Quiñenco 2015 Annual Report

Company Identification

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

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Stock exchanges (QUINENCO)
Bolsa de Comercio de Santiago
Bolsa de Comercio de Valparaíso
Bolsa Electrónica de Chile

External auditors
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Presidente Riesco 5435, 4th floor
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Quiñenco S.A.

5 YEAR FINANCIAL HIGHLIGHTS

		2015	2014	2013	2012	2011
CONSOLIDATED RESULTS						
Industrial sector						
Revenues from regular activities	MCh$	2,164,497	2,540,694	2,022,773	1,448,296	1,055,401
Gross margin		282,807	265,223	228,199	181,673	166,587
Consolidated net income (loss) industrial sector		(32,777)	313,650	(13,154)	31,264	(15,416)
Banking sector						
Total net operating revenues		1,344,499	1,366,072	1,216,507	1,157,215	1,101,373
Operational result		617,980	651,154	593,307	523,158	487,271
Consolidated net income banking sector		484,093	488,249	445,658	395,179	349,612
Consolidated net income		451,316	801,899	432,504	426,443	334,196
Net income attributable to non-controlling interests		354,696	459,809	307,664	286,800	246,230
Net income attributable to the owners of the controller		96,620	342,089	124,841	139,643	87,966
Earnings per share attributable to the controller (1)	Ch$	58.11	205.74	88.73	104.34	76.85
FINANCIAL POSITION						
Assets industrial sector	MCh$	4,711,860	4,557,683	3,542,616	2,838,210	2,477,997
Assets banking services		31,287,863	27,642,384	25,929,314	23,252,873	21,740,945
Total assets		35,999,723	32,200,067	29,471,930	26,091,082	24,218,941
Liabilities industrial sector		1,316,408	1,496,399	1,316,184	1,052,809	880,116
Liabilities banking services		28,598,415	25,171,138	23,728,953	21,449,801	20,284,941
Total liabilities		29,914,823	26,667,537	25,045,137	22,502,610	21,165,057
Equity attributable to the controller's owners		3,021,807	2,834,472	2,417,361	1,893,720	1,559,940
Non-controlling interests		3,063,092	2,698,058	2,009,433	1,694,753	1,493,945
Total equity		6,084,900	5,532,530	4,426,793	3,588,473	3,053,885
Current ratio (Current assets/current liabilities) (2)	Times	1.67	1.43	1.99	1.78	2.10
Leverage (Total liabilities /equity) (2)	Times	0.44	0.53	0.54	0.56	0.56
EBITDA (3)	MCh$	54,841	41,937	65,046	34,810	38,104

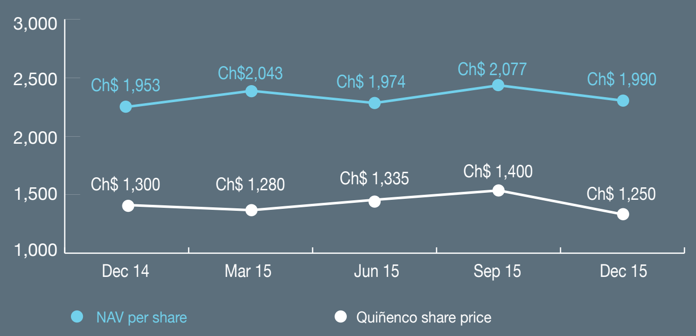
(1) Calculated using the weighted average number of shares.
(2) Excludes assets and liabilities of the banking sector.
(3) Reported on an industrial sector basis and excluding other gains (losses).

	2015	2014	2013	2012	2011
OTHER INFORMATION					
Number of shareholders	1,160	1,191	1,232	1,313	1,362
Number of shares	1,662,759,593	1,662,759,593	1,662,759,593	1,344,577,775	1,144,665,020

NAV / SHARE PRICE EVOLUTION

as of December 31, 2015 • NAV MUS$4,660 • Market Cap MUS$2,900

Share price in Ch$



MUS$

4,660

The net value of Quiñenco's assets as of December 31, 2015.

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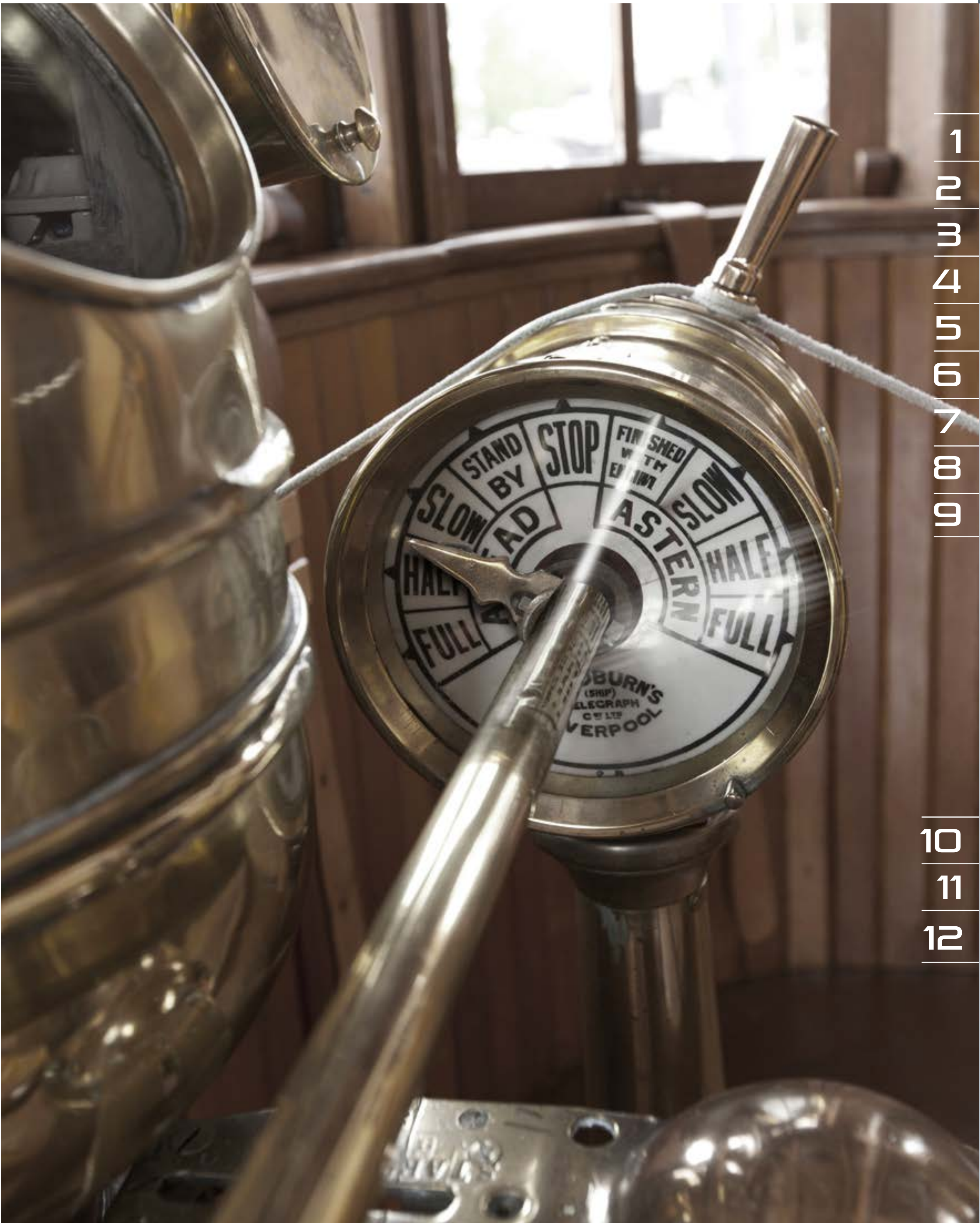

Steering with a steady hand, we have successfully faced the complex economic world scenario and the slowdown of our domestic economy.

Milestones for Quiñenco and its Companies in **2015**

- Enex and Autopista Central signed a contract to develop a broad network of Shell service stations over General Velásquez and the Ruta 5 Sur highway, that contemplates an investment of up to Ch$20,000 million. The construction of the first three service stations has already started.

- CSAV successfully concluded the capital increase started in December 2014, raising funds for US$398 million.

- Techpack acquired 24% of Alusa from shareholders unrelated to the main shareholder. Therefore, the company holds 100% of the ownership of that subsidiary.

- Embotelladoras Chilenas Unidas SA (ECUSA), subsidiary of CCU announced a project for US$380 million to produce 12.7 million hectoliters of beverages annually in the district of Renca.

- CSAV prepaid all of its bonds in UFs, operation that will enable it to bring down costs even further.

- Banco de Chile subscribed two new alliances: with Delta Airlines and Sky Airlines that will directly benefit 1.5 million credit card holders.

- SAAM extended for 10 years the concession of the Florida terminal in the United States (FIT).

- Enex launched the application “Mi Copiloto”, a pay-by-phone application that allows safe fuel loading and prevents manual adulterations. It also introduced ShellCard Empresa for fleet fuel loads.

- STI reached 10 million TEU transferred, thus becoming the first port in Chile in achieving this volume, and received two new cranes, the largest ever arrived in Chile.

- CSAV’s Finance Manager undertook as the new Chief Financial Officer of Hapag-Lloyd AG in Hamburg.

- Banco de Chile was recognized as the best financial institution in the country; the best digital banking, the best online

bank and mobile bank in Chile thanks to its applications “Mi Banco”, “Mi Pago”, “Mi Beneficio” and its new functionalities “Mi Cuenta”, “Mi Pass” and “Mi Seguro”.

- CCU completed the sale of the brands Calaf and Natur, and the related assets, to Carozzi in Ch$14,931 million. Both companies set up a joint-venture called “Bebidas Carozzi CCU SpA” that will allow ECUSA to enter the powdered drinks market.

- In their first year of joint operations in the tug boat area, SAAM and Boskalis captured synergies for more than US$15 million, far beyond their expectations.

- Hapag-Lloyd concluded its initial placement of shares on the stock exchanges of Frankfurt and Hamburg, raising funds for a total of US$300 million. CSAV subscribed US$30 million, as it had announced previously.

- Banco de Chile issued long-term bonds for more than UF50 million, reinforcing its financing structure.

- Nexans subscribed contracts for the supply of high-voltage submarine power cables for the electric interconnection between Norway, Germany and the United Kingdom.

- Enex renewed and signed new contracts with BHP Billiton and Antofagasta Minerals for the supply of fuels, lubricants and related services.

- CCU announced its new strategic plan for 2016-2018 focused on growth and efficiency.

- SAAM reported an agreement with a subsidiary of the Romero Group, which enabled it to incorporate the Terminal Internacional del Sur (TISUR) in Peru to its business portfolio.

Internationalization

Quiñenco is a business conglomerate open to the world, willing to discover new horizons, create and add value to the companies and their collaborators; it aims at being the best ambassador of Chilean entrepreneurship in an increasingly demanding and connected global market.

In 2015, the Company continued progressing along its path of internationalization, consolidating the leadership of its companies in the countries where it operates. Through CSAV, it is the main shareholder of Hapag-Lloyd, one of the most important shipping companies in the world. It is also a main shareholder of Nexans, one of the largest international cable manufacturers. Present in six countries of South America, CCU is now a multi-category regional company; while Viña San Pedro Tarapacá is the second largest wine exporter in the country. SAAM has become one of the largest port operators in South America and fourth in the area of tug boats. Similarly, Techpack is a regional leader in the flexible packaging business.

119 countries

Quiñenco through its main operating subsidiaries and affiliates has global presence across the five continents.

68,000 jobs

Quiñenco and its subsidiaries employ 20,318 people, which together with its related companies CCU, SM SAAM, Nexans and Hapag-Lloyd reach close to 68,000 workers.

130 plants

Our productive companies have 130 plants of beverages, food, cables and flexible packaging.

Chile

134,363 beverage sales points

465 service stations

419 bank branches

370 vessels

CSAV together with Hapag-Lloyd and SM SAAM, operate a fleet of approximately 370 vessels and tug boats for maritime carrier and port services.

84 ports

Through SM SAAM's operations, Quiñenco is present across an extensive network of ports in America.

Letter from the Chairman

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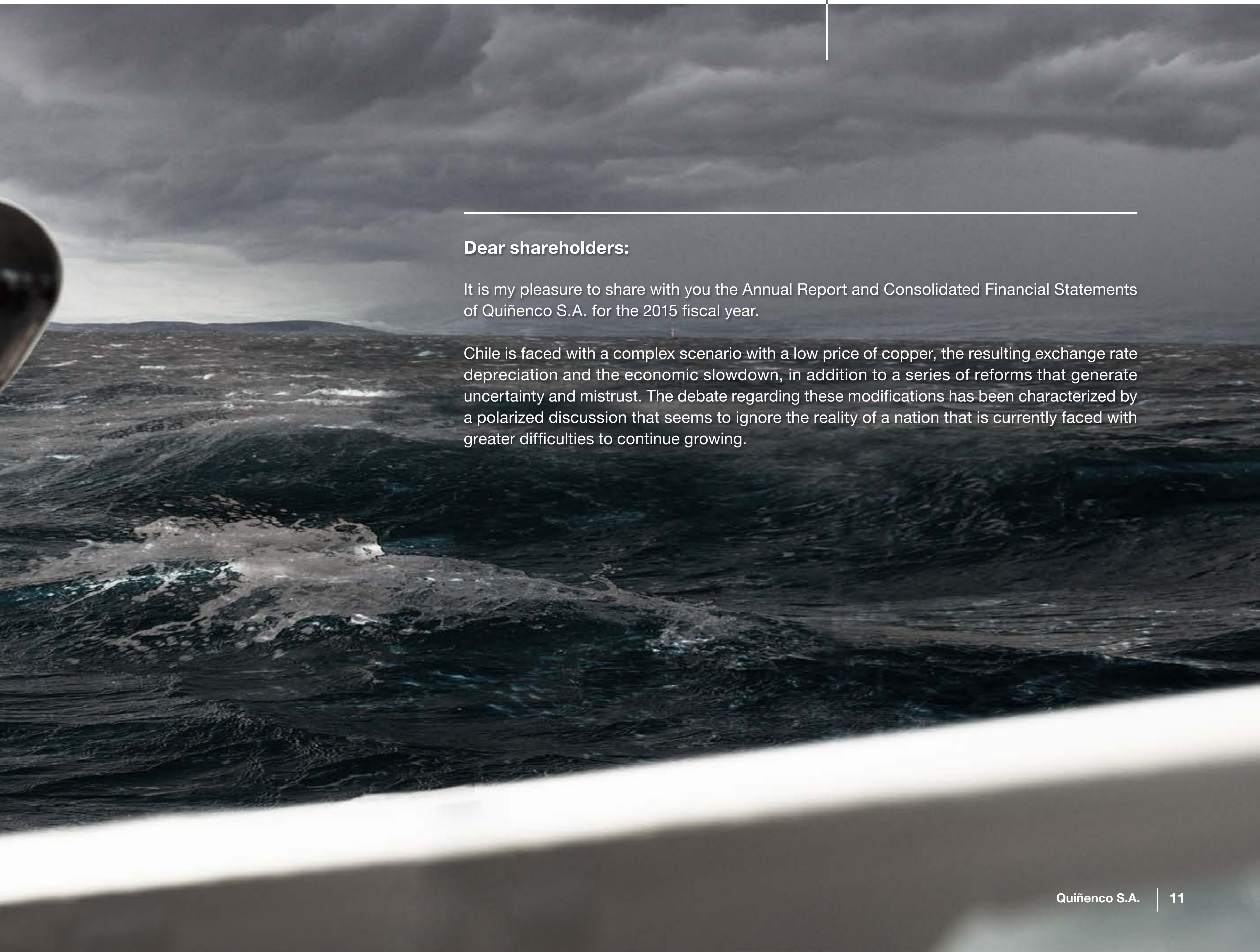

Dear shareholders:

It is my pleasure to share with you the Annual Report and Consolidated Financial Statements of Quiñenco S.A. for the 2015 fiscal year.

Chile is faced with a complex scenario with a low price of copper, the resulting exchange rate depreciation and the economic slowdown, in addition to a series of reforms that generate uncertainty and mistrust. The debate regarding these modifications has been characterized by a polarized discussion that seems to ignore the reality of a nation that is currently faced with greater difficulties to continue growing.

The world economy is also going through hard times. There is no clarity about the extent of China's economic downturn and developed countries have not shown major progress, as they have had to offset the slowdown of emerging countries, which have been hit by weak commodity prices.

Hence, our country, which recorded the highest development over the last three decades in Latin America, experienced a growth of 2.1% in 2015, very similar to the previous year. It was only during the crises of 1999 and 2009 that we had lower rates, and over the past decades we didn't experience such a low dynamism during two consecutive years. Unfortunately, we do not foresee that 2016 will be much better. Without growth there is no way to generate more and better employment or to ensure less poverty and more equity.

Within this context, Quiñenco was able to stay on track during 2015, adopting the strategy outlined by the Board of Directors to make the group companies more efficient. Such goal, supported by work well done, together with relevant strategic partners and top-notch international alliances, has allowed us to go ahead with our geographic expansion and diversification in order to make our growth more sustainable.

At the end of the 2015 fiscal year, Quiñenco recorded net income of $96,620 million, 71.8% down from the previous year, but similar if you discount the one-time favorable effect recorded in 2014, after the merger of the container ship business of Compañía Sud Americana de Vapores with Hapag-Lloyd.

Reviewing the performance of each subsidiary, we can see that 2015 closed with better results in CCU, SM SAAM, Techpack and Invexans, while Banco de Chile, Enex and CSAV recorded lower results than in 2014.

The above-mentioned merger of CSAV and Hapag-Lloyd was carried out in accordance with the scheduled timeline, including the initial public offering at the stock exchanges of Frankfurt and Hamburg in difficult times for the world markets. The first results of this integration have been positive.

CCU obtained significant savings through its operational excellence program, showing profitable growth. The above, among other variables, explains that the company shares outperformed the IPSA's shares in the Chilean stock exchange during 2015. Currently, CCU is preparing its different scopes of action to face a challenging scenario, as a result of one of the biggest mergers in history, which will impact the global and regional beer and soft drink industry.

Amidst a weak scenario, Banco de Chile maintained its leadership in the financial sector thanks to the soundness and consistency of its long-term strategy, and despite the drop of 5.4% in its results, it ranked second among the IPSA's companies with the highest profits in Chile. The Bank took significant steps aimed at benefiting its customers, mainly in connection with digital innovation and alliances with airlines.

Similarly, SM SAAM consolidated an outstanding position in the 15 countries where it operates, which has been possible due to its alliance with relevant international partners. Such is the case of the joint venture of the Tug boat unit with Boskalis, Dutch maritime services company, which after a year of partnering achieved synergies exceeding expectations. Regarding ports, a relevant milestone was the incorporation of Terminal Internacional del Sur, the second largest port in Peru, to the company's business portfolio, together with the Romero Group, an outstanding Peruvian business conglomerate.

During the year, Enex was awarded contracts with large mining companies, which enabled it to neutralize the impact brought about by the termination, after 20 years, of fuel supply agreements signed with Codelco's main divisions. In 2015, the Company concluded the image renewal process of its service stations from Terpel to Shell, expanded its distribution network and strengthened its participation in the industrial segment.

Regarding Invexans, during 2015 Quiñenco increased its stake in that subsidiary to 98.6%, which in turn is one of the main shareholders of Nexans. The restructuring process of the French multi-national started in 2013 brought about an increase of 32% in its operating income.

Techpack completed its reorganization, streamlining its structure, improving its efficiency, lowering administrative costs and increasing its productivity, and has become a leading company in the manufacturing of flexible packaging in Latin America. In 2015, it reported a significant increase of 34% in its operating income.

At Quiñenco we continue embracing the challenges and demands posed by the society in Chile and the world. This is reflected in our permanent focus on environmental procedures and labor relations standards within our companies. These have undertaken several initiatives aimed at recognizing the efforts of our collaborators and providing them with the tools required to promote new development opportunities.

Our Corporate Statement, approved by the Board last December and which is intended to support a culture of excellence, integrity and respect in all our scopes of action, also expresses our interest in being a role model for the way in which we work; the mutual benefit and learning relationships we establish with our workers and society.

We have said this before and we sustain it now: companies play an active role in society; they value its institutions and contribute with investment, growth, employment and innovation.

In Chile, the private sector has shown its leadership capacity, responsibility and contribution to progress. However, it's a fact that the cases currently under investigation should lead us all to reflect, review procedures and improve practices to prevent further damage to the public's confidence in business activities. These cases, which have been the object of strong public scrutiny cannot unfairly tarnish or underestimate the work of businessmen in our country, whose efforts are and will doubtlessly continue to be a contribution to the growth and development of Chile and its inhabitants.

Dear shareholders, I subscribe and reaffirm Quiñenco's commitment to respect the law in every way, acting with integrity, seeking to do the right thing and fighting against any form of corruption. Since 2012, the Company has implemented a crime prevention model pursuant to Law No. 20,393, certified by BH Compliance and which contemplates, among other measures, a complaint hotline and a strict set of standards supervised by a compliance manager.

More than ever, I believe this is the time to act responsibly and with a long-term view, focused on the future and the coming generations. Chile must dedicate all its efforts to work toward its progress, assuming a new and better way of doing things, with strict abidance to institutions, which is as valid for those who participate in the different powers of the State as it is for those of us who are part of the private business sector.

At Quiñenco we hope that, for the sake of the country and all Chileans, a climate of sincere dialogue and respect for each other's viewpoint will prevail; which will enable us to understand the different positions regarding the various subjects in the public agenda. We must value the differences, always trying to be constructive without letting uncertainty and pessimism continue to advance.

I would like to express my sincere acknowledgement to our shareholders for the trust placed on the Board of Directors, and to the 68,000 collaborators of Quiñenco and its companies in Chile and in the world. I encourage you to face the future remaining faithful to the entrepreneurial and innovative spirit that guides us.

Andrónico Luksic Craig
Chairman

Corporate Governance

Quiñenco's corporate governance practice is led by the Board of Directors, the Directors' Committee and the Chief Executive Officer. Quiñenco's Board of Directors is comprised of eight members, who are chosen for three years. There are no alternate directors per the Company's bylaws.

The current Board of Directors was elected at the Extraordinary Shareholders' Meeting held on April 30, 2014. Mr. Andrónico Luksic Craig was named Chairman of the Board and Mr. Jean-Paul Luksic Fontbona, Vice Chairman of the Board on June 5, 2014.

Quiñenco has a permanent commitment to the highest standards of corporate governance, in keeping with its bylaws and the legal standards in force in Chile, especially the Law of Open Stock Corporations and the Securities Law. A code of ethics has been adopted that is applicable to all employees, with the goal of promoting honest and ethical behavior that avoids conflicts of interest of all types and transmits our principle of transparency and respect for the rights of others. Just as stipulated in our corporate statement, in Quiñenco, we believe in doing things well, working with excellence; being responsible, honest and conscious of our actions and decisions; respectful of people, the environment and the community.

Board of Directors

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Andrónico Luksic Craig
CHAIRMAN
Company Director

Jean - Paul Luksic Fontbona
VICE-CHAIRMAN
Company Director
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. Business Management, Babson College, USA

Fernando Cañas Berkowitz
DIRECTOR
Commercial Engineer, Universidad de Chile

Gonzalo Menéndez Duque*
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

** Member of the Directors' Committee as of December 31, 2015*

Quiñenco Profile

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US$66.8

billion

Assets of a select group of companies, leaders in their respective industries, managed by Quiñenco

US$24.4

billion

Aggregate revenues from the main operating companies where Quiñenco participates

Quiñenco is one of the largest and more diversified business conglomerates in Chile. It manages assets worth approximately US$66.8 billion with investments in leading companies of the financial, food and beverage, manufacturing, energy, transport and port and shipping services sectors, which altogether employ close to 68,000 people in Chile and abroad.

The shares of Quiñenco S.A., founded in 1957, are traded on the Chilean stock exchanges, where its market capitalization was close to US$2.9 billion at the closing of 2015.

Corporate strategy

Quiñenco creates value for its shareholders and for society through the sustainable development of the companies it invests in. When investing, Quiñenco privileges the development of brands and franchises for mass consumption where it is possible to generate synergies and economies of scale by complementing businesses and distribution networks. Another important part of its corporate strategy is its alliances with world-class partners, who contribute their experience, knowledge and resources to the growth of joint businesses.

Quiñenco's value creation system is based on the excellent management of its investments. A fundamental objective of its corporate strategy is to strengthen the ability of existing businesses to create value, working together with the administration of the companies to define long-term strategies, overseeing the operational and financial management, and structuring mergers and major acquisitions. In this way it boosts the management and growth capacity of each of the group's companies, promoting the adoption of best practices, generating synergies and achieving a high level of efficiency and talent attraction and retention.

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

The central axis of its business model consists of developing each of the companies it invests in to increase the return for Quiñenco in the form of dividends. From a long-term perspective, the holding also evaluates eventual divestments provided the Company perceives they add value to its shareholders. During 2015, US$116 million were received in dividends at the corporate level. Over the last 19 years, the holding has demonstrated its capacity to generate value, obtaining earnings amounting to US$1.6 billion for its shareholders resulting from divestment operations totaling approximately US$3.6 billion.

Main assets

Quiñenco's investments are diversified in six key sectors of the Chilean economy. The main assets as of December 31, 2015 are as follows:

FINANCIAL SERVICES

Banco de Chile

51.2% of the voting rights in alliance with Citigroup. Quiñenco participates through LQ Inversiones Financieras (LQIF), where it holds an equal ownership stake with Citigroup.

Market capitalization: US$9.8 billion

BEVERAGES AND FOOD

CCU

60.0% ownership in alliance with Heineken through IRSA, company where both partners hold a stake of 50%.

Market capitalization: US$4.1 billion

MANUFACTURING

Nexans

28.8% ownership held by Invexans. Quiñenco controls 98.6% of Invexans. The public tender offer launched by Quiñenco in late 2014 concluded in January 2015, resulting in the purchase of 17.88% of Invexans.

Nexans' market capitalization: US$1.6 billion

Techpack

65.9% ownership stake.

Market capitalization: US$110 million

ENERGY

Enex

100% ownership.

Book value of equity: US$750 million

TRANSPORT

CSAV

56% ownership. Quiñenco participated in the capital increase carried out by CSAV, which concluded in February 2015.

Market capitalization: US$600 million

Hapag-Lloyd

31.4% ownership held by CSAV, being its main shareholder. In November 2015, Hapag-Lloyd went public on the stock exchanges of Hamburg and Frankfurt, raising US$300 million, of which CSAV subscribed US$30 million.

Market capitalization: US$2.6 billion

PORT AND SHIPPING SERVICES

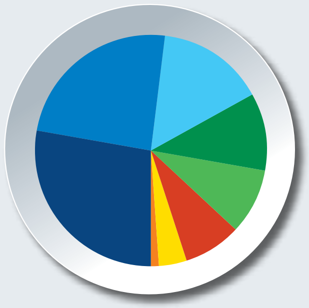
SM SAAM

42.4% ownership. Over the first quarter of 2016 Quiñenco increased its participation to 50.75%.

Market capitalization: US$615 million

Investment distribution

(Book value at corporate level, 2015: MCh$ 3,432,795)



Financial Services	28%
Transport	24%
Energy	15%
Manufacturing	11%
Beverages and Food	9%
Port and Shipping Services	8%
Cash	4%
Others	1%

History

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1957
- Forestal Quiñenco S.A. is created to exploit eucalyptus forests to produce wood props for the underground tunnels in coal mines.

1960 – 1969
- Purchase of Forestal Colcura S.A.
- Acquisition of Empresas Lucchetti S.A.

1970 – 1979
- Purchase of Hoteles Carrera S.A.

1980 – 1989
- Purchase of shares in Banco O'Higgins and Banco Santiago.
- Control of Manufacturas de Cobre S.A., Madeco acquired.
- Acquisition of control over Compañía de Cervecerías Unidas S.A. (CCU), in alliance with the German group Schörghuber.
- Purchase of a majority stake in the telecommunications company VTR S.A.

1990 – 1999
- Creation of OHCH in alliance with Banco Central Hispanoamericano.
- Strategic alliance with SBC Communications Inc. to boost VTR.
- OHCH takes control of Banco Santiago.
- Quiñenco is established as the financial and industrial parent company of the Luksic Group.
- Quiñenco carries out a Public Share Offering on the New York and Santiago stock exchanges, raising US$279 million.
- VTR divests Startel S.A., a mobile telephone company, and VTR Larga Distancia S.A.
- Entry into the real estate sector with the creation of Habitaria S.A. with the Spanish construction firm Ferrovial Inmobiliaria.
- Sale of stake in the banking sector 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 a 14.3% stake in Entel S.A.

2000 – 2009
- Creation of LQ Inversiones Financieras S.A. (LQIF) as a subsidiary of Quiñenco.
- Acquisition of 52.7% of the voting rights in Banco de Chile, becoming its controller.
- Sale of 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.
- Merger of Banco de Chile and Banco de A. Edwards.
- Partnership with Heineken, which acquires 50% of IRSA, the company that controls CCU.
- Sale of Hotel Carrera in Santiago.
- Sale of Lucchetti Chile S.A.
- Purchase of Calaf through a joint venture with CCU.
- Acquisition of 11.4% of Almacenes París, stake that was later sold.
- Delisting of Quiñenco shares from the NYSE and end of the ADR program.
- Alliance with Citigroup in the financial sector.
- Ch$65 billion capital increase at Quiñenco.
- 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.
- Sale of Quiñenco's stake in Entel.

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 amount of US$1 billion.

2011
- Purchase 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 ownership stake in Madeco to 65.9%.
- Madeco splits 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 a 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%.
- Quiñenco increases its stake in CSAV to 54.5% in the middle of the year upon subscribing a capital increase.
- Madeco changes its name to Tech Pack S.A. and closes the profile unit to concentrate in 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 a 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.
- Merger of CSAV and Hapag-Lloyd's container shipping businesses. As part of the transaction, CSAV becomes Hapag-Lloyd's shareholder with an initial stake of 30%. This percentage increased to 34% after a capital increase in the German shipping company.
- Quiñenco launches a public tender offer to purchase 19.55% of Invexans' shares.

2015

- Conclusion of the public tender offer to purchase shares, whereby Quiñenco acquires 17.88% of Invexans, reaching a participation of 98.3% in January.
- Quiñenco increased its stake in CSAV to 55.2% in February, upon completion of the capital increase of the shipping company started late 2014.
- Techpack purchases 24% of Alusa S.A.'s capital from minority shareholders, thereby consolidating directly and indirectly 100% ownership in this subsidiary.
- CCU sells equipment, machines and brands associated with Natur and Calaf products to Empresas Carozzi and partners with Carozzi in the development of the powdered juice business.
- Enex completes the image change process of the Terpel service stations, acquired in 2013, and opens up 12 new service stations, thereby extending its network in the country to 465 service stations and 130 convenience stores.
- SAAM incorporates Terminal Internacional del Sur (TISUR) to its business portfolio, the second largest Peruvian port through Tramarsa, where it participates with the local group Romero. As part of this transaction, it reduces its stake in Tramarsa to 35%.
- Hapag-Lloyd AG materializes its initial public offering on the Hamburg and Frankfurt stock exchanges, raising US$300 million. CSAV subscribed US$30 million, reducing its stake in the German shipping company to 31.35%.

ORGANIZATIONAL STRUCTURE

- Board of Directors
  - Chief Executive Officer
    - Legal Management Department
    - Administration, Finance and Human Resources Department
    - Corporate Affairs and Communications Department
    - Sustainability Department
    - Chief Economist
  - Internal Auditing and Management Control Department

5 Organization

Francisco Pérez Mackenna
CHIEF EXECUTIVE OFFICER
(since July 1, 1998)
Commercial Engineer,
Universidad Católica de Chile
MBA, University of Chicago, USA

Rodrigo Hinzpeter Kirberg
CHIEF COUNSEL
(since April 3, 2014)
Attorney,
Universidad Católica de Chile

Luis Fernando Antúnez Bories
ADMINISTRATION, FINANCE AND
HUMAN RESOURCES MANAGER
(since July 15, 1996)
Industrial Civil Engineer,
Universidad Católica de Chile,
MBA, Georgia State University, USA

Carolina García de la Huerta Aguirre
CORPORATE AFFAIRS AND
COMMUNICATIONS MANAGER
(since April 3, 2014)
Journalist,
Universidad Católica de Chile

Andrea Tokman Ramos
CHIEF ECONOMIST
(since April 3, 2014)
Commercial Engineer,
Universidad Católica de Chile
PhD in Economics, University of
California at Berkeley, USA

Pedro Marín Loyola
PERFORMANCE CONTROL
MANAGER AND INTERNAL AUDITOR
(since October 1, 1996)
Commercial Engineer,
Universidad Católica de Chile
M.S. Finance, London School of
Economics, England

Alvaro Sapag Rajevic
SUSTAINABILITY MANAGER
(since April 3, 2014)
Attorney,
Universidad de Chile

Davor Domitrovic Grubisic
SENIOR ATTORNEY
(since April 3, 2014)
Attorney,
Universidad de Chile

Pilar Rodríguez Alday
INVESTOR RELATIONS MANAGER
(since June 2, 2008)
Commercial Engineer,
Universidad Católica de Chile

Oscar Henríquez Vignes
GENERAL ACCOUNTANT
(since 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

Mauricio Lob de la Carrera
PUBLIC AFFAIRS MANAGER
(since April 1, 2014)
Journalist,
Universidad Diego Portales

Gabriela Ugalde Romagnoli
ORGANIZATIONAL DEVELOPMENT
MANAGER
(since October 1, 2014)
Psychologist,
Universidad Católica de Chile
MBA, Universidad Católica de Chile

Hernán Gomez Cisternas
DEPUTY DEVELOPMENT MANAGER
(since July 6, 2015)
Civil Engineer,
Universidad Católica de Chile
MBA, Booth of Business, University
of Chicago, USA

Juan Ignacio Eyzaguirre Matte
DEPUTY DEVELOPMENT MANAGER
(since July 6, 2015)
Civil Engineer,
Universidad Católica de Chile
Master's degree in Engineering,
Universidad Católica de Chile
MBA and MPA, Harvard University, USA

Joaquín Pérez Larraín
DEPUTY PERFORMANCE
CONTROL MANAGER
(since August 4, 2014)
Commercial Engineer,
Universidad Católica de Chile

Corporate Statement 6

Who We are

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

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

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

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

What Drives Us

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

Andrónico Luksic Abaroa (1926-2005)

What We Do

Contribute to progress. Develop enterprises. Create value.

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

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

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

What We Dream

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

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

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

What We Believe

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

EXCELLENCE

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

INTEGRITY

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

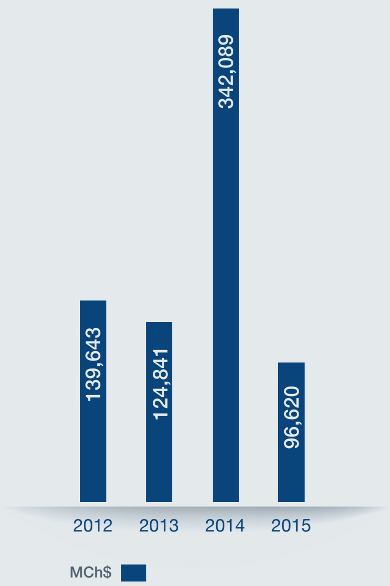
RESPECT

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

2015 Results

7

Net income



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-operating results.

Quiñenco earned a net income of Ch$96,620 million in 2015, 71.8% down from the previous year. This variation reflects mainly the net gain obtained from the merger of CSAV and Hapag-Lloyd's container shipping business, which earned Quiñenco a net gain of Ch$245,816 million in 2014. However, it is worth noting the positive results obtained by Hapag-Lloyd in 2015, mainly due to the synergies resulting from the merger of CSAV's container shipping business. Meanwhile, Enex decreased its contribution by 42.4% in 2015, which reflects weaker operating results due to the drop in international oil prices. Banco de Chile reported a 5.4% reduction in net profits, mainly stemming from the unfavorable effect of the lower inflation, greater operational expenses and greater counter-cyclical credit risk provisions. Similarly, Techpack improved its performance based on a better operational result and lower losses from discontinued operations. Invexans' performance, in turn, mainly reflects greater losses recorded by Nexans, due to cost restructuring and asset impairment during the year, despite an increase of 32% in operational

results, offset by lower legal expenses in Brazil at Invexans. SM SAAM's contribution increased due mainly to the strong performance of tug boats and port terminals, jointly with non-recurring profits from the restructuring of its investment in Peru (Tramarsa). CCU's contribution also improved as a result of the 1.0% increase in net profits, due mainly to better operational results, partially offset by a greater tax burden. Lastly, lower financial income was recorded at the corporate level due to lower cash flows.

Quiñenco reported consolidated revenues in the industrial sector of Ch$2,164,497 million in 2015, 14.8% down from the previous period, mainly as a result of a 22.0% drop in Enex's revenues, due to lower fuel prices, together with a reduction in sales volumes. Meanwhile, consolidated revenues of Banchile Vida, went down by 2.7%. The above was partially offset by the consolidation with CSAV starting July 2014 and a 16.3% increase in Techpack's revenues, due mainly to the purchase of HYC Packaging in Chile in June 2014, as well as growth in Peru and Colombia.

Operational income from the industrial sector totaled Ch$24,711 million in the 2015, significantly lower than the Ch$583,276 million recorded the year before, mostly a reflection of the non-recurring gain from the consolidation with CSAV of Ch$531,414 million, relating to the merger of the container shipping business with Hapag-Lloyd. This variation can also be attributed to the revaluation of the investment in CSAV by Quiñenco in 2014, resulting from an accounting change in said investment from the equity method to consolidation, in addition to the weaker operational result at Enex, due mainly to the drop of international oil prices and greater expenses relating to sales points operations and brand use. Banchile Vida's operational profits registered a 1.7% increase; similarly, operating income at Techpack increased by 48.8%, reflecting higher revenues and greater operational efficiencies as well as lower restructuring costs in 2015. Invexans reported lower operational losses due mainly to lower legal expenses in Brazil. The operational results of LQIF Holding remained stable.

Ch$112,300

million
Contribution from the financial sector in 2015

Ch$96,620

million
Quiñenco's net income in 2015

Dividends received

MCh$82,585 (at corporate level)

Banco de Chile	61%
IRSA	20%
Banchile Vida	10%
SM SAAM	9%

IRSA's contribution was up by 2.8%, due mainly to a 1.0% increase in CCU's net income and lower losses from the effect of lower inflation on IRSA's liabilities stated in UFs. CCU's operating income increased by 16%, reflecting sales growth, greater efficiencies and lower raw materials costs, partially offset by the devaluation of CCU's main functional currencies and a non-recurring gain from the previous period. The net result was mainly impacted by a greater tax burden.

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 as of June 2014 amounted to Ch$29,574 million.

The investment in SM SAAM contributed a profit of Ch$17,785 million, 46.8% up from 2014 due to higher profits at SM SAAM during the period, the lower adjustment in 2015 owing to the fair value determined for this investment at Quiñenco, and the greater exchange rate for the period. SM SAAM's increase in net income was mainly due to a better performance of the tug boats and port terminal units, and also to a non-recurring profit from the dilution of its stake in Tramarsa, which concentrates operations in Peru.

The industrial sector recorded consolidated losses of Ch$32,777 million in 2015, compared to a profit of Ch$313,650 million in the preceding year, due mainly due to the gain 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 in 2014. Although to a lower extent, this variation is also due to Enex's lower results, which were partially offset by the increase in the contribution from the manufacturing sector, SM SAAM and IRSA.

In addition, the banking sector earned a profit of Ch$484,093 million in 2015, a 0.9% decrease from the previous year. Banco de Chile also showed a reduction of 5.4% in its results as compared to the previous year, due mainly to less favorable market conditions and lower inflation, partially offset by better results of the bank's core businesses, remaining as the leader in net income amongst Chile's financial institutions. For its part, there was an 8.2% decrease 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$82,585 million, significantly lower than the Ch$301,342 million recorded the previous year, 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 indebtedness level and a solid financial position, with the industrial sector debt totaling Ch$788,682 million.

Industrial sector debt

	2015 MCh$	2014 MCh$
Industrial sector		
Corporate level (1)	414,937	453,946
Invexans	10,682	9,124
Techpack	73,781	82,427
LQIF holding	179,177	171,886
Enex	74,846	74,510
CSAV	35,259	105,855
Total industrial sector debt	788,682	897,748

(1) Excluding the debt owed by IRSA, which totaled MCh$83,051 in 2015 (MCh$79,804 in 2014), where Quiñenco holds a 50% stake.

Contribution to profits by sector and segment

	Quiñenco's Ownership	2015 MCh$	2014 MCh$
Industrial Sector			
Manufacturing Segment			
Invexans	98.6%	(42,893)	(44,924)
Techpack	65.9%	6,390	(10,392)
Financial Segment			
LQIF Holding	50.0%	(17,326)	(17,053)
Energy Segment			
Enex	100.0%	19,773	34,301
Transport Segment			
CSAV	56.0%	(17,309)	287,126
Other Segment			
IRSA	30.0%	32,980	32,075
SM SAAM	42.4%	17,785	12,118
Quiñenco and others	-	(32,177)	20,399
Subtotal Other		18,588	64,592
Consolidated Net Income Industrial Sector		**(32,777)**	**313,650**
Banking Sector			
Financial Segment			
Banco de Chile	25.7%	558,997	591,081
Subordinated Debt	-	(75,740)	(82,479)
Others	-	836	(20,353)
Consolidated Net Income Banking Sector		**484,093**	**488,249**
Consolidated Net Income		**451,316**	**801,899**
Net income Attributable to Non-Controlling Participations		354,696	459,809
Net Income Attributable to the Controller's Owners		**96,620**	**342,089**
Net Income attributable to Controller's Owners by Segment			
Manufacturing		(41,221)	(45,774)
Financial		112,300	112,783
Energy		19,773	34,301
Transport		(9,991)	177,173
Other		15,759	63,607
Net Income Attributable to the Controller's Owners		**96,620**	**342,089**

1) Direct and /or indirect.
2) Quiñenco held an 80.5% stake in Invexans as of December 31, 2014.
3) Quiñenco held a 64.6% stake in CSAV as of December 31, 2014.
4) Corresponds to Quiñenco's equity stake in CCU's results, according to the equity method.
5) Includes Banchile Seguros de Vida and Quiñenco, as well as intermediary companies.
6) Corresponds to Quiñenco's voting rights as of December 31, 2015. As of December 31, 2014, Quiñenco had 25.7% voting rights in Banco de Chile.

Sustainability

8

Respecting the autonomy of the subsidiaries that make up the holding, Quiñenco's Sustainability Department collaborates in three main lines of action: the timely identification and control of environmental risks; compliance with the regulations in force and the development of plans to compensate and mitigate the potential impact of its operations on the neighboring communities.

During 2015, this department was attentive to the debate of new regulations or initiatives of potential impact to the Company and its subsidiaries, as the Extended Producer Responsibility Act, and the evolution of the projects that must be submitted with the Environmental Impact Evaluation System.

The group's companies achieved progress in these and other specific areas relating to their own sustainability and corporate social responsibility strategies. The summary below contains some noteworthy examples of the three lines of action mentioned above.

Environment

In 2015, Enex collected 77 kgs of electronic waste in a container located at its headquarters, as part of a program sponsored by Recycla, and 2,460 kgs of paper in recycling boxes of Fundación San José, installed at the main building and the plant in Maipú.

CCU conducted the campaign “27 Toneladas de Amor”, with the support of the Environmental Ministry. Launched in November, this campaign was intended to collect 27 tons of plastic bottles, which translated into an additional donation by the company to the 2015 Teletón Campaign.

Peruplast, Techpack’s Peruvian subsidiary, commissioned a plant to treat waste waters from the galvanizing process, which will allow their reutilization.

Nexans subscribed contracts to supply specialized cables for Cestas solar farm in France, Fonte Solar in Brazil, and Hywind in Scotland, the first floating wind farm in the world.

San Vicente Terminal Internacional (SVTI), managed by SAAM, obtained a certificate proving its compliance with carbon footprint standards. This is the company’s first step forward in the design of actions that will allow it to reduce CO2 emissions related to port operations.

Community

CCU participated in the first social innovation project “Litro de Luz” that consists of the implementation of a 100% self-sustainable public lighting system, in a joint effort between neighbors and company volunteers. The place chosen for this innovative activity was Villa Antumalal in the district of Renca, zone where CCU has been present for more than 37 years, through Embotelladoras Chilenas Unidas (ECUSA).

Among its top priority lines of action, Banco de Chile supports the overcoming of adversity. Within this framework, it confirmed its commitment with Teletón Foundation and the development of its campaign, tripling the collection points in 2015 by adding 1,500 shopkeepers of its network of representation agencies Caja Chile to the volunteer work of more than 9,000 collaborators. Similarly, after the landslide occurred in March in Northern Chile, it supported the performance of the campaign “Levantemos Chile”, during which the Bank’s branches and its website were available to receive the donations.

Other Quiñenco subsidiaries also reacted to this and other catastrophes occurred in our country. SAAM made some of its warehouses available in the Pacífico and Barón sectors, in Valparaiso, to operate as an official storage center used by the social organization Techo and the Municipality of Valparaiso.

Both directly and through an alliance with the Foundation Desafío Levantemos Chile, Banco de Chile promotes entrepreneurs across the country. In 2015, by means of 20 onsite financial education workshops added to e-learning platforms, the bank provided training to 28,000 entrepreneurs. It also held 75 SME meetings in 43 cities that were attended by more than 7,000 people.

In 2015, CCU Art Gallery organized five curatorial exhibitions and five shows with a social focus, totaling more than 8,500 visitors. It also conducted the third version of CCU Art Scholarship, which received more than 110 applications.

Compliance

CCU undertakes the challenge of educating on the Responsible Consumption of Alcohol as its own. To this end, it implemented the Program “Educar en Familia CCU”, with the main goal being to educate parents and guardians to prevent alcohol consumption in minors. In addition, jointly with Carabineros de Chile it promotes the campaign “Toma Conciencia” during national holidays and year-end celebrations.

Educar en Familia has been incorporating different types of public to its talks. In 2015 alliances with municipalities where CCU operates were made (Vilcún, Coinco and Paihuano) to develop this program. The company went ahead with the workshops in various correctional centers and the Penitentiary Administration schools in Santiago and San Bernardo.

Over the last year, Techpack launched its Code of Conduct and Business Ethics; Enex undertook training in this subject, through the performance of three ethics dilemma workshops in Santiago, with the support of Fundación Generación Empresarial, and another in Antofagasta, carried out internally. During 2015, the company progressed in the drafting of a Free Competition Manual.

Business Activities

9

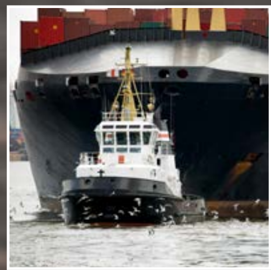
FINANCIAL SERVICES

BEVERAGES AND FOOD

MANUFACTURING

TRANSPORT

ENERGY



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 subsidiary of Quiñenco in 2000. Its main asset since 2001 has been its participation in Banco de Chile. As of the end of 2015 it held 51.1% of the voting rights and 33.2% of the economic rights in this financial institution.

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

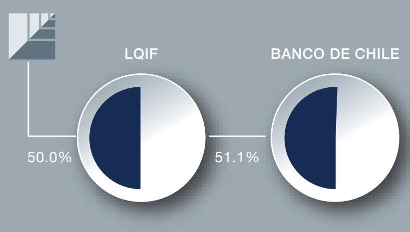
In March 2013, Banco de Chile successfully completed a capital increase for US$530 million. LQIF's Board of Directors agreed to exercise its preferential subscription rights in Banco de Chile's regular share offering period and to renounce the subscription options it had for its stake in SAOS, thus reducing 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 and successful experience in the Chilean financial sector, where it has stood out for the following milestones: the merger between Banco Santiago and Banco O'Higgins in 1997; the sale of the resulting institution to Banco Santander Central Hispano (BSCH) in 1999; the acquisition of Banco Edwards in 1999 and Banco de Chile in 2001 and, finally, the merger with Citibank Chile in 2008, thus creating the largest bank in the country controlled by Chilean capital.

2015 Results

LQIF recorded net income of Ch$224,600 million in 2015, a 0.4% drop compared to the year before. This variation is mainly due to the reduction of 5.4% in Banco de Chile's results during the period, offset by lower interests of the Subordinated Debt. The Bank's lower results are due mainly to the unfavorable effect of the lower inflation, higher operational expenses and the establishment of counter-cyclical provisions based on macroeconomic expectations, partially offset by the sustained growth of the Bank's core businesses. Similarly, LQIF holding reported slightly higher losses, reflecting lower financial revenues and lower income tax credit, partially offset by lower losses associated with decreased inflation rates on readjustable liabilities in 2015. This effect also generated an 8.2% reduction in the interests accrued on the Subordinated Debt.



LQIF PARTICIPATION IN BANCO DE CHILE*

As of December 31	2015
Voting rights	51.1%
Economic rights	33.2%
Property	
SM Chile	58.2%
Banco de Chile	26.2%

** Direct and indirect participation through Inversiones LQ SM Ltda.*


C.A.D. MCMXXV.

Banco de Chile

BANCO DE CHILE kept its leading position in terms of results, with profits accounting for 25.6% of the whole Chilean banking system, and an average return on capital and reserves of 21.9% as of December 2015. It also remained the most solid private bank in Latin America, with A+ (S&P) and Aa3 (Moody's) risk ratings.

Through its brands Banco de Chile, Edwards-Citi, CrediChile and Banchile, the Bank offers a wide range of financial products and services to all market segments, from retail to wholesale banking, with more than 2.2 million customers through a large network of traditional channels (bank branches and automatic tellers), bank representation agencies, online assistance, website and mobile applications.

Its scale and business diversity, market leadership and the international connectivity provided by its strategic alliance with Citigroup, among other strengths, allow it to create value through comprehensive solutions especially designed for each customer segment.

According to its business vision and in response to the market trends, the Bank has defined six strategic objectives: leadership in retail and wholesale banking segments, service quality, operational excellence, alignment of personnel, culture and strategy, and a sound corporate reputation.

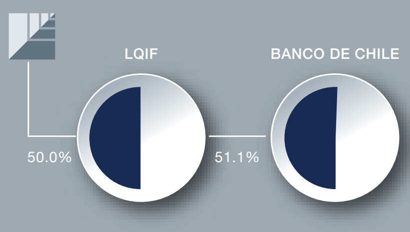
Banco de Chile's shares are traded on the local stock exchanges and the New York Stock Exchange (NYSE) where it keeps an ADS (American Depositary Shares) program. In 2015, it showed an outstanding performance in the Santiago Stock Exchange and kept its leading position as the bank with the highest market capitalization rate, with an amount equivalent to US$9,800 million as of December 31, 2015.

Annual Performance

In terms of business volumes, Banco de Chile recorded a growth of its loan portfolio equivalent to 12.3%, above the industry's growth. This performance enabled the Bank to reach a market share of 18.3%, 26 basis points up from the previous period.

The retail market (personal banking and SMEs) was the main driver of this growth, with an expansion of 15.4% in 2015. A robust demand for housing loans, jointly with successful commercial campaigns that boosted the sale of consumer loans supported this outstanding performance. The launch of new mobile banking applications and attractive alliances with the airline companies Delta and Sky also enhanced the value proposal and customers' recommendations. In addition, programs were implemented to support entrepreneurs, namely the performance of 75 SME meetings in 43 cities of our country.

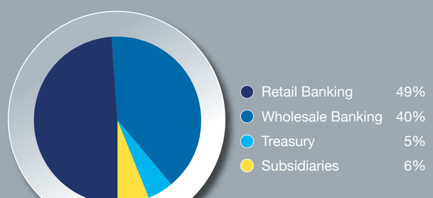
In the wholesale market, and within a restricted business environment, significant achievements were made in terms of business volumes. The Wholesale, Large Corporations and Real Estate division conducted a successful program aimed at reinforcing the links and closeness with customers, which together with the financing of significant investment projects and the purchase of a loan portfolio from a local bank, supported an expansion of 10.6% in the volume of loans. Similarly, the corporate division grew by 5.9%, privileging profitable growth as the foundation of its commercial strategy. In the management thereof, it is worth noting the value of the strategic alliance between



BANCO DE CHILE

- Founded in 1893
- A+ (S&P) and Aa3 (Moody's) risk ratings
- Listed on Chile's and United States' stock exchanges (NYSE)
- 2.2 million customers
- 14,973 employees
- 419 branches, 2,138 Caja Chile and 1,441 automatic tellers
- Representation office in Beijing

BUSINESS AREA
Contribution to results*
Net income MCh$ 558,995 in 2015



** Before tax*

Retail Banking
- Personal banking and Pymes
- Banco CrediChile

Wholesale banking
- Large corporations and real estate companies
- Corporate and investment banking

Treasury
- Multi-national institutions, customers, corporations, wholesalers and large corporations
- Individuals from the private and preferred banking segments

Subsidiaries
- Banchile
  - Administradora General de Fondos
  - Corredora de Bolsa
  - Corredora de Seguros
  - Asesoría Financiera
  - Securitizadora
- Socofin
- Promarket

Banco de Chile and Citigroup Inc., which allowed providing comprehensive assistance to foreign Citi customers in Chile and in turn, accompanying Banco de Chile's customers abroad.

Additionally, during the 2015 management period, the Treasury Department hit a new record in the placement of own bonds, upon materializing more than UF 50 million in issuances. The above, together with the Bank's leadership in demand deposits will enable it to face in a very good standing the new liquidity requirements that will be enforced and to finance the asset growth of commercial areas, with one of the lowest financing costs in the industry.

The Bank's subsidiaries increased their business volumes and contribution to results. Banchile Administradora General de Fondos added eight new funds to its offering, and through Cartera Activa and other initiatives, it achieved 13.1% growth in average assets under management, which translated in a market share of 21.3% at December 2015, the highest of the industry in Chile. Banchile Corredores de Seguros consolidated its multi-channel initiative with the launch of the mobile application "Mi Seguro" and a record of 357,000 Compulsory Personal Accident Insurance policies sold on the Internet. The subsidiary Banchile Asesoría Financiera strengthened its position, emphasizing the search of cross-border transactions, an area where the alliance with Citigroup had key importance. This performance was ratified by a series of awards, namely the distinction as the "Best Investment Bank in Chile", granted by LatinFinance. In line with the industry, Banchile Corredores de Bolsa recorded a drop in the traded volumes in 2015. However, it closed the year amongst the five intermediary companies with the highest sales volumes.

2015 Results

Banco de Chile recorded net income of Ch$558,995 million in 2015, 5.4% down from the previous period. Less favorable market factors, such as the lower inflation rates, which meant a lower contribution of the Bank's active structural position in unidades de fomento, were offset by better results in the core business; mainly, loans and demand deposits, which grew by 12.3% and 20.1% respectively, and fee income, which increased by 12.4% during the year.

The loan loss provision expenses increased by 6.7% as compared to 2014, reflecting a proper and prudent risk policy, which offset the constitution of additional provisions and the negative exchange rate effect, among other factors. In turn, operational expenses grew moderately, at an annual rate of 1.6%, as a result of a high comparison base (due to non-recurring expenses incurred in 2014), partially offset by the readjustment of salaries and the effect of the depreciation of the Chilean peso on technology and related services contracts.

2015 Milestones

- **First place in terms of results and profitability* for the fourth consecutive year.**
- **New record in the issuance of own bonds.**
- **Increase of 26 base points in market share for total funds sold, reaching 18.34%.**
- **Agreements signed with global and local airlines to extend the benefits to credit cardholders.**
- **Distinguished as the Best bank of the country and the Best digital banking, among others.**

**Banks with market share in loans higher than 3%.*

THE BANK'S LEADERSHIP IN MOBILE BANKING WAS RECOGNIZED INTERNATIONALLY

During 2015, the Bank added the new functionalities "Mi Cuenta", "Mi Pass" and "Mi Seguro" (My Account, My Pass, and My Insurance) to the mobile applications "Mi Banco", "Mi Pago" and "Mi Beneficio" (My Bank, My Payment, and My Benefit). This innovative strategy was distinguished by the Latin American Bank Federation; specifically for its contribution to the development of the financial market in the region.

Also, among the Global Banking & Finance Review Awards, Banco de Chile was distinguished in 2015 as the bank with the Best internet banking and the Best mobile banking service of the country. Both awards seek to recognize the strategy and the gradual and inspiring changes in the global financial community. In the annual World's Best Consumer Digital Banks in Latin America 2015 ranking prepared by Global Finance, Banco de Chile was identified as the best digital bank in Chile.

CCU's business model points at generating sustainable value through a diversified offering, with special emphasis on nonalcoholic beverages and beer, portfolios that include highly preferred brands and scale operations in every country where they compete, with presence in Chile, Argentina, Bolivia, Colombia, Uruguay and Paraguay.

The company maintains license and/or distribution agreements with Heineken, Anheuser-Busch, PepsiCo, Schweppes, Guinness, Nestlé, Pernod Ricard and Coors.

In 2015, CCU implemented a new Strategic Plan until 2018 to progress in its goal of becoming a regional company. This plan has two drivers: growth and efficiency.

Market share

	2011	2012	2013	2014	2015
Chile[1]	37.9%	38.1%	40.0%	40.8%	41.5%
International Businesses[2]	16.8%	15.7%	16.9%	17.1%	18.2%
Wine[3]	16.0%	17.3%	17.6%	18.3%	17.9%
Total[4]	**27.9%**	**28.1%**	**29.9%**	**30.6%**	**31.3%**

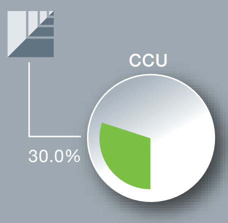
1) Excluding HOD.
2) Including beer and cider (since 2011) in Argentina, carbonated drinks and mineral water in Uruguay.
3) Including domestic and exported wine in Chile. 2015 market size based on Chile's Association of Wine Producers; it does not include bulk wine.
4) Weighted average of all categories where CCU participates based on recent market share estimates for each category and weighted by the most recent internal market size studies (February 2016) Market share source: Nielsen, December 2015 for Chile, domestic wines and Argentina; ID Retail for Uruguay, and Chile's Association of Wine Producers for wine exports. Updated annually.

Annual Performance

During 2015, CCU faced an adverse macroeconomic environment in all of the countries where it has operations; among others, devaluated currencies, higher income and specific taxes, economic slowdown and inflation. In addition, it faced increasing commercial adversity in all categories and particularly, in beer.

Within this context, the company continued its process to adjust its structure and adopt best practices initiated in 2014, articulating the actions in the program "ExCCelencia CCU", launched in January 2015 to look for efficiencies in different fronts.

In Chile, CCU was able to increase its weighted market share despite a moderate growth of sales volumes, and progressed toward the goal of building strong brands: in beer, it launched new campaigns for Escudo, Royal Guard and Sol, among others; developed new packaging for Cristal Cero and Light, and introduced two brands, the Belgian-style wheat beer Blue Moon and the Mexican Tecate; it also incorporated the beers Coors Light and Coors 1873 within the framework of its alliance with Molson Coors Brewing Company. In commemoration of

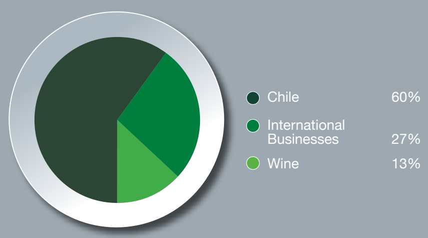


COMPAÑÍA CERVECERÍAS UNIDAS

- 165 years of brewing tradition
- Listed on Chilean stock exchanges since 1920, and on the New York stock exchange (NYSE) since 1999
- Operations in Chile, Argentina, Bolivia, Colombia, Uruguay and Paraguay
- Market capitalization: US$ 4.1 billion as of December 31, 2015
- Total sales of 23.9 million hectoliters

BUSINESS SEGMENTS

Distribution of consolidated revenues (Total 2015: MCh$1,498,372)



Chile

- Largest beer producer.
- Second largest distributor of carbonated beverages.
- Largest bottler of water and nectars.
- Distributor of purified water (HOD).
- Largest pisco distributor.
- It also participates in the liquor and confectionery business.

International businesses

- Argentina: beer (second largest producer); cider and liquors.
- Uruguay: water, carbonated drinks and beer.
- Paraguay: carbonated drinks, water, nectar and beer.
- Bolivia: water, carbonated drinks and beer.
- Colombia: beer.

Wine

- Second largest wine producer in Chile.
- Participation through VSPT, which in Chile consists of the vineyards San Pedro, Tarapacá, Santa Helena, Misiones de Rengo, Leyda, Viñamar and Casa Rivas, in addition to Finca La Celia and Bodega Tamarí.
- Exports to more than 80 countries.

165 years of brewing tradition, it launched six limited edition packages for Cristal. In the nonalcoholic beverages category, it introduced new varieties of Gatorade, Nectar Watt's and flavored waters, and in liquors a new flavor of Mistral Ice Hot Citrus. In the wine business, it launched a tribute edition of the brand Castillo de Molina to honor the 150 years of Viña San Pedro, and expanded its portfolio with the introduction of the wine Pinot Noir Rosé under the Leyda brand.

In 2015, CCU's Quilicura Plant became the only manufacturing plant in Latin America to receive Heineken's Certification which guarantees the alignment of the productive unit with the Laboratory Star System (LSS) quality. This is the first time Heineken grants this recognition to a licensed brewery worldwide.

According to its strategic definition in November 2015, CCU's related company, Foods Compañía de Alimentos CCU, sold machinery, equipment and brands relating to the products Natur and Calaf to Empresas Carozzi S.A. At the same time, the subsidiary Embotelladoras Chilenas Unidas CCU (ECUSA) signed a joint operation agreement with the latter to produce, sell and distribute instant powdered drinks. This operation will be conducted through Bebidas Carozzi CCU SpA, which received a capital contribution of 50% from ECUSA. The products will be manufactured by Carozzi and distributed by ECUSA.

As of the fourth quarter of 2015, the International Businesses Committee was set up, which groups the management of the business activities conducted in Argentina, Uruguay and Paraguay. The Río de la Plata operations segment (made up of the same activities) changed its name to International Businesses segment. This International Businesses Committee also represents and takes care of the interests relating to the investments held in Bolivia and Colombia. In Colombia, CCU has a partnership with Postobón S.A. in Central Cervecera de Colombia S.A.S, company that holds an exclusive contract to import, distribute and produce Heineken beer. Over the past year, it progressed in the construction of a brewery plant with an annual capacity of 3 million hectoliters. It also holds a license to manufacture and/or sell the beers Coors and Coors Light.

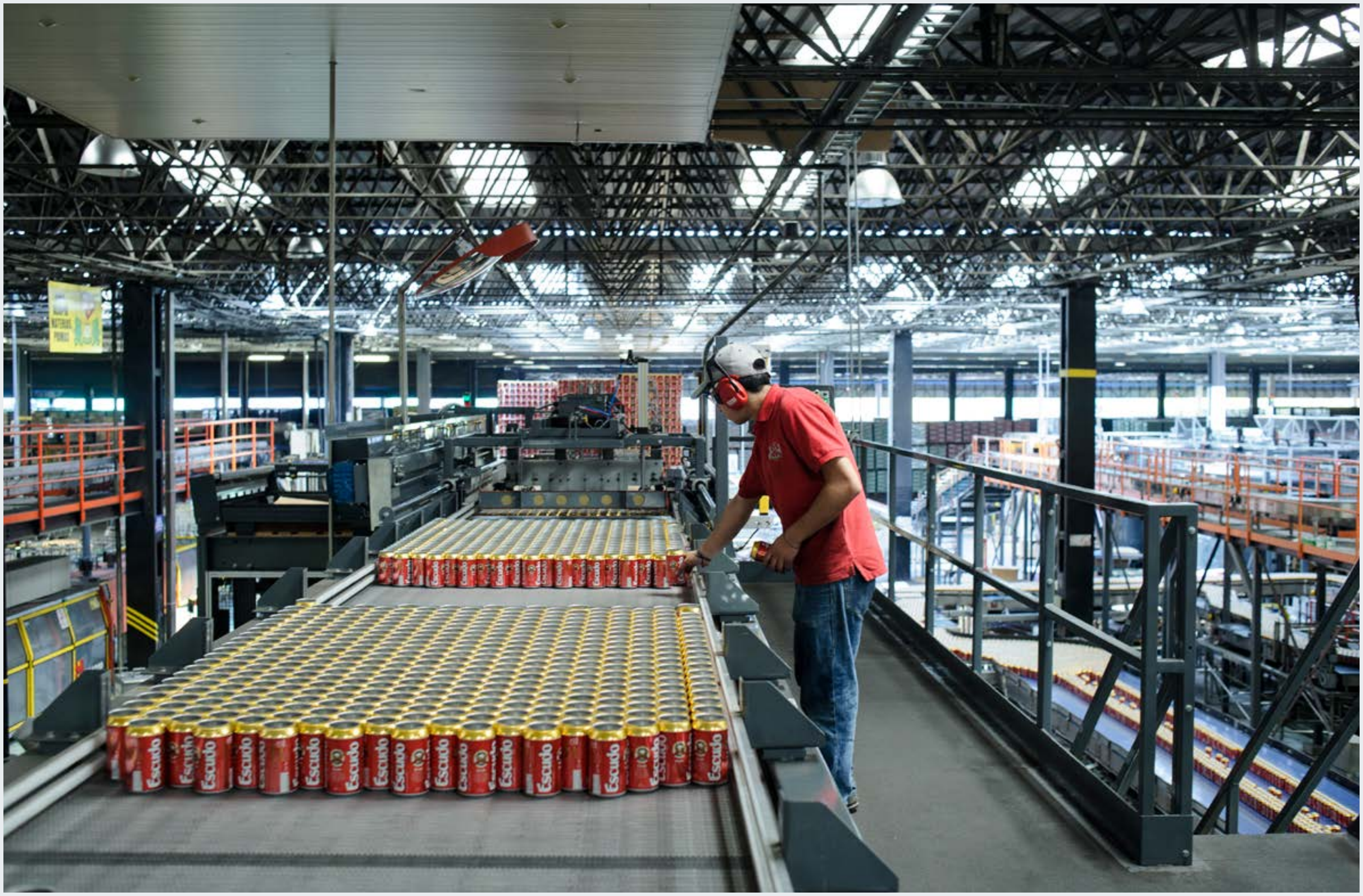
2015 Results

CCU closed the 2015 management period with an annual EBITDA growth of 15.3%, an EBITDA margin of 19.1% and net income of Ch$120,808 million, up 1% from 2014.

Despite the economic slowdown, CCU's sales revenues were up by 15.4% and hit a record in volume, with the sale of 23.9 million hectoliters. All operational segments contributed to the increase in revenues, which together with greater efficiencies and lower raw materials costs allowed achieving an operating income growth of 16%, despite the compensation received in 2014 by the Argentine subsidiary CICSA, due to the termination of the contract enabling it to import and distribute Corona and Negra Modelo beers in Argentina, and to produce and distribute Budweiser beer in Uruguay.

2015 Milestones

- **Record sales volumes totaling 23.9 million hectoliters.**
- **Launch of a Strategic Plan for 2016-2018.**
- **Sale of Natur and Calaf confectionery brands and related assets to Empresas Carozzi, and subscription of an agreement to jointly develop the powdered juice business.**
- **165 years of brewing tradition, 150 years of Viña San Pedro and 20 years of operation in Argentina.**
- **Setting up of the International Businesses Committee to manage the operations in Argentina, Paraguay and Uruguay, and to represent and take care of the interests relating to the investments held in Bolivia and Colombia.**



CCU CAPTURED SIGNIFICANT EFFICIENCIES IN 2015

In line with the Efficiency strategic objective, the Company is developing the plan "ExCCelencia CCU". It consists of the systematic search of practices that will result in the capturing of efficiencies and the subsequent generation of a culture of excellence in operations, incorporating knowledge, world-class methodologies and tools coordinated by the Functional Excellence Management Department. This unit was established in 2015 in order to enhance the capture of efficiencies, and the promotion and articulation of the initiatives.

INVEXANS

Through Invexans, Quiñenco participates in Nexans, world leader in the production and commercialization of cables used by power transmission and distribution, data management, energy resources, transport and construction companies. At December 31, 2015, Invexans holds a stake of 28.84% in Nexans, being its main shareholder.

Its participation in this global French company started in 2008, when it received 8.9% of Nexans' shares within the framework of the sale of its regional cable business. Since then, Invexans has focused on consolidating its participation in the global cable industry through its investment in Nexans, increasing its leadership position as the main shareholder.

Invexans, whose shares are traded on the Chilean stock exchanges, adopted this name in March 2013 after Madeco split its industrial businesses from its investment in Nexans, being the legal succesor.

Invexans has three members on Nexans' board, one of whom is on the Compensation, Appointments and Corporate Governance Committee and the Strategy Committee. In addition, another member recently joined the Accounting and Auditing Committee; hence, Invexans is represented on the three existing Board Committees.

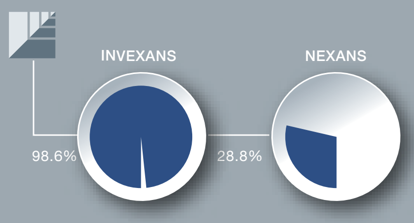
Nexans is a technological leader with 600 engineers and four research centers, and is one of the few industry players with global presence offering almost the full range of products relating to power cables. Pursuant to its total sales, it is the second largest cable company around the world.

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. Its main objectives toward 2017 are: strengthening market leadership, growing specific high-potential segments; recovering competitiveness through cost reduction, and optimizing capital use to focus the activities in the most profitable businesses which offer the best growth perspectives.

Annual Performance

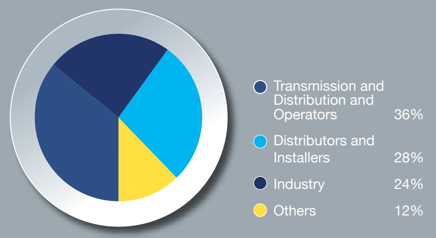
In 2015, Nexans adopted new measures to implement its corporate goal of being a provider of solutions contributing to a more efficient and sustainable future, considering trends such as population growth and urban expansion, climate change and the exponential increase in data transmission, mobility and transport. The above entails the development, for example, of aluminum cables for high voltage deep undersea installations; lighter, lead-free, fire resistant cables, or cables with greater data transmission capacities.

In February 2015, Nexans signed a contract to supply high voltage submarine power cables for the electric interconnection between Norway and Germany (Nordlink project) starting in 2019. This is the largest contract of its kind in the company's



NEXANS
- Multinational corporation based in France, founded in 1897
- Industrial presence in 40 countries
- Listed on NYSE Euronext Paris
- 26,607 employees
- Sales for €6,239 million
- Market capitalization amounting to US$1.6 billion

BUSINESS SEGMENTS
Distribution of consolidated revenues (Total 2015: €6,239 million)



Transmission, distribution and operators

- Medium and high –voltage power cables for electricity networks.
- Copper and fiber optic cables for telecommunications.
- Cable solutions for highway networks, tunnels and railway systems.

Industry

- Cables and solutions for various industries (automotive, transport, robotics and capital goods, among others).

Distributors and installers

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

Others

- Sale of copper cables to third parties.

history, worth 500 million Euros. During the year, the company was also awarded the contract for the NSN Link Project that will allow Norway and the United Kingdom to share up to 1,400 MW of green power starting 2021, through 730 km of submarine cable, the longest connection ever undertaken by Nexans.

The Company's positioning as the leading supplier of specialized cables for renewable energy generation was strengthened by the contract to supply more than 5,000 kilometers of cables to the Cestas Solar Farm project, the largest photovoltaic plant in Europe situated in France, and state-of-the-art cables for Hywind in Scotland, the first floating wind farm in the world.

Within the data infrastructure market, Nexans designed and produced a superconductor test system for the urban power network of Chicago, and in the transport sector, the contracts with Airbus for the supply of cables for the pilot cabin and with Fincantieri and Meyer Werft shipyards for last generation cables in cruise ships. It will also be tasked with supplying fire resistant cables and specific solutions for the new metro line in Istanbul, Turkey.

For the second year in a row, Nexans` team in Marrakesh was distinguished as the best supplier of the aircraft manufacturer Fokker Elmo, to whom the company sells more than 2,300 kms of cables for Airbus projects.

In the natural resources sector, Samsung Heavy Industries picked Nexans as the single power, instrumentation and control cable supplier for the new floating FPSO platform in Egina, Nigeria, which will be commissioned for the Total group in 2017. This project is the largest contract awarded to Nexans in this sector to date.

2015 Results

Invexans reported a net loss of Ch$42,893 million in 2015, due mainly to the result of its investment in Nexans for the period. In 2015, Nexans recorded a loss of €194 million due mainly to restructuring costs of €100 million and impairments amounting to €129 million from the operations in Brazil, Australia and North America. However, it is worth noting the 32% increase in its operating income, which reflects the positive impact of the strategic initiatives that have enabled the company to obtain commercial, operational and organizational efficiencies. The greater value added businesses, such as high-voltage submarine power cables and cable harnesses for automobiles, have recorded a steady growth, matched with a gradual improvement in Europe, the Middle East, Russia and Africa; in turn, difficult market conditions have been experienced in Brazil and Australia and in the fuel sector. Invexans, for its part, did not record significant expenses related to legal contingencies in Brazil during 2015, obtained a favorable result from exchange differences and cut its financial expenses after the restructuring in late 2014.

2015 Milestones

- **Signature of contracts for the supply of high voltage submarine power cables for the electric interconnection between Norway, Germany and the United Kingdom.**
- **Awarding of specialized power cable contracts for solar and wind energy projects.**
- **Distinguished as the best supplier of the year by Fokker Elmo, manufacturer of Airbus.**
- **Supplementary restructuring plan with focus on Europe.**
- **Sale of Argentine operations.**

PROGRESS OF THE RESTRUCTURING PLAN

Given the good results of the restructuring plan started in 2013, in June 2015 Nexans announced a supplementary plan focused on Europe to respond to the challenges posed by such market and to protect the Group's competitiveness. This plan is based on four objectives: optimizing the structure of supporting functions; adapting the regional structure; cutting the fixed costs of the business lines in Europe and decreasing the production capacity of the Utilities unit in Europe.

After reviewing its portfolio of operations, the company identified a number of companies and countries whose change in scope or asset divestment account for approximately €350 million of invested capital. As part of this rationalization process, Nexans sold its stake in Indelqui, its Argentine subsidiary in December 2015, and divested Confecta GmbH, in Germany.

Techpack
Mejores envases Mejor mundo

Techpack is leader in the Latin American flexible packaging industry for consumer products; mainly for food and personal hygiene. Through its subsidiaries Alusa Chile, Peruplast, Aluflex and Flexa it owns productive plants in Chile, Peru, Argentina and Colombia, respectively, and supplies the different markets of the region, with a total annual capacity of approximately 85,000 tons.

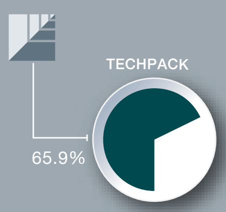
Techpack's strategy is based on two pillars: its customers' service proposal, which consists of providing quality products per the committed timelines and quantity, and price and profitability competitiveness, guaranteed by a constant concern for costs. The company has a regional administration team which, among other duties, ensures a standard and uniform operation in the different countries, looking for the transfer of good practices among them through a team tasked with selecting and negotiating with suppliers in order to achieve better commercial conditions and exchanging technical knowledge.

Annual Performance

During 2015, Techpack carried out a series of initiatives enabling it to obtain positive results. Among the most outstanding initiatives is the implementation in three out of the four operations of Lean Six Sigma, methodology that allows optimizing productive processes; the consolidation of the regional procurement plan, which has achieved significant savings in the purchase of raw materials; and the management of the sales prices to offset the local currency devaluation with respect to the dollar.

During 2015 a Supply Chain Unit was implemented in all the operations; this unit is tasked with coordinating the commercial and production areas to ensure the compliance with our commitments with the customers.

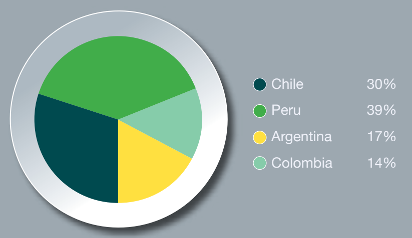
Techpack continued to increase its capacity and went on renewing its equipment. Alusa Chile incorporated two flexographic printers and two polyethylene extruders, enabling it to speed up the transfer of operations from the Huechuraba plant, resulting from the purchase of HYC in 2014, to the Quilicura plant, to consolidate both in a single plant. Peruplast acquired a flexographic printer that will allow it to expand its growth in the high-quality flexographic printing segment.



TECHPACK

- More than 50 years in the flexible packaging industry
- Productive plants in Chile, Argentina, Peru and Colombia
- Total capacity: 85,000 tons annually
- Market capitalization: US$110 million as of December 31, 2015
- 2,343 employees

BUSINESS UNITS
Distribution of consolidated revenues (Total 2015: MUS$ 376)



Alusa Chile (Chile)

- Local market leader with a market share of 36%.
- Plants located in Quilicura and Huechuraba, Metropolitan Region.
- Production capacity: 27,000 tons/year.

Peruplast (Peru)

- Local market leader with a market share of 37%.
- Plant located in Lima.
- Production capacity: 36,000 tons/year.

Flexa (Colombia)

- Third largest market player with a market share of 10%.
- Plant located in Cali.
- Production capacity: 12,000 tons/year.

Aluflex (Argentina)

- Third largest market player with a market share of 12%.
- Plant located in San Luis.
- Production capacity: 10,000 tons/year.

In March, Techpack became the direct and indirect owner of 100% of Alusa S.A. upon acquiring 24% of the shares held by minority shareholders.

During 2015, Techpack completed most of the reorganization process aimed at simplifying the ownership structure, with the dissolution of Indalum S.A. and other companies that started their definite shutdown process, after liquidating their assets. In addition, the non-operating real estate assets were consolidated in Inmobiliaria Techpack S.A.

2015 Results

In 2015 Techpack reversed the losses from the previous year, obtaining net income of Ch$1,546 million. A 7% growth in the sales volume, mostly from Chile, resulting from the consolidation with HYC Packaging, Peru and Colombia, together with a good cost control and a regional procurement plan, allowed the company to achieve an increase of 48.8% in its operating income. Likewise, lower net financial costs, reflecting a lower level of debt and a significantly lower loss from discontinued operations also contributed to the yearly profits.

2015 Milestones

- **Purchase of 24% of Alusa S.A. for US$ 35.5 million to achieve 100% ownership.**
- **Alusa Chile started transferring operations from the Huechuraba to the Quilicura plant.**
- **Dissolution of Indalum S.A. and other discontinued companies and consolidation of its non-operating real estate assets in Inmobiliaria Techpack S.A.**

TECHPACK ACQUIRED 24% OF ALUSA S.A.

As part of its growth and consolidation process in the flexible packaging business in the region, Techpack acquired a share package equivalent to approximately 24% of Alusa S.A.'s shares, thereby becoming the direct and indirect owner of 100% of the company. The whole transaction amounted to US$35.5 million.

Enex, Chilean licensee of the Anglo-Dutch company Shell, is one of the largest fuel and lubricant distributors in the country. It owns a network of 465 service stations operated under the brand Shell and participates in other business areas such as the operation of upa! convenience stores, the sale of industrial fuels and the distribution of lubricants, asphalts and chemical products.

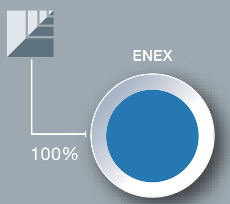
At the closing of 2015, Enex is the second largest fuel distributor in the country, with a market share of 19.3% in the total fuel market and of 24.3% in the service station segment. It is also a relevant player in the lubricant market, where it operates as the exclusive macro distributor of Shell lubricants in Chile, with the brands Helix, Rimula and others of the Shell portfolio, and supplementing its offer with other products, such as Rhenus food grade oils and ACDelco spare parts, among others.

In addition, it holds a 14.9% ownership stake in Sociedad Nacional de Oleoductos (Sonacol), a company that provides fuel transportation services via pipelines in the country's central region; 19.3% of Sociedad Nacional Marítima S.A. (Sonamar), a company that rents ships for maritime shipment of liquid bulk; 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.

The Company's medium term strategy is based on the following objectives: the development and the improvement of its retail distribution network; a superior customer experience through innovative offers at the convenience stores and other supplementary services; the strengthening of industrial products and services to take care of growing customer needs; the consolidation of Shell lubricants' leadership in its various segments and distribution channels, and the sustainability of its value proposal, through operational excellence and innovation.

Annual Performance

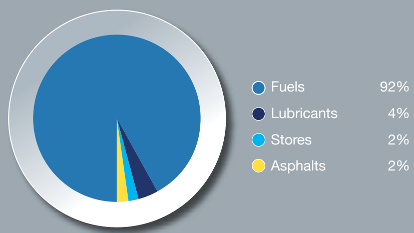
During 2015, Enex completed the image change of its Terpel service stations acquired in June 2013. At year-end, it had migrated 147 stations incorporated to the network as part of this transaction, to the Shell brand. During the recent management period it also opened 12 new service stations in Santiago, Valdivia, Puerto Montt, Concepción, San Fernando, Quillota, Viña del Mar and Antofagasta and started the construction of the first three, out of nine, service stations to be developed and operated under Autopista Central's concession area, the highway with the heaviest traffic flow in Chile. This project will require an investment of up to Ch$20,000 million and its service stations are expected to open to the public in the 2016 –



EMPRESA NACIONAL DE ENERGÍA

- Stock Corporation acquired on June 1, 2011
- National network of 465 service stations and 130 convenience stores
- 2,704 employees

BUSINESS AREAS
Distribution of revenues
(Total 2015: MCh$ 1,697,629)



Fuels

- Wholesale and retail distribution via 465 service stations under Shell license.
- Supply of clients in the industrial, transport, mining, aviation and power generation segments, among others.

Lubricants

- Exclusive distributor of Shell lubricants in Chile.

Convenience Stores

- 130 convenience stores under the brands upa!, up¡ta and Select.

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.

2017 timeframe, featuring upa! convenience stores and top-notch related infrastructure and services.

In the retail segment, the 2015 management period also entailed the incorporation of 6 and 47 stores to upa! and up¡ta formats, respectively, thereby expanding the network to 69 stores operating under these brands; the launch of a pay-by-phone application, and the introduction of ShellCard Empresa for fleets.

In the industrial fuel and lubricants market, the company consolidated its presence in the Mining segment, through the award of fuel supply contracts for BHP Billiton and Antofagasta Minerals' mine sites, including the supply of lubricants for the latter, and through the renewal of lubricant supply contracts for Codelco and Candelaria.

It should be noted that the services relating to these fuel and lubricant supply contracts will be provided by the subsidiary Empresa de Soluciones Mineras SpA, consolidating its position as an operator in large-scale mine sites.

2015 Results

In 2015, Enex recorded net income of Ch$19,773 million, 42.4% down from the previous year, as a result of the impact of lower international oil prices on its operating performance. The volumes dispatched also declined by 5.6% due mainly to lower industrial sales, partially offset by the growth of its service stations channel. 96% of the dispatched volume corresponds to fuels. In turn, the Company's non-operating income was impacted by greater financial costs.

2015 Milestones

- **Opening of 12 service stations and incorporation of 53 stores to upa! and up¡ta formats.**
- **Launch of a pay-by-phone application.**
- **Introduction of ShellCard Empresa for fleets.**
- **Renewal of existing and subscription of new contracts with BHP Billiton, Antofagasta Minerals and Codelco for fuel and lubricant supply and related services.**
- **Consolidation of a new subsidiary for the supply of fuel and lubricants at the mine sites.**
- **Commencement of the construction of the first three service stations to be developed on Autopista Central.**

ENEX CONSOLIDATES ITS POSITION AS A KEY PLAYER IN THE SUPPLY OF FUEL AND LUBRICANTS FOR LARGE-SCALE MINING OPERATIONS

In November 2015, Enex started operations to supply fuel to BHP Billiton's mine sites: Cerro Colorado, Spence and Escondida. The management of this contract requires the participation of 120 of Enex's collaborators on site, operating more than 15 water and lube trucks, in addition to other equipment. Its implementation will be completed after the commissioning period in the first half of 2016.

The fuel volume required by BHP Billiton for these sites approximately accounts for 4% of the domestic diesel volume.

In August 2015, Enex was awarded a five-year contract to supply fuels, lubricants and related services to companies of the Antofagasta Plc Group (AMSA): the mine sites Minera Antucoya, Minera Centinela and Minera Los Pelambres; the Railway from Antofagasta to Bolivia, and Empresa de Transportes Integrados. Enex was already a supplier for Minera Los Pelambres, and the award of this contract enabled it to add 70% volume to its offer to AMSA, company whose demand accounts for approximately 3% of the domestic diesel volume.

Over the last year, Enex subscribed a five-year extension of its fuel supply, site administration and maintenance services contracts with Codelco for its Ventanas Division, and of its lubricant supply contracts for Chuquicamata, Radomiro Tomic, Ministro Hales, El Salvador, Ventanas and Andina mine sites. It also renewed its five-year term contract to supply fuels and lubricants to Minera Candelaria, owned by the Canadian company Lundin Mining.

In fuels, Enex's market share in the Mining segment is estimated at 40%, while in lubricants, at approximately 65%. The mining sector represents approximately 20% of the total volume of fuels.

With a market share of 31.35% at the closing of 2015, CSAV is the largest shareholder in the German shipping company Hapag-Lloyd, one of the largest container shipping operators in the world and founding member of G6, one of the most relevant global alliances in the industry.

CSAV acquired ownership in Hapag-Lloyd in December 2014, through the merger of its container shipping business with Hapag-Lloyd. At the end of 2015, Hapag-Lloyd owns a fleet of 177 vessels and a total capacity of 966,000 TEU; it operates in 118 countries and offers more than 120 shipping services in the five continents. In 2015, it transported a total volume of 7.4 million TEU and generated revenues for US$9,814 million. At the closing of 2015, Hapag-Lloyd was the fourth largest operator worldwide, measured in terms of transported volumes.

In February 2015, CSAV successfully completed a capital increase for US$398 million, whereby Quiñenco increased its participation from 54.5% to 55.2%. The resources were allocated to the subscription of €259 million of the €370 million capital increase at Hapag-Lloyd, transaction after which the company increased its ownership stake in the German shipping company from 30% to 34%.

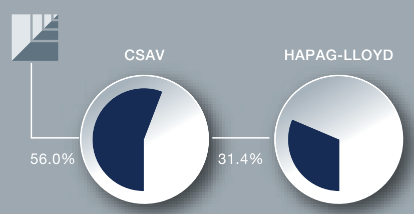
In compliance with one of the commitments adopted by the shareholders in the merger process, Hapag-Lloyd went public and on November 6 its shares started to be traded on the stock exchanges of Frankfurt and Hamburg. Of this initial public share offering, which entailed funds amounting to approximately US$300 million for Hapag-Lloyd, CSAV subscribed close to US$30 million, corresponding to 1,366,991 new shares in Hapag-Lloyd, thereby reducing its stake to 31.35%.

Hapag-Lloyd will allocate the funds raised in this process to fund investments in ships and containers to increase the efficiency of the fleet and its own containers. The plan announced includes the purchase of 5 container ships with a capacity of 10,500 TEU each.

In addition to its investment in Hapag-Lloyd, CSAV provides vehicle cargo services mainly to the west coast of South America, and liquid bulk transport services (mostly, sulfuric acid on the western coast of South America). It also provides logistic freight solutions and freight forwarder services for all types of cargo, through its subsidiary Norgistics.

Considering the increased use of refrigerated containers, high operational costs and related risks, the company restructured its reefer business, turning it into a logistic intermediation and freight forwarder service through its subsidiary Norgistics.

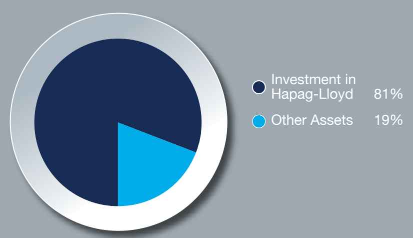
During 2015, the company terminated its bulk solid cargo business by returning to its owners the last rented ship, which in turn had a sublease contract. Therefore, it met its objective to reduce



COMPAÑÍA SUD AMERICANA DE VAPORES

- Founded in 1872
- Listed on the Santiago Stock Exchange since 1893
- Market capitalization: US$600 million as of December 31, 2015
- Main shareholder of the German shipping company Hapag-Lloyd

BUSINESS AREAS
Share of total assets
(Total 2015: MUS$2,226)



Container shipping

- Developed through Hapag-Lloyd.
- 177 ships.
- Transport capacity of one million TEU.
- Presence in 118 countries.
- More than 120 transport services in the five continents.
- 7.4 million TEU transported in 2015.

Other services

- Vehicle transport.
- Transport of liquid bulk.
- Logistic operation and freight forwarder services through its subsidiary Norgistics.

its exposure to this business area, established in 2011 due to the adverse market conditions.

Annual Performance

All business segments within the shipping cargo industry have been affected by lower world demand, greater supply and the volatility of fuel prices. Both Hapag-Lloyd and CSAV have faced these adverse conditions with plans to reduce operational costs and to increase asset utilization.

The merger between CSAV's and Hapag-Lloyd's shipping container business proved to be the right strategic decision, turning the German shipping company into one of the leading companies on North-South trade routes, which added to Hapag-Lloyd's traditional strength on the northern Atlantic routes. A successful and quick integration, mostly completed by the end of the first half of 2015, reflected in that year's results, and is estimated to generate synergies of US$400 million starting in 2017, exceeding the initial estimates. The merger did not only bring together services and vessels, but also the operational systems and a team of individuals focused on achieving high quality standards.

The positive impact of the merger with Hapag-Lloyd on the company's business profile and financial standing drove Feller Rate to improve the risk rating of CSAV's solvency and bonds from BB+ to BBB-, which was ratified by Fitch Ratings, and also led Standard & Poor's to improve them from B- to B+.

To adapt its financial debt to this new profile, in September 2015 CSAV prepaid all of its bonds in UFs, amounting to approximately UF 1,045,000 to such date. This transaction, funded with a long-term loan in dollars, will enable it to further reduce its costs.

Within the context of the transaction with Hapag-Lloyd in March 2015, Nicolás Burr, then CSAV's Finance and Administration Manager, was appointed by Hapag-Lloyd's Board of Directors as Chief Financial Officer of the German company headquartered in Hamburg.

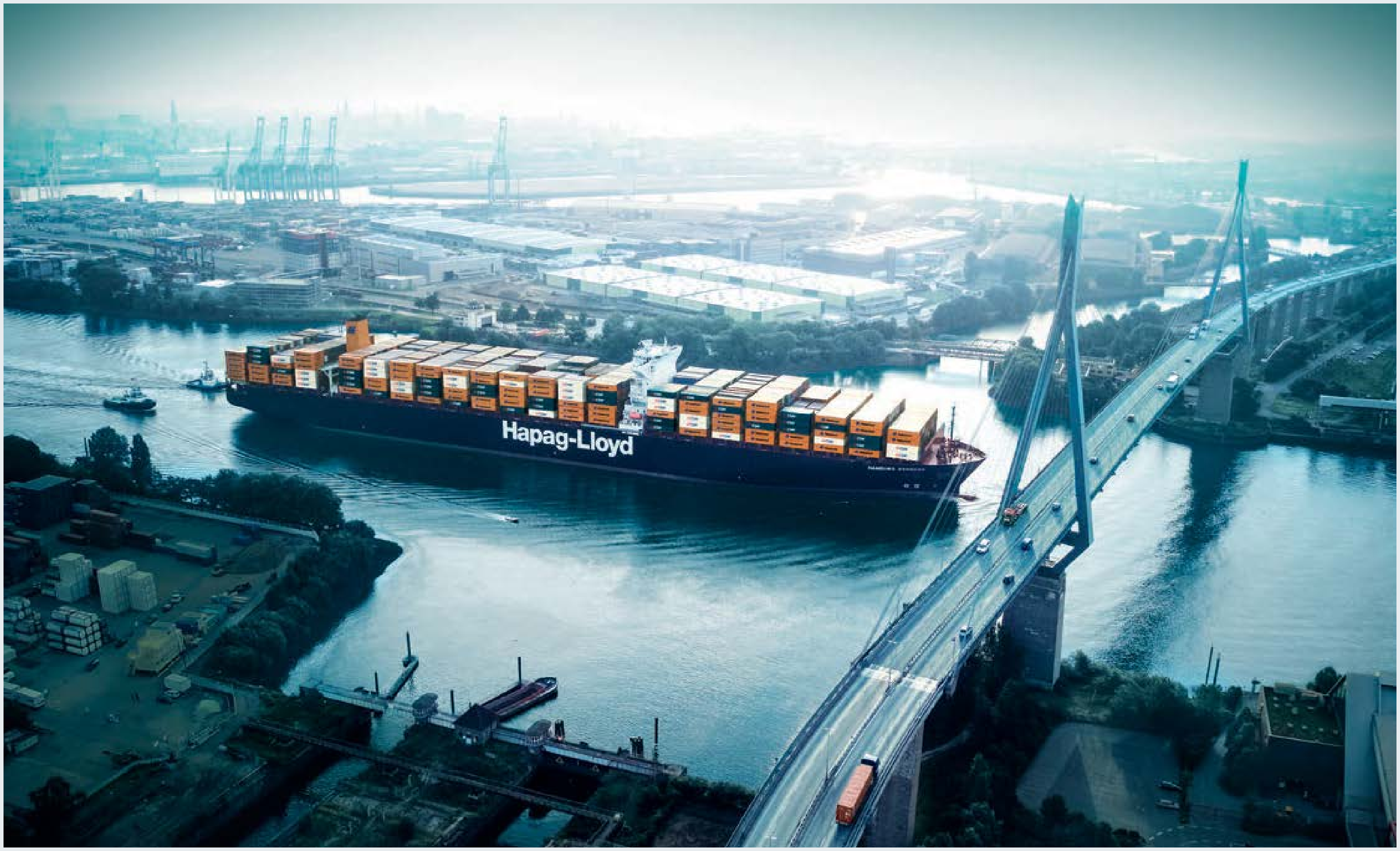
2015 Results

CSAV reported net losses of US$15 million in 2015, reflecting the impact of the dilution of its stake in Hapag-Lloyd after this company went public, which generated a loss of US$84 million. However, it is worth noting that such loss was mostly offset by CSAV's participation in the results obtained by Hapag-Lloyd in 2015, adjusted by fair value, which implied earnings of US$77 million.

Hapag-Lloyd obtained net income of US$124 million in 2015, reverting the US$804 million loss in 2014, due mainly to the initial synergies of the merger with CSAV's container ship business, cost reductions and greater efficiencies, as well as the positive impact of the drop in fuel prices, despite the economic slowdown in Latin America and China, with a high level of competitiveness in the shipping industry pushing down freight rates.

2015 Milestones

- Hapag-Lloyd AG's initial public share offering.
- CSAV's capital increase raised US$398 million.
- Prepayment of bonds in UFs.
- CSAV's Finance Manager undertakes as the CFO of Hapag-Lloyd AG.



HAPAG-LLOYD GOES PUBLIC AND ITS SHARE ACHIEVES A FREE FLOAT OF 15.5%

Despite the complex situation of capital markets, Hapag-Lloyd raised approximately US$300 million in its initial public share offering. Under the name HLAG, the company's shares are traded on the stock exchanges of Frankfurt and Hamburg since November 6, 2015. This first public offer totaled 118,110,917 shares at an initial price of €20 each.

The funds raised as a result of this initial public offering will allow Hapag-Lloyd to undertake the forecasted investment projects in ships and containers, and to maintain an adequate free float of its shares. At the closing of 2015, the latter amounts to 15.5% of the company's share capital.

With operations in 84 ports distributed across 15 countries and 188 tug boats, SAAM is one of the largest port operators in South America, the fourth largest global player in the tug boat market and one of the foreign trade logistic services companies with broadest regional presence.

SAAM is managed by Sociedad Matriz SAAM S.A. (SM SAAM), a publicly traded company that owns 99.99% of the shares.

The company provides ship and cargo services through three main business divisions: Port Terminals, Tug boats and Logistic Services.

In the port terminals business, SAAM is present in the main ports of Chile and in Arequipa (Peru), Guayaquil (Ecuador), Port Everglades (United States), Mazatlan (Mexico) and Cartagena de Indias (Colombia).

In the tug boat area, it provides support services in the docking and undocking of vessels, assistance, salvage, tugging, ferry, motor boats and others, both onshore and offshore at the main ports of Chile, Peru, Ecuador, Mexico, Uruguay, Brazil, Argentina, Guatemala, Honduras, Costa Rica, Panama and Canada.

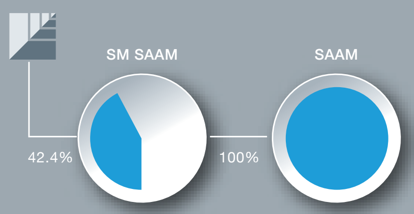
In connection with logistics, SAAM provides comprehensive supply chain support services ("port-to-door" and "door-to-port" shipping services) including maritime, land and air shipping agency services, being a strategic partner and providing its customers with tailored solutions. To this end, it features more than 173 hectares of support areas and warehouses, with presence in Chile, Peru, Uruguay, Colombia, Ecuador and Bolivia, and provides services in more than 25 ports.

Annual Performance

In July 2015, the Tug boat division completed one year since the start of its joint venture with the Boskalis Group, partnership that has enabled it to enter new markets, strengthen its presence in the region – mainly in Brazil, where it is the second largest operator of the industry – and to capture synergies for more than US$15 million. Over the year, this division renewed significant contracts in Mexico and was awarded a tender to provide services to Hapag-Lloyd in Chile and Peru.

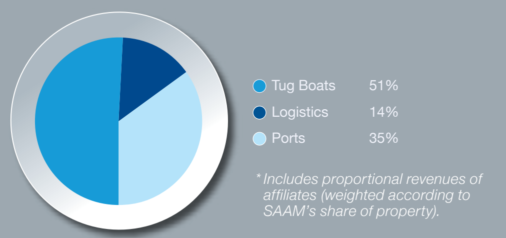
In the Port Terminals area, SAAM added to its portfolio the Terminal Internacional del Sur (TISUR) in the region of Arequipa, Peru, under a 30-year term concession contract (in effect until 2029). With this incorporation, the company reduced its stake in Tramarsa from 49% to 35%, transaction that meant a non-recurring gain of approximately US$32 million.

TISUR is the second largest port in Peru, with a pier of 832 meters, a draft of 15 meters and 160 hectares of support services area. Over the past year, it transferred 3.8 million tons; mainly, ore concentrates, bulk cargo, general cargo and containers. An expansion project, currently under way, will triple its storage capacity and the



SAAM
- Founded in 1961
- Multinational company present in 15 countries and more than 80 ports
- Fourth largest global tug boat operator
- Second largest port operator in South America
- Market capitalization: US$615 million as of December 31, 2015

BUSINESS AREAS
EBITDA* Distribution
(Total 2015: MUS$ 203)



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

Tug Boats

- Latin American leader and fourth largest operator in the world.
- 188 tug boats (8 under construction).
- 71% azimuthal tugboats.
- Operations in 12 countries and more than 70 ports.

Port Terminals

- Second largest por operator in South America.
- 11 port terminals.
- Operations in six countries: Chile, United States, Ecuador, Mexico, Colombia and Peru.
- 31.6 million tons transferred in 2015.
- 2.6 million TEU transferred in 2015.

Logistic Services

- Services to shipping companies, and comprehensive logistic services to importers and exporters.
- Contract Logistics: comprehensive value added services across the supply chain of importers and exporters.
- More than 170 hectares of support areas and warehouses (including own and leased areas).

transfer of ore concentrates, with an investment exceeding US$200 million.

In 2015, this area also subscribed a 10-year term extension to operate the International Terminal of Florida (United States); started the expansion project of the port terminal in Guayaquil (Ecuador) by 120 meters, and recorded an 80% progress in the expansion plan of site 4 of San Vicente Port in Chile. In San Antonio Terminal Internacional (STI), the main Chilean port, it incorporated two STS Super Post-Panamax cranes – the largest ever operated in the country – and 14 semi-trailer trucks, and started the extension of the pier by 100 meters.

The Logistic services division continued to focus on the delivery of integrated services for exporters and importers, where it is worth noting the first year of operations of the cellulose plant Montes del Plata, in Uruguay. In order to adapt to lower dynamism and greater competition, this division is undergoing a strategic rationalization process. Along these lines, it made the decision to close down the operation of warehouses and dockyards in Brazil, and to reduce some services to vessels in the central zone of Chile. In Chile, significant steps were taken in the development of the Third Party Logistics (3PL) or Contract Logistics business; setting up teams of specialized professionals, adapting the infrastructure allocated to this segment and obtaining a series of pilot contracts to provide integrated services within the supply chain of importers and exporters.

In the international ranking First Job Employers 2015, SAAM ranked among the best 10 companies for young professionals. The study measures internal and external attributes in surveys to professionals born after 1980 and who have been in the company for at least three months, who evaluate aspects such as recognition, quality of life, reputation and innovation.

2015 Results

In 2015, SM SAAM reported net income of US$69 million, 12.9% higher than the previous year. This result is due mainly to a gain of US$32 million associated with the restructuring of Tramarsa in Peru, as well as the good performance of the tug boat unit, reflecting the synergies obtained through the merger with Boskalis, and of port terminals, offsetting the expenses associated with the closing of some logistics operations in Chile and Brazil.

2015 Milestones

- **Capture of synergies for more than US$15 million during the first year of joint operation with Boskalis in the tug boat area.**
- **Incorporation of the Terminal Internacional del Sur (TISUR), in Peru to the business portfolio.**
- **Ten-year term extension contract over the concession of the U.S. terminal in Florida (FIT).**
- **Distinguished as one of the best 10 companies for young professionals in Chile.**

SAAM SMIT TOWAGE HAD A VERY SUCCESSFUL FIRST YEAR OF OPERATION

SAAM SMIT Towage combines SAAM's and Royal Boskalis' (SMIT) operations in Brazil, Mexico, Panama and Canada in two joint ventures. The first one involves Brazil, the only market included in the merger where both companies had previous operations and where they agreed to split the joint venture in equal parts. After the operation, the new entity consolidated its position as the second largest tug boat operator in the growing Brazilian market, with a fleet of 49 vessels.

The second joint venture merged SAAM's operations in Mexico with the presence of SMIT in Panama and Canada, totaling a fleet of 61 tug boats. In this merger, SAAM's stake amounts to 51% and SMIT's stake, to 49%.

In 2015, at the closing of its first year of operations, SAAM SMIT Towage managed to consolidate the work teams of both joint ventures and obtained synergies for more than US$15 million, exceeding the initial forecast.

SAAM SMIT Towage, with a fleet of over 100 tug boats and presence in more than 30 ports in America, is the leader in the tug boat market of Panama, Mexico and the west coast of Canada, and is the second largest tug boat operator in Brazil.

10 Corporate Information

Dividend policy

Quiñenco's Board of Directors will inform the Annual Shareholders' Meeting to be held on April 29, 2016 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.

Dividends paid

Dividend	Date	Dividend per share	Total dividend	Corresponding to the year
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
No. 35 and 36	05-12-15	Ch$72.00759	ThCh$119,731,311	2014

Shareholders

At the closing of 2015, the subscribed and paid-in capital is divided into 1,662,759,593 shares. The 12 largest shareholders as of December 31, 2015 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
96.489.000-5	Credicorp Capital S.A. Corredores de Bolsa	126,088,128	7.58
97.004.000-5	Banco de Chile por cuenta de terceros no residentes	60,331,609	3.63
76.884.110-1	Inversiones Río Claro Ltda.*	44,442,511	2.67
76.645.030-k	Banco Itaú por cuenta de inversionistas extranjeros	31,594,740	1.90
96.871.750-2	Inversiones Salta S.A.*	23,684,851	1.42
76.327.982-0	Inversiones Alaska Ltda.*	20,041,305	1.21
96.684.990-8	Moneda S.A.	12,645,700	0.76
76.265.736-8	A.F.P. Provida S.A.	10,834,149	0.65
	Total	1,593,055,877	95.80

** Companies related to the Luksic Group*

Additional information as of December 31, 2015	
No. of subscribed and paid in shares	1,662,759,593
No. of shareholders	1,160

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

Percentage of property held by the Company Board members and main executives.

As of December 31, 2015, the following Board Member directly held shares in the Company:

Board member	% ownership
Andrónico Luksic Lederer	0.00001%

As of December 31, 2015 the following main executives held shares in the Company:

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

Stock market information

Quiñenco's shares are traded in Chile on the Santiago Stock Exchange, 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 2015 in the Chilean exchanges.

2015	No. of shares traded	Total amount traded ThCh$	Average price Ch$	Stock market presence %
1st quarter	15,034,410	19,659,177	1,307.61	67.22%
2nd quarter	6,199,367	8,199,281	1,322.60	66.67%
3rd quarter	11,817,723	15,864,102	1,342.40	68.89%
4th quarter	16,013,627	21,648,670	1,351.89	68.33%
2015	49,065,127	65,371,230	1,332.34	

Property

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

Insurance

Quiñenco holds insurance policies with top-notch insurance firms for all 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 directly or indirectly under its control. In some cases it exercises control together with a strategic partner. This policy does not exclude the possibility of investing in additional companies or taking on businesses related to those it owns to strengthen the group's growth potential.

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

Financing Policy

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

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

Risk Factors

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

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

The Company mostly develops its business in Chile. For this reason, its 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 2.1% in 2015. 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 operations 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 where they operate. This can be seen in the prices, costs and sales volumes of the products and services produced and sold by Quiñenco's businesses. While the Company expects its businesses to be capable of continuing to successfully compete in their respective sectors, based on past experience and its records, there is no certainty that the competition will not continue to grow in the future, including a potential ongoing trend toward consolidation in certain industries. 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 freight 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 to be directly related to access to capital. In the past, Quiñenco and its subsidiaries have satisfied their capital needs with flows generated internally and/or by issuing debt or capital. However, there is no certainty regarding the future availability of capital to satisfy the growth needs and expectations of Quiñenco and its subsidiaries and affiliates. The impossibility of obtaining capital would halt Quiñenco's ability to expand existing businesses or enter into additional businesses, and it could have a significant adverse effect on the Company's financial position and results.

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

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

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

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

Directors' Committee

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

The Committee was formed 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 during both periods.

The members of the Committee received the following payments during 2015, with the respective comparison to the year before:

In 2015, the directors Hernán Büchi Buc, Gonzalo Menéndez Duque and Matko Koljatic Maroevic received the following payments for services rendered on the Directors' Committee of: ThCh$82,008, ThCh$82,008 and ThCh$82,008 (in 2014 ThCh$56,486, ThCh$56,486 and ThCh$56,486), respectively.

The Committee met nine times in 2015. The CEO, Francisco Pérez Mackenna, the CFO, Luis Fernando Antúnez Bories and the Chief Counsel, Rodrigo Hinzpeter Kirberg, have regularly attended its sessions.

In 2015, the Committee dedicated itself to evaluating the issues indicated in Article 50 bis of the Law of Open Stock Corporations, having undertaken the following activities:

1. It examined the reports of independent external auditors. At Session No.129 on March 30, 2015, the Committee received the external auditors' report on the year ending on December 31, 2014, the balance sheet 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.133 on September 3, 2015, the Committee received the Limited Review Report on Quiñenco S.A.'s Intermediate Consolidated Financial Statements and those of its subsidiaries through June 30, 2015. In addition, the Committee received the Internal Control Report that the independent auditors send to the administration in Session No.136 on December 3, 2015.

2. In Session No.129 on March 30, 2015, it proposed the external auditors Ernst & Young Servicios Profesionales de Auditoría y Asesoría Limitada to the Board of Directors for them to examine the Company's accounting, inventory, balance sheet and other financial statements corresponding to the year 2015 and for them to give their professional and independent opinion. Likewise, it proposed the company KPMG Auditores Consultores Limitada as an alternative. At the same session, the Committee also proposed hiring the following risk rating agencies: (a) for the national context, Feller-Rate Clasificadora de Riesgo Limitada and International Credit Rating (ICR) Compañía Clasificadora de Riesgo Limitada and (b) Standard & Poor's for the international context.

3. At session No.128 on March 5, 2015, it evaluated and gave a favorable report on the operation between related parties consisting in the sale of a used car Subaru Station Wagon, Tribeca make of 2011, with 60,000 kms to the Advisor to the Presidency and the Board of Directors, Mr. Manuel José Noguera Eyzaguirre, in Ch$13,300,000 paid in cash.

4. In the same session No.128, 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 an update

to the directors and executives on the tax reform for a gross fee of 40 unidades de fomento. Also, in session No.130, on April 20, 2015 it gave a favorable report on the contracting of the external auditing firm to issue a legal report on the tax effects of the contract subscribed on January 2, 1995 by the subsidiary VTR S.A. (currently Unitron S.A.) with Citibank. N.A., especially in connection with the deductibility of the expense associated with the respective settlement and payment of a gross fee of 450 unidades de fomento. In session No.131, on June 3, 2015, it provided a favorable report on the contracting of Ernst & Young Ltda. to (i) draft a compliance report with Quiñenco's covenants for a gross fee of 35 unidades de fomento, (ii) review the English translation of Quiñenco's consolidated financial statements as of December 31, 2014, for a gross fee of 25 unidades de fomento and (iii) conduct a study on the corporate structures applicable to the companies domiciled or holding investments abroad, for a gross fee of 2,000 unidades de fomento.

5. In sessions No.132 and No.136 on August 6, 2015 and December 3, 2015, respectively, it received the report on the execution of the internal auditing plan from 2009 to 2015.

6. In session No.134, on October 1, 2015, it examined and gave a favorable report on the transaction between related parties consisting of the opening of a credit facility in favor of the subsidiary Compañía Sud Americana de Vapores S.A., for up to 50 million U.S. dollars.

7. In session No.135, on November 5, 2015, it examined and gave a favorable report on the transaction between related companies consisting of the purchase of four paintings (one by Calder, another by Carlos Ampuero and two by Theo David), for a total price of 120,650 U.S. dollars from the succession of Mr. Guillermo Luksic Craig, held by Quiñenco under a gratuitous bailment contract.

8. In session No.136, on December 3, 2015, it examined and gave a favorable report on the transaction between related companies consisting of the subscription of an internal control services contract to the subsidiary Invexans S.A., for an annual fee of 830 unidades de fomento (which finally was not subscribed).

9. In the same session No.136, 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 2015, nor did it incur expenses, and it did not consider it relevant to present any kind of recommendation to the Company's shareholders.

Headcount of Quiñenco and subsidiaries as of December 31, 2015

Company	Chile			Overseas			Total
	Managers and Main Executives	Professionals and Technical Staff	Other Workers	Managers and Main Executives	Professionals and Technical Staff	Other Workers	
Quiñenco	12	25	25	-	-	-	62
LQIF and subsidiaries	560	6,261	8,156	-	-	-	14,977
Invexans	1	3	2	-	-	-	6
Techpack and subsidiaries	24	216	442	23	390	1,248	2,343
Enex and subsidiaries	17	691	1,996	-	-	-	2,704
CSAV and subsidiaries	6	94	-	-	62	-	162
Other subsidiaries	7	52	5	-	-	-	64
Total	**627**	**7,342**	**10,626**	**23**	**452**	**1,248**	**20,318**

Board of Directors' Training Activities

Over the 2015 management period, Quiñenco's Board of Directors received the following training:

1. **Training on Foreign Corrupt Practices Act.**
   Quiñenco's S.A. Board was trained on the systems and mechanisms to get such body and the whole Company in line with the best practices relating to the Foreign Corrupt Practices Act, which included work sessions with foreign lawyers, expert in the matter. Those sessions started with a lecture on the purpose of the standards, their scope of application, the investigation processes, the mechanisms provided by the act to prevent corrupt practices and some examples where the U.S. government has penalized companies for behaviors described in the standard, including an analysis with a forensic approach on the application of the standard. Those meetings were held in November and December 2015.

2. **Training on human resources management processes.**
   Quiñenco's S.A. Board was informed of the human resources management processes with an approach on diversity. This work consisted of several sessions in connection with: (i) human resources management; (ii) the characterization of the workforce profile and its relevant indicators; (iii) performance management results; (iv) compensations' competitiveness; (v) work relations; and (vi) culture through an analysis of the initiatives implemented. Those meetings were held between July and November 2015.

Board members' remunerations

As agreed at the Company's Annual Shareholders' Meeting, the sums paid to Directors in 2015 and 2014 for per diem, participations, and other remunerations, respectively, were as follows:

Guillermo Luksic Craig ThCh$0 in 2015 (ThCh$0, ThCh$198,539 and ThCh$0 in 2014); Andrónico Luksic Craig ThCh$1,613, ThCh$241,537 and ThCh$1,116,673 in 2015 (ThCh$1,807, ThCh$165,164 and ThCh$755,848 in 2014); Jean-Paul Luksic Fontbona ThCh$2,152, ThCh$241,537 and ThCh$0 in 2015 (ThCh$1,807, ThCh$165,164 and ThCh$0 in 2014); Hernán Büchi Buc ThCh$4,299, ThCh$241,537 and ThCh$0 in 2015 (ThCh$3,614, ThCh$165,164 and ThCh$0 in 2014); Gonzalo Menéndez Duque ThCh$3,762, ThCh$241,537 and ThCh$0 in 2015 (ThCh$3,614, ThCh$165,164 and ThCh$0 in 2014); Matko Koljatic Maroevic ThCh$4,299, ThCh$241,537 and ThCh$0 in 2015 (ThCh$3,614, ThCh$165,164 and ThCh$0 in 2014); Fernando Cañas Berkowitz ThCh$4,301, ThCh$241,537 and ThCh$0 in 2015 (ThCh$3,614, ThCh$165,164 and ThCh$0 in 2014); Nicolás Luksic Puga ThCh$3,762, ThCh$241,537 and ThCh$0 in 2015 (ThCh$3,097, ThCh$123,873 and ThCh$0 in 2014) and Andrónico Luksic Lederer ThCh$2,953, ThCh$153,705 and ThCh$0 in 2015 (ThCh$2,067, ThCh$0 and ThCh$0 in 2014).

Expenditures on consulting services to the Board of Directors

Expenses for consulting services to the Board of Directors totaled ThCh$234,790 in 2015.

Remunerations of Main Executives

The remunerations received by the Company's main executives for remunerations and performance bonuses totaled ThCh$5,484,329 in 2015 (ThCh$5,742,281 in 2014).

Incentive Plan

There was no long term incentive plan for the Company's executives as of December 31, 2015.

Severance payment

Compensations paid to the Company's main executives for years of service in 2015 totaled ThCh$778,176 (ThCh$457,902 in 2014).

Information on diversity

The distribution of the Board of Directors, management units (general manager and managers reporting to the CEO or to the Board) and all of the Company's personnel, by gender, nationality, age and seniority (in their positions in the case of directors and in the Company for managers and the organization) as of December 31, 2015 is the following:

Gender	Men	Women
Board	8	-
Managers	6	2
Organization	41	21

Nationality	Chilean	Foreign
Board	8	-
Mgmt Units	8	-
Organization	61	1

Age	Under 30	30 – 40 years	41 – 50 years	51 - 60 years	61 - 70 years	Older than 70
Board	-	2	-	1	4	1
Managers	-	-	2	5	1	-
Organization	4	16	13	18	11	-

Seniority	Less than 3 years	From 3 to 6 years	More than 6 and less than 9 years	From 9 to 12 years	More than 12 years
Board	2	1	-	1	4
Managers	4	-	-	-	4
Organization	23	8	1	3	27

Salary Gap

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

	Average gross salary of women / Average gross salary of men (%)
Executives	118%
Workers	115%

Material Information

Quiñenco S.A. reported no material or relevant information during the 2015 management period.

Crime Prevention Model, Law No. 20,393

Quiñenco S.A. cuenta con un Modelo de Prevención de los Delitos de Cohecho, Quiñenco S.A. has a Crime Prevention Model on Bribery, Asset Laundering and Financing of Terrorism pursuant to Law No. 20,393, which was certified for the first time on December 5, 2012, by the company BH Compliance.

Such certification remains in effect, since on November 28, 2014, the Company was again certified for a two-year term by the company BH Compliance.

The Model also contemplates a procedure to raise complaints, either in writing directly to the Company's offices addressed to the Prevention Manager or to the email encargadodeprevencion@lq.cl

Supplementary Information on Activities and Businesses

OTHER BUSINESSES

Banchile Seguros de Vida S.A. (Banchile Vida): aimed at meeting the protection requirements of people and their families, Banchile Vida offers life, accident and health insurance policies, through distribution channels that sell mass insurances such as banks, savings and credit cooperatives, compensation funds, power companies, agricultural financing and retail companies. The company started operations in April 2000 under the name Banedwards Compañía de Seguros de Vida S.A. and since that year is under the control of Quiñenco with an ownership stake of 66.3%.

Banchile Vida offers collective and individual insurance policies as well as a host of services to manage the sale and post-sale quality of online and onsite purchases made by our customers.

In connection with the 2015 management period, it is worth noting the significant investment made in the IT area, with the renewal of service-oriented equipment and software as well as the installation and commissioning of a platform to provide safe web-based services. The award of ten mortgage life insurance portfolios also had strategic importance, as it will allow expanding Banchile Vida's experience in that type of business. In 2015, Banchile Vida reported net income of Ch$12,035 million, in line with the previous year.

SUPPLIERS AND CUSTOMERS

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

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

MAIN BRANDS

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

Quiñenco: Quiñenco, Quinenco.

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

CCU: In Chile and abroad, CCU and its subsidiaries own diverse registered trademarks that they sell their products under. In the local 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 water category in Chile it holds the brands Cachantun, Mas, Mas Woman and Porvenir; in purified water and HOD it has the brand Manantial. In Uruguay, the company owns the brands Nativa and Nix for bottled mineral water 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., such as Altaïr, Cabo de Hornos, Sideral, 1865, Castillo de Molina, Epica, Gato and Gato Negro of Viña San Pedro; the Gran Reserva line of Viña Tarapacá in its versions Etiqueta Blanca, Negra and Azul; Viña Leyda in its series Reserva, Single Vineyard and Lot; Misiones de Rengo Varietal, Reserva and Cuvée; in addition to Alpaca, Reservado and Siglo de Oro Reserva of Santa Helena; in the sparkling wines category, Viñamar in its versions Extra Brut, Brut and Rose and, finally, Manquehuito in the coolers category. In Argentina, it holds the brands La Celia and Bodega Tamarí.

In the pisco category of liquors, CCU owns the brands: Mistral, Mistral 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 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 and Sáenz Briones 1888. In addition, it owns the brand El Abuelo in the liquor category.

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

On November 26, 2015, the Company sold the productive assets (machines and equipment) associated with Calaf and Natur business to Empresas Carozzi S.A; and continued to produce these products for the buyer for a provisional period pursuant to the terms established in the respective contracts.

Invexans: Invexans

Techpack: Alusa, HYC, Aluflex, Peruplast, Empaques Flexa, Tech Pack, Alusa Brasil, Alupack, and Retortable.

Enex: Enex, Shell, upa!, upita, Select, Helix, Shell V-Power, Shellcard, Rimula, Pennzoil, Gadus, Spirax, Tellus, Rhenus, ACDelco, Kyrnex. 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, Odjfell y Vapores and Norgistics.

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

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: It holds a license agreement on the use of the brand "Banchile," granted by Banco de Chile to Banchile Seguros de Vida. According to this agreement, the Bank authorizes the company to exclusively use the name BANCHILE, a registered trademark of the Bank, throughout the life of the agreement, without being able to transfer it under any circumstances, for the purposes of promoting and selling its insurance policies, especially for the development and operation of the bank insurance business and the sale of credit life insurance to the Bank's loan portfolio and to the market in general. The agreement was in force from January 1, 2013 to December 31, 2015[1]. The Bank may terminate said agreement at any time for noncompliance or for restrictions that the agreement might impose on it. This can be done at any time upon written notice 10 days in advance, and the company will have 60 days to change the trade name.

In addition, Banco de Chile authorized the use of the brand "Banlegal" 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 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 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. On October 22, 2015, Banco de Chile and Citigroup Inc. subscribed a new Brand License Contract that replaced the one that expired on January 1, 2016. Among other changes, the new contract contemplates an initial enforcement period of 2 years from January 1, 2016 and may be successively extended by the parties for another 2-year term. If Banco de Chile and Citigroup Inc. do not agree on the contract extension prior to August 31 of the respective maturity year, the contract will be renewed for a 1-year term from January 1 of the following year.

CCU: Directly or through its subsidiaries and affiliates, CCU 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, which give the company exclusivity over

1 On December 30, 2015, Banco de Chile informed of the renewal of this agreement from January 1, 2016 to January 1, 2020.

the production and/or sale of said products in the country. CCU also holds exclusive distribution contracts for the brands Perrier, SOBE and Red Bull.

It also holds licenses for the brands Watt's, Yogu Yogu and Shake a Shake for certain nonalcoholic beverages and formats, with an ownership stake of 50%. In Paraguay it holds the license to produce and to distribute nectars and juices under the Watt's brand.

In connection with beers, CCU was the exclusive Chilean distributor of Budweiser until December 2015. In the premium beer segment, CCU holds exclusive license contracts to produce and/or sell Heineken, Sol, Coors and Austral in Chile, as well as an exclusive distribution contract for Blue Moon beer. In Argentina, CCU 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, Schneider and Kunstmann, as well as Sidra Real. Meanwhile, in Paraguay it holds the license to distribute beer under the Heineken, Coors, Paulaner and Schneider brands.

With regard to spirits, CCU is the exclusive distributor in Chile of Pernod 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	Licensor	Territory
Amstel for Argentina[1]	July 2022	Amstel Brouwerij B.V.	Argentina
Austral[2]	July 2016	Cervecería Austral S.A.	Chile
Blue Moon[3]	December 2021	Coors Brewing Company	Chile
Budweiser for Argentina	December 2025	Anheuser-Bush Inc.	Argentina
Coors[4]	December 2025	Coors Brewing Company	Chile
Coors[5]	December 2019	Coors Brewing Company	Argentina
Crush, Canada Dry (Ginger Ale, Agua Tónica and Limón Soda)[6]	December 2018	Schweppes Holding Limited	Chile
Gatorade[7]	December 2018	Stokely Van Camp Inc.	Chile
Heineken for Bolivia[8]	December 2024	Heineken Brouwerijen BV	Bolivia
Heineken Chile and Argentina[9]	10 years, renewable	Heineken Brouwerijen BV	Chile and Argentina
Heineken for Colombia[10]	March 2028	Heineken Brouwerijen BV	Colombia
Heineken for Paraguay[8]	November 2022	Heineken Brouwerijen BV	Paraguay
Heineken for Uruguay[9]	10 years renewable	Heineken Brouwerijen BV	Uruguay
Nestlé Pure Life[6]	December 2017	Nestlé S.A., Societé de Produits Nestlé S.A. y Nestec S.A.	Chile
Pepsi, Seven Up and Mirinda	December 2043	Pepsico Inc., Seven-Up International, through Bebidas CCU-PepsiCo SpA	Chile
Red Bull	December 2017	Red Bull Argentina S.R.L.	Argentina
Red Bull[11]	Indefinite	Red Bull Panamá S.A.	Chile
Sol[9]	10 years renewable	Heineken Brouwerijen BV	Chile
Sol[9]	10 years renewable	Heineken Brouwerijen BV	Argentina
Té Lipton[12]	March 2020	Pepsi Lipton International Limited	Chile
Watt's (nectars, fruit-based beverages and others) in rigid containers, except for cardboard.	Indefinite	Promarca S.A.	Chile

1 *10-year term 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 *2-year term renewable license; subject to compliance with the conditions set forth in the contract.*
3 *Renewable at December 2021 until 2025; starting 2025 it will be automatically renewed under identical conditions (Rolling Contract), every year for a period of 5 years, subject to compliance with the conditions set forth in the contract.*
4 *After the initial expiry, automatically renewable under identical conditions (Rolling Contract), every year for a period of 5 years, subject to compliance with the conditions set forth in the contract.*
5 *5-year term renewable license; subject to compliance with the conditions set forth in the contract.*
6 *5-year term renewable license; subject to compliance with the conditions set forth in the contract.*
7 *License renewable for a period equivalent to the enforcement of the Shareholders' Agreement of Bebidas CCU-PepsiCo SpA, subject to compliance with the conditions set forth in the contract.*
8 *10-year term license automatically renewable every year for a period of 5 years, except in the case of notifying non-renewal.*
9 *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*
10 *After the initial expiry, automatically renewable every year for a period of 5 years (Rolling Contract), except in the case of notifying non-renewal.*
11 *Indefinite contract, notice of termination six months in advance, first termination date cannot be prior to October 31, 2018.*
12 *Indefinite contract, subject to compliance with specific obligations set forth in the contract.*

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

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 liquid and solid bulk. This concession, in force since January 2000, has a 20-year horizon with the option to be extended for another 10 years. In 2013 STI signed the contract to extend the concession term by 5 years, with the option to extend it for a similar period (5 years). The works aimed at extending the berthing dock started in 2015, which will allow it to grow from 800 to 930 linear meters, enabling it to simultaneously serve 2 Post Panamax vessels.

San Vicente Terminal Internacional: in January 2000, it won the concession for the main port terminal of the Biobío 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, in addition to the reconstruction of the terminal, damaged by the earthquake on February 27, 2010.

Antofagasta Terminal Internacional: Berthing Facility No. 2, corresponding to sites 4, 5, 6 and 7, was transferred to Antofagasta Terminal Internacional S.A. (ATI). The original concession established a 20-year term with the option to extend it for another 10 years, which was materialized in 2014 after works to expand Site 7 and the anti-seismic reinforcement of Site 6 were undertaken in 2013. The operation of the reception, storage and copper concentrate shipping warehouse started in 2015, which has a capacity of 1,100,000 tons.

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 2015, ITI S.A. incorporated two new Super Post Panamax cranes that will allow it to serve larger vessels. 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. The berthing dock extension works enabling it to grow from 360 to 480 linear meters started in 2015.

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 sites and gantry cranes – though the concession holder 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. A 10-year extension contract amendment was signed in 2015 until 2025, with two 5-year term extension options, at the discretion of the concession holder.

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 of 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.

Terminal Internacional del Sur: SAAM acquired a stake in Terminal Internacional del Sur (TISUR) through Tramarsa S.A. in November 2015. In addition to holding the concession of the port terminal, TISUR has an 848-meter long dock in Arequipa, Peru, in the sector known as Matarani. The concession expires in 2029.

11 Consolidated Financial Statements

Quiñenco S.A. and Subsidiaries
As of December 31, 2015 and 2014

Index

Report of the 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, 2015 and 2014, and the consolidated comprehensive income statement, the consolidated statements of changes in equity and the consolidated statements 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

The Company's 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 the 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 consolidated financial statements of the subsidiary Compañía Sud Americana de Vapores S.A. as of December 31, 2015 and 2014, and of the subsidiary Invexans S.A. as of December 31, 2015, of which the total assets aggregate amount represents 4.9% and 4.2% of the total consolidated assets as of December 31, 2015 and 2014, respectively, and the total revenue represents 5.5% and 2.2% of the total consolidated revenue for the years ended as of such dated. We did not audit the financial statements of the associates Compañía Cervecerías Unidas S.A., SM SAAM S.A. and Foods Compañía de Alimentos CCU S.A., recorded in the consolidated financial statements under the equity method, which represent total assets for an aggregate amount of ThCh$573,010,423 and ThCh$529,732,499 as of December 31, 2015 and 2014, and a net accrued profit of ThCh$52,775.870 and ThCh$47,972,284 for years ended as of such dated, 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 subsidiaries and 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 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, 2015 and 2014, 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 to the consolidated financial statements.

Basis of Accounting

The indirect subsidiary Banco de Chile is regulated by Chilean Superintendency of Banks and Financial Institutions ("SBIF"), and therefore, it is required to apply the accounting standards established by the SBIF for the preparation 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 an equity account the differences in assets and liabilities for the concept of deferred taxes originated as a direct effect of the increase in the first category income tax rate introduced by Law 20,780. Also, through Official Bulletin 4186, dated February 27, 2015, Superintendency of Securities and Insurance instructed that the above mentioned effect for the banking subsidiary had also be registered against equity, which changed the financial reporting preparation and presentation standards used to that date with regard to deferred tax assets, since according to the previous standards, for the preparation of the consolidated financial statements, companies that held investments in banking subsidiaries had to use the information provided by the bank subsidiaries, without being subjected to any translation adjustment.

However, even though the financial statements have been prepared on the same accounting bases, the consolidated comprehensive income statements and the corresponding consolidated statements of changes in equity for the years ended December 31, 2015 and 2014, in reference to the recording of differences in deferred tax assets and liabilities, are not comparative with regard to what is indicated in the previous paragraph, and of which the effect is explained in Note 2 to the consolidated financial statements.

Juan Francisco Martínez A.
Santiago, Chile March 29, 2016

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Consolidated Statements of Financial Position

Assets	Note	As of December 31 2015 ThCh$	As of December 31 2014 ThCh$
Non-banking businesses			
Current assets			
Cash and cash equivalents	3	127,131,019	196,970,560
Other financial assets, current	4	69,623,179	203,838,797
Other non-financial assets, current	5	28,677,037	27,000,077
Trade and other receivables, current	6	243,666,167	211,118,915
Accounts receivable from related entities, current	7	4,519,243	10,907,987
Inventory, current	8	127,932,281	111,915,192
Current tax assets		19,873,555	9,531,970
Total current assets other than assets or disposal groups classified as held for sale or for distribution to the owners		**621,422,481**	**771,283,498**
Non-current assets or disposal groups classified as held for sale	9	30,636,359	32,810,087
Non-current assets or disposal groups classified as held for sale or for distribution to the owners		**30,636,359**	**32,810,087**
Total current assets		**652,058,840**	**804,093,585**
Non-current assets			
Other financial assets, non-current	10	105,259,594	88,374,206
Other non-financial assets, non-current	11	28,333,082	28,514,983
Accounts receivable, non-current		-	1,438,059
Accounts receivable from related parties, non-current	7	-	911,950
Investments accounted for using the equity method	12	2,146,582,830	1,931,755,310
Intangible assets other than goodwill	13	220,685,331	220,741,559
Goodwill	14	874,419,641	873,133,439
Property, plant and equipment	17	392,187,426	347,507,159
Investment properties	18	17,821,209	15,516,149
Deferred tax assets	19	274,511,861	245,696,721
Total non-current assets		**4,059,800,974**	**3,753,589,535**
Total non-banking services assets		**4,711,859,814**	**4,557,683,120**
Banking assets			
Cash and bank deposits	39.5	1,361,222,262	915,132,943
Transactions pending settlement	39.5	526,044,917	400,081,128
Trading instruments	39.6	866,654,350	548,471,898
Repurchase agreements and securities lending	39.7	46,164,461	27,661,415
Financial derivative contracts	39.8	1,127,123,259	832,192,270
Due by banks	39.9	1,395,195,498	1,155,364,144
Customer loans and accounts receivable	39.10	23,951,162,539	21,344,582,639
Investment instruments available for sale	39.11	1,000,001,698	1,600,189,462
Investments in companies	39.12	28,125,874	25,311,647
Intangible assets	39.13	26,718,781	26,592,959
Property, plant and equipment	39.14	215,670,814	205,401,952
Current taxes	39.15	3,287,403	3,476,046
Deferred taxes	39.15	255,972,265	202,868,593
Other assets	39.16	484,518,847	355,056,675
Total banking services assets		**31,287,862,968**	**27,642,383,771**
Total assets		**35,999,722,782**	**32,200,066,891**

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

Consolidated Statements of Financial Position

Liabilities	Note	As of December 31 2015 ThCh$	2014 ThCh$
Non-banking businesses			
Current liabilities			
Other financial liabilities, current	20	100,200,011	172,424,558
Trade and other payables	21	210,404,107	198,159,010
Accounts payable to related parties, current	7	3,330,462	6,425,106
Other short-term provisions	22	25,671,704	54,337,508
Current tax liabilities		2,224,637	5,873,617
Provisions for employee benefits, current	23	10,492,785	10,511,373
Other non-financial liabilities, current	24	37,157,892	111,271,996
Total current liabilities other than liabilities included in disposal groups classified as held for sale		**389,481,598**	**559,003,168**
Liabilities included in disposal groups classified as held for sale	9	454,213	2,160,080
Total current liabilities		**389,935,811**	**561,163,248**
Non-current liabilities			
Other financial liabilities, non-current	20	692,465,574	726,310,218
Other long-term provisions	22	53,032,977	30,699,630
Deferred tax liabilities	19	107,026,346	108,487,375
Provisions for employee benefits, non-current	23	16,576,107	17,478,465
Other non-financial liabilities, non-current	25	57,371,648	52,260,175
Total non-current liabilities		**926,472,652**	**935,235,863**
Total non-banking business liabilities		**1,316,408,463**	**1,496,399,111**
Banking liabilities			
Deposits and other demand deposits	39,17	8,305,369,907	6,856,857,976
Transactions pending settlement	39,5	241,841,370	96,945,511
Repurchase agreements and securities lending	39,7	184,131,435	249,481,757
Time deposits and other loans	39,18	9,905,144,303	9,718,775,449
Financial derivative contracts	39,8	1,127,927,538	859,750,852
Due to banks	39,19	1,529,628,173	1,098,715,291
Debt instruments issued	39,20	6,098,505,011	5,057,956,692
Subordinated obligation with the Chilean Central Bank		271,555,722	338,671,377
Other financial obligations	39,21	173,080,729	186,572,904
Current taxes	39,15	27,993,308	22,497,995
Deferred taxes	39,15	32,953,161	35,028,598
Provisions	39,22	439,975,745	401,881,697
Other liabilities	39,23	260,308,346	248,001,539
Total banking services liabilities		**28,598,414,748**	**25,171,137,638**
Total liabilities		**29,914,823,211**	**26,667,536,749**
Equity			
Issued capital	27	1,223,669,810	1,223,669,810
Retained earnings		1,172,945,419	1,122,563,054
Share premium	27	31,538,354	31,538,354
Other reserves	27	593,653,531	456,701,188
Equity attributable to owners of the controller		3,021,807,114	2,834,472,406
Non-controlling interests		3,063,092,457	2,698,057,736
Total equity		**6,084,899,571**	**5,532,530,142**
Total equity and liabilities		**35,999,722,782**	**32,200,066,891**

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

Consolidated Statements of Comprehensive Income

Income Statement	Note	For the years ended December 31, 2015 ThCh$	2014 ThCh$
Non-banking businesses			
Revenue	28 a)	2,164,496,591	2,540,694,169
Cost of sales		(1,881,689,788)	(2,275,471,521)
Gross margin		282,806,803	265,222,648
Other revenue by function		12,377,959	14,390,829
Distribution costs		(7,496,629)	(6,122,884)
Administrative expenses		(255,527,902)	(236,160,762)
Other expenses by function	28 b)	(4,094,803)	(18,730,964)
Other gains (losses)	28 c)	(3,354,598)	564,677,134
Operating income		**24,710,830**	**583,276,001**
Finance income		10,651,030	22,948,066
Finance costs	28 d)	(42,050,792)	(41,235,146)
Share of income (loss) of associates and joint ventures accounted for using the equity method	12	1,805,129	(61,715,421)
Exchange differences		1,623,483	3,537,890
Gain from indexation adjustments		(23,695,721)	(26,902,288)
Net income (loss) before taxes		(26,956,041)	479,909,102
Income tax expense	19	(850,965)	(89,117,922)
Net income (loss) from continued operations		(27,807,006)	390,791,180
Net loss from discontinued operations	9	(4,970,330)	(77,141,621)
Net income (loss) from non-banking businesses		**(32,777,336)**	**313,649,559**
Banking services			
Interest and indexation income		1,899,300,955	2,033,845,510
Interest and indexation expense		(678,966,499)	(785,124,473)
Net interest and indexation income		1,220,334,456	1,248,721,037
Fee income	39,26	436,077,203	387,450,576
Fee expense	39,26	(130,095,363)	(115,263,850)
Net fee income	39,26	305,981,840	272,186,726
Net gain (loss) from financial operations	39,27	36,536,848	29,459,614
Net exchange gain (loss)	39,28	57,319,006	70,223,952
Other operating revenue	39,33	27,388,739	29,474,296
Loan loss allowances	39,29	(303,062,280)	(283,993,297)
Total net operating income		**1,344,498,609**	**1,366,072,328**
Payroll and personnel expenses	39,30	(381,581,406)	(384,697,139)
Administrative expenses	39,31	(289,973,321)	(269,363,297)
Depreciation and amortization	39,32	(29,537,054)	(30,500,680)
Impairment	39,32	(263,035)	(2,085,201)
Other operating expenses	39,34	(25,163,758)	(28,271,730)
Total operating expenses		**(726,518,574)**	**(714,918,047)**
Operating income		**617,980,035**	**651,154,281**
Result of investments in companies	39,12	3,671,466	2,860,292
Interest on subordinated debt with the Chilean Central Bank		(75,740,231)	(82,478,809)
Net income before taxes		545,911,270	571,535,764
Income tax expense	39,15	(61,817,816)	(83,286,409)
Net income from continuing operations		484,093,454	488,249,355
Banking services net income		**484,093,454**	**488,249,355**
Consolidated net income		**451,316,118**	**801,898,914**
Net income attributable to owners of the controller		**96,619,765**	**342,089,458**
Net income attributable to non-controlling interests		354,696,353	459,809,456
Consolidated net income		451,316,118	801,898,914

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

Consolidated Statements of Comprehensive Income

Comprehensive Income Statement	For the years ended December 31,	
	2015 ThCh$	2014 ThCh$
Consolidated net income	451,316,118	801,898,914
Components of other comprehensive income which will not be reclassified in net income (loss) for the year, before taxes		
Share of other comprehensive income of associates and joint ventures accounted for using the equity method which will not be reclassified in net income (loss) for the year	(1,941,123)	(6,220,725)
Total other comprehensive loss that will not be reclassified in net income (loss) for the year, before taxes	**(1,941,123)**	**(6,220,725)**
Components of other comprehensive income that will be reclassified in the net income (loss) for the year		
Currency translation differences		
Gains (losses) from currency translation differences	161,138,936	34,431,094
Other comprehensive income, currency translation differences	161,138,936	34,431,094
Financial assets available for sale		
Gains (losses) for new measurements of financial assets available for sale	8,172,711	(89,859)
Other comprehensive income, before tax, financial assets available for sale	8,172,711	(89,859)
Cash flow hedges		
Gains (losses) from cash-flow hedges, before tax	(5,369,817)	1,869,583
Other comprehensive income (loss), cash-flow hedges, before tax	(5,369,817)	1,869,583
Total other comprehensive income that will be reclassified in net income (loss) for the year, before taxes	**163,941,830**	**36,210,818**
Other components of other comprehensive income, before taxes	162,000,707	29,990,093
Total comprehensive income	**613,316,825**	**831,889,007**
Comprehensive income attributable to:		
Owners of the controller	258,620,472	372,079,551
Non-controlling interests	354,696,353	458,257,908
Total comprehensive income	**613,316,825**	**830,337,459**

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

Consolidated Statements of Cash Flows

Statement of Cash Flows	For the years ended December 31,	
	2015 ThCh$	2014 ThCh$
Cash flows provided by (used in) operating activities		
Non-banking services		
Classes of collections from operating activities		
Proceeds from sales of assets and provision of services	2,361,957,254	4,334,484,933
Proceeds from royalties, quotas, commissions and other revenue	-	348,104
Proceeds from premiums, annuities and other policy benefits	61,050,021	71,997,217
Proceeds from other operating activities	3,661,281	44,793,974
Classes of payments		
Payments to suppliers of goods and services	(2,282,141,152)	(4,317,929,540)
Payments to and on behalf of employees	(81,017,884)	(147,861,328)
Other payments for operating activities	(67,307,608)	(98,044,487)
Net cash flows used in operating activities	**(3,798,088)**	**(112,211,127)**
Income taxes paid	(22,605,790)	(10,719,764)
Other cash inflows (outflows)	5,951,170	(1,862,668)
Net cash flows used in non-banking services operating activities	**(20,452,708)**	**(124,793,559)**
Banking services		
Consolidated net income for the year	483,499,229	485,286,028
Charges (credits) to income not involving cash movements:		
Depreciation and amortization	29,800,089	32,585,879
Loan loss allowances	325,089,564	307,803,672
Adjustment to market value of trading instruments	1,273,331	1,763,904
Net income on investment in companies with significant influence	(3,242,949)	(2,485,761)
Net gain on sales of assets received in lieu of payment	(3,469,584)	(3,484,072)
Gain on sales of property, plant and equipment	(204,004)	(155,381)
Write-offs of assets received in lieu of payment	1,301,561	1,621,751
Other credits not involving cash movements	(514,717,609)	(200,121,907)
Net change in accrued interest, indexation and fees on assets and liabilities	132,766,204	(128,228,343)
Changes in assets and liabilities that affect operating cash flows:		
Net (increase) decrease in due from banks	(239,617,635)	(94,185,806)
(Increase) decrease in customer loans and accounts receivable	(2,735,942,262)	(944,367,165)
Net (increase) decrease in trading instruments	(336,420,658)	27,619,713
Increase (decrease) in deposits and other demand deposits	1,392,419,496	948,864,480
Increase (decrease) in repurchase agreements and securities lending	(59,373,724)	5,282,415
Increase (decrease) in time deposits and other loans	174,290,439	(594,958,629)
Increase (decrease) in due to banks	(69,098,983)	4,584,297
Increase (decrease) in other financial obligations	(9,593,145)	(18,882,955)
Loans from the Chilean Central Bank (long- term)	28,122	17,994
Loans repaid to the Chilean Central Bank (long-term)	(30,628)	(20,065)
Foreign loans received (long-term)	2,247,055,359	917,204,063
Foreign loans repaid (long-term)	(1,747,858,370)	(811,697,423)
Other long-term loans obtained	13,803,222	7,091,322
Repayments of other long-term loans	(17,744,648)	(13,210,870)
Provision for payment of subordinated obligation with the Chilean Central Bank	75,740,231	82,478,809
Others	(57,790,682)	(60,919,806)
Subtotal of net cash flow used in banking services operating activities	**(918,038,034)**	**(50,513,856)**
Total net cash flow used in operating activities	**(938,490,742)**	**(175,307,415)**

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

Consolidated Statements of Cash Flows

	For the years ended December 31,	
	2015 ThCh$	2014 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	(62,904,601)	(59,157,421)
Cash flows used in the purchase of non-controlling interests	(2,703,036)	(173,293,987)
Other proceeds from sale of equity or debt instruments of other entities	965,227,692	1,704,839,934
Other payments to acquire equity or debt instruments of other entities	(764,645,337)	(1,397,173,070)
Other proceeds from the sale of interests in joint ventures	(20,909,621)	-
Loans to related parties	(742,096)	(125,371)
Proceeds of sale of property, plant and equipment	7,145,414	14,050,632
Purchases of property, plant and equipment	(55,264,016)	(100,659,826)
Purchases of intangible assets	(67,695)	(326,321)
Proceeds of other long-term assets	306,804	635,379
Payments received from related parties	982,436	2,242,841
Dividends received	29,096,571	30,954,518
Interest received	10,033,062	30,436,436
Other cash inflows	1,612,496	97,590,808
Net cash flow provided by non-banking investment activities	**107,168,073**	**150,973,970**
Banking services		
Net (increase) decrease in investment instruments available for sale	439,166,517	124,831,902
Purchases of property, plant and equipment	(31,475,891)	(31,513,268)
Sales of property, plant and equipment	574,586	200,291
Investments in companies	(313,668)	(6,608,293)
Dividends received on investments in companies	662,629	195,276
Sale of assets received in lieu of payment	7,768,576	6,393,203
Net (increase) decrease in other assets and liabilities	(112,187,558)	(33,321,003)
Others	(8,520,387)	(5,377,825)
Subtotal net cash flow provided by banking services investment activities	**295,674,804**	**54,800,283**
Total net cash flow provided by investment activities	**402,842,877**	**205,774,253**

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

Consolidated Statements of Cash Flows

	Note	For the years ended December 31, 2015 ThCh$	2014 ThCh$
Cash flows provided by (used in) non-banking services financing activities			
Proceeds of share issues		96,547,912	66,485,482
Payments to acquire or redeem the company's shares		-	(11,719,936)
Proceeds from long-term loans		32,679,163	67,001,801
Proceeds from short-term loans		244,865,985	471,160,079
Total loan proceeds		**277,545,148**	**538,161,880**
Loan repayments		(405,200,145)	(553,320,219)
Payments of financial lease obligations		(5,760,513)	(5,602,288)
Repayment of loans from related parties		-	(2,104,066)
Dividends paid		(177,360,453)	(349,397,122)
Interest paid		(48,593,530)	(66,977,763)
Other cash inflows (outflows)		(2,006,696)	(5,642,779)
Net cash flow used in non-banking services financing activities		**(264,828,277)**	**(390,116,811)**
Banking services			
Redemption of letters of credit		(13,059,477)	(16,713,518)
Bonds issued		2,470,406,431	1,826,552,045
Bonds repaid		(1,292,647,165)	(1,149,274,250)
Payment of subordinated obligation with the Chilean Central Bank		(142,855,888)	(145,122,601)
Dividends paid		(117,364,370)	(116,961,004)
Subtotal net cash flow provided by banking services financing activities		**904,479,531**	**398,480,672**
Total net cash flow provided by financing activities		**639,651,254**	**8,363,861**
Net increase (decrease) in cash and cash equivalents, before the effect of exchange rate changes		104,003,389	38,830,699
Effects of exchange rate changes on cash and cash equivalents		**88,606,927**	**60,401,433**
Net increase (decrease) in cash and cash equivalents		192,610,316	99,232,132
Cash and cash equivalents as of start of the year		2,024,112,216	1,924,880,084
Cash and cash equivalents as of end of the year	**3 c)**	**2,216,722,532**	**2,024,112,216**

Las notas adjuntas números 1 a 40 forman parte integral de los presentes estados financieros consolidados.

Statements of Changes in Equity

	Common 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	Retained earnings (accumulated losses)	Equity atributable to owners of the controller	Non-controlling interests	Equity
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Initial balance current period 01/01/15	**1,223,669,810**	**31,538,354**	**384,026**	**34,392,739**	**(2,629,592)**	**2,960,976**	**421,593,039**	**456,701,188**	**1,122,563,054**	**2,834,472,406**	**2,698,057,736**	**5,532,530,142**
Restated initial balance	1,223,669,810	31,538,354	384,026	34,392,739	(2,629,592)	2,960,976	421,593,039	456,701,188	1,122,563,054	2,834,472,406	2,698,057,736	5,532,530,142
Changes in equity												
Comprehensive income												
Net income	-	-	-	-	-	-	-	-	96,619,765	96,619,765	354,696,353	451,316,118
Other comprehensive income	-	-	-	161,138,936	(5,369,817)	8,172,711	(1,941,123)	162,000,707	-	162,000,707	-	162,000,707
Comprehensive income	-	-	-	161,138,936	(5,369,817)	8,172,711	(1,941,123)	162,000,707	96,619,765	258,620,472	354,696,353	613,316,825
Dividends	-	-	-	-	-	-	-	-	(46,090,403)	(46,090,403)	-	(46,090,403)
Increase (decrease) from changes in ownership interest in subsidiaries that do not imply a loss of control	-	-	-	-	-	-	(37,404,713)	(37,404,713)	-	(37,404,713)	37,404,713	-
Increase (decrease) for transfers and other changes	-	-	-	(679,243)	10,689	-	13,024,903	12,356,349	(146,997)	12,209,352	(27,066,345)	(14,856,993)
Total changes in equity	**-**	**-**	**-**	**160,459,693**	**(5,359,128)**	**8,172,711**	**(26,320,933)**	**136,952,343**	**50,382,365**	**187,334,708**	**365,034,721**	**552,369,429**
Closing balance current period 12/31/15	**1,223,669,810**	**31,538,354**	**384,026**	**194,852,432**	**(7,988,720)**	**11,133,687**	**395,272,106**	**593,653,531**	**1,172,945,419**	**3,021,807,114**	**3,063,092,457**	**6,084,899,571**
Initial balance previous 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												
Net income		-	-	-	-	-	-	-	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 ownership interest 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 and other changes	-	-	-	(895,971)	768,995	-	20,039,748	19,912,772	24,160,082	44,072,854	369,853,913	413,926,767
Total changes in equity	**-**	**-**	**-**	**33,535,123**	**2,638,578**	**(89,859)**	**154,857,328**	**190,941,170**	**226,170,573**	**417,111,743**	**688,625,064**	**1,105,736,807**
Closing balance previous 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**	**1,122,563,054**	**2,834,472,406**	**2,698,057,736**	**5,532,530,142**

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 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 29, 2016.

(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 booked under the equity 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”), the latter investment booked 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, 2015 and 2014, 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, 2015 and 2014, LQIF is the direct holder of 26.02% and 25.71% respectively of Banco de Chile. As of December 31, 2015 and 2014, LQIF is the holder of 58.24% of the holding company Sociedad Matriz del Banco de Chile S.A. (hereinafter “SM-Chile”) which holds 12.63% directly in the Bank (12.82% as of December 31, 2014) and 29.75% indirectly (30.21% as of December 31, 2014) through its subsidiary Sociedad Administradora de la Obligación Subordinada SAOS S.A. (hereinafter “SAOS”). In all, LQIF has a direct and indirect interest in the Bank of 51.11% and 51.17% as of December 31, 2015 and 2014, respectively.

As of December 31, 2015 and 2014, LQIF holds 33.19% and 32.97% 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, 2015 and 2014.

Manufacturing: The Company has an indirect participation in the French company Nexans through its 98.58% and 80.45% shareholding in Invexans as of December 31, 2015 and 2014, 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 commercial activities throughout the world. Nexans is quoted on the NYSE Euronext exchange in Paris.

Quiñenco also has an interest of 65.92% in Tech Pack (formerly Madeco) as of December 31, 2015 and 2014 respectively. Tech Pack is a regional producer of flexible packaging for mass consumption, through its subsidiary Alusa.

Note 1 – Corporate information (continued)

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

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 55.97% and 64.60% participation, respectively, as of December 31, 2015 and 2014, in the subsidiary Compañía Sud Americana de Vapores S.A. (CSAV), a company that is mainly involved in cargo shipping and its most important asset is a 31.35% participation in the shipping company Hapag-Lloyd A.G. On February 15, 2012, CSAV was split and Sociedad Matriz SAAM S.A. was formed 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 port, tug boat and logistics businesses. As of December 31, 2015 and 2014, 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	12-31-2015	12-31-2014
Quiñenco	62	55
LQIF and subsidiaries	14,977	14,807
Tech Pack and subsidiaries	2,343	2,236
Enex and subsidiaries	2,704	2,244
Invexans	6	5
CSAV	162	170
Other subsidiaries	64	75
Total employees	**20,318**	**19,592**

Note 2 – Summary of significant accounting policies

(a) Period covered

These consolidated financial statements cover the following periods:
- Statements of financial position: as of December 31, 2015 and 2014.
- Statements of comprehensive income, cash flows and changes in equity; for the years ended December 31, 2015 and 2014.

(b) Basis of preparation

The information contained in these consolidated financial statements is the responsibility of the Company's board of directors, which expressly states that during the years 2015 and 2014 the instructions and standards for preparation and presentation of financial information issued by the Superintendency of Securities and Insurance that include the application of International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") have been fully applied, with the following exceptions, as established by the Superintendency of Securities and Insurance and the Superintendency of Banks and Financial Institutions for the preparation of these financial statements:

Note 2 – Summary of significant accounting policies (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 IFRS through the application of the Compendium issued by the SBIF, generating the following differences:

- Loan loss allowances: 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 cannot be recognized as 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, 2015, have been prepared in accordance with financial information preparation and presentation instructions and standards issued by the SVS which comprise IFRS except for those established in Circular 856 of October 17, 2014, which instructed entities to book against equity in the year ended December 31, 2014, the differences in assets and liabilities relating to deferred taxes that are the direct result of the increase in the corporate tax rate introduced in Law 20.780 plus specific regulations published by the SVS. The Company has always complied with the instructions issued by the SVS; therefore, no change in accounting policy has taken place.

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.

For comparison purposes, the Company and its subsidiaries have made minor reclassifications to their annual financial statements as of December 31, 2014, which do not significantly affect their interpretation.

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[1] For IFRS purposes, "subsidiary" is any company in which the parent company owns more than 50% of the capital with voting rights or can choose or appoint the majority of its directors or managers, and is, therefore, equivalent to the concept of affiliate established in article 86 of Corporations Law 18,046.

Note 2 – Summary of significant accounting policies (continued)

(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	Date of obligatory application
IFRS 9	Financial instruments: classification and measurement	January 1, 2018
IFRS 14	Deferred regulatory accounts	January 1, 2016
IFRS 15	Revenue from contracts with customers	January 1, 2018
IFRS 16	Leases	January 1, 2019

	Improvements and modifications	Date of obligatory application
IAS 19	Employee benefits	January 1, 2016
IAS 16	Property, plant and equipment	January 1, 2016
IAS 38	Intangible assets	January 1, 2016
IFRS 11	Joint arrangements	January 1, 2016
IAS 27	Separate financial statements	January 1, 2016
IAS 28	Investments in associates and joint ventures	January 1, 2016
IFRS 10	Consolidated financial statements	January 1, 2016
IFRS 5	Non-current assets held for sale and 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 interests 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 interest of the minority investors is shown in the statement of financial position and comprehensive income statement in the account Non-controlling interests. The subsidiaries whose financial statements have been included in the consolidation are the following:

Tax No.	**Name of Subsidiary**	**Country of origin**	**Functional currency**	**Ownership Interest (%)**			
				12-31-2015			**12-31-2014**
				Direct	**Indirect**	**Total**	**Total**
76.077.048-5	Inversiones Caboto S.A. and Subsidiary	Chile	CLP	99.9999	0.0001	100.0000	100.0000
76.136.898-2	Inversiones Río Argenta S.A. and Subsidiary	Chile	CLP	99.9999	0.0001	100.0000	100.0000
76.284.393-5	Cabletron S.A.	Chile	CLP	99.9800	0.0200	100.0000	100.0000
77.253.300-4	Inversiones Río Bravo S.A. and Subsidiaries	Chile	CLP	81.4038	18.5962	100.0000	100.0000
87.011.000-6	Inv. O'Higgins Punta Arenas S.A.	Chile	CLP	75.5579	-	75.5579	75.5579
91.000.000-4	Industria Nacional de Alimentos S.A.	Chile	CLP	71.9516	27.9751	99.9267	99.9263
91.527.000-K	Empresa El Peñón S.A. and Subsidiary	Chile	CLP	97.8026	-	97.8026	97.7637
95.987.000-4	Inversiones Río Grande S.p.A. and Subsidiaries	Chile	CLP	99.9898	0.0102	100.0000	100.0000
96.611.550-5	Unitron S.A.	Chile	CLP	99.9999	0.0001	100.0000	100.0000
96.657.700-2	Inversiones Ranquil S.A.	Chile	CLP	99.9975	0.0007	99.9982	99.9982
96.929.880-5	LQ Inversiones Financieras S.A. and Subsidiaries	Chile	CLP	47.3520	2.6480	50.0000	50.0000
76.275.453-3	Tech Pack S.A. and Subsidiaries (ex Madeco)	Chile	USD	46.7101	19.2078	65.9179	65.9179
90.160.000-7	Compañía Sud Americana de Vapores S.A and Subsidiaries	Chile	USD	20.3397	35.6281	55.9678	64.6038
91.021.000-9	Invexans S.A. and Subsidiaries	Chile	USD	75.3071	23.2719	98.5790	80.4540
-	Excelsa Establishment	Liechtenstein	USD	0.0000	100.0000	100.0000	100.0000

Note 2 – Summary of significant accounting policies (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 company controls a subsidiary if, and only if, it has:
- Power over the subsidiary (rights that give it the power to direct the subsidiary's relevant activities).
- Exposure or rights to variable returns from its involvement in the subsidiary.
- It can influence these returns by exercising its power over the subsidiary.

The 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 container ship 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 as of that date controlled all the assets, liabilities and personnel of CSAV's container ship business. In consideration it subscribed shares representing a 30% shareholding in HLAG as of that date. Subsequently, CSAV participated in a capital increase in HLAG on December 19, 2014, and acquired a further 4%.

In August 2015, Quiñenco S.A. sold 99.99% of the rights it held in Excelsa Establishment to its indirect subsidiary Hidroindustriales Overseas Co.

During 2015, Quiñenco repeatedly acquired shares in Invexans, enabling it to increase its interest in that subsidiary to 98.58%.

Note 2 – Summary of significant accounting policies (continued)

(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, revenue, 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.
- The recoverability of deferred tax assets based on estimates of future income. This recoverability depends in the last instance on the Company's capacity to generate taxable income throughout the year in which the deferred tax assets are deductible. In the analysis, the period of the reversal of deferred tax liabilities is taken into account, and the estimates of taxable benefits, on the basis of internal projections that are updated to reflect the most recent trends. The determination of the suitable classification of taxable items depends on various factors, including the estimate of the time and recoverable value of the deferred tax assets and the expected timing of the tax payments. The actual flows of receipts and payments of income tax may differ from the estimates made by the Company as a consequence of changes in fiscal legislation or unforeseen future transactions that might affect the tax balances.

Despite these estimates having been made on the basis of the best information available as of the date of issue of these consolidated financial statements, it is possible that events may occur in the future that force their modification (upward or downward) in the following 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 transport, 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.

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

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.

Note 2 – Summary of significant accounting policies (continued)

(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.

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

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

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

The subsidiaries evaluate the net realizable value of inventories as of 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 realizable value due to a change in economic circumstances or prices of the principal raw materials, the previously-made estimate is modified.

Note 2 – Summary of significant accounting policies (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 external financing directly attributable to the acquisition or production, whether of a specific or generic nature.

Regarding generic financing, the capitalized financial expenses are obtained by applying a capitalization rate that will be determined with the weighted average of all the interest costs of the entity on the loans that have been outstanding during the year.

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

After the initial 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 lease 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 and infrastructure	20 to 100
Installations	5 to 33
Machinery and equipment	5 to 40
Ships	16 to 25
Engines and equipment	7
Other property, plant and equipment	2 to 10

Note 2 – Summary of significant accounting policies (continued)

(i2) Depreciation (continued)

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

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

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

(j) Investment properties

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

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

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

Non-current assets whose book value is recovered through a sale transaction and not through their continued use are classified as 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 from dividends is booked when the Company and its subsidiaries have the right to receive the payment.

Note 2 – Summary of significant accounting policies (continued)

(m) Investments in subsidiaries (business combinations)

Business combinations 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.

Business combinations 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.

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

Should the significant influence be lost or the investment be sold or become 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 participation 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.

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[2] For IFRS purposes, "associate" corresponds to any investment in an entity in which the investor has more than 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 – Summary of significant accounting policies (continued)

(o) Investments in joint ventures (continued)

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.

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 recognition and subsequent measurement

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 profit or loss), 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 valued 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 profit or loss 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, 2015 and 2014.

(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 finance income in the statement of comprehensive income. Losses for impairment are shown in the statement of comprehensive income under finance 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 – Summary of significant accounting policies (continued)

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

(p3) Financial assets at fair value through profit or loss

This category includes 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 in 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 financial derivative contracts 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 held 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 finance income or costs.

(p4) Financial assets available for sale

These are valued at their fair value and correspond to non-financial derivative contracts 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 until they are sold or mature.

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 recoverable amount of the asset.

The recoverable amount 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 disposal groups.

(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 – Summary of significant accounting policies (continued)

(p) Financial instruments – initial recognition 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 sales terms. Allowances are made when the customer arranges some court 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 past due).

(p6) Financial debt

(p6.1) Financial debt at fair value through profit or loss

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

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 profit or loss, 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, 2015 and 2014, no financial debt has been designated at fair value through profit or loss.

(p6.2) Interest bearing loans

Loans may be designated at initial recognition at the fair value of the payment received less direct costs attributable to the transaction. Subsequent to initial recognition they are measured at amortized cost using the effective interest rate method.

Gains and losses are recognized with a charge or credit to income when the liabilities are derecognized or amortized.

(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 – Summary of significant accounting policies (continued)

(q) Current and deferred taxes

(q1) Income tax

Income tax assets and liabilities for the current and previous year have been determined considering the amount that is expected to be recovered or paid in accordance with current legislation or that substantially promulgated at the date of the 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 acquired 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 business combination, and

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

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

Deferred tax assets are 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:

  i. is not a business combination, and

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

As of the date of the 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 – Summary of significant accounting policies (continued)

(q) Current 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.

According to Circular No. 856 dated October 17, 2014, issued by the Chilean Superintendency of Securities and Insurance, as of December 31, 2014, the Company had reflected as a charge to retained earnings in equity the initial effect of the increased corporate income tax rate from 20% to 27%. Therefore, this variation is presented as "Increase (decrease) for transfers and other changes" under "Retained earnings" in the Statement of Changes in Equity. Subsequent modifications shall be recognized in the income statement according to IAS 12.

(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 consolidated statement of financial position.

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

With the exception of the above, goodwill generated prior to the transition date to IFRS and which corresponds to acquisitions made prior to March 2001, is maintained at the net value 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. Impairment adjustments relating to goodwill cannot be reversed in subsequent periods.

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.

Note 2 – Summary of significant accounting policies (continued)

(r) Intangible assets (continued)

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.

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

In the case of equity investments classified as held for sale, if there is a significant and prolonged reduction in the fair value of the investment below their acquisition costs, this is evidence of impairment. Should there be an 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) 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 recoverable amount 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 disposal groups.

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 cost of sales. 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 recoverable amount 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 recoverable amount 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 – Summary of significant accounting policies (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 recoverable amount of the cash-generating unit (or group of cash-generating units) related to the goodwill.

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

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

(ii) is no larger than a segment.

A loss for impairment is booked when the recoverable amount of the cash-generating unit (or group of cash-generating units) is lower than the book value of the cash-generating unit (or group of cash-generating units) to which the goodwill is assigned. 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 the associate and joint ventures 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.

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.

Note 2 – Summary of significant accounting policies (continued)

(t) Provisions (continued)

(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 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's 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 a group of former 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 1.61%, which is the rate at which long-term inflation-indexed financial instruments are traded.

(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 on an accrual basis.

(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.

Note 2 – Summary of significant accounting policies (continued)

(v) Interest-bearing 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.

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

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

(w) Lease agreements

The determination of whether an agreement is or contains a lease is based on the substance at its initial date and requires an evaluation of whether compliance depends on the use of the asset or specific assets or the agreement grants the right to use the asset. 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 revaluation 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).

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

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

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

(x) Financial derivative contracts and hedge accounting

The parent company and its subsidiaries Tech Pack, Enex and CSAV use financial derivative contracts such as currency forward contracts, commodity price futures and interest rate swaps to hedge its risks related to fluctuations in interest rates, commodity prices and the exchange rate. Such instruments are initially 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.

Note 2 – Summary of significant accounting policies (continued)

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

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 currency 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 currency risk of a firm commitment not booked.

At the start of a hedge transaction, the parent company and its subsidiaries Tech Pack, Enex and CSAV 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) Fair value hedges

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 after having been booked the hedged item 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.

(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.

Note 2 – Summary of significant accounting policies (continued)

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

(x2) Cash flow hedges (continued)

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 remains in equity until the expected transaction or firm commitment occurs.

(x3) Classification of financial derivative contracts and hedges

The classification of financial derivative contracts and hedges according to their category and valuation are reported in Note 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 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 – Summary of significant accounting policies (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, publicly held 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, at least 30% of the net income for 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 Retained earnings (accumulated 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) Segment reporting

The operating segments are defined as the components of a company for 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.

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) Basis of consolidation

The financial statements of SM-Chile as of December 31, 2015 and 2014, 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.

Note 2 – Summary of significant accounting policies (continued)

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

(ee1) Subsidiaries

The consolidated financial statements as of December 31, 2015 and 2014, 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:

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

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

				Interest					
Tax No.	Entity	Country	Functional currency	Direct		Indirect		Total	
				2015 %	2013 %	2015 %	2014 %	2015 %	2014 %
97.004.000-5	Banco de Chile	Chile	Ch$	12.63	12.82	29.74	30.21	42.37	43.03
96.803.910-5	Sociedad Administradora de la Obligación Subordinada SAOS S.A.	Chile	Ch$	100.00	100.00	-	-	100.00	100.00

Interests of the subsidiary Banco de Chile in its subsidiaries

				Interest					
Tax No.	Entity	Country	Functional currency	Direct		Indirect		Total	
				2015 %	2014 %	2015 %	2014 %	2015 %	2014 %
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$	99.01	99.00	0.99	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

* On May 29, 2014, the Board of the subsidiary Banco de Chile agreed to the dissolution, liquidation and termination of this company. At the close of these financial statements the liquidation process is still underway.

Note 2 – Summary of significant accounting policies (continued)

(ee) Basis of consolidation (continued)

The name Bank or Banco de Chile will be mentioned in the following pages, this being understood to refer to the subsidiary Banco de Chile, which is the principal generator of the 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 Company has the capacity to exercise a significant influence, although not control. Normally, this ability is shown in an interest of between 20% and 50% of the company's voting rights. Other factors considered in determining 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 an interest 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 SM-Chile's proportional share of the income or loss of the company 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 interest in a joint operation.

An interest 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 the Company has no control or significant influence. These interests are shown at cost (historic).

Note 2 – Summary of significant accounting policies (continued)

(ee) Basis of consolidation (continued)

(ee4) Special purpose entities

Under current regulations, the Company should regularly 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 interest in the equity.

As of December 31, 2015 and 2014, the Company 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 Company 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 interests held by the participant.

The Bank and its subsidiaries manage on behalf and for the benefit of investors, acting solely as agent. Under that category, and as established in regulations mentioned, they do not control such funds when exercising their authority to take decisions. Therefore, in their role as agent no funds are consolidated as of December 31, 2015 and 2014.

(ff) Non-controlling interests

The non-controlling interest represents the portion of the losses and income, 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.

(gg) Use of estimates and judgments

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

1. The useful life of fixed and intangible assets (Notes 39.13 and 39.14).
2. Current and deferred taxes (Note 39.15).
3. Provisions (Note 39.22).
4. Commitments and contingencies (Note 39.24).
5. Loan loss allowances (Note 39.29).
6. Fair value of financial assets and liabilities (Note 39.36).

As of the closing of 2015, there have been no significant changes in estimates made, other than those indicated in these financial statements.

Significant estimates and assumptions are reviewed regularly by the management of the Company 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.

Note 2 – Summary of significant accounting policies (continued)

(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 consolidated statement of position and consolidated statement of comprehensive income. The selection of a particular base or method of measurement is needed for this.

Various measurement methods are employed in the consolidated financial statements, with varying degrees and in combinations of these. Such 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.

(hh2) Classification

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

(hh3) De-recognition of financial assets and liabilities

SM Chile and its subsidiaries de-recognize 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 interest in financial assets transferred that is created or retained by the Company is booked as a separate asset or liability.

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

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

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

(c) 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 the Bank has not been retained control, the financial assets will be de-recognized and any right or obligation created or retained through the transfer booked separately, as assets or liabilities.
- (ii) If the Bank 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 – Summary of significant accounting policies (continued)

(hh) Valuation of assets and liabilities (continued)

(hh4) Offsetting

Financial assets and liabilities are offset so that their net amount is shown in the statement of financial position only when the Company 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.

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

Note 2 – Summary of significant accounting policies (continued)

(hh) Valuation of assets and liabilities (continued)

(hh6) Measurement of fair value (continued)

Estimates of fair value obtained based on models are adjusted by any other factor, such as uncertainties in the risk or liquidity model, to the degree that the Bank believes that another market participant takes them into account in determining the price of a transaction.

The disclosures of the Bank's fair value are included in Note 39.36.

(ii) Functional currency

The items included in the financial statements 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 consolidated statement of financial position. All differences are shown as a charge or credit to income.

As of December 31, 2015, 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$708.24 per US$1 (Ch$606.09 per US$1 in 2014).

The balance of ThCh$57,319,006 relates to the net exchange gain (ThCh$70,223,952 in 2014) 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.

(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 senior decision makers, 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 consolidated statement of cash flows:

Note 2 – Summary of significant accounting policies (continued)

(ll) Statement of cash flows (continued)

(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.

(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 securities lending

Repurchase agreements are transacted as a form of investment. Under these agreements, financial instruments are bought, which are included as assets in "Repurchase agreements and securities lending" and are valued according to the agreed interest rate by the amortized cost method. Under current regulations, the Bank does not 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.

(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 consolidated 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 does not contemplate the Bank's own credit risk, known as "Debit valuation adjustment (DVA)" in accordance with the provisions established by the SBIF.

Note 2 – Summary of significant accounting policies (continued)

(oo) Financial derivative contracts (continued)

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.

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).

(pp) Loans and accounts receivable from customers

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.

Note 2 – Summary of significant accounting policies (continued)

(pp.1) Valuation method

Loans and accounts receivable from customers are valued initially at cost plus incremental transaction costs and income, 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.

(pp.2) Lease agreements

Accounts receivable under lease agreements, included in Loans and accounts receivable from customers, 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.

(pp.3) Factoring transactions

These are invoices and other commercial instruments representing credit, with or without responsibility of the assignor, received in discount, 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.

(pp.4) Impaired portfolio

The impaired portfolio is comprised of the following assets, as provided in Chapter B-1 of the SBIF Compendium of Accounting Standards:

a) Debtors subject to individual evaluation, including loans in the "Default Portfolio" and those in categories B3 and B4 of the "Substandard Portfolio".

b) Debtors subject to group assessment including all loans in the "Default Portfolio".

(pp.5) Loan loss allowances

The allowances required to cover risks of losses on loans have been constituted according to the regulations of the SBIF. Loans 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 loan loss allowances.

(pp.5.1) 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 credit quality, defined by their capacity and willingness to meet their credit obligations, through sufficient and reliable information, and analyzing their credits in terms of collateral, term, interest rates, currency, indexation, etc.

For the purpose of making allowances, banks should first evaluate the quality of credit and their debtors and their credit and contingent liabilities should be grouped by their corresponding category, following the assignment of one of the following three portfolio conditions: Normal, Substandard and Default.

Note 2 – Summary of significant accounting policies (continued)

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

(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.

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 real or financial collateral that supports transactions. Also, in special cases, the substitution of credit risk of the direct debtor for the credit quality of the co-signer or guarantor may be allowed. 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 – Summary of significant accounting policies (continued)

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

(pp5) Loan loss allowances (continued)

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

(pp5.1.2) Portfolio in default

The portfolio in default includes debtors and their loans that are considered to be of doubtful recovery as they show an impaired or nil payment capacity. Debtors that have stopped paying their creditors, or with clear indications that this is likely to happen, and those where a forced debt restructuring is necessary to avoid default, form part of this portfolio, plus any debtor 90 days or more past due 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 real and financial collateral that supports transactions, 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).

(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.

Note 2 – Summary of significant accounting policies (continued)

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

(pp5) Loan loss allowances (continued)

(pp5.2) Allowances by group evaluation (continued)

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.

Banks should distinguish 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 past due 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.

(pp.5.3) Standard method for calculating housing loan allowances

The applicable allowance factor is represented by the expected loss on housing loans and will depend on the delinquency of each loan and the relationship, at the end of each month, between the outstanding loan principal and the value of the mortgage guarantee (loan-to-value ratio or LTV) that protects each loan, as shown in the following table:

Allowance factor by delinquency and LTV						
		Days past due at month end				
LTV Range	Concept	0	1-29	30-59	60-89	Default Portfolio
LTV ≤ 40%	PD (%)	1.0916	21.3407	46.0536	75.1614	100.0000
	LGD (%)	0.0225	0.0441	0.0482	0.0482	0.0537
	EL (%)	0.0002	0.0094	0.0222	0.0362	0.0537
40% < LTV ≤ 80%	PD (%)	1.9158	27.4332	52.0824	78.9511	100.0000
	LGD (%)	2.1955	2.8233	2.9192	2.9192	3.0413
	EL (%)	0.0421	0.7745	1.5204	2.3047	3.0413
80% < LTV ≤ 90%	PD (%)	2.5150	27.9300	52.5800	79.6952	100.0000
	LGD (%)	21.5527	21.6600	21.9200	22.1331	22.2310
	EL (%)	0.5421	6.0496	11.5255	17.6390	22.2310
LTV > 90%	PD (%)	2.7400	28.4300	53.0800	80.3677	100.0000
	LGD (%)	27.2000	29.0300	29.5900	30.1558	30.2436
	EL (%)	0.7453	8.2532	15.7064	24.2355	30.2436

Where:
PD = Probability of default
LGD = Loss given default
EL = Expected loss
LTV = Loan to value ratio (Outstanding loan principal / Value of the mortgage guarantee)

Should the same debtor have more than one housing loan with the bank and one of them is 90 days or more past due, all these loans shall be allocated to the default portfolio, calculating allowances for each of them in accordance with their respective LTV.

Note 2 – Summary of significant accounting policies (continued)

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

(pp.6) Loan charge-offs

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

Charge-offs refer to the deduction of the asset corresponding to the respective 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 lease operation.

Charge-offs should always be made by using the loan loss allowances made whatever the reason for the charge-off.

(pp.6.1) Charge-off of loans and accounts receivable

Charge-offs of loans and accounts receivable, other than lease 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 court resolution is rejected or abandoned.

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

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

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

(pp6.2) Charge-off of lease operations

Assets relating to lease operations should be charged off in the following circumstances, whichever occurs first:

a) The Bank concludes that there is no possibility of recovery of the lease income and that the value of the asset cannot be considered for the recovery of the contract, whether because it is not in the possession of the lessee, due to its present condition, because of the expenses involved in its recovery, transfer and maintenance, due to technological obsolescence or there is no information about its present whereabouts or condition.

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

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

Contract	Term
Consumer lease	6 months
Other non-real estate lease transactions	12 months
Real estate lease (commercial or housing)	36 months

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

Note 2 – Summary of significant accounting policies (continued)

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

(pp.7) Recovery of charged-off loans

Subsequent payments received with respect to charged-off loans are shown directly as revenue in the consolidated statement of comprehensive income, under Loan loss allowances.

In the event of the recovery of assets, 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 charge-off of a lease operation, by their incorporation into assets.

(pp.8) Restructuring of charged-off loans

Any restructuring of a charged-off loan does not generate revenue while the operation continues in a state of default, treating the effective payments received as recoveries of charged-off loans, 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 charged-off loans.

The same criterion should be followed in granting a loan to repay a charged-off loan.

(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.

The Bank has no investment instruments held to maturity as of December 31, 2015 and 2014.

(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.

Software or computer programs acquired by the Bank and its subsidiaries are booked at cost less accumulated amortization and the accumulated losses for impairment.

Note 2 – Summary of significant accounting policies (continued)

(rr) Intangible assets (continued)

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 consolidated comprehensive income statement on the basis of the straight-line method over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated average useful lives for the years 2015 and 2014 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.

(tt) Current and deferred taxes

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

The Bank and its subsidiaries 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 awarded 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 awarded them at a court auction.

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

Note 2 – Summary of significant accounting policies (continued)

(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.

(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. 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 lines of credit in current accounts).

vi. 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.

vii. 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 – Summary of significant accounting policies (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) Freely-available credit lines	50%
f) Other credit commitments:	
- Tertiary study credits Law 20,027	15%
- Others	100%
g) Other contingent liabilities	100%

However, with respect to operations carried out with customers that have past due 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$30,921,696 (charge of ThCh$22,498,933 in 2014). As of December 31, 2015 the balance of accumulated additional allowances amounts to ThCh$161,177,301 (ThCh$130,255,605 in 2014), which are shown in Provisions in liabilities in the statement of financial position.

(yy) Provision for minimum dividends

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

To calculate the provision for minimum dividends, the distributable net income is taken into account which, according to the Bank's bylaws, is calculated by deducting from or adding to net income the amount of price-level restatement of paid capital and reserves due to variations in the consumer price index.

Note 2 – Summary of significant accounting policies (continued)

(zz) Employee benefits

(zz.1) Personnel vacations

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

(zz.2) Short-term benefits

The entity offers its employees an annual incentives plan for compliance with objectives and individual contribution to results, consisting of a certain number or portion of monthly salaries, and the provision is made on the basis of the estimated amount to be distributed.

(zz.3) Termination benefits

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 (4.60% as of December 31, 2015 and 4.38% as of December 31, 2014).

The discount rate used corresponds to yields on the Chilean Central Bank 10-year bonds in pesos (BCP).

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 the Company.

(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 of loans and accounts receivable, 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 past due more than six months.

Note 2 – Summary of significant accounting policies (continued)

(aaa) Interest and indexation income and expenses (continued)

In the case of loans subject to individual evaluation, the booking of the revenue can be continued for the accrual of interest and indexation for loans that are 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 fees and the comprehensive income statement will not show income for those concepts unless they are effectively received.

(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 occurs.
- Those that arise from transactions or services that are extended over time, during the life of such transactions or services.
- Fees on commitments and other fees related to loan 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 fees are booked in the year of the commitment originating them on a straight-line basis.

(ccc) Identification and measurement of impairment

(ccc.1) 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 income statement.

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 – Summary of significant accounting policies (continued)

(ccc) Identification and measurement of impairment (continued)

(ccc.1) 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.

(ccc.2) Non-financial assets

The book value of the non-financial assets of the Bank and its subsidiaries, excluding investment properties and deferred tax assets, is revised throughout the year and fundamentally on the date of its closing to determine whether there are indications of impairment. If there are, then the recoverable amount from the assets is estimated.

Losses for impairment 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 recoverable amount, 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 recoverable amount from the asset. The recoverable amount of an asset is the difference between the fair value less the costs of sale and the value of the asset in use. When the book value of the asset exceeds the recoverable amount, the asset is considered to be impaired and the difference between both values is written off to reflect the asset at its recoverable value. In evaluating the value in use, the estimated cash flows are discounted to their present value, using a discount rate that reflects current conditions in the money market at the time and the specific risks of the asset. An appropriate evaluation model is used to determine the fair value less the cost of sale. These calculations are checked against multiple valuations, share prices and other indicators of fair value.

Impairment losses related to goodwill cannot be reversed in future years.

(ddd) Finance and operating leases

(ddd.1) The Bank as lessor

Assets leased to customers under contracts that substantially transfer all the risks and property recognitions, with or without legal title, are classified as 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. Lease revenue is booked on lease terms based on a model that constantly reflects a periodic rate of return on the net lease investment.

Assets leased to customers under contracts that do not substantially transfer all the rights and benefits of the asset are classified as operating leases. Lease income is recognized on an accrual basis every month.

Investment properties rented under operating leases are included in Other assets in the statement of financial position and depreciation is determined on the book value of these assets, applying a proportion of the value systematically on the economic use of the estimated useful life. Lease revenue is booked on a straight-line basis over the term of the lease.

Note 2 – Summary of significant accounting policies (continued)

(ddd) Finance and operating leases (continued)

(ddd.2) 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, 2015 and 2014, 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 that result in the investment of assets on behalf of customers. The assets held in a fiduciary capacity are not reported in the financial statements as they are not assets of the Bank. The commitments arising on this business are disclosed in Note 39.24.

(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. The costs of the Bank’s commitments with its customers under this program are booked on an accrual 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 2015.

Note 3 – Cash and cash equivalents

a) Cash and cash equivalents as of December 31, 2015 and 2014, are detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Cash	4,240,239	4,782,160
Balances in banks	18,789,724	72,078,363
Time deposits up to 90 days	94,875,689	92,906,468
Investments under repurchase agreements	9,225,367	27,203,569
Total	**127,131,019**	**196,970,560**

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$15,601,661 as of December 31, 2015 (ThCh$4,576,578 as of December 31, 2014), have been eliminated in the preparation of these consolidated financial statements.

b) Cash and cash equivalents by currency are detailed as follows:

	Currency		12-31-2015 ThCh$	12-31-2014 ThCh$
Cash and cash equivalents	CLP	(Chilean pesos)	77,321,540	109,010,651
Cash and cash equivalents	USD	(US dollars)	47,270,631	85,669,025
Cash and cash equivalents	EUR	(Euros)	740,428	1,324,001
Cash and cash equivalents	ARS	(Argentine pesos)	34,936	73,571
Cash and cash equivalents	PEN	(Peruvian soles)	227,570	69,672
Cash and cash equivalents	BRL	(Brazilian reais)	141,561	11,931
Cash and cash equivalents	COP	(Colombian pesos)	104,702	252,892
Cash and cash equivalents	OTR	(Other currencies)	1,289,651	558,817
Total			**127,131,019**	**196,970,560**

c) Reconciliation between cash and cash equivalents shown in the statement of financial position and that shown in the consolidated statement of cash flows.

	12-31-2015 ThCh$	12-31-2014 ThCh$
Cash and cash equivalents corresponding to non-banking businesses	127,131,019	196,970,560
Cash and cash equivalents corresponding to banking services		
Cash	672,253,003	476,428,780
Deposits with the Chilean Central Bank	111,330,400	147,215,015
Deposits with banks in Chile	5,359,652	14,330,628
Deposits abroad	567,962,573	278,710,899
Transactions pending settlement (net)	284,203,547	303,135,617
Highly liquid financial instruments	407,110,803	590,429,100
Repurchase agreements	41,371,535	16,891,617
Cash and cash equivalents shown in consolidated statement of cash flows	**2,216,722,532**	**2,024,112,216**

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.

Note 4 – Other financial assets, current

Other current financial assets as of December 31, 2015 and 2014, are detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Time deposits at more than 90 days	67,577,580	201,359,122
Investments in mutual funds	2,045,599	2,456,104
Equity instruments (shares in corporations)	-	23,571
Total	**69,623,179**	**203,838,797**

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$6,040,264 as of December 31, 2015 (ThCh$72,120,465 in 2014), which were eliminated on consolidation.

Note 5 – Other non-financial assets, current

Other current non-financial assets as of December 31, 2015 and 2014, are detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Dividends receivable	16,127,425	14,986,238
Advance payments to suppliers	7,592,849	8,339,620
VAT fiscal credit	3,546,366	1,951,314
Others	1,410,397	1,722,905
Total	**28,677,037**	**27,000,077**

Note 6 – Trade and other receivables

Trade and other receivables as of December 31, 2015 and 2014, are detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Trade accounts receivable	238,993,184	203,071,659
Allowance for doubtful accounts	(19,446,078)	(19,787,222)
Other accounts receivable	24,119,061	27,834,478
Total	**243,666,167**	**211,118,915**

Note 6 – Trade and other receivables (continued)

The maturities of current trade and other receivables are detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Less than three months	188,903,572	168,480,651
Between three and six months	4,257,361	3,031,941
Between six and twelve months	57,696	22,386
Total	**193,218,629**	**171,534,978**

The maturities of current trade and other receivables past due but not impaired are detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Past due less than three months	41,222,282	33,317,042
Past due between three and six months	3,584,767	4,288,723
Past due between six and twelve months	5,640,489	1,978,172
Total	**50,447,538**	**39,583,937**

The maturities of trade receivables past due and impaired are detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Past due less than three months	845,936	1,271,828
Past due between three and six months	635,764	458,007
Past due between six and twelve months	17,964,378	18,057,387
Total	**19,446,078**	**19,787,222**

Allowances for doubtful accounts (impairment) of trade and other receivables are detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Trade accounts receivable	(19,446,078)	(19,787,222)
Total	**(19,446,078)**	**(19,787,222)**

Movements in the provisions for trade and other receivables are detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Initial balance	(19,787,222)	(19,191,023)
Increase (decrease) through business combinations	-	(1,699,577)
Write-off of impaired financial assets in the year	1,367,139	155,126
Discontinued operations	-	2,066,666
Increase (decrease) in the year	(776,453)	(1,218,115)
Effect of exchange rate variations	(249,542)	99,701
Closing balance	**(19,446,078)**	**(19,787,222)**

Notes to the Consolidated Financial Statements
(Translation of financial statements originally issued in Spanish – See Note 2)

Note 7 – Balances and transactions with related parties

a) Accounts receivable and payable with related parties

Accounts receivable from and payable to related parties as of December 31, 2015 and 2014, are detailed as follows:

Company	Tax No.	Country of origin	Nature of transaction	Relationship	Currency	Current Assets		Non-Current Assets		Current Liabilities		Non-Current Liabilities	
						12-31-2015	12-31-2014	12-31-2015	12-31-2014	12-31-2015	12-31-2014	12-31-2015	12-31-2014
						ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Sociedad Nacional Oleoductos S.A.	81.095.400-0	Chile	Invoices	Associate of subsidiary	CLP	-	-	-	-	31,695	11.383	-	-
Minera Los Pelambres S.A.	96.790.240-3	Chile	Invoices	Shareholders in common	CLP	2,259,201	3,536,648	-	-	-	-	-	-
Embotelladoras Chilenas Unidas S.A.	99.501.760-1	Chile	Invoices	Subsidiary of joint venture	CLP	200,208	130,140	-	-	54,509	71.832	-	-
Cervecera CCU Chile Ltda.	96.989.120-4	Chile	Invoices	Subsidiary of joint venture	CLP	276,230	46,820	-	-	-	-	-	-
Aguas CCU Nestlé Chile S.A.	76.003.431-2	Chile	Invoices	Subsidiary of joint venture	CLP	112,917	99,553	-	-	-	-	-	-
SM SAAM S.A.	76.196.718-5	Chile	Invoices	Associate	CLP	174,674	148,744	-	-	-	64	-	-
Transportes y Servicios Aéreos S.A.	96.994.240-2	Chile	Current account	Joint venture	CLP	678	-	-	631,003	-	-	-	-
Foods Cía. de Alimentos CCU S.A.	99.542.980-2	Chile	Invoices	Joint venture	CLP	23,332	25,297	-	-	-	-	-	-
Nutrabien S.A.	78.105.460-7	Chile	Invoices	Subsidiary of joint venture	CLP	7,939	46,544	-	-	10,473	6.105	-	-
Asfaltos Cono Sur S.A.	96.973.920-8	Chile	Invoices	Joint venture	CLP	440,417	49,017	-	-	402,765	554.122	-	-
CSAV Germany Container GmbH	Foreign	Germany	Current account	Associate of subsidiary	USD	-	5,706,484	-	-	-	-	-	-
CSAV Agenciamiento Marítimo SpA	76.350.651-7	Chile	Current account	Associate of subsidiary	USD	536,880	712,325	-	-	-	-	-	-
CSAV North Europe and Central Europe GmbH	Foreign	Germany	Current account	Associate of subsidiary	USD	57,523	73,417	-	-	-	-	-	-
CSAV North and Central Europe B.V.	Foreign	Holland	Current account	Associate of subsidiary	USD	110,075	-	-	-	1,420	-	-	-
CSAV Portacontenedores SpA	76.380.217-5	Chile	Current account	Associate of subsidiary	USD	-	-	-	-	101,553	-		
Lanco Investments International Co. S.A.	Foreign	Panama	Current account	Associate of subsidiary	USD	-	70,383	-	-	-	-	-	-
Southterm Shipmanagement (Chile) Ltda.	87.987.300-2	Chile	Current account	Associate of subsidiary	USD	-	58,855	-	-	43,320	-	-	-
Norgistics Brasil Operador Multimodal Ltda.	Foreign	Brazil	Current account	Associate of subsidiary	USD	20,595	29,731	-	-	-	-	-	-
CSAV Group Agencies (Hong Kong)	Foreign	Hong Kong	Current account	Associate of subsidiary	USD	73,857	13,349	-	-	73,146	-	-	-
Empresa de Transportes Sudamericana Austral Ltda.	89.602.300-4	Chile	Current account	Associate of subsidiary	USD	70,306	-	-	280,925	-	-	-	-
Agencia Grupo CSAV (Mexico) S.A. de C.V.	76.380.217-5	Chile	Current account	Associate of subsidiary	USD	-	-	-	-	-	2.038.681	-	-
Sudamericana, Agencias Aéreas y Marítimas SA.	92.048.000-4	Chile	Current account	Associate of subsidiary	USD	-	-	-	-	1,026,272	1.293.591	-	-
Norasia Container Lines Ltda.	Foreign	Malta	Current account	Associate of subsidiary	USD	-	-	-	-	938,832	726.280	-	-
CSAV Austral SpA	89.602.300-4	Chile	Current account	Associate of subsidiary	USD	-	-	-	-	-	496.928	-	-
Southterm Shipmanagement Co. S.A.	Foreign	Panama	Current account	Associate of subsidiary	USD	-	-	-	-	134,930	296.094	-	-
Consorcio Naviero Peruano S.A.	Foreign	Peru	Current account	Associate of subsidiary	USD	-	-	-	-	57,523	204.475	-	-
CSAV Agency LLC	Foreign	United States	Current account	Associate of subsidiary	USD	-	-	-	-	56,103	156.542	-	-
CSAV Argentina S.A.	Foreign	Argentina	Current account	Associate of subsidiary	USD	-	-	-	-	75,987	146.834	-	-
CSAV Group Agency Colombia Ltda.	Foreign	Colombia	Current account	Associate of subsidiary	USD	-	-	-	-	-	101.934	-	-
Compañía Sudamericana de Vapores Agencia Marítima S.L.	Foreign	Spain	Current account	Associate of subsidiary	USD	27,696	-	-	-	-	66.136	-	-
Iquique Terminal Internacional S.A.	96.915.330-0	Chile	Services	Associate of subsidiary	USD	-	-	-	-	52,552	38.832	-	-
CSAV Group (China) Shipping Co. Ltd.	Foreign	China	Current account	Associate of subsidiary	USD	-	-	-	-	103,683	36.405	-	-
Ecuaestibas S.A.	Foreign	Ecuador	Current account	Associate of subsidiary	USD	-	-	-	-	13,493	33.371	-	-
Other	-	-	Invoices		CLP	126,715	160,680	-	22	152,206	145.497	-	-
Total						**4,519,243**	**10,907,987**	**-**	**911,950**	**3,330,462**	**6,425,106**	**-**	**-**

There are no allowances for doubtful accounts.

Note 7 – Balances and transactions with related parties (continued)

b) Significant transactions with related parties

The criterion of the parent company is to classify the rights with its associates with respect to dividends as Other assets, in view of their nature and not the entity's quality as related.

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 parties, significant items are those that exceed UF10,000 or 1% of equity, whichever is lower.

Tax No.	Company	Relationship	Transaction description	12-31-2015 Transaction amount	12-31-2015 Effect on result	12-31-2014 Transaction amount	12-31-2014 Effect on result
				ThCh$	ThCh$	ThCh$	ThCh$
76.003.431-2	Aguas CCU Nestle Chile S.A.	Subsidiary of joint venture	Sale of products	837,279	703,769	581,081	488,425
99.501.760-1	Embotelladoras Chilenas Unidas S.A.	Subsidiary of joint venture	Sale of products	889,120	747,088	785,260	660,007
96.989.120-4	Cervecera CCU Chile Ltda.	Subsidiary of joint venture	Sale of products	1,653,252	1,389,073	730,355	613,681
99.542.980-2	Foods Compañía de Alimentos CCU S.A.	Joint venture	Sale of products	380,646	319,572	309,414	260,228
96.790.240-3	Minera Los Pelambres S.A.	Shareholders in common	Sale of products and services	20,956,707	2,705,527	35,836,011	3,188,028
82.040.600-1	Sociedad Inversiones de Aviación S.A.	Associate of subsidiary	Services received	554,247	(554,247)	360,859	(360,859)
92.048.000-4	SAAM S.A.	Associate	Sale of products	443,040	23,772	1,465,679	345,212
92.048.000-4	SAAM S.A.	Associate	Services received	376,063	(376,063)	6,141,775	(6,141,775)
76.380.217-5	CSAV Portacontenedores SpA	Associate of subsidiary	Asset lease	812,691	(812,691)	183,660	(183,660)
87.987.300-2	Southern Shipmanagement Ltda.	Associate of subsidiary	Administrative services provided	2,938,785	(2,938,785)	437,476	(437,476)
Foreign	Companhia Libra de Navegacao S.A.	Associate of subsidiary	Other services	1,894,400	(1,894,400)	700,988	(700,988)
96.915.330-0	Iquique Terminal Internacional S.A.	Associate of subsidiary	Port services received	323,949	(323,949)	-	-

c) Remuneration and benefits received by senior management of the Company

The following is a detail for each year:

	2015	2014
	ThCh$	ThCh$
Wages and salaries	4,813,775	3,566,091
Fees (allowances and profit sharing)	2,515,947	1,633,698
Short-term benefits	3,703,403	3,981,883
Total	**11,033,125**	**9,181,672**

Note 8 – Inventory

Inventory is detailed as follows as of December 31, 2015 and 2014:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Raw materials	27,913,443	21,225,415
Fuel and lubricants	1,581,526	2,762,533
Supplies for production	3,616,983	2,899,337
Work in progress	5,151,584	4,118,331
Finished goods	81,806,802	75,041,520
Others (1)	7,861,943	5,868,056
Total	**127,932,281**	**111,915,192**

(1) Mainly includes inventory in transit.

The following shows the reduction in value of inventories relating to the adjustment to the net realizable value of consumable materials, at the subsidiary Tech Pack.

	12-31-2015 ThCh$	12-31-2014 ThCh$
Amounts deducted from inventory	1,700,138	1,648,637

The costs of inventory recognized as expenses in the consolidated statement of comprehensive income as of December 31 each year are:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Inventory costs booked as expenses	1,722,381,700	2,188,266,037

Note 9 – Non-current assets or disposal groups classified as held for sale and discontinued operations

This account is detailed as follows as of December 31, 2015 and 2014:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Non-current assets held for sale	30,147,089	26,312,855
Assets from discontinued operations	489,270	6,497,232
Total assets	**30,636,359**	**32,810,087**
Liabilities from discontinued operations	454,213	2,160,080
Total liabilities	**454,213**	**2,160,080**
Loss from discontinued operations	(4,970,330)	(77,141,621)
Total results	**(4,970,330)**	**(77,141,621)**

(a) Non-current assets held for sale

Non-current assets held for sale as of December 31, 2015 and 2014, are detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Properties	27,974,443	23,659,663
Machinery, vehicles and equipment	2,012,216	2,468,811
Other minor assets	160,430	184,381
Total	**30,147,089**	**26,312,855**

(b) Discontinued operations

i) In December 2013, the board of Madeco Mills S.A., a subsidiary of Tech Pack S.A. (formerly Madeco), agreed to terminate its production and commercial activities related to the manufacture and sale of copper pipes. i) In March 2014, the board of Indalum S.A. agreed to terminate that company's production activities, related to the manufacture of aluminum and PVC profiles. This closure process started on that date.

b.1) Assets and liabilities for discontinued operations are summarized below:

Statement of financial position	**12-31-2015 ThCh$**	**12-31-2014 ThCh$**
Assets		
Total current assets	489,270	6,497,232
Total assets	489,270	6,497,232
Liabilities		
Total current liabilities	314,770	2,010,340
Total non-current liabilities	139,443	149,740
Total liabilities	454,213	2,160,080

Note 9 – Non-current assets or disposal groups classified as held for sale and discontinued operations (continued)

(b) Discontinued operations (continued)

Net losses from discontinued operations are detailed as follows:

Income Statement	**12-31-2015 ThCh$**	**12-31-2014 ThCh$**
Revenue	17,522	22,812,529
Expenses	(3,348,922)	(35,268,655)
Net loss before taxes	(3,331,400)	(12,456,126)
Income tax benefit (expense)	(1,638,930)	485,314
Loss on discontinued operations	(4,970,330)	(11,970,812)

ii) 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 container ship 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 business combination 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.

Income Statement	**12-31-2015 ThCh$**	**12-31-2014 ThCh$**
Loss from discontinued operations	-	(65,170,809)
Loss from discontinued operations	-	(65,170,809)

Note 10 – Other financial assets, non-current

Other non-current financial assets as of December 31, 2015 and 2014, are detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Equity instruments (shares)	31,446,426	24,623,278
Mortgage-funding notes of domestic banks	267,938	1,177,709
Bonds issued by corporations	10,327,244	10,441,977
Bonds issued by domestic banks	33,032,926	36,256,125
Securities issued by the Chilean Central Bank	27,200,315	13,036,944
Other equity and foreign investments	2,984,745	2,838,173
Total	**105,259,594**	**88,374,206**

a) Equity instruments

Equity instruments as of December 31, 2015 and 2014, are detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Sociedad Nacional de Oleoductos S.A. (Sonacol)	31,101,591	24,392,099
Depósitos Asfálticos S.A. (DASA)	85,260	162,471
Others	259,575	68,708
Total	**31,446,426**	**24,623,278**

Note 11 – Other non-financial assets, non-current

Other non-current, non-financial assets as of December 31, 2015 and 2014, are detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Court deposits Ficap Brasil	7,449,793	8,904,235
Other recoverable taxes	14,065,055	12,177,848
Rentals paid in advance	1,059,050	1,184,322
Investment sole investment account	582,344	584,271
Loans to Enex distributors	2,723,075	2,896,489
Indemnity asset	1,619,464	1,800,228
Others	834,301	967,590
Total	**28,333,082**	**28,514,983**

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, 2015, is as follows:

Company	Country of incorporation	Functional currency	Percentage interest	Current assets ThCh$	Non-current assets ThCh$	Banking assets ThCh$	Current liabilities ThCh$	Non-current liabilities ThCh$	Banking liabilities ThCh$	Revenue ThCh$	Expenses ThCh$	Net income (loss) ThCh$
TECH PACK	Chile	USD	65.92%	154,484,449	195,326,211	-	103,785,080	49,288,951	-	247,376,014	(198,655,662)	1,546,479
INVEXANS	Chile	USD	98.58%	13,897,575	284,950,915	-	1,433,937	18,101,682	-	241,945	(94,750)	(42,893,164)
LQIF	Chile	CLP	50.00%	2,103,894	852,492,510	31,292,976,022	4,508,217	228,144,901	28,624,108,988	1,343,904,384	(726,518,574)	224,599,939
ENEX	Chile	CLP	100.00%	283,286,537	491,451,043	-	156,325,851	87,397,083	-	1,697,628,576	(1,533,117,758)	19,773,069
CSAV	Chile	USD	55.97%	56,932,817	1,519,697,659	-	43,509,371	80,611,683	-	118,519,193	(116,780,561)	(17,055,238)
Total				**510,705,272**	**3,343,918,338**	**31,292,976,022**	**309,562,456**	**463,544,300**	**28,624,108,988**	**3,407,670,112**	**(2,575,167,305)**	**185,971,085**

The summary of financial information of significant subsidiaries as of December 31, 2014, is as follows:

Company	Country of incorporation	Functional currency	Percentage interest	Current assets ThCh$	Non-current assets ThCh$	Banking assets ThCh$	Current liabilities ThCh$	Non-current liabilities ThCh$	Banking liabilities ThCh$	Revenue ThCh$	Expenses ThCh$	Net income (loss) ThCh$
TECH PACK	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**

[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) Interest in joint ventures

The Company's most significant interest in joint ventures relates to the investment in Compañía Cervecerías Unidas S.A. (CCU), included in the equity method of Inversiones y Rentas S.A. (IRSA). The Company has an indirect interest in CCU through its 50% holding in IRSA which is a joint venture with the Dutch brewery group Heineken Americas B.V. (Heineken). As a result, Heineken holds 50% of IRSA and is therefore a partner of Quiñenco, being the joint controllers of 60% of CCU.

In accordance with paragraph 21 of IFRS 12, the following shows summarized financial information of the significant interests in joint ventures as of December 31, 2015 and 2014:

						12-31-2015				
Company	**Country of incorporation**	**Book value**	**Percentage interest**	**Current assets ThCh$**	**Non-current assets ThCh$**	**Current liabilities ThCh$**	**Non-current liabilities ThCh$**	**Revenue ThCh$**	**Expenses ThCh$**	**Net income (loss) ThCh$**
Inversiones y Rentas S.A.	Chile	297,878,765	50.00%	684,873,810	1,166,182,295	384,345,943	318,120,288	1,498,371,715	(685,075,251)	65,959,743
Foods Compañía de Alimentos CCU S.A.	Chile	11,582,085	50.00%	13,685,102	14,863,595	4,867,684	516,844	26,420,382	(12,642,965)	(2,502,784)
Asfaltos Cono Sur S.A.	Chile	6,595,902	50.00%	2,054,848	12,033,717	896,760	-	3,946,377	(2,964,574)	981,803
Transportes y Servicios Aéreos S.A.	Chile	135,037	50.00%	272,573	-	2,499	-	-	-	5,041
Total				**700,886,333**	**1,193,079,607**	**390,112,886**	**318,637,132**	**1,528,738,474**	**(700,682,790)**	**64,443,803**

						12-31-2014				
Company	**Country of incorporation**	**Book value**	**Percentage interest**	**Current assets ThCh$**	**Non-current assets ThCh$**	**Current liabilities ThCh$**	**Non-current liabilities ThCh$**	**Revenue ThCh$**	**Expenses ThCh$**	**Net income (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	6,682,000	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**

There are no contingent liabilities or investment commitments relating to the interest in joint ventures. The method used for booking the interest in the jointly-controlled entities is the equity method, giving an identical treatment to investments in associates.

Note 12 – Investments booked using the equity method (continued)

c) Interest in associates

(i) Investment in Compañía Sud Americana de Vapores S.A.

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 (see Note 15).

(ii) Investment in Nexans

In accordance with French regulations, Nexans does not prepare interim financial statements for the March and September quarters. Invexans therefore uses as the latest available information, the financial statements as of June and December to value this investment at equity value for the accounting closes as of March and September respectively. This has been authorized by the SVS by its Resolution 10,914 of April 30, 2012.

Note 12 – Investments booked using the equity method (continued)

c) Interest in associates (continued)

iii) In accordance with paragraph 10 of IFRS 12, the following is summarized financial information on the significant interests in associates as of December 31, 2015 and 2014:

						12-31-2015				
Company	**Country of incorporation**	**Book value ThCh$**	**Percentage interest**	**Current assets ThCh$**	**Non-current assets ThCh$**	**Current liabilities ThCh$**	**Non-current liabilities ThCh$**	**Revenue ThCh$**	**Expenses ThCh$**	**Net income (loss) ThCh$**
SM SAAM S.A.	Chile	279,553,481	42.44%	184,901,519	682,063,230	102,119,588	175,850,529	277,974,634	(204,928,248)	46,141,463
Nexans S.A. (1) y (2)	France	276,352,432	28.84%	2,473,774,895	1,573,143,399	1,769,498,570	1,281,493,940	4,718,268,619	(4,018,145,952)	(133,964,255)
Hapag Lloyd A.G.	Germany	1,268,917,438	31.35%	1,210,680,768	7,359,885,192	1,855,861,128	2,811,097,344	7,063,084,597	(6,441,805,834)	87,255,088
Total				**3,869,357,182**	**9,615,091,821**	**3,727,479,286**	**4,268,441,813**	**12,059,327,850**	**(10,664,880,034)**	**(567,704)**

						12-31-2014				
Company	**Country of incorporation**	**Book value ThCh$**	**Percentage interest**	**Current assets ThCh$**	**Non-current assets ThCh$**	**Current liabilities ThCh$**	**Non-current liabilities ThCh$**	**Revenue ThCh$**	**Expenses ThCh$**	**Net income (loss) ThCh$**
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) and (2)	France	304,634,405	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.	Germany	1,070,943,481	34.01%	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)**

(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 as of June and December to value this investment at equity value for the accounting closes as of March and September respectively. This has been authorized by the SVS by its Resolution 10,914 of April 30, 2012.

Note 12 – Investments booked using the equity method (continued)

d) Movement in investments in associates:

Movements during 2015 are detailed as follows:

Company	Principal activity	Country	Functional currency	Percentage interest	Balance at 01-01-2015 ThCh$	Share of income (loss) ThCh$	Dividends received ThCh$	Other increases (decreases) ThCh$	Balance as of 12-31-2015 ThCh$
Inversiones y Rentas S.A.	Investments	Chile	CLP	50.00	289,954,455	32,979,871	(16,331,405)	(8,724,156)	297,878,765
SM SAAM S.A. (1)	Transport	Chile	USD	42.44	244,696,752	17,784,823	(7,951,528)	25,023,434	279,553,481
Habitaria S.A.	Real estate	Chile	CLP	50.00	210,024	3,388	-	(200,000)	13,412
Nexans S.A. (2)	Manufacturing	France	EUR	28.84	304,634,405	(38,012,698)	-	9,730,725	276,352,432
Foods Compañía de Alimentos CCU S.A.	Food	Chile	CLP	50.00	12,829,340	(1,251,392)	-	4,137	11,582,085
Odfjell and Vapores Ltd. (Bermudas)	Transport	Bermudas	USD	50.00	6,674	-	-	1,138	7,812
Hamburg Container Lines Holding	Transport	Germany	EUR	50.00	74,630	-	-	3,488	78,118
Hapag-Lloyd A.G.	Transport	Germany	EUR	31.35	1,070,943,481	(11,152,228)	-	213,111,603	1,272,902,856
Transportes y Servicios Aéreos S.A.	Transport	Chile	CLP	50.00	132,517	2,521	-	(1)	135,037
Asfaltos Cono Sur S.A.	Bitumen	Chile	CLP	50.00	6,682,000	490,902	(577,000)	-	6,595,902
Sociedad Inversiones Aviación SIAV Ltda.	Supply of fuel and lubricants	Chile	CLP	33.33	1,555,736	959,786	(1,067,667)	-	1,447,855
Inmobiliaria El Norte y El Rosal S.A.	Real estate	Chile	CLP	50.00	34,906	167	-	2	35,075
Empresa Aérea El Litoral S.A.	Transport	Chile	CLP	0.57	390	(11)	-	(379)	-
Total					**1,931,755,310**	**1,805,129**	**(25,927,600)**	**238,949,991**	**2,146,582,830**

(1) The goodwill related to the acquisition of the associate SM SAAM is included forming part of the value of the investment. Of the amount shown of ThCh$ 279,553,481, ThCh$244,083,436 corresponds to equity and ThCh$35,470,045 corresponds 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. Of the amount shown of ThCh$ 276,352,432, ThCh$275,172,491 corresponds to equity and ThCh$1,179,941 corresponds to goodwill.

Note 12 – Investments booked using the equity method (continued)

d) Movement in investments in associates (continued)

Movements during 2014 are detailed as follows:

Company	Principal activity	Country	Functional currency	Percentage interest	Balance at 01-01-2014 ThCh$	Share of income (loss) ThCh$	Dividends received ThCh$	Other increases (decreases) ThCh$	Balance as of 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. (3)	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. (4)	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. (5)	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 and Vapores Ltd. (Bermudas)	Transport	Bermudas	USD	50.00	-	(3,641)	-	10,315	6,674
Vogt and 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	34.01	-	(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 and 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**

(3) The goodwill related to the acquisition of the associate SM SAAM is included forming part of the value of the investment. Of the amount shown of ThCh$244,696,752, ThCh$209,226,706 corresponds to equity and ThCh$35,470,046 to goodwill.
(4) The goodwill related to the acquisition of the associate Nexans S.A. is included forming part of the value of the investment. Of the amount shown of ThCh$304,634,405, ThCh$ 303,986.386 corresponds to equity and ThCh$648,019 to goodwill.
(5) 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 13 – Intangible assets other than goodwill

Classes of intangible assets, net	**12-31-2015 ThCh$**	**12-31-2014 ThCh$**
Intangible assets with finite life, net	34,954,840	35,332,733
Intangible assets with indefinite life, net (1)	185,730,491	185,408,826
Intangible assets, net	**220,685,331**	**220,741,559**

(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) Intangible assets as of December 31, 2015 and 2014, are detailed as follows:

As of December 31, 2015	**Gross assets ThCh$**	**Accumulated amortization ThCh$**	**Net assets ThCh$**
Patents, trademarks and other rights	187,442,323	(1,711,832)	185,730,491
Computer programs	4,475,599	(717,227)	3,758,372
Other intangible assets	268,226,518	(237,030,050)	31,196,468
Total	**460,144,440**	**(239,459,109)**	**220,685,331**

As of December 31, 2014	**Gross assets ThCh$**	**Accumulated amortization ThCh$**	**Net assets ThCh$**
Patents, trademarks and 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**

Note 13 – Intangible assets other than goodwill (continued)

a) Movement of identifiable intangible assets

The following shows the movement of identifiable intangible assets during 2015:

Movement	Patents, registered trademarks and other rights	Computer programs	Other intangible assets	Total
	ThCh$	ThCh$	ThCh$	ThCh$
Initial balance	185,408,826	2,002,153	33,330,580	220,741,559
Additions	71,613	1,951,618	-	2,023,231
Internally-developed additions	-	-	34,217	34,217
Amortization	(224,636)	(378,237)	(3,873,532)	(4,476,405)
Increase (decrease) in currency translation	836,347	284,367	1,521,826	2,642,540
Other increases (decreases)	(361,659)	(101,529)	183,377	(279,811)
Closing balance	**185,730,491**	**3,758,372**	**31,196,468**	**220,685,331**

The following shows the movement of identifiable intangible assets during 2014:

Movement	Patents, registered trademarks and other rights	Computer programs	Other intangible assets	Total
	ThCh$	ThCh$	ThCh$	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 business combinations	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 subsidiary Tech Pack books the amortization of identifiable intangible assets under Administrative expenses in the consolidated statement of comprehensive income. The subsidiary LQIF books the amortization of its intangible assets under Other expenses by function.

Note 14 – Goodwill

Movements in goodwill during 2015 and 2014 are detailed as follows:

Movement	Banco de Chile and SM-Chile	Merger Banco Chile - Citibank	Merger Citigroup Chile II S.A. LQIF	Enex	Others	Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
As of December 31, 2015						
Initial balance as of 01-01-2015	514,466,490	108,438,209	31,868,173	194,701,400	23,659,167	873,133,439
Increase (decrease) in currency translation	-	-	-	-	3,680,153	3,680,153
Transfers to (from) non-current assets and disposal groups held for sale	-	-	-	-	(82,379)	(82,379)
Other increases (decreases)	-	-	-	-	(2,311,572)	(2,311,572)
Net closing balance as of 12-31-2015	**514,466,490**	**108,438,209**	**31,868,173**	**194,701,400**	**24,945,369**	**874,419,641**
As of December 31, 2014						
Initial balance as of 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 translation	-	-	-	-	2,562,436	2,562,436
De-recognition for disposals of business	(26,562,820)	(29,797,224)	(9,451,408)	342,686	(342,686)	(65,811,452)
Net closing balance as of 12-31-2014	**514,466,490**	**108,438,209**	**31,868,173**	**194,701,400**	**23,659,167**	**873,133,439**

Note 15 – Business combinations

a) The subsidiary Tech Pack, through its subsidiaries Ecoalusa S.A. and Inversiones Alusa S.A., acquired in June 2014 all (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 as of June 1, 2014	**6,105,254**
Consideration paid	7,303,254
Goodwill determined	**1,198,000**

b) In the subsidiary CSAV, goodwill has originated on 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	**2,664,845**

Note 15 – Business combinations (continued)

c) During the third quarter of 2014, Quiñenco took control of the subsidiary CSAV, through successive share purchases to reach a 54.47% shareholding. In accordance with IFRS 3, the operation is defined as a business combination made in stages, in which the accounting for the interest previously held was reversed as if the investment had been made directly.

The new interest 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 as of June 30, 2014 (2)	186,584,056
Effect of pre-existing investment in 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**
Quiñenco's shareholding, 54.47% (third quarter) of equity at fair value of CSAV	**323,792,585**
Negative goodwill (3)	**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).
(3) Negative goodwill of ThCh$ 46,810,112 was recognized in net income as of December 31, 2014

d) 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 container ship 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 as of 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 container ship 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 business combinations.

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 others): (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.

Note 15 – Business combinations (continued)

The following is the detail of the transaction, 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 and other reserves associated with the business transferred	(30,597,750)
Final book vale associated with the container ship business (1)	370,753,615
Acquisition of 30% of HLAG (consideration for loss of control)	941,151,393
Gross gain on the transaction, in accordance with IFRS 10	**570,397,778**
Expenses associated with the transaction, excluding taxes	(38,983,803)
Net gain before taxes (2)	**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	**(97,174,611)**
Net gain on the transaction after taxes	**434,239,364**

(1) This amount corresponds to the book value of the container ship 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 financial statements as of September 30, 2014, plus the comprehensive income of the container ship business in October and November and plus the effect on income of the equity reserves associated with the container ship business as of November 30, 2014.
(2) This amount is presented under "Other Income" in the consolidated income statement as of December 31, 2015. (See note 28 c)).

e) On March 25, 2015, the subsidiary Tech Pack S.A acquired at book value all the shares owned by minority shareholders in its subsidiary Alusa S.A. (privately held corporation) which totaled approximately 24.04% of its shares. The price for these shares was US$ 35.5 million.

Note 16 – Transactions with non-controlling interests

- **Fully paid shares**

In March 2015 and 2014, at extraordinary shareholders’ meetings of Banco de Chile, shareholders approved the distribution of 30% of the distributable net income for the year through the issuance of fully paid shares (bonus issue) which were distributed to the shareholders of Banco de Chile pro rata to their shareholdings in the Bank. During the same month, at the ordinary shareholders’ meeting of SM Chile, shareholders approved the distribution of bonus issue received for its direct interest in Banco de Chile to its shareholders pro rata to their interest in the Bank.

The effects of the dividend payments through bonus issues have generated a net decrease in the direct and indirect interest in the Bank during 2015 and 2014 without losing control. Consequently, the accounting treatment has been similar to a disposal of shares. This operation has been booked as a charge to Other reserves, considering that the counterparties are non-controlling interests in Banco de Chile.

The net decrease in the interest of the Bank is at the level of SM Chile and SAOS since these companies do not receive bonus shares, generating a dilution of their interest in the Bank and therefore a decrease in the indirect interest of LQIF in the Bank. Such decrease cannot be compensated by the increased direct interest that LQIF has in Banco de Chile.

Note 16 – Transactions with non-controlling interests (continued)

- **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 interest of LQIF in Banco de Chile from that date thus fell to 51.22%.

The effects of the dividend payments through bonus issues have generated a net decrease in the direct and indirect interest in the Bank during 2015 and 2014 without losing control. Consequently, the accounting treatment has been within equity. This operation has been booked as a charge to Other reserves, considering that the counterparties are non-controlling interests in Banco de Chile.

- **Increase in interest 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%.

In December 2014, Quiñenco launched a public tender offer for the remaining 19.55% interest that it did not control. It received acceptances and sales orders representing 17.88% of the bid. Consequently, Quiñenco became direct and indirect owner of 98.33% of Invexans.

During 2015, Quiñenco has made successive purchases of Invexans shares, allowing it to increase its interest in the subsidiary to 98.58%.

These operations have been booked as a credit to Other reserves, considering that the counterparties are non-controlling interests.

- **CSAV capital increase**

As of December 31, 2014, the capital increase process at 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 shares, leaving it with an equity interest of 64.60%. By December 2015, other third parties had subscribed leaving Quiñenco with an equity interest of 55.97%. This operation has been booked as a charge to Other reserves, considering that the counterparties are non-controlling interests.

Note 16 – Transactions with non-controlling interests (continued)

The net effects (considering for these purposes only Quiñenco's interest) generated by these transactions with non-controlling interests as of December 31, 2015 and 2014 are as follows:

	Dividend paid with bonus shares in Banco de Chile	Invexans public tender and share purchase	Concurrence in capital increase of CSAV	Total
	12-31-2015	**12-31-2015**	**12-31-2015**	**12-31-2015**
	ThCh$	ThCh$	ThCh$	ThCh$
Equity value	(6,853,558)	15,949,844	(46,500,999)	(37,404,713)
Net effect on equity	**(6,853,558)**	**15,949,844**	**(46,500,999)**	**(37,404,713)**

	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 of Banco Chile shares	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**

Note 17 – Property, plant and equipment

(a) Composition

Property, plant and equipment as of December 31, 2015 and 2014, is detailed as follows:

	Gross assets ThCh$	Accumulated depreciation ThCh$	Net assets ThCh$
As of December 31, 2015			
Construction in progress	68,237,929	-	68,237,929
Land	91,441,083	-	91,441,083
Buildings	60,790,746	(12,508,514)	48,282,232
Plant and equipment	282,512,544	(134,842,903)	147,669,641
Computer equipment	9,028,648	(2,952,142)	6,076,506
Fixed installations and accessories	12,822,986	(7,370,098)	5,452,888
Ships	20,944,528	(3,032,383)	17,912,145
Motor vehicles	6,281,366	(3,038,039)	3,243,327
Improvements to leased assets	653,106	(201,281)	451,825
Other property, plant and equipment	9,465,286	(6,045,436)	3,419,850
Total as of December 31, 2015	**562,178,222**	**(169,990,796)**	**392,187,426**
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 and equipment	279,118,884	(131,873,019)	147,245,865
Computer equipment	7,202,732	(5,465,712)	1,737,020
Fixed installations and 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 and 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**

Note 17 – Property, plant and equipment (continued)

(b) Movement

Movements in 2015 are detailed as follows:

		Construction in progress ThCh$	Land ThCh$	Buildings, net ThCh$	Plant and equipment, net ThCh$	Computer equipment, net ThCh$	Fixed installations and accessories, net ThCh$	Ships, net ThCh$	Motor vehicles, net ThCh$	Improvements to leased assets ThCh$	Other property, plant and equipment, net ThCh$	Property, plant and equipment, net ThCh$
Initial balance as of January 1, 2015		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
	Additions	26,865,306	1,233,810	364,439	10,514,861	5,665,164	1,466,797	1,941,577	1,403,619	-	965,267	50,420,840
	Divestments				(219,029)	-	(6,667)	-	(183,555)	-	-	(409,251)
	Transfers to (from) investment properties	-	(1,933,263)	(492,141)	-	-	-	-	-	-	-	(2,425,404)
Movement	Retirements	-	-	-	(34,682)	(43,990)	(107,236)	-	-	-	(3,225)	(189,133)
	Charge for depreciation	-	-	(1,691,597)	(15,261,753)	(770,846)	(1,277,751)	(1,751,440)	(736,994)	(41,728)	(766,867)	(22,298,976)
	Increases (decreases) in currency translation	694,261	2,229,209	6,186,640	3,482,592	90,131	162,780	1,848,618	22,467	(83,815)	319,415	14,952,298
	Other increases (decreases)	419,566	323,301	(2,016,705)	1,941,787	(600,973)	(154,501)	4,940,362	(8,140)	-	(214,804)	4,629,893
Closing balance as of December 31, 2015		**68,237,929**	**91,441,083**	**48,282,232**	**147,669,641**	**6,076,506**	**5,452,888**	**17,912,145**	**3,243,327**	**451,825**	**3,419,850**	**392,187,426**

Movements in 2014 are detailed as follows:

		Construction in progress ThCh$	Land ThCh$	Buildings, net ThCh$	Plant and equipment, net ThCh$	Computer equipment, net ThCh$	Fixed installations and accessories, net ThCh$	Ships, net ThCh$	Motor vehicles, net ThCh$	Improvements to leased assets ThCh$	Other property, plant and equipment, net ThCh$	Property, plant and equipment, net 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
	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 business combinations	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 and disposal groups 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)
Movement	Disposals through business combinations	(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**

Note 17 – Property, plant and equipment (continued)

(c) Finance leases

The subsidiary Enex and the Tech Pack's 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 dividends, additional debt or new lease restrictions in these contracts.

Items of property, plant and equipment under finance leases as of December 31, 2015 and 2014, are detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Land	3,063,808	1,088,415
Buildings, net	13,737,335	18,073,262
Plant and equipment, net	20,802,268	16,563,468
Computer equipment, net	-	2,427
Fixed installations and accessories, net	-	2,136,974
Motor vehicles, net	4,261	64,316
Other property, plant and equipment under finance leases, net	167,598	-
Total	**37,775,270**	**37,928,862**

The present value of future financial lease payments as of December 31, 2015 and 2014 is as follows:

	12-31-2015		
	Gross ThCh$	Interest ThCh$	Present value ThCh$
Less than one year	5,283,975	(470,126)	4,813,849
One to five years	11,012,034	(482,199)	10,529,835
Over five years	-	-	-
Total	**16,296,009**	**(952,325)**	**15,343,684**

	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**

Note 17 – Property, plant and equipment (continued)

(d) Operating leases

The most significant operating leases relate to the subsidiaries Enex and CSAV, with contracts varying between 1 and 5 years with automatic one-year renewals. There is an option to terminate these leases in advance at Enex, 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, 2015 and 2014, are as follows:

	12-31-2015 ThCh$	**12-31-2014 ThCh$**
Less than one year	20,709,575	16,691,966
Between one and five years	62,303,358	72,559,403
Total	**83,012,933**	**89,251,369**

The following are the installments of leases and sub-leases booked in the consolidated statement of comprehensive income as of December 31, 2015 and 2014:

	12-31-2015 ThCh$	**12-31-2014 ThCh$**
Minimum lease payments under operating leases	42,063,682	62,132,628
Total	**42,063,682**	**62,132,628**

Note 18 – Investment properties

a) Investment properties as of December 31, 2015 and 2014, are detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Land	3,684,917	3,331,730
Buildings	14,136,292	12,184,419
Total	**17,821,209**	**15,516,149**

b) Movement

Movement in investment properties during 2015 and 2014 are detailed as follows:

2015	**Land ThCh$**	**Buildings ThCh$**	**Total ThCh$**
Initial balance, net	3,331,730	12,184,419	15,516,149
Additions	1,953,016	811,033	2,764,049
Transfers to (from) non-current assets and disposal groups held for sale	(1,934,674)	(471,044)	(2,405,718)
Charge for depreciation	-	(269,853)	(269,853)
Increases in currency translation	334,845	595,359	930,204
Other increases (decreases)	-	1,286,378	1,286,378
Closing balance, net	**3,684,917**	**14,136,292**	**17,821,209**

2014	**Land ThCh$**	**Buildings ThCh$**	**Total ThCh$**
Initial balance, net	3,476,845	5,311,780	8,788,625
Transfers to (from) property, plant and equipment	-	7,462,418	7,462,418
Transfers to (from) non-current assets and disposal groups held for sale	(475,454)	(573,786)	(1,049,240)
Charge for 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**

c) Revenue from rentals and direct operating expenses of investment properties during 2015 and 2014 are detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Revenue from rental of investment properties	3,028,561	1,536,428
Direct operating expenses	(610,848)	(502,561)

d) The fair values of investment properties do not vary significantly from their book values.

Note 19 – Current 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, 2015:

Credit	ThCh$
21%	2,317,688
20%	7,796,057
17%	157,156,802
16.50%	2,297,796
16%	322,690
15%	690,379
none	56,176,437

The positive non-taxable income fund (FUNT) and its related credits as of December 31, 2015, are as follows:

	ThCh$
Non-taxable income	376,994,902
Exempt with credit	37,332,368
Exempt without credit	39,122,475

(b) Deferred taxes

Deferred tax assets and liabilities as of December 31, 2015 and 2014, are detailed as follows:

	12-31-2015		**12-31-2014**	
Deferred taxes	**Assets ThCh$**	**Liabilities ThCh$**	**Assets ThCh$**	**Liabilities ThCh$**
Depreciation	-	19,106,259	704,596	15,566,803
Amortization	-	216,546	-	260,762
Provisions	14,596,306	-	13,251,710	-
Post-employment benefits	2,514,310	108,701	2,668,564	131,096
Revaluations of property, plant and equipment	100,895	12,052,803	3,386,710	12,906,750
Revaluations of investment properties	-	-	-	4,238,637
Intangible assets	-	48,928,171	-	53,419,913
Revaluations of financial instruments	70,943	-	15,683	-
Tax losses	224,920,745	1,980,033	184,173,219	-
Tax credits	10,349,502	-	19,024,703	-
Deferred tax assets related to Others	21,959,160	-	22,471,536	-
Deferred tax liabilities related to Others	-	24,633,833	-	21,963,414
Total	**274,511,861**	**107,026,346**	**245,696,721**	**108,487,375**

Note 19 – Current and deferred taxes (continued)

(c) Income tax expense

This account is detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Charge for current taxes	(5,334,432)	(8,161,017)
Charge for other taxes and deferred taxes	(211,462)	(230,657)
Other tax credits	169,812	12,362,117
Adjustment for deferred tax assets and liabilities	4,559,793	(92,106,422)
Others	(34,676)	(981,943)
Net income tax expense	**(850,965)**	**(89,117,922)**

(d) Reconciliation of applicable taxation

The reconciliation of the income tax expense from the financial result before tax as of December 31 each year is as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Tax charge using the statutory rate	**6,065,109**	**(100,780,911)**
Tax effect of rates of other jurisdictions	(11,570,878)	(5,885,386)
Tax effect of non-taxable revenue	23,055,292	38,503,485
Tax effect of expenses disallowed for tax purposes	(31,442,621)	(34,552,446)
Tax effect of tax benefits not previously booked in the income statement	-	104,131
Tax effect of a new evaluation of deferred tax assets not booked	(410,606)	(938,959)
Tax effect of taxes foreseen in excess in previous years	-	59,004
Taxation calculated at applicable rate	(2,214,248)	5,059,656
Other increases (decreases) in charge for statutory taxes	15,666,987	9,313,504
Income tax expense using the effective rate	**(850,965)**	**(89,117,922)**

Note 20 – Other current and non-current financial liabilities

Other current and non-current financial liabilities as of December 31, 2015 and 2014, are detailed as follows:

	Current		**Non-current**	
	12-31-2015	**12-31-2014**	**12-31-2015**	**12-31-2014**
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**
Bank loans	56,662,362	122,464,141	122,561,301	103,096,519
Bonds outstanding	35,931,355	43,091,581	558,182,850	609,923,006
Financial leases	4,813,849	5,882,260	10,529,835	13,290,693
Hedge liabilities	2,792,445	986,576	1,191,588	-
Total	**100,200,011**	**172,424,558**	**692,465,574**	**726,310,218**

Note 20 – Other current and non-current financial liabilities (continued)

(a) Interest-bearing bank loans as of December 31, 2015, are detailed 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 12-31-15 ThCh$	Up to 3 months ThCh$	3 to 12 months ThCh$	Non-current 31-12-15 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 de la Nación	ARS	Monthly	9.90%	9.90%	57,523	173,000	250,757	-	-	-	-	481,280	230,523	57,523	173,000	250,757	250,757	-	-	-	-	481,280
Foreign	Aluflex S.A.	Argentina	Banco ICBC	ARS	At maturity	25.50%	25.50%	917,527	1,420	-	-	-	-	-	918,947	918,947	917,527	1,420	-	-	-	-	-	-	918,947
Foreign	Aluflex S.A.	Argentina	Banco Macro	ARS	Monthly	24.00%	24.00%	11,363	-	-	-	-	-	-	11,363	11,363	11,363	-	-	-	-	-	-	-	11,363
Foreign	Aluflex S.A.	Argentina	Banco Patagonia S.A.	ARS	Quarterly	23.66%	23.66%	1,494,177	109,365	-	-	-	-	-	1,603,542	1,603,542	1,494,177	109,365	-	-	-	-	-	-	1,603,542
Foreign	Aluflex S.A.	Argentina	Banco Internacional	ARS	Monthly	6.75%	6.75%	14,913	-	-	-	-	-	-	14,913	14,913	14,913	-	-	-	-	-	-	-	14,913
89.010.400-2	Alusa Chile S.A.	Chile	Banco BBVA	CLF	At maturity	3.56%	3.56%	-	3,077,123	-	-	-	-	-	3,077,123	3,077,123	-	3,077,123	-	-	-	-	-	-	3,077,123
89.010.400-2	Alusa Chile S.A.	Chile	Banco Corpbanca	CLP	Monthly	3.96%	3.96%	8,318,104	-	-	-	-	-	-	8,318,104	8,318,104	8,318,104	-	-	-	-	-	-	-	8,318,104
89.010.400-2	Alusa Chile S.A.	Chile	Banco Itaú	CLP	At maturity	3.59%	3.59%	2,878,989	1,266,925	-	-	-	-	-	4,145,914	4,145,914	2,878,989	1,266,925	-	-	-	-	-	-	4,145,914
89.010.400-2	Alusa Chile S.A.	Chile	Banco Scotiabank	USD	At maturity	3.74%	3.74%	537,591	500,663	1,024,761	1,056,718	-	-	-	3,119,733	1,038,254	537,591	500,663	2,081,479	1,024,761	1,056,718	-	-	-	3,119,733
89.010.400-2	Alusa Chile S.A.	Chile	Banco Estado	USD	At maturity	3.07%	3.07%	1,065,240	-	-	-	-	-	-	1,065,240	1,065,240	1,065,240	-	-	-	-	-	-	-	1,065,240
Foreign	Empaques Flexa S.A.S.	Colombia	Banco Bancolombia	COP	At maturity	1.88%	1.83%	-	33,378	830,177	1,107,139	1,661,064	-	-	3,631,758	33,378	-	33,378	3,598,380	830,177	1,107,139	1,661,064	-	-	3,631,758
Foreign	Empaques Flexa S.A.S.	Colombia	Banco Corpbanca	COP	Quarterly	1.83%	1.78%	-	36,928	780,466	1,040,384	1,560,932	-	-	3,418,710	36,928	-	36,928	3,381,782	780,466	1,040,384	1,560,932	-	-	3,418,710
Foreign	Peruplast S.A.	Peru	Banco Continental	USD	At maturity	0.74%	0.74%	8,545,355	2,136,871	-	-	-	-	-	10,682,226	10,682,226	8,545,355	2,136,871	-	-	-	-	-	-	10,682,226
Foreign	Peruplast S.A.	Peru	Banco de Crédito	PEN	At maturity	4.63%	3.18%	305,369	6,840,261	2,028,927	2,028,927	2,028,927	238,614	-	13,471,025	7,145,630	305,369	6,840,261	6,325,395	2,028,927	2,028,927	2,028,927	238,614	-	13,471,025
Foreign	Peruplast S.A.	Peru	Banco de Crédito	USD	Quarterly	1.78%	1.78%	935,991	-	-	-	-	-	-	935,991	935,991	935,991	-	-	-	-	-	-	-	935,991
Foreign	Peruplast S.A.	Peru	Banco Scotiabank	USD	At maturity	1.15%	1.15%	321,702	3,918,663	-	-	-	-	-	4,240,365	4,240,365	321,702	3,918,663	-	-	-	-	-	-	4,240,365
91.021.000-9	Invexans S.A.	Chile	Banco Estado	USD	Semi-annual	1.37%	1.37%	29,337	-	-	10,652,400	-	-	-	10,681,737	29,337	29,337	-	10,652,400	-	10,652,400	-	-	-	10,681,737
Foreign	OV Bermuda Limited.	Bermuda	DNB Bank ASA	USD	Semi-annual	2.90%	2.90%	-	623,520	602,926	602,216	602,216	602,215	-	3,033,093	623,520	-	623,520	2,409,573	602,926	602,216	602,216	602,215	-	3,033,093
Foreign	OV Bermuda Limited.	Bermuda	Odfjell Chemical Tankers III	USD	Annual	3.50%	3.50%	-	538,302	-	-	-	-	-	538,302	538,302	-	538,302	-	-	-	-	-	-	538,302
90.160.000-7	Compañía Sud Americana de Vapores S.A.	Chile	Banco Itau Chile	USD	Semi-annual	2.50%	2.50%	290,455	-	-	-	13,954,644	17,442,240		31,687,339	290,455	290,455	-	31,396,884	-	-	13,954,644	17,442,240	-	31,687,339
78.080.440-8	Enex S.A.	Chile	Banco Santander	CLP	Monthly	4.69%	4.69%	325,603	-	-	-	-	-	-	325,603	325,603	325,603	-	-	-	-	-	-	-	325,603
78.080.440-8	Enex S.A.	Chile	Banco Santander	CLP	Annual	6.45%	5.46%	-	3,829,376	5,759,858	5,759,857	-	-	-	15,349,091	3,829,376	-	3,829,376	11,519,715	5,759,858	5,759,857	-	-	-	15,349,091
78.080.440-8	Enex S.A.	Chile	Banco BBVA	CLP	Annual	6.45%	5.46%	-	6,962,503	10,472,468	10,472,468	-	-	-	27,907,439	6,962,503	-	6,962,503	20,944,936	10,472,468	10,472,468	-	-	-	27,907,439
78.080.440-8	Enex S.A.	Chile	Banco Estado	CLP	Annual	6.06%	4.43%	-	564,825	3,000,000	3,000,000	6,000,000	6,000,000	12,000,000	30,564,825	564,825	-	564,825	30,000,000	3,000,000	3,000,000	6,000,000	6,000,000	12,000,000	30,564,825
			TOTAL													**56,662,362**			**122,561,301**						**179,223,663**

Note 20 – Other current and non-current financial liabilities (continued)

(b) Interest-bearing bank loans as of December 31, 2014, are detailed 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**

The above tables do not include bank loans granted by Banco de Chile to Quiñenco and its subsidiaries, amounting to ThCh$4,065,346 as of December 31, 2015 (ThCh$3,451,801 in 2014), which have been eliminated in the preparation of these consolidated financial statements.

Note 20 – Other current and non-current financial liabilities (continued)

(c) Bonds outstanding as of December 31, 2015, are detailed as follows:

Debtor Tax No.	Debtor	Country debtor	Registration No.	Series and 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$	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$
										Book values															
96.929.880-5	LQIF	Chile	385	Series C	2039	CLF	Annual	4.93%	4.85%	2,342,789	-	-	-	-	76,730,371	79,073,160	2,342,789	2,342,789	76,730,371	-	-	-	-	76,730,371	79,073,160
96.929.880-5	LQIF	Chile	597	Series D	2033	CLF	Annual	3.84%	3.50%	1,973,655	-	-	-	-	98,129,897	100,103,552	1,973,655	1,973,655	98,129,897	-	-	-	-	98,129,897	100,103,552
91.705.000-7	Quiñenco	Chile	595	Series I	2021	CLF	Annual	3.71%	3.70%	555,976	-	-	-	8,543,030	17,009,509	26,108,515	555,976	555,976	25,552,539	-	-	-	8,543,030	17,009,509	26,108,515
91.705.000-7	Quiñenco	Chile	715	Series J	2032	CLF	Annual	3.90%	3.85%	1,735,546	-	-	-	-	76,161,022	77,896,568	1,735,546	1,735,546	76,161,022	-	-	-	-	76,161,022	77,896,568
91.705.000-7	Quiñenco	Chile	715	Series O	2035	CLF	Annual	3.36%	3.40%	924,210	-	-	-	-	60,979,974	61,904,184	924,210	924,210	60,979,974	-	-	-	-	60,979,974	61,904,184
91.705.000-7	Quiñenco	Chile	427	Series C	2032	CLF	Annual	4.24%	4.00%	202,435	-	-	-	-	58,463,280	58,665,715	202,435	202,435	58,463,280	-	-	-	-	58,463,280	58,665,715
91.705.000-7	Quiñenco	Chile	595	Series E	2018	CLF	Annual	3.51%	3.35%	13,569,620	12,814,545	12,506,217		-	-	38,890,382	13,569,620	13,569,620	25,320,762	12,814,545	12,506,217	-	-	-	38,890,382
91.705.000-7	Quiñenco	Chile	596	Series F	2032	CLF	Annual	3.97%	3.85%	2,603,319	-	-	-	-	113,531,646	116,134,965	2,603,319	2,603,319	113,531,646	-	-	-	-	113,531,646	116,134,965
91.705.000-7	Quiñenco	Chile	426	Series G	2018	CLF	Annual	3.81%	3.50%	12,023,805	11,917,527	11,395,832	-	-	-	35,337,164	12,023,805	12,023,805	23,313,359	11,917,527	11,395,832	-	-	-	35,337,164
					TOTAL												**35,931,355**		**558,182,850**						**594,114,205**

(d) Bonds outstanding as of December 31, 2014, are detailed as follows:

Debtor Tax No.	Debtor	Country debtor	Registration No.	Series and 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$	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$
										Book values																	
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**

Note 20 – Other current and non-current financial liabilities (continued)

(e) Finance leases as of December 31, 2015, are detailed as follows:

								Book values															
Debtor Tax No.	Debtor	Country debtor	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$	Total nominal amounts ThCh$	Current debt ThCh$	Up to 3 months ThCh$	3 to 12 months ThCh$	Debt Non-current ThCh$	1 to2 years ThCh$	2 to 3 years ThCh$	3 to 4 years ThCh$	4 to 5 years ThCh$	Total debt ThCh$
89.010.400-2	Alusa Chile S.A.	Chile	Rabobank	CLF	Quarterly	6.78%	6.30%	85,219	254,237	137,061	35,508	-	-	512,025	339,456	85,219	254,237	172,569	137,061	35,508	-	-	512,025
89.010.400-2	Alusa Chile S.A.	Chile	Ricoh	CLF	Monthly	5.83%	5.83%	710	-	-	-	-	-	710	710	710	-	-	-	-	-	-	710
Foreign	Empaques Flexa S.A.S.	Colombia	Banco de Colombia	COP	Monthly	0.64%	0.64%	55,392	171,149	240,034	279,093	488,590	-	1,234,258	226,541	55,392	171,149	1,007,717	240,034	279,093	488,590	-	1,234,258
Foreign	Peruplast S.A.	Peru	Banco Citibank	USD	Quarterly	4.65%	3.97%	76,698	235,773	30,537	-	-	-	343,008	312,471	76,698	235,773	30,537	30,537	-	-	-	343,008
Foreign	Peruplast S.A.	Peru	Banco Continental	USD	Monthly	3.85%	1.08%	334,485	938,832	1,214,374	1,227,867	1,110,690	-	4,826,248	1,273,317	334,485	938,832	3,552,931	1,214,374	1,227,867	1,110,690	-	4,826,248
Foreign	Peruplast S.A.	Peru	Banco de Crédito	USD	Monthly	3.93%	0.28%	541,852	1,655,383	2,283,164	1,482,814	990,673	-	6,953,886	2,197,235	541,852	1,655,383	4,756,651	2,283,164	1,482,814	990,673	-	6,953,886
Foreign	Peruplast S.A.	Peru	Banco Scotiabank	USD	Monthly	4.48%	4.48%	92,321	281,934	304,659	95,872	-	-	774,786	374,255	92,321	281,934	400,531	304,659	95,872	-	-	774,786
78.080.440-8	Enex S.A.	Chile	Des. de Tec. y Sistemas	CLF	Monthly	6.60%	6.60%	12,568	-	-	-	-	-	12,568	12,568	12,568	-	-	-	-	-	-	12,568
78.080.440-8	Enex S.A.	Chile	Metlife Chile	CLF	Monthly	7.44%	7.44%	9,130	28,287	65,117	65,117	73,506	73,506	314,663	37,417	9,130	28,287	277,246	65,117	65,117	73,506	73,506	314,663
78.080.440-8	Enex S.A.	Chile	Metlife Chile	CLF	Monthly	6.90%	6.90%	9,750	30,129	68,678	68,678	97,148	97,149	371,532	39,879	9,750	30,129	331,653	68,678	68,678	97,148	97,149	371,532
			TOTAL												4,813,849			10,529,835					15,343,684

Note 20 – Other current and non-current financial liabilities (continued)

(f) Finance leases as of December 31, 2014, are detailed 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$	4 to 5 years ThCh$	Over 5 years ThCh$	Total nominal Amounts ThCh$	Book values: 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
			TOTAL													**5,882,260**			**13,290,693**						**19,172,953**

(g) Hedge liabilities as of December 31, 2015 and 2014, are detailed as follows:

Hedge description	Company	Risk hedged	Current 12-31-2015 ThCh$	Current 12-31-2014 ThCh$	Non-Current 12-31-2015 ThCh$	Non-Current 12-31-2014 ThCh$	Fair value 12-31-2015 ThCh$	Fair value 12-31-2014 ThCh$
Hedge	Enex S.A.	Cash flow	2,086,546	-	-	-	2,086,546	-
Currency swap	Quiñenco S.A.	Cash flow	-	-	190,491	-	190,491	-
Fuel swap	CSAV S.A.	Cash flow	705,899	986,576	-	-	705,899	986,576
Currency swap	Tech Pack S.A.	Cash flow	-	-	772,567	-	772,567	-
Forward	Tech Pack S.A.	Cash flow	-	-	228,530	-	228,530	-
			2,792,445	**986,576**	**1,191,588**	**-**	**3,984,033**	**986,576**

Note 21 – Trade and other payables

Trade and other payables as of December 31, 2015 and 2014, are detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Trade payables	207,257,583	193,033,758
Other accounts payable	3,146,524	5,125,252
Total	**210,404,107**	**198,159,010**

Note 22 – Other provisions

a) Composition

Other provisions as of December 31, 2015 and 2014, are detailed as follows:

	Current		Non-Current	
	12-31-2015 ThCh$	12-31-2014 ThCh$	12-31-2015 ThCh$	12-31-2014 ThCh$
Restructuring expenses	2,191,385	2,514,000	-	-
Profit sharing and bonuses	609,921	2,289,094	-	-
Legal claims	12,674,225	31,524,303	21,746,520	-
Onerous contracts	347,978	5,407,356	-	-
Other provisions (1) (2)	9,848,195	12,602,755	31,286,457	30,699,630
Total	**25,671,704**	**54,337,508**	**53,032,977**	**30,699,630**

Note 22 – Other provisions (continued)

b) Other provisions

(1) Other current provisions as of December 31, 2015 and 2014, are detailed as follows:

	Current	
	12-31-2015	**12-31-2014**
	ThCh$	**ThCh$**
Contingencies	4,165,044	7,013,597
Service station maintenance and operational services	1,944,187	927,096
Royalties and others	1,824,742	2,156,492
Fees and insurance	735,519	285,110
Municipal and other taxes	424,579	523,054
Brand agreements	247,130	316,996
General, audit, annual report and other expenses	131,776	101,090
Utilities	168,008	513,275
Fees and consultancies	21,221	44,794
Others	185,989	721,251
Total	**9,848,195**	**12,602,755**

(2) Other non-current provisions as of December 31, 2015 and 2014, are detailed as follows:

	Non-Current	
	12-31-2015	**12-31-2014**
	ThCh$	**ThCh$**
Contingencies	17,459,106	17,559,974
Removal of tanks	10,214,265	10,389,819
Incidents occurred but not reported (Banchile)	3,613,086	2,749,837
Total	**31,286,457**	**30,699,630**

Note 22 – Other provisions (continued)

c) Movement

Movements in provisions in 2015 are detailed as follows:

	Restructuring ThCh$	Legal claims ThCh$	Onerous contracts ThCh$	Other provisions and participations ThCh$	Total ThCh$
Initial balance as of 01-01-2015	2,514,000	31,524,303	5,407,356	45,591,479	85,037,138
Additional provisions	401,183	-	-	33,584,649	33,985,832
Increase (decrease) in existing provisions	-	5,116,491	345,781	18,386,705	23,848,977
Provision used	(723,798)	(5,352,209)	(6,276,873)	(55,283,247)	(67,636,127)
Increase (decrease) in currency translation	-	-	-	(2,949,817)	(2,949,817)
Other increases (decreases)	-	5,352,120	871,714	194,844	6,418,678
Changes in provisions, total	(322,615)	5,116,402	(5,059,378)	(6,066,866)	(6,332,457)
Closing balance as of 12-31-2015	**2,191,385**	**36,640,705**	**347,978**	**39,524,613**	**78,704,681**

Movements in provisions in 2014 are detailed as follows:

	Restructuring ThCh$	Legal claims ThCh$	Onerous contracts ThCh$	Other provisions and participations ThCh$	Total ThCh$
Initial balance as of 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	-	-	47,385,404	48,271,911
Acquisitions through business combinations	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)	-	-	(4,735,462)	(4,777,062)
Changes in provisions, total	426,608	31,524,303	5,407,356	13,764,229	51,122,496
Closing balance as of 12-31-2014	**2,514,000**	**31,524,303**	**5,407,356**	**45,591,479**	**85,037,138**

d) Description of main 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 as of 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

Provisions for employee benefits as of December 31, 2015 and 2014, are detailed as follows:

	Current		Non-Current	
	12-31-2015 ThCh$	**12-31-2014 ThCh$**	**12-31-2015 ThCh$**	**12-31-2014 ThCh$**
Personnel vacations	4,810,527	4,919,052	-	-
Remuneration	4,566,945	3,454,780	-	-
Termination benefits and retirement fund	31,752	251,953	16,576,107	17,478,465
Social security charges and other benefits	1,083,561	1,885,588	-	-
Total	**10,492,785**	**10,511,373**	**16,576,107**	**17,478,465**

b) Termination benefits

The subsidiaries Enex, Invexans and Tech Pack 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 obtained from employee remuneration obligations and it is valued using the actuarial method, and the assumptions used as of December 31, 2015 and 2014 covered staff turnover, retirement age, etc.:

c) Presentation in the statement of financial position

Post-employment benefits	**12-31-2015 ThCh$**	**12-31-2014 ThCh$**
Liability booked for termination benefits, current	31,752	251,953
Liability booked for termination benefits, non-current	16,576,107	17,478,465
Total obligation for post-employment benefits	**16,607,859**	**17,730,418**

Note 24 – Other non-financial liabilities, current

Other current non-financial liabilities as of December 31, 2015 and 2014, are detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Dividends payable Quiñenco shareholders	29,125,629	102,780,537
Dividends payable minority shareholders of subsidiaries	2,661	49,133
Sales advances	4,724,660	7,174,794
Others	3,304,942	1,267,532
Total	**37,157,892**	**111,271,996**

Note 25 – Other non-financial liabilities, non-current

Other non-current non-financial liabilities as of December 31, 2015 and 2014, are detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Insurance company reserves	55,258,668	49,218,110
Indemnity liability	1,619,464	1,800,228
Others	493,516	1,241,837
Total	**57,371,648**	**52,260,175**

Note 26 - Classes of financial assets and liabilities

Financial assets as of December 31, 2015 and 2014, are detailed as follows:

		Current		Non-Current		Fair value	
		12-31-2015	12-31-2014	12-31-2015	12-31-2014	12-31-2015	12-31-2014
Description of financial asset	**Category and valuation of financial asset**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Cash and cash equivalents	**Financial asset at fair value**	**127,131,019**	**196,970,560**	**-**	**-**	**127,131,019**	**196,970,560**
Equity instruments (investments in shares)	Financial asset at fair value (market value) available for sale	-	23,571	31,446,426	24,623,278	31,446,426	24,646,849
Financial investments more than 90 days for current assets and more than one year for non-current assets	Financial asset at fair value	69,623,179	203,815,226	73,813,168	63,750,928	143,436,347	267,566,154
Other current and non-current financial assets		**69,623,179**	**203,838,797**	**105,259,594**	**88,374,206**	**174,882,773**	**292,213,003**
Trade and other receivables	**Financial assets at amortized cost**	**243,666,167**	**211,118,915**	**-**	**1,438,059**	**243,666,167**	**212,556,974**
Accounts receivable from related parties	**Financial assets at amortized cost**	**4,519,243**	**10,907,987**	**-**	**911,950**	**4,519,243**	**11,819,937**
Total financial assets		**444,939,608**	**622,836,259**	**105,259,594**	**90,724,215**	**550,199,202**	**713,560,474**

Note 26 - Classes of financial assets and liabilities (continued)

Financial liabilities as of December 31, 2015 and 2014, are detailed as follows:

Description of financial liability	Category and valuation of financial liability	Current 12-31-2015 ThCh$	Current 12-31-2014 ThCh$	Non-current 12-31-2015 ThCh$	Non-current 12-31-2014 ThCh$	Fair value 12-31-2015 ThCh$	Fair value 12-31-2014 ThCh$
Bank loans, bonds payable and other loans	Financial liabilities	92,593,717	165,555,722	680,744,151	713,019,525	773,337,868	878,575,247
Financial lease obligations	Financial liabilities	4,813,849	5,882,260	10,529,835	13,290,693	15,343,684	19,172,953
Commodity price hedges	Fair value hedge instrument	2,792,445	986,576	1,191,588	-	3,984,033	986,576
Other current and non-current financial liabilities		**100,200,011**	**172,424,558**	**692,465,574**	**726,310,218**	**792,665,585**	**898,734,776**
Trade creditors, social-security withholdings, taxes and other accounts payable	**Financial liabilities at amortized cost**	**210,404,107**	**198,159,010**	**-**	**-**	**210,404,107**	**198,159,010**
Accounts payable to related parties	**Financial liabilities at amortized cost**	**3,330,462**	**6,425,106**	**-**	**-**	**3,330,462**	**6,425,106**
Total financial liabilities		**313,934,580**	**377,008,674**	**692,465,574**	**726,310,218**	**1,006,400,154**	**1,103,318,892**

Note 27 - Equity

a) Capital and number of shares

The capital of the Company comprised the following as of December 31, 2015:

Number of shares:

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**

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 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 of Inversiones Orengo S.A.

Andrónico Luksic Craig and family control all the shares of Inversiones Consolidadas S.A. and Inversiones Alaska Ltda. Andrónico Luksic Craig's family controls all the shares of Inversiones Salta S.A. 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† 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 stock 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 net income for each year, except when accumulated losses from previous years have to be absorbed.

The following dividends have been distributed between January 1, 2014 and December 31, 2015:

Dividend No.	Type of dividend	Date agreed	Payment date	Dividend per share Ch$
32 and 33	Final	04/30/2014	05/12/2014	45.04818
34 and 35	Final	04/30/2015	05/12/2015	72.00759

The Parent company's policy for determining distributable net income in order to calculate the dividends to be distributed, is to consider the total net income (loss) attributable to holders of instruments in the equity of the controller.

d) Other reserves

Other reserves as of December 31, 2015 and 2014, are detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Reserves for currency translation differences	194,852,436	34,392,739
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 interest Banco de Chile	85,936,782	92,790,340
Effect of changes in interest Invexans	37,696,715	21,746,871
Effect of changes in interest CSAV	(12,543,292)	28,890,701
Others	115,669,224	106,838,871
Total	**593,653,531**	**456,701,188**

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 in 2014 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 – Revenue and expenses

(a) Revenue

Revenue for the years ended December 31, 2015 and 2014, is detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Sale of goods	1,924,914,114	2,363,882,481
Provision of services	239,582,477	176,811,688
Total	**2,164,496,591**	**2,540,694,169**

(b) Other expenses by function

Other expenses for the years ended December 31, 2015 and 2014, are detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Amortization of intangible assets	(2,686,400)	(2,686,400)
Lawsuit expenses Brazil	(939,184)	(14,627,385)
Municipal taxes in Colombia	(359,878)	-
Other operating expenses	(109,341)	(1,417,179)
Total	**(4,094,803)**	**(18,730,964)**

(c) Other gains (losses)

	12-31-2015 ThCh$	12-31-2014 ThCh$
Other gains		
Gain on the transaction with Hapag Lloyd AG (See Note 15)	-	531,413,975
Booking of negative goodwill investment in CSAV	-	46,810,112
Gain on sale of shares	-	808,151
Gain on liquidation of leased property, plant and equipment	342,799	-
Recovery of tax provision	213,544	-
Settlement HYC - Villar	108,610	-
Reversal of contingencies	692,324	-
Gain on sale of property, plant and equipment	-	64,837
Total other gains	**1,357,277**	**579,097,075**
Other losses		
Valuation pre-existent investment in CSAV	-	(7,777,607)
Effect of change in investment interest in Nexans S.A	(2,075,443)	(124,899)
Directors' allowances, profit sharing and remuneration	(1,278,636)	(2,599,471)
Restructuring expenses	(495,210)	(2,105,693)
Contingencies	(309,321)	(1,595,669)
Amortization of intangible assets	(133,246)	(316,692)
Third-party consultancy	(320,257)	(562,492)
Donations	(64,294)	(159,783)
Other income (expenses)	(35,468)	822,365
Total other losses	**(4,711,875)**	**(14,419,941)**
Total other gains (losses), net	**(3,354,598)**	**564,677,134**

Note 28 – Revenue and expenses (continued)

(d) Finance costs

Finance costs for the years ended December 31, 2015 and 2014, are detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Interest on bank loans and bonds issued	(38,731,670)	(38,183,346)
Interest on other financial instruments	(1,312,888)	(2,273,701)
Bank fees, stamp taxes and other finance costs	(2,006,234)	(778,099)
Total	**(42,050,792)**	**(41,235,146)**

Note 29 – Personnel expenses

Personnel expenses for the years ended December 31, 2015 and 2014, are detailed as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Wages and salaries	(76,380,586)	(88,198,660)
Short-term employee benefits	(8,847,486)	(8,168,867)
Post-employment benefits	(4,071,103)	(6,075,552)
Termination benefits	(1,674,160)	(2,260,773)
Other personnel expenses	(1,234,767)	(2,264,455)
Total	**(92,208,102)**	**(106,968,307)**

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 of each year is as follows:

	12-31-2015 ThCh$	12-31-2014 ThCh$
Net income (loss) attributable to holders of equity instruments of the controller	96,619,765	342,089,458
Result available for common shareholders, basic	96,619,765	342,089,458
Weighted average number of shares, basic	1,662,759,593	1,662,759,593
Basic earnings (loss) per share ThCh$	**0.058108079**	**0.205735970**

Note 31 –Environment

The Parent company is not affected by this concept as it is an investment company.

As of December 31, 2015 the subsidiaries Invexans, Tech Pack and CSAV have made no disbursements for this concept.

As of December 31, 2015 the subsidiary Enex disbursed ThCh$664,064 (ThCh$1,190,079 in 2014) to control atmospheric emissions and change fuel tanks in the service station network, in the cleaning of soil and undergroundwater in order to mitigate the risk that active sources can cause to people and the environment, and the removal of waste.

The Company has no commitments for future payments in relation to the environment, however, it is constantly evaluating such projects.

Note 32 – Financial risk management policy

Credit risk

Cash surpluses at the corporate level are invested with first class domestic 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.

The risk related to customers is managed by Tech Pack within its established policies and procedures. When granting credit to customers, they are evaluated in order to reduce the risks of non-payment. The credits granted are reviewed regularly in order to evaluate each customer’s ability to meet its commitments and to monitor accounts receivable. Certain transactions are covered by commercial loan insurance policies, principally exports.

The risk associated with liabilities or assets of a financial nature is managed by Tech Pack according to its policies. Cash surpluses or available funds are invested in accordance with its investment policy, in fixed income instruments with institutions having high credit ratings and a diversified investment portfolio. When contracting financial hedges, 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, 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 credit terms are controlled by the management system which blocks purchase orders when the customer’s credit shows past due payments and/or the previously agreed and approved credit line is exceeded. Approval of customer credit lines is the responsibility of the administration and finance management of Enex, with support and recommendation of the commercial area, 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.

Note 32 – Financial risk management policy (continued)

The investments of surplus cash of Enex are limited to fixed-rate instruments (such as 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 Enex's current treasury policy.

The subsidiary CSAV has a strict policy for managing its accounts receivable, based on credit lines for direct customers and un-related agencies. Credit lines and credit terms are determined based on an individual analysis of the solvency, payment capacity, general references of customers, and the customer's industry and market, and the historic payment behavior with the company. The credit lines are reviewed annually and the payment experience and percentage of use are monitored constantly. Agencies representing CSAV in various markets are constantly monitored to ensure that the administrative, commercial and operational support processes as well as collection and relationships with suppliers in the corresponding markets, are conducted in accordance with contracts.

CSAV charters ships and slots to third parties, supported 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. It is important to mention that, with regard to slot charters, CSAV frequently charters slots from the same shipping companies that it charters slots to, on other routes and services, which significantly reduces the associated collection risk.

The subsidiary CSAV has a financial asset investment policy that includes time deposits and repurchase agreements, keeping its checking accounts and investments 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.

For details of the balance of financial assets, see Note on 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 holds interests 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 regularly estimates its projected liquidity needs for each period, between the cash receivable (accounts receivable, dividends receivable, etc.), the respective payments (commercial, financial, dividends payable, property, plant and equipment acquisitions, etc.) and available cash, in order not to have to resort to external short-term financing. Techpack manages its exposure to liquidity risk by managing its cash flows, carefully managing the amount and term of its borrowing, and managing its collections and the credit terms it grants to customers.

The subsidiary Invexans estimates periodically its projected liquidity needs for each period, 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 cash deficits.

CSAV has no direct exposure to the container ship business, but indirectly as principal shareholder of Hapag-Lloyd, which has limited its liquidity risk to the expected dividend flows and additional capital contributions that the joint venture requires. CSAV has medium and long term financing to finance its investment in Hapag-Lloyd.

For the details of balances and maturities of financial liabilities, see Note Other current and non-current financial liabilities.

Market risk

Exchange-rate risk
At the corporate level there is no exposure to currency exchange risk as of December 31, 2015 as there are no significant financial assets or liabilities in foreign currency. Financial derivatives (mainly cross currency swaps) can be contracted to eliminate or mitigate exchange rate risk exposure.

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 exchange rate exposure regularly, 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, 2015, Invexans's net exposure to exchange rate risk is a liability equivalent to Ch$9 million. If a variation of 5% is assumed between currencies other than the functional currency over this exposure, this would generate an estimated effect before taxes of Ch$0.5 million in the comprehensive income statement.

The exchange-rate risk exposure in the subsidiary Tech Pack arises from exchange differences arising from the potential mismatching of asset and liability positions denominated in a currency other than the functional currency (US dollar). Both the board and management of Tech Pack and its subsidiaries revise its net exchange rate exposure regularly, 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 (mainly cross-currency swaps) in order to mitigate these possible risks.

As of December 31, 2015, Tech Pack's net exposure to exchange risk is an asset equivalent to Ch$61,581 million. If a variation of 5% is assumed between currencies other than the functional currency over this exposure, this would generate an estimated effect before taxes of Ch$3,079 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, 2015 and 2014.

Exchange-rate risk exposure in the subsidiary Enex 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, 2015, the net exchange-rate exposure of Enex is a liability equivalent to Ch$16,782 million. If a 5% fluctuation is assumed in currencies other than the functional currency over this exposure, an estimated effect before taxes of Ch$839 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 manages the exchange-rate risk by regularly converting to US dollars any balance in local currency that exceeds its payment needs in that currency. As of December 31, 2015 the net exposure to exchange-rate risk of CSAV is a liability equivalent to Ch$3,177 million. If a 5% fluctuation is assumed in currencies other than the functional currency over this exposure, an estimated effect of Ch$159 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 deregistered from the balance sheet when they will be booked to income.

Interest-rate risk
As of December 31, 2015, at the corporate level Quiñenco has financial assets at fair value with changes in income for Ch$103,894 million which are subject to interest-rate risk. A variation of 10 basis points in the interest rate would generate an effect on finance income for the period of Ch$19 million.

At the corporate level, Quiñenco has 100% of its obligations at fixed rates, thus reducing its exposure to interest rate risk.

Invexans has 100% of its financial obligations at variable rates.

Tech Pack has 88.3% of its obligations at fixed rates and 11.7% at variable rates.

LQIF has 100% of its financial commitments at fixed rates, implying a low exposure to rate risk.

Enex has 41.8% of its obligations at fixed rates and 58.2% at variable rates.

CSAV has 100% of its obligations 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 87.6% of the debt is structured at fixed interest rates.

Consolidated financial debt according to interest rate	12-31-2015	12-31-2014
Fixed rate	87.6%	83.4%
Hedged rate	0.0%	0.0%
Variable rate	12.4%	16.6%
Total	**100.0%**	**100.0%**

As of December 31, 2015, the consolidated variable interest-rate exposure is a liability of Ch$98,130 million. A 100 basis point variation in the interest rate would generate an effect on finance costs for the year of Ch$981 million.

Note 33 – Segment reporting

General Information

Quiñenco is structured on the basis of the industrial and financial businesses where its financial resources are invested, and has defined 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 segment reporting, those exceeding 10% of the consolidated revenue and the particular information characteristics of the group have been considered.

Quiñenco, as an investment company, defines its revenue as sales of goods and services at its subsidiaries and the net revenue of the banking sector (Banco de Chile).

Geographical area

Revenue from external customers by geographical area as of December 31, 2015 and 2014 is as follows:

	12-31-2015	**12-31-2014**
	ThCh$	**ThCh$**
South America	2,073,387,597	2,465,926,137
Central America	32,484,432	24,478,312
North America	4,357,160	2,319,421
Europe	25,559,687	28,856,650
Asia	28,707,715	19,113,649
Total revenue from external customers	**2,164,496,591**	**2,540,694,169**

Note 33 – Segment reporting (continued)

The 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 Quiñenco S.A.'s net income.

As of December 31, 2015, the results by segment are as follows:

	Segments December 2015					
Income Statement	**Manufacturing**	**Financial**	**Energy**	**Transport**	**Other**	**Total**
Non-banking businesses	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Revenue	247,617,959	-	1,697,628,576	118,519,193	100,730,863	2,164,496,591
Revenue from transactions between segments	-	-	-	-	-	-
Cost of sales	(198,750,412)	-	(1,533,117,758)	(116,780,561)	(33,041,057)	(1,881,689,788)
Gross margin	48,867,547	-	164,510,818	1,738,632	67,689,806	282,806,803
Other revenue by function	-	-	8,925,705	1,410,482	2,041,772	12,377,959
Distribution costs	(7,496,629)	-	-	-	-	(7,496,629)
Administrative expenses	(25,522,912)	(1,093,637)	(148,395,446)	(13,008,214)	(67,507,693)	(255,527,902)
Other expenses by function	(1,370,979)	(2,686,400)	(32,268)	(5,156)	-	(4,094,803)
Other gains (losses)	(1,331,685)	-	(457,701)	692,324	(2,257,536)	(3,354,598)
Income (losses) from operating activities	13,145,342	(3,780,037)	24,551,108	(9,171,932)	(33,651)	24,710,830
Finance income	148,791	316,590	1,642,724	169,180	8,373,745	10,651,030
Finance costs	(6,380,728)	(7,524,989)	(6,440,968)	(2,591,506)	(19,112,601)	(42,050,792)
Share of income (loss) of associates and joint ventures booked using the equity method	(38,012,698)	-	1,450,688	(11,152,228)	49,519,367	1,805,129
Exchange differences	(457,041)	-	158,420	2,021,583	(99,479)	1,623,483
Results of indexation adjustments	38,464	(6,823,379)	-	(597,903)	(16,312,903)	(23,695,721)
Income (loss) before tax	(31,517,870)	(17,811,815)	21,361,972	(21,322,806)	22,334,478	(26,956,041)
Income tax benefit (expense)	(14,315)	485,718	(1,588,917)	4,013,442	(3,746,893)	(850,965)
Net income (loss) from continued operations	(31,532,185)	(17,326,097)	19,773,055	(17,309,364)	18,587,585	(27,807,006)
Net income (loss) from discontinued operations	(4,970,330)	-	-	-	-	(4,970,330)
Net income (loss) of non-banking businesses	**(36,502,515)**	**(17,326,097)**	**19,773,055**	**(17,309,364)**	**18,587,585**	**(32,777,336)**
Income Statement of banking services						
Total net operating revenue	-	1,344,498,609	-	-	-	1,344,498,609
Total operating expenses	-	(726,518,574)	-	-	-	(726,518,574)
Operating result	-	617,980,035	-	-	-	617,980,035
Result of investments in companies	-	3,671,466	-	-	-	3,671,466
Interest on subordinated debt with the Chilean Central Bank	-	(75,740,231)	-	-	-	(75,740,231)
Net income before taxes	-	545,911,270	-	-	-	545,911,270
Income tax	-	(61,817,816)	-	-	-	(61,817,816)
Net income from continuing operations	-	484,093,454	-	-	-	484,093,454
Net income (loss) banking services	-	484,093,454	-	-	-	484,093,454
Consolidated net income (loss)	**(36,502,515)**	**466,767,357**	**19,773,055**	**(17,309,364)**	**18,587,585**	**451,316,118**
Net income attributable to owners of the controller	(41,220,670)	**112,299,969**	**19,773,055**	**(9,991,421)**	**15,758,832**	96,619,765
Net income attributable to non-controlling interests	4,718,155	354,467,388	-	**(7,317,943)**	2,828,753	354,696,353
Consolidated net income (loss)	**(36,502,515)**	**466,767,357**	**19,773,055**	**(17,309,364)**	**18,587,585**	**451,316,118**

Note 33 – Segment reporting (continued)

The following shows the depreciation, amortization, components of cash flows and the assets and liabilities by segment, as of December 31, 2015:

	Manufacturing ThCh$	**Financial** ThCh$	**Energy** ThCh$	**Transport** ThCh$	**Other** ThCh$	**Total** ThCh$
Depreciation and amortization	(10,876,488)	(2,687,138)	(11,006,989)	(1,954,427)	(520,192)	(27,045,234)
Cash flow from non-banking services						
Operating cash flow	(1,680,630)	(1,859,262)	13,472,823	(15,922,978)	(14,462,661)	(20,452,708)
Investment cash flow	(28,992,678)	407,391	(39,548,414)	(22,750,382)	198,052,156	107,168,073
Financing cash flow	(15,754,135)	(107,050,403)	(7,103,272)	43,786,724	(178,707,191)	(264,828,277)
Cash flow from banking services						
Operating cash flow	-	(902,436,372)	-	-	(15,601,662)	(918,038,034)
Investment cash flow	-	295,674,804	-	-	-	295,674,804
Financing cash flow	-	904,133,100	-	-	346,431	904,479,531
Current assets	168,382,024	2,103,894	283,286,437	56,932,817	141,353,668	652,058,840
Non-current assets	480,277,126	852,492,510	491,451,043	1,519,697,659	715,882,636	4,059,800,974
Banking assets	-	31,287,862,968	-	-	-	31,287,862,968
Total assets	**648,659,150**	**32,142,459,372**	**774,737,480**	**1,576,630,476**	**857,236,304**	**35,999,722,782**
Current liabilities	105,219,017	4,508,217	156,325,851	43,509,371	80,373,355	389,935,811
Non-current liabilities	67,390,633	228,144,901	87,397,083	80,611,683	462,928,352	926,472,652
Banking liabilities	-	28,598,414,748	-	-	-	28,598,414,748
Total liabilities	**172,609,650**	**28,831,067,866**	**243,722,934**	**124,121,054**	**543,301,707**	**29,914,823,211**

Note 33 – Segment reporting (continued)

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.

As of December 31, 2014, the results by segment are as follows:

	Segments December 2014					
Income Statement	**Manufacturing**	**Financial**	**Energy**	**Transport**	**Other**	**Total**
Non-banking businesses	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Revenue	213,146,031	-	2,176,803,063	47,245,929	103,499,146	2,540,694,169
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
Finance income	321,823	1,058,838	1,649,908	706,906	19,210,591	22,948,066
Finance costs	(8,569,612)	(7,271,315)	(5,608,380)	(1,959,810)	(17,826,029)	(41,235,146)
Share of income (loss) of associates and 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
Income tax benefit (expense)	(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 the Chilean Central Bank	-	(82,478,809)	-	-	-	(82,478,809)
Net income before taxes	-	571,535,764	-	-	-	571,535,764
Income tax expense	-	(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 interests	(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**

Note 33 – Segment reporting (continued)

The following shows the depreciation, amortization, components of cash flows and the assets and liabilities by segment, as of December 31, 2014:

	Manufacturing ThCh$	**Financial** ThCh$	**Energy** ThCh$	**Transport** ThCh$	**Other** ThCh$	**Total** ThCh$
Depreciation and 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)	38,397,255	150,973,970
Financing cash flow	71,552,400	(542,244,541)	(10,864,746)	334,505,527	(243,065,451)	(390,116,811)
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	191,537,027	3,764,178	269,410,129	56,945,915	282,436,336	804,093,585
Non-current assets	493,831,765	855,176,534	457,939,779	1,284,319,253	662,322,204	3,753,589,535
Banking assets	-	27,642,383,771	-	-	-	27,642,383,771
Total assets	**685,368,792**	**28,501,324,483**	**727,349,908**	**1,341,265,168**	**944,758,540**	**32,200,066,891**
Current liabilities	109,605,069	5,178,574	118,717,870	161,732,853	165,928,882	561,163,248
Non-current liabilities	70,040,231	221,681,627	99,477,347	26,794,080	517,242,578	935,235,863
Banking liabilities	-	25,171,137,638	-	-	-	25,171,137,638
Total liabilities	**179,645,300**	**25,397,997,839**	**218,195,217**	**188,526,933**	**683,171,460**	**26,667,536,749**

Note 34 – Effect of variations in foreign exchange rates

a) Assets by local and foreign currency as of December 31, 2015, are detailed as follows:

Assets Non-banking businesses Current assets	US Dollars ThCh$	Chilean pesos ThCh$	Unidad de Fomento ThCh$	Euros ThCh$	Peruvian Soles ThCh$	Argentine pesos ThCh$	Brazilian Reais ThCh$	Colombian pesos ThCh$	Other Currencies ThCh$	Total ThCh$
Cash and cash equivalents	47,270,631	77,321,540	-	740,428	227,570	34,936	141,561	104,702	1,289,651	127,131,019
Other financial assets, current	-	61,921,011	7,702,168	-	-	-	-	-	-	69,623,179
Other non-financial assets, current	4,628,480	23,812,303	-	27,740	-	106,243	11,363	63,212	27,696	28,677,037
Trade and other receivables, current	53,800,557	172,117,181	15,100	1,307,746	3,233,172	4,139,812	67,465	6,845,200	2,139,934	243,666,167
Accounts receivable from related parties, current	896,932	3,622,311	-	-	-	-	-	-	-	4,519,243
Inventories	25,566,276	95,911,838	-	-	-	-	-	6,454,167	-	127,932,281
Tax assets, current	2,710,685	15,099,828	-	-	-	293,687	177,534	863,907	727,914	19,873,555
Total current assets other than assets or disposal groups classified as held for sale or held for distribution to the owners	**134,873,561**	**449,806,012**	**7,717,268**	**2,075,914**	**3,460,742**	**4,574,678**	**397,923**	**14,331,188**	**4,185,195**	**621,422,481**
Non-current assets or disposal groups classified as held for sale	10,094,218	20,161,121	-	-	-	381,020	-	-	-	30,636,359
Total non-current assets other than assets or disposal groups classified as held for sale or held for distribution to the owners	**10,094,218**	**20,161,121**	**-**	**-**	**-**	**381,020**	**-**	**-**	**-**	**30,636,359**
Current assets, total	**144,967,779**	**469,967,133**	**7,717,268**	**2,075,914**	**3,460,742**	**4,955,698**	**397,923**	**14,331,188**	**4,185,195**	**652,058,840**
Non-current assets										
Other financial assets, non-current	1,117,556	104,142,038	-	-	-	-	-	-	-	105,259,594
Other non-financial assets, non-current	70,088	20,790,477	-	1,420	-	5,681	7,449,793	-	15,623	28,333,082
Investments booked using the equity method	279,561,293	317,688,131	-	1,545,347,988	-	-	-	-	-	2,142,597,412
Intangible assets other than goodwill	19,671,875	200,945,991	-	-	-	-	65,335	-	2,130	220,685,331
Goodwill	22,166,200	852,253,441	-	-	-	-	-	-	-	874,419,641
Property, plant and equipment	104,766,434	272,904,403	-	-	-	-	19,174	14,457,646	39,769	392,187,426
Investment properties	9,694,727	6,193,219	-	-	-	-	-	1,933,263	-	17,821,209
Deferred tax assets	222,859,378	51,089,982	-	-	-	-	-	100,895	461,606	274,511,861
Total assets, non-current	**659,907,551**	**1,826,007,682**	**-**	**1,545,349,408**	**-**	**5,681**	**7,534,302**	**16,491,804**	**519,128**	**4,055,815,556**
Total assets, non-banking business	**804,875,330**	**2,295,974,815**	**7,717,268**	**1,547,425,322**	**3,460,742**	**4,961,379**	**7,932,225**	**30,822,992**	**4,704,323**	**4,707,874,396**

Note 34 – Effect of variations in foreign exchange rates (continued)

b) Liabilities by domestic and foreign currency as of December 31, 2015, are detailed as follows:

Liabilities		**Chilean**	**Unidad de**		Peruvian	**Argentine**	Brazilian	**Colombian**	**Other**	
Non-banking businesses	**US Dollars**	**pesos**	**Fomento**	**Euros**	**Soles**	**pesos**	**Reais**	**pesos**	**Currencies**	**Total**
Current liabilities	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Other financial liabilities, current	26,393,413	24,146,325	39,438,508	-	7,145,630	2,779,288	-	296,847	-	100,200,011
Trade creditors and other accounts payable, current	51,897,512	143,474,339	723,411	322,411	1,874,112	2,766,783	1,707,997	4,478,269	3,159,273	210,404,107
Accounts payable to related parties, current	651,648	2,678,814	-	-	-	-	-	-	-	3,330,462
Other short-term provisions	18,259,275	6,556,052	58,415	133,816	-	110,934	499,243	-	53,972	25,671,707
Tax liabilities, current	16,816	1,351,075	-	-	137,273	-	-	407,713	311,760	2,224,637
Provisions for employee benefits, current	28,406	7,647,058	-	-	2,024,215	379,958	-	413,148	-	10,492,785
Other non-financial liabilities, current	5,482,274	30,944,569	-	-	556,207	110,166	-	64,676	-	37,157,892
Total current liabilities other than liabilities included in disposal groups classified as held for sale	**102,729,344**	**216,798,232**	**40,220,334**	**456,227**	**11,737,437**	**6,147,129**	**2,207,240**	**5,660,653**	**3,525,005**	**389,481,601**
Liabilities included in disposal groups classified as held for sale	70,452	167,891	-	1,552	-	214,318	-	-	-	454,213
Total current liabilities	**102,799,796**	**216,966,123**	**40,220,334**	**457,779**	**11,737,437**	**6,361,447**	**2,207,240**	**5,660,653**	**3,525,005**	**389,935,814**
Non-current liabilities										
Other financial liabilities, non-current	56,472,574	62,464,651	558,964,318	-	6,325,395	250,757	-	7,987,879	-	692,465,574
Other long-term provisions	23,966,480	21,630,948	-	-	-	-	7,435,549	-	-	53,032,977
Deferred tax liabilities	7,002,414	87,329,361	-	-	6,133,886	4,821,171	-	1,739,514	-	107,026,346
Provisions for employee benefits, non-current	-	16,475,803	-	-	-	-	-	100,304	-	16,576,107
Other non-financial liabilities, non-current	149,844	57,027,776	-	-	-	-	-	194,028	-	57,371,648
Total non-current liabilities	**87,591,312**	**244,928,539**	**558,964,318**	**-**	**12,459,281**	**5,071,928**	**7,435,549**	**10,021,725**	**-**	**926,472,652**
Total non-banking business liabilities	**190,391,108**	**461,894,662**	**599,184,652**	**457,779**	**24,196,718**	**11,433,375**	**9,642,789**	**15,682,378**	**3,525,005**	**1,316,408,466**

Note 34 – Effect of variations in foreign exchange rates (continued)

c) Assets by local and foreign currency as of December 31, 2014, are detailed as follows:

Assets **Non-banking businesses** **Current assets**	**US Dollars** **ThCh$**	**Chilean pesos** **ThCh$**	**Unidad de Fomento** **ThCh$**	**Euros** **ThCh$**	**Peruvian Soles** **ThCh$**	**Argentine pesos** **ThCh$**	**Brazilian Reais** **ThCh$**	**Colombian pesos** **ThCh$**	**Other currencies** **ThCh$**	**Total** **ThCh$**
Cash and cash equivalents	85,669,025	109,010,651	-	1,324,001	69,672	73,571	11,931	252,892	558,817	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 and other receivables, 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 parties, current	6,664,544	4,243,443	-	-	-	-	-	-	-	10,907,987
Inventories	21,703,791	83,953,522	-	-	-	-	-	6,257,879	-	111,915,192
Tax assets, current	1,575,451	6,063,232	-	-	1,535,301	151,302	206,684	-	-	9,531,970
Total current assets other than assets or disposal groups classified as held for sale or held for distribution to the owners	**162,038,052**	**522,665,642**	**56,997,493**	**1,650,392**	**6,923,332**	**6,951,609**	**218,615**	**13,279,546**	**558,817**	**771,283,498**
Non-current assets or disposal groups 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 disposal groups 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	**191,444,874**	**525,741,948**	**57,075,707**	**1,659,321**	**6,923,332**	**7,191,425**	**218,615**	**13,279,546**	**558,817**	**804,093,585**
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 parties, non-current	280,925	631,025	-	-	-	-	-	-	-	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 and 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	193,331,621	52,365,100	-	-	-	-	-	-	-	245,696,721
Total assets, non-current	**583,535,557**	**1,706,609,911**	**-**	**1,434,996,651**	**-**	**4,854**	**8,907,683**	**19,534,879**	**-**	**3,753,589,535**
Total assets, non-banking business	**774,980,431**	**2,232,351,859**	**57,075,707**	**1,436,655,972**	**6,923,332**	**7,196,279**	**9,126,298**	**32,814,425**	**558,817**	**4,557,683,120**

Note 34 – Effect of variations in foreign exchange rates (continued)

d) Liabilities by domestic and foreign currency as of December 31, 2014, are detailed as follows:

Liabilities		**Chilean**	**Unidad de**		Peruvian	**Argentine**	**Brazilian**	**Colombian**	**Other**	
Non-banking businesses	**US Dollars**	**pesos**	**Fomento**	**Euros**	**Soles**	**pesos**	**Reais**	**pesos**	**Currencies**	**Total**
Current liabilities	**ThCh$**	**ThCh$**	**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 and other payables, current	62,681,567	116,264,381	3,743,271	161,769	7,813,861	3,475,166	-	4,018,995	-	198,159,010
Accounts payable to related parties, current	5,673,115	751,991		-	-	-	-	-	-	6,425,106
Other short-term provisions	43,416,737	9,787,202	139,672	78,347	-	297,637	617,913	-	-	54,337,508
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	7,421,429	103,713,731	-	-	73,269	63,567	-	-	-	111,271,996
Total current liabilities other than liabilities included in disposal groups classified as held for sale	**220,303,719**	**265,731,224**	**48,615,884**	**404,545**	**9,121,075**	**7,318,678**	**617,913**	**6,890,130**	**-**	**559,003,168**
Liabilities included in disposal groups classified as held for sale	1,080,555	830,097	33,911	1,478	-	213,359	680	-		2,160,080
Total current liabilities	**221,384,274**	**266,561,321**	**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
Other long-term provisions	-	21,809,838	-	-	-	-	8,889,792	-	-	30,699,630
Deferred tax liabilities	10,376,252	88,528,204	-	-	4,451,349	3,778,450	-	1,353,120	-	108,487,375
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	**41,184,268**	**253,175,801**	**614,042,066**	**-**	**4,451,349**	**4,615,766**	**8,889,792**	**8,876,821**	**-**	**935,235,863**
Total non-banking business liabilities	**262,568,542**	**519,737,122**	**662,691,861**	**406,023**	**13,572,424**	**12,147,803**	**9,508,385**	**15,766,951**	**-**	**1,496,399,111**

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 case went back to 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). 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. This tribunal received the appeal on September 8, 2014, transferring it to the Internal Revenue Service (SII) for its response. On October 3, 2014, the SII received the case.

On April 2, 2015, the case was opened to receive evidence, thus initiating the evidentiary period to receive testimonial and documentary evidence.

On July 30, 2015, the Metropolitan Region Tax and Customs Tribunal issued a ruling to close the case for judgment.

On July 31, 2015, the First Metropolitan Region Tax and Customs Tribunal issued the final judgment, accepting the claim of VTR SA, today UNITRON S.A., nullifying the assessment filed by the IRS. In turn, the Internal Revenue Service filed a tax appeal against the final judgment.

On January 29, 2016, the Santiago Appeals Court ruled on the case, overturning the first instance ruling, and supporting the assessment issued by the IRS.

In view of the foregoing, on February 11, 2016, an appeal was filed against the Santiago Appeals Court ruling, and this appeal is currently pending admissibility for subsequent hearing by the Supreme Court.

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 case went back to the first instance before Metropolitan Santiago East Regional Office of the Internal Revenue Service (new 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)

(a) Lawsuits (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.

On October 5, 2015, the respective arguments were presented before the Supreme Court. Currently the Supreme Court is preparing the final judgment.

a.3 CSAV is a defendant in litigation and arbitrations relating to cargo transport seeking compensation for damage and injury. Most of the potential contingencies are covered by insurance. There are provisions covering the estimated value of the proportion not covered by insurance.

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 reasonable 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) whose status is explained below.

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$8.900, which is covered by the provision already made by the company, whose first two payments paid in May 2014 and 2015 amounted to ThUS$ 4,500 altogether excluding legal costs. The Federal Maritime Commission fine of ThUS$625 was also paid in 2014. The next payments are annual for similar amounts until completing the ThUS$ 8,900.

On January 27, 2015, the Office of the Attorney General (FNE in Spanish) filed a claim against various shipping companies, including CSAV, for violation of the provisions of letter a) of Article 3 of Decree Law No. 211 of 1973, on the Defense of Free Competition ("D 211"), in the business of transporting vehicles (Claim). As stated in the Claim and in accordance with the provisions of Article 39 bis of DL 211, CSAV is exempt from fines in relation to conduct described in the Claim, given its cooperation with the investigation by the FNE, so this event has no financial impact on the results of CSAV. The Claim is pending before the Free Trade Court.

On November 25, 2015, the Court of the Administrative Council for the Economic Defense of Brazil (CADE) approved a cessation agreement (compromisso of cessação) previously agreed by the Company and the Superintendent of CADE, under which the Company paid a fine of approximately ThUS$1,822, which was covered by the aforementioned provisions.

On December 9, 2015, the Competition Tribunal of South Africa approved an agreement (consent agreement) between CSAV and the South African Competition Commission, under which the Company agreed to pay a fine equivalent to approximately ThUS$566, which was also covered by the aforementioned provisions.

The company actively cooperated in an investigation launched in China in June 2015, and subsequently the Prices and Antimonopoly Regulator of the National Commission for Development and Reform of the People's Republic of China (NDRC) sanctioned CSAV on December 15, 2015, with a fine equivalent to approximately ThUS$475, from a total of approximately ThUS$62,860 in fines against eight international shipping companies. This fine for ThUS$475 was also covered by the aforementioned provisions.

Note 35 – Contingencies (continued)

(a) Lawsuits (continued)

As of December 31, 2015, claims have been made against CSAV as a result of the merger of its container business with Hapag Lloyd AG (HLAG). All legal contingencies that relate to the container business are now under the legal and financial responsibility of HLAG, including legal costs and disbursements, even if CSAV is the defendant. Provisions have been made to cover other contingencies unrelated to this business, where the Company has estimated that disbursements are reasonably likely. This is notwithstanding the Company's authority to question the source or amount of such liabilities in the future.

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 sale of the cables unit to Nexans are detailed in Note 35 d).

(b) Financial contingencies

b.1 As of December 31, 2015, 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, 2015, are:

- To maintain unencumbered assets to unsecured debt at book value of at least 1.3 times. As of December 31, 2015 the ratio of unencumbered assets to unsecured debt at book value is 6.6 times, as follows:

Quiñenco individual	**ThCh$**
Total assets	3,574,608,148
Encumbered assets	-
Unencumbered assets	**3,574,608,148**
Total current liabilities	65,999,517
Other short-term provisions	(2,706,029)
Provisions for employee benefits, current	(796,126)
Total non-current liabilities	486,801,517
Other long-term provisions	(3,759,426)
Unencumbered liabilities	**545,539,453**

- To maintain an unconsolidated financial debt ratio to total capitalization of no more than 0.47. As of December 31, 2015 the financial debt to total capitalization at book value ratio is 0.14 times, as follows:

Financial debt	**ThCh$**
Other financial liabilities, current	31,614,911
Accounts payable to related parties, current	3,750
Other financial liabilities, non-current	383,699,377
Accounts payable to related parties, non-current	95,193,730
Financial debt	**510,511,768**
Capitalization	
Equity attributable to owners of the controller	3,021,807,114
Financial debt	510,511,768
Capitalization	**3,532,318,882**

Note 35 – Contingencies (continued)

(b) Financial contingencies (continued)

- To maintain a consolidated financial debt ratio to total capitalization of no more than 0.62. As of December 31, 2015, the consolidated financial debt ratio to total capitalization at book value is 0.14 times, as follows:

Financial debt	**ThCh$**
Other financial liabilities, current	100,200,011
Accounts payable to related parties, current	3.330.462
Other financial liabilities, non-current	692.465.574
Financial debt	**795,996,047**
Capitalization	
Equity attributable to owners of the controller	3.021.807.114
Financial debt	795,996,047
Non-controlling interests (1)	1,731,550,025
Capitalization	**5,549,353,186**

(i) Relates to non-controlling interests at Quiñenco ThCh$ 3,063,092,457 less non-controlling interests at LQIF ThCh$ 1,331,542,432.

- To maintain a minimum equity of Ch$796,107 million. As of December 31, 2015, the equity attributable to owners of the controller is Ch$ 3,021,807 million.
- The Luksic Group must keep control of Quiñenco.

b.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.

b.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, 2015, are:

- The company should maintain a leverage ratio 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 as of that date.
- It should retain its control of Banco de Chile, and the present controller of the company should remain as such.

The leverage ratio as of December 31, 2015 was 0.084 times.

b.4 Tech Pack S.A. As of December 31, 2015, Tech Pack S.A. and its subsidiaries have various covenants whose principal terms are:

Its subsidiary Alusa Chile S.A. should comply with the following commitments to the indicated financial institutions:

b.4.1 Export advances facility Banco Estado for a total of ThUS$ 7,000. (Balance outstanding as of December 31, 2015 of ThUS$ 4,392).
As a condition of this loan, 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.

Note 35 – Contingencies (continued)

(b) Financial contingencies (continued)

b.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 million. The Luksic Group should also maintain control.
As of December 31, 2015, Invexans is in compliance with all the restrictions stated in the above agreement, as follows:

Covenants	**12-31-2015**	**Covenants**
Net total leverage in consolidated balance sheet	0.04	< 1.00
Minimum equity	ThUS$ 393,310	> ThUS$ 250,000
Controlled by Quiñenco	Yes	Yes

b.6 Enex S.A.

As of December 31, 2015, the subsidiary Empresa Nacional de Energía Enex S.A. is in compliance with the financial covenants associated with its bank loans. The financial covenant related to Enex S.A. as of December 31, 2015, is as follows:

- Maintain a debt to equity ratio plus minority interest less than zero point five times. As of December 31, 2015, this ratio was 0.14 times, according to the following detail:

	ThCh$ 12-31-2015
Other current financial liabilities	13,858,717
Other non-current financial liabilities	63,073,550
Total financial debt	76,932,267

	ThCh$ 12-31-2015
Equity attributable to the owners of the controller	531,014,573
Non-controlling interests	(27)
Total equity	531,014,546

- Maintain a ratio of EBITDA to finance costs greater than two point five times. As of December 31, 2015, EBITDA over finance costs was 5.54 times, according to the following detail:

	ThCh$ 12-31-2015
Operating income	24,551,107
Depreciation	11,006,989
Amortization	133,246
EBITDA	35,691,342
Interest on bank loans	3,785,312
Losses on derivative instruments	2,265,022
Other interest	390,634
Total finance costs	6,440,968

Note 35 – Contingencies (continued)

(b) Financial contingencies (continued)

b.7 CSAV

The present financing agreements at CSAV and its subsidiaries have the following covenants:

b.7.1 Loan from Banco Itaú Chile

a) Restrict consolidated leverage of Total Liabilities / Total Equity to no more than 1.3 times.
b) Maintain unencumbered assets at 130% of the consolidated financial liabilities.
c) Quiñenco S.A. should have control over the issuer, or should have at least 37.4% of the subscribed and paid capital of the issuer.

b.7.2 Credit assignment contract with Tanner Financial Services, a line of assigned credits committed until December 2016 for up to ThUS$30,000.

a) Maintain minimum consolidated equity of ThUS$ 350,000.
b) Restrict consolidated leverage of Consolidated Financial Liabilities / Total Equity to no more than 1.3 times.
c) Quiñenco S.A. should be the controller of the debtor throughout the contract term.

b.7.3 Mortgages for financial commitments

The subsidiary CSAV holds mortgages on certain goods in order to guarantee financial obligations, as detailed below

Creditor	Debtor	Guarantee	Assets mortgaged	Book value of assets mortgaged	Balance remaining as of period close
				ThUS$	ThUS$
DNB Bank ASA	Bow Condor	Naval mortgage	Vessel	9,883	5,158

(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 the referred 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 as of September 30, 2008 at approximately US$ 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 as of the end of the period. Due to these possible changes, Invexans arranged a deposit in guarantee of US$ 37 million (escrow account) in favor of Nexans.

Note 35 – Contingencies (continued)

(c) Other contingencies

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 US$ 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 that guaranteed the price adjustment under the sale contract were thus released. 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 US$ 3.3 million).

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.

c.3 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.4 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.5 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$73,000. It also limits the general liability of Invexans to US$ 147 million, as informed by Nexans.

c.6 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.

Note 35 – Contingencies (continued)

(d) Tax contingencies

i. 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 court 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 also retained control over the lawsuit.

ii. 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 rationale for these demands are accessory to the lawsuit mentioned in the previous paragraph so the result is closely related to that lawsuit. Our legal advisers believe that the court deposits indicated in the previous paragraph would guarantee the payment of the demands by the tax authority.

Regarding the notification referred to in the preceding letter i), taking advantage of the reopening of a tax amnesty program in Brazil that allowed taxes to be paid with significant discounts in penalties and interest, and after reaching an agreement with Nexans, the lawsuit concerning tax years 2001 to 2005 was paid. The effect on income was a loss of ThUS$4,756 in 2014.

Payment of the debits. Taking advantage of a tax amnesty program in Brazil that allowed taxes to be paid with significant discounts in penalties and interest, an agreement was reached with Nexans on August 21, 2014, regarding the contract to sell the cable unit to Nexans, in order to settle this lawsuit and others for smaller amounts. The effect on income was a loss of ThUS$ 7,573.

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.

d.1 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 Brazilian 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.

Note 35 – Contingencies (continued)

(d) Other contingencies (continued)

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.

d.2 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.

The company understands that: i. the action of 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 notification.

Note 36 – Guarantees

The Company has received no guarantees from third parties as of December 31, 2015.

Note 37 – Sanctions

Neither the Company nor its directors or managers received any sanctions from the SVS or any other regulatory authority during 2015 and 2014.

Note 38 – Subsequent events

There were no events of a financial or other nature between December 31, 2015 and the date of issue of these consolidated financial statements that might affect significantly their interpretation.

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 the Chilean Central Bank. 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 Chilean Central Bank, to a new banking corporation to be called Banco de Chile, and agreed to create a closely-held corporation called Sociedad Administradora de la Obligación Subordinada SAOS S.A., to which would be transferred this obligation with the Chilean Central Bank as a part of the shares in the new banking company, Banco de Chile.

On November 8, 1996, Banco de Chile thus became Sociedad Matriz del Banco de Chile S.A., or SM-Chile S.A., and all of its assets, liabilities and memorandum accounts were transferred, except for the Subordinated Obligation, to the new banking company Banco de Chile. On the same date, the company subscribed and paid a capital increase in Sociedad Administradora de la Obligación Subordinada SAOS S.A. through the transfer of ownership of 28,593,701,789 shares in the new Banco de Chile, granting a special pledge in favor of the Chilean Central Bank, which shares represent 29.75% of the share capital of that bank (30.21% as of December 2014) and transferred to that company the responsibility for paying the Subordinated Obligation, thus releasing Sociedad Matriz del Banco de Chile S.A. from that obligation. The Company retains the commitment to transfer to Sociedad Administradora de la Obligación Subordinada SAOS S.A. the dividends and fully paid shares corresponding to 567,712,826 shares in Banco de Chile that it holds, while the latter company maintains the Subordinated Obligation with the Chilean Central Bank.

The shareholders in SM Chile S.A. directly exercise the speaking and voting rights of the shares pledged in favor of the Chilean Central Bank in the proportions established in the corporate bylaws. These shareholders have a preferential right to acquire those shares should SAOS S.A. dispose of them in any circumstances.

As of December 31, 2015, the contractual value of the Subordinated Obligation with the Chilean Central Bank, including interest, amounts to U.F. 18,160,796.32 (U.F. 22,964,630.47 in 2014), net of the surplus balance in the Surpluses for Future Deficits account.

The Subordinated Obligation is to be amortized over a period expiring on April 30, 2036, contemplating fixed annual payments of U.F. 3,187,363.9765 each. However, SAOS S.A. is obliged to pay annually an amount called annual quota, constituted by the sum of the dividends received on the shares it holds in Banco de Chile, plus an amount it will receive annually from SM Chile equal to the dividends on that company's holding of 567,712,826 shares in Banco de Chile. The so-called annual quota may be greater or lower than the fixed quota. If the annual quota is more than the fixed quota, the excess will be recorded in an account with the Chilean Central Bank called "Surpluses for Future Deficits Account", whose balance will be used to cover future deficits. If the annual quota is below the fixed quota, the difference will be covered by the accumulated balance in the Surpluses for Future Deficits Account should there be a balance 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 2015 amounts to ThCh$140,614,239 (ThCh$142,855,888 in 2014). As of December 31, 2015, there is a surplus in the Surpluses for Future Deficits Account of U.F. 23,101,772.91 (U.F. 19,444,306.82 in 2014).

The obligation with the Chilean Central Bank will be extinguished if this has been fully paid or if no shares of Banco de Chile remain held by Sociedad Administradora de la Obligación Subordinada SAOS S.A. pledged in favor of the Chilean Central Bank.

SM Chile will exist until it has extinguished the Subordinated Obligation that its subsidiary Sociedad Administradora de la Obligación Subordinada SAOS S.A. has with the Chilean Central Bank and, at that moment, its shareholders will be awarded the shares that the company holds in Banco de Chile.

SM Chile is governed by Law 19,396 and is subject to the regulatory authority of the SBIF.

Note 39.2 – Accounting changes

On December 31, 2014, the Superintendency of Banks and Financial Institutions issued Circular No. 3,573, which changes the rules for determining "Loan loss allowances" in chapter B-1 of the Compendium of Accounting Standards. In November 2015, Banco de Chile changed its method for calculating allowances for the residential mortgage portfolio, using the Standard Provision Method for Residential Mortgage Loans, which explicitly includes days past due and the relationship between the outstanding principal amount of each loan and the value of the mortgage guarantee.

According to instructions issued by the SBIF, this change corresponds to a change in accounting estimate, so its effect has been recorded in the income statement of SM-Chile S.A under "Loan loss allowances". The effect of this change meant a higher expenditure in 2015 of ThCh$ 4,960,000. Before this change, Banco de Chile used internal methods for calculating allowances on its residential mortgage portfolio, in accordance with regulations.

Note 39 – Additional notes (continued)

Note 39.3 – Material information on the banking subsidiaries

(a) On January 9, 2015, the Superintendency of Securities and Insurance approved in Exempt Resolution No. 7 the reform to the bylaws of Banchile Securitizadora S.A. agreed at the Fourth Extraordinary Shareholders' Meeting dated December 1, 2014, consisting of increasing share capital through a rights issue of 1,550 shares in the amount of ThCh$ 240,000. This capital increase took place on January 20, 2015.

(b) On January 26, 2015, the Board of Banchile Administradora General de Fondos S.A. accepted the resignation of the Director Mr. Jorge Tagle Ovalle. It also agreed to appoint Mr. Eduardo Ebensperger Orrego as a new Director, from January 26, 2015, until the next Ordinary Shareholders' Meeting.

(c) On January 29, 2015 at Ordinary Board Meeting No. 2,811 the Board of the subsidiary Banco de Chile agreed to call an Ordinary Shareholders' Meeting for March 26, 2015 to propose the distribution of dividend No. 203 of Ch$ 3.42915880220, to the holders of the 94,655,367,544 shares in "Banco de Chile", from distributable net income for the year ended December 31, 2014, corresponding to 70% of such net income.

The Board also agreed to call an Extraordinary Shareholders' Meeting for the same date in order to propose the capitalization of 30% of the distributable net income of the Bank for 2014, by issuing bonus shares, no par value, calculated at a value of Ch$ 65.31 per share of "Banco de Chile", distributed among the shareholders at the rate of 0.02250251855 shares for each share held in "Banco de Chile" and adopt the necessary agreements subject to the exercise of options provided for in Article 31 of Law No. 19,396.

(d) On January 29, 2015, in Ordinary Board Meeting No. SM-219 the Board of Sociedad Matriz del Banco de Chile S.A., agreed to call an Ordinary Shareholders' Meeting on March 26, 2015, to propose the distribution of dividend No. 19 of Ch$ 3.45509947012 per share, from the series "B", "D" and "E" and agree on the distribution to shareholders of the same series of bonus shares that corresponds to Sociedad Matriz del Banco de Chile S.A. due to the capitalization of 30% of the net distributable income of Banco de Chile for 2014, which will be distributed at the rate of 0.02250251855 shares in "Banco de Chile" for each share held of the aforementioned series.

(e) On March 23, 2015, the subsidiary Banchile Securitizadora S.A. reported as a material event that in a Board Meeting held on March 23, 2015, it accepted the resignation of Mr. José Vial Cruz from his position as Director.

(f) On March 24, 2015, the subsidiary Banchile Securitizadora S.A. reported as a material event that the Tenth Ordinary Shareholders' Meeting approved the renewal of the entire Board.

According to the provisions of the seventh and eighth articles of the statutes, the following people were elected as directors for a period of three years: Pablo Granifo Lavin, Arturo Tagle Quiroz, Eduardo Ebensperger Orrego, Alain Rochette Garcia and Jose Miguel Quintana Malfanti.

(g) On March 26, 2015, SM-Chile S.A. reported as a material event that at an Ordinary Shareholders' Meeting held on the same day Mr. Juan José Bruchou was appointed as Director of Sociedad Matriz del Banco de Chile S.A., and he will hold this position until the next Board renewal.

(h) On March 30, 2015, it was reported that the Chilean Central Bank had informed Banco de Chile that the Council of that institution had met at Special Meeting No. 1894E on the same day to consider the resolutions adopted by the Ordinary Shareholders' Meeting of Banco de Chile, held on March 26, 2015, regarding the distribution of dividends and capital increase by issuing bonus shares for 30% of net income for the year ended December 31, 2014. It decided that the entire applicable surplus, including the part of net income agreed to be capitalized, should be paid in cash, in accordance with the provisions of letter b) of Article 31 Law No. 19,396, on modification of the payment of subordinated obligations, and other applicable standards.

Note 39 - Additional Notes (continued)

Note 39.3 – Material information on the banking subsidiaries (continued)

(i) On April 9, 2015, SM-Chile S.A. reported that it had received a letter from Mr. Juan José Bruchou, resigning from his position as Director.

(j) On April 9, 2015, the subsidiary Banco de Chile reported that at a Board Meeting held on the same date, the Board accepted the resignation of Mr. Juan José Bruchou. The Board appointed as his replacement Mr. Samuel Libníč until the next Ordinary Shareholders' Meeting.

(k) On April 10, 2015, Mr. Samuel Libníč, Alternate Director for Banchile Corredores de Bolsa SA submitted his resignation to the Board of that company.

(l) On April 23, 2015, SM-Chile S.A. reported that the resignation submitted by Mr. Juan José Bruchou was accepted at the Board Meeting, and Mr. Samuel Libníč was appointed to replace him as Director, until the next Ordinary Shareholders' Meeting.

(m) On April 23, 2015, the Board of Banchile Corredores de Bolsa SA accepted the resignation of Alternate Director Mr. Samuel Libníč.

(n) On June 25, 2015, the subsidiary Banco de Chile reported that at a regular Board meeting on that date, the Board accepted the resignation submitted by the Director and Vice Chairman Mr. Francisco Aristeguieta Silva. The Board also appointed Mrs. Jane Fraser as his replacement until the next Ordinary Shareholders' Meeting. At the same meeting, the Board appointed Mrs. Fraser as Vice Chairman.

(o) On July 6, 2015, the subsidiary Banco de Chile reported that in accordance with the powers conferred by Article 19 of General Banking Law, the Superintendency of Banks and Financial Institutions imposed on Banco de Chile a fine of UF 2,000 (two thousand UF) in connection with the incorrect filing with the Superintendency of form D33 in the Debtors System of the Information Systems Manual, in which transactions associated with lines of credit or current account overdrafts were omitted, corresponding to December 2014 and earlier.

(p) On July 10, 2015, the subsidiary Banco de Chile reported as market sensitive information that on July 3, 2015, Banco Penta communicated their full acceptance to the offer made by Banco de Chile for the purchase of the loan portfolio of such financial institution. On the same day the offer was accepted, Banco Penta confidentially informed the Superintendency of Banks and Financial Institutions of its acceptance, and asked Banco de Chile to abstain from disclosing this until it had informed the market. The aforementioned information was disclosed by Banco Penta on July 10, 2015.

    The loans included in the above offer were approximately ThCh$ 588,000,000 as outstanding principal as of May 31, 2015, and correspond to 95.4% of the total loan portfolio of Banco Penta.

    The offer was subject to compliance with the conditions set out in it, particularly undertaking legal and financial due diligence of the loan portfolio, and other terms and legal procedures agreed by the parties.

(q) On July 23, 2015, in connection with the dividend payment by bonus shares in the subsidiary Banco de Chile, agreed at an Extraordinary Shareholders' Meeting of Sociedad Matriz del Banco de Chile held on March 26, 2015, it was reported as a material event that:

    i) The aforementioned Extraordinary Shareholders' Meeting agreed to distribute as a dividend to shareholders of the B, D and E series, the bonus shares to be received from the subsidiary Banco de Chile at a rate of 0.02250251855 shares of Banco de Chile for each share of the aforementioned series. At the same meeting, it was agreed that the distribution of shares of Banco de Chile, would be distributed on the date agreed by the Board of Banco de Chile.

Note 39 - Additional Notes (continued)

Note 39.3 – Material information on the banking subsidiaries (continued)

The Superintendency of Banks and Financial Institutions approved the amendment to the statutes of Banco de Chile, through Resolution No. 285 of June 5, 2015, which was registered in the Santiago Registry of Commerce on page 42,128 No. 24,868 of 2015 and published in the Official Journal dated June 10, 2015.

The issue of bonus shares issued by Banco de Chile was registered in the Securities Registry of the Superintendency under No. 2/2015, dated July 14, 2015.

ii) The Board of Directors of Banco de Chile in Meeting No. 2,821, dated July 23, 2015, agreed to set the date for the issue and distribution of bonus shares as August 6, 2015.

iii) Therefore, the B, D and E series shareholders that are enrolled in the Company's shareholders register at midnight on July 31, 2015, are entitled to receive new shares at the rate of 0.02250251855 shares of Banco de Chile for each fully paid share held of the B, D and E series of Sociedad Matriz del Banco de Chile.

iv) The respective share certificates will be carefully allocated to each shareholder, and will only be printed for those who so request in writing at the Department of Shares of Banco de Chile.

(r) On October 22, 2015 Banco de Chile reported as a material event that it has signed new Cooperation, Global Connectivity and License ("Trademark License Agreement") agreements with Citigroup Inc. The duration of these agreements shall be two years from January 1, 2016. The parties may agree before August 31, 2017, an extension for another two years from January 1, 2018. If this does not happen, the contracts will be extended only once for a period of one year from January 1, 2018 until January 1, 2019. The same renewal procedure may be used as often as agreed by the parties.

The Cooperation, Global Connectivity and License agreements, signed on December 27, 2008, will expire on January 1, 2016.

Also, the parties have extended the Framework Services Agreement or Master Services Agreement for six months from January 1, 2016.

The Board of Directors of Banco de Chile in Meeting N° BCH 2,825 held on September 24, 2015, and 2,827 held on October 22, 2015, approved these contracts and the aforementioned extension, under the terms provided in Articles 146 and following of Corporate Law.

(s) On November 23, 2015, Banco de Chile reported as a material event that a request had been submitted on that date to the UK Listing Authority and the London Stock Exchange, for Banco de Chile to voluntarily begin the process to deregister the American Depositary Receipts ("ADRs") that represent its shares with the UK Listing Authority. As a result of such cancellation, ADRs for Banco de Chile will no longer be traded on the London Stock Exchange.

Additionally, it was reported that the ADR program that Banco de Chile has registered with the Securities and Exchange Commission of the United States of America remains fully valid.

(t) On December 22, 2015, Banco de Chile reported that the registration with the UK Listing Authority of its American Depositary Receipts ("ADRs") that represent shares of Banco de Chile has been cancelled. As a result its ADRs are no longer traded on the London Stock Exchange.

Note 39 - Additional Notes (continued)

Note 39.3 – Material information on the banking subsidiaries (continued)

(u) On December 30, 2015, the subsidiary Banco de Chile reported as a material event that Banco de Chile and its subsidiary Banchile Corredores de Seguros Limitada have signed with Banchile Seguros de Vida S.A. agreements on insurance as detailed below, all with effect from January 1, 2016 to January 1, 2020, excluding insurance associated with mortgage loans that should be subject to public tender in accordance with Article 40 of DFL 251 dated 1931:

1. Brokerage agreement signed between the subsidiary Banchile Corredores de Seguros Limitada and the related company Banchile Seguros de Vida SA
2. Agreements signed by Banco de Chile with Banchile Seguros de Vida S.A.:
    a) Agreement regarding Debt Collection and Data Management.
    b) Agreement regarding use of Distribution Channels.
    c) Agreement regarding use of Brand Banchile.
    d) Agreement regarding payment protection.
3. Banking Insurance Framework Agreement signed between Banco de Chile, Banchile Corredores de Seguros Limitada and Banchile Seguros de Vida SA

Banchile Seguros de Vida SA is a company related to Banco de Chile, according to the provisions of Article 146 of the Corporations Law. Banchile Corredores de Seguros Limitada is a subsidiary of Banco de Chile, formed in accordance with Article 70 letter e) of General Banking Law.

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 (SMEs) 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 leases.

Treasury: This segment includes revenue associated with managing the Bank’s investment portfolio and its finance and exchange operations.

Transactions with customers carried out by the Treasury are shown in the above respective segments. These products are generally highly transaction-focused and include foreign exchange transactions, derivatives and financial instruments.

Note 39 – Additional notes (continued)

Note 39.4 – Business segments (continued)

Subsidiaries: Corresponds to companies and corporations controlled by the Bank, where income is obtained individually by the respective subsidiary, although their management is related to the aforementioned segments. The companies that comprise this segment are:

Entity
- Banchile Administradora General de Fondos S.A.
- Banchile Asesoría Financiera S.A.
- Banchile Corredores de Seguros Ltda.
- Banchile Corredores de Bolsa S.A.
- Banchile Securitizadora S.A.
- Banchile Trade Services Limited
- Socofin S.A.
- Promarket S.A.

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 various expense assignment criteria for which specific drivers are defined for each concept.

There were no transactions with a customer or counterparty that exceed 10% of the Bank's total revenue for the period ended December 31, 2015 and 2014.

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 2015 and 2014 by each segment of the subsidiary Banco de Chile:

	Retail		Wholesale		Treasury		Subsidiaries		Subtotal		Consolidation adjustment		Total	
	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$
Net interest and indexation income	840,335,010	836,915,573	355,782,838	379,455,577	27,941,882	35,005,414	(6,380,005)	(8,834,496)	1,217,679,725	1,242,542,068	1,454,765	2,513,689	1,219,134,490	1,245,055,757
Net fee income	150,251,877	134,633,431	43,852,879	40,315,883	(2,162,967)	(1,825,052)	128,880,853	114,246,355	320,822,642	287,370,617	(14,840,802)	(15,183,891)	305,981,840	272,186,726
Other operating revenue	24,909,079	30,580,309	64,861,103	60,278,421	10,354,633	13,871,476	24,837,558	29,552,235	124,962,373	134,282,441	(3,719,345)	(5,126,588)	121,243,028	129,155,853
Total operating revenue	1,015,495,966	1,002,129,313	464,496,820	480,049,881	36,133,548	47,051,838	147,338,406	134,964,094	1,663,464,740	1,664,195,126	(17,105,382)	(17,796,790)	1,646,359,358	1,646,398,336
Loan loss allowances	(229,668,971)	(232,801,659)	(73,510,099)	(51,348,381)	—	—	116,790	156,743	(303,062,280)	(283,993,297)	—	—	(303,062,280)	(283,993,297)
Depreciation and amortization	(21,275,045)	(22,496,767)	(5,363,647)	(5,324,098)	(267,223)	(295,504)	(2,631,139)	(2,384,311)	(29,537,054)	(30,500,680)	—	—	(29,537,054)	(30,500,680)
Other operating expenses	(464,590,961)	(464,317,551)	(138,637,958)	(134,211,220)	(4,769,835)	(4,364,203)	(105,811,491)	(99,060,035)	(713,810,245)	(701,953,009)	17,105,382	17,796,790	(696,704,863)	(684,156,219)
Share of income (loss) of investments in companies	2,520,143	1,866,103	716,310	584,295	34,089	49,921	400,924	359,973	3,671,466	2,860,292	—	—	3,671,466	2,860,292
Net income before taxes	302,481,132	284,379,439	247,701,426	289,750,477	31,130,579	42,442,052	39,413,490	34,036,464	620,726,627	650,608,432	—	—	620,726,627	650,608,432
Income tax expense													(61,729,903)	(59,526,933)
Net income after taxes													558,996,724	591,081,499

The following table shows the total balances of assets and liabilities as of December 31, 2015 and 2014, for each of the above segments:

	Retail		Wholesale		Treasury		Subsidiaries		Subtotal		Consolidation adjustment		Total	
	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$
Assets	14,503,437,922	11,789,339,207	11,926,049,072	10,307,290,981	4,383,945,403	4,981,301,781	523,080,013	538,444,964	31,336,512,410	27,616,376,933	(302,816,472)	(176,886,000)	31,033,695,938	27,439,490,933
Current and deferred taxes													259,251,598	206,336,198
Total assets													31,292,947,536	27,645,827,131
Liabilities	9,726,437,525	8,419,469,762	9,934,304,406	9,664,423,064	8,605,278,014	6,754,591,525	374,823,849	391,546,766	28,640,843,794	25,230,031,117	(148,928,711)	(176,886,000)	28,491,915,083	25,053,145,117
Current and deferred taxes													60,946,469	57,526,593
Total liabilities													28,552,861,552	25,110,671,710

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 as of December 31, 2015 and 2014 are as follows:

	2015 ThCh$	**2014 ThCh$**
Cash and bank deposits:		
Cash (*)	672,253,003	476,428,780
Deposits with Chilean Central Bank (*)	111,330,400	147,215,015
Deposits with banks in Chile	9,676,286	12,778,249
Foreign deposits	567,962,573	278,710,899
Subtotal – cash and deposits in banks	1,361,222,262	915,132,943
Transactions pending settlement – net	284,203,547	303,135,617
Highly liquid financial instruments	407,110,803	590,429,100
Repurchase agreements	41,371,535	16,891,617
Total cash and cash equivalents	2,093,908,147	1,825,589,277

(*) The funds in cash and with the Chilean Central Bank reflect cash-reserve requirements that the Bank has to maintain for average monthly periods.

(b) Transactions pending settlement:

Transactions pending settlement are transactions for which the only remaining step is settlement, which will increase or decrease funds with the Chilean Central Bank or in foreign banks, normally occurring within 24 to 48 business hours, detailed as follows:

	2015 ThCh$	**2014 ThCh$**
Assets		
Documents payable by other banks (clearing)	293,907,282	290,865,538
Funds receivable	232,137,635	109,215,590
Subtotal – assets	526,044,917	400,081,128
Liabilities		
Funds payable	(241,841,370)	(96,945,511)
Subtotal – liabilities	(241,841,370)	(96,945,511)
Transactions pending settlement, net	284,203,547	303,135,617

Note 39 – Additional notes (continued)

Note 39.6 – Trading instruments

Instruments classified as financial instruments for trading are detailed as follows:

	2015 ThCh$	2014 ThCh$
Instruments of the State and the Chilean Central Bank		
Bonds of the Chilean Central Bank	46,067,656	13,905,651
Notes of the Chilean Central Bank	103,831,800	2,996,340
Other instruments of the State and the Chilean Central Bank	100,016,221	71,967,927
Instruments of Other Domestic Institutions		
Deposits in banks in Chile	583,217,456	199,665,681
Bonds of other companies in Chile	279	1,351,447
Bonds of banks in Chile	20,690	3,197,421
Mortgage-funding notes of banks in Chile	—	9,089
Deposit notes of banks in Chile	—	—
Other instruments issued in Chile	10,420,092	365,292
Instruments of Foreign Institutions		
Foreign sovereign or central bank instruments	—	—
Other foreign instruments	—	—
Investments in Mutual Funds		
Funds managed by related parties	23,080,156	255,013,050
Funds managed by others	—	—
Total	866,654,350	548,471,898

Instruments issued by the State and the Chilean Central Bank include instruments sold under repurchase agreements to customers and financial institutions, amounting to ThCh$9,244,448 as of December 31, 2015 (December 2014 no balance).

The repurchase agreements have an average maturity of six days as of the end of the period.

Instruments of other domestic institutions include instruments sold under repurchase agreements to customers and financial institutions, amounting to ThCh$149,332,520 as of December 31, 2015 (ThCh$148,525,239 in 2014).

Repurchase agreements have an average maturity of 10 days as of the end of the period end (12 days in 2014).

The Bank also holds investments in its own mortgage-funding notes amounting to ThCh$25,303,261 as of December 31, 2015 (ThCh$32,955,589 in 2014), which are shown deducted from Debt instruments issued.

Note 39 – Additional notes (continued)

Note 39.7 – Repurchase agreements and securities lending

(a) Repurchase agreement rights: The Bank grants finance to its customers through repurchase operations and securities lending, in which it obtains financial instruments in guarantee. The detail as of December 31, 2015 and 2014, 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	
	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$
Instruments of the State and the Chilean Central Bank														
Bonds of the Chilean Central Bank	—	819,565	—	—	—	—	—	—	—	—	—	—	—	819,565
Notes of the Chilean Central Bank	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other instruments of the State and the Chilean Central Bank	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Instruments of Other Domestic Institutions														
Deposit notes of banks in Chile	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Mortgage-funding notes of banks in Chile	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Bonds issue by banks in Chile	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Deposits in banks in Chile	3,461,032	—	—	—	—	—	—	—	—	—	—	—	3,461,032	—
Bonds of other Chilean companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other instruments issued in Chile	32,449,000	11,043,352	8,703,611	6,291,058	1,550,818	9,507,440	—	—	—	—	—	—	42,703,429	26,841,850
Instruments of Foreign Institutions														
Foreign sovereign and central bank instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other foreign instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	35,910,032	11,862,917	8,703,611	6,291,058	1,550,818	9,507,440	—	—	—	—	—	—	46,164,461	27,661,415

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, 2015, the Bank and its subsidiaries have investments in repurchase agreements with a fair value of ThCh$46,324,305 (ThCh$27,548,617 in December 2014).

Note 39 – Additional notes (continued)

Note 39.7 – Repurchase agreements and securities lending (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, 2015 and 2014, 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	
	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$
Instruments of the State and the Chilean Central Bank														
Bonds of the Chilean Central Bank	3,051,633	—	—	—	—	—	—	—	—	—	—	—	3,051,633	—
Notes of the Chilean Central Bank	7,301,314	25,642,651	—	—	—	—	—	—	—	—	—	—	7,301,314	25,642,651
Other instruments of the State and the Chilean Central Bank	1,942,487	—	—	—	—	—	—	—	—	—	—	—	1,942,487	—
Instruments of Other Domestic 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	158,155,633	220,528,181	13,680,368	158,984		—	—	—	—	—	—	—	171,836,001	220,687,165
Bonds of other companies in Chile	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other instruments in the country	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Instruments of Foreign Institutions														
Foreign sovereign and central bank instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other foreign instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	170,451,067	249,322,773	13,680,368	158,984	—	—	—	—	—	—	—	—	184,131,435	249,481,757

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, 2015 amounts to ThCh$184,918,664 (ThCh$252,465,012 in December 2014). 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 hedge accounting

a) The Bank as of December 31, 2015 and 2014, 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	
	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$
Derivatives held for fair value hedges																
Currency and rate swaps	—	—	—	—	—	—	—	15,565,137	—	11,734,124	19,221,820	21,311,916	—	—	4,188,780	8,729,849
Interest-rate swaps	—	—	—	—	14,946,697	16,485,648	11,331,840	22,488,363	66,503,736	59,942,301	81,270,540	47,668,979	279,328	100,641	10,360,258	11,173,625
Total derivative hedges at fair value	—	—	—	—	14,946,697	16,485,648	11,331,840	38,053,500	66,503,736	71,676,425	100,492,360	68,980,895	279,328	100,641	14,549,038	19,903,474
Cash flow hedge derivatives																
Currency and rate swaps	—	—	103,638,329	—	201,722,951	137,133,761	441,930,324	437,574,770	318,240,435	411,283,329	306,581,752	237,038,047	203,892,049	78,703,059	3,665,752	17,596,085
Total cash flow hedge derivatives	—	—	103,638,329	—	201,722,951	137,133,761	441,930,324	437,574,770	318,240,435	411,283,329	306,581,752	237,038,047	203,892,049	78,703,059	3,665,752	17,596,085
Derivatives for trading																
Currency forwards	6,361,172,472	4,813,453,963	5,658,682,037	4,114,954,656	6,392,029,139	6,702,631,817	1,097,148,468	589,179,441	79,217,150	38,388,941	—	1,801,891	180,616,276	140,674,957	207,960,857	128,116,617
Currency and rate swaps	1,444,510,147	1,330,696,478	3,626,015,352	1,395,102,689	8,414,997,928	6,728,803,975	9,190,932,870	7,376,807,138	5,063,261,509	4,249,358,277	5,676,905,160	3,809,967,949	173,364,736	210,899,693	159,667,823	206,161,291
Interest-rate swaps	1,283,607,310	109,700,902	835,357,403	260,260,852	1,369,605,177	1,229,650,564	2,370,091,302	2,003,936,190	1,513,471,063	1,174,051,666	2,394,036,450	2,039,352,815	566,412,301	398,944,050	737,845,871	485,362,851
Currency call options	25,127,059	41,714,815	69,802,210	47,585,894	77,364,271	69,218,172	35,412	181,827	—	—	—	—	1,878,090	2,583,170	3,689,211	2,249,031
Currency put options	16,503,115	34,115,626	50,577,998	42,051,408	66,037,905	40,897,270	35,412	181,827	—	—	—	—	680,479	286,700	548,986	361,503
Total derivatives for trading	9,130,920,103	6,329,681,784	10,240,435,000	5,859,955,499	16,320,034,420	14,771,201,798	12,658,243,464	9,970,286,423	6,655,949,722	5,461,798,884	8,070,941,610	5,851,122,655	922,951,882	753,388,570	1,109,712,748	822,251,293
Total	9,130,920,103	6,329,681,784	10,344,073,329	5,859,955,499	16,536,704,068	14,924,821,207	13,111,505,628	10,445,914,693	7,040,693,893	5,944,758,638	8,478,015,722	6,157,141,597	1,127,123,259	832,192,270	1,127,927,538	859,750,852

Note 39 – Additional notes (continued)

Note 39.8 – Financial derivative contracts and hedge accounting (continued)

(b) Fair value hedges:

The Bank uses cross-currency and interest-rate swaps to cover its exposure to changes in the fair value of the financial instruments hedged attributable to interest rates. The hedge instruments mentioned modify the effective cost of long-term 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 items and instruments hedged at fair value outstanding as of December 31, 2015 and 2014, are detailed as follows:

	2015 ThCh$	2014 ThCh$
Hedged item		
Commercial loans	19,221,820	48,611,177
Corporate bonds	174,052,813	146,585,291
Hedge instrument		
Cross-currency swap	19,221,820	48,611,177
Interest-rate swap	174,052,813	146,585,291

(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 Hong Kong dollars, Peruvian soles, Swiss francs, Japanese yen and Euros. The cash flows of the cross-currency swaps contracted are similar to the flows of the items hedged, and modify uncertain flows by known flows at a fixed interest rate.

These cross-currency swap contracts are also used to hedge the risk of variations in the Unidad de Fomento (UF) on asset flows denominated in UF up to a nominal amount equivalent to the notional portion in UF of the hedge instrument, whose indexation impacts daily on interest and indexation income in the income statement.

Note 39 – Additional notes (continued)

Note 39.8 – Financial derivative contracts and hedge accounting (continued)

(c) Cash flow hedges (continued):

(c.2) The cash flows of due to banks and bonds issued abroad subject to this hedge and the cash flows of the asset part of the derivative instrument are detailed as follows:

	Up to 1 month		1 to 3 months		3 to 12 months		1 to 3 years		3 to 5 years		More than 5 years		Total	
	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$
Hedged item														
Cash outflows:														
Corporate bond EUR	—	—	—	—	(603,326)	—	(1,206,653)	—	(1,206,653)	—	(39,339,712)	—	(42,356,344)	—
Corporate bond HKD	—	—	—	—	(12,852,847)	(9,508,247)	(25,658,194)	(19,069,597)	(79,630,582)	(66,617,424)	(368,923,529)	(268,770,363)	(487,065,152)	(363,965,631)
Corporate bond PEN	—	—	—	—	(636,308)	(622,417)	(16,218,679)	(16,441,842)	—	—	—	—	(16,854,987)	(17,064,259)
Corporate bond CHF	(255,141)	(218,607)	(108,677,642)	(1,135,422)	(166,473,325)	(5,413,108)	(279,477,048)	(317,811,277)	(217,701,854)	(344,145,900)	—	—	(772,585,010)	(668,724,314)
Obligation USD	(677,964)	(497,741)	—	(95,457)	(1,736,209)	(156,332,544)	(229,376,571)	(61,750,831)	—	—	—	—	(231,790,744)	(218,676,573)
Corporate bond JPY	—	—	(313,674)	(270,990)	(66,316,901)	(968,427)	(1,901,431)	(58,444,706)	(76,301,726)	(41,062,123)	(29,852,627)	(51,562,985)	(174,686,359)	(152,309,231)
Hedge instrument														
Cash inflows:														
Cross-currency swap EUR	—	—	—	—	603,326	—	1,206,653	—	1,206,653	—	39,339,712	—	42,356,344	—
Cross-currency swap HKD	—	—	—	—	12,852,847	9,508,247	25,658,194	19,069,597	79,630,582	66,617,424	368,923,529	268,770,363	487,065,152	363,965,631
Cross-currency swap PEN	—	—	—	—	636,308	622,417	16,218,679	16,441,842	—	—	—	—	16,854,987	17,064,259
Cross-currency swap CHF	255,141	218,607	108,677,642	1,135,422	166,473,325	5,413,108	279,477,048	317,811,277	217,701,854	344,145,900	—	—	772,585,010	668,724,314
Cross-currency swap USD	677,964	497,741	—	95,457	1,736,209	156,332,544	229,376,571	61,750,831	—	—	—	—	231,790,744	218,676,573
Cross-currency swap JPY	—	—	313,674	270,990	66,316,901	968,427	1,901,431	58,444,706	76,301,726	41,062,123	29,852,627	51,562,985	174,686,359	152,309,231
Net cash flows	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Note 39 – Additional notes (continued)

Note 39.8 – Financial derivative contracts and hedge accounting (continued)

(c) Cash flow hedges (continued):

(c.2) The cash flows of underlying assets and cash flows of the liability part of the derivative instrument are detailed as follows:

	Up to 1 month		1 to 3 months		3 to 12 months		1 to 3 years		3 to 5 years		Over 5 years		Total	
	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$
Hedged item														
Cash inflows:														
Cash flow in CHF	2,960,549	2,891,697	107,006,826	490,949,243	231,948,032	3,229,611	494,015,328	165,706,635	345,014,567	442,807,554	359,901,650	283,714,326	1,540,846,952	1,389,299,066
Hedge instrument														
Cash outflows:														
Cross-currency swap HKD	—	—	—	(14,578,088)	(9,062,426)	—	(17,999,206)	(7,273,449)	(63,301,042)	(59,188,479)	(288,281,399)	(224,232,058)	(378,644,073)	(305,272,074)
Cross-currency swap PEN	—	—	—	(15,978,119)	(493,312)	—	(16,134,899)	(475,328)	—	—	—	—	(16,628,211)	(16,453,447)
Cross-currency swap JPY	—	—	(1,023,644)	(69,058,655)	(68,014,725)	(976,432)	(5,660,080)	(3,471,130)	(79,041,589)	(48,703,329)	(30,715,661)	(59,482,268)	(184,455,699)	(181,691,814)
Cross-currency swap USD	—	—	—	(58,945,363)	(3,865,748)	—	(216,819,815)	(141,795,199)	—	—	—	—	(220,685,563)	(200,740,562)
Cross-currency swap CHF	(2,960,549)	(2,891,697)	(105,983,182)	(332,389,018)	(149,492,624)	(2,253,179)	(235,376,819)	(12,691,529)	(200,641,873)	(334,915,746)	—	—	(694,455,047)	(685,141,169)
Cross-currency swap EUR	—	—	—	—	(1,019,197)	—	(2,024,509)	—	(2,030,063)	—	(40,904,590)	—	(45,978,359)	—
Net cash flows	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Note 39 – Additional notes (continued)

Note 39.8 – Financial derivative contracts and hedge accounting (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 2015 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$9,971,000 (credit of ThCh$29,756,000 in 2014). The effect net of taxes is a credit to equity of ThCh$7,728,000 in 2015 (net credit of ThCh$23,507,000 in 2014).

The accumulated balance for this concept net of taxes as of December 31, 2015 is a credit to equity of ThCh$17,814,000 (credit of ThCh$10,086,000 in 2014).

(c.4) The effect this year of the cash-flow hedge derivatives in Banco de Chile, which offsets the charge to income in the value of the instruments hedged, is a credit to income of ThCh$148,553,991 (charge to income of ThCh$9,659,392 in 2014).

(c.5) As of December 31, 2015 and 2014, 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, 2015 and 2014, 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, 2015 and 2014, the balances of amounts due by banks are as follows:

	2015 ThCh$	2014 ThCh$
Banks in Chile		
Interbank commercial loans	45,257,847	170,014,167
Allowances on loans to banks in Chile	(71,749)	(61,205)
Subtotal	45,186,098	169,952,962
Foreign banks		
Interbank commercial loans	211,573,149	216,631,597
Foreign trade finance Chilean exports	47,355,466	93,366,164
Foreign trade finance between third countries	91,277,659	125,060,574
Allowances on loans to banks abroad	(629,931)	(755,436)
Subtotal	349,576,343	434,302,899
Chilean Central Bank		
Restricted deposits in Central Bank	1,000,000,000	550,000,000
Other credits with Central Bank	433,057	1,108,283
Subtotal	1,000,433,057	551,108,283
Total	1,395,195,498	1,155,364,144

(b) Movements in allowances for loans due by banks during 2015 and 2014 are detailed as follows:

	Banks in		
	Chile ThCh$	Abroad ThCh$	Total ThCh$
Balance as of January 1, 2014	36,005	1,256,459	1,292,464
Charge-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
Charge-offs	—	—	—
Allowances made	10,544	—	10,544
Allowances released	—	(125,505)	(125,505)
Balances as of December 31, 2015	71,749	629,931	701,680

Note 39– Additional notes (continued)

Note 39.10 – Loans and accounts receivable from customers

(a1) Loans and accounts receivable from customers:

Loans as of December 31, 2015 and 2014, are detailed as follows:

	December 31, 2015							
	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	10,335,384,550	89,791,591	383,964,838	10,809,140,979	(154,114,605)	(83,520,548)	(237,635,153)	10,571,505,826
Foreign trade finance	1,318,078,441	64,848,940	60,317,971	1,443,245,352	(84,281,598)	(3,286,317)	(87,567,915)	1,355,677,437
Debtors in checking accounts	227,063,047	2,518,717	9,646,106	239,227,870	(5,728,365)	(4,082,186)	(9,810,551)	229,417,319
Factoring operations	483,797,579	2,281,520	754,043	486,833,142	(10,571,489)	(1,772,825)	(12,344,314)	474,488,828
Commercial lease operations (1)	1,334,037,246	15,366,870	25,651,279	1,375,055,395	(6,907,757)	(11,003,545)	(17,911,302)	1,357,144,093
Other loans and accounts receivable	50,899,579	256,526	7,147,053	58,303,158	(2,114,829)	(3,414,694)	(5,529,523)	52,773,635
Subtotal	13,749,260,442	175,064,164	487,481,290	14,411,805,896	(263,718,643)	(107,080,115)	(370,798,758)	14,041,007,138
Residential mortgage loans								
Loans with mortgage-funding notes	49,848,678	—	3,771,264	53,619,942	—	(67,932)	(67,932)	53,552,010
Endorsable mortgage loans	82,826,045	—	1,818,094	84,644,139	—	(94,881)	(94,881)	84,549,258
Other residential mortgage loans	6,146,484,502	—	111,422,528	6,257,907,030	—	(34,760,472)	(34,760,472)	6,223,146,558
Loans from the ANAP	17,269	—	—	17,269	—	(4)	(4)	17,265
Housing leases	—	—	—	—	—	—	—	—
Other loans and accounts receivable	8,643,349	—	154,320	8,797,669	—	(29,343)	(29,343)	8,768,326
Subtotal	6,287,819,843	—	117,166,206	6,404,986,049	—	(34,952,632)	(34,952,632)	6,370,033,417
Consumer loans								
Installment consumer loans	2,188,880,495	—	233,216,907	2,422,097,402	—	(153,215,812)	(153,215,812)	2,268,881,590
Checking account debtors	292,533,967	—	4,325,097	296,859,064	—	(7,476,459)	(7,476,459)	289,382,605
Credit card debtors	991,831,654	—	24,517,817	1,016,349,471	—	(34,968,447)	(34,968,447)	981,381,024
Consumer leases	—	—	—	—	—	—	—	—
Other loans and accounts receivable	49,982	—	781,016	830,998	—	(354,233)	(354,233)	476,765
Subtotal	3,473,296,098	—	262,840,837	3,736,136,935	—	(196,014,951)	(196,014,951)	3,540,121,984
Total	23,510,376,383	175,064,164	867,488,333	24,552,928,880	(263,718,643)	(338,047,698)	(601,766,341)	23,951,162,539

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, 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 lease 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 and 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
Subtotal	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	—	—	—	—	—	—	—	—
Other loans and accounts receivable	6,481,898	—	210,008	6,691,906	—	(33,588)	(33,588)	6,658,318
Subtotal	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	—	—	—	—	—	—	—	—
Other loans and accounts receivable	106,786	—	703,830	810,616	—	(342,804)	(342,804)	467,812
Subtotal	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

(1) Banco de Chile finances its customers to acquire assets, whether movable or immovable, under financial lease contracts. As of December 31, 2015 ThCh$653,225,116 (ThCh$615,722,033 in 2014) relate to real-estate financial leases, and ThCh$721,830,279 (ThCh$765,799,160 in 2014) 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, 2015 and 2014, the details of the normal and impaired portfolios are as follows:

	Assets before allowances						Allowances made							
	Normal portfolio		Impaired portfolio		Total		Individual allowances		Group allowances		Total		Net Assets	
	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 M$	2014 M$
Commercial loans	13,871,526,933	12,612,620,132	545,392,017	495,615,695	14,416,918,950	13,108,235,827	(263,718,643)	(206,023,017)	(107,080,115)	(111,744,350)	(370,798,758)	(317,767,367)	14,046,120,192	12,790,468,460
Residential mortgage loans	6,287,819,843	5,325,029,151	117,166,206	93,594,247	6,404,986,049	5,418,623,398	—	—	(34,952,632)	(24,020,785)	(34,952,632)	(24,020,785)	6,370,033,417	5,394,602,613
Consumer loans	3,473,296,098	3,124,586,521	262,840,837	225,202,560	3,736,136,935	3,349,789,081	—	—	(196,014,951)	(186,825,714)	(196,014,951)	(186,825,714)	3,540,121,984	3,162,963,367
Total	**23,632,642,874**	**21,062,235,804**	**925,399,060**	**814,412,502**	**24,558,041,934**	**21,876,648,306**	**(263,718,643)**	**(206,023,017)**	**(338,047,698)**	**(322,590,849)**	**(601,766,341)**	**(528,613,866)**	**23,956,275,593**	**21,348,034,440**

Note 39 – Additional notes (continued)

Note 39.10 – Loans and accounts receivable from customers (continued)

b) Loan loss allowances

Movements in loan loss allowances during 2015 and 2014 are detailed as follows:

	Allowances		
	Individual ThCh$	**Group ThCh$**	**Total ThCh$**
Balance as of January 1, 2014	182,863,786	297,615,762	480,479,548
Charge-offs:			
Commercial loans	(27,574,065)	(39,151,816)	(66,725,881)
Residential mortgage loans	—	(2,978,906)	(2,978,906)
Consumer loans	—	(184,647,574)	(184,647,574)
Total charge-offs	(27,574,065)	(226,778,296)	(254,352,361)
Debt exchange	(992,816)	—	(992,816)
Allowances made	51,726,112	251,753,383	303,479,495
Balance as of December 31, 2014	206,023,017	322,590,849	528,613,866
Balance as of January 1, 2015	206,023,017	322,590,849	528,613,866
Charge-offs:			
Commercial loans	(13,228,334)	(44,759,075)	(57,987,409)
Residential mortgage loans	—	(2,553,303)	(2,553,303)
Consumer loans	—	(196,014,832)	(196,014,832)
Total charge-offs	(13,228,334)	(243,327,210)	(256,555,544)
Debt exchange	(2,690,395)	—	(2,690,395)
Portfolio acquisition	12,329,134	—	12,329,134
Allowances made	61,285,221	258,784,059	320,069,280
Balance as of December 31, 2015	263,718,643	338,047,698	601,766,341

Apart from these loan loss allowances, country-risk provisions are also made to cover foreign transactions as well as additional allowances agreed upon by the Board, which are shown in liabilities in Provisions (Note 39.22).

Complementary Disclosures:

1. As of December 31, 2015 and 2014, loan portfolio purchases and sales were made by the Bank and its subsidiaries that had a net effect of no more than 5% of net income before taxes. See detail in Note 39.10.

2. As of December 31, 2015 and 2014, 100% of the sold loan portfolio of Banco de Chile and its subsidiaries, for which all or substantially all the risks and benefits associated with these financial assets have been transferred, is de-recognized (see Note 39.10).

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 (*)	
	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$
Up to 1 year	460,003,530	465,396,809	(54,353,463)	(55,662,659)	405,650,067	409,734,150
1 to 2 years	333,373,699	328,815,479	(39,912,601)	(40,552,730)	293,461,098	288,262,749
2 to 3 years	218,307,657	220,128,294	(27,286,802)	(27,233,128)	191,020,855	192,895,166
3 to 4 years	152,329,472	144,099,057	(19,090,813)	(19,753,641)	133,238,659	124,345,416
4 to 5 years	106,805,894	107,651,043	(13,652,316)	(14,375,007)	93,153,578	93,276,036
Over 5 years	281,488,811	296,481,881	(30,492,005)	(32,371,480)	250,996,806	264,110,401
Total	1,552,309,063	1,562,572,563	(184,788,000)	(189,948,645)	1,367,521,063	1,372,623,918

(*) The net balance receivable does not include doubtful credits amounting to ThCh$7,534,332 as of December 31, 2015 (ThCh$8,897,275 in 2014).

Banco de Chile 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, 2015 and 2014, the portfolio before allowances by customers' economic activity is as follows:

	Loans in				Total			
	Chile		Abroad					
	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	%	2014 ThCh$	%
Commercial loans								
Commerce	2,265,154,443	2,338,392,770	80,164,090	36,928,851	2,345,318,533	9.55	2,375,321,623	10.86
Financial services	2,117,466,226	1,848,773,917	13,480,355	24,380,862	2,130,946,581	8.68	1,873,154,779	8.56
Transport and telecommunications	1,656,110,825	1,654,257,760	12,516,665	13,845,383	1,668,382,583	6.80	1,668,103,143	7.63
Services	1,668,021,948	1,565,233,083	324,189	543,962	1,668,346,137	6.79	1,565,777,045	7.16
Manufacturing	1,534,130,590	1,411,369,652	92,384,186	84,082,722	1,621,646,629	6.60	1,495,452,374	6.84
Construction	1,585,940,145	1,423,597,330	—	—	1,585,940,145	6.46	1,423,597,330	6.51
Agriculture and livestock	1,185,113,397	946,794,826	—	—	1,185,113,397	4.83	946,794,826	4.33
Mining	545,374,748	356,363,138	—	—	545,374,748	2.22	356,363,138	1.63
Electricity, gas and water	473,172,416	414,882,726	—	27,183,016	473,172,416	1.93	442,065,742	2.02
Fishing	351,530,936	261,188,777	—	—	351,530,936	1.43	261,188,777	1.19
Others	836,033,791	667,098,302	—	29,866,949	836,033,791	3.41	696,965,249	3.19
Subtotal	14,218,049,465	12,887,952,281	198,869,485	216,831,745	14,411,805,896	58.70	13,104,784,026	59.92
Residential mortgage loans	6,404,986,049	5,418,623,398	—	—	6,404,986,049	26.09	5,418,623,398	24.77
Consumer loans	3,736,136,935	3,349,789,081	—	—	3,736,136,935	15.22	3,349,789,081	15.31
Total	24,359,172,449	21,656,364,760	198,869,485	216,831,745	24,552,928,880	100.00	21,873,196,505	100.00

Note 39 – Additional notes (continued)

Note 39.10 – Loans and accounts receivable from customers (continued)

(e) Purchase of loan portfolio

During 2015 Banco de Chile acquired a loan portfolio whose nominal value was ThCh$ 649,144,436. During 2014, no portfolios were acquired.

(f) Sale or assignment of loans

During 2015 and 2014 the following loans from the loan portfolio were sold or assigned:

	2015			
	Loan value ThCh$	**Allowance ThCh$**	**Sale value ThCh$**	**Effect on results (loss) gain ThCh$**
Sale of loans	89,084,866	(2,690,395)	89,084,866	2,690,395
Sale of charged-off loans (*)	—	—	1,440,000	1,440,000
Total	**89,084,866**	**(2,690,395)**	**90,524,866**	**4,130,395**

(*) The nominal value of the loans at the time of the sale was ThCh$ 327,360,492

	2014			
	Loan value ThCh$	**Allowance ThCh$**	**Sale value ThCh$**	**Effect on results (loss) gain ThCh$**
Sale of loans	454,464,733	(992,816)	454,464,733	992,816
Sale of charged-off loans	—	—	—	—
Total	454,464,733	(992,816)	454,464,733	992,816

(g) Securitization of own assets

No own asset securitization transactions were carried out during 2015 and 2014.

Note 39 – Additional notes (continued)

Note 39.11 – Investment instruments

Investment instruments designated as available for sale and held to maturity as of December 31, 2015 and 2014, are detailed as follows:

	2015			2014		
	Available for sale ThCh$	**Held to maturity ThCh$**	**Total ThCh$**	**Available for sale ThCh$**	**Held to maturity ThCh$**	**Total ThCh$**
Instruments of the State and the Chilean Central Bank						
Bonds of the Chilean Central Bank	36,258,391	—	36,258,391	28,794,855	—	28,794,855
Notes of the Chilean Central Bank	—	—	—	149,754,911	—	149,754,911
Other state instruments and the Chilean Central Bank	50,250,444	—	50,250,444	160,774,926	—	160,774,926
Instruments of Other Domestic Institutions						
Deposit notes of banks in Chile	—	—	—	—	—	—
Mortgage-funding notes of banks in Chile	87,610,345	—	87,610,345	96,293,709	—	96,293,709
Bonds of banks in Chile	83,959,319	—	83,959,319	251,231,484	—	251,231,484
Deposits with banks in Chile	450,975,840	—	450,975,840	657,466,854	—	657,466,854
Bonds of other companies in Chile	17,766,337	—	17,766,337	29,518,871	—	29,518,871
Notes of other companies in Chile	—	—	—	—	—	—
Other instruments issued in Chile	191,537,024	—	191,537,024	162,828,786	—	162,828,786
Instruments of Foreign Institutions						
Foreign sovereign or central bank instruments	—	—	—	—	—	—
Other instruments	81,643,998	—	81,643,998	63,525,066	—	63,525,066
Total	1,000,001,698	—	1,000,001,698	1,600,189,462	—	1,600,189,462

Note 39 – Additional notes (continued)

Note 39.11 – Investment instruments (continued)

Instruments issued by the Chilean State and the Chilean Central Bank include instruments sold under repurchase agreements to customers and financial institutions, amounting to ThCh$3,053,846 as of December 31, 2015 (ThCh$25,672,984 in 2014). The repurchase agreements had an average maturity of 6 days as of December 2015 (4 days in 2014).

Instruments of other institutions in Chile include instruments sold under repurchase agreements to customers and financial institutions amounting to ThCh$14,117 in 2014. The repurchase agreements have an average maturity of 5 days as of the close of 2014.

Instruments of foreign institutions include mainly bank bonds and equities.

The portfolio of instruments available for sale as of December 31, 2015 includes a net accumulated unrealized gain net of taxes of ThCh$16,879,610 (unrealized gain of ThCh$14,614,619 in 2014), booked as valuation adjustment in equity.

During the years 2015 and 2014 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, 2015 and 2014 (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, 2015 and 2014, booked proportionately by the company, are as follows:

	2015 ThCh$	2014 ThCh$
Unrealized gain during the year	6,630,790	9,319,679
Realized gain (reclassified to income)	(3,277,765)	(6,512,048)
Subtotal	3,353,025	2,807,631
Income tax on other comprehensive income	(1,088,034)	(1,033,013)
Net effect	2,264,991	1,774,618

Note 39 – Additional notes (continued)

Note 39.12 – Investments in companies

a) Investments in companies shows a total of ThCh$28,125,874 as of December 31, 2015 (ThCh$25,311,647 in 2014), detailed as follows:

		Percentage interest		Equity of the company		Investment			
						Value		Result	
		2015	2014	2015	2014	2015	2014	2015	2014
Company	Shareholder	%	%	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Associates									
Transbank S.A.(*)	Banco de Chile	26.16	26.16	40,302,116	34,176,754	10,541,596	8,939,422	1,314,222	1,069,563
Administrador Financiero del Transantiago S.A.	Banco de Chile	20.00	20.00	12,757,662	11,145,007	2,551,542	2,229,011	322,533	281,651
Soc. Operadora de Tarjetas de Crédito Nexus S.A.	Banco de Chile	25.81	25.81	9,471,540	8,252,734	2,444,234	2,129,710	449,324	389,169
Redbanc S.A.	Banco de Chile	38.13	38.13	5,418,519	4,968,922	2,066,307	1,894,857	244,929	241,223
Sociedad Imerc OTC S.A.	Banco de Chile	11.48	11.48	9,822,948	10,898,635	1,128,116	1,251,651	(119,173)	(177,222)
Centro de Compensación Automatizado S.A.	Banco de Chile	33.33	33.33	3,251,663	2,614,522	1,083,789	871,429	211,483	220,266
Soc. Operadora de la Cámara de Compensación de Pagos de Alto Valor S.A.	Banco de Chile	15.00	15.00	4,955,465	4,642,547	743,319	696,392	135,869	105,904
Sociedad Interbancaria de Depósitos de Valores S.A.	Banco de Chile	26.81	26.81	2,655,874	2,401,406	711,981	643,764	125,114	151,454
Subtotal Associates				88,635,787	79,100,527	21,270,884	18,656,236	2,684,301	2,282,008
Joint ventures									
Servipag Ltda.	Banco de Chile	50.00	50.00	7,778,114	7,281,151	3,889,067	3,640,583	248,482	50,711
Artikos Chile S.A.	Banco de Chile	50.00	50.00	1,377,540	1,491,483	688,779	745,751	310,166	153,041
Subtotal Joint ventures				9,155,654	8,772,634	4,577,846	4,386,334	558,648	203,752
Subtotal				97,791,441	87,873,161	25,848,730	23,042,570	3,242,949	2,485,760
Investments at cost (1)									
Bolsa de Comercio de Santiago S.A.						1,645,820	1,645,820	369,394	328,500
Banco Latinoamericano de Comercio Exterior S.A. (Bladex)						308,858	308,858	59,123	46,032
Bolsa Electrónica de Chile S.A.						257,033	257,033	—	—
Sociedad de Telecomunicaciones Financieras Interbancarias Mundiales (Swift)						57,446	49,379	—	—
CCLV Contraparte Central S.A.						7,987	7,987	—	—
Subtotal						2,277,144	2,269,077	428,517	374,532
Total						28,125,874	25,311,647	3,671,466	2,860,292

(1) Income relating to investments booked at cost is revenue booked on a received basis (dividends).

(*) On April 16, 2015, Transbank S.A. had a capital increase of ThCh$ 5,328,069 by capitalizing price-level restatement of capital and profits of ThCh$ 4,150,281 and a rights issue of ThCh$ 1,177,788. Banco de Chile subscribed and paid for 1,536,047 shares of ThCh$ 308,067 (this amount does not include inflation adjustments of ThCh$ 5,601). The shareholding of Banco de Chile in Transbank S.A. did not change as a result of this capital increase.

Note 39 – Additional notes (continued)

39.12 - Investments in companies, continued:

(b) Associates

	2015 ThCh$	2014 ThCh$
Current assets	620,976,675	588,635,140
Non-current assets	98,770,343	74,361,180
Total Assets	**719,747,018**	**662,996,320**
Current liabilities	620,951,109	578,659,015
Non-current liabilities	10,151,686	5,228,029
Total liabilities	**631,102,795**	**583,887,044**
Equity	88,635,787	79,100,527
Minority interest	8,436	8,749
Total Liabilities and Equity	**719,747,018**	**662,996,320**
Operating revenue	221,108,966	194,144,907
Operating expenses	(211,125,868)	(186,386,215)
Other income (expenses)	1,965,938	1,000,216
Net income before taxes	**11,949,036**	**8,758,908**
Income tax expense	(1,880,064)	(761,933)
Net income for the year	10,068,972	7,996,975

(c) Joint ventures:

Banco de Chile 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.	
	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$
Current assets	1,224,047	1,288,297	50,449,236	53,077,504
Non-current assets	755,175	689,495	17,193,347	16,226,692
Total Assets	**1,979,222**	**1,977,792**	**67,642,583**	**69,304,196**
Current liabilities	601,682	486,309	55,127,571	59,501,260
Non-current liabilities	—	—	4,736,898	2,521,785
Total liabilities	**601,682**	**486,309**	**59,864,469**	**62,023,045**
Equity	1,377,540	1,491,483	7,778,114	7,281,151
Total liabilities and equity	**1,979,222**	**1,977,792**	**67,642,583**	**69,304,196**
Operating revenue	3,147,270	2,659,667	38,878,380	37,140,387
Operating expenses	(735,370)	(662,041)	(37,631,519)	(36,199,087)
Other income (expenses)	(1,929,253)	(1,727,340)	(796,900)	(781,329)
Net income before taxes	**482,647**	**270,286**	**449,961**	**159,971**
Income tax expense	137,686	35,795	47,002	(58,551)
Net income for the year	620,333	306,081	496,963	101,420

Note 39 – Additional notes (continued)

39.12 - Investments in companies, continued:

d) The movement of permanent investments in companies that are not consolidated in 2015 and 2014 is as follows:

	2015 ThCh$	**2014 ThCh$**
Initial book value	25,311,647	16,670,100
Acquisition of investments	313,668	6,608,293
Share of income (loss) from investments with significant influence and joint control	3,242,949	2,485,760
Dividends receivable	(535,193)	(405,315)
Dividends received	(662,629)	(195,276)
Payment of minimum dividends	455,432	148,085
Total	28,125,874	25,311,647

(e) There was no impairment of these investments in 2015 and 2014.

Note 39 – Additional notes (continued)

Note 39.13 – Intangible assets

a) Intangible assets as of December 31, 2015 and 2014, are detailed as follows:

	Years									
	Useful life		Average remaining amortization		Gross balance		Accumulated amortization		Net balance	
	2015	2014	2015	2014	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$
Other intangible assets:										
Software or computer programs	6	6	4	4	99,993,614	92,217,828	(73,274,833)	(65,624,869)	26,718,781	26,592,959
Intangible assets from business combinations	—	—	—	—	1,740,476	1,740,476	(1,740,476)	(1,740,476)	—	—
Total					101,734,090	93,958,304	(75,015,309)	(67,365,345)	26,718,781	26,592,959

Note 39 – Additional notes (continued)

Note 39.13 – Intangible assets (continued)

b) Movements in intangible assets during 2015 and 2014 are detailed as follows:

2015	Software or computer programs ThCh$	Intangible assets from business combinations ThCh$	Other intangible assets ThCh$	Total ThCh$
Gross balance				
Balance as of January 1, 2015	92,217,828	1,740,476	—	93,958,304
Acquisitions	8,520,387	—	—	8,520,387
De-recognition/Write-offs	(685,134)	—	—	(685,134)
Impairment loss(*)	(59,467)	—	—	(59,467)
Total	99,993,614	1,740,476	—	101,734,090
Accumulated amortization				
Balance as of January 1, 2015	(65,624,869)	(1,740,476)	—	(67,365,345)
Amortization for the year (*)	(8,330,708)	—	—	(8,330,708)
De-recognition/Write-offs	680,744	—	—	680,744
Total	(73,274,833)	(1,740,476)	—	(75,015,309)
Balance as of December 31, 2015	26,718,781	—	—	26,718,781

2014	Software or computer programs ThCh$	Intangible assets from business combinations ThCh$	Other intangible assets ThCh$	Total ThCh$
Gross balance				
Balance as of January 1, 2014	86,982,846	1,740,476	502,888	89,226,210
Acquisitions	5,377,825	—	—	5,377,825
De-recognition/Write-offs	(503,676)	—	—	(503,676)
Reclassifications	481,097	—	(502,888)	(21,791)
Loss for impairment (*)	(120,264)	—	—	(120,264)
Total	92,217,828	1,740,476	—	93,958,304
Accumulated amortization				
Balance as of January 1, 2014	(57,764,240)	(1,740,476)	(50,586)	(59,555,302)
Amortization for the year (*)	(8,351,904)	—	—	(8,351,904)
De-recognition/Write-offs	502,040	—	—	502,040
Reclassifications	(10,765)	—	50,586	39,821
Total	(65,624,869)	(1,740,476)	—	(67,365,345)
Balance as of December 31, 2014	26,592,959	—	—	26,592,959

(*) See Note 39.32 on depreciation, amortization and impairment.

c) As of December 31, 2015 and 2014, the following commitments have been made by the Bank for technological developments:

Detail	**Amount of commitment 2015 ThCh$**	**Amount of commitment 2014 ThCh$**
Software and licenses	5,778,779	3,508,247

Note 39 – Additional notes (continued)

Note 39.14 –Property, plant and equipment

(a) Property, plant and equipment as of December 31, 2015 and 2014, is detailed as follows:

	Gross balance		Accumulated depreciation		Net balance	
	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$
Type of property, plant and equipment:						
Land and buildings	292,165,602	285,754,429	(126,569,042)	(120,084,837)	165,596,560	165,669,592
Equipment	167,873,561	151,909,804	(127,643,621)	(119,841,031)	40,229,940	32,068,773
Others	47,960,821	43,774,197	(38,116,507)	(36,110,610)	9,844,314	7,663,587
Total	507,999,984	481,438,430	(292,329,170)	(276,036,478)	215,670,814	205,401,952

(b) Movements in property, plant and equipment during 2015 and 2014 are detailed as follows:

	2015			
	Land and buildings ThCh$	Equipment ThCh$	Others ThCh$	Total ThCh$
Gross balance				
Balance as of January 1, 2015	285,754,429	151,909,804	43,774,197	481,438,430
Reclassification	625,319	—	859,452	1,484,771
Additions	7,908,469	18,746,207	4,821,215	31,475,891
De-recognition/write-offs	(2,050,367)	(2,768,864)	(1,382,056)	(6,201,287)
Transfers	—	(10,546)	10,546	—
Impairment (*) (***)	(72,248)	(3,040)	(122,533)	(197,821)
Total	292,165,602	167,873,561	47,960,821	507,999,984
Accumulated depreciation				
Balance as of January 1, 2015	(120,084,837)	(119,841,031)	(36,110,610)	(276,036,478)
Reclassification	(109,700)	—	(881,722)	(991,422)
Depreciation for the year (*) (**)	(8,117,292)	(10,567,139)	(2,142,305)	(20,826,736)
Write-offs and sales in year	1,742,787	2,763,758	1,018,921	5,525,466
Transfers	—	791	(791)	—
Total	(126,569,042)	(127,643,621)	(38,116,507)	(292,329,170)
Balance as of December 31, 2015	165,596,560	40,229,940	9,844,314	215,670,814

	2014			
	Land and buildings ThCh$	Equipment ThCh$	Others ThCh$	Total ThCh$
Gross balance				
Balance as of January 1, 2014	280,613,966	137,827,308	42,632,281	461,073,555
Reclassification	—	—	(200,000)	(200,000)
Additions	6,028,932	22,775,833	2,708,504	31,513,269
De-recognition/write-offs	(865,665)	(7,807,968)	(621,656)	(9,295,289)
Transfers	—	485,011	(485,011)	—
Impairment (*) (***)	(22,804)	(1,370,380)	(259,921)	(1,653,105)
Total	285,754,429	151,909,804	43,774,197	481,438,430
Accumulated depreciation				
Balance as of January 1, 2014	(112,725,075)	(116,080,489)	(34,688,847)	(263,494,411)
Depreciation for the year *) (**)	(8,198,083)	(11,282,780)	(2,287,209)	(21,768,072)
Write-offs and sales in year	838,321	7,807,720	579,964	9,226,005
Transfers	—	(285,482)	285,482	—
Total	(120,084,837)	(119,841,031)	(36,110,610)	(276,036,478)
Balance as of December 31, 2014	165,669,592	32,068,773	7,663,587	205,401,952

(*) 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$379,610 (ThCh$380,704 in 2014).
(***) Excludes provisions for write-offs of property, plant and equipment of ThCh$5,747 (ThCh$311,832 in 2014).

Note 39 – Additional notes (continued)

Note 39.14 – Property, plant and equipment (continued)

(c) As of December 31, 2015 and 2014, Banco de Chile had operating lease contracts that cannot be rescinded unilaterally. Future rental payments are as follows:

		2015						
	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	30,983,434	2,662,335	5,382,853	21,799,605	39,572,141	27,613,134	45,378,507	142,408,575

		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

As these are operating lease contracts, the assets leased are not shown in the statement of financial position, in accordance with IAS17.

Banco de Chile has commercial leases on investment properties. These leases have an average life of 10 years. There are no restrictions for the lessee.

(d) There are no financial lease contracts outstanding as of December 31, 2015 and 2014, so there are no balances of property, plant and equipment under financial leases as of those dates.

Note 39 – Additional notes (continued)

Note 39.15 – Current and deferred taxes

a) Current taxes

Banco de Chile and its subsidiaries have made a provision for corporate income tax for 2015 and 2014 in accordance with current tax laws. This provision is shown as the net amount of recoverable or payable taxes as of December 31, 2015 and 2014 as follows:

	2015 ThCh$	2014 ThCh$
Income tax	121,673,362	106,630,079
Tax on disallowed expenses (rate 35%)	2,805,255	1,802,363
Less:		
Monthly provisional payments	(94,900,988)	(83,137,817)
Training expense credits	(1,930,568)	(1,817,697)
Property taxes paid	(895,550)	(1,597,206)
Others	(2,045,606)	(2,857,773)
Total	24,705,905	19,021,949
Income tax rate	22.5%	21.0%

	2015 ThCh$	2014 ThCh$
Current tax assets	3,287,403	3,476,046
Current tax liabilities	(27,993,308)	(22,497,995)
Total tax payable	(24,705,905)	(19,021,949)

b) Income tax

The tax charge during the years ended December 31, 2015 and 2014, is composed of the following concepts:

	2015 ThCh$	2014 ThCh$
Income tax expense:		
Tax current year	119,429,604	100,381,533
Tax previous years	(1,850,721)	13,596,410
Subtotal	117,578,883	113,977,943
Credit (charge) Deferred taxes:		
Origination and reversal of timing differences	(42,138,760)	(33,643,068)
Tax rate change effect on deferred taxes	(15,651,921)	(3,596,874)
Subtotal	(57,790,681)	(37,239,942)
Taxes on disallowed expenses Art 21 of the tax law	2,805,255	1,802,363
Others	(775,641)	4,746,045
Net income tax expense	61,817,816	83,286,409

Note 39 – Additional notes (continued)

Note 39.15 – Current and deferred taxes (continued)

c) Reconciliation of effective tax rate:

The following is the reconciliation between the income tax rate and the effective rate applied in the determination of the charge as of December 31, 2015 and 2014:

	2015		2014	
	Tax rate %	ThCh$	Tax rate %	ThCh$
Tax on financial result	22.50	139,737,887	21.00	136,720,762
Additions or deductions	(5.15)	(31,951,801)	(4.81)	(31,374,682)
Tax price-level restatement	(4.30)	(26,717,639)	(5.12)	(33,298,612)
Sole tax (disallowed expenses)	0.45	2,805,255	0.28	1,802,363
Previous years' taxes	(0.30)	(1,850,721)	2.09	13,596,410
Effect on deferred taxes (change in rates)	(2.52)	(15,651,921)	(0.55)	(3,596,874)
Others	(0.73)	(4,553,244)	(0.09)	(562,958)
Effective rate and income tax expense	9.95	61,817,816	12.80	83,286,409

The effective rate for income tax for the year 2015 is 9.95% (12.80% in 2014).

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 stock 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 deferred taxes in net income due to the change in the tax rate meant a credit to income for the year of ThCh$15,651,921 for 2015 (ThCh$27,276,739 in 2014, being a credit to income for the year of ThCh$3,596,874 and a credit to accumulated income in equity of ThCh$23,679,865).

Note 39 – Additional notes (continued)

Note 39.15 – Current 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	
	12.31.2015 ThCh$	12.31.2014 ThCh$
Debtor differences:		
Loan loss allowance	178,167,791	146,561,792
Obligations under repurchase agreements	—	—
Provisions relating to personnel	7,866,903	9,313,977
Provision for vacations	6,268,179	5,488,942
Accrued Interest and indexation adjustments from past due loans	4,025,354	3,738,877
Termination benefits	1,352,100	1,460,264
Provision for credit card related expenses	13,627,893	10,636,656
Provision for accrued expenses	11,786,792	11,465,528
Leases	18,238,669	—
Others adjustments	14,638,584	14,202,557
Total net assets	**255,972,265**	**202,868,593**
Creditor differences:		
Depreciation and price-level restatement property, plant and equipment	13,162,507	14,304,441
Adjustment for valuation of investments available for sale	12,581,422	9,860,116
Leases	—	2,992,178
Transitory assets	2,640,433	2,477,736
Adjustment derivative instruments	—	13,175
Accrued placements effective rate	2,565,375	2,308,274
Other adjustments	2,003,424	3,072,678
Total net liabilities	**32,953,161**	**35,028,598**
Total net assets (liabilities)	**223,019,104**	**167,839,995**

Note 39 – Additional notes (continued)

Note 39.15 – Current 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 and accounts receivable from customers as of 12.31.2015			**Assets at tax value**		
	Assets at value of financial statements (*) ThCh$	**Assets at tax value ThCh$**	**Past due portfolio with collateral ThCh$**	**Past due portfolio without collateral ThCh$**	**Total past due portfolio ThCh$**
Due by banks	1,395,195,498	1,395,897,178	—	—	—
Commercial loans	12,200,385,789	12,733,690,813	29,606,587	69,941,717	99,548,304
Consumer loans	3,540,121,984	3,959,497,459	447,560	17,298,452	17,746,012
Residential mortgage loans	6,370,033,417	6,402,267,624	5,803,334	136,062	5,939,396
Total	23,505,736,688	24,491,353,074	35,857,481	87,376,231	123,233,712

(e.1) Loans and accounts receivable from customers as of 12.31.2014			**Assets at tax value**		
	Assets at value of financial statements (*) ThCh$	**Assets at tax value ThCh$**	**Past due portfolio with collateral ThCh$**	**Past due portfolio without collateral ThCh$**	**Total past due portfolio ThCh$**
Due by banks	1,155,364,144	1,156,180,784	—	—	—
Commercial loans	10,925,816,725	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	20,638,746,849	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 an individual basis (just Banco de Chile) net of loan loss allowances and excludes lease and factoring operations.

Note 39 – Additional notes (continued)

Note 39.15 – Current and deferred taxes (continued)

(e.2) Allowances for past due portfolio as of 12.31.2015	Balance at 01.01.2015 ThCh$	Charge-offs against allowances ThCh$	Allowances made ThCh$	Allowances released ThCh$	Balance at 12.31.2015 ThCh$
Commercial loans	57,349,965	(41,860,294)	108,206,261	(53,754,215)	69,941,717
Consumer loans	18,642,927	(192,744,963)	213,755,528	(22,355,040)	17,298,452
Residential mortgage loans	92,544	(921,295)	1,414,002	(449,189)	136,062
Total	76,085,436	(235,526,552)	323,375,791	(76,558,444)	87,376,231

(e.2) Allowances for past due portfolio as of 12.31.2014	Balance at 01.01.2014 ThCh$	Charge-offs against allowances ThCh$	Allowances made ThCh$	Allowances released ThCh$	Balance at 12.31.2014 ThCh$
Commercial loans	49,184,195	(47,587,659)	89,367,515	(33,614,086)	57,349,965
Consumer loans	17,418,407	(175,306,750)	198,718,646	(22,187,376)	18,642,927
Residential mortgage loans	111,155	(667,894)	916,686	(267,403)	92,544
Total	66,713,757	(223,562,303)	289,002,847	(56,068,865)	76,085,436

(e.3) Direct charge-offs and recoveries	2015 ThCh$	2014 ThCh$
Direct charge-offs Art, 31 No,4, 2nd paragraph	11,908,009	13,815,028
Pardoned debt originating release of allowances	793,576	1,001,289
Recoveries or re-negotiation of charged-off loans	48,696,421	43,682,777

(e.4) Application of Art, 31 No,4 1st and 3rd paragraphs of the Income Tax Law	2015 ThCh$	2014 ThCh$
Charge-offs according to the 1st paragraph	—	—
Pardoned debt per the 3rd paragraph	793,576	1,001,289

Note 39 – Additional notes (continued)

Note 39.16 – Other assets

a) Composition

Other assets as of December 31, 2015 and 2014, are detailed as follows:

	2015 ThCh$	2014 ThCh$
Assets for lease (*)	117,331,124	87,100,213
Assets received or awarded in lieu of payment (**)		
Assets awarded in court auction	5,644,427	3,014,312
Assets received in lieu of payment	785,138	934,110
Allowances for assets received in lieu of payment or awarded	(175,524)	(207,357)
Subtotal	6,254,041	3,741,065
Other assets		
Derivative margin deposits	226,212,918	143,378,657
Documents trading (***)	30,729,335	23,048,704
Investment properties	15,041,497	15,936,725
Servipag available funds	13,922,399	14,620,522
Other accounts and notes receivable	11,796,500	16,123,250
VAT fiscal credit	10,143,290	9,730,772
Recoverable tax	8,717,560	8,355,879
Fees receivable	7,557,904	4,931,306
Prepaid expenses	6,915,029	6,240,458
Rental guarantees	1,742,854	1,616,737
Accounts receivable for assets received in lieu of payment	752,404	769,097
Materials and supplies	642,760	607,343
Leased assets recovered for sale	624,609	691,762
Others	26,134,623	18,164,185
Subtotal	360,933,682	264,215,397
Total	484,518,847	355,056,675

(*) Relate to property, plant and equipment 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 0.0227% (0.0287% in 2014) of the Bank's effective equity.

Assets awarded in a court 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 awarded 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) Movements in the allowance for assets received in lieu of payment or awarded during 2015 and 2014 are detailed as follows:

Amortization	**Allowances for assets ThCh$**
Balance as of January 1, 2014	46,175
Application of allowances	(88,310)
Allowances made	249,492
Allowances released	—
Balance as of December 31, 2014	207,357
Application of allowances	(181,425)
Allowances made	149,592
Allowances released	—
Balance as of December 31, 2015	175,524

Note 39.17 – Deposits and other demand deposits

Deposits and other demand deposits as of December 31, 2015 and 2014, are detailed as follows:

	20152015 ThCh$	**2014 ThCh$**
Current accounts	6,884,950,363	5,782,105,470
Other demand obligations	892,487,164	680,429,636
Other deposits and sight accounts	527,932,380	394,322,870
Total	8,305,369,907	6,856,857,976

Note 39.18 – Deposits and term obligations

Deposits and term obligations as of December 31, 2015 and 2014, are detailed as follows:

	2015 ThCh$	**2014 ThCh$**
Time deposits	9,527,425,700	9,447,753,485
Time savings accounts	205,171,338	188,311,044
Other term creditor balances	172,547,265	82,710,920
Total	9,905,144,303	9,718,775,449

Note 39 – Additional notes (continued)

Note 39.19 – Due to banks

(a) Due to banks as of December 31, 2015 and 2014, is detailed as follows:

	2015 ThCh$	2014 ThCh$
Banks in Chile	—	—
Banks abroad		
Foreign trade financing		
Citibank N.A.	283,802,890	141,632,886
Canadian Imperial Bank of Commerce	166,918,373	69,750,099
Bank of America	150,208,049	126,004,319
The Bank of New York Mellon	149,617,375	57,581,280
HSBC Bank	121,026,784	155,134,739
Wells Fargo Bank	112,932,690	83,014,642
Bank of Nova Scotia	94,297,937	38,803,865
Bank of Montreal	92,095,551	139,547,892
Toronto Dominion Bank	63,787,587	45,489,423
Standard Chartered Bank	56,975,038	106,659,425
Sumitomo Mitsui Banking	35,421,468	—
ING Bank	31,872,571	30,309,245
Zuercher Kantonalbank	22,010,533	6,088,339
Commerzbank A.G.	1,445,536	1,630,708
Royal Bank of Scotland	—	10,924,412
Mercantil Commercebank	—	6,069,612
Deutsche Bank Trust Company	—	48,037,468
Others	842,115	1,524,870
Loans and other obligations		
Wells Fargo Bank	106,463,168	—
Citibank N.A.	37,570,660	12,389,231
China Development Bank	—	15,164,696
Others	2,333,825	2,949,517
Subtotal	1,529,622,150	1,098,706,668
Chilean Central Bank	6,023	8,623
Total	1,529,628,173	1,098,715,291

Note 39 – Additional notes (continued)

Note 39.19 – Due to banks (continued)

(b) Obligations with the Chilean Central Bank:

The debts with the Chilean Central Bank include credit lines for the renegotiation of loans and other debts with the Chilean Central Bank.

The following are the total amounts due to the Chilean Central Bank:

	2015 ThCh$	2014 ThCh$
Loans and other obligations	—	—
Line of credit for renegotiation of obligations with Central Bank	6,023	8,623
Total	6,023	8,623

Note 39.20 – Debt instruments issued

Debt instruments issued as of December 31, 2015 and 2014, are detailed as follows:

	2015 ThCh$	2014 ThCh$
Mortgage-funding notes	44,591,637	64,314,279
Bonds	5,268,299,827	4,223,047,559
Subordinated bonds	785,613,547	770,594,854
Total	6,098,505,011	5,057,956,692

Note 39 – Additional notes (continued)

Note 39.20 – Debt instruments issued (continued)

During 2015, Banco de Chile placed bonds amounting to ThCh$2,470,406,431, of which ThCh$1,342,224,035 correspond to Bonds and ThCh$1,128,182,396 correspond to Commercial papers, detailed as follows:

Bonds

Series	Amount ThCh$	Term	Issue rate %	Currency	Issue date	Maturity date
BCHIAI0213	17,131,906	6	3.40	UF	02/17/2015	02/17/2021
BCHIAM0413	40,425,315	8	3.60	UF	02/20/2015	02/20/2023
BCHIAB1211	80,282,095	15	3.50	UF	02/27/2015	02/27/2030
BCHIAM0413	4,881,192	8	3.60	UF	03/13/2015	03/13/2023
BCHIAM0413	5,972,333	8	3.60	UF	03/19/2015	03/19/2023
BCHIAM0413	11,225,391	8	3.60	UF	04/06/2015	04/06/2023
BCHIAM0413	2,673,315	8	3.60	UF	04/07/2015	04/07/2023
BCHIAZ0613	53,873,932	14	3.60	UF	04/17/2015	04/17/2029
BONO USD	30,595,000	6	LIBOR 3 M + 0.69	USD	04/30/2015	04/30/2021
BCHIAM0413	15,241,944	8	3.60	UF	05/08/2015	05/08/2023
BCHIAP0213	29,715,329	9	3.60	UF	05/15/2015	05/15/2024
BCHIAP0213	7,434,561	9	3.60	UF	05/18/2015	05/18/2024
BCHIAP0213	2,658,155	9	3.60	UF	05/22/2015	05/22/2024
BCHIAP0213	13,308,173	9	3.60	UF	05/27/2015	05/27/2024
BCHIAO0713	14,072,368	8	3.40	UF	06/09/2015	06/09/2023
BCHIAO0713	21,146,120	8	3.40	UF	06/10/2015	06/10/2023
BCHIAO0713	4,517,632	8	3.40	UF	06/15/2015	06/15/2023
BCHIAO0713	4,653,456	8	3.40	UF	06/16/2015	06/16/2023
BCHIAO0713	10,638,824	8	3.40	UF	06/18/2015	06/18/2023
BCHIAO0713	9,315,445	8	3.40	UF	06/23/2015	06/23/2023
BCHIAW0213	80,003,094	13	3.60	UF	06/25/2015	06/25/2028
BCHIAO0713	22,367,435	8	3.40	UF	07/03/2015	07/03/2023
BCHIAO0713	3,691,981	8	3.40	UF	07/07/2015	07/07/2023
BCHIAX0613	16,067,570	13	3.60	UF	07/08/2015	07/08/2028
BCHIAX0613	37,493,620	13	3.60	UF	07/09/2015	07/09/2028
BCHIAO0713	4,255,438	8	3.40	UF	07/10/2015	07/10/2023
BCHIAO0713	2,681,020	8	3.40	UF	07/22/2015	07/22/2023
BCHIAS0513	9,549,527	10	3.60	UF	07/28/2015	07/28/2025
BCHIUY1211	80,744,440	14	3.50	UF	08/06/2015	08/06/2029
BCHIAS0513	9,333,674	10	3.60	UF	08/13/2015	08/13/2025
BCHIAK0613	81,153,941	7	3.40	UF	08/14/2015	08/14/2022
BCHIAS0513	3,297,346	10	3.60	UF	08/18/2015	08/18/2025
BCHIAS0513	6,046,498	10	3.60	UF	08/19/2015	08/19/2025
BCHIUW1011	54,750,476	13	3.50	UF	08/24/2015	08/24/2028
BCHIUW1011	55,117,139	13	3.50	UF	08/31/2015	08/31/2028
BCHIAN0513	54,642,475	8	3.60	UF	10/07/2015	10/07/2023
BCHIAS0513	4,127,492	10	3.60	UF	10/14/2015	10/14/2025
BCHIUX0212	80,795,567	13	3.50	UF	10/14/2015	10/14/2028
BONO HKD	53,955,988	10	3.05	HKD	10/20/2015	10/20/2025
BCHIAQ0213	81,748,195	10	3.60	UF	11/06/2015	11/06/2025
BCHIAT0613	82,317,568	11	3.50	UF	11/06/2015	11/06/2026
BCHIAR0613	62,984,947	10	3.60	UF	11/06/2015	11/06/2025
BONO EUR	35,879,233	10	1.66	EUR	11/16/2015	11/16/2025
BONO USD	35,410,000	5	LIBOR 3 M + 1.15	USD	12/16/2015	12/16/2020
BCHIAS0513	4,046,885	10	3.60	UF	12/18/2015	12/18/2025
Total December 2015	**1,342,224,035**					

Note 39 – Additional notes (continued)

Note 39.20 – Debt instruments issued (continued)

Commercial papers

Counterparty	Amount ThCh$	Interest rate %	Currency	Issue date	Maturity date
Merrill Lynch	15,425,000	0.32%	USD	01/05/2015	04/06/2015
Goldman Sachs	15,380,000	0.33%	USD	01/07/2015	04/10/2015
Goldman Sachs	30,638,000	0.33%	USD	01/08/2015	04/08/2015
Wells Fargo Bank	12,255,200	0.32%	USD	01/08/2015	04/08/2015
Wells Fargo Bank	3,077,000	0.43%	USD	01/12/2015	07/13/2015
Merrill Lynch	9,420,600	0.46%	USD	01/21/2015	07/21/2015
Merrill Lynch	9,420,600	0.60%	USD	01/21/2015	10/16/2015
JP. Morgan Chase	49,944,000	0.37%	USD	01/22/2015	04/22/2015
Wells Fargo Bank	16,261,960	0.32%	USD	02/10/2015	05/11/2015
Wells Fargo Bank	2,501,840	0.47%	USD	02/10/2015	08/10/2015
JP. Morgan Chase	48,215,035	0.35%	USD	03/03/2015	06/02/2015
Wells Fargo Bank	4,393,200	0.82%	USD	03/06/2015	03/04/2016
Merrill Lynch	15,690,000	0.42%	USD	03/06/2015	08/06/2015
JP. Morgan Chase	31,395,000	0.35%	USD	03/09/2015	06/08/2015
Wells Fargo Bank	2,569,160	0.48%	USD	03/17/2015	09/14/2015
Merrill Lynch	4,975,380	0.42%	USD	03/20/2015	08/06/2015
Merrill Lynch	3,121,700	0.48%	USD	03/23/2015	09/17/2015
JP. Morgan Chase	31,950,600	0.38%	USD	03/23/2015	06/22/2015
Wells Fargo Bank	25,078,800	0.35%	USD	03/30/2015	06/30/2015
JP. Morgan Chase	37,466,616	0.48%	USD	04/06/2015	10/02/2015
JP. Morgan Chase	14,519,384	0.38%	USD	04/06/2015	07/06/2015
Goldman Sachs	42,857,500	0.35%	USD	04/08/2015	07/08/2015
Citibank N.A.	15,505,750	0.35%	USD	04/10/2015	07/06/2015
JP. Morgan Chase	16,523,882	0.40%	USD	04/17/2015	08/17/2015
JP. Morgan Chase	49,536,000	0.40%	USD	04/22/2015	08/03/2015
Wells Fargo Bank	15,855,580	0.34%	USD	05/11/2015	08/10/2015
JP. Morgan Chase	48,721,123	0.40%	USD	06/02/2015	09/02/2015
JP. Morgan Chase	31,567,000	0.40%	USD	06/08/2015	09/08/2015
Wells Fargo Bank	3,796,200	0.52%	USD	06/19/2015	12/16/2015
JP. Morgan Chase	32,321,107	0.36%	USD	06/22/2015	09/17/2015
Wells Fargo Bank	2,620,392	0.27%	USD	06/30/2015	09/17/2015
Wells Fargo Bank	10,162,008	0.37%	USD	06/30/2015	10/02/2015
Wells Fargo Bank	12,782,400	0.59%	USD	06/30/2015	01/04/2016
JP. Morgan Chase	15,222,325	0.39%	USD	07/06/2015	10/05/2015
Citibank N.A.	16,030,250	0.36%	USD	07/06/2015	10/05/2015
Goldman Sachs	45,651,200	0.36%	USD	07/08/2015	10/08/2015
Merrill Lynch	10,418,560	0.72%	USD	07/21/2015	04/15/2016
Wells Fargo Bank	3,390,350	0.54%	USD	08/04/2015	02/03/2016
Wells Fargo Bank	33,903,500	0.31%	USD	08/04/2015	09/30/2015
Merrill Lynch	19,664,030	0.36%	USD	08/04/2015	11/04/2015
Merrill Lynch	22,323,112	0.36%	USD	08/06/2015	11/04/2015
Wells Fargo Bank	11,548,780	0.93%	USD	08/06/2015	08/04/2016
Wells Fargo Bank	6,772,800	0.36%	USD	08/07/2015	11/13/2015
Wells Fargo Bank	6,739,500	0.93%	USD	08/10/2015	08/05/2016
Wells Fargo Bank	13,634,000	0.45%	USD	08/11/2015	12/08/2015
Citibank N.A.	18,710,474	0.45%	USD	08/18/2015	11/16/2015
JP. Morgan Chase	69,151,000	0.51%	USD	09/02/2015	12/02/2015
JP. Morgan Chase	34,540,500	0.51%	USD	09/08/2015	12/08/2015
JP. Morgan Chase	42,392,565	0.50%	USD	10/02/2015	01/05/2016
Citibank N.A.	17,091,500	0.50%	USD	10/05/2015	01/08/2016
JP. Morgan Chase	17,091,500	0.50%	USD	10/05/2015	01/08/2016
Merrill Lynch	10,223,550	0.78%	USD	10/14/2015	07/11/2016
Merrill Lynch	13,828,600	0.65%	USD	11/04/2015	05/04/2016
Merrill Lynch	26,101,483	0.45%	USD	11/04/2015	02/03/2016
Wells Fargo Bank	3,555,000	0.82%	USD	12/15/2015	06/13/2016
Merrill Lynch	4,249,800	1.10%	USD	12/17/2015	12/13/2016
Total December 2015	**1,128,182,396**				

As of December 31, 2015 subordinated bonds have not been issued.

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, consisting of Bonds and Commercial papers amounting to 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 subordinated bonds were issued in 2014.

During 2015 and 2014 the Bank has not defaulted on its payments of principal and interest on its debt instruments. Neither has there been any non-compliance with covenants or other commitments associated with its debt instruments.

Note 39 – Additional notes (continued)

Note 39.21 – Other financial obligations

Other financial obligations as of December 31, 2015 and 2014, are detailed as follows:

	2015 ThCh$	2014 ThCh$
Other obligations in Chile	132,135,654	141,728,797
Obligations with the public sector	40,945,075	44,844,107
Other foreign obligations	—	—
Total	173,080,729	186,572,904

Note 39.22 - Provisions

a) Provisions as of December 31, 2015 and 2014, are detailed as follows:

	2015 ThCh$	2014 ThCh$
Provisions for minimum dividends shareholders SM-Chile	23,526,641	23,901,685
Provisions for minimum dividends other shareholders	101,874,977	100,853,128
Provisions for employee benefits and remuneration	74,790,851	81,516,049
Allowances for contingent credits risk	59,212,535	54,077,289
Provisions for contingencies:		
Additional loan allowances (*)	161,177,301	130,255,605
Provisions for country risk	15,133,340	2,959,070
Other provisions for contingencies	4,260,100	8,318,871
Total	439,975,745	401,881,697

(*) An additional allowance was made as of December 31, 2015, amounting to ThCh$30,921,696 (ThCh$22,498,933 in 2014). See Note 39.22 (b).

Note 39 – Additional notes (continued)

Note 39.22 - Provisions (continued)

(a) Movements in provisions during 2015 and 2014 are detailed as follows:

	Minimum dividend ThCh$	Employee benefits and remuneration ThCh$	Contingent credit risks ThCh$	Additional allowances ThCh$	Country risk and other contingencies ThCh$	Total ThCh$
Balance as of January 1, 2014	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
Provisions made	125,401,618	60,206,866	5,135,246	30,921,696	8,361,770	230,027,196
Application of provisions	(124,754,813)	(66,932,064)	—	—	(246,271)	(191,933,148)
Release of provisions	—	—	—	—	—	—
Balance as of December 31, 2015	125,401,618	74,790,851	59,212,535	161,177,301	19,393,440	439,975,745

(c) Provisions for personnel benefits and remuneration:

	2015 ThCh$	2014 ThCh$
Provisions for vacation	25,480,474	23,727,329
Provisions for performance bonuses	34,307,198	29,677,753
Provisions for termination benefits	10,727,608	11,471,223
Provisions for other employee benefits	4,275,571	16,639,744
Total	74,790,851	81,516,049

d) Termination benefits:

(i) Movements in termination benefit provisions:

	2015 ThCh$	2014 ThCh$
Present value of obligations at start of year	11,471,223	10,696,348
Increase in provision	837,618	1,018,671
Payments made	(1,613,948)	(643,850)
Effect of change in factors	32,715	400,054
Total	10,727,608	11,471,223

(ii) Net cost of benefits:

	2015 ThCh$	2014 ThCh$
Increase in provision	384,183	578,372
Interest cost of benefit obligations	453,435	440,299
Effect of change in actuarial factors	32,715	400,054
Net cost of benefits	870,333	1,418,725

Note 39 – Additional notes (continued)

Note 39.22 - Provisions (continued)

(d) Termination benefits (continued)

(iii) Factors used in the calculation of the provision:

The principal assumptions used in the determination of termination benefits for Banco de Chile's plan are as follows:

	2015 %	2014 %
Discount rate	4.60	4.38
Wage increase rate	5.41	5.12
Probability of payment	99.99	99.99

The most recent actuarial valuation of the provision for termination benefits was made as of December 31, 2015.

(e) Movement in provision for performance bonuses:

	2015 ThCh$	2014 ThCh$
Balances as of January 1	29,677,753	31,999,996
Provisions made	35,253,461	26,971,385
Application of provisions	(30,624,016)	(29,293,628)
Release of provisions	—	—
Closing balance	34,307,198	29,677,753

(f) Movement in provision for personnel vacations:

	2015 ThCh$	2014 ThCh$
Balances as of January 1	23,727,329	21,895,364
Provisions made	6,672,096	6,267,642
Application of provisions	(4,918,951)	(4,435,677)
Release of provisions	—	—
Closing balance	25,480,474	23,727,329

(g) Provision for employee benefits in shares:

As of December 31, 2015 and 2014, the Bank and its subsidiaries have no share compensation plan.

(h) Allowances for contingent loans:

As of December 31, 2015 and 2014 Banco de Chile and its subsidiaries maintain allowances for contingent loans of ThCh$59,212,535 and ThCh$54,077,289 respectively, as shown in Note 39.24 (d).

Note 39 – Additional notes (continued)

Note 39.23 – Other liabilities

Other liabilities as of December 31, 2015 and 2014, are detailed as follows:

	2015 ThCh$	2014 ThCh$
Accounts and notes payable (*)	121,418,912	121,387,885
Advance payments received	6,643,741	5,946,580
Agreed dividends payable	906,364	664,501
Other liabilities		
Co-branding	54,005,608	43,291,182
Document trading operations (**)	39,734,579	45,580,009
VAT fiscal debit	13,234,622	13,604,985
Deferred lease income	6,040,282	6,003,675
Operations pending	766,349	1,390,632
Insurance payments	633,984	283,518
Others	16,923,905	9,848,572
Total	260,308,346	248,001,539

(*) Includes obligations that fall outside 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.

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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 Banco de Chile's overall risk.

Banco de Chile and its subsidiaries book in memorandum accounts the following balances related to such commitments and business-related liabilities:

	2015 ThCh$	2014 ThCh$
Contingent liabilities		
Guarantees	389,727,466	412,474,086
Confirmed foreign letters of credit	33,871,218	136,845,531
Documentary letters of credit opened	122,060,160	152,582,247
Performance bonds	2,058,813,277	1,576,763,669
Committed lines of credit	7,224,241,807	6,084,098,422
Other credit commitments	204,862,360	14,433,660
Operations on behalf of third parties		
Documents for collection	217,478,540	305,383,841
Third-party funds managed by the Bank:		
Financial assets managed on behalf of third parties	18,563,405	13,152,940
Other assets managed on behalf of third parties	—	—
Financial assets acquired in own name	151,374,825	67,833,518
Other assets acquired in own name	—	—
Custody of securities		
Valuables held in custody with the Bank	8,248,415,935	7,488,897,137
Valuables in custody deposited in other entity	5,006,510,227	4,865,569,586
Total	23,675,919,220	21,118,034,637

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 court contingencies of the industry:

There are legal actions against Banco de Chile and its subsidiaries at the date of issue of these consolidated financial statements with respect to their business. As of December 31, 2015, the Bank and its subsidiaries have provisions for legal contingencies of ThCh$14,877,049 (ThCh$8,072,600 in December 2014), which form part of "Provisions" in the statement of financial position.

These include the following lawsuits:

- Class action suit filed 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 fees on credit lines and the validity of tacit consent to changes in the rates, charges and other conditions in consumer contracts.

- Suit filed by the Chilean National Consumers and Users Corporation (CONADECUS) seeking a declaration that clauses in the Unified Contract of Personal Products referring to the overdraft in relation to the fees charged and the tacit consent are abusive and therefore void; also seeking termination of outsourcing for handling the monthly statements of current accounts, compensatory damages, plus fines for each violation.

- Class action suit filed by the Chilean Consumers and Users Organization seeking a declaration that clauses of the Unified Contract of Personal Products relating to services for the use of self-service channels and credit cards are abusive and therefore void, 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.

The following shows the estimated dates of termination of the lawsuits:

	December 31, 2015				
	2016 ThCh$	2017 ThCh$	2018 ThCh$	2019 ThCh$	Total ThCh$
Court contingencies	14,488,399	18,650	370,000	—	14,877,049

b.2) Contingencies for significant lawsuits in the courts:

As of December 31, 2015 and 2014, there are no significant lawsuits in the courts that affect or could affect these consolidated financial statements.

Note 39 – Additional notes (continued)

Note 39.24 - Contingencies and commitments (continued)

c) Guarantees granted for operations:

c.1) The subsidiary Banchile Administradora General de Fondos S.A.:

In compliance with article 12 of Law 20,712, Banchile Administradora General de Fondos S.A., has designated Banco de Chile as the representative of the beneficiaries of the guarantees it has established and in that role the Bank has issued performance bonds totaling UF 2,603,000, maturing January 8, 2016 (UF 2,458,000 maturing January 9, 2015 in 2014). For real estate funds the company took out guarantee insurance policies with Mapfre Seguros Generales S.A., for a guaranteed total of UF 156,000.

In addition, there are other performance bonds for guaranteed returns on certain mutual funds, totaling ThCh$35,861,541 as of December 31, 2014. As of December 31, 2015, there were no guaranteed mutual funds.

The following is the detail of the performance bonds:

Fund	2015 ThCh$	Bond No.	2014 ThCh$	Bond No.
Fondo Mutuo Depósito Plus VI Garantizado	—	—	5,428,931	002506-8
Fondo Mutuo Twin Win Europa 103 Garantizado	—	—	3,537,029	006035-1
Fondo Mutuo Europa Accionario Garantizado	—	—	2,059,206	006036-9
Fondo Mutuo Depósito Plus V Garantizado	—	—	9,975,697	001107-7
Fondo Mutuo Small Cap USA Garantizado	—	—	5,197,488	008212-5
Fondo Mutuo Global Stocks Garantizado	—	—	2,963,852	007385-9
Fondo Mutuo Second Best Europa China Garantizado	—	—	1,649,068	007082-7
Fondo Mutuo Chile Bursátil Garantizado	—	—	5,050,270	006034-3
Total	—		35,861,541	

In compliance with letter f) of SVS Circular 1,894 of September 24, 2008, the company has given a guarantee in favor of investors in portfolio management. This guarantee corresponds to a performance bond for UF175,000 with maturity on January 8, 2016.

Note 39 – Additional notes (continued)

Note 39.24 - Contingencies and commitments (continued)

c) Guarantees granted for operations (continued)

c.2) Subsidiary Banchile Corredores de Bolsa S.A.:

In order to ensure the correct and full compliance with all its obligations as a stockbroker in accordance with article 30 onward of the Securities Market Law 18,045, Banchile Corredores de Bolsa S.A. contracted an insurance guarantee for UF 20,000 with Mapfre Seguros Generales S.A. that expires on April 22, 2016, whereby the Santiago Stock Exchange was appointed as the creditors' representative.

Securities in guarantee:	**2015 ThCh$**	**2014 ThCh$**
Shares in guarantee of simultaneous transactions on:		
Securities exchange of the Bolsa de Comercio de Santiago	14,627,786	17,158,107
Securities exchange of the Bolsa Electrónica de Chile	27,980,693	8,747,869
Fixed-income securities to guarantee CCLV system		
Securities exchange of the Bolsa de Comercio de Santiago	2,995,208	2,996,325
Fixed-income securities to guarantee loans of shares		
Securities exchange of the Bolsa Electrónica de Chile	80,429	—
Total	45,684,116	28,902,301

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, 2016, that covers employee fidelity, physical losses, falsification or adulteration, and currency fraud with a cover equivalent to US$10,000,000.

According to instructions from the Chilean Central Bank, a performance bond for UF10,500 has been given to comply with the contract SOMA (Contract for Open Market Operations System Service) of the Chilean Central Bank. This performance bond is in UF for a fixed term and not endorsable, with expiry on July 18, 2016.

A performance bond No. 356782-3 for UF185,000 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 8, 2016.

A cash guarantee was granted for US$122,494.32 to cover obligations contracted with Pershing, for operations made through this broker.

Note 39 – Additional notes (continued)

Note 39.24 - Contingencies and commitments (continued)

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, 2015, 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

d) Allowances for contingent credits:

The following allowances were made for the credit risk of contingent operations:

	2015 ThCh$	**2014 ThCh$**
Freely available credit lines	36,743,323	34,715,369
Performance bonds	18,474,085	15,372,059
Guarantees	3,313,797	3,008,685
Letters of credit	392,735	639,191
Other credit commitments	288,595	341,985
Total	59,212,535	54,077,289

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. That case was combined with Case No. 25,795-2014, heard before the 22nd Civil Court of Santiago, which still has not entered the evidentiary period.

In accordance with the company's 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 – Interest and indexation income and expense

a) The composition of interest and indexation income excluding income from hedges as of the close of the financial statements is as follows:

	2015				2014			
	Interest ThCh$	Indexation ThCh$	Prepayment fees ThCh$	Total ThCh$	Interest ThCh$	Indexation ThCh$	Prepayment fees ThCh$	Total ThCh$
Commercial loans	659,786,042	188,239,557	3,471,488	851,497,087	695,377,653	260,580,687	4,682,374	960,640,714
Consumer loans	560,591,092	3,327,241	9,388,796	573,307,129	560,540,858	4,228,845	9,132,612	573,902,315
Residential mortgage loans	233,887,763	230,934,489	4,811,038	469,633,290	216,548,601	276,363,657	4,345,949	497,258,207
Investment instruments	46,375,659	16,054,804	—	62,430,463	55,979,284	28,371,385	—	84,350,669
Repurchase agreements	1,367,032	—	—	1,367,032	1,354,816	—	—	1,354,816
Loans granted to banks	28,267,076	—	—	28,267,076	18,938,010	—	—	18,938,010
Other interest and indexation income	719,203	2,700,899	—	3,420,102	497,177	3,400,712	—	3,897,889
Total	1,530,993,867	441,256,990	17,671,322	1,989,922,179	1,549,236,399	572,945,286	18,160,935	2,140,342,620

The amount of interest and indexation income booked as received on the impaired portfolio during 2015 amounted to ThCh$10,125,857 (ThCh$9,013,190 in 2014).

b) Suspended interest and indexation income as of the year-end is detailed as follows:

	2015			2014		
	Interest ThCh$	Indexation ThCh$	Total ThCh$	Interest ThCh$	Indexation ThCh$	Total ThCh$
Commercial loans	8,185,476	3,097,481	11,282,957	9,854,139	2,402,850	12,256,989
Residential mortgage loans	2,186,897	2,207,706	4,394,603	1,609,089	1,592,624	3,201,713
Consumer loans	248,302	7,744	256,046	184,069	—	184,069
Total	10,620,675	5,312,931	15,933,606	11,647,297	3,995,474	15,642,771

Note 39 – Additional notes (continued)

Note 39.25 – Interest and indexation income and expense (continued)

c) Interest and indexation expense for the years ended December 31, 2015 and 2014, excluding hedge results, is detailed as follows:

	2015			2014		
	Interest ThCh$	Indexation ThCh$	Total ThCh$	Interest ThCh$	Indexation ThCh$	Total ThCh$
Time deposits and borrowings	274,313,687	67,035,249	341,348,936	330,119,168	104,061,056	434,180,224
Debt instruments issued	169,052,488	160,057,882	329,110,370	156,422,121	187,903,509	344,325,630
Other financial obligations	1,741,756	506,627	2,248,383	1,737,861	892,130	2,629,991
Repurchase agreements	6,947,540	267,658	7,215,198	9,479,294	102,399	9,581,693
Obligations with banks	10,170,903	10	10,170,913	7,165,743	286	7,166,029
Demand deposits	679,672	7,978,056	8,657,728	668,906	9,279,384	9,948,290
Other interest and indexation expenses	—	1,065,340	1,065,340	—	1,081,304	1,081,304
Total	462,906,046	236,910,822	699,816,868	505,593,093	303,320,068	808,913,161

(d) As of December 31, 2015 and 2014, 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 cash flows from obligations with banks abroad and bonds issued in foreign currency.

	2015			2014		
	Revenue ThCh$	Expense ThCh$	Total ThCh$	Revenue ThCh$	Expense ThCh$	Total ThCh$
Accounting hedge fair value gain	7,241,899	—	7,241,899	5,409,153	—	5,409,153
Accounting hedge fair value loss	(6,044,185)	—	(6,044,185)	(6,706,900)	—	(6,706,900)
Accounting cash-flow hedge gain	171,042,541	212,031,097	383,073,638	79,007,305	96,039,804	175,047,109
Accounting cash-flow hedge loss	(256,120,970)	(191,774,953)	(447,895,923)	(177,968,116)	(75,214,443)	(253,182,559)
Result adjustment hedged element	(6,740,509)	—	(6,740,509)	(6,238,552)	—	(6,238,552)
Total	(90,621,224)	20,256,144	(70,365,080)	(106,497,110)	20,825,361	(85,671,749)

e) The summary of interest and indexation for the years ended December 31, 2015 and 2014, is as follows:

	2015 ThCh$	2014 ThCh$
Interest and indexation income	1,989,922,179	2,140,342,620
Interest and indexation expense	(699,816,868)	(808,913,161)
Subtotal interest and indexation income	1,290,105,311	1,331,429,459
Result of accounting hedges (net)	(70,365,080)	(85,671,749)
Total net interest and indexation	1,219,740,231	1,245,757,710

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:

	2015 ThCh$	2014 ThCh$
Fee income		
Card services	129,962,276	110,983,385
Investments in mutual funds or others	76,842,796	65,198,500
Collections and payments	52,656,851	49,373,407
Account administration	39,275,988	37,719,742
Insurance sales fees	23,258,076	19,673,558
Use of distribution channel	20,679,475	19,930,611
Guarantees and letters of credit	20,122,335	19,388,790
Securities trading and management	16,439,481	15,527,486
Brand use agreement	13,660,596	13,152,195
Credit lines and overdrafts	13,400,066	20,843,785
Financial advisory	10,870,686	6,080,699
Other fee income	18,908,577	9,578,418
Total fee income	436,077,203	387,450,576
Fee expenses		
Card operation remuneration	(100,230,498)	(88,479,568)
Interbank transactions	(14,321,786)	(11,779,426)
Collections and payments	(6,567,734)	(6,422,798)
Sale of mutual fund quotas	(3,951,460)	(3,378,550)
Securities operations	(3,137,826)	(2,851,643)
Sales force	(1,342,680)	(1,884,528)
Other fees	(543,379)	(467,337)
Total fee expenses	(130,095,363)	(115,263,850)

Note 39 – Additional notes (continued)

Note 39.27 – Results of financial operations

The net gain (loss) on financial operations is detailed as follows:

	2015 ThCh$	2014 ThCh$
Financial instruments for trading	18,657,770	27,873,680
Sale of instruments available for sale	8,859,495	18,102,079
Sale of loan portfolio	4,130,395	992,816
Derivatives trading	3,201,950	(55,954)
Net result of other transactions	1,687,238	(17,453,007)
Total	36,536,848	29,459,614

Note 39.28 – Net exchange gain (loss)

Foreign exchange results are detailed as follows:

	2015 ThCh$	2014 ThCh$
Result of accounting hedges	213,376,276	68,476,058
Exchange difference, net	21,410,030	20,492,406
Foreign currency indexation	(177,467,300)	(18,744,512)
Total	57,319,006	70,223,952

Note 39 – Additional notes (continued)

Note 39.29 – Loan loss allowances

Movements in 2015 and 2014 in allowances are detailed as follows:

	Due by banks		Loans and Accounts Receivable from Customers: Commercial loans		Residential mortgage loans		Consumer loans		Total		Contingent credits		Total	
	2015 ThCh$	2014 ThCh$	2015 ThCh$$	2014 ThCh$	2015 ThCh$$	2014 ThCh$	2015 ThCh$$	2014 ThCh$	2015 ThCh$$	2014 ThCh$	2015 ThCh$$	2014 ThCh$	2015 ThCh$$	2014 ThCh$
Constitution of allowances:														
- Individual	—	—	(61,285,220)	(51,726,112)	—	—	—	—	(61,285,220)	(51,726,112)	(3,723,487)	(1,881,643)	(65,008,707)	(53,607,755)
- Group	—	—	(40,094,840)	(46,060,913)	(13,485,150)	(8,497,070)	(205,204,070)	(197,195,400)	(258,784,060)	(251,753,383)	(1,411,758)	(2,918,357)	(260,195,818)	(254,671,740)
Result of constitution of allowances	—	—	(101,380,060)	(97,787,025)	(13,485,150)	(8,497,070)	(205,204,070)	(197,195,400)	(320,069,280)	(303,479,495)	(5,135,245)	(4,800,000)	(325,204,525)	(308,279,495)
Release of allowances:														
- Individual	114,961	475,823	—	—	—	—	—	—	—	—	—	—	114,961	475,823
- Group	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Result of release of allowances	114,961	475,823	—	—	—	—	—	—	—	—	—	—	114,961	475,823
Net result of allowances	114,961	475,823	(101,380,060)	(97,787,025)	(13,485,150)	(8,497,070)	(205,204,070)	(197,195,400)	(320,069,280)	(303,479,495)	(5,135,245)	(4,800,000)	(325,089,564)	(307,803,672)
Additional allowances	—	—	(30,921,696)	(22,498,933)	—	—	—	—	(30,921,696)	(22,498,933)	—	—	(30,921,696)	(22,498,933)
Recovery of charged-off assets	—	—	18,010,333	14,272,253	1,895,401	2,152,362	33,043,246	29,884,693	52,948,980	46,309,308	—	—	52,948,980	46,309,308
Net result loan loss allowances	114,961	475,823	(114,291,423)	(106,013,705)	(11,589,749)	(6,344,708)	(172,160,824)	(167,310,707)	(298,041,996)	(279,669,120)	(5,135,245)	(4,800,000)	(303,062,280)	(283,993,297)

In the opinion of the management, the loan loss allowances constituted 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)

Note 39.30 – Payroll and Personnel Expenses

Payroll and personnel expenses for the years 2015 and 2014 are detailed as follows:

	2015 ThCh$	2014 ThCh$
Payroll	216,336,892	201,595,543
Bonuses and incentives	44,244,529	75,019,783
Variable remuneration	36,854,571	29,367,186
Meals and health benefits	25,338,551	24,263,113
Legal bonuses	22,703,271	22,919,528
Termination benefits	13,386,201	11,895,424
Training expenses	2,546,426	2,639,130
Other staff expenses	20,170,965	16,997,432
Total	381,581,406	384,697,139

Note 39.31 – Administrative Expenses

Administrative expenses for the years 2015 and 2014 are detailed as follows:

	2015 ThCh$	2014 ThCh$
General administrative expenses		
Data processing and communications	60,902,018	55,984,879
Maintenance and repair of property, plant and equipment	32,816,439	30,367,671
Office and equipment rentals	24,465,391	22,704,753
Guards and valuables transport services	11,965,813	10,503,836
External professional and consultancy fees	9,426,765	8,148,755
Office materials	7,222,418	8,350,010
Rental of automated teller machine spaces	6,518,043	6,883,407
Postal and courier delivery services	5,740,540	4,844,360
Lighting, heating and other services	5,241,073	4,415,773
Legal and notary costs	4,718,382	4,239,144
Staff entertainment and travel expenses	4,434,398	4,493,274
Insurance premiums	4,146,651	3,338,944
External financial reporting services	2,956,285	2,368,321
External file custody services for the Bank	2,872,527	2,795,470
Donations	2,170,047	2,358,188
Other general administrative expenses	8,700,224	5,955,125
Subtotal	194,297,014	177,751,910
Subcontracted services		
Credit evaluation	20,682,664	21,916,327
Data processing	10,565,648	8,669,245
External technological development expenses	8,050,063	8,072,748
Technology certification and testing	5,140,799	5,476,096
Others	3,492,017	3,086,736
Subtotal	47,931,191	47,221,152
Directors' expenses		
Directors' remuneration	2,296,081	2,234,765
Other board expenses	426,792	527,400
Subtotal	2,722,873	2,762,165
Marketing expenses		
Publicity and advertising	32,509,178	29,916,919
Subtotal	32,509,178	29,916,919
Taxes, contributions		
Contribution to the SBIF	8,083,873	7,609,351
Property taxes	2,627,456	2,412,621
Municipal taxes	1,299,976	1,254,936
Other taxes	501,760	434,243
Subtotal	12,513,065	11,711,151
Total	289,973,321	269,363,297

Note 39 – Additional notes (continued)

Note 39.32 – Depreciation, amortization and impairment

(a) The charges to income for depreciation and amortization during 2015 and 2014 were:

	2015 ThCh$	2014 ThCh$
Depreciation and amortization		
Depreciation of property, plant and equipment (Note 39,14 b)	21,206,346	22,148,776
Amortization of intangible assets (Note 39,13b)	8,330,708	8,351,904
Total	29,537,054	30,500,680

(b) The charge for impairment for the years ended December 31, 2015 and 2014, is detailed as follows

	2015 ThCh$	2014 ThCh$
Impairment		
Impairment of investment instruments	—	—
Impairment of property, plant and equipment (Note 39,14b)	203,568	1,964,937
Impairment of intangible assets (Note 39,13b)	59,467	120,264
Total	263,035	2,085,201

Note 39.33 – Other operating revenue

Other operating revenue of Banco de Chile and its subsidiaries during 2015 and 2014 is detailed as follows:

	2015 ThCh$	2014 ThCh$
Revenue from assets received in lieu of payment		
Gain on sale of assets received in lieu of payment	3,469,584	3,484,072
Other revenue	15,400	10,768
Subtotal	3,484,984	3,494,840
Releases of provisions for contingencies		
Allowances for country risk	—	—
Other provisions for contingencies	280,350	—
Subtotal	280,350	—
Other revenue		
Rent received	8,536,640	8,083,457
Expense reimbursements	3,814,299	2,524,351
Correspondent bank rebates	2,980,246	2,525,141
Other credit card revenue	1,987,006	2,694,191
Monthly tax prepayments adjustment	1,632,452	1,909,910
Difference on sale of leased assets	1,520,316	2,313,075
Sale of leased assets charged off	465,171	51,835
Custody and trust services	210,141	194,292
Gain on sale of property, plant and equipment	207,878	156,051
Release of various provisions	—	2,318,142
Recovery international custody business expenses	—	1,262,967
Others	2,269,256	1,946,044
Subtotal	23,623,405	25,979,456
Total	27,388,739	29,474,296

Note 39 – Additional notes (continued)

Note 39.34 – Other operating expenses

Other operating expenses of the Bank and its subsidiaries incurred in 2015 and 2014 are detailed as follows:

	2015 ThCh$	2014 ThCh$
Allowances and expenses for assets received in lieu of payment		
Write-offs of assets received in lieu of payment	1,301,561	1,621,751
Maintenance expenses of assets received in lieu of payment	482,683	487,297
Allowances for assets received in lieu of payment	318,591	259,823
Subtotal	2,102,835	2,368,871
Allowances for contingencies		
Allowances for country risk	1,301,030	1,188,829
Other provisions for contingencies	6,360,020	7,749,542
Subtotal	7,661,050	8,938,371
Other expenses		
Operational write-offs	4,844,244	5,076,227
Card administration	3,372,311	949,170
Allowances and write-offs other assets	2,360,921	5,255,749
Lease operating expenses and charge-offs	1,096,373	1,689,407
Allowance leased assets recovered	692,051	429,719
Civil lawsuits	288,638	286,491
Contributions to other organisms	234,291	227,294
Mortgage-protection insurance	198,161	360,415
Loss on sale of property, plant and equipment	3,874	670
Others	2,309,009	2,689,346
Subtotal	15,399,873	16,964,488
Total	25,163,758	28,271,730

Note 39 – Additional notes (continued)

Note 39.35 - Operations with related parties

In the case of open stock 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 stock 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 Banco de Chile'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 parties.

	Productive Companies (*)		Investment Companies (**)		Individuals (***)		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Loans and accounts receivable:								
Commercial loans	289,802,734	287,942,927	40,916,262	36,382,724	7,570,468	1,877,878	338,289,464	326,203,529
Residential mortgage loans	—	—	—	—	27,677,920	19,969,664	27,677,920	19,969,664
Consumer loans	—	—	—	—	5,681,630	4,110,501	5,681,630	4,110,501
Gross loans	289,802,734	287,942,927	40,916,262	36,382,724	40,930,018	25,958,043	371,649,014	350,283,694
Allowances for loans	(920,546)	(790,158)	(78,718)	(131,690)	(248,083)	(68,309)	(1,247,347)	(990,157)
Net Loans	**288,882,188**	**287,152,769**	**40,837,544**	**36,251,034**	**40,681,935**	**25,889,734**	**370,401,667**	**349,293,537**
Contingent credits:								
Guarantees	11,500,976	3,237,514	46,354	39,669	—	—	11,547,330	3,277,183
Letters of credit	487,080	1,344,149	—	—	—	—	487,080	1,344,149
Performance bonds	63,246,833	42,194,890	2,472,525	387,194	—	—	65,719,358	42,582,084
Committed credit lines	60,002,364	52,900,042	24,469,992	24,685,956	15,319,303	10,997,466	99,791,659	88,583,464
Total contingent credits	135,237,253	99,676,595	26,988,871	25,112,819	15,319,303	10,997,466	177,545,427	135,786,880
Allowances for contingent liabilities	(117,109)	(89,417)	(1,247)	(470)	—	—	(118,356)	(89,887)
Net contingent credits	**135,120,144**	**99,587,178**	**26,987,624**	**25,112,349**	**15,319,303**	**10,997,466**	**177,427,071**	**135,696,993**
Amounts covered by collateral								
Mortgages	88,139,971	53,119,181	7,618,668	7,336,300	39,657,174	27,943,493	135,415,813	88,398,974
Warrants	—	—	—	—	—	—	—	—
Pledges	—	12,500	—	—	2,708	6,500	2,708	19,000
Others (****)	84,912,729	6,481,283	11,873,383	13,193,192	1,703,954	9,505	98,490,066	19,683,980
Total collateral	**173,052,700**	**59,612,964**	**19,492,051**	**20,529,492**	**41,363,836**	**27,959,498**	**233,908,587**	**108,101,954**
Instruments acquired								
For trading	7,454,071	—	—	6,014,761	—	—	7,454,071	6,014,761
For investment	—	—	—	—	—	—	—	—
Total instruments acquired	**7,454,071**	**—**	**—**	**6,014,761**	**—**	**—**	**7,454,071**	**6,014,761**

(*) 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 and other financial guarantees.

Note 39 – Additional notes (continued)

Note 39.35 – Operations with related parties (continued)

b) Other assets and liabilities with related parties:

	2015 ThCh$	2014 ThCh$
Assets		
Cash and bank deposits	10,497,273	10,478,153
Financial derivative contracts	112,370,393	85,225,538
Other assets	18,377,879	17,385,548
Total	141,245,545	113,089,239
Liabilities		
Demand deposits	133,941,318	220,602,708
Time deposits and other borrowings	298,319,685	423,012,381
Financial derivative contracts	101,432,585	123,569,098
Due to Banks	321,373,550	154,022,117
Other liabilities	24,709,025	26,204,726
Total	879,776,163	947,411,030

c) Revenue and expenses on operations with related parties (*):

	2015		2014	
	Revenue ThCh$	Expense ThCh$	Revenue ThCh$	Expense ThCh$
Revenue or expense description				
Interest and indexation revenue and expense	23,830,269	13,560,482	23,872,719	17,929,248
Fees and services revenue and expense	54,094,066	45,291,285	56,153,663	40,879,092
Results of financial transactions	276,153,850	224,328,246	130,605,653	144,403,326
Release or constitution of credit-risk allowances	—	229,632	140,958	—
Operational support costs	—	115,230,768	—	100,069,921
Other revenue and expense	485,872	29,061	631,075	83,325
Total	354,564,057	398,669,474	211,404,068	303,364,912

(*) 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 a secondary offer of 6,700,000,000 common 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 and 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 as of December 31, 2015 for habitual transactions with customers in general, when such contracts are for amounts greater than UF 1,000.

e) Payments to key management personnel:

During 2015 and 2014, key personnel have been paid total remuneration of ThCh$41,247 and Th$39,433 respectively.

f) Directors' expenses and remuneration

	Remuneration		**Per diem for board meetings**		**Committee Adviser**		**Total**	
Director	**2015 ThCh$**	**2014 ThCh$**	**2015 ThCh$**	**2014 ThCh$**	**2015 ThCh$**	**2014 ThCh$**	**2015 ThCh$**	**2014 ThCh$**
Andrónico Luksic Craig	120,260	115,214	—	—	—	—	120,260	115,214
Jorge Awad Mehech	—	—	2,671	2,557	—	—	2,671	2,557
Rodrigo Manubens Moltedo	—	—	1,335	1,278	—	—	1,335	1,278
Thomas Fürst Freiwirth	—	—	893	857	—	—	893	857
Total	120,260	115,214	4,899	4,692	—	—	125,159	119,906

As of December 31, 2015, SM-Chile made payments for concepts related to directors' remuneration of ThCh$125,159 (ThCh$119,906 in 2014). Banco de Chile and its subsidiaries have paid and accrued as a charge to income concepts related to directors' remuneration of ThCh$2,722,873 (ThCh$2,762,165 in 2014), in accordance with that approved by the shareholders' meeting.

Note 39 – Additional notes (continued)

Note 39.36 – Fair value of financial assets and liabilities

Banco de Chile 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 domestic 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 aggregate 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 and its subsidiaries, in accordance with the above points, classify 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 (internal rate of return, unit value, and price), so no assumptions are needed for their valuation.

This level includes currency forwards, securities of the Chilean Central Bank and the Chilean Treasury, investments in mutual funds and shares.

For instruments of the Chilean Central Bank and the Chilean Treasury, Level 1 includes all ticker codes belonging to a benchmark, i.e. that correspond to one of the following categories published by the 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, and 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 variables different 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 or identical 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 the Chilean Central Bank and the Treasury.

The valuation of derivatives will depend on whether these are affected by volatility as an important market factor in the standard valuation methodologies. The Black-Scholes-Merton model is used for options, while the net present value is used for other derivatives, forwards and swaps.

For the rest of the instruments in this level, as well as debt issues in Level 1, the valuation is made through the internal rate of return.

Should there be no observable price for 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.

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 and sources of information
Local bank and corporate bonds	Discounted cash flow method	Prices are obtained from suppliers of external prices that are normally used in the Chilean market. The model is based on a base curve (central bank bonds) and an issuer spread. The model considers daily prices and similarities of risk/maturity ratios between instruments.
Offshore bank and corporate bonds		Prices are obtained from suppliers of external prices that are normally used in the Chilean market. The model is based on daily prices
Local Central Bank and Treasury bonds		Prices are obtained from suppliers of external prices that are normally used in the Chilean market. The model is based on daily prices
Mortgage-funding notes		Prices are obtained from suppliers of external prices that are normally used in the Chilean market. The model is based on a base curve (central bank bonds) and an issuer spread. The model considers daily prices and similarities of risk/maturity ratios between instruments.
Time deposits		Prices are obtained from suppliers of external prices that are normally used in the Chilean market. The model considers daily prices and similarities of risk/maturity ratios between instruments.
Cross-currency swaps, interest-rate swaps, FX forwards, Inflation forwards		Forward points, inflation forwards and local rate swaps are obtained from brokers, which are normally used in the Chilean market. Offshore rates and spreads are obtained from external suppliers of prices normally used in the Chilean market. Zero coupon rates are calculated using the Bootstrapping method on the swap rates.
FX options	Black-Scholes model	Prices for the calculation of the surface of volatilities are obtained from brokers that are normally used in the Chilean market.

Note 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.

Valuation Techniques and Inputs

<table>
<tr><th>Financial Instrument</th><th>Valuation Method</th><th>Description: Inputs and sources of information</th></tr>
<tr><td>Local bank and corporate bonds</td><td rowspan="2">Discounted cash flow method</td><td>Prices are obtained from external price providers that are commonly used in the Chilean market. (Input not observable by the market)

The model is based on a base curve (Central Bank bonds) and issuer spread.

The model considers daily prices and similarities of the risk / maturity relationship between instruments.</td></tr>
<tr><td>Offshore bank and corporate bonds</td><td>Prices are obtained from external price providers that are commonly used in the Chilean market. (Input not observable by the market).

The model is based on daily prices.</td></tr>
</table>

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	
	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$
Financial Assets								
Instruments for trading								
State and the Chilean Central Bank	122,919,200	80,373,589	126,996,477	8,496,329	—	—	249,915,677	88,869,918
Other instruments issued in Chile	10,420,372	365,293	565,210,271	202,823,035	18,027,874	1,400,602	593,658,517	204,588,930
Instruments issued abroad	—	—	—	—	—	—	—	—
Investments in mutual funds	23,080,156	255,013,050	—	—	—	—	23,080,156	255,013,050
Subtotal	156,419,728	335,751,932	692,206,748	211,319,364	18,027,874	1,400,602	866,654,350	548,471,898
Derivative contracts for trading								
Forwards	—	—	180,616,276	140,674,957	—	—	180,616,276	140,674,957
Swaps	—	—	739,777,037	609,843,743	—	—	739,777,037	609,843,743
Call options	—	—	1,878,090	2,583,170	—	—	1,878,090	2,583,170
Put options	—	—	680,479	286,700	—	—	680,479	286,700
Futures	—	—	—	—	—	—	—	—
Subtotal	—	—	922,951,882	753,388,570	—	—	922,951,882	753,388,570
Accounting hedge derivative contracts								
Hedge of fair value (swaps)	—	—	279,328	100,641	—	—	279,328	100,641
Cash flow hedges (swaps)	—	—	203,892,049	78,703,059	—	—	203,892,049	78,703,059
Subtotal	—	—	204,171,377	78,803,700	—	—	204,171,377	78,803,700
Investment instruments available for sale (1)								
State and the Chilean Central Bank	15,322,065	86,065,579	71,186,770	253,259,113	—	—	86,508,835	339,324,692
Other instruments issued in Chile	—	—	735,723,697	1,017,961,888	96,125,168	179,377,816	831,848,865	1,197,339,704
Instruments issued abroad	81,643,998	58,376,445	—	3,210,832	—	1,937,789	81,643,998	63,525,066
Subtotal	96,966,063	144,442,024	806,910,467	1,274,431,833	96,125,168	181,315,605	1,000,001,698	1,600,189,462
Total	253,385,791	480,193,956	2,626,240,474	2,317,943,467	114,153,042	182,716,207	2,993,779,307	2,980,853,630
Financial liabilities								
Derivative contracts for trading								
Forwards	—	—	207,960,857	128,116,617	—	—	207,960,857	128,116,617
Swaps	—	—	897,513,694	691,524,142	—	—	897,513,694	691,524,142
Call options	—	—	3,689,211	2,249,031	—	—	3,689,211	2,249,031
Put options	—	—	548,986	361,503	—	—	548,986	361,503
Futures	—	—	—	—	—	—	—	—
Subtotal	—	—	1,109,712,748	822,251,293	—	—	1,109,712,748	822,251,293
Accounting hedge derivative contracts								
Hedge of fair value (swaps)	—	—	14,549,038	19,903,474	—	—	14,549,038	19,903,474
Cash flow hedges (swaps)	—	—	3,665,752	17,596,085	—	—	3,665,752	17,596,085
Subtotal	—	—	18,214,790	37,499,559	—	—	18,214,790	37,499,559
Total	—	—	1,127,927,538	859,750,852	—	—	1,127,927,538	859,750,852

(1) As of December 31, 2015, 91% of the instruments grouped in Level 3 are investment grade. Also, all these financial instruments are from 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:

December 31, 2015	Balance at Jan-01-2015 ThCh$	Gain (Loss) booked in Income (1) ThCh$	Gain (Loss) Booked in Equity (2) ThCh$	Purchases ThCh$	Sales ThCh$	Transfers from Level 1 and 2 ThCh$	Transfers to Level 1 and 2 ThCh$	Balance at Dec-31-2015 ThCh$
Financial assets								
Instruments for trading								
Other Chilean institutions	1,400,602	(25,846)	—	18,054,548	(49,983)	—	(1,351,447)	18,027,874
Subtotal	1,400,602	(25,846)	—	18,054,548	(49,983)	—	(1,351,447)	18,027,874
Investment instruments available for sale:								
Other Chilean institutions	179,377,816	11,230,315	(774,525)	212,617	(101,213,068)	13,336,063	(6,044,050)	96,125,168
Foreign institutions	1,937,789	102,870	56,493	—	(2,097,152)	—	—	—
Subtotal	181,315,605	11,333,185	(718,032)	212,617	(103,310,220)	13,336,063	(6,044,050)	96,125,168
Total	182,716,207	11,307,339	(718,032)	18,267,165	(103,360,203)	13,336,063	(7,395,497)	114,153,042

December 31, 2014	Balance at Jan-01-2014 ThCh$	Gain (Loss) booked in Income (1) ThCh$	Gain (Loss) Booked in Equity (2) ThCh$	Purchases ThCh$	Sales ThCh$	Transfers from Levels 1 and 2 ThCh$	Transfers to Levels 1 and 2 ThCh$	Balance at Dec-31-2014 ThCh$
Financial assets								
Instruments for trading								
Other Chilean institutions	2,439,166	(1,087,719)	-	49,155	-	-	-	1,400,602
Subtotal	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	82,908,969	(18,483,220)	30,963,415	-	179,377,816
Foreign institutions	1,678,966	270,032	(11,209)	-	-	-	-	1,937,789
Subtotal	78,654,179	6,499,324	772,938	82,908,969	(18,483,220)	30,963,415	-	181,315,605
							-	
Total	81,093,345	5,411,605	772,938	82,958,124	(18,483,220)	30,963,415	-	182,716,207

(1) Recorded in Net Income Statement under "Net gain (loss) from financial operations"
(2) Recorded in Equity under "Valuation accounts"

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:

	2015		2014	
Financial assets	**Level 3 ThCh$**	**Sensitivity to changes in key model assumptions ThCh$**	**Level 3 ThCh$**	**Sensitivity to changes in key model assumptions ThCh$**
Instruments for trading				
Other instruments issued in Chile	18,027,874	(444,968)	1,400,602	(150,243)
Total	18,027,874	(444,968)	1,400,602	(150,243)
Investment instruments available for sale				
Other instruments issued in Chile	96,125,168	(1,968,770)	179,377,816	(3,542,290)
Instruments issued abroad	—	—	1,937,789	(66,805)
Total	96,125,168	(1,968,770)	181,315,605	(3,609,095)
Total	114,153,042	(2,413,738)	182,716,207	(3,759,338)

In order to measure the sensitivity of the financial investments to changes in relevant market factors, Banco de Chile 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**	
	2015	**2014**	**2015**	**2014**
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**
Assets				
Cash and bank deposits	1,361,222,262	915,132,943	1,361,222,262	915,132,943
Transactions pending settlement	526,044,917	400,081,128	526,044,917	400,081,128
Repurchase agreements and securities lending	46,164,461	27,661,415	46,164,461	27,661,415
Subtotal	1,933,431,640	1,342,875,486	1,933,431,640	1,342,875,486
Due by banks				
Banks in Chile	45,186,098	169,952,962	45,186,098	169,952,962
Chilean Central Bank	1,000,433,057	551,108,283	1,000,433,057	551,108,283
Banks abroad	349,576,343	434,302,899	349,576,343	434,302,899
Subtotal	1,395,195,498	1,155,364,144	1,395,195,498	1,155,364,144
Loans and accounts receivable from customers				
Commercial loans	14,041,007,138	12,787,016,659	13,854,836,051	12,703,803,474
Residential mortgage loans	6,370,033,417	5,394,602,613	6,625,556,699	5,657,988,483
Consumer loans	3,540,121,984	3,162,963,367	3,525,034,488	3,170,640,209
Subtotal	23,951,162,539	21,344,582,639	24,005,427,238	21,532,432,166
Total	27,279,789,677	23,842,822,269	27,334,054,376	24,030,671,796
Liabilities				
Demand deposits and other obligations	8,327,011,832	6,857,552,389	8,327,011,832	6,857,552,389
Transactions pending settlement	241,841,370	96,945,511	241,841,370	96,945,511
Repurchase agreements and securities lending	184,131,435	249,481,757	184,131,435	249,481,757
Time deposits and other borrowings	9,905,144,303	9,718,775,449	9,899,919,602	9,716,926,034
Obligations with banks	1,529,628,173	1,098,715,291	1,522,666,890	1,094,468,436
Other financial obligations	173,080,729	186,572,904	173,080,729	186,572,904
Subtotal	20,360,837,842	18,208,043,301	20,348,651,858	18,201,947,031
Debt instruments issued				
Mortgage-funding notes	39,567,925	52,730,015	41,848,675	55,481,800
General-funding notes	6,813,294	11,584,264	7,205,697	12,188,530
Bonds	5,270,213,892	4,223,047,559	5,302,742,349	4,283,006,384
Subordinated bonds	785,613,547	770,594,854	788,883,321	782,528,825
Subtotal	6,102,208,658	5,057,956,692	6,140,680,042	5,133,205,539
Total	26,463,046,500	23,265,999,993	26,489,331,900	23,335,152,570

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, 2015 and 2014:

	Level 1 Estimated fair value		Level 2 Estimated fair value		Level 3 Estimated fair value		Total Estimated fair value	
	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$
Assets								
Cash and bank deposits	1,361,222,262	915,132,943	—	—	—	—	1,361,222,262	915,132,943
Transactions pending settlement	526,044,917	400,081,128	—	—	—	—	526,044,917	400,081,128
Repurchase agreements	46,164,461	27,661,415	—	—	—	—	46,164,461	27,661,415
Subtotal	1,933,431,640	1,342,875,486	—	—	—	—	1,933,431,640	1,342,875,486
Due by banks								
Banks in Chile	45,186,098	169,952,962	—	—	—	—	45,186,098	169,952,962
Chilean Central Bank	1,000,433,057	551,108,283	—	—	—	—	1,000,433,057	551,108,283
Banks abroad	349,576,343	434,302,899	—	—	—	—	349,576,343	434,302,899
Subtotal	1,395,195,498	1,155,364,144	—	—	—	—	1,395,195,498	1,155,364,144
Loans and accounts receivable customers								
Commercial loans	—	—	—	—	13,854,836,051	12,703,803,474	13,854,836,051	12,703,803,474
Residential mortgage loans	—	—	—	—	6,625,556,699	5,657,988,483	6,625,556,699	5,657,988,483
Consumer loans	—	—	—	—	3,525,034,488	3,170,640,209	3,525,034,488	3,170,640,209
Subtotal	—	—	—	—	24,005,427,238	21,532,432,166	24,005,427,238	21,532,432,166
Total	3,328,627,138	2,498,239,630	—	—	24,005,427,236	21,532,432,166	27,334,054,376	24,030,671,796
Liabilities								
Demand deposits and other obligations	8,305,376,104	6,856,857,976	—	—	—	—	8,305,376,104	6,856,857,976
Transactions pending settlement	241,841,370	96,945,511	—	—	—	—	241,841,370	96,945,511
Repurchase agreements	184,131,435	249,481,757	—	—	—	—	184,131,435	249,481,757
Term deposits and other obligations	—	—	—	—	9,899,919,602	9,716,926,034	9,899,919,602	9,716,926,034
Due to Banks	—	—	—	—	1,522,666,890	1,094,468,436	1,522,666,890	1,094,468,436
Other financial obligations	173,080,729	186,572,904	—	—	—	—	173,080,729	186,572,904
Subtotal	8,904,429,638	7,389,858,148	—	—	11,422,586,492	10,811,394,470	20,327,016,130	18,201,252,618
Debt instruments issued								
Mortgage-funding notes	—	—	41,848,675	55,481,800	—	—	41,848,675	55,481,800
General funding notes	—	—	7,205,697	12,188,530	—	—	7,205,697	12,188,530
Bonds	—	—	5,302,742,349	4,283,006,384	—	—	5,302,742,349	4,283,006,384
Subordinated bonds	—	—	—	—	788,883,321	782,528,825	788,883,321	782,528,825
Subtotal	—	—	5,351,796,721	4,350,676,714	788,883,321	782,528,825	6,140,680,042	5,133,205,539
Total	8,904,429,638	7,389,858,148	5,351,796,721	4,350,676,714	12,211,469,813	11,593,923,295	26,467,696,172	23,334,458,157

Note 39 – Additional notes (continued)

Note 39.36 – Fair value of financial assets and liabilities (continued)

f) Levels of other assets and liabilities (continued)

Banco de Chile calculates 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 that mature in under three months. This assumption is applied to the following assets and liabilities:

  Assets:
  - Cash and deposits in banks
  - Transactions pending settlement
  - Repurchase agreements and securities lending
  - Loans due from banks

  Liabilities:
  - Demand deposits and other obligations
  - Transactions pending settlement
  - Repurchase agreements and securities lending
  - Other financial obligations

- Loans and accounts receivable: The fair value is calculated using a discounted cash flow model and discount rates generated internally, based on internal transfer rates derived from our pricing policy. After calculating the present value, we deduct the loan loss allowances, in order to incorporate the credit risk associated with each contract or loan. Due to the use of parameters generated internally, we categorize these instruments at Level 3.

- Letters of credit and bonds: In order to calculate the present value of contractual cash flows, we apply a discounted cash flow model using interest rates that are available in the market, whether for instruments with similar characteristics or that suit our valuation requirements, in terms of currency, maturity and liquidity. Interest rates are obtained from market price providers widely used by the market. As a result of the valuation technique and quality of inputs (observables) used for the valuation, we categorize these financial liabilities at Level 2.

- Savings accounts, term deposits, due to banks and subordinated bonds: A discounted cash flow model is used to obtain the present value of committed cash flows, using a range of maturities and average discount rates derived from instruments with similar characteristics and internal pricing policy. Due to the use of internal parameters and/or critical judgments for valuation purposes, we categorize these financial liabilities at Level 3.

(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 mitigating elements such as providing margins over a certain threshold of net value of transactions, early termination (optional or mandatory) of transactions on certain future dates, coupon adjustment of transactions in exchange for payment of the debtor counterparty over a certain threshold amount, etc.

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	
	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$	2015 ThCh$	2014 ThCh$
Financial derivative contract assets	1,127,123,259	832,192,270	(258,213,024)	(169,572,934)	(244,064,167)	(267,053,233)	(148,022,655)	(49,804,447)	476,823,413	345,761,656
Financial derivative contract liabilities	1,127,927,538	859,750,852	(258,213,024)	(169,572,934)	(244,064,167)	(267,053,233)	(190,563,252)	(124,418,161)	435,087,095	298,706,524

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, 2015 and 2014. Instruments for trading or available for sale are included at their fair value.

	2015						
	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 and bank deposits	1,361,222,262	—	—	—	—	—	1,361,222,262
Transactions pending settlement	526,044,917	—	—	—	—	—	526,044,917
Instruments for trading	866,654,350	—	—	—	—	—	866,654,350
Repurchase agreements and securities lending	35,910,032	8,703,611	1,550,818	—	—	—	46,164,461
Financial derivative contracts	74,809,805	75,895,264	160,886,438	323,580,025	171,497,931	320,453,796	1,127,123,259
Due by banks (*)	1,063,248,630	78,055,997	224,943,038	29,649,513	—	—	1,395,897,178
Loans and accounts receivable from customers (*)	2,670,006,978	2,935,330,098	4,581,012,899	4,873,870,735	2,843,390,328	6,649,317,842	24,552,928,880
Investment instruments available for sale	124,175,127	73,409,004	343,349,603	76,833,893	121,680,139	260,553,932	1,000,001,698
Investment instruments held to maturity	—	—	—	—	—	—	—
Total financial assets	6,722,072,101	3,171,393,974	5,311,742,796	5,303,934,166	3,136,568,398	7,230,325,570	30,876,037,005

	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 and bank deposits	915,132,943	-	-	-	-	-	915,132,943
Transactions pending settlement	400,081,128	-	-	-	-	-	400,081,128
Instruments for trading	548,471,898	-	-	-	-	-	548,471,898
Repurchase agreements and securities lending	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 and 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

(*) These are shown without deduction of the respective allowances which amount to ThCh$$601,766,341 (ThCh$528,613,866 in 2014) for loans and accounts receivable from customers; and ThCh$701,680 (ThCh$816,641 in 2014) for sums due by banks.

Note 39 – Additional notes (continued)

Note 39.37 – Maturities of assets and liabilities (continued)

	2015						
	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 and other obligations	8,305,376,104	—	—	—	—	—	8,305,376,104
Transactions pending settlement	241,841,370	—	—	—	—	—	241,841,370
Repurchase agreements and securities lending	170,451,067	13,680,368	—	—	—	—	184,131,435
Time deposits and other obligations (**)	4,573,076,712	1,687,604,209	2,975,070,210	463,454,163	556,746	210,925	9,699,972,965
Financial derivative contracts	84,043,924	97,291,649	193,170,900	289,987,246	135,759,698	327,674,121	1,127,927,538
Obligations with Banks	340,857,026	126,034,115	905,877,942	156,859,090	—	—	1,529,628,173
Debt instruments issued:							
Funding notes	3,225,248	3,220,298	8,157,455	15,035,409	9,452,048	7,290,761	46,381,219
Bonds	370,502,370	138,292,520	254,425,807	791,008,555	1,008,830,266	2,703,450,727	5,266,510,245
Subordinated bonds	2,565,035	1,756,183	181,591,833	52,626,901	46,037,755	501,035,840	785,613,547
Other financial obligations	132,761,734	2,107,564	9,982,315	19,236,790	7,928,356	1,063,970	173,080,729
Total financial liabilities	14,224,700,590	2,069,986,906	4,528,276,462	1,788,208,154	1,208,564,869	3,540,726,344	27,360,463,325

	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 and other obligations	6,857,552,389	-	-	-	-	-	6,857,552,389
Transactions pending settlement	96,945,511	-	-	-	-	-	96,945,511
Repurchase agreements and securities lending	249,322,773	158,984	-	-	-	-	249,481,757
Time deposits and 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
Other financial obligations	142,093,563	791,667	3,878,886	7,995,902	14,350,351	17,462,535	186,572,904
Total financial liabilities	12,542,034,495	2,479,318,261	3,807,976,443	1,239,189,927	1,197,855,440	2,671,065,235	24,013,442,431

(**) Excludes term saving accounts, which amount to ThCh$205,171,338 (ThCh$188,311,044 as of December 31, 2014),

Note 39 – Additional notes (continued)

Note 39.38 –Risk management

(1) Introduction

Banco de Chile'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 currently are:

(i) Board of directors

The board of Banco de Chile is responsible for approving the policies and setting the structure for the proper management of the various risks faced by the organization. It is therefore constantly informed of the evolution of the different risk areas, participating through its Finance, International and Financial Risk, Credit, Portfolio Risk, 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) Introduc tion (continued)

(a) Risk management structure (continued)

(ii) Finance, International and Financial Risk Committee

It revises the financial exposure and the status of market and liquidity risks at the Bank over the last 30 days, emphasizing control with respect to limits and/or warnings, both internally and regulatory. It estimates potential future losses or revenue reductions in the event of adverse movements in the principal market variables or lack of liquidity, under various scenarios.

It reviews the estimated results of certain financial positions, in order to measure the risk-return ratio of the businesses associated with the management of financial positions, the evolution in the use of capital and the credit exposure of Treasury transactions, such as bonds and the credit exposures caused by derivatives.

It designs the policies and procedures relating to the establishment of limits and warnings of financial exposures, and their correct and timely measurement, control and reporting. These policies and procedures are later submitted for Board approval.

The members of the Finance, International and Financial Risk Committee are the chairman of the board, four directors, the chief executive officer, the manager of the corporate banking and investments division, the manager of the treasury division and the manager of the financial risk area.

The Committee holds ordinary meetings 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 credit approval process is controlled by various credit committees, which are composed of trained professionals with the necessary authority to take any required decisions.

These committees meet at various intervals and are based on the amounts to be approved and the commercial segment. Each committee is responsible for defining the terms and conditions under which the Bank accepts counterparty risks and the Corporate Risk Division participates independently of the commercial areas.

The highest approval authority within the Bank's risk management structure is the Board Credit Committee, which reviews all transactions exceeding UF 750,000 every week. The committee is made up of the chief executive officer, the corporate risk division manager and at least three directors. The attendance of directors is not limited to the number of directors required, so all board members can participate in the Credit Committee.

(iv) Portfolio Risk Committee

Its principal function is to understand the evolution of the composition of the Bank's loan portfolio, from an overall perspective, reviewing delinquency indicators, the past due portfolio, impairment and the principal exposures by economic groups, debtors and sector concentration in accordance with the sector limits policy. It approves and proposes differentiated risk-management strategies to the Board, which includes credit policies, portfolio evaluation methodologies, and the calculation of allowances to cover expected losses, plus methods for calculating additional allowances. It is also responsible for understanding the analysis of sufficiency of allowances, authorizing extraordinary charge-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 the Corporate Risk Division, the manager of the Commercial Division, and the head of the Information Intelligence area. The Committee has standing invitations for the manager of the Retail Risk Division, the manager of the Architectural Risk area and the manager of the Financial Management and Control Division. 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

It defines and prioritizes the principal strategies for mitigating operational risk events and ensures the implementation of the management model. It establishes tolerance and risk appetite levels, checks compliance with the programs, policies and procedures relating to the privacy and security of information, business continuity and operational risk of the Bank.

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, the manager of the Commercial Division, the manager of the Standards and Prices Division and the manager of the Operational and Technological Risk area. The manager of the Comptroller Division, and the manager of the Safety and Risk Prevention area have also the right to speak at meetings.

(vi) Senior Operational Risk Committee

It understands the level of operational risk exposure of the Bank, 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, two directors, the chief executive officer, the manager of the Corporate Risk Division, the manager of the Operations and Technology Division, the manager of the Standards and Prices Division and the manager of Operational and Technological Risk. The Committee meets monthly and may be called extraordinarily at the request of the chairman, or two of its members.

(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 officer 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 impairment 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 loans operate under a differentiated approach according to the nature of each segment (retail and wholesale segments). Different parameters are used to evaluate their credit-worthiness, their financial structure and payment ability according to the type of client. The aspects involved in the approval process are the following:

- Policies, standards and procedures.
- Specialization and experience levels of the participants in the credit process.
- Types and depth of technological platforms used.
- Type of model/ predictive indicators for each segment.

A consolidated process and team is used for managing credit risk in the retail and wholesale segments, which has a high level of experience and expertise in credit approval for the various segments and businesses in which the Bank participates.

Retail segment

The following approval models have been defined:

a. **Automated model**: Focused mainly on the segment of individuals without a commercial business, and making distinctions between Credichile and Banco de Chile. The Bank has automated evaluation systems, which contain current lending policies and standards. These models contribute with a quick and online response that encourages effective communication with customers. They assess three important aspects during the approval process: target market; minimum credit profile (scoring); and borrowing parameters.

b. **Parametric model:** This method is used to assess individual applications in the SME segment. The model considers the evaluation of customers or prospects based on three fundamental pillars: the internal and external payment behavior; analysis of financial information; and evaluation of the customer’s business, including the experience of the owners and/or management.

This parametric evaluation process delivers a category that qualifies the customer's credit quality through a score or rating, which is directly linked to the credit authority required to approve each transaction.

c. **Pre-approved model:** Considering the available customer information, mass assessment processes are performed to generate pre-approved credit offers, with differentiated strategies for each segment and customer niche. These processes make way for proactive and efficient credit management and are increasingly used as an approval process as they generate the best risk-return ratio and the best customer service quality.

Note 39 – Additional notes (continued)

Note 39.38 –Risk management (continued)

(2) Credit Risk (continued)

(a) Approval Process (continued)

Wholesale segment

A case-by-case model is applied, which involves an individual evaluation with specialized knowledge that integrates risk, terms, amounts, products, complexity and business prospects, financial analysis, guarantees, among other variables. This process is usually supported by a rating model, which provides greater consistency in evaluating a customer and its economic segment, also determining the level of authority required to approve the credit risk.

Case-by-case evaluation has specialized areas in some segments that require expert knowledge (real estate, construction, agriculture, financial, international and other ad hoc advice when they are very specific), which can also support such transactions, with tools designed to meet the particular characteristics of such businesses and their respective risks.

(b) Control and Follow-up

The Bank has an organizational structure with dedicated monitoring areas that have developed methods and tools for various segments, which are consistently applied and secure appropriate management of its loan portfolio.

The retail segment controls and monitors portfolio credit risk by constantly monitoring customer, industry and market trends to determine the corrective measures required to maintain risk within the desired limits. It prepares monitoring reports covering expected loss in the portfolio; new customer analysis; general delinquency with special monitoring of products and segments; approval standards; and monitoring of mortgage portfolio variables in accordance with policy, covering debt-guarantee value ratios, term, and client dividend/income ratio. Statistical models have been developed to manage credit for this segment, to ensure correct credit evaluations. They have been developed using methods defined by the Bank and minimum quality indicators. They have strict monitoring tools including back-test analysis, variable stability, and segmentation, among others, thereby ensuring their stability and predictive ability over time.

The wholesale segment has centralized monitoring processes that issue warnings based on financial indicators and behavioral variables; delinquency management is enriched with risk predictors and differentiated strategies for early collection and portfolio classification management. Portfolio monitoring establishes action plans for companies that have activated risk warnings; in addition to monitoring cyclical market trends requiring special portfolio review. Other monitoring activities cover compliance with pre-established conditions at the approval stage, such as monitoring financial clauses (covenants), guarantee coverage, particular credit approval conditions and restrictions, etc.

Note 39 – Additional notes (continued)

Note 39.38 –Risk management (continued)

(2) Credit Risk (continued)

(c) Derivative Instruments

The value of financial derivative contracts 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, 2015 and 2014 does not exceed 10% of the Bank's effective equity.

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, 2015:

	Chile MCh$	United States MCh$	Brazil MCh$	Others MCh$	Total MCh$
Financial assets					
Cash and bank deposits	793,261	543,492	—	24,469	1,361,222
Instruments for trading					
State and the Chilean Central Bank	249,916	—	—	—	249,916
Other instruments issued in Chile	593,658	—	—	—	593,658
Instruments issued abroad	—	—	—	—	—
Investments in mutual funds	23,080	—	—	—	23,080
Subtotal	866,654	—	—	—	866,654
Repurchase agreements and securities lending	46,164	—	—	—	46,164
Derivative contracts for trading					
Forwards	154,367	4,800	—	21,449	180,616
Swaps	534,356	111,636	—	93,785	739,777
Call options	1,878	—	—	—	1,878
Put options	680	—	—	—	680
Futures	—	—	—	—	—
Subtotal	691,281	116,436	—	115,234	922,951
Accounting hedge derivative contracts					
Forwards	—	—	—	—	—
Swaps	48,133	47,378	—	108,660	204,171
Call options	—	—	—	—	—
Put options	—	—	—	—	—
Futures	—	—	—	—	—
Subtotal	48,133	47,378	—	108,660	204,171
Due by banks					
Chilean Central Bank	1,000,433	—	—	—	1,000,433
Banks in Chile	45,258	—	—	—	45,258
Banks abroad	—	—	190,150	160,056	350,206
Subtotal	1,045,691	—	190,150	160,056	1,395,897
Loans and accounts receivable from customers					
Commercial loans	14,218,048	21,261	23,333	154,276	14,416,918
Residential mortgage loans	6,404,986	—	—	—	6,404,986
Consumer loans	3,736,137	—	—	—	3,736,137
Subtotal	24,359,171	21,261	23,333	154,276	24,558,041
Investment instruments available for sale					
State and the Chilean Central Bank	86,508	—	—	—	86,508
Other instruments issued in Chile	831,849	—	—	—	831,849
Instruments issued abroad	—	81,644	—	—	81,644
Subtotal	918,357	81,644	—	—	1,000,001
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$	Chilean Central Bank MCh$	Govern-ment MCh$	Individuals MCh$	Commerce MCh$	Manu-facturing MCh$	Mining MCh$	Electricity, gas and water MCh$	Agriculture and livestock MCh$	Forestry MCh$	Fishing MCh$	Transport and tele-communications MCh$	Construction MCh$	Services MCh$	Others MCh$	Total MCh$
Financial assets																
Cash and bank deposits	1,249,892	111,330	—	—	—	—	—	—	—	—	—	—	—	—	—	1,361,222
Instruments for trading																
State and Chilean Central Bank	—	149,900	100,016	—	—	—	—	—	—	—	—	—	—	—	—	249,916
Other instruments issued in Chile	593,658	—	—	—		—	—	—	—	—	—	—	—	—	—	593,658
Instruments issued abroad	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Investments in mutual funds	23,080	—	—	—	—	—	—	—	—	—	—	—	—	—	—	23,080
Subtotal	616,738	149,900	100,016	—	—	—	—	—	—	—	—	—	—	—	—	866,654
Repurchase agreements and securities lending	12,473	—	—	—	3,264	797	4,893	19,830	282	—	—	3,841	228	—	556	46,164
Derivative contracts for trading																
Forwards	170,420	—	—	—	2,088	4,906	111	47	2,192	—	8	53	739	52	—	180,616
Swaps	629,455	—	—	—	17,538	21,271	20,485	30,361	9,926	—	4,664	2,214	2,597	1,266	—	739,777
Call options	161	—	—	—	1,047	301	—	—	306	—	—	29	—	34	—	1,878
Put options	1	—	—	—	616	36	—	—	11	—	—	—	—	16	—	680
Futures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	800,037	—	—	—	21,289	26,514	20,596	30,408	12,435	—	4,672	2,296	3,336	1,368	—	922,951
Hedge accounting derivative contracts																
Forwards	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Swaps	204,171	—	—	—	—	—	—	—	—	—	—	—	—	—	—	204,171
Call options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Put options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Futures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	204,171	—	—	—	—	—	—	—	—	—	—	—	—	—	—	204,171
Due by banks																
Chilean Central Bank	—	1,000,433	—	—	—	—	—	—	—	—	—	—	—	—	—	1,000,433
Banks in Chile	45,258	—	—	—	—	—	—	—	—	—	—	—	—	—	—	45,258
Banks abroad	350,206	—	—	—	—	—	—	—	—	—	—	—	—	—	—	350,206
Subtotal	395,464	1,000,433	—	—	—	—	—	—	—	—	—	—	—	—	—	1,395,897
Loans and accounts receivable from customers																
Commercial loans	2,130,946	—	—	—	2,345,319	1,626,515	545,375	473,172	1,185,113	—	351,531	1,668,627	1,585,940	1,668,346	836,034	14,416,918
Residential mortgage loans	—	—	—	6,404,986	—	—	—	—	—	—	—	—	—	—	—	6,404,986
Consumer loans	—	—	—	3,736,137	—	—	—	—	—	—	—	—	—	—	—	3,736,137
Subtotal	2,130,946	—	—	10,141,123	2,345,319	1,626,515	545,375	473,172	1,185,113	—	351,531	1,668,627	1,585,940	1,668,346	836,034	24,558,041
Investment instruments available for sale																
State and Chilean Central Bank	—	36,258	50,250	—	—	—	—	—	—	—	—	—	—	—	—	86,508
Other instruments issued in Chile	709,003	—	—	—	23,407	—	8,436	38,190	51,096	—	—	—	1,717	—	—	831,849
Instruments issued abroad	81,644	—	—	—	—	—	—	—	—	—	—	—	—	—	—	81,644
Subtotal	790,647	36,258	50,250	—	23,407	—	8,436	38,190	51,096	—	—	—	1,717	—	—	1,000,001
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, 2014:

	Chile MCh$	United States MCh$	Brazil MCh$	Others MCh$	Total MCh$
Financial assets					
Cash and bank deposits	636,423	257,476	—	21,234	915,133
Instruments for trading					
State and Chilean Central Bank	88,870	—	—	—	88,870
Other instruments issued in Chile	204,588	—	—	—	204,588
Instruments issued abroad	—	—	—	—	—
Investments in mutual funds	255,013	—	—	—	255,013
Subtotal	548,471	—	—	—	548,471
Repurchase agreements and securities lending	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	—	—	—	—	—
Subtotal	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	—	—	—	—	—
Subtotal	17,848	23,389	—	37,567	78,804
Due by banks					
Chilean Central Bank	551,108	—	—	—	551,108
Banks in Chile	170,014	—	—	—	170,014
Banks abroad	—	—	268,141	166,918	435,059
Subtotal	721,122	—	268,141	166,918	1,156,181
Loans and 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
Subtotal	21,683,571	—	33,295	159,782	21,876,648
Investment instruments available for sale					
State and Chilean Central Bank	339,324	—	—	—	339,324
Other instruments issued in Chile	1,197,340	—	—	—	1,197,340
Instruments issued abroad	—	58,376	5,149	—	63,525
Subtotal	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 assets	Financial services MCh$	Chilean Central Bank MCh$	Govern-ment MCh$	Individuals MCh$	Commerce MCh$	Manu-facturing MCh$	Mining MCh$	Electricity, gas and water MCh$	Agriculture and livestock MCh$	Forestry MCh$	Fishing MCh$	Transport and tele-communications MCh$	Construction MCh$	Services MCh$	Others MCh$	Total MCh$
Cash and bank deposits	767,918	147,215	—	—	—	—	—	—	—	—	—	—	—	—	—	915,133
Instruments for trading																
State and Chilean Central Bank	—	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
Subtotal	458,250	16,902	71,968	—	1,351	—	—	—	—	—	—	—	—	—	—	548,471
Repurchase agreements and securities lending	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	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	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	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	78,804	—	—	—	—	—	—	—	—	—	—	—	—	—	—	78,804
Due by banks																
Chilean Central Bank	—	551,108	—	—	—	—	—	—	—	—	—	—	—	—	—	551,108
Banks in Chile	170,014	—	—	—	—	—	—	—	—	—	—	—	—	—	—	170,014
Banks abroad	435,059	—	—	—	—	—	—	—	—	—	—	—	—	—	—	435,059
Subtotal	605,073	551,108	—	—	—	—	—	—	—	—	—	—	—	—	—	1,156,181
Loans and 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
Subtotal	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 and Chilean Central Bank	—	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
Subtotal	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)

(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 consumer 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 207,203 separate collateral instruments constituted, with the greatest concentration in properties in terms of valuation. The guarantees as of December 31, 2015 and 2014, are as follows:

2015	**Loans MCh$**	**Mortgages MCh$**	**Pledges MCh$**	**Securities MCh$**	**Warrants MCh$**	**Others MCh$**	**Total MCh$**
Corporations	11,029,022	2,090,295	75,436	464,998	4,854	358,086	2,993,669
SMEs	3,387,896	2,017,450	32,428	34,853	—	47,844	2,132,575
Consumer	3,736,137	247,330	1,460	2,872	—	18,390	270,052
Housing	6,404,986	5,573,300	122	598	—	—	5,574,020
Total	**24,558,041**	**9,928,375**	**109,446**	**503,321**	**4,854**	**424,320**	**10,970,316**

2014	**Loans MCh$**	**Mortgages MCh$**	**Pledges MCh$**	**Securities MCh$**	**Warrants MCh$**	**Others MCh$**	**Total MCh$**
Corporations	10,150,249	1,869,995	92,097	509,345	1,979	348,439	2,821,855
SMEs	2,957,987	1,712,185	27,989	33,762	85	47,569	1,821,590
Consumer	3,349,789	222,985	1,639	2,450	—	17,854	244,928
Housing	5,418,623	4,851,400	78	657	—	—	4,852,135
Total	**21,876,648**	**8,656,565**	**121,803**	**546,214**	**2,064**	**413,862**	**9,740,508**

The Bank also uses credit-risk mitigating elements for derivative transactions. The mitigating elements 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 foreign currency forward contracts in the subsidiary Banchile Corredores de Bolsa S.A.

The value of guarantees held by the Bank relating to loans individually classified as impaired as of December 31, 2015 and 2014, is Ch$118,464 million and Ch$116,445 million, respectively.

The value of guarantees held by the Bank relating to overdue loans not impaired as of December 31, 2015 and 2014, is Ch$283,718 million and Ch$271,899 million, respectively.

Note 39 – Additional notes (continued)

Note 39.38 –Risk management (continued)

(2) Credit Risk (continued)

(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.

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, 2015:

	Individual Portfolio			Group Portfolio		
	Normal MCh$	Sub-standard MCh$	Default MCh$	Normal MCh$	Default MCh$	Total MCh$
Financial Assets						
Due by banks						
Chilean Central Bank	1,000,433	—	—	—	—	1,000,433
Banks in Chile	45,258	—	—	—	—	45,258
Banks abroad	350,206	—	—	—	—	350,206
Subtotal	1,395,897	—	—	—	—	1,395,897
Loans and Account Receivables from Customers (excluding loan loss allowances)						
Commercial loans	11,543,265	175,066	273,461	2,211,106	214,020	14,416,918
Residential mortgage loans	—	—	—	6,287,820	117,166	6,404,986
Consumer loans	—	—	—	3,473,296	262,841	3,736,137
Subtotal	11,543,265	175,066	273,461	11,972,222	594,027	24,558,041

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						
Chilean Central Bank	551,108	—	—	—	—	551,108
Banks in Chile	170,014	—	—	—	—	170,014
Banks abroad	435,059	—	—	—	—	435,059
Subtotal	1,156,181	—	—	—	—	1,156,181
Loans and Account Receivables from Customers (excluding loan loss allowances)						
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
Subtotal	10,576,015	176,882	198,161	10,392,525	533,065	21,876,648

Note 39 – Additional notes (continued)

Note 39.38 –Risk management (continued)

(2) Credit Risk (continued)

(f) Credit quality by class of assets (continued)

Ageing analysis of past due loans by financial asset class, including the portion past due and the remaining balance:

Term:
Past due 1: 1 to 29 days
Past due 2: 30 to 59 days
Past due 3: 60 to 89 days

As of December 31, 2015

	Past due 1 MCh$	Past due 2 MCh$	Past due 3 MCh$
Due by banks	15,354	—	—
Commercial loans	152,739	59,428	19,346
Foreign trade finance	19,437	1,255	6,096
Factoring operations	36,917	5,093	2,757
Commercial lease operations	37,837	8,149	2,145
Other loans and accounts receivable	1,021	440	407
Residential mortgage loans	132,767	53,915	22,279
Consumer loans	225,577	90,188	33,864
Total	621,649	218,468	86,894

As of December 31, 2014

	Past due 1 MCh$	Past due 2 MCh$	Past due 3 MCh$
Due by banks	23,176	35,197	—
Commercial loans	140,430	106,844	25,513
Foreign trade finance	11,939	2,895	563
Factoring operations	28,210	4,554	1,170
Commercial lease operations	54,605	10,958	2,747
Other loans and accounts receivable	1,598	483	311
Residential mortgage loans	112,031	49,711	19,030
Consumer loans	219,173	87,774	34,593
Total	591,162	298,416	83,927

The past due but not impaired portfolio as of December 31, 2015 and 2014, is as follows:

	Past due but not impaired portfolio *			
	1 to 29 days MCh$	30 to 59 days MCh$	60 to 89 days MCh$	Over 90 days MCh$
2015	460,401	121,272	34,864	926
2014	482,154	189,117	34,748	1,848

* These amounts include the portion past due and the remaining balance.

Note 39 – Additional notes (continued)

Note 39.38 –Risk management (continued)

(2) Credit Risk (continued)

(g) Assets Received in Lieu of Payment

The Bank has assets received in lieu of payment amounting to Ch$6,429 million and Ch$3,948 million as of December 31, 2015 and 2014, 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	**2015 MCh$**	**2014 MCh$**
Due by banks		
Chilean Central Bank	—	—
Banks in Chile	—	—
Banks abroad	—	—
Subtotal	—	—
Loans and accounts receivable from customers, net		
Commercial loans	238,491	190,692
Residential mortgage loans	18,186	19,585
Consumer loans	335,489	324,622
Subtotal	592,166	534,899
Total renegotiated financial assets	592,166	534,899

The Bank approaches the evaluation of allowances through two areas: allowances individually evaluated and those evaluated in groups, which are 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

Trading liquidity risk is separately managed from funding liquidity risk.

The Bank measures and controls its trading liquidity risk in the trading book through: DV01 limits on 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 in the accruals book is not explicitly limited. These investments are held to obtain medium-term returns to maturity of the instruments or at least for the medium term, so these instruments do not necessarily need to demonstrate high trading liquidity.

Funding liquidity is controlled and limited by the regulatory report covering the C08 ratio. From December 2015, the SBIF also requires the C46 File "Liquidity Position", which is similar to the C08 report; both will be sent simultaneously until March 2016, when the C08 report will be suspended.

The SBIF has established the following limits for the C08 ratio:

- ✓ 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 report the Adjusted C08 Ratio, which includes estimates of payment behavior for some specific items of the statement of financial position at their maturity date, such as the presumption of the renewal of a proportion of the loan portfolio at its contractual maturity date; stability and therefore not losing a proportion of checking accounts and other demand deposits that are considered as not to be withdrawn, etc.

As of December 31, 2015, the Adjusted C08 Ratio up to 30 days for foreign currency assets and liabilities is 0.061 (C46 value is 0.102) and the Adjusted C08 Ratio up to 30 days for assets and liabilities including all currencies is 0.358 (C46 value is 0.543). The Adjusted ratio up to 90 days for assets and liabilities including all currencies is 0.294 (C46 value is 0.496) as of that date.

Note 39 – Additional notes (continued)

Note 39.38 –Risk management (continued)

(3) Market Risk (continued)

(a) Liquidity risk (continued)

The contractual maturity profile of the consolidated financial liabilities of Banco de Chile and its subsidiaries as of December 31, 2015 and 2014, 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, 2015							
Demand deposits and other obligations	8,327,011	—	—	—	—	—	8,327,011
Transactions pending settlement	241,842	—	—	—	—	—	241,842
Repurchase agreements and securities lending	184,041	51	—	—	—	—	184,092
Time deposits and other borrowings	4,637,114	1,788,360	3,128,918	484,858	557	211	10,040,018
Physically settled derivatives	269,483	232,474	364,917	629,015	329,806	640,329	2,466,024
Obligations with banks	231,893	125,946	904,310	262,757	—	—	1,524,906
Other obligations	421	1,100	5,535	18,435	23,918	789	50,198
Debt instruments issued in currencies other than the US$	113,758	199,062	766,134	1,157,411	1,384,072	3,756,483	7,376,920
Total gross financial liabilities (excluding derivatives under offsetting agreements)	14,005,563	2,346,993	5,169,814	2,552,476	1,738,353	4,397,812	30,211,011
Derivatives under offsetting agreements	262,962	356,434	809,548	1,053,043	528,528	1,017,489	4,028,004

	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 and other obligations	6,933,555	—	—	—	—	—	6,933,555
Transactions pending settlement	96,945	—	—	—	—	—	96,945
Repurchase agreements and securities lending	249,198	92	—	—	—	—	249,290
Time deposits and other borrowings	4,956,782	2,162,419	2,596,404	154,505	172	188	9,870,470
Physically settled derivatives	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 under offsetting agreements)	12,680,829	2,822,717	4,133,323	1,911,764	1,533,927	3,387,109	26,469,669
Derivatives under offsetting agreements	178,635	110,298	727,089	1,208,217	638,045	895,239	3,757,523

The loans to deposits ratios for 2015 and 2014 are as follows:

	2015	2014
Maximum	3.00	2.74
Minimum	2.70	2.43
Average	2.84	2.61

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 accrual book is carried out through managing 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 Greeks, 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 historical model, including 99% confidence and an escalation to a temporary horizon of 22 days. This calculation, uses observed fluctuations in market factors over 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	7.9%	21.0%
Average use	7.1%	19.2%
Minimum use	6.6%	17.9%

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 property, plant and equipment), 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 table shows the cash flow of assets and liabilities based on contractual dates for the Banking Book of Banco de Chile on an individual basis as of December 31, 2015 and 2014:

	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, 2015							
Cash and bank deposits	1,336,900	—	—	—	—	—	1,336,900
Transactions pending settlement	516,151	—	—	—	—	—	516,151
Repurchase agreements and securities lending	3,462	—	—	—	—	—	3,462
Hedge derivatives	475,630	136,918	160,383	324,360	374,857	438,135	1,910,283
Due by banks	1,065,713	78,726	227,895	30,236	—	—	1,402,570
Loans and accounts receivable from customers	3,407,077	3,920,279	6,135,079	5,067,738	2,888,550	7,725,546	29,144,269
Investment instruments available for sale	53,523	76,135	369,755	125,645	151,502	244,707	1,021,267
Investment instruments held to maturity	—	—	—	—	—	—	—
Total assets	6,858,456	4,212,058	6,893,112	5,547,979	3,414,909	8,408,388	35,334,902

	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 and bank deposits	889,489	—	—	—	—	—	889,489
Transactions pending settlement	387,434	—	—	—	—	—	387,434
Repurchase agreements and securities lending	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 and 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$
Liabilities as of December 31, 2015							
Demand deposits and other obligations	8,338,655	—	—	—	—	—	8,338,655
Transactions pending settlement	231,059	—	—	—	—	—	231,059
Repurchase agreements and securities lending	10,358	—	—	—	—	—	10,358
Time deposits and other borrowings	4,641,021	1,789,871	3,123,713	484,606	557	211	10,039,979
Hedge derivatives	4,272	107,432	254,360	523,234	427,855	446,276	1,763,429
Obligations with banks	826,857	487,504	210,569	—	—	—	1,524,930
Debt instruments issued	381,779	162,304	604,023	1,155,900	1,311,992	3,755,090	7,371,088
Other financial obligations	197,685	1,100	5,535	18,435	23,918	789	247,462
Total liabilities	14,631,686	2,548,211	4,198,200	2,182,175	1,764,322	4,202,366	29,526,960

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, 2014							
Demand deposits and other obligations	6,950,274	—	—	—	—	—	6,950,274
Transactions pending settlement	82,932	—	—	—	—	—	82,932
Repurchase agreements and securities lending	25,662	—	—	—	—	—	25,662
Time deposits and 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	13,133,109	2,732,179	3,492,897	1,612,236	1,759,247	3,238,373	25,968,041

Pricing Risk 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. The Bank adopts this tool as it is more useful than the normal evaluations of fluctuations such as the VaR or EaR, as:

(a) The financial crises showed fluctuations materially in excess of those used with VaR with 99% confidence or EaR with 97.7% confidence.
(b) The crises also showed that correlations between these fluctuations are materially different to those used to calculate VaR or EaR, since there was severe decoupling between the trends in market variables compared to those normally observed.
(c) Trading liquidity reduced dramatically in emerging markets and therefore the escalation of daily fluctuations in the VaR corresponds to a very broad approximation of the expected loss over longer periods.

The impacts are determined by modeling directional fluctuations in the values of market factors and estimating the changes in book and/or economic values of financial positions. These are based on the observed historical fluctuations in times of crisis, and integrated with a reasoned analysis of possible values that market factors could reach in extreme environments, whether due to economic, political, or external threats, etc.

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 Greeks (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. Fluctuations in the prices of equities in the positions held by Banchile Corredores de Bolsa are not included as they are not considered material. (These positions are generally very small as this subsidiary 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) based on the scenario that generates the worst impact:

Market Factor Fluctuations

	CLP Derivatives (bps)	CLP Bonds (bps)	CLF Derivatives (bps)	CLF Bonds (bps)	US$ Offshore 3m Derivatives (bps)	Spread US$ On/Off Derivatives (bps)	Vol FX CLP/US$ (%)
3 m	27	37	-461	-450	0	-54	-3.1%
6 m	38	42	-223	-200	10	-40	-2.6%
9 m	43	47	-143	-117	11	-22	-2.0%
1 year	47	49	-129	-101	10	-15	-2.1%
2 years	53	52	-49	-18	22	-16	-2.8%
4 years	53	63	-28	16	57	-34	-
6 years	51	72	-15	41	66	-39	-
10 years	49	76	-7	56	76	-41	-
16 years	48	76	-7	59	81	-43	-
20 years	48	75	-8	61	83	-44	-

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, 2015 is as follows:

POTENTIAL GAIN OR LOSS IN TRADING BOOK	
	MCh$
Interest rates in CLP	(2,389)
Derivatives	(2,260)
Debt instruments	(129)
Interest rates in CLF	(5,329)
Derivatives	(1,886)
Debt instruments	(3,443)
Interest rates US$, EUR, JPY offshore	1,148
Interest rate spreads local/offshore USD, EUR, JPY	(1,951)
Interest rate	**(8,521)**
Exchange rate	**(488)**
Option volatility	**(798)**
TOTAL	**(9,807)**

The modeled scenario would generate losses in the trading book of around Ch$9,800 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 RESULT IN ACCRUALS BOOK 12 months	
	MCh$
Impact of shock on base rate	(189,630)
Impact of shock on spreads	33,692
Higher/(Lower) Income	**(155,938)**

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 a severe fall in inflation. The lower potential revenue in the next 12 months would correspond to approximately a quarter of the budgeted gain for the year.

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 modeled fluctuations in the interest rate:

POTENTIAL IMPACT ON CAPITAL OF PORTFOLIO AVAILABLE FOR SALE			
Currency of instrument	DV01 (US$)	Impact of change in interest rates (MUS$)	Impact for change in interest rates (MCh$)
CLP	(71,359)	(3.34)	(2,363)
CLF	(139,768)	(11.98)	(8,488)
USD	(105,345)	(9.27)	(6,566)
Total impact		**(24.59)**	**(17,417)**

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 2015, 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 2015.

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. 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 the Chilean Central Bank 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 at the end of 2015 and 2014 are as follows:

	Consolidated Assets		Risk-Weighted Assets	
	2015	2014	2015	2014
	MCh$	MCh$	MCh$	MCh$
Balance sheet assets (net of allowances)				
Cash and bank deposits	1,361,222	915,133	42,335	3,100
Transactions pending settlement	526,046	400,081	59,719	34,741
Instruments for trading	866,654	548,471	160,150	304,501
Repurchase agreements and securities lending	46,164	27,661	46,164	27,661
Financial derivative contracts	1,127,122	832,193	1,064,661	694,632
Due by banks	1,395,195	1,155,365	358,614	468,293
Loans and accounts receivable from customers	23,956,275	21,348,033	21,411,781	19,192,870
Investment instruments available for sale	1,000,001	1,600,189	420,482	472,949
Investment instruments held to maturity	—	—	—	—
Investments in companies	28,126	25,312	28,126	25,312
Intangible assets	26,719	26,593	26,719	26,593
Property, plant and equipment	215,671	205,403	215,671	205,403
Current taxes	3,279	3,468	328	347
Deferred taxes	255,972	202,869	25,597	20,287
Other assets	484,498	355,057	484,498	355,057
Subtotal			24,344,845	21,831,746
Off balance sheet Assets				
Contingent credits	5,221,333	4,280,451	3,131,800	2,567,508
Total risk-weighted assets			27,476,645	24,399,254

	December 31, 2015		December 31, 2014	
	MCh$	%	MCh$	%
Basic Capital (*)	2,740,084	7.45	2,535,154	7.89
Effective Equity	3,457,523	12.58	3,249,903	13.32

(*) 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 28, 2016, the Board of Banco de Chile met at Meeting Number BCH 2,832 and agreed to call an Ordinary Shareholders' Meeting on March 24, 2016, with a view to proposing the distribution of dividend No. 204 of Ch$3.37534954173 for each of the 96,129,146,433 shares, payable from the distributable net income for the year ended December 31, 2015, amounting to 70% of such net income.

The Board also agreed to call an Extraordinary Shareholders' Meeting for that date in order to propose the capitalization of 30% of the distributable net profit of the Bank for 2015, by issuing bonus shares, without nominal value, with a value of Ch$64.79 per share, distributed among the shareholders at the rate of 0.02232718590 shares for each share held, and adopt the necessary arrangements subject to the exercise of the options provided for in Article 31 of Law No. 19,396.

Moreover, in accordance with the provisions of paragraph 3.2 of Chapter B4 of the Compendium of Accounting Standards issued by the Superintendency of Banks and Financial Institutions, regarding provisions for minimum dividends, the Board agreed that as of January 2016 provisions will be created for 60% of distributable net income generated during each year.

b) On January 28, 2016, the board of Sociedad Matriz del Banco de Chile S.A. met at Meeting Number SM231, and agreed to call an ordinary shareholders' meeting for March 24, 2016, in order to propose the distribution of dividend No.20 of Ch$3.38832808670 per share of the series B, D and E and also to agree the distribution among all shareholders of the same series, the fully paid bonus shares that Sociedad Matriz del Banco de Chile S.A. is entitled to receive from the capitalization of 30% of the distributable net income of Banco de Chile for the year 2015, to be distributed on the basis of 0.02232718590 Banco de Chile shares for each share held 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, 2015, and the date of issue of these consolidated financial statements.

Note 40 – Material events

At the date of these consolidated financial statements, there were no material events to report.

Management's Analysis of Consolidated Financial Statements

As of December 31, 2015

I. SUMMARY

During 2015, Quiñenco obtained net income[4] of Ch$96,620 million, 71.8% lower than the Ch$342,089 million reported the year before. This variation is mainly explained by the net after-tax gain in 2014 relating to the merger of CSAV's container ship business with Hapag-Lloyd, which produced a gain for Quiñenco of Ch$245,816 million. However, Hapag-Lloyd achieved a positive result in 2015, mainly due to the synergies arising from the merger. Meanwhile, Enex decreased its contribution by 42.4% in 2015, mainly reflecting decreased operating results due to falling international oil prices. Banco de Chile reported a decrease of 5.4% in its net income, mainly attributable to the unfavorable impact of lower inflation, higher operating expenses and higher counter-cyclical loan loss allowances. However, performance at Techpack improved and a positive result was obtained, based on higher operating income, as well as a smaller loss on discontinued operations. Invexans had a lower net loss mainly reflecting a lower operating loss, partially offset by a higher loss recorded by Nexans, which reflects restructuring costs and asset impairment during the year, despite a 32% increase in operating results. The contribution from SM SAAM increased, due to good performance from its tug boats and port terminals, together with a non-recurring gain from the restructuring of its investment in Peru (Tramarsa). The contribution from CCU increased, due to an increment of 1.0% in its net income, mainly due to improved operational performance, moderated by a higher tax burden. At the corporate level, lower financial income was recorded, due to a lower cash balance.

II. ANALYSIS OF COMPREHENSIVE INCOME

The analysis of Quiñenco's financial statements have been separated into banking services and non-banking businesses, to improve understanding.

Since 2012, the Superintendency of Securities and Insurance (SVS) modified the format of the financial statements, incorporating the line "Net income (loss) from operating activities". Therefore, 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, income or loss from operating activities, or operating income or loss, are defined in the same way in this analysis.

4 Net income refers to net income attributable to owners of the controller.

1. Analysis of Non-Banking Business Results

The following segments are included in 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 S.A.
e) Others
 - Quiñenco and others (includes CCU, 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 a new company Madeco, with effect from January 1, 2013. The principal asset of Invexans is its 28.84% 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 brass mills business in Chile and Argentina and the profiles unit, so the subsidiaries Madeco Mills, Decker Industrial and Indalum have been reclassified as discontinued operations in the income statement for 2014. On April 16, 2014, an Extraordinary Shareholders' Meeting of Madeco approved a change in its name to Techpack.

On December 4, 2014, Quiñenco's Board approved a public tender offer for the remaining shares in Invexans, which concluded in January 2015.

As of December 31, 2015, 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 98.6% of Invexans.

During July, August and December 2014 and February 2015 Quiñenco and its subsidiaries Inv. Río Bravo and Inmobiliaria Norte Verde took part in the capital increase of CSAV, acquiring an additional 9.2% shareholding. Therefore, from the financial statements as of September 30, 2014, Quiñenco has consolidated CSAV, and it presented consolidated financial statements for only six months of operations as of December 31, 2014. As of December 31, 2015, Quiñenco holds directly and indirectly 56.0% of CSAV (64.6% in 2014). The merger of the container ship business with Hapag-Lloyd was classified by CSAV as a discontinued operation in 2014. As a result of this transaction CSAV became the principal shareholder in Hapag-Lloyd, with a 30% shareholding. Hapag-Lloyd carried out a capital increase in December 2014, which CSAV subscribed to, taking CSAV's shareholding to 34.0%. Hapag-Lloyd launched an Initial Public Offering (IPO) in November 2015, and its shares are now traded on the Frankfurt and Hamburg stock exchanges. CSAV subscribed US$30 million of the US$300 million raised, decreasing its shareholding in the German shipping company to 31.35%.

Non-banking business results	Figures in MCh$	
	12/31/2015	12/31/2014
Operating income	24,711	583,276
Non-operating loss	(51,667)	(103,367)
Income tax expense	(851)	(89,118)
Loss from discontinued operations	(4,970)	(77,142)
Consolidated net income (loss) from non-banking businesses	**(32,777)**	**313,650**

Revenue

Revenue in 2015 decreased by 14.8% reaching Ch$2,164,497 million, due mainly to a decrease in revenue at Enex, partially offset by increased revenue from the transport segment and, to a lesser extent, by an increase in revenue at Techpack.

The composition of consolidated revenue is shown in comparative terms as follows:

	Figures in MCh$	
	12/31/2015	12/31/2014
Manufacturing		
Invexans	242	382
Techpack	247,376	212.764
Sub total manufacturing	247,618	213,146
Financial		
LQIF holding	-	-
Energy		
Enex	1,697,629	2,176,803
Transport		
CSAV	118,519	47,246
Other		
Quiñenco and others	100,731	103,499
Revenue	**2,164,497**	**2,540,694**

Revenue for 2015 at Enex was Ch$1,697,629 million, 22.0% lower than the previous year, mainly due to lower fuel prices. Total volumes dispatched in 2015 were 3,267 thousand cubic meters, 5.6% less than the previous year, of which fuels accounted for 96.0%.

Techpack's revenue in 2015 was Ch$247,376 million, 16.3% higher than the previous year, due to a 7.0% increase in sales volumes, mainly due to the consolidation of HYC Packaging in Chile from June 2014, and the development of new commercial projects in Peru. There was also a favorable effect from the conversion to Chilean pesos, due to higher exchange rates during the year.

Revenue at CSAV was Ch$118,519 million in 2015, mainly from vehicle transport, refrigerated cargo transport on ships and liquid bulk transport. Revenue was much higher than the previous year, since 2014 covered only six months of operations, as consolidation only began in July 2014.

Revenue at Banchile Vida, included within Quiñenco and others, decreased by 2.7% in 2015 compared to the previous year.

Cost of sales

Cost of sales for 2015 declined by 17.3% compared to the previous year. This drop is explained mainly by the fall in costs in the energy sector, partially offset by an increase in the costs of CSAV and, to a lesser extent, increased cost of sales at Techpack.

The composition of consolidated cost of sales in comparative terms is shown below:

	Figures in MCh$	
	12/31/2015	12/31/2014
Manufacturing		
Invexans	(95)	(114)
Techpack	(198,656)	(174,839)
Sub total manufacturing	(198,750)	(174,953)
Financial		
LQIF holding	-	-
Energy		
Enex	(1,533,118)	(2,017,741)
Transport		
CSAV	(116,781)	(50,364)
Other		
Quiñenco and others	(33,041)	(32,413)
Cost of sales	**(1,881,690)**	**(2,275,472)**

Cost of sales at Enex for 2015 was Ch$1,533,118 million, 24.0% lower than the previous year, mainly reflecting a reduction in fuel costs. Cost of sales was equivalent to 90.3% and 92.7% of sales in 2015 and 2014, respectively.

Cost of sales at CSAV in 2015 was Ch$116,781 million, mainly related to the cost of vehicle transport, refrigerated cargo transport and liquid bulk transport. Costs were much higher than the previous year, since 2014 included only six months of operations. Cost of sales in 2015 was equivalent to 98.5% of sales (106.6% for the six months July to December 2014).

Techpack recorded cost of sales of Ch$198,656 million in 2015, 13.6% higher than the previous year, and slightly lower than the increase in sales, reflecting greater efficiency.

Gross income

The composition of the gross income in comparative terms is shown below:

	Figures in MCh$	
	12/31/2015	12/31/2014
Manufacturing		
Invexans	147	268
Techpack	48,720	37,925
Sub total manufacturing	48,868	38,193
Financial		
LQIF holding	-	-
Energy		
Enex	164,511	159,062
Transport		
CSAV	1,739	(3,118)
Other		
Quiñenco and others	67,690	71,086
Gross income	**282,807**	**265,223**

Gross income was Ch$282,807 million in 2015, 6.6% higher than in 2014, mainly due to an increase in gross income at Techpack and, to a lesser extent at Enex, and the consolidation of CSAV with effect from July 2014. This was partially offset by lower gross income at Banchile Vida, included in Quiñenco and others. Techpack recorded an increase of Ch$10,795 million or 28.5%, driven primarily by sales growth and efficiency improvements. Gross income at Enex increased by 3.4% mainly due to greater fuel margins, driven by larger relative volumes at service stations, partially offset by lower margins on lubricants and asphalt. Despite the prevailing unfavorable market conditions, CSAV recorded positive gross income in 2015, reversing the loss recorded in the second half of 2014.

Operating income

Operating income was Ch$24,711 million in 2015, significantly lower than the Ch$583,276 million recorded in 2014, mainly due to the non-recurring gain registered by CSAV in December 2014 due to the merger of its container business with Hapag-Lloyd and, to a lesser extent, by the negative variation in operating income recorded by Quiñenco and by the decrease in operating income at Enex. These effects were partially offset by excellent operational performances by Invexans and Techpack in 2015.

The comparative composition of operating income is shown below:

	Figures in MCh$	
	12/31/2015	12/31/2014
Manufacturing		
Invexans	(4,980)	(17,169)
Techpack	18,125	12,177
Sub total manufacturing	13,145	(4,993)
Financial		
LQIF holding	(3,780)	(3,830)
Energy		
Enex	24,551	32,996
Transport		
CSAV	(9,172)	522,279
Other		
Quiñenco and others	(34)	36,823
Operating income	**24,711**	**583,276**

CSAV recorded an operating loss of Ch$9,172 million in 2015, which contrasts negatively with the operating income of Ch$522,279 million registered for the last six months of 2014, reflecting largely the gain generated by the merger with Hapag-Lloyd of Ch$531,414 million during 2014, in addition to higher administrative costs recorded in 2015, partially offset by the positive change in gross income.

The operating loss in Quiñenco and others was Ch$34 million in 2015, which strongly contrasts with operating income of Ch$36,823 million in the previous year, mainly due to the effect of the revaluation of the investment in CSAV of Ch$39,033 million disclosed in December 2014 resulting from the accounting change for that investment from the equity method to consolidation, included in Other gains (losses) and offset by the 1.7% increase in operating income at Banchile Vida, mostly explained by an 8.9% decrease in administrative expenses, which compensated for the 4.9% decrease in gross income.

Enex posted operating income of Ch$24,551 million for 2015, 25.6% lower than in 2014, mainly due to higher operating costs at points of sale and higher brand use costs, partially offset by the 3.4% increase in gross income.

Operating income at Techpack was Ch$18,125 million in 2015, 48.8% higher than in 2014, mainly due to an increase in gross income of 28.5%, and to a lesser extent, by lower restructuring costs recorded in Other gains (losses), partially offset by higher administrative and distribution costs.

Invexans recorded an operating loss of Ch$4,980 million in 2015, 71.0% lower than in 2014, mainly due to the lower legal expenses in Brazil, compensating for the dilution of the capital increase reserved for Nexans employees, which produced a loss of Ch$2,075 million.

Non-operating results

The comparative composition of non-operating income is as follows:

	Figures in MCh$	
	12/31/2015	12/31/2014
Finance income	10,651	22,948
Finance costs	(42,051)	(41,235)
Share of income (loss) from associates & joint ventures	1,805	(61,715)
Exchange differences	1,623	3,538
Indexation adjustments	(23,696)	(26,902)
Non-operating loss	**(51,667)**	**(103,367)**

The non-operating loss was Ch$51,667 million in 2015, 50.0% less than in 2014. The most important movements were the following :

- A positive variation in the share of income from associates, which reached Ch$1,805 million in 2015, which compares favorably with the loss of Ch$61,715 million for 2014, largely due to the favorable variation in the contribution from the investment in Hapag-Lloyd, reflecting CSAV's share in the German shipping company's net income in 2015, adjusted for the revaluation to fair value of this investment by CSAV, which resulted in a gain of Ch$47,927 million, reversing losses reported in 2014 in the transport segment. However, this positive performance was offset by the loss associated with the dilution of CSAV's shareholding in Hapag-Lloyd following its opening on the stock market for Ch$59,079 million in 2015. To a lesser extent, the variation is also explained by the larger contribution from SM SAAM and IRSA during 2015. These positive variations easily compensated for the proportional loss produced by Nexans in 2015 of Ch$12,264 million.

- Lower indexation losses, mainly at LQIF, due to lower inflation in 2015 and the effect on liabilities in UF.

The above was partially offset by:

- Lower finance income, mainly at Quiñenco reflecting lower levels of available cash.
- A negative change in exchange differences, mostly explained by CSAV, partially offset by the positive variation at Techpack, Invexans and, to a lesser extent, Enex.
- Higher finance costs, mainly at Quiñenco, Enex and CSAV, which was partially offset by lower finance costs at Invexans and Techpack.

Net income from non-banking businesses

	Figures in MCh$	
	12/31/2015	12/31/2014
Net income (loss) from continuing operations before taxes	(26,956)	479,909
Income tax expense	(851)	(89,118)
Net income (loss) from discontinued operations	(4,970)	(77,142)
Consolidated net income (loss) from non-banking businesses	**(32,777)**	**313,650**

During 2015 the non-banking business recorded a loss of Ch$32,777 million, which compares unfavorably with consolidated net income of Ch$313,650 million reported in the previous year, due mainly to the gain recorded in 2014 by CSAV, due to the merger of the container business with Hapag-Lloyd. However, during 2015 the majority of Quiñenco's operational companies achieved better net income, driven primarily by improved operating performances.

2. Analysis of Banking Services Results

The following companies are included in banking services: Banco de Chile and SM-Chile, which present their financial statements partially under IFRS for the years 2015 and 2014.

Banking services results	Figures in MCh$	
	12/31/2015	12/31/2014
Operating income	617,980	651,154
Non-operating loss	(72,069)	(79,619)
Income tax expense	(61,818)	(83,286)
Consolidated net income from banking services	**484,093**	**488,249**

Operating revenue[5]

Operating revenue was Ch$1,647,561 million in 2015, practically the same as the previous year, mainly explained by the growth in net fee income, and higher loan income, due to an expansion in the average volume, which offset the decrease in the contribution from the net asset position in UF, due to lower inflation in 2015 compared to 2014.

Loan loss allowances

Banco de Chile's loan loss allowances were Ch$303,062 million in 2015, an increase of 6.7% over the allowances for 2014 of Ch$283,993 million. This variation is due mainly to higher additional counter-cyclical allowances established during the year, associated with macroeconomic expectations.

Operating expenses

Operating expenses were Ch$726,519 million in 2015, 1.6% higher than the Ch$714,918 million recorded in 2014. This change primarily reflects higher administrative expenses, partially offset by lower personnel and other operating expenses. Administrative expenses grew due to inflation, the depreciation of the peso, mainly in IT, buildings and branch network expenditures, and advertising. Personnel expenses fell mainly due to lower legal and performance bonuses. The decrease in other operating expenses was mainly attributable to lower provisions for contingencies.

Non-operating loss[6]

A non-operating loss of Ch$72,069 million was generated in 2015, 9.5% lower than the non-operating loss of Ch$79,619 million for 2014, mainly explained by lower interest accrued on the subordinated debt with Banco Central de Chile in 2015 due to lower inflation during the year.

Net income from banking services

Consolidated net income from banking services decreased by 0.9% to Ch$484,093 million during 2015, mainly as a consequence of an increase in loan loss allowances and higher operating expenses during the year, which was partially offset by a lower income tax expense and a decrease in the non-operating loss.

5 Operating revenue is the total net operating revenue excluding loan loss allowances.
6 The non-operating loss includes the result of investments in companies and interest on the subordinated debt with Banco Central de Chile.

3. Analysis of Results by Segment

The following shows the composition of results by segment.

Business / Segment	Figures in MCh$											
	Manufacturing		Financial		Energy		Transport		Other		Total	
	As of December 31,											
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Non-banking businesses												
Net income from continuing operations before taxes	(31,518)	(42,570)	(17,812)	(18,997)	21,362	30,206	(21,323)	445,855	22,334	65,415	(26,956)	479,909
Income tax benefit (expense)	(14)	(776)	486	1,944	(1,589)	4,095	4,013	(93,558)	(3,747)	(823)	(851)	(89,118)
Net income (loss) from discontinued operations	(4,970)	(11,971)	-	-	-	-	-	(65,171)	-	-	(4,970)	(77,142)
Consolidated net income (loss) from non-banking businesses	**(36,503)**	**(55,316)**	**(17,326)**	**(17,053)**	**19,773**	**34,301**	**(17,309)**	**287,126**	**18,588**	**64,592**	**(32,777)**	**313,650**
Banking business												
Net income before taxes	-	-	545,911	571,536	-	-	-	-	-	-	545,911	571,536
Income tax expense	-	-	(61,818)	(83,286)	-	-	-	-	-	-	(61,818)	(83,286)
Consolidated net income from banking business	**-**	**-**	**484,093**	**488,249**	**-**	**-**	**-**	**-**	**-**	**-**	**484,093**	**488,249**
Consolidated net income (loss)	(36,503)	(55,316)	466,767	471,196	19,773	34,301	(17,309)	287,126	18,588	64,592	451,316	801,899
Net income (loss) attributable to non-controlling interests	4,718	(9,542)	354,467	358,413	-	-	(7,318)	109,953	2,829	986	354,696	459,809
Net income (loss) attributable to owners of the controller*	**(41,221)**	**(45,774)**	**112,300**	**112,783**	**19,773**	**34,301**	**(9,991)**	**177,173**	**15,759**	**63,607**	**96,620**	**342,089**

** Net income attributable to owners of the controller for each segment consists of the final contribution from each segment, and the companies within each segment, to the net income of Quiñenco S.A.*

Manufacturing Segment

	Figures in MCh$	
	12/31/2015	12/31/2014
Invexans[7]	(42,240)	(36,028)
Techpack[8]	1,019	(9,746)
Net loss for the manufacturing segment	**(41,221)**	**(45,774)**

The manufacturing segment contributed a loss of Ch$41,221 million to the net income of Quiñenco in 2015, 9.9% less than the previous year.

Invexans

Invexans	Figures in MCh$	
	12/31/2015	12/31/2014
Revenue	242	382
Operating loss	(4,980)	(17,169)
Non-operating loss	(37,959)	(28,264)
Loss attributable to owners of the controller	(42,893)	(44,924)

7 *Quiñenco's share of Invexans's net income.*
8 *Quiñenco's share of TechPack's net income.*
9 *The analysis of Invexans is based on its financial statements prepared in the functional currency of Quiñenco. The functional currency of Invexans, as well as some classifications of accounting items, differs from that of Quiñenco.*

Invexans recorded a net loss of Ch$42,893[9] million in 2015, 4.5% lower than the previous year. This variation is explained by a lower operating loss, partially offset by a higher non-operating loss, reflecting the outcome of its investment in Nexans.

Invexans reported revenue mainly from services and leases in 2015, which declined by 36.7% compared to 2014, explained by fewer properties under lease.

Invexans had an operating loss of Ch$4,980 million in 2015, 71.0% lower than its operating loss of Ch$17,169 million in 2014. This improved performance is mainly due to lower legal expenses in Brazil of Ch$13,688 million recorded in Other expenses by function, partially offset by the dilution following the capital increase reserved for Nexans' employees, which resulted in a loss of Ch$2,075 million in Other gains (losses) in 2015.

The non-operating loss was Ch$37,959 million in 2015, 34.3% higher than the non-operating loss of Ch$28,264 million in 2014. This negative variation is explained by Invexans' share of the loss from its associate Nexans in 2015. This company reported a net loss of €194 million for 2015, 15% higher than the loss of €168 million in 2014. However, operating income grew by 32% to €195 million, reflecting the positive impact of strategic initiatives, despite a slight decrease in organic sales[10] of 1.7%. Worth highlighting are the steady growth in the high added value businesses, such as high voltage submarine cables, harnesses for cars, and LAN cables and systems, and a gradual improvement in Europe, the Middle East, Russia and Africa thanks to a selective commercial approach, and difficult market conditions in Brazil and Australia and in the oil and gas fuels sector. Nexans had non-operational restructuring expenses of €100 million, included in plans implemented in Europe, Asia-Pacific and North America, and asset impairment of €129 million that affected net income for the year. Invexans adjusted its share of the loss recorded by Nexans to reflect the fair value determined for Nexans by Invexans. Together with its participation in the loss for the period, this resulted in a loss for Invexans on its investment in the French company of Ch$38,013 million in 2015 compared to a loss of Ch$25,749 million in 2014. This was partially offset by lower finance costs at Invexans, due to the financial restructuring carried out at the end of 2014, and positive variations in exchange rates.

An income tax benefit of Ch$45 million was recorded as of December 2015, 91.1% lower than that as of December 2014.

Techpack

Techpack	Figures in MCh$	
	12/31/2015	12/31/2014
Revenue	247,376	212,764
Operating income	18,125	12,177
Loss from discontinued operations	(4,970)	(11,971)
Net income (loss) attributable to owners of the controller	1,546	(14,785)

During 2015, Techpack recorded net income of Ch$1,546[11] million, which contrasted positively with a net loss of Ch$14,785 million in the previous year, mainly the result of reduced losses on discontinued operations, higher operating income, and to a lesser extent, a smaller non-operating loss and lower income tax.

Techpack's revenue was Ch$247,376 million in 2015, 16.3% more than in 2014, due to a 7.0% increase in sales volumes, mainly due to the consolidation of HYC Packaging in Chile from June 2014, to new commercial projects developed in Peru, and to growth in Colombia. There was also a favorable effect from the conversion to Chilean pesos, due to higher exchange rates during the year.

Net income from operating activities at Techpack was Ch$18,125 million in 2015, 48.8% higher than in 2014, mainly due to growth in sales volumes, good cost control, a regional procurement plan and price hikes mainly in Chile, Argentina and Colombia. In addition, restructuring costs recorded in Other gains (losses) were lower in 2015. These positive effects on operating income were partially offset by higher administrative and distribution expenses.

Techpack had a non-operating loss of Ch$6,705 million during 2015, 28.0% lower than the previous year, mainly explained by a smaller loss for exchange differences and lower net finance costs, reflecting lower debt levels.

The loss on discontinued operations at Techpack was Ch$4,970 million in 2015, 58.5% less than the previous year. The discontinued operations include Madeco Mills, Decker Industrial (Argentina) and Indalum.

Finally, the income tax expense was Ch$60 million in 2015, 95.4% lower than in 2014.

Financial segment

	Figures in MCh$	
	12/31/2015	12/31/2014
LQIF holding[12]	(8,663)	(8,527)
Banking sector[13]	120,963	121,309
Net income for the financial segment	**112,300**	**112,783**

The financial segment contributed Ch$112,300 million to the net income of Quiñenco in 2015, 0.4% less than in the previous year.

The banking sector includes Banco de Chile and SM-Chile, and the most important component of its results is the subordinated debt with the Chilean Central Bank.

LQIF holding

LQIF holding	Figures in MCh$	
	12/31/2015	12/31/2014
Revenue	-	-
Operating loss	(3,780)	(3,830)
Loss from non-banking services	(17,326)	(17,053)

LQIF holding reported a loss of Ch$17,326 million in 2015, slightly higher by 1.6% than the loss of Ch$17,053 million for the previous year, mainly due to a lower income tax benefit and lower finance income in 2015. This was partially offset by a positive variation in indexation adjustments, due to a smaller variation in the UF in 2015 (4.1% in 2015 compared to 5.7% in 2014) and its effect on obligations expressed in UF.

10 Organic Growth: Nexans compares sales with the same consolidation basis, excluding the impact of acquisitions and divestitures between one period and another, exchange rate effects, and changes in the prices of base metals.
11 The analysis of Techpack is based on its financial statements prepared in the functional currency of Quiñenco. The functional currency of Techpack, as well as some classifications of accounting items, differs from that of Quiñenco.
12 Quiñenco's share of net income from the non-banking services at LQIF.
13 Quiñenco's share of net income from Banco de Chile and SM-Chile.

Banco de Chile

Banco de Chile	Figures in MCh$	
	12/31/2015	12/31/2014
Revenue	1,646,355	1,646,402
Loan loss allowances	(303,062)	(283,993)
Operating expenses	(726,238)	(714,662)
Net income attributable to owners of the controller	558,995	591,080

Banco de Chile reported net income of Ch$558,995 million in 2015, 5.4% less than the previous year. This variation is explained mainly by higher loan loss allowances and higher operating expenses.

Operating income remained practically constant for 2015 due to: (i) an increase of 12.4% (Ch$33,791 million) in fee income, mainly attributable to higher revenue for managing mutual funds, transaction services, financial advisory commissions on mergers, acquisitions and debt structurings, and insurance brokerage services; (ii) an increase of approximately Ch$13,500 million in loan income, due to an expansion of 8.2% in the average loan volume, offset by a slightly lower average spread; (iii) a smaller charge for counterparty credit risk of approximately Ch$7,500 million; and (iv) a positive effect from exchange rates of nearly Ch$6,800 million. These positive variations were offset by a reduced contribution from the net asset position in UF in 2015, due to a lower variation in the UF (4.1% in 2015 compared 5.7% in 2014), which resulted in lower revenue of close to Ch$58,800 million.

The credit risk allowance at Banco de Chile was Ch$303,062 million, a rise of 6.7% compared to Ch$283,993 million in 2014. This variation was mainly due to: (i) higher additional counter-cyclical allowances of about Ch$30,900 million in 2015, compared to Ch$22,500 million in 2014; (ii) the negative impact of exchange rates of nearly Ch$4,400 million for credit risk denominated in US dollars, due to the Chilean peso depreciating more in 2015 than in 2014; (iii) higher allowances due to a change in standards that impacts the method for calculating allowances on mortgage loans of Ch$4,960 million; and (iv) the effect of annual growth in the average volume of loans (8.2%), which was offset by a general credit improvement in the portfolio and a slight change in mix toward less risky products, given higher growth in housing loans.

Based on the above, the portfolio expense indicator was 1.32% as of December 2015, slightly less than its value at the same date in 2014 of 1.34%. The Bank had a past due ratio of 1.22% as of December 2015, slightly below its value as of December 2014 of 1.25%.

Operating expenses increased by 1.6% to Ch$726,238 million in 2015, compared to Ch$714,662 million in 2014. This variation is explained mainly by an increase of approximately Ch$20,600 million in administrative expenses, due to increased IT and telecom expenses, increased maintenance costs and other expenses relating to buildings and branches, in addition to an increase in advertising expenses, as a result of campaigns associated with new business alliances and aimed at attracting customers. The increase in administrative expenses was partially offset by (i) a slight decrease of 0.8% in payroll and personnel expenses equivalent to Ch$3,124 million, mainly due to reduced spending on legal and performance bonuses in comparison to 2014, when a termination of collective bargaining bonus was awarded, which was partially offset by benefits committed to staff during the last round of collective bargaining, wage increases for merit and promotions, the impact of inflation on salaries and higher severance compensation costs caused by restructuring in the commercial areas; and (ii) a decrease in other operating expenses of Ch$3,125 million, mainly due to lower contingency provisions.

The income tax expense rose by 3.7%, as the corporate income tax rate rose in 2015 and the Bank had lower taxable income in 2014, when tax benefits were recognized derived from an increase in deferred taxes due to the increase in the corporate income tax rate.

Subordinated Debt with the Chilean Central Bank

The interest accrued on the subordinated debt with the Chilean Central Bank in 2015 was 8.2% lower than the previous year, due to lower inflation during 2015.

Energy Segment

	Figures in MCh$	
	12/31/2015	12/31/2014
Enex[14]	19,773	34,301
Net income from the energy segment	**19,773**	**34,301**

The energy segment contributed Ch$19,773 million to Quiñenco's net income in 2015, 42.4% less than in the previous year.

Enex

Enex	Figures in MCh$	
	12/31/2015	12/31/2014
Revenue	1,697,629	2,176,803
Operating income	24,551	32,996
Net income attributable to owners of the controller	19,773	34,301

Enex reported net income of Ch$19,773 million during 2015, 42.4% lower than in the previous year. Revenue was Ch$1,697,629 million, falling by 22.0%, due mainly to lower fuel prices, and to a lesser extent, due to lower volumes of industrial fuel sales, partially offset by growth at service stations. Total volumes dispatched in 2015 were 3,267 thousand cubic meters, 5.6% less than the previous year, of which fuels accounted for 96.0%. The gross margin was Ch$164,511 million, 3.4% higher than the previous year, mainly due to a greater margin on fuels, driven by a greater volume at service stations, partially offset

14 Quiñenco's share of Enex's net income.

by lower margins on lubricants, due to lower unit margins on inventories valued at a higher cost when prices are falling, and asphalts which suffered from the same effect and from a very competitive market.

Enex reported operating income of Ch$24,551 million in 2015, 25.6% lower than in 2014, due to higher operating costs at points of sale at service stations and convenience stores, higher brand use costs after converting the Terpel stations, and higher costs associated with the development of IT projects, partially offset by an increase of 3.4% in gross income as explained previously.

The non-operating loss was Ch$3,189 million, 14.3% higher than the loss of Ch$2,789 million in 2014, mainly due to higher finance costs, and partially offset by a positive variation in exchange differences.

The income tax expense at Enex was Ch$1,589 million for 2015, contrasting negatively with income tax benefit of Ch$4,095 million in the previous year.

Transport Segment

	Figures in MCh$	
	12/31/2015	12/31/2014
CSAV[15]	(9,991)	177,173
Net income from the transport segment	**(9,991)**	**177,173**

The transport segment contributed a loss of Ch$9,991 million to Quiñenco's net income during 2015, which contrasts negatively with net income of Ch$177,173 million in 2014.

The functional currency of CSAV is the US dollar. During 2015 and the third quarter of 2014, CSAV's financial statements were converted into Chilean pesos to consolidate them with Quiñenco. The following analysis is based on the financial statements of CSAV reported to the SVS in US dollars, for purposes of comparative analysis.

CSAV[16]

CSAV	Figures in MUS$	
	12/31/2015	12/31/2014
Revenue	183	235
Operating income (loss)	(13)	826
Non-operating loss	(8)	(78)
Loss from discontinued operations	-	(231)
Net income (loss) attributable to owners of the controller	(15)	389

CSAV had a net loss of US$15 million in 2015, which contrasts negatively with net income of US$389 million in the previous year, mainly due to the net gain associated with the merger of the container business with Hapag-Lloyd in 2014, which had a net gain after tax of US$619 million[17], and the dilution loss for CSAV in 2015 of US$84 million, which was partially offset by CSAV's share of the positive results achieved by Hapag-Lloyd in 2015.

In 2015 revenue at CSAV fell by 22.2% to US$183 million in comparison to 2014, mainly explained by reduced activity and demand for vehicle transport services in markets on the west coast of South America, combined with reduced freight rates in this business. Another contributing factor stems from the indexation of a portion of freight rates to variations in fuel prices, whereby recent drops in fuel prices have resulted in decreased revenue. To a lesser extent, this reduction has resulted from reduced activity in the freight forwarder business as a result of reduced volumes and container shipping freight rates in South American markets, as well as decreased revenue from the solid bulk transport business due to the Company's strategy to reduce its exposure in this business.

CSAV recorded positive gross income of US$3 million during 2015, which contrasts favorably to the negative gross margin of US$2 million in 2014, mainly due to the lower cost of sales, which is in line with lower activity in the car carrier market, and the reduction in the scale of CSAV's operations in that business and, to a lesser extent, with the development of the freight forwarder and bulk solids businesses mentioned above. Although average fuel prices fell close to 42% during the year, which contributed to a decrease in operating costs, this decrease was partially offset by reduced revenue, since a significant portion of sales agreements contain fuel price indexation clauses.

The operating loss was US$13 million in 2015, which compares unfavorably with operating income of US$826 million in the previous year, mainly reflecting the net gain before tax of the transaction with Hapag-Lloyd for US$864 million in 2014, partially offset by the loss of US$19 million in 2014 on the sale of CSAV's interest in the joint venture with DryLog Ltd., both recorded in Other gains and losses.

The non-operating loss was US$8 million in 2015, significantly lower than the loss of US$78 million in 2014, mainly due to CSAV's share in the net income achieved by the German shipping company in 2015, adjusted for the revaluation to fair value of this investment by CSAV, which resulted in a gain of US$77 million. As of December 2015 the fair value adjustment was US$34 million. However, the dilution of CSAV's shareholding in Hapag-Lloyd after its IPO on the stock market led to a loss of US$84 million. Hapag-Lloyd recorded net income of US$124 million in 2015, which compares favorably with the net loss of US$804 million for the previous year, although the period was dominated by low economic growth in Latin America and China, and a highly competitive market in the shipping industry kept shipping rates down. This positive result mainly reflects the initial synergies of the merger with CSAV's container business, cost reductions and efficiencies achieved with the Octave program, and the positive effect of fuel price reductions compared to the previous year. Sales grew by 8.5%, reflecting an increase of 25.3% in transported volume, largely due to the incorporation of CSAV's container business, together with lower average tariffs. The German shipping company improved its operating results from a loss of US$550 million in 2014 to income of US$344 million in 2015.

15 Quiñenco's share of CSAV's net income.
16 The financial statements for CSAV in US dollars, as reported to the SVS, have been used for this comparative analysis.
17 Net income of US$619 million in 2014 arose from a non-recurring gain reported in Other gains and losses, the share of Hapag-Lloyd's results for December 2014 included in Share of income (loss) from associates, and the income tax expense.

CSAV recorded an income tax benefit in 2015 was US$6 million, which contrasts positively with the tax expense of US$127 million in the previous year, mainly due to the tax expense related to the transaction with Hapag-Lloyd of US$158 million in 2014.

Finally, 2014 included a loss of US$231 million in discontinued operations on the CSAV container business transferred to Hapag-Lloyd in December 2014.

Other Segment

	Figures in MCh$	
	12/31/2015	12/31/2014
IRSA[18]	32,980	32,075
SM SAAM[19]	17,785	12,118
Quiñenco and others	(35,006)	19,414
Net income from the Other segment	**15,759**	**63,607**

The Other segment contributed net income of Ch$15,759 million to Quiñenco's net income in 2015, a reduction of 75.2% from net income of Ch$63,607 million in 2014, mainly due to the negative change in contribution from Quiñenco and others, partially offset by increased net income contributed by SM SAAM and to a lesser extent by IRSA.

IRSA

IRSA is the parent company of CCU. The increase in net income contributed to Quiñenco by IRSA was 2.8% in 2015, due to the positive variation in indexation adjustments at IRSA and the increase in net income recorded by CCU during the year.

CCU

CCU	Figures in MCh$	
	12/31/2015	12/31/2014
Revenue	1,498,372	1,297,966
Operating income	213,449	183,957
Net income attributable to owners of the controller	120,808	119,557

CCU reports its consolidated financial statements in accordance with its operating segments. These are essentially defined as the geographical areas of its commercial business: Chile, International Business, Wine, and Others[20].

CCU had net income of Ch$120,808 million in 2015, 1.0% higher than the previous year, mainly due to higher operating income, partially offset by higher income tax and, to a lesser extent, a higher non-operating loss.

CCU's revenue reached Ch$1,498,372 million in 2015, 15.4% higher than in 2014, as a result of 4.4% growth in consolidated volumes and 10.6% growth in average prices. All operating segments contributed to this sales growth as follows: International business contributed with a sales increase of 35.4%, given an increase of 27.7% in average prices, along with an increase of 6.0% in volumes; Chile contributed with a sales increase of 8.6%, given an increase of 4.5% in average prices, along with an increase of 4.0% in volumes; and Wine contributed with a sales increase of 10.0%, given an increase of 6.5% in average prices, along with an increase of 3.2% in volumes.

Operating income increased by 16.0%, driven primarily by growth of 17.3% in gross income, reflecting the increase in sales, greater efficiencies and lower costs for raw materials, which was partially offset by the depreciation of the principal currencies used by CCU. However, 2014 includes a non-recurring gain of Ch$18,882 million, due to compensation received by the Argentine subsidiary CICSA on the termination of the contract to exclusively import and distribute Corona and Negra Modelo beers in Argentina and the license for producing and distributing Budweiser beer in Uruguay.

The non-operating loss rose by 35.9% mainly due to: (i) lower finance income, given less available cash in 2015; and (ii) higher losses in the results from associates, partly due to the sale of assets relating to the snack brands Calaf and Natur. These negative effects were partially offset by the positive variation on exchange differences and, to a lesser extent, by lower indexation losses, due to lower inflation in Chile in 2015.

The income tax expense rose by 55.3% to Ch$50,115 million, mainly due to better results in all segments and to the increase in the corporate income tax rate in Chile from 21.0% to 22.5%.

SM SAAM

The contribution from SM SAAM to Quiñenco was a gain of Ch$17,785 million in 2015, 46.8% higher than the previous year, due to higher net income at SM SAAM during the year, higher exchange rates prevailing during 2015, and a smaller adjustment corresponding to the fair value determined at Quiñenco for its investment in SM SAAM. In December 2015, the adjustment was Ch$1,798 million (negative), in comparison to Ch$2,884 million (negative) in December 2014. SM SAAM was formed when CSAV divided in February 2012. The principal asset of SM SAAM is its 99.9995% shareholding in SAAM.

SM SAAM	Figures in MUS$	
	12/31/2015	12/31/2014
Revenue	426	492
Operating income	60	53
Net income attributable to owners of the controller	69	61

18 Quiñenco's share of IRSA's net income.
19 Quiñenco's share of net income at SM SAAM, adjusted to the estimated fair value of the investment in SM SAAM.
20 Chile: includes the sale of beer, non-alcoholic drinks and spirits in Chile. International Business: includes the sale of beer, cider, non-alcoholic drinks and spirits in Argentina, Uruguay and Paraguay. Wine: includes the sale of Chilean wine, mainly to export markets. Other: includes unallocated corporate expenses and income, and the logistics subsidiary.

SM SAAM[21] reported net income of US$69 million in 2015, 12.9% higher than the previous year, mainly due to good performance by tug boats and port terminals, which offset the costs associated with closing some logistics operations in Chile and Brazil.

SM SAAM's revenue reached US$426 million in 2015, declining by 13.4%, mainly due to lower revenue from logistics and tug boats. Logistics revenue decreased by 24.4%, due to the closure of operations in Brazil, and lower sales in Chile, due to a decline in services provided to shipping companies, as a result of a more competitive environment, and in services provided to exporters and importers, due to the slowdown in foreign trade. Revenue from tug boats fell by 13.1% due to the deconsolidation of Brazil from the launch of the joint venture with Boskalis, and lower revenue in Mexico due to the depreciation of the Mexican peso, partially offset by revenue from Canada and Panama as new markets. Revenue from the port terminals segment had a slight decline of 1.2%, due to lower volumes in Guayaquil, partially offset by a good performance in Iquique. SM SAAM's revenue comprises tug boat services 44.3%, logistics services 26.3%, and port terminal services 29.4% in 2015.

SM SAAM recorded gross income of US$112 million in 2015, 9.9% lower than the previous year, due to lower margins on tug boats and, to a lesser extent, logistics and port terminals.

Operating income was US$60 million in 2015, 11.9% higher than the previous year, mainly due to the restructuring of Tramarsa, which generated a gain of US$32 million, which was partially offset by lower income from its business segments, in line with reductions in revenue, and by expenses generated by the closure of logistics operations in Brazil, and by the closure of some logistics operations in the central zone of Chile in 2015.

Non-operating income was US$38 million in 2015, 43.5% higher than the previous year, mainly due to a higher contribution from associates and joint ventures, mainly attributable to improved performance by the tug boat business in Brazil, as an associate from the beginning of the joint venture with Boskalis in July 2014 mainly reflecting synergies, and in Peru. To a lesser extent, the improved performance at the port of San Antonio also contributed, and the incorporation of TISUR in Peru towards the end of the year, which offset lower income from the port of Antofagasta. Logistics in Peru also improved their results. There was also an improvement due to exchange differences in 2015.

The income tax expense rose by 85.4% to US$17 million, mainly due to the operations in Mazatlan, in Mexico.

Quiñenco and others

Quiñenco and others had a negative variation in 2015, mainly due to the revaluation of the investment in CSAV reported in December 2014, due to the change of accounting for this investment from the equity method to consolidation, and, to a lesser extent, to lower financial income ate the corporate level in 2015, due to a lower cash balance during the current year.

21 *SM SAAM reports in US dollars.*

III. Analysis of the Statement of Financial Position

Assets

The consolidated assets of Quiñenco as of December 31, 2015, were Ch$35,999,723 million, 11.8% higher than December 31, 2014, due to increased assets in banking services and, to a lesser extent, the non-banking businesses.

The following shows in comparative terms the composition of the consolidated assets at the end of each year:

	Figures in MCh$	
	12/31/2015	12/31/2014
Manufacturing		
Invexans	298,848	331,654
Techpack	349,811	353,715
Sub total manufacturing	**648,659**	**685,369**
Financial		
LQIF holding	854,596	858,941
Energy		
Enex	774,737	727,350
Transport		
CSAV	1,580,616	1,341,265
Otros		
Quiñenco and others	853,251	944,759
Total assets, non-banking businesses	**4,711,860**	**4,557,683**
Assets, banking services	31,287,863	27,642,384
Total consolidated assets	**35,999,723**	**32,200,067**

	Figures in MCh$	
	12/31/2015	12/31/2014
Current assets, non-banking businesses	652,059	804,094
Non-current assets, non-banking businesses	4,059,801	3,753,590
Total assets, non-banking businesses	**4,711,860**	**4,557,683**
Assets, banking services	31,287,863	27,642,384
Total consolidated assets	**35,999,723**	**32,200,067**

Current assets, non-banking businesses

The current assets of the non-banking businesses amounted to Ch$652,059 million, which represents a decrease of 18.9% compared to December 31, 2014. The decrease is due to the payment of dividends by Quiñenco and, to a lesser extent, by LQIF to Citigroup, the repayment of bank loans by CSAV, investments in property, plant and equipment by Enex and Techpack, the repayment of public obligations by Quiñenco, payments by Quiñenco associated with the tender offer for Invexans shares, and the investment at Techpack in Alusa. These cash outflows were partially offset by proceeds from third parties arising from the capital increase by CSAV, the dividend received by LQIF from Banco de Chile and, to a lesser extent, the increase in trade receivables and other accounts receivable at Enex and Techpack, and the increase in inventories at Enex and Techpack.

Non-current assets, non-banking businesses

The non-current assets of the non-banking businesses were Ch$4,059,801 million, which represents an increase of 8.2% over December 31, 2014. This increase is mainly due to investments accounted for using the equity method, and to a lesser extent, to the increase in property, plant and equipment at Enex, Techpack and CSAV. The main variations in investments accounted for using the equity method were the following: (i) the higher book value of Hapag-Lloyd, arising from the conversion adjustment and net income for the period net of the result from the dilution in the shareholding; and to a lesser extent, ii) the higher book value of SM SAAM, arising from the conversion adjustment and net income for the period net of dividends, and (iii) the higher book value of IRSA, arising from the net income for the period net of dividends and conversion adjustment, partially offset by the lower book value of Nexans, arising from the net loss for the period and conversion adjustment.

Banking services assets

Banking services assets as of December 31, 2015, were Ch$31,287,863 million, representing an increase of 13.2% over December 31, 2014.

Liabilities

The following shows a comparison of the consolidated liabilities of Quiñenco at the end of each year.

	Figures in MCh$	
	12/31/2015	12/31/2014
Manufacturing		
Invexans	19,536	19,377
Techpack	153,074	160,268
Sub total manufacturing	**172,610**	**179,645**
Financial		
LQIF holding	232,653	226,860
Energy		
Enex	243,723	218,195
Transport		
CSAV	124,121	188,527
Other		
Quiñenco and others	543,302	683,171
Total liabilities, non-banking businesses	**1,316,408**	**1,496,399**
Liabilities, banking services	28,598,415	25,171,138
Total consolidated liabilities	**29,914,823**	**26,667,537**

	Figures in MCh$	
	12/31/2015	12/31/2014
Current liabilities, non-banking businesses	389,936	561,163
Non-current liabilities, non-banking businesses	926,473	935,236
Total liabilities, non-banking businesses	**1,316,408**	**1,496,399**
Liabilities, banking services	28,598,415	25,171,138
Total consolidated liabilities	**29,914,823**	**26,667,537**
Total equity	6,084,900	5,532,530
Total equity and liabilities	**35,999,723**	**32,200,067**

The liabilities of the non-banking businesses as of December 31, 2015, were Ch$1,316,408 million, 12.0% less than December 31, 2014. The decrease in liabilities is mainly due to a lower provision for dividends payable to shareholders of Quiñenco, to the payment of bank liabilities at CSAV and to the payment of public obligations at Quiñenco, which includes the prepayment of Series A bonds in July 2015.

Banking services liabilities rose by 13.6% compared to December 31, 2014.

The non-banking businesses leverage ratio[22] declined from 0.53% as of December 31, 2014, to 0.44% as of December 31, 2015. This is mainly explained by a 12.0% decrease in liabilities and a 6.6% increase in the equity of the controller. The current liabilities of the non-banking businesses as of December 31, 2015, represent 29.6% of the total liabilities of the non-banking businesses, compared to 37.5% as of December 31, 2014.

Equity[23]

The equity of Quiñenco was Ch$3,021,807 million as of December 31, 2015, 6.6% higher than as of December 31, 2014. This is mainly explained by net income for the year, net of dividends, and the positive change in other reserves. This variation was mainly attributed to conversion differences for CSAV, SM SAAM, Invexans and Techpack, to the public tender offer at Invexans, partially offset by the change in shareholding in CSAV.

22 Leverage ratio: Total non-banking businesses liabilities / Equity attributable to owners of the controller.
23 Equity is Equity attributable to owners of the controller.

IV. Indicator Trends

Financial Indicators		12/31/2015	12/31/2014
LIQUIDITY*			
Current Liquidity	times	1.7	1.4
(Current assets/Current liabilities)			
Acid ratio	times	0.3	0.4
(Cash & cash equivalents/Current liabilities)			
DEBT*			
Leverage ratio	times	0.44	0.53
(Total liabilities/Equity attributable to owners of the controller)			
Current debt/Total debt	%	29.62%	37.50%
(Current liabilities/Total liabilities)			
Non-current debt/Total debt	%	70.38%	62.50%
(Non-current liabilities/Total liabilities)			
Financial expenses coverage	times	0.24	10.77
((Non-banking net income + Income tax expense + Finance costs)/Finance costs)			
ACTIVITY*			
Inventory turnover	times	15.69	18.88
(Cost of sales/Average inventory)			
PROFITABILITY			
Return on equity	%	3.3%	13.0%
(Net income of controller/Average equity attributable to owners of the controller)			
Return on assets of non-financial segments	%	-0.4%	7.3%
(Net income of controller, non-financial segments / Average assets, non-financial segments)			
Return on assets of financial segment	%	0.4%	0.4%
(Net income of controller, financial segment / Average assets, financial segment)			
Earnings per share	Ch$	58.11	205.74
(Net income of controller /Weighted average number of shares)			
Dividend yield	%	5.8%	3.4%
(Dividend payments last 12 months per share/Closing share price)			

* *Excludes banking services assets and liabilities*
** *Excludes liabilities included in disposal groups classified as held for sale.*

V. Summarized Statement of Cash Flows

Cash flow of non-banking businesses	Figures in MCh$	
	12/31/2015	12/31/2014
Net cash flow provided by (used in) operating activities	(20,453)	(124,794)
Net cash flow provided by (used in) financing activities	(264,828)	(390,117)
Net cash flow provided by (used in) investing activities	107,168	150,974
Total net cash flows for the year	**(178,113)**	**(363,936)**

As of December 31, 2015, Quiñenco reported for the non-banking businesses a negative net cash flow of Ch$178,113 million explained by the negative cash flow used in financing activities of Ch$264,828 million and to a lesser extent the cash flow used in operating activities of Ch$20,453 million, partially offset by the positive cash flow from investing activities of Ch$107,168 million.

The negative cash flow from operating activities is mainly composed of collections from customers of Ch$2,423,007 million by Enex and, to a lesser extent, Techpack, CSAV and Banchile Vida, partially offset by payments to suppliers of Ch$2,282,141 million, incurred by Enex and also by Techpack, CSAV and Banchile Vida, and by payments to employees of Ch$81,018 million mainly for Techpack, Enex and, to a lesser extent, Quiñenco and CSAV, and other payments for net operating activities of Ch$63,646 million incurred mostly by Enex.

The negative financing cash flow mainly comprises dividends paid of Ch$177,360 million, primarily those paid by Quiñenco and, to a lesser extent, by LQIF to third parties. In addition, the payment of net obligations of Ch$127,655 million, mainly by CSAV, Quiñenco and, to a lesser extent, Techpack, and the payment of interest of Ch$48,594 million mostly by Quiñenco, and to a lesser extent, by LQIF, Enex, Techpack and CSAV, which was partially offset by the proceeds from the issue of shares of Ch$96,548 million, reflecting third parties subscribing to the capital increase in CSAV.

The positive cash flow from investing activities is explained mainly by the collection of corporate time deposits and others over 90 days (net) of Ch$200,582 million and, to a lesser extent, by dividend income received from associates, and interest. This was partially offset by Quiñenco investing in the tender offer for Invexans shares of Ch$40,611 million, by the equity investment by Techpack in Alusa of Ch$22,237 million, and by the purchase of property, plant and equipment of Ch$55,264 million, by Enex and, to a lesser extent, Techpack.

Banking services cash flows	Figures in MCh$	
	12/31/2015	12/31/2014
Net cash flow provided by (used in) operating activities	(918,038)	(50,514)
Net cash flow provided by (used in) financing activities	904,480	398,481
Net cash flow provided by (used in) investing activities	295,675	54,800
Total net cash flows for the year	**282,116**	**402,767**

As of December 31, 2015, Quiñenco reported for the banking services a total positive net cash flow of Ch$282,116 million, explained by the positive flow from financing activities of Ch$904,480 million and to a lesser extent the positive flow from investing activities of Ch$295,675 million, partially offset by the negative flow used in operating activities of Ch$918,038 million.

VI. Summarized Statement of Comprehensive Results.

	Figures in MCh$		
	12/31/2015	12/31/2014	Change
Results non-banking businesses			
Revenue	**2,164,497**	**2,540,694**	**-14.8%**
Manufacturing	247,618	213,146	16.2%
Financial	-	-	-
Energy	1,697,629	2,176,803	-22.0%
Transport	118,519	47,246	150.9%
Other	100,731	103,499	-2.7%
Cost of sales	**(1,881,690)**	**(2,275,472)**	**-17.3%**
Manufacturing	(198,750)	(174,953)	13.6%
Financial	-	-	
Energy	(1,533,118)	(2,017,741)	-24.0%
Transport	(116,781)	(50,364)	131.9%
Other	(33,041)	(32,413)	1.9%
Operating income	**24,711**	**583,276**	**-95.8%**
Manufacturing	13,145	(4,993)	n.a.
Financial	(3,780)	(3,830)	-1.3%
Energy	24,551	32,996	-25.6%
Transport	(9,172)	522,279	n.a.
Other	(34)	36,823	n.a.
Non-operating loss	**(51,667)**	**(103,367)**	**-50.0%**
Finance income	10,651	22,948	-53.6%
Finance costs	(42,051)	(41,235)	2.0%
Share of income (loss) from associates & joint ventures	1,805	(61,715)	n.a.
Exchange differences	1,623	3,538	-54.1%
Indexation adjustments	(23,696)	(26,902)	-11.9%
Income tax expense	(851)	(89,118)	-99.0%
Loss from discontinued operations	(4,970)	(77,142)	-93.6%
Consolidated net income (loss) from non-banking businesses	**(32,777)**	**313,650**	**n.a.**
Banking services results			
Revenue	1,647,561	1,650,066	-0.2%
Loan loss allowances	(303,062)	(283,993)	6.7%
Operating expenses	(726,519)	(714,918)	1.6%
Net operating income	617,980	651,154	-5.1%
Non-operating loss	(72,069)	(79,619)	-9.5%
Income tax expense	(61,818)	(83,286)	-25.8%
Consolidated net income banking services	**484,093**	**488,249**	**-0.9%**
Consolidated net income	**451,316**	**801,899**	**-43.7%**
Net income attributable to non-controlling interests	354,696	459,809	-22.9%
Net income attributable to owners of the controller	**96,620**	**342,089**	**-71.8%**

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's businesses are mainly in Chile. Consequently, its operating results and financial position are, to a large degree, dependent on the general state of the economy. While it is estimated that the Chilean economy grew by 2.1% in 2015, 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 businesses 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 businesses diversifies the risk associated with a sector or country.

Competition

Quiñenco believes that its businesses face a high level of competition. This is reflected in the prices, costs and sales volumes of the products and services produced and sold by Quiñenco's businesses. While the Company expects that its businesses will be capable of continuing to compete successfully in their respective areas based on its past experience and records, there is no certainty that competition will not continue to grow in the future, including a possible continued consolidation trend in some industries. There is an imbalance between demand and supply in the container transport business operated by Hapag-Lloyd, which is reflected in installed capacity growing faster than global demand. This has resulted in low vessel utilization, and volatile or low prices for vessel charters and freight tariffs. During recent months this unbalanced situation has deteriorated, and resulted in the detained fleet growing to the highest levels seen over the past five years. The imbalance between supply and demand can differ for each route and service provided by Hapag-Lloyd. A similar situation where the supply and demand are mismatched could generate volatility in freight rates and vessel charters in the businesses operated directly by CSAV, such as vehicle and liquid bulk transport. 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 across various sectors and countries.

Raw materials risk

The subsidiary Techpack uses oil derivatives such as polyethylene resins, polypropylene, etc. as its principal raw materials. Techpack's business performance is linked to its ability to purchase an adequate supply of raw materials, maintain control and efficient management over its available raw material inventories, and its ability to promptly pass price fluctuations on to its customers.

Techpack does not use financial hedges to manage oil derivatives, due to the difficulty of associating them with raw materials. Instead, it fixes the prices of its products with its principal customers through polynomials or price adjustment methods, which take into account the principal variations of their components. These polynomials are regularly adjusted between Techpack and its customers, in order to mitigate the risks with respect to variations in the price of its raw materials.

Fuels sold at the subsidiary Enex are mainly bought from Enap under annual supply contracts that regulate the formulas to index the prices of each product to relevant international market benchmarks, which in this case is the United States Gulf Coast. These contracts also reward compliance with monthly and annual purchase programs and apply fines when actual purchases are outside an estimated range. Enex has average stocks to cover around two weeks of sales, which reduces the exposure to price changes.

The Shell and Pennzoil brand lubricants sold by Enex are supplied by Shell, which sets its prices based on the trends in raw materials, production costs and local market conditions. Price changes are notified in advance, which are generally passed on in commercial contracts.

Fuel is the main cost component at the subsidiary CSAV. Most of CSAV's maritime freight sales are carried out through contracts at fixed prices and a percentage of those rates are subject to price adjustments, in accordance with changes in the cost of fuel or Bunker Adjustment Factor ("BAF"). Contracts containing the BAF surcharge are generally effective. However, they may be affected by temporary differences between calculations and application. CSAV covers that portion of the expected fuel consumption that is subject to fixed freight rates through derivative contracts, which significantly compensates for volatility in fuel prices. In order to curtail possible upward volatility in the months after making a BAF adjustment, CSAV purchased fuel purchase options to mitigate potential price hikes during 2015. For fixed-price sales and contracts without a BAF, or the portion of sales with a BAF clause that limits its coverage, CSAV purchases fuel hedges over the term of the corresponding contract, so that the fuel (bunker) cost is fixed and matched in volume and term to the corresponding maritime freight contract.

Banking services risks

The risk management policy at the subsidiary Banco de Chile is to maintain an integrated, future-focused perspective on risk management, taking into account the current and forecast economic environment and the risk/return ratio of all products for both the Bank and its subsidiaries. The spectrum of risk management covers the financial, such as credit and market risks, and non-financial, such as cybersecurity, services provided by suppliers, and internal and external regulatory risks. The Bank's credit policies and processes acknowledge the particularities of each market and segment, thus affording specialized treatment. Credit risk is managed through a global and unified strategy that is focused on the future while recognizing the current and projected economic environment of industries and segments and providing each segment with the pertinent credit treatment. The Bank uses an automated model for individuals, a parametric model for small and medium-sized businesses, a pre-approved model for mass retail offers, and a case-by-case model for large companies and corporations. The Market Risk Division is in charge of limiting, controlling and reporting market risks for the Bank, which cover liquidity and price risks, as well as providing guidelines for its subsidiaries.

Financial Risks

Credit Risk

Surplus corporate cash is invested with first-class Chilean and foreign financial entities under limits established for each entity, and which have a credit rating of at least the levels pre-established for each type of instrument.

The subsidiary Techpack manages the risk associated with its customers according to its established policies and procedures. When granting credit, customers are evaluated in order to reduce the risk of non-payment. Credit granted is regularly reviewed to evaluate a customer's payment ability and to monitor the status of accounts receivable. Certain transactions are covered by trade credit insurance, mainly export transactions.

The risk associated with financial assets or liabilities is managed by Techpack according to its policies. Cash surpluses or available funds are invested according to investment policy in fixed income instruments with institutions with strong credit ratings and a diversified investment portfolio. Management selects institutions with strong credit ratings for its financial hedges.

The risk associated with financial assets or liabilities is managed by Invexans according to its policies. Cash surpluses or available funds are invested in accordance with 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). Management selects institutions with strong credit ratings for its financial hedges.

The subsidiary LQ Inversiones Financieras has no accounts receivable subject to credit risk. Cash surpluses are invested under market conditions in fixed income instruments, according to the maturities of its financial commitments and operating expenses.

The subsidiary Enex manages customer risk within its credit policy and its authorizations manual. Sales on credit terms are controlled by the management system by blocking purchase orders when the customer's credit shows past due debt and/or exceeds their previously agreed and approved credit limit. The Finance and Administration Department at Enex approves customer credit lines, 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 to back 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 such as repurchase agreements and time deposits with financial entities evaluated at least once a year, with exposure limits assigned by entity according to reports and opinions issued by prestigious and experienced credit rating agencies, in line with Enex's current treasury policy.

The subsidiary CSAV has a strict credit policy to manage its accounts receivable portfolio, which is based on credit lines and payment terms granted on the basis of an individual analysis of the solvency, payment ability, and general references of each customer, the industry and the customer's market, as well as its payment history with the Company. Credit lines are reviewed annually and payment behavior and percentage utilization are monitored constantly. Agencies that represent CSAV are constantly monitored to ensure that the administrative, commercial, operational and collection processes, and their relationship with suppliers comply with agreed contract terms.

CSAV supports its vessel and slot chartering contracts with third parties using charter party contracts and slot charter agreements. CSAV leases vessels to third parties and slots to other shipping companies, always taking into consideration the counterparty's creditworthiness. In the case of slot charters, CSAV often leases slots from the same shipping companies to which it leases its own slots on other voyages and services, which significantly reduces the risk of default.

The subsidiary CSAV has an investment policy for financial assets, which includes time deposits and repurchase agreements, whereby its checking accounts and investments are held in financial institutions with investment grade credit ratings. Its risk control policy also includes the taking of hedge positions in interest rates, exchange rates and oil prices, with financial institutions with investment grade credit ratings.

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 has investments 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 cash-flow generation.

The subsidiary Techpack regularly estimates its projected liquidity requirements for each period, covering cash to be received (accounts receivable, dividends receivable, etc.), the respective payments (commercial, financial, dividend payments, investments in fixed assets, etc.) and available cash, in order to avoid short-term external financing. Techpack manages its exposure to liquidity risk by managing its cash flows, by carefully managing the amount and term of its debt, and by managing collections from its customers and the credit terms it grants them.

The subsidiary Invexans regularly estimates its projected liquidity requirements for each period, covering cash to be received (rents receivable, dividends receivable, etc.), the respective payments (commercial, financial, etc.) and available cash, in order to avoid short-term external financing. Invexan's financing policy seeks funding sources with a balanced structure between short and long term, low risk exposure and that are in line with the cash flows generated by the company.

The subsidiary LQIF distributes dividends based on free cash flows taking into account the Company's expenses and indispensable provisions, including financial obligations. The main source of funds to pay interest and capital on the financial obligations of LQIF are the dividends received from its direct and indirect shareholdings in Banco de Chile. Consequently, its ability to meet the scheduled interest and capital payments depends entirely on the ability of Banco de Chile to generate positive net income from its operations and the agreements approved annually at shareholders' meetings regarding the distribution of dividends.

The subsidiary Enex regularly estimates its short-term cash flow projections based on information received from the commercial areas. Enex has credit lines available with its principal banks in order to cover unexpected cash deficits.

CSAV is not directly exposed to the container business, but indirectly as the main shareholder of Hapag-Lloyd. This limits liquidity risk to the expected flow of dividends or any additional capital required by this joint venture. CSAV has medium and long-term borrowing mainly to finance the investment in Hapag-Lloyd.

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 2015 as it has no significant foreign currency assets and liabilities. Financial derivatives (mainly cross currency swaps), can be contracted to eliminate or mitigate exposure to exchange rate risks.

Exposure to exchange rate risk at the subsidiary Invexans derives from asset and liability positions held in currencies other than its functional currency, which is the US dollar, and the related appreciations/depreciations between both currencies. Both the board and management of Invexans regularly review its net exposure to exchange rate risk, based on projecting the financial effects of variations in currencies other than the functional currency that would be generated by assets or liabilities held in those currencies at the time of evaluation. Should significant and adverse effects be projected for Invexans, financial derivatives may be contracted (mainly cross-currency swaps) in order to mitigate these potential risks.

As of December 31, 2015, the net exposure to exchange rate risk at Invexans is a liability equivalent to Ch$9 million. If there is a 5% variation in the exchange rate of currencies other than the functional currency, the effect on the comprehensive income statement before taxes would be estimated as Ch$0.5 million.

Exposure to exchange rate risk at the subsidiary Techpack arises from exchange differences on potential imbalances in asset and liability positions denominated in a currency other than the functional currency (US dollar). Both the board and management of Techpack and its subsidiaries regularly review their net exposure to exchange rate risk, based on projecting the financial effects of variations in currencies other than the functional currency that would be generated by assets or liabilities held in those currencies at the time of evaluation. Should significant and adverse effects be projected for Techpack, financial derivatives may be contracted (mainly cross-currency swaps) in order to mitigate these potential risks.

As of December 31, 2015, Techpack's net exposure to exchange rate risk is an asset equivalent to Ch$61,581 million. If there is a 5% variation in the exchange rate of currencies other than the functional currency, the effect on the comprehensive income statement before taxes would be estimated as Ch$3,079 million.

The subsidiary LQIF has no exposure to exchange rate risk as it has no foreign currency assets or liabilities as of December 31, 2015 and 2014.

The subsidiary Enex is exposed to exchange risk due to 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 asphalt 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 regular currency purchase mechanism on the spot market. As of December 31, 2015, the net exposure to exchange rate risk of Enex is a liability equivalent to Ch$16,782 million. If there is a 5% variation in the exchange rate of currencies other than the functional currency, the effect on the comprehensive income statement before taxes would be estimated as Ch$839 million.

The subsidiary CSAV has assets and liabilities mainly denominated in its functional currency, the US dollar. However, there are also assets and liabilities in other currencies. The company reduces the risk of exchange-rate fluctuations by regularly converting any balance in local currency that exceeds payment needs in that currency to US dollars. As of December 31, 2015, the net exposure to exchange rate risk of CSAV is a liability equivalent to Ch$3,177 million. If there is a 5% variation in the exchange rate of the US dollar against other currencies, the effect on the comprehensive income statement before taxes would be estimated as Ch$159 million.

Exchange rate differences produced by translating to Chilean pesos balances in the functional currencies of consolidated entities or associates whose functional currency is not the peso, are recognized as a credit or charge to equity, until their cancellation in the balance sheet, at which time they are recorded in net income.

Interest rate risk

As of December 31, 2015, at the corporate level Quiñenco has financial assets at fair value with effects on results amounting to Ch$103,894 million, that are subject to interest-rate risk. A variation of 10 basis points in the interest rate would generate an effect on finance income for the year of Ch$19 million.

Quiñenco has all of its corporate obligations at fixed interest rates, which implies low exposure to interest-rate risk.

Invexans has all of its financial obligations at variable interest rates.

Techpack has 88.3% of its financial obligations at fixed interest rates and 11.7% at variable interest rates.

LQIF has all its financial obligations at fixed interest rates, which implies a low exposure to interest rate risk.

Enex has 41.8% of its financial obligations at fixed interest rates and 58.2% at variable interest rates

CSAV has all of its financial obligations at variable interest rates.

The following shows the interest-rate structure at the consolidated level. As can be seen, the consolidated interest-rate risk is low, as 87.6% of debt is structured at fixed interest rates.

Consolidated financial debt by interest rate type	12/31/2015	12/31/2014
Fixed interest rate	87.6%	83.4%
Protected interest rate	0.0%	0.0%
Variable interest rate	12.4%	16.6%
Total	**100.0%**	**100.0%**

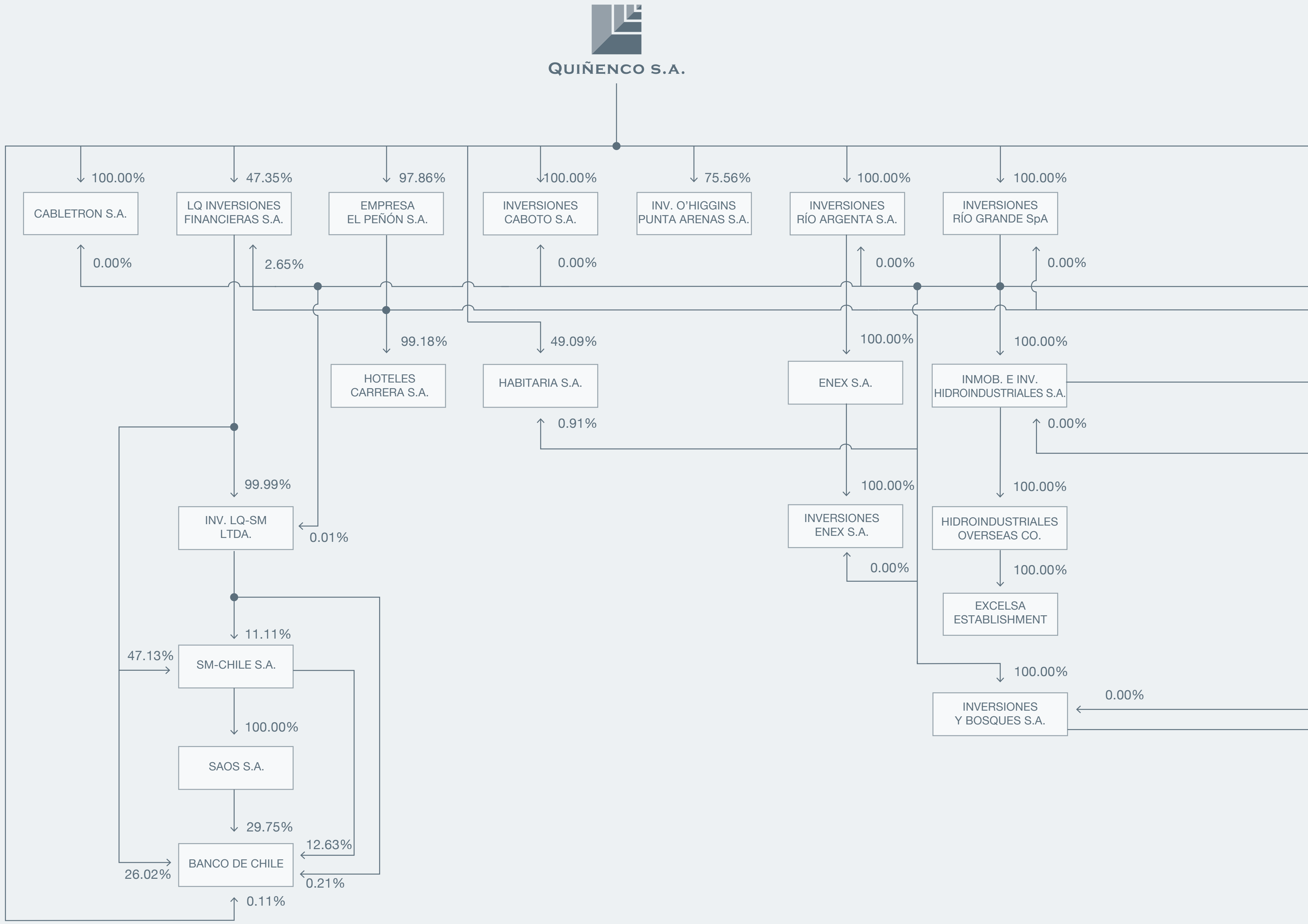
As of December 31, 2015, the consolidated exposure to variable interest rates was a liability of Ch$98,130 million. A 100 basis point variation in the interest rate would generate an effect on finance costs for the 12-month period of Ch$981 million.

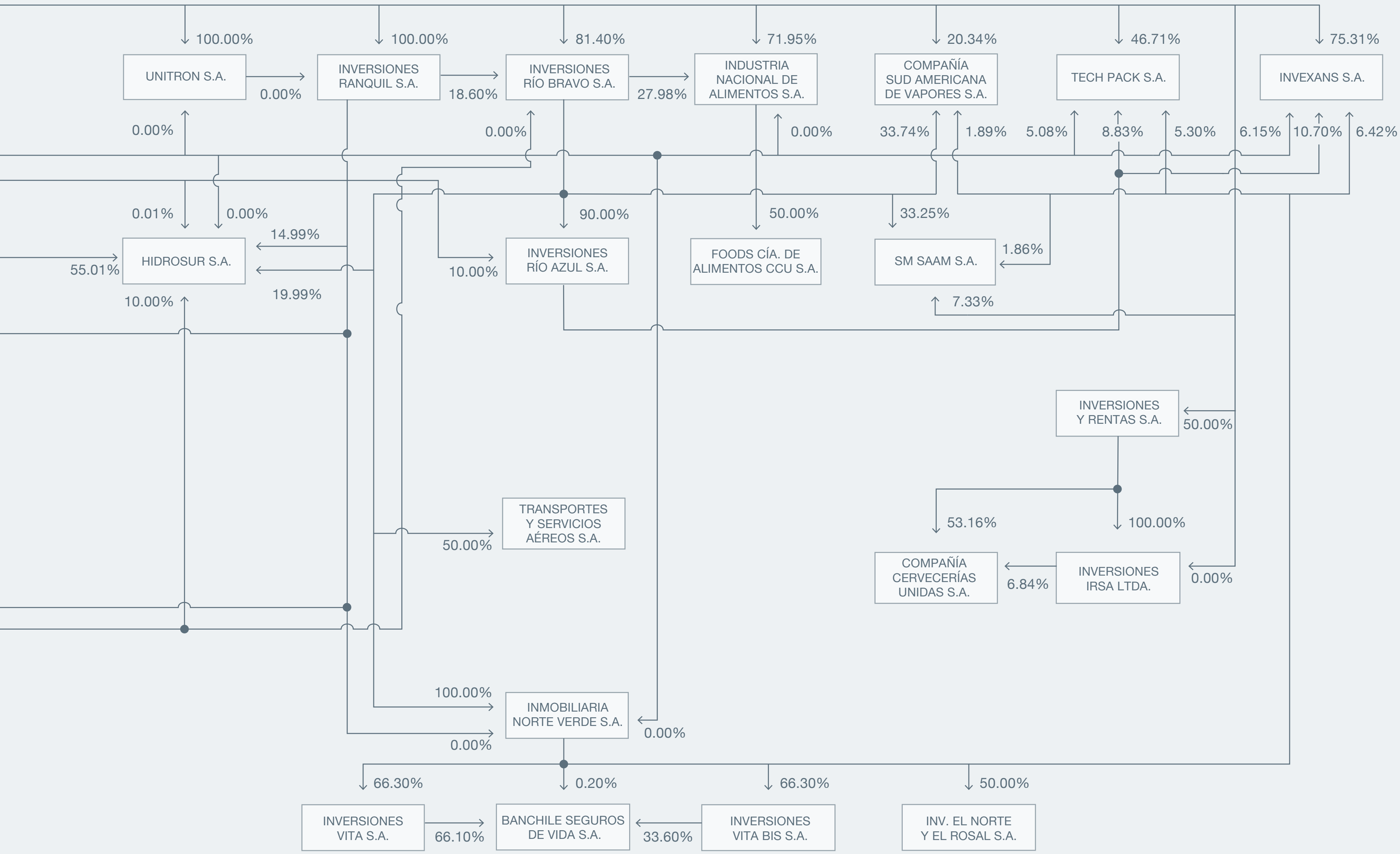
12 Corporate Structure

Subsidiaries and Affiliate Companies
As of December 31, 2015

Quiñenco S.A.

Subsidiaries and Affiliates



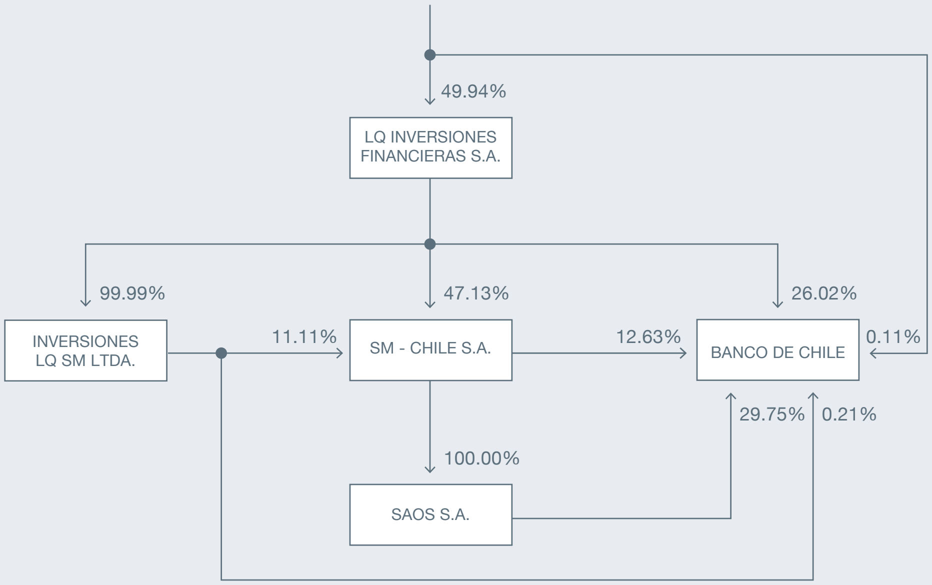


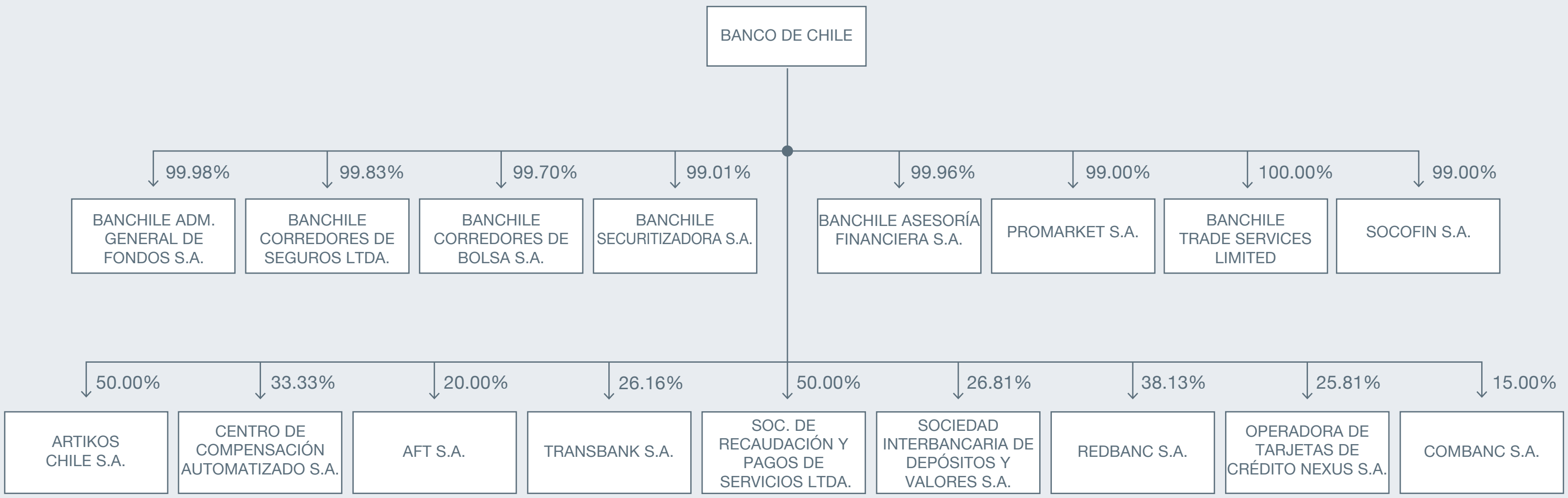
100.00%
UNITRON S.A.
0.00%
100.00%
INVERSIONES RANQUIL S.A.
18.60%
81.40%
INVERSIONES RÍO BRAVO S.A.
27.98%
71.95%
INDUSTRIA NACIONAL DE ALIMENTOS S.A.
20.34%
COMPAÑÍA SUD AMERICANA DE VAPORES S.A.
46.71%
TECH PACK S.A.
75.31%
INVEXANS S.A.
0.00%
0.00%
0.00%
33.74%
1.89%
5.08%
8.83%
5.30%
6.15%
10.70%
6.42%
0.01%
0.00%
14.99%
HIDROSUR S.A.
55.01%
19.99%
10.00%
90.00%
INVERSIONES RÍO AZUL S.A.
10.00%
50.00%
FOODS CÍA. DE ALIMENTOS CCU S.A.
33.25%
SM SAAM S.A.
1.86%
7.33%
INVERSIONES Y RENTAS S.A.
50.00%
TRANSPORTES Y SERVICIOS AÉREOS S.A.
50.00%
53.16%
100.00%
COMPAÑÍA CERVECERÍAS UNIDAS S.A.
6.84%
INVERSIONES IRSA LTDA.
0.00%
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

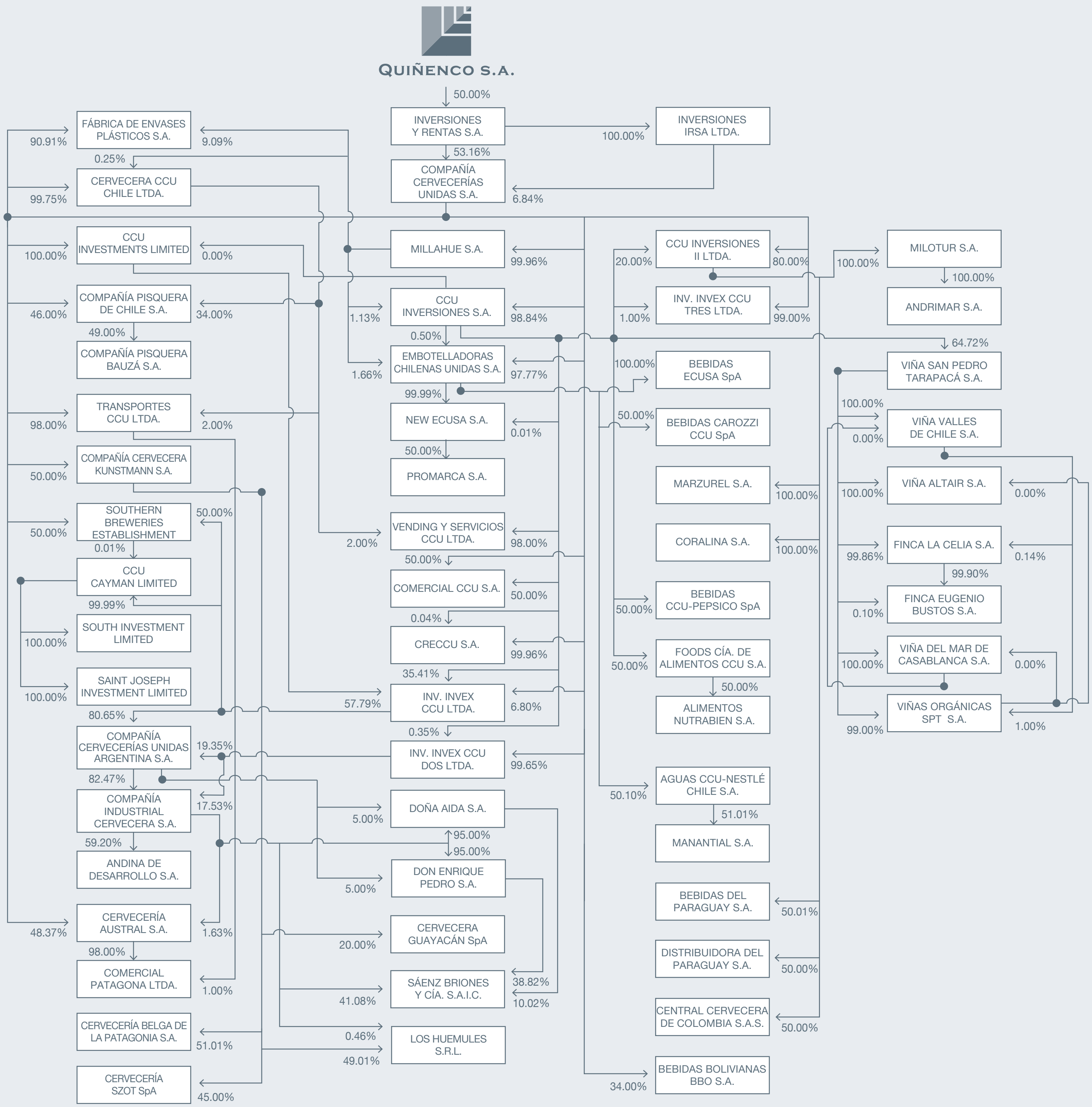
QUIÑENCO S.A.



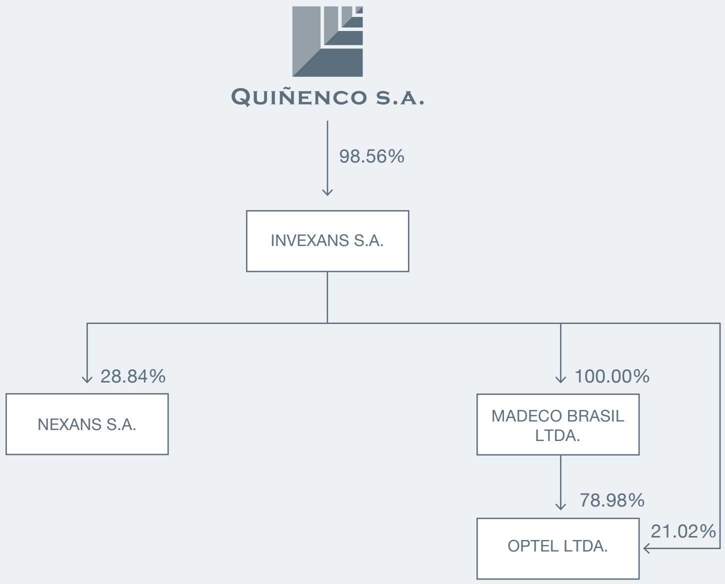


Compañía Cervecerías Unidas S.A.

Subsidiaries and Affiliates

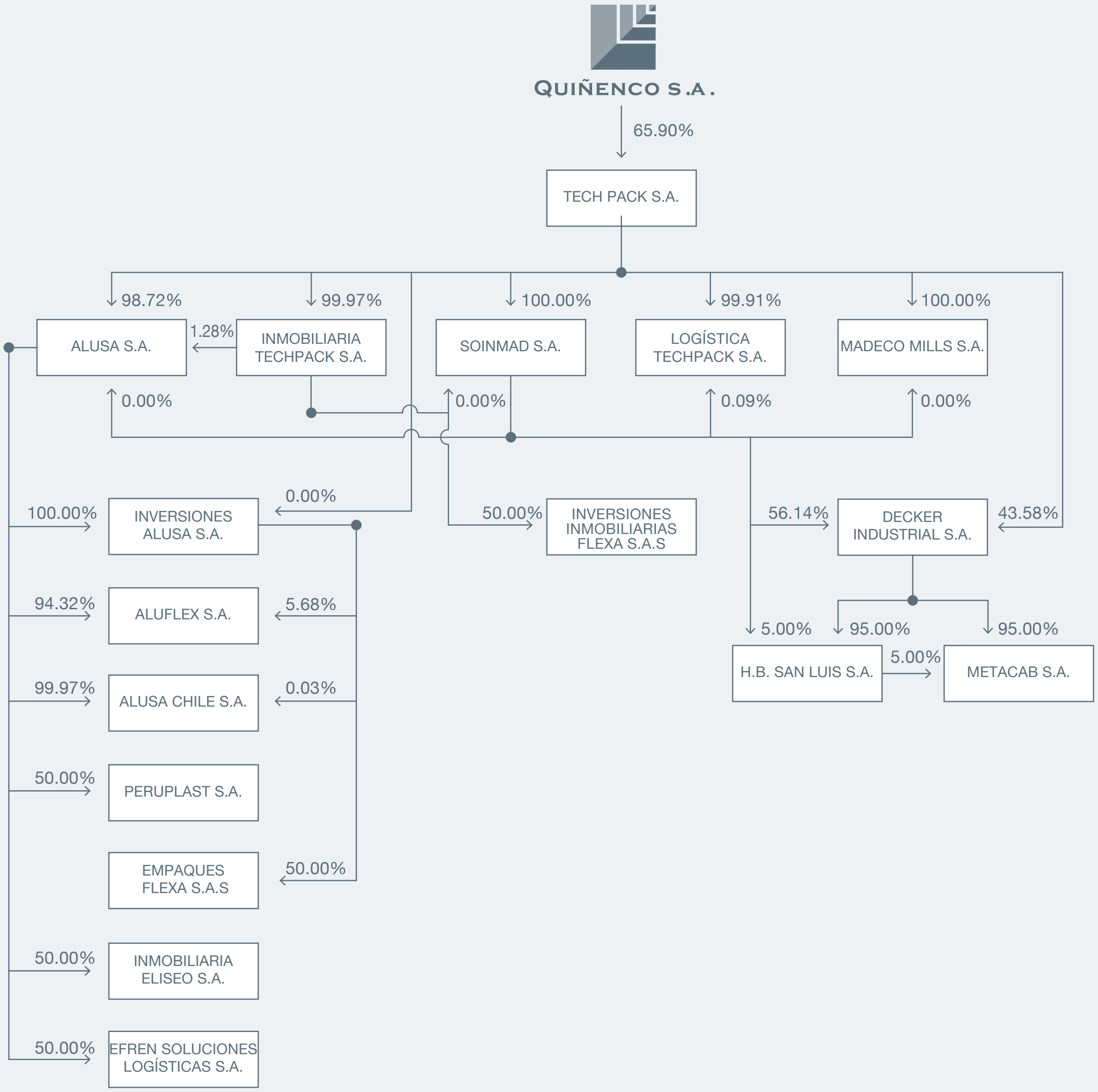


Invexans S.A.
Subsidiaries and Affiliates



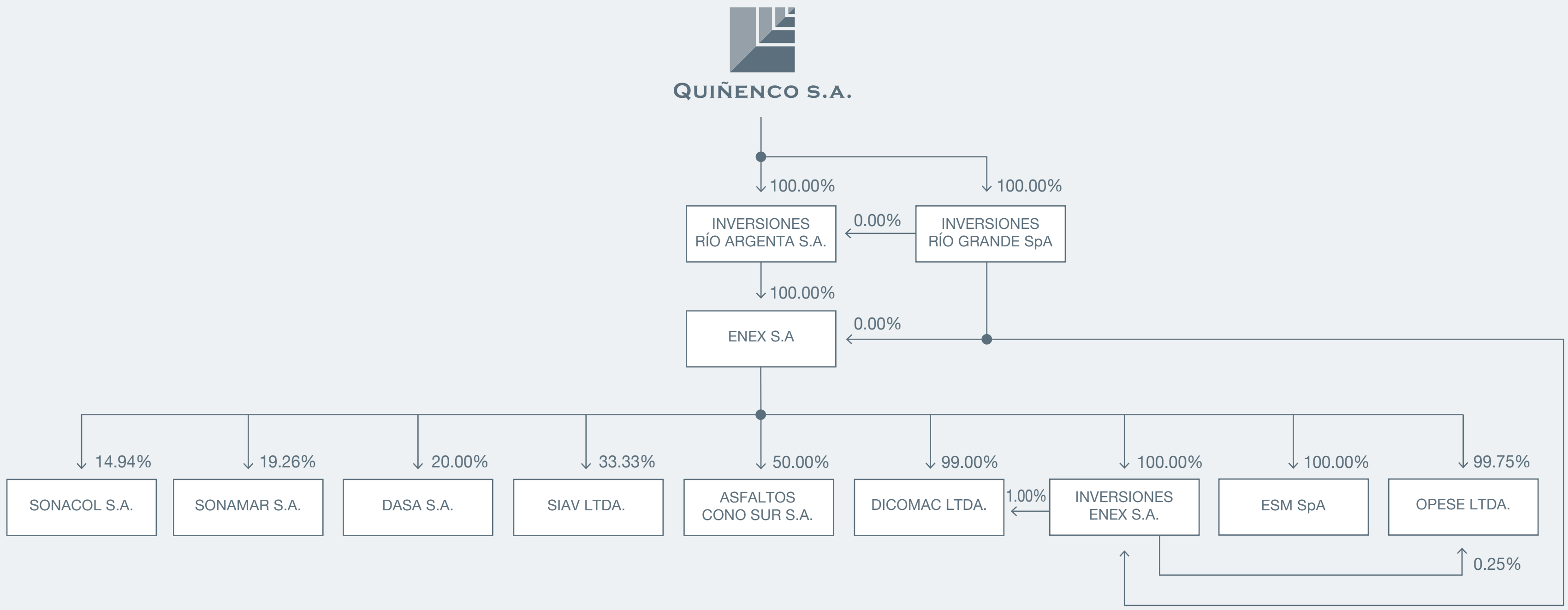
Tech Pack S.A.

Subsidiaries and Affiliates



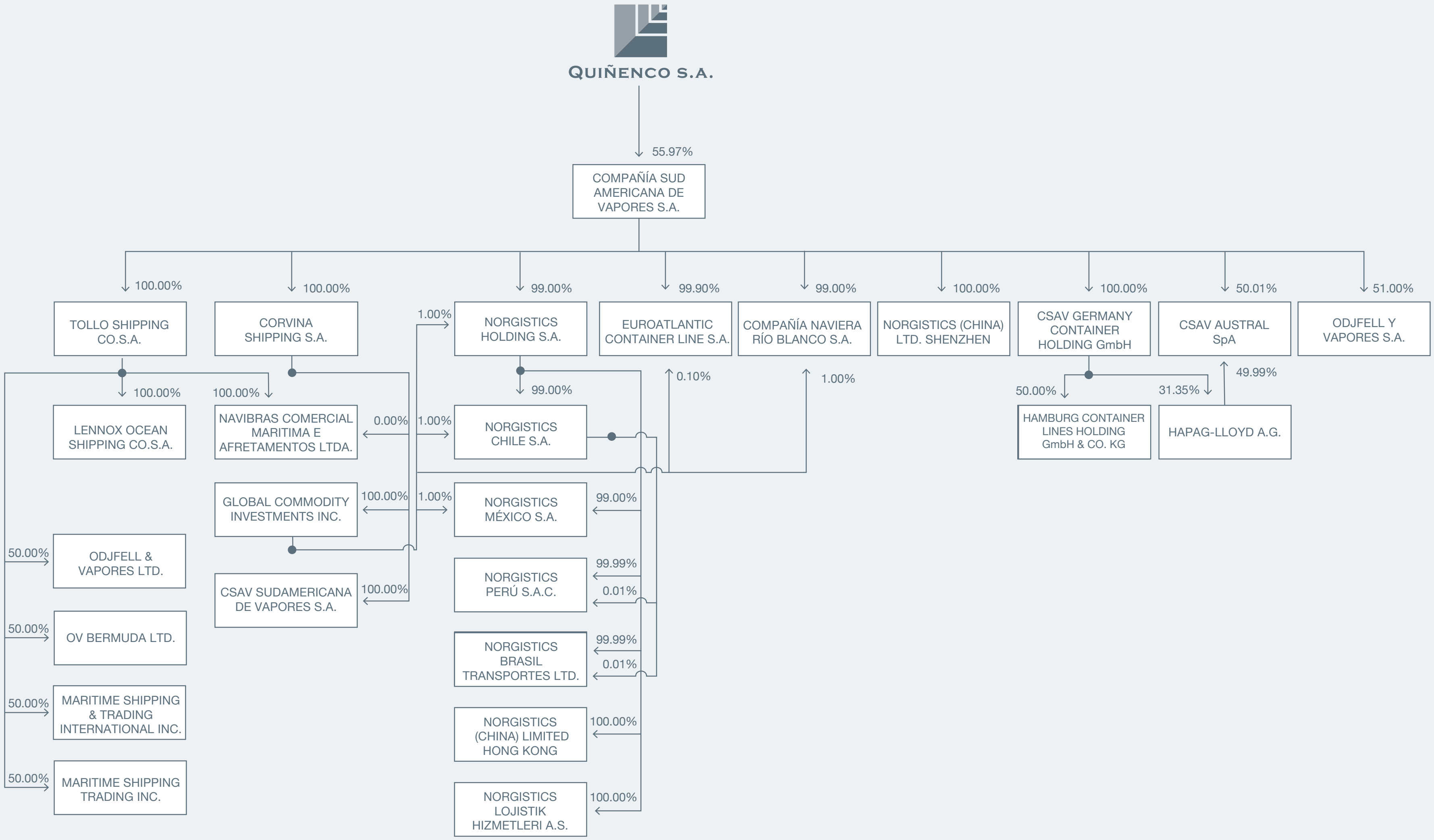
Empresa Nacional de Energía Enex S.A.

Subsidiaries and Affiliates



Compañía Sud Americana de Vapores S.A.

Subsidiaries and Affiliates



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