Quiñenco 2014 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.

QUIÑENCO S.A.

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Investor Relations Manager
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STOCK EXCHANGES (QUINENCO):

Bolsa de Comercio de Santiago
Bolsa de Comercio de Valparaíso
Bolsa Electrónica de Chile

EXTERNAL AUDITORS

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Las Condes
Santiago, Chile
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2014 Annual Report

Quiñenco S.A.

5 Year Financial Highlights

		2014	2013	2012	2011	2010
CONSOLIDATED RESULTS						
INDUSTRIAL SECTOR						
Revenues from regular activities	Millions Ch$	2,540,694	2,022,773	1,448,296	1,055,401	304,632
Gross profit		265,223	228,199	181,673	166,587	85,229
Consolidated net income (loss) industrial sector		313,650	(13,154)	31,264	(15,416)	181,264
BANKING SECTOR						
Total net operating revenues		1,366,072	1,216,507	1,157,215	1,101,373	957,589
Operational result		651,154	593,307	523,158	487,271	412,164
Consolidated net income banking sector		488,249	445,658	395,179	349,612	302,561
Consolidated net income		801,899	432,504	426,443	334,196	483,825
Net income attributable to non-controlling interests		459,809	307,664	286,800	246,230	192,219
Net income attributable to the owners of the controller		342,089	124,841	139,643	87,966	291,606
Earnings per share attributable to the controller (1)	Ch$	205.74	88.73	104.34	76.85	254.77

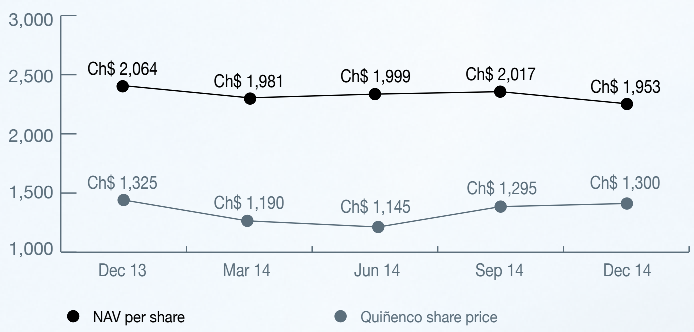
		2014	2013	2012	2011	2010
FINANCIAL POSITION						
Assets industrial sector	Millions Ch$	4,557,194	3,542,616	2,838,210	2,477,997	2,224,654
Assets banking services		27,642,384	25,929,314	23,252,873	21,740,945	18,200,363
Total assets		32,199,577	29,471,930	26,091,082	24,218,941	20,425,018
Liabilities industrial sector		1,494,358	1,316,184	1,052,809	880,116	575,559
Liabilities banking services		25,171,138	23,728,953	21,449,801	20,284,941	17,123,683
Total liabilities		26,665,496	25,045,137	22,502,610	21,165,057	17,699,242
Equity attributable to the controller's owners		2,835,293	2,417,361	1,893,720	1,559,940	1,520,552
Non-controlling participations		2,698,789	2,009,433	1,694,753	1,493,945	1,205,223
Total equity		5,534,082	4,426,793	3,588,473	3,053,885	2,725,775
Current ratio (Current assets/current liabilities) (2)	Times	1.44	1.99	1.78	2.10	3.11
Leverage (Total liabilities /equity) (2)	Times	0.53	0.54	0.56	0.56	0.38
EBITDA (3)	Millions Ch$	40,203	65,046	34,810	38,104	12,539

(1) Calculated using the weighted average number of shares.
(2) Excludes assets and liabilities of the banking sector.
(3) Reported on an industrial sector basis and excluding other gains (losses).

	2014	2013	2012	2011	2010
OTHER INFORMATION					
Number of shareholders	1,191	1,232	1,313	1,362	1,382
Number of shares	1,662,759,593	1,662,759,593	1,344,577,775	1,144,665,020	1,144,577,775

NAV / SHARE PRICE EVOLUTION

as of December 31, 2014 • NAV MUS$5,351 • Market Cap MUS$3,600
Ch$ per share



MUS$ 5,351

The net value of Quiñenco's assets as of December 31, 2014.

Contents

Milestones for Quiñenco and its Companies in 2014

January

22 • Compañía Sud Americana de Vapores (CSAV) announces an agreement with Hapag-Lloyd to merge container shipping businesses.

29 • LQ Inversiones Financieras (LQIF) – the partnership through which Quiñenco and Citigroup control Banco de Chile – sells 7.2% stake in the bank: 6.7 billion shares for a price of Ch$67 each through a secondary share offering.

March

10 • Madeco announces that it will refocus its business on the manufacture of packaging and informs that it will close the aluminum and PVC profile manufacturer Indalum, due to the sustained loss of the business unit's competitiveness.

21 • An extraordinary meeting of CSAV's shareholders approves negotiations with Hapag-Lloyd and a capital increase of US$200 million to finance the purchase of seven container ships.

April

4 • Quiñenco informs of the creation of three new areas: the Sustainability, Corporate Affairs and Communications Departments, and the position of Chief Economist. In addition, the holding company confirmed the incorporation of a new legal director.

16 • An extraordinary meeting of Madeco's shareholders agrees to change the company's name to Tech Pack S.A. (Techpack), with the objective of focusing on the packaging business.

29 • After the binding agreement signed by CSAV and Hapag-Lloyd, the Hamburg Senate passed measures for the merger of the two companies' container shipping businesses.

30 • Quiñenco's shareholders' meeting approves increasing the number of board members from seven to eight and Andrónico Luksic Lederer is chosen as the eighth member.

May

7 • Compañía Cervecerías Unidas (CCU) reports the purchase of a stake in Bebidas Bolivianas S.A. - 34% - through the subscription of a capital contribution.

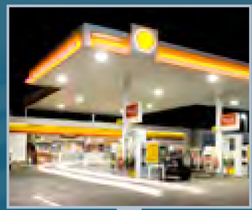
22 • Nexans agrees to put an end to its shareholders agreement with Invexans and introduces a change in the corporate governance structure by dividing the positions of General Manager (CEO) and Chairman of the Board.

June

10 • AB InBev compensates CCU with US$34 million for anticipated termination of distribution contracts for the brands Corona and Negra Modelo in Argentina, and Budweiser in Uruguay.

14 • Embotelladora CCU (Eccusa) receives Pepsico's Bottler of the Year Award on a global level.

23 • Techpack begins trading on the stock exchange under a new ticker. A few weeks earlier the company had announced the acquisition of the company HYC Packaging, through its subsidiary Alusa S.A.



July

2 • SAAM begins joint operations with Boskalis, after creating two partnerships, SAAM SMIT Towage Brasil and SAAM SMIT Towage Mexico, which operate in Brazil and Mexico, Panama and Canada, respectively, with a fleet of 100 tugboats in over 30 terminals.

31 • Quiñenco completes the placement of bonds for US$100 million on the local market, obtaining a historic interest rate for 20-year bonds.

August

1 • Shell Brands International distinguishes Empresa Nacional de Energía (Enex) with the Network Excellence award that it gives to one of its 40 licensee countries. The acknowledgement highlights the modernization of service stations and the expansion of the Enex network in the country.

13 • Quiñenco subscribes US$176 million in CSAV's capital increase, raising its stake from 46% to 54.5%.

September

24 • Four new cranes arrive at San Antonio Terminal Internacional (STI), which will help to improve security and productivity.

October

24 • Techpack reports the sale of the brand Madeco class cables to Nexans, world leader in cable manufacturing.

29 • CSAV's new container ships "Copiapó" and "Cautín", the first of seven larger and more efficient ships that were acquired, are christened in South Korea.

November

10 • CCU announces its arrival in the Colombian beer market after entering into a partnership with Colombia's largest bottler of nonalcoholic beverages, Postobón, to create the company Central Cervecera de Colombia S.A.S.

16 • Techpack completes a capital increase for US$150 million that is well received in the market. Quiñenco's stake remains at 65.9%.

22 • Banco de Chile is the company with the strongest corporate reputation, according to a report by Merco covering 100 companies.

28 • Vinos de Chile (Wines of Chile) distinguishes Viña San Pedro Tarapacá as 2014 Vineyard of the Year.

December

2 • CSAV and Hapag-Lloyd complete the merger of their container shipping business. The combined company becomes the fourth largest operator in the world.

4 • Quiñenco announces that it will make a public share offer to buy 4,382,594,708 shares of Invexans –19.55% - at a price of Ch$10 per share. This operation was completed successfully and with it Quiñenco's share reached 98.3%.

5 • Enex wins the contract with Autopista Central to develop and operate the country's largest service station network in an urban highway.

Internationalization

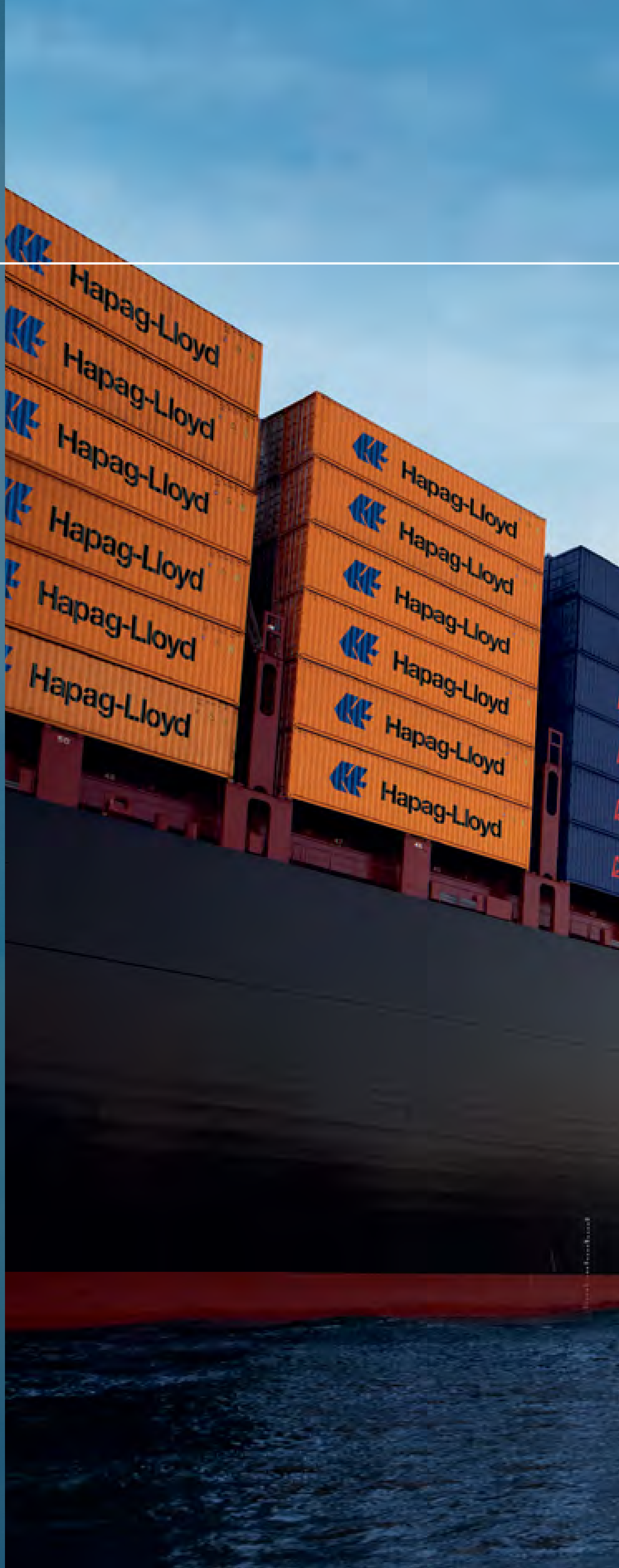
Quiñenco's global outlook bore new fruits in 2014: the company took decisive steps on the path to internationalization after achieving, through its subsidiaries, a series of accomplishments that contribute to offer new possibilities for Chile abroad.

One of the most significant events along this path was the container shipping deal between Compañía Sud Americana de Vapores and Hapag-Lloyd, which resulted in the world's fourth largest shipping company. CSAV, which was faced with a complex scenario three years ago, when Quiñenco arrived to take a stake in it, became the most significant shareholder in the new combined company, with 34%.

Also in this period, CCU made further progress in its transformation into a regional multicategory company with its investment in Bebidas Bolivianas and the agreement with Postobón to enter the Colombian market, which until now had just one predominant actor in beers. With this leap, the company now has a presence in Argentina, Bolivia, Colombia, Paraguay, Uruguay and, of course, Chile.

At the same time, SM SAAM consolidated its international growth with the start of joint operations with Boskalis in SAAM SMIT Towage, which has a presence in over 30 terminals in Brazil, Panama, Mexico and Canada, including three of the five most important ports in the entire continent: Santos, in Brazil, and Colon and Balboa in Panama.

These milestones are just an example of Quiñenco's development strategy, always seeking new opportunities for our companies, shareholders, and collaborators. New horizons for Chile.



Thanks to the agreement between CCU and the Postobón Group to enter the Colombian beer market, Heineken is distributed in that country since 2015.

In 2014, SM SAAM and the Dutch Boskalis group began joint operations in the port and maritime towage business in Mexico, Brazil, Canada and Panama.

Countries with a presence of the main operating companies that Quiñenco participates in

119 countries

Quiñenco, through its main subsidiaries and operating affiliates, has a global presence spanning the five continents.

69,000 jobs

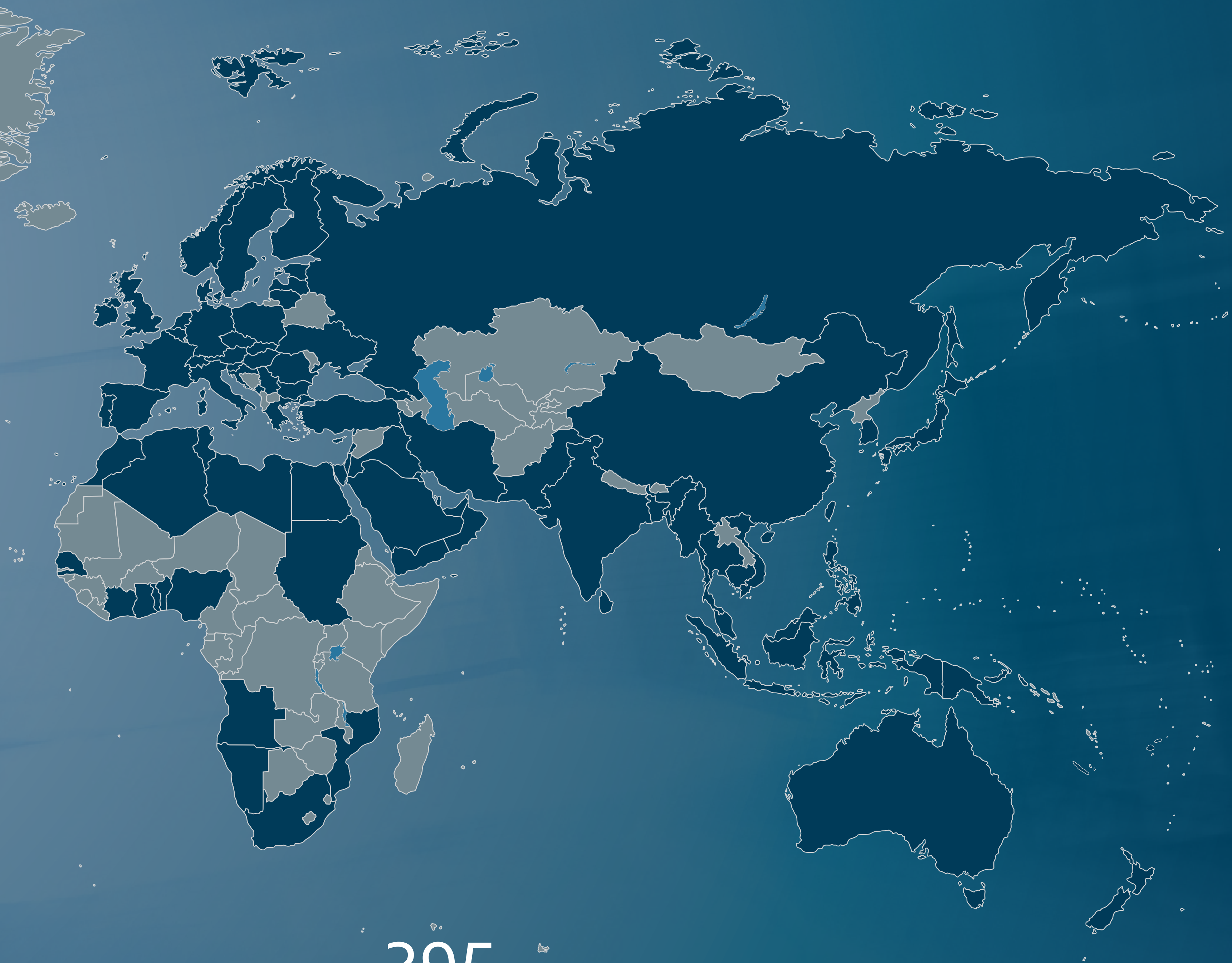
Quiñenco and its subsidiaries employ 19,590 people, who together with the employees of its affiliates CCU, SM SAAM, Nexans and Hapag-Lloyd, reach close to 69,000 workers.

129 plants

The productive companies have 129 plants that produce beverages, food, cables and flexible packaging.

Chile

116,600 beverage sales points
451 **service stations**
429 bank branches



395 vessels

CSAV and Hapag-Lloyd, together with SM SAAM, operate a large fleet of ships and tugboats for marine transportation and port services.

84 ports

Through SM SAAM's operations, Quiñenco has a presence in a wide network of ports in the Americas.

Letter from the Chairman

DEAR SHAREHOLDERS:

It is my pleasure to present Quiñenco's annual report and results for 2014.

The results we present today were generated in a complex international context, especially for Latin America. The fall in commodity prices, the end of the mining cycle, the sharp currency devaluation and the imminent end to cheap financing had an impact on the economic activity of all countries in the region, including a slowdown in growth in Chile. In addition, on the local front there was uncertainty and adverse effects were produced by the tax reform and the debate on changes in terms of labor negotiations and a new Constitution. In addition to this are the multiple reform proposals in sensitive areas that without doubt need adjustments, but the debate and orientation of which have an effect on the way that business is done in the country.

In this scenario, Quiñenco's Board of Directors set a clear course aimed at strengthening our companies, concentrating our efforts on making subsidiaries more efficient so they can produce the greatest maximum value possible. That is our task. And the support of our shareholders and the dedication of the 69,000 people who work for the companies that we participate in - in Chile and around the world - have been fundamental to this process. I would like to take this opportunity to express my profound gratitude to each and every one of them for their everyday work and efforts.

Quiñenco earned profits for Ch$342,089 million in 2014. This sharp increase is to a great extent due to a non-recurring profit earned from the merging of CSAV and Hapag-Lloyd's container shipping businesses, as an effect of the higher valuation – under IFRS regulations – of the shares that CSAV received in the German shipping company compared to the value that the company had registered for the assets contributed.

The merger of CSAV's container shipping business with Hapag-Lloyd's gives us a new perspective of the tremendous challenge that we chose to face in 2011, when we invested in the Chilean shipping company at its most difficult time. After a deep restructuring and loyal to our policy of working with great partners, we found Hapag-Lloyd as an ally for adapting to the rigor that this international industry imposes. Today CSAV is the main shareholder in the world's fourth-largest operator, with a 34% stake in its property.

Another achievement in this direction was the agreement between CCU and the Postobón Group, which allowed us to enter the Colombian market alongside that country's leader in the nonalcoholic beverage industry. With this alliance, CCU is moving forward in its transformation into a regional multicategory company that already has a presence in five of the region's countries, considering Argentina, Uruguay, Paraguay and Bolivia as well.

Continuing on the international front, in this period SM SAAM began joint operations with the Dutch Boskalis group through its subsidiary SMIT for the port and marine towage business in Mexico, Brazil, Canada and Panama. This alliance allows the fleet's efficiency to be improved, costs to be cut, best practices to be exchanged, and markets to be complemented.

For its part, Banco de Chile maintained its leadership in terms of profitability and for the third consecutive year was the national financial sector institution with the greatest capacity to generate profits. At the same time, it continues to be the most solid private bank in Latin America, according to its international risk rating.

This was also a successful period for Enex – Shell licensee in Chile – which managed to achieve 81% growth in its results thanks to the integration of the Terpel operations acquired in June 2013 and to earning higher margins on fuels and lubricants.

« Quiñenco set a clear course aimed at strengthening our companies, concentrating all our efforts on making our subsidiaries more efficient so they can produce the greatest maximum value possible »

In manufacturing, the transformation process of Madeco that we started in 2013, led us to focus on the flexible packaging business. Thus, in 2014 Techpack was born, the regional supplier with the largest productive capacity in Latin America and present in Chile, Peru, Colombia and Argentina.

For its part, during this period Invexans reaffirmed its long-term commitment as the reference shareholder of Nexans. The elimination of the existing restrictions in the agreement with the administration of the French company, a global leader in cable manufacturing, allowed its corporate governance to be modernized and divided the functions of Chairman of the Board and CEO to allow the company to operate better and more efficiently.

We introduced a series of changes in Quiñenco to adapt to new challenges. In April 2014 we decided to create the Sustainability, Corporate Affairs and Communications Departments. The position of Chief Economist was created and a new Legal Manager was appointed, joining the team led by our General Manager. In early 2015 we defined new tasks for two main executives, in line with the strategy that the Board has set out for the years to come: to concentrate on making our subsidiaries' operations more efficient.

In the area of Management Control we included an Organizational Development department to pay special attention to the human resources in our main companies. An initial characterization of their over 25,000 workers in Chile shows that female participation is around 39%, in line with the national trend. Another significant detail is in labor stability, where half of the total number of workers has been employed for over five years, an aspect in which we surpass national statistics.

Dear shareholders, Quiñenco is a company that is fully aware that business activity today, in Chile as well as in the rest of the world, is subject to greater public scrutiny. This can be seen in the responsibility with which it acts and its compliance with the laws that govern it, with the relations that it establishes with the people who join its work teams and the communities it is inserted in, in addition to its concern for the environment. I reaffirm our foundational commitment to do business – in our country and everywhere we have a presence – while acting seriously, transparently and with respect for institutions. We will continue making permanent efforts so that our companies and our own attitudes are true to these values and principles, leaving no room for other interpretations.

I want to reiterate my gratitude to Quiñenco's shareholders for the trust placed in the Board and management, in addition to paying a special recognition to the contribution made by all the people who work in the companies, whose dedication and commitment are the engines of all our activities.

I invite you to look to the future with optimism and energy to deal with the challenges that we face in each of our companies and also in the country.

All of us must act with responsibility and overcome the difficulties that hinder progress; we must contribute with more constructive visions to the Chile that we love so much.

Andrónico Luksic Craig
Chairman

Board of Directors

CORPORATE GOVERNANCE

Quiñenco's corporate governance practices are led by the Board of Directors, the Directors' Committee and the Chief Executive Officer. Quiñenco's Board of Directors has eight members, elected for three years. In line with the statutes, there are no alternate board members.

The current Board of Directors was elected at the Extraordinary Shareholders' Meeting held on April 30, 2014.

Andrónico Luksic Craig
CHAIRMAN
Company Board Member

Jean - Paul Luksic Fontbona
VICECHAIRMAN
Company Board Member
B.Sc. Management and Science,
London School of Economics, England

Nicolás Luksic Puga
DIRECTOR
Commercial Engineer,
Universidad Finis Terrae

Andrónico Luksic Lederer
DIRECTOR
B.Sc. Management,
Babson College, USA.

Mr. Andrónico Luksic Craig was named Chairman of the Board and Mr. Jean Paul Luksic Fontbona Vice President of the Board on June 5, 2014. Mr. Guillermo Luksic Craig (RUT 6.578.597-8, Company Director) was reelected Chairman of the Board on April 30, 2010, a position he held until his unfortunate passing away on March 27, 2013.

Quiñenco has a permanent commitment to the highest standards of corporate governance, in keeping with its statutes and the legal standards in force in Chile, especially the Law of Open Stock Corporations and the Securities Law. 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.

Fernando Cañas Berkowitz
DIRECTOR
Commercial Engineer,
Universidad de Chile

Hernán Büchi Buc*
DIRECTOR
Civil Mining Engineer,
Universidad de Chile

Matko Koljatic Maroevic*
DIRECTOR
Commercial Engineer,
Universidad Católica de Chile
ICAME Certificate in Marketing Management,
Stanford University, USA.

Gonzalo Menéndez Duque*
DIRECTOR
Commercial Engineer,
Universidad de Chile

* Member of the Directors' Committee

Quiñenco Profile

Quiñenco is one of Chile's largest and most diversified business conglomerates. As a holding company it administers assets worth approximately US$70.6 billion, which corresponds to its participation in companies that are leaders in the financial services, food and beverage, manufacturing, energy, transport and port and shipping services sectors, which together employ close to 69,000 people in Chile and abroad. Aggregate sales by Quiñenco's main operating subsidiaries and affiliates it participates in totaled approximately US$19.8 billion in 2014.

The shares of Quiñenco S.A., founded in 1957, are traded on the Chilean stock markets, where its market capitalization was close to US$3.6 billion as of December 31, 2014.

CORPORATE STRATEGY

Quiñenco's system for creating value is based on excellence in the administration of its investments. One of the key objectives of the holding company's corporate strategy is to strengthen the ability of existing businesses to create value, promoting the adoption of best practices, identification of synergies among business units, and the attraction and retention of talent.

Quiñenco's focus is on a controlled and gradual international expansion, from an advantageous position regarding growth opportunities, which is given by the location of its companies' facilities and the strength of their products, services and distribution networks.

Other strategic objectives also include the forging of alliances with companies that are world leaders, such as the ones with Hapag-Lloyd and Boskalis in 2014 and the concentration of efforts on products and services where the strengths, administrative experience, strategic partners and distribution networks offer comparative advantages. Its investment criteria privilege companies with the potential to develop brands or franchises and with sufficient critical mass, in addition to representing a platform for growth or they complement other businesses in the Group. From a long term perspective, the holding company also evaluates divestments when they represent a chance to produce increased value for its shareholders.

MAIN ASSETS

Quiñenco participates in the financial services sector through LQ Inversiones Financieras (LQIF), where it is a partner in equal proportions with Citigroup. LQIF controls 51.2% of Banco de Chile voting rights, a stake that was reached after LQIF made a secondary share offer in January 2014 equivalent to 7.2% of the Bank's capital, an operation that totaled approximately US$800 million.

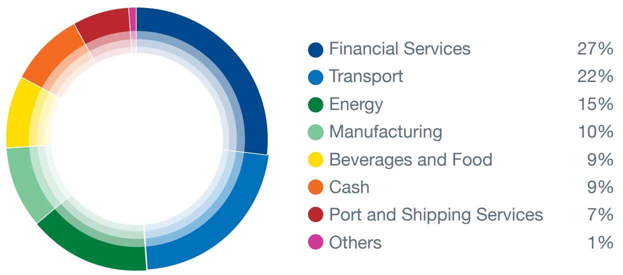
The Group participates in the industrial sector through its control of 80.5% of Invexans as of the close of 2014, the company that is the reference shareholder in the French multinational cable company Nexans. As of December 2014, Invexans held a 28.97% stake in that company. Quiñenco concluded a tender offer to purchase a 19.55% stake in Invexans at a price of Ch$10 per share in January 2015. The final result of the tender offer was that Quiñenco bought shares equivalent to 17.88% and increased its stake in Invexans to 98.3%. In addition, Quiñenco controls 65.9% of Techpack (formerly Madeco), a manufacturing group with a regional presence in the production of flexible packaging.

US$ 70.6 Billion

The assets of a select group of companies, leaders in their fields, managed by Quiñenco.

DISTRIBUTION OF THE INVESTMENT

(Book value at corporate level. 2014: MCh$ 3,382,369)



MAIN COMPANIES

as of December 31, 2014

Companies	Banco de Chile	CCU	Nexans	Techpack	ENEX	CSAV	Hapag-Lloyd	SM SAAM
Sector	Financial Services	Beverage and Food	Manufacturing		Energy	Transport		Port and Shipping Services
Stake in property	51.3%(1) In alliance with Citigroup	60.0% In alliance with Heineken	29.0%(2) through Invexans	65.9%	100%	64.6%(3)	34.0%(3) through CSAV	42.4%
Market capitalization as of 12/31/2014	US$ 11 billion	US$ 3.5 billion	US$ 1.3 billion	US$ 170 million	US$ 840 million(4)	US$ 1 billion	US$ 5.1 billion(4)	US$ 750 million

(1) Corresponds to voting rights in Banco de Chile.

(2) Quiñenco's stake in Invexans was 80.5% as of December 31, 2014. The market capitalization of Invexans on that date was US$370 million. After completing the tender offer to purchase shares that Quinenco launched in December 2014, its stake in the company reached 98.3%.

(3) Quiñenco held a 22.0% indirect stake in Hapag-Lloyd as of December 31, 2014. Once CSAV's capital increase, which was under way as of December 2014, was completed, Quiñenco's stake in said subsidiary had been reduced to 55.2% in February 2015. Thus, Quiñenco's indirect stake in Hapag-Lloyd was reduced to 18.8% as of the same date.

(4) Book value of equity as of December 31, 2014.

The holding company participates in the beverage and food industry with Compañía Cervecerías Unidas (CCU), through the company IRSA, which it owns in equal parts with Heineken. IRSA owns 60% of CCU, a company with operations in Chile, Argentina, Uruguay and Paraguay, and, since 2014, Bolivia and Colombia.

Quiñenco has participated in the energy and fuels sector with Empresa Nacional de Energía (Enex) since 2011, after acquiring Shell Group's assets in Chile. In 2014 Enex completed the integration of the Terpel assets throughout the country that were acquired in 2013, thus expanding its network to 451 service stations.

The holding company is present in the transport sector through Compañía Sud Americana de Vapores (CSAV), a company where it increased its stake in 2014, participating in two capital increases carried out by the company, one mid-year and a second that began in December and culminated in early 2015. Thus, at the close of 2014 Quiñenco held a 64.6% stake in the company's property, which was reduced to 55.2% by February 2015, once the second capitalization was completed. The merger of CSAV's container shipping business with the German shipping firm Hapag-Lloyd was materialized on December 2, 2014, thus successfully completing the process begun in January that same year. After participating in a capital increase for the new Hapag-Lloyd, CSAV closed the year as its main shareholder with a 34% stake in the German company, ranked among the four largest shipping companies in the world with a fleet of 191 ships.

Quiñenco participates in the port and shipping services industry through Sociedad Matriz SAAM (SM SAAM), a company created after the division of CSAV in early 2012 and which controls SAAM, the main port operator in South America and the world's fourth largest tugboat operator. It consolidated this last point in 2014 with the start of joint operations with the Dutch company SMIT, property of the Boskalis Group, for the Brazilian, Panamanian, Mexican and Canadian markets. Quiñenco holds a 42.4% stake in SM SAAM.

VALUE CREATION

Quiñenco's business model consists in increasing the value of each of the companies it invests in, so as to increase its return in the form of dividends and eventual disinvestments. Quiñenco has earned US$1.7 billion in profits for its shareholders over the last 18 years that were the product of divestment operations totaling US$4.1 billion.

The dividends earned on a corporate level in 2014 totaled US$497 million, which include an extraordinary dividend of US$357 million from LQIF's sale of shares in Banco de Chile.

History

1957
- Forestal Quiñenco S.A. founded to exploit eucalyptus forests to produce wood props for underground coal mine tunnels.

1960's
- Purchase of Forestal Colcura S.A.
- Acquisition of Empresas Lucchetti S.A.

1970's
- Purchase of Hoteles Carrera S.A.

1980's
- Purchase of shares in Banco O'Higgins and Banco Santiago.
- Control taken of Madeco S.A.
- Acquisition of control over Compañía de Cervecerías Unidas S.A. (CCU) in alliance with the German Schörghuber group.
- Purchase of a majority stake in the telecommunications firm VTR S.A.

1990's
- Creation of OHCH in alliance with Banco Central Hispanoamericano.
- Strategic alliance with SBC Communications Inc. to give VTR a boost.
- OHCH takes control of Banco Santiago.
- Quiñenco is established as the financial and industrial headquarters.
- Quiñenco makes a Public Share Offering on the New York and Santiago stock exchanges, raising US$279 million.
- VTR sells Startel S.A., a mobile telephone company, and also VTR Larga Distancia S.A.
- Habitaria S.A. created in alliance with the Spanish construction firm Ferrovial Inmobiliaria.
- Sale of stake in banking holding company OHCH, after which 51.2% of Banco de A. Edwards and 8% of Banco de Chile were acquired.
- Sale of VTR Cable.
- Acquisition of 14.3% stake in Entel S.A.

2000
- LQ Inversiones Financieras S.A. (LQIF) created as a Quiñenco subsidiary.

2001
- Acquisition of 52.7% of voting rights in Banco de Chile, thus becoming its controller.
- Sale of 8% of shares in Entel S.A.
- Sale of the 39.4% stake in Plava Laguna d.d., a tourist resort on the Croatian coast.

2002
- Merger of Banco de Chile and Banco de A. Edwards.

2003
- Partnership with Heineken, which acquires 50% of IRSA, the company that controls CCU.
- Sale of Hotel Carrera in Santiago.

2004
- Sale of Lucchetti Chile S.A.
- Purchase of Calaf through a joint venture with CCU.
- Acquisition of 11.4% of Almacenes París.

2005
- Sale of stake in Almacenes París.

2006
- Process of delisting Quiñenco shares from the NYSE and ending the ADR program begins, with the process concluding in early 2007.

2007
- Allliance with Citigroup in the financial sector.
- Ch$65 billion capital increase at Quiñenco.
- Sale of 2.8% stake in Entel.

2008
- Merger of Banco de Chile and Citibank Chile.
- Sale of Madeco's cable unit to Nexans. As part of the operation, Madeco obtains an 8.9% stake in the French company.

2009
- Sale of remaining Entel shares, equivalent to 2.9% of property.

2010
- 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 value of US$1 billion.

2011
- Acquisition of Shell assets in Chile.
- Madeco signs an agreement with Nexans that allows it to increase its stake to 20%, acquiring significant influence in said company.
- Purchase of 20.6% of shares in Compañía Sud Americana de Vapores S.A.

2012
- Quiñenco carries out a capital increase of Ch$250 billion.
- Stake in CSAV increased to 37.44% and access to the same percentage of SM SAAM, a company created after the shipping firm's division.
- Madeco and Nexans amend agreement, increasing the maximum percentage that Madeco can hold in the French company to 28%.

2013
- Quiñenco increases its stake in Madeco to 65.9% of the property.
- Madeco divided to create Invexans, the company that administers the investment in Nexans, and another company called Madeco, for the flexible packaging and profile production units.
- Enex acquires all Terpel assets in Chile for US$240 million.
- Quiñenco increases its stake in CSAV to 46% and in SM SAAM to 42.4%.
- Quiñenco carries out capital increase of Ch$350 billion.

2014
- LQIF holds a secondary offer of Banco de Chile shares, selling 6.7 billion shares and reducing its stake in Banco de Chile to 51%.
- CSAV and Hapag-Lloyd merge their container shipping businesses. CSAV becomes a shareholder of Hapag-Lloyd as part of this operation, with an initial stake of 30%. This percentage increased to 34% after participating in a capital increase at the new merged company.
- Quiñenco increases its stake in CSAV to 54.5% in the middle of the year and subsequently to 55.2% by early 2015, after the shipping company completed a capital increase.
- Madeco changes its name to Tech Pack S.A. and closes the profile unit to concentrate on the packaging business.
- SAAM starts joint operations with the Dutch group Boskalis in Mexico, Brazil, Panama and Canada.
- End of the agreement between Invexans and Nexans that was signed in 2011, based on fulfillment of the main objective of establishing Invexans as the reference shareholder.
- CCU acquires a stake in Bebidas Bolivianas S.A. and also agrees to a joint venture with the local Postobón Group in Colombia.
- Techpack acquires the Chilean flexible packaging company HYC Packaging.
- Techpack sells the Madeco brand to Nexans for US$1 million.
- Quiñenco launches a public offer to purchase 19.55% of Invexans shares. This process ended in January 2015 with the acquisition of 17.88% of the shares, increasing Quiñenco's stake to 98.3%.

Organization

ORGANIZATIONAL STRUCTURE

Board of Directors
- Chief Executive Officer
  - Mergers and Acquisitions Department
  - Legal Department
  - Department of Administration and Finance and Human Resources
  - Development Department
  - Corporate Affairs and Communications Department
  - Sustainability Department
  - Chief Economist
- Internal Audit and Administrative Control Department

1. **Francisco Pérez Mackenna**

Chief Executive Officer
(from July 1, 1998)
Commercial Engineer,
Universidad Católica de Chile
MBA, University of Chicago, USA

2. **Martín Rodríguez Guiraldes**[1]

Merger and Acquisitions Manager
(from December 5, 2013)
Commercial Engineer,
Universidad Católica de Chile
MBA, University of California at Los Angeles (UCLA), USA

3. **Rodrigo Hinzpeter Kirberg**

Chief Counsel
(from April 3, 2014)
Attorney,
Universidad Católica de Chile

4. **Luis Fernando Antúnez Bories**

Administration, Finance And Human Resources Manager
(from July 15, 1996)
Industrial Civil Engineer,
Universidad Católica de Chile
MBA, Georgia State University, USA

5. **Felipe Joannon Vergara**[2]

Business Development Manager
(from April 15, 1999)
Commercial Engineer,
Universidad Católica de Chile
MBA, The Wharton School, University of Pennsylvania, USA

6. **Carolina García de la Huerta Aguirre**

Corporate Affairs and Communications Manager
(from April 3, 2014)
Journalist,
Universidad Católica de Chile

7. **Alvaro Sapag Rajevic**

Sustainability Manager
(from April 3, 2014)
Attorney,
Universidad de Chile

8. **Pedro Marín Loyola**

Performance Control Manager and Internal Auditor
(from October 1, 1996)
Commercial Engineer,
Universidad Católica de Chile
M.S. Finance, London School of Economics, England

9. **Andrea Tokman Ramos**

Chief Economist
(from April 3, 2014)
Commercial Engineer,
Universidad Católica de Chile
PhD in Economics, University of California at Berkeley, USA

10. **Pilar Rodríguez Alday**

Investor Relations Manager
(from June 2, 2008)
Commercial Engineer,
Universidad Católica de Chile

11. **Davor Domitrovic Grubisic**

Attorney
(from November 1, 2000)
Attorney,
Universidad de Chile

12. **Oscar Henríquez Vignes**

General Accountant
(from October 1, 1996)
Certified Public Accountant,
Universidad de Chile
Postgraduate degree in Tax Planning,
Universidad Católica de Chile
Master's degree in Tax Administration and Management,
Universidad Adolfo Ibáñez

13. **Mauricio Lob de la Carrera**

Public Affairs Manager
(from April 1, 2014)
Journalist,
Universidad Diego Portales

14. **Gabriela Ugalde Romagnoli**

Organizational Development Manager
(from October 1, 2014)
Psychologist,
Universidad Católica de Chile
MBA, Universidad Católica de Chile

15. **Antonio Cruz Stuven**

Deputy Development Manager
(from July 8, 2013)
Commercial Engineer,
Universidad Católica de Chile
MBA, Columbia Business School, USA

16. **Cristóbal Merino Morales**

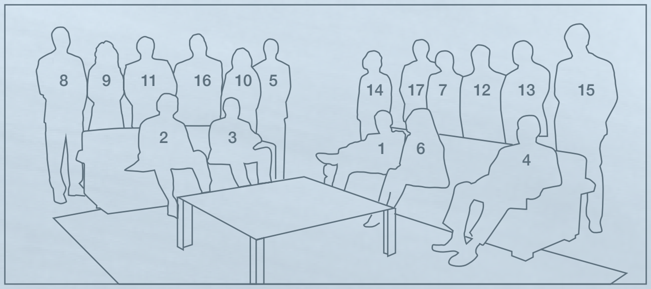
Deputy Development Manager
(from March 10, 2014)
Commercial Engineer,
Universidad Católica de Chile
MBA, Kellogg School of Management, Northwestern University, USA

17. **Joaquín Pérez Larraín**

Deputy Performance Control Manager
(from August 4, 2014)
Commercial Engineer,
Universidad Católica de Chile

(1) Martín Rodríguez held this post until March 28, 2015, when he took the position as Functional Excellence Manager at CCU S.A.

(2) Felipe Joannon will maintain this post until April 30, 2015. As of that date he will be dedicated exclusively to his position as chairman of the boards of SM SAAM S.A. and Techpack S.A.



Quiñenco's board of directors decided to appoint a new legal manager and to create three new departments for the areas of Corporate Affairs and Communications, Sustainability, and Chief Economist on April 3, 2014. The new executives were brought on to support the work of the general manager from their respective specialties.

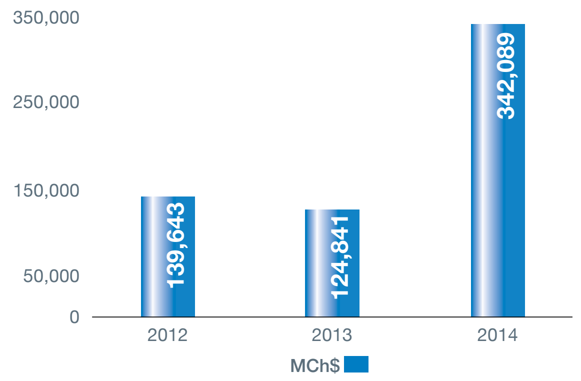
2014 Results

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, in keeping with IFRS requirements, five business segments have been defined: Manufacturing, Finance, Energy, Transport, and Other.

Quiñenco includes the results of over 40 companies in its financial statements for each period. Though it consolidates its operations with the majority of its investments, with Banco de Chile, Banchile Vida, CSAV, Invexans, Techpack 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 and SM SAAM, are not consolidated with the Company. In these cases, Quiñenco's proportional share of the profit or loss is included in the non-operational results.

Quiñenco earned a net profit of Ch$342,089 million in 2014, a 174.0% increase over the year before. This significant increase mainly reflects the net gain obtained from the merger of CSAV and Hapag-Lloyd's container shipping business, which earned Quiñenco a net profit of Ch$245,816 million. The excellent performance by Enex must also be highlighted, after its contribution increased by 80.8% in 2014, driven by the acquisition of Terpel Chile in late June 2013. Banco de Chile continues to show favorable results, with 15.1% growth in net profits, based on a solid operational performance. Though Nexans showed an improvement in performance, Invexans contributed with a greater loss mainly due to higher expenses in Brazil. For its part, the contribution by SM SAAM was reduced mostly due to a non-recurring profit from the sale of

NET PROFIT



Cargo Park in 2013, which was in part compensated by strong performance in tugboats and port terminals.

Quiñenco reported consolidated revenues in the industrial sector for Ch$2,540,694 million in 2014, an increase of 25.6% over the preceding period, mainly as a result of 23.8% growth in Enex's revenues, which was driven by the incorporation of Terpel in the second half of 2013 and the consolidation with CSAV as of July 2014. For their part, Techpack's revenues were Ch$212,764 million, representing a 22.6% increase over 2013, mostly due to the consolidation with HYC Packaging in Chile, as well as growth in Colombia and Argentina. Banchile Vida's revenues increased by 13.8%.

The profits from operational activities in the industrial sector totaled Ch$583,276 million in 2014, significantly higher than the Ch$82,686 million registered the year before, mostly a reflection of the consolidation with CSAV as of July 2014, which registered a non-recurring profit from the merger of the container shipping business with Hapag-Lloyd. This increase

« The industrial sector's consolidated revenues were up 25.6%, for a total of Ch$2.5 trillion in 2014 »

can also be attributed to the revaluation of the investment in CSAV by Quiñenco, the product of an accounting change in said investment from the equity method to consolidation, in addition to the stronger operational result at Enex, which was mainly reflected in the incorporation of Terpel in mid-2013 and better margins on fuels and lubricants. For its part, Banchile Vida's operational profits registered an 8.8% increase, mostly reflecting growth in revenues, while the operational profits of Techpack, Invexans and LQIF Holding were down mainly because of non-recurring effects on their results, which in the case of Techpack and Invexans counteracted the performance of flexible packaging and Nexans, respectively. Techpack earned profits in 2013 from the negative goodwill related to its investment in Peruplast and from the sale of that company's old facilities. Invexans registered higher expenses related to lawsuits in Brazil during the current period and a profit from negative goodwill associated with the acquisition of Nexans shares in 2013. LQIF registered a profit in 2013 due to an extraordinary payment of the subordinated debt obligation, the product of the sale of options to which SAOS had rights in Banco de Chile's capital increase.

IRSA's contribution was down 14.9%, mainly due to a 2.8% drop in CCU's net profit and the reduction of IRSA'S stake in CCU from 66.1% to 60.0% in the last quarter of 2013, in addition to higher financial costs at IRSA. Though CCU's sales were up 8.4% over 2013, reflecting growth in all segments, the result was affected by higher distribution, marketing and administrative costs.

The investment in CSAV is accounted for as an affiliate in 2013 and in the first half of 2014, becoming a consolidated subsidiary as of July 2014. The loss through June 2014 totaled Ch$29,574 million, representing an improvement over the loss of Ch$37,163 million registered in 2013. However, considering the final contribution by CSAV, both as an affiliate as well as a subsidiary, at Ch$177,173 million it was significantly higher than the contribution the year before, mostly due to the net profit generated by the merging of CSAV's container shipping business with Hapag-Lloyd.

The investment in SM SAAM contributed a profit of Ch$12,118 million, down 4.3% compared to 2013 due to lower profits at SM SAAM during the period in question and due to the adjustment of said investment to its fair value by Quiñenco, which was partially compensated by the 5% increase in Quiñenco's stake in September 2013. SM SAAM's reduced net profit was mainly attributed to a non-recurring profit in 2013 from the sale of Cargo Park, which was partially compensated by the strong performance of the port terminals and tugboats units.

The industrial sector registered a consolidated profit of Ch$313,650 million in 2014, compared to a loss of Ch$13,154 million in the preceding year, mainly due to the profit associated with the container shipping merger between CSAV and Hapag-Lloyd, which entailed a net after-tax profit of Ch$380,521 million for CSAV. Enex's stronger result is also worth highlighting, based essentially on the improved operational performance explained above. On a corporate level a stronger result was registered mostly due to the effect of revaluating the investment in CSAV, the product of a change in accounting for said investment from the equity method to consolidation.

For its part, the banking sector earned a profit of Ch$488,249 million in 2014, a 9.6% increase over the year before, reflecting the positive result obtained by Banco de Chile

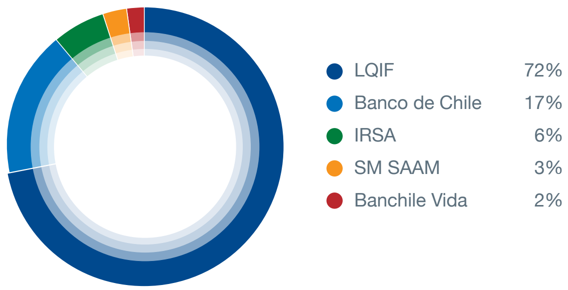
« The net profit in 2014 was Ch$342,089 million, 174% higher than the preceding period »

during the year, mainly the product of higher-than-expected inflation and higher revenues from loans, despite an increase in credit risk provisions, which allowed it to remain the leader in net profits and profitability in the Chilean financial system. For its part, there was an increase in the interest accrued on the subordinated debt to the Central Bank.

The flow of dividends received at a corporate level from its subsidiaries LQIF, IRSA, Techpack, SM SAAM, Banchile Vida and other companies was Ch$301,342 million, significantly higher than the Ch$50,112 million registered the year before, mostly reflecting an eventual dividend distributed by LQIF after the sale of a 7.2% stake in Banco de Chile in early 2014. Banco de Chile maintained its dividend payment ratio of 70% of net profits. The sustained flow of dividends and the funds obtained from the sale of investments have allowed Quiñenco to maintain a low level of debt and a solid financial position, with an industrial sector debt totaling Ch$897,749 million.

DIVIDENDS EARNED

MCh$301,342 (on corporate level)



COMPOSITION OF INDUSTRIAL SECTOR DEBT

	2014 MCh$	2013 MCh$
Industrial Sector		
Corporate level (1)	453,946	419,445
Invexans	9,124	105,832
Techpack	82,427	105,683
LQIF holding	171,886	162,641
Enex	74,510	85,374
CSAV	105,855	-
Total industrial sector debt	**897,749**	**878,976**

(1) Not including debt owed by IRSA, which totaled MCh$79,804 in 2014 (MCh$74,683 in 2013), where Quiñenco holds a 50% stake.

CONTRIBUTION TO PROFITS BY SECTOR AND SEGMENT

	Quiñenco's ownership [1]	2014 MCh$	2013 MCh$
INDUSTRIAL SECTOR			
Manufacturing Segment			
Invexans	80.5% [2]	(44,924)	(47,883)
Techpack	65.9%	(10,392)	12,586
Financial Segment			
LQIF Holding	50.0%	(17,053)	(11,762)
Energy Segment			
Enex	100.0%	34,301	18,971
Transport Segment			
CSAV [3]	64.6%	287,126	-
Other Segment			
IRSA [4]	30.0%	32,075	37,690
CSAV		-	(37,163)
SM SAAM	42.4%	12,118	12,664
Quiñenco and others [5]	-	20,399	1,743
Subtotal Other		64,592	14,934
Consolidated Profit Industrial Sector		**313,650**	**(13,154)**
BANKING SECTOR			
Financial Segment			
Banco de Chile	25.70% [6]	591,081	513,603
Subordinated Debt	-	(82,479)	(69,701)
Others	-	(20,353)	1,756
Consolidated Profit Banking Sector		**488,249**	**445,658**
Consolidated Profit		**801,899**	**432,504**
Profit attributable to Non-Controlling Participations		459,809	307,664
Profit attributable to Controller's Owners		**342,089**	**124,841**
PROFIT ATTRIBUTABLE TO THE CONTROLLER'S OWNERS BY SEGMENT			
Manufacturing		(45,774)	(30,990)
Financial		112,783	124,130
Energy		34,301	18,971
Transport		177,173	-
Other		63,607	12,730
Profit attributable to the Controller's Owners		**342,089**	**124,841**

(1) Direct and/or indirect
(2) Quiñenco held a 65.9% stake in Invexans as of December 31, 2013.
(3) In 2013, Quiñenco's equity stake in CSAV's results was included in the segment Other. CSAV's results for 2014 are reflected in the Transport segment, as an associate at proportional value in the first half of the year and as a consolidated subsidiary in the second half. Quiñenco held a 46.0% stake in CSAV as of December 31, 2013.
(4) Corresponds to Quiñenco's equity stake in the results of IRSA, the controller of CCU, according to the equity method.
(5) Includes Banchile Seguros de Vida, Quiñenco and intermediate companies and eliminations.
(6) Corresponds to Quiñenco voting rights as of December 31, 2014. As of December 31, 2013, Quiñenco had 29.32% voting rights in Banco de Chile.

Sustainability

Industrial development in Chile is under continual public scrutiny when it comes to environmental impacts and community relations. Quiñenco and its subsidiaries are part of that reality; they are respectful of regulations and institutions and their goals include contributing to the development of people everywhere they have operations through the creation of jobs, the protection of natural resources and respect for the environment.

As part of its efforts to issue guidelines to the holding company's subsidiaries on matters that are fundamental to sustainability, Quiñenco created a Sustainability Department in April 2014, which reports directly to the General Manager. Respecting the autonomy of subsidiaries, this new unit defined three priority lines of action: timely identification and control of environmental risks, compliance with the regulations in force and the development of plans and actions to compensate and mitigate the impacts of its operations on neighboring communities.

To fulfill this objective, the new department determined that its main tasks are to include establishing guidelines, defining performance standards to facilitate decision-making and the adoption of best practices, and orienting and providing opportune feedback for the implementation of strategies along these three concepts.

Its functions also include reviewing and analyzing the environmental implications associated with the incorporation of new businesses into Quiñenco's portfolio and administering the Sustainability Policy, which entails ensuring compliance with objectives, coordinating the definition and execution of head office programs in this framework.

In addition, this new department is tasked with promoting and developing initiatives for cooperation and forging alliances with institutions and associations.

Under this perspective and applying their own sustainability and corporate social responsibility policies, in 2014 the holding company's businesses made progress on a number

« To issue guidelines to the holding company's subsidiaries on matters that are fundamental to sustainability, Quiñenco created a Sustainability Department in April 2014, which reports directly to the General Manager »

of fronts. The summary below contains some of the most noteworthy events as an example:

ENVIRONMENT

In October 2014, CSAV received the first two of seven ships included in a renewal plan to equip it with one of the most state-of-the-art and efficient fleets in the container shipping business, which it has been developing through Hapag-Lloyd since December. The new ships, with a capacity of 9,300 TEUs, consume 25% less fuel than ships of a similar size and their double hull design increases their cargo transportation capacity by 4.5%.

Our subsidiary Enex introduced a new lubricant on the local market manufactured using Shell's patented PurePlus technology, which turns natural gas into base oil with crystalline clarity, virtually without impurity. This innovation extends the useful lifespans of engines and improves their performance.

COMMUNITY

Quiñenco directly, and its subsidiaries present in the affected regions, participated intensely during the emergencies caused by the earthquake in northern Chile and the fire in Valparaiso, both in April 2014.

Thanks to the anti-seismic design of the newest facilities, the Port of Iquique, administered by SAAM, was the only terminal that was able to continue providing services and it therefore stepped up its efforts in support of foreign trade and to help those affected. In Valparaiso, the company made some of its warehouses available to emergency workers as storage centers and to house some of the people left homeless.

Banco de Chile, in its commitment to overcoming adversity, has been working with the Desafío Levantemos Chile Foundation since 2012, in an alliance in which the bank provides financial support to a large proportion of the foundation's activities. In this way, it has managed to benefit over 250,000 people nationwide in diverse areas, from entrepreneurship to health, education, culture and sports, solidarity in emergency and volunteer work.

In March 2014, the bank signed an agreement with the Medical School of the Pontificia Universidad Católica de Chile to develop a program aimed at improving and expanding the treatment of cancer patients in the public system. As part of this initiative, an Outpatient Oncological Center was inaugurated at the Hospital Sótero del Río, which will allow it to double its outpatient treatment capacity to 11,000 consultations per year. The program includes resources that will allow the number of oncologists in the country to be doubled and to provide training through Universidad Católica's Medical School, in addition to increasing research on high-prevalence cancers.

COMPLIANCE

One of CCU's core social responsibility commitments is the dissemination and promotion of Responsible Alcohol Consumption. Among the initiatives undertaken, CCU's Educate in Family Program stands out, with workshops provided to over 2,100 people last year. In November CCU relaunched its "No Alcohol Sales to Minors" campaign, aimed at over 17,000 minimarket and liquor store customers nationwide. The company's sales staff provided merchants with information and graphic material on the sale and consumption of alcoholic beverages, in addition to stickers highlighting the commitment not to sell alcoholic products to minors.

Activities and Businesses

FINANCIAL SERVICES

BEVERAGES AND FOOD

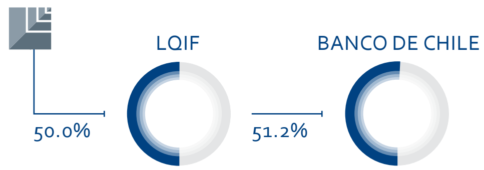
MANUFACTURING

ENERGY

TRANSPORT

PORT AND SHIPPING SERVICES

LQIF
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 2014 it held 51.2% of the voting rights and 33% 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 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 for 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 reducing its participation in the Bank slightly, 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%.

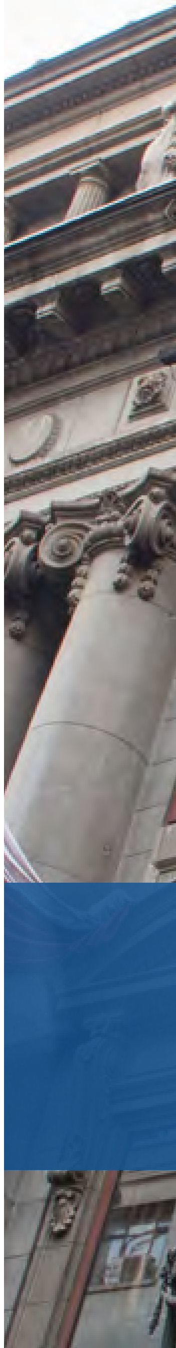
The Quiñenco group has vast experience in the Chilean financial sector, where it has stood out for the following milestones: the merger between Banco Santiago and Banco O'Higgins in 1997; the sale of the resulting institution to Banco Santander Central Hispano (BSCH) in 1999; the acquisition of Banco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

2014 RESULTS

LQIF registered a net profit of Ch$225,565 million in 2014, a 9.1% drop compared to the year before. This variation is mainly due to the reduction of LQIF's stake in Banco de Chile after selling 6.7 billion shares in January 2014, which was in part compensated by a 15.1% growth in Banco de Chile's results during the period, driven by growth in the bank's main businesses, despite an increase in operational expenditure and credit risk provisions. For its part LQIF holding reported a loss that was 45.0% higher than the year before mainly due to a profit of Ch$5,445 million generated by the extraordinary amortization of the Subordinated Debt from the sale of options for the acquisition of Banco de Chile shares in the capital increase held in 2013, in addition to a higher loss associated with the effect of the higher inflation rate on readjustable liabilities in 2014.

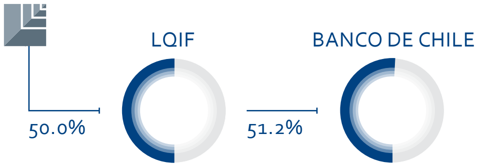
LQIF PARTICIPATION IN BANCO EN CHILE

As of 31 December	2014
Voting rights	51.2%
Economic rights	33.0%
Property	
SM Chile	58.2%
Banco de Chile	25.9%



LQIF controls 51.2% of Banco de Chile

Banco de Chile



RESPONDING TO ITS CUSTOMERS' DIVERSE NEEDS, BANCO DE CHILE has created an integrated financial group that operates with a multi-brand focus, offering a wide range of traditional banking services and products, complemented by specialized financial services that it provides through its stock brokerage, mutual fund administration, financial consulting, insurance brokerage, collection services, and loan pre-assessment subsidiaries. In addition, the bank offers a wide range of international financial services through its strategic alliance with Citigroup Inc.

The institution's business model seeks to implement commercial initiatives that generate significant economic value for shareholders, pose appropriate levels of risk and allow long term relationships to be established with customers based on differentiated value proposals for different market segments.

The bank has defined six strategic objectives with the purpose of focusing its efforts and realizing its medium- and long term aspirations: leadership in retail and wholesale banking segments, service quality, operational excellence, personnel alignment, culture and strategy, and construction of social reputation.

2014 PERFORMANCE HIGHLIGHTS

Locally, an environment of greater economic uncertainty affected investment and growth in commercial loans in the first half of 2014, as well as consumer loans and mortgages toward the end of the year. In this context, Banco de Chile's management remained aligned with the strategy and paid special attention to credit risk and the risk-return ratio in all of the markets it participates in.

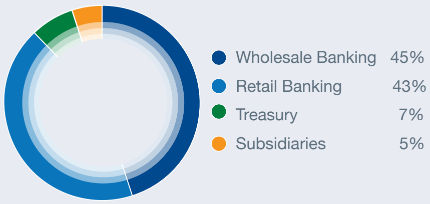
In 2014 Banco de Chile led the industry in technological innovation with the development of mobile applications (Mi Banco, Mi Pago and Mi Beneficio) that facilitate customers' access to banking products and services. As of the end of the year, two months after its implementation, it had already been downloaded close to 250,000 times. This was one of the measures that earned it the distinction of Best Place to Innovate.

BANCO DE CHILE

- **Founded in 1893**
- **Rating A+ (S&P) and Aa3 (Moody's)**
- **Listed in Chile, United States (NYSE) and England (LSE)**
- **2,480,000 customers**
- **Representation office in Beijing**
- **14,803 employees**

BUSINESS AREAS

Contribution to profit before taxes
(Total 2014: MCh$ 591,080)



Retail Banking

- Industry leader in personal current accounts, with 29% participation.
- First in current account balances and demand deposits, with a 22% market share.
- 429 branches throughout the country: 293 under the brands "Banco de Chile" and "Banco Edwards Citi" and 136 under the name of "Banco CrediChile".

Wholesale Banking

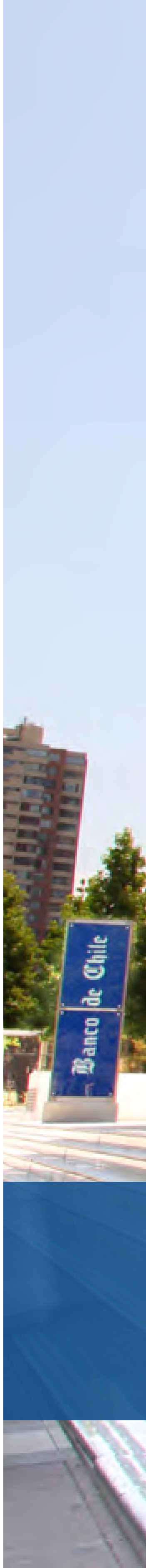
- Integrated with the Citigroup global network.

Treasury

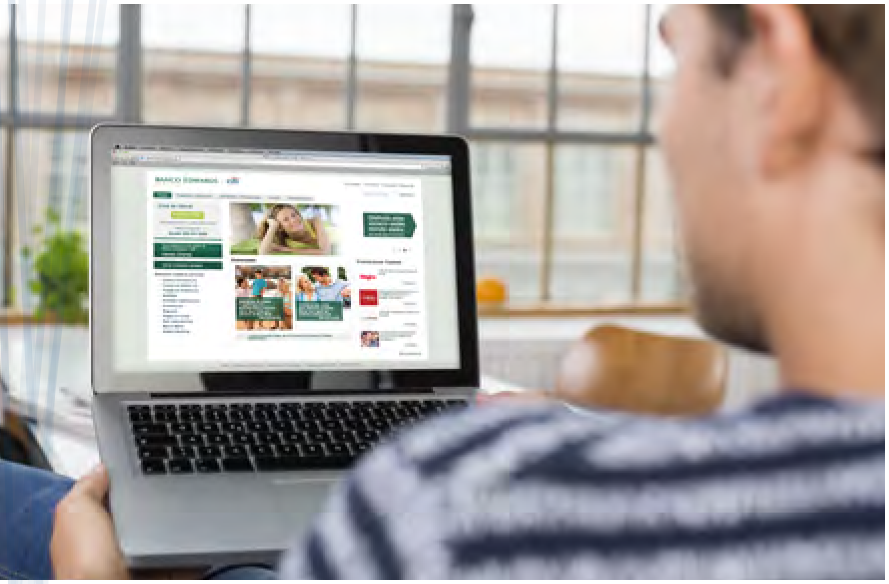
- Main issuer of foreign debt.

Subsidiary Operations

- Leader in merger and acquisition operations.
- Largest administrator of mutual funds and investment.



Banco de Chile was the most profitable institution in the Chilean financial system for the third consecutive year and the safest private bank in Latin America for the fifth



The Bank also developed a new customer loyalty model that managed to reduce the rate of voluntary abandonment by close to 20 percentage points compared to 2013 and which included world-class tools in the area of business intelligence that allowed record sales levels to be achieved through distance sales channels.

Over the last year Banco de Chile allocated significant resources to improve its value proposals in diverse segments. Among these, the launch of CrediChile's Cuenta Chile, a sight deposit account that adds access to mobile banking services, fund transfers and transactions in automatic tellers and businesses, in addition to the benefits of the new Club Chile, to traditional functionalities.

In the area of financial management, the diversification of sources continued with new international bond placements for a total of US$470 million in Switzerland, Japan and Hong Kong.

Banco de Chile shares had a distinguished presence in the stock market during the year, with high levels of liquidity and volumes traded. The free float increased from 18% to 25% thanks to the sale of 6.7 billion shares on the part of LQIF. The volume of shares traded showed an annual increase of 87% (adjusted for LQIF's sale), the highest of local banking sector shares.

Among its subsidiaries, Banchile|Citi Global Markets' consulting services to Gas Natural Fenosa in its acquisition of the CGE Group, a transaction valued at US$7.4 billion, stands out as the largest merger and acquisition operation for a company listed on the local market.

2014 RESULTS

Higher than expected inflation and favorable shifts in interest rates increased revenues from loans and a non-recurring effect from deferred taxes caused by the Chilean tax reform were the drivers of Banco de Chile's profits. These positive effects more than compensated lower fee income and higher operational costs and credit risk provisions. As a result, for the third consecutive year it positioned itself as the financial institution with the greatest capacity to produce profits and recorded a net result of Ch$591,080 million in 2014 —15% more than profits in 2013 and equivalent to 24% of the industry total – and an average return on capital and reserves of 26%, almost seven percentage points higher than the banking system's average.

2014 Milestones

- First place in results in the Chilean financial system.
- Banco de Chile received prestigious distinctions, including the company with the best corporate reputation in Chile.
- Development of applications that earned it the Best Place to Innovate award.
- Placement of bonds in Switzerland, Japan and Hong Kong for a total of US$470 million.
- Banchile|Citi Global Markets consulting services in largest merger and acquisition operation undertaken in Chile.

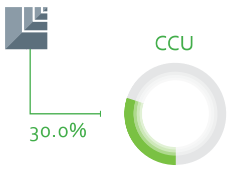
Acknowledgements confirm solid market position

Banco de Chile continued to hold a distinguished place in prestigious corporate reputation and market leadership studies in 2014, including the company with the best corporate reputation in Chile for the second year running. This general ranking by the Business Corporate Reputation Measurement (Merco) is a study that includes the country's 100 leading and most respected companies according to the opinions of 430 business directors.

The international study "Brand Finance 500," published by The Banker, valued the Banco de Chile brand at US$864 million last year. This amount is 19% higher than the year before and positioned it as the most valuable brand in the Chilean banking market.

Numerous comparative studies by specialized publications distinguished Banco de Chile over the last year. It was distinguished as the most solid private bank in Chile and Latin America in the ranking published by the US magazine Global Finance, a position that is ratified by the best risk ratings obtained by similar institutions in the region. Global Finance also identified it as the Best Investment Bank and the Best Sub-Custodian Bank. For its part, the British magazine Euromoney awarded it the distinctions of Best Local Bank and Best Bank in Chile, while acknowledging the subsidiaries Banchile|Citi Global Markets and Banchile Inversiones in the category of Best Investment Bank in Chile. As in 2013, the British publication The Banker awarded it the Bank of the Year in Chile award and the European magazine MTN-I, specialized in debt programs, gave it the 2013 Rising Star award due to its diversification of sources through the placement of bonds that made it the first private Chilean bank to access financing in yens that year.

In Chile, Diario Financiero and Deloitte distinguished subsidiaries of the Bank as the Best Bond Placement Agent, Best Stock Issuer, and Best Tender Offer operation.



KEEPING ITS FOCUS ON BEER AND NONALCOHOLIC BEVERAGES as its main categories, in 2014 CCU continued to develop its regional expansion plan, which considers the integration of businesses among these categories on a market level and the capture of synergies among countries to articulate a strategy that allows it to maintain a balanced, profitable and sustainable competitive position. In addition to entering Paraguay in December 2013, the company added another two markets: Bolivia and Colombia, thus attaining a presence in six of the region's countries.

The competitive dynamics of the categories that CCU competes in is global, especially in beer. The Latin American market is currently led by three global players: AB InBev, SABMiller and Heineken. The company, in alliance with Heineken, is third in the region.

2014 PERFORMANCE HIGHLIGHTS

In 2014 CCU made significant progress in the deployment of its long term strategy: it maintained its organic growth trajectory through increased market shares in the different segments it operates in; it continued to implement its nonorganic growth plan with the entry into new markets, and it planned a series of cost-cutting and margin maximization initiatives as part of its efforts to attain operational and commercial excellence.

MARKET SHARE (%)

	2010	2011	2012	2013	2014
Chile(1)	37.5	37.8	37.8	39.6	40.8
Río de la Plata(2)	16.3	16.8	15.9	17.2	17.3
Wine(3)	16.5	16.0	17.3	17.6	18.5
Total	**27.5**	**27.9**	**28.1**	**29.9**	**30.7**

(1) Weighted market share of all categories that CCU participates in based on recent internal estimates of the market size each year. Sources: Nielsen, for Chile, Domestic Wine and Argentina; ID Retail for Uruguay, and Viñas de Chile for wine exports. Updated annually. Includes cider in Argentina since 2011. Excludes Paraguay, beer in Uruguay, and wine in Argentina. In the case of Chile, excludes HOD.
(2) Includes cider in Argentina since 2011. Excludes Paraguay, beer and flavored waters in Uruguay. Source: ID Retail for Uruguay and Nielsen for Argentina.
(3) Includes Domestic and Exported Wine in Chile Source: Nielson for Domestic Wine and Asociación de Viñas de Chile for Exports. 2014 market size based on internal estimates.

COMPAÑÍA CERVECERÍAS UNIDAS

- **Over 160 years of history**
- **Listed on the Chilean stock market since 1920 and in New York since 1999**
- **Present with productive plants in Chile, Argentina, Uruguay, Paraguay and Bolivia**
- **7,842 employees**

OPERATION SEGMENTS

Distribution of Consolidated Revenues
(Total 2014: MCh$1,297,966)

Chile

- Largest beer producer.
- Second producer and distributor of carbonated beverages.
- Largest bottler of waters and nectars.
- Distributor of purified water (HOD).
- Largest pisco distributor
- It also participates in rum and sweets businesses.

Río de la Plata

- Second largest beer producer in Argentina, where it also participates in the cider and liquor businesses.
- In Uruguay, it participates in the water, carbonated beverages and beer distribution businesses; in Paraguay in carbonated beverages, waters, nectars, and beer distribution.

Wines

- Participation through VSPT, which in Chile consists in the vineyards San Pedro, Tarapacá, Santa Helena, Misiones de Rengo, Leyda, Viñamar and Casa Rivas, in addition to Finca La Celia and Bodega Tamarí in Argentina.
- Exports to over 80 countries.

CCU made further progress in its vision to become a regional multicategory company

In the Chile operations segment, progress was made toward the goal of building a solid brand portfolio with the introduction of the beer Sol throughout the country, launches of several brand extensions in the nonalcoholic beverages categories, and innovation in packaging and added value promotions in the different categories. The high performance achieved by the subsidiary Embotelladora CCU (ECCUSA) earned it PepsiCo's recognition as the "Bottler of the Year" on a global level. This distinction is awarded to just one of its over 200 bottlers in the five continents every year.

In the Río de la Plata segment, the introduction of disposable formats for important brands in the beer portfolio stands out, along with the launch of the Sol Brand in Argentina, brand extensions and innovation in the beer and nonalcoholic beverages portfolio, and the integration of CCU systems in Paraguayan and Uruguayan operations. The agreements reached by the Argentine subsidiary Compañía Industrial Cervecera S.A. (CICSA) and Cervecería Modelo S. de R.L. de CV, as well as with Anheuser-Busch LLC, to terminate the import contract allowing CICSA to import and exclusively distribute Corona and Negra Modelo beers, in addition to the license to produce and distribute Budweiser beer in Uruguay, were also important. CICSA received the sum of ARS$277.2 million, equivalent to US$34.2 million, in compensation.

The operation segment Wine had a very positive year in 2014, with the subsidiary Viña San Pedro Tarapacá receiving the "2014 Vineyard of the Year" award from the Wines of Chile Association, in acknowledgement of its winemaking excellence and commitment to sustainable operation. It also received the international "Ethical Company of the Year" award in the fifth version of the "2014 Green Awards"

2014 RESULTS

CCU's sales revenues totaled Ch$1,297,966 million in 2014, 8.4% more than in 2013, thanks to a 4.5% increase in sales volumes and average prices 3.8% higher. This growth reflects the strong performance of all of the operational segments, despite weak private consumption in Chile and specific tax increases on alcoholic and sugary beverages, in addition to an unfavorable economic context in Argentina. The cost of sales on a consolidated level was up 12.6%, mainly due to the devaluation of local currencies in Chile and Argentina. Administrative and sales expenditures were up 13.1%, fundamentally owing to higher marketing costs, in line with the strategy to strengthen brands, and higher distribution costs. All of the above was translated into a net profit of Ch$119,557 million in 2014, which is 2.8% less than the profit earned in 2013.

2014 Milestones

- Arrival in Bolivian market through stake in BBO.
- Partnership agreement with Postobón to enter the Colombian beer market.
- Termination of distribution contracts for the beers Corona and Negra Modelo in Argentina and the license to manufacture and distribute Budweiser beer in Uruguay.
- PepsiCo distinction for Embotelladora CCU as "Bottler of the Year" on a global level.
- Viña San Pedro Tarapacá distinguished as "2014 Vineyard of the Year" in Chile and "Ethical Company of the Year" internationally.

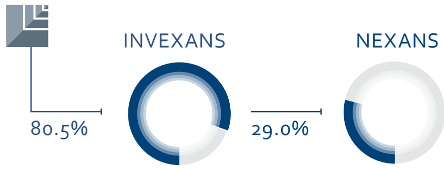
New expansion strengthens competitive position in main businesses

Through the subscription of a capital contribution, in May 2014 CCU reached a partnership agreement that allowed it to access 34% of the shares in Bebidas Bolivianas S.A. (BBO) and, in a second stage, exercise its right to increase that stake to as much as 51%. Thus, the company entered the Bolivian market for alcoholic and nonalcoholic beverages. BBO produces soft drinks and beers in three plants located in the cities of Santa Cruz de la Sierra and Nuestra Señora de la Paz.

In addition to this operation, toward the end of the year an agreement was signed with the local group Postobón S.A. to develop a joint venture in Colombia called Central Cervecera de Colombia S.A.S. They will contribute approximately US$200 million each to this partnership according to a gradual investment plan that considers, in principle, the construction of a beer and malt production plant with an initial capacity of 3 million hectoliters per year.

Postobón is the main actor in the Colombian nonalcoholic beverages market, thanks to its portfolio of over 35 brands, including carbonated beverages, waters, juices and energy drinks, in addition to a distribution network that serves around 490,000 direct customers throughout the country. The Colombian market for beer and malt is approximately 23 million hectoliters, with a per capita consumption of 48 liters. On February 11, 2015 the Colombian Superintendency for Industry and Commerce (SIC) communicated its authorization for the alliance between Postobón and CCU to produce and sell Heineken beer in the country. Imports and distribution of Heineken beer in this new market began in March 2015.

INVEXANS



AT THE CLOSE OF 2014, INVEXANS held a 28.97% stake in Nexans' property. Its participation in this global French company dates back to 2008, when Madeco, the company that gave birth to it, received 8.9% of Nexans' shares as part of the operation to sell its regional cable business.

Invexans, a company whose shares are traded on the Chilean stock exchanges, was given its name in March 2013 after Madeco separated its industrial businesses (manufacture of brass mills, aluminum profiles and flexible packaging) from its investment in Nexans so as to better focus administrative efforts. Since then, Invexans has been focused on consolidating its participation in Nexans and contributing to the development and growth of this multinational company. In 2014 it completed a capital increase for approximately US$270 million, which was approved in November 2013 as a way to increase its participation in Nexans and to reduce the company's liabilities. Quiñenco had increased its stake in Invexans from 65.9% to 80.5% by the time this process was completed.

In December 2014 Quiñenco launched a Public Offer to purchase 19.55% of Invexans' shares at a price of Ch$10 per share. This public tender offer concluded successfully in January 2015 with Quiñenco's acquisition of 4,008,842,930 shares, thus increasing its stake to 98.3%.

The company has three members on Nexans' board. In addition, one of them is on the Compensation and Appointments Committee and the Strategy Committee. The latter of these is in charge of reviewing and following up on the company's 2013-2015 strategic plan.

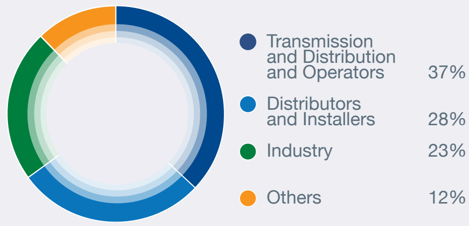
Nexans provides an extensive range of cables and integrated solutions for complex applications and demanding environments in the markets of energy transmission and distribution, industry, transportation and construction. The company is a leader in technology with 600 engineers and four research centers. It allocated US$75 million to this area in 2014.

NEXANS

- **Multinational based in France**
- **Industrial presence in 40 countries**
- **Listed on NYSE Euronext in Paris**
- **26,144 employees**
- **Sales for €6.4 billion**

BUSINESS SEGMENTS

Distribution of consolidated revenues
(Total 2014: €6,403 million)



Transmission and distribution and operators

- Cables for submarine, land and aerial transmission and distribution of electric power.
- Copper and fiber optic cables for telecommunications.

Industry

- Cables and solutions for diverse markets (automotive, transportation, robotics, and extraction of natural resources, among others).

Distributors and installers

- Cables and network solutions for structures of all types, from small residences to public buildings and industrial complexes.

Invexans reaffirmed its long term commitment as a shareholder in Nexans, a global player in the cable industry

Nexans' strategy is based on continual innovation in products, solutions and services; the development of employees; consulting services for clients, and the introduction of safe industrial processes with low environmental impacts. The company is focusing its efforts on three priority areas to ensure long-term value creation:

- Cost competitiveness.
- Leadership in areas of greater added value.
- Portfolio administration.

2014 PERFORMANCE HIGHLIGHTS

The year 2014 was characterized by significant economic and political volatility in markets and regions that are relevant to Nexans' businesses, factors that were added to the drop in the prices of oil and other raw materials in the second half of the year, all in a context of significant variations in exchange rates. In this difficult environment, Nexans remained aligned with its strategic plan and managed to achieve important technical and commercial successes. During the year it signed new contracts with Airbus, the shipyards STX and Fincantieri, SBB (operator of the Swiss railway network), Suzlon (wind turbine manufacturer), BP and Statoil, among others. The company's technological excellence was demonstrated in the completion of innovative projects.

Nexans installed a plant in South Carolina to satisfy growing demand in North America. It has a surface area of 32,500 m2 and will develop the engineering, design, and production of high voltage cables. The company also opened a new factory in France to supply connection accessories to electricity distribution networks. Its 25,000 m2 Donchery Plant was designed as a research and development center in the area of intelligent energy distribution networks and on the recharging of electric vehicles.

Nexans changed its administrative structure during the year to accelerate its development and to facilitate the administration's focus on the priorities of the strategic plan. The Board of Directors approved the division of the functions of Chairman of the Board and Chief Executive Officer (CEO), appointing Frédéric Vincent Chairman and Arnaud Poupart-Lafarge CEO in September 2014.

2014 RESULTS

Invexans registered a net loss of Ch$44,924 million in 2014, a 6.2% reduction compared to the net loss of Ch$47,884 million reported the year before. This variation is explained mainly by the provisioning for and payment of lawsuits in Brazil in 2014, in addition to negative goodwill associated with the investments made in Nexans in 2013. These effects offset the greater part of Invexans' improved proportional participation in the French multinational. Nexans registered a loss of €168 million in 2014, less than the loss

2014 Milestones

Invexans

- Placement of 100% of shares issued as part of capital increase process equivalent to US$270 million, approved in November 2013.
- End of agreement reached with Nexans in 2011 and confirmation of condition as a long term shareholder.

Nexans

- New plants opened in the United States and France.
- Division of positions of Chairman of the Board and CEO, which have been held by two different persons since September 2014.

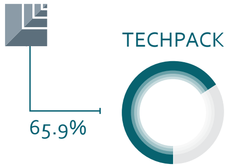
of €333 million the preceding year, mostly reflecting the strong performance of the transmission, distribution and operators segment and the industrial segment, which partially compensated the net asset deterioration of €197 million.

At Invexans, adjusting for the fair value determined for said investment, the stake in Nexans produced a negative result of Ch$25,749 million in 2014, which compares favorably to the loss of Ch$53,146 million in 2013.

Invexans confirms its condition as a long term Nexans shareholder

On May 22, 2014, Invexans and Nexans put an end to the agreement signed in March 2011 and amended in November 2012, which allowed Invexans to strengthen its position in the French company in terms of participation, members of the board and certain committees, with the commitment to maintain certain levels of ownership. The 2012 amendment established that Invexans could own no more than 28% ("Standstill") and no less than 25% ("Lock-up") of Nexans shares through November 2015.

Invexans asked for this contract to be terminated as its main objective had been attained with its consolidation as the reference shareholder of Nexans with a 28% stake in its property. Upon making this proposal, Invexans declared that it has no intention of passing the threshold of 30% participation or taking control of the company and it made the commitment not to ask the board (today comprised of 14 members) for a representation of more than three non-independent board members or an excessive number of board members in proportion to its participation in the event that the board is expanded. It also stated that its plans do not include the total or partial sale of its current stake in Nexans.



IN APRIL 2014 AND AFTER A PROGRESSIVE FOCUS ON THE BUSINESS OF PACKAGING WITH TECHNOLOGY, a new identity and trade name were born: Tech Pack S.A. Thus the process of transforming the old Madeco concluded by ending the activities of manufacturing and commercializing copper pipes in Chile and Argentina and then doing the same with the production of aluminum and PVC profiles in Chile.

Today Tech Pack S.A. (Techpack) is the head office of companies specializing in the production and commercializing of containers and packaging in Chile, Peru, Colombia and Argentina. It acquired the Chilean company Productos Plásticos HYC S.A. (HYC Packaging) through its subsidiary Alusa for US$34.3 million in June 2014, in this way strengthening its supply of flexographic printing, a segment in which HYC Packaging is leader in the local market.

With this acquisition, Techpack completed the first stage in its organic and nonorganic growth plan in Latin America, which is backed by a capital increase of US$150 million that was fully subscribed. In this process, which was held between September and November 2014, Quiñenco subscribed shares for the equivalent of US$98.7 million, thus maintaining a 65.9% stake in Techpack's property.

2014 PERFORMANCE HIGHLIGHTS

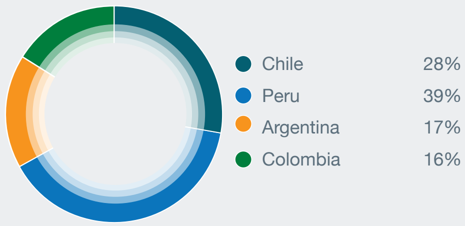
The company implemented the change in corporate image at the five plants that it controls during the year, in addition to creating a Technical Commercial Development Department that will seek to strengthen the relationship with clients in the region and to promote the creation of new products. It renovated the executive front line at its subsidiaries in Peru, Colombia and Chile with internal promotions and it continued to implement standardized operating and financial-accounting systems that will allow it to transmit best practices and provide world-class control and management tools to all of its

TECHPACK

- **50 years in the packaging industry.**
- **Productive plants in Chile, Argentina, Peru and Colombia**
- **Total capacity: 82,500 tons per year**
- **2,236 employees**

BUSINESS UNITS

Distribution of consolidated revenues
(TOTAL 2014: MUS$ 372)



Alusa (Chile)

- Leader with 36% market share.
- Plants located in Quilicura and Huechuraba, Santiago.
- Production capacity: 24,300 ton/year.
- Consolidating operations with HYC Packaging, acquired in June 2014.

Peruplast (Peru)

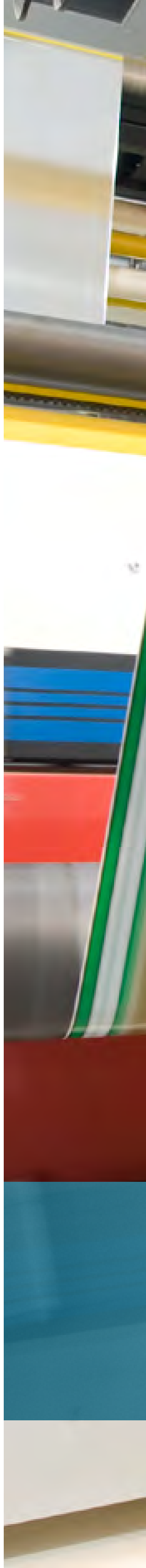
- Leader with 43% market share.
- Plant located in Lima.
- Production capacity: 36,000 ton/year.

Flexa (Colombia)

- Third-ranked company, with 9% market share.
- Plant located in Cali.
- Production capacity: 12,000 ton/year.

Aluflex (Argentina)

- Third ranked company, with a 7% market share.
- Plant located in San Luis.
- Production capacity: 10,200 ton/year.



Techpack is the regional supplier of flexible packaging with the highest production capacity in Latin America

companies. Along these same lines, it began to measure the workplace climate by using the Great Place to Work standard at all of its productive plants.

To attain a more significant share price on the stock market, where it changed its ticker from Madeco to Techpack, in July the company implemented a share swap and provided one new share for every 100 old ones. In this way, the number of subscribed and paid-in shares in the company went from 7,422 million to 74,220,000. In November, after concluding the capital increase process in which the shareholders subscribed 100% of the 301,650,000 shares issued, the total number of subscribed and paid-in shares increased to 375,870,000.

The Madeco brand, registered in the category of cables, was sold to Nexans for US$1 million on October 27.

2014 RESULTS

Macroeconomic factors, such as the devaluation versus the dollar of the currencies in the countries where the company has a presence and rising raw materials costs made 2014 a complicated year for the flexible packaging industry, which is subject to high levels of competition in Latin America. This context affected Techpack's results, which while managing to attain 8.8% growth in physical sales, with a total of 62,889 tons, and 22.6% in revenues, which totaled Ch$212,764 million, saw its margins affected. In addition, in 2013 non-recurring profits were earned from its investment in Peruplast. Thus, the operational result was down 68.5% in 2014 compared to the preceding year. Recording the closure of the profiles unit also had an impact on the final result, which registered a loss of Ch$14,785 million in 2014.

2014 Milestones

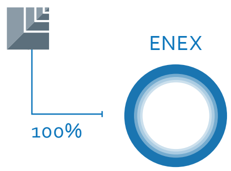
- Change of trade name and ticker in the Stock Exchange.
- US$150 million capital increase, fully subscribed.
- HYC Packaging purchased for US$34.3 million.
- End of productive activities at Indalum, aluminum and PVC profile manufacturer.
- Sale of Madeco brand to Nexans.
- Share swap (100 for 1).

Capital increase of US$150 million will back Techpack's regional expansion plan

The economic, demographic and per capita consumption trends in Latin America favor the packaging industry, whose growth is also being driven by the swift expansion of its global clients in emerging markets.

Techpack has created a regional platform that allows it to capture this market opportunity. The company is a regional leader in the flexible packaging industry and it aspires to consolidate that position. The funds obtained in the capital increase are mainly allocated to the construction of a new plant in Colombia, the procurement of high-technology equipment for the operations in Chile, prepayment of corporate debt, financing the acquisition of HYC Packaging in Chile and the acquisition of other companies in Latin America.

MOVEMOS CHILE



ENEX PARTICIPATES IN THE CHILEAN PETROLEUM DERIVATIVES DISTRIBUTION INDUSTRY through the commercialization of fuels, lubricants, asphalts and chemical products to supply different markets. These include service stations, where it operates as the Shell brand licensee with a network of 451 service stations and supplies industrial clients, mainly the transport, mining, aviation, industrial and electrical generation sectors.

Enex is the country's second-largest fuel distributor, with a 21.3% share of the total fuels market and 24.1% of the service station segment in 2014.

The company complements its service stations with a network of 120 convenience stores and other related services such as lubricants and car washes.

Enex is also a leading player in the Chilean lubricants market, operating as the exclusive Macro Distributor for Shell lubricants and complementing the products it offers with others like Rhenus food grade oils and ACDelco spare parts, among others.

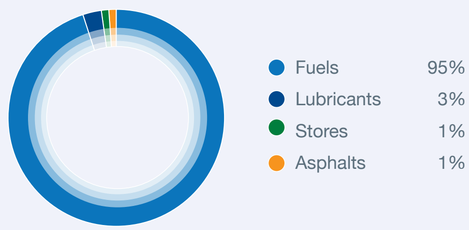
In addition, it holds a 14.9% stake in the Sociedad Nacional de Oleoductos (Sonacol), a company that provides fuel transportation services via pipelines in the country's central region; 19.3% of the Sociedad Nacional Marítima S.A. (Sonamar), a company that rents ships for maritime shipment of bulk liquids; it holds a stake in the property of 12 fuel storage plants along with other industry operators, and a 33.3% share of Sociedad de Inversiones de Aviación (SIAV), a company that provides aviation fuel storage services 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, a company that operates an asphalt storage and dispatch plant located in the Concón Oil Refinery.

EMPRESA NACIONAL DE ENERGÍA ENEX

- **Stock corporation acquired in 2011**
- **National network of 451 service stations and 120 convenience stores**
- **2,244 employees**

BUSINESS AREAS

Distribution of revenues
(Total 2014: MCh$ 2,176,803)



Fuels

- Wholesale and retail distribution via 451 service stations under Shell license.
- Supply of clients in industrial, transport, mining, aviation and electricity generation segments, among others.

Lubricants

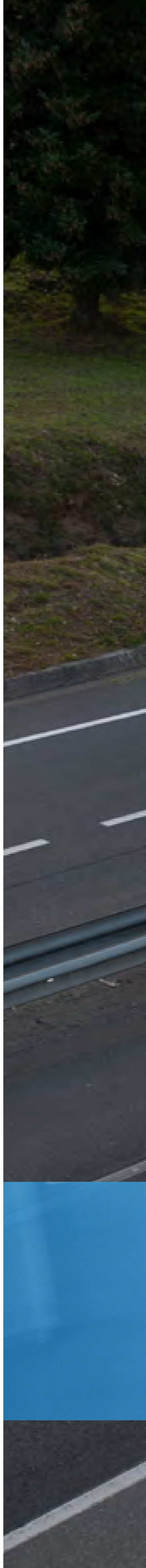
- Exclusive distributor of Shell lubricants in Chile.

Convenience Stores

- 120 convenience stores under the brands upa!, Select and Va&Ven.

Other segments

- Asphalts: Pavement solutions for highways, urban and rural roads and airports.
- Chemical Solvents: thinners used in the process of producing copper and other metals.



Enex distributes fuels with world-class service standards

2014, expanding the network of stores operating under the "upa!"brand to 16. The company plans to continue with the gradual migration of the rest of the stores in its network to the new concept during 2015.

These initiatives led Shell Brands International to acknowledge Enex with the Network Excellence distinction, which was awarded at the annual meeting held in in Amsterdam in September 2014 with its licensees from all over the world. This award recognizes the image quality, excellence and growth of Enex's service station network after adding the Terpel network in 2013.

In the industrial area, the company consolidated its position after integrating the Terpel Chile client portfolio, obtaining important supply contracts among which the one to supply the Caserones mining project, property of Lumina Copper Chile is noteworthy. It also created a new subsidiary in 2014, Empresa de Soluciones Mineras SpA (ESM), to boost the

2014 PERFORMANCE HIGHLIGHTS

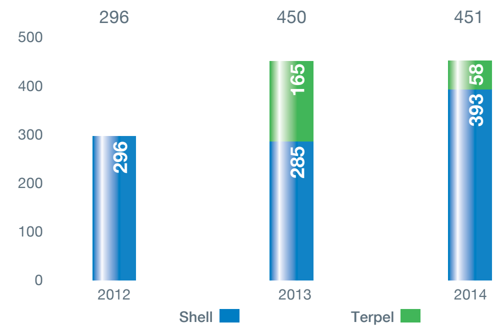
In 2014, Enex consolidated the integration of the Terpel Chile operations acquired in June 2013 and continued with the process of optimizing the integrated business. Likewise, it made significant progress in the process of changing the service stations acquired in 2013 to the Shell brand, migrating 84 service stations in the year and in that way totaling 111 stations transformed since the acquisition.

Enex also opened 8 new service stations, thus expanding its presence in seven of the country's municipalities and reaching a total of 35 new service stations inaugurated since Quiñenco acquired Shell.

Enex continued to implement its new concept of convenience stores offering premium fresh food and quality coffee in

ENEX SERVICE STATIONS

(Number at Year End)



2014 Milestones

- Won contract to develop up to 9 service stations along Autopista Central.
- 84 Terpel service stations migrated to Shell Brand image.
- 8 new service stations opened.
- Incorporation of 9 additional convenience stores to upa! format.
- Renewal of Shell lubricants portfolio, including the launch of Pure Plus Technology.
- Creation of subsidiary to operate fuel and lubricant supply services for mining operations.

supply of services associated with the supply of fuels and lubricants for the mining industry.

In the lubricant distribution business it renewed the Shell lubricant portfolio. In this context, the launch of Pure Plus technology stands out, an exclusive Shell innovation that allows synthetic lubricants to be obtained from natural gas, improving engine protection and performance.

2014 RESULTS

Enex's revenues totaled Ch$2,176,803 million in 2014, 23.8% more than was obtained as of the close of the preceding year.

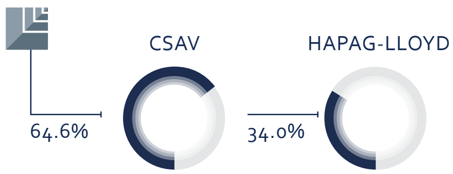
This growth is mainly the product of higher fuel sales volumes, driven by the incorporation of Terpel Chile in the third quarter of 2013. The volumes dispatched in the year totaled 3.5 million m3, of which 96% corresponds to fuels, 1% lubricants and 2% asphalts. The annual growth in volume was 14.4%.

The company earned a profit of Ch$34,301 million in 2014, which represents 81% growth over 2013. The integration of Terpel Chile as of the third quarter of 2013 and better unit margins in fuels and lubricants influenced this increase.

Enex will build a network of up to 9 service stations on the Autopista Central

Autopista Central S.A., the highway with the heaviest vehicle flow in Chile, awarded Enex a contract to develop and operate up to 9 Shell service stations in the highway's concession area from Alameda to the south along the Route 5 and General Velázquez branches in the Metropolitan Region.

Enex will invest up to Ch$20 billion to build the country's largest service station network on an urban highway, which will include upa! convenience stores and first class related services. The service stations are expected to open to the public between 2016 and 2017.



TO CREATE A SOLID AND STRONG MARITIME TRANSPORT SERVICES OPERATOR, CSAV AND HAPAG-LLOYD agreed in early 2014 to combine their container shipping businesses. As a consequence of this integration, Hapag-Lloyd as a combined entity now ranks among the world's four largest shipping companies offering line services for container shipment with a fleet of approximately 200 vessels and a transportation capacity of around 1 million TEUs, an estimated annual transported volume of 7.5 million TEUs and combined projected revenues of US$12 billion.

CSAV became the largest shareholder in Hapag-Lloyd in compensation for its contribution to the container shipping business, with an initial stake of 30% of the company's shares. Hapag-Lloyd shareholders, including the City of Hamburg and Kühne Maritime, property of the businessman Klaus-Michael Kühne, agreed to a capital increase of €370 million, which began after completing the combination of businesses in December 2014. CSAV made the commitment to contribute €259 million. This contribution, subscribed on December 19, increased CSAV's share to 34% of the new Hapag-Lloyd's share capital. A second capital increase of €370 million was agreed for the company in the context of Hapag-Lloyd's listing on the stock market, a process that did not yet have a set date as of the close of this annual report.

Francisco Pérez Mackenna, chairman of CSAV, and Oscar Hasbún, CEO of the company, were chosen to sit on Hapag-Lloyd's Board of Directors at the first Hapag-Lloyd Shareholders' Meeting with CSAV's participation, which was held on December 2, 2014.

Hapag-Lloyd's head office remains in Hamburg, but it will have a strong presence in Latin America through an office in Chile focused on its businesses in the region.

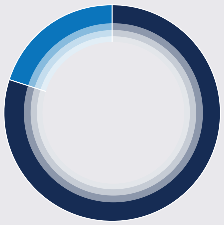
COMPAÑÍA SUD AMERICANA DE VAPORES

- **Founded in 1872**
- **Listed on the Santiago Stock Exchange since 1893**
- **Operates fleet of 40 vessels (15 own)***
- **Total capacity: 213,670 TEUs***

* Data as of November 30, 2014, given that in December 2014 container shipping services were transferred to the German shipping company Hapag-Lloyd.

BUSINESS AREAS

Share of total assets
(Total 2014: MUS$ 2,211)

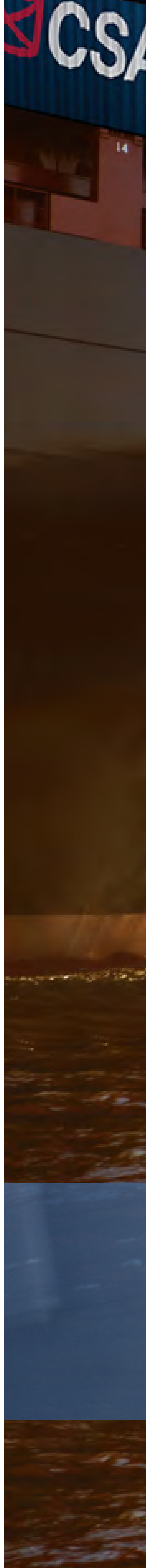


Container shipping

- Operation merged with the German company Hapag-Lloyd's container shipping business in December 2014.
- Hapag-Lloyd is the world's fourth largest operator with a capacity of 980,000 TEUs and a 5.2% market share as of the close of 2014.
- 34 line services (container transportation).
- 1.8 million TEUs transported in 2014.

Other services

- Automobile transportation.
- Transportation of refrigerated cargo in specialized ships.
- Transportation of bulk solids.
- Transportation of bulk liquids.
- Freight Forwarder.



CSAV is, since December 2014, the largest shareholder in Hapag-Lloyd, the world's fourth-largest container shipping company

For its part, CSAV continues to be traded on the Chilean stock market and, in addition to administering its investment in Hapag-Lloyd, it will strengthen the operation of the vehicle transportation business and will continue to participate in the fruit business with a specialized refrigerated cargo service. Likewise, it will continue to undertake bulk liquid transportation operations and to strengthen integrated logistical freight solutions (freight forwarder) through its subsidiary Norgistics.

2014 PERFORMANCE HIGHLIGHTS

CSAV completed a capital increase of US$202 million in the third quarter of 2014, which will mainly be allocated to completing the financing of the procurement plan for ships with a capacity of 9,300 TEUs and the injection of additional cash, which was a requirement for closing the transaction with Hapag-Lloyd. Quiñenco's stake in CSAV increased to 54.5% with this capital increase process.

In December 2014, CSAV started a second capital increase for US$400 million to participate in Hapag-Lloyd's capital increase, with which its participation grew to 34%, and to cover the costs of closing the transaction. Once this process was completed in February 2015, Quiñenco's share of CSAV had increased to 55.2%.

In late 2014, CSAV received the first of seven ships with a capacity of 9,300 TEU, part of the investment plan implemented in 2013 with the purpose of increasing the percentage of ships owned by the company and to have one of the most efficient fleets in the industry. A product of the merger, Hapag-Lloyd received the second ship with 9,300 TEU's of capacity in December 2014, as it will the remaining five ships, which will be delivered during the first half of 2015.

2014 RESULTS

CSAV reported a net profit of US$389 million in 2014, presenting a significant improvement over the US$169 million loss registered in 2013. This positive result can mainly be explained by a net after tax profit of US$619 million produced by the merger of its container shipping business with Hapag-Lloyd in December 2014, which compensated the loss that the unit registered through November that same year by a wide margin.

2014 Milestones

- Merger of container shipping business with that of Hapag-Lloyd, making CSAV the largest shareholder in the new company, with 30% participation.
- Subscription of Hapag-Lloyd capital increase, which allowed CSAV's stake to increase to 34% of the German company.
- CSAV capital increase for US$202 million and start of second capital increase for US$400 million.
- Incorporation of Francisco Pérez Mackenna, CSAV's Chairman, and Oscar Hasbún, the company's CEO, on Hapag-Lloyd's Board of Directors.
- Reception of the first two of a total of seven container ships with a capacity of 9,300 TEUs.

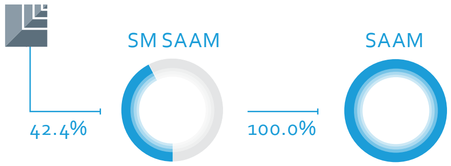
The net profit of US$619 million was produced after registering the transaction with Hapag-Lloyd according to IFRS, which entails valuing the acquisition of 30% of Hapag-Lloyd at a fair value compared to the book value of the container business contributed, subtracting costs and expenditures on taxes associated with the transaction as well. Furthermore, this net profit also reflects CSAV's participation in the loss generated by Hapag-Lloyd in December 2014, given that said result includes the material effects directly associated with the transaction, mainly a provision for restructuring and a deterioration of 16 own vessels.

Combined operation of CSAV and Hapag-Lloyd will produce annual synergies for US$300 million

The operating integration of CSAV's services into Hapag-Lloyd's system will be completed in mid-2015, thus attaining one of the transaction's main goals: to achieve synergies, both in financial as well as in structural terms.

Hapag-Lloyd has a strong presence in east-west trade and is one of the leaders in the North Atlantic market, while CSAV's strength mainly lies with north-south trade to and from South America.

The synergies that the combined operation will produce are estimated at US$300 million and will mostly come from improved network economies, a more efficient organizational structure and unified high-level systems.



SAAM, A SUBSIDIARY OF SM SAAM, provides integrated cargo transfer services to exporters and importers, as well as shipping and air freight companies via three business units: Port Terminals, Tugboats and Logistics.

SAAM was a subsidiary of CSAV until February 2012. The company SM SAAM, owner of 99.9995% of SAAM shares, was created after the division. SM SAAM started trading on the Chilean stock exchanges in March that same year and in January 2013 it joined the Selective Index of Share Prices, IPSA, which is made up of the 40 most heavily traded shares in the Santiago Stock Exchange.

With 2.6 million TEUs transferred in 2014, SAAM is the largest port operator in South America. In Chile it administers the ports of San Antonio, San Vicente, Iquique, Antofagasta, Arica and Corral, while internationally it administers Florida International Terminal (United States), Terminal Marítimo Mazatlán (Mexico), Puerto Buenavista (Colombia) and Terminal Portuario de Guayaquil (Ecuador).

SAAM is Latin American leader and fourth in the world in the tugboat business. It consolidated this position in 2014 after starting joint operations with the Dutch company SMIT, part of the Boskalis Group, in the Brazilian, Panamanian, Mexican and Canadian markets.

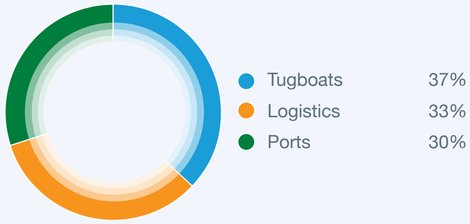
In the area of Logistics, the company provides land-based support services to the supply chain for shipping firms and airlines (agenting and container storage, among others), in addition to companies engaged in the import and export businesses, which it serves with a focus on integrated service in the modality of Contract Logistics and with the capacity to transfer goods ranging from bulk cargo to the distribution and detailed control of inventories (SKU). In addition, this division offers special services to customers that require tailor-made solutions, such as the storage of liquids in specialized silos. Logistics operates mainly in Chile and Peru, which means that it has significant growth potential to expand its services to the remaining countries in the region.

SAAM

- **Founded in 1961**
- **Present in 13 countries and 84 ports**
- **4,146 employees**

BUSINESS AREAS

Distribution of consolidated revenues*
(Total 2014: MUS$ 775)



* Includes proportional revenues of affiliates (weighted according to SAAM's share of property).

Tugboats

- Latin American leader and fourth-largest operator in the world.
- 191 tugboats (11 under construction).*
- Operations in 11 countries and 70 ports.

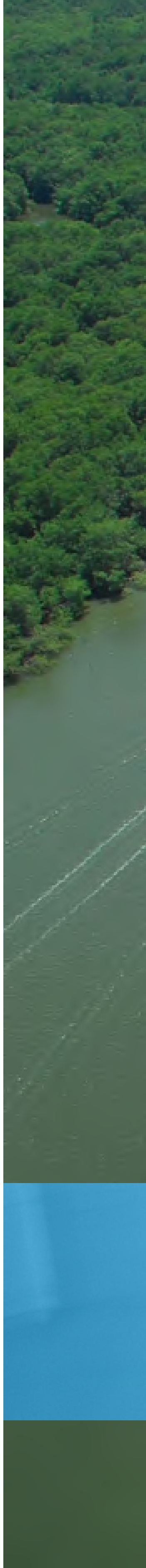
*Considers tugboats in joint ventures with SMIT Boskalis

Port Terminals

- Largest port operator in South America.
- 10 port terminals in five countries.
- 30.6 million tons transferred in 2014.

Logistics

- Land-based support services for shipping firms, airlines, importers and exporters.
- 3,505,000 m2 of support areas and warehouses; (without considering the 354 hectares of the La Virgen Estate in San Antonio).



SAAM is the biggest port administrator in South America and the fourth-largest tugboat operator in the world

2014 PERFORMANCE HIGHLIGHTS

The start of joint tugboat operations with the Dutch company SMIT Boskalis was the main milestone of the year. In this area, the increase in special services in Ecuador and the renewal of contracts in Honduras (Puerto Cortés) and Brazil also stand out.

In the area of port management, the company strengthened the efficiency leadership of San Antonio Terminal Internacional (STI), Chile's main port, with the incorporation of four RTG electric cranes with a 50-ton lifting capacity; it extended the pier by 31 meters and implemented an automated platform that ensures the correct dispatch of containers. In September, the largest ship ever to have arrived in Chile docked in the port, the container ship Gustav Maersk. With a length of 367 meters, a beam of 43 meters and a draft of 15 meters, it is a structure that is 110 meters higher than Cerro San Cristóbal.

The strong performance of the operations in San Vicente, Iquique, Guayaquil and Florida stood out in this period along with the progress made in Mazatlán and with the investments to expand the ports of San Antonio and San Vicente.

In the Logistics business, SAAM started to develop Contract Logistics services for its clients in the import and export segments in Chile.

2014 RESULTS

SM SAAM's net profit in 2014 was US$61 million, down 17% compared to the year before. The strong performance of the port terminals and towage divisions, the latter of these reflecting the incorporation of new markets thanks to the partnership with Boskalis, were counteracted by a non-recurring profit in 2013 from the sale of Cargo Park and a lower result obtained by the logistics division.

2014 Milestones

- Strengthening of competitive position with the entry into two new markets (Canada and Panama) and greater participation in Brazil with the start of operations by SAAM SMIT Towage Brazil and SAAM SMIT Towage Mexico, joint ventures between SM SAAM and the Dutch Boskalis Group.
- The development of Contract Logistics for import-export clients begins in Chile.
- Incorporation of 4 RTG cranes in STI, expansion of pier by 31 meters and docking of Gustav Maersk, the largest ship ever received in Chile (9,700 TEU).

Through the joint venture with the Boskalis Group, SAAM consolidated itself as Brazil's second-largest tugboat operator

On July 1, 2014, SAAM S.A. and the Dutch firm Boskalis Holding B.V., through its subsidiary SMIT, fulfilled a partnership agreement announced in September 2013 to jointly operate and develop the port and maritime towage business in Mexico, Brazil, Canada and Panama. This agreement operates through the companies SAAM SMIT Towage Brazil and SAAM SMIT Towage Mexico.

In Brazil, SAAM and Boskalis contributed all of their businesses and towage and marine assets to the joint venture, with equal stakes in the property. With a total fleet of 54 tugboats, they became the second largest operator in this market. In the second joint venture, SAAM's operations in Mexico were combined with SMIT's in Canada and Panama, with a total fleet of 60 tugboats and a 51% and 49% stake in the property, respectively.

It is estimated that these joint ventures will produce operational synergies for approximately US$10 million per year starting in the second year of operation. They will mainly come from an increase in fleet efficiency and cost cutting, the exchange of best practices, and the complementariness of the markets involved.

Corporate Information

DIVIDEND POLICY

Quiñenco's Board of Directors will inform the Annual Shareholders' Meeting to be held on April 29, 2015 of its agreement to set as the dividend policy the distribution of a definitive cash dividend of at least 30% of net income for the year.

DIVIDENTS PAID

Dividend	Date	Dividend per share	Total Dividend	Corresponding to the year
No. 29 and 30	05-07-12	Ch$32.71133	ThCh$43,982,927	2011
No. 31 and 32	05-13-13	Ch$51.92804	ThCh$69,821,288	2012
No. 33 and 34	05-12-14	Ch$45.04818	ThCh$74,904,293	2013

SHAREHOLDERS

As of the close of 2014, the subscribed and paid-in capital is divided into 1,662,759,593 shares. The 12 largest shareholders as of December 31, 2014 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*	255,946,677	15.39
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
84.177.300-4	BTG Pactual Chile S.A. Corredora de Bolsa	124,205,386	7.47
76.884.110-1	Inversiones Río Claro Ltda.*	44,442,511	2.67
97.004.000-5	Banco de Chile on behalf of non-resident third parties	34,281,199	2.06
76.645.030-k	Banco Itaú on behalf of investors	29,652,803	1.78
96.871.750-2	Inversiones Salta S.A.*	23,684,851	1.42
96.684.990-8	Moneda S.A.	21,840,003	1.31
76.327.982-0	Inversiones Alaska Ltda.*	20,041,305	1.21
98.000.100-8	A.F.P. Habitat S.A.	11,904,289	0.72
Totales		1,559,998,393	94.62

* Companies related to the Luksic Group

Additional information as of December 31, 2014

No. of subscribed and paid-in shares	No. of shareholders
1,662,759,593	1,191

Quiñenco's issued and paid-in shares are 81.4% property of the companies Andsberg Inversiones Ltda., Ruana Copper A.G. Agencia Chile, Inversiones Orengo S.A., Inversiones

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

PERCENTAGE OF PROPERTY OWNED BY COMPANY BOARD MEMBERS AND MAIN EXECUTIVES

As of December 31, 2014, the following Board Member directly held shares in the Company:

Board Member	% of property
Andrónico Luksic Lederer	0.00001%

As of 31 December 2014, the following main executives held shares in the Company:

Executive	% of property
Francisco Pérez Mackenna	0.024%
Felipe Joannon Vergara	0.006%
Martín Rodríguez Guiraldes	0.004%
Luis Fernando Antúnez Bories	0.008%
Pedro Marín Loyola	0.001%
Oscar Henríquez Vignes	0.002%

STOCK MARKET INFORMATION

Quiñenco's shares are traded in Chile on the Santiago Stock Exchange, the Valparaiso 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 2014 in Chilean exchanges.

2014	Shares traded No.	Total amount traded ThCh$	Average price Ch$	Stock market presence %
1st Quarter	9,270,167	11,262,683	1,214.94	68.33%
2nd Quarter	17,234,039	20,761,828	1,204.70	69.44%
3rd Quarter	8,178,250	10,134,807	1,239.24	64.44%
4th Quarter	16,380,627	20,553,057	1,254.72	63.89%
2014	51,063,083	62,712,375	1,228.14	

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

INVESTMENT POLICY

The majority of Quiñenco's resources are dedicated to companies that it controls, either directly or indirectly. 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 knowhow, 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 emission 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 subsidiaries' inventories.

The Company mostly develops its business in Chile. For this reason, its operational 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 1.9% in 2014. 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, 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 that they operate in. 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. When it comes to the container shipping business, the industry faces an imbalance between supply and demand, which is reflected in an installed capacity that surpasses global demand, which has affected rates. Increased competition or sustained imbalances could affect profit margins and the operational 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, which makes the management and expansion of its current businesses 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 capital investments and affiliated companies. The payment of dividends by said subsidiaries, capital 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 on Limited Companies.

The Committee was appointed at Regular Board Meeting No.198, held on June 5, 2014, when the following directors were appointed to sit on 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 two years and Mr. Matko Koljatic Maroevic has acted as independent director and chairman on both occasions.

The members of the Committee received the following payments during 2014, with the respective comparison to the year before:

In 2014, 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$7,359, ThCh$7,359 and ThCh$7,359 (in 2013: ThCh$6,991, ThCh$6,991 and ThCh$6,991), respectively.

The Committee met eight times in 2014. The CEO, Francisco Pérez Mackenna, CFO, Luis Fernando Antúnez Bories and Chief Counsel, Rodrigo Hinzpeter Kirberg, have regularly attended its sessions.

In 2014, the Committee dedicated itself to evaluating the issues indicated in Article 50 bis of the Law on Limited Companies, according to a preset agenda and having undertaken the following activities:

1. It examined the reports of independent external auditors. At Session No.121 on March 26, 2014, the Committee received the external auditors' report on the year ending on December 31, 2013, the balance and other financial statements as of that date and which were presented by the administration. It gave a favorable opinion of them prior to their presentation to shareholders for their approval. Likewise, in Session No.124 on September 4, 2014, the Committee received the Limited Review Report on Quiñenco S.A.'s Intermediate Consolidated Financial Statements and those of its subsidiaries through 30 June 2014. In addition, the Committee received the Internal Control Report that the independent auditors send the administration in Session No.127 on December 4, 2014.

2. In Session No.122 on April 3, 2014, 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 and other financial statements corresponding to the year 2014 and for them to give their professional and independent opinion of them. 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 International Credit

Rating (ICR) Compañía Clasificadora de Riesgo Limitada; and (b) the company Standard & Poor's for the international context.

3. At session No.120 on January 8, 2014, it evaluated and gave a favorable report on the operation between related parties consisting in the rental of a twin-turbine helicopter from the company Transporte Aéreo y Marítimo S.A. for use by Quiñenco S.A. board members and executives.

4. In session No.121 on March 26, 2014, it gave the Board of Directors a favorable report on the contracting of the external auditing firm Ernst & Young Servicios Profesionales de Auditoría y Asesoría Limitada for a professional service not considered in the external audit, which consisted in issuing a report on the tax and labor effects of the eventual payment of work contract severance compensation for Quiñenco S.A. employees. In addition, in Session No.123 on August 7, 2014, it also gave a favorable report on the commissioning of said external independent auditing firm to draft a report to certify to the Superintendency of Banks and Financial Institutions that Quiñenco S.A. was not as of that date in the hypotheses considered in Articles 31 of Law No.18,010 and 3 of Law No.20,175. Likewise, at Session No.126 on November 6, 2014 it gave a favorable report on commissioning the same independent external auditing firm to undertake a conceptual evaluation of the IFRS requirements on the takeover of Compañía Sud Americana de Vapores S.A. through September 30, 2014, as required by the Superintendency of Securities and Insurance.

5. In session No.122 on April 3, 2014, it assessed and gave a favorable report on the operation between related parties consisting in the sale of used vehicles belonging to Quiñenco S.A. to the CEO and the CFO of the same Company. In addition, in Session No.123 on August 7, 2014 the Committee evaluated and gave a favorable report on the operation between related parties consisting in the sale of a used automobile property of Quiñenco S.A. to the same Company's Development Manager.

6. In session No.125 on October 2, 2014, it examined and gave a favorable report on the operation between related parties consisting in the signing of consulting services and office rental contracts with the subsidiary Invexans S.A.

7. In session No.126 on November 6, 2014, it received the report on the execution of the internal auditing plan in 2014.

8. In session No.127 on December 4, 2014, it examined the pay systems and compensation plans for the Company's directors, main executives and workers.

The Committee did not contract consulting services in 2014, nor did it incur expenses, and it did not consider it relevant to present any sort of recommendation to the Company's shareholders. The latter did not make comments or proposals on the progress of the company's businesses.

BOARD MEMBER'S REMUNERATIONS

As agreed at the Company's Annual Shareholders' Meeting, the sums paid to Directors in 2014 and 2013 for per diem, participations, and other remunerations, respectively, were as follows:

Guillermo Luksic Craig ThCh$0, ThCh$198,539 and ThCh$0 in 2014 (ThCh$0, ThCh$0 and ThCh$180,034 in 2013); Andrónico Luksic Craig ThCh$1,807, ThCh$165,164 and ThCh$755,848 in 2014 (ThCh$3,924, ThCh$152,909 and ThCh$604,707 in 2013); Jean-Paul Luksic Fontbona ThCh$1,807, ThCh$165,164 and ThCh$0 in 2014 (ThCh$2,454, ThCh$152,909 and ThCh$0 in 2013); Hernán Büchi Buc ThCh$3,614, ThCh$214,291 and ThCh$0 in 2014 (ThCh$3,436, ThCh$198,666 and ThCh$0 in 2013); Gonzalo Menéndez Duque ThCh$3,614, ThCh$214,291 and ThCh$0 in 2014 (ThCh$3,436, ThCh$198,170 and ThCh$0 in 2013); Matko Koljatic Maroevic ThCh$3,614, ThCh$214,291 and ThCh$0 in 2014 (ThCh$3,436, ThCh$198,170 and ThCh$0 in 2013); Fernando Cañas Berkowitz ThCh$3,614, ThCh$165,164 and ThCh$0 in 2014 (ThCh$3,436, ThCh$152,909 and ThCh$0 in 2013); Nicolás Luksic Puga ThCh$3,097, ThCh$123,873 and ThCh$0 in 2014 (ThCh$1,474, ThCh$0 and ThCh$0 in 2013) and Andrónico Luksic Lederer ThCh$2,067, ThCh$0 and ThCh$0 in 2014 (ThCh$0 in 2013).

EXPENDITURES ON CONSULTING SERVICES TO THE BOARD OF DIRECTORS

Expenses for consulting services to the Board of Directors totaled ThCh$196,418 in 2014.

REMUNERATIONS OF MANAGERS AND MAIN EXECUTIVES

The remunerations received by the Company's managers and main executives for remunerations and performance bonuses totaled ThCh$5,742,281 in 2014 (ThCh$5,036,620 in 2013).

INCENTIVE PLAN

There was no long term incentives plan for the Company's executives as of December 31, 2014.

SEVERANCE PAYMENTS

Compensations paid to the Company's main executives for years of service in 2014 totaled ThCh$457,902.

MATERIAL INFORMATION

The relevant or material information reported by Quiñenco S.A. during 2014 is as follows:

1. On January 9, 2014, Quiñenco S.A. (indistinctly the "Company") informed the Superintendence of Securities and Insurance ("SVS") of the material information that, in line with the information reported by its subsidiary LQ Inversiones Financieras S.A. ("LQIF") on January 9, 2014, the Board of Directors of the latter had decided on the same date to hold a process to offer part of its stake in Banco de Chile through a local and international secondary offering of up to 6.9 billion shares that LQIF owned in said banking institution. Consequently, Quiñenco S.A. proceeded to amend the Shareholders' Agreement with Citigroup in LQIF, inasmuch as LQIF's obligation was reduced from a stake of 58.33% of voting rights in Banco de Chile to 51% of said rights, which did not entail a change in Quiñenco's control of Banco de Chile.

2. On March 6, 2014, Quiñenco S.A. informed the SVS, complementing its report on January 9, 2014 with the information that on January 29, 2014, LQIF placed 6.7 billion shares of Banco de Chile at a price of Ch$67 per share. For its part, on February 14, 2014, Quiñenco received distribution of an eventual dividend of Ch$205,159,060,649 from LQIF, charged to the accumulated profits of said subsidiary, which did not have an effect on Quiñenco S.A.'s distributable results.

3. On April 3, 2014, Quiñenco S.A. informed the SVS that, after Mr. Manuel José Noguera Eyzaguirre tendered his resignation as Legal Manager of the Company at the meeting it held on that same date, the Board of Directors approved the hiring of Mr. Rodrigo Hinzpeter Kirberg, as new Chief Counsel of Quiñenco S.A. For his part, Mr. Manuel José Noguera Eyzaguirre was appointed adviser to the company's Chairman and its Board of Directors. In addition, the SVS was informed of Mr. Davor Domitrovic Grubisic´s appointment as Head Attorney and the creation of three new departments, to wit: Corporate Affairs and Communications, with Ms. Maria Carolina García de la Huerta Aguirre appointed director; (ii) Sustainability, with Mr. Álvaro Sapag Rajevic appointed director; and (iii) Economy, with Ms. Andrea Paula Tokman Ramos appointed Chief Economist.

4. On December 2, 2014, Quñenco S.A. informed the SVS that, on that same date, Compañía Sud Americana de Vapores S.A. ("CSAV"), a subsidiary of the Company, had communicated material information referring to the merger of CSAV's container shipping business with the German shipper Hapag-Lloyd AG ("HL"), with which CSAV went on to obtain a stake equivalent to 30% of HL's share capital, in addition to the closing of the transaction in the city of Hamburg, Germany. In addition, CSAV informed the SVS that the transaction with HL was to produce an estimated profit of approximately US$510 million and that the financial effects would produce a profit of approximately US$278 million for Quiñenco S.A.

5. On December 4, 2014, Quiñenco S.A. informed the SVS that the Company had approved making a public offer to purchase ("OPA") Invexans S.A. shares that Quiñenco did not own, directly or indirectly. That is, 4,382,594,708 shares, representing 19.55% of the total shares issued by said company. Given the preparatory actions needed to start the OPA, it was not possible to give a precise date for the start of said process, but it was to happen within the next 30 days. Finally, an offer price of Ch$10 per share was reported, payable in cash.

The sale of Banco de Chile shares referred to in points 1 and 2 reduced LQIF's stake in Banco de Chile to 51.2% and, as explained in said points, it had no effect on Quiñenco's results. However, an increase in equity of approximately Ch$79 billion was registered. As noted in point 2, the sale of said shares entailed the distribution of an eventual dividend to Quiñenco.

The creation of the three new departments mentioned in point 3 was aimed at dealing with Quiñenco's current challenges under a structure that is in line with them, thus incorporating the responsibility for administering relations with external interest groups, research and analysis of the impact of diverse economic factors on relevant countries, sectors or industries for decision making, and also the inclusion of areas related to sustainability.

The merger of CSAV's container shipping business with the German shipper Hapag-Lloyd as described in point 4 was translated into a net profit of Ch$245,816 million for Quiñenco in 2014. The completion of said merger made CSAV the main shareholder of the world's fourth-largest shipping company, with sales of around US$12 billion annually, a fleet of approximately 200 ships and a significant savings potential that will make it more competitive and profitable.

The OPA for 19.55% of Invexans shares described in point 5 concluded successfully in January 2015. The result was Quiñenco's acquisition of 4,008,842,930 shares, increasing its stake in said subsidiary from 80.5% to 98.3%, for a total payment of Ch$40,088 million.

QUIÑENCO AND SUBSIDIARIES' EMPLOYEES AS OF DECEMBER 31, 2014

	CHILE			OVERSEAS			
Company	Executives	Professionals and Technical Staff	Other Workers	Executives	Professionals and Technical Staff	Other Workers	Total
Quiñenco	17	22	16	-	-	-	55
LQIF and subsidiaries	547	5,920	8,340	-	-	-	14,807
Invexans	1	3	1	-	-	-	5
Techpack and subsidiaries	20	158	501	18	441	1,098	2,236
Enex and subsidiaries	17	601	1,626	-	-	-	2,244
CSAV and subsidiaries	6	81	4	-	79	-	170
Other subsidiaries	7	55	13	-	-	-	75
Total	615	6,840	10,501	18	520	1,098	19,592

COMPLEMENTARY INFORMATION ON ACTIVITIES AND BUSINESSES

SUPPLIERS AND CLIENTS

The number of suppliers and clients that represent over 10% of the purchases or revenues by segment for Quiñenco's subsidiaries and affiliates is detailed in the table below.

Company	No. suppliers that represent at least 10% of a segment's purchases	No. of clients that represent at least 10% of a segment's total revenues
of a segment's total revenues	n/a	n/a
LQIF	n/a	n/a
Banco de Chile	-	-
CCU	-	3
Invexans	-	-
Techpack	1	1
Enex	1	1
CSAV	1	-
SM SAAM	-	-

MAIN BRANDS

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

Quiñenco: Quiñenco, Quinenco.

Banco de Chile: Banco de Chile, Edwards-Citi, CrediChile, Banchile y Banlegal.

CCU: CCU and its subsidiaries own diverse registered trademarks that they sell their products under. In the national market, its brand portfolio in the beer category includes, among others, Cristal, Cristal CER0 0°, Cristal Light, Escudo, Morenita, Kunstmann, D'olbek, Royal Guard, Royal Light, Dorada and Lemon Stones. In Argentina it has Schneider, Salta, Santa Fe, Córdoba, Bieckert, Palermo and Imperial.

Regarding nonalcoholic beverages in the carbonated category in Chile, CCU owns the brands: Bilz, Bilz Light, Bilz Zero, Pap, Pap Light, Pap Zero, Kem, Kem Light, Kem Xtreme and Nobis. In the mineral waters category in Chile it holds the brands Cachantun, Mas, Mas Woman and Porvenir; in purified waters and HOD it has the brand Manantial. In Uruguay, the company owns the brands Nativa and Nix for bottled mineral waters and carbonated beverages, respectively. Likewise, in Paraguay it owns the brands Pulp for carbonated beverages, Puro Sol for juices and La Fuente for waters.

In wines, CCU owns the brands of Viña San Pedro Tarapacá S.A., sush as Cabos de Hornos, Tierras Moradas, Kankana del Elqui, 1865, Castillo de Molina, 35 Sur, Gato, Gato Negro, Viña Mar de Casablanca, Altair, Sideral, Las Encinas, Urmeneta, Etiqueta Dorada, 1865 Limited Edition, Terroir, Sarmientos, Tarapacá Cosecha and San Pedro Exportación. For its part, the portfolio of Viña Santa Helena consists in Santa Helena, Vernus, Notas de Guarda, D.O.N. (De Origen Noble), in addition to Selección del Directorio, Santa Helena Reserva, Siglo de Oro, Parras Viejas and Gran Vino. Viña Tarapacá Ex Zavala, owns the brands Tara. Pakay, Etiqueta Negra, Gran Reserva, Tarapacá Plus, León de Tarapacá, Gran Tarapacá and Gran Reserva Tarapacá Etiqueta Azul, as well as Misiones de Rengo, Leyda, and Casa Rivas. In Argentina it has the brands La Celia and Tamarí.

In the pisco category of liquors, CCU owns the brands: Mistral, Mistral Nobel, Mistral Gran Nobel, Mistral Creme, Mistral Ice, Ruta Norte, Ruta Cocktail, Ruta Cocktail Mango, Campanario, Campanario Sour, Campanario Sour Light, Campanario Sour Pica, Campanario Reposado, Campanario Mango, Campanario Mango Light, Campanario Chirimoya Colada, Campanario Piña Colada, Vaina Campanario, Campanario Lúcuma Colada, Control C, Tres Erres, Moai de Pisco Tres Erres, La Serena, and Horcón Quemado. In addition, it holds the license for the Bauzá brand, which it owns 49% of. In the rum category, the Company owns the brands Sierra Morena Dorado, Sierra Morena Añejo, Sierra Morena Extra Añejo, Sierra Morena Extra Añejo 5 años, Sierra Morena Blanco, Sierra Morena Imperial and Ron Cabo Viejo. Also in the liquor sector, CCU owns the Fehrenberg Brand and its variants in Chamomile, Coffee, Cacao, Amaretto, Triple Sec, and Crème Menthe.

In the cider category in Argentina, the Company owns the brands Real, La Victoria, Sáenz Briones 1888 and Apple Storm. In addition, it owns the brand El Abuelo in the liquor category.

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

In the snacks business, diverse products produced under the Calaf brands, including the brand Duetto and others under which certain lines of biscuits are produced. In addition, the company owns other specific brands for each product. Foods Compañía de Alimentos CCU S.A. also owns the Natur Brand.

Invexans: Invexans

Techpack: Alusa, Aluflex, Peruplast, Empaques Flexa, Eco Alusa, Vigaflex, Tech Pack, HYC and Decker.

Enex: Enex, Shell, Shell V-Power, Terpel (through June 2015), Shellcard, Tu Lavado, upa!, Select, Va&Ven, Helix, Rimula, Pennzoil, Gadus, Spirax, Tellus, Rhenus, Basf, ACDelco, Kyrnex, Advance. Enex holds the license for use of the Shell brand in service stations for the sale of fuels and it is the Shell Macro Distributor of lubricants in Chile.

CSAV: the main brands used by the company are CSAV, Libra, CSAV Norasia and Odfjell y Vapores. In December 2014, all commercial brands related to the denominations Libra and Norasia were transferred to Hapag-Lloyd AG as part of the container shipping business that CSAV contributed to it, in addition to awarding it an indefinite license to use the CSAV brand in the container shipping business.

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

LICENSES, FRANCHISES, ROYALTIES OR CONCESSIONS

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

Banco de Chile: An agreement exists on the use of the brand "Banchile," which Banco de Chile authorized Banchile Seguros de Vida de use. According to this agreement, the Bank authorizes the company to exclusively use the name BANCHILE, a registered trademark of the Bank's, throughout the duration 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 deduction insurance to the Bank's debtor portfolio and to the market in general. The agreement has been in force since January 1, 2013 and will be in force through December 31, 2015. The Bank can at any time put an end to said agreement for noncompliance or for restrictions that the agreement might impose on it. This can be done at any time and it will suffice to give written notice 10 days in advance, and the company will have 60 days to materialize the change in trade name.

There is also an agreement to use the brand "Banlegal", which Banco de Chile authorized to Promarket S.A.

According to this agreement, "Banco de Chile owns the trademark Banlegal, registered both as a brand in class 35 under No. 639,400, as well as a mixed brand in class 35 under No. 638,407, both with the Industrial Property Department of the Ministry of the Economy, Development and Reconstruction. Banco de Chile also gives Promarket S.A. the use of the brand Banlegal under gratuitous bailment for use by the legal division of the latter to identify the legal services that it provides to Banco de Chile." The gratuitous bailment is of indefinite duration and Banco de Chile can terminate it at any time by giving written notice at least 30 days in advance.

Banco de Chile and Citigroup Inc. signed a Brand License Contract on December 27, 2007. Under this contract, Citigroup Inc. gave Banco de Chile a non-exclusive license, paid and without royalties to use certain Citigroup Inc. brands in Chilean territory. In addition, Citigroup Inc. issued a license to use its domain name only for marketing and the promotion of services authorized in Chilean territory.

CCU: Directly or through its subsidiaries and affiliates, it holds license contracts for the brands and products Pepsi, Crush, Canada Dry Limón Soda, Ginger Ale and Tonic Water; Gatorade, Adrenaline Red, Lipton Ice Tea, Nestlé Pura Vida and Pure Life, Perrier; in addition to the premium beers Heineken, Sol, Coors and Austral, which give the company exclusivity over the production and/or sale of said products in the country.

It also holds licenses for the brands Watt's, Yogu Yogu and Shake a Shake for certain nonalcoholic beverages and formats, which in turn it owns 50% of. In Paraguay it holds the license to produce and to distribute juices under the Watt's brand.

CCU is the exclusive Chilean distributor of the beer Budweiser. In Argentina it produces Heineken, Amstel, Sol and Budweiser under their respective exclusive licenses for the production and sale of these products. CCU has a license to produce and/or sell Heineken beer In Colombia starting in March 2015, through the company Central Cervecera de Colombia S.A.S. In Uruguay it holds the license to distribute the brands Heineken and Schneider. Meanwhile, in Paraguay it holds the license to distribute beer under the Heineken, Coors, Paulaner and Schneider brands.

With regard to spirits, CCU has the exclusive license to produce and commercialize pisco under the Bauzá brand in Chile. It is also the exclusive distributor in Chile of Pernot Ricard products, with the main brands being the whiskies Ballantine's, Chivas Regal and Jameson, Absolut and Wyborowa in vodka and the rum Habana Club, among others.

To satisfy its diverse requirements, CCU signs annual sales contracts for its main raw materials, including malt, rice and hops for beer, sugar for beverages, grapes for wine, pisco and cocktails, and packaging materials from local producers or through procurement on the international market.

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

License	Expiration Date	Licensee	Territory
Watt's (nectars, fruit-based beverages and others) in rigid containers, except cardboard	Indefinite	Promarca S.A.	Chile
Pisco Bauzá	Indefinite	Compañía Pisquera Bauza S.A.	Chile
Budweiser for Argentina	December 2025	Anheuser-Bush, Inc.	Argentina
Heineken for Chile and Argentina (1)	10 years, renewable	Heineken Brouwerijen BV	Chile and Argentina
Heineken for Paraguay (2)	November 2022	Heineken Brouwerijen BV	Paraguay
Heineken for Uruguay (1)	Abril 2023	Heineken Brouwerijen BV	Uruguay
Pepsi, Seven Up and Mirinda	December 2043	Pepsico, Inc., Seven-Up International, through de Bebidas CCU-PepsiCo SpA	Chile
Té Lipton	March 2020	Pepsi Lipton International Limited	Chile
Crush, Canada Dry (Ginger Ale, Agua Tónica and Limón Soda) (3)	December 2018	Schweppes Holding Limited	Chile
Budweiser for Chile	December 2015	Anheuser-Bush, Inc.	Chile
Austral (4)	July 2016	Cervecería Austral S.A.	Chile
Gatorade (5)	December 2018	Stokely Van Camp Inc.	Chile
Amstel for Argentina (6)	July 2022	Amstel Brouwerihen B.V.	Argentina
Nestlé Pure Life (7)	December 2017	Nestlé S.A., Societé de Produits Nestlé S.A. and Nestec S.A.	Chile
Sol (1)	10 years, renewable	Heineken Brouwerijen B.V.	Chile
Sol (1)	10 years, renewable	Heineken Brouwerijen B.V.	Argentina
Red Bull	December 2017	Red Bull Argentina S.R.L.	Argentina
Coors (8)	December 2025	Coors Brewing Company	Chile
Coors (9)	December 2019	Coors Brewing Company	Argentina

(1) 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.
(2) 10-year license, automatically renewable every year for 5 years, except in the event of a notification of non-renewal.
(3) License renewable for periods of 5 years, subject to fulfillment of general criteria established in the contract itself.
(4) License renewable for periods of 5 years, subject to fulfillment of the conditions established in the contract.
(5) License renewable for periods of 2 or 3 years, subject to fulfillment of the conditions established in the contract.
(6) After the initial expiry, the license is automatically renewed under identical conditions (Rolling Contract) every year for a period of 10 years, except in the event that non-renewal has been notified.
(7) License renewable for periods of 5 years, subject to fulfillment of the conditions established in the contract.
(8) After the initial expiry, the license is automatically renewed under identical conditions (Rolling Contract) every year for a period of 5 years, subject to compliance with the conditions established in the contract.
(9) License renewable for periods of 5 years, subject to fulfillment of the conditions established in the contract.

Enex: It holds the license and use of the Shell brand in service stations for the sale of fuels for a period of 10 years, starting on May 31, 2011. Enex operates a network of 451 service stations for the sale of fuels and to provide services to motor vehicles, which identify the Shell brand under a license contract with the company Shell Brands International AG. In addition, it operates 120 convenience stores in the service stations that belong to its network, identified under several brands, among which Select and upa! stand out. Of the service station network, 255 are operated under a franchise arrangement where a franchisee or "retailer" is designated to operate one or more service stations, including their convenience stores and ancillary businesses. The franchise contracts are signed for a year and they establish the payment of commissions and royalties. The franchise contract considers an annual business plan and an adjustment system of fair distribution to compensate the differences between the franchisee's revenues and the business plan agreed to with Enex.

SM SAAM: Operates the following port concessions:

San Antonio Terminal Internacional (STI): operates the concession for the South Berthing Dock of the Port of San Antonio, a port terminal that has become one of the most modern in South America. The main cargo shipped through San Antonio Terminal Internacional (STI) corresponds to general container cargo, loose cargo and bulk liquids and solids. This concession, in force since January 2000, has a 20-year horizon with the option to be extended for another 30 years through the development of the mandatory works indicated in the concession contract. In 2013 STI signed the concession contract amendment that will allow it to extend the concession duration by 5 years after undertaking certain works, with the option to extend it for another 5 years.

San Vicente Terminal Internacional: in January 2000, it won the concession for the main port terminal of the Bio Bio Region, the Port of San Vicente, whose three berthing sites are operated by San Vicente Terminal Internacional (SVTI). With a concession that has already been extended, it will operate these facilities through 2029. The construction of a fourth berth began in 2013, which will make it possible to serve larger ships, as did reconstruction of the terminal, damaged by the earthquake on February 27, 2010.

Antofagasta Termina Internacional: Berthing Facility No. 2, corresponding to sites 4, 5, 6 and 7, was transferred to Antofagasta Terminal Internacional S.A. (ATI) in concession in March 2003. The original concession established a 20-year term with the option to extend it by another 10 years, which was materialized in 2014 after works to expand Site 7 and the anti-seismic reinforcement of Site 6 was undertaken in 2013.

Iquique Terminal Internacional: the transfer of the concession for Terminal No.2 (Breakwater) to Iquique Terminal Internacional S.A. (ITI) was completed in July 2000. During 2014, ITI S.A. received the cargo moved through EPI, a dock that was severely damaged after the earthquake on April 1, 2014. The concession was initially established for 20 years and in 2013 it was extended for another 10 years.

Terminal Puerto Arica: berthing facility No. 1 of the Port of Arica was awarded to Terminal Puerto Arica S.A. (TPA) for a 30-year concession in October 2004.

Portuaria Corral: SAAM obtained a stake in Portuaria Corral in 2002, a private company that administers a mechanized dock in Punta Chorocamayo, Bay of Corral.

Terminal Portuario Guayaquil (TPG): a private port that SAAM began operating in July 2006 under a 40-year concession. It is located at the mouth of the Santa Ana Estuary on Trinitaria Island, a suburb of the city of Guayaquil, Ecuador.

Florida International Terminal: SAAM has operated a 16-hectare terminal, Florida International Terminal (FIT), in the South Port area of Port Everglades in Fort Lauderdale, Florida, USA, since 2005. The concession is different from traditional ones, as Port Everglades (the agency that administers the port facilities for Broward County) maintains jurisdiction – including maintenance and assignment of berthing sties and gantry cranes – though the concessionaire operates them individually as part of its services related to stevedoring, container storage, electrical outlets for reefer containers, consolidation and deconsolidation of containers and cargo inspection. The concession expires in 2015, with two options for a 5-year extension each, to be defined by the concessionaire.

Terminal Marítima Mazatlán: since November 2012, SAAM has operated a port terminal with 6 docks, Terminal Marítima Mazatlán (TMAZ), located on the west coast of Mexico in the state of Sinaloa. The concession expires in 2032, with the possibility of extending it for another 12 years, under conditions that must be agreed to with the port authority.

Puerto Buenavista: SAAM obtained a stake in Puerto Buenavista S.A., the company that holds the concession for the port of the same name in December 2012. It has a 211 meter dock in Cartagena de Indias, Colombia, in the area known as Mamonal. In the short term, the project consists in improving the terminal's infrastructure as well as installing the necessary equipment to improve its competitiveness and service. The company also acquired a 41 hectare site very near the port to develop an integrated logistics center that will also include areas to support the terminal's activity.

Consolidated Financial Statements

QUIÑENCO S.A. AND SUBSIDIARIES
AS OF DECEMBER 31, 2014 AND 2013

Index

Report of Independent Auditors

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

We have audited the accompanying consolidated financial statements of Quiñenco S.A. and subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the consolidated comprehensive income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with instructions and standards of preparation and presentation of financial information issued by Chilean Superintendency of Securities and Insurance ("SVS") as described in Note 2 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 financial statements as of December 31, 2014 and 2013, of the associates Compañía Cervecerías Unidas S.A., Foods Compañía de Alimentos CCU S.A., SM SAAM S.A. Compañía Sud Americana de Vapores S.A (company included in the consolidation as of December 31, 2014) and Hapag-Lloyd A.G. (as of December 2, 2014). These investments are recorded in the financial statements using the equity method and show total assets of ThCh$ 1,640,464.402, and ThCh$ 751,839,940 as of December 31, 2014 and 2013, respectively, and net income of ThCh$ 48,298,851 (loss) and ThCh$ 14,369,038 (income) for the years then ended, respectively. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these associates, is based solely on the report of the other auditors. We conducted our audits in accordance with generally accepted auditing standards in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on 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 entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing

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an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Regulatory Basis of Accounting

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Quiñenco S.A. and subsidiaries as of December 31, 2014 and 2013 and the results of their operations and their cash flows for the years then ended in conformity with instructions and standards of preparation and presentation of financial information issued by the Chilean Superintendency of Securities and Insurance described in Note 2.

Basis of Accounting

Banco de Chile´s subsidiary is regulated by the Chilean Superintendency of Banks and Financial Institutions ("SBIF"), and therefore, it is requiered to follow the accounting standards established by the SBIF for the preareartion of their consolidated financial statements.

As described in Note 2 of these consolidated financial statements, on October 17, 2014, the Chilean Superintendency of Securities and Insurance issued Circular 856 instructing entities regulated by the SVS to register in the respective year against equity the differences in assets and liabilities for the concept of deferred taxes produced as a direct effect of the increase in the first category income tax rate introducing by Law 20,780. Thus changing the preparation and presentation framework for financial information adopted until that date, in relation to the aforementioned deferred taxes, given that the previous framework instructed entities that maintain investments in banking subsidiaries use, for the effects of the preparation of their consolidated financial information, information provided by the banking subsidiaries without being subject to conversion adjustments, for the effect of complying with International Financial Reporting Standards ("IFRS"). As of December 31, 2014 and for the year then ended, the quantification of the accounting framework change is also decribed in Note 27e). Our opinion remains unchanged with respect to this matter.

Eduardo Rodríguez B. **EY LTDA.**
Santiago, Chile, March 30, 2015

Consolidated Statements of Financial Position

Assets	Note	12-31-2014 ThCh$	12-31-2013 ThCh$
Non-banking businesses			
Current assets			
Cash & cash equivalents	3	196,970,560	386,210,633
Other financial assets, current	4	203,838,797	108,999,828
Other non-financial assets, current	5	27,000,077	23,077,038
Trade receivables & other accounts receivable, current	6	211,118,915	209,546,617
Accounts receivable from related entities, current	7	10,907,987	3,255,069
Inventory, current	8	112,408,280	129,156,053
Current tax assets		10,470,652	14,884,346
Total current assets other than assets or groups of assets classified as held for sale or for distribution to the owners		**772,715,268**	**875,129,584**
Non-current assets or groups of assets classified as held for sale	9	32,810,087	25,286,946
Non-current assets or groups of assets classified as held for sale or for distribution to the owners		**32,810,087**	**25,286,946**
Total current assets		805,525,355	900,416,530
Non-current assets			
Other financial assets, non-current	10	88,374,206	78,223,336
Other non-financial assets, non-current	11	28,514,983	16,468,684
Accounts receivable, non-current		1,438,059	1,274,138
Accounts receivable from related entities, non-current	7	911,950	597,244
Investments accounted for using the equity method	12	1,931,755,310	1,042,894,617
Intangible assets other than goodwill	13	220,741,559	219,263,770
Goodwill	14	873,133,439	932,519,610
Property, plant &equipment	17	347,507,159	306,910,733
Investment properties	18	15,516,149	8,788,625
Deferred tax assets	19	243,775,459	35,258,715
Total non-current assets		3,751,668,273	2,642,199,472
Total non-banking services assets		4,557,193,628	3,542,616,002
Banking assets			
Cash & bank deposits	39.5	915,132,943	873,307,879
Operations pending settlement	39.5	400,081,128	374,471,540
Trading instruments	39.6	548,471,898	393,133,694
Repurchase agreements & loans of securities	39.7	27,661,415	82,421,970
Financial derivative contracts	39.8	832,192,270	374,687,483
Due by banks	39.9	1,155,364,144	1,062,055,732
Customer loans & accounts receivable	39.10	21,344,582,639	20,384,474,239
Investment instruments available for sale	39.11	1,600,189,462	1,673,706,050
Investments in companies	39.12	25,311,647	16,670,099
Intangible assets	39.13	26,592,959	29,670,908
Property, plant &equipment	39.14	205,401,952	197,579,144
Current taxes	39.15	3,476,046	3,201,909
Deferred taxes	39.15	202,868,593	145,903,663
Other assets	39.16	355,056,675	318,029,601
Total banking services assets		27,642,383,771	25,929,313,911
Total assets		32,199,577,399	29,471,929,913

The accompanying Notes 1 to 40 form an integral part of these consolidated financial statements.

Consolidated Statements of Financial Position

Liabilities	Note	12-31-2014 ThCh$	12-31-2013 ThCh$
Non-banking businesses			
Current liabilities			
Other financial liabilities, current	20	172,424,558	174,718,849
Trade payables & other accounts payable	21	197,251,571	198,441,476
Accounts payable to related entities, current	7	6,425,106	2,080
Other short-term provisions	22	54,956,815	11,358,135
Current tax liabilities		5,873,617	12,215,339
Provisions for employee benefits, current	23	10,511,373	8,174,381
Other non-financial liabilities, current	24	111,560,128	39,590,085
Total current liabilities other than liabilities included in groups of assets classified as held for sale		**559,003,168**	**444,500,345**
Liabilities included in groups of assets classified as held for sale	9	2,160,080	7,981,024
Total current liabilities		561,163,248	452,481,369
Non-current liabilities			
Other financial liabilities, non-current	20	726,310,218	704,354,390
Accounts payable, non-current		-	-
Other long-term provisions	22	30,699,630	22,556,507
Deferred tax liabilities	19	106,446,335	72,124,569
Provisions for employee benefits, non-current	23	17,478,465	18,855,862
Other non-financial liabilities, non-current	25	52,260,175	45,811,019
Total non-current liabilities		933,194,823	863,702,347
Total non-banking business liabilities		**1,494,358,071**	**1,316,183,716**
Banking liabilities			
Deposits & other demand deposits	39.17	6,857,552,389	5,887,977,817
Operations pending settlement	39.5	96,945,511	126,343,779
Repurchase agreements & loans of securities	39.7	249,481,757	256,765,754
Time deposits & other loans	39.18	9,718,775,449	10,399,954,018
Financial derivative contracts	39.8	859,750,852	445,133,565
Due to banks	39.19	1,098,715,291	989,465,125
Debt instruments issued	39.20	5,057,956,692	4,366,652,444
Subordinated obligation with Banco Central de Chile		338,671,377	401,316,608
Other financial obligations	39.21	186,572,904	210,926,384
Current taxes	39.15	22,497,995	10,327,650
Deferred taxes	39.15	35,028,598	36,569,131
Provisions	39.22	401,881,697	328,011,748
Other liabilities	39.23	247,307,126	269,508,839
Total banking services liabilities		**25,171,137,638**	**23,728,952,862**
Total liabilities		**26,665,495,709**	**25,045,136,578**
Equity			
Issued capital	27	1,223,669,810	1,223,669,810
Accumulated earnings		1,123,383,805	896,392,481
Share premium	27	31,538,354	31,538,354
Other reserves	27	456,701,188	265,760,018
Equity attributable to owners of the controller		2,835,293,157	2,417,360,663
Non-controlling participations		2,698,788,533	2,009,432,672
Total equity		**5,534,081,690**	**4,426,793,335**
Total equity & liabilities		**32,199,577,399**	**29,471,929,913**

The accompanying Notes 1 to 40 form an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income

Income Statement	Note	01-01-2014 12-31-2014 ThCh$	01-01-2013 12-31-2013 ThCh$
Non-banking businesses			
Revenues from ordinary activities	28 a)	2,540,694,169	2,022,773,208
Cost of sales		(2,275,471,521)	(1,794,574,000)
Gross margin		**265,222,648**	**228,199,208**
Other revenues by function		14,390,829	23,496,662
Distribution costs		(6,122,884)	(5,159,703)
Administrative expenses		(236,160,762)	(198,758,970)
Other expenses by function	28 b)	(18,730,964)	(3,280,744)
Other gains (losses)	28 c)	564,677,134	38,189,472
Income from operating activities		583,276,001	82,685,925
Financial income		22,948,066	16,298,853
Financial costs	28 d)	(41,235,146)	(39,054,881)
Participation in earnings of associates & joint ventures accounted for using the equity method	12	(61,715,421)	(38,764,931)
Foreign exchange differences		3,537,890	(2,243,833)
Income from indexation adjustments		(26,902,288)	(10,743,297)
Earnings (loss) before taxes		**479,909,102**	**8,177,836**
(Charge) credit for income taxes	19	(89,117,922)	(9,479,951)
Profit from continued operations		390,791,180	(1,302,115)
Profit (loss) from discontinued operations	9	(77,141,621)	(11,851,519)
Profit (loss) from non-banking businesses		313,649,559	(13,153,634)
Banking services			
Interest & indexation income		2,033,845,510	1,763,542,410
Interest & indexation expense		(785,124,473)	(702,278,317)
Net interest & indexation income		**1,248,721,037**	**1,061,264,093**
Fee income	39.26	387,450,576	386,732,250
Fee expense	39.26	(115,263,850)	(99,638,863)
Net fee income	**39.26**	**272,186,726**	**287,093,387**
Net gain (loss) from financial operations	39.27	29,459,614	11,084,371
Net exchange gain (loss)	39.28	70,223,952	71,457,285
Other operating revenues	39.33	29,474,296	27,222,157
Allowance for credit risk	39.29	(283,993,297)	(241,613,810)
Total net operating income		**1,366,072,328**	**1,216,507,483**
Staff remuneration & expenses	39.30	(384,697,139)	(323,413,388)
Administrative expenses	39.31	(270,536,786)	(252,501,641)
Depreciation & amortization	39.32	(30,500,680)	(28,908,652)
Impairment	39.32	(2,085,201)	(2,247,403)
Other operating expenses	39.34	(27,098,241)	(16,129,368)
Total operating expenses		**(714,918,047)**	**(623,200,452)**
Operating income		651,154,281	593,307,031
Result of investments in companies	39.12	2,860,292	2,071,770
Interest on subordinated debt with Banco Central de Chile		(82,478,809)	(69,700,679)
Income before income tax		**571,535,764**	**525,678,122**
Income tax	**39.15**	**(83,286,409)**	**(80,020,254)**
Income from continuing operations		**488,249,355**	**445,657,868**
Banking services net income		488,249,355	445,657,868
Consolidated net income		801,898,914	432,504,234
Net income attributable to owners of the controller		**342,089,458**	**124,840,504**
Net income attributable to non-controlling participations		459,809,456	307,663,730
Consolidated net income		**801,898,914**	**432,504,234**

The accompanying Notes 1 to 40 form an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income

Comprehensive Income Statement	01-01-2014 12-31-2014 ThCh$	01-01-2013 12-31-2013 ThCh$
Earnings	801,898,914	432,504,234
Components of other comprehensive income which will not be reclassified in the result for the year, before tax		
Participation in other comprehensive income of associates & joint ventures accounted for using the equity method which will not be reclassified in the result for the year	(6,220,725)	985,048
Total other comprehensive result that will not be reclassified in the result for the year, before tax	**(6,220,725)**	**985,048**
Components of other comprehensive result that will be reclassified in the result for the year		
Currency translation differences		
Gains (losses) from currency translation differences	34,431,094	38,319,746
Other comprehensive income, currency translation differences	**34,431,094**	**38,319,746**
Financial assets available for sale		
Gains (losses) for new measurements of financial assets available for sale	(89,859)	2,363,289
Other comprehensive income, before tax, financial assets available for sale	**(89,859)**	**2,363,289**
Cash-flow hedges		
Gains (losses) from cash-flow hedges, before tax	1,869,583	(6,945,055)
Other comprehensive income, cash-flow hedges, before tax	**1,869,583**	**(6,945,055)**
Total other comprehensive income that will be reclassified in the result for the year, before tax	**36,210,818**	**33,737,980**
Other components of other comprehensive income, before tax	29,990,093	34,723,028
Total comprehensive income	831,889,007	467,227,262
Comprehensive income attributable to:		
Owners of the controller	372,079,551	159,563,532
Non-controlling participations	459,809,456	307,663,730
Total comprehensive income	831,889,007	467,227,262

The accompanying Notes 1 to 40 form an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

Statement of cash flows	Note	01-01-2014 12-31-2014 ThCh$	01-01-2013 12-31-2013 ThCh$
Cash flows provided by (used in) operating activities			
Non-banking services			
Classes of collections from operating activities			
Proceeds of sales of assets & provision of services		4,334,484,933	2,429,962,351
Proceeds of royalties, quotas, commissions & other ordinary revenues		348,104	321,685
Proceeds of premiums, annuities & other policy benefits		71,997,217	62,067,591
Proceeds from other operating activities		44,793,974	176,299,156
Classes of payments			
Payments to suppliers of goods & services		(4,317,929,540)	(2,309,588,207)
Payments to & on behalf of employees		(147,861,328)	(68,557,753)
Other payments for operating activities		(98,044,487)	(244,095,170)
Net cash flow provided by (used in) operating activities		**(112,211,127)**	**46,409,653**
Income taxes refunded (paid)		(10,719,764)	(3,683,105)
Other cash inflows (outflows)		(1,862,668)	6,033,880
Net cash flow provided by (used in) non-banking services operating activities		(124,793,559)	48,760,428
Banking services			
Consolidated earnings for the year		485,286,028	444,530,859
Charges (credits) to income not involving cash movement:			
Depreciation & amortization		32,585,879	31,156,055
Allowances for credit risk		307,803,672	275,161,488
Adjustment to market value of trading instruments		1,763,904	(1,611,876)
Net income loss on investment in companies with significant influence		(2,485,761)	(1,780,455)
Net gain on sales of assets received in lieu of payment		(3,484,072)	(6,126,151)
Gain on sales of property, plant & equipment		(155,381)	(219,347)
Write-offs of assets received in payment		1,621,751	1,891,001
Other charges (credits) not involving cash movement		(200,121,907)	(138,230,693)
Net change in accrued interest, indexation & fees on assets & liabilities		(128,228,343)	29,323,477
Changes in assets & liabilities that affect operating cash flows:			
Net (increase) decrease in due from banks		(94,185,806)	281,523,894
(Increase) decrease in customer loans & accounts receivable		(944,367,165)	(2,259,317,497)
Net (increase) decrease in trading instruments		27,619,713	(165,628,742)
Increase (decrease) in deposits & other demand deposits		948,864,480	512,401,872
Increase (decrease) in repurchase agreements & loans of securities		5,282,415	33,015,811
Increase (decrease) in time deposits & other loans		(594,958,629)	767,824,552
Increase (decrease) in due to banks		4,584,297	(323,054,979)
Increase (decrease) in other financial obligations		(18,882,955)	54,074,026
Loans from Banco Central de Chile (long term)		17,994	-
Loans repaid to Banco Central de Chile (long term)		(20,065)	(7,448)
Foreign loans received at long term		917,204,063	844,776,442
Repayment of long-term foreign loans		(811,697,423)	(639,571,276)
Other long-term loans drawn		7,091,322	609,231
Repayments of other long-term loans		(13,210,870)	(6,283,978)
Provision for payment of subordinated obligation with Banco Central de Chile		82,478,809	69,700,679
Others		(60,919,806)	(12,380,761)
Sub total of net cash flow from (used in) banking services operating activities		(50,513,856)	(208,223,816)
Total net cash flow provided by (used in) operating activities		(175,307,415)	(159,463,388)

The accompanying Notes 1 to 40 form an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

	Notas	01-01-2014 12-31-2014 ThCh$	01-01-2013 12-31-2013 ThCh$
Cash flows provided by (used in) investment activities			
Non-banking services			
Cash flows provided by the loss of control of subsidiaries or other businesses		959,418	-
Cash flows used in obtaining control of subsidiaries or other businesses		(59,157,421)	(240,238,190)
Cash flows used in the purchase of non-controlling participations		(173,293,987)	(84,300,688)
Other proceeds from sale of equity or debt instruments of other entities		1,704,839,934	283,714,896
Other payments to acquire equity or debt instruments of other entities		(1,397,173,070)	(300,265,210)
Loans to related entities		(125,371)	(5,736,184)
Proceeds of sale of property, plant & equipment		14,050,632	5,765,887
Purchases of property, plant & equipment		(100,659,826)	(41,449,610)
Proceeds of the sale of other assets		635,379	-
Purchases of intangible assets		(326,321)	(29,931)
Proceeds of other long-term assets		-	13,968,059
Payments received from related entities		2,242,841	290,789
Dividends received		30,954,518	27,899,165
Interest received		30,436,436	18,380,010
Other cash inflows (outflows)		97,590,808	23,941,195
Net cash flow provided by (used in) non-banking investment activities		**150,973,970**	**(298,059,812)**
Banking services			
Net (increase) decrease in investment instruments available for sale		124,831,902	(367,257,942)
Purchases of property, plant & equipment		(31,513,268)	(12,251,390)
Sales of property, plant & equipment		200,291	505,349
Investments in companies		(6,608,293)	(1,439,574)
Dividends received on investments in companies		195,276	956,376
Sale of assets received in lieu of payment		6,393,203	8,454,011
Net (increase) decrease in other assets & liabilities		(33,321,003)	(42,462,495)
Others		(5,377,825)	(5,510,614)
Sub total net cash flow provided by (used in) banking services investment activities		**54,800,283**	**(419,006,279)**
Total net cash flow provided by (used in) investment activities		**205,774,253**	**(717,066,091)**

The accompanying Notes 1 to 40 form an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

	Note	01-01-2014 12-31-2014 ThCh$	01-01-2013 12-31-2013 ThCh$
Cash flows provided by (used in) non-banking services financing activities			
Proceeds of share issues		66,485,482	349,761,200
Payments to acquire or redeem the company's shares		(11,719,936)	-
Proceeds of long-term loans		67,001,801	174,112,242
Proceeds of short-term loans		471,160,079	367,437,470
Total loan proceeds		**538,161,880**	**541,549,712**
Loans from related entities		-	2,392,151
Loan repayments		(553,320,219)	(441,260,741)
Payments of financial lease obligations		(5,602,288)	(6,008,454)
Repayment of loans from related entities		(2,104,066)	
Dividends paid		(349,397,122)	(97,591,207)
Interest paid		(66,977,763)	(32,295,342)
Income taxes refunded (paid)		-	(264,959)
Other cash inflows (outflows)		(5,642,779)	(2,447,130)
Net cash flow provided by (used in) non-banking services financing activities		(390,116,811)	313,835,230
Banking services			
Redemption of letters of credit		(16,713,518)	(20,733,751)
Bonds issued		1,826,552,045	1,607,265,955
Bonds repaid		(1,149,274,250)	(536,822,596)
Payment of subordinated obligation with Banco Central de Chile		(145,122,601)	(142,318,201)
Issue of shares		-	134,070,925
Dividends paid		(116,961,004)	(81,727,548)
Sub total net cash flow from (used in) banking services financing activities		398,480,672	959,734,784
Total net cash flow from (used in) financing activities		8,363,861	1,273,570,014
Net increase (decrease) in cash & cash equivalents, before the effect of exchange rate changes		38,830,699	397,040,534
Effects of exchange rate changes on cash & cash equivalents		60,401,433	60,912,680
Net increase (decrease) in cash & cash equivalents		99,232,132	457,953,214
Cash & cash equivalents at start of the year		1,924,880,084	1,466,926,870
Cash & cash equivalents at end of the year	3 c)	2,024,112,216	1,924,880,084

The accompanying Notes 1 to 40 form an integral part of these consolidated financial statements.

Statements of Changes in Equity

	Ordinary shares		Other reserves									
	Capital issued	Share premium	Revaluation surplus	Reserves for currency translation differences	Reserve for cash-flow hedges	Reserves of gains and losses on re-measurement of financial assets available for sale	Other reserves	Total other reserves	Accumulated earnings (losses)	Equity attributable to owners of the controller	Non-controlling participations	Equity
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Initial balance current period 01/01/14	1,223,669,810	31,538,354	384,026	857,616	(5,268,170)	3,050,835	266,735,711	265,760,018	896,392,481	2,417,360,663	2,009,432,672	4,426,793,335
Restated initial balance	1,223,669,810	31,538,354	384,026	857,616	(5,268,170)	3,050,835	266,735,711	265,760,018	896,392,481	2,417,360,663	2,009,432,672	4,426,793,335
Changes in equity												
Comprehensive income												
Earnings (loss)	-	-	-	-	-	-	-	-	342,089,458	342,089,458	459,809,456	801,898,914
Other comprehensive income	-	-	-	34,431,094	1,869,583	(89,859)	(6,220,725)	29,990,093	-	29,990,093	-	29,990,093
Comprehensive income	-	-	-	34,431,094	1,869,583	(89,859)	(6,220,725)	29,990,093	342,089,458	372,079,551	459,809,456	831,889,007
Dividends	-	-	-	-	-	-	-	-	(140,078,967)	(140,078,967)	-	(140,078,967)
Increase (decrease) from changes in participation in subsidiaries that do not imply a loss of control	-	-	-	-	-	-	141,038,305	141,038,305	-	141,038,305	(141,038,305)	-
Increase (decrease) for transfers & other changes	-	-	-	(895,971)	768,995	-	20,039,748	19,912,772	24,980,833	44,893,605	370,584,710	415,478,315
Total changes in equity	-	-	-	33,535,123	2,638,578	(89,859)	154,857,328	190,941,170	226,991,324	417,932,494	689,355,861	1,107,288,355
Closing balance current period 12/31/14	1,223,669,810	31,538,354	384,026	34,392,739	(2,629,592)	2,960,976	421,593,039	456,701,188	1,123,383,805	2,835,293,157	2,698,788,533	5,534,081,690
Initial balance previous period 01/01/13	855,336,413	50,151,431	384,026	(37,462,130)	1,676,885	687,546	186,012,734	151,299,061	836,932,656	1,893,719,561	1,694,753,077	3,588,472,638
Restated initial balance	855,336,413	50,151,431	384,026	(37,462,130)	1,676,885	687,546	186,012,734	151,299,061	836,932,656	1,893,719,561	1,694,753,077	3,588,472,638
Changes in equity												
Comprehensive income												
Earnings (loss)	-	-	-	-	-	-	-	-	124,840,504	124,840,504	307,663,730	432,504,234
Other comprehensive income	-	-	-	38,319,746	(6,945,055)	2,363,289	985,048	34,723,028	-	34,723,028	-	34,723,028
Comprehensive income	-	-	-	38,319,746	(6,945,055)	2,363,289	985,048	34,723,028	124,840,504	159,563,532	307,663,730	467,227,262
Capital increase	318,181,966	31,538,354	-	-	-	-	-	-	-	349,720,320	-	349,720,320
Dividends	-	-	-	-	-	-	-	-	(65,380,679)	(65,380,679)	-	(65,380,679)
Increase (decrease) from changes in participation in subsidiaries that do not imply a loss of control	-	-	-	-	-	-	71,856,960	71,856,960	-	71,856,960	(71,856,960)	-
Increase (decrease) for transfers & other changes	50,151,431	(50,151,431)	-	-	-	-	7,880,969	7,880,969	-	7,880,969	78,872,825	86,753,794
Total changes in equity	368,333,397	(18,613,077)	-	38,319,746	(6,945,055)	2,363,289	80,722,977	114,460,957	59,459,825	523,641,102	314,679,595	838,320,697
Closing balance previous period 12/31/13	1,223,669,810	31,538,354	384,026	857,616	(5,268,170)	3,050,835	266,735,711	265,760,018	896,392,481	2,417,360,663	2,009,432,672	4,426,793,335

The accompanying Notes 1 to 40 form an integral part of these consolidated financial statements

Note 1 – Corporate information

(a) Information on the entity

Quiñenco S.A. (hereinafter "Quiñenco" or "the Company") is an open stock corporation, tax ID 91.705.000-7, domiciled at Enrique Foster Sur 20, Las Condes, Santiago. The Company is registered in the Securities Register under No. 0597 and is subject to the regulatory authority of the Superintendency of Securities and Insurance (hereinafter the "SVS").

These consolidated financial statements have been approved by the board of the Company at its meeting held on March 30, 2015.

(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 held under the equity value method through Inversiones y Rentas S.A.; it manufactures flexible packaging and cables through the subsidiaries Tech Pack S.A. (hereinafter "Tech Pack") and 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 ship and cargo services business through the subsidiary Compañía Sud Americana de Vapores S.A. (hereinafter "CSAV") and SM SAAM S.A. (hereinafter "SM SAAM"), an investment held under the equity method.

The following is a detail of the industries where the Company operates:

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, 2014 and 2013, 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.

As of December 31, 2014 and 2013, LQIF is the direct holder of 25.71% and 32.58% respectively of Banco de Chile. As of December 31, 2014 and 2013, LQIF is the holder of 58.24% of the holding company Sociedad Matriz del Banco de Chile S.A. (hereinafter "SM-Chile") which holds 12.82% directly (13.03% as of December 31, 2013) and 30.21% indirectly (30.69% as of December 31, 2013) through its subsidiary Sociedad Administradora de la Obligación Subordinada SAOS S.A. (hereinafter "SAOS"). In all, LQIF has a direct and indirect participation in Banco de Chile of 51.17% and 58.41% as of December 31, 2014 and 2013 respectively.

As of December 31, 2014 and 2013, LQIF holds 32.97% and 39.92% 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, 2014 and 2013.

Note 1 – Corporate information (continued)

(b) Description of operations and principal activities (continued)

Manufacturing: The Company has an indirect participation in the French company Nexans through its 80.45% and 65.92% shareholding in Invexans as of December 31, 2014 and 2013 respectively. Nexans is a global player in the cable industry, offering a wide range of cables and cabling systems and with an industrial presence in 40 countries and trading activities throughout the world. Nexans is quoted on the NYSE Euronext exchange in Paris.

Quiñenco also has a participation of 65.92% in Tech Pack (formerly Madeco) as of December 31, 2014 and 2013 respectively. Tech Pack is a regional producer of flexible packaging for mass consumption, through its subsidiary Alusa.

Fuels and Lubricants: Quiñenco has an indirect participation 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.

Transport: Quiñenco has a 64.61% and 46.00% participation respectively as of December 31, 2014 and 2013 in the subsidiary Compañía Sud Americana de Vapores S.A. (CSAV), a company that is mainly involved in cargo shipping. On February 15, 2012, CSAV was split and Sociedad Matriz SAAM S.A. was constituted from it, the holder of approximately 99.99% of the shares of Sudamericana Agencias Aéreas y Marítimas S.A. ("SAAM"), a closely-held corporation whose objects are the provision of services related to shipping, mainly the ports business, tugs and logistics. As of December 31, 2014 and 2013 Quiñenco has a 42.44% shareholding in the associate SM SAAM.

(c) Employees

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

Number of employees	**12-31-2014**	**12-31-2013**
Quiñenco	55	39
LQIF & subsidiaries	14,807	14,731
Tech Pack & subsidiaries	2,236	2,643
Enex & subsidiaries	2,244	1,654
Invexans	5	3
CSAV	170	-
Other subsidiaries	75	77
Total employees	**19,592**	**19,147**

Note 2 – Principal Accounting Criteria Applied

(a) Period covered

These consolidated financial statements cover the following periods:

- Statements of financial position: as of December 31, 2014 and 2013.
- Statements of comprehensive income, cash flows and changes in equity; for the years ended December 31, 2014 and 2013.

(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 the principles and criteria have all been fully applied as included in International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB), with the following exceptions:

Note 2 – Principal Accounting Criteria Applied (continued)

b) Basis of preparation (continued)

Banco de Chile and SM Chile, subsidiaries[1] 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 the above legislation, Banks should use the criteria stated by the Superintendency in the compendium of accounting standards (the "Compendium") and in everything not treated by this, and provided its instructions are not contradicted, should abide by generally accepted accounting criteria, which correspond to the technical standards of the Chilean Association of Accountants, which coincide with International Financial Reporting Standards ("IFRS") as agreed 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:

- Allowances for credit risk: The Bank currently considers in its allowances model both estimated and incurred losses, as established by the SBIF. 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 can not be recognized in income on an accrued basis. Under IFRS, the financial asset is not written off, an allowance 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.

The present consolidated financial statements as of December 31, 2014, have been prepared in accordance with financial information preparation and presentation instructions and standards issued by the SVS which comprise IFRS and those established in Circular 856 of October 17, 2014, which instructs entities to book against equity in the respective year the differences in assets and liabilities relating to deferred taxes that are the direct result of the increase in corporate tax introduced in Law 20.780 plus specific regulations published by the SVS.

In view of the magnitude and complexity of the banking operations of the subsidiary Banco de Chile, the management of the Company has adopted the provisions of SVS Circular 506 of February 13, 2009, which establishes that differences between the Compendium of Standards and IFRS shall only be quantified to the extent that it is possible to make the calculation.

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

Certain accounting practices applied by the Company that conform to IFRS may not conform to generally accepted accounting principles in the United States ("US GAAP") or to generally accepted accounting principles in Chile ("Chile GAAP"). For the convenience of the reader these financial statements have been translated from Spanish to English.

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

Note 2 – Principal Accounting Criteria Applied (continued)

Basis of preparation (continued)

For comparison purposes, the Company and its subsidiaries have made minor reclassifications to their annual financial statements as of December 31, 2013, which do not affect their interpretation.

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

At the date of the issue of these consolidated financial statements, IFRS improvements and amendments have been published that have not yet become effective and which the Company has not adopted in advance. These will be of obligatory application from the dates shown below:

	New standards	Obligatory application
IFRS 9	Financial instruments: classification & measurement	January 1, 2018
IFRS 15	Revenue under contracts with customers	January 1, 2017

	Improvements & modifications	Obligatory application
IAS 19	Employee benefits	July 1, 2014 & January 1, 2015
IAS 16	Property, plant & equipment	January 1, 2016
IAS 38	Intangible assets	January 1, 2016
IFRS 11	Joint agreements	January 1, 2016
IAS 27	Separate financial statements	January 1, 2016
IAS 28	Investments in associates & joint ventures	January 1, 2016
IFRS 10	Consolidated financial statements	January 1, 2016
IFRS 5	Non-current assets held for sale & discontinued operations	January 1, 2016
IFRS 7	Financial instruments: disclosures	January 1, 2016
IAS 34	Interim financial information	January 1, 2016
IFRS 12	Disclosures of information on participations in other entities	January 1, 2016
IAS 1	Presentation of financial statements	January 1, 2016

The Company's management believes that the adoption of the above new regulations, improvements and amendments will have no significant effects in its consolidated financial statements in the period of their first application.

(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 the subsidiary companies have been eliminated and the participation of the minority investors is shown in the statement of financial position and comprehensive income statement in the account Non-controlling participations.

The subsidiaries whose financial statements have been included in the consolidation are the following:

Tax No.	Name of Subsidiary	Country of origin	Functional currency	Percentage of participation			
				12-31-2014			12-31-2013
				Direct	Indirect	Total	Total
76.077.048-5	Inversiones Caboto S.A. & Subsidiary	Chile	CLP	99.9999	0.0001	100.0000	100.0000
76.136.898-2	Inversiones Río Argenta S.A. & Subsidiary	Chile	CLP	99.9999	0.0001	100.0000	100.0000
76.284.393-k	Cabletron S.A.	Chile	CLP	99.9800	0.0200	100.0000	100.0000
77.253.300-4	Inversiones Río Bravo S.A. & Subsidiaries	Chile	CLP	77.5399	22.4601	100.0000	100.0000
87.011.000-6	Inv. O'Higgins Punta Arenas S.A.	Chile	CLP	75.5579	-	75.5579	75.5579
91.000.000-4	Industria Nacional de Alimentos S.A.	Chile	CLP	71.9512	27.9751	99.9263	99.9263
91.527.000-K	Empresa El Peñón S.A. & Subsidiary	Chile	CLP	97.7637	-	97.7637	97.7637
95.987.000-4	Inversiones Río Grande S.p.A. & 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
96.929.880-5	LQ Inversiones Financieras S.A. & Subsidiaries	Chile	CLP	47.3520	2.6480	50.0000	50.0000
76.275.453-3	Tech Pack S.A. & Subsidiaries (ex Madeco)	Chile	USD	46.7101	19.2078	65.9179	65.9179
90.160.000-7	Compañía Sud Americana de Vapores S.A & Subsidiaries	Chile	USD	22.9600	41.6438	64.6038	46.0000
91.021.000-9	Invexans S.A. & Subsidiaries	Chile	USD	57.1821	23.2719	80.4540	65.9179
-	Excelsa Establishment	Liechtenstein	USD	99.9900	0.0100	100.0000	100.0000

Note 2 – Principal Accounting Criteria Applied (continued)

(d) Consolidation (continued)

The subsidiaries Invexans, Tech Pack, LQIF and CSAV are registered in the Securities Register under the numbers 251, 1108, 730 and 76 respectively, and are subject to the regulatory authority of the SVS.

The subsidiary Banchile Vida, included in the consolidated financial statements of Quiñenco, is subject to the regulatory authority of the SVS.

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.

The subsidiary Compañía Sud Americana de Vapores has been included in the consolidated financial statements since September 2014, as Quiñenco assumed control over it in the third quarter of that year.

On April 16, 2014, the subsidiary CSAV reported to the SVS that it had signed a binding contract with Hapag - Lloyd AG ("HLAG"), called the "Business Combination Agreement", by which it promised to contribute the whole of its containership business to HLAG. In consideration of this contribution it would receive a 30% shareholding in HLAG as a combined business. This agreement stipulates some conditions precedent and also a second capital increase in HLAG which would increase CSAV's shareholding to 34%.

On December 2, 2014, the subsidiary CSAV reported to the SVS that all the conditions precedent for the closure of the transaction and the conclusion of the closure process had been met, with the contribution to HLAG of all the rights in the entity CSAV Germany Container GmbH, which at that date controlled all the assets, liabilities and personnel of CSAV's containership business. In consideration it subscribed for shares representing a 30% shareholding in HLAG at that date.

(e) Use of 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, revenues, expenses and commitments that appear in them. These estimates refer basically to:

- The valuation of assets and goodwill for determining any losses through impairment.
- The assumptions made in the actuarial calculation of liabilities and obligations with employees.
- The useful lives and residual values of property, plant and equipment and intangible assets other than goodwill.
- The assumptions used for the calculation of fair value of financial instruments.
- The assumptions used for calculating estimates of the recoverability of trade receivables and accounts receivable 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.

Note 2 – Principal Accounting Criteria Applied (continued)

(e) Use of estimates (continued)

- 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 deductable. 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 realization of the deferred tax assets and the expected moment 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 at 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 periods, which would be made prospectively, booking the effects of the change in estimate in the corresponding future consolidated financial statements.

(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:

(f1) Quiñenco, its non-banking subsidiaries and principal associates operate in the businesses of food and beverages, manufacturing, fuels and lubricants, and transportation, among which there is a similar operating cycle. They have therefore chosen a presentation format based on current value (classified).

(f2) The banking subsidiaries have no clearly-defined operating cycle and have chosen a liquidity format as required by the SBIF.

Statements of Comprehensive Income

Quiñenco and its subsidiaries show their 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, Banco de Chile and Enex is the Chilean peso.

Note 2 – Principal Accounting Criteria Applied (continued)

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

The functional currency of the operations of the associate SM SAAM and of the subsidiaries Invexans, Tech Pack and CSAV 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 statement of 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 a currency other than the functional currency are considered to be in foreign currency, and are initially booked at the exchange rate of the functional currency on the date of the transaction. Monetary assets and liabilities in foreign currency are translated at the exchange rate of the functional currency on the date of the statement of financial position. All the differences are shown 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.

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 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 shown in Unidades de Fomento ("U.F.") are shown at the closing value of the U.F. on the date of the statement of financial position, as published by the National Institute of Statistics (I.N.E.).

(h) Inventory

The subsidiary companies value inventories at the lower of cost and net realization 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 inventories to their location and present conditions.

The net realization 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.

The subsidiaries evaluate the net realization value of inventories at the end of each year, booking an estimate as a charge to comprehensive income when these are overvalued. When the circumstances that previously caused the reduction have ceased to exist, or when there is clear evidence of an increase in the net realization value due to a change in economic circumstances or prices of the principal raw materials, the previously-made estimate is modified.

Note 2 – Principal Accounting Criteria Applied (continued)

(i) Property, plant and equipment

(i1) 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.

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 operative nature effectively used in the construction of the property, plant and equipment.

After the initial booking, 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 booked as a charge or credit to comprehensive income at the time they are incurred.

This heading also includes investments made in assets acquired under leasing agreements with an option to purchase, that have the characteristics of a financial 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.

(i2) Depreciation

Depreciation is calculated using the straight-line method, by the distribution of the cost of acquisition corrected by the estimated residual value between the estimated useful life of each of the elements, as follows:

Group of assets	Estimated years of useful life
Buildings & infrastructure	20 to 100
Installations	5 to 33
Machinery & equipment	5 to 40
Ships	16 to 25
Engines & equipment	7
Other property, plant & equipment	2 to 10

Note 2 – Principal Accounting Criteria Applied (continued)

(i2) Depreciation (continued)

Land is shown separately from the 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.

(j) Investment properties

Investment properties are shown as the net value of land, buildings and other construction held for exploitation through leasing 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 allowances for impairment of value.

(k) Non-current assets or groups of assets for disposal 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 available for sale and discontinued operations. This condition is considered to be met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

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.

(l) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and subsidiaries and they can be reliably measured. Revenues are measured at the fair value of the payment received, excluding discounts, rebates and other sales taxes or duties. The following specific criteria should also be followed before booking revenue:

(l1) Sale of goods

The proceeds of the sale of goods are booked when the risks and significant benefits of ownership of the goods have been transferred to the buyer, generally on the delivery of the goods.

(l2) Services revenue

Ordinary revenue related to the provision of services is booked considering the degree of completion of the service as of the date of the statement of financial position, provided the result of the transaction can be estimated reliably.

(l3) Interest income

The income (except for financial assets held for trading) is booked as the interest is accrued as a function of the principal outstanding and the applicable interest rate.

(l4) Dividends

Revenue is booked when the Company and its subsidiaries have the right to receive the payment.

Note 2 – Principal Accounting Criteria Applied (continued)

(m) Investments in subsidiaries (combination of businesses)

Combinations of businesses are adjusted using the purchase method. This involves booking the identifiable assets (including intangible assets not previously booked) and liabilities (including contingent liabilities and excluding future restructurings) of the business acquired at its fair value.

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

(n) Investments booked using the equity method

The Company and its subsidiaries value their investments in associates[2] 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 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 participation 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, if the case, shown in the statement of changes in equity.

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

Should the significant influence be lost or the investment be sold or become available for sale, the equity method is discontinued, suspending the booking 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.

As the indirect associate Nexans S.A., an investment held through the subsidiary Invexans S.A., does not prepare interim financial statements as of March 31 and September 30 each year, in order to book the investment on those dates, the financial statements published by that company at the immediately previous accounting date are used, i.e. December 31 and June 30 respectively.

(o) 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 participations 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.

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

Note 2 – Principal Accounting Criteria Applied (continued)

(o) Investments in joint ventures (continued)

The investments which, due to their characteristics, have been defined as joint ventures are the following:

(i) Inversiones y Rentas S.A. (parent of CCU)
(ii) Habitaria S.A.
(iii) Foods Compañía de Alimentos CCU S.A.
(iv) Transportes y Servicios Aéreos S.A.
(v) Inmobiliaria El Norte y El Rosal S.A.
(vi) Asfaltos Conosur S.A.

(p) Financial Instruments – Initial booking and subsequent measurement

The management determines the classification of its financial assets when initially booked. Financial assets within the scope of IAS 39 are classified as financial assets for trading (fair value through income), loans and accounts receivable, investments held to maturity or financial assets available for sale, as the case may be. The Company and its subsidiaries have defined and valued their financial assets in the following manner:

(p1) Financial assets held to maturity

These are value at amortized cost, and correspond to non-derivative financial assets with fixed and determinable payments and fixed maturity, whose intention and capacity is to hold them until their maturity. These assets are classified as current assets except for those whose maturity is over one year, which are shown as non-current assets. These investments in their initial booking are not designated as financial assets at fair value through income or as available for sale, and do not meet the definition of loans and accounts receivable.

The Company and its subsidiaries have no investments held to maturity for the years ended December 31, 2014 and 2013.

(p2) Loans and accounts receivable

These are valued at amortized cost and correspond to non-derivative financial assets with fixed and determinable payments, which are not quoted on an active market. They arise from loans of money, goods or services directly to a debtor without the intention of negotiating the account receivable, and are also not within the following categories:

- Those which are intended to be sold immediately in the near future and which are held for trading.

- Those designated in their initial booking as available for sale.

- Those by which the holder does not partially intend to recover substantially all their initial investment for reasons other than credit impairment, and therefore should be classified as available for sale.

- After the initial booking, these financial assets are measured at their amortized cost using the effective interest rate method, less their credit impairment. The amortization of the effective interest rate is included in financial income in the statement of comprehensive income. Losses for impairment are shown in the statement of comprehensive income under financial costs.

- These assets are classified as current assets except those whose maturity is over one year which are shown as non-current assets.

Note 2 – Principal Accounting Criteria Applied (continued)

(p) Financial Instruments – Initial booking and subsequent measurement (continued)

p3) Financial assets at fair value through income

These include all financial assets held for trading with the intention of being sold or repurchased in the short term.

They are valued at their fair value as a charge or credit to comprehensive income and are classified as either held for trading or designated on their initial booking as financial assets at fair value through comprehensive income.

These instruments are classified as current assets except for those whose realization is over one year, which are shown in non-current assets.

This category also includes derivative financial instruments which the Company has not denominated as hedging instruments in accordance with IAS 39. Implicit derivatives are considered in this category, as trading instruments.

Financial assets for trading are shown in the statement of financial position at their fair value and their changes in fair value are shown in the statement of comprehensive income as financial income or costs.

(p4) Financial assets available for sale

These are valued at their fair value and correspond to non-derivative financial instruments designated as available for sale or which are not classified in any of the above three categories. Variations in the fair value are shown as a charge or credit to Other equity reserves in the Other comprehensive income pending their realization.

These assets are classified as current assets except those whose realization is estimated by the Company's management as being in over one year, which are shown in non-current assets.

(p5) Impairment of financial assets

The Company and its subsidiaries evaluate periodically whether there are indications that any of its financial assets might be impaired. If such indications do exist an estimate is made of the amount recoverable of the asset.

The amount recoverable of the 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 groups of assets.

p5.1) Financial investments available for sale

The Company and its subsidiaries evaluate annually whether there is objective evidence that an investment held for sale has become impaired.

In the case of equity investments classified as held for sale, evidence of impairment is when there is a significant and prolonged decline in the fair value of the investment below its acquisition costs. Where there is an accumulated loss for impairment, measured as the difference between cost and its present fair value, less any loss for impairment booked earlier to income, it is transferred from Other equity reserves (Other comprehensive income) to comprehensive income for the year.

Losses for impairment of investments available for sale are not reversed in the statement of comprehensive income.

Increases in the fair value of investments, after having been booked as impairment, are classified in Other equity reserves (Other comprehensive income).

Note 2 – Principal Accounting Criteria Applied (continued)

(p) Financial Instruments – Initial booking and subsequent measurement (continued)

(p5.2) Financial assets at amortized cost (loans and accounts receivable)

Debtors are shown at their net value, i.e. less allowances for impairment (doubtful accounts).

The amount of the allowance is the difference between the book value of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate.

This allowance is determined when there is evidence that the different companies included in the consolidated financial statements will not receive payments according to their original sale terms. Allowances are made when the customer arranges some judicial agreement in bankruptcy or cessation of payments, or when all measures have been exhausted for the recovery of the debt over a reasonable period of time. In the case of the subsidiaries, allowances are estimated using a percentage of the accounts receivable determined case by case, depending on the internal classification of the customer risk and the age of the debt (days overdue).

(p6) Financial debt

(p6.1) Financial debt at fair value through income

Financial debt at fair value through income includes financial debt held for trading and financial debt designated on its initial booking as at fair value through income.

Financial debt is classified as held for trading if acquired with the intention of being sold in the short term. Derivatives, including implicit derivatives, are also classified as held for trading unless they are designated as instruments for effective hedging. Gains or losses on liabilities held for trading are shown with charge or credit to comprehensive income.

When a contract has one or more implicit derivative, the whole hybrid contract may be designated as financial debt at fair value through income, except when the implicit derivative does not significantly modify the cash flows or it is clear that the separation of the implicit derivative is forbidden.

Financial debt may be designated in the initial booking as at fair value through gains or losses if the following criteria are met:

(1) the designation eliminates or significantly reduces the inconsistent treatment which would otherwise arise by measuring the liabilities or booking gains or losses on them on a different basis;
(2) or the liabilities are part of a group of financial debt which is managed and its performance measured on the basis of fair value, according to a documented risk-management strategy;
(3) or the financial debt contains an implicit derivative which would need to be booked separately.

As of December 31, 2014 and 2013, no financial debt has been designated at fair value through income.

(p7) Classification of financial instruments and financial debt

The classification of financial instruments and financial debt according to their category and valuation are reported in Note 26 Classes of financial assets and liabilities.

Note 2 – Principal Accounting Criteria Applied (continued)

(q) Income tax and deferred taxes

(q1) Income tax

Income tax assets and liabilities for the current year and previous years 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 statement of financial position.

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

(q2) 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.

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

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

- The initial booking of goodwill.
- Assigned goodwill acquired whose amortization is not deductible for tax purposes.
- The initial booking of an asset or liability on a transaction that:

  (1) is not a combination of businesses, 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 participations 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 booked 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 booking of an asset or liability in a transaction that:

  (1) is not a combination of businesses, and

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

With respect to deductible temporary differences associated with investments in subsidiaries, associates and participation 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 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.

Note 2 – Principal Accounting Criteria Applied (continued)

(q) Income tax and deferred taxes (continued)

(q2) Deferred taxes (continued)

As of the date of the statement of financial position, the unrecognized deferred tax assets are revalued and recognized to the extent that it is again probable that future taxable income will permit the deferred tax asset to be recovered.

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 booked directly to equity are booked 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.

(r) Intangible assets

- **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 booked using the equity and joint-ventures method.

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 statement of financial position.

The subsidiary LQIF at the time of migration to IFRS made a re-issue of the investment in the subsidiaries Banco de Chile, SM Chile and SAOS acquired in March 2001, 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 booked 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 cost booked, in which case an adjustment for impairment is made.

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

- **Intangible assets other than goodwill**

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

Assets with a defined useful life are valued at cost less accumulated amortization and impairment. The useful life has been determined as a function of the term expected for obtaining the economic benefits. The period and method of amortization are revised annually and any change is treated as a change in the estimate.

Note 2 – Principal Accounting Criteria Applied (continued)

(r) Intangible assets (continued)

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.

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

(s) Asset impairment

(s1) Financial investments held for sale

At the date of closing the 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 accumulated loss for impairment, measured as the difference between their cost of acquisition and their present fair value, less any impairment booked previously to income, this is transferred from Other reserves to comprehensive income for the year. The reversal of losses for impairment of this kind of instrument is shown directly in Other reserves.

(s2) Financial and non-financial assets

The Company and its subsidiaries evaluate periodically 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 amount recoverable of the asset.

The recoverable amount of an asset is the higher of the fair value of an asset or cash-generation 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 groups of assets.

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

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 carried out against equity. In this case, the impairment is also booked as a charge to equity up to the amount of any previous re-evaluation.

For assets other than goodwill, an annual evaluation is made as to whether there are indications that the loss through impairment booked previously may no longer exist or have reduced. The amount recoverable is estimated if such indications exist. A loss for impairment booked previously is reversed, only if there have been changes in the estimates used in determining the amount recoverable of the asset from the last time that a loss for impairment was booked. In this case, the book value of the asset is increased to its recoverable amount. This increased amount cannot exceed the book value that had been previously determined, net of depreciation, if a loss for impairment had not been booked in previous years. This reversal is booked as a credit to income unless an asset is recorded at the revalued amount, in which case the reversal is dealt with as a revaluation increase.

Note 2 – Principal Accounting Criteria Applied (continued)

(s3) Goodwill

Goodwill is revised annually to determine whether indications 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 amount recoverable 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 it is expected will 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 booked when the amount recoverable 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. Losses for impairment related to goodwill cannot be reversed in future years.

(s4) 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.

(s5) Associates and joint ventures

Following the application of the equity value, the Company and its subsidiaries determine whether it is necessary to book a loss for additional impairment of the investment in its associates and joint ventures. It is determined annually whether there is objective evidence that the investment in associates of joint ventures is impaired. If this were the case, the amount of impairment is calculated as the difference between the fair value of associate and joint venture and the cost of acquisition and, should the acquisition value be higher, the difference is booked against comprehensive income.

(t) Provisions

(t1) General

Provisions are booked when:

- The Company has a present obligation with respect to a past event,
- It is probable that an outflow of resources will be required including economic benefits to settle the obligation,
- A reliable estimate can be made of the amount of the obligation.

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 statement of comprehensive income.

Note 2 – Principal Accounting Criteria Applied (continued)

(t) Provisions (continued)

(t1) General (continued)

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 booked as a financial cost.

(t2) Provisions for employee benefits – Termination benefits

Invexans and Tech Pack and subsidiaries are committed to pay termination benefits. This obligation has been determined using the actuarial value method, taking into account the terms of current agreements, considering an annual discount rates of 3.5% and 2.2% (Invexans and Tech Pack respectively), plus a base wage adjusted for inflation and an estimated period according to the age and probable permanence of each person until their retirement.

The above mentioned plan corresponds to a benefits plan as defined in IAS 19. The methodology used for the actuarial calculation was based on the projected credit-unit method. In determining the discount rate, the rate for local sovereign bonds (BCU) has been used.

Enex has agreed a termination benefit plan with its personnel for years of service, equivalent to one month' wages for every year worked as from the third year. The provision has been calculated using the actuarial value, which involves assumptions being made about discount rates, expected returns on assets, future wage increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to a significant amount of uncertainty.

CSAV determines the present value of termination benefits using a risk-free interest rate. The calculation is made by a qualified mathematician using the projected credit unit method. All actuarial gains and losses arising from the defined benefit plans are booked directly to equity as comprehensive income.

(t3) 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 1.60%.

(t4) Provisions for employee benefits - Personnel vacations

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

(t5) Provisions for employee benefits - Bonuses

The Company and its subsidiaries book, where appropriate, a liability for bonuses for their senior executives.

Note 2 – Principal Accounting Criteria Applied (continued)

(u) Technical reserves and claims payable

The subsidiary Banchile Vida determines its technical reserves and claims in the following way:

- Reserve for current risk: determined 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 issued by the SVS.

- 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.

(v) Interest-bearing credits and loans

All credits and loans are initially booked at the fair value of the payment received less the direct costs attributable to the transaction. They are later measured at the amortized cost using the effective interest rate method.

Earnings and losses are shown as a charge or credit to comprehensive income when the liabilities are written off or amortized.

(w) Leasing 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. A re-evaluation is only made after the start of the lease if one of the following points applies:

(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 re-evaluation is carried out, the booking of the lease will begin or cease from the date on which the change in circumstances led to the re-evaluation of the scenarios a), c) or d) and the date of renewal or exercise of extension for scenario b).

Financial 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 split between financing charges and the reduction in the leasing obligation to obtain a constant interest rate on the outstanding balance due. The financial expenses are shown as a charge to comprehensive income on an accrual basis over the term of the agreement.

Capitalized leased assets are depreciated 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.

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

Note 2 – Principal Accounting Criteria Applied (continued)

(x) Financial derivative instruments and hedge accounting

The subsidiary Tech Pack uses derivative financial instruments 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 booked at fair value on the date on which the derivative contract is signed and are later corrected to fair value. The derivatives are booked 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 statement of comprehensive income.

The fair value of currency forward contracts is calculated by reference to the current forward exchange rates with similar maturity profiles. The fair value of interest-rate swap contracts is determined by reference to the market values of similar instruments.

For hedge accounting purposes, hedges are classified as:

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

At the start of a hedge transaction, the subsidiaries Tech Pack and Invexans 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.

(x1) Hedges of fair value

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

The change in fair value of a hedge derivative is booked 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 booked in comprehensive income.

For hedges of fair value related to items booked at amortized cost, the adjustment to book value is amortized against the result over the remaining period to its maturity. Any adjustment to book value of a hedged financial instrument for which the effective rate is used is amortized against income in its fair value attributable to the risk that is being hedged.

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

When a non-booked 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 booked in the statement of comprehensive income. Changes in the fair value of a hedge instrument are also booked in the statement of comprehensive income.

Note 2 – Principal Accounting Criteria Applied (continued)

(x) Financial derivative instruments and hedge accounting (continued)

(x2) Cash flow hedges

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

Amounts previously booked cease to affect equity when the hedged item is booked 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 booked in equity are transferred to the 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 booked in equity remain in equity until the expected transaction or firm commitment occurs.

(x3) Classification of derivative financial instruments and hedges

The classification of derivative financial instruments and hedges according to their category and valuation are reported in Note 4 Other Current Financial Assets and Note 20 Other Current and Non-Current Financial Liabilities.

(y) Cash and cash equivalents

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

For the purposes of this 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. In these statements of cash flows, the following expressions have the following meaning:

- 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 ordinary revenue, plus other activities that cannot be classified as investment or financing.

- Investment activities: those relating to the acquisition, disposal or arrangement by other means of non-current assets and other investments not included in cash and its equivalents.

- Financing activities: those producing changes in the size and composition of equity and or liabilities of a financial nature.

(z) 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 – Principal Accounting Criteria Applied (continued)

(aa) Current and non-current classification

In the consolidated statement of financial position, balances 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 there be obligations maturing in less than twelve months but whose long-term refinancing is assured under available committed credit facilities with long-term maturities, these could be classified as long-term liabilities, at the Company's discretion

(bb) Minimum dividend

Article 79 of the Chilean Corporations Law establishes that, unless otherwise agreed unanimously by all the issued shares at the respective shareholders meeting, open corporations should distribute annually as a cash dividend to their shareholders, pro rata to their shares or in the proportion established in the by-laws if there are preferred shares, of at least 30% of the earnings of each year, except when accumulated losses from previous years have first to be absorbed. Considering that to achieve a unanimous agreement is practically impossible given the well-spread composition of the share capital of Quiñenco, the amount of the 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 booked under the heading Other current liabilities as a charge to an account included in equity called Accumulated earnings (losses). The interim and final dividends are booked as a reduction to equity at the time of their approval by the competent body, which in the first case is normally the board of the Company, while in the second the responsibility is that of the ordinary shareholders' meeting.

(cc) Information by segments

The 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 five business segments: Manufacturing, Financial, Energy, Transport and Other (Quiñenco and others). The associates CCU and SM SAAM are shown at their equity value in the Other segment.

Note 2 – Principal Accounting Criteria Applied (continued)

The following shows the principal accounting policies of financial institutions regulated by the Superintendency of Banks and Financial Institutions (SBIF).

(dd) Legal provisions

Article 15 of the General Banking Law authorizes the SBIF to set generally-applicable accounting regulations for entities subject to its regulation. The Corporations Law 18.046 on the other hand, requires the following of 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). Should there be differences between generally accepted accounting principles and the accounting criteria of the SBIF, the latter prevail.

(ee) Consolidation

The financial statements of SM-Chile as of December 31, 2014 and 2013, have been consolidated with those of its Chilean and foreign subsidiaries through the global 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 (asset and liabilities, equity, revenue, expenses and cash flows) deriving from operations between the SM Chile and its subsidiaries and between these have been eliminated in the consolidation, and the non-controller interest has also been booked corresponding to the percentage participation of third parties in the subsidiaries of which SM Chile is not directly or indirectly the owner, and is shown separately in the equity of SM-Chile S.A. consolidated.

(ee1) Subsidiaries

The consolidated financial statements as of December 31, 2014 and 2013, incorporate the financial statements of SM Chile and the controlled companies (subsidiaries) in accordance with IFRS 10 “Consolidated financial statements”. Control exists when SM Chile 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, SM Chile controls a subsidiary when it has rights that give it the ability to direct the relevant activities of the subsidiary.

When SM Chile has less than a majority of the voting rights in a subsidiary, but those rights are sufficient for having the feasible ability to unilaterally direct the significant activities, it will then be concluded that SM Chile has control. SM Chile considers all the relevant factors and circumstances in assessing whether the voting rights are sufficient for obtaining control, including:

Note 2 – Principal Accounting Criteria Applied (continued)

(ee) Consolidation (continued)

(ee1) Subsidiaries (continued)

• The amount of SM Chile's voting rights in relation to the amount and dispersion of other vote-holders;

• The potential voting rights of the Bank, other vote-holders or other parties;

• Rights arising from other contractual agreements;

• Any additional event and circumstances that indicate that the investor has or not the ability to direct the significant activities when such decisions have to be taken, including the voting-pattern behavior at previous shareholders' meetings.

SM-Chile revaluates whether or not control over a subsidiary exists when the event or circumstances indicate that there are changes in one or more of the control elements mentioned.

The following is a detail of the entities in which the subsidiary SM Chile has direct or indirect holdings and which form part of the consolidation:

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

Tax No.	Entity	Country	Functional currency	Participation Direct 2014 %	Direct 2013 %	Indirect 2014 %	Indirect 2013 %	Total 2014 %	Total 2013 %
97.004.000-5	Banco de Chile	Chile	$	12.82	13.03	30.21	30.69	43.03	43.72
96.803.910-5	Sociedad Administradora de la Obligación Subordinada SAOS S.A.	Chile	$	100.00	100.00	-	-	100.00	100.00

Participations of the subsidiary Banco de Chile in its subsidiaries

Tax No.	Entity	Country	Functional currency	Participation Direct 2014 %	Direct 2013 %	Indirect 2014 %	Indirect 2013 %	Total 2014 %	Total 2013 %
44.000.213-7	Banchile Trade Services Limited (*)	Hong Kong	US$	100.00	100.00	-	-	100.00	100.00
96.767.630-6	Banchile Administradora General de Fondos S.A.	Chile	Ch$	99.98	99.98	0.02	0.02	100.00	100.00
96.543.250-7	Banchile Asesoría Financiera S.A.	Chile	Ch$	99.96	99.96	-	-	99.96	99.96
77.191.070-K	Banchile Corredores de Seguros Ltda.	Chile	Ch$	99.83	99.83	0.17	0.17	100.00	100.00
96.571.220-8	Banchile Corredores de Bolsa S.A.	Chile	Ch$	99.70	99.70	0.30	0.30	100.00	100.00
96.932.010-K	Banchile Securitizadora S.A.	Chile	Ch$	99.00	99.00	1.00	1.00	100.00	100.00
96.645.790-2	Socofin S.A.	Chile	Ch$	99.00	99.00	1.00	1.00	100.00	100.00
96.510.950-1	Promarket S.A.	Chile	Ch$	99.00	99.00	1.00	1.00	100.00	100.00

(*) See Note 39.3 (j).

Note 2 – Principal Accounting Criteria Applied (continued)

(ee) Consolidation (continued)

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

(ee2) Associates and joint ventures

(ee2.1) Associates

These are entities in which the Bank has the capacity to exercise a significant influence, although not control. Normally, this ability is shown in a participation of between 20% and 50% of the company's voting rights. Other factors considered in determining significant influence over an entity are representations on the board and the existence of material transactions. The existence of these factors might determine the existence of significant influence over an entity despite having a participation of less than 20% of the shares with voting rights.

Investments in associate entities in which it has a significant influence are booked using the equity method. Under this, investments are initially booked at cost and are then increased or decreased to reflect the Bank's proportional participation in the earnings or loss of SM Chile and other movements booked in its equity. Goodwill arising from the acquisition of a company is included in the book value of the investment, net of any accumulated loss for impairment.

(ee2.2) Joint agreements

Joint agreements are contractual agreements by which two or more parties carry on an economic activity subject to a joint control. Joint control exists when decisions on important activities require the unanimous consent of the parties.

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

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

A participation classified as a "Joint venture" is booked using the equity method.

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

- Artikos S.A.
- Servipag Ltda.

(ee3) Shares or rights in other companies

These are the companies in which SM Chile has no control or significant influence. These participations are shown at cost (historic).

Note 2 – Principal Accounting Criteria Applied (continued)

(ee) Consolidation (continued)

(ee4) Special purpose entities

Under current regulations, SM Chile should constantly analyze its perimeter of consolidation, bearing in mind that the fundamental criterion is the degree of control held in a certain entity and not its percentage participation in the equity.

As of December 31, 2014 and 2013, the Bank does not control nor has created any special-purpose entity.

(ee5) Funds 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 funds managed are owned by third parties and are therefore not included in the statement of financial position.

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 should consider the following aspects:

- The scope of their authority to take decisions in the fund.
- The rights held by other parties.
- The remuneration to which it has a right under the remuneration agreements.
- The exposure of whosoever takes decisions to the variability of the returns from other participations 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. They are acting as agent as of December 31, 2014 and 2013, and therefore no fund is consolidated.

(ff) Non-controlling interest

The non-controlling interest represents the portion of the losses and earnings, and of the net assets, that SM Chile does not control. It is shown in the statement of comprehensive income and the consolidated statement of financial position separately from the equity of the Bank.

Note 2 – Principal Accounting Criteria Applied (continued)

(gg) Use of estimates and judgments

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

1. The valuation of goodwill (Note 39.13).
2. The useful life of fixed and intangible assets (Notes 39.13 & 39.14).
3. Income tax and deferred taxes (Note 39.15).
4. Provisions (Note 39.22).
5. Commitments and contingencies (Note 39.24).
6. Allowance for credit risk (Note 39.29).
7. Fair value of financial assets and liabilities (Note 39.36).

During the year 2014, there have been no other significant changes in estimates made, other than those indicated in the preceding paragraph.

Significant estimates and assumptions are reviewed regularly by the management of SM-Chile in order to quantify certain assets, liabilities, revenue, expenses and commitments. The revisions of the accounting estimates are booked in the year in which revised.

(hh) Valuation of assets and liabilities

The measurement or valuation of assets and liabilities is the process of determining the monetary amounts for which elements of the financial statements are shown and booked for their inclusion in the statement of position and statement of comprehensive income. The selection of a particular base or method of measurement is needed for this.

Different measurement bases are employed in the financial statements, with different degrees and in different combinations of these. Such bases or methods are the following:

(hh1) Initial recognition

The Bank and its subsidiaries recognize loans and accounts receivable 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.

Note 2 – Principal Accounting Criteria Applied (continued)

(hh) Valuation of assets and liabilities (continued)

hh2) Classification

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

(hh3) Retirement of financial assets and liabilities

SM Chile and its subsidiaries retire a financial asset from their statements of financial position when the contractual rights expire over the cash flows of the financial asset, or when it transfers the rights to receive contractual cash flows from the financial asset in a transaction in which all the risks and benefits of ownership of the financial asset are transferred. Each participation in financial assets transferred that is created or retained by SM Chile is booked as a separate asset or liability.

When SM Chile transfers a financial asset, it evaluates to what degree they retain the risks and benefits inherent in its ownership. In this case:

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

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

(3) If all the risks and advantages inherent in the 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 control has not been retained, the financial assets will be retired and any right or obligation created or retained through the transfer booked separately, as assets or liabilities.
- (ii) If the assignor entity has retained control, the financial asset will continue to be booked in the statement of financial position for an amount equal to its exposure to changes that a financial liability may experience and book a financial liability associated to the financial asset transferred.

SM Chile eliminates a financial liability (or part thereof) from its statement of financial position when, and only when, it has been extinguished, i.e. when the obligation specified in the corresponding contract has been paid or cancelled, or has expired.

Note 2 – Principal Accounting Criteria Applied (continued)

(hh) Valuation of assets and liabilities (continued)

(hh4) Compensation

Financial assets and liabilities are the object of compensation so that their net amount is shown in the statement of financial position only when the SM Chile has the legal right to offset the amounts booked and has the intention of settling the net amount, or to realize the assets and cancel 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 Bank's trading and exchange activities.

(hh5) 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 rate method) of any difference between the initial amount and the repayment amount at maturity, and less any reduction through impairment.

(hh6) 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 the fair value of a financial instrument 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 and represent real 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.

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 coherent 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 revised periodically 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.

Note 2 – Principal Accounting Criteria Applied (continued)

(hh) Valuation of assets and liabilities (continued)

(hh6) Measurement of fair value (continued)

The best evidence of the fair value of a financial instrument, in booking it initially, 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.

When the transaction price provides the best evidence of fair value at its initial booking, 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 income, depending on the individual facts and circumstances of the transaction.

The Bank generally has assets and liabilities that compensate market risks. In these cases, average market prices are used as a basis for establishing values.

Estimates of fair value obtained based on models are adjusted by any other factor, like 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 39.36.

(ii) Functional currency

The items included in the financial statements of each of the entities of SM Chile 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.

(jj) Foreign currency transactions

Transactions in a currency other than the functional currency are considered to be in foreign currency and are initially booked 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 statement of financial position. All differences are shown as a charge or credit to income.

As of December 31, 2014, the Bank and its subsidiaries applied the exchange rate of accounting representation according to the instructions of the SBIF, so assets in dollars are shown at their equivalent value in pesos calculated at the market exchange rate of Ch$606.09 per US$1 (Ch$525.72 per US$1 in 2013).

The balance of ThCh$70,223,952 relates to the net exchange gain (ThCh$71,457,285 in 2013) and is shown in the consolidated statement of comprehensive 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.

Note 2 – Principal Accounting Criteria Applied (continued)

(kk) Business segments

The operating segments of the Bank, based on the different business units, 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 the entity's top decision-taking authority, to decide on the resources that should be assigned to the segment and evaluate performance, and

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

(ll) Statement of cash flows

The consolidated statement of cash flows shows the changes in cash and cash equivalents from the operating activities, investment activities and financing activities during the year. The indirect method has been used in the preparation of the statement.

The following concepts are taken into account in the preparation of the statement of cash flows:

(i) Cash and cash equivalents relate to the heading Cash and bank deposits, plus (less) the net balance of transactions pending settlement shown in the consolidated statement of financial position, plus trading instruments and those highly-liquid instruments available for sale having an insignificant risk of a change in value, whose term does not exceed three months from the date of acquisition, and repurchase agreements in this situation. They also include investments in fixed-income mutual funds that are shown under Trading instruments.

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

(iii) Investment 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 – Principal Accounting Criteria Applied (continued)

(mm) Instruments for trading

Instruments for trading correspond to securities acquired with the intention of generating gains from price fluctuations in the short term or through trading margins, or which are included in a portfolio in which there is a pattern of taking short-term gains.

Instruments for trading are valued 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 operations" in the consolidated statement of income.

(nn) Repurchase agreements and security 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 loans of securities" and are valued according to the agreed interest rate by the amortized cost method. Under current regulations, the Bank does not book as own portfolio those instruments bought under repurchase agreements.

Security repurchase agreements are also transacted as a form of financing. The 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 available 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.

There are no security lending operations outstanding as of December 31, 2014 and 2013.

(oo) Financial derivative contracts

The Bank has financial derivative contracts to hedge exposures to currency and interest-rate risks. These are initially booked 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 operations in the consolidated statement of comprehensive income.

In addition, the Bank includes in the valuation of derivatives the "Counterparty valuation adjustment (CVA)" to reflect the counterparty risk in the determination of fair value. This valuation dies not contemplate the Bank's own credit risk, known as "Debit valuation adjustment (DVA)" in accordance with the provisions established by the SBIF.

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 booked at its fair value with its unrealized gains and losses included in income.

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 – Principal Accounting Criteria Applied (continued)

(oo) Financial derivative contracts (continued)

If the derivative instrument is classified for hedge accounting purposes, this can be:

(1) A hedge of the fair value of existing assets or liabilities or firm commitments, or
(2) A cash-flow hedge related to existing assets or liabilities or expected transactions.

A hedge for accounting purposes should meet all the following conditions:

(a) at the time of starting the hedge, the relationship of the hedge has been formally documented;
(b) it is expected that the hedge will be highly effective;
(c) the effectiveness of the hedge can be fairly measured, and
(d) the hedge is highly effective in relation to the risk covered, continually over the whole term of cover.

The Bank shows and values individual hedges (in which there is a specific identification between hedged instruments and the hedge instruments) according to their classification, under the following criteria:

Hedge of fair value: changes in the fair value of a derivative hedge instrument, designated as hedge of fair value, are booked in income under the line Net income from interest and indexation adjustments and/or Net exchange gain (loss), 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 booked in income under the line Net income from interest and indexation adjustments and adjust the book value of the item hedged.

Cash-flow hedge: changes in the fair value of a derivative hedge instrument, designated as a cash-flow hedge are booked in Valuation accounts in other comprehensive income provided the hedge is effective and is reclassified to income under the line Net income from interest and indexation adjustments and/or Net exchange gain (loss) when the item hedged affects the Bank's 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 booked directly to income for the year under the line Net income (loss) from financial operations.

If the hedge instrument no longer meets the criteria of cash-flow hedge accounting, expires or is sold, or is suspended or executed, this hedge is discontinued prospectively. The accumulated gains or losses previously booked to equity remain there until the projected transactions occur, when they are booked in the consolidated statement of income (under the line Net income from interest and indexation adjustments and/or Net exchange gain (loss), 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 booked in the consolidated statement of income (under the line Net income from interest and indexation adjustments and/or Net exchange gain (loss), depending on the type of risk hedged).

Note 2 – Principal Accounting Criteria Applied (continued)

(pp) Loans and accounts receivable

Originated and acquired loans and accounts receivable from customers are non-derivative financial assets with fixed or determined maturities that are not quoted on an active market and that the Bank has no intention of selling immediately or in the short term.

(pp1) Valuation method

Loans and accounts receivable from customers are valued initially at cost plus incremental transaction costs, and later measured at their amortized cost using the effective interest-rate method, except when certain items are identified as objects of hedges, which are valued at fair value with changes to income, as described in (oo) of this Note.

(pp2) Leasing agreements

Accounts receivable under leasing agreements, included in Loans and accounts receivable from customers, include relate to the periodic rental payments of agreements that meet the requirements for being classified as financial leases and are shown net of non-accrued interest at the close of each year.

(pp3) Factoring operations

These relate invoices and other commercial instruments representing credit, with or without responsibility of the assignor, received in factoring, which are booked at the initial value plus the interest and indexation to maturity.

In cases in which the assignment of these instruments is made without responsibility of the assignor, the Bank assumes the risks of insolvency of the debtors.

(pp4) Impaired portfolio

The impaired portfolio comprises credits of debtors about which there is evidence that the debtor will not meet some of their obligations under the agreed payment conditions, without the possibility of recovering that due by recurring to collateral, through the exercise of judicial proceedings or agreeing different conditions.

The following are some situations that constitute evidence that debtors will not meet their agreed obligations and that their loans have become impaired:

- Clear financial difficulties of the debtor or significant worsening of their credit quality.
- Strong indications that the debtor will enter bankruptcy or a forced debt restructuring or they have effectively requested their bankruptcy or similar measure with respect to their payment obligations, including the postponement or non-payment of their obligations.
- Forced restructuring of some credit due to the debtor’s economic or legal position, whether with a reduction in the payment obligation or the postponement of the principal, interest or commissions.
- The debtor’s obligations are traded at a substantial discount due to a weakness in its payment capacity.
- Adverse changes in the technological, market, economic or legal conditions in which the debtor operates that potentially compromise their payment capacity.

Note 2 – Principal Accounting Criteria Applied (continued)

(pp) Loans and accounts receivable (continued)

(pp4) Impaired portfolio (continued)

In any event, in the case of debtors subject to individual evaluation, all the credits of debtors classified in any of the categories of "default portfolio", plus the categories B3 and B4 of the "sub-standard portfolio", are included in the impaired portfolio. In the case of debtors subject to group appraisal, the impaired portfolio consists of all credits in default.

The Bank incorporates impaired portfolio credits and keeps them in that portfolio until a normalization of their payment capacity or conduct is observed.

(pp5) Allowances for credit risk

The allowances required to cover risks of losses of credits have been constituted according to the regulations of the SBIF. Credits are shown net of such allowances, 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 allowances for credit risk.

(pp5.1) Allowances 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 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 the purpose of making allowances, the debtors and their credit and contingent liabilities should be grouped in their corresponding category, following the assignment of one of the following three portfolio conditions: Normal, Sub-standard and Default.

(pp5.1.1) Portfolios with Normal and Sub-Standard compliance

The portfolio with Normal compliance 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. The classifications assigned to this portfolio are A1 to A6.

The Sub-Standard 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.

Forming part of the Sub-Standard portfolio are also those debtors which have recently made payments more than 30 days late. The classifications assigned to this portfolio are the categories B1 to B4 of the classification scale.

Note 2 – Principal Accounting Criteria Applied (continued)

(pp) Loans and accounts receivable (continued)

(pp5) Allowances for credit risk (continued)

(pp5.1) Allowances by individual evaluation (continued)

(pp5.1.1) Portfolios with Normal and Sub-Standard compliance (continued)

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:

Type of portfolio	Category of the Debtor	Probability of non-compliance (%)	Loss through 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
Sub-Standard 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

Allowances for portfolio of Normal and Sub-Standard compliance

To determine the amount of allowances to be made for the portfolios in Normal and Sub-Standard compliance, the exposure subject to allowances first has to be estimated, to which are applied the respective percentage losses (expressed in decimals) comprising the probability of default (PI) and loss from default (PDI) established for the category in which the debtor and/or its qualified guarantor is grouped, as the case may be.

The exposure subject to allowances corresponds to loans plus contingent credits, less amounts recoverable through the liquidation of collateral. Loans are understood to be the book value of the loans and accounts receivable of the respective debtor, while contingent credits are the amounts resulting from the application of that indicated in No.3 of Chapter B-3 of the Compendium.

The following has to be considered in the calculation:

Debtor allowance = (EAP-EA)x(PIdebtor /100)x(PDIdebtor/100)+EA x (PI guarantee /100)x(PDI guarantee /100)
Where:
EAP = Exposure subject to allowances
EA = Exposure guaranteed
EAP = (Loans + Contingent credits) – Financial or tangible guarantees

However, the Bank should maintain a minimum allowance of 0.50% of all loans and contingent credits of the Normal portfolio.

Note 2 – Principal Accounting Criteria Applied (continued)

(pp) Loans and accounts receivable (continued)

(pp5) Allowances for credit risk (continued)

(pp5.1) Allowances by individual evaluation (continued)

(pp5.1.2) Portfolio in default

The portfolio in default includes debtors and their credits that are considered to be of doubtful recovery as they show a impaired or nil payment capacity. Debtors with clear indications of a possible bankruptcy, and those where a 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 credit. This portfolio comprises debtors belonging to the categories C1 to C6 of the classification scale and all the credits, including 100% of contingent credits, of these same debtors.

Percentages of allowances are used for making allowances for the portfolio in default, to be applied to the amount of exposure, which equates to the sum of loans and contingent credits of the same debtor. For applying this percentage, the expected loss rate has first to be estimated, deducting from the exposure the amounts recoverable by liquidating the collateral, and when there are concrete justifications for doing so, deducting also the present value of the recoveries that may result from exercising collection actions, net of their related costs. This loss rate should be grouped in one of the six categories defined according to the range of losses effectively expected by the Bank for all the debtor's operations.

These categories, the range of loss according to that estimated by the Bank, and the percentages of allowance to be finally applied to the amounts of exposure, are those indicated in the following table:

Type of portfolio	Scale of Risk	Range of Expected Loss	Allowance (%)
Portfolio in Default	C1	Up to 3 %	2
	C2	3% to 20%	10
	C3	20% to 30%	25
	C4	30 % to 50%	40
	C5	50% to 80%	65
	C6	Over 80%	90

The following are considered for this calculation:

Expected rate of loss = (E−R)/E
Allowance = E× (PP/100)

Where:
E = Amount of exposure
R = Recoverable amount
PP = Percentage allowance (according to the category in which the expected loss rate is grouped).

Note 2 – Principal Accounting Criteria Applied (continued)

(pp) Loans and accounts receivable (continued)

(pp5) Allowances for credit risk (continued)

(pp5.2) Allowances 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 allowances to cover the portfolio risk.

Banks can use alternative methods for determining the allowances for retail loans evaluated in a grouped way.

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.

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. The amount of allowances made is obtained by multiplying the amount of the respective group's total credits by the estimated percentages of default and of loss due to default.

Under both methods, estimated losses should reflect the type of portfolio and the term of the operations.

The Bank has decided to use the second method for determining its allowances.

In the case of consumer loans, collateral is not considered for the purpose of estimating the expected loss.

Allowances are made according to the results of the application of the methods the Bank uses, distinguishing between allowances for the normal portfolio and for the portfolio in default, and which cover the risks of the contingent credits associated with those portfolios.

The portfolio in default comprises the loans and contingent credits of debtors overdue 90 days or more in the payment of interest or principal including all the loans, including 100% of the amount of contingent credits, of those debtors.

Note 2 – Principal Accounting Criteria Applied (continued)

(pp) Loans and accounts receivable from customers (continued)

(pp6) Loan write-off

As a general rule, write-offs are made when the contractual rights to the cash flows expire. In the case of loans, the respective asset balances are written off even when this does not occur.

Write-offs refer to the deduction of the asset corresponding to the respective operation in the statement of financial position, including that part that might not yet be due in the case of a loan with partial repayments, or a leasing operation.

Write-offs should always be made by using the allowances made for credit risk whatever the reason for the write-off.

(pp6.1) Write-off of loans and accounts receivable

Write-offs of loans and accounts receivable, other than leasing operations, should be made in the following circumstances, according to which occurs first:

a) The Bank, based on all available information, concludes that it will obtain no cash flow from the asset.

b) When a credit without enforceable title passes more than 90 days booked as an asset.

c) When the period of limitations of actions expire through the statute of limitations for demanding recovery by executive judgment or when the enforcement of the title by judicial resolution is rejected or abandoned.

d) When the period of default of an operation reaches the term for write-off according to the following:

Type of credit	**Term**
Consumer loans with or without collateral	6 months
Other operations without collateral	24 months
Commercial loans with collateral	36 months
Residential mortgage loans	48 months

The term relates to the time since the due date of payment of all or part of the obligation in default.

Note 2 – Principal Accounting Criteria Applied (continued)

(pp) Loans and accounts receivable from customers (continued)

(pp6) Loan write-offs (continued)

(pp6.2) Write-off of leasing operations

Assets relating to leasing operations should be written 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 judicial resolution is rejected or abandoned.

c) When the period of default of a contract reaches the term for write-off according to the following:

Type of contract	Term
Consumer leasing	6 months
Other non-real estate leasing operations	12 months
Real estate leasing (commercial or housing)	36 months

The term relates to the time since the due date of payment of a lease installment in default.

(pp7) Recovery of loans written off

Subsequent payments received with respect to operations written off are shown directly as revenue in the consolidated statement of comprehensive income, under Allowances for credit risk.

In the event of the recovery of goods, the income will be booked to income for the amount for which they are incorporated into assets. The same criterion follows if the assets leased are recovered after the write-off of a leasing operation, by their incorporation into assets.

(pp8) Restructuring of operations written off

Any restructuring of a credit written off does not generate revenue while the operation continues in a state of default, treating the effective payments received as recoveries of credits written off, as indicated above.

A restructured credit can only therefore be returned to assets if its ceases to be impaired, booking also the return to assets as a recovery of credits written off.

The same criterion should be followed in granting a credit to repay a credit written off.

Note 2 – Principal Accounting Criteria Applied (continued)

(qq) Investment instruments

Investment instruments are classified in two categories: Investments held to maturity and Instruments available for sale. Investments held to maturity include only those instruments for which there is the capacity and intention of holding them until their maturity. Other investment instruments are considered as available for sale.

Investment instruments held to maturity are booked at their cost plus accrued interest and indexation adjustments, less provisions for impairment made when the amount booked exceeds the estimated recovery value.

A financial asset classified as available for sale is initially booked at cost plus transaction costs directly attributable to its acquisition. Instruments available 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 operations.

Interest and indexation adjustments on investment instruments held to maturity and on those available for sale are included in Interest and indexation revenue.

Investment instruments that are the subject of hedge accounting are adjusted according to the rules for booking hedges, as described in Note 2 (oo).

The Bank and its subsidiaries have no investment instruments held to maturity as of December 31, 2014 and 2013.

(rr) 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 booked initially at acquisition cost and are subsequently measured at their cost less any accumulated amortization or any accumulated impairment.

(rr1) Goodwill

Goodwill represents the excess of acquisition cost over the fair value of the Company’s participation in the net identifiable assets of the subsidiary or associate on the date of acquisition.

In calculating goodwill, the fair value of the assets acquired, liabilities and contingent liabilities are determined by reference to market value or discounted future cash flows to their present value. This discount is made using market rates or risk-free interest rates and future cash flows with adjusted risk.

Goodwill is shown at cost less accumulated amortization according to its remaining useful life.

Note 2 – Principal Accounting Criteria Applied (continued)

(rr) Intangible assets (continued)

(rr2) Software or computer programs

Computer programs acquired by the Bank and its subsidiaries are booked 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 booked as expenses when incurred.

Amortization is booked to income using the straight-line method over the estimated useful lives of the computer programs, from the date on which they are ready for use. The estimated useful lives of computer programs are a maximum of 6 years.

(ss) 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 are used in the entity's business. These assets are valued as their historic cost less the corresponding accumulated depreciation and impairments. The cost includes expenses that have been attributed directly to the acquisition of the asset.

Depreciation is booked in the comprehensive income statement on the basis of the straight-line method over the estimated useful lives of each part of an item of fixed assets.

The estimated average useful lives for the years 2014 and 2013 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.

Note 2 – Principal Accounting Criteria Applied (continued)

(tt) Current taxes and deferred taxes

The provision for income tax of SM Chile and its subsidiaries has been determined in accordance with current legislation.

The Bank and its subsidiaries book, 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. The measurement of deferred tax assets and liabilities is made on the basis of the tax rate which, under current taxation legislation, should be applied in the year in which deferred tax liabilities are realized or paid. The future effects of changes in tax legislation or taxation rates are booked in deferred taxes from the date on which the law approving these changes is published.

Deferred tax assets are booked only when it is believed probable that there will be sufficient tax income to recover the deductions for timing differences. Deferred taxes are classified in accordance with SBIF regulations.

(uu) Assets received in lieu of payment

Assets received or adjudicated in lieu of payment of loans and accounts receivable from customers are booked, 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 adjudicated them at a judicial auction.

Assets received in payment are classified in Other assets, are booked at the lower of adjudication cost and fair value less regulatory write-offs, and are shown net of allowances. The SBIF requires a write-off if the asset is not sold within one year of its reception.

(vv) Investment properties

Investment properties are properties held with the purpose of obtaining rental income or obtaining a gain on the investment or both things at the same time, but not for sale in the normal course of business or for administrative purposes. Investment properties are valued at fair value as attributed cost less the corresponding accumulated depreciation and impairments, and are shown in Other assets.

(ww) 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 other 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 rate method. The amortized cost is calculated taking into account any discount, premium or cost directly related to the issue.

Note 2 – Principal Accounting Criteria Applied (continued)

(xx) Provisions and contingent liabilities

Provisions are liabilities of which there is uncertainty about their amount or due date. They are shown in the statement of financial position when meeting both the following requirements:

(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 cancelling the obligation and the amount of these resources can be measured reliably.

A contingent asset or liability is a right or obligation deriving 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: Comprise guarantees and stand-by letters of credit. They also include guarantees of payment by buyers in factoring transactions.

ii. Confirmed foreign letters of credit: refer to letters of credit confirmed by the Bank.

iii. Documentary letters of credit: include documentary letters of credit issued by the Bank which have not yet been negotiated.

iv. Performance bonds granted against promissory notes.

v. Interbank guarantee letters: letters of guarantee issued in accordance with Section II of Chapter 8-12 of the Updated Compilation of Regulations.

vi. Freely-available lines of credit: the amount not drawn under lines of credit which permit customers to make use of the credit without any prior decision by the Bank (e.g. with use of credit cards or agreed overdrafts in current account).

vii. Other credit 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.

viii. Other contingent credits**:** any other kind of commitment by the entity that might give rise to an effective credit on the occurrence of future events. These are generally infrequent operations like the pledge of instruments to guarantee the payment of credit operations between third parties or operations with derivatives contracted on behalf of third parties that might imply a payment obligation and are not covered by deposits.

Note 2 – Principal Accounting Criteria Applied (continued)

(xx) Provisions and contingent liabilities (continued)

Credit-risk exposure to 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:

Type of 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) Interbank letters of guarantee	100%
f) Freely-available lines of credit	50%
g) Other credit commitments:	
- Tertiary study credits Law 20,027	15%
- Others	100%
h) Other contingent liabilities	100%

However, with respect to operations carried out with customers that have overdue loans as indicated in Chapter B-1 of the Compendium of Accounting Regulations of the SBIF, Impaired and/or Written-Off Loans, this exposure will always be the equivalent of 100% of the contingent liabilities.

Additional allowances

In accordance with instructions of the SBIF, banks may only make additional allowances that result from the application of their portfolio evaluation models, in order to protect themselves from unforeseeable economic fluctuations that could affect the macroeconomic environment or the situation of a specific economic sector.

Allowances made to cover the risk of macroeconomic fluctuations should anticipate situations or reversals of expansive economic cycles that in the future might result in a worsening in economic environmental conditions and thus function as an anti-cyclical mechanism of accumulation of additional allowances when the scenario is favorable and the release or assignment to specific allowances when environmental conditions deteriorate.

Additional allowances should therefore correspond always to general allowances for commercial, housing or consumer loans, or identified segments of them, and never be used to compensate deficiencies in the models used by the bank.

The Bank made additional allowances for its loan portfolio as a charge to income of ThCh$22,498,933 (charge of ThCh$10,000,000 in 2013). As of December 31, 2013 the balance of accumulated additional allowances amounts to ThCh$130,255,605 (ThCh$107,756,672 in 2013), which are shown in Provisions in liabilities in the statement of financial position.

Note 2 – Principal Accounting Criteria Applied (continued)

(yy) Provision for minimum dividends

In accordance with SBIF's Accounting Compendium, SM Chile shows in liabilities the part of the earnings for the year to be distributed in compliance with the Corporations Law, its bylaws or its dividend policies. A provision is therefore made against a complementary equity account of retained earnings.

To calculate the provision for minimum dividends, the distributable earnings are taken into account which, according to the Bank's bylaws, are defined as those resulting from deducting from or adding to earnings the amount of monetary correction of paid capital and reserves due to variations in the consumer price index.

zz) Employee benefits

(zz1) Personnel vacations

The annual cost of personnel vacations and benefits is shown on an accrual basis.

(zz2) 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.

(zz3) Severance payments

The Bank has agreed with part of its staff the payment of an indemnity to those completing 30 or 35 years service should they retire from the institution. This obligation includes the accrued proportional part for those staff 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 staff turnover rate, expected salary growth, and the probability of use of this benefit, discounted at the current rate for long-term operations (4.38% as of December 31, 2014 and 5.19% as of December 31, 2013).

The discount rate used corresponds to yields on Banco Central de Chile 10-year bonds in pesos (BCP).

Actuarial gains and losses resulting from actuarial changes are booked in Other comprehensive income. There are no other additional costs that have to be booked by SM Chile.

Note 2 – Principal Accounting Criteria Applied (continued)

(aaa) Interest and indexation income and expenses

Interest and indexation revenue and expenses are booked in the statement of income using the effective interest-rate 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 the cash flows taking into account all the contractual conditions of the financial instrument without considering 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 acquisition or issue 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 booked as and when they are received. The suspension occurs in the following cases:

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

- Loans with real collateral below 80%: The accrual is suspended when the loan or one of its installments is overdue more than six months.

In the case of loans subject to individual evaluation, the booking of the revenue can be continued for the accrual of interest and indexation which is being paid normally and which corresponds to obligations whose flows are independent, as might occur in the case of project financing.

The suspension of the booking of revenue on an accrual basis implies that, while the credits remain in the impaired portfolio, the respective assets included in the consolidated financial statement will not be increased with interest, indexation or commissions and the comprehensive income statement will not show income for those concepts unless they are effectively received.

Note 2 – Principal Accounting Criteria Applied (continued)

(bbb) Fee income and expenses

Fee income and expenses are shown in the consolidated income under different criteria depending on their nature. The most significant are:

- Those relating to a singular act, when the act originating it produces it.
- Those that arise from transactions or services that are extended over time, during the life of such transactions or services.
    - Commissions on commitments and other commissions related to loan operations are deferred (together with the incremental costs related directly to the placement) and booked 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 commissions are booked in the year of the commitment originating them on a straight-line basis.

(ccc) Identification and measurement of impairment

(ccc1) Financial assets other than loans and accounts receivable

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 the initial booking of the asset and that that event impacts the estimated future cash flows of the financial asset, which can be calculated reliably.

A loss for impairment relating to financial assets (other than loans and accounts receivable) booked 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.

A loss for impairment relating to a financial asset available for sale is calculated by reference to its fair value.

In the case of capital investments classified as financial assets available for sale, objective evidence includes a significant and prolonged fall below the original investment cost in the realizable value of the investment. In the case of investments classified as financial assets available for sale, the Bank evaluates whether there is objective evidence of impairment based on the same criterion used for the evaluation of the loans.

If there is evidence of impairment, any amounts previously booked in equity, net gains (losses) not booked in the statement of income, are removed from equity and booked in the statement of income for the year, shown as Net gains (losses) relating to financial assets available 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 that has been previously booked in the statement of income.

When the fair value of debt instruments available 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 booked in equity.

Note 2 – Principal Accounting Criteria Applied (continued)

(ccc) Identification and measurement of impairment (continued)

(ccc1) Financial assets other than loans and accounts receivable (continued)

All impairment losses are booked against income. Any accumulated loss in relation to a financial asset available for sale booked previously against equity is transferred to income.

The reversal of a loss for impairment only occurs when this can be related objectively to an event that occurred after it was booked. The amount of the reversal is booked in the statement of income up to the amount previously booked as impaired. In the case of financial assets booked at amortized cost, and those available for sale, the reversal is booked to income.

ccc2) 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 amount recoverable from the assets is estimated.

Losses for impairment booked in previous years are evaluated on each date of presentation to find any indication as to whether the loss has diminished or disappeared. A loss for impairment is reversed if there has been a change in the estimates used to determine the amount recoverable, provided the reversal does not exceed the book value.

The Bank evaluates at each reporting date and constantly if there are indications that an asset might be impaired. If there are indications, the Bank estimates the amount recoverable 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 amount recoverable, 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.

Losses for impairment related to goodwill cannot be reversed in future years.

Note 2 – Principal Accounting Criteria Applied (continued)

(ddd) Financial and operating leases

(ddd1)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 financial leases. When the assets retained are subject to a financial lease, the assets leased cease to be accounted for and an account receivable is booked, equal to the minimum amount of the lease payment, after discounting the lease's interest rate. The initial negotiation expenses in a financial lease are incorporated in the account receivable through the discount rate applied to the lease. Leasing revenue is booked on lease terms based on a model that constantly reflects a periodic rate of return on the net leasing 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.

Assets 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, applying a proportion of the value systematically on the economic use of the estimated useful life. Leasing revenues are booked on a straight-line basis over the term of the lease.

(ddd2)The Bank as lessee

Assets under financial leases are initially booked in the statement of 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, 2014 and 2013, the Bank and its subsidiaries have no contracts of this nature.

Operating leases are booked 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 booked as an expense in the years in which they are incurred.

(eee) Fiduciary activities

The Bank provides trust commissions and other fiduciary services resulting from the participation or 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.

Note 2 – Principal Accounting Criteria Applied (continued)

(fff) 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. In accordance with IFRIC 13, the costs of the Bank’s commitments with its customers under this program are booked at the present value on an accrued basis considering the total points susceptible to being exchanged of all the accumulated “dólares premio” and also the probability of their exchange.

(ggg) Reclassification

There have been no significant reclassifications at the close of 2014.

Note 3 – Cash and cash equivalents

a) The following is the detail as of December 31, 2014 and 2013:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Cash	4,782,160	2,956,732
Balances in banks	72,078,363	24,698,864
Time deposits up to 90 days	92,906,468	251,421,282
Investments under repurchase agreements	27,203,569	107,133,755
Total	**196,970,560**	**386,210,633**

As indicated in Note 2 f) and y), 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$4,576,578 as of December 31, 2014 (ThCh$59,550,224 as of December 31, 2013), have been eliminated in the preparation of these consolidated financial statements.

b) The following is a detail of the types of the above cash and cash equivalents:

	Currency		12-31-2014 ThCh$	12-31-2013 ThCh$
Cash & cash equivalents	CLP	(Chilean pesos)	109,010,651	345,904,070
Cash & cash equivalents	USD	(US dollars)	85,669,025	35,774,981
Cash & cash equivalents	EUR	(Euros)	1,324,001	3,542,502
Cash & cash equivalents	ARS	(Argentine pesos)	73,571	356,027
Cash & cash equivalents	PEN	(Peruvian soles)	69,672	323,267
Cash & cash equivalents	BRL	(Brazilian reais)	11,931	176,396
Cash & cash equivalents	COP	(Colombian pesos)	252,892	133,390
Cash & cash equivalents	OTR	(Other currencies)	558,817	-
Total			**196,970,560**	**386,210,633**

c) Reconciliation between cash and cash equivalents shown in the statement of financial position and that shown in the consolidated statement of cash flows.

	12-31-2014 ThCh$	12-31-2013 ThCh$
Cash & cash equivalents corresponding to non-banking operations	196,970,560	386,210,633
Cash & cash equivalents corresponding to banking services		
Cash	476,428,780	485,536,554
Deposits with Banco Central de Chile	147,215,015	71,787,076
Deposits with banks in Chile	14,330,628	15,588,293
Deposits abroad	278,710,899	300,395,956
Operations pending settlement (net)	303,135,617	248,127,761
Highly-liquid financial instruments	590,429,100	358,144,423
Repurchase agreements	16,891,617	59,089,388
Cash & cash equivalents shown in consolidated statement of cash flows	**2,024,112,216**	**1,924,880,084**

Note 3 – Cash and cash equivalents (continued)

d) Significant unavailable cash balances

The Parent company and subsidiaries show no significant amounts of cash and cash equivalents that are unavailable for use.

Nota 4 – Other financial assets, current

The following shows the composition of these as of December 31, 2014 and 2013:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Time deposits at more than 90 days	201,359,122	108,398,118
Investments in mutual funds	2,456,104	8,776
Equity instruments (shares in corporations)	23,571	-
Tax credit certificates (Colombia)	-	591,022
Hedge assets, a)	-	1,912
Total	**203,838,797**	**108,999,828**

The above does not include the balances that Quiñenco and its subsidiaries maintain in time deposits at more than 90 days with Banco de Chile, amounting to ThCh$ 72,120,465 as of December 31, 2014 (ThCh$ 35,818,090 in 2013).

a) Hedge assets

The detail of current hedge assets and their fair values is as follows:

				Currenty		Fair value	
Classification	**Type of hedge**	**Risk hedged**	**Hedged item**	**12-31-2014 ThCh$**	**12-31-2013 ThCh$**	**12-31-2014 ThCh$**	**12-31-2013 ThCh$**
Hedge assets, Other derivatives	Cash-flow hedge instrument	Exposure to risk of variations in commodity prices (copper)	Expected sales	-	1,912	-	1,912
	Total hedge assets			**-**	**1,912**	**-**	**1,912**

Note 5 – Other non-financial assets, current

The following shows the composition of these as of December 31, 2014 and 2013:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Dividends receivable	14,986,238	16,843,402
Advance payments to suppliers	8,339,620	3,632,007
VAT fiscal credit	1,951,314	2,565,164
Others	1,722,905	36,465
Total	**27,000,077**	**23,077,038**

Note 6 – Trade receivables and other accounts receivable

The following shows the composition of these as of December 31, 2014 and 2013:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Trade accounts receivables	203,071,659	206,327,256
Allowance for doubtful accounts	(19,787,222)	(19,191,023)
Other accounts receivable	27,834,478	22,410,384
Total	**211,118,915**	**209,546,617**

The following shows the maturities of current trade receivables and other accounts receivable:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Less than three months	168,480,651	170,880,667
Between three & six months	3,031,941	1,521,887
Between six & twelve months	22,386	333,837
Total	**171,534,978**	**172,736,391**

The following shows the maturities of current trade receivables and other accounts receivable overdue but not impaired:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Overdue less than three months	33,317,042	22,901,634
Overdue between three & six months	4,288,723	2,000,077
Overdue between six & twelve months	1,978,172	11,908,515
Total	**39,583,937**	**36,810,226**

Note 6 – Trade receivables and other accounts receivable (continued)

The following shows the maturities of trade receivables overdue and impaired:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Overdue less than three months	1,271,828	1,997,519
Overdue between three & six months	458,007	79,261
Overdue between six & twelve months	18,057,387	17,114,243
Total	**19,787,222**	**19,191,023**

The following is the detail of the allowances for doubtful accounts (impairment) of trade receivables and other accounts receivable:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Trade accounts receivable	(19,787,222)	(19,191,023)
Total	**(19,787,222)**	**(19,191,023)**

The following shows the movement in the allowances for trade receivables and other accounts receivable:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Initial balance	(19,191,023)	(8,203,311)
Increase (decrease) through combinations of business	(1,699,577)	-
Write-off of impaired financial assets in year	155,126	365,267
Addition Petrans S.A. & Opese Ltda.	-	(8,473,495)
Discontinued operations	2,066,666	-
Increase (decrease) in the year	(1,218,115)	(3,000,541)
Effect of exchange rate variations	99,701	121,057
Closing balance	**(19,787,222)**	**(19,191,023)**

Note 7 – Balances and transactions with related entities

a) Accounts receivable and payable with related entities

The detail of this category as of December 31, 2014 and 2013 is as follows:

Company	Tax No.	Copuntry of origin	Nature of transaction	Relationship	Currency	Current Assets		Non-Current Assets		Current Liabilities		Non-Current Liabilities	
						12-31-2014	12-31-2013	12-31-2014	12-31-2013	12-31-2014	12-31-2013	12-31-2014	12-31-2013
						ThCh$	Thch$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Sociedad Nacional Oleoductos S.A.	81.095.400-0	Chile	Invoices	Associate of subsidiary	CLP	-	660,955	-	-	11,383	-	-	-
Minera Los Pelambres S.A.	96.790.240-3	Chile	Invoices	Shareholders in common	CLP	3,536,648	1,715,526	-	-	-	-	-	-
Compañía Minera El Tesoro S.A.	78.896.610-5	Chile	Invoices	Shareholders in common	CLP	-	108,145	-	-	-	-	-	-
Minera Michilla S.A.	91.840.000-1	Chile	Invoices	Shareholders in common	CLP	-	2,406	-	-	-	-	-	-
Embotelladoras Chilenas Unidas S.A.	99.501.760-1	Chile	Invoices	Subsidiary of joint venture	CLP	130,140	268,636	-	-	71,832	-	-	-
Cervecera CCU Chile Ltda.	96.989.120-4	Chile	Invoices	Subsidiary of joint venture	CLP	46,820	184,216	-	-	-	-	-	-
Aguas CCU Nestlé Chile S.A.	76.003.431-2	Chile	Invoices	Subsidiary of joint venture	CLP	99,553	115,488	-	-	-	-	-	-
SM SAAM S.A.	76.196.718-5	Chile	Invoices	Associate	CLP	148,744	161,177	-	-	64	-	-	-
Transportes y Servicios Aéreos S.A.	96.994.240-2	Chile	Currrent account	Joint venture	CLP	-	678	631,003	597,244	-	-	-	-
Foods Cía. de Alimentos CCU S.A.	99.542.980-2	Chile	Invoices	Joint venture	CLP	25,297	28,779	-	-	-	-	-	-
Nutrabien S.A.	78.105.460-7	Chile	Invoices	Subsidiary of joint venture	CLP	46,544	-	-	-	6,105	-	-	-
Asfaltos Cono Sur S.A.	96.973.920-8	Chile	Invoices	Joint venture	CLP	49,017	-	-	-	554,122	-	-	-
Transbank S.A.	96.689.310-9	Chile	Invoices	Shareholders in common	CLP	-	-	-	-	56,226	-	-	-
CSAV Germany Container GmbH	Foreign	Germany	Currrent account	Associate of subsidiary	USD	5,706,484	-	-	-	-	-	-	-
CSAV Agenciamiento marítimo SpA	76.350.651-7	Chile	Currrent account	Associate of subsidiary	USD	712,325	-	-	-	-	-	-	-
Corvina Maritime Holding Inc.	Foreign	Panama	Currrent account	Associate of subsidiary	USD	97,080	-	-	-	-	-	-	-
CSAV North Europe & Central Europe GmbH	Foreign	Belgium	Currrent account	Associate of subsidiary	USD	73,417	-	-	-	-	-	-	-
Lanco Investments International Co. S.A.	Foreign	Panama	Currrent account	Associate of subsidiary	USD	70,383	-	-	-	-	-	-	-
Southterm Shipmanagement (Chile) Ltda.	Foreign	Chile	Currrent account	Associate of subsidiary	USD	58,855	-	-	-	-	-	-	-
Norgistics Brasil Operador Multimodal Ltda.	Foreign	Brazil	Currrent account	Associate of subsidiary	USD	29,731	-	-	-	-	-	-	-
CSAV Group Agencies (Hong Kong)	Foreign	Hong Kong	Currrent account	Associate of subsidiary	USD	13,349	-	-	-	-	-	-	-
Empresa de Transportes Sudamericana Austral Ltda.	89.602.300-4	Chile	Currrent account	Associate of subsidiary	USD	-	-	280,925	-	-	-	-	-
Agencia grupo CSAV (Mexico) S.A. de C.V.	76.380.217-5	Chile	Currrent account	Associate of subsidiary	USD	-	-	-	-	1,855,442	-	-	-
Sudamericana, Agencias Aéreas y Marítimas SA.	92.048.000-4	Chile	Currrent account	Associate of subsidiary	USD	-	-	-	-	1,293,591	-	-	-
Norasia Container Lines Ltda.	Foreign	Malta	Currrent account	Associate of subsidiary	USD	-	-	-	-	726,280	-	-	-
CSAV Austral SpA	89.602.300-4	Chile	Currrent account	Associate of subsidiary	USD	-	-	-	-	496,928	-	-	-
Southterm Shipmanagement Co. S.A.	Foreign	Panama	Currrent account	Associate of subsidiary	USD	-	-	-	-	296,094	-	-	-
Consorcio Naviero Peruano S.A.	Foreign	Peru	Currrent account	Associate of subsidiary	USD	-	-	-	-	204,475	-	-	-
Agencia grupo CSAV (Mexico) S.A. de C.V.	Foreign	Mexico	Currrent account	Associate of subsidiary	USD	-	-	-	-	183,239	-	-	-
CSAV Agency LLC	Foreign	United States	Currrent account	Associate of subsidiary	USD	-	-	-	-	156,542	-	-	-
CSAV Argentina S.A.	Foreign	Argentina	Currrent account	Associate of subsidiary	USD	-	-	-	-	146,834	-	-	-
CSAV Group Agency Colombia Ltda.	Foreign	Colombia	Currrent account	Associate of subsidiary	USD	-	-	-	-	101,934	-	-	-
Compañía Sudamericana de Vapores Agencia Marítima S.L.	Foreign	Spain	Currrent account	Associate of subsidiary	USD	-	-	-	-	66,136	-	-	-
Iquique Terminal Internacional S.A.	96.915.330-0	Chile	Services	Associate of subsidiary	USD	-	-	-	-	38,832	-	-	-
CSAV Shipping LLC (Dubai)	Foreign	Dubai	Currrent account	Associate of subsidiary	USD	-	-	-	-	37,012	-	-	-
CSAV Group (China) Shipping Co. Ltd.	Foreign	China	Currrent account	Associate of subsidiary	USD	-	-	-	-	36,405	-	-	-
Ecuaestibas S.A.	Foreign	Ecuador	Currrent account	Associate of subsidiary	USD	-	-	-	-	33,371	-	-	-
Otros	-	-	Invoices		CLP	63,600	9,063	22	-	52,259	2.080	-	-
Totales						**10.907.987**	**3,255,069**	**911,950**	**597,244**	**6,425,106**	**2,080**	**-**	**-**

There are no allowances for doubtful accounts.

Note 7 – Balances and transactions with related entities (continued)

b) Significant transactions with related entities

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 collateral has been given or received with respect to accounts receivable or payable between related parties.

For the presentation of transactions with related entities, significant items are those that exceed UF10,000 or 1% of the equity, whichever the lower.

				12-31-2014		12-31-2013	
Tax No.	Company	Relationship	´Transaction	Transaction amount	Effect on result	Transaction amount	Effect on result
				ThCh$	ThCh$	ThCh$	ThCh$
76.003.431-2	Aguas CCU Nestle Chile S.A.	Subsidiary of joint venture	Sale of products	581,081	488,428	558,780	469,563
99.501.760-1	Embotelladoras Chilenas Unidas S.A.	Subsidiary of joint venture	Sale of products	918,961	793,708	979,672	842,728
96.989.120-4	Cervecera CCU Chile Ltda.	Subsidiary of joint venture	Sale of products	730,355	613,681	308,571	259,304
96.790.240-3	Minera Los Pelambres S.A.	Shareholders in common	Sale of products	35,836,011	3,188,028	64,457,107	3,729,132
78.896.610-5	Minera El Tesoro	Shareholders in common	Port services received	744,862	133,298	1,021,264	221,284
99.511.240-K	Antofagasta Terminal Internacional S.A.	Shareholders & directors in common	Port services received	2,562,115	(2,562,115)	-	-
Foreign	Consorcio Naviero Peruano S.A.	Associate of subsidiary	Port services received	1,666,630	(1,666,630)	-	-
96.908.970-K	San Antonio Terminal Internacional S.A.	Associate of subsidiary	Port services recieved	5,439,076	(5,439,076)	-	-
Foreign	Norasia Container Lines Ltd.	Associate of subsidiary	Administrative services provided	4,681,050	(4,681,050)	-	-
96.908.930-0	San Vicente Terminal Internacional S.A.	Associate of subsidiary	Port services received	1,909,608	(1,909,608)	-	-
92.048.000-4	SAAM S.A.	Associate	Port services received	6,141,775	(6,141,775)	-	-
92.048.000-4	SAAM S.A.	Associate	Maritime services provided	683,307	683,307	-	-
92.048.000-4	SAAM S.A.	Associate	Sale of products	1,465,679	994,753	345,212	38,452
Foreign	Agencias grupo CSAV (Mexico) S.A. de C.V.	Associate of subsidiary	Services provided	1,189,798	(1,189,798)	-	-
Foreign	Companhia Libra de Navegacao S.A.	Associate of subsidiary	Administrative services provided	700,988	(700,988)	-	-
82.040.600-1	Sociedad Inversiones de Aviación S.A.	Associate of subsidiary	Services received	360,859	(360,859)	169,946	(169,946)

c) Remuneration and benefits received by senior management of the Company

The following is a detail for each year:

	2014	2013
	ThCh$	ThCh$
Wages & salaries	3,566,091	2,812,862
Fees (allowances & profit sharing)	1,633,698	1,096,301
Short-term benefits	3,981,883	3,055,547
Total	9,181,672	6,964,710

Note 8 – Inventory

The following shows the composition of these as of December 31, 2014 and 2013:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Raw materials	21,637,662	20,775,849
Merchandise	-	6,365,041
Fuel & lubricants	2,762,533	-
Supplies for production	2,899,337	3,112,575
Work in progress	4,150,674	3,389,434
Finished goods	75,090,018	90,437,045
Others (1)	5,868,056	5,076,109
Totales	**112,408,280**	**129,156,053**

(1) Mainly includes inventory in transit.

The following shows the balances as of December 31, 2014 and 2013 mainly relating to the adjustment to the net realization value of consumption materials.

	12-31-2014 ThCh$	12-31-2013 ThCh$
Amounts deducted from inventory	1,648,637	1,213,772

The costs of inventory recognized as expense in the consolidated statement of comprehensive income as of December 31 each year are:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Inventory costs booked as expenses	2,188,266,037	1,762,667,053

Note 9 – Non-current assets or groups of assets classified as held for sale and discontinued operations

The following shows the composition of these as of December 31, 2014 and 2013:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Non-current assets held for sale	26,312,855	10,690,631
Assets from discontinued operations	6,497,232	14,596,315
Total assets	**32,810,087**	**25,286,946**
Liabilities from discontinued operations	2,160,080	7,981,024
Total liabilities	**2,160,080**	**7,981,024**
Loss from discontinued operations	(77,141,621)	(11,851,519)
Total results	**(77,141,621)**	**(11,851,519)**

(a) Non-current assets held for sale

The following are the non-current assets held for sale as of December 31, 2014 and 2013:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Properties	23,659,663	9,808,667
Machinery, vehicles & equipment	2,468,811	201,794
Service stations	184,381	680,170
Total	**26,312,855**	**10,690,631**

(b) Discontinued operations

On September 30, 2013, the board of the subsidiary Tech Pack, as part of its business strategic development plan and due to various internal and external factors, decided to suspend the operations of Decker Industrial S.A., a subsidiary that manufactured copper pipes in Argentina. This meant the dismissal of all its personnel and the sale of one of its production units in Buenos Aires.

Later, on December 16, 2013, the board of Madeco Mills S.A., a subsidiary of Madeco S.A., agreed to terminate its production and commercial activities related to the manufacture and sale of copper pipes. This termination was carried out on that same date.

On March 10, 2014 the board of the subsidiary Indalum S.A. agreed to terminate that company's production activities, related to the manufacture of aluminum and PVC profiles. This closure occurred on that date.

Ther statements of financial position, income and cash flows of the discontinued activities are shown below:

Statement of financial position	12-31-2014 ThCh$	12-31-2013 ThCh$
Assets		
Total current assets	6,497,232	9,215,381
Total non-current assets	-	5,380,934
Total assets	6,497,232	14,596,315
Liabilities		
Total current liabilities	2,010,340	7,843,684
Total non-current liabilities	149,740	137,340
Total liabilities	2,160,080	7,981,024

Note 9 – Non-current assets or groups of assets classified as held for sale and discontinued operations (continued)

(b) Discontinued operations (continued)

Income Statement	**12-31-2014**	**12-31-2013**
	ThCh$	**ThCh$**
Revenue	88,812,529	82,462,501
Expenses	(35,268,655)	(95,102,616)
Result before taxes	(12,456,126)	(12,460,115)
Credit (charge) for income taxes	485,314	788,596
Loss of discontinued operations	(11,970,812)	(11,851,519)

Statement of cash flows	**12-31-2014**	**12-31-2013**
	ThCh$	**ThCh$**
Net cash flow from operating activities	8,228,842	6,426,873
Net cash flow from investment activities	2,247,472	(1,148,306)
Net cash flow from financing activities	(10,507,671)	(5,075,317)
Effects of variation in exchange rate on cash & cash equivalents	89,668	66,015
Cash & cash equivalents, opening balance	1,494,070	-
Cash & cash equivalents, closing balance	1,552,381	269,265

i) On December 2, 2014, CSAV reported to the SVS its compliance with all the conditions for the closing of the transaction with HLAG, among them the applicable regulatory approvals, by the contribution to HLAG of all the rights in the entity CSAV Germany Container GmbH, which at that date controlled all the assets, liabilities and personnel of the containership business. In return for the contribution, CSAV subscribed for shares representing 30% of the share capital of HLAG at that date.

As of December 31, 2014, therefore CSAV no longer had assets or liabilities relating to discontinued operations because, as a result of the combination of businesses on December 2, 2014, it disposed of them in order to receive an investment in the combined entity, which is today its principal asset. This is why the statement of financial position of CSAV included in these consolidated financial statements does not contain assets or liabilities classified as held for sale.

However, in order for the results for the year ended December 31, 2014, to be comparable with those of the next periods and following the provisions of IFRS 5, CSAV shows the consolidated statement of income for that year, separating the results of continued operations from those related to discontinued operations, in a way consistent with the financial statements of the last 2 intermediate periods.

Income Statement	**12-31-2014**	**12-31-2013**
	ThCh$	**ThCh$**
Loss from discontinued operations	(65,170,809)	-
Loss from discontinued operations	(65,170,809)	-

Statement of cash flows	**12-31-2014**	**12-31-2013**
	M$	**M$**
Net cash flow from operating activities	(122,482,841)	-
Net cash flow from investment activities	(67,517,539)	-
Net cash flow from financing activities	150,085,645	-
Effects of the exchange rate variation on cash & cash equivalents	(2,147,645)	-
Net cash flow for the period	(42,062,380)	-

Note 10 – Other financial assets, non-current

The following shows the composition of these as of December 31, 2014 and 2013:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Equity instruments (shares)	24,623,278	21,152,952
Mortgage-funding notes of national banks	1,177,709	2,028,380
Bonds issued by corporations	10,441,977	18,068,772
Bonds issued by national banks	36,256,125	24,746,173
Securities issued by Banco Central de Chile	13,036,944	10,643,478
Other equity & foreign investments	2,838,173	1,583,581
Total	**88,374,206**	**78,223,336**

a) Equity instruments

The detail of equity instruments as of December 31, 2014 and 2013, is as follows:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Sociedad Nacional de Oleoductos S.A. (Sonacol)	24,392,099	16,161,697
Sociedad Nacional Marítima S.A. (Sonamar)	-	3,867,729
Depósitos Asfálticos S.A. (DASA)	162,471	-
Others	68,708	1,123,526
Total	**24,623,278**	**21,152,952**

Note 11 – Other non-financial assets, non-current

The following shows the composition of these as of December 31, 2014 and 2013:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Judicial deposits Ficap Brasil	8,904,235	8,180,178
Other recoverable taxes	12,177,848	1,525,483
Rentals paid in advance	1,184,322	1,631,774
Investment sole investment account	584,271	594,286
Loans to Enex distributors	2,896,489	3,385,267
Indemnity asset	1,800,228	-
Others	967,590	1,151,696
Total	**28,514,983**	**16,468,684**

Note 12 – Investments booked using the equity method

a) Summary of financial information of significant subsidiaries[3]

The summary of financial information of significant subsidiaries as of December 31, 2014, is as follows:

Company	Country of incorporation	Functional currency	Percentage participation	Current Assets ThCh$	Non-current assets ThCh$	Banking assets ThCh$	Current liabilities ThCh$	Non-current liabilities ThCh$	Banking liabilities ThCh$	Ordinary revenue ThCh$	Ordinary expenses ThCh$	Earnings (loss) ThCh$
TECH PACK (formerly Madeco)	Chile	USD	65.92%	177,895,159	175,330,077	-	108,233,951	49,993,473	-	212,763,716	(174,838,510)	(14,785,296)
INVEXANS	Chile	USD	80.45%	15,073,638	316,580,426	-	1,371,118	18,005,718	-	382,315	(114,495)	(44,924,282)
LQIF	Chile	CLP	50.00%	3,764,178	855,176,534	27,645,835,572	5,178,574	221,681,627	25,248,181,112	1,363,109,001	(714,918,047)	225,565,091
ENEX	Chile	CLP	100.00%	269,410,129	457,939,779	-	118,717,870	99,477,347	-	2,176,803,063	(2,017,741,193)	34,301,221
CSAV	Chile	USD	64.60%	56,945,915	1,284,319,253	-	161,732,853	26,794,080	-	128,645,459	(128,790,928)	251,961,763
Total				**523,089,019**	**3,089,346,069**	**27,645,835,572**	**395,234,366**	**415,952,245**	**25,248,181,112**	**3,881,703,554**	**(3,036,403,173)**	**452,118,497**

The summary of financial information of significant subsidiaries as of December 31, 2013, is as follows:

Company	Country of incorporation	Functional currency	Percentage participation	Current Assets ThCh$	Non-current assets ThCh$	Banking assets ThCh$	Current liabilities ThCh$	Non-current liabilities ThCh$	Banking liabilities ThCh$	Ordinary revenue ThCh$	Ordinary expenses ThCh$	Earnings (loss) ThCh$
MADECO	Chile	USD	65.92%	141,018,409	154,353,657	-	93,261,134	91,691,441	-	205,771,981	(163,165,999)	1,117,630
INVEXANS	Chile	USD	65.92%	8,045,623	310,869,841	-	93,561,661	17,611,106	-	410,483	(199,875)	(47,883,741)
LQIF	Chile	CLP	50.00%	8,667	923,676,358	25,933,874,557	4,361,207	199,097,903	23,825,519,475	1,215,380,474	(623,200,452)	248,259,380
ENEX	Chile	CLP	100.00%	305,354,131	426,924,066	-	152,232,726	112,388,964	-	1,757,693,466	(1,630,361,291)	18,970,646
Total				**454,426,830**	**1,815,823,922**	**25,933,874,557**	**343,416,728**	**420,789,414**	**23,825,519,475**	**3,179,256,404**	**(2,416,927,617)**	**220,463,915**

3 Significant subsidiaries are determined by following the same criterion used in establishing the Company's **Operating Segments** (Note 33).

Note 12 – Investments booked using the equity method (continued)

b) Participation in joint ventures

The Company's most significant participation in joint ventures relates to the investment in Compañía Cervecerías Unidas S.A. (CCU), included in the equity value method of Inversiones y Rentas S.A. (IRSA). The Company has an indirect participation 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.

In accordance with paragraph 21 of IFRS 12, the following shows summarized financial information of the significant participations in joint ventures as of December 31, 2014 and 2013:

						12-31-2014				
Company	**Country of incorporation**	**Book value**	**Percentage participation**	**Current Assets ThCh$**	**Non-current assets ThCh$**	**Current liabilities ThCh$**	**Non-current liabilities ThCh$**	**Ordinary revenue ThCh$**	**Ordinary expenses ThCh$**	**Earnings (loss) ThCh$**
Inversiones y Rentas S.A.	Chile	289,954,455	50.00%	686,036,327	1,110,648,582	363,614,379	320,014,589	1,297,966,299	(604,536,815)	64,150,445
Foods Compañía de Alimentos CCU S.A.	Chile	12,829,340	50.00%	7,815,749	28,686,422	10,117,770	725,720	26,065,006	(11,876,117)	(25,242)
Asfaltos Cono Sur S.A.	Chile	6,424,200	50.00%	1,935,402	12,730,703	1,302,104	-	4,231,283	(2,569,470)	1,442,223
Transportes y Servicios Aéreos S.A.	Chile	132,517	50.00%	1,461,466	68,032	2,458	1,262,007	-	-	(12,160)
Total				**697,248,944**	**1,152,133,739**	**375,036,711**	**322,002,316**	**1,328,262,588**	**(618,982,402)**	**65,555,266**

						12-31-2013				
Company	**Country of incorporation**	**Book value**	**Percentage participation**	**Current Assets ThCh$**	**Non-current assets ThCh$**	**Current liabilities ThCh$**	**Non-current liabilities ThCh$**	**Ordinary revenue ThCh$**	**Ordinary expenses ThCh$**	**Earnings (loss) ThCh$**
Inversiones y Rentas S.A.	Chile	280,414,398	50.00%	819,389,229	936,361,333	395,761,685	308,121,833	1,197,226,510	(536,696,634)	75,379,622
Foods Compañía de Alimentos CCU S.A.	Chile	12,711,976	50.00%	10,118,422	28,109,818	11,796,719	1,007,569	23,312,230	(9,710,725)	174,201
Asfaltos Cono Sur S.A.	Chile	6,038,588	50.00%	727,438	12,804,384	1,454,641	-	2,496,213	(1,919,077)	477,182
Transportes y Servicios Aéreos S.A.	Chile	138,597	50.00%	1,403,797	70,299	2,413	1,194,490	-	-	48,140
Total				**831,638,886**	**977,345,834**	**409,015,458**	**310,323,892**	**1,223,034,953**	**(548,326,436)**	**76,079,145**

There are no contingent liabilities or investment commitments relating to the participation in joint ventures. The method used for booking the participation in the jointly-controlled entities is the equity value method, giving an identical treatment to investments in associates.

Note 12 – Investments booked using the equity method (continued)

c) Participation in associates

(i) Investment in Compañía Sud Americana de Vapores S.A.

During September 2013, Compañía Sud Americana de Vapores concluded the placement of a capital increase of USD 500 million, as agreed by the extraordinary shareholders' meeting of April 29, 2013. This increase was carried out by the issue of 6,750,000,000 shares at a price of USD 0.04883 per share, thus fully completing the placement of the capital increase. Quiñenco and its subsidiaries Inmobiliaria Norte Verde and Inversiones Río Bravo, exercised their pre-emptive options and acquired 3,851,217,394 shares in CSAV for an amont of ThCh$ 71,483,798. Therefore, as of December 31, 2013, Quiñenco and its subsidiaries Inmobiliaria Norte Verde and Inversiones Rio Bravo are jointly the holders of 7,115,258,625 shares in CSAV, representing 46.00% of its subscribed and paid-in capital.

During the third quarter of 2014, Quiñenco took over control of Compañía Sud Americana de Vapores, which then became a subsidiary included in the consolidation.

(ii) Investment in Sociedad Matriz SAAM S.A.

On September 9, 2013, Quiñenco acquired 486,839,599 shares in Sociedad Matriz SAAM S.A for an amount of ThCh$24,351,717. As of December 31, 2013 therefore, Quiñenco and its subsidiaries Inmobiliaria Norte Verde and Inversiones Rio Bravo are jointly the holders of 4,132,338,553 shares in Sociedad Matriz SAAM S.A., representing 42.44% of its subscribed and paid-in capital.

(iii) Investment in Compañía Cervecerías Unidas S.A. CCU

On June 18, 2013, the extraordinary shareholders' meeting of Compañía Cervecerías Unidas S.A. (CCU) agreed to a capital increase through the issue of 51,000,000 shares. The board on September 12, 2013 agreed to set the placement price at Ch$6,500 per share for the pre-emptive option period, which lasted from September 13 to October 12, 2013.

As of December 31, 2013, 51,000,000 shares of the capital increase of CCU are subscribed and paid, of which Inversiones y Rentas S.A. did not subscribe. The subsidiary Inversiones Irsa Ltda. participated in this capital increase with the subscription of 11,133,284 shares.

The joint participation in CCU therefore fell from 66.11% to 60.00%. As of December 31, 2014 the joint shareholding in CCU remains at 60.00%.

(iv) Investment in Nexans

On March 27, 2013, an extraordinary shareholders' meeting approved the division of Madeco into two companies, Invexans being the legal successor and through which the investment in Nexans was placed together with other related obligations. The new company arising from this division was named Madeco S.A. (today Tech Pack S.A.) whose principal assets are the companies Alusa and Indalum.

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 at June and December to value this investment at equity value for the accounting closes at March and September respectively. This has been authorized by the SVS by its Resolution 10.914 of April 30, 2012.

Note 12 – Investments booked using the equity method (continued)

c) Participation in associates (continued)

iii) In accordance with paragraph 10 of IFRS 12, the following is summarized financial information on the significant participations in associates as of December 31, 2014 and 2013:

12-31-2014

Company	Country of incorporation	Book value ThCh$	Percentage participation	Current Assets ThCh$	Non-current assets ThCh$	Current liabilities ThCh$	Non-current liabilities ThCh$	Ordinary revenue ThCh$	Ordinary expenses ThCh$	Earnings (loss) ThCh$
SM SAAM S.A.	Chile	244,696,752	42.44%	123,427,512	621,830,165	84,977,765	155,281,280	280,482,500	(209,984,279)	35,348,241
Nexans S.A. (1) & (2)	France	334,603,531	28.98%	2,463,813,343	1,533,244,591	1,550,312,386	1,355,516,420	5,317,215,551	(5,202,189,805)	(90,336,523)
Hapag Lloyd A.G. (3)	Germany	1,071,024,785	34.00%	1,331,491,032	6,123,501,205	1,626,640,322	2,753,252,509	5,236,552,751	(4,780,000,075)	(456,552,676)
Total				**3,918,731,887**	**8,278,575,961**	**3,261,930,473**	**4,264,050,209**	**10,834,250,802**	**(10,192,174,159)**	**(511,540,958)**

12-31-2013

Company	Country of incorporation	Book value ThCh$	Percentage participation	Current Assets ThCh$	Non-current assets ThCh$	Current liabilities ThCh$	Non-current liabilities ThCh$	Ordinary revenue ThCh$	Ordinary expenses ThCh$	Earnings (loss) ThCh$
Compañía Sud Americana de Vapores S.A.	Chile	230,306,866	46.00%	320,677,182	854,625,856	380,156,048	247,559,476	1,203,803,249	(1,179,767,020)	(52,474,140)
SM SAAM S.A.	Chile	212,217,751	42.44%	101,861,509	437,137,366	74,063,955	117,100,450	174,797,189	(133,391,318)	28,365,006
Nexans S.A. (1) & (2)	France	299,527,930	26.55%	2,535,509,989	1,533,694,023	1,666,293,037	1,237,963,347	4,678,923,799	(577,452,004)	(213,321,368)
Total				**2,958,048,680**	**2,825,457,245**	**2,120,513,040**	**1,602,623,273**	**6,057,524,237**	**(1,890,610,342)**	**(237,430,502)**

(1) Relates to the latest information published by the company. These summarized 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 at June and December to value this investment at equity value for the accounting closes at March and September respectively. This has been authorized by the SVS by its Resolution 10.914 of April 30, 2012.

(3) This information comes directly from the consolidated financial statements of the associate. It does not include PPA effects made by CSAV.

Note 12 – Investments booked using the equity method (continued)

d) Movement in investments in associates:

The movement during 2014 was as follows:

Company	Principal activity	Country	Functional currency	Percentage participation	Balance at 01-01-2014 ThCh$	Participation in earnings (loss) ThCh$	Dividends recieived ThCh$	Other Increases (decreasess) ThCh$	Balance at 12-31-2014 ThCh$
Inversiones y Rentas S.A.	Investments	Chile	CLP	50.00	280,414,398	32,075,223	(17,359,633)	(5,175,533)	289,954,455
SM SAAM S.A. (1)	Transport	Chile	USD	42.44	212,217,751	12,117,696	(8,674,994)	29,036,299	244,696,752
Habitaria S.A.	Real estate	Chile	CLP	50.00	205,984	4,040	-	-	210,024
Nexans S.A. (2)	Manufacturing	France	EUR	28.98	299,527,930	(25,749,061)	-	30,855,536	304,634,405
Foods Compañía de Alimentos CCU S.A.	Foods	Chile	CLP	50.00	12,711,976	(12,621)	-	129,985	12,829,340
Cía. Sud Americana de Vapores S.A. (3)	Transport	Chile	USD	46.00	230,306,866	(29,573,630)	-	(200,733,236)	-
Dry Bulk Handy Holding Inc.	Transport	Monaco	USD	50.00	-	325,218	-	(325,218)	-
Odfjell & Vapores Ltd. (Bermudas)	Transport	Bermudas	USD	50.00	-	(3,641)	-	10,315	6,674
Vogt & Maguire Shipbroking Ltd.	Transport	England	GBP	50.00	-	64,922	(100,368)	35,446	-
Hamburg Container Lines Holding	Transport	Germany	EUR	50.00	-	-	-	74,630	74,630
Hapag-Lloyd A.G.	Transport	Germany	EUR	34.00	-	(52,519,321)	-	1,123,462,802	1,070,943,481
Transportes y Servicios Aéreos S.A.	Transport	Chile	CLP	50.00	138,597	(6,080)	-	-	132,517
Asfaltos Cono Sur S.A.	Bitumen	Chile	CLP	50.00	6,038,588	721,110	(119,500)	41,802	6,682,000
Sociedad Inversiones Aviación SIAV Ltda.	Fuel & lubricants	Chile	CLP	33.33	1,297,503	840,452	(443,000)	(139,219)	1,555,736
Inmobiliaria El Norte y El Rosal S.A.	Real estate	Chile	CLP	50.00	34,622	284	-	-	34,906
Empresa Aérea El Litoral S.A.	Transport	Chile	CLP	0.57	402	(12)		-	390
Total					**1,042,894,617**	**(61,715,421)**	**(26,697,495)**	**977,273,609**	**1,931,755,310**

(1) The goodwill related to the acquisition of the associate SM SAAM is included forming part of the value of the investment. The amount shown of ThCh$ 244,696,752 therefore corresponds ThCh$ 209,226,706 to equity value and ThCh$ 35,470,046 to goodwill.

(2) The goodwill related to the acquisition of the associate Nexans S.A. is included forming part of the value of the investment. The amount shown of ThCh$ 304,634,405, therefore corresponds ThCh$ 303,986.386 to equity value and ThCh $ 648,019 to goodwill.

(3) During the third quarter of 2014, Quiñenco took over control of Compañía Sud Americana de Vapores which became a subsidiary included in the consolidation.

Note 12 – Investments booked using the equity method (continued)

d) Movement in investments in associates (continued):

The following shows the movement during 2013:

Company	Principal activity	Country	Functional currency	Percentage participation	Balance at 01-01-2013	Participation in earnings (loss)	Dividends recieived	Other Increases (decreasess)	Balance at 12-31-2013
					ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Inversiones y Rentas S.A.	Investments	Chile	CLP	50.00	220,476,221	37,689,811	(8,449,588)	30,697,954	280,414,398
Cía. Sud Americana de Vapores S.A.(4)	Transport	Chile	USD	46.00	156,646,519	(37,163,237)	-	110,823,584	230,306,866
SM SAAM S.A. (5)	Transport	Chile	USD	42.44	169,793,674	12,663,667	(5,505,807)	35,266,217	212,217,751
Habitaria S.A.	Real estate	Chile	CLP	50.00	202,616	5,732	-	(2,364)	205,984
Nexans S.A.	Manufacturing	France	EUR	26.55	247,861,822	(53,145,724)	-	104,811,832	299,527,930
Peruplast S.A.	Manufacturing	Peru	USD	50.00	12,329,867	-	-	(12,329,867)	-
Empaques Flexa S.A.S.	Manufacturing	Colombia	COP	50.00	2,801,710	-	-	(2,801,710)	-
Efren Soluciones S.A.	Manufacturing	Peru	USD	50.00	814,102	-	-	(814,102)	-
Inmobiliaria Eliseo S.A.	Real estate	Peru	USD	50.00	1,605,447	-	-	(1,605,447)	-
Foods Compañía de Alimentos CCU S.A.	Food	Chile	CLP	50.00	12,624,875	87,101	-	-	12,711,976
Transportes y Servicios Aéreos S.A.	Transport	Chile	CLP	50.00	114,527	24,070	-	-	138,597
Asfaltos Cono Sur S.A.	Bitumen	Chile	CLP	50.00	5,800,000	238,588	-	-	6,038,588
Sociedad Inversiones Aviación SIAV Ltda.	Suply of fuel & lubricants	Chile	CLP	33.33	1,250,918	834,854	(800,839)	12,570	1,297,503
Inmobiliaria El Norte y El Rosal S.A.	Real estate	Chile	CLP	50.00	34,408	214	-	-	34,622
Empresa Aérea El Litoral S.A.	Transport	Chile	CLP	0.57	410	(7)	-	(1)	402
Total					**832,357,116**	**(38,764,931)**	**(14,756,234)**	**264,058,666**	**1,042,894,617**

(1) The goodwill related to the acquisition of the associate CSAV is included forming part of the value of the investment. The amount shown of ThCh$ 230,306,866 therefore corresponds ThCh$229,961,850 to equity value and ThCh$ 345,016 to goodwill.

(2) The goodwill related to the acquisition of the associate SM SAAM is included forming part of the value of the investment. The amount shown of ThCh$ 212,217,751 therefore corresponds ThCh$176,747,705 to equity value and ThCh$35,470,046 to goodwill.

Note 13 – Intangible assets other than goodwill

Classes of intangible assets, net	**12-31-2014 ThCh$**	**12-31-2013 ThCh$**
Intangible assets with finite life, net	35,332,733	35,515,542
Intangible assets with indefinite life, net (1)	185,408,826	183,748,228
Intangible assets, net	**220,741,559**	**219,263,770**

(1) Intangible assets of indefinite life relate to the Banco de Chile brand and the contract for using the Citibank brand, as it is expected that they contribute to the generation of net cash flows indefinitely. Intangible assets of indefinite life are valued at their cost of acquisition less accumulated impairment, and are not amortized. However, these assets are subject to annual impairment tests.

Method used to express the amortization of identifiable intangible assets	**Useful life**	**Minimum useful life**	**Maximum useful life**
Useful life for computer programs	years	3	6
Useful life for Other identifiable intangible assets	years	5	10

a) The detail of intangible assets as of December 31, 2014 and 2013 is as follows:

As of December 31, 2014	**Gross assets ThCh$**	**Accumulated Amortization ThCh$**	**Net assets ThCh$**
Patents, trademarks & other rights	186,745,766	(1,336,940)	185,408,826
Computer programs	3,156,894	(1,154,741)	2,002,153
Other intangible assets	266,168,756	(232,838,176)	33,330,580
Total	**456,071,416**	**(235,329,857)**	**220,741,559**

As of December 31, 2013	**Gross assets ThCh$**	**Accumulated Amortization ThCh$**	**Net assets ThCh$**
Patents, trademarks & other rights	185,043,576	(1,295,348)	183,748,228
Computer programs	2,353,739	(842,313)	1,511,426
Other intangible assets	263,085,205	(229,081,089)	34,004,116
Total	**450,482,520**	**(231,218,750)**	**219,263,770**

Note 13 – Intangible assets other than goodwill (continued)

a) Movement of identifiable intangible assets

The following shows the movement of identifiable intangible assets during 2014:

Movement	Patents, registered trademarks & other rights ThCh$	Computer programs ThCh$	Other intangible assets ThCh$	Total ThCh$
Initial balance	183,748,228	1,511,426	34,004,116	219,263,770
Additions	77,384	1,123,764	-	1,201,148
Internally-developed additions	-	-	76,165	76,165
Acquisitions through combinations of business	1,209,000	77,700	1,488,000	2,774,700
Disposals	(1,237)	-	-	(1,237)
Disposals through business divestments	-	(71,903)	-	(71,903)
Amortization	(105,195)	(344,683)	(3,564,050)	(4,013,928)
Increase (decrease) in currency translation	686,571	161,261	1,326,349	2,174,181
Other increases (decreases)	(205,925)	(455,412)	-	(661,337)
Closing balance	**185,408,826**	**2,002,153**	**33,330,580**	**220,741,559**

The following shows the movement of identifiable intangible assets during 2013:

Movement	Patents, registered trademarks & other rights ThCh$	Computer programs ThCh$	Other intangible assets ThCh$	Total ThCh$
Initial balance	178,790,378	1,707,965	26,679,852	207,178,195
Additions	3,978	689,896	18,886	712,760
Acquisitions through combinations of business	4,211,547	-	9,063,045	13,274,592
Amortization	(238,202)	(1,574,033)	(3,477,222)	(5,289,457)
Increase (decrease) in currency translation	374,565	89,706	798,699	1,262,970
Other increases (decreases)	605,962	597,892	920,856	2,124,710
Closing balance	**183,748,228**	**1,511,426**	**34,004,116**	**219,263,770**

The subsidiary Tech Pack books the amortization of identifiable intangible assets under Administrative expenses in the consolidated statement fo comprehensive income. The subsidiary LQIF books the amortization of its intangible assets under Other expenses by function.

Note14 – Goodwill

The following shows the movement in goodwill during 2014 and 2013:

Movement	Banco de Chile & SM-Chile ThCh$	Merger Banco Chile - Citibank ThCh$	Merger Citigroup Chile II S.A. LQIF ThCh$	Enex ThCh$	Others ThCh$	Total ThCh$
As of December 31, 2014						
Initial balance at 01-01-2014	541,029,310	138,235,433	41,319,581	194,358,714	17,576,572	932,519,610
Additional booked	-	-	-	-	3,862,845	3,862,845
Increase (decrease) in currency exchange	-	-	-	-	2,562,436	2,562,436
Write-offs for disposals of business	(26,562,820)	(29,797,224)	(9,451,408)	342,686	(342,686)	(65,811,452)
Net closing balance at 12-31-2014	**514,466,490**	**108,438,209**	**31,868,173**	**194,701,400**	**23,659,167**	**873,133,439**
As of December 31, 2013						
Initial balance at 01-01-2013	541,029,310	138,235,433	41,319,581	142,353,208	1,275,236	864,212,768
Other increases (decreases)	-	-	-	52,005,506	16,301,336	68,306,842
Net closing balance at 12-31-2013	**541,029,310**	**138,235,433**	**41,319,581**	**194,358,714**	**17,576,572**	**932,519,610**

a) During June 2014, the subsidiaries Alusa S.A., Ecoalusa S.A. and Inversiones Alusa S.A. acquired 100% of the share capital of the Chilean company Productos Plasticos HYC S.A., a company specialized in the manufacture of flexible packaging.

Note 15 – Combinations of businesses

a) The subsidiary Empresa Nacional de Energía Enex S.A., on June 27, 2013, took control of the companies Petróleos Trasandinos S.A. (Petrans S.A.) and Operaciones y Servicios Terpel Ltda. (Opese Ltda.), both acquired from the Colombian group Terpel, which meant the transfer of the operations of the Terpel group in Chile, through the service stations operated by the above subsidiaries, the distribution of lubricants, convenience stores and other related businesses.

On June 27, 2013, the subsidiary Enex closed the transaction with the payment of UF 5,291,345 (around ThUS$ 240,000), amount which includes the working capital and available cash.

Goodwill of ThCh$52,005,506 was generated by the acquisition, after distributing the values apportioned mainly to fixed assets and trademarks on the basis of appraisals by independent experts. The following was the impact of this transaction:

	12-31-2013 ThCh$
Amount paid	120,921,359
Return of payments	(631,282)
Amount paid	120,290,077
Net assets on acquisition date (book value)	64,743,012
Increased value through appraisal of assetss	4,130,494
Terpel trademark (1)	297,000
Others	(885,935)
Total assets	68,284,571
Final goodwill	**52,005,506**

(1) Relates to the value assigned to the brand by external professionals, to which Enex has the right to use for 2 years until completing the change of the service stations' image. This intangible asset is being amortized over the term of use of the brand name, and the amortization in 2014 amounted to ThCh$ 148,500 (net value as of December 31, 2013 ThCh$ 74,250).

Note 15 – Combinations of businesses (continued)

b) The subsidiary Tech Pack, through its subsidiaries Ecoalusa S.A. and Inversiones Alusa S.A., acquired in June 2014 100% of the share capital of Productos Plásticos HyC S.A., a company specialized in the manufacture of flexible packaging.

The following is the impact of this transaction:

	ThCh$
Equity of HYC as of June 1, 2014	**2,879,299**
Goodwill of identified assets	718,000
Trademarks	1.209.000
Customer relations	1,488,000
Deferred taxes	(189,045)
Equity adjusted at June 1, 2014	**6,105,254**
Consideration paid	7,303,254
Goodwill determined	**1,198,000**

c) In the subsidiary CSAV, goodwill has originated in the acquisition of subsidiaries and businesses that have enabled it to operate its business globally and are the following:

	12-31-2014 ThCh$
Navibras Comercial Maritima e Afretamentos Ltda.	677,740
Compañía Naviera Río Blanco S.A.	1,906,409
Norgistics Holding S.A.	9,707
Norgistics Brasil Transportes Ltda.	70,989
Goodwill determined	**2,664,845**

d) During the third quarter of 2014, through successive share purchases, Quiñenco took control of the subsidiary CSAV on reaching a 54.47% shareholding. In accordance with IFRS 3, the operation is defined as a combination of businesses made in stages, in which the accounting for the participation previously held was reversed as if the investment had been made directly.

The new participation was booked on the equity at fair value of the acquired company. The impact on the statement of financial position is the following:

	ThCh$
Fair value pre-existing investment (1)	178,806,449
Book value of the investment at June 30, 2014 (2)	186,584,056
Effect of pre-existing investment on CSAV	**(7,777,607)**
Fair value pre-existing investment	178,806,449
Amount paid for the share purchase of the third quarter of 2014	98,176,024
Purchase amount (consideration transferred)	**276,982,473**
Participation of Quiñenco, 54.47% (third quarter) on equity at fair value of CSAV	**323,792,585**
Negative goodwill	**46,810,112**

(1) The fair value of the pre-existing investment, determined in accordance with IFRS 13, using the share price in an active market (stock exchange) of Compañía Sud Americana de Vapores on the date on which control was obtained.
(2) Includes goodwill associated with the investment, deferred taxes and accumulated amounts booked in other comprehensive income in equity (Other reserves).

These effects are shown in Note 28 c) Other gains (losses).

Note 15 – Combinations of Businesses (continued)

e) On December 2, 2014, the subsidiary Compañía Sud Americana de Vapores (CSAV) reported its compliance with all the conditions for the closure of the transaction with Hapag-Lloyd A.G. (HLAG), including all the applicable regulatory approvals. It then proceeded to contribute 100% of the rights to HLAG which, from that moment, would have operational, commercial and administrative control over CSAV's containership business, together with all the associated assets and liabilities. In consideration of this contribution, CSAV subscribed for shares representing 30% of the shares issued by HLAG at that date.

The valuation of the acquisition of 30% of HLAG (as combined entity) described in the previous paragraph amounts to US$ 1,531 million and is supported by the booking that HLAG makes of the containership business of CSAV in its books on December 2, 2014. This booking is based on the valuation of the combined entity made by the independent consultant PricewaterhouseCoopers AG (Hamburg) for HLAG, which considers in accordance with IFRS 3 the 30% of the combined entity as "acquisition cost" for HLAG of the business transferred by CSAV. According to IFRS 3, this amount is known as "consideration transferred" within combination of businesses.

As required by IAS 28, the acquisition of 30% of HLAG implies for CSAV the booking of an investment in associates for the fair value acquired, that should be supported by a Purchase Price Allocation report ("PPA") made by an independent consultant. The Company contracted the services of PricewaterhouseCoopers AG (Hamburg) which, through a PPA report, stated the following (among other things): (i) the confirmation of the value of the consideration transferred booked by HLAG amounting to MMUS$ 1,531; (ii) the distribution of fair value of the combined entity into the different assets and liabilities comprising it, and (iii) the detail of the differences between the book value recorded by HLAG and the fair value of the assets and liabilities.

The following is the detail of the operation, as required by IFRS 10:

	Result of the transaction with HLAG
	ThCh$
Net assets as of September 30, 2014 to be contributed to HLAG	401,351,365
Subsequent results & other reserves associated with the business transferred	(30,597,750)
Final book vale associated with the containership business (1)	370,753,615
Acquisition of 30% of HLAG (consideration for loss of control)	941,151,393
Gross result of the transaction, in accordance with IFRS 10	**570,397,778**
Expenses associated with the transaction, excluding taxes	(38,983,803)
Net result, before taxes (included in "Other gains (losses)")	**531,413,975**
Tax expense associated with the use of deferred taxes in Chile by CSAV S.A.	(94,810,082)
Tax expense paid in foreign jurisdictions	(2,364,529)
Total tax expense (included in "Income tax expense")	**(97,174,611)**
Net result of the transaction, after taxes	**434,239,364**

(1) This amount corresponds to the book value of the containership business as of November 30, 2014, the last accounting closing prior to the closing of the transaction, and considers the value of net assets to be transferred to HLAG, as informed in the consolidated interim financial statements as of September 30, 2014, plus the comprehensive income of the containership business in October and November and plus the effect on income of the equity reserves associated with the containership business as of November 30, 2014.

Note 16 – Operations with Non-Controlling Participations

- **Disposal of Banco de Chile shares**

On January 9, 2014, the SVS was informed that the board on that date agreed to proceed with a sale offer, through a secondary offer, of up to 6,900,000,000 shares of Banco de Chile, on the domestic market and in the United States of America through the *American Depositary Shares* program of Banco de Chile. It was also indicated that this operation would not alter the situation of control of LQIF in the Bank.

On January 28, 2014, the board, having finished the road show for the above mentioned secondary offer and having analyzed the result of the bidding process through the order book concluded and informed by the placement agents, a price was approved for this secondary placement or sale offer of 6,700,000,000 shares of Banco de Chile, on the domestic market and in the United States of America through the *American Depositary Shares* program of Banco de Chile, of Ch$67 per share, renouncing the minimum placement price and declaring the sale offer successful. The tender was held on January 29, 2014. The direct and indirect participation of LQIF in Banco de Chile from that date thus amounts to 51.22%.

The net effect of the disposal of Banco de Chile shares in January 2014 produced a net fall in the direct and indirect participation in the Bank, which has been booked as a credit to Other reserves, considering that the counterparties are non-controlling participants in Banco de Chile.

- **Fully paid-in shares**

In March 2014 and 2013, extraordinary shareholders' meetings of Banco de Chile approved the distribution of 30% of the distributable earnings for the year through the issue of fuuly paid-in shares (stock dividends) which were distributed to the shareholders of Banco de Chile pro rata to their shareholdings in the Bank. During the same month, the ordinary shareholders' meeting of SM Chile approved the distribution of the stock dividends received for its direct participation in Banco de Chile to its shareholders pro rata to their participation in the Bank.

The effects of the dividend payments through stock dividends have generated a net increase in the direct and indirect participation in the Bank during 2014 and 2013. Consequently, the accounting treatment has been similar to an acquisition of shares. This operation has been booked as a charge to Other reserves, considering that the counterparties are non-controlling participations in Banco de Chile.

- **Banco de Chile capital increase**

In December 2012, the subsidiary LQIF acquired all the "Banco de Chile – T" shares that corresponded to it pro rata to its participation, during the ordinary pre-emptive option period, with a placement price of Ch$64, confirming later the non-concurrence in the special pre-emptive option period.

The net effect of the partial concurrence in the capital increase of the Bank and the later disposal of a reduced number of Banco de Chile – T shares made in January 2013, produced a net reduction in the direct and indirect participation in the Bank, which has been booked as a credit to Other reserves, considering that the counterparties are non-controlling participations in Banco de Chile.

- **Increased participation in Tech Pack**

During the first half of 2013, Quiñenco acquired shares in Tech Pack, increasing its holding from 55.40% to 65.92%. This operation has been booked as a credit to Other reserves, considering that the counterparties are non-controlling participations in this subsidiary.

Note 16 – Operations with Non-Controlling Participations (continued)

- **Reduction in participation in Compañía Cervecerías Unidas CCU**

  During the third quarter of 2013, the indirect associate Compañía Cervecerías Unidas CCU increased its capital by 51,000,000 shares. As of December 31, 2013, these shares were fully subscribed and paid. Inversiones y Rentas S.A. did not participate in this increase. The subsidiary Inversiones Irsa Ltda. participated in the capital increase of CCU with the subscription of 11,133,284 shares. Its joint participation in CCU therefore declined from 66.11% to 60.00%.

  As the counter parties that participated are non-controlling participations, the effects of this operation have been booked in Other reserves.

- **Increase in participation in Invexans**

  During the first half of 2014, Quiñenco participated in the capital increase of the subsidiary Invexans, increasing its shareholding from 65.92% to 80.45%. This operation has been booked as a credit to Other reserves, considering that the counterparties are non-controlling participations.

- **SM SAAM association contract**

  In July 2014 the associate SM SAAM signed a joint venture agreement with Boskalis, whereby tug boats positioned in Mexico and Brazil which it controlled 100% are now controlled jointly. This operation has been booked to Other reserves, considering that the counterparties are non-controlling participations.

- **CSAV capital increase**

  As of December 31, 2014, the capital increase process of the subsidiary CSAV was in its pre-emptive option period. As of that date, 58% of the new issue had been subscribed and paid (equivalent to US$ 231 million), of which Quiñenco had subscribed all of its pro rata share. This operation has been booked as a credit to Other reserves, considering that the counterparties are non-controlling participations.

The net effects (considering for these purposes only the participación de Quiñenco) generated by these operations with non-controlling participations as of December 31, 2014 and 2013 are as follows:

	Disposal shares Banco de Chile	**Concurrence in capital increase of Invexans**	**SM SAAM association agreement**	**Concurrence in capital increase of CSAV**	**Total**
	12-31-2014	**12-31-2014**	**12-31-2014**	**12-31-2014**	**12-31-2014**
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Equity value	(100,829,386)	21,746,871	10,344,337	29,939,261	(38,798,917)
Intangible assets	(5,888,142)	-	-	-	(5,888,142)
Goodwill	(32,905,726)	-	-	-	(32,905,726)
Disposal shares Banco Chile	218,631,090	-	-	-	218,631,090
Net effect on equity	**79,007,836**	**21,746,871**	**10,344,337**	**29,939,261**	**141,038,305**

	Concurrence in capital increase of Banco de Chile	**Payment of stock dividend**	**Purchase of shares Tech Pack (ex Madeco)**	**Non-concurrence capital increase CCU**	**Total**
	12-31-2013	**12-31-2013**	**12-31-2013**	**12-31-2013**	**12-31-2013**
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Equity value	21,492,352	(8,594,223)	15,604,909	41,295,101	69,798,139
Intangible assets	(1,201,909)	11,140	-	-	(1,190,769)
Variation other reserves	89,856	-	-	-	89,856
Disposal shares Banco Chile	3,159,734	-	-	-	3,159,734
Net effect on equity	**23,540,033**	**(8,583,083)**	**15,604,909**	**41,295,101**	**71,856,960**

Note 17 – Property, plant and equipment

(a) Composition

The following is the detail of these assets as of December 31, 2014 and 2013:

	Gross assets ThCh$	Accumulated depreciation ThCh$	Net assets ThCh$
As of December 31, 2014			
Construction in progress	40,258,796	-	40,258,796
Land	89,588,026	-	89,588,026
Buildings	58,165,571	(12,233,975)	45,931,596
Plant & equipment	279,118,884	(131,873,019)	147,245,865
Computer equipment	7,202,732	(5,465,712)	1,737,020
Fixed installations & accessories	13,332,053	(7,962,587)	5,369,466
Ships	13,430,411	(2,497,383)	10,933,028
Motor vehicles	5,634,885	(2,888,955)	2,745,930
Improvements to leased assets	734,565	(157,197)	577,368
Other property, plant & equipment	8,133,808	(5,013,744)	3,120,064
Total as of December 31, 2014	**515,599,731**	**(168,092,572)**	**347,507,159**
As of December 31, 2013			
Construction in progress	42,143,391	-	42,143,391
Land	85,285,480	-	85,285,480
Buildings	49,490,185	(10,959,103)	38,531,082
Plant & equipment	221,360,656	(92,593,575)	128,767,081
Computer equipment	6,254,623	(5,259,467)	995,156
Fixed installations & accessories	14,290,767	(8,559,459)	5,731,308
Motor vehicles	4,763,976	(2,382,828)	2,381,148
Improvements to leased assets	454,490	(163,360)	291,130
Other property, plant & equipment	9,425,346	(6,640,389)	2,784,957
Total as of December 31, 2013	**433,468,914**	**(126,558,181)**	**306,910,733**

QUIÑENCO S.A.

Note 17 – Property, plant and equipment (continued)

(b) Movement

The following was the movement in 2014:

		Construction in progress	Land	Buildings, net	Plant & equipment, net	Computer equipment, net	Fixed installations & accessories, net	Ships, net	Motor vehicles, net	Improvements to leased assets	Other property, plant & equipment, net	Property, plant & equipment, net
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Initial balance as of January 1, 2014		42,143,391	85,285,480	38,531,082	128,767,081	995,156	5,731,308	-	2,381,148	291,130	2,784,957	306,910,733
Movement	Additions	76,408,916	1,213,895	3,455,006	24,031,534	1,357,322	841,072	-	1,119,643	7,687	1,516,968	109,952,043
	Acquisitions through combinations of businesses	34,855,967	4,698,851	10,981,577	33,419,782	3,207,281	-	717,425,447	70,144	-	1,762,569	806,421,618
	Divestments	(968,559)	-	(685,286)	(558,646)	(212,686)	(37,932)	-	(158,362)	-	(95,634)	(2,717,105)
	Transfers to (from) non-current assets & groups for disposal held for sale	-	(4,683,013)	(6,014,711)	(3,738,045)	(71,854)	(317,261)	-	(50,298)	-	(1,166,792)	(16,041,974)
	Transfers to (from) investment properties	-	-	(7,462,418)	-	-	-	-	-	-	-	(7,462,418)
	Disposals through combinations of businesses	(58,862,031)	-	(17,596)	(23,296,166)	(2,141,221)	-	(679,194,130)	(81,304)	-	(780,281)	(764,372,729)
	Retirements	-	-	-	(26,433)	-	(2,432)	-	-	-	(2,578)	(31,443)
	Charge for depreciation	-	-	(1,063,958)	(13,942,889)	(664,188)	(1,025,302)	(1,380,963)	(587,330)	(54,768)	(604,799)	(19,324,197)
	Charge for depreciation discontinued operations	-	-	(1,820)	(1,629,731)	(887,069)	-	(25,917,326)	(30,944)	-	(316,117)	(28,783,007)
	Increases (decreases) in currency translation	524,891	3,072,731	4,678,897	5,016,262	13,229	152,416	-	49,670	(92,079)	71,112	13,487,129
	Other increases (decreases)	(53,843,779)	82	3,530,823	(796,884)	141,050	27,597	-	33,563	425,398	(49,341)	(50,531,491)
Closing balance as of December 31, 2014		**40,258,796**	**89,588,026**	**45,931,596**	**147,245,865**	**1,737,020**	**5,369,466**	**10,933,028**	**2,745,930**	**577,368**	**3,120,064**	**347,507,159**

The following was the movement in 2013:

		Construction in progress	Land	Buildings, net	Plant & equipment, net	Computer equipment, net	Fixed installations & accessories, net	Motor vehicles, net	Improvements to leased assets	Other property, plant & equipment, net	Property, plant & equipment, net
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Initial balance as of January 1, 2013		26,898,992	65,863,024	29,381,577	65,629,774	579,923	3,948,684	1,232,863	-	1,966,760	195,501,597
Movement	Additions	12,644,290	3,756,882	987,647	19,831,020	544,193	343,654	1,499,623	19,284	1,293,765	40,920,358
	Acquisitions through combinations of businesses	4,821,565	23,794,495	10,068,789	53,003,858	178,082	2,775,050	234,801	313,158	624,866	95,814,664
	Divestments	-	(2,413,485)	(14,868)	(266,402)	(586)	(37)	(44,776)	-	(3,902)	(2,744,056)
	Retirements	-	-	(108,874)	(965,369)	(3,175)	(30,391)	(15,353)	-	(52,062)	(1,175,224)
	Charge for depreciation	-	-	(1,382,175)	(11,250,190)	(331,781)	(968,553)	(448,340)	(57,677)	(820,876)	(15,259,592)
	Impairment loss booked in statement of income	-	-	-	(2,402,033)	-	-	-	-	(302,667)	(2,704,700)
	Increases (decreases) in currency translation	398,240	1,980,537	2,620,187	5,565,207	30,288	161,278	66,285	16,365	145,825	10,984,212
	Other increases (decreases)	(2,619,696)	(7,695,973)	(3,021,201)	(378,784)	(1,788)	(498,377)	(143,955)	-	(66,752)	(14,426,526)
Closing balance as of December 31, 2013		**42,143,391**	**85,285,480**	**38,531,082**	**128,767,081**	**995,156**	**5,731,308**	**2,381,148**	**291,130**	**2,784,957**	**306,910,733**

Note 17 – Property, plant and equipment (continued)

(c) Financial leases

The subsidiary Enex and the Tech Pack subsidiaries, Alusa S.A., Peruplast S.A. and Aluflex S.A., have contracts for the acquisition of mainly land, buildings and equipment. The lessors are Banco Corpbanca, Banco Crédito, Scotiabank, Crédito Leasing, Interbank, Citibank, Banco BBVA, Banco Continental and Banco Patagonia S.A.

There are no dividend, additional debt or new lease restrictions in these contracts.

The following is the detail of items of property, plant and equipment under financial leases as of December 31, 2014 and 2013:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Land	1,088,415	4,007,271
Buildings, net	18,073,262	14,326,748
Plant & equipment, net	16,563,468	9,161,642
Computer equipment, net	2,427	-
Fixed installations & accessories, net	2,136,974	-
Motor vehicles, net	64,316	90,684
Total	**37,928,862**	**27,586,345**

The present value of future financial lease payments as of December 31, 2014 and 2013 is as follows:

		12-31-2014	
	Gross ThCh$	Interest ThCh$	Present value ThCh$
Less than one year	6,605,081	(968,976)	5,636,105
One to five years	12,993,551	(1,493,816)	11,499,735
Over five years	1,340,918	(209,328)	1,131,590
Total	**20,939,550**	**(2,672,120)**	**18,267,430**

		12-31-2013	
	Gross ThCh$	Interest ThCh$	Present value ThCh$
Less than one year	4,556,952	(604,151)	3,952,801
One to five years	12,229,316	(810,826)	11,418,490
Total	**16,786,268**	**(1,414,977)**	**15,371,291**

Note 17 – Property, plant and equipment (continued)

(d) Operating leases

The most significant operating leases relate to the subsidiaries Enex, CSAV and Tech Pack, with contracts varying between 1 and 5 years with automatic one-year renewals. There is an option to terminate these leases in advance, for which the lessor should be notified within the term and conditions set out in each of the contracts.

Should it be decided to terminate in advance without giving the required notification period, the installments established in the original contract must be paid.

There are no restrictions imposed by the operating lease contracts.

The future payments under operating leases as of December 31, 2014 and 2013, are as follows:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Less than one year	16,691,966	7,931,849
Between one and five years	72,559,403	27,648,461
Total	**89,251,369**	**35,580,310**

The following are the installments of leases and sub-leases booked in the consolidated statement of comprehensive income as of December 31, 2014 and 2013:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Minimum lease payments under operating leases	62,132,628	6,963,661
Total	**62,132,628**	**6,963,661**

Note 18 – Investment properties

a) The following is the detail as of December 31, 2014 and 2013:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Land	3,331,730	3,476,845
Buildings	12,184,419	5,311,780
Total	**15,516,149**	**8,788,625**

b) Movement

The following was the movement in investment properties during 2014 and 2013:

2014	**Land ThCh$**	**Buildings ThCh$**	**Total ThCh$**
Initial balance, net	3,476,845	5,311,780	8,788,625
Transfers to (from) property, plant & equipment	-	7,462,418	7,462,418
Transfers to (from) a (desde) non-current assets & groups for disposal held for sale	(475,454)	(573,786)	(1,049,240)
Charge of depreciation	-	(193,881)	(193,881)
Increases in currency translation	330,339	162,405	492,744
Other increases	-	15,483	15,483
Closing balance, net	**3,331,730**	**12,184,419**	**15,516,149**

2013	**Land ThCh$**	**Buildings ThCh$**	**Total ThCh$**
Initial balance, net	3,578,090	5,226,591	8,804,681
Charge of depreciation	-	(156,736)	(156,736)
Divestments by disposal of businesses	(1,953,248)	(63,096)	(2,016,344)
Transfer to (from) other properties	722,536	768,193	1,490,729
Increases in currency translation	156,628	79,406	236,034
Other increases	972,839	(542,578)	430,261
Closing balance, net	**3,476,845**	**5,311,780**	**8,788,625**

c) Revenue from rentals and direct operating expenses of investment properties during 2014 and 2013:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Revenue from rental of investment properties	1,536,428	1,314,634
Direct operating expenses	(502,561)	(538,584)

d) The fair values of investment properties do not vary significantly from their book values.

Note 19 – Income tax and deferred taxes

a) General information

The following shows the positive taxable income fund (FUT) and its credits of the Parent company as of December 31, 2014:

Credit	ThCh$
20%	239,366
17%	161,121,514
16,50%	1,784,033
16%	115
15%	92
none	88,054,690

The positive non-taxable income fund (FUNT) and its related credits as of December 31, 2014 are as follows:

	ThCh$
Non-taxable income	301,262,598
Exempt with credit	44,312,267

(b) Deferred taxes

The following shows the composition of deferred tax assets and liabilities as of December 31, 2014 and 2013:

	12-31-2014		**12-31-2013**	
Deferred taxes	**Assets ThCh$**	**Liabilities ThCh$**	**Assets ThCh$**	**Liabilities ThCh$**
Depreciation	115,734	15,566,803	476,050	9,989,325
Amortization	-	260,762	183,906	-
Provisions	16,942,179	-	6,881,384	-
Post-employment benefits	2,668,564	1,511	2,017,988	75,031
Revaluations of property, plant & equipment	6,220,991	16,558,546	2,157,397	11,097,000
Revaluations of investment properties	-	4,238,637	-	-
Intangible assets	-	52,918,052	112,936	37,652,587
Revaluations of financial instruments	15,683	-	27,724	-
Tax losses	183,954,626	-	2,201,914	-
Tax credits	19,024,703	-	7,041,383	-
Deferred tax assets related to Others	14,832,979	-	14,158,033	-
Deferred tax liabilities related to Others	-	16,902,024	-	13,310,626
Total	**243,775,459**	**106,446,335**	**35,258,715**	**72,124,569**

Note 19 – Income tax and deferred taxes (continued)

(c) Credit (charge) for income tax

The detail is as follows

	12-31-2014 ThCh$	12-31-2013 ThCh$
Charge for current taxes	(8,161,017)	(13,884,193)
Charge for other taxes & deferred taxes	(230,657)	(301,492)
Other tax credits	12,362,117	6,978,277
Adjustment for deferred tax assets & liabilities	(92,106,422)	(2,419,727)
Others	(981,943)	147,184
Net total (charge) credit	**(89,117,922)**	**(9,479,951)**

(d) Reconciliation of applicable taxation

The reconciliation of the charge for income tax from the financial result before tax as of December 31 each year is as follows:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Tax charge using the statutory rate	**(100,780,911)**	**(1,635,567)**
Tax effect of rates of other jurisdictions	(5,885,386)	(2,763,725)
Tax effect of non-taxable ordinary revenue	38,503,485	24,099,527
Tax effect of expenses disallowed for tax purposes	(34,552,446)	(28,944,679)
Tax effect of use of tax losses not previously booked	104,131	(219,924)
Tax effect of a new evaluation of deferred tax assets not booked	(938,959)	(78,245)
Tax effect of taxes foreseen in excess in previous years	59,004	(362,078)
Taxation calculated at applicable rate	5,059,656	-
Income tax charge discontinued operations	-	424,720
Other increases (decreases) in charge for statutory taxes	9,313,504	-
Tax (charge) credit using the effective rate	**(89,117,922)**	**(9,479,971)**

Note 20 – Other current and non-current financial liabilities

The following is the detail as of December 31, 2014 and 2013:

	Current		Non-current	
	12-31-2014	**12-31-2013**	**12-31-2014**	**12-31-2013**
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**
Bank loans	122,464,141	135,715,083	103,096,519	165,302,072
Bonds outstanding	43,091,581	34,882,347	609,923,006	526,944,070
Financial leases	5,882,260	4,024,205	13,290,693	12,108,248
Hedge liabilities	986,576	97,214	-	-
Total	**172,424,558**	**174,718,849**	**726,310,218**	**704,354,390**

Note 20 – Other current and non-current financial liabilities (continued)

(a) The detail of interest-bearing bank loans as of December 31, 2014 is as follows:

								Nominal amount									Book values								
Debtor Tax No.	Debtor	Debtor country	Creditor	Currency	Repayment	Effective rate	Nominal rate	Up to 3 months ThCh$	3 to 12 months 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 Nominal amount ThCh$	Current at 31-12-14 ThCh$	Up to 3 months ThCh$	3 to 12 months ThCh$	Non-current at 12-31-14 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 Outstanding ThCh$
Foreign	Aluflex S.A.	Argentina	Banco Citibank	ARS	Monthly	26.50%	26.50%	439,894	-	-	-	-	-	-	439,894	439,894	439,894	-	-	-	-	-	-	-	439,894
Foreign	Aluflex S.A.	Argentina	Banco de la Nación	ARS	Monthly	9.90%	9.90%	138,339	299,735	339,780	320,971	25,484	-	-	1,124,309	324,006	99,508	224,498	624,347	299,735	299,735	24,877	-	-	948,353
Foreign	Aluflex s.A.	Argentina	Banco Galicia	ARS	Monthly	26.00%	26.00%	453,242	-	-	-	-	-	-	453,242	453,242	453,242	-	-	-	-	-	-	-	453,242
Foreign	Aluflex S.A.	Argentina	Banco Patagonia S.A.	ARS	Quarterly	29.54%	29.53%	1,791,733	212,969	212,969	-	-	-	-	2,217,671	1,958,589	1,745,620	212,969	212,969	212,969	-	-	-	-	2,171,558
89.010.400-2	Alusa Chile S.A.	Chile	Banco Itau	CLP	At maturity	3.96%	3.96%	4,861,888	-	-	-	-	-	-	4,861,888	4,860,674	4,860,674	-	-	-	-	-	-	-	4,860,674
89.010.400-2	Alusa Chile S.A.	Chile	Banco Scotiabank	CLP	At maturity	3.60%	0.40%	2,433,674	-	-	-	-	-	-	2,433,674	2,433,241	2,433,241	-	-	-	-	-	-	-	2,433,241
89.010.400-2	Alusa Chile S.A.	Chile	Banco Estado	USD	Semi-annual	3.13%	3.13%	50,967	1,247,478	848,237	875,540	902,844	-	-	3,925,066	1,278,422	30,944	1,247,478	2,626,621	848,237	875,540	902,844	-	-	3,905,043
96.956.680-K	Alusa S.A.	Chile	Banco BBVA	CLP	At maturity	3.53%	3.53%	8,003,033	-	-	-	-	-	-	8,003,033	8,003,033	8,003,033	-	-	-	-	-	-	-	8,003,033
96.956.680-K	Alusa S.A.	Chile	Banco Estado	USD	At maturity	0.46%	0.46%	2,731,589	-	-	-	-	-	-	2,731,589	2,731,589	2,731,589	-	-	-	-	-	-	-	2,731,589
Foreign	Empaques Flexa S.A.S.	Colombia	Banco Bancolombia	COP	At maturity	1.95%	1.94%	104,968	1,762,609	2,436,708	2,685,476	1,232,916	-	-	8,222,677	1,788,699	85,552	1,703,147	6,148,198	2,357,224	2,616,913	1,174,061	-	-	7,936,897
Foreign	Peruplast S.A.	Peru	Banco Citibank N.A.	USD	At maturity	1.00%	1.00%	3,046,492	911,339	-	-	-	-	-	3,957,831	3,957,831	3,046,492	911,339	-	-	-	-	-	-	3,957,831
Foreign	Peruplast S.A.	Peru	Banco Continental	USD	At maturity	1.14%	1.14%	-	2,431,854	-	-	-		-	2,431,854	2,431,854	-	2,431,854	-	-	-	-	-	-	2,431,854
Foreign	Peruplast S.A.	Peru	Banco de Crédito	USD	At maturity	4.25%	4.26%	433,220	2,983,997	2,122,412	2,077,512	2,077,512	1,662,495	338,567	11,695,715	3,417,217	433,220	2,983,997	7,257,621	1,733,485	1,733,485	1,733,485	1,734,375	322,791	10,674,838
Foreign	Peruplast S.A.	Peru	Banco Scotiabank	USD	At maturity	2.85%	2.85%	3,010,087	1,185,590	583,087	-	-	-	-	4,778,764	4,162,912	3,010,087	1,152,825	576,413	576,413	-	-	-	-	4,739,325
83.863.500-8	Prod. Plásticos HyC S.A.	Chile	Banco Internacional	CLF	Monthly	6.75%	6.75%	62,496	180,205	240,273	240,273	320,364	-	-	1,043,611	192,340	50,360	141,980	714,752	197,801	211,756	305,195	-	-	907,092
83.863.500-8	Prod. Plásticos HyC S.A.	Chile	Banco BBVA	CLP	At maturity	0.78%	0.71%	1,318,468	-	-	-	-	-	-	1,318,468	1,302,693	1,302,693	-	-	-	-	-	-	-	1,302,693
83.863.500-8	Prod. Plásticos HyC S.A.	Chile	Banco BCI	CLP	At maturity	0.87%	0.80%	915,586	-	-	-	-	-	-	915,586	901,631	901,631	-	-	-	-	-	-	-	901,631
83.863.500-8	Prod. Plásticos HyC S.A.	Chile	Banco Bice	CLP	At maturity	0.78%	0.72%	711,718	-	-	-	-	-	-	711,718	701,403	701,403	-	-	-	-	-	-	-	701,403
83.863.500-8	Prod. Plásticos HyC S.A.	Chile	Banco Estado	CLP	At maturity	0.84%	0.78%	716,572	-	-	-	-	-	-	716,572	700,797	700,797	-	-	-	-	-	-	-	700,797
83.863.500-8	Prod. Plásticos HyC S.A.	Chile	Banco Internacional	CLP	Monthly	10.74%	10.74%	30,944	88,586	117,710	19,416	-	-	-	256,656	100,114	25,484	74,630	128,631	109,215	19,416	-	-	-	228,745
83.863.500-8	Prod. Plásticos HyC S.A.	Chile	Banco Itaú	CLP	At maturity	0.84%	0.77%	2,590,822	-	-	-	-	-	-	2,590,822	2,560,485	2,560,485	-	-	-	-	-	-	-	2,560,485
83.863.500-8	Prod. Plásticos HyC S.A.	Chile	Banco Scotiabank	CLP	At maturity	0.84%	0.78%	1,020,554	-	-	-	-	-	-	1,020,554	1,004,778	1,004,778	-	-	-	-	-	-	-	1,004,778
91.021.000-9	Invexans S.A.	Chile	Banco Estado	USD	Semi-annual	1.37%	1.37%	-	23,116	9,101,250	-	-	-	-	9,124,366	23,116	-	23,116	9,101,250	-	9,101,250	-	-	-	9,124,366
Foreign	OV Bermuda Limited.	Bermuda	DNB Bank ASA	USD	Semi-annual	3.07%	3.07%	-	529,094	519,993	519,993	1,559,938	-	-	3,129,018	529,094	-	529,094	2,599,924	519,993	519,993	1,559,938	-	-	3,129,018
90.160.000-7	CSAV S.A.	Chile	Banco Itaú Unibanco S.A. Nassau Branch	USD	At maturity	2.64%	2.66%	30,385,225	-	-	-	-	-	-	30,385,225	30,385,225	30,385,225	-	-	-	-	-	-	-	30,385,225
90.160.000-7	CSAV S.A.	Chile	Banco Itaú Unibanco S.A. Nassau Branch	USD	At maturity	2.11%	2.12%	45,158,113	-	-	-	-	-	-	45,158,113	45,158,113	45,158,113	-	-	-	-	-	-	-	45,158,113
78.080.440-8	Enex S.A.	Chile	Banco Santander	CLP	Annual	6.45%	5.64%	-	-	3,772,861	3,772,862	3,864,618	3,864,619	-	15,274,960	-	-	-	15,274,960	3,772,861	3,772,862	3,864,618	3,864,619	-	15,274,960
78.080.440-8	Enex S.A.	Chile	Banco BBVA	CLP	Annual	6.45%	5.64%	-	-	6,874,278	6,874,279	7,041,138	7,041,138	-	27,830,833	-	-	-	27,830,833	6,874,278	6,874,279	7,041,138	7,041,138	-	27,830,833
78.080.440-8	Enex S.A.	Chile	Banco Estado	CLP	Annual	6.06%	4.41%	-	663,149	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	30,663,149	663,149	-	663,149	30,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	30,663,149
			TOTAL													**122,464,141**			**103,096,519**						**225,560,660**

Note 20 – Other current and non-current financial liabilities (continued)

(a) The detail of interest-bearing bank loans as of December 31, 2013 is as follows:

								Nominal amount							Book values								
Debtor Tax No.	Debtor	Debtor country	Creditor	Currency	Repayment	Effective rate	Nominal rate	Up to 3 months ThCh$	3 to 12 months ThCh$	1 to 2 years ThCh$	2 to 3 Years ThCh$	3 to 4 years ThCh$	Over 5 years ThCh$	Total Nominal amount ThCh$	Current at 12-31-13 ThCh$	Up to 3 months ThCh$	3 to 12 months ThCh$	Non-current at 31-12-13 ThCh$	1 to 2 years ThCh$	2 to 3 years ThCh$$	3 to 4 years ThCh$$	Over 5 years ThCh$$	Total debt Outdstanding ThCh$$
Foreign	Aluflex S.A.	Argentina	Banco Citibank	ARS	Monthly	26.58%	26.50%	790,614	-	-	-	-	-	790,614	790,614	790,614	-	-	-	-	-	-	790,614
Foreign	Aluflex S.A.	Argentina	Banco de la Nación	ARS	Monthly	9.90%	9.90%	282,020	122,283	345,181	345,181	357,409	-	1,452,074	404,303	282,020	122,283	1,047,771	345,181	345,181	357,409	-	1,452,074
Foreign	Aluflex s.A.	Argentina	Banco Galicia	ARS	Monthly	33.00%	33.00%	53,624	-	-	-	-	-	53,624	53,624	53,624	-	-	-	-	-	-	53,624
Foreign	Aluflex S.A.	Argentina	Banco Patagonia S.A.	ARS	Quarterly	21.10%	20.45%	1,126,067	241,348	321,797	241,348	-	-	1,930,560	1,367,415	1,126,067	241,348	563,145	321,797	241,348	-	-	1,930,560
76.801.220-2	Alumco S.A.	Chile	Banco Bci	CLP	Quarterly	0.43%	0.43%	482,410	-	-	-	-	-	482,410	482,410	482,410	-	-	-	-	-	-	482,410
76.801.220-2	Alumco S.A.	Chile	Banco Bci	USD	Monthly	0.90%	0.90%	1,047,965	-	-	-	-	-	1,047,965	1,047,965	1,047,965	-	-	-	-	-	-	1,047,965
76.801.220-2	Alumco S.A.	Chile	Banco Security	USD	Monthly	1.30%	1.30%	320,161	-	-	-	-	-	320,161	320,161	320,161	-	-	-	-	-	-	320,161
94.956.680-K	Alusa S.A.	Chile	Banco BBVA	USD	At maturity	0.42%	0.42%	2,701,942	-	-	-	-	-	2,701,942	2,701,942	2,701,942	-	-	-	-	-	-	2,701,942
94.956.680-K	Alusa S.A.	Chile	Banco Estado	USD	At maturity	3.19%	3.34%	-	1,111,357	1,809,721	1,126,631	780,540	-	4,828,249	1,111,357	-	1,111,357	3,716,892	1,809,721	1,126,631	780,540	-	4,828,249
Foreign	Empaques Flexa S.A.S.	Colombia	Banco Bancolombia	COP	At maturity	3.51%	3.51%	12,414	-	1,828,207	2,442,856	3,041,766	-	7,325,243	12,414	12,414	-	7,312,829	1,828,207	2,442,856	3,041,766	-	7,325,243
Foreign	Empaques Flexa S.A.S.	Colombia	Banco Corpbanca	COP	At maturity	7.20%	7.20%	1,710,774	-	-	-	-	-	1,710,774	1,710,774	1,710,774	-	-	-	-	-	-	1,710,774
76.309.108-2	Indalum S.A.	Chile	Banco BBVA	CLP	Semi-annual	0.43%	0.43%	-	300,559	-	-	-	-	300,559	300,559	-	300,559	-	-	-	-	-	300,559
76.309.108-2	Indalum S.A.	Chile	Banco Bci	CLP	Quarterly	0.44%	0.44%	1,591,176	-	-	-	-	-	1,591,176	1,591,176	1,591,176	-	-	-	-	-	-	1,591,176
76.309.108-2	Indalum S.A.	Chile	Banco Security	CLP	Semi-annual	6.38%	6.38%	-	313,355	937,500	-	-	-	1,250,855	313,355	-	313,355	937,500	937,500	-	-	-	1,250,855
76.309.108-2	Indalum S.A.	Chile	Banco BBVA	USD	Semi-annual	1.53%	1.53%	-	526,348	-	-	-	-	526,348	526,348	-	526,348	-	-	-	-	-	526,348
76.309.108-2	Indalum S.A.	Chile	Banco Bci	USD	Monthly	0.94%	0.94%	770,680	-	-	-	-	-	770,680	770,680	770,680	-	-	-	-	-	-	770,680
76.309.108-2	Indalum S.A.	Chile	Banco Itau	USD	Annual	1.01%	1.01%	829,301	-	-	-	-	-	829,301	829,301	829,301	-	-	-	-	-	-	829,301
76.275.453-3	Tech Pack S.A.	Chile	Banco Itau	USD	At maturity	3.57%	3.54%	-	65,876	-	-	42,634,816	-	42,700,692	65,876	-	65,876	42,634,816	-	-	42,634,816	-	42,700,692
Foreign	Peruplast S.A.	Peru	Banco BBVA	USD	At maturity	1.33%	1.33%	-	1,051,119	-	-	-	-	1,051,119	1,051,119	-	1,051,119	-	-	-	-	-	1,051,119
Foreign	Peruplast S.A.	Peru	Banco Citibank N.A.	USD	At maturity	1.53%	1.53%	2,636,914	-	-	-	-	-	2,636,914	2,636,914	2,636,914	-	-	-	-	-	-	2,636,914
Foreign	Peruplast S.A.	Peru	Banco de Crédito	USD	Quarterly	4.87%	4.87%	1,101,748	749,443	1,498,885	1,498,885	2,997,772	1,873,610	9,720,343	1,851,191	1,101,748	749,443	7,869,152	1,498,885	1,498,885	2,997,772	1,873,610	9,720,343
Foreign	Peruplast S.A.	Peru	Banco Scotiabank	USD	At maturity	3.92%	3.98%	2,303,399	2,990,276	996,759	-	-	-	6,290,434	5,293,675	2,303,399	2,990,276	996,759	996,759	-	-	-	6,290,434
91.021.000-9	Invexans S.A.	Chile	Banco Santander	USD	At maturity	0.69%	0.69%	3,674,030	-	-	-	-	-	3,674,030	3,674,030	3,674,030	-	-	-	-	-	-	3,674,030
91.021.000-9	Invexans S.A.	Chile	Banco BBVA	USD	Semi-annual	4.20%	3.90%	-	60,056	7,806,245	-	-	-	7,866,301	60,056	-	60,056	7,806,245	7,806,245	-	-	-	7,866,301
91.021.000-9	Invexans S.A.	Chile	Banco BBVA	USD	Semi-annual	4.22%	3.90%	-	60,390	7,803,207	-	-	-	7,863,597	60,390	-	60,390	7,803,207	7,803,207	-	-	-	7,863,597
91.021.000-9	Invexans S.A.	Chile	Banco Itau	USD	At maturity	1.47%	1.06%	-	41,862,199	-	-	-	-	41,862,199	41,862,199	-	41,862,199	-	-	-	-	-	41,862,199
91.021.000-9	Invexans S.A.	Chile	Banco BBVA	USD	At maturity	1.47%	1.06%	-	18,314,826	-	-	-	-	18,314,826	18,314,826	-	18,314,826	-	-	-	-	-	18,314,826
91.021.000-9	Invexans S.A.	Chile	Banco BCI	USD	At maturity	1.47%	1.06%	-	26,250,460	-	-	-	-	26,250,460	26,250,460	-	26,250,460	-	-	-	-	-	26,250,460
91.705.000-7	Quiñenco S.A.	Chile	Banco BBVA	CLP	At maturity	5.58%	5.58%	55,750	20,000,000	-	-	-	-	20,055,750	20,055,750	55,750	20,000,000	-	-	-	-	-	20,055,750
96.929.880-5	LQIF	Chile	Banco Estado	CLP	Monthly	0.45%	0.45%	204,199	-	-	-	-	-	204,199	204,199	204,199	-	-	-	-	-	-	204,199
78.080.440-8	Enex S.A.	Chile	Banco Santander	CLP	Annual	6.45%	7.09%	-	-	11,368,830	-	7,762,755	-	19,131,585	-	-	-	19,131,585	11,368,830	-	7,762,755	-	19,131,585
78.080.440-8	Enex S.A.	Chile	Banco BBVA	CLP	Annual	6.45%	7.09%	-	-	20,670,600	-	14,114,100	-	34,784,700	-	-	-	34,784,700	20,670,600	-	14,114,100	-	34,784,700
78.080.440-8	Enex S.A.	Chile	Banco Estado	CLP	Annual	6.06%	6.06%	-	-	-	-	12,697,471	18,000,000	30,697,471	-	-	-	30,697,471	-	-	12,697,471	18,000,000	30,697,471
			TOTAL												135,715,083			165,302,072					301,017,155

The above tables do not include bank loans granted by Banco de Chile to Quiñenco and its subsidiaries, amounting to ThCh3,451,801 as of December 31, 2014 (ThCh$4,560,636 in 2013), which have been eliminated in the preparation of these consolidated financial statements.

Note 20 – Other current and non-current financial liabilities (continued)

(c) The details of bonds outstanding as of December 31, 2014 are the following:

										Book values																	
Debtor Tax No.	Debtor	Country debtor	Registration No.	Series & issuer	Maturity	Currency	Repayment	Effective rate	Nominal rate	Up 3 months ThCh$	3 to 12 months 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 nominal amount ThCh$	Current debt ThCh$	Up to 3 months ThCh$	3 to 12 months ThCh$	Non-current debt ThCh$	Up 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%	-	2,250,922	-	-	-	-	73,717,388	75,968,310	2,250,922	-	2,250,922	73,717,388	-	-	-	-	73,717,388	75,968,310
96.929.880-5	LQIF	Chile	597	Series D	2033	CLF	Annual	3.84%	3.50%	-	1,873,132	-	-	-	-	94,044,966	95,918,098	1,873,132	-	1,873,132	94,044,966	-	-	-	-	94,044,966	95,918,098
90.160.000-7	CSAV S.A.	Chile	274	Series A-1	2022	CLF	Semi-annual	7.00%	6.00%	306,414	1,530,855	1,455,010	1,455,010	1,455,314	1,455,314	5,585,447	13,243,364	1,837,269	306,414	1,530,855	11,406,095	1,455,010	1,455,010	1,455,314	1,455,314	5,585,447	13,243,364
90.160.000-7	CSAV S.A.	Chile	274	Series A-2	2022	CLF	Semi-annual	7.00%	6.00%	322,190	1,612,161	1,531,462	1,531,462	1,531,462	1,531,462	5,878,899	13,939,098	1,934,351	322,190	1,612,161	12,004,747	1,531,462	1,531,462	1,531,462	1,531,462	5,878,899	13,939,098
91.705.000-7	Quiñenco	Chile	595	Series I	2021	CLF	Annual	3.71%	3.70%	-	534,239	-	-	-	-	24,540,167	25,074,406	534,239	-	534,239	24,540,167	-	-	-	-	24,540,167	25,074,406
91.705.000-7	Quiñenco	Chile	715	Series J	2032	CLF	Annual	3.90%	3.85%	-	1,667,693	-	-	-	-	73,145,723	74,813,416	1,667,693	-	1,667,693	73,145,723	-	-	-	-	73,145,723	74,813,416
91.705.000-7	Quiñenco	Chile	715	Series O	2035	CLF	Annual	3.36%	3.40%	-	888,077	-	-	-	-	58,601,355	59,489,432	888,077	-	888,077	58,601,355	-	-	-	-	58,601,355	59,489,432
91.705.000-7	Quiñenco	Chile	229	Series A	2026	CLF	Annual	4.17%	4.17%	-	4,541,116	3,940,336	3,201,523	3,201,523	2,708,981	14,091,269	31,684,748	4,541,116	-	4,541,116	27,143,632	3,940,336	3,201,523	3,201,523	2,708,981	14,091,269	31,684,748
91.705.000-7	Quiñenco	Chile	427	Series C	2032	CLF	Annual	4.24%	4.00%	-	194,520	-	-	-	-	56,114,058	56,308,578	194,520	-	194,520	56,114,058	-	-	-	-	56,114,058	56,308,578
91.705.000-7	Quiñenco	Chile	595	Series E	2018	CLF	Annual	3.51%	3.35%	-	13,280,956	12,313,550	12,313,550	11,902,589	-	-	49,810,645	13,280,956	-	13,280,956	36,529,689	12,313,550	12,313,550	11,902,589	-	-	49,810,645
91.705.000-7	Quiñenco	Chile	596	Series F	2032	CLF	Annual	3.97%	3.85%	-	2,501,540	-	-	-	-	108,988,778	111,490,318	2,501,540	-	2,501,540	108,988,778	-	-	-	-	108,988,778	111,490,318
91.705.000-7	Quiñenco	Chile	426	Series G	2018	CLF	Annual	3.81%	3.50%	-	11,587,766	11,451,602	11,451,602	10,783,204	-	-	45,274,174	11,587,766	-	11,587,766	33,686,408	11,451,602	11,451,602	10,783,204	-	-	45,274,174
					TOTAL													43,091,581			609,923,006						653,014,587

(d) The details of bonds outstanding as of December 31, 2013 are the following:

										Book values															
Debtor Tax No.	Debtor	Country debtor	Registration No.	Series & issuer	Maturity	Currency	Repayment	Effective rate	Nominal rate	3 to 12 months 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 nominal amount ThCh$	Current debt ThCh$	3 to 12 months ThCh$	Non-current debt ThCh$	Up 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%	2,130,123	-	-	-	-	69,757,756	71,887,879	2,130,123	2,130,123	69,757,756	-	-	-	-	69,757,756	71,887,879
96.929.880-5	LQIF	Chile	597	Series D	2033	CLF	Annual	3.84%	3.50%	1,879,999	-	-	-	-	88,668,917	90,548,916	1,879,999	1,879,999	88,668,917	-	-	-	-	88,668,917	90,548,916
91.705.000-7	Quiñenco	Chile	595	Series I	2021	CLF	Annual	3.71%	3.70%	411,772	-	-	-	-	23,309,560	23,721,332	411,772	411,772	23,309,560	-	-	-	-	23,309,560	23,721,332
91.705.000-7	Quiñenco	Chile	715	Series J	2032	CLF	Annual	3.90%	3.85%	849,520	-	-	-	-	69,928,680	70,778,200	849,520	849,520	69,928,680	-	-	-	-	69,928,680	70,778,200
91.705.000-7	Quiñenco	Chile	229	Series A	2026	CLF	Annual	4.17%	4.17%	3,793,660	3,729,530	3,729,530	3,030,243	3,030,243	16,392,565	33,705,771	3,793,660	3,793,660	29,912,111	3,729,530	3,729,530	3,030,243	3,030,243	16,392,565	33,705,771
91.705.000-7	Quiñenco	Chile	427	Series C	2032	CLF	Annual	4.24%	4.00%	104,962	-	-	-	-	53,135,990	53,240,952	104,962	104,962	53,135,990	-	-	-	-	53,135,990	53,240,952
91.705.000-7	Quiñenco	Chile	595	Series E	2018	CLF	Annual	3.51%	3.35%	12,647,310	11,654,781	11,654,780	11,654,780	11,318,334	-	58,929,985	12,647,310	12,647,310	46,282,675	11,654,781	11,654,780	11,654,780	11,318,334	-	58,929,985
91.705.000-7	Quiñenco	Chile	596	Series F	2032	CLF	Annual	3.97%	3.85%	2,192,647	-	-	-	-	103,242,528	105,435,175	2,192,647	2,192,647	103,242,528	-	-	-	-	103,242,528	105,435,175
91.705.000-7	Quiñenco	Chile	426	Series G	2018	CLF	Annual	3.81%	3.50%	10,872,354	10,838,946	10,838,945	10,838,945	10,189,017	-	53,578,207	10,872,354	10,872,354	42,705,853	10,838,946	10,838,945	10,838,945	10,189,017	-	53,578,207
					TOTAL												34,882,347		526,944,070						561,826.417

Note 20 – Other current and non-current financial liabilities (continued)

(e) The detail of financial lease obligations as of December 31, 2014 is as follows:

								Book values																	
Debtor Tax No.	Debtor	Country debtor	Creditor	Currency	Repayment	Effective rate	Nominal rate	Up 3 months ThCh$	3 to 12 months 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 nominal Amounts ThCh$	Current debt ThCh$	Up to 1 month ThCh$	3 to 12 months ThCh$	Debt Non-current 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$
96.956.680-K	Alusa S.A.	Chile	Banco Corpbanca	CLF	Semi-annual	4.80%	4.80%	7,888	901,024	467,198	-	-	-	-	1,376,110	908,912	7,888	901,024	467,198	467,198	-	-	-	-	1,376,110
Foreign	Empaques Flexa S.A.S.	Colombia	Banco de Colombia	COP	Monthly	0.63%	0.63%	58,855	180,812	252,408	267,577	267,577	577,019	10,922	1,615,170	239,667	58,855	180,812	1,375,503	252,408	267,577	267,577	577,019	10,922	1,615,170
Foreign	Empaques Flexa S.A.S.	Colombia	Leasing de Occidente S.A.	COP	Monthly	0.40%	0.40%	-	607	-	-	-	-	-	607	607	-	607	-	-	-	-	-	-	607
Foreign	Peruplast S.A.	Peru	Banco Citibank	USD	Quarterly	4.63%	4.63%	62,496	192,340	266,970	26,090	-	-	-	547,896	254,836	62,496	192,340	293,060	266,970	26,090	-	-	-	547,896
Foreign	Peruplast S.A.	Peru	Banco Continental	USD	Monthly	9.34%	9.34%	186,880	572,165	728,100	681,987	894,956	-	-	3,064,088	759,045	186,880	572,165	2,305,043	728,100	681,987	894,956	-	-	3,064,088
Foreign	Peruplast S.A.	Peru	Banco de Crédito	USD	Monthly	4.98%	4.98%	609,177	1,871,824	2,597,497	1,783,845	869,473	-	-	7,731,816	2,481,001	609,177	1,871,824	5,250,815	2,597,497	1,783,845	869,473	-	-	7,731,816
Foreign	Peruplast S.A.	Peru	Banco Scotiabank	USD	Monthly	4.63%	4.63%	137,125	399,848	319,757	260,296	81,911	-	-	1,198,937	536,973	137,125	399,848	661,964	319,757	260,296	81,911	-	-	1,198,937
83.863.500-8	Prod. Plásticos HyC S.A.	Chile	Banco BCI	CLF	Monthly	7.00%	7.00%	21,844	73,417	103,754	110,429	110,429	133,485	785,135	1,338,493	95,261	21,844	73,417	1,243,232	103,754	110,429	110,429	133,485	785,135	1,338,493
83.863.500-8	Prod. Plásticos HyC S.A.	Chile	Banco Corpbanca	CLF	Monthly	6.00%	6.00%	12,742	33,978	47,933	50,360	50,360	60,069	335,533	590,975	46,720	12,742	33,978	544,255	47,933	50,360	50,360	60,069	335,533	590,975
83.863.500-8	Prod. Plásticos HyC S.A.	Chile	Rabobank	CLF	Quarterly	6.52%	6.52%	79,484	232,385	323,398	132,272	33,978	-	-	801,517	311,869	79,484	232,385	489,648	323,398	132,272	33,978	-	-	801,517
83.863.500-8	Prod. Plásticos HyC S.A.	Chile	Ricoh	CLF	Monthly	6.00%	6.00%	-	1,214	607	-	-	-	-	1,821	1,214	-	1,214	607	607	-	-	-	-	1,821
83.863.500-8	Prod. Plásticos HyC S.A.	Chile	Flexotecnica	EUR	Semi-annual	6.00%	6.00%	-	164,429	-	-	-	-	-	164,429	164,429	-	164,429	-	-	-	-	-	-	164,429
78.080.440-8	Enex S.A.	Chile	Des. de Tec. y Sistemas	CLF	Monthly	6.60%	6.60%	3,087	9,261	-	-	-	-	-	12,348	12,348	3,087	9,261	-	-	-	-	-	-	12,348
78.080.440-8	Enex S.A.	Chile	Metlife Chile	CLF	Monthly	7.44%	7.44%	8,228	25,267	80,548	80,549	47,088	47,088	47,088	335,856	33,495	8,228	25,267	302,361	80,548	80,549	47,088	47,088	47,088	335,856
78.080.440-8	Enex S.A.	Chile	Metlife Chile	CLF	Monthly	6.90%	6.90%	8,832	27,051	85,153	85,153	62,234	62,234	62,233	392,890	35,883	8,832	27,051	357,007	85,153	85,153	62,234	62,234	62,233	392,890
			TOTALES													5,882,260			13,290,693						19,172,953

Note 20 – Other current and non-current financial liabilities (continued)

(f) The detail of financial leases as of December 31, 2013, is as follows:

Debtor Tax No.	Debtor	Country debtor	Creditor	Currency	Repayment	Effective rate	Nominal rate	Up 3 months ThCh$	3 to 12 months ThCh$	1 to 2 years ThCh$	2 to 3 years ThCh$	3 to 4 years ThCh$	Total nominal amounts M$	Book values: Current debt ThCh$	Up to 1 month ThCh$	3 to 12 months ThCh$	Debt Non-current ThCh$	1 to23 years ThCh$	2 to 3 years ThCh$	3 to 4 years ThCh$	Total debt ThCh$
76.801.220-2	Alumco S.A.	Chile	Banco Security	CLP	Monthly	8.04%	8.04%	2,343	5,707	-	-	-	8,050	8,050	2,343	5,707	-	-	-	-	8,050
96.956.680-K	Alusa S.A.	Chile	Banco Corpbanca	CLF	Semi-annual	4.80%	4.80%	-	821,931	853,009	441,580	-	2,116,520	821,931	-	821,931	1,294,589	853,009	441,580	-	2,116,520
Foreign	Empaques Flexa S.A.S.	Colombia	Banco de Colombia	COP	Monthly	0.62%	0.60%	29,491	89,841	101,228	107,911	474,521	802,992	119,332	29,491	89,841	683,660	101,228	107,911	474,521	802,992
Foreign	Empaques Flexa S.A.S.	Colombia	Leasing de Occidente S.A	COP	Monthly	0.39%	0.37%	1,355	978	1,087	-	-	3,420	2,333	1,355	978	1,087	1,087	-	-	3,420
Foreign	Peruplast S.A.	Peru	Banco Citibank	USD	Monthly	4.80%	4.80%	51,857	159,087	220,725	230,955	22,459	685,083	210,944	51,857	159,087	474,139	220,725	230,955	22,459	685,083
Foreign	Peruplast S.A.	Peru	Banco Continental	USD	Monthly	4.88%	4.88%	111,008	371,705	524,519	492,236	931,807	2,431,275	482,713	111,008	371,705	1,948,562	524,519	492,236	931,807	2,431,275
Foreign	Peruplast S.A.	Peru	Banco de Crédito	USD	Monthly	5.15%	5.15%	395,682	1,444,670	2,011,576	2,113,689	1,854,266	7,819,883	1,840,352	395,682	1,444,670	5,979,531	2,011,576	2,113,689	1,854,266	7,819,883
Foreign	Peruplast S.A.	Peru	Banco Scotiabank	USD	Monthly	4.80%	4.80%	114,925	352,221	464,753	276,377	295,791	1,504,067	467,146	114,925	352,221	1,036,921	464,753	276,377	295,791	1,504,067
78.080.440-8	Enex S.A.	Chile	Des. de Tec. y Sistemas	CLF	Monthly	6.60%	6.60%	869	10,088	1,617	-	-	12,574	10,957	869	10,088	1,617	1,617	-	-	12,574
78.080.440-8	Enex S.A.	Chile	Metlife Chile	CLF	Monthly	7.44%	7.44%	2,316	25,481	124,390	-	191,880	344,067	27,797	2,316	25,481	316,270	124,390	-	191,880	344,067
78.080.440-8	Enex S.A.	Chile	Metlife Chile	CLF	Monthly	6.90%	6.90%	2,645	30,005	133,874	-	237,998	404,522	32,650	2,645	30,005	371,872	133,874	-	237,998	404,522
			TOTALES											4,024,205			12,108,248				16,132,453

(g) The following is the detail of hedge liabilities as of December 31, 2014 and 2013:

Type of hedge	Company	Risk hedged	Item hedged	Current 12-31-2014 ThCh$	Current 12-31-2013 ThCh$	Fair value 12-31-2014 ThCh$	Fair value 12-31-2013 ThCh$
Fuel swap	CSAV S.A.	Cash flow	Fuel	986,576	-	986,576	-
Fair value hedge instrument	Invexans	Variations in commodity (copper) prices	Copper stocks	-	97,214	-	97,214

Note 20 – Other current and non-current financial liabilities (continued)

(h) Other information on hedge assets and liabilities

1. Fair value and cash flow hedge instruments:

The subsidiary Tech Pack and its subsidiaries book a hedge asset-liability of cash flows as of December 31, 2013 to cover the risk of variations in commodity prices (copper and aluminum), fixing the price of expected sales.

The subsidiary Tech Pack and its subsidiaries book a hedge asset and liability of fair value as of December 31, 2013 to cover their exposure to the risk of variations in commodity prices (copper and aluminum), the principal raw materials in their stock of inventories. Tech Pack also booked a hedge asset and liability to cover its exposure to exchange risk (dollar/Chilean pesos) with respect to assets in time deposits.

The subsidiary CSAV and its subsidiaries book fuel price hedge contracts as of December 31, 2014.

Note 21 – Trade payables and other accounts payable

The following is the composition of these as of December 31, 2014 and 2013:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Trade payables	193,033,758	191,916,821
Other accounts payable	4,217,813	6,524,655
Total	**197,251,571**	**198,441,476**

Note 22 – Other provisions

a) Composition

The following is the composition of these as of December 31, 2014 and 2013:

	Current		Non-Current	
	12-31-2014 ThCh$	12-31-2013 ThCh$	12-31-2014 ThCh$	12-31-2013 ThCh$
Restructuring expenses	2,514,000	2,087,392	-	-
Profit sharing & bonuses	2,044,041	770,675	-	-
Legal claims	31,524,303	-	-	-
Onerous contracts	5,407,356	-	-	-
Other provisions (1) (2)	13,467,115	8,500,068	30,699,630	22,556,507
Total	**54,956,815**	**11,358,135**	**30,699,630**	**22,556,507**

Note 22 – Other provisions (continued)

b) Other provisions

(1) The detail of other current provisions as of December 31, 2014 and 2013 is as follows:

	Current	
	12-31-2014	**12-31-2013**
	ThCh$	**ThCh$**
Contingencies	7,013,597	982,987
Royalties & others	2,156,492	1,919,344
Service station maintenance & operational services	927,096	1,572,810
Basic consumption	663,142	224,910
Municipal & other taxes	594,044	736,994
Commissions & insurance	422,235	216,773
Brand agreements	316,996	906,988
General, audit, annual report & other expenses	148,158	279,916
Export, import & freight expenses	102,541	206,474
Fees & consultancies	228,639	199,153
Others	894,175	1,253,719
Total	**13,467,115**	**8,500,068**

(2) The detail of other non-current provisions as of December 31, 2014 and 2013 is as follows:

	Non-Current	
	12-31-2014	**12-31-2013**
	ThCh$	**ThCh$**
Contingencies	17,559,974	11,216,676
Removal of tanks	10,389,819	10,418,255
Incidents occurred but not reported (Banchile)	2,749,837	921,576
Total	**30,699,630**	**22,556,507**

Note 22 – Other provisions (continued)

c) Movement

The movement of provisions in 2014 was the following:

Movements	Restructuring ThCh$	Legal claims ThCh$	Onerous contracts ThCh$	Other provisions & participations ThCh$	Total ThCh$
Initial balance at 01-01-2014	2,087,392	-	-	31,827,250	33,914,642
Additional provisions	-	12,183,540	28,587,633	41,831,301	82,602,474
Increase (decrease) in existing provisions	886,507	-	-	47,097,272	47,983,779
Acquisitions through combinations of business	478,726	35,694,496	33,894,875	6,407,887	76,475,984
Divestments through disposal of businesses	-	(6,136,670)	(19,238,222)	(5,309,063)	(30,683,955)
Provision used	(897,025)	(10,217,063)	(37,836,930)	(72,246,531)	(121,197,549)
Increase (decrease) in currency translation	-	-	-	430,693	430,693
Other increases (decreases)	(41,600)	-	-	(3,828,023)	(3,869,623)
Changes in provisions, total	426,608	31,524,303	5,407,356	14,383,536	51,741,803
Closing balance at 12-31-2014	**2,514,000**	**31,524,303**	**5,407,356**	**46,210,786**	**85,656,445**

d) Description of the nature of the principal provisions

Legal claims: the provisions for legal claims mainly relate to lawsuits currently before the courts whose nature is detailed in the note on contingencies and for which there is some probability of the result being unfavorable for the Parent company and its subsidiaries. In CSAV they correspond to estimates of disbursements with respect to losses and damages produced by cargo transported and investigations by anti-trust authorities in the car carrier business.

Profit sharing and bonuses: the 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: the 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 next two months considering the business cycle of the subsidiary CSAV S.A.

Other provisions: amounts have been booked as Other provisions with respect to concepts of contingencies, fees and consultancies received, which at the closing date are pending payment. These include general, annual report and external audit expenses contracted but not yet paid.

Note 23 – Provisions for employee benefits

a) Composition

The following is the composition of these as of December 31, 2014 and 2013:

	Current		Non-Current	
	12-31-2014 ThCh$	12-31-2013 ThCh$	12-31-2014 ThCh$	12-31-2013 ThCh$
Personnel vacations	4,919,052	4,083,046	-	-
Remuneration	3,454,780	3,143,201	-	-
Termination benefits & retirement fund	251,953	102,540	17,478,465	18,744,684
Labor lawsuit settlements	-	19,433	-	111,178
Social security charges & other benefits	1,885,588	826,161	-	-
Total	**10,511,373**	**8,174,381**	**17,478,465**	**18,855,862**

b) Termination benefits

b.1) Invexans and subsidiaries and Tech Pack and its subsidiaries 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 modality agreements for remunerating services and covering the risks of disability and death of employees.

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 booked for post-employment benefit plans is basically obtained from the obligations for remuneration of employees and their valuation is based on the actuarial method, for which the following assumptions are used as of December 31, 2014 and 2013:

Provision for severance payments		12-31-2014	12-31-2013	
Mortality table	:	RV-2009	RV-2004	
Annual interest rate	:	2.20%	3.50%	
Voluntary retirement turnover rate (*)	:	1.5%, 2.2% & 9.47%	1.5% & 4.91%	annual
Turnover rate for needs of the company (**)	:	11.20% & 0.50%	0.50%	annual
Wage increases	:	2.00%	2.00%	
Retirement age				
Men	:	65	65	years
Women	:	60	60	years

(*) As of December 31, 2014, the subsidiary Invexans and its subsidiaries have determined a historical voluntary retirement turnover of 1.5%. The subsidiary Tech Pack and its subsidiaries have determined a historical voluntary retirement turnover of 2.2%. The indirect subsidiary Alusa S.A. has determined a historical voluntary retirement turnover of 9.47%. As of December 31, 2013, the subsidiaries Tech Pack and Invexans and their respective subsidiaries have determined a voluntary retirement turnover rate of 1.5%. The indirect subsidiary Alusa S.A. has determined a voluntary retirement turnover rate of 4.91%.

(**) As of December 31, 2014, the subsidiary Invexans and its respective subsidiaries have determined a historic turnover rate for the needs of the company of 0.5%. The subsidiary Tech Pack and its respective subsidiaries have determined a historic turnover rate for the needs of the company of 11.2%.

Note 23 – Provisions for employee benefits (continued)

b) Termination benefits (continued)

Reconciliation of present value of defined benefits plan obligations	**12-31-2014 ThCh$**	**12-31-2013 ThCh$**
Present value defined benefits plan obligation, initial balance	2,102,316	3,407,428
Cost of current service defined benefits plan obligation	355,237	202,467
Interest cost of defined benefits plan obligation	46,781	78,248
Actuarial gains (losses) defined benefits plan obligation	58,254	267,913
Increase (decrease) in currency translation	4,690	(212,166)
Contributions paid defined benefits plan obligation	(354,129)	(860,929)
Cost of past service defined benefits plan obligation	(4,302)	-
Combinations of businesses defined benefits plan obligation	2,073,965	2,310,716
Settlements defined benefits plan obligation	(2,092,737)	(3,091,361)
Present value defined benefits plan obligation, closing balance	**2,190,075**	**2,102,316**

b.2) The subsidiary Enex has collective agreements with its personnel, which establish remuneration and/or short and long-term benefits for the personnel, whose main characteristics are as follows:

i. Short-term benefits are generally based on mixed plans or modality agreements for remunerating services and covering the risks of disability and death of employees.

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 booked for post-employment benefit plans is basically obtained from the obligations for remuneration with employees and their valuation based on the actuarial method, for which the following assumptions are used as of December 31, 2014 and 2013:

Provision for severance payments	**12-31-2014**	**12-31-2013**
Mortality table	M95H-M95M	M95H-M95M
Annual interest rate	4.38%	5.19%
Voluntary retirement turnover rate	Recent years' statistics	
Turnover rate for needs of the company	Recent years' statistics	
Wage increases	2.00%	2.00%
Retirement age		
Men	65	65
Women	60	60

Note 23 – Provisions for employee benefits (continued)

b) Termination benefits (continued)

Provision post-retirement benefits	12-31-2014 ThCh$	12-31-2013 ThCh$
Mortality table	RV-2009	RV-2009
Annual interest rate	1.60%	2.24%

Severance payments

Reconciliation of present value of defined benefits plan obligation	12-31-2014 ThCh$	12-31-2013 ThCh$
Present value defined benefits plan obligation, initial balance	7,013,179	9,171,848
Cost of current service defined benefits plan obligation	529,453	2,176,505
Interest cost of defined benefits plan obligation	557,919	779,607
Actuarial gains (losses) defined benefits plan obligation	833,882	(1,534,599)
Contributions paid defined benefits plan obligation	(3,332,843)	(3,580,182)
Present value defined benefits plan obligation, closing balance	**5,601,590**	**7,013,179**

Retirement fund

Reconciliation of present value defined benefits plan obligation	12-31-2014 ThCh$	12-31-2013 ThCh$
Present value defined benefits plan obligation	9,654,015	9,269,672
Interest cost of defined benefits plan obligation	774,013	474,059
Actuarial gains (losses) defined benefits plan obligation	101,656	740,641
Contributions paid defined benefits plan obligation	(808,907)	(830,357)
Present value defined benefits plan obligation, closing balance	**9,720,777**	**9,654,015**

Presentation in the statement of financial position Employee benefits	12-31-2014 ThCh$	12-31-2013 ThCh$
Liability booked for termination benefits, current	251,953	102,540
Liability booked for termination benefits, non-current	17,478,465	18,744,684
Total obligation for employee benefits	**17,730,418**	**18,847,224**

Note 24 – Other non-financial liabilites, current

The following is the composition as of December 31, 2014 and 2013:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Dividends payable Quiñenco shareholders	102,780,537	37,704,148
Dividends payable minority shareholders of subsidiaries	336,733	535,130
Sales advances	7,174,794	-
Others	1,268,064	1,350,807
Total	**111,560,128**	**39,590,085**

Note 25 – Other non-financial liabilities, non-current

The following is the composition as of December 31, 2014 and 2013:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Insurance company reserves	49,218,110	45,811,019
Indemnity liability	1,800,228	-
Others	1,241,837	-
Total	**52,260,175**	**45,811,019**

Note 26 - Classes of financial assets and liabilities

The following shows the financial assets as of December 31, 2014 and 2013:

		Current		Non-Current		Fair value	
		12-31-2014	12-31-2013	12-31-2014	12-31-2013	12-31-2014	12-31-2013
Description of financial asset	**Category & valuation of financial asset**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Cash & cash equivalents	Financial asset at fair value	196,970,560	386,210,633	-	-	196,970,560	386,210,633
Equity instruments (investments in shares)	Financial asset at fair value (market value) available for sale	23,571	-	24,623,278	21,152,952	24,646,849	21,152,952
Financial investments more than 90 days for current assets & more than one year for non-current assets	Financial asset at fair value	203,815,226	108,999,828	63,750,928	57,070,384	267,566,154	166,070,212
Other current & non-current financial assets		**203,838,797**	**108,999,828**	**88,374,206**	**78,223,336**	**292,213,003**	**187,223,164**
Trade debtors & other accounts receivable	Financial assets	211,118,915	209,546,617	1,438,059	1,274,138	212,556,974	210,820,755
Accounts receivable from related entities	Financial assets	10,907,987	3,255,069	911,950	597,244	11,819,937	3,852,313
Total financial assets		**622,836,259**	**708,012,147**	**90,724,215**	**80,094,718**	**713,560,474**	**788,106,865**

Note 26 - Classes of financial assets and liabilities (continued)

The following shows the financial liabilities as of December 31, 2014 and 2013:

		Current		Non-current		Fair value	
		12-31-2014	12-31-2013	12-31-2014	12-31-2013	12-31-2014	12-31-2013
Description of financial liability	**Category & valuation of financial liability**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Bank loans, bonds payable & other loans	Financial liabilities	165,555,722	170,597,430	713,019,525	692,246,142	878,575,247	862,843,572
Financial lease obligations	Financial liabilities	5,882,260	4,024,205	13,290,693	12,108,248	19,172,953	16,132,453
Interest-rate hedges	Cash-flow hedge instrument	-	-	-	-	-	-
Exchange-rate hedges	Fair value hedge instrument	-	-	-	-	-	-
Commodity price hedges (copper)	Fair value hedge instrument	986,576	97,214	-	-	986,576	97,214
Expected sales	Cash-flow hedge instrument	-	-	-	-	-	-
Other current & non-current financial liabilities		**172.424.558**	**174,718,849**	**726,310,218**	**704,354,390**	**898,734,776**	**879,073,239**
Trade creditors, social-security withholdings, taxes & other accounts payable	Financial liabilities at amortized cost	197,251,571	198,441,476	-	-	197,251,571	198,441,476
Accounts payable to related entities	Financial liabilities at amortized cost	6,425,106	2,080	-	-	6,425,106	2,080
Total financial liabilities		**376,101,235**	**373,162,405**	**726,310,218**	**704,354,390**	**1,102,411,453**	**1,077,516,795**

Note 27 - Equity

a) Capital and number of shares

The capital of the Company comprised the following as of December 31, 2014:

Número de acciones:

Series	No. of shares subscribed	No. of shares paid	No. of shares with voting rights
Single	1,662,759,593	1,662,759,593	1,662,759,593

Capital:

	Capital subscribed ThCh$	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**

The extraordinary shareholders' meeting of July 29, 2013, agreed the following:

- With respect to the capital increase approved at the extraordinary shareholders' meeting of October 6, 2011, it was agreed to annul the statutory capital in the part not subscribed (100,000,000 shares), in accordance with article 20 of the Corporations Regulations, with the respective cancellation of the corresponding shares issued.
- Approve the capitalization of the balance of Share premium amounting to ThCh$50,151,431.
- Increase the capital from ThCh$905,487,845 divided into 1,344,577,775 shares of the one series and of no par value, to ThCh$1,255,487,845 divided into 1,694,577,775 shares of the one series and of no par value, in one or more stages.

As of December 31, 2014, 318,181,818 shares have been subscribed and paid, leaving the paid capital at ThCh$1,255,208,164 divided into 1,662,759,593 shares.

b) Controlling shareholders

The issued and paid-in shares of Quiñenco S.A. are held 81.4% by the companies Andsberg Inversiones Ltda., Ruana Copper A.G. Agencia Chile, Inversiones Orengo S.A., Inversiones Consolidadas S.A., Inversiones Salta S.A., Inversiones Alaska Ltda., Inmobiliaria e Inversiones Río Claro S.A. and Inversiones Río Claro Ltda. The Luksburg Foundation indirectly holds 100% of the corporate rights in Andsberg Inversiones Ltda., 100% of the corporate rights in Ruana Copper A.G. Agencia Chile and 99.76% of the shares of Inversiones Orengo S.A.

Andrónico Luksic Craig (tax No.6.062.786-K) and family control 100% of the shares of Inversiones Consolidadas S.A., Inversiones Salta S.A. and Inversiones Alaska Ltda. Inmobiliaria e Inversiones Río Claro S.A. and Inversiones Río Claro Ltda. are indirectly controlled by the Emian Foundation, in which the heirs of Guillermo Luksic Craig† (RUT 6.578.597-8) have interests. There is no joint-action agreement between the controllers of the Company.

Note 27 – Equity (continued)

c) Dividend policy

Article 79 of the Corporations Law states that, unless agreed otherwise by the respective shareholders' meeting by all the issued shares, open corporations should distribute a cash dividend annually to their shareholders pro rata to their shares or in the proportion established in the bylaws if there are preferred shares, of at least 30% of the earnings for each year, except when accumulated losses from previous years have to be absorbed.

The following dividends have been distributed between January 1, 2013 and December 31, 2014:

Dividend No.	Type of dividend	Date agreed	Payment date	Dividend per share Ch$
31 & 32	Final	30/04/2013	13/05/2013	51.92804
33 & 34	Final	30/04/2014	12/05/2014	45.04818

The Parent company's policy for determining distributable earnings in order to calculate the dividends to be distributed, is to consider the total earnings (loss) attributable to holders of instruments in the equity of the controller.

d) Other reserves

The following is the detail of Other reserves as of December 31, 2014 and 2013

	12-31-2014 ThCh$	12-31-2013 ThCh$
Reserves for currency translation differences	34,392,739	857,616
Reserves for revaluation surplus	384,026	384,026
Reserves for cash-flow hedges	(2,629,592)	(5,268,170)
Reserves for assets available for sale	2,960,976	3,050,835
Sale of LQIF-D shares, net of taxes	131,642,239	131,642,239
Dilution effect of non-concurrence capital increase CCU	40,399,427	40,399,427
Effect of changes in participation Banco de Chile	92,790,340	31,583,826
Otrhers	156,761,033	63,110,219
Total	**456,701,188**	**265,760,018**

It should be mentioned that the amount shown in exchange differences in the statement of comprehensive income for the year relates mainly to the effect of the translation of the dollar functional currency of the associates SM SAAM S.A. and the subsidiaries Invexans, Tech Pack and Compañía Sud Americana de Vapores (CSAV) to Chilean pesos at the closing of the consolidated statement of financial position.

e) Retained earnings

Law 20.780 published on September 29, 2014 modified the corporate income tax rates to be applied by companies on profits earned from the year 2014 onward. The percentage change in the tax rates generated an effect in deferred taxes amounting to ThCh$24,838,663, which is shown in retained earnings in equity, in accordance with SVS Circular 856 of October 17, 2014.

Note 28 – Revenues and expenses

(a) Ordinary revenue

The following is the detail as of December 31, 2014 and 2013:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Sale of goods	2,363,882,481	1,916,403,634
Provision of services	176,811,688	106,369,574
Total	**2,540,694,169**	**2,022,773,208**

(b) Other expenses by function

The following is the detail as of December 31, 2014 and 2013:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Amortization of intangible assets	(2,686,400)	(2,686,400)
Lawsuit expenses Brazil	(14,627,385)	(354,448)
Other operating expenses	(1,417,179)	(239,896)
Total	**(18,730,964)**	**(3,280,744)**

(c) Other gains (losses)

The following is the detail as of December 31, 2014 and 2013:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Other gains		
Result of the transaction with Hapag Lloyd	531,413,975	-
Booking of negative goodwill investment in CSAV	46,810,112	-
Gain on sale of shares	808,151	10,843,223
Booking of negative goodwill investment in Nexans	-	11,336,487
Booking of negative goodwill investment in Peruplast	-	14,691,019
Booking of negative goodwill Opese (Operaciones y servicios Terpel Ltda.)	-	2,211,718
Extraordinary credit to subordinated obligation	-	5,445,385
Gain on sale of fixed assets	64,837	755,325
Total other gains	**579,097,075**	**45,283,157**
Other losses		
Valuation pre-existent investment in CSAV	(7,777,607)	-
Directors' allowances, profit sharing & remuneration	(2,599,471)	(1,188,744)
Plant transfer expenses Peru	(22,873)	(1,171,327)
Restructuring expenses	(2,105,693)	(1,782,146)
Provision for taxes, fines & interest	(178,137)	(1,055,649)
Amortization of intangible assets	(316,692)	-
Effect of change in investment participation in Nexans S.A.	(124,899)	(174,672)
Contingencies	(1,595,669)	(305,362)
Third-party consultancy	(562,492)	(296,169)
Donations	(159,783)	(894,125)
Other income (expenses)	1,023,375	(225,491)
Total other losses	**(14,419,941)**	**(7,093,685)**
Total Other gains (losses), net	**564,677,134**	**38,189,472**

Notea 28 – Revenue and expenses (continued)

(d) Financial costs

The following is the detail as of December 31, 2014 and 2013:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Interest on bank loans and bonds issued	(38,183,346)	(36,936,858)
Interest on other financial instruments	(2,273,701)	(1,212,245)
Bank commission, stamp taxes & other financial costs	(778,099)	(905,778)
Total	**(41,235,146)**	**(39,054,881)**

Note 29 – Personnel expenses

The following is the detail as of December 31, each year:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Wages & salaries	(88,198,660)	(42,442,913)
Short-term employee benefits	(8,168,867)	(7,112,337)
Post-employment benefits	(6,075,552)	(5,923,632)
Termination benefits	(2,260,773)	(3,876,265)
Other personnel expenses	(2,264,455)	(838,254)
Totales	(106,968,307)	(60,193,401)

Note 30 – Earnings per share

The basic earnings per share are calculated by dividing the result available to shareholders by the weighted average number of shares in circulation during the year.

The calculation as of December 31, each year is as follows:

	12-31-2014 ThCh$	12-31-2013 ThCh$
Earnings (loss) attributable to holders of equity instruments of the controller	342,089,458	124,840,504
Result available for common shareholders, basic	342,089,458	124,840,504
Weighted average number of shares, basic	1,662,759,593	1,406,934,937
Basic earnings (loss) per share ThCh$	**0.205735970**	**0.088732251**

Note 31 –Environment

The Parent company is not affected by this concept as it is an investment company.

As of December 31, 2014 the subsidiaries Invexans and Tech Pack have made no disbursements for this concept.

As of December 31, 2014 the subsidiary Enex disbursed ThCh$1,190,079 (ThCh$815,343 in 2013) to control atmospheric emissions and change fuel tanks in the service station network, in the cleaning of soil and groundwaters in order to mitigate the risk that active sources can cause to people and the environment, and the removal of waste.

Note 32 – Financial risk management policy

Credit risk

Investments at the corporate level of cash surpluses are made with first class national and foreign financial entities within limits established for each entity, which have credit ratings equal or superior to the limits pre-established for each type of instrument.

In the subsidiary Tech Pack, the risk related to customers is managed within its established policies and procedures. When granting credit to customers, these are evaluated in order to reduce the risks of non-payment. The credits granted are reviewed periodically in order to apply the controls defined by the policies of Tech Pack and to monitor the statement of accounts pending payment.

The risk associated with liabilities or assets of a financial nature is managed by Tech Pack according to its defined policies. Cash surpluses or available funds are invested in accordance with the policy's criteria, in low-risk instruments (mainly time deposits) with institutions having high credit ratings and within the limits established for each institution (funds are placed in a diversified way). When contracting financial hedges, the management selects institutions with strong credit ratings.

The risk associated with financial liabilities and assets is managed by Invexans in accordance with defined policies. Cash surpluses or available funds are invested in accordance with the policy's criteria, in low-risk instruments (mainly time deposits) with institutions having high credit ratings and within the limits established for each institution (funds are placed in a diversified way). When contracting financial hedges, the management selects institutions with strong credit ratings.

The subsidiary LQ Inversiones Financieras has no accounts receivable subject to credit risk. Its investments of surplus cash are made in market conditions in fixed-rate instruments to match the maturities of its financial commitments and operational expenses.

In the subsidiary Enex, the risk related to customers is managed according to its credit policy and authorizations manual. Sales on credit terms are controlled by the management system which blocks purchase orders when the customer's credit shows overdue payments and/or the previously agreed and approved credit line is exceeded. Approvals of customer credit lines is the responsibility of the administration and finance management of Enex, with support and recommendation of the trade credit lines, in accordance with a credit evaluation model which takes into account both commercial and technical aspects. When considered appropriate, collateral and/or other requirements are requested to support the credit requested. Should the credit approved be insufficient to meet the commercial needs, the case is taken to the Credit Committee.

The investments of surplus cash of Enex are limited to fixed-rate instruments (like repurchase agreements and time deposits) and are made in financial entities evaluated at least once a year, with exposure limits assigned by entity according to reports and opinions of credit-rating agencies, in line with the current Enex treasury policy.

Note 32 – Financial risk management policy (continued)

The subsidiary CSAV has a strict policy for managing its accounts receivable, based on the determination of credit lines for direct customers and un-related agencies. In the determination of credit lines for direct customers, an individual analysis is made of the solvency, payment capacity, bank and commercial references of the customers, industry and market in which the customer is involved, and the historic payment behavior with the company. For un-related agencies, the process is similar although there are contracts and collateral that mitigate the credit risk. The credit lines are reviewed annually and the payment experience and percentage of use are monitored constantly.

With respect to the chartering of ships and slots to third parties, CSAV backs its agreements with charter party freight and slot charter agreements. CSAV charters ships and/or slots only to other shipping companies, always taking into account the counterparty's credit capacity.

However, following the closure of the transaction with Hapag Lloyd, accounts receivable relating to containership transport, the sub-charter of containerships and associated agencies no longer forms part of the accounts receivable as of December 31, 2014.

The subsidiary CSAV has a financial asset investment policy that includes time deposits and repurchase agreements, keeping its checking accounts with financial institutions with investment grade credit ratings. Within its risk control policy, it takes interest rate, exchange rate and oil price hedging positions, also with financial institutions with investment grade credit ratings. However, following the merger of the containership business with Hapag Lloyd, the bunker price and interest rate hedges were liquidated. As of December 31, 2014, the only open positions are related to the hedge of the capital increase process that ended in February 2015.

For details of the balance of financial assets, see Note 26 Classes of financial assets and liabilities.

Liquidity risk

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

Quiñenco prefers long-term financing in order to maintain a financial structure that is in line with the liquidity of its assets and whose maturity structure is compatible with the cash-flow generation.

The subsidiary Tech Pack estimates periodically its projected liquidity needs for each year, between the cash receivable (customer receivables, dividends, etc.), the respective payments (commercial, financials, etc.) and available cash, in order not to have to resort to external short-term financing. Tech Pack's financing policy seeks that its sources of funds have a balanced structure between short and long term, a low risk exposure and match the cash flows generated by the company.

The subsidiary Invexans estimates periodically its projected liquidity needs for each year, between the cash receivable (leases, dividends, etc.), the respective payments (commercial, financials, etc.) and available cash, in order not to have to resort to external short-term financing. Invexan's financing policy seeks that its sources of funds have a balanced structure between short and long term, a low risk exposure and match the cash flows generated by the company.

The subsidiary LQIF distributes dividends as a function of free cash flows taking into account the company's indispensable expenses and previsions, including financial obligations. The principal source of funds for the payment of interest and principal of the obligations of LQIF corresponds to dividends on its direct and indirect shareholding in Banco de Chile. Consequently, its capacity to make the programmed payments of interest and principal depends entirely on the capacity of Banco de Chile to generate positive earnings from its operations and the agreements it makes annually at its shareholder meetings with respect to the distribution of dividends.

Note 32 – Financial risk management policy (continued)

The subsidiary Enex estimates its short-term cash-flow projections periodically, based on information received from its commercial lines. Enex has credit lines with the principal banks with which it operates in order to cover any unexpected cash deficits.

The subsidiary CSAV has concentrated on increasing its sources of liquidity through the use, in case of need, of committed lines and structured loans. As of December 2014 CSAV, has committed lines to cover its working capital. This liquidity enables it to better face variations in the international markets or in the shipping industry that might affect the revenue or increase the costs of CSAV.

For the details of balances and maturities of financial liabilities, see Note 20 Other current and non-current financial liabilities.

Market risk

Exchange-rate risk

At the corporate level as of December 31, 2014 there is no exposure to currency exchange risk as there are no significant financial assets or liabilities in foreign currency. There are no hedge mechanisms in place at the corporate level at December 2014 or December 2013.

In the subsidiary Invexans the exchange-risk exposure derives from its asset and liability positions in currencies other than its functional currency, i.e. the US dollar, and fluctuations occurring between both currencies. Both the board and management of Invexans revise its net exposure periodically, projecting on the basis of variations in the currencies other than the functional currency the financial effects generated by balances of assets or liabilities in those currencies at the time of evaluation. Should significant adverse effects for Invexans be projected, financial derivatives can be contracted (mainly cross-currency swaps) in order to mitigate these possible risks.

As of December 31, 2014, Invexans's net exposure to exchange risk is an asset equivalent to Ch$428 million. If a variation of 5% is assumed between the different currencies and the functional currency on this exposure, this would generate an estimated effect of Ch$21 million in the comprehensive income statement.

In the subsidiary Tech Pack the exchange-risk exposure derives from its cash and cash equivalents, bank debt, bonds and other assets and liabilities positions indexed to currencies other than its functional currency, the US dollar, and the fluctuations occurring between both currencies. Tech Pack revises its net exposure periodically, projecting on the basis of variations in the currencies other than the functional currency the financial effects generated by balances of assets or liabilities in those currencies at the time of evaluation. Should significant and adverse effects for Tech Pack be projected, financial derivatives can be contracted in order to mitigate these possible risks.

As of December 31, 2014, Tech Pack's net exposure to exchange risk is an asset equivalent to Ch$22,529 million. If a variation of 5% is assumed between the different currencies and the functional currency on this exposure, this would generate an estimated effect of Ch$1,126 million in the comprehensive income statement.

The subsidiary LQIF has no exchange-rate exposure as it has no foreign currency assets or liabilities as of December 31, 2014 and 2013.

In the subsidiary Enex exchange-rate risk exposure arises from certain agreements with suppliers and customers in a currency other than the functional currency (Chilean peso). The most important cases relate to imports of fuels, lubricants and bitumen, where the obligation is generated and is payable in US dollars. To mitigate this, Enex has a policy to minimize the net exposure (assets-liabilities) in foreign currency using habitual purchases of currency on the spot market. As of December 31, 2014, the net exchange-rate exposure of Enex is a liability equivalent to Ch$1,811 million. If a 5% fluctuation is assumed against the functional currency on this exposure, an estimated effect of Ch$91 million would be generated in the comprehensive income statement.

Note 32 – Financial risk management policy (continued)

In the subsidiary CSAV, the assets and liabilities are mainly denominated in its functional currency, i.e. the US dollar. However there are also assets and liabilities in other currencies. The company reduces the exchange risk by periodically converting to US dollars any balance in local currency that exceeds its payment needs in that currency. As of December 31, 2014 the net exposure to exchange risk of CSAV is a liability of Ch$16,702 million. If a 5% fluctuation is assumed against the functional currency on this exposure, an estimated effect of Ch$835 million before tax would be generated in the comprehensive income statement.

Exchange differences produced by translating to pesos, the balances in the functional currencies of consolidated or associate entities whose functional currency is other than the peso, are recognized as a credit or charge to equity until the clearance of the balance when they will be booked to income.

Interest-rate risk
As of December 31, 2014, at the corporate level Quiñenco has financial assets at fair value with changes in income for Ch$237,859 million which are subject to interest-rate risk. A variation of 10 basis points in the interest rate would generate an effect on financial income for the year of Ch$81 million.

At the corporate level, Quiñenco has 100% of its obligations at fixed rates, thus reducing its exposure to interest rates.

Invexans has 100% of its obligations at variable rates.

Tech Pack has 77.7% of its obligations at fixed rates and 22.3% at variable rates.

LQIF has all its financial commitments at fixed rates, implying a low exposure to rate risk.

Enex has 42.2% of its obligations at fixed rates and 57.8% at variable rates.

CSAV has 25.7% of its obligations at fixed rates and 74,3% at variable rates.

The following table shows the interest-rate structure at the consolidated level. As can be seen, the interest-rate risk exposure at the consolidated level is reduced as 83.4% of the debt is structured at fixed interest rates.

Consolidated financial debt according to interest rate	12-31-2014	12-31-2013
Fixed rate	83.4%	73.9%
Hedged rate	0.0%	0.0%
Variable rate	16.6%	26.1%
Total	**100.0%**	**100.0%**

As of December 31, 2014, the consolidated variable interest-rate exposure is Ch$149,298 million. A 100 basis point variation in the interest rate would generate an effect on financial costs for the year of Ch$1,493 million.

Note 33 – Information by segment

General Information

Quiñenco is structured on the basis of the industrial and financial activities in which the financial resources are invested, establishing five business segments: Manufacturing, Financial, Energy, Transport 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 Other segment includes Quiñenco corporate, CCU, SM SAAM, others and eliminations.

With the exception of the subsidiaries Tech Pack, Invexans and CSAV, and the associates CCU and SM SAAM, all the group's operations are mainly conducted in Chile.

In order to determine information by segments, those exceeding 10% of the consolidated ordinary revenue and the particular information characteristics of the group have been considered.

Quiñenco, as an investment company, defines its ordinary revenue as that coming from the sale of goods and services (Tech Pack and others) and the net revenue of the banking sector (Banco de Chile).

Geographical area

The ordinary revenue of external customers by geographical area as of December 31, 2014 and 2013 is as follows:

	12-31-2014 ThCh$	12-31-2013 ThCh$
South America	2,513,834,908	2,002,688,823
Central America	24,478,312	18,458,645
North America	2,319,421	1,588,437
Europe	61,528	28,533
Africa	-	8,770
Total ordinary revenue from external customers	**2,540,694,169**	**2,022,773,208**

Note 33 – Information by segment (continued)

As of December 31, 2014, the results by segment are the following:

	Segments December 2014					
Income Statement	**Manufacturing**	**Financial**	**Energy**	**Transport**	**Others**	**Total**
Non-banking businesses	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Revenue from ordinary activities	213,146,031	-	2,176,803,063	47,245,929	103,499,146	2,540,694,169
Ordinary revenue from transactions between segments	-	-	-	-	-	-
Cost of sales	(174,953,005)	-	(2,017,741,193)	(50,364,091)	(32,413,232)	(2,275,471,521)
Gross margin	38,193,026	-	159,061,870	(3,118,162)	71,085,914	265,222,648
Other revenue by function	284,397	-	9,628,337	845,589	3,632,506	14,390,829
Distribution costs	(6,122,884)	-	-	-	-	(6,122,884)
Administrative expenses	(21,472,292)	(1,143,152)	(134,994,220)	(5,722,386)	(72,828,712)	(236,160,762)
Other expenses by function	(15,123,433)	(2,686,400)	(257,288)	(663,843)	-	(18,730,964)
Other gains (losses)	(751,344)	-	(443,074)	530,937,879	34,933,673	564,677,134
Income (losses) from operating activities	(4,992,530)	(3,829,552)	32,995,625	522,279,077	36,823,381	583,276,001
Financial income	321,823	1,058,838	1,649,908	706,906	19,210,591	22,948,066
Financial costs	(8,569,612)	(7,271,315)	(5,608,380)	(1,959,810)	(17,826,029)	(41,235,146)
Participation in earnings (loss) of associates & joint ventures booked using the equity method	(25,749,061)	-	1,561,562	(82,039,064)	44,511,142	(61,715,421)
Exchange differences	(3,694,978)	-	(392,403)	7,509,655	115,616	3,537,890
Income of indexation adjustments	114,541	(8,955,458)	-	(642,147)	(17,419,224)	(26,902,288)
Income (loss) before tax	(42,569,817)	(18,997,487)	30,206,312	445,854,617	65,415,477	479,909,102
Charge for income tax	(775,673)	1,944,002	4,094,916	(93,558,164)	(823,003)	(89,117,922)
Net income (loss) from continued operations	(43,345,490)	(17,053,485)	34,301,228	352,296,453	64,592,474	390,791,180
Net income (loss) from discontinued operations	(11,970,812)	-	-	(65,170,809)	-	(77,141,621)
Net income (loss) of non-banking businesses	**(55,316,302)**	**(17,053,485)**	**34,301,228**	**287,125,644**	**64,592,474**	**313,649,559**
Income Statement of banking services						
Total net operating revenue	-	1,366,072,328	-	-	-	1,366,072,328
Total operating expenses	-	(714,918,047)	-	-	-	(714,918,047)
Operating result	-	651,154,281	-	-	-	651,154,281
Result of investments in companies	-	2,860,292	-	-	-	2,860,292
Interest on subordinated debt with Banco Central de Chile	-	(82,478,809)	-	-	-	(82,478,809)
Income before income tax	-	571,535,764	-	-	-	571,535,764
Income tax	-	(83,286,409)	-	-	-	(83,286,409)
Net income from continuing operations	-	488,249,355	-	-	-	488,249,355
Net income (loss) banking services	-	488,249,355	-	-	-	488,249,355
Consolidated net income (Loss)	**(55,316,302)**	**471,195,870**	**34,301,228**	**287,125,644**	**64,592,474**	**801,898,914**
Net income attributable to owners of the controller	**(45,774,067)**	**112,782,546**	**34,301,228**	**177,173,095**	**63,606,656**	**342,089,458**
Net income attributable to non-controlling participations	(9,542,235)	358,413,324	-	109,952,549	985,818	459,809,456
Consolidated net income (Loss)	**(55,316,302)**	**471,195,870**	**34,301,228**	**287,125,644**	**64,592,474**	**801,898,914**

The net income attributable to owners of the controller for each segment correspond to the final contribution of each segment, and of the companies comprising them, to Quiñenco S.A.'s net income.

Note 33 – Information by segment (continued)

The following shows the depreciation, amortization, components of cash flows and the assets and liabilities by segment, as of December 31, 2014:

	Manufacturing	**Financial**	**Energy**	**Transport**	**Others**	**Total**
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Depreciation & amortization	(8,781,995)	(2,769,418)	(9,708,187)	(1,722,564)	(541,955)	(23,524,119)
Cash flow from non-banking services						
Operating cash flow	3,784,867	1,911,231	26,799,204	(157,724,844)	435,983	(124,793,559)
Investment cash flow	(45,566,158)	434,814,965	(11,813,324)	(264,858,768)	29,722,262	142,298,977
Financing cash flow	71,552,400	(542,244,541)	(10,864,746)	334,505,527	(234,390,458)	(381,441,818)
Cash flow from banking services						
Operating cash flow	-	(286,018,235)	-	-	235,504,379	(50,513,856)
Investment cash flow	-	213,992,946	-	-	(159,192,663)	54,800,283
Financing cash flow	-	465,671,434	-	-	(67,190,762)	398,480,672
Current assets	192,968,797	3,764,178	269,410,129	56,945,915	282,436,336	805,525,355
Non-current assets	495,156,211	855,176,534	457,939,779	1,284,319,253	659,076,496	3,751,668,273
Banking assets	-	27,642,383,771	-	-	-	27,642,383,771
Total assets	**688,125,008**	**28,501,324,483**	**727,349,908**	**1,341,265,168**	**941,512,832**	**32,199,577,399**
Current liabilities	109,605,069	5,178,574	118,717,870	161,732,853	165,928,882	561,163,248
Non-current liabilities	71,244,899	221,681,627	99,477,347	26,794,080	513,996,870	933,194,823
Banking liabilities	-	25,171,137,638	-	-	-	25,171,137,638
Total liabililties	**180,849,968**	**25,397,997,839**	**218,195,217**	**188,526,933**	**679,925,752**	**26,665,495,709**

Note 33 – Information by segment (continued)

As of December 2014, the financial statements of CSAV, included in the Transport segment in 2014 and in Other in 2013, show its containership business as a discontinued activity until December 2, 2014, when the merger with Hapag-Lloyd was concluded. However, to facilitate a comparative analysis of the results of CSAV, the following pro forma statement of income as of December 2014 shows the containership business as a continued activity, as in the previous year.

Statement of Income	**01-01-2014 12-31-2014** Pro forma ThUS$	**01-01-2013 12-31-2013** ThUS$
Ordinary revenue	2,741,455	3,205,950
Cost of sales	(2,752,236)	(3,210,417)
Gross loss	(10,781)	(4,467)
Other revenue, by function	(500)	1,976
Administrative expenses	(199,122)	(233,388)
Other expenses, by function	(1,412)	(43,058)
Other gains (losses)	852,776	57,759
Income (loss) from operating activities	640,961	(221,178)
Financial income	1,742	490
Financial costs	(38,911)	(41,386)
Participations in the income of associates & joint ventures booked using the equity method	(82,936)	4,247
Exchange differences	15,533	10,299
Results of indexation adjustments	(3,289)	(1,172)
Income (loss) before tax	533,100	(248,700)
Charge for income tax	(143,860)	81,074
Net income (loss)	389,240	(167,626)
Net income (loss) attributable to:		
Owners of the controller	388,706	(169,042)
Non-controlling participations	534	1,416
Net income (loss)	389,240	(167,626)

Note 33 – Information by segment (continued)

As of December 31, 2013, the results by segment are the following:

	Segments December 2013				
Income Statement	**Manufacturing**	**Financial**	**Energy**	**Others**	**Total**
Non-banking businesses	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Revenue from ordinary activities	174,009,434	-	1,757,693,466	91,070,308	2,022,773,208
Ordinary revenue from transactions between segments	-	-	-	-	-
Cost of sales	(139,722,426)	-	(1,630,361,291)	(24,490,283)	(1,794,574,000)
Gross margin	34,287,008	-	127,332,175	66,580,025	228,199,208
Other revenue by function	12,972,986	-	7,404,041	3,119,635	23,496,662
Distribution costs	(5,159,703)	-	-		(5,159,703)
Administrative expenses	(16,561,756)	(1,046,303)	(112,672,401)	(68,478,510)	(198,758,970)
Other expenses by function	(504,358)	(2,686,400)	(89,986)		(3,280,744)
Other gains (losses)	21,931,275	5,445,385	3,029,563	7,783,249	38,189,472
Income (losses) from operating activities	46,965,452	1,712,682	25,003,392	9,004,399	82,685,925
Financial income	76,747	605,620	1,923,259	13,693,227	16,298,853
Financial costs	(6,589,331)	(11,439,341)	(6,686,139)	(14,340,070)	(39,054,881)
Participation in earnings (loss) of associates & joint ventures booked using the equity method	(53,145,724)	-	1,073,442	13,307,351	(38,764,931)
Exchange differences	(1,937,872)	-	(454,136)	148,175	(2,243,833)
Results of indexation adjustments	182,744	(3,498,562)	7,486	(7,434,965)	(10,743,297)
Income (loss) before tax	(14,447,984)	(12,619,601)	20,867,304	14,378,117	8,177,836
Charge for income tax	(8,997,941)	857,371	(1,896,642)	557,261	(9,479,951)
Net income (loss) from continued operations	(23,445,925)	(11,762,230)	18,970,662	14,935,378	(1,302,115)
Net income (loss) from discontinued operations	(11,851,519)	-	-	-	(11,851,519)
Net income (loss) of non-banking businesses	**(35,297,444)**	**(11,762,230)**	**18,970,662**	**14,935,378**	**(13,153,634)**
Income Statement of banking services					
Total net operating revenue	-	1,216,507,483	-	-	1,216,507,483
Total operating expenses	-	(623,200,452)	-	-	(623,200,452)
Operating result	-	593,307,031	-	-	593,307,031
Result of investments in companies	-	2,071,770	-	-	2,071,770
Interest on subordinated debt with Banco Central de Chile	-	(69,700,679)	-	-	(69,700,679)
Income before income tax	-	525,678,122	-	-	525,678,122
Income tax	-	(80,020,254)	-	-	(80,020,254)
Net income from continuing operations	-	445,657,868	-	-	445,657,868
Net income (loss) banking services	-	445,657,868	-	-	445,657,868
Net income earnings (loss)	**(35,297,444)**	**433,895,638**	**18,970,662**	**14,935,378**	**432,504,234**
Net income attributable to owners of the controller	**(30,990,253)**	**124,129,690**	**18,970,662**	**12,730,405**	**124,840,504**
Net income attributable to non-controlling participations	(4,307,191)	309,765,948	-	2,204,973	307,663,730
Consolidated net income (loss)	**(35,297,444)**	**433,895,638**	**18,970,662**	**14,935,378**	**432,504,234**

The net income attributable to owners of the controller for each segment correspond to the final contribution of each segment, and of the companies comprising them, to Quiñenco S.A.'s net income.

Note 33 – Information by segment (continued)

The following shows the depreciation, amortization, components of cash flows and the assets and liabilities by segment, as of December 31, 2013:

	Manufacturing	**Financial**	**Energy**	**Other**	**Total**
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Depreciation & amortization	(8,337,703)	(2,770,660)	(7,757,022)	(1,840,400)	(20,705,785)
Cash flow from non-banking services					
Operating cash flow	17,557,185	(433,995)	27,614,176	4,023,062	48,760,428
Investment cash flow	(77,267,402)	7,728,309	(140,558,977)	(87,961,742)	(298,059,812)
Financing cash flow	72,344,141	(127,125,101)	125,223,972	243,392,218	313,835,230
Cash flow from banking services					
Operating cash flow	-	(208,223,816)	-	-	(208,223,816)
Investment cash flow	-	(419,006,279)	-	-	(419,006,279)
Financing cash flow	-	959,734,784	-	-	959,734,784
Current assets	149,064,032	8,667	305,354,131	445,989,700	900,416,530
Non-current assets	465,223,498	923,676,358	426,924,066	826,375,550	2,642,199,472
Banking assets	-	25,929,313,911	-	-	25,929,313,911
Total assets	**614,287,530**	**26,852,998,936**	**732,278,197**	**1,272,365,250**	**29,471,929,913**
Current liabilities	186,822,795	4,361,207	152,232,726	109,064,641	452,481,369
Non-current liabilities	109,302,547	199,097,903	112,388,964	442,912,933	863,702,347
Banking liabilities	-	23,728,952,862	-	-	23,728,952,862
Total liabilities	**296,125,342**	**23,932,411,972**	**264,621,690**	**551,977,574**	**25,045,136,578**

Note 34 – Effect of foreign currency exchange rate variations

a) The following is a detail of assets by local and foreign currency as of December 31, 2014:

Assets Non-banking businesses Current assets	Dollars ThCh$	Chilean pesos ThCh$	Unidad de Fomento ThCh$	Euros ThCh$	Soles ThCh$	Argentine pesos ThCh$	Reais ThCh$	Colombian pesos ThCh$	Other currencies ThCh$	Total ThCh$
Cash & cash equivalents	92,316,865	99,787,468	-	1,979,842	800,204	181,801	48,137	249,135	1,607,108	196,970,560
Other financial assets, current	-	146,951,864	56,886,933	-	-	-	-	-	-	203,838,797
Other non-financial assets, current	4,651,234	21,463,893	455	322,005	132,224	337,009	-	93,257	-	27,000,077
Trade debtors & other accounts receivable, current	41,774,007	150,979,037	110,105	4,386	5,186,135	6,389,727	-	6,675,518	-	211,118,915
Accounts receivable from related entities, current	55,727	10,852,260	-	-	-	-	-	-	-	10,907,987
Inventories	22,196,879	83,953,522	-	-	-	-	-	6,257,879	-	112,408,280
Tax assets, current	2,514,133	6,063,232	-	-	1,535,301	151,302	206,684	-	-	10,470,652
Total current assets other than assets or groups of assets classified as held for sale or held for distribution to the owners	**163,508,845**	**520,051,276**	**56,997,493**	**2,306,233**	**7,653,864**	**7,059,839**	**254,821**	**13,275,789**	**1,607,108**	**772,715,268**
Non-current assets or groups of assets for disposal classified as held for sale	29,406,822	3,076,306	78,214	8,929	-	239,816	-	-	-	32,810,087
Total non-current assets other than assets or groups of assets classified as held for sale or held for distribution to the owners	**29,406,822**	**3,076,306**	**78,214**	**8,929**	**-**	**239,816**	**-**	**-**	**-**	**32,810,087**
Current assets, total	**192,915,667**	**523,127,582**	**57,075,707**	**2,315,162**	**7,653,864**	**7,299,655**	**254,821**	**13,275,789**	**1,607,108**	**805,525,355**
Non-current assets										
Other financial assets, non-current	787,374	28,242,697	-	59,344,135	-	-	-	-	-	88,374,206
Other non-financial assets, non-current	4,247	19,601,379	-	-	-	4,854	8,904,235	268	-	28,514,983
Accounts receivable, non-current	1,214	1,436,845	-	-	-	-	-	-	-	1,438,059
Accounts receivable from related entities, non-current	-	911,950	-	-	-	-	-	-	-	911,950
Investments booked using the equity method	244,703,426	311,399,368	-	1,375,652,516	-	-	-	-	-	1,931,755,310
Intangible assets other than goodwill	17,116,361	203,621,750	-	-	-	-	3,448	-	-	220,741,559
Goodwill	21,522,615	851,610,824	-	-	-	-	-	-	-	873,133,439
Property, plant & equipment	95,734,977	232,237,571	-	-	-	-	-	19,534,611	-	347,507,159
Investment properties	10,052,797	5,463,352	-	-	-	-	-	-	-	15,516,149
Deferred tax assets	191,410,359	52,365,100	-	-	-	-	-	-	-	243,775,459
Total assets, non-current	**581,333,370**	**1,706,890,836**	**-**	**1,434,996,651**	**-**	**4,854**	**8,907,683**	**19,534,879**	**-**	3,751,668,273
Total assets, non-banking business	**774,249,035**	**2,230,018,418**	**57,075,707**	**1,437,311,813**	**7,653,864**	**7,304,509**	**9,162,504**	**32,810,668**	**1,607,108**	**4,557,193,628**

Note 34 – Effect of foreign currency exchange rate variations (continued)

b) The following is a detail of liabilities by national and foreign currency as of December 31, 2014:

Liabilities	Dollars	Chilean pesos	Unidad de Fomento	Euros	Soles	Argentine pesos	Reais	Colombian pesos	Total
Non-banking businesses									
Current liabilities	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Other financial liabilities, current	99,093,804	23,231,998	44,729,623	164,429	-	3,175,731	-	2,028,973	172,424,558
Trade creditors & other accounts payable, current	61,774,128	116,264,381	3,743,271	161,769	7,813,861	3,475,166	-	4,018,995	197,251,571
Accounts payable to related entities, current	20,516	6,404,590	-	-	-	-	-	-	6,425,106
Other short-term provisions	44,036,044	9,787,202	139,672	78,347	-	297,637	617,913	-	54,956,815
Tax liabilities, current	34,815	5,484,610	-	-	4,398	-	-	349,794	5,873,617
Provisions for employee benefits, current	1,982,252	6,497,311	3,318	-	1,229,547	306,577	-	492,368	10,511,373
Other non-financial liabilities, current	7,709,561	103,713,731	-	-	73,269	63,567	-	-	111,560,128
Total current liabilities other than liabilities included in groups of assets for disposal classified as held for sale	**214,651,120**	**271,383,823**	**48,615,884**	**404,545**	**9,121,075**	**7,318,678**	**617,913**	**6,890,130**	**559,003,168**
Liabilities included in groups of assets for disposal classified as held for sale	1,080,555	830,097	33,911	1,478	-	213,359	680	-	2,160,080
Total current liabilities	**215,731,675**	**272,213,920**	**48,649,795**	**406,023**	**9,121,075**	**7,532,037**	**618,593**	**6,890,130**	**561,163,248**
Non-current liabilities									
Other financial liabilities, non-current	30,672,711	73,234,424	614,042,066	-	-	837,316	-	7,523,701	726,310,218
Accounts payable, non-current	-	-	-	-	-	-	-	-	-
Other long-term provisions	-	21,809,838	-	-	-	-	8,889,792	-	30,699,630
Deferred tax liabilities	8,335,212	88,528,204	-	-	4,451,349	3,778,450	-	1,353,120	106,446,335
Provisions for employee benefits, non-current	-	17,478,465	-	-	-	-	-	-	17,478,465
Other non-financial liabilities, non-current	135,305	52,124,870	-	-	-	-	-	-	52,260,175
Total non-current liabilities	**39,143,228**	**253,175,801**	**614,042,066**	**-**	**4,451,349**	**4,615,766**	**8,889,792**	**8,876,821**	**933,194,823**
Total non-banking business liabilities	**254,874,903**	**525,389,721**	**662,691,861**	**406,023**	**13,572,424**	**12,147,803**	**9,508,385**	**15,766,951**	**1,494,358,071**

Note 34 – Effect of foreign currency exchange rate variations (continued)

c) The following is a detail of assets by local and foreign currency as of December 31, 2013:

Assets		**Chilean**	**Unidad de**			**Argentine**		**Pesos**	
Non-banking businesses	**Dollars**	**pesos**	**Fomento**	**Euros**	**Soles**	**pesos**	**Reais**	**Colombianos**	**Total**
Current assets	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Cash & cash equivalents	35,774,981	345,904,070	-	3,542,502	323,267	356,027	176,396	133,390	386,210,633
Other financial assets, current	1,912	51,519,961	56,886,933	-	-	-	591,022	-	108,999,828
Other non-financial assets, current	353,451	21,589,851	816	356,188	34,279	401,127	194,247	147,079	23,077,038
Trade receivables & other accounts receivable, current	32,394,218	153,625,009	677,159	-	1,999,712	6,960,658	7,259,500	6,630,361	209,546,617
Accounts receivable from related entities, current	-	3,255,069	-	-	-	-	-	-	3,255,069
Inventories	33,139,390	84,534,525	-	-	-	-	6,539,010	4,943,128	129,156,053
Tax assets, current	61,324	13,183,636	-	-	1,361,201	87,244	190,941	-	14,884,346
Total current assets other than assets or groups of assets classified as held for sale or held for distribution to the owners	**101,725,276**	**673,612,121**	**57,564,908**	**3,898,690**	**3,718,459**	**7,805,056**	**14,951,116**	**11,853,958**	**875,129,584**
Non-current assets or groups of assets classified as held for sale	21,550,502	3,136,376	1,671	1,979	-	596,418	-	-	25,286,946
Total non-current assets other than assets or groups of assets classified as held for sale or held for distribution to the owners	**21,550,502**	**3,136,376**	**1,671**	**1,979**	**-**	**596,418**	**-**	**-**	**25,286,946**
Current assets, total	**123,275,778**	**676,748,497**	**57,566,579**	**3,900,669**	**3,718,459**	**8,401,474**	**14,951,116**	**11,853,958**	**900,416,530**
Non-current assets									
Other financial assets, non-current	1,936	18,877,265	-	59,344,135	-	-	-	-	78,223,336
Other non-financial assets, non-current	-	7,156,587	980,213	-	-	79,012	8,181,791	71,081	16,468,684
Accounts receivable, non-current	-	1,274,138	-	-	-	-	-	-	1,274,138
Accounts receivable from related entities, non-current	-	597,244	-	-	-	-	-	-	597,244
Investments booked using the participation method	440,678,473	365,578,320	-	236,637,824	-	-	-	-	1,042,894,617
Intangible assets other than goodwill	15,897,200	203,363,190	-	-	-	-	3,380		219,263,770
Goodwill	16,365,716	916,153,894	-	-	-	-	-	-	932,519,610
Property, plant & equipment	100,347,920	187,657,615	-	-	-	-	18,905,198	-	306,910,733
Investment properties	3,227,319	5,561,306	-	-	-	-	-	-	8,788,625
Deferred tax assets	2,568,000	32,690,715	-	-	-	-	-	-	35,258,715
Total assets, non-current	**579,086,564**	**1,738,910,274**	**980,213**	**295,981,959**	**-**	**79,012**	**27,090,369**	**71,081**	**2,642,199,472**
Total assets, non-banking business	**702,362,342**	**2,415,658,771**	**58,546,792**	**299,882,628**	**3,718,459**	**8,480,486**	**42,041,485**	**11,925,039**	**3,542,616,002**

Note 34 – Effect of foreign currency exchange rate variations (continued)

d) The following is a detail of liabilities by national and foreign currency as of December 31, 2013:

Liabilities Non-banking businesses Current liabilities	Dollars ThCh$	Chilean pesos ThCh$	Unidad de Fomento ThCh$	Euros ThCh$	Soles ThCh$	Argentine pesos ThCh$	Reais ThCh$	Pesos Colombianos ThCh$	Total ThCh$
Other financial liabilities, current	85,277,303	49,205,959	35,774,779	-	-	2,615,955	-	1,844,853	174,718,849
Trade creditors & other accounts payable, current	43,373,982	144,766,113	1,059,149	346,858	1,316,847	3,654,261	3,924,266	-	198,441,476
Accounts payable to related entities, current	1,827	253		-	-	-	-	-	2,080
Other short-term provisions	366,982	9,655,285	56,414	-	-	446,850	798,449	34,155	11,358,135
Tax liabilities, current	23,562	6,931,674	-	-	5,253,096	-	7,007	-	12,215,339
Provisions for employee benefits, current	-	6,098,515	19,432	-	1,292,546	400,250	363,638	-	8,174,381
Other non-financial liabilities, current	936,414	38,339,775	-	-	2,260	229,242	82,394	-	39,590,085
Total current liabilities other than liabilities included in groups of assets classified as held for sale	**129,980,070**	**254,997,574**	**36,909,774**	**346,858**	**7,864,749**	**7,346,558**	**5,175,754**	**1,879,008**	**444,500,345**
Liabilities included in groups of assets classified as held for sale	3,692,124	4,030,909	22,027	1,244	-	182,734	-	51,986	7,981,024
Total current liabilities	**133,672,194**	**259,028,483**	**36,931,801**	**348,102**	**7,864,749**	**7,529,292**	**5,175,754**	**1,930,994**	**452,481,369**
Non-current liabilities									
Other financial liabilities, non-current	80,266,222	85,551,257	528,928,418	-	-	1,610,917	-	7,997,576	704,354,390
Other long-term provisions	-	20,778,934	-	-	-	-	1,777,573	-	22,556,507
Deferred tax liabilities	4,310,215	58,895,068	-	-	4,199,571	2,956,030	1,763,685	-	72,124,569
Provisions for employee benefits, non-current	-	18,744,685	111,177	-	-	-	-	-	18,855,862
Other non-financial liabilities, non-current	-	45,811,019	-	-	-	-	-	-	45,811,019
Total non-current liabilities	**84,576,437**	**229,780,963**	**529,039,595**	**-**	**4,199,571**	**4,566,947**	**3,541,258**	**7,997,576**	**863,702,347**
Total non-banking business liabilities	**218,248,631**	**488,809,446**	**565,971,396**	**348,102**	**12,064,320**	**12,096,239**	**8,717,012**	**9,928,570**	**1,316,183,716**

Note 35 – Contingencies

(a) Lawsuits

a.1) In the Case No.10.520-07 brought by the subsidiary VTR S.A., today UNITRON S.A., before the Santiago Appeals Court, the court accepted the appeal against the sentence in the first instance given on October 26, 1999 by the tax tribunal of Metropolitan Santiago Center of the Internal Revenue Service which rejected the tax appeal presented by VTR against Demand No.29 of January 21, 1998 for sole tax under paragraph 3 of article 21 of the Income Tax Law applied to a loss on a currency futures contract signed on January 2, 1995 between VTR and Citibank N.A.

Later, on May 11, 2007, the Santiago Appeals Court annulled the sentence in the first instance as it was given by a delegated tax judge (lacking jurisdiction) and ordered that the appeal be reconsidered by the regional director of the Metropolitan Santiago Center of the Internal Revenue Service, invalidating therefore all the previous proceedings.

As a result, the proceedings are currently pending in the first instance, having re-entered the tax tribunal of the Metropolitan Santiago Center of the Internal Revenue Service on June 1, 2007 (Case No.10.520-2007). These are presently in the evidence stage. On August 28, 2007, the tribunal resolved to receive the tax appeal and ordered the inspector's report. On November 30, 2007, comments were presented on the report No.178-1 issued on October 29, 2007 by the selective inspectorate department of the Metropolitan Santiago Center of the Internal Revenue Service, and the tax tribunal resolved to acknowledge receipt of the comments in that report.

On August 7, 2014, the subsidiary UNITRON S.A. exercised its option right granted by Law 20.322, sending the details to the Second Taxation and Customs Tribunal of the Metropolitan Region; Case RIT GR-15-00202-2014, RUC N° 14-9-0001524-1. This tribunal received the appeal on September 8, 2014, transferring it to the Internal Taxes Service (SII) for its response. On October 3, 2014, the SII gave notice and the case is currently awaiting the resolution to receive the case for evidence.

a.2 The subsidiary VTR, today UNITRON S.A., has appealed before the Santiago Appeals Court (Case No.6692-04) against the sentence in the first instance by the Metropolitan Santiago East Regional Directorate of the Internal Revenue Service with respect to a tax appeal dated December 16, 1999, against Demand No.1025 of that tax office.

On March 25, 2009, the Santiago Appeals Court annulled the sentence and all the previous proceedings in the first instance as sentence was given by a delegated tax judge (who lacked jurisdiction).

As a result of this decision, the proceedings are currently pending in the first instance (in a new case) before Metropolitan Santiago East Regional Office of the Internal Revenue Service (Case No.10.384-2009), this tribunal rejecting the company's tax appeal on September 8, 2009. As a result, an appeal was lodged on October 15, 2009. In January 2013, the taxation tribunal rejected the replacement brought but permitting an appeal to the Santiago Appeals Court.

Note 35 – Contingencies (continued)

On September 4, 2014, the appeal was resolved by the Santiago Appeals Court, Case 7266-2013, accepting the tax appeal only with respect to the subsidiary request of appeal, i.e. ordering the return of the taxes paid by the subsidiary VTR S.A., which the court considered paid in excess. The State Defense Council brought an annulment appeal on September 24, this being conceded by the appeals court on October 3, 2014.

This case is soon to be brought to the Supreme Court to resolve on the annulment appeal made.

a.3 CSAV is a defendant in litigation and arbitrations relating to cargo transport and damages, and the possible loss contingencies are covered by insurance policies.

Regarding the investigation of infringement of anti-trust laws in the car carrier business, and the legislation in other jurisdictions, the board of CSAV has decided to maintain a provision of US$ 40 million for the possible costs the company may be obliged to pay in the future as a result of the proceedings, based on the volumes of the car carrier business in the different traffics the company has operated globally. The amount provisioned is an estimate of such disbursements under a conservative criterion. There is currently no information indicating the timing of these proceedings, except for the investigation of the Justice Department of the United States (DOJ) and the National Economic Inspection (FNE).

On February 27, 2014, CSAV signed a plea agreement with the DOJ as part of the above investigation, whereby CSAV has accepted to pay a fine of ThUS$ 8.900, which is covered by the provision already made by the company, whose first payment amounted to ThUS$ 2,250 excluding legal costs, so the provision was reduced to ThUS$ 37,125. The next payments are annual in similar amounts until completing the ThUS$ 8,900.

a.4 As of December 31, 2014, the subsidiaries Invexans S.A. and Enex S.A. have lawsuits pending against them with respect to demands related to its normal business which, according to the company's legal advisers, present no risk of significant losses.

a.5 The tax contingencies of Invexans deriving from the sales unit sales contract, are detailed in Note 35 d).

Note 35 – Contingencies (continued)

(b) Financial contingencies

(1) As of December 31, 2014, Quiñenco and the group companies are in compliance with the financial covenants related to bond issues. Quiñenco's principal financial covenants as of December 31, 2014, are:

- To maintain unencumbered assets to unsecured debt at book value of at least 1.3 times. As of December 31, 2014 the ratio of unencumbered assets to unsecured debt at book value is 5.4 times, as follows:

Quiñenco individual	**ThCh$**
Total assets	3,485,292,417
Encumbered assets	-
Unencumbered assets	**3,485,292,417**
Total current liabilities	145,270,569
Other short-term provisions	(4,578,973)
Provisions for employee benefits, current	(786,682)
Total non-current liabilities	504,728,691
Other long-term provisions	(3,581,275)
Unencumbered liabilities	**641,052,330**

- To maintain an unconsolidated financial debt ratio to total equity of no more than 0.47:1. As of December 31, 2014 the financial debt to total equity at book value ratio is 0.16:1, as follows:

Financial debt	**ThCh$**
Other financial liabilities, current	35,195,908
Other financial liabilities, non-current	418,749,809
Accounts payable to related entities, non-current	78,180,821
Financial debt	**532,126,538**
Capitalization	
Equity attributable to owners of the controller	2,835,293,157
Financial debt	532,126,538
Capitalization	**3,367,419,695**

- To maintain a consolidated financial debt ratio to total capitalization of no more than 0.61:1. As of December 31, 2014, the consolidated financial debt ratio to total capitalization at book value is 0.17, as follows:

Financial debt	**ThCh$**
Other financial liabilities, current	172,424,558
Accounts payable to related entities, current	
Other financial liabilities, non-current	726,310,218
Financial debt	**905,159,882**
Capitalization	
Equity attributable to owners of the controller	2,835,293,157
Financial debt	905,159,882
Non-controlling participations (1)	1,494,582,610
Capitalization	**5,235,035,649**

Note 35 – Contingencies (continued)

(b) Financial contingencies (continued)

(i) Relates to non-controlling participations Quiñenco ThCh$ 2,698,788,533 less non-controlling participations LQIF ThCh$ 1,204,205,923.

- To maintain a minimum equity of Ch$774,889 million. As of December 31, 2014, the equity attributable to owners of the controller is MCh$ 2,835,293.
- The Luksic Group must keep control of Quiñenco.

(2) The VTR S.A. share purchase agreement with SBC International Inc., dated June 16, 1999, states certain mutual obligations by the parties that translate into sale price adjustments.

(3) 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, 2014, are:

- The company should maintain a debt level in its quarterly financial statements of no more than 0.40 times, measured by the ratio of total adjusted liabilities to total adjusted assets, equivalent to the balances of non-banking service accounts plus the calculation of 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 should maintain a liquidity reserve equivalent to at least the payment of that corresponding to bond-holders at that date.
- It should retain its control of Banco de Chile, and the present controller of the company should remain as such.

The debt level as of December 31, 2014 is 0.086 times.

(4) As of December 31, 2014, Tech Pack S.A. (ex Madeco S.A.) and its subsidiaries have various covenants whose principal terms are:

The company is subject to the following commitments with the financial institutions indicated:

(a.1) Export advances facility Banco Estado for a total of ThUSD 7,000. (Balance outstanding as of December 31, 2014 of ThUSD 700).

As a condition of the facility, Alusa Chile S.A. should comply with the following restriction:

Tech Pack S.A. (ex Madeco S.A.) should maintain directly or indirectly at least 50.1% of the share capital of Alusa and management control.

(a.2) Export advances facility Banco Estado for a total of ThUSD 7,000. (Balance outstanding as of December 31, 2014 of ThUSD 5,685).

As a condition of the facility, Alusa should comply with the following restriction:

Tech Pack S.A. (ex Madeco S.A.) should maintain directly or indirectly at least 50.1% of the share capital of Alusa and management control.

As of December 31, 2014, Alusa S.A. and subsidiaries are in compliance with all these restrictions.

Note 35 – Contingencies (continued)

(b) Financial contingencies (continued)

5) Invexans S.A. (legal successor of Madeco S.A.)

In October 2014, Invexans signed a loan agreement for USD 15 million with Banco Estado. In addition to the usual obligations in these types of loans, the obligation is established to maintain in the annual consolidated financial statements a total debt of no more than 1:1 and a minimum equity of USD 250 millions. The Luksic Group should also maintain control.

As of December 31, 2014, Invexans is in compliance with all the restrictions stated in the above agreement, as follows:

Covenants	**12-31-2014**	**Covenants**
Net total leverage in consolidated balance sheet	0.03	< 1.00
Minimum equity	ThUSD 514,673	> ThUSD 250,000
Luksic Group shareholding in Invexans	80.5%	> 50.0%

(6) CSAV

The present financing agreements of CSAV and its subsidiaries have the following covenants:

1. Bonds payable UF 1,950,000.
   a) Maintain a level of consolidated debt whereby the consolidated financial debt / (equity + minority interests) ratio is no more than 1.2 times.
   b) Maintain a minimum consolidated equity of ThUS$ 350,000.
   c) Maintain unencumbered assets of 130% of the individual financial debt of CSAV.
   d) Quiñenco S.A. should have a significant influence in the controller group, or should be the controller of the issuer, or should have at least 20% of the subscribed and paid capital of the issuer.

2. Credit assignment contract with Tanner Servicios Financieros expiring in August 2014 for up to ThUS$ 60,000 - a) Maintain a minimum equity of ThUS$ 350,000, b) maintain a consolidated financial debt / equity ratio of no more than 1.3 times, and c) Quiñenco S.A. should remain as controller of the debtor over the term of the contract.

3. Loan agreement with Itaú Unibanco S.A. – Nassau branch covering a line of credit until May 2015 of ThUS$ 50,000 - a) Maintain a minimum equity of ThUS$ 350,000, b) Maintain unencumbered assets of 130% of the individual financial debt of CSAV, c) Maintain a consolidated debt whereby the consolidated financial debt / equity ratio is no more than 1.3 times, and d) Quiñenco S.A. should remain as controller of the debtor over the term of the agreement.

4. Loan agreement with Itaú Unibanco S.A. – Nassau branch covering a line of credit until May 2015 of ThUS$ 50,000 - a) Maintain a minimum equity of ThUS$ 350,000, b) Maintain unencumbered assets of 130% of the individual financial debt of CSAV, c) Maintain a consolidated debt whereby the consolidated financial debt / equity ratio is no more than 1.3 times, and d) Quiñenco S.A. should remain as controller of the debtor over the term of the agreement.

Note 35 – Contingencies (continued)

(c) Other contingencies

<u>Sale of the Cable Unit to Nexans</u>

The extraordinary shareholders' meeting held on April 25, 2008, approved the sale of the cable unit to Nexans. This was executed on September 30, 2008.

As was reported to that shareholders' meeting, the central points of this sale contract are summarized as follows:

c.1 Price:
Invexans S.A. (ex Madeco S.A.) and Nexans signed a sale agreement on February 21, 2008 whereby Invexans agreed to transfer to Nexans the assets of its cable unit in Chile, Peru, Brazil, Argentina and Colombia, for the payment of USD 448 million (subject to price variations) and 2.5 million shares of Nexans.

Following compliance with all the conditions stipulated in the sale agreement, Invexans on September 30, 2008 received: i) USD 393 million in cash, obtained from the USD 448 million agreed, after deducting the debt, minority interests of the companies sold, transfer taxes that the buyer had to withhold in Brazil and working capital variations, etc., and ii) 2.5 million shares in Nexans valued at September 30, 2008 at approximately USD 218 million.

The cash payment was subject to an adjustment for differences between the estimated pro forma balance sheet as of September 30, 2008 and the accounting records at the end of the period. Due to these possible changes, Invexans arranged a deposit in guarantee of USD 37 million (escrow account) in favor of Nexans.

On July 9, 2009, Invexans presented an arbitration demand against Nexans before the New York International Chamber of Commerce. Later, on August 17, 2009, Nexans returned to Invexans the sum of USD 8,615,000 of the USD 37 million left in deposit in guarantee. Finally, on January 14, 2011, the parties signed a conciliation agreement terminating the arbitration proceedings and including mutual concessions. The deposits were thus released that guaranteed the prices adjustment under the sale contract. The settlement also meant for the company an adjustment for a lower sale price of USD 11.5 million, which was shown in the company's income as of December 31, 2010 (adjustment that is additional to that booked in the financial statements as of September 30, 2010, which was USD 3.3 million).

c.1) Declarations and Warranties.

The sale contract with Nexans establishes declarations and warranties that are usual in this kind of contract. These refer essentially to the ownership by Invexans and its subsidiaries of the cable assets transferred to Nexans, compliance with prevailing regulations and the absence of contingencies, apart from those disclosed in the contract. Invexans, as the seller, was therefore responsible for the contingencies that might arise after September 30, 2008 whose origin is prior to that date.

The declarations and warranties made by Invexans were effective until December 2009, except for i) labor and taxation declarations which remain outstanding until their respective dates of prescription, ii) environmental declarations which expired on September 30, 2011, and iii) declarations relating to the ownership of the companies disposed of and titles to real estate which will expire on September 30, 2018.

Note 35 – Contingencies (continued)

(c) Other contingencies

c.2) Covenants and restrictions for Invexans

Invexans is subject principally to the following covenants and restrictions: i) maintain shareholders' equity of at least US$ 250 million during the term of the declarations and warranties; ii) indemnify Nexans in the event of their breach; iii) grant to Nexans the same collateral that it may grant to its creditors in the future; and iv) maintain the confidentiality of information that is not public knowledge.

c.3) Indemnities

Nexans is entitled to be indemnified for any breach of the declarations and warranties, and the other obligations established in the sale contract.

Nexans also has the right to be indemnified for i) payments of taxes that the business has to assume but which originate from prior to September 30, 2008, except the proceedings declared with respect to Chile, Peru and Colombia in the declarations and warranties; ii) civil and labor lawsuits in Brazil listed as of September 30, 2008; iii) responsibilities in undeclared environmental matters; and iv) the obligations of the companies disposed of that are not related to their businesses. Invexans responds only for 90% (Nexans is responsible for the remaining 10%, limited to US$ 2.8 million for lawsuits existing at the time of sale and US$24 million for lawsuits begun afterwards).

c.4) Limitation of responsibility 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 USD 147 million, as recently informed by Nexans.

c.5) Settlement with Nexans.

On November 26, 2012, Invexans and Nexans signed a settlement to end differences originating from the indemnities stipulated in the cable unit sale contract with Nexans, through the payment by Madeco of R$23.68 million. The amount of the settlement was fully reflected in the provision indicated in the Note ("Provision for lawsuits Brazil") to the financial statements as of September 30, 2012. This settlement also ended for Invexans the contingency indicated in the Note in those financial statements called "Collective Labor Demand Ficap" and some civil, labor and tax proceedings set out therein. The settlement also terminated the liability of Invexans for certain civil and labor proceedings listed in that agreement which were pending their signing until the damages reach a certain limit. Finally, Invexans remains liable for a number of tax lawsuits in Brazil whose causes pre-dated the sale of its subsidiary in that country, Ficap S.A., in accordance with the stipulations of the cable unit sale contract with Nexans.

a) CSAV Commitments under operative charters

As of December 31, 2014, CSAV charters 9 ships under operating leases, and has no commitments for the chartering of containerships. The term of the ship charters normally varies between three months and five years.

Note 35 – Contingencies (continued)

(c) Other contingencies (continued)

The cost of crewing and operating a ship, known as running cost, depending on the ship, is estimated to vary between US$ 5,000 and US$ 9,000 a day, and can be contracted together with or separately from the ship's charter. In this note and in order to present the expense for operating charter commitments of ships and the future non-payable payments, the estimated running costs are not included.

CSAV has also chartered ships to third parties, for which future chartering revenue has been generated.

The following table shows the future non-payable minimum payments at nominal value with respect to asset leases (ships and containers):

	Total commitment ThUS$	Revenue ThUS$	Total ThUS$
Less than one year	6,324	1,165	5,159
Between 1 and 3 years	38,212	-	38,212
Total	44,536	1,165	43,371

(d) Tax contingencies

On July 19, 2006, Ficap S.A., a former Invexans cables subsidiary and now Nexans Brasil S.A. ("Nexans Brasil – ex Ficap"), received a demand from the Brazilian Federal Authority for the tax years 2001, 2002, 2003, 2004 and 2005 relating to income tax differences amounting to a total of ThR$18,550 (ThUS$8,571 approx. historic value), with respect to its objection to the amortization of goodwill made by the Brazilian company (difference between the cost of the shares of Ficap S.A. and the book value). However, applying the same criteria to the tax years 2006 onward, Ficap S.A. has made judicial deposits in order to avoid paying interest and fines on the difference of income tax that it might have to pay should the law be interpreted in the way stated in the demand. Despite being deposits made by a company sold to Nexans, the court deposits have been recognized as an asset as these were excluded from the sale price (it was agreed that should the courts return the deposits they would belong 100% to Invexans). The company thus retained control over the lawsuit.

On February 10, 2010, the Brazilian tax authority notified Nexans Brasil – ex Ficap, of tax demands amounting to ThR$ 8,481 (equivalent on that date to ThUS 4,590) including interest and fines. The arguments and bases for these demands are accessory to the lawsuit mentioned in the previous paragraph so the result is closely related to that lawsuit. According to Invexans's legal advisers in Brazil, there are well-founded arguments for reversing this situation. Our legal advisers also believe that the court deposits indicated in the previous paragraph would guarantee the payment of the demands by the tax authority.

On November 26, 2004, Nexans Brasil -ex Ficap- received an infringement writ arising from declarations of compensation presented by that company in order to offset withheld tax credits (originating from financial operations) against income tax debits, PIS, COFINS and CSLL relating to the period 1998 to 2003. While the contingency is ThR$ 18,239 (historic amount), the credits associated with the contingency would contribute significantly to reducing it.

Payment of the debits. Taking advantage of a tax amnesty program in Brazil which permits the payment of taxes with large discounts of fines and interest, and in the framework of the cable sale contract to Nexans, on August 21, 2014, agreement was reached with Nexans to proceed with the payment of the present lawsuit and others of lower amounts. The effect of this charge on income was a loss of ThUS$ 7,573.

Note 35 – Contingencies (continued)

(d) Other contingencies (continued)

Regarding the credits related to the lawsuit of unauthorized compensations, proceedings were begun to seek from the prosecutor the recovery of these credits. Should a positive sentence result in the future, this would generate a positive impact on income.

c) ICMS State of Rio de Janeiro

The fiscal authorities of the state of Rio de Janeiro are demanding the payment by Nexans Brasil -ex Ficap- of ICMS taxes (similar to VAT in Chile) due by its plant located in that state. These taxes were allegedly not paid for the years 1983 to 1991, a time when it owned the plant of SAM Industrias S.A., a company owned by Daniel Birmann The historic value of these demands is ThR$7,424.

According to Brazilan legislation, Nexans Brasil -ex Ficap- being the legal successor of that plant (establishment), would therefore be alternatively liable for the taxes due by it because SAM Industrias S.A. continued its operations for more than 6 months. Nevertheless, the tax authorities understand that the liability of Nexans Brasil -ex Ficap- is several.

In order to be able to claim against these tax demands and avoid their collection while the claims are pending, Nexans Brasil -ex Ficap- presented various bank guarantees to cover payment. The collection of 90% of the interest relating to these guarantees is recognized in Note 23 c).

The defense of Nexans Brasil -ex Ficap- is based mainly on the fact that (i) its liability for the tax debts of SAM Industrias S.A. is subsidiary as that company continued its operations for more than 6 months from the sale of the establishment, (ii) SAM Industrias S.A. has confessed being liable for the payment of these debts by adhering to an amnesty procedure established by the state of Rio de Janeiro, so Nexans Brasil -ex Ficap- cannot be liable, (iii) in accordance with Law 5,172 of October 25, 1966, the adhesion to an amnesty procedure causes the transformation of those debts included in that procedure into debts of another origin, independent and autonomous from the previous ones, (iv) the tax authorities did not recognize that a large part of the debts demanded were paid by SAM Industrias S.A. in the amnesty procedure, and (v) the prescription of the collection has passed more than 5 years between the notification of the executive collection and the last payment of the amnesty mentioned.

At the same time as the defenses presented, and in order to reduce the contingency as far as posible, Nexans Brasil -ex Ficap- is attempting through an administrative process that the Receita of the State of Rio de Janeiro recognize certain payments made by SAM Industrias S.A. during the period of amnesty mentioned above.

d) Lawsuit for income tax on sale of Ficap S.A. to Nexans

During December 2013, Nexans Brasil was notified of a tax demand for ThR$31,765 referring to a possible difference in the income tax payment for capital gains ("imposto de renda retido na fonte ("IRRF")), for using a tax rate of 15% instead of 25%.

The Brazilian tax authorities understand that a tax rate of 25% should be used, as they consider that the corporate reorganization carried out by Invexans S.A. (ex-Madeco S.A.), in which it became directly the owner of the shares in Ficap S.A. would be an abusive tax planning and therefore illicit, its only motive being to pay less tax in Brazil The Brazilian tax authorities consider that if the sale of the shares had been made by the previous owner, i.e. the company resident in the Cayman Islands "Metal Overseas S.A." (i.e. controlled 100% by Invexans S.A.), the applicable rate would be 25% and not 15% which is the rate to be used when the seller is a resident of Chile.

Note 35 – Contingencies (continued)

(d) Other contingencies (continued)

The company, for its part, understands that, among other arguments: i. the action of the the Brazilian tax authorities is prescribed for having passed more than 5 years since the payment of the tax (i.e. the tax payment was made in September 2008 and the notification was made in December 2013); ii. the sale of the cable unit of Madeco S.A. was an operation involving 5 Latin American countries in which Madeco S.A. centralized all its sales from just one country, Chile, so it cannot be argued that its only motive was to pay less tax in Brazil; and iii. if the only reason behind the corporate reorganization had been to pay less tax in Brazil, the transaction would have been confirmed directly in Cayman Islands through the sale of the shares of Metal Overseas S.A., leaving the Brazilian authority without the right to charge any tax.

Our legal advisers believe there are good possibilities for reversing the demand notified.

Note 36 – Collateral received

The Company has received no collateral from third parties as of December 31, 2014.

Note 37 – Sanctions

Neither the Company nor its directors or managers received any sanctions from the SVS or any other regulatory authority during 2014 and 2013.

Note 38 – Subsequent events

There were no events of a financial or other nature between December 31, 2014 and the date of issue of these consolidated financial statements that might affect significantly an interpretation of them.

Note 39 – 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 39.1 – 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 Banco Central de Chile. By this resolution, the company was transformed, changing its name to Sociedad Matriz del Banco de Chile S.A., or SM-Chile S.A., and modifying its corporate object to being the holder of shares in Banco de Chile and carrying out the 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 Banco Central de Chile, 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 Banco Central de Chile 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., to which all 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 Banco Central de Chile, which shares represent 30.21% of the share capital of that bank (30.69% in 2013) 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 free shares corresponding to 567,712,826 shares in Banco de Chile that its holds, while the latter company maintains the Subordinated Obligation with Banco Central de Chile.

The shareholders in SM Chile S.A. directly exercise the speaking and voting rights of the shares pledged in favor of Banco Central de Chile 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, 2014, the total balance of the Subordinated Obligation with Banco Central de Chile, including interest, amounts to U.F. 22,964,630.47 (U.F. 27,865,005.08 in 2013), 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 Banco Central de Chile 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 or booked in that account. If at some 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 39 – Additional notes (continued)

Note 39.1 – Company information (continued)

The annual quota for 2014 amounts to ThCh$142,855,888 (ThCh$145,122,601 in 2013). As of December 31, 2014 there is a surplus in the Surpluses for Future Deficits Account of U.F. 19,444,306.82 (U.F. 15,634,989.72 in 2013).

The obligation with Banco Central de Chile 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 Banco Central de Chile.

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 Banco Central de Chile and, at that moment, its shareholders will be adjudicated 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 39.2 – Accounting changes

On December 1, 2013, new provisions regarding the return of un-accrued premiums for insurance policies signed from that date came into effect, as established in Law 20.667 of May 9, 2013 and SVS Circular 2.114 of July 26, 2013. The legal change requires the refund of premiums charged in advance and not accrued, as the result of the termination in advance or extinction of an insurance policy. The premium to be refunded will be calculated in proportion to the time left to expiry.

During 2014, Banco de Chile and its subsidiary Banchile Corredores de Seguros Ltda. have made provisions for the return of commissions to insurance companies for one-premium policies (policies paid in advance) sold from December 1, 2013. This estimate is based on the history of prepayments and resignations of their portfolio of products originating from commissions for non-pension insurance. The legal change also had an impact on the commission revenue – expense ratio booked directly to income. This means that the deferral has begun of a portion of the commission earned representing future after-sale expenses, increasing based on the product's commercialization margin.

These estimates correspond to changes in an accounting estimate and their effect is booked in income for the year under Fee income. The effect of this change implied reduced revenue in 2014 of Th$7,583,330.

Note 39 – Additional notes (continued)

Note 39.3 – Material information of the banking subsidiaries

(a) On January 9, 2014, LQ Inversiones Financieras S.A. (LQIF) reported that Banco de Chile would offer for sale or disposal up to 6,900,000,000 shares in Banco de Chile (secondary offer). LQIF also asked Banco de Chile to carry out all the tasks relating to this type of transaction on the local and international markets.

It also indicated that after carrying out this disposal, LQIF would reduce its participation in Banco de Chile from 58.4% of the voting rights to 51%, which would not alter the situation of control of LQIF in Banco de Chile.

The board of Banco de Chile agreed on that date to agree to the request of LQIF, establishing the conditions under which it would participate in the registrations with the foreign regulatory organisms, the signing of contracts and documents required by law and securities market practice in the United States and other international markets, and the carrying out of other actions for completing this transaction on the local and international markets related to this institution's commercial and financial position.

(b) On January 14, 2014, and with respect to that reported on January 9, it was reported that Banco de Chile had registered with the United States Securities and Exchange Commission (SEC), a preliminary supplementary prospectus which contains among other things the Bank's financial and commercial information.

The agreed text of the underwriting agreement to be signed by LQ Inversiones Financieras S.A. (LQIF) as seller of the securities, Banco de Chile as issuer, and Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Deutsche Bank Securities Inc., and Banco BTG Pactual S.A. - Cayman Branch, as underwriters, was also registered.

In addition, LQIF and Banco de Chile agreed the general terms and conditions in which the Bank would participate in this process.

(c) On January 29, 2014, LQ Inversiones Financieras S.A. reported that, regarding the placement of 6,700,000,000 Banco de Chile shares on the local market and on the market of the U.S.A through the American Depositary Receipts program, at a price of $67 per share was carried out, declaring the sale successful. Aditionally, it stated that 6,700,000,000 Banco de Chile shares on sale will be placed in the staock Exchange at the price informe on January 29, 2014.

Note 39 – Additional notes (continued)

Note 39.3 – Material information of the banking subsidiaries (continued)

(d) On January 29, 2014, Banco de Chile reported that, in relation to the secondary offer of Banco de Chile shares made by LQ Inversiones Financieras S.A., Banco de Chile as issuer, LQ Inversiones Financieras S.A. as the seller of the securities, and Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Deutsche Bank Securities Inc., and Banco BTG Pactual S.A. - Cayman Branch as underwriters, proceeded to sign the underwriting agreement.

Later, on January 30, Banco de Chile registered with the United States Securities and Exchange Commission (SEC) the final supplementary prospectus corresponding to the secondary offer, containing the Bank's financial and commercial information.

(e) On January 30, 2014, the board of Banco de Chile agreed to call an ordinary shareholders' meeting for March 27, 2014 in order to propose, among other things, the distribution of dividend No.202 of Ch$3.48356970828, for every one of the 93,175,043,991 Banco de Chile shares, payable against the distributable earnings for the year ended December 31, 2013, corresponding to 70% of those earnings.

The board also agreed to call an extraordinary shareholders' meeting for the same date in order to propose among other things the capitalization of 30% of the Bank's distributable earnings for 2013, by the issue of fufully paid-in shares, of no par value, at a value of Ch$64.56 per Banco de Chile share, distributed among shareholders on the basis of 0.02312513083 shares for each Banco de Chile share and to adopt the agreements necessary subject to the options foreseen in article 31 of Law 19.396.

At the ordinary and extraordinary shareholder meetings of Banco de Chile held on March 27, 2014, the above agreements were approved.

(f) On January 30, 2014, the board of SM-Chile S.A. agreed to call an ordinary shareholders' meeting for March 27, 2014 in order to propose, among other things, the distribution of dividend No.18 of Ch$3.52679364552 for each share of the series B, D and E and agree the distribution among the shareholders of those series, of the free shares to be received by SM-Chile S.A., resulting from the capitalization of the earnings of Banco de Chile for the year 2013, which are to be distributed on the basis of 0.02312513083 shares of Banco de Chile for each share of the series mentioned.

The ordinary shareholders' meeting of SM-Chile S.A. held on March 27 approved the payment of dividend No.18, as proposed by the board.

Note 39 – Additional notes (continued)

Note 39.3 – Material information of the banking subsidiaries (continued)

(g) On March 27, 2014, it was reported that the ordinary shareholders' meeting of the subsidiary Banco de Chile renewed the whole board, for having completed the legal and statutory period of three years for directors to remain in their positions.

The corresponding voting at the meeting resulted in the following persons being elected for three years as directors of the Bank:

Directors:	Francisco Aristeguieta Silva
	Jorge Awad Mehech (independent)
	Juan José Bruchou
	Jorge Ergas Heymann
	Jaime Estévez Valencia (independent)
	Pablo Granifo Lavín
	Andrónico Luksic Craig
	Jean Paul Luksic Fontbona
	Gonzalo Menéndez Duque
	Francisco Pérez Mackenna
	Juan Enrique Pino Visinteiner
First alternate director:	Rodrigo Manubens Moltedo
Second alternate director:	Thomas Fürst Freiwirth (independent)

On the other hand, the board meeting Nr. 2,793, held on March 27, agreed to the following appointments:

Chairman:	Pablo Granifo Lavín
Vice Chairman:	Andrónico Luksic Craig
Vice Chairman:	Francisco Aristeguieta Silva
Advisers to the board:	Hernán Büchi Buc
	Francisco Garcés Garrido
	Jacob Ergas Ergas

Note 39 – Additional notes (continued)

Note 39.3 – Material information of the banking subsidiaries (continued)

(h) On March 27, 2014 it was reported that the ordinary shareholders' meeting of Sociedad Matriz del Banco de Chile S.A. renewed the whole of the board, for having completed the legal and statutory period of three years after which the directors cease in their functions.

Following the corresponding voting, the following were elected as directors for a new period of three years:

Directors:	Francisco Aristeguieta Silva
	Jorge Awad Mehech (independent)
	Thomas Fürst Freiwirth (independent)
	Pablo Granifo Lavín
	Andrónico Luksic Craig
	Rodrigo Manubens Moltedo
	Gonzalo Menéndez Duque
	Francisco Pérez Mackenna
	Juan Enrique Pino Visinteiner

The board meeting held on March 27 agreed to the following appointments:

Chairman:	Andrónico Luksic Craig
Vice Chairman:	Pablo Granifo Lavín

(i) On April 1, 2014, it was reported that Banco Central de Chile had informed Banco de Chile that its council, at its extraordinary meeting held that day, considering the agreements adopted by the shareholder meetings of Banco de Chile held on March 27, 2014 with respect to the distribution of dividends and the increase in capital through the issue of free shares for the part corresponding to 30% of the earnings for the year 2013, resolved to opt that the total of the surpluses corresponding to it, including the part of the proportional earnings to the agreed capitalization, be paid to it in cash in accordance with article 31 b) of Law 19.396, on modification of the form of payment of the Subordinated Obligation and other applicable regulations.

(j) The board meeting of May 29, 2014 agreed to the dissolution, liquidation and termination of the subsidiary company Banchile Trade Services Limited, plus the contracts and operations related to that company. The board granted the powers and authorizations necessary for carrying out the dissolution, liquidation and termination of the company.

At the close of these financial statements, the dissolution, liquidation and termination of the subsidiary was proceeding.

Note 39 – Additional notes (continued)

Note 39.3 – Material information of the banking subsidiaries (continued)

(k) On June 23, 2014, an extraordinary shareholders' meeting of the subsidiary Banchile Securitizadora S.A. agreed unanimously to increase the capital by Ch$240,000,000. The SVS made observations to the approval of the reform of bylaws dated July 18, 2014. On July 21, the board called a new extraordinary shareholders' meeting in order to correct the observations of the regulator.

(l) On June 26, 2014, the following was reported in relation to the capitalization of 30% of the distributable earnings for 2013 through the issue of fully paid-in shares as agreed by the extraordinary shareholders' meeting held on March 27, 2014:

a) The above extraordinary shareholders' meeting agreed to increase the Bank's capital by Ch$95,569,688,582 through the issue of 1,480,323,553 fully paid-in shares, of no par value, payable against the distributable earnings for 2013 which were not distributed as a dividend in accordance with the ordinary shareholders' meeting held the same day.

   The SBIF approved the reform of the bylaws by Resolution 153 of May 30, which was registered in the Santiago Trade Register (folio 24.964 No.40.254) of 2014 and published in the Official Gazette on June 5, 2014.

   The issue of the free shares was registered in the Securities Register of the SVS on June 19, 2014 (No.3/2014).

b) The board of the Bank on June 26, 2014 agreed to set July 10, 2014, as the date for the issue and distribution of the shares free of payment.

c) Shareholders registered in the Shareholders Register at midnight on July 4 have the right to receive the new shares, at a rate of 0.02312513083 free shares for every Banco de Chile share.

d) The respective certificates will be duly assigned to each shareholder and will only be printed for those who request them in advance in writing to the Shares Department of Banco de Chile.

e) As a result of the issue of the free shares, the capital of the Bank is divided into 94,655,367,544 nominative shares of no par value, fully subscribed and paid.

f) As a result of the capitalization made by the subsidiary Banco de Chile, the direct participation of SM-Chile S.A. in the Bank reduced from 13.03% to 12.82%, while the indirect participation declined from 43.72% to 43.03%.

(m) The board of the subsidiary Banco de Chile on August 14, 2014, received the resignation of Jacob Ergas Ergas as adviser to the board of the Bank. It was agreed to appoint Andres Ergas Heymann as a new adviser to the board.

Note 39 – Additional notes (continued)

Note 39.3 – Material information of the banking subsidiaries (continued)

(n) On August 20, 2014, and with respect to the observations made by the SVS for the approval of letter (i) of the reform of the bylaws, a third extraordinary shareholders' meeting was held of the subsidiary Banchile Securitizadora S.A. The minutes of the meeting were recorded in public deed on August 25 before Juan Francisco Álamos Ovejero, alternate notary to the 45th notary's office of Santiago.

(o) On October 9, 2014, and in response to letter sent on September 11, 2014, the SBIF informed the subsidiary Banco de Chile that it authorized the dissolution, liquidation and termination of the business support company called Banchile Trade Services Limited, domiciled in Hong Kong, China, in accordance with number 2 of Section III of Chapter 11-6 of the Regulations Compilation.

(p) On October 14, the subsidiary Banchile Securitizadora S.A. reported that its board on that date accepted the resignation of José Vial Cruz as the general manager with effect from October 17, 2014. The meeting then appointed Claudia Bazaes Aracena as the general manager with effect from October 20, 2014.

(q) On October 17, 2014, by Resolution 262 of the SVS, the reform introduced to the bylaws of Banchile Securitizadora S.A. was approved, as agreed at the third extraordinary shareholders' meeting of August 20, 2014. This consists of increasing the capital through the issue of 1,300 shares for payment amounting to Ch$240,000,000, which should be fully subscribed and paid within 3 years from the date of the meeting, amending for this purpose articles 5 and 1st transitory of the bylaws.

(r) On October 20, the subsidiary Banchile Securitizadora S.A. reported that the board on that date accepted the resignation of Juan Carlos Cavallini Richani as director of the company. The same meeting then appointed José Vial Cruz as his replacement as the new director of Banchile Securitizadora S.A.

(s) On October 23, SM-Chile S.A. reported that the board had accepted the resignation of the director Francisco Aristeguieta Silva. The same meeting, in accordance with article 12 of the bylaws, then appointed Juan José Bruchou as his replacement, remaining in his position until the next ordinary shareholder meeting.

(t) On November 18, 2014, Banco de Chile reported that it had signed an amendment to the licensing agreement of December 27, 2007, with Citigroup Inc., whereby it was agreed that the authorization of the use of the licensed brands of Citigroup would include new products. It was also agreed that Banco de Chile would be responsible for obtaining the authorization of the respective third parties whose brands are included in the publicity that incorporates Citigroup licensed brands, as part of the quality control measures established in the licensing agreement, agreeing also that, in the case of non-compliance, the indemnity clauses of that agreement shall apply.

Note 39 – Additional notes (continued)

Note 39.3 – Material information of the banking subsidiaries (continued)

(u) On December 11, 2014 Banco de Chile reported that, by public deed of December 10, 2014 signed before the Santiago notary, René Benavente Cash, Banco de Chile and its subsidiary Banchile Corredores de Seguros Limitada, have signed with Banchile Seguros de Vida S.A. a collective mortgage-protection insurance contract and a collective mortgage-protection and total and permanent 2/3 disability contract (portfolio in pesos and housing subsidy Decree 1 of 2011) for mortgage loan operations.

These contracts were signed in accordance with article 40 of decree Law 251 of 1931, General Rule No.330 of the SVS and Circular 3.530 of the SBIF, both of March 21, 2012, whereby the public bids for the mortgage protection and mortgage protection and total and permanent 2/3 disability insurance (portfolio in pesos and housing subsidy Decree 1 of 2011) were adjudicated to Banchile Seguros de Vida S.A., which offered the best rate in both cases, amounting to 0.0101% monthly and 0.0103% monthly respectively, which include the commission of the broker Banchile Corredores de Seguros Limitada of 14%.

(v) During 2014, the collective bargaining processes were carried out in advance between Banco de Chile and the Banco de Chile Edwards Union, Banco de Chile Union, Federation of Unions, National Union and National Union of Workers Citibank NA, signing four-year collective agreements with each one (2014 - 2018). In addition, the subsidiary Promarket S.A. concluded its collective bargaining process in August 2014, resulting in the signing of a three-year agreement (2014 – 2017).

Resulting from these agreements, the benefits agreed were also extended to non-unionized employees, so these now cover all employees. In addition, these bargaining processes generated a one-off charge of Ch$44,437 million, booked in Personnel remuneration and expenses, not including the additional costs of a permanent nature deriving from these contracts.

(w) On January 2, 2015, the subsidiary Banco de Chile reported that on December 30, 2014, under the powers conferred by article 19 of the General Banking Law, the SBIF fined Banco de Chile the sum of UF 250 with respect to the submission erroneously to the SBIF of the file D32 contained in the Debtors System of the Information Systems Manual, relating to mortgage operations in the month of August 2014.

Note 39 – Additional notes (continued)

Note 39.4 – Business Segments

For management purposes, the Bank is organized into four segments, which are defined in accordance with the types of products and services offered and the type of customer targeted. These business segments are as follows:

Retail: This segment focuses on individuals and small and medium-sized businesses (SME) with annual sales up to UF 70,000, 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 leasing.

Treasury: This segment includes revenue associated with managing the Bank's own finance and exchange operations.

Transactions with customers carried out by the Treasury are shown in the above respective segments. These products are generally highly transaction-focused and include foreign exchange transactions, derivatives and financial instruments.

Subsidiaries: Corresponds to companies and corporations controlled by the Bank, where income is obtained individually by the respective subsidiary. The companies that comprise this segment are:

Entity
- Banchile Trade Services Limited
- 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.
- Promarket S.A.

Note 39 – Additional notes (continued)

Note 39.4 – Business Segments (continued)

The financial information used to measure the performance of the Bank's business segments is not necessarily comparable with similar information from other financial institutions because it is based on internal reporting policies. The accounting policies used to prepare the Bank's operating segment information are similar to those described in the summary of significant accounting principles. The Bank obtains most of its revenue from interest, indexation adjustments and fees, less provisions and expenses. Management is mainly based on these concepts in its evaluation of segment performance and decision-making regarding goals and the allocation of resources for each unit. Although the results of the segments reconcile with those of the Bank at the total level, this is not necessarily so at the level of different concepts, since the performance is measured and controlled individually, not on consolidated bases, and applying the following criteria:

- The net interest margin of loans and deposits is measured from the aggregation of the net financial margins of each of the Bank's individual credit and deposit operations. The volume of each operation and its contribution margin are used for this purpose, which in turn corresponds to the difference between the customer's effective rate and the internal transfer price established according to the term and currency of each operation.

- Capital and its financial impacts on income have been assigned to each segment in accordance with the Basel guidelines.

- Operating expenses are shown at each of the Bank's functional areas. The assignment of expenses from functional areas to business segments is done by using different expense assignment criteria for which specific drivers are defined for the different concepts.

There were no transactions with a customer or counterparty that exceed 10% of the Bank's total revenue in 2014 and 2013.

Taxes are managed at a corporate level and are not assigned by business segments.

Note 39 – Additional notes (continued)

Note 39.4 – Business Segments (continued)

The following table shows the results for 2014 and 2013 by each segment of the subsidiary Banco de Chile:

	Retail		Wholesale		Treasury (1)		Subsidiaries		Sub total					
	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$
Net Interest & Indexation Revenue	836,915,573	737,477,802	379,455,577	303,127,563	35,005,414	23,269,317	(8,834,496)	(12,142,703)	1,242,542,068	1,051,731,979	2,513,689	7,439,000	1,245,055,757	1,059,170,979
Net fee Income	134,633,431	150,193,980	40,315,883	42,614,992	(1,825,052)	(1,354,550)	114,246,355	106,280,110	287,370,617	297,734,532	(15,183,891)	(10,641,145)	272,186,726	287,093,387
Other operating revenue	30,580,309	35,553,361	60,278,421	57,318,669	13,871,476	(5,607,281)	29,552,235	32,438,802	134,282,441	119,703,551	(5,126,588)	(9,940,855)	129,155,853	109,762,696
Total Operating Revenue	1,002,129,313	923,225,143	480,049,881	403,061,224	47,051,838	16,307,486	134,964,094	126,576,209	1,664,195,126	1,469,170,062	(17,796,790)	(13,143,000)	1,646,398,336	1,456,027,062
Allowances for Credit Risk	(232,801,659)	(203,586,068)	(51,348,381)	(38,031,499)	—	46,782	156,743	(43,025)	(283,993,297)	(241,613,810)	—	—	(283,993,297)	(241,613,810)
Depreciation & Amortization	(22,496,767)	(20,067,606)	(5,324,098)	(5,911,837)	(295,504)	(1,181,841)	(2,384,311)	(1,747,368)	(30,500,680)	(28,908,652)	—	—	(30,500,680)	(28,908,652)
Other Operating Expenses	(464,317,551)	(397,458,942)	(134,211,220)	(112,527,744)	(4,364,203)	(5,170,940)	(99,060,035)	(92,023,032)	(701,953,009)	(607,180,658)	17,796,790	13,143,000	(684,156,219)	(594,037,658)
Result of Investments in Companies	1,866,103	1,123,143	584,295	814,178	49,921	95,227	359,973	39,222	2,860,292	2,071,770	—	—	2,860,292	2,071,770
Earnings before Tax	284,379,439	303,235,670	289,750,477	247,404,322	42,442,052	10,096,714	34,036,464	32,802,006	650,608,432	593,538,712	—	—	650,608,432	593,538,712
Income Tax													(59,526,933)	(79,935,973)
Earnings after Tax													591,081,499	513,602,739

The following table shows the total balances of assets and liabilities as of December 31, 2014 and 2013 for each of the above segments:

	Retail		Wholesale		Treasury		Subsidiaries		Sub total		Consolidation adjustment		Total	
	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$
Assets	11,789,339,207	10,943,083,786	10,307,290,981	10,941,858,127	4,981,301,781	3,456,477,306	538,444,964	634,466,326	27,616,376,933	25,975,885,545	(176,886,000)	(191,116,560)	27,439,490,933	25,784,768,985
Current & deferred taxes													206,336,198	149,105,572
Total assets													27,645,827,131	25,933,874,557
Liabilities	8,419,469,762	8,299,052,150	9,664,423,064	9,633,395,106	6,754,591,525	5,378,699,460	391,546,766	482,626,576	25,230,031,117	23,793,773,292	(176,886,000)	(191,116,560)	25,053,145,117	23,602,656,732
Current & deferred taxes													57,526,593	46,902,008
Total liabilities													25,110,671,710	23,649,558,740

Note 39 – Additional notes (continued)

Note 39.5 – Cash and cash equivalents

(a) The detail of the balances of cash and cash equivalents and their reconciliation to the statement of cash flows for each year are as follows:

	2014 ThCh$	2013 ThCh$
Cash & bank deposits:		
Cash (*)	476,428,780	485,536,554
Deposits with Banco Central de Chile (*)	147,215,015	71,787,076
Deposits with banks in Chile	14,330,628	15,588,293
Foreign deposits	278,710,899	300,395,956
Sub total – cash & deposits in banks	916,685,322	873,307,879
Operations pending settlement – net	303,135,617	248,127,761
Highly-liquid financial instruments	590,429,100	358,093,477
Repurchase agreements	16,891,617	59,089,388
Total cash & cash equivalents	1,844,033,273	1,538,618,505

(*) The level of funds in cash and with Banco Central de Chile reflects cash-reserve requirements that the Bank has to maintain for average monthly periods.

(b) Operations pending settlement:

Operations pending settlement are transactions for which the only remaining step is settlement, which will increase or decrease funds with Banco Central de Chile or in foreign banks, normally occurring within 24to 48 business hours, detailed as follows:

	2014 ThCh$	2013 ThCh$
Assets		
Documents payable by other banks (clearing)	290,865,538	232,698,242
Funds receivable	109,215,590	141,773,298
Sub total – assets	400,081,128	374,471,540
Liabilities		
Funds payable	(96,945,511)	(126,343,779)
Sub total – liabilities	(96,945,511)	(126,343,779)
Operations pending settlement, net	303,135,617	248,127,761

Note 39 – Additional notes (continued)

Note 39.6 – Trading instruments

The detail of instruments classified as financial instruments for trading is:

	2014 ThCh$	2013 ThCh$
Instruments of the State and Banco Central de Chile		
Bonds of Banco Central de Chile	13,905,651	34,406,579
Notes of Banco Central de Chile	2,996,340	2,995,221
Other instruments of the State & Banco Central de Chile	71,967,927	27,534,641
Instruments of Other National Institutions		
Deposit notes of banks in Chile	—	—
Mortgage-funding notes of banks in Chile	9,089	14,191
Bonds of banks in Chile	3,197,421	1,926,258
Deposits in banks in Chile	199,665,681	255,582,411
Bonds of other companies in Chile	1,351,447	3,426,719
Other instruments issued in Chile	365,292	1,035,214
Instruments of Foreign Institutions		
Foreign sovereign or central bank instruments	—	—
Other foreign instruments	—	—
Investments in Mutual Funds		
Funds managed by related entities	255,013,050	66,212,460
Funds managed by others	—	—
Total	548,471,898	393,133,694

Instruments of other national institutions include instruments sold under repurchase agreements to customers and financial institutions, amounting to ThCh$194,074,384 as of December 31, 2014 (ThCh$227,452,532 in 2013).

Repurchase agreements have an average maturity of 13 days as of year-end (14 days in 2013).

The Bank also holds investments in its own mortgage-funding notes amounting to ThCh$32,955,589 as of December 31, 2014 (ThCh$41,313,486 in 2013), which are shown deducted from Debt instruments issued.

Note 39 – Additional notes (continued)

Note 39.7 – Repurchase agreements and loans of securities

(a) Repurchase agreement rights: The Bank grants finance to its customers through repurchase operations and loans of securities, in which it obtains financial instruments in guarantee. The detail as of December 31, 2014 and 2013 is as follows:

	Up to 1 month		1 to 3 months		3 to 12 months		1 to 3 years		3 to 5 years		More than 5 years		Total	
	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$
Instruments of the State & Banco Central de Chile														
Bonds of Banco Central de Chile	819,565	—	—	—	—	—	—	—	—	—	—	—	819,565	—
Notes of Banco Central de Chile	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other instruments of the State & Banco Central de Chile	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Instruments of Other National Institutions														
Deposit notes of banks in Chile	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Mortgage-funding notes of banks in Chile	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Bonds issue by banks in Chile	—	8,443,188	—	—	—	—	—	—	—	—	—	—	—	8,443,188
Deposits in banks in Chile	—	46,084,337	—	—	—	—	—	—	—	—	—	—		46,084,337
Bonds of other Chilean companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other instruments issued in Chile	11,043,352	3,901,731	6,291,058	12,249,838	9,507,440	11,742,876	—	—	—	—	—	—	26,841,850	27,894,445
Instruments of Foreign Institutions														
Foreign sovereign and central bank instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other foreign instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	11,862,917	58,429,256	6,291,058	12,249,838	9,507,440	11,742,876	—	—	—	—	—	—	27,661,415	82,421,970

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 fall into a cessation of payments or bankruptcy. As of December 31, 2014, the Bank and its subsidiaries have investments in repurchase agreements with a fair value of Th$27,548,617 (Th$81,830,391 in December 2013).

Note 39 – Additional notes (continued)

Note 39.7 – Repurchase agreements and loans of securities (continued)

(b) Obligations under repurchase agreements: the Bank obtains funds by selling financial instruments and promising to repurchase them at future dates plus interest at a pre-fixed rate. The detail of these repurchase agreements as of December 31, 2014 and 2013 is as follows:

	Up to 1 month		1 to 3 months		3 to 12 months		1 to 3 years		3 to 5 years		More than 5 years		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Instruments of the State & Banco Central de Chile														
Bonds of Banco Central de Chile	—	16,831,036	—	—	—	—	—	—	—	—	—	—	—	16,831,036
Notes of Banco Central de Chile	25,642,651	—	—	—	—	—	—	—	—	—	—	—	25,642,651	—
Other instruments of the State & Banco Central de Chile	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Instruments of Other National Institutions														
Deposit notes of banks in Chile	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Mortgage-funding notes of banks in Chile	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Bonds of banks in Chile	3,151,941	—	—	—	—	—	—	—	—	—	—	—	3,151,941	—
Deposits of banks in Chile	220,528,181	232,511,476	158,984	7,217,402	—	—	—	—	—	—	—	—	220,687,165	239,728,878
Bonds of other companies in Chile	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other instruments in the country	—	205,840	—	—	—	—	—	—	—	—	—	—	—	205,840
Instruments of Foreign Institutions														
Foreign sovereign and central bank instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other foreign instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	249,322,773	249,548,352	158,984	7,217,402	—	—	—	—	—	—	—	—	249,481,757	256,765,754

Instruments sold:

The fair value of financial instruments given in guarantee by the Bank and its subsidiaries in sale operations under repurchase agreements as of December 31, 2014 amounts to ThCh$252,465,012 (ThCh$255,302,085 in December 2013). Should the Bank and its subsidiaries fall into a cessation of payments or bankruptcy, the counterparty is authorized to sell or give in guarantee these investments.

Note 39 – Additional notes (continued)

Note 39.8 – Financial Derivative Contracts and Accounting Hedges

a) The Bank as of December 31, 2014 and 2013 has the following portfolio of derivative instruments:

	Notional amount of contracts with final maturity in												Fair value			
	Up to 1 month		1 to 3 months		3 to 5 months		1 to 3 years		3 to 5 years		More than 5 years		Asset		Liability	
	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$
Derivatives held for fair value hedges																
Currency & rate swaps	—	—	—	—	—	32,032,440	15,565,137	17,093,677	11,734,124	13,416,214	21,311,916	66,391,772	—	—	8,729,849	14,012,336
Interest-rate swaps	—	8,569,236	—	—	16,485,648	4,731,480	22,488,363	25,394,379	59,942,301	8,411,520	47,668,979	117,419,562	100,641	714,226	11,173,625	11,312,491
Total derivative hedges at fair value	—	8,569,236	—	—	16,485,648	36,763,920	38,053,500	42,488,056	71,676,425	21,827,734	68,980,895	183,811,334	100,641	714,226	19,903,474	25,324,827
Cash flow hedge derivatives																
Currency & rate swaps	—	—	—	—	137,133,761	59,730,425	437,574,770	313,263,417	411,283,329	209,464,982	237,038,047	300,385,964	78,703,059	37,970,947	17,596,085	6,680,542
Total cash flow hedge derivatives	—	—	—	—	137,133,761	59,730,425	437,574,770	313,263,417	411,283,329	209,464,982	237,038,047	300,385,964	78,703,059	37,970,947	17,596,085	6,680,542
Derivatives for trading																
Currency forwards	4,813,453,963	2,815,835,108	4,114,954,656	2,194,765,018	6,702,631,817	3,812,355,861	589,179,441	323,881,757	38,388,941	52,512,620	1,801,891	38,549	140,674,957	41,673,145	128,116,617	65,395,911
Currency & rate swaps	109,700,902	124,909,079	260,260,852	470,928,384	1,229,650,564	1,400,553,349	2,003,936,190	1,195,626,982	1,174,051,666	1,024,720,916	2,039,352,815	1,465,279,883	398,944,050	193,454,951	485,362,851	243,979,940
Interest-rate swaps	1,330,696,478	567,058,411	1,395,102,689	1,318,722,390	6,728,803,975	4,275,294,823	7,376,807,138	4,767,240,461	4,249,358,277	2,919,321,415	3,809,967,949	2,549,583,599	210,899,693	97,973,952	206,161,291	99,487,591
Currency call options	41,714,815	12,491,480	47,585,894	39,108,767	69,218,172	138,808,558	181,827	6,571,499	—	—	—	—	2,583,170	2,300,567	2,249,031	3,559,485
Currency put options	34,115,626	7,034,134	42,051,408	31,078,165	40,897,270	75,379,088	181,827	—	—	—	—	—	286,700	599,695	361,503	705,269
Total derivatives for trading	6,329,681,784	3,527,328,212	5,859,955,499	4,054,602,724	14,771,201,798	9,702,391,679	9,970,286,423	6,293,320,699	5,461,798,884	3,996,554,951	5,851,122,655	4,014,902,031	753,388,570	336,002,310	822,251,293	413,128,196
Total	6,329,681,784	3,535,897,448	5,859,955,499	4,054,602,724	14,924,821,207	9,798,886,024	10,445,914,693	6,649,072,172	5,944,758,638	4,227,847,667	6,157,141,597	4,499,099,329	832,192,270	374,687,483	859,750,852	445,133,565

Nota 39 - Notas Adicionales (continuación)

Note 39 – Additional notes (continued)

Note 39.8 – Financial Derivative Contracts and Accounting Hedges (continued)

(b) Hedges of fair value:

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 issues, 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 following shows a detail of the elements and instruments hedged at fair value outstanding as of December 31, 2014 and 2013:

	2014 ThCh$	2013 ThCh$
Element hedged		
Commercial loans	48,611,177	128,934,103
Corporate bonds	146,585,291	164,526,177
Hedge instrument		
Cross-currency swap	48,611,177	128,934,103
Interest-rate swap	146,585,291	164,526,177

(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 Mexican pesos, Hong Kong dollars, Peruvian soles, Swiss francs and Japanese yen. 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 39 – Additional notes (continued)

Note 39.8 – Financial Derivative Contracts and Accounting Hedges (continued)

(c) Cash-Flow Hedges (continued):

(c.2) The following shows the cash flows of bonds issued abroad subject to this hedge and the cash flows of the asset part of the derivative instrument:

	Up to 1 month		1 to 3 months		3 to 12 months		1 to 3 years	
	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$
Element hedged								
Cash outflows:								
Corporate bond MXN	—	(206,295)	—	(618,885)	—	(62,274,982)	—	—
Corporate bond HKD	—	—	—	—	(9,508,247)	(7,010,961)	(19,069,597)	(14,022,033)
Corporate bond PEN	—	—	—	—	(622,417)	(577,899)	(16,441,842)	(1,154,216)
Corporate bond CHF	(218,607)	(215,638)	(1,135,422)	—	(5,413,108)	(4,720,107)	(317,811,277)	(143,070,324)
Obligation USD	(497,741)	(272,901)	(95,457)	(81,922)	(156,332,544)	(1,064,468)	(61,750,831)	(135,477,890)
Corporate bond JPY	—	—	(270,990)	(76,395)	(968,427)	(560,497)	(58,444,706)	(56,964,309)
Hedge instrument								
Cash inflows:								
Cross-currency swap MXN	—	206,295	—	618,885	—	62,274,982	—	—
Cross-currency swap HKD	—	—	—	—	9,508,247	7,010,961	19,069,597	14,022,033
Cross-currency swap PEN	—	—	—	—	622,417	577,899	16,441,842	1,154,216
Cross-currency swap CHF	218,607	215,638	1,135,422	—	5,413,108	4,720,107	317,811,277	143,070,324
Cross-currency swap USD	497,741	272,901	95,457	81,922	156,332,544	1,064,468	61,750,831	135,477,890
Cross-currency swap JPY	—	—	270,990	76,395	968,427	560,497	58,444,706	56,964,309
Net cash flows	—	—	—	—	—	—	—	—

	3 to 5 years		More than 5 years		Total	
	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$
Element hedged						
Cash outflows:						
Corporate bond MXN	—	—	—	—	—	(63,100,162)
Corporate bond HKD	(66,617,424)	(14,009,474)	(268,770,363)	(240,224,481)	(363,965,631)	(275,266,949)
Corporate bond PEN	—	(14,689,557)	—	—	(17,064,259)	(16,421,672)
Corporate bond CHF	(344,145,900)	(229,700,924)	—	(105,324,853)	(668,724,314)	(483,031,846)
Obligation USD	—	—	—	—	(218,676,573)	(136,897,181)
Corporate bond JPY	(41,062,123)	(597,878)	(51,562,985)	(29,172,656)	(152,309,231)	(87,371,735)
Hedge instrument						
Cash inflows:						
Cross-currency swap MXN	—	—	—	—	—	63,100,162
Cross-currency swap HKD	66,617,424	14,009,474	268,770,363	240,224,481	363,965,631	275,266,949
Cross-currency swap PEN	—	14,689,557	—	—	17,064,259	16,421,672
Cross-currency swap CHF	344,145,900	229,700,924	—	105,324,853	668,724,314	483,031,846
Cross-currency swap USD	—	—	—	—	218,676,573	136,897,181
Cross-currency swap JPY	41,062,123	597,878	51,562,985	29,172,656	152,309,231	87,371,735
Net cash flows	—	—	—	—	—	—

Note 39.8 – Financial Derivative Contracts and Accounting Hedges (continued)

(c) Cash-Flow Hedges (continued):

(c.2) The following shows the cash flows of underlying assets and cash flows of the liability part of the derivative instrument:

	Up to 1 month		1 to 3 months		3 to 12 months		1 to 3 years		3 to 5 years		Over 5 years		Total	
	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$
Element hedged														
Cash inflows:														
Cash flow in UF	2,891,697	2,751,432	490,949,243	232,645	3,229,611	82,887,903	165,706,635	359,407,103	442,807,554	237,627,429	283,714,326	351,723,763	1,389,299,066	1,034,630,275
Hedge instrument														
Cash outflows:														
Cross-currency swap MXN	—	—	—	—	—	(61,400,032)	—	—	—	—	—	—	—	(61,400,032)
Cross-currency swap HKD	—	—	(14,578,088)	—	—	(5,790,884)	(7,273,449)	(11,617,159)	(59,188,479)	(11,562,210)	(224,232,058)	(217,999,287)	(305,272,074)	(246,969,540)
Cross-currency swap PEN	—	—	(15,978,119)	—	—	(449,840)	(475,328)	(898,447)	—	(14,672,732)	—	—	(16,453,447)	(16,021,019)
Cross-currency swap JPY	—	—	(69,058,655)	(232,645)	(976,432)	(2,099,058)	(3,471,130)	(63,678,516)	(48,703,329)	(1,845,987)	(59,482,268)	(30,919,541)	(181,691,814)	(98,775,747)
Cross-currency swap USD	—	—	(58,945,363)	—	—	(3,313,837)	(141,795,199)	(133,094,291)	—	—	—	—	(200,740,562)	(136,408,128)
Cross-currency swap CHF	(2,891,697)	(2,751,432)	(332,389,018)	—	(2,253,179)	(9,834,252)	(12,691,529)	(150,118,690)	(334,915,746)	(209,546,500)	—	(102,804,935)	(685,141,169)	(475,055,809)
Net cash flows	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Note 39 – Additional notes (continued)

Note 39.8 – Financial Derivative Contracts and Accounting Hedges (continued)

(c) Cash-Flow Hedges (continued):

With respect to the UF assets hedged, these are revalued monthly as a function of the variation of the UF which is the equivalent of reinvesting the assets monthly until maturity of the hedge.

(c.3) The proportional unrealized result generated by adjustment to market value in 2014 in the subsidiary Banco de Chile for derivative contracts that are hedge instruments in this cash-flow hedging strategy has been booked as a credit to equity amounting to ThCh$12,918,905 (credit of ThCh$7,931,837 in 2013). The net effect of deferred taxes is a credit to equity of ThCh$10,207,041 in 2014 (net credit of ThCh$6,345,470 in 2013).

The accumulated balance for this concept net of deferred taxes as of December 31, 2014 is a credit to equity of ThCh$ 4,340,061 (credit of ThCh$5,866,980 in 2013).

(c.4) The effect this year of the cash-flow hedge derivatives in the subsidiary Banco de Chile, which compensate the charge to income in the value of the instruments hedged, is a charge to income of ThCh$9,659,392 (credit of ThCh$51,794,640 in 2013).

(c.5) As of December 31, 2014 and 2013, 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.6) As of December 31, 2014 and 2013, the Bank has no hedges of net investment in foreign businesses.

Note 39 – Additional notes (continued)

Note 39.9 – Due by banks

(a) As of December 31, 2014 and 2013, the balances of amounts due by banks are as follows:

	2014 ThCh$	2013 ThCh$
Banks in Chile		
Interbank commercial loans	170,014,167	100,012,500
Allowance for loans to banks in Chile	(61,205)	(36,005)
Sub total	169,952,962	99,976,495
Foreign banks		
Interbank commercial loans	216,631,597	252,696,761
Foreign trade finance Chilean exports	93,366,164	97,194,068
Foreign trade finance between third countries	125,060,574	12,864,267
Allowance for loans to banks abroad	(755,436)	(1,256,459)
Sub total	434,302,899	361,498,637
Banco Central de Chile		
Blocked deposits in Banco Central	550,000,000	600,000,000
Other credits with Banco Central	1,108,283	580,600
Sub total	551,108,283	600,580,600
Total	1,155,364,144	1,062,055,732

(b) The movement in allowances for loans due by banks during 2014 and 2013 was as follows:

Detail	Banks in Chile ThCh$	Banks in abroad ThCh$	Total ThCh$
Balance as of January 1, 2013	5,151	953,959	959,110
Write-offs	—	—	—
Allowances made	30,854	302,500	333,354
Allowances released	—	—	—
Balances as of December 31, 2013	36,005	1,256,459	1,292,464
Write-offs	—	—	—
Allowances made	25,200	—	25,200
Allowances released	—	(501,023)	(501,023)
Balances as of December 31, 2014	61,205	755,436	816,641

Note 39– Additional notes (continued)

Note 39.10 – Loans and Accounts Receivable from Customers

(a1) Loans and Accounts Receivable from Customers:

The composition of loans as of December 31, 2014 and 2013 is as follows:

	2014							
	Assets before Allowances				Allowances made			
	Normal portfolio ThCh$	Sub-standard portfolio ThCh$	Default portfolio ThCh$	Total ThCh$	Individual Allowances ThCh$	Group Allowances ThCh$	Total ThCh$	Net asset ThCh$
Commercial loans								
Commercial loans	9,235,570,080	76,364,940	308,807,760	9,620,742,780	(106,518,031)	(89,391,912)	(195,909,943)	9,424,832,837
Foreign trade finance	1,131,926,107	72,207,551	62,665,173	1,266,798,831	(78,619,027)	(1,479,655)	(80,098,682)	1,186,700,149
Debtors in checking accounts	303,906,563	2,697,077	3,531,549	310,135,189	(3,140,593)	(4,188,683)	(7,329,276)	302,805,913
Factoring operations	474,044,481	3,164,055	1,525,346	478,733,882	(9,282,941)	(1,360,535)	(10,643,476)	468,090,406
Commercial leasing operations (1)	1,330,750,832	22,191,042	28,579,319	1,381,521,193	(6,163,420)	(11,897,773)	(18,061,193)	1,363,460,000
Other loans & accounts receivable	39,274,883	257,187	7,320,081	46,852,151	(2,299,005)	(3,425,792)	(5,724,797)	41,127,354
Sub total	12,515,472,946	176,881,852	412,429,228	13,104,784,026	(206,023,017)	(111,744,350)	(317,767,367)	12,787,016,659
Residential mortgage loans								
Loans with mortgage-funding notes	65,211,658	—	4,892,570	70,104,228	—	(58,098)	(58,098)	70,046,130
Endorsable mortgage loans	101,956,305	—	2,218,419	104,174,724	—	(71,908)	(71,908)	104,102,816
Other Residential mortgage loans	5,151,358,444	—	86,273,250	5,237,631,694	—	(23,857,191)	(23,857,191)	5,213,774,503
Loans from the ANAP	20,846	—	—	20,846	—	—	—	20,846
Housing leases	—	—	—	—	—	—	—	0
Other loans & accounts receivable	6,481,898	—	210,008	6,691,906	—	(33,588)	(33,588)	6,658,318
Sub total	5,325,029,151	—	93,594,247	5,418,623,398	—	(24,020,785)	(24,020,785)	5,394,602,613
Consumer loans		—						
Installment consumer loans	2,003,451,874	—	190,697,389	2,194,149,263	—	(145,439,375)	(145,439,375)	2,048,709,888
Checking account debtors	264,473,018	—	7,346,636	271,819,654	—	(7,330,560)	(7,330,560)	264,489,094
Credit card debtors	856,554,843	—	26,454,705	883,009,548	—	(33,712,975)	(33,712,975)	849,296,573
Consumer leases	—	—	—	—	—	—	—	0
Other loans & accounts receivable	106,786	—	703,830	810,616	—	(342,804)	(342,804)	467,812
Sub total	3,124,586,521	—	225,202,560	3,349,789,081	—	(186,825,714)	(186,825,714)	3,162,963,367
Total	20,965,088,618	176,881,852	731,226,035	21,873,196,505	(206,023,017)	(322,590,849)	(528,613,866)	21,344,582,639

Note 39– Additional notes (continued)

Note 39.10 – Loans and Accounts Receivable from Customers (continued)

(a1) Loans and Accounts Receivable from Customers (continued):

	December 31, 2013							
	Assets before Allowances				Allowances made			
	Normal portfolio ThCh$	Sub-standard portfolio ThCh$	Default portfolio ThCh$	Total ThCh$	Individual Allowances ThCh$	Group Allowances ThCh$	Total ThCh$	Net asset ThCh$
Commercial loans								
Commercial loans	9,497,014,866	117,956,633	269,260,322	9,884,231,821	(95,962,345)	(86,531,948)	(182,494,293)	9,701,737,528
Foreign trade finance	1,027,508,157	73,090,069	54,084,150	1,154,682,376	(68,272,428)	(641,962)	(68,914,390)	1,085,767,986
Debtors in checking accounts	253,198,267	3,159,561	2,930,822	259,288,650	(3,030,699)	(3,332,320)	(6,363,019)	252,925,631
Factoring operations	520,775,864	2,538,183	745,426	524,059,473	(9,569,975)	(821,572)	(10,391,547)	513,667,926
Commercial leasing operations (1)	1,156,350,225	27,394,109	26,002,972	1,209,747,306	(5,264,986)	(10,223,850)	(15,488,836)	1,194,258,470
Other loans & accounts receivable	34,621,390	306,568	5,011,258	39,939,216	(763,353)	(3,283,601)	(4,046,954)	35,892,262
Sub total	12,489,468,769	224,445,123	358,034,950	13,071,948,842	(182,863,786)	(104,835,253)	(287,699,039)	12,784,249,803
Residential mortgage loans								
Loans with mortgage-funding notes	81,704,838	-	5,649,872	87,354,710	-	(219,885)	(219,885)	87,134,825
Endorsable mortgage loans	120,584,567	-	2,320,859	122,905,426	-	(285,187)	(285,187)	122,620,239
Other Residential mortgage loans	4,455,510,152	-	61,312,288	4,516,822,440	-	(17,997,409)	(17,997,409)	4,498,825,031
Loans from the ANAP	23,600	-	-	23,600	-	-	-	23,600
Housing leases	-	-	-	-	-	-	-	-
Other loans & accounts receivable	5,154,873	-	47,370	5,202,243	-	(140)	(140)	5,202,103
Sub total	4,662,978,030	-	69,330,389	4,732,308,419	-	(18,502,621)	(18,502,621)	4,713,805,798
Consumer loans								
Installment consumer loans	1,865,945,503	-	169,215,789	2,035,161,292	-	(134,460,096)	(134,460,096)	1,900,701,196
Checking account debtors	231,493,008	-	9,458,989	240,951,997	-	(7,843,692)	(7,843,692)	233,108,305
Credit card debtors	758,741,864	-	25,039,826	783,781,690	-	(31,665,586)	(31,665,586)	752,116,104
Consumer leases	-	-	-	-	-	-	-	-
Other loans & accounts receivable	185,198	-	616,349	801,547	-	(308,514)	(308,514)	493,033
Sub total	2,856,365,573	-	204,330,953	3,060,696,526	-	(174,277,888)	(174,277,888)	2,886,418,638
Total	20,008,812,372	224,445,123	631,696,292	20,864,953,787	(182,863,786)	(297,615,762)	(480,479,548)	20,384,474,239

(1) The Bank finances its customers to acquire assets, whether movable or immovable, under financial lease contracts. As of December 31, 2014 ThCh$615,722,033 (ThCh$503,972,751 in 2013) relate to real-estate financial leases, and ThCh$765,799,160 (ThCh$705,774,555 in 2013) relate to movable asset financial leases.

Note 39 – Additional notes (continued)

Note 39.10 – Loans and Accounts Receivable from Customers (continued)

(a.2) Impaired portfolio

As of December 31, 2014 and 2013, the details of the normal and impaired portfolios is as follows:

	Assets before allowances						Allowances made							
	Normal portfolio		Impaired portfolio		Total		Individual allowances		Group allowances		Total		Net Assets	
	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 M$	2013 M$
Commercial loans	12,609,168,331	12,624,892,186	495,615,695	447,056,656	13,104,784,026	13,071,948,842	(206,023,017)	(182,863,786)	(111,744,350)	(104,835,253)	(317,767,367)	(287,699,039)	12,787,016,659	12,784,249,803
Residential mortgage loans	5,325,029,151	4,662,978,030	93,594,247	69,330,389	5,418,623,398	4,732,308,419	—	—	(24,020,785)	(18,502,621)	(24,020,785)	(18,502,621)	5,394,602,613	4,713,805,798
Consumer loans	3,124,586,521	2,856,365,573	225,202,560	204,330,953	3,349,789,081	3,060,696,526	—	—	(186,825,714)	(174,277,888)	(186,825,714)	(174,277,888)	3,162,963,367	2,886,418,638
Total	**21,058,784,003**	**20,144,235,789**	**814,412,502**	**720,717,998**	**21,873,196,505**	**20,864,953,787**	**(206,023,017)**	**(182,863,786)**	**(322,590,849)**	**(297,615,762)**	**(528,613,866)**	**(480,479,548)**	**21,344,582,639**	**20,384,474,239**

Note 39 – Additional notes (continued)

Note 39.10 – Loans and Accounts Receivable from Customers (continued)

b) Allowances for credit risk

The movement in allowances for credit risk during 2014 and 2013 was as follows:

	Allowances		
	Individual ThCh$	**Group ThCh$**	**Total ThCh$**
Balance at January 1, 2013	164,900,472	262,533,070	427,433,542
Write-offs:			
Commercial loans	(8,648,084)	(27,379,470)	(36,027,554)
Residential mortgage loans	—	(3,241,882)	(3,241,882)
Consumer loans	—	(157,264,958)	(157,264,958)
Total write-offs	(8,648,084)	(187,886,310)	(196,534,394)
Debt exchange	(12,555,900)	—	(12,555,900)
Allowances made	39,167,298	222,969,002	262,136,300
Balance at December 31, 2013	182,863,786	297,615,762	480,479,548
Balance at January 1, 2014	182,863,786	297,615,762	480,479,548
Write-offs:			
Commercial loans	(28,566,881)	(39,151,816)	(67,718,697)
Residential mortgage loans	—	(2,978,906)	(2,978,906)
Consumer loans	—	(184,647,574)	(184,647,574)
Total write-offs	(28,566,881)	(226,778,296)	(255,345,177)
Allowances made	51,726,112	251,753,383	303,479,495
Balance at December 31, 2014	206,023,017	322,590,849	528,613,866

Apart from these allowances for credit risk, country-risk allowances are also made to cover foreign transactions as well as additional allowances agreed upon by the board of Banco de Chile, which are shown in liabilities in Provisions (Note 39.22).

Complementary Disclosures:

1. As of December 31, 2014 and 2013, loan portfolio purchases and sales were made by the Bank and its subsidiaries that had a net effect of no more than 5% of earnings before taxes. See detail in Note 39.10 (e).

1. As of December 31, 2014 and 2013, 100% of the sold loan portfolio of the Bank and its subsidiaries, for which all or substantially all the risks and benefits associated with these financial assets have been transferred, is retired (see Note 39.10 (f)).

Note 39 – Additional notes (continued)

Note 39.10 – Loans and Accounts Receivable from Customers (continued)

c) Financial lease contracts

The cash flows receivable by the Bank under lease contracts have the following maturities:

	Total receivable		Deferred interest		Net balance receivable (*)	
	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$
Up to 1 year	465,396,809	435,787,578	(55,662,659)	(53,919,557)	409,734,150	381,868,021
1 to 2 years	328,815,479	314,545,581	(40,552,730)	(39,404,826)	288,262,749	275,140,755
2 to 3 years	220,128,294	197,979,112	(27,233,128)	(25,096,768)	192,895,166	172,882,344
3 to 4 years	144,099,057	121,241,361	(19,753,641)	(16,987,368)	124,345,416	104,253,993
4 to 5 years	107,651,043	78,992,172	(14,375,007)	(12,662,669)	93,276,036	66,329,503
Over 5 years	296,481,881	232,607,050	(32,371,480)	(29,878,719)	264,110,401	202,728,331
Total	1,562,572,563	1,381,152,854	(189,948,645)	(177,949,907)	1,372,623,918	1,203,202,947

(*) The net balance receivable does not include doubtful credits amounting to ThCh$8,897,275 as of December 31, 2014 (ThCh$6,544,359 in 2013).

The Bank has financial lease operations mainly related to industrial machinery, vehicles and computer equipment. These leases have an average useful life of between 3 and 8 years.

Note 39 – Additional notes (continued)

Note 39.10 – Loans and Accounts Receivable from Customers (continued)

d) Loans by economic activity

As of December 31, 2014 and 2013, the portfolio before allowances by customers' economic activity is as follows:

	Loans in							
	Chile		**Abroad**		**Total**			
	2014 ThCh$	**2013 ThCh$**	**2014 ThCh$**	**2013 ThCh$**	**2014 ThCh$**	**%**	**2013 ThCh$**	**%**
Commercial loans								
Commerce	2,338,392,772	2,512,233,700	36,928,851	40,731,234	2,375,321,623	10.86	2,552,964,934	12.24
Financial services	1,848,773,917	2,027,333,532	24,380,862	15,855,238	1,873,154,779	8.56	2,043,188,770	9.79
Transport & telecommunications	1,654,257,760	1,587,619,285	13,845,383	14,729,174	1,668,103,143	7.63	1,602,348,459	7.68
Services	1,565,233,083	1,231,278,369	543,962	8,749,789	1,565,777,045	7.16	1,240,028,158	5.94
Manufacturing	1,411,369,652	1,355,700,924	84,082,722	5,301,425	1,495,452,374	6.84	1,361,002,349	6.52
Construction	1,423,597,330	1,457,769,705	—	311,183	1,423,597,330	6.51	1,458,080,888	6.99
Agriculture & livestock	946,794,826	914,104,916	—	—	946,794,826	4.33	914,104,916	4.38
Electricity, gas & water	414,882,726	431,417,742	27,183,016	100,554,876	442,065,742	2.02	531,972,618	2.55
Mining	356,363,138	340,045,262	—	—	356,363,138	1.63	340,045,262	1.63
Fishing	261,188,777	219,172,811	—	—	261,188,777	1.19	219,172,811	1.05
Others	667,098,300	809,039,677	29,866,949	—	696,965,249	3.19	809,039,677	3.88
Sub total	12,887,952,281	12,885,715,923	216,831,745	186,232,919	13,104,784,026	59.92	13,071,948,842	62.65
Residential mortgage loans	5,418,623,398	4,732,308,419	—	—	5,418,623,398	24.77	4,732,308,419	22.68
Consumer loans	3,349,789,081	3,060,696,526	—	—	3,349,789,081	15.31	3,060,696,526	14.67
Total	21,656,364,760	20,678,720,868	216,831,745	186,232,919	21,873,196,505	100.00	20,864,953,787	100.00

Note 39 – Additional notes (continued)

Note 39.10 – Loans and Accounts Receivable from Customers (continued)

(e) Purchase of loan portfolio

The Bank acquired no loan portfolios in 2014.

During August, September and December 2013, the Bank acquired a loans portfolio with a nominal amount of ThCh$467,717,137.

(f) Sale or assignment of loans

During 2014 and 2013, the following loans were sold or assigned:

2014			
Loans value ThCh$	**Allowance ThCh$**	**Sale value ThCh$**	**Effect on (loss) gain ThCh$**
454,464,733	(992,816)	454,464,733	992,816

2013			
Loans value ThCh$	**Allowance ThCh$**	**Sale value ThCh$**	**Effect on (loss) gain ThCh$**
197,819,871	(354,796)	198,134,268	669,193

(g) Securitization of own assets

No own asset securitization transactions were carried out during 2014 and 2013.

Note 39 – Additional notes (continued)

Note 39.11 – Investment instruments

As of December 31, 2014 and 2013, the detail of investment instruments designated as available for sale and held to maturity is as follows:

	2014			2013		
	Available for sale ThCh$	Held to maturity ThCh$	Total ThCh$	Available for sale ThCh$	Held to maturity ThCh$	Total ThCh$
Instruments of the State & Banco Central de Chile						
Bonds of Banco Central de Chile	28,794,855	—	28,794,855	333,034,705	—	333,034,705
Notes of Banco Central de Chile	149,754,911	—	149,754,911	50,414,900	—	50,414,900
Other state instruments & Banco Central de Chile	160,774,926	—	160,774,926	202,957,607	—	202,957,607
Instruments of Other National Institutions						
Deposit notes of banks in Chile	—	—	—	—	—	—
Mortgage-funding notes of banks in Chile	96,293,709	—	96,293,709	96,933,185	—	96,933,185
Bonds of banks in Chile	251,231,484	—	251,231,484	128,500,327	—	128,500,327
Deposits with banks in Chile	657,466,854	—	657,466,854	617,816,102	—	617,816,102
Bonds of other companies in Chile	29,518,871	—	29,518,871	13,559,323	—	13,559,323
Notes of other companies in Chile	—	—	—	—	—	—
Other instruments issued in Chile	162,828,786	—	162,828,786	154,267,410	—	154,267,410
Instruments of Foreign Institutions						
Foreign sovereign or central bank instruments	—	—	—	—	—	—
Other instruments	63,525,066	—	63,525,066	76,222,491	—	76,222,491
Total	1,600,189,462	—	1,600,189,462	1,673,706,050	—	1,673,706,050

Note 39 – Additional notes (continued)

Note 39.11 – Investment instruments (continued)

Instruments issued by the Chilean State and Banco Central de Chile include instruments sold under repurchase agreements to customers and financial institutions, amounting to ThCh$25,672,984 as of December 31, 2014 (ThCh$16,840,268 in 2012). The repurchase agreements had an average maturity of 4 days as of December 2014 (3 days in 2013).

Instruments of other institutions in Chile include instruments sold under repurchase agreements to customers and financial institutions amounting to ThCh$14,117 (ThCh$109,334 in 2013). The repurchase agreements have an average maturity of 5 days at the close of 2014 (3 days in 2013).

The portfolio of instruments available for sale as of December 31, 2014 includes a net accumulated unrealized gain net of taxes of ThCh$14,614,619 (unrealized gain of ThCh$12,840,001 in 2013), booked as valuation adjustment in equity.

During the years 2014 and 2013 there is no evidence of impairment of investment instruments available for sale.

Realized gains and losses are determined using the procedure of sales less cost (specific identification method) of the investments identified to be sold. Any unrealized gain or loss previously booked at the liquid value of the investments, is reversed through the income accounts.

Gross realized gains and losses on the sale of instruments available for sale are shown in Income of financial operations, as of December 31, 2014 and 2013 (Note 39.27).

The gross realized gains and losses on sales of instruments available for sale in the subsidiary Banco de Chile as of December 31, 2014 and 2013, booked proportionately by the company, are as follows:

	2014 ThCh$	**2013 ThCh$**
Unrealized (loss) gain during the year	9,319,679	10,305,765
Realized (loss) gain (reclassified to income)	(6,512,048)	(4,662,873)
Sub total	2,807,631	5,642,892
Income tax on other comprehensive income	(1,033,013)	(1,128,537)
Net effect	1,774,618	4,514,355

Note 39 – Additional notes (continued)

Note 39.12 – Investments in Companies

a) The heading Investments in companies shows a total of ThCh$25,311,647 as of December 31, 2014 (ThCh$16,670,099 in 2013), split as follows:

		Participation of the institution		Equity of the company		Investment			
						Value		Result	
		2014	2013	2014	2013	2014	2013	2014	2013
Company	**Shareholder**	%	%	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Associate									
Transbank S.A.(**)	Banco de Chile	26.16	26.16	34,176,754	5,231,744	8,939,422	1,368,446	1,069,563	9,484
Administrador Financiero del Transantiago S.A.	Banco de Chile	20.00	20.00	11,145,007	9,736,758	2,229,011	1,947,362	281,651	732,141
Soc. Operadora de Tarjetas de Crédito Nexus S.A.	Banco de Chile	25.81	25.81	8,252,734	7,197,097	2,129,710	1,857,293	389,169	289,449
Redbanc S.A.	Banco de Chile	38.13	38.13	4,968,922	4,401,123	1,894,857	1,678,334	241,223	158,901
Sociedad Imerc OTC S.A. (*)	Banco de Chile	11.48	12.49	10,898,635	11,410,183	1,251,651	1,425,160	(177,222)	(17,539)
Centro de Compensación Automatizado S.A.	Banco de Chile	33.33	33.33	2,614,522	1,982,119	871,429	660,650	220,266	125,411
Soc. Operadora de la Cámara de Compensación de Pagos de Alto Valor S.A.	Banco de Chile	15.00	15.00	4,642,547	4,529,196	696,392	679,389	105,904	62,127
Sociedad Interbancaria de Depósitos de Valores S.A.	Banco de Chile	26.81	26.81	2,401,406	1,978,312	643,764	530,344	151,454	102,323
Sub total Associates				79,100,527	46,466,532	18,656,236	10,146,978	2,282,008	1,462,297
Joint ventures									
Servipag Ltda.	Banco de Chile	50.00	50.00	7,281,150	7,179,731	3,640,583	3,589,876	50,711	212,014
Artikos Chile S.A.	Banco de Chile	50.00	50.00	1,491,483	1,340,912	745,751	670,467	153,041	106,144
Sub total Joint ventures				8,772,633	8,520,643	4,386,334	4,260,343	203,752	318,158
Sub total				87,873,160	54,987,175	23,042,570	14,407,321	2,485,760	1,780,455
Investments at cost (1)									
Bolsa de Comercio de Santiago S.A.						1,645,820	1,645,820	328,500	291,315
Banco Latinoamericano de Comercio Exterior S.A. (Bladex)						308,858	308,858	46,032	—
Bolsa Electrónica de Chile S.A.						257,033	257,033	—	—
Sociedad de Telecomunicaciones Financieras Interbancarias Mundiales (Swift)						49,379	43,081	—	—
CCLV Contraparte Central S.A.						7,987	7,986	—	—
Sub total						2,269,077	2,262,778	374,532	291,315
Total						25,311,647	16,670,099	2,860,292	2,071,770

(1) Income relating to investments booked at cost corresponds to revenue booked on a received basis (dividends).

(*) On June 21, 2013, together with other banks in the Chilean financial system, the banking support company called Servicios de Infraestructura de Mercado OTC S.A. (IMERC-OTC S.A.) was formed, whose objective is to operate a centralized register of derivatives operations (registration, confirmation, storage, consolidation and conciliation services). This new subsidiary was created with a capital of Ch$12,957,463,890 divided in 10,000 shares of no par value, of which Banco de Chile subscribed and paid 1,111 shares, equivalents to ThCh$1,440 million paid upon the constitution of the company. As of the close of these financial statements, of the 10,000 shares, 9,674 shares of the company have been subscribed and paid.

(**) On June 3, 2014 Transbank S.A. made a capital increase amounting to Ch$26,335,343,467 through the capitalization of revaluations and earnings of Ch$1,135,328,683 and the issue of shares for payment of Ch$25,200,014,784. Banco de Chile subscribed and paid for 33,629,690 shares amounting to Ch$6,591,419,240 (not including payment of indexation adjustments of Ch$16,873,451). Banco de Chile's shareholding in Transbank S.A. was not changed by this capital increase.

Note 39 – Additional notes (continued)

39.12. Investments in Other Companies, continued:

(b) Associates

	2014 ThCh$	2013 ThCh$
Current assets	588,635,140	537,514,547
Non-current assets	74,361,180	64,904,054
Total Assets	**662,996,320**	**602,418,601**
Current liabilities	578,659,015	550,022,580
Non-current liabilities	5,228,029	5,919,477
Total liabilities	**583,887,044**	**555,942,057**
Equity	79,100,527	46,466,532
Minority interest	8,749	10,012
Total Liabilities and Equity	**662,996,320**	**602,418,601**
Operating revenue	194,144,907	184,911,507
Operating expenses	(186,386,215)	(178,081,201)
Other income (expenses)	1,000,216	448,456
Income before taxes	**8,758,908**	**7,278,762**
Income tax	(761,933)	(981,871)
Net income for the year	7,996,975	6,296,891

(c) Joint Ventures:

The Bank has a 50% interest in the companies Artikos S.A. and Servipag Ltda., two jointly controlled entities. The Bank's interests in both entities are booked using the equity method in the consolidated financial statements.

The following is summarized financial information on the jointly-controlled companies:

	Artikos S.A.		Servipag Ltda.	
	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$
Current assets	1,288,297	919,753	53,077,504	42,787,796
Non-current assets	689,495	734,655	16,226,692	16,256,005
Total Assets	**1,977,792**	**1,654,408**	**69,304,196**	**59,043,801**
Current liabilities	486,309	313,496	59,501,307	48,343,230
Non-current liabilities	—	—	2,521,739	3,520,840
Total liabilities	**486,309**	**313,496**	**62,023,046**	**51,864,070**
Equity	1,491,483	1,340,912	7,281,150	7,179,731
Total Liabilities and Equity	**1,977,792**	**1,654,408**	**69,304,196**	**59,043,801**
Operating revenue	2,659,667	2,486,553	37,140,387	35,371,151
Operating expenses	(662,041)	(2,269,746)	(36,199,087)	(34,042,638)
Other income (expenses)	(1,727,340)	3,525	(781,329)	(807,963)
Income before taxes	**270,286**	**220,332**	**159,971**	**520,550**
Income tax	35,795	(8,047)	(58,551)	(96,526)
Net income for the year	306,081	212,285	101,420	424,024

Note 39 – Additional notes (continued)

39.12. Investments in Companies, continued:

d) The movement of permanent investments in companies that are not consolidated in 2014 and 2013 is as follows:

	2014 ThCh$	**2013 ThCh$**
Initial book value	16.670,100	13,933,040
Sale of investments		—
Acquisition of investments	6,608,293	1,439,574
Participation in results with significant influence	2,485,760	1,780,455
Dividends receivable	(405,315)	(186,622)
Dividends received	(195,276)	(956,376)
Payment of minimum dividends	148,085	660,028
Total	25,311,647	16,670,099

(e) There was no impairment of these investments in 2014 and 2013.

Note 39 – Additional notes (continued)

Note 39.13 – Intangible assets

a) The composition as of December 31, 2014 and 2013 is as follows:

	Years									
	Useful life		Average remaining amortization		Gross balance		Accumulated amortization		Net balance	
	2014	2013	2014	2013	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$
Type of intangible asset:										
Goodwill:										
Goodwill	—	—	—	—	4,138,287	4,138,287	(4,138,287)	(4,138,287)	—	—
Other intangible assets:										
Software or computer programs	6	6	4	4	92,217,828	86,982,846	(65,624,869)	(57,764,240)	26,592,959	29,218,606
Intangible assets from combinations of business	—	—	—	—	1,740,476	1,740,476	(1,740,476)	(1,740,476)	—	—
Other intangible assets	—	—	—	—	—	502,888	—	(50,586)	—	452,302
Total					98,096,591	93,364,497	(71,503,632)	(63,693,589)	26,592,959	29,670,908

Note 39 – Additional notes (continued)

Note 39.13 – Intangible assets (continued)

b) The movement in intangible assets during 2014 and 2013 was as follows:

	2014				
	Goodwill ThCh$	Software or computer programs ThCh$	Intangible assets from combinations of business ThCh$	Other intangible assets ThCh$	Total ThCh$
Gross balance					
Balance at January 1, 2014	4,138,287	86,982,846	1,740,476	502,888	93,364,497
Acquisitions	—	5,377,825	—	—	5,377,825
Withdrawals/Write-offs	—	(503,676)	—	—	(503,676)
Reclassification	—	481,097	—	(502,888)	(21,791)
Loss for impairment (*)	—	(120,264)	—	—	(120,264)
Total	4,138,287	92,217,828	1,740,476	—	98,096,591
Accumulated amortization					
Balance at January 1, 2013	(4,138,287)	(57,764,240)	(1,740,476)	(50,586)	(63,693,589)
Amortization for the year (*)	—	(8,351,904)	—	—	(8,351,904)
Withdrawals/Write-offs	—	502,040	—	—	502,040
Reclassification	—	(10,765)	—	50,586	39,821
Total	(4,138,287)	(65,624,869)	(1,740,476)	—	(71,503,632)
Balance at December 31, 2014	—	26,592,959	—	—	26,592,959

	2013				
	Goodwill ThCh$	Software or computer programs ThCh$	Intangible assets from combinations of business ThCh$	Other intangible assets ThCh$	Total ThCh$
Gross balance					
Balance at January 1, 2013	4,138,287	82,733,759	1,740,476	612,737	89,225,259
Acquisitions	—	5,136,814	—	373,800	5,510,614
Withdrawals/Write-offs	—	(859,385)	—	(483,649)	(1,343,034)
Loss for impairment (*)	—	(28,342)	—	—	(28,342)
Total	4,138,287	86,982,846	1,740,476	502,888	93,364,497
Accumulated amortization					
Balance at January 1, 2013	(3,000,172)	(50,639,150)	(1,261,845)	(35,126)	(54,936,293)
Amortization for the year (*)	(1,138,115)	(7,984,474)	(478,631)	(27,414)	(9,628,634)
Withdrawals/Write-offs	—	859,384	—	11,954	871,338
Total	(4,138,287)	(57,764,240)	(1,740,476)	(50,586)	(63,693,589)
Balance at December 31, 2013	—	29,218,606	—	452,302	29,670,908

(*) See Note 39.32 on depreciation, amortization and impairment.

c) As of December 31, 2014 and 2013, the following commitments have been made by the Bank for the technological developments:

Detail	**Amount of commitment**	
	2014 ThCh$	**2013 ThCh$**
Software & licenses	3,508,247	9,299,106

Note 39 – Additional notes (continued)

Note 39.14 –Property, plant & equipment

(a) The composition of fixed assets as of December 31, 2014 and 2013 is as follows:

	Gross balance		Accumulated depreciation		Net balance	
	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$
Type of fixed asset:						
Land & buildings	175,332,479	175,849,256	(40,395,309)	(38,716,857)	134,937,170	137,132,399
Equipment	151,909,804	137,827,308	(119,841,031)	(116,080,489)	32,068,773	21,746,819
Others	154,196,147	147,396,991	(115,800,138)	(108,697,065)	38,396,009	38,699,926
Total	481,438,430	461,073,555	(276,036,478)	(263,494,411)	205,401,952	197,579,144

(b) The movement in fixed assets during 2014 and 2013 was as follows:

	2014			
	Land & buildings ThCh$	Equipment ThCh$	Others ThCh$	Total ThCh$
Gross balance				
Balance at January 1, 2014	175,849,256	137,827,308	147,396,991	461,073,555
Reclassification	—	—	(200,000)	(200,000)
Additions	—	22,775,833	8,737,436	31,513,269
Withdrawals/write-offs	(516,777)	(7,807,968)	(970,544)	(9,295,289)
Transfers	—	485,011	(485,011)	—
Impairment (*) (***)	—	(1,370,380)	(282,725)	(1,653,105)
Total	175,332,479	151,909,804	154,196,147	481,438,430
Depreciación Acumulada				
Balance at January 1, 2014	(38,716,857)	(116,080,489)	(108,697,065)	(263,494,411)
Reclassification	—	—	—	—
Transfers	—	(285,482)	285,482	—
Depreciation for the year *) (**)	(2,195,230)	(11,282,780)	(8,290,062)	(21,768,072)
Write-offs & sales in year	516,778	7,807,720	901,507	9,226,005
Total	(40,395,309)	(119,841,031)	(115,800,138)	(276,036,478)
Balance at December 31, 2014	134,937,170	32,068,773	38,396,009	205,401,952

	2013			
	Land & buildings ThCh$	Equipment ThCh$	Others ThCh$	Total ThCh$
Gross balance				
Balance at January 1, 2013	176,151,689	132,026,846	144,636,042	452,814,577
Additions	61,957	7,510,207	4,679,226	12,251,390
Withdrawals/write-offs	(364,390)	(1,408,199)	(1,709,895)	(3,482,484)
Transfers	—	(218,022)	218,022	—
Impairment (*) (***)	—	(83,524)	(426,404)	(509,928)
Total	175,849,256	137,827,308	147,396,991	461,073,555
Depreciación Acumulada				
Balance at January 1, 2013	(35,971,565)	(109,931,959)	(101,721,623)	(247,625,147)
Transfers	—	(18,599)	18,599	—
Depreciation for the year *) (**)	(2,872,843)	(7,716,117)	(8,310,354)	(18,899,314)
Write-offs & sales in year	127,551	1,586,186	1,316,313	3,030,050
Total	(38,716,857)	(116,080,489)	(108,697,065)	(263,494,411)
Balance at December 31, 2013	137,132,399	21,746,819	38,699,926	197,579,144

(*) See Note 39.32 on depreciation, amortization and impairment
(**) Excludes depreciation for the year of investment properties that are included in Other assets for ThCh$380,704 (ThCh$380,704 in 2013).
(***) Excludes allowance for write-offs of fixed assets of ThCh$311,832 (ThCh$247,337 in 2013).

Note 39 – Additional notes (continued)

Note 39.14 – Property, plant & equipment (continued)

(b) As of December 31, 2014 and 2013, there are operating lease contracts that cannot be rescinded unilaterally. Future rental payments are as follows:

		2014						
	Expense for year ThCh$	**Up to 1 month ThCh$**	**1 to 3 months ThCh$**	**3 to 12 months ThCh$**	**1 to 3 years ThCh$**	**3 to 5 years ThCh$**	**Over 5 years ThCh$**	**Total ThCh$**
Lease contracts	29,588,160	2,520,027	4,991,705	21,264,369	40,374,740	29,611,837	46,478,508	145,241,186

		2013						
	Expense for year ThCh$	**Up to 1 month ThCh$**	**1 to 3 months ThCh$**	**3 to 12 months ThCh$**	**1 to 3 years ThCh$**	**3 to 5 years ThCh$**	**Over 5 years ThCh$**	**Total ThCh$**
Lease contracts	28,876,338	2,320,422	4,633,074	19,832,904	37,496,694	26,517,236	48,815,074	139,615,404

As these are operating lease contracts, the assets leased are not shown in the statement of financial position, in accordance with IAS17.

The Bank has commercial leases of investment properties. These leases have an average life of 10 years. There are no restrictions for the lessee.

c) There are no financial lease contracts outstanding as of December 31, 2014 and 2013, so there are no balances of fixed assets under financial leases as of those dates.

Note 39 – Additional notes (continued)

Note 39.15 – Current taxes and deferred taxes

a) Current taxes

As of each year end, the company and its subsidiaries have made a provision for income tax determined in accordance with current tax laws. This provision is shown as the net amount of recoverable or payable taxes as of December 31 each year, as per the following detail:

	2014 ThCh$	2013 ThCh$
Income tax	106,630,079	85,419,727
Sole tax	—	23,235
Tax on disallowed expenses (rate 35%)	1,802,363	1,885,201
Less:		
Monthly provisional payments	(83,137,817)	(73,783,600)
Training expense credits	(1,817,697)	(1,713,758)
Property taxes paid	(1,597,206)	(1,105,932)
Others	(2,857,773)	(3,599,132)
Total	19,021,949	7,125,741
Income tax rate	21%	20%

	2014 ThCh$	2013 ThCh$
Current tax assets	3,476,046	3,201,909
Current tax liabilities	(22,497,995)	(10,327,650)
Total tax recoverable (payable)	(19,021,949)	(7,125,741)

b) Income tax

The tax charge during the periods between January 1 and December 31 of 2014 and 2013, is composed of the following concepts:

	2014 ThCh$	2013 ThCh$
Charges for income tax:		
Tax current year	100,381,533	88,798,142
Tax previous years	13,596,410	(432,179)
Sub total	113,977,943	88,365,963
Credit (charge) for deferred taxes:		
Origination & reversal of timing differences	(33,643,068)	(12,380,761)
Tax-rate change effect on deferred taxes	(3,596,874)	—
Sub total	(37,239,942)	(12,380,761)
Taxes on disallowed expenses Art 21 of the tax law	1,802,363	1,885,201
Others	4,746,045	2,149,851
Net charge to income for income tax	83,286,409	80,020,254

Note 39 – Additional notes (continued)

Note 39.15 – Current taxes and deferred taxes (continued)

c) Reconciliation of effective tax rate:

The following is the reconciliation between the rate of income tax and the effective rate applied in the determination of the charge as of December 31, 2014 and 2013:

	2014		2013	
	Tax rate %	ThCh$	Tax rate %	ThCh$
Tax on financial result	21.00	136,720,762	20.00	118,850,358
Additions or deductions	(4.81)	(31,374,682)	(4.83)	(28,707,673)
Tax monetary correction	(5.12)	(33,298,612)	(2.02)	(12,003,606)
Sole tax (disallowed expenses)	0.28	1,802,363	0.32	1,885,201
Prevous years' taxes	2.09	13,596,410	(0.07)	(432,179)
Effect of change in tax rates	(0.55)	(3,596,874)	—	—
Others	(0.09)	(562,958)	0.07	428,153
Effective rate & charge for income tax	12.80	83,286,409	13.47	80,020,254

The effective rate for income tax for the year 2014 is 12.87% (13.47% in 2013).

On September 29, 2014, Law 20,780 was published in the Official Gazette modifying the income tax system and introducing various adjustments to it. Article 14, 3 of the new Income Tax Law states that open corporations that do not exercise the option of changing the regime which by defect corresponds to the semi-integrated, will modify temporarily the rates of corporate income tax as follows:

Year	Rate
2014	21.0%
2015	22.5%
2016	24.0%
2017	25.5%
2018	27.0%

The effect on income for deferred taxes due to the change in the tax rate meant a credit to income for the year of ThCh$3,596,874 and credit to equity, in accumulated income, of ThCh$23,679,865.

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Note 39 – Additional notes (continued)

Note 39.15 – Current taxes and deferred taxes (continued)

d) Deferred taxes

The Bank and its subsidiaries show the following balances of deferred taxes in their financial statements:

	Balances as of 12.31.2014 ThCh$	12.31.2013 ThCh$
Debtor differences:		
Allowance for credit risk	146,561,792	108,102,221
Obligations under repurchase agreements	—	205,020
Provisions relating to personnel	9,313,977	5,746,910
Provision for vacations	5,488,942	4,379,073
Accrued Interest & indexation adjustments from past due loans	3,738,877	2,413,495
Severance payments	1,460,264	970,998
Provision for credit card related expenses	10,636,656	6,492,766
Provision for accrued expenses	11,465,528	7,730,880
Others adjustments	14,202,557	9,862,300
Total net assets	**202,868,593**	**145,903,663**
Creditor differences:		
Depreciation & monetary correction fixed assets	14,304,441	14,435,983
Adjustment for valuation of investments available for sale	9,860,116	7,342,803
Leasing	2,992,178	8,500,404
Transitory assets	2,477,736	2,738,523
Adjustment derivative instruments	13,175	138,402
Accrued placements effective rate	2,308,274	1,046,127
Other adjustments	3,072,678	2,366,889
Total net liabilities	**35,028,598**	**36,569,131**
Total net assets (liabilities)	**167,839,995**	**109,334,532**

Note 39 – Additional notes (continued)

Note 39.15 – Current taxes and deferred taxes (continued)

e) In compliance with Joint Circular 47 of the Internal Tax Service (S.I.I.) and 3.478 of the SBIF dated August 18, 2009, the following provides a detail of the movement and effects generated by the application of article 31, No.4 of the Income Tax Law.

As required, the information relates just to credit operations of the Bank and not the operations of the subsidiaries consolidated in these consolidated financial statements.

(e.1) Loans /& accounts receivable from customers at 12.31.2014	Assets at value of financial statements (*) ThCh$	Assets at tax value ThCh$	Assets at tax value Past-due portfolio with collateral ThCh$	Past-due portfolio without collateral ThCh$	Total past-due portfolio ThCh$
Due by banks	1,155,364,144	1,156,180,784	—	—	—
Commercial loans	11,427,965,572	11,404,824,454	19,923,466	57,349,965	77,273,431
Consumer loans	3,162,963,367	3,597,602,798	393,087	18,642,927	19,036,014
Residential mortgage loans	5,394,602,613	5,415,278,585	4,496,982	92,544	4,589,526
Total	21,140,895,696	21,573,886,621	24,813,535	76,085,436	100,898,971

(*) According to the circular mentioned and the SII instructions, the value of the assets in the financial statements is shown on individual bases (just Banco de Chile) net of allowances for credit risk and exclude leasing and factoring operations.

(e.2) Allowances for past-due portfolio	Balance at 01.01.2014 ThCh$	Write-offs against allowances ThCh$	Allowances made ThCh$	Allowances released ThCh$	Balance at 12.31.2014 ThCh$
Commercial loans	49,184,194	(47,587,659)	89,367,515	(33,614,085)	57,349,965
Consumer loans	17,418,407	(175,306,750)	198,718,646	(22,187,376)	18,642,927
Residential mortgage loans	111,156	(667,894)	916,686	(267,404)	92,544
Total	66,713,757	(223,562,303)	289,002,847	(56,068,865)	76,085,436

(e.3) Direct write-offs and recoveries	2014 ThCh$
Direct write-offs Art. 31 No.4, 2nd paragraph	13,815,028
Pardoned debt originating release of allowances	1,001,289
Recoveries or re-negotiation of written-off loans	43,682,777

(e.4) Application of Art. 31 No.4 1st & 3rd paragraphs of the IncomeTax Law	2014 ThCh$
Write-offs according to the 1st paragraph	—
Pardoned debt per the 3rd paragraph	1,001,289

Note 39 – Additional notes (continued)

Note 39.16 – Other Assets

a) Composition

The composition of these as of December 31, 2014 and 2013, is:

	2014 ThCh$	2013 ThCh$
Assets for leasing (*)	87,100,213	74,722,774
Assets received or adjudicated in lieu of payment (**)		
Assets adjudicated in judicial auction	3,014,312	2,639,873
Assets received in payment	934,110	372,091
Allowances for assets received in payment or adjudicated	(207,357)	(46,175)
Sub total	3,741,065	2,965,789
Other assets		
Derivative margin deposits	143,378,657	60,308,714
Documents trading (***)	23,048,704	74,366,476
Investment properties	15,936,725	16,317,429
Servipag available funds	14,620,522	19,199,641
Other accounts & notes receivable	13,714,070	8,682,139
VAT fiscal credit	9,730,772	9,958,134
Recoverable tax	8,355,879	6,047,553
Prepaid expenses	6,240,458	6,589,299
Fees receivable	4,931,306	7,783,574
Pending operations	2,732,928	1,803,359
Rental guarantees	1,616,737	1,455,746
Accounts receivable for assets received in payment	769,097	1,286,387
Leased assets recovered for sale	691,762	5,463,167
Materials & utensils	607,343	528,081
Others	17,840,437	20,551,339
Sub total	264,215,397	240,341,038
Total	355,056,675	318,029,601

(*) Relate to fixed assets to be delivered under financial leases.

(**) Assets received in lieu of payment are those with respect to customers with past-due debts. The combination of assets held acquired in this way does not at any time exceed 20% of the Bank's effective equity. These assets currently represent 0.0287% (0.0124% in 2013) of the Bank's effective equity.

Assets adjudicated in a judicial auction are not subject to the margin commented above. These are assets available for sale and it is expected to complete the sale within one year of the asset being received or acquired. Should the asset not be sold within a year, it has to be written off.

The allowance for assets received in lieu of payment or adjudicated is booked as indicated in the Compendium of Accounting Standards, which implies the booking of an allowance for the difference between the initial value plus any additions and their realizable value, when the former is greater.

(***) This mainly includes simultaneous operations made by the subsidiary Banchile Corredores de Bolsa S.A.

Note 39 – Additional notes (continued)

Note 39.16 – Other Assets (continued)

b) The movement in the allowance for assets received in payment or adjudicated during 2014 and 2013 was as follows:

Amortization	**Allowances for assets ThCh$**
Balance as of January 1, 2013	40,306
Application of allowances	(45,057)
Allowances made	50,926
Allowances released	—
Balance as of December 31, 2013	46,175
Application of allowances	(98,641)
Allowances made	259,823
Allowances released	—
Balance as of December 31, 2014	207,357

Note 39.17 – Deposits and other demand deposits

As of December 31 each year, the composition is as follows:

	2014 ThCh$	**2013 ThCh$**
Current accounts	5,782,105,470	5,009,667,913
Other demand deposits & accounts	681,124,049	593,451,161
Other demand obligations	394,322,870	284,858,743
Total	6,857,552,389	5,887,977,817

Note 39.18 – Deposits and term obligations

As of December 31 each year, the composition is as follows:

	2014 ThCh$	**2013 ThCh$**
Time deposits	9,447,753,485	10,148,840,780
Time savings accounts	188,311,044	178,011,477
Other term creditor balances	82,710,920	73,101,761
Total	9,718,775,449	10,399,954,018

Note 39 – Additional notes (continued)

Note 39.19 – Obligations with Banks

(a) As of December 31, 2014 and 2013, the composition is as follows:

	2014 ThCh$	2013 ThCh$
Banks in Chile	—	—
Banks abroad		
Foreign trade financing		
HSBC Bank	155,134,739	134,813,632
Citibank N,A,	141,632,886	137,914,333
Bank of Montreal	139,547,892	52,684,383
Bank of America	126,004,319	78,642,040
Standard Chartered Bank	106,659,425	103,161,522
Wells Fargo Bank	83,014,642	26,298,488
Canadian Imperial Bank Of Commerce	69,750,099	—
The Bank of New York Mellon	57,581,280	37,373,392
Deutsche Bank Trust Company	48,037,468	94,326,800
Toronto Dominion Bank	45,489,423	23,675,748
Bank of Nova Scotia	38,803,865	—
ING Bank	30,309,245	26,308,653
Royal Bank of Scotland	10,924,412	—
Zuercher Kantonalbank	6,088,339	5,281,910
Mercantil Commercebank	6,069,612	15,887,690
Commerzbank A,G,	1,630,708	61,957,714
Others	1,524,870	4,039,512
Loans & other obligations		
China Development Bank	15,164,696	26,308,395
Citibank N,A,	12,389,231	54,767,693
Wells Fargo Bank	—	105,340,358
Others	2,949,517	672,530
Sub total	1,098,706,668	989,454,793
Banco Central de Chile	8,623	10,332
Total	1,098,715,291	989,465,125

Note 39 – Additional notes (continued)

Note 39.19 – Obligations with banks (continued)

(a) Obligations with Banco Central de Chile:

The debts with Banco Central de Chile include lines of credit for the renegotiation of loans and other debts with Banco Central de Chile.

The following are the total amounts due to the Banco Central de Chile:

	September 2014 ThCh$	December 2013 ThCh$
Loans & other obligations	—	—
Line of credit for renegotiation of obligations with Banco Central	9,057	10,332
Total	9,057	10,332

Note 39.20 – Debt Instruments Issued

The composition is as follows as of December 31, 2014 and 2013:

	2014 ThCh$	2013 ThCh$
Mortgage-funding notes	64,314,279	86,490,425
Bonds	4,223,047,559	3,533,155,321
Subordinated bonds	770,594,854	747,006,698
Total	5,057,956,692	4,366,652,444

Note 39 – Additional notes (continued)

Note 39.20 – Debt Instruments Issued (continued)

During 2014, Banco de Chile placed bonds amounting to ThCh$1,826,552,045, corresponding to unsubordinated bonds and commercial papers amounting ThCh$736,216,535 and ThCh$1,090,335,510 respectively, as follows:

Bonds

Series	Amount ThCh$	Term	Issue rate %	Currency	Issue date	Maturity date
BCHIAJ0413	72,443,802	7	3.40	UF	01/27/2014	01/27/2021
BCHIAH0513	47,861,251	5	3.40	UF	01/27/2014	01/27/2019
BCHIAL0213	96,796,137	8	3.60	UF	02/10/2014	02/10/2022
BONO CHF	95,198,205	2	3M Libor + 0.75	CHF	02/28/2014	02/28/2016
BONO CHF	79,331,838	5	1.25	CHF	02/28/2014	02/28/2019
BONO JPY	11,226,200	5	0.98	JPY	03/18/2014	03/18/2019
BCHIUN1011	7,313,963	7	3.20	UF	04/16/2014	04/16/2021
BONO HKD	43,043,640	6	3.08	HKD	04/16/2014	04/16/2020
BCHIUN1011	12,224,015	7	3.20	UF	04/22/2014	04/22/2021
BCHIAA0212	49,986,062	14	3.50	UF	04/29/2014	04/29/2028
BONO JPY	27,383,000	8	1.01	JPY	04/29/2014	04/29/2022
BCHIAA0212	26,110,344	14	3.50	UF	07/22/2014	07/22/2028
BCHIAY0213	79,979,479	14	3.60	UF	07/31/2014	07/31/2028
BONO JPY	28,132,500	6	0.55	JPY	08/06/2014	08/06/2020
BCHIAI0213	50,481,097	6	3.40	UF	08/12/2014	08/12/2020
BCHIAI0213	2,813,671	6	3.40	UF	09/15/2014	09/15/2020
BCHIAI0213	1,023,251	6	3.40	UF	09/16/2014	09/16/2020
BCHIAI0213	1,664,860	6	3.40	UF	09/24/2014	09/24/2020
BCHIAI0213	3,203,220	6	3.40	UF	10/02/2014	10/02/2020
Total December 2014	736,216,535					

Note 39 – Additional notes (continued)

Note 39.20 – Debt Instruments Issued (continued)

Commercial papers

Counterparty	Amount ThCh$	Interest rate %	Currency	Issue date	Maturity date
Citibank N,A,	10,887,800	0.30	USD	01/21/2014	04/22/2014
Goldman Sachs	27,219,500	0.30	USD	01/21/2014	04/22/2014
Merrill Lynch	10,887,800	0.30	USD	01/21/2014	04/22/2014
Citibank N,A,	2,711,650	0.30	USD	01/22/2014	05/14/2014
Wells Fargo Bank	13,558,250	0.30	USD	01/22/2014	05/14/2014
Wells Fargo Bank	27,116,500	0.30	USD	01/22/2014	05/14/2014
JP Morgan Chase	22,383,600	0.30	USD	02/05/2014	05/06/2014
Citibank N,A,	11,191,800	0.30	USD	02/05/2014	05/06/2014
Merrill Lynch	11,191,800	0.30	USD	02/05/2014	05/06/2014
Goldman Sachs	11,191,800	0.30	USD	02/05/2014	05/06/2014
Wells Fargo Bank	3,910,270	0.50	USD	03/06/2014	03/06/2015
Wells Fargo Bank	55,121,000	0.25	USD	05/14/2014	08/12/2014
Goldman Sachs	11,024,000	0.23	USD	05/28/2014	09/02/2014
Merrill Lynch	11,024,000	0.23	USD	05/28/2014	09/02/2014
Wells Fargo Bank	27,453,000	0.27	USD	05/29/2014	09/03/2014
JP Morgan Chase	54,984,000	0.30	USD	05/30/2014	09/03/2014
Wells Fargo Bank	21,993,600	0.38	USD	05/30/2014	09/26/2014
JP Morgan Chase	27,657,500	0.29	USD	06/04/2014	09/10/2014
Merrill Lynch	13,828,750	0.50	USD	06/04/2014	03/06/2015
JP Morgan Chase	27,710,000	0.31	USD	06/10/2014	09/15/2014
JP Morgan Chase	3,328,860	0.65	USD	06/11/2014	06/10/2015
Merrill Lynch	5,525,500	0.50	USD	06/23/2014	03/20/2015
Wells Fargo Bank	11,067,400	0.30	USD	07/08/2014	10/08/2014
Goldman Sachs	27,668,500	0.30	USD	07/08/2014	10/08/2014
JP Morgan Chase	55,337,000	0.30	USD	07/08/2014	09/26/2014
JP Morgan Chase	33,262,800	0.52	USD	07/11/2014	04/06/2015
Wells Fargo Bank	17,284,200	0.28	USD	08/12/2014	11/12/2014
Wells Fargo Bank	15,555,780	0.64	USD	08/12/2014	08/06/2015
Wells Fargo Bank	20,155,450	0.30	USD	08/13/2014	12/11/2014
JP Morgan Chase	58,860,000	0.31	USD	09/03/2014	12/03/2014
Wells Fargo Bank	52,974,000	0.35	USD	09/03/2014	01/12/2015
JP Morgan Chase	29,529,000	0.31	USD	09/10/2014	12/09/2014
JP Morgan Chase	29,811,500	0.31	USD	09/15/2014	12/15/2014
JP Morgan Chase	59,860,000	0.31	USD	09/26/2014	12/23/2014
Wells Fargo Bank	23,944,000	0.31	USD	09/26/2014	12/29/2014
Goldman Sachs	29,649,500	0.31	USD	10/08/2014	01/09/2015
Wells Fargo Bank	11,859,800	0.31	USD	10/08/2014	01/09/2015
Wells Fargo Bank	17,814,900	0.32	USD	11/12/2014	02/10/2015
JP Morgan Chase	47,664,430	0.35	USD	12/03/2014	03/03/2015
JP Morgan Chase	13,365,570	0.58	USD	12/03/2014	08/28/2015
JP Morgan Chase	30,690,000	0.35	USD	12/09/2014	03/09/2015
JP Morgan Chase	35,928,308	0.35	USD	12/15/2014	03/16/2015
Wells Fargo Bank	16,693,492	0.40	USD	12/15/2014	04/13/2015
Wells Fargo Bank	15,176,500	0.58	USD	12/29/2014	08/26/2016
Wells Fargo Bank	24,282,400	0.33	USD	12/29/2014	03/30/2015
Total December 2014	1,090,335,510				

No issues of subordinated bonds were made in 2014.

Note 39 – Additional notes (continued)

Note 39.20 – Debt Instruments Issued (continued)

During 2013, Banco de Chile placed bonds amounting to ThCh$1,607,265,955, corresponding to unsubordinated bonds, commercial papers and subordinated bonds amounting ThCh$1,093,749,135, ThCh$509,920,135 and ThCh$3,596,317 respectively, as follows:

Bonds

Series	Amount ThCh$	Term	Issue rate %	Currency	Issue date	Maturity date
BCHIUR1011	22,114,250	12	3.40	UF	01/08/2013	01/08/2025
BCHIUR1011	8,521,364	12	3.40	UF	01/09/2013	01/09/2025
BCHIUJ0811	1,572,019	8	3.20	UF	01/29/2013	01/29/2021
BCHIUZ1011	89,312,809	7	3.20	UF	01/31/2013	01/31/2020
BCHIAC1011	45,455,867	15	3.50	UF	02/28/2013	02/28/2028
BCHIAC1011	34,184,814	15	3.50	UF	03/26/2013	03/26/2028
BCHIUN1011	72,021,900	7	3.20	UF	04/08/2013	04/08/2020
BONO HKD	43,066,450	10	3.23	HKD	04/22/2013	04/24/2023
BONO CHF	100,371,400	5	1.13	CHF	04/26/2013	05/23/2018
BONO CHF	25,018,655	5	1.13	CHF	05/07/2013	05/23/2018
BONO CHF	122,380,313	3	0.60	CHF	06/11/2013	07/18/2016
BONO CHF	66,164,163	4	1.13	CHF	06/28/2013	05/23/2017
BCHIUU0212	68,379,487	12	3.40	UF	08/29/2013	08/29/2025
BCHIAU0213	69,745,600	12	3.60	UF	09/11/2013	09/11/2025
BCHIAG0213	46,585,157	5	3.40	UF	09/13/2013	09/13/2018
BONO HKD	45,132,558	15	4.25	HKD	10/08/2013	10/16/2028
BCHIAV0613	47,282,722	12	3.60	UF	10/16/2013	09/13/2025
BONO CHF	98,555,135	6	1.50	CHF	11/07/2013	12/03/2019
BONO JPY	57,715,560	3	0.74	JPY	11/25/2013	11/25/2016
BONO JPY	30,169,280	6	1.03	JPY	12/05/2013	03/18/2019
Total December 2013	1,093,749,503					

Note 39 – Additional notes (continued)

Note 39.20 – Debt Instruments Issued (continued)

Commercial papers

Counterparty	Amount ThCh$	Interest rate %	Currency	Issue date	Maturity date
Wells Fargo Bank	18,848,800	0.38	USD	01/07/2013	04/05/2013
Wells Fargo Bank	4,712,200	0.38	USD	01/07/2013	04/05/2013
Goldman Sachs	4,712,200	0.36	USD	01/07/2013	04/08/2013
Wells Fargo Bank	9,427,000	0.38	USD	01/09/2013	04/08/2013
Citibank N,A,	28,503,000	0.35	USD	01/15/2013	04/22/2013
Merrill Lynch	14,130,000	0.33	USD	01/22/2013	04/22/2013
Wells Fargo Bank	23,542,500	0.33	USD	02/14/2013	05/15/2013
JP Morgan Chase	9,417,000	0.33	USD	02/14/2013	05/15/2013
Citibank N,A,	9,417,000	0.33	USD	02/14/2013	05/15/2013
Goldman Sachs	9,417,000	0.32	USD	02/14/2013	05/15/2013
Goldman Sachs	28,303,800	0.32	USD	03/15/2013	06/14/2013
Citibank N,A,	9,198,735	0.32	USD	03/15/2013	06/14/2013
Citibank N,A,	9,444,200	0.32	USD	04/02/2013	06/28/2013
Goldman Sachs	9,444,200	0.33	USD	04/02/2013	07/02/2013
JP Morgan Chase	9,444,200	0.33	USD	04/02/2013	07/02/2013
Merrill Lynch	9,444,200	0.33	USD	04/02/2013	07/02/2013
Wells Fargo Bank	9,444,200	0.33	USD	04/02/2013	07/02/2013
Citibank N,A,	23,447,500	0.31	USD	04/05/2013	06/28/2013
Citibank N,A,	14,013,000	0.26	USD	04/09/2013	06/07/2013
Wells Fargo Bank	4,979,300	0.65	USD	07/17/2013	07/11/2014
Wells Fargo Bank	25,505,000	0.35	USD	09/03/2013	03/03/2014
Wells Fargo Bank	12,548,500	0.30	USD	09/17/2013	12/17/2013
Citibank N,A,	37,645,500	0.30	USD	09/17/2013	12/17/2013
Citibank N,A,	15,036,600	0.33	USD	09/25/2013	01/22/2014
Merrill Lynch	10,024,400	0.33	USD	09/25/2013	01/21/2014
Wells Fargo Bank	15,036,600	0.33	USD	09/25/2013	01/22/2014
Wells Fargo Bank	10,024,400	0.33	USD	09/25/2013	01/22/2014
Goldman Sachs	24,843,500	0.30	USD	10/18/2013	01/21/2014
Citibank N,A,	9,937,400	0.30	USD	10/18/2013	01/21/2014
Wells Fargo Bank	26,633,000	0.35	USD	12/02/2013	03/03/2014
Citibank N,A,	10,653,200	0.30	USD	12/02/2013	03/04/2014
Wells Fargo Bank	13,185,500	0.30	USD	12/17/2013	03/17/2014
Citibank N,A,	39,556,500	0.31	USD	12/17/2013	03/20/2014
Total diciembre de 2013	509,920,135				

Note 39 – Additional notes (continued)

Note 39.20 – Debt Instruments Issued (continued)

Subordinated bonds

Series	Amount ThCh$	Term	Issue rate %	Currency	Issue date	Maturity date
UCHI-G1111	3,596,317	25	3.75	UF	25/01/2013	25/01/2038
Total December 2013	3,596,317					

The Bank has not defaulted in the payment of principal or interest with respect to its debt instruments issued during 2014 and 2013. Neither has there been any non-compliance with covenants or other commitments associated with debt instruments issued.

Note 39 – Additional notes (continued)

Note 39.21 – Other Financial Obligations

As of December 31, 2014 and 2013, the composition is as follows:

	2014 ThCh$	2013 ThCh$
Other obligations in Chile	141,728,797	160,611,753
Obligations with the public sector	44,844,107	50,314,631
Other foreign obligations	—	—
Total	186,572,904	210,926,384

Note 39.22 - Provisions

a) As of December 31, 2014 and 2013, the composition is as follows:

	2014 ThCh$	2013 ThCh$
Provisions for minimum dividends shareholders SM-Chile	23,901,685	24,280,923
Provisions for minimum dividends other shareholders	100,853,128	76,413,615
Provisions for employee benefits & remuneration	81,516,049	67,943,679
Allowances for contingent credits risk	54,077,289	49,277,289
Provisions for contingencies:		
Additional loan allowances (*)	130,255,605	107,756,672
Provisions for country risk	2,959,070	1,770,241
Other provisions for contingencies	8,318,871	569,329
Total	401,881,697	328,011,748

(*) An additional allowance was made as of December 31, 2014 amounting to ThCh$22,498,933 (ThCh$10,000,000 in 2013). See Note 39.22 (b).

Note 39 – Additional notes (continued)

Note 39.22 - Provisions (continued)

(b) The following shows the movement in provisions during 2014 and 2013:

	Minimum dividend ThCh$	Employee benefits & remuneration ThCh$	Contingent credit risks ThCh$	Additional allowances ThCh$	Country risk & other contingencies ThCh$	Total ThCh$
Balance as of January 1, 2013	88,702,450	64,545,449	36,585,455	97,756,672	5,189,621	292,779,647
Provisions made	100,694,538	52,904,592	12,691,834	10,000,000	230,329	176,521,293
Application of provisions	(88,702,450)	(44,240,295)	—	—	(368,390)	(133,311,135)
Release of provisions	—	(5,266,067)	—	—	(2,711,990)	(7,978,057)
Balance as of December 31, 2013	100,694,538	67,943,679	49,277,289	107,756,672	2,339,570	328,011,748
Provisions made	124,754,813	60,382,587	4,800,000	22,498,933	9,168,700	221,605,033
Application of provisions	(100,694,538)	(46,810,217)	—	—	(230,329)	(147,735,084)
Release of provisions	—	—	—	—	—	—
Balance as of December 31, 2014	124,754,813	81,516,049	54,077,289	130,255,605	11,277,941	401,881,697

(c) Provisions for personnel benefits and remuneration:

	2014 ThCh$	2013 ThCh$
Provisions for vacation	23,727,329	21,895,364
Provisions for performance bonusses	29,677,753	31,999,996
Provisions severance payments	11,471,223	10,696,348
Provisions for other employee benefits	16,639,744	3,351,971
Total	81,516,049	67,943,679

d) Severance payments:

(i) Movement in severance payments:

	2014 ThCh$	2013 ThCh$
Present value of obligations at start of year	10,696,348	10,633,078
Increase in provision	1,018,671	792,644
Payments made	(643,850)	(895,552)
Payments advanced	—	—
Effect of change in factors	400,054	166,178
Total	11,471,223	10,696,348

(ii) Net cost of benefits:

	2014 ThCh$	2013 ThCh$
Increase in provision	578,372	287,266
Interest cost of benefit obligations	440,299	505,378
Effect of change in actuarial factors	400,054	166,178
Net cost of benefits	1,418,725	958,822

Note 39 – Additional notes (continued)

Note 39.22 - Provisions (continued)

d) Severance payments (continued)

(iii) Factors used in the calculation of the provision:

The principal assumptions used in the determination of severance payments for the Bank's plan are as follows:

	December 31, 2014 %	December 31, 2013 %
Discount rate	4.38	5.19
Wage increase rate	5.12	5.19
Probability of payment	99.99	99.99

The most recent actuarial valuation of the provision for severance payments was made at the close of the year ended December 31, 2014.

(e) Movement in provision for performance bonuses:

	2014 ThCh$	2013 ThCh$
Balances at January 1	31,999,996	29,648,607
Provisions made	26,971,385	29,419,633
Application of provisions	(29,293,628)	(27,068,244)
Release of provisions	—	—
Total	29,677,753	31,999,996

(f) Movement in provision for personnel vacations:

	2014 ThCh$	2013 ThCh$
Balances at January 1	21,895,364	20,841,541
Provisions made	6,267,642	5,233,642
Application of provisions	(4,435,677)	(4,179,819)
Release of provisions	—	—
Total	23,727,329	21,895,364

(g) Provision for employee benefits in shares:

As of December 31, 2014 and 2013, the Bank and its subsidiaries have no share compensation plan.

(h) Allowances for contingent credits:

As of December 31, the Bank and its subsidiaries maintain allowances for contingent credits of ThCh$54,077,289 in 2014 (ThCh$49,277,289 in 2013), as shown in Note 39.24 (d).

Note 39 – Additional notes (continued)

Nota 39.23 – Other liabilities

As of December 31, 2014 and 2013, the composition is as follows:

	2014 ThCh$	2013 ThCh$
Accounts & notes payable (*)	120,693,472	100,081,161
Advance payments received	5,946,580	4,592,114
Agreed dividends payable	664,501	1,145,463
Other liabilities		
Document trading operations (**)	45,580,009	108,379,613
Co-branding	43,291,182	32,084,828
VAT fiscal debit	13,604,985	13,158,404
Deferred leasing earnings	6,003,675	4,206,594
Operations pending	1,390,632	1,144,493
Insurance payments	283,518	475,976
Others	9,848,572	4,240,193
Total	247,307,126	269,508,839

(*) Include obligations that fall outside the business operations such as withholding taxes, social-security payments, balances due for materials purchases and provisions for expenses pending payment.

(**) Includes mainly the financing of simultaneous operations by the subsidiary Banchile Corredores de Bolsa S.A.

Note 39 – Additional notes (continued)

Note 39.24 - Contingencies and Commitments

a) Commitments and responsibilities booked in memorandum accounts:

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 book in memorandum accounts the following balances related to such commitments and business-related liabilities:

	2014 ThCh$	2013 ThCh$
Contingent liabilities		
Guarantees	412,474,086	491,464,925
Confirmed foreign letters of credit	136,845,531	68,631,484
Documentary letters of credit opened	152,582,247	166,848,960
Performance bonds	1,576,763,669	1,402,398,889
Committed lines of credit	6,084,098,422	5,436,937,976
Other credit commitments	14,433,660	—
Operations on behalf of third parties		
Documents for collection	305,383,841	357,672,406
Third-party funds managed by the Bank:		
Financial assets managed on behalf of third parties	13,152,940	1,310,904
Other assets managed on behalf of third parties	—	—
Financial assets acquired in own name	67,833,518	44,838,932
Other assets acquired in own name	—	—
Custody of securities		
Valuables held in custody with the Bank	7,488,897,137	7,342,425,397
Valuables in custody deposited in other entity	4,865,569,586	4,501,555,352
Total	21,118,034,637	19,814,085,225

The above only includes the most important balances.

Note 39 – Additional notes (continued)

Note 39.24 - Contingencies and commitments (continued)

b) Lawsuits and legal proceedings:

b.1) Normal judicial contingencies of the industry:

There are legal actions against the subsidiary Banco de Chile and its subsidiaries at the date of issue of these consolidated financial statements with respect to their ordinary course of business. These include a collective demand by the National Consumer Service in accordance with Law 19,496. This legal action contests some clauses of the Unified Contract of Personal Products with respect to the interest rates on lines of credit and the validity of tacit consent to changes in the rates, charges and other conditions in consumer contracts. There is also another collective demand presented by the Organization of Consumers and Users of Chile, seeking a declaration that clauses of the Unified Contract of Personal Products relating to services for the use of self-attention channels (internet, ATMs, telephone banking) and credit cards are abusive and therefore null, with respect to the user's obligation to maintain due diligence and care regarding secret passwords and their responsibility in case of disclosure to third parties and their use of such passwords. Among other considerations, the plaintiff believes that crimes of electronic fraud (Phishing and Pharming), whereby third parties appropriate secret passwords from users and the consequent appropriation of funds, should affect the banks and not customers.

In the management's opinion, it is not foreseen that this combination of cases is likely to result in significant losses not contemplated by the Bank and its subsidiaries in these consolidated financial statements. As of December 31, 2014, provisions have been established amounting to ThCh$8,072,600 (ThCh$339,000 in 2013), which form part of Provisions in the statement of financial position. The following shows the estimated dates of termination of the lawsuits:

	December 31, 2014					
	2015 ThCh$	2016 ThCh$	2017 ThCh$	2018 ThCh$	2019 ThCh$	Total ThCh$
Judicial contingencies	7,394,600	433,000	95,000	150,000	—	8,072,600

b.2) Contingencies for significant demands in the courts:

As of December 31, 2014 and 2013, there are no significant demands in the courts that affect or could affect these consolidated financial statements.

c) Guarantees granted for operations:

c.1) In the subsidiary Banchile Administradora General de Fondos S.A.:

In compliance with article 226 and subsequent articles of Law 18,045, 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 character the Bank has issued bank guarantees totaling UF 2,458,000, maturing January 9, 2015 (UF 2,515,500 maturing January 4, 2014 in December 2013).

Note 39 – Additional notes (continued)

Note 39.24 - Contingencies and commitments (continued)

c) Guarantees granted for operations (continued)

c.1) In the subsidiary Banchile Administradora General de Fondos S.A. (continued)

In addition, there are other performance bonds for guaranteed returns on certain mutual funds, totaling ThCh$35,861,541 as of December 31, 2014 (ThCh$75,474,613 in 2013).

The following is the detail of the performance bonds:

Fund	2014 ThCh$	Bond No.	2013 ThCh$	Bond No.
Fondo Mutuo Depósito Plus V Garantizado	9,975,697	001107-7	—	—
Fondo Mutuo Depósito Plus VI Garantizado	5,428,931	002506-8	—	—
Fondo Mutuo Small Cap USA Garantizado	5,197,488	008212-5	5,197,488	008212-5
Fondo Mutuo Chile Bursátil Garantizado	5,050,270	006034-3	5,050,270	006034-3
Fondo Mutuo Twin Win Europa 103 Garantizado	3,537,029	006035-1	3,537,029	006035-1
Fondo Mutuo Global Stocks Garantizado	2,963,852	007385-9	2,963,852	007385-9
Fondo Mutuo Europa Accionario Garantizado	2,059,206	006036-9	2,059,206	006036-9
Fondo Mutuo Second Best Europa China Garantizado	1,649,068	007082-7	1,649,068	007082-7
Fondo Mutuo Depósito Plus IV Garantizado	—	—	16,324,912	006392-7
Fondo Mutuo Depósito Plus Garantizado	—	—	14,240,818	330681-1
Fondo Mutuo Depósito Plus III Garantizado	—	—	12,936,706	006033-5
Fondo Mutuo Depósito Plus II Garantizado	—	—	9,308,392	006037-7
Fondo Mutuo Second Best Chile EEUU Garantizado	—	—	2,206,872	006032-7
Total	35,861,541		75,474,613	

In compliance with letter f) of SVS Circular 1,894 of September 24, 20008, the company has given a guarantee in favor of investors in portfolio management. This guarantee corresponds to a performance bond for UF100,000 with maturity on January 9, 2015.

c.2) In the 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 Generales S.A. that expires on April 22, 2016, whereby the Santiago Stock Exchange was appointed as the creditors' representative.

	2014 ThCh$	2013 ThCh$
Securities in guarantee:		
Shares in guarantee of simultaneous transactions on:		
Securities exchange of the Bolsa de Comercio de Santiago	17,158,107	16,946,362
Securities exchange of the Bolsa Electrónica de Chile	8,747,869	10,643,837
Fixed-income securities to guarantee CCLV system		
Securities exchange of the Bolsa de Comercio de Santiago	2,996,325	2,995,208
Fixed-income securities to guarantee loans of shares		
Securities exchange of the Bolsa Electrónica de Chile	—	68,294
Total	28,902,301	30,653,701

Note 39 – Additional notes (continued)

Note 39.24 - Contingencies and Commitments (continued)

c) Guarantees granted for operations (continued)

c.2) In the subsidiary Banchile Corredores de Bolsa S.A. (continued):

In accordance with the internal regulations of the stock exchanges in which it participates, and to ensure the broker's correct performance, the company has granted a pledge over one share of the Santiago Stock Exchange in favor of that institution, as recorded in public deed on September 13, 1990, signed before the Santiago public notary Raúl Perry Pefaur, and over one share in the Chilean Electronic Exchange in favor of that institution, as recorded in a contract entered into by both parties on May 16, 1990.

Banchile Corredores de Bolsa S.A. has an integral insurance policy with AIG Chile - Compañía de Seguros Generales S.A., expiring on January 2, 2015, that covers employee fidelity, physical losses, falsification or adulteration, and currency fraud with a cover equivalent to US$ 10,000,000.

According to instructions of Banco Central de Chile, a performance bond for UF10,500 has been given to comply with the contract SOMA (Contract for Open Market Operations System Service) of Banco Central de Chile. This performance bond is in UF for a fixed term and not endorsable, with expiry on July 17, 2015.

A performance bond No. 356114-4 for UF210,000 was given 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 9, 2015.

A cash guarantee was granted for US$122,494.32 to cover obligations contracted with Pershing, for operations made through this broker.

c.3) In the subsidiary Banchile Corredores de Seguros Ltda

In accordance with article 58, letter D, of D.F.L. 251, as of December 31, 2013, the entity has two insurance policies covering possible damages that it could affect it 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 contracted are the following:

Matter insured	**Amount Insured (UF)**
Responsibility for errors and omissions	60,000
Civil liability	500

Note 39 – Additional notes (continued)

Note 39.24 - Contingencies and Commitments (continued)

d) Allowances for contingent credits:

The following are the allowances made for the credit risk of contingent operations:

	2014 ThCh$	2013 ThCh$
Credit lines	34,715,369	31,663,746
Performance bonds	15,372,059	13,914,822
Guarantees	3,008,685	3,135,063
Letters of credit	639,191	563,658
Other credit commitments	341,985	—
Total	54,077,289	49,277,289

e) In the 11th Civil Court of Santiago, Banchile Corredores de Bolsa S.A. brought a claim against SVS Resolution 270 of October 30, 2014 whereby the SVS sanctioned the company with a fine of 50,000 Unidades de Fomento, believing that it had infringed article 53.2 of the Securities Law by acting as intermediary in sales of shares in SQM-A. In making the claim, Banchile deposited 25% of the amount of the fine. It is intended that the fine be left without effect.

In accordance with the company's current provisioning policy, it has made no provisions as sentence has not yet been given in these proceedings and also as the company's legal advisers believe there are solid arguments to support the claim.

Note 39 – Additional notes (continued)

Note 39.25 – Income and expenses for interest and indexation

a) The composition of interest and indexation income and expense at the close of the financial statements is as follows:

	2014				2013			
	Interest ThCh$	Indexation ThCh$	Prepayment commissions ThCh$	Total ThCh$	Interest ThCh$	Indexation ThCh$	Prepayment commissions ThCh$	Total ThCh$
Commercial loans	695,377,653	260,580,687	4,682,374	960,640,714	735,513,899	93,758,781	2,631,087	831,903,767
Consumer loans	560,540,858	4,228,845	9,132,612	573,902,315	558,364,698	1,282,870	8,339,072	567,986,640
Residential mortgage loans	216,548,601	276,363,657	4,345,949	497,258,207	193,134,776	92,037,055	3,719,226	288,891,057
Investment instruments	55,979,284	28,371,385	—	84,350,669	66,135,002	18,697,747	—	84,832,749
Repurchase agreements	1,354,816	—	—	1,354,816	1,645,194	564	—	1,645,758
Loans granted to banks	18,938,010	—	—	18,938,010	15,728,040	—	—	15,728,040
Other interest & indexation income	497,177	3,400,712	—	3,897,889	265,417	1,385,878	—	1,651,295
Total	1,549,236,399	572,945,286	18,160,935	2,140,342,620	1,570,787,026	207,162,895	14,689,385	1,792,639,306

The amount of interest and indexation income booked as received on the impaired portfolio during 2014 amounted to ThCh$9,013,190 (ThCh$8,733,870 in 2013).

b) The detail of suspended interest and indexation income at the year-end is the following:

	2014			2013		
	Interest ThCh$	Indexation ThCh$	Total ThCh$	Interest ThCh$	Indexation ThCh$	Total ThCh$
Commercial loans	9,854,139	2,402,850	12,256,989	8,899,439	751,003	9,650,442
Residential mortgage loans	1,609,089	1,592,624	3,201,713	1,341,945	744,131	2,086,076
Consumer loans	184,069	—	184,069	274,715	121	274,836
Total	11,647,297	3,995,474	15,642,771	10,516,099	1,495,255	12,011,354

Note 39 – Additional notes (continued)

Note 39.25 – Income and expenses for interest and indexation (continued)

c) The detail of interest and indexation expenses at the year-end, excluding hedge results, is the following:

	2014			2013		
	Interest ThCh$	Indexation ThCh$	Total ThCh$	Interest ThCh$	Indexation ThCh$	Total ThCh$
Time deposits & borrowings	327,155,841	104,061,056	431,216,897	437,402,997	43,047,346	481,633,739
Debt instruments issued	156,422,121	187,903,509	344,325,630	134,585,919	64,744,442	199,330,361
Other financial obligations	1,737,861	2,135,783	3,873,644	1,976,512	837,216	2,813,728
Repurchase agreements	9,479,294	102,399	9,581,693	13,148,590	—	13,148,590
Obligations with banks	7,165,743	286	7,166,029	13,791,290	55	13,791,345
Demand deposits	668,906	7,974,447	8,643,353	168,217	2,985,328	3,153,545
Other interest & indexation expenses	—	1,142,588	1,142,588	—	98,751	98,751
Total	502,629,766	303,320,068	805,949,834	601,073,525	111,713,138	713,970,059

(d) As of December 31, 2014 and 2013, 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.

	2014			2013		
	Revenue ThCh$	Expense ThCh$	Total ThCh$	Revenue ThCh$	Expense ThCh$	Total ThCh$
Accounting hedge fair value gain	5,409,153	—	5,409,153	14,278,292	—	14,278,292
Accounting hedge fair value loss	(6,706,900)	—	(6,706,900)	(11,150,733)	—	(11,150,733)
Accounting cash-flow hedge gain	79,007,305	96,039,804	175,047,109	6,525,636	14,014,715	20,540,351
Accounting cash-flow hedge loss	(177,968,116)	(75,214,443)	(253,182,559)	(31,098,148)	(3,449,982)	(34,548,130)
Result adjustment hedged element	(6,238,552)	—	(6,238,552)	(7,651,943)	—	(7,651,943)
Total	(106,497,110)	20,825,361	(85,671,749)	(29,096,896)	10,564,733	(18,532,163)

e) The summary of interest and indexation at the end of the years is as follows:

	2014 ThCh$	2013 ThCh$
Interest & indexation income	2,140,342,620	1,792,639,306
Interest & indexation expense	(805,949,834)	(712,786,663)
Sub total interest & indexation income	1,334,392,786	1,079,852,643
Result of accounting hedges (net)	(85,671,749)	(18,532,163)
Total net interest & indexation	1,248,721,037	1,061,320,480

Note 39 – Additional notes (continued)

Note 39.26 – Fee Income and Expense

The fee income and expense shown in the consolidated statements of comprehensive income refer to the following concepts:

	2014 ThCh$	2013 ThCh$
Fee income		
Card services	110,983,385	108,850,554
Investments in mutual funds or others	65,198,500	54,832,706
Collections & payments	49,373,407	51,586,830
Account administration	37,719,742	35,920,664
Credit lines & overdrafts	20,843,785	22,206,505
Use of distribution channel & internet	19,930,611	27,252,204
Insurance broking remuneration	19,673,558	18,839,989
Guarantees & letters of credit	19,147,355	17,611,310
Securities trading & management	15,527,486	17,526,243
Use of Banchile brand	13,152,195	12,550,832
Financial advisory	6,080,699	4,054,381
Others	9,819,853	15,500,032
Total fee income	387,450,576	386,732,250
Fee expenses		
Card operation remuneration	(88,479,568)	(75,082,797)
Interbank transactions	(11,779,426)	(9,807,973)
Collections & payments	(6,422,798)	(6,658,053)
Sale of mutual fund quotas	(3,378,550)	(2,318,305)
Securities operations	(2,851,643)	(3,102,965)
Sales force commissions	(1,884,528)	(2,007,361)
Others	(467,337)	(661,409)
Total fee expenses	(115,263,850)	(99,638,863)

Note 39 – Additional notes (continued)

Note 39.27 – Results of financial operations

The detail of the net gain (loss) on financial operations is as follows:

	2014 ThCh$	2013 ThCh$
Financial instruments for trading	27,873,680	25,433,580
Sale of instruments available for sale	18,102,079	14,880,431
Result of sale of loan portfolio	992,816	314,394
Derivatives trading	(55,954)	(1,088,453)
Net result of other operations	(17,453,007)	(28,455,581)
Total	29,459,614	11,084,371

Note 39.28 – Net exchange gain (loss)

The detail of foreign exchange results is as follows:

	2014 ThCh$	2013 ThCh$
Result of accounting hedges	68,476,058	65,802,419
Exchange difference, net	20,492,406	7,451,365
Foreign currency indexation	(18,744,512)	(1,796,499)
Total	70,223,952	71,457,285

Note 39 – Additional notes (continued)

Note 39.29 – Allowances for credit risk

The movement during 2014 and 2013 in allowances was as follows:

			Loans & Accounts Receivable from Customers											
	Due by banks		Commercial loans		Residential mortgage loans		Consumer loans		Total		Contingent credits		Total	
	2014 ThCh $	2013 ThCh$	2014 ThCh$$	2013 ThCh$	2014 ThCh$$	2013 ThCh$	2014 ThCh$$	2013 ThCh$	2014 ThCh$$	2013 ThCh$	2014 ThCh$$	2013 ThCh$	2014 ThCh$$	2013 ThCh$
Constitution of allowances:														
- Individual	—	(333,354)	(51,726,112)	(39,167,298)	—	—	—	—	(51,726,112)	(39,167,298)	(1,881,643)	(3,954,477)	(53,607,755)	(43,455,129)
- Group	—	—	(46,060,913)	(49,808,112)	(8,497,070)	(5,664,897)	(197,195,400)	(167,495,993)	(251,753,383)	(222,969,002)	(2,918,357)	(8,737,357)	(254,671,740)	(231,706,359)
Result of constitution of allowances	—	(333,354)	(97,787,025)	(88,975,410)	(8,497,070)	(5,664,897)	(197,195,400)	(167,495,993)	(303,479,495)	(262,136,300)	(4,800,000)	(12,691,834)	(308,279,495)	(275,161,488)
Release of allowances:														
- Individual	475,824	—	—	—	—	—	—	—	—	—	—	—	475,824	—
- Group	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Result of release of allowances	475,824	—	—	—	—	—	—	—	—	—	—	—	475,824	—
Net result of allowances	475,824	(333,354)	(97,787,025)	(88,975,410)	(8,497,070)	(5,664,897)	(197,195,400)	(167,495,993)	(303,479,495)	(262,136,300)	(4,800,000)	(12,691,834)	(307,803,671)	(275,161,488)
Additional allowances	—	—	(22,498,933)	(10,000,000)	—	—	—	—	(22,498,933)	(10,000,000)	—	—	(22,498,933)	(10,000,000)
Recovery of assets written off	—	—	14,272,252	13,922,427	2,152,362	1,927,102	29,884,693	27,698,149	46,309,307	43,547,678	—	—	46,309,307	43,547,678
Net result allowances for credit risk	475,824	(333,354)	(106,013,706)	(85,052,983)	(6,344,708)	(3,737,795)	(167,310,707)	(139,797,844)	(279,669,121)	(228,588,622)	(4,800,000)	(12,691,834)	(283,993,297)	(241,613,810)

In the opinion of the management, the allowances constituted for credit risk cover all possible losses that might arise from the non-recovery of assets, according to the information examined by the Bank.

Note 39 – Additional notes (continued)

Nota 39.30 – Staff Remuneration and Expenses

The composition of staff remuneration and expenses for the years 2014 and 2013 was as follows:

	2014 ThCh$	2013 ThCh$
Staff remuneration	201,595,543	189,032,576
Bonuses (*)	127,306,497	83,813,626
Meals & health benefits	24,263,113	22,631,443
Severance payments	11,895,424	10,522,976
Training expenses	2,639,130	2,876,660
Other staff expenses	16,997,432	14,536,107
Total	384,697,139	323,413,388

(*) See Note 39.3 (v).

Note 39.31 – Administrative Expenses

The composition of these as of December 31, 2012 and 2011 is as follows:

	2014 ThCh$	2013 ThCh$
General administrative expenses		
Data processing & communications	55,984,879	50,464,762
Maintenance & repair of fixed assets	30,367,671	28,066,637
Office rentals	21,522,229	20,176,303
Guards & valuables transport services	10,503,836	9,740,532
Office materials	8,350,010	8,374,916
External advisory	7,480,903	6,843,007
Rental of automated teller machine spaces	6,883,407	7,496,131
Staff representation & travel expenses	4,979,487	4,359,351
Lighting, heating & other utilities	4,415,773	4,394,440
Legal & notary costs	4,239,144	3,780,755
Insurance premiums	3,338,944	3,120,797
Postage & stamping expenses	2,539,887	2,891,611
Donations	2,358,188	1,929,286
Product house deliveries	2,304,473	1,430,314
Rental of equipment	1,182,524	1,203,904
Fees for professional services	667,852	591,982
Others	12,292,405	9,363,302
Sub total	179,411,612	164,228,030
Sub-contracted services		
Credit evaluation	21,916,327	23,471,397
Data processing	8,669,245	7,159,081
External technological development expenses	8,072,748	6,430,357
Technology certification & testing	5,476,096	4,313,976
Others	3,086,736	2,742,908
Sub total	47,221,152	44,117,719
Directors' expenses		
Directors' remuneration	2,234,765	2,110,491
Other board expenses	527,400	478,576
Sub total	2,762,165	2,589,067
Marketing expenses		
Publicity & advertising	29,430,706	29,052,678
Sub total	29,430,706	29,052,678
Taxes, contributions		
Contribution to the SBIF	7,609,351	6,948,913
Property taxes	2,412,621	3,100,605
Municipal taxes	1,254,936	1,675,163
Other taxes	434,243	789,466
Sub total	11,711,151	12,514,147
Total	270,536,786	252,501,641

Note 39 – Additional notes (continued)

Note 39.32 – Depreciation, Amortization and Impairment

(a) The charges to income for depreciation and amortization during 2014 and 2013 were:

	2014 ThCh$	2013 ThCh$
Depreciation & amortization		
Depreciation of fixed assets (Note 39.14 b)	22,148,776	19,280,018
Amortization of intangible assets (Note 39.13 b)	8,351,904	9,628,634
Total	30,500,680	28,908,652

(b) The composition of the charge for impairment as of December 31, 2014 and 2013 is as follows

	2014 ThCh$	2013 ThCh$
Impairment		
Impairment of investment instruments	—	—
Impairment of fixed assets (Note 39.14 b)	1,964,937	757,265
Impairment of intangible assets (Note 39.13 b) (*)	120,264	1,490,138
Total	2,085,201	2,247,403

(*) As of December 31, 2013, impairments of ThCh$1,461,796 were booked but have not been applied.

Note 39 – Additional notes (continued)

Note 39.33 – Other Operating Revenue

Other operating revenue of the Bank and its subsidiaries during 2014 and 2013 was as follows:

	2014 ThCh$	2013 ThCh$
Revenue from assets received in payment		
Gain on sale of assets received in payment	3,484,072	6,126,151
Other revenue	10,768	113,211
Sub total	3,494,840	6,239,362
Releases of provisions for contingencies		
Allowances for country risk	—	1,336,277
Other provisions for contingencies	—	1,375,713
Sub total	—	2,711,990
Other revenue		
Rentals received	8,083,457	7,440,180
Credit card other revenue	2,694,191	—
Correspondent bank rebates	2,525,141	2,264,097
Expense reimbursements	2,524,351	1,891,344
Release of various provisions	2,318,142	—
Difference sale of leasing assets	2,313,075	614,418
Monthly tax prepayments adjustment	1,909,910	941,026
Recovery international custody business expenses	1,262,967	—
Custody & trust services	194,292	200,804
Gain on sale of fixed assets	156,051	224,134
Foreign trade income	75,456	27,479
Sale of leasing assets written off	51,835	1,625,883
Indemnities received	19,621	901,243
Other	1,850,967	2,140,197
Sub total	25,979,456	18,270,805
Total	29,474,296	27,222,157

Note 39 – Additional notes (continued)

Note 39.34 – Other Operating Expenses

The following were other operating expenses of the Bank and its subsidiaries incurred in 2014 and 2013:

	2014 ThCh$	2013 ThCh$
Allowances and expenses for assets received in payment		
Write-offs of assets received in payment	1,621,751	1,891,001
Maintenance expenses of assets received in payment	487,297	502,145
Allowances for assets received in payment	259,823	50,926
Sub total	2,368,871	2,444,072
Allowances for contingencies		
Allowances for country risk	1,188,829	—
Other provisions for contingencies	7,749,542	581,985
Sub total	8,938,371	581,985
Other expenses		
Operational risk write-offs	5,076,227	4,144,559
Allowances & write-offs other assets	4,082,260	4,767,317
Leasing operating expenses & write-offs	1,689,407	320,716
Card administration	949,170	1,106,340
Allowance leased assets recovered	429,719	851,530
Mortgage-protection insurance	360,415	432,241
Civil lawsuits	286,491	209,063
Contribution other organisms	227,294	218,454
Loss on sale of fixed assets	670	4,787
Others	2,689,346	1,048,304
Sub total	15,790,999	13,103,311
Total	27,098,241	16,129,368

Note 39 – Additional notes (continued)

Note 39.35 - Operations with related parties

In the case of open corporations and their subsidiaries, related parties are those of the same business group as the company; legal entities which, with respect to the company, are the parent, major shareholder, subsidiary, associate; who are directors, managers, administrators, senior executives or liquidators of the company, on their own behalf or on behalf of persons other than the company, and their respective spouses or family to the second degree of blood or affinity relationship, and any entity controlled, directly or indirectly, through any of them; companies or businesses in which the above persons are owners, directly or through other persons or entities, of 10% or more of their capital, or directors, managers, administrators or senior executives; any person who alone or with others under a joint-management agreement can appoint at least one member of the administration of the company or controls 10% or more of the capital, or capital with voting rights in the case of a company by shares; those established in the bylaws of the company, or justifiably identified by the directors' committee; and those in which they have performed as director, manager, administrator, senior executive or liquidator of the company within the previous eighteen months.

Article 147 of the Corporations Law states that an open corporation may only carry out operations with related parties when their object is to contribute to the corporate interest, they reflect in price, terms and conditions those prevailing in the market at the time of their approval, and meet the requirements and procedures set out in this law.

Article 84 of the General Banking Law establishes limits on loans granted to related parties and prohibits the granting of loans to the Bank's directors, managers and general representatives.

Note 39 – Additional notes (continued)

Note 39.35 – Operations with Related Parties (continued)

a) Loans with related parties

The following details loans and accounts receivable, contingent liabilities and assets related to trading and investment securities, corresponding to related entities.

	Productive Companies (*)		Investment Companies (**)		Individuals (***)		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Loans & accounts receivable:								
Commercial loans	287,942,927	287,500,095	36,382,724	70,004,050	1,877,878	1,199,258	326,203,529	358,703,403
Residential mortgage loans	—	—	—	—	19,969,664	16,911,196	19,969,664	16,911,196
Consumer loans	—	—	—	—	4,110,501	3,789,586	4,110,501	3,789,586
Gross loans	287,942,927	287,500,095	36,382,724	70,004,050	25,958,043	21,900,040	350,283,694	379,404,185
Allowances for loans	(790,158)	(929,324)	(131,690)	(151,594)	(68,309)	(52,325)	(990,157)	(1,133,243)
Net Loans	**287,152,769**	**286,570,771**	**36,251,034**	**69,852,456**	**25,889,734**	**21,847,715**	**349,293,537**	**378,270,942**
Contingent credits:								
Guarantees	3,237,514	1,108,966	39,669	—	—	—	3,277,183	1,108,966
Letters of credit	1,344,149	3,389,848	—	—	—	—	1,344,149	3,389,848
Performance bonds	42,194,890	23,171,872	387,194	1,599,295	—	—	42,582,084	24,771,167
Committed credit lines	52,900,042	58,022,978	24,685,956	9,518,988	10,997,466	10,165,198	88,583,464	77,707,164
Total contingent credits	99,676,595	85,693,664	25,112,819	11,118,283	10,997,466	10,165,198	135,786,880	106,977,145
Allowances for contingent liabilities	(89,417)	(33,644)	(470)	(832)	—	—	(89,887)	(34,476)
Net contingent credits	**99,587,178**	**85,660,020**	**25,112,349**	**11,117,451**	**10,997,466**	**10,165,198**	**135,696,993**	**106,942,669**
Amounts covered by collateral								
Mortgages	28,810,596	27,122,392	54,778	54,778	13,404,931	14,475,870	42,270,305	41,653,040
Warrants	—	—	—	—	—	—	—	—
Pledges	12,500	12,500	—	—	6,500	6,500	19,000	19,000
Others (****)	2,602,148	2,849,023	17,299,900	17,299,900	9,505	9,505	19,911,553	20,158,428
Total collateral	**31,425,244**	**29,983,915**	**17,354,678**	**17,354,678**	**13,420,936**	**14,491,875**	**62,200,858**	**61,830,468**
Instruments acquired								
For trading	—	1,077,745	6,014,761	—	—	—	6,014,761	1,077,745
For investment	—	—	—	—	—	—	—	—
Total instruments acquired	**—**	**1,077,745**	**6,014,761**	**—**	**—**	**—**	**6,014,761**	**1,077,745**

(*) 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.

(**) Investment companies include those legal entities which do not meet the conditions of productive companies and are profit-oriented.

(***) Individuals include key members of the management, being those who directly or indirectly have authority and responsibility for planning, managing and controlling the organization's activities, 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 & other financial guarantees.

Note 39 – Additional notes (continued)

Note 39.35 – Operations with Related Parties (continued)

b) Other assets and liabilities with related parties:

	2014 ThCh$	2013 ThCh$
Assets		
Cash & bank deposits	10,478,153	12,691,836
Financial derivative contracts	85,225,538	76,532,190
Others	17,385,548	22,046,266
Total	113,089,239	111,270,292
Liabilities		
Demand deposits	220,602,708	123,150,968
Time deposits & other borrowings	423,012,381	230,400,505
Financial derivative contracts	123,569,098	85,693,905
Due to Banks	154,022,117	192,682,026
Others	26,204,726	23,835,669
Total	947,411,030	655,763,073

c) Revenue and expenses on operations with related parties (*):

	2014		2013	
	Revenue ThCh$	**Expense ThCh$**	**Revenue ThCh$**	**Expense ThCh$**
Type of revenue or expense booked				
Interest & indexation revenue & expense	23,872,719	17,929,248	21,280,416	14,951,335
Fees & services revenue & expense	56,153,663	40,879,092	70,847,867	35,897,450
Results of financial operations	130,605,653	144,403,326	130,344,034	177,691,805
Release or constitution of credit-risk allowances	140,958	—	81,055	—
Operational support costs	—	100,069,921	98	66,312,657
Other revenue & expense	631,075	83,325	553,450	27,319
Total	211,404,068	303,364,912	223,106,920	294,880,566

(*) This does not constitute a 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.

Note 39 – Additional notes (continued)

Note 39.35 – Operations with Related Parties (continued)

(d) Contracts with related parties:

With respect to an secondary offer of 6,700,000,000 ordinary Banco de Chile shares carried out on the local and international markets, on January 29, 2014 Banco de Chile as the issuer, LQ Inversiones Financieras S.A. as seller of the securities, and Citigroup Global Markets Inc,, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Deutsche Bank Securities Inc. and Banco BTG Pactual S.A. – Cayman Branch, as underwriters, signed an underwriting agreement whereby LQ Inversiones Financieras S.A. sold to the underwriters a portion of these shares. In addition, Banco de Chile and LQ Inversiones Financieras S.A. on the same date agreed the general terms and conditions under which Banco de Chile participated in this process.

There are no other contracts signed during 2014 and 2013 that correspond to habitual transactions with customers in general, when such contracts are for amounts greater than UF 1,000.

e) Payments to key management personnel:

During 2014 and 2013, key personnel have been paid a total remuneration of ThCh$39,433 (Th$38,285 in 2013).

f) Directors' expenses and remuneration

	Remuneration		Per diem for board meetings		Committee Adviser		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Director	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Andrónico Luksic Craig	115,214	110,387	—	—	—	—	115,214	110,387
Jorge Awad Mehech	—	—	2,557	2,469	—	—	2,557	2,469
Rodrigo Manubens Moltedo	—	—	1,278	1,235	—	—	1,278	1,235
Thomas Fürst Freiwirth	—	—	857	824	—	—	857	824
Total	115,214	110,387	4,692	4,528	—	—	119,906	114,915

As of December 31, 2014, SM-Chile made payments for concepts related to directors' remuneration of ThCh$ 119,906 (ThCh$114,915 in 2013). Banco de Chile and its subsidiaries have paid and accrued as a charge to income concepts related to directors' remuneration of ThCh$2,762,165 (ThCh$2,589,067 in 2013), in accordance with that approved by the shareholders' meeting.

Note 39 – Additional notes (continued)

Note 39.36 – 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 manager, financial management and control. The product control area has responsibility for the independent verification of the results of trading and investment operations 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 in the case of options. The entry parameters for the valuation correspond to rates, prices and volatility levels for different terms and market factors that are traded on the national and international markets.

(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 39 – Additional notes (continued)

Note 39.36 – Fair Value of Financial Assets and Liabilities (continued)

(iv) Valuation adjustments.

Two 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 other 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.

In calculating the liquidity adjustment, the position of each factor is considered 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 the valuation process, are within acceptable ranges of differences when comparing them with the same combination of parameters prepared independently by the product control area. Differences of value are thus obtained at the level of currency, product and portfolio which are compared against specific ranges for each level of grouping.

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 and performance control area 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) Reasoned analysis and management 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 a reasoned analysis is made to estimate as far as possible the reasonable value of the operation. Within the framework for the valuation described in the reasonable value policy approved by the board of Banco de Chile, the level of approval is established for carrying out transactions 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, in accordance with the above points, classifies its financial instruments at the following levels:

Note 39 – Additional notes (continued)

Note 39.36 – Fair Value of Financial Assets and Liabilities (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 so no assumptions are needed for their valuation.

This level includes currency forwards, securities of Banco Central de Chile and the Chilean Treasury, investments in mutual funds and shares.

For instruments of Banco Central de Chile 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 Santiago Stock Exchange: Pesos-02, Pesos-05, Pesos-07, Pesos-10, UF-02, 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.

There are observable daily market quotations (internal rates of return, quota value, price) for all these instruments, so it is unnecessary to make assumptions for valuation. 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 that used by the Santiago Stock Exchange and is the standard methodology used in the market.

Level 2: Financial instruments whose fair value is obtained from different variables to the quoted prices of Level 1 which are observable for assets and liabilities, directly (i.e. like prices) or indirectly (i.e. 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 derivatives, 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 Banco Central de Chile 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 the 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 quality of the credit of the counterparties, exchange rates and interest-rate curves.

Notes to the Consolidated Financial Statements
(Translation of financial statements originaly issued in Spanish – See Note 2)

Note 39 – Additional notes (continued)

Note 39.36 – Fair Value of Financial Assets and Liabilities (continued)

(a) Hierarchy of instruments valued at fair value (continued)

Level 2: (continued)

Valuation techniques and inputs:

Type of financial instrument	Valuation method	Description: Inputs & sources of information
Local bank & 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) & an issuer spread. The model considers daily prices & similarities of risk/maturity ratios between instruments.
Offshore bank & 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 daily prices
Local Banco Central & Treasury 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 daily prices
Mortgage-funding notes	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) & an issuer spread. The model considers daily prices & similarities of risk/maturity ratios between instruments.
Time deposits	Discounted cash flow method	Prices are obtained from suppliers of external prices that are normally used in the Chilean market. The model considers daily prices & similarities of risk/maturity ratios between instruments.
Cross-currency swaps, interest-rate swaps, FX forwards, Inflation forwards	Discounted cash flow method	Forward points, inflation forwards & local rate swaps are obtained from brokers, which are normally used in the Chilean market. Offshore rates & 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.

In considering that an entry data is corroborated by the market, this should meet minimum standards guaranteeing the robustness of the information (back testing). Until March 2014 this type of input was considered in Level 3. This change in criteria implied the reclassification from Level 3 to Level 2 as of December 2013 of ThCh$254,572,473.

Note 39 – Additional notes (continued)

Note 39.36 – Fair Value of Financial Assets and Liabilities (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.

During the second half of 2014, we have adopted the criterion of considering for Level 2 financial instruments whose entry data (originating from external suppliers) are corroborated by the market. It should be pointed out that in order for entry data to be considered as corroborated by the market, it should meet the minimum standards that guarantee the robustness of the information (back testing). Until March 2014 this type of input was considered as Level 3.

This change of criterion implied the following reclassifications in the information as of December 31, 2013:

	Level 2			Level 3		
Financial assets	**December 2013 ThCh$**	**Reclassification ThCh$**	**Adjusted 2013 ThCh$**	**December 2013 ThCh$**	**Reclassification ThCh$**	**Adjusted 2013 ThCh$**
Instruments for trading:						
State & Banco Central de Chile	33,611,091	—	33,611,091	—	—	—
Other instruments issued in Chile	255,596,602	2,913,810	258,510,412	5,352,976	(2,913,810)	2,439,166
Instruments issued abroad	—	—	—	—	—	—
Investments in mutual funds	—	—	—	—	—	—
Sub total	289,207,693	2,913,810	292,121,503	5,352,976	(2,913,810)	2,439,166
Investment instruments available for sale:						
State & Banco Central de Chile	422,532,501	—	422,532,501	—	—	—
Other instruments issued in Chile	714,749,286	219,351,848	934,101,134	296,327,061	(219,351,848)	76,975,213
Instruments issued abroad	—	32,306,815	32,306,815	33,985,781	(32,306,815)	1,678,966
Sub total	1,137,281,787	251,658,663	1,388,940,450	330,312,842	(251,658,663)	78,654,179
Total	1,426,489,480	254,572,473	1,681,061,953	335,665,818	(254,572,473)	81,093,345

Note 39 – Additional notes (continued)

Note 39.36 – Fair Value of Financial Assets and Liabilities (continued)

(b) Levels table

The following shows the classification by levels of the financial instruments booked at fair value.

	Level 1		Level 2		Level 3		Total	
	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$
Financial Assets								
Instruments for trading								
State & Banco Central de Chile	80,373,589	31,325,350	8,496,329	33,611,091	—	—	88,869,918	64,936,441
Other instruments issued in Chile	365,293	1,035,215	202,823,035	258,510,412	1,400,602	2,439,166	204,588,930	261,984,793
Instruments issued abroad	—	—	—	—	—	—	—	—
Investments in mutual funds	255,013,050	66,212,460	—	—	—	—	255,013,050	66,212,460
Sub total	335,751,932	98,573,025	211,319,364	292,121,503	1,400,602	2,439,166	548,471,898	393,133,694
Derivative contracts for trading								
Forwards	—	—	140,674,957	41,673,145	—	—	140,674,957	41,673,145
Swaps	—	—	609,843,743	291,428,903	—	—	609,843,743	291,428,903
Call options	—	—	2,583,170	2,300,567	—	—	2,583,170	2,300,567
Put options	—	—	286,700	599,695	—	—	286,700	599,695
Futures	—	—	—	—	—	—	—	—
Sub total	—	—	753,388,570	336,002,310	—	—	753,388,570	336,002,310
Accounting hedge derivative contracts								
Hedge of fair value (swaps)	—	—	100,641	714,226	—	—	100,641	714,226
Cash flow hedges (swaps)	—	—	78,703,059	37,970,947	—	—	78,703,059	37,970,947
Sub total	—	—	78,803,700	38,685,173	—	—	78,803,700	38,685,173
Investment instruments available for sale (1)								
State & Banco Central de Chile	86,065,579	163,874,711	253,259,113	422,532,501	—	—	339,324,692	586,407,212
Other instruments issued in Chile	—	—	1,017,961,888	934,101,134	179,377,816	76,975,213	1,197,339,704	1,011,076,347
Instruments issued abroad	58,376,445	42,236,710	3,210,832	32,306,815	1,937,789	1,678,966	63,525,066	76,222,491
Sub total	144,442,024	206,111,421	1,274,431,833	1,388,940,450	181,315,605	78,654,179	1,600,189,462	1,673,706,050
Total	480,193,956	304,684,446	2,317,943,467	2,055,749,436	182,716,207	81,093,345	2,980,853,630	2,441,527,227
Financial liabilities								
Derivative contracts for trading								
Forwards	—	—	128,116,617	65,395,911	—	—	128,116,617	65,395,911
Swaps	—	—	691,524,142	343,467,531	—	—	691,524,142	343,467,531
Call options	—	—	2,249,031	3,559,485	—	—	2,249,031	3,559,485
Put options	—	—	361,503	705,269	—	—	361,503	705,269
Futures	—	—	—	—	—	—	—	—
Sub total	—	—	822,251,293	413,128,196	—	—	822,251,293	413,128,196
Accounting hedge derivative contracts								
Hedge of fair value (swaps)	—	—	19,903,474	25,324,827	—	—	19,903,474	25,324,827
Cash flow hedges (swaps)	—	—	17,596,085	6,680,542	—	—	17,596,085	6,680,542
Sub total	—	—	37,499,559	32,005,369	—	—	37,499,559	32,005,369
Total	—	—	859,750,852	445,133,565	—	—	859,750,852	445,133,565

(1) As of December 31, 2014, 93% of the instruments grouped in Level 3 are investment grade. Also, 90% of the total of these financial instruments are local issuers.

Note 39 – Additional notes (continued)

Note 39.36 – 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:

	2014					
	Balance at Jan-01-14 ThCh$	Gain (Loss) Booked in income ThCh$	Gain (Loss) Booked in Equity ThCh$	Net of Puchases, sales & agreements ThCh$	Transfers To Level 1 & 2 ThCh$	Balance at Dec-31-14 ThCh$
Financial assets						
Instruments for trading						
Other Chilean institutions	2,439,166	(1,087,719)	—	49,155	—	1,400,602
Sub total	2,439,166	(1,087,719)	—	49,155	—	1,400,602
Investment instruments available for sale:						
Other Chilean institutions	76,975,213	6,229,292	784,147	64,425,749	30,963,415	179,377,816
Foreign institutions	1,678,966	270,032	(11,209)	—	—	1,937,789
Sub total	78,654,179	6,499,324	772,938	64,425,749	30,963,415	181,315,605
Total	81,093,345	5,411,605	772,938	64,474,904	30,963,415	182,716,207

	2013					
	Balance at Jan-01-13 ThCh$	Gain (Loss) Booked in income ThCh$	Gain (Loss) Booked in Equity ThCh$	Net of Puchases, sales & agreements ThCh$	Transfers To Level 1 & 2 ThCh$	Balance at Dec-01-13 ThCh$
Financial assets						
Instruments for trading						
Other Chilean institutions	—	1,037,748	—	1,401,418	—	2,439,166
Sub total	—	1,037,748	—	1,401,418	—	2,439,166
Investment instruments available for sale:						
Other Chilean institutions	79,895,788	3,198,718	8,847	(6,128,140)	—	76,975,213
Foreign institutions	10,023,471	49,809	(77,417)	(8,316,897)	—	1,678,966
Sub total	89,919,259	3,248,527	(68,570)	(14,445,037)	—	78,654,179
Total	89,919,259	4,286,275	(68,570)	(13,043,619)	—	81,093,345

Note 39 – Additional notes (continued)

Note 39.36 – 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 by type of instrument as of December 31 of those instruments classified in Level 3 to changes in the key valuation assumptions:

	2014		2013	
Financial assets	**Level 3 ThCh$**	**Sensitivity to changes in key assumptions of the model ThCh$**	**Level 3 ThCh$**	**Sensitivity to changes in key assumptions of the model ThCh$**
Instruments for trading				
Other instruments issued in Chile	1,400,602	(150,243)	2,439,166	(273,359)
Total	1,400,602	(150,243)	2,439,166	(273,359)
Investment instruments available for sale				
Other instruments issued in Chile	179,377,816	(3,542,290)	76,975,213	(894,904)
Instruments issued abroad	1,937,789	(66,805)	1,678,966	(24,983)
Total	181,315,605	(3,609,095)	78,654,179	(919,887)
Total	182,716,207	(3,759,338)	81,093,345	(1,193,246)

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 those key parameters for the valuation which are not directly observable on screens. 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 inputs 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 in so-called 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 39 – Additional notes (continued)

Note 39.36 – Fair Value of Financial Assets and Liabilities (continued)

e) Other assets and liabilities

The following summarizes the fair values of the main financial assets and liabilities that are not shown 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	
	2014 ThCh$	**2013 ThCh$**	**2014 ThCh$**	**2013 ThCh$**
Assets				
Cash & bank deposits	915,132,943	873,307,879	915,132,943	873,307,879
Operations pending settlement	400,081,128	374,471,540	400,081,128	374,471,540
Repurchase agreements & loans of securities	27,661,415	82,421,970	27,661,415	82,421,970
Sub total	1,342,875,486	1,330,201,389	1,342,875,486	1,330,201,389
Due by banks				
Banks in Chile	169,952,962	99,976,495	169,952,962	99,976,495
Banco Central de Chile	551,108,283	600,580,600	551,108,283	600,580,600
Banks abroad	434,302,899	361,498,637	434,302,899	361,498,637
Sub total	1,155,364,144	1,062,055,732	1,155,364,144	1,062,055,732
Loans & accounts receivable from customers				
Commercial loans	12,787,016,659	12,784,249,803	12,703,803,474	12,691,161,670
Residential mortgage loans	5,394,602,613	4,713,805,798	5,657,988,483	4,760,592,933
Consumer loans	3,162,963,367	2,886,418,638	3,170,640,209	2,914,188,357
Sub total	21,344,582,639	20,384,474,239	21,532,432,166	20,365,942,960
Total	23,842,822,269	22,776,731,360	24,030,671,796	22,758,200,081
Liabilities				
Demand deposits & other obligations	6,857,552,389	5,887,977,817	6,857,552,389	5,887,977,817
Operations pending settlement	96,945,511	126,343,779	96,945,511	126,343,779
Repurchase agreements & loans of securities	249,481,757	256,765,754	249,481,757	256,765,754
Time deposits & other borrowings	9,718,775,449	10,399,954,018	9,716,926,034	10,419,323,349
Obligations with banks	1,098,715,291	989,465,125	1,094,468,436	984,998,956
Other financial obligations	186,226,473	210,926,384	186,226,473	210,926,384
Sub total	18,207,696,870	17,871,432,877	18,201,600,600	17,886,336,039
Debt instruments issued				
Mortgage-funding notes	52,730,015	67,513,625	55,481,800	70,351,299
General-funding notes	11,584,264	18,976,800	12,188,530	19,774,515
Bonds	4,223,047,559	3,533,155,321	4,283,006,384	3,446,263,689
Subordinated bonds	770,594,854	747,006,698	782,528,825	739,183,616
Sub total	5,057,956,692	4,366,652,444	5,133,205,539	4,275,573,119
Total	23,265,653,562	22,238,085,321	23,334,806,139	22,161,909,158

Note 39 – Additional notes (continued)

Note 39.36 – 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 like 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 the use of various sources of data like yield curves, credit risk spreads, etc. In addition, as some of these assets and liabilities are traded on the market, periodic analyses and revisions are required to determine the suitability of the inputs and the fair values determined.

(f) Levels of other assets and liabilities

The following table shows the fair values of financial assets and liabilities not valued at fair value, as of December 31, 2014 and 2013:

	Level 1 Estimated fair value		Level 2 Estimated fair value		Level 3 Estimated fair value		Total Estimated fair value	
	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$
Assets								
Cash & bank deposits	915,132,943	873,307,879	—	—	—	—	915,132,943	873,307,879
Operations pending settlement	400,081,128	374,471,540	—	—	—	—	400,081,128	374,471,540
Repurchase agreements	27,661,415	82,421,970	—	—	—	—	27,661,415	82,421,970
Sub total	1,342,875,486	1,330,201,389	—	—	—	—	1,342,875,486	1,330,201,389
Due by banks								
Banks in Chile	169,952,962	99,976,495	—	—	—	—	169,952,962	99,976,495
Banco Central de Chile	551,108,283	600,580,600	—	—	—	—	551,108,283	600,580,600
Banks abroad	434,302,899	361,498,637	—	—	—	—	434,302,899	361,498,637
Sub total	1,155,364,144	1,062,055,732	—	—	—	—	1,155,364,144	1,062,055,732
Loans & accounts receivable customers								
Commercial loans	—	—	—	—	12,703,803,474	12,691,161,670	12,703,803,474	12,691,161,670
Residential mortgage loans	—	—	—	—	5,657,988,483	4,760,592,933	5,657,988,483	4,760,592,933
Consumer loans	—	—	—	—	3,170,640,209	2,914,188,357	3,170,640,209	2,914,188,357
Sub total	—	—	—	—	21,532,432,166	20,365,942,960	21,532,432,166	20,365,942,960
Total	2,498,239,630	2,392,257,121	—	—	21,532,432,166	20,365,942,960	24,030,671,796	22,758,200,081
Liabilities								
Demand deposits & other obligations	6,857,552,389	5,887,977,817	—	—	—	—	6,857,552,389	5,887,977,817
Operations pending settlement	96,945,511	126,343,779	—	—	—	—	96,945,511	126,343,779
Repurchase agreements	249,481,757	256,765,754	—	—	—	—	249,481,757	256,765,754
Term deposits & other obligations	—	—	—	—	9,716,926,034	10,419,323,349	9,716,926,034	10,419,323,349
Due to Banks	—	—	—	—	1,094,468,436	984,998,956	1,094,468,436	984,998,956
Other financial obligations	186,226,473	210,926,384	—	—	—	—	186,226,473	210,926,384
Sub total	7,390,206,130	6,482,013,734	—	—	10,811,394,470	11,404,322,305	18,201,600,600	17,886,336,039
Debt instruments issued								
Mortgage-funding notes	—	—	55,481,800	70,351,299	—	—	55,481,800	70,351,299
General funding notes	—	—	12,188,530	19,774,515	—	—	12,188,530	19,774,515
Bonds	—	—	4,283,006,384	3,446,263,689	—	—	4,283,006,384	3,446,263,689
Subordinated bonds	—	—	—	—	782,528,825	739,183,616	782,528,825	739,183,616
Sub total	—	—	4,350,676,714	3,536,389,503	782,528,825	739,183,616	5,133,205,539	4,275,573,119
Total	7,390,206,130	6,482,013,734	4,350,676,714	3,536,389,503	11,593,923,295	12,143,505,921	23,334,806,139	22,161,909,158

Note 39 – Additional notes (continued)

Note 39.36 – Fair Value of Financial Assets and Liabilities (continued)

f) Levels of other assets and liabilities (continued)

The Bank determines the fair value of these assets and liabilities as follows:

- Short-term assets and liabilities: It is assumed that book values approximate to fair values for these instruments. This assumption is applied to the following assets and liabilities:
  - Cash & deposits in banks
  - Operations pending settlement (asset)
  - Repurchase agreements (asset)
  - Due by banks
  - Demand deposits & other obligations
  - Operations pending settlement (liability)
  - Repurchase agreements (liability)
  - Other financial obligations

(g) Offsetting of financial assets and liabilities

The Bank trades 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 then offset the net value of those transactions in case of default of the respective counterparty. The Bank has also negotiated with counterparties an additional appendix (CSA credit support annex) which includes other credit mitigants 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.

The following shows a detail of contracts susceptible to offset:

	Fair value in balance sheet		Negative fair value contracts with right to offset		Positive fair value contracts with right to offset		Financial guarantees		Net fair value	
	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$	2014 ThCh$	2013 ThCh$
Financial derivative contract assets as of December 31	832,192,270	374,687,483	(169,572,934)	(42,314,571)	(267,053,233)	(116,094,800)	(49,804,447)	(31,650,703)	345,761,656	184,627,409
Financial derivative contract liabilities as of December 31	859,750,852	445,133,565	(169,572,934)	(42,314,571)	(267,053,233)	(116,094,800)	(124,418,161)	(39,101,807)	298,706,524	247,622,387

Note 39 – Additional notes (continued)

Note 39.37 – Maturities of Assets and Liabilities

The following shows the principal financial assets and liabilities grouped according to their remaining term, including accrued interest as of December 31, 2014 and 2013. Instruments for trading or available for sale are included at their fair value.

	2014						
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
Assets	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Cash & bank deposits	915,132,943	—	—	—	—	—	915,132,943
Operations pending settlement	400,081,128	—	—	—	—	—	400,081,128
Instruments for trading	548,471,898	—	—	—	—	—	548,471,898
Repurchase agreements & loans of securities	11,862,917	6,291,058	9,507,440	—	—	—	27,661,415
Financial derivative contracts	68,068,837	55,798,823	166,518,625	176,235,202	153,461,388	212,109,395	832,192,270
Due by banks (*)	809,564,477	79,583,289	248,840,319	18,192,700	—	—	1,156,180,785
Loans & accounts receivable from customers (*)	2,662,867,198	2,576,105,299	3,796,995,899	4,831,284,733	2,328,609,603	5,677,333,773	21,873,196,505
Investment instruments available for sale	211,689,753	163,824,211	472,944,128	82,763,122	123,316,961	545,651,287	1,600,189,462
Investment instruments held to maturity	—	—	—	—	—	—	—
Total financial assets	5,627,739,151	2,881,602,680	4,694,806,411	5,108,475,757	2,605,387,952	6,435,094,455	27,353,106,406

	2013						
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
Assets	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Cash & bank deposits	873,307,879	—	—	—	—	—	873,307,879
Operations pending settlement	374,471,540	—	—	—	—	—	374,471,540
Instruments for trading	393,133,694	—	—	—	—	—	393,133,694
Repurchase agreements & loans of securities	58,429,256	12,249,838	11,742,876	—	—	—	82,421,970
Financial derivative contracts	15,373,706	21,073,744	53,594,736	94,914,197	86,437,606	103,293,494	374,687,483
Due by banks (*)	791,112,986	116,967,542	155,267,668	—	—	—	1,063,348,196
Loans & accounts receivable from customers (*)	2,962,898,937	1,988,697,397	4,009,569,948	4,543,507,182	2,252,631,466	5,107,648,857	20,864,953,787
Investment instruments available for sale	116,321,969	63,918,533	184,939,590	442,170,321	466,246,576	400,109,061	1,673,706,050
Investment instruments held to maturity	—	—	—	—	—	—	—
Total financial assets	5,585,049,967	2,202,907,054	4,415,114,818	5,080,591,700	2,805,315,648	5,611,051,412	25,700,030,599

(*) These are shown without deduction of the respective allowances which amount to ThCh$$528,613,866 (ThCh$480,479,548 in 2013) for loans & accounts receivable from customers; and ThCh$816,641 (ThCh$1,292,464 en 2013) for sums due by banks.

Note 39 – Additional notes (continued)

Note 39.37 – Maturities of assets and liabilities (continued)

	2014						
	Up to 1 month	**1 to 3 months**	**3 to 12 months**	**1 to 3 years**	**3 to 5 years**	**Over 5 years**	**Total**
Liabilities	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Demand deposits & other obligations	6,857,552,389	—	—	—	—	—	6,857,552,389
Operations pending settlement	96,945,511	—	—	—	—	—	96,945,511
Repurchase agreements & loans of securities	249,322,773	158,984	—	—	—	—	249,481,757
Time deposits & other obligations (**)	4,851,928,969	1,969,861,412	2,559,792,926	148,527,199	166,287	187,612	9,530,464,405
Financial derivative contracts	37,951,096	47,778,820	166,064,275	208,200,282	147,077,859	252,678,520	859,750,852
Obligations with Banks	61,021,504	159,372,089	678,066,616	200,255,082	—	—	1,098,715,291
Debt instruments issued:							
Funding notes	4,036,448	4,108,892	10,142,935	20,486,751	12,406,643	13,132,610	64,314,279
Bonds	239,132,132	294,460,296	353,568,294	475,426,932	973,509,128	1,886,950,777	4,223,047,559
Subordinated bonds	2,050,110	2,786,101	36,462,511	178,297,779	50,345,172	500,653,181	770,594,854
Provision for payment of subordinated obligation with Banco Central de Chile	—	—	142,855,888	—	—	—	142,855,888
Other financial obligations	142,093,563	445,236	3,878,886	7,995,902	14,350,351	17,462,535	186,226,473
Total financial liabilities	12,542,034,495	2,478,971,830	3,950,832,331	1,239,189,927	1,197,855,440	2,671,065,235	24,079,949,258

	2013						
	Up to 1 month	**1 to 3 months**	**3 to 12 months**	**1 to 3 years**	**3 to 5 years**	**Over 5 years**	**Total**
Liabilities	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Demand deposits & other obligations	5,887,977,817	—	—	—	—	—	5,887,977,817
Operations pending settlement	126,343,779	—	—	—	—	—	126,343,779
Repurchase agreements & loans of securities	249,548,352	7,217,402	—	—	—	—	256,765,754
Time deposits & other obligations (**)	4,872,665,334	2,193,563,475	2,948,200,541	207,346,692	135,325	31,174	10,221,942,541
Financial derivative contracts	26,752,328	37,007,562	95,581,828	96,757,148	67,741,855	121,292,844	445,133,565
Obligations with Banks	99,552,635	359,752,433	262,574,085	267,585,972	—	—	989,465,125
Debt instruments issued:							
Funding notes	4,552,989	4,965,947	13,534,299	27,826,464	16,094,891	19,515,835	86,490,425
Bonds	287,732,444	117,008,046	47,270,711	471,230,334	797,584,709	1,812,329,077	3,533,155,321
Subordinated bonds	1,558,105	2,476,376	34,865,303	162,382,280	47,890,233	497,834,401	747,006,698
Provision for payment of subordinated obligation with Banco Central de Chile	—	—	145,122,601	—	—	—	145,122,601
Other financial obligations	161,053,717	900,734	4,948,169	8,736,250	13,502,898	21,784,616	210,926,384
Total financial liabilities	11,717,737,500	2,722,891,975	3,552,097,537	1,241,865,140	942,949,911	2,472,787,947	22,650,330,010

(**) Excludes term saving accounts, which amount to ThCh$188,311,044 (ThCh$178,011,477 as of December 31, 2012),

Note 39 – Additional notes (continued)

Note 39.38 –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 each of the different types of 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 of them. 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 different 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, Operating Risk and Senior Operational Risk committees which revise the state of the credit and market 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 staff understand their roles and obligations.

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(1) Introduction (continued)

(a) Risk management structure (continued)

(ii) Finance, International and Financial Risk Committee

The principal purpose of the Finance, International and Financial Risk Committee is to revise the financial exposures and market risks, of price and liquidity, emphasizing the control of risks with respect to limits and/or warnings, both internal and of a regulatory nature. Knowledge of the present state of financial exposures permits estimating potential future losses in the event of adverse movements in the principal market variables (exchange and interest rates and volatility of options) or tightness of liquidity, under both the conditions observed in the past with a certain level of confidence and in the face of simulations of severe stress scenarios.

The Committee also revises the estimated results that these financial exposures have generated during the month and the results reported during the year, in order to measure the risk-return ratio of the businesses associated with the management of Treasury's financial positions, the evolution in the use of capital and the estimate of the credit exposure of Treasury transactions, like positions in bonds and the principal credit exposures generated by trading in derivatives.

The Committee is responsible for the design of policies and procedures relating to the establishment of limits and warnings of financial exposures, as well as their correct and timely measurement, control and reporting. The policies and procedures are later submitted for the approval of the board of the Bank.

The members of the Finance, International and Financial Risk Committee are the chairman of the board, four directors, the chief executive officer, manager of the corporate risk division, the manager of the corporate banking and investments division, the manager of the Corporate and Investment Banking Division, the manager of the Treasury Division and the manager of the Financial Risk area.

The Committee meets in ordinary sessions once a month and may meet extraordinarily at the request of the chairman, directors or chief executive.

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(1) Introduction (continued)

(a) Risk management structure (continued)

(iii) Credit committees

The Bank's corporate governance structure contemplates different credit committees, responsible for the credit decisions. The members of these committees are suitable professionals, with experience and sufficient powers to take the required decisions, according to the commercial segments and types of risks submitted for approval.

Each committee is responsible for defining the terms and conditions by which Banco de Chile accepted counterparty risks. The Corporate Risk Division takes part in them independently and autonomously from the commercial areas.

The maximum level of approval is the Directors' Credit Committee, consisting of the chief executive, the manager of the Corporate Risk Division and at least three directors, which revises weekly all operations exceeding UF 750,000. The attendance of directors is not limited to the number of directors required, so each and every one of the directors may take part in the Directors' Credit Committee.

(iv) Portfolio Risk Committee

The principal function of this committee is to know the evolution of the composition of the Bank's loan portfolio from a global perspective, i.e. by economic sectors, business segments, products, term and everything necessary for having a broad vision of the counterparty risk assumed. The committee revises in detail the principal exposures by economic groups, debtors and behavior parameters like overdue, past-due and impaired portfolio, write-offs and allowances of the loan portfolio for each segment, and also monitors the sector concentration and its evolution in accordance with the sector limits policy.

This committee's mission is to approve and propose differentiated risk-management strategies to the board. This includes credit policies, portfolio evaluation methodologies, and the calculation of allowances to cover expected losses, plus methodologies for determining anti-cyclical additional allowances. It is also responsible for seeing the analysis of sufficiency of allowances, authorizing extraordinary write-offs when recovery efforts have been exhausted and controlling the liquidation of assets received in lieu of payment. It also revises the methodological guidelines for the development of credit-risk models that are evaluated in the technical committee for the supervision of internal models.

The Portfolio Risk Committee meets monthly and is composed of the chairman of the board, two directors, the chief executive officer, the manager of Corporate Risk Division, the manager of Retail Risk Division, the Risk Architecture area manager and the head of the Information Intelligence area. The committee may be called extraordinarily at the request of the chairman, two directors or the chief executive.

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(1) Introduction (continued)

(a) Risk management structure (continued)

(v) Operational Risk Committee

The mission of the Operational Risk Committee is to define and prioritize the principal strategies for mitigating operational risk events and ensuring the implementation of the management model, establish levels of tolerance and risk appetite, check compliance with the programs, policies and procedures relating to the privacy and security of information, business continuity and operational risk of Banco de Chile.

The members of the Operational Risk Committee are the chief executive officer, the manager of the Corporate Risk Division, the manager of the Financial Management and Control Division, the manager of the Operations and Technology Division and the manager of the Operational and Technological Risk area. The manager of the Comptroller Division, the manager of the Customers area, the manager, Legal Counsel and the manager of the Safety and Risk Prevention area have also the right to speak at meetings.

(vi) Senior Operational Risk Committee

The functions of the Senior Operational Risk Committee include knowing the level of operational risk exposure of Banco de Chile, analyzing the effectiveness of the strategies adopted to mitigate events of operational risk, approving strategies and policies prior to the board, promoting actions for a suitable management and mitigation of operational risk, reporting to the board on these matters, checking compliance with regulations and the policy in order to ensure the Bank's solvency over the long term, avoiding risk factors that could endanger the Bank's continuity.

The members of the Senior Operational Risk Committee are the chairman of the board, a director, the chief executive, the manager of the Corporate Risk Division, the manager of the Operations and Technology Division and the manager of Operational and Technological Risk.

(vii) Corporate Risk Division

Banco de Chile has a team with wide experience and knowledge in every matter related to credit, market, operational and technological risks to ensure their comprehensive and consolidated management, including the Bank and its subsidiaries, identifying and evaluating the risks generated in their customers, its own operation and their suppliers. The focus is placed on the future, seeking to determine, with different techniques and tools, the potential changes that could affect the solvency, liquidity, correct operation or reputation of Banco de Chile.

Regarding credit risk management, the Corporate Risk Division controls the quality of the portfolio and optimization of the risk-return ratio for all the retail and corporate segments, managing their phases of approval, follow-up and recovery of loans granted.

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(1) Introduction (continued)

(b) Internal Audit

Risk management processes throughout Banco de Chile are continually audited by the Internal Audit Area, 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 directors through the Audit Committee.

(c) Measurement Methodology

In terms of credit risk, the levels of allowances and the cost of portfolio are basic measurements for determining the credit quality of the portfolio.

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.

The Bank's chief executive receives daily, and the Finance, International and Market Risk Committee monthly, the evolution of the state of the Bank's pricing and liquidity risks, both against internal measurements and those of the regulators.

The board is presented annually with an allowances sufficiency test. This test attempts to show whether the Bank's present level of allowances, both for the individual and group portfolios, is sufficient, based on historic losses or impairments suffered by the portfolio. The board has to formally pronounce on their sufficiency.

(2) Credit Risk

Credit risk is the risk of financial loss the Bank faces if a customer or counterparty of a financial instrument fails to meet its contractual obligations, which arise mainly from accounts receivable from customers, investment instruments and financial derivatives.

This risk is managed through a global and unified strategy oriented to the future which recognizes the present and projected economic environment of the markets and segments, giving to each one the pertinent credit treatment, and using risk limits it is prepared to accept for counterparties.

It is therefore inherent to the business and its management to integrate each segment in which the corporation operates, in order to obtain an optimum balance between the risks assumed and the returns obtained. Capital is thus assigned to each line of business, always ensuring compliance with the regulations and criteria defined by the board, in order to have a suitable capital base for possible losses that might derive from credit exposure.

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(2) Credit Risk (continued)

Counterparty limits are set following an analysis of the financial information, credit rating, nature of the exposure, degree of documentation, collateral, market and sector conditions, etc. The credit-quality follow-up process provides an early identification of possible changes in the payment capacity of the counterparties, permitting the Bank to evaluate the resultant potential loss of the risks and take corrective actions.

(a) Approval Process

The analysis and approval of Bank loans operate under a differentiated approach because of the different nature of the various segments, characterized by different fundamentals in their variables of their financial structure and payment ability. However, all approval processes involve the following concepts:

- Policies and procedures
- Specialization and experience levels of the participants in the process
- Types and depth of technological platforms required
- Type of model/ predictive indicators for each segment (scoring or rating)

There are three types of approval models based on the above dimensions:

Automated model: This methodology is used to evaluate mass credit requests in the segments of individuals without businesses, the Commercial Banking area and Credichile. The basic pillars for this approval model are the following:

- Minimum credit profile
- Credit limits
- Target market.

The credit profile is qualified through statistical credit scoring models which are different for Commercial Banking and Credichile. Each banking area is sub-segmented and specific according to the different kinds of customers of the commercial areas. The suitable predictive capacity of these statistical models is fundamental in determining correctly the risk or loss of the portfolio during different economic cycles. This forces the constant review of their quality and performance according to current market conditions and when these change.

Credit limits set the maximum exposure the Bank is prepared to accept with each customer in its different products, taking into account debts with other financial institutions. These parameters are defined according to the risk profile and the segment or level of income of each customer. The correct determination of the borrowing capacity of each type of customer is very important, especially in more restrictive economic cycles characterized by higher unemployment or reductions in customers' income levels.

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(2) Credit Risk (continued)

(a) Approval Process (continued)

The definition of the taget market is an elemental dimension for directing the commercial efforts and business strategies. The most efficient offer of products permits maximizing individual exposure and expected returns.

Parametric model:
This type of model is used mainly for SME market. Parametric methods have been developed for this segment for evaluation and approval according to the characteristics of this type of customer. The objective is to combine the particularities of a mass segment through the use of a parametric model and an analysis case by case considering the attributes of the different customers making up this market. The model therefore considers three fundamental pillars for evaluating customers:

- Internal and external bahavior.
- Financial analysis
- Evaluation of the business and experience of the owners and/or the management

The parametric evaluation process provides a category that measures the credit quality of the customer through a rating which is directly related to the credit attributions required for approval of each operation.

Those cases where it is not possible to evaluate through a rating, because of little or poor quality available information, are revised directly without exception by the Risk area, which makes the credit assessment using its expert criteria. Internal audits are performed constantly to ensure the quality of the information used in the preparation of the ratings.

The Corporate Risk Division also has specialized units for generating pre-approved credit offers for the retail and SME segments. These mass assessment processes use statistical models and apply strategies according to the different groups of customers. These strategies are calibrated according to the evolution of macroeconomic variables and customers´ behavior. The processes are constantly providing the commercial areas with a very important tool for good commercial management and attention to most attractive customers.

Case-by-case model: This is applied to customers of the wholesale market. It consists of an individual evaluation which considers the level of risk, the amount or complexity, the prospects of the business and financial analysis, among other variables. This process is also supported by a rating model which gives greater standardization in the evaluation and determines the level of credit attributions required.

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(2) Credit Risk (continued)

(a) Approval Process (continued)

The Bank has a consolidated process and team, with considerable experience and specialization in credit approval for the various segments and sectors in which the Bank is present, employing a medium and long-term view of the different industries and customers. In order for the approval process to be more effective in improving the quality of evaluation and optimizing customer response times, the complete process carried out jointly by the risk and the commercial areas through different attention models to the commercial lines.

There are also specialized areas in some segments that by their nature require expert knowledge (real estate, construction, farming, financial and other sectors, with ad hoc consultancies when they are very specific), which also support the processing of operations, having different tools especially designed according to the particular characteristics of the businesses and their respective risks.

While there are areas dedicated to follow-up, the approval areas are constantly developing follow-up work for monitoring jointly the progress of the operations from their gestation to their recovery in order to ensure that the portfolio risks are suitably recognized.

(b) Control and Follow-up

(b.i) Corporate Market

In the corporate market, control and follow up are carried out through a combination of systematic processes, based on parametric indicators for the SMEs and special controls for large companies, to verify the normal development of their businesses over time. These are some of them:

- Delinquencies management, supported by information of predictive indicators of risk level, with follow up and action plans in the case of more important customers, plus the management of differentiated early recovery strategies.
- Compliance controls of customers with loan covenants.
- Systematic follow up of financial indicators, variables of credit behavior and financial figures of the corporations.
- Control of particular conditions and restriction of credits.
- Portfolio classification management, which determines risk and required rate of allowances, according to general rules established by the SBIF and the Bank’s specific criteria, allowing the correct application to customers needing case-by-case revision.
- Management of portfolio in special follow-up through periodic committees and permanent monitoring, allowing the setting of action plans for entities that presents risk warnings.
- Fast portfolio revision, determining customers potentially affected by the impact generated by a change in important macroeconomic variables in a sector or segment of specific activity.

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(2) Credit Risk (continued)

(a) Approval Process (continued)

(b.ii) Retail Market:

In the retail market, control and follow-up focus on permanent monitoring of the principal indicators of risk and portfolio quality. The main indicators include:

- Follow up of the expected loss of the portfolio through back-test measurements of the performance of group allowances models.
- Litter analysis of new customers and respective decomposition of default rate by type of product, segment and approval strategy.
- Follow-up of default rates by early and late phases by varied dimensions, basically for the early detection of sources of potential risk greater than expected in the portfolio.
- Rates of approval and rejection of requests presented in the first instance and through appeal, with details of information by different explicative attributes.
- Follow-up of mortgage portfolio according to policy variables, tranches (loan to collateral ratio), term, customers' repayments/income ratio, segments, etc.

Risk segmentation strategies are defined in the collection processes which are compatible with a suitable service quality and maximization of recovery in customers' different delinquency stages.

(c) Derivative Instruments

The value of derivative financial instruments is at all times reflected in the systems used for the management and valuation of these portfolios. In addition, the risk generated by these, determined according to SBIF models, is controlled against credit lines at the start of each transaction.

(d) Portfolio Concentration

The maximum exposure to credit risk, without considering collateral and other credit improvements, by customer or counterparty as of December 31, 2014 and 2013 does not exceed 10% of the Bank's effective equity.

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(2) Credit Risk (continued)

(d) Portfolio Concentration (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, 2014:

	Chile MCh$	United States MCh$	Brazil MCh$	Others MCh$	Total MCh$
Financial assets					
Cash & bank deposits	636,423	257,476	—	21,234	915,133
Instruments for trading					
State & Banco Central de Chile	88,870	—	—	—	88,870
Other instruments issued in Chile	204,588	—	—	—	204,588
Instruments issued abroad	—	—	—	—	—
Investments in mutual funds	255,013	—	—	—	255,013
Sub total	548,471	—	—	—	548,471
Repurchase agreements & loans of securities	27,360	—	—	301	27,661
Derivative contracts for trading					
Forwards	120,718	3,065	—	16,893	140,676
Swaps	399,087	138,894	—	71,862	609,843
Call options	2,263	—	—	320	2,583
Put options	286	—	—	1	287
Futures	—	—	—	—	—
Sub total	522,354	141,959	—	89,076	753,389
Accounting hedge derivative contracts					
Forwards	—	—	—	—	—
Swaps	17,848	23,389	—	37,567	78,804
Call options	—	—	—	—	—
Put options	—	—	—	—	—
Futures	—	—	—	—	—
Sub total	17,848	23,389	—	37,567	78,804
Due by banks					
Banco Central de Chile	551,108	—	—	—	551,108
Banks in Chile	170,014	—	—	—	170,014
Banks abroad	—	—	268,141	166,918	435,059
Sub total	721,122	—	268,141	166,918	1,156,181
Loans & accounts receivable from customers					
Commercial loans	12,915,159	—	33,295	159,782	13,108,236
Residential mortgage loans	5,418,623	—	—	—	5,418,623
Consumer loans	3,349,789	—	—	—	3,349,789
Sub total	21,683,571	—	33,295	159,782	21,876,648
Investment instruments available for sale					
State & Banco Central de Chile	339,324	—	—	—	339,324
Other instruments issued in Chile	1,197,340	—	—	—	1,197,340
Instruments issued abroad	—	58,376	5,149	—	63,525
Sub total	1,536,664	58,376	5,149	—	1,600,189
Investment instruments held to maturity	—	—	—	—	—

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(2) Credit Risk (continued)

(d) Portfolio Concentration (continued)

	Financial services MCh$	Banco Central de Chile MCh$	Govern-ment MCh$	Individuals MCh$	Commerce MCh$	Manu-facturing MCh$	Mining MCh$	Electricity, gas & water MCh$	Agriculture & livestock MCh$	Forestry MCh$	Fishing MCh$	Transport & tele-communications MCh$	Construction MCh$	Services MCh$	Others MCh$	Total MCh$
Financial assets																
Cash & bank deposits	767,918	147,215	—	—	—	—	—	—	—	—	—	—	—	—	—	915,133
Instruments for trading																
State & Banco Central de Chile	—	16,902	71,968	—	—	—	—	—	—	—	—	—	—	—	—	88,870
Other instruments issued in Chile	203,237	—	—	—	1,351	—	—	—	—	—	—	—	—	—	—	204,588
Instruments issued abroad	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Investments in mutual funds	255,013	—	—	—	—	—	—	—	—	—	—	—	—	—	—	255,013
Sub total	458,250	16,902	71,968	—	1,351	—	—	—	—	—	—	—	—	—	—	548,471
Repurchase agreements & loans of securities	19,610	—	—	—	—	—	—	—	80	—	—	—	29	287	7,655	27,661
Derivative contracts for trading																
Forwards	133,163	—	—	—	1,475	3,514	1,144	48	615	—	50	443	2	185	37	140,676
Swaps	550,858	—	—	—	9,273	12,514	7,335	20,139	6,108	—	185	1,708	1,050	673	—	609,843
Call options	819	—	—	—	177	1,180	190	—	137	—	—	25	21	34	—	2,583
Put options	121	—	—	—	88	42	—	—	7	—	—	—	29	—	—	287
Futures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sub total	684,961	—	—	—	11,013	17,250	8,669	20,187	6,867	—	235	2,176	1,102	892	37	753,389
Hedge accounting derivative contracts																
Forwards	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Swaps	78,804	—	—	—	—	—	—	—	—	—	—	—	—	—	—	78,804
Call options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Put options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Futures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sub total	78,804	—	—	—	—	—	—	—	—	—	—	—	—	—	—	78,804
Due by banks																
Banco Central de Chile	—	551,108	—	—	—	—	—	—	—	—	—	—	—	—	—	551,108
Banks in Chile	170,014	—	—	—	—	—	—	—	—	—	—	—	—	—	—	170,014
Banks abroad	435,059	—	—	—	—	—	—	—	—	—	—	—	—	—	—	435,059
Sub total	605,073	551,108	—	—	—	—	—	—	—	—	—	—	—	—	—	1,156,181
Loans & accounts receivable from customers																
Commercial loans	1,873,155	—	—	—	2,375,322	1,498,904	356,363	442,066	946,795	—	261,189	1,668,103	1,423,597	1,565,777	696,965	13,108,236
Residential mortgage loans	—	—	—	5,418,623	—	—	—	—	—	—	—	—	—	—	—	5,418,623
Consumer loans	—	—	—	3,349,789	—	—	—	—	—	—	—	—	—	—	—	3,349,789
Sub total	1,873,155	—	—	8,768,412	2,375,322	1,498,904	356,363	442,066	946,795	—	261,189	1,668,103	1,423,597	1,565,777	696,965	21,876,648
Investment instruments available for sale																
State & Banco Central de Chile	—	178,549	160,775	—	—	—	—	—	—	—	—	—	—	—	—	339,324
Other instruments issued in Chile	1,059,043	18,675	—	—	19,025	—	7,288	34,546	51,191	—	—	5,859	1,713	—	—	1,197,340
Instruments issued abroad	58,376	—	—	—	5,149	—	—	—	—	—	—	—	—	—	—	63,525
Sub total	1,117,419	197,224	160,775	—	24,174	—	7,288	34,546	51,191	—	—	5,859	1,713	—	—	1,600,189
Investment instruments held to maturity	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(2) Credit Risk (continued)

(d) Portfolio Concentration (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, 2013:

	Chile MCh$	United States MCh$	Brazil MCh$	Others MCh$	Total MCh$
Financial assets					
Cash & bank deposits	582,022	268,217	—	23,069	873,308
Instruments for trading					
State & Banco Central de Chile	64,937	—	—	—	64,937
Other instruments issued in Chile	261,984	—	—	—	261,984
Instruments issued abroad	—	—	—	—	—
Investments in mutual funds	66,213	—	—	—	66,213
Sub total	393,134	—	—	—	393,134
Repurchase agreements & loans of securities	82,422	—	—	—	82,422
Derivative contracts for trading					
Forwards	28,701	1,833	—	11,139	41,673
Swaps	158,810	88,495	—	44,124	291,429
Call options	2,241	—	—	60	2,301
Put options	525	—	—	75	600
Futures	—	—	—	—	—
Sub total	190,277	90,328	—	55,398	336,003
Hedge accounting derivative contracts					
Forwards	—	—	—	—	—
Swaps	2,993	3,971	—	31,721	38,685
Call options	—	—	—	—	—
Put options	—	—	—	—	—
Futures	—	—	—	—	—
Sub total	2,993	3,971	—	31,721	38,685
Due by banks					
Banco Central de Chile	600,581	—	—	—	600,581
Banks in Chile	100,012	—	—	—	100,012
Banks abroad	—	—	254,977	107,778	362,755
Sub total	700,593	—	254,977	107,778	1,063,348
Loans & accounts receivable from customers					
Commercial loans	12,574,539	51,268	270,480	180,221	13,076,508
Residential mortgage loans	4,732,307	—	—	—	4,732,307
Consumer loans	3,060,696	—	—	—	3,060,696
Sub total	20,367,542	51,268	270,480	180,221	20,869,511
Investment instruments available for sale					
State & Banco Central de Chile	586,408	—	—	—	586,408
Other instruments issued in Chile	1,011,074	—	—	—	1,011,074
Instruments issued abroad	—	71,533	4,689	—	76,222
Sub total	1,597,482	71,533	4,689	—	1,673,704
Investment instruments held to maturity	—	—	—	—	—

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(2) Credit Risk (continued)

(d) Portfolio Concentration (continued)

	Financial services MCh$	Banco Central de Chile MCh$	Govern-ment MCh$	Individuals MCh$	Commerce MCh$	Manu-facturing MCh$	Mining MCh$	Electricity, gas & water MCh$	Agriculture & livestock MCh$	Forestry MCh$	Fishing MCh$	Transport & tele-communications MCh$	Construction MCh$	Services MCh$	Others MCh$	Total MCh$
Financial assets																
Cash & bank deposits	801,521	71,787	—	—	—	—	—	—	—	—	—	—	—	—	—	873,308
Instruments for trading																
State & Banco Central de Chile	—	37,402	27,535	—	—	—	—	—	—	—	—	—	—	—	—	64,937
Other instruments issued in Chile	257,523	—	—	—	—	—	—	—	—	—	—	—	—	—	4,461	261,984
Instruments issued abroad	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Investments in mutual funds	66,213	—	—	—	—	—	—	—	—	—	—	—	—	—	—	66,213
Sub total	323,736	37,402	27,535	—	—	—	—	—	—	—	—	—	—	—	4,461	393,134
Repurchase agreements & loans of securities	82,422	—	—	—	—	—	—	—	—	—	—	—	—	—	—	82,422
Derivative contracts for trading																
Forwards	34,384	—	—	13	1,024	2,885	1,050	25	694	—	546	450	11	105	486	41,673
Swaps	233,083	—	—	—	7,470	6,613	249	11,660	26,420	—	182	2,353	2,050	1,224	125	291,429
Call options	446	—	—	—	647	1,017	—	—	48	—	—	60	8	75	—	2,301
Put options	322	—	—	—	231	42	—	—	—	—	—	—	4	—	1	600
Futures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sub total	268,235	—	—	13	9,372	10,557	1,299	11,685	27,162	—	728	2,863	2,073	1,404	612	336,003
Hedge accounting derivative contracts																
Forwards	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Swaps	38,685	—	—	—	—	—	—	—	—	—	—	—	—	—	—	38,685
Call options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Put options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Futures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sub total	38,685	—	—	—	—	—	—	—	—	—	—	—	—	—	—	38,685
Due by banks																
Banco Central de Chile	—	600,581	—	—	—	—	—	—	—	—	—	—	—	—	—	600,581
Banks in Chile	100,012	—	—	—	—	—	—	—	—	—	—	—	—	—	—	100,012
Banks abroad	362,755	—	—	—	—	—	—	—	—	—	—	—	—	—	—	362,755
Sub total	462,767	600,581	—	—	—	—	—	—	—	—	—	—	—	—	—	1,063,348
Loans & accounts receivable from customers																
Commercial loans (*)	2,043,189	—	—	—	2,552,964	1,365,562	340,045	531,973	914,105	—	219,173	1,602,348	1,458,081	1,240,028	809,040	13,076,508
Residential mortgage loans	—	—	—	4,732,307	—	—	—	—	—	—	—	—	—	—	—	4,732,307
Consumer loans	—	—	—	3,060,696	—	—	—	—	—	—	—	—	—	—	—	3,060,696
Investment instruments available for sale	2,043,189	—	—	7,793,003	2,552,964	1,365,562	340,045	531,973	914,105	—	219,173	1,602,348	1,458,081	1,240,028	809,040	20,869,511
State & Banco Central de Chile																
Other instruments issued in Chile	—	383,451	202,957	—	—	—	—	—	—	—	—	—	—	—	—	586,408
Instruments issued abroad	847,941	—	—	—	15,826	—	13,750	36,861	49	72,804	—	—	1,671	—	22,172	1,011,074
Sub total	76,222	—	—	—	—	—	—	—	—	—	—	—	—	—	—	76,222
Due by banks	924,163	383,451	202,957	—	15,826	—	13,750	36,861	49	72,804	—	—	1,671	—	22,172	1,673,704
Investment instruments held to maturity	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(2) Credit Risk (continued)

(e) Collateral and other credit improvements

The amount and type of guarantees required depends on the evaluation of the counterparty's credit risk.

The Bank has guidelines with respect to the acceptability of types of guarantee and valuation parameters.

The principal types of security obtained are:

- For commercial loans: residential and non-residential properties, pledges and inventories.
- For retail loans: mortgages over residential properties.

The Bank also obtains guarantees from parent companies for loans granted to their subsidiaries.

The management is concerned to have security acceptable according to external regulations and in accordance with internal policy guidelines and parameters. The Bank has around 200,623 separate collateral instruments constituted, with the greatest concentration in properties in terms of valuation.

The Bank also uses credit-risk mitigants for derivative transactions. The mitigants currently used are:

- Acceleration of transactions and net payment using market values on the date of the default by one of the parties.
- Option by both parties to call the advanced termination of all the transactions with a counterparty on a certain date, using their market values in 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.

(f) 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. It is thus possible to make the sufficient and necessary allowances in good time for covering losses in the event of non-payment of loans granted.

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(2) Credit Risk (continued)

(f) Credit quality by class of assets (continued)

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, 2014:

	Individual Portfolio			Group Portfolio		
	Normal MCh$	Sub-standard MCh$	Default MCh$	Normal MCh$	Default MCh$	Total MCh$
Financial Assets						
Due by banks						
Banco Central de Chile	551,108	—	—	—	—	551,108
Banks in Chile	170,014	—	—	—	—	170,014
Banks abroad	435,059	—	—	—	—	435,059
Sub total	1,156,181	—	—	—	—	1,156,181
Loans & Account Receivables from Customers (excluding allowance for credit risk)						
Commercial loans	10,576,015	176,882	198,161	1,942,910	214,268	13,108,236
Residential mortgage loans	—	—	—	5,325,029	93,594	5,418,623
Consumer loans	—	—	—	3,124,586	225,203	3,349,789
Sub total	10,576,015	176,882	198,161	10,392,525	533,065	21,876,648

As of December 31, 2013

	Individual Portfolio			Group Portfolio		
	Normal MCh$	Sub-standard MCh$	Default MCh$	Normal MCh$	Default MCh$	Total MCh$
Financial Assets						
Due by banks						
Banco Central de Chile	600,581	—	—	—	—	600,581
Banks in Chile	100,012	—	—	—	—	100,012
Banks abroad	362,755	—	—	—	—	362,755
Sub total	1,063,348	—	—	—	—	1,063,348
Loans & Account Receivables from Customers (excluding allowance for credit risk)						
Commercial loans	10,482,866	224,446	152,871	2,011,162	205,163	13,076,508
Residential mortgage loans	—	—	—	4,662,977	69,330	4,732,307
Consumer loans	—	—	—	2,856,365	204,331	3,060,696
Sub total	10,482,866	224,446	152,871	9,530,504	478,824	20,869,511

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(2) Credit Risk (continued)

(f) Credit quality by class of assets (continued)

Analysis of ageing of overdue loans by class of financial asset:

Term:
Overdue 1: 1 to 29 days
Overdue 2: 30 to 59 days
Overdue 3: 60 to 89 days

As of December 31, 2014

	Overdue 1 MCh$	Overdue 2 MCh$	Overdue 3 MCh$	Total MCh$
Due by banks	13,478	3	—	13,481
Commercial loans	27,437	11,608	10,299	49,344
Foreign trade finance	11,929	2,881	560	15,370
Factoring operations	28,170	4,552	1,380	34,102
Commercial leasing operations	3,344	1,206	695	5,245
Other loans & accounts receivable	507	187	265	959
Residential mortgage loans	1,153	1,156	546	2,855
Consumer loans	20,479	9,010	9,420	38,909
Total	106,497	30,603	23,165	160,265

As of December 31, 2013

	Overdue 1 MCh$	Overdue 2 MCh$	Overdue 3 MCh$	Total MCh$
Due by banks	1,515	—	—	1,515
Commercial loans	23,699	8,281	4,737	36,717
Foreign trade finance	34,906	230	368	35,504
Factoring operations	30,158	5,754	1,606	37,518
Commercial leasing operations	2,660	970	723	4,353
Other loans & accounts receivable	837	808	533	2,178
Residential mortgage loans	1,016	642	428	2,086
Consumer loans	19,539	8,148	7,564	35,251
Total	114,330	24,833	15,959	155,122

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(2) Credit Risk (continued)

(f) Credit quality by class of assets (continued)

The value of the collateral held by the Bank relating to loans individually classified as impaired as of December 31, 2014 and 2013 is Ch$116,445 million and Ch$91,105 million respectively.

The value of the collateral held by the Bank relating to non-impaired overdue loans as of December 31, 2014 and 2013 is Ch$271,899 million and Ch$249,058 million respectively.

(g) Assets Received in Payment

The Bank has assets received in lieu of payment amounting to Ch$3,948 million and Ch$3,012 million as of December 31, 2014 and 2013 respectively, which are mainly properties. All these are managed for their sale.

(h) Restructured

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 shows the book value by class of financial asset whose terms have been renegotiated:

Financial Assets	2014 MCh$	2013 MCh$
Due by banks		
Banco Central de Chile	—	—
Banks in Chile	—	—
Banks abroad	—	—
Sub total	—	—
Loans & accounts receivable from customers, net		
Commercial loans	190,692	163,827
Residential mortgage loans	19,585	21,411
Consumer loans	324,622	311,363
Sub total	534,899	496,601
Total renegotiated financial assets	534,899	496,601

The Bank approaches the evaluation of allowances through two areas: allowances individually evaluated and those evaluated in groups, which are fully described in Note 2 (ai).

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(3) Market Risk

Market risk refers to the potential loss that the Bank could face due to adverse movements in market variables (pricing risk) or insufficient liquidity (liquidity risk).

(a) Liquidity risk

Measurement and limits of liquidity risk

The Bank measures and controls its trading liquidity risk of positions of the trading book through: DV01 limits to certain specific maturities for each curve traded on the market, limits on exchange-rate spot positions or shares positions, and limits for exchange-rate options positions. The trading liquidity of debt instruments of the banking book is not limited explicitly, understanding that in this case it is sought to obtain returns to maturity of the instruments or at least for the medium term.

Funding liquidity is controlled and limited by the regulatory report C08 ratio.

The SBIF establishes the following C08 ratio limits:

- ✓ Foreign currency 1-30 days C08 ratio < 1 times basic capital
- ✓ All currencies 1-30 days C08 ratio < 1 times basic capital
- ✓ All currencies 1-90 days C08 ratio < 2 times basic capital

The SBIF authorized Banco de Chile to use the Adjusted C08 Ratio report, which includes estimates of maturities behavior for some specific items of the statement of financial position, such as the presumption of the renewal of a proportion of the loan portfolio, a portion of checking accounts can be modeled and defined as stable and are therefore considered as not drawn, etc.

As of December 31, 2014, the Adjusted C08 Ratio up to 30 days for foreign currency assets and liabilities is 0.072 and the Adjusted C08 Ratio up to 30 days for total assets and liabilities including all currencies is 0.267. The Adjusted ratio up to 90 days for assets and liabilities including all currencies is 0.452 as of that date.

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(3) Market Risk (continued)

(a) Liquidity risk (continued)

The maturity profile of the consolidated financial liabilities of Banco de Chile and its subsidiaries 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$	More than 5 years MCh$	Total MCh$
Liabilities as of December 31, 2014							
Demand deposits & other obligations	6,934,373	—	—	—	—	—	6,934,373
Operations pending settlement	96,945	—	—	—	—	—	96,945
Repurchase agreements & loans of securities	249,198	92	—	—	—	—	249,290
Time deposits & other borrowings	4,956,782	2,162,419	2,596,404	154,505	172	188	9,870,470
Financial derivative contracts	269,665	278,329	286,634	409,966	296,234	486,087	2,026,915
Obligations with Banks	59,589	158,480	677,611	200,010	—	—	1,095,690
Other obligations	756	1,140	5,939	12,713	17,685	18,585	56,818
Debt instruments issued in currencies other than the US$	114,339	222,257	566,735	1,134,570	1,219,836	2,882,249	6,139,986
Total gross financial liabilities (excluding derivatives to be offset)	12,681,647	2,822,717	4,133,323	1,911,764	1,533,927	3,387,109	26,470,487
Derivatives under offsetting agreements	178,635	110,298	727,089	1,208,217	638,045	895,239	3,757,523

	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$	More than 5 years MCh$	Total MCh$
Liabilities as of December 31, 2013							
Demand deposits & other obligations	5,984,332	—	—	—	—	—	5,984,332
Operations pending settlement	126,343	—	—	—	—	—	126,343
Repurchase agreements & loans of securities	259,688	—	—	—	—	—	259,688
Time deposits & other borrowings	5,009,358	2,351,121	3,005,112	213,203	145	31	10,578,970
Financial derivative contracts	301,981	159,374	293,688	236,384	244,998	377,838	1,614,263
Obligations with Banks	95,776	361,825	262,142	—	—	—	719,743
Other obligations	267,881	144,898	259,689	826,803	803,737	2,500,987	4,803,995
Debt instruments issued in currencies other than the US$	437	770	70,215	204,925	248,714	345,363	870,424
Total gross financial liabilities (excluding derivatives to be offset)	12,045,796	3,017,988	3,890,846	1,481,315	1,297,594	3,224,219	24,957,758
Derivatives under offsetting agreements	45,775	188,282	513,583	688,081	519,512	899,830	2,855,063

The loans to deposits ratios for 2014 and 2013 are as follows:

	December 31, 2014	December 31, 2013
Maximum	2.74	2.47
Minimum	2.43	2.28
Average	2.61	2.38

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(3) Market Risk (continued)

(a) Liquidity risk (continued)

Banco de Chile has internal ratios in addition to those required by the regulators in order to guard against other risk dimensions like the concentration of maturities, diversification of sources of funds, etc. The Bank also monitors the evolution over time of financial ratios that can detect structural changes in the characteristics of the Bank's statement of financial position and the evolution of certain conditions in the financial markets in order to detect tightness early in systemic liquidity.

(b) Pricing risk

Measurement and Limits of Pricing Risk

The measurement and management of pricing risk, for both the trading book and the banking book is carried out through various measures developed internally by the Bank. It also supplements these with the measures of the regulatory authorities according to their models.

For the trading book, the regulatory report is obtained from standardized methodology which allows the Bank to estimate the potential loss it might face resulting from standardized fluctuations in tables for the regulator. The SBIF has set no formal limit for this risk in particular but a global one that includes this risk (also called Market Risk Equivalent or MRE) and 10% of risk-weighted assets for credit risk: this sum must not exceed the Bank's effective equity.

As mentioned above, the Bank has also established for the trading book various internal limits of different kinds for the financial positions, which depend on the nature of the position, such as: limits on net exchange-rate positions (delta FX), limits on sensitivity of the positions to interest rates (DV01 or rho) and limits on sensitivity of volatility in options (vega); these are called Griegas, among other names, in financial literature.

The Bank measures and controls the value at risk (Value-at-Risk or VaR) for the portfolios of the trading book through a parametric model, including 99% confidence and an escalation to a temporary horizon of 22 days. For this calculation, volatilities are considered of the fluctuations in market factors and the correlations between these fluctuations are observed during the previous twelve months.

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(3) Market Risk (continued)

(b) Pricing Risk (continued)

The standardized regulatory report of the banking book (SBIF report C40) permits estimating the potential loss the Bank could have in the face of adverse movements of standardized interest rates, obtained from tables provided by the controller organism based on the BIS guidelines. The SBIF requires that banks themselves set limits for the short-term banking book for the risk determined in accordance with the methodology described above, so that the short-term pricing risk of the banking book does not exceed the percentage of annual operating revenue (last revolving twelve months) and the long-term is not less than a percentage of the bank's effective equity. The Bank set these two limits as 25%. The percentage use of these limits during 2013 was as follows:

	Banking Book Risk Short Term	Banking Book Risk Long Term
Maximum use	9.3%	18.5%
Average use	7.3%	17.4%
Minimum use	6.1%	16.6%

The Bank also has measurements, limits, controls and reports of interest-rate positions and risks using methodologies developed internally based on differences of assets and liabilities considering the dates on interest rate adjustments. The positions are measured in accordance with the IRE (interest rate exposure) and the risks by the EaR (earnings-at-risk) method for the accrual book. The accrual book includes the complete balance sheet of the Bank (including items that are not incorporated in the banking book, e.g. capital and fixed assets), permitting a more detailed and real analysis and study of the impact of fluctuations in interest rates, exchange rates and inflation than that required by the regulators for the banking book.

In addition to the above measurements and controls, the internal policies require daily stress tests for trading book positions and on a monthly basis for the accrual book. Potential losses resulting from these tests are compared with the alert levels defined by the Bank's management. Moreover, the evolution of the effective results during a calendar month is compared with the positions of the trading book with respect to the defined alert levels.

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(3) Market Risk (continued)

(b) Pricing Risk (continued)

The following shows the exposure to interest-rate risks by maturity for the banking book of Banco de Chile on individual bases as of December 31, 2014 and 2013:

	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$	More than 5 years MCh$	Total MCh$
Assets as of December 31, 2014							
Cash & bank deposits	889,489	—	—	—	—	—	889,489
Operations pending settlement	387,434	—	—	—	—	—	387,434
Repurchase agreements & loans of securities	820	—	—	—	—	—	820
Hedge derivatives	382,138	155,483	113,921	180,892	451,807	320,352	1,604,593
Due by banks	810,826	80,057	249,764	18,501	—	—	1,159,148
Loans & accounts receivable from customers	3,431,877	3,244,400	5,446,614	4,789,951	2,420,640	6,575,962	25,909,444
Investment instruments available for sale	166,115	166,562	509,046	153,964	171,256	574,193	1,741,136
Investment instruments held to maturity	—	—	—	—	—	—	—
Total assets	6,068,699	3,646,502	6,319,345	5,143,308	3,043,703	7,470,507	31,692,064

	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$	More than 5 years MCh$	Total MCh$
Assets as of December 31, 2013							
Cash & bank deposits	848,757	—	—	—	—	—	848,757
Operations pending settlement	360,806	—	—	—	—	—	360,806
Repurchase agreements & loans of securities	54,591	—	—	—	—	—	54,591
Hedge derivatives	361,734	86,268	176,636	80,287	258,915	374,745	1,338,585
Due by banks	791,728	117,220	156,297	—	—	—	1,065,245
Loans & accounts receivable from customers	3,457,101	2,743,019	5,681,608	4,582,528	2,293,838	5,890,051	24,648,145
Investment instruments available for sale	85,500	187,044	455,332	174,413	517,638	388,187	1,808,114
Investment instruments held to maturity	—	—	—	—	—	—	—
Total assets	5,960,217	3,133,551	6,469,873	4,837,228	3,070,391	6,652,983	30,124,243

	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$	More than 5 years MCh$	Total MCh$
Liabilities as of December 31, 2013							
Demand deposits & other obligations	6,950,301	—	—	—	—	—	6,950,301
Operations pending settlement	82,932	—	—	—	—	—	82,932
Repurchase agreements & loans of securities	25,662	—	—	—	—	—	25,662
Time deposits & other borrowings	5,141,552	1,977,615	2,596,404	154,511	166	188	9,870,436
Hedge derivatives	3,911	3,808	199,533	542,556	522,765	339,547	1,612,120
Obligations with banks	534,341	435,417	125,985				1,095,743
Debt instruments issued	251,953	314,199	565,036	902,456	1,218,631	2,880,053	6,132,328
Other financial obligations	142,484	1,140	5,939	12,713	17,685	18,585	198,546
Total liabilities	13,133,136	2,732,179	3,492,897	1,612,236	1,759,247	3,238,373	25,968,068

Note 39 – Additional notes (continued)

Note 39.38 –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$	More than 5 years MCh$	Total MCh$
Liabilities as of December 31, 2013							
Demand deposits & other obligations	6,012,841	—	—	—	—	—	6,012,841
Operations pending settlement	114,589	—	—	—	—	—	114,589
Repurchase agreements & loans of securities	16,964	—	—	—	—	—	16,964
Time deposits & other borrowings	5,141,774	2,211,623	3,005,229	213,224	135	31	10,572,016
Hedge derivatives	12,396	3,372	142,660	435,245	279,419	492,682	1,365,774
Obligations with banks	279,063	513,096	194,863	—	—	—	987,022
Debt instruments issued	300,614	143,669	259,129	881,605	1,033,552	2,819,652	5,438,221
Other financial obligations	161,134	1,258	7,013	13,604	17,438	23,840	224,287
Total liabilities	12,039,375	2,873,018	3,608,894	1,543,678	1,330,544	3,336,205	24,731,714

Pricing Risks Sensitivity Analysis

The Bank uses stress tests as the principal sensitivity analysis measure for pricing risk. The analysis is made of the trading book and the accrual book separately. Following the financial crisis of 2008 and based on numerous studies and analyses on the subject, the Bank adopts this tool as perceiving it as more reliable and useful than the normal evaluations of distribution fluctuations (like VaR or EaR) as:

(a) The financial crisis mentioned showed fluctuations materially in excess of those used with VaR with 99% confidence.
(b) The crisis also showed correlations between these fluctuations materially different to those used via VaR, since the crisis indicated severe decoupling between the evolution of market variables with respect to those normally observed.
(c) Trading liquidity reduced dramatically in emerging markets and in Chile during the financial crisis and therefore the escalation of VaR of daily fluctuations corresponds to a very broad approximation of the expected loss.

For implementing the stress tests, the Bank controls daily a follow-up of the evolution of the potential losses or gains of the trading book, and their causes. These impacts are determined by modeling directional fluctuations in the values of market factors and estimating the changes in book and/or economic values of the financial positions. It is therefore necessary to maintain an updated data base that includes historic information on exchange rates, volatilities of exchange-rate options and of debt instrument and derivative interest rates that also permit maintaining up to date calculations of historic volatilities of changes in these market factors and also correlations between such changes or fluctuations.

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(3) Market Risk (continued)

(b) Pricing Risk (continued)

In order to comply with IFRS 7.40, the following table shows an estimate of the probable but reasonable impact of fluctuations in interest rates, exchange rates and volatilities implicit in the trading book portfolios. As the Bank's statement of financial position includes positions denominated in real interest rates, these fluctuations should be aligned with real predictions of changes in inflation rates.

This exercise is carried out under the following assumptions: the impacts on the trading book portfolios are estimated by multiplying the amounts of sensitivity or griegas (FX Delta, DV01s, Vegas etc,) by the expected changes in exchange rates, interest rates or volatility respectively; the impacts of the balances of accruals are estimated by multiplying the amounts of accumulated gaps by modeled forward interest-rate fluctuations. This methodology has certain limitations because the convex shape of the interest-rate curve is not captured for the trading book portfolios; in addition, neither the behavior of the convex shape or prepayments is captured in the analysis of the accrual book. In any event, given the size of these changes, the methodology appears reasonably precise for the purposes of the analysis.

The following table shows the fluctuations of interest rates, exchange rates and inflation used for the trading book in 2014. Fluctuations in the prices of equities in the positions held by the Bank's stockbroking firm (Banchile Corredores de Bolsa) are not included as they are not considered material. (These positions are generally very small as this company is mainly focused on customer share trading).

The directions of these fluctuations were chosen from among four scenarios (two positive economic scenarios and two negative) as they generate the worst impact within the above four scenarios:

Market Factor Fluctuations

	CLP Derivatives (bps)	CLP Bonds (bps)	UF Derivatives (bps)	UF Bonds (bps)	USD Offshore 3m Derivatives (bps)	Spread USD On/Off Derivatives (bps)	Vol FX CLP/USD (%)	Inflation change Period n-1 to n Monthly (%)
3 m	20	24	-129	-184	1	-68	-3.9%	0.16%
6 m	23	26	-51	-63	5	-52	-3.4%	-0.02%
9 m	26	27	-23	-27	6	-26	-3.0%	-0.01%
1 year	29	27	-9	-11	8	-23	-2.8%	0.00%
2 years	33	32	-3	-4	15	-8	-2.8%	0.03%
4 years	30	52	6	27	28	-9	-	0.01%
6 years	30	63	8	41	34	-10	-	0.01%
10 years	29	67	6	42	37	-18	-	0.02%
16 years	29	67	5	41	37	-4	-	0.02%
20 years	29	67	5	41	37	-19	-	0.02%

bps = basis points

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(3) Market Risk (continued)

(b) Pricing Risk (continued)

The impact on the Bank's trading book as of December 31, 2014 is as follows:

EXPECTATION OF GAIN OR LOSS IN TRADING BOOK	
	BCh (MCh$)
Rates in CLP	(2,748)
Derivatives	(1,291)
Investments	(1,456)
Rates in CLP	(1,052)
Derivatives	(320)
Investments	(733)
USD, EUR, JPY offshore	812
USD, EUR, JPY on/off spread	(1,067)
Total interest rate	**(4,055)**
Total FX	**(700)**
Total Vega Options FX	**(97)**
Stress test result: Rates + FX + Vega	**(4,852)**
Tier 1 Capital	2,535,154

The modeled scenario would generate losses in the trading book of around Ch$4,852 million. In any event, these fluctuations would not result in material losses compared to the earnings predictions for the next 12 months or the Bank's basic (Tier 1) capital.

The impact in the accruals book, which is not necessarily a loss/gain but higher/lower net income from funds generation (net funds inflow which is the net interest on the accruals portfolio), is shown below:

POTENTIAL INCREMENTAL ACCRUALS BOOK 12 months	
	(MCh$)
Higher/Lower Income	**(118,438)**
Impact of shock base rate	(97,647)
Impact of shock on spreads	(20,791)

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(3) Market Risk (continued)

(b) Pricing Risk (continued)

The principal negative impact on the accrual book would occur as a result of severe fall in inflation and an increase in the financing spread. The lower potential revenue in the next 12 months would correspond to approximately a quarter of the budgeted gain for 2015.

The next table shows the impact on equity accounts of the potential change in the market value of the portfolio of instruments available for sale due to fluctuations in the interest rate:

POTENTIAL IMPACT ON CAPITAL OF PORTFOLIO AVAILABLE FOR SALE			
Currency of instrument	DV01 (USD)	Impact for change in interest rates (MUSD)	Impact for change in interest rates (MCh$)
CLP	(220,434)	(9.52)	(5,770)
CLF	(435,314)	(48.76)	(29,556)
USD	(103,699)	(9.28)	(5,622)
Total impact		**(67.56)**	**(40,948)**

The modeled scenario would generate losses of capital (not of results) on the portfolio available for sale, mainly due to the rise in the rates for terms greater than a year.

(4) Capital Requirements and Management of Capital:

The primary objectives of the Bank's capital management are to ensure compliance with regulatory capital requirements and maintain a solid credit rating and healthy capital ratios. During 2014, the Bank has comfortably complied with the capital requirements demanded.

As part of its capital management policy, the Bank has established capital sufficiency alerts, stricter values than those required by the regulator, which are monitored monthly. None of the internal alerts defined in the capital management policy was triggered during 2014.

The Bank manages the capital by making adjustments in the light of changes in economic conditions and the risk characteristics of its activities. For this, the Bank can adjust the amount paid as dividends or issue capital instruments. The Bank's capital sufficiency is monitored by employing, among other things, the indicators and rules set by the SBIF.

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(4) Capital Requirements and Management of Capital (continued)

Regulatory capital

According to the General Banking Law, the Bank should maintain a minimum of 8%, net of required allowances, as a result of dividing the effective equity by the sum of consolidated risk-weighted assets, and of 12.5 times the market risk equivalent. The Bank should also maintain a minimum basic capital to total consolidated assets ratio of 3%, net of required allowances. 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 an effective equity to risk-weighted assets ratio of no less than 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.

Effective equity is determined based on the capital and reserves or basic capital with the following adjustments: (a) the balance of subordinated bonds is added with a maximum equivalent to 50% of basic capital; (b) additional allowances for loans are added, (c) the balance of goodwill and investments in companies not included in the consolidation is deducted, and (d) the balance of the non-controlling interest is added.

Assets are weighted according to their risk categories which are assigned a percentage risk according to the amount of capital necessary for supporting each of them. 5 risk categories are applied (0%, 10%, 20%, 60% and 100%). For example, cash, deposits in other banks and financial instruments issued by Banco Central de Chile have 0% risk, which means that, under current regulations, no capital is required to support the assets. Property and equipment have a 100% risk, which means that there should be a minimum capital of 8% of the amount of these assets, and of 10% in the case of Banco de Chile.

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.

Note 39 – Additional notes (continued)

Note 39.38 –Risk Management (continued)

(4) Capital Requirements and Management of Capital (continued)

The levels of basic capital and effective equity of the Bank and its subsidiaries at the end of 2014 and 2013 are as follows:

	Consolidated Assets		Risk-Weighted Assets	
	2014 MCh$	2013 MCh$	2014 MCh$	2013 MCh$
Balance sheet assets (net of allowances)				
Cash & bank deposits	915,133	873,308	3,100	20,654
Operations pending settlement	400,081	374,471	34,741	39,728
Instruments for trading	548,471	393,134	304,501	124,932
Repurchase agreements & loans of securities	27,661	82,422	27,661	82,422
Financial derivative contracts	832,193	374,688	694,632	460,537
Due by banks	1,155,365	1,062,056	468,293	381,494
Loans & accounts receivable from customers	21,348,033	20,389,033	19,192,870	18,505,593
Investment instruments available for sale	1,600,189	1,673,704	472,949	432,995
Investment instruments held to maturity	—	—	—	—
Investments in companies	25,312	16,670	25,312	16,670
Intangible assets	26,593	29,671	26,593	29,671
Fixed assets	205,403	197,578	205,403	197,578
Current taxes	3,468	3,202	347	320
Deferred taxes	202,869	145,904	20,287	14,590
Other assets	355,057	318,029	355,057	318,029
Sub total			21,831,746	20,625,213
Assets off the balance sheet				
Contingent credits	4,280,451	3,927,627	2,567,508	2,355,879
Total risk-weighted assets			24,399,254	22,981,092

	December 31, 2014		December 31, 2013	
	MCh$	%	MCh$	%
Basic Capital (*)	2,535,154	7.89	2,284,314	7.57
Effective Equity	3,249,903	13.32	2,999,061	13.05

(*) Basic capital refers to the equity of the owners of the Bank in the consolidated statement of financial position.

Note 39 – Additional notes (continued)

Note 39.39 – Subsequent Events

a) On January 26, 2015, the board of Banchile Administradora General de Fondos S.A. accepted the resignation of Jorge Tagle Ovalle as a director of the company.

It also agreed to appoint Eduardo Ebensperguer Orrego as new director of the company with effect from January 26, 2015 and until the next ordinary shareholders' meeting.

b) On January 29, 2015, the board of Sociedad Matriz del Banco de Chile S.A. agreed to call an ordinary shareholders' meeting for March 26, 2015, in order to propose, among other things, the distribution of dividend No.19 of Ch$3.45509947012 per share of the series B, D and E and agree the distribution among all shareholders of the same series, fully paid-in shares that Sociedad Matriz del Banco de Chile S.A. was entitled to receive from the capitalization of 30% of the distributable earnings of Banco de Chile for the year 2014, to be distributed on the basis of 0.02250251855 Banco de Chile shares for each share in the above-mentioned series.

In the opinion of the management, there are no other significant subsequent events that affect or may affect the company's consolidated financial statements between December 31, 2014, and the date of issue of these consolidated financial statements.

Note 39. 40 – Material Information

On January 9, 2014, the SVS was informed that the board on that date agreed to offer for sale, as a secondary offer, up to 6,900,000,000 shares in Banco de Chile, on the local market and in the United States through the American Depositary Shares program of Banco de Chile. It was also indicated that this operation would not alter LQIF's control of the Bank.

On January 28, 2014, the board, following the completion of the road show for the above secondary offer and having anbalyzed the result of the concluded auction through order book reported to the placement agents, approved a price for this secondary placement for share offer of 6,700,000,000 shares in Banco de Chile, on the local market and in the United States through the American Depositary Shares program of Banco de Chile, of Ch$67 per share, renouncing the minimum placement price and declaring the sale offer successful. The auction was held on January 29, 2014. On that date the direct and indirect shareholding of LQIF in Banco de Chile was reduced to 51.22%.

Management believes that there is no other material information to be disclosed as at the date of these consolidated financial statements.

Note 40 – Material Information

On January 9, 2014, the company reported the following:

"As reported by the subsidiary LQ Inversiones Financieras S.A. (LQIF) today, the board on this date decided to proceed with the sale offer of its participation in Banco de Chile through a secondary placement, at the local and international levels, of up to 6,900,000,000 shares.
This operation would be approved finally, including the price per share, at a subsequent board meeting of LQIF.
As a result of the above and in order to facilitate the above agreement of LQIF, Quiñenco S.A. has adjusted the shareholder agreement signed with Citigroup in LQIF whereby, effective January 9, 2014, LQIF's obligation to maintain a shareholding with voting rights of 58.3% in Banco de Chile is reduced to 51% of those rights, which does not imply any change in control of Banco de Chile currently held by Quiñenco S.A.
Subject to the formalization of the sale of shares of Banco de Chile by the subsidiary LQIF, Quiñenco S.A. will complement the information in this report with that pertinent with respect to the effects of the operation on Quiñenco S.A."

On March 6, 2014, the company reported the following as complementary to that reported on January 9, 2014:

"On January 29, LQIF placed on the Santiago Exchange 6,700,000,000 shares in Banco de Chile at a price of Ch$ 67 per share.
On February 14, 2014 Quiñenco received from LQIF the distribution of an eventual dividend of Ch$ 205,159,060,649 against the accumulated earnings of that subsidiary.
At its meeting held on this date, the board of Quiñenco determined that the operation described had no effect on the company's distributable income. The equity effect will be shown in the financial statements for the first quarter of 2014."

On April 3, 2014, the company reported the following:

Manuel José Noguera Eyzaguirre, having placed his position as legal manager of Quiñenco at the disposal of the board, the board on April 3 approved the contracting of Rodrigo Hinzpeter Kirberg, ID No.7.016.591-0, as the company's new legal manager. Manuel José Noguera Eyzaguirre will become adviser to the chairman and the board of Quiñenco.

It also appointed Davor Domitrovic Grubisic, ID No.8.847.317-5 as chief lawyer of the company.

The board also agreed the creation of three new management areas in order to cover the areas the company needs in communications, the environment and the economy, in support of the chief executive, appointing the following persons to fill these positions:

- María Carolina García de la Huerta Aguirre, ID No.7.474.129-0 as manager of corporate affairs and communications.
- Álvaro Sapag Rajevic, ID No.8.535.667-4, as sustainability manager.
- Andrea Paula Tokman Ramos, ID No.16.654.432-7, as chief economist.

Note 40 – Material Information (continued)

On May 22, 2014, the subsidiary Invexans reported the following:

TERMINATION OF SHAREHOLDER AGREEMENT WITH NEXANS AND SIGNING OF LETTER

As reported on March 22, 2011 and March 27 that year, Madeco S.A. (now Invexans S.A. and hereinafter "Invexans" or the "Company"), reached an agreement on March 27, 2011 with Nexans S.A., France ("Nexans") to increase its shareholding in that company from 8.98% held on that date to 20%, in the form and subject to the conditions then reported (the "Agreement"). The Agreement also granted to Invexans the rights set out therein.

Later, on November 26, 2012, and as was reported the following day, the Agreement was amended to allow Invexans to acquire up to 28% of the share capital of Nexans, thus consolidating its position in Nexans as reference shareholder and long-term partner. By this amendment, the term of the initial Agreement was extended to November 26, 2022 and it was established that Invexans could not hold more than 28% ("Standstill") nor less than 20% ("Lock-up") of the shares of Nexans for a period of 3 years. Should during that term of 3 years Invexans become the holder of more than 25% of the Nexans shares, the lock-up obligation would automatically rise from 20% to 25%.

The other stipulations of the Agreement of March 27, 2011, remained unaltered. Invexans thus maintained its right for the board of Nexans to propose to its shareholder meeting the three candidates as director proposed by Invexans. The voting rights at extraordinary shareholder meetings remained limited to 20% with respect to important transactions like corporate reorganizations, resolutions with respect to OPAs and significant capital increases.

On May 15, 2014, the request was reported made by the Company to Nexans to terminate the Agreement as its principal objective was achieved by consolidating Invexans as a reference shareholder of the French company, with a 28% shareholding. It was also reported that the board of Nexans would analyze this request within 8 days from May 15, 2014.

Before the completion of that term the board of Nexans on May 22, 2014, approved the termination with immediate effect.

At the same time, Invexans sent a letter to Nexans promising to limit the election of non-independent directors of Invexans to 3, while the board of Nexans comprised 14 members, and to increase it to 28% (subject to its respective shareholding) should the number of directors increase without such increase originating from a proposal of Invexans.

The contents indicated in the preceding paragraph will extend to November 26, 2022 unless (i) a public offer is made of shares in Nexans (including the possibility that such offer be initiated by Invexans), (ii) a third party reaches a shareholding in Nexans superior to the lower of (x) 15% and (y) the percentage held at that date by Invexans, (iii) Invexans reduces its shareholding in the French company below 10%, or (iv) Invexans reaches a shareholding of 30% or more in Nexans in a transaction approved by its shareholders and that the French regulatory authority, AMF, has authorized without the need for a public share offer.

Note 40 – Material Information (continued)

On December 2, 2014, the company reported the following:

The subsidiary Compañía Sud Americana de Vapores S.A. ("CSAV") reported on this date certain information with respect to the merger of CSAV's containership business ("Containership Business") with the German company Hapag-Lloyd AG ("HL"), with CSAV acquiring a participation equivalent to 30% of the share capital of HL (the "Transaction").

On this date, in the city of Hamburg, the closing of the Transaction was completed, estimating that the financial effects of the Transaction on the results of CSAV will amount to a profit of approximately US$510 million, which includes an estimate of CSAV's participation in the booking that HL makes of the Containership Business in December in its financial statements under IFRS. As from the closing of the Transaction, CSAV will apply the equity value to its investment in HL.

Based on the estimate of a profit of about US$ 510 million reported above by CSAV, it is estimated that the financial statements of Quiñenco will show a profit of approximately US$278 million.

On December 4, 2014, the company reported the following:

On this date, the board of the company approved the public share offering ("OPA") of shares in Invexans S.A. of which it is not already the holder, directly and indirectly, i.e. 4,382,594,708 shares of Invexans S.A. representing 19.55% of the total shares issued by that company.

Given the preparatory actions necessary for starting the OPA, it is not now possible to state precisely the date for its start, although this will occur within the next 30 days.

The offer price will be Ch$10 per share, payable in cash.

Management's Analysis of Consolidated Financial Statements

As of December 31, 2014

I. SUMMARY

During 2014, Quiñenco obtained net income[4] of Ch$342,089 million, 174.0% more than the Ch$124,841 million reported the year before. This increase is mainly explained by the net after-tax gain relating to the merger of CSAV's containership business with Hapag-Lloyd, which implied a net gain for Quiñenco of Ch$245,816 million. Notable also was the excellent performance of Enex whose contribution rose by 80.8% in 2014, driven by the acquisition of Terpel Chile at the end of June 2013. Banco de Chile continues to generate favorable results, with a 15.1% growth in earnings based on a solid operational performance. Although Nexans showed an improved performance, Invexans contributed with a larger loss, mainly the result of higher expenses in Brazil. The contribution of SM SAAM was reduced, mainly the result of a non-recurring gain on the sale of Cargo Park in 2013, which was partly offset by a good performance from tugboats and port terminals. It should also be added that while the sale by LQIF of Banco de Chile shares in January 2014 did not generate any effect on results, in accordance with IFRS, it produced an equity increase of Ch$79,008 million for Quiñenco.

II. ANALYSIS OF COMPREHENSIVE RESULTS

For a better understanding of the results of Quiñenco, the analysis as well as the financial statements separate the results into banking services and non-banking businesses.

Starting in 2012, the Superintendency of Securities and Insurance (SVS) modified the format of the financial statements, incorporating the line "Earnings (losses) from operating activities". As determined by the SVS, this line includes the following concepts: Gross margin, Other revenue by function, Distribution costs, Administrative expenses, Other expenses by function and Other gains (losses). According to this definition, in this analysis the earnings or loss from operating activities or operating income or loss are defined in the same way.

4 Net income refers to net income attributable to owners of the controller.

1. Analysis of Non-Banking Businesses Results

The following segments are included in the results of the non-banking businesses:

a) Manufacturing
- Invexans
- Techpack (ex-Madeco)

b) Financial
- LQ Inversiones Financieras Holding (LQIF holding)

c) Energy
- Enex

d) Transport
- Compañía Sud Americana de Vapores (CSAV) in 2014

e) Others
- Quiñenco and others (includes CCU, CSAV in 2013, SM SAAM, Banchile Seguros de Vida (Banchile Vida), Quiñenco holding company and eliminations).

On March 27, 2013, the Extraordinary Shareholders' Meeting of Madeco approved the division of this company into the successor company Invexans and the new company Madeco, with effect from January 1, 2013. The principal asset of Invexans is its 28.97% shareholding in Nexans, a French multinational leader in the cable industry. The principal assets of the new Madeco are Alusa, Madeco Mills and Indalum, which were transferred from the old Madeco. During 2013 and March 2014 Madeco decided to close the copper tubes business in Chile and Argentina and the profiles unit, for which the subsidiaries Madeco Mills, Decker Industrial and Indalum have been reclassified as a discontinued activity in the income statement in 2013 and 2014. On April 16, 2014 an Extraordinary Shareholders' Meeting of Madeco approved a change of name to Techpack.

As of December 31, 2014 Quiñenco holds directly or through its direct subsidiary Inv. Río Grande and its indirect subsidiaries Inmobiliaria Norte Verde and Inv. Río Azul, 65.9% of the share capital of Techpack and 80.5% of Invexans.

On June 27, 2013, Enex and its subsidiary Inversiones Enex, acquired from the Colombian Terpel group the fuel distribution business and related businesses of that group in Chile, through the purchase of all the shares and corporate participation in the companies Petróleos Trasandinos S.A. (Petrans) and Operaciones y Servicios Terpel Ltda. (Opese). Enex therefore includes the results of Terpel from July 1, 2013, so the figures include only six months of that operation in 2013 and twelve months in 2014.

During July, August and December 2014 Quiñenco and its subsidiaries Inv. Río Bravo and Inmobiliaria Norte Verde took part in the capital increase of CSAV, acquiring an additional 18.6% shareholding. As of December 31, 2014 Quiñenco holds directly and indirectly 64.6% of CSAV. In 2014 therefore, CSAV was booked as an associate at equity value between January and June, and was then consolidated as of July. In 2013 the investment in CSAV was booked as an associate at equity value. The combination of the containership business and the merger with Hapag-Lloyd has been classified by CSAV as a discontinued operation. As a result of this transaction CSAV became the principal shareholder in Hapag-Lloyd, with a 30% participation. Following the capital increase made in December by Hapag-Lloyd, in which CSAV participated, CSAV's shareholding reached 34.01% as of December 31, 2014.

	MCh$	
Non-banking businesses results	12-31-2014	12-31-2013
Earnings from operating activities	583,276	82,686
Non-operating result	(103,367)	(74,508)
Charge for income tax	(89,118)	(9,480)
Loss from discontinued operations	(77,142)	(11,852)
Consolidated net income (loss) non-banking businesses	313,650	(13,154)

Revenue from ordinary activities

Revenue from ordinary activities in 2014 increased by 25.6% to Ch$2,540,694 million, mainly due to the increase in Enex and, to a lesser extent, the consolidation of CSAV from July 2014, the increases in Techpack and Banchile Vida (included in Quiñenco and others).

The composition of consolidated revenue from ordinary activities is shown in comparative terms as follows:

	MCh$	
	12-31-2014	12-31-2013
Manufacturing		
Invexans	382	410
Techpack	212,764	173,599
Sub total manufacturing	213,146	174,009
Financial		
LQIF holding	-	-
Energy		
Enex	2,176,803	1,757,693
Transport		
CSAV	47,246	-
Others		
Quiñenco & others	103,499	91,070
Revenue from ordinary activities	2,540,694	2,022,773

The revenue of Enex in 2014 amounted to Ch$2,176,803 million, 23.8% more than in the year before as a result of a greater volume, mainly of fuels, due to the incorporation of the operations of Terpel Chile from the third quarter of 2013 inclusive. Total volumes dispatched in 2014 were 3,459 thousand cubic meters, 14.4% more than in 2013, of which 96.2% were fuels.

In 2014, the revenue of Techpack amounted to Ch$212,764 million, 22.6% higher than the year before, mainly the result of an 8.8% increase in the volume sold, attributable to the consolidation of HYC Packaging in Chile from June 2014, growth in Colombia as a result of the commercial incorporation of new segments and customers, and in Argentina, reflecting larger sales of flexographic printing products. There was also a favorable effect from translation to pesos due to the higher exchange rate.

Cost of sales

The cost of sales in 2014 rose by 26.8% over the previous year, mainly explained by increased costs in Enex and, to a lesser extent, the consolidation of CSAV in the second half of 2014, higher cost of sales in Techpack and Banchile Vida (included in Quiñenco and others).

The composition of consolidated cost of sales in comparative terms is shown below:

	MCh$	
	12-31-2014	12-31-2013
Manufacturing		
Invexans	(114)	(200)
Techpack	(174,839)	(139,523)
Sub total manufacturing	(174,953)	(139,722)
Financial		
LQIF holding	-	-
Energy		
Enex	(2,017,741)	(1,630,361)
Transport		
CSAV	(50,364)	-
Others		
Quiñenco & others	(32,413)	(24,490)
Cost of sales	(2,275,472)	(1,794,574)

The cost of sales of Enex in 2014 amounted to Ch$2,017,741 million, 23.8% more than in the previous year, driven by rises in the volumes traded of the products distributed by Enex, especially fuels, due to the incorporation of the operation of Terpel Chile in the third quarter of 2013. The cost of sales was the equivalent of 92.7% and 92.8% of sales in 2014 and 2013, respectively.

Techpack recorded a cost of sales of Ch$174,839 million in 2014, 25.3% higher than in 2013 and slightly greater than the variation in sales, reflecting a higher cost of raw materials.

Gross income

The composition of gross income in comparative terms is shown below:

	MCh$	
	12-31-2014	12-31-2013
Manufacturing		
Invexans	268	211
Techpack	37,925	34,076
Sub total manufacturing	38,193	34,287
Financial		
LQIF holding	-	-
Energy		
Enex	159,062	127,332
Transport		
CSAV	(3,118)	-
Others		
Quiñenco & others	71,086	66,580
Gross income	265,223	228,199

Gross income was Ch$265,223 million in 2014, 16.2% higher than that reported for 2013, mainly due to the increase in the gross margin of Enex and, to a lesser extent, the increased gross margin of Banchile Vida (included in Quiñenco and others) and Techpack. Enex saw an increase of Ch$31,730 million due to greater volumes of fuel, reflecting the incorporation of the operation of Terpel Chile in the third quarter of 2013 and, to a lesser extent, due to improved margins in fuels and lubricants.

Earnings from operating activities

The earnings from operating activities were Ch$583,276 million in 2014, significantly higher than the Ch$82,686 million the year before, mainly reflecting the consolidation of CSAV from July 2014 which showed a non-recurring gain, and, to a lesser extent, the increase recorded by Quiñenco and Enex, partially offset by the negative changes recorded by Techpack, Invexans and LQIF holding.

The comparative composition of operating income is shown below:

	MCh$	
	12-31-2014	12-31-2013
Manufacturing		
Invexans	(17,169)	8,321
Techpack	12,177	38,644
Sub total manufacturing	(4,993)	46,965
Financial		
LQIF holding	(3,830)	1,713
Energy		
Enex	32,996	25,003
Transport		
CSAV	522,279	-
Others		
Quiñenco & others	36,823	9,004
Earnings from operating activities	583,276	82,686

CSAV reported an operating income of Ch$522,279 million in 2014, which includes the operations of the second half of the year, reflecting mainly the gain generated by the merger with Hapag-Lloyd of Ch$531,414 million. This positive result was partially offset by a gross loss and administrative expenses.

The earnings from the operating activities of Quiñenco and others were Ch$36,823 million in 2014, an increase of 308.9% over the previous year, mainly due to the effect of the revaluation of the investment in CSAV of Ch$39,033 million resulting from the accounting change of that investment from the equity method to consolidation, included in other gains (losses) and, to a lesser extent, the 8.8% increase in the operating income of Banchile Vida, mostly explained by the 6.7% increase in gross income, partially offset by a 6.8% increase in administrative expenses.

Earnings from the operating activities of Enex for 2014 amounted to Ch$32,996 millions, 32.0% more than in 2013, as a result of the 24.9% increase in gross income mainly reflecting the incorporation of Terpel Chile in the third quarter of 2013, partially offset by a 19.8% increase in administrative expenses, again mostly related to Terpel Chile.

Operating income of Techpack was Ch$12.177 million in 2014, 68.5% lower than in 2013 despite the growth in gross income, mostly due to the recognition of negative goodwill related to the investment in Peruplast of Ch$14,691 million in 2013 as a result of the valuation to fair value of that investment, and a gain on the sale of part of the old production facilities of Peruplast, also in 2013. There were also higher administrative expenses in 2014, mainly due to the formation of a corporate structure and the effect of translation to Chilean pesos because of the higher exchange rate.

The loss from operating activities of Invexans amounted to Ch$17,169 million, which contrasts negatively with the income of Ch$8,321 million reported the year before, mainly due to the recognition of the payment of lawsuits taking advantage of the tax amnesty in Brazil, provisions associated with certain legal contingencies and a gain reported in 2013 for the negative goodwill related to the investments in Nexans that year.

LQIF reported an operational loss of Ch$3,830 million, which contrasts negatively with the operating income of Ch$1,713 million in 2013, mainly the result of the gain of Ch$5,445 million in 2013 from the extraordinary amortization of the subordinated obligation due to the sale of the options of SAOS in the capital increase of Banco de Chile that year and a higher loss from indexation adjustments due to the effect of higher inflation on indexed liabilities.

Non-operating income

The comparative composition of the non-operating result is as follows:

	MCh$	
	12-31-2014	12-31-2013
Financial income	22,948	16,299
Financial costs	(41,235)	(39,055)
Participations in results of associates & joint ventures	(61,715)	(38,765)
Exchange rate differences	3,538	(2,244)
Results of indexation adjustments	(26,902)	(10,743)
Non-operating income (loss)	(103,367)	(74,508)

The non-operating result for 2014 was a loss of Ch$103,367 million, 38.7% higher than the loss of Ch$74,508 million reported for 2013. The most important changes were the following:

- A negative change in the participation in associates resulting in a loss of Ch$61,715 million in 2014, 59.2% higher than in 2013, mainly due to the negative contribution of Hapag-Lloyd of Ch$52,519 million, corresponding to the proportional participation of CSAV in the result for the month of December of the German company, adjusted by the valuation at fair value of that investment by CSAV, and, to a lesser extent, the reduced contribution of IRSA, due to reduced earnings and dilution in CCU, and SM SAAM, due to the reduced earnings for the year. These variations were partially offset by the positive change of Ch$27,397 million with respect to the lower proportional loss of Nexans in 2014 compared to that of the previous year, and the participation in the results of CSAV as an associate only until June 2014 as a result of the consolidation of its results in the second half of 2014, which translated into a reduced loss of Ch$7,590 million in 2014.

- A greater loss from indexation adjustments, mainly explained by Quiñenco, LQIF holding and, to a lesser extent, CSAV, due to the increased inflation in 2014 and the higher level of UF denominated debt in Quiñenco.

The above was partially offset by:

- Higher financial income, mainly at Quiñenco reflecting the greater level of available cash.
- A positive variation in exchange rate differences, mainly attributable to CSAV.

Net income (loss) of non-banking businesses

	MCh$	
	12-31-2014	12-31-2013
Earnings from continued operations before taxes	479,909	8,178
Charge for income taxes	(89,118)	(9,480)
Loss from discontinued operations	(77,142)	(11,852)
Consolidated net income (loss) non-banking businesses	**313,650**	**(13,154)**

The consolidated earnings from the non-banking businesses were Ch$313,650 million in 2014, contrasting positively with the loss of Ch$13,154 million in 2013, mainly due to CSAV for the gain generated by the combination of the containership businesses and the merger with Hapag-Lloyd, partially offset by the loss from discontinued operations, also explained mainly by CSAV, as a result of the containership business and, to a lesser extent, the higher income tax charge, mainly explained by CSAV due to higher earnings for the year.

2. Analysis of Banking Services Results

The following companies are included in the results of the banking services: Banco de Chile and SM-Chile, which present their financial statements partially under IFRS for the years 2014 and 2013.

	MCh$	
Results banking services	12-31-2014	12-31-2013
Operating income	651,154	593,307
Non-operating loss	(79,619)	(67,629)
Income tax	(83,286)	(80,020)
Consolidated net income banking services	**488,249**	**445,658**

5 Operating revenue is the total net operating revenue less allowances for credit risk.
6 Non-operating result includes the result of investments in companies and interest on the subordinated debt with Banco Central de Chile.

Operating revenue[5]

Operating revenue increased by 13.2% to Ch$1,650,066 million in 2014, mainly explained by increased revenue related to the Bank's net asset position in UF in a context of higher inflation and increased loan revenue following growth of 7.0% in average loans.

Provisions for credit risk

Banco de Chile's provisions for credit risk amounted to Ch$283,993 million in 2014, an increase of 17.5% over the Ch$241,613 million in 2013. This change is due to (i) a higher charge for risk provisions mainly deriving from the volume effect associated with the growth in loans, particularly concentrated in retail banking; (ii) the establishment of additional provisions in 2014 related to a prudent focus on risks and the vision with respect to the potential effects of certain economic sectors should the recovery be slower than expected; (iii) a negative exchange rate effect linked to the depreciation of the peso against the dollar; and (iv) a net deterioration of Ch$10,400 million, mainly explained by the release of provisions of Ch$9,000 million in 2013 due to the improvement in the financial condition of a corporate customer.

Operating expenses

Operating expenses were Ch$714,918 million in 2014, 14.7% higher than the $623,200 million in 2013. This change mainly reflects higher staff expenses following the recognition of inflation on remunerations and the payment of specific bonuses related to the collective bargaining process. There were also higher administrative expenses due to an increase in information technology and telecommunications expenses, and expenses related to the branch network, fixed assets and outsourced services.

Non-operating income[6]

A non-operating loss of Ch$79,619 million was generated in 2014, 17.7% higher than the non-operating loss of Ch$67,629 million for 2013, mainly explained by higher interest accrued on the subordinated debt with Banco Central de Chile in 2014 due to the effect of higher inflation during the period.

Banking sector net income

Consolidated banking sector net income rose by 9.6% to Ch$488,249 million during 2014, mainly the result of higher operating revenue which was partially compensated by the increase in provisions for credit risk, increased operational expenses and, to a lesser extent, an increase in non-operating losses during the year.

3. ANALYSIS OF RESULTS BY SEGMENT

The following shows the composition of the results by segment and sector.

	MCh$											
	Manufacturing		Financial		Energy		Transport**		Other		Total	
	As of December 31											
Businesses /Segment	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Non-banking businesses												
Income from continued operations	(42,570)	(14,448)	(18,997)	(12,620)	30,206	20,867	445,855	-	65,415	14,378	479,909	8,178
(Charge) credit for income tax	(776)	(8,998)	1,944	857	4,095	(1,897)	(93,558)	-	(823)	557	(89,118)	(9,480)
Net income (loss) from discontinued operationss	(11,971)	(11,852)	-	-	-	-	(65,171)	-	-	-	(77,142)	(11,852)
Consolidated net income (loss) from non-banking businesses	(55,316)	(35,297)	(17,053)	(11,762)	34,301	18,971	287,126	-	64,593	14,935	313,650	(13,154)
Banking business												
Income before income tax	-	-	571,536	525,678	-	-	-	-	-	-	571,536	525,678
Income tax	-	-	(83,286)	(80,020)	-	-	-	-	-	-	(83,286)	(80,020)
Consolidated net income banking business	-	-	488,249	445,658	-	-	-	-	-	-	488,249	445,658
Consolidated net income (loss)	(55,316)	(35,297)	471,196	433,896	34,301	18,971	287,126	-	64,592	14,935	801,899	432,504
Net income (loss) attributable to non-controlling participations	(9,542)	(4,307)	358,413	309,766	-	-	109,953	-	986	2,205	459,809	307,664
Net income (loss) attributable to owners of the controller*	(45,774)	(30,990)	112,783	124,130	34,301	18,971	177,173	-	63,607	12,730	342,089	124,841

* Net income attributable to owners of the controller for each segment corresponds to the final contribution of each segment, and of the companies comprising them, to the earnings of Quiñenco S.A.

** The Transport segment includes the results of CSAV as an associate at proportional value during the first half of 2014 and as a consolidated subsidiary from July 2014.

Manufacturing Segment

	MCh$	
	12-31-2014	12-31-2013
Invexans [7]	(36,028)	(31,555)
Techpack [8]	(9,746)	565
Net loss of manufacturing segment	(45,774)	(30,990)

The manufacturing segment contributed a loss of Ch$45,774 million to the earnings of Quiñenco in 2014, 47.7% higher than in 2013.

7 Relates to the participation of Quiñenco in the net income of Invexans.
8 Relates to the participation of Quiñenco in the net income of Techpack.
9 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.

Invexans

	MCh$	
Invexans	12-31-2014	12-31-2013
Ordinary revenue	382	410
(Loss) earnings from operational activities	(17,169)	8,321
Non-operating loss	(28,264)	(55,230)
Loss attributable to owners of the controller	(44,924)	(47,884)

Invexans produced a net loss of Ch$44,924[9] million in 2014, 6.2% lower than the loss of the previous year. This improvement is explained by a better non-operating result and, to a lesser extent, a credit for income tax, thus compensating the negative change in the operational result.

In 2014, the revenue of Invexans, corresponding mainly to services and rentals, declined by 6.9% compared to 2013.

Invexans reported a loss from its operating activities in 2014 of Ch$17,169 million, contrasting negatively with operating income of Ch$8,321 million the year before, mainly due to recognition of the payment of lawsuits taking advantage of the tax amnesty in Brazil and provisions related to certain legal contingencies, included in Other expenses by function. Also, the previous year included a gain from the negative goodwill associated with the investments in Nexans in 2013.

The non-operating loss amounted to Ch$28,264 million in 2014, 48.8% lower than in the year before. This positive change is explained by the reduced loss in the participation in joint businesses in 2014, relating to the recognition of the equity value for Invexans of its investment in Nexans. This company reported a net loss of €168 million for 2014, 49.5% lower than the loss of €333 million in 2013. The operating income of Nexans was €148 million, 13.5% less than in 2013. The distributors and installers segment reported a fall of 29.7% in its operating result, due to reduced sales volumes and pressure on prices in South America and increased competition in Europe. The transmission, distribution and operators segment, on the other hand, reported an increase of 40.0%, mainly reflecting the good performance of submarine cables. The industrial segment achieved an increase of 19.0% in operating income, reflecting the positive effects of the reorganization being carried out in Europe, and the measures begun in 2013 to focus the portfolio on sectors with greater value added. The result for the year was affected by the net impairment of assets of €197 million and restructuring expenses of €51 million. These expenses were partially mitigated by a gain of €47 million on the net reversal of provisions related to contingencies and monopolistic behavior. Invexans adjusts its proportional result to reflect the effects of the fair value determined for Nexans which, added to the participation in the result, generated a negative net effect for Invexans of its investment in the French company of Ch$25,749 million in 2014 vs a negative net result of Ch$53,146 million in 2013.

The credit for income tax was Ch$509 million in 2014, comparing positively with the charge of Ch$975 million in 2013.

Techpack

	MCh$	
Techpack	12-31-2014	12-31-2013
Ordinary revenue	212,764	173,599
Earnings from operational activities	12,177	38,644
Non-operating loss	(11,971)	(11,852)
Net income (loss) attributable to owners of the controller	**(14,785)**	**1,118**

During 2014, Techpack produced a net loss of Ch$14.785[10] million, which contrasts negatively with net income of Ch$1,118 million the year before, mainly the result of reduced operating income and, to a lesser extent, a larger non-operating loss, mainly compensated by reduced income tax.

Techpack's revenues in 2014 amounted to Ch$212,764 million, 22.6% more than in 2013, due to an 8.8% increase in sales volumes, mainly due to the consolidation of HYC Packaging in Chile from June 2014, growth in Colombia following the commercial incorporation of new segments and customers, and in Argentina, reflecting increased sales of flexographic printing products. There was also a favorable effect from the translation to Chilean pesos due to the higher exchange rate.

Techpack recorded gross income of Ch$37,925 million in 2014, 11.3% higher than the year before but less than the growth in sales due to the higher cost of raw materials which suffer a time lag in passing these on to prices.

The earnings from the operating activities of Techpack amounted to Ch$12,177 million, 68.5% down on the previous year despite the increase in gross income, mainly due to the recognition of negative goodwill relating to the investment in Peruplast of Ch$14,023 million in 2013, the product of the valuation to fair value of that investment, included in Other gains (losses), and revenue obtained on the sale of the old production facilities of Peruplast included in Other revenue by function, also in 2013. There were also higher administrative expenses in 2014, mainly due to the formation of a corporate structure and the effect of the translation to pesos, reflecting a higher exchange rate.

10 The analysis of Madeco is based on the financial statements prepared in the functional currency of Quiñenco. The functional currency of Madeco differs from that of Quiñenco, as well as some classifications of accounting items.

Techpack reported a non-operating loss of Ch$9,313 million in 2014, an increase of 50.6% over the previous year, mainly explained by the negative change in exchange differences and higher financial costs.

The loss from discontinued operations of Techpack amounted to Ch$11,971 million in 2014, a 1.0% increase over the year before. The discontinued operations refer to Madeco Mills, Decker Industrial (Argentina) and Indalum.

The income tax charge was Ch$1,285 million, 84.0% lower than in 2013.

Financial Segment

	MCh$	
	12-31-2014	12-31-2013
LQIF holding [11]	(8,527)	(5,881)
Banking sector [12]	121,309	130,011
Net income of the financial segment	112,783	124,130

The financial segment contributed Ch$112,783 million to the earnings of Quiñenco in 2014, 9.1% less than in the year before. The contribution of Banco de Chile declined as a result of the reduction in the participation of LQIF due to the sale of 7.2% of the Bank in January 2014, which was offset by the improved performance of the Bank.

The banking sector consists of Banco de Chile and SM-Chile, whose most important item in terms of results is the subordinated debt with Banco Central de Chile.

11 Relates to the participation of Quiñenco in the earnings of the non-banking services of LQIF.

12 Relates to the participation of Quiñenco in the earnings of Banco de Chile and SM-Chile.

LQIF holding

	MCh$	
LQIF Holding	12-31-2014	12-31-2013
Ordinary revenue	-	-
(Loss) earnings from operating activities	(3,830)	1,713
Net loss non-banking services	(17,053)	(11,762)

LQIF holding reported a loss of Ch$17,053 million in 2014, 45.0% higher than the loss of Ch$11,762 million in 2013, mainly due to the gain of Ch$5,445 million in 2013 generated by the extraordinary amortization of the subordinated obligation with Banco Central de Chile due to the sale of options in the capital increase of Banco de Chile, included in Other gains (losses), and an increased loss from indexation adjustments as a result of higher inflation in 2014 and its effect on obligations denominated in UF. This was partially offset by a lower financial cost for the year and a larger income tax credit.

Banco de Chile

	MCh$	
Banco de Chile	12-31-2014	12-31-2013
Operating revenue	1,646,402	1,456,025
Provisions for credit risk	(283,993)	(241,613)
Operating expenses	(714,662)	(622,944)
Net income attributable to owners of the controller	591,080	513,602

Banco de Chile reported earnings of Ch$591,080 million in 2014, a rise of 15.1% over the year before. This change is mainly explained by increased operating revenue and, to a lesser extent, reduced income tax, partially compensated by a higher operating expenses and an increased allowance for credit risk.

Operating revenue increased by 13.1% due to (i) a larger contribution of the net asset position in UF, reflecting a greater variation in the UF (5.7% in 2014 vs 2.1% in 2013), which translated into close to Ch$155.900 million of additional revenue; (ii) increased revenue from loans of approximately Ch$37,900 million, based on a 7.0% increase in the average loan volume, a proactive management of margins and the one-off effect related to the prepayment of a wholesale banking loan; (iii) increased revenue from the management of assets and liabilities of around Ch$20,800 million as a result of a steeper rate curve and a re-pricing effect on short-term liabilities. Both effects were related to cuts in the monetary policy rate; (iv) growth of Ch$7,600 million in revenue associated with the position in US$ that covers the exposure to credit-risk allowances denominated in that currency, resulting from a higher depreciation of the peso (15.3% in 2014 vs 9.6% in 2013); and (v) increased revenue from the management of assets available for sale of around Ch$3,200 million, supported by lower long-term rates. These positive changes were partially offset by the reduction of 5.2% (approximately Ch$14,900 million) in net fee income, relating to credit cards, insurance and stock broking, and a reduced contribution by demand balances despite the 15% rise in the average volume due to a fall in short-term interest rates.

The allowance for credit risk of Banco de Chile amounted to Ch$283,993 million, a rise of 17.5% compared to Ch$241,613 million in 2013. This change is due to (i) a higher charge for risk allowance of around Ch$11,900 million as a result of a larger loan volume and growth concentrated in the retail banking area; (ii) additional allowances of approximately Ch$12,500 million, related to a prudent risk focus and views with respect to the potential effects in certain economic sectors should the recovery be slower than expected; (iii) the negative impact of Ch$7,600 million of the exchange rate due to a greater depreciation of the peso in 2014 compared to 2013; and (iv) a net impairment of Ch$10,400 million, mainly explained by the release of allowances of Ch$9,000 million in 2013 due to the improvement in the financial position of a corporate customer.

Based on the above, the portfolio expense indicator was 1.34% in 2014, compared to 1.23% in 2013. With respect to the overdue portfolio, the Bank records an indicator of 1.25% in 2014, above the 1.13% of 2013.

Operating expenses increased by 14.7% to Ch$714,662 million in 2014, compared to Ch$622,944 million in 2013. This was mainly due to (i) a 19.0% increase in staff remunerations and expenses, from Ch$323,236 million to Ch$384,512 million, the result of non-recurring expenses of close to Ch$45,100 million related to the collective bargaining agreements and a 5.0% increase in recurring staff expenses, in line with inflation for the period; (ii) a 7.1% increase in administrative expenses, from Ch$252,501 million to Ch$270,537 million, the result of higher information technology and telecommunications expenses, larger expenses related to the branch network and fixed assets, and expenses related to outsourced services associated with internal developments; and (iii) greater other operating expenses, which increased from Ch$16,051 million to Ch$27,027 million due to higher provisions for contingencies.

Subordinated Debt with Banco Central de Chile

The accrued interest on the subordinated debt with Banco Central de Chile in 2014 was 18.3% higher than the year before due to the effect of increased inflation during 2014.

Energy Segment

	MCh$	
	12-31-2014	12-31-2013
Enex [13]	34,301	18,971
Net income of the energy segment	**34,301**	**18,971**

The energy segment contributed Ch$34,301 million to the earnings of Quiñenco in 2014, 80.8% more than in the year before.

Enex

	MCh$	
Enex	12-31-2014	12-31-2013
Ordinary revenue	2,176,803	1,757,693
Earnings from operating activities	32,996	25,003
Net income attributable to owners of the controller	**34,301**	**18,971**

Enex reported earnings of Ch$34,301 million during 2014, 80.8% more than in the previous year. Revenue amounted to

13 Relates to the participation of Quiñenco in the earnings of Enex.

Ch$2,176,803 million, a rise of 23.8% as a result of greater volume, mainly of fuels, driven by the incorporation of the operation of Terpel Chile in the third quarter of 2013. Total volumes delivered in the year were 3,459 thousand cubic meters, 14.4% more than in 2013, of which 96.2% related to fuels. Gross income amounted to Ch$159,062 million, 24.9% up from the previous year, mainly due to a higher sales volume reflecting the incorporation of Terpel Chile and, to a lesser extent, improved margins in fuels and lubricants.

The earnings from operating activities of Enex amounted to Ch$32,996 million in the year, 32.0% higher than in 2013, as a result of a 24.9% increase in gross income, explained above, partially offset by increased administrative expenses, mainly also associated with the incorporation of the operation of Terpel Chile in the third quarter of 2013.

The non-operating loss was Ch$2,789 million in 2014, 32.6% lower than in 2013, mainly the product of reduced financial costs and, to a lesser extent, increased income from participation in joint ventures.

The income tax credit of Enex amounted to Ch$4,095 million for 2014, contrasting positively with the charge for income tax of Ch$1,897 million in 2013.

Transport Segment

	MCh$	
	12-31-2014	12-31-2013
CSAV [14]	177,173	-
Net income of the transport segment	177,173	-

The transport segment contributed income of Ch$177,173 million to the earnings of Quiñenco in 2014.

CSAV

As of December 2014, the financial statements of CSAV show its containership business as a discontinued activity following the completion of the merger of this business with Hapag-Lloyd on December 2, 2014. The financial statements therefore include the discontinued activities until December 2, as well as the participation in Hapag-Lloyd at its proportional value during the last month of the year. However, for the analysis of its results, CSAV included a note showing its results in the containership business as a continued activity during the first 11 months of the year. The following analysis is based on this PROFORMA presentation format in dollars, as detailed in the Segments note, in order to make a comparative analysis.

	MUS$	
CSAV	12-31-2014	12-31-2013
Ordinary revenue	2,741	3,206
Earnings (loss) from operating activities	641	(221)
Net income (loss) attributable to owners of the controller	389	(169)

CSAV reported earnings of US$389 million in 2014, contrasting positively with the loss of US$169 million in 2013, mainly due to the net gain related to the merger of the containership business with Hapag-Lloyd, which had an after-tax impact of US$619 million. This was obtained from a non-recurring gain reported in other gains and losses, the participation in the results of Hapag-Lloyd in the month of December 2014 included in participations in results of associates, and the charge for taxes.

CSAV's revenues in 2014 declined by 14.5% to US$2,741 million compared to the year before, mainly due to reduced containership tariffs and a 5.6% fall in the volume carried, considering 11 months of operation in the year.

CSAV produced a gross loss of US$11 million in 2014, 141.3% higher than in the previous year, due to the fall in revenue already explained, and the positive effect in 2013 on costs by the merger of subsidiaries in Brazil, which were partially offset by a reduction in costs which reflected the greater operating efficiencies achieved. Operating income was US$641 million in 2014, contrasting positively with the operational loss of US$221 million in 2013, mainly reflecting the pre-tax gain on the transaction with Hapag-Lloyd of US$864 million, included in other gains and losses. To a lesser extent, reduced expenses by function due to a provision of US$40 million made in 2013 for eventual costs related to investigations into infringement of anti-trust regulations in the car-carrier business, and reduced administrative and selling expenses, also contributed to the better result. The above was partially compensated by a gain of US$54 million from the discount on prepayment of a debt with

14 Relates to the participation of Quiñenco in the earnings of CSAV.

AFLAC in 2013 and the loss of US$19 million in 2014 on the sale of the participation in the joint venture DBHH Inc. with DryLog Ltd., both also included in other gains and losses.

The non-operating result was a loss of US$108 million in 2014, a rise of US$28 million over the year before, mainly due to a greater loss from the participation in the results of associates and joint ventures in 2014. This was due to the participation in the results of Hapag-Lloyd for the month of December which implied a net loss of US$87 million. This loss reflects the proportional participation of CSAV in the results of Hapag-Lloyd, which included material effects resulting from the closing of the transaction, mainly a provision for restructuring associated with the integration with CSAV of US$117 million and an impairment of US$170 million related to 16 own ships classified as held for sale which will be scrapped during 2015, and also the adjustment made by CSAV to this proportional participation on valuing the investment in Hapag-Lloyd at fair value.

The charge for income tax in 2014 was US$144 million, which contrasts negatively with the tax credit of US$81 million in 2013, mainly because of the tax charge relating to the transaction with Hapag-Lloyd which amounted to US$158 million.

Other Segment

	MCh$	
	12-31-2014	12-31-2013
IRSA [15]	32,075	37,690
CSAV [16]	-	(37,163)
SM SAAM [17]	12,118	12,664
Quiñenco & others	19,414	(460)
Net income of the Other segment	63,607	12,730

The Other segment contributed earnings of Ch$63,607 million to Quiñenco in 2014, an increase over the figure of Ch$12,730 million the year before mainly due to the lower proportional loss of CSAV and to the positive contribution from Quiñenco and others, partially offset by reduced earnings reported by IRSA and SM SAAM.

IRSA

The 14.9% reduction in the contribution of IRSA, parent of CCU, to Quiñenco reflects the reduction in the participation of IRSA in CCU from 66.1% to 60.0% in the last quarter of 2013, plus the fall in the earnings of CCU and the increase in financial costs and the loss for indexation adjustments, both related to the debt contracted by IRSA in 2013.

CCU

	MCh$	
CCU	12-31-2014	12-31-2013
Ordinary revenue	1,297,966	1,197,227
Operating income	183,957	189,225
Net income attributable to owners of the controller	119,557	123,036

CCU reports its consolidated results in accordance with the operating segments, essentially defined as its revenues from the geographical areas of its commercial activity: Chile, Río de la Plata, Wine and Others[18] .

CCU's net income reached Ch$119,557 million in 2014, 2.8% lower than in the year before, due to a lower operating result, partially compensated by a decreased non-operating loss and a lower charge for income tax.

CCU produced sales of Ch$1,297,966 million in 2014, 8.4% larger than in the year before, as a result of 4.5% growth in the consolidated volumes sold and 3.8% growth in average prices. The volumes sold in Chile rose by 4.1% despite the deceleration in private consumption, with a 4.2% increase in average prices, reflecting the prices increases implemented. Sales in the Río de la Plata segment rose by 6.0% following the incorporation of the operation in Paraguay, partially offset by a fall in average prices, and the Wine segment increased by 2.5% in volume, together with a 10.4% rise in average prices, reflecting a good performance in the export and domestic markets. The growth in CCU's revenue was led by Chile, reflecting a larger volume and increased prices, followed by Wine and Río de la Plata.

15 Relates to the participation of Quiñenco in the earnings of IRSA.
16 Relates to the participation of Quiñenco in the earnings of CSAV, adjusted according to the estimated fair values of the investment in CSAV in 2013.
17 Relates to the participation of Quiñenco in the earnings of SM SAAM, adjusted according to the estimated fair values of the investment in SM SAAM.
18 Chile: includes the sale of beer, non-alcoholic drinks and spirits in Chile.
Río de la Plata: includes the sale of beer, non-alcoholic drinks and spirits in Argentina, Uruguay and Paraguay.
Wines: includes the sale of wine, mainly in export markets.
Others: include unassigned corporate revenue and expenses and the result of the logistics subsidiary.

Operating income declined by 2.8% as a result of increased distribution, marketing and administrative expenses, which offset the 5.0% growth in the gross margin and the compensation received by the Argentine subsidiary CICSA of Ch$18,882 million as a result of the termination of the contract that allowed it to import and distribute exclusively the beers Corona and Negra Modelo in Argentina and the license for producing and distributing the beer Budweiser in Uruguay.

The non-operating loss decreased by 22.3% mainly due to increased financial income following a greater level of cash after the capital increase at the end of 2013, a reduced exchange rate difference loss and, to a lesser extent, reduced financial costs, which were partially compensated by the increased loss from indexation adjustments, reflecting a bigger variation in the UF in 2014 and its effect on net indexed liabilities, and a negative change in the participation in the results of associates.

The charge for income tax declined by 7.0% to Ch$32,279 million.

CSAV

The proportional participation of Quiñenco in 2013 in the results of CSAV was a loss of Ch$37,163 million, reflecting the loss reported by CSAV for 2013 and the adjustment for the effect of the valuation at fair value of the investment in CSAV by Quiñenco. The adjustment as of December 2013 was Ch$1,271 million (negative). In September 2013 Quiñenco participated in the capital increase of CSAV and increased its participation to 46.0%. During July, August and December 2014 Quiñenco participated in the capital increases of CSAV, increasing its shareholding in the company to 64.6%. As from the financial statements at September 30, 2014, therefore, Quiñenco consolidates CSAV. For the analysis of the 2014 results of CSAV, see the Transport Segment.

SM SAAM

The contribution of SM SAAM to Quiñenco was earnings of Ch$12,118 million, 4.3% lower than the year before as a result of reduced earnings reported by SM SAAM for the year and the adjustment for the effect of the valuation at fair value of the investment in SM SAAM by Quiñenco, despite the higher percentage participation following the acquisition of an additional 5.0% made in September 2013 to reach a shareholding of 42.4%. As of December 2014, the adjustment was Ch$2,884 million (negative) (Ch$2,048 million in 2013 (negative)). SM SAAM was formed from the division of CSAV in February 2012. The principal asset of SM SAAM is its 99.9995% shareholding in SAAM.

	MUS$	
SM SAAM	12-31-2014	12-31-2013
Ordinariy revenue	492	479
Operating income	53	66
Net income attributable to owners of the controller	61	74

SM SAAM[19] reported earnings of US$61 million in 2014, 17.0% lower than the previous year, which is largely explained by the non-recurring impact of the sale of Cargo Park in the logistics division in 2013, and the cost of the bonus paid to end the port strike in January in the Chilean terminals of approximately US$5 million, partially offset by a 7.2% increase in gross income and reduced income tax.

The revenues of SM SAAM in 2014 were US$492 million, an increase of 2.8% due to better performance in the port terminals segment, reversing the effects of the port stoppage in Chile and the bonus related to termination of the dispute, the improved performance of the port terminals in Guayaquil and Iquique and of tugboats segment. In the latter, notable was the start of the two joint ventures with Boskalis from July 1, 2014 to provide services in Brazil, Mexico, Panama and Canada. In the case of Brazil, the operations ceased to be consolidated as SAAM reduced its participation to 50%, while at the same time Panama and Canada were incorporated as new markets. The revenues of the logistics segment were affected by the loss of maritime agency contracts in Chile and a reduction in the results of container depots and workshops in Chile. The revenues of SM SAAM were generated by the services of tugboats (44.1%), logistics (30.1%) and port terminals (25.8%) in 2014.

SM SAAM obtained gross income of US$124 million in 2014, 7.2% more than the year before due to better margins from port terminals and tugboats, partially offset by a reduced margin in logistics.

19 SM SAAM reports in US$.

Operating income was US$53 million, 19.4% less than the year before, despite the increased gross income explained, mainly due to the non-recurring gain on the sale of Cargo Park in 2013.

The non-operating result was income of US$26 million in 2014, a 19.6% increase over 2013, mainly explained by the greater contribution of the associates and joint ventures and higher financial income.

Income tax was US$9 million in 2014, 20.4% less than the year before.

Quiñenco and others

The variation in Quiñenco and others is mainly due to the revaluation of the investment in CSAV reported in December 2014, following the accounting change of that investment from the equity method to consolidation and, to a lesser extent, higher financial income at the corporate level reflecting the higher level of available cash and the increased contribution by Banchile Vida, which rose by 7.5% in the year mainly due its improved operating result. These favorable effects were partially offset by an increase in the loss from indexation adjustments at the corporate level due to a higher inflation rate in 2014 and its effect on obligations denominated in UF, together with a higher level of liabilities in UF, plus increased financial costs resulting from the higher debt level.

III. ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION

Assets

The consolidated assets of Quiñenco as of December 31, 2014 amount to Ch$32,199,577 million, a figure 9.3% higher than that at the end of 2013, due to increased assets in both the banking services and non-banking businesses.

The following shows in comparative terms the composition of the consolidated assets at the end of each year:

	MCh$	
	12-31-2014	12-31-2013
Manufacturing		
Invexans	331,654	318,915
Techpack	353,225	295,372
Sub total manufacturing	684,879	614,288
Financial		
LQIF holding	858,941	923,685
Energy		
Enex	727,350	732,278
Transport		
CSAV	1,341,265	-
Others		
Quiñenco & others	944,759	1,272,365
Total assets non-banking businesses	4,557,194	3,542,616
Banking services assets	27,642,384	25,929,314
Total consolidated assets	32,199,577	29,471,930

	MCh$	
	12-31-2014	12-31-2013
Non-banking businesses current assets	805,525	900,417
Non-banking businesses non-current assets	3,751,668	2,642,199
Total non-banking businesses assets	4,557,194	3,542,616
Banking services assets	27,642,384	25,929,314
Total consolidated assets	32,199,577	29,471,930

Current assets non-banking businesses

The current assets of the non-banking businesses amounted to Ch$805,525 million, which represents a decrease of 10.5% compared to December 31, 2013. This is mainly explained by the payment of dividends, mostly by LQIF to Citigroup and to a lesser extent to Quiñenco, the investment in shares of Hapag-Lloyd made by CSAV, the repayment of short-term bank loans by Invexans, investments in property, plant and equipment by Enex and Techpack and the investment in shares of Nexans made by

Invexans. These were compensated by the consolidation of the assets of CSAV in 2014, which contributed its cash and cash equivalents. The current assets were mainly increased by the proceeds of the sale of shares in Banco de Chile made by LQIF in January 2014 (approximately Ch$437,000 million).

Non-current assets non-banking businesses

The non-current assets of the non-banking businesses amounted to Ch$3,751,668 million, which represents an increase of 42.0% over the end of 2013. This is mainly due to the investments booked using the equity method, the incorporation of the deferred tax assets of CSAV resulting from the consolidation and, to a lesser extent, the increase in property, plant and equipment of CSAV, Enex and Techpack, partially offset by less goodwill following the sale of shares in Banco de Chile by LQIF. The principal variations in equity investments were: i) the incorporation of Hapag-Lloyd at fair value following the merger with CSAV, and ii) the absence of CSAV in 2014 following the change in accounting of that investment, from the equity method to consolidation.

Banking services assets

Banking services assets as of December 31, 2014 were Ch$27,642,384 million, representing an increase of 6.6% over December 2013.

Liabilities

The following shows a comparison of the consolidated liabilities of Quiñenco at the end of each year.

	MCh$	
	12-31-2014	12-31-2013
Manufacturing		
Invexans	19,377	111,173
Techpack	158,227	184,953
Sub total manufacturing	177,604	296,125
Financial		
LQIF holding	226,860	203,459
Energy		
Enex	218,195	264,622
Transport		
CSAV	188,527	-
Others		
Quiñenco & others	683,171	551,978
Total liabilities non-banking businesses	1,494,358	1,316,184
Liabilities banking services	25,171,138	23,728,953
Total consolidated liabilities	26,665,496	25,045,137

	MCh$	
	12-31-2014	12-31-2013
Non-banking businesses current liabilities	561,163	452,481
Non-banking businesses non-current liabilities	933,195	863,702
Total non-banking businesses liabilities	1,494,358	1,316,184
Liabilities banking services	25,171,138	23,728,953
Total consolidated liabilities	26,665,496	25,045,137
Equity	5,534,082	4,426,793
Total equity & liabilities	32,199,577	29,471,930

The liabilities of the non-banking businesses sector as of December 31, 2014 amounted to Ch$1,494,358 million, 13.5% more than at December 31, 2013. This increase is mainly due to the consolidation of the liabilities of the transport segment of Ch$188,527 million, mostly the bank debt and bonds of CSAV, and, to a lesser extent, other provisions and trade accounts payable. The increase is also explained by the increase in bonds outstanding of Quiñenco, the increase in other current non-financial liabilities, the result of the greater provision for the payment of dividends to shareholders of Quiñenco and the increase in deferred tax liabilities mostly attributable to CSAV, partially offset by the repayment of short-term bank loans by Invexans and Techpack, and reduced trade accounts payable, mainly at Enex.

Banking services liabilities rose by 6.1% compared to December 31, 2013.

The non-banking businesses sector debt ratio[20] declined from 0.54% as of December 31, 2013 to 0.53% in December 2014. This is mainly explained by the 13.5% increase in liabilities and an increase in the equity of the controller (17.3%). In comparative terms, the current liabilities of the non-banking businesses as of December 31, 2014 represent 37.6% of the total liabilities of the non-banking businesses, compared to 34.4% as of December 31, 2013.

20 Debt ratio: Total non-banking businesses liabilities /Equity attributable to owners of the controller

Equity [21]

As of December 31, 2014 the equity of Quiñenco amounts to Ch$2,835,293 million, 17.3% higher than at December 31, 2013. This is mainly explained by the earnings for the year net of dividends and the positive variation in other reserves. This variation mainly corresponds to the effect of Ch$79,008 million from the sale of Banco de Chile shares by LQIF and, to a lesser extent, the incorporation of other reserves of CSAV, the concurrence in the capital increase of Invexans, the association contract of SM SAAM with Boskalis and the dollar/peso translation difference mainly in SM SAAM and CSAV. In addition, the increase in equity is also explained by the effect of the tax reform on deferred taxes. The increase approved for the tax rate generated an increase of Ch$24,839 million in consolidated deferred taxes, booked in accumulated results as required by the SVS in its Circular 856 of October 2014.

21 Equity corresponding to Equity attributable to owners of the controller.

IV. FINANCIAL INDICATORS

Financial Indicators		12-31-2014	12-31-2013
LIQUIDITY*			
Current ratio	times		2.0
(Current assets/Current liabilities)			
Acid test	times	0.4	0.9
(Cash & cash equivalents/Current liabilities)			
DEBT*			
Debt ratio	times	0.53	0.54
(Total liabilities/Equity attributable to owners of the controller)			
Current debt/Total debt	%	37.55%	34.38%
(Current liabilities/Total liabilities)			
Non-current debt/Total debt	%	62.45%	65.62%
(Non-current liabilities/Total liabilities)			
Financial expenses coverage	times	10.77	0.89
((Non-banking earnings + Income tax + Financial costs)/Financial costs)			
ACTIVITY*			
Inventory turnover	times	18.84	16.02
(Cost of sales/Average inventories)			
PROFITABILITY			
Return on equity	%	13.0%	5.8%
(Net income of controller/Average equity attributable to owners of the controller)			
Return on assets of non-financial segments	%	7.3%	0.0%
(Net income of controller non-financial segments /Average assets non-financial segments)			
Return on assets of financial segment	%	0.4%	0.5%
(Net income of controller financial segment / Average assets financial segment)			
Earnings per share	Ch$	205.74	88.73
(Net income of controller /Weighted average No. of shares)			
Dividend yield	%	3.4%	3.7%
(Dividend payments last 12 months per share/Closing share price)			

* Excludes banking services assets and liabilities

** Excludes liabilities included in groups of assets for disposal classified as held for sale.

V. SUMMARIZED STATEMENT OF CASH FLOWS

	MCh$	
Cash flow of non-banking businesses	12-31-2014	12-31-2013
Net cash flow from (used in) operating activities	(124,794)	48,760
Net cash flow from (used in) financing activities	(390,117)	313,835
Net cash flow from (used in) investment activities	150,974	(298,060)
Total net cash flow for the year	(363,936)	64,536

As of December 31, 2014 Quiñenco reported for the non-banking businesses a negative net cash flow of Ch$363,936 million explained by the negative cash flow used in financing activities of Ch$390,117 million and to a lesser extent the negative flow used in operating activities of Ch$124,794 million, partially offset by the positive cash flow from investment activities of Ch$150,974 million.

The negative operating cash flow is mainly composed of the negative operating cash flow of CSAV during the year, which was partially offset by positive cash flows in Enex, Banchile Vida and Techpack. The negative operating cash flow was mainly composed of payments to suppliers of Ch$4,317,930 million by Enex, CSAV and, to a lesser extent, by Techpack and Banchile Vida, payments to personnel of Ch$147,861 million, mainly CSAV, Techpack, Enex and, to a lesser extent, Quiñenco and others, and payments for operating activities (net) of Ch$53,251 million, mostly made by Enex and CSAV, partially compensated by collections from customers of Ch$4,406,830 million, principally by Enex, CSAV and, to a lesser extent, Techpack and Banchile Vida.

The negative financing cash flow mainly comprises dividends paid of Ch$349,397 million, corresponding primarily to those paid by LQIF to third parties and, to a lesser extent, by Quiñenco. It also includes interest payments of Ch$66,978 million made mainly by Quiñenco, CSAV and, to a lesser extent, LQIF, Techpack and Enex and the payment of net obligations of Ch$15,158 millions, mainly corresponding to Invexans, CSAV and, to a lesser extent, Techpack and Quiñenco. These negative cash flows were partially compensated by the proceeds of share issues of Ch$66,485 million, reflecting the subscription by third parties in the capital increases of Techpack, CSAV and Invexans.

The positive investment cash flow is mainly explained by the sale of shares in Banco de Chile made by LQIF of Ch$437,262 million, the initial cash balance of CSAV of Ch$108,567 million and, to a lesser extent, dividend income from associates and interest received. This was partially offset by the participation of CSAV in the capital increase of Hapag-Lloyd with an investment in cash of Ch$145,489 million and acquisitions of shares in Nexans made by Invexans of Ch$27,804 million, plus investments made in time deposits and others of more than 90 days (net) of Ch$129,595 million at the corporate level and the purchase of property, plant and equipment of Ch$100,660 million made mainly by CSAV, Enex and Techpack.

	MCh$	
Banking services cash flows	12-31-2014	12-31-2013
Net cash flow from (used in) operating activities	(50,514)	(208,224)
Net cash flow from (used in) financing activities	398,481	959,735
Net cash flow from (used in) investment activities	54,800	(419,006)
Total net cash flow for the year	402,767	332,505

As of December 31, 2014 Quiñenco reported for the banking services a total positive net cash flow of Ch$402,767 million, explained by the positive flow from financing activities of Ch$398,481 million and the positive flow from investment activities of Ch$54,800 million, partially offset by the negative flow used in operating activities of Ch$50,514 million.

VI. SUMMARIZED STATEMENT OF COMPREHENSIVE RESULTS

	MCh$		
	12-31-2014	12-31-2013	Variation
Results non-banking businesses			
Revenue from ordinary activities	2,540,694	2,022,773	25.6%
Manufacturing	213,146	174,009	22.5%
Financial	-	-	
Energy	2,176,803	1,757,693	23.8%
Transport	47,246	-	n.a.
Other	103,499	91,070	13.6%
Cost of sales	(2,275,472)	(1,794,574)	26.8%
Manufacturing	(174,953)	(139,722)	25.2%
Financial	-	-	
Energy	(2,017,741)	(1,630,361)	23.8%
Transport	(50,364)	-	n,a,
Other	(32,413)	(24,490)	32.4%
Earnings from operating activities	583,276	82,686	605.4%
Manufacturing	(4,993)	46,965	n.a.
Financial	(3,830)	1,713	n.a.
Energy	32,996	25,003	32.0%
Transport	522,279	-	n.a.
Other	36,823	9,004	308.9%
Npn-operating result	(103,367)	(74,508)	38.7%
Financial income	22,948	16,299	40.8%
Financial costs	(41,235)	(39,055)	5.6%
Participations in results of associates & joint ventures	(61,715)	(38,765)	59.2%
Exchange rate differences	3,538	(2,244)	n.a.
Indexation adjustment results	(26,902)	(10,743)	150.4%
Charge for income taxes	(89,118)	(9,480)	840.1%
Earnings from discontinued operations	(77,142)	(11,852)	550.9%
Consolidated net income (loss) non-banking businesses	313,650	(13,154)	n.a.
Banking services results			
Operating revenues	1,650,066	1,458,121	13.2%
Allowances for credit risk	(283,993)	(241,614)	17.5%
Operating expenses	(714,918)	(623,200)	14.7%
Operating income	651,154	593,307	9.7%
Non-operating result	(79,619)	(67,629)	17.7%
Income tax	(83,286)	(80,020)	4.1%
Consolidated net income banking services	488,249	445,658	9.6%
Consolidated net income	801,899	432,504	85.4%
Net income attributable to non-controlling participations	459,809	307,664	49.5%
Net income attributable to owners of the controller	342,089	124,841	174.0%

VII. ANALYSIS OF RISK FACTORS

Quiñenco and its subsidiary and associate companies face risks inherent to the markets and economies in which they participate, 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 carries on its business mainly in Chile, so its operating results and financial position are, to a large degree, dependent on the general level of domestic economic activity. While it is estimated that the Chilean economy grew by 1.9% in 2014, there is no assurance about whether it will continue to grow in the future. The factors that might have an adverse effect on the company's business and results include future decelerations of the Chilean economy, a return to high inflation and currency fluctuations. The Company's activities in Chile are diversified into six different 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 activities allows for a greater diversification of the risk associated to a sector or country.

Competition

Quiñenco believes that its businesses face a high level of competition in the industries in which they operate. 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, based on its past experience and records, that its businesses will be capable of continuing to compete successfully in their respective areas, there is no certainty that the competition will not continue to grow in the future, including a possible continued trend of consolidation in some industries. In the containership business, the industry faces an imbalance between supply and demand which is reflected in an installed capacity superior to global demand, which has affected tariffs. Greater competition 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 among various sectors and countries.

Raw materials risk

In the subsidiary Techpack, oil derivatives (polyethylene resins, polypropylene, etc.) are the principal raw materials. The financial result of Techpack is linked to its capacity to acquire an adequate supply, pass on prices quickly, manage stock efficiently and mitigate the risks of variations in their prices.

In the management of oil derivatives, Techpack does not use financial hedges due to the difficulty of associating them with the different raw materials. Instead, it fixes the prices of its products with its principal customers through polynomials (adjustment methods), which take into account the principal variations of their components. These polynomials are adjusted between Techpack and its customers periodically in order to mitigate the risks with respect to variations in the process of its raw materials.

In the subsidiary Enex, fuels sold are mainly bought from Enap under annual supply contracts that regulate the conditions or formulas for the indexation of 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 differ from the estimated ones outside a certain range. Enex maintains 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 the prices based on the evolution of the raw materials, production costs and local market conditions. Price changes are notified in advance, which are generally passed on to the commercial terms.

In the subsidiary CSAV, fuel is the main cost component. The company's spot price sales, which represented 73% of sales during 2014 until the closing of the operation with Hapag-Lloyd, are indexed to the volatility of fuel through the surcharge called BAF (bunker adjustment factor). However, depending on the balance of supply and demand, it is not always possible to pass on 100% of the volatility of the fuel price to the tariff. Of the company's sales under contracts (the remaining 27%), 59% include adjustment clauses for variations in the fuel price. For the balance remaining, which have no sale price adjustment clause, CSAV contracts fuel derivatives adjusting the hedge to the term of the corresponding contract, thus achieving the desired match between the term of the contract and the fuel hedge corresponding to the operation. However, the transport services that CSAV continues to operate (car carriers, solid bulk and refrigerated), are mostly carried out under contracts and with fuel price adjustment and indexation clauses.

Banking services risks

The subsidiary Banco de Chile manages credit and market risks according to its risk-management policies and procedures and in accordance with the rules and regulations of the SBIF. Credit risk is managed through a global and unified strategy, providing each segment with the pertinent credit treatment, using an automated model for individuals, a parametric model for small and medium businesses, and a case-by-case model for large companies and corporations. The management of market risk, which covers liquidity and pricing risks, is carried out under the Bank's market-risk policy which establishes methodologies for measuring, limiting, controlling and reporting these risks.

Financial Risks

Credit risk

At the corporate level, investments of surplus cash are made 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.

In the subsidiary Techpack, the risk related to customers is managed according to its established policies and procedures. In granting credit to customers, these are evaluated in order to reduce the risk of non-payment. The credit lines granted are revised periodically in order to apply the controls defined by Techpack's policies and to monitor the state of accounts pending collection.

The risk related to liabilities or assets of a financial nature is managed by Techpack according to its defined policies. Cash surpluses or funds available for investment are invested, in accordance with the policy, in low-risk instruments (mainly time deposits) with institutions having strong credit ratings and within the limits established for each of the institutions (funds are placed in a diversified manner). In the case of financial hedges, management selects institutions with strong credit ratings.

The risk with respect to financial liabilities or assets is managed by Invexans in accordance with defined policies. Cash surpluses are invested, in accordance with the criteria of the policy, in low-risk instruments (mainly time deposits) in institutions having high credit ratings and within the limits established for each institution (funds are placed in a diversified manner). In the case of financial hedges, management selects institutions with strong credit ratings.

The subsidiary LQ Inversiones Financieras has no accounts receivable subject to credit risk. Regarding its investments of cash surpluses, these are made on market conditions in fixed-income instruments, according to the maturities of financial commitments and operating expenses.

In the subsidiary Enex, customer risk is managed within its credit policy and its authorizations manual. Sales on credit terms are controlled by the management system through the blocking of purchase orders when the customer's credit shows overdue debt and/or exceeds their previously agreed and approved credit limit. Approvals of customer credit lines are made by Enex's administration and finance management, with support and recommendation from the commercial areas, in accordance with a credit assessment model that takes into account both commercial and technical aspects. When considered appropriate, collateral and/or 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 investments of cash surpluses are limited to fixed-income instruments (e.g. repurchase agreements and time deposits) with financial entities evaluated at least once a year, with exposure limits assigned by entity according to credit-rating agency reports and opinions, in line with Enex's current treasury policy.

See the Note Classes of financial assets and liabilities for details of the balances.

The subsidiary CSAV has a strict credit policy for the administration of its accounts receivable portfolio, based on the setting of credit lines for direct customers and non-related agencies. In the determination of credit lines for direct customers, an individual analysis is made of solvency, payment capacity, bank references and commercial references of the customers, industry and market in which the customer participates, plus the historic payment experience with the company. For non-related agencies, the process is similar, but there are contracts and collateral that reduce the credit risk. The credit lines are reviewed annually and the payment behavior and percentage utilization are monitored constantly.

Regarding ship and slot chartering contracts with third parties, CSAV supports its agreements with charter party contracts and slot charter agreements. CSAV charters ships and slots only with other shipping companies, always taking into account the credit capacity of the counterparty.

However, following the closing of the transaction with Hapag-Lloyd, the accounts receivable relating to container shipping, the sub-chartering of containerships and associated agencies no longer form part of the accounts receivable as of December 31, 2014.

The subsidiary CSAV has an investment policy for financial assets, which include time deposits and repurchase agreements, whereby it has checking accounts with financial institutions with investment grade credit ratings. Its risk control policy also includes the taking of hedge positions in interest rates, exchange rates and oil prices, with financial institutions with investment grade credit ratings. However, following the merger of the containership business with Hapag-Lloyd, the bunker-price and interest-rate hedge contracts were cancelled. As of December 31, 2014 the only open positions are related to the hedging of the capital increase process completed in February 2015.

See the Note Classes of financial assets and liabilities for details of the balances of financial assets.

Liquidity risk

Quiñenco finances its activities and investments with dividend and profit distributions from the companies in which it participates and with funds obtained from the sale of assets and/or the issuance of 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 the cash-flow generation.

The subsidiary Techpack estimates periodically the projected needs for liquidity for each year, between the amounts of cash to be received (balances of receivables, dividends, etc.), the respective payments (commercial, financial, etc.) and available amounts of cash, in order not to have to resort to short-term external financing. Techpack's financing policy seeks that its funding sources have a balanced structure between short and long term, a low risk exposure and that are in line with the cash flows generated by each of its companies.

The subsidiary Invexans estimates periodically the projected needs for liquidity for each period, between the amounts of cash to be received (rentals, dividends, etc.), the respective payments (commercial, financial, etc.) and available amounts of cash, in order not to have to resort to short-term external financing. Invexan's financing policy seeks that its funding sources have a balanced structure between short and long term, a low risk exposure and that are in line with the cash flows generated by the company.

The subsidiary LQIF distributes dividends as a function of its free cash flows taking into account the expenses and forecasts indispensable for the company, which include its financial obligations. The principal source of funds for the payment of interest and principal on the obligations of LQIF are the payments of dividends on its direct and indirect shareholding in Banco de Chile. Consequently, the capacity to meet the scheduled payments of interest and principal depends entirely on the capacity of Banco de Chile to generate positive earnings from its operations and the agreements adopted annually at its shareholders' meeting with respect to the distribution of dividends.

The subsidiary Enex estimates its short-term cash flow projections periodically based on information received from the commercial areas. Enex has credit lines available with its principal banks in order to cover possible unexpected cash deficits.

The subsidiary CSAV has concentrated on increasing its sources of liquidity through the use when necessary of committed credit lines and structured loans. As of December 2014 CSAV has available credit lines for working capital. This liquidity enables it to better face variations in the international markets or in the shipping industry that might affect revenues adversely or increase costs.

See Note Other current and non-current financial liabilities for details of the balances and maturities of the financial debt.

Market risk

Exchange rate risk

There is no exposure to exchange rate risk at the corporate level as of December 2014 as it has no significant foreign currency assets and liabilities. There are no hedge mechanisms contracted at the corporate level at December 2014 or 2013.

In the subsidiary Invexans, the exposure to exchange rate risk derives from the positions held in cash and cash equivalents, bank debt indexed to currencies other than its functional currency, i.e. US dollar, and the related appreciations/depreciations between both currencies. Both the board and management of Invexans revise its net exposure periodically, projecting, based on variations in the currencies other than the functional currency, the financial effects that would be generated by balances of 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 (mainly cross-currency swaps) in order to mitigate these possible risks.

As of December 31, 2014 Invexans's net exposure to exchange risk is an asset equivalent to Ch$428 million. If a 5% variation is assumed in currencies other than the functional currency on this exposure, an estimated effect of Ch$21 million would be generated in the income statement.

In the subsidiary Techpack, the exposure to exchange rate risk derives from the positions held in cash and cash equivalents, bank debt, bonds and other assets and liabilities indexed to currencies other than its functional currency, i.e. US dollar, and the relative appreciations/depreciations between both currencies. Both the board and management of Techpack revise its net exposure periodically, projecting, based on variations in the currencies other than the functional currency, the financial effects that would be generated by balances of 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 in order to mitigate these possible risks.

As of December 31, 2014 Techpack's net exposure to exchange rate risk is an asset equivalent to Ch$22,529 million. If a 5% variation is assumed in currencies other than the functional currency on this exposure, an estimated effect of Ch$1,126 million would be generated in the income statement.

The subsidiary LQIF has no exposure to exchange rate risk as it has no foreign currency assets or liabilities as of December 31, 2014 and 2013.

In the subsidiary Enex the exposure to exchange risk arises under certain agreements with suppliers and customers agreed in a currency other than the functional currency (Chilean peso). The most important cases relate to imports of fuels, lubricants and bitumen where the obligation is generated and payable in US dollars. To mitigate this risk, Enex has a policy to minimize the net exposure (assets-liabilities) in foreign currency using a mechanism of the habitual purchase of currencies in the spot market. As of December 31, 2014 the net exposure to exchange rate risk of Enex is a liability equivalent to Ch$1,811 million. If one assumes a variation of 5% in currencies other than the functional currency on that exposure, this would generate an estimated effect of Ch$91 million in the income statement.

In the subsidiary CSAV, the assets and liabilities are mainly denominated in its functional currency, i.e. the US dollar. However, there are also assets and liabilities in other currencies. The company reduces the risk of exchange-rate fluctuations by periodically converting to US dollars any balance in local currency that exceeds payment needs in that currency. As of December 31, 2014 the net exposure to exchange risk of CSAV is a liability of Ch$16,702 million. If there were a 5% variation in the value of the dollar against the other relevant currencies, an estimated effect before tax of Ch$835 million would be generated in the comprehensive statement of results.

Exchange rate differences produced by translating to Chilean pesos the balances in the functional currencies of the consolidated entities or associates whose functional currency is other than the peso, are recognized as a credit or charge to equity until their cancellation in the balance sheet when they are recognized in results.

Interest-rate risk

As of December 31, 2014, Quiñenco at the corporate level has financial assets at fair value with changes to results of Ch$237,859 million which are subject to interest-rate risk. A variation of 10 basis points in the interest rate would generate an effect on financial income in the year of Ch$81 million.

At the corporate level, Quiñenco has 100% of its obligations at fixed rates, which implies no exposure to interest-rate risk.

Invexans has 100% of its obligations at variable rates.

Techpack has 77.7% of its debt at fixed rates and 22.3% at variable rates.

LQIF has all its financial commitments at fixed rates, which implies a low exposure to rate risk.

Enex has 42.2% of its obligations at fixed rates and 57.8% at variable rates.

CSAV has 25.7% of its obligations at fixed rates and 74.3% at variable rates.

The following shows the interest-rate structure at the consolidated level. As can be seen, the interest-rate risk is reduced as 83.4% of the debt is structured at fixed rates.

Consolidated financial debt: by type of interest rate	12-31-2014	12-31-2013
Fixed interest rate	83.4%	73.9%
Hedged interest rate	0.0%	0.0%
Variable interest rate	16.6%	26.1%
Total	**100.0%**	**100.0%**

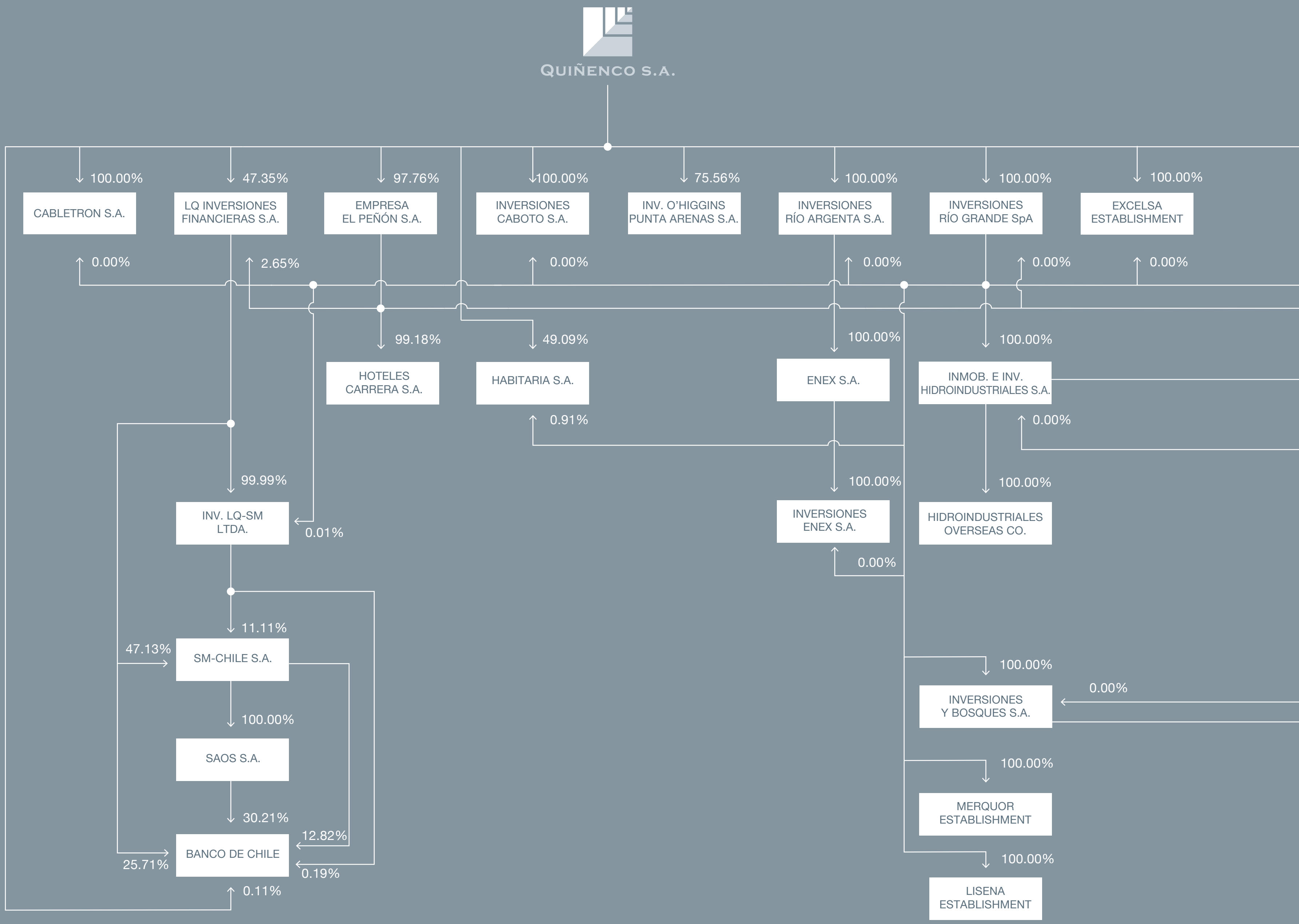
As of December 31, 2014, the consolidated exposure to variable interest rates amounts to Ch$149,298 million. A 100 basis point variation in the interest rate would generate an effect on financial costs for the 12-month period of Ch$1,493 million.

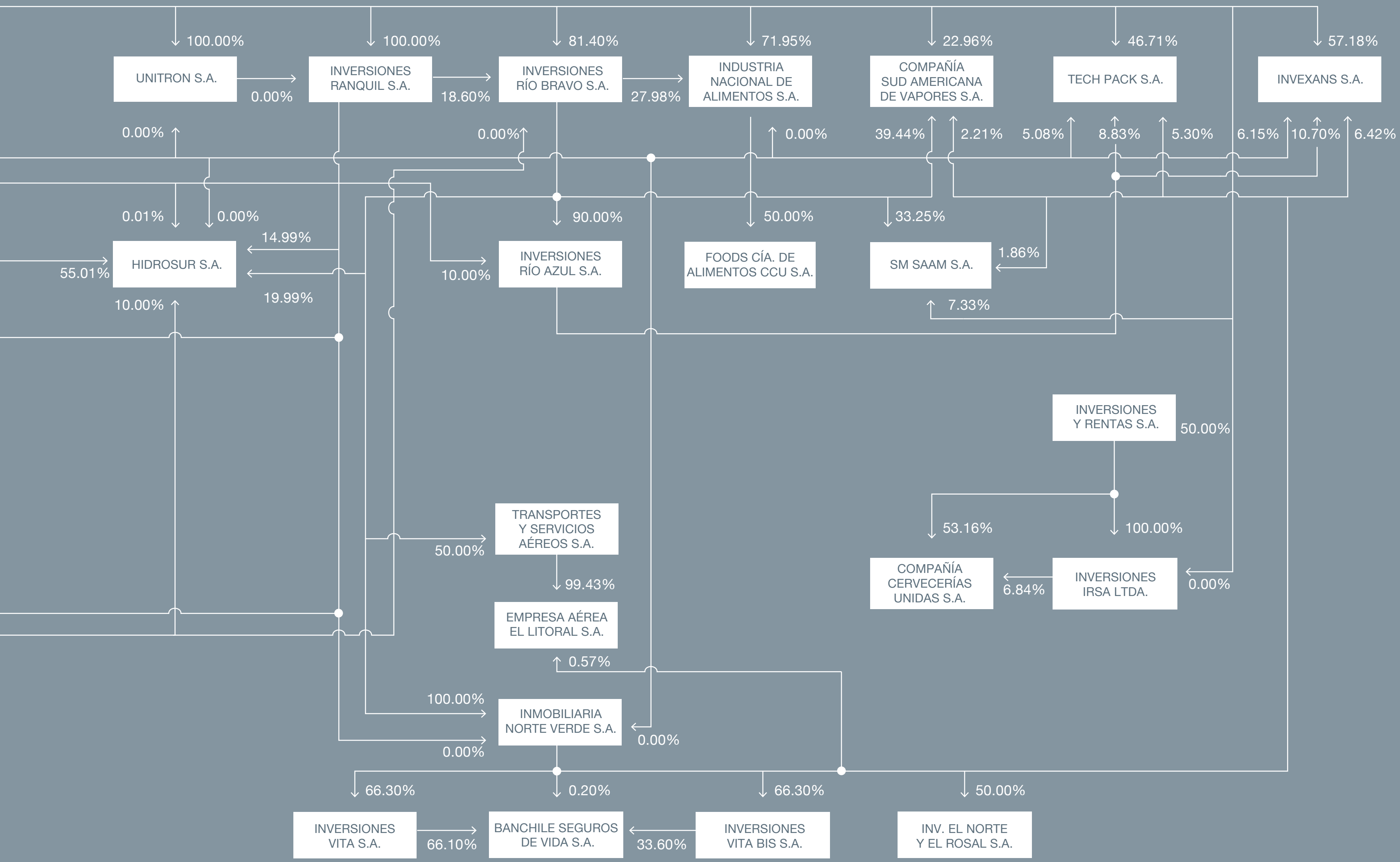
Corporate Structure

**SUBSIDIARIES AND AFFILIATE COMPANIES
AS OF DECEMBER 31, 2014**

Quiñenco S.A.

SUBSIDIARIES AND AFFILIATES

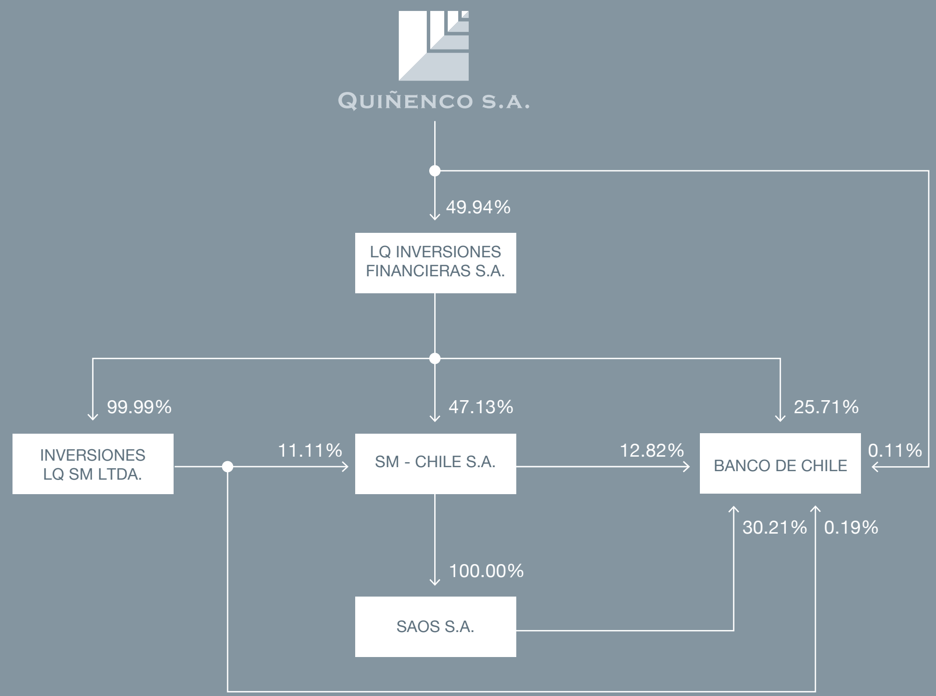


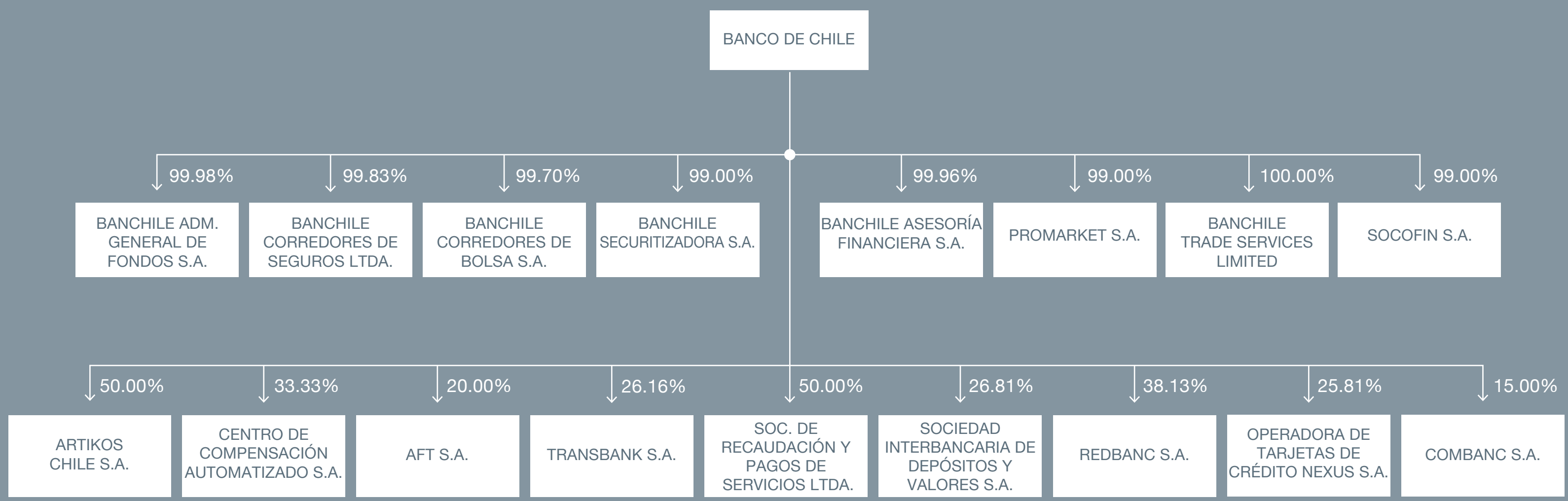


100.00%
UNITRON S.A.
0.00%
100.00%
INVERSIONES RANQUIL S.A.
18.60%
81.40%
INVERSIONES RÍO BRAVO S.A.
27.98%
71.95%
INDUSTRIA NACIONAL DE ALIMENTOS S.A.
22.96%
COMPAÑÍA SUD AMERICANA DE VAPORES S.A.
46.71%
TECH PACK S.A.
57.18%
INVEXANS S.A.
0.00%
0.00%
0.00%
39.44%
2.21%
5.08%
8.83%
5.30%
6.15%
10.70%
6.42%
0.01%
0.00%
90.00%
50.00%
33.25%
14.99%
HIDROSUR S.A.
55.01%
19.99%
10.00%
INVERSIONES RÍO AZUL S.A.
10.00%
FOODS CÍA. DE ALIMENTOS CCU S.A.
SM SAAM S.A.
1.86%
7.33%
INVERSIONES Y RENTAS S.A.
50.00%
53.16%
100.00%
TRANSPORTES Y SERVICIOS AÉREOS S.A.
50.00%
99.43%
EMPRESA AÉREA EL LITORAL S.A.
COMPAÑÍA CERVECERÍAS UNIDAS S.A.
6.84%
INVERSIONES IRSA LTDA.
0.00%
0.57%
100.00%
INMOBILIARIA NORTE VERDE S.A.
0.00%
0.00%
66.30%
0.20%
66.30%
50.00%
INVERSIONES VITA S.A.
66.10%
BANCHILE SEGUROS DE VIDA S.A.
33.60%
INVERSIONES VITA BIS S.A.
INV. EL NORTE Y EL ROSAL S.A.

LQ Inversiones Financieras S.A.

SUBSIDIARIES AND AFFILIATES



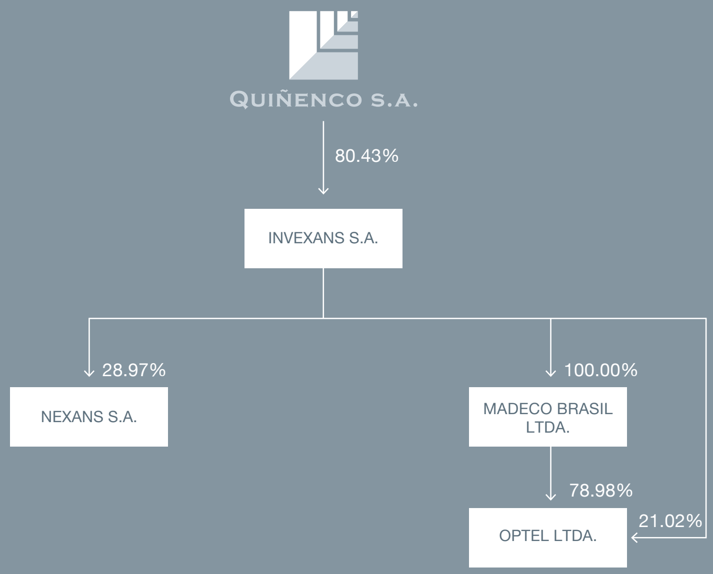


Compañía Cervecerías Unidas S.A.

SUBSIDIARIES AND AFFILIATES

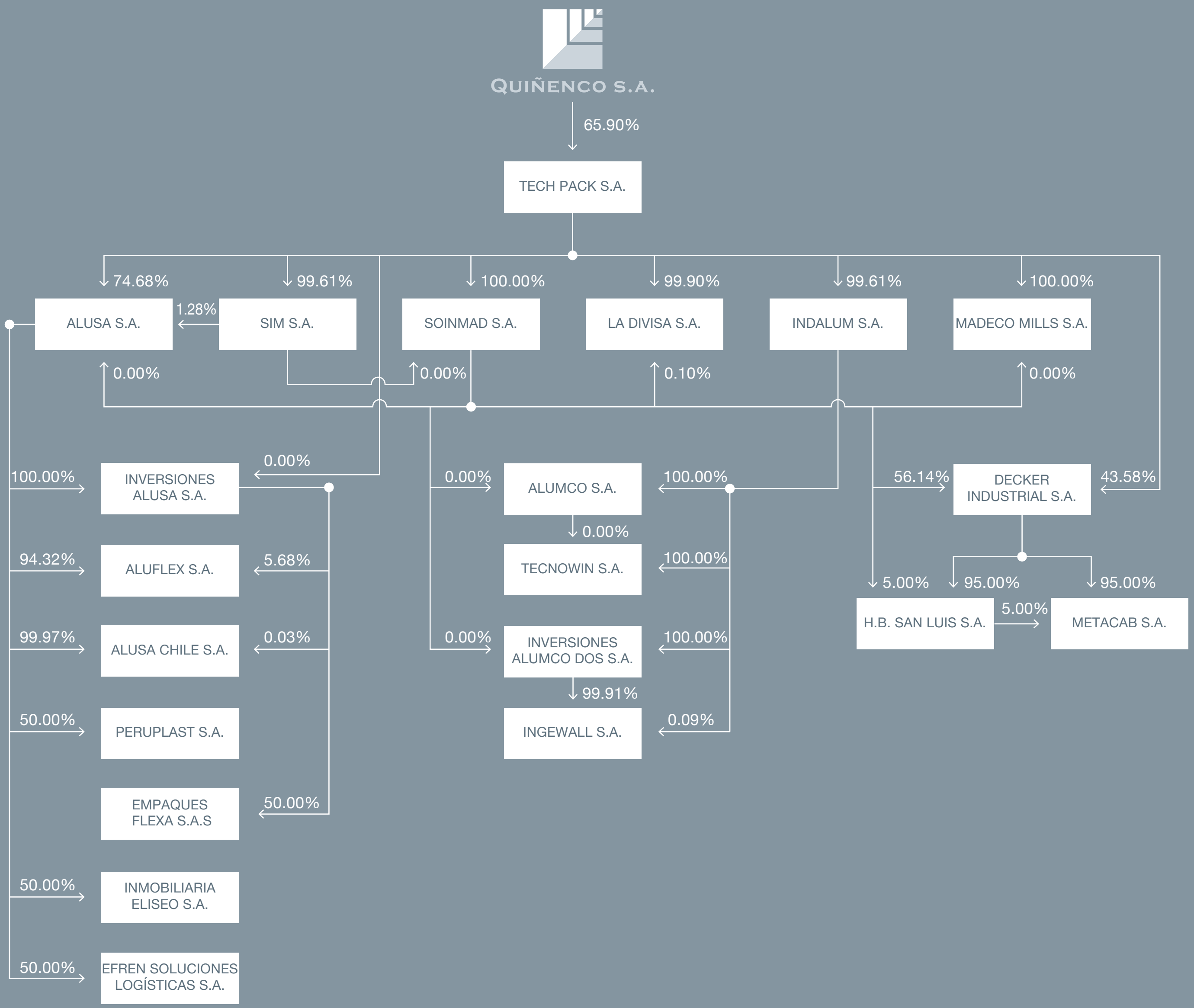
Invexans S.A.

SUBSIDIARIES AND AFFILIATES



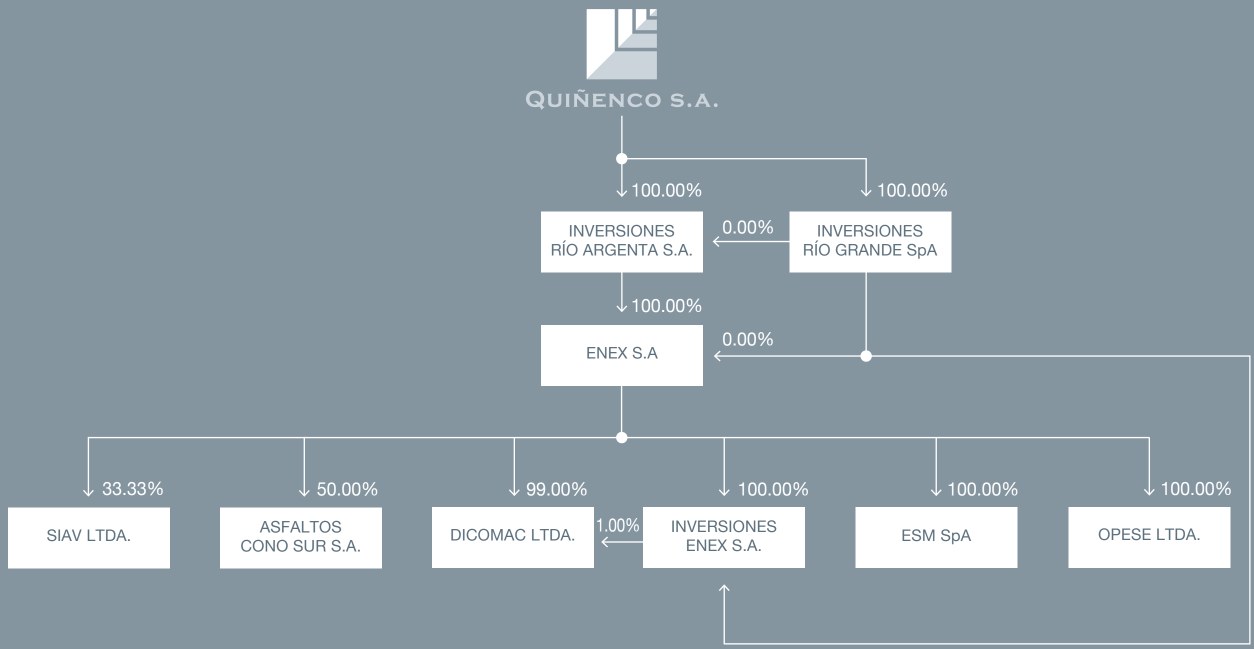
Tech Pack S.A.

SUBSIDIARIES AND AFFILIATES



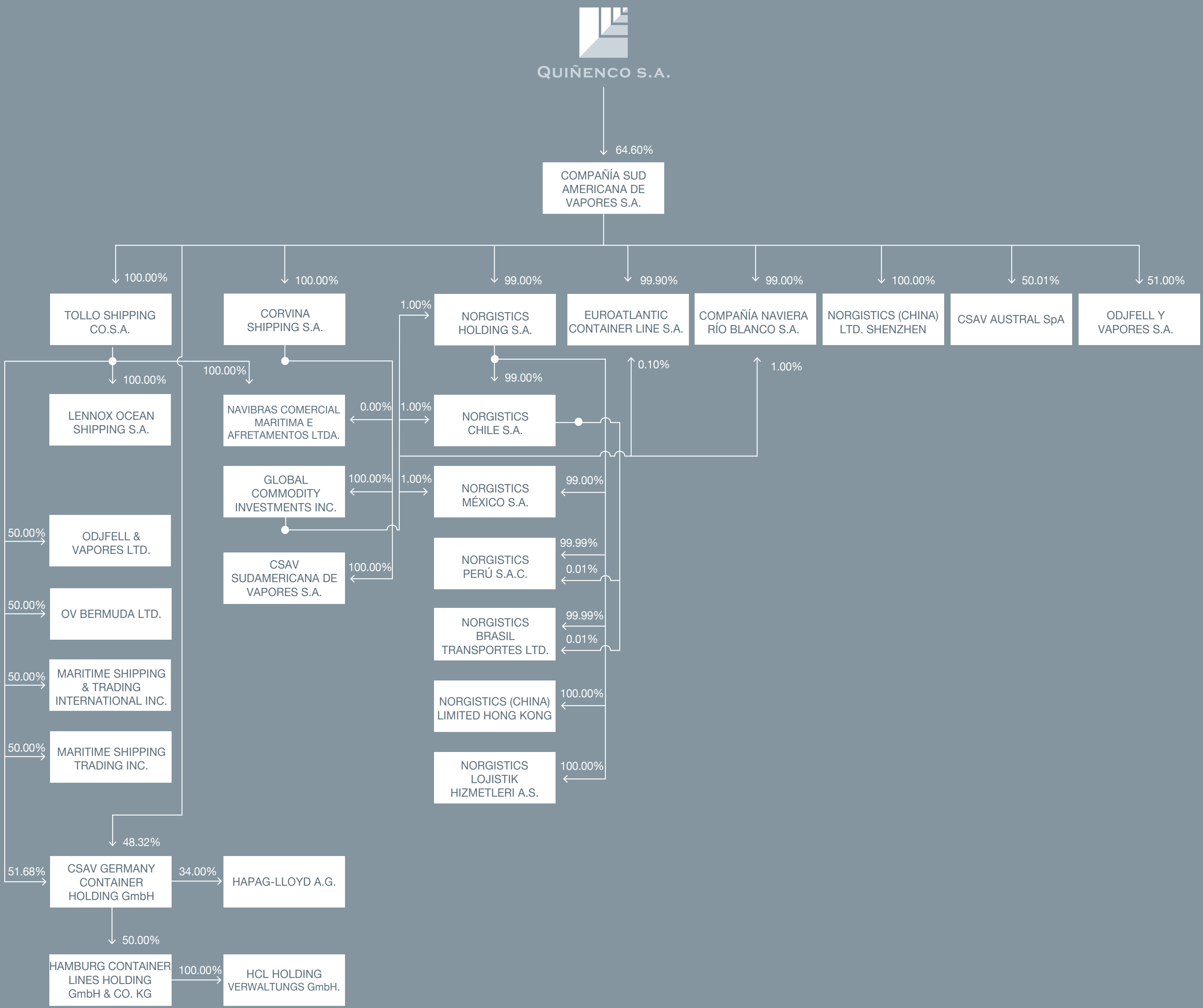
Empresa Nacional de Energía Enex S.A.

SUBSIDIARIES AND AFFILIATES



Compañía Sud Americana de Vapores S.A.

SUBSIDIARIES AND AFFILIATES



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