives, continued

Classification and presentation, continued

i) Amortized cost, continued

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

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

Cash and cash equivalents recognized in the financial statements includes cash balances, checking accounts, time deposits and investments in instruments with original maturity of ninety days or less. Theseitems 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 though other comprehensive income

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

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

iii) Financial assets at fair value through profit or loss

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

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

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

2. Financial liabilities, continued

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

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

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

i) Financial liabilities at amortized cost

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

ii) Financial liabilities at fair value through profit or loss

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

This classification includes derivatives designated as effective hedging instruments (see note 22,2).

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

3. Derivative financial instruments

The Company holds hedge derivatives to manage its exposure to interest and/or exchange rate risks (see Note 21.2) to manage its risks associated to changes in interest rate and exchange rate. The Company's objective in respect to derivatives is to minimize these risks using the most effective method to eliminate or reduce the impact on underlying hedged transactions.

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

3. Derivative financial instruments, continued

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

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

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

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

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

The fair value of the derivatives portfolio reflects estimates based on calculations made from observable market data, using specific assesment and risk management tools widely used among diverse financial entities.

2. Significant accounting principles, continued

g) Inventory

Materials for consumption and replacement are valued at their weighted average cost or at net realizable value, whichever is lower.

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

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

Obsolescence is determined on the basis of the age and commercial rotation of equipment and accessories. According to the Company's policies, a provision has been made for inventories whose age since the purchase is greater than 360 days and whose rotation is greater than 12 months. Likewise, stored scrapped products or accessories are considered to be a total loss.

h) Non- Current assets classified as held for sale

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

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

i) Impairment of non-current assets

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

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

j) Leases

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

2. Significant accounting principles, continued

j) Leases, continued

1) Initial recognition, continued

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

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

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

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

2) Subsequent measurement

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

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

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

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

k) Income taxes

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

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

2. Significant accounting principles, continued

k) Income taxes, continued

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

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

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

l) Goodwill

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

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

Impairment testing was determined considering the following estimated variables:

i) Forecasted operating revenue and costs are based on the Strategic Plan for 2020, 2021 and 2022, forecasting a fourth and fifth year as terminal value. These projections have been made considering the Company's best estimates, using sectorial projections, historical behavior of the business and future expectations.

ii) Cash flow projections are made at a terminal value, covering a 5-year period, with the last period being the terminal value.

iii) The rate used to discount future cash flows considers the time value of money and the individual risks of the assets under analysis.

iv) The valuation is determined using the value in use (VU) mechanism, which requires that the VU be determined using the net present value of the cash flows that the Company expects to receive from the Cash Generating Unit (CGU). Telefónica Chile S.A. and its subsidiary Telefónica Empresas Chile S.A. havebeen considered to be a CGU and provide fixed broadband, television, fixed telephone and technology services for companies.

2. Significant accounting principles, continued

m) Investment properties

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

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

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

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

n) Intangibles

i) Administrative concessions

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

ii) Licenses and software

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

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

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

2. Significant accounting principles, continued

n) Intangibles, continued

ii) Licenses and software

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

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

ñ) Property, plant and equipment

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

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

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

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

Interest and other financial expenses incurred and directly attributable to the acquisition or construction of qualifying assets, may be capitalized. Qualifying assets, under the criteria of the Telefónica Group, are assets that require at least 18 months of preparation for their use or sale.

At the end of the 2020 and 2019, years there are no capitalized interests.

2. Significant accounting principles, continued

ñ) Property, plant and equipment, continued

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

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

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

o) Depreciation of property, plant and equipment

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

The average annual financial depreciation rate of the Company is approximately 10.12% and 11.10% at December 31, 2020 and 2019, respectively.

Estimated useful lives are summarized as follows:

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

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

p) Provisions

i) Post-employment benefits

The Company is obligated to pay staff severance indemnities in respect of collective negotiation agreements. This obligation is provisioned using the actuarial value of the accrued benefit cost method, using a nominal annual discount rate of 3.65% and 3.59% at December 31, 2020 and 2019 respectively, considering estimations such as future permanence, employee mortality rate and future salary increases determined on the basis of actuarial calculations. Discount rates are determined by reference to market interest curves.

2. Significant accounting principles, continued

p) Provisions, continued

ii) Provision for dismantling expenses

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

iii) Other provisions

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

q) Income and expenses

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

The Company's income comes mainly from the provision of the following services:

i) Telecommunications

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

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

In the case of revenues generated only by traffic, they are recorded as they are consumed.

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

2. Significant accounting principles, continued

q) Income and expenses, continued

i) Telecommunications, continued

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

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

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

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

In the case of prepayment, the amount corresponding to the paid traffic pending generates a deferred income which is recorded whithin liabilities. Electronic top-ups usually have an expiry period of up to 90 days, and any unused prepaid traffic is recognized directly in income when traffic is consumed or when the top-up expires, since from that moment the Company has no remaining obligations to provide the service.

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

In accordance with IFRS 15, income from commercial package offers that combine different goods andservices 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 valueof the package). To the extent that packages are commercialized with an equipment discount, the application of the new criteria will involve an increase in the recognition of income from sale of equipment, which will generally be recognized coinciding with the time of delivery to the customer, at the expense of periodic income from providing services in subsequent periods.

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

2. Significant accounting principles, continued

p) Income and expenses, continued

i) Telecommunications, continued

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

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

ii) Customer loyalty program

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

iii) Government subsidies

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

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

2. Significant accounting principles, continued

r) Use estimates

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

i) Impairment of trade accounts receivable

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

ii) Property, plant and equipment and intangibles

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

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

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

iii) Right of use:

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

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

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2. Significant accounting principles, continued

r) Use estimates, continued

iv) Deferred taxes

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

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

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

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

iv) Provisions

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

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

vi) Post-employment benefits

The present value of the obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. All assumptions are reviewed once a year. In determining the appropriate discount rate, it is considered the interest rates of instruments issued by the Central Bank of Chile. The mortality rate is based onpublicly available mortality tables for the country.

2. Significant accounting principles, continued

r) Use estimates, continued

vi) Post-employment benefits

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

vii) Other remunerations

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

viii) Financial assets and liabilities

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

ix) Inventory

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

s) Methods of consolidation

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

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

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

The value of the participation of minority shareholders in the equity and results of companies subsidiaries consolidated by the global integration method is presented in the items "non-controlling interests" and "profit attributable to non-controlling interests", respectively.

2. Significant accounting principles, continued

t) New IFRS and Interpretations of the IFRS Interpretations Committee

i. Publication of new standards

IFRS improvements and amendments, as well as interpretations that have been published during the period, are detailed below. As of the closing date, these standards are still not in 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 discretional participation characteristics. The standard is applicable to annual years commencing as of January 1, 2021. Early application is allowed only when IFRS 15, "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" are applied.

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

ii. Publication of standards modifications

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

IAS 1 "Presentation of Financial Statements"

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

2. Significant accounting principles, continued

t) New IFRS and Interpretations of the IFRS Interpretations Committee

ii. Publication of standards modifications

IFRS 3 “Business Combinations”

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

NIC 16 Property, plant and equipment

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

NIC 37 Provisions, contingent liabilities and contingent assets

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

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

Published in September 2014, this amendment addresses an inconsistency in the requirements of IFRS 10 and IAS 28 related to the treatment of the sale or contributions of assets between an investor and its associate or joint venture. The main consequence of the amendment is that a full gain or loss is recognized when the transaction involves a business (whether it is in a subsidiary or not) and a partial gain or loss when thetransaction involves assets that do not constitute a business, even if these are in a subsidiary

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

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

2. Significant accounting principles, continued

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

ii. Publication of standards modifications, continued

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

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

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

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

iii) Application of new standards and amendment of standards

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

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

2. Significant accounting principles, continued

u) Statement of cash flows

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

i. Operating activities: are activities that constitute the main source of the Company's ordinary income, as well as other activities that can not be qualified as investing or financing.

ii. Investing activities: are activities such as acquisition, alienation or disposal of non-current assets by other means and other investments not included in cash and cash equivalents.

iii. Financing activities: are activities that produce changes in the size and composition of total shareholders' equity and financial liabilities.

3. Changes in Accounting Policy and Disclosures

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

4. Financial information by segment

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

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

The operating segments reported internally are as follows:

a) Mobile Telecommunications

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

b) Fixed Telecommunications

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

c) Corporate Communications and Data

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

d) Television Services

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

e) Others

“Other” includes logistics, personnel and management services.

4. Financial information by segment, continued

Relevant information regarding Telefónica Móviles Chile S.A. and its subsidiaries, which represent different segments, together with information regarding other subsidiaries, corresponding to December 31, 2020 and 2019, is detailed as follows:

For the exercise ended as of December 31, 2020	Mobile Telecommunications ThCh$	Fixed Telecommunications ThCh$	Corporate Communication and Data ThCh$	Television Services ThCh$	Other ThCh$	Eliminations ThCh$	Total ThCh$
Revenue from external customers	830,285,705	307,199,084	177,136,639	115,562,154	-	-	1,430,183,582
Revenue from ordinary activities arising from transactions with other operating segments of the same entity	6,664,082	114,365,397	12,060,258	-	176,973,250	(310,062,987)	-
Total revenue from operating activities fromexternal customers and transactions with other operating segments of the same entity	836,949,787	421,564,481	189,196,897	115,562,154	176,973,250	(310,062,987)	1,430,183,582
Cost of sales	298,585,958	41,734,573	153,325,575	71,116,112	-	(145,120,363)	419,641,855
Impairment losses (reversal of impairment losses)	42,005,059	17,150,524	3,741,935	587,890	-	-	63,485,408
Administrative expenses	266,509,873	194,384,510	41,969,840	31,502,640	17,641,249	(141,843,089)	410,165,023
Employee benefits expenses	1,492,419	211,456	29,704	-	149,205,503	(19,550,653)	131,388,429
Cost of interest	36,829,907	24,194,747	280,799	627,109	1,474,073	(12,378,451)	51,028,184
Interest income	4,167,021	10,535,631	1,443,845	-	189,752	(12,378,451)	3,957,798
Depreciation and amortization	158,672,505	153,229,958	13,099,912	3,688,987	2,059,380	(2,278,098)	328,472,644
Participation in profit of associated companies accounted for using the equity method	931,195	(5,830,416)	70,933	-	-	4,828,288	-
Income tax expense	15,481,413	3,996,092	(9,907,770)	6,027,542	1,415,233	-	17,012,510
Other significant non-cash items	10,767,345	6,874,641	1,179,332	94,891	88,790	(7)	19,004,992
Profits(loss) before tax	48,719,627	2,238,569	(20,556,758)	8,134,307	6,871,587	3,557,497	48,964,829
Profit (loss) for the period from continuing operations	33,238,214	(1,757,523)	(10,648,988)	2,106,765	5,456,354	3,557,497	31,952,319
Profit (loss) for the period from discontinuing operations	-	-	-	-	-	-	-
Profit (loss) for the period	33,238,214	(1,757,523)	(10,648,988)	2,106,765	5,456,354	3,557,497	31,952,319
Assets	2,514,424,499	1,564,835,180	136,365,110	173,555,594	161,237,011	(1,315,011,182)	3,235,406,212
Investments in associates accounted for using the equity method	688,600,626	126,159,606	847,629	-	-	(815,607,861)	-
Increases in non-current assets	43,270,386	87,243,696	10,402,904	-	-	-	140,916,986
Liabilities	1,121,301,544	902,491,183	121,053,850	95,113,740	96,034,808	(490,233,477)	1,845,761,648
Shareholders' equity	1,393,122,957	662,343,997	15,311,260	78,441,854	65,202,203	(824,777,707)	1,389,644,564
Liabilities & Shareholders' equity	2,514,424,501	1,564,835,180	136,365,110	173,555,594	161,237,011	(1,315,011,184)	3,235,406,212
Cash flows provided by (used in) operating activities	234,946,785	87,572,862	(1,302,780)	(1,569,310)	6,154,991	101,942,289	427,744,837
Cash flows provided by (used in) investment activities	(41,960,933)	(164,407,197)	(524,425)	(932,310)	-	(9,290,316)	(217,115,181)
Cash flows provided by (used in) financing activities	(28,971,314)	41,896,294	2,483,795	3,035,749	(7,051,925)	9,320,653	20,713,252

4. Financial information by segment, continued

For the exercise ended as of December 31, 2019	Mobile Telecommunications ThCh$	Fixed Telecommunications ThCh$	Corporate Communication and Data ThCh$	Television Services ThCh$	Other ThCh$	Eliminations ThCh$	Total ThCh$
Revenue from external customers	858,683,220	331,703,403	162,876,295	150,215,572	-	-	1,503,478,490
Revenue from ordinary activities arising from transactions with other operating segments of the same entity	9,113,737	129,212,087	15,442,700	-	179,743,289	(333,511,813)	-
Total revenue from operating activities fromexternal customers and transactions with other operating segments of the same entity	867,796,957	460,915,490	178,318,995	150,215,572	179,743,289	(333,511,813)	1,503,478,490
Cost of sales	289,946,721	44,431,389	132,975,339	86,150,755	-	(161,337,572)	392,166,633
Impairment losses (reversal of impairment losses)	45,650,471	16,457,583	2,598,700	48,275	-	-	64,755,029
Administrative expenses	331,473,190	213,821,506	51,626,647	33,327,840	25,034,018	(191,004,512)	464,278,688
Employee benefits expenses	1,351,094	195,606	4,157	-	144,084,632	(22,569,365)	123,066,124
Cost of interest	32,940,630	21,882,682	630,646	203,870	1,916,914	(6,792,992)	50,781,750
Interest income	4,893,517	5,201,144	1,219,354	-	825,761	(6,792,991)	5,346,785
Depreciation and amortization	154,975,164	157,307,884	13,769,708	5,243,970	1,846,571	(2,523,399)	330,619,898
Participation in profit of associated companies accounted for using the equity method	32,152,011	12,948,179	80,552	-	-	(45,180,742)	-
Income tax expense	16,159,607	7,381,986	(4,330,602)	7,364,809	1,567,808	-	28,143,608
Other significant non-cash items	5,915,154	11,782,037	9,648,246	-	77,218	29,310	27,451,965
Profits(loss) before tax	54,420,369	36,750,200	(12,338,050)	25,240,862	7,764,133	(1,228,395)	110,609,119
Profit (loss) for the period from continuing operations	38,260,762	29,368,214	(8,007,448)	17,876,053	6,196,325	(1,228,395)	82,465,511
Profit (loss) for the period from discontinuing operations	-	-	-	-	-	-	-
Profit (loss) for the period	38,260,762	29,368,214	(8,007,448)	17,876,053	6,196,325	(1,228,395)	82,465,511
Assets	2,372,658,197	1,540,217,136	129,497,179	164,814,592	150,572,258	(1,271,013,216)	3,086,746,146
Investments in associates accounted for using the equity method	708,160,121	146,581,758	779,073	-	-	(855,520,952)	-
Increases in non-current assets	64,970,201	144,492,739	24,554,394	-	-	-	234,017,334
Liabilities	1,020,228,549	864,272,442	101,066,105	79,409,082	90,643,496	(419,288,184)	1,736,331,490
Shareholders' equity	1,352,429,648	675,944,694	28,431,074	85,405,510	59,928,762	(851,725,032)	1,350,414,656
Liabilities & Shareholders' equity	2,372,658,197	1,540,217,136	129,497,179	164,814,592	150,572,258	(1,271,013,216)	3,086,746,146
Cash flows provided by (used in) operating activities	209,936,521	181,094,399	13,476,926	16,234,110	(21,921,027)	30,956,907	429,777,836
Cash flows provided by (used in) investment activities	(58,658,413)	(235,188,434)	2,025,482	3,600,857	3,490,951	(4,686,247)	(289,415,804)
Cash flows provided by (used in) financing activities	(132,824,442)	(26,478,805)	(15,410.280)	(18,834,787)	19,590,000	4,686,247	(169,272,067)

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

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

5. Cash and cash equivalents

Cash and cash equivalents composition is detailed as follows:

Concepts	Currency	12.31.2020 ThCh$	12.31.2019 ThCh$
Cash (a)		690,363	320,322
	CLP	689,665	320,322
	EUR	698	-
Banks (b)		125,114,499	82,702,268
	CLP	123,169,727	75,244,771
	USD	1,786,501	7,379,053
	EUR	86,385	65,979
	Others currencies	71,886	12,465
Time deposits (c)		340.004.467	151,443,831
	CLP	340,000,467	151,443,831
Total cash and cash equivalents		465,809,329	234,466,421
Sub-total by currency	CLP	463,863,859	227,008,924
	USD	1,786,501	7,379,053
	EUR	87,083	65,979
	Other currencies	71,886	12,465

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

a) Cash

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

b) Banks

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

5. Cash and cash equivalents, continued

c) Time deposits

Time deposits, maturing in less than 90 days, are recorded at fair value and, of December 31, 2020 and 2019, are detailed as follows:

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh$	Accrued interest in local currency ThCh$	12.31.2020 ThCh$
Time deposits	CLP	340,000,000	0,24%	10	340,000,000	4,467	340,004,467
Total					340,000,000	4,467	340,004,467

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh$	Accrued interest in local currency ThCh$	12.31.2019 ThCh$
Time deposits	CLP	151,400,000	1.92%	4	151,400,000	43,831	151.443.831
Total					151,400,000	43,831	151,443,831

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

6. Other current and non-current financial assets

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

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

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

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

(1) This investment is valued at market value through the trading of its shares, information obtained in the Sao Paulo Stock Exchange (Bovespa), and variations in their value are recorded when they occur, directly in equity under Other reserves.

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

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

b) Correspond to the loan granted to Digital Holding SpA for the sale of the Data Center and to interest accrued on this transaction as of the date of the corresponding financial statements. This loan became due in July 2020 and was paid in that same month.

c) Guarantees are those established for clients, official organizations and other institutions.

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

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

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

(1) This item includes capitalization of compliance costs associated with television equipment, broadband equipment and project management. In the first quarter of 2020, the contractual conditions of broadband service changed, which caused the capitalization of associated compliance costs. The company carries out a quarterly check of the behavior of the customer's average lifetime to calculate the amortizable expense.

(2) Corresponds mainly to capitalization of commissions for customers additions. As of July 1, 2020, it includes capitalization of commission costs associated to adding new mobile telephone, basic telephony, broadband and television customers. This is due to the change in the estimate of the amortization period of thesecustomer addition costs (average lifetime of the customer) for customers with indefinite contracts. On a quarterly basis, the company reviews the customer's average lifetime behavior to calculate the amortizable expense.

(3) This item includes operating leases outside the IFRS 16 standard.

(4) For 2020, this item mainly includes Fullstak licensing and support in the amount of ThCh$1,099,526, Pivotal licensing and support in the amount of ThCh$563,221, SAS licenses support and maintenance in the amount of ThCh$224,748, Panda Security and Sunblade support in the amount of ThCh$164,806, Microft Premier support in the amount of ThCh$149,972, Hortonwork licenses in the amount of ThCh$ 124,322 and Domain data and support in the amount of ThCh$60,711.

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

8. Current trade and other accounts receivable

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

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

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

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

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

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

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

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

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

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

8. Current trade and other accounts receivable, continued

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

Regulatory measures due to the health contingency.

Company measures related to new service plans offered to customers.

Differentiated analysis by segment.

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

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

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

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

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

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

Portfolio of returned documents and judicial collection as of 12.31.2020	Returned notes receivable portfolio w/o guarantee	Returned notes receivable, portfolio w/guarantee	Notes receivable in judicial collection, portfolio w/o guarantee	Notes receivable in judicial collection, portfolio w/guarantee
Number of customers in portfolio of returned documents or those in judicial collection	1,412	-	-	-
Portfolio of returned documents or those in judicial collection (ThCh$)	1,761,444	-	-	-

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

8. Current trade and other accounts receivable, continued

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

Stratification of portfolio by segment As of December 31, 2020	Up to date ThCh$	From 1 to 30 days ThCh$	From 31 to 60 days ThCh$	From 61 to 90 day ThCh$	From 91 to 120 days ThCh$	From 121 to 150 days ThCh$	From 151 to 180 days ThCh$	From 181 to 210 days ThCh$	From 211 to 250 days ThCh$	More than 250 days ThCh$	Total portfolio w/o guarantee ThCh$
Fixed Telecommunications											
Number of clients w/o renegotiation (1)	495.107	213.336	47.237	35.897	31.208	30.271	34.643	41.431	53.908	3.202.452	4.185.490
Net portfolio w/o renegotiation	18.113.101	5.115.450	85.380	589.380	280.505	1.140.416	289.141	-	-	-	25.613.373
Debt	19.822.734	6.952.105	1.223.384	5.297.932	1.355.831	2.563.989	1.117.370	1.075.892	1.050.212	90.217.356	130.676.805
Accrual	(1.709.633)	(1.836.655)	(1.138.004)	(4.708.552)	(1.075.326)	(1.423.573)	(828.229)	(1.075.892)	(1.050.212)	(90.217.356)	(105.063.432)
Number of clients w/renegotiation	10.577	3.722	794	373	234	131	119	107	94	90.133	106.284
Net renegotiated portfolio	29.844	123	1	-	-	-	-	-	-	-	29.968
Debt	150.416	36.513	8.380	4.007	2.470	1.360	1.206	953	823	826.187	1.032.315
Accrual	(120.572)	(36.390)	(8.379)	(4.007)	(2.470)	(1.360)	(1.206)	(953)	(823)	(826.187)	(1.002.347)
Total number of clients	505.684	217.058	48.031	36.270	31.442	30.402	34.762	41.538	54.002	3.292.585	4.291.774
Total Fixed Telephone Portfolio	18.142.945	5.115.573	85.381	589.380	280.505	1.140.416	289.141	-	-	-	25.643.341
Debt	19.973.150	6.988.618	1.231.764	5.301.939	1.358.301	2.565.349	1.118.576	1.076.845	1.051.035	91.043.543	131.709.120
Accrual	(1.830.205)	(1.873.045)	(1.146.383)	(4.712.559)	(1.077.796)	(1.424.933)	(829.435)	(1.076.845)	(1.051.035)	(91.043.543)	(106.065.779)
Corporate Communication and Data											
Number of clients w/o renegotiation (1)	2,436	1,287	40	740	641	624	522	478	538	4,654	11,960
Net portfolio w/o renegotiation	49,520,680	6,181,584	345,137	2,133,405	981,939	824,075	615,965	567,896	413,883	731,279	62,315,843
Debt	49,692,916	6,451,896	415,277	2,799,009	1,421,039	1,408,674	1,192,344	1,299,829	1,406,135	9,056,166	75,143,285
Accrual	(172,236)	(270,312)	(70,140)	(665,604)	(439,100)	(584,599)	(576,379)	(731,933)	(992,252)	(8,324,887)	(12,827,442)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	2,436	1,287	40	740	641	624	522	478	538	4,654	11,960
Total Corporate Communication and Data Portfolio	49,520,680	6,181,584	345,137	2,133,405	981,939	824,075	615,965	567,896	413,883	731,279	62,315,843
Debt	49,692,916	6,451,896	415,277	2,799,009	1,421,039	1,408,674	1,192,344	1,299,829	1,406,135	9,056,166	75,143,285
Accrual	(172,236)	(270,312)	(70,140)	(665,604)	(439,100)	(584,599)	(576,379)	(731,933)	(992,252)	(8,324,887)	(12,827,442)
Television											
Number of clients w/o renegotiation (1)	212,536	77,338	12,820	10,069	8,915	9,511	11,572	15,483	22,120	273,126	653,490
Net portfolio w/o renegotiation	12,080,722	198,221	36,416	11,260	5,237	3,499	2,395	-	-	-	12,337,750
Debt	12,090,461	246,195	259,952	202,862	170,803	183,962	114,531	249,478	560,902	10,029,578	24,108,724
Accrual	(9,739)	(47,974)	(223,536)	(191,602)	(165,566)	(180,463)	(112,136)	(249,478)	(560,902)	(10,029,578)	(11,770,974)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	212,536	77,338	12,820	10,069	8,915	9,511	11,572	15,483	22,120	273,126	653,490
Total Television Portfolio	12,080,722	198,221	36,416	11,260	5,237	3,499	2,395	-	-	-	12,337,750
Debt	12,090,461	246,195	259,952	202,862	170,803	183,962	114,531	249,478	560,902	10,029,578	24,108,724
Accrual	(9,739)	(47,974)	(223,536)	(191,602)	(165,566)	(180,463)	(112,136)	(249,478)	(560,902)	(10,029,578)	(11,770,974)

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

8. Current trade and other accounts receivable, continued

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

Stratification of portfolio by segment As of December 31, 2020	Up to date ThCh$	From 1 to 30 days ThCh$	From 31 to 60 days ThCh$	From 61 to 90 day ThCh$	From 91 to 120 days ThCh$	From 121 to 150 days ThCh$	From 151 to 180 days ThCh$	From 181 to 210 days ThCh$	From 211 to 250 days ThCh$	More than 250 days ThCh$	Total portfolio w/o guarantee ThCh$
Mobile Business											
Number of clients w/o renegotiation (1)	866,171	262,064	43,091	33,866	22,153	27,585	28,911	31,958	41,457	1,886,649	3,243,905
Net portfolio w/o renegotiation	73,727,293	7,065,881	2,933,274	4,034,125	1,374,246	2,002,831	1,513,034	-	-	-	92,650,684
Debt	78,865,019	8,140,435	4,397,200	4,955,376	4,655,727	6,300,620	3,954,351	3,339,949	3,090,069	57,720,528	175,419,274
Accrual	(5,137,726)	(1,074,554)	(1,463,926)	(921,251)	(3,281,481)	(4,297,789)	(2,441,317)	(3,339,949)	(3,090,069)	(57,720,528)	(82,768,590)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	10,556	10,556
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	62	26	26	26	26	9	26	26	44	1,386,742	1,387,013
Accrual	(62)	(26)	(26)	(26)	(26)	(9)	(26)	(26)	(44)	(1,386,742)	(1,387,013)
Total number of clients	866,171	262,064	43,091	33,866	22,153	27,585	28,911	31,958	41,457	1,897,205	3,254,461
Total Other Portfolio	73,727,293	7,065,881	2,933,274	4,034,125	1,374,246	2,002,831	1,513,034	-	-	-	92,650,684
Debt	78,865,081	8,140,461	4,397,226	4,955,402	4,655,753	6,300,629	3,954,377	3,339,975	3,090,113	59,107,270	176,806,287
Accrual	(5,137,788)	(1,074,580)	(1,463,952)	(921,277)	(3,281,507)	(4,297,798)	(2,441,343)	(3,339,975)	(3,090,113)	(59,107,270)	(84,155,603)
Contractual Asset and Others											
Number of clients w/o renegotiation (1)	-	-	-	-	-	-	-	-	-	-	-
Net portfolio w/o renegotiation	41,539,080	-	-	-	-	-	-	-	-	-	41,539,080
Debt	42,513,041	-	-	-	-	-	-	-	-	-	42,513,041
Accrual	(973,961)	-	-	-	-	-	-	-	-	-	(973,961)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	-	-	-	-	-	-	-	-	-	-	-
Total Other Portfolio	41,539,080	-	-	-	-	-	-	-	-	-	41,539,080
Debt	42,513,041	-	-	-	-	-	-	-	-	-	42,513,041
Accrual	(973,961)	-	-	-	-	-	-	-	-	-	(973,961)
Consolidated Portfolio											
Number of clients w/o renegotiation (1)	1,576,250	554,025	103,188	80,572	62,917	67,991	75,648	89,350	118,023	5,366,881	8,094,845
Net portfolio w/o renegotiation	194,980,876	18,561,136	3,400,207	6,768,170	2,641,927	3,970,821	2,420,535	567,896	413,883	731,279	234,456,730
Debt	202,984,171	21,790,631	6,295,813	13,255,179	7,603,400	10,457,245	6,378,596	5,965,148	6,107,318	167,023,628	447,861,129
Accrual	(8,003,295)	(3,229,495)	(2,895,606)	(6,487,009)	(4,961,473)	(6,486,424)	(3,958,061)	(5,397,252)	(5,693,435)	(166,292,349)	(213,404,399)
Number of clients w/renegotiation	10,577	3,722	794	373	234	131	119	107	94	100,689	116,840
Net renegotiated portfolio	29,844	123	1	-	-	-	-	-	-	-	29,968
Debt	150,478	36,539	8,406	4,033	2,496	1,369	1,232	979	867	2,212,929	2,419,328
Accrual	(120,634)	(36,416)	(8,405)	(4,033)	(2,496)	(1,369)	(1,232)	(979)	(867)	(2,212,929)	(2,389,360)
Total number of clients	1,586,827	557,747	103,982	80,945	63,151	68,122	75,767	89,457	118,117	5,467,570	8,211,685
Total Consolidated Portfolio	195,010,720	18,561,259	3,400,208	6,768,170	2,641,927	3,970,821	2,420,535	567,896	413,883	731,279	234,486,698
Debt	203,134,649	21,827,170	6,304,219	13,259,212	7,605,896	10,458,614	6,379,828	5,966,127	6,108,185	169,236,557	450,280,457
Accrual	(8,123,929)	(3,265,911)	(2,904,011)	(6,491,042)	(4,963,969)	(6,487,793)	(3,959,293)	(5,398,231)	(5,694,302)	(168,505,278)	(215,793,759)

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

8. Current trade and other accounts receivable, continued

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

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

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

8. Current trade and other accounts receivable, continued

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

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

(1) The information mentioned in this line represents the number of current customers and those that have been commercially removed and are still in collection management.

9. Receivables from and payable to related companies

a) Currents receivables from related companies:

Company	Taxpayer No,	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	12.31.2020 ThCh$	12.31.2019 ThCh$
Telxius Torres Chile, S.A.	76,558,575-9	Chile	Common end controller	Prest. de Serv	CLP	60 days	3,506,043	12,096,459
Telefónica International Wholesale Services España	Foreign	Spain	Common end controller	Prest. de Serv	EUR	90 days	1,511,463	4,721,355
Tiws Chile II Spa	76,540,944-6	Chile	Common end controller	Serv, Provided	CLP	60 days	1,025,297	953,832
Telxius Cable Chile	96,910,730-9	Chile	Common end controller	Serv, Provided	CLP	60 days	1,023,689	788,480
Telefónica Ingeniería de Seguridad S.A.	59,083,900-0	Chile	Common end controller	Serv, Provided	CLP	60 days	394,084	254,661
Telefónica S.A.	Foreign	Spain	End controller	Serv, Provided	EUR	90 days	299,768	712,499
Telefónica Digital España	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	276,787	627,459
Telefónica Brasil	Foreign	Brazil	Common end controller	Serv, Provided	USD	90 days	245,864	125,183
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv, Provided	USD	90 days	183,970	198,813
Telefónica Cybersecurity Tech SpA	77,145,256-6	Chile	Common end controller	Prest. de Serv	CLP	60 days	244,547	-
Telefónica Factoring Chile, S.A.	76,096,189-2	Chile	Common end controller	Prest. de Serv	CLP	60 days	107,418	-
Telcel Venezuela	Foreign	Venezuela	Common end controller	Serv, Provided	USD	90 days	96,299	33,091
Telefónica Móviles España S.A.	Foreign	Spain	Common end controller	Serv, Provided	EUR	90 days	48,606	92,113
Pegaso PCS, S.A. de C.V.	Foreign	México	Common end controller	Serv, Provided	USD	90 days	42,967	4,845
Telefónica Uk Ltd (antes O2 (UK) Ltd)	Foreign	Reino Unido	Common end controller	Serv, Provided	EUR	90 days	21,158	22,067
Colombia Telecomunicaciones S.A.E.S.P	Foreign	Colombia	Common end controller	Serv, Provided	USD	60 days	18,587	3,866
Terra Networks Chile S.A.	96,834,230-4	Chile	Common end controller	Serv, Provided	CLP	60 days	17,855	24,194
Telefónica Móviles del Uruguay	Foreign	Uruguay	Common end controller	Serv, Provided	USD	90 days	16,173	-
Wayra Chile Tecnología e Innovación Ltda.	96,672,150-2	Chile	Common end controller	Serv, Provided	CLP	60 days	7,325	147,444
Inversiones Telefónica Internacional Holding L S.A.	77,363,730-K	Chile	Common end controller	Serv, Provided	CLP	60 days	5,262	5,262
Terra Networks Brasil	Foreign	Brazil	Common end controller	Serv, Provided	USD	90 days	5,148	5,148
Telefónica On The Spot Soluciones Digitales De Chile Spa	76,338,291-5	Chile	Common end controller	Prest. de Serv	CLP	60 days	1,045	6,296
Telefónica Móviles El Salvador	Foreign	El Salvador	Common end controller	Serv, Provided	USD	90 days	596	582
Telefónica del Perú	Foreign	Perú	Common end controller	Serv, Provided	CLP	60 days	-	59,981
Media Networks Chile	76,243,733-3	Chile	Common end controller	Prest. de Serv	CLP	60 days	-	27,209
Telefónica Learning Services Chile Capacitación Ltda.	76,131,334-7	Chile	Common end controller	Prest. de Serv	CLP	60 days	-	1,453
Media Networks Perú	Foreign	Perú	Common end controller	Serv, Provided	USD	90 days	-	195,900
Otecel S.A.	Foreign	Ecuador	Common end controller	Serv, Provided	USD	60 days	-	1,043
Total							9,099,951	21,109,235

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

9. Receivables from and payable to related companies, continued

b) Current payables to related companies:

Company	Taxpayer No,	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	12.31.2020 ThCh$	12.31.2019 ThCh$
Telefónica S.A.	Foreign	Spain	End controller	Subtotal			8,286,825	8,375,772
				Brand Fee	EUR / CLP	60 days	7,841,891	7,917,019
				Others	EUR	60 days	444,934	458,753
Telxius Torres Chile S.A.	76,558,575-9	Chile	Common end controller	Subtotal			8,442,676	15,383,448
				Spaces lease	CLP	60 days	5,795,443	8,942,700
				Co-localization lease	CLP	60 days	2,560,600	6,372,666
				Serv, Provided	CLP	60 days	86,633	68,082
Telefónica Argentina S.A.	Foreign	Argentina	Common end controller	Serv, Provided	USD	60 days	10,387,758	12,209,013
Inversiones Telefónica Internacional Holding L S.A.	77,363,730-K	Chile	Common end controller	Serv, Provided	CLP	60 days	9,867,639	-
Telefónica Digital España	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	6,097,011	5,798,222
Telefónica Cybersecurity Tech SpA	77,145,256-6	Chile	Common end controller	Serv, Provided	CLP	60 days	2,787,013	-
Telefónica International Wholesale Services España	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	2,079,681	5,667,001
Telxius Cable Chile (Ex Telef. Int. Wholesale Services Chile SA)	96,910,730-9	Chile	Common end controller	Subtotal			2,234,522	7,095,059
				Ip voice traffic	CLP	60 days	1,148,643	4,432,682
				Data and links	CLP	60 days	997,511	2,298,835
				Commercial Mandate	CLP	60 days	88,368	87,574
				Others	CLP	60 days	-	275,968
Tiws Chile II Spa	76,540,944-6	Chile	Common end controller	Serv, Provided	CLP	60 days	1,806,721	1,715,810
Telefónica Latam Holding	Foreign	Spain	Common end controller	Management Fee	EUR	60 days	1,792,803	1,860,017
Telefónica Ingeniería de Seguridad S.A.	59,083,900-0	Chile	Common end controller	Serv, Provided	CLP	60 days	1,565,664	3,324,888
Media Networks Perú	Foreign	Perú	Common end controller	Satellite Space	USD	60 days	1,401,556	1,516,382
Telefónica Compras Electrónicas	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	779,941	688,623
Telefónica Global Tecnology S.A.U.	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	522,721	573,922
Telefónica del Perú S.A.	Foreign	Perú	Common end controller	Serv, Provided	USD	60 days	510,725	209,586
Terra Networks México Holding S.A.	Foreign	México	Common end controller	Serv, Provided	USD	60 days	254,870	-
Telefónica Global Roaming Gmbh	Foreign	Alemania	Common end controller	Serv, Provided	EUR	60 days	183,867	89,361
Telefónica Hispanoamérica, S.L (antes LACH)	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	103,827	-
Telefónica O2 Germany Gmbh & Co Ohg	Foreign	Alemania	Common end controller	Serv, Provided	EUR	60 days	106,834	133,778
Telefónica Global Services GmbH (antes O2 GMBH)	Foreign	Alemania	Common end controller	Serv, Provided	EUR	60 days	67,000	-
Telefónica USA Inc.	Foreign	USA	Common end controller	Serv, Provided	USD	60 days	64,352	48,414
Telefónica On The Spot Soluciones Digitales de Chile Spa	76,338,291-5	Chile	Common end controller	Serv, Provided	CLP	60 days	59,952	24,475
Telefónica Brasil	Foreign	Brazil	Common end controller	Serv, Provided	USD	60 days	47,275	376,358
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv, Provided	USD	60 days	33,389	105,127
Telefónica Móviles España S.A.	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	22,814	67,643
Telefónica Servicios Audiovisuales	Foreign	Spain	Common end controller	Serv, Provided	EUR	60 days	18,151	46,018
Telefónica Global Tecnology Chile	59,165,120-k	Chile	Common end controller	Computer services	CLP	60 days	16,105	16,105
Otecel S.A.	Foreign	Ecuador	Common end controller	Serv, Provided	USD	60 days	5,291	8,762

9. Receivables from and payable to related companies, continued

a) Current payables to related companies, continued

Company	Taxpayer No,	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	12.31.2020 ThCh$	12.31.2019 ThCh$
Telefónica de España S.A.U	Foreign	Spain	Common end controller	Serv, Provided.	EUR	60 days	1,421	1,611
Terra Networks Chile S.A.	96,834,230-4	Chile	Common end controller	Serv, Provided.	CLP	60 days	-	147,832
Tgestiona Logistica Peru Sac	Foreign	Perú	Common end controller	Serv, Provided.	USD	60 days	-	39,305
Colombia Telecomunicaciones S.A.E.S.P. (Telecom.)	Foreign	Colombia	Common end controller	Serv, Provided.	USD	60 days	-	109,716
Telefónica Learning Services Chile Capacitación Ltda.	76,131,334-7	Chile	Common end controller	Serv, Provided.	CLP	60 days	-	382,084
Telefónica Investigación y Desarrollo S.A. (TIDSA)	Foreign	Spain	Common end controller	Serv, Provided.	EUR	60 days	-	19,000
Telefónica Móviles del Uruguay S.A.	Foreign	Uruguay	Common end controller	Serv, Provided.	USD	60 days	-	7,768
Telefónica Móviles Panamá	Foreign	Panamá	Common end controller	Serv, Provided.	USD	60 days	-	4,343
Telfisa Global B.V.	Foreign	Spain	Common end controller	Administration commission	CLP	90 days	-	9,664
Telefónica Móviles El Salvador	Foreign	El Salvador	Common end controller	Serv, Provided.	USD	60 days	-	101
Total							59,548,404	66,055,208

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

b) Non-current payables to related companies:

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

9. Receivables from and payable to related companies, continued

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

Sociedad	RUT	País origen	Naturaleza de la relación	Descripción de la transacción	Moneda	12.31.2020 Monto M$	12.31.2020 Efecto en resultados (Cargo)/Abono ThCh$	12.31.2019 Monto M$	12.31.2019 Efecto en resultados (Cargo)/Abono ThCh$
Telefónica S.A.	Foreign	Spain	End controller	Brand Fee	EUR	24,058,384	(24,058,384)	13,783,604	(13,783,604)
Media Networks Perú	Foreign	Perú	Common end controller	Sales	USD	1,042,827	1,042,827	571,587	571,587
				Spaces lease		5,987,289	(5,987,289)	9,092,665	(9,092,665)
Telefónica Ingeniería de Seguridad S.A.	59,083,900-0	Chile	Common end controller	Costs	CLP	6,830,829	(6,830,829)	9,241,,046	(12,646,562)
Telefónica Global Tecnology	Foreign	Spain	Common end controller	Costs	EUR	5,877,376	(5,877,376)	4,268,723	(4,268,723)
Telefónica Argentina S.A.	Foreign	Argentina	Common end controller	rental of media	USD	5,691,237	(5,691,237)	8,438,851	(8,438,851)
Telefónica Digital España	Foreign	Spain	Common end controller	Costs	EUR	4,899,158	(4,899,158)	7,854,188	(7,854,188)
Telefónica International Wholesale Services España	Foreign	Spain	Common end controller	Sales	EUR	1,822,943	1,822,943	2,412,039	2,412,039
				Costs	EUR	3,538,207	(3,538,207)	3,294,560	(3,294,560)
Telxius Cable Chile S.A	96,910,730-9	Chile	Common end controller	Sales	CLP	3,081,019	3,081,019	2,961,803	2,961,803
				Access and transit	CLP	9,834,029	(9,834,029)	14,362,576	(14,362,576)
Tiws Chile II Spa	76,540,944-6	Chile	Common end controller	Sales	CLP	2,268,026	2,268,026	1,419,656	1,419,656
				Costs	CLP	7,438,509	(7,438,509)	6,428,708	6,428,708)
Telefónica Cybersecurity Tech SpA	77,145,256-6	Chile	Common end controller	Costs	CLP	2,633,646	(2,633,646)	-	-
Telxius Torres Chile S.A.	76,558,575-9	Chile	Common end controller	Lease	CLP	2,358,655	(2,358,655)	1,289,054	(1,289,054)
Telefónica Latinoamerica Holding S.L.	Foreign	Spain	Common end controller	Costs	EUR	1,542,120	(1,542,120)	1,753,138	(1,753,138)

As of December 31, 2020, only transactions between related parties in excess of ThCh$1,000,000 are disclosed.

9. Receivables from and payable to related companies, continued

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

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

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

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

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

The Company is managed by a Board of Directors composed of 11 members and its key employees are 69 and 64 executives for December 31, 2020 and 2019, respectively.

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

10. Inventory

a) The detail of inventory is as follows:

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

(1) In the first quarter of 2020 the contractual conditions of the broadband service changed with fiber optics technology, which caused the Company to record all equipment associated to that service as inventory, whereas until the previous year this was recorded as property, plant and equipment. The amount of the transaction was ThCh$ 8,365,412.
(2) Mainly due to higher investment, Obrascon ThCh$1,801,278, Metro ThCh$1.828.527 and Plaza S.A. ThCh$897,297.
(3) Decrease in decoder and antennae purchases by subsidiary Telefónica Empresas Chile S.A. due to the implementation of fiber optics in new projects.
(4) Corresponds to new private services projects.

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

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

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

b) The movement of inventory is as follows:

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

11. Income Taxes

a) Income Taxes:

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

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

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

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

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

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

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

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

11. Income Taxes, continued

a) Income Taxes, continued

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

Subsidiaries	Control	Income subject to Global Complementary or Additional Tax (RAI)	Difference between Accelerated Devaluation And normal (DDAN)	Exempt income (REX) Non-taxable income	Accumulated credit balances (SAC)				
					Accumulated as of 01.01.2017 Current loan rate (factor of 27%)			Accumulated up to 12.31.2016 Effective rate 22,77% Entitled to return	Total Balance of Taxable Net Income (STUT)
					Subject to restitution entitled to return	No Subject to restitution entitled to return	Total available credit against final taxes (art 41 A & 41 C of ITL)		
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Telefónica Móviles Chile S.A.	28,961,059	28,961,059	-	-	13,489,591	-	-	1,085,685	4,812,776
Telefónica Chile S.A.	-	-	-	-	256,168	-	-	172,573,328	764,621,517
Telefónica Empresas Chile S.A.	2,948,064	-	-	2,948,064	(266,614)	-	-	-	-
lefónica Chile Servicios Corporativos Ltda.	90,959,595	90,959,595	-	-	15,419,816	-	-	17,761,975	66,151,169
Telefónica Investigación y Desarrollo SPA	1,401,524	1,401,524	-	-	702,870	-	-	-	-
Total	124,270,242	121,322,178	-	2,948,064	29,601,831	-	-	191,420,988	835,585,462

b) Current tax assets

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

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

(1) Corresponds to the net balance between monthly provisional payments and the income tax provision at 2021. During March, April and May 2020, the payment of the monthly provisional payment was suspended due to tax measures related to Covid19.

(1) Corresponds to Telefónica Chile S.A. For ThCh $932,012 (Income Statement AT2019 and AT2020), Telefónica Móviles S.A. for ThCh $ 739,892 (Income Statement AT2017) and Telefónica Chile Servicios Corporativos Ltda. for ThCh $2,199,685 (Income Statement AT2020 and previous years).

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

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

11. Income Taxes, continued

c) Deferred tax assets and liabilities

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

Disclosure of temporary differences, losses and unused tax credits December 31, 2020	Provision for impairment	Obsolescence provision	Deferred income	Effect or taxable goodwill on merger of subsidiary	Dismantling provision	Deferred cost of sales & deferred sales commissions	Personnel provisions	Amortization and depreciation of assets	Tax loss	Right of use and leasing obligations	Other temporary differences	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
Deferred tax assets and liabilities														
Deferred tax assets	35,936,616	431,549	3,627,492	88,326,631	5,019,851	-	17,788,044	9,836,021	24,080,648	9,461,264	5,124,675	(82,085,299)	117,547,492	117,547,492
Deferred tax liabilities	-	-	6,604,620	-	-	7,431,722	11,155,976	145,678,164	-	9,145,836	(2,228,086)	(82,085,299)	95,702,933	95,702,933
Deferred tax liabilities (assets)	(35,936,616)	(431,549)	2,977,128	(88,326,631)	(5,019,851)	7,431,722	(6,632,068)	135,842,143	(24,080,648)	(315,428)	(7,352,761)	,	(21,844,559)	(21,844,559)
Deferred tax assets and liabilities, net														
Deferred tax assets, net	(35,936,616)	(431,549)	-	(88,326,631)	(5,019,851)	-	(6,632,068)	-	(24,080,648)	(315,428)	(7,352,761)	-	(168,095,552)	(168,095,552)
Deferred tax liabilities, net	-	-	2,977,128	-	-	7,431,722	-	135,842,143	-	-	-	-	146,250,993	146,250,993
Deferred tax expense (benefit														
Deferred tax expense (benefit)	375,557	66,704	478,233	8,553,726	37,363	3,769,784	19,678	4,347,556	(10,003,992)	(1,287,642)	(2,261,730)	-	4,095,237	4,095,237
Deferred tax expense (benefit) recognized in income	375,557	66,704	478,233	8,553,726	37,363	3,769,784	19,678	4,347,556	(10,003,992)	(1,287,642)	(2,261,730)	-	4,095,237	4,095,237
Changes in deferred tax liabilities (assets)														
Deferred tax liabilities (assets) – Beginning balance Dec, 2019	(36,312,173)	(498,253)	2,498,895	(96,880,357)	(5,057,214)	3,661,938	(6,584,013)	131,494,587	(10,671,484)	972,214	(5,091,031)	-	(22,466,891)	(22,466,891)
Changes in deferred tax liabilities (assets)														
Deferred tax expense (benefit) recognized in income	375,557	66,704	478,233	8,553,726	37,363	3,769,784	19,678	4,347,556	(10,003,992)	(1,287,642)	(2,261,730)	-	4,095,237	4,095,237
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	(3,405,172)	-	-	-	(3,405,172)	(3,405,172)
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	(67,733)	-	-	-	-	-	(67,733)	(67,733)
Increase (decrease) from business combinations, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to loss of control of subsidiary, deferred tax liabilities assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to net foreign currency translation, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in deferred tax (assets) liabilities	375,557	66,704	478,233	8,553,726	37,363	3,769,784	(48,055)	4,347,556	(13,409,164)	(1,287,642)	(2,261,730)	-	622,332	622,332
Deferred tax liabilities (assets)	(35,936,616)	(431,549)	2,977,128	(88,326,631)	(5,019,851)	7,431,722	(6,632,068)	135,842,143	(24,080,648)	(315,428)	(7,352,761)	-	(21,844,559)	(21,844,559)

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

11. Income Taxes, continued

c) Assets and Liability by Deferred taxes, continued

Disclosure of temporary differences, losses and unused tax credits December 31, 2019	Other temporary differences	Provision for impairment	Obsolescence provision	Deferred income	Effect or taxable goodwill on merger of subsidiary	Dismantling provision	Deferred cost of sales & deferred sales commissions	Personnel provisions	Amortization and depreciation of assets	Tax loss	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
Deferred tax assets and liabilities													
Deferred tax assets	36,312,173	498,253	4,472,265	96,880,357	5,057,214	-	17,713,195	9,946,286	10,671,484	8,286,817	4,781,690	(78,251,313)	116,368,421
Deferred tax liabilities	-	-	6,971,160		-	3,661,938	11,129,182	141,440,873	-	9,259,031	(309,341)	(78,251,313)	93,901,530
Deferred tax liabilities (assets)	(36,312,173)	(498,253)	2,498,895	(96,880,357)	(5,057,214)	3,661,938	(6,584,013)	131,494,587	(10,671,484)	972,214	(5,091,031)		(22,466,891)
Deferred tax assets and liabilities, net													
Deferred tax assets, net	(36,312,173)	(498,253)	-	(96,880,357)	(5,057,214)	-	(6,584,013)	-	(10,671,484)	-	(5,091,031)	-	(161,094,525)
Deferred tax liabilities, net	-	-	2,498,895	-	-	3,661,938	-	131,494,587	-	972,214	-	-	138,627,634
Deferred tax expense (benefit													
Deferred tax expense (benefit)	(3,041,618)	309,894	(224,954)	15,256,154	376,262	1,237,260	1,043,635	(3,760,986)	2,398,275	1,068,874	(2,388,765)	-	12,274,031
Deferred tax expense (benefit) recognized in income	(3,041,618)	309,894	(224,954)	15,256,154	376,262	1,237,260	1,043,635	(3,760,986)	2,398,275	1,068,874	(2,388,765)	-	12,274,031
Changes in deferred tax liabilities (assets)													
Deferred tax liabilities (assets) – Beginning balance Dec, 2017	(33,270,555)	(808,147)	2,723,849	(112,136,511)	(5,433,476)	2,424,678	(6,980,422)	135,255,573	(13,048,516)	-	(2,702,266)	-	(33,975,793)
Changes in deferred tax liabilities (assets)													
Deferred tax expense (benefit) recognized in income	(3,041,618)	309,894	(224,954)	15,256,154	376,262	1,237,260	1,043,635	(3,760,986)	2,398,275	1,068,874	(2,388,765)	-	12,274,031
Deferred taxes related to items credite (charged) directly to equity	-	-	-	-	-	-	-	-	(21,243)	(96,660)	-	-	(117,903)
Income taxes related to components of other comprehensive income	-	-	-	-	-	(647,226)	-	-	-	-	-	(647,226)	(647,226)
Increase (decrease) from business combinations, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to loss of control of subsidiary, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to net foreign currency translation, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in deferred tax (assets) liabilities	(3,041,618)	309,894	(224,954)	15,256,154	376,262	1,237,260	396,409	(3,760,986)	2,377,032	972,214	(2,388,765)	-	11,508,902
Deferred tax liabilities (assets)	(36,312,173)	(498,253)	2,498,895	(96,880,357)	(5,057,214)	3,661,938	(6,584,013)	131,494,587	(10,671,484)	972,214	(5,091,031)	-	(22,466,891)

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

11. Income Taxes, continued

d) Taxable Income

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

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

(1) Corresponds to interest and readjustments of the contingencies provision of the parent company (see Note 33 b) and a new provision recognized due to the closing of the audit process for the ending of activities of Telefónica Móviles S.A.

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

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

(4) Taxable net income considers an adjustment for hedging instruments charged to equity.

11. Income Taxes, continued

e) Income tax reconciliation

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

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

(1) This item includes tax fines, price-level of tax loss, price-level of non-monetary assets, goodwill, IPAS to result, decoders, among others.
(2) Effective rate determined considering the tax expense accounted for in result with respect to the financial result before tax amounts to 34.74%.

11. Income Taxes, continued

f) Current income tax liabilities

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

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

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

12. Non-current trade and other accounts receivable

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

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

(1) Under IFRS 15, the contractual asset is the difference between revenue from sale of handsets and the amount received from the customer at the beginning of the contract.
(2) Mainly includes loans related to employees.

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

Concepts	As of December 31, 2020								
	Gross Portfolio value in ThCh$				Provision for impairment ThCh$				Net Total
	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh$	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh$	
Trade receivables	13,608,496	1,424,241	595,796	15,628,533	(2,895,757)	(9,829)	-	(2,905,586)	12,722,947
Miscellaneous receivables	240,611	1,058,459	9,301,905	10,600,975	-	-	-	-	10,600,975
Total	13,849,107	2,482,700	9,897,701	26,229,508	(2,895,757)	(9,829)	-	(2,905,586)	23,323,922

Concepts	As of December 31, 2019								
	Gross Portfolio value in ThCh$				Provision for impairment ThCh$				Net Total
	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh$	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh$	
Trade receivables	14,718,527	2,905,784	659,781	18,284,093	(2,843,717)	(195,549)	(4,267)	(3,043,532)	15,240,560
Miscellaneous receivables	276,507	1,216,639	10,688,908	12,181,784	-	-	-	-	12,181,784
Total	14,995,034	4,122,153	11,348,690	30,465,877	(2,843,717)	(195,549)	(4,267)	(3,043,532)	27,422,344

13. Intangible Assets other than goodwill

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

Concepts	12.31.2020 Intangible, gross ThCh$	12.31.2020 Accumulated amortization ThCh$	12.31.2020 Intangible, net ThCh$	12.31.2019 Intangible, gross ThCh$	12.31.2019 Accumulated amortization ThCh$	12.31.2019 Intangible, net ThCh$
Licenses and franchises (1)	693,467,896	(600,780,286)	92,687,610	641,270,703	(539,955,665)	101,315,038
Administratives grantings (2)	96,164,309	(77,696,724)	18,467,585	130,169,199	(104,421,195)	25,748,004
Intangible assets in development (3)	30,728,545	-	31,115,361	31,563,423	-	31,563,423
Other intangible assets (4)	21,689,823	(21,547,146)	142,677	21,689,823	(20,976,440)	713,383
Total	842,437,389	(700,024,156)	142,413,233	824,693,148	(665,353,300)	159,339,848

(1) Mainly corresponds to IBM and Microsoft Licenses for ThCh $ 13.218.347, FTH Software, Switching and Administrative for ThCh$ 55,789,066 , “Believe” project ThCh $ 16,456,079 and Other Licenses and Franchises for ThCh $ 7,641,578.

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

(3) Mainly corresponds to: evolutionary developments for ThCh $14,424,296, licenses for ThCh $6,245,739 and operational continuity for ThCh $10,058,510.

(4) Corresponds to submarine cable usage rights.

b) As of December 31, 2020 the movements of intangible assets other than goodwill are detailed as follows

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

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

Movements	Intangible assets in development, net ThCh$	Licenses and franchises, net ThCh$	Administratives Grantings Net ThCh$	Other intangible assets, Net ThCh$	Intangible, net ThCh$
Beginning balance as of 01.01.2018	20,363,160	130,724,849	27,576,237	1,291,601	179,955,847
Additions	41,863,338	-	-	-	41,863,338
Cancellations	-	(25,035,402)	-	(142677)	(25,178,079)
Amortization of cancellations	-	24,946,873	-	142,677	25,089,550
Amortization	-	(63,661,599)	(1,828,233)	(578,218)	(66,068,050)
Transfer from work in progress (Note 15b)	(712,307)	4,389,549	-	-	3,677,242
Transfer from costs of developing to service	(29,950,768)	29,950,768	-	-	-
Movement, subtotal	11,200,263	(29,409,811)	(1,828,233)	(578,218)	(20,615,999)
Ending balance as of 12.31.2019	31,563,423	101,315,038	25,748,004	713,383	159,339,848
Remaining average useful life	-	1.6 year	14 year	1.2 year	

13. Intangible Assets other than goodwill, continued

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

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

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

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

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

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

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

14. Goodwill

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

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

Taxpayer No.	Company	01.01.2020 ThCh$	Additions ThCh$	Eliminations ThCh$	12.31.2020 ThCh$
76,124,890-1	Telefónica Móviles Chile S.A. (1)	483,179,725	-	-	483,179,725
96,672,160-k	Telefónica Chile S.A. (Ex Telefónica Larga Distancia S.A.) (2)	21,039,896	-	-	21,039,896
96,834,320-3	Telefónica Internet Empresas S.A. (3)	555,251	-	-	555,251
	Total	504.774.872	-	-	504,774,872

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

Taxpayer No.	Company	01.01.2019 ThCh$	Additions ThCh$	Eliminations ThCh$	12.31.2019 ThCh$
87,845,500-2	Telefónica Móviles Chile S.A. (1)	483,179,725	-	-	483,179,725
96,672,160-k	Telefónica Chile S.A. (Ex Telefónica Larga Distancia S.A.) (2)	21,039,896	-	-	21,039,896
96,834,320-3	Telefónica Internet Empresas S.A.	620,232	-	64,981	555,251
	Total	504,839,853	-	64.981	504,774,872

14. Goodwill, continued

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

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

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

i) Projected revenue and operating costs are based on the Strategic Plan for 2020, 2021 and 2022, projecting a fourth and fifth year as terminal value. These projections have been made considering the Company's best estimates, using sectorial projections, historical behavior of the business and future expectations.

ii) Cash flow projections are calculated at terminal value, covering a 5-year period, with the last period being the terminal value.

iii) The rate used to discount future cash flows takes into consideration the time value of money and the individual risks of the assets analyzed.

iv) The valuation is determined using the Value in Use (VU) mechanism, which requires that the VU be determined through the net present value of the cash flows that the Company expects to receive from the Cash Generating Unit (CGUs). Two CGUs have been defined:

- Telefónica Móviles Chile S.A., which mainly provides broadband and mobile telephone services.
- Telefónica Chile S.A. and its subsidiary, Telefónica Empresas Chile S.A., which provide fixed broadband, television, fixed telephone and technology services for companies.

15. Property, plant and equipment

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

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

(1) In Buildings, a decrease is appreciated due to amortization in the amount of ThCh$ (51,644,269), transfer to investment property in the amount of ThCh$ (4,079,209), offset by new additions in the amount of MCh$ 16,582433 (pipeline posts and other infrastructures and improvements).

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

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

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15. Property, plant and equipment, continued

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

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

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

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

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

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

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

	Land	Buildings, gross	Supplies and accessories, gross	Office equipment, gross	Construction in progress gross	Information equipment, gross	Network and communications equipment, gross	Other property, plant & equipment, gross	Property, plant and equipment, gross
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Fully depreciated assets still in use	-	288,322,002	29,414,722	2,172,871	-	55,205,712	2,159,537,035	281,556,372	2,816,208,714

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

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

15. Property, plant and equipment, continued

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

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

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

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

	Land	Buildings, gross	Supplies and accessories, gross	Office equipment, gross	Construction in progress gross	Information equipment, gross	Network and communications equipment, gross	Property, plant and equipment under financial leases, gross	Other property, plant & equipment, gross	Property, plant and equipment, gross
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Fully depreciated assets still in use	-	296,418,373	29,196,537	1,717,836	-	40,642,659	2,372,264,159	-	222,324,183	2,962,563,747

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

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

16. Investment properties

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

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

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

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

17. Right of use assets

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

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

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

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

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

17. Right of use assets, continued

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

Movements	Rights of use on land and natural properties, net ThCh$	Rights of use on buildings, net ThCh$	Rights of use on plant and machinery, net ThCh$	Other rights of use, net ThCh$	Advance payments for rights of use, net ThCh$	Rights of use, net ThCh$
Beginning balance as of 01.01.19	49,450,161	173,919,988	8,697,995	951,936	-	233,020,080
Additions	17,154,340	10,732,859	12,511,269	5,998,145	661,750	47,058,363
Depreciation expense	(19,281,531)	(36,131,266)	(1,971,986)	(1,670,811)		(59,055,594)
Others	-	-	-	-	-	-
Movements, subtotal	(2,127,191)	(25,398,407)	10,539,283	4,327,334	661,750	(11,997,231)
Ending balance as of 12.31.19	47,322,970	148,521,581	19,237,278	5,279,270	661,750	221,022,849

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

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

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

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

19. Other current and other non-current financial liabilities

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

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

(1) Includes mark-to-market of loans subject to fair value hedging. As of December 2020, the amount corresponds to ThCh$ 21,593,415 in non-current
(2) Corresponds to the generation of financial liabilities for portfolio sales operations.

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

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

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

Types	Debtor taxpayer No.	Debtor	Debtor country	Creditor taxpayer No.	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bilateral Loan (1)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Foreign	Bank of Tokyo	Tokyo	USD	At maturity	0.36%	1.23%	US$ 150 mm	04-15-2021
Bilateral Loan (2)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	97.018.000-1	Bank Scotiabank	Chile	USD	At maturity	1.49%	3.62%	US$ 68.6 mm	11-13-2023
Bilateral Loan (3)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	*Foreign*	Bank of Nova Scotia	Chile	USD	At maturity	2.07%	3.05%	US$ 140,19 mm	09-29-2023
Bilateral Loan (4)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	97.004.000-5	Banco de Chile	Chile	CLP	At maturity	2.15%	1.90%	CLP 30,000 mm	10-06-2024

Types	Debtor taxpayer No.	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands) To Maturity									Total nominal amounts in local currency ThCh$
					Up to 90 days ThCh$	90 days to 1 years ThCh$	1 to 2 years ThCh$	2 to 3 years ThCh$	Total 1 to 3 years ThCh$	3 to 4 years ThCh$	4 to 5 years ThCh$	Total 3 to 5 years ThCh$	5 years and over ThCh$	
Bilateral Loan (1)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	-	99,057,000	-	-	-	-	-	-	-	99.057.000
Bilateral Loan (2)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Bank Scotiabank	-	-	-	47,022,556	47,022,556		-	-	-	47.022.556
Bilateral Loan (3)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Nova Scotia	-	-	-	119,080,998	119,080,998	-	-	-	-	119,080,998
Bilateral Loan (4))	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco de Chile	-	-	-	-	-	30,000,000	-	30,000,000	-	30,000,000
Total					-	99,057,000	-	166,103,554	166,103,554	30,000,000	-	30,000,000	-	265,160,554

Types	Debtor taxpayer No.	Debtor	Debtor country	Creditor	Current To Maturity		Total current as of 12.31.2020	Non-current To Maturity							Total Non-current as of 12.31.2020 ThCh$
					Up to 90 days ThCh$	90 days to 1 years ThCh$	ThCh$	1 to 2 years ThCh$	2 to 3 years ThCh$	Total 1 to 3 years ThCh$	3 to 4 years ThCh$	4 to 5 years ThCh$	Total 3 to 5 years ThCh$	5 years and over ThCh$	
Bilateral Loan (1)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	44,794	106,578,247	106,623,040	-	-	-	-	-	-	-	-
Bilateral Loan (2)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Bank Scotiabank	79,464	-	79,464	-	48,434,807	48,434,807	-	-	-	-	48,434,807
Bilateral Loan (3)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Nova Scotia	224,379	-	224,379	-	99,236,991	99,236,991	-	-	-	-	99,236,991
Bilateral Loan (4)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco de Chile	-	78.334	78,334	-	-	-	29.832.005	-	29.832.005	-	29,832,005
Total					348,636	106,656,581	107,005,217	-	147,671,798	147,671,798	29,832,005	-	29,832,005	-	177,503,803

1) On April 15, 2016, an international loan was obtained from The Bank of Tokyo-Mitsubishi and Export Development Canada in the amount of US$150 million (Ch$99,057 million), with an monthly interest rate of Libor + 0,8% for 5 years bullet, maturing on April 11, 2021.
2) On November 13, 2018, a loan was obtained from Scotiabank in the amount of US$68.6 million (Ch$47,023 million) with an interest rate of Libor (3M) + 1% annual for a 5-year bullet, maturing on November 13, 2023.
3) On April 17, 2020, a loan was obtained from Bank of Nova Scotia in the amount of US$140.19 million (Ch$119,080 million) with an interest rate of Libor (6M) + 1.9%, maturing on April 20, 2021. On September 30, 2020, the due date was extended to September 29, 2023 with an interest rate of Libor (6M) + 1.53%.
4) On October 6, 2020, a local loan was taken with the Banco de Chile for ThCh $ 30,000,000 with an annual interest rate of 1.9%, maturing on October 6, 2024.

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

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

Types	Debtor taxpayer No.	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bilateral Loan (1)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	97.030.000-7	Bank of Tokyo	Tokyo	USD	At expiry	3.57%	3.26%	MMUS$150	04-15-2021
Bilateral Loan (2)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	97.018.000-1	Bank Scotiabank	Chile	USD	At expiry	4.07%	3.62%	MMUS$68.6	11-13-2023

					Nominal amounts (capital in thousands) To Maturity									
Types	Debtor taxpayer No.	Debtor	Debtor country	Creditor	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$	Total nominal amounts in local currency ThCh$
Bilateral Loan (1)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	-	-	99,057,000	-	99,057,000	-	-	-	-	99.057.000
Bilateral Loan (2)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Bank Scotiabank	-	-	-	-	-	,-	47,022,556	47,022,556	-	47.022.556
Total					-	-	99,057,000	-	99,057,000	-	47,022,556	47,022,556	-	146,079,556

					Current To Maturity			Non-current To Maturity							
Types	Debtor taxpayer No.	Debtor	Debtor country	Creditor	Up to 90 days ThCh$	90 days to 1 years ThCh$	Total current as of 12.31.2019 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$	Total Non-current as of 12.31.2019 ThCh$
Bilateral Loan (1)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	118,852	-	118,852	112,022,697	-	112,022,697	-	-	-	-	112,022,697
Bilateral Loan (2)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Bank Scotiabank	85,668	-	85,668	-	-	-	51,002,531	-	51,002,531	-	51,002,531
Total					204,520	-	204,520	112,022,697	-	112,022,697	51,002,531	-	51,002,531	-	163,025,228

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

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

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

Types	Debtor taxpayer No.	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bond 144A (1)	90,635,000-9	Telefónica Chile S.A.	Chile	0-E	The Bank of New York Mellon	EE.UU.	USD	At maturity	4.06%	3.88%	US$ 500 mm	10-12-2022
Bond series K (2)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	CLP	At maturity	4.91%	4.90%	MM$ 94,410	09-13-2021
Bond series F (3)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	At maturity	3.82%	3.60%	UF 3 mm	10-04-2023
Bond series T (4)	90,635,000-9	Telefónica Chile S.A.	Chile	97.004.000-5	Banco de Chile	Chile	CLP	At maturity	4.72%	4.90%	MM$ 48,000	07-05-2023
Bono Serie O (5)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	97.004.000-5	Banco de Chile	Chile	CLP	At maturityexpiry	3.36%	3.50%	MM$ 70,000	12-01-2025

Types	Debtor taxpayer No.	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands) 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$	Total nominal amounts in local currency ThCh$
Bono 144A (1)	90,635,000-9	Telefónica Chile S.A.	Chile	The Bank of New York Mellon	-	-	236,400,000	-	236,400,000	-	-	-	-	236,400,000
Bono Serie K (2)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	94,410,000	-	-	-	-	-	-	-	94,410,000
Bono Serie F (3)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	-	66,928,680	66,928,680	-	-	-	-	66,928,680
Bono Serie T (4)	90,635,000-9	Telefónica Chile S.A.	Chile	Banco de Chile	9,600,000	9,600,000	-	19,200,000	19,200,000	-	-	-	-	38,400,000
Bono Serie O (5)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco de Chile	-	-	-	-	-	-	70,000,000	70,000,000	-	70,000,000
	Total				9,600,000	104,010,000	236,400,000	86,128,680	322,528,680	-	70,000,000	70,000,000	-	506,138,680

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

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

Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current – To Maturity: Up to 90 days ThCh$	Current – To Maturity: 90 days to 1 years ThCh$	Total current as of 12.31.2020 ThCh$	Non-current – To Maturity: 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$	Total Non-current as of 12.31.2020 ThCh$
Bono 144A (1)	90,635,000-9	Telefónica Chile S.A.	Chile	The Bank of New York Mellon	-	2,528,210	2,528,210	366,355,594	-	366,355,594	-	-	-	-	366,355,594
Bono Serie K (2)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	1,363,654	94,404,420	95,768,074	-	-	-	-	-	-	-	-
Bono Serie F (3)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	582,242	582,242	-	97,207,595	97,207,595	-	-	-	-	97,207,595
Bono Serie T (4)	90,635,000-9	Telefónica Chile S.A.	Chile	Banco Chile	10,524,294	9,620,005	20,144,299	-	19,241,482	19,241,482	-	-	-	-	19,241,482
Bono Serie O(5)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco de Chile	-	200,409	200,409	-	-	-	-	70,439,527	70,439,527	-	70,439,527
	Total				11,887,948	107,335,286	119,223,234	366,355,594	116,449,077	482,804,671	-	70,439,527	70,439,527	-	553,244,198

(1) On October 12, 2012, Telefónica Chile S.A. issued a 10-year 144A Reg S bullet Bond in the American Capital Market for an amount of US$ 500,000,000 (equivalent to ThCh$ 236,400,000 historical), with an effective annual interest rate of 3.887% in US dollars and 10-year bullet, maturing on October 12, 2022. The placement banks were Banco Bilbao Vizcaya Argentaria, S.A., Citigroup Global Markets Inc. and J.P. Morgan Securities LLC. The funds resulting from the issuance were used for refinancing liabilities and other corporate purposes.

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

(3) On October 15, 2013, there was a 10-year bullet placement in the local market for an amount of UF 3,000,000, maturing on October 4, 2023

(4) On January 5, 2017, Telefónica Chile S.A. placed a 6.5-year bullet Bond Series T in the local market with a nominal annual interest rate of 4.9%, maturing on July 5, 2023. The amount collected on this transaction amounted to ThCh$48,795,000

(5) On December 21, 2020, there was a 5-year bullet placement in the local market for an amount of ThCh $ 70,000,000, maturing December 1, 2025.

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

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

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

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

Types	Debtor taxpayer No.	Debtor	Debtor country	Creditor taxpayer No.	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bono 144A (1)	90,635,000-9	Telefónica Chile S.A.	Chile	0-E	The Bank of New York Mellon	EE.UU.	USD	Upon maturity	4,06%	3,88%	US$ 500 mm	10-12-2022
Bono Serie K (2)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	CLP	Upon maturity	4,91%	4,90%	MCh$ 94.410	09-13-2021
Bono Serie F (3)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	Upon maturity	3,82%	3,60%	UF 3 mm	10-04-2023
Bono Serie I (4)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	Upon maturity	2,00%	1,95%	UF 2 mm	08-14-2020
Bono Serie G (5)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	Upon maturity	2,01%	2,20%	UF 2 mm	06-20-2020
Bono Serie T (6)	90,635,000-9	Telefónica Chile S.A.	Chile	97.004.000-5	Banco Chile	Chile	CLP	Upon maturity	5,09%	4,90%	MCh$48,000	07-05-2023

Types	Debtor taxpayer No.	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands) 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$	
Bono 144A (1)	90,635,000-9	Telefónica Chile S.A.	Chile	The Bank of New York Mellon	-	-	-	236,400,000	236,400,000	-	-	-	-	236,400,000
Bono Serie K (2)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	94,410,000	-	94,410,000	-	-	-	-	94,410,000
Bono Serie F (3)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	-	-	-	-	66,928,680	66,928,680	-	66,928,680
Bono Serie I (4)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	50,317,080	-	-	-	-	-	-	-	50,317,080
Bono Serie G (5)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	50,108,620	-	-	-	-	-	-	-	50,108,620
Bono Serie T (6)	90,635,000-9	Telefónica Chile S.A.	Chile	Banco Chile	-	-	28,800,000	-	28,800,000	19,200,000	-	19,200,000	-	48,000,000
Total					-	100,425,700	123,210,000	236,400,000	359,610,000	19,200,000	66,928,680	86,128,680	-	546,164,380

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

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

Types	Debtor taxpayer No.	Debtor	Debtor country	Creditor	Current – To Maturity: Up to 90 days ThCh$	Current – To Maturity: 90 days to 1 years ThCh$	Total current as of 12.31.2019 ThCh$	Non-current – To Maturity: 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$	Total Non-current as of 12.31.2019 ThCh$
Bono 144A (1)	90,635,000-9	Telefónica Chile S.A.	Chile	The Bank of New York Mellon	-	2,665,112	2,665,112	-	378,096,842	378,096,842	-	-	-	-	378,096,842
Bono Serie K (2)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	1,348,498	-	1,348,498	94,404,420	-	94,404,420	-	-	-	-	94,404,420
Bono Serie F (3)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	570,317	570,317	-	-	-	93,955,291	-	93,955,291	-	93,955,291
Bono Serie I (4)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	57,016,652	57,016,652	-	-	-	-	-	-	-	-
Bono Serie G (5)	76,124,890-1	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	56,705,915	56,705,915	-	-	-	-	-	-	-	-
Bono Serie T (6)	90,635,000-9	Telefónica Chile S.A.	Chile	Banco Chile	1,201,409	-	1,201,409	28,856,596	-	28,856,596	19,224,896	-	19,224,896	-	48,081,492
Total					2,549,907	116,957,996	119,507,903	123,261,016	378,096,842	501,357,858	113,180,187	-	113,180,187	-	614,538,045

(1) On October 12, 2012, Telefónica Chile S.A. issued 144A Reg S bullet Bonds in the American Capital Market for an amount of US$ 500,000,000 (equivalent to ThCh$ 236,400,000 historical), at an annual effective interest rate of 3,887% and 10- year bullet, maturing on October 12, 2022. The placement banks were Banco Bilbao Vizcaya Argentaria, S.A. Citigroup Global Markets Inc. and J.P. Morgan Securities LLC. The funds resulting from the issuance were used for refinancing liabilities and other corporate purposes.

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

(3) On October 15, 2013, a 10-year bullet placement was made in the local market for an amount of UF 3,000,000, maturing on October 4, 2023.

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

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

(6) On January 5, 2017, Telefónica Chile S.A. placed a 6.5-year bullet Bond Series T in the local market, for an amount of MTh$48,000 with an annual nominal rate of 4.9%, maturing on July 5, 2023. The amount collected on this transaction was ThCh$48,795,000

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

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

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

Conciliation of financing activities, current	12.31.2019	Cash flows		Items other than cash flows				12.31.2020
		Charges	Payments	Exchange rate	Accrued interest	Reclassification current / non-current	Others (*) movements	
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Financial liabilities	204,817,950	233,002,471	(239.920,375)	19,654,388	28,615,412	54,694,868	13,567,829	318,351,832
Banks loans (1)	204,520	149,999,216	(4,401,162)	7,602,110	4,799,361	(50,023,998)	(1,174,830)	107,005,217
Unguaranteed obligations (Bonds) (1)	119,507,903	71,078,150	(138,699,796)	(12,742,779)	27,083,853	53,210,000	(214,097)	119,223,234
Hedge instruments (2)	3,538,527	11,435,602	(6,093,582)	24,373,147	(6,162,823)	-	1,606,943	28,697,814
Leases (3)	78,739,697	-	(74,319,498)	421,910	2,895,021	51,508,866	(1,662,243)	61,503,042
Other financial debts (4)	2,827,303	489,503	(16,406,337)	-	-	-	15,012,056	1,922,525
Related companies commercial mandate (5)	87,574	1,434,640	(820,000)	-	-	-	(613,846)	88,368
Related companies leases (3)	12,087,801	-	(7,902,235)	136,549	616,151	2,643,761	3,756,706	6,135,885
Issued Capital	1,329,872,285	35,000,000	-	-	-	-	-	1,364,872,285
Dividends pending of payment (6)	75,721	-	(81,249)	-	-	-	5,528	-
Total	1,545,657,772	269,437,111	(248,723,859)	19,790,937	29,231,563	57,338,629	16,716,217	1,689,448,370

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

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

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

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

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

Conciliation of financing activities, current	12.31.2018	Cash flows: Charges	Cash flows: Payments	Items other than cash flows: Exchange rate	Items other than cash flows: Accrued interest	Items other than cash flows: Reclassification current / non-current	Items other than cash flows: Others (*) movements	12.31.2019
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Financial liabilities	58,886,127	6,987,015	(136,389,387)	12,998,483	35,356,007	411,563,727	(184,584,022)	204,817,950
Banks loans (1)	360,837	-	(5,007,727)	10,744	4,965,023	-	(124,357)	204,520
Unguaranteed obligations (Bonds) (1)	54,011,525	-	(73,912,635)	12,811,833	26,328,871	100,347,926	(79,617)	119,507,903
Hedge instruments (2)	4,513,765	5,695,225	(6,308,354)	(1,426,532)	820,109	-	244,314	3,538,527
Leases (3)	-	-	(41,819,955)	1,602,438	3,242,004	311,215,801	(195,500,591)	78,739,697
Other financial debts (4)	-	1,291,790	(9,340,716)	-	-	-	10,876,229	2,827,303
Related companies commercial mandate (5)	729,747	28,495,516	(28,324,586)	-	-	-	(813,103)	87,574
Related companies leases (3)	-	-	-	-	-	-	3,821,253	3,821,253
Issued capital (4)	1,294,872,285	35,000,000	-	-	-	-	-	1,329,872,285
Dividends pending of payment (6)	187,737	-	(75,040,625)	-	-	-	74,999,713	146,825
Total	1,354,675,896	70,482,531	(239,754,598)	12,998,483	35,356,007	411,563,727	(106,576,159)	1,538,745,887

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

Reconciliation of non-current financing activities	12.31.2018	Cah flows: Charges	Cah flows: Payments	Items other than cash flows: Foreign currency translation	Items other than cash flows: Accrued interest	Items other than cash flows: Reclassification current / non-current	Items other than cash flows: Other (*) movements	12.31.2019
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Financial liabilities	844,037.498	-	-	31,207,965	-	(100,347,926)	8,264,873	783,162,409
Bank loans	150,851,556	-	-	11,842,072	-	-	331,599	163,025,227
Unguaranteed obligations (Bonds)	680,876,592	-	-	19,365,843	-	(100,347,926)	14,643,536	614,538,045
Hedging instruments	12,309,350	-	-	49	-	-	(6,710,262)	5,599,137
Lease obligations (1)	-	-	-	-	-	(311,215.801)	433,763,656	122,547,855
Total	844,037,498	-	-	31,207,964	-	(411,563,727)	248,473,905	905,710,264

(*) Others

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

20. Current and non-current lease liabilities

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

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

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

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

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

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

21. Trade and other payables

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

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

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

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

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

21. Trade and other payables, continued

b) Accounts payable payment terms

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

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

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

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

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

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

21. Trade and other payables, continued

b) Payment terms of accounts payable, continued

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

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

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

22. Financial instruments

1. Classification of financial instruments by nature and category

a) Details of financial instruments of assets classified by nature and category as of December 31, 2020 is as follows:

Description of financial assets	Note	Assets recorded at amortized cost		Financial assets booked at fair value = book value									Total financial assets	
				Through profit and loss		Through other comprehensive income (equity)				Fair value measurement hierarchy				
		Financial assets at amortized cost	Fair Value of financial assets at amortized cost	Financial Assets - held for trading	Financial assets - fair value to P&L option	Financial assets - Debt instruments	Financial assets - Equity instruments	Hedges	Subtotal financial assets at fair value	Level 1 (market prices)	Level 2 (observable inputs other than market prices)	Level 3 (inputs not based on observable market data)	Total Book Value of Financial Assets	Total Fair Value of Financial Assets
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other participations (net)	6-a	-	-	-	-	-	5,972,036	-	5,972,036	5,972,036	-	-	5,972,036	5,972,036
Other participations		-	-	-	-	-	5,972,036	-	5,972,036	5,972,036	-	-	5,972,036	5,972,036
Derivative instrument assets		-	-	-	-	-	-	159,119,588	159,119,588	-	159,119,588	-	159,119,588	159,119,588
Derivative instrument assets	22-2	-	-	-	-	-	-	159,119,588	159,119,588	-	159,119,588	-	159,119,588	159,119,588
Non-current Deposits and pledges		-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and pledges		-	-	-	-	-	-	-	-	-	-	-	-	-
Non-current trade and other accounts receivable		23,323,922	23,323,922	-	-	-	-	-	-	.	-	-	23,323,922	23,323,922
Non-current trade and other accounts receivable	12	23,323,922	23,323,922	-	-	-	-	-	-	.	-	-	23,323,922	23,323,922
Non-current financial assets		23,323,922	23,323,922	-	-	-	5,972,036	159,119,588	165,091,624	5,972,036	159,119,588	-	188,415,546	188,415,546
Current trade accounts receivable		243,586,649	243,586,649	-	-	-	-	-	-	-	-	-	243,586,649	243,586,649
Current trade and other accounts receivable	8-a	234,486,698	234,486,698	-	-	-	-	-	-	-	-	-	234,486,698	234,486,698
Account receivable from relate entities	9-a	9,099,951	9,099,951	-	-	-	-	-	-	-	-	-	9,099,951	9,099,951
Current deposits and pledges		319,953	319,953	-	-	-	-	-	-	-	-	-	319,953	319,953
Current pledges and deposits	6-c	319,953	319,953	-	-	-	-	-	-	-	-	-	319,953	319,953
Derivative instrument of assets		-	-	-	-	-	-	10,167,161	10,167,161	-	10,167,161	-	10,167,161	10,167,161
Derivative instrument of assets	22-2	-	-	-	-	-	-	10,167,161	10,167,161	-	10,167,161	-	10,167,161	10,167,161
Cash and cash equivalents		465,809,329	465,809,329	-	-	-	-	-	-	-	-	-	465,809,329	465,809,329
Cash and cash equivalents	5	465,809,329	465,809,329	-	-	-	-	-	-	-	-	-	465,809,329	465,809,329
Current financial assets		709,715,931	709,715,931	-	-	-	-	10,167,161	10,167,161		10,167,161	-	719,883,092	719,883,092
Total financial assets		733,039,853	733,039,853	-	-	-	5,972,036	169,286,749	175,258,785	5,972,036	169,286,749	-	908,298,638	908,298,638

22. Financial instruments, continued

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

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

Description of financial assets	Note	Assets recorded at amortized cost		Financial assets booked at fair value = book value									Total financial assets	
				Through profit and loss		Through other comprehensive income (equity)				Fair value measurement hierarchy				
		Financial assets at amortized cost	Fair Value of financial assets at amortized cost	Financial Assets - held for trading	Financial assets - fair value to P&L option	Financial assets - Debt instruments	Financial assets - Equity instruments	Hedges	Subtotal financial assets at fair value	Level 1 (market prices)	Level 2 (observable inputs other than market prices)	Level 3 (inputs not based on observable market data)	Total Book Value of Financial Assets	Total Fair Value of Financial Assets
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other participations (net)	6-a	-	-	-	-	-	7,853,872	-	7,853,872	7,849,896	3,976	-	7,853,872	7,853,872
Other participations							7,853,872		7,853,872	7,849,896	3,976	-	7,853,872	7,853,872
Derivative instrument assets		-	-	-	-	-	-	188,086,656	188,086,656	-	188,086,656	-	188,086,656	188,086,656
Derivative instrument assets	22-2	-	-	-	-	-	-	188,086,656	188,086,656	-	188,086,656	-	188,086,656	188,086,656
Deposits and pledges		50,468	50,468	-	-	-	-	-	-	-	-	-	50,468	50,468
Deposits and pledges	6-c	50,468	50,468	-	-	-	-	-	-	-	-	-	50,468	50,468
Non-current trade and other accounts receivable		27,422,344	27,422,344	-	-	-	-	-	-	-	-	-	27,422,344	27,422,344
Non-current trade and other accounts receivable	12	27,422,344	27,422,344	-	-	-	-	-	-	-	-	-	27,422,344	27,422,344
Non-current financial assets		27,472,812	27,472,812	-	-	-	7,853,872	188,086,656	195,940,528	7,849,896	188,090,632	-	223,413,340	223,413,340
Current trade accounts receivable		259,321,982	259,321,982	-	-	-	-	-	-	-	-	-	259,321,982	259,321,982
Current trade and other accounts receivable	6-b 8-a	238,212,747	238,212,747	-	-	-	-	-	-	-	-	-	238,212,747	238,212,747
Account receivable from relate entities	9-a	21,109,235	21,109,235	-	-	-	-	-	-	-	-	-	21,109,235	21,109,235
Current deposits and pledges		80,444	80,444	-	-	-	-	-	-	-	-	-	80,444	80,444
Current pledges and deposits	6-c	80,444	80,444	-	-	-	-	-	-	-	-	-	80,444	80,444
Derivative instrument of assets		-	-	-	-	-	-	20,248,206	20,248,206	-	20,248,206	-	20,248,206	20,248,206
Derivative instrument of assets	22-2	-	-	-	-	-	-	20,248,206	20,248,206	-	20,248,206	-	20,248,206	20,248,206
Cash and cash equivalents		234,466,421	234,466,421	-	-	-	-	-	-	-	-	-	234,466,421	234,466,421
Cash and cash equivalents	5	234,466,421	234,466,421	-	-	-	-	-	-	-	-	-	234,466,421	234,466,421
Current financial assets		493,868,847	493,868,847	-	-	-	-	20,248,206	20,248,206	-	20,248,206	-	514,117,053	514,117,053
Total financial assets		521,341,659	521,341,659	-	-	-	7,853,872	208,334,862	216,188,734	7,849,896	208,338,838	-	737,530,393	737,530,393

22. Financial instruments, continued

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

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

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

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

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

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

22. Financial instruments, continued

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

c) Details of financial instruments of liabilities classified by nature and category as of December 31, 2020 is as follows:

Description of financial liabilities	Note	Financial liabilities at amortized cost		Financial liabilities booked at fair value = booked value							Total financial liabilities	
				With changes in the income statement				Fair value measurement hierarchy				
		Financial liabilities at amortized cost	Fair value of liabilities at amortized cost	Financial liabilities - Held for trading	Financial liabilities - Fair value option to PL	Hedges	SUBTOTAL FINANCIAL LIABILITIES AT FAIR VALUE	Level 1 (market prices)	Level 2 (observable inputs other than market prices)	Level 3 (inputs not based on observable market data)	Total Book Value of Financial Liabilities	Total Fair Value of Financial Liabilities
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Issuance of obligations and other non-current marketable securities	19-b	553,244,197	586,245,617	-	-	-	-	-	-	-	553,244,197	586,245,617
Non-current debts with loan entities	19-a	177,503,803	177,503,803	-	-	-	-	-	-	-	177,503,803	177,503,803
Long-term hedge derivative instrument of liabilities	22-2	-	-	-	-	24,855,039	24,855,039	-	24,855,039	-	24,855,039	24,855,039
Trade and other accounts payable	21-a	1,160,617	1,160,617	-	-	-	-	-	-	-	1,160,617	1,160,617
Accounts payable to related entities	9-c	40,801,985	40,801,985	-	-	-	-	-	-	-	40,801,985	40,801,985
Other non-current financial debts	20	98,438,384	98,438,384	-	-	-	-	-	-	-	98,438,384	98,438,384
Non-current financial liabilities		871,148,986	904,150,406	-	-	24,855,039	24,855,039	-	24,855,039	-	896,004,025	929,005,445
Issuance of short-term obligations and other marketable securities	19-b	119,223,234	123,017,030	-	-	-	-	-	-	-	119,223,234	123,017,030
Short-term debts with credit entities	19-a	107,005,217	107,005,217	-	-	-	-	-	-	-	107,005,217	107,005,217
Short-term derivative instrument of liabilities	22-2	-	-	-	-	28,697,814	28,697,814	-	28,697,814	-	28,697,814	28,697,814
Trade and other accounts payable	21-a	353,691,526	353,691,526	-	-	-	-	-	-	-	353,691,526	353,691,526
Accounts payable to related entities	9-c	59,548,404	59,548,404	-	-	-	-	-	-	-	59,548,404	59,548,404
Other non-current financial debts (1)	20	63,425,566	63,425,566	-	-	-	-	-	-	-	63,425,566	63,425,566
Current financial liabilities		702,893,947	706,687,743	-	-	28,697,814	28,697,814	-	28,697,814	-	731,591,761	735,385,557
Total financial liabilities		1,574,042,933	1,610,838,149	-	-	53,552,853	53,552,853	-	53,552,853	-	1,627,595,786	1,664,391,002

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

22. Financial instruments, continued

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

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

Description of financial liabilities	Note	Financial liabilities at amortized cost		Financial liabilities booked at fair value = booked value							Total financial liabilities	
				With changes in the income statement				Fair value measurement hierarchy				
		Financial liabilities at amortized cost	Fair value of liabilities at amortized cost	Financial liabilities - Held for trading	Financial liabilities - Fair value option to PL	Hedges	SUBTOTAL FINANCIAL LIABILITIES AT FAIR VALUE	Level 1 (market prices)	Level 2 (observable inputs other than market prices)	Level 3 (inputs not based on observable market data)	Total Book Value of Financial Liabilities	Total Fair Value of Financial Liabilities
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Issuance of obligations and other non-current marketable securities	19-b	614,538,045	636,502,212	-	-	-	-	-	-	-	614,538,045	636,502,212
Non-current debts with loan entities	19-a	163,025,228	163,252,642	-	-	-	-	-	-	-	163,025,228	163,252,642
Long-term hedge derivative instrument of liabilities	22-2	-	-	-	-	5,599,137	5,599,137	-	5,599,137	-	5,599,137	5,599,137
Trade and other accounts payable	21-a	2,160,741	2,160,741	-	-	-	-	-	-	-	2,160,741	2,160,741
Accounts payable to related entities	9-c	38,027,645	38,027,645	-	-	-	-	-	-	-	38,027,645	38,027,645
Other long-term financial debts	20	122,547,855	122,547,855	-	-	-	-	-	-	-	122,547,855	122,547,855
Non-current financial liabilities		940,299,514	962,491,095	-	-	5,599,137	5,599,137	-	5,599,137	-	945,898,651	968,090,232
Issuance of short-term obligations and other marketable securities	19-b	119,507,902	120,216,089	-	-	-	-	-	-	-	119,507,902	120,216,089
Short-term debts with credit entities	19-a	204,521	204,521	-	-	-	-	-	-	-	204,521	204,521
Short-term derivative instrument of liabilities	22-2	-	-	-	-	3,538,527	3,538,527	-	3,538,527	-	3,538,527	3,538,527
Trade and other accounts payable	21-a	304,290,564	304,290,564	-	-	-	-	-	-	-	304,290,564	304,290,564
Accounts payable to related entities	9-b	66,055,208	66,055,208	-	-	-	-	-	-	-	66,055,208	66,055,208
Other long-term financial debts (1)	20	81,566,999	81,566,999	-	-	-	-	-	-	-	81,566,999	81,566,999
Current financial liabilities		571,625,194	572,333,381	-	-	3,538,527	3,538,527	-	3,538,527	-	575,163,721	575,871,908
Total financial liabilities		1,511,924,708	1,534,824,476	-	-	9,137,664	9,137,664	-	9,137,664	-	1,521,062,372	1,543,962,140

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

22. Financial instruments, continued

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

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

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

Financial instruments recorded under other current and non-current financial liabilities which correspond to interest bearing loans, are generally recorded for the cash received, net of costs incurred in the transaction. These obligations are valued at amortized cost, using the effective interest rate method, and mainly include bankloans and unguaranteed obligations (bonds) (see note 19).

22. Financial instruments, continued

2. Hedging instruments

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

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

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

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

Type of hedge	Underlying	To Maturity							
		Current Assets		Current Liabilities		Non-current Assets		Non-current Assets	
		Up to 90 days ThCh$	90 days to 1 year ThCh$	Up to 90 days ThCh$	90 days to 1 year ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$
Exchange rate hedge – cash flow (1)	Suppliers Debt	1,712,483	3,797,289	(3,323)	(36,660)	-	-	-	-
Exchange rate hedge – fair value (2)	Suppliers Debt	553,571	-	(149,439)	-	-	-	-	-
Interest rate hedge – cash flows (3)	Financial Debt	2,424,304	-	(3,349,105)	-	-	5,035,550	(4,582,403)	(980,600)
Exchange rate and interest rate hedge – fair value (4)	Financial Debt	582,684	11,177,875	-	-	-	183,051,109	(36,134)	-
	Total	5,273,042	14,975,164	(3,501,867)	(36,660)	-	188,086,659	(4,618,537)	(980,600)

Hedge instruments have generated an effect on result of ThCh$43,482,286, as of December 31, 2019 and the accumulated effect on equity, net of taxes, is ThCh$1,099,249 (see note 26d).

Description of hedge instruments:

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

22. Financial instruments, continued

3. Valuation of hedging instruments

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

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

a) Market assumptions, such as spot prices and other price projections, credit risk (own and counterparty) and rates, using observable market information and through techniques commonly used among its participants.

b) Discount rates like risk free rates and counterparty rates based on risk profiles and information available in the market.

c) In addition, variables such as: volatility, correlation, regression formulas and market spread, are incorporated to the model.

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

4. Hierarchy of financial instruments fair value

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

Level 1: Corresponds to methodologies of fair value measurement using market rates (without adjustments) in an active market considering the same assets and liabilities valued.

Level 2: Corresponds to methodologies of fair value measurement using data on market rates, not included in Level 1, that are observable for assets and liabilities valued, whether directly (that is, as a price) or indirectly (that is, derived from a price).

Level 3: Corresponds to methodologies of fair value measurement using valuation techniques that include information on assets and liabilities valued, which are not based on observable market information.

23. Other currents provisions

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

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

Based on the progress of the proceedings, the Company's Management considers that the provisions recorded in the Financial statements adequately cover the litigation risks described in Note 33a, therefore they do not foresee that they will result in liabilities other than those recorded.

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

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

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

b) Other non-currents provisions:

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

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

(1) Includes provisions for municipal licenses and mutual support.
(2) Movements of the dismantling provision as of December 31, 2020 and 2019 are detailed as follows:

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

24. Employee benefits accrual

a) Post-employment benefits

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

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

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

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

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

24. Employee benefits accrual, continued

a) Post-employment benefits, continued

Actuarial hypotheses

The hypotheses used for the actuarial calculation of employee benefits obligations are reviewed once a year and correspond to the following detail, as of December 31, 2020 and December 31, 2019:

- Discount rate: An annual nominal rate of 3.65% and 3.59% is used as of December 31, 2020 and 2019, respectively. This rate must be representative of the time value of money, for which a risk-free rate, represented by BCP financial instruments (Central Bank of Chile Bonds issued in Chilean pesos), is used for a relevant term of around 20 years.

- Incremental Salary Rate: for calculation, an increase table is used according to the inflation projection established by the Central Bank of Chile. The rate used for the periods ended December 31, 2020 and 2019 was 3%.

- Mortality: The RV-2014 mortality tables established by the Financial Market Commission (CMF) are used to calculate social life insurance reserves in Chile.

- Turnover rate: Based on the historical Company data, the rotation used for both periods are as follows:

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

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

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

b) Sensitivity of assumptions

Based on the actuarial calculation as of December 31, 2020, the sensitivity of the main assumptions has been reviewed, determining the following possible effects on Equity:

Description	Base	Plus 1% ThCh$	Less 1% ThCh$
Discount rate	3.653%	(2,071,444)	2,314,270

24. Employee benefits accrual, continued

c) Expected cash flows

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

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

d) Employee benefits expenses

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

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

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

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

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

(1) With the coming into effect of IFRS 15 as of January 1, 2018, the obligations that arise from contracts signed with our customers are classified as contractual liabilities.
(2) Includes connection instalments, electronic prepay top-up and unaccrued interest on sales paid in instalments.
(3) Corresponds to billing of projects of companies that are recorded in revenue to the extent of their degree of progress.
(4) Corresponds mainly to commissions for collection management, generated on the sale of the portfolio to BID.
(5) Corresponds to the net effect between VAT debit and tax credit.
(6) Includes withholding tax and other taxes.

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

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

Movements	12.31.2020					
	Contractual liabilities		Deferred Income		Subsidies	
	Current ThCh$	Non-Current ThCh$	Current ThCh$	Non-Current ThCh$	Current ThCh$	Non-Current ThCh$
Beginning balance	14,259,915	2,673,550	3,880,359	1,709,923	523,355	3,272,663
Endowments	254,905,765	-	5,448,246	386,300	-	-
Reduction/applications	(250,989,749)	-	(5,673,335)	(324.923)	(1,102,772)	-
Transfers	423,259	(423,259)	702,230	(702,230)	939,173	(939,173)
Movement subtotal	4,339,275	(423,259)	477,141	(640,853)	(163,599)	(939,173)
Ending balance	18,599,190	2,250,291	4,357,500	1,069,070	359,756	2,333,490

Movements	12.31.2019					
	Contractual liabilities		Deferred Income		Subsidies	
	Current ThCh$	Non-Current ThCh$	Current ThCh$	Non-Current ThCh$	Current ThCh$	Non-Current ThCh$
Beginning balance	13,840,015	3,072,995	4,833,085	1,916,567	1,305,643	3,053,002
Endowments	273,326,534	14,544	5,721,293	167,775	163,600	579,417
Write downs/applications	(273,243,059)	(77,564)	(6,976,331)	(72,107)	(1,128,941)	(176,703)
Transfers	336,425	(336,425)	302,312	(302,312)	183,053	(183,053)
Movements, subtotal	419,900	(399,445)	(952,726)	(206,644)	(782,288)	219,661
Ending balance	14,259,915	2,673,550	3,880,359	1,709,923	523,355	3,272,663

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

Expirations		Total Current to 12.31.2020 ThCh$	Expirations			Total non-current to 12.31.2020 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$	
47,141,182	2,874,997	50,016,179	3,030,380	783,330	1,839,141	5,652,851

Expirations		Total Current to 12.31.2019 ThCh$	Expirations			Total non-current to 12.31.2019 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$	
15,345,017	36,590,028	51,935,045	3,920,652	1,604,439	2,131,045	7,656,136

26. Equity

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

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

a) Capital

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

Number of shares

Series	12.31.2020			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
Total	960,392,966,349	960,392,966,349	960,392,966,349	936,165,609,040	936,165,609,040	936,165,609,040

Capital

Series	12.31.2020		12.31.2019	
	Subscribed capital 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
Total	1,364,872,285	1,364,872,285	1,329,872,285	1,329,872,285

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

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

26. Equity, continued

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

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

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

b) Distribution of shareholders

As established in Circular No. 792 issued by the Financial Market Commission (CMF) (ex-Superintendency of Securities and Insurance) of Chile, the distribution of shareholders, based on their participation in the Company as of December 31, 2020, is as follows:

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

c) Dividends:

i) Dividends policy:

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

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

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

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

26. Equity, continued

d) Other reserves:

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

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

i) Capital revaluation

In accordance with Law No. 18,046, second paragraph of Article 10 and in accordance with Official Circular No. 456 issued by the Financial Market Commission (ex-Superintendency of Securities and Insurance), the revaluation of the Company's Capital as of December 31, 2008, date of application of international financial reporting standards, must be presented in this item.

ii) Business combination reserve

Corresponds to corporate reorganizations performed in previous years.

iii) Other miscellaneous reserves

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

In September 2017 and in reference to the withdrawal of 1,072,813 minority shareholders described in the treasury shares reserves (Note 26)v), Telefónica Móviles Chile S.A. increased its interest in subsidiary Telefónica Chile S.A. from 97.92% to 99.0281653%, which generated an increase of ThCh$1,083,569 in the aforementioned effect.

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

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

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

26. Equity, continued

d) Other reserves, continued

iv) Employee benefits reserve

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

v) Foreign currency translation difference reserve

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

vi) Cash Flow hedges reserves

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

vii) Reserves for financial assets

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

e) Non-controlling interest

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

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

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

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

27. Earnings per Share

The detail of Earnings per share is as follows:

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

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

28. Revenues

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

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

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

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

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

29. Expenses

a) Impairment loss, net:

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

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

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

(1) This item includes media rental, external services, maintenance, computer services, energy supply and real estate expenses. The variation is mainly explained by the decrease in TV content costs, lower Premium channel contracts and lower expenses related to a drop in links in comparison to the previous year.

(2) Increase mainly associated with higher amortized amount of compliance costs for fixed broadband and television equipment in the amount of ThCh$10,325,210, an increase in cost of sales of mobile handsets in the amount of ThCh$21,906,199 due to higher commercial activity than the previous year, increase in sale of private service projects in the amount of ThCh$9,035,037 and lower commissions expense for customers addition in the amount of ThCh$22,752,944 (see Note 7).

(3) At an accumulated level the roaming cost decreased by ThCh$2,780,831 mainly due to lower traffic due to the health contingency and lower tariffs as per commercial agreements; in addition, interconnections present a lower cost of ThCh$4,073,944 mainly due to changes in the Tariff decree applied in the first quarter of 2019.

(4) This item includes expenses for transportation, insurance, consulting, events, fines, sanctions, security and surveillance and advertising, among others. The variation is mainly explained by the decrease due to the net effect of lower media exposure, as well as slowdown of expenses associated with advertising, lower restructuring provision and the recognition of customer indemnities.

30. Finance incomes and costs

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

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

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

30. Finance incomes and costs, continued

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

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

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

31. Leases

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

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

As of December 31, 2020, lease expenses amount to ThCh$ 2,020,302.

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

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

32. Local and Foreign Currency

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

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

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

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

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

32. Local and Foreign Currency, continued

Currency breakdown of current liabilities is as follows:

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

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

32. Local and Foreign Currency, continued

Currency breakdown of non-current liabilities is as follows:

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

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

33. Contingencies and restrictions

a) Legal proceedings

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

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

33. Contingencies and restrictions, continued

a) Legal proceedings, continued

On the other hand, there are several proceedings for which the estimated risk of loss is qualified as possible, for a total amount of ThCh$7,873,153 in the Parent company and the amount of ThCh$4,376,642 in the subsidiaries.

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

i) Voissnet Proceeding

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

b) Financial restrictions:

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

c) Insurances:

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

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

33. Contingencies and restrictions, continued

d) Guarantee deposits:

The detail of guarantee deposits is as follows:

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

TMCH: Telefónica Móviles Chile S.A.
TCH: Telefónica Chile S.A.
TEM: Telefónica Empresas Chile S.A.

34. Environment

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

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

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

The 2020-2024 environmental investment plan was activated nationwide, for comprehensive management of dangerous residues generated from production processes involving the implementation and operation of Telefónica's technical sites. This plan addresses from the generation of residues to their segregation, transitory storage, transportation and final disposal, with adequate infrastructure and with the corresponding environmental authorizations. The plan also includes improvements to the current fuel storage facilities.

The regime established by Law No. 20,920 framework for Waste Management, the Extended Responsibility of the Producer and Encouragement of Recycling, pays special attention to the wording of the Regulations that are in process of being dictated and which will implement its content, especially the regime of extended producer responsibility (which is applicable only to a group of priority products), as well as the control procedures for cross- border movements of dangerous and non-dangerous waste. The process for packaging, cartons and plastics is already in progress complementing the plan to establish the recycling goal associated to them. In addition, the basis for the beginning of a work plan for electrical and electronic waste, which will allow us to work in advance on the new regulation. We are already working on the qualitative and quantitative impacts that this new regulation may have on the operations of Telefónica Chile and,in particular, on its waste management, which has been taken into account in various processes related to suppliers and incorporated in new corporate purchasing processes.

34. Environment, continued

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

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

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

35. Risk management

a) Characterization of the market and competition

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

b) Tariff system for mobile telephones:

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

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

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

35. Risk management, continued

c) Radio electric spectrum assignation:

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

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

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

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

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

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

- A structure of 5 macro bands was defined: Low (less than 1 GHz); Medium Low (from 1 to 3 GHz); Medium (from 3 to 6 GHz); Medium High (from 6 to 24 GHz) and High (greater than 24 GHz).

- For low bands, a spectrum ownership cap was established at 35% by operator.

- For medium low bands, a cap of 30% was established.

- For medium bands, which include 3.500 MHz, short, medium and long-term measures are established. In the short-term, Subtel can not auction contiguous blocks which, altogether, add upless than 40 MHz per operator and, in a first auction, must have at least 80 MHz, to ensure the existence of a minimum of two operators.

35. Risk management, continued

c) Radio electric spectrum assignation, continued

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

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

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

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

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

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

35. Risk management, continued

c) Radio electric spectrum assignation, continued

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

In addition, the "TDLC" allegations audience took place in August 2019 regarding the non-contentious consultation made by Telefónica Móviles Chile S.A. in respect to the decisions adopted by Subtel on the use of the spectrum in the 3.400–3.600 MHz band (where it first suspended the use of this band and subsequently freed part of the spectrum for the use of fixed wireless services). Regarding this consultation, on August 31, 2020, the "TDLC" issued Resolution No. 62 in which, although it was resolved that with its administrative actions Subtel would not be violating free competition and that no advantage would be granted to the "first mover",also stated in its Recitals 141 to 150 and in Resolution 2) that there must be a public tender to grant mobile service concessions on the 3400 – 3600 MHz band and that the current concessionaries of local wireless public telephone service operating on the 3400 – 3600 MHz band cannot be exempted from that tender.

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

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

35. Risk management, continued

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

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

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

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

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

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

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

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

e) Law on removal of unused cable

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

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

35. Risk management, continued

f) Bill on the use of facilities to provide Virtual Mobile Operation and Automatic National Roaming

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

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

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

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

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

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

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

35. Risk management, continued

h) Cybersecurity regulations

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

i) Bill declaring Internet as a Public Service

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

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

j) Bill that creates the Superintendency of Telecommunications

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

k) Level of Chilean economic activity

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

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

35. Risk management, continued

l) Financial risk management objectives and policies, continued

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

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

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

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

Market Risk

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

Interest rate risk

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

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

The Company periodically determines the efficient exposure to short and long-term debt due to changes in interest rates, considering its own expectations regarding future evolution of rates. As of December 31, 2020, the Company had 71% of its current and non–current financial debt accruing interest at a fixed rate and 29% at variable rate.

35. Risk management, continued

I) Financial risk management objectives and policies, continued

Interest rate risk, continued

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

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

1. Provide the use of a replacement benchmark in relation to (or in addition to) the affected currency instead of this reformed benchmark rate.

2. Align all provisions of the contract affected by the use of the replacement benchmark.

3. Allow the replacement benchmark to be used to calculate the interest of the affected contract (including without limitation, any consequential changes required to allow that replacement benchmark to be used for the purpose of the agreement).

4. Implement the market conditions applicable to that replacement benchmark.

5. Adjust the price to reduce or eliminate, to the to the extent reasonably feasible, any transfer of economic value from one party to another as a result of the application of the replacement benchmark (or if any adjustment or method to calculate the adjustment recommended by the relevant organization has been formally designated, the adjustment shall be determined on the basis of that designation).

All the aforementioned under the mutual agreement of both parties.

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

Foreign currency risk

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

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

35. Risk management, continued

I) Financial risk management objectives and policies, continued

Credit risk

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

Credit risks related to customer loans is managed in accordance with the policies, procedures and controls established by the Company to manage customer credit risk. Customer credit quality is evaluated in an ongoing manner. Outstanding customer charges are supervised. (see Note 8b).

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

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

The limits are established to reduce counterpart risk concentration.

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

Liquidity risk

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

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

Capital management

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

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

35. Risk management, continued

I) Financial risk management objectives and policies, continued

Capital management, continued

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

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

36. Subsequent events

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

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

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

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

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

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

Julio Jorge Vega
Finance and Accounting Director

Rafael Zamora Sanhueza
Finance, Strategy and Management control Director

Roberto Muñoz Laporte
General Manager

TELEFÓNICA MÓVILES CHILE S.A. AND SUBSIDIARIES

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended as of

December 31, 2019 and 2018

(A free translation of the original financial statements issued in Spanish – See Note 2c)

REPORT OF INDEPENDENT AUDITORS
(A free translation from the original in Spanish)

Santiago, January 31, 2020

To the Shareholders and Directors
Telefónica Móviles Chile S.A.

We have audited the accompanying consolidated financial statements of Telefónica Móviles Chile S.A. and subsidiaries, which comprise the classified consolidated statements of financial position as of December 31, 2019 and 2018 and the related consolidated statements of comprehensive income, changes in shareholders equity and cash flows for the years then ended and the corresponding notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with generally accepted auditing standards in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PwC Chile, Av. Andrés Bello 2711 - piso 5, Las Condes – Santiago, Chile
RUT: 81.513.400-1 | Teléfono: (56 2) 2940 0000 | www.pwc.cl

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Telefónica Móviles Chile S.A. and subsidiaries as of December 31, 2019 and 2018, and the consolidated results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

/s/ PricewaterhouseCoopers

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Notes to the Consolidated Financial Statements

ThCh$: Thousands of Chilean Pesos
MCh$: Millions of Chilean Pesos

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

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

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

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

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

EARNINGS PER SHARE		Ch$	Ch$
Earnings per basic share			
Earnings per basic share for continuing operations	(23)	0.088	0.095
Earnings per basic share for discontinuing operations		-	-
Earnings per basic share		0.088	0.095
Diluted earnings per share			
Diluted earnings per share from continuing operations		0.088	0.095
Diluted earnings per share from discontinuing operations		-	-
Diluted earnings per share		0.088	0.095

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

STATEMENTS OF OTHER COMPREHENSIVE INCOME	For years ended December 31, 2019 ThCh$	2018 ThCh$
PROFIT (LOSS) FOR THE PERIOD	**82,465,511**	**85,915,751**
OTHER COMPREHENSIVE INCOME		
Components of other comprehensive income that will not be reclassified		
Total other comprehensive income that will not be reclassified to income for the period	(2,397,133)	(232,839)
Components of other comprehensive income that will be reclassified income for the period	891,517	(225,969)
Difference of conversion	**(1,505,616)**	**(458,808)**
Profit (loss) to difference of conversion. before taxes		
Financial assets available for sale	1,113,162	(7,470,156)
Profit (loss) on new measurement of financial assets available for sale	**1,113,162**	**(7,470,156)**
Profit (loss) on cash flow hedges		
Total Components of other comprehensive income that will be reclassified to income for the period	**(392,454)**	**(7,928,964)**
Total other components of other comprehensive income. before taxes	647,226	71,410
Income taxes associated to components of other comprehensive income which will not be reclassified to income for the period		
Income taxes associated to new measurements of defined benefits plans of		
Income taxes associated to components of other comprehensive income which will be reclassified to income for the period	(300,554)	2,593,708
Income tax related to hedging cash flows from other comprehensive income	**346,672**	**2,665,118**
Total income taxes associated to components of other	**(45,782)**	**(5,263,846)**
TOTAL OTHER COMPREHENSIVE INCOME	**82,419,729**	**80,651,905**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		
COMPREHENSIVE INCOME ATTRIBUTABLE TO:	82,123,772	80,568,679
Comprehensive income attributable to owners of the parent	295,957	83,226
TOTAL COMPREHENSIVE INCOME	**82,419,729**	**80,651,905**

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

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

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

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

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

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

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

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

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

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:

a. 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 islocated at Avenida Providencia No, 111, Santiago, Chile.

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

The subsidiary registered in the Securities Registry is:

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

2. Significant accounting principles:

a) Accounting period

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

b) Basis of presentation

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

c) Basis of preparation

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

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

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

d) Exchange Method

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

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

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

2. Significant accounting principles:

d) Exchange Method, continued

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

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

e) Basis of consolidation

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

Control is achieved when the Company is exposed to or has rights to variable returns from its interest in the investee and has the capacity to influence these returns through its power over it, In order to comply with the definition of control the following points must be fulfilled:

- Power over the investee (i,e, existing rights that give it the capacity to direct the relevant activities of the investee),
- Exposure, or right to variable returns from its interest in the investee; and
- Capacity to use its power over the investee to influence the amount of the returns of the investor.

The financial statements of the consolidated companies cover the periods ended on the same dates as the individual financial statements of the parent Company, Telefónica Móviles Chile S.A. and have been prepared using the same accounting policies.

Non-controlling interest represents the portion of net income or loss and net assets of certain subsidiaries that are not owned by the parent company, and are presented in the consolidated statements of income and equity, separately from shareholders' equity.

The following subsidiaries are included in consolidation:

Taxpayer No.	Company Name	Origin Country	Currency	% of participation 12.31.2019			12.31.2019
				Direct	Indirect	Total	Total
96,990,810-7	Telefónica Móviles Soluciones y Aplicaciones S.A.(1)	Chile	CLP	-	-	-	99.9999996
76,378,279-4	Telefónica Investigación y Desarrollo Chile SpA	Chile	CLP	100.0000000	-	100.0000000	100.0000000
90,635,000-9	Telefónica Chile S.A.	Chile	CLP	99.1405597	-	99.1405597	99.1405597
76,703,410-1	Telefónica Empresas Chile S.A.	Chile	CLP	-	99.9999973	99.9999973	99.9999973
76,086,148-0	Telefónica Chile Servicios Corporativos Ltda.	Chile	CLP	49.0000000	51.0000000	100.0000000	100.0000000

(1) On November 22, 2019, Telefónica Móviles Chile S.A. purchased from Telefónica Chile S.A. the shares of Telefónica Móviles Soluciones y Aplicaciones S.A., becoming 100% owner of the shares, generating the dissolution of the Company.

2. Significant accounting principles, continued

e) Basis of consolidation, continued

The summarized financial information at December 31, 2019 of the companies included in the consolidation is as follows:

Taxpayer No,	Company Name	% Participation	Currents assets ThCh$	Non-currents assets ThCh$	Total Assets ThCh$	Currents liabilities ThCh$	Non-currents liabilities ThCh$	Total liabilities ThCh$	Equity ThCh$	Revenues from ordinary operations ThCh$	Profit (loss), Net ThCh$
76,378,279-4	Telefónica Investigación y Desarrollo Chile SpA	100.00	9,106,405	213,155	9,319,560	7,218,270	3,829	7,222,099	2,097,460	1,448,784	79,387
90,635,000-9	Telefónica Chile S.A.	99.14	243,737,041	1,296,480,095	1,540,217,136	295,754,590	568,517,852	864,272,442	675,944,694	346,761,986	26,537,025
78,703,410-1	Telefónica Empresas Chile S.A.	99.99	207,145,100	87,166,671	294,311,771	175,555,018	4,920,169	180,475,187	113,836,584	328,534,567	9,868,605
76,086,148-0	Telefónica Chile Servicios Corporativos Ltda.	100.00	97,504,311	53,067,947	150,572,258	59,827,441	30,816,055	90,643,496	59,928,762	179,743,289	6,196,325

The summarized financial information at December 31, 2018 of the companies included in the consolidation is as follows:

Taxpayer No,	Company Name	% Participation	Currents assets ThCh$	Non-currents assets ThCh$	Total Assets ThCh$	Currents liabilities ThCh$	Non-currents liabilities ThCh$	Total liabilities ThCh$	Equity ThCh$	Revenues from ordinary operations ThCh$	Profit (loss), Net ThCh$
96,990,810-7	Telefónica Móviles Soluciones y Aplicaciones S.A.	100.00	1.678.122	-	1.678.122	780.863	-	780.863	897.259	-	(60.149)
76,378,279-4	Telefónica Investigación y Desarrollo Chile SpA	100.00	8.726.722	197.755	8.924.477	6.788.717	43.142	6.831.859	2.092.618	4.229.804	1.140.688
90,635,000-9	Telefónica Chile S.A.	99.14	238.285.555	1.184.341.689	1.422.627.244	271.655.507	502.544.202	774.199.709	648.427.535	350.921.713	13.829.858
78,703,410-1	Telefónica Empresas Chile S.A.	99.99	147.230.152	90.850.440	238.080.592	131.581.497	3.378.847	134.960.344	103.120.248	237.324.633	6.658.941
76,086,148-0	Telefónica Chile Servicios Corporativos Ltda.	100.00	98.434.126	49.823.206	148.257.332	55.120.571	33.995.171	89.115.742	59.141.590	149.629.211	13.689.870

2. Significant accounting principles, continued

f) Financial assets and liabilities

1. Financial assets other than derivatives

Classification and presentation

The Company classifies its financial assets into the following categories: loans and accounts receivable, financial assets at fair value through profit and loss, financial assets held to maturity and assets-held-for-sale. The classification depends on the purpose for which the financial assets were acquired. The Company determines the classification of its financial assets at the time of initial recognition.

i) Amortized cost

Financial assets that comply with the following two conditions will be measured at amortized cost: the objective of the business model supporting them is to hold the financial assets to obtain contractual cash flows and in turn, the contractual conditions of the financial assets lead to cash flows composed of principal and interest payments only on specific dates.

The Company's financial assets that comply with the conditions established in IFRS 9, for valuation at amortized cost are: accounts receivable, loans and cash and cash equivalents.

Trade receivables are recognized for the amount of the invoice, and an adjustment is recorded if there is objective evidence of customer payment risk.

The estimated impairment of accounts receivable, is determined on the basis of the expected loss throughout the lives of the assets, determined by assessing the historical payment behavior and current information demonstrating the present and future condition of customers from the various segments that compose the portfolio. Recoverability matrices are prepared for this assessment, composed of aging periods, which provide the percentages of uncollectible based on past behavior, in addition to gathering timely customer information and monitoring changes in macroeconomic factors, thus recognizing impairment which are from inception.

Loans and accounts receivable are included in "Trade and other accounts receivable" in the consolidated statement of financial position, except for those with due dates in excess of 12 months from the closing date which are classified as Non-current trade and other accounts receivable. They are recorded at amortized cost using the effective interest rate method, which is its initial fair value.

The effective interest rate method is a method for calculating the amortized cost of a financial asset or liability and imputing finance income or expenses throughout the relevant period, The effective interest rate is the discount rate that exactly matches the estimated cash flows receivable or payable throughout the expected life of the financial instrument (or, when adequate in a shorter period) with the net carrying amount of the financial asset or liability.

Short-term trade receivables are not discounted. The Company has determined no difference between the amount invoiced and the amortized cost, as the transaction has no significant associated costs.

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

1. Financial assets other than derivatives, continued

Classification and presentation, continued

Cash and cash equivalents recognized in the financial statements includes cash balances, checking accounts, time deposits and investments in instruments with original maturity of three months or less. These items are recorded at their historical cost, which does not significantly differ from their realization value.

There are no restrictions on the use of cash and cash equivalents contained in this heading.

b. Financial assets at fair value though 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.

c. Financial assets at fair value through profit or loss

Financial assets will be considered in this category when they are not classified in the two previous categories or are irrevocably designated at their initial recognition at fair value through profit or loss.

They are recorded in the statement of financial position at fair value, and changes in their value are recorded directly in income when they occur, as are the costs of the initial transaction.

2. Financial liabilities

The Company irrevocably determines the classification of its financial liabilities at the time of their initial recognition.

Financial liabilities are initially recognized at fair value and in the case of loans, include costs directly attributable to the transaction. Subsequent measurement of financial liabilities depends on their classification: amortized cost, fair value through profit or loss or held for trading.

Financial liabilities are derecognized when the obligation is cancelled, liquidated or expires, When an existing financial liability is replaced by another from the same lender under substantially different terms, or the terms of an existing liability are substantially modified, that exchange or modification is treated as an accounting derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

2. Financial liabilities, continued

i) Financial liabilities at amortized cost

The Company classifies all its financial liabilities at amortized cost, except for liabilities held for trading or that decrease an accounting asymmetry, which are valued at fair value through profit or loss.

ii) Financial liabilities at fair value through profit or loss

Financial liabilities are classified in the category of financial liabilities at fair value through profit or loss when they are initially recognized at fair value through profit or loss, in order to reduce accounting asymmetries.

This classification includes derivatives designated as effective hedging instruments (see note 18.2).

The underlying items associated to these derivatives, which are measured at amortized cost, consider the fair value risk rate amount determined.

3. Derivative financial instruments

The Company holds hedge derivatives to manage its exposure to interest and/or exchange rate risks (see Note 18.2) to manage its risks associated to changes in interest rate and exchange rate. The Company's objective in respect to derivatives is to minimize these risks using the most effective method to eliminate or reduce the impact on underlying hedged transactions.

Derivative instruments are recognized at fair value on the date of the statement of financial position under “Other financial assets” or “Other financial liabilities” depending on whether their fair value is positive or negative respectively. They are classified as current or non-current depending on whether they mature in less than or more than twelve months. Derivative instruments that meet all the requirements for being treated as hedge instruments for long-term items are presented as non-current assets or liabilities, based on their balance separately from the hedged items, as indicated in IFRS 9.

Hedges for risks of variations, in exchange rates, in firmly committed transactions. May be treated indistinctly as either a fair value hedge or cash flow hedge.

Variations in the fair value of derivatives that have been designated as and meet the requirements for being treated as fair value hedge instruments, are recorded in the income statement netting the effects of the part of the underlying for which the risk is being hedged.

In the case of cash flow hedges, changes in the fair value of derivatives are recorded, for the effective part of those hedges, in an equity reserve called “Cash flow hedge reserve”. The accumulated deficit or profit in that heading is transferred to the comprehensive statement of income to the extent that the underlying has an impact on the comprehensive income statement for the hedged risk, netting that effect. The part of the hedge considered to be ineffective is recorded directly in the comprehensive income statement.

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

3. Derivative financial instruments, continued

Initially, the Company formally documents the hedge relationship between the derivative and the hedged item, as well as the objectives and risk management strategies pursued in establishing the hedge. This documentation includes identifying the hedge instrument, hedged item or transaction as well as the nature of the hedged risk. It also specifies the method for assessing the degree of effectiveness when offsetting the exposure to changes in the hedged element, whether in its fair value or in the cash flows attributable to the hedged risk. The effectiveness assessment is performed prospectively and retroactively, both at inception of the hedge relationship and systematically throughout the period for which it were designated.

The fair value of the derivative portfolio reflects estimates based on calculations performed using observable market data, employing specific valuation and risk management tools widely used by diverse financial entities.

g) Inventory

Materials for consumption and replacement are valued at cost or net realization value, whichever is lower.

The net realizable value is the estimated sales value during the normal course of business, less costs related to the sale and costs related to finishing the product.

When cash flows related to inventory purchases are covered by an effective hedge, the corresponding gains and losses accumulated in equity become part of the cost of acquired inventory.

Obsolescence is determined on the basis of the age and commercial turnover of equipment and accessories, According to the Company's policies, establish a provision for items that have been in inventory for more than360 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 tosell, whichever is greater. Value in use is determined by discounting estimated future cash flows. When an asset's recoverable amount is less than its net book value, impairment is recorded.

To calculate impairment, the Company estimates the return on assets assigned to the different cash generating units based on expected cash flows.

i) Leases

Leases are recognized in accordance with IFRS 16, as a right of use asset and a corresponding liability as of the date on which the leased asset is available for use by the Company. The financial cost is charged to income over the term of the lease. The right of use asset is depreciated using the straight-line method over the useful life of the asset or the term of the lease, whichever is shorter.

2. Significant accounting principles, continued

i) Leases, continued

1. Initial recognition

Right of use assets are measured at cost including the following:

- The initial measurement amount of the lease liability
- Any lease payment made on or before the commencement date less any lease incentive received.
- Any direct initial cost and
- Restoration or decommissioning costs.

Lease liabilities include the present value, as of the commencement date of the lease, net of the following payments:

- Fixed payments (including those that are so in substance), less lease incentives receivable.
- Variable lease payments based on an index or rate.
- The amounts that are expected to be payable by the lessee as guarantee for the residual value;
- Payment of fines for lease contract termination, if the lease termination reflects the lessee that exercises that option.

2. Subsequent measurement

The right of use asset must be measured using the cost model, that is, cost less accumulated depreciation and any accumulated impairment loss, adjusted for any new measurement of the lease liability, including restatement of indexation units (UF).

The lease liability will be measured increasing the carrying amount to reflect the interest on the lease liability and reducing the carrying amount to reflect lease payments made. In addition it must include new evaluations or modifications.

Lease payments are discounted using the implicit interest rate in the lease contract, if it can be determined, or the incremental interest rate.

Payments associated to short-term leases and low value asset leases are recognized, as an expense based on accrual of the service, in income. Short-term leases are those that are equal to or less than twelve months (that do not contain a purchase option). Low value assets comprise equipment for information processes, office furniture and equipment.

j) Income taxes

The income tax expense for each year comprises current and deferred income taxes.

Tax assets and liabilities for the current year and prior years are measured at the amount the Company estimates it will recover from or pay to tax authorities. Tax rates and government regulations used to calculate these amounts are those in force as of each year end 27% as of December 31, 2019 and 2018, respectively.

2. Significant accounting principles, continued

j) Income taxes

The deferred tax amount is obtained from analyzing temporary differences that arise due to differences between the tax and book values of assets and liabilities, mainly allowance for doubtful accounts, depreciation of Property, plant and equipment and staff severance indemnities.

Under Chilean tax regulations tax loss carry forwards can be realized as future tax benefits with no time restrictions.

Temporary differences generally become taxable or deductible when the related liability is settled or the related asset is recovered. A deferred tax liability or asset represents the amount of tax payable or refundable in future years under the currently enacted tax laws and rates as a result of temporary differences determined as of the date of issuance of the financial statements. Deferred tax assets and liabilities are not discounted at their current value and are classified as non-current.

k) Goodwill

Represent the difference between acquisition cost and fair value, of the assets acquired, liabilities assumed and identifiable contingent liabilities acquired from an associate. After initial recognition, goodwill is recorded at cost, less any accumulated impairment loss.

The Company tests goodwill impairment annually and when there are indicators that the net carrying amount might not be fully recoverable. Impairment testing, based on fair value, is performed for each cash generating unit. If that fair value is less than the net carrying amount, an irreversible impairment loss is recognized in the income statement.

l) Intangibles

i) Administrative Concession

Concession licenses correspond to the cost incurred to obtain mobile cellular telephone public services concessions. They are presented at their acquisition cost less accumulated amortization and less any impairment loss, should there be any. The Company amortizes these licenses over the concession period (30 years from the date of publication of the decree that accredits the respective license in the Official Gazette, which began in December 2003).

ii) Licenses and softwares

Intangibles includes software licenses and the right to use underwater cable, which are recorded at acquisition or production cost, less accumulated amortization and less any accumulated impairment loss. Also includes intangible assets being developed which correspond to commercial systems applications, mainly billing, collecting and collections, to be used by the Company in the normal course of its operations in relation to its customer, These intangible assets being developed are recorded at acquisition cost plus all costs associated to their implementation and are amortized over the exercise in which their use is expected to generate income.

2. Significant accounting principles, continued

l) Intangibles, continued

ii) Licenses and softwares, continued

Software licenses and rights to use underwater cable have finite useful lives and are amortized over their estimated useful lives. As of the close of each period date there is an analysis underway to determine whether there are events or changes that indicate that the net book value might not be recoverable, in which case impairment tests will be carried out.

The methods and periods of amortization applied are reviewed as of each year-end and if applicable, adjusted in a prospective manner.

The Company amortizes software licenses and the right to use underwater cable using the straight-line method over their estimated useful lives, which for software licenses is 3 years and for rights to use underwater cables, a maximum of 20 years.

Software licenses and right of use of submarine cables have no ownership restrictions and are not held as guarantees of compliance with obligations

m) Property, plant and equipment

Property, plant and equipment items are valued at acquisition cost, less accumulated depreciation and less applicable impairment losses. Land is not depreciated.

Acquisition cost includes external costs plus internal costs necessary to carry out the investment, comprised of direct costs, direct labor costs used in the installation and any other cost necessary to carry out the investment, In addition., the Company recognizes an obligation for assets that will be dismantled, corresponding to future disbursements that the company must make for removal of certain installations. These future disbursements are incorporated in the restated value, updated present value, recognizing the corresponding dismantling provision.

Changes in the valuation of existing dismantling liabilities, derived from changes in the amount or temporary structure of outflow of resources that incorporate economic benefits required to settle the obligation, or a change in the discount rate, shall be added to or deducted from the cost of the corresponding asset in the current period. The amount deducted from the cost of the asset must not exceed its carrying amount. If the decrease in the liability should exceed the carrying amount of the asset, the excess is immediately recognized in income for period.

Property, plant and equipment assets have no ownership restrictions and are not held as guarantees on compliance with obligations.

An asset's dismantling provisioned cost is recognized in the income statement through depreciation over its useful life, under depreciation and amortization expense. The provision discount process is recognized in income for the period as finance cost.

Interest and other financial expenses incurred and directly attributable to the acquisition or construction of qualifying assets, Maybe capitalized, Qualifying assets, under the criteria of the Telefónica Group, are assets that require at least 18 months of preparation for their use or sale. At the closure of periods of 2019 and 2018 there are no capitalized interests.

2. Significant accounting principles, continued

m) Property, plant and equipment, continued

Costs for improvements that result in increased productivity, efficiency, or extension of the useful lives of assets, are capitalized as higher cost of such assets when they comply with the requirements to be recognized as an asset.

Repair and maintenance expenses are charged to the income statement account for the fiscal year, in which they are incurred.

n) Depreciation of property, plant and equipment

The Company depreciates Property, plant and equipment from the moment when the assets are in condition to be used, distributing the cost of the assets on a straight-line basis over the respective estimated useful life. Projects classified under building in progress, for which their estimated termination date as of each closing year has expired, but are in usable condition are also included.

The average annual financial depreciation rate of the Company is approximately 11.93% and 10.14% at December 31, 2019 and 2018, respectively.

Estimated useful lives are summarized in the following detail:

Assets	Useful lives in years	
	Minimum	Maximum
Buildings	5	40
Transportation equipment	7	10
Supplies and accessories	7	10
Office equipment	10	10
Information equipment	4	4
Network and communications equipment	5	20
Other property, plant and equipment	2	7

Estimated residual values, amortization methods and exercise are reviewed as of each year-end and if appropriate, adjusted prospectively.

ñ) Provisions

i) Employment benefits

The Company is obligated to pay staff severance indemnities in respect of collective negotiation agreements. This obligation is provisioned using the actuarial value of the accrued benefit cost method, using an nominal annual discount rate of 3.587% and 4.673% at December 31, 2019 and december 31, 2018 respectively, considering estimations such as future permanence, employee mortality rate and future salary increases determined on the basis of actuarial calculations, Discount rates are determined by reference to market interest curves.

2. Significant accounting principles, continued

ñ) Provisions, continued

ii) Provision for dismantling expenses

Corresponds to the cost that will be incurred in the future for dismantling microwave antennas from the telecommunications infrastructure once the third-party site rental contract ends. This cost is calculated at current value and recorded as a property, plant and equipment item in assets and as a non-current accrual for future obligations. That property, plant and equipment item is amortized over the duration of the asset associated to that accrual.

iii) Other provisions

Provisions are recognized when the Company has a present legal or constructive obligation, as a result of a past event, whose settlement requires an outflow of resources that is considered likely and can be reliably estimated. This obligation can be legal or constructive, derived from among other factors, regulations, contracts, common practices or public commitments that create a valid third-party expectation that the Company will assume certain responsibilities.

o) Income and expenses

Income and expenses are recognized in the income statement based on the accrual criteria, regardless of the moment at which the cash flows or financing derived from it is produced.

The Company's income is produced mainly by providing the following:

i) Telecommunications

It is composed of voice and data packages, international business (carrier payments), multiservice network services and capacities, television, interconnection, network and equipment rental, sale of equipment and other services, such as value added services or maintenance. Products and services can be sold separately or jointly, in commercial packages.

In the case of commercial offers where the customer pays a flat rate, which can include minutes, broadband and pay TV plans, revenue is recognized in a straight-line over the period covered by the rate paid by the customer.

In the case of revenue generated only by traffic, it is recorded as it is consumed.

In equipment sales, revenue is recognized at the time of delivery of the equipment to the customer; in case of sales including installation, configuration, startup or other complementary activities, revenue is recognized upon satisfactory reception by the customer.

Revenue from capacity and multi-service networks, is accrued as the services are rendered.

Interconnection revenue derived from fixed-mobile and mobile-fixed calls, as well as from other services used by customers, is recognized in the period in which such calls are placed.

2. Significant accounting principles, continued

o) Income and expenses, continued

i) Telecommunications, continued

The Company has current agreements with foreign correspondents, with conditions which are established to regulate international traffic and their collection or payment is performed in accordance with net traffic exchange and the rates set in each agreement. Accounting for this exchange is on an accrual basis, recognizing the costs and income in the period in which they are produced, recording balances receivable or payable for each correspondent under "Trade and other accounts receivable" or "Trade and Other Payables", as applicable.

The amount corresponding to traffic that has been pre-paid and use is pending generates deferred income which is recorded in liabilities. Electronic top-ups have an expiry period of 180 days if there are no new top-ups, and any deferred revenue associated to prepaid traffic is recognized directly in income when traffic is consumed or when the top-up expires, since as of that moment the Company has no remaining obligations to provide the service.

Monthly fees are recognized as income using the straight-line method in the corresponding period, Rentals and other services are recognized as income as the service is provided.

In accordance with IFRS 15, for commercial package offers that combine different goods and services for fixed telephone service, data, Internet and television, the Company determines whether it is necessary to separate the different elements identified, applying the appropriate revenue recognition criterion for each case. Total revenue for the package is allocated to its identified elements on the basis of their respective fair values (i.e. the fair value of each individual component, in relation to the total fair value of the package). To the extent that packages are commercialized with an equipment discount, the application of the new criteria will involve an increase in the recognition of income from sale of equipment, which will generally be recognized coinciding with the time of delivery to the customer, at the expense of periodic income from providing services in subsequent periods.

Likewise, due to IFRS 15 the Company will recognize an asset for the cost of obtaining contracts as long as these are incremental, the Company believes they will be recovered, they can be allocated to a contract and itis deemed that they will be amortized over more than one year. In addition, the Company will recognize an asset for the costs of complying with a contract as long as these are identified directly with a specific contract, generate or improve Company resources that will be used to satisfy or continue to satisfy compliance obligations in the future and the Company expects to recover those costs with time. In both cases the amortization period is determined based on the transfer of the goods or services related to those assets to the customer.

All costs directly associated to obtaining revenue are recognized in profit and loss to the extent that the revenue is generated. The rest of the expenses are recognized in profit and loss when they are accrued.

2. Significant accounting principles, continued

o) Income and expenses, continued

ii) Customer loyalty program:

The Company has a customer loyalty program called "Club Movistar" which provides multiple benefits to customers which can be provided by third parties or by the Company. These benefits will be reflected as a discount in revenue when points are exchanged for products. As of December 31, 2019 and 2018, thevaluation of this loyalty program is immaterial in relation to the contracts for which it was generated.

iii) Government subidies:

Operating subsidiaries Telefónica Chile S.A. and Telefónica Móviles Chile S.A. participate in tenders for State projects associated to the Telecommunications Development Fund, for the purpose of receiving resources to install operating assets for the operation and exploitation of public services. If a project were to be obtained, these resources, called government subsidies, are initially recorded as deferred income, under other non-financial liabilities, and charged against income over the useful lives of the assets associated to those subsidies (Note 21).

Subsidiary Telefónica Investigación y Desarrollo Chile SpA participates in tenders for State projects associated to the Innova Chile Committee, in order to carry out research and development, technology transfer and marketing activities, in the area of information and communication technologies. These government subsidies are initially recorded as deferred revenue under "other non-financial liabilities" and are recoded in income as the projects progress in their development (Note 21).

p) Use estimates

The following section shows the main future hypotheses assumed and other relevant sources of uncertainty in estimates as of the reported periods that could have a significant effect on the financial statements in the future.

i) Property, plant and equipment and intangibles

The accounting treatment for Property, plant and equipment and intangible assets uses estimates to determine useful life for the purpose of calculating depreciation and amortization.

Determination of useful lives requires estimates regarding expected technological progress and alternative use of assets. Hypotheses regarding technological framework and its future development imply a significant degree of judgment, as the timing and nature of future technological change is difficult to predict.

ii) Deferred taxes

The Company evaluates probability of recovery of deferred tax assets based on estimates of future earnings. This probability of recovery ultimately depends on the Company's capacity to generate taxable income throughout the period in which the deferred tax assets are deductible.

This analysis takes into consideration the forecasted reversal calendar for deferred tax liabilities as well as estimates of taxable income, based on internal projections that are updated to reflect recent trends.

2. Significant accounting principles, continued

p) Use estimates, continued

ii) Deferred taxes, continued

Determining the proper classification of tax items depends on various factors, including timing estimates, realization of deferred tax assets and the expected timing of tax payment. The real flows of income tax payments and recoveries. May differ from estimates made by the Company as a consequence of changes in tax legislation or of unforeseen future transactions that May affect tax balances.

As described in Note 1 and Note 11 c), during 2017 the Company merged by absorption with its subsidiary Telefónica Móviles Chile S.A., generating an impact on income in the amount of ThCh$140,423,552. That amount arises from the allocation of tax goodwill generated in the merger, to the non-monetary assets of the absorbed entity, which is ultimately reflected in the recording of a deferred tax asset under IFRS. Thisallocation requires that management determine the fair value of those assets using their best estimate. As of March 31, 2018 the Company has concluded the process of estimating the fair value of non-monetary assets involved in the merger and has determined deferred taxes in the amount of ThCh$ 148,606,473, which will be amortized over the useful lives of the corresponding assets.

iii) Provisions

Given the uncertainty inherent to estimates used to determine provisions, real disbursements. May differ from the amounts originally recognized using these estimates.

Determination of the amounts of provisions is based on the best estimate of the disbursements that must be made for the corresponding obligations, taking into consideration all information available as of period-end, including the opinion of independent experts, such as legal advisors and consultants.

iv) Employment benefits

The cost of defined benefit post retirement plans as well as the present value of the obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. All assumptions are reviewed once a year. In determining the appropriate discount rate management considers the interest rates of instruments issued by the Central Bank of Chile. The mortality rate is based on publicly available mortality tables for the specific country.

Future salary increases and pension increases are based on expected future inflation rates for the specific country. (View details of the actuarial hypotheses used in Note 20a).

v) Financial assets and liabilities

Where the fair value of financial assets and financial liabilities recorded in the balance sheet and disclosed in the notes can not be derived from active markets, they are determined using valuation techniques including the discounted cash flows model.

2. **Significant accounting principles,** continued

p) Use estimates, continued

vi) Financial assets and liabilities, continued

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instrument.

q) Methods of consolidation

Consolidation has been carried out using the global integration method for companies where there is control, whether through effective control or the existence of agreements with the rest of the shareholders.

All balances and transactions between consolidated companies have been eliminated in the consolidation process. Likewise, the margins included in these operations performed by companies dependent on other companies of the Company for capitalized goods or services have been eliminated in the consolidation process.

The accounts in the statement of comprehensive income and consolidated cash flows gather, respectively, the income, expenses and cash flows of companies that stop being a part of the Company up to the date on which the participation has been sold or the company has been liquidated. Likewise, in the case of new acquisitions, income and expenses and cash flows of the new companies are gathered from the date of purchase of those companies.

The value of the participation of non-controlling shareholders in the equity and income of dependent companies consolidated using the global integration method is presented in “non-controlling interests” and “income attributable to non-controlling interests”, respectively.

r) New IFRS and Interpretations of the IFRS Interpretations Committee

i. Publication of new standards

IFRS improvements and amendments, as well as interpretations that have been published during the year are detailed below. As of the closing date, these standards are not yet in force and the Company has not applied any of them in:

	New Standard	Mandatory application date
IFRS 17	Insurance Contracts	January 1, 2021

IFRS 17 “Insurance Contracts”

Published in May 2017, it replaces current IFRS 4, IFRS 17 will mainly change accounting for all entities that issue insurance contracts and investment contracts with discretional participation characteristics. The standard is applicable to annual exercises commencing as of January 1, 2021. Early application is allowed only when IFRS 15, "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" are applied.

2. Significant accounting principles, continued

r) New IFRS and Interpretations of the IFRS Interpretations Committee, continued

ii. Publication of standards modifications

	Improvements and amendments	Mandatory application date
IFRS 9	Financial Instruments	January 1, 2019
IAS 28	Investments in Associates and Joint Ventures	January 1, 2019
IFRS 3	Business Combinations	January 1, 2019
IFRS 11	Joint Arrangements	January 1, 2019
IAS 12	Income Taxes	January 1, 2019
IAS 23	Borrowing Costs	January 1, 2019
IAS 19	Employee Benefits	January 1, 2019
IAS 1	Presentation of Financial Statements	January 1, 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2020
IFRS 3	Business Combinations	January 1, 2020
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform	January 1, 2020
IFRS 10 and IAS 28	Consolidated Financial Statements and Investments in Associates and Joint Ventures	Determined

IFRS 9 "Financial Instruments"

Published in October 2017. The amendment allows more assets to be measured at amortized cost than in the previous version of IFRS 9, particularly certain prepaid financial assets with negative compensation. The qualifying assets, which include certain loans and debt instruments, would have otherwise been measured at fair value through profit or loss (FVTPL). In order to qualify for amortized cost, the negative compensation must be "reasonable compensation for early termination of the contract ".

IAS 28 "Investments in Associates and Joint Ventures"

Published in October 2017. This amendment clarifies that companies that account for long-term interests in an associate or joint venture – in which the equity method is not applicable – must be accounted for use IFRS 9. The Board has published an example that illustrates how companies apply the requirements of IFRS 9 and IAS 28 to long-term interests in an associate or a joint venture.

IFRS 3 "Business Combinations"

The amendment clarified that obtaining control of a company that is a joint operation, is a business combination that is achieved in stages. The acquirer must remeasure its previous participation in the joint operation at fair value on the date of acquisition.

IFRS 11 "Joint Arrangements"

The amendment clarifies, that the party that obtains joint control of a company that is a joint operation, can not remeasure its previously held participation in the joint operation.

IAS 12 "Income Taxes"

The amendment clarified that the consequences of income tax on dividends from financial instruments classified as equity, must be recognized on the basis of where the past transactions or events that generated the distributable benefits were recognized.

2. Significant accounting principles, continued

r) New IFRS and Interpretations of the IFRS Interpretations Committee, continued

ii. Publication of standards modifications, continued

IAS 23 "Borrowing Costs"

The amendment clarified that, if a specific loan is still outstanding after the qualified asset is ready for its foreseen use or sale, it becomes part of general borrowings.

IAS 19 "Employee Benefits"

The amendment requires that entities use updated assumptions to determine the cost of current service and net interest for the rest of the period after a modification, reduction or liquidation of the plan; and recognize any reduction in a surplus of profits or losses as part of the past cost of service, or a profit or loss in the settlement, even if this surplus was not previously recognized because it did not exceed the upper limit of the asset.

IAS 1 "Presentation of Fianncial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

It uses a definition of materiality that is consistent with all IFRS and the Conceptual Framework for Financial Reporting, it clarifies the explanation of the definition of material and incorporates some of the guidelines in IAS 1 on immaterial information.

IFRS 3 "Business Combinations"

It revises the definition of a business. Based on the feedback received by the IASB, the application of theguidelines is often thought to be too complex and results in too many transactions that qualify as business combinations.

IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"

These amendments provide certain simplifications in relation to interest rate benchmark reform. The simplifications are related to hedge accounting and have an effect on IBOR reform which generally should not cause hedge accounting to end. However, any hedge ineffectiveness must continue to be recorded in income.

IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"

This amendment addresses an inconsistency in the requirements of IFRS 10 and IAS 28 related to the treatment of the sale or contributions of assets between an investor and its associate or joint venture. The main consequence of the amendment is that a full gain or loss is recognized when the transaction involves a business (whether it is in a subsidiary or not) and a partial gain or loss when the transaction involves assets that do not constitute a business, even if these are in a subsidiary.

iii. Application of new standards

Based on the analysis performed to date, the Company believes that the application of many of these standards, improvements, amendments and interpretations will not have a significant impact on the financial statements in the exercise of initial application.

2. **Significant accounting principles,** continued

s) **Statement of cash flows**

The statement of cash flows includes movements of cash performed during the exercise, determined using the direct method. Cash flows are understood to be cash inflows and outflows or inflows and outflows of other equivalent means, such as highly liquid time deposits maturing in less than three months with low risk of change in value. The following expressions are used in the following sense:

i. Operating activities: are activities that constitute the main source of the Company's ordinary income, as well as other activities that cannot be qualified as from investing or financing activities.

ii. Investing activities: are activities such as acquisition, alienation or disposal of non-current assets by other means and other investments not included in cash and cash equivalents.

iii. Financing activities: are activities that produce changes in the size and composition of total shareholders' equity and in liabilities of a financial nature.

3. Changes in Accounting Policy and Disclosures

IFRS have been consistently applied during the exercise covered by these financial statements, except for the application of IFRS 16, effective since January 1, 2019.

The Company has adopted IFRS 16 using a Partial Modified Retrospective method as of January 1, 2019, but has not re-expressed the comparative information for 2018, in accordance with what is allowed by the standard, considering all contracts with a term longer than 12 months. The Company has decided to apply the low value exception only to assets identified as office furniture and equipment with a value of less than US$ 5,000.

As of January 1, 2019, the date of initial application of IFRS 16, the Company has recorded a net, first-time application effect of ThCh$ 261,326, as a decrease in retained earnings, under equity, composed of ThCh$ 357,981 in effect of first-time application of IFRS 16 and ThCh$ 96,655 in deferred taxes. Likewise, as explained in Note 2 j), the Company has recognized a right of use asset in the amount of ThCh$ 233,020,080 and a liability for the lease obligation in the amount of ThCh$223,455,433.

4. Financial information by segment

Telefónica Móviles Chile S.A. discloses segment information in accordance with IFRS 8, “Operating Segments” which establishes the standards for reporting operating segments and related disclosures for products and services and geographical areas. Operating segments are defined as components of an entity for which there is separate financial information that is regularly used by the main decision maker to decide how to assign resources and to evaluate performance. The Company presents segment information that is used by management for internal decision making purposes.

The Company manages and measures the performance of its operations by business segment. Since the Company’s corporate organization coincides basically with that of the businesses, and therefore the segments, distribution established in the information presented below, is based on the financial information of the companies. These are integrated in each segment. Assets and liabilities correspond to those directly attributable to the segment.

4. Financial information by segment, continued

The operating segments reported internally are as follows:

a) Mobile Telecommunications

Mobile Telecommunications services mainly include revenue from the providing of mobile telecommunications services, sale of electronic prepaid top-up and the sale of handheld equipment. Revenue is recognized as the services are provided.

b) Fixed Telecommunications

Landline telephone services include basic telephone services, connections and line installations, value added services, broadband, dedicated lines, international long-distance services, marketing of handsets, and circuit media rental and others. According to the financial statements, the income is recognized as the services are provided or the equipment is sold.

c) Television Services

Multimedia services include direct and indirect development, installation, maintenance, marketing and operations of television services via cable, satellite, broadband or any other physical means using any physical or technical means, including individual paid services or multiple basic channels, special or paid, videos on demand and interactive or multimedia television services. Corresponding with the financial statements, income is recognized as the services are delivered.

d) Corporate Communications and Data

Corporate communications services include revenue from the sale and rental of telecommunications equipment and the sale of networks to corporate customers, rental of networks associated to public or private projects and data transmission services. Revenue is recognized as the services are provided or the equipment is sold.

e) Others

"Other" includes logistics, personnel and management services.

4. Financial information by segment, continued

Relevant information regarding Telefónica Móviles Chile S.A. and its subsidiaries, which represent different segments, together with information regarding other subsidiaries, corresponding to December 31, 2019 and 2018 is detailed as follows:

For the year ended as of December 31, 2019	Mobile Telecommunications ThCh$	Fixed Telecommunications ThCh$	Corporate Communication and Data ThCh$	Television Services ThCh$	Other ThCh$	Eliminations ThCh$	Total ThCh$
Revenue from external customers	858,683,220	331,703,403	167,707,061	145,384,806	-	-	1,503,478,490
Revenue from ordinary activities arising from transactions with other operating segments of the same entity	9,113,737	129,212,087	15,442,700	-	179,743,289	(333,511,813)	-
Total revenue from operating activities from external customers and transactions with other operating segments of the same entity	**867,796,957**	**460,915,490**	**183,149,761**	**145,384,806**	**179,743,289**	**(333,511,813)**	**1,503,478,490**
Cost of sales	289,946,721	44,431,389	121,144,183	94,202,465	-	(138,123,541)	411,601,217
Administrative expenses	331,473,190	230,279,089	55,261,789	36,119,115	25,034,018	(168,568,068)	509,599,133
Employee benefits expenses	1,351,094	195,606	4,157	-	144,084,632	(22,569,365)	123,066,124
Cost of interest	32,940,630	21,882,681	630,646	203,870	1,916,914	(6,792,991)	50,781,750
Interest income	4,893,517	5,201,144	1,219,354	-	825,761	(6,792,991)	5,346,785
Depreciation and amortization	154,975,164	157,307,885	13,769,708	5,243,970	1,846,571	(2,523,400)	330,619,898
Participation in profit of associated companies accounted for using the equity method	32,152,011	12,948,179	80,552	-	-	(45,180,742)	-
Income tax expense	16,159,607	7,381,986	(680,085)	3,714,292	1,567,808	-	28,143,608
Other significant non-cash items	5,915,154	11,781,980	9,648,244	-	77,218	29,370	27,451,966
Profits(loss) before tax	**100,070,840**	**36,750,143**	**3,287,428**	**9,615,386**	**7,764,133**	**(46,878,811)**	**110,609,119**
Profit (loss) for the period from continuing operations	**83,911,233**	**29,368,157**	**3,967,513**	**5,901,094**	**6,196,325**	**(46,878,811)**	**82,465,511**
Profit (loss) for the period from discontinuing operations	-	-	**-**	**-**	**-**	**-**	**-**
Profit (loss) for the period	**83,911,233**	**29,368,157**	**3,967,513**	**5,901,094**	**6,196,325**	**(46,878,811)**	**82,465,511**
Assets	2,372,658,197	1,540,217,136	129,497,179	164,814,592	150,572,258	(1,271,013,216)	3,086,746,146
Investments in associates accounted for using the equity method	708,160,121	146,581,758	779,073	-	-	(855,520,952)	-
Increases in non-current assets	64,970,201	161,860,868	16,598,541	-	-	-	243,429,610
Liabilities	1,020,228,549	864,272,442	101,066,105	79,409,082	90,643,496	(419,288,184)	1,736,331,490
Shareholders' equity	1,352,429,648	675,944,694	28,431,074	85,405,510	59,928,762	(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 year ended as of December 31, 2018	Mobile Telecommunications ThCh$	Fixed Telecommunications ThCh$	Corporate Communication and Data ThCh$	Television Services ThCh$	Other ThCh$	Eliminations ThCh$	Total ThCh$
Revenue from external customers	916,884,001	342,366,904	145,695,967	168,285,098	-	-	1,573,231,970
Revenue from ordinary activities arising from transactions with other operating segments of the same entity	9,066,715	122,981,231	11,955,158	-	190,319,297	(334,322,401)	-
Total revenue from operating activities from external customers and transactions with other operating segments of the same entity	**925,950,716**	**465,348,135**	**157,651,125**	**168,285,098**	**190,319,297**	**(334,322,401)**	**1,573,231,970**
Cost of sales	387,050,151	48,458,836	92,737,683	109,040,769	-	(147,446,814)	489,840,625
Administrative expenses	324,930,291	254,687,307	47,204,241	41,808,419	27,298,383	(161,014,411)	534,914,230
Employee benefits expenses	1,961,124	(124,590)	6,963	-	147,247,170	(24,369,572)	124,721,095
Cost of interest	23,378,229	19,102,856	1,249,534	125,066	2,173,005	(3,863,901)	42,164,789
Interest income	3,276,084	4,370,302	1,095,068	-	925,601	(3,800,252)	5,866,803
Depreciation and amortization	110,573,216	146,901,527	14,802,131	6,641,250	24,285	593,053	279,535,462
Participation in profit of associated companies accounted for using the equity method	20,442,547	17,755,257	132,383	-	-	(38,330,187)	-
Income tax expense	18,328,313	7,041,819	(2,837,222)	2,369,705	4,701,741	-	29,604,356
Other significant non-cash items	3,917,234	4,838,887	(1,320,991)	-	318,474	(156,069)	7,597,535
Profits(loss) before tax	**105,693,570**	**23,286,645**	**1,557,033**	**10,669,594**	**14,820,529**	**(40,507,264)**	**115,520,107**
Profit (loss) for the period from continuing operations	**87,365,257**	**16,244,826**	**4,394,255**	**8,299,889**	**10,118,788**	**(40,507,264)**	**85,915,751**
Profit (loss) for the period from discontinuing operations	-	-	-	-	-	-	-
Profit (loss) for the period	**87,365,257**	**16,244,826**	**4,394,255**	**8,299,889**	**10,118,788**	**(40,507,264)**	**85,915,751**
Assets	2,112,225,017	1,461,853,436	100,735,756	128,209,144	155,540,437	(1,117,703,602)	2,840,860,188
Investments in associates accounted for using the equity method	676,446,612	135,989,648	721,207	-	-	(813,157,467)	-
Increases in non-current assets	70,101,714	168,302,283	19,372,282	-	434,659	-	258,210,938
Liabilities	803,312,139	812,518,176	69,628,049	54,707,752	99,170,087	(306,807,964)	1,532,528,239
Shareholders' equity	1,308,912,878	649,335,260	31,107,707	73,501,392	56,370,350	(810,895,638)	1,308,331,949
Liabilities & Shareholders' equity	2,112,225,017	1,461,853,436	100,735,756	128,209,144	155,540,437	(1,117,703,602)	2,840,860,188
Cash flows provided by (used in) operating activities	227,009,555	209,307,541	4,907,044	24,803,992	(39,999,684)	9,164,489	435,192,937
Cash flows provided by (used in) investment activities	(89,289,329)	(205,354,446)	25,689,981	(20,063,643)	-	15,625,947	(273,391,489)
Cash flows provided by (used in) from in financing activities	(88,184,774)	(16,608,315)	(26,621,482)	(7,623,585)	39,920,003	(6,100,858)	(105,219,011)

There are no differences in the criteria used, in respect to the previous year, in relation to measurement and valuation of segment income and valuation of their assets and liabilities, as well as transactions between segments.

Accounting criteria regarding transactions between subsidiaries of Telefónica Móviles Chile S.A. which are performed at market prices, independently and in a manner similar to transactions with third parties, consider that balances, transactions and profits or losses remain in the segment of origin and are only eliminated in the consolidated financial statements of the entity.

5. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

Concepts	Currency	12.31.2019 ThCh$	12.31.2018 ThCh$
Cash (a)		**320,322**	**431,560**
	CLP	320,322	**431,560**
Banks (b)		**82,702,268**	**27,816,511**
	CLP	75,244,771	26,443,540
	USD	7,379,053	803,353
	EUR	65,979	369,771
	Other currencies	12,465	199,847
Time Deposits (c)		**151,443,831**	**235,128,386**
	CLP	151,443,831	235,128,386
Total cash and cash equivalents		**234,466,421**	**263,376,457**
Sub-total by currency	**CLP**	**227,008,924**	**262,003,486**
	USD	**7,379,053**	**803,353**
	EUR	**65,979**	**369,771**
	Others currencies	**12,465**	**199,847**

Each item within cash and cash equivalents is detailed as follows:

a) Cash

The cash balance is made up of funds to be rendered destined to minor expenses and the book value is the same as the fair value.

b) Banks

The balance in banks is made up of money held in checking accounts and the book value is the same as the fair value.

c) Time deposits

The time deposits with original maturities of less than three months are recorded at fair value and the detail as of December 31, 2019 and 2018 is as follows:

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh	Accrued interest in local currency ThCh$	12.31.2019 ThCh$
Time deposits	CLP	151,400,000	1.92%	4	151,400,000	43,831	151,443,831
Total					**151,400.000**	**43,831**	**151,443,831**

5. Cash and cash equivalents, continued

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh	Accrued interest in local currency ThCh$	12.31.2018 ThCh$
Time deposits	CLP	234,970,000	3.00%	17	234,970,000	158,386	235,128,386
Total					**234,970,000**	**158,386**	**235,128,386**

In accordance with the working capital management policies, all investments in time deposits and buyback agreements have been entered into only with widely recognized domestic banks with the highest credit quality rating in Chile.

6. Other current and non-current financial assets

Other current and non-current financial assets are detailed as follows:

Concepts		12.31.2019 Current ThCh$	12.31.2019 Non-Current ThCh$	12.31.2018 Current ThCh$	12.31.2018 Non-Current ThCh$
Hedging instruments	(See Note 18.2)	20,248,206	188,086,659	5,074,553	145,143,595
Other investments	(c)	-	7,853,869	-	6,962,236
Other credits	(b)	4,496,741	-	-	-
Guarantees established	(a)	80,444	50,468	137,124	50,468
Total		**24,825,391**	**195,990,996**	**5,211,677**	**152,156,299**

a) Guarantees are those established for clients, official organizations and other institutions.

b) Other credits, in the amount of ThCh$4,496,741, correspond to the loan granted to Digital Holding SpA for the sale of the Data Center.

c) Other investments, current and non-current, are detailed as follows:

Participation	Country	Investment currency	12.31.2019 ThCh$	12.31.2018 ThCh$
Telefónica Brazil (1)	Brazil	REAL	7,849,896	6,958,379
Other participation	Chile	CLP	3,973	3,857
Total			**7,853,869**	**6,962,236**

(1) - This investment is valued at market value through the trading of its shares, information obtained in the Sao Paulo Stock Exchange (Bovespa), and variations in their value are recorded when they occur, directly in Equity under Other reserves.
- As of December 31, 2019 and 2018, dividends in the amount of ThCh$ 597,255 and ThCh$ 375,963, respectively, were accrued on the 0.06% share in the Equity of Telefónica Brazil.

7. Other current and non-current non-financial assets

Other non-financial assets correspond to prepayments detailed as follows:

Conceptos	31.12.2019 Current ThCh$	31.12.2019 Non-current ThCh$	12.31.2018 Current ThCh$	12.31.2018 Non-current ThCh$
Amortizable expenses (1)	18,123,850	11,907,681	16,231,335	1,752,409
Deferred Costs of mobile equipments (2)	7,566,293	-	6,111,281	-
Advance leases (3)	2,318,902	970,188	12,214,853	964,213
Franchisee commissions (4)	4,085,301	-	1,705,993	-
Other Taxes (5)	9,090,974	-	2,005,435	-
Total	**41,185,320**	**12,877,869**	**38,268,897**	**2,716,622**

(1) This item mainly includes capitalization of compliance costs associated to television equipment in the amount of ThCh$14,023,442 in 2019. On the other hand, it includes in current costs those associated to television equipment in the amount of ThCH$13,561,458 in 2018; and in non-current costs, those capitalization associated to television equipment in the amount of ThCh$11,291,139 in 2019 and capitalizacion of costs associated to television equipment in the amount of ThCh$1,750,487 in 2018. Annually, the Company reviews the behavior of the medium lifecycle of the customer to calculate the amortization expense for this concept which resulted in an increase in 2019 and therefore a higher balance to be amortized.

In addition, the Company includes in current for maintenance and licenses, ThCh$ 2,083,463 and ThCh$ 1,005,798; and insurance in the amount of ThCh$1,221,391 and ThCh$1,150,167 respectively in 2019 and 2018.

(2) Corresponds to the cost of dispatched prepaidequipments, that have not been activated by the end customers. As of December 31, 2019 and 2018, the number of pending handsets activation is 59,572 and 68,108, respectively.

(3) For 2019, the decrease in prepaid leases is mainly due to lease contracts that were associated to IFRS 16, and which therefore are presented net of current and non-current financial liabilities, since the coming into force of the new standard (See Note 16).

(4) Corrresponds to variable customer capture commissions are capitalized and amortized over a period of 18 months.

(5) This item includes remaining fiscal credit of VAT , VAT corresponding to billing of telecom links contracts entered into in December 2019 and recoverable taxes due to Chilean extreme zone.

8. Current trade and other accounts receivable

a) The composition of current trade and other accounts receivables is as follows:

Concepts	31.12.2019 Gross value ThCh$	31.12.2019 Allowance for doubtful accounts ThCh$	31.12.2019 Net value ThCh$	12.31.2018 Gross value ThCh$	12.31.2018 Allowance for doubtful accounts ThCh$	12.31.2018 Net value ThCh$
Receivables on current loan transactions	**423,049,240**	**(223,356,438)**	**199,692,802**	**387,741,581**	**(203,743,562)**	**183,998,019**
Invoiced services (1)	307,725,835	(221,264,838)	86,460,997	209,363,424	(200,120,468)	9,242,956
Services provided and not invoiced	92,279,760	(1,154,434)	91,125,326	153,958,317	(2,508,625)	151,449,692
Contractual asset (2)	23,043,645	(937,166)	22,106,479	24,419,840	(1,114,469)	23,305,371
Miscellaneous receivables (3)	**34,023,204**	-	**34,023,204**	**14,536,737**	**-**	**14,536,737**
Total	**457,072,444**	**(223,356,438)**	**233,716,006**	**402,278,318**	**(203,743,562)**	**198,534,756**

(1) In 2019 and 2018, commercial portfolio sales transactions were carried out with Banco Santander España and Interamerican Investment Corporation (IDB Invest), for a total amount of MCh$ 150,397 and MCh$ 115,304, respectively. The Company acts as collection agent in these transactions.

(2) Under IFRS 15, contractual assets correspond to the difference between revenue from sale of postpaid equipment and the amount received from the customer at the beginning of the contract.

(3) This item includes insurance recoveries in the amount of MCh$3,700, sale of real estate in the amount of MCh$2,200 and contingency to Voissnet (See Note 27a)

8. Current trade and other accounts receivable, continued

b) The composition of current trade and other accounts receivable with overdue net balances that have not been collected and have not been provisioned as a whole is detailed as follows:

Concepts	12.31.2019 Less than 3 months	3 to 6 months	6 to 12 months	Greater than 12 months	Total	12.31.2018 Less than 3 months	3 to 6 months	6 to 12 months	Greater than 12 months	Total
Miscellaneous receivables	41,065,554	12,141,347	-	-	53,206,901	29,617,113	9,170,670	-	-	38,787,783
Total	**41,065,554**	**12,141,347**	**-**	**-**	**53,206,901**	**29,617,113**	**9,170,670**	**-**	**-**	**38,787,783**

c) The movement of allowance for doubtful accounts, which includes "Current trade and other accounts receivable" and "Non-current trade and other accounts receivable" found in Note 12, is detailed as follows:

Movements	12.31.2019 ThCh$	12.31.2018 ThCh$
Beginning balance	**206,149,878**	**174,489,215**
Increases	65,902,786	49,048,664
Eliminations/ Additions	(45,652,697)	(45,212,779)
Adjustment on first-time application of IFRS 9 (see note 3)	-	27,824,778
Movements, subtotal	**20,250,089**	**31,660,663**
Ending balance	**226,399,967**	**206,149,878**

d) Allowance for doubtful account movements according to the composition of the portfolio as of December 31, 2019 and 2018 are detailed as follows:

Provisions and write-offs	31.12.2019 ThCh$	12.31.2018 ThCh$
Accrual for portfolio that has not been renegotiated	63,186,958	42,887,885
Accrual for renegotiated portfolio	2,925,953	1,474,881
Adjustment on first-time application of IFRS 9	-	27,824,778
Write-offs for the year	(45,862,822)	(40,526,881)
Total	**20,250,089**	**31,660,663**

8. Current trade and other accounts receivable, continued

e) As of December 31, 2019 and 2018, the portfolio compositition of returned documents and those in judicial collection is detailed as follows:

Portfolio of returned documents and judicial collection as of 12.31.2019	Returned notes receivable, portfolio w/o guarantee	Returned notes receivable, portfolio w/guarantee	Notes receivable in judicial collection, portfolio w/o guarantee	Notes receivable in judicial collection, portfolio w/guarantee
Number of customers in portfolio of returned documents or those in judicial collection	1,432	-	-	-
Portfolio of returned documents or those in judicial collection (ThCh$)	1,142,026	-	-	-

Portfolio of returned documents and judicial collection as of 12.31.2018	Returned notes receivable portfolio w/o guarantee	Returned notes receivable, portfolio w/guarantee	Notes receivable in judicial collection, portfolio w/o guarantee	Notes receivable in judicial collection, portfolio w/guarantee
Number of customers in portfolio of returned documents or those in judicial collection	6,775	-	-	-
Portfolio of returned documents or those in judicial collection (ThCh$)	3,754,910	-	-	-

8. Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of December 31, 2019 is detailed as follows:

Aging of portfolio by segment for the period December 31, 2019	Up to date ThCh$	From 1 to 30 days ThCh$	From 31 to 60 days ThCh$	From 61 to 90 day ThCh$	From 91 to 120 days ThCh$	From 121 to 150 days ThCh$	From 151 to 180 days ThCh$	From 181 to 210 days ThCh$	From 211 to 250 days ThCh$	More than 250 days ThCh$	Total portfolio w/o guarantee ThCh$
Fixed Telecommunications											
Number of clients w/o renegotiation (1)	670,218	283,048	76,151	47,298	62,845	69,603	44,844	62,006	66,440	2,922,723	4,305,176
Net portfolio w/o renegotiation	19,180,998	6,419,055	1,129,367	2,742,475	932,538	453,987	788,434	-	-	-	31,646,854
Debt	19,371,760	7,097,728	2,624,559	3,675,548	2,075,325	1,777,154	1,631,368	960,914	1,092,639	90,491,419	130,798,414
Provision	(190,762)	(678,673)	(1,495,192)	(933,073)	(1,142,787)	(1,323,167)	(842,934)	(960,914)	(1,092,639)	(90,491,419)	(99,151,560)
Number of clients w/renegotiation	46,443	9,044	2,337	1,422	683	620	779	844	1,098	86,123	149,393
Net renegotiated portfolio	90,364	559	9	2	-	-	-	-	-	-	90,934
Debt	454,475	90,262	25,346	15,513	7,507	5,770	7,068	7,621	9,943	790,734	1,414,239
Provision	(364,111)	(89,703)	(25,337)	(15,511)	(7,507)	(5,770)	(7,068)	(7,621)	(9,943)	(790,734)	(1,323,305)
Total number of clients	**716,661**	**292,092**	**78,488**	**48,720**	**63,528**	**70,223**	**45,623**	**62,850**	**67,538**	**3,008,846**	**4,454,569**
Total Fixed Telephone Portfolio	**19,271,362**	**6,419,614**	**1,129,376**	**2,742,477**	**932,538**	**453,987**	**788,434**	**-**	**-**	**-**	**31,737,788**
Debt	**19,826,235**	**7,187,990**	**2,649,905**	**3,691,061**	**2,082,832**	**1,782,924**	**1,638,436**	**968,535**	**1,102,582**	**91,282,153**	**132,212,653**
Provision	**(554,873)**	**(768,376)**	**(1,520,529)**	**(948,584)**	**(1,150,294)**	**(1,328,937)**	**(850,002)**	**(968,535)**	**(1,102,582)**	**(91,282,153)**	**(100,474,865)**
Corporate Communication and Data											
Number of clients w/o renegotiation (1)	3,801	2,220	839	41	544	553	357	277	386	2,468	11,486
Net portfolio w/o renegotiation	35,789,835	11,645,455	665,168	1,946,875	4,470,981	844,835	555,190	-	-	-	55,918,339
Debt	35,877,578	11,857,142	731,021	2,224,253	4,788,224	1,100,719	871,459	279,638	698,587	5,837,887	64,266,508
Provision	(87,743)	(211,687)	(65,853)	(277,378)	(317,243)	(255,884)	(316,269)	(279,638)	(698,587)	(5,837,887)	(8,348,169)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	**3,801**	**2,220**	**839**	**41**	**544**	**553**	**357**	**277**	**386**	**2,468**	**11,486**
Total Corporate Communication and Data Portfolio	**35,789,835**	**11,645,455**	**665,168**	**1,946,875**	**4,470,981**	**844,835**	**555,190**	**-**	**-**	**-**	**55,918,339**
Debt	**35,877,578**	**11,857,142**	**731,021**	**2,224,253**	**4,788,224**	**1,100,719**	**871,459**	**279,638**	**698,587**	**5,837,887**	**64,266,508**
Provision	**(87,743)**	**(211,687)**	**(65,853)**	**(277,378)**	**(317,243)**	**(255,884)**	**(316,269)**	**(279,638)**	**(698,587)**	**(5,837,887)**	**(8,348,169)**
Television											
Number of clients w/o renegotiation (1)	13,065	30,483	29,610	14,747	20,072	28,063	15,591	20,061	19,607	153,173	344,472
Net portfolio w/o renegotiation	6,805,221	273,982	103,455	25,101	12,158	2,338	1,785	-	-	-	7,224,040
Debt	6,826,057	435,048	675,154	339,931	454,780	648,166	367,078	485,015	568,239	9,356,274	20,155,742
Provision	(20,836)	(161,066)	(571,699)	(314,830)	(442,622)	(645,828)	(365,293)	(485,015)	(568,239)	(9,356,274)	(12,931,702)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	**13,065**	**30,483**	**29,610**	**14,747**	**20,072**	**28,063**	**15,591**	**20,061**	**19,607**	**153,173**	**344,472**
Total Television Portfolio	**6,805,221**	**273,982**	**103,455**	**25,101**	**12,158**	**2,338**	**1,785**	**-**	**-**	**-**	**7,224,040**
Debt	**6,826,057**	**435,048**	**675,154**	**339,931**	**454,780**	**648,166**	**367,078**	**485,015**	**568,239**	**9,356,274**	**20,155,742**
Provision	**(20,836)**	**(161,066)**	**(571,699)**	**(314,830)**	**(442,622)**	**(645,828)**	**(365,293)**	**(485,015)**	**(568,239)**	**(9,356,274)**	**(12,931,702)**

(1) The information mentioned in this line represents the number of current clients and to those that have been commercially eliminated and which are still in collections management.

8. **Current trade and other accounts receivable,** continued

f) The composition of the portfolio stratified by segment as of December 31, 2019 is detailed as follows, continued

Aging of portfolio by segment for the period December 31, 2019	Up to date ThCh$	From 1 to 30 days ThCh$	From 31 to 60 days ThCh$	From 61 to 90 day ThCh$	From 91 to 120 days ThCh$	From 121 to 150 days ThCh$	From 151 to 180 days ThCh$	From 181 to 210 days ThCh$	From 211 to 250 days ThCh$	More than 250 days ThCh$	Total portfolio w/o guarantee ThCh$
Mobile Business											
Number of clients w/o renegotiation (1)	849,343	226,843	58,179	60,881	40,610	53,899	52,759	53,546	64,361	1,870,818	3,331,239
Gross portfolio w/o renegotiation	62,438,933	7,310,058	3,671,880	5,131,803	1,225,807	1,996,806	856,488	-	-	-	82,631,775
Debt	70,192,340	8,931,685	5,881,123	6,522,074	6,177,989	8,482,751	4,540,747	5,040,418	4,663,298	61,261,238	181,693,663
Provision	(7,753,407)	(1,621,627)	(2,209,243)	(1,390,271)	(4,952,182)	(6,485,945)	(3,684,259)	(5,040,418)	(4,663,298)	(61,261,238)	(99,061,888)
Number of clients w/renegotiation	50	47	17	12	6	16	4	6	4	12,618	12,780
Net renegotiated portfolio	74,071	198	112	-	-	-	-	-	-	-	74,381
Debt	70,508	5,380	3,127	2,444	2,036	1,718	782	627	348	1,590,059	1,677,029
Accrual	3,563	(5,182)	(3,015)	(2,444)	(2,036)	(1,718)	(782)	(627)	(348)	(1,590,059)	(1,602,648)
Total number of clients	**849,393**	**226,890**	**58,196**	**60,893**	**40,616**	**53,915**	**52,763**	**53,552**	**64,365**	**1,883,436**	**3,344,019**
Total Other Portfolio	**62,513,004**	**7,310,256**	**3,671,992**	**5,131,803**	**1,225,807**	**1,996,806**	**856,488**	**-**	**-**	**-**	**82,706,156**
Debt	**70,262,848**	**8,937,065**	**5,884,250**	**6,524,518**	**6,180,025**	**8,484,469**	**4,541,529**	**5,041,045**	**4,663,646**	**62,851,297**	**183,370,692**
Provision	**(7,749,844)**	**(1,626,809)**	**(2,212,258)**	**(1,392,715)**	**(4,954,218)**	**(6,487,663)**	**(3,685,041)**	**(5,041,045)**	**(4,663,646)**	**(62,851,297)**	**(100,664,536)**
Contractual asset and Other											
Number of clients w/o renegotiation (1)	-	-	-	-	-	-	-	-	-	-	-
Net portfolio w/o renegotiation	56,129,683	-	-	-	-	-	-	-	-	-	56,129,683
Debt	57,066,849	-	-	-	-	-	-	-	-	-	57,066,849
Provision	(937,166)	-	-	-	-	-	-	-	-	-	(937,166)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net reneg otiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	-	-	-	-	-	-	-	-	-	-	-
Total Contractual Asset and Other Portfolio	**56,129,683**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**56,129,683**
Debt	**57,066,849**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**57,066,849**
Provision	**(937,166)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(937,166)**
Consolidated Portfolio											
Number of clients w/o renegotiation (1)	1,536,427	542,594	164,779	122,967	124,071	152,118	113,551	135,890	150,794	4,949,182	7,992,373
Net portfolio w/o renegotiation	180,344,670	25,648,550	5,569,870	9,846,254	6,641,484	3,297,966	2,201,897	-	-	-	233,550,691
Debt	189,334,584	28,321,603	9,911,857	12,761,806	13,496,318	12,008,790	7,410,652	6,765,985	7,022,763	166,946,818	453,981,176
Provision	(8,989,914)	(2,673,053)	(4,341,987)	(2,915,552)	(6,854,834)	(8,710,824)	(5,208,755)	(6,765,985)	(7,022,763)	(166,946,818)	(220,430,485)
Number of clients w/renegotiation	46,493	9,091	2,354	1,434	689	636	783	850	1,102	98,741	162,173
Net renegotiated portfolio	164,435	757	121	2	-	-	-	-	-	-	165,315
Debt	524,983	95,642	28,473	17,957	9,543	7,488	7,850	8,248	10,291	2,380,793	3,091,268
Provision	(360,548)	(94,885)	(28,352)	(17,955)	(9,543)	(7,488)	(7,850)	(8,248)	(10,291)	(2,380,793)	(2,925,953)
Total number of clients	**1,582,920**	**551,685**	**167,133**	**124,401**	**124,760**	**152,754**	**114,334**	**136,740**	**151,896**	**5,047,923**	**8,154,546**
Total Consolidated Portfolio	**180,509,105**	**25,649,307**	**5,569,991**	**9,846,256**	**6,641,484**	**3,297,966**	**2,201,897**	**-**	**-**	**-**	**233,716,006**
Debt	**189,859,567**	**28,417,245**	**9,940,330**	**12,779,763**	**13,505,861**	**12,016,278**	**7,418,502**	**6,774,233**	**7,033,054**	**169,327,611**	**457,072,444**
Provision	**(9,350,462)**	**(2,767,938)**	**(4,370,339)**	**(2,933,507)**	**(6,864,377)**	**(8,718,312)**	**(5,216,605)**	**(6,774,233)**	**(7,033,054)**	**(169,327,611)**	**(223,356,438)**

(1) The information mentioned in this line represents the number of current clients and to those that have been commercially eliminated and which are still in collections management

8. Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of December 31, 2018 is detailed as follows, continued

Aging of portfolio by segment for the period december 31, 2018	Up to date ThCh$	From 1 to 30 days ThCh$	From 31 to 60 days ThCh$	From 61 to 90 day ThCh$	From 91 to 120 days ThCh$	From 121 to 150 days ThCh$	From 151 to 180 days ThCh$	From 181 to 210 days ThCh$	From 211 to 250 days ThCh$	More than 250 days ThCh$	Total portfolio w/o guarantee ThCh$
Fixed Telecommunications											
Number of clients w/o renegotiation (1)	696,053	297,104	78,884	55,401	66,460	69,420	44,396	61,766	68,051	3,876,648	5,314,183
Gross portfolio w/o renegotiation	19,412,233	4,392,405	963,297	515,292	234,444	112,471	69,320	-	-	-	25,699,462
Debt	19,730,621	5,006,124	2,193,514	1,702,915	1,497,828	1,360,265	1,350,994	1,139,571	967,452	92,914,669	127,863,953
Provision	(318,388)	(613,719)	(1,230,217)	(1,187,623)	(1,263,384)	(1,247,794)	(1,281,674)	(1,139,571)	(967,452)	(92,914,669)	(102,164,491)
Number of clients w/renegotiation	99,059	347	370	349	364	324	355	351	404	71,193	173,116
Net renegotiated portfolio	125,798	-	-	-	-	-	-	-	-	-	125,798
Debt	950,146	3,605	3,947	3,704	3,672	3,121	3,512	3,288	4,312	621,372	1,600,679
Provision	(824,348)	(3,605)	(3,947)	(3,704)	(3,672)	(3,121)	(3,512)	(3,288)	(4,312)	(621,372)	(1,474,881)
Total number of clients	**795,112**	**297,451**	**79,254**	**55,750**	**66,824**	**69,744**	**44,751**	**62,117**	**68,455**	**3,947,841**	**5,487,299**
Total Fixed Telephone Portfolio	**19,538,031**	**4,392,405**	**963,297**	**515,292**	**234,444**	**112,471**	**69,320**	**-**	**-**	**-**	**25,825,260**
Debt	**20,680,767**	**5,009,729**	**2,197,461**	**1,706,619**	**1,501,500**	**1,363,386**	**1,354,506**	**1,142,859**	**971,764**	**93,536,041**	**129,464,632**
Provision	**(1,142,736)**	**(617,324)**	**(1,234,164)**	**(1,191,327)**	**(1,267,056)**	**(1,250,915)**	**(1,285,186)**	**(1,142,859)**	**(971,764)**	**(93,536,041)**	**(103,639,372)**
Corporate Communication and Data											
Number of clients w/o renegotiation (1)	2,646	1,545	584	29	379	385	249	193	269	1,718	7,997
Net portfolio w/o renegotiation	32,848,129	5,133,416	1,295,463	2,879,052	1,190,772	906,270	404,979	-	-	-	44,658,081
Debt	32,910,516	5,224,710	1,307,151	3,114,347	1,431,229	1,121,296	769,866	318,900	596,508	2,977,826	49,772,349
Provision	(62,387)	(91,294)	(11,688)	(235,295)	(240,457)	(215,026)	(364,887)	(318,900)	(596,508)	(2,977,826)	(5,114,268)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	**2,646**	**1,545**	**584**	**29**	**379**	**385**	**249**	**193**	**269**	**1,718**	**7,997**
Total Corporate Communication and Data Portfolio	**32,848,129**	**5,133,416**	**1,295,463**	**2,879,052**	**1,190,772**	**906,270**	**404,979**	**-**	**-**	**-**	**44,658,081**
Debt	**32,910,516**	**5,224,710**	**1,307,151**	**3,114,347**	**1,431,229**	**1,121,296**	**769,866**	**318,900**	**596,508**	**2,977,826**	**49,772,349**
Provision	**(62,387)**	**(91,294)**	**(11,688)**	**(235,295)**	**(240,457)**	**(215,026)**	**(364,887)**	**(318,900)**	**(596,508)**	**(2,977,826)**	**(5,114,268)**
Television											
Number of clients w/o renegotiation (1)	37,049	42,496	42,840	39,940	38,586	41,930	41,137	34,142	26,185	165,154	509,459
Net portfolio w/o renegotiation	9,354,667	623,618	214,657	86,435	29,274	1,686	859	-	-	-	10,311,196
Debt	9,428,399	852,779	1,190,194	1,101,216	1,044,076	1,143,045	1,134,644	961,315	815,245	9,874,662	27,545,575
Provision	(73,732)	(229,161)	(975,537)	(1,014,781)	(1,014,802)	(1,141,359)	(1,133,785)	(961,315)	(815,245)	(9,874,662)	(17,234,379)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	**37,049**	**42,496**	**42,840**	**39,940**	**38,586**	**41,930**	**41,137**	**34,142**	**26,185**	**165,154**	**509,459**
Total Television Portfolio	**9,354,667**	**623,618**	**214,657**	**86,435**	**29,274**	**1,686**	**859**	**-**	**-**	**-**	**10,311,196**
Debt	**9,428,399**	**852,779**	**1,190,194**	**1,101,216**	**1,044,076**	**1,143,045**	**1,134,644**	**961,315**	**815,245**	**9,874,662**	**27,545,575**
Provision	**(73,732)**	**(229,161)**	**(975,537)**	**(1,014,781)**	**(1,014,802)**	**(1,141,359)**	**(1,133,785)**	**(961,315)**	**(815,245)**	**(9,874,662)**	**(17,234,379)**

(1) The information mentioned in this line represents the number of current clients and to those that have been commercially eliminated and which are still in collections management

8. Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of December 31, 2018 is detailed as follows, continued

Aging of portfolio by segment at December 31, 2018	Up to date ThCh$	From 1 to 30 days ThCh$	From 31 to 60 days ThCh$	From 61 to 90 day ThCh$	From 91 to 120 days ThCh$	From 121 to 150 days ThCh$	From 151 to 180 days ThCh$	From 181 to 210 days ThCh$	From 211 to 250 days ThCh$	More than 250 days ThCh$	Total portfolio w/o guarantee ThCh$
Mobile Business											
Number of clients w/o renegotiation (1)	908,646	176,374	62,478	53,561	50,674	39,108	41,981	54,141	33,232	1,547,464	2,967,659
Net portfolio w/o renegotiation	60,079,723	8,346,908	2,608,385	2,557,748	996,379	4,238,710	985,494	-	-	-	79,813,347
Debt	60,522,617	10,331,104	4,878,354	5,013,421	5,101,076	7,040,167	3,334,549	3,563,540	3,940,001	51,048,735	154,773,564
Provision	(442,894)	(1,984,196)	(2,269,969)	(2,455,673)	(4,104,697)	(2,801,457)	(2,349,055)	(3,563,540)	(3,940,001)	(51,048,735)	(74,960,217)
Number of clients w/renegotiation	192	193	52	19	44	46	33	71	48	12,885	13,583
Net renegotiated portfolio	84,315	383	38	16	-	-	12	-	-	-	84,764
Debt	107,510	15,808	3,268	3,374	5,487	4,549	4,391	6,588	3,786	1,610,860	1,765,621
Provision	(23,195)	(15,425)	(3,230)	(3,358)	(5,487)	(4,549)	(4,379)	(6,588)	(3,786)	(1,610,860)	(1,680,857)
Total number of clients	**908,838**	**176,567**	**62,530**	**53,580**	**50,718**	**39,154**	**42,014**	**54,212**	**33,280**	**1,560,349**	**2,981,242**
Total Other Portfolio	**60,164,038**	**8,347,291**	**2,608,423**	**2,557,764**	**996,379**	**4,238,710**	**985,506**	**-**	**-**	**-**	**79,898,111**
Debt	**60,630,127**	**10,346,912**	**4,881,622**	**5,016,795**	**5,106,563**	**7,044,716**	**3,338,940**	**3,570,128**	**3,943,787**	**52,659,595**	**156,539,185**
Provision	**(466,089)**	**(1,999,621)**	**(2,273,199)**	**(2,459,031)**	**(4,110,184)**	**(2,806,006)**	**(2,353,434)**	**(3,570,128)**	**(3,943,787)**	**(52,659,595)**	**(76,641,074)**
Contractual asset and Other											
Number of clients w/o renegotiation (1)	-	-	-	-	-	-	-	-	-	-	-
Net portfolio w/o renegotiation	37,842,108	-	-	-	-	-	-	-	-	-	37,842,108
Debt	38,956,577	-	-	-	-	-	-	-	-	-	38,956,577
Provision	(1,114,469)	-	-	-	-	-	-	-	-	-	(1,114,469)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Contractual Asset and Other Portfolio	**37,842,108**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**37,842,108**
Debt	**38,956,577**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**38,956,577**
Provision	**(1,114,469)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,114,469)**
Consolidated Portfolio											
Number of clients w/o renegotiation (1)	1,644,394	517,519	184,786	148,931	156,099	150,843	127,763	150,242	127,737	5,590,984	8,799,298
Net portfolio w/o renegotiation	159,536,860	18,496,347	5,081,802	6,038,527	2,450,869	5,259,137	1,460,652	-	-	-	198,324,194
Debt	161,548,730	21,414,717	9,569,213	10,931,899	9,074,209	10,664,773	6,590,053	5,983,326	6,319,206	156,815,892	398,912,018
Provision	(2,011,870)	(2,918,370)	(4,487,411)	(4,893,372)	(6,623,340)	(5,405,636)	(5,129,401)	(5,983,326)	(6,319,206)	(156,815,892)	(200,587,824)
Number of clients w/renegotiation	99,251	540	422	368	408	370	388	422	452	84,078	186,699
Net renegotiated portfolio	210,113	383	38	16	-	-	12	-	-	-	210,562
Debt	1,057,656	19,413	7,215	7,078	9,159	7,670	7,903	9,876	8,098	2,232,232	3,366,300
Provision	(847,543)	(19,030)	(7,177)	(7,062)	(9,159)	(7,670)	(7,891)	(9,876)	(8,098)	(2,232,232)	(3,155,738)
Total number of clients	**1,743,645**	**518,059**	**185,208**	**149,299**	**156,507**	**151,213**	**128,151**	**150,664**	**128,189**	**5,675,062**	**8,985,997**
Total Consolidated Portfolio	**159,746,973**	**18,496,730**	**5,081,840**	**6,038,543**	**2,450,869**	**5,259,137**	**1,460,664**	**-**	**-**	**-**	**198,534,756**
Debt	**162,606,386**	**21,434,130**	**9,576,428**	**10,938,977**	**9,083,368**	**10,672,443**	**6,597,956**	**5,993,202**	**6,327,304**	**159,048,124**	**402,278,318**
Provision	**(2,859,413)**	**(2,937,400)**	**(4,494,588)**	**(4,900,434)**	**(6,632,499)**	**(5,413,306)**	**(5,137,292)**	**(5,993,202)**	**(6,327,304)**	**(159,048,124)**	**(203,743,562)**

(1) The information mentioned in this line represents the number of current clients and to those that have been commercially eliminated and which are still in collections management.

9. Receivables from and payable to related companies

a) Currents receivables from related companies:

Company	Taxpayer No.	Country of Origin	Nature of the relationship	Transaction origin	Currency	Term	12.31.2019 ThCh$	12.31.2018 ThCh$
Telxius Torres Chile, S.A.	76,558,575-9	Chile	Common end controller	Services prov.	CLP	60 days	12,096,459	9,694,655
Telefónica International Wholesale Services España	Foreing	Spain	Common end controller	Services prov.	EUR	90 days	5,045,351	4,379,668
Tiws Chile II Spa	76,540,944-6	Chile	Common end controller	Services prov.	CLP	60 dás	953,832	956,011
Telxius Cable Chile	96,910,730-9	Chile	Common end controller	Services prov.	CLP	60 days	788,480	721,676
Telefónica S.A.	Foreing	Spain	Shareholder	Services prov.	EUR	90 days	712,499	712,499
Telefónica Digital España	Foreing	Spain	Common end controller	”	EUR	60 days	627,459	977,665
Telefónica Ingeniería de Seguridad S.A.	59,083,900-0	Chile	Common end controller	”	CLP	60 days	254,661	281,304
Media Networks Perú	Foreing	Perú	Common end controller	”	USD	90 days	195,900	836,803
Wayra Chile Tecnología e Innovación Ltda.	96,672,150-2	Chile	Common end controller	”	CLP	60 days	147,444	74,813
Telefónica Móviles España S.A.	Foreing	Spain	Common end controller	”	EUR	90 days	92,113	66,148
Telefónica del Perú	Foreing	Perú	Common end controller	”	CLP	60 days	59,981	121,981
Telcel Venezuela	Foreing	Venezuela	Common end controller	”	USD	90 days	33,091	46,498
Media Networks Chile	76,243,733-3	Chile	Common end controller	”	CLP	60 days	27,209	10,265
Terra Networks Chile S.A.	96,834,230-4	Chile	Common end controller	”	CLP	60 days	24,194	47,916
Telefónica Uk Ltd (antes O2 (UK) Ltd)	Foreing	UK	Common end controller	”	EUR	90 days	22,067	19,388
Telefónica On The Spot Soluciones Digitales De Chile Spa	76,338,291-5	Chile	Common end controller	”	CLP	60 days	6,296	4,222
Inversiones Telefónica Internacional Holding L S.A.	77,363,730-K	Chile	Common end controller	”	CLP	60 days	5,262	1,732
Terra Networks Brasil	Foreing	Brazil	Common end controller	”	USD	90 days	5,148	-
Pegaso PCS, S.A. de C.V.	Foreing	México	Common end controller	”	USD	90 days	4,845	57,419
Colombia Telecomunicaciones S.A.E.S.P	Foreing	Colombia	Common end controller	”	USD	60 days	3,866	436,611
Telefónica Learning Services Chile Capacitación Ltda.	76,131,334-7	Chile	Common end controller	”	CLP	60 days	1,453	4,962
Otecel S.A.	Foreing	Ecuador	Common end controller	”	USD	60 days	1,043	2,618
Telefónica Móviles El Salvador	Foreing	El Salvador	Common end controller	”	USD	90 days	582	681
Telefónica Brasil	Foreing	Brazil	Common end controller	”	USD	90 days	-	361,443
Telefonía Celular de Nicaragua S.A.	Foreing	Nicaragua	Common end controller	”	USD	90 days	-	798
Telefónica Móviles Guatemala	Foreing	Guatemala	Common end controller	”	USD	90 days	-	12,317
Telefónica Argentina S.A.	Foreing	Argentina	Common end controller	”	USD	180 days	-	30,744
Telefónica O2 Germany Gmbh & Co Ohg	Foreing	Germany	Common end controller	”	USD	90 days	-	850,567
Telefónica Móviles del Uruguay S.A.	Foreing	Uruguay	Common end controller	”	USD	90 days	-	36,330
Telefónica Móviles de Panamá	Foreing	Panamá	Common end controller	”	USD	90 days	-	7,484
Telefónica Móviles Argentina S.A.	Foreing	Argentina	Common end controller	”	USD	90 days	-	210,653
Telefónica Learning Services Chile Spa	76,318,959-7	Chile	Common end controller	”	CLP	60 days	-	1,705
Telefónica Investigación y Desarrollo S.A. (TIDSA)	Foreing	Spain	Common end controller	”	EUR	90 days	-	135,356
Fundación Telefónica Chile S.A.	74,944,200-k	Chile	Associated	”	CLP	60 days	-	384,910
Total							**21,109,235**	**21,487,842**

There are no allowances for doubtful accounts or guarantees related to amounts included in outstanding balances.
For amounts in excess of 5% of their total heading the origin of the service rendered is specified.

9. **Receivables from and payable to related companies,** continued

b) Currents payables from related companies, continued

Company	Taxpayer No.	Country of Origin	Nature of the relationship	Transaction origin	Currency	Term	12.31.2019 ThCh$	12.31.2018 ThCh$
Telxius Torres Chile S.A.	76,558,575-9	Chile	Common end controller	**Subtotal**			**15,383,448**	**9,575,433**
				Spaces lease	CLP	60 days	8,942,700	8,391,763
				Colocalization lease (IFRS 16)	CLP	60 days	6,372,666	636,129
				Infrastructure lease	CLP	60 days	38,515	471,628
				Colocalization lease	CLP	60 days	29,567	75,913
Telefónica S.A.	Foreign	Spain	Common end controller	Serv. Provided			**8,375,772**	**8,840,377**
				Brand Fee	EUR / CLP	90 days	7,917,019	8,062,739
Telxius Cable Chile	96,910,730-9	Chile	Common end controller	**Subtotal**			**7,095,059**	**6,551,488**
				Voice IP transit	CLP	60 days	4,432,682	4,604,977
				Data and links	CLP	60 days	2,298,835	1,192,853
				Commercial Mandate	CLP	60 days	87,574	729,747
				Others	CLP	60 days	275,968	23,911
Telefónica Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	180 days	12,209,013	4,042,858
Telefónica Digital España	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	5,798,222	5,753,026
Telefónica International Wholesale Services España	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	5,667,001	6,087,907
Tiws Chile II Spa	76,540,944-6	Chile	Common end controller	Serv. Provided	CLP	60 days	1,715,810	2,062,670
Telefónica Latam Holding	Foreign	Spain	Common end controller	**Subtotal**			**1,860,017**	**1,874,932**
				Management Fee	EUR	90 days	1,860,017	1,871,048
				Otros	EUR	90 days	-	3,884
Telefónica Ingeniería de Seguridad S.A.	59,083,900-0	Chile	Common end controller	Serv. Provided	CLP	60 days	3,324,841	1,709,682
Media Networks Perú	Foreign	Perú	Common end controller	Satelital Space	USD	90 days	1,516,382	1,898,281
Telefónica Compras Electrónicas	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	688,623	841,807
Telefónica Global Tecnology S.A.U.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	573,922	523,799
Telefónica Learning Services Chile Capacitación Ltda.	76,131,334-7	Chile	Common end controller	Serv. Provided	CLP	60 days	382,084	-
Telefónica Brasil	Foreign	Brazil	Common end controller	Serv. Provided	USD	90 days	376,358	358,571
Telefónica del Perú S.A.	Foreign	Perú	Common end controller	Serv. Provided	USD	180 days	209,586	208,929
Terra Networks Chile S.A.	96,834,230-4	Chile	Common end controller	Serv. Provided	CLP	60 days	147,832	301,652
Telefónica O2 Germany Gmbh & Co Ohg	Foreign	Germany	Common end controller	Serv. Provided	EUR	90 days	133,778	144,742
Colombia Telecomunicaciones S.A.E.S.P. (Telecom.)	Foreign	Colombia	Common end controller	Serv. Provided	USD	60 days	109,716	140,411
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	90 days	105,127	184,439
Telefónica Global Roaming Gmbh	Foreign	Germany	Common end controller	Serv. Provided	EUR	90 days	89,361	146,609
Telefónica Móviles España S.A.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	67,643	66,252
Telefónica USA Inc.	Foreign	USA	Common end controller	Serv. Provided	USD	60 days	48,414	449,518
Telefónica Servicios Audiovisuales	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	46,018	25,855

9. Receivables from and payable to related companies, continued

b) Current payables to related companies, continued

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	12.31.2019 ThCh$	12.31.2018 ThCh$
Pegaso PCS, S.A. de C.V.	Extranjera	México	Common end Controller	Serv. Provided	USD	90 días	35,611	15,900
Telefónica On The Spot Soluciones Digitales de Chile SpA	76,338,291-5	Chile	Common end Controller	Serv. Provided	CLP	60 días	24,475	141,770
Telefónica Investigación y Desarrollo S.A. (TIDSA)	Extranjera	Spain	Common end Controller	Serv. Provided	EUR	90 días	19,000	4,304
Telefónica Global Tecnology Chile	59,165,120-k	Chile	Common end Controller	Computer Services	CLP	60 días	16,105	16,105
Telfisa Global B.V.	Extranjera	Spain	Common end Controller	Administration Commision	CLP	90 días	9,664	12,707
Otecel S.A.	Extranjero	Ecuador	Common end Controller	Serv. Provided	USD	90 días	8,762	6,396
Telefónica Móviles del Uruguay S.A.	Extranjera	Uruguay	Common end Controller	Serv. Provided	USD	90 días	7,768	16,916
Telefónica Móviles Panamá	Extranjera	Panamá	Common end Controller	Serv. Provided	USD	90 días	4,343	3,243
Telcel Venezuela	Extranjera	Venezuela	Common end Controller	Serv. Provided	USD	90 días	2,829	3,077
Telefónica de España S.A.U	Extranjera	Spain	Common end Controller	Serv. Provided	EUR	180 días	1,611	112
Tgestiona Logistica Peru Sac	Extranjera	Perú	Common end Controller	Serv. Provided	USD	90 días	865	8,031
Telefónica Móviles El Salvador	Extranjera	El Salvador	Common end Controller	Serv. Provided	USD	90 días	101	223
Telefónica Learning Services Chile SpA	76,318,959-7	Chile	Common end Controller	Serv. Provided	CLP	90 días	47	-
Fundación Telefónica Chile	74,944,200-k	Chile	Common end Controller	Serv. Provided	CLP	60 días	-	137,771
Telefónica Uk Ltd	Extranjera	UK	Common end Controller	Serv. Provided	USD	90 días	-	42,272
Telefónica Móviles Guatemala	Extranjero	Guatemala	Common end Controller	Serv. Provided	USD	90 días	-	4,737
Total							**66,055,208**	**52,202,802**

There are no guarantees related to amounts included in outstanding balances.

For amounts in excess of 5% of their total heading the origin of the service rendered is specified.

c) Non-current payables to related companies:

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	12.31.2019 ThCh$	12.31.2018 ThCh$
Telxius Torres Chile S.A. (1)	76,558,575-9	Chile	Common end controller	Colocalization lease (IFRS 16)	CLP	-	37,179,398	-
Telefónica S.A.	Foreing	Spain	End Controller	Obligation RRHH	CLP	-	848,247	168,255
Total							**38,027,645**	**168,255**

(1) With the coming into effect of IFRS 16, current contracts with Telxius Torres Chile S.A. as of January 1, 2019 have been recognized as a financial obligation

9. **Receivables from and payable to related companies,** continued

d) The most significant transactions and their effects on Results:

Company	Taxpayer No.	Country of Origin	Nature of the relationship	Transaction Origin	Currency	12.31.2019 Amount ThCh$	12.31.2019 Efect on income (Debit)/Credit ThCh$	12.31.2018 Amount ThCh$	12.31.2018 Efect income (Debit)/Credit ThCh$
Telefónica S,A,	Foreing	Spain	End Controller	Brand Fee	EUR	13,783,604	(13,783,604)	26,139,682	(26,139,682)
Media Networks Perú	Foreing	Perú	Common end controller	Spaces lease	USD	9,092,665	(9,092,665)	9,240,306	(9,240,306)
Telefónica Global Tecnology	Foreing	Spain	Common end controller	Costs	EUR	4,268,723	(4,268,723)	4,766,466	(4,766,466)
Telefónica Ingeniería de Seguridad S,A,	59,083,900-0	Chile	Common end controller	Costs	CLP	12,646,562	(12,646,562)	6,923,396	(6,923,396)
Telefónica Digital España	Extranjera	Spain	Common end controller	Costs	EUR	7,854,188	(7,854,188)	6,195,797	(6,195,797)
Telefónica Argentina S,A,	Foreing	Argentina	Common end controller	Media Lease	USD	8,438,851	(8,438,851)	7,329,240	(7,329,240)
Telefónica International Wholesale Services España	Foreing	Spain	Common end controller	Sales	EUR	2,412,039	2,412,039	2,141,253	2,141,253
				Costs	EUR	3,294,560	(3,294,560)	3,985,948	(3,985,948)
Telxius Cable Chile S,A	96,910,730-9	Chile	Common end controller	Sales	CLP	2,961,803	2,961,803	3,009,360	3,009,360
				Access and transit	CLP	14,362,576	(14,362,576)	13,713,728	(13,713,728)
				Sales	CLP	1,419,656	1,419,656	-	-
Tiws Chile II Spa	76,540,944-6	Chile	Common end controller	Costs	CLP	6,428,708	6,428,708)	4,112,963	(4,112,963)
Telefónica S,A,	Foreing	Spain	End Controller	Brand Fee	EUR	11,613,688	(11,613,388)	11,632,003	(11,632,003)
				Others	USD	2,067,670	(2,067,670)	685,656	(685,656)
Media Networks Perú	Foreing	Perú	Common end controller	Costs	USD	6,731,475	(6,731,475)	9,640,306	(9,640,306)
Telefónica Argentina S,A,	Foreing	Argentina	Common end controller	Costs	CLP	8,438,853	(8,438,853)	7,329,240	(7,329,240)
Telefónica Ingeniería de Seguridad S,A,	59,083,900-0	Chile	Common end controller	Costs	EUR	12,646,534	(12,646,534)	6,106,623	(6,106,623)
TIWS Chile II SpA	76,540,944-6	Chile	Common end controller	Costs	EUR	6,428,703	(6,428,703)	1,457,898	(1,457,898)
Telefónica Digital España	Foreing	Spain	Common end controller	Costs	EUR	7,854,189	(7,854,189)	5,889,071	(5,889,071)
				Sales	EUR	1,207,072	1,207,072	957,168	957,168
Telefónica Compras Electrónica S,A,	Foreing	Spain	Common end controller	Costs	EUR	1,749,665	(1,749,665)	1,729,772	(1,729,772)
Telefónica International Wholesale Services II	Foreing	Spain	Common end controller	Sales	EUR	2,412,038	2,412,038	1,321,229	1,321,229
				Costs	EUR	3,294,561	(2,294,561)	2,996,021	(2,996,021)
Telxius Torres Chile S,A,	76,558,575-9	Chile	Common end controller	Leases	CLP	1,289,054	(1,289,054)	-	-

Only transactions between related parties in excess of ThCh$1,000,000 are disclosed.

9. Receivables from and payable to related companies, continued

d) The most significant transactions and their effects on results, continued

Title XVI of the Company's Law, and other relevant standards, requires that a publicly traded corporation's transactions with related companies are carried out under similar terms to those commonly prevailing in the market.

There have been charges and credits to current accounts in the receivables of companies due to billing for sale of materials, equipment and services. The conditions of the Mercantile Current Account and Mandate are currents, accruing interest at a variable interest rate that adjusts to market conditions.

Sales and service rendering expire in the short-term (less than one year) and the expiry conditions for each case vary by virtue of the transaction that generates them.

e) Remuneration and benefits received by the Company's key employees:

The Company is managed by a Board of Directors composed of 11 members and its key employees, at December 31, 2019 and 2018, are 64 and 65 executives, respectively.

Concepts	12.31.2019 ThCh$	12.31.2018 ThCh$
Salaries	12,470,757	12,379,982
Post employment benefits	1,846,968	1,928,698
Total	**14,317,725**	**14,308,680**

10. Inventory

a) The detail of inventory is as follows:

Concepts	31.12.2019 Gross value ThCh$	31.12.2019 Allowance for obsolescence ThCh$	31.12.2019 Net value ThCh$	12.31.2018 Gross value ThCh$	12.31.2018 Allowance for obsolescence ThCh$	12.31.2018 Net value ThCh$
Mobile equipment	37,151,692	(364,271)	36,787,421	41,801,732	(1,241,829)	40,559,903
Modems and Router	7,305,621	(748,031)	6,557,589	4,067,087	(1,001,222)	3,065,865
Decoders and antennas	9,548,025	(578,411)	8,969,615	8,166,587	(220,094)	7,946,493
Basic telephony, public telephony and telephone switchboards components	2,489,025	(381,658)	2,107,368	2,169,968	(755,823)	1,414,145
IP Solutions Projects	4,000,524	-	4,000,524	2,214,315	-	2,214,315
Mobile accesories	143,022	(3,290)	139,732	23,068	(7,330)	15,738
Other	782,171	(56,410)	725,760	403,232	(53,529)	349,703
Total	61,420,080	**(2,132,071)**	**59,288,009**	**58,845,989**	**(3,279,827)**	**55,566,162**

As of December 31, 2019 and December 31, 2018 there have been no inventory write-offs, there is no inventory in guarantee.

10. Inventory, continued

b) The movement of inventory is as follows:

Movements	31.12.2019 ThCh$	12.31.2018 ThCh$
Beginning balance	**55,566,162**	**49,212,817**
Purchases	265,136,170	247,663,504
Capitalized sales (note 24c)	(255,232,196)	(235,652,304)
Sales pending capitalization (note 7)	(7,329,883)	(6,111,281)
Allowance for obsolescence	1,147,756	453,508
Transfer to materials allocated to the investment (note 15b)	-	(82)
Movement, subtotal	**3,721,847**	**6,353,345**
Ending balance	**59,288,009**	**55,566,162**

11. Income Taxes

a) Income Taxes:

As of December 31, 2019 the parent Telefónica Móviles Chile S.A. and subsidiary, Telefónica Chile Servicios Corporativos Ltda., have established a first category income tax provision, determining a positive taxable base in the amount of ThCh$41,419,836 and ThCh$2,191,926, respectively.

As of December 31, 2018, Telefónica Móviles Chile S.A., Telefónica Chile Servicios Corporativos Ltda., and Telefónica Investigación y Desarrollo SpA, established a first-category income tax provision, determining a positive taxable base of ThCh$30,423,133.

As of December 31, 2019 and 2018, the Parent and subsidiaries presents the followingtax losses of first category income tax:

- Telefónica Chile S.A., ThCh$2,862,594 and ThCh$27,548,368 at December 31, 2019 and 2018, respectively.
- Telefónica Empresas S.A., ThCh$36,307,058 and ThCh$20,779,469 at December 31, 2019 y 2018, respectively.
- Telefónica Investigación y Desarrollo SpA, ThCh$354,364 at December 31, 2019.

Regarding those companies with tax losses, it should be noted that, in the normal development of their operations, the Parent Company and its subsidiaries are subject to regulation and oversight by the Chilean Internal Revenue Service, whereby differences may arise in the application of the criteria for determining taxes.

11. **Taxes,** continued

a) **Income Taxes,** continued

As of December 31, 2019, corporate income is detailed as follows:

Subsidiaries	Control	Income subject to Global Complementary or Additional Tax (RAI)	Difference between Accelerated Devaluation And normal (DDAN)	Exempt income (REX) Non-taxable income	Accumulated credit balances (SAC) — Accumulated as of 01.01.2017 Current loan rate (factor of 27%) — Subject to restitution entitled to return	No Subject to restitution entitled to return	Total available credit against final taxes (art 41 A & 41 C of ITL)	Accumulated up to 12.31.2016 Effective rate 22,77% Entitled to return	Total Balance of Taxable Net Income (STUT)
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Telefónica Móviles Chile S.A.	65,142,376	65,142,376	-	-	10,967,913	-	-	1,057,143	4,686,247
Telefónica Chile S.A.	-	-	-	-	-	-	-	170,019,389	753,975,100
Telefónica Empresas Chile S.A.	2,870,559	-	-	2,870,559	(198,735)	-	-	-	-
Telefónica Chile Servicios Corporativos Ltda.	83,658,762	83,658,762	-	-	12,892,020	-	-	17,295,010	64,412,044
Telefónica Investigación y Desarrollo SPA	2,076,118	2,076,118	-	-	678,399	-	-	-	-
Total	**153,747,815**	**150,877,256**	**-**	**2,870,559**	**24,339,597**	**-**	**-**	**188,371,542**	**823,073,391**

b) **Current tax assets**

As of December 31, 2019 and 2018, current income tax assets are detailed as follows:

Conceptos	12.31.2019 ThCh$	12.31.2018 ThCh$
Taxes for recovering previous years (1)	1,519,311	3,103,379
Monthly prepaid tax installments (2)	2,455,060	5,471,861
Provisional payment on absorbed profits (3)	2,718,729	4,199,489
Sence	838,000	400,000
Total	**7,531,100**	**13,177,118**

(1) Corresponds to the net balance between monthly provisional payments and the income tax provision AT 2020. In addition, this item must include tax refunds received by Telefónica Móviles for monthly provisional payments ("PPM") for the 2019 fiscal year in the amount of ThCh$2,330,740.

(2) On April 2, 2019, Telefónica Móviles S.A. received a PPM refund for the 2018 fiscal year in the amount of ThCh$1,046,822. In January and August 2019, subsidiary Telefónica Chile S.A., received a PPM refund for the 2018 fiscal year in the amount of ThCh$3,612,081.

(3) During year 2019, there was a refund of monthly provisional payments on absorbed profits from Telefónica Móviles Chile S.A. in the amount of ThCh$ 1,480,760. The recoverable tax balance, for provisional payments on absorbed profits, is only related to the Parent.

11. **Income Taxes,** continued

c) Deferred tax assets and liabilities

As of December 31, 2019 and 2018, accumulated balances of temporary differences originated net deferred tax assets in the amount of ThCh$22,466,891 and; ThCh$33,975,793 respectively, and which are detailed as follows:

Disclosure of temporary differences, losses and unused tax credits December 31, 2019	Allowance for doubtful accounts	Obsolescence provision	Deferred income	Effect or taxable goodwill on merger of subsidiary	Dismantling provision	Deferred Cost of saleand deferred sales commissions	Personnel provisions	Amortization and depreciation of assets	Tax loss	Right – of – use assets and lease obligations	Oher temporary differences	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
Deferred tax assets and liabilities														
Deferred tax assets	36,312,173	498,253	4,472,265	96,880,357	5,057,214	-	17,713,195	9,946,286	10,671,484	8,286,817	4,781,690	(78,251,313)	116,368,421	116,368,421
Deferred tax liabilities	-	-	6,971,160		-	3,661,938	11,129,182	141,440,873	-	9,259,031	(309,341)	(78,251,313)	93,901,530	93,901,530
Deferred tax liabilities (assets)	(36,312,173)	(498,253)	2,498,895	(96,880,357)	(5,057,214)	3,661,938	(6,584,013)	131,494,587	(10,671,484)	972,214	(5,091,031)		(22,466,891)	(22,466,891)
Deferred tax assets and liabilities, net														
Deferred tax assets, net	(36,312,173)	(498,253)	-	(96,880,357)	(5,057,214)	-	(6,584,013)	-	(10,671,484)	-	(5,091,031)	-	(161,094,525)	(161,094,525)
Deferred tax liabilities, net	-	-	2,498,895	-	-	3,661,938	-	131,494,587	-	972,214	-	-	138,627,634	138,627,634
Deferred tax expense (benefit														
Deferred tax expense (benefit)	(3,041,618)	309,894	(224,954)	15,256,154	376,262	1,237,260	1,043,635	(3,760,986)	2,398,275	1,068,874	(2,388,765)	-	12,274,031	12,274,031
Deferred tax expense (benefit) recognized in income	(3,041,618)	309,894	(224,954)	15,256,154	376,262	1,237,260	1,043,635	(3,760,986)	2,398,275	1,068,874	(2,388,765)	-	12,274,031	12,274,031
Deferred tax liabilities (assets) – Beginning balance Dec, 2018	(33,270,555)	(808,147)	2,723,849	(112,136,511)	(5,433,476)	2,424,678	(6,980,422)	135,255,573	(13,048,516)	-	(2,702,266)	-	(33,975,793)	(33,975,793)
Changes in deferred tax liabilities (assets)														
Deferred tax expense (benefit) recognized in income	(3,041,618)	309,894	(224,954)	15,256,154	376,262	1,237,260	1,043,635	(3,760,986)	2,398,275	1,068,874	(2,388,765)	-	12,274,031	12,274,031
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	(21,243)	(96,660)	-	-	(117,903)	(117,903)
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	(647,226)	-	-	-	-	-	(647,226)	(647,226)
Increase (decrease) from business combinations, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to loss of control of subsidiary, deferred tax liabilities assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to net foreign currency translation, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
mentos (disminuciones) de pasivos (activos) por impuestos diferidos	**(3,041,618)**	**309,894**	**(224,954)**	**15,256,154**	**376,262**	**1,237,260**	**396,409**	**(3,760,986)**	**2,377,032**	**972,214**	**(2,388,765)**	-	**11,508,902**	**11,508,902**
Pasivo (activo) por impuestos diferidos	(36,312,173)	(498,253)	2,498,895	(96,880,357)	(5,057,214)	3,661,938	(6,584,013)	131,494,587	**(10,671,484)**	972,214	(5,091,031)	-	(22,466,891)	(22,466,891)

11. Income Taxes, continued

c) Assets and Liability by Deferred taxes, continued

Disclosure of temporary differences, losses and unused tax credits december 31, 2018	Allowance for doubtful accounts	Obsolescence provision	Deferred income	Effect or taxable goodwill on merger of subsidiary	Dismantling provision	Deferred Cost of saleand deferred sales commissions	Personnel provisions	Amortization and depreciation of assets	Tax loss	Other temporary differences	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
Deferred tax assets and liabilities													
Deferred tax assets	33,270,555	808,147	4,565,235	112,136,511	5,433,476	-	18,381,366	9,655,282	13,048,516	3,988,759	(82,741,713)	118,546,134	118,546,134
Deferred tax liabilities	-	-	7,289,084	-	-	2,424,678	11,400,944	144,910,855	-	1,286,493	(82,741,713)	84,570,341	84,570,341
Deferred tax liabilities (assets)	(33,270,555)	(808,147)	2,723,849	(112,136,511)	(5,433,476)	2,424,678	(6,980,422)	135,255,573	(13,048,516)	(2,702,266)	-	(33,975,793)	(33,975,793)
Deferred tax assets and liabilities, net													
Deferred tax assets, net	(33,270,555)	(808,147)	-	(112,136,511)	(5,433,476)	-	(6,980,422)	-	(13,048,516)	(2,702,266)	-	(174,379,893)	(174,379,893)
Deferred tax liabilities, net	-	-	2,723,849	-	-	2,424,678	-	135,255,573	-	-	-	140,404,100	140,404,100
Deferred tax expense (benefit													
Deferred tax expense (benefit)	11,192,762	122,448	2,171,369	15,346,129	(1,371,185)	(2,528,176)	(2,196,577)	1,168,931	(9,120,813)	868,574	-	15,653,462	15,653,462
Deferred tax expense (benefit) recognized in income	11,192,762	122,448	2,171,369	15,346,129	(1,371,185)	(2,528,176)	(2,196,577)	1,168,931	(9,120,813)	868,574	-	15,653,462	15,653,462
Changes in deferred tax liabilities (assets)													
Deferred tax liabilities (assets) – Beginning balance Dec, 2017	(36,950,627)	(930,595)	(10,178,366)	(127,482,640)	(4,062,291)	8,772,190	(4,712,435)	138,403,612	(1,940,251)	(3,570,840)	-	(42,652,243)	(42,652,243)
Changes in deferred tax liabilities (assets)													
Deferred tax expense (benefit) recognized in income	11,192,762	122,448	2,171,369	15,346,129	(1,371,185)	(2,528,176)	(2,196,577)	1,168,931	(9,120,813)	868,574	-	15,653,462	15,653,462
Deferred taxes related to items credited (charged) directly to equity	(7,512,690)	-	10,730,846	-	-	(3,819,336)	-	(4,316,970)	(1,987,452)	-	-	(6,905,602)	(6,905,602)
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	(71,410)	-	-	-	-	(71,410)	(71,410)
Increase (decrease) from business combinations, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to loss of control of subsidiary, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to net foreign currency translation, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in deferred tax liabilities (assets)	**3,680,072**	**122,448**	**12,902,215**	**15,346,129**	**(1,371,185)**	**(6,347,512)**	**(2,267,987)**	**(3,148,039)**	**(11,108,265)**	**868,574**	-	**8,676,450**	**8,676,450**
Deferred tax liabilities (assets)	**(33,270,555)**	**(808,147)**	**2,723,849**	**(112,136,511)**	**(5,433,476)**	**2,424,678**	**(6,980,422)**	**135,255,573**	**(13,048,516)**	**(2,702,266)**	-	**(33,975,793)**	**(33,975,793)**

(1) Corresponds to netting of deferred tax assets and liabilities.

11. Income Taxes, continued

c) Deferred tax assets and liabilities, continued

Effect of tax goodwill due to merger

As indicated in Note 1, on May 2, 2017, the Company merged its subsidiary Telefónica Móviles Chile S.A. by absorption, thus generating recognition of deferred taxes in the amount of ThCh$148,606,473. The adjustment was recorded with a credit to income under income tax, resulting from the difference between the tax value of the investment and taxable capital, value that was allocated to non-monetary assets arising from the merger.

As of December 31, 2019 and 2018, the balance of this deferred tax asset amounts to ThCh$96,880,357 and ThCh$112,136,511, respectively.

d) Taxable Income

As of December 31, 2019 and 2018, a first category income tax provision has been established, therefore a taxable positive base was determined in the amount of ThCh$43,611,762 and ThCh$30,423,133, respectively for each year. This is detailed as follows:

Concepts	Taxable Net Income 12.31.2019 ThCh$	12.31.2018 ThCh$
Finance Income	82.465.511	85.915.754
Recorded tax expense	28.143.608	29.604.356
Additions	578.552.777	524.175.540
Deductions	(645.550.134)	(609.272.517)
Taxable net income (4)	43.611.762	30.423.133
First category tax rate of 27%	**11.775.176**	**8.214.246**
Art. 21 rejected expenses tax base	7.608.575	4.875.792
Art. 21 non-deductible expenses (40% rate)	**3.043.430**	**1.950.317**
Total Tax Provision	**14.818.606**	**10.164.563**
Contingencies provision (1)	10.983	374.302
Hedging instrument income tax provision (2)	918.783	(32.718)
Effect of Financial debt fail value derivatives (3)	(1.768.444)	-
Previous year deficit	1.361.785	2.805.775
Derivative instruments provision to equity	527.864	638.972
Total first category tax	**15.869.577**	**13.950.894**

(1) Corresponds to contingencies of the subsidiary Telefónica Móviles Soluciones y Aplicaciones S.A. (see Note 27 b).
(2) Corresponds to the deficit (surplus) in the tax provision calculated on 2018 and 2017 hedging instruments (liquidated). This tax provision is presented as higher or lower expense for the period.
(3) Corresponds to the effect of reclassification of derivative instruments from Equity to Income.
(4) Taxable net income considers reclassification of derivative instruments recorded in Equity.

11. Income Taxes, continued

e) Income tax reconciliation

The income tax expense reconciliation, as of December 31, 2019 and 2018, is detailed as follows:

	12.31.2019		12.31.2018	
Concepts	**Taxable Base ThCh$**	**27% Tax Rate ThCh$**	**Taxable Base ThCh$**	**27% Tax Rate ThCh$**
Based on accounting income before taxes:				
Finance income	**82,465,511**		**85,915,754**	
Recorded tax expense	**28,143,608**		**29,604,356**	
Income before taxes	**110,609,119**	**29,864,462**	**115,520,111**	**31,190,429**
Permanent differences	**(6,373,528)**	**(1,720,854)**	**(5,874,345)**	**(1,586,073)**
Price-level restatement of taxable equity	(60,460,377)	(16,324,302)	(59,928,304)	(16,180,642)
Price-level restatement of taxable value of investments in related companies	31,306,623	8,452,788	30,964,992	8,360,548
Income from investment in related parties	1,698,125	458,493	1,584,020	427,685
Contingency provision	40,678	10,983	(547,747)	(147,892)
Adjustment on deferred tax balances	(545,293)	(147,229)	(28,351,178)	(7,654,818)
Previous year losses (surplus)	5,043,648	1,361,785	10,391,754	2,805,775
Art. 21 non-deductible expenses	11,271,967	3,043,431	7,223,396	1,950,317
Uncollectible debtor write-offs	1,408,625	380,329	(121,179)	(32,718)
IFRS 16 adjustment	(347,030)	(93,698)	-	-
Doubtful accounts write-off	8,082,883	2,182,378	45,290,564	12,228,452
Others (1)	(3,873,377)	(1,045,812)	(12,380,663)	(3,342,780)
Total corporate tax expense	**104,235,591**	**28,143,608**	**109,645,762**	**29,604,356**
Based on taxable net income and deferred taxes calculated on the basis of temporary differences				
27% income tax		11,775,176		8,214,246
40% income tax		3,043,430		1,950,317
Contingency provision		10,983		374,302
Hedging instrument income tax provision		918,783		(32,718)
Effect of Financial debt fair value derivatives		(1,768,444)		-
Previous year losses (surplus)		1,361,785		2,805,775
Income tax expense		**15,869,577**		**13,950,894**
Deferred tax expense (income)		**12,274,031**		**15,653,462**
Total corporate tax expense		**28,143,608**		**29,604,356**
Effective income tax rate (2)		**25.44%**		**25.63%**

(1) This item includes tax fines, price-level of tax loss, price-level of non-monetary assets, goodwill, IPAS to result, decoders, among others.
(2) Effective rate, determined considering the tax expense accounted for in result with respect to the financial result before tax, amounts to 25.82%.

11. Income Taxes, continued

f) Current income tax liabilities

As of December 31, 2019 and 2018, current income tax liabilities are detailed as follows:

Concepts	12.31.2019 ThCh$	12.31.2018 ThCh$
Income tax provision (1)	1,830,065	1,394,825
Non-deductible expenses provision	3,043,431	603,036
Provision for contingencies (Note 27 b)	252,308	1,191,149
Others	126,927	231,576
Total	**5,252,731**	**3,420,586**

(1) Annual income taxes are presented nets of monthly provisional payments in the amount of ThCh$9,945,111 and ThCh$8,166,705.

12. Non-current trade and other accounts receivable

a) Non-current trade and other accounts receivable are detailed as follows:

Concepts	12.31.2019			12.31.2018		
	Gross value	Allowance for doubtful accounts	Net value	Gross value	Allowance for doubtful accounts	Net value
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Receivables on non-current loan transactions	**18,284,092**	**(3,043,533)**	**15,240,559**	**19,411,992**	**(2,406,316)**	**17,005,676**
Trade receivables	**15,508,627**	(2,947,334)	12,561,293	16,835,225	(2,277,294)	14,557,931
Contractual asset (1)	**2,775,465**	(96,199)	2,679,266	2,576,767	(129,022)	2,447,745
Miscellaneous receivables (2)	**12,181,785**	**-**	**12,181,785**	**17,023,091**	**-**	**17,023,091**
Total	**30,465,877**	**(3,043,533)**	**27,422,344**	**36,435,083**	**(2,406,316)**	**34,028,767**

(1) Under IFRS 15, the contractual asset is the difference between revenue from sale of handsets and the amount received from the customer at the beginning of the contract.

(2) Mainly includes loans related to employees.

b) As of December 31, 2019 and December 31, 2018, Non-current trade and other accounts receivable by due date are detailed as follows:

Concepts	As of December 31, 2019								
	Gross Portfolio value in ThCh$				Allowance for doubtful accounts ThCh$				
	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh$	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh$	Net Total
Trade receivables	4,936,775	9,355,796	3,991,521	**18,284,092**	(2,516,800)	(243,682)	(283,051)	**(3,043,533)**	**15,240,559**
Miscellaneous receivables	2,144,476	897,756	9,139,553	**12,181,785**	-	-	-	-	**12,181,785**
Total	**7,081,251**	**10,253,552**	**13,131,074**	**30,465,877**	**(2,516,800)**	**(243,682)**	**(283,051)**	**(3,043,533)**	**27,422,344**

Concepts	As of December 31, 2018								
	Gross Portfolio value in ThCh$				Allowance for doubtful accounts ThCh$				
	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh$	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh$	Net Total
Trade receivables	5,222,546	10,341,782	3,847,664	**19,411,992**	(2,033,767)	(221,060)	(151,489)	**(2,406,316)**	**17,005,676**
Miscellaneous receivables	2,982,525	1,255,759	12,784,807	**17,023,091**	-	-	-	-	**17,023,091**
Total	**8,205,071**	**11,597,541**	**16,632,471**	**35,435,083**	**(2,033,767)**	**(221,060)**	**(151,489)**	**(2,406,316)**	**27,422,344**

13. Intangible Assets other than goodwill

a) Intangible assets other than goodwill as of December 31, 2019 and 2018 are detailed as follows:

Concepts	12.31.2019 Intangible, gross ThCh$	12.31.2019 Accumulated amortization ThCh$	12.31.2019 Intangible, net ThCh$	12.31.2018 Intangible, gross ThCh$	12.31.2018 Accumulated amortization ThCh$	12.31.2018 Intangible, net ThCh
Intangible assets in development (1)	31,563,423	-	31,563,423	20,363,160	-	20,363,160
Licenses and softwares	641,270,703	(539,955,665)	101,315,038	631,965,788	(501,240,939)	130,724,849
Administratives grantings (2)	130,169,199	(104,421,195)	25,748,004	130,169,199	(102,592,962)	27,576,237
Other intangible assets (3)	21,689,823	(20,976,440)	713,383	21,832,500	(20,540,899)	1,291,601
Total	**824,693,148**	**(665,353,300)**	**159,339,848**	**804,330,647**	**(624,374,800)**	**179,955,847**

(1) A

(1) Corresponds mainly to: evolutionary developments in the amount of ThCh$ 10,468,933, licenses in the amount of ThCh$4,899,743 and operating continuity in the amount of ThCh$16,194,747.

(2) This ítem records licenses for spectrum rights of use.

(3) Corresponds to rights to use underwater cable.

b) As of December 31, 2019 the movements of intangible assets, others than goodwill, are detailed as follows:

Movements	Intangible assets in development. net ThCh$	Licenses and franchises. net ThCh$	Administratives Grantings, net ThCh$	Other intangible assets, net ThCh$	Intangible, net ThCh$
Beginning balance as of 01.01.2019	20,363,160	130,724,849	27,576,237	1,291,601	179,955,847
Additions	41,863,338	-	-	-	41,863,338
Low	-	(25,035,402)	-	(142677)	(25,178,079)
Low amortization	-	24,946,873	-	142,677	25,089,550
Amortization	-	(63,661,599)	(1,828,233)	(578,218)	(66,068,050)
Transfer from work in progress (Note 15b)	(712,307)	4,389,549	-	-	3,677,242
Transfer from costs of developing to service	(29,950,768)	29,950,768	-	-	-
Movements, subtotal	**11,200,263**	**(29,409,811)**	**(1,828,233)**	**(578,218)**	**(20,615,999)**
Ending balance as of 12.31.2019	**31,563,423**	**101,315,038**	**25,748,004**	**713,383**	**159,339,848**
Remaining average useful life	**-**	**1.6 years**	**14 years**	**1.2 years**	**-**

As of December 31, 2018 the movements of intangible assets other than goodwill are detailed as follows:

Movements	Intangible assets in development, net ThCh$	Licenses and franchises, net ThCh$	Administratives Grantings, net ThCh$	Other intangible assets, net ThCh$	Intangible, net ThCh$
Beginning balance as of 01.01.2018	**3,872,270**	**159,552,527**	**29,404,469**	**1,884,654**	**194,713,920**
Additions	35,018,308	-	-	-	35,018,308
Low	-	(122,611,460)	-	-	(122,611,460)
Low amortization	-	122,611,460	-	-	122,611,460
Amortization	-	(76,971,705)	(1,828,232)	(593,053)	(79,392,990)
Transfer from work in progress (Note 15b)	(5,943,531)	35,560,140	-	-	29,616,609
Transfer from costs of developing to service	(12,583,887)	12,583,887	-	-	-
Movement, subtotal	**16,490,890**	**(28,827,678)**	**(1,828,232)**	**(593,053)**	**(14,758,073)**
Ending balance as of 12.31.2018	**20,363,160**	**130,724,849**	**27,576,237**	**1,291,601**	**179,955,847**
Remaining average useful life	**-**	**2.4 years**	**16.9 years**	**4 years**	**-**

13. Intangible Assets other than goodwill, continued

Licenses correspond to software licenses, which are obtained through non-renewable contracts therefore the Company has defined that they have definite useful lives of 3 years.

Intangible assets with defined useful lives are amortized on a straight-line basis over their estimated useful lives, Amortization for each year is recognized in the statement of comprehensive income within "Depreciation and Amortization".

Intangible assets are tested for impairment whenever there is an indication of a potential loss in value, and in any case at each year-end.

As of December 31, 2019 and 2018 impairment testing did not result in any loss of value of intangible assets.

The main additions to intangible assets, other than goodwill as of December 31, 2019 and 2018, are investments in information application and licenses.

Items in the intangibles heading, that are fully depreciated and in use, are licenses and franchises which amount to ThCh$444,474,965 and ThCh$412,715,176 , as of December 31, 2019 and 2018, respectively.

14. Goodwill

Current goodwill as of this fiscal year was generated before the date of transition to and adoption of International Financial Reporting Standards and, as of December 31, 2019, the value recorded as of that date remains the same.

Goodwill movements as of December 31, 2019 and 2018 are as follows:

Taxpayer No,	Company	01.01.2019 ThCh$	Additions ThCh$	Deletions ThCh$	12.31.2019 ThCh$
87.845.500-2	Telefónica Móviles Chile S.A. (1)	483,179,725	-	-	483,179,725
96.672.160-k	Telefónica Chile S.A. (Ex Telefónica Larga Distancia S.A.) (2)	21,039,896	-	-	21,039,896
96.834.320-3	Telefónica Internet Empresas S.A. (3)	620,232	-	64,981	555,251
	Total	**504,839,853**	**-**	**64,981**	**504,774,872**

(1) On May 2, 2017, subsidiary Telefónica Móviles Chile S.A. was merged by absorption and the Company's business name was changed.

(2) On April 30, 2016, the merger by incorporation of subsidiary Telefónica Larga Distancia S.A. in Telefónica Chile S.A. took place, with the latter absorbing the former, acquiring all its assets and liabilities and succeeding it in all it rights and obligations.

(3) On July 24, 2019, the Company sold a Data Center that was associated to this cash generating unit (CGU) therefore, on the same date, it was derecognized goodwill in proportion and recorded in income from the sales transaction, as indicated in IAS 36.

Taxpayer No,	Company	01.01.2018 ThCh$	Additions ThCh$	Eliminations ThCh$	12.31.2018 ThCh$
87.845.500-2	Telefónica Móviles Chile S.A. (1)	483,179,725	-	-	483,179,725
96.672.160-k	Telefónica Chile S.A. (Ex Telefónica Larga Distancia S.A.) (2)	21,039,896	-	-	21,039,896
96.834.320-3	Telefónica Internet Empresas S.A.	620,232	-	-	620,232
	Total	**504,839,853**	**-**	**-**	**504,839,853**

14. Goodwill, continued

Assets indicated in goodwill are tested for impairment once a year, at each year-end. As of December 31, 2019 impairment testing was determined taking into consideration the following estimated variables:

i) Projected operating income and costs are based on the Strategic Plan for 2020, 2021, 2022 projecting a fourth and fifth year as a terminal value. These projections have been made taking into consideration the Company's best estimate, using sector projections, historical behavior of the business and future expectations.

ii) Cash flow projections are calculated at terminal value, covering a 5-year period, with the last period being the terminal value.

iii) The rate used to discount future cash flows is 7.76% (WACC), that represents the market value of the specific business and industry risk, taking into consideration the time value of money and individual risks of the assets being analyzed. The growth rate for perpetual future cash flows is a conservative rate of 3.45%

iv) The valuation is determined using the Value in Use (VU) mechanism, that requires that the VU be determined through the net present value of the cash flows that the Company expects to receive from Cash Generating Unit (CGUs). Two CGUs have been defined:

- Telefónica Móviles Chile S.A., which mainly provides mobile broadband and mobile telephone services.
- Telefónica Chile S.A. and its subsidiary Telefónica Empresas Chile S.A., which provide fixed broadband, television, and fixed telephone services and technology services for corporates.

According to the impairment calculations performed by Management, as of December 31, 2019 there has been no need detected to make significant adjustments since the recoverable value is greater than the book value in all cases.

15. Property, plant and equipment

a) The detail of Property, plant and equipment items as of December 31, 2019 and December 31, 2018 and their corresponding accumulated depreciation is as follows:

Conceptos	12.31.2019 Property, plant & equipment, Gross ThCh$	Accumulated depreciation ThCh$	Property, plant & equipment, Net ThCh$	12.31.2018 Property, plant & equipment, Gross ThCh$	Accumulated depreciation ThCh$	Property, plant & equipment, Net ThCh$
Land	23,677,584	-	23,677,584	24,309,203	-	24,309,203
Buildings	925,636,992	(618,001,090)	307,635,902	957,834,225	(649,919,202)	307,915,023
Transport equipments	475,562	(475,562)	-	475,562	(473,400)	2,162
Supplies and accessories	33,713,419	(32,051,084)	1,662,335	33,963,023	(31,756,734)	2,206,289
Office equipments	3,642,424	(2,756,811)	885,613	3,547,414	(2,524,607)	1,022,807
Construction in progress	156,074,976	-	156,074,976	157,874,623	-	157,874,623
Information equipment	74,847,517	(56,624,441)	18,223,076	69,753,836	(49,701,717)	20,052,119
Network and ommunication Equipment	3,553,656,427	(2,873,291,394)	680,365,033	3,548,990,956	(2,867,859,135)	681,131,821
Right of use (1)	280,078,443	(59,055,594)	221,022,849	-	-	-
Other property, plant & equipment (2)	345,347,652	(307,044,706)	38,302,946	318,263,356	(259,783,646)	58,479,710
Total	**5,397,150,996**	**(3,949,300,682)**	**1,447,850,314**	**5,115,012,198**	**(3,862,018,441)**	**1,252,993,757**

(1) Corresponds to rights of use associated to lease contracts under IFRS 16, (see Note 15 d).

(2) Includes subscriber equipment, private switchboards, satellite equipment and general equipment.

15. **Property, plant and equipment**, continued

b) As of December 31, 2019 the movements of property, plant and equipment items are as follows:

Movements	Land	Buildings, net	Transport equipment, net	Supplies and accessories, net	Office equipment, net	Construction in progress net	Information equipment, net	Network and communications equipment, net	Right of use, net	Other property, plant & equipment, net	P operty, plant and equipment, net
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Beginning balance as of 01.01.2019	**24,309,203**	**307,915,023**	**2,162**	**2,206,289**	**1,022,807**	**157,874,623**	**20,052,119**	**681,131,821**	**233,020,080**	**58,168,432**	**1,486,013,837**
Additions	-	-	-	-	-	201,606,021	-	-	50,926,818	-	**252,532,839**
Retirements	(866,507)	(71,720,316)	-	(543,568)	-	-	(2,625,728)	(84,587,885)	(4,530,205)	(29,558,379)	**(199,736,881)**
Acc. Dep. retirements		57,397,725	-	333,483	-	-	2,405,896	82,703,534	-	29,435,956	**177,269,609**
Depreciation expense		(25,479,613)	(2,162)	(627,833)	(232,204)	-	(9,328,618)	(88,135,793)	(59,055,594)	(51,676,492)	**(264,551,848)**
Other Increase (decrease) (1)	234,888	39,523,083	-	293,964	95,010	(203,405,668)	7,719,407	89,253,356	661,750	61,946,968	**(3,677,242)**
Movements, subtotal	**(631,619)**	**(279,121)**	**(2,162)**	**(543,954)**	**(137,194)**	**(1,799,647)**	**(1,829,043)**	**(766,788)**	**(11,997,231)**	**10,,148,053**	**(38,163,523)**
Ending balance as of 12.31.2019	**23,677,584**	**307,635,902**	**-**	**1,662,335**	**885,613**	**156,074,976**	**18,223,076**	**680,365,033**	**221,022,849**	**68,316,485**	**1,447,850,314**

(1) Includes movement of net transfer to property, plant and equipment to Intangible in the amount of ThCh$3,677,242 (Note 13b)

As of December 31, 2019, the property, plant and equipment items that are fully depreciated and still in use are detailed as follows:

	Land	Buildings, gross	Transport equipments, gross	Supplies and accessories, gross	Office equipment, gross	Construction in progress, gross	Information equipment, gross	Network and communications equipment, gross	Other property, plant & gross	Property, plant and equipment, gross
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Fully depreciated assets still in use	-	**296,418,373**	**475,561**	**29,196,537**	**1,717,836**	-	**40,642,659**	**2,372,264,159**	**221,848,621**	**2,962,563,745**

Additions in year 2019 fundamentally show the effect of incorporation of network improvement (Broadband), systems and software development (Believe, others), antennas and transmission equipment (infrastructure), energy system (operating continuity).

In the normal course of business, the Company monitors both new and existing assets and their depreciation rates, adjusting them to technological evolution and development of markets in which it competes. The Company has no assets provided in guarantee.

15. Property, plant and equipment, continued

c) As of December 31, 2018, the movements of property, plant and equipment items are as follows:

Movements	Land	Buildings, net	Transport equipments, net	Supplies and accessories, net	Office equipment, net	Construction in progress, net	Information equipment, net	Network and communications equipment, net	Other property, plant & equipment, net	Property, plant and equipment, net
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Beginning balance as of 01.01.18	**24,392,958**	**314,896,570**	**4,325**	**2,774,322**	**1,126,173**	**169,884,000**	**19,795,957**	**680,706,127**	**51,284,563**	**1,265,184,023**
Additions	-	-	-	-	-	223,192,630	-	-	-	**223,192,630**
Withdrawals	(83,755)	(4,067,963)	(59,291)	(180,182)	-	-	(30,644,667)	(10,602,983)	(30,852,198)	**(76,491,039)**
Depreciation withdrawals	-	1,217,818	59,291	180,182	-	-	30,620,279	9,651,466	30,722,124	**72,451,160**
Depreciation expense	-	(25,522,627)	(2,163)	(809,310)	(257,299)	-	(10,572,871)	(120,057,864)	(42,912,588)	**(200,142,472)**
Depreciation transfer	-	4,907,072	-	-	-	-	-	(4,900,236)	(6,836)	**-**
Other increases (decreases) (1)	-	16,484,153	-	241,277	153,933	(235,202,007)	10,853,421	126,335,311	49,933,367	**(31,200,545)**
Movements, subtotal	**(83,755)**	**(6,981,547)**	**(2,163)**	**(568,033)**	**(103,366)**	**(12,009,377)**	**256,162**	**425,694**	**6,883,869**	**(12,190,266)**
Ending balance as of 12.31.18	**24,309,203**	**307,915,023**	**2,162**	**2,206,289**	**1,022,807**	**157,874,623**	**20,052,119**	**681,131,821**	**58,168,432**	**1,252,993,757**

(1) Corresponds to the movement of transfers from construction in progress to intangible assets in the amount of ThCh$ (29,616,609) (Note 13 b).

As of December 31, 2018, the property, plant and equipment items that are fully depreciated and still in use are detailed as follows:

	Land	Buildings, gross	Transport equipments, gross	Supplies and accessories, gross	Office equipment, gross	Construction in progress, gross	Information equipment, gross	Network and communications equipment, gross	Other property, plant & gross	Property, plant and equipment, gross
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Fully depreciated assets still in use	-	314,014,599	453,935	27,607,104	1,573,992	-	35,525,226	2,388,021,285	201,586,892	2,968,783,033

15. **Property, plant and equipment**, continued

d) As of December 31, 2019, the movements of right of use assets items are as follows:

Movements	Rights of use on land and natural properties, net ThCh$	Rights of use on buildings, net ThCh$	Rights of use on plant and machinery, net ThCh$	Other rights of use, net ThCh$	Advance payments for rights of use, net ThCh$	Rights of use, net ThCh$
Beginning balance as of 01.01.19	**49,450,161**	**173,919,988**	**8,697,995**	**951,936**	**-**	**233,020,080**
Additions	17,154,340	10,732,859	12,511,269	5,998,145	661,750	**47,058,363**
Depreciation expense	(19,281,531)	(36,131,266)	(1,971,986)	(1,670,811)		**(59,055,594)**
Others	-	-	-	-	-	-
Movements, subtotal	**(2,127,191)**	**(25,398,407)**	**10,539,283**	**4,327,334**	**661,750**	**(11,997,231)**
Ending balance as of 12.31.2019	**47,322,970**	**148,521,581**	**19,237,278**	**5,279,270**	**661,750**	**221,022,849**

16. Other current and other non-current financial liabilities

The composition of other current and other non-current financial liabilities that accrue interest is as follows:

Concepts		12.31.2019 Current ThCh$	12.31.2019 Non-Current ThCh$	12.31.2018 Current ThCh$	12.31.2018 Non-Current ThCh$
Bank loans	(a)	204,520	163,025,228	360,837	150,851,556
Unguaranteed obligations (Bonds) (1)	(b)	119,507,903	614,538,045	54,011,525	680,876,592
Hedge instruments	(see Note 18.2)	3,538,527	5,599,137	4,513,765	12,309,350
Lease obligations (2)		78,739,697	122,547,855	-	-
Other financial debts (3)		2,827,303	-	-	-
Total		**204,817,950**	**905,710,265**	**58,886,127**	**844,037,498**

(1) Includes fair value adjustment for loans subject to fair value hedging. As of December 2019, the amount corresponds to ThCh$14,173,097 in non-current.
(2) Corresponds to recognition of the liability for qualifying lease contracts under IFRS 16.
(3) Corresponds to the generation of financial liabilities on the sale of the portfolio to Banco Santander Spain with continued involvement.

16. Other current and other non-current financial liabilities, continued

a) As of December 31, 2019, the detail of bank loans is as follows:

Type	Debtor taxpayer No	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bilateral Loan	87,845,500-2	Telefónica Móviles Chile S.A.	Chile	0-E	Bank of Tokyo	Chile	US$	At expiry	3.57%	3.26%	MMUS$ 150 mm	15-04-2021
Bilateral Loan	87,845,500-2	Telefónica Móviles Chile S.A.	Chile	0	Banco Scotiabank	Chile	US$	At expiry	4.07%	3.62%	MMUS$ 68,6 mm	13-11-2023

ClassesType	Debtor taxpayer No	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands) To Maturity										
					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$	Total nominal amounts in local currency ThCh$
Bilateral Loan (1)	87,845,500-2	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	-	-	99,057,000	-	99,057,000	-	-	-	-	99,057,000
Bilateral Loan (2)	87,845,500-2	Telefónica Móviles Chile S.A.	Chile	Banco Scotiabank	-	-	-	-	-	,-	47,022,556	47,022,556	-	47,022,556
	Total				-	-	99,057,000	-	99,057,000	-	47,022,556	47,022,556	-	146,079,556

Type	Debtor taxpayer No	Debtor	Debtor country	Creditor	Current To Maturity		Total current as of 09.30.2019	Non-current To Maturity							Total Non-current as of 12.31.2019
					Up to 90 days ThCh$	90 days to 1 years ThCh$	ThCh$	1 to 2 years ThCh$	2 to 3 years ThCh$	Total 1 to 3 years ThCh$	3 to 4 years ThCh$	4 to 5 years ThCh$	Total 3 to 5 years ThCh$	5 years and over ThCh$	ThCh$
Crédito Bilateral (1)	87,845,500-2	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	118,852	-	118,852	112,250,112	-	112,250,112	-	-	-	-	112,022,697
Crédito Bilateral (2)	87,845,500-2	Telefónica Móviles Chile S.A.	Chile	Banco Scotiabank	88,668	-	85,668	-	-	-	51,002,531	-	51,002,531	-	51,002,531
	Total				204,520	-	204,520	112,250,112	-	112,250,112	51,002,531	-	51,002,530	-	163,025,228

(1) On April 15, 2016, an international loan was obtained from The Bank of Tokyo-Mitsubishi and Export Development Canada in the amount of US$150 million (Ch$99,057 million), with an monthly interest rate of libor + 0,8% for 5 years bullet, maturing April 11, 2021.
(2) On November 13, 2018, a loan was obtained from Scotiabank in the amount of US$68.6 million (Ch$47,023 million) with an interest rate of libor (3M) + 1% annual for a 5-year bullet term, maturing on November 13, 2023.

16. Other current and other non-current financial liabilities, continued

a) As of December 31, 2018 the detail of bank loans is as follows:

Type	Debtor taxpayer No	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bilateral Loan (1)	76,021,780-8	Telefónica Móviles Chile S.A.	Chile	97.030.000-7	Bank of Tokyo	Tokyo	USD	At expiry	1.47%	1.23%	MMUS$150	2021
Bilateral Loan (2)	76,021,780-8	Telefónica Móviles Chile S.A.	Chile	97.018.000-1	Bank Scotiabank	Chile	USD	At expiry	3.98%	3.62%	MMUS$68.6	2023

					Nominal amounts (capital in thousands) To Maturity									
Type	Debtor taxpayer No	Debtor	Debtor country	Creditor	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$	Total nominal amounts in local currency ThCh$
Bilateral Loan (1)	76,021,780-8	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	-	-	-	99,057,000	99,057,000	-	-	-	-	99,057,000
Bilateral Loan (2)	76,021,780-8	Telefónica Móviles Chile S.A.	Chile	Bank Scotiabank	-	-	-	-	-	-	47,022,556	47,022,556	-	47,022,556
	Total				-	-	-	99,057,000	99,057,000	-	47,022,556	47,022,556	-	146,079,556

					Current To Maturity			Non-current To Maturity							
Type	Debtor taxpayer No	Debtor	Debtor country	Creditor	Up to 90 days ThCh$	90 days to 1 years ThCh$	Total current as of 12.31.2018 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$	Total Non-current as of 12.31.2018 ThCh$
Bilateral Loan (1)	76,021,780-8	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	131,925	-	131,925	-	103,735,302	103,735,302	-	-	-	-	103,735,302
Bilateral Loan (2)	76,021,780-8	Telefónica Móviles Chile S.A.	Chile	Bank Scotiabank	228,912	-	228,912	-	-	-	-	47,116,254	47,116,254	-	47,116,254
	Total				360,837	-	360,837	-	103,735,302	103,735,302	-	47,116,254	47,116,254	-	150,851,556

1) On April 15, 2016, an international loan was obtained from The Bank of Tokyo-Mitsubishi and Export Development Canada in the amount of US$150 million (Ch$99,057 million), with an monthly interest rate of libor + 0,8% for 5 years bullet, maturing April 11, 2021..

2) On November 13, 2018, a loan was obtained from Scotiabank in the amount of US$68.6 million (Ch$47,023 million) with an interest rate of libor (3M) + 1% annual for a 5-year bullet term, maturing on November 13, 2023.

On April 30, 2017 the international loan agreement that the subsidiary Telefónica Chile S.A. maintained with Sovereing Bank N.A. expired.

16. **Other current and other non-current financial liabilities**, continued

b) As of December 31, 2019, the detail of unguaranteed obligations (Bonds) is as follows, continued:

Type	Debtor taxpayer No,	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bond 144A	90,635,000-9	Telefónica Chile S.A.	Chile	97.036.000-K	The Bankof New York Mellon	USA	USD	At expiry	4.06%	3.88%	MUSD 500	10-12-2022
Bond Serie K	87,845,500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	CLP	At expiry	4,91%	4,90%	M$ 94.410	09-13-2021
Bond Serie F	87,845,500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	At expiry	3,82%	3,60%	UF 3 mm	10-04-2023
Bond Serie I	87,845,500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	At expiry	2,00%	1,95%	UF 2 mm	08-14-2020
Bond Serie G	87,845,500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	At expiry	2,01%	2,20%	UF 2 mm	06-20-2020
Bond Serie T	90,635,000-9	Telefónica Chile S.A.	Chile	97.004.000-5	Banco Chile	Chile	CLP	At expiry	5,09%	4,90%	MCh$ 48.000	07-05-2023

Type	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands) To Maturity									Total nominal amounts in local currency ThCh$
					Up to 90 days ThCh$	90 days to 1 years ThCh$	1 to 2 Years ThCh$	2 to 3 Years ThCh$	Total 1 to 3 Years ThCh$	3 to 4 Years ThCh$	4 to 5 Years ThCh$	Total 3 to 5 Years ThCh$	5 years and Over ThCh$	
Bond 144A	90,635,000-9	Telefónica Chile S.A.	Chile	0-E	-	-	-	236,400,000	236,400,000	-	-	-	-	236,400,000
Bond Serie K	87845500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	-	94,410,000	-	94,410,000	-	-	-	-	94,410,000
Bond Serie F	87,845,500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	-	-	-	-	-	66,928,680	66,928,680	-	66,928,680
Bond Serie I	87,845,500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	50,317,080	-	-	-	-	-	-	-	50,317,080
Bond Serie G	87,845,500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	50,108,620	-	-	-	-	-	-	-	50,108,620
Bond Serie T	90,635,000-9	Telefónica Chile S.A.	Chile	97.004.000-5	-	-	28,800,000	-	28,800,000	19,200,000	-	19,200,000	-	48,000,000
Total					**-**	**100,425,700**	**123,210,000**	**236,400,000**	**359,610,000**	**19,200,000**	**66,928,680**	**86,128,680**	**-**	**546,164,380**

16. Other current and other non-current financial liabilities, continued

b) As of December 31, 2019, the detail of unguaranteed obligations (Bonds) is as follows, continued:

Type	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current – To Maturity: Up to 90 days ThCh$	Current – To Maturity: 90 days to 1 years ThCh$	Total current as of 12.31.2019 ThCh$	Non-current – To Maturity: 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$	Total Non-current as of 12.31.2019 ThCh$
Bond 144A (1)	90,635,000-9	Telefónica Chile S.A.	Chile	0-E	-	2,665,112	**2,665,112**	-	378,096,842	378,096,842	-	-	-	-	**378.096.842**
Bond Serie K (2)	87845500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	1,348,498	-	**1,348,498**	94,404,420	-	94,404,420	-	-	-	-	**94.404.420**
Bond Serie F (3)	87,845,500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	570,317	**570,317**	-	-	-	93,955,291	-	93,955,291	-	**93.955.291**
Bond Serie I (4)	87,845,500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	57,016,652	**57,016,652**	-	-	-	-	-	-	-	**-**
Bond Serie G (5)	87,845,500-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	56,705,915	**56,705,915**	-	-	-	-	-	-	-	**-**
Bond Serie T (6)	90,635,000-9	Telefónica Chile S.A.	Chile	97.004.000-5	1,201,409	-	**1,201,409**	28,856,596	-	28,856,596	19,224,896	-	19,224,896	-	**48.081.492**
Total					**2.549.907**	**116.957.996**	**119,507,903**	**123,261,016**	**378,096,842**	**501,357,858**	**113,180,187**	**-**	**113,180,187**	**-**	**614,538,045**

1) On October 12, 2012, Telefónica Chile S.A. issued 144A Reg S Bonds in the American capitals market in the amount of US$ 500,000,000 (equivalent to ThCh$ 236,400,000 historical), at an effective annual interest rate of 3.887% and 10-year bullet maturing on October 12, 2022. The placement banks were Banco Bilbao Vizcaya Argentaria, S.A. Citigroup Global Markets Inc. and J.P. Morgan Securities LLC. The funds resulting from the issuance were destined to refinancing liabilities and other corporate purposes.

2) On September 13, 2016, there was a placement in the local market in the amount of ThCh$ 94,410,000 with a 5-year bullet, maturing on September 13, 2021, with no covenants or control clauses.

3) On October 15, 2013, a placement was made in the local market for a 10-year bullet bond in the amount of UF3,000,000, maturing on October 4, 2023,

4) On August 20, 2015, a placement was made in the local market for a 5-year bullet bond in the amount of UF 2,000,000, maturing on August 14, 2020, with no covenants or control clauses,

5) On July 23, 2015, a placement was made in the local market for a 5-year bullet bond in the amount of UF 2,000.000 maturing on June 20, 2020 with no covenants or control clauses,

6) On January 5, 2017, Telefónica Chile S.A. placed series T, 5-year Bond in the local market in the amount of MCh$ 48,000 at a nominal annual rate of 4,9%, maturing on July 5, 2023, The amount collected by this operation amounted to ThCh$48,795,000

On March 14, 2019, the subsidiary, Telefónica Chile S.A., paid Banco de Chile Q Bond for a total capital payment of ThCh$47,000,000 and interest in the amount of ThCh$1,332,356.

16. Other current and other non-current financial liabilities, continued

b) As of December 31, 2018, the detail of unguaranteed obligations (Bonds) is as follows:

Type	Debtor taxpayer No,	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Series Bond F (1)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	97,036,000-K	Banco Santander	Chile	UF	At expiry	3,82%	3,60%	M UF 3	2023
Series Bond G (2)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	97,036,000-K	Banco Santander	Chile	UF	At expiry	2,01%	2,20%	M UF 2	2020
Series Bond I (3)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	97,036,000-K	Banco Santander	Chile	UF	At expiry	2,00%	1,95%	M UF 2	2020
Series Bond K (4)	76,021,780-8	Telefónica Móviles Chile S,A	Chile	97,036,000-K	Banco Santander	Chile	CLP	At expiry	4,91%	4,90%	M$ 94,410	2021
Series Bond 144A (5)	90,635,000-9	Telefónica Chile S.A.	Chile	Foreign	The Bank of New York Mellon	USA	USD	At expiry	4,06%	3,88%	MUSD 500	2022
Series Bond Q (6)	90,635,000-9	Telefónica Chile S.A.	Chile	97,004,000-5	Banco Chile	Chile	CLP	At expiry	6,17%	5,75%	MCh$47,000	2019
Series Bond T (7)	90,635,000-9	Telefónica Chile S.A.	Chile	97,004,000-5	Banco Chile	Chile	CLP	At expiry	5,09%	4,90%	MCh$ 48,000	2023

Type	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands) 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$	
Series Bond F (1)	76,021,780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	-	-	-	-	66,928,680	66,928,680	-	66,928,680
Seires Bond G (2)	76,021,780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	50,108,620	-	50,108,620	-	-	-	-	50,108,620
Series Bond I (3)	76,021,780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	50,317,080	-	50,317,080	-	-	-	-	50,317,080
Series Bond K (4)	76,021,780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	-	-	94,410,000	94,410,000	-	-	-	-	94,410,000
Series Bond 144A (5)	90,635,000-9	Telefónica Chile S.A.	Chile	The Bank of New York Mellon	-	-	-	-	-	236,400,000	-	236,400,000	-	236,400,000
Series Bond Q (6)	90,635,000-9	Telefónica Chile S.A.	Chile	Banco Chile	47,000,000	-	-	-	-	-	-	-	-	47,000,000
Series Bond T (7)	90,635,000-9	Telefónica Chile S.A.	Chile	Banco Chile	-	-	9,600,000	19,200,000	28,800,000	-	19,200,000	19,200,000	-	48,000,000
Total					47,000,000	-	110,025,700	113,610,000	223,635,700	236,400,000	236,400,000	322,528,680	-	593,164,380

16. Other current and other non-current financial liabilities, continued

b) As of December 31, 2018, the detail of unguaranteed obligations (Bonds) is as follows:

Type	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current – To Maturity: Up to 90 days ThCh$	Current – To Maturity: 90 days to 1 years ThCh$	Total current as of 12.31.2018 ThCh$	Non-current – To Maturity: 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$	Total Non-current as of 12.31.2018 ThCh$
Series Bond F (1)	76,021,780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	713,426	**713,426**	-	-	-	-	81,936,000	81,936,000	-	**81,936,000**
Series Bond G (2)	76,021,780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	36,454	**36,454**	55,278,755	-	55,278,755	-	-	-	-	**55,278,755**
Series Bond I (3)	76,021,780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	404,114	-	**404,114**	55,085,686	-	55,085,686	-	-	-	-	**55,085,686**
Series Bond K (4)	76,021,780-8	Telefónica Móviles Chile S.A.	Chile	Banco Santander	-	1,363,654	**1,363,654**	-	94,389,476	94,389,476	-	-	-	-	**94,389,476**
Series Bond 144A (5)	90,635,000-9	Telefónica Chile S.A.	Chile	The Bank of New York Mellon	-	2,529,878	**2,529,878**	-	-	-	- 346,034,137	-	346,034,137	-	**346,034,137**
Series Bond Q (6)	90,635,000-9	Telefónica Chile S.A.	Chile	Banco Chile	47,757,841	-	**47,757,841**	-	-	-	-	-	-	-	**-**
Series Bond T (7)	90,635,000-9	Telefónica Chile S.A.	Chile	Banco Chile	1,206,158	-	**1,206,158**	19,303,851	9,623,791	29,927,642	9,616,534	9,608,362	19,224,896	-	**48,152,538**
Total					49,368,113	4,643,412	**54,011,525**	**129,668,292**	**104,013,267**	**233,681,559**	**355,650,671**	**91,544,362**	**447,195,033**	-	**680,876,592**

(1) On October 15, 2013, a placement was made in the local market for a 10-year bullet bond in the amount of UF3,000,000, maturing on October 4, 2023.

(2) On July 23, 2015, a placement was made in the local market for a 5-year bullet bond in the amount of UF 2,000,000, maturing on June 20, 2020, with no covenants or control clauses.

(3) On August 20, 2015, a placement was made in the local market for a 5-year bullet bond in the amount of UF 2,000,000, maturing on August 14, 2020, with no covenants or control clauses.

(4) On September 13, 2016, a placement was made in the local market for a 5-year bullet bond in the amount of ThCh$ 94,410,000, maturing on September 13, 2021, with no covenants or control clauses.

(5) On October 12, 2012, Telefónica Chile S.A. issued 10-year Reg S 144A bullet bonds in the American capitals market in the amount of US$500,000,000 (equivalent to ThCh$236,400,000 historical), in US dollars, at an effective annual interest rate of 3,887%, maturing on October 12, 2022. Placement banks were Banco Bilbao Vizcaya Argentaria, S.A., Citigroup Global Markets Inc, and J,P, Morgan Securities LLC, Funds resulting from the issuance shall be destined to refinancing of liabilities and other corporate purposes.

(6) On March 26, 2014, Telefónica Chile S.A. placed a series Q, 5-year bullet bond in the local market in the amount of ThCh$ 47,000,000 at a nominal annual rate of 5,75%, maturing on March 14, 2019, The amount collected by this operation amounted to ThCh$46,406,000.

(7) On January 5, 2017, Telefónica Chile S.A. placed series T, 5-year Bond in the local market in the amount of MCh$ 48,000 at a nominal annual rate of 4,9%, maturing on July 5, 2023, The amount collected by this operation amounted to ThCh$48,795,000.

16. Other current and other non-current financial liabilities, continued

c) The composition of movements of current and non-current financial assets and liabilities from financing activities, as of December 31, 2019 is detailed as follows:

Reconciliation of current financing activities	12.31.2018	Cah flows		Items other than cash flows			12.31.2019
		Collection	Payment	Foreign currency translation	Accrued interest	Other(*) movements	
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Financial liabilities	**58,886,127**	**6,987,015**	**(127,048,671)**	**11,396,045**	**34,936,121**	**219,661,313**	**204,817,950**
Bank loans	360,837	-	(5,007,727)	10,744	4,965,023	(124,357)	204,520
Unguaranteed obligations (bonds) (1)	54,011,525	-	(73,912,635)	12,811,833	26,328,871	100,268,309	119,507,903
Hedging instruments	4,513,765	5,695,225	(6,308,354)	(1,426,532)	820,109	244,314	3,538,527
Lease obligations (2)	-	-	(41,819,955)	-	2,822,118	117,737,534	78,739,697
Other financial debts	-	1,291,790	-	-	-	1,535,513	2,827,303
Related party commecial mandate	**729,747**	**28,495,516**	**(28,324,586)**	**-**	**-**	**(813,103)**	**87,574**
Related party leases	**-**	**-**	**-**	**-**	**-**	**3,821,253**	**3,821,253**
Issued capital	**1,294,872,285**	**35,000,000**	**-**	**-**	**-**	**-**	**1,329,872,285**
Dividends pending payment (3)	**187,737**	**-**	**(75,040,625)**	**-**	**-**	**74,999,713**	**146,825**
Other financial payments (4)	**-**	**-**	**(9,340,716)**	**-**	**-**	**9,340,716**	**-**
Total	**1,354,675,896**	**70,482,531**	**(239,754,598)**	**11,396,045**	**34,936,121**	**307,009,892**	**1,538,745,887**

(*) The "Other movements" item includes the following:

(1) Transfer of Series "G" and "I" Bonds from the long-term, in the amount of ThCh$50,116,680 and ThCh$50,323,560, respectively and amortized cost in the amount of ThCh$(171,931) .

(2) Corresponds to recognition of lease contracts that qualify under IFRS 16.

(3) Corresponds to approval of an interim dividend in the amount of ThCh$75,000,000.

Reconciliation of non-current financing activities	12.31.2018	Cah flows		Items other than cash flows			12.31.2019
		Collection	Payment	Foreign currency translation	Accrued interest	Other(*) movements	
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Financial liabilities	**844,037,498**	-	-	**31,207,965**	-	**30,464,802**	**905,710,265**
Bank loans	150,851,556	-	-	11,842,072	-	331,599	163,025,228
Unguaranteed obligations (Bonds) (1)	680,876,592	-	-	19,365,843	-	(85,704,390)	614,538,045
Hedging instruments	12,309,350	-	-	49	-	(6,710,262)	5,599,137
Lease obligations (2)	-	-	-	-	-	122,547,855	122,547,855
Total	**844,037,498**	**-**	**-**	**31,207,964**	**-**	**30,464,802**	**905,710,265**

(*) The "Other movements" item includes the following:

(1) Includes transfer of Series "G" and "I" Bond from the short-term, in the amount of ThCh$50,116,680 and ThCh$50,323,560, respectively and adjustment to fair value on loans subject to fair value hedging in the amount of ThCh$14,173,097.

(2) Corresponds to recognition of lease contracts that qualify under IFRS 16

16. Other current and other non-current financial liabilities, continued

c) The composition of current and non-current financial liabilities from financing activities, as of December 31, 2018, is detailed as follows:

Reconciliation of current financing activities	12.31.2017	Cash flows Collection	Cash flows Payment	Items other than cash flows Foreign currency translation	Items other than cash flows Accrued interest	Items other than cash flows Other(*) movements	12.31.2018
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Financial liabilities	**14,160,658**	**1,002,308**	**(36,543,730)**	**(1,374,986)**	**22,315,625**	**81,641,877**	**58,886,127**
Bank loans	93,320	-	(2,702,240)	-	1,923,854	2,969,757	360,837
Unguaranteed obligations (Bonds) (1)	7,028,581	-	(27,167,547)	(173,374)	20,200,357	74,323,865	54,011,525
Hedging instruments	7,038,757	1,002,308	(6,673,943)	(1,201,612)	191,414	4,348255	4,513,765
Related party commercial mandate	**1,744,056**	**2,050,000**	**(1,384,605)**	-	**-**	**748,504**	**3,157,955**
Issued capital	**1,257,872,285**	**37,000,000**	**-**	-	-	-	**1,294,872,285**
Dividends pending payment (2)	**359,513**	**-**	**(147,787,497)**	-	-	**(147,615,721)**	**187,737**
Other financial payments	**-**	**-**	**(6,555,486)**	-	**-**	**(6,555,486)**	**-**
Total	**1,274,136,512**	**40,052,308**	**(192,271,318)**	**(1,374,986)**	**22,315,625**	**236,561,588**	**1,357,104,104**

(*) The "Other movements" item includes the following:

(1) Transfer of series "Q" Bond from the long-term, in the amount of ThCh$47,000,000, and amortized cost in the amount of ThCh$2,600.

(2) Corresponds to approval of an eventual dividend of ThCh$106,261,506 and interim dividend in the amount of ThCh$41,501,517.

Reconciliation of non-current financing activities	12.31.2018	Cash flows Collection	Cash flows Payment	Items other than cash flows Foreign currency translation	Items other than cash flows Accrued interest	Items other than cash flows Other(*) movements	12.31.2018
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Bank loans	91,615,282	47,000,000	-	12,560,815	-	(324,541)	150,851,556
Unguaranteed obligations (Bonds) (1)	681,739,322	-	-	45,321,297	-	(46,184,027)	680,876,592
Hedging instruments	14,290,035	-	-	(6,844,361)	-	4,863,676	12,309,350
Total	**787,644,639**	**47,000,000**	**-**	**51,037,751**	**-**	**(41,644,892)**	**844,037,498**

(*) The "Other movements" item includes the following:

(1) Includes transfer of series "Q" bond to the short-term, in the amount of ThCh$47,000,000

d) Current lease financial liabilities, as of December 31, 2019, are detailed as follows:

Due date Up to 90 days	Due date 91 days to 1 year	Total current 12.31.2019	Due dates 1 to 3 years	Due dates 3 to 5 years	Due dates Over 5 years	Total non-current as of 12.31.2019
ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
44,844,974	33,894,723	**78,739,697**	122,547,855	-	-	**122,547,855**

17. Trade and other payables

a) The composition of Trade and other payables is as follows:

Conceptos	12.31.2019		12.31.2018	
	Current ThCh$	No-current ThCh$	Current ThCh$	No-current ThCh$
Debts due to purchases or services provided, invoiced (1)	126,078,371	-	131,500,796	-
Real property providers, invoiced	46,503,948	-	76,449,598	-
Debts due to purchases or services provided, provisioned (1) (2)	88,312,397	2,160,741	122,084,916	4,320,435
Payables to employees	29,848,647	-	35,744,374	-
Real property providers, provisioned	13,400,376	-	19,786,277	-
Dividends pending payment	146,825	-	187,737	-
Total	**304,290,564**	**2,160,741**	**385,753,698**	**4,320,435**

(1) "Debts from purchases or services rendered" corresponding to foreign and domestic suppliers, for the exercises ended as of December 31, 2019 and 2018 are detailed as follows:

Debts due to purchases or services provided	12.31.2019 ThCh$	12.31.2018 ThCh$
Domestic	195,000,648	232,705,466
Foreign	19,390,120	20,880,246
Total	**214,390,768**	**253,585,712**

(2) Non-current balances correspond to equipment purchase obligations.

b) Accounts payable payment terms

The Company has a policy of paying its suppliers in an average period of 60 days as of the date of reception of the respective invoice. There are cases in which due to specific circumstances, other than general policy, the established period is not complied with, for example, contracts that have specific agreed-upon deadlines, or delay on the part of the supplier in the issuance of invoices, or the closing of agreements with suppliers for delivery of goods or providing of the service, etc.

The Company does not present interest associated to debts in this heading.

As of December 31, 2019, the main suppliers in the mobile operation are Huawei Chile S.A. with 17.8%, Samsung Electronics Chile Ltda, with 8.5%, and Nokia Solutions and Networks Chile with 5.7%; and as of December 31, 2018 the main suppliers corresponds to Huawei Chile S.A. with 15,5%, Samsung Electronics Chile Ltda. With 5.9% and Nokia Solutions and Networks Chile with 5.9%.

17. Trade and other payables, continued

b) Accounts payable payment terms, continued

The terms of accounts payable to suppliers with up to date payments, as of December 31, 2019 and 2018, are detailed as follows:

Suppliers with up to date payments As of 12.31.2019	Goods ThCh$	Services ThCh$	Total ThCh$
Trade accounts to date			
Up to 30 days	22,511,930	55,534,170	78,046,100
From 31 to 60 days	12,657,376	27,078,772	39,736,148
From 61 to 90 days	-	1,955	1,955
Total	**35,169,306**	**82,614,897**	**117,784,203**
Average period of payment of up to date accounts	**60**	**59**	

Suppliers with up to date payments As of 12.31.2018	Goods ThCh$	Services ThCh$	Total ThCh$
Trade accounts to date			
Up to 30 days	39,964,912	55,437,601	95,402,513
From 31 to 60 days	30,400,355	43,492,110	73,892,465
From 61 to 90 days	-	167,175	167,175
Total	**70,365,267**	**99,096,886**	**169,462,153**
Average period of payment of up to date accounts	**59**	**55**	

The terms of accounts payable to suppliers with overdue payments, as of December 31, 2019 and 2018, are detailed as follows:

Overdue suppliers Al 12.31.2019	Goods ThCh$	Services ThCh$	Total ThCh$
Overdue trade accounts payable by term			
Up to 30 days	4,619,541	35,164,250	39,783,791
From 31 to 60 days	5,408,114	-	5,408,114
From 61 to 90 days	1,045,001	58,889	1,103,890
From 91 to 120 days	147,660	-	147,660
From 121 to 180 days	-	1,692,128	1,692,128
More than 180 days	331,957	6,330,576	6,662,533
Total	**11,552,273**	**43,245,843**	**54,798,116**
Average payment period of overdue accounts	**58**	**38**	

Overdue suppliers Al 31.12.2019	Goods ThCh$	Services ThCh$	Total ThCh$
Overdue trade accounts payable by term			
Up to 30 days	4,001,723	26,474,812	30,476,535
From 31 to 60 days	1,006,995	1,861,342	2,868,337
From 61 to 90 days	533,287	-	533,287
From 91 to 120 days	114,322	-	114,322
From 121 to 180 days	345,919	147,764	493,683
More than 180 days	82,085	3,919,992	4,002,077
Total	**6,084,331**	**32,403,910**	**38,488,241**
Average payment period of overdue accounts	**58**	**33**	

18. Financial instruments

1. Classification of financial instruments by nature and category

a) Details of financial instruments of assets classified by nature and category, as of December 31, 2019, is as follows:

Description of financial assets	Note	Assets recorded at amortized cost		Financial assets booked at fair value = book value									Total financial assets	
				Through profit and loss		Through other comprehensive income (equity)				Fair value measurement hierarchy				
		Financial assets at amortized cost	Fair Value of financial assets at amortized cost	Financial Assets - held for trading	Financial assets - fair value to P&L option	Financial assets - Debt instruments	Financial assets - Equity instruments	Hedges	Subtotal financial assets at fair value	Level 1 (quoted prices)	Level 2 (observable inputs other than quoted prices)	Level 3 (inputs not based on observable market data)	Total Book Value of Financial Assets	Total Fair Value of Financial Assets
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other participations (net)	6-b	-	-	-	-	-	**7,853,872**	-	**7,853,872**	**7,849,896**	**3,976**	-	**7,853,872**	**7,853,872**
Other participations							7,853,872		7,853,872	7,849,896	3,976	-	7,853,872	7,853,872
Derivative instrument assets		-	-	-	-	-	-	**188,086,656**	**188,086,656**	-	**188,086,656**	-	**188,086,656**	**188,086,656**
Derivative instrument assets	18-2	-	-	-	-	-	-	188,086,656	188,086,656	-	188,086,656	-	188,086,656	188,086,656
Deposits and pledges		**50,468**	**50,468**	-	-	-	-	-	-	-	-	-	**50,468**	**50,468**
Deposits and pledges	6-a	50,468	50,468	-	-	-	-	-	-	-	-	-	50,468	50,468
Non-current trade and other accounts receivable		**27,422,344**	**27,422,344**	-	-	-	-	-	-	-	-	-	**27,422,344**	**27,422,344**
Non-current trade and other accounts receivable	12	27,422,344	27,422,344	-	-	-	-	-	-	-	-	-	27,422,344	27,422,344
Non-current financial assets		**27,472,812**	**27,472,812**	-	-	-	**7,853,872**	**188,086,656**	**195,940,528**	**7,849,896**	**188,090,632**	-	**223,413,340**	**223,413,340**
Current trade accounts receivable		**259,321,982**	**259,321,982**	-	-	-	-	-	-	-	-	-	**259,321,982**	**259,321,982**
Current trade and other accounts receivable	8-a	238,212,747	238,212,747	-	-	-	-	-	-	-	-	-	238,212,747	238,212,747
Account receivable from relate entities	9-a	21,109,235	21,109,235	-	-	-	-	-	-	-	-	-	21,109,235	21,109,235
Current deposits and pledges		**80,444**	**80,444**	-	-	-	-	-	-	-	-	-	**4,577,185**	**4,577,185**
Current pledges and deposits	6-a	80,444	80,444	-	-	-	-	-	-	-	-	-	4,577,185	4,577,185
Derivative instrument of assets		-	-	-	-	-	-	**20,248,206**	**20,248,206**	-	**20,248,206**	-	**20,248,206**	**20,248,206**
Derivative instrument of assets	18-2	-	-	-	-	-	-	20,248,206	20,248,206	-	20,248,206	-	20,248,206	20,248,206
Cash and cash equivalents		**234,466,421**	**234,466,421**	-	-	-	-	-	-	-	-	-	**234,466,421**	**234,466,421**
Cash and cash equivalents	5	234,466,421	234,466,421	-	-	-	-	-	-	-	-	-	234,466,421	234,466,421
Current financial assets		**493,868,847**	**493,868,847**	-	-	-	-	**20,248,206**	**24,885,518**	-	**20,248,206**	-	**514,117,053**	**514,257,624**
Total financial assets		**521,341,659**	**521,341,659**	-	-	-	**7,853,872**	**208,334,862**	**216,329,305**	**7,849,896**	**208,338,838**	-	**737,530,393**	**737,670,964**

18. **Financial instruments**, continued

1. **Classification of financial instruments by nature and category,** continued

b) Details of financial instruments of assets classified by nature and category, as of december 31, 2018, is as follows:

Description of financial assets	Note	Assets recorded at amortized cost		Financial assets booked at fair value = book value									Total financial assets	
				Through profit and loss		Through other comprehensive income (equity)				Fair value measurement hierarchy				
		Financial assets at amortized cost	Fair Value of financial assets at amortized cost	Financial Assets - held for trading	Financial assets - fair value to P&L option	Financial assets - Debt instruments	Financial assets - Equity instruments	Hedges	Subtotal financial assets at fair value	Level 1 (quoted prices)	Level 2 (observable inputs other than quoted prices)	Level 3 (inputs not based on observable market data)	Total Book Value of Financial Assets	Total Fair Value of Financial Assets
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other participations (net)	6-b	-	-	-	-	-	**6,962,236**	-	**6,962,236**	**6,958,379**	**3,857**	-	**6,962,236**	**6,962,236**
Other participations		-	-	-	-	-	6,962,236	-	6,962,236	6,958,379	3,857	-	6,962,236	6,962,236
Derivative instrument assets		-	-	-	-	-	-	**145,143,595**	**145,143,595**	-	**145,143,595**	-	**145,143,595**	**145,143,595**
Derivative instrument assets	18-2	-	-	-	-	-	-	145,143,595	145,143,595	-	145,143,595	-	145,143,595	145,143,595
Deposits and pledges		**50,468**	**50,468**	-	-	-	-	-	-	-	-	-	**50,468**	**50,468**
Deposits and pledges	6-a	50,468	50,468	-	-	-	-	-	-	-	-	-	50,468	50,468
Non-current trade and other accounts receivable		**34,028,767**	**34,028,767**	-	-	-	-	-	-	-	-	-	**34,028,767**	**34,028,767**
Non-current trade and other accounts receivable	12	34,028,767	34,028,767	-	-	-	-	-	-	-	-	-	34,028,767	34,028,767
Non-current financial assets		**34,079,235**	**34,079,235**	-	-	-	**6,962,236**	**145,143,595**	**152,105,831**	**6,958,379**	**145,147,452**	-	**186,185,066**	**186,185,066**
Current trade accounts receivable		**220,022,598**	**220,022,598**	-	-	-	-	-	-	-	-	-	**220,022,598**	**220,022,598**
Current trade and other accounts receivable	8-a	198,534,756	198,534,756	-	-	-	-	-	-	-	-	-	198,534,756	198,534,756
Account receivable from relate entities	9-a	21,487,842	21,487,842	-	-	-	-	-	-	-	-	-	21,487,842	21,487,842
Current deposits and pledges		**137,124**	**137,124**	-	-	-	-	-	-	-	-	-	**137,124**	**137,124**
Current pledges and deposits	6-a	137,124	137,124	-	-	-	-	-	-	-	-	-	137,124	137,124
Derivative instrument of assets		-	-	-	-	-	-	**5,074,553**	**5,074,553**	-	**5,074,553**	-	**5,074,553**	**5,074,553**
Derivative instrument of assets	18-2	-	-	-	-	-	-	5,074,553	5,074,553	-	5,074,553	-	5,074,553	5,074,553
Cash and cash equivalents		**263,376,457**	**263,376,457**	-	-	-	-	-	-	-	-	-	**263,376,457**	**263,376,457**
Cash and cash equivalents	5	263,376,457	263,376,457	-	-	-	-	-	-	-	-	-	263,376,457	263,376,457
Current financial assets		**483,536,179**	**483,536,179**	-	-	-	-	**5,074,553**	**5,074,553**	-	**5,074,553**	-	**488,610,732**	**488,610,732**
Total financial assets		**517,615,414**	**517,615,414**	-	-	-	**6,962,236**	**150,218,148**	**157,180,384**	**6,958,379**	**150,222,005**	-	**674,795,798**	**674,795,798**

18. Financial instruments, continued

1. Classification of financial instruments by nature and category, continued

The book value of financial assets such as cash and cash equivalents and the current portion of accountsreceivable from related entities approximates their fair values, due to the short-term nature of their expiries.

The book value of the current portion of trade and other accounts receivable approximates their fair values, due to the short-term nature of their expiries.

Instruments recorded under other current and non-current financial assets classified as financial assets at fair value through profit or loss and hedge derivatives are presented at their fair value in the Consolidated Statement of Financial Position.

Financial instruments recorded under other non-current financial assets mainly include the investment in Telefonica Brazil which is recorded at fair value (note 6).

Instruments recorded under other current financial assets classified as held to maturity mainly include time deposits maturing in more than 90 days.

18. **Financial instruments**, continued

1. **Classification of financial instruments by nature and category,** continued

c) Details of financial instruments of liabilities classified by nature and category, as of December 31, 2019, is as follows:

Description of financial liabilities	Note	Financial liabilities at amortized cost		Financial liabilities booked at fair value = booked value							Total financial liabilities	
				With changes in the income statement				Fair value measurement hierarchy				
		Financial liabilities at amortized cost	Fair value of liabilities at amortized cost	Financial liabilities - Held for trading	Financial liabilities - Fair value option to PL	Hedges	SUBTOTAL FINANCIAL LIABILITIES AT FAIR VALUE	Level 1 (quoted prices)	Level 2 (observable inputs other than quoted prices)	Level 3 (inputs not based on observable market data)	Total Book Value of Financial Liabilities	Total Fair Value of Financial Liabilities
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Issuance of obligations and other non-current marketable securities	16-d	614,538,045	636,502,212	-	-	-	-	-	-	-	614,538,045	636,502,212
Non-current debts with loan entities	16-c	163,025,228	163,252,642	-	-	-	-	-	-	-	163,025,228	163,252,642
Long-term hedge derivative instrument of liabilities	18-2	-	-	-	-	5,599,137	5,599,137	-	5,599,137	-	5,599,137	5,599,137
Trade and other accounts payable	17	2,160,741	2,160,741	-	-	-	-	-	-	-	2,160,741	2,160,741
Accounts payable to related entities	9-c	38,027,645	38,027,645	-	-	-	-	-	-	-	38,027,645	38,027,645
Other non-current financial debts(1)		122,547,855	122,547,855	-	-	-	-	-	-	-	122,547,855	122,547,855
Non-current financial liabilities		**940,299,514**	**962,491,095**	**-**	**-**	**5,599,137**	**5,599,137**	**-**	**5,599,137**	**-**	**945,898,651**	**968,090,232**
Issuance of short-term obligations and other marketable securities	16-d	119,507,902	120,216,089	-	-	-	-	-	-	-	119,507,902	120,216,089
Short-term debts with credit entities	16-c	204,521	204,521	-	-	-	-	-	-	-	204,521	204,521
Short-term derivative instrument of liabilities	18-2	-	-	-	-	3,538,527	3,538,527	-	3,538,527	-	3,538,527	3,538,527
Trade and other accounts payable	16	304,290,564	304,290,564	-	-	-	-	-	-	-	304,290,564	304,290,564
Accounts payable to related entities	9-b	66,055,208	66,055,208	-	-	-	-	-	-	-	66,055,208	66,055,208
Other non-current financial debts(1)		81,566,999	81,566,999	-	-	-	-	-	-	-	81,566,999	81,566,999
Current financial liabilities		**571,625,195**	**490,766,382**	**-**	**-**	**3,538,527**	**3,538,527**	**-**	**3,538,527**	**-**	**575,163,722**	**575,871,909**
Total financial liabilities		**1,511,924,708**	**1,453,257,476**	**-**	**-**	**9,137,664**	**9,137,664**	**-**	**9,137,664**	**-**	**1,521,062,372**	**1,543,962,139**

(1) Includes lease agreement liabilities that qualify under IFRS 16 and sale of portfolio to Banco Santander (see Note 16).

18. **Financial instruments**, continued

1. **Classification of financial instruments by nature and category,** continued

c) Details of financial instruments of liabilities classified by nature and category as of december 31, 2018 is as follows:

Description of financial liabilities	Note	Financial liabilities at amortized cost		Financial liabilities booked at fair value = booked value							Total financial liabilities	
				With changes in the income statement				Fair value mea surement hierarchy				
		Financial liabilities at amortized cost	Fair value of liabilities at amortized cost	Financial liabilities - Held for trading	Financial liabilities - Fair value option to PL	Hedges	SUBTOTAL FINANCIAL LIABILITIES AT FAIR VALUE	Level 1 (quoted prices)	Level 2 (observable inputs other than quoted prices)	Level 3 (inputs not based on observable market data)	Total Book Value of Financial Liabilities	Total Fair Value of Financial Liabilities
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Issuance of obligations and other non-current marketable securities	17-d	680,876,592	683,021,614	-	-	-	-	-	-	-	680,876,592	683,021,614
Non-current debts with loan entities	17-c	150,851,556	150,851,556	-	-	-	-	-	-	-	150,851,556	150,851,556
Long-term hedge derivative instrument of liabilities	19-2	-	-	-	-	12,309,350	12,309,350	-	12,309,350	-	12,309,350	12,309,350
Trade and other accounts payable		4,320,435	4,320,435	-	-	-	-	-	-	-	4,320,435	4,320,435
Accounts payable to related entities		168,257	168,257	-	-	-	-	-	-	-	168,257	168,257
Non-current financial liabilities		**836,216,840**	**838,361,862**	**-**	**-**	**12,309,350**	**12,309,350**	**-**	**12,309,350**	**-**	**848,526,190**	**850,671,212**
Issuance of short-term obligations and other marketable securities	17-d	54,011,525	54,235,234	-	-	-	-	-	-	-	54,011,525	54,235,234
Short-term debts with credit entities	17-c	360,837	360,837	-	-	-	-	-	-	-	360,837	360,837
Short-term derivative instrument of liabilities	19-2	-	-	-	-	4,513,765	4,513,765	-	4,513,765	-	4,513,765	4,513,765
Trade and other accounts payable	18	385,753,698	385,753,698	-	-	-	-	-	-	-	385,753,698	385,753,698
Accounts payable to related entities	9-c	52,202,802	52,202,802	-	-	-	-	-	-	-	52,202,802	52,202,802
Current financial liabilities		**492,328,862**	**492,552,571**	**-**	**-**	**4,513,765**	**4,513,765**	**-**	**4,513,765**	**-**	**496,842,627**	**497,066,336**
Total financial liabilities		**1,328,545,702**	**1,330,914,433**	**-**	**-**	**16,823,115**	**16,823,115**	**-**	**16,823,115**	**-**	**1,345,368,817**	**1,347,737,548**

18. Financial instruments, continued

1. Classification of financial instruments by nature and category, continued

The book value of the current portion of accounts payable to related entities and trade accounts receivable approximates their fair values, due to the short-term nature of their due dates.

Instruments recorded under other current and non-current financial liabilities classified as financial liabilities at fair value through profit or loss and hedge derivatives are presented at their fair value in the Consolidated Statement of Financial Position.

Financial instruments recorded under other current and non-current financial liabilities which correspond to interest-bearing loans, are generally recorded for the cash received, net of costs incurred in the transaction, These obligations are valued at amortized cost, using the effective interest rate method, and mainly include bank loans and unguaranteed obligations (bonds), among other things (note 17).

18. Financial instruments, continued

2. Hedging instruments

As of December 31, 2019, hedging instruments are detailed as follows:

Type of hedge	Underlying	Current Assets Up to 90 days ThCh$	Current Assets 90 days to 1 year ThCh$	Current Liabilities Up to 90 days ThCh$	Current Liabilities 90 days to 1 year ThCh$	Non-current Assets 1 to 3 years ThCh$	Non-current Assets 3 to 5 years ThCh$	Non-current Assets 1 to 3 years ThCh$	Non-current Assets 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)	-
	Total	**5.273.042**	**14,975,164**	**(3,501,867)**	**(36,660)**	**-**	**188,086,659**	**(4,618,537)**	**(980,600)**

Hedge instruments have generated an effect on result of ThCh$43,482,286. As of December 31, 2019 and the accumulated effect on equity, net of taxes is ThCh$(1,099,249) (see note 22d).

As of December 31, 2018, hedging instruments are detailed as follows:

Type of hedge	Underlying	Current Assets Up to 90 days ThCh$	Current Assets 90 days to 1 year ThCh$	Current Liabilities Up to 90 days ThCh$	Current Liabilities 90 days to 1 year ThCh$	Non-current Assets 1 to 3 years ThCh$	Non-current Assets 3 to 5 years ThCh$	Non-current Assets 1 to 3 years ThCh$	Non-current Assets 3 to 5 years ThCh$
Exchange rate – cash flow hedge (1)	Supplier Debt	1,854,434	645,892	(23)	(102)	-	-	-	-
Exchange rate – fair value hedge (2)	Supplier Debt	1,034,352	-	(1,561,659)	-	-	-	-	-
Interest rate – cash flows hedge (4)	Financial Debt	1,539,875	-	(2,951,981)	-	-	5,477,645	-	(12,309,264)
Exchange rate and interest rate – fair value hedge (5)	Financial Debt	-	-	-	-	-	139,665,950	(88)	-
	Total	**4,428,661**	**645,892**	**(4,513,663)**	**(102)**	**-**	**145,143,595**	**(88)**	**(12,309,264)**

Hedge instruments have generated an effect on result of ThCh$62,501,428, As of December 31, 2018 (see note 24d, 24e, and 24f) and the accumulated effect on equity, net of taxes is ThCh$338,921 (see note 22d),

Description of hedge instruments:
1. Exchange rate – cash flow hedge: This category includes derivative instruments used to hedge highly probable trade debt future cash flows,
2. Exchange rate – fair value hedge: This category includes derivative instruments entered into to hedge existing commercial debt,
3. IInterest rate – cash flows hedge: This category includes, derivative instruments entered into to hedge debt instrument interest rate risk, whose interest cash flows payable are denominated at a variable interest rate,
4. Exchange rate and interest rate – fair value hedge: This category includes derivative instruments entered into to hedge foreign currency risk on debt instrument capital,

18. Financial instruments, continued

3. Valuation of hedging instruments

The Company has financial derivative valuation models that use local and international financial market interest rate curves, to determine cash flows associated to each derivative and to discount those cash flows to present value, once this valuation is obtained, it is compared to the valuation certificates provided to us by the banks, Should there be material differences, a review of the internal model is carried out and it is verified if the bank is making a correct valuation.

The main assumptions used in the valuation models of derivative instruments are as follows:

a) Market assumptions such as spot prices and other price projections, credit risk (own and counterparty) and rates, using observable market information and through techniques commonly used among its participants.

b) Discount rates like risk free rates and counterparty rates (based on risk profiles and information available in the market).

c) In addition, variables such as: volatility, correlation, regression formulas and market spread, are incorporated to the model.

The methodologies and assumptions used to determine the fair value of financial derivative instruments are applied consistently from one year to another, The Company considers that what has been previously described is used in a fair manner, since it is in line with those used by the market and result in a measurement of fair value that is appropriate for the purposes of measuring the financial statements and disclosures, It should be noted that these disclosures are complete and adequate.

4. Fair value hierarchy of financial instruments

Financial instruments recognized at fair value in the statement of financial position are classified according to the following hierarchies (note 18,1):

Level 1: Corresponds to methodologies of fair value measurement using market rates (without adjustments) in an active market considering the same assets and liabilities valued,

Level 2: Corresponds to methodologies of fair value measurement using data on market rates, not included in Level 1, that are observable for assets and liabilities valued, whether directly (that is, as a price) or indirectly (that is, derived from a price),

Level 3: Corresponds to methodologies of fair value measurement using valuation techniques that include information on assets and liabilities valued, which are not based on observable market information.

19. Other currents provisions

a) The balance of currents provisions is detailed as follows:

Concepts	12.31.2019 ThCh$	12.31.2018 ThCh$
Civil and regulatory	1,601,625	5,745,139
Total	**1,601,625**	**5,745,139**

Based on the progress of the proceedings, the Company's management considers that the provisions recorded in the financial statements adequately cover the litigation risks described in Note 27, therefore they do not foresee that they will result in liabilities other than those recorded.

Due to the characteristics of the risks that cover these provisions, it is impossible to determine a reasonable payment date schedule.

As of December 31, 2019 and 2018, the movements in provisions are as follows:

Movements	12.31,2019 ThCh$	12,31,2018 ThCh$
Beginning balance	**5,745,139**	**10,387,867**
Increase in existing provisions	2,256,777	1,356,537
Provisioning application	(6,400,291)	(4,548,355)
Movement subtotal	**(4,143,514)**	**(4,642,728)**
Ending balance	**1,601,625**	**5,745,139**

b) Other non-currents provisions:

As of December 31, 2019 and 2018, the balance of other non-currents provisions is detailed as follows:

Concepts	12.31.2019 ThCh$	12,31,2018 ThCh$
Dismantling provision (1)	18,730,421	20,123,983
Non-currents provisions others	70,134	59,665
Total	**18,800,555**	**20,183,648**

(1) Movements of the dismantling provision as of December 31, 2019 and 2018 are detailed as follows:

Movements	12.31.2019 ThCh$	12,31,2018 ThCh$
Beginning balance	**20,123,983**	**19,331,353**
Increase in existing provisions	319,997	219,945
Financial restatement	701,762	817,837
Telxius transfer (1)	-	(164,847)
Applied provision	(2,415,321)	(80,305)
Movements, subtotal	**(1,393,562)**	**792,630**
Ending balance	**18,730,421**	**20,123,983**

1) On June 29, 2018, the Company sold to Telxius Torres Chile S.A.37 telecommunications infrastructure, and this value corresponds to the decommissioning provision associated to those assets.

20. Employee benefits accrual

a) Employment benefits

The employee benefits provision corresponds to liabilities for future termination benefits that are estimated to be accrued for employees both in the general and private payroll, which are subject to severance pay whether through collective or individual employee contracts, and is recorded at actuarial value, determined using the projected credit unit method, Actuarial profits and losses on severance pay derived from changes in estimates in the turnover rates, mortality, salary increases or discount rate, are recorded in accordance with International Accounting Standard 19 R (IAS 19R), under other comprehensive income, affecting Equity directly, procedure that the Company has applied since the beginning of the convergence application of the International Standard,

As of December 31, 2019 and 2018, current and non-current employee benefits accrual are as follows:

Concepts	31.12.2019 ThCh$	12.31.2018 ThCh$
Current amount of liability recognized for termination benefits	9,397,635	8,597,752
Non-current amount of liability recognized for termination benefits	26,723,862	26,842,153
Total	**36,121,497**	**35,439,905**

As of December 31, 2019 and 2018 the movements for current employee benefits provisions are detailed as follows:

Movements	09,30,2019 ThCh$	12,31,2018 ThCh$
Beginning balance	**35,439,905**	**37,243,714**
Service costs	(114,271)	289,707
Interest costs (see note 24 d)	1,656,106	1,935,183
Actuarial profits, net due to experience	2,397,133	232,839
Benefits paid	(3,607,413)	(4,440,817)
Others	350,037	179,279
Movement subtotal	**681,592**	**(1,803,809)**
Ending balance	**36,121,497**	**35,439,905**

Actuarial Hypotheses

The hypotheses used for the actuarial calculation of employee benefits obligations are reviewed once a year and correspond to the following detail, as of December 31, 2019 and 2018:

- **Discount rate:** An annual nominal rate of 3.587% and 4,673% are used as of December 31, 2019 and 2018, respectively. This rate must be representative of the time value of money, for which a risk-free rate, represented by BCP (Central Bank of Chile Bonds issued in Chilean pesos) instruments, is used for a relevant term of close to 20 years.

- **Incremental Salary Rate:** An increase table is used according to the inflation projection established by the Central Bank of Chile. The rate used for the excercise ended December 31, 2019 and 2018, was 3%.

20. Employee benefits accrual, continued

a) Post employment benefits, continued

Actuarial Hypotheses, continued

- **Mortality:** The RV-2014 mortality tables established by the Financial Market Commission (CMF) are used to calculate social life insurance reserves in Chile,
- **Turnover rate:** Based on the historical Company data, the rotation used for both years are as follows:

Benefits	Rotation rate Resignation	Rotation rate Dismissal
Frozen compensation	0,14%	1,79%
Post-frozen compensation	3,41%	6,02%
Quotas system	2,73%	2,73%
Death	2,73%	2,73%

- **Years of service:** The Company assumes that the employees will remain until their legal retirement age, (up to 60 years old women and 65 years old men).

The model for calculating employee termination benefits has been prepared by a qualified external actuary. The model uses variables and market estimates in accordance with the methodology established by IAS 19 to determine this provision.

b) Sensitivity of assumptions

Based on the actuarial calculation as of December 31, 2019, the sensitivity of the main assumptions has been reviewed, determining the following possible effects on Equity:

Description	Base	Plus 1% ThCh$	Less 1% ThCh$
Discount rate	3.587%	(2,050,621)	2,291,006

c) Expected cash flows

In accordance with the employee benefits obligation, future cash flows for the following exercises are detailed as follows:

Description	1st year ThCh$
Future payment cash flows	4,658,190

20. Employee benefits accrual, continued

d) Employee benefits expenses

Expenses recognized in the comprehensive income statement for this concept are composed of payroll for personnel hired by subsidiaries Telefónica Investigación y Desarrollo SpA and Telefónica Chile Servicios Corporativos Ltda., detailed as follows:

Conceptos	12.31.2019 ThCh$	12.31.2018 ThCh$
Wages and salaries	122,691,769	124,431,389
Post employment benefit obligations expense	374,355	289,707
Total	**123,066,124**	**124,721,096**

21. Other current and non-current non-financial liabilities

a) Other non-financial liabilities are detailed as follows:

Concepts	12.31.2019		12.31.2018	
	Current ThCh$	Non Current ThCh$	Current ThCh$	Non Current ThCh$
Contractual liabilities (1)	**14,259,915**	**2,673,550**	**13,840,015**	**3,072,995**
Handsets sold and not activated	5,687,633	-	5,489,074	-
Services charged and not rendered	5,167,858	-	4,728,848	-
IRUS rights of use	396,020	2,672,552	384,232	3,068,573
Others contractual liabilities (2)	3,008,404	998	3,237,861	4,422
Deferred income	**3,880,359**	**1,709,923**	**4,833,085**	**1,916,567**
Company projects to be undertaken (3)	1,265,884	744,484	3,615,005	1,235,997
Sale of telecommunications infrastructure	1,320,124	518,074	569,050	614,042
Other Deferred income (4)	1,294,351	447,365	649,030	66,528
Subsidies	**523,355**	**3,272,663**	**1,305,643**	**3,053,001**
Research and Development (5)	-	-	945,887	-
Extreme zones	282,541	1,056,038	118,942	595,562
Subsidy for Tierra del Fuego base stations	70,355	773,910	70,355	844,265
Puerto Natales and Cerro Castillo Fiber Optics Network	52,623	403,444	52,623	456,067
Connectivity for service networks and telecentre	90,380	341,431	90,380	431,811
Juan Fernandez Island Satellite links	27,456	697,840	27,456	725,296
Taxes	**33,271,415**	**-**	**9,778,499**	**-**
VAT (6)	30,900,052	-	7,382,141	-
Other taxes (7)	2,371,363	-	2,396,358	-
Others non-financial liabilities	**51,935,044**	**7,656,136**	**29,757,242**	**8,042,563**

(1) With the coming into effect of IFRS 15 as of January 1, 2018, the obligations that arise from contracts signed with our customers are classified as contractual liabilities.
(2) Includes connection instalments, electronic prepay top-up and unaccrued interest on sales paid in instalments.
(3) Corresponds to billing of projects of companies that are recorded in revenue to the extent of their degree of progress.
(4) Corresponds mainly to collections management commission, generated by the sale of portfolio to BID.
(5) Corresponds to government subsidy received by subsidiary Telefónica Investigación y Desarrollo SpA.
(6) Mainly, corresponds to provisions for link contract billed in December 2019.
(7) Includes withholding tax and other taxes.

21. Other current and non-current non-financial liabilities, continued

Movements of contractual liabilities, deferred income and subsidies as of December 31, 2019 are as follows:

Movements	12.31.2019 Contractual liabilities		Deferred Income		Subsidies	
	Current ThCh$	Non-Current ThCh$	Current ThCh$	Non-Current ThCh$	Current ThCh$	Non-Current ThCh$
Beginning balance	**13,840,015**	**3,072,995**	**4,833,085**	**1,916,567**	**1,305,643**	**3,053,002**
Endowments	273,326,534	14,544	5,721,293	167,775	163,600	579,418
Write-downs/applications	(273,243,059)	(77,564)	(6,976,331)	(72,107)	(1,128,941)	(176,703)
Transfer	336,425	(336,425)	302,312	(302,312)	183,053	(183,053)
Movements, subtotal	**419,900**	**(399,445)**	**(952,726)**	**(206,644)**	**(782,288)**	**219,662**
Ending balance	**14,259,915**	**2,673,550**	**3,880,359**	**1,709,923**	**523,355**	**3,272,663**

Movements of contractual liabilities, deferred income and subsidies, as of December 31, 2018, are as follows:

Movements	12.31.2018 Contractual liabilities		Deferred Income		Subsidies	
	Current ThCh$	Non-Current ThCh$	Current ThCh$	Non-Current ThCh$	Current ThCh$	Non-Current ThCh$
Beginning balance	-	-	**40,270,801**	**3,646,952**	**1,615,404**	**3,332,010**
Endowments	255,096,132	558,329	10,867,741	1,428,243	83,595	76,064
Write-downs/applications	(272,411,916)	(180,455)	(12,758,680)	(1,098,696)	(748,429)	-
Transfer	31,155,799	2,695,121	(33,546,777)	(2,059,932)	355,073	(355,073)
Movements, subtotal	**13,840,015**	**3,072,995**	**(35,437,716)**	**(1,730,385)**	**(309,761)**	**(279,009)**
Ending balance	**13,840,015**	**3,072,995**	**4,833,085**	**1,916,567**	**1,305,643**	**3,053,001**

b) The detail of the expirations of the current non-financial liabilities as of December 31, 2019 and 2018 is as follows:

Expirations		Total Current to 12.31.2019	Expirations			Total non-current to 12.31.2019
until 90 days ThCh$	91 days to 1 year ThCh$	ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	5 years and more ThCh$	ThCh$
15,345,017	36,590,027	**51,935,044**	3,920,652	1,604,439	2,131,045	**7,656,136**

Expirations		Total Current to 12,31,2018	Expirations			Total non-current to 12,31,2018
until 90 days ThCh$	91 days to 1 year ThCh$	ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	5 years and more ThCh$	ThCh$
16,168,656	13,588,586	**29,757,242**	3,862,465	1,781,778	2,398,320	**8,042,563**

22. Equity

The Company manages its Capital aimed at safeguarding the capacity to continue as a going concern, with the purpose of generating returns to its shareholders and with the objective of maintaining a strong credit rating and favorable capital ratios to support its businesses and guarantee ongoing and expedite access to the financial markets, maximizing shareholders value. The Company manages its Capital structure and adjusts it, in accordance with changes in existing economic conditions.

No changes were introduced in the objectives, policies or processes during fiscal years ended as of December 31, 2019 and 2018.

a) Capital

As of December 31, 2019 and 2018, the Company's paid-in capital is composed as follows:

Number of shares

Series	12.31.2019 No. of subscribed shares	12.31.2019 No. of paid shares	12.31.2019 No. of shares with voting rights	12.31.2018 No. of subscribed shares	12.31.2018 No. of paid shares	12.31.2018 No. of shares with voting rights
Unique	936,165,609,040	936,165,609,040	936,165,609,040	911,784,715,847	911,784,715,847	911,784,715,847
Total	**936,165,609,040**	**936,165,609,040**	**936,165,609,040**	**911,784,715,847**	**911,784,715,847**	**911,784,715,847**

Capital

Series	12.31.2019 Subscribed Capital ThCh$	12.31.2019 Paid-in Capital ThCh$	12.31.2018 Subscribed Capital ThCh$	12.31.2018 Paid-in capital ThCh$
Unique	1,329,872,285	1,329,872,285	1,294,872,285	1,294,872,285
Total	**1,329,872,285**	**1,329,872,285**	**1,294,872,285**	**1,294,872,285**

At the Extraordinary Shareholders' Meeting held on May 9, 2018, the shareholders approved a Capital increase from ThCh$1,257,872,285, divided into 887,631,908,214 ordinary shares to ThCh$1,294,872,285, divided into 911,784,715,847 ordinary shares,

At the Extraordinary Shareholders' Meeting held on Mar 13, 2019, the shareholders approved a capital increase from ThCh$1,294,872,285, divided into 911,784,715,847 ordinary shares to ThCh$1,329,872,285, divided into 936,165,609,040 ordinary shares,

Based on the above, as of December 31, 2019, the Company's shareholder structure is detailed as follows:

Company	Shares
Inversiones Telefónica International Holding S.A.	926,165,606,064
Telefónica S.A.	10,000,002,976
Total	**936,165,609,040**

22. Equity, continued

b) Distribution of shareholders

As established in Circular No. 792 issued by the Financial Market Commission (CMF) (ex-Superintendency of Securities and Insurance) of Chile, the distribution of shareholders based on their participation in the Company, as of December 31, 2019, is as follows:

Type of Shareholder	Participation percentage %	Number of shareholders
Participation of 10% or more	98.9318	1
Less than 10% participation:	1.0682	1
Investment equal to or exceeding UF 200	-	-
Investment under UF 200	-	-
Total	**100.0000**	**2**
Parent Company	98.9318%	1

c) Dividends:

i) Dividends policy:

In accordance with Law No. 18,046, unless a different agreement is adopted unanimously at the Shareholders' Meeting, when the Company makes profits, at least 30% of it must be distributed asdividends.

On April 30, 2019 the Ordinary Shareholders' Meeting of subsidiary Telefónica Chile S.A., did not approve the distribution of dividends, therefore the proportion of the dividends provision in the amount of ThCh$40,009 was reversed. As of December 31, 2019, a provision for the legal minimum dividend of 30% of the year net income was established, amounting to ThCh$ 75,069, corresponding to the minority interest of the subsidiary.

As of December 31, 2019 the following dividends were distributed:

Date	Dividend	Distributed amount ThCh$	Value per share ThCh$	Charge to utilities	Payment date
12-27-2019	Interim	75,000,000	0.0801	Fiscal year 2019	December 2019

22. Equity, continued

d) Other reserves:

The balances, nature and purpose of other reserves are detailed as:

Concepts	Balance as of 12.31.2018 ThCh$	Net movement ThCh$	Balance as of 12.31.2019 ThCh$
Capital revaluation reserve (i)	(233,685,327)	-	(233,685,327)
Business combination reserve (ii)	(95,176,556)	-	(95,176,556)
Other reserves (iii)	(122,214,004)	-	(122,214,004)
Employee benefits reserve (iv)	(8,203,551)	(1,742,258)	(9,945,809)
Foreign currency translation reserve (v)	(58,310)	-	(58,310)
Cash flows hedge reserve (vi)	338,921	760,328	1,099,249
Equity instruments reserves (vii)	1,271,402	883,855	2,155,257
Total	**(457,727,425)**	**(98,075)**	**(457,825,500)**

i) Capital revaluation

In accordance with Law No. 18.046, second paragraph of Article 10 and in accordance with Official Circular No. 456 issued by the Financial Market Commission (former Superintendency of Securities and Insurance), the revaluation of the Company's Capital as of December 31, 2008, date of application of International Financial Reporting Standards,must be presented in this account.

ii) Business combination reserve

Corresponds to company reorganizations performed in previous years.

iii) Other miscellaneous reserves

Contains the difference between the valuation of the investments that Telefónica Móviles S.A. has in the consolidated subsidiaries and the capital of each one of these. This effect is in the amount of ThCh$53,430,874.

In September, 2017 and in reference to the withdrawal of 1,072,813 minority shareholders described in the treasury shares reserves (note 23b) v) , Telefónica Móviles Chile S,A, increased its interest in subsidiary Telefónica Chile S,A, from 97.92% to 99.0281653%, which generated an increase of ThCh$1,083,569 in the aforementioned effect.

During 2014, the Company made a capital increase paid by Telefónica Internacional Holding S.A. with the contribution in dominion of a group of assets and liabilities. This transaction generated a difference between the carrying amount of those assets and liabilities and the contribution value of ThCh$61,567,621 that were recognized in this heading, since it corresponds to a corporate reorganization.

In July 2010, the Company purchased from the Dutch company, Telefónica Chile Holding B.V., the investment in Telefónica Internacional S.A. This transaction generated a 20% withholding tax that was assessed by the Chilean Internal Revenue Service in 2013 and which had to be paid by the Company for being jointly and severally liable. This tax, in the amount of ThCh$3,722,259, was recognized as "Other reserves".

22. Equity, continued

d) Other reserves, continued

iii) Other miscellaneous reserves, continued

In addition, this item includes the accumulated revaluation reserve and of the adjustment for first-time adoption of International Financial Reporting Standards (IFRS) assumed by subsidiary Telefónica Móviles Soluciones y Aplicaciones S,A, in the amount of ThCh$2,365,462 and others negative concepts for ThCh$70,619.

iv) Employee benefits reserve

Corresponds to the effect arising from changes in the actuarial hypotheses for the employee benefits provision, originated in subsidiaries Telefónica Chile Servicios Corporativos Ltda. and Telefónica Investigación y Desarrollo Chile SpA.

v) Foreign currency translation difference reserve

Corresponds to the differences generated by the conversion of the Company's financial statements.

vi) Hedge reserve

Transactions designated as cash flow hedges of expected transactions are probable, and where the Company can execute the transaction, the Company has a positive intention and ability to consummate the expected transaction. Expected transactions designated in our cash flow hedges are maintained as probably occurring on the same date and amount as originally designated, otherwise the ineffectiveness shall be measured and recorded when appropriate. In addition, the effects of fair value associated with rate insurance are included.

vii) Equity instruments reserves

Corresponds to the effect of market valuation of the investment of Telefónica Chile S.A. subsidiary in Telefónica Brazil.

e) Non-controlling interest

As of December 31, 2019 and 2018, recognition of the share of equity belonging to third parties is detailed as follows:

Subsidiaries	Percentaje Non-controlling interest		Non-controlling interest	
	2019 %	2018 %	12.31.2019 ThCh$	12.31.2018 ThCh$
Telefónica Chile S.A.	0.8594402	0.8594402	5,859,874	5,604,555
Total			**5,859,874**	**5,604,555**

22. Equity, continued

e) Non-controlling interest, continued

As of December 31, 2019 and 2018 recognition of the share in income belonging to third parties is detailed as follows:

Subsidiaries	Percentage Non-controlling interest 2019 %	Percentage Non-controlling interest 2018 %	Non-controlling interest Equity 31.12.2019 M$	Non-controlling interest Equity 31.12.2018 M$
Telefónica Chile S.A.	0.8594402	0.8594402	243,664	125,542
Total			**243,664**	**125,542**

23. Earnings per Share

The details of Earnings per share are as follows:

	12.31.2019 ThCh$	12.31.2018 ThCh$
Earnings attributable to owners of the parent	82,221,847	85,790,212
Profit available for shareholders	**82,221,847**	**85,790,212**
Weighted average number of shares	923,975,162,444	899,708,312,031
Basic earnings per share in Ch$	**0.088**	**0.095**

Earnings per share have been calculated dividing income for the year attributable to the parent by the weighted average number of common shares outstanding during the year. The Company has not issued convertible debt or other equity securities. Consequently, there are no potentially diluting effects on earnings per share of the Company.

24. Revenue and Expenses

a) The details of income from ordinary operations as of December 31, 2019 and 2018 are as follows:

Ingresos ordinarios	12.31.2019 M$	12.31.2018 M$
Mobile Telecommunications	858,681,214	916,884,000
Broadband	199,707,083	192,136,118
Data Services and corporate technological solutions	155,006,006	141,871,337
Television services and equipment	152,265,100	170,192,132
Fixed telephone services	116,098,703	129,596,147
Wholesale services	21,720,384	22,552,236
Total	**1,503,478,490**	**1,573,231,970**

24. Revenue and Expenses, continued

b) The detail of other operating income, as of December 31, 2019 and 2018, are as follows:

Other Incomes	12.31.2019 M$	12.31.2018 M$
Proceeds from disposal of property, plant and equipment (1)	14,581,647	1,121,473
Income from indemnities, complaints and others (2)	8,788,227	828,826
Income from disposal of real property	3,499,679	3,011,356
Subsidies	1,325,609	1,097,450
Other current management income	887,034	668,461
Total	**29,082,196**	**6,727,566**

(1) On July 24, 2019 a Datacenter was sold by ThCh$10,795,589.
(2) Contains ThCh$ 7,657,991 corresponding to amount collected from insurance companies, associated to policies covering damages caused by national contingency that began on October 18, 2019.

c) The detail of other operating income as of December 31, 2019 and 2018 are as follows:

Other expenses	12.31.2019 ThCh$	12.31.2018 ThCh$
Sale cost of inventory (note 10b) (1)	246,630,709	238,173,014
Exterior services (2)	129,184,523	158,424,967
Media rental (2)	124,533,340	146,206,462
Sales commissions	90,168,318	97,450,734
Allowance for doubtful accounts	65,902,786	49,048,664
Computer services	47,061,433	52,558,472
Plant maintenance	46,150,917	46,552,423
Interconnections and roaming (3)	40,525,498	80,874,338
Customer service	37,957,626	53,697,168
Advertising	24,950,835	23,116,084
Energy	23,224,718	22,940,214
Real estate spending	15,720,113	20,945,723
Deferred sale cost of handsets (4)	7,329,883	15,770,669
Others (5)	21,859,651	18,995,923
Total	**921,200,350**	**1,024,754,855**

(1) Includes sale cost associated to handsets sold and activated in the period.
(2) Due to the application of IFRS 16, a large part of the leased space and placements were capitalized as rights of use, therefore the expense is presented as depreciation in the amount of ThCh$28,583,970 as of December 31, 2019, See note 15d.
(3) Since January 26, 2019, it includes the coming into effect of new Tariff Decree No. 21/2019, which determined a reduction of 79% in the mobile access charge. See Note 29c i).
(4) Corresponds to accrual of deferred cost on handset sold the previous year and which are pending activation by the end user as of year-end.
(5) As of December 31, 2019 and 2018, it includes transportation expenses, insurance, consulting, events, fines, sanctions, and security and surveillance expenses, among others.

24. Income and Expenses, continued

d) The detail of financial income and expenses, as of December 31, 2019 and 2018, is as follows:

Financial expenses, net	12.31.2019 ThCh$	12.31.2018 ThCh$
Interest income		
Interest earned on deposits	3,159,822	3,711,899
Interest earned on investments	340,855	369,865
Interest earned on projects	1,113,334	1,107,676
Dividends on account of group companies	412,458	370,947
Interest on mercantile mandate	19,727	3,979
Other financial income	300,589	302,437
Total interest income	**5,346,785**	**5,866,803**
Interest expense		
Interest on bond (1)	6,116,585	4,149,638
Interest on loans from bank institutions	26,097,840	29,290,585
Interest on update of IPAS	1,656,106	1,935,183
Intrest on proyects	243,402	387,727
Other financial expenses (2)	16,667,817	6,401,656
Total interest expenses	**50,781,750**	**42,164,789**
Total financial income and costs, net	**(45,434,965)**	**(36,297,986)**

(1) This item is presented net of interest rate hedge.
(2) Composed mainly of 4% tax on remittances abroad, sale of portfolio costs, lease financing costs and other finance costs.

e) Foreign currency translation, as of December 31, 2019 and 2018, are detailed as follows:

Currency translation	12.31.2019 ThCh$	12.31.2018 ThCh$
Financial debt	(29,441,066)	(52,342,076)
Trade and other accounts payable	(1,174,691)	(2,260,733)
Current accounts receivable from related entities	(297,514)	215,152
Current accounts payable to related entities	(210,370)	(271,516)
Hedge instruments	28,275,656	55,267,170
Current trade and other accounts receivable	900,940	1,109,585
Cash and cash equivalents	687,954	(734,960)
Total	**(1,259,091)**	**982,622**

f) Indexation units, as of December 31, 2019 and 2018, are detailed as follows:

Indexation units	12.31.2019 ThCh$	12.31.2018 ThCh$
Financial debt	(4,690,635)	(5,702,219)
Cash and cash equivalents	(416,862)	(121,631)
Current trade and other accounts receivable	265,814	399,372
Hedge instruments	4,489,389	5,485,555
Trade and other payables	(125,293)	(145,567)
Tax liabilities	106,448	65,145
Financial debt leasing	-	(93,306)
Total	**(371,139)**	**(112,651)**

25. Leases

The main low value lease contracts, short-term (less than 12 months) and variable payments, that were not considered under IFRS 16, are directly associated to the line of business, such as equipment leases for information processes, furniture and office equipment. They are presented under other expenses by nature, in the statement of income.

The Company has operating lease contracts that contain various clauses referred to dates and terms of renewal and readjustments. Should a decision be made for early termination of a contract, the payments stipulated in those clauses must be made.

As of December 31, 2019, lease expenses amount to ThCh$2,850,336.

	12.31.2019			
Concepts	Up to one year ThCh$	From one to five years ThCh$	More than 5 years ThCh$	Total ThCh$
Minimum operating lease payments payable	7,941,213	15,496,457	33,705,424	57,143,094

26. Local and Foreign Currency

The detail for currency of current assets and non-currents assets are the following:

Currents assets	12.31.2019 ThCh$	12.31.2018 ThCh$
Cash and cash equivalents	**234,466,421**	**263,376,457**
US Dollars	7,379,053	803,353
Euros	65,979	369,771
Chilean Pesos	227,008,924	262,003,486
Others currencies	12,465	199,847
Other current financial assets	**24,825,391**	**5,211,677**
US Dollars	8,060,222	4,757,121
Euros	169,352	31,266
Chilean Pesos	4,835,258	423,290
UF	11,760,559	-
Current trade and other accounts receivable	**233,716,006**	**198,534,756**
Us Dollars	-	3,784
Euros	60,744	39,538
Chilean Pesos	233,216,824	198,190,733
U.F.	438,438	300,701
Current receivables from related companies	**21,109,235**	**21,487,842**
US Dollars	5,048,821	6,467,316
Euros	-	-
Chilean Pesos	16,002,833	14,766,443
Others currencies	57,581	254,083
Other current assets (1)	**108,004,429**	**107,012,177**
Chilean Pesos	108,004,429	107,012,177
Total current assets	**622,121,482**	**595,622,909**
US Dollars	**20,488,096**	**12,031,574**
Euros	**296,075**	**440,575**
Chilean Pesos	**589,068,268**	**582,396,129**
U,F,	**12,198,997**	**300,701**
Others currencies	**70,046**	**453,930**

(1) Includes: Other current non-financial assets and current inventories.

Non-currents assets	31.12.2019 ThCh$	12.31.2018 ThCh$
Other non-current financial assets	**195,990,996**	**152,156,299**
US Dollars	158,017,808	112,126,778
Chilean Pesos	54,444	5,531,972
U,F,	30,068,849	27,539,170
Others currencies	7,849,895	6,958,379
Non-current trade and other accounts receivable	**27,422,344**	**34,028,767**
Chilean Pesos	27,422,344	34,028,767
Other non-currents non-financial assets	**12,877,869**	**2,716,622**
Chilean Pesos	12,877,869	2,716,622
Other non-current assets (2)	**2,228,333,455**	**2,056,335,591**
Chilean Pesos	2,228,333,455	2,056,335,591
Total non-current assets	**2,464,624,664**	**2,245,237,279**
US Dollars	**158,017,808**	**112,126,778**
Chilean Pesos	**2,268,688,112**	**2,098,612,952**
U,F,	**30,068,849**	**27,539,170**
Others currencies	**7,849,895**	**6,958,379**

(2) Includes: Other non-current non-financial assets, intangible assets other than goodwill, goodwill, property, plant and equipment and deferred tax assets.

26. **Local and Foreign Currency**, continued

The detail for currency of current liabilities is as follows:

Currents liabilities	12.31.2019	12.31.2018	12.31.2019	12.31.2018
	to 90 days ThCh$		91 days to 1 years ThCh$	
Other current financial liabilities	**107,925,152**	**5,244,587**	**96,892,797**	**53,641,540**
US Dollars	424,068	360,837	2,827,072	2,529,878
Euros	8,351	-	-	-
Chilean Pesos	20,953,818	4,479,636	7,614,566	50,361,782
U,F,	86,538,915	404,114	86,451,159	749,880
Trade and other payables	**304,290,564**	**385,753,698**	**-**	**-**
US Dollars	28,472,557	39,340,646	-	-
Euros	4,071,790	7,637,881	-	-
Chilean Pesos	258,856,935	296,886,411	-	-
U,F,	12,871,579	41,886,727	-	-
Others currencies	17,703	2,033	-	-
Current receivables from related companies	**66,055,208**	**52,202,802**	**-**	**-**
US Dollars	3,402,129	9,717,807	-	-
Euros	478,268	384,174	-	-
Chilean Pesos	58,011,843	42,100,821	-	-
U,F,	4,162,968	-	-	-
Other current liabilities (1)	**68,187,035**	**24,572,618**	**36,590,026**	**22,948,101**
Chilean Pesos	68,187,035	24,572,618	36,590,026	22,948,101
Total current liabilities	**509,867,933**	**467,773,705**	**133,482,823**	**76,589,641**
US Dollars	**32,298,754**	**49,419,290**	**2,827,072**	**2,529,878**
Euros	**4,558,409**	**8,022,055**	**-**	**-**
Chilean Pesos	**369,419,605**	**368,039,486**	**44,204,592**	**73,309,883**
U,F,	**103,573,462**	**42,290,841**	**86,451,159**	**749,880**
Others currencies	**17,703**	**2,033**	**-**	**-**

(1) Includes: Other current provisions, current tax liabilities and other current non-financial liabilities.

Non-current liabilities by currency are detailed as follows, continued:

Non-current liabilities	12.31.2019	12.31.2018	12.31.2019	12.31.2018	12.31.2019	12.31.2018
	1 to 3 years ThCh$		3 to 5 years ThCh$		5 years and over ThCh$	
Other non-current financial liabilities	**740,546,948**	**337,416,947**	**165,163,317**	**506,620,551**	**-**	**-**
US Dollars	495,353,048	103,735,302	51,002,531	393,150,391	-	-
Chilean Pesos	163,233,548	123,317,204	20,205,496	31,534,160	-	-
U.F.	81,960,352	110,364,441	93,955,290	81,936,000	-	-
Trade and other payables non-current	**2,160,741**	**3,863,491**	**-**	**456,944**	**-**	**-**
Chilean Pesos	2,160,741	3,863,491	-	456,944	-	-
Non - current receivables from related companies	**38,027,645**	**168,255**	**-**	**-**	**-**	**-**
Chilean Pesos	29,796,210	168,255	-	-	-	-
U.F.	8,231,435	-		-	-	-
Other non-current liabilities (1)	**27,175,257**	**36,267,823**	**14,993,292**	**25,661,617**	**104,913,534**	**77,709,265**
Chilean Pesos	27,175,257	36,267,823	14,993,292	25,661,617	104,913,534	77,709,265
Other non-current liabilities	**807,910,591**	**377,716,516**	**180,156,609**	**532,739,112**	**104,913,534**	**77,709,265**
US Dollars	**495,353,048**	**103,735,302**	**51,002,531**	**393,150,391**	**-**	**-**
Chilean Pesos	**222,365,756**	**163,616,773**	**35,198,788**	**57,652,721**	**104,913,534**	**77,709,265**
U.F.	**90,191,787**	**110,364,441**	**93,955,290**	**81,936,000**	**-**	**-**

(1) Includes: Other current provisions, current income tax liabilities and other current non-financial liabilities.

27. Contingencies and restrictions

In the normal development of its line of business, Telefónica Chile S.A. is part of certain proceedings, involving civil, labor, special and penal matters for different concepts and amounts, In general, management and its legal counsel, both internal and external periodically monitor the evolution of those lawsuits and contingencies affecting Telefónica Chile S.A. in the normal course of its operations, analyzing in each case the possible effect on the financial statements. Taking into consideration the legal and factual arguments exposed in those proceedings, especially those in which the Company is the defendant party, and historical results obtained by Telefónica Chile S.A. in proceedings with similar characteristics in the opinion of the legal advisors, the risk that it will be condemned to pay the amounts claimed in the mentioned lawsuits is remote.

Notwithstanding, there are certain proceedings in which due to the aforementioned considerations it is believed that there is a risk of loss that is rated as probable, which has motivated the establishment of provisions for the amount of what would be the estimated loss as of December 31, 2019, which altogether amounts to ThCh$1,601,625 in the parent and of which ThCh$1,057,506 correspond to subsidiaries. It is estimated that Telefónica Móviles Chile S.A. must pay the amount of ThCh$273,479 during the fourth quarter of 2020 and the rest during the second quarter of 2020.

On the other hand, there are several proceedings for which the estimated risk of loss is qualified as possible, for a total amount of ThCh$6,963,151 in the parent and the amount of ThCh$4,625,913 in the subsidiaries.

In addition to the above, the following proceedings should be especially mentioned:

a) Voissnet proceeding

On March 31, 2016, the 4th Civil Court of Santiago dictated final sentence in the judicial proceeding called "Voissnet S.A. vs Telefónica Chile S.A.", Rol No. 26.086-2014, completely rejecting the lawsuit. On June 19, 2018, the Court of Appeals of Santiago, aware of the writ of appeal filed by the plaintiff, revoked that sentence and condemned subsidiary Telefónica Chile S.A. to pay the amount of ThCh$5,526,164,936. Subsidiary Telefónica Chile S.A. filed an appeal for dismissal in form and substance before the Supreme Court, whose foundation makeits legal advisors believe that the sentence will be set aside by the Supreme Court. At the demand of Voissnet, on February 12, 2019, the Company was obligated to pay that amount, which it expects to recover after the Supreme Court hands down its sentence.

b) Tax contingecy

Is part of a process of reviewing the taxable income of subsidiary Telefónica Móviles Soluciones y Aplicaciones S.A. on June 17, 2016, the Internal Revenue Service issued the recalculation corresponding to Fiscal year 2012. This recalculation led to differences in the non-deductible expenses of the third subsection of article 21 of the Income Tax Law, which amounted to Ch$872,741,004, amount that was paid on July 25, 2019.

On November 22, 2019, the Company purchased all Telefónica Móviles Soluciones y Aplicaciones S.A. shares, thus generating its dissolution.

27. Contingencies and restrictions, continued

c) Miscellaneous lawsuits:

In the judicial proceeding entitled "OPS Ingeniería Limitada vs Telefónica Móviles Chile S,A,", complaint filed before the 22nd Civil Court of Santiago, Rol C No. 20,891-2013, dated January 17, 2017, the Court of Appeals of Santiago dictated final sentencing in Civil Record No. 8249-2015, rejecting the appeal filed by Telefónica Móviles Chile S.A. and the appeal filed by the plaintiff OPS against the first instance final sentence, and partially accepting the appeal filed by Telefonica.

In accordance with the above, that Court reduced the amount of the judgment from UF 510,011.92 to UF 357,590.52. Both parties filed appeals for dismissal on this sentence, which were registered with the Supreme Court under Case No. 18,171-2017, and are ready to be heard; during December 2018, the actions filed were viewed, leaving the case in a state of agreement. On August 29, 2019, the Supreme Court accepted the appeal for dismissal filed by Telefónica Móviles Chile S.A., and handed down a replacement sentence through which it confirmed the final sentence handed down on January 17, 2017 by the Santiago Court of Appeals, with express declaration that the indemnity that must be paid to the plaintiff amounts to UF 166,179, this being the only payment to which the defendant was condemned. On October 8, 2019, Telefónica Móviles Chile S.A. deposited the amount of ThCh$4,663,561 in the current bank account of the 22nd Civil Court of Santiago.

d) Financial restrictions:

As of December 31, 2019, the Company has no financial restrictions.

e) Guarantee deposits:

The detail of guarantee deposits is as follows:

Guarantee creditor	Debtor		Type of guarantee	Current guarantee deposits	Liberated guarantees		
	Name	Relationship		ThCh$	2020 ThCh$	2021 ThCh$	2022 and more ThCh$
Public and privated organizations				**3,083,374**	**2,603,789**	**37,648**	**441,937**
Undersecretaries and Ministries	TCH	Subsidiary	Deposit	1,711,591	1,244,277	27,577	439,737
Other private organizations	TCH	Subsidiary	Deposit	1,047,121	1,045,503	1,618	-
Municipalities	TCH	Subsidiary	Deposit	247,464	244,911	353	2,200
Other public organizations	TCH	Subsidiary	Deposit	77,198	69,098	8,100	-
Public and privated organizations				**19,076,363**	**9,404,821**	**4,423,402**	**5,248,140**
Other private organizations	TEM	Subsidiary	Deposit	6,549,242	3,292,501	1,360,976	1,895,765
Other public organizations	TEM	Subsidiary	Deposit	6,417,768	3,829,229	738,787	1,849,752
Undersecretaries and Ministries	TEM	Subsidiary	Deposit	2,983,379	1,677,446	1,051,269	254,664
Banks	TEM	Subsidiary	Deposit	1,769,817	203,677	773,808	792,332
Municipalities	TEM	Subsidiary	Deposit	1,125,393	384,551	352,236	388,606
Universities	TEM	Subsidiary	Deposit	230,764	17,417	146,326	67,021
Public and privated organizations				**33,335,805**	**30,628,328**	**1,012,203**	**1,695,274**
Undersecretaries and Ministries	TMCH	Matrix	Deposit	29,859,796	28,761,223	456,420	642,153
Other private organizations	TMCH	Matrix	Deposit	2,141,165	1,208,187	88,549	844,429
Other public organizations	TMCH	Matrix	Deposit	675,072	461,969	117,198	95,905
Municipalities	TMCH	Matrix	Deposit	472,283	180,546	178,950	112,787
Banks	TMCH	Matrix	Deposit	169,589	3,653	165,936	-
Universities	TMCH	Matrix	Deposit	17,900	12,750	5,150	-
Total				**55,495,542**	**42,636,938**	**5,473,253**	**7,385,351**

TMCH: Telefónica Móviles Chile S.A.
TCH: Telefónica Chile S.A.
TEM: Telefónica Empresas Chile S.A.

27. Contingencies and restrictions, continued

f) Insurance:

The companies of the Telefónica Group in Chile have an insurance program that protects their assets from losses derived from events involving acts of terrorism, sabotage, disturbances and malicious damages, among others, as well as extraordinary expenses to minimize damages and execute contingency plans to restore services. All in accordance with the conditions, limits and deductibles established in the purchased policies.

From the beginning of the massive social unrest on October 18, 2019, Telefónica in Chile has suffered damages that have been notified to the insurance company. The claim is in the process of being adjusted, and there has already been an advance on account in the amount of ThCh$3,350,790.

28. Environment (not audited)

Due to the nature of its line of business, the activities it develops and the technology associated to its management, the Company has not been affected by legal or regulatory provisions obligating it to make investments or material disbursements referring to protection of the environment during this year, whether in a direct or indirect manner.

Law No. 20,599 was published on June 11, 2012 regulating the installation of telecommunications services emitting and transmitting antennas.

Law No. 20,599 was published on September 11, 2012 regulating the installation of emitting and transmitting antennas of telecommunications services.

The provisions adopted include: i) restrictions and new regulations for the installation of new sites based on the height of the tower, its location and its closeness to sensitive entities and to other previously installed towers, New and stricter approval conditions are imposed for these new sites; ii) there is retroactive regulation of the height of towers installed before the law was enacted, which are close to the sensitive places determined by the Telecommunications Undersecretary (schools, hospitals, playschools, preschool, old age homes and others); and iii) also in a retroactive manner, there is regulation of tower concentration in denominated Saturated Zones, for which solutions contemplated are based on reducing the number of structures or else, compensation is established with work to improve the community, which must be agreed upon by the Neighborhood Groups and the Municipal Council, for 20% of the total cost of the tower, should some type of camouflage be used in the structure and 50% in cases where no camouflage is used.

In compliance with this law, there are site dismantling activities or reduction of the height of existing structures, which implies responsible handling of the waste produced. For this purpose, we have a current contract with companies responsible for recycling, and have the certificates of recycling and final disposal of project residues.

The Company bases itself on what is required in the environmental assessment in reference to levels of emission of associated electromagnetic waves and also in the urbanistic and environmental area.

28. Environment (not audited), continued

The 2019-2022 environmental investment plan was activated at a national level, for comprehensive management of hazardous waste generated due to the implementation and operation of production processes at Telefónica's technical sites. This plan addresses from the generation of waste to its segregation and transitory storage up to transportation to its final disposal, with adequate infrastructure and with the corresponding environmental authorizations. The plan also includes improvements to the current fuel storage facilities.

The regime established by Law No 20,920 Framework for Waste Management, the Extended Responsibility of the Producer and Encouragement of Recycling, places special attention on the wording of the Regulations that are in the process of being dictated and which will implement its content, especially the regime of extended producer responsibility (which is applicable only to a group of priority products), as well as the control procedures for cross-border movement of dangerous and non-dangerous waste.

For the purpose of evaluating the impact that this regulation might have on the current operations of subsidiary Telefónica Chile and, particularly, regarding its waste management, we have seen drafts of the contracts and tender documents existing to date.

The Company is in the process of evaluating each phase contemplated by Law to identify and quantify its impact, As of December 31, 2019 the Company's expenditures in relation to the implementation of the corresponding phases are not significant.

29. Risk management

As of June 14, 2019, the company underwent the oversight process in respect to ISO 14001:2015 International Certification, which is valid up to 2021, in conformity with the implementation of an Environmental Management System for Telefónica Chile. This certification is full scope, and provides the Company with coverage from the design stage to deployment and maintenance of the mobile network, plus marketing of Telecommunication Services and right up to our end customers. We continue progressing with the environmental managementsystem deployment at a national level, complemented by the environmental mitigation plan that allows the Company to assess and address environmental risks at all the technical establishments of Telefónica.

a) Characterization of the market and competition

The Company faces strong competition in all its business areas and believes that this high level of competitiveness will be maintained, In order to confront this situation, the Company permanently adapts its business strategies and products, seeking to satisfy the demands of its current and potential customers, innovating and developing excellence in its attention.

The mobile telephone market is comprised of nine operators, of which four have their own network and the rest correspond to virtual mobile operators (VMO),

Operators with their own network are: Telefónica Móviles Chile S,A, (Movistar), owned by the Telefónica Group; Entel S,A,, owned by the Almendral Group; Claro, belonging to the América Móvil Group and WOM (formerly Nextel which in March 2015 was sold to the English group Novator Partners LLP.

29. Risk management, continued

a) Characterization of the market and competition, continued

There are five in total Virtual Mobile Operators. In 2012 Virgin Mobile, Netline (GTEL) and GTD Móvil entered the market. At the end of 2013, VTR signed a contract with Movistar to provide roaming services. In April 2015, VMO Simply began commercial operations.

Mobile Voice

At the end of the fourth quarter of 2019, it is estimated that the mobile telephone market will have close to 27,3 million accesses, with an increase of +0.2% in comparison to the same period the year before, With this, mobile telephone penetration per 100 inhabitants would reach 145.6%, representing a decrease of -1.05 percentage points in a year.

Prepayment customers present a decrease in the industry, caused by the commercial strategy of the companies to accelerate the migration of these customers to postpaid plans. When comparing the fourth quarter of 2018 and 2019, prepay customers decreased by -1,235 thousand customers, whereas customers with contracts grew by +1,292 thousand customers. The proportion of prepayment closed at 54.4% over total customers in the market, decreasing -4,65 percentage points in comparison to December 2018.

Mobile Internet

Mobile Internet access experienced a high level of growth thanks to the higher penetration of smartphones with 3G and 4G technology, which allow better Internet navigation in the device, It is estimated that the number of units connected to Mobile Internet will reach 19,1 million as of December 2019, growing +3.5% in respect to fourth quarter of 2018. With the above, market penetration per inhabitant is 102.2%, increasing +2.50 percentage points in a year.

b) Competition Risk

The mobile voice business is at a maturing stage, but without decreasing its dynamism due to the effects of portability and the entry of new operators. This has caused companies to intensify the competition and improve their offers in order to maintain customers and capture the new ones that are being incorporated to the mobile market.

In the fourth quarter of 2019, there were more than 817 thousand mobile porting instances. Mobile portability since December 2019 has accumulated 19.0 million of ported customers , which is equivalent to 69.7% of total mobile voice customers in the industry.

29. Risk management, continued

c) Regulatory Environment

The installation, operation and explotation of telecommunications services located in the national territory are framed in General Telecommunications Law 18,168, and its complementary regulations. Through the Undersecretary of Telecommunications (Subtel), the Ministry of Transportation and Telecommunications, applies and controls that regulation.

i) Telecommunications tariff system

In accordance with Law 18.168 (General Telecommunications Law), mobile service tariffs are free and set by the market. Interconnection tariffs between operators are established by the Ministries of Economy, Transportation and Telecommunications.

In the case of mobile telephone services, the current Decree is applicable from January 26, 2019 for a five-year term.

In the case of fixed telephone service, the current Decree is applicable from May 9, 2019 for a five-year term.

ii) Spectrum Allocation

There are two mechanisms for allocating frequencies in Chile: direct allocation and allocation through public tender.

The Company has telecommunications concessions that allow it to operate in the 850 MHz, 1,900 MHz, 2,600 MHz, 700 Mhz frequency bands, which are granted by the Ministry of Transportation and Telecommunications.

In the case of the 700 Mhz concession, the complaint filed by the Association of Consumers (Conadecus) was resolved in 2019 through the surrender of two 3.500 MHz band concessions (in the south part of thecountry) and the future tender of 10 MHz in the 1.900 MHz band in accordance with the tender documents that Telefónica presented to Subtel and to the Antitrust Commission ("TDLC") in November 2019 and which have not yet been approved.

On December 5, 2019 the TDLC dictated Resolution 59-2019, through which it established new spectrum caps. Among the main aspects, the TDLC's resolution dgictates the following:

- A structure of 5 macro-bands was established: Low (lower than 1 GHz); Medium Low (from 1 to 3 GHz); Medium (from 3 to 6 GHz); Medium High (from 6 to 24 GHz) and High (higher than 24 GHz).
- For low bands, a 35% spectrum holding cap was established by operator.
- For the medium low bands a maximum cap of 30% was established.

29. Risk management, continued

c) Regulatory Environment, continued

ii) Spectrum Allocation, continued

— For medium bands, which include 3.500 MHz, short, medium and long-term measures were established. In the short-term, Subtel will not be able to auction contiguous blocks which, in total are less than 40 MHz per operator and, in a first auction, it must have at least 80 MHz, to ensure the existence of a minimum of two operators. In the mid-term, it must ensure that there are at least 4 operators with a minimum of 40 contiguous MHz per operator. Finally, in the long-term, there will be a maximum cap of 30% for this macro-band, with a minimum of 80 contiguous MHz per operator.

— There are no caps for medium high bands, due to their lack of attribution and allocation for mobile services in the bands that compose it. Once Subtel has attributed spectrum it must once again consultthe TDLC in order to establish the cap for this macro-band.

— There are also short, medium and long-term special measures established for high bands. In the short-term, Subtel must ensure the allocation of contiguous blocks, which in total must not be less than 400 MHz per operator. In the mid-term, Subtel must ensure the existence of at least 4 operators with a minimum of 400 contiguous MHz in this macro-band. In the long-term, there will be a cap of 25% and Subtel must ensure that there are at least 4 operators with a minimum of 800 contiguous MHz each.

Resolution 59-2019 issued by the TDLC was appealed before the Supreme Court by consumer organization Conadecus and by operators WOM and Netline, and is currently being reviewed by that court.

On the other hand, on May 13, 2019 Subtel called a Citizen Consultation on the 5G tender, so that the interested parties could contribute. On January 14, 2020 Subtel called a new consultation on the same issue.

In addition, in August 2019, the TDLC held an allegations hearing in relation to the non-contentious consultation made by Telefónica Móviles Chile S.A. regarding the decisions adopted by Subtel on the use of the spectrum in the 3.400–3.600 MHz band (where it first suspended the use of the band and subsequently freed part of this spectrum for use by fixed Wireless services). After this, the issue went into the analysis stage for the resolution that must be issued by that Tribunal in the following months.

1. New Law: Minimum guaranteed Internet access speed

The Bill was approved by the National Congress and published in the Official Gazette on November 25, 2017.

The new law mainly establishes that:

i. A percentage of the speed offered for the different time segments, with more or less congestions, must be guaranteed in respect to domestic and international connections both wired and wireless.

ii. Contracts with users must establish average speeds and the main technical characteristics of the service.

29. Risk management, continued

c) Regulatory Environment, continued

ii) **Spectrum Allocation,** continued

1. New Law: Minimum guaranteed Internet access speed, continued

iii. Users must have a system or application available that allows them to measure those speeds and associated technical parameters, which will have the weight of legal presumption for the purpose of resolving complaints, all in conformity with the technical regulation dictated by the Telecommunications Undersecretary.

iv. An Independent Technical Organization ("OTI" in Spanish) will measure service quality. Thisorganization will be financed by service operators.

v. In order to be an Internet access supplier, the company is required to be a Public or Intermediate Telecommunications Service concessionary.

Law 21.046 also establishes the dictation of a Regulation regulating the implementation of those obligations.

On December 20, 2019 Subtel submitted for review of the Controllership, the Regulation on Organization, Operation and Tendering of the Independent Technical Organization (OTI), which focuses on the creation, governance and tendering of that organization, which is in charge of performing centralized measurement of speed and other technical parameters. The technical aspects of the speed measurements, both the individual measurements that users will take and the centralized service quality measurement, are delayed for subsequent regulation. The full operation of the Law will begin after enactment of this Regulation and the Technical Standard.

2. Law on Removal of Cables that are not in use

After concluding its legislative process, the bill that obligates telecommunication services concessionaries and permit holders to make themselves responsible for the adequate installation, identification, modification, maintenance, order and transportation of aerial and underground cables associated to telecommunications services was published as new law 21.172, in Official Gazette on August 20, 2019.

Subtel has begun a discussion panel to dictate the new regulation that will allow the application of the new Law to operate.

3. Bill on the use of facilities for the Providing of Virtual Mobile Operation and Automatic National Roaming

In August the Executive power sent a bill for legislative processing which establishes the obligation to allow access and use of facilities for the providing of virtual mobile operation and automatic national roaming.

The bill was approved in the Senate and on October 1, 2019 it went on to the second constitutional process in the Chamber of Deputies.

29. Risk management, continued

d) Technological changes

The telecommunications industry is a sector that is subject to quick and important technological progress and the introduction of new products and services. The industry's growth has been driven, to a great extent, by the need of customers to be connected through mobile devices. This translates into a demand for permanent investment to allow the Company to stay on the leading edge of technology, Subsidiaries Telefónica Chile S.A. and Telefónica Móviles Chile S.A. are constantly assessing the incorporation of new technologies to the business, taking into consideration both the costs and benefits.

e) Level of Chilean economic activity

Since the Company's operations are located in Chile, these are sensitive to and dependent on the country's level of economic activity, In periods of low economic growth, high unemployment rates and reducedinternal 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 polices

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, whicharise directly from its operations,

The Company also has investments held for sale and derivative transactions, The Company is exposed to market risk, credit risk and liquidity risk,

The Company's Management supervises that financial risks are identified, measured and managed in accordance with defined policies, All activities derived from risk management are carried out by specialist teams with adequate skills, experience and supervision, It is the Company's policy that there is no commercialization of derivatives for speculative purposes,

The policies for managing such risks, which are reviewed and ratified by the Board of Directors, are summarized below:

Market Risk

Market risk is the risk of fluctuation in the fair value of future cash flows of a financial instrument due to changes in market prices. Market prices comprise three types of risks: interest rate risk, exchange rate risk and other price risks, such as equity risk. Financial instruments affected by market risk include loans, deposits, investments held for sale and derivative financial instruments.

29. Risk management, continued

f) Financial risk management objectives and polices, continued

Interest rate risk

Interest rate risk is the risk of fluctuation in the fair value of future cash flows of a financial derivative due to changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is mainly related to the Company's long-term debt obligations with variable interest rates.

The Company manages its interest rate risk maintaining a balanced portfolio of loans and debts at variable and fixed interest rates. The Company has interest rate swaps in which it agrees to interchange, at certain intervals, the difference between the amounts of fixed and variable interest rates, calculated in reference to a notional agreed upon capital amount, These swaps are designated to hedge underlying debt obligations,

The Company periodically determines the efficient exposure to short and long-term debt due to changes in interest rates, considering its own expectations regarding future evolution of rates. As of December 31, 2019, the Company had 51% of its current and non–current financial debt accruing interest at a fixed rate.

The Company believes it is reasonable to measure the risk associated to interest on the financial debt such as the sensitivity of the monthly financial accrual expense in case of a change of 25 basic points in the reference interest rate of the debt, which as of December 31, 2019 corresponds to the Nominal Average Chamber Rate (TCPN) ("Tasa Promedio de Cámara Nominal"). In this manner, an increase of 25 basic points in the monthly TCPN would mean an increase in the monthly financial accrual expense for 2020 of approximately ThCh$ 67.734, whereas a decrease in the TCPN would mean a reduction of ThCh$ 67.734 in the monthly financial accrual for year 2020.

Foreign currency risk

Foreign currency risk is the risk that the future fair values or cash flows of a financial instrument may fluctuate due to exchange rate. The Company's exposure to exchange variation risks is related mainly to obtaining short and long-term financial debt in foreign currency and to a lesser extent to its operating activities. The Company's policy is to negotiate derivative financial instruments to help minimize this risk.

Credit risk

Credit risk is the risk that a counterpart May not fulfill its obligations under a financial instrument or customer contract, which leads to a financial loss. The Company is exposed to credit risk from its operating activities (mainly due to receivables and credit notes) and from its financial activities, including bank deposits, transactions in foreign currency and other financial instruments.

Credit risks related to customer loans is managed in accordance with the policies, procedures and controls established by the Company to manage customer credit risk. Customer credit quality is evaluated in an ongoing manner, Outstanding customer charges are supervised. The maximum exposure to credit risk as of the report presentation date is the value of each class of financial asset.

29. Risk management, continued

f) Financial risk management objectives and polices, continued

Credit risk, continued

Credit risk related to balances with banks, financial instruments and negotiable values is managed by the Finance Management Department in conformity with the Company's policies. Surplus funds are only invested with an approved counterpart and within the credit limits assigned to each entity. Counterpart limits are reviewed annually, and can be updated during the year.

The limits are established to reduce counterpart risk concentration.

Liquidity risk

The Company monitors its risk of lack of funds using a recurrent liquidity planning tool. The Company's objective is to anticipate the financing needs and maintain an investment profile that allows it to cover its obligations.

Capital management

The capital includes shares and equity attributable to the equity of the parent less unearned income reserves.

The Company's main objective in respect to capital management is to ensure that it maintains a strong credit rating and prosperous capital ratios to support its businesses and maximize shareholder value. Return on equity (income/total average equity) is 6.10% as of December 2019, with a decrease of 0.5% in comparison to December 2018, where it reached 6.60%. This is mainly due to a decrease profits attributable to the owners of MCh$3,568,365 to the higher financial expense in comparison to the previous year, mainly due to higher cost of sales of the portfolio and implementation of IFRS 16.

The Company manages its capital structure and makes adjustments to it, in response to changes in economic conditions.

There were no changes in the objectives, policies or processes during the years ended as of December 31, 2019 and 2018.

30. Subsequent events

The consolidated financial statements of Telefónica Móviles Chile S,A, and subsidiaries, as of December 31, 2019, were approved and authorized for issuance at the Board of Directors Meeting held on January 31, 2020.

On January 31, 2020, the Company's Board of Directors approved the following:

a) Propose the establishment of a subsidiary whose name will be InfraCo SpA whose objective will be the operation and commercialization of intermediate telecommunications services on a fiber optics network.

b) Capital increase of 24,227,357,309, registered cash shares, without par value equivalent to Ch$35,000,000,000. For this purpose it agreed to call an Extraordinary Shareholders' Meeting on February 3, 2020.

In the period from 1 to 31 of January of 2020, there have been no other significant subsequent effects that affect these consolidated financial statements.

Julio Jorge Vega
Accounting Manager

Rafael Zamora Sanhueza
Director of Finance and Management Control

Roberto Muñoz Laporte
General Manager

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OFFERING MEMORANDUM

November 10, 2021