QUIÑENCO 2018 ANNUAL REPORT

COMPANY IDENTIFICATION

Open-stock Company incorporated as “Forestal Quiñenco S.A.”, by public deed on January 28, 1957, and modified by public deed on April 15, 1957, both in the Valparaíso Notary Office of Mr. Carlos Calderón Cousiño. The incorporation of the company and the approval of its bylaws were authorized by Decree No. 5,981 of the Ministry of Finance dated July 3, 1957, registered on page 624 No. 430 of the Valparaíso Register of Commerce of 1957, and it was published in the Official Gazette No. 23,806 on July 27, 1957. The company transferred its domicile to Santiago by a reform of its bylaws, which is set forth in public deed on March 25, 1966, granted before the Valparaíso Notary office of Mr. Rafael Luis Barahona Stahr, modified by public deed on April 13, 1966, granted before the Santiago Notary Office of Mr. Eduardo González Abbott. Such reform was approved by Resolution No. 383 of the Ministry of Finance dated May 18, 1966, which was registered on page 634 No. 387 of the Valparaíso Register of Commerce of 1966 and on page 3,787 No.1,952 of the Santiago Register of Commerce of 1966 and it was published in the Official Gazette No.26,481 on June 11, 1966. The company changed its name to “Quiñenco S.A.” and agreed on a new revised text of its bylaws by a reform set forth in public deed on October 11, 1996, granted before the Santiago Notary Office of Mr. René Benavente Cash. An abstract of this reform was registered on page 26,437 No. 20,473 of the Santiago Register of Commerce of 1996 and was published in the Official Gazette on October 29, 1996. The last modification was set forth in public deed on May 5, 2014, granted before the Santiago Notary Office of Mr. Patricio Raby Benavente. An abstract of this reform was registered on page 34,212 No. 21,384 of the Santiago Register of Commerce of 2014 and it was published in the Official Gazette No. 40,853 on May 10, 2014.

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Quiñenco S.A.

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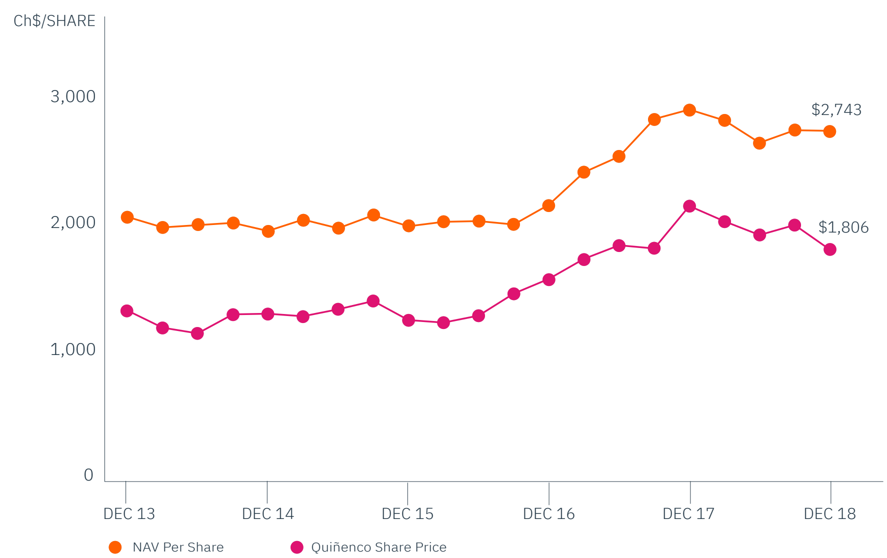
NAV evolution / share price

NAV at December 31, 2018
US$6,565 million
Market capitalization US$4,300 million



6,565

US$ MILLION

Net value of Quiñenco's assets at December 31, 2018

5 Year Financial Highlights

CONSOLIDATED RESULTS		2018	2017	2016	2015	2014
Non-banking sector						
Revenue	MCh$	2,798,851	2,381,154	2,146,958	1,917,121	2,540,694
Gross margin		405,469	355,303	343,525	234,086	265,223
Consolidated net income (loss) for the non-banking sector		74,369	(55,231)	69,568	(32,777)	313,650
Banking services sector						
Total net operating revenues		1,593,327	1,475,460	1,426,212	1,344,499	1,366,072
Operating income		744,966	685,804	637,425	617,980	651,154
Consolidated net income banking services sector		516,078	503,667	479,342	484,093	488,249
Consolidated net income		590,447	448,436	548,910	451,316	801,899
Net income attributable to non-controlling interests		410,016	339,696	372,008	354,696	459,809
Net income attributable to owners of the controller		180,430	108,740	176,902	96,620	342,089
Earnings per share attributable to the controller[1]	Ch$	108.51	65.40	106.39	58.11	205.74
FINANCIAL POSITION						
Non-banking sector assets	MCh$	5,809,588	5,158,236	5,243,760	4,711,860	4,557,683
Banking services assets		35,926,495	32,824,184	31,533,431	31,287,863	27,642,384
Total assets		41,736,083	37,982,420	36,777,192	35,999,723	32,200,067
Non-banking sector liabilities		2,196,561	1,814,278	1,743,736	1,316,408	1,496,399
Banking sector liabilities		32,418,479	29,615,351	28,641,075	28,598,415	25,171,138
Total liabilities		34,615,040	31,429,629	30,384,811	29,914,823	26,667,537
Equity attributable to the controller's owners		3,213,351	2,963,713	2,998,628	3,021,807	2,834,472
Non-controlling interests		3,907,691	3,589,077	3,393,753	3,063,092	2,698,058
Total equity		7,121,042	6,552,790	6,392,381	6,084,900	5,532,530
Liquidity (Current assets/Current liabilities)[(2]	times	2.30	2.03	2.42	1.67	1.43
Leverage (Total liabilities/equity)[2]	times	0.68	0.61	0.58	0.44	0.53
EBITDA[3]	MCh$	127,005	109,380	109,353	33,920	41,937

1 Based on the weighted average number of shares.
2 Excludes assets and liabilities of the banking services sector.
3 At the industrial sector level and excludes Other gains (losses).

OTHER DATA	2018	2017	2016	2015	2014
Number of shareholders	1,004	1,056	1,108	1,160	1,191
Number of shares	1,662,759,593	1,662,759,593	1,662,759,593	1,662,759,593	1,662,759,593

With a sound base in Chile, Quiñenco expands abroad, strengthening its geographic diversification.

2018 Milestones

17 years in advance

Sociedad Matriz del Banco de Chile (SM Chile) provisioned the funds to pay off, in April 2019, the subordinated debt held with the Chilean Central Bank, which originally matured in 2036.

London

Invexans established a company in London dedicated to the analysis, execution and follow up of international investments.

Road Ranger

In November, Enex completed the purchase of Road Ranger, the fourth largest travel center network in the United States for US$289 million.

Colombia

In 2018, Central Cervecera de Colombia (CCC) sold more than half a million hectoliters of premium beer. The company recently launched Andina, a locally produced beer, under the slogan "Colombia en una cerveza".

US$400 million

CCU Argentina closed the transaction with Anheuser-Busch InBev for the early termination of the Budweiser license in exchange for a portfolio of brands and payments for up to US$400 million before taxes over a three-year period, including an upfront payment of US$316 million.

UF 7 million

Quiñenco successfully placed two series of bonds on the local market: the first for 2 million UFs for a 7-year term; and the second for 5 million UFs for a 29-year period.

upa!

ENEX inaugurated eight new service stations, four of them on highways, and 13 upa!/up¡ta stores. It recently opened its first standalone convenience store, upon inaugurating an upa! store in Av. Apoquindo.

Buchahueico

VSPT Wine Group was awarded the “Ethical Company of the Year” distinction in the Green Awards, which recognizes the joint work developed with the Buchahueico Mapuche community in Purén, Araucanía Region, to produce Pinot Noir D.O. Malleco.

125 years

Banco de Chile turned 125 years, with a celebration called the Light Festival, a free show in the streets of various cities in the country. In addition, the institution has been supporting the Teletón for 40 years since its inception.

Record

The port terminals of Guayaquil, Caldera, San Antonio and Corral, operated by SAAM, hit record load transfers at their facilities.

US$435 million

After completing the merger with UASC, Hapag-Lloyd informed that the synergies reached in 2018 amounted to US$435 million.

DJSI

CCU was included for the first time in the Dow Jones Sustainability Chile Index that evaluates and selects the companies based on their environmental, social and corporate governance performance. Also, SM SAAM was included for the first time in the DJSI of the Latin American Integrated Market (DJSI MILA).

Internationalization

In 2018, we continued moving forward with our strategy of internationalization and diversification of our investments to grow organically in Chile and inorganically abroad.

Along these lines, in 2018 we would like to especially highlight, among many other achievements, the entry of Enex to the United States market; the significant progress of CCU's business in Colombia, where it recently started to operate the new plant on the outskirts of Bogotá; and the opening of a subsidiary of Invexans in London, which has as its main priorities to explore new business opportunities and centralize international investments.

The goal is clear: we want to be closer to the business development opportunities and open to the world to discover new horizons, with the aim of creating and adding value to the companies and their workers.

128 countries

Quiñenco, through its main subsidiaries and affiliates, has a global presence across five continents.

69 thousand jobs

Quiñenco and its subsidiaries employ 20,944 people, which together with its affiliates CCU, Nexans and Hapag-Lloyd, total more than 69 thousand employees.

110 plants

The operating companies manage more than 110 beverage and cable plants.

380 vessels

CSAV together with Hapag-Lloyd and SM SAAM operate a fleet of more than 380 ships and tug boats for maritime carrier and port services.

70 ports

Through SM SAAM's operations, Quiñenco has presence in an extensive network of ports in America.

Chile

451 service stations

390 bank branches

present at 129,000 beverage sales points

ador Japan New Zealand Suriname Jamaica Aus
Romania Mexico United States Canada Brunei
South Korea Philippines Argentina Taiwan Malay
etnam Thailand India Russia South Africa Bangla
Arabia United Arab EmiratesNorway Singapore
Finland Ireland United Kingdom Germany Estonia
a Lithuania Denmark Netherlands Belgium Yeme
oland Portugal Switzerland Italy Austria Slovenia
nanyCzech Republic Croatia Hong Kong Sweden
erbia **C**olombia **H**olland **I**ndia **L**atvia **E**nglanc
Israel Jordan Iraq Egypt Malta Tunisia Turkey
a Barbados Trinidad and Tobago Angola Puerto R
Bulgaria Dominican Republic Haiti Cuba Cyprus
onduras Guatemala El Salvador Nicaragua Alba
Senegal Ivory Coast Ghana Togo Benin Nigeria
ei Ukraine Australia South Africa Serbia Mauritius
Oman Bahrain Kuwait Pakistan French Polynesia
Paraguay Uruguay Peru Ecuador France Panam
livia Costa Rica Aruba Brazil China Greece Qatar

Letter from the Chairman

Dear shareholders:

I am pleased to present you with the Annual Report and the Consolidated Financial Statements of Quiñenco S.A. for the 2018 fiscal year.

This was a good year for our Company and its subsidiaries, thanks to the effort and commitment of all the workers at Quiñenco and its related companies; teams that have been able to adapt to changing market conditions, facing a myriad of challenges. In an uncertain and highly complex global context, we have advanced, contributing to the progress of Chile and of all the countries where we operate.

I also completed five years as Quiñenco's Chairman in 2018, after the premature death of my brother Guillermo, who successfully led the company for more than three decades.

This has been a time of tremendous challenges and considerable opportunities: Chile and the world have undergone significant social, political and regulatory changes. Our company has also had to adapt, strengthen its teams and make important investment and management decisions, which have been fundamental to build a promising future for Quiñenco and its subsidiaries.

«We have placed our focus on promoting in all the companies where we participate, the development of better relationships and working conditions for all of the people who work with us».

One of our first steps during these 5 years was to carry out capital increases in Quiñenco and in several companies of the group, such as Banco de Chile, CCU and CSAV. We had to be prepared to face, in the best possible manner, the development opportunities that were within our reach.

One of our main tasks was to consolidate the two companies that joined the holding in 2011, Enex and Compañía Sudamericana de Vapores (CSAV), and to complete the reorganization of the former Madeco.

Enex, that started as a Shell licensee in Chile, acquired Terpel in June 2013, unifying the brands and setting up a network which, after five years of sustained growth, owns 451 service stations and 161 upa! and up¡ta convenience stores across Chile. Moreover, as a highlight for 2018, Enex materialized its arrival to the demanding U.S. market through the purchase of 38 Road Ranger travel centers located on the main highways linking the State of Texas with the Midwest. This transaction amounted to US$289 million and became the first step of its international expansion endeavor.

CSAV, which was going through very hard times when Quiñenco decided to acquire a stake, was able to complete its merger with the German shipping company Hapag-Lloyd in 2014 for the container ship business, thus positioning our company as the main shareholder of what is today the fifth largest shipping company in the world. In an industry undergoing permanent consolidation due to the highly complex scenario it has had to face, in 2017 Hapag-Lloyd merged with United Arab Shipping Company (UASC), contributing to the development of the German company, currently one of the best global container ship operators.

We decided to spin-off SM SAAM from CSAV's structure to foster its development, and during these years it has managed to build a sound position as a port terminal, tug boat and logistics operator. Some fundamental achievements are, for example, the expansion of the Guayaquil terminal in Ecuador, and the entry to the Caldera port in Costa Rica. Relevant to the tug boat division were the two joint ventures established in 2014 with the Dutch group Royal Boskalis, with whom we recently announced an agreement to acquire their share of the operations in Brazil, Canada, Mexico and Panama. This will strengthen SM SAAM's position in the region, through this US$201 million transaction.

For its part, the above-mentioned reorganization of the former Madeco that began in 2008, gave rise to Techpack, company which as a subsidiary of Quiñenco became a regional leader in the manufacturing of flexible packaging. Its market position spurred the interest of Amcor, number one worldwide, which finally purchased our operation in 2016.

Similarly, through Invexans, also stemming from former Madeco, we are the largest shareholder with a 29% ownership stake in the French multinational Nexans, which manufactures cables and provides technology solutions. In an industry that has faced difficult times, we have strived to strengthen the company's corporate governance, and after several periods of losses, over the past years has distributed dividends and faces its development from an expectant position.

As part of our international expansion strategy, in 2018 Invexans established a subsidiary in London, Invexans Limited, to explore new business opportunities and centralize international investments, especially in Europe.

Another pillar in our path of growing organically in Chile and inorganically abroad during these years has been CCU. In 2013, the company entered Paraguay and a year later it established a partnership with Postobón to create CCC in Colombia. Additionally, we formed BBO in Bolivia with the Monasterio Group, where we increased our stake from 34% to 51% in the last year. Beyond any doubt, CCU is today a multi-category regional company, focusing mainly on beers and alcoholic and non-alcoholic beverages, present in seven countries: the three already mentioned, Chile, obviously, Uruguay and Argentina, in addition to the partnership we established in 2017 with the Peruvian Barsol to develop the Pisco category globally.

CCU's steady progress has taken place in a very demanding scenario after the merger between AB-InBev and Sab Miller, one of the largest transactions in history, which had a strong impact on the global brewing industry. Therefore, CCU's progress in Colombia is particularly crucial for regional competition, as it is challenging an operator which, at the time of our arrival in the country, concentrated almost the entire beer market. So, we are very pleased to have launched Andina a few months ago, the first brand fully produced at our new plant on the outskirts of Bogotá. Shortly, other international licensed brands will be produced there, for example, Heineken, Miller Genuine Draft, Tekate and Sol.

Meanwhile, in Argentina, CCU closed a transaction with AB InBev in 2018 to put early termination to the Budweiser license in that country. This, in exchange for a portfolio of brands and payments for up to US$400 million before taxes over a three-year period, including an initial cash payment of US$316 million. Also, through Viña San Pedro Tarapacá, where CCU increased its stake from 67% to 83% in 2018, the company recently announced an agreement to purchase part of Pernod Ricard's wine business in Argentina, including wineries and vineyards, the brands Graffigna, Colón and Santa Silvia, which will allow us to increase the size of VSPT's domestic operation in that country from 70,000 to 1,500,000 cases.

Banco de Chile, on the other hand, which accounts for approximately 80% of Quiñenco's consolidated balance sheet, has maintained its leadership, soundness and capacity to generate profits amidst complex economic environments. This capacity enabled us, 17 years after Quiñenco's purchase of an ownership stake in the Bank, to generate the necessary resources to announce a very relevant achievement for the entire financial industry in Chile in 2018: the end of the subordinated debt with the Central Bank.

Thus, in April 2019, seventeen years in advance of the expiry of the term foreseen for the obligation subscribed in 1996 for a total of UF 56 million, at an interest rate of UF + 5%, SM Chile will pay off the debt and will be dissolved. Consequently, starting in 2019, we expect the free float to increase from 28% to approximately 44%, thus placing Banco de Chile's shares among the most relevant of the domestic market.

Based on all of the above, Quiñenco's results have also been very favorable during these five years. In 2018, we recorded profits of Ch$180,430 million pesos, 66% up from the previous period due mainly to the effect of CCU's transaction in

Argentina and the recovery of CSAV, reversing the effects of the accounting loss recorded in 2017 from its dilution in Hapag-Lloyd after the merger with UASC.

This performance is the consequence of the effort, commitment and dedication of the more than 69,000 employees of Quiñenco and its companies in 128 countries and of our clear and sound strategy, which aims at strengthening our subsidiaries, focusing on making them more efficient.

We are convinced that corporations are, have been and will be, a key factor in the development of Chile and its inhabitants and, over the past five years, Quiñenco has strengthened its ties with the civil society and has renewed its commitment to the country. Our Board of Directors has approved a corporate statement and a sustainability policy, establishing new management units dedicated to reinforce labor relations, organizational development, sustainability, economics and corporate affairs, and has promoted initiatives and concrete practices in favor of society, such as subscribing to the Gender Parity Initiative and the 30-day supplier payment policy.

Our efforts have been geared not only toward the inescapable task of being profitable, fundamental commitment with all our shareholders; we have also progressed in matters of compliance, direct communications, transparency, and respect for the environment, always fighting all forms of corruption.

We have focused especially on encouraging the development of better relations and working conditions for the people who work with us in every company we participate in. As the Chairman of the Board of Directors, I openly express our desire that the opportunities for development that we want to provide to all our collaborators also reach the workers of contractor companies providing services to our companies.

Chile requires everyone's effort to leap toward the development that has been within our reach, but which we have not yet been able to achieve. To make this dream come true, not only do we need to recover economic dynamism, severely threatened in the recent past. We also need a formula that boosts the development of individuals and communities, as they are essential players in the progress of our country. And, perhaps most importantly, the country needs politicians from the left, center and right wings to engage in a responsible, serious and constructive dialogue in which all sectors are willing to put aside their ideological differences to fight for the best interests of Chile.

All of us together - businesses, society and the State - can make the country move forward with strength, so that companies, their workers and families have a better future in our beloved Chile.

Andrónico Luksic Craig
Chairman of Quiñenco S.A.

April 2019

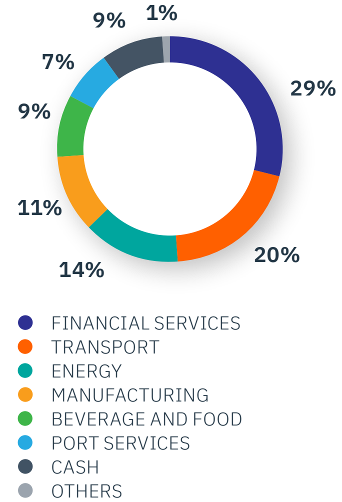
Quiñenco Today

Quiñenco, parent company of the Luksic Group's investments in financial and industrial services, is a highly diversified Chilean holding with growing international presence. It manages assets for more than US$82 billion, through its participation in leading companies in the financial, beverage and food, manufacturing, energy, transport and port services sectors, holding operations in 128 countries and employing more than 69,000 people. In 2018, the aggregate sales of Quiñenco's main operating subsidiaries and affiliates amounted to US$30.2 billion.

The shares of Quiñenco S.A., founded in 1957, are traded on the Chilean stock markets. The Luksic Group holds an ownership stake of 83% and the other 17% is held by minority shareholders. Its market capitalization reached US$4.3 billion at December 31, 2018.

Over the last 21 years, Quiñenco has demonstrated its value generation capability, with earnings in the amount of US$1.7 billion for its shareholders that stem from corporate transactions for US$4.2 billion.

Investment Distribution
(Book value at corporate level, 2018: MUS$5,914)



82.0
US$ BILLION
In managed assets

30.2
US$ BILLION
Aggregate revenues

4.3
US$ BILLION
Market capitalization

6.6
US$ BILLION
Net value of assets (NAV)

Main assets

at December 31, 2018

SECTOR	FINANCIAL SERVICES	BEVERAGE AND FOOD	MANUFACTURING	ENERGY	TRANSPORT		PORT SERVICES
	Banco de Chile	CCU	Nexans	ENEX	CSAV	Hapag-Lloyd	SM SAAM
% CONTROLLING INTEREST	51.3%[1] (in alliance with Citigroup)	60% (in alliance with Heineken)	29.1%[2]	100%	56.2%	25.9%[4]	52.2%
MARKET CAPITALIZATION (millions of US dollars)	14,400	4,700	1,200	840[3]	1,000	4,500	840
PRESENCE	Chile	7 countries	34 countries	Chile and the United States	128 countries		13 countries

(1) *Participation in voting rights, in alliance with Citigroup. Quiñenco participates through LQ Inversiones Financieras (LQIF), where it holds an equal ownership stake with Citigroup.*
(2) *Ownership held by Invexans and, to a lesser extent by Techpack. Quiñenco controlled 98.7% of Invexans and 99.97% of Techpack at December 31, 2018. Invexans' market capitalization at December 31, 2018 was US$180 million.*
(3) *Book value at December 31, 2018.*
(4) *Ownership held by CSAV.*

3

TIMES IN 10 YEARS
growth in NAV

AA

CREDIT RATING
(National rating by Feller Rate and Fitch Ratings)

Sustainability

3 COMPANIES INCLUDED IN THE DJSI CHILE
(Banco de Chile, CCU and SM SAAM)

History

1957

- Creation of Forestal Quiñenco S.A. to exploit eucalyptus forests to produce wood props for the underground tunnels.

1960 – 1969

- Purchase of Forestal Colcura S.A.
- Acquisition of Empresas Lucchetti S.A.

1970 – 1979

- Purchase of Hoteles Carrera S.A.

1980 – 1989

- Purchase of shares in Banco O'Higgins and Banco Santiago.
- Takeover of Manufacturas de Cobre S.A. (Madeco).
- Acquisition of control over Compañía de Cervecerías Unidas S.A. (CCU) in alliance with the German group Schörghuber.
- Purchase of a majority stake in the telecommunications company VTR S.A.

1990 – 1999

- Creation of OHCH in alliance with Banco Central Hispanoamericano.
- Strategic alliance with SBC Communications Inc. to boost VTR.
- Quiñenco takes control of Banco Santiago through OHCH.
- Quiñenco is established as the financial and industrial parent company of the Luksic Group.
- Quiñenco makes a Public Share Offering on the New York and Santiago stock exchanges, raising US$279 million.
- VTR divests Startel S.A., a mobile telephone company, and VTR Larga Distancia S.A.
- Creation of Habitaria S.A. in alliance with the Spanish construction firm Ferrovial Inmobiliaria.
- Quiñenco sells its stake in the bank holding OHCH, to then purchase 51.2% of Banco de A. Edwards and 8% of Banco de Chile.
- Sale of VTR Cable.
- Purchase of a 14.3% ownership stake in Entel S.A.

2000 – 2009

- Creation of LQ Inversiones Financieras S.A. (LQIF), as a subsidiary of Quiñenco.
- Acquisition of 52.7% of the voting rights in Banco de Chile, becoming its controller.
- Sale of 39.4% of the ownership stake held in Plava Laguna d.d., tourist resort on the coast of Croatia.
- Merger of Banco de Chile and Banco de A. Edwards.
- Quiñenco partners with Heineken, acquiring 50% of IRSA, the company that controls CCU.
- Sale of Hotel Carrera in Santiago.
- Sale of Lucchetti Chile S.A.
- Purchase of Calaf through a joint venture with CCU.
- Acquisition of an ownership stake of 11.4% in Almacenes Paris, which was later sold.
- Delisting of Quiñenco shares from the NYSE and end of the ADR program.
- Alliance with Citigroup in the financial sector.
- Quiñenco carries out a capital increase of Ch$65 billion.
- Merger of Banco de Chile and Citibank Chile.
- Sale of Madeco's cable unit to Nexans. As part of the operation, Madeco obtains an ownership stake of 8.9% in the French company.
- Sale of Quiñenco's stake in Entel.

2010 – 2014

- Sale of 100% of Telefónica del Sur to GTD Manquehue.
- Citigroup increases its participation in LQIF, the company that controls Banco de Chile, to 50%, after exercising two purchase options for a total amount of US$1 billion.
- Purchase of Shell's assets in Chile (Enex).
- Madeco signs an agreement with Nexans that allows it to increase its stake to 20%, acquiring significant influence in said company. The agreement was subsequently modified to increase the limit up to 28% and finally in 2014, the agreement is terminated upon fulfilling the main objective of establishing Invexans as the reference shareholder.
- Purchase of 20.6% of stake in Compañía Sud Americana de Vapores S.A.
- Quiñenco carries out a capital increase of Ch$250 billion.
- Quiñenco increases its ownership in CSAV to 37.44% and obtains the same ownership stake in SM SAAM, company resulting from the division of the shipping company in 2012. Subsequently, Quiñenco increases its participation in CSAV to 54.5% and in SM SAAM to 42.4%.
- Quiñenco increases its ownership stake in Madeco to 65.9%.
- Madeco splits to create Invexans, the company that manages the investment in Nexans, and another company called Madeco, for the flexible packaging and profile production units.
- Enex acquires Terpel's assets in Chile for US$240 million.
- Quiñenco carries out a capital increase of Ch$350 billion.
- LQIF holds a secondary offering of Banco de Chile shares, reducing its stake in Banco de Chile to 51%.
- Madeco S.A. changes its name to Tech Pack S.A. (Techpack) and shuts down the profile unit.
- Techpack acquires the Chilean flexible packaging company HYC Packaging and sells the Madeco brand to Nexans for US$1 million.
- SAAM starts joint operations with the Dutch group Boskalis in the tug boat area for Mexico, Brazil, Panama and Canada.
- CCU acquires a stake in Bebidas Bolivianas S.A. and agrees to a joint venture with the local Postobón Group in Colombia.
- Merger of CSAV and Hapag-Lloyd's container shipping businesses. As part of the transaction, CSAV becomes Hapag-Lloyd's shareholder with an initial stake of 30%. This percentage increases to 34% after a capital increase in the German shipping company.
- Quiñenco launches a public tender offer to purchase 19.55% of Invexans' shares.

2015

- Conclusion of the public tender offer to purchase shares, whereby Quiñenco acquires 17.88% of Invexans, reaching a participation of 98.3%.
- Quiñenco increases its stake in CSAV to 55.2% in February, upon completing the capital increase of the shipping company started by late 2014.
- Techpack purchases 24% of Alusa S.A.'s capital, thereby consolidating directly and indirectly 100% ownership in this subsidiary.
- CCU sells brands and assets associated with Natur and Calaf products to Empresas Carozzi, and partners with Carozzi to jointly develop the powdered juice business.
- SM SAAM incorporates Terminal Internacional del Sur (TISUR) to its business portfolio. As part of this transaction, SM SAAM reduces its stake in Tramarsa to 35%.
- Hapag-Lloyd AG carries out its initial public offering (IPO) in Germany, raising US$300 million. CSAV subscribes US$30 million reducing its stake in the German shipping company to 31.35%.

2016

- CCU sells its 49% stake in Compañía Pisquera Bauzá, increases its participation in Manantial S.A. and in Nutrabien up to 100%, and purchases 51% of Sajonia Brewing Company SRL, that produces and sells craft beer in Paraguay.
- Quiñenco purchases SM SAAM shares, reaching an ownership stake of 52.2%.
- Techpack sells its entire flexible packaging business to the Australian group Amcor for a net amount of US$216 million.
- Quiñenco launches a public tender offer for Techpack shares, reaching 98.98% ownership in said company. After exercising the withdrawal and purchase rights, Quiñenco reaches 100% of Techpack's ownership at year-end.
- Techpack acquires 0.53% stake in Nexans.

2017

- SM SAAM places US$111 million in bonds on the Chilean market for the first time.
- SM SAAM acquires an ownership stake of 51% in two concessions at Puerto Caldera, the largest port on the Pacific coast of Costa Rica and the second largest in terms of domestic cargo moved; the transaction involved the payment of US$48.5 million.
- SAAM sells its stake in Tramarsa, Peru for US$124 million.
- The merger between Hapag-Lloyd and UASC is completed, turning it into the fifth largest container shipping company in the world.
- CCU becomes a shareholder of American Distilling Investments (ADI), manufacturer of pisco BarSol in Peru.
- SAAM increases its stake in Iquique Terminal Internacional (ITI) up to 100%, after purchasing an additional 15%.
- CCU signs an agreement with AB Inbev for a brand transfer in Argentina that contemplates the early termination of the Budweiser license in exchange for a portfolio of brands with similar volumes and various payments to CCU Argentina of up to US$400 million over a three-year period.
- Hapag-Lloyd and CSAV carry out capital increases of US$414 million and US$294 million in Germany and Chile, respectively. CSAV is still the main shareholder, with 25.5% of Hapag-Lloyd's capital at year-end. Quiñenco participates in CSAV's process, increasing its participation in the shipping company to 56.2%.
- CSAV sells 100% of its subsidiary Norgistics Chile. Through this transaction, CSAV ends its participation in the logistic and freight forwarder business in Chile. The subsidiary Norgistics also starts to shut down operations in Peru, Mexico and China.

2018

- CCU increases its ownership stake in Viña San Pedro Tarapacá (VSPT) to 83.01%, upon completing the public tender process started in 2017.
- Invexans establishes a subsidiary in the United Kingdom for the analysis, execution and follow-up of international investments. All of the Nexans' shares held by Invexans, equivalent to an ownership stake of 28%, are transferred to this new UK company.
- Completion of the brand exchange between CCU and AB InBev, including the early termination of the Budweiser license in Argentina. CCU's subsidiary in Argentina receives a brand portfolio and an upfront cash payment of US$316 million, to which a US$28 million yearly payment for up to a 3-year business transition term will be added.
- CCU increases its participation in Bebidas Bolivianas BBO from 34% to 51%.
- Ideal, pertaining to the Bimbo group, purchases Alimentos Nutrabien from Foods.
- Enex enters the United States market through the purchase of Road Ranger for US$289 million; Road Ranger is the fourth largest highway travel center network in the country.
- The profits earned by Banco de Chile in 2018 will allow SM Chile to pay off the outstanding balance of the subordinated debt on April 30, 2019, 17 years in advance of the original maturity date.

Corporate Statement

Who we are

We are the result of the entrepreneurial spirit, vision and courage of Andrónico Luksic Abaroa. Also, of the hard work and creativity of thousands of people who, in a joint effort with us, have developed companies and contributed to the progress of our country and of those in which we are present.

We have grown together with Chile, following our passion to innovate and explore opportunities. We have diversified along with the best teams and world class partners, always seeking to do the best we can, improving constantly.

We are a business conglomerate open to the world to discover new horizons, create and add value to companies and their employees, with a long term view, working in a responsible and serious way.

We wish to contribute to the growth and development of people and the community. We want to be relevant actors in the global market, always proud of our origin and committed to the entrepreneurial spirit that drives us.

What drives us

"create new paths, discover and study territories that will be the source of progress for future generations".

Andrónico Luksic Abaroa
(1926–2005)

What we do

Contribute to progress. Develop enterprises. Create value.

We contribute to the progress of Chile and each of the countries in which we are present, working with a long term view, for the benefit of society, our collaborators and shareholders, generating employment, respecting the community and the environment.

We develop enterprises by innovating and managing assets of leading companies in the financial, food and beverage, manufacture, transport, port, shipping, fuel distribution and retail sectors.

We create value with hard work and responsibility, facing our challenges directly or through strategic alliances with the best international partners.

What we dream

We want to be the best ambassadors of Chilean entrepreneurship in a global market that is increasingly becoming more demanding and interconnected.

We want to be a business conglomerate capable of adapting to these new times, with the strength to create, innovate and seek challenges.

We want to be a point of reference through our work philosophy and the respect, learning and mutual benefit relationship that we establish with our employees and society.

What we believe

We believe in doing things well, working with excellence; being responsible, showing integrity and awareness of our acts and decisions; respectful of other people, the environment, and the community.

Excellence

- Do our best in each assignment we undertake.
- Have a clear vision of where we are headed.
- Lead with high standards. Be austere, rigorous and tenacious.
- Innovate and seek opportunities with determination.
- Have the best teams, with the best talent.

Respect

- Treat others as we would like to be treated.
- Be concerned about the wellbeing of our collaborators, our most valuable capital.
- Be inclusive and open. Value and respect differences.
- Build trusting relationships with the different actors in the community.
- Use natural resources efficiently; take care of and respect the environment.

Integrity

- Always do what is right.
- Honor our commitments.
- Respect the Law and its purpose.
- Be responsible for our acts and decisions.
- Communicate in a timely and honest manner, promoting a culture of transparency.

Corporate Governance

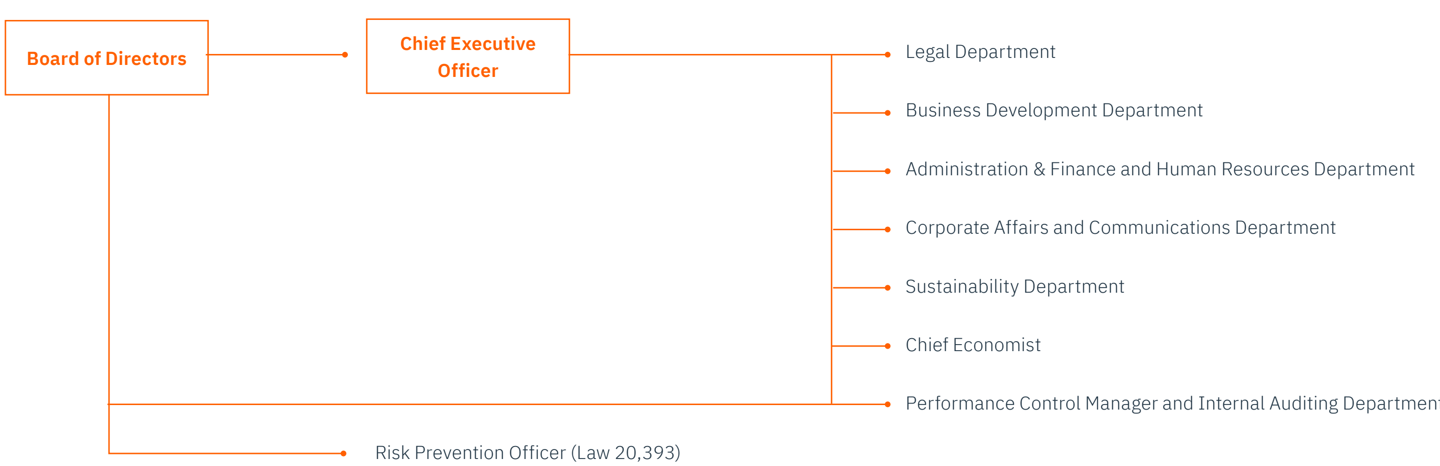
Quiñenco's corporate governance practice is led by the Board of Directors, the Directors' Committee and the Chief Executive Officer.

Quiñenco's Board of Directors is comprised of eight members, who are chosen for three years. There are no alternate directors per the Company's bylaws. The current Board of Directors was elected at the Annual Shareholders' Meeting held on April 28, 2017. Mr. Andrónico Luksic Craig was named Chairman of the Board and Mr. Jean Paul Luksic Fontbona, Vice Chairman of the Board on May 4, 2017.

Quiñenco has a permanent commitment to the highest standards of corporate governance, in keeping with its bylaws and the legal standards in force in Chile, especially the Law of Open Stock Corporations and the Securities Law. Further information on the Directors' Committee, its activities and the corporate governance practices adopted by the Company in 2018 are provided in the section Additional Corporate Information.

A code of ethics has been adopted that is applicable to all employees, with the goal of promoting honest and ethical behavior that avoids conflicts of interest of all types and transmits our principle of transparency and respect for the rights of others. Just as stipulated in our corporate statement, in Quiñenco, we believe in doing things well, working with excellence; being responsible, honest and conscious of our actions and decisions; respectful of people, the environment and the community.

Organizational Chart



Board of Directors

1. Andrónico Luksic Craig
Chairman
Company director

2. Jean–Paul Luksic Fontbona
Vice-Chairman
Company director
B.Sc. Management and Science,
London School of Economics, U.K.

3. Nicolás Luksic Puga
Director
Commercial Engineer,
Universidad Finis Terrae

4. Andrónico Luksic Lederer
Director
B.Sc. Business Management,
Babson College, U.S.A.

5. Fernando Cañas Berkowitz
Director
Commercial Engineer,
Universidad de Chile

6. Gonzalo Menéndez Duque*
Director
Commercial Engineer,
Universidad de Chile

7. Hernán Büchi Buc*
Director
Civil Mining Engineer,
Universidad de Chile

8. Matko Koljatic Maroevic*
Director
Commercial Engineer,
Universidad Católica de Chile
ICAME Certificate in Marketing
Management,
Stanford University, U.S.A.

** Member of the Directors' Committee at December 31, 2018.*

Management

9. Francisco Pérez Mackenna
Chief Executive Officer
(since July 1, 1998)
Commercial Engineer,
Pontificia Universidad Católica de Chile
MBA, University of Chicago, U.S.A.

10. Rodrigo Hinzpeter Kirberg
Chief Counsel
(since April 3, 2014)
Attorney,
Pontificia Universidad Católica de Chile

11. Diego Bacigalupo Aracena
Development Manager
(since June 5, 2017)
Industrial Civil Engineer
Pontificia Universidad Católica de Chile
MBA, MIT Sloan School
of Management, U.S.A.

12. Luis Fernando Antúnez Bories
Administration, Finance and
Human Resources Manager
(since July 15, 1996)
Industrial Civil Engineer,
Pontificia Universidad Católica de Chile,
MBA, Georgia State University, U.S.A.

13. Carolina García de la Huerta Aguirre
Corporate Affairs and Communications Manager
(since April 3, 2014)
Journalist,
Pontificia Universidad Católica de Chile

14. Pedro Marín Loyola
Performance Control Manager and
Internal Auditor
(since October 1, 1996)
Commercial Engineer,
Pontificia Universidad Católica de Chile
M.Sc. Finance, London School of
Economics, U.K.

15. Andrea Tokman Ramos
Chief Economist
(since April 3, 2014)
Commercial Engineer,
Pontificia Universidad Católica de Chile
PhD in Economics, University of
California at Berkeley, U.S.A.

16. Álvaro Sapag Rajevic
Sustainability Manager
(since April 3, 2014)
Attorney,
Universidad de Chile

17. Davor Domitrović Grubisic
Head of Legal and
Prevention Manager
(since April 3, 2014 and June 1, 2016,
respectively)
Attorney,
Universidad de Chile

18. Pilar Rodríguez Alday
Investor Relations Manager
(since June 2, 2008)
Commercial Engineer,
Pontificia Universidad Católica de Chile

19. Oscar Henríquez Vignes
General Accountant
(since October 1, 1996)
Auditor Accountant,
Universidad de Chile
Postgraduate degree in Tax Planning,
Universidad Católica de Chile
Master in Tax Management,
Universidad Adolfo Ibáñez

20. Mauricio Lob de la Carrera
Public Affairs Manager
(since April 1, 2014)
Journalist,
Universidad Diego Portales

21. Valerie de la Harpe Zubiaur
Organizational Development Manager
(since May 14, 2018)
Commercial Engineer,
Pontificia Universidad Católica de Chile

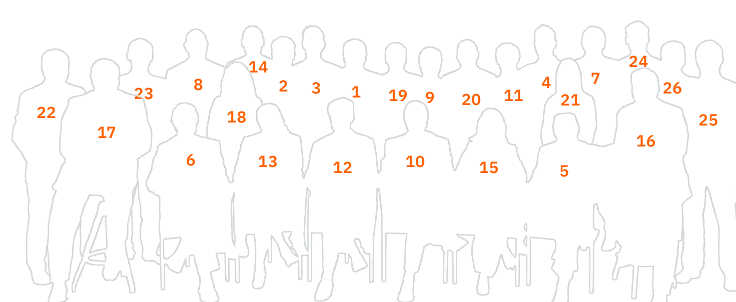
22. Raúl Requena Martínez
Labor Relations Manager
(since January 4, 2016)

23. Eduardo Garnham Léniz
Deputy Development Manager
(since March 6, 2017)
Industrial Civil Engineer,
Pontificia Universidad Católica de Chile
M.Sc. in Sustainable Energy Futures
Imperial College London, U.K.

24. Georges de Bourguignon Covarrubias
Deputy Development Manager
(since July 17, 2017)
Commercial Engineer,
Pontificia Universidad Católica de Chile
MBA and MIA, Columbia University,
U.S.A.

25. Arturo Highet García
Deputy Performance Control Manager
(since July 1, 2016)
Commercial Engineer,
Pontificia Universidad Católica de Chile

26. Pablo Bauer Novoa
Attorney
(since June 12, 2017)
Attorney,
Pontificia Universidad Católica de Chile
Master of Laws, University of Chicago,
U.S.A.

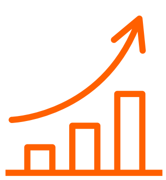


Corporate Strategy

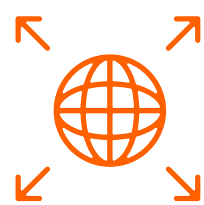
Quiñenco creates value for its shareholders and for society through the sustainable development of the companies it invests in.

Quiñenco's corporate strategy seeks to maintain leadership by diversifying its investments in the industrial and financial services sectors, strengthening the value creation capability of the existing businesses, while analyzing opportunities to enter new markets or economic sectors.

Pillars



Strengthen value creation in core businesses



Controlled expansion

A fundamental objective of Quiñenco's corporate strategy is to strengthen the capability of existing businesses to create value, working together with the administration of the companies to define long-term strategies, structuring mergers and major acquisitions, promoting the adoption of best practices, and overseeing the operational and financial management.

Quiñenco keeps a controlled and gradual approach to international expansion, taking advantage of its business management experience, the location of the facilities and the strength of its products, services and distribution networks.

Form strategic alliances

When deemed convenient, the group seeks to continue forming alliances with world-class partners to grasp the benefits of strategic relationships. The current partnerships have enabled it to leverage its businesses with experience, knowledge and other competitive advantages resulting from the development of joint businesses.

Acquire businesses to create value in the long term

Upon investing, Quiñenco privileges companies where the development of brands and franchises allows it to generate synergies and economies of scale, by complementing businesses and distribution networks. Among its investment criteria, experience, growth potential, market size and the possibility of establishing alliances with world-class partners that contribute knowledge and resources to the development of joint businesses, are also very relevant. In addition, from a long -term perspective, the holding also evaluates eventual divestments provided the Company perceives they add value to its shareholders.

Sustainability Policy

We contribute to the progress of Chile and the world

We work for progress, open to the world to continue undertaking new businesses, discovering new horizons and creating value for companies, their shareholders and collaborators. We want to do things well, always better, with a long-term perspective.

We understand sustainability in its three dimensions: economic, social and environmental. We seek results, contributing to the economic growth and development of the people, the community and the territories where we are present.

This policy establishes Quiñenco's vision of sustainability as the central axis of its business model. It determines the decisions of the directors, managers, executives and employees of the Group, and inspires the relationship with its operating companies. This strategic policy aims to guide the company in the construction of a healthy coexistence between company and society.

We contribute to Chile's development through four strategic pillars: leadership, excellence, sustainable human development, and commitment to the country.

Leadership

- We are active shareholders with a vocation for controlling and ensuring good management, always respecting the autonomy of each of the companies where we participate.
- We invest in leading companies in their respective industries or with the potential to become leaders.
- We develop strategic alliances with world-class partners to generate value through cooperation and sharing know-how.
- We seek the best talents to continue developing them and with them, our identity, allowing them to develop in a culture of good practices and continuous improvement.

Who is involved or affected?

Directors / Executives / Workers / Shareholders and Investors / Competitors / Strategic Partners

Excellence

- We manage companies with high standards, aiming to be the best, results-oriented; we act with integrity, obeying our bylaws, respecting the values established in our Code of Ethics and safeguarding strict compliance with the law in its form and spirit.
- Our corporate governance practices seek to do things well, always better, and with integrity, protecting the interests of all our shareholders, especially the minority shareholders.
- We encourage our operating companies to, in the exercise of their autonomy, promote best practices in their relationship with customers, suppliers, investors and shareholders.
- We look for innovative and creative solutions for the development of our businesses.
- We ensure cutting-edge environmental management, aware of the impacts and risks entailed by the activities of our operating companies.

Who is involved or affected?

Executives / Workers / Strategic Partners / Regulators / Authority / Future generations / Communities / Investors and Shareholders

Sustainable Human Development

- By developing enterprises we contribute to the progress and wellbeing of people, establishing a relationship of mutual learning and benefit.
- We seek to generate relationships and working conditions of high standards, convinced that people are the determining factor for the progress and success of the companies we participate in.
- The health and safety of our collaborators is a priority for our and our companies' work.
- We ensure that talent and professional effort are recognized and generate opportunities for development. We value and respect social diversity and inclusion.

Who is involved or affected?

Workers / Strategic Partners / Suppliers / Contractors / Communities

Commitment to the Country

- Aware that companies are important players in society, we actively work so that both private sector practices and public policies contribute to the progress of the country and the development of all its inhabitants.
- We recognize the importance of our stakeholders and establish a reciprocal relationship with them, through an open, timely and transparent communication.
- We seek to be the best ambassadors of Chilean entrepreneurship in the world market. We know that our decisions contribute and impact the country's reputation and the opportunities for our fellow citizens.
- We contribute to generate a climate of trust, undertaking our challenges and working together in order to achieve the goals that we have set. We want to be a role model of good practices in Chile.

Who is involved or affected?

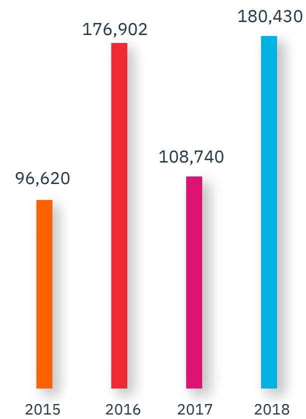
Society / Opinion Leaders / Mass Media / Trade Associations / Communities / Authorities

2018 Results

QUIÑENCO presents its financial statements according to IFRS. To better understand Quiñenco's results, the financial statements separate the results of banking services (banking sector) from non-banking businesses (industrial sector). In addition, and in keeping with IFRS requirements, six business segments have been defined: Manufacturing, Finance, Energy, Transport, Port Services and Other.

Quiñenco includes the results of approximately 40 companies in its financial statements for each period. Though it consolidates its operations with most of its investments, with Banco de Chile, Banchile Vida, CSAV, SM SAAM, Invexans and Enex being the main operating companies, the profits and losses of other investments that are important to Quiñenco in terms of their size or impact on its financial results during a given period, such as CCU, Nexans and Hapag-Lloyd, are not consolidated with the Company. In these cases, Quiñenco's proportional share of the profit or loss is included in the non-operating results.

Net income
MCh$



Quiñenco's net income in 2018
Ch$ MILLION

180,430

Consolidated revenues in 2018*
Ch$ MILLION

4,392,178

* Consolidated revenues correspond to revenues from the industrial sector plus total net operating revenues from the banking sector.

Contribution to profits by segment

Quiñenco earned net income of Ch$180,430 million in 2018, 65.9% up from the previous year. This positive variation is due mainly to a non-recurring accounting loss in the Transport sector in 2017 and to a gain relating to a transaction carried out by CCU during 2018.

In the Transport sector, the accounting loss recorded by CSAV in 2017 due to the dilution of its participation in Hapag-Lloyd resulting from the merger with UASC, net of the accounting profits from the purchase of a greater ownership stake during the last quarter of 2017, brought about losses to Quiñenco in the amount of Ch$57,200 million for the year. However, Hapag-Lloyd's results improved from US$30 million reported in 2017 to US$43.5 million in 2018, based on the 21% growth in the cargo transferred, driven by the merger with UASC. The greater costs resulting from the increase in fuel prices for the period were offset by the integration synergies reaching US$435 million at the closing of 2018. At CSAV, this increase was partly offset by a lower positive fair value adjustment for the current period.

CCU´s results, included in the Other segment, recorded a significant upturn upon recording profits for Ch$306,891 million, reflecting the non-recurring gain from the early termination of the Budweiser license in Argentina amounting to Ch$157,359 million. In addition, in operating terms, the International Business and Chile segments showed good performance, with a 23% growth in sales volumes in International Business, followed by a 5.6% increase in the Chile segment, partly offsetting the lower results obtained in the Wine segment that was hit by greater wine costs.

However, in the Manufacturing segment, Nexans experienced a reduction in profits from €125 million in 2017 to €14 million in 2018, due mainly to a 30.9% drop in the operating result driven by the poorer performance of its High Voltage and Projects segment and to a lower extent, its Telecommunications business line, in addition to a loss from the variation in the price of raw materials on unhedged inventories. Similarly, Techpack experienced lower results due mainly to expenses and a price adjustment relating to the Amcor transaction.

Contribution to profits by segment

	Figures in MCh$	
	2018	**2017**
Manufacturing segment		
Invexans	(9,041)	23,611
Techpack	(20,068)	(1,527)
Net income/loss Manufacturing Segment	(29,109)	22,084
Financial Segment		
LQIF holding	(6,857)	(6,604)
Banking sector	128,129	125,899
Net income Financial Segment	121,273	119,295
Energy Segment		
Enex	19,277	8,774
Net Income Energy Segment	19,277	8,774
Transport Segment		
CSAV	6,009	(71,203)
Net income/Loss Transport Segment	6,009	(71,203)
Port Services Segment		
SM SAAM	15,333	19,818
Net income Port Services Segment	15,333	19,818
Other Segment		
IRSA	90,165	36,879
Quiñenco and others	(42,517)	(26,907)
Net income Other Segment	47,648	9,972
Net income Attributable to Owners of the Controller	**180,430**	**108,740**

In the Energy segment, Enex's profits increased significantly based on good operating performance, driven by higher unit margins in the service station and lubricant channels together with greater volumes sold and lower expensed provisions. The sales volumes went up by 3.4%, while EBITDA grew 9.8% amounting to Ch$50,301 million in 2018.

In the Port Services segment, SM SAAM recorded an 18.1% reduction in profits due mainly to the non-recurring gain from the sale of its 35% ownership stake in Tramarsa (Peru) in 2017, largely offset by the good results of the Port Terminals segment in 2018, showing greater activity at most terminals, and a recovery in Logistics due mainly to a reduction of costs and expenses. In turn, the Tug boat segment was mainly affected by poorer performance in Brazil due to lower activity.

Banchile Vida, also included in the Other segment, showed a 2.6% increase in results with profits of Ch$12,569 million, due mainly to greater operating results driven by the increase in gross premiums, mostly based on the growth of the credit life insurance portfolio for tendered mortgage loans.

At the corporate level, also shown in the Other segment, greater losses from indexation adjustments and to a lesser extent, higher net financial costs, were registered.

In the Financial segment, Banco de Chile reported a 3.3% increase in profits, due mainly to higher revenues, both customer related and non-customer income, due to greater inflation, which offset greater operating expenses and loan loss provisions, mainly non-recurring, and greater income, tax expenses. Likewise, LQIF holding increased its loss by 3.8% to Ch$13,713 million due to the unfavorable effect of a greater level of inflation on adjustable liabilities, partly offset by a lower amortization of intangibles.

Industrial Sector

Quiñenco reported consolidated revenues from its industrial sector of Ch$2,798,851 million in 2018, 17.5% up from the previous period due mainly to greater revenues at Enex, driven by an increase in fuel prices, and to a lesser extent, by greater revenues from SM SAAM and Banchile Vida. The above was partly offset by lower revenues from CSAV.

Operating income in the industrial sector totaled Ch$65,307 million in 2018, 17.3% lower than the Ch$78,987 million recorded the year before, mostly due to the lower results reported by SM SAAM, attributable to the non-recurring gain of approximately Ch$47,000 million from the sale of its 35% ownership stake in Tramarsa in 2017. This variation is also due to a greater operating loss experienced by Quiñenco at the corporate level and by Invexans, due mainly to favorable non-recurring effects recorded in the previous year. These unfavorable variations were partly offset by greater operating results at Enex driven by higher unit margins in the service station and lubricants channels, together with a greater sales volume and lower expensed provisions, which offset higher transport expenses in the service stations and stores, as well as higher expenses relating to the purchase of Road Ranger in the United States. LQIF holding also reported lower operating losses reflecting a lower amortization of intangibles. Finally, CSAV's operating results also improved due mainly to a non-recurring gain from the sale of investment assets.

IRSA's contribution increased significantly due mainly to the 136.8% growth in CCU's net profits for the year driven by the gain resulting from the early termination of the Budweiser license in Argentina.

Contribution to profits by sector

	Figures in MCh$	
	2018	**2017**
Results non-banking sector		
Revenues	2,798,851	2,381,154
Operating income	65,307	78,987
Non-operating income	34,322	(65,240)
Income tax expense	(7,585)	(65,053)
Net income from discontinued operations	(17,676)	(3,925)
Consolidated net income (loss) non-banking sector	74,369	(55,231)
Results banking sector		
Operating revenues	1,874,738	1,710,443
Operating income	744,966	685,804
Non-operating income	(72,279)	(67,010)
Income tax	(156,609)	(115,128)
Consolidated net income banking sector	516,078	503,667
Consolidated net income	590,447	448,436
Net income attributable to non-controlling participations	410,016	339,696
Net income attributable to controller's owners	**180,430**	**108,740**

The industrial sector recorded consolidated net income of Ch$74,369 million in 2018 versus the consolidated loss of Ch$55,231 million in 2017, due mainly to the negative accounting effect recorded by CSAV in the previous period driven by its dilution in Hapag-Lloyd after the merger with UASC, and the greater profits recorded by IRSA in 2018; reflecting the non-recurring gain from the early termination of the Budweiser license in Argentina reported by CCU. Enex also contributed with a significant increase in its net profits driven by the higher operating results. These favorable effects were partly offset by lower operating and non-operating results at Nexans, greater losses from Techpack's discontinued operations, greater losses at Quiñenco's corporate level and, to a lesser extent, lower results at SM SAAM due to the non-recurring gain from the sale of Tramarsa recognized in 2017, partly offset by a better performance of Port Terminals and Logistics.

Banking Sector

In 2018, the operating revenues of the banking sector, primarily Banco de Chile, reached Ch$1,874,738 million, 9.6% up from 2017, as a result of higher non-customer revenues driven by the favorable effect of higher inflation, and the growth of customer revenues due to higher margins on sight deposits and loans, along with greater revenues from net fees.

The operating income of the banking sector grew by 8.6%. The greater revenues more than offset the 19.8% increase in loan loss provisions, due mainly to the update of the risk models that affected the retail banking segment, and the negative impact of the depreciation of the peso against the dollar on provisions relating to loans in dollars. In turn, operating expenses recorded an increase of 7.4% due to higher remunerations and administrative expenses, which were mainly non-recurring.

In connection with non-operating income, the 7.9% higher loss is mainly due to greater interests on the subordinated debt held with the Central Bank of Chile, which more than offset the better result from equity investments.

The banking sector earned consolidated profits of Ch$516,078 million in 2018, 2.5% up from the previous year due to greater operating revenues, offsetting the higher operating expenses, loan loss provisions and income tax expense.

Dividends

The flow of dividends received at the corporate level from its subsidiaries LQIF (Banco de Chile), IRSA (CCU), SM SAAM and Banchile Vida was Ch$80,133 million, 22.4% higher than the Ch$65,449 million recorded the previous year. In 2018, the Bank maintained its dividend payment ratio of 60% of net profits. The sustained flow of dividends and the funds obtained from the eventual sale of investments have allowed Quiñenco to maintain a low level of indebtedness and a solid financial position, with debt at the corporate level totaling Ch$834,168 million.

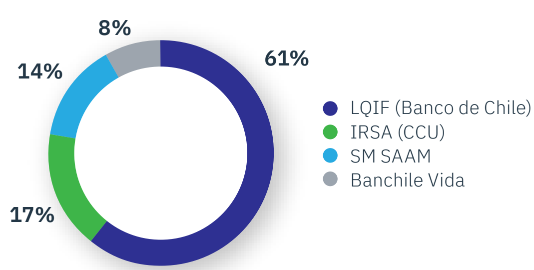
Industrial sector debt structure

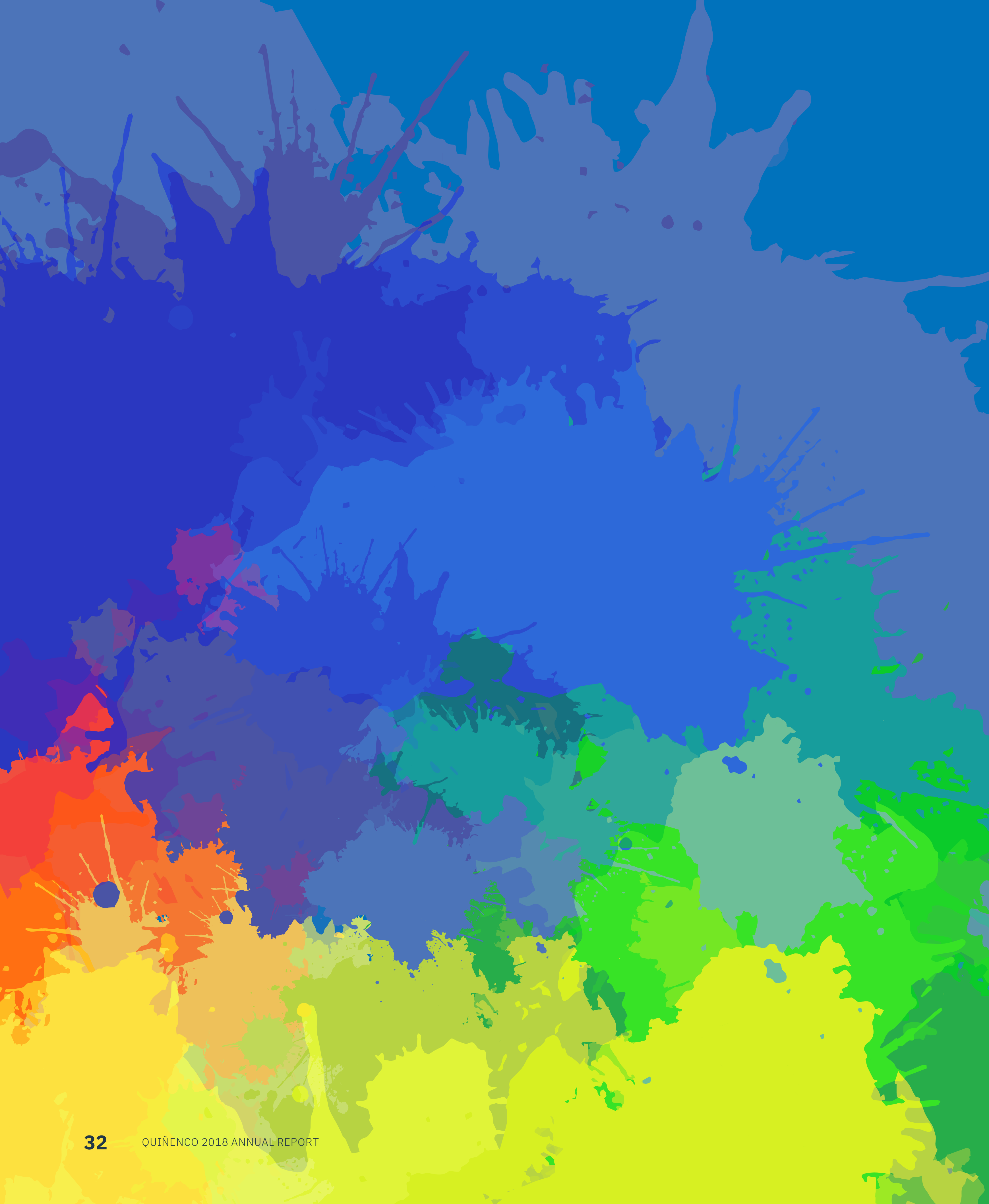
Industrial Sector	Figures in MCh$	
	2018	2017
Corporate level [1]	834,168	650,515
Invexans	6,988	6,161
LQIF holding	193,665	187,964
Enex	218,249	94,075
CSAV	65,973	58,079
SM SAAM	201,881	199,322
Total industrial sector debt	1,520,923	1,196,117

(1) IRSA's debt of MCh$55,836 in 2018 (MCh$65,137 in 2017), where Quiñenco holds an ownership stake of 50%, is not included herein.

Dividends Received

MCh$ 80,133 (at corporate level)





Business Activities


Banco de Chile
UN VIAJE DE AMOR
POR LOS NIÑOS DE LA TELETÓN
Teletón
#QueremosaChile
E
EXCLUSIVO CLIENTES BCO. CHILE
6968
Banco de Chile
Altura maxima 2,40 mt.
Ingreso solo clientes con tarjeta CHILECARD
DB·BB·29

Financial Services

Banco de Chile: 40 years supporting the Teletón

More than nine thousand volunteers from Banco de Chile kept the Bank's collection services operational during the 27 hours of the Teletón campaign, which in 2018 turned 40 years, and surpassed the goal established for this year. Since its creation the Bank has supported this initiative, which collects funds for the comprehensive rehabilitation and inclusion of handicapped children and youth.

In 2018, the campaign raised Ch$37,954 million. 74% of the funds were contributed by individuals; 48% of the donations were made at the Bank's branches and 18% was transferred through the Bank's digital channels.

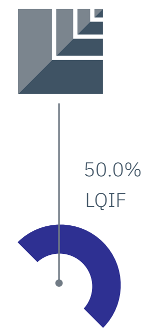
LQ INVERSIONES FINANCIERAS

LQ Inversiones Financieras S.A. (LQIF) is the company through which Quiñenco channels its investments in the financial sector. It is a closed stock company created as a Quiñenco subsidiary in 2000. Its main asset since 2001 has been its participation in Banco de Chile. As of the end of 2018 it held 51.2% of the voting rights and 34.1% of the economic rights in this financial institution.

As part of a strategic alliance, in 2008 Citigroup acquired a 32.96% stake in LQIF, a share it acquired by contributing its assets in Chile. Banco de Chile and Citibank Chile merged on January 1, 2008. In April 2010, Citigroup increased its stake to 50% after exercising two purchase options for 8.52% of LQIF's shares each, in accordance with the Shareholders' Agreement signed with Quiñenco for the partnership.

In March 2013, Banco de Chile successfully completed a capital increase of US$530 million. LQIF's Board of Directors agreed to exercise its preferential subscription rights in Banco de Chile's regular share offering period and to renounce the subscription options it had for its stake in SAOS, thus slightly reducing its participation in the Bank to 58.4% as of December 2013.

In January 2014, the Board of Directors agreed to hold a secondary offering of Banco de Chile shares to increase the stock's liquidity, without altering LQIF's condition as controller. The offer concluded with the sale of 6.7 billion shares at a price of Ch$67 per share, equivalent to 7.2% of the property. In this way, LQIF's stake was reduced to approximately 51%.



LQIF's participation in Banco de Chile

At December 31,	2018
Voting rights	51.2%
Economic rights	34.1%
Ownership	
SM Chile	58.2%
Banco de Chile	27.5%

During 2017, LQIF acquired close to 200 million Banco de Chile shares available in the market, slightly increasing its participation, which reached 51.2% by year-end.

The Quiñenco group has vast and successful experience in the Chilean financial sector, where it has stood out for the following milestones: the merger between Banco Santiago and Banco O'Higgins in 1997; the sale of the resulting institution to Banco Santander Central Hispano (BSCH) in 1999; the acquisition of Banco Edwards in 1999 and Banco de Chile in 2001 and, finally, the merger with Citibank Chile in 2008, thus creating the largest bank in the country controlled by Chilean capital.

2018 Results

LQIF recorded net income of Ch$242,545 million in 2018, 1.7% up from the previous year. This variation is due mainly to the 3.3% increase in Banco de Chile's results over the period, partly offset by higher interests on the subordinated debt. The Bank's higher results are due mainly to the increase in customer and non-customer revenues within a context of greater inflation, offsetting greater operating expenses and loan loss provisions, mainly non-recurring, and greater income tax expense. Similarly, LQIF holding reported losses 3.8% higher than the previous year, due mainly to the unfavorable effect of greater inflation rates on re-adjustable liabilities in 2018, offset by a lower amortization of intangibles.

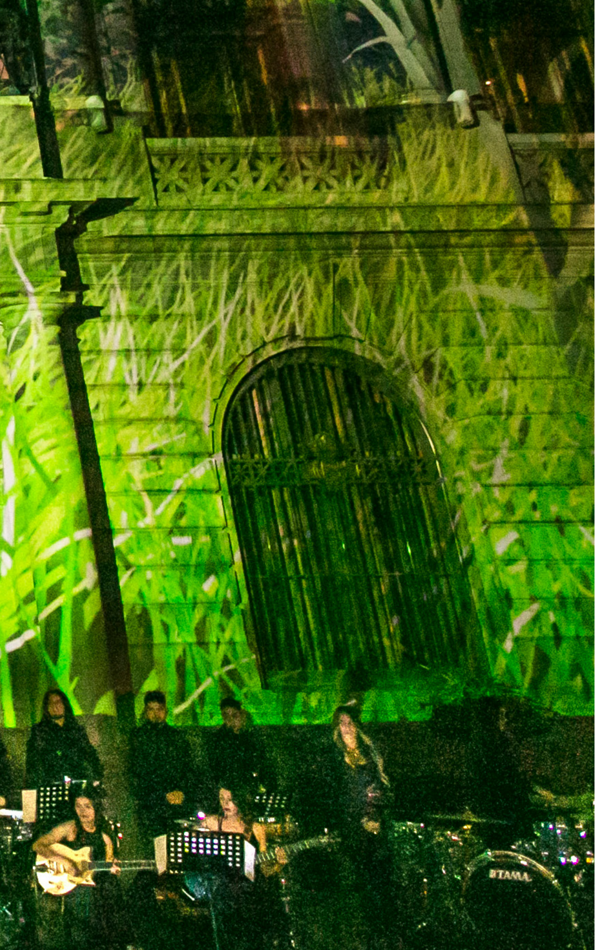
LQIF
LQ INVERSIONES FINANCIERAS

BANCO DE CHILE

In 2018, Banco de Chile celebrated its 125th anniversary and confirmed its leadership in the industry, reaching once again the highest net income in the Chilean banking industry. On this occasion, with net profits of Ch$595 billion, representing a 3.3% increase against 2017 and an average return on capital and reserves of 19.3%. Distributable net profits – after deducting the amount equivalent to the monetary correction retained by the Bank each year to maintain the value of the capital and the reserves in real terms– totaled Ch$509 billion. The dividends distributed against this result will enable SM-Chile S.A. – shareholder of the Bank – to pay off the total balance of the subordinated debt held by its subsidiary SAOS S.A. with the Central Bank of Chile. Therefore, the Bank's positive track record of value generation will allow the debt to be paid off within a 23- year term instead of the 40-year maturity initially contemplated.

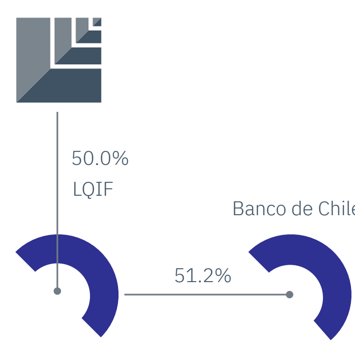
The end of the subordinated debt will bring about a significant change in the stock market presence of Banco de Chile's shares. Once SM-Chile is dissolved and the Banco de Chile shares held by SM-Chile and SAOS are distributed, the Bank's shares will increase their free float from 28% at the closing of 2018 to approximately 44%, thereby increasing the weight of the share among the main local and foreign market reference indices, positioning it among the most relevant companies in the market.

Banco de Chile's shares are traded on the Santiago and the Electronic Stock Exchanges in Chile. It is also listed on the New York Stock Exchange under the American Depositary Receipts (ADR)



Banco de Chile

- Founded in 1893
- A (S&P) and A1 (Moody's) risk rating
- Listed in Chile and the United States (NYSE)
- 1,213,177 clients with loans
- 916,015 clients with current accounts
- 13,831 employees
- 390 branches and 1,485 ATMs
- Market capitalization: US$14.4 billion at December 2018



program, where an American Depositary Share (ADS) equals 200 local shares (as of November 2018, this ratio was 1: 600).

Considering the 2018 closing price, Banco de Chile's share, adjusted by capital events, has significantly outperformed the IPSA and MSCI LATAM indices over the last five years. With a market capitalization of US$14.4 billion at year-end, Banco de Chile again stood out as the highest net worth financial institution in the country.

In 2018, Banco de Chile's shares were again included in the Dow Jones Sustainability Chile Index (DJSI Chile). This index is made up of leading companies in matters of sustainability, according to a study conducted by RobecoSAM.

Business Segments

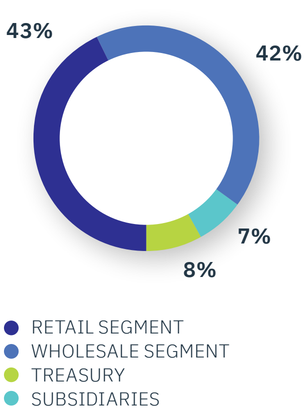
Retail
- Individuals and SMEs across the country.

Wholesale
- Local and multi-national corporations and large companies from all industries operating in Chile.

Subsidiaries
- Products and services for individuals and companies, complementary to the above-mentioned services.

Treasury
- Products and services including forwards, interest rate swaps, investment agreements and products.
- Managing the mismatch of currencies, terms and interest rates to maintain adequate liquidity levels and to increase the profitability of the Bank's investment portfolio.

Contribution to results by business segment*



** Before taxes*

Since 2015, Banco de Chile's strategy is based on three pillars: placing the customer at the center of all its decisions, a permanent search of greater efficiency and productivity, and a strong commitment to Chile and its development.

Annual Performance

In 2018, Banco de Chile reached a high net rate of recommendation by its customers with 71 points and 100 thousand new current account holders, which results from the improvement of its value proposal and the strengthening of its loyalty program. New functionalities were added to some mobile applications, which reinforced Banco de Chile's position as the best digital bank in the country. These progresses were the main drivers of the transactions through digital channels, which grew by 30% against the previous year, accounting for more than 60% of the total.

To boost efficiency and productivity, Banco de Chile added functionalities to its commercial platform in 2018, thus enabling the executives to reassign time from operational tasks to take care of customer relationships. Through the better use of information and the implementation of new models, the Bank significantly expanded the supply of pre-approved loans, which have proven to have an excellent risk-return relationship; the sale of these loans grew by 71% in 2018.

On May 24, 2018, Banco de Chile was the target of an international cyberattack, something unprecedented in our country. Although our customers' funds were not affected, the Bank reinforced the measures taken to face this global threat, including, among others, the creation of a Cybersecurity Division, the introduction of system and platform changes, the reinforcement of the monitoring activities, and the performance of internal training

and customer information campaigns in order to communicate the importance of people's behavior in terms of cybersecurity.

Among the actions relating to the strategic sustainability pillar, in addition to reasserting its 40-year commitment to the Teletón, noteworthy is the third edition of the Desafío Emprendedor Contest convening more than 30,000 micro-entrepreneurs and the delivery of onsite and remote advisories to more than 10,000 micro-entrepreneurs during the year.

The Bank's achievements were recognized by renowned international entities through the following distinctions in 2018: Best Mobile Banking (Global Banking and Finance); Best Digital Banking (Global Finance); Best Investment Bank (Latin Finance) and the top-one bank in attracting and retaining talent (Merco Talento Chile). It also stood out for holding the most valuable brand in Chile (Brand of the Year) and the highest brand recall level, according to Adimark's market study.

2018 Results

Banco de Chile recorded net profits of Ch$594,872 million in 2018, maintaining its leading position in the industry, with profits accounting for 25%, and an average return on capital of 19%. This result is 3.3% higher than the previous year, based on the sustained increase in customer and non-customer revenues, within a context of higher inflation. However, greater operating expenses and loan loss provisions, mainly non-recurring, and higher income tax expenses were recorded for the year.

Banco de Chile

2018 Highlights

- **The profits generated by the bank will allow SM-Chile to pay off the subordinated debt 17 years in advance of the maturity term.**
- **125th anniversary, being the leader in terms of profits and the incorporation of new clients.**
- **20% increase in the sale of current accounts, with 100 thousand new current account holders.**
- **Digital channel transactions have grown by approximately 30%, a step forward in the digital transformation.**
- **Selected, for the second time, to form part of the Dow Jones Sustainability Chile Index.**

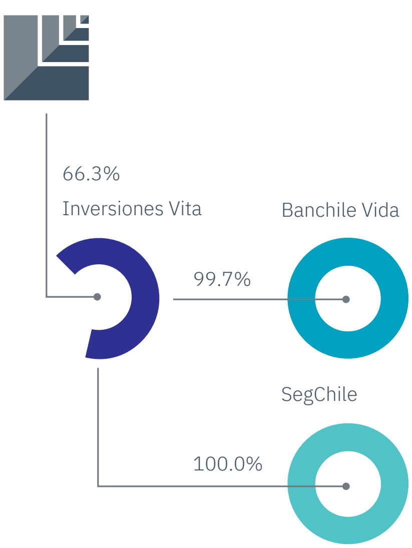
BANCHILE VIDA – SEGCHILE

2018 Highlights

- **Launching of digital transformation of client experience project.**
- **Online sale of individual insurance directly to final client initiated.**
- **Development of virtual wallet to charge monthly insurance premiums.**
- **Increase in SegChile's distribution channels.**

INVERSIONES VITA S.A., a Quiñenco subsidiary, participates in the life insurance business through Banchile Seguros de Vida since the year 2000 and in the general insurance business since 2017, through SegChile Seguros Generales.

BANCHILE SEGUROS DE VIDA S.A. (Banchile Vida) aims to provide comprehensive solutions to the protection requirements of people and their families, offering individual and collective insurance policies through various distribution channels, namely banks, savings and credit cooperatives, compensation funds, electric utilities, agricultural financing companies and retailers. One of its main strengths is the application of an efficient and flexible management model, based on highly digital and reliable processes.



Banchile Vida maintains reinsurance contracts with companies that have sound risk ratings: Hannover Re (AA-), Scor (AA-), General Re (AA+) and RGA RE (A). In turn, it has maintained a track record of AA over the last few years. In 2018, these ratings were assigned by the risk rating agencies ICR Chile and Feller Rate.

SegChile Seguros Generales S.A., established in 2016, started commercial operations in March 2017, sharing some administrative functions and the technology platform of Banchile Vida. This enabled it to deliver differentiated services to its distribution channels and policy holders, and to manage the risks throughout its processes.

Considering the 2018 review of financial statements, the company's obligations were rated AA- both by Humphreys and ICR.

Annual Performance

In 2018 the companies started a digital transformation project to enhance customer satisfaction during the sales and post-sales stages.

The strategy of both insurance companies has been focused on building a technology service model for its business partners (more than 76 distribution channels) and more than 2.6 million customers insured at a domestic level. The service model is made up of a systemic development with different modules to manage the sales and post-sales processes, such as: the design and parametrization of products, quotations, sales, collection and recovery, benefit claims, reserve calculation and reinsurance, online follow-up of customer inquiries, preparation of digital documents, online issue and printing of insurance coverage certificates, business network training, management reports and a module for insurance brokers enabling them to manage their collective insurance policies, among others.

In 2018, the companies concluded very significant projects: self-managed collective insurance and sales modules for insurance brokers, development of a new private site for customers and the generation of a B2C digital sales platform based on the identification of the best market practices and digital marketing. In addition, the technology & IT area worked constantly on the expansion of the transactional integration with its distribution channels and the optimization of the operating digital processes. The 2018 modernization tasks encompassed the update and migration of the corporate database, the renewal of equipment in agreement with the obsolescence policy, the expansion of the Endpoint cybersecurity systems and the incorporation of new cybersecurity equipment.

Within this context, SegChile started to sell individual insurance policies online to its final customers, although it continues to develop the insurance broker channel. The project, which also included the creation of the Digital Marketing area, contemplated the study of the best practices available in the market, the implementation of specific products for this type of sale, the creation of an appropriate technology platform, a private customer self-service site and new channels for sales, operations and claims inquiries. At the closing of 2018, the B2C digital sales project includes travel and personal accident insurance policies, the latter being the most innovative, as they include the development of a “virtual wallet” for the monthly collection of the insurance premium.

In parallel, the company went forward with its traditional business proposal and at year-end, featured sixteen mass insurance distribution channels, including savings and credit cooperatives and retailers, gradually adding insurance brokers, following the new personal accidents collective insurance and the adaption of the direct digital sales project.

2018 Results

Banchile Vida reported net income of Ch$12,569 million in 2018, 2.6% up from the previous year, due mainly to higher operating income, mostly driven by the 10.5% increase in gross premiums resulting from the growth of the credit life insurance portfolio for tendered mortgage loans.

SegChile reported a loss of Ch$142 million in 2018, slightly lower than the previous period; noteworthy is the 71.5% increase in gross premiums.

Banchile Vida

- Started operations in 2000 under the name Banedwards Compañía de Seguros de Vida S.A.
- Gross premium: Ch$149,611 million in 2018
- Risk rating: AA (ICR and Feller Rate)
- 76 distribution channels
- 2.6 million insurance policy holders

SegChile Seguros Generales

- Started operations in 2017
- Risk rating: AA- (ICR and Humphreys)
- Gross premium: Ch$1,541 million in 2018
- 16 distribution channels
- 18,000 insurance policy holders

Business Areas

BANCHILE VIDA

Policies

- A wide range of products including collective and individual life, personal accident and health insurance policies.

Process management

- Provides distribution channels with self-managed and online control tools for processes involved in sale and post-sale activities by the commercial and customer information networks.

Distribution

- Operates through more than 76 distribution channels: banks, savings and credit cooperatives, compensation funds, electric utilities and retailers.

SEGCHILE

Policies

- A wide range of products including collective unemployment, personal accident, travel assistance and health insurance policies.

Process management

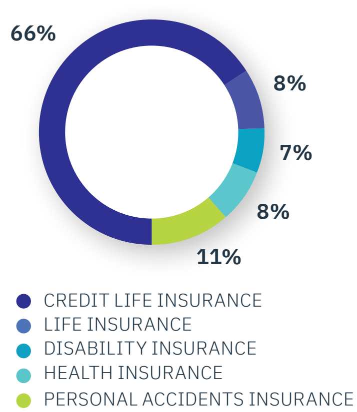
- Provides distribution channels with self-managed and online control tools for processes involved in sale and post-sale activities done by the commercial and customer information networks.

Distribution

- Operates through 16 distribution channels: savings and credit cooperatives, compensation funds and retailers.

Banchile Vida Operating Segments

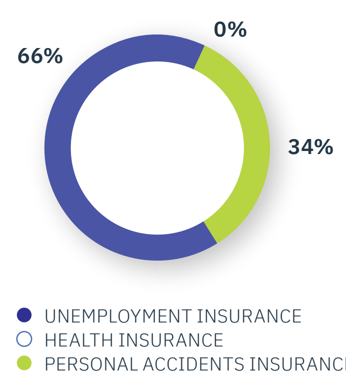
(Total gross premium: MCh$149,611 in 2018)



Banchile
SEGUROS DE VIDA

SegChile Operating Segments

(Total gross premium: MCh$1,541 in 2018)



SegChile
Seguros de Chile

Beverage and Food

CCU / VSPT: Joint project with the Mapuche community

Since 2015, the families Curín and Huentecona pertaining to the Buchahueico Mapuche community, in the Araucanía Region have been working their land to produce Pinot Noir grapes. This is the first time a Mapuche community engages in this type of initiative, supported by VSPT Wine Group, a subsidiary of CCU, in collaboration with Indap and the National Irrigation Commission.

The families have received permanent training and technical assistance on the part of VSPT, in addition to the materials required to plant and to maintain their 10 hectares of vineyards. In April 2018 they obtained their first harvest.

Thanks to this initiative, the VSPT Wine Group was awarded the "Ethical Company of the Year" prize in the 2018 Green Awards, granted by The Drinks Business. It was also recognized as the best practice in the Human Rights Category granted by the SIPP Study conducted by Red Pacto Global Chile, of the United Nations.

CCU

CCU has consolidated itself as a multicategory beverage company, with special emphasis on beer and nonalcoholic beverages, which is present in seven countries of Latin America. In 2018, it concluded the strategic plan designed with this purpose and established new goals for the 2019-2021 period. Based on the same three pillars –profitability, growth and sustainability–, the new plan establishes objectives in six areas: profitable growth of its business units; strengthening of its brands; innovation; ExCCelencia CCU efficiency plan; comprehensive workers' development; and implementation of its 2030 Environmental Vision.

At the closing of 2018, the company holds license and/or distribution agreements with Heineken, PepsiCo, Seven-up, Schweppes, Nestlé S.A., Pernod Ricard, Promarca S.A. (Watt´s) and Coors.

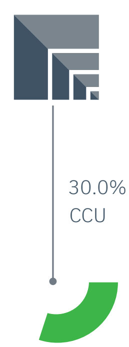
Annual Performance

In May 2018, CCU and AB InBev signed the early termination of the Budweiser license agreement in Argentina; as part of the agreement, AB InBev transferred to CCU the ownership of the brands Isenbeck, Diosa, Norte, Iguana and Báltica and, at the same time, obtained the licenses to operate Warsteiner and Grolsch in the Argentine territory. This exchange also implied payments to CCU for up to US$400 million before taxes over a three-year period, including an upfront payment in cash of US$316 million made in 2018. In addition to contributing relevant extraordinary resources to the company, it enabled CCU to continue with the same strength in the beer market in Argentina.

In line with the objective of growing in categories and countries established in the

Compañía Cervecerías Unidas

- Listed on Chilean stock exchanges since 1920, and in New York (NYSE) since 1999
- Beer tradition since 1850
- Operations in Chile, Argentina, Bolivia, Colombia, Peru, Uruguay and Paraguay
- Market capitalization: US$4.7 billion at the closing of 2018
- Total sales of 28.5 million hectoliters in 2018



2016-2018 strategic plan, in August 2018, CCU consolidated its position in Bebidas Bolivianas BBO S.A. (BBO), upon exercising the purchase option that allowed it to raise its stake from 34% to 51% in the ownership of this multicategory beverage company. Likewise, in Chile, the company added a new category to the portfolio of Compañía Pisquera de Chile, with the launching of CYGAN, a green and red apple cider of low alcoholic content (4.5°) that represents an innovation in the local market and features a high export potential to the United States and Great Britain.

In Colombia, where CCU partners with the local group Postobón in Central Cervecera de Colombia (CCC), the new 3-million hectoliter plant built by both partners produced Andina, CCC's first national beer. Launched to the market in February 2019, it joined the international beer portfolio, mainly imported, which accounted for sales of more than 0.5 million hectoliters in 2018 (33.5% up from 2017).

Early in the year, CCU successfully concluded the public tender offer for Viña San Pedro Tarapacá's shares (VSPT) started in 2017, thus increasing its ownership stake from 67.22% to 83.01%, with a total investment of US$81.9 million. In December 2018, through VSPT, the

Operating Segments

Chile

- One of the main players in each of the beverage market categories where it participates: beer, carbonated soft drinks, waters (mineral, purified and flavored), energy and sports drinks, cold tea, powdered juices, nectars and juices, pisco and other liquors.

International Business

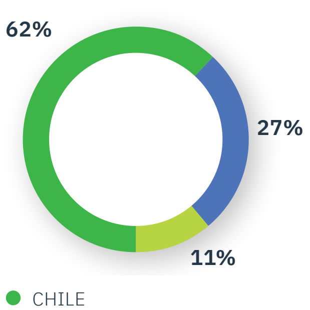
- Argentina: beer (second largest producer), cider and liquors.
- Uruguay: beer, mineral and flavored waters, nectars, carbonated soft drinks, and energy and sports drinks.
- Paraguay: beer, mineral and flavored waters, juices, nectars, carbonated soft drinks and sports drinks.
- Bolivia: beer, malt, waters, juices and carbonated soft drinks.

Wine

- Second largest producer and exporter of Chilean wine, with deliveries to more than 80 countries. (CCU participates in the business through VSPT group, which in Chile consists of the vineyards San Pedro, Tarapacá, Santa Helena, Misiones de Rengo, Leyda, Viña Mar and Casa Rivas).
- In the Chilean wine market, it holds a leading position in terms of volume and value.
- In Argentina, it also participates in the wine segment with the brands La Celia and Tamarí.

Operating Segments

Distribution of consolidated revenues*
(Total: MCh$1,783,282 in 2018)



(*) Percentages calculated over revenues excluding Other/Eliminations

company signed an agreement to acquire part of Pernod Ricard's wine business in Argentina. This transaction, which is subject to the corresponding approvals, comprises the brands Graffigna, Colón and Santa Silvia, adding up an approximate annual volume of 1,500,000 nine-liter cases.

In Chile, the company is developing the CCU Renca project, where it will invest US$380 million to build a new distribution center –inaugurated in 2018– and a nonalcoholic production plant, whose construction will start in 2019. The distribution center that represented an investment of US$33 million, features a warehouse of 22,500 m^2 – the largest of the company– and is fully operated by mobile electric equipment, which entails zero emissions and low acoustic contamination in addition to being an operation with zero waste to sanitary landfill since its inception.

Among the environmental initiatives considered in its 2020 plan, noteworthy is the achievement of a 98.5% industrial waste recovery rate at a consolidated level (the goal being 100%) and the incorporation to its fleet of the first fully electrical high-tonnage truck operating in the country.

In September 2018, CCU, along with 29 Chilean companies, subscribed the "Acuerdo de Producción Limpia" (Clean production agreement, APL) of zero waste to the sanitary landfill, jointly with the Chilean government, the Agencia de Sustentabilidad y Cambio Climático (Agency for climate change and sustainability, ASCC) and the Asociación Nacional de Reciclaje Industrial (Chile's

Market Share

By operating segments	2016	2017	2018
Total(1)(2)	28.1%	28.1%	29.4%
Chile(3)	42.3%	42.7%	43.4%
International Business(4)(2)	14.0%	14.7%	20.0%
Wine(5)	18.0%	18.2%	17.7%

(1) Weighted average of all categories where CCU participates based on the market shares of each category and weighted based on the internal estimates of market sizes (February 2019). Market share source: Nielsen December 2018 for Chile and domestic wine. Nielsen for Argentina until 2017, 2018 source Ernst & Young (EY). ID Retail for Uruguay. CCR for Paraguay. Chile's Association of Wine Producers for export. Updated annually.
(2) Including Bolivia (CIES Mori) in 2018 measurements: the total market share amounts to 27.2% and to 15.8% for International Business.
(3) Excluding HOD and powdered juices.
(4) Including beers and ciders in Argentina, carbonated soft drinks, nectars, mineral and flavored waters in Uruguay; beers, soft drinks, nectars and mineral water in Paraguay.
(5) Including domestic and exported wine in Chile. The size of the export market segment is that reported by Chile's Association of Wine Producers; it does not include bulk wine.

Main affiliates and joint ventures

- Colombia: CCU and the Colombian company Postobón hold equal shares of Central Cervecera de Colombia S.A.S. ("CCC"), company that manufactures, sells and distributes beers and malts in that country.
- Austral: CCU holds a 50% ownership stake in Cervecería Austral S.A. through an agreement with Malterías Unidas for the joint elaboration, sale and distribution of Austral beer in Chile.

National industrial recycling association, ANRI). In this agreement, the member companies committed to reduce to zero the waste sent to the sanitary landfills within a two-year period.

In 2018, CCU was included in the Dow Jones Sustainability Index (DJSI) Chile for the first time; the DJSI Chile is an indicator that selects companies based on the analysis of their environmental, social and corporate governance performance.

2018 Results

CCU recorded net income of Ch$306,891 million in 2018, significantly greater than in 2017, mainly driven by the non-recurring gain of Ch$157,359 million resulting from the transaction that involved the early termination of the Budweiser license in Argentina and the good performance of the Chile and International Business segments for the year.

Revenues were up by 5% based on a 9.6% increase in consolidated volumes that hit a sales record of 28.5 million hectoliters. All segments contributed to this upturn in revenues, but particularly International Business and Chile. EBITDA grew by 71.8% driven by the favorable impact of the transaction in addition to the good performance of the International Business and Chile segments, partly offset by a contraction in Wine, due mainly to a greater cost of wine. It is worth mentioning that the initiatives relating to the ExCCelencia CCU Plan contributed with greater efficiencies in all segments.

2018 Highlights

- Brand exchange with AB InBev in Argentina.
- Inauguration of the distribution center in Renca.
- Acquisition of a greater ownership stake in Viña San Pedro Tarapacá.
- Agreement to purchase a stake of Pernod Ricard's wine business in Argentina.
- Consolidation in Bebidas Bolivianas BBO S.A. (BBO) upon reaching 51% ownership.
- Incorporation of the first fully electrical high-tonnage truck operating in the country.
- Achievement of a 98.5% industrial waste recovery rate at a consolidated level.
- CCU included in the Dow Jones Sustainability Chile Index.
- Subscription of a Clean Production Agreement (APL) to reduce to zero, within two years, the waste sent to sanitary landfills.


Nexans

Manufacturing

Nexans: Simplifying electromobility

To facilitate the deployment of the infrastructure required to charge public and private electric vehicles, in June 2018 Nexans launched in Paris its AGICITY® line, a comprehensive solution that includes real-time supervision and diagnostic systems. The system is supported by a network of fast-charging stations offering different payment options and is intended to promote car sharing.

This development by Nexans contributes to the implementation of a model aimed at reducing mobility costs covered by local communities and by the residents of suburban and rural areas. It includes services specifically designed to help companies and organizations conduct a problem free transition toward electric mobility.

INVEXANS

Through Invexans, Quiñenco is the main shareholder of Nexans, one of the largest cable producers worldwide. At December 31, 2018, Invexans owns 28.55%[1] of Nexans. Tech Pack S.A. holds an additional 0.53%, thus the holding has an ownership stake of 29.08%.

Invexans participates in the French multinational since 2008, after receiving an 8.9% stake in Nexans from the sale of Madeco's regional cable business, company of which it is the legal successor.

At the closing of 2018, Invexans has three representatives at Nexans' Board of Directors and two of them participate in its three directors' committees (Accounting and Auditing; Strategy and Designations, Compensations and Corporate Governance).

On April 9, 2018, Invexans set up a subsidiary in the United Kingdom, Invexans Ltd (Invexans UK), for the prospecting, analysis and development of new businesses and the execution and follow-up of already existing investments in foreign countries. Consolidating investments in a single vehicle seated in the English capital provides flexibility and administrative advantages, such as fewer trips and meetings in different countries in addition to financial efficiencies.

Within this context, all Nexans' shares held directly by Invexans were transferred to Invexans UK in 2018.

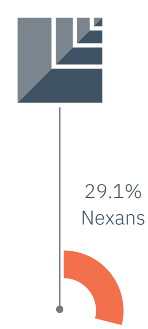
Nexans

Nexans provides a great variety of products from power transmission and

(1) Does not consider Nexans' treasury shares.

Nexans

- French multinational with a track record of 120 years
- One of the main players in the global cable industry
- 27,058 employees
- Production plants in 34 countries and 5 continents
- Sales of €6,490 million in 2018
- Listed on Euronext Paris
- Market capitalization of US$1.2 billion



distribution networks to harnesses for the automotive industry. The company employs more than 27 thousand people and has operating facilities in more than 34 countries.

In November 2018, Nexans announced a transformation plan based on the trends that will drive the future cycles of the industry's growth. This new roadmap will contribute to build a unique positioning for Nexans and provide greater value to its customers and shareholders. The management will focus initially on renewing its operating model to reduce the complexity of the organization.

Within this framework, the company modified its corporate governance structure by setting up a new Executive Committee composed of 12 people that will substitute the two previous governance bodies made up of 22 members. The new Executive Committee will focus its efforts on improving Nexans' competitiveness, ensuring a sustainable and profitable growth through the strategic allocation of resources and a recovery plan for low performing activities. The new Executive Committee will be led by the Chief Executive Officer. This new organization will have five executive vice presidents, among them a former Deputy

Business Segments

Construction

- Supply of power cables to the construction and repair businesses, through intermediaries or directly to end customers.
- Cables for the power distribution market.

Industry and Solutions

- Cabling and power supply solutions, data transmission and automation of clients from the natural resource industry (mining, renewable energies, oil and gas), transport (air, railroad, maritime) and automotive market, among others.

High Voltage and Projects

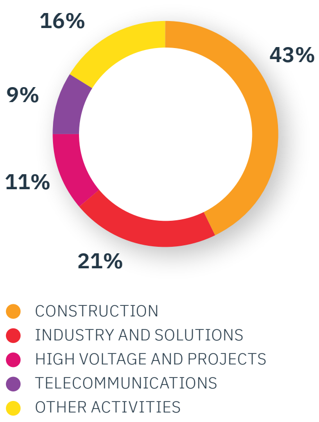
- High voltage power solutions that connect generation and consumption centers, encompassing the design, manufacturing and installation of submarine and land transmission cables.

Telecommunications

- Cables for telecommunication companies.
- Cables and inputs for data transmission systems and networks.

Contribution to consolidated revenues

(Total: €6,490 million in 2018)



Development Manager of Quiñenco, designated as the Corporate Vice President of Strategy, Mergers & Acquisitions.

Annual Performance

In the energy infrastructure sector, Nexans was awarded several large contracts in 2018. Among them, the cable supply for Ørsted's wind farm projects Borssele 1 and 2, off the coast of the Netherlands; the submarine power cable interconnection in the Cyclades archipelago in Greece and Hornsea 2 wind farm in the United Kingdom.

The group strengthened its focus on the Inspection, Maintenance and Repair (IMR) services, through the establishment of a dedicated team of experts, who support the high-voltage submarine cabling and connectivity projects around the world.

In the Telecommunications segment, Nexans was awarded by the Swedish government a 65-million fiber optic cable supply contract that will improve the communication systems of the Swedish railway network. The City Hall in Athens, Greece, chose Nexans to provide the best in class Fiber To The Office (FTTO) network infrastructure (with energy savings of up to 45%).

Nexans was also awarded a framework contract by one of the largest public cloud and internet data service providers in China. The company will provide fiber optic and copper cabling solutions for the customer's hyper-scale data center in China and abroad in 2019.

In the industrial segment, Nexans and a subsidiary of the Tesmec Group set up a consortium to deliver a comprehensive collector cable service to the largest wind farm in Australia, in Stockyard Hill. This wind farm will have an installed capacity of 530 MW with 149 turbines capable of generating enough power to feed close to 390,000 homes, reducing, in turn, CO2 emissions by approximately two million tons per year.

Nexans' corporate social responsibility initiatives were recognized during the year by means of higher ratings announced by agencies such as the Carbon Disclosure Project (CDP), ISS Oekom, Sustainalytics and MSCI. In addition, the company was distinguished with the 2018 Integrated Thinking award granted by European organizations, including the Responsible Capitalism Institute.

2018 Results

Invexans recorded net losses of Ch$9,162 million in 2018 that compare negatively against the net income of Ch$23,927 million recorded the previous year, due mainly to the lower profits obtained by its affiliate during the period. In 2018, Nexans posted profits of €14 million, significantly lower than the €125 million gain obtained in 2017, mainly due to the lower operating income from the High Voltage and Telecommunications segments, in addition to a loss stemming from the variation of prices in raw materials on unhedged inventories.

Invexans, in turn, recorded an increase in its overhead expenses due to the establishment of its subsidiary in London and the prospecting of new investments.

INVEXANS

2018 Highlights

- **Establishment of the subsidiary Invexans Limited in the United Kingdom to develop international investments, especially in Europe.**
- **Invexans transferred all the shares held in the French company Nexans to the new subsidiary.**
- **2019-2021 strategic plan aimed to redesign Nexans' value chain launched.**
- **New corporate governance structure in Nexans to drive the strategic plan.**
- **Nexans received the 2018 Integrated Thinking award from the Responsible Capitalism Institute, a European research center, among other organizations.**

Energy

Enex supports Budeo school in Antofagasta

Though the practice of bodyboard, the Budeo school, supported by Enex, develops positive leadership, environmental care and concern for the territory among children and young people. The classes are on the beach Las Petroleras, close to the company’s facilities in Antofagasta.

In addition, this is a year-round school open to the community, which offers classes and organizes international championships of this discipline.

Enex has contributed resources to build facilities aimed to protect the students from solar radiation and to provide basic services with eco-efficient systems.

ENEX

Enex is one of the largest fuel and lubricant distributors in Chile. It owns a network of 451 service stations operated under the Shell brand and participates in other business areas such as convenience stores, the sale of industrial fuels and the distribution of lubricants, asphalts and chemical products.

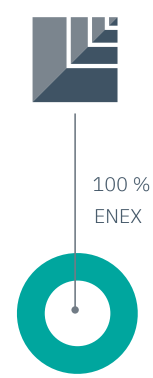
Enex is the second largest fuel distributor in the country, with a market share of 22.1% in the total volume of fuel dispatched in 2018 and of 24.7% in the service station segment. It is also a relevant player in the lubricant market, where it operates as distributor of Shell lubricants in the country, supplementing its offer with other products, such as Rhenus food grade oils and ACDelco spare parts, among others.

In 2018, Enex started its international expansion with the purchase of Road Ranger, the fourth largest highway travel center network in the United States.

In addition, it holds a 14.9% ownership stake in Sociedad Nacional de Oleoductos (Sonacol), company that provides fuel transport services via pipelines in the country's central region. It holds a stake in the property of 14 fuel storage plants along with other industry operators, and a 33.3% share of Sociedad de Inversiones de Aviación (SIAV), company that provides aviation fuel storage services

Empresa Nacional de Energía Enex S.A.

- Closed stock company acquired by Quiñenco in 2011
- Second largest fuel and lubricant distributor in Chile
- Domestic network of 451 service stations and 161 convenience stores
- Network of 38 travel centers in the United States through Road Ranger
- 3,726 employees (784 of them in the United States).



at the Santiago international airport. Furthermore, Enex owns 50% of Asfaltos Conosur, the owner of asphalt storage and dispatch terminals in Puchuncaví and Mejillones, in addition to 20% of DASA, company that operates an asphalt storage and dispatch plant located at the Aconcagua Oil Refinery in Concón.

Annual Performance

The purchase of Road Ranger by Enex was completed in November 2018, and involved an investment of US$289 million. Road Ranger owns 38 travel centers located along the main interstate highways connecting Texas and the Midwest in the

Business Areas

Retail: service stations and travel centers

- Retail fuel distribution in Chile under the Shell license.
- Retail fuel distribution to car and truck drivers in the United States through the Road Ranger travel center network.
- Operation of convenience stores in different formats, under the upa! and up¡ta brands in Chile and Road Ranger in the United States.
- Operation of food franchises and other services, such as restrooms and showers, video gaming terminals and truck scales in the Road Ranger network.

Industrial Fuels

- Supply to customers from the industrial, transport, mining, aviation and power generation segments, among others.

Lubricants

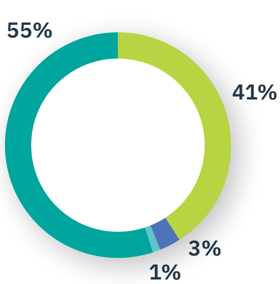
- Distributor of Shell lubricants in Chile.

Other segments

- Asphalts: bitumen for the paving of highways, urban and rural roads, and airports.
- Liquefied Oil Gas (GLP).

Revenue Distribution

(Total: MCh$2,276,314 in 2018)



- RETAIL
- INDUSTRIAL FUELS
- LUBRICANTS
- OTHERS

United States, with presence in Illinois, Iowa, Indiana, Missouri and Wisconsin. As this is one of the largest cargo corridors in the United States, this acquisition represents an opportunity to capitalize the strong growth in demand of this transport modality in the country.

The broad range of services available in the Road Ranger network includes convenience stores, fast food franchises such as Subway, Church's, Chester's, Cinabbon, Dickie's Barbecue Pit, McDonald´s and Burger King, in addition to restrooms and showers, video gaming terminals and truck scales, among others.

In Chile, Enex inaugurated eight service stations in 2018; four of them on highways, including the Puente Maipo Poniente, the fourth service station inaugurated by the company along the Autopista Central, the urban highway with the heaviest traffic in the country.

The Puente Maipo Poniente station's construction and design obtained the LEED (Leadership in Energy & Environmental Design) international certification that evaluates the efficient use of energy and water, the proper use of materials, the handling of construction waste and the quality of the interior environment in the buildings.

The company also advanced with its plan to grow the number of convenience stores, inaugurating 13 upa! and up¡ta stores, some of which are operated directly and others through franchises. As part of this expansion, Enex installed in the Las Condes district the first standalone upa! store (located outside a service station). In addition, this is the first foodvenience store of the company, a new format in the country including workspaces and free wi-fi, in addition to gourmet food and beverages. The company intends to further develop this new concept and will open four other stores of this kind during 2019.

The development and optimization of its retail distribution network, in addition to providing higher customer satisfaction, enabled Enex to deliver a service recognized by the ProCalidad 2018 National Customer Satisfaction Prize in two categories: Minimarket with its upa! stores and service stations with its Shell network.

In the industrial market, Enex started to supply a large portion of Latam airlines' fuel consumption in Santiago, which translated into an annual growth of 85% in the volume of fuel dispatched in the aviation segment. Also, in 2018 Enex strengthened its value added supply of products and services, achieving a significant increase in relevant segments such as the ShellCard Empresa fleet fuel supply card and the fuel supply service Fuel Express (FEX), which provides direct service to facilities, equipment and machinery located in agricultural, forestry and construction sites, among others.

In the lubricants segment, Enex renewed the supply contract with Codelco, maintaining its leadership in the mining segment. It also kept its focus on developing the B2C lubricant distribution channel, signing agreements with Andes Motor, representatives of Foton and Maxus, with whom it subscribed an exclusive agreement to supply Shell lubricants with GTL technology (Gas to Liquid) to both brands. This innovation, which turns natural gas into a crystal-clear lubricant base with a 99.8% purity, provides for the lubrication requirements of both the light vehicle and the heavy-duty truck market.

The performance reached by Enex in 2018 enabled it to be recognized by Shell as the Top Macro Distributor in the Global Commercial Competition Awards. Also, and for the second consecutive year, Shell Helix was selected as the preferred brand by the Chileans in the motor oil category, according to the study on brands and lifestyles of Chilean people, Chile 3D 2018, conducted by GFK Adimark.

In December 2018, the company subscribed a public-private commitment to promote electromobility in Chile, together with 38 other companies and industrial entities, the ministries of Energy, Environment and Transport, and Corfo. Enex committed to continue developing its network of electric stations, supplementing its highway service stations.

2018 Results

In 2018, Enex recorded net income of Ch$19,277 million, significantly greater than the profits of Ch$8,774 million recorded the previous year, reflecting a better operating performance driven by the greater fuel volumes sold and higher unit margins in the service station channel and in lubricants, and lower provision expenses. The total volume dispatched in 2018 was 3,856 thousand cubic meters, 3.4% up from the previous year, of which 98% were fuels.

2018 Highlights

- **Acquisition of Road Ranger, the fourth largest travel center network in the United States.**
- **Inauguration of eight service stations, among them, Puente Maipo Poniente, whose construction obtained LEED certification.**
- **Opening of 13 upa! and up¡ta stores, including the first standalone upa! store.**
- **ProCalidad 2018 National Customer Satisfaction Prize in the minimarket and service station segments.**
- **Subscription of a public-private agreement to promote the development of electromobility in Chile.**

Transport

Hapag-Lloyd: reducing impacts

Hapag-Lloyd is implementing a new technology to reduce the environmental impact of large vessels. This is the first global shipping company that converts the propulsion system of large container shipping vessels to liquefied natural gas (GNL). In the Chinese shipyards, its 15,000 TEU Sajir ship is being adapted to use GNL or low-sulfur content fuels as backup.

With this pilot project, the company expects to encourage other large vessels to reconvert to this alternative fuel. The use of GNL in the shipping industry is expected to reduce its CO_2 emissions from 15% to 30% and sulfur dioxide and particles by more than 90%, as compared to current fuels.

CSAV

With a 25.9% stake, Compañía Sud Americana de Vapores S.A. (CSAV) is the largest shareholder of the German company Hapag-Lloyd AG (Hapag-Lloyd), the fifth largest containerized cargo shipping company globally.

CSAV is part of the shareholders' agreement that controls approximately 65% of Hapag-Lloyd's ownership and, therefore, it has significant influence. As of December 31, 2018, the investment in Hapag-Lloyd represents 85.9% of the company's consolidated assets.

Hapag-Lloyd maintains a portfolio of services and a highly diversified logistics network, operating a fleet of 227 container ships and a total capacity of 1.6 million TEU. In addition, it is the main member of THE Alliance, one of the three alliances that combined concentrate more than 90% of the world's transport capacity on the east-west routes.

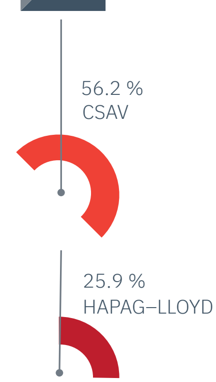
Directly, CSAV offers car carrier services from Asia, Europe, North America and the east coast of South America to markets on the west coast of South America, regularly operating an equivalent capacity of around four leased vessels.

Compañía Sud Americana de Vapores

- Founded in 1872
- Listed on the Santiago Stock Exchange since 1893
- Market capitalization: US$1.0 billion at the closing of 2018
- Largest shareholder in the German shipping company Hapag-Lloyd AG

Hapag - Lloyd

- Founded in 1847
- 227 ships with a total transport capacity of 1.6 million TEU
- Present in 128 countries (407 offices)
- 119 liner services in five continents
- 11.9 million TEU transported in 2018



Business Areas

Container shipping

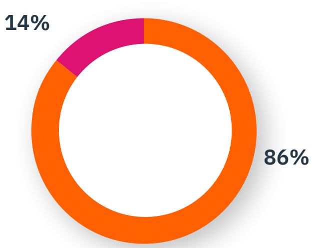
- Developed through Hapag-Lloyd

Car Carrier services

- Services from Asia, Europe, North America and the east coast of South America to the west coast of this region.
- PCTC-type specialized vessels (Pure Car and Truck Carrier).

Share in total assets

(Total: MCh$2,258 in 2018)



Annual Performance

In 2018 Hapag-Lloyd stood out in the shipping industry as one of the most efficient companies, based on the synergies resulting from its merger with United Arab Shipping Company (UASC) in 2017. In the past year, considering the inclusion of UASC throughout 2017 as a comparable basis, Hapag-Lloyd achieved an annual growth of 6% in transported volumes, even greater than the overall increase in demand, and a 2% improvement in average freight rates. At the end of 2018, the company reported the capture of all synergies estimated at US$435 million per year, ahead of the original plans for this process.

Based on greater liquidity, the German shipping company was able to reduce its net financial debt by US$732 million, which led to an improvement in Moody's credit rating, from B2 to B1.

The successful and rapid integration with UASC, the capture of the estimated synergies resulting from the merger and the cost reduction policies implemented by the company, are the main reasons for Hapag-Lloyd's good performance during the last year.

The company will continue to move forward along these lines; to this end, it kicked off a cost reduction plan in 2018, based mainly on efficiencies in its logistics and supply network; this should translate into savings of between US$350 million and US$400 million annually to be achieved by 2021. Additionally, it established a broader scope strategy that will add to the above medium and long-term differentiation strategies, supported by greater advances in digitalization and automation, as well as a more agile organization. These plans should boost EBIT by US$900 million by 2023.

Among the changes to be expected for the coming years, the application of the environmental standard IMO 2020 starting January 1, 2020, to the entire shipping industry is noteworthy: it will reduce the maximum level of sulfur allowed in ship fuels from 3.5% to 0.5%. This could mean higher operating costs or additional investments in ships. However, following its merger with UASC, Hapag-Lloyd has the youngest and most efficient ship fleet in the industry, helping to reduce the impact of these measures and enhance its operating efficiency as a competitive advantage. Hapag-Lloyd maintains a fleet of 17 ships of 15 thousand TEU convertible to liquefied natural gas, a fuel that emits 90% less sulfur dioxide. In 2018 it sent one of these ships for conversion as a pilot plan, which marked a milestone in the industry, as it was the first LNG adaptation of a large-scale ship.

In the second quarter of 2018, CSAV increased its share in Hapag-Lloyd by 0.4%, from 25.5% to 25.9%, through purchases on the German stock exchanges. The funds required for this investment (US$28.4 million) were covered by a bridge loan, subsequently paid with the flows obtained from Hapag-Lloyd's dividend distribution in July. Of the total €100 million distributed to Hapag-Lloyd shareholders, CSAV received the equivalent of US$30.2 million, corresponding to its 25.9% stake.

In the Car Carrier business, CSAV restructured some services, reducing the ships being operated and acquiring structural space purchase agreements. In this way, it reduced exposure to increased fuel prices and vessel charter rates, indicators that were on the rise during 2018, and achieved a positive result in this segment for the year.

Results

CSAV reported net income of Ch$13,846 million in 2018, reversing the loss reported the previous year, due mainly to the accounting loss from the dilution of CSAV in Hapag-Lloyd resulting from the latter's merger with UASC. Also noteworthy is the better result of Hapag-Lloyd, CSAV's main asset, in 2018, with profits of US$43.5 million and EBITDA of US$1.345 million. This good performance was driven by the growth in volumes transported, largely as a result of the merger with UASC. The synergies captured from the integration mitigated the impact of the fuel price increase recorded in the year.

CSAV
Compañía Sud Americana de Vapores S.A.

2018 Highlights

- **Achievement of 100% of the synergies estimated for the Hapag-Lloyd - UASC merger.**
- **Hapag-Lloyd's net financial debt reduced by US$732 million.**
- **Improvement in Hapag-Lloyd's credit rating.**
- **Launching of the new strategy toward 2023.**
- **CSAV's share in Hapag-Lloyd increased to 25.9%.**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SPREADER SWL 65MT
HOOKBEAM SWL 100MT
ZPMC
MAERSK

Port Services

SM SAAM: regional player in sustainability

In 2018 SM SAAM was selected to join the Dow Jones Sustainability Index MILA (Latin American Integrated Market), a regional index that measures the performance of Chilean, Colombian, Mexican and Peruvian companies against economic, social and environmental criteria. In addition, for the third consecutive year, SM SAAM was chosen to be part of the Dow Jones Sustainability Chile Index. Both indices are based on an assessment made by RobecoSAM to select companies that meet certain sustainability requirements better than their peers within the same industry.

SM SAAM

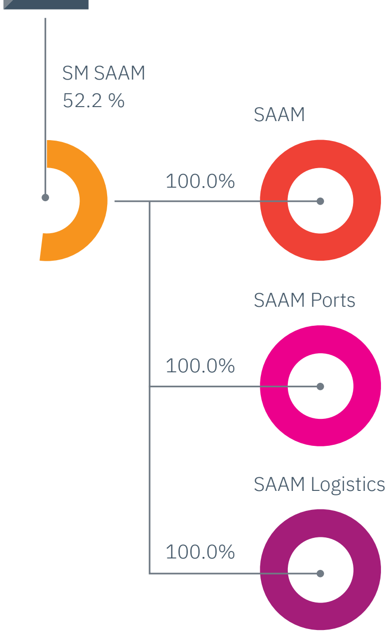
SM SAAM is a multinational company based in Chile, offering an extensive support network for foreign trade, with presence in thirteen countries, covering from Prince Rupert, in Canada, to Punta Arenas, in Chile. More than three thousand people work in the company, in addition to the more than four thousand collaborators in its operating affiliates to deliver services of excellence in cargo movement at an international level.

Through its subsidiary SAAM Ports, the company manages and operates five terminals in Chile (Iquique, Antofagasta, San Antonio, San Vicente and Corral); and the ports of Guayaquil (Ecuador); Caldera (Costa Rica); Mazatlan (Mexico); Port Everglades, (United States) and Cartagena de Indias (Colombia). These terminals conduct various kinds of cargo transfer operations (containers, bulk, loose and project cargo), storage, services for empty containers, and supplementary logistic services, such as: container consolidation and de-consolidation, lashing and unlashing, appraisal and inspections, both during vessel loading and unloading.

In the tug boat business, SAAM has a consolidated leadership in the regional market. Established as the largest tug boat operator in the continent, SAAM operates in 10 countries with 153 units, of which 80% are of the azimuth type, highly maneuverable and with a high pulling capacity. They provide berthing and un-berthing services for ships, assistance, salvage and towing, as well as specialized services for ships in offshore terminals

SM SAAM

- Operations in over 70 ports in 13 countries in the Americas
- Leader in tug boat services in the Americas
- Fifth largest port operator in South America
- Market capitalization: US$840 million as of December 2018
- 3,162 employees



and positioning and anchoring of oil and gas platforms, in the main ports of Chile, Mexico, Brazil, Uruguay, Ecuador, Guatemala, Costa Rica, Honduras, Canada and Panama.

In the logistics business, in turn, SAAM offers transport solutions, storage and value-added services in Chile, Colombia, Ecuador and Uruguay. In Chile, it is the main operator of bonded warehouses, connecting the ports of San Antonio and Valparaiso with warehouses in Renca. At the same time, it has positioned itself as the number one reefer cargo company in Puerto Montt. Through Aerosan, the company provides airport services to imports, exports, passengers and aviation at eight airports in Chile, Ecuador and Colombia.

Business Areas

Port Terminals

- One of the main port operators in the region.
- 10 port terminals.
- Operations in six countries: Chile, United States, Ecuador, Mexico, Colombia and Costa Rica.
- 39.4 million tons transferred in 2018*.
- 3.4 million TEU transferred in 2018*.

(*) Includes volumes from the subsidiaries and affiliates at 100%.

Tug boats

- Leader in tug boat services in the continent.
- 153 tug boats*.
- 80% of azimuth-type tug boats.
- Operations in 10 countries and 67 ports.

(*) Includes values from the subsidiaries and affiliates at 100%.

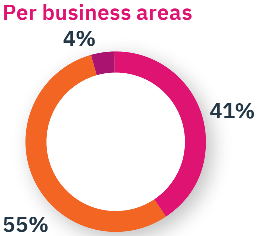
Logistics

- More than 125,000 m^2 of warehouse space managed.
- Operations in four countries.
- Three bonded warehouses.

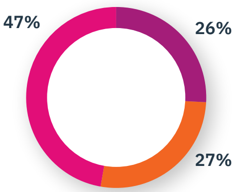
Distribution of the EBITDA*

(Total: US$146 million in 2018)

Per business areas



Per market



• *Corresponds to EBITDA at a consolidated level.*

Annual Performance

In 2018, SM SAAM began shifting towards a new operating model that will result in cost optimizations and more control of assets; also, it will increase productivity, based on sustainability and excellence as the pillars for management. The goals of the model include greater synergies through the business divisions and the corporate area, for example, through centralized corporate procurement for the main categories of goods and services purchased; centralized investment decisions and respective follow-up, through an investment committee made up by senior executives; standardization and optimization of key human resources, administration, finance and information technologies, and consolidation of a single management model allowing SM SAAM to grow in its respective business areas and ensuring the efficiency of new operations to be incorporated in the future.

The first benefits of this approach were identified in this past financial year. In the Port Terminals Division in Chile, San Antonio Terminal Internacional (STI) exceeded one million TEU transferred for the seventh consecutive year, with 1.2 million, 9% more than in 2017. Meanwhile, Iquique Terminal Internacional (ITI) recorded a historic increase of in-transit Bolivian cargo (32%), with 459,000 of the 2.3 million tons transferred in total. Portuaria Corral, a terminal located in the south of Chile and serving the forestry industry, exceeded 1.1 million tons transferred. At the international level, noteworthy is the good performance of the Terminal Portuario Guayaquil (TPG, Ecuador) and Puerto Caldera (Costa Rica). Both ports closed the year with record movements of 825,170 and 310,151 TEU, respectively.

In the United States, SAAM modernized the Florida International Terminal (FIT), a port that doubled its cargo reception capacity, with an investment of US$5 million. Another US$5 million were invested in equipment renewal.

Also in the United States, a joint venture between SAAM Puertos S.A. and Terminal Zárate S.A. (AutoMobile International Terminal) signed a memorandum of understanding to develop a Roll-on/Roll-off terminal with the capacity to operate up to 210,000 vehicles per year at the port of Mobile, in the State of Alabama.

In Costa Rica, Puerto Caldera opened a new reefer container yard, to which new loading equipment was added for

improved efficiency. With an investment of close to US$9.5 million, estimates indicate that this investment will increase performance by up to 30%. In 2019, SAAM will further expand the port, with the project being presented to the Costa Rican authorities in December 2018. The company will work with a technical board to close the proposal, which goes hand in hand with the extension of the concession, in order to materialize an investment that could quintuple the capacity of the terminal.

In early 2019, SM SAAM closed the sale of its minority interests of 15% in the Arica port terminal, agreed in 2018, after being granted the respective authorizations.

The Tug boat Division established the foundations to strengthen its service by signing the first regional berthing and un-berthing contract covering the operations of an important shipping company in six countries in the Americas. At the same time, it reinforced the Brazilian and Canadian fleets, with an investment of US$49 million, incorporating four new azimuth-type tug boats.

In the Logistics area, the focus was on the development of customized solutions for each client. SAAM has been integrated into the value chains, through intelligent logistics services and solutions adapted to the different needs for transport and storage, and value-added services in its bonded warehouses and cold storage facilities.

In the airport services business, through Aerosan, the company renewed the concession for the Santiago Airport import warehouse, which involves the construction of US$10 million in infrastructure as part of the 2020 International Terminal project. In addition, the company bought the remaining 50% of Transaéreo's ownership, a company that provides extensive airport services to the air terminals in Bogotá, Medellín, San Andrés, Barranquilla, Cartagena and Pereira.

In 2018, SM SAAM was selected to become part of the Dow Jones Sustainability Index MILA (Latin American Integrated Market) and, for the third consecutive year, to be part of DJSI Chile.

2018 Results

In 2018 SM SAAM reported net profits of Ch$32,065 million, 18.1% lower than the previous year. The effect of the non-recurring gain from the sale of its minority stake in Tramarsa (Peru) in 2017 was largely offset by the good operating performance in 2018, with the port terminals segment standing out, reflecting higher activity in most terminals, as well as a recovery in logistics´ results. However, the performance of the tug boat segment was affected by a lower level of activity in Brazil.

2018 Highlights

- **Implementation of a new operating model.**
- **Record amount of cargo transfer at the Guayaquil, Caldera, San Antonio and Corral port terminals.**
- **Signing of memorandum of understanding to develop a Ro-Ro terminal at the Mobile port in the USA.**
- **Modernization of the Florida International Terminal, doubling its cargo reception capacity.**
- **Opening of a new reefer container yard and loading equipment at Puerto Caldera, in Costa Rica.**
- **Awarding of the first regional contract of the Tug boat Division. Selected for the DJSI Chile for the third consecutive year and, for the first time, for the Sustainability Index of the Latin American Integrated Market (DJSI MILA).**

Corporate Information

Dividend policy

Quiñenco's Board of Directors will inform the Annual Shareholders' Meeting to be held on April 29, 2019, of its agreement to set as dividend policy its distribution of a definite cash dividend of at least 30% of net income for the year.

Dividends paid

Dividend	Date	Dividend per-share	Total dividend	Corresponding to the management period
No. 37 and 38	05-11-16	Ch$23.24323	ThCh$38,647,904	2015
No. 39 and 40	05-12-17	Ch$31.91723	ThCh$53,070,680	2016
No. 41 and 42	05-9-18	Ch$32.69860	ThCh$54,369,911	2017

Shareholders

At the closing of 2018, the subscribed and paid-in capital is divided into 1,662,759,593 shares. The 12 largest shareholders as of December 31, 2018 are:

Tax ID	Shareholder	No. of shares	%
77.636.320-0	Andsberg Inversiones Ltda.*	686,536,676	41.29
59.039.730-k	Ruana Copper A.G. Agencia Chile*	279,819,030	16.83
78.306.560-6	Inmobiliaria e Inversiones Río Claro S.A.*	179,938,251	10.82
96.536.010-7	Inversiones Consolidadas Ltda.*	140,971,280	8.48
97.004.000-5	Banco de Chile on behalf of non-resident third parties	77,642,771	4.67
84.177.300-4	BTG Pactual Chile S.A. Corredores de Bolsa	55,636,381	3.35
76.884.110-1	Inversiones Río Claro Ltda.*	44,442,511	2.67
96.489.000-5	Credicorp Capital S.A. Corredores de Bolsa	40,998,772	2.47
96.871.750-2	Inversiones Salta SpA*	23,684,851	1.42
98.000.100-8	A.F.P. Habitat S.A.	21,226,641	1.28
76.327.982-0	Inversiones Alaska Ltda.*	20,041,305	1.21
97.023.000-9	Banco Itaú Corpbanca on behalf of foreign investors	16,957,227	1.02
	Total	1,587,895,696	95.51

**Companies related to the Luksic group*

Additional information as of December 31, 2018	
Number of subscribed and paid-in shares	1,662,759,593
Number of shareholders	1,004

Quiñenco's issued and paid-in shares are 82.9% property of the companies Andsberg Inversiones Ltda., Ruana Copper A.G. Agencia Chile, Inversiones Orengo S.A., Inversiones Consolidadas Ltda., Inversiones Salta SpA., Inversiones Alaska Ltda., Inmobiliaria e Inversiones Río Claro S.A. and Inversiones Río Claro Ltda. The Luksburg Foundation indirectly holds 100% of the social rights in

Andsberg Inversiones Ltda., 100% of the social rights in Ruana Copper A.G. Agencia Chile and 99.76% of the shares in Inversiones Orengo S.A.

Andrónico Mariano Luksic Craig (RUT 6.062.786-K) and his family control 100% of the shares in Inversiones Consolidadas Ltda. and Inversiones Alaska Ltda. The family of Mr. Andrónico Luksic Craig controls 100% of the shares in Inversiones Salta SpA. Inmobiliaria e Inversiones Río Claro S.A. and Inversiones Río Claro Ltda. are indirectly controlled by the Emian Foundation, where the descendants of Mr. Guillermo Antonio Luksic Craig† (RUT 6.578.597-8) hold interests. There is no joint action agreement between the company's controllers.

Percentage of property held by the Company Board members and Main Executives

At December 31, 2018, the following Board Member directly held shares in the Company:

Director	% ownership
Andrónico Luksic Lederer	0.00001%

At December 31, 2018, the following main executives held shares in the Company:

Executive	% ownership
Francisco Pérez Mackenna	0.024%
Pedro Marín Loyola	0.001%
Luis Fernando Antúnez Bories	0.008%
Oscar Henríquez Vignes	0.002%

Stock Market Information

Quiñenco's shares are traded in Chile, on the Santiago Stock Exchange and the Chilean Electronic Exchange.

The table below contains quarterly statistics on the amounts traded, the average price and stock market presence in 2018 in the Chilean exchanges.

2018	No. of shares traded	Total amount traded ThCh$	Average price Ch$	Stock market presence %
1st quarter	10,288,857	20,539,175	1,996.25	80.00%
2nd quarter	34,922,622	71,038,230	2,034.16	74.44%
3rd quarter	5,898,252	11,529,396	1,954.71	66.67%
4th quarter	23,496,342	42,825,211	1,822.63	70.00%
2018	74,606,073	145,932,013	1,956.03	

Property

The Quiñenco Group's head office is located in Santiago's El Golf district, at Enrique Foster Sur 20, Las Condes, where it owns approximately 2,500 square meters of offices.

Insurance

Quiñenco holds insurance policies with top-notch insurance firms for all its significant assets, buildings, machinery and vehicles, among others. The policies cover damage caused by fire, earthquakes and other unforeseen events.

Investment Policy

Most of Quiñenco's resources are dedicated to companies directly or indirectly under its control. In some cases, it exercises control together with a strategic partner. This policy does not exclude the possibility of investing in additional companies or taking on businesses related to those it owns to strengthen the group's growth potential.

The head office continually seeks investment opportunities in companies aimed at mass consumption markets with well-known brands and industries where it has experience. In the past, Quiñenco has formed alliances with strategic partners who contribute know-how, financing and experience to its businesses. The Company does not have an approved investment plan.

Financing Policy

Quiñenco finances its activities and investments with the dividends and profit distributions of the companies it participates in and from the funds obtained from the sale of assets and/or the issue of debt or equity.

The Company privileges long term financing to maintain a financial structure that is in line with the liquidity of its assets and whose maturity profiles are compatible with the cash flow generated

Risk Factors

Quiñenco and its subsidiary and affiliated companies face the risks that are inherent to the markets and the economies where they participate, in Chile as well as abroad. These risks are reflected in the prices, costs and sales volumes of the products and services produced and sold.

Quiñenco is exposed to product price risks mainly related to the subsidiaries' inventories.

The Company mostly develops its business in Chile. For this reason, its operating results and financial position are to a great degree dependent on the general level of domestic economic activity. The Chilean economy is estimated to have grown 4% in 2018. There is no certainty regarding whether the economy will grow in the future. The factors that could have an adverse effect on the Company's businesses and the results of its operation include future slowdowns in the Chilean economy, a return to high inflation, currency fluctuations, tax reforms, changes in the regulatory frameworks of the diverse industries that its subsidiaries and affiliates participate in, increased labor costs and shortages in qualified labor.

In addition to its operations in Chile, some of the Company's industrial businesses operate and export to companies that in turn operate and export to Argentina, Colombia, Peru and other countries in Latin America and the rest of the world that on various occasions in the past have been characterized by volatile and often unfavorable economic, political and social conditions. The Company's business, results and assets can be significantly and adversely affected by events related to inflation, interest rates, currency fluctuations, government policy, price and salary controls, currency exchange regulations, taxes, expropriation, social instability and other political, economic or diplomatic events that might affect the countries that the Company operates in.

Quiñenco believes that its businesses face high levels of competition in the industries where they operate. This can be seen in the prices, costs and sales volumes of the products and services produced and sold by Quiñenco's businesses. While the Company expects its businesses to be capable of continuing to successfully compete in their respective sectors, based on past experience and its records, there is no certainty that the competition will not continue to grow in the future, including a potential ongoing trend toward consolidation in certain industries. In the case of the shipping industry, eventual imbalances between supply and demand, as has occurred in the container ship business, which could be reflected in an installed capacity that surpasses global demand, could generate volatility in freight rates. Increased competition or sustained imbalances could affect profit margins and the operating results of Quiñenco's businesses, which as a result could have a significant and adverse effect on the flow of dividends that Quiñenco receives from its businesses.

The Company, its subsidiaries and affiliates have historically required significant amounts of capital to finance their operations and to expand their businesses, therefore, the management and expansion of its current businesses is directly related to access to capital. In the past, Quiñenco and its subsidiaries have satisfied their capital needs with flows generated internally and/or by issuing debt or capital. However, there is no certainty regarding the future availability of capital to satisfy the growth needs and expectations of Quiñenco and its subsidiaries and affiliates. The impossibility of obtaining capital would halt Quiñenco's ability to expand existing businesses or enter into additional businesses, and it could have a significant adverse effect on the Company's financial position and results.

As a holding company, Quiñenco's profit level and its capacity to pay debt servicing obligations and dividends mainly depend on the dividends and distributions it receives from its subsidiaries, its equity investments and affiliated companies. The payment of dividends by said subsidiaries, equity investments and affiliated companies is under certain circumstances subject to restrictions and contingencies. In addition, Quiñenco's profit level has depended on the occasional sale of assets or investments. There is no certainty that Quiñenco will be able to continue counting on the dividends or distributions of its subsidiaries and affiliates or that it will be able to produce profits from the sale of investments, as it has done in the past.

Another risk factor is related to the interest rate. Part of the debt owed by Quiñenco or its subsidiaries is subject to variable interest rates, which could have a negative impact on the company at times when said rates increase. There is also another risk related to the exchange rates for foreign currencies, given that a percentage of the debt owned by the Company or its subsidiaries could be exposed to currency fluctuation risks.

A significant number of the Company's businesses are publicly traded, and their capital value can vary depending on fluctuations in the market value. The capital value of Quiñenco's investments could be affected by declines on the Chilean stock markets or other stock markets, such as the New York Stock Exchange, where CCU and Banco de Chile shares are traded. In addition, Quiñenco and its businesses could see their transaction volumes drop, something that could have a negative effect on the price and liquidity of the shares.

Furthermore, the market value of the shares in Chilean companies is in several ways affected by the economic and market conditions of other countries with emerging and developed markets. While the economic conditions in said countries could differ significantly from the economic conditions in Chile, investors' reactions to events in any of those countries could have an adverse effect on the market value of securities issued in Chile. There can be no certainty that the Chilean stock market will grow or maintain its profits or that the market value of the Company's shares might not be adversely affected by events elsewhere.

Directors' Committee

Quiñenco S.A. has convened a Directors' Committee (the "Committee"), in keeping with the provisions of Article 50 bis of Law No.18,046 of Open Stock Corporations.

The Committee was established at Regular Board Meeting No.230, held on May 4, 2017, when the following directors were appointed to it.

- Mr. Matko Koljatic Maroevic, independent director and committee chairman;
- Mr. Gonzalo Menéndez Duque, director related to the controller; and
- Mr. Hernán Büchi Buc, director related to the controller.

The same directors named above have sat on the Committee for the last three years and Mr. Matko Koljatic Maroevic has acted as independent director and chairman during these three periods.

The members of the Committee received the following payments during 2018, with the respective comparison to the year before:

In 2018, the directors Hernán Büchi Buc, Gonzalo Menéndez Duque and Matko Koljatic Maroevic received the following payments for services rendered on the Committee of Directors: ThCh$35,461, ThCh$35,461 and ThCh$35,461 (in 2017 ThCh$34,962, ThCh$34,962 and ThCh$34,962), respectively.

The Committee met four times in 2018. The meetings were attended by the CEO, Francisco Pérez Mackenna, the CFO, Luis Fernando Antúnez Bories and the Chief Counsel, Rodrigo Hinzpeter Kirberg who acted as the Holding Secretary of the Committee.

In 2018, the Committee was dedicated to evaluating the matters indicated in Article 50 bis of the Law of Open Stock Corporations, having undertaken the following activities:

1. It examined the reports of independent external auditors. At Session No.151 on March 29, 2018, the Committee received the external auditors' report of the year ending on December 31, 2017, the balance sheet and other financial statements as of that date and which were presented by management. It gave a favorable opinion of them prior to their presentation to shareholders for their approval. Likewise, in Session No.153 on September 6, 2018, the Committee received the Limited Review Report on Quiñenco S.A.'s Intermediate Consolidated Financial Statements and those of its subsidiaries through June 30, 2018. In addition, the Committee received the Internal Control Report that the independent auditors send to management in Session No.154 on December 6, 2018.
2. In session No.151 on March 29, 2018, it approved the management report presented by the Directors' Committee for the 2017 management period.
3. In Session No.152 on April 5, 2018, it proposed the external auditors Ernst & Young Servicios Profesionales de Auditoría y Asesoría Limitada to the Board of Directors for them to examine the Company's accounting, inventory, balance sheet and other financial statements corresponding to the year 2018 and for them to give their professional and independent opinion. Likewise, it proposed the company KPMG Auditores Consultores Limitada as an alternative. At the same session, the Committee also proposed hiring the following risk rating agencies: (a) for the national context, Feller-Rate Clasificadora de Riesgo Limitada and Fitch Chile Clasificadora de Riesgo Limitada; and (b) Standard & Poor's for the international context.
4. In session No.153, held on September 6, 2018 it gave the Board of Directors a favorable report on the hiring of the external auditing firm EY Servicios Profesionales de Auditoría y Asesorías SpA for a professional service not considered in the external audit, which consisted of providing an analysis of the withholding standards applicable to the interests paid to bond holders issued in agreement with the new article 104 of the Income Tax Law included in article 74 No. 7 and No. 8 of said Law, for a fee of UF250.
5. In session No.154 held on December 6, 2018 it reviewed the execution of the internal auditing plan of the Company from 2009 to 2018 and examined the pay systems and compensation plans for the Company's managers, main executives and workers.

The Committee did not hire consulting services in 2018, nor did it incur expenses, and it did not consider it relevant to present any sort of recommendation to the Company's shareholders.

Headcount of Quiñenco and subsidiaries as of December 31, 2018

Company	Chile			Abroad			Total
	Managers and Main Executives	Professionals and Technical Staff	Other Workers	Managers and Main Executives	Professionals and Technical Staff	Other Workers	
Quiñenco	15	28	26	-	-	-	69
LQIF and subsidiaries	840	7,947	5,046	1	1	-	13,835
Invexans	2	1	1	-	-	-	4
Techpack and subsidiaries	2	6	-	1	-	-	9
Enex and subsidiaries	15	678	2,249	16	34	734	3,726
CSAV and subsidiaries	4	38	-	-	-	-	42
SM SAAM and subsidiaries	38	599	523	58	618	1,326	3,162
Other subsidiaries	8	65	24	-	-	-	97
Total	924	9,362	7,869	76	653	2,060	20,944

Board of Directors' Training Activities

Over the 2018 management period, Quiñenco's Board of Directors received the following training:

1. **Training in the new labor regulations.**
   The Board learnt about the most relevant aspects of the collective negotiation regulations enforceable for companies and the collective negotiation procedures adopted during the first four-months of 2018 and their specific aspects. These regulations, which were implemented after the labor reform of 2016, are included in Law No. 20,940.

2. **Training in the changes introduced to the Environmental Institutions.**
   In 2018, the Board learnt about the bill that seeks to modernize the Environmental Impact Evaluation System ("SEIA") and the Environmental Institutions, mainly focused on the regulations governing the matter and the operation of the SEIA, together with analyzing the objectives, the main aspects and the scope of the modernization proposed.

Board Members' Compensation

As agreed at the Company's Annual Shareholders' Meeting, the sums paid to Directors in 2018 and 2017 for per diem, participations, and other remunerations, respectively, were as follows:

Andrónico Luksic Craig ThCh$862, ThCh$101,944 and ThCh$904,163 in 2018 (ThCh$1,410, ThCh$100,204 and ThCh$885,134 in 2017); Jean-Paul Luksic Fontbona ThCh$1,147, ThCh$101,944 and ThCh$0 in 2018 (ThCh$2,817, ThCh$100,204 and ThCh$0 in 2017); Hernán Büchi Buc ThCh$3,714, ThCh$101,944 and ThCh$0 in 2018 (ThCh$3,946, ThCh$100,204 and ThCh$0 in 2017); Gonzalo Menéndez Duque ThCh$4,004, ThCh$101,944 and ThCh$0 in 2018 (ThCh$3,946, ThCh$100,204 and ThCh$0 in 2017); Matko Koljatic Maroevic ThCh$4,004, ThCh$101,850 and ThCh$0 in 2018 (ThCh$3,664, ThCh$100,204 and ThCh$0 in 2017); Fernando Cañas Berkowitz ThCh$4,004, ThCh$101,944 and ThCh$0 in 2018 (ThCh$3,946, ThCh$100,204 and ThCh$0 in 2017); Nicolás Luksic Puga ThCh$2,597, ThCh$101,944 and ThCh$0 in 2018 (ThCh$3,663, ThCh$100,204 and ThCh$0 in 2017) and Andrónico Luksic Lederer ThCh$2,854, ThCh$101,944 and ThCh$0 in 2018 (ThCh$2,256, ThCh$100,204 and ThCh$0 in 2017).

Expenditures on consulting services to the Board of Directors

Expenses for consulting services to the Board of Directors totaled ThCh$26,035.

Remunerations of Main Executives

The remunerations received by the Company's main executives for remunerations and performance bonuses totaled ThCh$6,553,508 in 2018 (ThCh$6,105,434 in 2017).

Incentive Plan

There was no long-term incentive plan for the Company's executives as of December 31, 2018.

Severance Payment

No severance payments were made to the Company's main executives in 2018.

Information on diversity

The distribution of the Board of Directors, managers (general manager and managers reporting to the CEO or to the Board) and all of the Company's personnel, by gender, nationality, age and seniority (in their positions in the case of directors and in the Company for managers and the organization) at December 31, 2018 is the following:

Gender	Men	Women
Board	8	-
Managers	6	2
Organization	44	25

Nationality	Chilean	Foreign
Board	8	-
Managers	8	-
Organization	67	2

Age	Under 30	30 - 40	41 - 50	51 -60	61 -70	Over 70
Board	-	2	-	1	4	1
Managers	-	1	1	5	1	-
Organization	1	19	13	19	17	-

Seniority	Less than 3 years	From 3 to 6 years	More than 6 and less than 9 years	From 9 to 12 years	More than 12 years
Board	-	2	1	-	5
Managers	1	4	-	-	3
Organization	16	16	6	4	27

Salary Gap

The salary gap by gender in the company is as follows:

	Average gross salary of women / Average gross salary of men (%)
Executives	109%
Workers	101%

Material Information

The following material or essential information was reported by Quiñenco S.A. during the 2018 management period:

1. On April 5, 2018, Quiñenco S.A. (indistinctively, the "Company") informed the Financial Market Commission ("CMF"), as material information that in a session held on that same date the Board of Directors had agreed to propose to the Annual Shareholders' Meeting to be held on April 27, 2018, the distribution of a definite dividend of Ch$54,369,910,828 corresponding to 50% of the profits attributable to the controller's owners during the 2017 management period (the "net income for the 2017 management period") made up of: (a) a minimum compulsory dividend of Ch$32,621,946,497 equivalent to 30% of net income for the 2017 management period and (b) an additional dividend of Ch$21,747,964,331 equivalent to 20% of net income for the 2017 management period. It also informed that the definite dividend would amount to Ch$32.69860 per share, and payment would be made as from May 9, 2018, to the shareholders registered in the respective registry as of the midnight of the fifth business day in advance of such date.

2. On August 24, 2018, Quiñenco S.A. informed the Financial Market Commission as material information that by virtue of a purchase and sale contract subscribed on that same date, the subsidiary Empresa Nacional de Energía Enex S.A. ("Enex") had committed to acquire indirectly through Enex Investments US, Inc., 100% of the rights and shares of the companies Road Ranger L.L.C, a limited liability company and REOPCO, Inc., a stock corporation, both existing and incorporated under the laws of the State of Illinois, United States of America, in addition to 100% of the rights of other seven limited liability companies existing and incorporated under the laws of the State of Illinois, which operate 38 Travel Centers, including gas and fuel supply stations, convenience stores, fast food restaurants and related operations distributed across the states of Illinois, Indiana, Wisconsin, Missouri, Iowa and Texas, under the brand "Road Ranger". In addition, it informed that said contract was subject to compliance with the customary closing conditions that characterize this type of transactions, such as the free competition notice to the federal authority of the United States of America and the approvals from the local authorities of each state of the United States where Road Ranger operates its business, as well as the authorizations from third parties, and that these closing conditions were expected to be met at the latest by December 2018. The total amount of the transaction was reported to be US$289 million (debt-free and net of cash) for the whole business mentioned above. Finally, Quiñenco informed that the acquisition would represent a significant opportunity for the subsidiary Enex, given the attractive geographic location of the Travel Centers operated under the brand Road Ranger and their potential as a platform for the future growth of this business in the United States of America, and, if this transaction were to be completed it was not expected to have effects on Quiñenco's results as it was a new business. It was left for the record that this communication also informed the Commission that the confidential material information sent by Quiñenco on July 5, 2018, is no longer confidential.

3. On November 19, 2018, Quiñenco S.A. informed the Financial Market Commission as material information that in addition to the information disclosed on August 24, 2018, that on this same date the parties concluded the purchase and sale transaction whereby the subsidiary Empresa Nacional de Energía Enex S.A. ("Enex") acquired through Enex Investments US, Inc., 100% of the rights and shares held in the U.S. companies that operate 38 Travel Centers under the brand "Road Ranger". It also informed that the closing price paid by Enex for this transaction amounted to US$289,090,902, which was determined in agreement with the respective contract. It was left for the record that as stated in the communication made on August 24, 2018, this transaction involved the acquisition of new businesses and it was not expected to have effects on Quiñenco's results, although it was a very good business opportunity given the market segment where "Road Ranger" operates and its potential as the platform for the future growth of this business in the United States of America.

The dividend distribution proposal informed in point 1 was approved by the Shareholders' Meeting held on April 27, 2018, thus the corresponding shareholders started to receive their dividends on May 9, 2018. The total dividend amounted to Ch$32,621,946,497 accounting for 50% of the profits attributable to the Controller's Owners for 2017, equivalent to Ch$32.69860 per share. The distribution of this dividend, net of the amount provisioned, was deducted from the accumulated earnings in equity.

Enex's purchase of the Road Ranger travel center network in the United States, described in points 2 and 3 above, did not have relevant effects on Quiñenco's results during the 2018 fiscal year. However, Enex's arrival to this new market is expected to leverage the expansion of such company and to serve as platform to grow the business in the U.S.

Crime Prevention Model Law No. 20,393

Quiñenco S.A. has a Crime Prevention Model on Bribery, Asset Laundering, Financing of Terrorism and Receipt or Purchase of stolen goods, pursuant to Law No. 20,393 that provides for the criminal responsibility of legal entities in these types of crimes. This prevention model was certified for the first time on December 5, 2012, for a two-year period by the company BH Compliance, which is registered for purposes hereof with the Financial Market Commission.

Such certification remains in effect, being renewed by BH Compliance on November 28, 2014, November 25, 2016 and November 23, 2018 each time for a two-year term.

Starting from the promulgation of Law No.21,121 (November 20, 2018) and No.21,132 (January 31, 2019), the Prevention Model has incorporated other crimes such as Bribery between Individuals, Fraudulent Administration, Misappropriation, Incompatible Negotiation and Water Contamination.

The Model especially contemplates a procedure for complaints, which can be anonymous and do not require special formalities, and may be made by a company member or an unrelated third party, and presented either in writing directly to the Company's offices addressed to the Prevention Manager or to the email encargadodeprevencion@lq.cl.

Supplementary information on business activities

TECHPACK

Techpack was formed from the division of Madeco S.A. in 2013. The main asset at the time of its formation was Madeco's manufacturing business, which included the units for the manufacturing of flexible packaging, brass mills, and aluminum and PVC profiles.

In early 2014, the shareholders agreed to restructure Techpack's assets to focus on the flexible packaging business. As part of this new approach, the name was changed from Madeco S.A. to Tech Pack S.A. In 2015, Techpack acquired 24% of Alusa S.A. from minority shareholders, reaching 100% ownership of the company.

In May 2016, Techpack concluded the sale of its entire flexible packaging business to the Australian company Amcor, the world's largest packaging producer, in a transaction worth US$435 million. At December 31, 2018 Quiñenco controls either directly or indirectly 99.97% of Techpack and there are no pending material contingencies regarding the sale of Alusa.

Techpack reported a loss of Ch$19,874 million in 2018 that compares negatively against the loss of Ch$1,982 million recorded in 2017. The variation is due mainly to expenses and price adjustment relating to Amcor's transaction and, to a lesser extent, to the negative variation of non-operating income, partly offset by lower administrative expenses.

As of December 31, 2018, Tech Pack S.A. is a closed stock corporation. In effect, the Financial Market Commission through exempt resolution No. 3585 of August 21, 2018, admitted a request by the company cancelling its inscription No.1,108 and that of its shares at the Securities' Registry.

Suppliers and Customers

The number of suppliers and customers that represent over 10% of the purchases or revenues for each of Quiñenco's business segments is detailed in the table below:

Segment	Manufacturing	Financial	Energy	Transport	Port Services	Others
No. of suppliers who represent at least 10% of a segment's purchases	-	-	2	1	-	3
No. of customers who represent at least 10% of a segment's total revenues	-	-	-	1	-	2

Main Brands

The main brands used by Quiñenco's subsidiaries and affiliates are detailed below:

Quiñenco: Quiñenco, Quinenco.

Banco de Chile: Banco de Chile, Banco Edwards, Banco CrediChile and Banchile.

CCU: In Chile and abroad, CCU and its subsidiaries own diverse registered trademarks that they sell their products under. In the domestic market, its brand portfolio in the beer category includes, among others, Cristal, Cristal CER0,0°, Escudo, Royal Guard, Morenita, Dorada, Andes, Stones, Bavaria, Kunstmann, Austral, D'olbek, Guayacán and Szot. In Argentina it has Schneider, Imperial, Palermo, Santa Fe, Salta and Córdoba. In Bolivia, Real, Capital and Cordillera. In Paraguay the company owns the brand Sajonia.

Regarding nonalcoholic beverages in Chile, in the carbonated category CCU owns the brands: Bilz, Pap, Pop Candy, Kem, Kem Xtreme and Nobis. In the mineral waters category in Chile it holds the brands Cachantun and Porvenir; in purified waters and HOD it has the brand Nestlé Pure Life; in flavored waters it owns Mas and Mas Woman; in purified waters, mainly HOD, it owns the brand Manantial. In Uruguay, the company owns the brands Nativa and Nix for mineral waters; in flavored waters, the Nativa Brand and in soft drinks, Nix; in nectars, it owns the brand Watt's; in isotonic beverages it owns the brand FullSport; and in energy drinks, Thor. Likewise, in Paraguay it owns the brands Pulp for carbonated beverages, Puro Sol for juices and La Fuente for waters; and Zuma for flavored waters. In Bolivia, in the soft drinks category, it participates with the brands Mendocina, Free cola, Sinalco and Malta Real; in waters it participates with the brand Mendocina and in juices with the brand Natur-All.

In wine, CCU owns an extensive portfolio of brands of the nine vineyards that make up its subsidiary VSPT, such as Altaïr, Cabo de Hornos, Sideral, 1865, Castillo de Molina, Epica, Gato and Gato Negro of Viña San Pedro; the Reserva and Gran Reserva line of Viña Tarapacá in its versions Etiqueta Negra and Azul; Viña Leyda in its series Reserva, Single Vineyard and Lot; Misiones de Rengo Cuvée, Reserva and Varietal and Sparkling Wines; in addition to Alpaca, Reservado and Siglo de Oro Reserva of Viña Santa Helena; in the sparkling wines category, Viñamar in its versions Extra Brut, Brut and Rosé and, finally, Manquehuito in the coolers category. In Argentina, it holds the brands La Celia and Bodega Tamarí.

In the pisco category of liquors, CCU owns the brands: Mistral, Mistral Ice, Mojito Ice, Iceberg, Ruta Cocktail, Campanario, Control C, Tres Erres, Moai Tres Erres, La Serena, Espíritu de los Andes and Horcón Quemado. In the rum category, the company owns the brands Sierra Morena and Cabo Viejo. Also, in the liquor segment, CCU owns the

Fehrenberg brand with its variants. In cider, it owns the brand Cygan. In Peru, it owns the pisco brand BarSol; in addition to the Cusqueño and Sol de Cuba brands.

In the cider category in Argentina, CCU owns the brands Real, La Victoria and 1888. In addition, it owns the brand El Abuelo in the liquor category.

CCU also holds important licenses for national and international brands in Chile, which are mentioned in the section licenses, franchises, royalties or concessions.

Until December 17, 2018, CCU participated in the sweet snack business through Alimentos Nutrabien S.A., a subsidiary of its related company Foods Compañía de Alimentos CCU S.A. (“Foods”), manufacturer of cookies and baked products under the brand Nutra Bien. On said date, CCU sold 100% of the shares held in Alimentos Nutrabien S.A. to Ideal S.A.

Invexans: Invexans.

Techpack: Techpack.

Enex: Enex, Shell, Road Ranger, upa!, up¡ta, Select, Helix, Shell V-Power, Shellcard, Rimula, Pennzoil, Gadus, Spirax, Tellus, Rhenus, ACDelco, Krynex. Enex holds the license for use of the Shell brand in service stations for the sale of fuels until May 23, 2023 and it is the Shell Macro Distributor of lubricants in Chile, contract that expires in December 2019.

CSAV: The main brand used by the company is CSAV.

SM SAAM: The company and its subsidiaries have its trade name and legal name registered in the Brand Registry, as well as certain services and products.

Banchile Vida: Banchile.

SegChile Seguros Generales: SegChile.

Licences, franchises, royalties or concessions

The licenses, franchises, royalties and /or concessions held by Quiñenco, its subsidiaries or affiliates are described below:

Banco de Chile: It holds a license agreement on the use of the brand “Banchile,” granted by Banco de Chile to Banchile Seguros de Vida. According to this agreement, the Bank authorizes the company to exclusively use the name BANCHILE, a registered trademark of the Bank throughout the life of the agreement, without being able to transfer it under any circumstances, for the purposes of promoting and selling its insurance policies, especially for the development and operation of the bank insurance business and the sale of credit life insurance to the Bank’s debtor portfolio and to the market in general. The agreement is in force from January 1, 2016 to January 1, 2020. The Bank may terminate said agreement at any time for noncompliance or for restrictions that the agreement might impose on it. This can be done at any time upon written notice 10 days in advance, and the company will have 60 days to change the trade name.

On October 22, 2015, Banco de Chile and Citigroup Inc. subscribed a Trademark License Contract that has been the object of several extensions, the last of which was subscribed on August 27, 2017 and that became effective on January 1, 2018. Under such contract, Citigroup grants Banco de Chile the gratuitous and non-exclusive right to use some Citigroup trademarks within the Chilean territory. In addition, Citigroup granted Banco de Chile a license to use certain domain names for specific services in the Chilean territory. The term of the agreement is subject to the term of the Global Connectivity Contract.

CCU: CCU's main license contracts held directly or through its subsidiaries, are listed below:

License	Expiration Date	Licensee	Territory
Aberlour, Absolut, Ballantine's, Beefeater, Blender´s Pride, Borzoi, Chivas Regal, Cuvee MUMM, Dubonnet, Elyx, G.H. MUMM, Havana Club, Jameson, Kahlúa, Level, Long John, Longmorn, Malibu, Martell, Olmeca, Orloff, Passport, Pernod, Perrier Jouet, Ricard, Royale Salute, Sandeman, Scapa, Strathisla, The Glenlivet, Wyborowa, 100 Pipers for Chile[1]	June 2019	Pernod Ricard Chile S.A.	Chile
Adrenaline, Adrenaline Rush[2]	February 2028	South Beach Beverage C., Inc	Chile
Amstel for Argentina[3]	July 2022	Amstel Brouwerij B.V.	Argentina
Austral for Chile[4]	July 2020	Cervecería Austral S.A.	Chile
Blue Moon for Chile[5]	December 2021	Coors Brewing Company	Chile
Coors for Chile[6]	December 2025	Coors Brewing Company	Chile
Coors for Colombia[7]	December 2020	Coors Brewing Company	Colombia
Crush, Canada Dry (Ginger Ale, Agua Tónica y Limón Soda) for Chile[8]	December 2023	Schweppes Holding Limited	Chile
Frugo for Chile	Indefinite	Promarca S.A.	Chile
Gatorade for Chile[2]	December 2043	Stokely Van Camp Inc.	Chile
Grolsch for Argentina[9]	May 2028	Asahi Premium Brands	Argentina
Heineken for Bolivia[10]	December 2024	Heineken Brouwerijen B.V.	Bolivia
Heineken for Chile and Argentina[11]	10 years renewables	Heineken Brouwerijen B.V.	Chile and Argentina
Heineken for Colombia[12]	March 2028	Heineken Brouwerijen B.V.	Colombia
Heineken for Paraguay	May 2023	Heineken Brouwerijen B.V.	Paraguay
Heineken for Uruguay[11]	10 years renewables	Heineken Brouwerijen B.V.	Uruguay
Miller for Argentina[12]	December 2026	Coors Brewing Company	Argentina
Miller y Miller Genuine Draft for Colombia[13]	December 2026	Coors Brewing Company	Colombia
Nestlé Pure Life for Chile[8]	December 2022	Nestlé S.A., Societé de Produits Nestlé S.A. y Nestec S.A.	Chile
Paulaner for Paraguay	April 2019	Paulaner Brauerei GmbH & Co. KG	Paraguay
Pepsi, Seven Up and Mirinda for Chile	December 2043	Pepsico Inc., Seven-Up International, through Bebidas CCU-PepsiCo SpA	Chile
Red Bull for Chile[14]	Indefinite	Red Bull Panamá S.A.	Chile
Schneider for Paraguay	May 2023	Compañía Industrial Cervecera S.A.	Paraguay
Sol for Argentina[11]	10 years renewables	Heineken Brouwerijen B.V.	Argentina
Sol for Chile[11]	10 years renewables	Heineken Brouwerijen B.V.	Chile
Sol for Colombia[15]	March 2028	Heineken Brouwerijen B.V.	Colombia
Sol for Paraguay	January 2023	Heineken Brouwerijen B.V.	Paraguay
Té Lipton for Chile	March 2020	Pepsi Lipton International Limited	Chile
Tecate for Colombia[15]	March 2028	Heineken Brouwerijen B.V.	Colombia
Warsteiner for Argentina[16]	May 2028	Warsteiner Brauerei Haus Cramer KG	Argentina
Watt's for Uruguay	99 years	Promarca Internacional SpA	Uruguay
Watt's (nectars, fruit-based beverages and others) in rigid containers, except cardboard, in Chile.	Indefinite	Promarca S.A.	Chile
Watt's for Paraguay[17]	July 2026	Promarca Internacional Paraguay SRL	Paraguay

1 *The contract was modified and renewed for an 8-year term that becomes enforceable on July 1, 2019.*
2 *The license was renewed for a term equivalent to the life of the CCU-PepsiCo SpA Shareholders' Agreement.*
3 *After the initial expiry, automatically renewable under identical conditions (Rolling Contract), every year for a 10-year period, except in the case of notifying non-renewal.*
4 *2-year term renewable license; subject to compliance with the conditions set forth in the contract.*
5 *After the initial expiry, it will be renewed until December 2025; since 2025 it will be automatically renewed under identical conditions (Rolling Contract), every year for a period of 5 years, subject to compliance with the conditions set forth in the contract.*
6 *After the initial expiry, automatically renewable under identical conditions (Rolling Contract), every year for a period of 5 years, subject to compliance with the conditions set forth in the contract.*
7 *5-year term renewable license; subject to compliance with the conditions set forth in the contract.*
8 *5-year term renewable license; subject to compliance with the conditions set forth in the contract.*
9 *Until May 2019, and on CICSA's account, Grolsch will be produced by Cervecería Argentina S.A. Isenbeck and sold by Cervecería y Maltería Quilmes S.A.*
10 *10-year term license automatically renewable every year for a period of 5 years, except in the case of notifying non-renewal.*
11 *10-year license automatically renewable under identical conditions (Rolling Contract), every year for a period of 10 years, except in the case of notifying non-renewal.*
12 *After the initial expiry, automatically renewable under identical conditions every year for a 5-year period (Rolling Contract), except in the case of notifying non-renewal.*
13 *The distribution started in April 2017; the plant production is estimated to start in October 2019.*
14 *Indefinite contract; notice of termination six months in advance, first termination date cannot be prior to October 31, 2018.*
15 *The contract shall remain in force while the Heineken license for Colombia agreement is effective.*
16 *Until May 2019, and on CICSA's account, Warsteiner will be produced by Cervecería Argentina S.A. Isenback and sold by Cervecería y Maltería Quilmes S.A. In advance of the term expiry, the parties will negotiate its renewal for another 5-year period.*
17 *The sublicense is automatically and successively renewed for two 5-year periods each, in agreement with the terms and conditions set forth in the International Sublicense agreement of December 28, 2018 between Promarca Internacional Paraguay S.R.L. and Bebidas del Paraguay S.A.*

Enex: It holds the license and use of the Shell brand in service stations for the sale of fuels in force until May 31, 2023. In addition, Enex is the macro distributor of Shell lubricants in Chile, contract that expires in December 2019.

CSAV: The company does not hold licenses, franchises, royalties or concessions. It should be noted that in December 2014, CSAV granted Hapag-Lloyd an indefinite royalty free license to use the brand CSAV, as part of its container ship business.

SM SAAM: Operates the following port concessions:

Iquique Terminal Internacional (ITI – Chile)

Owned by	99.9% SAAM Puertos S.A. 0.1% SAAM Inversiones SpA
Volume transferred, 2018:	2,267,451 t / 259,833 TEU
Number of docking berths:	2
Pier length:	624 m
End of concession:	2030
Extension option:	Extended

Antofagasta Terminal Internacional (ATI – Chile)

Owned by	35% SAAM Puertos S.A. 35% Grupo Empresas Navieras S.A. 30% Inversiones Punta de Rieles Ltda.
Volume transferred, 2018:	2,586,004 t / 79,822 TEU
Number of docking berths:	2
Pier length:	575 m
End of concession:	2033
Extension option:	Extended

San Antonio Terminal Internacional (STI – Chile)

Owned by	50% SAAM Puertos S.A. 50% SSA Holding International Chile Ltda.
Volume transferred, 2018:	11,873,988 t / 1,173,160 TEU
Number of docking berths:	3
Pier length:	930 m
End of concession:	2024
Extension option:	+5 years

San Vicente Terminal Internacional (SVTI – Chile)

Owned by	50% SAAM Puertos S.A. 50% SSA Holding International Chile Ltda.
Volume transferred, 2018:	5,687,923 t / 455,873 TEU
Number of docking berths:	5
Pier length:	1,084 m
End of concession:	2029
Extension option:	Extended

Portuaria Corral (Corral- Chile)

Owned by	50% SAAM Puertos S.A. 50% Sociedad de Inversiones Portuarias Ltda.
Volume transferred, 2018:	1,095,272 t
Number of docking berths:	1
Pier length:	146 m
End of concession:	Own

Florida International Terminal (FIT – EE.UU.)

Owned by	70% SAAM Florida Inc. 30% Agunsa Miami Inc.
Volume transferred, 2018:	1,725,583 t / 255,128 TEU
Number of docking berths:	4
Pier length:	1,402 m
End of concession:	2025
Extension option:	+5 +5 years

Terminal Portuario Guayaquil (TPG - Ecuador)

Owned by	99.99% SAAM Puertos S.A. 0.01% Inversiones San Marcos Ltda.
Volume transferred, 2018:	6,439,451 t / 825,170 TEU
Number of docking berths:	2
Pier length:	480 m
End of concession:	2056

Puerto Caldera (Costa Rica)

Owned by	51% SAAM Puertos S.A. 21% Comercializadora R y S S.A. 19% Logística de Granos 9% M&R Inversiones S.A.S.
Volume transferred, 2018:	6,107,231 t / 310,151 TEU
Number of docking berths:	4
Pier length:	800 m
End of concession:	2026

Terminal Marítima Mazatlán (TMAZ - Mexico)

Owned by	99.7% SAAM Puertos S.A. 0.3% SAAM S.A.
Volume transferred, 2018:	1,207,950 t / 48,199 TEU
Number of docking berths:	6
Pier length:	1,296 m
End of concession:	2032
Extension option:	+12 years

Puerto Buenavista (PBV – Colombia)

Owned by	33.3% SAAM Puertos S.A. 33.3% Cía. de Puertos Asociados (COMPAS) 33.3% Yara Colombia S.A.
Volume transferred, 2018:	451,567 t
Number of docking berths:	1
Pier length:	211 m
End of concession:	2037
Extension option:	Extended

Consolidated Financial Statements

QUIÑENCO S.A. AND SUBSIDIARIES
AS OF DECEMBER 31, 2018 AND 2017

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Independent Auditor's Report
(A free translation from a report originally issued in Spanish)

To the
Shareholders and Directors of
Quiñenco S.A.:

We have audited the accompanying consolidated financial statements of Quiñenco S.A. and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with instructions and standards of preparation and presentation of financial information issued by the Chilean Commission for the Financial Market ("CMF") as described in Note 2 b) to the consolidated financial statements. This responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the consolidated financial statements of the subsidiaries Invexans S.A., Compañía Sud Americana de Vapores S.A. and SM SAAM S.A. whose total assets represent, as a whole, 7.0% and 7.4% of the total consolidated assets as of December 31, 2018 and 2017, respectively, and total ordinary revenue representing 13.9% and 15.7% of the total consolidated ordinary revenues for the years then ended, respectively. We did not audit the consolidated financial statements of the associate Compañía Cervecerías Unidas S.A., recorded in the consolidated financial statements under the equity method, which represent a total asset of ThCh$396,050,293 and ThCh$336,115,364 as of December 31, 2018 and 2017, and net accrued income of ThCh$92.859.612 and ThCh$44,115,364 for the years then ended. These financial statements were audited by other auditors, whose reports have been provided to us, and our opinion, regarding the included amounts of the subsidiaries and associates mentioned above, is only based on the reports of those auditors. We conduct 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 of material misstatements.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements of the entity 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 internal control of the entity. 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, based on our audit and the reports of the other auditors, the aforementioned consolidated financial statements present fairly, in all material respects, the financial position of Quiñenco S.A. and its subsidiaries as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended, in accordance with instructions and standards of preparation and presentation of financial information issued by the Chilean Commission for the Financial Market ("CMF") as described in Note 2 b) to the consolidated financial statements.

Accounting Basis

The subsidiary Banco de Chile (controlled through LQ Inversiones Financieras S.A.) is regulated by the Chilean Superintendency of Banks and Financial Institutions ("SBIF"), and therefore, it is required to apply the accounting standards established by this SBIF for the preparation of their consolidated financial statements.

The Chilean Commission for the Financial Market ("CMF") has instructed that holding companies with investments in bank subsidiaries may use, for the purpose of the preparation of their consolidated financial statements, the information provided directly by the bank subsidiaries without being subject to any conversion adjustments. Consequently, the Company has consolidated the Bank's financial statements without any conversion adjustment.

Juan Francisco Martínez A.

EY Audit SpA

Santiago, March 26, 2019

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

as of December 31, 2018 and 2017

Assets	Note	12/31/2018 ThCh$	12/31/2017 ThCh$
Non-banking sector			
Current assets			
Cash and cash equivalents	4	295,396,896	273,213,861
Other financial assets, current	5	236,544,547	184,393,213
Other non-financial assets, current	6	40,984,707	24,820,045
Trade and other receivables, current	7	222,385,740	225,010,317
Related party receivables, current	8	28,197,643	20,177,672
Inventory, current	9	99,026,213	99,512,693
Current tax assets		30,519,798	24,741,506
Total current assets other than assets or disposal groups classified as held-for-sale or for-distribution to the owners		**953,055,544**	**851,869,307**
Non-current assets or disposal groups classified as held for sale	10	20,935,421	24,239,308
Non-current assets or disposal groups classified as held-for-sale or for-distribution to the owners		**20,935,421**	**24,239,308**
Total current assets		**973,990,965**	**876,108,615**
Non-current assets			
Other financial assets, non-current	11	153,130,987	141,623,230
Other non-financial assets, non-current	12	44,925,544	42,234,878
Receivables, non-current	7	10,999,599	12,239,058
Related party receivables, non-current	8	-	-
Inventory, non-current	9	733,677	670,692
Investments accounted for using the equity method	13	2,242,318,214	1,996,861,146
Intangible assets other than goodwill	14	391,964,158	359,670,452
Goodwill	15	932,633,285	853,376,498
Property, plant and equipment	18	789,370,490	651,863,303
Investment properties	19	17,518,281	16,716,958
Non-current tax assets		-	-
Deferred tax assets	20	252,002,572	206,871,313
Total non-current assets		**4,835,596,807**	**4,282,127,528**
Total non-banking sector assets		**5,809,587,772**	**5,158,236,143**
Banking sector assets			
Cash and bank deposits	41.5	880,080,172	1,057,392,323
Transactions pending settlement	41.5	580,334,542	521,809,799
Trading instruments	41.6	1,745,365,732	1,616,646,913
Repurchase agreements and securities lending	41.7	97,289,292	91,640,532
Financial derivative contracts	41.8	1,513,945,145	1,247,827,782
Loans and advances to banks	41.9	1,494,306,248	759,700,003
Customer loans and accounts receivable	41.10	27,307,226,427	24,881,350,507
Investment instruments held for sale	41.11	1,043,441,782	1,516,063,821
Investments in companies	41.12	44,560,291	38,041,019
Intangible assets	41.13	52,061,347	39,044,811
Property, plant and equipment	41.14	215,872,914	216,259,419
Current taxes	41.15	713,054	23,031,694
Deferred taxes	41.15	277,922,067	267,399,999
Other assets	41.16	673,375,797	547,975,070
Total banking sector assets		**35,926,494,810**	**32,824,183,692**
Total assets		**41,736,082,582**	**37,982,419,835**

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

as of December 31, 2018 and 2017

Liabilities	Note	12/31/2018 ThCh$	12/31/2017 ThCh$
Non-banking sector			
Current liabilities			
Other financial liabilities, current	21	93,079,425	108,299,282
Trade and other payables	22	209,074,376	206,029,556
Related party payables, current	8	592,412	1,385,069
Other short-term provisions	23	22,709,784	31,485,869
Current tax liabilities		10,702,500	25,767,179
Provisions for employee benefits, current	24	19,790,235	14,724,179
Other non-financial liabilities, current	25	66,649,765	43,359,918
Total current liabilities other than liabilities included in disposal groups classified as held for sale		**422,598,497**	**431,051,052**
Liabilities included in disposal groups classified as held for sale	10	568,605	1,312,645
Total current liabilities		**423,167,102**	**432,363,697**
Non-current liabilities			
Other financial liabilities, non-current	21	1,458,620,744	1,105,696,636
Trade and other payables		-	-
Related party payables, non-current	8	-	-
Other long-term provisions	23	37,627,205	33,639,034
Deferred tax liabilities	20	178,420,857	153,116,179
Provisions for employee benefits, non-current	24	18,858,578	19,851,486
Other non-financial liabilities, non-current	26	79,866,410	69,610,987
Total non-current liabilities		**1,773,393,794**	**1,381,914,322**
Total non-banking sector liabilities		**2,196,560,896**	**1,814,278,019**
Banking liabilities			
Demand deposits and other obligations	41.17	9,511,759,294	8,869,351,742
Transactions pending settlement	41.5	335,575,444	295,712,878
Repurchase agreements and securities lending	41.7	303,820,010	195,391,862
Time deposits and other borrowings	41.18	10,650,349,355	10,063,709,881
Financial derivative contracts	41.8	1,528,356,656	1,414,237,086
Obligations with banks	41.19	1,516,759,351	1,195,026,483
Debt instruments issued	41.20	7,471,613,552	6,488,975,414
Subordinated obligation with the Chilean Central Bank		60,393,272	133,789,325
Other financial obligations	41.21	118,013,419	137,162,845
Current taxes	41.15	20,939,159	3,457,816
Deferred taxes	41.15	-	-
Provisions	41.22	487,653,617	508,337,923
Other liabilities	41.23	413,246,148	310,198,093
Total banking sector liabilities		**32,418,479,277**	**29,615,351,348**
Total liabilities		**34,615,040,173**	**31,429,629,367**
Equity			
Issued capital	28	1,223,669,810	1,223,669,810
Retained earnings		1,461,989,026	1,363,473,367
Share premium	28	31,538,354	31,538,354
Other reserves	28	496,154,031	345,031,599
Equity attributable to owners of the controller		3,213,351,221	2,963,713,130
Non-controlling interests		3,907,691,188	3,589,077,338
Total equity		**7,121,042,409**	**6,552,790,468**
Total liabilities and equity		**41,736,082,582**	**37,982,419,835**

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF NET INCOME

porfor the years ended December 31, 2018 and 2017

Income Statement	Note	01/01/2018 12/31/2018 ThCh$	01/01/2017 12/31/2017 ThCh$
Non-banking sector			
Revenue	29 a)	2,798,851,007	2,381,154,111
Cost of sales		(2,393,381,689)	(2,025,851,455)
Gross margin		**405,469,318**	**355,302,656**
Other revenue by function		14,455,098	17,489,615
Administrative expenses		(360,205,052)	(323,360,953)
Other expenses by function	29 b)	(4,772,507)	(10,056,584)
Other gains (losses)	29 c)	10,360,562	39,612,420
Operating income		**65,307,419**	**78,987,154**
Finance income		15,692,492	14,737,473
Finance costs	29 d)	(55,932,328)	(51,575,508)
Share of income (loss) of associates and joint ventures accounted for using the equity method	13	110,851,193	(17,497,581)
Exchange differences		(10,470,177)	3,205,782
Gain (loss) from indexation adjustments		(25,818,871)	(14,110,425)
Net income (loss) before taxes		**99,629,728**	**13,746,895**
Income tax expense	20	(7,584,543)	(65,052,606)
Net income (loss) from continuing operations		**92,045,185**	**(51,305,711)**
Net income (loss) from discontinued operations	10	(17,676,333)	(3,924,796)
Net income (loss) from non-banking sector		**74,368,852**	**(55,230,507)**
Banking sector			
Interest and indexation income	41.25	1,999,548,082	1,881,442,221
Interest and indexation expense	41.25	(678,184,501)	(650,830,630)
Net interest and indexation income		1,321,363,581	1,230,611,591
Fee income	41.26	505,116,077	471,701,546
Fee expense	41.26	(145,159,664)	(124,028,458)
Net fee income	41.26	359,956,413	347,673,088
Net gain (loss) from financial operations	41.27	139,854,304	(8,249,277)
Net exchange gain (loss)	41.28	2,702,069	104,874,720
Other operating income	41.33	50,861,321	35,532,921
Loan loss provisions	41.29	(281,410,249)	(234,982,925)
Total net operating revenue		**1,593,327,439**	**1,475,460,118**
Payroll and personnel expenses	41.30	(442,893,421)	(409,552,445)
Administrative expenses	41.31	(331,477,121)	(311,455,303)
Depreciation and amortization	41.32	(37,680,934)	(35,250,416)
Impairment	41.32	(333,798)	(166,411)
Other operating expenses	41.34	(35,976,027)	(33,231,446)
Total operating expenses		**(848,361,301)**	**(789,656,021)**
Operating income		**744,966,138**	**685,804,097**
Result of investments in companies	41.12	7,255,066	6,057,093
Interest on subordinated debt with the Chilean Central Bank		(79,534,161)	(73,066,743)
Net income before taxes		**672,687,043**	**618,794,447**
Income tax expense	41.15	(156,609,295)	(115,127,836)
Net income from continuing operations		516,077,748	503,666,611
Banking sector net income		**516,077,748**	**503,666,611**
Consolidated net income		**590,446,600**	**448,436,104**
Net income attributable to owners of the controller		**180,430,410**	**108,739,810**
Net income attributable to non-controlling interests		410,016,190	339,696,294
Consolidated net income		**590,446,600**	**448,436,104**

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF NET INCOME

for the years ended December 31, 2018 and 2017

Statement of Comprehensive Income	01/01/2018 12/31/2018 ThCh$	01/01/2017 12/31/2017 ThCh$
Consolidated net income	590,446,600	448,436,104
Components of other comprehensive income that will not be reclassified to net income for the year		
Other comprehensive income from revaluation of defined-benefit pension plans	45,009	(1,240,130)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method which will not be reclassified to net income for the year	1,747,515	1,478,272
Total other comprehensive loss that will not be reclassified to net income for the year	**1,792,524**	**238,142**
Components of other comprehensive income that will be reclassified to net income for the year		
Currency translation differences		
Gain (loss) from currency translation differences	168,795,945	(106,764,172)
Other comprehensive income (loss) from currency translation differences	168,795,945	(106,764,172)
Financial assets held for sale		
Gains (losses) from new measurements of financial assets held for sale	(4,341,533)	184,346
Other comprehensive income from financial assets held for sale	(4,341,533)	184,346
Cash flow hedges		
Gain (loss) from cash flow hedges	(18,940,176)	6,443,042
Other comprehensive income (loss) from cash flow hedges	(18,940,176)	6,443,042
Total other comprehensive income (loss) that will be reclassified in net income for the year	**145,514,236**	**(100,136,784)**
Other components of other comprehensive income	147,306,760	(99,898,642)
Total comprehensive income	**737,753,360**	**348,537,462**
Comprehensive income attributable to		
Owners of the controller	327,737,170	8,841,168
Non-controlling interests	410,016,190	339,696,294
Total comprehensive income	**737,753,360**	**348,537,462**

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the years ended December 31, 2018 and 2017

Statement of Cash Flows	Note	01/01/2018 12/31/2018 ThCh$	01/01/2017 12/31/2017 ThCh$
Cash flows provided by (used in) operating activities			
Non-banking sector			
Proceeds from operating activities			
Proceeds from sale of goods and provision of services		3,088,735,903	2,486,786,649
Proceeds from premiums and claims, annuities and other policy benefits		85,051,000	81,351,663
Proceeds from other operating activities		7,025,193	7,751,021
Payments for operating activities			
Payments to suppliers for goods and services		(2,868,843,063)	(2,259,254,958)
Payments to and on behalf of employees		(166,201,488)	(147,217,428)
Other payments for operating activities		(53,909,335)	(97,229,670)
Net cash flows provided by operating activities		**91,858,210**	**72,187,277**
Income taxes paid		(13,539,224)	(10,797,597)
Other cash receipts		1,585,390	221,843
Net cash flow provided by non-banking sector operating activities		**79,904,376**	**61,611,523**
Banking sector			
Consolidated net income for the year		515,116,759	502,486,155
Charges (credits) to income not involving cash movements			
Depreciation and amortization		38,014,732	35,416,826
Loan loss provisions		341,988,831	284,461,573
Adjustment to market value of trading instruments		(663,288)	1,614,762
Net income on investment in companies with significant influence		(6,810,724)	(5,510,958)
Net gain on sales of assets received in lieu of payment		(8,778,709)	(6,211,584)
Gain on sales of property, plant and equipment		(3,631,885)	(623,855)
Write-off of assets received in lieu of payment		6,637,593	7,550,213
Other charges (credits) not involving cash movements		(120,020,543)	37,895,290
Net change in accrued interest, indexation and fees on assets and liabilities		161,168,898	(54,294,009)
Changes in assets and liabilities that affect operating cash flows			
Net (increase) decrease in obligations with banks		(734,330,442)	413,571,714
Increase in customer loans and accounts receivable		(2,687,964,262)	(464,747,910)
Net increase in trading instruments		275,224,661	36,398,338
Increase (decrease) in demand deposits and other obligations		689,024,254	589,216,059
Increase (decrease) in repurchase agreements and securities lending		98,569,902	(20,473,599)
Increase in time deposits and other borrowings		579,827,247	(441,172,734)
Increase (decrease) in obligations with banks		(255,546,514)	(990,148)
Increase (decrease) in other financial obligations		(8,752,897)	(44,937,877)
Loans from Chilean Central Bank (long-term)		-	2,873
Loans repaid to the Chilean Central Bank (long-term)		(564)	(5,238)
Foreign loans received (long-term)		1,799,976,656	357,616,671
Foreign loans repaid (long-term)		(1,223,795,472)	(202,074,990)
Other long-term borrowings		14,560	8,036
Repayments of other long-term borrowings		(9,813,708)	(3,349,149)
Subordinated obligation provision with the Chilean Central Bank		79,534,161	73,066,743
Others		(7,818,968)	14,577,071
Subtotal of net cash flow provided by (used in) banking sector operating activities		**(482,829,722)**	**1,109,490,273**
Total net cash flows provided by (used in) operating activities		**(402,925,346)**	**1,171,101,796**

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the years ended December 31, 2018 and 2017

Cash flows provided by (used in) investing activities	01/01/2018 12/31/2018 ThCh$	01/01/2017 12/31/2017 ThCh$
Non-banking sector		
Cash flows provided by the loss of control of subsidiaries or other businesses	369,666	(1,106,584)
Cash flows used in obtaining control of subsidiaries or other businesses	(155,099,977)	(31,285,957)
Cash flows from sale of non-controlling interests	-	85,260,078
Cash flows used in the purchase of non-controlling interests	-	(7,478,532)
Other proceeds from the sale of equity or debt instruments of other entities	2,111,734,457	1,425,240,072
Payments to acquire equity or debt instruments of other entities	(2,255,116,819)	(1,479,430,823)
Other proceeds from the sale of joint ventures	-	64,780
Other payments to acquire interests in joint ventures	(17,525,076)	(185,109,982)
Loans to related parties	-	(831,554)
Proceeds from sale of property, plant and equipment	15,400,485	17,073,230
Purchases of property, plant and equipment	(68,437,072)	(96,958,098)
Purchases of intangible assets	(5,494,929)	(4,565,745)
Payments received from related parties	2,139,988	819,746
Dividends received	58,606,805	45,375,057
Interest received	13,580,174	13,283,466
Other cash payments	(10,306,481)	(41,425,203)
Net cash flow used in non-banking sector investing activities	**(310,148,779)**	**(261,076,049)**
Banking sector		
Net decrease in investment instruments held for sale	463,557,542	(1,139,029,475)
Purchases of property, plant and equipment	(28,064,910)	(23,224,059)
Sales of property, plant and equipment	3,640,326	651,679
Investments in companies	(30,440)	-
Dividends received from investments in companies	855,363	1,030,248
Sale of assets received in lieu of payment	31,402,591	17,949,944
Net (increase) decrease in other assets and liabilities	(162,958,050)	41,513,535
Others	(23,512,306)	(18,778,601)
Subtotal net cash flow provided by (used in) banking sector investing activities	**284,890,116**	**(1,119,886,729)**
Total net cash flow provided by (used in) investing activities	**(25,258,663)**	**(1,380,962,778)**

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the years ended December 31, 2018 and 2017

	Note	01/01/2018 12/31/2018 ThCh$	01/01/2017 12/31/2017 ThCh$
Cash flows provided by (used in) non-banking sector financing activities			
Proceeds from share issues		-	79,215,517
Payments for other interests in equity		(2,115,964)	-
Proceeds from long-term loans		377,442,429	166,436,130
Proceeds from short-term loans		192,587,879	767,001,252
Total loan proceeds		**570,030,308**	**933,437,382**
Loans from related parties		-	-
Loan repayments		(301,295,465)	(912,179,009)
Payments of finance lease obligations		(1,627,752)	(1,686,666)
Dividends paid		(121,876,296)	(108,977,919)
Interest paid		(44,976,916)	(41,893,531)
Other cash payments		(1,089,456)	(895,851)
Net cash flow provided by (used in) non-banking sector financing activities		**97,048,459**	**(52,980,077)**
Banking sector			
Redemption of mortgage bonds		(4,387,569)	(5,818,269)
Bonds issued		2,157,586,801	1,399,000,505
Bonds repaid		(1,436,231,653)	(1,024,758,172)
Payment of subordinated obligation with the Chilean Central Bank		(152,930,211)	(142,003,347)
Dividends paid		(114,854,550)	(104,481,355)
Subtotal net cash flow provided by (used in) banking sector financing activities		**449,182,818**	**121,939,362**
Total net cash flow provided by financing activities		**546,231,277**	**68,959,285**
Net increase in cash and cash equivalents, before the effect of exchange rate changes		118,047,268	(140,901,697)
Effect of exchange rate changes on cash and cash equivalents		142,523,495	(63,964,316)
Net increase (decrease) in cash and cash equivalents		260,570,763	(204,866,013)
Cash and cash equivalents as of start of the year		2,355,437,655	2,557,781,366
Cash and cash equivalents as of end of the year	**4 c)**	**2,616,008,418**	**2,352,915,353**

(1) The starting balance for 2018 includes the cash and cash equivalents from the acquisition of Road Ranger LLC for ThCh$2,494,573, which did not form part of the consolidated financial statements at the end of 2017.

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

STATEMENT OF CHANGES IN EQUITY

for the years ended December 31, 2018 and 2017

	Common shares		Other reserves									
	Issued capital	Share premium	Revaluation surplus	Currency translation reserves	Cash flow hedge reserves	Gains or losses on revaluation of financial assets held for sale reserve	Other miscellaneous reserves	Total other reserves	Retained earnings (accumulated losses)	Equity attributable to owners of the controller	Non-controlling interests	Total equity
	ThCh$	ThCh$	ThCh$	ThCh$		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance as of 01/01/2018	1,223,669,810	31,538,354	1,031,342	(57,596,526)	10,009,120	19,209,765	372,377,898	345,031,599	1,363,473,367	2,963,713,130	3,589,077,338	6,552,790,468
Increase (decrease) due to changes in accounting policy (Note 3)	-	-	-	-	-	-	-	-	(3,644,900)	(3,644,900)	(190,102)	(3,835,002)
Increase (decrease) for prior period adjustments (Note 40)	-	-	-	-	-	-	-	-	(2,471,900)	(2,471,900)	(2,263,651)	(4,735,551)
Restated opening balance	1,223,669,810	31,538,354	1,031,342	(57,596,526)	10,009,120	19,209,765	372,377,898	345,031,599	1,357,356,567	2,957,596,330	3,586,623,585	6,544,219,915
Changes in equity												
Comprehensive income												
Consolidated net income	-	-	-	-	-	-	-	-	180,430,410	180,430,410	410,016,190	590,446,600
Other comprehensive income	-	-	-	168,795,945	(18,940,176)	(4,341,533)	1,792,524	147,306,760	-	147,306,760	-	147,306,760
Comprehensive income	-	-	-	168,795,945	(18,940,176)	(4,341,533)	1,792,524	147,306,760	180,430,410	327,737,170	410,016,190	737,753,360
Shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	(75,877,091)	(75,877,091)	-	(75,877,091)
Increase (decrease) for changes in interests in subsidiaries that do not involve loss of control (Note 17)	-	-	-	-	-	-	(10,682,296)	(10,682,296)	-	(10,682,296)	10,682,296	-
Increases (decreases) due to transfers and other changes	-	-	-	44,883	-	-	14,453,085	14,497,968	79,140	14,577,108	(99,630,883)	(85,053,775)
Total changes in equity	-	-	-	168,840,828	(18,940,176)	(4,341,533)	5,563,313	151,122,432	104,632,459	255,754,891	321,067,603	576,822,494
Closing balance as of 12/31/2018	**1,223,669,810**	**31,538,354**	**1,031,342**	**111,244,302**	**(8,931,056)**	**14,868,232**	**377,941,211**	**496,154,031**	**1,461,989,026**	**3,213,351,221**	**3,907,691,188**	**7,121,042,409**
Opening balance as of 01/01/2017	**1,223,669,810**	**31,538,354**	**1,031,342**	**49,198,381**	**3,566,078**	**19,025,419**	**383,148,402**	**455,969,622**	**1,287,450,213**	**2,998,627,999**	**3,393,752,723**	**6,392,380,722**
Restated opening balance	1,223,669,810	31,538,354	1,031,342	49,198,381	3,566,078	19,025,419	383,148,402	455,969,622	1,287,450,213	2,998,627,999	3,393,752,723	6,392,380,722
Changes in equity												
Comprehensive income												
Consolidated net income	-	-	-	-	-	-	-	-	108,739,810	108,739,810	339,696,294	448,436,104
Other comprehensive income	-	-	-	(106,764,172)	6,443,042	184,346	238,142	(99,898,642)	-	(99,898,642)	-	(99,898,642)
Comprehensive income	-	-	-	(106,764,172)	6,443,042	184,346	238,142	(99,898,642)	108,739,810	8,841,168	339,696,294	348,537,462
Shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	(32,621,947)	(32,621,947)	-	(32,621,947)
Increase (decrease) for changes in interest in subsidiary that do not involve loss of control	-	-	-	-	-	-	(14,297,477)	(14,297,477)	-	(14,297,477)	14,297,477	-
Increases (decreases) due to transfers and other changes	-	-	-	(30,735)	-	-	3,288,831	3,258,096	(94,709)	3,163,387	(158,669,156)	(155,505,769)
Total changes in equity	**-**	**-**	**-**	**(106,794,907)**	**6,443,042**	**184,346**	**(10,770,504)**	**(110,938,023)**	**76,023,154**	**(34,914,869)**	**195,324,615**	**160,409,746**
Closing balance as of 12/31/2017	**1,223,669,810**	**31,538,354**	**1,031,342**	**(57,596,526)**	**10,009,120**	**19,209,765**	**372,377,898**	**345,031,599**	**1,363,473,367**	**2,963,713,130**	**3,589,077,338**	**6,552,790,468**

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

Note 1 – Corporate information

(a) Company information

Quiñenco S.A. (hereinafter "Quiñenco" or "the Company") is a publicly held corporation, with ID number 91.705.000-7, domiciled at Enrique Foster Sur 20, Las Condes, Santiago. The Company is registered in the Securities Registry under No. 0597 and is subject to the regulatory authority of the Financial Market Commission "CMF"[1], formerly the Superintendency of Securities and Insurance "SVS".

These consolidated financial statements have been approved by the Board of the Company at its meeting held on March 26, 2019.

(b) Description of operations and principal activities

The Company mainly has investments in the industrial and financial services sectors in different areas of the Chilean economy. The Company provides banking and financial services through the indirect subsidiary Banco de Chile (hereinafter "the Bank"); it produces and sells soft drinks, wine, beer and other beverages through the indirect associate company Compañía Cervecerías Unidas S.A. (hereinafter "CCU"), an investment registered under the equity method through Inversiones y Rentas S.A.; it manufactures cables through the subsidiary Invexans S.A. (hereinafter "Invexans"); it participates in the distribution and sale of products and services in the areas of fuels and lubricants, through the subsidiary Enex S.A. (hereinafter "Enex"); it participates in the shipping and port services business through the subsidiaries Compañía Sud Americana de Vapores S.A. (hereinafter "CSAV") and Sociedad Matriz SAAM S.A. (hereinafter "SM SAAM"), respectively.

The Company's businesses are as follows:

Financial services: Quiñenco has a direct and indirect shareholding in Banco de Chile, through its 50.00% holding of the share capital, as of December 31, 2018 and 2017, of the subsidiary LQ Inversiones Financieras S.A. (hereinafter "LQIF"). LQIF is a company formed by Quiñenco in 2000 in order to channel its investments in the financial sector. Since 2001, its principal investment is its controlling shareholding in Banco de Chile, one of the largest financial institutions in Chile. Banco de Chile is listed in Chile and on the New York Stock Exchange (NYSE).

As of December 31, 2018 and 2017, LQIF is the direct holder of 27.18% and 26.88%, respectively, of Banco de Chile. As of December 31, 2018 and 2017, LQIF is the holder of 58.24% of the holding company Sociedad Matriz del Banco de Chile S.A. (hereinafter "SM-Chile") which holds 12.02% directly (12.21% as of December 31, 2017) and 28.31% indirectly (28.75% as of December 31, 2017) through its subsidiary Sociedad Administradora de la Obligación Subordinada SAOS S.A. (hereinafter "SAOS"). In all, LQIF has a direct and indirect interest in the Bank of 51.15% and 51.20% as of December 31, 2018 and 2017, respectively.

As of December 31, 2018 and 2017, LQIF holds 34.10% and 33.88%, respectively, of the dividend rights in the Bank.

Beverages and food: The Company has an indirect shareholding in CCU through the ownership of 50% of Inversiones y Rentas S.A. ("IRSA"). IRSA is a joint venture with the Dutch brewery group Heineken Americas B.V. ("Heineken"). As a result, Heineken holds 50% of IRSA and is thus a partner of Quiñenco, being the joint controllers of 60.00% of CCU as of December 31, 2018 and 2017.

[1] The Law creating the Financial Market Commission was enacted on February 23, 2017, but its various provisions came into effect in phases, and it became the market regulator for entities in the securities and insurance markets as of December 14, 2017. The Superintendency of Securities and Insurance was abolished as of January 15, 2018.

Note 1 – Corporate information (continued)

b) Description of operations and principal activities (continued)

Manufacturing: Quiñenco has a 98.68% interest in the subsidiary Invexans as of December 31, 2018 and 2017. Its most important asset is a 28.55% interest in the French company Nexans. Additionally, Quiñenco has a 0.53% indirect interest in Nexans through its subsidiary Tech Pack. Nexans is a global player in the cable industry, offering a wide range of cables and cabling systems and with an industrial presence in 34 countries and trading activities throughout the world. Nexans is quoted on the NYSE Euronext exchange in Paris.

Quiñenco also has a 99.97% and 100% interest in the subsidiary Tech Pack as of December 31, 2018 and 2017, respectively.

Fuels and Lubricants: Quiñenco has an indirect interest of 100% in the subsidiary Enex whose main activity is the distribution and sale of products and services in the areas of fuels and lubricants for motor vehicles, industry, aviation and shipping, asphalts (bitumen) and chemicals. The company markets its products using the Shell brand.

Transport: Quiñenco has a 56.17% interest in the subsidiary Compañía Sud Americana de Vapores S.A. (CSAV), as of December 31, 2018 and 2017. This company is mainly involved in cargo shipping and its most important asset is a 25.86% interest in the shipping company Hapag-Lloyd A.G.

Port Services: Quiñenco has a 52.20% interest in the subsidiary SM SAAM S.A. as of December 31, 2018 and 2017. The subsidiary SM SAAM S.A. provides towage, port terminal and logistics services.

(c) Employees

The following table shows the number of employees of Quiñenco and its subsidiaries:

Number of Employees	**12/31/2018**	**12/31/2017**
Quiñenco	69	71
LQIF and subsidiaries	13,835	14,028
SM SAAM	3,162	4,478
Enex and subsidiaries	3,726	3,190
Tech Pack and subsidiaries	9	8
CSAV	42	63
Invexans	4	4
Other subsidiaries	97	74
Total employees	**20,944**	**21,916**

Note 2 – Summary of significant accounting policies

(a) Period covered

These consolidated financial statements cover the following annual periods:

- Consolidated statements of financial position as of December 31, 2018 and 2017.
- Consolidated statements of comprehensive income for the years ended December 31, 2018 and 2017.
- Consolidated statements of cash flows and changes in equity for the years ended December 31, 2018 and 2017.

Note 2 – Summary of significant accounting policies (continued)

(b) Basis of preparation

The information contained in these consolidated financial statements is the responsibility of the Company's Board of Directors, which expressly states that during the years 2018 and 2017 the instructions and standards for preparation and presentation of financial information issued by the Financial Market Commission ("CMF") that include the application of International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") have been fully applied, with the following exceptions, as established by the Financial Market Commission and the Superintendency of Banks and Financial Institutions for the preparation of these financial statements:

Banco de Chile and SM Chile, subsidiaries[2] of LQ Inversiones Financieras S.A., are regulated by the Superintendency of Banks and Financial Institutions ("SBIF"). The General Banking Law, in its article 15, authorizes the SBIF to issue generally-applied accounting rules to entities regulated by it. The Corporations Law, on the other hand, requires compliance with generally accepted accounting principles.

Under this legislation, banks should follow the accounting criteria of the SBIF in its Compendium of Regulations and, in all matters not covered by these and which are not contradicted by its instructions, they should follow generally-accepted accounting criteria as set out in the technical instructions issued by the Chilean Institute of Accountants, coinciding with IFRS as issued by the International Accounting Standards Board (IASB). In the case of differences between these generally accepted accounting principles and the accounting criteria issued by the SBIF, the latter shall prevail.

The banking subsidiaries therefore have partially followed the IFRS through the application of the Compendium issued by the SBIF, generating the following differences:

- Loan loss provisions: The Bank currently considers in its provisioning model both estimated and incurred losses, as established by the SBIF. In this sense, this SBIF model differs from IFRS as the latter only considers losses incurred; this could generate possible adjustments for this concept.
- Impaired loans: The present SBIF treatment states that interest revenue cannot be recognized in income on an accrual basis. Under IFRS, the financial asset is not written off, a provision is made for impairment, and interest is generated, based on the interest rate used for discounting the cash flows, not considering therefore the suspension of the recognition of revenue.
- Assets received in lieu of payment: The present treatment considers the lesser of their initial value plus any additions and the net realizable value. Assets that have not been disposed of within a year are written off gradually over an additional period established by the SBIF. Under IFRS the write-off of the assets is not considered while they have an economic value.
- Business combinations - goodwill: As established by the SBIF, assets originating until December 31, 2008, with respect to goodwill will maintain the original valuation criteria used in 2008, i.e. they will be amortized until its extinction. Goodwill that has been extinguished will not return to assets.
- Financial instruments (IFRS 9): This standard includes new principles-based requirements for classification and measurement and introduces a more prospective model of expected loan losses for impairment accounting and changes to hedge accounting. Application of this standard is mandatory for periods beginning on or after January 1, 2018. However, this legislation has not yet been approved by the SBIF, which is required for it to apply to these consolidated financial statements by the banking subsidiary.

[2] For IFRS purposes, "subsidiary" is any company in which the parent company has the capacity and intention of exercising control, which is generally obtained when it owns more than 50% of the capital with voting rights or can choose or appoint most of its directors or managers, and is, therefore, equivalent to the concept of affiliate established in Article 86 of Corporations Law 18,046.

Note 2 – Summary of significant accounting policies (continued)

(b) Basis of preparation (continued)

The Company has complied with CMF Circular 506 issued on February 13, 2009, which allows companies with investments in banking entities to register and value these entities based on financial statements prepared in accordance with standards established by the Superintendency of Banks and Financial Institutions, without being required to make conversion adjustments to IFRS. The accounting policies used by the banking subsidiaries to prepare their financial statements are described in Note 2 ee) onward.

The specific provisions for corporations contained in Law 18,046 and its regulations have also been considered.

For comparison purposes, the Company and its subsidiaries have made minor reclassifications to their annual financial statements as of December 31, 2017, which do not affect their interpretation. For the convenience of the reader these financial statements have been translated from Spanish to English.

(c) IFRS standards and interpretations of the IFRS Interpretations Committee

The standards, interpretations, improvements and amendments to IFRS that come into effect on January 1, 2018 are detailed below.

The obligatory application date for IFRS 9 is from ***January 1, 2018***. However, this legislation has not yet been approved by the SBIF, which is required for it to apply to these consolidated financial statements by the banking subsidiary.

The effect caused by the application of these new accounting standards is disclosed in Note 3 - Changes in Accounting Policies.

The Company is still evaluating the impact of applying the standards, improvements and modifications to IFRS that are effective as of January 1, 2019. A preliminarily estimate of the effect of applying IFRS 16 is an increase in assets and liabilities under operating leases of approximately 1% of total consolidated assets.

	Standards and Interpretations	Obligatory application
IFRS 9	Financial Instruments	January 1, 2018
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018

	Improvements and Amendments	Obligatory application
IFRS 1	First-time adoption of IFRS	January 1, 2018
IFRS 2	Share-Based Payments	January 1, 2018
IFRS 4	Insurance contracts.	January 1, 2018
IAS 28	Investments in Associates and Joint Ventures	January 1, 2018
IAS 40	Investment Properties	January 1, 2018

	New Standards and Interpretations	Obligatory application
IFRS 16	Leases	January 1, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019
Conceptual Framework	Conceptual Framework (Revised)	January 1, 2020
IFRS 17	Insurance contracts	January 1, 2021

	Improvements and Amendments	Obligatory application
IFRS 3	Business Combinations	January 1, 2019
IFRS 9	Financial Instruments	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 28	Investments in Associates	January 1, 2019
IAS 19	Employee Benefits	January 1, 2019
IFRS 10	Consolidated Financial Statements	To be determined

Note 2 – Summary of significant accounting policies (continued)

(d) Consolidation

These consolidated financial statements include the assets, liabilities, income and cash flows of the Company and its subsidiaries. The effects of significant transactions with subsidiaries have been eliminated and the interest of the minority investors is shown in the consolidated statement of financial position and consolidated comprehensive income statement in the account Non-controlling interests.

The financial statements of the following subsidiaries have been consolidated:

ID number	Name of Subsidiary	Country	Functional currency	Ownership Interest			
				12/31/2018			12/31/2017
				Direct	Indirect	Total	Total
76.077.048-5	Inversiones Caboto S.A. and Subsidiary	Chile	CLP	99.9999	0.0001	100.0000	100.0000
76.136.898-2	Inversiones Río Argenta S.A. and Subsidiary	Chile	CLP	99.9999	0.0001	100.0000	100.0000
76.284.393-5	Cabletron S.A.	Chile	CLP	99.9800	0.0200	100.0000	100.0000
77.253.300-4	Inversiones Rio Bravo S.A. and Subsidiary	Chile	CLP	81.4038	18.5962	100.0000	100.0000
87.011.000-6	Inv. O'Higgins Punta Arenas S.A.	Chile	CLP	75.5579	0.0000	75.5579	75.5579
91.000.000-4	Industria Nacional de Alimentos S.A.	Chile	CLP	71.9576	27.9769	99.9345	99.9266
91.527.000-K	Empresa El Peñón S.A. and Subsidiary	Chile	CLP	98.1122	0.0000	98.1122	98.0913
95.987.000-4	Inversiones Río Grande S.p.A. and Subsidiaries	Chile	CLP	99.9898	0.0102	100.0000	100.0000
96.611.550-5	Unitron S.A.	Chile	CLP	99.9999	0.0001	100.0000	100.0000
96.657.700-2	Inversiones Ranquil S.A.	Chile	CLP	99.9975	0.0007	99.9982	99.9982
96.892.490-7	Protección y Seguridad S.A.	Chile	CLP	-	100.0000	100.0000	-
96.929.880-5	LQ Inversiones Financieras S.A. and Subsidiaries	Chile	CLP	47.3520	2.6480	50.0000	50.0000
76.275.453-3	Tech Pack S.A. and Subsidiaries	Chile	US$	80.7634	19.2078	99.9712	100.0000
90.160.000-7	Compañía Sud Americana de Vapores S.A. and Subsidiaries	Chile	US$	20.4150	35.7599	56.1749	56.1749
76.196.715-5	Sociedad Matriz SAAM S.A. and Subsidiaries	Chile	US$	15.6396	36.5592	52.1988	52.1988
91.021.000-9	Invexans S.A. and Subsidiaries	Chile	US$	75.4082	23.2719	98.6801	98.6801
93.802.000-0	Hidrosur S.A.	Chile	CLP	0.0000	100.0000	100.0000	100.0000
96.572.580-6	Inversiones y Bosques S.A.	Chile	CLP	0.0000	100.0000	100.0000	100.0000
93.493.000-2	Hoteles Carrera S.A.	Chile	CLP	0.0000	99.1801	99.1801	99.1801
96.635.350-3	Inmob. e Inv. Hidroindustriales S.A.	Chile	CLP	0.0000	100.0000	100.0000	100.0000
96.847.140-6	Inmobiliaria Norte Verde S.A.	Chile	CLP	0.0000	100.0000	100.0000	100.0000
99.568.590-6	Inversiones Río Azul S.A.	Chile	CLP	0.0000	100.0000	100.0000	100.0000
96.912.450-5	Inversiones Vita S.A.	Chile	CLP	0.0000	66.3000	66.3000	66.3000
96.917.990-3	Banchile Seguros de Vida S.A.	Chile	CLP	0.0000	99.9000	99.9000	99.9000
76.620.816-9	Segchile Seguros Generales S.A.	Chile	CLP	0.0000	99.9000	99.9000	99.9000
92.011.000-2	Empresa Nacional de Energía ENEX S.A.	Chile	CLP	0.0000	100.0000	100.0000	100.0000
89.467.400-8	Dicomac Ltda.	Chile	CLP	0.0000	100.0000	100.0000	100.0000
94.625.000-7	Inversiones Enex S.A.	Chile	CLP	0.0000	100.0000	100.0000	100.0000
76.376.573-3	Empresa de Soluciones Mineras ESM SpA.	Chile	CLP	0.0000	100.0000	100.0000	100.0000
76.896.773-3	Enex Investments Chile SpA	Chile	CLP	0.0000	100.0000	100.0000	-
Foreign	Enex Investments US, Inc.	USA	USD	0.0000	100.0000	100.0000	-
Foreign	Road Ranger, LLC	USA	USD	0.0000	100.0000	100.0000	-
96.999.360-0	Inversiones LQ-SM Limitada	Chile	CLP	0.0000	100.0000	100.0000	100.0000
96.805.890-8	SM-Chile S.A.	Chile	CLP	0.0000	58.2400	58.2400	58.2400
96.803.910-5	Soc. Administradora de la Obligación Subordinada SAOS	Chile	CLP	0.0000	58.9200	58.9200	58.9200
97.004.000-5	Banco de Chile	Chile	CLP	0.0000	51.1500	51.1500	51.2000
96.767.630-6	Banchile Administradora General de Fondos S.A.	Chile	CLP	0.0000	100.0000	100.0000	100.0000
96.543.250-7	Banchile Asesoría Financiera S.A.	Chile	CLP	0.0000	99.9600	99.9600	99.9600
77.191.070-K	Banchile Corredores de Seguros Ltda.	Chile	CLP	0.0000	100.0000	100.0000	100.0000
96.571.220-8	Banchile Corredores de Bolsa S.A.	Chile	CLP	0.0000	100.0000	100.0000	100.0000

Note 2 – Summary of significant accounting policies (continued)
(d) Consolidation (continued)

ID number	Name of Subsidiary	Country	Functional currency	Ownership Interest 12/31/2018 Direct	Ownership Interest 12/31/2018 Indirect	Ownership Interest 12/31/2018 Total	12/31/2017 Total
96.932.010-K	Banchile Securitizadora S.A.	Chile	CLP	0.0000	100.0000	100.0000	100.0000
96.645.790-2	Socofin S.A.	Chile	CLP	0.0000	100.0000	100.0000	100.0000
Foreign	Invexans Limited	England	USD	0.0000	100.0000	100.0000	0.0000
Foreign	Madeco Brasil Ltda.	Brazil	USD	0.0000	0.0000	0.0000	100.0000
Foreign	Optel Brasil Ltda. - Brazil	Brazil	USD	0.0000	0.0000	0.0000	100.0000
91.524.000-3	Inmobiliaria Techpack S.A.	Chile	USD	0.0000	99.9700	99.9700	99.9700
94.262.000-4	Soinmad S.A. and Subsidiaries	Chile	USD	0.0000	100.0000	100.0000	100.0000
76.009.053-0	Madeco Mills S.A.	Chile	USD	0.0000	100.0000	100.0000	100.0000
96.619.180-5	Logística Techpack S.A.	Chile	USD	0.0000	100.0000	100.0000	100.0000
Foreign	Inversiones Inmobiliaria Flexa S.A.S	Colombia	USD	0.0000	50.0000	50.0000	50.0000
Foreign	Decker Industrial S.A.	Argentina	USD	0.0000	99.7200	99.7200	99.7200
Foreign	H.B. San Luis S.A.	Argentina	USD	0.0000	99.7200	99.7200	99.7200
Foreign	Metacab S.A.	Argentina	USD	0.0000	99.7200	99.7200	99.7200
Foreign	Norgistics (China) Ltd. (AHenzhen)	China	USD	0.0000	100.0000	100.0000	100.0000
96.838.050-7	Compañía Naviera Rio Blanco S.A.	Chile	USD	0.0000	100.0000	100.0000	100.0000
Foreign	CSAV Germany Container Holding GmbH	Germany	USD	0.0000	100.0000	100.0000	100.0000
Foreign	Corvina Shipping Co. S.A. and Subsidiaries	Panama	USD	0.0000	100.0000	100.0000	100.0000
Foreign	Tollo Shipping Co. S.A. and Subsidiaries	Panama	USD	0.0000	100.0000	100.0000	100.0000
Foreign	Navibras Comercial Maritima e Afretamentos Ltda.	Brazil	USD	0.0000	100.0000	100.0000	100.0000
76.028.729-6	Norgistics Holding S.A. and Subsidiaries	Chile	USD	0.0000	100.0000	100.0000	100.0000
76.028.758-K	Norgistics Chile S.A.	Chile	USD	0.0000	0.0000	0.0000	100.0000
Foreign	Norgistics México S.A. de C.V.	Mexico	USD	0.0000	100.0000	100.0000	100.0000
Foreign	Norgistics (China) Ltd. (Hong Kong)	China	HKD	0.0000	100.0000	100.0000	100.0000
Foreign	Norgistics Perú S.A.C.	Peru	USD	0.0000	100.0000	100.0000	100.0000
92.048.000-4	SAAM S.A. and Subsidiaries	Chile	USD	0.0000	100.0000	100.0000	100.0000
76.729.932-K	SAAM Logistics S.A.	Chile	USD	0.0000	100.0000	100.0000	100.0000
76.757.003-1	SAAM Ports S.A. and Subsidiaries	Chile	USD	0.0000	100.0000	100.0000	100.0000
96.973.180-0	SAAM Internacional S.A. and Subsidiaries	Chile	USD	0.0000	100.0000	100.0000	100.0000
76.002.201-2	SAAM Puertos S.A. and Subsidiaries	Chile	USD	0.0000	100.0000	100.0000	100.0000
76.708.840-K	Inmobiliaria San Marco Ltda. and Subsidiaries	Chile	USD	0.0000	100.0000	100.0000	100.0000
76.479.537-7	SAAM Inversiones SpA	Chile	USD	0.0000	100.0000	100.0000	100.0000
96.720.220-7	Inversiones San Marco Ltda. and Subsidiaries	Chile	USD	0.0000	100.0000	100.0000	100.0000
Foreign	SAAM Remolques S.A. de C.V. and Subsidiaries	Mexico	USD	0.0000	51.0000	51.0000	51.0000
Foreign	Concesionaria SAAM Costa Rica S.A.	Costa Rica	USD	0.0000	100.0000	100.0000	100.0000
Foreign	Ecuaestibas S.A.	Ecuador	USD	0.0000	100.0000	100.0000	100.0000
Foreign	SAAM Remolcadores Colombia S.A.S	Colombia	USD	0.0000	100.0000	100.0000	100.0000
Foreign	Inversiones Habsburgo S.A.	Panama	USD	0.0000	100.0000	100.0000	100.0000
Foreign	Inversiones Alaria S.A. II	Panama	USD	0.0000	100.0000	100.0000	100.0000
Foreign	Saam Remolcadores Panamá S.A.	Panama	USD	0.0000	100.0000	100.0000	100.0000

Note 2 – Summary of significant accounting policies (continued)

(d) Consolidation (continued)

The subsidiaries Invexans, LQIF, CSAV and Sociedad Matriz SAAM are registered in the Securities Registry under the numbers 251, 730, 76 and 1091, respectively, and are subject to inspection by the Financial Market Commission.

The company controls a subsidiary if and only if it has:
- Power over the subsidiary (rights that give it the power to direct the subsidiary's relevant activities).
- Exposure or rights to variable returns from its involvement in the subsidiary.
- It can influence these returns by exercising its power over the subsidiary.

The subsidiaries Banchile Vida and SegChile Seguros Generales, included in the consolidated financial statements of Quiñenco, are subject to the regulatory authority of the CMF, and are included in the consolidated financial statements for Inversiones Rio Bravo S.A.

The subsidiary LQIF is included in the consolidated financial statements as Quiñenco controls the subsidiary by having the majority of the members of the Board, a situation which in the management's opinion should not change in the short term. The subsidiaries Banco de Chile and SM-Chile are included in the consolidated financial statements of LQIF and are subject to the regulatory authority of the SBIF.

The subsidiary Enex S.A. is included in the consolidated financial statements of Inversiones Río Argenta S.A. and subsidiary.

(e) Estimates

Certain estimates have been used by the management of Quiñenco and its respective subsidiaries in the preparation of the consolidated financial statements, in order to quantify some of the assets, liabilities, revenue, expenses and commitments that appear in them. These estimates basically refer to:
The valuation of assets and goodwill for determining any losses through impairment.
- The assumptions made in the actuarial calculation of liabilities and obligations to employees.
- The useful lives and residual values of property, plant and equipment and intangible assets other than goodwill.
- The assumptions used to calculate the fair value of financial instruments.
- The assumptions used for calculating estimates of the recoverability of trade receivables and receivables from customers.
- The assumptions used for calculating estimates of inventory obsolescence.
- The probability of occurrence and the amount of liabilities of uncertain amount or that are contingent.
- The determination of the fair value of non-financial assets for assessing impairment.
- The recoverability of deferred tax assets based on estimates of future income. This recoverability depends in the last instance on the Company's capacity to generate taxable income throughout the year in which the deferred tax assets are deductible. In the analysis, the year is taken into account of the reversal of deferred tax liabilities, and the estimates of taxable benefits, on the basis of internal projections that are updated to reflect the most recent trends. The determination of the suitable classification of taxable items depends on various factors, including the estimate of the time and recoverable value of the deferred tax assets and the expected timing of the tax payments. The actual flows of receipts and payments of income tax may differ from the estimates made by the Company as a consequence of changes in fiscal legislation or unforeseen future transactions that might affect the tax balances.

Despite these estimates having been made on the basis of the best information available as of the date of issue of these consolidated financial statements, it is possible that events may occur in the future that force their modification (upward or downward) in the following years, which would be made prospectively, recognizing the effects of the change in estimate in the corresponding future consolidated financial statements.

Note 2 – Summary of significant accounting policies (continued)

(f) Presentation of the consolidated financial statements

Statement of Financial Position

The Company and its subsidiaries have determined a mixed presentation format of their consolidated statement of position as follows:

(f.1) Quiñenco, its non-banking subsidiaries and principal associates operate in the businesses of food and beverages, manufacturing, fuels and lubricants, transport and port services, among which there is a similar operating cycle. They have therefore chosen a presentation format based on current value (classified).

(f.1) The banking subsidiaries have no clearly-defined operating cycle and have chosen a liquidity format as required by the SBIF.

Therefore, the assets and liabilities of the banking and non-banking sectors are presented separately.

Statements of Comprehensive Income

Quiñenco and its subsidiaries show their consolidated classified statements of income by function. However, as the industrial sector shows differences in the classification of their operations with the business of the banking sector, the Company has opted to show the businesses of the industrial sector grouped and show the banking entities separately.

Statements of Cash Flows

The SBIF requires banking institutions to prepare the statement of cash flows under the indirect method. Consequently, Quiñenco has chosen to show its consolidated statement of cash flows by a mixed presentation, the direct method for the industrial sector and indirect method for the banking sector.

(g) Functional currency and foreign currency translation

These consolidated financial statements are shown in Chilean pesos, which is the Company's functional and presentational currency.

Each subsidiary determines its own functional currency and the items included in the consolidated financial statements are measured using that functional currency.

The functional currency of the operations of CCU (associate), Banco de Chile and Enex is the Chilean peso.

The functional currency of the operations of the subsidiaries Invexans, Tech Pack, CSAV and SM SAAM is the US dollar. At the reporting date, the assets and liabilities of these companies are translated to Quiñenco's presentation currency (Chilean pesos) at the exchange rate on the date of the consolidated statement of financial position, but the statements of comprehensive income and cash flows are translated at the average exchange rate of each month, unless this average is not a reasonable approximation of a specific significant transaction. Exchange differences arising from the translation are taken directly to a separate component of equity under Other reserves. Transactions in currencies other than the functional currency are considered to be in foreign currency and are initially recorded at the exchange rate of the functional currency on the transaction date. Monetary assets and liabilities in foreign currency are translated at the exchange rate of the functional currency on the date of the consolidated statement of financial position. All exchange differences are recorded as a charge or credit to comprehensive income.

Net differences in foreign currency arising from investment or hedging operations of a foreign entity are controlled directly in equity until the disposal of the investment when they are shown as a charge or credit to comprehensive income. The income of taxes and credits attributable to these operations are shown as a charge or credit to equity until the disposal of the investment.

Note 2 – Summary of significant accounting policies (continued)

(g) Functional currency and foreign currency translation (continued)

Any goodwill purchased and adjustment to fair value of the book value of assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated to Chilean pesos at the closing date of the consolidated financial statements. Non-monetary items measured in terms of historic cost in foreign currency are translated using the exchange rates on the date when the fair value was determined.

Assets and liabilities presented in Unidades de Fomento (UF - Chilean monetary unit indexed to inflation) are valued at the closing value of this currency as of the date of the consolidated statement of financial position, as published by the National Institute of Statistics.

The exchange rate for the US Dollar and the UF with respect to the Chilean peso as of December 31, 2018 and 2017, is as follows:

	December 31, 2018	December 31, 2017
US dollar (USD)	694.77	614.75
Unidad de Fomento (UF)	27,565.79	26,798.14

(h) Inventory

The subsidiary companies value inventory at the lower of cost and net realizable value. The cost price (basically the weighted average cost, FIFO in CSAV) includes the costs of direct materials and, if appropriate, personnel costs, the indirect costs incurred in transforming the raw materials into finished products and general expenses incurred in transferring the inventory items to their location and present conditions.

The net realizable value represents the estimated sale price less all termination costs and costs to be incurred in the marketing, sale and distribution processes.

Trade discounts, rebates obtained and other similar items are deducted in the determination of the cost price.

Spare parts are valued at historical acquisition cost and recognized in net income using the FIFO method. Spare parts with low turnover are mainly used to repair and maintain major assets, tug boats and cranes. These are strategic inventories and given their unpredictable demand, they are classified as non-current inventory.

Subsidiaries evaluate the net realizable value of inventories at the end of each financial year, recording an impairment loss in comprehensive income when they are overstated. When the circumstances that previously caused the reduction have ceased to exist, or when there is clear evidence of an increase in the net realizable value due to a change in financial circumstances or prices of the principal raw materials, the previous estimate is amended.

(i) Property, plant and equipment

(i.1) Cost

The elements of property, plant and equipment are valued initially at cost, which includes the purchase price, import duties and any cost directly attributable to placing the asset in an operating condition for its intended use.

Note 2 – Summary of significant accounting policies (continued)

(i) Property, plant and equipment (continued)

(i.1) Cost (continued)

The elements of property, plant and equipment that are built (work in progress) may include the following accrued concepts during the construction period:

(i) Financial expenses related to the external financing directly attributable to the acquisition or production, whether of a specific or generic nature.
Regarding generic financing, the capitalized financial expenses are obtained by applying a capitalization rate that will be determined with the weighted average of all the interest costs of the entity on the loans that have been outstanding during the year.

(ii) Personnel expenses and others of an operational nature effectively used in the construction of the property, plant and equipment.

After the initial recognition, the elements of property, plant and equipment are reduced by accumulated depreciation and any accumulated loss of value.

The costs of expansion, modernization or improvements that represent an increase in productivity, capacity or efficiency or an increased useful life, are capitalized by increasing the value of the assets.

Expenses in repairs, conservation and maintenance are recognized as a charge or credit to comprehensive income at the time they are incurred.

This heading also includes investments made in assets acquired under lease agreements with an option to purchase, that have the characteristics of a finance lease. These do not legally belong to the Company until it exercises the purchase option.

The resultant gain or loss on the disposal or withdrawal of an asset is calculated as the difference between the proceeds of the disposal and the book value, which is charged or credited to comprehensive income for the year.

(i.2) Depreciation

Depreciation is calculated using the straight-line method, by distributing the acquisition cost less the estimated residual value over the estimated useful life of each asset, as follows:

Group of assets	**Estimated years of useful life**
Buildings and infrastructure	20 to 100
Installations	5 to 33
Machinery and equipment	5 to 40
Vessels	16 - 25
Ships, tug boats, barges and boats	10 to 30
Transport equipment	3 to 10
Engines and equipment	7
Other property, plant and equipment	2 to 10
Port terminal infrastructure	Concession period
Leasehold facilities and property improvements	Lease period

Land is shown separately from buildings or installations as it is understood that it has an infinite useful life and is therefore not subject to depreciation.

The depreciation of property, plant and equipment under construction starts when the assets are ready to be used.

Port terminal infrastructure includes assets not controllable by the granting entity. The useful lives of these assets may exceed the concession period when the asset is transferable to other operations.

Estimated useful lives are reviewed annually and any change in estimates is recognized prospectively.

Note 2 – Summary of significant accounting policies (continued)

(j) Leases

Lease agreements that transfer substantially all the risks and benefits of ownership of the leased asset are classified and valued as finance leases. Otherwise, they are recorded as operating leases.

At the beginning of the lease term, an asset is recognized at the lower of its fair value and the present value of the minimum lease payments. The installments are composed of financial expenses and principal repayments. Operating lease payments are recognized as an expense on a straight-line basis over the term of the lease.

Finance lease liabilities are presented under current and non-current financial liabilities that accrue interest. The Company and its subsidiaries do not have any embedded leases in contracts that require separation.

(k) Investment properties

Investment properties are shown as the net value of land, buildings and other construction held for exploitation through leases or to obtain a gain on their sale as a consequence of future increases that may occur in the respective market prices. These assets are not used in the businesses and are not intended for own use.

They are initially valued at acquisition cost, which includes the acquisition price or cost of production plus expenses incurred that are directly assignable. They are later valued at cost less accumulated depreciation and possible accumulated impairment.

(l) Non-current assets or disposal groups classified as held for sale

Non-current assets whose book value is recovered through a sale transaction and not through their continued use are classified as held for sale and discontinued operations. This condition is only considered to be met when the sale is highly probable and the asset is available for sale immediately in its current state. The sale is foreseen to be completed within a year from the date of classification.

These assets are valued at the lower of book value and fair value less associated sale costs.

(m) Revenue recognition

Operating revenue describes the transfer of goods or services committed to customers, in exchange for a payment, which is expected in exchange for those goods or services.

Revenue is recognized only when all of the following criteria are met:

Step 1: Identify the customer contract.
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Assign the transaction price to the performance obligations
Step 5: Recognize operating revenue when the entity satisfies a performance obligation

Financial income is interest on financial assets. Interest income is recognized using the effective interest method.

Note 2 – Summary of significant accounting policies (continued)

(m) Revenue recognition (continued)

Revenue is the gross inflow of financial benefits from ordinary activities during a period, provided they increase equity but are not related to contributions from shareholders. Revenue is recognized at fair value when it is probable that the financial benefit associated with a transaction will flow to the company and its value can be reliably measured.

Service revenue is also recognized considering the stage of completion of the services provided as of the reporting date, provided that the outcome of the transaction can be reliably valued, it is probable that the financial benefits associated with the transaction will flow to the Company, the stage of completion of the transaction at the end of the reporting period can be reliably measured and the costs incurred for the transaction and the costs to complete the transaction can be reliably measured.

(n) Investments in subsidiaries (business combinations)

Business combinations are recorded using the purchase method. This involves recognizing the identifiable assets (including intangible assets not previously recognized) and liabilities (including contingent liabilities and excluding future restructurings) of the business acquired at its fair value.

Business combinations acquired prior to March 2001 are shown at their proportional value considering the book values of each subsidiary.

(o) Investments recognized using the equity method

The Company and its subsidiaries value their investments in associates[3] using the equity method. An associate is an entity in which the Company has a significant influence.

Under this method, the investment is shown in the consolidated statement of financial position at cost plus changes following the acquisition in proportion to the net equity of the associate, using for this the percentage interest in the capital of the associate. The goodwill in associates is included in the book value of the investment and is not amortized. The charge or credit to income reflects the proportion in the results of the associate.

Equity changes of the associates are shown proportionately as a charge or credit to Other reserves and classified according to their origin and shown in the statement of changes in equity, if appropriate.

The reporting dates and accounting policies of the associate and of the Company are similar to equivalent transactions and events under similar circumstances.

The results in associates are recognized on an accrual basis according to the percentage interest in the net income of the associate. If the associate has negative equity, a liability is recognized to the extent that the Company intends to continue funding the associated company. Dividends received from associates are recognized as a decrease in the investment, without affecting net income.

Should the significant influence be lost or the investment be sold or become held for sale, the equity method is discontinued, suspending the recognition of proportional results.

Investments in associates acquired prior to December 31, 2007 (before IFRS 1) have been valued at their equity value calculated on the book values of the associate.

[3] For IFRS purposes, "associate" is any investment in an entity in which the investor has more than 20% of the capital with voting rights or has significant influence over the entity, and is, therefore, equivalent to the concept of affiliate defined in article 87 of the Corporations Law 18,046.

Note 2 – Summary of significant accounting policies (continued)

(p) Investments in joint ventures

Joint ventures are contractual agreements whereby two or more parties (partners or shareholders) carry on an economic activity that is subject to a joint control. Joint control exists when decisions relating to operative and financial activities require the unanimous agreement of the parties. A joint-venture entity involves the establishment of a company or other entity in which the group of shareholders have interests according to their ownership.

The income, assets and liabilities of the joint venture are incorporated in the consolidated financial statements using the equity-value method, producing an identical treatment to investments in associates.

Investments in joint ventures acquired prior to December 31, 2007, have been valued at their equity value calculated on the book values of the joint venture.

(q) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that simultaneously gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Management determines the classification of its financial assets upon initial recognition.

(q.1) Non-derivative financial assets

Invexans S.A. and its subsidiaries classify their non-derivative financial investments, whether permanent or temporary, and excluding equity method investments and non-current assets held for sale, into three categories:

(q.1.1) Amortized cost

This category includes financial assets that meet the following conditions: (i) their business model aims to keep those financial assets to obtain contractual cash flows, and (ii) the contractual terms and conditions of financial assets give rise on specific dates to cash flows that only consist of principal and interest payments (SPPI criterion).

The Group's financial assets that meet the conditions to be valued at amortized cost, as established in IFRS 9, are cash equivalents, account receivable, and loans. These assets are recorded at amortized cost, which is the initial fair value less principal repayments, plus interest accrued but uncharged, calculated using the effective interest method.

The effective interest method is used to calculate the amortized cost of a financial asset or liability (or a group of financial assets or liabilities) and is charged to financial income or expense over the relevant period. The effective interest rate is the discount rate that sets the estimated cash flows receivable or payable over the expected life of the financial instrument (or, when appropriate, over a shorter period) exactly equal to the net book value of the financial asset or liability.

(q.1.2) Financial assets valued at fair value through other comprehensive income

This category includes financial assets that meet the following conditions: (i) their business model aims to keep the financial assets in order to collect the contractual cash flows or to sell them, and (ii) the contractual terms and conditions meet the SPPI criterion.

These investments are recorded in the statement of consolidated financial position at fair value when it can be reliably determined. In the case of interests in unlisted companies or companies with very little liquidity, normally the market value cannot be reliably determined and thus, when this occurs, they are valued at acquisition cost or a lesser amount if evidence of impairment exists.

Changes in fair value, net of its tax effect, are recorded in the consolidated statement of comprehensive income in "Other comprehensive income", until these investments are sold, when the cumulative amount under this heading is fully charged to net income or loss for the year.

Note 2 – Summary of significant accounting policies (continued)

(q) Financial instruments – initial recognition and subsequent measurement (continued)

(q.1) Non-derivative financial assets (continued)

(q.1.3) Financial assets at fair value through profit and loss

This category includes the trading portfolio, financial assets that have been designated as such upon initial recognition and which are managed and valued using the fair value criterion, and financial assets that do not comply with the conditions to be classified in the other two categories.

They are valued in the consolidated statement of financial position, with changes in value recorded directly in income when they occur.

Purchases and sales of financial assets are accounted for using their trade date.

(q.2) Cash and cash equivalents

This account within the consolidated statement of financial position includes cash, bank balances, time deposits and other highly-liquid, short-term investments (less than 90 days from the investment acquisition date) that can be quickly converted into cash and have a low risk of value fluctuations.

(q.3) Impairment of financial assets

The Company and its subsidiaries apply an impairment model that is based on the expected loan losses, in accordance with the requirements of IFRS 9. This model is applied to financial assets measured at amortized cost or at fair value with changes in other comprehensive income, except for investments in equity instruments.

Impairment provisions are measured on the basis of:

- Loan losses expected in the next 12 months, or

- Expected loan losses throughout the life of the asset if there has been a significant increase in the credit risk of a financial instrument from its initial recognition to the reporting date.

The Company and its subsidiaries apply a simplified approach to trade receivables, contractual assets or leasing receivables, so that the impairment loss is always recorded by reference to the expected losses over the life of the asset.

(q.4) Non-derivative financial liabilities

The Company and its subsidiaries classified its financial liabilities using the following categories: fair value through profit and loss, derivatives designated as effective hedging instruments and amortized cost.

Management determines the classification of its financial liabilities upon initial recognition. Financial liabilities are derecognized when the obligation is settled, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, the original liability is derecognized and the new liability recognized with the difference in the respective book values recorded in income. 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.

(q.4.1) Amortized cost

Other financial liabilities are subsequently measured at their amortized cost using the effective interest method. Amortized cost is calculated by taking into account any initial premium or discount on the loan and includes any transaction costs that are an integral part of the effective interest rate. This category includes trade and other payables and loans included in Other current and non-current financial liabilities.

Note 2 – Summary of significant accounting policies (continued)

(q) Financial instruments – initial recognition and subsequent measurement (continued)

(q.4) Non-derivative financial liabilities (continued)

(q.4.2) At fair value through profit and loss

Financial liabilities are classified as at fair value through profit and loss when they are held for trading or designated as such upon initial recognition. Gains and losses from liabilities held for trading are recognized in income. This category includes derivative instruments not designated for hedge accounting.

No financial liabilities have been designated at fair value through profit and loss as of December 31, 2018 and 2017.

(q.5) Derivative financial instruments and hedging activities

The Company and its subsidiaries use derivative financial instruments such as interest rate swaps, cross currency swaps and currency forwards to hedge its risks associated with interest and exchange rate fluctuations.

Derivatives are initially recognized at fair value on the date on which the derivative contract is signed and are subsequently re-measured at their fair value. The method for recognizing the loss or gain resulting from changes in the fair value depends on whether the derivative has been designated as a hedging instrument and, if so, of the nature of the hedged item. The Group designates certain derivatives as fair value hedges and cash flow hedges.

The Company and its subsidiaries document the relationship between hedge instruments and hedged items at the beginning of the transaction, as well as its risk management objectives and strategy for carrying out diverse hedge transactions. The Company and its subsidiaries also document their assessment, both at inception and subsequently on an ongoing basis, of the effectiveness of the hedge in offsetting movements in the fair values or cash flows of the hedged items.

(q.5.1) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated income statement, together with any change in the fair value of the hedged asset or liability that is attributable to the hedged risk.

(q.5.2) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in Other reserves. Any loss or gain related to the ineffective portion is recognized immediately in the Income Statement within Financial Expenses and Foreign Currency Exchange Differences, based on their nature. Amounts accumulated in Other reserves are recorded in the consolidated income statement for the period when the hedged item impacts it. For interest rate hedges, the amounts recognized in equity are reclassified to Financial Expense as the associated debts accrue interest. For cross currency and interest swaps, the amounts recognized in Other reserves are reclassified to the income statement as Financial Expenses provided that interest is accrued, and to Exchange Differences when due to the valuation of the debt at closing exchange rates. A hedge is considered to be highly effective when it meets the requirements of IFRS 9. When a hedge instrument matures, is sold or when it no longer meets hedge accounting requirements, any gains or losses accumulated in Other reserves remain in equity and are recognized when the forecasted transaction affects the consolidated income statement. When the forecasted transaction is not expected to occur, any accumulated gain or loss in Other reserves is immediately recognized in the income statement within Financial Expenses or Foreign Currency Exchange Differences, based on their nature.

Note 2 – Summary of significant accounting policies (continued)

(q) Financial instruments – initial recognition and subsequent measurement (continued)

(q.5) Derivative financial instruments and hedging activities (continued)

(q.5.3) Derivatives not designated as hedges

Certain derivatives are not recorded using hedge accounting and are recognized as instruments at fair value through profit and loss. Changes in the fair value of any derivative instrument recorded in this way are recognized immediately in the consolidated income statement.

(q.5.4) Embedded derivatives

The Company evaluates the existence of embedded derivatives in financial and non-financial instrument contracts, which are not already accounted for as assets or liabilities at fair value through profit or loss, to determine if their characteristics and risks are closely related to the host contract. If they are not closely related, embedded derivatives are separated from the host contract and recorded at fair value with variations in value recognized immediately in the consolidated income statement.

(q.6) Derecognition of financial assets and liabilities

Financial assets are derecognized when:

- The rights to receive cash flows related to those assets have expired or have been transferred or contractual obligations have been assumed that determine the payment of these flows to one or more receivers.

- The Group has substantially transferred the risks and rewards of ownership, or if these are not substantially transferred or retained, when it does not control the asset.

Transactions where the Group substantially retains all the risks and benefits, which are inherent to owning a financial asset, are recorded as a liability for the consideration received. The costs of the transaction are recorded in the income statement using the effective interest method.

Financial liabilities are derecognized when the obligation arising from those liabilities has been paid, canceled or expired.

(q.7) Offsetting financial assets and liabilities

The Group offsets its financial assets and liabilities, and the net amount is presented in the consolidated statement of financial position, only when:

- There is a legally enforceable right to offset the amounts recognized, and

- There is an intention to settle on a net basis, or to recover the asset and settle the liability simultaneously.

These rights can only be legally enforceable within the normal course of business, or if one or all of the counterparties becomes insolvent or bankrupt.

Note 2 – Summary of significant accounting policies (continued)

(q) Financial instruments – initial recognition and subsequent measurement (continued)

(q.8) Fair value measurement

The fair value of an asset or liability is defined as the price that would be received for selling an asset or paid for transferring a liability, in an orderly transaction between market participants at the measurement date.

Fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market, which is the market handling the greatest volume for that asset or liability. In the absence of a principal market, it is assumed that the transaction is carried out on the market most advantageous for the entity, which is the market that maximizes the sales value of the asset or minimizes the payment to transfer the liability.

The Group measures fair value using valuation techniques that are appropriate in the circumstances and where sufficient data is available to measure the fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Assets and liabilities measured at fair value can be classified into the following levels based on the hierarchy of input data used in their valuation techniques:

- Level 1: Quoted (unadjusted) price in an active market for identical assets and liabilities.
- Level 2: Inputs other than quoted prices included in level 1 that are observable for assets or liabilities, either directly (as a price) or indirectly (as a derivative of a price). The methods and assumptions used to determine the fair values for level 2, per class of financial assets or liabilities, consider the estimated future cash flows.
- Level 3: Inputs for assets or liabilities that are not based on observable market information (non-observable inputs).

(q.9) Classification of financial instruments and financial liabilities

The classification of financial instruments and financial liabilities according to their category and valuation are reported in Note 27 Financial assets and liabilities.

(r) Current and deferred taxes

(r.1) Income tax

Income tax assets and liabilities for the current and previous year have been determined considering the amount that is expected to be recovered or paid in accordance with current legislation or that substantially promulgated at the date of the consolidated statement of financial position.

The effects are recognized as a charge or credit to comprehensive income except for items directly recognized in equity accounts which are shown in Other reserves.

(r.2) Deferred taxes

Deferred taxes have been determined using the liability method on temporary differences between the tax assets and liabilities and their respective book values.

Deferred tax liabilities are recognized for all taxable temporary differences, with the exception of the following transactions:

- The initial recognition of goodwill.
- Acquired goodwill whose amortization is not deductible for tax purposes.

Note 2 – Summary of significant accounting policies (continued)

(r) Current and deferred taxes (continued)

(r.2) Deferred taxes (continued)

- The initial recognition of an asset or liability on a transaction that:

  (1) is not a business combination, and

  (2) at the time of the transaction does not affect the accounting or tax income.

- Temporary tax differences associated with investments in subsidiaries, associates and interests in joint ventures, where the opportunity of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the near future.

Deferred tax assets are recognized for all deductible temporary differences and tax credits for non-utilized tax losses, provided there is the probability that there will be taxable earnings available with which they can be used, with the following exceptions:

- The initial recognition of an asset or liability on a transaction that:

  (1) is not a business combination, and

  (2) at the time of the transaction does not affect the accounting results or tax income.

With respect to deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are only shown to the extent that there is a probability that the temporary differences will be reversed in the near future and that there will be available taxable earnings with which they can be used.

As of the date of the consolidated statement of financial position, the book value of deferred tax assets is revised and reduced to the extent that it is probable that there is insufficient available taxable income to permit the recovery of all or part of the asset.

Deferred tax assets and liabilities are measured at the tax rates expected to be applicable in the year the asset is realized or liability liquidated, on the basis of the tax rates and tax laws that have been promulgated or substantially promulgated at the date of the statement of financial position.

Deferred taxes related to items recognized directly to equity are recognized against equity and not against comprehensive income.

Deferred tax assets and liabilities are offset if there is a legal right to offset tax assets against tax liabilities and the deferred tax is related to the same entity and tax authority.

(s) Intangible assets

(s.1) Goodwill

Goodwill represents the difference between the acquisition value of shares or corporate rights in subsidiaries, associates and joint ventures and the fair value of the assets and liabilities, including identifiable contingent liabilities, at the date of acquisition. Goodwill related to acquisitions of associates and joint ventures is included in investments recognized using the equity and joint-ventures method.

Note 2 – Summary of significant accounting policies (continued)

(s) Intangible assets (continued)

Goodwill arising from the acquisition of subsidiaries, joint ventures or associates with a functional currency other than the Chilean peso, is valued in the functional currency of the company acquired, making the translation to Chilean pesos at the exchange rate current on the date of the consolidated statement of financial position.

When the subsidiary LQIF first adopted IFRS, it revalued its investment in the subsidiaries Banco de Chile, SM Chile and SAOS acquired in March 2001, in accordance with IFRS 1, determining the difference between the acquisition value and fair value of the identifiable assets and liabilities including the identifiable contingent liabilities.

With the exception of the above, goodwill generated prior to the transition date to IFRS and which corresponds to acquisitions made prior to March 2001, is maintained at the net value recognized at the date of transition from Chilean GAAP to IFRS.

Goodwill is not amortized and at the close of the accounting period it is estimated whether there are indications of impairment that may reduce the recoverable value to an amount below the net book cost, in which case an adjustment for impairment is made. Impairment adjustments relating to goodwill cannot be reversed in subsequent years.

As of the date of these consolidated financial statements there are no indications of impairment that warranted making any adjustment.

(s.2) Port concessions

The subsidiary SM SAAM has port concessions that are recognized under IFRIC12. They are recorded as intangible assets as they have the right to collect income based on use. The cost of these intangible assets includes the mandatory infrastructure defined in the concession contract and the present value of all minimum contract payments, for which a financial liability is recorded for the value of the intangible asset.

These consolidated financial statements contain concession agreements recorded by indirect subsidiaries Iquique Terminal Internacional S.A., Terminal Marítima Mazatlán S.A. de C.V., Sociedad Portuaria Caldera S.A. and Sociedad Portuaria Granelera de Caldera S.A.

(s.3) Customer relationships

The subsidiary SM SAAM has intangible assets called "Customer Relationships" that arose during business combinations. They are amortized over the estimated benefit return period associated with the customer portfolio for each company at the acquisition date. These assets have been amortized since July 1, 2014, the date on which these business combinations took place.

(s.4) Intangible assets other than goodwill

These are mainly trademarks, acquisition rights to customer portfolios and computer software.

Assets with a defined useful life are valued at cost less accumulated amortization and impairment. Useful life has been determined based on the period of time over which financial benefits are expected. The amortization period and method are reviewed annually and any change is treated as a change in an estimate.

The subsidiary LQIF has assigned indefinite useful lives to the brand Banco de Chile and the contract to use the Citibank brand, as it is expected that they will contribute to generate net cash flows to the business indefinitely. These assets are tested for impairment every year.

Assets with an indefinite useful life are valued at cost less accumulated impairment and are not amortized.

Note 2 – Summary of significant accounting policies (continued)

(t) Asset impairment

(t.1) Financial investments held for sale

At the date of closing the consolidated statement of financial position, the Company and its subsidiaries evaluate whether there is objective evidence that an investment held for sale has been impaired.

In the case of equity investments classified as held for sale, if there is a significant and prolonged reduction in the fair value of the investment below their acquisition costs, this is evidence of impairment. Should there be an impairment loss measured as the difference between their cost of acquisition and their present fair value, less any impairment previously recognized in comprehensive income, this is transferred from Other reserves to comprehensive income for the year. The reversal of impairment losses for these instruments is recognized directly in Other reserves.

(t.2) Non-financial assets

The Company and its subsidiaries regularly evaluate whether there are indications that any of its non-financial assets might be impaired. If there are such indications, the Company makes an estimate of the recoverable amount of the asset.

The recoverable amount of an asset is the higher of the fair value of an asset or cash-generating unit less the costs of sale and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are clearly independent of other assets or disposal groups.

When the book value of an asset exceeds its recoverable amount, the asset is considered impaired and is reduced to its recoverable amount.

In evaluating the value in use, the future estimated cash flows are discounted using a discount rate before tax that reflects current market conditions, the value of money over time and the specific risks of the asset.

An appropriate valuation model is used for determining the fair value less sale costs. These calculations are corroborated by valuation multiples, the market prices of the shares for publicly-quoted subsidiaries or other available indicators of fair value.

Losses for impairment of continued operations are shown against comprehensive income in the categories of expenses associated with the function of the impaired asset, except for properties previously re-evaluated where the revaluation was recognized against equity. In this case, the impairment is also recognized as a charge to equity up to the amount of any previous re-evaluation.

Assets other than goodwill are tested every year for indications that the impairment loss previously recognized may no longer exist or have been reduced. The recoverable amount is estimated if such indications exist. An impairment loss previously recognized is reversed only if there have been changes in the estimates used in determining the recoverable amount of the asset since the last time that an impairment loss was recognized. If this is the case, the asset's book value is increased to its recoverable amount. This increased amount cannot exceed the resulting book value, net of depreciation, had an impairment loss never been recognized in previous years. This reversal is recognized as a credit to comprehensive income unless an asset is recorded at the revalued amount, in which case the reversal is dealt with as a revaluation increase.

Note 2 – Summary of significant accounting policies (continued)

(t) Asset impairment (continued)

(t.3) Goodwill

Goodwill is reviewed annually to determine whether any indicators of impairment exist, or more often if events or changes in circumstances indicate that the book value may be impaired.

Impairment is determined by evaluating the recoverable amount of the cash-generating unit (or group of cash-generating units) related to the goodwill.

For these purposes, goodwill is assigned from the date of acquisition to each unit or groups of cash-generating units that is expected to benefit from the synergies of the combination, notwithstanding that other assets or liabilities of the Company are assigned to these units or groups of units. Each unit or group of units to which goodwill is assigned:

(i) represents the lowest level within the Company to which the goodwill is monitored for internal management purposes, and

(ii) is no larger than a segment.

A loss for impairment is recognized when the recoverable amount of the cash-generating unit (or group of cash-generating units) is lower than the book value of the cash-generating unit (or group of cash-generating units) to which the goodwill is assigned. Impairment adjustments relating to goodwill cannot be reversed in subsequent years.

(t.4) Intangible assets with indefinite useful lives

The impairment of intangible assets with indefinite useful lives is tested annually at the individual level or the level of the cash-generating unit, as the case may be.

(t.5) Associates and joint ventures

Following the application of the equity value, the Company and its subsidiaries determine whether it is necessary to recognize a loss for additional impairment of the investment in its associates and joint ventures. Investments in associates or joint ventures are tested every year for objective evidence that they are impaired. If this were the case, the amount of impairment is calculated as the difference between the fair value of the associate and joint venture and the cost of acquisition and, should the acquisition value be higher, the difference is recognized against comprehensive income.

(u) Provisions

(u.1) General

Provisions are recognized when:

- The Company has an obligation with respect to a past event,
- It is probable that an outflow of resources will be required including financial benefits to settle the obligation,
- The value of the obligation can be reliably estimated.

Should the provision or part of it be reimbursed, the reimbursement is shown as a separate asset only if its collection is certain.

The charge for any provision is shown net of any reimbursement in the consolidated statement of comprehensive income.

If the effect of the value of money over time is significant, provisions are discounted using a discount rate before tax that reflects the specific risks of the liability. When a discount rate is used, the amount of the provision due to the passage of time is recognized as a financial cost.

Note 2 – Summary of significant accounting policies (continued)

(u) Provisions (continued)

(u.2) Provisions for employee benefits – Termination benefits

Enex has agreed a termination benefit plan with its personnel for years of service, equivalent to one month's wages for every year worked as from the third year. The provision has been calculated using the actuarial value. The actuarial value involves assumptions being made about discount rates, expected returns on assets, future wage increases, mortality rates and future pension increases.

SM SAAM and subsidiaries have agreed a termination benefit with their personnel based on years of service and have calculated this obligation using the actuarial value method, based on the terms of current agreements and contracts.

(u.3) Provision for post-retirement fund

Enex has had a pension fund for its employees since 1987. The cost of the benefit has been determined based on an actuarial calculation using the so-called "aggregate funding" method, made by external professionals. This calculation considers an annual discount rate of 1.93%, which is the rate at which long-term inflation-indexed financial instruments are traded.

(u.4) Provisions for employee benefits - Personnel vacation

The Company and its subsidiaries have made provisions for personnel vacation on an accrual basis.

(u.5) Provisions for employee benefits - Bonuses

The Company and its subsidiaries recognize a liability for bonuses for their senior executives on an accrual basis, where appropriate.

(u.6) Provisions for removal of tanks

Enex has recorded provisions in its financial statements for tank removal costs, according to legal obligations imposed by the Superintendency of Electricity and Fuels, which are valued at the present value of tank removal costs based on their capacity and estimated remaining useful lives.

(v) Technical reserves and claims payable

The indirect subsidiaries Banchile Vida and Segchile Seguros Generales calculate their technical reserves and claims in the following way:

- Unexpired risk reserve: calculated on the basis of the unearned net retained premium, which is calculated based on daily numerals on the duly restated net premium retained.
- Life mathematical reserve: calculated on the actuarial base determined by a mathematical actuary in accordance with the instructions on this matter and mortality tables issued by the CMF. Segchile Seguros Generales is a general insurance company, so it does not recognize mathematical reserves.
- Reserve for claims payable: charged to income in the year in which these occur. Provisions are also made for claims in the process of liquidation and those that have occurred but not been reported at the end of the year.

The above mentioned reserves are calculated in accordance with the specific instructions given by the Financial Market Commission.

Note 2 – Summary of significant accounting policies (continued)

(w) Interest-bearing loans

All loans are initially recognized at the fair value of the payment received less the direct costs attributable to the transaction. Subsequent to initial recognition they are measured at amortized cost using the effective interest method.

Amortized cost is calculated taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest method. Interest accrued at this effective interest rate is included in "Finance costs" in the consolidated statement of income.

(x) Lease agreements

The determination of whether an agreement is or contains a lease is based on the substance at its initial date and requires an evaluation of whether compliance depends on the use of the asset or specific assets or the agreement grants the right to use the asset. The arrangement is reassessed after inception if any one of the following conditions is met:

(a) There is a change in the contractual terms that is not a renewal or extension of the agreement;

(b) If a renewal option is exercised or an extension granted, unless the terms of the renewal or extension were included in the term of the lease;

(c) There is a change in the determination of whether compliance is dependent on a specific asset, or

(d) There is a substantial change in the asset.

When a reassessment is made, lease accounting shall be applied (or ceased to be applied) from the date when the change in circumstances giving rise to the reassessment occurs in the case of a), c) or d) or at the inception of the renewal or extension period in the case of b).

Finance leases that transfer to the Company and its subsidiaries substantially all the risks and benefits incidental to the ownership of the item leased are capitalized at the start of the lease at the lesser of the fair value of the asset leased and the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. The finance costs are shown as a charge to comprehensive income on an accrual basis over the term of the agreement.

Capitalized leased assets are depreciated on a straight-line basis over the lesser of the estimated useful life of the asset and the term of the lease, when there is no reasonable certainty that the Company and its subsidiaries will obtain ownership at the end of the term of the lease.

Operational lease payments are shown on a straight-line basis as a charge to comprehensive income over the term of the agreement.

Note 2 – Summary of significant accounting policies (continued)

(y) Financial derivative contracts and hedge accounting

The parent company and its subsidiaries use financial derivative contracts such as currency forward contracts, commodity price futures and interest rate swaps to hedge its risks related to fluctuations in interest rates, commodity prices and the exchange rate. Such instruments are initially recognized at fair value on the date on which the derivative contract is signed and are later corrected to fair value. The derivatives are recognized as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gain or loss arising from changes in the fair value of derivatives during the year which do not qualify for hedge accounting are taken directly to the consolidated statement of comprehensive income.

The fair value of currency forwards is calculated based on current forward exchange rates in contracts with similar maturity profiles. The fair value of interest rate swaps is determined based on the market values of similar instruments.

For hedge accounting purposes, hedges are classified as:

- Fair value hedges when they cover exposure to changes in the fair value of a recognized asset or liability or a firm commitment not recognized (except in the case of foreign currency risk), or
- Cash flows hedges when they cover exposure to variations in cash flows that are or attributable to a particular risk associated with a recognized asset or liability or a highly-probable expected transaction or the foreign exchange risk of a firm commitment not recognized.

At the start of a hedge transaction, the parent company and its subsidiaries formally designate and document the hedge relationship to which they wish to apply hedge accounting and the objective of risk management and the strategy for making the hedge. The documentation includes identification of the hedge instrument, the item or transaction hedged, the nature of the risk which is being hedged and how the entity will evaluate the effectiveness of the hedge instrument to offset the exposure to changes in the fair value of the item hedged or in the cash flows attributable to the risk hedged. It is expected that such hedges will be highly effective in offsetting changes in the fair value or cash flows and are evaluated continually to determine that they really have been highly effective during the periods of the financial report for which they were designated.

(y.1) Fair value hedges

Hedges that meet the strict hedge accounting criteria are recognized as follows:

The change in fair value of a hedge derivative is recognized as a charge or credit to comprehensive income. The change in the fair value of the item hedged attributable to the risk hedged is recorded as part of the book value of the item hedged and is also recognized in comprehensive income.

The book value adjustments of fair value hedges related to items recognized at amortized cost are amortized against the income statement over the remaining period to maturity. Any adjustment to book value of a hedged financial instrument for which the effective rate is used is amortized against the income statement for the fair value attributable to the risk that is being hedged.

If the item hedged is reversed, the fair value not amortized is immediately recognized in the consolidated statement of comprehensive income.

When a non-recognized firm commitment is designated as a hedged item, the subsequent accumulated change in the fair value of the firm commitment attributable to the risk hedged is shown as an asset or liability with a corresponding gain or loss recognized in the consolidated statement of comprehensive income. Changes in the fair value of a hedge instrument are also recognized in the consolidated statement of comprehensive income.

Note 2 – Summary of significant accounting policies (continued)

(y) Financial derivative contracts and hedge accounting (continued)

(y.2) Cash flow hedges

The effective portion of the gain or loss of the hedge instrument is initially recognized directly to equity while any ineffective portion is recognized immediately as a charge or credit to comprehensive income.

Amounts previously recognized cease to affect equity when the hedged item is recognized as a charge or credit to comprehensive income. When the item hedged is the cost of a non-financial asset or liability, the amounts taken to equity are transferred at the initial book value of the non-financial asset or liability.

If the expected transaction or firm commitment is no longer likely to occur, the amounts previously recognized in equity are transferred to the consolidated statement of comprehensive income. If the hedging instrument matures, is sold, terminated, exercised without replacement or rolled over, or if its designation as a hedge is revoked, the amount previously recognized in equity remains in equity until the expected transaction or firm commitment occurs.

(y.3) Classification of financial derivative contracts and hedges

The classification of financial derivative contracts and hedges according to their category and valuation are reported in Note 21 Other Current and Non-Current Financial Liabilities.

(z) Cash and cash equivalents

Cash equivalents relate to short-term and highly-liquid investments that are easily convertible into known amounts of cash, subject to an insignificant risk of change in their value, and mature in no more than three months.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and the cash equivalent as defined above, net of bank overdrafts.

The consolidated statement of cash flows shows the cash movements during the year, determined by the direct method. The terms used in these cash flow statements are defined as follows:

- Cash flows: cash inflows and outflows or of other equivalent means, these being investments with a term of less than three months, highly liquid and a low risk of changes in value.

- Operating activities: Activities that constitute the principal source of the Group's revenue, plus other activities that cannot be classified as investment or financing.

- Investment activities: Activities involving the acquisition, sale or disposal by other means of non-current assets and other investments not included in cash and cash equivalents.

- Financing activities: Activities that bring about changes in the size and composition of equity and financial liabilities.

(aa) Earnings per share

Basic earnings per share is calculated as the ratio of earnings (loss) for the year attributable to the Parent company to the weighted average number of common shares in circulation during that year, excluding the average number of shares of the Parent company held by any subsidiary company.

Note 2 – Summary of significant accounting policies (continued)

(bb) Current and non-current classification

Except for the banking subsidiaries, balances in the consolidated statement of financial position are classified as a function of their maturities, i.e. current being those maturing in twelve months or less and non-current those maturing in over one year. Should the company have any obligations that mature in less than twelve months but can be refinanced over the long term at the Company's discretion, through unconditionally available credit agreements with long-term maturities, such obligations may be classified as long-term liabilities.

(cc) Minimum dividend

Article No. 79 of Chile's Corporations Law establishes that, except if unanimously agreed otherwise by shareholders of all issued shares, listed corporations should distribute a cash dividend to its shareholders on a yearly basis, prorated based on their shares or the proportion established in the company's by-laws if there are preferred shares, of at least 30% of net income for each period, except when accumulated losses from prior years must be absorbed. Considering that to achieve a unanimous agreement is practically impossible given the well-spread composition of the share capital of Quiñenco, the minimum dividend obligation to shareholders is determined at the end of each year, net of the interim dividends that may have been approved during the year and are recognized under the heading Other current liabilities as a charge to an account included in equity called Retained earnings (accumulated losses). Interim and final dividends are deducted from "equity" as soon as they are approved by the competent entity, which in the first case is normally the Company's Board of Directors and in the second case is shareholders at the Annual General Shareholders' Meeting.

(dd) Segment reporting

Operating segments are defined as the components of a company on which the information in the financial statements is available and is constantly evaluated by the principal organ that takes decisions on the assignment of funds and evaluation of performance. The Company operates in six business segments: Manufacturing, Financial, Energy, Transport, Port Services and Other (Quiñenco and others). The associate CCU and the subsidiaries Banchile Seguros de Vida and Segchile Seguros Generales are shown in the Other segment.

Note 2 – Summary of significant accounting policies (continued)

The principal accounting policies of financial institutions regulated by the Superintendency of Banks and Financial Institutions (SBIF) to prepare their financial statements are as follows.

As indicated in Note 2 (b), Official Circular 506 issued by the CMF allows companies with investments in banking institutions to consolidate the financial statements of these entities without making adjustments for conversion to IFRS.

(ee) Legal provisions

Article 15 of the General Banking Law authorizes the SBIF to issue generally-applied accounting rules to the entities it regulates. The Corporations Law requires compliance with generally accepted accounting principles.

Under this legislation, banks should follow the accounting criteria of the SBIF in its Compendium of Regulations (which differ in certain respects to IFRS) and all matters not covered by them and which are not contradicted by its instructions, they should follow generally-accepted accounting criteria as set out in the technical instructions issued by the Chilean Institute of Accountants, coinciding with IFRS as issued by the International Accounting Standards Board (IASB). In the case of differences between these generally accepted accounting principles and the accounting criteria issued by the SBIF, the latter shall prevail.

(ff) Basis of consolidation

The financial statements of SM Chile as of December 31, 2018 and 2017, have been consolidated with those of its subsidiaries through the overall integration method (line by line). These consist of the preparation of the individual financial statements of SM-Chile S.A. and of the companies in the consolidation, and include the adjustments and reclassifications necessary for standardizing their accounting policies and valuation criteria with those of SM Chile. The consolidated financial statements have been prepared using uniform accounting policies for similar transactions and other events in equivalent circumstances.

Transactions and significant balances (assets and liabilities, equity, revenue, expenses and cash flows) deriving from operations between SM Chile and its subsidiaries and between these have been eliminated in the consolidation, and the non-controlling interest has also been recognized corresponding to the percentage interest of third parties in the subsidiaries of which SM Chile is not directly or indirectly the owner, and is shown separately in the consolidated equity and results of SM Chile S.A.

(ff.1) Subsidiaries

The consolidated financial statements as of December 31, 2018 and 2017, incorporate the financial statements of the Company and the controlled companies (subsidiaries) in accordance with IFRS 10 "Consolidated financial statements". Control exists when the Company is exposed, or has the right, to variable returns from its involvement in the subsidiary and has the ability to influence those returns through its power over it. Specifically, the Company controls a subsidiary when it has rights that give it the ability to direct the subsidiary's business.

When the Company has less than a majority of the voting rights in a subsidiary, but those rights are sufficient for it to unilaterally direct the business, then the Company has control. The Company considers all relevant factors and circumstances in evaluating whether voting rights are sufficient to obtain control, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of other vote holders.
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights from other contractual agreements.
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities when decisions need to be made, including voting behavior patterns in prior shareholder meetings.

SM Chile revaluates whether control over a subsidiary exists when an event or circumstance indicate that there are changes in one or more of the control elements mentioned.

Note 2 – Summary of significant accounting policies (continued)

(ff) Basis of consolidation (continued)

(ff.1) Subsidiaries (continued)

The entities in which the subsidiary SM Chile has direct or indirect holdings and which form part of the consolidation are detailed as follows:

Interests of the subsidiary SM-Chile S.A. in its subsidiaries

ID number	Entity	Country	Functional Currency	Ownership Interest Direct 2018 %	Direct 2017 %	Indirect 2018 %	Indirect 2017 %	Total 2018 %	Total 2017 %
97.004.000-5	Banco de Chile	Chile	CLP	12.02	12.21	28.31	28.75	40.32	40.95
96.803.910-5	Soc. Administradora de la Obligación Subordinada SAOS S.A.	Chile	CLP	100.00	100.00	—	—	100.00	100.00

Interests of the subsidiary Banco de Chile in its subsidiaries

ID number	Entity	Country	Functional Currency	Ownership Interest Direct 2018 %	Direct 2017 %	Indirect 2018 %	Indirect 2017 %	Total 2018 %	Total 2017 %
96.767.630-6	Banchile Administradora General de Fondos S.A.	Chile	CLP	99.98	99.98	0.02	0.02	100.00	100.00
96.543.250-7	Banchile Asesoría Financiera S.A.	Chile	CLP	99.96	99.96	—	—	99.96	99.96
77.191.070-K	Banchile Corredores de Seguros Ltda.	Chile	CLP	99.83	99.83	0.17	0.17	100.00	100.00
96.571.220-8	Banchile Corredores de Bolsa S.A.	Chile	CLP	99.70	99.70	0.30	0.30	100.00	100.00
96.932.010-K	Banchile Securitizadora S.A.	Chile	CLP	99.01	99.01	0.99	0.99	100.00	100.00
96.645.790-2	Socofin S.A.	Chile	CLP	99.00	99.00	1.00	1.00	100.00	100.00

The name Bank or Banco de Chile will be mentioned in the following pages, this being understood to refer to the subsidiary Banco de Chile, which is the principal generator of the banking assets, liabilities, revenue and expenses shown in these consolidated financial statements.

(ff.2) Associates and joint agreements

(ff.2.1) Associates

These are entities in which the Company has the capacity to exercise significant influence, although not control. Normally, this ability is shown in an interest of between 20% and 50% of the company's voting rights. Other factors considered in determining whether there is significant influence over an entity include representation on the Board of Directors and the existence of material transactions. Such factors could determine the existence of significant influence over an entity, despite holding less than 20% of the voting rights.

Investments in associates in which it has a significant influence are recognized using the equity method. According to the equity method, investments are initially recorded at cost and subsequently increased or decreased to reflect the Company's share of the associate's net profit or loss and other movements in the associate's equity. Any goodwill arising from the acquisition of a company is included in the investment's book value, net of accumulated impairment losses.

Note 2 – Summary of significant accounting policies (continued)

(ff) Basis of consolidation (continued)

(ff.2) Associates and joint arrangements (continued)

(ff.2.2)Joint arrangements

Joint arrangements are contractual agreements through which two or more parties undertake an economic activity that is subject to joint control. Joint control exists when decisions on important activities require the unanimous consent of both parties.

According to IFRS 11 "Joint Arrangements", an entity will determine the type of joint arrangement in which it is involved as either a "Joint operation" or a "Joint venture".

Investments defined as a "Joint operation" are recognized by recording the assets, liabilities, revenue and expenses relating to its interest in a joint operation.

An interest classified as a "Joint venture" is recognized using the equity method.

The following are investments that have been defined as joint ventures:

- Artikos S.A.
- Servipag Ltda.

(ff.3) Shares or rights in other companies

The Company has no control or significant influence over these companies. These interests are recorded at purchase value (historical cost).

(ff.4) Special purpose entities

In accordance with current regulations, the Company must regularly analyze its consolidation perimeter, bearing in mind that the key criterion is the degree of control that the Company has over a given entity and its exposure to risks and benefits, and not its ownership interest in its equity.

As of December 31, 2018 and 2017, the Company does not control and has not created any special purpose entities.

(ff.5) Fund management

The Bank and its subsidiaries manage and administer assets held in mutual investment funds and other means of investments on behalf of investors, receiving remuneration in accordance with the service provided and market conditions. The resources managed belong to third parties and, therefore, are not included in the consolidated statement of financial position.

Note 2 – Summary of significant accounting policies (continued)

(ff) Basis of consolidation (continued)

(ff.5) Fund management (continued)

As established in IFRS 10, for the purposes of consolidation it is necessary to assess the role that the Bank and its subsidiaries play with respect to the funds managed, to determine whether this role is as agent or principal. This evaluation must take into account the following elements:

- The scope of their authority to make decisions for the fund.
- The rights held by other parties.
- Fees it is entitled to in accordance with the fee agreements.
- The exposure of whosoever takes decisions to the variability of the returns from other interests held by the participant.

The Bank and its subsidiaries manage on behalf and for the benefit of investors, acting solely as agent. Under that category, and as established in regulations mentioned, they do not control such funds when exercising their authority to take decisions. Therefore, as of December 31, 2018 and 2017, they act as agents and, therefore, no funds are consolidated.

(gg) Non-controlling interests

The non-controlling interest represents the portion of net losses and income, and of net assets that the Company does not control. It is disclosed in the consolidated statement of income and the consolidated statement of financial position separately from the equity of the Company's owners.

(hh) Estimates and judgments

The preparation of the consolidated financial statements requires Banco de Chile's management to make judgments, estimates and assumptions that affect the application of the accounting policies and the amounts of assets, liabilities, revenue and expenses shown. Actual results may differ from these estimates. These estimates refer to:

1. Credit risk provisions (Notes 41.9, 41.10 and 41.29)
2. Useful lives of property, plant and equipment and intangible assets (Notes 41.13 and 41.14).
3. Current and deferred taxes (Note 41.15)
4. Provisions (Note 41.22)
5. Contingencies and commitments (Note 41.24).
6. Fair value of financial assets and liabilities (Note 41.36).

Significant estimates and assumptions are reviewed regularly by the Bank's management, in order to quantify certain assets, liabilities, revenue, expenses and commitments. The revisions of the accounting estimates are recognized in net income for the year in which revised.

There have been no significant changes in estimates other than those disclosed in Note 41.2 "Accounting Changes".

Note 2 – Summary of significant accounting policies (continued)

(ii) Valuation of assets and liabilities

Asset and liability valuation is the process of determining the monetary value of elements in the financial statements that are included in the consolidated statement of financial position and consolidated statement of comprehensive income. Therefore, a particular valuation method is required.

Various valuation methods are employed in the consolidated financial statements, to various degrees and in various combinations. These methods are as follows.

(ii.1) Initial recognition

The Company and its subsidiaries recognize loans and receivables from customers, instruments for trading and investment, deposits, debt instruments issued and subordinated liabilities, and other assets and liabilities, on the date they originate. Purchases and sales of financial assets made regularly are shown on the date of trading in which the Bank is committed to buy or sell the asset.

(ii.2) Classification

The classification of assets, liabilities and income has been made in accordance with the instructions of the SBIF.

(ii.3) Derecognition of financial assets and liabilities

The Company and its subsidiaries derecognize financial assets from their statements of financial position when the contractual rights expire over the cash flows of the financial asset, or when they transfer the rights to receive contractual cash flows from the financial asset in a transaction in which the risks and benefits of ownership of the financial asset are substantially transferred. Each interest in financial assets transferred that is created or retained by the Bank is recognized as a separate asset or liability.

When the Company transfers a financial asset, it assesses to what extent it has retained the risks and rewards inherent in ownership. In this case:

(a) If the risks and rewards inherent in ownership of the financial asset are substantially transferred, it is de-recognized in accounts and any rights and obligations created or retained in the transfer will be shown separately, as assets or liabilities.

(b) If the risks and rewards inherent in ownership of a financial asset are substantially retained, it will continue to account for it.

(c) If all the risks and rewards inherent in ownership of a financial asset are not substantially transferred or retained, it will determine whether control over the financial assets has been retained. In this case:

   (i) If the Company has not retained control, the financial asset will be derecognized and any rights or obligations created or retained upon transfer will be recognized separately as assets or liabilities.

   (ii) If the Company has retained control, the financial asset will continue to be recognized in the statement of financial position for an amount equal to its exposure to changes that a financial liability may experience and recognize a financial liability associated with the financial asset transferred.

Note 2 – Summary of significant accounting policies (continued)

(ii) Valuation of assets and liabilities (continued)

(ii.3) Derecognition of financial assets and liabilities (continued)

The Company derecognizes a financial liability (or part thereof) from its consolidated statement of financial position when it has been extinguished, whereby the obligation specified in the corresponding contract has been paid, canceled, or expired.

(ii.4) Offsetting

Financial assets and liabilities are offset so that their net amount is shown in the consolidated statement of financial position only when the Company has the legal right to offset the amounts recognized and has the intention of settling the net amount, or to recover the assets and settle the liability simultaneously.

Revenue and expenses are shown net only when permitted by accounting principles, or in the case of gains and losses arising from a group of similar transactions like the Company's trading and exchange activities.

(ii.5) Valuation at amortized cost

Amortized cost is understood to be the cost of a financial asset or liability corrected for capital reimbursements, plus or less accumulated amortization (calculated using the effective interest method) of any difference between the initial amount and the repayment amount at maturity, and less any reduction through impairment.

(ii.6) Measurement of fair value

Fair value is understood to be the amount to be received on selling an asset or paid for transferring a liability in an orderly transaction between market participants on the measurement date. The most objective and usual benchmark for fair value is the price paid for it in an active, transparent and deep market ("quoted price" or "market price").

When available, the Bank determines the fair value of an instrument by using prices quoted on an active market for that instrument. A market is called active if the prices quoted are easily and regularly available, represent actual transactions and occur regularly on an independent basis.

If the market for a financial instrument were not active, the Bank determines the fair value by using a valuation technique. The valuation techniques include the use of recent market transactions between interested and duly-informed parties acting in conditions of mutual independence, if available, and references to fair value of another substantially-equal financial instrument, discounted cash flows and option price-setting models.

Note 2 – Summary of significant accounting policies (continued)

(ii) Valuation of assets and liabilities (continued)

(ii.6) Measurement of fair value (continued)

The valuation technique chosen makes the maximum use possible of information obtained in the market, using the least possible amount of data estimated by the Bank, incorporates all the factors that market participants would consider for setting the price, and be consistent with the economic methodologies generally accepted for calculating the price of financial instruments. The variables used for the valuation technique fairly represent market expectations and reflect the risk-return factors inherent to the financial instrument. The valuation technique is regularly revised by the Bank to prove its validity by using prices of any other recent and observable market transaction in the same instrument or that are based on any observable and available market data.

The best evidence of the fair value of a financial instrument, when initially recognizing it, is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument can be better shown through comparison with other real market transactions observed for the same instrument (i.e. without modifying or presenting a different form of it) or through a valuation technique whose variables include just observable market data. However, when the transaction price provides the best evidence of fair value at its initial recognition, the financial instrument is initially valued at the transaction price and any difference between that price and the value obtained initially from the valuation model is shown later in the income statement.

It is also worth noting that the Bank has financial assets and liabilities that compensate market risks between them, and it uses average market prices as a basis for establishing their fair value.

Subsequently, these estimated fair values are adjusted by other factors, such as uncertainties in the risk or liquidity model, to the degree that the Bank believes that another market participant takes them into account in determining the price of a transaction.

The disclosures of the Bank's fair value are included in Note 41.36.

(jj) Functional currency

The items included in the consolidated financial statements of the Company and its subsidiaries are valued using the currency of the principal economic environment in which the entity operates (the functional currency). The functional and presentational currency of these consolidated financial statements of SM Chile S.A. is the Chilean peso, which is the currency of the primary economic environment in which the Company operates, and is also the currency that influences the costs and revenue structure.

(kk) Foreign currency transactions

Transactions in a currency other than the functional currency are considered to be in foreign currency and are initially recognized at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate of the functional currency on the date of the consolidated statement of financial position. All differences are recognized as a charge or credit to the income statement.

Note 2 – Summary of significant accounting policies (continued)

(kk) Foreign currency transactions (continued)

As of December 31, 2018, the Bank and its subsidiaries applied the exchange rate of accounting representation according to the instructions of the SBIF, so assets in US dollars are shown at their equivalent value in Chilean pesos calculated at the market exchange rate of Ch$693.60 per US$1 (Ch$615.43 per US$1 in 2017).

The balance of ThCh$2,702,069 relates to the net exchange gain (ThCh$104,874,720 in 2017) and is shown in the consolidated statement of income. It includes the effects of exchange rate variations on the assets and liabilities in foreign currency or indexed to the exchange rate, and the result of the exchange transactions of the Bank and its subsidiaries

(ll) Business segments

The operating segments of the Bank are based on its business units and are defined as follows.

(i) That it develops business activities from which it can obtain revenue and incur expenses (including revenue and expenses from transactions with other components of the same entity).

(ii) Whose operating results are revised regularly by senior decision makers, to decide on the resources that should be assigned to the segment and evaluate performance.

(iii) In relation to which it has differentiated financial information available.

(mm) Statement of cash flows

The consolidated cash flow statement indicates changes in cash and cash equivalents arising from operating activities, investing activities and financing activities during the period. The indirect method has been used to prepare the statement of cash flows.

The following concepts have been used in preparing the statement of cash flows.

(i) Cash and cash equivalents corresponds to the account "Cash and bank deposits", plus (minus) the net balance of transactions pending settlement in the statement of consolidated financial position, plus highly-liquid trading and available-for-sale securities with insignificant risk of changing value, maturing in no more than three months from the date of acquisition, and repurchase agreements with similar conditions. They also include investments in fixed-income mutual funds that are shown under Trading instruments, in accordance with instructions issued by the SBIF.

(ii) Operating activities: relate to the normal activities performed by the Bank, and others that cannot be qualified as for investing or financing.

(iii) Investing activities: relate to the acquisition and disposal by other means of long-term assets and other investments not included in cash and cash equivalents.

(iv) Financing activities: activities that produce changes in the size and composition of equity and liabilities that do not form part of operating or investment activities.

Note 2 – Summary of significant accounting policies (continued)

(nn) Trading instruments

Financial instruments held for trading are securities, which are either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or securities included in a portfolio in which there is a pattern of short-term profit-making.

Assets held for trading are measured at fair value. Accrued interest and indexation, gains or losses arising from adjustments in their valuation to fair value, plus the income of trading activities, are included in "Net gain (loss) of financial transactions" in the consolidated statement of income.

(oo) Repurchase and resale agreements and securities lending

Repurchase agreements are transacted as a form of investment. Under these agreements, financial instruments are bought, which are included as assets in "Repurchase agreements and securities lending" and are valued according to the agreed interest rate by the amortized cost method. Under current regulations, the Bank does not recognize as own portfolio those instruments bought under repurchase agreements.

Security repurchase agreements are also transacted as a form of financing. Investments that are sold are subject to a repurchase obligation and serve as a guarantee for the loan forming part of their respective headings "Instruments for trading" or "Investment instruments held for sale". The repurchase obligation of the investment is classified as the liability "Repurchase agreements and security lending", which is valued according to the agreed interest rate.

As of December 31, 2018 and 2017, there were no securities lending transactions.

(pp) Financial derivative contracts

The Bank has financial derivative contracts to hedge exposures to currency and interest-rate risks. These are initially recognized in the statement of financial position at cost (including transaction costs) and later at their fair value. Derivative contracts are reported as an asset when their fair value is positive and as a liability when it is negative, under the heading "Financial derivative contracts".

Changes in the fair value of the financial derivative contracts held for trading are included in Net income (loss) from financial transactions in the consolidated statement of income.

In addition, the Bank includes in the valuation of derivatives the "Credit valuation adjustment (CVA)" to reflect the counterparty risk in the determination of fair value, and the Bank's own credit risk, known as "Debit valuation adjustment (DVA)".

Certain derivatives included in other financial instruments are treated as separate derivatives when their risk and characteristics are not closely related to those of the principal contract and this is not recognized at its fair value with its unrealized gains and losses included in the income statement.

At the time of signing of a derivative contract, this should be designated by the Bank as a derivative instrument for trading or for hedge accounting purposes.

Note 2 – Summary of significant accounting policies (continued)

(pp) Financial derivative contracts (continued)

If a derivative instrument is classified as a hedging instrument, it can be:

(1) A hedge of the fair value of assets or liabilities or firm commitments, or
(2) A cash-flow hedge related to existing assets or liabilities or expected transactions.

A hedge relationship for hedge accounting purposes must meet all of the following requirements:

(a) At its inception, the hedge relationship has been formally documented;
(b) It is expected that the hedge will be highly effective;
(c) The effectiveness of the hedge can be measured in a reasonable manner; and
(d) The hedge is highly effective with respect to the hedged risk on an ongoing basis and throughout the entire hedge relationship.

The Bank shows and values individual hedges (in which there is a specific relationship between hedged items and the hedging instruments) according to their classification, using the following criteria.

Fair value hedge: changes in the fair value of a derivative hedge instrument, designated as hedge of fair value, are recognized in income under the line Net interest and indexation income and/or Net exchange differences, depending on the risk hedged. The item hedged is also shown at fair value in relation to the risk being hedged. Gains or losses attributable to the risk hedged are recognized in income under the line Net interest and indexation income and adjust the book value of the item hedged.

Cash flow hedge: changes in the fair value of a hedge instrument, designated as a cash-flow hedge are recognized in Valuation accounts in consolidated other comprehensive income provided the hedge is effective and is reclassified to income under the line Net interest and indexation income and/or Net exchange differences when the item hedged affects the Bank's statement of income as a result of interest rate risk or exchange rate risk respectively. Should the hedge not be effective, the changes in fair value are recognized directly in the statement of income for the year under the line Net gain (loss) from financial transactions".

If the hedging instrument no longer meets the criteria for cash flow hedge accounting, or it has expired, or been sold, suspended or executed, the hedge is discontinued prospectively. The accumulated gains or losses previously recognized to equity remain there until the projected transactions occur, when they are recognized in the consolidated statement of income (under the line Net interest and indexation income and/or Net exchange differences, depending on the type of risk hedged) unless it is foreseen that the transaction is not going to be carried out, in which case they are immediately recognized in the consolidated statement of income (under the line Net interest and indexation income and/or Net exchange differences, depending on the type of risk hedged).

Note 2 – Summary of significant accounting policies (continued)

(qq) Loans and receivables from customers

Originated and acquired loans and receivables from customers are non-derivative financial assets with fixed or defined payments that are not quoted on an active market and that the Bank has no intention of selling immediately or in the short term.

(qq.1) Valuation method

Loans and receivables from customers are valued initially at cost and income plus incremental transaction costs, and later measured at their amortized cost using the effective interest method, except when certain items are identified as hedged items, which are valued at fair value through profit and loss, as described in Note 2 pp.

(qq.2) Lease agreements

Receivables under lease agreements, included in Loans and receivables from customers, relate to the regular rental lease payments that meet the requirements for being classified as finance leases and are shown net of non-accrued interest at the close of each year.

(qq.3) Factoring transactions

These are invoices and other commercial instruments representing credit, with or without responsibility of the assignor, received in factoring, which are recognized at the initial value plus the interest and indexation to maturity.

In those cases where instruments are assigned without the assignor's responsibility, the Bank bears the insolvency risk of the party obliged to pay.

(qq.4) Impaired portfolio

The impaired portfolio is comprised of the following assets, as provided in Chapter B-1 of the SBIF Compendium of Accounting Standards:

a) Debtors subject to individual evaluation, including loans in the "Default Portfolio" and those in categories B3 and B4 of the "Substandard Portfolio", as defined in Note 2 qq 5.1.
b) Debtors subject to group assessment including all loans in the "Default Portfolio", as defined in Note 2 qq 5.2.

(qq.5) Loan loss provisions

The provisions required to cover risks of losses on loans have been constituted according to the regulations of the SBIF. Loans are shown net of such provisions, and as a liability under the heading Provisions in the case of contingent loans.

As stipulated by the SBIF, models or methods are used based on the individual and grouped analysis of debtors, for constituting the loan loss provisions.

Note 2 – Summary of significant accounting policies (continued)

(qq) Loans and receivables from customers (continued)

(qq.5) Loan loss provisions (continued)

(qq.5.1) Provisions by individual evaluation

The individual analysis of debtors is necessary in the case of companies whose size, complexity or level of exposure with the entity requires knowing and analyzing them in detail.

Naturally, the analysis of debtors should be focused on their credit quality, defined by their capacity and willingness to meet their credit obligations, through sufficient and reliable information, and analyzing their credits in terms of collateral, term, interest rates, currency, indexation, etc.

For provisioning purposes, banks should first evaluate the quality of credit and their debtors and their credit and contingent liabilities should be grouped by their corresponding category, following the assignment of one of the following three portfolio conditions: Normal, Substandard and Default.

(qq.5.1.1) Normal and substandard portfolios

The normal portfolio consists of those debtors whose payment capacity enables them to meet their obligations and commitments and it is not foreseen that this economic-financial situation will change. Loans in this portfolio are classified in categories A1 through A6.

The substandard portfolio includes debtors with financial difficulties or significant deterioration in their payment capacity and about which there are reasonable doubts about the full repayment of principal and interest on the contractually agreed terms, showing a small margin for complying with their short-term financial obligations.

Those debtors who have recently made payments more than 30 days late also form part of the substandard portfolio. Loans in this portfolio are classified in categories B1 through B4.

As a result of an individual analysis of debtors, the Bank classifies them in the following categories, assigning them subsequently the percentages of probability of default and loss given the non-compliance resulting from the following expected percentage loss:

Portfolio Type	Debtor Category	Probability of Default (%)	Loss Given Default (%)	Expected Loss (%)
Normal Portfolio	A1	0.04	90.0	0.03600
	A2	0.10	82.5	0.08250
	A3	0.25	87.5	0.21875
	A4	2.00	87.5	1.75000
	A5	4.75	90.0	4.27500
	A6	10.00	90.0	9.00000
Substandard Portfolio	B1	15.00	92.5	13.87500
	B2	22.00	92.5	20.35000
	B3	33.00	97.5	32.17500
	B4	45.00	97.5	43.87500

Note 2 – Summary of significant accounting policies (continued)

(qq) Loans and receivables from customers (continued)

(qq.5) Loan loss provisions (continued)

(qq.5.1) Provisions by individual evaluation (continued)

(qq.5.1.1) Normal and substandard portfolios (continued)

Provisions for normal and substandard portfolios

To determine the amount of provisions to be made for the normal and substandard portfolios, the exposure subject to provisions first has to be estimated, to which are applied the respective percentage losses (expressed in decimals) comprising the probability of default (PD) and loss given default (LGD) established for the category in which the debtor and/or its qualified guarantor is grouped, as the case may be.

The exposure subject to provisions corresponds to loans plus contingent credits, less amounts recoverable through the liquidation of real or financial collateral that supports transactions. Also, in special cases, the substitution of credit risk of the direct debtor for the credit quality of the co-signer or guarantor may be allowed. Loan is defined as the book value of the loans and receivables of the respective debtor while contingent loans are calculated by applying No. 3 of Chapter B-3 of the Compendium of Accounting Standards.

For calculation purposes, the following must be considered:

Debtor provision = (EAP-EA) x (PDdebtor /100)x(LGDdebtor/100)+EA x (PD guarantee /100)x(LGD guarantee /100)

Where:

PE = Provisioned exposure
GE = Guaranteed exposure
PE = (Loans + Contingent Loans) – Financial guarantees or collateral

However, the Bank should maintain a minimum provision of 0.50% of all loans and contingent credits of the normal portfolio.

(qq.5.1.2) Default portfolio

The default portfolio includes debtors and their loans that are considered to be of doubtful recovery as they show an impaired or nil payment capacity. Debtors that have stopped paying their creditors, or with clear indications that this is likely to happen, and those where forced debt restructuring is necessary to avoid default, form part of this portfolio, plus any debtor 90 days or more overdue in the payment of interest or principal of any loan.

Note 2 – Summary of significant accounting policies (continued)

(qq) Loans and receivables from customers (continued)

(qq.5) Loan loss provisions (continued)

(qq.5.1) Provisions by individual evaluation (continued)

(qq.5.1.2) Default portfolio (continued)

This portfolio is comprised of the debtors belonging to the categories C1 to C6 of the classification scale, and all the loans, including 100% of contingent loans, maintained by these saem debtors.

To record provisions for the default portfolio, a provision percentage is applied to the amount of the exposure, which is equal to the sum of the loans and contingent loans of the same debtor. In order to apply this percentage, first an expected loss rate must be estimated, minus the exposure of amounts recoverable by executing real and financial guarantees that support these transactions and, if there is concrete information to justify it, also minus the present value of the recoveries that can be obtained through collections, net of related collections expenses. That expected loss rate must fit into one of the six categories defined based on the range of losses effectively expected by the Bank for all loans of the same debtor.

These categories, their range of loss based on the Bank's estimates and the provision percentages that are ultimately applied on the amounts of exposure, are detailed in the following table:

C	Scale of Risk	Range of Expected Loss	Provision (%)
Default Portfolio	C1	Up to 3%	2
	C2	More than 3% up to 20%	10
	C3	More than 20% up to 30%	25
	C4	More than 30% up to 50%	40
	C5	More than 50% up to 80%	65
	C6	More than 80%	90

For calculation purposes, the following must be considered:

Rate of Expected Loss = (E-R)/E
Provision = E × (PP/100)

Where:
E = Amount of exposure
R = Recoverable amount
PP = Provisioning percentage (according to the category in which the expected loss rate is grouped).

Note 2 – Summary of significant accounting policies (continued)

(qq) Loans and receivables from customers (continued)

(qq.5) Loan loss provisions (continued)

(qq.5.1) Provisions by individual evaluation (continued)

(qq.5.1.2) Default portfolio (continued)

All loans due from the debtor must be held in the Default Portfolio until their payment capacity and behavior recovers, notwithstanding that each particular loan that complies with the conditions indicated in point (vi) of this letter must be charged off. In order to remove a debtor from the default portfolio, once the circumstances that led it to be classified as such according to these rules no longer exist, at least the following copulative conditions must be met:

- The debtor has no obligation to the Bank that is more than 30 calendar days overdue.
- The debtor has not been granted any new refinancing to pay his or her obligations.
- At least one of the payments made was on the principal.
- If the debtor has any loan with partial payments within a period of less than six months, two payments have already been made.
- If the debtor must pay for one or more loans in monthly installments, at least four consecutive installments have been paid.
- The debtor has no direct unpaid debts based on information compiled by the SBIF, except for insignificant amounts.

(qq.5.2) Provisions by group evaluation

Group evaluations are used to analyze a large number of credit operations whose individual amounts are small and consist of individuals and small businesses. These evaluations and the criteria for applying them should be congruent with those made in granting the credits.

Group evaluations require the grouping of credits of similar characteristics like the type of debtor and the agreed terms, in order to establish by technically-justified estimates and following prudent criteria both the payment behavior of the group in question and of the recoveries of unpaid credits, and then the making of the necessary provisions to cover the portfolio risk.

Banks can use alternative methods for determining the provisions for retail loans evaluated as a group.

Under the first method, experience is relied on to explain the payment behavior of each homogeneous group of debtors and of recoveries through realizing collateral and recovery actions, to estimate directly a percentage of expected losses to be applied to the amount of credits of the respective group.

Note 2 – Summary of significant accounting policies (continued)

(qq) Loans and receivables from customers (continued)

(qq.5) Loan loss provisions (continued)

(qq.5.2) Provisions by group evaluation (continued)

Under the second, banks segment debtors into homogeneous groups, as indicated above, associating to each one a certain probability of default and a percentage of recovery based on a justified historical analysis. Provisions are calculated by multiplying the amount of the respective group's total credits by the estimated percentages of default and of loss given default.

Under both methods, estimated losses should reflect the type of portfolio and the term of the transactions.

The Bank has chosen the second method for calculating its provisions.

In the case of consumer loans, collateral is not considered for the purpose of estimating the expected loss.

The Bank should distinguish between provisions for the normal portfolio and for the default portfolio, and which cover the risks of the contingent credits associated with those portfolios.

(qq.5.3) Standard method for calculating residential mortgage loan provisions

The SBIF has established that the provision is represented by the expected loss on residential mortgage loans and will depend on the delinquency of each loan and the relationship, at the end of each month, between the outstanding loan principal and the value of the mortgage guarantee (loan-to-value ratio or LTV) that protects each loan, as shown in the following table:

Provision factor applicable according to overdue and LTV						
		Days overdue at month end				
LTV Range	Description	0	1-29	30-59	60-89	Default Portfolio
LTV ≤ 40%	PD (%)	1.0916	21.3407	46.0536	75.1614	100.0000
	LGD (%)	0.0225	0.0441	0.0482	0.0482	0.0537
	EL (%)	0.0002	0.0094	0.0222	0.0362	0.0537
40% < LTV ≤ 80%	PD (%)	1.9158	27.4332	52.0824	78.9511	100.0000
	LGD (%)	2.1955	2.8233	2.9192	2.9192	3.0413
	EL (%)	0.0421	0.7745	1.5204	2.3047	3.0413
80% < LTV ≤ 90%	PD (%)	2.5150	27.9300	52.5800	79.6952	100.0000
	LGD (%)	21.5527	21.6600	21.9200	22.1331	22.2310
	EL (%)	0.5421	6.0496	11.5255	17.6390	22.2310
LTV > 90%	PD (%)	2.7400	28.4300	53.0800	80.3677	100.0000
	LGD (%)	27.2000	29.0300	29.5900	30.1558	30.2436
	EL (%)	0.7453	8.2532	15.7064	24.2355	30.2436

Note 2 – Summary of significant accounting policies (continued)

(qq) Loans and receivables from customers (continued)

(qq.5) Loan loss provisions (continued)

(qq.5.3) Standard method for calculating residential mortgage loan provisions (continued)

Where:
PD = Probability of default
LGD = Loss given default
EL = Expected Loss
LTV = Loan to value ratio (Outstanding loan principal / Value of the mortgage guarantee)

If the same debtor has more than one mortgage loan with the Bank and one loan is more than 90 days overdue, all loans will be classified within the default portfolio and provisions will be calculated for each loan based on its respective LTV percentages.

(qq.5.4) Default portfolio

The default portfolio includes all loans and 100% of contingent loans of debtors with interest or principal payments more than 90 days overdue as of month end. It also includes debtors to which loans were made to cover other loans more than 60 days overdue, as well as debtors that have undergone forced restructuring or received partial debt relief.

The following may be excluded from the default portfolio: a) residential mortgage loans that are less than 90 days overdue unless the debtor has another loan of the same type that is more days overdue and b) student loans (Law 20,027) that do not yet present the default conditions contained in Ruling 3,454 dated December 10, 2008.

All loans due from the debtor must be held in the Default Portfolio until their payment capacity and behavior recovers, notwithstanding that each particular loan that complies with the conditions indicated in point (vi) of this letter must be charged off. In order to remove a debtor from the default portfolio, once the circumstances that led it to be classified as such according to these rules no longer exist, at least the following copulative conditions must be met:

- The debtor has no obligation to the Bank that is more than 30 calendar days overdue.
- The debtor has not been granted any new refinancing to pay his or her obligations.
- At least one of the payments made was on the principal. (This condition does not apply in the case of debtors who only have loans to finance higher education in accordance with Law 20,027).
- If the debtor has any loan with partial payments within a period of less than six months, two payments have already been made.
- If the debtor must pay monthly installments for one or more loans, four consecutive installments have been paid.
- The debtor does not appear with direct outstanding debt in the information disclosed by the SBIF, except for insignificant amounts.

Note 2 – Summary of significant accounting policies (continued)

(qq) Loans and receivables from customers (continued)

(qq.6) Loan charge-offs

As a general rule, charge-offs are made when the contractual rights to the cash flows expire. In the case of loans, the respective asset balances are charged off even when this does not occur.

Charge-offs refer to the deduction of the asset corresponding to the respective transaction in the consolidated statement of financial position, including that part that might not yet be due in the case of a loan with partial repayments, or a lease transaction.

Charge-offs should always be made by using the loan loss provisions made whatever the reason for the charge-off.

(qq.6.1) Charge-off of loans and receivables

Loans and receivables other than lease transactions should be charged-off in the following circumstances, whichever occurs first:

a) The Bank concludes that it will obtain no cash flow from the asset, based on all available information.
b) When a credit without enforceable title passes more than 90 days recognized as an asset.
c) When the period of limitations of actions expires through the statute of limitations for demanding recovery by executive judgment or when the enforcement of the title by court resolution is rejected or abandoned.
d) When the period of default of a transactions reaches the term for charge-off according to the following:

Type of Loan	**Term**
Consumer loans with or without collateral	6 months
Other transactions without collateral	24 months
Commercial loans with collateral	36 months
Residential mortgage loans	48 months

The term represents the time elapsed since the date on which payment of all or part of the obligation in default became due.

(qq.6.2) Charge-off of lease transactions

Assets relating to lease transactions should be charged off in the following circumstances, whichever occurs first:

a) The Bank concludes that there is no possibility of recovery of the lease income and that the value of the asset cannot be considered for the recovery of the contract, whether because it is not in the possession of the lessee, due to its present condition, because of the expenses involved in its recovery, transfer and maintenance, due to technological obsolescence or there is no information about its present whereabouts or condition.

b) When actions expire through the statute of limitations for demanding recovery by executive judgment or when the enforcement of the title by court resolution is rejected or abandoned.

Note 2 – Summary of significant accounting policies (continued)

(qq) Loans and receivables from customers (continued)

(qq.6) Loan charge-offs (continued)

(qq.6.2) Charge-off of lease transactions (continued)

c) When the period of default of a contract reaches the term for charge-off according to the following:

Contract Type	Term
Consumer lease	6 months
Other non-real estate lease transactions	12 months
Real estate leases (commercial or residential)	36 months

The term relates to the time since the due date of payment of a lease installment in default.

(qq.7) Recovery of charged-off loans

Subsequent payments received with respect to charged-off loans are shown directly as income in the consolidated statement of comprehensive income, under Loan loss provisions.

In the event of the recovery of assets, this income will be recognized in the statement of income at the value it is incorporated into assets. The same criterion follows if the assets leased are recovered after the charge-off of a lease operation, by their incorporation into assets.

(qq.8) Restructuring of charged-off loans

Any restructuring of a charged-off loan does not generate income while the transaction continues in a state of default, treating the effective payments received as recoveries of charged-off loans, as indicated above.

A restructured loan can only therefore be returned to assets if its ceases to be impaired, recognizing also the return to assets as a recovery of charged-off loans.

The same approach should be followed in the event that a loan is granted to pay a charged-off loan.

(rr) Investment instruments

Investment securities are classified into two categories: Investments held to maturity and Instruments held for sale. Investments held to maturity include only those instruments for which there is the capacity and intention of holding them until their maturity. All other investment securities are considered available for sale.

Investment instruments held to maturity are recognized at their cost, plus accrued interest and indexation adjustments, less provisions for impairment recorded when the amount recognized exceeds the estimated recovery value.

Note 2 – Summary of significant accounting policies (continued)

(rr) Investment instruments (continued)

A financial asset classified as held for sale is initially recognized at cost plus transaction costs directly attributable to its acquisition. Instruments held for sale are later valued at their fair value according to market prices or valuations obtained by the use of models. Unrealized gains or losses arising from changes in their fair value are shown as a credit or charge to equity accounts (Other comprehensive income). When these investments are disposed of or impaired, the amount of the accumulated adjustments to fair value are transferred to income and reported under Net gain (loss) from financial transactions.

Interest and indexation adjustments on investment instruments held to maturity and on those held for sale are included in Interest and indexation income.

Investment instruments that are the subject of hedge accounting are adjusted according to the rules for recognizing hedges, in accordance with Note 2 (pp).

The Bank has no investment instruments held to maturity as of December 31, 2018 and 2017.

(ss) Intangible assets

Intangible assets are identified as non-monetary assets (separate from other assets) without physical substance that arise as a result of a legal transaction or are developed internally by the consolidated entities. They are assets whose cost can be estimated reliably and for which the entities consider it probable that future economic benefits will accrue to the Bank or its subsidiaries. Intangible assets are recognized initially at acquisition cost and are subsequently measured at their cost less any accumulated amortization or any accumulated impairment.

Software or computer programs acquired by the Bank and its subsidiaries are recognized at cost less accumulated amortization and the accumulated losses for impairment.

Subsequent expenses in programs are capitalized only when the future economic benefits integrated in the specific related asset increase. All other expenses are recorded as expenses when incurred.

Amortization is booked to income using the straight-line amortization method based on the estimated useful life of the software, from the date on which it is available for use. The estimated useful life of software is a maximum of 6 years.

(tt) Property, plant and equipment

Property, plant and equipment includes the amount of land, properties, movable assets, vehicles, computer equipment and other installations owned by the consolidated entities and that are used in the entity's business. These assets are valued at their historic cost less the corresponding accumulated depreciation and impairments. This cost includes expenses that have been directly attributed to the asset's acquisition.

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of each part of an item of fixed assets.

Note 2 – Summary of significant accounting policies (continued)

(tt) Property, plant and equipment (continued)

The estimated average useful lives for 2018 and 2017 are:

Buildings	50 years
Installations	10 years
Equipment	5 years
Furniture	5 years

Conservation and maintenance expenses of the assets of own use are charged to the income of the year in which they are incurred.

(uu) Current and deferred taxes

The provision for income tax of the Company and its subsidiaries has been determined in accordance with current legislation.

The Bank and its subsidiaries recognize, when appropriate, deferred tax assets and liabilities for the future estimate of the tax effects attributable to timing differences between the book values of assets and liabilities and their values for tax purposes. Deferred tax assets and liabilities are measured on the basis of the tax rate which, under current taxation legislation, should be applied in the year in which deferred tax liabilities are settled. The future effects of changes in tax legislation or taxation rates are recognized in deferred taxes from the date on which the law approving these changes is published.

Deferred tax assets are recognized only when it is likely that future tax profits will be sufficient to recover deductions for temporary differences. Deferred taxes are presented in the consolidated statement of financial position in accordance with IAS 12 "Income Taxes" as instructed by the SBIF.

(vv) Assets received in lieu of payment

Assets received or awarded in lieu of payment of loans and receivables from customers are recognized, in the case of payments in kind, at the price agreed between the parties or, where no such agreement exists, for the amount that the Bank is awarded them at a court auction.

Assets received in lieu of payment are classified in Other assets, are recognized at the lower of adjudication cost and fair value less regulatory write offs, and are shown net of provisions. The SBIF requires a write off if the asset is not sold within one year of its reception.

(ww) Investment properties

Investment properties are real estate assets held to earn rental income or for capital appreciation or both, but are not held for sale in the ordinary course of business or used for administrative purposes. Investment properties are valued at cost less the corresponding accumulated depreciation and impairments and are shown in Other assets.

Note 2 – Summary of significant accounting policies (continued)

(xx) Debt instruments issued

Financial instruments issued by the Bank are classified in the statement of financial position as Debt instruments issued, in which the Bank has an obligation to provide cash or another financial asset to the bearer, or to meet the obligation by an exchange of the agreed amount of cash.

The obligation is valued at amortized cost using the effective interest method. The amortized cost is calculated taking into account any discount, premium or cost directly related to the issue.

(yy) Provisions, contingent assets and liabilities

Provisions are liabilities involving uncertainty about their amount or maturity. They are recorded in the consolidated statement of financial position when the following copulative requirements are met:

(i) it is a current obligation as a result of past events, and

(ii) at the date of the financial statements it is probable that the Bank or its subsidiaries have to expend resources in settling the obligation and the amount of these resources can be measured reliably.

A contingent asset or liability is a right or obligation from past events whose existence will only be confirmed if one or more uncertain future events occur and which are outside the control of the Bank.

The following are classified as contingent in complementary information:

i. Guarantees and sureties: Comprise guarantees, sureties and stand-by letters of credit. They also include guarantees of payment by buyers in factoring transactions.

ii. Confirmed foreign letters of credit: This includes foreign letters of credit confirmed by the Bank.

iii. Documentary letters of credit: This includes documentary letters of credit issued by the Bank that have not yet been negotiated.

iv. Performance bonds granted against promissory notes.

v. Unrestricted credit lines: The unused amount of credit lines from which customers may draw without prior approval by the Bank (for example, credit cards or checking account overdrafts).

vi. Other loan commitments: Amounts not drawn under committed loans that have to be disbursed at an agreed future date or on the occurrence of events previously contracted with the customer, as happens with lines of credit linked to the progress of construction or similar projects.

Note 2 – Summary of significant accounting policies (continued)

(yy) Provisions, contingent assets and liabilities (continued)

vii. Other contingent loans: Any other kind of commitment by the entity that might give rise to an effective loan on the occurrence of future events. These are generally infrequent transactions like the pledge of instruments to guarantee the payment of loan transactions between third parties or transactions with derivatives contracted on behalf of third parties that might imply a payment obligation and are not covered by deposits.

Credit risk exposure on contingent liabilities:

To calculate the provisions for contingent liabilities, as indicated in Chapter B-3 of the Compendium of Accounting Regulations of the SBIF, the amount of exposure to be considered is equivalent to the percentage of the amounts of contingent liabilities as indicated below:

Contingent liability	Exposure
a) Guarantees	100%
b) Confirmed foreign letters of credit	20%
c) Documentary letters of credit issued	20%
d) Performance bonds (*)	50%
e) Unrestricted credit lines	35%
f) Other credit commitments:	
- Tertiary education loans under Law 20,027	15%
- Others	100%
g) Other contingent liabilities	100%

However, with respect to transactions with customers that have overdue loans as indicated in Chapter B-1 of the Compendium of Accounting Regulations of the SBIF, Impaired and/or Charged-Off Loans, this exposure will always be the equivalent of 100% of the contingent liabilities.

(zz) Provision for minimum dividends

In accordance with SBIF's Accounting Compendium, the Company and its subsidiaries reflect in liabilities the proportion of net income for the year to be distributed in compliance with the Corporations Law, its bylaws, agreements or dividend policies. A provision is therefore made against a complementary equity account of retained earnings.

To calculate the provision for minimum dividends, the distributable net income is taken into account which, according to the Bank's bylaws, is calculated by deducting from or adding to net income the indexation adjustment on share capital and reserves due to variations in the consumer price index.

Note 2 – Summary of significant accounting policies (continued)

(aaa) Employee benefits

(aaa.1) Employee vacations

The annual cost of employee vacations and benefits is recorded on an accrual basis.

(aaa.2) Short-term benefits

The entity offers its employees an annual incentives plan for compliance with objectives and individual contribution to results, consisting of a certain number or portion of monthly salaries, and the provision is made on the basis of the estimated amount to be distributed.

(aaa.3) Termination benefits

The Bank has agreed with part of its personnel the payment of an indemnity to those completing 30 or 35 years of service should they retire from the institution. This obligation includes the accrued proportional part for those personnel who will be able to exercise the right to this benefit and who have still not acquired it at the end of the year.

The obligations under this defined benefits plan are valued according to the projected credit-unit method, including as variables the personnel turnover rate, expected salary growth, and the probability of use of this benefit, discounted at the current rate for long-term operations (4.25% as of December 31, 2018 and 4.53% as of December 31, 2017).

The discount rate used is the rate on Chilean Central Bank 10-year bonds in pesos (BCP).

Actuarial gains and losses resulting from actuarial changes are recognized in Other comprehensive income. There are no other additional costs that should be recognized by the Bank.

(bbb) Interest and indexation income and expenses

Interest and indexation income and expenses are recognized in the statement of income using the effective interest method. The effective interest rate is the discount rate that exactly equates the estimated cash inflows and outflows over the expected life of the financial instrument (or, when appropriate, in a shorter period) with the net book value of the financial asset or liability. To calculate the effective interest rate, the Bank determines cash flows by taking into account all contractual conditions of the financial instrument, excluding future credit losses.

The calculation of the effective interest rate includes all the commissions and other concepts paid or received that form part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the purchase or issuance of a financial asset or liability.

In the case of the impaired portfolio and the current portfolio with a high risk of non-payment, a prudent policy has been followed of suspending the accrual of interest and indexation in the income accounts; these are recognized as and when they are received. Suspension occurs in the following cases:

Note 2 – Summary of significant accounting policies (continued)

(bbb) Interest and indexation income and expenses (continued)

Individually-evaluated loans

- Loans classified in categories C5 and C6: The accrual is suspended by the mere fact of being in the impaired portfolio.
- Loans classified in categories C3 and C4: The accrual is suspended for having been three months in the impaired portfolio.

Group-evaluated loans

- Any loan, except those with collateral above 80%: The accrual is suspended when the loan or one of its installments is overdue more than six months.

However, recognizing income on loans subject to individual evaluation can be continued for the accrual of interest and indexation, which is being paid normally and corresponds to obligations whose flows are independent, such as project financing.

Suspending recognition on an accrual basis means that while loans are in the impaired portfolio, the respective assets included in the Consolidated Statement of Financial Position will not accrue interest, undergo indexation or incur commissions and no income will be recorded for these concepts in the Consolidated Statement of Income unless it is effectively received.

(ccc) Fee income and expenses

Fee income and expenses are recognized in the consolidated statements of income using the criteria set out in IFRS 15 "Revenue from contracts with customers."

Under IFRS 15, revenue is recognized in accordance with the terms of customer contracts. Revenue is recognized as it meets the performance obligations by transferring goods or services committed to the customer.

Under IFRS 15, revenue is recognized using various criteria depending on its nature. The most significant criteria are:

- Fees earned from an individual event are recognized once the event has taken place.
- Fees that arise from transactions or services that are extended over time, during the life of such transactions or services.
- Fees on commitments and other fees related to loan transactions are deferred (together with the incremental costs related directly to the placement) and recognized as an adjustment to the effective interest rate of the placement. In the case of loan commitments, when there is uncertainty about the date of effective placement, the fees are recognized in the year of the commitment originating them on a straight-line basis.

Note 2 – Summary of significant accounting policies (continued)

(ccc) Fee income and expenses (continued)

Fees recognized by the Bank are primarily:

- Fees for credit lines and overdrafts: accrued during the period related to the availability of credit lines and current account overdrafts.
- Fees for guarantees and letters of credit: accrued in the period related to the guarantees covering payments for actual or contingent obligations of third parties.
- Fees for card services: accrued for the period that the credit cards, debit cards and other cards were used.
- Fees for account management: includes fees to maintain current accounts and deposit accounts.
- Fees on collections and payments: includes fees for collection and payment services provided by the Bank.
- Fees for brokerage and securities management: includes fees for securities brokerage, placement, management and custody services.
- Fees for brokering insurance: includes the commissions on insurance policies sold.
- Fees for investments in mutual funds and other fees: includes mutual fund management.
- Other fees: includes fees on foreign currency exchange services, financial consulting, distribution channel use, brand use, placement of financial products, cash transfers, and other fees.

Fee expenses include:

- Fees payable for card transactions: includes fees for operating credit and debit cards.
- Interbank transactions: fees paid to the automated clearing house for transactions.
- Fees for securities transactions: includes securities deposit, custody and brokerage.
- Other fees: includes fees for collection, payments and other online services.

(ddd) Identification and measurement of impairment

(ddd.1) Financial assets other than loans and receivables

A financial asset is revised every year and fundamentally on the date of its closing to determine whether there is objective evidence to show that an event that causes a loss has occurred after initial recognition of the asset, which impacts the estimated future cash flows of the financial asset, and can be reliably calculated.

A loss for impairment relating to financial assets (other than loans and receivables) recognized at amortized cost is calculated as the difference between the book value of the asset and the present value of the estimated cash flows, discounted at the effective interest rate.

An impairment loss relating to a financial asset held for sale is calculated by reference to its fair value. In this case, objective evidence includes a significant and prolonged drop in the fair value of the investment below the original investment cost.

Note 2 – Summary of significant accounting policies (continued)

(ddd) Identification and measurement of impairment (continued)

(ddd.1) Financial assets other than loans and receivables (continued)

If there is evidence of impairment, any amounts previously recognized in equity, net gains (losses) not recognized in the statement of income, are removed from equity and recognized in the statement of income for the year, shown as Net gains (losses) relating to financial assets held for sale. This amount is determined as the difference between cost (net of any reimbursement and amortization) and the present fair value of the asset, less any loss for impairment on that investment previously recognized in the statement of income.

When the fair value of debt instruments held for sale recovers to at least their amortized cost, these are no longer considered as impaired instruments and later changes in their fair value are recognized in equity.

All impairment losses are recognized in the income statement. Any accumulated loss in relation to a financial asset held for sale recognized previously against equity is transferred to the statement of income.

An impairment loss can only be reversed if it can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the statement of income up to the amount previously recognized as impaired. In the case of financial assets recognized at amortized cost, and those held for sale, the reversal is recognized in the statement of income.

(ddd.2) Non-financial assets

The book value of the non-financial assets of the Bank and its subsidiaries, excluding investment properties and deferred tax assets, is revised throughout the year and fundamentally on the date of its closing to determine whether there are indications of impairment. If there are, then the recoverable amount from the assets is estimated.

Losses for impairment recognized in previous years are evaluated on each reporting date to detect any indication that the loss has diminished or disappeared. An impairment loss is reversed if there has been a change in the estimations used to determine the recoverable amount, provided the reversal does not exceed the book value.

The Bank evaluates whether there are indications that an asset might be impaired at each reporting date and continually. If there are, the Bank estimates the recoverable amount from the asset. The recoverable amount of an asset is the difference between the fair value less the costs of sale and the value of the asset in use. When the book value of the asset exceeds the recoverable amount, the asset is considered to be impaired and the difference between both values is written off to reflect the asset at its recoverable value. In evaluating the value in use, the estimated cash flows are discounted to their present value, using a discount rate that reflects current conditions in the money market at the time and the specific risks of the asset. An appropriate evaluation model is used to determine the fair value less the cost of sale. These calculations are checked against multiple valuations, share prices and other indicators of fair value.

Impairment losses related to goodwill cannot be reversed in future years.

Note 2 – Summary of significant accounting policies (continued)

(eee) Finance and operating leases

(eee.1) The Bank as lessor

Assets leased to customers under contracts that substantially transfer all the risks and property recognitions, with or without legal title, are classified as finance leases. When the assets retained are subject to a finance lease, the assets leased cease to be accounted for and a receivable is recognized, equal to the minimum amount of the lease payment, after discounting the lease's interest rate. The initial negotiation expenses in a finance lease are incorporated in the receivable through the discount rate applied to the lease. Lease revenue is recognized on lease terms based on a model that constantly reflects a periodic rate of return on the net lease investment.

Assets leased to customers under contracts that do not substantially transfer all the rights and benefits of the asset are classified as operating leases.

Investment properties rented under operating leases are included in Other assets in the statement of financial position and depreciation is determined on the book value of these assets, systematically applying a proportion of the value over the economic use during the estimated useful life. Lease revenue is recognized on a straight-line basis over the term of the lease.

(eee.2) The Bank as lessee

Assets under finance leases are initially recognized in the statement of financial position at an amount equal to the fair value of the asset leased or, if lower, the present value of the minimum payments. As of December 31, 2018 and 2017, the Bank and its subsidiaries have no contracts of this nature.

Operating leases are recognized as expenses on a straight-line basis over the term of the lease, which begins when the lessee controls the physical use of the asset. Lease incentives are treated as a reduction in lease expenses and are also shown over the term of the lease on a straight-line basis. Contingent leases that arise under operating leases are recognized as an expense in the years in which they are incurred.

(fff) Fiduciary activities

The Bank provides trust commissions and other fiduciary services that result in the investment of assets on behalf of customers. The assets held in a fiduciary capacity are not reported in the financial statements as they are not assets of the Bank.

(ggg) Customer loyalty program

The Bank has a loyalty program that provides incentives to its customers, enabling them to acquire goods and/or services in exchange for prize points called "dólares premio" (prize dollars) which are granted as a function of purchases made with the Bank's credit cards and compliance with certain conditions established in the program. The exchange of the "dólares premios" is made by a third party. These benefit programs are fully provisioned to meet their future performance obligations, in accordance with IFRS 15.

Note 2 – Summary of significant accounting policies (continued)

(hhh) Additional provisions

In accordance with the rules issued by the SBIF, banks may establish additional provisions beyond those resulting from applying their portfolio evaluation models, in order to safeguard against the risk of unpredictable economic fluctuations that may affect the macroeconomic environment or a specific economic sector.

These provisions are designed to guard against the risk of macroeconomic fluctuations and should anticipate the reversal of expansionary economic cycles that could lead to future economic conditions deteriorating and thus function as a countercyclical mechanism to accumulate additional provisions when the scenario is favorable and release them or allocate them to specific provisions when external conditions deteriorate.

As a result, additional provisions must always correspond to general provisions on commercial, mortgage or consumer loans, or on identified segments, and in no case may they be used to offset deficiencies in the models used by the Bank.

As of December 31, 2018, the additional provisions were ThCh$213,251,877, which are presented in "Provisions" in the liabilities of the consolidated statement of financial position.

(iii) Reclassifications

There have been no other significant reclassifications during 2018.

Note 3 - Changes in accounting policies

The accounting policies described in the consolidated financial statements as of December 31, 2018, reflect the amendments required by IFRS 15 and IFRS 9, which came into effect on January 1, 2018. The initial effect of applying this standard is as follows:

a) The basic principle under IFRS 15 is that an entity recognizes operating revenue that represents the transfer of goods or services promised to customers for an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. An entity recognizes operating revenue in accordance with this basic principle by applying the following 5 steps:

Step 1 - Identify the contract(s) with a customer.
Step 2 - Identify the performance obligations in the contract.
Step 3 - Determine the transaction price.
Step 4 - Assign the transaction price to the performance obligations.
Step 5 - Recognize operating revenue when or to the extent that the entity satisfies a performance obligation.

Applying this new standard had no significant impact on the Company and its subsidiaries, so there were no accounting consequences in 2018.

b) The Company and its subsidiaries have evaluated the impact of applying IFRS 9, which includes identifying gaps between the criteria for classifying and measuring financial instruments and those currently used, and the impact of applying an expected loss model to determine financial asset impairment. An evaluation indicates that there are no significant changes to the classification and measurement of financial assets as a result of applying IFRS 9.

The application of these new standards affected the subsidiaries Invexans, Enex and SM SAAM, in addition to the associate Inversiones y Rentas. The evaluation carried out by Invexans did not identify any other companies affected by these new standards except for its associate Nexans S.A. (France) for ThCh$ (2,782,187). In the case of the subsidiary Enex the effect amounted to ThCh$ (701,571), and for its subsidiary SM SAAM to ThCh$ (97,781). In addition, the associate Inversiones y Rentas was affected by applying IFRS 9 to its subsidiary CCU for ThCh$ (63,362). These amounts were disclosed in the statements of changes in equity.

Note 4 – Cash and cash equivalents

a) As of December 31, 2018 and 2017, these are detailed as follows.

	12/31/2018 ThCh$	12/31/2017 ThCh$
Cash on hand	7,728,527	2,127,873
Bank balances	57,039,485	51,977,553
Time deposits up to 90 days	210,353,035	203,289,127
Investments under repurchase agreements	20,275,849	15,819,308
Total	**295,396,896**	**273,213,861**

As indicated in Note 2 f) and z), the consolidated statement of cash flows includes the banking subsidiaries which are shown separately in that statement. The previous detail does not therefore include the cash and cash equivalents of the banking subsidiaries. Similarly, the balances that Quiñenco and its subsidiaries maintain in checking accounts, time deposits and other investments with Banco de Chile, amounting to ThCh$15,521,275 as of December 31, 2018 (ThCh$35,337,494 as of December 31, 2017), have been eliminated in the preparation of these consolidated financial statements.

b) Cash and cash equivalents by currency are detailed as follows:

	Currency		12/31/2018 ThCh$	12/31/2017 ThCh$
Cash and cash equivalents	CLP	(Chilean pesos)	84,876,546	49,189,997
Cash and cash equivalents	USD	(US dollars)	204,421,653	214,904,398
Cash and cash equivalents	EUR	(Euros)	127,125	1,344,349
Cash and cash equivalents	BRL	(Brazilian reals)	9,727	212,916
Cash and cash equivalents	COP	(Colombian pesos)	1,831	21,063
Cash and cash equivalents	OTR	(Other currencies)	5,960,014	7,541,138
Total			**295,396,896**	**273,213,861**

c) Reconciliation between cash and cash equivalents shown in the consolidated statement of financial position and that shown in the consolidated statement of cash flows.

	12/31/2018 ThCh$	12/31/2017 ThCh$
Cash and cash equivalents in non-banking sector	295,396,896	273,213,861
Discontinued companies	72,007	305,478
Cash and cash equivalents in banking sector		
Cash	624,861,697	522,868,909
Deposits in the Chilean Central Bank	121,806,949	162,420,335
Deposits with banks in Chile	26,697,565	9,921,840
Deposits abroad	106,713,961	362,181,239
Transactions pending settlement (net)	244,759,098	226,096,921
Highly liquid financial instruments	1,123,070,538	719,068,192
Repurchase agreements	72,629,707	76,838,578
Cash and cash equivalents in the consolidated statement of cash flows	**2,616,008,418**	**2,352,915,353**

Note 4 – Cash and cash equivalents (continued)

d) Significant unavailable cash balances

As of December 31, 2017, there were no restrictions on cash and cash equivalents. However, the subsidiary Tech Pack S.A. had cash and cash equivalents of at least ThUS$28,493, given that prior to the deadline, Amcor made certain claims with respect to a share sale contract signed on April 18, 2016, which had not been resolved by the parties.

As of December 31, 2018, there were no restrictions on cash and cash equivalents.

The funds held in cash and cash equivalents with the Chilean Central Bank meet the banking sector regulations for reserve requirements that the Bank must hold on an average monthly basis.

As of December 31, 2018 and 2017, the Parent company and subsidiaries have no other significant amounts of cash and cash equivalents that are unavailable for use.

Note 5 – Other financial assets, current

As of December 31, 2018 and 2017, these are detailed as follows.

	12/31/2018 ThCh$	12/31/2017 ThCh$
Time deposits at more than 90 days	234,386,227	183,431,718
Investments in mutual funds	2,150,678	810,266
Hedging assets	7,642	44,262
Others	-	106,967
Total	**236,544,547**	**184,393,213**

These do not include time deposits maturing in more than 90 days held by Quiñenco and its subsidiaries with Banco de Chile, amounting to ThCh$60,054,925 as of December 31, 2018 (ThCh$12,276,790 in 2017), which were eliminated on consolidation.

(a) Hedging assets

The fair value of current hedging assets is detailed as follows:

Hedge classification	Hedge description	Hedged risk	Hedge currency	Current		Fair values	
				12/31/2018 ThCh$	12/31/2017 ThCh$	12/31/2018 ThCh$	12/31/2017 ThCh$
Forward	Cash flow hedge instruments	Exchange rate fluctuations	Chilean pesos	7,642	44,262	7,642	44,262
	Total hedging assets			**7,642**	**44,262**	**7,642**	**44,262**

Note 6 – Other non-financial assets, current

As of December 31, 2018 and 2017, these are detailed as follows.

	12/31/2018 ThCh$	12/31/2017 ThCh$
Dividends receivable	27,049,579	11,063,838
Advance payments to suppliers	6,344,075	6,142,231
VAT recoverable	6,333,409	5,723,951
Others	1,257,644	1,890,025
Total	**40,984,707**	**24,820,045**

Note 7 – Trade and other receivables

As of December 31, 2018 and 2017, these are detailed as follows.

	12/31/2018 ThCh$	12/31/2017 ThCh$
Trade receivables	214,644,022	212,873,342
Other receivables	37,006,246	44,356,151
Allowance for doubtful accounts	(18,264,929)	(19,980,118)
Total	**233,385,339**	**237,249,375**
Less: Other receivables, non-current (1)	(10,999,599)	(12,239,058)
Current trade and other receivables	**222,385,740**	**225,010,317**

(1) The balance of Other non-current receivables mainly consists of loans to entities abroad with various interest rates and collection periods, which are duly documented by these debtors.

The maturities of current trade and other receivables are detailed as follows:

	12/31/2018				12/31/2017			
Overdue ranges	No. Clients portfolio not renegotiated	Gross portfolio not renegotiated ThCh$	No. Clients renegotiated portfolio	Gross renegotiated portfolio ThCh$	No. Clients portfolio not renegotiated	Gross portfolio not renegotiated ThCh$	No. Clients renegotiated portfolio	Gross renegotiated portfolio ThCh$
Not yet due	1,005,360	201,485,906	-	-	1,134,865	210,433,207	-	-
1-30 days	33,925	20,554,748	-	-	8,242	19,892,309	-	-
31-60 days	15,084	5,210,445	-	-	1,935	3,472,901	-	-
61-90 days	11,585	4,695,077	-	-	1,152	1,278,200	-	-
91-120 days	2,923	900,007	-	-	1,539	1,237,253	-	-
121-150 days	790	464,622	-	-	595	459,113	-	-
151-180 days	459	372,513	-	-	474	527,373	-	-
181-210 days	304	265,234	-	-	566	228,710	-	-
211-250 days	230	53,180	-	-	474	90,370	-	-
Over 250 days	4,251	17,648,536	-	-	5,311	19,610,057	-	-
Total	**1,074,911**	**251,650,268**	**-**	**-**	**1,155,153**	**257,229,493**	**-**	**-**

Unsecuritized portfolio	12/31/2018		12/31/2017	
	No. Clients	Portfolio ThCh$	No. Clients	Portfolio ThCh$
Documents receivable rejected	10	597,502	17	580,939
Documents receivable under legal collection procedures	1	4,863	5	14,139

Provisions							
12/31/2018				12/31/2017			
Portfolio not renegotiated ThCh$	Renegotiated portfolio	Charge offs for period ThCh$	Recoveries for period ThCh$	Portfolio not renegotiated ThCh$	Renegotiated portfolio	Charge offs for period ThCh$	Recoveries for period ThCh$
(18,264,929)	-	3,951,381	400,883	(19,980,118)	-	697,970	1,215,362

As of December 31, 2018 and 2017, the Company had no clients classified in the securitized portfolio category.

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Note 8 – Related party balances and transactions

(a) Related party receivables and payables

	ID number	Country	Transaction	Relationship	Currency	Current assets		Non-current assets		Current liabilities		Non-current liabilities	
						12/31/2018 ThCh$	12/31/2017 ThCh$	12/31/2018 ThCh$	12/31/2017 ThCh$	12/31/2018 ThCh$	12/31/2017 ThCh$	12/31/2018 ThCh$	12/31/2017 ThCh$
Minera Los Pelambres S.A.	96.790.240-3	Chile	Invoices	Common shareholder	CLP	5,581,271	4,179,780	-	-	-	-	-	-
Embotelladoras Chilenas Unidas S.A.	99.501.760-1	Chile	Invoices	Subsidiary of joint venture	CLP	31,034	131,664	-	-	224	224	-	-
Sociedad Nacional de Oleoductos S.A.	81.095.400-0	Chile	Invoices	Associate of subsidiary	CLP	-	-	-	-	34,968	27,259	-	-
Sociedad de Inversiones de Aviación S.A.	82.040.600-1	Chile	Invoices	Associate of subsidiary	CLP	-	-	-	-	103,002	38,736	-	-
Comercial CCU S.A.	99.554.560-8	Chile	Invoices	Subsidiary of joint venture	CLP	10,945	8,440	-	-	146,618	184,375	-	-
Asfaltos Cono Sur S.A.	96.973.920-8	Chile	Invoices	Joint venture of subsidiary	CLP	62,679	51,213	-	-	-	660,086	-	-
Ferrocarril Antofagasta Bolivia S.A.	81.148.200-5	Chile	Invoices	Common shareholder	CLP	1,000,408	1,018,738	-	-	-	-	-	-
Minera Antucoya	76.079.669-7	Chile	Invoices	Common shareholder	CLP	2,301,983	2,851,861	-	-	-	-	-	-
Minera Centinela	76,727,040-2	Chile	Invoices	Common shareholder	CLP	11,349,345	7,561,933	-	-	-	-	-	-
Nexans Brasil S.A. (1)	Foreign	Brazil	Legal settlement	Associate of subsidiary	USD	-	-	-	-	105,549	109,105	-	-
Hapag Lloyd Chile SpA	76.380.217-5	Chile	Services	Associate of subsidiary	CLP	46,550	56,557	-	-	1,390	-	-	-
Hapag Lloyd Chile S.A.	76.049.840-8	Chile	Services	Associate of subsidiary	USD	1,615,340	1,547,941	-	-	-	67,008	-	-
Hapag Lloyd AG	Foreign	Germany	Services	Joint venture of subsidiary	USD	2,422,663	657,168	-	-	-	-	-	-
Hapag Lloyd AG Mexico S.A. de C.V.	Foreign	Mexico	Services	Associate of subsidiary	USD	219,547	137,704	-	-	-	-	-	-
Norgistic Chile S.A.	76.028.758-K	Chile	Services	Associate of subsidiary	CLP	45,855	73,770	-	-	-	-	-	-
CSAV Austral SpA	89.602.300-4	Chile	Current account	Associate of subsidiary	USD	178,556	-	-	-	-	-	-	-
Consorcio Naviero Peruano S.A.	Foreign	Peru	Current account	Associate of subsidiary	USD	-	-	-	-	-	9,221	-	-
Terminal Puerto Arica S.A.	99.567.620-6	Chile	Dividend	Associate of subsidiary	USD	-	1,844	-	-	11,117	15,369	-	-
Transportes Fluviales Corral S.A.	96.657.210-8	Chile	Services	Associate of subsidiary	CLP	20,148	55,942	-	-	-	-	-	-
Iquique Terminal Internacional S.A.	96.915.330-0	Chile	Current account	Associate of subsidiary	USD	34,497	19,224	-	-	-	10,451	-	-
Antofagasta Terminal Internacional S.A.	99.511.240-K	Chile	Services	Associate of subsidiary	CLP	179,251	171,515	-	-	-	10	-	-
San Antonio Terminal Internacional S.A.	96.908.970-K	Chile	Services	Associate of subsidiary	CLP	170,858	230,043	-	-	52,108	38,748	-	-
San Antonio Terminal Internacional S.A.	96.908.970-K	Chile	Dividends	Associate of subsidiary	CLP	-	288,318	-	-	-	-	-	-
Lng Tugs Chile S.A.	76.028.651-6	Chile	Services	Associate of subsidiary	USD	42,381	121,720	-	-	-	-	-	-
Servicios Portuarios Reloncaví Ltda.	78.353.000-7	Chile	Services	Associate of subsidiary	CLP	177,166	7,377	-	-	-	-	-	-
San Vicente Terminal Internacional S.A.	96.908.930-0	Chile	Services	Associate of subsidiary	USD	37,518	69,467	-	-	-	-	-	-
Agencias Universales S.A.	96.566.940-K	Chile	Services	Associate of subsidiary	CLP	-	105,737	-	-	-	9,836	-	-
Tug Brasil Apoio Marítimo Portuario S.A.	Foreign	Brazil	Services	Associate of subsidiary	USD	688,517	607,988	-	-	115,332	142,622	-	-
Luckymont	Foreign	Uruguay	Loan	Associate of subsidiary	USD	-	127,253	-	-	-	-	-	-
Inmobiliaria Carriel Ltda.	76.140.270-6	Chile	Services	Associate of subsidiary	USD	-	3,689	-	-	-	-	-	-
SAAM SMIT Towage Brasil	Foreign	Brazil	Dividends	Associate of subsidiary	USD	1,927,292	-	-	-	-	-	-	-
Transbordadora Austral Broom S.A.	82.074.900-6	Chile	Dividends	Associate of subsidiary	USD	-	-	-	-	2,083	-	-	-
Others	-	-	Invoices		CLP	53,839	90,786	-	-	20,021	72,019	-	-
Total						28,197,643	20,177,672	-	-	592,412	1,385,069	-	-

(1) The recognition of loans related to lawsuits in Brazil arising from the sales contract of the Cable Unit. For legal purposes (Law 18045 and 18046) Nexans Brasil S.A. is not related to Invexans S.

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Note 8 – Related party balances and transactions (continued)

(b) Significant transactions with related parties

The criterion of the parent company is to classify the rights with its associates with respect to dividends as Other assets, in view of the related entity's nature but not quality.

Transactions between related parties are carried out at market prices. No guarantees have been provided or received for related party receivables or payables. Significant items when disclosing transactions with related parties are those that exceed UF 10,000 or 1% of the equity, whichever is lower.

ID number	Company	Relationship	Description	12/31/2018 Transaction amount	12/31/2018 Effect on net income	12/31/2017 Transaction amount	12/31/2017 Effect on net income
				ThCh$	ThCh$	ThCh$	ThCh$
96.790.240-3	Minera Los Pelambres S.A.	Common shareholder	Sales of products and services	46,431,814	6,911,122	32,993,728	2,187,832
76.079.669-7	Minera Antucoya	Common shareholder	Sales of products and services	18,457,811	1,951,353	13,129,530	840,698
76.727.040-2	Minera Centinela S.A.	Common shareholder	Sales of products and services	80,372,535	10,285,027	61,494,726	3,054,745
81.148.200-5	Ferrocarril Antofagasta Bolivia	Common shareholder	Products sold	13,253,293	514,404	10,928,796	459,282
81.095.400-0	Sociedad Nacional de Oleoductos S.A.	Associate of subsidiary	Services received	500,658	(500,658)	156,998	(156,998)
81.095.400-0	Sociedad Nacional de Oleoductos S.A.	Associate of subsidiary	Dividends received	3,585,738	-	3,606,136	-
82.040.600-1	Sociedad Inversiones de Aviación S.A.	Associate of subsidiary	Dividends received	1,000,000	-	335,000	-
82.040.600-1	Sociedad Inversiones de Aviación S.A.	Associate of subsidiary	Purchases and services	1,162,139	(1,162,139)	507,502	(507,502)
96.973.920-8	Asfaltos Cono Sur S.A.	Joint venture of subsidiary	Services received	-	-	1,149,469	(1,149,469)
76.380.217-5	Hapag Lloyd Chile SpA	Associate of subsidiary	Leasehold property	669,258	669,258	734,852	734,852
76.049.840-8	Hapag Lloyd Chile S.A.	Associate of subsidiary	Port operations	4,158,138	4,158,138	7,445,790	7,445,790
76.049.840-8	Hapag Lloyd Chile S.A.	Associate of subsidiary	Maritime agency	316,896	316,896	-	-
76.049.840-8	Hapag Lloyd Chile S.A.	Associate of subsidiary	Leases	535,003	535,003	-	-
Foreign	Hapag Lloyd Mexico S.A. de C.V.	Subsidiary of joint venture	Port operations	792,882	792,882	-	-
Foreign	Hapag Lloyd A.G.	Joint venture of subsidiary	Port operations	6,858,811	6,858,811	5,881,811	5,881,811
Foreign	Hapag Lloyd A.G.	Joint venture of subsidiary	Cold storage	2,081,635	2,081,635	-	-
Foreign	Hapag Lloyd A.G.	Joint venture of subsidiary	Towage services	1,245,774	1,245,774	-	-
Foreign	Hapag Lloyd A.G.	Joint venture of subsidiary	Container storage and repair	479,835	479,835	-	-
99.554.560-8	Comercial CCU S.A.	Subsidiary of joint venture	Product purchases	1,791,963	(1,791,963)	1,494,665	(1,494,665)
99.501.760-1	Ecusa S.A.	Subsidiary of joint venture	Services	277,482	277,482	298,648	286,329
76.028.651-6	Lng Tugs Chile S.A.	Associate of subsidiary	Towage services	1,288,753	1,288,753	1,646,310	1,646,310
96.657.210-8	Transportes Fluviales Corral S.A.	Associate of subsidiary	Towage services	371,423	371,423	-	-
96.908.970-K	San Antonio Terminal Internacional S.A.	Associate of subsidiary	Port terminal services	304,708	304,708	704,107	186,822
96.908.970-K	San Antonio Terminal Internacional S.A.	Associate of subsidiary	Product sales	1,188,572	70,773	758,272	25,284
96.915.330-0	Iquique Terminal Internacional S.A.	Associate of subsidiary	Product sales	437,070	14,288	290,939	20,250

Note 8 – Related party balances and transactions (continued)

(c) Remuneration and benefits received by senior management of the Parent Company

For the years ended December 31, 2018 and 2017 these are detailed as follows.

	12/31/2018 ThCh$	12/31/2017 ThCh$
Wages and salaries	4,070,223	4,281,494
Fees (allowances and profit sharing)	1,150,903	1,118,238
Short-term benefits	4,906,711	4,480,544
Total	10,127,837	9,880,276

Note 9 – Inventory

As of December 31, 2018 and 2017, these are detailed as follows.

Current inventory	12-/31- 2017/2018 ThCh$	12-/31- 2016/2017 ThCh$
Raw materials	154,064	166,237
Fuel and lubricants	85,748,632	84,225,232
Production supplies	5,942,368	6,229,262
Others (1)	7,181,149	8,891,962
Total	99,026,213	99,512,693

(1) Mainly inventory in transit.

Non-current inventory	12/31/2018 ThCh$	12/31/2017 ThCh$
Spare parts	733,677	670,692
Total	733,677	670,692

The costs of inventory recognized as expenses in the consolidated statement of comprehensive income as of December 31 each year are:

	12/31/2018 ThCh$	12/31/2017 ThCh$
Inventory costs recognized as expenses	2,027,422,617	1,688,809,531
Total	**2,027,422,617**	**1,688,809,531**

Note 10 – Non-current assets or disposal groups classified as held for sale and discontinued operations

As of December 31, 2018 and 2017 these are as follows.

	Invexans		Tech Pack		SM SAAM		CSAV		Total	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Non-current assets held for sale	2,381,864	2,157,195	5,331,627	9,065,662	12,604,517	11,754,020	544,700	1,137,288	20,862,708	24,114,165
Assets from discontinued operations	-	-	72,713	125,143	-	-	-	-	72,713	125,143
Total assets held for sale	**2,381,864**	**2,157,195**	**5,404,340**	**9,190,805**	**12,604,517**	**11,754,020**	**544,700**	**1,137,288**	**20,935,421**	**24,239,308**
Liabilities from discontinued operations	-	-	539,425	613,674	-	-	29,180	698,971	568,605	1,312,645
Total liabilities held for sale	**-**	**-**	**539,425**	**613,674**	**-**	**-**	**29,180**	**698,971**	**568,605**	**1,312,645**

(a) Non-current assets held for sale

As of December 31, 2018 and 2017 these are as follows.

	Invexans		Tech Pack		SM SAAM		CSAV		Total	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Properties	2,381,864	2,157,195	5,213,345	8,907,654	6,710,784	6,283,360	9,727	11,066	14,315,720	17,359,275
Machinery, vehicles and equipment	-	-	-	-	466,190	684,216	-	3,074	466,190	687,290
Other assets	-	-	118,282	158,008	5,427,543	4,786,444	534,973	1,123,148	6,080,798	6,067,600
Total assets	**2,381,864**	**2,157,195**	**5,331,627**	**9,065,662**	**12,604,517**	**11,754,020**	**544,700**	**1,137,288**	**20,862,708**	**24,114,165**

(a.1) SM SAAM

Part of property, plant and equipment associated with the Port Services segment of the subsidiary SM SAAM is presented as a group of assets classified as held for sale, in accordance with the commitment signed by Management.

a) The 15% interest in Terminal Puerto Arica S.A. has been classified as an asset held for sale. This interest has been valued at the lower of its book value and its fair value less selling costs.

b) During the second half of 2017, the company sold the Huasteca tug boat belonging to the indirect subsidiary SAAM SMIT Remolcadores Inc., as well as logistics machinery, inventories and expendable properties department.

c) During 2018, some assets held for sale have been sold, such as the property located in Puerto Montt for ThCh$ 214,684, the Olmec tug in Panama for ThCh$ 73,646, and assets belonging to the logistics department declared as expendable in 2017 for ThCh$ 311,952.

(a.2) Tech Pack

The subsidiary Tech Pack has reclassified various properties associated with the Manufacturing segment as asset groups held for sale:

The property located at La Divisa 900, San Bernardo, is a production facility used by the subsidiary Madeco Mills S.A., which has discontinued operations. It was sold during 2018 and the result was recorded in Other gains (losses).

Lomas de Zamora in Argentina, belongs to the subsidiaries Decker and Metacab, which are discontinued operations that were dedicated to processing metals in Argentina. Land in Yumbo, Colombia, which belonged to Empaques Flexa, a subsidiary of Alusa S.A., which was sold in 2016. Finally, the property in Rancagua and other assets for sale are owned by the subsidiaries Alumco and Indalum, which have discontinued operations, though in the past they produced and marketed fencing solutions.

All these assets come from discontinued operations or sold companies, so they do not now fulfill a productive function within the subsidiary and it has been decided to sell them to release these resources.

Note 10 – Non-current assets or disposal groups classified as held for sale and discontinued operations (continued)

(a) Non-current assets held for sale (continued)

(a.2) Tech Pack (continued)

Advice was sought from real estate brokers and companies specializing in marketing these properties and assets, who are actively selling them, always taking into consideration their estimated market value. The company expects to sell them in the short term, although some are high market value assets and have limited alternative uses, so it is not possible to accurately anticipate the time it will take to sell them.

(a.3) Invexans

The subsidiary Invexans has reclassified various properties associated with the Manufacturing segment as asset groups held for sale. The Invexans assets held for sale are mainly properties that the company or its subsidiaries used in their production operations or were complementary to them. The property located in Ureta Cox is a community center that was used by the company for its employees when the company was operating, and the building located in Quilpué was used by Armat S.A. (former subsidiary) for manufacturing coin blanks. It also includes the recovery of a property located in the municipality of La Florida, which is endeveloped land of around 2,217 m2.

(b) Discontinued operations

(b.1) Tech Pack

1) During 2016, the Peruvian companies Efren Soluciones S.A. and Inmobiliaria Eliseo SA began to be formally dissolved, after the liquidation of their assets and liabilities, and they have been classified as discontinued operations as of 2017. On June 12, 2017, Efren Soluciones S.A. and Inmobiliaria Eliseo S.A. were closed, according to Article 161 of the regulations governing the registry of Peruvian companies.

2) The Share Purchase Agreement signed on April 18, 2016, was finalized on May 31, 2016, by the transfer of shares. As a result, Tech Pack S.A. sold all of its shares in Alusa S.A. and Inversiones Alusa S.A., to Amcor Holding SpA, and Inmobiliaria Techpack S.A. sold its shares in Alusa S.A. to Amcor Holding SpA. The buyers belong to Amcor, the main global producer of rigid and flexible packaging. Therefore, Tech Pack S.A. ceased to have a direct or indirect interest in the production and marketing of flexible packaging in Chile and abroad.

The transaction generated revenue of US$ 204 million. The effect on the net income of Tech Pack S.A. is the net amount after deducting the book value of the investment that Tech Pack S.A. and Inmobiliaria Techpack S.A. held in these subsidiaries and other deductions related to the transaction costs and estimated taxes. Also included as a cost are the Reserves for currency translation differences that were recorded in Other comprehensive income up to the time of the sale of US$ 11 million.

As of December 31, 2018 and 2017, the net loss for the year of the discontinued operation is classified as Gain (loss) on discontinued operations, net of taxes, as established in IFRS 5.

Note 10 – Non-current assets or disposal groups classified as held for sale and discontinued operations (continued)

(b.1) Tech Pack (continued)

The result of discontinued operations, for the subsidiary Tech Pack, is as follows:

	12/31/2018 ThCh$	12/31/2017 ThCh$
Revenue	-	-
Expenses	(766,842)	(1,120,819)
Net loss before taxes	**(766,842)**	**(1,120,819)**
Income tax benefit (expense)	(48,071)	143,102
Net loss on discontinued operations, net of taxes	**(814,913)**	**(977,717)**
Loss on AMCOR transaction, net of taxes (1)	(16,560,067)	(2,114,835)
Loss on discontinued operations, net of taxes	**(17,374,980)**	**(3,092,552)**

(1) Includes price adjustments and other expenses.

(b.2) CSAV

The result of discontinued operations at the subsidiary CSAV was as follows:

	12/31/2018 ThCh$	12/31/2017 ThCh$
Revenue	180,285	9,666,592
Expenses	(349,252)	(10,553,611)
Net loss before taxes	**(168,967)**	**(887,019)**
Income tax (expense) income	(132,386)	54,775
Net loss on discontinued operations, net of taxes	**(301,353)**	**(832,244)**

Note 11 – Other financial assets, non-current

As of December 31, 2018 and 2017, these are detailed as follows.

	12/31/2018 ThCh$	12/31/2017 ThCh$
Equity instruments (shares)	38,864,484	39,584,804
Mortgage-funding notes of domestic banks	95,874	96,892
Bonds issued by corporations	24.287.381	17,868,474
Bonds issued by domestic banks	56.152.630	32,207,046
Securities issued by the Chilean Central Bank	29,328,285	40,086,959
Hedge assets	2,105,153	5,313,772
Other equity and foreign investments	2,297,180	6,465,283
Total	**153,130,987**	**141,623,230**

(a) Equity instruments

Equity instruments as of December 31, 2018 and 2017, are detailed as follows.

	12/31/2018 ThCh$	12/31/2017 ThCh$
Sociedad Nacional de Oleoductos S.A. (SONACOL)	38,669,757	39,396,558
Depósitos Asfálticos S.A. (DASA)	87,577	87,577
Others	107,150	100,669
Total	**38,864,484**	**39,584,804**

(b) Hedge assets

Non-current hedge assets and their fair values are as follows.

				Non-Current		Fair values	
Classification	**Type of Coverage**	**Hedged risk**	**Hedged item**	**12/31/2018 ThCh$**	**12/31/2017 ThCh$**	**12/31/2018 ThCh$**	**12/31/2017 ThCh$**
Cross Currency Swap	Swap	Exchange rate	UF 2,800,000	2,105,153	5,306,522	2,105,153	5,306,522
Other Derivatives				-	7,250	-	7,250
	Total hedging assets			**2,105,153**	**5,313,772**	**2,105,153**	**5,313,772**

Note 12 – Other non-financial assets, non-current

As of December 31, 2018 and 2017, these are detailed as follows.

	12/31/2018 ThCh$	12/31/2017 ThCh$
Court deposits Ficap Brasil	8,677,441	8,723,693
Other recoverable taxes	19,585,649	18,839,416
Rentals paid in advance	13,437,624	10,587,650
Sole investment account	556,004	590,385
Autopista Central incorporation fee	1,980,116	2,508,080
Others	688,710	985,654
Total	**44,925,544**	**42,234,878**

Note 13 – Investments recognized using the equity method

(a) Summary of financial information of significant subsidiaries[4]

The summary of financial information of significant subsidiaries as of December 31, 2018 is as follows:

Company	Country of incorporation	Functional Currency	Percentage interest	Current Assets ThCh$	Non-current Assets ThCh$	Banking Assets ThCh$	Current Liabilities ThCh$	Non-current Liabilities ThCh$	Banking Liabilities ThCh$	Revenue ThCh$	Expense ThCh$	Net income (loss) ThCh$
TECH PACK	Chile	USD	99.97%	98,784,836	38,685,649	-	953,448	907,552	-	10,274	-	(19,874,283)
INVEXANS	Chile	USD	98.68%	7,400,544	318,532,778	-	7,418,151	8,681,514	-	-	-	(9,161,651)
LQIF	Chile	CLP	50.00%	2,159,845	846,724,893	35,926,498,078	4,815,555	240,806,731	32,499,405,671	1,592,366,450	(848,361,301)	242,545,020
ENEX	Chile	CLP	100.00%	302,113,074	763,996,280	-	191,810,472	290,170,860	-	2,276,313,552	(2,054,317,817)	19,276,599
SM SAAM S.A.	Chile	USD	52.20%	272,907,044	717,304,866	-	90,502,826	260,265,706	-	330,997,299	(234,890,522)	32,065,369
CSAV	Chile	USD	56.17%	34,154,200	1,534,551,005	-	21,632,358	67,071,707	-	58,474,142	(55,859,698)	13,846,210
Total				**717,519,543**	**4,219,795,471**	**35,926,498,078**	**317,132,810**	**867,904,070**	**32,499,405,671**	**4,258,161,717**	**(3,193,429,338)**	**278,697,264**

The summary of financial information of significant subsidiaries as of December 31, 2017 is as follows:

Company	Country of incorporation	Functional Currency	Percentage interest	Current Assets ThCh$	Non-current Assets ThCh$	Banking Assets ThCh$	Current Liabilities ThCh$	Non-current Liabilities ThCh$	Banking Liabilities ThCh$	Revenue ThCh$	Expense ThCh$	Net income (loss) ThCh$
TECH PACK	Chile	USD	100.00%	98,831,691	46,240,504	-	1,257,639	814,580	-	7,602	-	(1,981,679)
INVEXANS	Chile	USD	98.68%	7,836,639	322,079,021	-	904,285	14,842,158	-	1,727	-	23,926,943
LQIF	Chile	CLP	50.00%	828,173	847,118,615	32,824,183,692	4,654,904	235,379,548	29,615,351,348	1,474,869,890	(789,656,021)	238,590,581
ENEX	Chile	CLP	100.00%	297,658,141	559,816,391	-	209,399,043	80,338,722	-	1,888,725,125	(1,693,041,883)	8,773,807
SM SAAM S.A.	Chile	USD	52.20%	248,920,883	664,773,438	-	102,457,310	249,014,301	-	303,261,156	(223,888,043)	39,819,540
CSAV	Chile	USD	56.17%	42,290,498	1,350,710,874	-	23,752,095	67,542,420	-	71,475,831	(66,675,875)	(126,810,830)
Total				**696,366,025**	**3,790,738,843**	**32,824,183,692**	**342,425,276**	**647,931,729**	**29,615,351,348**	**3,738,341,331**	**(2,773,261,822)**	**182,318,362**

[4] Significant subsidiaries are determined by following the same criterion used in establishing the Company's Operating Segments (Note 34).

Note 13 – Investments recognized using the equity method (continued)

(b) Interest in joint ventures

In accordance with paragraph 21 of IFRS 12, the following shows summarized financial information of the significant interests in joint ventures as of December 31, 2018 and 2017:

Company	Country of incorporation	Book value	Percentage interest	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Revenue	Expense	Net income (loss)
				12/31/2018						
				ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Hapag Lloyd A.G. (1)	Germany	1,347,482,098	25.86	1,954,110,102	10,219,441,407	2,686,536,636	4,507,250,898	10,426,687,506	(9,477,130,575)	33,007,613
Inversiones y Rentas S.A. (2)	Chile	389,002,186	50.00	941,780,567	1,491,994,624	620,083,285	414,647,591	1,783,282,337	(860,011,392)	180,330,529
Foods Compañía de Alimentos CCU S.A.	Chile	12,012,280	50.00	19,337,155	4,045,628	689,787	134,200	2,556,458	(2,106,995)	1,584,749
Asfaltos Cono Sur S.A.	Chile	5,459,188	50.00	879,389	11,573,789	1,528,970	-	2,691,379	(3,239,782)	(548,403)
Transportes y Servicios Aéreos S.A.	Chile	142,722	50.00	288,017	-	2,574	-	-	-	4,150
Aerosan Airport Services S.A.	Chile	5,076,682	50.00	7,971,791	16,980,179	7,247,146	7,333,297	24,000,311	(19,183,687)	1,543,338
Empresa de Servicios Marítimos Hualpén Ltda.	Chile	-	50.00	-	-	-	-	-	(2,389)	(2,626)
Inmobiliaria Carriel Ltda.	Chile	163,271	50.00	227,190	261,928	162,576	-	11,200	(95,403)	1,033,972
Inmobiliaria Sepbío Ltda.	Chile	141,733	50.00	150,070	2,621,367	896,948	1,591,023	191,318	(25,998)	(11,664)
Muellaje del Maipo S.A.	Chile	79,204	50.00	2,030,813	31,265	1,768,190	135,480	12,918,256	(12,707,394)	26,246
Portuaria Corral S.A.	Chile	3,651,016	50.00	3,201,500	6,688,551	1,463,186	1,124,833	6,106,386	(3,208,200)	1,642,634
San Antonio Terminal Internacional S.A.	Chile	30,333,658	50.00	29,677,101	138,209,901	18,319,001	89,078,546	117,653,762	(90,028,280)	5,682,922
San Vicente Terminal Internacional S.A.	Chile	18,724,052	50.00	23,259,510	103,586,038	55,510,733	33,599,772	43,025,020	(41,870,948)	(2,617,187)
Servicios Aeroportuarios Aerosan S.A.	Chile	3,776,770	50.00	8,733,259	2,907,612	3,219,564	867,767	15,438,313	(10,079,374)	3,465,638
Servicios Portuarios Reloncaví Ltda.	Chile	4,242,266	50.00	9,553,088	5,040,556	4,761,954	1,347,158	15,419,723	(11,168,607)	2,049,769
Servicios Portuarios y Extraportuarios Bío Bío Ltda.	Chile	(2,779)	50.00	3,474	-	9,032	-	-	-	-
Transportes Fluviales Corral S.A.	Chile	859,430	50.00	1,791,117	3,584,318	3,072,273	541,921	3,991,955	(3,387,805)	199,810
Equimac S.A.	Colombia	1,767,495	50.00	159,797	3,382,835	7,642	-	-	-	516,386
SAAM SMIT Towage Brasil S.A.	Brazil	63,656,217	50.00	23,629,128	172,350,899	21,498,268	77,926,793	64,087,001	(46,030,195)	4,387,524
Total		**1,886,567,489**		**3,026,783,068**	**12,182,700,897**	**3,426,777,765**	**5,135,579,279**	**12,518,060,925**	**(10,580,277,024)**	**232,295,400**

(1) Quiñenco has an interest in Hapag Lloyd AG, through its subsidiary Compañía Sud Americana de Vapores (CSAV), over which it has significant influence and joint control through a shareholder agreement with the other controlling shareholders: the City of Hamburg and Kühne Maritime.

(2) Quiñenco also has a joint venture relating to its investment in Compañía Cervecerías Unidas S.A. (CCU), recognized using the equity method in Inversiones y Rentas S.A. (IRSA). The Company has an indirect interest in CCU through its 50% holding in IRSA which is a joint venture with the Dutch brewery group Heineken Americas B.V. (Heineken). As a result, Heineken holds 50% of IRSA and is therefore a partner of Quiñenco, being the joint controllers of 60% of CCU.

Note 13 – Investments recognized using the equity method (continued)

b) Interest in joint ventures (continued)

Company	Country of incorporation	Book value	Percentage interest	Current Assets ThCh$	Non-current Assets ThCh$	Current Liabilities ThCh$	Non-current Liabilities ThCh$	Revenue ThCh$	Expense ThCh$	Net income (loss) ThCh$
						12/31/2017				
Hapag Lloyd A.G. (1)	Germany	1,187,855,606	25.46	1,617,284,300	9,311,064,975	2,038,388,050	4,424,847,550	7,708,316,415	6,586,050,360	20,221,010
Inversiones y Rentas S.A. (2)	Chile	320,233,698	50.00	729,058,534	1,273,086,398	464,139,758	333,661,095	1,698,360,794	(798,738,655)	73,758,918
Foods Compañía de Alimentos CCU S.A.	Chile	5,792,245	50.00	1,287,750	19,496,323	9,012,587	186,995	2,371,887	(2,127,178)	331,810
Asfaltos Cono Sur S.A.	Chile	5,733,390	50.00	1,194,966	11,815,662	1,543,845	-	2,919,489	(3,525,851)	(606,362)
Transportes y Servicios Aéreos S.A.	Chile	140,647	50.00	283,835	-	2,542	-	-	-	4,285
Aerosan Airport Services S.A.	Chile	3,345,470	50.00	3,773,950	5,841,355	1,222,738	1,554,088	13,570,385	(9,978,487)	1,456,227
Empresa de Servicios Marítimos Hualpén Ltda.	Chile	(45,492)	50.00	96,516	97,745	281,015	-	209,965	(503,364)	(74,704)
Inmobiliaria Carriel Ltda.	Chile	46,106	50.00	31,964	327,258	268,031	-	10,300	(68,035)	(71,610)
Inmobiliaria Sepbío Ltda.	Chile	147,540	50.00	52,869	2,542,606	599,996	1,700,399	187,564	-	16,346
Muellaje del Maipo S.A.	Chile	58,401	50.00	1,656,137	28,279	1,416,384	151,843	10,799,569	(10,624,591)	9,255
Portuaria Corral S.A.	Chile	3,680,508	50.00	2,321,911	7,706,506	1,244,254	1,421,917	6,101,679	(4,043,331)	1,166,868
San Antonio Terminal Internacional S.A.	Chile	26,772,977	50.00	23,929,144	128,377,628	13,751,343	85,318,079	56,172,290	(47,637,864)	2,025,306
San Vicente Terminal Internacional S.A.	Chile	18,772,621	50.00	18,181,846	91,535,660	30,201,438	41,671,444	44,615,780	(40,435,299)	(225,480)
Servicios Aeroportuarios Aerosan S.A.	Chile	1,662,699	50.00	5,648,938	1,397,327	2,564,737	1,154,501	11,689,161	(7,845,442)	2,581,161
Servicios Portuarios Reloncaví Ltda.	Chile	3,901,818	50.00	6,782,537	5,864,100	2,917,604	1,924,168	12,490,998	(11,395,285)	(258,018)
Servicios Portuarios y Extraportuarios Bío Bío Ltda.	Chile	1,844	50.00	3,689	-	7,992	-	-	-	(514)
Transportes Fluviales Corral S.A.	Chile	864,953	50.00	1,578,063	2,555,516	1,606,342	852,044	3,573,766	(3,602,253)	(844,298)
Elequip S.A.	Colombia	-	50.00	61,475	-	127,868	-	-	-	(58,149)
Equimac S.A.	Colombia	1,771,710	50.00	554,505	2,993,218	4,918	-	-	-	1,463,877
SAAM SMIT Towage Brasil S.A.	Brazil	61,537,705	50.00	23,749,022	154,465,774	17,279,393	65,077,435	80,594,009	(50,020,107)	12,192,288
Total		**1,642,274,446**		**2,437,531,951**	**11,019,196,330**	**2,586,580,835**	**4,959,521,558**	**9,651,984,051**	**5,595,504,618**	**113,088,216**

There are no contingent liabilities or investment commitments to report, which relate to interests in joint ventures. The method used to recognize accounting interests in jointly controlled entities is the equity method, which is the same treatment as investments in associates.

(1) Quiñenco has an interest in Hapag Lloyd AG, through its subsidiary Compañía Sud Americana de Vapores (CSAV), over which it has significant influence and joint control through a shareholder agreement with the other controlling shareholders: the City of Hamburg and Kühne Maritime.

(2) Quiñenco also has a joint venture relating to its investment in Compañía Cervecerías Unidas S.A. (CCU), recognized using the equity method in Inversiones y Rentas S.A. (IRSA). The Company has an indirect interest in CCU through its 50% holding in IRSA which is a joint venture with the Dutch brewery group Heineken Americas B.V. (Heineken). As a result, Heineken holds 50% of IRSA and is therefore a partner of Quiñenco, being the joint controllers of 60% of CCU.

Note 13 – Investments recognized using the equity method (continued)

(c) Interest in associates

(i) In accordance with paragraph 10 of IFRS 12, the following is summarized financial information on the significant interests in associates as of December 31, 2018.

						12/31/2018				
Company	**Country of incorporation**	**Book value ThCh$**	**Percentage interest**	**Current Assets ThCh$**	**Non-current Assets ThCh$**	**Current Liabilities ThCh$**	**Non-current Liabilities ThCh$**	**Revenue ThCh$**	**Expense ThCh$**	**Net income (loss) ThCh$**
Nexans S.A. (1) and (2)	France	314,112,664	29.08%	2,661,225,470	1,500,194,962	1,915,915,816	1,147,929,841	5,769,836,199	(4,924,539,140)	(15,271,597)
Total		**314,112,664**		**2,661,225,470**	**1,500,194,962**	**1,915,915,816**	**1,147,929,841**	**5,769,836,199**	**(4,924,539,140)**	**(15,271,597)**

ii) In accordance with paragraph 10 of IFRS 12, the following is summarized financial information on the significant interests in associates as of December 31, 2017.

						12/31/2017				
Company	**Country of incorporation**	**Book value ThCh$**	**Percentage interest**	**Current Assets ThCh$**	**Non-current Assets ThCh$**	**Current Liabilities ThCh$**	**Non-current Liabilities ThCh$**	**Revenue ThCh$**	**Expense ThCh$**	**Net income (loss) ThCh$**
Nexans S.A. (1) and (2)	France	320,141,641	29.05%	2,498,173,100	1,425,697,923	1,753,860,849	1,048,730,232	4,759,539,410	(3,924,777,201)	85,695,078
Total		**320,141,641**		**2,498,173,100**	**1,425,697,923**	**1,753,860,849**	**1,048,730,232**	**4,759,539,410**	**(3,924,777,201)**	**85,695,078**

(1) Relates to the latest information published by the company. These financial statements include the effects of the fair values that Invexans S.A. controls.

(2) In accordance with French regulations, Nexans does not prepare interim financial statements for the March and September quarters. Invexans therefore uses as the latest available information, the financial statements as of June and December to value this investment at equity value for the accounting closes as of March and September respectively. This has been approved by the Financial Markets Commission in its resolution 10,914 dated April 30, 2012.

Note 13 – Investments recognized using the equity method (continued)

(d) Movements in investments in associates and joint ventures

Movements during 2018 are as follows:

Company	Principal Business	Country	Functional Currency	Percentage interest	Balance as of 01/01/2018	Share of net income	Dividends received	Investments sold	Other increase (decrease)	Balance as of 12/31/2018
					ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Inversiones y Rentas S.A.	Investments	Chile	CLP	50.00	320,233,698	90,165,265	(13,481,134)	-	(7,915,643)	389,002,186
Nexans S.A. (1) and (2)	Manufacturing	France	EUR	29.52	320,596,146	(3,947,190)	(6,340,525)	-	3,804,233	314,112,664
Foods Compañía de Alimentos CCU S.A.	Food	Chile	CLP	50.00	5,792,245	792,375	-	-	5,427,660	12,012,280
Hapag-Lloyd A.G. (3) (4)	Transport	Germany	EUR	25.86	1,187,855,606	10,991,335	(19,731,383)	-	168,366,540	1,347,482,098
Transportes y Servicios Aéreos S.A.	Transport	Chile	CLP	50.00	140,647	2,075	-	-	-	142,722
Asfaltos Cono Sur S.A.	Bitumen	Chile	CLP	50.00	5,733,390	(274,202)	-	-	-	5,459,188
Sociedad Inversiones Aviación SIAV Ltda.	Fuel & lubricants	Chile	CLP	33.33	2,213,882	1,393,576	(1,000,000)	-	-	2,607,458
Inmobiliaria El Norte y El Rosal S.A.	Real estate	Chile	CLP	50.00	31,351	(2,359)	-	-	-	28,992
Aerosán Airport Services S.A.	Port services	Chile	USD	50.00	3,345,470	771,669	-	-	959,543	5,076,682
Antofagasta Terminal Internacional S.A.	Port services	Chile	USD	35.00	-	(115,018)	-	-	115,018	-
Empresa de Servicios Marítimos Hualpén Ltda.	Port services	Chile	CLP	50.00	(45,491)	(1,313)	-	-	46,804	-
Inmobiliaria Carriel Ltda.	Real estate	Chile	CLP	50.00	46,106	516,986	(395,951)	-	(3,870)	163,271
Inmobiliaria Sepbío Ltda.	Real estate	Chile	CLP	50.00	147,540	(5,832)	-	-	25	141,733
LNG Tugs Chile S.A.	Port services	Chile	USD	40.00	164,753	14,519	(39,155)	-	921	141,038
Muellaje ATI S.A. (5)	Port services	Chile	CLP	1.00	(5,533)	677	-	-	(702)	(5,558)
Muellaje del Maipo S.A.	Port services	Chile	USD	50.00	58,401	13,123	-	-	7,680	79,204
Muellaje STI S.A. (5)	Port services	Chile	CLP	1.00	1,844	-	-	-	(454)	1,390
Muellaje SVTI S.A. (5)	Port services	Chile	CLP	1.00	4,303	636	-	-	(2,160)	2,779
Portuaria Corral S.A.	Port services	Chile	CLP	50.00	3,680,508	821,317	(861,944)	-	11,135	3,651,016
San Antonio Terminal Internacional S.A.	Port services	Chile	USD	50.00	26,772,977	2,790,978	(2,836,950)	-	3,606,653	30,333,658
San Vicente Terminal Internacional S.A.	Port services	Chile	USD	50.00	30,992,285	(1,308,594)	-	-	6,520,775	36,204,466
Servicios Aeroportuarios Aerosan S.A.	Port services	Chile	USD	50.00	1,662,899	1,732,819	-	-	381,052	3,776,770
Servicios Logísticos Ltda. (5)	Port services	Chile	CLP	1.00	9,836	3,921	-	-	1,528	15,285
Servicios Portuarios Reloncaví Ltda.	Port services	Chile	CLP	50.00	3,901,818	1,024,885	(741,663)	-	57,226	4,242,266
Servicios Portuarios y Extraportuarios Bío Bío Ltda.	Port services	Chile	CLP	50.00	(1,844)	(776)	-	-	(159)	(2,779)
Transbordadora Austral Broom S.A.	Port services	Chile	CLP	25.00	15,317,493	2,574,593	(687,630)	-	105,739	17,310,195
Transportes Fluviales Corral S.A.	Port services	Chile	CLP	50.00	864,953	99,905	-	-	(105,428)	859,430
Equimac S.A.	Port services	Colombia	USD	50.00	1,771,710	258,193	(479,243)	-	216,835	1,767,495
Puerto Buenavista S.A.	Port services	Colombia	CLP	33.00	3,370,060	(119,528)	-	-	(343,614)	2,906,918
Luckymont S.A.	Port services	Brazil	USD	49.00	666,389	463,396	(368,971)	-	388,336	1,149,150
SAAM SMIT Towage Brasil S.A.	Port services	Brazil	USD	50.00	61,537,704	2,193,762	(5,681,037)	-	5,605,788	63,656,217
Total					**1,996,861,146**	**110,851,193**	**(52,645,586)**	**-**	**187,251,461**	**2,242,318,214**

(1) The goodwill related to the acquisition of the associate Nexans S.A. is part of the value of the investment. The amount shown of ThCh$314,112,664 is ThCh$309,364,513 in equity and ThCh$4,758,151 in goodwill.
(2) The market value of Invexans' investment in Nexans as of December 31, 2018 and 2017, amounted to 389,151,792 Euros and 632,795,670 Euros, equivalent to ThCh$309,278,387 and ThCh$467,730,919, respectively.
(3) The market value of CSAV's investment in HLAG as of December 31, 2018 and 2017, amounted to 1,018,012,755 Euros and 1,495,944,715 Euros, equivalent to ThCh$1,164,507,842 and ThCh$1,105,797,567, respectively.
(4) The effect of the transaction between Hapag Lloyd A.G and UASC is included in CSAV's share of the result, as described in Note 13 e).
(5) These include investments whose direct share is less than 20%, as the sum of direct and indirect shares exceeds 20% or because it has representation on the Board of Directors.

Note 13 – Investments recognized using the equity method (continued)

d) Movements in investments in associates and joint ventures (continued)

Movements during 2017 are as follows:

Company	Principal Business	Country	Functional Currency	Percentage interest	Balance as of 01/01/2017 ThCh$	Share of net income ThCh$	Dividends received ThCh$	Investments sold ThCh$	Other increase (decrease) ThCh$	Balance as of 12/31/2017 ThCh$
Inversiones y Rentas S.A.	Investments	Chile	CLP	50.00	307,758,749	36,879,459	(12,713,197)	-	(11,691,313)	320,233,698
Nexans S.A. (6) and (7)	Manufacturing	France	EUR	29.05	303,174,172	24,419,030	(4,649,828)	-	(2,347,228)	320,596,146
Foods Compañía de Alimentos CCU S.A.	Food	Chile	CLP	50.00	5,625,374	165,905	-	-	966	5,792,245
Odfjell & Vapores Ltd. (Bermuda)	Transport	Bermuda	USD	50.00	(227)	-	-	-	227	-
Hamburg Container Lines Holding	Transport	Germany	EUR	50.00	68,913	(1,374)	-	-	(67,539)	-
Hapag-Lloyd A.G. (8) (9)	Transport	Germany	EUR	25.46	1,186,056,083	(94,855,218)	-	-	96,654,741	1,187,855,606
Transportes y Servicios Aéreos S.A.	Transport	Chile	CLP	50.00	138,504	2,142	-	-	1	140,647
Asfaltos Cono Sur S.A.	Bitumen	Chile	CLP	50.00	6,036,572	(303,182)	-	-	-	5,733,390
Sociedad Inversiones Aviación SIAV Ltda.	Fuel & lubricants	Chile	CLP	33.33	1,904,453	1,311,429	(1,002,000)	-	-	2,213,882
Inmobiliaria El Norte y El Rosal S.A.	Real estate	Chile	CLP	50.00	34,794	(3,443)	-	-	-	31,351
Aerosán Airport Services S.A.	Port services	Chile	USD	50.00	2,893,449	620,907	-	-	(168,886)	3,345,470
Antofagasta Terminal Internacional S.A.	Port services	Chile	USD	35.00	-	(899,601)	-	-	899,601	-
Empresa de Servicios Marítimos Hualpén Ltda.	Port services	Chile	CLP	50.00	(10,712)	(37,352)	-	-	2,573	(45,491)
Inmobiliaria Carriel Ltda.	Real estate	Chile	CLP	50.00	81,006	(35,805)	-	-	905	46,106
Inmobiliaria Sepbío Ltda.	Real estate	Chile	CLP	50.00	139,250	8,172	-	-	118	147,540
LNG Tugs Chile S.A.	Port services	Chile	USD	40.00	166,029	33,009	(9,836)	-	(24,449)	164,753
Muellaje ATI S.A. (10)	Port services	Chile	CLP	0.50	(5,356)	(982)	-	-	805	(5,533)
Muellaje del Maipo S.A.	Port services	Chile	USD	50.00	58,913	4,629	-	-	(5,141)	58,401
Muellaje STI S.A. (10)	Port services	Chile	CLP	0.50	2,008	389	-	-	(553)	1,844
Muellaje SVTI S.A. (10)	Port services	Chile	CLP	0.50	3,347	504	-	-	452	4,303
Portuaria Corral S.A.	Port services	Chile	CLP	50.00	4,318,082	583,434	(1,222,792)	-	1,784	3,680,508
San Antonio Terminal Internacional S.A.	Port services	Chile	USD	50.00	30,669,760	1,337,284	(2,383,880)	-	(2,850,187)	26,772,977
San Vicente Terminal Internacional S.A.	Port services	Chile	USD	50.00	37,229,227	(207,340)	(1,207,217)	-	(4,822,385)	30,992,285
Servicios Aeroportuarios Aerosan S.A.	Port services	Chile	USD	50.00	2,560,723	1,290,580	(1,974,653)	-	(213,751)	1,662,899
Servicios Logísticos Ltda. (10)	Port services	Chile	CLP	1.00	8,703	1,855	-	-	(722)	9,836
Servicios Portuarios Reloncaví Ltda.	Port services	Chile	CLP	50.00	4,248,457	(93,912)	(50,551)	-	(202,176)	3,901,818
Servicios Portuarios y Extraportuarios Bío Bío Ltda.	Port services	Chile	CLP	50.00	(1,339)	(254)	-	-	(251)	(1,844)
Terminal Puerto Arica S.A. (10)	Port services	Chile	USD	15.00	4,652,817	504,828	-	-	(5,157,645)	-
Transbordadora Austral Broom S.A.	Port services	Chile	CLP	25.00	17,351,992	1,909,539	(1,296,910)	-	(2,647,128)	15,317,493
Transportes Fluviales Corral S.A.	Port services	Chile	CLP	50.00	1,301,450	(422,149)	(47,226)	-	32,878	864,953
Elequip S.A.	Port services	Colombia	USD	50.00	259,754	29,073	(160,159)	-	(128,668)	-
Equimac S.A.	Port services	Colombia	USD	50.00	1,609,406	731,940	(422,370)	-	(147,266)	1,771,710
Puerto Buenavista S.A.	Port services	Colombia	CLP	33.00	3,633,214	24,870	-	-	(288,024)	3,370,060
Tramarsa S.A.	Port services	Peru	USD	35.00	35,599,737	3,167,282	(5,091,240)	(33,839,572)	163,793	-
Gertil S.A.	Port services	Uruguay	USD	49.00	1,568,568	(26,275)	-	(1,547,228)	4,935	-
Riluc S.A. (10)	Port services	Uruguay	USD	17.70	-	(26)	-	-	26	-
Luckymont S.A.	Port services	Uruguay	USD	49.00	713,655	267,354	(196,219)	-	(118,401)	666,389
SAAM SMIT Towage Brasil S.A.	Port services	Brazil	USD	50.00	69,211,817	6,096,144	(8,136,697)	-	(5,633,560)	61,537,704
Kemfa Servicios, Inversiones y Representaciones S.A.(10)	Port services	Bolivia	USD	0.63	5,355	(426)	-	(5,372)	443	-
Total					**2,029,066,699**	**(17,497,581)**	**(40,564,775)**	**(35,392,172)**	**61,248,975**	**1,996,861,146**

(6) The goodwill related to the acquisition of the associate Nexans S.A. is part of the value of the investment. The amount shown of ThCh$320,596,146 is ThCh$318,091,194 in equity and ThCh$2,504,952 in goodwill.
(7) The market value of Invexans' investment in Nexans as of December 31, 2017 and 2016, amounted to 632,795,670 Euros and 619,569,435 Euros, equivalent to ThCh$467,730,919 and ThCh$437,181,440, respectively.
(8) The market value of CSAV's investment in HLAG as of December 31, 2017 and 2016, amounted to 1,495,944,715 Euros and 812,868,709 Euros, equivalent to ThCh$1,105,797,567 and ThCh$573,560,161, respectively.
(9) The effect of the transaction between Hapag Lloyd A.G and UASC is included in CSAV's share of the result, as described in Note 13 e).
(10) These include investments whose direct share is less than 20%, as the sum of direct and indirect shares exceeds 20% or because it has representation on the Board of Directors.

Note 13 – Investments recognized using the equity method (continued)

(e) CSAV's investment in Hapag-Lloyd A.G.

The subsidiary CSAV has a 25.86% interest as of December 31, 2018 in Hapag-Lloyd AG (HLAG), headquartered in Hamburg, Germany, making it its main shareholder. In addition, with respect to its investment in HLAG, CSAV is party to a joint control agreement with two other major shareholders of this German company: the City of Hamburg, through its holding company HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (HGV), which holds 13.9% of the share capital; and German businessman Klaus Michael Kühne, through Kühne Maritime GmbH (KM), who owns 20.5%; together, they hold approximately 59.9% of HLAG. By virtue of the above, based on CSAV's shareholding in HLAG and the existence and characteristics of the aforementioned joint control agreement, in accordance with IFRS 11, CSAV's investment in HLAG has been defined as a joint venture that must be accounted for using the equity method in accordance with IAS 28. This definition has remained unchanged since the date on which CSAV acquired its original interest in HLAG during the business combination of its container shipping business and HLAG in 2014.

(e.1) Loss from the dilution of its interest: The merger of HLAG and United Arab Shipping Company Limited ("UASC"), was completed on May 24, 2017, resulting in a dilution of CSAV's interest in HLAG from 31.35% to 22.58% and a dilution loss of ThUS$ 167,194, which reduced the carrying amount of its investment in HLAG.

(e.2) Gain from acquiring an interest: On October 17, 2017, HLAG concluded a capital increase of ThUS$414,000, whereby CSAV subscribed 54.3%, which is above its prorated share of 22.58%. This gave it a 24.7% interest in the German company. Over the following weeks, it continued to acquire additional interests in HLAG, attaining 25% in late October and 25.5% in December 2017. The total investment made during the period was ThUS$293,653, of which ThUS$93,946 was allocated to subscribing its prorated share of 22.58% in HLAG's capital increase and ThUS$199,707 was used to purchase the additional 2.89% of HLAG. In accordance with IAS 28, CSAV prepared a purchase price allocation (PPA) report, which determined the fair value of the new assets acquired upon purchasing the additional 2.89% to be ThUS$214,526. Compared to the cost indicated above, this gives badwill of ThUS$14,819, which was recorded in the statement of income as a gain for CSAV in accordance with IFRS.

Note 14 – Intangible assets other than goodwill

Intangible assets, net	**12/31/2018 ThCh$**	**12/31/2017 ThCh$**
Intangible assets with finite life, net	191,305,578	180,151,677
Intangible assets with indefinite life, net (1)	200,658,580	179,518,775
Intangible assets, net	**391,964,158**	**359,670,452**

(1) Intangible assets with an indefinite useful life are the Banco de Chile brand and the contracts to use the Citibank brand, which are not amortized because they are trademarks without expiration and they are expected to generate net cash flows indefinitely for the business. They also include the brand Road Ranger acquired during the Road Ranger Group purchase by the subsidiary Enex in 2018. Intangible assets with indefinite useful lives are valued at acquisition cost less accumulated impairment and are not amortized. However, these assets are subject to an annual impairment test.

Method used to express the amortization of identifiable intangible assets	**Useful life**	**Minimum useful life**	**Maximum useful life**
Useful life for port concessions, tug boats and others	years	5	20
Useful life for computer programs	years	3	6
Useful life for other identifiable intangible assets	years	5	10

a) Intangible assets as of December 31, 2018 and 2017 are detailed as follows:

As of December 31, 2018	**Gross Assets ThCh$**	**Accumulated amortization /impairment ThCh$**	**Net Assets ThCh$**
Patents, trademarks and other rights	202,241,185	(1,582,605)	200,658,580
Port concessions, tug boats and others	248,017,702	(79,830,413)	168,187,289
Computer programs	13,364,971	(9,042,224)	4,322,747
Other intangible assets	260,972,095	(242,176,553)	18,795,542
Total	**724,595,953**	**(332,631,795)**	**391,964,158**

As of December 31, 2017	**Gross Assets ThCh$**	**Accumulated amortization /impairment ThCh$**	**Net Assets ThCh$**
Patents, trademarks and other rights	180,922,475	(1,403,700)	179,518,775
Port concessions, tug boats and others	214,182,017	(58,197,110)	155,984,907
Computer programs	11,538,550	(6,883,858)	4,654,692
Other intangible assets.	260,478,070	(240,965,992)	19,512,078
Total	**667,121,112**	**(307,450,660)**	**359,670,452**

Note 14 – Intangible assets other than goodwill (continued)

b) Movement of identifiable intangible assets

The following shows the movement of identifiable intangible assets during 2018.

Movements	Patents, trademarks and other rights	Port concessions, tug boats and others	Computer programs	Other intangible assets	Total
	ThCh$		ThCh$	ThCh$	ThCh$
Opening balance	179,518,775	155,984,907	4,654,692	19,512,078	359,670,452
Additions	21,209,587	4,850,481	663,086	94,315	26,817,469
Disposals through business divestments	(56,216)	-	-	-	(56,216)
Amortization	(87,376)	(17,044,443)	(1,459,117)	(1,033,421)	(19,624,357)
Increase (decrease) in currency translation	101,363	17,376,905	522,106	222,570	18,222,944
Other increases (decreases)	(27,553)	7,019,439	(58,020)	-	6,933,866
Closing balance	**200,658,580**	**168,187,289**	**4,322,747**	**18,795,542**	**391,964,158**

The following shows the movement of identifiable intangible assets during 2017.

Movements	Patents, trademarks and other rights	Port concessions, tug boats and others	Computer programs	Other intangible assets	Total
	ThCh$		ThCh$	ThCh$	ThCh$
Opening balance	179,777,522	74,842,106	6,190,770	22,886,945	283,697,343
Additions	7,992	3,065,144	1,230,853	20,757	4,324,746
Acquisitions through business combinations	-	103,125,234	8,362	-	103,133,596
Transfers to (from) non-current assets and disposal groups held for sale	(50,410)	-	(1,844)	-	(52,254)
Disposals	(44,877)	-	(276,023)	-	(320,900)
Amortization	(105,122)	(14,380,189)	(1,413,714)	(3,259,188)	(19,158,213)
Revaluation increase (decrease) recognized in the statement of income	-	(455,530)	-	-	(455,530)
Impairment loss recognized in statement of income	-	-	(730,323)	-	(730,323)
Increase (decrease) in currency translation	(52,805)	(10,211,858)	(514,454)	(136,436)	(10,915,553)
Other increases (decreases)	(13,525)	-	161,065	-	147,540
Closing balance	**179,518,775**	**155,984,907**	**4,654,692**	**19,512,078**	**359,670,452**

The subsidiary Tech Pack recognizes the amortization of identifiable intangible assets under Administrative expenses in the consolidated statement of comprehensive income. The subsidiary LQIF recognizes the amortization of its intangible assets under Other expenses by function.

Note 15 – Goodwill

Movements in goodwill during 2018 and 2017 are detailed as follows.

Movements	**Banco de Chile and SM-Chile**	**Merger Banco de Chile - Citibank**	**Merger Citigroup Chile II S.A. LQIF**	**Enex**	**Other**	**Total**
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
As of December 31, 2018						
Opening balances as of 1/1/2018	514,466,490	108,438,209	31,868,173	194,701,400	3,902,226	853,376,498
Acquisitions through business combinations	-	-	-	82,263,456	-	82,263,456
Increase (decrease) in currency translation	-	-	-	-	1,360	1,360
Other increases (decreases)	-	-	-	-	(3,008,029)	(3,008,029)
Closing balances as of 12/31/2018	**514,466,490**	**108,438,209**	**31,868,173**	**276,964,856**	**895,557**	**932,633,285**
As of December 31, 2017						
Opening balances as of 01/01/2017	514,466,490	108,438,209	31,868,173	194,701,400	879,551	850,353,823
Increase (decrease) in currency translation	-	-	-	-	(232,658)	(232,658)
Other increases (decreases)	-	-	-	-	3,255,333	3,255,333
Closing balances as of 12/31/2017	**514,466,490**	**108,438,209**	**31,868,173**	**194,701,400**	**3,902,226**	**853,376,498**

Note 16 – Business combinations

Acquisition of indirect subsidiary

During November 2018, the subsidiary Enex acquired all the share capital of Road Ranger, LLC, giving it control over said company, through its subsidiary Enex Investment US, Inc.

Road Ranger, LLC operates Travel Centers, which include service stations and fuel sales, convenience stores, fast food restaurants and related businesses, distributed across the States of Illinois, Indiana, Wisconsin, Missouri, Iowa and Texas.

In compliance with IFRS 3, the indirect subsidiary Enex Investment US, Inc. valued the assets and liabilities acquired at their fair values at the acquisition date of November 18, 2018, and recorded as goodwill the difference between these fair values and the acquisition price. This valuation was prepared by an independent company.

Road Ranger Group LLC contributed revenue of ThCh$28,315,027 and net income of ThCh$1,114,690 to the income of the Group during the period between taking control and December 31, 2018.

The fair values as of November 18, 2018 are detailed as follows.

	Balances Upon Taking Control 11/18/2018 ThCh$	Purchase Price Allocation ThCh$	Adjusted Balances 11/18/2018 ThCh$
Cash and cash equivalents	2,414,285	-	2,414,285
Trade and other receivables	4,112,505	-	4,112,505
Inventory, current	6,222,668	-	6,222,668
Other non-financial assets, current	764,386	-	764,386
Total current assets	**13,513,844**	**-**	**13,513,844**
Intangible assets other than goodwill	348,194	18,914,893	19,263,087
Property, plant and equipment	92,607,428	104,266	92,711,694
Goodwill	3,410,229	76,205,717	79,615,946
Trade and other receivables, non-current	121,034		121,034
Total non-current assets	**96,486,885**	**95,224,876**	**191,711,761**
Total assets	**110,000,729**	**95,224,876**	**205,225,605**
Other financial liabilities, current	150,594	-	150,594
Trade and other payables	6,073,325	-	6,073,325
Related party payables, current	0	-	0
Other provisions, current	4,458,938	-	4,458,938
Total current liabilities	**10,682,857**	**-**	**10,682,857**
Other financial liabilities, non-current	9,967,615	(7,725,367)	2,242,248
Deferred tax liabilities	0	1,078,269	1,078,269
Total non-current liabilities	**9,967,615**	**(6,647,098)**	**3,320,517**
Total liabilities	**20,650,472**	**(6,647,098)**	**14,003,374**
Share capital	74,521,707		74,521,707
Retained earnings	14,828,550	101,871,974	116,700,524
Total equity	**89,350,257**	**101,871,974**	**191,222,231**
Total equity and liabilities	**110,000,729**	**95,224,876**	**205,225,605**

Note 16 – Business combinations (continued)

Calculation of goodwill

	ThCh$
Equity of Road Ranger as of November 18, 2018	**89,350,257**
Property, plant and equipment (increases)	104,266
Brand	11,094,765
Goodwill in Road Ranger as of the acquisition date	(3,410,229)
Favorable leasing	7,820,128
Deferred revenue (1)	7,725,368
Deferred taxes	(1,078,269)
Adjusted equity as of November 18, 2018	**111,606,286**
Acquisition price	191,222,230
Goodwill	**79,615,946**

(1) Adjustment relating to the elimination of deferred revenue associated with a leaseback transaction signed by Road Ranger LLC prior to taking control, where the controller is not subsequently required to meet any performance indicators.

Acquisition_details

	ThCh$
Acquisition price	**191,222,231**
Analysis of cash flows on the acquisition date	
Acquisition transaction costs	
(including cash flows relating to the transaction)	(3,531,182)
Net cash acquired	2,414,285
Net cash flow on the acquisition date	**(1,116,897)**

Costs relating to acquisitions

The subsidiary Enex incurred in acquisition costs to acquire Road Ranger, relating to external legal fees and due diligence costs. These costs have been included in administrative and sales expenses for the year ended December 31, 2018.

Goodwill does not constitute a tax expense.

The net assets have been valued on the basis of a provisional valuation pending completion of the valuation commissioned from independent specialists. If new information is obtained within a year of the acquisition date regarding facts and circumstances as of the acquisition date, amounts previously presented are adjusted. If any additional information is found that existed as of the acquisition date, the acquisition accounting will be reviewed within the limits set by IFRS 3.

Note 17 – Transactions with non-controlling interests

- **Fully paid shares**

  In March 2018 and 2017, at extraordinary shareholders' meetings of Banco de Chile, shareholders approved the distribution of 40% of the net distributable income for the year through the issuance of new fully paid-in shares (bonus issue) which were distributed to the shareholders of Banco de Chile pro rata to their shareholdings in the Bank. During the same month, at the ordinary shareholders' meeting of SM Chile, shareholders approved the distribution of new fully paid shares received for its direct interest in Banco de Chile to its shareholders pro rata to their interest in the Bank.

  The effect of paying dividends through new fully paid shares in 2018 and 2017 was a net decrease in the direct and indirect interest in the Bank without losing control. Consequently, the accounting treatment has been similar to selling shares. These transactions have been recorded as a charge to Other reserves, as the counterparties are non-controlling interests in Banco de Chile.

  The net decrease in the interest of the Bank is at the level of SM Chile and SAOS since these companies do not receive new fully paid shares, generating a dilution of their interest in the Bank, and therefore a decrease in the indirect interest of LQIF in the Bank. Such decrease cannot be compensated by the increased direct interest that LQIF has in Banco de Chile.

- **Acquisition of Banco de Chile shares**

  During 2017, LQIF acquired 199,894,115 shares in Banco de Chile, bringing its direct and indirect interest in Banco de Chile from 51.06% to 51.26% (51.20% as of December 31, 2017). These transactions have been recorded as a charge to Other reserves, as the counterparties are non-controlling interests in Banco de Chile.

- **Shareholding increase in CSAV**

  During the fourth quarter of 2017, Quiñenco contributed to the capital increase in CSAV, bringing its interest in the subsidiary to 56.17%.

  These transactions have been recorded as a credit to Other reserves, as the counterparties are non-controlling interests.

- **Shareholding increase in Invexans**

  During 2017 and 2016, Quiñenco has successively acquired Invexans shares, bringing its interest in the subsidiary to 98.68%.

  These transactions have been recorded as a credit to Other reserves, as the counterparties are non-controlling interests.

The net accounting effects (considering for these purposes only Quiñenco's interest) of these transactions with non-controlling interests as of December 31, 2018 and 2017 are as follows.

As of December 31, 2018

	Dividend paid with new fully paid shares in Banco de Chile	Shareholding increase in Banco de Chile	Shareholding increase in CSAV	Shareholding increase in Invexans	Total
	12/31/2018 ThCh$	**12/31/2018** ThCh$	**12/31/2018** ThCh$	**12/31/2018** ThCh$	**12/31/2018** ThCh$
Equity value	(10,646,590)	-	-	-	(10,646,590)
Intangible assets	(35,706)	-	-	-	(35,706)
Net effect on equity	**(10,682,296)**	**-**	**-**	**-**	**(10,682,296)**

As of December 31, 2017

	Dividend paid with new fully paid shares in Banco de Chile	Shareholding increase in Banco de Chile	Shareholding increase in CSAV	Shareholding increase in Invexans	Total
	12/31/2017 ThCh$	**12/31/2017** ThCh$	**12/31/2017** ThCh$	**12/31/2017** ThCh$	**12/31/2017** ThCh$
Shareholding increase in Banco de Chile	-	(8,832,983)	-	-	(8,832,983)
Equity value	(8,940,558)	2,886,813	465,723	21,849	(5,566,173)
Intangible assets	(43,586)	145,265	-	-	101,679
Net effect on equity	**(8,984,144)**	**(5,800,905)**	**465,723**	**21,849**	**(14,297,477)**

Note 18 – Property, plant and equipment

(a) Composition

As of December 31, 2018 and 2017, these were as follows.

	Gross Assets ThCh$	Accumulated Depreciation ThCh$	Net Assets ThCh$
As of December 31, 2018			
Construction in progress	20,300,853	-	20,300,853
Land	159,251,012	-	159,251,012
Buildings	164,726,871	(39,232,876)	125,493,995
Plant and equipment	383,016,722	(144,651,523)	238,365,199
IT equipment	17,885,918	(12,281,795)	5,604,123
Fixed installations and accessories	27,202,036	(13,634,128)	13,567,908
Vessels	339,162,746	(129,253,576)	209,909,170
Motor vehicles	17,774,871	(8,783,752)	8,991,119
Other property, plant and equipment	21,012,031	(13,124,920)	7,887,111
Total	**1,150,333,060**	**(360,962,570)**	**789,370,490**

	Gross Assets ThCh$	Accumulated Depreciation ThCh$	Net Assets ThCh$
As of December 31, 2017			
Construction in progress	24,899,279	-	24,899,279
Land	135,640,446	-	135,640,446
Buildings	98,912,712	(33,122,070)	65,790,642
Plant and equipment	319,690,049	(124,263,058)	195,426,991
IT equipment	16,802,849	(10,973,760)	5,829,089
Fixed installations and accessories	23,139,888	(10,404,934)	12,734,954
Vessels	309,642,830	(112,006,790)	197,636,040
Motor vehicles	13,962,587	(6,454,309)	7,508,278
Other property, plant and equipment	15,052,439	(8,654,855)	6,397,584
Total	**957,743,079**	**(305,879,776)**	**651,863,303**

Note 18 – Property, plant and equipment (continued)

(b) Movement

Movements in 2018 are detailed as follows:

		Construction in progress ThCh$	Land ThCh$	Buildings, net ThCh$	Plant and equipment, net ThCh$	Computer equipment, net ThCh$	Fixed installations and accesories, net ThCh$	Ships and tug boats, net ThCh$	Motor vehicles, net ThCh$	Other property, plant and equipment, net ThCh$	Property, plant and equipment, net ThCh$
	Opening balances as of January 1, 2018	24,899,279	135,640,446	65,790,642	195,426,991	5,829,089	12,734,954	197,636,040	7,508,278	6,397,584	651,863,303
Movements	Additions	42,363,093	-	3,812,746	1,049,271	390,137	15,116	11,709,352	45,893	591,609	59,977,217
	Road Ranger acquisition	1,475,396	12,780,294	54,699,557	25,129,878	398,822	1,042,758	-	1,192,982	-	96,719,687
	Divestments	-	(14,211)	(138,614)	(217,854)	(7,651)	(30,488)	(3,255,063)	(120,655)	(11,102)	(3,795,638)
	Transfers to (from) investment properties	-	152,047	(3,961,188)	-	-	-	-	-	-	(3,809,141)
	Transfers to (from) property, plant and equipment	(49,442,835)	2,443,332	6,561,004	28,919,093	1,270,430	3,252,256	1,666,012	2,777,448	1,730,563	(822,697)
	Disposals	(16,291)	-	(8,138)	(661,627)	(5,530)	(69,312)	(3,193)	3,207	(33,846)	(794,730)
	Depreciation expense	-	-	(5,126,522)	(16,681,726)	(2,408,437)	(3,377,376)	(19,348,877)	(2,583,601)	(2,632,094)	(52,158,633)
	Increases (decreases) in exchange differences	1,085,067	8,249,104	3,945,392	5,365,480	137,263	-	21,498,690	180,464	325,427	40,786,887
	Other increases (decreases)	(62,856)	-	(80,884)	35,693	-	-	6,209	(12,897)	1,518,970	1,404,235
	Closing balance as of December 31, 2018	**20,300,853**	**159,251,012**	**125,493,995**	**238,365,199**	**5,604,123**	**13,567,908**	**209,909,170**	**8,991,119**	**7,887,111**	**789,370,490**

Movements in 2017 are detailed as follows:

		Construction in progress ThCh$	Land ThCh$	Buildings, net ThCh$	Plant and equipment, net ThCh$	Computer equipment, net ThCh$	Fixed installations and accesories, net ThCh$	Ships and tug boats, net ThCh$	Motor vehicles, net ThCh$	Other property, plant and equipment, net ThCh$	Property, plant and equipment, net ThCh$
	Opening balances as of January 1, 2017	76,492,583	133,022,481	63,097,536	123,225,235	6,196,799	11,903,926	224,754,488	8,292,421	5,226,852	652,212,321
Movements	Additions	18,713,965	7,256,952	2,959,791	37,623,593	2,375,424	3,722,433	8,304,043	2,459,598	2,588,884	86,004,683
	Acquisitions through business combinations	-	-	41,803	27,049	154,302	-	-	9,221	147,540	379,915
	Divestments	-	(95,913)	-	(590,775)	(346)	(2,585)	(1,024,788)	(446,166)	-	(2,160,573)
	Transfers to (from) non-current assets and disposal groups held for sale	-	-	(331,350)	(1,004,502)	(89,754)	-	(172,130)	(331,965)	-	(1,929,701)
	Transfers to (from) investment properties	-	-	(61,475)	-	-	-	-	-	-	(61,475)
	Transfers to (from) property, plant and equipment	(69,113,180)	653,357	10,067,883	56,520,027	93,442	-	1,463,105	307,375	7,991	-
	Disposals	-	-	(258,149)	(298,779)	(33,987)	(55,730)	-	-	(11,950)	(658,595)
	Depreciation expense	-	-	(5,163,806)	(15,817,506)	(2,415,804)	(2,833,251)	(20,469,285)	(2,346,612)	(1,572,119)	(50,618,383)
	Impairment loss recognized in statement of income	(65,164)	-	(462,292)	(264,957)	(45,492)	-	(121,721)	(277,867)	-	(1,237,493)
	Increases (decreases) in exchange differences	(1,128,925)	(5,196,431)	(3,991,868)	(2,679,914)	(210,397)	-	(15,548,285)	(146,541)	(145,327)	(29,047,688)
	Other increases (decreases)	-	-	(107,431)	(1,312,480)	(195,098)	161	450,613	(11,186)	155,713	(1,019,708)
	Closing balance as of December 31, 2017	**24,899,279**	**135,640,446**	**65,790,642**	**195,426,991**	**5,829,089**	**12,734,954**	**197,636,040**	**7,508,278**	**6,397,584**	**651,863,303**

Note 18 – Property, plant and equipment (continued)

(c) Finance leases

As of December 31, 2018 and 2017, the subsidiaries Enex and SM SAAM have signed contracts to acquire leasehold land, plant and equipment. The lessors for the latter are Banco Santander, Wells Fargo Equipment Finance, Inc. and Metlife Chile.

There are no dividends, additional debt or new lease restrictions in these contracts.

Items of property, plant and equipment under finance leases as of December 31, 2018 and 2017, are detailed as follows:

	12/31/2018 ThCh$	12/31/2017 ThCh$
Land, net	388,500	505,812
Plant and equipment, net	2,350,184	3,512,543
Vehicles	1,201,761	-
Total	**3,940,445**	**4,018,355**

The present value of future finance lease payments as of December 31, 2018 and 2017, is as follows.

		12/31/2018	
	Gross ThCh$	Interest ThCh$	Present value ThCh$
Less than one year	1,913,078	(43,076)	1,870,002
One to five years	2,074,240	(134,784)	1,939,456
Over five years	-	-	-
Total	**3,987,318**	**(177,860)**	**3,809,458**

		12/31/2017	
	Gross ThCh$	Interest ThCh$	Present value ThCh$
Less than one year	1,632,893	(67,623)	1,565,270
One to five years	2,412,874	(38,729)	2,374,145
Over five years	-	-	-
Total	**4,045,767**	**(106,352)**	**3,939,415**

Note 18 – Property, plant and equipment (continued)

(d) Operating leases

The most significant operating leases relate to the subsidiaries Enex and CSAV.

There are no restrictions imposed by the operating lease contracts.

The future payments under operating leases as of December 31, 2018 and 2017, are as follows.

	12/31/2018 ThCh$	12/31/2017 ThCh$
Less than one year	32,051,388	31,486,021
One to five years	154,751,428	45,272,671
Over five years	3,695,635	2,021,057
Total	**190,498,451**	**78,779,749**

The following are the installments of leases and sub-leases recognized in the consolidated statement of comprehensive income as of December 31, 2018 and 2017.

	12/31/2018 ThCh$	12/31/2017 ThCh$
Minimum lease payments under operating leases	36,519,505	17,965,611
Total	**36,519,505**	**17,965,611**

Note 19 – Investment property

(a) Investment properties as of December 31, 2018 and 2017, are detailed as follows.

	12/31/2018 ThCh$	12/31/2017 ThCh$
Land	3,863,704	3,862,893
Buildings	13,654,577	12,854,065
Total	**17,518,281**	**16,716,958**

Note 19 – Investment property (continued)

(b) Movements

Movements in investment properties during 2018 and 2017 are detailed as follows.

As of December 31, 2018 Movements	**Land** **ThCh$**	**Buildings** **ThCh$**	**Total** **ThCh$**
Opening balance, net	3,862,893	12,854,065	16,716,958
Additions	-	90,683	90,683
Transfers to (from) property, plant and equipment	(152,047)	3,961,188	3,809,141
Transfers to (from) non-current assets and disposal groups held for sale	-	(7,151)	(7,151)
Divestments	-	(4,251,425)	(4,251,425)
Depreciation	-	(275,148)	(275,148)
Increase (decrease) in exchange differences	152,858	67,163	220,021
Other increases (decreases)	-	1,215,202	1,215,202
Closing balance, net	**3,863,704**	**13,654,577**	**17,518,281**

As of December 31, 2017 Movements	**Land** **ThCh$**	**Buildings** **ThCh$**	**Total** **ThCh$**
Opening balance, net	4,197,203	14,139,584	18,336,787
Transfers to (from) property, plant and equipment	-	61,475	61,475
Transfers to (from) non-current assets and disposal groups held for sale	-	(11,065)	(11,065)
Divestments	(110,040)	(335,039)	(445,079)
Depreciation	-	(228,709)	(228,709)
Increase (decrease) in exchange differences	(224,270)	(772,181)	(996,451)
Closing balance, net	**3,862,893**	**12,854,065**	**16,716,958**

(c) Revenue from rentals and direct operating expenses of investment properties during 2018 and 2017 are detailed as follows.

	12/31/2018 **ThCh$**	**12/31/2017** **ThCh$**
Revenue from rental of investment properties	1,902,818	2,132,965
Direct operating expenses	(674,735)	(598,230)

(d) The fair values of investment properties do not vary significantly from their book values.

Note 20 – Current and deferred taxes

(a) General information

The parent company's net income that forms Taxable Income (RAI in Spanish) and Exempt Income (REX in Spanish) are the following

	ThCh$
Income subject to personal income tax or withholding tax	221,311,256
Income exempt from personal income tax or witholding tax	105,205,976
Non-taxable income	408,450,809
Total taxable income (STUT in Spanish, formerly FUT)	231,720,456

According to the records, the credit balances are:

Accumulated credits from January 1, 2017, subject to restitution and without right to a refund	1,017,608
Accumulated credits as of December 31, 2016 with right to a refund	42,694,288

(b) Deferred taxes

Deferred tax assets and liabilities as of December 31, 2018 and 2017, are detailed as follows.

	12/31/2018		12/31/2017	
Deferred taxes	**Assets**	**Liabilities**	**Assets**	**Liabilities**
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**
Depreciation	-	81,900,753	-	57,350,897
Amortization	-	21,986,691	-	19,897,613
Provisions	15,375,994	-	11,388,326	207,786
Post-employment benefits	2,352,679	446,737	2,328,775	562,496
Revaluations of property, plant and equipment	4,002,445	9,606,716	3,971,357	11,661,535
Intangible assets	-	48,362,462	-	48,362,462
Revaluations of financial instruments	190,209	-	27,283	-
Tax losses	176,615,308	8337	152,512,799	-
Tax credits	32,300,435	-	12,518,677	-
Deferred tax assets related to others	21,165,502	-	24,124,096	-
Deferred tax liabilities related to others	-	16,109,161	-	15,073,390
Total	**252,002,572**	**178,420,857**	**206,871,313**	**153,116,179**

Note 20 – Current and deferred taxes (continued)

(c) Income tax expense

This account is detailed as follows.

	12/31/2018 ThCh$	12/31/2017 ThCh$
Current tax expense	(27,465,788)	(45,306,094)
Other tax expense	(43,847)	(67,376)
Adjustment for deferred tax assets and liabilities	5,012,631	(24,491,550)
Others	14,912,461	4,812,414
Net income tax expense	**(7,584,543)**	**(65,052,606)**

(d) Reconciliation of applicable taxation

The reconciliation of the income tax expense from the financial net income before taxes as of December 31, 2018 and 2017 is as follows.

	12/31/2018 ThCh$	12/31/2017 ThCh$
Tax benefit (expense) using the statutory rate	**(26,900,026)**	**(3,761,919)**
Tax effect of rates in other jurisdictions	(11,185,063)	(29,894,111)
Tax effect of non-taxable revenue	55,752,574	(9,663,490)
Tax effect of expenses disallowed for tax purposes	(27,106,230)	(21,017,467)
Tax effect of tax benefit not previously recognized in income statement	(5,038,651)	-
Tax effect of a new evaluation of unrecognized deferred tax assets	153,924	1,098,434
Tax effect of changes in tax rates	-	(1,158,754)
Expense adjustments for discontinued operations	81,366	-
Other increases in charge for statutory taxes	6,657,563	(655,299)
Income tax benefit (expense) using the effective rate	**(7,584,543)**	**(65,052,606)**

Note 21 – Other current and non-current financial liabilities

Other current and non-current financial liabilities as of December 31, 2018 and 2017, are detailed as follows:

	Current		Non-Current	
	12/31/2018 ThCh$	12/31/2017 ThCh$	12/31/2018 ThCh$	12/31/2017 ThCh$
Bank loans	60,219,474	61,459,961	315,683,196	183,900,137
Bonds outstanding	26,175,193	39,615,277	1,115,035,927	904,155,653
Concession liabilities	4,289,510	2,282,567	25,962,165	15,247,030
Finance leases	1,870,002	1,565,270	1,939,456	2,374,145
Guaranteed factoring obligations	-	3,046,701	-	-
Hedge liabilities	525,246	329,506	-	19,671
Total	**93,079,425**	**108,299,282**	**1,458,620,744**	**1,105,696,636**

Note 21 – Other current and non-current financial liabilities (continued)

(a) Interest-bearing bank loans as of December 31, 2018 are detailed as follows.

(a.1) Book values

Debtor ID number	Debtor	Debtor Country	Creditor	Currency	Repayment	Effective rate	Nominal rate	Current as of 12/31/2018 ThCh$	Up to 3 months ThCh$	3 to 12 months ThCh$	Non-current as of 12/31/2018 ThCh$	1 to 2 years ThCh$	2 to 3 years ThCh$	3 to 4 years ThCh$	4 to 5 years ThCh$	Over 5 years ThCh$	Total debt not yet due ThCh$
91.021.000-9	Invexans S.A.	Chile	Banco Estado	USD	Semi-annual	4.03%	3.88%	6,987,583	-	6,987,583	-	-	-	-	-	-	6,987,583
90.160.000-7	Compañía Sud Americana de Vapores S.A.	Chile	Banco Itau Chile	USD	Semi-annual	4.89%	Libor+2.5%	7,481,283	4,007,433	3,473,850	24,041,126	8,142,010	7,801,572	4,048,772	4,048,772	-	31,522,409
Foreign	Florida International Terminal, LLC.	USA	Banco Crédito e Inversiones	USD	Semi-annual	5.97%	Libor+3%	240,391	72,951	167,440	2,931,929	416,862	416,862	416,862	416,862	1,264,481	3,172,320
96.915.330-0	Iquique Terminal Internacional S.A.	Chile	Banco Crédito e Inversiones	USD	Semi-annual	4.94%	Libor+2.3%	1,842,530	1,842,530	-	1,802,233	1,802,233	-	-	-	-	3,644,763
96.915.330-0	Iquique Terminal Internacional S.A.	Chile	Banco Itaú Chile	USD	Semi-annual	3.38%	3.21%	1,400,656	742,709	657,947	4,607,019	1,316,589	1,316,589	1,316,589	657,252	-	6,007,675
Foreign	Inarpi S.A.	Ecuador	Banco Estado	USD	Semi-annual	3.69%	3.50%	879,579	445,348	434,231	434,231	434,231	-	-	-	-	1,313,810
Foreign	Inarpi S.A.	Ecuador	Banco Crédito e Inversiones	USD	Semi-annual	3.70%	3.50%	528,025	267,486	260,539	260,539	260,539	-	-	-	-	788,564
Foreign	Inarpi S.A.	Ecuador	Banco Crédito e Inversiones	USD	Semi-annual	4.49%	3.73%	1,342,296	-	1,342,296	8,467,858	1,302,694	1,302,694	1,302,694	1,302,694	3,257,082	9,810,154
Foreign	Inarpi S.A.	Ecuador	Banco Estado	USD	Semi-annual	4.96%	Libor+1.8%	1,383,287	-	1,383,287	7,837,007	1,306,168	1,306,168	1,306,168	1,306,168	2,612,335	9,220,294
Foreign	Inarpi S.A.	Ecuador	Banco Santander Madrid	USD	Semi-annual	4.28%	4.07%	2,450,454	1,292,272	1,158,182	10,420,854	2,315,668	2,315,668	2,315,668	2,315,668	1,158,182	12,871,308
Foreign	Inarpi S.A.	Ecuador	Banco Estado	USD	Semi-annual	3.84%	Libor+2%	962,256	528,025	434,231	4,776,545	434,231	868,463	868,463	868,463	1,736,925	5,738,801
Foreign	Saam Operadora de Ptos.de Estiba y Des.Costa Rica S.A.	Costa Rica	Banco Estado	USD	Semi-annual	6.50%	6.50%	864,294	212,600	651,694	391,850	391,850	-	-	-	-	1,256,144
Foreign	Sociedad Portuaria de Caldera S.A.	Costa Rica	Banco Davivienda	USD	Monthly	6.43%	Libor + 5.5%	869,157	216,768	652,389	728,814	728,814	-	-	-	-	1,597,971
Foreign	Sociedad Portuaria de Caldera S.A.	Costa Rica	Banco Davivienda	USD	Monthly	5.00%	5.00%	478,002	118,806	359,196	3,919,197	500,234	525,941	553,037	581,522	1,758,463	4,397,199
Foreign	Sociedad Portuaria de Caldera S.A.	Costa Rica	Banco San José	USD	Monthly	5.19%	5.00%	179,945	47,244	132,701	1,434,701	184,809	194,536	204,262	215,379	635,715	1,614,646
Foreign	Sociedad Portuaria de Caldera S.A.	Costa Rica	Banco San José	USD	Monthly	5.89%	5.00%	2,036,371	656,558	1,379,813	16,488,282	1,917,565	2,015,528	2,124,607	2,234,380	8,196,202	18,524,653
Foreign	Sociedad Portuaria Granelera de Caldera S.A.	Costa Rica	Banco San José	USD	Quarterly	6.85%	Libor + 5.35%	737,846	191,757	546,089	835,808	778,142	57,666	-	-	-	1,573,654
Foreign	Sociedad Portuaria Granelera de Caldera S.A.	Costa Rica	Banco Davivienda Costa Rica	USD	Monthly	4.31%	Libor+3%	6,041,720	-	6,041,720	11,116,320	5,558,160	5,558,160	-	-	-	17,158,040
Foreign	Saam Remolques S.A. de C.V.	Mexico	Corpbanca New York Branch	USD	Semi-annual	5.19%	5.00%	933,771	233,443	700,328	10,295,102	933,771	9,361,331	-	-	-	11,228,873
Foreign	Smit Marine Canada Inc	Canada	Scotiabank Canada	CAD	Monthly	4.10%	4.10%	271,655	68,087	203,568	7,844,648	271,655	271,655	271,655	7,029,683	-	8,116,303
Foreign	Virtual Logistics Marine Services, Inc	Panama	Banco Rabobank	USD	Semi-annual	5.71%	3.45%	663,506	175,777	487,729	1,625,760	650,305	650,305	325,150	-	-	2,289,266
Foreign	Kios S.A.	Uruguay	Banco Santander	USD	Semi-annual	6.00%	6.00%	462,021	462,021	-	-	-	-	-	-	-	462,021
78.080.440-8	Enex S.A.	Chile	Banco Scotiabank	CLP	Semi-annual	4.28%	3.82%	88,625	88,625	-	34,500,000	-	-	34,500,000	-	-	34,588,625
78.080.440-8	Enex S.A.	Chile	Banco Scotiabank	USD	Semi-annual	4.28%	3.82%	163,092	163,092	-	50,923,373	25,461,687	25,461,686	-	-	-	51,086,465
78.080.440-8	Enex S.A.	Chile	Banco Estado	CLP	Semi-annual	3.49%	3.50%	20,931,129	908,608	20,022,521	110,000,000	5,721,676	5,721,676	22,000,000	22,000,000	54,556,648	130,931,129
			TOTAL					60,219,474			315,683,196						375,902,670

Note 21 – Other current and non-current financial liabilities (continued)

(a) Interest-bearing bank loans as of December 31, 2018 are detailed as follows. (continued)

(a.2) Undiscounted values

Debtor ID number	Debtor	Debtor Country	Creditor	Currency	Repayment	Effective rate	Nominal rate	Current as of 12/31/2018 ThCh$	Up to 3 months ThCh$	3 to 12 months ThCh$	Non-current as of 12/31/2018 ThCh$	1 to 2 years ThCh$	2 to 3 years ThCh$	3 to 4 years ThCh$	4 to 5 years ThCh$	Over 5 years ThCh$	Total debt undiscounted ThCh$
91.021.000-9	Invexans S.A.	Chile	Banco Estado	USD	Semi-annual	4.03%	3.88%	7,191,028	-	7,191,028	-	-	-	-	-	-	7,191,028
90.160.000-7	Compañía Sud Americana de Vapores S.A.	Chile	Banco Itau Chile	USD	Semi-annual	4.89%	Libor+2.5%	8,460,883	4,279,909	4,180,974	26,954,298	8,142,010	7,800,878	7,436,818	3,574,592	-	35,415,181
Foreign	Florida International Terminal, LLC.	USA	Banco Crédito e Inversiones	USD	Semi-annual	5.97%	Libor+3%	165,356	73,646	91,710	3,609,330	795,512	721,866	721,866	721,866	648,220	3,774,686
96.915.330-0	Iquique Terminal Internacional S.A.	Chile	Banco Crédito e Inversiones	USD	Semi-annual	4.94%	Libor+2.3%	1,846,699	943,498	903,201	1,806,402	1,806,402	-	-	-	-	3,653,101
96.915.330-0	Iquique Terminal Internacional S.A.	Chile	Banco Itaú Chile	USD	Semi-annual	3.38%	3.21%	1,498,619	755,215	743,404	4,907,160	1,455,543	1,412,467	1,370,086	669,064	-	6,405,779
Foreign	Inarpi S.A.	Ecuador	Banco Estado	USD	Semi-annual	3.69%	3.50%	906,675	457,159	449,516	441,874	441,874	-	-	-	-	1,348,549
Foreign	Inarpi S.A.	Ecuador	Banco Crédito e Inversiones	USD	Semi-annual	3.70%	3.50%	544,005	274,434	269,571	265,402	265,402	-	-	-	-	809,407
Foreign	Inarpi S.A.	Ecuador	Banco Crédito e Inversiones	USD	Semi-annual	4.49%	3.73%	1,680,649	845,535	835,114	9,655,218	1,629,930	1,576,433	1,524,325	1,472,218	3,452,312	11,335,867
Foreign	Inarpi S.A.	Ecuador	Banco Estado	USD	Semi-annual	4.96%	Libor+1.8%	1,712,608	863,599	849,009	9,012,557	1,653,553	1,592,413	1,531,968	1,471,523	2,763,100	10,725,165
Foreign	Inarpi S.A.	Ecuador	Banco Santander Madrid	USD	Semi-annual	4.28%	4.07%	2,817,292	1,418,720	1,398,572	11,497,055	2,722,804	2,626,231	2,531,047	2,435,169	1,181,804	14,314,347
Foreign	Inarpi S.A.	Ecuador	Banco Estado	USD	Semi-annual	3.84%	Libor+2%	1,098,431	552,342	546,089	5,874,281	1,064,388	1,030,344	996,300	961,562	1,821,687	6,972,712
Foreign	Saam Operadora de Ptos.de Estiba y Des.Costa Rica S.A.	Costa Rica	Banco Estado	USD	Semi-annual	6.50%	6.50%	1,841,140	920,570	920,570	877,495	877,495	-	-	-	-	2,718,635
Foreign	Sociedad Portuaria de Caldera S.A.	Costa Rica	Banco Davivienda	USD	Monthly	6.43%	Libor + 5.5%	949,751	475,223	474,528	751,046	751,046	-	-	-	-	1,700,797
Foreign	Sociedad Portuaria de Caldera S.A.	Costa Rica	Banco Davivienda	USD	Monthly	5.00%	5.00%	686,432	343,216	343,216	4,577,840	686,433	686,433	686,433	686,433	1,832,108	5,264,272
Foreign	Sociedad Portuaria de Caldera S.A.	Costa Rica	Banco San José	USD	Monthly	5.19%	5.00%	254,286	127,143	127,143	1,693,850	254,286	254,286	254,286	254,286	676,706	1,948,136
Foreign	Sociedad Portuaria de Caldera S.A.	Costa Rica	Banco San José	USD	Monthly	5.89%	5.00%	2,719,330	1,359,665	1,359,665	19,828,042	2,719,330	2,719,330	2,719,330	2,719,330	8,950,722	22,547,372
Foreign	Sociedad Portuaria Granelera de Caldera S.A.	Costa Rica	Banco San José	USD	Quarterly	6.85%	Libor + 5.35%	815,660	407,830	407,830	874,021	815,660	58,361	-	-	-	1,689,681
Foreign	Sociedad Portuaria Granelera de Caldera S.A.	Costa Rica	Banco Davivienda Costa Rica	USD	Monthly	4.31%	Libor+3%	6,234,172	3,245,271	2,988,901	11,540,130	5,854,827	5,685,303	-	-	-	17,774,302
Foreign	Saam Remolques S.A. de C.V.	Mexico	Corpbanca New York Branch	USD	Semi-annual	5.19%	5.00%	1,286,714	643,357	643,357	10,988,482	1,291,577	9,696,905	-	-	-	12,275,196
Foreign	Smit Marine Canada Inc	Canada	Scotiabank Canada	CAD	Monthly	4.10%	4.10%	727,424	344,606	382,818	9,539,193	740,625	707,276	673,927	7,417,365	-	10,266,617
Foreign	Virtual Logistics Marine Services, Inc	Panama	Banco Rabobank	USD	Semi-annual	5.71%	3.45%	723,950	364,754	359,196	1,711,914	701,718	1,010,196	-	-	-	2,435,864
Foreign	Kios S.A. (3)	Uruguay	Banco Santander	USD	Semi-annual	6.00%	6.00%	464,801	464,801	-	-	-	-	-	-	-	464,801
78.080.440-8	Enex S.A.	Chile	Banco Scotiabank	CLP	Semi-annual	4.28%	3.82%	250,393	250,393	-	34,814,312	81,995	81,994	34,650,323	-	-	35,064,705
78.080.440-8	Enex S.A.	Chile	Banco Scotiabank	USD	Semi-annual	4.28%	3.82%	242,980	-	242,980	48,633,900	-	-	48,633,900	-	-	48,876,880
78.080.440-8	Enex S.A.	Chile	Banco Estado	CLP	Semi-annual	3.49%	3.50%	20,886,981	837,741	20,049,240	110,198,906	5,757,301	5,757,301	22,035,625	22,035,625	54,613,054	131,085,887
			TOTAL					66,006,259			330,052,708						396,058,967

Note 21 – Other current and non-current financial liabilities (continued)

(b) Interest-bearing bank loans as of December 31, 2017 are detailed as follows.

(b.1) Book values

Debtor ID number	Debtor	Debtor Country	Creditor	Currency	Repayment	Effective rate	Nominal rate	Current as of 12/31/2017 ThCh$	Up to 3 months ThCh$	3 to 12 months ThCh$	Non-current as of 12/31/2017 ThCh$	1 to 2 years ThCh$	2 to 3 years ThCh$	3 to 4 years ThCh$	4 to 5 years ThCh$	Over 5 years ThCh$	Total debt not yet due ThCh$
91.021.000-9	Invexans S.A.	Chile	Banco Estado	USD	Semi-annual	2.88%	2.73%	32,265	-	32,265	6,129,058	6,129,058	-	-	-	-	6,161,323
90.160.000-7	Compañía Sud Americana de Vapores S.A.	Chile	Banco Itaú Chile	USD	Semi-annual	4.13%	Libor+2.5%	434,628	434,628	-	27,261,089	6,542,170	6,269,835	5,861,027	5,861,026	2,727,031	27,695,717
96.696.270-4	Inmobiliaria Marítima Portuaria Ltda.	Chile	Banco Estado	CLF	Monthly	4.50%	4.50%	40,573	24,590	15,983	-	-	-	-	-	-	40,573
Foreign	Terminal Marítima Mazatlán S.A. de C.V.	Mexico	Banco Itaú Chile	USD	Semi-annual	4.28%	4.00%	1,865,766	-	1,865,766	1,844,250	1,844,250	-	-	-	-	3,710,016
Foreign	Florida International Terminal, LLC.	USA	Banco Crédito e Inversiones	USD	Semi-annual	5.12%	Libor+3%	166,596	12,295	154,301	771,510	154,302	154,302	154,302	154,302	154,302	938,106
Foreign	Iquique Terminal Internacional S.A.	Chile	Banco Estado	USD	Semi-annual	4.13%	Libor+2.5%	1,868,225	921,510	946,715	-	-	-	-	-	-	1,868,225
Foreign	Iquique Terminal Internacional S.A.	Chile	Banco Crédito e Inversiones	USD	Semi-annual	4.94%	Libor+2.3%	1,646,915	-	1,646,915	3,185,634	1,592,817	1,592,817	-	-	-	4,832,549
Foreign	Inarpi S.A.	Ecuador	Banco Estado	USD	Semi-annual	3.38%	3.21%	1,255,934	673,766	582,168	5,241,972	1,164,951	1,164,951	1,164,951	1,164,951	582,168	6,497,906
Foreign	Inarpi S.A.	Ecuador	Banco Crédito e Inversiones	USD	Semi-annual	3.69%	3.50%	785,651	401,432	384,219	1,152,042	768,438	383,604	-	-	-	1,937,693
Foreign	Inarpi S.A.	Ecuador	Banco Crédito e Inversiones	USD	Semi-annual	3.70%	3.50%	471,512	240,982	230,530	691,594	461,063	230,531	-	-	-	1,163,106
Foreign	Inarpi S.A.	Ecuador	Banco Estado	USD	Semi-annual	4.10%	3.95%	614,136	37,500	576,636	8,645,228	1,152,656	1,152,656	1,152,656	1,152,656	4,034,604	9,259,364
Foreign	Inarpi S.A.	Ecuador	Banco Santander Madrid	USD	Semi-annual	4.89%	Libor+1.8%	1,172,328	-	1,172,328	8,090,110	1,155,730	1,155,730	1,155,730	1,155,730	3,467,190	9,262,438
Foreign	Inarpi S.A.	Ecuador	Banco Estado	USD	Semi-annual	4.28%	4.07%	1,156,959	132,171	1,024,788	11,269,598	2,048,962	2,048,962	2,048,962	2,048,962	3,073,750	12,426,557
Foreign	Saam Operadora de Ptos.de Estiba y Des.Costa Rica S.A.	Costa Rica	Banco Estado	USD	Semi-annual	3.53%	Libor+2%	847,741	463,522	384,219	4,994,846	768,438	768,438	768,438	768,438	1,921,094	5,842,587
Foreign	Sociedad Portuaria de Caldera S.A.	Costa Rica	Banco Davivienda	USD	Monthly	6.66%	6.50%	716,184	178,892	537,292	1,152,656	1,152,656	-	-	-	-	1,868,840
Foreign	Sociedad Portuaria de Caldera S.A.	Costa Rica	Banco Davivienda	USD	Monthly	6.42%	Libor+5.5%	720,488	173,360	547,128	1,380,114	1,380,114	-	-	-	-	2,100,602
Foreign	Sociedad Portuaria de Caldera S.A.	Costa Rica	Banco San José	USD	Monthly	6.28%	Libor+5.5%	899,380	451,227	448,153	-	-	-	-	-	-	899,380
Foreign	Sociedad Portuaria Granelera de Caldera S.A.	Costa Rica	Banco San José	USD	Quarterly	5.68%	Libor + 4.25%	1,734,210	598,152	1,136,058	16,154,401	1,588,514	1,678,268	1,777,857	1,881,135	9,228,627	17,888,611
Foreign	Sociedad Portuaria Granelera de Caldera S.A.	Costa Rica	Banco Davivienda Costa Rica	USD	Monthly	6.65%	Libor + 5.35%	601,841	151,229	450,612	1,373,351	636,266	679,299	57,786	-	-	1,975,192
Foreign	Saam Remolques S.A. de C.V.	Mexico	Banco Inbursa	USD	Semi-annual	4.60%	4.60%	1,239,951	-	1,239,951	-	-	-	-	-	-	1,239,951
Foreign	Saam Remolques S.A. de C.V.	Mexico	Corpbanca New York Branch	USD	Semi-annual	4.31%	Libor+3%	5,380,292	2,690,146	2,690,146	14,754,000	4,918,000	4,918,000	4,918,000	-	-	20,134,292
Foreign	Smit Marine Canada Inc	Canada	Scotiabank Canada	CAD	Monthly	3.42%	3.42%	898,150	224,384	673,766	10,578,004	898,150	9,679,854	-	-	-	11,476,154
Foreign	Virtual Logistics Marine Services, Inc	Panama	Banco Rabobank	USD	Semi-annual	5.71%	3.45%	590,774	333,195	257,579	2,013,921	575,406	575,406	575,406	287,703	-	2,604,695
78.080.440-8	Enex S.A.	Chile	Banco BCI	CLP	Monthly	3.63%	3.60%	177,609	177,609	-	-	-	-	-	-	-	177,609
78.080.440-8	Enex S.A.	Chile	Banco BBVA	CLP	Monthly	3.95%	3.15%	35,387,540	35,387,540	-	-	-	-	-	-	-	35,387,540
78.080.440-8	Enex S.A.	Chile	Banco Estado	CLP	Annual	4.30%	3.30%	754,313	754,313	-	57,216,759	-	-	11,443,352	11,443,351	34,330,056	57,971,072
			TOTAL					61,459,961			183,900,137						245,360,098

Note 21 – Other current and non-current financial liabilities (continued)

(b) Interest-bearing bank loans as of December 31, 2017 are detailed as follows. (continued)

(b.2) Undiscounted values

Debtor ID number	Debtor	Debtor Country	Creditor	Currency	Repayment	Effective rate	Nominal rate	Current as of 12/31/2017 ThCh$	Up to 3 months ThCh$	3 to 12 months ThCh$	Non-current as of 12/31/2017 ThCh$	1 to 2 years ThCh$	2 to 3 years ThCh$	3 to 4 years ThCh$	4 to 5 years ThCh$	Over 5 years ThCh$	Total debt undiscounted ThCh$
91.021.000-9	Invexans S.A.	Chile	Banco Estado	USD	Semi-annual	2.88%	2.73%	171,381	-	171,381	7,019,647	7,019,647	-	-	-	-	7,191,028
90.160.000-7	Compañía Sud Americana de Vapores S.A.	Chile	Banco Itau Chile	USD	Semi-annual	2.50%	Libor+2.5%	1,117,616	558,808	558,808	30,682,173	7,239,296	7,014,912	6,772,086	6,507,744	3,148,135	31,799,789
96.696.270-4	Inmobiliaria Marítima Portuaria Ltda.	Chile	Banco Estado	CLF	Monthly	4.50%	4.50%	41,803	25,205	16,598	-	-	-	-	-	-	41,803
Foreign	Terminal Marítima Mazatlán S.A. de C.V.	Mexico	Banco Itau Chile	USD	Semi-annual	4.28%	4.00%	1,975,192	-	1,975,192	1,900,192	1,900,192	-	-	-	-	3,875,384
Foreign	Florida International Terminal, LLC.	USA	Banco Crédito e Inversiones	USD	Semi-annual	5.12%	Libor+3%	100,204	-	100,204	971,920	193,646	186,269	178,892	170,901	242,212	1,072,124
Foreign	Iquique Terminal Internacional S.A.	Chile	Banco Estado	USD	Semi-annual	4.13%	Libor+2.5%	1,870,070	922,125	947,945	-	-	-	-	-	-	1,870,070
Foreign	Iquique Terminal Internacional S.A.	Chile	Banco Crédito e Inversiones	USD	Semi-annual	4.94%	Libor+2.3%	1,706,546	-	1,706,546	3,995,875	799,175	3,196,700	-	-	-	5,702,421
Foreign	Inarpi S.A.	Ecuador	Banco Estado	USD	Semi-annual	3.38%	3.21%	1,363,516	687,291	676,225	5,668,610	1,326,016	1,288,516	1,249,787	1,212,287	592,004	7,032,126
Foreign	Inarpi S.A.	Ecuador	Banco Crédito e Inversiones	USD	Semi-annual	3.69%	3.50%	829,913	418,030	411,883	1,193,230	802,249	390,981	-	-	-	2,023,143
Foreign	Inarpi S.A.	Ecuador	Banco Crédito e Inversiones	USD	Semi-annual	3.70%	3.50%	497,948	250,818	247,130	716,184	481,349	234,835	-	-	-	1,214,132
Foreign	Inarpi S.A.	Ecuador	Banco Estado	USD	Semi-annual	4.10%	3.95%	943,641	-	943,641	10,030,262	1,487,080	1,442,204	1,394,868	1,348,762	4,357,348	10,973,903
Foreign	Inarpi S.A.	Ecuador	Banco Santander Madrid	USD	Semi-annual	4.89%	Libor+1.8%	1,408,392	-	1,408,392	9,079,244	1,409,622	1,372,737	1,334,622	1,297,123	3,665,140	10,487,636
Foreign	Inarpi S.A.	Ecuador	Banco Estado	USD	Semi-annual	4.28%	4.07%	1,531,957	-	1,531,957	12,665,694	2,492,811	2,409,205	2,323,755	2,239,534	3,200,389	14,197,651
Foreign	Saam Operadora de Ptos.de Estiba y Des.Costa Rica S.A.	Costa Rica	Banco Estado	USD	Semi-annual	3.53%	Libor+2%	963,928	486,267	477,661	5,610,210	937,494	910,445	883,396	856,347	2,022,528	6,574,138
Foreign	Sociedad Portuaria de Caldera S.A.	Costa Rica	Banco Davivienda	USD	Monthly	6.66%	6.50%	1,662,899	823,150	839,749	1,406,548	814,544	592,004	-	-	-	3,069,447
Foreign	Sociedad Portuaria de Caldera S.A.	Costa Rica	Banco Davivienda	USD	Monthly	6.42%	Libor+5.5%	839,749	204,097	635,652	1,477,244	1,477,244	-	-	-	-	2,316,993
Foreign	Sociedad Portuaria de Caldera S.A.	Costa Rica	Banco San José	USD	Monthly	6.28%	Libor+5.5%	944,256	472,128	472,128	-	-	-	-	-	-	944,256
Foreign	Sociedad Portuaria Granelera de Caldera S.A.	Costa Rica	Banco San José	USD	Quarterly	5.68%	Libor + 4.25%	2,472,525	617,824	1,854,701	20,334,087	2,471,910	2,471,910	2,471,910	2,471,910	10,446,447	22,806,612
Foreign	Sociedad Portuaria Granelera de Caldera S.A.	Costa Rica	Banco Davivienda Costa Rica	USD	Monthly	6.65%	Libor + 5.35%	708,192	177,048	531,144	1,474,170	707,577	707,577	59,016	-	-	2,182,362
Foreign	Saam Remolques S.A. de C.V.	Mexico	Banco Inbursa	USD	Semi-annual	4.60%	4.60%	1,287,287	-	1,287,287	-	-	-	-	-	-	1,287,287
Foreign	Saam Remolques S.A. de C.V.	Mexico	Corpbanca New York Branch	USD	Semi-annual	4.31%	Libor+3%	5,559,184	2,841,989	2,717,195	15,540,881	5,329,883	5,105,499	5,105,499	-	-	21,100,065
Foreign	Smit Marine Canada Inc	Canada	Scotiabank Canada	CAD	Monthly	3.42%	3.42%	1,219,664	304,301	915,363	11,168,163	1,165,566	10,002,597	-	-	-	12,387,827
Foreign	Virtual Logistics Marine Services, Inc	Panama	Banco Rabobank	USD	Semi-annual	5.71%	3.45%	661,471	166,597	494,874	2,155,929	641,799	504,710	504,710	504,710	-	2,817,400
78.080.440-8	Enex S.A.	Chile	Banco BCI	CLP	Monthly	3.63%	3.60%	177,609	177,609	-	-	-	-	-	-	-	177,609
78.080.440-8	Enex S.A.	Chile	Banco BBVA	CLP	Monthly	3.95%	3.15%	35,387,540	35,387,540	-	-	-	-	-	-	-	35,387,540
78.080.440-8	Enex S.A.	Chile	Banco Estado	CLP	Annual	4.30%	3.30%	2,665,390	2,665,390	-	66,782,181	-	-	15,078,045	15,078,044	36,626,092	69,447,571
			TOTAL					68,107,873			209,872,444						277,980,317

Note 21 – Other current and non-current financial liabilities (continued)

(c) Bonds outstanding as of December 31, 2018, are detailed as follows.

(c.1) Book values

Debtor ID number	Debtor name	Debtor country	Registration number	Series	Maturity	Currency	Repayment	Effective rate	Nominal rate	Current debt ThCh$	Up to 3 months ThCh$	3 to 12 months ThCh$	Non-current debt ThCh$	1 to 2 years ThCh$	2 to 3 years ThCh$	3 to 4 years ThCh$	4 to 5 years ThCh$	Over 5 years ThCh$	Total Debt ThCh$
96.929.880-5	LQIF	Chile	385	Series C	2039	CLF	Annual	4.93%	4.85%	2,520,355	-	2,520,355	82,561,508	-	-	-	-	82,561,508	85,081,863
96.929.880-5	LQIF	Chile	597	Series D	2033	CLF	Annual	3.84%	3.50%	2,096,649	-	2,096,649	106,486,090	-	-	-	-	106,486,090	108,582,739
90.160.000-7	CSAV	Chile	839	Series B	2021	USD	At maturity	5.20%	5.20%	-	-	-	34,450,866	-	34,450,866	-	-	-	34,450,866
76.196.718-5	SM SAAM S.A.	Chile	793	Series B	2021	CLF	Semi-annual	2.60%	2.60%	43,771	43,771	-	39,157,932	-	-	39,157,932	-	-	39,201,703
76.196.718-5	SM SAAM S.A.	Chile	794	Series C	2026	CLF	Semi-annual	2.80%	2.80%	47,244	47,244	-	39,679,009	-	-	-	-	39,679,009	39,726,253
91.705.000-7	Quiñenco	Chile	595	Series I	2021	CLF	Annual	3.71%	3.70%	9,786,586	-	9,786,586	18,342,524	9,188,597	9,153,927	-	-	-	28,129,110
91.705.000-7	Quiñenco	Chile	715	Series J	2032	CLF	Annual	3.90%	3.85%	1,866,695	-	1,866,695	82,050,685	-	-	-	-	82,050,685	83,917,380
91.705.000-7	Quiñenco	Chile	715	Series O	2035	CLF	Annual	3.36%	3.40%	994,049	-	994,049	65,568,919	-	-	-	-	65,568,919	66,562,968
91.705.000-7	Quiñenco	Chile	427	Series C	2032	CLF	Annual	4.24%	4.00%	217,731	-	217,731	63,112,414	-	-	-	-	63,112,414	63,330,145
91.705.000-7	Quiñenco	Chile	596	Series F	2032	CLF	Annual	3.97%	3.85%	2,800,042	-	2,800,042	122,492,394	-	-	11,276,915	11,276,915	99,938,564	125,292,436
91.705.000-7	Quiñenco	Chile	820	Series S	2044	CLF	Annual	3.15%	3.15%	356,845	-	356,845	136,858,274	-	-	-	-	136,858,274	137,215,119
91.705.000-7	Quiñenco	Chile	820	Series R	2039	CLF	Annual	3.20%	3.15%	2,533,599	-	2,533,599	135,868,580	-	-	-	-	135,868,580	138,402,179
91.705.000-7	Quiñenco	Chile	714	Series V	2025	CLF	Annual	1.72%	1.80%	579,108	-	579,108	54,915,635	-	11,026,316	11,026,316	11,026,316	21,836,687	55,494,743
91.705.000-7	Quiñenco	Chile	819	Series W	2047	CLF	Annual	3.03%	2.90%	2,332,519	-	2,332,519	133,491,097	-	-	-	-	133,491,097	135,823,616
						TOTAL				**26,175,193**			**1,115,035,927**						**1,141,211,120**

Note 21 – Other current and non-current financial liabilities (continued)

c) Bonds outstanding as of December 31, 2018, are detailed as follows. (continued)

(c.2) Undiscounted values

Debtor ID number	Debtor name	Debtor country	Registration number	Series	Maturity	Currency	Repayment	Effective rate	Nominal rate	Current debt ThCh$	Up to 3 months ThCh$	3 to 12 months ThCh$	Non-current debt ThCh$	1 to 2 years ThCh$	2 to 3 years ThCh$	3 to 4 years ThCh$	4 to 5 years ThCh$	Over 5 years ThCh$	Total debt undiscounted ThCh$
96.929.880-5	LQIF	Chile	385	Series C	2039	CLF	Annual	4.93%	4.85%	4,010,822	-	4,010,822	144,865,112	4,010,822	4,010,822	4,010,822	4,010,822	128,821,824	148,875,934
96.929.880-5	LQIF	Chile	597	Series D	2033	CLF	Annual	3.84%	3.50%	3,810,970	-	3,810,970	141,278,119	3,810,970	3,810,970	12,884,710	12,567,129	108,204,340	145,089,089
90.160.000-7	CSAV	Chile	839	Series B	2021	USD	At maturity	5.20%	5.20%	1,783,475	-	1,783,475	37,414,059	1,783,475	35,630,585	-	-	-	39,197,534
76.196.718-5	SM SAAM S.A.	Chile	793	Series B	2021	CLF	Semi-annual	2.60%	2.60%	996,995	498,150	498,845	40,586,379	996,995	996,995	38,592,389	-	-	41,583,374
76.196.718-5	SM SAAM S.A.	Chile	794	Series C	2026	CLF	Semi-annual	2.80%	2.80%	1,073,419	536,362	537,057	46,104,939	1,073,420	1,073,420	1,073,420	1,073,420	41,811,259	47,178,358
91.705.000-7	Quiñenco	Chile	595	Series I	2021	CLF	Annual	3.71%	3.70%	10,208,531	-	10,208,531	9,528,575	9,868,553	9,528,575	-	-	-	19,737,106
91.705.000-7	Quiñenco	Chile	715	Series J	2032	CLF	Annual	3.90%	3.85%	3,183,849	-	3,183,849	125,679,329	3,183,849	3,183,849	3,183,849	3,183,849	116,127,782	128,863,178
91.705.000-7	Quiñenco	Chile	715	Series O	2035	CLF	Annual	3.36%	3.40%	2,225,938	-	2,225,938	98,857,816	2,225,938	2,225,938	2,225,938	2,225,938	92,180,002	101,083,754
91.705.000-7	Quiñenco	Chile	427	Series C	2032	CLF	Annual	4.24%	4.00%	2,563,618	-	2,563,618	88,444,836	2,563,618	2,563,618	2,563,618	2,563,618	80,753,982	91,008,454
91.705.000-7	Quiñenco	Chile	596	Series F	2032	CLF	Annual	3.97%	3.85%	4,775,773	-	4,775,773	157,910,627	4,775,773	4,775,773	16,052,688	15,618,527	121,463,639	162,686,400
91.705.000-7	Quiñenco	Chile	820	Series S	2044	CLF	Annual	3.20%	3.15%	4,341,612	-	4,341,612	233,344,413	4,341,612	4,341,612	4,341,612	4,341,612	220,319,577	237,686,025
91.705.000-7	Quiñenco	Chile	820	Series R	2039	CLF	Annual	3.20%	3.15%	4,341,612	-	4,341,612	213,766,633	4,341,612	4,341,612	4,341,612	4,341,612	200,741,797	218,108,245
91.705.000-7	Quiñenco	Chile	714	Series V	2025	CLF	Annual	1.72%	1.80%	992,368	-	992,368	58,108,685	992,368	12,018,684	11,820,211	11,621,737	22,648,053	59,101,053
91.705.000-7	Quiñenco	Chile	819	Series W	2047	CLF	Annual	3.03%	2.90%	3,997,040	-	3,997,040	265,320,730	3,997,040	3,997,040	3,997,040	3,997,040	253,329,610	269,317,770
										48,306,022			**1,661,210,252**						**1,709,516,274**

Note 21 – Other current and non-current financial liabilities (continued)

(d) Bonds outstanding as of December 31, 2017, are detailed as follows.

(d.1) Book values

Debtor ID number	Debtor name	Debtor country	Registration number	Series	Maturity	Currency	Repayment	Effective rate	Nominal rate	Current debt ThCh$	Up to 3 months ThCh$	3 to 12 months ThCh$	Non-current debt ThCh$	1 to 2 years ThCh$	2 to 3 years ThCh$	3 to 4 years ThCh$	4 to 5 years ThCh$	Over 5 years ThCh$	Total Debt ThCh$
96.929.880-5	LQIF	Chile	385	Series C	2039	CLF	Annual	4.93%	4.85%	2,449,973	-	2,449,973	80,251,545	-	-	-	-	80,251,545	82,701,518
96.929.880-5	LQIF	Chile	597	Series D	2033	CLF	Annual	3.84%	3.50%	2,038,262	-	2,038,262	103,224,372	-	-	-	-	103,224,372	105,262,634
90.160.000-7	CSAV	Chile	839	Series B	2021	USD	At maturity	5.20%	5.20%	-	-	-	30,383,404	-	-	-	-	30,383,404	30,383,404
76.196.718-5	SM SAAM S.A.	Chile	793	Series B	2021	CLF	Semi-annual	2.60%	2.60%	42,418	-	42,418	38,180,278	-	-	-	38,180,278	-	38,222,696
76.196.718-5	SM SAAM S.A.	Chile	794	Series C	2026	CLF	Semi-annual	2.80%	2.80%	46,106	-	46,106	36,639,206	-	-	-	-	36,639,206	36,685,312
91.705.000-7	Quiñenco	Chile	595	Series I	2021	CLF	Annual	3.71%	3.70%	581,336	-	581,336	26,748,059	8,932,713	8,932,713	8,882,633	-	-	27,329,395
91.705.000-7	Quiñenco	Chile	715	Series J	2032	CLF	Annual	3.90%	3.85%	1,814,711	-	1,814,711	79,719,553	-	-	-	-	79,719,553	81,534,264
91.705.000-7	Quiñenco	Chile	715	Series O	2035	CLF	Annual	3.36%	3.40%	966,367	-	966,367	63,749,446	-	-	-	-	63,749,446	64,715,813
91.705.000-7	Quiñenco	Chile	427	Series C	2032	CLF	Annual	4.24%	4.00%	211,669	-	211,669	61,274,153	-	-	-	-	61,274,153	61,485,822
91.705.000-7	Quiñenco	Chile	595	Series E	2018	CLF	Annual	3.51%	3.35%	13,600,799	-	13,600,799	-	-	-	-	-	-	13,600,799
91.705.000-7	Quiñenco	Chile	596	Series F	2032	CLF	Annual	3.97%	3.85%	2,722,067	-	2,722,067	118,947,516	-	-	-	10,962,877	107,984,639	121,669,583
91.705.000-7	Quiñenco	Chile	426	Series G	2018	CLF	Annual	3.81%	3.50%	12,331,618	-	12,331,618	-	-	-	-	-	-	12,331,618
91.705.000-7	Quiñenco	Chile	820	Series S	2044	CLF	Annual	3.15%	3.15%	346,907	-	346,907	133,009,502	-	-	-	-	133,009,502	133,356,409
91.705.000-7	Quiñenco	Chile	820	Series R	2039	CLF	Annual	3.20%	3.15%	2,463,044	-	2,463,044	132,028,619	-	-	-	-	132,028,619	134,491,663
						TOTAL				**39,615,277**			**904,155,653**						**943,770,930**

Note 21 – Other current and non-current financial liabilities (continued)

(d) Bonds outstanding as of December 31, 2017, are detailed as follows. (continued)

(d.2) Undiscounted values

Debtor ID number	Debtor name	Debtor country	Registration number	Series	Maturity	Currency	Repayment	Effective rate	Nominal rate	Current debt ThCh$	Up to 3 months ThCh$	3 to 12 months ThCh$	Non-current debt ThCh$	1 to 2 years ThCh$	2 to 3 years ThCh$	3 to 4 years ThCh$	4 to 5 years ThCh$	Over 5 years ThCh$	Total debt undiscounted ThCh$
96.929.880-5	LQIF	Chile	385	Series C	2039	CLF	Annual	4.93%	4.85%	3,685,301	-	3,685,301	140,304,681	3,685,301	3,685,301	3,685,301	12,459,828	116,788,950	143,989,982
96.929.880-5	LQIF	Chile	597	Series D	2033	CLF	Annual	3.84%	3.50%	3,878,563	-	3,878,563	143,966,659	3,878,563	3,878,563	3,878,563	3,878,563	128,452,407	147,845,222
90.160.000-7	CSAV	Chile	839	Series B	2021	USD	At maturity	5.20%	5.20%	2,367,402	789,339	1,578,063	33,893,625	1,578,063	10,771,854	10,771,854	10,771,854	-	36,261,027
76.196.718-5	SM SAAM S.A.	Chile	793	Series B	2021	CLF	Semi-annual	2.60%	2.60%	969,461	-	969,461	41,088,661	969,461	969,461	39,149,739	-	-	42,058,122
76.196.718-5	SM SAAM S.A.	Chile	794	Series C	2026	CLF	Semi-annual	2.80%	2.80%	1,043,231	-	1,043,231	44,985,053	1,043,231	1,043,231	1,043,231	1,043,231	40,812,129	46,028,284
91.705.000-7	Quiñenco	Chile	595	Series I	2021	CLF	Annual	3.71%	3.70%	991,531	-	991,531	28,781,203	9,924,245	9,593,734	9,263,224	-	-	29,772,734
91.705.000-7	Quiñenco	Chile	715	Series J	2032	CLF	Annual	3.90%	3.85%	3,095,185	-	3,095,185	128,369,789	3,095,185	3,095,185	3,095,185	3,095,185	115,989,049	131,464,974
91.705.000-7	Quiñenco	Chile	715	Series O	2035	CLF	Annual	3.36%	3.40%	2,163,950	-	2,163,950	100,432,730	2,163,950	2,163,950	2,163,950	2,163,950	91,776,930	102,596,680
91.705.000-7	Quiñenco	Chile	427	Series C	2032	CLF	Annual	4.24%	4.00%	2,492,227	-	2,492,227	90,966,286	2,492,227	2,492,227	2,492,227	2,492,227	80,997,378	93,458,513
91.705.000-7	Quiñenco	Chile	595	Series E	2018	CLF	Annual	3.51%	3.35%	13,847,939	-	13,847,939	-	-	-	-	-	-	13,847,939
91.705.000-7	Quiñenco	Chile	596	Series F	2032	CLF	Annual	3.97%	3.85%	4,642,778	-	4,642,778	162,798,701	4,642,778	4,642,778	4,642,778	15,605,654	133,264,713	167,441,479
91.705.000-7	Quiñenco	Chile	426	Series G	2018	CLF	Annual	3.81%	3.50%	12,897,275	-	12,897,275	-	-	-	-	-	-	12,897,275
91.705.000-7	Quiñenco	Chile	820	Series S	2044	CLF	Annual	3.15%	3.15%	4,220,707	-	4,220,707	235,287,669	4,220,707	4,220,707	4,220,707	4,220,707	218,404,841	239,508,376
91.705.000-7	Quiñenco	Chile	820	Series R	2039	CLF	Annual	3.20%	3.15%	4,220,707	-	4,220,707	216,294,487	4,220,707	4,220,707	4,220,707	4,220,707	199,411,659	220,515,194
										60,516,257			**1,367,169,544**						**1,427,685,801**

Note 21 – Other current and non-current financial liabilities (continued)

(e) Concession liabilities

Financial liabilities for concession contracts as of December 31, 2018, are detailed as follows.

(e.1) Book values

Port Company	Debtor ID number	Debtor	Debtor Country	Currency	Up to 3 months ThCh$	3 to 12 months ThCh$	Current debt ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	Non-current debt ThCh$	Total debt ThCh$
Empresa Portuaria Iquique	96.915.330-0	Iquique Terminal Internacional SA	Chile	USD	132,006	409,220	541,226	1,190,836	1,351,328	6,058,394	8,600,558	9,141,784
Administración Portuaria Integral de Mazatlán	Foreign	Terminal Marítima Mazatlán S.A. de C.V.	Mexico	MXN	536,362	1,638,962	2,175,324	5,342,087	5,342,087	6,677,433	17,361,607	19,536,931
Instituto Costarricence de Puerto Pacífico	Foreign	Sociedad Portuaria de Caldera S.A.	Costa Rica	USD	1,317,284	-	1,317,284	-	-	-	-	1,317,284
Instituto Costarricence de Puerto Pacífico	Foreign	Sociedad Portuaria Granelera de Caldera S.A.	Costa Rica	USD	183,419	-	183,419	-	-	-	-	183,419
Instituto Costarricence de Puerto Pacífico	Foreign	Concesionaria SAAM Costa Rica S.A.	Costa Rica	USD	72,257	-	72,257	-	-	-	-	72,257
							4,289,510				**25,962,165**	**30,251,675**

(e.2) Undiscounted values

Port Company	Debtor ID number	Debtor	Debtor Country	Currency	Up to 3 months ThCh$	3 to 12 months ThCh$	Current debt ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	Non-current debt ThCh$	Total debt ThCh$
Empresa Portuaria Iquique	96.915.330-0	Iquique Terminal Internacional SA	Chile	USD	277,908	833,724	1,111,632	2,223,264	2,223,264	8,503,985	12,950,513	14,062,145
Administración Portuaria Integral de Mazatlán	Foreign	Terminal Marítima Mazatlán S.A. de C.V.	Mexico	MXN	556,511	1,579,212	2,135,723	10,125,578	12,068,155	19,306,964	41,500,697	43,636,420
Instituto Costarricence de Puerto Pacífico	Foreign	Sociedad Portuaria de Caldera S.A.	Costa Rica	USD	1,317,284	-	1,317,284	-	-	-	-	1,317,284
Instituto Costarricence de Puerto Pacífico	Foreign	Sociedad Portuaria Granelera de Caldera S.A.	Costa Rica	USD	183,419	-	183,419	-	-	-	-	183,419
Instituto Costarricence de Puerto Pacífico	Foreign	Concesionaria SAAM Costa Rica S.A.	Costa Rica	USD	72,256	-	72,256	-	-	-	-	72,256
							4,820,314				**54,451,210**	**59,271,524**

Note 21 – Other current and non-current financial liabilities (continued)

(f) Concession liabilities

Financial liabilities for concession contracts as of December 31, 2017, are detailed as follows:

(f.1) Book values

Port Company	Debtor ID number	Debtor	Debtor Country	Currency	Up to 3 months ThCh$	3 to 12 months ThCh$	Current debt ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	Non-current debt ThCh$	Total debt ThCh$
Empresa Portuaria Iquique	96.915.330-0	Iquique Terminal Internacional SA	Chile	USD	109,426	339,957	449,383	989,132	1,122,534	5,976,599	8,088,265	8,537,648
Administración Portuaria Integral de Mazatlán	Foreign	Terminal Marítima Mazatlán S.A. de C.V.	Mexico	MXN	169,670	509,628	679,298	2,070,478	2,070,478	3,017,809	7,158,765	7,838,063
Instituto Costarricence de Puerto Pacífico	Foreign	Sociedad Portuaria de Caldera S.A.	Costa Rica	USD	1,025,403	-	1,025,403	-	-	-	-	1,025,403
Instituto Costarricence de Puerto Pacífico	Foreign	Sociedad Portuaria Granelera de Caldera S.A.	Costa Rica	USD	128,483	-	128,483	-	-	-	-	128,483
							2,282,567				15,247,030	17,529,597

(f.2) Undiscounted values

Port Company	Debtor ID number	Debtor	Debtor Country	Currency	Up to 3 months ThCh$	3 to 12 months ThCh$	Current debt ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	Non-current debt ThCh$	Total debt ThCh$
Empresa Portuaria Iquique	96.915.330-0	Iquique Terminal Internacional SA	Chile	USD	245,900	737,700	983,600	1,967,200	1,967,200	7,622,900	11,557,300	12,540,900
Administración Portuaria Integral de Mazatlán	Foreign	Terminal Marítima Mazatlán S.A. de C.V.	Mexico	MXN	416,801	1,249,787	1,666,588	4,873,123	4,252,226	23,573,204	32,698,553	34,365,141
Instituto Costarricence de Puerto Pacífico	Foreign	Sociedad Portuaria de Caldera S.A.	Costa Rica	USD	1,025,403	-	1,025,403	-	-	-	-	1,025,403
Instituto Costarricence de Puerto Pacífico	Foreign	Sociedad Portuaria Granelera de Caldera S.A.	Costa Rica	USD	128,483	-	128,483	-	-	-	-	128,483
							3,804,074				44,255,853	48,059,927

Note 21 – Other current and non-current financial liabilities (continued)

(g) Finance leases as of December 31, 2018, are detailed as follows:
(g.1) Book values

Debtor ID number	Debtor	Debtor Country	Creditor	Currency	Repayments	Effective rate	Nominal rate	Current debt ThCh$	Up to 3 months ThCh$	3 to 12 months ThCh$	Non-Current debt ThCh$	1 to 2 years ThCh$	2 to 3 years ThCh$	3 to 4 years ThCh$	4 to 5 years ThCh$	Over 5 years ThCh$	Total debt ThCh$
96.915.330-0	ITI SA	Chile	Banco Santander	USD	Monthly	2.86%	2.86%	1,279,071	316,120	962,951	653,084	653,084	-	-	-	-	1,932,155
Foreign	FIT LLC	USA	Wells Fargo Equipment Finance, Inc.	USD	Monthly	3.74%	3.74%	168,134	41,686	126,448	29,180	29,180	-	-	-	-	197,314
Foreign	FIT LLC	USA	Wells Fargo Equipment Finance, Inc.	USD	Monthly	4.86%	4.75%	4,864	1,390	3,474	10,422	10,422	-	-	-	-	15,286
Foreign	Kios S.A.	Uruguay	Banco Santander Uruguay	USD	Monthly	5.65%	5.50%	6,253	1,390	4,863	-	-	-	-	-	-	6,253
Foreign	Kios S.A.	Uruguay	Banco Santander Uruguay	USD	Monthly	5.65%	5.50%	9,726	2,084	7,642	-	-	-	-	-	-	9,726
Foreign	Kios S.A.	Uruguay	Banco Santander Uruguay	USD	Monthly	5.65%	5.50%	5,559	1,389	4,170	696	696	-	-	-	-	6,255
92.011.000-2	Enex S.A.	Chile	Metlife Chile	CLF	Monthly	7.44%	7.44%	50,119	12,238	37,881	158,121	79,061	79,060	-	-	-	208,240
92.011.000-2	Enex S.A.	Chile	Metlife Chile	CLF	Monthly	6.90%	6.90%	52,659	12,931	39,728	208,809	90,333	90,333	28,143	-	-	261,468
92.011.000-2	Enex S.A.	Chile	Factoring Security	CLF	Monthly	7.50%	7.50%	230,106	57,800	172,306	675,713	337,857	337,856	-	-	-	905,819
92.011.000-2	Enex S.A.	Chile	Factoring Security	CLF	Monthly	7.50%	7.50%	63,511	15,313	48,198	203,431	101,716	101,715	-	-	-	266,942
								1,870,002			**1,939,456**						**3,809,458**

(g.2) Undiscounted values

Debtor ID number	Debtor	Debtor Country	Creditor	Currency	Repayments	Effective rate	Nominal rate	Current debt ThCh$	Up to 3 months ThCh$	3 to 12 months ThCh$	Non-Current debt ThCh$	1 to 2 years ThCh$	2 to 3 years ThCh$	3 to 4 years ThCh$	4 to 5 years ThCh$	Over 5 years ThCh$	Total debt ThCh$
96.915.330-0	ITI SA	Chile	Banco Santander	USD	Monthly	2.86%	2.86%	1,317,284	658,642	658,642	658,642	658,642	-	-	-	-	1,975,926
Foreign	FIT LLC	USA	Wells Fargo Equipment Finance, Inc.	USD	Monthly	3.74%	3.74%	172,303	43,076	129,227	158,408	158,408	-	-	-	-	330,711
Foreign	FIT LLC	USA	Wells Fargo Equipment Finance, Inc.	USD	Monthly	4.86%	4.75%	4,864	1,390	3,474	10,422	10,422	-	-	-	-	15,286
Foreign	Kios S.A.	Uruguay	Banco Santander Uruguay	USD	Monthly	5.65%	5.50%	6,948	3,474	3,474	-	-	-	-	-	-	6,948
Foreign	Kios S.A.	Uruguay	Banco Santander Uruguay	USD	Monthly	5.65%	5.50%	9,726	4,863	4,863	-	-	-	-	-	-	9,726
Foreign	Kios S.A.	Uruguay	Banco Santander Uruguay	USD	Monthly	5.65%	5.50%	5,558	2,779	2,779	695	695	-	-	-	-	6,253
92.011.000-2	Enex S.A.	Chile	Metlife Chile	CLF	Monthly	7.44%	7.44%	63,631	15,908	47,723	174,984	87,492	87,492	-	-	-	238,615
92.011.000-2	Enex S.A.	Chile	Metlife Chile	CLF	Monthly	6.90%	6.90%	68,303	17,076	51,227	233,367	102,454	102,454	28,459	-	-	301,670
92.011.000-2	Enex S.A.	Chile	Factoring Security	CLF	Monthly	7.50%	7.50%	363,286	90,822	272,464	735,751	367,876	367,875	-	-	-	1,099,037
92.011.000-2	Enex S.A.	Chile	Factoring Security	CLF	Monthly	7.50%	7.50%	98,039	24,510	73,529	226,079	113,040	113,039	-	-	-	324,118
								2,109,942			**2,198,348**						**4,308,290**

Notes to the Consolidated Financial Statements
(Translation of financial statements originally issued in Spanish – See Note 2)

QUIÑENCO S.A.

Note 21 – Other current and non-current financial liabilities (continued)

(h) Finance leases as of December 31, 2017 are detailed as follows:

(h.1) Book values

Debtor ID number	Debtor	Debtor Country	Creditor	Currency	Repayments	Effective rate	Nominal rate	Current debt ThCh$	Up to 3 months ThCh$	3 to 12 months ThCh$	Non-Current debt ThCh$	1 to 2 years ThCh$	2 to 3 years ThCh$	3 to 4 years ThCh$	4 to 5 years ThCh$	Over 5 years ThCh$	Total debt ThCh$
96.915.330-0	ITI SA	Chile	Banco Santander	USD	Monthly	2.86%	2.86%	1,100,402	272,334	828,068	1,709,620	1,131,755	577,865	-	-	-	2,810,022
96.915.330-0	ITI SA	Chile	Banco Santander	USD	Monthly	2.35%	2.35%	149,999	55,942	94,057	-	-	-	-	-	-	149,999
Foreign	FIT LLC	USA	Wells Fargo Equipment Finance, Inc.	USD	Monthly	4.00%	4.00%	67,008	13,525	53,483	-	-	-	-	-	-	67,008
Foreign	FIT LLC	USA	Wells Fargo Equipment Finance, Inc.	USD	Monthly	3.74%	3.74%	142,622	35,041	107,581	174,590	148,770	25,820	-	-	-	317,212
Foreign	FIT LLC	USA	Wells Fargo Equipment Finance, Inc.	USD	Monthly	4.86%	4.75%	4,304	1,230	3,074	12,909	3,688	9,221	-	-	-	17,213
Foreign	Kios S.A.	Uruguay	Banco Santander Uruguay	USD	Monthly	5.65%	5.50%	5,532	1,230	4,302	6,148	6,148	-	-	-	-	11,680
Foreign	Kios S.A.	Uruguay	Banco Santander Uruguay	USD	Monthly	5.65%	5.50%	7,992	1,844	6,148	7,992	7,992	-	-	-	-	15,984
Foreign	Kios S.A.	Uruguay	Banco Santander Uruguay	USD	Monthly	5.65%	5.50%	4,918	1,230	3,688	6,146	5,532	614	-	-	-	11,064
92.011.000-2	Enex S.A.	Chile	Metlife Chile	CLF	Monthly	7.44%	7.44%	40,192	9,799	30,393	202,442	78,711	78,711	45,020	-	-	242,634
92.011.000-2	Enex S.A.	Chile	Metlife Chile	CLF	Monthly	6.90%	6.90%	42,301	10,339	31,962	254,298	82,166	82,165	44,984	44,983	-	296,599
								1,565,270			**2,374,145**						**3,939,415**

(h.2) Undiscounted values

Debtor ID number	Debtor	Debtor Country	Creditor	Currency	Repayments	Effective rate	Nominal rate	Current debt ThCh$	Up to 3 months ThCh$	3 to 12 months ThCh$	Non-Current debt ThCh$	1 to 2 years ThCh$	2 to 3 years ThCh$	3 to 4 years ThCh$	4 to 5 years ThCh$	Over 5 years ThCh$	Total debt ThCh$
96.915.330-0	ITI SA	Chile	Banco Santander	USD	Monthly	2.86%	2.86%	1,165,567	291,392	874,175	1,748,349	1,165,566	582,783	-	-	-	2,913,916
96.915.330-0	ITI SA	Chile	Banco Santander	USD	Monthly	2.35%	2.35%	150,614	56,557	94,057	-	-	-	-	-	-	150,614
Foreign	FIT LLC	USA	Wells Fargo Equipment Finance, Inc.	USD	Monthly	4.00%	4.00%	67,622	14,139	53,483	-	-	-	-	-	-	67,622
Foreign	FIT LLC	USA	Wells Fargo Equipment Finance, Inc.	USD	Monthly	3.74%	3.74%	143,237	35,656	107,581	173,975	148,770	-	-	-	25,205	317,212
Foreign	FIT LLC	USA	Wells Fargo Equipment Finance, Inc.	USD	Monthly	4.86%	4.75%	3,689	1,230	2,459	12,910	3,689	-	-	-	9,221	16,599
Foreign	Kios S.A.	Uruguay	Banco Santander Uruguay	USD	Monthly	5.65%	5.50%	6,147	1,844	4,303	6,148	6,148	-	-	-	-	12,295
Foreign	Kios S.A.	Uruguay	Banco Santander Uruguay	USD	Monthly	5.65%	5.50%	8,606	1,844	6,762	8,607	8,607	-	-	-	-	17,213
Foreign	Kios S.A.	Uruguay	Banco Santander Uruguay	USD	Monthly	5.65%	5.50%	4,919	1,230	3,689	6,148	5,533	615	-	-	-	11,067
92.011.000-2	Enex S.A.	Chile	Metlife Chile	CLF	Monthly	7.44%	7.44%	56,738	14,184	42,554	231,970	92,788	92,788	46,394	-	-	288,708
92.011.000-2	Enex S.A.	Chile	Metlife Chile	CLF	Monthly	6.90%	6.90%	60,901	15,225	45,676	293,269	99,601	99,601	47,034	47,033	-	354,170
								1,668,040			**2,481,376**						**4,149,416**

Note 21 – Other current and non-current financial liabilities (continued)

(i) As of December 31, 2018, there were no guaranteed factoring obligations.

(j) Guaranteed factoring obligations as of December 31, 2017, are detailed as follows:

(j.1) Book values

Debtor ID number	Debtor	Debtor Country	Creditor	Currency	Repayments	Effective rate	Nominal rate	Current debt ThCh$	Up to 3 months ThCh$	3 to 12 months ThCh$	Non-Current debt ThCh$	1 to 2 years ThCh$	2 to 3 years ThCh$	3 to 4 years ThCh$	4 to 5 years ThCh$	Over 5 years ThCh$	Total debt ThCh$
96.915.330-0	Iquique Terminal Internacional SA	Chile	Banco Estado	USD	Monthly	1.60%	1.60%	3,046,701	3,046,701	-	-	-	-	-	-	-	3,046,701
								3,046,701			**-**						**3,046,701**

(j.2) Undiscounted values

Debtor ID number	Debtor	Debtor Country	Creditor	Currency	Repayments	Effective rate	Nominal rate	Current debt ThCh$	Up to 3 months ThCh$	3 to 12 months ThCh$	Non-Current debt ThCh$	1 to 2 years ThCh$	2 to 3 years ThCh$	3 to 4 years ThCh$	4 to 5 years ThCh$	Over 5 years ThCh$	Total debt ThCh$
96.915.330-0	Iquique Terminal Internacional SA	Chile	Banco Estado	USD	Monthly	1.60%	1.60%	3,046,701	3,046,701	-	-	-	-	-	-	-	3,046,701
								3,046,701			**-**						**3,046,701**

Note 21 – Other current and non-current financial liabilities (continued)

(k) Hedge liabilities as of December 31, 2018 and 2017, are detailed as follows.

Hedge description	Company	Hedged risk	Current 12/31/2018 ThCh$	Current 12/31/2017 ThCh$	Non-current 12/31/2018 ThCh$	Non-current 12/31/2017 ThCh$	Fair values 12/31/2018 ThCh$	Fair values 12/31/2017 ThCh$
Swap	CSAV S.A.	Changes in fuel prices	525,246	-	-	-	525,246	-
Swap	SM SAAM S.A.	Interest rate	-	9,836	-	19,671	-	29,507
Forward	SM SAAM S.A.	Exchange rate	-	319,670	-	-	-	319,670
		TOTAL	**525,246**	**329,506**	**-**	**19,671**	**525,246**	**349,177**

Note 22 – Trade and other payables

As of December 31, 2018 and 2017, these are detailed as follows.

	12/31/2018 ThCh$	12/31/2017 ThCh$
Trade payables	199,860,753	201,054,607
Other payables	9,213,623	4,974,949
Total	**209,074,376**	**206,029,556**

Current trade payables not yet due and past due as of December 31, 2018, are detailed as follows.

Suppliers not yet due

Type of Supplier	Amounts due by payment terms						
	Up to 30 days ThCh$	31-60 days ThCh$	61-90 days ThCh$	91-120 days ThCh$	121 to 365 days ThCh$	Over 365 days ThCh$	Total 12/31/2018 ThCh$
Products	113,754,800	223,021	70,172	8,337	-	-	114,056,330
Services	61,861,308	6,113,281	553,731	1,445,722	-	25,012	69,999,054
Others	19,473,126	-	-	-	-	2,340,681	21,813,807
Total	**195,089,234**	**6,336,302**	**623,903**	**1,454,059**	**-**	**2,365,693**	**205,869,191**

Suppliers past due

Type of Supplier	Amounts by days past due						
	Up to 30 days ThCh$	31-60 days ThCh$	61-90 days ThCh$	91-120 days ThCh$	121-180 days ThCh$	Over 181 days ThCh$	Total 12/31/2018 ThCh$
Products	-	-	-	-	-	-	-
Services	771,484	277,657	123,088	132,899	172,278	971,581	2,448,987
Others	558,970	26,025	26,275	19,260	110,791	14,877	756,198
Total	**1,330,454**	**303,682**	**149,363**	**152,159**	**283,069**	**986,458**	**3,205,185**

Current trade payables not yet due and past due as of December 31, 2017, are detailed as follows.

Suppliers not yet due

Type of Supplier	Amounts due by payment terms						
	Up to 30 days ThCh$	31-60 days ThCh$	61-90 days ThCh$	91-120 days ThCh$	121 to 365 days ThCh$	Over 365 days ThCh$	Total 12/31/2017 ThCh$
Products	117,996,923	-	-	-	-	-	117,996,923
Services	73,716,485	3,004,051	314,137	1,167,087	124,840	31,967	78,358,567
Others	2,805,643	-	-	-	-	1,911,873	4,717,516
Total	**194,519,051**	**3,004,051**	**314,137**	**1,167,087**	**124,840**	**1,943,840**	**201,073,006**

Trade payables overdue

Type of Supplier	Amounts by days past due						
	Up to 30 days ThCh$	31-60 days ThCh$	61-90 days ThCh$	91-120 days ThCh$	121-180 days ThCh$	Over 181 days ThCh$	Total 12/31/2017 ThCh$
Products	-	-	-	-	-	-	-
Services	2,224,999	387,141	55,224	178,006	403,023	1,668,815	4,917,208
Others	29,081	1,354	1,367	1,002	5,764	774	39,342
Total	**2,254,080**	**388,495**	**56,591**	**179,008**	**408,787**	**1,669,589**	**4,956,550**

Note 22 – Trade and other payables (continued)

As of December 31, 2018 and 2017, there are no confirming transactions.

Amounts overdue payable to suppliers are invoices with documentary reconciliation differences, suppliers that have not collected their respective cashier's checks, and other reasons. There are also open positions, as payments are made through agencies. The subsidiary ENEX has withholdings on contracts with construction companies, which will not be paid until the construction requirements are fulfilled.

Note 23 – Other provisions

(a) Composition

As of December 31, 2018 and 2017, these are as follows.

	Current		Non-Current	
	12/31/2018 ThCh$	**12/31/2017 ThCh$**	**12/31/2018 ThCh$**	**12/31/2017 ThCh$**
Restructuring expenses	-	2,741,292	3,035,616	-
Profit sharing and bonuses	1,377,164	1,052,954	-	-
Legal claims	1,244,029	6,188,688	8,930,573	10,013,663
Onerous contracts	32,654	856,962	-	-
Other provisions (1) (2)	20,055,937	20,645,973	25,661,016	23,625,371
Total	**22,709,784**	**31,485,869**	**37,627,205**	**33,639,034**

(b) Other provisions

(1) Other current provisions as of December 31, 2018 and 2017, are detailed as follows:

	Current	
	12/31/2018 ThCh$	**12/31/2017 ThCh$**
Contingencies	15,372,941	15,557,391
Service station maintenance and operational services	1,288,914	1,498,865
Brand agreements	2,710,451	2,587,169
Commissions and insurance	133,425	96,535
Fees and consultancies	180,633	213,409
General expenses, audit, annual report	85,699	65,418
Municipal taxes	22,369	507,985
Others	261,505	119,201
Total	**20,055,937**	**20,645,973**

Note 23 – Other provisions (continued)

b) Other provisions (continued)

(2) Details of other non-current provisions as of December 31, 2018 and 2017 are as follows.

	Non-Current	
	12/31/2018 ThCh$	12/31/2017 ThCh$
Contingencies	9,282,143	9,377,504
Tank removal	10,817,806	9,516,066
Claims incurred but not reported (Insurance companies)	5,561,067	4,731,801
Total	**25,661,016**	**23,625,371**

(c) Movements

Movements in other provisions for the year ended December 31, 2018 are as follows.

Movements	Restructuring ThCh$	Legal claims ThCh$	Onerous contracts ThCh$	Other provisions ThCh$	Total ThCh$
Opening balance as of 1/1/2018	2,741,292	16,202,351	856,962	45,324,298	65,124,903
Additional provisions	55,582	248,152	-	37,458,924	37,762,658
Increase (decrease) in provisions	314,983	1,035,902	32,654	4,120,455	5,503,994
Provision used	(76,241)	(9,360,839)	(968,509)	(39,523,198)	(49,928,787)
Provisions reversed	-	-	-	(312,405)	(312,405)
Increase (decrease) in currency translation	-	2,049,036	111,547	(131,633)	2,028,950
Other increases (decreases)	-	-	-	157,676	157,676
Changes in provisions	294,324	(6,027,749)	(824,308)	1,769,819	(4,787,914)
Closing balance as of 12/31/2018	**3,035,616**	**10,174,602**	**32,654**	**47,094,117**	**60,336,989**

Movements in other provisions for the year ended December 31, 2017, are as follows.

Movements	Restructuring ThCh$	Legal claims ThCh$	Onerous contracts ThCh$	Other provisions ThCh$	Total ThCh$
Opening balance as of 01/01/2017	2,468,532	21,686,143	2,707,337	50,197,201	77,059,213
Additional provisions	-	563,111	-	41,158,372	41,721,483
Increase (decrease) in provisions	272,760	875,404	857,576	10,217,973	12,223,713
Provision used	-	(5,150,375)	(2,486,663)	(46,703,887)	(54,340,925)
Provisions reversed	-	-	-	(3,534,779)	(3,534,779)
Increase (decrease) in currency translation	-	(1,771,932)	(221,288)	(1,275,097)	(3,268,317)
Other increases (decreases)	-	-	-	(4,735,485)	(4,735,485)
Changes in provisions	272,760	(5,483,792)	(1,850,375)	(4,872,903)	(11,934,310)
Closing balance as of 12/31/2017	**2,741,292**	**16,202,351**	**856,962**	**45,324,298**	**65,124,903**

Note 23 – Other provisions (continued)

(d) Description of main provisions

Legal claims: Provisions for legal claims are mainly estimates of disbursements for legal claims associated with cargo transported and for lawsuits and other legal proceedings, to which the Company is exposed. These include those referring to the investigations by antitrust authorities into the car carrier business.

Profit sharing and bonuses: Provisions for profit sharing and bonuses relate to estimates of the Parent company and some of its subsidiaries of profit sharing and bonuses for performance.

Restructuring expenses: Provisions for restructuring expenses contemplate future expenses to be incurred through reductions in personnel as a result of unification of functions in several companies, and reorganizations.

Onerous contracts: This refers to the estimate of those services (voyages in progress) on which there is a reasonable estimate that the revenue obtained will not cover the costs incurred during the voyage, so it is expected that the voyages will close with operating losses. It is expected that these will be used in the current period considering the business cycle of the subsidiary CSAV S.A. Nevertheless, new provisions may be established in subsequent years.

Other provisions: Amounts have been recognized as Other provisions with respect to concepts of contingencies, fees and consultancies received, which as of the closing date are pending payment. These include general, annual report and external audit expenses contracted but not yet paid.

Note 24 – Provisions for employee benefits

(a) Composition

As of December 31, 2018 and 2017, these are as follows.

	Current		Non-Current	
	12/31/2018 ThCh$	12/31/2017 ThCh$	12/31/2018 ThCh$	12/31/2017 ThCh$
Personnel vacations	6,371,693	5,832,917	-	-
Remuneration	12,110,985	7,655,000	-	-
Termination benefits and retirement fund	317,510	314,137	18,850,819	19,801,367
Other benefits	990,047	922,125	7,759	50,119
Total	**19,790,235**	**14,724,179**	**18,858,578**	**19,851,486**

Note 24 – Provisions for employee benefits (continued)

(b) Termination benefits

As of December 31, 2018 and 2017, the subsidiaries Enex and SM SAAM have collective agreements with their personnel which establish remuneration and/or short and long-term benefits whose main characteristics are as follows:

i. Short-term benefits are generally based on mixed plans or agreements intended to compensate employees, such as covering the risks of employee disability and death.
ii. Long-term benefits are plans or agreements mainly for covering post-employment benefits at the end of the labor relationship.

The cost of these benefits is charged to income in Personnel expenses. The liability recorded under post-employment benefit plans is derived from employee benefit obligations and is valued using the actuarial method using actuarial assumptions such as personnel turnover and expected retirement age. The actuarial assumptions used by the subsidiaries Enex and SM SAAM as of December 31, 2018 and 2017 are detailed as follows.

(b.1) Enex

The Company has negotiated collective agreements with its employees that establish short-term and long-term employee benefits, and the main features are as follows:

i) Short-term benefits are generally based on mixed plans or agreements intended to compensate employees, such as covering the risks of employee disability and death.
ii) Long-term benefits are plans or agreements intended to cover post-employment benefits that arise when the employment relationship terminates.

The cost of these benefits is charged to income under "Personnel expenses."

The liability recorded under post-employment benefit plans is derived from employee benefit obligations and is valued using the actuarial method, where the following actuarial assumptions were used as of December 31 2018 and 2017.

Provision for Termination Benefits	**12/31/2018**	**12/31/2017**
Mortality table	M95H-M95M	M95H-M95M
Annual interest rate	4.21%	4.53%
Voluntary employee turnover rate	Turnover statistics for the last few years	Turnover statistics for the last few years
Involuntary employee turnover rate (business need)	Turnover statistics for the last few years	Turnover statistics for the last few years
Salary increase	2.00%	2.00%
Retirement age		
Men	65	65
Women	60	60

Provision for Post-Employment Benefits	**12/31/2018**	**12/31/2017**
Mortality table	RV-2014	RV-2014
Annual interest rate	1.93%	2.07%

Note 24 – Provisions for employee benefits (continued)

(b.1) Enex (continued)

Sensitivity analysis of actuarial variables

The method used to quantify the effect on the provisions for termination and post-employment benefits includes an increase and decrease of 10% in the actuarial variables used to calculate these provisions.

The actuarial variables used by Empresa Nacional de Energía Enex S.A. and its subsidiaries, to measure this liability and for the sensitivity analysis are detailed as follows:

December 31, 2018

Provision for Termination Benefits

Actuarial assumptions	**-10%**	**Actual**	**+10%**
Mortality table	36%	M95H-M95M at 40%	44%
Annual interest rate (in pesos)	3.79%	4.59%	4.63%
Leaving rate (annual) by Art. 159	4.50%	5%	5.50%
Leaving rate (annual) by Art. 161	7.20%	8%	8.80%
Salary increment (in pesos)	1.80%	2%	2.20%
Average annual future inflation	2.70%	3%	3.30%

Effect of the change in actuarial variables	**-10%**	**+10%**
Book value as of 12.31.2018	4,383,418	4,383,418
Actuarial change	(19,925)	17,565
Book value after the actuarial change	**4,363,493**	**4,400,983**

Provision for Post-Employment Benefits:

Actuarial assumptions	**+10%**	**Actual**	**-10%**
Mortality table	90%	Tables at 100% CB-2014, RV-2014-M B-2014-M	110%
Annual interest rate (in pesos)	1.74%	1.93%	2.12%

Effect of the change in actuarial variables	**-10%**	**+10%**
Book value as of 12.31.2018	8,446,524	8,446,524
Actuarial change	(473,373)	542,244
Book value after the actuarial change	**7,973,151**	**8,988,768**

Note 24 – Provisions for employee benefits (continued)

(b.1) Enex (continued)

December 31, 2017

Provision for Termination Benefits

Actuarial assumptions	**-10%**	**Actual**	**+10%**
Mortality table	36%	M95H-M95M at 40%	44%
Annual interest rate (in pesos)	3.96%	4.40%	4.84%
Leaving rate (annual) by Art. 159	4.5%	5%	5.5%
Leaving rate (annual) by Art. 161	7.2%	8%	8.8%
Salary increment (in pesos)	1.8%	2%	2.2%
Average annual future inflation	2.7%	3%	3.3%

Effect of the change in actuarial variables	**-10%**	**+10%**
Book value as of 12.31.2017	4,481,665	4,481,665
Actuarial change	(16,528)	14,655
Book value after the actuarial change	**4,465,137**	**4,496,320**

Provision for Post-Employment Benefits:

Actuarial assumptions	**+10%**	**Actual**	**-10%**
Mortality table	90%	Tables at 100% CB-2014, RV-2014-M B-2014-M	110%
Annual interest rate (in pesos)	1.86%	2.07%	2.28%

Effect of the change in actuarial variables	**-10%**	**+10%**
Book value as of 12.31.2017	8,667,492	8,667,492
Actuarial change	561,338	(489,970)
Book value after the actuarial change	**9,228,830**	**8,177,522**

(b.2) SM SAAM

The defined obligation is for termination benefits that will be paid to all employees under the collective agreements between the company and its employees. The obligations that Iquique Terminal Internacional S.A. recognizes for the legal indemnity that it will have to pay to all of its employees at the end of the concession, as well as the obligation of the Mexican subsidiaries where workers are legally entitled to such indemnity, have also been included.

The actuarial valuation is based on the following parameters and percentages:
i) Discount rate used 2.43% (2.03% in 2017).
ii) Salary increase rate 1.3% (1.3% in 2017).
iii) Average turnover rate of the group ranging from 3.4% to 8.8% for voluntary retirement and 3.00% and 14.70% for dismissal (4.65% and 5.00% for voluntary retirement and 5.00% and 14.70% for dismissal in 2017).
iv) Mortality table RV-2014 (RV-2014 in 2017).

Note 24 – Provisions for employee benefits (continued)

b.2) SM SAAM (continued)

Sensitivity analysis of actuarial variables

The method used to quantify the effect on the provisions for termination benefits includes an increase and decrease of 10% in the actuarial variables used to calculate these provisions.

The actuarial variables used by SM SAAM to measure this liability and for the sensitivity analysis are detailed as follows.

Actuarial assumptions	+10%	Actual	-10%
Discount rate	2.67%	2.43%	2.19%
Salary increment	1.43%	1.30%	1.17%
Employee turnover due to resignation (*)	3.74% - 9.68%	3.4% - 8.8%	3.06% - 7.92%
Employee turnover due to dismissal (*)	3.30% - 16.17%	3.0% - 14.70%	2.70% - 13.23%

(*) Employee turnover includes the variables applied to each company

The analysis results using these variables are detailed as follows.

Effect of +10% change in actuarial variables	12/31/2018 ThCh$	12/31/2017 ThCh$
Book value	6,338,387	6,966,347
Actuarial change	(63,224)	(67,623)
Book value after the actuarial change	**6,275,163**	**6,898,724**

Effect of -10% change in actuarial variables	12/31/2018 ThCh$	12/31/2017 ThCh$
Book value	6,338,387	6,966,347
Actuarial change	70,172	71,926
Book value after the actuarial change	**6,408,559**	**7,038,273**

(c) Reconciliation of present value obligation defined benefit plan

	12/31/2018 ThCh$	12/31/2017 ThCh$
Present value of defined benefit plan obligation, opening balance	**20,115,504**	**22,988,562**
Current service costs for defined benefit plan obligation	1,315,395	289,398
Interest costs for defined benefit plan obligation	792,391	864,495
Actuarial gains on defined benefit plan obligation	(114,789)	966,700
Increase (decrease) in foreign currency translation	179,409	(277,804)
Contributions paid for defined benefit plan obligation	(3,119,581)	(4,715,847)
Present value of defined benefit plan obligation, closing balance	**19,168,329**	**20,115,504**

Note 24 – Provisions for employee benefits (continued)

(d) Presentation in the statement of financial position

Post-employment benefits	**12/31/2018 ThCh$**	**12/31/2017 ThCh$**
Termination benefit liabilities, current	317,510	314,137
Termination benefit liabilities, non-current	18,850,819	19,801,367
Total termination benefit liabilities	**19,168,329**	**20,115,504**

Note 25 – Other non-financial liabilities, current

As of December 31, 2018 and 2017, these are detailed as follows.

	12/31/2018 ThCh$	**12/31/2017 ThCh$**
Dividends payable to Quiñenco shareholders	54,219,865	32,698,808
Dividends payable to minority shareholders of subsidiaries	5,425,391	5,017,139
Sales advances and revenue in process	4,967,143	3,632,735
Others	2,037,366	2,011,236
Total	**66,649,765**	**43,359,918**

Note 26 – Other non-financial liabilities, non-current

As of December 31, 2018 and 2017, these are detailed as follows.

	12/31/2018 ThCh$	**12/31/2017 ThCh$**
Unexpired risk reserve	40,092,963	33,231,312
Retirement insurance reserves	9,423	319,528
Mathematical reserve	39,122,006	35,373,073
Fund value reserve	526,782	535,736
Others	115,236	151,338
Total	**79,866,410**	**69,610,987**

QUIÑENCO S.A.

Note 27 - Classes of financial assets and liabilities

Financial assets as of December 31, 2018 and 2017, are detailed as follows.

		Current		Non-Current		Fair value	
		12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Description of financial asset	**Category and valuation of financial asset**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Cash and cash equivalents	**Financial asset at fair value**	**295,396,896**	**273,213,861**	**-**	**-**	**295,396,896**	**273,213,861**
Equity instruments (investments in shares)	Financial asset at fair value (market value) held for sale	-	-	38,864,484	39,584,804	38,864,484	39,584,804
Financial investments more than 90 days for current assets and more than one year for non-current assets	Financial asset at fair value	236,536,905	184,348,951	112,161,350	96,724,654	348,698,255	281,073,605
Foreign exchange hedges	Fair value hedge instrument	7,642	44,262	2,105,153	5,313,772	2,112,795	5,358,034
Other current and non-current financial assets		**236,544,547**	**184,393,213**	**153,130,987**	**141,623,230**	**389,675,534**	**326,016,443**
Trade and other receivables	**Financial asset at amortized cost**	**222,385,740**	**225,010,317**	**10,999,599**	**12,239,058**	**233,385,339**	**237,249,375**
Related party receivables	**Financial asset at amortized cost**	**28,197,643**	**20,177,672**	**-**	**-**	**28,197,643**	**20,177,672**
Total financial assets		**782,524,826**	**702,795,063**	**164,130,586**	**153,862,288**	**946,655,412**	**856,657,351**

Note 27 - Classes of financial assets and liabilities (continued)

Financial liabilities as of December 31, 2018 and 2017, are detailed as follows.

		Current		Non-Current		Fair value	
		12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Description of financial liability	**Category and valuation of financial liability**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Bank loans, bonds payable and other loans	Financial liabilities at amortized cost	90,684,177	106,404,506	1,456,681,288	1,103,302,820	1,666,416,029	1,296,918,323
Finance lease obligations	Financial liabilities	1,870,002	1,565,270	1,939,456	2,374,145	3,809,458	3,939,415
Foreign exchange hedges	Fair value hedge instrument	525,246	329,506	-	19,671	525,246	349,177
Other current & non-current financial liabilities		**93,079,425**	**108,299,282**	**1,458,620,744**	**1,105,696,636**	**1,670,750,733**	**1,301,206,915**
Trade payables, social-security withholdings, taxes and other payables	**Financial liabilities at amortized cost**	**209,074,376**	**206,029,556**	**-**	**-**	**209,074,376**	**206,029,556**
Related party payables	**Financial liability at amortized cost**	**592,412**	**1,385,069**	**-**	**-**	**592,412**	**1,385,069**
Total financial liabilities		**302,746,213**	**315,713,907**	**1,458,620,744**	**1,105,696,636**	**1,880,417,521**	**1,508,621,540**

Note 28 - Equity

(a) Capital and number of shares

The capital of the Company as of December 31, 2018, is composed as follows.

Number of shares

Series	Number of shares subscribed	Number of shares paid	Number of shares with voting rights
Single	1,662,759,593	1,662,759,593	1,662,759,593

Share capital

	Share capital subscribed ThCh$	Share capital paid ThCh$
Issued capital	1,223,669,810	1,223,669,810
Share premium	31,538,354	31,538,354
	1,255,208,164	**1,255,208,164**

(b) Controlling shareholders

82.9% of the issued and paid shares of Quiñenco S.A. are held by the companies Andsberg Inversiones Ltda., Ruana Copper A.G. Agencia Chile, Inversiones Orengo S.A., Inversiones Consolidadas S.A., Inversiones Salta SpA., Inversiones Alaska Ltda., Inmobiliaria e Inversiones Río Claro S.A. and Inversiones Río Claro Ltda. The Luksburg Foundation indirectly holds 100% of the social rights in Andsberg Inversiones Ltda., 100% of the social rights in Ruana Copper A. G. Agencia Chile and 99.76% of the shares in Inversiones Orengo S.A.

Andronico Mariano Luksic Craig (Chilean ID number 6.062.786-K) and family control 100% of Inversiones Consolidadas Ltda. and Inversiones Alaska Ltda. Andrónico Luksic Craig's family control 100% of Inversiones Salta S.A., while Inmobiliaria e Inversiones Río Claro S.A. and Inversiones Río Claro Ltda. are indirectly controlled by the Emian Foundation, in which the heirs of the late Mr. Guillermo Antonio Luksic Craig† (Chilean ID Number 6.578.597-8) have interests. There is no shareholder agreement between the controllers of the Company.

(c) Dividend policy

Article No. 79 of Chile's Corporations Law establishes that, except if unanimously agreed otherwise by shareholders of all issued shares, listed corporations should distribute a cash dividend to its shareholders on a yearly basis, prorated based on their shares or the proportion established in the company's by-laws if there are preferred shares, of at least 30% of net income for each period, except when accumulated losses from prior years must be absorbed.

The following dividends have been distributed between January 1, 2017 and December 31, 2018.

Dividend No.	Dividend	Date agreed	Date paid	Dividend per share Ch$
39	Final	04/28/2017	05/12/2017	31.91723
40 and 41	Final	04/27/2018	05/09/2018	32.6986

The Parent company's policy for determining distributable net income in order to calculate the dividends to be distributed, is to consider the total net income (loss) attributable to shareholders of the controller.

Note 28 - Equity (continued)

(d) Other reserves

Other reserves as of December 31, 2018, are detailed as follows.

Reserves	**12/31/2018**
	ThCh$
Revaluation surplus reserves	1,031,342
Currency translation reserves	111,244,302
Cash flow hedge reserves	(8,931,056)
Held for sale reserves	14,868,232
Other miscellaneous reserves	377,941,211
Total other reserves	**496,154,031**

As of December 31, 2018, the detail of Other miscellaneous reserves is as follows.

	12/31/2018
	ThCh$
Effect of sale of LQIF-D shares	131,642,239
Other reserves from the equity of subsidiary LQIF S.A.	141,608,659
Effect of changes in interest in Banco de Chile	78,652,952
Capital revaluation reserves and other adjustments (ruling 456)	(73,627,503)
Effect of changes in interest in Invexans	50,559,691
Dilution effect of non-concurrence capital increase CCU	40,399,427
Effect of changes in interest in CSAV	(19,548,435)
Effect of changes in interest in Tech Pack	19,389,665
Other reserves from the equity of subsidiary SM SAAM S.A.	6,276,690
Effect of changes in interest in SM SAAM	2,258,411
Other reserves from the equity of other subsidiaries	845,981
Other effects	(516,566)
Total other miscellaneous reserves	**377,941,211**

The amount shown in exchange differences in the consolidated statement of comprehensive income for the year relates mainly to the effect of the translation of the functional currency (US dollar) of the subsidiaries Invexans, Tech Pack, Compañía Sud Americana de Vapores (CSAV) and SM SAAM to Chilean pesos at the closing of the consolidated statement of financial position.

Note 29 – Revenue and expenses

(a) Revenue

For the years ended December 31, 2018 and 2017, this is detailed as follows.

	12/31/2018 ThCh$	12/31/2017 ThCh$
Goods sold	2,244,377,809	1,864,771,800
Services provided	554,473,198	516,382,311
Total	**2,798,851,007**	**2,381,154,111**

(b) Other expenses by function

For the years ended December 31, 2018 and 2017 these are detailed as follows.

	12/31/2018 ThCh$	12/31/2017 ThCh$
Amortization of intangible assets	(400,720)	(2,686,400)
Impairment of property, plant and equipment	(185,275)	(1,863,230)
Impairment of inventory	(694,947)	(1,662,181)
Taxes on the temporary import of assets	(971,872)	(496,310)
Lawsuit expenses Brazil	(338,283)	(419,805)
Unrecoverable VAT and additional taxes	(1,430,115)	(549,637)
Impairment of intangibles	-	(497,597)
Other operating expenses	(751,295)	(1,881,424)
Total	**(4,772,507)**	**(10,056,584)**

Note 29 – Revenue and expenses (continued)

(c) Other gains (losses)

For the years ended December 31, 2018 and 2017, these are detailed as follows.

	12/31/2018 ThCh$	12/31/2017 ThCh$
Other gains		
Gain on sale of non-controlling interests (1)	-	47,556,535
Dividends from investments held for sale	3,178,361	-
Effect of change in investment in Nexans S.A.	37,677	261,655
Gain (loss) on forward hedges	592,022	485,413
Reversal of contingency provision	65,532	3,685,330
Gain on sale of assets	8,653,715	1,293,248
Gain on sales of property, plant and equipment	24,287	3,440,779
Gain on sale of inventories	285,556	222,577
Total other gains	**12,837,150**	**56,945,537**
Other losses		
Directors' allowances, profit sharing and remuneration	(1,501,839)	(807,663)
Contingency provisions	-	(15,609,462)
Amortization of intangible assets	(38,760)	(59,757)
Third-party consultancy	(557,376)	(488,205)
Donations	(68,603)	(97,279)
Other gains (losses)	(310,010)	(270,751)
Total other losses	**(2,476,588)**	**(17,333,117)**
Total other gains (losses), net	**10,360,562**	**39,612,420**

(1) Mainly the gain on the sale by the subsidiary SM SAAM of its interest in Tramarsa.

(d) Financial costs

For the years ended December 31, 2018 and 2017, these are detailed as follows.

	12/31/2018 ThCh$	12/31/2017 ThCh$
Interest on bank loans and bonds issued	(49,908,113)	(45,083,900)
Interest on other financial instruments	(1,086,106)	(1,157,124)
Bank fees, stamp taxes and other finance costs	(4,938,109)	(5,334,484)
Total	**(55,932,328)**	**(51,575,508)**

Note 30 – Personnel expenses

For the years ended December 31, 2018 and 2017, these are detailed as follows.

	12/31/2018 ThCh$	12/31/2017 ThCh$
Wages and salaries	(131,004,782)	(125,193,301)
Short-term employee benefits	(17,956,485)	(12,906,189)
Post-employment benefits	(7,553,348)	(4,163,005)
Termination benefits	(2,596,900)	(1,640,058)
Other personnel expenses	(6,390,264)	(6,759,236)
Total	(165,501,779)	(150,661,789)

Note 31 – Earnings per share

Basic earnings per share are calculated by dividing the result available to shareholders by the weighted average number of shares in circulation during the period.

The calculation as of December 31, 2018 and 2017 is as follows:

	12/31/2018	12/31/2017
Earnings (loss) attributable to equity holders of the equity instruments of the controller	180,430,410	108,739,810
Basic earnings available to common shareholders	180,430,410	108,739,810
Basic weighted average number of shares	1,662,759,593	1,662,759,593
Basic earnings per share ThCh$	**0.108512626**	**0.065397193**

Note 32 –Environment

The Parent company is not affected by this concept as it is an investment company.

As of December 31, 2018, the subsidiaries Invexans, Tech Pack and CSAV have made no disbursements for this concept.

As of December 31, 2018, the subsidiary Enex disbursed ThCh$875,500 (ThCh$700,298 in 2017) to control atmospheric emissions, change fuel tanks in the service station network, clean soil and groundwater in order to mitigate the risk of harming people and the environment, and waste removal.

SM SAAM and its subsidiaries have civil liability insurance in favor of third parties for pollution damages and fines associated with their fleet of tug boats, with an annual aggregate insured limit of ThUS$ 500,000.

The Company has no commitments for future payments in relation to the environment, however, it is constantly evaluating such projects.

Note 33 – Financial risk management policy

Credit risk
Surplus cash at the corporate level is invested with first-class Chilean and foreign financial entities under limits established for each entity, and which have a credit rating of at least the levels pre-established for each type of instrument.

The subsidiary Techpack manages the risk associated with financial assets in accordance with its investment policy. Cash surpluses and available funds are invested in accordance with its investment policy in low-risk fixed income instruments with institutions with strong credit ratings and diversified investment portfolios, subject to diversification limits by institution. Issuers and institutions that are subject to credit limits and investment limits are regularly reviewed to assess potential changes in their solvency that could affect the company.

Invexans manages the risk associated with financial assets or liabilities in accordance with its policies. Cash surpluses are invested in accordance with the policy’s criteria, in low-risk instruments (primarily time deposits) with institutions having strong credit ratings and within the limits established for each institution (funds are placed in a diversified manner). When contracting financial hedges, management selects institutions with strong credit ratings.

LQ Inversiones Financieras has no accounts receivable subject to credit risk. Cash surpluses are invested under market conditions in fixed-income instruments, according to the maturities of its financial commitments and operating expenses.

The investment policy at the subsidiary Banchile Vida defines the minimum requirements concerning risk ratings for each instrument, which is complemented by financial statements analysis. Credit risk management includes monitoring the risk ratings and changes in the creditworthiness of issuers, in order to amend covenants.

The subsidiary Enex manages customer credit risk within its credit policy and its authorizations manual. Sales on credit terms are controlled by the management system by blocking purchase orders when the customer has past due debt or exceeds their previously agreed and approved credit limit. The Finance and Administration Department at Enex approves customer credit lines, with the support and recommendation of commercial areas, in accordance with a credit assessment model that takes into account both commercial and technical aspects. When considered appropriate, guarantees and other requirements are requested in support of the credit. Should the credit granted be insufficient to meet commercial needs, the case is taken to the credit committee.

Note 33 – Financial risk management policy (continued)

Enex's financial investments are limited to fixed-income instruments, such as repurchase agreements and time deposits, with financial entities that are evaluated at least once a year, with exposure limits assigned by entity according to reports and opinions issued by prestigious and experienced credit rating agencies, in line with Enex's current treasury policy.

The subsidiary CSAV has a strict credit policy to manage its receivables portfolio, which is based on credit lines and payment terms granted on the basis of an individual analysis of the solvency, payment ability, and general references of each customer, their shareholders, the industry and the customer's market, as well as its payment history with the company. These credit lines are reviewed at least annually and payment behavior and percentage utilization are monitored regularly. Agencies that represent CSAV are constantly monitored to ensure that the administrative, commercial, operational and collection processes, and their relationship with customers and suppliers complies with agreed contract terms.

CSAV supports its vessel and slot chartering contracts with third parties using charter party freight contracts and slot charter agreements. CSAV charters vessels to third parties and slots to other shipping companies, always taking into consideration the counterparty's creditworthiness. However, CSAV often leases slots from the same shipping companies to which it leases its own slots on other voyages and services, which significantly reduces the risk of default.

CSAV has an investment policy to manage its financial assets, which include time deposits and repurchase agreements, whereby its checking accounts and investments are held in financial institutions with investment grade credit ratings. Its risk control policy also includes taking hedge positions in interest rates, exchange rates and oil prices, with prestigious financial institutions within the industry that have investment grade credit ratings.

Credit granted to customers at SM SAAM is regularly revised, in order to apply the controls defined by the company, and to monitor the status of accounts pending collection.

Cash surpluses at SM SAAM can be invested in low-risk financial instruments.

See Note 27 Classes of financial assets and liabilities, for details of the balances of financial assets and liabilities.

Liquidity risk

Quiñenco finances its activities and investments with dividend and profit distributions from the companies in which it holds an interest and with funds obtained from the sale of assets and/or by issuing debt and shares.

Quiñenco prefers long-term financing in order to maintain a financial structure in line with the liquidity of its assets and whose maturities are compatible with cash flow generation.

Invexans regularly estimates its projected liquidity requirements for each period, covering cash to be received (rents receivable, dividends receivable, etc.), the respective payments (commercial, financial, etc.) and available cash, in order to avoid short-term external financing. Invexan's financing policy seeks funding sources with a balanced structure between short and long term, low-risk exposure and alignment with the cash flows generated by the company.

The capital management policy at Techpack aims to ensure the liquidity and availability of resources, maintaining adequate levels of liquidity.

Note 33 – Financial risk management policy (continued)

LQIF distributes dividends based on available cash flows taking into account the company's actual and forecast costs, including financial obligations. The main source of funds to pay interest and capital on the financial obligations of LQIF are the dividends received from its direct and indirect shareholdings in Banco de Chile. Consequently, its ability to meet the scheduled payments of interest and principal depends entirely on the ability of Banco de Chile to generate positive net income from its operations, and the agreements approved annually at tha Bank's shareholders' meetings regarding the distribution of dividends.

Banchile Vida ensures that the average duration of its obligations matches the average duration of its assets. Its investment policy defines the maximum duration of its investment portfolio in total, and by each financial instrument.

Enex regularly updates its short-term cash flow projections based on information received from its commercial areas. Enex has credit lines with its principal banks, in order to cover possible unexpected cash deficits.

CSAV is not directly exposed to the container shipping business, but indirectly as the main shareholder of Hapag-Lloyd. This limits liquidity risk to the expected flow of dividends or any additional capital required by this joint venture. CSAV has specific long-term borrowing to finance its investment in Hapag-Lloyd. CSAV has sufficient liquidity to cover its direct transport services. It has an available line of credit, if required.

SM SAAM estimates its projected liquidity needs for each year, covering cash receipts (customer receivables, dividends, etc.), the respective payments (commercial, financial, etc.) and available cash, in order to avoid short-term external financing, if possible. SM SAAM ensures that financing has a balanced structure between short and long-term sources, a low risk exposure and repayments match the company's cash flows.

See Note on Other current and non-current financial liabilities for details of the balances and maturities of financial debt.

Market Risk[5]

Exchange rate risk

There is no exposure to exchange rate risk at the corporate level as of December 2018 as it has no significant foreign currency assets and liabilities. Financial derivatives (primarily *cross currency swaps*) can be contracted to eliminate or mitigate exposure to exchange rate risks.

Exposure to exchange rate risk at Invexans derives from asset and liability positions held in currencies other than its functional currency, which is the US dollar, and the related appreciations/depreciations between both currencies. The Board and management at Invexans regularly review its net exposure to exchange rate risk, based on projecting the financial effects of changes in currencies other than the functional currency that would be generated by assets or liabilities held in those currencies at the time of evaluation. Should significant and adverse effects be projected for Invexans, financial derivatives may be contracted (primarily *cross currency swaps*) in order to mitigate these potential risks. As of December 31, 2018, the net exposure to exchange rate risk at Invexans is an asset equivalent to Ch$14 million. If there is a 5% change in the exchange rate of currencies other than the functional currency, the estimated effect on comprehensive income before taxes would be Ch$ 1 million.

[5] The exposure of financial assets and liabilities to market risk is measured on a consolidated basis, where any balances between subsidiaries have already been eliminated in consolidation. In some cases, these individual balances may affect consolidated financial performance with a corresponding equal effect on equity.

Note 33 – Financial risk management policy (continued)

Exposure to exchange rate risk at Techpack arises from exchange differences on potential mismatches in asset and liability positions denominated in a currency other than the functional currency (US dollar). The Board and management of Techpack and its subsidiaries and associates regularly review their net exposure to exchange rate risk, based on projecting the financial effects of changes in currencies other than the functional currency that would be generated by assets or liabilities held in those currencies at the time of evaluation. Should significant and adverse effects be projected for Techpack, financial derivatives may be contracted (primarily *cross currency swaps*) in order to mitigate these potential risks. As of December 31, 2018, Techpack's net exposure to exchange rate risk is an asset equivalent to Ch$234 million. If there is a 5% change in the exchange rate of currencies other than the functional currency, the estimated effect on comprehensive income before taxes would be Ch$12 million.

LQIF has no exposure to exchange rate risk as it has no foreign currency assets or liabilities as of December 31, 2018 and 2017.

Banchile Vida has no exposure to exchange rate risk as it has no foreign currency assets or liabilities as of December 31, 2018 and 2017.

Enex is exposed to exchange risk due to specific agreements with suppliers and customers agreed in a currency other than the functional currency (Chilean peso). The most important cases relate to the import of fuels, lubricants and bitumen where the obligation is generated and payable in US dollars. Enex has a policy of minimizing the net exposure (assets minus liabilities) in foreign currencies using a regular currency purchase mechanism on the spot market, in order to mitigate this risk. As of December 31, 2018, the net exposure to exchange rate risk of Enex is a liability equivalent to Ch$34,284 million. If there is a 5% change in the exchange rate of currencies other than the functional currency, the estimated effect on comprehensive income before taxes would be Ch$1,714 million.

CSAV has assets and liabilities primarily denominated in its functional currency, the US dollar. However, it also has assets and liabilities in other currencies. The company reduces the risk of exchange-rate fluctuations by regularly converting any balance in local currency that exceeds payment needs in that currency, to US dollars. As of December 31, 2018, the net exposure to exchange rate risk of CSAV is a liability equivalent to Ch$132 million. If there is a 5% change in the exchange rate of the US dollar against other currencies, the estimated effect on comprehensive income before taxes would be Ch$7 million.

The major currencies to which SM SAAM is exposed, other than the functional currency (US dollar), are the Chilean peso, Mexican peso and Canadian dollar. Usually SM SAAM mitigates volatility in its results, caused by net positions of assets and liabilities in foreign currencies, using hedging instruments. As of December 31, 2018, the net exposure to exchange rate risk at SM SAAM is a liability equivalent to Ch$84,131 million. If there is a 5% change in the exchange rate of the US dollar against other currencies, the estimated effect on comprehensive income before taxes would be Ch$ 4,207 million.

Exchange rate differences produced by translating to Chilean pesos balances in the functional currencies of consolidated entities or associates whose functional currency is other than the Chilean peso, are recognized as a credit or charge to equity, until they are settled when they are recognized in the income statement.

Note 35 contains the detail of assets and liabilities by currency, including the financial assets and liabilities described here.

Interest rate risk

As of December 31, 2018, Quiñenco has corporate financial assets at fair value through profit and loss of Ch$284,674 million, which are subject to interest rate risk. A change of 10 basis points in the interest rate would generate an effect on financial income for the year of Ch$84 million.

Note 33 – Financial risk management policy (continued)

Quiñenco has all its corporate obligations at fixed interest rates, which implies a low exposure to interest-rate risk.

Invexans has all of its financial obligations at variable interest rates.

As of December 31, 2018, Techpack has no financial obligations that cause interest rate risks.

LQIF has all its financial obligations at fixed interest rates, which implies a low exposure to interest rate risk.

Enex has all its financial obligations at fixed interest rates, which implies a low exposure to interest rate risk.

CSAV has 52.2% of its obligations at fixed rates and 47.8% at variable rates.

SM SAAM has 69.5% of its obligations at fixed rates, 6.0% at protected rates and 24.5% at variable rates.

The consolidated interest-rate structure is as follows. As can be seen, the consolidated interest-rate risk is low, as 94.2% of debt is structured with fixed or protected interest rates.

Consolidated financial liabilities by interest rate type	12/31/2018	12/31/2017
Fixed interest rate	93.4%	90.7%
Protected interest rate	0.8%	1.1%
Variable interest rate	5.8%	8.2%
Total	**100.0%**	**100.0%**

As of December 31, 2018, the consolidated exposure to variable interest rates was a liability of Ch$87,893 million. A 100-basis point change in the interest rate would generate an effect on financial costs for the 12-month period of Ch$879 million.

Note 34 - Segment reporting

General information

Quiñenco is structured on the basis of the industrial and financial businesses where its financial resources are invested, and has defined six business segments: Manufacturing, Financial, Energy, Transport, Port Services and Other.

The Manufacturing segment includes Tech Pack, Invexans and their subsidiaries.
The Financial segment includes LQIF and its subsidiaries.
The Energy segment includes Enex and its subsidiaries.
The Transport segment includes CSAV and its subsidiaries.
The Port Services segment includes SM SAAM and subsidiaries.
The Other segment includes Quiñenco corporate, CCU, Banchile Vida, SegChile, others and eliminations.

With the exception of the subsidiaries Tech Pack, Invexans, CSAV, SM SAAM, and the associate CCU, all the group's operations are mainly conducted in Chile.

In order to determine segment reporting, those exceeding 10% of the consolidated revenue and/or the particular information characteristics of the group have been considered.

Quiñenco, as an investment company, defines its revenue as sales of goods and services at its subsidiaries and the net revenue of the banking sector (Banco de Chile).

Geographical area

Revenue from external customers by geographical area as of December 31, 2018 and 2017, is as follows.

	12/31/2018 ThCh$	12/31/2017 ThCh$
Chile	2,499,707,538	2,100,439,399
South America	105,718,699	92,796,982
Central America	50,686,508	44,428,649
North America	106,638,124	95,722,743
Europe	25,114,317	30,620,832
Asia	10,985,821	17,145,506
Total revenue from external customers	**2,798,851,007**	**2,381,154,111**

Non-current assets by geographic area as of December 31, 2018 and 2017, are detailed as follows.

	12/31/2018 ThCh$	12/31/2017 ThCh$
Chile	787,205,872	667,765,617
Rest of America	411,647,057	360,485,096
Total non-current assets (*)	**1,198,852,929**	**1,028,250,713**

(*) Includes balances of property, plant and equipment, investment properties and intangible assets other than goodwill.

Note 34 – Segment reporting (continued)

Net income attributable to owners of the controller for each segment consists of the final contribution from each segment, and of the companies that comprise it, to Quiñenco's net income.

As of December 31, 2018, the results by segment are as follows.

Segments December 2018

Income Statement	**Manufacturing**	**Financial**	**Energy**	**Transport**	**Port Services**	**Other**	**Total**
Non-banking sector	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Operating revenue	31,425	-	2,276,313,552	58,474,142	330,997,299	133,034,589	2,798,851,007
Cost of sales	-	-	(2,054,317,817)	(55,859,698)	(234,890,522)	(48,313,652)	(2,393,381,689)
Gross margin	31,425	-	221,995,735	2,614,444	96,106,777	84,720,937	405,469,318
Other revenue by function	-	-	9,471,450	834,474	1,453,847	2,695,327	14,455,098
Administrative expenses	(6,207,747)	(1,296,218)	(202,826,709)	(10,899,880)	(50,830,999)	(88,143,499)	(360,205,052)
Other expenses by function	(338,283)	(400,720)	(83,380)	-	(3,950,124)	-	(4,772,507)
Other gains (losses)	(177,113)	-	(487,673)	5,721,653	6,375,019	(1,071,324)	10,360,562
Net operating income	(6,691,718)	(1,696,938)	28,069,423	(1,729,309)	49,154,520	(1,798,559)	65,307,419
Financial income	3,433,604	242,636	561,759	423,949	3,809,727	7,220,817	15,692,492
Financial costs	(329,762)	(8,101,031)	(5,834,964)	(3,554,612)	(11,618,814)	(26,493,145)	(55,932,328)
Share of income (loss) of associates and joint ventures accounted for using the equity method	(3,865,927)	-	1,119,374	10,991,335	11,730,318	90,876,093	110,851,193
Exchange differences	(4,979,918)	-	(2,381,658)	(759,206)	(2,343,197)	(6,198)	(10,470,177)
Gain (loss) from indexation adjustments	1,027,487	(5,277,601)	-	-	(51,557)	(21,517,200)	(25,818,871)
Net income (loss) before taxes	(11,406,234)	(14,832,934)	21,533,934	5,372,157	50,680,997	48,281,808	99,629,728
Income tax expense	(331,293)	1,119,745	(2,257,336)	5,783,216	(12,793,016)	894,141	(7,584,543)
Net income (loss) from continuing operations	(11,737,527)	(13,713,189)	19,276,598	11,155,373	37,887,981	49,175,949	92,045,185
Net income (loss) from discontinued operations	(17,374,980)	-	-	(301,353)	-	-	(17,676,333)
Net income (loss) from non-banking sector	**(29,112,507)**	**(13,713,189)**	**19,276,598**	**10,854,020**	**37,887,981**	**49,175,949**	**74,368,852**
Banking sector							
Total net operating revenue	-	1,592,366,450	-	-	-	960,989	1,593,327,439
Total operating expenses	-	(848,361,301)	-	-	-	-	(848,361,301)
Operating income	-	744,005,149	-	-	-	960,989	744,966,138
Result of investments in companies	-	7,255,066	-	-	-	-	7,255,066
Interest on subordinated debt with the Chilean Central Bank	-	(79,534,161)	-	-	-	-	(79,534,161)
Net income before taxes	-	671,726,054	-	-	-	960,989	672,687,043
Income tax expense	-	(156,609,295)	-	-	-	-	(156,609,295)
Net income from continuing operations	-	515,116,759	-	-	-	960,989	516,077,748
Net income from banking sector	-	515,116,759	-	-	-	960,989	516,077,748
Consolidated net income	**(29,112,507)**	**501,403,570**	**19,276,598**	**10,854,020**	**37,887,981**	**50,136,938**	**590,446,600**
Net income attributable to owners of the controller	**(29,108,760)**	**121,272,510**	**19,276,598**	**6,008,521**	**15,333,211**	**47,648,330**	**180,430,410**
Net income attributable to non-controlling interests	(3,747)	380,131,060	-	4,845,499	22,554,770	2,488,608	410,016,190
Consolidated net income	**(29,112,507)**	**501,403,570**	**19,276,598**	**10,854,020**	**37,887,981**	**50,136,938**	**590,446,600**

Note 34 – Segment reporting (continued)

Depreciation, amortization and cash flows by segment as of December 31, 2018, are as follows.

	Manufacturing	Financial	Energy	Transport	Port Services	Other	Total
	ThCh$	ThCh$	ThCh$	ThCh$		ThCh$	ThCh$
Depreciation and amortization	(15,199)	(402,373)	(21,743,946)	(181,881)	(49,101,975)	(612,764)	(72,058,138)
Cash flow from non-banking sector							
Operating cash flows	5,349,533	463,573	41,139,138	(16,490,296)	75,683,835	(26,241,407)	79,904,376
Investing cash flows	(60,626,261)	(1,868,312)	(28,578,141)	10,249,519	(9,899,189)	(219,426,395)	(310,148,779)
Financing cash flows	(2,115,964)	(104,677,556)	14,705,914	(5,020,954)	(51,071,131)	245,228,150	97,048,459
Cash flow from banking sector							
Operating cash flows	-	(482,829,722)	-	-	-	-	(482,829,722)
Investing cash flows	-	284,890,116	-	-	-	-	284,890,116
Financing cash flows	-	449,182,818	-	-	-	-	449,182,818

Assets and liabilities by segment as of December 31, 2018, are as follows.

	Manufacturing	Financial	Energy	Transport	Port Services	Other	Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Current assets	106,185,380	2,159,845	302,117,394	34,154,200	272,907,044	256,467,102	973,990,965
Non-current assets	357,218,427	846,724,893	763,996,280	1,534,762,157	785,429,166	547,465,884	4,835,596,807
Banking assets	-	35,926,494,810	-	-	-	-	35,926,494,810
Total assets	**463,403,807**	**36,775,379,548**	**1,066,113,674**	**1,568,916,357**	**1,058,336,210**	**803,932,986**	**41,736,082,582**
Current liabilities	8,371,599	4,815,555	191,811,161	21,632,358	90,502,826	106,033,603	423,167,102
Non-current liabilities	9,589,066	240,806,731	290,185,429	67,614,710	281,490,143	883,707,715	1,773,393,794
Banking liabilities	-	32,418,479,277	-	-	-	-	32,418,479,277
Total liabilities	**17,960,665**	**32,664,101,563**	**481,996,590**	**89,247,068**	**371,992,969**	**989,741,318**	**34,615,040,173**

Note 34 – Segment reporting (continued)

Net income attributable to owners of the controller for each segment consists of the final contribution from each segment, and of the companies that comprise it, to Quiñenco's net income.

As of December 31, 2017, the results by segment are as follows.

	Segments December 2017						
Income Statement	**Manufacturing**	**Financial**	**Energy**	**Transport**	**Port Services**	**Other**	**Total**
Non-Banking sector	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Operating revenue	9,329	-	1,888,725,125	71,475,831	303,261,156	117,682,670	2,381,154,111
Revenue from transactions between segments	-	-	-	-	-	-	-
Cost of sales	-	-	(1,693,041,883)	(66,675,875)	(224,509,554)	(41,624,143)	(2,025,851,455)
Gross margin	9,329	-	195,683,242	4,799,956	78,751,602	76,058,527	355,302,656
Other revenue by function	-	-	11,255,791	1,179,401	2,103,948	2,950,475	17,489,615
Distribution costs	-	-	-	-	-	-	-
Administrative expenses	(4,250,113)	(1,339,478)	(180,040,257)	(7,543,678)	(52,392,632)	(77,794,795)	(323,360,953)
Other expenses by function	(419,805)	(2,686,400)	(79,134)	(23)	(6,871,222)	-	(10,056,584)
Other gains (losses)	1,567,160	-	(15,523,793)	1,927,126	49,649,343	1,992,584	39,612,420
Net operating income	(3,093,429)	(4,025,878)	11,295,849	362,782	71,241,039	3,206,791	78,987,154
Financial income	1,883,375	379,450	200,013	635,227	2,172,698	9,466,710	14,737,473
Financial costs	(422,640)	(7,940,196)	(3,985,776)	(3,504,673)	(10,999,812)	(24,722,411)	(51,575,508)
Share of income (loss) of associates and joint ventures accounted for using the equity method	23,964,525	-	1,008,247	(94,856,592)	14,887,671	37,498,568	(17,497,581)
Exchange differences	1,542,560	-	1,210,280	632,421	(112,902)	(66,577)	3,205,782
Gain (loss) from indexation adjustments	206,449	(3,072,339)	-	-	(6,125)	(11,238,410)	(14,110,425)
Net income (loss) before taxes	24,080,840	(14,658,963)	9,728,613	(96,730,835)	77,182,569	14,144,671	13,746,895
Income tax expense	928,750	1,451,588	(954,807)	(29,676,756)	(35,963,689)	(837,692)	(65,052,606)
Net income (loss) from continuing operations	25,009,590	(13,207,375)	8,773,806	(126,407,591)	41,218,880	13,306,979	(51,305,711)
Loss from discontinued operations	(3,092,552)	-	-	(832,244)	-	-	(3,924,796)
Net income (loss) from non-banking sector	**21,917,038**	**(13,207,375)**	**8,773,806**	**(127,239,835)**	**41,218,880**	**13,306,979**	**(55,230,507)**
Banking sector							
Total net operating revenue	-	1,474,869,890	-	-	-	590,228	1,475,460,118
Total operating expenses	-	(789,656,021)	-	-	-	-	(789,656,021)
Net operating income	-	685,213,869	-	-	-	590,228	685,804,097
Result of investments in companies	-	6,057,093	-	-	-	-	6,057,093
Interest on subordinated debt with the Chilean Central Bank	-	(73,066,743)	-	-	-	-	(73,066,743)
Net income before taxes	-	618,204,219	-	-	-	590,228	618,794,447
Income tax expense	-	(115,127,836)	-	-	-	-	(115,127,836)
Net income from continuing operations	-	503,076,383	-	-	-	590,228	503,666,611
Net income from banking sector	-	503,076,383	-	-	-	590,228	503,666,611
Consolidated net income	**21,917,038**	**489,869,008**	**8,773,806**	**(127,239,835)**	**41,218,880**	**13,897,207**	**448,436,104**
Net income attributable to owners of the controller	**22,083,967**	**119,295,291**	**8,773,806**	**(71,203,468)**	**19,818,045**	**9,972,169**	**108,739,810**
Net income attributable to non-controlling interests	(166,929)	370,573,717	-	(56,036,367)	21,400,835	3,925,038	339,696,294
Consolidated net income	**21,917,038**	**489,869,008**	**8,773,806**	**(127,239,835)**	**41,218,880**	**13,897,207**	**448,436,104**

Note 34 – Segment reporting (continued)

Depreciation, amortization and cash flows by segment as of December 31, 2017 are as follows.

	Manufacturing	Financial	Energy	Transport	Port Services	Other	Total
	ThCh$	ThCh$	ThCh$	ThCh$		ThCh$	ThCh$
Depreciation and amortization	(10,297)	(2,691,193)	(18,989,676)	(716,925)	(47,032,422)	(564,792)	(70,005,305)
Cash flow from non-banking sector							
Operating cash flows	(7,959,239)	(175,914)	34,612,833	(8,300,569)	54,645,192	(11,210,780)	61,611,523
Investing cash flows	(61,717,417)	(17,677,154)	(55,396,375)	(181,755,201)	17,928,265	37,541,833	(261,076,049)
Financing cash flows	(3,316,800)	(77,554,611)	27,899,640	181,237,941	(13,255,333)	(167,990,914)	(52,980,077)
Cash flow from banking sector							
Operating cash flows	-	1,109,490,273	-	-	-	-	1,109,490,273
Investing cash flows	-	(1,119,886,729)	-	-	-	-	(1,119,886,729)
Financing cash flows	-	121,939,362	-	-	-	-	121,939,362

Assets and liabilities by segment as of December 31, 2017 are as follows.

	Manufacturing	Financial	Energy	Transport	Port Services	Other	Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Current assets	106,668,330	828,173	297,658,141	42,290,498	248,920,883	179,742,590	876,108,615
Non-current assets	368,319,525	847,118,615	559,816,391	1,356,263,414	719,649,876	430,959,707	4,282,127,528
Banking assets	-	32,824,183,692	-	-	-	-	32,824,183,692
Total assets	**474,987,855**	**33,672,130,480**	**857,474,532**	**1,398,553,912**	**968,570,759**	**610,702,297**	**37,982,419,835**
Current liabilities	2,161,924	4,654,904	209,399,043	23,752,095	101,402,399	90,993,332	432,363,697
Non-current liabilities	15,656,738	235,379,548	80,338,722	69,053,804	261,527,231	719,958,279	1,381,914,322
Banking liabilities	-	29,615,351,348	-	-	-	-	29,615,351,348
Total liabilities	**17,818,662**	**29,855,385,800**	**289,737,765**	**92,805,899**	**362,929,630**	**810,951,611**	**31,429,629,367**

Note 35 – Effect of changes in foreign exchange rates

(a) Assets by local and foreign currency as of December 31, 2018, are detailed as follows.

Assets Non-Banking sector	US dollars	Chilean pesos	Unidad de Fomento	Euros	Peruvian soles	Argentine pesos	Brazilian reals	Colombian pesos	Other currencies	Total
Current assets	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Cash and cash equivalents	204,421,653	84,876,546	-	127,125	-	-	9,727	1,831	5,960,014	295,396,896
Other financial assets, current	5,929,269	211,329,851	19,285,427	-	-	-	-	-	-	236,544,547
Other non-financial assets, current	6,563,453	32,160,342	1,917,001	-	-	-	-	-	343,911	40,984,707
Trade and other receivables, current	40,955,817	169,372,321	-	105,070	-	-	20,843	22,636	11,909,053	222,385,740
Related party receivables, current	7,166,311	21,031,332	-	-	-	-	-	-	-	28,197,643
Inventories, current	11,713,823	86,807,293	-	-	-	-	-	-	505,097	99,026,213
Current tax assets	14,640,888	13,272,827	-	-	35,433	-	-	-	2,570,650	30,519,798
Total current assets other than assets or disposal groups classified as held for sale or as held for distribution to owners	**291,391,214**	**618,850,512**	**21,202,428**	**232,195**	**35,433**	**-**	**30,570**	**24,467**	**21,288,725**	**953,055,544**
Non-current assets or disposal groups classified as held for sale	18,109,526	382,201	-	-	-	65,687	-	2,378,007	-	20,935,421
Non-current assets or groups of assets classified as held-for-sale or held-for-distribution to the owners	**18,109,526**	**382,201**	**-**	**-**	**-**	**65,687**	**-**	**2,378,007**	**-**	**20,935,421**
Total current assets	**309,500,740**	**619,232,713**	**21,202,428**	**232,195**	**35,433**	**65,687**	**30,570**	**2,402,474**	**21,288,725**	**973,990,965**
Non-current assets										
Other financial assets, non-current	2,537,301	150,543,663	-	-	-	-	-	-	50,023	153,130,987
Other non-financial assets, non-current	15,341,911	20,867,979	-	-	-	-	8,677,441	-	38,213	44,925,544
Trade and other receivables, non-current	9,987,319	905,285	-	-	-	-	-	-	106,995	10,999,599
Related party receivables, non-current	-	-	-	-	-	-	-	-	-	-
Inventories, non-current	726,729	6,948	-	-	-	-	-	-	-	733,677
Investments accounted for using the equity method	142,184,680	438,538,772	-	1,661,594,762	-	-	-	-	-	2,242,318,214
Intangible assets other than goodwill	151,223,615	234,335,458	-	-	-	-	-	-	6,405,085	391,964,158
Goodwill	11,811	932,621,474	-	-	-	-	-	-	-	932,633,285
Property, plant and equipment	289,062,484	451,224,590	-	-	-	-	-	-	49,083,416	789,370,490
Investment properties	9,762,908	7,755,373	-	-	-	-	-	-	-	17,518,281
Tax assets, non-current	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	186,031,710	63,293,219	-	-	-	-	-	-	2,677,643	252,002,572
Total non-current assets	**806,870,468**	**2,300,092,761**	**-**	**1,661,594,762**	**-**	**-**	**8,677,441**	**-**	**58,361,375**	**4,835,596,807**
Total non-banking assets	**1,116,371,208**	**2,919,325,474**	**21,202,428**	**1,661,826,957**	**35,433**	**65,687**	**8,708,011**	**2,402,474**	**79,650,100**	**5,809,587,772**

Note 35 – Effect of changes in foreign exchange rates (continued)

(b) Liabilities by domestic and foreign currency as of December 31, 2018, are detailed as follows:

Liabilities		**Chilean**	**Unidad de**		**Peruvian**	**Argentina**	**Brazilian**	**Colombian**	**Other**	
Non-Banking sector	**US Dollars**	**Pesos**	**Fomento**	**Euros**	**Soles**	**pesos**	**Reales**	**Pesos**	**Currencies**	**Total**
Current liabilities	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Other financial liabilities, current	43,041,104	21,019,754	26,571,588	-	-	-	-	-	2,446,979	93,079,425
Trade and other payables, current	20,607,744	185,119,239	637,237	423,670	-	-	21,538	-	2,264,948	209,074,376
Related party payables, current	234,081	358,331	-	-	-	-	-	-	-	592,412
Other short-term provisions	4,908,482	17,609,195	67,553	50,256	-	-	24,424	-	49,874	22,709,784
Current tax liabilities	7,167,248	1,680,912	-	-	6,253	-	-	-	1,848,087	10,702,500
Provisions for employee benefits, current	6,068,816	9,422,877	-	-	-	-	-	-	4,298,542	19,790,235
Other non-financial liabilities, current	14,330,326	51,367,278	-	-	11,116	-	-	326	940,719	66,649,765
Total current liabilities other than liabilities included in asset disposal groups classified as held for sale	**96,357,801**	**286,577,586**	**27,276,378**	**473,926**	**17,369**	**-**	**45,962**	**326**	**11,849,149**	**422,598,497**
Liabilities included in disposal groups classified as held for sale	29,180	41,954	552	-	-	496,919	-	-	-	568,605
Total current liabilities	**96,386,981**	**286,619,540**	**27,276,930**	**473,926**	**17,369**	**496,919**	**45,962**	**326**	**11,849,149**	**423,167,102**
Non-current liabilities										
Other financial liabilities, non-current	207,083,354	144,500,000	1,081,831,135	-	-	-	-	-	25,206,255	1,458,620,744
Other long-term provisions	8,349,746	19,963,609	-	-	-	-	8,677,441	-	636,409	37,627,205
Deferred tax liabilities	46,663,599	125,505,023	-	-	-	-	-	-	6,252,235	178,420,857
Provisions for employee benefits, non-current	1,608,393	17,067,461	-	-	-	-	-	-	182,724	18,858,578
Other non-financial liabilities, non-current	-	79,866,410	-	-	-	-	-	-	-	79,866,410
Total non-current liabilities	**263,705,092**	**386,902,503**	**1,081,831,135**	**-**	**-**	**-**	**8,677,441**	**-**	**32,277,623**	**1,773,393,794**
Total non-banking liabilities	**360,092,073**	**673,522,043**	**1,109,108,065**	**473,926**	**17,369**	**496,919**	**8,723,403**	**326**	**44,126,772**	**2,196,560,896**

Note 35 – Effect of changes in foreign exchange rates (continued)

(a) Assets by local and foreign currency as of December 31, 2017, are detailed as follows.

Assets Non-Banking sector	US dollars	Chilean pesos	Unidad de Fomento	Euros	Peruvian soles	Argentine pesos	Brazilian reals	Colombian pesos	Other currencies	Total
Current assets	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Cash and cash equivalents	214,904,398	49,189,997	-	1,344,349	-	-	212,916	21,063	7,541,138	273,213,861
Other financial assets, current	22,647,793	140,879,141	107,401	-	20,758,878	-	-	-	-	184,393,213
Other non-financial assets, current	6,586,432	17,770,091	-	-	-	-	-	-	463,522	24,820,045
Trade and other receivables, current	38,053,994	180,496,909	-	654	-	-	19,057	9,417	6,430,286	225,010,317
Related party receivables, current	3,293,998	16,883,674	-	-	-	-	-	-	-	20,177,672
Inventories, current	8,811,826	89,227,926	-	-	-	-	-	-	1,472,941	99,512,693
Current tax assets	12,332,547	11,333,577	-	-	31,967	-	209,814	-	833,601	24,741,506
Total current assets other than assets or disposal groups classified as held for sale or as held for distribution to owners	**306,630,988**	**505,781,315**	**107,401**	**1,345,003**	**20,790,845**	**-**	**441,787**	**30,480**	**16,741,488**	**851,869,307**
Non-current assets or disposal groups classified as held for sale	21,257,086	675,716	-	-	-	14,996	-	2,291,510	-	24,239,308
Non-current assets or groups of assets classified as held-for-sale or held-for-distribution to the owners	**21,257,086**	**675,716**	**-**	**-**	**-**	**14,996**	**-**	**2,291,510**	**-**	**24,239,308**
Total current assets	**327,888,074**	**506,457,031**	**107,401**	**1,345,003**	**20,790,845**	**14,996**	**441,787**	**2,321,990**	**16,741,488**	**876,108,615**
Non-current assets										
Other financial assets, non-current	3,705,204	137,918,026	-	-	-	-	-	-	-	141,623,230
Other non-financial assets, non-current	12,858,726	20,329,100	-	-	-	-	8,723,693	-	323,359	42,234,878
Trade and other receivables, non-current	10,073,294	2,165,764	-	-	-	-	-	-	-	12,239,058
Related party receivables, non-current	-	-	-	-	-	-	-	-	-	-
Inventories, non-current	663,315	7,377	-	-	-	-	-	-	-	670,692
Investments accounted for using the equity method	126,972,589	361,436,805	-	1,508,451,752	-	-	-	-	-	1,996,861,146
Intangible assets other than goodwill	140,209,306	212,978,607	-	-	-	-	-	-	6,482,539	359,670,452
Goodwill	3,034,056	850,342,442	-	-	-	-	-	-	-	853,376,498
Property, plant and equipment	327,178,338	290,442,775	-	-	-	-	-	-	34,242,190	651,863,303
Investment properties	9,401,987	7,314,971	-	-	-	-	-	-	-	16,716,958
Tax assets, non-current	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	160,703,359	46,107,708	-	-	-	-	-	-	60,246	206,871,313
Total non-current assets	**794,800,174**	**1,929,043,575**	**-**	**1,508,451,752**	**-**	**-**	**8,723,693**	**-**	**41,108,334**	**4,282,127,528**
Total non-banking assets	**1,122,688,248**	**2,435,500,606**	**107,401**	**1,509,796,755**	**20,790,845**	**14,996**	**9,165,480**	**2,321,990**	**57,849,822**	**5,158,236,143**

Note 35 – Effect of changes in foreign exchange rates (continued)

(b) Liabilities by domestic and foreign currency as of December 31, 2017, are detailed as follows.

Liabilities Non-Banking sector	US dollars	Chilean pesos	Unidad de Fomento	Euros	Peruvian soles	Argentine pesos	Brazilian reals	Colombian pesos	Other currencies	Total
Current liabilities	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Other financial liabilities, current	30,664,029	36,319,462	39,738,343	-	-	-	-	-	1,577,448	108,299,282
Trade and other payables, current	34,979,566	168,949,562	715,795	452,244	-	-	57,042	-	875,347	206,029,556
Related party payables, current	353,776	1,031,293	-	-	-	-	-	-	-	1,385,069
Other short-term provisions	10,487,898	20,375,994	58,400	55,436	-	-	508,141	-	-	31,485,869
Current tax liabilities	2,430,969	1,286,971	-	-	19,402,740	-	-	-	2,646,499	25,767,179
Provisions for employee benefits, current	2,833,383	11,087,318	-	-	-	-	-	-	803,478	14,724,179
Other non-financial liabilities, current	13,857,695	28,623,875	-	-	10,451	-	-	83,476	784,421	43,359,918
Total current liabilities other than liabilities included in asset disposal groups classified as held for sale	**95,607,316**	**267,674,475**	**40,512,538**	**507,680**	**19,413,191**	**-**	**565,183**	**83,476**	**6,687,193**	**431,051,052**
Liabilities included in disposal groups classified as held for sale	698,971	93,095	1,073	-	-	519,506	-	-	-	1,312,645
Total current liabilities	**96,306,287**	**267,767,570**	**40,513,611**	**507,680**	**19,413,191**	**519,506**	**565,183**	**83,476**	**6,687,193**	**432,363,697**
Non-current liabilities										
Other financial liabilities, non-current	156,514,119	57,216,759	874,228,989	-	-	-	-	-	17,736,769	1,105,696,636
Trade and other payables, current	-	-	-	-	-	-	-	-	-	-
Related party payables, non-current	-	-	-	-	-	-	-	-	-	-
Other long-term provisions	9,607,928	14,880,576	-	-	-	-	8,709,139	-	441,391	33,639,034
Deferred tax liabilities	42,486,929	105,010,435	-	-	-	-	-	-	5,618,815	153,116,179
Provisions for employee benefits, non-current	1,231,344	18,473,216	-	-	-	-	-	-	146,926	19,851,486
Other non-financial liabilities, non-current	135,082	69,475,905	-	-	-	-	-	-	-	69,610,987
Total non-current liabilities	**209,975,402**	**265,056,891**	**874,228,989**	**-**	**-**	**-**	**8,709,139**	**-**	**23,943,901**	**1,381,914,322**
Total non-banking liabilities	**306,281,689**	**532,824,461**	**914,742,600**	**507,680**	**19,413,191**	**519,506**	**9,274,322**	**83,476**	**30,631,094**	**1,814,278,019**

Note 36 – Contingencies

(a) Lawsuits

(a.1) CSAV is a defendant in litigation and arbitrations relating to cargo transport seeking compensation for damage and injury. Most of the potential contingencies are covered by insurance. There are provisions covering the estimated value of the proportion not covered by insurance, and the respective deductibles.

In relation to investigation proceedings for infringement of antitrust rules in the car carrier business, during 2017 and as of December 31, 2018, the amounts detailed below have been disbursed in the following proceedings:

1. On February 27, 2014, the Company signed a plea agreement with the United States Department of Justice ("DOJ") during this investigation, where CSAV agreed to pay a fine of ThUS$ 8,900. The fine was paid in four installments, the first three of ThUS$ 2,250 and the last of ThUS$ 2,150 in May 2014, 2015, 2016 and 2017.

2. On August 30, 2016, the Mexican Federal Commission on Economic Competition (COFECE), initiated administrative proceedings against the Company and four other shipping companies for their involvement in collusive agreements to pre-assign shipping routes to and from Mexican ports. CSAV then applied to a leniency program and, as a result, continued to collaborate with authorities in exchange for a 50% fine reduction. On June 8, 2017, the Company was notified of COFECE's ruling to levy a nominal fine of ThUS$5,132, which was reduced by 50% as a result of the immunity benefit, leaving a final fine of ThUS$2,634.

3. On July 6, 2016, CSAV and the Class Members in Canada executed the Canadian Vehicle Carrier Services Class Action National Settlement Agreement, where CSAV agreed to pay C$450,000 Canadian dollars (in two installments) without admitting its liability, and fully cooperate in clarifying the facts under investigation that are contrary to free competition. Thus, in compliance with this agreement, the Company paid ThUS$170 in 2016 and ThUS$179 in 2017.

4. On September 1, 2017, the Korea Fair Trade Commission (KFTC) decided to fine nine international shipping companies, including CSAV, for having engaged in practices that violated its antitrust law between 2002 and 2012. The total fine was almost ThUS$38,000. Since CSAV has collaborated with the investigation from the start, it must pay approximately ThUS$630, or 1.6% of the total fine.

5. On February 21, 2018, the European Commission decided to fine four international shipping companies, including CSAV, for having engaged in practices that violated its antitrust law between October 2006 and September 2012. Due to CSAV's collaboration from the beginning of the investigation and its limited involvement in those practices, CSAV was fined approximately ThEUR 7,033 based on an agreement reached with that Commission. This is 1.8% of the total fines imposed by the European regulatory (EUR 395 million).

These payments had no impact on CSAV's net income since a provision was established for such purposes in the Q1 2013 financial statements, which was disclosed to the market in May of that year.

On January 27, 2015, the Chilean National Economic Prosecutor's Office (FNE) issued a summons against several shipping companies, including CSAV, for violating letter a) of article 3 of Decree Law 211 of 1973, regarding the Defense of Free Competition ("DL 211"), in the car carrier business (the "Summons"). As indicated in the Summons and set forth in article 39 bis of DL 211, because the Company is cooperating with the FNE's investigation, it is exempt from fines relating to the practices referred to in the Summons and, therefore, these proceedings have no financial impact on CSAV's net income. The Summons is being processed by Chile's Antitrust Court.

Note 36 – Contingencies (continued)

(a) Lawsuits (continued)

Additionally, on March 13, 2017, the Peruvian National Institute in Defense of Competition and Protection of Intellectual Property (INDECOPI) initiated an administrative procedure against several shipping companies, including CSAV, for alleged collusive practices in the maritime vehicle transport business. CSAV is exempt from fines in relation to conduct described in the administrative procedure as a result of its cooperation in the INDECOPI investigation, so this process does not have any financial effect on CSAV's net income. On May 14, 2018, INDECOPI concluded these proceedings and exempted CSAV from any fines, in accordance with Peruvian law.

Some vehicle end buyers, distributors and freight forwarders or direct contract holders have filed a class action suit based on investigations by the DOJ in the USA (see number 1. above), before the US Federal Maritime Commission (FMC), "on their own behalf and on behalf of those in a similar situation" against a group of companies engaged in the car carrier business, including CSAV and its former agency in New Jersey, for damages and losses suffered directly by contracting freight services or indirectly by buying imported cars in the United States. These class action suits were consolidated in the District Court of New Jersey. However, in late August 2015 the court ruled that they should be decided by the FMC, based on a motion filed by the Company. The U.S. Supreme Court dismissed the motions that were pending against this ruling. Fiat Chrysler automobiles NV, FCA US LLC, and FCA Italy SpA (together Fiat Chrysler) filed a lawsuit before the FMC against a group of companies engaged in maritime vehicle transport, including CSAV. The US Shipping Act of 1984 and the FMC's regulations do not provide for resolving class action suits. Therefore, on May 7, 2018, the FMC rejected these proceedings. It is not possible to estimate whether Fiat Chrysler's claim will have a financial impact on CSAV.

As of December 31, 2018, claims have been filed against CSAV related to its container shipping business prior to the merger with HLAG. In accordance with the merger agreement between CSAV and HLAG, HLAG is now legally and financially liable for all legal contingencies related to the operations of the container shipping business, including legal expenses and possible disbursements, even when CSAV is party to the claim. This was the case with the administrative proceedings initiated by INDECOPI (Peru) against several shipping companies, including CSAV, for participating in liner conferences, particularly the Asia West Coast South America Agreement (AWCSA) even though Peru ratified the United Nations' "Convention of a Code of Conduct for Liner Conferences." On May 8, 2017, the INDECOPI Free Competition Commission issued a ruling to conclude the proceedings and impose no penalties given a commitment made by the companies under investigation to cease such practices.

(a.2) Enex is party to civil lawsuits for breach of contract, damages and to enforce performance of supply and transaction contracts, brought by Combustibles Surenergy Limitada and others against Enex, based on alleged breaches of fuel supply and transaction contracts. The damages demanded amount to Ch$3,889,266,189 plus court costs.

The ruling was unfavorable for Enex in the first instance, with Enex ordered to pay: a) Ch$2,008,218,176 plus readjustments and interest, for consequential damages; b) Ch$5,589,501 per month until it returns guarantees and promissory notes paid; c) Ch$205,157,904 for loss of profits; and d) court costs.

Enex has filed an appeal against this first instance ruling. The appeal is registered under number 2077-2017 of the Santiago Appeals Court. The case is currently proceeding.

(a.2.1) Arbitral claim brought by Constructora Geometra Limitada for alleged non-compliance with the Lump Sum Construction Contract for a Service Station on Autopista Central in San Bernardo. The lawsuit is being processed by the arbitrator Luis Absalón Valencia under case number CAM 3211-2017, and the amount claimed is Ch$1,700,000,000 for consequential damage and lost profits.

(a.2.2) Arbitral lawsuit against Constructora Geometra Limitada for breach of the Construction Contract for a Service Station on Autopista Central in San Bernardo, for the approximate sum of Ch$2,300,000,000 in fines and compensation. The lawsuit is being processed by the arbitrator Luis Absalón Valencia under case number CAM 3211-2017.

Note 36 – Contingencies (continued)

(a) Lawsuits (continued)

(a.3) Although Alusa S.A. and its subsidiaries were sold during the year ended December 31, 2016, Tech Pack S.A. has rights and obligations on contingencies related to transactions involving the packaging operations that occurred prior to the date of the sale of that business.

(a.4) As of December 31, 2018, the subsidiary Invexans S.A. has lawsuits pending against it with respect to demands related to its normal businesses which, according to the companies' legal advisors, present no risk of significant losses.

The tax contingencies of Invexans deriving from the sale of the cables unit to Nexans are detailed in Note 36 d).

(a.5) The subsidiary SM SAAM has pending litigation and lawsuits for compensation for damages arising from its operations. The amounts below the deductible have been provisioned and the Company also has insurance policies to cover any potential loss contingencies.

(b) Financial contingencies

(b.1) As of December 31, 2018, Quiñenco and the group companies are in compliance with the financial covenants related to bond issues. Quiñenco's principal financial covenants are as follows.

- To maintain unencumbered assets over unsecured debt at book value of at least 1.3 times. As of December 31, 2018, the ratio of unencumbered assets to unsecured debt at book value is 4.3 times, as follows:

Quiñenco individual	**ThCh$**
Total assets	4,190,047,012
Encumbered assets	-
Unencumbered assets	**4,190,047,012**
Total current liabilities	79,446,364
Other short-term provisions	(975,091)
Provisions for employee benefits, current	(666,038)
Total non-current liabilities	897,249,427
Other long-term provisions	(3,178,048)
Unencumbered liabilities	**971,876,614**

- To maintain unconsolidated financial debt over total capitalization of no more than 0.48. As of December 31, 2018, the financial debt over total capitalization at book value is 0.22, as follows.

Financial debt	**ThCh$**
Other financial liabilities, current	21,467,174
Related party payables, current	1,752
Other financial liabilities, non-current	812,741,048
Related party payables, non-current	81,330,331
Financial debt	**915,540,305**
Capitalization	
Equity attributable to owners of the controller	3,213,351,221
Financial debt	915,540,305
Capitalization	**4,128,891,526**

Note 36 – Contingencies (continued)

(b) Financial contingencies (continued)

- To maintain a consolidated financial debt ratio over total capitalization of no more than 0.63. As of December 31, 2018, consolidated financial debt over total capitalization at book value is 0.22, as follows.

Financial debt	**ThCh$**
Other financial liabilities, current	93,079,425
Related party payables, current	592,412
Other financial liabilities, non-current	1,458,620,744
Related party payables, non-current	-
Financial debt	**1,552,292,581**
Capitalization	
Equity attributable to owners of the controller	3,213,351,221
Financial debt	1,552,292,581
Non-controlling interests (i)	2,222,232,376
Capitalization	**6,987,876,178**

(i) This is: Non-controlling interests in Quiñenco of ThCh$3,907,691,188 less non-controlling interests in LQIF of ThCh$1,685,458,812.

- To maintain minimum equity of Ch$835,244 million. As of December 31, 2018, the equity attributable to owners of the controller is Ch$ 3,213,351 million.
- The Luksic Group must maintain control of Quiñenco.

(b.2) The subsidiary LQIF is subject to certain financial covenants contained in the bond-issue indenture and other loan agreements. The principal restrictions as of December 31, 2018, are as follows.

- LQIF should maintain a leverage ratio in its quarterly financial statements of no more than 0.40, measured as the ratio of total adjusted liabilities over total adjusted assets, equivalent to the balances of non-banking service accounts plus the investment in companies (equity value), the restitution of lesser and higher values fixed in UF as of December 31, 2008, and restituting balances eliminated in the consolidation.
- During three months prior to payment of coupons on these issues, it can pay or lend to related parties provided it maintains an easily-liquidated reserve throughout this period equivalent to at least the payment to bond-holders as of that date.
- It should retain its control of Banco de Chile, and the present controller of the company should remain as such.

The leverage ratio as of December 31, 2018, was 0.078 times.

(b.3) As of December 31, 2018, Tech Pack has contingencies related to its normal business.

The Share Purchase Agreement signed on April 18, 2016 was finalized on May 31, 2016. As a result, Tech Pack S.A. sold all of its shares in Alusa S.A. and Inversiones Alusa S.A. to Amcor. Tech Pack S.A. committed in that contract to maintaining its liability for tax obligations and rights in the companies that it sold as of the sale date, and in accordance with the terms and conditions of that contract.

The transaction totaled US$ 435 million (on a debt and cash free basis, or Enterprise Value) for the entire flexible packaging business described above, including Nexus Group's share. Tech Pack's share was approximately US$ 285 million, from which net debt was deducted, in addition to adjustments for changes in working capital, as is usual in such transactions.

When this transaction was closed in May 2016 Techpack received US$204 million. It also subsequently sold a logistics center in Chile in 2016, it was reimbursed by the buyer for specific tax credits the same year, and a price adjustment was agreed for changes in working capital recognized in March 2017. These events resulted in Tech Pack SA receiving a total of US$212 million in cash for its interest in the flexible packaging business. A price adjustment was agreed in December 2018 (Note 10 b.1).

Note 36 – Contingencies (continued)

(b) Financial contingencies (continued)

(b.4) Invexans S.A. (legal successor of Madeco S.A.)

In October 2014, Invexans signed a loan agreement for US$15 million with Banco Estado. On July 6, 2017, Invexans partially prepaid US$5 million, leaving US$10 million outstanding.

In addition to the usual obligations for such loans, it must maintain total leverage of no more than 1 and minimum equity of US$250 million in the annual consolidated financial statements. The Luksic Group should also maintain control.

Invexans is complying with all the restrictions stated in the above agreement, as follows:

Covenants	12/31/2018	Covenants
Net total leverage in consolidated statement of financial position	0.04	< 1.00
Minimum equity	ThUS$ 445,951	> ThUS$250,000
Controlled by Quiñenco	Yes	Yes

(b.5) Enex S.A.

As of December 31, 2018, the subsidiary Empresa Nacional de Energía Enex S.A. is in compliance with the financial covenants associated with its bank loans.

- Maintain a financial debt to equity plus minority interest ratio of less than 0.5. As of December 31, 2018, this ratio was 0.37, as follows.

	ThCh$ 12/31/2018
Other financial liabilities, current	21,579,241
Other financial liabilities, non-current	196,669,447
Total financial debt	218,248,688
	12/31/2018
Equity attributable to owners of the controller	584,128,026
Non-controlling interests	(4)
Total equity	584,128,022

- Maintain a ratio of EBITDA over financial costs greater than 2.5. As of December 31, 2018, EBITDA over financial costs was 8.54, as follows.

	ThCh$ 12/31/2018
Net income from operating activities	28,069,422
Depreciation	21,743,946
EBITDA	49,813,368
Interest on bank loans	4,747,058
Other interest	1,087,906
Total financial costs	5,834,964

Note 36 – Contingencies (continued)

(b) Financial contingencies (continued)

(b.6) CSAV

The financing agreements at CSAV and its subsidiaries have the following covenants:

(b.6.1) Loan from Banco Itaú Chile for ThUS$45,000

a) Restrict consolidated borrowing to keep Total Liabilities over Total Equity to no more than 1.3. As of December 31, 2018, CSAV's borrowing ratio was 0.06.
b) Maintain unencumbered assets at 130% of consolidated financial liabilities. As of December 31, 2018, this ratio was 22.8.
c) Quiñenco S.A. should have control over the issuer or should have at least 37.4% of the subscribed and paid capital of the issuer.
d) Maintain minimum consolidated total assets of ThUS$1,614,606. As of December 31, 2018, total assets were ThUS$2,258,983.

(b.6.2) Series B bearer bonds for ThUS$50,000, Securities Registry 839:

a) Restrict consolidated borrowing to keep Total Liabilities over Total Equity to no more than 1.3. As of December 31, 2018, CSAV's borrowing ratio was 0.06.
b) Maintain unencumbered assets at 130% of consolidated financial liabilities. As of December 31, 2018, this ratio was 22.8.
c) Maintain total minimum consolidated assets of ThUS$ 1,614,302. As of December 31, 2018, total assets were ThUS$2,258,983.

(b.6.3) Mortgages for financial commitments.

As of December 31, 2018, CSAV has not mortgaged any of its assets to guarantee its financial obligations.

Note 36 – Contingencies (continued)

(b) Financial contingencies (continued)

(b.7) SM SAAM

The subsidiary SM SAAM and its subsidiaries have the following contractual provisions governing its management and financial indicators.

Company	Financial Entity	Description	Condition	12/31/2018	12/31/2017
Sociedad Matriz SAAM S.A.	Santander (Bonds)	Net financial debt to equity Net financial costs coverage ratio Guarantees over total assets	Each quarter it must be less than 1.2 Each quarter it must be more than 2.75 Cannot exceed 5%	0.10 11.91 0%	0.16 8.37 0%
Iquique Terminal Intemacional S.A. (ITI)	Banco de Crédito e Inversiones	Net Financial Debt / EBITDA Financial debt to equity	< 3.5 as of December 31 each year, from 2016 onwards < 3 as of December 31 each year	0.22 0.11	0.99 0.67
Iquique Terminal Intemacional S.A. (ITI)	Banco Estado	Net Financial Debt / Equity Debt service coverage ratio Equity in the financial statements > ThUS$ 10,000	< 3 as of December 31 each year > 1 as of December 31 each year > ThUS$ 10,000 as of December 31 each year	N/A N/A N/A	0.67 1.38 ThUS$27,973
SAAM Remolques SA de C.V	Banco Inbursa	Net Financial Debt / EBITDA Interest coverage ratio Equity in the financial statements > ThMX 600 every quarter	< 2.5 every quarter EBITDA / Financial costs > 3 every quarter > ThMX 600 every quarter	N/A N/A N/A	2.21 8.83 ThMX 3,135
SAAM Remolques SA de C.V	Banco Corpbanca NY	Net Financial Debt / EBITDA	< 3 as of December 31 each year	1.64	2.21
Terminal Marítima Mazatlán S.A. de C.V.	Banco Itaú	Net Financial Debt / Equity	< 1.5 as of December 31 each year since 2016	N/A	0.46
Terminal Marítima Mazatlán S.A. de C.V.	Banco Itaú	Net Financial Debt / EBITDA	< 2 as of December 31, 2018, and < 1.5 as of December 31, 2017	N/A	1.34
Smit Marine Canada Inc	Banco Scotiabank Canada	Debt over net tangible assets Consolidated EBITDA over financial expenses and debt repayments	< 2.5 every quarter > 1.25 every quarter	1.54 6.88	1.49 3.77
Smit Marine Canada Inc (1)	Banco Scotiabank Canada	Debt over net tangible assets Consolidated EBITDA over financial expenses and debt repayments	< 2.5 every quarter > 1.25 every quarter	1.54 6.88	1.49 3.77
Sociedad Portuaria Caldera S.A.	Banco Davivienda	Borrowing ratio, Total liabilities / Total assets Debt servicing coverage	< 83% every quarter > 1.2	70% 2.7	63% 2.3
Sociedad Portuaria Caldera S.A.	BAC San José	Borrowing ratio, Total liabilities / Total assets Debt servicing coverage	< 3.5 every quarter > 1.25 every quarter	2.3 2.7	1.7 2.3
Sociedad Portuaria Granelera de Caldera S.A.	BAC San José	Borrowing ratio, Total liabilities / Equity Debt servicing coverage	< 3.5 every quarter > 1.25 every quarter	2.0 2.5	2.0 2.7
Sociedad Portuaria de Caldera S.A.	Banco Davivienda	Borrowing ratio, Total liabilities / Total assets Debt servicing coverage	< 83% every quarter > 1.2 every quarter	67% 2.5	67% 2.7
Florida International Terminal	BCI Miami	Borrowing ratio, Total liabilities / Equity Ratio, Financial debt / EBITDA	< 2.5 < 2.5	0.7 0.6	0.7 0.3

(1) For a new loan granted during 2018.
N/A: The Company had repaid the financial obligation as of the reporting date.
S/M: This financial indicator does not need to be measured in interim periods. Therefore, it has not been calculated as of December 31, 2018.

(c) Other contingencies

Sale of the Cable Unit to Nexans

On September 30, 2008, the sale of the company's cable unit to Nexans was completed. This cable unit had operations in Chile, Peru, Brazil, Argentina and Colombia.

The main contingencies and restrictions arising from this contract are summarized below:

(c.1) Warranties and assurances

The Nexans contract establishes warranties and assurances customary for such contracts. These warranties and assurances essentially refer to ownership by Invexans and its subsidiaries of the cable assets transferred to Nexans, to compliance with current regulations and the absence of contingencies, except those stated in the contract. Therefore, the seller, Invexans, took charge of specific contingencies that materialized after September 30, 2008, but which had originally arisen before that date.
These warranties and assurances were generally valid until December 2009, except for (i) labor and tax matters, which will remain valid until the applicable statutory limitation periods expire (the limitation period for taxation obligations in Brazil expired on January 1, 2014); ii) general environmental issues, which expired on September 30, 2011; and iii) those relating to the ownership of the companies sold and real estate ownership, which expired on September 30, 2018.

Note 36 – Contingencies (continued)

(c) Other contingencies (continued)

(c.2) Indemnities

Nexans has the right to be compensated for any breach of these reps and warranties, and to the other obligations established in the contract.

Furthermore, Nexans is entitled to compensation, considering the validity of these reps and warranties, and other matters, for: i) tax payable by the business, due prior to September 30, 2008, except the declared processes with respect to Chile, Peru and Colombia in the reps and warranties (i.e. the right to be compensated for the indicated tax in Brazil); ii) Brazil's civil and labor legal cases detailed as of September 30, 2008 – Invexans's obligations on this point were substantially limited in the agreement that was signed with Nexans in 2012; (iii) undeclared environmental liabilities; and iv) obligations of the companies that are not related to their business.

Invexans is liable for 90% of the obligation to compensate for Brazilian taxes accrued up to the date of sale. Nexans is liable for the remaining 10%, limited to: i) US$ 2.8 million for lawsuits at the time of sale; and, (ii) US$ 24 million for subsequent lawsuits.

(c.3) Limitation of liability of Invexans

The sale contract states that Invexans is not liable for damages caused by individual events when these do not exceed US$73,000. It also limits the general liability of Invexans to US$ 147 million, as informed by Nexans.

(d) Tax contingencies

(d.1) Claim filed against Resolution 17000 No. 73 dated May 9, 2014, issued by the Large Taxpayers Directorate of the Internal Revenue Service, which reduced the tax loss declared by Enex for the tax year 2013 from Ch$81,537,776,466 to Ch$1,470,050,167 and which partially denied the request for Provisional Payments for Absorbed Profits - PPUA - from Ch$6,220,088,974 to Ch$249,908,520. The claim was submitted to the Second Tax and Customs Court of the Metropolitan Region, which rejected the claim in a ruling dated July 12, 2016. This was due to disallowing the tax "goodwill" on the reverse merger of Enex with its main shareholder.

The Court of Appeals upheld this ruling and Enex filed an appeal in form and substance before the Supreme Court. The form appeal was declared inadmissible and the substance appeal will be heard. The case is number 34,433-2017 in the Supreme Court.

(d.2) Lawsuits following the acquisition of Ficap S.A.

In July 2006, Ficap S.A., a former Invexans cables subsidiary and now Nexans Brasil S.A. ("Nexans Brasil – ex Ficap"), received an assessment from the Brazilian Federal Tax Authority for the tax years 2001 to 2005, which rejected the amortization of the goodwill that arose when it was acquired by Madeco. This assessment was paid by Invexans at the end of 2014 under a tax amnesty program in Brazil.

In applying the same criteria for taxable years 2006 and following, Nexans Brasil -ex Ficap made court deposits in order to avoid paying interest and fines on the additional income tax that it would have had to pay if the law were to be interpreted as indicated by the tax authorities in that assessment.

Simultaneously, Nexans Brasil - ex Ficap initiated a legal action in order to obtain a judgment recognizing its right to amortize the goodwill.

In accordance with the agreement with Nexans, Invexans retains the right to receive those deposits if they are returned by the courts. Invexans also has control over these cases.

The amount claimed by the Brazilian tax authorities for the tax years 2006 and following is largely guaranteed by those deposits.

Note 36 – Contingencies (continued)

(d) Tax contingencies

(d.3) ICMS State of Rio de Janeiro

The tax authorities of the State of Rio de Janeiro in executive collection proceedings, require Nexans Brasil -ex Ficap to pay ICMS taxes (similar to the VAT in Chile) allegedly owed by its production plant located in that State. They allege that such taxes had not been paid during 1983 to 1991, at which time the company SAM Industrias S.A., a company controlled by Mr. Daniel Birmann, owned that production plant.

In order to be able to appeal against these fiscal proceedings and to avoid their collection while these claims are being substantiated, Nexans Brasil -ex Ficap established bank bonds to guarantee their payment.

The remaining case to this matter was finally won in April 2018. The historical value of these proceedings amounted to ThBRL2,168.

(d.4) Lawsuit for income tax on the sale of Ficap S.A. to Nexans

During December 2013, Nexans Brasil was notified of a tax charge of ThBRL 31,765 referring to a possible difference in income tax due to capital gains ("imposto de renda retido na fonte") where a rate of 15% was used instead of 25% on the sale of Ficap S.A. to Nexans. Given the weight of the arguments presented, the Company's legal advisors consider that there is a good possibility of reversing this charge. Subsequently, at the start of 2017, a favorable ruling was handed down by the second-instance court that rejected the indicated charge. However, the tax authority filed an appeal with the higher instance of this court.

Note 37 – Guarantees

The Company has received no guarantees from third parties as of December 31, 2018 and 2017.

Note 38 – Sanctions

Neither the Company nor its directors or managers received any sanctions from the CMF or any other regulatory authority during 2018 and 2017.

Note 39 – Subsequent events

On February 11, 2019, the subsidiary SM SAAM reported the following material event:

"In accordance with Articles 9 and the second paragraph of Article 10 of Law 18,045 and General Standard 30, being duly empowered to do so, it is my duty to report the following material event regarding Sociedad Matriz SAAM SA ("SM SAAM").

Yesterday, SM SAAM, through its subsidiary SAAM S.A. (SAAM) signed a Term Sheet with its partner Boskalis Holding B.V. (Boskalis) which sets out the essential terms and conditions to acquire 49% of the shares held by Boskalis in SAAM SMIT Towage Mexico S.A. de C.V., which includes businesses in Mexico, Canada and Panama, and 50% of its shares in SAAM SMIT Towage Brasil S.A. The total price agreed is US$ 201,250,000, which will be paid using a combination of own funds and bank financing. If this transaction is completed, SAAM would control all the shares of both companies.

During the next few weeks SAAM and Boskalis will sign the contracts required to complete this transaction, which is subject to approval by the relevant regulatory authorities in the partner's countries, and compliance with other customary conditions that are normal for these transactions.

The impact of the events reported in this communication on the net income of SM SAAM cannot be precisely determined yet.

This material event reported to the Financial Markets Commission means that the nature of the communication made by SM SAAM referred to in these negotiations is no longer confidential".

There were no other events of a financial or other nature between December 31, 2018, and the date of issue of these consolidated financial statements that might affect significantly their interpretation.

Note 40 - Prior year adjustments

The subsidiary SM SAAM has restated asset and liability balances related to the port concession held by the indirect subsidiary Terminal Marítima Mazatlán S.A. de C.V. This restatement is due to a one-off deviation related to the measurement of financial liabilities for minimum royalties payable in the future, which affected the accrual of interest from previous years, exchange differences, and net income.

The restatement is detailed as follows.

	ThCh$
Intangible asset (port concession)	4,815,826
Deferred tax assets	3,050,454
Investments accounted for using the equity method	827,922
Other financial liabilities, current	(1,167,390)
Other financial liabilities, non-current	(9,000,336)
Deferred tax liabilities	(3,262,027)
Net effect on equity as of 01/01/2018	(4,735,551)

Except for the foregoing, the subsidiary SM SAAM has not changed its accounting estimates and policies as of the closing date of the consolidated financial statements.

Note 41 - Additional notes

The following are the Notes to the financial statements of SM Chile S.A. and subsidiaries under the regulations of the Superintendency of Banks and Financial Institutions (SBIF).

Note 41.1 - Company information

The Extraordinary Shareholders' Meeting held on July 18, 1996, recorded in public deed dated July 19, 1996, before the Santiago notary, René Benavente Cash, resolved that the company previously called Banco de Chile accept the provisions of the third and fifth paragraphs of Law 19,396 which modified the conditions of payment of the Subordinated Obligation with the Chilean Central Bank. The company changed its name to Sociedad Matriz del Banco de Chile S.A., or SM-Chile S.A. through this resolution, and modified its corporate purpose to be the holder of shares in Banco de Chile and carrying out other activities permitted by Law 19,396. It was also agreed to transfer all the assets and liabilities of the company, with the sole exception of the Subordinated Obligation with the Chilean Central Bank, to a new banking corporation to be called Banco de Chile, and agreed to create a closely-held corporation called Sociedad Administradora de la Obligación Subordinada SAOS S.A., to which would be transferred this obligation with the Chilean Central Bank as a part of the shares in the new banking company, Banco de Chile.

On November 8, 1996, Banco de Chile thus became Sociedad Matriz del Banco de Chile S.A., or SM-Chile S.A., and all of its assets, liabilities and memorandum accounts were transferred, except for the Subordinated Obligation, to the new banking company Banco de Chile. On the same date, the company subscribed and paid a capital increase in Sociedad Administradora de la Obligación Subordinada SAOS S.A. through the transfer of ownership of 28,593,701,789 shares in the new Banco de Chile, granting a special pledge in favor of the Chilean Central Bank, which shares represent 28.31% of the share capital of that bank (28.75% in 2017) and transferred to that company the responsibility for paying the Subordinated Obligation, thus releasing Sociedad Matriz del Banco de Chile S.A. from that obligation. The Company retains the commitment to transfer to Sociedad Administradora de la Obligación Subordinada SAOS S.A. the dividends and fully paid-in shares corresponding to 567,712,826 shares in Banco de Chile that it holds, while the latter company maintains the Subordinated Obligation with the Chilean Central Bank.

The shareholders in SM Chile S.A. directly exercise the speaking and voting rights of the shares pledged in favor of the Chilean Central Bank in the proportions established in the corporate bylaws. These shareholders have a preferential right to acquire those shares should SAOS S.A. dispose of them in any circumstances.

As of December 31, 2018, the contractual value of the Subordinated Obligation with the Chilean Central Bank, including interest, amounts to UF 3,213,032.06 (UF 8,630,858.50 in 2017), net of the surplus balance in the Surpluses for Future Deficits account."

The Subordinated Obligation is to be amortized over a period expiring on April 30, 2036, contemplating fixed annual payments of U.F. 3,187,363.9765 each. However, SAOS S.A. is obliged to pay annually an amount called annual quota, constituted by the sum of the dividends received on the shares it holds in Banco de Chile, plus an amount it will receive annually from SM Chile equal to the dividends on that company's holding of 567,712,826 shares in Banco de Chile. The so-called annual quota may be greater or lower than the fixed quota. If the annual quota is more than the fixed quota, the excess will be recorded in an account with the Chilean Central Bank called "Surpluses for Future Deficits Account", whose balance will be used to cover future deficits. If the annual quota is below the fixed quota, the difference will be covered by the accumulated balance in the Surpluses for Future Deficits Account should there be a balance, if not it will be recognized in that account. If at any time the Surpluses for Future Deficits Account accumulates a balance due by SAOS S.A. of more than 20% of the paid capital and reserves of Banco de Chile, SAOS S.A. shall sell the shares pledged in the form established in Law 19,396 and the respective contract, to cover the whole deficit with the proceeds.

Note 41– Additional notes (continued)

Note 41.1 - Company information (continued)

The annual quota for 2018 amounts to ThCh$88,569,767 (ThCh$152,930,211 in 2017). As of December 31, 2018, there is a surplus in the Surpluses for Future Deficits Account of UF 34,263,402.06 (UF 30,169,324.81 in 2017).

The obligation with the Chilean Central Bank will be extinguished if this has been fully paid or if no shares of Banco de Chile remain held by Sociedad Administradora de la Obligación Subordinada SAOS S.A. pledged in favor of the Chilean Central Bank.

SM Chile will exist until it has extinguished the Subordinated Obligation that its subsidiary Sociedad Administradora de la Obligación Subordinada SAOS S.A. has with the Chilean Central Bank and, at that moment, its shareholders will be awarded the shares that the Company holds in Banco de Chile.

SM Chile is governed by Law 19,396 and is subject to the regulatory authority of the SBIF.

Note 41.2 - Accounting Changes

The accounting policies adopted when preparing these consolidated financial statements are consistent with those used to prepare the consolidated annual financial statements of the Company for the year ended December 31, 2017, except for adopting new standards with effect from January 1, 2018.

The subsidiary Banco de Chile adopted IFRS 15 - Revenue from contracts with customers, for the first time. Since its equity was not affected, information disclosed as of December 31, 2017, has not been restated in these financial statements.

From 2018, the negotiation bonus that the Bank agreed with its workers during collective bargaining for 2018 was recognized under "Other assets" in "Prepaid expenses", and is amortized to net income over the term of the collective bargaining agreement based on the workers continuing to be employed at the date the consolidated financial statements were issued. Before this change, the bonus was directly recognized in net income for the year. This change arose because this bonus meets the definition of a right that can produce financial benefits under the revised IFRS Conceptual Framework.

During 2018, the Bank renewed all of its provisioning models for portfolios evaluated as a group. This renewal included both the parameters of probability of default (PD) and loss given default (LGD), in accordance with new guidelines and methods based on best local and international practice on the matter. Thus, the PD is constructed as a single score per customer for each segment with effect from August, which facilitates integration with management and comprehensive understanding of customer behavior. Changes were made to the traceability of transactions in order to precisely determine the historical payment flows for each transaction. The effect of this amendment is a change in the accounting estimate in accordance with IAS 8, giving rise to a net charge of ThCh$28,237,000 to net income for August 2018.

In addition, during 2018 the Bank incorporated the "Debit Valuation Adjustment" (DVA) in the valuation of derivatives to reflect this risk in determining fair value. In accordance with IAS 8, this amendment is considered to be a change in an accounting estimate and its effect recorded in net income for the year. The effect of this change implied a net credit to net income for the year of ThCh$21,939,000.

During the year ended December 31, 2018, no other significant accounting changes have occurred that affect the presentation of these consolidated financial statements.

Note 41– Additional notes (continued)

Note 41.3 – Material information on the banking subsidiaries

a) On January 22, 2018, the Board of the subsidiary Banchile Securitizadora S.A., agreed to appoint Ms. Claudia Marcela Herrera García as a new Director until the next Annual General Shareholders' Meeting.

b) On January 25, 2018, the Board of the subsidiary Banco de Chile held Ordinary Meeting 2,874, and convened an Annual General Shareholders' Meeting for March 22, 2018, with the purpose of proposing, among other matters, the distribution of dividend 206 of Ch$3.14655951692 for each of the 99,444,132,192 shares, payable from the distributable net income for the year ended December 31, 2017, which is 60% of its net income.

   The Board of the subsidiary also agreed to call an Extraordinary Shareholders' Meeting for that date in order to propose the capitalization of 40% of the distributable net income of the Bank for 2017, by issuing new fully paid shares, without nominal value, with a value of Ch$93.73 per share, distributed among the shareholders at the rate of 0.02238030880 shares for each share held, and adopt the necessary arrangements subject to the exercise of the options provided for in Article 31 of Law 19,396.

c) On January 25, 2018, the subsidiary Banco de Chile reported that its Ordinary Board Meeting accepted the resignation of the Director and Vice Chairman Mrs. Jane Fraser. The Board of Directors also appointed Mr. Álvaro Jaramillo Escallon as Director to replace her until the next Annual General Shareholders' Meeting. At the same meeting, Mr. Jaramillo was appointed as Vice Chairman of the Board.

d) On January 25, 2018, the Board of Sociedad Matriz del Banco de Chile S.A. met at Meeting SM-254, and agreed to call an Annual General Shareholders' Meeting for March 22, 2018, in order to propose the distribution of dividend 22 of Ch$3.15781173967 per share of the series B, D and E. Also, to agree the distribution among all shareholders of the same series, the new fully paid shares that Sociedad Matriz del Banco de Chile S.A. is entitled to receive from the capitalization of 40% of the distributable net income of Banco de Chile for the year 2017, to be distributed on the basis of 0.02238030880 Banco de Chile shares for each share held in the above-mentioned series.

e) On March 16, 2018 Mr. Andrónico Luksic Craig reported that on this date Mr. Arturo Tagle Quiroz presented his resignation as CEO of Sociedad Matriz del Banco de Chile S.A.

   Similarly, Mr. Arturo Tagle Quiroz has resigned as CEO of the subsidiary Sociedad Administradora de la Obligación Subordinada SAOS S.A.

f) On March 22, 2018, it was reported that at Board Meeting 256 of the Company held today, Mr. Hector Hernandez Gonzalez was appointed as CEO of Sociedad Matriz del Banco de Chile S.A.

   Similarly, on the same date, the Board of Directors of the subsidiary Sociedad Administradora de la Obligación Subordinada SAOS S.A. has also appointed Mr. Hector Hernandez Gonzalez as CEO.

Note 41– Additional notes (continued)

Note 41.3 – Material information on the banking subsidiaries (continued)

g) On March 22, 2018, the Annual General Shareholders' Meeting of the subsidiary Banco de Chile approved the distribution of dividend 206, of Ch$3.14655951692 per share, payable from distributable net income for 2017. Additionally, an Extraordinary Meeting held on the same date, agreed to capitalize 40% of the distributable net income 2017, by issuing bonus shares with no par value at a value of Ch$93.73 per share.

   This Annual General Shareholders' Meeting of the subsidiary Banco de Chile also appointed Mr. Alvaro Jaramillo Escallón as Director of Banco de Chile, until the entire Board is re-appointed.

h) On March 22, 2018, the SM Chile SA Annual General Shareholders' Meeting agreed to distribute a dividend of Ch$3.15781173967 for each series B, D and E share, and distribute as a dividend to the series B, D and E shareholders the bonus shares that will be received from the subsidiary Banco de Chile, at the rate of 0.02238030880 shares in Banco de Chile for each share of the aforementioned series.

i) On March 26, 2018, the Chilean Central Bank Council communicated to the subsidiary Banco de Chile that at its Extraordinary Meeting 2140E held on March 26, 2018, it considered the agreements reached at the Annual General Shareholders' Meeting of Banco de Chile, held on March 22, 2018, with respect to distributing dividends and increasing capital by issuing new fully paid bonus shares for 40% of net income for the year ended December 31, 2017. Accordingly, it resolved that all the amounts it is entitled to receive, including its proportion of capitalized net income, should be paid in cash, in accordance with section b) of Article 31 of Law 19,396, on the modification of the form of payment of subordinated obligations, and other applicable regulations.

j) On July 12, 2018, the subsidiary Banco de Chile reported the following Material Event with respect to the capitalization of 40% of net distributable income for 2017 by issuing new fully paid bonus shares, which was agreed at the Extraordinary Shareholders Meeting held on March 22, 2018:

   - At the aforementioned Extraordinary Shareholders' Meeting, it was agreed to increase the capital of the Bank by Ch$147,432,502,459 by issuing 1,572,948,922 new fully paid bonus shares, with no par value, payable from net distributable income for 2017 that was not distributed as a dividend as agreed at the Ordinary Shareholders' Meeting held on the same day.

   - The Superintendency of Banks and Financial Institutions approved the amendment of its bylaws, in Resolution 258 dated May 29, 2018, which was registered in the Commercial Registry of Santiago on page 41,929 number 21,966 of 2018 and published in the Official Gazette on June 8, 2018.

   - These new fully paid bonus shares were recorded in the Securities Registry of that Superintendency under number 1/2018, dated July 9, 2018.

   - The Board of Directors of Banco de Chile Meeting 2,883 held on July 12, 2018, agreed to issue and distribute the new fully paid bonus shares on July 26, 2018.

   - Shareholders who are registered in the Company's Register of Shareholders on July 20, 2018 will be entitled to receive the new shares, at a rate of 0.02238030880 new fully paid bonus shares for each share held.

   - The respective shares will be duly assigned to each shareholder and will only be printed for those who request it in writing to the Department of Shares of Banco de Chile.

   - As a result of issuing new fully paid bonus shares, the Bank's capital is divided into 101,017,081,114 registered shares, with no par value, which are fully subscribed and paid.

Note 41– Additional notes (continued)

Note 41.3 – Material information on the banking subsidiaries (continued)

k) On October 23, 2018, the subsidiary Banco de Chile reported as a material event that on this date an amendment to the American Depositary Receipts (ADR) Program was recorded and published with the Securities and Exchange Commission (SEC) that mainly updated the number of shares of Banco de Chile represented by each ADR. This amendment changed the number of shares represented by each ADR from 600 to 200 shares.

Therefore, the Banco de Chile ADR holders registered with the depositary bank JP Morgan Chase Bank, N.A. on November 15, 2018, received two additional ADRs for each ADR held. These additional ADRs were issued on November 23, 2018.

The ADRs held prior to that date will continue to be valid and do not need to be exchanged for new ADRs.

l) On December 14, 2018, Banco de Chile reported a material event that by public deed dated December 10, 2018, granted in the Notary of Santiago de Mr. René Benavente Cash, Banco de Chile and its subsidiary Banchile Corredores de Seguros Limitada have signed with Banchile Seguros de Vida S.A. a Group Loan Repayment Protection Insurance Contract and a Group Loan Repayment Protection and Total and Permanent Disability 2/3 Insurance Contract for mortgage lending transactions.

These contracts have been signed in accordance with the provisions of Article 40 of the DFL 251 dated 1931, General Rule 330 issued by the Financial Market Commission, and Circular 3,530 issued by the Superintendency of Banks and Financial Institutions, both dated March 21, 2012. Accordingly, the public tender for the Group Loan Repayment Protection Insurance Contract and a Group Loan Repayment Protection and Total and Permanent Disability 2/3 Insurance Contract was awarded to Banchile Seguros de Vida S.A. which submitted the lowest bid in both cases, of 0.0101% monthly and 0.0103% monthly, respectively. These percentages include the commission payable to the broker Banchile Corredores de Seguros Limitada of 14.00%.

m) On December 27, 2018, the Board of Banco de Chile accepted the resignation of the Director Mr. Juan Enrique Pino Visinteiner.

At that same meeting, the Board appointed Mr. Julio Santiago Figueroa to replace him as Director until the next Annual General Shareholders' Meeting.

n) On December 27, 2018, the Board of Sociedad Matriz del Banco de Chile S.A. reported that it had accepted the resignation of the Director Mr. Juan Enrique Pine Visinteiner.

At that same meeting, the Board appointed Mr. Julio Santiago Figueroa to replace him as Director until the next Annual General Shareholders' Meeting.

Note 41.4 - Segment reporting

For management purposes, the Bank is organized into four segments, based on its products and services and its target customers, which are defined as follows:

Retail: This segment focuses on individuals and small and medium-sized businesses (SMEs) with annual sales up to UF70,000, where the products are focused primarily on consumer loans, commercial loans, checking accounts, credit cards, credit lines and mortgage loans.

Wholesale: This segment focuses on corporate clients and large companies, whose annual revenue exceeds UF 70,000, where the products focus primarily on commercial loans, checking accounts and cash-management services, debt instruments, foreign trade, derivative contracts and leases.

Treasury: This segment includes revenue associated with managing the Bank's investment portfolio and its finance and exchange operations.

Transactions with customers carried out by the Treasury are shown in the respective segments above. These products are generally highly transaction-focused and include foreign exchange transactions, derivative contracts and financial instruments.

Subsidiaries: This segment includes companies and corporations controlled by the Bank, where results are obtained individually by the company, but their management is related to the previously mentioned segments. The companies that comprise this segment are:

Entity

- Banchile Administradora General de Fondos S.A.
- Banchile Asesoría Financiera S.A.
- Banchile Corredores de Seguros Ltda.
- Banchile Corredores de Bolsa S.A.
- Banchile Securitizadora S.A.
- Socofin S.A.

Note 41– Additional notes (continued)

Note 41.4 – Business segments (continued)

The financial information used to measure the performance of the Bank's business segments is not comparable with similar information from other financial companies because each institution has its own definitions. The accounting policies described in the summary of accounting principles are applied to all business segments. The Bank obtains most of its revenue from interest, indexation adjustments and fees, less loan loss provisions and operating expenses. Management is mainly based on these concepts in its evaluation of segment performance and decision-making regarding goals and the allocation of resources to each unit. Although the segment results are reconciled with those of the Bank as a whole, this is not necessarily the case at the level of various items, since management is measured and controlled on an individual basis and not on a consolidated basis, by applying the following criteria:

- The net interest margin of loans and deposits is measured by aggregating the net financial margins of each of the Bank's individual loan and deposit transactions. The volume of each transaction and its contribution margin are used for this purpose, which is the difference between the customer's effective rate and the internal transfer price established according to the term and currency of each transaction.

- Capital and its financial impacts on income have been assigned to each segment in accordance with their risk-weighted assets.

- Operating expenses are shown at each of the Bank's functional areas. Expenses are allocated from functional areas to business segments using various allocation criteria to the corresponding expenditure headings.

Taxes are managed on a corporate basis and are not allocated to business segments.

There were no transactions with a customer or counterparty that exceed 10% of the Bank's total revenue for the years ended December 31, 2018 and 2017.

Note 41– Additional notes (continued)

Note 41.4 – Business segments (continued)

The following table shows the results for the years ended December 31, 2018 and 2017, for each segment as defined above. These amounts include the amounts for the subsidiary LQIF, but do not include consolidation adjustments in Quiñenco S.A.

	Retail		Wholesale		Treasury		Subsidiaries		Subtotal		Consolidation adjustments		Total	
	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$
Net interest and indexation income	969,906,979	930,538,786	357,712,538	322,431,125	(2,412,826)	(21,168,904)	(8,994,238)	(4,336,059)	1,316,212,453	1,227,464,948	3,697,434	1,973,646	1,319,909,887	1,229,438,594
Net fee income	184,547,282	184,048,268	45,904,991	43,443,278	(4,031,127)	(4,306,044)	145,703,549	135,987,053	372,124,695	359,172,555	(12,168,282)	(11,499,467)	359,956,413	347,673,088
Other operating income	43,290,444	19,094,805	59,375,587	34,711,665	63,928,622	56,327,850	33,340,588	26,883,862	199,935,241	137,018,182	(6,518,519)	(4,860,990)	193,416,722	132,157,192
Total operating revenue	1,197,744,705	1,133,681,859	462,993,116	400,586,068	57,484,669	30,852,902	170,049,899	158,534,856	1,888,272,389	1,723,655,685	(14,989,367)	(14,386,811)	1,873,283,022	1,709,268,874
Loan loss provisions	(287,165,676)	(256,263,185)	5,637,258	21,415,000	—	—	118,169	(134,740)	(281,410,249)	(234,982,925)	—	—	(281,410,249)	(234,982,925)
Depreciation and amortization	(29,570,912)	(27,668,335)	(5,008,172)	(4,547,169)	(90,731)	(140,792)	(3,011,119)	(2,894,120)	(37,680,934)	(35,250,416)	—	—	(37,680,934)	(35,250,416)
Other operating expenses	(561,511,596)	(507,769,640)	(152,920,938)	(153,359,647)	(4,693,199)	(5,022,058)	(105,906,138)	(102,280,895)	(825,031,871)	(768,432,240)	14,989,367	14,386,811	(810,042,504)	(754,045,429)
Income from investments in other companies	5,450,409	4,372,637	1,223,945	1,025,510	118,659	108,413	462,053	550,533	7,255,066	6,057,093	—	—	7,255,066	6,057,093
Net income before taxes	324,946,930	346,353,336	311,925,209	265,119,762	52,819,398	25,798,465	61,712,864	53,775,634	751,404,401	691,047,197	—	—	751,404,401	691,047,197
Income tax expense													(156,531,375)	(115,033,952)
Net income after taxes													594,873,026	576,013,245

The following table shows the total assets and liabilities as of December 31, 2018 and 2017, for each segment.

	Retail		Wholesale		Treasury		Subsidiaries		Subtotal		Consolidation adjustments		Total	
	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$
Assets	16,425,072,191	14,836,627,159	10,592,116,633	9,632,778,372	8,093,849,508	7,658,623,805	925,439,546	637,859,917	36,036,477,878	32,765,889,253	(388,614,921)	(232,137,254)	35,647,862,957	32,533,751,999
Current and deferred taxes													278,598,594	290,431,693
Total assets													35,926,461,551	32,824,183,692
Liabilities	10,369,537,020	9,369,202,338	9,873,018,230	9,553,311,813	11,982,708,827	10,545,394,585	764,735,619	479,243,832	32,989,999,696	29,947,152,568	(388,614,921)	(232,137,254)	32,601,384,775	29,715,015,314
Current and deferred taxes													20,923,677	3,452,877
Total liabilities													32,622,308,452	29,718,468,191

Note 41– Additional notes (continued)

Note 41.5 – Cash and cash equivalents

(a) The detail of cash and cash equivalents and their reconciliation to the statement of cash flows as of December 31, 2018 and 2017, are as follows:

	2018 ThCh$	**2017 ThCh$**
Cash and bank deposits		
Cash (*)	624,861,697	522,868,909
Deposits in the Chilean Central Bank (*)	121,806,949	162,420,335
Deposits with banks in Chile	26,697,565	9,921,840
Deposits abroad	106,713,961	362,181,239
Subtotal – cash and deposits in banks	880,080,172	1,057,392,323
Transactions pending settlement, net	244,759,098	226,096,921
Highly liquid financial instruments (**)	1,123,070,538	719,068,192
Repurchase agreements (**)	72,629,707	76,838,578
Total cash and cash equivalents	2,320,539,515	2,079,396,014

(*) The funds in cash and with the Chilean Central Bank reflect average monthly reserve requirements.

(**) Trading instruments, investment instruments held for sale and repurchase agreements that meet the definition of cash and cash equivalents.

Highly liquid financial instruments:	**2018 ThCh$**	**2017 ThCh$**
Trading instruments	1,122,974,056	710,161,181
Investment instruments held for sale	96,482	8,907,011
Total	1,123,070,538	719,068,192

(b) Transactions pending settlement:

Transactions pending settlement are transactions for which the only remaining step is settlement, which will increase or decrease funds with the Chilean Central Bank or in foreign banks, normally occurring within 24 to 48 business hours, detailed as follows:

	2018 ThCh$	**2017 ThCh$**
Assets		
Documents payable by other banks (clearing)	210,743,379	204,624,349
Funds receivable	369,591,163	317,185,450
Subtotal – assets	580,334,542	521,809,799
Liabilities		
Funds payable	(335,575,444)	(295,712,878)
Subtotal – liabilities	(335,575,444)	(295,712,878)
Transactions pending settlement, net	244,759,098	226,096,921

41– Additional notes (continued)

Note 41.6 – Trading instruments

Instruments classified as financial instruments for trading are detailed as follows:

	2018 ThCh$	2017 ThCh$
Instruments of the State and the Chilean Central Bank		
Chilean Central Bank bonds	24,905,625	400,368,469
Chilean Central Bank promissory notes	1,410,080,885	662,190,339
Other instruments of the State and the Chilean Central Bank	88,486,084	254,605,828
Instruments issued by Chilean Institutions		
Bonds from other Chilean companies	7,532,018	279
Bonds from banks in Chile	18,928,550	2,069,917
Deposits with banks in Chile	101,483,565	218,306,630
Other instruments issued in Chile	1,662,372	714,688
Instruments issued by Foreign Institutions		
Foreign sovereign or central bank instruments	—	—
Other foreign instruments	4,446,111	321,510
Investments in mutual funds		
Funds managed by related parties	87,840,522	78,069,253
Funds managed by third parties	—	—
Total	1,745,365,732	1,616,646,913

Instruments issued by the Chilean State and the Chilean Central Bank include instruments sold under repurchase agreements to customers and financial institutions, amounting to ThCh$115,749,092 as of December 31, 2018 (ThCh$5,096,956 in 2017). The repurchase agreements have an average maturity of 2 days at the end of 2018 (7 days as of December 31, 2017).

Instruments are held that guarantee margins on offset hedging transactions through Comder Contraparte Central S.A. of ThCh$34,455,851 as of December 31, 2018 (ThCh$34,584,799 as of December 31, 2017).

Instruments issued by Other Chilean Institutions include instruments sold under repurchase agreements to customers and financial institutions, amounting to ThCh$99,268,202 as of December 31, 2018 (ThCh$158,731,421 as of December 31, 2017). The repurchase agreements have an average maturity of 10 days at the end of 2018 (7 days as of December 31, 2017).

The Bank also holds investments in its own mortgage-funding notes amounting to ThCh$11,396,694 as of December 31, 2018 (ThCh$15,032,293 as of December 31, 2017), which are shown deducted from Debt instruments issued.

Note 41– Additional notes (continued)

Note 41.7 – Repurchase agreements and securities lending

(a) Repurchase agreement rights: The Bank grants financing to its customers through repurchase operations and securities lending, where it receives financial instruments in guarantee. As of December 31, 2018 and 2017, these transactions are detailed as follows:

	Up to 1 month		1 to 3 months		3 to 12 months		1 to 3 years		3 to 5 years		Over 5 years		Total	
	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$
Instruments of the State and the Chilean Central Bank														
Chilean Central Bank bonds	—	4,114,271	—	—	—	—	—	—	—	—	—	—	—	4,114,271
Chilean Central Bank promissory notes	741,571	—	—	—	—	—	—	—	—	—	—	—	741,571	—
Other instruments of the State and the Chilean Central Bank	—	2,576,146	—	—	—	—	—	—	—	—	—	—	—	2,576,146
Subtotal	741,571	6,690,417	—	—	—	—	—	—	—	—	—	—	741,571	6,690,417
Instruments issued by Chilean Institutions														
Deposit promissory notes from banks in Chile	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Mortgage bonds from banks in Chile	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Bonds from banks in Chile	366,760	—	—	—	—	—	—	—	—	—	—	—	366,760	—
Deposits with banks in Chile	2,052,589	13,297,362	—	—	—	—	—	—	—	—	—	—	2,052,589	13,297,362
Bonds from other companies in Chile	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other instruments issued in Chile	70,335,872	47,356,297	16,917,573	19,206,655	6,874,927	5,089,801	—	—	—	—	—	—	94,128,372	71,652,753
Subtotal	72,755,221	60,653,659	16,917,573	19,206,655	6,874,927	5,089,801	—	—	—	—	—	—	96,547,721	84,950,115
Instruments issued by Foreign Institutions														
Foreign sovereign or central bank instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other foreign instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Investments in mutual funds														
Funds managed by related parties	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Funds managed by third parties	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	73,496,792	67,344,076	16,917,573	19,206,655	6,874,927	5,089,801	—	—	—	—	—	—	97,289,292	91,640,532

Instruments bought

The Bank and its subsidiaries have received financial instruments that they can sell or give in guarantee should the owner of these instruments cease to make payments or be declared bankrupt. As of December 31, 2018, the fair value of the instruments received was ThCh$95,316,485 (ThCh$95,664,663 as of December 31, 2017).

Note 41– Additional notes (continued)

Note 41.7 – Repurchase agreements and securities lending (continued)

(b) Obligations under repurchase agreements: The Bank obtains financing by selling financial instruments and committing to purchase them at future dates, plus interest at a prefixed rate. As of December 31, 2018 and 2017, these repurchase agreements are detailed as follows:

	Up to 1 month		Over 1 and up to 3 months		3 to 12 months		Over 1 and up to to 3 years		Over 3 and up to 5 years		Over 5 years		Total	
	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$
Instruments of the State and the Chilean Central Bank														
Chilean Central Bank bonds	130,196,888	5,169,394	—	—	—	—	—	—	—	—	—	—	130,196,888	5,169,394
Chilean Central Bank promissory notes	—	5,095,401	—	—	—	—	—	—	—	—	—	—	—	5,095,401
Other instruments of the State and the Chilean Central Bank	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	130,196,888	10,264,795	—	—	—	—	—	—	—	—	—	—	130,196,888	10,264,795
Instruments issued by Chilean Institutions														
Deposit promissory notes from banks in Chile	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Mortgage bonds from banks in Chile	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Bonds from banks in Chile	—	2,012,608	—	—	—	—	—	—	—	—	—	—	—	2,012,608
Deposits with banks in Chile	162,167,325	114,359,497	1,448,256	—	5,209,767	56,761,645	—	—	—	—	—	—	168,825,348	171,121,142
Bonds from other companies in Chile	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other instruments issued in Chile	4,797,774	11,993,317	—	—	—	—	—	—	—	—	—	—	4,797,774	11,993,317
Subtotal	166,965,099	128,365,422	1,448,256	—	5,209,767	56,761,645	—	—	—	—	—	—	173,623,122	185,127,067
Instruments issued by Foreign Institutions														
Foreign sovereign or central bank instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other foreign instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Investments in mutual funds														
Funds managed by related parties	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Funds managed by third parties	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	297,161,987	138,630,217	1,448,256	—	5,209,767	56,761,645	—	—	—	—	—	—	303,820,010	195,391,862

Instruments sold

The fair value of financial instruments given in guarantee by the Bank and its subsidiaries in sale transactions under repurchase agreements as of December 31, 2018 amounts to ThCh$298,707,654 (ThCh$195,437,288 as of December 31, 2017). In the event that the Bank and its subsidiaries go into receivership or bankruptcy, the counterparty is authorized to sell or pledge these investments.

Note 41– Additional notes (continued)

Note 41.8 – Financial derivative contracts and hedge accounting

(a) As of December 31, 2018 and 2017, the Bank has the following portfolio of derivative instruments.

	Notional contract value by final maturity							Fair value	
As of December 31, 2018	**Up to 1 month ThCh$**	**Over 1 and up to 3 months ThCh$**	**Over 3 and up to 12 months ThCh$**	**Over 1 and up to 3 years ThCh$**	**Over 3 and up to 5 years ThCh$**	**Over 5 years ThCh$**	**Total ThCh$**	**Assets ThCh$**	**Liabilities ThCh$**
Derivatives held for fair value hedges									
Currency and rate swaps	—	—	—	—	11,132,342	—	11,132,342	—	3,012,300
Interest rate swaps	—	—	10,555,205	—	16,077,648	200,320,697	226,953,550	1,115,837	3,152,436
Total derivative hedges at fair value	—	—	10,555,205	—	27,209,990	200,320,697	238,085,892	1,115,837	6,164,736
Cash flow hedge derivatives									
Currency and rate swaps	—	142,045,029	213,518,398	136,852,302	163,027,300	482,014,590	1,137,457,619	34,297,766	31,817,726
Total cash flow hedge derivatives	—	142,045,029	213,518,398	136,852,302	163,027,300	482,014,590	1,137,457,619	34,297,766	31,817,726
Trading derivatives									
Currency forwards	8,414,295,600	9,941,108,125	13,350,050,873	3,843,703,226	92,394,998	35,373,600	35,676,926,422	735,443,779	631,046,991
Interest rate forwards	—	—	—	—	—	—	—	—	—
Interest rate swaps	3,977,068,108	9,065,335,120	25,723,239,360	17,216,272,109	7,219,269,445	9,129,644,426	72,330,828,568	287,610,082	284,840,180
Currency and rate swaps	227,185,018	369,508,747	1,983,835,799	4,366,800,856	3,339,945,833	3,695,613,383	13,982,889,636	450,519,067	570,032,142
Currency call options	16,987,800	71,242,773	131,174,613	9,768,692	—	—	229,173,878	4,839,026	2,921,109
Currency put options	16,140,653	62,808,597	103,834,288	9,768,692	—	—	192,552,230	119,588	1,533,772
Total trading derivatives	12,651,677,179	19,510,003,362	41,292,134,933	25,446,313,575	10,651,610,276	12,860,631,409	122,412,370,734	1,478,531,542	1,490,374,194
Total	12,651,677,179	19,652,048,391	41,516,208,536	25,583,165,877	10,841,847,566	13,542,966,696	123,787,914,245	1,513,945,145	1,528,356,656

	Notional contract value by final maturity							Fair value	
As of December 31, 2017	**Up to 1 month ThCh$**	**Over 1 and up to 3 months ThCh$**	**Over 3 and up to 12 months ThCh$**	**Over 1 and up to 3 years ThCh$**	**Over 3 and up to 5 years ThCh$**	**Over 5 years ThCh$**	**Total ThCh$**	**Assets ThCh$**	**Liabilities ThCh$**
Derivatives held for fair value hedges									
Currency and rate swaps	—	—	—	—	13,914,422	—	13,914,422	—	3,652,430
Interest rate swaps	—	—	—	25,232,630	12,592,929	41,143,957	78,969,516	277,354	1,677,785
Total derivative hedges at fair value	—	—	—	25,232,630	26,507,351	41,143,957	92,883,938	277,354	5,330,215
Cash flow hedge derivatives									
Currency and rate swaps	—	—	254,723,642	377,072,180	30,874,363	485,891,479	1,148,561,664	27,571,712	80,888,398
Total cash flow hedge derivatives	—	—	254,723,642	377,072,180	30,874,363	485,891,479	1,148,561,664	27,571,712	80,888,398
Trading derivatives									
Currency forwards	6,217,692,417	6,739,730,400	14,706,493,144	1,630,626,909	138,946,312	6,154,300	29,439,643,482	506,502,002	578,083,004
Interest rate forwards	14,000,200	—	—	—	—	—	14,000,200	—	205,721
Interest rate swaps	3,450,542,788	8,494,249,453	17,762,446,853	13,242,961,263	5,287,261,343	7,379,643,324	55,617,105,024	243,930,255	241,612,777
Currency and rate swaps	156,413,981	458,005,952	1,934,358,247	3,126,559,594	2,440,813,887	3,165,088,109	11,281,239,770	466,191,959	504,209,256
Currency call options	23,191,109	32,443,799	94,359,138	3,781,817	—	—	153,775,863	513,731	474,785
Currency put options	19,140,223	25,162,602	97,633,706	3,935,675	—	—	145,872,206	2,840,769	3,432,930
Total trading derivatives	9,880,980,718	15,749,592,206	34,595,291,088	18,007,865,258	7,867,021,542	10,550,885,733	96,651,636,545	1,219,978,716	1,328,018,473
Total	9,880,980,718	15,749,592,206	34,850,014,730	18,410,170,068	7,924,403,256	11,077,921,169	97,893,082,147	1,247,827,782	1,414,237,086

Note 41– Additional notes (continued)

Note 41.8 – Financial derivative contracts and hedge accounting (continued)

(b) Fair value hedges

The Bank uses cross-currency and interest-rate swaps to cover its exposure to changes in the fair value of the financial instruments hedged attributable to interest rates. The hedge instruments mentioned modify the effective cost of long-term assets, from a fixed interest rate to a variable interest rate, reducing the term and modifying the sensitivity to the shortest sections of the curve.

The items and instruments hedged at fair value outstanding as of December 31, 2018 and 2017, are detailed as follows:

	2018 ThCh$	2017 ThCh$
Hedged Item		
Commercial loans	11,132,342	13,914,422
Corporate bonds	226,953,550	78,969,516
Hedge Instrument		
Cross-currency swaps	11,132,342	13,914,422
Interest rate swaps	226,953,550	78,969,516

(c) Cash flow hedges

(c.1) The Bank uses cross-currency swap derivative instruments to hedge the risk of variability of cash flows attributable to changes in interest rates and fluctuations in exchange rates with respect to bonds issued abroad in US dollars, Hong Kong dollars, Swiss francs, Japanese yen and Euros. The cash flows of the cross-currency swaps contracted are similar to the flows of the items hedged, and modify uncertain flows by known flows at a fixed interest rate.

These cross-currency swap contracts are also used to hedge the risk of variations in the Unidad de Fomento (UF) on asset flows denominated in UF up to a nominal amount equivalent to the notional portion in UF of the hedge instrument, whose indexation impacts daily on interest and indexation income in the income statement.

Note 41– Additional notes (continued)

Note 41.8 – Financial derivative contracts and hedge accounting (continued)

(c) Cash flow hedges (continued)

(c.2) The cash flows of due to banks and bonds issued abroad subject to this hedge and the cash flows of the asset part of the derivative instrument are detailed as follows.

	Up to 1 month		Over 1 and up to 3 months		Over 3 and up to 12 months		Over 1 and up to 3 years		Over 3 and up to 5 years		Over 5 years		Total	
	2018 ThCh$	**2017 ThCh$**	**2018 ThCh$**	**2017 ThCh$**	**2018 ThCh$**	**2017 ThCh$**	**2018 ThCh$**	**2017 ThCh$**	**2018 ThCh$**	**2017 ThCh$**	**2018 ThCh$**	**2017 ThCh$**	**2018 ThCh$**	**2017 ThCh$**
Hedged Item														
Cash outflows														
Corporate bond EUR	—	—	—	—	(1,337,710)	(1,245,637)	(2,675,420)	(2,491,273)	(2,675,420)	(2,491,273)	(87,097,017)	(82,347,840)	(93,785,567)	(88,576,023)
Corporate bond HKD	—	—	—	—	(66,378,404)	(11,052,132)	(21,600,938)	(68,634,097)	(83,608,440)	(19,201,664)	(263,206,319)	(298,775,837)	(434,794,101)	(397,663,730)
Corporate bond CHF	—	—	(89,256,482)	(986,468)	(125,992,740)	(161,529,265)	(1,450,248)	(192,519,169)	(82,552,434)	(473,505)	(106,049,924)	(95,174,469)	(405,301,828)	(450,682,876)
Corporate bond USD	—	—	—	—	(1,475,981)	—	(2,951,962)	—	(2,951,962)	—	(42,059,903)	—	(49,439,808)	—
Obligation USD	(869,529)	(212,323)	(85,910)	(234,516)	(49,401,458)	(93,173,230)	(105,622,274)	(43,385,012)	—	—	—	—	(155,979,171)	(137,005,081)
Corporate bond JPY	—	—	(49,361,877)	(291,511)	(1,072,456)	(1,150,279)	(33,486,549)	(72,097,597)	(32,882,360)	(28,886,360)	(71,830,184)	(63,001,934)	(188,633,426)	(165,427,681)
Hedge Instrument														
Cash inflows														
Cross-currency swap EUR	—	—	—	—	1,337,710	1,245,637	2,675,420	2,491,273	2,675,420	2,491,273	87,097,017	82,347,840	93,785,567	88,576,023
Cross-currency swap HKD	—	—	—	—	66,378,404	11,052,132	21,600,938	68,634,097	83,608,440	19,201,664	263,206,319	298,775,837	434,794,101	397,663,730
Cross-currency swap CHF	—	—	89,256,482	986,468	125,992,740	161,529,265	1,450,248	192,519,169	82,552,434	473,505	106,049,924	95,174,469	405,301,828	450,682,876
Cross-currency swap USD	—	—	—	—	1,475,981	—	2,951,962	—	2,951,962	—	42,059,903	—	49,439,808	—
Cross-currency swap USD	869,529	212,323	85,910	234,516	49,401,458	93,173,230	105,622,274	43,385,012	—	—	—	—	155,979,171	137,005,081
Cross-currency swap JPY	—	—	49,361,877	291,511	1,072,456	1,150,279	33,486,549	72,097,597	32,882,360	28,886,360	71,830,184	63,001,934	188,633,426	165,427,681
Net cash flows	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Note 41– Additional notes (continued)

Note 41.8 – Financial derivative contracts and hedge accounting (continued)

(c) Cash flow hedges (continued)

(c.3) The cash flows of underlying assets and cash flows of the liability part of the derivative instrument are detailed as follows.

	Up to 1 month		Over 1 and up to 3 months		Over 3 and up to 12 months		Over 1 and up to 3 years		Over 3 and up to 5 años		Over 5 years		Total	
	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$
Hedged Item														
Cash inflows														
Cash flow in CHF	—	—	144,457,712	2,343,505	237,340,254	281,376,532	173,263,181	414,763,511	195,590,452	59,736,900	542,523,326	555,461,155	1,293,174,925	1,313,681,603
Hedge Instrument														
Cash outflows														
Cross-currency swap HKD	—	—	—	—	(59,667,422)	(9,404,274)	(16,834,754)	(66,188,469)	(68,361,799)	(16,364,704)	(233,286,316)	(285,066,417)	(378,150,291)	(377,023,864)
Cross-currency swap JPY	—	—	(50,246,384)	(1,060,522)	(2,739,740)	(3,371,462)	(37,431,956)	(85,596,748)	(35,212,516)	(35,062,439)	(78,611,707)	(77,895,391)	(204,242,303)	(202,986,562)
Cross-currency swap USD	—	—	—	—	(47,796,966)	(111,076,997)	(107,892,764)	(44,839,720)	(1,243,467)	—	(36,887,877)	—	(193,821,074)	(155,916,717)
Cross-currency swap CHF	—	—	(94,211,328)	(1,282,983)	(125,325,090)	(155,767,015)	(7,482,494)	(214,620,193)	(87,164,428)	(4,793,285)	(108,487,738)	(107,869,806)	(422,671,078)	(484,333,282)
Cross-currency swap EUR	—	—	—	—	(1,811,036)	(1,756,784)	(3,621,213)	(3,518,381)	(3,608,242)	(3,516,472)	(85,249,688)	(84,629,541)	(94,290,179)	(93,421,178)
Net cash flows	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Note 41– Additional notes (continued)

Note 41.8 – Financial derivative contracts and hedge accounting (continued)

(c) Cash flow hedges (continued)

UF assets hedged are revalued monthly as the UF changes, which is the equivalent of reinvesting the assets monthly until the hedge matures.

(c.4) The proportional unrealized result generated by adjustment to market value in 2018 in the subsidiary Banco de Chile for derivative contracts that are hedge instruments in this cash-flow hedging strategy has been recognized as a credit to equity amounting to ThCh$11,123,383 (charge to equity of ThCh$6,345,778 in 2017). The net effect of deferred taxes is a net charge to equity of ThCh$9,048,348 in 2018 (net credit to equity of ThCh$4,727,923 in 2017).

The accumulated balance for this concept as of December 31, 2018, is a charge to equity of ThCh$16,264,048 (charge of ThCh$5,140,665 in 2017).

(c.5) The effect of the cash-flow hedge derivatives in Banco de Chile, which offsets the effect of the instruments hedged, is a credit to net income of ThCh$85,659,209 in 2018 (charge to net income of ThCh$93,612,122 in 2017).

(c.6) As of December 31, 2018 and 2017, there is no inefficiency in the cash-flow hedges as both the element hedged and the object of the hedge mirror each other, which implies that all variations in value attributable to components of rate and indexation are completely offset.

(c.7) As of December 31, 2018 and 2017, the Bank has no net investment hedges in foreign businesses.

Note 41– Additional notes (continued)

Note 41.9 – Loans and advances to banks

(a) As of December 31, 2018 and 2017, loans and advances to banks are as follows:

	2018 ThCh$	2017 ThCh$
Banks in Chile		
Interbank liquidity loans	100,022,917	120,016,667
Provisions on loans to banks in Chile	(82,519)	(43,206)
Subtotal	99,940,398	119,973,461
Foreign Banks		
Interbank commercial loans	239,797,051	187,005,555
Foreign trade finance between other countries	41,871,931	61,090,650
Foreign trade finance for Chilean exports	12,872,731	41,255,161
Provisions for loans to foreign banks	(1,006,190)	(540,364)
Subtotal	293,535,523	288,811,002
Chilean Central Bank		
Restricted deposits in the Chilean Central Bank	1,100,305,556	350,000,000
Other credits with the Chilean Central Bank	524,771	915,540
Subtotal	1,100,830,327	350,915,540
Total	1,494,306,248	759,700,003

(b) Movements in provisions for loans and advances to banks during 2018 and 2017 are detailed as follows.

	Banks in		
Description	**Chile ThCh$**	**Abroad ThCh$**	**Total ThCh$**
Balance as of January 1, 2017	99,649	428,622	528,271
Provisions recorded	—	111,742	111,742
Provisions released	(56,443)	—	(56,443)
Balance as of December 31, 2017	43,206	540,364	583,570
Provisions recorded	39,313	465,826	505,139
Provisions released	—	—	—
Balance as of December 31, 2018	82,519	1,006,190	1,088,709

Note 41– Additional notes (continued)

Note 41.10 - Customer loans and receivables

(a) Customer loans and receivables

(a.1) As of December 31, 2018 and 2017, the loan portfolio is detailed as follows:

	2018							
	Assets before provisions				Provisions			
	Normal Portfolio ThCh$	Substandard Portfolio ThCh$	Default Portfolio ThCh$	Total ThCh$	Individual Provisions ThCh$	Group Provisions ThCh$	Total ThCh$	Net Asset ThCh$
Commercial loans								
Commercial loans	11,135,651,786	56,275,393	298,916,194	11,490,843,373	(104,381,832)	(100,310,190)	(204,692,022)	11,286,151,351
Foreign trade loans	1,290,719,327	7,619,358	14,011,594	1,312,350,279	(36,984,218)	(3,449,370)	(40,433,588)	1,271,916,691
Checking account debtors	215,227,635	3,500,371	3,443,044	222,171,050	(3,722,928)	(9,067,216)	(12,790,144)	209,380,906
Factoring transactions	694,368,401	3,846,858	2,517,264	700,732,523	(11,289,282)	(1,901,384)	(13,190,666)	687,541,857
Student loans	50,229,264	—	1,666,685	51,895,949	—	(1,502,243)	(1,502,243)	50,393,706
Commercial lease transactions (1)	1,524,226,023	23,270,035	24,092,418	1,571,588,476	(5,283,050)	(3,946,654)	(9,229,704)	1,562,358,772
Other loans and receivables	72,163,585	381,562	8,367,195	80,912,342	(1,542,560)	(6,578,677)	(8,121,237)	72,791,105
Subtotal	14,982,586,021	94,893,577	353,014,394	15,430,493,992	(163,203,870)	(126,755,734)	(289,959,604)	15,140,534,388
Residential mortgage loans								
Loans with mortgage bonds	19,820,569	—	1,551,899	21,372,468	—	(5,321)	(5,321)	21,367,147
Endorsable mortgage loans	40,789,676	—	1,474,473	42,264,149	—	(29,337)	(29,337)	42,234,812
Other residential mortgage loans	7,816,433,712	—	157,415,542	7,973,849,254	—	(26,244,798)	(26,244,798)	7,947,604,456
Loans from the ANAP	5,797	—	—	5,797	—	—	—	5,797
Housing leases	—	—	—	—	—	—	—	—
Other loans and receivables	9,948,615	—	268,332	10,216,947	—	(166,131)	(166,131)	10,050,816
Subtotal	7,886,998,369	—	160,710,246	8,047,708,615	—	(26,445,587)	(26,445,587)	8,021,263,028
Consumer loans								
Installment consumer loans	2,711,284,982	—	246,207,236	2,957,492,218	—	(231,753,177)	(231,753,177)	2,725,739,041
Checking account debtors	310,345,034	—	2,400,717	312,745,751	—	(13,870,334)	(13,870,334)	298,875,417
Credit card debtors	1,145,105,633	—	19,958,303	1,165,063,936	—	(44,578,812)	(44,578,812)	1,120,485,124
Consumer leases (1)	8,875	—	—	8,875	—	(13)	(13)	8,862
Other loans and receivables	8,133	—	804,055	812,188	—	(491,621)	(491,621)	320,567
Subtotal	4,166,752,657	—	269,370,311	4,436,122,968	—	(290,693,957)	(290,693,957)	4,145,429,011
Total	27,036,337,047	94,893,577	783,094,951	27,914,325,575	(163,203,870)	(443,895,278)	(607,099,148)	27,307,226,427

(1) The Bank finances its customers' asset purchases, including real estate and other personal property, through finance lease agreements. As of December 31, 2018, ThCh$758,772,042 are real estate finance leases, and ThCh$812,825,309 are personal property finance leases.

Note 41– Additional notes (continued)

Note 41.10 - Customer loans and receivables (continued)

(a) Customer loans and receivables (continued)

(a.1) As of December 31, 2018 and 2017, the loan portfolio is detailed as follows: (continued)

	December 31, 2017							
	Assets before provisions				Provisions			
	Normal Portfolio ThCh$	Substandard Portfolio ThCh$	Default Portfolio ThCh$	Total ThCh$	Individual Provisions ThCh$	Group Provisions ThCh$	Total ThCh$	Net Asset ThCh$
Commercial loans								
Commercial loans	10,199,047,966	67,602,133	294,975,826	10,561,625,925	(118,709,565)	(81,377,078)	(200,086,643)	10,361,539,282
Foreign trade loans	948,547,583	10,627,302	24,364,451	983,539,336	(38,752,235)	(2,310,578)	(41,062,813)	942,476,523
Checking account debtors	265,841,191	2,706,079	2,392,353	270,939,623	(3,509,266)	(6,350,321)	(9,859,587)	261,080,036
Factoring transactions	643,351,796	2,552,060	930,808	646,834,664	(9,348,560)	(2,036,866)	(11,385,426)	635,449,238
Student loans	44,406,522	—	1,617,278	46,023,800	—	(1,318,666)	(1,318,666)	44,705,134
Commercial lease transactions (1)	1,337,411,109	17,467,771	26,636,771	1,381,515,651	(4,945,949)	(8,214,989)	(13,160,938)	1,368,354,713
Other loans and receivables	55,519,845	297,627	6,815,360	62,632,832	(913,196)	(5,688,627)	(6,601,823)	56,031,009
Subtotal	13,494,126,012	101,252,972	357,732,847	13,953,111,831	(176,178,771)	(107,297,125)	(283,475,896)	13,669,635,935
Residential mortgage loans								
Loans with mortgage bonds	27,568,118	—	2,104,881	29,672,999	—	(10,922)	(10,922)	29,662,077
Endorsable mortgage loans	52,229,116	—	1,800,143	54,029,259	—	(58,337)	(58,337)	53,970,922
Other residential mortgage loans	7,229,037,094	—	151,690,792	7,380,727,886	—	(31,477,977)	(31,477,977)	7,349,249,909
Loans from the ANAP	8,241	—	—	8,241	—	—	—	8,241
Housing leases	—	—	—	—	—	—	—	—
Other loans and receivables	8,127,364	—	440,774	8,568,138	—	(216,984)	(216,984)	8,351,154
Subtotal	7,316,969,933	—	156,036,590	7,473,006,523	—	(31,764,220)	(31,764,220)	7,441,242,303
Consumer loans								
Installment consumer loans	2,311,481,693	—	227,238,824	2,538,720,517	—	(175,658,928)	(175,658,928)	2,363,061,589
Checking account debtors	314,505,911	—	2,148,850	316,654,761	—	(10,446,154)	(10,446,154)	306,208,607
Credit card debtors	1,134,475,901	—	22,654,074	1,157,129,975	—	(56,524,726)	(56,524,726)	1,100,605,249
Consumer lease transactions	—	—	—	—	—	—	—	—
Other loans and receivables	8,258	—	901,729	909,987	—	(313,163)	(313,163)	596,824
Subtotal	3,760,471,763	—	252,943,477	4,013,415,240	—	(242,942,971)	(242,942,971)	3,770,472,269
Total	24,571,567,708	101,252,972	766,712,914	25,439,533,594	(176,178,771)	(382,004,316)	(558,183,087)	24,881,350,507

(1) The Bank finances its customers' asset purchase, including real estate and other personal property, through finance lease agreements. As of December 31, 2017, ThCh$653,574,593 are real estate finance leases, and ThCh$727,941,058 are personal property finance leases.

Note 41– Additional notes (continued)

Note 41.10 - Customer loans and receivables (continued)

(a.2) Impaired portfolio

As of December 31, 2018 and 2017, the details of the normal and impaired portfolios are as follows.

	Assets before provisions						**Provisions**						**Net Asset**	
	Normal portfolio		Impaired portfolio		Total		Individual provisions		Group provisions		Total			
	2018 ThCh$	**2017 ThCh$**	**2018 ThCh$**	**2017 ThCh$**	**2018 ThCh$**	**2017 ThCh$**	**2018 ThCh$**	**2017 ThCh$**	**2018 ThCh$**	**2017 ThCh$**	**2018 ThCh$**	**2017 ThCh$**	**2018 ThCh$**	**2017 ThCh$**
Commercial loans	15,075,495,274	13,593,247,214	354,998,718	359,864,617	15,430,493,992	13,953,111,831	(163,203,870)	(176,178,771)	(126,755,734)	(107,297,125)	(289,959,604)	(283,475,896)	15,140,534,388	13,669,635,935
Residential mortgage loans	7,886,998,369	7,316,969,933	160,710,246	156,036,590	8,047,708,615	7,473,006,523	—	—	(26,445,587)	(31,764,220)	(26,445,587)	(31,764,220)	8,021,263,028	7,441,242,303
Consumer loans	4,166,752,657	3,760,471,763	269,370,311	252,943,477	4,436,122,968	4,013,415,240	—	—	(290,693,957)	(242,942,971)	(290,693,957)	(242,942,971)	4,145,429,011	3,770,472,269
Total	27,129,246,300	24,670,688,910	785,079,275	768,844,684	27,914,325,575	25,439,533,594	(163,203,870)	(176,178,771)	(443,895,278)	(382,004,316)	(607,099,148)	(558,183,087)	27,307,226,427	24,881,350,507

Note 41 – Additional notes (continued)

Note 41.10 - Customer loans and receivables (continued)

(b) Loan loss provisions

Movements in loan loss provisions during 2018 and 2017 are detailed as follows.

	Commercial		Mortgage	Consumer	
	Individual ThCh$	Group ThCh$	Group ThCh$	Group ThCh$	Total ThCh$
Balance as of January 1, 2017	221,085,223	105,174,097	33,866,200	249,866,465	609,991,985
Charge-offs	(13,773,576)	(44,942,247)	(5,093,263)	(254,981,141)	(318,790,227)
Loans sold or assigned	(13,073,799)	—	—	—	(13,073,799)
Provisions recorded	—	47,065,275	2,991,283	248,057,647	298,114,205
Provisions released	(18,059,077)	—	—	—	(18,059,077)
Balance as of December 31, 2017	176,178,771	107,297,125	31,764,220	242,942,971	558,183,087
Balance as of January 1, 2018	176,178,771	107,297,125	31,764,220	242,942,971	558,183,087
Charge-offs	(5,751,383)	(46,667,703)	(6,993,698)	(233,510,932)	(292,923,716)
Loans sold or assigned	(2,143,958)	—	—	—	(2,143,958)
Provisions recorded (*)	—	66,149,540	1,675,065	281,261,918	349,086,523
Provisions released	(5,079,560)	(23,228)	—	—	(5,102,788)
Balance as of December 31, 2018	163,203,870	126,755,734	26,445,587	290,693,957	607,099,148

(*) See Note 41.2 "Accounting Changes".

Apart from these loan loss provisions, country-risk provisions are also made to cover foreign transactions as well as additional provisions agreed upon by the Board, which are shown in liabilities in Provisions (Note 41.22).

Complementary disclosures

1. As of December 31, 2018 and 2017, the Bank and its subsidiaries engaged in portfolio purchases and sales. The effect on income of these transactions as a whole does not exceed 5% of net income before taxes, as described in Note 41.22 (d) and (e).

2. As of December 31, 2018 and 2017, Banco de Chile and its subsidiaries have derecognized from assets its entire sold loan portfolio on which all or substantially all the risks and benefits associated with these financial assets have been transferred, (see Note 41.10 (e)).

Note 41– Additional notes (continued)

Note 41.10 - Customer loans and receivables (continued)

(c) Finance lease contracts

The cash flows receivable by the Bank under lease contracts have the following maturities.

	Total receivable		Deferred interest		Net balance receivable (*)	
	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$
Up to 1 year	519,186,130	461,353,715	(60,215,859)	(54,216,317)	458,970,271	407,137,398
1 to 2 years	383,164,218	338,305,084	(44,066,306)	(39,946,429)	339,097,912	298,358,655
2 to 3 years	255,997,295	230,920,129	(28,739,950)	(26,135,745)	227,257,345	204,784,384
3 to 4 years	162,309,921	146,921,010	(19,471,076)	(17,679,952)	142,838,845	129,241,058
4 to 5 years	108,452,543	99,268,364	(13,992,302)	(12,564,260)	94,460,241	86,704,104
Over 5 years	336,705,523	278,606,851	(33,665,906)	(27,314,997)	303,039,617	251,291,854
Total	1,765,815,630	1,555,375,153	(200,151,399)	(177,857,700)	1,565,664,231	1,377,517,453

(*) Net receivable does not include past due loans of ThCh$5,933,120 as of December 31, 2018 (ThCh$3,998,198 in 2017).

The Bank has finance lease transactions mainly related to real estate, industrial machinery, vehicles and transport equipment. These leases have an average life of 2 to 15 years.

(d) Loans by economic sector

The following table details the Bank's loan portfolio (before provisions) as of December 31, 2018 and 2017, by the customer's economic sector.

	Loans				Total			
	Chile		Abroad					
	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	%	2017 ThCh$	%
Commercial loans:								
Commerce	2,284,128,412	2,005,705,780	38,430,271	21,718,311	2,322,558,683	8.32	2,027,424,091	7.97
Financial services	2,119,640,921	1,845,463,856	2,783,846	6,185,278	2,122,424,767	7.60	1,851,649,134	7.28
Services	2,107,146,040	1,964,237,943	348,015	—	2,107,494,055	7.55	1,964,237,943	7.72
Construction	1,751,218,599	1,493,372,620	—	—	1,751,218,599	6.27	1,493,372,620	5.87
Agriculture and livestock	1,581,701,143	1,354,068,743	—	—	1,581,701,143	5.67	1,354,068,743	5.32
Manufacturing	1,544,089,629	1,369,292,920	34,612,529	30,398,572	1,578,702,158	5.66	1,399,691,492	5.50
Transport and telecommunications	1,480,285,129	1,612,930,455	17,368,553	—	1,497,653,682	5.37	1,612,930,455	6.34
Electricity, gas and water	461,348,352	565,694,580	—	—	461,348,352	1.65	565,694,580	2.22
Mining	453,331,419	422,176,398	—	—	453,331,419	1.62	422,176,398	1.66
Fishing	156,443,812	145,265,514	—	—	156,443,812	0.56	145,265,514	0.57
Others	1,397,617,322	1,116,600,861	—	—	1,397,617,322	5.01	1,116,600,861	4.39
Subtotal	15,336,950,778	13,894,809,670	93,543,214	58,302,161	15,430,493,992	55.28	13,953,111,831	54.84
Residential mortgage loans	8,047,708,615	7,473,006,523	—	—	8,047,708,615	28.83	7,473,006,523	29.38
Consumer loans	4,436,122,968	4,013,415,240	—	—	4,436,122,968	15.89	4,013,415,240	15.78
Total	27,820,782,361	25,381,231,433	93,543,214	58,302,161	27,914,325,575	100.00	25,439,533,594	100.00

Note 41– Additional notes (continued)

Note 41.10 - Customer loans and receivables (continued)

(e) Purchase of loan portfolio

During 2018, the Bank purchased a loan portfolio from a local bank with a nominal value of ThCh$36,918,918.

During 2017, the Bank acquired a loan portfolio with a nominal value of ThCh$1,495,120.

(f) Sale or assignment of loans

During 2018 and 2017 the following loans from the loan portfolio were sold or assigned.

	2018			
	Loan value ThCh$	**Provisions ThCh$**	**Sale value ThCh$**	**Effect on income, (loss)/gain ThCh$**
Sale of valid loans	22,276,837	(2,143,958)	21,875,781	1,742,902
Sale of charged-off loans	—	—	—	—
Total	22,276,837	(2,143,958)	21,875,781	1,742,902

	2017			
	Loan value ThCh$	**Provisions ThCh$**	**Sale value ThCh$**	**Effect on income, (loss)/gain ThCh$**
Sale of valid loans	33,680,650	(13,073,799)	24,126,059	3,519,208
Sale of charged-off loans	—	—	23,000	23,000
Total	33,680,650	(13,073,799)	24,149,059	3,542,208

(g) Securitization of own assets

During the years 2018 and 2017, the Bank did not engage in any securitization transactions with its own assets.

Note 41– Additional notes (continued)

Note 41.11 – Investment instruments

Investment instruments designated as held for sale and held to maturity as of December 31, 2018 and 2017, are detailed as follows.

	2018			2017		
	Held for sale ThCh$	Held to maturity ThCh$	Total ThCh$	Held for sale ThCh$	Held to maturity ThCh$	Total ThCh$
Instruments of the State and the Chilean Central Bank						
Chilean Central Bank bonds	135,145,251	—	135,145,251	204,127,751	—	204,127,751
Chilean Central Bank promissory notes	—	—	—	3,346,067	—	3,346,067
Other instruments of the State and the Chilean Central Bank	29,076,878	—	29,076,878	148,894,103	—	148,894,103
Instruments issued by Chilean Institutions						
Deposit promissory notes from banks in Chile				—	—	—
Mortgage bonds from banks in Chile	92,491,328	—	92,491,328	99,572,264	—	99,572,264
Bonds from banks in Chile	5,350,763	—	5,350,763	5,415,317	—	5,415,317
Deposits with banks in Chile	559,107,705	—	559,107,705	956,732,970	—	956,732,970
Bonds from other companies in Chile	6,599,050	—	6,599,050	14,969,048	—	14,969,048
Promissory notes from other companies in Chile	—	—	—	—	—	—
Other instruments issued in Chile	107,126,537	—	107,126,537	83,006,301	—	83,006,301
Instruments issued by Foreign Institutions						
Foreign sovereign or central bank instruments	—	—	—	—	—	—
Other instruments	108,544,270	—	108,544,270	—	—	—
Total	1,043,441,782	—	1,043,441,782	1,516,063,821	—	1,516,063,821

Instruments issued by the State and the Chilean Central Bank include instruments sold under repurchase agreements to customers and financial institutions of ThCh$6,964,533 as of December 31, 2018 (ThCh$5,176,875 in 2017). Repurchase agreements had an average maturity of 3 days in December 2018 (3 days in 2017). Instruments are also held that guarantee margins for offset hedging transactions through Comder Contraparte Central S.A. of ThCh$31,415,408 as of December 31, 2017. There are none as of December 31, 2018.

Instruments issued by foreign institutions include mainly bank bonds.

As of December 31, 2018, the portfolio of instruments held for sale includes an accumulated unrealized loss of ThCh$4,006,599 (accumulated unrealized gain of ThCh$699,400 as of December 31, 2017) recorded as a revaluation adjustment in equity.

During 2018 and 2017, there was no evidence that instruments held for sale were impaired.

Gross realized gains and losses on the sale of instruments held for sale are shown in Net gain (loss) from financial transactions, as of December 31, 2018 and 2017 (Note 41.27), with annual movements as follows.

	2018 ThCh$	2017 ThCh$
Unrealized gain (loss) during the year	(4,546,404)	2,124,308
Realized loss (reclassified to income)	(159,595)	(1,777,763)
Subtotal	(4,705,999)	346,545
Income tax on other comprehensive income	1,232,735	(56,113)
Net effect on equity	(3,473,264)	290,432

Note 41 – Additional notes (continued)

Note 41.12 – Investments in other companies

(a) Investments in other companies are ThCh$44,560,291 as of December 31, 2018 (ThCh$38,041,019 in 2017), detailed as follows:

		Percentage interest		Equity of the company		Investment			
						Investment value		Results	
		2018	2017	2018	2017	2018	2017	2018	2017
Company	Shareholder	%	%	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Associate									
Transbank S.A.	Banco de Chile	26.16	26.16	69,357,799	56,804,113	18,467,685	15,069,665	3,261,761	2,117,488
Soc. Operadora de Tarjetas de Crédito Nexus S.A.	Banco de Chile	25.81	25.81	16,804,537	13,781,447	4,557,208	3,821,777	735,431	884,456
Administrador Financiero del Transantiago S.A.	Banco de Chile	20.00	20.00	17,978,432	15,489,891	3,679,868	3,097,978	581,890	316,536
Redbanc S.A.	Banco de Chile	38.13	38.13	8,355,952	7,484,287	3,218,915	2,894,342	324,573	402,853
Centro de Compensación Automatizado S.A.	Banco de Chile	33.33	33.33	5,591,765	4,696,244	1,894,278	1,588,846	305,432	235,881
Sociedad Imerc OTC S.A.	Banco de Chile	12.33	12.33	11,951,754	11,490,108	1,473,893	1,416,963	55,900	65,946
Sociedad Interbancaria de Depósitos de Valores S.A.	Banco de Chile	26.81	26.81	4,160,743	3,659,462	1,128,868	995,269	204,204	214,943
Soc. Operadora de la Cámara de Compensación de Pagos de Alto Valor S.A.	Banco de Chile	15.00	15.00	6,105,845	5,838,062	944,644	908,642	57,533	65,865
Subtotal Associates				140,306,827	119,243,614	35,365,359	29,793,482	5,526,724	4,303,968
Joint ventures									
Servipag Ltda.	Banco de Chile	50.00	50.00	11,398,142	9,997,116	5,699,071	4,998,558	700,513	700,417
Artikos Chile S.A.	Banco de Chile	50.00	50.00	2,025,217	1,654,391	1,187,654	979,168	583,487	506,573
Subtotal Joint ventures				13,423,359	11,651,507	6,886,725	5,977,726	1,284,000	1,206,990
Subtotal				153,730,186	130,895,121	42,252,084	35,771,208	6,810,724	5,510,958
Investments at cost (1)									
Bolsa de Comercio de Santiago S.A. (*)	Banchile Corredores de Bolsa					1,645,820	1,645,820	375,810	480,001
Banco Latinoamericano de Comercio Exterior S.A. (Bladex)	Banco de Chile					308,858	308,858	57,705	58,505
Bolsa Electrónica de Chile S.A. (**)	Banchile Corredores de Bolsa					257,033	257,033	9,997	6,718
Sociedad de Telecomunicaciones Financieras Interbancarias Mundiales (Swift) (***)	Banco de Chile					88,509	50,113	—	—
CCLV Contraparte Central S.A.	Banchile Corredores de Bolsa					7,987	7,987	830	911
Subtotal						2,308,207	2,269,811	444,342	546,135
Total						44,560,291	38,041,019	7,255,066	6,057,093

(1) Net income from investments at cost is revenue recognized on a received basis (dividends).

(*) The Santiago Stock Exchange issued a Material Event on May 30, 2017, whereby each shareholder received 1,000,000 shares for each share held as of April 20, 2017. On this date the subsidiary BanChile Corredores de Bolsa S.A owned three shares, so it received 3,000,000 shares under this exchange.

(**) An Extraordinary Shareholders' Meeting held on May 13, 2017, shareholders agreed to exchange 100,000 new shares for each share held. Therefore, Banchile Corredores de Bolsa S.A. received 300,000 new shares as it held 3 shares.

(***) Banco de Chile purchased 8 Company shares during the reallocation of shares. Therefore, it now holds 58 shares.

QUIÑENCO S.A.

Note 41 – Additional notes (continued)

Note 41.12 - Investments in companies (continued)

(b) Associates

	2018								
	Centro de Compensación Automatizado S.A. ThCh$	Soc. Operadora de la Cámara de Compensación de Pagos de Alto Valor S.A. ThCh$	Soc. Operadora de Tarjetas de Crédito Nexus S.A. ThCh$	Soc. Interbancaria de Depósitos de Valores S.A. ThCh$	Redbanc S.A. ThCh$	Transbank S.A. ThCh$	Administrador Financiero del Transantiago S.A. ThCh$	Sociedad Imerc OTC S.A. ThCh$	Total ThCh$
Current assets	3,088,495	5,871,428	12,917,910	152,987	6,083,844	818,586,805	55,405,676	18,842,103	920,949,248
Non-current assets	3,984,333	856,800	22,221,202	4,238,920	14,741,422	85,970,936	412,109	6,430,456	138,856,178
Total assets	**7,072,828**	**6,728,228**	**35,139,112**	**4,391,907**	**20,825,266**	**904,557,741**	**55,817,785**	**25,272,559**	**1,059,805,426**
Current liabilities	1,321,489	622,383	14,178,655	231,164	9,907,124	833,787,912	36,675,524	10,110,706	906,834,957
Non-current liabilities	159,574	—	4,155,920	—	2,562,190	1,412,030	1,163,829	3,201,506	12,655,049
Total liabilities	1,481,063	622,383	18,334,575	231,164	12,469,314	835,199,942	37,839,353	13,312,212	919,490,006
Total equity	5,591,765	6,105,845	16,804,537	4,160,743	8,355,952	69,357,799	17,978,432	11,951,754	140,306,827
Non-controlling interests	—	—	—	—	—	—	—	8,593	8,593
Total Liabilities and Equity	**7,072,828**	**6,728,228**	**35,139,112**	**4,391,907**	**20,825,266**	**904,557,741**	**55,817,785**	**25,272,559**	**1,059,805,426**
Operating revenue	3,214,259	3,301,734	50,319,587	857	35,314,300	191,568,664	3,434,516	6,254,371	293,408,288
Operating expenses	(2,005,155)	(3,015,720)	(46,426,103)	(34,861)	(33,894,957)	(177,440,174)	(2,614,997)	(5,566,954)	(270,998,921)
Other income (expenses)	(24,503)	177,121	(173,434)	795,787	(260,689)	2,380,220	2,982,611	59,004	5,936,117
Net income before taxes	1,184,601	463,135	3,720,050	761,783	1,158,654	16,508,710	3,802,130	746,421	28,345,484
Income tax expense	(268,213)	(79,579)	(870,205)	—	(307,516)	(4,038,493)	(893,770)	(292,312)	(6,750,088)
Net income for the year	**916,388**	**383,556**	**2,849,845**	**761,783**	**851,138**	**12,470,217**	**2,908,360**	**454,109**	**21,595,396**

	2017								
	Centro de Compensación Automatizado S.A. ThCh$	Soc. Operadora de la Cámara de Compensación de Pagos de Alto Valor S.A. ThCh$	Soc. Operadora de Tarjetas de Crédito Nexus S.A. ThCh$	Soc. Interbancaria de Depósitos de Valores S.A. ThCh$	Redbanc S.A. ThCh$	Transbank S.A. ThCh$	Administrador Financiero del Transantiago S.A. ThCh$	Sociedad Imerc OTC S.A. ThCh$	Total ThCh$
Current assets	2,350,228	5,114,075	11,113,674	50,755	6,371,471	744,681,406	50,473,917	11,270,655	831,426,181
Non-current assets	4,520,298	1,223,936	21,555,755	3,668,817	14,863,620	76,096,915	829,945	6,642,572	129,401,858
Total assets	**6,870,526**	**6,338,011**	**32,669,429**	**3,719,572**	**21,235,091**	**820,778,321**	**51,303,862**	**17,913,227**	**960,828,039**
Current liabilities	1,825,771	499,949	13,735,264	60,110	8,701,339	763,236,018	34,895,713	3,302,718	826,256,882
Non-current liabilities	348,511	—	5,152,718	—	5,049,465	738,190	918,258	3,111,780	15,318,922
Total liabilities	2,174,282	499,949	18,887,982	60,110	13,750,804	763,974,208	35,813,971	6,414,498	841,575,804
Total equity	4,696,244	5,838,062	13,781,447	3,659,462	7,484,287	56,804,113	15,489,891	11,490,108	119,243,614
Non-controlling interests	—	—	—	—	—	—	—	8,621	8,621
Total Liabilities and Equity	**6,870,526**	**6,338,011**	**32,669,429**	**3,719,572**	**21,235,091**	**820,778,321**	**51,303,862**	**17,913,227**	**960,828,039**
Operating revenue	2,274,035	3,086,263	49,403,289	8,629	34,083,164	175,975,022	3,358,126	6,314,250	274,502,778
Operating expenses	(1,358,858)	(2,666,424)	(44,664,168)	(33,306)	(32,334,435)	(167,051,875)	(1,997,626)	(5,280,774)	(255,387,466)
Other income (expenses)	389	140,736	(186,993)	826,482	(338,698)	1,624,988	648,922	88,065	2,803,891
Net income before taxes	915,566	560,575	4,552,128	801,805	1,410,031	10,548,135	2,009,422	1,121,541	21,919,203
Income tax expense	(207,852)	(121,477)	(1,124,801)	—	(353,617)	(2,452,649)	(426,742)	(585,910)	(5,273,048)
Net income for the year	**707,714**	**439,098**	**3,427,327**	**801,805**	**1,056,414**	**8,095,486**	**1,582,680**	**535,631**	**16,646,155**

Note 41 – Additional notes (continued)

Note 41.12 - Investments in companies (continued)

(c) Joint ventures

The Bank has a 50% interest in Artikos S.A. and Servipag Ltda., two jointly controlled companies. The Bank's interests in both companies are recognized using the equity method in the consolidated financial statements.

Summarized financial information for these jointly-controlled companies is as follows.

	Artikos S.A.		**Servipag Ltda.**	
	2018 ThCh$	**2017 ThCh$**	**2018 ThCh$**	**2017 ThCh$**
Current assets	1,397,362	1,231,298	59,141,759	56,188,611
Non-current assets	1,502,647	1,246,045	15,371,608	16,668,650
Total assets	**2,900,009**	**2,477,343**	**74,513,367**	**72,857,261**
Current liabilities	874,792	822,952	57,847,494	56,397,582
Non-current liabilities	—	—	5,267,731	6,462,563
Total liabilities	874,792	822,952	63,115,225	62,860,145
Total equity	2,025,217	1,654,391	11,398,142	9,997,116
Total Liabilities and Equity	**2,900,009**	**2,477,343**	**74,513,367**	**72,857,261**
Operating revenue	3,544,364	3,194,871	42,679,487	40,579,288
Operating expenses	(2,518,743)	(2,352,020)	(40,318,323)	(38,400,753)
Other income (expenses)	11,808	16,611	**(339,276)**	(472,599)
Net income before taxes	**1,037,429**	**859,462**	**2,021,888**	**1,705,936**
Income tax expense	129,545	153,685	**(620,862)**	(305,102)
Net income for the year	**1,166,974**	**1,013,147**	**1,401,026**	**1,400,834**

(d) Movements in investments in companies accounted for using the equity method in 2018 and 2017 are as follows.

	2018 ThCh$	**2017 ThCh$**
Opening book value	35,771,208	30,314,469
Acquisition of investments	—	—
Share of income (loss) from investments with significant influence and joint control	6,810,724	5,510,958
Dividends receivable	—	(136,260)
Minimum dividends	136,260	560,110
Dividends received	(411,021)	(484,113)
Others	(55,087)	6,044
Total	42,252,084	35,771,208

(e) There was no impairment of these investments during the years ended December 31, 2018 and 2017.

Note 41 – Additional notes (continued)

Note 41.13 – Intangible assets

(a) As of December 31, 2018 and 2017, these are as follows.

	Years									
	Useful life		Average remaining amortization		Gross balance		Accumulated amortization		Net balance	
	2018	2017	2018	2017	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$
Intangible assets										
Software or computer programs	6	6	5	5	144,962,136	122,473,548	(92,900,789)	(83,428,737)	52,061,347	39,044,811
Total					144,962,136	122,473,548	(92,900,789)	(83,428,737)	52,061,347	39,044,811

Note 41 – Additional notes (continued)

Note 41.13 – Intangible assets (continued)

(b) Movements in intangible assets during the years ended December 31, 2018 and 2017, periods are detailed as follows.

	2018 Software or computer programs ThCh$
Gross balance	
Balance as of January 1, 2018	122,473,548
Acquisitions	23,512,306
Disposals/write-offs	(1,023,718)
Total	144,962,136
Accumulated amortization	
Balance as of January 1, 2018	(83,428,737)
Amortization for the year (*)	(10,495,772)
Disposals/write-offs	1,023,720
Total	(92,900,789)
Balance as of December 31, 2018	52,061,347

	2017 Software or computer programs ThCh$
Gross balance	
Balance as of January 1, 2017	109,484,660
Acquisitions	18,778,602
Disposals/write-offs	(5,789,714)
Total	122,473,548
Accumulated amortization	
Balance as of January 1, 2017	(80,143,868)
Amortization for the year (*)	(9,074,583)
Disposals/write-offs	5,789,714
Total	(83,428,737)
Balance as of December 31, 2017	39,044,811

(*) See Note 41.32 on depreciation, amortization and impairment.

(c) As of December 31, 2018 and 2017, the Bank has the following amounts related to technological developments.

Description	**Commitment**	
	2018 ThCh$	**2017 ThCh$**
Software and licenses	11,805,686	5,128,901

Note 41 – Additional notes (continued)

Note 41.14 –Property, plant and equipment

(a) As of December 31, 2018 and 2017, these are as follows.

	Years									
	Useful life		Average remaining depreciation		Gross balance		Accumulated depreciation		Net balance	
	2018	2017	2018	2017	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$
Type of PPE										
Land and buildings	26	27	21	21	320,586,062	311,428,409	(150,099,017)	(142,768,407)	170,487,045	168,660,002
Equipment	5	5	3	3	183,218,075	184,368,588	(148,455,204)	(148,006,493)	34,762,871	36,362,095
Others	7	6	4	4	53,501,374	52,552,468	(42,878,376)	(41,315,146)	10,622,998	11,237,322
Total					557,305,511	548,349,465	(341,432,597)	(332,090,046)	215,872,914	216,259,419

(b) Movements in property, plant and equipment for the years ended December 31, 2018 and 2017, are detailed as follows:

	2018			
	Land and buildings ThCh$	Equipment ThCh$	Others ThCh$	Total ThCh$
Gross balance				
Balance as of January 1, 2018	311,428,409	184,368,588	52,552,468	548,349,465
Additions	12,589,403	12,701,520	2,773,987	28,064,910
Write-offs/disposals	(3,144,707)	(13,846,098)	(1,784,261)	(18,775,066)
Impairment (*)	(287,043)	(5,935)	(40,820)	(333,798)
Total	320,586,062	183,218,075	53,501,374	557,305,511
Accumulated depreciation				
Balance as of January 1, 2018	(142,768,407)	(148,006,493)	(41,315,146)	(332,090,046)
Depreciation for the year (*) (**)	(9,192,165)	(14,291,625)	(3,333,790)	(26,817,580)
Write offs and sales during the year	1,861,555	13,842,914	1,770,560	17,475,029
Total	(150,099,017)	(148,455,204)	(42,878,376)	(341,432,597)
Balance as of December 31, 2018	170,487,045	34,762,871	10,622,998	215,872,914

	2017			
	Land and buildings ThCh$	Equipment ThCh$	Others ThCh$	Total ThCh$
Gross balance				
Balance as of January 1, 2017	302,187,227	180,321,312	50,403,617	532,912,156
Additions	10,606,369	8,897,652	3,720,038	23,224,059
Write-offs/disposals	(1,365,187)	(4,850,376)	(1,567,696)	(7,783,259)
Impairment (*) (***)	—	—	(3,491)	(3,491)
Total	311,428,409	184,368,588	52,552,468	548,349,465
Accumulated depreciation				
Balance as of January 1, 2017	(134,900,334)	(139,277,217)	(39,652,516)	(313,830,067)
Depreciation for the year (*) (**)	(9,040,254)	(13,723,463)	(3,044,534)	(25,808,251)
Write offs and sales during the year	1,172,181	4,850,368	1,525,123	7,547,672
Transfers	—	143,819	(143,219)	600
Total	(142,768,407)	(148,006,493)	(41,315,146)	(332,090,046)
Balance as of December 31, 2017	168,660,002	36,362,095	11,237,322	216,259,419

(*) See Note 41.32 on depreciation, amortization and impairment
(**) Excludes depreciation for the year on investment properties that are included in Other assets for ThCh$367,582 in 2018 (ThCh$367,582 in 2017).
(***) Excludes provisions for write-offs of property, plant and equipment of ThCh$162,920 in 2017.

Note 41 – Additional notes (continued)

Note 41.14 – Property, plant and equipment (continued)

(c) As of December 31, 2018 and 2017, Banco de Chile had operating lease contracts that cannot be rescinded unilaterally. Future rental payments are as follows.

		Lease Agreements						
	Expense for the year ThCh$	Up to 1 month ThCh$	Over 1 and up to 3 months ThCh$	Over 3 and up to 12 months ThCh$	Over 1 and up to 3 years ThCh$	Over 3 and up to 5 years ThCh$	Over 5 years ThCh$	Total ThCh$
2018	34,773,595	2,929,429	5,828,065	23,577,876	46,143,007	28,729,629	26,696,895	133,904,901
2017	33,017,334	2,763,546	5,522,406	23,461,587	45,891,238	33,789,094	34,401,016	145,828,887

These are operating lease contracts, so the leased assets are not presented in the statement of financial position in accordance with IAS 17.

The Bank has commercially leased its investment properties. These leases have an average life of 5 years.

(d) The Bank has no finance lease contracts as of December 31, 2018 and 2017, so there are no balances of property, plant and equipment under finance leases as of those dates.

Note 41 – Additional notes (continued)

Note 41.15 – Current and deferred taxes

(a) Current taxes

The Bank and its subsidiaries have made a provision for corporate income tax for 2018 and 2017 in accordance with current tax laws. This provision is shown as the net amount of recoverable or payable taxes in the statement of financial position as of December 31, 2018 and 2017, as follows.

	2018 ThCh$	2017 ThCh$
Corporate income tax	150,876,273	108,937,671
Less:		
Monthly provisional tax payments	(127,015,720)	(123,805,725)
Training expense credits	(2,223,864)	(2,036,332)
Others	(1,410,584)	(2,669,492)
Total	20,226,105	(19,573,878)
Income tax rate	27.0%	25.5%

	2018 ThCh$	2017 ThCh$
Current tax assets	713,054	23,031,694
Current tax liabilities	(20,939,159)	(3,457,816)
Total tax recoverable (payable)	(20,226,105)	19,573,878

(b) Income tax

The tax expense for the years ended December 31, 2018 and 2017 is detailed as follows.

	2018 ThCh$	2017 ThCh$
Income tax		
Tax current year	159,230,993	105,117,908
Tax previous years	2,573,872	(1,401,110)
Subtotal	161,804,865	103,716,798
Deferred taxes		
Temporary differences and their reversal	(7,818,968)	20,962,428
Effect of tax rate changes on deferred taxes	—	(6,975,585)
Subtotal	(7,818,968)	13,986,843
Others	2,623,398	(2,575,805)
Net income tax expense	156,609,295	115,127,836

Note 41 – Additional notes (continued)

Note 41.15 – Current and deferred taxes (continued)

(c) Reconciliation of effective tax rate

The reconciliation between the income tax rate and the effective rate applied to the income tax expense for the years ended December 31, 2018 and 2017 is as follows.

	2018		2017	
	Tax rate %	ThCh$	Tax rate %	ThCh$
Tax on financial net income	27.00	202,840,258	25.50	176,274,095
Additions or deductions	(0.37)	(2,792,172)	(0.22)	(1,482,194)
Subordinated obligation (*)	(3.26)	(24,515,468)	(5.64)	(38,997,204)
Taxation indexation	(3.87)	(29,102,993)	(2.65)	(18,311,487)
Taxes from previous years	0.34	2,573,872	(0.20)	(1,401,110)
Effect of tax rate changes on deferred taxes	—	—	(1.01)	(6,975,585)
Others	1.01	7,605,798	0.87	6,021,321
Effective rate and income tax expense	20.85	156,609,295	16.65	115,127,836

(*) The tax expense associated with the subordinated obligation held by SAOS S.A, was extinguished during the current year, due to the generation of sufficient resources to pay the entire outstanding debt.

The effective rate for income tax for the year 2018 is 20.85% (16.65% in December 2017).

On September 29, 2014, Law 20,780 was published in the Official Gazette that modifies the Income Taxation System and introduces various adjustments to the tax system.

Subsequently, on February 8, 2016, Law 20,899 was published, which established that publicly traded corporations must apply by default the corporate income tax regime with partial credit deduction of final taxes. Under this regime shareholders are only entitled to a credit against personal taxes (overall supplementary or withholding tax) of 65% of the corporate income tax paid by the company.

This law established a gradual increase in the corporate income tax rates under this regime, as follows.

Year	Rate
2014	21.0%
2015	22.5%
2016	24.0%
2017	25.5%
2018	27.0%

Furthermore, paragraph 11 of Article 1 of Law 20,780 established that the additional tax on disallowable expenses increased from 35% to 40% with effect from January 1, 2017.

Note 41 – Additional notes (continued)

Note 41.15 – Current and deferred taxes (continued)

(d) Effect of deferred taxes on net income and equity

The Bank and its subsidiaries have recognized deferred taxes in their financial statements: The effects of deferred taxes on assets, liabilities and net income as of December 31, 2018 are as follows.

	Balances as of 12.31.2017 ThCh$	Recognized in: Results ThCh$	Recognized in: Equity ThCh$	Balances as of 12.31.2018 ThCh$
Debtor differences				
Loan loss provisions	195,191,510	11,005,409	—	206,196,919
Personnel provisions	12,237,632	756,460	—	12,994,092
Vacation provisions	6,908,226	333,255	—	7,241,481
Accrued interest and indexation on impaired portfolio	3,414,302	(181,868)	—	3,232,434
Termination benefit provision	573,398	(8,671)	34,305	599,032
Credit card related expenses provision	8,955,452	857,640	—	9,813,092
Accrued expenses provision	16,358,177	(3,203,505)	—	13,154,672
Revaluation of investments held for sale	—	—	2,695,670	2,695,670
Leasing	32,548,610	10,439,145	—	42,987,755
Other adjustments	17,371,835	(4,979,830)	—	12,392,005
Total debtor differences	**293,559,142**	**15,018,035**	**2,729,975**	**311,307,152**
Creditor differences				
Depreciation and indexation on property, plant and equipment	14,281,297	708,375	—	14,989,672
Revaluation of investments held for sale	498,668	—	(498,668)	—
Transitory assets	4,331,438	27,435	—	4,358,873
Accrued loans effective rate	1,607,805	(38,779)	—	1,569,026
Anticipated costs for collective bargaining	—	6,173,886	525,544	6,699,430
Other adjustments	5,439,935	328,150	(1)	5,768,084
Total creditor differences	**26,159,143**	**7,199,067**	**26,875**	**33,385,085**
Net total	**267,399,999**	**7,818,968**	**2,703,100**	**277,922,067**

Note 41 – Additional notes (continued)

Note 41.15 – Current and deferred taxes (continued)

(e)

In compliance with Joint Circular 47 of the Internal Revenue Service (SII) and Circular 3,478 issued by the SBIF dated August 18, 2009, the following provides a detail of the movement and effects generated by applying Article 31 number 4 of the Income Tax Law.

As required, the information relates only to the Bank's lending services and not the transactions of the subsidiaries consolidated in these consolidated financial statements.

(e.1) Loans and advances to banks, and customer loans and receivables as of 12.31.2018	2018				
			Assets at tax value		
	Assets at book value (*) ThCh$	Assets at tax value ThCh$	Secured past due portfolio ThCh$	Unsecured past due portfolio ThCh$	Total past due portfolio ThCh$
Loans and advances to banks	1,494,306,248	1,495,394,956	—	—	—
Commercial loans	13,018,974,815	13,519,190,709	21,585,165	59,773,066	81,358,231
Consumer loans	4,145,420,149	4,850,067,644	730,701	24,424,149	25,154,850
Residential mortgage loans	8,021,263,028	8,047,077,998	8,817,361	210,433	9,027,794
Total	26,679,964,240	27,911,731,307	31,133,227	84,407,648	115,540,875

(e.1) Loans and advances to banks, and customer loans and receivables as of 12.31.2017	2017				
			Assets at tax value		
	Assets at book value (*) ThCh$	Assets at tax value ThCh$	Secured past due portfolio ThCh$	Unsecured past due portfolio ThCh$	Total past due portfolio ThCh$
Loans and advances to banks	759,700,003	760,283,573	—	—	—
Commercial loans	11,722,961,971	12,187,728,068	22,604,252	52,169,198	74,773,450
Consumer loans	3,770,472,269	4,366,937,095	681,621	24,024,395	24,706,016
Residential mortgage loans	7,441,242,303	7,471,120,581	9,116,655	211,367	9,328,022
Total	23,694,376,546	24,786,069,317	32,402,528	76,404,960	108,807,488

(*) According to that Circular and the SII instructions, the value of the assets in the financial statements is shown on an individual basis (only Banco de Chile) net of loan loss provisions and excludes lease and factoring transactions.

Note 41 – Additional notes (continued)

Note 41.15 – Current and deferred taxes (continued)

(e.2) Provisions for the past due portfolio	2018 Balance as of 01.01.2018 ThCh$	Charge-offs against provisions ThCh$	Provisions recorded ThCh$	Provisions released ThCh$	Balance as of 12.31.2018 ThCh$
Commercial loans	52,169,197	(40,576,313)	93,335,646	(45,155,464)	59,773,066
Consumer loans	24,024,396	(230,381,104)	259,589,333	(28,808,476)	24,424,149
Residential mortgage loans	211,367	(2,659,674)	13,066,718	(10,407,978)	210,433
Total	76,404,960	(273,617,091)	365,991,697	(84,371,918)	84,407,648

(e.2) Provisions for the past due portfolio	2017 Balance as of 01.01.2017 ThCh$	Charge-offs against provisions ThCh$	Provisions recorded ThCh$	Provisions released ThCh$	Balance as of 12.31.2017 ThCh$
Commercial loans	54,044,024	(40,761,180)	83,773,073	(44,886,720)	52,169,197
Consumer loans	22,386,372	(251,608,167)	278,168,420	(24,922,229)	24,024,396
Residential mortgage loans	168,248	(1,319,514)	11,375,013	(10,012,380)	211,367
Total	76,598,644	(293,688,861)	373,316,506	(79,821,329)	76,404,960

(e.3) Direct charge-offs and recoveries	2018 ThCh$	2017 ThCh$
Direct charge-offs (Article 31 number 4, paragraph 2)	12,913,922	17,001,526
Debt relief that releases provisions	710,926	747,305
Recoveries or re-negotiation of charged-off loans	60,578,581	49,478,648

(e.4) Application of Article 31 number 4 paragraphs 1 and 3 of Income Tax Law	2018 ThCh$	2017 ThCh$
Charge-offs, paragraph 1	—	—
Relief, paragraph 3	710,926	747,305

Note 41 – Additional notes (continued)

Note 41.16 – Other assets

(a) Composition

Other assets as of December 31, 2018 and 2017 are detailed as follows.

	2018 ThCh$	2017 ThCh$
Leased assets (*)	101,846,824	127,979,259
Assets received in lieu of payment (**)		
Assets awarded in judicial auctions	14,171,071	11,433,065
Assets received in lieu of payment	3,623,051	2,730,468
Provisions for assets received in lieu of payment	(805,876)	(818,469)
Subtotal	16,988,246	13,345,064
Other assets		
Derivative margin deposits	336,547,867	174,254,139
Recoverable taxes	44,665,141	20,437,473
Prepaid expenses	37,393,749	12,180,046
Other accounts and notes receivable	29,079,995	99,201,458
Document broking (***)	28,478,192	32,592,810
Recoverable VAT	15,020,548	11,965,154
Servipag funds available	13,991,246	12,626,488
Investment properties	13,938,751	14,306,333
Fees receivable	12,155,252	6,386,824
Receivables on selling assets received in lieu of payment	4,816,103	3,353,455
Transactions pending settlement	2,069,979	2,150,177
Lease guarantees	1,894,943	1,848,398
Recovered leased assets for sale	1,064,166	3,052,861
Materials and supplies	745,015	661,803
Others	12,679,780	11,633,328
Subtotal	554,540,727	406,650,747
Total	673,375,797	547,975,070

(*) Relates to property, plant and equipment under finance leases.

(**) Assets received in lieu of payment relate to customers with past due debts. The set of assets held by the Bank that were acquired in lieu of payment should at no time exceed 20% of the Bank's regulatory capital. These assets currently represent 0.0877% (0.0694% in 2017) of the Bank's regulatory capital.

Assets awarded in a judicial auction are not subject to the margin mentioned above. These are assets held for sale and it is expected to complete the sale within one year of the asset being received or acquired. If the asset is not sold during the course of a year, it must be written off.

The provision for assets received in lieu of payment or awarded is recognized as indicated in Chapter B-5, number 3 of the Compendium of Accounting Standards, which requires a provision for the difference between the initial value plus any additions and their net realizable value, when the former is greater.

(***) This mainly includes simultaneous transactions by the subsidiary Banchile Corredores de Bolsa S.A.

Note 41 – Additional notes (continued)

Note 41.16 – Other assets (continued)

Movements in the provision for assets received in lieu of payment during 2018 and 2017 are detailed as follows.

Provisions for assets received in lieu of payment	**ThCh$**
Balance as of January 1, 2017	2,104,417
Provisions used	(2,947,012)
Provisions recorded	1,661,064
Provisions released	—
Balance as of December 31, 2017	818,469
Provisions used	(2,781,872)
Provisions recorded	2,769,279
Provisions released	—
Balance as of December 31, 2018	805,876

Note 41.17 – Demand deposits and other obligations

As of December 31, 2018 and 2017, these are detailed as follows.

	2018 ThCh$	**2017 ThCh$**
Current accounts	7,664,642,967	7,177,024,063
Other demand obligations	1,143,414,225	1,081,221,261
Other deposits and sight accounts	703,702,102	611,106,418
Total	9,511,759,294	8,869,351,742

Note 41.18 – Deposits and term obligations

As of December 31, 2018 and 2017, these are detailed as follows.

	2018 ThCh$	**2017 ThCh$**
Time deposits	10,338,098,434	9,739,898,710
Time savings accounts	224,302,388	214,119,751
Other term payables	87,948,533	109,691,420
Total	10,650,349,355	10,063,709,881

Note 41 – Additional notes (continued)

Note 41.19 - Obligations to banks

(a) As of December 31, 2018 and 2017, these are detailed as follows.

	2018 ThCh$	2017 ThCh$
Banks in Chile		
Banco do Brasil	7,001,458	1,100,138
Banco Security	374,453	—
Subtotal banks in Chile	7,375,911	1,100,138
Banks abroad		
Foreign trade financing		
Wells Fargo Bank	225,086,715	185,255,179
Citibank N.A.	212,329,423	246,937,491
Bank of America	210,280,127	166,650,900
Sumitomo Mitsui Banking	196,571,231	120,107,365
Bank of New York Mellon	152,828,399	43,143,419
The Bank of Nova Scotia	122,080,357	73,904,712
Toronto Dominion Bank	84,056,479	—
Mizuho Bank Ltd.	63,651,109	—
JP Morgan Chase Bank	62,556,772	39,147
Zuercher Kantonalbank	55,621,157	—
Commerzbank AG	1,083,785	71,601,719
Standard Chartered Bank	295,948	76,267,807
ING Bank	—	57,330,595
HSBC Bank USA	—	46,179,046
Others	23,948	81,294
Borrowings and other obligations		
Wells Fargo Bank	104,635,437	92,682,505
Citibank N.A.	15,941,045	4,618,396
Standard Chartered Bank	1,611,669	—
Bank of America	485,794	—
Deutsche Bank AG	161,425	5,551,370
Banco Santander Euro	—	3,574,824
Others	82,620	—
Subtotal banks abroad	1,509,383,440	1,193,925,769
Chilean Central Bank	—	576
Total	1,516,759,351	1,195,026,483

Note 41 – Additional notes (continued)

Note 41.19 - Obligations to banks (continued)

(b) Obligations to the Chilean Central Bank

Debts with the Chilean Central Bank include lines of credit for the renegotiation of loans and other debts with the Chilean Central Bank.

Total obligations to the Chilean Central Bank are as follows.

	2018 ThCh$	2017 ThCh$
Loans and other obligations	—	—
Line of credit for renegotiation of obligations with the Chilean Central Bank	—	576
Total	—	576

Note 41.20 – Debt instruments issued

As of December 31, 2018 and 2017, these are detailed as follows.

	2018 ThCh$	2017 ThCh$
Mortgage bonds	16,367,491	23,424,456
Bonds	6,769,051,764	5,769,334,174
Subordinated bonds	686,194,297	696,216,784
Total	7,471,613,552	6,488,975,414

During the year ended December 31, 2018, Banco de Chile placed bonds amounting to ThCh$2,157,586,801, consisting of bonds totaling ThCh$1,216,866,955 and commercial papers totaling ThCh$940,719,846, as follows:

Bonds

Series	Currency	Amount ThCh$	Term in years	Annual interest rate %	Issue date	Maturity date
BCHIEA0617	UF	106,001,420	6	1.60	01/03/2018	01/03/2024
BCHIBN1015	UF	114,211,561	12	2.90	01/24/2018	01/24/2030
BCHIEF1117	UF	79,611,996	8	1.80	02/09/2018	02/09/2026
BCHIEP0717	UF	104,549,517	11	2.00	02/13/2018	02/13/2029
BCHIBT1215	UF	57,936,563	14	3.00	03/13/2018	03/13/2032
BCHIBW1215	UF	59,080,689	14	2.20	08/14/2018	08/14/2032
BCHIDY0917	UF	55,619,331	5	1.24	08/16/2018	08/16/2023
BCHIEN1117	UF	109,543,243	10	2.08	09/25/2018	09/25/2028
BCHIDX0817	UF	109,310,820	5	1.70	10/22/2018	10/22/2023
BCHIDY0917	UF	12,025,232	5	1.74	10/22/2018	10/22/2023
BCHIDY0917	UF	15,298,687	5	1.75	10/22/2018	10/22/2023
BCHIBY1215	UF	59,373,543	15	2.29	10/24/2018	10/24/2033
BCHIBX0815	UF	58,998,202	15	2.29	10/24/2018	10/24/2033
BCHIBZ0815	UF	59,987,169	15	2.23	12/07/2018	12/07/2033
BCHIEJ0717	UF	82,878,076	9	1.99	12/12/2018	12/12/2027
Subtotal UF		1,084,426,049				
BCHIDH0916	CLP	20,370,271	4	3.80	06/11/2018	06/11/2022
BOND USD	USD	32,841,500	10	4.26	09/28/2018	09/28/2028
BOND CHF	CHF	79,229,135	5	0.57	10/26/2018	10/26/2023
Subtotal other currencies		132,440,906				
Total as of December 31, 2018		1,216,866,955				

Note 41 – Additional notes (continued)

Note 41.20 – Debt instruments issued (continued)

Commercial papers

Counterparty	Currency	Amount ThCh$	Annual interest rate %	Issue date	Maturity date
Wells Fargo Bank	USD	2,997,750	1.85	02/06/2018	05/08/2018
Wells Fargo Bank	USD	2,997,750	1.93	02/06/2018	06/08/2018
Wells Fargo Bank	USD	2,997,750	1.98	02/06/2018	07/09/2018
Wells Fargo Bank	USD	2,997,750	2.05	02/06/2018	08/06/2018
Wells Fargo Bank	USD	2,997,750	2.05	02/06/2018	08/08/2018
Wells Fargo Bank	USD	29,715,500	2.25	02/28/2018	06/28/2018
Wells Fargo Bank	USD	1,723,499	2.40	02/28/2018	08/29/2018
Citibank N.A.	USD	6,893,996	2.60	02/28/2018	02/25/2019
Wells Fargo Bank	USD	13,780,680	2.30	03/02/2018	07/02/2018
Wells Fargo Bank	USD	4,489,275	2.30	03/05/2018	07/06/2018
Citibank N.A.	USD	18,080,700	2.22	03/07/2018	06/05/2018
Wells Fargo Bank	USD	1,747,395	2.25	03/13/2018	06/11/2018
Wells Fargo Bank	USD	3,006,000	2.45	03/14/2018	09/11/2018
Wells Fargo Bank	USD	605,660	2.60	03/15/2018	12/14/2018
Wells Fargo Bank	USD	604,670	2.60	03/29/2018	09/28/2018
Wells Fargo Bank	USD	60,343,000	2.60	04/05/2018	09/04/2018
Wells Fargo Bank	USD	30,254,000	2.50	04/06/2018	08/01/2018
Wells Fargo Bank	USD	1,743,074	2.40	04/10/2018	08/09/2018
Wells Fargo Bank	USD	8,918,100	2.75	04/13/2018	04/12/2019
Wells Fargo Bank	USD	8,945,850	2.75	04/17/2018	04/16/2019
Citibank N.A.	USD	19,046,400	2.36	05/08/2018	08/08/2018
Citibank N.A.	USD	31,664,500	2.38	05/09/2018	08/07/2018
Citibank N.A.	USD	1,872,900	2.37	05/10/2018	08/08/2018
Citibank N.A.	USD	12,249,804	2.36	05/14/2018	08/15/2018
Wells Fargo Bank	USD	18,968,100	2.70	06/11/2018	04/01/2019
Wells Fargo Bank	USD	28,973,451	2.42	06/13/2018	07/24/2018
Wells Fargo Bank	USD	15,991,000	2.45	06/19/2018	09/20/2018
Citibank N.A.	USD	12,777,600	2.41	06/20/2018	09/20/2018
Citibank N.A.	USD	31,944,000	2.45	06/20/2018	10/03/2018
Wells Fargo Bank	USD	3,194,400	2.65	06/20/2018	02/13/2019
Citibank N.A.	USD	3,884,785	2.50	06/22/2018	11/23/2018
Wells Fargo Bank	USD	19,496,400	2.20	06/28/2018	07/27/2018
Wells Fargo Bank	USD	4,874,775	2.30	07/03/2018	09/11/2018
Wells Fargo Bank	USD	29,556,000	2.30	07/06/2018	09/10/2018
Wells Fargo Bank	USD	62,078,700	2.45	07/17/2018	10/17/2018
Wells Fargo Bank	USD	32,728,500	2.45	07/24/2018	10/22/2018
Wells Fargo Bank	USD	19,283,400	2.45	07/27/2018	10/29/2018
Wells Fargo Bank	USD	31,919,000	2.50	07/30/2018	11/29/2018
Wells Fargo Bank	USD	16,039,250	2.52	08/01/2018	12/06/2018
Citibank N.A.	USD	25,786,800	2.50	08/02/2018	12/06/2018
Wells Fargo Bank	USD	10,858,757	2.47	08/07/2018	12/14/2018
Wells Fargo Bank	USD	3,238,200	2.46	08/09/2018	12/14/2018
Wells Fargo Bank	USD	17,070,000	2.53	08/31/2018	12/28/2018
Wells Fargo Bank	USD	6,929,100	2.58	09/04/2018	02/06/2019
Citibank N.A.	USD	34,645,500	2.57	09/04/2018	01/04/2019
Citibank N.A.	USD	4,902,479	2.24	09/07/2018	10/09/2018
Citibank N.A.	USD	34,524,500	2.25	09/07/2018	10/09/2018
Citibank N.A.	USD	1,741,750	2.23	09/10/2018	10/09/2018
Wells Fargo Bank	USD	3,483,500	2.65	09/10/2018	03/11/2019
Wells Fargo Bank	USD	6,025,936	2.45	09/11/2018	12/06/2018
Bofa Merrill Lynch	USD	18,420,980	2.62	09/14/2018	03/01/2019
Wells Fargo Bank	USD	33,464,000	2.48	09/20/2018	12/20/2018
Wells Fargo Bank	USD	1,321,920	2.70	10/03/2018	04/05/2019
Wells Fargo Bank	USD	13,590,600	2.78	10/12/2018	04/25/2019
Wells Fargo Bank	USD	6,694,200	2.55	10/16/2018	01/16/2019
Citibank N.A.	USD	6,712,800	2.50	10/17/2018	01/04/2019
Citibank N.A.	USD	34,208,000	2.65	10/23/2018	01/22/2019
Citibank N.A.	USD	20,482,800	2.84	12/11/2018	03/11/2019
Wells Fargo Bank	USD	2,236,410	2.90	12/12/2018	04/12/2019
Wells Fargo Bank	USD	34,555,000	2.67	12/20/2018	02/19/2019
Wells Fargo Bank	USD	10,466,100	2.97	12/27/2018	05/02/2019
Wells Fargo Bank	USD	6,977,400	2.97	12/27/2018	04/29/2019
Total as of December 31, 2018		940,719,846			

No subordinated bonds were issued during the year ended December 31, 2018.

Note 41 – Additional notes (continued)

Note 41.20 – Debt instruments issued (continued)

During the year ended December 31, 2017, Banco de Chile placed bonds amounting to ThCh$1,399,000,505, consisting of bonds totaling ThCh$590,051,819 and commercial papers totaling ThCh$808,948,686, as follows.

Senior bonds

Series	Currency	Amount ThCh$	Term in years	Annual interest rate %	Issue date	Maturity date
BCHIBQ0915	UF	58,643,368	13	3.00	01/20/2017	01/20/2030
BCHIBH0915	UF	56,337,585	9	2.70	02/01/2017	02/01/2026
BCHIBP1215	UF	58,156,986	13	3.00	03/06/2017	03/06/2030
BCHIBC1215	UF	30,544,071	6	2.50	03/06/2017	03/06/2023
BCHIBC1215	UF	5,554,301	6	2.50	03/07/2017	03/07/2023
BCHIBC1215	UF	19,599,978	6	2.50	04/12/2017	04/12/2023
BCHIBG1115	UF	85,114,507	9	2.70	05/09/2017	05/09/2026
BCHIBE1115	UF	55,096,621	7	2.70	10/16/2017	10/16/2024
BCHIBR1215	UF	57,349,702	13	3.00	11/17/2017	11/17/2030
Subtotal UF		426,397,119				
BOND EUR	EUR	36,782,000	15	1.71	04/26/2017	04/26/2032
BOND JPY	JPY	55,506,000	20	1.02	10/17/2017	10/17/2037
BOND USD	USD	71,366,700	20	2.49	12/20/2017	12/20/2037
Subtotal other currencies		163,654,700				
Total as of December 31, 2017		590,051,819				

Note 41 – Additional notes (continued)

Note 41.20 – Debt instruments issued (continued)

Commercial papers

Counterparty	Amount ThCh$	Annual interest rate %	Currency	Issue date	Maturity date
Citibank N.A.	13,222,851	1.37	USD	01/05/2017	06/05/2017
Wells Fargo Bank	16,701,750	1.50	USD	01/06/2017	07/03/2017
Wells Fargo Bank	6,680,700	1.48	USD	01/06/2017	07/05/2017
Wells Fargo Bank	3,340,350	1.38	USD	01/06/2017	06/05/2017
Wells Fargo Bank	3,340,350	1.27	USD	01/06/2017	05/08/2017
Wells Fargo Bank	3,340,350	1.17	USD	01/06/2017	04/06/2017
Wells Fargo Bank	24,905,601	1.20	USD	01/09/2017	04/10/2017
Wells Fargo Bank	671,310	1.47	USD	01/09/2017	07/10/2017
Citibank N.A.	2,685,240	1.47	USD	01/09/2017	07/28/2017
Citibank N.A.	67,131,000	1.27	USD	01/09/2017	05/12/2017
Wells Fargo Bank	20,104,500	1.36	USD	01/10/2017	06/09/2017
Bofa Merrill Lynch	16,753,750	1.35	USD	01/10/2017	06/09/2017
Wells Fargo Bank	1,318,160	1.23	USD	01/13/2017	05/12/2017
Wells Fargo Bank	3,295,400	1.43	USD	01/13/2017	07/12/2017
Bofa Merrill Lynch	3,883,980	1.70	USD	02/07/2017	02/06/2018
Bofa Merrill Lynch	4,531,310	1.70	USD	02/07/2017	02/06/2018
Bofa Merrill Lynch	11,016,510	1.70	USD	02/08/2017	02/07/2018
Wells Fargo Bank	12,797,000	1.40	USD	02/10/2017	09/01/2017
Wells Fargo Bank	19,195,500	1.40	USD	02/10/2017	09/11/2017
Wells Fargo Bank	19,284,000	1.70	USD	02/13/2017	02/12/2018
Wells Fargo Bank	1,607,000	1.32	USD	02/13/2017	08/14/2017
Citibank N.A.	10,992,176	1.04	USD	02/15/2017	05/15/2017
Citibank N.A.	15,977,000	1.34	USD	02/15/2017	08/15/2017
Citibank N.A.	4,473,560	1.34	USD	02/15/2017	08/15/2017
Citibank N.A.	4,471,320	1.35	USD	02/16/2017	09/08/2017
Wells Fargo Bank	9,885,450	1.40	USD	03/21/2017	09/29/2017
Bofa Merrill Lynch	33,024,000	1.16	USD	03/24/2017	06/23/2017
Bofa Merrill Lynch	26,419,200	1.16	USD	03/24/2017	06/23/2017
Bofa Merrill Lynch	33,165,000	1.42	USD	03/30/2017	09/27/2017
Wells Fargo Bank	16,650,990	1.30	USD	04/10/2017	08/08/2017
Wells Fargo Bank	13,351,188	1.45	USD	04/11/2017	10/10/2017
Citibank N.A.	33,061,000	1.30	USD	06/12/2017	09/12/2017
Wells Fargo Bank	2,644,880	1.48	USD	06/12/2017	12/11/2017
Bofa Merrill Lynch	7,972,080	1.30	USD	06/16/2017	09/15/2017
Wells Fargo Bank	6,643,400	1.75	USD	06/16/2017	06/15/2018
Wells Fargo Bank	6,786,264	1.81	USD	06/21/2017	06/20/2018
Citibank N.A.	10,417,995	1.48	USD	06/23/2017	12/19/2017
Citibank N.A.	5,959,530	1.46	USD	06/27/2017	12/19/2017
Citibank N.A.	26,486,800	1.35	USD	06/27/2017	10/23/2017
J P Morgan Chase	33,322,000	1.48	USD	07/11/2017	11/08/2017
Citibank N.A.	32,870,500	1.52	USD	07/14/2017	01/12/2018
Wells Fargo Bank	16,283,500	1.55	USD	07/31/2017	01/31/2018
Wells Fargo Bank	3,256,700	1.55	USD	07/31/2017	01/31/2018
Wells Fargo Bank	6,513,400	1.42	USD	07/31/2017	10/31/2017
Wells Fargo Bank	6,513,400	1.42	USD	07/31/2017	10/31/2017
Wells Fargo Bank	10,951,876	1.52	USD	08/14/2017	02/09/2018
Wells Fargo Bank	12,852,200	1.52	USD	08/21/2017	02/16/2018
Wells Fargo Bank	19,047,000	1.47	USD	08/25/2017	12/22/2017
Wells Fargo Bank	18,708,000	1.63	USD	10/13/2017	04/11/2018
Wells Fargo Bank	12,472,000	1.63	USD	10/13/2017	04/09/2018
Wells Fargo Bank	24,944,000	1.77	USD	10/13/2017	07/10/2018
Wells Fargo Bank	6,236,000	1.91	USD	10/13/2017	10/12/2018
Bofa Merrill Lynch	12,472,000	1.63	USD	10/13/2017	04/12/2018
J P Morgan Chase	8,215,090	1.83	USD	11/14/2017	08/13/2018
Wells Fargo Bank	15,882,500	1.65	USD	11/21/2017	03/21/2018
Wells Fargo Bank	42,623,750	1.75	USD	12/07/2017	03/05/2018
Wells Fargo Bank	1,596,325	2.25	USD	12/14/2017	12/13/2018
Total as of December 31, 2017	808,948,686				

No subordinated bonds were issued during the year ended December 31, 2017.

Note 41 – Additional notes (continued)

Note 41.20 – Debt instruments issued (continued)

During 2018 and 2017 the Bank has not defaulted on its principal and interest payments on its debt instruments. Neither has there been any non-compliance with covenants nor other commitments associated with its debt instruments.

Note 41.21 – Other financial obligations

As of December 31, 2018 and 2017, these are detailed as follows.

	2018 ThCh$	**2017 ThCh$**
Other obligations in Chile	95,912,024	104,664,921
Public-sector obligations	22,101,395	32,497,924
Total	118,013,419	137,162,845

Note 41.22 - Provisions

(a) Provisions as of December 31, 2018 and 2017, are detailed as follows.

	2018 ThCh$	**2017 ThCh$**
Provisions for minimum dividends to SM-Chile shareholders	24,585,345	25,587,292
Provisions for minimum dividends to other shareholders	98,356,882	99,788,485
Personnel remuneration and benefits provisions	92,579,915	86,628,220
Provisions for contingent credit risks	55,531,493	58,031,535
Provisions for contingencies:		
Additional provisions	213,251,877	213,251,877
Country risk provisions	2,880,625	3,317,035
Other contingent provisions	467,480	21,733,479
Total	487,653,617	508,337,923

Note 41 – Additional notes (continued)

Note 41.22 - Provisions (continued)

(b) Movements in provisions during 2018 and 2017 are detailed as follows.

	Minimum dividends ThCh$	Personnel benefits and remuneration ThCh$	Contingent credit risks ThCh$	Additional provisions ThCh$	Country risk and other contingencies ThCh$	Total ThCh$
Balance as of January 1, 2017	114,230,286	83,344,958	53,680,388	213,251,877	26,513,136	491,020,645
Provisions recorded	125,375,777	68,491,579	4,351,147	—	—	198,218,503
Provisions used	(114,230,286)	(65,208,317)	—	—	—	(179,438,603)
Provisions released	—	—	—	—	(1,462,622)	(1,462,622)
Balance as of December 31, 2017	125,375,777	86,628,220	58,031,535	213,251,877	25,050,514	508,337,923
Provisions recorded	122,942,227	72,945,600	—	—	3,000	195,890,827
Provisions used	(125,375,777)	(66,993,905)	—	—	(19,346,551)	(211,716,233)
Provisions released	—	—	(2,500,042)	—	(2,358,858)	(4,858,900)
Balance as of December 31, 2018	122,942,227	92,579,915	55,531,493	213,251,877	3,348,105	487,653,617

(c) Provisions for personnel benefits and remuneration

	2018 ThCh$	2017 ThCh$
Provisions for performance bonuses	47,796,706	43,371,850
Provisions for vacations	26,856,162	25,159,467
Provisions for termination benefits	7,754,497	7,675,596
Provision for other employee benefits	10,172,550	10,421,307
Total	92,579,915	86,628,220

(d) Termination benefits:

(i) Movements in termination benefit provisions

	2018 ThCh$	2017 ThCh$
Opening balance	7,675,596	8,850,848
Increase (decrease) in provision	550,427	257,278
Payments	(598,582)	(1,268,326)
Effect of change in actuarial factors	127,056	(164,204)
Closing balance	7,754,497	7,675,596

(ii)

	2018 ThCh$	2017 ThCh$
Increase (decrease) in provision	249,654	(86,210)
Interest cost of benefit obligations	300,773	343,488
Effect of change in actuarial factors	127,056	(164,204)
Net cost of benefits	677,483	93,074

Note 41 – Additional notes (continued)

Note 41.22 - Provisions (continued)

(d) Termination benefits (continued)

(iii) Factors used to calculate the provision

The principal assumptions used to calculate termination benefits for Banco de Chile's plan are as follows.

	December 31, 2018 %	December 31, 2017 %
Discount rate	4.25	4.53
Salary increase rate	4.42	4.14
Probability of payment	99.99	99.99

The most recent actuarial valuation of the provision for termination benefits was made as of December 31, 2017.

(e) Movement in provision for performance bonuses

	2018 ThCh$	2017 ThCh$
Opening balance	43,371,850	37,867,687
Provisions recorded	40,057,913	37,814,949
Provisions used	(35,633,057)	(32,310,786)
Provisions released	—	—
Closing balance	47,796,706	43,371,850

(f) Movement in provision for personnel vacation

(g) Provisions for share-based employee benefits:

As of December 31, 2018 and 2017, the Bank and its subsidiaries have no share compensation plan.

(h) Provisions for contingent loans

As of December 31, 2018, the Bank and its subsidiaries had provisions for contingent loans of ThCh$55,531,493 (ThCh$58,031,535 in 2017). See Note 41.24 (d).

Note 41 – Additional notes (continued)

Note 41.23 – Other liabilities

As of December 31, 2018 and 2017, these are detailed as follows.

	2018 ThCh$	2017 ThCh$
Accounts and notes payable	176,825,413	190,129,401
Income received in advance	5,743,394	5,576,210
Dividends payable	744,177	844,796
Other liabilities		
Securities being settled	106,071,475	2,625,738
Document broking transactions (*)	53,491,218	49,672,661
Co-branding	36,081,304	32,904,863
VAT payable	13,719,500	12,882,375
Insurance payables	991,828	477,505
Transactions pending settlement	615,473	674,334
Others	18,988,671	14,410,210
Total	413,246,148	310,198,093

(*) Includes mainly the financing of simultaneous transactions carried out by the subsidiary Banchile Corredores de Bolsa S.A.

Note 41 – Additional notes (continued)

Note 41.24 - Contingencies and commitments

(a) Commitments and responsibilities recorded in memorandum accounts (off balance sheet):

In order to meet its customers' needs, the Bank has acquired several irrevocable commitments and contingent obligations. Although these obligations cannot be shown in the statement of financial position, they involve credit risks and are therefore part of the Bank's overall risk.

The Bank and its subsidiaries record in memorandum accounts the following balances related to such commitments and business-related liabilities.

	2018 ThCh$	2017 ThCh$
Contingent liabilities		
Guarantees and sureties	341,675,653	285,034,952
Confirmed foreign letters of credit	56,763,719	64,970,294
Documentary letters of credit opened	388,396,458	94,313,163
Performance bonds	2,232,681,987	2,220,828,060
Committed lines of credit	7,769,325,072	7,240,406,336
Other credit commitments	46,561,415	60,608,619
Transactions on behalf of third parties		
Documents for collection	160,366,277	168,353,200
Third-party funds managed by the Bank:		
Financial assets managed on behalf of third parties	27,333,554	7,120,950
Other assets managed on behalf of third parties	—	—
Financial assets acquired in Bank's name	103,319,259	133,793,607
Other assets acquired in Bank's name	—	—
Securities custody		
Securities held in custody with the Bank	6,930,292,654	5,738,873,276
Securities deposited in other entities	13,783,747,798	14,990,438,567
Total	31,840,463,846	31,004,741,024

Note 41 – Additional notes (continued)

Note 41.24 - Contingencies and commitments (continued)

(b) Lawsuits and legal proceedings

(b.1) Normal court contingencies for the industry

There are legal proceedings against the Bank at the date of issue of these consolidated financial statements with respect to its business. As of December 31, 2018, the Bank has provisions for legal contingencies of ThCh$156,000 (ThCh$21,470,000 in December 2017(*)), which form part of "Provisions" in the statement of financial position.

The estimated completion dates of the respective lawsuits are as follows.

	December 31, 2018				
	2019 ThCh$	2020 ThCh$	2021 ThCh$	2022 ThCh$	Total ThCh$
Legal contingencies	24,000	180,000	—	—	204,000

(*) The National Consumer Service brought a class action suit against Banco de Chile, which ended with a Conciliation Agreement signed by the parties on June 14, 2018, and was approved by the court under an enforceable resolution.

(b.2) Contingencies for significant legal proceedings.

As of December 31, 2018 and 2017, there are no significant legal proceedings that affect or could affect these consolidated financial statements.

Note 41 – Additional notes (continued)

Note 41.24 - Contingencies and commitments (continued)

(c) Business guarantees

(c.1) Subsidiary Banchile Administradora General de Fondos S.A.

In compliance with article 12 of Law 20,712, Banchile Administradora General de Fondos S.A., has designated Banco de Chile as the representative of the beneficiaries of the guarantees it has established and in that role the Bank has issued performance bonds totaling UF 2,977,300, maturing on January 10, 2019 (UF 2,588,500, maturing on January 10, 2018 in 2017). The company took guarantee insurance policies for real estate funds with Mapfre Seguros Generales S.A., for a guaranteed total of UF 586,200.

As of December 31, 2018 and 2017, there were no guaranteed mutual funds.

In compliance with letter f) of Circular 1,894 of September 24, 2008 issued by the CMF (formerly the Superintendency of Securities and Insurance), the company has given a guarantee in favor of investors for portfolio management. This guarantee is a performance bond for UF 499,800 maturing on January 10, 2019.

(c.2) Subsidiary Banchile Corredores de Bolsa S.A.

In order to ensure the correct and full compliance with all its obligations as a stockbroker in accordance with Article 30 onward of the Securities Market Law 18,045, Banchile Corredores de Bolsa S.A. contracted an insurance guarantee for UF 20,000 with Mapfre Seguros that expires on April 22, 2020, whereby the Bolsa de Comercio de Santiago (Santiago Stock Exchange) was appointed as the creditors' representative.

	2018	2017
Securities in guarantee	**ThCh$**	**ThCh$**
Shares in guarantee of simultaneous sales transactions on:		
Securities exchange of the Bolsa de Comercio de Santiago	59,074,300	20,249,101
Securities exchange of the Bolsa Electrónica de Chile	17,222,912	29,925,987
Fixed-income securities to guarantee CCLV system		
Securities exchange of the Bolsa de Comercio de Santiago	5,976,096	3,994,966
Shares to guarantee equity lending		
Bolsa Electrónica de Chile	—	3,864,202
Total	82,273,308	58,034,256

Note 41 – Additional notes (continued)

Note 41.24 - Contingencies and commitments (continued)

(c) Guarantees granted for operations (continued)

(c.2) Subsidiary Banchile Corredores de Bolsa S.A. (continued)

The company has granted a pledge over one million shares of the Bolsa de Comercio de Santiago (Santiago Stock Exchange) in favor of that institution, as recorded in public deed dated September 13, 1990, signed before the Santiago public notary Mr. Raúl Perry Pefaur, and over one hundred thousand shares of the Bolsa Electrónica de Chile (Chilean Electronic Exchange) in favor of that institution, as recorded in a contract entered into by both parties on May 16, 1990, in accordance with the internal regulations of the stock exchanges in which it participates, and to guarantee that the broker operates correctly.

Banchile Corredores de Bolsa S.A. has an integral insurance policy with Southbridge Compañía de Seguros Generales S.A. expiring on January 2, 2019, that covers employee fidelity, physical losses, falsification or adulteration, and currency fraud with coverage equivalent to US$ 10,000,000.

According to instructions from the Chilean Central Bank, a performance bond for UF10,500 has been granted to comply with the contract SOMA (Contract for Open Market Operations System Service) of the Chilean Central Bank. This performance bond is in UF for a fixed term and not endorsable, with expiry on July 22, 2019.

Performance bond N° 358131-6 for UF 242,000 was granted for the benefit of investors with portfolio management contracts. This performance bond is in UF for a fixed term and not endorsable, with expiry on January 10, 2019.

A cash guarantee was granted for US$ 122,494.32 to cover obligations contracted with Pershing, for operations made through this broker.

c.3) Subsidiary Banchile Corredores de Seguros Ltda

In accordance with Article 58 letter D of D.F.L.251 as of December 31, 2018 the entity has two insurance policies for the period April 15, 2018 to April 14, 2019, covering potential damages due to breaches of the law, regulations and complementary rules that regulate insurance brokers, and especially when non-compliance results from acts, mistakes or omissions of the brokers, its representatives, agents or dependents that participate in the broking.

The policies are as follows.

Risk insured	**Amount Insured (UF)**
Responsibility for errors and omissions	60,000
Civil liability	500

Note 41 – Additional notes (continued)

Note 41.24 - Contingencies and commitments (continued)

(d) Provisions for contingent credits

Provisions established for credit risks on contingent transactions are detailed as follows.

	2018 ThCh$	2017 ThCh$
Provisions for unrestricted credit lines	29,254,871	34,030,646
Provisions for performance bonds	22,805,693	20,509,444
Provisions for guarantees and sureties	2,891,477	2,870,761
Provisions for letters of credit	494,134	360,638
Provisions for other credit commitments	85,318	260,046
Total	55,531,493	58,031,535

On January 30, 2014, the CMF filed administrative charges against Banchile Corredores de Bolsa S.A. for alleged infractions to the second paragraph of Article 53 of the Securities Market Law in relation to certain transactions carried out during 2009, 2010 and 2011 in shares of Sociedad Química y Minera de Chile S.A. (SQM). The second paragraph of Article 53 of the Securities Market Law provides that "...No person may carry out transactions or induce or attempt to induce the purchase or sale of securities, whether or not governed by this law, by means any deceptive or fraudulent act, practice, mechanism or device."

On October 30, 2014, the CMF imposed a fine of UF 50,000 on Banchile Corredores de Bolsa S.A. for infractions to the second paragraph of Article 53 of the Securities Market Law in relation to specific transactions in SQM-A shares brokered by the Company during 2011.

Banchile Corredores de Bolsa SA, filed an appeal against Resolution 270 dated October 30, 2014, issued by the CMF with the Eleventh Civil Court of Santiago requesting that the fine be annulled. This appeal was combined with Case 25,795-2014 at the Twenty-second Civil Court of Santiago. On December 10, 2018 this Court summoned the parties to hear sentence, which has not yet taken place.

Banchile Corredores de Bolsa S.A. has not recorded any provisions for this case, in accordance with the company's provisioning policy, as sentence has not yet been given in these proceedings and the company's legal advisors believe there are solid arguments to support the appeal.

Note 41 – Additional notes (continued)

Note 41.25 – Interest and indexation income and expense

(a) The composition of interest and indexation income and expense as of the close of the financial statements is as follows.

	2018				2017			
	Interest ThCh$	Indexation ThCh$	Prepayment Fees ThCh$	Total ThCh$	Interest ThCh$	Indexation ThCh$	Prepayment Fees ThCh$	Total ThCh$
Commercial loans	636,146,907	151,987,928	4,142,638	792,277,473	712,874,670	87,762,975	7,417,156	808,054,801
Consumer loans	602,627,753	1,840,612	8,826,979	613,295,344	603,689,396	1,195,614	9,528,262	614,413,272
Residential mortgage loans	283,065,746	214,619,335	5,009,961	502,695,042	276,259,339	120,788,355	5,165,885	402,213,579
Investment instruments	40,194,644	12,269,952	—	52,464,596	30,800,487	4,057,013	—	34,857,500
Repurchase agreements	2,767,245	—	—	2,767,245	1,714,136	—	—	1,714,136
Loans and advances to banks	24,138,102	—	—	24,138,102	15,023,794	—	—	15,023,794
Other interest and indexation income	9,335,125	2,575,155	—	11,910,280	3,971,164	1,193,975	—	5,165,139
Total	1,598,275,522	383,292,982	17,979,578	1,999,548,082	1,644,332,986	214,997,932	22,111,303	1,881,442,221

The amount of interest and indexation income recognized as received on the impaired portfolio during 2018 amounted to ThCh$5,112,770 (ThCh$6,426,047 in 2017).

(b) At each year end, the stock of interest and indexation income not recognized in income is detailed as follows:

	2018			2017		
	Interest ThCh$	Indexation ThCh$	Total ThCh$	Interest ThCh$	Indexation ThCh$	Total ThCh$
Commercial loans	6,590,707	966,910	7,557,617	7,434,100	878,946	8,313,046
Residential mortgage loans	2,740,819	1,623,976	4,364,795	2,850,583	1,386,122	4,236,705
Consumer loans	41,826	—	41,826	32,029	17,151	49,180
Total	9,373,352	2,590,886	11,964,238	10,316,712	2,282,219	12,598,931

Note 41 – Additional notes (continued)

Note 41.25 – Interest and indexation income and expense (continued)

(c) Interest and indexation expense for the years ended December 31, 2018 and 2017, excluding hedge results, is detailed as follows.

	2018			2017		
	Interest ThCh$	**Indexation ThCh$**	**Total ThCh$**	**Interest ThCh$**	**Indexation ThCh$**	**Total ThCh$**
Savings accounts and time deposits	227,872,401	48,230,460	276,102,861	322,734,837	28,201,336	350,936,173
Debt instruments issued	198,242,749	154,106,747	352,349,496	184,200,204	84,002,717	268,202,921
Other financial obligations	1,362,860	118,847	1,481,707	1,519,591	121,226	1,640,817
Repurchase agreements	8,901,758	—	8,901,758	5,192,938	383	5,193,321
Obligations with banks	29,273,968	863	29,274,831	19,254,645	(38)	19,254,607
Demand deposits	324,075	9,056,084	9,380,159	193,048	5,156,550	5,349,598
Other interest or indexation expense	62,568	631,121	693,689	2,157	251,036	253,193
Total	466,040,379	212,144,122	678,184,501	533,097,420	117,733,210	650,830,630

(d) As of December 31, 2018 and 2017, the Bank uses cross-currency and interest-rate swaps to hedge its position in the fair value of corporate bonds and commercial loans, and cross-currency swaps for hedging the risk of variations in obligation flows with banks abroad and bonds issued in foreign currency.

	2018			2017		
	Income ThCh$	**Expense ThCh$**	**Total ThCh$**	**Income ThCh$**	**Expense ThCh$**	**Total ThCh$**
Accounting hedge fair calue gain	1,380,237	—	1,380,237	4,739,797	—	4,739,797
Accounting hedge fair value loss	(3,605,312)	—	(3,605,312)	(5,384,799)	—	(5,384,799)
Accounting cash-flow hedge gain	284,424,072	304,246,028	588,670,100	239,295,515	175,887,526	415,183,041
Accounting cash-flow hedge loss	(341,149,482)	(280,551,707)	(621,701,189)	(213,938,761)	(230,721,014)	(444,659,775)
Result adjustment hedged element	389,809	—	389,809	(3,990,058)	—	(3,990,058)
Total	(58,560,676)	23,694,321	(34,866,355)	20,721,694	(54,833,488)	(34,111,794)

(e) The summary of interest and indexation for the years ended December 31, 2018 and 2017, is as follows:

	2018 ThCh$	**2017 ThCh$**
Interest and indexation income.	1,999,548,082	1,881,442,221
Interest and indexation expense	(678,184,501)	(650,830,630)
Total net interest and indexation	1,321,363,581	1,230,611,591

Note 41 – Additional notes (continued)

Note 41.26 - Fee income and expense

The fee income and expense shown in the consolidated statements of income is as follows.

	2018 ThCh$	2017 ThCh$
Fee income		
Card services	167,201,255	155,572,772
Investments in mutual funds or others	91,173,555	86,103,268
Collections and payments	52,717,426	50,342,866
Account administration	46,730,449	43,915,304
Insurance sales commission	32,886,412	30,162,980
Guarantees and letters of credit	25,020,278	24,485,321
Securities trading and brokerage	24,632,164	18,740,416
Distribution channel income	20,974,080	18,203,745
Brand income	14,840,437	14,514,507
Financial consultancy income	5,045,788	5,535,881
Credit lines and overdrafts	4,837,253	5,000,496
Other fee income	19,056,980	19,123,990
Total fee income	505,116,077	471,701,546
Fee expenses		
Card transactions	(113,402,648)	(96,872,252)
Interbank transactions	(16,554,364)	(13,189,399)
Securities transactions	(7,544,885)	(6,802,362)
Collections and payments	(6,545,965)	(6,205,531)
Sales force	(258,356)	(213,043)
Other fees and commissions	(853,446)	(745,871)
Total fee expenses	(145,159,664)	(124,028,458)

Note 41 – Additional notes (continued)

Note 41.27 – Net financial operating income

The net gain (loss) on financial transactions is detailed as follows.

	2018 ThCh$	2017 ThCh$
Trading derivatives	85,959,767	(74,874,230)
Financial instruments for trading	50,642,727	56,264,908
Sale of loan portfolio (Note 41.10 (f))	1,742,902	3,542,208
Sale of investments held for sale	1,118,095	6,514,013
Net gain (loss) from other transactions	390,813	303,824
Total	139,854,304	(8,249,277)

Note 41.28 – Net exchange gain (loss)

Net exchange gains (losses) are detailed as follows.

	2018 ThCh$	2017 ThCh$
Gains (losses) from hedge accounting	118,690,298	(64,135,388)
Exchange differences, net	9,608,655	(7,220,686)
Foreign currency indexation	(125,596,884)	176,230,794
Total	2,702,069	104,874,720

Note 41 – Additional notes (continued)

Note 41.29 – Loan loss provisions

Movements in 2018 and 2017 in provisions are detailed as follows.

	Loans and advances to banks		Customer loans and receivables: Commercial loans		Customer loans and receivables: Residential mortgage loans		Customer loans and receivables: Consumer loans		Subtotal		Contingent loans		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Provisions recorded:														
- Individual provisions	(505,139)	(55,299)	—	—	—	—	—	—	—	—	(2,369,326)	(1,220,061)	(2,874,465)	(1,275,360)
- Group provisions	—	—	(66,149,540)	(47,065,275)	(1,675,065)	(2,991,283)	(281,261,918)	(248,057,647)	(349,086,523)	(298,114,205)	—	(3,131,086)	(349,086,523)	(301,245,291)
Total provisions recorded	(505,139)	(55,299)	(66,149,540)	(47,065,275)	(1,675,065)	(2,991,283)	(281,261,918)	(248,057,647)	(349,086,523)	(298,114,205)	(2,369,326)	(4,351,147)	(351,960,988)	(302,520,651)
Provisions released:														
- Individual provisions	—	—	5,079,560	18,059,077	—	—	—	—	5,079,560	18,059,077	—	—	5,079,560	18,059,077
- Group provisions	—	—	23,228	—	—	—	—	—	23,228	—	4,869,368	—	4,892,596	—
Total provisions released	—	—	5,102,788	18,059,077	—	—	—	—	5,102,788	18,059,077	4,869,368	—	9,972,156	18,059,077
Net provisions	(505,139)	(55,299)	(61,046,752)	(29,006,198)	(1,675,065)	(2,991,283)	(281,261,918)	(248,057,647)	(343,983,735)	(280,055,128)	2,500,042	(4,351,147)	(341,988,832)	(284,461,574)
Additional provisions	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Recovery of charged-off assets	—	—	13,578,751	13,751,492	4,571,582	3,246,351	42,428,250	32,480,806	60,578,583	49,478,649	—	—	60,578,583	49,478,649
Net credit risk provisions	(505,139)	(55,299)	(47,468,001)	(15,254,706)	2,896,517	255,068	(238,833,668)	(215,576,841)	(283,405,152)	(230,576,479)	2,500,042	(4,351,147)	(281,410,249)	(234,982,925)

In the opinion of the management, the loan loss provisions constituted cover all possible losses that might arise from the non-recovery of assets, according to the information examined by the Bank.

The amounts in the consolidated statement of cash flows are detailed as follows:

	2018	**2017**
	ThCh$	**ThCh$**
Provisions recorded for loans, receivables and advances to banks.	(349,591,662)	(298,169,504)
Provisions released for loans, receivables and advances to banks.	5,102,788	18,059,077
Total provisions for loans, receivables and advances to banks.	(344,488,874)	(280,110,427)

Note 41 – Additional notes (continued)

Note 41.30 – Payroll and personnel expenses

Payroll and personnel expenses for the years 2018 and 2017 are detailed as follows.

	2018 ThCh$	**2017 ThCh$**
Payroll	245,235,368	235,986,420
Bonuses and incentives	64,621,525	42,465,340
Variable remuneration	36,901,392	36,471,136
Meals and health benefits	26,698,137	26,835,622
Legal bonuses	26,275,250	25,401,652
Termination benefits	19,940,924	21,240,886
Training expenses	3,908,854	3,554,845
Other personnel expenses	19,311,971	17,596,544
Total	442,893,421	409,552,445

Note 41.31 - Administrative expenses

Administrative expenses for the years 2018 and 2017 are detailed as follows.

	2018 ThCh$	**2017 ThCh$**
General administrative expenses		
Data processing and communications	79,300,155	69,932,771
Maintenance and repair of property, plant and equipment	36,715,661	35,043,868
Office and equipment rentals	27,012,966	25,809,904
External professional and consultancy fees	16,689,620	11,513,370
Security and transportation of valuables	11,828,144	11,927,187
Office supplies	8,535,316	8,237,598
Rental of automated teller machine spaces	7,760,629	7,207,430
Postal and courier delivery services	6,045,193	5,342,626
Lighting, heating and other services	5,676,357	5,674,172
Insurance premiums	5,285,571	5,797,155
External financial reporting services	4,787,492	4,509,788
Legal and notary costs	4,398,161	3,913,028
Personnel travel and entertainment expenses	3,763,434	4,040,112
External document custody services	3,087,882	3,218,351
Donations	1,982,239	2,537,566
Other general administrative expenses	8,590,882	6,904,575
Subtotal	231,459,702	211,609,501
Subcontracted services		
Credit evaluation	21,951,777	19,577,445
External technological development expenses	9,984,080	10,417,916
Data processing	8,561,585	12,330,059
Technology certification and testing	6,822,970	6,532,443
Others	3,576,873	3,092,237
Subtotal	50,897,285	51,950,100
Directors' expenses		
Directors' remuneration	2,510,937	2,497,052
Other board expenses	297,774	457,944
Subtotal	2,808,711	2,954,996
Marketing expenses		
Publicity and advertising	31,374,654	30,698,089
Subtotal	31,374,654	30,698,089
Taxes and contributions		
Contribution to the SBIF	9,548,307	9,176,216
Property taxes	2,822,632	2,722,245
Municipal taxes	1,242,998	1,241,203
Other taxes	1,322,832	1,102,953
Subtotal	14,936,769	14,242,617
Total	331,477,121	311,455,303

Note 41 – Additional notes (continued)

Note 41.32 – Depreciation, amortization and impairment

(a) Amounts charged to income for depreciation and amortization during the 2018 and 2017 periods are detailed as follows.

Depreciation and amortization	2018 ThCh$	2017 ThCh$
Depreciation of property, plant and equipment (Note 41.14 b)	27,185,162	26,175,833
Amortization of intangible assets (Note 41.13 b)	10,495,772	9,074,583
Total	37,680,934	35,250,416

(b) The charge for impairment for the years ended December 31, 2018 and 2017, is detailed as follows

Impairment	2018 ThCh$	2017 ThCh$
Impairment of investment instruments	—	—
Impairment of property, plant and equipment (Note 41.14 b)	333,798	166,411
Impairment of intangible assets (Note 41.13 b)	—	—
Total	333,798	166,411

Note 41 – Additional notes (continued)

Note 41.33 – Other operating income

Other operating income of the Company and its subsidiaries during 2018 and 2017 is detailed as follows.

	2018 ThCh$	2017 ThCh$
Income from assets received in lieu of payment		
Gain on sale of assets received in lieu of payment	8,778,709	6,211,584
Other income	56,203	36,637
Subtotal	8,834,912	6,248,221
Release of provisions for contingencies		
Country risk provisions	436,410	1,302,622
Other contingent provisions	7,526,049	160,000
Subtotal	7,962,459	1,462,622
Other income		
Leasing income	9,013,411	8,862,968
Insurance claims	6,345,939	230,126
Recoverable expenses	4,218,341	4,371,667
Gain on sale of property, plant and equipment	3,634,327	624,355
Correspondent bank rebates	2,591,383	2,709,745
Income on sale of leased assets	2,585,575	1,360,327
Other card income	2,504,270	7,690,437
Monthly tax prepayments’ indexation	1,223,871	843,439
Custody and trust services	285,845	249,986
Others	1,660,988	879,028
Subtotal	34,063,950	27,822,078
Total	50,861,321	35,532,921

Note 41 – Additional notes (continued)

Note 41.34 – Other operating expenses

Other operating expenses of the Company and its subsidiaries during 2018 and 2017 are detailed as follows.

	2018 ThCh$	2017 ThCh$
Provisions and expenses for assets received in lieu of payment		
Write-offs of assets received in lieu of payment	6,637,593	7,550,213
Provisions for assets received in lieu of payment	3,360,575	1,984,306
Maintenance expenses for assets received in lieu of payment	1,749,020	790,885
Subtotal	11,747,188	10,325,404
Provisions for contingencies		
Country risk provisions	—	—
Other provisions	3,000	—
Subtotal	3,000	—
Other expenses		
Write-offs for operating risks (*)	11,377,857	6,360,054
Operating lease expenses	4,500,529	10,151,740
Card administration	2,640,195	2,889,622
Write-offs of recovered leased assets	2,286,837	1,114,993
Correspondent bank costs	881,630	857,016
Mortgage-protection insurance	293,968	294,338
Contributions to other entities	253,362	252,102
Civil lawsuits	120,964	170,962
Loss on sale of property, plant and equipment	2,442	500
Others	1,868,055	814,715
Subtotal	24,225,839	22,906,042
Total	35,976,027	33,231,446

(*) As a result of a technological security incident that affected the Bank on May 24, 2018, a net write-off of ThCh$6,002,000 has been recognized for external fraud committed directly against the Bank in its accounts in foreign correspondent banks. The Bank has insurance policies to cover such events, and it had been fully reimbursed for these expenses by the end of the year. See Note 41.33 "Insurance claims".

Note 41 – Additional notes (continued)

Note 41.35 - Related party transactions

The Bank and its subsidiaries consider as related parties any individuals or legal entities who are related by ownership or management to the Bank, directly or through third parties, in accordance with the provisions of the Compendium of Accounting Standards and Chapter 12-4 of the Updated Compilation of Standards of the SBIF.

Therefore, the Bank has defined related parties as individuals or legal entities having an interest either directly or through third parties in the ownership of the Bank that exceeds 5% of shares as well as persons without an ownership interest that have authority and responsibility in the planning, management and control of the Bank's activities or those of its subsidiaries. Companies are also considered related when their related parties have an interest in the Bank that exceeds 5%, or where they hold the position of Director, CEO or equivalent.

(a) Loans with related parties

Loans, receivables and contingent loans with related parties are as follows.

	Productive and service companies (*)		Investment and trading companies (**)		Individuals (***)		Total	
	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$
Loans and receivables								
Commercial loans	221,350,580	243,989,500	132,366,407	169,402,956	13,182,965	8,871,027	366,899,952	422,263,483
Residential mortgage loans	—	—	—	—	44,756,218	33,694,734	44,756,218	33,694,734
Consumer loans	—	—	—	—	10,074,319	7,265,330	10,074,319	7,265,330
Gross loans	221,350,580	243,989,500	132,366,407	169,402,956	68,013,502	49,831,091	421,730,489	463,223,547
Loan loss provisions	(962,400)	(987,908)	(242,356)	(393,865)	(379,426)	(240,591)	(1,584,182)	(1,622,364)
Net loans	**220,388,180**	**243,001,592**	**132,124,051**	**169,009,091**	**67,634,076**	**49,590,500**	**420,146,307**	**461,601,183**
Contingent loans								
Guarantees and sureties	5,102,122	4,527,103	14,963,267	21,145,877	—	—	20,065,389	25,672,980
Letters of credit	5,309,776	293,761	2,776,464	1,170,202	—	—	8,086,240	1,463,963
Foreign letters of credit	—	—	—	—	—	—	—	—
Performance bonds	45,841,789	34,457,466	30,121,805	23,070,701	—	—	75,963,594	57,528,167
Committed credit lines	58,041,219	53,150,948	14,673,543	13,906,748	19,160,444	15,178,702	91,875,206	82,236,398
Other contingent loans	—	—	—	—	—	—	—	—
Gross contingent loans	114,294,906	92,429,278	62,535,079	59,293,528	19,160,444	15,178,702	195,990,429	166,901,508
Provisions for contingent loans	(258,379)	(217,325)	(99,264)	(80,678)	(30,065)	(47,637)	(387,708)	(345,640)
Net contingent loans	**114,036,527**	**92,211,953**	**62,435,815**	**59,212,850**	**19,130,379**	**15,131,065**	**195,602,721**	**166,555,868**
Amounts covered by collateral								
Mortgages	28,208,368	27,927,700	52,108,427	53,835,300	69,292,363	53,181,330	149,609,158	134,944,330
Warrants	—	—	—	—	—	—	—	—
Pledges	—	1,416,842	—	—	—	—	—	1,416,842
Others (****)	47,134,598	39,022,103	13,218,822	14,186,004	3,693,935	2,175,197	64,047,355	55,383,304
Total collateral	**75,342,966**	**68,366,645**	**65,327,249**	**68,021,304**	**72,986,298**	**55,356,527**	**213,656,513**	**191,744,476**

(*) For these purposes, productive companies are those that meet the following conditions:
i) they are involved in production activities and generate a separate revenue flow,
ii) less than 50% of their assets are trading or investment instruments.
Service companies are entities whose main purpose is providing services to third parties

(**) Investment and trading companies include those legal entities which do not meet the conditions for productive or service companies and are profit-oriented.

(***) Individuals include key members of management, being those who directly or indirectly have authority and responsibility for planning, managing and controlling the organization's business, including directors. This category also includes members of their family who have influence or who are influenced by the individuals in their interactions with the organization.

(****) These guarantees relate mainly to shares and other financial guarantees.

Note 41 – Additional notes (continued)

Note 41.35 – Related party transactions (continued)

(b) Other assets and liabilities with related parties

	2018 ThCh$	2017 ThCh$
Assets		
Cash and bank balances	23,086,431	57,562,517
Transactions pending settlement	35,469,312	13,249,431
Trading instruments	204,851	—
Financial derivative contracts	415,682,562	323,185,870
Investment instruments	14,689,744	—
Other assets	80,569,382	114,536,199
Total	569,702,282	508,534,017
Liabilities		
Demand deposits	169,396,837	173,642,788
Transactions pending settlement	58,987,298	16,115,743
Repurchase agreements	84,464,563	25,226,626
Savings accounts and other time deposits	122,698,492	166,814,768
Financial derivative contracts	337,299,435	370,356,255
Obligations with banks	228,270,468	251,555,887
Other liabilities	115,145,271	51,813,823
Total	1,116,262,364	1,055,525,890

(c) Income and expenses from related party transactions (*)

	2018		2017	
	Income ThCh$	Expense ThCh$	Income ThCh$	Expense ThCh$
Description				
Interest and indexation income and expense	21,735,770	6,702,849	26,484,591	8,749,431
Fees and services income and expense	70,286,318	74,204,791	65,995,006	69,842,636
Net financial operating income				
Derivative contracts (**)	85,499,983	42,364,933	33,539,910	97,415,748
Other financial transactions	—	—	1,224	—
Release or new credit-risk provisions	—	34,217	—	251,696
Operational support costs	—	105,986,957	—	100,616,322
Other income and expenses	445,922	82,149	3,723,328	56,052

(*) This does not constitute an operational statement of comprehensive income of related party transactions since assets with these parties are not necessarily equal to liabilities and each item reflects the total revenue and expense and is not related to matched transactions.

(**) The income and expense arising from derivative transactions is presented net for each related counterparty. Additionally, this line includes transactions with local banks that have been novated to Comder Contraparte Central S.A. (related entity) for clearing purposes, which generated a net gain of ThCh$71,296,521 as of December 31, 2018 (net loss of ThCh$96,075,201 as of December 31, 2017)

Note 41 – Additional notes (continued)

Note 41.35 – Related party transactions (continued)

(d) Contracts with related parties

During the year ended December 31, 2018, the Bank has negotiated, renewed or amended the contractual terms of the following contracts with related parties that are not normal business transactions with customers in general, for amounts greater than UF 1,000.

Company name	Service description
Artikos Chile S.A.	Electronic billing and administration services
Canal 13 S.A.	Advertising services
Educacional Oportunidad Foundation	Donation
Servipag Ltda.	Collection and payment systems development
Asociación de Bancos e Instituciones Financieras	Membership fees
Transbank S.A.	Operational platforms and systems development
DCV Registros S.A.	Shareholders' meetings administration service
Redbanc S.A.	Information exchange services
Nexus S.A.	Credit card processing services
Combanc S.A.	Compensation and settlement services for large payments
Ionix SpA	Technical support services for payment platforms
Banchile Seguros de Vida S.A.	Group mortgage protection and invalidity insurance contract
Transbank S.A.	Membership services to credit and debit card systems
Redbanc S.A.	ATM configuration services
Servipag Ltda.	Collection services
Nexus S.A.	Integration systems development

(e) Payments to senior management

During the years ended December 31, 2018 and 2017, senior management has been paid total remuneration of ThCh$116,769 and ThCh$64,641, respectively.

(f) Directors' expenses and remuneration

	Remuneration		Board Meeting Fees		Advisor Committee		Total	
Director	**2018 ThCh$**	**2017 ThCh$**	**2018 ThCh$**	**2017 ThCh$**	**2018 ThCh$**	**2017 ThCh$**	**2018 ThCh$**	**2017 ThCh$**
Andrónico Luksic Craig	130,485	127,604	—	—	—	—	130,485	127,604
Jorge Awad Mehech	—	—	—	1,899	—	—	—	1,899
Rodrigo Manubens Moltedo	—	—	1,458	1,429	—	—	1,458	1,429
Thomas Fürst Freiwirth	—	—	2,915	1,908	—	—	2,915	1,908
Jaime Estevez Valencia	—	—	1,457	479	—	—	1,457	479
Total	130,485	127,604	5,830	5,715	—	—	136,315	133,319

As of December 31, 2018, SM-Chile paid directors' remuneration of ThCh$136,315 (ThCh$133,319 in 2017). Banco de Chile and its subsidiaries have paid and accrued directors' remuneration of ThCh$2,808,711 (ThCh$2,954,996 in 2017), as approved at the Shareholders' Meeting.

Note 41 – Additional notes (continued)

Note 41.36 - Fair value of financial assets and liabilities

The Bank and its subsidiaries have defined a framework of valuations and controls related to the process of measurement of fair value.

This includes the function of product control, which is independent of the principal management and reports to the Divisional Manager for Financial Management and Control. The Financial Control and Treasury Department through the Financial Risk Control and Reporting Department is responsible for independently verifying the results of trading and investment transactions and all measurements of fair value.

The Bank and its subsidiaries take into account at least the following aspects in order to achieve suitable measurements and controls.

(i) Standard industry valuation.

The standard industry model is used to value financial instruments: quota value, share price, discounted cash flows and valuation of options using the Black-Scholes-Merton valuation model. The entry parameters for the valuation are rates, prices and volatility for various maturities and market factors that are traded on the domestic and international markets, and are provided by principal market sources.

(ii) Prices quoted on active markets.

The fair value of instruments quoted on active markets is determined using the daily quotations through electronic information systems (Santiago Stock Exchange, Bloomberg, LVA, Risk America, etc.). This represents the value at which these instruments are regularly traded in the financial markets.

(iii) Valuation techniques.

Should no quotations be available for the instrument to be valued, techniques will be used to determine its fair value.

As valuation models generally require the entry of market parameters, it is sought to maximize the information based on observable or derivative quotations of prices for similar instruments on active markets. Should there be no information in active markets or information from external providers of market information, similar transaction prices and historic information are used to validate the valuation parameters.

Note 41 – Additional notes (continued)

Note 41.36 – Fair value of financial assets and liabilities (continued)

(iv) Valuation adjustments.

Three adjustments to the market value of each instrument are considered as part of the valuation process, calculated from market parameters: one for liquidity and the others for Bid/Offer. The latter represents the impact on the valuation of an instrument depending on whether the position corresponds to a long or bought position, or short or sold position. Active market quotations or indicative prices are used for calculating this adjustment, according to the case of the instrument, considering the respective Bid, Mid and Offer. Finally, an adjustment is made for CVA and DVA, defined as the recognition of the issuer's credit risk of either the counterparty (CVA) or Banco de Chile (DVA).

The liquidity adjustment is calculated using the position of each factor together with the relative size of Banco de Chile with respect to the market and the liquidity observed in recent market operations.

(v) Valuation controls.

In order to control that the market parameters Banco de Chile uses in the valuation of financial instruments correspond to the present state of the market and the best estimate of fair value, an independent prices and rates valuation is carried out daily. The purpose is to control that the market parameters foreseen by the respective business area before being entered into the official valuation system, are within acceptable ranges of differences when comparing them with the same combination of parameters prepared independently by the Financial Risk Control and Reporting Department. Differences of value are thus obtained by currency, product and portfolio, which are compared against specific ranges for each grouping, which are regularly reviewed and validated by the Bank.

Should there be important differences, these are scaled according to their relevance, individual to each market factor and added at the portfolio level, according to the scaling tables within previously-defined ranges. These ranges are approved by the finance, international and financial risk committee.

At the same time and complementarily, the Financial Risk Control and Reporting Department prepares daily reports of gains and losses and exposure to market risks, which permit an adequate control and consistency with the parameters used in the valuation.

(vi) Management analysis and information.

In special cases where there are no market quotations for the instrument to be valued and there are no similar transaction prices or indicative parameters, a specific control and thorough analysis is used to produce the best estimate of the reasonable value of the transaction. Within the framework for the valuation described in the reasonable value policy approved by the Board of Banco de Chile, the approval required to execute transactions is established where there is no market information or it is impossible to infer prices or rates from them.

(a) Hierarchy of instruments valued at fair value

Banco de Chile and its subsidiaries classify their financial instruments at the following levels, in accordance with the above points.

Note 41 – Additional notes (continued)

Note 41.36 – Fair value of financial assets and liabilities (continued)

(vi) Management analysis and information (continued)

(a) Hierarchy of instruments valued at fair value (continued)

Level 1: Those financial instruments whose fair value is obtained from quoted prices (without adjustment) in active markets for identical assets and liabilities. Observable market quotations exist for these instruments (internal rate of return, unit value, and price), so no assumptions are needed for their valuation.

This level includes currency forwards, securities of the Chilean Central Bank and the Chilean Treasury, investments in mutual funds and shares.

For instruments of the Chilean Central Bank and the Chilean Treasury, Level 1 includes all ticker codes belonging to a benchmark, i.e. that correspond to one of the following categories published by the Bolsa de Comercio de Santiago (Santiago Stock Exchange): Pesos-02, Pesos-03, Pesos-04, Pesos-05, Pesos-07, Pesos-10, UF-02, UF-04, UF-05, UF-07, UF-10, UF-20, UF-30. A benchmark corresponds to a group of ticker codes which are similar in terms of maturity and which are traded similarly, i.e. the price obtained is the same for all instruments comprising a benchmark. These characteristics define a greater market depth, with daily quotations that permit classifying these instruments as Level 1.

In the case of government debt, the market internal rate of return is used to discount all cash flows to present value. In the case of mutual funds and shares, the current price is used which, multiplied by the number of instruments, results in the fair value.

The above valuation technique is equivalent to that used by the Bolsa de Comercio de Santiago (Santiago Stock Exchange) and is the standard methodology used in the market.

Level 2: Financial instruments whose fair value is obtained from variables that are not quoted prices of Level 1, but are observable for assets and liabilities, directly (such as prices) or indirectly (such as derived from prices). These categories include:

a) Prices quoted for similar assets or liabilities in active markets.
b) Prices quoted for similar assets or liabilities in markets that are not active.
c) Entry data different from the quoted prices observable for the asset or liability.
d) Entry data corroborated by the market.

This level mainly includes derivative instruments, debt issued by banks, debt issues of Chilean and foreign companies in Chile or abroad, mortgage-funding notes, financial trading instruments and some issues of the Chilean Central Bank and the Treasury.

The valuation of derivatives will depend on whether these are affected by volatility as an important market factor in the standard valuation methodologies. The Black-Scholes-Merton model is used for options, while the net present value is used for other derivatives, forwards and swaps.

For the rest of the instruments in this level, as well as debt issues in Level 1, the valuation is made through the internal rate of return.

Should there be no observable price for a specific term, this is inferred from the interpolation between maturities that do have observable information in active markets. The models incorporate various market variables including the credit rating of the counterparties, exchange rates and interest-rate curves.

Note 41 – Additional notes (continued)

Note 41.36 – Fair value of financial assets and liabilities (continued)

(vi) Management analysis and information (continued)

(a) Hierarchy of instruments valued at fair value (continued)

Level 2: (continued)

Valuation techniques and inputs for Level 2 instruments

Financial instrument	Valuation method	Description: Inputs and sources of information
Local bank and corporate bonds	Discounted cash flow method	Prices are obtained from suppliers of external prices that are normally used in the Chilean market. The model is based on a base curve (central bank bonds) and an issuer spread. The model considers daily prices and similarities of risk/maturity ratios between instruments.
Offshore bank and corporate bonds		Prices are obtained from suppliers of external prices that are normally used in the Chilean market. The model is based on daily prices.
Local Central Bank and Treasury bonds		Prices are obtained from suppliers of external prices that are normally used in the Chilean market. The model is based on daily prices.
Mortgage-funding notes		Prices are obtained from suppliers of external prices that are normally used in the Chilean market. The model is based on a base curve (central bank bonds) and an issuer spread. The model considers daily prices and similarities of risk/maturity ratios between instruments.
Time deposits		Prices are obtained from suppliers of external prices that are normally used in the Chilean market. The model considers daily prices and similarities of risk/maturity ratios between instruments.
Cross-currency swaps, interest-rate swaps, FX forwards, Inflation forwards		Forward points, inflation forwards and local rate swaps are obtained from brokers, which are normally used in the Chilean market. Offshore rates and spreads are obtained from external suppliers of prices normally used in the Chilean market. Zero coupon rates are calculated using the Bootstrapping method on the swap rates.
FX options	Black-Scholes model	Prices for the calculation of the surface of volatilities are obtained from brokers that are normally used in the Chilean market.

Note 41 – Additional notes (continued)

Note 41.36 – Fair value of financial assets and liabilities (continued)

(vi) Management analysis and information (continued)

(a) Hierarchy of instruments valued at fair value (continued)

Level 3: Financial instruments whose fair value is determined using unobservable entry data. An adjustment of entry data that is significant for complete measurement can lead to a fair value measurement classified in Level 3 of the fair value hierarchy, if the adjustment uses significant unobservable entry data.

The instruments classified in Level 3 are mainly debt issues of Chilean and foreign companies, made in Chile or abroad.

Valuation techniques and inputs:

Financial instrument	Valuation method	Description: Inputs and sources of information
Local bank and corporate bonds	Discounted cash flow method	Entry data for these instruments is not observable in a market, so internal rates of return are modeled using a base rate (Central Bank Bonds) and the issuer's credit spread. This entry data (base rate and issuer spread) are provided daily by external price suppliers that are widely used in the Chilean market.
Offshore bank and corporate bonds		Entry data for these instruments is not observable in a market, so internal rates of return are modeled using a base rate (US-Libor) and the issuer's credit spread. This entry data (base rate and issuer spread) are provided daily by external price suppliers that are widely used in the Chilean market.

Note 41 – Additional notes (continued)

Note 41.36 – Fair value of financial assets and liabilities (continued)

(vi) Management analysis and information (continued)

(b) Levels table

The classification of financial instruments by level measured at fair value are as follows.

	Level 1		Level 2		Level 3		Total	
	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$
Financial Assets								
Trading instruments								
State and Chilean Central Bank	178,693,093	623,276,462	1,344,779,501	693,888,174	—	—	1,523,472,594	1,317,164,636
Other instruments issued in Chile	1,662,372	714,091	107,078,226	212,365,658	20,865,907	8,011,765	129,606,505	221,091,514
Instruments issued abroad	4,446,111	321,510	—	—	—	—	4,446,111	321,510
Mutual fund investments	87,840,522	78,069,253	—	—	—	—	87,840,522	78,069,253
Subtotal	272,642,098	702,381,316	1,451,857,727	906,253,832	20,865,907	8,011,765	1,745,365,732	1,616,646,913
Trading derivative contracts								
Forwards	—	—	735,443,779	506,502,002	—	—	735,443,779	506,502,002
Swaps	—	—	738,129,149	710,122,214	—	—	738,129,149	710,122,214
Call options	—	—	4,839,026	513,731	—	—	4,839,026	513,731
Put options	—	—	119,588	2,840,769	—	—	119,588	2,840,769
Futures	—	—	—	—	—	—	—	—
Subtotal	—	—	1,478,531,542	1,219,978,716	—	—	1,478,531,542	1,219,978,716
Hedge accounting derivative contracts								
Fair value hedge (swap)	—	—	1,115,837	277,354	—	—	1,115,837	277,354
Cash flow hedge (swap)	—	—	34,297,766	27,571,712	—	—	34,297,766	27,571,712
Subtotal	—	—	35,413,603	27,849,066	—	—	35,413,603	27,849,066
Investment instruments held for sale (1)								
State and Chilean Central Bank	99,131,961	229,296,152	65,090,168	127,071,769	—	—	164,222,129	356,367,921
Other instruments issued in Chile	—	—	747,653,920	1,113,431,227	23,021,463	46,264,673	770,675,383	1,159,695,900
Instruments issued abroad	—	—	108,544,270	—	—	—	108,544,270	—
Subtotal	99,131,961	229,296,152	921,288,358	1,240,502,996	23,021,463	46,264,673	1,043,441,782	1,516,063,821
Total	371,774,059	931,677,468	3,887,091,230	3,394,584,610	43,887,370	54,276,438	4,302,752,659	4,380,538,516
Financial Liabilities								
Trading derivative contracts								
Forwards	—	—	631,046,991	578,288,725	—	—	631,046,991	578,288,725
Swaps	—	—	854,872,322	745,822,033	—	—	854,872,322	745,822,033
Call options	—	—	2,921,109	474,785	—	—	2,921,109	474,785
Put options	—	—	1,533,772	3,432,930	—	—	1,533,772	3,432,930
Futures	—	—	—	—	—	—	—	—
Subtotal	—	—	1,490,374,194	1,328,018,473	—	—	1,490,374,194	1,328,018,473
Hedge accounting derivative contracts								
Fair value hedge (swap)	—	—	6,164,736	5,330,215	—	—	6,164,736	5,330,215
Cash flow hedge (swap)	—	—	31,817,726	80,888,398	—	—	31,817,726	80,888,398
Subtotal	—	—	37,982,462	86,218,613	—	—	37,982,462	86,218,613
Total	—	—	1,528,356,656	1,414,237,086	—	—	1,528,356,656	1,414,237,086

As of December 31, 2018, 80% of the instruments grouped in Level 3 are investment grade. Also, all these financial instruments are from local issuers.

Note 41 – Additional notes (continued)

Note 41.36 – Fair value of financial assets and liabilities (continued)

(c) Reconciliation level 3

The following table shows the reconciliation between the opening and closing balances of instruments classified in Level 3, whose fair value is shown in the financial statements

	2018							
	Balance as of Jan-01-18 ThCh$	**Gain (loss) recognized in net income (1) ThCh$**	**Gain (loss) recognized in equity (2) ThCh$**	**Purchases ThCh$**	**Sales ThCh$**	**Transfers from Levels 1 and 2 ThCh$**	**Transfers to Levels 1 and 2 ThCh$**	**Balance as of Dec-31-18 ThCh$**
Financial Assets								
Trading instruments								
Other instruments issued in Chile	8,011,765	175,960	—	48,739,826	(36,061,644)	—	—	20,865,907
Subtotal	8,011,765	175,960	—	48,739,826	(36,061,644)	—	—	20,865,907
Investment instruments held for sale:								
Other instruments issued in Chile	46,264,673	2,540,017	(292,257)	—	(20,520,029)	—	(4,970,941)	23,021,463
Subtotal	46,264,673	2,540,017	(292,257)	—	(20,520,029)	—	(4,970,941)	23,021,463
Total	54,276,438	2,715,977	(292,257)	48,739,826	(56,581,673)	—	(4,970,941)	43,887,370

	2017							
	Balance as of Jan-01-17 ThCh$	**Gain (loss) recognized in net income (1) ThCh$**	**Gain (loss) recognized in equity (2) ThCh$**	**Purchases ThCh$**	**Sales ThCh$**	**Transfers from Levels 1 and 2 ThCh$**	**Transfers to Levels 1 and 2 ThCh$**	**Balance as of Dec-31-17 ThCh$**
Financial Assets								
Trading instruments								
Other instruments issued in Chile	8,959,974	(7,251)	—	7,446,528	(10,772,038)	2,384,552	—	8,011,765
Subtotal	8,959,974	(7,251)	—	7,446,528	(10,772,038)	2,384,552	—	8,011,765
Investment instruments held for sale:								
Other instruments issued in Chile	76,004,787	(4,186,030)	1,137,120	4,921,725	(28,603,576)	2,672,002	(5,681,355)	46,264,673
Instruments issued abroad	—	—	—	—	—	—	—	—
Subtotal	76,004,787	(4,186,030)	1,137,120	4,921,725	(28,603,576)	2,672,002	(5,681,355)	46,264,673
Total	84,964,761	(4,193,281)	1,137,120	12,368,253	(39,375,614)	5,056,554	(5,681,355)	54,276,438

(1) Recorded in the statement of income under "Net gain (loss) from financial transactions"
(2) Recorded in equity under "Revaluation accounts"

Note 41 – Additional notes (continued)

Note 41.36 – Fair value of financial assets and liabilities (continued)

(d) Sensitivity of instruments classified in Level 3 to changes in key model assumptions.

The following table shows the sensitivity as of December 31 of instruments classified in Level 3 to changes in the key valuation assumptions.

	2018		2017	
Financial Assets	**Level 3 ThCh$**	**Sensitivity to changes in key model assumptions ThCh$**	**Level 3 ThCh$**	**Sensitivity to changes in key model assumptions ThCh$**
Trading instruments				
Other instruments issued in Chile	20,865,907	(25,908)	8,011,765	(25,551)
Subtotal	20,865,907	(25,908)	8,011,765	(25,551)
Investment instruments held for sale				
Other instruments issued in Chile	23,021,463	(194,785)	46,264,673	(417,481)
Subtotal	23,021,463	(194,785)	46,264,673	(417,481)
Total	43,887,370	(220,693)	54,276,438	(443,032)

In order to measure the sensitivity of the financial investments to changes in relevant market factors, the Bank has made alternative calculations of fair value, changing key parameters for the valuation which are not directly observable. In the case of financial assets presented in the above table, which correspond to bank and corporate bonds, considering that these instruments do not have current observable prices, the prices based on broker quotes or runs were used as input prices. Prices are generally calculated as a base rate plus a spread. For domestic bonds, this was determined by applying a 10% impact on the price, while for offshore bonds this was determined by applying a 10% impact on the spread because the base rate is hedged with interest-rate swap instruments using hedge accounting. The impact of 10% is considered as a reasonable movement considering the market performance of these instruments and comparing it against the bid/offer adjustment that is provided for these instruments.

Note 41 – Additional notes (continued)

Note 41.36 – Fair value of financial assets and liabilities (continued)

(e) Other assets and liabilities

The following table summarizes the fair values of the Bank's main financial assets and liabilities that are not recorded at fair value in the statement of financial position. The values shown in this note do not attempt to estimate the value of the Bank's income-generating assets, nor forecast their future behavior. The estimated fair value is as follows:

	Book value		Estimated fair value	
	2018	2017	2018	2017
	ThCh$	ThCh$	ThCh$	ThCh$
Assets				
Cash and bank balances	880,080,172	1,057,392,323	880,080,172	1,057,392,323
Transactions pending settlement	580,334,542	521,809,799	580,334,542	521,809,799
Repurchase agreements and securities lending	97,289,292	91,640,532	97,289,292	91,640,532
Subtotal	1,557,704,006	1,670,842,654	1,557,704,006	1,670,842,654
Loans and advances to banks				
Banks in Chile	99,940,398	119,973,461	99,940,398	119,973,461
Chilean Central Bank	1,100,830,327	350,915,540	1,100,830,327	350,915,540
Banks abroad	293,535,523	288,811,002	286,063,242	288,811,002
Subtotal	1,494,306,248	759,700,003	1,486,833,967	759,700,003
Customer loans and receivables				
Commercial loans	15,140,534,388	13,669,635,935	14,949,851,908	13,477,466,445
Residential mortgage loans	8,021,263,028	7,441,242,303	8,451,099,088	7,769,693,733
Consumer loans	4,145,429,011	3,770,472,269	4,116,260,988	3,773,005,187
Subtotal	27,307,226,427	24,881,350,507	27,517,211,984	25,020,165,365
Total	30,359,236,681	27,311,893,164	30,561,749,957	27,450,708,022
Liabilities				
Demand deposits and other obligations	9,511,759,294	8,869,351,742	9,511,759,294	8,869,351,742
Transactions pending settlement	335,575,444	295,712,878	335,575,444	295,712,878
Repurchase agreements and securities lending	303,820,010	195,391,862	303,820,010	195,391,862
Savings accounts and other time deposits	10,650,349,355	10,063,709,881	10,626,526,130	10,068,961,237
Obligations with banks	1,516,759,351	1,195,026,483	1,506,940,381	1,188,943,262
Other financial obligations	118,013,419	137,162,845	119,023,924	137,162,845
Subtotal	22,436,276,873	20,756,355,691	22,403,645,183	20,755,523,826
Debt instruments issued				
Mortgage bonds for residential purposes	15,039,594	21,059,247	15,982,459	22,542,028
Mortgage bonds for general purposes	1,327,897	2,365,209	1,411,217	2,531,549
Senior bonds	6,769,051,764	5,769,334,174	6,636,131,722	5,896,424,085
Subordinated bonds	686,194,297	696,216,784	732,610,692	699,926,256
Subtotal	7,471,613,552	6,488,975,414	7,386,136,090	6,621,423,918
Total	29,907,890,425	27,245,331,105	29,789,781,273	27,376,947,744

Note 41 – Additional notes (continued)

Note 41.36 – Fair value of financial assets and liabilities (continued)

(e) Other assets and liabilities (continued)

Other financial assets and liabilities not measured to fair value but for which a fair value is estimated even when they are not managed based on that value, include assets and liabilities such as placements, deposits and other term placements, debt instruments issued and other financial assets and obligations with different maturities and characteristics. The fair values of these assets and liabilities are calculated by applying the discounted cash flow model and using various data sources such as yield curves, credit risk spreads, etc. In addition, as some of these assets and liabilities are traded on the market, regular analyses and revisions are required to determine the suitability of the inputs and the resulting fair values.

(f) Levels of other assets and liabilities

The following table shows the estimated fair values of financial assets and liabilities not valued at fair value, as of December 31, 2018 and 2017.

	Level 1 Estimated fair value		Level 2 Estimated fair value		Level 3 Estimated fair value		Total Estimated fair value	
	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$
Assets								
Cash and bank deposits	880,080,172	1,057,392,323	—	—	—	—	880,080,172	1,057,392,323
Transactions pending settlement	580,334,542	521,809,799	—	—	—	—	580,334,542	521,809,799
Repurchase agreements and securities lending	97,289,292	91,640,532	—	—	—	—	97,289,292	91,640,532
Subtotal	1,557,704,006	1,670,842,654	—	—	—	—	1,557,704,006	1,670,842,654
Loans and advances to banks								
Banks in Chile	99,940,398	119,973,461	—	—	—	—	99,940,398	119,973,461
Chilean Central Bank	1,100,830,327	350,915,540	—	—	—	—	1,100,830,327	350,915,540
Banks abroad	—	288,811,002	—	—	286,063,242	—	286,063,242	288,811,002
Subtotal	1,200,770,725	759,700,003	—	—	286,063,242	—	1,486,833,967	759,700,003
Customer loans and receivables								
Commercial loans	—	—	—	—	14,949,851,908	13,477,466,445	14,949,851,908	13,477,466,445
Residential mortgage loans	—	—	—	—	8,451,099,088	7,769,693,733	8,451,099,088	7,769,693,733
Consumer loans	—	—	—	—	4,116,260,988	3,773,005,187	4,116,260,988	3,773,005,187
Subtotal	—	—	—	—	27,517,211,984	25,020,165,365	27,517,211,984	25,020,165,365
Total	2,758,474,731	2,430,542,657	—	—	27,803,275,226	25,020,165,365	30,561,749,957	27,450,708,022
Liabilities								
Demand deposits and other obligations	9,511,759,294	8,869,351,742	—	—	—	—	9,511,759,294	8,869,351,742
Transactions pending settlement	335,575,444	295,712,878	—	—	—	—	335,575,444	295,712,878
Repurchase agreements and securities lending	303,820,010	195,391,862	—	—	—	—	303,820,010	195,391,862
Savings accounts and other time deposits	—	—	—	—	10,626,526,130	10,068,961,237	10,626,526,130	10,068,961,237
Obligations with banks	—	—	—	—	1,506,940,381	1,188,943,262	1,506,940,381	1,188,943,262
Other financial obligations	—	137,162,845	—	—	119,023,924	—	119,023,924	137,162,845
Subtotal	10,151,154,748	9,497,619,327	—	—	12,252,490,435	11,257,904,499	22,403,645,183	20,755,523,826
Debt instruments issued								
Mortgage bonds for residential purposes	—	—	15,982,459	22,542,028	—	—	15,982,459	22,542,028
Mortgage bonds for general purposes	—	—	1,411,217	2,531,549	—	—	1,411,217	2,531,549
Senior bonds	—	—	6,636,131,722	5,896,424,085	—	—	6,636,131,722	5,896,424,085
Subordinated bonds	—	—	—	—	732,610,692	699,926,256	732,610,692	699,926,256
Subtotal	—	—	6,653,523,398	5,921,497,662	732,610,692	699,926,256	7,386,136,090	6,621,423,918
Total	10,151,154,748	9,497,619,327	6,653,523,398	5,921,497,662	12,989,261,896	11,959,392,806	29,789,781,273	27,376,947,744

Note 41 – Additional notes (continued)

Note 41.36 – Fair value of financial assets and liabilities (continued)

(f) Levels of other assets and liabilities (continued)

The Bank calculates the fair value of these assets and liabilities as follows:

- Short-term assets and liabilities: The book values of short-term assets and liabilities that mature in under 3 months are assumed to be approximately equal to their fair values. This assumption is applied to the following assets and liabilities:

Assets	**Liabilities**
- Cash and deposits in banks	- Demand deposits and other obligations
- Transactions pending settlement.	- Transactions pending settlement.
- Repurchase agreements and securities lending	- Repurchase agreements and securities lending
- Loans and advances to banks	- Other financial obligations

- Customer loans and receivables: Fair value is calculated using a discounted cash flow model and discount rates generated internally, based on internal transfer rates derived from our internal transfer pricing policy. After calculating the present value, the loan loss provisions are deducted, in order to incorporate the credit risk associated with each contract or loan. Due to the use of parameters generated internally, these instruments are classified at Level 3.

- Mortgage bonds and senior bonds: In order to calculate the present value of contractual cash flows, we apply a discounted cash flow model using interest rates that are available in the market, either for instruments with similar characteristics or that suit our valuation requirements, in terms of currency, maturity and liquidity. Interest rates are obtained from market price suppliers widely used by the market. As a result of the valuation technique and quality of inputs (observables) used for the valuation, we classify these financial liabilities at Level 2.

- Savings accounts, time deposits, bank obligations and subordinated bonds: A discounted cash flow model is used to obtain the present value of committed cash flows, using a range of maturities and average discount rates derived from instruments with similar characteristics and internal transfer pricing policy. Due to the use of internal parameters and/or critical judgments for valuation purposes, we classify these financial liabilities at Level 3.

Note 41 – Additional notes (continued)

Note 41.36 – Fair value of financial assets and liabilities (continued)

(g) Offsetting financial assets and liabilities

The Bank negotiates financial derivatives with foreign counterparties using ISDA Master Agreement documentation (International Swaps and Derivatives Association, Inc.), under legal jurisdiction of the city of New York, USA, or the City of London, United Kingdom. The legal framework in these jurisdictions, along with the documentation mentioned, grants Banco de Chile the right to anticipate the maturity of transactions and simultaneously offset the net value of those transactions in case of default by the respective counterparty. The Bank has also agreed with counterparties an additional appendix (CSA credit support annex) which includes other credit mitigating elements such as providing margins over a certain threshold of net value of transactions, early termination (optional or mandatory) of transactions on certain future dates, coupon adjustment of transactions in exchange for payment of the debtor counterparty over a certain threshold amount, etc.

Contracts that can be offset are detailed as follows.

	Fair value in statement of financial position		Negative fair value contracts with right to offset		Positive fair value contracts with right to offset		Financial guarantees		Net fair value	
	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$	2018 ThCh$	2017 ThCh$
Financial derivative contract assets	1,513,945,145	1,247,827,782	(582,210,495)	(155,595,077)	(424,920,104)	(444,844,148)	(30,035,715)	(34,211,844)	476,778,831	613,176,713
Financial derivative contract liabilities	1,528,356,656	1,414,237,086	(582,210,495)	(155,595,077)	(424,920,104)	(444,844,148)	(233,450,306)	(83,522,947)	287,775,751	730,274,914

Note 41 – Additional notes (continued)

Note 41.37 – Maturities of Assets and liabilities

The principal financial assets and liabilities grouped according to their remaining term, including accrued interest as of December 31, 2018 and 2017, are as follows. Instruments for trading or held for sale are included at their fair value.

	2018								
Assets	**Up to 1 month ThCh$**	**Over 1 and up to 3 months ThCh$**	**Over 3 and up to 12 months ThCh$**	**Subtotal under 1 year ThCh$**	**Over 1 and up to 3 years ThCh$**	**Over 3 and up to 5 years ThCh$**	**Over 5 years ThCh$**	**Subtotal over 1 year ThCh$**	**Total ThCh$**
Cash and bank deposits	880,080,172	—	—	880,080,172	—	—	—	—	880,080,172
Transactions pending settlement	580,334,542	—	—	580,334,542	—	—	—	—	580,334,542
Trading instruments	1,745,365,732	—	—	1,745,365,732	—	—	—	—	1,745,365,732
Repurchase agreements and securities lending	73,496,792	16,917,573	6,874,927	97,289,292	—	—	—	—	97,289,292
Financial derivative contracts	157,415,460	241,305,011	378,092,641	776,813,112	274,200,072	214,862,877	248,069,084	737,132,033	1,513,945,145
Loans and advances to banks (*)	1,262,426,898	77,268,324	132,259,195	1,471,954,417	23,440,540	—	—	23,440,540	1,495,394,957
Customer loans and receivables (*)	3,941,759,860	2,143,022,638	4,973,621,526	11,058,404,024	5,726,668,311	3,133,605,907	7,995,647,333	16,855,921,551	27,914,325,575
Investment instruments held for sale	38,692,557	137,420,406	383,199,703	559,312,666	74,940,212	136,341,537	272,847,367	484,129,116	1,043,441,782
Investment instruments held to maturity	—	—	—	—	—	—	—	—	—
Total financial assets	8,679,572,013	2,615,933,952	5,874,047,992	17,169,553,957	5,099,249,135	3,484,810,321	3,516,563,784	18,100,623,240	35,270,177,197

	2017								
Assets	**Up to 1 month ThCh$**	**Over 1 and up to 3 months ThCh$**	**Over 3 and up to 12 months ThCh$**	**Subtotal under 1 year ThCh$**	**Over 1 and up to 3 years ThCh$**	**Over 3 and up to 5 years ThCh$**	**Over 5 years ThCh$**	**Subtotal over 1 year ThCh$**	**Total ThCh$**
Cash and deposits in banks	1,057,392,323	—	—	1,057,392,323	—	—	—	—	1,057,392,323
Transactions pending settlement	521,809,799	—	—	521,809,799	—	—	—	—	521,809,799
Trading instruments	1,616,646,913	—	—	1,616,646,913	—	—	—	—	1,616,646,913
Repurchase agreements and securities lending	67,344,076	19,206,655	5,089,801	91,640,532	—	—	—	—	91,640,532
Financial derivative contracts	127,847,360	133,110,866	364,956,827	625,915,053	248,066,257	125,302,981	248,543,491	621,912,729	1,247,827,782
Loans and advances to banks (*)	531,957,917	48,716,666	148,757,877	729,432,460	30,851,113	—	—	30,851,113	760,283,573
Customer loans and receivables (*)	3,734,929,088	1,851,564,147	4,224,817,372	9,811,310,607	5,326,978,722	2,941,239,001	7,360,005,264	15,628,222,987	25,439,533,594
Investment instruments held for sale	5,086,287	29,770,199	917,626,551	952,483,037	166,625,643	188,534,613	208,420,528	563,580,784	1,516,063,821
Investment instruments held to maturity	—	—	—	—	—	—	—	—	—
Total financial assets	7,663,013,763	2,082,368,533	5,661,248,428	15,406,630,724	5,772,521,735	3,255,076,595	7,816,969,283	16,844,567,613	32,251,198,337

(*) These are shown without deducting the respective provisions which amount to ThCh$607,099,148 in 2018 (ThCh$558,183,087 in 2017) for customer loans and receivables; and ThCh$1,088,709 in 2018 (ThCh$583,570 in 2017) for loans and advances to banks.

Note 41 – Additional notes (continued)

Note 41.37 – Maturities of Assets and Liabilities (continued)

	2018								
Liabilities	**Up to 1 month ThCh$**	**Over 1 and up to 3 months ThCh$**	**Over 3 and up to 12 months ThCh$**	**Subtotal under 1 year ThCh$**	**Over 1 and up to 3 years ThCh$**	**Over 3 and up to 5 years ThCh$**	**Over 5 years ThCh$**	**Subtotal over 1 year ThCh$**	**Total ThCh$**
Demand deposits and other obligations	9,511,759,294	—	—	9,511,759,294	—	—	—	—	9,511,759,294
Transactions pending settlement	335,575,444	—	—	335,575,444	—	—	—	—	335,575,444
Repurchase agreements and securities lending	237,997,786	1,448,256	64,373,968	303,820,010	—	—	—	—	303,820,010
Savings accounts and time deposits (**)	5,017,127,678	1,946,688,210	3,100,464,079	10,064,279,967	365,176,776	619,199	131,794	365,927,769	10,430,207,736
Financial derivative contracts	146,886,299	237,039,259	335,496,948	719,422,506	264,438,474	273,789,575	270,706,101	808,934,150	1,528,356,656
Obligations with banks	115,219,886	269,412,233	1,052,829,801	1,437,461,920	79,297,431	—	—	79,297,431	1,516,759,351
Debt instruments issued									
Mortgage bonds	1,451,706	1,618,324	3,581,099	6,651,129	5,910,881	2,577,099	1,228,382	9,716,362	16,367,491
Senior bonds	325,767,522	275,687,732	583,875,665	1,185,330,919	844,691,618	1,505,659,672	3,237,307,682	5,587,658,972	6,772,989,891
Subordinated bonds	4,220,814	2,254,460	44,900,576	51,375,850	41,121,997	27,905,913	565,790,537	634,818,447	686,194,297
Other financial obligations	97,393,105	3,504,856	10,125,558	111,023,519	5,554,823	1,307,124	127,953	6,989,900	118,013,419
Total financial liabilities	15,793,399,534	2,737,653,330	5,195,647,694	23,726,700,558	1,606,192,000	1,811,858,582	4,075,292,449	7,493,343,031	31,220,043,589

	2017								
Liabilities	**Up to 1 month ThCh$**	**Over 1 and up to 3 months ThCh$**	**Over 3 and up to 12 months ThCh$**	**Subtotal under 1 year ThCh$**	**Over 1 and up to 3 years ThCh$**	**Over 3 and up to 5 years ThCh$**	**Over 5 years ThCh$**	**Subtotal over 1 year ThCh$**	**Total ThCh$**
Demand deposits and other obligations	8,869,351,742	—	—	8,869,351,742	—	—	—	—	8,869,351,742
Transactions pending settlement	295,712,878	—	—	295,712,878	—	—	—	—	295,712,878
Repurchase agreements and securities lending	138,630,217	—	56,761,645	195,391,862	—	—	—	—	195,391,862
Savings accounts and time deposits (**)	4,943,706,204	2,280,011,368	2,604,863,884	9,828,581,456	22,040,979	310,651	219,095	22,570,725	9,851,152,181
Financial derivative contracts	117,443,184	146,601,502	410,269,936	674,314,622	269,651,191	173,964,024	296,307,249	739,922,464	1,414,237,086
Obligations with banks	267,182,128	240,047,660	613,794,692	1,121,024,480	74,002,003	—	—	74,002,003	1,195,026,483
Debt instruments issued									
Mortgage bonds	1,874,411	1,997,011	4,537,334	8,408,756	8,572,317	4,159,497	2,283,886	15,015,700	23,424,456
Senior bonds	147,029,992	274,118,501	595,598,781	1,016,747,274	836,725,275	1,043,852,863	2,872,008,762	4,752,586,900	5,769,334,174
Subordinated bonds	3,627,443	2,063,389	45,842,943	51,533,775	48,182,520	36,564,807	559,935,682	644,683,009	696,216,784
Other financial obligations	105,868,890	3,331,355	10,298,072	119,498,317	15,473,739	1,797,413	393,376	17,664,528	137,162,845
Total financial liabilities	14,890,427,089	2,948,170,786	4,341,967,287	22,180,565,162	1,274,648,024	1,260,649,255	3,731,148,050	6,266,445,329	28,447,010,491

(**) Excludes term saving accounts, which amount to ThCh$224,302,388 (ThCh$214,119,751 as of December 31, 2017)

Note 41 – Additional notes (continued)

Note 41.38 – Risk management

(1) Introduction

The Bank's risk management is based on specialization, knowledge of the business and the experience of its teams, with professionals specifically dedicated to managing each risk. The policy is to maintain an integrated, future-focused perspective on risk management, taking into account the current and forecasted economic environment and the risk/return ratio of all products of the Bank and its subsidiaries.

The credit policies and processes acknowledge the particularities of each market and segment, and grant specialized treatment to each one. The integrated information prepared for risk analysis is key to developing strategic planning whose specific purpose is to determine the desired level of risk for each business, aligning the strategies with the established risk level, communicating the desired risk levels to the organization's commercial areas, developing models, processes and tools for evaluating, measuring and controlling risk throughout the different business lines and areas, informing the Board of the characteristics and evolution of the risk, proposing action plans to address important deviations in risk indicators, and enforcing compliance with the various standards and regulations.

(a) Risk management structure

Credit, market and operational risk management takes place at all levels of the organization, structured to recognize the importance and multiple types of risk. These levels are currently:

(i) Board of directors

The Board of Banco de Chile is responsible for approving the policies and setting the structure for the proper management of the various risks faced by the organization. It is therefore constantly informed of the evolution of the different risk areas, participating through its Finance, International and Financial Risk; Credit; Portfolio Risk and Senior Operational Risk committees which revise the state of the credit, market and operational risks. It also participates actively in each of them, being informed of the state of the portfolio and taking part in the strategic definitions that impact on portfolio quality.

Risk management policies are established to identify and analyze the risks faced by the Bank, set suitable risk limits and controls, and monitor the risks and compliance with the limits. Risk management policies and systems are revised regularly so that they reflect changes in market conditions and the Bank's activities. The Bank, through its management rules and procedures, endeavors to develop a disciplined and constructive control environment in which all personnel understand their roles and obligations.

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(1) Introduction (continued)

(a) Risk management structure (continued)

(ii) Finance, International and Financial Risk Committee

It reviews exposures and financial risks. It estimates the impact on operations and financial performance as a result of potential adverse movements in the values of market variables or scarce liquidity. It analyzes estimated results of certain financial positions. It estimates the credit exposure of treasury products (derivatives, bonds). It is responsible for designing policies and procedures relating to financial exposure limits, and to ensure that they are correctly and promptly measured, controlled and reported.

The members of the Finance, International and Financial Risk Committee are the Chairman of the Board, four Directors or Board advisors, the Chief Executive Officer, and the managers of the Wholesale Division, the Global Risk Control Division, the Treasury Division and the Market Risk Area. The committee may also invite certain people to take part in one or more meetings on a permanent or occasional basis.

(iii) Credit committees

The credit approval process is controlled by various credit committees, which are composed of trained professionals with the necessary authority to make any required decisions.

These committees meet with various frequencies and are organized based on the amounts to be approved and the commercial segment involved. Each committee defines the terms and conditions under which the Bank accepts counterparty risks and the Retail and Wholesale Credit Risk Divisions participate independently of the commercial areas.

The highest approval authority within the Bank's risk management structure is the Director’s Credit Committee, which is responsible for understanding, analyzing and resolving all credit applications from customers or economic groups that exceed UF 750,000. It is also responsible for understanding, analyzing and resolving all credit transactions that must be approved by this Committee, in accordance with the Bank's internal regulations, except for any special authority delegated by the Board to Management. This Committee meets weekly, and it is chaired by the Chairman of the Board and is composed of the Directors and their alternates, Board Advisors, the Chief Executive Officer and the Wholesale Credit Risk Division Manager.

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(1) Introduction (continued)

(a) Risk management structure (continued)

(iv) Portfolio Risk Committee

Its main function is to understand the composition, concentration and risk of the loan portfolio within the banks and its segments. It approves and proposes credit risk policies to the Board. It is responsible for reviewing, approving and recommending to the Board of Directors for their final approval, the portfolio evaluation methods and provision models. It is also responsible for reviewing and analyzing the sufficiency of provisions for the banks and segments and reviewing the guidelines and progress with the development of internal credit risk models, along with monitoring concentration by sectors and segments according to the sectoral limits policy.

The Portfolio Risk Committee meets monthly and is composed of the Chairman of the Board, two Directors, the Chief Executive Officer, Wholesale Credit Risk Division Manager, Retail Credit Risk Division Manager, Commercial Division Manager, Global Risk Control Division Manager, and the Retail Monitoring and Modeling Deputy Manager.

(v) Operational Risk Committee

The Operational Risk Committee is an executive level committee with authority to make any necessary changes to the processes, procedures, controls and information systems that support the Bank's transactions, in order to mitigate operational risks, and assure that departments can appropriately manage and control these risks.

The Operational Risk Committee is composed of the Global Risk Control Division Manager, the General Counsel, the Financial Management and Control Division Manager, the Operations Manager, the Operational Risk Manager, the Cybersecurity Division Manager, the Technology and Infrastructure Manager, the Customer Manager, the Large Companies and Factoring Manager, the Customer Service Manager, the Technology Risk Manager and the Internal Audit Manager.

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(1) Introduction (continued)

(a) Risk management structure (continued)

(vi) Senior Operational Risk Committee

The committee's main functions include: identifying the Bank's exposure to operational risk, analyzing the effectiveness of strategies adopted to mitigate operational risk, approving strategies and policies to be presented to the Board of Directors, promoting steps to appropriately manage and mitigate operational risk, informing the Board on these matters, ensuring compliance with the regulatory framework and policies to guarantee the Bank's long-term solvency and avoiding risk factors that can jeopardize business continuity.

The Senior Operational Risk Committee is composed of the Chairman of the Board, two Directors, the Chief Executive Officer, the Global Risk Control Manager, the General Counsel, the Operations and Technology Division Manager, the Cybersecurity Division Manager, the Commercial Division Manager, the Technological Risk Manager and the Operational Risk Manager. The Committee meets monthly and may be called extraordinarily.

(vii) Corporate Credit Risk Division

During the third quarter of 2018, the Bank created the Retail Credit Risk Division and the Wholesale Credit Risk Division, in order to lend a more specialized approach to the business segments. These divisions, together with the Overall Risk Control Division, make up the corporate governance structure for risk.

These divisions have teams with ample experience and knowledge in every matter related to credit and market risks that work to ensure comprehensive and consolidated management of these risks by the Bank and its subsidiaries.

Regarding credit risk management, these divisions continually control the quality of the portfolio and optimization of the risk-return ratio for all customer segments, whether individuals or companies, managing their phases of loan approval, monitoring and recovery.

The Bank also created the Cybersecurity Division in 2018, aimed at protecting and monitoring the organization's most sensitive assets, and providing security and confidence to customers and employees. Its main objective is to ensure that the Bank is secure, cyber-resilient and prepared to face any type of threat that jeopardizes the organization's reputation and information.

(b) Internal audit

Risk management processes throughout the Bank are continually audited by the Internal Audit Department, which analyzes the adequacy of the procedures and their compliance. Internal Audit discusses the results of all evaluations with management and reports its findings and recommendations to the Board through the Audit Committee.

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(1) Introduction (continued)

(c) Measurement methodology

Provisions and portfolio expenses are basic measurements used to determine the credit quality of our portfolio, in terms of credit risk.

Recognizing the risk level of the loan portfolio on a timely basis is an essential task of the Wholesale and Retail Credit Risk Divisions and the Global Risk Control Division. This process relies on Board-approved policies, standards, procedures and models prepared for this purpose based on SBIF instructions.

The risk assessment and rating process is carried out for both the individual and the group portfolio. The final outcome of the calculation process determines how much the Bank should provision.

An individual debtor evaluation is used mainly for the Bank's legal entities portfolio that require more detailed knowledge. Each individually evaluated debtor is classified into one of 16 categories defined by the SBIF for provisioning purposes. The Bank constantly reviews the risk ratings of its individually-evaluated portfolio in order to have an up-to-date understanding of each customer's financial situation, payment behavior and environment.

The group evaluation criteria is applied mainly to individuals and smaller companies. These assessments and provision calculations are performed on a monthly basis. The consistency of these models is analyzed by independently validating the unit that develops the models and subsequently performing backtesting to contrast real losses with model-estimated losses.

The Bank conducted a full review of its guidelines for developing group provisioning models in 2018 and modified them to include best practices. Specifically, approval protocols and methodologies were analyzed and new provisioning models were implemented for the Bank's entire group portfolio.

Each year, the Bank tests the adequacy of its provisions for its entire loan portfolio to verify the quality and soundness of its risk assessment processes and, thereby, confirm that provisions are sufficient to cover losses that may arise from loans granted. The results of this analysis are presented to the Board, which then issues a formal opinion on the adequacy of the Bank's provisions for each year.

The monitoring and control of risks are mainly carried out based on limits set by the Board. These limits reflect the Bank's business and market strategy, and also the level of risk it is prepared to accept, with additional emphasis on selected industries.

A report detailing the evolution of the Bank's price and liquidity risk, based on both internal and regulator-imposed metrics, is sent to the Bank's Chief Executive Officer on a daily basis, and to the Finance, International and Market Risk Committee on a monthly basis.

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(2) Credit risk

Credit risk assesses the probability that the counterparty in a loan transaction does not meet its contractual obligation because of payment incapacity or financial insolvency, and that leads to a potential loan loss.

Risk management is one of the key components of the Bank's strategy, and is also fundamental to the sustainability of its business over time.

The risk function considers the segments that are served by the Bank and its subsidiaries, and is independent and objective in applying risk principles and fundamentals. The related policies are approved by the highest levels of the Bank. The Board actively participates in the process of reviewing, updating and approving these policies. Management is responsible for having control and application mechanisms.

In order to guarantee an appropriate governance model, the Bank has established several committees made up of directors and members of senior management based on the nature of loan transactions.

The following general principles govern credit risk management at the Bank:

1. Comprehensive management of the different types of risk (complete life cycle), with an important focus on the appropriate risk-return ratio.
2. Proper balance of risk assumed, guaranteeing the entity's solvency, including ongoing monitoring and quantification processes.
3. Efficient management of teams, tools and data structures in order to properly carry out these functions.

Credit risk management is continual and involves the processes of account approval, monitoring and collections, based on the following management principles:

(1) Performing a rigorous evaluation for approving risk levels based on sufficient and specific information and applying defined credit risk policies and processes.
(2) Analyzing whether the customer has sufficient cash flow generation capacity and solvency to meet its payment commitments. Guarantees can also be established to mitigate the risk taken on with the customer when deemed appropriate based on the features of the loan.
(3) Carrying out a continuous, robust portfolio monitoring process using systems that warn the Bank of potential signs of deterioration in the conditions in the original assessment.
(4) Adjusting the collections structure to different types of default using flexible, efficient recovery processes.

Banco de Chile has separate Retail and Wholesale Credit Risk divisional structures, for loan approval and collection, and a Global Credit Risk Division for loan monitoring and validation, with highly specialized teams, processes, and decision-making tools.

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(2) Credit risk (continued)

(a) Retail segment

In general, decisions in this segment rely on scoring tools, complemented by an appropriate model of risk attributions. The decisions are based on critical elements such as indebtedness levels, payment capacity and maximum acceptable exposure. The Bank established the following departments and functions in 2018, in order to ensure proper segregation of duties:

- Modeling Department: responsible for building statistical models, defining variables and weights for these models. These models are first approved by the Modeling Technical Committee and then the Modeling Validation Department.
- Management Integration Department: responsible for orchestrating the statistical models in credit assessment processes, ensuring proper linkage to credit decisions.
- Model and Portfolio Monitoring Department: this department belongs to the Global Risk Control Division and is designed to make the risk control function more independent. This department is responsible for assessing and measuring portfolio behavior and model performance.
- Origination Department: responsible for performing individual assessments of transactions and customers. It also has specialized areas (by segment and by region) to increase knowledge of customers and socio-economic information.
- Collections Department: a specialized unit that centralizes collections management for all segments and coordinates directly with Socofin, a Bank subsidiary that conducts collections for the retail segment.

(b) Wholesale segment

Origination management in the wholesale segment is based on individual assessments of portfolios. The analysis is based on a variety of factors, such as financial aspects of the customer, which reveal its capital solvency and capacity to generate cash flows, industry variables, aspects particular to the transaction, the amount of exposure requested, terms and products. The analysis is based on a rating model. If the customer belongs to a corporate group, it also considers the global relationship of the rest of the conglomerate with the Bank, as well as its consolidated financial situation and exposure levels.

The Global Risk Control Division is responsible for continuously tracking the portfolio and monitoring compliance with certain conditions established during origination, such as financial covenants, guarantee coverage and restrictions for loan approval.

If the Bank identifies companies with signs of impairment or any unmet condition, the Wholesale Credit Risk Division, the Global Risk Control Division and the customer's respective commercial department work together to draft action plans. If the Bank encounters problems collecting on loans, it has an area in charge of managing collections in order to define and negotiate on a case-by-case basis. This process is managed by specialized executives from the Special Asset Management Department, which reports to the Wholesale Credit Risk Division.

Note 40 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(2) Credit risk (continued)

(c) Portfolio concentration

The maximum exposure to credit risk by customer or counterparty, without considering collateral and other credit improvements, as of December 31, 2018 and 2017 does not exceed 10% of the Bank's regulatory capital.

The following tables show the exposure to credit risk by component of the statement of financial position, including derivatives, both by geographic region and industrial sector as of December 31, 2018:

	Chile MCh$	USA MCh$	Brazil MCh$	Others MCh$	Total MCh$
Financial Assets					
Cash and bank deposits	773,368	69,343	-	37,370	880,081
Trading instruments					
State and Chilean Central Bank	1,523,472	-	-	-	1,523,472
Other instruments issued in Chile	129,607	-	-	-	129,607
Instruments issued abroad	-	4,446	-	-	4,446
Investments in mutual funds	87,841	-	-	-	87,841
Subtotal	1,740,920	4,446	-	-	1,745,366
Repurchase agreements and securities lending	97,289	-	-	-	97,289
Trading derivative contracts					
Forwards	670,595	23,082	-	41,767	735,444
Swaps	453,191	98,414	-	186,525	738,130
Call options	4,309	-	-	530	4,839
Put options	56	-	-	64	120
Futures	-	-	-	-	-
Subtotal	1,128,151	121,496	-	228,886	1,478,533
Hedge accounting derivative contracts					
Forwards	-	-	-	-	-
Swaps	4,547	14,348	-	16,519	35,414
Call options	-	-	-	-	-
Put options	-	-	-	-	-
Futures	-	-	-	-	-
Subtotal	4,547	14,348	-	16,519	35,414
Loans and advances to banks					
Chilean Central Bank	1,100,831	-	-	-	1,100,831
Banks in Chile	100,023	-	-	-	100,023
Banks abroad	-	-	209,693	84,849	294,542
Subtotal	1,200,854	-	209,693	84,849	1,495,396
Customer loans and receivables					
Commercial loans	15,336,948	-	354	93,190	15,430,492
Residential mortgage loans	8,047,708	-	-	-	8,047,708
Consumer loans	4,436,122	-	-	-	4,436,122
Subtotal	27,820,778	-	354	93,190	27,914,322
Investment instruments held for sale					
State and Chilean Central Bank	164,222	-	-	-	164,222
Other instruments issued in Chile	770,674	-	-	-	770,674
Instruments issued abroad	-	108,544	-	-	108,544
Subtotal	934,896	108,544	-	-	1,043,440
Investment instruments held to maturity	-	-	-	-	-

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(2) Credit risk (continued)

Financial Assets	Financial services MCh$	Chilean Central Bank MCh$	Govern-ment MCh$	Individuals MCh$	Commerce MCh$	Manufacturing MCh$	Mining MCh$	Electricity, gas and water MCh$	Agriculture and livestock MCh$	Fishing MCh$	Transport and telecom MCh$	Construction MCh$	Services MCh$	Others MCh$	Total MCh$
Cash and bank deposits	758,274	121,807	-	-	-	-	-	-	-	-	-	-	-	-	880,081
Trading instruments															
State and Chilean Central Bank	-	1,434,986	88,486	-	-	-	-	-	-	-	-	-	-	-	1,523,472
Other instruments issued in Chile	129,607	-	-	-	-	-	-	-	-	-	-	-	-	-	129,607
Instruments issued abroad	4,446	-	-	-	-	-	-	-	-	-	-	-	-	-	4,446
Investments in mutual funds	87,841	-	-	-	-	-	-	-	-	-	-	-	-	-	87,841
Subtotal	221,894	1,434,986	88,486	-	-	-	-	-	-	-	-	-	-	-	1,745,366
Repurchase agreements and securities lending	29,031	742	-	-	37,520	-	5,017	4,466	3,096	59	15,637	-	985	736	97,289
Trading derivative contracts															
Forwards	374,006	-	-	-	7,194	13,328	40	10,288	4,211	411	98	455	296	325,117	735,444
Swaps	584,743	-	-	-	51,916	7,348	22	4,026	10,006	2,249	2,235	680	74,250	655	738,130
Call options	1,669	-	-	-	389	16	-	1,090	1,489	80	-	59	36	11	4,839
Put options	64	-	-	-	51	5	-	-	-	-	-	-	-	-	120
Futures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	960,482	-	-	-	59,550	20,697	62	15,404	15,706	2,740	2,333	1,194	74,582	325,783	1,478,533
Hedge accounting derivative contracts															
Forwards	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swaps	35,414	-	-	-	-	-	-	-	-	-	-	-	-	-	35,414
Call options	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Put options	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Futures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	35,414	-	-	-	-	-	-	-	-	-	-	-	-	-	35,414
Loans and advances to banks															
Chilean Central Bank	-	1,100,831	-	-	-	-	-	-	-	-	-	-	-	-	1,100,831
Banks in Chile	100,023	-	-	-	-	-	-	-	-	-	-	-	-	-	100,023
Banks abroad	294,542	-	-	-	-	-	-	-	-	-	-	-	-	-	294,542
Subtotal	394,565	1,100,831	-	-	-	-	-	-	-	-	-	-	-	-	1,495,396
Customer loans and receivables															
Commercial loans	2,122,425	-	-	-	2,322,558	1,578,703	453,331	461,348	1,581,701	156,444	1,497,654	1,751,219	2,107,494	1,397,615	15,430,492
Residential mortgage loans	-	-	-	8,047,708	-	-	-	-	-	-	-	-	-	-	8,047,708
Consumer loans	-	-	-	4,436,122	-	-	-	-	-	-	-	-	-	-	4,436,122
Subtotal	2,122,425	-	-	12,483,830	2,322,558	1,578,703	453,331	461,348	1,581,701	156,444	1,497,654	1,751,219	2.107494	1,397,615	27,914,322
Investment instruments held for sale															
State and Chilean Central Bank	-	135,145	29,077	-	-	-	-	-	-	-	-	-	-	-	164,222
Other instruments issued in Chile	680,656	-	-	-	22,390	-	-	8,245	-	-	4,938	-	-	54,445	770,674
Instruments issued abroad	108,544	-	-	-	-	-	-	-	-	-	-	-	-	-	108,544
Subtotal	789,200	135,145	29,077	-	22,390	-	-	8,245	-	-	4,938	-	-	54,445	1,043,440
Investment instruments held to maturity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(2) Credit risk (continued)

The following tables show the exposure to credit risk by component of the statement of financial position, including derivatives, both by geographic region and industrial sector as of December 31, 2017:

Financial Assets	Chile MCh$	USA MCh$	Brazil MCh$	Others MCh$	Total MCh$
Cash and bank deposits	695,213	271,564	-	90,616	1,057,393
Trading instruments					
State and Chilean Central Bank	1,317,164	-	-	-	1,317,164
Other instruments issued in Chile	221,092	-	-	-	221,092
Instruments issued abroad	-	322	-	-	322
Investments in mutual funds	78,069	-	-	-	78,069
Subtotal	1,616,325	322	-	-	1,616,647
Repurchase agreements and securities lending	91,641	-	-	-	91,641
Trading derivative contracts					
Forwards	392,018	23,162	-	91,322	506,502
Swaps	472,492	79,614	-	158,017	710,123
Call options	514	-	-	-	514
Put options	2,841	-	-	-	2,841
Futures	-	-	-	-	-
Subtotal	867,865	102,776	-	249,339	1,219,980
Hedge accounting derivative contracts					
Forwards	-	-	-	-	-
Swaps	-	8,632	-	19,217	27,849
Call options	-	-	-	-	-
Put options	-	-	-	-	-
Futures	-	-	-	-	-
Subtotal	-	8,632	-	19,217	27,849
Loans and advances to banks					
Chilean Central Bank	350,916	-	-	-	350,916
Banks in Chile	120,017	-	-	-	120,017
Banks abroad	-	-	158,524	130,828	289,352
Subtotal	470,933	-	158,524	130,828	760,285
Customer loans and receivables					
Commercial loans	13,894,811	-	-	58,302	13,953,113
Residential mortgage loans	7,473,006	-	-	-	7,473,006
Consumer loans	4,013,416	-	-	-	4,013,416
Subtotal	25,381,233	-	-	58,302	25,439,535
Investment instruments held for sale					
State and Chilean Central Bank	356,368	-	-	-	356,368
Other instruments issued in Chile	1,159,695	-	-	-	1,159,695
Instruments issued abroad	-	-	-	-	-
Subtotal	1,516,063	-	-	-	1,516,063
Investment instruments held to maturity	-	-	-	-	-

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(2) Credit risk (continued)

Financial Assets	Financial services MCh$	Chilean Central Bank MCh$	Govern-ment MCh$	Individuals MCh$	Commerce MCh$	Manufacturing MCh$	Mining MCh$	Electricity, gas and water MCh$	Agriculture and livestock MCh$	Fishing MCh$	Transport and telecom MCh$	Construction MCh$	Services MCh$	Others MCh$	Total MCh$
Cash and bank deposits	894,972	162,421	-	-	-	-	-	-	-	-	-	-	-	-	1,057,393
Trading instruments															
State and Chilean Central Bank	-	1,062,558	254,606	-	-	-	-	-	-	-	-	-	-	-	1,317,164
Other instruments issued in Chile	221,092	-	-	-	-	-	-	-	-	-	-	-	-	-	221,092
Instruments issued abroad	322	-	-	-	-	-	-	-	-	-	-	-	-	-	322
Investments in mutual funds	78,069	-	-	-	-	-	-	-	-	-	-	-	-	-	78,069
Subtotal	299,483	1,062,558	254,606	-	-	-	-	-	-	-	-	-	-	-	1,616,647
Repurchase agreements and securities lending	32,555	-	2,576	-	24,717	-	12,522	7,464	13	672	7,382	-	3,740	-	91,641
Trading derivative contracts															
Forwards	245,761	-	-	-	7,666	9,860	2,561	84	54	219	2,368	29	237,900	-	506,502
Swaps	643,735	-	-	-	44,773	5,563	839	4,679	2,862	9	7,244	-	419	-	710,123
Call options	269	-	-	-	32	90	-	-	67	-	52	1	3	-	514
Put options	734	-	-	-	1,432	396	-	-	222	-	-	11	46	-	2,841
Futures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	890,499	-	-	-	53,903	15,909	3,400	4,763	3,205	228	9,664	41	238,368	-	1,219,980
Hedge accounting derivative contracts															
Forwards	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swaps	27,849	-	-	-	-	-	-	-	-	-	-	-	-	-	27,849
Call options	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Put options	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Futures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	27,849	-	-	-	-	-	-	-	-	-	-	-	-	-	27,849
Loans and advances to banks															
Chilean Central Bank	-	350,916	-	-	-	-	-	-	-	-	-	-	-	-	350,916
Banks in Chile	120,017	-	-	-	-	-	-	-	-	-	-	-	-	-	120,017
Banks abroad	289,352	-	-	-	-	-	-	-	-	-	-	-	-	-	289,352
Subtotal	409,369	350,916	-	-	-	-	-	-	-	-	-	-	-	-	760,285
Customer loans and receivables															
Commercial loans	1,851,649	-	-	-	2,027,424	1,399,692	422,176	565,695	1,354,069	145,266	1,612,930	1,493,373	1,964,238	1,116,601	13,953,113
Residential mortgage loans	-	-	-	7,473,006	-	-	-	-	-	-	-	-	-	-	7,473,006
Consumer loans	-	-	-	4,013,416	-	-	-	-	-	-	-	-	-	-	4,013,416
Subtotal	1,851,649	-	-	11,486,422	2,027,424	1,399,692	422,176	565,695	1,354,069	145,266	1,612,930	1,493,373	1,964,238	1,116,601	25,439,535
Investment instruments held for sale															
State and Chilean Central Bank	-	207,474	148,894	-	-	-	-	-	-	-	-	-	-	-	356,368
Other instruments issued in Chile	1,096,785	-	-	-	31,833	8,589	7,662	2,883	6,972	-	4,971	-	-	-	1,159,695
Instruments issued abroad	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	1,096,785	207,474	148,894	-	31,833	8,589	7,662	2,883	6,972	-	4,971	-	-	-	1,516,063
Investment instruments held to maturity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(2) Credit risk (continued)

(d) Collateral and other credit improvements

The amount and type of collateral required depends on the counterparty's credit risk assessment.

The Bank has guidelines with respect to the acceptability of collateral and valuation parameters.

The main types of collateral obtained are:

- For commercial loans: residential and non-residential properties, pledges and inventory.
- For retail loans: mortgages over residential properties.

The Bank also obtains collateral from parent companies for loans granted to their subsidiaries.

Management is committed to obtaining acceptable collateral according to external regulations and in accordance with internal policy guidelines and parameters. The Bank has around 225,191 separate collateral instruments, with the greatest concentration (by value) in real estate. The collateral as of December 31, 2018 and 2017, are as follows.

		Collateral					
2018	**Loans MCh$**	**Mortgages MCh$**	**Pledges MCh$**	**Securities MCh$**	**Warrants MCh$**	**Others MCh$**	**Total MCh$**
Corporations	11,703,594	2,589,429	75,105	423,556	2,263	221,919	3,312,272
SMEs	3,726,898	2,977,286	31,270	28,974	-	71,140	3,108,670
Consumer	4,436,122	332,030	967	2,244	-	20,090	355,331
Residential mortgage	8,047,708	7,493,073	58	265	-	-	7,493,396
Total	**27,914,322**	**13,391,818**	**107,400**	**455,039**	**2,263**	**313,149**	**14,269,669**

		Collateral					
2017	**Loans MCh$**	**Mortgages MCh$**	**Pledges MCh$**	**Securities MCh$**	**Warrants MCh$**	**Others MCh$**	**Total MCh$**
Corporations	9,768,035	2,269,716	72,893	438,595	3,381	243,961	3,028,546
SMEs	4,185,078	2,543,343	28,699	32,034	-	58,255	2,662,331
Consumer	4,013,416	283,091	938	1,776	-	18,594	304,399
Residential mortgage	7,473,006	6,922,454	90	267	-	-	6,922,811
Total	**25,439,535**	**12,018,604**	**102,620**	**472,672**	**3,381**	**320,810**	**12,918,087**

The Bank also uses credit-risk mitigating elements for derivative transactions. The mitigating elements currently used are:

- Accelerating transactions and net payment using market values at the date of default of one of the parties.
- Early termination option for both parties for all transactions with a counterparty at a given date, using market values as of the respective date.
- Margins in the form of time deposits by customers who close forward contracts in the subsidiary Banchile Corredores de Bolsa S.A.

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(2) Credit risk (continued)

(d) Collateral and other credit improvements (continued)

The value of collateral held by the Bank relating to loans individually classified as impaired as of December 31, 2018 and 2017, is MCh$85,721 and MCh$102,014 respectively.

The value of collateral held by the Bank relating to overdue loans not impaired as of December 31, 2018 and 2017, is MCh$295,634 and MCh$358,967, respectively.

(e) Credit quality by class of assets

The Bank determines the credit quality of financial assets using internal credit classifications. The classification process is linked to the approval and follow-up processes, and is carried out according to the risk categories under current regulations, constantly updating this according to the favorable or unfavorable evolution shown by the customers and their environment, considering commercial and payment behavior as well as financial information.

The Bank also makes focalized revisions of companies in specific economic sectors that are affected by macroeconomic or the sector's own variables. Such reviews allow the Bank to opportunely establish any necessary provisions that are sufficient to cover losses for potentially uncollectable loans.

The following tables show the credit quality by class of asset for each of the lines of the statement of financial position, based on the Bank's loan classification system.

As of December 31, 2018

	Individual Portfolio			Group Portfolio		
	Normal MCh$	Substandard MCh$	Default MCh$	Normal MCh$	Default MCh$	Total MCh$
Financial Assets						
Loans and advances to banks						
Chilean Central Bank	1,100,831	-	-	-	-	1,100,831
Banks in Chile	100,023	-	-	-	-	100,023
Banks abroad	294,542	-	-	-	-	294,542
Subtotal	1,495,396	-	-	-	-	1,495,396
Customer loans and receivables (excluding loan loss provisions)						
Commercial loans	11,489,787	94,893	118,914	3,492,798	234,100	15,430,492
Residential mortgage loans	-	-	-	7,886,998	160,710	8,047,708
Consumer loans	-	-	-	4,166,752	269,370	4,436,122
Subtotal	11,489,787	94,893	118,914	15,546,548	664,180	27,914,322

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(2) Credit risk (continued)

(e) Credit quality by class of assets (continued)

As of December 31, 2017

	Individual Portfolio			Group Portfolio		
	Normal MCh$	Substandard MCh$	Default MCh$	Normal MCh$	Default MCh$	Total MCh$
Financial Assets						
Loans and advances to banks						
Chilean Central Bank	350,916	-	-	-	-	350,916
Banks in Chile	120,017	-	-	-	-	120,017
Banks abroad	289,352	-	-	-	-	289,352
Subtotal	760,285	-	-	-	-	760,285
Customer loans and receivables (excluding loan loss provisions)						
Commercial loans	10,585,946	101,253	159,512	2,908,182	198,220	13,953,113
Residential mortgage loans	-	-	-	7,316,969	156,037	7,473,006
Consumer loans	-	-	-	3,760,472	252,944	4,013,416
Subtotal	10,585,946	101,253	159,512	13,985,623	607,201	25,439,535

The aging of past due loans by class of financial asset is as follows. The past due portion is detailed together with the remaining balance on loans that are overdue.

As of December 31, 2018

	Past due		
	1 to 29 days MCh$	30 to 59 days MCh$	60 to 89 days MCh$
Loans and advances to banks	273	-	-
Commercial loans	132,475	40,781	27,060
Foreign trade loans	13,892	2,194	618
Factoring transactions	44,106	7,540	725
Commercial lease transactions	92,057	6,166	3,230
Other loans and receivables	1,462	777	470
Residential mortgage loans	154,700	67,211	24,639
Consumer loans	217,923	102,752	40,782
Total	656,888	227,421	97,524

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(2) Credit risk (continued)

(e) Credit quality by class of assets (continued)

As of December 31, 2017

	Overdue		
	1 to 29 days MCh$	30 to 59 days MCh$	60 to 89 days MCh$
Loans and advances to banks	6,880	-	-
Commercial loans	183,374	34,457	53,224
Foreign trade loans	19,628	2,403	647
Factoring transactions	30,204	3,723	748
Commercial lease transactions	52,365	12,407	2,144
Other loans and receivables	1,195	599	724
Residential mortgage loans	143,619	56,422	26,365
Consumer loans	203,692	91,928	38,320
Total	640,957	201,939	122,172

The past due but not impaired portfolio as of December 31, 2018 and 2017, is as follows.

	Past due but not impaired portfolio (*)			
	1 to 29 days MCh$	30 to 59 days MCh$	60 to 89 days MCh$	Over 90 days MCh$
2018	538,950	145,127	37,371	2,566
2017	533,690	134,316	37,292	2,008

(*) These amounts include the overdue portion and the remaining balance.

(f) Assets received in lieu of payment

The Bank has assets received in lieu of payment amounting to MCh$17,794 and MCh$14,163 as of December 31, 2018 and 2017, respectively, which are mainly properties. All of these assets are held for sale.

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(2) Credit risk (continued)

(g) Restructured loans

Impaired loans shown as restructured in the statement of financial position relate to those where the corresponding financial commitments have been restructured and where the Bank considers that the probability of recovery is sufficiently high.

The following table details the book value of loans with renegotiated terms by financial asset class.

Financial Assets	2018 MCh$	2017 MCh$
Loans and advances to banks		
Chilean Central Bank	-	-
Banks in Chile	-	-
Banks abroad	-	-
Subtotal	-	-
Customer loans and receivables, net		
Commercial loans	192,646	191,314
Residential mortgage loans	14,463	17,400
Consumer loans	362,562	367,350
Subtotal	569,671	576,064
Total restructured financial assets	569,671	576,064

The Bank separates provision evaluation into two areas: individually evaluated provisions and group evaluated provisions, which are described in Note 2 (ai).

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(3) Market risk

Market risk refers to the potential loss that the Bank could face due to insufficient liquidity to pay its liabilities on time (liquidity risk), or adverse movements in the prices of market variables (pricing risk).

(a) Liquidity risk

Measurement and limits of liquidity risk

The Bank manages trading liquidity risk separately from funding liquidity risk.

Trading liquidity risk was originally understood as the Bank's inability to liquidate assets expeditiously, but today the concept has extended to the inability to cover open financial positions at current market prices mainly from the Trading Book (which is valued daily at market prices and value differences reflected instantaneously in the Income Statement). This risk is limited and controlled at the Bank by establishing a minimum amount of highly liquid assets called a liquidity buffer (composed of cash, excluding reserve requirements and financial instruments with a high presence in secondary markets). Also, by setting limits on positions in the Trading Book according to forecast short-term settlements. There is a negative impact on the Bank's Income Statement whenever it considers that the size of a specific position in the Trading Book exceeds a reasonable amount traded in the secondary markets that could be sold without altering market prices.

Funding liquidity risk is limited and controlled using internal measurements, including the MAR (Market Access Report), which estimates the funding required by the Bank from the financial wholesale segment for the next 30 and 90 days in each of the Bank's significant currencies to meet cash requirements as a result of normal business conditions, i.e. maintaining total assets (except for the liquid bonds that exceed the minimum liquidity buffer, which could be sold on the secondary market) and the withdrawal of a small part of retail deposits and all the wholesale time deposits. MAR limits are established in such a way that under stress conditions and considering their maximum utilization, the Bank complies with the risk tolerances defined in the Liquidity Risk Management Policy.

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(3) Market risk (continued)

(a) Liquidity risk (continued)

The MAR values in 2018 are shown below (LCCY = local currency; FCCY = foreign currency).

	MAR LCCY + FCCY BCh$		MAR FCCY MUS$	
	1 - 30 days	1 - 90 days	1 - 30 days	1 - 90 days
Maximum	3,432	5,530	1,921	3,278
Minimum	1,893	3,653	476	1,691
Average	2,621	4,794	1,411	2,606

The Bank also monitors the local currency assets that are funded with foreign currency liabilities, including all maturities and cash flows generated by derivative payments that must be paid in foreign currency in the future. This metric is known as Cross-Currency Funding. The Bank supervises and limits this amount to take precautions not only against a Banco de Chile event but also against an adverse environment caused by a country event.

The values for Crossed Currency Funding for 2018 are as follows:

	Cross Currency Funding MUS$
Maximum	4,377
Minimum	2,384
Average	3,300

In addition, the Bank establishes thresholds that trigger warnings when indicators exceed the expected ranges at a normal or prudent operating level, with the aim of prudently controlling other dimensions of liquidity risk such as a concentration of fund maturities; the diversification of funding sources by counterparty or product, etc.

It also monitors the evolution over time of the Bank's financial ratios and can detect structural changes in the financial position statement, such as those presented in the following table with their values for 2018.

	Liquid Assets/ Net Funds up to 1 year	Liabilities > 1 year / Assets > 1 year	Deposits/ Loans
Maximum	95%	77%	64%
Minimum	74%	74%	59%
Average	86%	76%	61%

Furthermore, specific market indices, prices and monetary decisions taken by the Chilean Central Bank are monitored to detect structural changes in market conditions that can trigger a liquidity shortage or even a financial crisis.

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(3) Market risk (continued)

(a) Liquidity risk (continued)

The Bank uses a standard report introduced some years ago and which was updated in 2015. This is the C46 index report (formerly known as the C08 index), which represents the forecast net cash flows over the next 12 months as a result of the contractual maturity of almost all its assets and liabilities (liquidity generated by debt instruments may be reported prior to the contractual maturity of the instrument, with the exception of those classified as held-to-maturity). The Superintendency of Banks and Financial Institutions (hereinafter "SBIF") also authorized Banco de Chile and others to report the adjusted C46 index. So the Bank reports the regular C46 index and the payment behavior assumptions for specific elements of its liabilities, such as demand deposits and time deposits. The regulator also requires refinancing assumptions for the loan portfolio.

The SBIF establishes the following limits for the C46 index.

Balance sheet items in foreign currency:	1-30 days C46 Index < 1 times core capital
Balance sheet items in all currencies:	1-30 days C46 Index < 1 times core capital
Balance sheet items in all currencies:	1-90 days C46 Index < 2 times core capital

The index has been used during 2018 as follows.

	Adjusted C46 Index LCCY + FCCY as % of Core Capital		Adjusted C46 Index FCCY as % of Core Capital
	1 - 30 days	1 - 90 days	1 - 30 days
Maximum	0.65	0.90	0.37
Minimum	0.29	0.55	0.24
Average	0.44	0.74	0.31
Standard limit	1.0	2.0	1.0

Additionally, regulatory authorities introduced other metrics in 2015 that the Bank uses to measure its performance, such as the Liquidity Coverage Ratio (LCR) and the Net Stable Financing Ratio (NSFR) using similar assumptions to those used by first-class international banks. An implementation schedule has only been established for the first metric. It begins in 2019 with a minimum of 60%. The trends in the LCR and NSFR metrics during 2018 are as follows.

	LCR	NSFR
Maximum	1.09	1.02
Minimum	0.78	0.95
Average	0.91	0.99
Standard limit	0.6 (*)	N/A

(*) This is the minimum value for 2019 and it increases by 0.1 every year until it reaches 1 in 2023.

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(3) Market risk (continued)

(a) Liquidity risk (continued)

The contractual maturity profile of the financial liabilities of Banco de Chile and its subsidiaries (consolidated base) as of December 31, 2018 and 2017, is as follows.

	Up to 1 month MCh$	1 to 3 months MCh$	3 to 12 months MCh$	1 to 3 years MCh$	3 to 5 years MCh$	Over 5 years MCh$	Total MCh$
Liabilities as of December 31, 2018							
Demand deposits and other obligations	9,584,488	-	-	-	-	-	9,584,488
Transactions pending settlement	335,575	-	-	-	-	-	335,575
Repurchase agreements and securities lending	292,231	1,440	5,137	-	-	-	298,808
Savings accounts and other time deposits	5,344,294	1,981,221	3,152,103	373,398	619	132	10,851,767
Physically settled derivatives	351,496	190,643	648,870	582,628	536,506	592,303	2,902,446
Obligations with banks	97,661	268,795	946,950	183,206	-	-	1,496,612
Other obligations	92,896	730	4,857	18,406	366	35	117,290
Debt instruments issued in a foreign currency other than USD	101,707	267,665	724,724	1,410,766	1,899,529	4,303,542	8,707,933
Total (excluding derivatives under offsetting agreements)	16,200,348	2,710,494	5,482,641	2,568,404	2,437,020	4,896,012	34,294,919
Derivatives under offsetting agreements	297,613	604,200	1,028,798	712,286	593,431	1,209,282	4,445,610

	Up to 1 month MCh$	1 to 3 months MCh$	3 to 12 months MCh$	1 to 3 years MCh$	3 to 5 years MCh$	Over 5 years MCh$	Total MCh$
Liabilities as of December 31, 2017							
Demand deposits and other obligations	8,915,706	-	-	-	-	-	8,915,706
Transactions pending settlement	295,712	-	-	-	-	-	295,712
Repurchase agreements and securities lending	194,539	750	-	-	-	-	195,289
Savings accounts and other time deposits	5,097,833	2,509,694	2,555,579	21,536	311	219	10,185,172
Physically settled derivatives	172,323	136,729	1,166,598	937,050	1,582,890	531,309	4,526,899
Obligations with banks	260,272	242,515	613,159	73,852	-	-	1,189,798
Other obligations	103,385	918	10,921	24,038	686	154	140,102
Debt instruments issued in a foreign currency other than USD	47,375	165,359	728,035	1,279,275	1,500,632	3,931,034	7,651,710
Total (excluding derivatives under offsetting agreements)	15,087,145	3,055,965	5,074,292	2,335,751	3,084,519	4,462,716	33,100,388
Derivatives under offsetting agreements	112,011	100,247	1,141,610	816,847	325,199	1,115,676	3,611,590

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(3) Market risk (continued)

(b) Pricing risk

Measurement and limits of pricing risk

Price risk measurement and management processes are carried out using various metrics developed internally by the Bank for both the Accrual Book and the Trading Book. The Accrual Book includes all items on the statement of financial position, including all the items in the Trading Book, but they are reported with a delayed interest rate adjustment of one day, thus avoiding an interest rate accrual risk. The Bank also reports indicators to the regulatory entities, in accordance with their models.

The Bank has established various internal limits for financial positions in the Trading Book, such as internal limits for net positions with spot exchange rates (delta FX) or net equity positions (delta Equity); sensitivity limits for interest rate positions (DV01 or rho) and options volatility sensitivity limits (vega). The limits are established on an aggregate basis, but also for some interest rate adjustment points. These limits are monitored on a daily basis, controlled and reported to the Bank's senior management by independent control departments within the business. The internal governance framework also establishes that these limits are approved by the Bank's Board of Directors and reviewed at least annually.

The Bank measures and controls the portfolio risk in the Trading Book using the Value at Risk (VaR) tool. The model includes a 99% confidence level and the rates, prices and yields observed for the most recent year.

The values of VaR for 2018 are as follows.

	Value-at-Risk One day 99% confidence level **MCh$**
Maximum	1,401
Minimum	379
Average	783

The Bank also performs measurements, limitations, controls and reports on interest rate exposures and risks in the Accrual Book using internally developed methods based on the differences between assets and liabilities considering the adjustment dates of interest rates. Exposures are measured according to the Interest Rate Exposure (IRE) and the risks according to the Earnings at Risk (EaR) indicators.

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(3) Market risk (continued)

(b) Pricing risk (continued)

The values of EaR for 2018 are as follows.

	12 months Earnings-at-Risk 97.7% confidence level 3 months from the period close **MCh$**
Maximum	33,197
Minimum	24,941
Average	26,738

The measurement of regulatory risk for the Trading Book (report C41) is produced using the guidelines provided by the Chilean Central Bank (hereinafter "BCCh") and the SBIF, which are adopted from standardized methodologies of the BIS 1993. These methodologies estimate the potential loss that the Bank will incur considering standardized fluctuations in the value of market factors such as exchange rates, interest rates and volatilities that may adversely affect the value of foreign currency positions, interest rate exposures and volatility exposures, respectively. Changes in interest rates are provided by the regulator; in addition, very conservative correlation and tenor factors are included to explain changes in the curve of non-parallel yields that reflect inclination/favorable behaviors. The impact due to open exchange rate positions is obtained using large exchange rate fluctuations (8% for liquid exchange rates and 30% for non-liquid exchange rates). The SBIF does not establish an individual limit for this particular risk, but an overall limit that includes this risk (also called Market Risk Equivalent or MRE) and assets weighted by credit risk. The sum of MRE and 10% of the assets weighted by credit risk may not exceed 100% of the Bank's regulatory capital. Operational risk will be added to this calculation in the future.

The risk for the Banking Book is measured using standardized methods provided by regulatory entities (BCCh and SBIF), in accordance with regulatory guidelines (C40 report), as a result of fluctuations in interest rates. The report includes models for reporting currency mismatches, and adverse standardized fluctuations in interest rates. The regulatory agency has also requested banks to establish internal limits for these standard measurements. Limits should be separately established for short and long-term financial positions. The short-term risk limit must be expressed as a percentage of NIM plus fee income that depends on the interest rate. The long-term risk limit may not exceed a specified percentage of regulatory capital. The Bank currently uses 25% for both limits.

Furthermore, the market risk policy at Banco de Chile requires daily stress testing for the trading book and monthly testing for the accruals books. The results of stress testing are checked to see if they exceed the corresponding activation levels. If this happens, senior management is informed, in order to implement additional measures, if necessary. The results of trading activities during the month are checked to see if they exceed defined loss limits. If this occurs, senior management is informed.

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(3) Market risk (continued)

(b) Pricing risk (continued)

The following table shows the cash flow in the Banking Book, based on the adjustment dates for interest rates on an individual basis as of December 31, 2018 and 2017.

	Up to 1 month MCh$	1 to 3 months MCh$	3 to 12 months MCh$	1 to 3 years MCh$	3 to 5 years MCh$	Over 5 years MCh$	Total MCh$
Assets as of December 31, 2018							
Cash and bank deposits	844,173	-	-	-	-	-	844,173
Transactions pending settlement	442,840	-	-	-	-	-	442,840
Repurchase agreements and securities lending	3,161	-	-	-	-	-	3,161
Hedging instruments	20	140,631	253,266	176,330	229,092	717,331	1,516,670
Interbank loans	1,262,749	79,199	133,689	24,337	-	-	1,499,974
Customer loans and receivables	2,305,334	2,311,297	5,784,455	8,402,372	3,923,096	9,721,138	32,447,692
Investment instruments held for sale	48,469	153,479	408,390	146,136	58,093	230,003	1,044,570
Investment instruments held to maturity	-	-	-	-	-	-	-
Total assets	4,906,746	2,684,606	6,579,800	8,749,175	4,210,281	10,668,472	37,799,080

	Up to 1 month MCh$	1 to 3 months MCh$	3 to 12 months MCh$	1 to 3 years MCh$	3 to 5 years MCh$	Over 5 years MCh$	Total MCh$
Assets as of December 31, 2017							
Cash and bank deposits	1,028,014	-	-	-	-	-	1,028,014
Transactions pending settlement	489,201	-	-	-	-	-	489,201
Repurchase agreements and securities lending	19,992	-	-	-	-	-	19,992
Hedging instruments	30,328	146,775	225,883	335,756	51,087	539,283	1,329,112
Loans and advances to banks	533,101	49,573	150,253	31,920	-	-	764,847
Customer loans and receivables	4,669,573	2,595,012	5,636,496	5,619,230	3,089,002	8,591,253	30,200,566
Investment instruments held for sale	9,134	37,851	950,199	222,522	216,058	169,144	1,604,908
Investment instruments held to maturity	-	-	-	-	-	-	-
Total assets	6,779,343	2,829,211	6,962,831	6,209,428	3,356,147	9,299,680	35,436,640

	Up to 1 month MCh$	1 to 3 months MCh$	3 to 12 months MCh$	1 to 3 years MCh$	3 to 5 years MCh$	Over 5 years MCh$	Total MCh$
Liabilities as of December 31, 2018							
Demand deposits and other obligations	9,622,073	-	-	-	-	-	9,622,073
Transactions pending settlement	226,580	-	-	-	-	-	226,580
Repurchase agreements and securities lending	6,963	-	-	-	-	-	6,963
Savings accounts and other time deposits	5,273,096	1,981,221	3,152,103	373,398	619	71,330	10,851,767
Hedging instruments	115	144,525	243,151	187,522	222,201	715,536	1,513,050
Interbank loans	97,661	268,795	946,950	183,206	-	-	1,496,612
Debt instruments issued (*)	101,707	267,665	724,724	1,410,766	1,899,529	4,303,542	8,707,933
Other liabilities	92,896	730	4,857	18,406	366	35	117,290
Total liabilities	15,421,091	2,662,936	5,071,785	2,173,298	2,122,715	5,090,443	32,542,268

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(3) Market risk (continued)

(b) Pricing risk (continued)

	Up to 1 month MCh$	1 to 3 months MCh$	3 to 12 months MCh$	1 to 3 years MCh$	3 to 5 years MCh$	Over 5 years MCh$	Total MCh$
Liabilities as of December 31, 2017							
Demand deposits and other obligations	8,959,941	-	-	-	-	-	8,959,941
Transactions pending settlement	261,775	-	-	-	-	-	261,775
Repurchase agreements and securities lending	10,267	-	-	-	-	-	10,267
Savings accounts and other time deposits	5,294,456	2,317,792	2,555,579	21,536	311	219	10,189,893
Hedging instruments	352	3,968	286,519	452,960	75,237	600,507	1,419,543
Obligations with banks	506,703	553,663	129,431	-	-	-	1,189,797
Debt instruments issued (*)	158,085	266,895	727,798	1,217,226	1,349,337	3,930,440	7,649,781
Other financial obligations	146,726	918	10,921	24,038	686	154	183,443
Total liabilities	15,338,305	3,143,236	3,710,248	1,715,760	1,425,571	4,531,320	29,864,440

(*) This value does not coincide with that indicated in the liquidity analysis liabilities table, due to differences in the treatment of mortgage notes issued by the Bank in both reports.

Pricing Risk Sensitivity Analysis

The Bank uses stress tests as the principal sensitivity analysis tool for pricing risk. The trading book and the accrual book are analyzed separately. The Bank adopts this tool as it is more useful than the normal evaluations of fluctuations such as the VaR or EaR, as:

(i) The financial crises showed fluctuations substantially in excess of those used with VaR with 99% confidence or EaR with 97.7% confidence.

(ii) The crises also showed that correlations between these fluctuations are substantially different to those used to calculate VaR metrics, since there was important decoupling between the trends in market variables compared to those observed under normal conditions.

(iii) Trading liquidity reduced dramatically during the crisis and particularly in emerging markets (in the case of Chile, this occurred during the crisis in 2008-9). Therefore, the one-day VaR may not be representative of a situation such as the one described, given that the closing periods for exposures may be much longer than one business day. This may also occur when calculating EaR, even when determining it by considering a three-month closing period.

The impacts are determined using mathematical simulations of fluctuations in the values of market factors and estimating the changes in book and/or economic values of financial positions.

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(3) Market risk (continued)

(b) Pricing risk (continued)

In order to comply with IFRS 7.40, the following table shows the forecast impact of extreme though feasible fluctuations in interest rates, swap yields, exchange rates and exchange rate volatilities, which are used to assess the trading and accrual portfolios. Given that the Bank's portfolio includes positions denominated in nominal and real interest rates, these fluctuations should be aligned with extreme though feasible forecast changes in inflation in Chile.

This exercise is implemented in a simple way. The impacts on the trading portfolios are estimated by multiplying the Greeks by the fluctuations obtained as a result of mathematical simulations over a time horizon of two weeks and using the maximum historical volatility over the last fourteen years for each of the market factors. The impacts on the accrual portfolios are calculated by multiplying the accumulated mismatches by the fluctuations of the forward interest rates modeled on a three-month time horizon and using the maximum historical volatility of the interest fluctuations but limited to the maximum fluctuations observed over a three-month period during the last fourteen years. The method may overlook part of the convexity of interest rates, since this is not adequately captured when large fluctuations are modeled. Neither convexity nor prepayment behaviors are captured when analyzing the Accrual Book. In any event, given the magnitude of these changes, the methodology is reasonably precise for the purposes and scope of the analysis.

The following table illustrates the fluctuations resulting from the main market factors during maximum, or more adverse, stress testing for the Trading Book.

The direction or sign of these fluctuations corresponds to whichever causes the most adverse impact in aggregate.

Average market factor fluctuations for the maximum stress exercise
Trading Book

	CLP Derivatives (bps)	CLP Bonds (bps)	CLF Derivatives (bps)	CLF Bonds (bps)	USD Offshore Libor Derivatives (bps)	USD Spread On/Off Derivatives (bps)
Under 1 year	4	20	-26	-10	7	301
Over 1 year	7	19	-6	-18	5	34

bps = basis points

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(3) Market risk (continued)

(b) Pricing risk (continued)

The worst impact on the Bank's Trading Book as of December 31, 2018, as a result of the simulations described above, is as follows.

Maximum Stress Exercise
Trading Book
(MCh$)

Interest rates in CLP		(683)
Derivatives	54	
Debt instruments	(737)	
Interest rates in CLF		58
Derivatives	84	
Debt instruments	(26)	
USD offshore interest rates		145
USD local/offshore interest rate spreads		(12,762)
Total Interest Rate		**(13,242)**
Total Exchange Rate		**13**
Total FX options		**(13)**
Total		**(13,242)**

This scenario would generate losses in the Trading Book of around MCh$13,000. In any case, such fluctuations would not lead to material losses compared to Core Capital (Tier-1) or to earnings forecasts for the next 12 months.

The impact on the Accrual Book as of December 31, 2018, which is not necessarily a net loss/gain but higher/lower net income from funds generation for the next 12 months (resulting in generating net interest) and is shown below.

Maximum Stress Exercise over 12-months Income
Accrual Book
(MCh$)

Impact of shock on base interest rate	(122,334)
Impact of shock on spreads	(7,320)
Higher/(Lower) Net Income	**(129,654)**

The main negative impact on the Trading Book would occur as a result of a drastic rise in the USD Spread On/Off derivatives, especially for the less than one-year portion on the yield curve. Potential lower income over the next 12 months in the Accrual Book would be around MCh$130,000, which remains much lower than budgeted earnings for the year.

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(4) Capital requirements and management

The primary objectives of the Bank's capital management are to ensure compliance with regulatory capital requirements and maintain a solid credit rating and appropriate capital ratios. During 2018, the Bank has comfortably complied with the capital requirements demanded.

As part of its capital management policy, the Bank has established capital sufficiency warnings, stricter values than those required by the regulator, which are monitored monthly. None of the internal warnings defined in the capital management policy was triggered during 2018.

The Bank manages capital by making adjustments in view of changes in economic conditions and the risk characteristics of its business. Therefore, the Bank can adjust the amount paid as dividends or issue capital instruments. The Bank's capital sufficiency is monitored by employing the indicators and rules set by the SBIF, and other measures.

Regulatory capital

According to the General Banking Law, the Bank should maintain regulatory capital divided by the sum of consolidated risk-weighted assets above a minimum of 8%, net of required provisions. The Bank should also maintain a ratio of core capital to total consolidated assets above a minimum of 3%, net of required provisions. As a result of the merger of Banco de Chile and Citibank Chile in 2008, the SBIF, by its Resolution 209 of December 26, 2007, established that the institution is obliged to maintain a ratio of regulatory capital to risk-weighted assets above a minimum of 10%. The regulator thus ratified the minimum of 10% that it had set in December 2001 when authorizing the merger by absorption of Banco Edwards into Banco de Chile.

Regulatory capital is determined based on the capital and reserves or core capital with the following adjustments: (a) subordinated bonds are added with a maximum of 50% of core capital; (b) additional provisions for loans are added, (c) goodwill and investments in companies not included in the consolidation are deducted, and (d) non-controlling interest is added.

Assets are weighted according to their risk categories, which are assigned a percentage risk according to the capital required to support each one. There are 5 risk categories (0%, 10%, 20%, 60% and 100%). For example, cash, loans and advances to banks and financial instruments issued by the Chilean Central Bank have 0% risk, which means that no capital is required to support these assets, in accordance with current standards. Property and equipment have a 100% risk, which means that there should be minimum capital of 8% of these assets, and of 10% in the case of Banco de Chile.

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(4) Capital requirements and management (continued)

All derivative instruments not traded on stock markets are considered in the determination of risk assets with a conversion factor over the notional values, thus obtaining the amount of credit-risk exposure (or "credit equivalent"). Memorandum account contingent liabilities are also considered by a "credit equivalent" for their weighting.

Levels of core capital and regulatory capital as of December 31, 2018 and 2017, are as follows.

	Consolidated Assets		Risk-Weighted Assets	
	2018 MCh$	2017 MCh$	2018 MCh$	2017 MCh$
Assets, net of provisions				
Cash and bank deposits	880,081	1,057,393	13,084	5,699
Transactions pending settlement	580,333	521,809	186,536	95,210
Trading instruments	1,745,366	1,616,647	134,412	148,641
Repurchase agreements and securities lending	97,289	91,641	97,289	91,641
Financial derivative contracts (*)	1,310,262	1,469,083	916,798	927,837
Loans and advances to banks	1,494,307	759,702	313,524	312,806
Customer loans and receivables	27,307,223	24,881,353	24,102,808	21,908,281
Investment instruments held for sale	1,043,440	1,516,063	356,568	325,209
Investment instruments held to maturity	—	—	—	—
Investments in companies	44,561	38,041	44,561	38,041
Intangible assets	52,061	39,045	52,061	39,045
Property, plant and equipment	215,872	216,259	215,872	216,259
Current taxes	677	23,032	68	2,303
Deferred taxes	277,922	267,400	27,792	26,740
Other assets	673,380	547,974	673,380	547,974
Subtotal	35,722,774	33,045,442	27,134,753	24,685,686
Off-balance-sheet assets				
Contingent loans	4,266,821	3,972,260	2,559,197	2,382,653
Total	39,989,595	37,017,702	29,693,950	27,068,339

(*) According to Chapter 12-1 of the Updated Compilation of Standards, financial derivatives contracts are presented as equivalent credit risk, in order to calculate consolidated assets.

Note 41 – Additional notes (continued)

Note 41.38 – Risk management (continued)

(4) Capital requirements and management (continued)

The amounts and ratios for core capital and regulatory capital limits as of December 31, 2018 and 2017, are as follows.

	As of December 31,	
	2018	**2017**
	MCh$	**MCh$**
Core capital (*)	3,304,152	3,105,714
Regulatory capital	4,129,999	3,934,727
Total consolidated assets	39,989,595	37,017,702
Credit risk-weighted assets.	29,693,950	27,068,339

(*) Core capital refers to the equity of the owners of the Bank in the consolidated statement of financial position.

	Ratio As of December 31,	
	2018	**2017**
	%	**%**
Core capital / consolidated assets	8.26	8.39
Regulatory capital / risk-weighted consolidated assets	13.91	14.54

Note 41 – Additional notes (continued)

Note 41.39 – Subsequent events

a) Law 21,130 modernizes banking legislation and was published in the Official Gazette on January 12, 2019. This law introduces amendments to the General Banking Law (GBL), Law 21,000 which created the Financial Market Commission, the Organic Law of Banco de Estado de Chile, the Tax Code, and other laws.

   In general terms, the law came into effect immediately, except for certain provisions with other effective dates, in accordance with the transitional rules, which include the following.

   i. Elimination of the Superintendency of Banks and Financial Institutions (SBIF) and integration with the Financial Market Commission (CMF).

   ii. Risk weighting of Bank assets.

   Article 67 of GBL provides that the CMF is responsible for determining the risk weighting of banks' assets, a matter that is now expressly regulated by law. Therefore, the CMF must establish standardized methods by issuing general regulations. The First Transitory Article of Law 21,130 provides that such regulations must be issued and enter into force within 18 months of the date on which the CMF assumes the functions and powers of the SBIF.

   As long as the aforementioned regulations do not come into force, the additional capital requirements associated with market and operational risks established by Law 21,130 shall not be applied. Also, for purposes of credit risk weighting, the assets of a bank net of required provisions shall be classified in the categories expressed in the First Transitory Article.

   iii. Requirement to maintain an additional core capital equivalent to 2.5% of risk-weighted assets.

   A term of 4 years from issuing the regulations referred to in subparagraph ii) above is granted to constitute the additional core capital provided for in Article 66 bis of GBL. Therefore, incremental core capital requirements of 0.625% of its risk-weighted assets net of required provisions shall be considered for each year from the date these regulations are issued.

   iv. Additional counter-cyclical core capital.

   The CMF has 18 months from the date it assumes the functions and attributions of the SBIF to begin to govern the regulations with respect to implementing and monitoring the requirement for additional countercyclical core capital that the Central Bank determines in accordance with Article 66 ter of the GBL. Also, as of the effective date of such regulations, the CMF may require the core capital referred to in article 66 ter up to 0.625% of risk-weighted assets, net of provisions required, increasing this limit by the same percentage each year, until you reach 2.5% in the fourth year of entry into force of the respective laws and regulations. Also, from the effective date of these regulations, the CMF may require the core capital referred to in Article 66 ter of up to 0.625% of risk-weighted assets net of required provisions, and may increase this limit by the same percentage each year, until it reaches 2.5% in the fourth year after these regulations come into effect.

Note 41 – Additional notes (continued)

Note 41.39 – Subsequent events (continued)

v. Additional capital requirements, technical reserves or interbank loan margins for systemically important qualified banks.

Within 18 months after the CMF assumes the functions and attributions of the SBIF, it must begin to govern the regulations relating to the factors and methods that define whether a bank or group of banks may be qualified as systemically important, and may impose some of the requirements foreseen in Article 66 quater of GBL.

A special regulation is established for: 1) those banks that at the time of the publication of Law 21,130 were subject to additional regulatory capital requirements by virtue of Article 35 bis, and 2) the core capital requirements referred to in Article 66 quater up to 0.5% of total assets, with this limit increasing, as provided in the Fifth Transitory Provision of Law 21,130.

vi. Credit limit of 30% of the regulatory capital of the group of people or entities belonging to the same business group.

In relation to the new paragraph added to numeral 1 of Article 84 of GBL, which provides that with respect to the total credits that a bank grants to the group of people or entities belonging to the same business group, these may not exceed 30% of the regulatory capital of the creditor bank. If any entity exceeds the credit limit of 30%, it will have until January 12, 2020, to comply with this limit.

b) On January 18, 2019, the subsidiary Banchile Corredores de Bolsa S.A. informed that at a Board Meeting held on that day, the Board accepted the resignation submitted by Mr. Roberto Serwaczak Slowinski as Director of the company.

c) On January 24, 2019, a Material Event was reported that at Board Meeting SM-266, the Board of Directors of Sociedad Matriz del Banco de Chile S.A. agreed to call an Annual General Shareholders' Meeting for March 28, 2019, in order to propose the distribution of dividend 23 of Ch$3.52725676447 per each share of series B, D and E, and other matters. It also agreed to propose the distribution of an additional dividend to be paid to the shareholders of series "A", "B", "D" and "E" shares, subject to the payment of the balance of the subordinated obligation with the Chilean Central Bank. This additional dividend will result in all the available funds remaining in the company being distributed among the shareholders, after payment of the balance owed of the subordinated obligation with the Chilean Central Bank, and deducting the funds required to cover the company's liquidation expenses and its liabilities. The amount and date of payment of this dividend will be reported to the public once the balance of the subordinated obligation has been paid.

Note 41 – Additional notes (continued)

Note 41.39 – Subsequent events (continued)

The Board of Directors also agreed to call an Extraordinary Shareholders' Meeting for the same date in order to discuss all matters related to the dissolution and liquidation of the company. The Extraordinary Shareholders' Meeting will also discuss the designation of the liquidation commission, its functions, remuneration and the manner and term in which the shares of Banco de Chile owned by the company and those owned by the subsidiary SAOS S.A. that are pledged in favor of the Chilean Central Bank will be distributed among the shareholders of Sociedad Matriz del Banco de Chile S.A.

d) On January 24, 2019, at Board Meeting BCH 2,895, the Board of Directors of the subsidiary Banco de Chile agreed to call an Annual General Shareholders' Meeting for March 28, 2019, with the purpose of proposing the distribution of dividend 207 of Ch$3.52723589646 per share, corresponding to 70% of distributable net income and retaining the remaining 30%, and other matters.

If Banco de Chile's Annual General Shareholders' Meeting approves the dividend proposed by its Board of Directors, the subordinated obligation of SAOS S.A. to the Chilean Central Bank will be paid on April 30, 2019, and this Company will be legally dissolved.

In management's opinion, there are no other significant subsequent events that affect or may affect the company's consolidated financial statements between December 31, 2018, and the date of issue of these consolidated financial statements.

Note 41.40 – Material events

Management believes that as of the date of these consolidated financial statements, there are no other material events that require disclosure.

Note 42 – Material events

On March 14, 2018, Compañía Cervecerías Unidas reported the following material event.

"In compliance with Article 9 and sub-paragraph two of Article 10 of Law 18,045 and Section II Number 1 of Article 2.2.A of General Standard 30 and Circular 75 issued by your Commission, on behalf of the Board of Directors and being specially authorized to do so, I report the following Material Event regarding Compañía Cervecerías Unidas SA ("CCU")

On September 6, 2017, CCU reported as a Material Event (the "Material Event") the agreement between Compañía Cervecerías Unidas Argentina S.A. ("CCU-A"), a company incorporated under the laws of the Argentine Republic and a subsidiary of CCU, and Anheuser-Busch InBev S.A./N.V. ("ABI" and jointly with CCU-A the "Parties"), an offer letter (hereinafter the "Transaction"), which contained the following.

a) The license agreement for the "*Budweiser*" brand in Argentina that was signed between CCU-A and Anheuser-Busch, Incorporated (now Anheuser-Busch LLC, a subsidiary of ABI), on March 26, 2008, which is subject to the laws of the State of New York, United States of America, will be terminated early.

b) ABI will transfer to CCU-A (i) ownership of the Isenbeck and Diosa brands and specific assets related to these brands (not including the production plant owned by Cervecería Argentina SA Isenbeck, nor the contracts with its employees and distributors, nor transfer any liabilities of that entity), and (ii) ownership of the following registered trademarks in Argentina: Norte, Iguana and Báltica; and (iii) ABI’s obligation to make its best and reasonable efforts to obtain the license for the Warsteiner and Grolsch brands in Argentina for CCU-A. The remaining Transaction terms and conditions are described in the Material Event.

c) Consequently, payments from ABI to CCU-A up to MUS$400 (four hundred million US dollars) within a period of up to 3 years would be generated.

The Transaction is subject to approval by the National Free Trade Commission ("NFTC") and the Commercial Secretary of the Argentinian Ministry of Production ("SECOM"), which is the authority that applies free trade law in Argentina (the "Suspensive Condition").

We hereby inform you that on this same date CCU-A has been notified of SECOM's resolution, which based on the favorable opinion of the NFTC, approved the Transaction (the "Resolution"). The Resolution establishes that within 60 business days as of this date, the Parties must submit to the NFTC, for its review and approval, draft contracts that contain all the Transaction terms and conditions. The NFTC will then have 30 business days for its review and approval.

The Parties shall submit draft contracts to the NFTC as soon as possible, in order to obtain the required approval and promptly close the Transaction. Any relevant developments will be reported in a timely manner."

Note 42 – Material events (continued)

On March 22, 2018, the subsidiary Tech Pack reported the following material event.

"In compliance with Article 9 and Article 10 of Law 18,045 and General Standard 30 issued by your Commission, in my capacity as Chief Executive Officer of Tech Pack S.A. (the" Company ") and being specially authorized to do so by the Board, I report the following Material Event.

1. The Material Event reported on October 30, 2017, described how Amcor Holding and Amcor Chile Holding SpA (jointly "Amcor") sent the Company and its subsidiary Inmobiliaria Techpack S.A. ("ITP") a letter called "*Indemnity Notice*" and a letter called "*Third Party Claim Notice*", claiming approximately MUS$133 in compensation for damages; all referring to alleged violations of specific guarantees and commitments in the share sale agreement dated April 17, 2016 ("**Purchase Agreement**").

2. The Material Event reported on October 30, 2017, mentioned that the Company does not recognize these allegations and considers that the accusation of intentional non-compliance is simply an Amcor strategy to avoid the indemnity limit established in the Purchase Agreement.

3. Amcor has not yet submitted any background information to the Company that justifies its claims for the alleged violations of the Purchase Agreement.

The Company continues to believe that these allegations are groundless. Hence, it has jointly decided together with ITP and the companies within the Peruvian group Nexus to exercise its rights and today filed before the *Supreme Court of the State of New York, New York* legal proceedings declaring that the sellers are not in default, intentionally or otherwise, of the Purchase Agreement and are therefore not obliged to indemnify Amcor.

As indicated in these legal proceedings, Amcor's claims are also inconsistent with various public statements from Amcor regarding the performance of that business since the announcement of the acquisition and even after these claims against the Company were submitted.

4. The Material Event reported on October 30, 2017, also mentioned that the Company believes that these claims will not significantly affect its financial situation."

Quiñenco S.A. reported a material event on April 5, 2018.

"In accordance with Articles 9 and the second paragraph of Article 10 of Law 18,045 on the Securities Market, and General Standard 30 and Circular 660 issued by the CMF, being duly empowered to do so, it is my duty to report a material event that a meeting of the Board held on April 5, 2018 proposed that the next Annual General Shareholders' Meeting to be held on April 27, 2018, approves the distribution of a final dividend of Ch$54,369,910,828, being 50% of net income attributable to the owners of the controlling company for 2017 ("net income for 2017"), composed of: (a) a mandatory minimum dividend of Ch$32,621,946,497, equivalent to 30% of net income for 2017 and (b) an additional dividend of Ch$21,747,964,331, equivalent to 20% of net income for 2017.

This final dividend is Ch$32.69860 (thirty-two point six nine eight six zero pesos) per share, and will be proposed to be paid from May 9, 2018, to the shareholders registered in the respective registry at midnight on the fifth business day prior to that date."

Note 42 – Material Events (continued)

On May 2, 2018 Compañía Cervecerías Unidas reported the following material event:

"In accordance with Articles 9 and the second paragraph of Article 10 of Law 18,045 and Section II Number 1 of Article 2.2.A of General Standard 30 issued by the CMF, being duly empowered to do so on behalf of the Board, it is my duty to report the following material event regarding Compañía Cervecerías Unidas SA ("CCU").

On March 14, 2018, CCU reported as a material fact that Compañía Cervecerías Unidas Argentina S.A. (hereinafter, together with any of its subsidiaries, "CCU-A") (a company incorporated under the laws of the Argentine Republic and a subsidiary of CCU) has been notified of the resolution of the Secretary of Commerce of the Ministry of Production of Argentina ("SECOM"), which was based on the opinion of the National Free Trade Commission ("NFTC"), and approved the Transaction (as defined below) (the "Resolution"). The Resolution establishes that the Parties must submit draft contracts containing all the Transaction terms and conditions (the “Contracts”) to the NFTC for its review and approval.

The agreement to the Transaction was reported by CCU as a material event on September 6, 2017.

On March 16, 2018, parties submitted draft Contracts to the NFTC. On April 27, 2018, CCU-A was notified of the NFTC's resolution approving the Contracts.

We hereby inform you that on May 2, 2018, the Parties and their respective subsidiaries have signed the Contracts and, consequently, the Transaction has been closed.

For these purposes, the "Transaction" shall be understood to mean the agreement contained in an offer letter sent by Anheuser-Busch InBev S.A./N.V. ("ABT") and accepted on September 6, 2017, by CCU-A (CCU-A in conjunction with ABI, the "Parties") and in the Contracts approved by the CNDC, by virtue of which with effect from May 2, 2018:

a) the license agreement for the "Budweiser" brand in Argentina that was signed between CCU-A and Anheuser-Busch, Incorporated (now Anheuser-Busch LLC, a subsidiary of ABI), on March 26, 2008, which is subject to the laws of the State of New York, United States of America, was terminated early.
b) ABI transfered to CCU-A (i) ownership of the Isenbeck and Diosa brands and specific assets related to these brands (not including the production plant owned by Cervecería Argentina SA Isenbeck, nor the contracts with its employees and distributors, nor transfer any liabilities of that entity); (ii) ownership of the following registered trademarks in Argentina: Norte, Iguana and Báltica.
c) CCU-A obtained the licenses for the Warsteiner and Grolsch brands in Argentina (these brands in conjunction with Isenbeck, Diosa, Norte, Iguana and Báltica are the “Brands").

Therefore, CCU-A (i) received on this date a payment from ABI of US$306,000,000 (three hundred and six million US dollars); (ii) received on this date a payment from ABI of US$10 million (ten million US dollars) for the production of Budweiser; and (iii) will receive from ABI payments of up to US$28,000,000 (twenty-eight million US dollars) per year, for up to 3 years, depending on the volume and term taken by the transition to CCU-A of the production and/or commercialization of the Brands (all the above amounts are before taxes)".

Note 42 – Material Events (continued)

On May 2, 2018 Compañía Cervecerías Unidas reported the following material event:

"In accordance with Articles 9 and the second paragraph of Article 10 of Law 18,045 and Section II Number 1 of Article 2.2.A of General Standard 30 issued by the CMF, being duly empowered to do so on behalf of the Board, it is my duty to report the following material event regarding Compañía Cervecerías Unidas SA ("CCU").

On March 14, 2018, CCU reported as a material fact that Compañía Cervecerías Unidas Argentina S.A. (hereinafter, together with any of its subsidiaries, "CCU-A") (a company incorporated under the laws of the Argentine Republic and a subsidiary of CCU) has been notified of the resolution of the Secretary of Commerce of the Ministry of Production of Argentina ("SECOM"), which was based on the opinion of the National Free Trade Commission ("NFTC"), and approved the Transaction (as defined below) (the "Resolution"). The Resolution establishes that the Parties must submit draft contracts containing all the Transaction terms and conditions (the “Contracts”) to the NFTC for its review and approval.

The agreement to the Transaction was reported by CCU as a material event on September 6, 2017.

On March 16, 2018, parties submitted draft Contracts to the NFTC. On April 27, 2018, CCU-A was notified of the NFTC's resolution approving the Contracts.

We hereby inform you that on May 2, 2018, the Parties and their respective subsidiaries have signed the Contracts and, consequently, the Transaction has been closed.

For these purposes, the "Transaction" shall be understood to mean the agreement contained in an offer letter sent by Anheuser-Busch InBev S.A./N.V. ("ABT") and accepted on September 6, 2017, by CCU-A (CCU-A in conjunction with ABI, the "Parties") and in the Contracts approved by the CNDC, by virtue of which with effect from May 2, 2018:

a) the license agreement for the "Budweiser" brand in Argentina that was signed between CCU-A and Anheuser-Busch, Incorporated (now Anheuser-Busch LLC, a subsidiary of ABI), on March 26, 2008, which is subject to the laws of the State of New York, United States of America, was terminated early.
b) ABI transfered to CCU-A (i) ownership of the Isenbeck and Diosa brands and specific assets related to these brands (not including the production plant owned by Cervecería Argentina SA Isenbeck, nor the contracts with its employees and distributors, nor transfer any liabilities of that entity); (ii) ownership of the following registered trademarks in Argentina: Norte, Iguana and Báltica.
c) CCU-A obtained the licenses for the Warsteiner and Grolsch brands in Argentina (these brands in conjunction with Isenbeck, Diosa, Norte, Iguana and Báltica are the “Brands").

Therefore, CCU-A (i) received on this date a payment from ABI of US$306,000,000 (three hundred and six million US dollars); (ii) received on this date a payment from ABI of US$10 million (ten million US dollars) for the production of Budweiser; and (iii) will receive from ABI payments of up to US$28,000,000 (twenty-eight million US dollars) per year, for up to 3 years, depending on the volume and term taken by the transition to CCU-A of the production and/or commercialization of the Brands (all the above amounts are before taxes)".

Note 42 – Material Events (continued)

Quiñenco S.A. reported a material event on August 24, 2018.

"Pursuant to the provisions of Articles 9 and 10, second paragraph, of Securities Market Law 18,045, and the instructions issued by the Financial Market Commission in its General Rule 30, and being duly empowered to do so by the Board of Directors, I hereby inform you of the following material event with respect to Quiñenco S.A.

1. By virtue of a Securities Purchase Agreement ("Securities Purchase Agreement") entered into on August 24, 2018, the subsidiary Empresa Nacional de Energía Enex S.A. ("Enex") has undertaken to acquire indirectly, through Enex Investments US, Inc., all of the corporate rights and shares of Road Ranger L.L.C., a limited liability company and REOPCO, Inc, a corporation, both incorporated under the laws of the State of Illinois, United States of America, and all of the social rights in seven other limited liability companies, also incorporated under the laws of the State of Illinois, which operate 38 Travel Centers, including service and fuel stations, convenience stores, fast food restaurants and related businesses, distributed across the states of Illinois, Indiana, Wisconsin, Missouri, Iowa and Texas, under the brand "Road Ranger".
2. The Securities Purchase Agreement is subject to compliance with customary closing conditions for such transactions, such as free trade notification to US federal authorities and approvals from local authorities in each state in which Road Ranger operates its business, as well as the consent of third parties. Such preceding closing conditions are expected to be met no later than December of this year.
3. The transaction totaled MUS$ 289 (on a debt and cash free basis) for the entire business described above. The price to be paid to the sellers for all the shares covered by the Securities Purchase Agreement will be based on adjustments for changes in working capital and net debt, as is customary in such transactions.
4. This acquisition represents a significant opportunity for the subsidiary Enex, given the attractive geographical positioning of these Travel Centers operating under the Road Ranger brand and their potential as a platform for future business growth in the USA.
5. If this transaction is completed, it is not initially expected to have an effect on the financial performance of Quiñenco S.A., since it represents the acquisition of new businesses.

The CMF is informed by virtue of this material event, the communication sent by Quiñenco S.A. on July 5, 2018, has ceased to be confidential."

Quiñenco S.A. reported a material event on November 19, 2018.

"Pursuant to the provisions of Articles 9 and 10, second paragraph, of Securities Market Law 18,045, and the instructions given by the Financial Market Commission in its General Rule 30, and being duly empowered to do so by the Board of Directors, I hereby inform you of the following with respect to Quiñenco S.A., as a material event.

Complementing the material information disclosed on August 24, 2018, we communicate that the Securities Purchase Agreement has been closed on this date, by virtue of which the subsidiary Empresa Nacional de Energía Enex S.A. ("Enex") has acquired through Enex Investments US, Inc. all of the respective social rights and shares of the US companies through which 38 Travel Centers are operated under the "Road Ranger" brand, which include service and fuel stations, convenience stores, fast food restaurants and truck stop businesses in the USA, distributed across the states of Illinois, Indiana, Wisconsin, Missouri, Iowa and Texas.

The price paid by Enex at the closing of this sale is US$289,090,902, which was determined in accordance with the Securities Purchase Agreement.

As anticipated in the communication of August 24, 2018, this transaction is not expected to have an initial effect on the financial performance of Quiñenco S.A. as it represents the acquisition of new businesses, notwithstanding its attractiveness as a business opportunity, given the market segment in which "Road Ranger" operates and its potential as a platform for the expansion of this business in the USA."

There were no other events of a financial or other nature between December 31, 2018, and the date of issue of these consolidated financial statements that might significantly affect their interpretation.

MANAGEMENT'S ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2018

I. SUMMARY

During 2018, Quiñenco posted net income[1] of Ch$180,430 million, 65.9% more than the Ch$108,740 million reported in 2017. The positive variation in net income is mainly explained by a non-recurring accounting effect in the transport sector in 2017 and a gain associated with a transaction carried out by CCU in the current period. An adverse accounting effect was recorded in the transport sector during the second quarter of 2017, for the dilution of CSAV in Hapag-Lloyd, resulting from the latter's business combination with UASC, net of the accounting gain for the acquisition of a larger stake in the last quarter of 2017, which implied a net loss of close to Ch$57,200 million for Quiñenco. Hapag-Lloyd recorded an increase in net income, driven by higher transport volumes, due to the merger with UASC. Greater costs arising from an increase in fuel prices were mitigated by integration synergies. Meanwhile, CCU recorded a significant increase in the current year, due mostly to the non-recurring gain associated with the early termination of the Budweiser license in Argentina, and good operating performance in its International and Chile business segments. The contribution from the energy segment increased, due to a significant rise in net income at Enex, reflecting a good operational performance, driven by improved unit margins from its service stations and lubricants along with increased volumes, and lower provision expenses. Banco de Chile reported an increase of 3.3% in net income, mainly due to higher operating revenues, partially offset by higher operating expenses and loan loss provisions, mainly non-recurring, and higher income tax expense. These positive effects were partially offset by lower net income from Nexans in 2018, with operating income falling by 30.9%, principally due to lower results from the high voltage and projects operations, in addition to losses due to the effect of price variations of raw materials on inventories. Techpack recorded a significant increase in its net loss, mainly due to costs associated with the Amcor transaction. SM SAAM reported a fall of 18.1% in its net income, mainly due to a non-recurring gain on the sale of its 35% interest in Tramarsa in April 2017, partially offset by better performance from its port terminals and logistics segments. At the corporate level, higher indexation adjustments and, to a lesser extent, higher net financial costs were recorded.

II. ANALYSIS OF COMPREHENSIVE INCOME

The analysis of Quiñenco's financial statements has been separated into banking and non-banking sectors, to improve understanding.

1. Analysis of Non-Banking Sector

The following segments are included in the non-banking sector:

a) Manufacturing
   - Invexans
   - Techpack
b) Financial
   - LQ Inversiones Financieras Holding (LQIF holding)
c) Energy
   - Enex
d) Transport
   - Compañía Sud Americana de Vapores (CSAV)
e) Port Services
   - Sociedad Matriz SAAM (SM SAAM)
f) Other
   - Quiñenco and others (includes CCU, Banchile Seguros de Vida (Banchile Vida), SegChile Seguros Generales (SegChile), Quiñenco holding and eliminations).

As of December 31, 2018, Quiñenco indirectly owns 29.1% of Nexans, through its direct subsidiaries Invexans and Techpack.

As of December 31, 2018, Quiñenco holds directly or through its direct subsidiary Inv. Río Grande and its indirect subsidiaries Inmobiliaria Norte Verde and Inv. Río Azul, 99.97% of Techpack and 98.7% of Invexans.

1 Net income refers to net income attributable to owners of the controller.

During October and November 2017 Quiñenco and its subsidiaries Inversiones Rio Bravo and Inmobiliaria Norte Verde acquired a 0.2% additional interest in CSAV. CSAV sold its entire interest in Norgistics Chile on December 13, 2017. Additionally, CSAV decided to close Norgistics' offices in Peru, Mexico and China. Therefore, the entire Norgistics business was reclassified as discontinued operations in the statement of income for 2018 and 2017. As of December 31, 2018, Quiñenco directly and indirectly holds 56.2% of CSAV.

As of December 31, 2018, Quiñenco holds directly, and through its subsidiaries Inv. Rio Bravo and Inmobiliaria Norte Verde, a 52.2% interest in SM SAAM.

The general insurance company SegChile began to operate in 2017. As of December 31, 2018, Quiñenco indirectly holds 66.3% of SegChile.

Hapag-Lloyd merged with the United Arab Shipping Company Limited ("UASC") on May 24, 2017. Therefore, Hapag-Lloyd acquired all the shares of UASC and the shareholders of UASC became shareholders of Hapag-Lloyd, receiving shares equivalent to 28% of Hapag-Lloyd as the combined entity. The interests held by Hapag-Lloyd shareholders prior to the close were diluted, to become 72% of its share capital between them. CSAV reduced its interest from 31.4% to 22.6% as of September 30, 2017. CSAV acquired additional shares in Hapag-Lloyd during the last quarter of 2017, increasing its interest to 25.46% at the close of 2017. CSAV acquired an additional 0.4% stake in Hapag-Lloyd during the second quarter of 2018, increasing its interest to 25.86%, which it still held at the close of 2018.

Non-banking sector results	Figures in MCh$	
	12/31/2018	12/31/2017
Operating income	65,307	78,987
Non-operating income (loss)	34,322	(65,240)
Income tax expense	(7,585)	(65,053)
Loss from discontinued operations	(17,676)	(3,925)
Consolidated net income (loss) from non-banking sector	**74,369**	**(55,231)**

Revenue

Revenue increased by 17.5% to reach Ch$2,798,851 million in 2018, primarily due to increased revenue at Enex, and, to a lesser extent, higher revenue at SM SAAM and Banchile Vida, partially offset by falling revenue at CSAV.

The composition of revenue is shown in comparative terms as follows:

		Figures in MCh$	
		12/31/2018	12/31/2017
Manufacturing	Invexans	21	2
	Techpack	10	7
Subtotal manufacturing		31	9
Financial	LQIF holding	-	-
Energy	Enex	2,276,314	1.888,725
Transport	CSAV	58,474	71,476
Port Services	SM SAAM	330,997	303,261
Other	Quiñenco and others	133,035	117,683
Revenue		**2,798,851**	**2.381,154**

Revenue for 2018 at Enex was Ch $2,276,314 million, an increase of 20.5% over the previous year, primarily due to increases in fuel prices and growth in fuel volumes sold through both the service station and the industrial channels. Total volumes in 2018 were 3,856 thousand cubic meters, 3.4% higher than the previous year, of which 98.0% were fuels.

SM SAAM posted operating revenue of Ch$330,997 million in 2018, 9.1% higher than the previous year, due to higher revenue from port terminals, mainly due to the 18% increase in tons transferred compared to 2017, particularly attributable to foreign terminals and, to a lesser extent, higher revenue from towage, partially offset by lower revenue from logistics in Chile.

Revenue at Banchile Vida, included in Quiñenco and others, increased by 12.8% in 2018 compared to the previous year.

Revenue from CSAV was Ch$58,474 million in 2018, 18.2% lower than the previous year, mainly due to lower revenue from the car carrier business, explained by a reduction in transported volumes and a decrease in slot sales, partially offset by improved average freight rates.

Cost of sales

Cost of sales increased by 18.1% in 2018, compared to the previous year. This increase was primarily due to cost increases at Enex and to a lesser extent, increased costs at SM SAAM and Banchile Vida, partially offset by lower costs in the transport segment.

The composition of consolidated cost of sales in comparative terms is as follows:

		Figures in MCh$	
		12/31/2018	12/31/2017
Manufacturing	Invexans	-	-
	Techpack	-	-
Subtotal manufacturing		-	-
Financial	LQIF holding	-	-
Energy	Enex	(2,054,318)	(1,693,042)
Transport	CSAV	(55,860)	(66,676)
Port Services	SM SAAM	(234,891)	(224,510)
Others	Quiñenco and others	(48,314)	(41,624)
Cost of sales		**(2,393,382)**	**(2,025,851)**

Cost of sales at Enex was Ch$ 2,054,318 million in 2018, which was 21.3% higher than the previous year, mainly reflecting the rise in fuel prices, together with an increased sales volume of fuels. Cost of sales was equivalent to 90.2% and 89.6% of sales in 2018 and 2017, respectively.

Cost of sales at SM SAAM for 2018 reached Ch$234,891 million, 4.6% higher than the previous year, primarily due to greater costs of port terminals, partially offset by lower costs in logistics and, to a lesser extent, in the tug boat division. Cost of sales was equivalent to 71.0% and 74.0% of sales in 2018 and 2017, respectively.

Cost of sales at Banchile Vida was included in Quiñenco and others, and increased by 16.0% in 2018 compared to the previous year.

Cost of sales at CSAV was Ch$55,860 million in 2018, 16.2% lower than the previous year, primarily due to a smaller operational structure for the vehicle transport business, and higher ship utilization, partially offset by higher fuel and vessel charter costs. Cost of sales was equivalent to 95.5% and 93.3% of sales in 2018 and 2017, respectively.

Gross income

The composition of gross income in comparative terms is as follows:

		Figures in MCh$	
		12/31/2018	12/31/2017
Manufacturing	Invexans	21	2
	Techpack	10	7
Subtotal manufacturing		31	9
Financial	LQIF holding	-	-
Energy	Enex	221,996	195,683
Transport	CSAV	2,614	4,800
Port Services	SM SAAM	96,107	78,752
Others	Quiñenco and others	84,721	76,059
Gross margin		**405,469**	**355,303**

Gross income was Ch$405,469 million in 2018, 14.1% higher than in 2017, mainly due to the increase in the gross income at Enex, SM SAAM and, to a lesser extent, Banchile Vida (included in Quiñenco and others), partially offset by lower gross income at CSAV. Enex increased its gross margin by 13.4%, mainly due to the higher unit margins from the service station and lubricants channels, together with increased sales volumes of fuels and lubricants. SM SAAM increased its gross margin by 22.0% mainly due to port operations and towage. Banchile Vida increased its gross margin by 11.0%. Gross income fell by 45.5% at CSAV, mainly due to the fall in revenue from the car carrier business, and partially offset by cost reductions and efficiencies.

Operating income[2]

Operating income was Ch$65,307 million in 2018, 17.3% lower than the Ch$78,987 million recorded in 2017, mainly due to lower operating income at SM SAAM and, to a lesser extent, a higher net loss at Quiñenco (corporate level), and lower operating income from Invexans, partially offset by higher operating income from Enex, a smaller operational loss from LQIF holding, and higher operating income from CSAV.

The comparative composition of operating income is as follows:

		Figures in MCh$	
		12/31/2018	12/31/2017
Manufacturing	Invexans	(5,010)	(912)
	Techpack	(1,682)	(2,181)
Subtotal manufacturing		(6,692)	(3,093)
Financial	LQIF holding	(1,697)	(4,026)
Energy	Enex	28,069	11,296
Transport	CSAV	2,366	948
Port Services	SM SAAM	51,919	76,020
Other	Quiñenco and others	(8,658)	(2,158)
Operating income		**65,307**	**78,987**

Operating income at SM SAAM was Ch $51,919 million in 2018, a fall of 31.7% from the Ch $76,020 million for the previous year, mainly due to the non-recurring gain on the sale of its 35% interest in Tramarsa of approximately Ch$47,000 million in 2017. This effect was partially offset by the improved operational performance from the consolidated port terminals, driven mostly by foreign terminals, and, to a lesser extent, a higher contribution from consolidated tug boat activities, in particular growth in special maneuvers and ports, and the positive contribution from logistics in Chile, reflecting cost reductions obtained with the new structure. Finally, a dividend received from Terminal Puerto de Arica in 2018 was recognized in Other gains (losses).

The operating loss at Quiñenco and others reached Ch$8,658 million in 2018, significantly higher than the loss of Ch$2,158 million in the previous year, mainly due to the reversal of contingency provisions in 2017.

The operating loss at Invexans was Ch$5,010 million in 2018, significantly higher than the loss of Ch$912 million in the previous year, mainly due to an increase in administrative expenses to establish its subsidiary in London and expenses associated with prospecting for new investments in 2018, and the gain on the sale of properties in San Bernardo of Ch$1,514 million in 2017.

Operating income at Enex in 2018 was Ch$28,069 million, significantly higher than the operating income of Ch$11,296 million in 2017, mainly due to the 13.4% increase in the gross income explained above. The increase is also explained by legal contingency provisions in the previous year. These effects were partially offset by an increase of 12.7% in administrative expenses, mainly due to higher transport costs and higher service station and store expenses, mainly due to the growth in volumes sold. The last few months of 2018 include administrative costs associated with acquiring the chain of Road Ranger travel centers in the USA concluded in November 2018.

The operating loss at LQIF was Ch$1,697 million in 2018, 57.8% lower than that recorded in 2017, due to decreased amortization expenses on intangible assets.

Operating income at CSAV was Ch$2,366 million in 2018, significantly higher than the operating income of Ch$948 million in the previous year, mainly due to a large non-recurring gain on the sale of investment properties, partly offset by a decrease of 45.5% in gross income for the current year.

2 Operating income includes Gross income, Other revenue by function, Distribution costs, Administrative expenses, Other expenses by function and Other gains (losses).

Non-operating income (loss)

The comparative composition of non-operating income (loss) is as follows:

	Figures in MCh$	
	12/31/2018	12/31/2017
Financial income	15,692	14,737
Financial costs	(55,932)	(51,576)
Share of income (loss) of associates & joint ventures	110,851	(17,498)
Exchange differences	(10,470)	3,206
Indexation gains (losses)	(25,819)	(14,110)
Non-operating income (loss)	**34,322**	**(65,240)**

Non-operating income was Ch$34,322 million in 2018, which contrasts positively with the loss of Ch$65,240 million in 2017. The most important movements were the following:

- The share of income from associates was a gain of Ch$110,851 million in 2018, which compares favorably with the loss of Ch$17,498 million in 2017, due mostly to the positive change in the contribution from the investment in Hapag-Lloyd, mainly due to the dilution loss recognized in 2017 by CSAV which amounted to Ch$112,421 million. CSAV's share of the German shipping company's net income in 2018, adjusted for CSAV's revaluation at fair value of this investment, increased by 39.0%. The overall gain from the investment in Hapag-Lloyd was Ch$10,991 million, which compares favorably with the loss of Ch$94,855 million in 2017. The improvement in this performance is also attributable to IRSA, which achieved a significant increase of Ch$53,286 million, mainly due to higher net income from CCU in 2018, which reached a contribution of Ch$90,165 million, compared to Ch$36,879 million in 2017. These increases were partially offset by a fall of Ch$28,366 million, reflecting Invexans's and, to a lesser extent, Techpack's interest in the net income of Nexans in 2018, adjusted for fair value, which produced a loss of Ch$3,947 million in 2018, compared to a gain of Ch$24,419 million in 2017. SM SAAM's associates also registered a fall of Ch$3,157 million or 21.2% in 2018.

These effects were partially offset by:

- Higher losses from exchange differences, mainly due to negative variations at Techpack, Enex, SM SAAM and CSAV.
- Higher indexation losses, mainly at Quiñenco, and, to a lesser extent, at LQIF, due to higher inflation in 2018 and the corresponding unfavorable effect on liabilities in UF.
- Higher financial costs, mainly attributable to Enex and Quiñenco.

Consolidated net income from non-banking sector

	Figures in MCh$	
	12/31/2018	12/31/2017
Net income from continuing operations before taxes	99,630	13,747
Income tax expense	(7,585)	(65,053)
Loss from discontinued operations	(17,676)	(3,925)
Consolidated net income (loss) from non-banking sector	**74,369**	**(55,231)**

The non-banking sector recorded consolidated net income of Ch$74,369 million during 2018, which compares favorably with the net loss of Ch$55,231 million for the previous year, mainly due to the unfavorable accounting effect in 2017 from CSAV due to the dilution of its interest in Hapag-Lloyd following the merger with UASC, and due to the higher net income from IRSA, mainly due to the non-recurring gain associated with the early termination of the Budweiser license in Argentina reported by CCU. Enex also contributed with a significant increase in its net income. These favorable effects were partially offset by the lower net income reported by Nexans in 2018, the higher net loss on discontinued operations reported by Techpack, mainly due to the Amcor transaction, the higher corporate net loss at Quiñenco and, to a lesser extent, lower net income from SM SAAM, mainly due to the non-recurring gain from the sale of Tramarsa in 2017, partially offset by improved performance of port terminals and logistics.

2. Analysis of Banking Sector Results

The following companies are included in the banking sector: Banco de Chile and SM-Chile, which presented their financial statements partially under IFRS in 2018 and 2017.

Banking sector financial performance	Figures in MCh$	
	12/31/2018	12/31/2017
Operating income	744,966	685,804
Non-operating income (loss)	(72,279)	(67,010)
Income tax expense	(156,609)	(115,128)
Consolidated net income from banking sector	**516,078**	**503,667**

Operating revenues[3]

Operating revenues reached Ch$1,874,738 million in 2018, 9.6% higher than the previous year, mainly due to higher income from managing UF/Ch$ currency mismatches at the Bank, higher income from a net asset position in foreign currency and higher income from sight deposits.

Loan loss provisions

Banco de Chile's loan loss provisions were Ch$281,410 million in 2018, 19.8% higher than the provisions in 2017 of Ch$234,982 million. This variation is mainly due to updating its risk models, which mostly affected the retail segment, the negative impact of the Chilean peso depreciating against the US dollar, whereas it appreciated in the previous year, and higher provisions for the retail segment due to loan growth. These adverse effects were partially offset by lower provisions due to credit rating improvements in both the retail and corporate segments.

Operating expenses

Operating expenses were Ch$848,361 million in 2018, 7.4% higher than the Ch$789,656 million recorded in 2017. This variation is mainly due to higher bonuses for concluding collective bargaining processes and higher staff salaries, mainly due to inflation adjustments and agreements with unions, as well as higher expenses associated with a cyber security incident.

Non-operating loss[4]

The non-operating loss was Ch$72,279 million in 2018, 7.9% higher than the non-operating loss of Ch$67,010 million recorded in the previous year. Higher interest on the subordinated debt with the Chilean Central Bank in 2018 more than offset the improved result from equity investments.

Consolidated net income from banking sector

Consolidated net income from the banking sector increased by 2.5% to Ch$516,078 million during 2018, mainly due to higher operating revenues, partially offset by higher operating expenses, higher loan loss provisions, and higher income taxes.

3 Operating revenues correspond to Total net operating revenues excluding loan loss provisions.
4 Non-operating loss includes the result of equity investments and interest on the subordinated debt with the Chilean Central Bank.

3. Results Analysis by Segment

The following shows the composition of results by segment.

Business / Segment	Figures in MCh$													
	Manufacturing		Financial		Energy		Transport		Port Services		Others		Total	
	As of December 31,													
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Non-banking sector														
Net income (loss) from continuing operations before taxes	(11,406)	24,081	(14,833)	(14,659)	21,534	9,729	5,372	(96,731)	50,681	77,183	48,282	14,145	99,630	13,747
Income tax credit (expense)	(331)	929	1,120	1,452	(2,257)	(955)	5,783	(29,677)	(12,793)	(35,964)	894	(838)	(7,585)	(65,053)
Net income (loss) from discontinued operations	(17,375)	(3,093)	-	-	-	-	(301)	(832)	-	-	-	-	(17,676)	(3,925)
Consolidated net income (loss) from non-banking sector	**(29,113)**	**21,917**	**(13,713)**	**(13,207)**	**19,277**	**8,774**	**10,854**	**(127,240)**	**37,888**	**41,219**	**49,176**	**13,307**	**74,369**	**(55,231)**
Banking sector														
Net income before taxes	-	-	671,726	618,204	-	-	-	-	-	-	961	590	672,687	618,794
Income tax expense	-	-	(156,609)	(115,128)	-	-	-	-	-	-	-	-	(156,609)	(115,128)
Consolidated net income from banking sector	**-**	**-**	**515,117**	**503,076**	**-**	**-**	**-**	**-**	**-**	**-**	**961**	**590**	**516,078**	**503,667**
Consolidated net income	**(29,113)**	**21,917**	**501,404**	**489,869**	**19,277**	**8,774**	**10,854**	**(127,240)**	**37,888**	**41,219**	**50,137**	**13,897**	**590,447**	**448,436**
Net income (loss) attributable to non-controlling interests	(4)	(167)	380,131	370,574	-	-	4,845	(56,036)	22,555	21,401	2,489	3,925	410,016	339,696
Net income (loss) attributable to owners of the controller(1)	**(29,109)**	**22,084**	**121,273**	**119,295**	**19,277**	**8,774**	**6,009**	**(71,203)**	**15,333**	**19,818**	**47,648**	**9,972**	**180,430**	**108,740**
EBITDA(2)	**(6,499)**	**(4,650)**	**780,392**	**719,130**	**50,301**	**45,809**	**(7,269)**	**(847)**	**91,881**	**68,624**	**847**	**2,369**	**909,652**	**830,435**

(1) Net income attributable to owners of the controller for each segment consists of the final contribution from each segment, and the companies that form part of them, to Quiñenco's net income.
(2) EBITDA is defined as Operating income, excluding Other gains (losses), plus Depreciation and Amortization.

Manufacturing Segment

	Figures in MCh$	
	12/31/2018	12/31/2017
Invexans[5]	(9,041)	23,611
Techpack[6]	(20,068)	(1,527)
Net income (loss) for the manufacturing segment	**(29,109)**	**22,084**

The manufacturing segment contributed a loss of Ch$29,109 million to Quiñenco's net income during 2018, which contrasts negatively with net income of Ch$22,084 million in 2017.

Invexans

Invexans	Figures in MCh$	
	12/31/2018	12/31/2017
Revenue	21	2
Operating loss	(5,010)	(912)
Non-operating income (loss)	(4,004)	23,903
Net income (loss) attributable to owners of the controller	**(9,162)**	**23,927**

5 Quiñenco's share of net income at Invexans.
6 Quiñenco's share of net income at TechPack.

Invexans reported a net loss of Ch$9,162 million[7] in 2018, which compares negatively with its net income of Ch$23,927 million for the previous year. This change is primarily due to a fall in performance by its associate Nexans in 2018.

Invexans recorded an operating loss of Ch$5,010 million in 2018, significantly higher than the operating loss of Ch$912 million in the previous year, mainly due to an increase in administrative expenses to establish its subsidiary in London and expenses associated with prospecting for new investments in 2018, and the gain on the sale of properties in San Bernardo of Ch$1,514 million in 2017.

The non-operating loss was Ch$4,004 million in 2018, which contrasts negatively with non-operating income of Ch$23,903 million in the previous year. This negative variation is due to a loss from its share of joint ventures in 2018, corresponding to Invexans' accounting of its equity investment in Nexans. This French company reported net income of €14 million for 2018, significantly lower than the net income of €125 million in 2017. Its operating income fell 30.9% to €188 million, compared to 2017 (€272 million), with a decrease of 0.8% in organic sales[8]. This lower performance is mainly due to the high voltage and projects segment, which registered a fall of 21.3% in organic sales and 42% in EBITDA, reflecting lower submarine and land high voltage sales, which affected the utilization rate of its plants in Europe and China. The telecommunications segment reported a fall of 1.8% in organic sales and 29% in EBITDA, mainly due to lower margins for LAN systems and cables, although cost savings implemented in the second half of the year mitigated the impact. The construction, industrial and other segments recorded organic growth, although EBITDA was slightly lower than the previous year.

Nexans recorded a negative variation in non-operating income of €79 million due to the impact of changes in prices of raw materials on unhedged inventory (a loss of €15 million in 2018 versus a gain of €64 million in 2017) and, to a lesser extent, an increase of €16 million in restructuring costs, which was partially offset by net non-recurring effects of €10 million (gain on the sale of assets and asset impairments) and a decrease of €9 million in financial costs. Finally, income tax expense fell by €47 million. Invexans share in Nexans' results, adjusted by the fair value determined by Invexans for Nexans' assets, resulted in a net loss for Invexans on its investment in the French company of Ch$3,866 million in 2018, which contrasts negatively with a gain of Ch$23,965 million in 2017.

The income tax expense at Invexans was Ch$148 million in 2018, contrasting negatively with the credit of Ch$936 million in 2017.

Techpack

Techpack	Figures in MCh$	
	12/31/2018	12/31/2017
Operating revenue	10	8
Net loss from operating activities	(1,682)	(2,181)
Loss from discontinued operations	(17,375)	(3,093)
Net loss attributable to owners of the controller	**(19,874)**	**(1,982)**

Techpack posted a net loss of Ch$19,874 million[9] during 2018, significantly higher than the net loss of Ch$1,982 million for the previous year, mainly due to a higher loss from discontinued operations and, to a lesser extent, a negative variation in non-operating losses, slightly offset by an improvement in operating income.

The operating loss at Techpack was Ch$1,682 million in 2018, 22.9% lower than in 2017, mainly due to lower administrative costs.

Techpack reported a non-operating loss of Ch$710 million during 2018, which contrasts negatively with non-operating income of Ch$3,271 million in the previous year, mainly due to a negative variation in exchange differences, partially offset by higher financial income and higher indexation gains.

Techpack recorded a loss from discontinued operations of Ch$17,375 million in 2018, which is significantly higher than the loss of Ch$3,093 million for the previous year, mainly due to expenses and a price adjustment associated with the Amcor transaction.

Finally, the income tax expense was Ch$184 million during 2018, significantly higher than the income tax expense of Ch$7 million for the previous year.

7 *The analysis of Invexans is based on its financial statements prepared in the functional currency of Quiñenco. The functional currency of Invexans differs from that of Quiñenco, as well as some classifications of accounting items.*

8 *Organic growth: Nexans compares sales on the same consolidation basis, excluding the impact of acquisitions and divestitures between one period and another, exchange rate effects, and changes in the prices of base metals.*

9 *The analysis of Techpack is based on its financial statements prepared in the functional currency of Quiñenco. Techpack and Quiñenco have different functional currencies.*

Financial services segment

	Figures in MCh$	
	12/ 31/2018	12/31/2017
LQIF holding[10]	(6,857)	(6,604)
Banking sector[11]	128,129	125,899
Net income for the financial segment	**121,273**	**119,295**

The financial services segment contributed Ch$121,273 million to Quiñenco's net income for 2018, an increase of 1.7% with respect to the previous year.

The banking sector includes Banco de Chile and SM-Chile, and the most important component of its results is the subordinated debt with Banco Central de Chile.

LQIF holding

LQIF holding	Figures in MCh$	
	12/31/2018	12/31/2017
Revenue	-	-
Operating loss	(1,697)	(4,026)
Net loss from non-banking sector	**(13,713)**	**(13,207)**

LQIF holding recorded a net loss of Ch$13,713 million in 2018, an increase of 3.8% compared to the loss of Ch$13,207 million for the previous year, mainly explained by a higher indexation loss due to a greater increase in the UF in 2018 (2.9% as of December 31, 2018 compared to 1.7% as of December 31, 2017) and its effect on liabilities expressed in UF, partially offset by lower amortization of intangible assets.

Banco de Chile

Banco de Chile	Figures in MCh$	
	12/31/2018	12/31/2017
Operating revenue	1,873,283	1,709,270
Loan loss provisions	(281,410)	(234,982)
Operating expenses	(847,724)	(789,298)
Net income attributable to owners of the controller	**594,872**	**576,012**

Banco de Chile reported net income of Ch$594,872 million in 2018, 3.3% higher than the previous year. This variation is explained mainly by an increase in operating revenues, partially offset by an increase in operational costs, higher loan loss provisions and higher income tax expense.

Operating income increased by 9.6% in 2018 due to: (i) An increase of about Ch$70,800 million due to higher revenues from currency mismatch management for UF/Ch$, due to a higher net asset position in UF, and higher variation in the UF (2.9% as of December 2018 compared to 1.7% as of December 2017). (ii) A favorable effect from the Chilean peso depreciating against the US dollar (12.7% as of December 2018 compared to -8.1% as of December 2017) on an active position in US dollars for hedging purposes covering provisions and expenses denominated in foreign currency of approximately Ch$29,700 million. (iii) An increase of Ch$26,577 million in the margin on sight deposits, mainly due to an increase of 8.5% in the average volume of deposits. (iv) Income from trading, sales and derivatives (including adjustments for counterparty risk) for about Ch$20,000 million. (v) An increase of Ch$14,762 million in lending spreads, due to an increase in the volume of loans and actively managing prices. (vi) Higher net fee income of Ch$12,281 million or 3.5%, driven by higher fees associated with transactional services (cards, checking accounts and ATMs), and higher fees for mutual fund administration, securities brokerage and insurance brokerage.

Loan loss provisions at Banco de Chile totaled Ch$281,410 million, an increase of 19.8% compared to Ch$234,982 million in 2017. This change was mainly due to: (i) An impact of approximately Ch$39,000 million in higher expenses associated with updating risk models, affecting mostly the retail segment. (ii) The negative effect of the Chilean peso depreciating against the US dollar compared to the appreciation in the previous year (12.7% as of December 2018 compared to -8.1% as of December 2017) and its effect of about Ch$20,900 million on loan loss provisions associated with the loans denominated in US dollars. (iii) Higher provisions of Ch$20,600 million associated with lending growth and a change in the mix. Growth was focused on the retail segment, which registered an increase of 7.7% in average lending. These adverse effects were partially offset by a credit rating improvement in the retail and corporate segments, due to improvements in the economic environment, which reduced provisions by approximately Ch$33,800 million.

Therefore, the portfolio expense indicator was 1.07% as of December 2018, which compares negatively with 0.93% as of December 2017. The Bank had an overdue portfolio indicator of 1.09% as of December 2018, slightly below its value of 1.19% as of December 2017.

10 Quiñenco's share of net income from non-banking services at LQIF.
11 Quiñenco's share of net income at Banco de Chile and SM-Chile.

Operating expenses increased by 7.4% to Ch$847,724 million in 2018, compared to Ch$789,298 million in the previous year. This variation is explained mainly by: (i) Higher payroll and personnel expenses of approximately Ch$33,246 million or 8.1%, mainly due to non-recurring bonus expenses primarily from concluding the collective bargaining processes in 2018, and increased payroll expenditures associated mainly with past inflation adjustments and trade union agreements. (ii) Higher administrative costs of Ch$20,022 million, mainly due to higher expenditure on technology and external consultancy, mostly due to developing strategic projects and, to a lesser extent, costs associated with the cyber security contingency. (iii) An increase in expenditure on depreciation, amortization and other operational costs of around Ch$5,000 million, mainly due to the charge-off associated with the technological fraud and higher investment in infrastructure and technology.

Income tax expense increased by 36.1% to Ch$156,531 million in 2018.

Subordinated debt with the Chilean Central Bank
Interest and indexation expenses for 2018 on the subordinated debt with the Chilean Central Bank were 8.9% higher than the previous year.

Energy Segment

	Figures in MCh$	
	12/31/2018	12/31/2017
Enex[12]	19,277	8,774
Net income from the energy segment	**19,277**	**8,774**

The energy segment contributed net income of Ch$19,277 million to Quiñenco's net income for 2018, which is significantly higher than the Ch$8,774 million it contributed in the previous year.

Enex

Enex	Figures in MCh$	
	12/31/2018	12/31/2017
Operating revenue	2,276,314	1,888,725
Net income from operating activities	28,069	11,296
Net income attributable to owners of the controller	**19,277**	**8,774**

Enex recorded net income of Ch$19,277 million during 2018, significantly higher than its net income of Ch$8,774 million for the previous year, due to better operational performance, partially offset by lower non-operating results and a higher income tax expense.

Revenue was Ch$2,276,314 million in 2018, 20.5% higher than in the previous year, mainly due to an increase in fuel prices, together with growth in the volumes of fuels sold through both its industrial and service station channels. Total volumes in 2018 were 3,856,000 cubic meters, 3.4% higher than the previous year, of which 98.0% were fuels.

Gross income was Ch$221,996 million, 13.4% higher than the previous year, mainly due to higher unit margins for fuel in the service stations and lubricants channel, together with higher volumes of fuels and lubricants sold.

Operating income at Enex was Ch$28,069 million in 2018, significantly higher than the operating income of Ch$11,296 million earned in the previous year, mainly due to the increase of 13.4% in gross income explained above. The variation was also due to legal contingency provisions in the previous year. These effects were partially offset by an increase of 12.7% in administrative expenses, mainly due to an increase in transport costs, mostly due to higher volumes sold by both channels, and tariff adjustments from the increase in the price of fuels, and higher operating costs at points of sale in the service station and store businesses, together with an increase in fee costs due to increases in the volume of fuel sold through the service station channel. The last few months of 2018 include administrative costs associated with acquiring the chain of Road Ranger travel centers in the USA concluded in November, 2018. Meanwhile, EBITDA reached Ch$50,301 million in 2018, an increase of 9.8% over 2017.

The non-operating loss was Ch$6,535 million in 2018, significantly higher than the non-operating loss of Ch$1,567 million in 2017, mainly due to a negative variation in exchange differences and higher financial costs.

Income tax expense at Enex was Ch$2,257 million for 2018, significantly higher than the expense of Ch$955 million for the previous year.

12 Quiñenco's share of net income at Enex.

Transport Segment

	Figures in MCh$	
	12/31/2018	12/31/2017
CSAV[13]	6,009	(71,203)
Net income (loss) for the transport segment	**6,009**	**(71,203)**

The transport segment contributed a gain of Ch$6,009 million to Quiñenco's net income for 2018, which contrasts positively with the net loss of Ch$71,203 million for the previous year.

CSAV's result is adjusted for the fair value accounting of Quiñenco's investment in CSAV. This adjustment amounted to a loss of Ch$1,770 million in 2018 (a loss of Ch$240 million in 2017).

CSAV

CSAV	Figures in MCh$	
	12/31/2018	12/31/2017
Revenue	58,474	71,476
Operating income	2,366	948
Non-operating income (loss)	7,101	(97,094)
Net income (loss) attributable to owners of the controller	**13,846**	**(126,811)**

CSAV earned net income of Ch$13,846 million[14] in 2018, which compares favorably with the loss of Ch$126,811 million in the previous year, mainly due to the unfavorable accounting effect of diluting CSAV's investment in Hapag-Lloyd, derived from the business combination of the latter with UASC, recognized in 2017. The German shipping company also performed better, and there was a favorable variation in the income tax expense for the current year.

CSAV's revenue declined by 18.2% to Ch$58,474 million in 2018 compared to 2017, due to lower revenue from the car carrier business, mainly due to a reduction in transport volumes and a decrease in slot sales on car carriers, due to a change in the service structure in Asia and space optimization for other services. This was partially offset by an increase in average freight rates. Freight rates with indexation clauses include the effects of increases in fuel prices.

CSAV reported gross income of Ch$2,614 million in 2018, 45.5% lower than the Ch$4,800 million achieved in 2017. This unfavorable variation is mainly due to a reduction of 18.2% in revenue, as explained previously, which was partially offset by a decrease of 16.2% in the cost of sales, due to the smaller operational structure for the car carrier business, and an increase in vessel utilization, which has allowed it to partially absorb the increased cost of the fleet, mainly with respect to fuel costs and vessel charters. The average price of fuels increased by 30% compared to 2017. The negative effect on costs was partially offset by higher revenue from contracts with bunker adjustment clauses.

Operating income was Ch$2,366 million in 2018, significantly higher than operating income of Ch$948 million in the previous year, mainly due to a non-recurring gain on the sale of a proportion of the buildings classified as investment properties, offsetting the 45.5% reduction in gross income explained above.

Non-operating income was Ch$7,101 million in 2018, which contrasts positively with the loss of Ch$97,094 for 2017. This positive variation is mainly due to higher income from its investment in Hapag-Lloyd. This improvement is mainly due to the dilution accounting loss of US$167 million (Ch$112,421 million) reported in the second quarter of 2017, from the merger of Hapag-Lloyd with UASC, which reduced CSAV's interest in Hapag-Lloyd by 8.78%, from 31.35% to 22.58% in September 2017. Although CSAV's direct interest in the net income of Hapag-Lloyd significantly improved compared to the previous year (from US$1.6 million in 2017 to US$11.5 million in 2018), a lower positive adjustment in the accounting fair value in 2018 (US$11.3 million in 2017 and US$1.6 million in 2018) resulted in a net increase of only Ch$2,881 million (US$1.1 million) as of December 2018.

Hapag-Lloyd's net income was US$43.5 million in 2018, which is an increase of 45% over its net income of US$30 million for the previous year[15]. The increase in sales of 20.5%, reflects growth of 21.1% in transport volumes, mainly due to the merger with UASC, partially offset by a fall of 1.5% in average freight rates, mainly due to the merger with UASC, which had lower freight rates in general. Had UASC been integrated throughout 2017, the average rate would have risen 2.1%. Increased costs associated with fuel prices and vessel charters were partly offset by synergies and cost reduction measures. The German shipping company registered earnings before interest and taxes (EBIT) of US$524 million in 2018, 12.1% higher than its net income of US$467 million for the previous year. Financial costs increased by 6.9%, mainly due to incorporating UASC's debt. EBITDA reached US$1,345 million, up 12.2% on 2017 (US$1,199 million), with a margin on sales of 9.9%.

13 Quiñenco's share of net income at CSAV, adjusted for the estimated fair value of this investment.
14 The analysis of CSAV is based on its financial statements prepared in Quiñenco's functional currency. CSAV and Quiñenco have different functional currencies.
15 Net income reported by Hapag-Lloyd in 2017.

Finally, the additional 0.4% interest acquired in the second quarter of 2018 generated an accounting gain of Ch$728 million (a gain of Ch$10,184 million was reported in 2017 associated with the acquisition in the fourth quarter of 2017). Thus, CSAV's total share of Hapag-Lloyd's net income, including all the effects mentioned above, was a gain of Ch$10,991 million in 2018, significantly better than the net loss of Ch$94,855 million in 2017, which included the loss caused by the dilution.

CSAV's income tax credit was Ch$4,680 million in 2018, which compares favorably with its income tax expense of Ch$29,833 million for the previous year. This is mainly due to the favorable effect of the Euro depreciating, given the financing structure for CSAV's investment in Hapag-Lloyd.

The net loss from discontinued operations of Ch$301 million in 2018 is 63.8% lower than the loss of Ch$832 million reported in 2017, corresponding to the logistics and freight forwarding businesses. CSAV decided to close its logistical transport and freight forwarding business during the last quarter of 2017. Norgistics Chile was sold in December 2017.

Port Services Segment

	Figures in MCh$	
	12/31/2018	12/31/2017
SM SAAM[16]	15,333	19,818
Net income from the port services segment	**15,333**	**19,818**

The port services segment contributed net income of Ch$15,333 million to the net income of Quiñenco in 2018, 22.6% lower than in 2017.

SM SAAM's results are adjusted for the fair value accounting of Quiñenco's investment in SM SAAM. This adjustment amounted to a loss of Ch$1,405 million in December 2018 (a loss of Ch$967 million in 2017).

SM SAAM

SM SAAM	Figures in MCh$	
	12/31/2018	12/31/2017
Revenue	330,997	303,261
Operating income	51,919	76,020
Non-operating income (loss)	1,526	5,942
Net income attributable to owners of the controller	**32,065**	**39,132**

SM SAAM earned net income of Ch$32,065 million[17] in 2018, 18.1% less than in the previous year, mainly due to the non-recurring gain from the sale of its minority interest in Tramarsa in April 2017 and, to a lesser extent, to the absence of activities in Peru in the current year and lower net income from tug boats in Brazil. This was partially offset by better performance from the port terminals segment, mainly due to higher volumes in the majority of the ports, and in logistics.

Revenue for SM SAAM reached Ch$330,997 million in 2018, an increase of 9.1% compared to the previous year. The port terminals segment led the growth, mainly due to the 18% increase in the weight transferred compared to 2017, with particularly strong growth at foreign terminals. To a lesser extent, revenue from the towage segment also increased, mainly due to more special tasks, as well as more port maneuvers. Revenue for the logistics segment fell as a result of closing some logistics businesses in Chile.

SM SAAM earned gross income of Ch$96,107 million in 2018, 22.0% higher than the previous year, mainly due to higher margins on port terminals and tug boats. Net operating income was Ch$51,919 million in 2018, 31.7% lower than the Ch$76,020 million achieved in the previous year, mainly due to the non-recurring gain of approximately Ch$47,000 million on the sale of its 35% interest in Tramarsa in April 2017. Corporate expenditure rose due to implementing a new operating model. These effects were partially offset by better operational performance by port terminals, driven mainly by the foreign terminals and, to a lesser extent, by a greater contribution from tug boats, particularly based on growth in special tasks and port maneuvers, and the positive contribution from logistics in Chile, reflecting cost reductions under the new structure. Finally, a dividend received from Terminal Puerto de Arica was recognized in Other gains (losses).

The non-operating loss was Ch$1,526 million in 2018, 74.3% lower than in the previous year, mainly due to the contribution recorded by Tramarsa in the first four months of 2017 only, due to its sale by SM SAAM in April 2017. Furthermore, the net income from tug boats in Brazil decreased, due to lower activity. However, this was partly offset by better net income from most of the affiliated ports and the logistics segment, due to growth in airport services and from wood chips, and higher financial income.

Income tax expense fell by 63.7% to Ch$13,539 million, mainly due to the income tax expense associated with the sale of Tramarsa in April 2017.

16 Quiñenco's share of net income at SM SAAM for 2018 and 2017, adjusted for the estimated fair value of this investment.
17 The analysis of SM SAAM is based on its financial statements prepared in Quiñenco's functional currency. SM SAAM and Quiñenco have different functional currencies.

Other Segment

	Figures in MCh$	
	12/31/2018	12/31/2017
IRSA[18]	90,165	36,879
Quiñenco and others	(42,517)	(26,907)
Net income from the Other segment	**47,648**	**9,972**

The Other segment contributed net income of Ch$47,648 million to Quiñenco's net income in 2018, significantly higher than the net income of Ch$9,972 million recorded in 2017, mainly due to the higher contribution from IRSA, partially offset by a higher net loss at Quiñenco and others.

IRSA

IRSA is the parent company of CCU and contributed Ch$90,165 million to Quiñenco in 2018, which was significantly higher than the Ch$36,879 million recorded in the previous year, due to the significant increase in CCU's net income for the current year.

CCU

CCU	Figures in MCh$	
	12/31/2018	12/31/2017
Revenue	1,783,282	1,698,361
Operating income	472,751	227,177
Net income attributable to owners of the controller	**306,891**	**129,607**

CCU reports its consolidated financial statements in accordance with its operating segments. These are defined as the geographical areas of its commercial business: Chile, International Business, Wine, and Other[19].

CCU earned net income of Ch$306,891 million in 2018, significantly higher than the Ch$129,607 million earned in the previous year, mainly due to the non-recurring gain associated with the early termination of the Budweiser license in Argentina, and good operational performance in the International and Chile business segments.

Revenue for CCU reached Ch$1,783,282 million in 2018, 5.0% higher than in 2017, due to 9.6% growth in consolidated volumes sold, and partially offset by a 4.2% fall in average prices in Chilean pesos. The operating segments contributed to this sales growth as follows: International business reported growth of 5.1% in sales, due to a 23.0% increase in the volumes sold, with Argentina being the main driver of this growth, which offset a drop in average prices of 14.5%, due to the negative impact of the Argentine peso sharply depreciating against the Chilean peso. Chile contributed with growth of 6.0% in sales, comprising a 5.6% increase in volumes sold, along with a slight increase of 0.3% in average prices. Sales of the Wine segment increased by 1.0%, due to a rise in average prices of 4.1%, offset by a fall in sales volume of 3.0%.

CCU's operating income was Ch$472,751 million in 2018, significantly higher than operating income of Ch$227,177 million recorded in 2017, mainly due to the non-recurring gain of Ch$213,400 million associated with the early termination of the Budweiser license in Argentina, recorded in Other income by function. This transaction included a brand portfolio transfer, a production contract, and other components. The operating segments contributed with a 2.6% increase in gross income, driven by the Chile segment, partially offset by the Wine and International Business segments. The Chile segment increased its gross income by 8.0%, mainly due to efficiencies in production and the Chilean peso appreciating against the US dollar, thus reducing costs denominated in US dollars, together with sales growth, partially offset by higher aluminum and PET costs. International business recorded a decrease of 6.0% in gross income, due to an increase of 20.8% in costs, mainly due to sales volume growth and the Argentine peso depreciating against the US dollar. The gross income earned by the Wine segment fell by 6.3%, mainly due to the higher cost of wine after weak harvests in 2016 and 2017 in Chile. Consequently, gross income decreased from 53.0% as of December 2017 to 51.8% as of December 2018. There was also a gain on derivative contracts in the current year, which compares favorably with the loss recorded in 2017, included in Other gains (losses). Marketing, distribution, administrative and selling costs increased by 1.9%, decreasing as a percentage of sales. However, the International business segment managed to significantly decrease these costs due to logistical efficiencies and benefits of scale from the sharp increase in volumes. These costs for the Wine segment also declined slightly as a percentage of sales, due to operational efficiencies. However, these expenses for the Chile segment increased as a percentage of sales, due to higher fuel prices. Operating income was negatively impacted by hyperinflationary accounting in Argentina.

The non-operating loss decreased by 52.6%, mainly due to higher financial income, reflecting higher cash balances, and a positive variation in exchange differences, partially offset by higher losses from investments in associates and joint ventures, mostly in Colombia.

18 Quiñenco's share of net income at IRSA.

19 Chile: includes marketing beers, soft drinks and spirits in Chile and strategic service units in the Chilean market. International Business: includes the sale of beer, cider, soft drinks and spirits in Argentina, Uruguay, Paraguay, and from the third quarter of 2018 in Bolivia. Wine: includes the sale of Chilean wine, primarily to export markets. Other: includes corporate income and expenditures, and eliminating transactions between segments.

Income tax expense increased to Ch$136,127 million in 2018, significantly higher than the Ch$48,366 million recorded in the previous year, mainly due to higher net income before taxes, mainly due to the gain from the early termination of the Budweiser license in Argentina, and the increase in the corporate income tax rate in Chile from 25.5% to 27.0%. This was partially offset by the reduction in the corporate income tax in Argentina from 35.0% to 30.0%, by the gain on the revaluation of tax assets owned by CCU Argentina, and the positive impact from CCU's assets denominated in foreign currency. The effect of the early termination of the Budweiser license in Argentina on CCU's net income was a gain of Ch$157,359 million in the year.

Quiñenco and others

Quiñenco and others recorded a net loss of Ch$42,517 million in 2018, 58.0% higher than the loss of Ch$26,907 million in 2017. Corporate losses were higher due to indexation, higher financial costs due to higher debt, and lower financial income due to lower interest rates on cash and cash equivalents and the fair value adjustment. Provisions for contingencies were also reversed in 2017. These effects were partly offset by an improved tax result in the current year.

III. ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION

Assets

The consolidated assets of Quiñenco as of December 31, 2018, amounted to Ch$41,736,083 million, an increase of 9.9% over the Ch$37,982,420 million recorded as of December 31, 2017, due to increases in banking sector assets and, to a lesser extent, non-banking sector assets.

The composition of consolidated assets at the end of each year is as follows:

		Figures in MCh$	
		12/31/2018	12/31/2017
Manufacturing	Invexans	325,933	329,916
	Techpack	137,470	145,072
Subtotal manufacturing		463,404	474,988
Financial	LQIF holding	848,885	847,947
Energy	Enex	1,066,109	857,475
Transport	CSAV	1,568,705	1,393,001
Port Services	SM SAAM	990,212	909,726
Other	Quiñenco and others	872,273	675,099
Total assets for non-banking sector		**5,809,588**	**5,158,236**
Banking sector assets		35,926,495	32,824,184
Total consolidated assets		**41,736,083**	**37,982,420**

	Figures in MCh$	
	12/31/2018	12/31/2017
Non-banking sector current assets	973,991	876,109
Non-banking sector non-current assets	4,835,597	4,282,128
Total assets for non-banking sector	**5,809,588**	**5,158,236**
Banking sector assets	35,926,495	32,824,184
Total consolidated assets	**41,736,083**	**37,982,420**

Non-banking sector current assets

The current assets for the non-banking sector were Ch$973,991 million as of December 31, 2018, which represents an increase of 11.2% compared to December 31, 2017. The increase is mainly due to receipts when Quiñenco issued bonds worth UF7,000,000 in June 2018, higher bank obligations at Enex and the dividend received by LQIF from Banco de Chile, partially offset by the acquisition of the chain of Road Ranger travel centers in the USA by Enex, the payment of dividends mostly by Quiñenco, LQIF to third parties and SM SAAM to third parties, and to investments in property, plant and equipment by Enex and SM SAAM.

Non-banking sector non-current assets

Non-current assets for the non-banking sector were Ch$4,835,597 million, which represents an increase of 12.9% compared to December 31, 2017. This variation is mainly due to the increase in investments accounted for using the equity method and an increase in property, plant and equipment and goodwill, mainly due to Enex incorporating Road Ranger. The principal changes in investments accounted for using the equity method were a reduction in the book value of Hapag-Lloyd (conversion adjustment and net income for the year, net of dividends) and the increased book value of IRSA (net income for the year, net of dividends and conversion adjustments).

Banking sector assets

Banking sector assets as of December 31, 2018, were Ch$35,926,495 million, representing an increase of 9.5% over December 31, 2017.

Liabilities

The consolidated liabilities of Quiñenco at the end of each year were as follows:

		Figures in MCh$	
		12/31/2018	12/31/2017
Manufacturing	Invexans	16,100	15,746
	Techpack	1,861	2,072
Subtotal manufacturing		17,961	17,819
Financial	LQIF holding	245,622	240,034
Energy	Enex	481,981	289,738
Transport	CSAV	88,704	91,295
Port Services	SM SAAM	350,769	343,038
Other	Quiñenco and others	1,011,524	832,355
Total liabilities for non-banking sector		**2,196,561**	**1,814,278**
Banking sector liabilities		32,418,479	29,615,351
Total consolidated liabilities		**34,615,040**	**31,429,629**

	Figures in MCh$	
	12/31/2018	12/31/2017
Non-banking sector current liabilities	423,167	432,364
Non-banking sector non-current liabilities	1,773,394	1,381,914
Total liabilities for non-banking sector	**2,196,561**	**1,814,278**
Banking sector liabilities	32,418,479	29,615,351
Total consolidated liabilities	**34,615,040**	**31,429,629**
Total equity	7,121,042	6,552,790
Total equity and liabilities	**41,736,083**	**37,982,420**

Non-banking sector current liabilities

Current liabilities for the non-banking sector reached Ch$423,167 million, a decrease of 2.1% over December 31, 2017. This decline is mainly due to a lower balance of debt mainly at Enex and Quiñenco (the E and G bond series were fully repaid during 2018), and lower current tax liabilities, the latter mainly due to the payment of taxes by a subsidiary of SM SAAM, following the sale of its interest in Tramarsa in April 2017. These decreases were partially offset by a higher provision for dividends payable to Quiñenco shareholders and the transfer of short-term financial obligations of installments due in the next 12 months at CSAV and Invexans.

Non-banking sector non-current liabilities

Non-current liabilities for the non-banking sector reached Ch$1,773,394 million, an increase of 28.3% over December 31, 2017. This increase is mainly due to Quiñenco issuing new bonds in June 2018 totaling UF7,000,000 and new long-term bank loans at Enex.

Liabilities for the non-banking sector totaled Ch$2,196,561 million as of December 31, 2018, an increase of 21.1% over December 31, 2017, due to an increase in non-current liabilities, partially offset by a decrease in current liabilities.

Banking sector liabilities

Banking sector liabilities rose by 9.5% compared to December 31, 2017.

Equity[20]

Quiñenco's equity was Ch$3,213,351 million as of December 31, 2018, 8.4% higher than as of December 31, 2017. This increase is mainly due to a positive change in other reserves, and net income for the year, net of dividends. The change in other reserves is mainly due to a positive conversion difference, mainly at CSAV and, to a lesser extent, at SM SAAM, Invexans, Techpack and CCU, partially offset by cash flow coverage, mainly at Invexans and LQIF.

20 Equity is equity attributable to owners of the controller.

IV. TRENDS IN INDICATORS

Key Financial Indicators		12/31/2018	12/31/2017
LIQUIDITY*			
Current Liquidity	times	2.3	2.0
(Current assets/Current liabilities)			
Acid ratio	times	0.7	0.6
(Cash & cash equivalents/Current liabilities)			
DEBT*			
Leverage ratio	times	0.68	0.61
(Total liabilities/Equity attributable to owners of the controller)			
Current debt/Total debt	%	19.26%	23.83%
(Current liabilities/Total liabilities)			
Non-current debt/Total debt	%	80.74%	76.17%
(Non-current liabilities/Total liabilities)			
Financial expenses coverage	times	2.47	1.19
((Non-banking net income + Income tax expense + Financial costs)/Financial costs)			
ACTIVITY*			
Inventory turnover	times	24.11	21.44
(Cost of sales/Average inventories)			
PROFITABILITY			
Return on equity	%	5.8%	3.6%
(Net income attributable to the controller/Average equity attributable to owners of the controller)			
Return on assets of non-financial segments	%	1.3%	-0.2%
(Net income attributable to the controller - non-financial segments/Average assets - non-financial segments)			
Return on assets of financial segment	%	0.3%	0.4%
(Net income attributable to the controller - financial segment/Average assets - financial segment)			
Earnings per share	Ch$	108.51	65.40
(Net income attributable to the controller/Weighted average number of shares)			
Dividend yield	%	1.8%	1.5%
(Dividend payments last 12 months per share/Closing share price)			

* *Excludes banking sector assets and liabilities.*

** *Excludes liabilities included in disposal groups classified as held for sale.*

Liquidity
The non-banking sector current liquidity ratio increased from 2.0 as of December 31, 2017 to 2.3 as of December 31, 2018. This increase is mainly due to an increase of 11.2% in current assets, and the decrease in current liabilities of 2.1%, explained above.

Leverage
The non-banking sector leverage ratio increased from 0.61 as of December 31, 2017, to 0.68 as of December 31, 2018. This is mainly due to an increase of 21.1% in total liabilities, and an increase in the equity of the controller of 8.4%, as explained above. The current liabilities of the non-banking sector as of December 31, 2018, represent 19.3% of the total liabilities of the non-banking sector, compared to 23.8% as of December 31, 2017.

The financial expenses coverage ratio for the non-banking sector increased from 1.19 as of December 31, 2017, to 2.47 as of December 31, 2018. This change is mainly due to a favorable variation in net income for the non-banking sector as explained above, partially offset by an increase in financial costs of 8.4%, reflecting the increase in non-current liabilities explained previously.

Activity
Inventory turnover increased from 21.44 as of December 31, 2017, to 24.11 as of December 31, 2018. This increase is due to higher average inventory, mainly at Enex, and an increase in cost of sales of 18.1%, also mainly at Enex.

Profitability
Return on equity increased from 3.6% as of December 31, 2017 to 5.8% as of December 31, 2018. This increase is mainly due to 65.9% higher net income attributable to the controller for the current year, partially offset by the increase in average equity of 3.6%.

Return on assets for the non-banking sector changed from -0.2% as of December 31, 2017, to 1.3% as of December 31, 2018. This change is mainly due to the net income attributable to the controller from the non-banking sector in the current year, in comparison to the net loss attributable to the controller from the non-banking sector in 2017, partially offset by the increase in the non-banking sector’s average assets of 6.5%.

Earnings per share increased from Ch$65.40 as of December 31, 2017, to Ch$108.51 as of December 31, 2018. This increase is mainly due to the higher net income attributable to the controller in 2018 of 65.9%.

The dividend yield increased from 1.5% as of December 31, 2017 to 1.8% as of December 31, 2018, due to a slight increase in dividends paid over the last twelve months of 0.9% and a fall in the market price of shares of 16.0%.

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V. SUMMARIZED STATEMENT OF CASH FLOWS

Cash flows of non-banking sector	Figures in MCh$	
	12/31/2018	12/31/2017
Net cash flows provided by operating activities	79,904	61,612
Net cash flows provided by (used in) financing activities	97,048	(52,980)
Net cash flow used in investing activities	(310,149)	(261,076)
Total net cash flows for the year	**(133,196)**	**(252,445)**

As of December 31, 2018, Quiñenco reported negative net total cash flow of Ch$133,196 million for the non-banking sector, mainly due to the negative cash flow used in investing activities of Ch$310,149 million partially offset by positive cash flow from financing activities of Ch$97,048 million, and positive cash flow from operating activities of Ch$79,904 million.

The positive cash flow from operating activities is due to customer collections of Ch$3,173,787 million mainly at Enex, and, to a lesser extent, SM SAAM, Banchile Vida and CSAV, partially offset by payments to suppliers of Ch$2,868,843 million by Enex and by SM SAAM, Banchile Vida and CSAV, by payments to employees of Ch$166,201 million mainly by SM SAAM and Enex, Techpack, Enex, and other payments for net operating activities of Ch$46,884 million mainly incurred by Enex, SM SAAM and to a lesser extent by CSAV.

The positive cash flow from financing is mainly due to new net obligations of Ch$268,735 million, mainly due to the new bond issue by Quiñenco and, to a lesser extent, loans obtained by Enex, partially offset by the payment of obligations at SM SAAM. This positive variance was partially offset by dividend payments of Ch$121,876 million, mainly by Quiñenco, by LQIF to third parties and, to a lesser extent, SM SAAM and Banchile Vida both to third parties, and for interest payments of Ch$44,977 million, mainly by Quiñenco and, to a lesser extent, LQIF, SM SAAM, Enex and CSAV.

The negative flow from investing activities is mainly due to the acquisition of the subsidiary Road Ranger for Ch$155,063 million by Enex, mainly for corporate investments in time deposits and others at over 90 days (net) of Ch$143,382 million, and, to a lesser extent, the purchase of property, plant and equipment of Ch$68,437 million, mainly by Enex and SM SAAM, and the acquisition of Hapag-Lloyd shares for Ch$17,525 million by CSAV. These negative cash flow variations were partially offset by dividends received of Ch$58,607 million from associates, such as Hapag-Lloyd, IRSA, associates of SM SAAM, and, to a lesser extent, Nexans and associates of Enex.

Banking sector cash flows	Figures in MCh$	
	12/31/2018	12/31/2017
Net cash flows provided by (used in) operating activities	(482,830)	1,109,490
Net cash flows provided by financing activities	449,183	121,939
Net cash flow provided by (used in) investing activities	284,890	(1,119,887)
Total net cash flows for the year	**251,243**	**111,543**

As of December 31, 2018 Quiñenco reported for the banking sector a total positive net cash flow of Ch$251,243 million, explained by the positive flow from financing activities of Ch$449,183 million and to a lesser extent the positive flow from investing activities of Ch$284,890 million, partially offset by the negative flow used in operating activities of Ch$482,830 million.

VI. SUMMARIZED STATEMENT OF COMPREHENSIVE RESULTS

	Figures in MCh$		Change
	12/31/2018	12/31/2017	
Non-banking sector results			
Revenue	**2,798,851**	**2,381,154**	**17.5%**
Manufacturing	31	9	236.9%
Financial	-	-	-
Energy	2,276,314	1,888,725	20.5%
Transport	58,474	71,476	-18.2%
Port Services	330,997	303,261	9.1%
Others	133,035	117,683	13.0%
Cost of sales	**(2,393,382)**	**(2,025,851)**	**18.1%**
Manufacturing	-	-	-
Financial	-	-	-
Energy	(2,054,318)	(1,693,042)	21.3%
Transport	(55,860)	(66,676)	-16.2%
Port Services	(234,891)	(224,510)	4.6%
Others	(48,314)	(41,624)	16.1%
Operating income	**65,307**	**78,987**	**-17.3%**
Manufacturing	(6,692)	(3,093)	116.3%
Financial	(1,697)	(4,026)	-57.8%
Energy	28,069	11,296	148.5%
Transport	2,366	948	149.6%
Port Services	51,919	76,020	-31.7%
Others	(8,658)	(2,158)	301.2%
Non-operating income (loss)	**34,322**	**(65,240)**	**n.a.**
Financial income	15,692	14,737	6.5%
Finance costs	(55,932)	(51,576)	8.4%
Share of income (loss) of associates & joint ventures	110,851	(17,498)	n.a.
Exchange differences	(10,470)	3,206	n.a.
Indexation gains (losses)	(25,819)	(14,110)	83.0%
Income tax expense	(7,585)	(65,053)	-88.3%
Loss from discontinued operations	(17,676)	(3,925)	350.4%
Consolidated net income (loss) from non-banking sector	**74,369**	**(55,231)**	**n.a.**
Banking sector financial performance			
Operating revenue	1,874,738	1,710,443	9.6%
Loan loss provisions	(281,410)	(234,983)	19.8%
Operating expenses	(848,361)	(789,656)	7.4%
Operating income	744,966	685,804	8.6%
Non-operating income (loss)	(72,279)	(67,010)	7.9%
Income tax expense	(156,609)	(115,128)	36.0%
Consolidated net income from banking sector	**516,078**	**503,667**	**2.5%**
Consolidated net income	**590,447**	**448,436**	**31.7%**
Net income attributable to non-controlling interests	410,016	339,696	20.7%
Net income attributable to owners of the controller	**180,430**	**108,740**	**65.9%**

VII. RISK ANALYSIS

Quiñenco and its subsidiaries and associates face risks inherent to their markets and economies in Chile and abroad. These risks reflect the prices, costs and sales volumes of the products and services manufactured and commercialized.

Economic Environment

The Company's businesses are primarily in Chile. Therefore, its operating results and financial position are largely dependent on the general state of the economy. While it is estimated that the Chilean economy grew by 4.0% in 2018, there is no assurance that it will continue to grow in the future. The factors that might have an adverse effect on the Company's business and the performance of its operations include slowdowns in the Chilean economy, a return to high inflation, fluctuations in foreign currencies, tax reforms, changes in the regulatory frameworks governing its subsidiaries' and associates' industries, increases in labor costs and a shortage of skilled labor. The Company's businesses in Chile are diversified across six economic sectors.

Apart from its operations in Chile, some of the Company's industrial businesses operate and export to companies that, in turn, operate and export to

Argentina, Peru, Colombia and other Latin American countries and the rest of the world, which on various occasions in the past have suffered from volatile, or at least unfavorable, economic, political and social conditions. The business, results and assets of the Company may be severely and adversely affected by events relating to inflation, interest rates, currency fluctuations, government policies, price and wage controls, exchange control regulations, taxes, expropriation, social instability and other political, economic or diplomatic events that affect the countries where the Company operates. The gradual globalization of some of the Company's businesses diversifies the risk associated with a sector or country.

Competition

Quiñenco believes that its businesses face a high level of competition. This is reflected in the prices, costs and sales volumes of the products and services produced and sold by Quiñenco's businesses. While the Company expects that its businesses will be capable of continuing to compete successfully in their respective areas based on its past experience and records, there is no certainty that competition will not continue to grow in the future, including a possible continued consolidation trend in some industries. The imbalance between supply and demand in the maritime shipping industry could affect shipping operators to a greater or lesser extent, depending on their operating fleet and the proportion and structure of their fleet that is owned rather than chartered in comparison to the industry. An imbalance between supply and demand can generate volatility in freight rates and in charter rates for leased ships. Greater competition and an imbalance between supply and demand could affect the profit margins and operating results of Quiñenco's businesses which, as a result, might significantly and adversely affect the dividend flows that Quiñenco receives from its businesses. However, the Company's businesses are diversified across various sectors and countries.

Raw Materials Risk

Fuels sold at Enex are primarily bought from Enap under annual supply contracts that regulate the formulas that index the prices of each product to relevant international market benchmarks, which in this case is the United States Gulf Coast. These contracts also reward compliance with monthly and annual purchase programs and apply fines when actual purchases are outside an agreed range. Enex has average stocks to cover around two weeks of sales, which reduces the exposure to price changes.

The Shell and Pennzoil brand lubricants sold by Enex are supplied by Shell which sets its prices based on trends in raw materials, production costs and local market conditions. Price changes are notified in advance, which are generally passed on in commercial contracts.

Fuel is an important cost component at CSAV. Most of CSAV's maritime freight sales are agreed with contracts and generally a percentage of those rates are subject to price adjustments, based on changes in the cost of fuel, or a Bunker Adjustment Factor ("BAF"). In order to reduce the impact of potential upward volatility in fuel prices on sales or contracts that are not subject to fuel price adjustment clauses, or which are at a fixed price, or for that portion of sales where the coverage of the clause is limited, CSAV contracts fuel price hedges on exposed volumes. On January 1, 2020 the new regulation on sulfide emissions imposed by the International Maritime Organization will begin to apply. Therefore, the associate Hapag-Lloyd will gradually implement an incremental cost recovery mechanism from 2019 that will require using more refined fuel (Marine Fuel Recovery).

Concession Renewal

The non-renewal of port concessions held by SM SAAM is a long-term risk, and is subject to future market conditions and negotiations with port authorities, which could affect the Company's revenue. Concession renewals also depend on having achieved and maintained specific operational standards, which SM SAAM have amply fulfilled at all ports. This subsidiary also has various towage concessions.

Risks Associated with the Insurance Business

Risk management policy at Banchile Vida aims to reduce asset risks, limit portfolio exposure, stabilize its performance, and reduce risk capital. The company manages pricing and mortality risk by assigning a portion of its portfolio to reinsurers, which are selected on the basis of their risk rating and an analysis of their financial statements and actuarial services. It manages its financial, credit, liquidity and market risks through its investment policy, which defines the minimum risk rating requirements for each type of instrument, the maximum portfolio duration, the instruments it contains, and its liquidity distribution requirements, and other guidelines.

Banking Sector Risks

The risk management policy at Banco de Chile aims to maintain an integrated, future-focused perspective on risk management, taking into account the current and forecast economic environment and the risk/return ratio of all products at the Bank and its subsidiaries. The spectrum of risk management covers financial risks (credit and market risks) and the non-financial risks (including, among others, the risk of loss resulting from inadequate processes, process failures, personnel or internal systems failures, external events, technological risks and cyber security). The Bank's credit policies and processes acknowledge the particularities of each market and segment, thus affording specialized treatment. Loan loss management is based on an overall strategy that combines the bank's target markets and segments. Admission management in the retail segment largely uses models for both individuals and SMEs, with customers and market trends constantly being monitored. Admission management in the corporate segment is based on a case-by-case expert analysis, with systematic monitoring of the individual portfolio. The Market Risk Division is in charge of limiting, controlling and reporting market risks for the bank, which cover liquidity and price risks, as well as providing guidelines for its subsidiaries. .

Financial Risks

Credit Risk

Surplus corporate cash is invested with first-class Chilean and foreign financial entities under limits established for each entity, and which have a credit rating of at least the levels pre-established for each type of instrument.

Techpack manages the risk associated with financial assets in accordance with its investment policy. Cash surpluses and available funds are invested in accordance with its investment policy in low-risk fixed income instruments with institutions with strong credit ratings and diversified investment portfolios, subject to diversification limits by institution. Issuers and institutions that are subject to credit limits and investment limits are regularly reviewed to assess potential changes in their solvency that could affect the company.

Invexans manages the risk associated with financial assets or liabilities in accordance with its policies. Cash surpluses are invested in accordance with policy, in low-risk instruments (primarily time deposits) with institutions having strong credit ratings and within the limits established for each institution (funds are placed in a diversified manner). Management selects institutions with strong credit ratings for its financial hedges.

LQ Inversiones Financieras has no accounts receivable subject to credit risk. Cash surpluses are invested under market conditions in fixed-income instruments, according to the maturities of its financial commitments and operating expenses.

The investment policy at Banchile Vida defines the minimum requirements concerning risk ratings for each instrument, which is complemented by financial statements analysis. Credit risk management includes monitoring the risk ratings and changes in the creditworthiness of issuers, following changes in covenants.

Enex manages customer credit risk within its credit policy and its authorizations manual. Sales on credit terms are controlled by the management system by blocking purchase orders when the customer has past due debt or exceeds their previously agreed and approved credit limit. The Finance and Administration Department at Enex approves customer credit lines, with the support and recommendation of commercial areas, in accordance with a credit assessment model that takes into account both commercial and technical aspects. When considered appropriate, guarantees and other requirements are requested in support of the credit. Should the credit granted be insufficient to meet commercial needs, the case is taken to the credit committee.

Enex's financial investments are limited to fixed-income instruments, such as repurchase agreements and time deposits, with financial entities that are evaluated at least once a year, with exposure limits assigned by entity according to reports and opinions issued by prestigious and experienced credit rating agencies, in line with Enex's current treasury policy.

CSAV has a strict credit policy to manage its receivables portfolio, which is based on lines of credit and payment terms granted on the basis of an individual analysis of the solvency, payment ability, and general references of each customer, their shareholders, the industry and the customer's market, as well as its payment history with the company. These credit lines are reviewed at least annually and payment behavior and percentage utilization are monitored regularly. Agencies that represent CSAV are constantly monitored to ensure that the administrative, commercial, operational and collection processes, and their relationship with customers and suppliers complies with agreed contract terms.

CSAV supports its vessel and slot chartering contracts with third parties using charter party freight contracts and slot charter agreements. CSAV charters vessels to third parties and slots to other shipping companies, always taking into consideration the counterparty's creditworthiness. However, CSAV often leases slots from the same shipping companies to which it leases its own slots on other voyages and services, which significantly reduces the risk of default.

CSAV has an investment policy to manage its financial assets, which include time deposits and repurchase agreements, whereby its checking accounts and investments are held in financial institutions with investment grade credit ratings. Its risk control policy also includes taking hedge positions in interest rates, exchange rates and oil prices, with prestigious financial institutions within the industry that have investment grade credit ratings.

Credit granted to customers at SM SAAM is regularly revised, in order to apply the controls defined by the company, and to monitor the status of accounts pending collection.

Cash surpluses at SM SAAM can be invested in low-risk financial instruments. See Note 27 Classes of financial assets and liabilities, for details of the balances of financial assets.

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Liquidity Risk

Quiñenco finances its activities and investments with dividend and profit distributions from the companies in which it holds an interest and with funds obtained from the sale of assets and/or by issuing debt and shares.

Quiñenco prefers long-term financing in order to maintain a financial structure in line with the liquidity of its assets and whose maturities are compatible with cash flow generation.

Invexans regularly estimates its projected liquidity requirements for each period, covering cash to be received (rents receivable, dividends receivable, etc.), the respective payments (commercial, financial, etc.) and available cash, in order to avoid short-term external financing. Invexans' financing policy seeks funding sources with a balanced structure between short and long term, low-risk exposure and alignment with the cash flows generated by the company.

The capital management policy at Techpack aims to ensure the liquidity and availability of resources, and ensure that it has sufficient liquidity.

LQIF distributes dividends based on available cash flow taking into account the Company's actual and forecast costs, including financial obligations. The main source of funds to pay interest and capital on the financial obligations of LQIF are the dividends received from its direct and indirect shareholdings in Banco de Chile. Consequently, its ability to meet the scheduled payments of interest and capital depends entirely on the ability of Banco de Chile to generate positive net income from its operations, and the agreements approved annually at shareholders' meetings regarding the distribution of dividends.

Banchile Vida ensures that the average duration of its obligations matches the average duration of its assets. Its investment policy defines the maximum duration of its investment portfolio in total, and by each financial instrument.

Enex regularly updates its short-term cash flow projections based on information received from its commercial areas. Enex has credit lines with its principal banks, in order to cover possible unexpected cash deficits.

CSAV is not directly exposed to the container business, but indirectly as main shareholder of Hapag-Lloyd. This limits liquidity risk to the expected flow of dividends or any additional capital required by this joint venture. CSAV has specific long-term borrowing to finance its investment in Hapag-Lloyd. CSAV has sufficient liquidity to cover its direct transport services. It has an available line of credit, if required.

The subsidiary SM SAAM estimates its projected liquidity needs for each year, covering cash receipts (customer receivables, dividends, etc.), the respective payments (commercial, financial, etc.) and available cash, in order to avoid short-term external financing, if possible. SM SAAM ensures that financing has a balanced short and long-term structure, a low risk exposure and repayments match the company's cash flows.

See Note on Other current and non-current financial liabilities for details of the balances and maturities of the financial debt.

Market Risk[21]

Exchange rate risk

There is no exposure to exchange rate risk at a corporate level as of December 2018 as it has no significant foreign currency assets and liabilities. Financial derivatives (primarily cross currency swaps) can be contracted to eliminate or mitigate exposure to exchange rate risks.

Exposure to exchange rate risk at Invexans derives from asset and liability positions held in currencies other than its functional currency, which is the US dollar, and the related appreciations/depreciations between both currencies. The Board and management at Invexans regularly review its net exposure to exchange rate risk, based on projecting the financial effects of changes in currencies other than the functional currency that would be generated by assets or liabilities held in those currencies at the time of evaluation. Should significant and adverse effects be projected for Invexans, financial derivatives may be contracted (primarily cross currency swaps) in order to mitigate these potential risks. As of December 31, 2018, the net exposure to exchange rate risk at Invexans is an asset equivalent to Ch$14 million. A 5% change in the exchange rate of currencies other than the functional currency, would have an estimated effect on comprehensive income before taxes of Ch$1 million.

Exposure to exchange rate risk at Techpack arises from exchange differences on potential mismatches in asset and liability positions denominated in a currency other than the functional currency (US dollar). The Board and management of Techpack and its subsidiaries and associates regularly review their net exposure to exchange rate risk, based on projecting the financial effects of changes in currencies other than the functional currency that would be generated by assets or liabilities held in those currencies at the time of evaluation. Should significant and adverse effects be projected for Techpack, financial derivatives may be contracted (primarily cross currency swaps) in order to mitigate these potential risks. As of December 31, 2018, Techpack's net exposure to exchange rate risk is an asset equivalent to Ch$234 million. A 5% change in the exchange rate of currencies other than the functional currency, would have an estimated effect on comprehensive income before taxes of Ch$12 million.

LQIF has no exposure to exchange rate risk as it has no foreign currency assets or liabilities as of December 31, 2018 and 2017.

Banchile Vida has no exposure to exchange rate risk as it has no foreign currency assets or liabilities as of December 31, 2018 and 2017.

Enex is exposed to exchange risk due to specific agreements with suppliers and customers agreed in a currency other than the functional currency (Chilean peso). The most important cases relate to the import of fuels, lubricants and bitumen where the obligation is generated and payable in US dollars. Enex has a policy of minimizing the net exposure (assets-liabilities) in foreign currencies, normally using as hedging mechanism the purchase

21 The exposure of financial assets and liabilities to market risk is measured on a consolidated basis, where any balances between subsidiaries have already been eliminated in consolidation. In some cases, these individual balances may affect consolidated financial performance with a corresponding equal effect on equity.

of foreign currency on the spot market. As of December 31, 2018, the net exposure to exchange rate risk of Enex is a liability equivalent to Ch$34,284 million. A 5% change in the exchange rate of currencies other than the functional currency, would have an estimated effect on comprehensive income before taxes of Ch$1,714 million.

CSAV has assets and liabilities primarily denominated in its functional currency, the US dollar. However, it also has assets and liabilities in other currencies. The company reduces the risk of exchange-rate fluctuations by regularly converting any balance in local currency that exceeds payment needs in that currency to US dollars. As of December 31, 2018, the net exposure to exchange rate risk of CSAV is a liability equivalent to Ch$132 million. A 5% change in the exchange rate of the US dollar against other currencies, would have an estimated effect on comprehensive income before taxes of Ch$7 million.

The major currencies to which SM SAAM is exposed, other than the functional currency (US dollar), are the Chilean peso, Mexican peso and Canadian dollar. Usually SM SAAM mitigates volatility in its results, caused by net positions of assets and liabilities in foreign currencies, using hedging instruments. As of December 31, 2018, the net exposure to exchange rate risk at SM SAAM is a liability equivalent to Ch$84,131 million. A 5% change in the exchange rate of the US dollar against other currencies, would have an estimated effect on comprehensive income before taxes of Ch$4,207 million.

Exchange differences produced by translating to Chilean pesos balances in the functional currencies of consolidated entities or associates whose functional currency is other than the Chilean peso, are recognized as a credit or charge to equity, until they are settled when they are recognized in net income.

Note 35 contains the detail of assets and liabilities by currency, which includes the financial assets and liabilities described here.

Interest rate risk

As of December 31, 2018, Quiñenco has corporate financial assets at fair value through profit and loss of Ch$284,674 million, which are subject to interest rate risk. A change of 10 basis points in the interest rate would generate an effect on financial income for the year of Ch$84 million.

Quiñenco has all its corporate obligations at fixed interest rates, which implies a low exposure to interest-rate risk.

Invexans has all of its financial obligations at variable interest rates.

As of December 31, 2018, Techpack has no financial obligations that cause interest rate risks.

LQIF has all its financial obligations at fixed interest rates, which implies a low exposure to interest rate risk.

Enex has all its financial obligations at fixed interest rates, which implies a low exposure to interest rate risk.

CSAV has 52.2% of its obligations at fixed rates and 47.8% at variable rates.

SM SAAM has 69.5% of its obligations at fixed rates, 6.0% at protected rates and 24.5% at variable rates.

The consolidated interest-rate structure is as follows. As can be seen, the consolidated interest-rate risk is low, as 94.2% of debt is structured with fixed or protected interest rates.

Consolidated financial liabilities by interest rate type	12/31/2018	12/31/2017
Fixed interest rate	93.4%	90.7%
Protected interest rate	0.8%	1.1%
Variable interest rate	5.8%	8.2%
Total	**100.0%**	**100.0%**

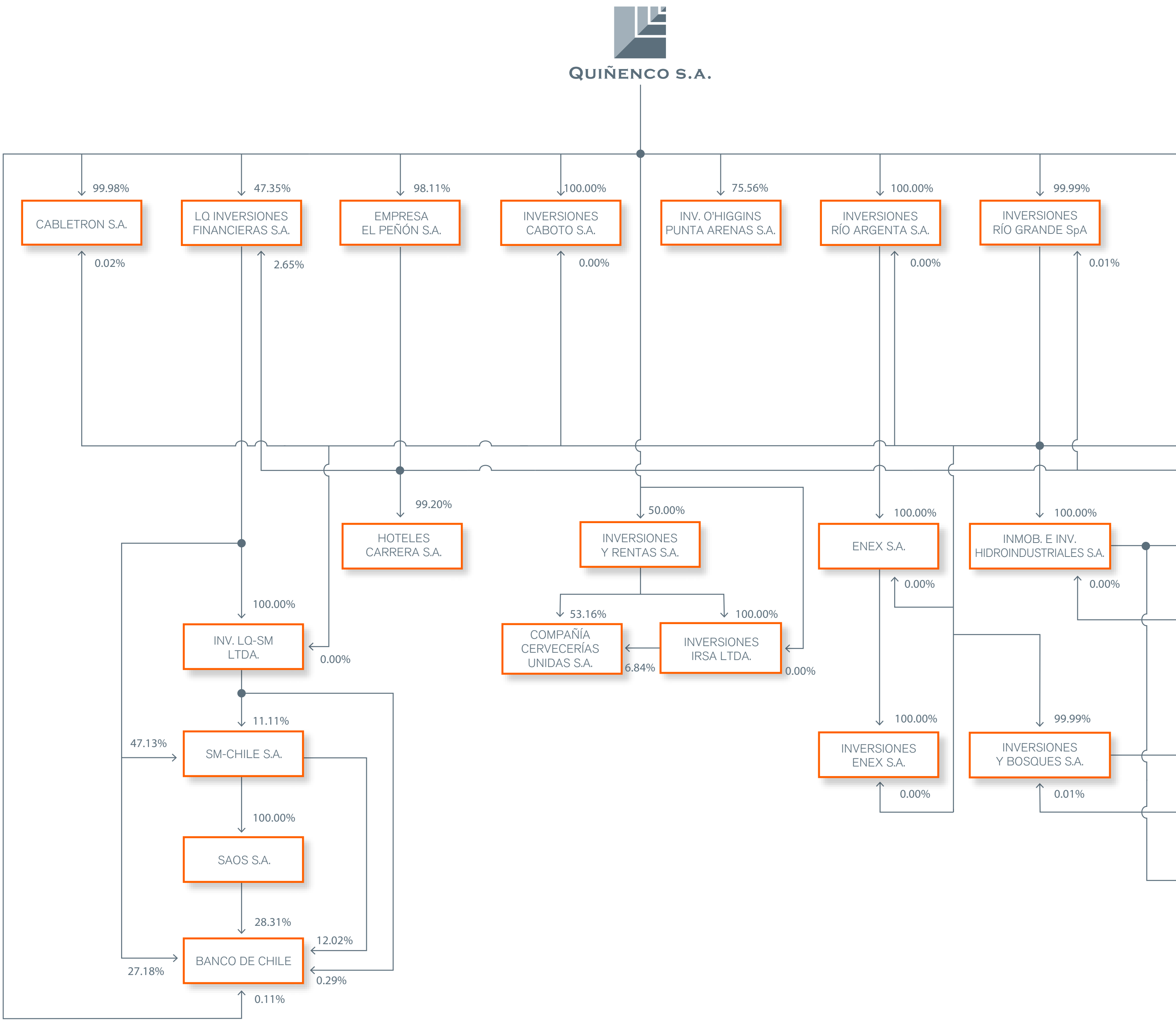
As of December 31, 2018, the consolidated exposure to variable interest rates was a liability of Ch$87,893 million. A 100-basis point change in the interest rate would generate an effect on financial costs for the 12-month period of Ch$879 million.

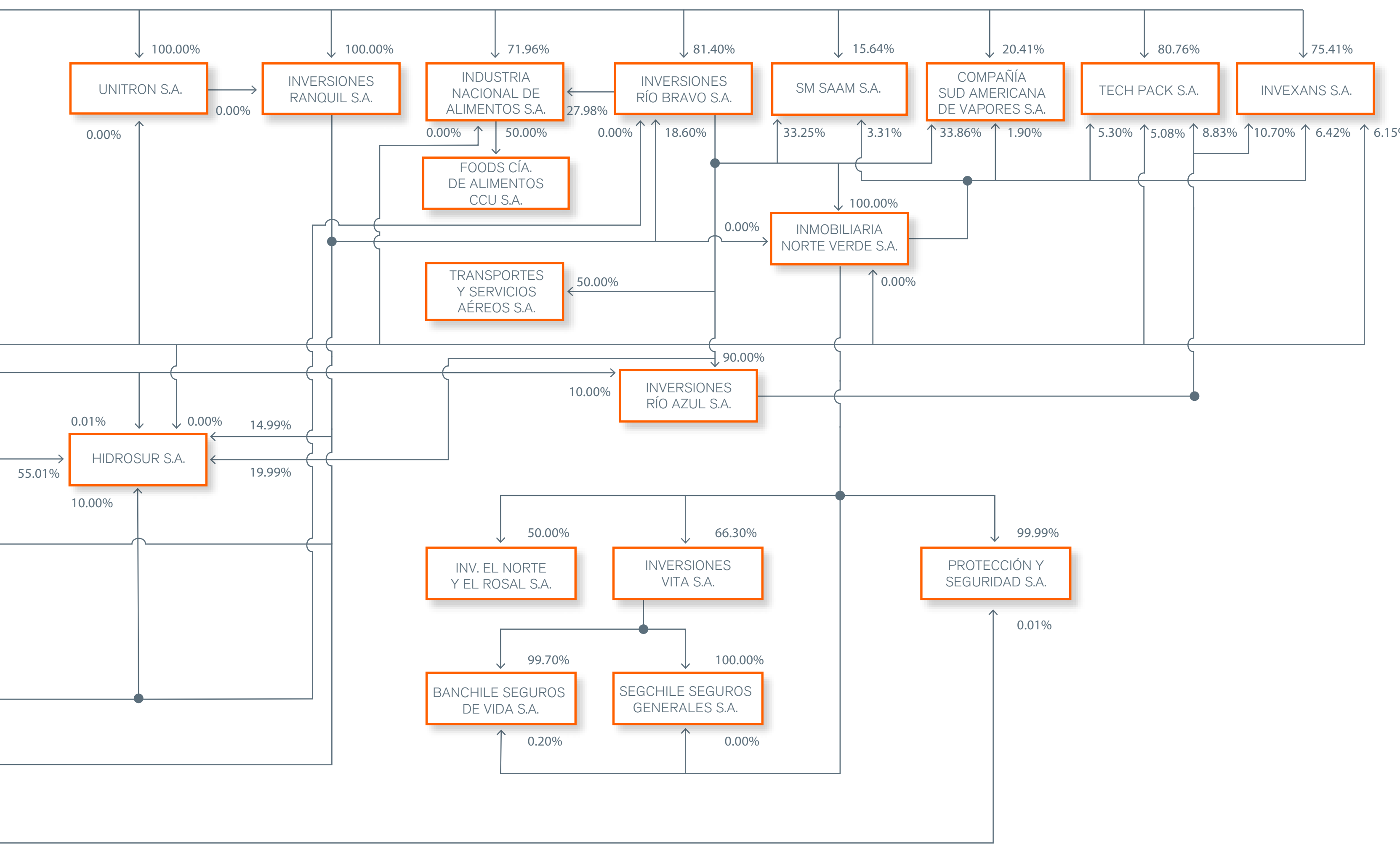
Corporate Structure

SUBSIDIARIES AND AFFILIATE COMPANIES
AS OF DECEMBER 31, 2018

QUIÑENCO S.A.

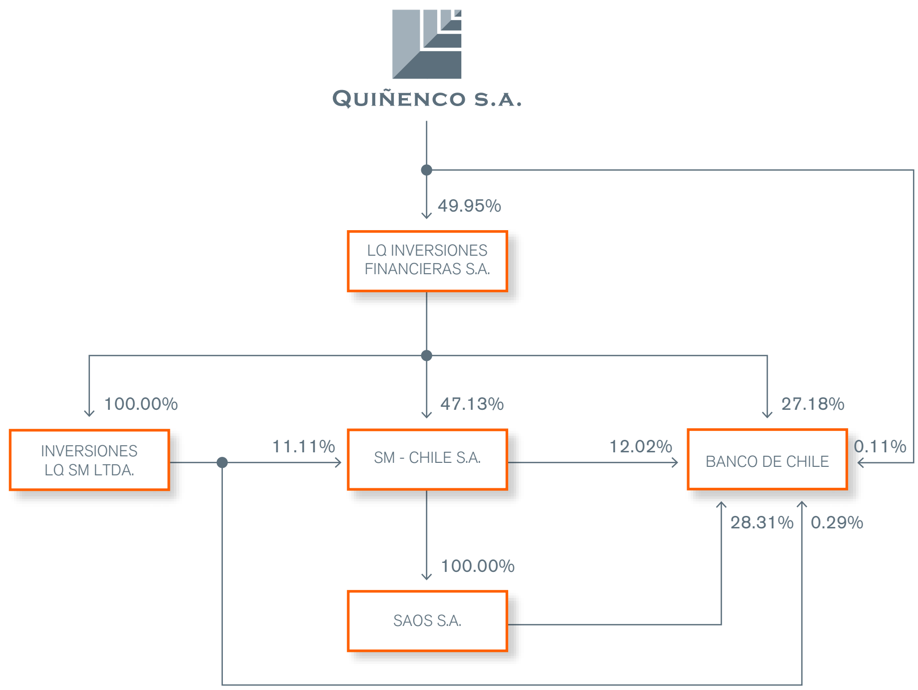
SUBSIDIARIES AND AFFILIATES

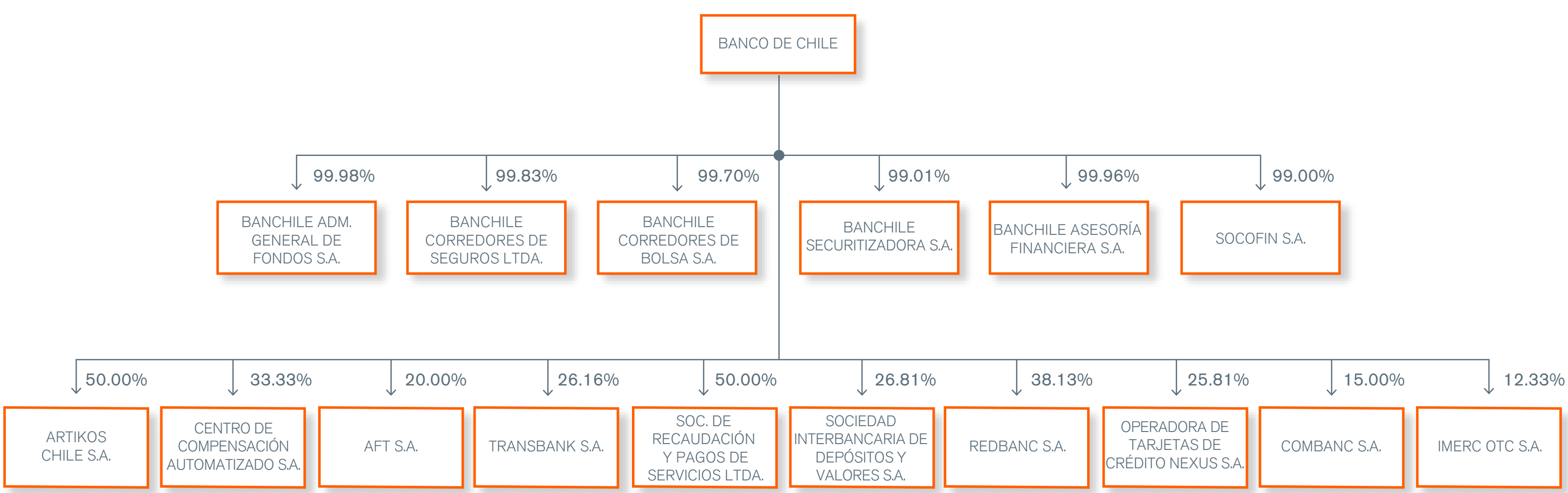



UNITRON S.A.
INVERSIONES RANQUIL S.A.
INDUSTRIA NACIONAL DE ALIMENTOS S.A.
INVERSIONES RÍO BRAVO S.A.
SM SAAM S.A.
COMPAÑÍA SUD AMERICANA DE VAPORES S.A.
TECH PACK S.A.
INVEXANS S.A.
FOODS CÍA. DE ALIMENTOS CCU S.A.
INMOBILIARIA NORTE VERDE S.A.
TRANSPORTES Y SERVICIOS AÉREOS S.A.
INVERSIONES RÍO AZUL S.A.
HIDROSUR S.A.
INV. EL NORTE Y EL ROSAL S.A.
INVERSIONES VITA S.A.
PROTECCIÓN Y SEGURIDAD S.A.
BANCHILE SEGUROS DE VIDA S.A.
SEGCHILE SEGUROS GENERALES S.A.
100.00%
100.00%
71.96%
81.40%
15.64%
20.41%
80.76%
75.41%
0.00%
0.00%
27.98%
0.00%
50.00%
0.00%
18.60%
33.25%
3.31%
33.86%
1.90%
5.30%
5.08%
8.83%
10.70%
6.42%
6.15%
100.00%
0.00%
0.00%
50.00%
90.00%
10.00%
0.01%
0.00%
14.99%
55.01%
19.99%
10.00%
50.00%
66.30%
99.99%
0.01%
99.70%
100.00%
0.20%
0.00%

LQ INVERSIONES FINANCIERAS S.A.

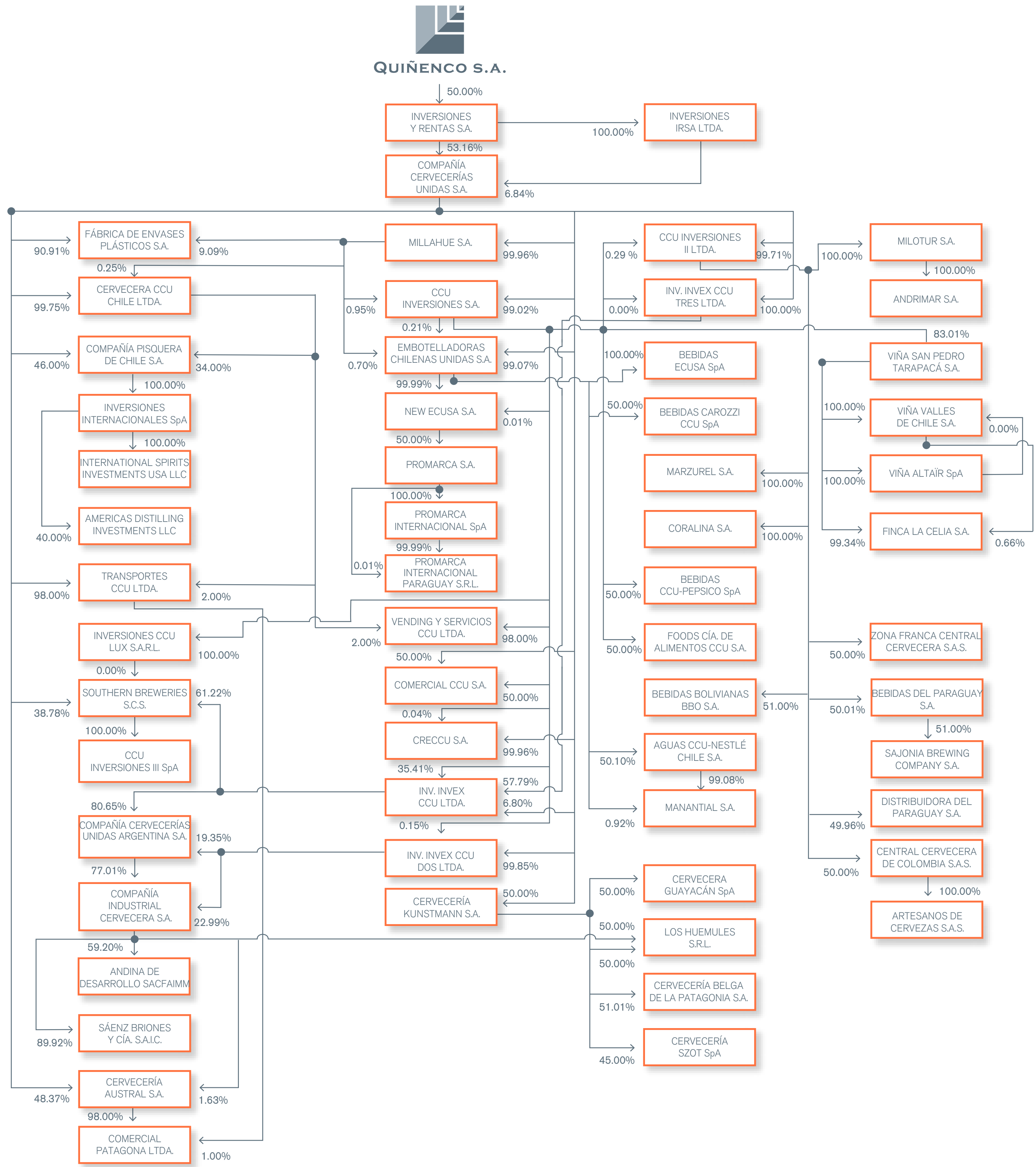
SUBSIDIARIES AND AFFILIATES





COMPAÑÍA CERVECERÍAS UNIDAS S.A.

SUBSIDIARIES AND AFFILIATES

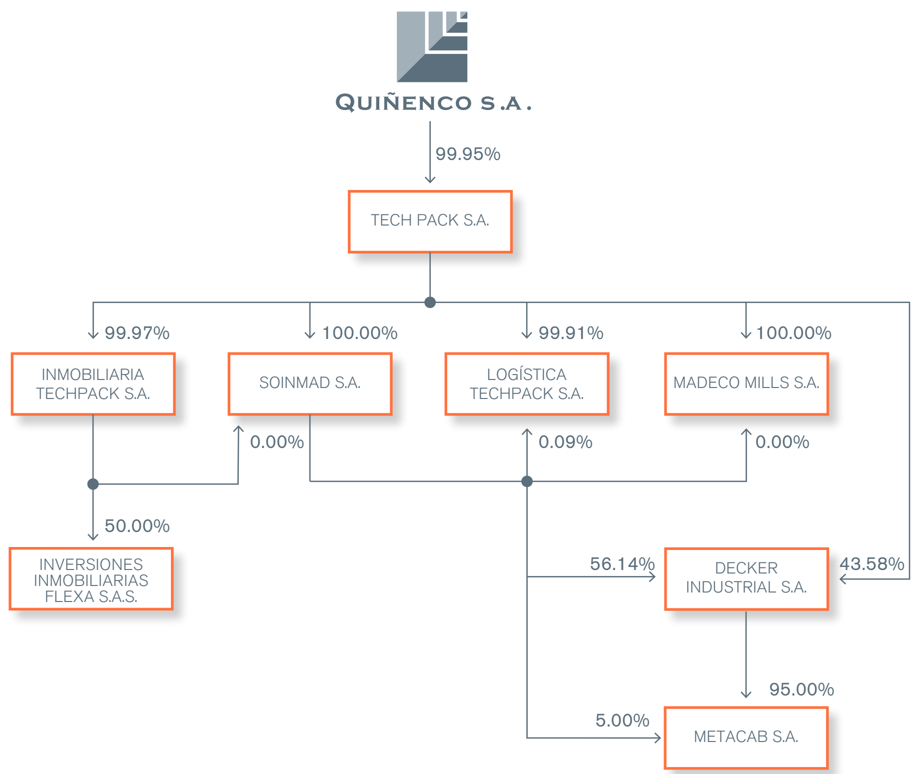


INVEXANS S.A.

SUBSIDIARIES AND AFFILIATES

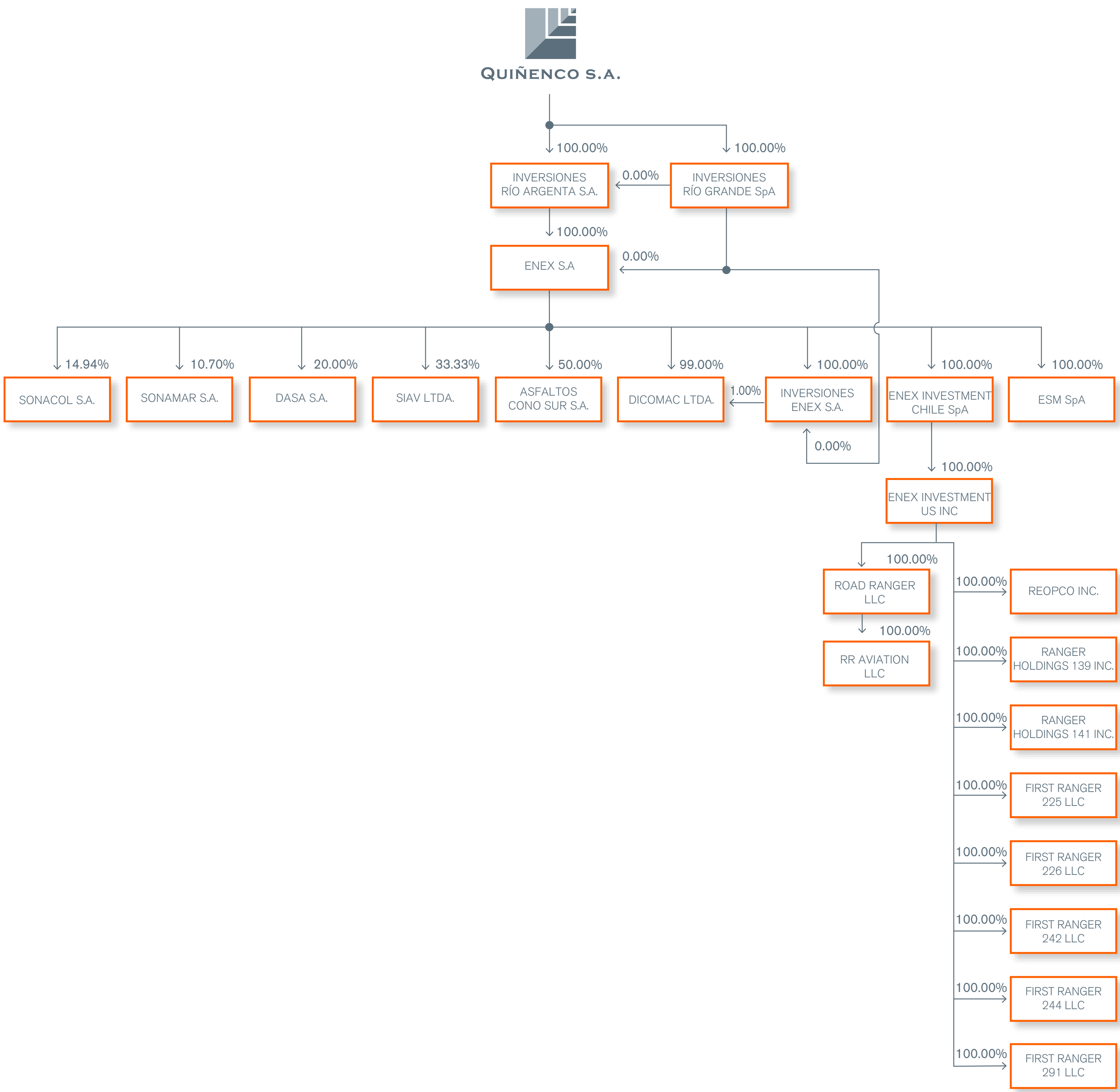
TECH PACK S.A.

SUBSIDIARIES AND AFFILIATES



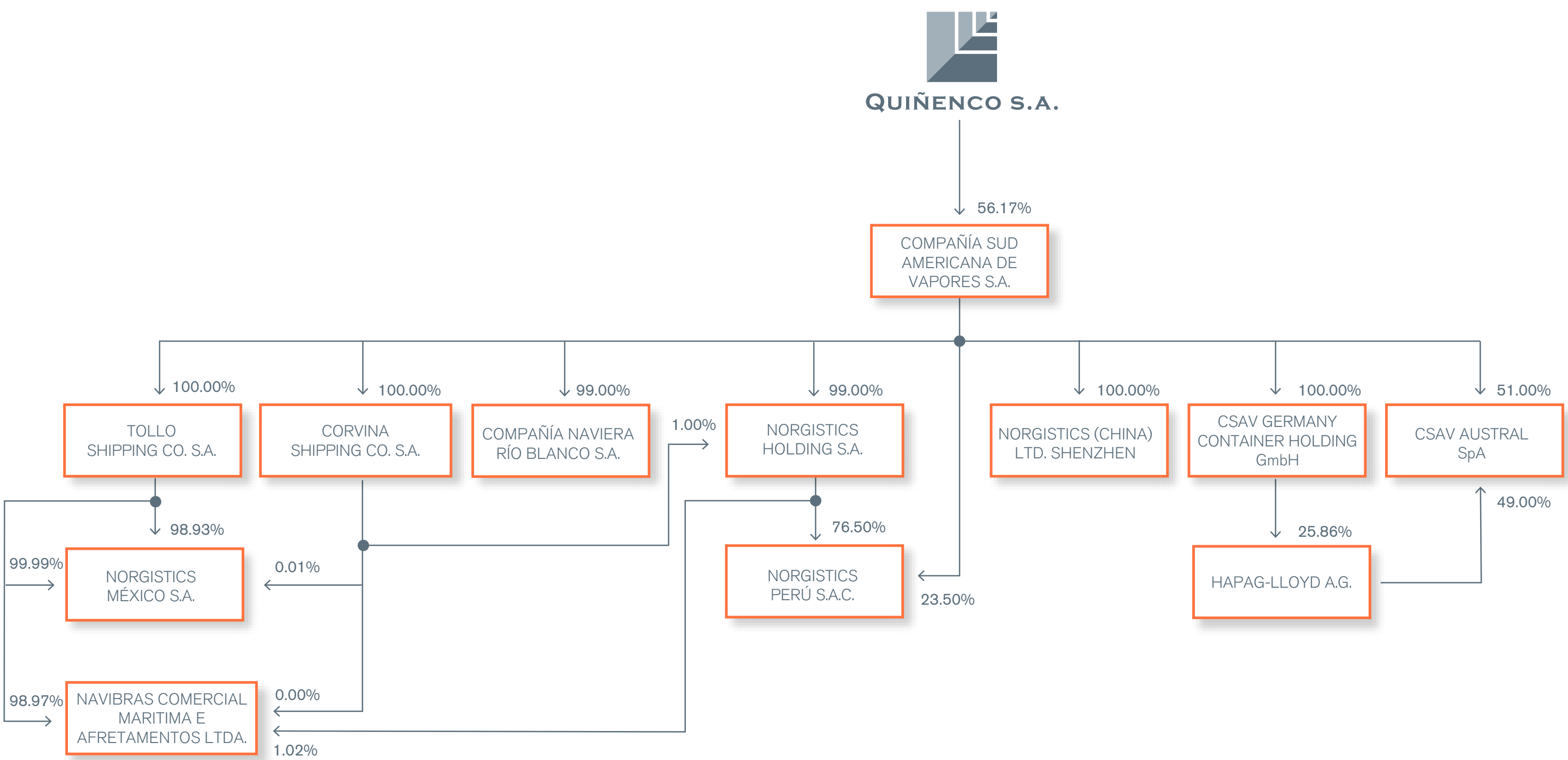
EMPRESA NACIONAL DE ENERGÍA ENEX S.A.

SUBSIDIARIES AND AFFILIATES



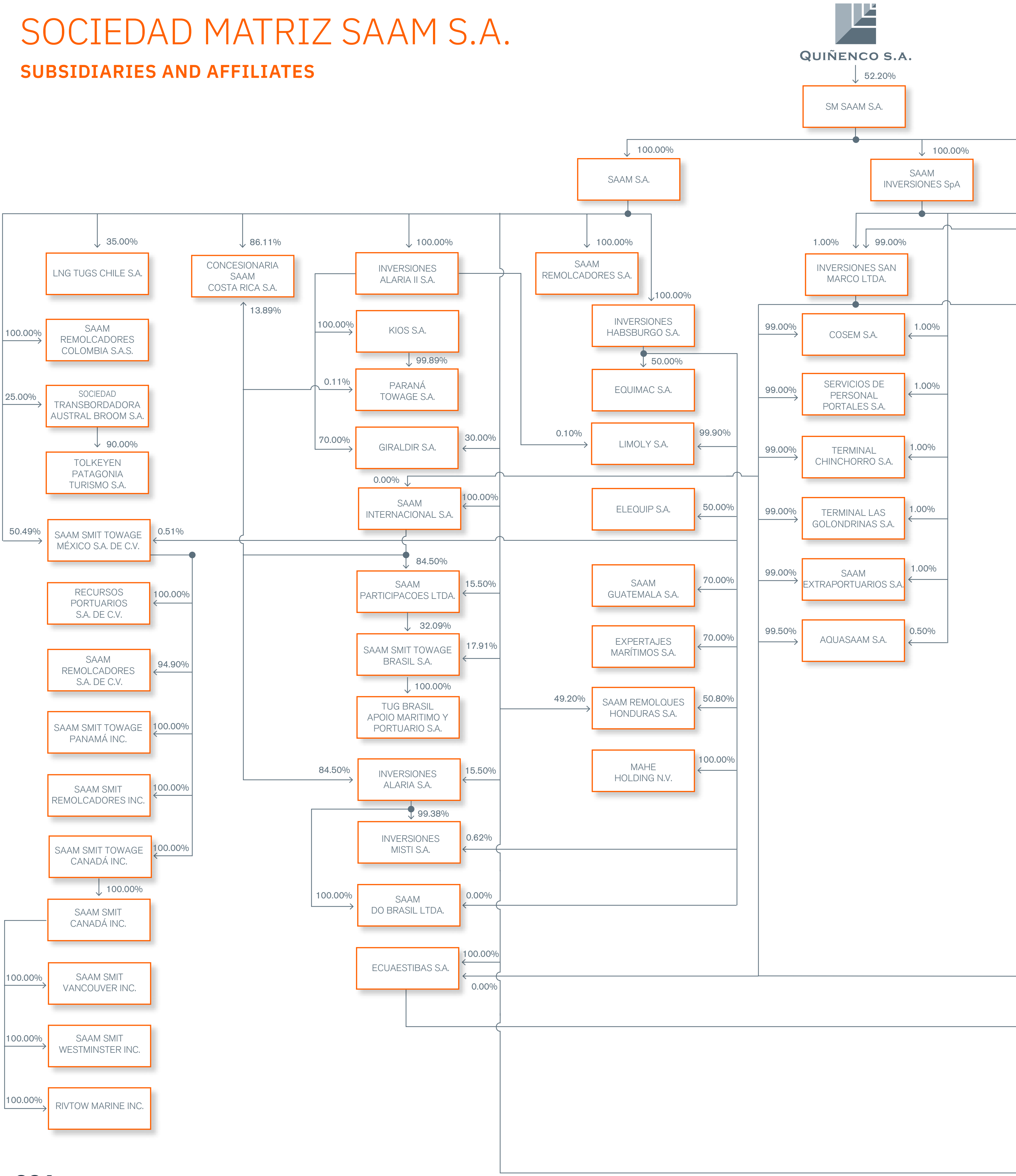
COMPAÑÍA SUD AMERICANA DE VAPORES S.A.

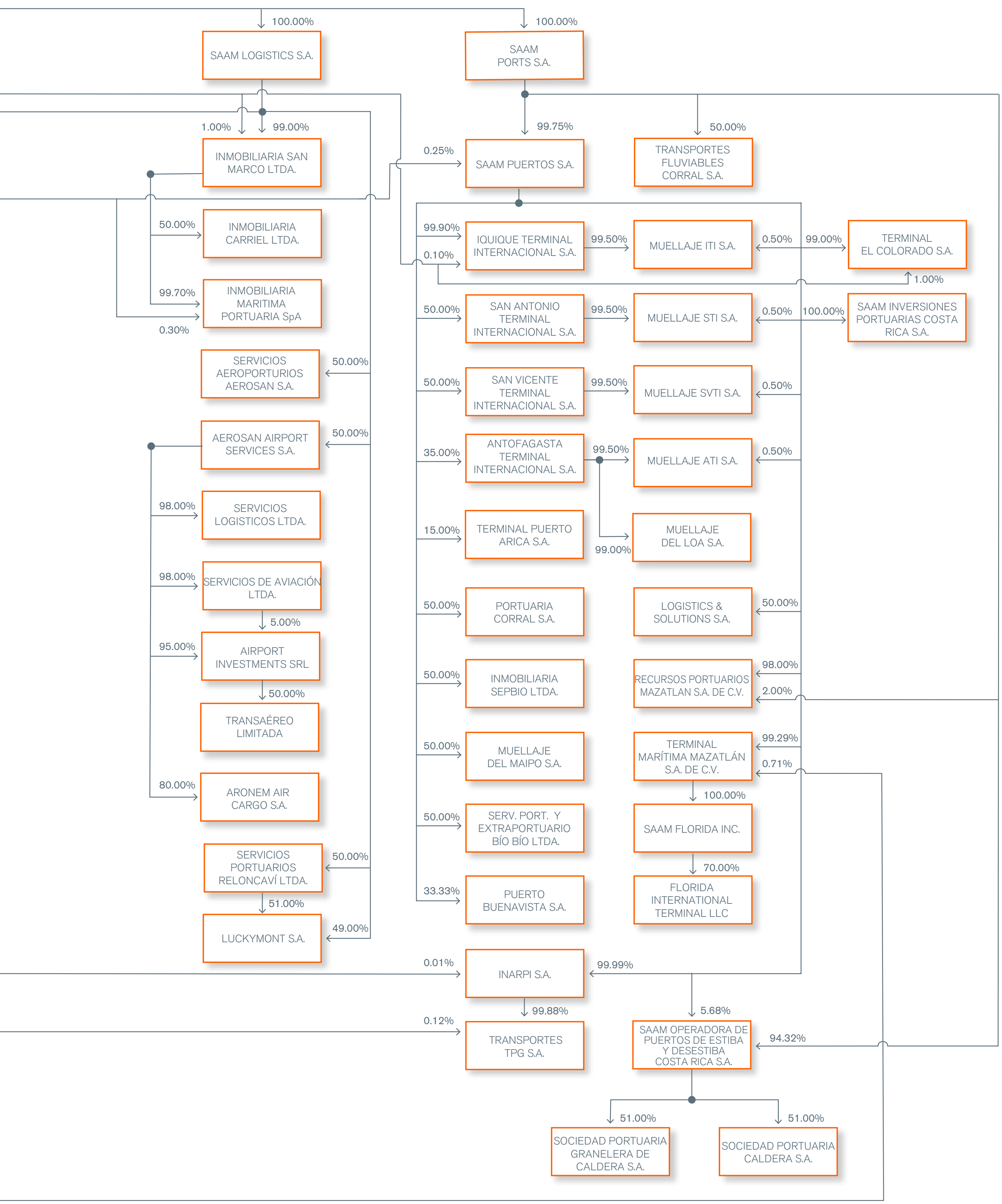
SUBSIDIARIES AND AFFILIATES



SOCIEDAD MATRIZ SAAM S.A.

SUBSIDIARIES AND AFFILIATES




100.00%
SAAM LOGISTICS S.A.
100.00%
SAAM PORTS S.A.
1.00%
99.00%
INMOBILIARIA SAN MARCO LTDA.
99.75%
SAAM PUERTOS S.A.
0.25%
50.00%
TRANSPORTES FLUVIABLES CORRAL S.A.
50.00%
INMOBILIARIA CARRIEL LTDA.
99.70%
0.30%
INMOBILIARIA MARITIMA PORTUARIA SpA
99.90%
0.10%
IQUIQUE TERMINAL INTERNACIONAL S.A.
99.50%
MUELLAJE ITI S.A.
0.50%
99.00%
TERMINAL EL COLORADO S.A.
1.00%
50.00%
SAN ANTONIO TERMINAL INTERNACIONAL S.A.
99.50%
MUELLAJE STI S.A.
0.50%
100.00%
SAAM INVERSIONES PORTUARIAS COSTA RICA S.A.
50.00%
SERVICIOS AEROPORTURIOS AEROSAN S.A.
50.00%
SAN VICENTE TERMINAL INTERNACIONAL S.A.
99.50%
MUELLAJE SVTI S.A.
0.50%
50.00%
AEROSAN AIRPORT SERVICES S.A.
35.00%
ANTOFAGASTA TERMINAL INTERNACIONAL S.A.
99.50%
MUELLAJE ATI S.A.
0.50%
98.00%
SERVICIOS LOGISTICOS LTDA.
15.00%
TERMINAL PUERTO ARICA S.A.
99.00%
MUELLAJE DEL LOA S.A.
98.00%
SERVICIOS DE AVIACIÓN LTDA.
50.00%
PORTUARIA CORRAL S.A.
LOGISTICS & SOLUTIONS S.A.
50.00%
5.00%
95.00%
AIRPORT INVESTMENTS SRL
50.00%
INMOBILIARIA SEPBIO LTDA.
RECURSOS PORTUARIOS MAZATLAN S.A. DE C.V.
98.00%
2.00%
50.00%
TRANSAÉREO LIMITADA
50.00%
MUELLAJE DEL MAIPO S.A.
TERMINAL MARÍTIMA MAZATLÁN S.A. DE C.V.
99.29%
0.71%
80.00%
ARONEM AIR CARGO S.A.
100.00%
50.00%
SERV. PORT. Y EXTRAPORTUARIO BÍO BÍO LTDA.
SAAM FLORIDA INC.
SERVICIOS PORTUARIOS RELONCAVÍ LTDA.
50.00%
70.00%
33.33%
PUERTO BUENAVISTA S.A.
FLORIDA INTERNATIONAL TERMINAL LLC
51.00%
LUCKYMONT S.A.
49.00%
0.01%
INARPI S.A.
99.99%
99.88%
5.68%
0.12%
TRANSPORTES TPG S.A.
SAAM OPERADORA DE PUERTOS DE ESTIBA Y DESESTIBA COSTA RICA S.A.
94.32%
51.00%
51.00%
SOCIEDAD PORTUARIA GRANELERA DE CALDERA S.A.
SOCIEDAD PORTUARIA CALDERA S.A.

Quiñenco S.A.

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