Empresa de Transporte de Pasajeros Metro S.A. and Subsidiaries

Consolidated Financial Statements

As of and for the years ended December 31, 2019 and 2018

EMPRESA DE TRANSPORTE DE PASAJEROS METRO S.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

As of and for the years ended December 31, 2019 and 2018

Contents:

ThCh$	Figures expressed in thousands of Chilean Pesos
MCh$	Figures expressed in millions of Chilean Pesos
US$	Figures expressed in United States dollars
ThUS$	Figures expressed in thousands of United States dollars
MUS$	Figures expressed in millions of United States dollars
ThUF	Figures expressed in thousands of Unidades de Fomento (inflation-adjusted units)
Ch$	Figures expressed in Chilean pesos

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INDEPENDENT AUDITORS' REPORT

To the Chairman
and Directors of Empresa de Transporte de Pasajeros Metro S.A.

We have audited the accompanying consolidated financial statements of Empresa de Transporte de Pasajeros Metro S.A. and subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with standards and instructions issued by the Financial Market Commission (CMF) as described in Note 2.1 to the consolidated financial statements; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on 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 Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Empresa de Transporte de Pasajeros Metro S.A. and its subsidiaries as of December 31, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with standards and instructions issued by the Financial Market Commission (CMF), as described in Note 2.1 to the consolidated financial statements.

Deloitte.

March 26, 2020
Santiago, Chile

Deloitte Auditores y Consultores Limitada

CONSOLIDATED FINANCIAL STATEMENTS

C O N T E N T S

Consolidated Statements of Financial Position

as of December 31, 2019 and 2018

(In thousands of Chilean pesos)

ASSETS	NOTE	12-31-2019	12-31-2018
CURRENT ASSETS			
Cash and cash equivalents	4	106,503,269	165,110,682
Other current financial assets	10	156,487,558	187,303,313
Other current non-financial assets	11	9,853,393	6,870,615
Trade and other receivables current	5	16,090,004	14,973,044
Current inventories	6	17,430,294	16,401,194
Current tax assets		1,221,974	1,752,674
Total current assets		307,586,492	392,411,522
NON-CURRENT ASSETS			
Other non-current financial assets	10	61,608,881	58,237,285
Other non-financial assets, non-current	11	31,403,969	24,812,750
Accounts receivable, non-current		1,578,060	1,286,725
Intangible assets other than goodwill	7	8,376,304	6,392,116
Property, plant and equipment	8	4,867,401,435	4,705,488,071
Investment property	9	25,342,044	22,641,419
Total non-current assets		4,995,710,693	4,818,858,366
TOTAL ASSETS		5,303,297,185	5,211,269,888

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Financial Position, continued

as of December 31, 2019 and 2018

(In thousands of Chilean pesos)

EQUITY AND LIABILITIES	NOTE	12-31-2019	12-31-2018
LIABILITIES			
CURRENT LIABILITIES			
Other current financial liabilities	12	153.979.573	115.056.111
Trade and other payables	15	112.512.046	125.820.310
Other short-term provisions	19	623.810	795.662
Employee benefits, current	17	14.473.391	14.788.867
Other current non-financial liabilities	13	14.500.340	24.961.977
Total current liabilities		296.089.160	281.422.927
NON-CURRENT LIABILITIES			
Other financial liabilities, non-current	12	2.072.205.775	2.059.719.311
Non-current accounts payable	15	1.424.782	1.130.140
Due to related companies, non-current	14	22.515.130	3.500.000
Employee benefits, non-current	17	13.087.241	12.797.234
Other non-financial liabilities, non-current	13	49.763.434	54.793.619
Total non-current liabilities		2.158.996.362	2.131.940.304
Total liabilities		2.455.085.522	2.413.363.231
EQUITY			
Share capital	20	3.712.166.008	3.455.533.978
Accumulated deficit	20	-886.493.888	-690.995.637
Other reserves	20	22.550.188	33.378.961
Equity attributable to owners of parent		2.848.222.308	2.797.917.302
Non-controlling interests	20	-10.645	-10.645
Total equity		2.848.211.663	2.797.906.657
Total equity and liabilities		5.303.297.185	5.211.269.888

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income by Function

For the years ended December 31, 2019 and 2018

(In thousands of Chilean pesos)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME BY FUNCTION	NOTE	01-01-2019 12-31-2019	01-01-2018 12-31-2018
Revenue	21	416.323.955	388.852.814
Cost of sales	21	-379.123.771	-328.189.648
Gross profit		37.200.184	60.663.166
Other income by function	21	31.085.517	3.227.877
Administrative expenses	21	-44.362.296	-44.426.907
Other expenses by function	21	-42.917.256	-1.862.850
Other income (expenses)	21	95.106	13.697.843
Finance income	21	10.311.414	8.905.844
Finance costs	21	-87.038.317	-63.967.097
Foreign currency translation differences	21	-73.372.712	-123.478.609
Loss from inflation-adjusted units	21	-26.499.891	-28.484.104
Loss before taxes		-195.498.251	-175.724.837
Income tax expense			
Loss from continued operations		-195.498.251	-175.724.837
Profit (loss) from discontinued operations			
Net loss		-195.498.251	-175.724.837
NET LOSS ATTRIBUTABLE TO:			
Owners of parent		-195.498.251	-175.724.837
Non-controlling interests		-	-
Net loss		-195.498.251	-175.724.837

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income by Function, continued

For the years ended December 31, 2019 and 2018

(In thousands of Chilean pesos)

STATEMENTS OF COMPREHENSIVE INCOME	NOTE	01-01-2019 12-31-2019	01-01-2018 12-31-2018
Net loss		(195,498,251)	(175,724,837)
Actuarial loss on defined benefit plans	21	(600,013)	(150,190)
Total other comprehensive income that will not be reclassified to profit or loss for the period, before taxes	21	(600,013)	(150,190)
Components of other comprehensive income that will be reclassified to profit or loss for the period, before taxes		-	-
Income (loss) from exchange rate differences, before taxes		-	-
Loss on cash flow hedges, before taxes	21	(10,228,760)	-
Total other comprehensive (loss) income that will be reclassified to profit or loss for the period, before taxes	21	(10,228,760)	-
Other comprehensive (loss) income before taxes	21	(10,828,773)	(150,190)
Income taxes related to components of other comprehensive income that will be reclassified to profit or loss for the period		-	-
Total other comprehensive (loss) income	21	(10,828,773)	(150,190)
Total comprehensive (loss) income		(206,327,024)	(175,875,027)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(In thousands of Chilean pesos)

Items	Share capital	Other Reserves					Retained earnings (accumulated deficit)	Equity attributable to owners of parent	Non-controlling interests	Total net equity
		Other sundry reserves	Revaluation surplus	Cash flow hedges	Reserves for actuarial gain (loss) on defined benefit plans	Total Other Reserves				
Opening balance 01-01-2019	3.455.533.978	30.336.377	3.042.584	-	-	33.378.961	-690.995.637	2.797.917.302	-10.645	2.797.906.657
Loss	-	-	-	-	-	-	-195.498.251	-195.498.251	-	-195.498.251
Other comprehensive income	-	-	-	-10.228.760	-600.013	-10.828.773	-	-10.828.773	-	-10.828.773
Comprehensive income	-	-	-	-10.228.760	-600.013	-10.828.773	-195.498.251	-206.327.024	-	-206.327.024
Equity issuance	256.632.030	-	-	-	-	-	-	256.632.030	-	256.632.030
Closing balance 12-31-2019	3.712.166.008	30.336.377	3.042.584	-10.228.760	-600.013	22.550.188	-886.493.888	2.848.222.308	-10.645	2.848.211.663
Opening balance 01-01-2018	3.082.361.491	30.336.377	3.042.584	-	-	33.378.961	-515.120.610	2.600.619.842	-10.645	2.600.609.197
Loss	-	-	-	-	-	-	-175.724.837	-175.724.837	-	-175.724.837
Other comprehensive income	-	-	-	-	-150.190	-150.190	-	-150.190	-	-150.190
Comprehensive income	-	-	-	-	-150.190	-150.190	-175.724.837	-175.875.027	-	-175.875.027
Equity issuance	373.172.487	-	-	-	-	-	-	373.172.487	-	373.172.487
Increase (decrease) through transfers and other changes	-	-	-	-	150.190	150.190	-150.190	-	-	-
Closing balance 12-31-2018	3.455.533.978	30.336.377	3.042.584	-	-	33.378.961	-690.995.637	2.797.917.302	-10.645	2.797.906.657

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(In thousands of Chilean pesos)

Consolidated Statements of Cash Flows (direct method)	01-01-2019 12-31-2019	01-01-2018 12-31-2018
Net cash flows provided by operating activities		
Collection from sales of assets and service renderings	403,306,009	375,021,318
Other collections for operating activities	25,102,405	13,479,111
Payments to suppliers for the provision of goods and services	(202,906,920)	(166,030,269)
Payments to, and on behalf of, employees	(99,261,379)	(92,545,045)
Other payments for operating activities	(7,462,139)	(6,795,315)
Net cash flows provided by operating activities	118,777,976	123,129,800
Cash flows provided by (used in) investing activities		
Sales of property, plant and equipment	-	812,040
Purchases of property, plant and equipment	(318,974,727)	(372,473,580)
Purchases of intangible assets	(24,200)	(17,618)
Other collections to acquire equity or debt instruments of other entities	398,341,187	462,118,234
Other payments to acquire equity or debt instruments of other entities	(367,527,561)	(492,186,342)
Interest paid	(20,917,544)	(31,427,607)
Net cash flows used in investing activities	(309,102,845)	(433,174,873)
Net cash flows provided by financing activities		
Amount from shares issued	256,632,030	373,172,487
Loans from related entities - Contribution from the Chilean Treasury	19,015,130	3,500,000
Amounts from long-term loans	17,414,786	53,515,563
Other collections of cash	10,510,451	9,865,323
Repayment of loans	(83,547,800)	(48,044,845)
Interest paid	(87,776,927)	(69,948,816)
Other cash outflows	(722,089)	(1,107,458)
Net cash flows provided by (used in) financing activities	131,525,581	320,952,254
Net increase (decrease) in cash and cash equivalents before effect of changes in the exchange rate	(58,799,288)	10,907,181
Effects of variations in the exchange rate on cash and cash equivalents	191,875	1,963,383
Net (decrease) increase in cash and cash equivalents	(58,607,413)	12,870,564
Cash and cash equivalents at the beginning of the period	165,110,682	152,240,118
Cash and cash equivalents at the end of the period	106,503,269	165,110,682

The accompanying notes are an integral part of these consolidated financial statements.

1. Company Profile

Empresa de Transporte de Pasajeros Metro S.A., (hereinafter also referred to as the Company) is a Chilean state-owned company created by Law 18,772 on January 28, 1989 as the legal successor to the Dirección General de Metro, as a result of which all the assets and liabilities of the latter were transferred to the Company.

The Company is a stock corporation bound by the principles applicable to open stock corporations, and has its registered office at 1414 Avenida Libertador Bernardo O'Higgins, Santiago, Chile.

The Company is registered on the Register of Securities under number 421 and is subject to the supervision of the Financial Market Commission (referred to as CMF).

The Company's corporate purpose is to carry out all the activities associated with passenger transportation in metropolitan railways or other complementary electrical vehicles, and the provision of ground transportation services by buses or vehicles of any technology, as well as activities related to such line of business.

These Consolidated Financial Statements are presented in thousands of Chilean pesos (unless expressly stated otherwise) since this is the functional currency of the primary economic environment in which the Company operates.

2. Summary of significant accounting policies

The main accounting policies adopted in preparing these Consolidated Financial Statements, as required by IAS 1, are based on International Financial Reporting Standards (hereinafter "IFRS") (with the exception of the application of International Public Sector Accounting Standard 21 as discussed in the following paragraph) in effect as of December 31, 2019, and have been applied on a consistent basis to all accounting periods presented in the Consolidated Financial Statements.

2.1. Basis of preparation

The Consolidated Financial Statements comprise the Consolidated Statements of Financial Position as of December 31, 2019 and 2018; the Consolidated Statements of Comprehensive Income for the years ended December 31, 2019 and 2018 and the Consolidated Statements of Changes in Equity and the Consolidated Statements of Cash Flows for the years then ended, prepared in accordance with the standards and instructions issued by the Financial Market Commission (CMF). These standards and instructions require the Company to comply with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB)), except for certain IFRS standards as follows: through Ruling No. 6158 dated March 5, 2012, the Company was authorized by the Financial Market Commission to exceptionally apply International Public Sector Accounting Standard 21 (hereinafter "IPSAS 21"), instead of IAS 36. Please see Note 2.8 for further details regarding this exception.

The Management of the Company is responsible for the information contained in these Consolidated Financial Statements, which have been approved by the Board of Directors on March 26, 2020, with the Management being authorized to publish them.

The Consolidated Financial Statements have been prepared on the basis of historical cost. In general, the historical cost is based on the fair value of the consideration given in exchange for the goods and services. Fair value is the price that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether this price is observable or estimated using another valuation technique. The Company considers the characteristics of the assets and liabilities if the market participants take those characteristics into consideration at the time of fixing the price of the asset or liability at the measurement date.

The preparation of these Consolidated Financial Statements, in accordance with IFRS, requires the use of certain critical accounting estimates, necessary for the quantification of certain assets, liabilities, income and expenses.

It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3 "Management's Estimates and Accounting Criteria."

2.2. Basis of consolidation

The Consolidated Financial Statements include the financial statements of the Parent Company and of the entities controlled by the Company. Control is achieved when the Company has:

Power over the investee.

Exposure, or rights, to variable returns from involvement with the investee.

The ability to use power over the investee to affect the amount of those returns.

The Company evaluated control based on all facts and circumstances and the conclusion is re-evaluated if there is an indication that a change has occurred in at least one of the three conditions detailed above.

Empresa de Transporte Suburbano de Pasajeros S.A. (Transub S.A.), Sociedad Metro SpA and Sociedad Metro Emisora de Medios de Pago S.A. (MetroPago S.A.) are consolidated from the date on which control of these entities was transferred to the Company. Consolidation includes the financial statements of the Parent company and its subsidiaries, which comprises all assets, liabilities, income, expenses and cash flows of the subsidiaries, once adjustments and eliminations for intra-group transactions have been made.

The non-controlling interest in the consolidated subsidiaries is presented under shareholders' equity, in “Non-controlling interests,” in the Consolidated Statement of Financial Position and in “Income (loss) attributable to non-controlling interest” in the Consolidated Statements of Comprehensive Income.

Empresa de Transporte Suburbano de Pasajeros S.A. is in an organizational and start-up period, has not yet registered any activity since its inception to the present date and was consolidated under the instructions of General Ruling No.1819 issued by the Financial Market Commission on November 14, 2006.

On April 26, 2019, the Company “Metro Emisora de Medios de Pago S.A” (MetroPago S.A.) was incorporated by means of a public deed, under Taxpayer ID Number 77,057,498-6 and is governed by the regulations of the Chilean Corporations Act.

On May 30, 2019, the ex-Superintendency of Banks and Financial Institutions, now Financial Market Commission, authorized the existence of MetroPago S.A. as a special corporation, in accordance with Title XIII of Act No. 18,046 (the Chilean Corporations Act). The extract of the deed of incorporation of this company was registered on page 57735, under No. 28465, of the Registry of Commerce for the year 2019 of the Santiago Real Estate Registrar. Also, the extract of the deed of incorporation was published in the Official Gazette on July 26, 2019.

The Company's sole purpose is to issue its own payment cards with provision of funds under the terms authorized by Act No. 20,950 and the other regulations governing the issuance of payment cards with provision of funds. In addition, this company may perform activities supplementary to the performance of its line of business. These activities must be authorized by the Financial Market Commission or the agency that succeeds or replaces it.

This company is in an organizational and start-up stage, since it requires authorization from the Financial Market Commission (CMF) for registration in the CMF’s Single Register of Payment Card Issuers.

The financial statements of Metro Pago S.A. are prepared in accordance with accounting standards and instructions issued by the Financial Market Commission because due to the nature of its business, this company is regulated and supervised by both those regulatory agencies. As a result, the financial statements of this subsidiary were prepared on a comprehensive basis that considers accounting bases other than those applied by Metro S.A. However, due to the stage the subsidiary is in, there were no significant differences between such.other comprehensive basis and the framework under which the Company and its other subsidiaries report.

The participation percentages in the entities which are consolidated by the Company are as follows:

Tax ID No.:	Company name	Ownership percentage					
		12-31-2019			12-31-2018		
		Direct	Indirect	Total	Direct	Indirect	Total
96.850.680-3	Transub S.A.	66.66	-	66.66	66.66	-	66.66
76.920.952-2	Metro SpA.	100.00	-	100.00	100.00	-	100.00
77.057.498-6	MetroPago S.A.	99.00	1.00	100.00	-	-	-

The ownership in these subsidiaries is not subject to joint control.

The Company does not have ownership interests in joint ventures or in associates.

Non-controlling interests - Non-controlling interests in the Consolidated Statement of Financial Position are presented, within equity, separately from the equity of the owners of the parent company.

2.3. Foreign currency transactions

2.3.1. Functional and presentation currency
Items included in the Consolidated Financial Statements are measured using the currency of the primary economic environment in which the reporting entity operates (the “functional currency”). The Company's functional currency is the Chilean peso. All information is presented in thousands of Chilean pesos (ThCh$) rounded to the nearest unit.

2.3.2. Transactions and balances in foreign currency and indexation units
Foreign currency and indexation unit transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the comprehensive income statement, unless other accounting standards dictate, such as in the case of cash flow hedges where such effects may be recorded in equity.

Exchange rate differences affecting financial assets classified as measured at fair value through profit or loss are presented as part of the profit or loss .

2.3.3. Foreign currency translations

Assets and liabilities in foreign currency and in Unidades de Fomento (an inflation-linked unit of account used in Chile referred to as UF), are presented at the following exchange and translation rates:

Date	USD	EUR	UF
12-31-2019	748.74	839.58	28,309.94
12-31-2018	694.77	794.75	27,565.79
12-31-2017	614.75	739.15	26,798.14

US$ = US dollar

EUR = Euro

UF = Unidad de Fomento (an inflation-linked unit of account)

2.4. Property, plant and equipment

All property, plant and equipment are initially stated at acquisition cost, plus all costs directly attributable to bringing the asset to the condition necessary for it to be capable of operating for its intended use.

Subsequently they are stated at historical cost less accumulated depreciation and impairment losses, which, if any, are recorded in the consolidated statement of comprehensive income.

Costs include expenditure directly attributable to the acquisition of assets and the capitalized interest incurred during the construction and development period.

The cost of constructed assets includes the cost of materials and direct labor costs; any other cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and the costs of dismantling and removing the items and restoring the site in which they are located.

Work in progress is reclassified as operating assets under property, plant and equipment once the testing period has been completed and the assets are available for use, at which point their depreciation begins.

Costs of additions, modernization or improvements that represent an increase in productivity, capacity, efficiency or extension of the useful lives of assets are capitalized as an increase of the cost of the corresponding assets.

Periodic expenses for maintenance, conservation and repair are recognized directly in profit or loss as costs of the period in which they are incurred.

Major maintenance costs of rolling stock, which includes among other things, replacement of parts and pieces, are capitalized as an asset that is independent from the main asset, if it is probable that future economic benefits related to the costs are received.

Depreciation of property, plant and equipment items is calculated using the straight-line method to allocate costs over their estimated economic useful lives, except in the case of certain technical components identified in rolling stock, which are depreciated on the basis of cycles and kilometers traveled.

Amortization (depreciation) of property, plant and equipment according to IAS 16 must be recorded separately for each significant part that makes up a final property, plant and equipment item. In the case of rolling stock, the Company separately depreciates the significant components of a property, plant and equipment item that have different useful lives than the rest of the items that form it.

Residual values, where they are defined, and useful lives of assets are reviewed and adjusted prospectively in each statement of financial position, so that the remaining useful lives are consistent with the asset's current service use and effective use.

An item of property, plant and equipment is derecognized upon disposal or upon its permanent decommission and when no future economic benefits are expected from its use or disposal.

Gains and losses on the sale of property, plant and equipment are calculated by comparing the income obtained to the carrying amount and are included in the consolidated statement of comprehensive income.

At least once a year the Company evaluates the existence of possible impairment of property, plant and equipment, in accordance with IPSAS 21, as described in Note 2.8.

The effects of the impairment analysis are recognized directly in profit or loss.

2.5. Investment property

The Company's investment property includes real estate (land and buildings) held to earn rentals or for capital appreciation as a result of possible future increases in their market prices.

The Company has commercial stores, land and buildings leased under operating leases.

Investment property that corresponds to land and buildings are valued using the cost model.

Reclassification of a property within, or outside of, the investment property category requires performing an assessment of whether the involved property meets, or has ceased to meet, the definition of investment property, and this must be backed up by observable evidence that a change in use has occurred.

As of the date of issuance of these financial statements, no such reclassification has been made as no item has begun to meet or ceased to meet the definition of investment property and therefore, there has been no substantial impact resulting therefrom on these financial statements.

The estimated useful lives of investment property are detailed as follows:

Type of asset	Useful life
Commercial stores	68 years on average
Other buildings	88 years on average

2.6. Intangible assets other than goodwill

2.6.1. Easements

Easements are presented at historical cost. If easements have indefinite useful lives, they are not subject to amortization. However, indefinite useful life assets are subject to review at each reporting period, to determine whether the determination of indefinite useful life is still applicable. These assets are subject to annual impairment testing.

2.6.2. Computer software

Licenses for information technology programs acquired are capitalized on the basis of the costs incurred to acquire them and prepare them for use. Such costs are amortized over their estimated useful lives.

Expenses related to in-house developing and maintaining computer programs do not qualify for capitalization and are expensed when incurred.

2.7. Finance income and expenses

Finance income consists of interest from investing cash and cash equivalents, from derivative transactions and other finance income, and is recognized in the Consolidated Statement of Comprehensive Income over the term of the financial instrument, using the effective interest method in the case of assets at amortized cost and fair value in the case of derivative transactions.

Finance costs, both interest and expenses on bank borrowings and bonds, among others (those recorded on an amortized cost basis) are recognized in the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method. Costs of interest incurred in the construction of any asset qualified as property, plant and equipment, are capitalized over the period necessary to complete the asset for its intended use, Other interest costs are recorded as an expense in the consolidated statement of comprehensive income.

2.8. Losses due to impairment of non-financial assets

Since the Company is a state-owned entity, its business model is focused on serving the public and puts emphasis on providing social benefits. It has an operating, services and infrastructure operation model, which means that its main source of income is established through a technical fare determined by the authority that does not cover recovery of its assets.

This business model defined by its shareholders, the Ministry of Finance and the Corporación de Fomento de la Producción, referred to as CORFO, goes against the concept of economic profitability of assets, as per IAS 36, where the value in use corresponds to the present value of estimated future cash flows expected to be obtained from the operation of the assets.

Therefore, the Company formally requested authorization from the Financial Market Commission to apply IPSAS 21 , a standard specific rule for State-owned entities which hold non-cash-generating assets instead of IAS 36. Through Ruling 6158 dated March 5, 2012 the Financial Market Commission authorized the Company to apply IPSAS 21 to assess the impairment of its assets.

The application of this standard allows the Consolidated Financial Statements to present the economic and financial reality of the Company.

This standard defines the value in use of a non-cash generating asset as the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using the Depreciated Replacement Cost Approach or the Restoration Cost Approach.

However, under specific circumstances in which certain assets lose their service potential, the loss of value is recognized directly in profit or loss.

2.9. Financial assets

The Company classifies its financial assets in accordance with IFRS 9, in the following valuation categories: at amortized cost, at fair value through profit or loss, at fair value in other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

2.9.1. Financial assets at amortized cost

A financial asset must be measured at amortized cost, if the following two conditions are met:

(a) The financial asset is held within a business model whose purpose is to hold the financial assets to obtain contractual cash flows and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest..

In accordance with “IFRS 7 Financial Instruments: Disclosures,” we consider that the carrying value of the assets, measured at amortized cost, is a reasonable approximation of fair value. Therefore, as indicated in IFRS 7, it is not necessary to make disclosures regarding the fair value of each asset.

2.9.2. Financial assets at fair value through other comprehensive income.

A financial asset should be measured at fair through other comprehensive income, if the following two conditions are met:

(a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

2.9.3. Financial assets at fair value through profit or loss

A financial asset should be measured at fair value through profit or loss, unless measured at amortized cost or at fair value through other comprehensive income.

When a derivative financial instrument is not designated as a hedging instrument, all changes in fair value are recognized immediately in profit or loss.

Derecognition of financial assets

The Company and its subsidiaries derecognize a financial asset only when the contractual rights on the financial assets' cash flows have expired, or when all the risks and rewards of ownership of the financial asset are substantially transferred to some other entity. If the Company does not transfer substantially all the risks and rewards of ownership and continues to exercise control over the transferred asset, the asset is accounted for and an associated liability is recorded for the amounts that must be paid. If the Company substantially retains all the risks and rewards of ownership of the financial asset, the Company still recognizes the financial asset and also a liability for the received cash flows.

2.10. Inventories

Inventories correspond to spare parts required for the operations and which are estimated to be used or consumed during one year.

Inventories are initially valued at their acquisition cost, subsequently valued at the lower of cost value or net realizable value. Cost is determined using the weighted average purchase price.

Spare parts classified as inventory are adjusted to their net realizable value, and their technological obsolescence is recognized with a direct charge to profit or loss.

2.11. Trade and other receivables

Trade accounts receivable are recognized initially at fair value (nominal value which includes an implicit interest rate, if applicable) and subsequently at amortized cost by the effective interest method, less the provision for impairment. The provision is established for expected credit losses over the life of the asset, at each balance sheet date, applying the simplified approach for trade accounts receivable.

The Company is using the expected loss model, which contains historical collection information for each tranche/stratification of its accounts receivable for the last three years (using a matrix where the provision is stratified by maturity or default per days) and additionally includes the expected losses projected by the statistical calculation of " a forward look," which takes into account the most relevant macroeconomic factors that affect uncollectibility, and the projection is based on the probability of each scenario.

Trade receivables are presented net of an allowance for uncollectible accounts and a provision is recognized as a charge to the Consolidated Statement of Comprehensive Income.

2.12. Cash and cash equivalents

Cash and cash equivalents include cash, checking account balances, term deposits and other highly liquid short-term investments with original maturities of three months or less and with no restrictions on their use and with insignificant risk of a change in their fair value .

2.13. Share capital

The Company´s share capital are the Series A and Series B common shares.

2.14. Trade and other payables

Suppliers and other accounts payable are initially recognized at their fair value net of directly attributable costs. They are subsequently valued at amortized cost.

2.15. Financial liabilities

Financial liabilities are classified either as financial liability "at fair value through profit and loss" or as "other financial liabilities."

Financial liabilities at fair value through profit or loss (FVTPL):

Financial liabilities are classified at fair value through profit or loss when they are held for trading or are designated at fair value through profit and loss.

IFRS 9 largely preserves the existing requirements of IAS 39 for the classification of financial liabilities. However, under IAS 39 all changes in the fair value of liabilities designated as FVTPL are recognized in profit or loss, whereas under IFRS 9 these changes in fair value are generally presented as follows:

i) the amount of the change in fair value that is attributable to changes in the liability 's credit risk is presented in the other comprehensive income; and

ii) the remaining amount of the change in fair value is presented in profit or loss.

b) Other financial liabilities:

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortized cost using the effective interest rate method, in which interest expense is recognized on the basis of effective interest rate.

The effective interest rate corresponds to the method of calculating the amortized cost of a financial asset or liabilities and of allocating the interest income (expense) over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows receivable or payable (including all costs on points paid or received that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) over the expected life of the financial instrument. All the Company's long-term financial liabilities are accounted for under this method.

Derivative Financial Instruments

The Company uses derivative financial instruments to manage its exposure to volatility risks in interest rates and exchange rates, including the use of foreign currency forward contracts and interest rate swaps. See Note 23 for a detailed explanation of derivative financial instruments.

Derivatives are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value at each reporting period end. The resulting gain or loss is recognized immediately in profit or loss, unless the derivative is designated and is effective as a hedging instrument, in which case the timing for recognizing it in profit or loss will depend on the nature of the hedging relationship.

Hedge accounting.

The Company designates certain derivatives as hedging instruments against the foreign exchange risk and as cash flow hedges against the inflation risk.

At the beginning of the hedging relationship, the Company documents the relationship between the hedging instrument and the hedged item, as well as the risk management objectives and the Company's strategy to carry out various hedging transactions. In addition, at the beginning of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective to offset changes in the hedged item's fair value or cash flows attributable to the hedged risk, which occurs when the hedging relationship meets the following effectiveness requirements:

- ✓ There is an economic relationship between the hedged item and the hedging instrument;
- ✓ The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- ✓ The hedge ratio is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If the hedge ratio of a hedging relationship fails to meet the hedge effectiveness requirement, but the risk management objective for that designated hedging relationship remains unchanged, the Company will adjust the hedge ratio of the hedging relationship (this is referred to in IFRS 9 as "rebalancing the hedge relationship") so that it complies with hedge effectiveness requirement again.

Cash flow hedges - (cross currency swap and forward - exchange rate and inflation)

The effective portion of changes in the fair value of derivatives that are designated and considered as cash flow hedges is recognized in other comprehensive income and recorded in the line "Cash flow hedge reserve" in equity, limited to the cumulative change in the fair value of the hedged item from the inception of the hedge. The gain or loss relating to the ineffective portion of the hedging instrument is immediately recognized in profit or loss and is included in "Other profits (losses)."

The amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item is recognized in profit or loss.

The Company discontinues hedge accounting only when the hedging relationship (or a part of it) fails to meet the classification requirements (after rebalancing the hedge relationship, if applicable). This includes instances where the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognized in other comprehensive income and accumulated in equity until that date remains in equity and is recognized when the forecasted transaction is finally recognized in profit or loss. When the forecasted transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

Embedded derivatives

The Company and its subsidiaries have established a procedure that enables them to check for embedded derivatives in financial and non-financial contracts. In case there is an embedded derivative, and if the host contract is not accounted for at fair value, there is a determination of whether the characteristics and risks of some portion of the contract´s cash flows are not closely related to the host contract, in which case such portion is required to be separately recorded.

To date, the analyses carried out indicate that there are no embedded derivatives in the contracts of the Company and its subsidiaries that are required to be accounted for separately.

2.16. Income tax and deferred taxes

The income tax provision is determined through the application of the tax rate on the net taxable profit for the period, after applying the permitted tax deductions, plus variations in deferred tax assets and liabilities and tax credits.

Differences between the carrying amount of the assets and liabilities and their tax base generate deferred tax assets or liabilities balances, which are calculated using the tax rates that are expected to be in force when the assets and liabilities are realized.

The tax system applicable to the Company as of January 1, 2017, as it is a stock corporation with no connection to final taxpayers, is the first category tax (the Chilean corporate income tax) for the profits it obtains from operating its business. According to the Chilean Income Tax Act (Act No. 824) this tax has a rate of 25%.

The deferred tax rate is measured using the tax rates expected to be applicable to the temporary differences in the period when they are reversed using tax rates that by enactment or substantial enactment will be applicable to the Company at the reporting date.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized, (See Note 18).

2.17. Employee benefits

2.17.1. Accrued vacations

The Company recognizes accrued vacation expenses using the accrual method.

2.17.2. Severance indemnity payments

The Company has created provisions for its obligations to pay severance indemnity payments to all employees whose contracts and collective agreements state that they are entitled to this benefit in all cases.

The liability recognized is the present value of that obligation plus/minus adjustments on actuarial profits or losses and discounted debt service. The present value of the obligation is determined by discounting estimated outgoing cash flows, at a market interest rate for long-term debt instruments that approximates the term of the termination benefits obligation up to their expiration date.

2.17.3. Incentive bonuses

The Company has an annual incentive bonus plan for achieving objectives, based on the individual conditions of each employment contract. These incentives consist of a percentage of the applicable monthly salary and are accrued on the basis of the estimated amount to be paid.

2.18. Provisions

The Company recognizes provisions when:

- ✓ It has a present obligation, whether legal or constructive, as a result of past events;
- ✓ It is probable that an outflow of resources will be necessary to settle the obligation; and
- ✓ The amount of the obligation can be estimated reliably.

The amount recognized as a provision must be the best estimate of the disbursement necessary to pay the present obligation at the end of the reporting period.

2.19. Classification of balances (current and non-current)

In the Consolidated Statements of Financial Position, balances are classified as current when the maturity is equal to twelve months or less from the cut-off date of the Consolidated Financial Statements and as non-current, when it is in excess of that period.

2.20. Revenue and Expense Recognition

The Company recognizes revenue from the following main sources:

- ✓ Passenger transportation service
- ✓ Sales channel
- ✓ Lease of stores, and commercial and advertising spaces
- ✓ Lease at inter-modal terminals
- ✓ Lease of spaces for telephone and fiber optic antennas
- ✓ Lease of land
- ✓ Advisory services

The income is measured based on the consideration specified in the contracts with customers. The Company recognizes revenue when performance obligations are satisfied..

Revenue from passenger transportation service: The Company has a contract in place with the Ministry of Transport and Telecommunications of Chile to provide public passenger transportation services in Santiago.

Passenger transportation service revenue is recognized at fair value (as represented by a technical fee established by regulation), and is recorded daily based on use (number of trips) when a user passes the Bip card through the turnstile. This number of pass-throughs is multiplied by the technical fare.

Revenue sales channel - Santiago Metro maintains a contract with the Ministry of Transport and Telecommunications of Chile, providing services of issuance and post sale and provision of a marketing network and uploading the means of access to the transportation system public passengers of Santiago. These revenues are recognized monthly and are equivalent to a total percentage of collections for transport fees charged as discussed in the previous paragraph. Consequently, revenues are recognized over time when the performance obligation is met.

Revenue from lease of stores, and commercial and advertising spaces: Revenue from operating leases are recognized monthly on an accrual basis.

Revenue from lease at intermodal terminals: Intermodal terminal revenue is recognized monthly on an accrual basis.

Revenue from lease space for telephone and fiber optic antennas: This kind of revenue is recognized monthly on an accrual basis.

Revenue from lease of land: Revenue from lease of land is recognized monthly on an accrual basis.

Revenue from advisory services: Metro de Santiago provides advisory services to foreign public and private companies that are developing railway systems. This revenue is recognized over time in the financial statements based on the hours incurred in the advisory services project, based on the percentage of completion method. .

Expenses include both losses and expenses that arise in the ordinary activities of the Company. Expenses also include cost of sales, salaries and depreciation. In general, expenses represent an outflow or decrease in assets such as cash and cash equivalents, inventory or property, plant and equipment.

2.21. Lease agreements

The Company as lessor

The Company has a contract with the characteristics of a financial lease, which has been accounted for as established in IFRS 16 "Leases." Finance leases are leases where the lessor transfers substantially all the risks and rewards incidental to ownership of the asset to the lessee. Contracts that do not meet the requirements of a finance lease are classified as operating leases, i.e. a lease is an operating lease whenever the lessor retains a significant part of the risks and rewards incidental to ownership of the leased assets.

In the case of finance leases, at the inception date, the Company recognizes the assets held under finance leases and presents them as an account receivable, equal in value to the net investment in the lease. The net investment in the lease is calculated as the sum of the present value of the lease payments.

Subsequently, the Company recognizes the finance income over the term of the lease, based on a model that reflects a constant rate of return on the net financial investment made in the lease.

The Company as lessee

The Company evaluates whether a contract is or contains a lease at the inception of the contract. If the contract does contain a lease, the Company recognizes a right-of-use asset and a and lease liability. The start date of the lease is that on which the lessor makes the asset available to the lessee for the lessee to use it.

The valuation of the right to use the asset includes the following items:

- ✓ The amount of the initial valuation of the lease liability
- ✓ Any lease payment made to the lessor prior to the start date or on the start date.
- ✓ Any initial direct cost incurred by the lessee.
- ✓ An estimate of the costs that the Company will incur in dismantling and withdrawing or restoring the asset.

Subsequently, the right-of-use asset will be accounted for in accordance with IAS 16 “Properties, plants and equipment.”

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

2.22. New IFRS and interpretations issued by the IFRS Interpretations Committee (IFRIC).

New standards, amendments to standards and interpretations that are mandatory for the first time for periods beginning on January 1, 2019.

New IFRS	**Mandatory effective date**
IFRS 16 — Leases	Annual periods beginning on or after January 1, 2019
IFRS Amendments	**Mandatory effective date**
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	Annual periods beginning on or after Tuesday, January 01, 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	Annual periods beginning on or after Tuesday, January 01, 2019
Annual Improvements 2015-2017 cycle (amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)	Annual periods beginning on or after Tuesday, January 01, 2019
Plan Amendment, Curtailment or Settlement (Amendment to IAS 19)	Annual periods beginning on or after Tuesday, January 01, 2019
New Interpretations	**Mandatory effective date**
IFRIC 23 Uncertainty over Income Tax Treatments	Annual periods beginning on or after Tuesday, January 01, 2019

Management assessed the impact of the application of IFRS 16 by analyzing the lease contracts and also the service contracts, in order to evaluate whether they were in the scope of and, if so, the effects on the financial statements of the transition to IFRS 16. .

Under this evaluation, those contracts which met the definition of a lease under IFRS 16 resulted in the Company recognizing an asset for right of use and also a liability in regards to all the installments payable for those leases.

In accordance with the provisions of IFRS 16, the Company analyzed the contracts in force as of December 31, 2019. This review process considered the formal aspects and in addition the information provided by the Project Chiefs in order to determine whether or not such contracts in force were in the scope of IFRS 16 and, if so, the effects on the financial statments of the transition to IFRS 16.

Once the review was completed, the Company concluded that there are no significant contracts falling under the scope of IFRS 16, since the contracts involve low-value leases, over which IFRS 16 provides a practical expedient as to application which the Company has adopted. However, the Company is constantly evaluating new contracts to which IFRS 16 could be applied.

Impact of application of Amendments, New Interpretations

The application of the amendments and new interpretations did not have a significant impact on the amounts reported in these Consolidated Financial Statements. However, they may affect the accounting for future transactions or arrangements.

The following new standards and interpretations have been issued but their application date is not yet mandatory:

New IFRS	**Mandatory effective date**
IFRS 17 — Insurance Contracts	Annual periods beginning on or after January 01, 2021
IFRS Amendments	**Mandatory effective date**
Sale or Contributions of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date indefinitely postponed
Definition of a Business (Amendments to IFRS 3)	Annual periods beginning on or after Wednesday, January 1, 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	Annual periods beginning on or after Wednesday, January 1, 2020
Reference interest rate reform (amendment IFRS 9, IAS 39 and IFRS 7	Annual periods beginning on or after Wednesday, January 1, 2020
Revised Conceptual Framework for Financial Reporting	Annual periods beginning on or after Wednesday, January 1, 2020

Management considers that the future application of these standards and amendments and interpretations is not expected to have a significant effect on the Consolidated Financial Statements.

3. Management's estimates and accounting criteria

The estimates and criteria used by management are continuously assessed and are based on historical experience and other factors, including the expectation of occurrence of future events that are considered reasonable based on the circumstances.

The most relevant management estimates and accounting criteria are detailed as follows:

3.1. Severance indemnity payments

The Company recognizes a liability for the agreed upon obligations for severance payments using an actuarial methodology that considers factors such as the discount rate, effective turnover and other factors inherent to the Company. Any change in these factors and assumptions, shall have an impact on the carrying amount of the severance obligation.

The Company determines the discount rate at the end of each year considering the market conditions as of the valuation date. This interest rate is used to determine the present value of estimated future cash outflows to be required to settle the severance obligation. When determining interest rates, the Company considers representative rates of financial instruments that are denominated in the currency in which the obligation is expressed and which have expiry terms that are close to the payment terms of such obligation.

Actuarial gains and losses arise from variances between estimated and actual performance of actuarial assumptions and/or the modification of established actuarial assumptions, which are reported directly in Other Comprehensive Income for the period.

3.2. Useful life of property, plant and equipment

Property, plant and equipment and intangible assets with finite useful lives are depreciated using the straight-line method on the basis of an estimated useful life. Such estimate takes into consideration technical aspects, nature and conditions of use of those assets and might vary significantly as a consequence of technological innovations or other variables, which will imply adjusting the remaining useful lives, and recognizing higher or lower depreciation, as applicable. Likewise, residual values are determined based on technical aspects that might vary in accordance with the specific conditions of each asset.

3.3. Litigation and other contingencies

The Company has various types of lawsuits for which it is not possible to determine exactly the economic effects that these may have on the Consolidated Financial Statements. In cases where the Administration and the lawyers expect an unfavorable result and where such results may be estimated reliably, provisions have been made with a charge to expense based on estimates of the most likely amount to be paid.

3.4. Measurements and/or valuations at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses the assumptions that market participants would use when establishing the price of the asset or liability under current market conditions, including assumptions regarding risk. To measure fair value the following must be determined:

a) The actual asset or liability to be measured.

b) For a non-financial asset, the highest and best use of the asset and if the asset is used in combination with other assets or in an independent manner.

c) The market in which an orderly transaction would take place for the asset or liability; and

d) The appropriate valuation technique(s) to be used when measuring fair value. The valuation technique(s) used must maximize the use of relevant observable entry data and minimize non-observable entry data.

To determine the expected loss model of IFRS 9 (simplified model), the Company and its subsidiary have introduced variables in the simplified model so that they can measure fair value based on historical data, percentages of recoverability of accounts receivable and macroeconomic variables.

Market value hierarchies for items at fair value:

Each of the market values for the financial instruments is supported by a methodology for calculation and entry of information. Each of them has been analyzed to determine at which of the following levels they can be allocated:

Level 1, corresponds to methodologies using market units (without adjustment) in active markets and considering the same assets and liabilities valued.

Level 2, corresponds to methodologies using market trading data, not included in Level 1, which are observable for the assets and liabilities valued, whether directly (prices) or indirectly (derived from prices).

Level 3, corresponds to methodologies using valuation techniques, which include data on the assets and liabilities valued, which are not supported by observable market data, where it would have a significant effect.

The Company measures and/or assesses all financial instruments at fair value upon initial measurement; financial instruments are subsequently measured at amortized cost, except for derivative transactions, cross currency swaps (CCS), forwards and interest rate swaps (IRS), which continue to be measured at fair value after their initial recognition.

The Company hierarchically classifies its measurement of fair value under level 2, as established in IFRS 13, and the costs of transactions attributable to those instruments are recognized in income as they are incurred.

The changes in the fair value for the Interest Rate Swap (IRS) are considered as components of the net profit or loss of the year, while for the Cross Currency Swap (CCS) and forward, the changes in the fair value are initially recorded in equity .

The valuation techniques used to measure the fair value of assets and liabilities are:

The valuation techniques used by the Company are appropriate in the circumstances and over which there exists sufficient available data to measure fair value, maximizing the use of relevant observable variables and minimizing the use of unobservable variables. The specific technique used by the Company to value and or measure the fair value of its assets (derivative financial instruments) is discounted cash flow, based on market curves.

Entry data for fair value measurement:

Level 1:

- ✓ Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2:

- ✓ Quoted prices for identical or similar assets in markets that are not active.
- ✓ Variables other than quoted prices that are observable for the asset, for example: Interest rates, observable yield curves at commonly quoted intervals and implicit volatilities.

Level 3:

- ✓ Unobservable inputs.

Items where gains (losses) are recognized on fair value measurements.

Fair value measurement gains (losses) in Interest Rate Swaps (IRS) are recognized as Other Gains (Losses) in profit or loss, while for Cross Currency Swaps (CCS) and forward they are recognized in equity.

Fair value measurement for assets and liabilities

Measurement of fair value requires the determination of the asset or liability to measure (derivative financial instruments). The Company uses the assumptions that market participants would use when establishing the price of the asset or liability under current market conditions, including assumptions regarding risk at the date of the measurement. Should there be restrictions on the asset or payment of any liability, they would be taken into account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019 AND 2018

The detail and classification of financial assets as of December 31, 2019 and 2018 is as follows:

12-31-2019	Amortized Cost ThCh$	Assets at Fair value through profit or loss ThCh$	Assets at Fair value through equity ThCh$	Total ThCh$
Trade and other receivables	17,668,064	-	-	17,668,064
Cash and cash equivalents	**101,741,543**	**4,761,726**	-	**106,503,269**
Cash and banks	-	4,761,726	-	4,761,726
Term deposits	99,295,250	-	-	99,295,250
Repurchase agreements	2,446,293	-	-	2,446,293
Other financial assets	**201,414,717**	**273,997**	**16,407,725**	**218,096,439**
Term deposits	151,649,628	-	-	151,649,628
Derivative transactions	-	273,997	16,407,725	16,681,722
Financial lease	2,156,039	-	-	2,156,039
Promissory notes receivable	678,522	-	-	678,522
Advertising receivables	46,925,199	-	-	46,925,199
Other financial assets	5,329	-	-	5,329
Total financial assets	**320,824,324**	**5,035,723**	**16,407,725**	**342,267,772**

12-31-2018	Amortized Cost ThCh$	Assets at Fair value through profit or loss ThCh$	Assets at Fair value through equity ThCh$	Total ThCh$
Trade and other receivables	16,259,769	-	-	16,259,769
Cash and cash equivalents	**163,592,097**	**1,518,585**	-	**165,110,682**
Cash and banks	-	1,518,585	-	1,518,585
Term deposits	148,658,483	-	-	148,658,483
Repurchase agreements	14,933,614	-	-	14,933,614
Other financial assets	**237,296,031**	**8,244,567**	-	**245,540,598**
Term deposits	183,001,269	-	-	183,001,269
Derivative transactions	-	8,244,567	-	8,244,567
Financial lease	1,838,732	-	-	1,838,732
Promissory notes receivable	665,620	-	-	665,620
Advertising receivables	51,783,963	-	-	51,783,963
Other financial assets	6,447	-	-	6,447
Total financial assets	**417,147,897**	**9,763,152**	-	**426,911,049**

The detail and classification of financial liabilities as of December 31, 2019 and 2018 is as follows:

12-31-2019	Amortized Cost ThCh$	Liabilities at Fair value through profit or loss ThCh$	Liabilities at Fair value through equity ThCh$	Total ThCh$
Interest-bearing loans	2,221,979,112	-	-	2,221,979,112
Trade and other payables	113,936,828	-	-	113,936,828
Derivative transactions	-	46,026	4,157,464	4,203,490
Other financial liabilities	2,746	-	-	2,746
Total financial liabilities	**2,335,918,686**	**46,026**	**4,157,464**	**2,340,122,176**

12-31-2018	Amortized Cost ThCh$	Liabilities at Fair value through profit or loss ThCh$	Liabilities at Fair value through equity ThCh$	Total ThCh$
Interest-bearing loans	2,171,840,271	-	-	2,171,840,271
Trade and other payables	126,950,450	-	-	126,950,450
Derivative transactions	-	2,906,557	-	2,906,557
Other financial liabilities	28,594	-	-	28,594
Total financial liabilities	**2,298,819,315**	**2,906,557**	**-**	**2,301,725,872**

4. Cash and cash equivalents

Balances of cash and cash equivalents are detailed as follows:

Item	Currency	12-31-2019 ThCh$	12-31-2018 ThCh$
Cash			
Cash on hand	Ch$	36,501	125,150
	USD	5,212	7,247
	Euros	-	3,380
Bank	Ch$	4,714,824	1,378,595
	USD	5,189	4,213
Total cash		**4,761,726**	**1,518,585**
Term deposits	Ch$	92,702,109	133,152,535
	USD	6,593,141	15,505,948
Total term deposits		**99,295,250**	**148,658,483**
Repurchase agreements	Ch$	2,446,293	11,806,167
	USD	-	3,127,447
Total repurchase agreements		**2,446,293**	**14,933,614**
Total cash and cash equivalents		**106,503,269**	**165,110,682**
Subtotal by currency	Ch$	99,899,727	146,462,447
	USD	6,603,542	18,644,855
	Euros	-	3,380

Cash equivalents represent short-term highly liquid investments such as term deposits and fixed income investments –repurchase agreements- that are easily convertible into cash, and are subject to insignificant risk of changes in value, which are maintained to comply with short-term payment commitments. The detail for the years 2019 and 2018 is as follows:

Term deposits

Type of investment	Currency of origin	Principal in domestic origin in thousands	Annual average rate	Average days to maturity	Principal in domestic currency ThCh$	Accrued interest in domestic currency ThCh$	Carrying amount 12-31-2019 ThCh$
Term deposits	Ch$	92.529.152	2,17%	19	92.529.152	172.957	92.702.109
	USD	8.801,24	2,62%	22	6.589.840	3.301	6.593.141
Total					**99.118.992**	**176.258**	**99.295.250**

Type of investment	Currency of origin	Principal in domestic origin in thousands	Annual average rate	Average days to maturity	Principal in domestic currency ThCh$	Accrued interest in domestic currency ThCh$	Carrying amount 12-31-2018 ThCh$
Term deposits	Ch$	132.920.188	2,99%	25	132.920.188	232.347	133.152.535
	USD	22.273,87	2,72%	18	15.475.217	30.731	15.505.948
Total					**148.395.405**	**263.078**	**148.658.483**

Repurchase agreements

Code	Date		Counterparty	Original currency	Contractual amount ThCh$	Annual rate %	Maturity amount ThCh$	Instrument identification	Carrying amount 12-31-2019 ThCh$
	Beginning	End							
CRV	12-27-19	01-02-20	ITAU CORREDOR DE BOLSA	Ch$	1.000.000	1,96%	1.000.320	PROMISSORY NOTE NR	1.000.213
CRV	12-30-19	01-03-20	ITAU CORREDOR DE BOLSA	Ch$	446.000	1,96%	446.098	PROMISSORY NOTE NR	446.025
CRV	12-30-19	01-06-20	ITAU CORREDOR DE BOLSA	Ch$	1.000.000	1,96%	1.000.385	CORPBANC BONUS	1.000.055
Total					**2.446.000**		**2.446.803**		**2.446.293**

Code	Date		Counterparty	Original currency	Contractual amount ThCh$	Annual rate %	Maturity amount ThCh$	Instrument identification	Carrying amount 12-31-2018 ThCh$
	Beginning	End							
CRV	12-28-18	01-02-19	ITAU CORREDOR DE BOLSA	Ch$	800.000	2,30%	800.307	PROMISSORY NOTE NR	800.184
CRV	12-21-18	01-02-19	BCI CORREDOR DE BOLSA S.A.	Ch$	5.100.000	2,50%	5.105.100	PROMISSORY NOTE NR	5.104.250
CRV	12-28-18	01-03-19	ITAU CORREDOR DE BOLSA	Ch$	1.000.000	2,30%	1.000.460	PROMISSORY NOTE NR, PDBC	1.000.230
CRV	12-27-18	01-04-19	ITAU CORREDOR DE BOLSA	Ch$	4.900.000	2,30%	4.903.005	PROMISSORY NOTE NR	4.901.503
CRV	12-28-18	01-03-19	BCI CORREDOR DE BOLSA S.A.	USD	695.690	2,10%	695.013	PROMISSORY NOTE R	694.891
CRV	12-27-18	01-03-19	BANCO DE CHILE	USD	2.428.428	2,45%	2.433.052	BCP	2.432.556
Total					**14.924.118**		**14.936.937**		**14.933.614**

5. Trade and other receivables, current

As of December 31, 2019 and 2018, this item consists of the following:

Trade and Other Receivables, Gross	12-31-2019 ThCh$	12-31-2018 ThCh$
Trade debtors and other accounts receivable, gross	**16,743,890**	**15,584,946**
Trade receivables, gross (*)	10,521,935	9,088,968
Sales channel accounts receivable, gross	3,783,958	4,474,084
Other receivables, gross	2,437,997	2,021,894

Trade and Other Receivables, Net	12-31-2019 ThCh$	12-31-2018 ThCh$
Trade and other receivables, net	**16,090,004**	**14,973,044**
Trade receivables, net	9,868,049	8,477,066
Sales channel accounts receivable, net	3,783,958	4,474,084
Other receivables, net	2,437,997	2,021,894

(*) Effective as of July 1, 2018, a contract was made with Massiva S.A., lasting a period of 10 years, which establishes a minimum annual guaranteed income (MAG) payable during the term of the contract.

As of December 31, 2019 and 2018, the analysis of net trade and accounts receivable by age and expiration date is detailed below:

Trade receivables, net	12-31-2019 ThCh$	12-31-2018 ThCh$
Aged 3 months	4,231,606	2,711,980
Aged more than 3 months up to 1 year	5,113,450	5,548,940
Aged more than 1 year	522,993	216,146
	9,868,049	**8,477,066**

Sales Channel Accounts Receivable, net	12-31-2019 ThCh$	12-31-2018 ThCh$
Aged 3 months	3,685,763	4,160,380
Aged more than 3 months up to 1 year	71,664	302,020
Aged more than 1 year	26,531	11,684
Total	**3,783,958**	**4,474,084**

Other Receivables, net	12-31-2019 ThCh$	12-31-2018 ThCh$
With 3 months maturity	1,974,972	547,072
With 3 months up to 1 year maturity	463,025	1,474,822
Total	**2,437,997**	**2,021,894**

Movements as of December 31, 2019 and 2018 in the impairment provision are as follows:

Past due and outstanding trade receivables with impairment	ThCh$
Balance as of December 31, 2017	**752,768**
Increase for the period	164,800
Decrease for the period	(169,197)
Write-offs for the period	(136,469)
Balance as of December 31, 2018	**611,902**
Increase for the period	175,305
Decrease for the period	(131,821)
Write-offs for the period	(1,500)
Balance as of December 31, 2019	**653,886**

The Company establishes a provision based on an expected loss for trade receivables.

The Company only uses the provision method and no direct write-offs, for better control of this item. Once pre-judicial and judicial collection measures have been exhausted, the assets are written-off against the provision recorded.

6. Inventories

This item comprises the following:

Classes of inventories	12-31-2019 ThCh$	12-31-2018 ThCh$
Inventories and stock	2,083,438	1,674,937
Spare parts and accessories for maintenance	14,721,017	14,350,329
Imports in transit and other	625,839	375,928
Total	**17,430,294**	**16,401,194**

As of December 2019 and 2018, inventory consumption was charged to the Consolidated Statement of Comprehensive Income in the cost of sales line item, in the amount of ThCh$ 8,761,987 and ThCh$9,324,023, respectively.

As of December 2019, the write-offs of inventories amount to ThCh$ 37,868. As of the same period of the previous year they amounted to ThCh$ 529. Based on the analysis carried out by the Technical Management for the stock of spare parts, maintenance accessories and supplies presented in this group, no objective evidence of impairment was found for this asset class.

During the year, the Company records no inventory items subject to pledge or guarantee.

7. Intangible assets other than goodwill

Intangible assets other than goodwill correspond to licenses and software and transit easements. They are accounted for using the acquisition cost and subsequently they are carried at cost net of accumulated amortization and impairment losses, if any.

Licenses and software are amortized using the straight-line method over the applicable useful life, which is generally estimated at four years. For easements, since the contracts are established with no expiry date, easements are considered to have indefinite useful life, and therefore they are not amortized.

At the balance sheet date, the Company found no objective evidence of impairment for this type of asset.

The items within the Consolidated Statement of Comprehensive Income that include amortization of intangible assets with finite useful lives are in the cost of sales and administrative expenses line items.

There are no intangible assets with ownership restrictions or that provide security for any liabilities of the Company.

a) Intangible assets other than goodwill for the years 2019 and 2018, are as follows:

Item	12-31-2019			12-31-2018		
	Intangible assets, ThCh$	Accumulated amortization ThCh$	Intangible assets, net ThCh$	Intangible assets, gross ThCh$	Accumulated amortization ThCh$	Intangible assets, net ThCh$
Licenses and Software	9,200,644	(5,170,569)	4,030,075	6,533,324	(4,471,100)	2,062,224
Easements	4,346,229	-	4,346,229	4,329,892	-	4,329,892
Total	**13,546,873**	**(5,170,569)**	**8,376,304**	**10,863,216**	**(4,471,100)**	**6,392,116**

b) Movements of intangible assets other than goodwill for the year ended as of December 31, 2019, are as follows:

Movements	Licenses and Software ThCh$	Easements ThCh$	Total intangible assets, net ThCh$
Opening balance 01-01-2019	2,062,224	4,329,892	6,392,116
Additions	30,001	16,337	46,338
Transfers	2,637,319	-	2,637,319
Amortization	(699,469)	-	(699,469)
Closing balance 12-31-2019	4,030,075	4,346,229	8,376,304
Average remaining useful life	4 years	Indefinite	

Movements of intangible assets other than goodwill for the year ended as of December 31, 2018, are as follows:

Movements	Licenses and Software ThCh$	Easements ThCh$	Total intangible assets, net ThCh$
Opening balance 01-01-2018	1,699,561	4,236,078	5,935,639
Additions	198,498	93,814	292,312
Transfers	549,115	-	549,115
Amortization	(384,950)	-	(384,950)
Closing balance 12-31-2018	2,062,224	4,329,892	6,392,116
Average remaining useful life	3 years	Indefinite	

8. Property, plant and equipment

a) Property, plant and equipment items comprise the following:

Property, plant and equipment	12-31-2019 ThCh$	12-31-2018 ThCh$
Classes of property, plant and equipment, net		
Property, plant and equipment, net	**4,867,401,435**	**4,705,488,071**
Works in progress, net	495,582,298	1,436,411,396
Land, net	132,899,647	132,620,404
Civil works, net	2,670,687,286	1,916,968,710
Buildings, net	167,366,517	111,266,828
Rolling stock, net	1,006,350,544	807,013,830
Electrical equipment, net	354,825,762	262,608,816
Machinery and equipment, net	21,210,182	23,294,181
Other, net	18,479,199	15,303,906
Classes of property, plant and equipment, gross		
Property, plant and equipment, gross	**5,675,209,325**	**5,407,739,528**
Works in progress, gross	495,582,298	1,436,411,396
Land, gross	132,899,647	132,620,404
Civil works, gross	2,886,832,809	2,101,706,180
Buildings, Gross	189,893,979	130,851,477
Rolling stock, gross	1,321,524,848	1,080,002,565
Electrical equipment, gross	586,742,886	467,357,214
Machinery and equipment, gross	43,253,659	43,486,386
Other, gross	18,479,199	15,303,906
Classes of accumulated depreciation and impairment, Property, plant and equipment		
Total accumulated depreciation and impairment, Property, plant and equipment	**807,807,890**	**702,251,457**
Accumulated depreciation of civil works	216,145,523	184,737,470
Accumulated depreciation of buildings	22,527,462	19,584,649
Accumulated depreciation of rolling stock	315,174,304	272,988,735
Accumulated depreciation of electrical equipment	231,917,124	204,748,398
Accumulated depreciation of machinery and equipment	22,043,477	20,192,205

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019 AND 2018

b) The detail of movements in property, plant and equipment for 2019 and 2018, is as follows

	2019 movements	Works in progress	Land	Civil works	Buildings	Rolling stock	Electrical equipment	Machinery and equipment	Other	Property, plant and equipment, net
Opening balance at January 1, 2019		1,436,411,396	132,620,404	1,916,968,710	111,266,828	807,013,830	262,608,816	23,294,181	15,303,906	4,705,488,071
Movements	Additions	149,173,750	279,243	99,598,163	148,348	17,076,527	47,074,075	1,297,408	82,151	314,729,665
	Transfers	(1,090,002,848)	-	709,478,821	59,289,688	236,425,093	77,912,378	1,219,109	-	(5,677,759)
	Spare parts transfer	-	-	-	-	-	-	-	3,093,142	3,093,142
	Derecognition or sales	-	-	(20,574,176)	(275,659)	(8,730,945)	(2,945,508)	(1,867,391)	-	(34,393,679)
	Depreciation expenses	-	-	(34,784,232)	(3,062,688)	(45,433,961)	(29,823,999)	(2,733,125)	-	(115,838,005)
	Total movements	(940,829,098)	279,243	753,718,576	56,099,689	199,336,714	92,216,946	(2,083,999)	3,175,293	161,913,364
Closing balance as of December 31, 2019		495,582,298	132,899,647	2,670,687,286	167,366,517	1,006,350,544	354,825,762	21,210,182	18,479,199	4,867,401,435

	2018 movements	Works in progress	Land	Civil works	Buildings	Rolling stock	Electrical equipment	Machinery and equipment	Other	Property, plant and equipment, net
Opening balance at January 1, 2018		1,157,111,593	120,662,471	1,925,737,534	113,577,576	779,374,981	286,157,192	24,535,587	16,286,386	4,423,443,320
Movements	Additions	336,592,039	12,956,156	9,038,190	18,606	14,657,494	(355,514)	1,121,933	-	374,028,904
	Transfers	(57,292,236)	-	6,520,574	137,269	49,544,364	378,238	162,676	-	(549,115)
	Spare parts transfer	-	-	-	-	-	-	-	(884,222)	(884,222)
	Derecognition or sales	-	(998,223)	(72)	-	(55,775)	(90,739)	(34,599)	(98,258)	(1,277,666)
	Depreciation expenses	-	-	(24,327,516)	(2,466,623)	(36,507,234)	(23,480,361)	(2,491,416)	-	(89,273,150)
	Total movements	279,299,803	11,957,933	(8,768,824)	(2,310,748)	27,638,849	(23,548,376)	(1,241,406)	(982,480)	282,044,751
Closing balance as of December 31, 2018		1,436,411,396	132,620,404	1,916,968,710	111,266,828	807,013,830	262,608,816	23,294,181	15,303,906	4,705,488,071

c) The useful lives of the main assets are as follows:

Item	Estimated useful life in years
Road network	60
Stations	100
Tunnels	100
Rolling stock	41

d) Written-off assets

The social unrest that broke out in October 2019 hit Metro hard with mass fare-dodging evasions at most of the stations. The demonstrations later on turned into riots that inflicted damage to Metro facilities, mainly equipment and infrastructure. The Company suspended operations across the entire network effective October 18, 2019 as it was unable to ensure minimum service, its strategy being to little by little get the service up and running again as repair and reconstruction work allowed providing security conditions to both passengers and Metro workers.

On October 21, 2019 it was reported that some stations on the network, mainly on Lines 1, 4, 4A and 5, had sustained serious damages on the systems required for operation, on trains and on tracks. Since repairing those damages called for a thorough study to assess their impact on operations, the Company suspended operations across the entire network effective October 18, 2019 but only for the following two days. On Monday, October 21, Metro opened its gates again with 18 working stations, expecting to restore the entire network in accordance with technical reconstruction and repair schedules, according to which 82% of the network would be operational by the end of 2019. The second phase, spanning the period from January to April 2020 with the reopening of 18 stations, concluded with over 95% of the network being operational. The third phase is scheduled to conclude at the end 2020 and by then 100% of the network is expected to be operational.

Although this took a toll on Metro's operation and cut revenue, it did not undermine the company's ability to meet its obligations. Sufficient provisions covered the upcoming maturities of loans and bonds, both domestic and international, as well as payments to suppliers, and therefore such events are not expected to cause cash flow complications.

An October 23 report indicated that 118 out of a total of 136 stations had sustained damages. In 25 of those stations, the damages were caused by fires, and 7 stations were completely torched and therefore were not able to operate. Also, 93 stations sustained multiple damages, in particular on turnstiles, tracks and equipment to support the service. In regards to the trains, 13 sustained damages of varying seriousness on Lines 1 and 4, and 7 trains were torched.

On October 24, 2019 the Company posted on its corporate website a Fact of Interest to the Market indicating that it holds several types of insurance policies, all of which were duly registered with the Financial Market Commission (CMF). These insurance policies were purchased chiefly to provide coverage for property and equity, life and disability and civil liability. Fire insurance was taken only for corporate buildings called "CCA" and "SEAT", workshops, garages and five intermodal stations on the Santiago Metro network; the other facilities and trains are not insured, given the high costs of premiums and low number of claims (as per Metro's history).

As of October 24, 2019, the estimation of damages stood at the equivalent of 376 million US dollars.

To address the technical, construction, budgeting and accounting issues derived from the social unrest, the corporate Management authorized the Projects Division, Business Division, Passenger Transportation Division and the Engineering Management to assess the damages and report all partially or totally destroyed assets to Planning Management and Development, which is the area in charge of coordinating this process. This information was used to prepare minutes of damaged assets, which are backed up by memos and both internal and external technical reports issued by the managers and/or deputy managers that use the damaged assets.

As a result of this process, 6 evaluations of damaged assets were prepared: i) System and Equipment, ii) Rolling stock, iii) Stations, iv) Vertical transportation, v) Charge and toll network, and vi) Technological support, which contained a detail of all the damaged assets, accounting balances on the SAP system, purchase value, net value, derecognition value, total useful life, residual useful life and/or percentage of write-off of each asset.

Type of Asset	Minutes No.	Amount of Assets	Amount (MCh$)
Systems and Equipment	38	321	18,182
Rolling stock	30	13	8,714
Stations	34	272	5,114
Vertical Transportation	37	75	1,350
Cargo network and toll	33	153	958
Technological Support	36	86	4
Total			34,322

The Administration and Finance Management receives these minutes and prepares the financial reports relating to each set of minutes, which is validated by the Accounting department; later on this documentation is signed off by the General Administration Deputy Manager, by the Head of the Accounting Department, by the Administration and Finance Manager and finally by the General Manager. After this signed off documentation is obtained, the involved assets are then written off, where applicable.

As of November 25, 2019, 101 out of the 136 stations were operational, representing 74% of the network. In addition, all the lines are operational (L1, L2, L3, L4, L4A, L5 and L6). From the point of view of the extension in kilometers, 92% of the total network was operational.

On the other hand, the Rating Agencies maintained the international risk classification of “A +” granted by Standard & Poor’s and “A” by Fitch Ratings.
In the case of the local risk classification, both Feller Rate and Humphreys maintained the “AA +” classification. The fact that the rating agencies maintained their risk classification is explained basically by the backing given by the owner of the Company, which is the State of Chile, and by the critical role played by Metro in the system of public transportation in the metropolitan region.

As of December 31, 2019, 111 out of the 136 stations are operational, representing 82% of the network. In addition, all the lines are operational (L1, L2, L3, L4, L4A, L5 and L6). From the point of view of the extension in kilometers, 92% of the total network is operational.

Lines	**Non-Operating Stations (as of December 31)**		
1	Baquedano		
2	Los Héroes (only for transfer)		
3	Cardenal Caro		
4	Macul Trinidad	Los Quillayes Elisa Correa	Protectora de Infancia San Jose de la Estrella
4A	Santa Julia	La Granja	San Ramón
5	Plaza Maipú Santiago Bueras Del Sol Monte Tabor	Barrancas Cumming Baquedano L5 Las Parcelas	Ñuble (only for transfer) Pedrero Laguna Sur
6	Ñuble (only for transfer)		

Property, plant and equipment worth ThCh$ 34,322,243 had to be written off following the damage these assets sustained amid the violent riots that broke out on October 18, 2019. The following table provides a detail of the assets written off and the amounts (ThCh$) involved:

Classes of property, plant and equipment,	Property, plant and equipment, gross	Accumulated depreciation of the value of property, plant and equipment	Written off property, plant and equipment, net
Buildings	378,450	(119,590)	258,860
Electrical equipment	5,342,671	(2,424,655)	2,918,016
Machinery and equipmen	2,251,809	(394,773)	1,857,035
Rolling stock	11,955,797	(3,241,641)	8,714,156
Civil works	23,950,197	(3,376,021)	20,574,176
Total	43,878,924	(9,556,680)	34,322,243

e) Investment projects

As of December 31, 2019, the estimated balance to be executed for the authorized projects that are part of the Company's expansion plan amounts to approximately MCh$438,737, composed, by investment type, of: MCh$238.608 in Civil Works, MCh$175,078 in Systems and Equipment and MCh$25,051 in Rolling Stock, with scheduled end in the year 2026.

As of December 31, 2018, the estimated balance to be executed for the authorized projects that are part of the Company's expansion plan amounts to approximately MCh$342,971, composed of investment type in: MCh$108,956 Civil Works, MCh$82,919 Systems and Equipment and MCh$151,096 Rolling Stock, with term in the year 2026.

f) Spare parts and accessories

As of December 31, 2019, spare parts and accessories and maintenance materials amounted to ThCh$20,000,286 (ThCh$17,871,203 in 2018). These amounts include spare parts that have remained idle for over four years, which resulted in an allowance for obsolescence of ThCh$2,643,866 during the 2019 period and 2018 year.

g) Other disclosures

1. The property, plant and equipment that is fully amortized and is still in use is ThCh$26,589,292 as of December 31, 2019 (ThCh$24,659,873 in 2018).
2. There are no material property, plant and equipment items that have been removed and not classified, that are recorded as held for sale in accordance with IFRS 5.
3. The Company revalued the useful life of rolling stock NS74.

h) Financing costs

During 2019, capitalized borrowing costs associated with property, plant and equipment amounted to ThCh$16,016,181 (ThCh$32,116,945 in 2018).

9. Investment property

Investment property corresponds mainly to commercial stores, land and buildings that are held by the Company to be exploited under operating leases.

Investment property is measured using the cost model.

The total investment property amounts to ThCh$25,342,044 as of December 31, 2019 (ThCh$22,641,419 in 2018).

Investment property	Commercial stores	Land	Buildings	Total
Balance as of 01-01-2019	13,781,411	607,816	8,252,192	22,641,419
Transfers	3,040,440	-	-	3,040,440
Write-offs (*)	(12,453)	-	(740)	(13,193)
Depreciation	(231,982)	-	(94,640)	(326,622)
Balances as of 12-31-2019	**16,577,416**	**607,816**	**8,156,812**	**25,342,044**

Investment property	Commercial stores	Land	Buildings	Total
Balance 01-01-2018	13,982,989	607,816	8,346,832	22,937,637
Depreciation	(201,578)	-	(94,640)	(296,218)
Balances as of 12-31-2018	**13,781,411**	**607,816**	**8,252,192**	**22,641,419**

(*) These are the stores damaged by the riots that began October 18, 2019; they are reported in the minutes of damaged assets.

As established by IAS 40, an estimate of fair value must be disclosed for investment properties valued at the Cost Model. For this purpose, we have determined such calculation using internal valuations, based on discounted future projected cash flows. It is estimated that as of December 31, 2019, this fair value amounts to ThCh$167,476,262 (ThCh$125,895,646 in 2018).

Investment property has been classified as a Level 3 fair value, based on the inputs for the valuation technique used (see Note 3.4) as follows:

Item	12-31-2019 ThCh$	12-31-2018 ThCh$
Commercial stores	102,641,404	77,614,269
Land	53,639,961	39,851,927
Buildings	11,194,897	8,429,450
Total	**167,476,262**	**125,895,646**

Income and expenses from investment property as of December 2019 and 2018 is as follows:

Investment property income and expenses	01-01-2019 12-31-2019 ThCh$	01-01-2018 12-31-2018 ThCh$
Commercial stores	5,831,237	5,590,615
Land	2,891,332	2,735,135
Buildings	767,759	747,578
Total rental income	**9,490,328**	**9,073,328**
Commercial stores (real estate tax)	(155,449)	(154,159)
Land (real estate tax)	(46,424)	(47,073)
Buildings (real estate tax)	(113,884)	(117,871)
Commercial stores (depreciation)	(231,983)	(201,274)
Buildings (depreciation)	(60,129)	(60,129)
Total lease expenses	**(607,869)**	**(580,506)**

The Company has not established liens, mortgages or other kind of security to provide the investment property as collateral.

Lease contracts generally establish the obligation to maintain and repair properties. Therefore, expenses are borne by the lessees, except for expenses for the payment of property taxes, which are borne by the lessor.

The future cash flow projections associated with commercial stores, land and buildings, based on a discount rate of 3.86% as of December 2019 (4.89% as of December 2018), are the following:

Item	12-31-2019 ThCh$	12-31-2018 ThCh$
Commercial stores		
Up to 1 year	4,210,888	3,997,483
More than 1 year up to 5 years	15,335,648	17,359,763
More than 5 years	90,399,774	61,526,501
Land		
Up to 1 year	2,087,907	1,955,717
More than 1 year up to 5 years	7,603,957	8,493,042
More than 5 years	44,823,408	30,101,054
Buildings		
Up to 1 year	554,418	534,544
More than 1 year up to 5 years	2,019,139	2,321,350
More than 5 years	11,902,315	8,227,332
Total	**178,937,454**	**134,516,786**

10. Other financial assets, current and non-current

Other current and non-current financial assets are detailed below:

Item	12-31-2019		12-31-2018	
	Current ThCh$	Non-current ThCh$	Current ThCh$	Non-current ThCh$
Financial investments, more than three months	151,649,628	-	183,001,269	-
Derivative transactions	4,601,090	12,080,632	4,244,173	4,000,394
Financial lease	236,840	1,919,199	57,871	1,780,861
Promissory notes receivable	-	678,522	-	665,620
Advertising receivable (*)	-	46,925,199	-	51,783,963
Other accounts receivable		5,329	-	6,447
Total	**156,487,558**	**61,608,881**	**187,303,313**	**58,237,285**

(*) Effective as of July 1, 2018, a contract was made with Massiva S.A., lasting a period of 10 years, which establishes a minimum annual guaranteed (MAG) income payable during the term of the contract.

Financial investments, over 3 months

Term deposits

Type of investment	Currency of origin	Principal in domestic origin in thousands	Annual average rate	Average days to maturity	Principal in domestic currency ThCh$	Accrued interest in domestic currency ThCh$	Carrying amount 12-31-2019 ThCh$
Term deposits	Ch$	151,028,183	2.31%	63	151,028,183	621,445	151,649,628
Total					151,028,183	621,445	151,649,628

Type of investment	Currency of origin	Principal in domestic origin in thousands	Annual average rate	Average days to maturity	Principal in domestic currency ThCh$	Accrued interest in domestic currency ThCh$	Carrying amount 12-31-2018 ThCh$
Term deposits	Ch$	177,585,521	3.21%	77	177,585,521	996,658	178,582,179
	USD	6,299.10	2.84%	38	4,376,430	42,660	4,419,090
Total					181,961,951	1,039,318	183,001,269

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019 AND 2018

Expected liquidity analysis (by maturity) Derivative assets as of 12-31-2019

									Current			Non-current		
									Maturity		Total current	Maturity		Total non-current
Tax ID No.:	Name	Count	Tax ID No.:	Name	Country	Currency	Nominal rate	Type of amortization	Up to 90 days	90 days - 1 year	12-31-2019	1 to 3 years	Over 5 years	12-31-2019
									ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	432,709	-	432,709	-	549,735	549,735
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	USD	4.75000%	maturity	432,709	-	432,709	-	779,471	779,471
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	432,709	-	432,709	-	1,519,466	1,519,466
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	432,709	-	432,709	-	1,447,597	1,447,597
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	432,709	-	432,709	-	1,025,405	1,025,405
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	432,709	-	432,709	-	1,192,407	1,192,407
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	432,709	-	432,709	-	1,192,392	1,192,392
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	USD	4.75000%	maturity	432,709	-	432,709	-	1,152,887	1,152,887
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	576,947	-	576,947	-	2,871,854	2,871,854
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	288,474	-	288,474	-	349,418	349,418
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	USD	4.19000%	half-yearly	123,384	150,613	273,997	-	-	-
						Total			**4,450,477**	**150,613**	**4,601,090**	-	**12,080,632**	**12,080,632**

Derivative assets as of 12-31-2018

									Maturity		Total current	Maturity		Total non-current
Tax ID No.:	Name	Count	Tax ID No.:	Name	Country	Currency	Nominal rate	Type of amortization	Up to 90 days	90 days - 1 year	12-31-2018	1 to 3 years	Over 5 years	12-31-2018
									ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	401,519	-	401,519	-	(287,261)	(287,261)
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	USD	4.75000%	maturity	401,519	-	401,519	-	(57,552)	(57,552)
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	401,519	-	401,519	-	657,975	657,975
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	401,519	-	401,519	-	607,324	607,324
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	401,519	-	401,519	-	202,936	202,936
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	4.75000%	maturity	401,519	-	401,519	-	347,956	347,956
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	401,519	-	401,519	-	359,245	359,245
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	USD	4.75000%	maturity	401,519	-	401,519	-	313,433	313,433
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	535,359	-	535,359	-	1,677,903	1,677,903
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	4.75000%	maturity	267,680	-	267,680	-	(216,565)	(216,565)
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	USD	4.19000%	half-yearly	228,982	-	228,982	395,000	-	395,000
						Total			**4,244,173**	**-**	**4,244,173**	**395,000**	**3,605,394**	**4,000,394**

Finance lease

On August 1, 2004 and through July 31, 2034, the Company leased out to Enel Distribución Chile S.A. (Ex ChilectraS.A.) each and every one of the components of the SEAT Rectification Substations, Vicente Valdés and the 20 KV networks up to their arrival to the verifying spots. The useful life of the assets has the same duration as the respective lease contract, therefore and in accordance with IFRS 16, it is a finance lease. For that reason, machinery and equipment was derecognized from property, plant and equipment and was recognized as a right to collect payments for lease, calculated at the present value of the lease payments.

The present value of the lease payments receivable is projected until the year 2034, considering a discount rate of 10% that is expressed in the respective lease agreement.

Metro S.A. issues an annual invoice to Enel Distribución Chile S.A., during the first 15 days of July, which shall be paid 30 days after that invoice is received. The payments that the tenant makes are divided into two parts, one that represents the financial burden and another which reduces the existing principal of the obligation. The total financial burden is distributed among the years that constitute the term of the lease.

There are no amounts of unsecured residual values accrued in favor of the lessor.

There is no accumulated provision for minimum payments on uncollectible leases.

There are no contingent leases recognized as income for the year.

Outstanding future minimum lease payments	12-31-2019			12-31-2018		
	Gross Amount ThCh$$	Interest ThCh$	Current Value ThCh$	Gross Amount ThCh$$	Interest ThCh$	Current Value ThCh$
Up to 1 year	236,840	-	236,840	219,769	161,897	57,871
More than 1 year up to 5 years	1,184,200	765,364	418,836	1,098,842	710,196	388,646
More than 5 years	2,131,559	631,196	1,500,363	1,977,914	585,699	1,392,215
Total	**3,552,599**	**1,396,560**	**2,156,039**	**3,296,525**	**1,457,792**	**1,838,732**

11. Other non-financial assets, current and non-current

Other current and non-current non-financial assets are detailed below:

Other non-financial assets, current	12-31-2019 ThCh$	12-31-2018 ThCh$
Pre-paid expenses	99,215	68,913
Advance payments to suppliers and personnel	6,482,194	5,516,348
Bonus for collective bargaining	2,512,757	-
Other accounts receivable	759,227	1,285,354
Total	**9,853,393**	**6,870,615**

Other non-financial assets, non-current	12-31-2019 ThCh$	12-31-2018 ThCh$
Funds allocated to pay for expropriations of new lines	13,794,166	14,964,451
VAT credit	9,903,699	7,197,689
Investment land under lease contracts	1,018,037	991,623
Advance for severance indemnities and other loans to personnel	2,233,755	1,658,987
Bonus for collective bargaining	4,454,312	-
Total	**31,403,969**	**24,812,750**

12. Other financial liabilities, current and non-current

This item comprises the following:

Item	12-31-2019		12-31-2018	
	Current ThCh$	Non-current ThCh$	Current ThCh$	Non-current ThCh$
Interest-bearing loans	71,407,756	407,673,720	45,616,568	425,286,270
Bonds	78,368,327	1,664,529,309	66,532,986	1,634,404,447
Derivative transactions	4,203,490	-	2,906,557	-
Other	-	2,746	-	28,594
Total	**153,979,573**	**2,072,205,775**	**115,056,111**	**2,059,719,311**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019 AND 2018

Half-yearly and equivalent interest-bearing loans as of 12-31-2019 (on an accrual basis)

								Current			Non-current			
								Maturity		Total, current	Maturity			Total non-current
Tax ID No.	Name	Country	Tax ID No.	Name	Country	Currency	Nominal and effective rate	Up to 90 days ThCh$	90 days - 1 year ThCh$	12-31-2019 ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	12-31-2019 ThCh$
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	USD	4.40%	-	45,040,705	45,040,705	98,502,014	65,668,009	89,458,258	253,628,281
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	USD	0.90%	692,841	2,498,358	3,191,199	9,523,196	4,572,599	5,059,072	19,154,867
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	Euros	2.00%	8,689	57,681	66,370	170,074	7,197		177,271
61.219.000-3	Metro S.A.	Chile	O-E	Sumitomo Mitsui Banking Corp	Japan	USD	3.41%		23,109,482	23,109,482	67,356,650	44,904,434	22,452,217	134,713,301
						Total		**701,530**	**70,706,226**	**71,407,756**	**175,551,934**	**115,152,239**	**116,969,547**	**407,673,720**

Half-yearly and equivalent interest-bearing loans as of 12-31-2018 (on an accrual basis)

								Current			Non-current			
								Maturity		Total, current	Maturity			Total non-current
Tax ID No.	Name	Country	Tax ID No.	Name	Country	Currency	Nominal and effective rate	Up to 90 days ThCh$	90 days - 1 year ThCh$	12-31-2018 ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	12-31-2018 ThCh$
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	USD	5.20%	14,943,983	16,433,799	31,377,782	95,843,637	56,951,928	105,703,788	258,499,353
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	USD	0.67%	1,490,658	1,473,014	2,963,672	8,836,753	5,328,258	6,554,736	20,719,747
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Bank	France	Euros	2.00%	31,651	31,255	62,906	178,685	51,630	-	230,315
61.219.000-3	Metro S.A.	Chile	O-E	Sumitomo Mitsui Banking Corp	Japan	USD	4.37%	-	11,212,208	11,212,208	62,501,509	41,667,673	41,667,673	145,836,855
						Total		**16,466,292**	**29,150,276**	**45,616,568**	**167,360,584**	**103,999,489**	**153,926,197**	**425,286,270**

Interest-bearing loans:

- ✓ Loan from Natixis Bank (financial protocol of the French Government to the Chilean government) in the amount of US$87,793,769.88. As of December 31, 2019 it has been fully used, leaving a principal balance of US$29,822,455.03 (US$34,062,109.03 in 2018).

- ✓ Loan from Natixis Bank (financial protocol of the French Government to the Chilean government) in the amount of €1,573,093.76. As of December 31, 2019 it has been fully used, leaving a principal balance of Euros 289,796.26 (Euros 368,450.20 in 2018).

- ✓ Buyer Credit Agreement for Extension Projects on Line 5 to Maipú and Extension of Line 1 to Los Dominicos, with a syndicate of international banks headed by BNP Paribas, in the amount of US$260,000,000.00. This financing is not guaranteed by the Government. As of December 31, 2019 it has been fully used, leaving a principal balance of US$14,991,645.25 (US$29,983,290.50 in 2018).

- ✓ Buyer Credit Agreement for Extension Projects on Lines 3 and 6, with a syndicate of international banks headed by BNP Paribas S.A., of US$550,000,000,00 signed on December 18, 2014. On October 26, 2016, the Company agreed with the bank to reduce the authorized amount to US$450,000,000.00. This financing is not guaranteed by the Government. As of December 31, 2019 US$405,961,579.11 have been used, leaving a principal balance of US$382,592,470.71 (US$385,099,856.32 in 2018).

This agreement requires, in each calendar year, a debt to equity ratio equal to or less than 1.70 times and a minimum equity of ThCh$700 million. Please note that as of December 31, 2019 the debt to equity ratio is 0.86 times and the equity is MCh$2,848.

- ✓ Financial Loan Agreement for Extension Projects on Lines 3 and 6, with a syndicate of international banks headed by Sumitomo Mitsui Banking, in the amount of US$250,000,000,00 signed on December 18, 2014. On October 26, 2016, the Company agreed with the bank on reducing the authorized amount to US$225,000,000.00. This financing is not guaranteed by the Government. As of December 31, 2019 it has been fully used, leaving a principal balance of US$209,906,666.67 (US$224,900,000.00 in 2018).

This agreement requires, in each calendar year, a debt to equity ratio equal to or less than 1.70 times and a minimum equity of ThCh$700 million. Please note that as of December 31, 2019 the debt to equity ratio is 0.86 times and the equity is MCh$2,848.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019 AND 2018

Bonds payable

The Company's domestic and foreign bonds as of 12-31-2019 (on an accrual basis)

											current			Non-current			
											Maturity		Total current	Maturity			Total non-current
Series	Tax ID No.: Debtor	Name	Country Debtor	Tax ID No.: Bank	Banco RTB (*) and payer	Country	Currency	Nominal rate	Nominal effective	Type of amortization	Up to 90 days ThCh$	90 days - 1 year ThCh$	12-31-2019 ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	12-31-2019 ThCh$
A	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	6.3%	half-yearly	5,092,483	2,972,544	8,065,027	28,239,165	32,697,981	14,473,784	75,410,930
B	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	5.9%	half-yearly	1,486,272	1,869,394	3,355,666	14,119,583	16,348,990	7,653,946	38,122,519
C	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.5%	5.5%	half-yearly	4,956,080	2,830,994	7,787,074	16,985,964	31,140,934	31,077,357	79,204,255
D	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.1%	half-yearly	5,097,752	2,830,994	7,928,746	16,985,964	21,232,455	48,292,902	86,511,321
E	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	4.9%	half-yearly	1,321,131	2,430,553	3,751,684	11,890,175	11,394,751	40,049,727	63,334,653
F	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.0%	half-yearly	2,018,055	896,482	2,914,537	8,068,333	5,378,889	30,762,662	44,209,884
G	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	4.5%	3.1%	half-yearly	2,221,373	1,321,130	3,542,503	10,569,045	7,926,783	53,171,648	71,667,476
H	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.3%	4.5%	half-yearly	2,942,077	2,830,994	5,773,071	-	-	-	-
I	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.7%	4.8%	half-yearly	5,238,793	3,667,420	8,906,213	22,004,522	14,669,682	28,925,476	65,599,680
J	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.5%	4.5%	half-yearly	3,774,655	4,376,610	8,151,265	22,647,929	15,098,620	67,605,254	105,351,803
K	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.8%	4.0%	half-yearly	1,610,499	-	1,610,499	-	-	143,722,122	143,722,122
L	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.9%	3.8%	maturity	-	211,430	211,430	-	-	42,159,452	42,159,452
M	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	2.9%	2.5%	half-yearly	998,044	-	998,044	-	-	115,547,302	115,547,302
	61.219.000-3	Metro S.A.	Chile		Deutsche Bank T	USA	USD	4.8%	4.9%	maturity	7,261,218	-	7,261,218	-	-	371,574,642	371,574,642
	61.219.000-3	Metro S.A.	Chile		Deutsche Bank T	USA	USD	5.0%	5.2%	maturity	8,111,350	-	8,111,350	-	-	362,113,270	362,113,270
							Total				**52,129,782**	**26,238,545**	**78,368,327**	**151,510,680**	**155,889,085**	**1,357,129,544**	**1,664,529,309**

The Company's domestic and foreign bonds as of 12-31-2018 (on an accrual basis)

											current			Non-current			
											Maturity		Total current	Maturity			Total non-current
Series	Tax ID No.: Debtor	Name	Country Debtor	Tax ID No.: Bank	Banco RTB (*) and payer	Country	Currency	Nominal rate	Nominal effective	Type of amortization	Up to 90 days ThCh$	90 days - 1 year ThCh$	12-31-2018 ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	12-31-2018 ThCh$
A	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	6.3%	half-yearly	5,106,067	2,894,408	8,000,475	17,366,448	31,838,487	29,605,690	78,810,625
B	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	5.9%	half-yearly	1,447,204	1,846,902	3,294,106	8,683,224	15,919,244	15,306,272	39,908,740
C	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.5%	5.5%	half-yearly	4,963,753	2,756,579	7,720,332	16,539,474	20,674,343	45,411,840	82,625,657
D	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.1%	half-yearly	4,136,860	1,837,720	5,974,580	16,539,474	11,026,316	62,441,784	90,007,574
E	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	4.9%	half-yearly	1,286,404	1,741,301	3,027,705	10,934,430	7,718,421	46,506,158	65,159,009
F	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.0%	half-yearly	2,008,692	872,917	2,881,609	6,983,334	5,237,500	32,738,233	44,959,067
G	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	4.5%	3.1%	half-yearly	2,196,700	1,286,406	3,483,106	9,004,826	7,718,421	56,352,873	73,076,120
H	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.3%	4.5%	half-yearly	2,972,905	2,756,579	5,729,484	5,492,137	-	-	5,492,137
I	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.7%	4.8%	half-yearly	5,254,094	3,571,018	8,825,112	21,426,115	14,284,077	35,228,709	70,938,901
J	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.5%	4.5%	half-yearly	-	586,132	586,132	22,052,610	14,701,740	73,145,128	109,899,478
K	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.8%	4.0%	half-yearly	1,568,166	-	1,568,166	-	-	139,688,410	139,688,410
L	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.9%	3.8%	maturity	-	205,872	205,872	-	-	41,034,893	41,034,893
M	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	2.9%	2.5%	half-yearly	971,810	-	971,810	-	-	112,733,235	112,733,235
	61.219.000-3	Metro S.A.	Chile		Deutsche Bank T	USA	USD	4.8%	4.9%	maturity	6,737,822	-	6,737,822	-	-	344,245,879	344,245,879
	61.219.000-3	Metro S.A.	Chile		Deutsche Bank T	USA	USD	5.0%	5.2%	maturity	7,526,675	-	7,526,675	-	-	335,824,722	335,824,722
							Total				**46,177,152**	**20,355,834**	**66,532,986**	**135,022,072**	**129,118,549**	**1,370,263,826**	**1,634,404,447**

(*) RTB: Representative of Bondholders.

On July 31, 2001, December 5, 2001, August 9, 2002, December 3, 2003, June 23, 2004 and September 14, 2005, the Company issued Series A to G bonds in the domestic market, all calculated on the basis of a 360-day year, at a 25-year term with 10 years of grace period for the principal payment, with half-yearly interest payments and without early redemption.

On September 3, 2008, the Company placed Series H and I bonds in the domestic market, calculated on the basis of a 360-day year, with a 12-year term and 7 years of grace period for series H and a 21-year term with 10 years of grace period for Series I, with half-yearly interest payments and early redemption.

On November 18, 2009, the Company placed Series J bonds in the domestic market, calculated on the basis of a 360-day year, at a 25-year term with 10 years of grace period, with half-yearly payment of interest and without early redemption.

On October 6, 2011, the Company placed series K bonds in the domestic market, calculated on the basis of a 360-day year, at a 21-year term with 16 years of grace period for principal payment, with half-yearly interest payments and allowing early redemption.

On May 24, 2012, the Company placed Series L bonds in the domestic market, calculated on the basis of a 360-day year, at a 21-year term with 21 years of grace period for principal payment, with payment of half-yearly interest and allowing early redemption.

On February 4, 2014, the Company placed a bond in the international market for MUS$500 with a 4.846% interest rate for placement. The bond’s coupon rate is 4.75%, calculated on the basis of a 360-day year, at 10-year term with 10 years of grace period for principal payment, with payment of half-yearly interest and allowing early redemption.

On September 29, 2016, the Company issued Series M bonds in the domestic market, calculated on the basis of a 360-day year, at a 30-year term with 26 years of grace period for principal payment, with payment of half-yearly interest and allowing early redemption.

On January 25, 2017, the Company placed a bond in the international market for MUS$500 with a 5.151% interest rate for placement. The bond’s coupon rate is 5.00%, calculated on the basis of a 360-day year, at 30-year term with 30 years of grace period for principal payment, with payment of half-yearly interest and allowing early redemption.

The Series A and B bonds are guaranteed by the State, in accordance with Law Decree 1,263 and Laws No, 18,196, 18,382 and 19,702, in Exempt Decree 117 issued by the Ministries of Finance and Economy and of Development and Reconstruction, and Supreme Decree 389 issued by the Ministry of Finance, both on April 20, 2001.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019 AND 2018

The Series C bonds are guaranteed by the State, in accordance with Law Decree 1,263 and Laws No, 18,196, 18,382 and 19,774, in Exempt Decree 274 issued by the Ministries of Finance and Economy and of Development and Reconstruction, and Supreme Decree 363 issued by the Ministry of Finance, both on May 13, 2002.

The Series D and E bonds are guaranteed by the State, in accordance with Law Decree 1,263 and Laws No, 18,196 and 19,847, Exempt Decree 222 dated April 29, 2003 issued by the Ministries of Finance and Economy and of Development and Reconstruction, and Supreme Decree 356 issued by the Ministry of Finance on May 7, 2003.

The Series F bonds are guaranteed by the State, in accordance with Law Decree 1,263 and Laws No, 18,196 and 19,847. The authorization to issue and guarantee bonds in the domestic market was authorized by Supreme Decree 1,024, dated November 11, 2003 issued by the Ministries of Finance and Economy and of Development and Reconstruction.

The Series G bonds are guaranteed by the State, in accordance with Law Decree 1,263 and Laws No, 18,196 and 19,847. The authorization to issue and guarantee bonds in the domestic market was authorized by Supreme Decree 592, dated May 11, 2005 issued by the Ministries of Finance and Economy and of Development and Reconstruction.

The Series H, I, J, K, L, M and International bonds are not guaranteed, notwithstanding the creditors' general pledge right set forth in Chilean law.

The Company is not subject to any financial or other restrictive covenants under the instruments governing its Series A to G bonds. For the Series H, I, J, K and L bonds, the Company is required during each calendar year to maintain a debt/equity ratio that is lower than 1,7, equity in excess of ThCh$700 million and an interest coverage ratio greater than 1.0. Those covenants are calculated and determined using the consolidated financial statements prepared as of December 31 of each calendar year and presented to the CMF. International bonds are not subject to related restrictions or covenants.

Series M bonds require in each calendar year a debt to equity ratio equal to or less than 1.70 times and a minimum equity of ThCh$700 million.

Please note that as of December 31, 2019 the debt to equity ratio was 0.86 times, the equity was ThCh$2,848 million and the interest coverage was 1.44 times, calculated as established by the agreement for those bond issuances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019 AND 2018

Expected liquidity analysis (by maturity)

Derivative liabilities as of 12-31-2019

Tax ID No.:	Name	Country	Tax ID No.:	Name	Country	Currency	Nominal rate	Type of amortization	Current - Maturity - Up to 90 days ThCh$	Current - Maturity - 90 days - 1 year ThCh$	Current - Total, current 12-31-2019 ThCh$
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.66%	maturity	304,349	-	304,349
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	3.59%	maturity	296,823	-	296,823
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	3.51%	maturity	281,841	-	281,841
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	3.41%	maturity	276,140	-	276,140
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	3.44%	maturity	283,227	-	283,227
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	3.51%	maturity	286,099	-	286,099
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.45%	maturity	281,805	-	281,805
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	3.50%	maturity	285,497	-	285,497
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.50%	maturity	365,244	-	365,244
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.73%	maturity	206,492	-	206,492
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	USD	1.56%	half-yearly	46,026	-	46,026
						Total			2,913,543	-	2,913,543

Derivative liabilities as of 12-31-2018

Tax ID No.:	Name	Country	Tax ID No.:	Name	Country	Currency	Nominal rate	Type of amortization	Current - Maturity - Up to 90 days ThCh$	Current - Maturity - 90 days - 1 year ThCh$	Current - Total, current 12-31-2018 ThCh$
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.66%	maturity	296,349	-	296,349
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	3.59%	maturity	289,021	-	289,021
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	3.51%	maturity	274,433	-	274,433
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	3.41%	maturity	268,881	-	268,881
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	3.44%	maturity	275,782	-	275,782
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	3.51%	maturity	278,578	-	278,578
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.45%	maturity	274,398	-	274,398
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	3.50%	maturity	277,992	-	277,992
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.50%	maturity	355,643	-	355,643
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.73%	maturity	201,064	-	201,064
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	USD	1.95%	half-yearly	114,416	-	114,416
						Total			2,906,557	-	2,906,557

Forward:

Tax ID No.:	Name	Count	Tax ID No.:	Name	Countr	Currency	Notional amount	Fair value		
								Maturity		Total, current
								Up to 90 days	90 days - 1 year	12-31-2019
								ThCh$	ThCh$	ThCh$
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	12,500,000.00	225,500	-	225,500
61.219.000-3	Metro S.A.	Chile	97.018.000-1	Banco Scotiabank	Chile	USD	4,750,000.00	85,500	-	85,500
61.219.000-3	Metro S.A.	Chile	97.018.000-1	Banco Scotiabank	Chile	USD	947,665.77	16,556	-	16,556
61.219.000-3	Metro S.A.	Chile	97.018.000-1	Banco Scotiabank	Chile	USD	3,244,671.56	-	57,625	57,625
61.219.000-3	Metro S.A.	Chile	97.018.000-1	Banco Scotiabank	Chile	USD	10,843,858.60	-	196,382	196,382
61.219.000-3	Metro S.A.	Chile	97.018.000-1	Banco Scotiabank	Chile	USD	16,500,162.60	-	256,413	256,413
61.219.000-3	Metro S.A.	Chile	97.018.000-1	Banco Scotiabank	Chile	USD	18,608,554.30	-	301,272	301,272
61.219.000-3	Metro S.A.	Chile	97.018.000-1	Banco Scotiabank	Chile	USD	7,813,387.28	-	129,546	129,546
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	USD	1,271,201.34	-	21,153	21,153
						Total	**76,479,501.45**	**327,556**	**962,391**	**1,289,947**

Rollforward of financial liabilities derived from financing activities.

Item	**Balance as of 12-31-2018**	Cash flows from financing activities		Changes that have no effect on cash flow from financing activities		**Balance as of 12-31-2019**
		From	**Used**	**Exchange rate differences**	**Other**	
Interest-bearing loans	470,902,838	17,414,786	(64,141,002)	37,251,146	17,653,708	479,081,476
Bonds	1,700,937,433	-	(99,863,287)	78,764,224	63,059,266	1,742,897,636
Derivative transactions	2,906,557	-	(7,320,438)	-	8,617,371	4,203,490
Other	28,594				(25,848)	2,746
Total	**2,174,775,422**	**17,414,786**	**(171,324,727)**	**116,015,370**	**89,304,497**	**2,226,185,348**

13. Other non-financial liabilities, current and non-current

Other current and non-current non-financial liabilities are detailed below:

Current	**12-31-2019 ThCh$**	**12-31-2018 ThCh$**
Real estate tax	5,950,106	5,082,556
Deferred income (*)	824,165	759,859
Deferred advertising income (**)	6,256,693	5,013,831
Guarantees received	1,469,376	14,105,731
Total	**14,500,340**	**24,961,977**

Non-Current	**12-31-2019 ThCh$**	**12-31-2018 ThCh$**
Deferred income (*)	2,838,235	3,009,656
Deferred advertising income (**)	46,925,199	51,783,963
Total	**49,763,434**	**54,793,619**

(*) Corresponds to advances on operating leases.

(**) Effective as of July 1, 2018, a contract was made with Massiva S.A., lasting a period of 10 years, which establishes a minimum annual guaranteed income (MAG) payable during the term of the contract.

14. Balances and transactions with related parties

Documents and accounts receivable:

As of December 31, 2019 and 2018, the Company records no outstanding balances of receivables from related parties.

Documents and accounts payable:

These are contributions received from the Government of Chile for network expansion projects. As of December 31, 2019, contributions pending capitalization amounted to ThCh$22,515,130 (ThCh$ 3,500,000 in 2018).

Transactions:

Year 2019

The Company received ThCh$275,647,160 in contributions from the Chilean Treasury.

On September 27, 2018, ThCh$ 96,614,721 was capitalized, which required issuing and selling 3,427,269,280 ordinary shares.

On December 30, ThCh$ 160,017,309 was capitalized, which required issuing and selling 6,045,232,679 ordinary shares. (Note 20 provides a detail of capitalizations).

The outstanding balance to be capitalized amounts to ThCh $ 22,515,130 as of December 31, 2019, and consists of contributions received during the years 2019 and 2018.

Year 2018

The Company received ThCh$376,672,487 in contributions from the Chilean Treasury.

On September 24, 2018, ThCh$ 97,500,000 was capitalized, which required issuing and selling 3,320,844,687 ordinary shares.

On December 28, ThCh$ 275,672,487 was capitalized, which required issuing and selling 10,109,002,111 ordinary shares. (Note 20 provides a detail of capitalizations).

The outstanding balance to be capitalized amounts to ThCh $ 3,500,000 as of December 31, 2018, composed of contributions received during the year 2018.

As detailed in Note 12 to the financial statements, the Chilean Treasury is guarantor of certain bank loans and bonds issued by the Company.

Key management personnel

The key personnel of Metro S.A. are those persons with authority and responsibility for planning, directing and controlling the entity's activities. The Company has determined that the key management personnel are the Directors, General Manager and Managers of the Company's different areas (principal executives).

The expense for compensation received by key management personnel is detailed as follows:

Directors' income are as follows:

Directors' income	01-01-2019 12-31-2019 ThCh$	01-01-2018 12-31-2018 ThCh$
Fixed remuneration	204,185	166,846
Variable remunerations	8,089	45,620
Total	**212,274**	**212,466**

Board of Directors' expenses

During 2019, there were no airplane ticket expenses (airplane ticket expenses amounted to ThCh$534 in 2018).

During 2019, there were no travel and lodging expenses (travel and lodging expenses amounted to ThCh$910 in 2018).

Remunerations of the General Manager and Other Managers:

During 2019, the compensation paid to the General Manager was ThCh$248,680 (ThCh$229,086 as of December 31, 2018) and compensation paid to Other Managers (19 most senior executives) was ThCh$2,952,292 (ThCh$2,764,838 paid to the 18 most senior executives as of December 31, 2018).

15. Trade and other payables

This item comprises the following:

Current Liabilities	12-31-2019 ThCh$	12-31-2018 ThCh$
Debts for purchases or services received	66,647,224	81,078,971
Accounts payable to Transantiago system	6,857,044	8,254,913
Withholdings	3,638,385	3,223,693
Supplier of property, plant and equipment	32,532,904	27,543,656
Megaproject contract withholding	1,825,616	4,707,124
Other payables	777,788	778,868
Accounts payable to AVO (Americo Vespucio Oriente)	233,085	233,085
Total	**112,512,046**	**125,820,310**

Non-Current Liabilities	12-31-2019 ThCh$	12-31-2018 ThCh$
Megaproject contract withholding	-	390,845
Accounts payable to AVO (Americo Vespucio Oriente)	1,424,782	739,295
Total	**1,424,782**	**1,130,140**

16. Segment information

The Company reports segment information in accordance with IFRS 8 "Operating Segments". IFRS 8 stipulates that this Standard must be applied by entities with capital stock or debt securities which are publicly traded or by entities that are in the process of issuing securities to be traded in public markets.

Metro S.A. is a corporation that must follow the rules for publicly-traded corporations in Chile. Its corporate purpose is to carry out all the activities associated with passenger transportation in metropolitan trains or other supplementary electrical systems, and surface transportation by bus or vehicles of any technology, as well as activities that supplement this line of business. In this regard, the Company may incorporate, or have an interest in, companies, and carry out any act or operation related to its line of business, whose main income corresponds to the transportation of passengers.

Services are provided using a common technological and administrative infrastructure. The current activities consist in the provision of services in a national environment, and have a common environment in terms of economic and political conditions.

The Company manages its operations and presents its financial information as one single operating segment: transportation of passengers in the city of Santiago, Chile, considering that all other areas of business are derived from this main line of business.

17. Employee benefits

Current

Item	12-31-2019 ThCh$	12-31-2018 ThCh$
Accrued vacations	4,491,350	4,516,177
Employee benefit obligations	2,588,848	2,592,006
Production bonus obligations	7,393,193	7,680,684
Total	**14,473,391**	**14,788,867**

Non-current

Item	12-31-2019 ThCh$	12-31-2018 ThCh$
Provision for terminations of employment contracts	14,250,051	13,825,546
Provision for resignations	40,274	45,490
Provision for mortality	591,710	658,621
Advance for severance indemnity payments	(1,794,794)	(1,732,423)
Total	**13,087,241**	**12,797,234**

Movements in severance indemnity payments for the years ended December 31, 2019 and 2018 are detailed as follows:

Item	ThCh$
Liabilities as of 01.01.2019	12,797,234
Service interest	612,610
Benefits paid	(922,616)
Actuarial profit (loss)	600,013
Liabilities as of 12-31-2019	**13,087,241**

Item	ThCh$
Liabilities as of 01.01.2018	13,191,367
Service interest	679,712
Benefits paid	(1,224,035)
Actuarial profit (loss)	150,190
Liabilities as of 12-31-2018	**12,797,234**

Sensitivity analysis

Reasonable possible changes in the relevant actuarial assumptions at the reporting date, provided that other assumptions remain constant, would have affected the defined benefit obligation by the following amounts:

2019

Items	Increase reflected	Base	Decrease reflected	Increase ThCh$	Decrease ThCh$
Discount rates (change of 0.5)	4.210%	3.710%	3.210%	12,982,098	13,180,474
Increase in salary (change of 0.5)	4.530%	4.030%	3.530%	13,336,117	12,846,940
Labor turnover (25% change)	1.813%	1.450%	1.088%	13,068,739	13,106,420
Mortality rate (25% change)	25.00%	CB14 and RV14	-25.00%	13,075,886	13,098,716

2018

Items	Increase reflected	Base	Decrease reflected	Increase ThCh$	Decrease ThCh$
Discount rates (change of 0.5)	5.290%	4.790%	4.290%	12,574,678	13,027,381
Increase in salary (change of 0.5)	4.530%	4.030%	3.530%	13,069,182	12,534,729
Labor turnover (25% change)	1.813%	1.450%	1.088%	12,786,668	12,808,257
Mortality rate (25% change)	25.00%	CB14 and RV14	-25.00%	12,787,140	12,807,471

Projection of the actuarial calculation for the following year:

The projected calculation for the following year is ThCh$13,546,438.

Estimate of expected cash flows for the following year:

The Company estimates that for the following years there will be expected payment flows for obligations on a monthly average of ThCh$76,885 as of December 31, 2019 (ThCh$102,003 as of December 31, 2018).

General considerations

The Company has benefits that are agreed upon with its active employees and frozen severance indemnity payments, which require actuarial valuation and it has collective agreements, which include benefits for the concept of termination, voluntary retirement and death of an employee. In agreements with its unions, the Company froze the benefits accrued by employees on different dates.

Frozen severance:

Frozen indemnity corresponds to the severance benefits established in the respective collective agreements of the Company. The benefit is based on the various reasons for termination of the employment contract, such as on employee's resignation and death.

The freezing dates established in the agreements are May 31, 2002, August 31, 2003 and November 30, 2003, depending on the union and the reason for the termination.

Actuarial assumptions:

Actuarial assumptions are long-term assumptions and, should there be sufficient substantive evidence, they must be updated.

1. Mortality:

   The CB-H-2014 men and RV-M-2014 women's mortality tables established by the Chilean Superintendency of Pensions and Financial Market Commission were used.

2. Employee turnover:

   The turnover tables were prepared using information available in the Company. Constant ratios may be observed in the following table:

Reason	Rate %
Dismissal	1.26
Resignation	0.12
Other	0.07

3. Discount rate:

The real annual discount rates used for each year are as follows:

Year	Rate %
12-31-2018	4.79
12-31-2019	3.71

4. Termination:

The estimated maximum average termination ages are:

Employee	Age
Women	62 years
Men	68 years

18. Income tax

The Company had a negative first category (corporate) tax base of ThCh$1,369,910,339 as of December 2019 and ThCh$1,147,464,084 as of December 2018 determined in accordance with current regulations, therefore no income tax provision has been recognized as of these dates. Associated tax loss carryforwards are presented in the table below.

Because the Company has consistently recorded tax losses since the 1996 taxable year, the Company considers that it is unlikely that there will be sufficient future taxable profits to allow it to reverse the deferred tax assets; therefore these have been recognized up to the amount of deferred tax liabilities(1).

Temporary Difference	Tax assets		Tax liabilities	
	12-31-2019 ThCh$	12-31-2018 ThCh$	12-31-2019 ThCh$	12-31-2018 ThCh$
Provision for impairment of accounts receivable	163,471	152,976	-	-
Deferred revenue	915,600	942,379	-	-
Accrued vacations	1,122,837	1,129,044	-	-
Severance indemnity	1,290,228	1,594,368	-	-
Provision for lawsuits	155,953	198,915	-	-
Maintenance provision	2,511,853	620,104	-	-
Provision for employee benefits	647,212	648,001	-	-
Provision for spare parts	660,967	660,967	-	-
Irrecoverable VAT credit for extensions	-	-	32,295,517	31,415,873
Capitalized expenses	-	-	63,986,473	55,966,525
Property, plant and equipment	156,558,336	130,341,061	-	-
Tax loss	342,477,585	286,866,021	-	-
Other	2,893,020	3,633,174	-	-
Subtotal	509,397,062	426,787,010	96,281,990	87,382,398
Deferred tax assets, net	413,115,072	339,404,612	-	-
Reduction of deferred tax assets (1)	(413,115,072)	(339,404,612)	-	-
Deferred taxes, net	-	-	-	-

19. Provisions, contingencies and guarantees

As of December 31, 2019 and 2018, the Company is involved in legal proceedings (civil and labor), which include subsidiary lawsuits, which are not provisioned because of the application of IAS 37, due to the remote probability of unfavorable judgment.

The amount of the provision for lawsuits is as follows:

Other short-term provisions	12-31-2019 ThCh$	12-31-2018 ThCh$
Provision for lawsuits	623,810	795,662
Total	**623,810**	**795,662**

According to the current status of legal proceedings, Management believes those provisions recorded in the Consolidated Financial Statements properly cover the risks associated with the litigation, which are not expected to generate any additional liabilities.

Considering the risk’s characteristics that these provisions cover, it is impossible to determine a reasonable payment schedule.

Movements of provisions are as follows:

Item	Amount ThCh$
Balance 01-01-2018	1,744,461
Accrued provisions	1,458,581
Cash payments	(2,407,380)
Balances as of 12-31-2018	795,662
Accrued provisions	583,674
Cash payments	(755,526)
Balances as of 12-31-2019	623,810

Direct guarantees

The guarantees granted by the Company are in UF, expressed in thousands of Chilean pesos as of December 31, 2019. They are according to the following detail.

Type of guarantee	No. of guarantee	Issuing entity	Currency	Amount	Beneficiary	Date entity	Date maturity	Status	Rate ThCh$
Bank Guarantee	168873	Banco Scotiabank	UF	10,000.00	San Juan S.A.	03-08-19	04-01-20	Valid	283,099
Bank Guarantee	4439142	Banco Santander	UF	5,000.00	Subsecretaría de Transportes	07-01-19	08-10-20	Valid	141,550
Bank Guarantee	4439143	Banco Santander	UF	5,000.00	Subsecretaría de Transportes	07-01-19	08-10-20	Valid	141,550
Bank Guarantee	4439144	Banco Santander	UF	5,000.00	Subsecretaría de Transportes	07-01-19	08-10-20	Valid	141,550
Bank Guarantee	4439145	Banco Santander	UF	5,000.00	Subsecretaría de Transportes	07-01-19	08-10-20	Valid	141,550
Bank Guarantee	4439146	Banco Santander	UF	5,000.00	Subsecretaría de Transportes	07-01-19	08-10-20	Valid	141,550
Bank Guarantee	4439148	Banco Santander	UF	5,000.00	Subsecretaría de Transportes	07-01-19	08-10-20	Valid	141,550
Bank Guarantee	4439149	Banco Santander	UF	5,000.00	Subsecretaría de Transportes	07-01-19	08-10-20	Valid	141,550
Bank Guarantee	4439150	Banco Santander	UF	5,000.00	Subsecretaría de Transportes	07-01-19	08-10-20	Valid	141,550
Bank Guarantee	4439151	Banco Santander	UF	5,000.00	Subsecretaría de Transportes	07-01-19	08-10-20	Valid	141,550
Bank Guarantee	4439152	Banco Santander	UF	5,000.00	Subsecretaría de Transportes	07-01-19	08-10-20	Valid	141,550
Bank Guarantee	4399158	Banco Santander	UF	1,000.00	Subsecretaría de Transportes	07-01-19	08-10-20	Valid	28,310
Bank Guarantee	4403310	Banco Santander	UF	10,000.00	Enel Distribuidora S.A.	10-17-19	11-17-20	Valid	283,099
Bank Guarantee	5279190	Banco Santander	UF	1,128.00	Director Gral de Concesiones de O. Publicas	11-06-19	12-31-20	Valid	31,934
Bank Guarantee	4403312	Banco Santander	UF	22,500.00	Pelicano Solar Company SpA	10-17-19	12-31-20	Valid	636,974
Bank Guarantee	4437905	Banco Santander	UF	19,607.45	Junaeb	05-30-19	06-30-22	Valid	555,086

As of the closing date of the Consolidated Financial Statements, there are no balances pending payment, since they are Performance Guarantees.

20. Changes in equity

2019 Capital increase

At the Extraordinary Shareholders' Meeting held on December 30, 2019, the shareholders of the Company agreed to:

✓ Increase the Company's share capital by capitalizing government contributions of ThCh$160,017,309 at a nominal value, intended for financing Lines 2 and 3 extensions and projects to improve the Metro Transportation System as well as for debt service, through the issuance of 6,045,232,679 Series A shares subscribed and fully-paid by the Government and CORFO pro rata of their ownership percentage.

On November 19, 2019, CORFO paid the government contributions signed on September 27, 2019.

At the Extraordinary Shareholders' Meeting held on September 27, 2019, the shareholders of the Company agreed to:

✓ Increase the Company's share capital by capitalizing government contributions of ThCh$96,614,721 at a nominal value, through the issuance of 3,427,269,280 Series A shares which CORFO will subscribe and pay in on December 31, 2019 at the latest.

2018 Capital increase

At the Extraordinary Shareholders' Meeting held on December 28, 2018, the shareholders of the Company agreed to:

- ✓ Increase the Company's share capital by capitalizing government contributions of ThCh$275,672,487 at a nominal value, intended for financing extension and improvement projects for the Metro Network as well as for debt service, through the issuance of 10,109,002,111 Series A shares which the Chilean Government and CORFO would have to subscribe and pay in pro rata of their ownership interest.

On December 11, 2018, CORFO paid the government contributions signed on September 24, 2018.

At the Extraordinary Shareholders' Meeting held on September 24, 2018, the shareholders of the Company agreed to:

- ✓ Increase the Company's share capital by capitalizing government contributions of ThCh$97,500,000 at a nominal value, through the issuance of 3,320,844,687 Series A shares which CORFO will subscribe and pay in on December 31, 2018 at the latest.

a. Capital

As of December 31, 2019 the capital of the Company is represented by 89,644,733,903 and 19,163,677,063 Series A and B nominative shares with no par value, respectively, with 72,831,425,394 shares corresponding to CORFO and 35,976,985,572 to the Chilean Government.

As of December 31, 2018 the capital of the Company is represented by 80,172,231,944 and 19,163,677,063 Series A and B nominative shares with no par value, respectively, with 65,357,477,359 shares corresponding to CORFO and 33,978,431,648 to the Chilean Government.

Series A shares correspond to the initial capital and capital increases that are subscribed and paid in by the Government and CORFO and cannot be disposed of. Series B shares correspond to capital increases that could allow the incorporation of other shareholders.

Shareholders are detailed as follows:

Shareholders	12-31-2019		12-31-2018	
	Number of shares and percentages			
	Paid-in shares	Ownership %	Paid-in shares	Ownership %
Corporación de Fomento de la Producción	72,831,425,394	66.94%	65,357,477,359	65.79%
Chilean Treasury - Ministry of Finance	35,976,985,572	33.06%	33,978,431,648	34.21%
Total	**108,808,410,966**	**-**	**99,335,909,007**	**-**
Corporación de Fomento de la Producción				
Series A	60,727,954,088	-	53,254,006,053	-
Series B	12,103,471,306	-	12,103,471,306	-
Total	**72,831,425,394**	**-**	**65,357,477,359**	**-**
Chilean Treasury - Ministry of Finance				
Series A	28,916,779,815	-	26,918,225,891	-
Series B	7,060,205,757	-	7,060,205,757	-
Total	**35,976,985,572**	**-**	**33,978,431,648**	**-**

b. Distribution of net income and dividends

The Company's dividend policy is consistent with current legislation according to which at least 30% of net profits for the year must be distributed as cash dividends, unless otherwise resolved by the Shareholders' Meeting by the unanimous vote of the outstanding shares issued.

At the Ordinary Shareholders' Meeting held on April 29, 2019, the shareholders resolved not to distribute net income or dividends.

Since the Company earned no profits, the shareholders agree not to withdraw dividends and reiterate that the Company's policy in this matter follows the provisions in the Company's by-laws and in the Chilean corporation law.

c. Non-controlling interests

Non-controlling interests correspond to the recognition by the Company of the share in the equity and net income of its subsidiary not directly or indirectly attributable to the Company, The detail for the years ended December 31, 2019 and 2018, respectively, is as follows:

Subsidiary	Percentage Non-controlling interest		Non-controlling interest equity		Share of profit or loss income (expense)	
	2019 %	2018 %	2019 ThCh$	2018 ThCh$	2019 ThCh$	2018 ThCh$
Transub S.A.	33.33	33.33	(10,645)	(10,645)	-	-

d. Other reserves

Other reserves are composed of revaluation of paid-in capital for the year of transition to IFRS, revaluation surplus (first-time adoption) of land and adjustments originating from the exception in IFRS accounting standards, as reiterated in Ruling 456 issued by the Financial Market Commission:

The cash flow hedge reserve arises from the application of hedge accounting on certain financial assets and liabilities. The purpose of this reserve is to affect the profit or loss when the hedged item records effects thereto.

Other reserves	**12-31-2019 ThCh$**	**12-31-2018 ThCh$**
Price-level restatement of paid-in capital	30,336,377	30,336,377
Revaluation surplus	3,042,584	3,042,584
Actuarial (loss) on defined benefit plans	(600,013)	-
Cash flow hedges	(10,228,760)	-
Total	**22,550,188**	**33,378,961**

Additional and supplementary information is presented in the consolidated statement of changes in net equity.

21. Income and expenses

Revenue:

For the years ended December 31, 2019 and 2018, revenue is detailed as follows:

Revenue	01-01-2019 12-31-2019 ThCh$	01-01-2018 12-31-2018 ThCh$
Revenue from passenger transportation services	344,488,942	314,592,136
Sales channel income	45,137,107	47,942,984
Lease of commercial stores, and commercial and advertising spaces	15,977,937	16,186,578
Lease in inter-modal terminals	1,591,199	1,762,080
Lease of spaces for telephone and fiber optic antennas	7,407,679	6,781,514
Lease of land	826,425	752,278
Advisory services	203,501	224,880
Other	691,165	610,364
Total	416,323,955	388,852,814

Other income, by function

For the years ended December 31, 2019 and 2018, other income by function is detailed as follows:

Other income by function	01-01-2019 12-31-2019 ThCh$	01-01-2018 12-31-2018 ThCh$
Income from fines and indemnities	25,604,795	1,289,906
Funding for welfare costs	545,038	496,306
Sale of proposals	48,450	62,582
Other income	4,887,234	1,379,083
Total	31,085,517	3,227,877

Operating income

The operating income in XBRL format (common electronic format for business reporting) for the years ended December 31, 2019 and 2018, is as follows:

Operating income	01-01-2019 12-31-2019 ThCh$	01-01-2018 12-31-2018 ThCh$
Revenue	416,323,955	388,852,814
Cost of sales	(379,123,771)	(328,189,648)
Gross profit	37,200,184	60,663,166
Other income	34,282,317	3,227,877
Administrative expenses	(44,362,296)	(44,426,907)
Other expenses by function	(46,114,056)	(1,862,850)
Other income (expenses)	95,106	13,697,843
Profit (loss) from operating activities	(18,898,745)	31,299,129

Expenses by nature:

The following is the detail of cost of sales, administrative expenses and other expenses by function for the years ended December 31, 2019 and 2018:

Expenses by nature	01-01-2019 12-31-2019 ThCh$	01-01-2018 12-31-2018 ThCh$
Employee expenses	99,139,914	100,737,586
Operation and maintenance expenses	86,763,476	74,923,911
Purchase of energy	57,834,256	47,594,362
General and other expenses	62,884,325	59,406,378
Other expenses by function	46,114,056	1,862,850
Depreciation and amortization	116,864,096	89,954,318
Total	469,600,123	374,479,405

Personnel expenses:

For the years ended December 31, 2019 and 2018, personnel expenses are detailed as follows:

Employee expenses	01-01-2019 12-31-2019 ThCh$	01-01-2018 12-31-2018 ThCh$
Salaries and wages	67,521,351	63,597,116
Other Benefits	25,235,156	31,071,737
Expenses for social security and collective bargaining benefits	3,103,668	3,138,755
Social security contribution	3,279,739	2,929,978
Total	99,139,914	100,737,586

Maintenance and operating expenses:

For the years ended December 31, 2019 and 2018, maintenance and operating expenses are detailed as follows:

Operation and maintenance expenses	01-01-2019 12-31-2019 ThCh$	01-01-2018 12-31-2018 ThCh$
Maintenance of rolling stock, stations and other	65,682,593	58,432,293
Spare parts and materials	13,590,730	12,041,201
Repairs, leases and other	7,490,153	4,450,417
Total	86,763,476	74,923,911

General and other expenses:

For the years ended December 31, 2019 and 2018, general and other expenses are detailed as follows:

General expenses	01-01-2019 12-31-2019 ThCh$	01-01-2018 12-31-2018 ThCh$
Service contracts	30,178,280	27,940,965
Real estate taxes	5,844,131	5,065,024
Corporate image expenses	1,749,657	2,154,362
Sales channel operator expense	21,310,454	21,226,757
Insurance, materials and other	3,801,803	3,019,270
Total	62,884,325	59,406,378

Other expenses by function:

For the years ended December 31, 2019 and 2018, other expenses by function are detailed as follows:

Other expenses by function	01-01-2019 12-31-2019 ThCh$	01-01-2018 12-31-2018 ThCh$
Disposals due to loss and/or impairment PPE	34,322,243	-
Disposals due to loss and/or impairment Invest Prop.	13,193	-
Disposals of PPE in period	71,436	1,108,724
Inventories disposals	101,628	174,976
Fines and Compensation	1,120,073	204,997
Reconstruction services contracts	6,872,188	-
Other expenses	416,495	374,153
Total	42,917,256	1,862,850

(*) Notes 8d and 9 provide additional and supplementary information.

Depreciation and amortization:

For the years ended December 31, 2019 and 2018, depreciation and amortization are detailed as follows:

Depreciation, amortization	01-01-2019 12-31-2019 ThCh$	01-01-2018 12-31-2018 ThCh$
Depreciation	116,164,627	89,569,368
Amortization	699,469	384,950
Total	116,864,096	89,954,318

Financial income/costs results and exchange differences:

The Company's financial income/costs and exchange differences for the years ended December 31, 2019 and 2018, are detailed as follows:

Financial profit or loss	01-01-2019 12-31-2019 ThCh$	01-01-2018 12-31-2018 ThCh$
Finance income		
Interest from cash and cash equivalents	6,912,731	8,630,166
Finance income from swaps	3,049,839	-
Other finance income	348,844	275,678
Subtotal	10,311,414	8,905,844
Finance expenses		
Interest and expenses on bank loans	(17,675,415)	(7,604,437)
Bond interest and expenses	(66,723,188)	(54,434,906)
Other financial costs	(2,639,714)	(1,927,754)
Subtotal	(87,038,317)	(63,967,097)
Profit (loss) from financial result	(76,726,903)	(55,061,253)

Foreign currency translation and indexation units	01-01-2019 12-31-2019 ThCh$	01-01-2018 12-31-2018 ThCh$
Foreign currency translation difference		
Loss from exchange differences (loans, bonds, swap and investments)	(73,372,712)	(123,478,609)
Total foreign currency translation difference	(73,372,712)	(123,478,609)
Indexation units		
Profit (loss) from Indexation unit (bonds)	(26,499,891)	(28,484,104)
Total indexation units	(26,499,891)	(28,484,104)

Other profit (losses):

Other Company's profit (losses) for the years ended December 31, 2019 and 2018, are detailed as follows:

Other income (expenses)	01-01-2019 12-31-2019 ThCh$	01-01-2018 12-31-2018 ThCh$
Net present value of swap USD	95,106	9,814,405
Net present value of swap UF	-	2,878,157
Net present value VAT	-	1,005,281
Total	95,106	13,697,843

Other comprehensive income:

For the years ended as of December 31, 2019 and 2018, this item is detailed as follows:

Other comprehensive income	01-01-2019 12-31-2019 ThCh$	01-01-2018 12-31-2018 ThCh$
Actuarial loss on defined benefit plans	(600,013)	(150,190)
Loss on cash flow hedges	(10,228,760)	-
Total	(10,828,773)	(150,190)

22. Third-party guarantees

Guarantees received as of December 31, 2019, are detailed as follows:

Grantor	Guarantee amount ThCh$	Underlying operation	Relationship
Abengoa Chile S.A.	68,466,643	Services contract	Supplier
Alstom Chile S.A.	398,218,446	Services contract	Supplier
Alstom Transport S.A.	82,140,502	Services contract	Supplier
Besalco Dragados S.A.	64,884,218	Services contract	Supplier
Bitelco Diebold Chile Ltda	3,014,190	Services contract	Supplier
CAF Chile S.A.	892,296,092	Services contract	Supplier
China Railway Tunnel GR.CO. Ltda.	39,276,020	Services contract	Supplier
Colas Rail	3,860,057	Services contract	Supplier
Compañía Americana de Multiservicios	4,760,999	Services contract	Supplier
Construcciones Piques y Túneles	4,534,749	Services contract	Supplier
Consorcio Copisa Chile SpA	3,479,238	Works contract	Supplier
Consorcio EI-OSSA S.A.	105,812,057	Works contract	Supplier
Construcción y Auxiliar de Ferrocarril	37,290,402	Works contract	Supplier
Construcciones Especializadas	5,095,789	Works contract	Supplier
E.C.M. Ingenieria S.A.	2,949,839	Services contract	Supplier
ETF	7,539,143	Services contract	Supplier
ETF Agencia en Chile	96,329,843	Services contract	Supplier
Faiveley Transport Far East	3,911,575	Services contract	Supplier
Ferrostal Chile S.A.	4,525,723	Services contract	Supplier
Ferrovial Agroman Chile S.A.	17,469,201	Services contract	Supplier
Hidronor Chile S.A.	7,479,549	Services contract	Supplier
Indra Sistemas Chile S.A.	11,346,050	Services contract	Supplier
ISS Servicios Integrales Limitada	3,277,371	Services contract	Supplier
Obrascon Huarte Laín	32,642,818	Services contract	Supplier
OFC SpA	19,141,717	Services contract	Supplier
Piques y Tuneles S.A.	3,230,470	Services contract	Supplier
Servicios de Aseo y Jardines Maclean	4,433,198	Services contract	Supplier
Servicios de Respaldo de Energía Teknica Ltda.	5,516,216	Services contract	Supplier
Sice Agencia Chile S.A.	43,001,872	Services contract	Supplier
Soler y Palau S.A.	36,685,131	Services contract	Supplier
Systra Agencia en Chile	4,532,945	Services contract	Supplier
Thales Canadá INC.	14,759,874	Services contract	Supplier
Thales International Chile Ltda.	3,171,889	Services contract	Supplier
Thyssenkrupp Elevadores S.A.	37,826,368	Services contract	Supplier
Valoriza Facilities S.A.	3,048,449	Services contract	Supplier
Other	86,918,731	Services contract	Supplier
TOTAL	**2,162,867,374**		

23. Risk management policies

The Company is exposed to several risks which are inherent to the activities that are carried out in the public passenger transportation services, in addition to risks of an economic and financial nature associated with changes in market conditions or force majeure, among others.

23.1 Description of the market in which the Company operates

The main market in which the Company operates is the public transportation of passengers in the Metropolitan Region of Santiago and is composed of users seeking a quick and safe journey.

Secondary activities to the Company's main line of business include collection of transportation fees and sale of means of payment (Tarjeta Bip and tickets), leasing of advertising spaces, and leasing of business premises at the network stations, among others.

Fares

On February 10, 2007, the Company became part of the Integrated Public Passenger Transport System of Santiago (Metropolitan Mobility Network) and its fare revenue was originally based on the effectively confirmed number of passengers transported and the technical fare established in Exhibit 1 of the Tender Documents for the Use of the Thoroughfares of the City of Santiago.

On December 14, 2012 a Transportation Agreement was signed by the Company with the Ministry of Transportation and Telecommunications of Chile to replace the aforementioned Exhibit 1.

Beginning on February 11, 2019 a new transportation agreement is in force between the Company and the Ministry of Transportation and Telecommunications of Chile, which established a flat-rate technical fare of Ch$ 480.18 per confirmed transported passenger, taking November 2018 as a base, and which is updated monthly by the indexation polynomial, included in this new agreement, which takes into consideration changes in the variables making up the Company's long-term cost structure (CPI, US dollar, euro, power and electric energy price). This allows for a natural hedge in case of cost variations caused by an increase in any of the variables making up the polynomial.

The fare paid by the public is different than the fare that the Company receives per transported passenger. In December 2019, customers paid Ch$ 800 at peak hours, Ch$ 720 at valley hours and Ch$640 at low hours, whereas on average the Company received a technical fare of Ch$ 506.62 per passenger.

Beginning on July 1, 2013, the supplementary contract for issuance and post-sale of means of access and provision of the network for sales and charge of the means of access to the Santiago public transportation system entered into by and between the Ministry of Transportation and Telecommunication of Chile and Metro S.A., became effective.

Demand

To date, the Company is the structuring pillar of the Integrated Public Passenger Transport System (Metropolitan Mobility Network) and as of December 2019 reached a level of 2.4 million trips on a business day.

The risk related to the demand of Metro passengers is mainly associated with the level of economic activity in Chile, level of use and quality of the ground passenger transportation service (buses). In effect, the demand for passenger transport is a demand derived from other economic activities. As of December 2019, there is a 17.3 million drop in trips, 2.4% down compared to the same date in 2018. The social unrest that broke out in October 2019 and which took a toll on the regular operation of the Metro network explains the above decline. This social unrest offset the increase in number of trips recorded in prior months following the commissioning of Line 3 in January 2019.

23.2 Financial risks

The main risks to which the Company is exposed and which arise from financial assets and liabilities are: market risk, liquidity risk and credit risk.

In loans from financial institutions, the nominal rate is similar to the effective rate since there are no additional transaction costs to be considered.

Market risk

The technical fare that the Company receives is updated monthly by the indexation polynomial which takes into consideration changes in the variables making up the Company's long- term cost structure (CPI, US dollar, euro, power and electric energy price). This allows for a natural hedge in case of cost variations caused by an increase in certain variables making up the polynomial.

The Company, as per its financial risk management policy, takes financial derivatives to hedge its exposure to currency variations (exchange rate) and to inflation. Currency derivatives are used to set the exchange rate of the US dollar against the Chilean peso (CLP) and Unidad de Fomento (UF), in the case of investments or obligations in currencies other than the Chilean peso. These instruments are Cross Currency Swaps, whose notional amount is MUS$ 300 as of December 31, 2019 and 2018, and which meet the hedge accounting criteria under IFRS 9 since 2019. On the other hand, the Company maintains other derivative transactions as financial hedges against the exposure to the market value of interest rates on financial obligations. These are interest rate swaps which do not comply with the minimum requirements to qualify as accounting hedges under IFRS 9. In addition, in accordance with its risk-hedging policy, Metro entered into nine (9) exchange rate (USD/CLP) Forward contracts in December for a total notional amount of MUS$ 76.5.

Particularly, the Company is exposed to two market risks, which are:

Interest rate risk

Market risks include possible changes in the Libor rate, affecting foreign borrowings obtained by the Company at variable rates.

As of December 2019, the share of the debt at a variable rate records no change with respect to December 2018, as indicated in the following table:

Detail of debt	12-31-2019 %	12-31-2018 %
Fixed rate	79.3	79.3
Variable rate	20.7	20.7
Total	100.0	100.0

In conducting a sensitivity analysis as of December 31, 2019 on the net debt at a variable Libor rate, not hedged by current derivatives, which amounts to MUS$592 (MUS$610 as of December 31, 2018), we note in the following table that the effect on profit or loss in a scenario where the Libor rate is increased by 100 basis points would result in an annual increase in finance expenses of MUS$6.1 as of December 31, 2019 (MUS$6.4 as of December 31, 2018).

Sensitivity analysis	Equivalent in MUS$	Total %
Total Debt (equivalent to MUS$)	**2,931**	**100%**
Debt at LIBOR rate	592	
IRS	15	
Total Debt at Variable Rate	**607**	21%
Total Debt at Fixed Rate	**2,324**	79%

Variation in Financial Expenses	MCh$	Equivalent in MUS$
Impact on financial expenses of a variation of 100 basis points in LIBOR	4,543	6.1

Exchange rate risk and inflation

The Company has obligations with financial institutions and has issued bonds in foreign markets, agreed to in foreign currencies, to finance the extensions in the Metro network. To minimize exchange rate risks, the Company has contracted cross currency swaps (CCS), financial derivatives and forward contracts, whose notional amounts are MUS$300 and MUS$76.5, respectively, as of December 31, 2019.

The Company is also exposed to inflationary risk as it maintains a debt with bondholders for UF-denominated bonds issued in the domestic market.

The following table shows the composition of the Company's debt, expressed in millions of US dollars (current derivatives transactions are considered):

Financial Debt Structure	12-31-2019				12-31-2018			
	Original currency		Equivalent in MUS$	%	Original currency		Equivalent in MUS$	%
Debt in UF	ThUF	41,289	1,561	53%	ThUF	42,648	1,692	55%
Debt in USD	MUS$	1,370	1,370	47%	MUS$	1,393	1,393	45%
Total Financial Debt			2,931	100%			3,085	100%

As of December 31, 2019, the structure of the financial debt is divided into UF (53%) and US dollars (47%).

This composition is defined by Metro's Financial Risk Hedging Policy, which seeks to mitigate the financial risk derived from the effect of the Exchange Rate and the Interest Rates, and is intended to ensure the capacity to generate cash flows that allow the Company to fulfill its financial commitments.

This structure, divided by currency, is in line with Metro's operating cash flows, in which the indexation polynomial updates the Company's technical fare in case of changes in the US dollar and the Consumer Price Index (CPI), in addition to other variables, which produces a "natural hedge" between long-term operating cash flows and debt service.

When we analyze the sensitivity of the Consolidated Statement of Comprehensive Income as of December 31, 2019, in case of a possible 5% depreciation/appreciation of the Chilean peso in respect to the US dollar, leaving all the rest of the parameters constant, we estimate that an unrealized loss or profit of ThCh$51,288,690 would arise, which is the accounting effect on the principal of the US dollar-denominated debt, and not the effect on cash, because the latter is hedged by the policy described above.

Sensitivity analysis Effect on profit or loss as of September 2019	5% Depreciation ThCh$	5% Appreciation ThCh$
Impact of variation of 5% in Ch$/ USD exchange rate	(51,288,690)	51,288,690

Likewise, in case of a possible appreciation of 3% of the value of UF, leaving all the rest of the parameters constant, we estimate that an unrealized loss of ThCh$35,066,673 would arise,which is the accounting effect on the principal of the UF-denominated debt, and not the effect on cash, because, as in the case of the US dollar, the latter is also hedged by the Financial Risk Hedging Policy.

Sensitivity analysis Effect on profit or loss as of December 2019	3% Appreciation ThCh$
Impact of variation of 3% in UF	(35,066,673)

It is worth pointing out that the results generated by the sensitivities presented above produce only an unrealized loss or profit in the items Exchange difference and Profit (loss) from inflation-adjusted units. Therefore, the foregoing does not affect the objective of hedging the company's cash flow, because, since the company has in place an indexation polynomial to update the technical fare, the latter performs the function of a “natural hedge,” by mitigating the effects in the cash flow from operating activities of the previously analyzed macroeconomic variables, included in the polynomial, generating a hedge for Metro's cash flow.

Liquidity risk

Revenue from fares associated with Metro S.A. passenger transportation, based on the new transport contract, are deducted daily from the funds collected by the Company's sales channel, generating the liquidity necessary to cover the Company's commitments. This revenue corresponds to 83% of total revenue.

The maturity of interest-bearing debt, by terms, separated in principal and interest payable, is detailed as follows:

	Up to 1 year ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	Total ThCh$
Principal	118,277,298	207,191,926	623,328,369	1,245,498,953	2,194,296,546
Interest payment	100,169,866	184,416,197	156,194,149	603,559,498	1,044,339,710
Total	**218,447,164**	**391,608,123**	**779,522,518**	**1,849,058,451**	**3,238,636,256**

Financial liability structure

The Company’s financial debt classified by maturity (on an accrual basis) is presented as follows:

Financial Liabilities	12-31-2019				
	Up to 1 year ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	Total ThCh$
Interest-bearing loans	71,407,756	175,551,934	115,152,239	116,969,547	479,081,476
Bonds	78,368,327	151,510,680	155,889,085	1,357,129,544	1,742,897,636
Derivative transactions	4,203,490	-	-	-	4,203,490
Total	**153,979,573**	**327,062,614**	**271,041,324**	**1,474,099,091**	**2,226,182,602**

Financial Liabilities	12-31-2018				
	Up to 1 year ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	Over 5 years ThCh$	Total ThCh$
Interest-bearing loans	45,616,568	167,360,584	103,999,489	153,926,197	470,902,838
Bonds	66,532,986	135,022,072	129,118,549	1,370,263,826	1,700,937,433
Derivative transactions	2,906,557	-	-	-	2,906,557
Total	**115,056,111**	**302,382,656**	**233,118,038**	**1,524,190,023**	**2,174,746,828**

In general, the Company's debt structure consists mainly of long-term bonds and bank loans, which are intended to ensure financial stability and improve matching with the maturity terms of the Company's assets.

Carrying amounts and fair value of the debt in loans and bonds of the Company as of December 31, 2019 are detailed as follows.

	Book value ThCh$	Fair value ThCh$
Loans	479,081,476	518,130,124
Bonds	1,742,897,636	2,040,704,050

Valuation technique: Discounted cash flows: The Level 2 valuation model considers the present value of expected payment, discounted using a risk adjusted discount rate.

The following methodology is used to calculate the fair value:

Loans: Discounted cash flows of each credit using the LIBOR 180 days in US dollars at each quarter-end, where the fair value is the addition of the present value of each credit.

Local bonds: Discounted cash flows of each bond using the valuation rates provided by Risk America, where each bond is discounted at its related rate.

International bond: For such calculation the Company uses the rate reported by Bloomberg for transactions performed as of the quarter-end.

Credit risk

The Company's credit risk refers to the exposure to possible losses due to a counterparty's breach of conditions stipulated in a contract or financial instrument. It considers both credit granted to customers and financial assets in portfolio.

Accounts receivable

The risk of accounts receivable arising from the Company's main business (passenger transportation) is limited, since 83% of the Company's revenue is received daily in cash, whereas the remaining 17% corresponds to income not related to the main business.

The maximum exposure to credit risk arises from trade receivables.

Trade and other receivables	12-31-2019 ThCh$	12-31-2018 ThCh$
Trade receivables, gross	10,521,935	9,088,968
Impairment of trade receivables	(653,886)	(611,902)
Trade receivables, net	9,868,049	8,477,066
Sales channel accounts receivable, net	3,783,958	4,474,084
Other receivables, net	2,437,997	2,021,894
Total	**16,090,004**	**14,973,044**

Other receivables relate mainly to leases of commercial stores, advertising and invoices receivable with low delinquency.

Impairment of accounts receivable is determined using the legal reports issued by the Company´s Legal Affairs Management, and considering the level of default of the receivable and the judicial collection and non-judicial collection measures taken.

Analysis of accounts receivable based on age is detailed as follows:

Age of trade receivables, net	12-31-2019 ThCh$	12-31-2018 ThCh$
Less than 3 month	4,231,606	2,711,980
3 months to 1 year	5,113,450	5,548,940
More than 1 year	522,993	216,146
Total	**9,868,049**	**8,477,066**

Age of Sales channel accounts receivable, net	12-31-2019 ThCh$	12-31-2018 ThCh$
Less than 3 month	3,685,763	4,160,380
3 months to 1 year	71,664	302,020
More than 1 year	26,531	11,684
Total	**3,783,958**	**4,474,084**

Age of Other receivables, net	12-31-2019 ThCh$	12-31-2018 ThCh$
Less than 3 month	1,974,972	547,072
3 months to 1 year	463,025	1,474,822
Total	**2,437,997**	**2,021,894**

Financial assets

The level of exposure of financial assets to risk is established in the Company's financial investment policy.

As of December 31, 2019, the financial assets' maturity schedule is as follows:

Financial Assets	12-31-2019			
	Up to 1 year ThCh$	1 to 5 years ThCh$	Over 5 years ThCh$	Total ThCh$
Cash and cash equivalents				
Cash	4,761,726	-	-	4,761,726
Term deposits	99,295,250	-	-	99,295,250
Repurchase agreements	2,446,293	-	-	2,446,293
Subtotal	106,503,269	-	-	106,503,269
Other financial assets				
Financial Investments	151,649,628	-	-	151,649,628
Derivative transactions	4,601,090	12,080,632	-	16,681,722
Financial lease	236,840	418,836	1,500,363	2,156,039
Promissory notes receivable	-	678,522	-	678,522
Advertising receivables	-	27,603,058	19,322,141	46,925,199
Other accounts receivable	-	5,329	-	5,329
Subtotal	156,487,558	40,786,377	20,822,504	218,096,439
Total	**262,990,827**	**40,786,377**	**20,822,504**	**324,599,708**

At the close of 2018, the financial assets' maturity schedule is as follows:

Financial Assets	12-31-2018			
	Up to 1 year ThCh$	1 to 5 years ThCh$	Over 5 years ThCh$	Total ThCh$
Cash and cash equivalents				
Cash	1,518,585	-	-	1,518,585
Term deposits	148,658,483	-	-	148,658,483
Repurchase agreements	14,933,614	-	-	14,933,614
Subtotal	165,110,682	-	-	165,110,682
Other financial assets				
Financial Investments	183,001,269	-	-	183,001,269
Derivative transactions	4,244,173	395,000	3,605,394	8,244,567
Financial lease	57,871	388,646	1,392,215	1,838,732
Promissory notes receivable	-	665,620	-	665,620
Advertising receivables	-	27,254,717	24,529,246	51,783,963
Other accounts receivable	-	6,447	-	6,447
Subtotal	187,303,313	28,710,430	29,526,855	245,540,598
Total	352,413,995	28,710,430	29,526,855	410,651,280

The average period of maturity of financial investments as of December 31, 2019 is less than 90 days and they are invested in banks; none of them represent a significant percentage with respect to the others.

The above is due to the Company's financial investment policy, which focuses on reducing the risks by diversifying the portfolio, and establishing maximum limits of investment per bank and minimum risk ratings per issuer.

23.3 Capital risk management

Pursuant to capital management, the Company seeks to maintain an optimal capital structure while reducing its cost and ensuring its long-term financial stability. At the same time, it complies with its financial obligations and covenants established in the debt contracts.

Every year the Company, through the Extraordinary Shareholders' Meeting, capitalizes Government contributions associated with the financing of its expansion projects.

The Company follows up on the capital structure through debt and equity ratios, which are detailed below:

Index	12-31-2019	12-31-2018
Leverage (times)	0.86	0.86
Equity (MCh$)	2,848,212	2,797,907

23.4 Commodities risk

The Company's commodities risk factors include the supply of electric energy it requires for its operation and the need for continuity of service, in case of possible supply interruptions. In this respect, the Company has a supply system that allows it to decrease exposure in case of supply interruption by having two points of direct connection to the National Electrical System, which supply Lines 1, 2, 3, 5 and 6, as well as two points for supplying Line 4.

In addition it should be noted that the electric energy supply systems are redundant and in the event either fails, there is always a back-up to ensure the Company maintains the energy supply for normal network operation.

The operating control systems are designed with redundant criteria, i,e, they operate on *stand-by*. Therefore in case of absence of one of the systems, the other begins operating immediately, resulting in normal network operation.

In the case of Lines 1, 2, 3, 5 and 6, if there is an interruption in the National Electrical Coordinator, the distribution company has defined replacement of the supply that feeds the civic neighborhood of Santiago as a first priority, which allows the Metro network to have energy almost immediately, since Metro is supplied by the same sources.

Currently, the power supply is provided by three companies: San Juan, El Pelicano and Enel. The first two companies relate to wind and photovoltaic power generation, respectively, the contracts of which were entered into on May 19, 2016, for 15 years and both supply 60% of Metro’s energy through Non-Conventional Renewable Energies (NCRE). Likewise, Enel is a distributor entity with which the Company entered into a contract on September 2015 for 40% of power supply until December 2023.

On December 29, 2018 El Pelicano was sold, resulting in the change only of its majority shareholder (Sunpower), generating no operating risks for Metro’s electrical supply.

24. Environment

Disbursements related to improvements and/or investments that directly or indirectly affect protection of the environment, for the years ended December 31, 2019 and 2018, are detailed as follows:

Project	Allocated to administration expenses		Allocated to property, plant and equipment		Expenditures commited in the future
	01-01-2019 12-31-2019 ThCh$	01-01-2018 12-31-2018 ThCh$	01-01-2019 12-31-2019 ThCh$	01-01-2018 12-31-2018 ThCh$	2020 Amount ThCh$
Noises and vibrations	66,805	56,528	3,554,151	2,601,675	3,252,500
Waste treatment	116,342	233,369	64,375	123,199	1,553,712
Run-off water	123,004	142,416	-	-	129,988
Environmental management	60,569	77,127	4,373,508	1,211,375	4,940,391
Monitoring of polluting parameters	3,261	3,558	-	-	7,957
Total	**369,981**	**512,998**	**7,992,034**	**3,936,249**	**9,884,548**

The aforementioned projects are currently in progress as of December 31, 2019.

25. Sanctions

During the periods 2019 and 2018, the Company and its Directors have not been sanctioned by the Chilean Financial Market Commission or any other regulator.

26. Subsequent events

Between January 1 and the date of issuance of these financial statements (March 26, 2020), a new strain of coronavirus, COVID-19 (Coronavirus) was reported in Wuhan, China (December 2019).
Since then, the COVID-19 coronavirus has spread to many countries, including Chile. The spread of the COVID-19 pandemic triggered events that are affecting the transportation industry, and in particular Metro, since due to the recommendations and sanitary measures adopted by the Chilean government, the demand for passenger transportation has declined.
Management is constantly reviewing the operation, and may adopt additional measures to reduce contagion risks and implement the decisions made by the authorities.
The magnitude the effects will be monitored throughout the year.
Between January 1, 2020 and the date of issuance of these financial statements, no other subsequent events have occurred that would affect these financial statements.

Julio E. Pérez Silva
General Accountant

Rubén Alvarado Vigar
General Manager