Implementation of IFRS for non-financial companies and its impact on financial stability monitoring at the Central Bank of Chile

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Abstract:

In 2009, non-financial companies supervised by the Chilean securities' regulator were requested to gradually change their accounting standards to comply with International Financial Reporting Standards (IFRS). This change represents a challenge for financial stability monitoring at the Central Bank not only due to the amount of new information and inherent difficulties when comparing old and new standards, but also because some critical information on currency risk and bank lending was jeopardized. Moreover, all this happened at the time of the global financial crisis. This paper describes the steps taken by the Central Bank of Chile to recover and improve said information.

Contents

[1]/ Central Bank of Chile, Statistics Division and Financial Policy Division, respectively.

Introduction

For a country like Chile, the adoption of IFRS is an important step in the process of adhering to international standards and good practices in general. These accounting standards facilitate comparison across global issuers, as they provide a common language basis, a fact that is widely recognized in the countries that have already adopted IFRS. In addition, they improve and increase information available to investors, including more elements related to economic and financial behavior and risk assessment of the firms. In theory, all this should increase market efficiency and reduce capital costs[2]/.

In the case of non-financial companies, and despite all their advantages, IFRS standards may not be as beneficial for the work undertaken by systemic risk regulators—in particular, by the Central Bank of Chile—as they are for investors, for whom they were originally designed. Among the difficulties that IFRS pose are the fact that they allow free reporting (making aggregate analysis and systemic risk assessment more difficult, and increasing compilation costs)[3]/; that a relevant portion of new information available is reported on qualitative and not quantitative terms, and that they apply to consolidated financial statements (as opposed to solo basis or individual statements), all of which—in our opinion—somehow offsets part of the benefits mentioned earlier.

Some of the issues just mentioned are particularly important in the Chilean case, especially since the Chilean regulator, the Superintendence of Securities and Insurance

[2]/ Although proponents of IFRS suggest that accounting standards determine accounting quality—which in turns affects the cost of capital—the opposing argument is that preparer's incentives and institutional context affect the quality of financial reporting more than accounting standards. For a review of the literature see Epstein (2009).
[3]/ Risk rating agencies have also expressed some concerns on this issue. See Standard & Poor's 2007a, 2007b and 2007c.

(SVS) decided to fully adhere to these international standards. This also implied that some standardized information that the SVS formerly demanded from the firms would be lost, including relevant information on currency exposure and details on indebtedness, both key for the monitoring task of the financial stability unit. Although initial discussions between the Bank and the SVS began before the subprime crisis, they developed together with the crisis, confirming the importance of such information for the Central Bank.

1. Central Bank's specific concerns

The relevance of statistics gathered by the SVS

The reliance on information gathered by the securities regulator is a central issue to understand the challenges faced by the Chilean Central Bank. Unlike other countries, the Central Bank of Chile uses as a key information source for the financial position of the corporate sector that of the firms registered under the SVS. Although these firms account for approximately 35% of aggregate debt (Annex 1)[4]/, the main reason for using their information is the lack of another robust statistical body containing complete financial information available on a quarterly basis and with a reasonable delay (two to three months)[5]/. Other sources of information used by the Central Bank include Internal Revenue Service's reports—which use very different definitions for some key concepts of the financial statements—and for financial stability analysis, some general information on the firms coming from the Superintendence of Banks and Financial Institutions (SBIF) surveys, available with considerable delay. On the other hand, the national accounts department complements SVS information with data received from the Central Securities Depository.

[4]/ Companies registered at the SVS hold 100% of local bonds, a relevant share of external debt but a low share of local banking debt.

[5]/ When only Chilean accounting principles were used, the delay was even shorter (one to two months).

While in this paper we examine the impact of IFRS on the work of the Central Bank only from the standpoint of financial stability monitoring, the truth is that another two important activities conducted by the Bank were jeopardized by the decisions taken by the SVS: financial stability research and national accounts compilation. These two use information on individual financial statements. In particular, The Bank's statistics division calculates national accounts, a task that in other countries is carried out outside the Central Bank. From the System of National Accounts (SNA)'s perspective, the relevant information is that of the individual company (the solo basis financial statement). Thus, the change from Chilean accounting standards to IFRS, which is based on consolidated financial statements, could potentially be a major damage to the quality of some of the statistics[6]/.

This posed an additional complexity to the information requests, as these had to be oriented not only to prevent the loss of information but also to produce individual or solo basis financial statements under IFRS.

Main impacts on financial stability monitoring

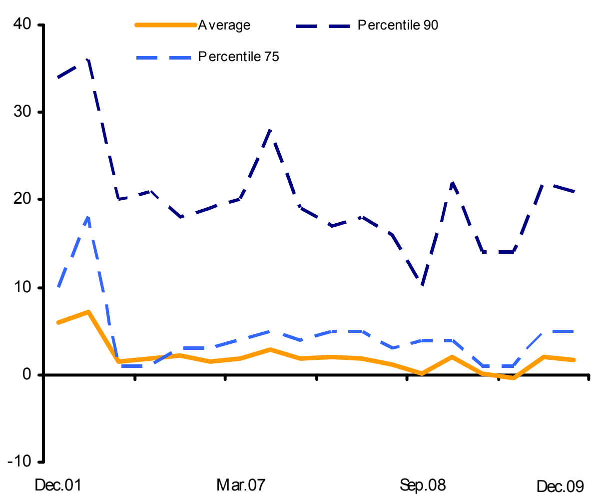
During the work conducted by the Central Bank to assess the potential impact of IFRS on the statistics compiled or used for its financial stability monitoring, two issues arose as priorities: currency risk and indebtedness. Based on the analyses of the corresponding norms, on selected financial statements of global firms already reporting under IFRS, on "ideal company reports" issued by audit firms and on the information model proposals submitted by the SVS, the Bank concluded that the information requested under the new accounting standards regarding these specific issues did not guarantee the availability of all relevant information.

[6]/ This was not the case in many of the countries adopting IFRS which, especially in Europe, maintained information systems based on the individual company.

Currency risk. We believe that the European origin of IFRS could explain the lack of adequate information on some relevant issues for the Chilean market and ultimately, financial stability monitoring by the Central Bank. Though net-net the quantity of information that firms now disclose is larger, these new standards also exclude valuable information for the analysis of some of the risks to which Chilean companies are exposed. This is the case of the balance sheet's breakdown by currency, which is necessary to calculate currency exposure[7]/. As a small open economy, many of Chile's firms rely on external financing, which represents approximately 31% of the sector's total indebtedness. As such, currency mismatches can be an issue for financial stability and should be closely monitored (Graph 1). This is also true for many Latin-American firms, and it has been important during past and recent economic and financial crises[8]/.

Graph 1: Currency mismatches of Chilean firms

(percent of total assets)



(1) USD liabilities minus USD assets, net of derivatives.

(2) Companies reporting under IFRS are included since September 2009.

Source: Central Bank of Chile based on SVS data.

[7]/ The analysis of this exposure also uses information about derivatives, which is available at the Bank. This information is collected under a direct reporting system, transaction by transaction. Under IFRS, we should have this data revealed in more detail in comparison to Chilean accounting standards (IFRS 7: "Financial instruments: Disclosures" and IAS 39: "Financial instruments: Recognition and measurement").

[8]/ Bleakley and Cowan (2009).

As mentioned earlier, the decision made by the SVS to fully adhere to IFRS implied the elimination of the standardized information that the Superintendence used to request on balance sheet composition by currency.

IFRS addresses exchange risk in both a direct and an indirect way. The first one is through IFRS 7, which addresses credit, liquidity and market risks facing financial instruments, and the second through information released under norms IAS 21 and IAS 39, which together would shed light on currency exposures[9, 10, 11]/.

However, this information has some disadvantages:

- IFRS 7 is essentially qualitative and relies on the companies' judgment, not allowing making independent calculations. In practice, companies' statements on exchange risk exposure may vary substantially, especially regarding numerical support[12]/. The one aspect that seems to be superior compared to previous accounting standards is the information on hedging and derivatives (IFRS 7 and IAS 39).
- IAS 21 is a general accounting norm that does not account for exchange risk by itself.

Bank debt, bonds and transactions with related parties. Along the same line as currency risk, information on banking debt, bonds and similar securities used to be

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[9]/ IFRS 7 broadly covers different aspects of financial instruments. One of them is the nature and impact of credit, liquidity and market risk. The last one includes currency risk. This note contains mainly qualitative revelations about those risks and the way they are managed.
[10]/ IAS 21 ("Changes in foreign exchange rates") focuses on the concept of functional currency and the effects of converting foreign currency items into the functional currency. It also gives guidelines about how to consolidate foreign subsidiaries that use a different currency.
[11]/ IAS 39 establishes the criteria for recognition and valuation of financial assets and liabilities. It also comprehends hedge accounting, which labels foreign currency risk hedging under fair value hedging or cash flow hedging.
[12]/ This opinion is based on the review of several companies already reporting under IFRS carried out by the Bank.

available in a standardized format. However, long before IFRS implementation, the Central Bank had come to the conclusion that this information should be improved to meet the needs of financial stability monitoring. As a result, the challenge for the Bank was not only to recover information potentially at risk but also to make sure that it would be upgraded.

Once again the free reporting allowed under IFRS constitutes a disadvantage for aggregation and compilation and does not guarantee that all debts and their details will be disclosed. This is because the norm lets each company decide on which information is relevant[13]/. From the Bank's perspective, all information is relevant as long as it ends up in aggregated figures for the sector, which are used to assess systemic risks.

Information on debt should follow the guidelines of IAS 39 and IFRS 7. In addition to the concern about the non-comprehensive and non-standardized nature of the information disclosed following this norm, review of existing financial statements highlighted that some aspects would not be necessarily included in the reporting or would be excluded altogether. In the first group we find issuance spreads and amortization schedules, and in the second, name of the company bearing the debt (as information is consolidated) and issuing bank (in the case of banking debt). As it became evident during the subprime crisis, all information regarding financing is important when evaluating access conditions to financing, companies' financial health (liquidity, solvency) and in the case of the subprime crisis—where several international banks faced severe problems—bank debtor concentration.

[13]/ For instance, IFRS 7, when explaining about risks and the quantitative data to be presented, says that the firm has to show summarized quantitative data about its exposure to this risk, and that has to reveal information about different kind of risks, unless that risk is not significant. That materiality principle, part of IAS1 ("Presentation of Financial Statements"), would finally depend on the company's judgment.

The need to recover and improve the information on transactions with related parties was similar to that of debt, in the sense that one of the main problems was that the information disclosed is non-comprehensive and non-standardized. To the Bank, the main interest was in transactions of a financial nature. Again, the review showed that not all the transactions and their characteristics (interest rates, spreads or amortization schedules) were always reported.

2. Actions taken by the Central Bank

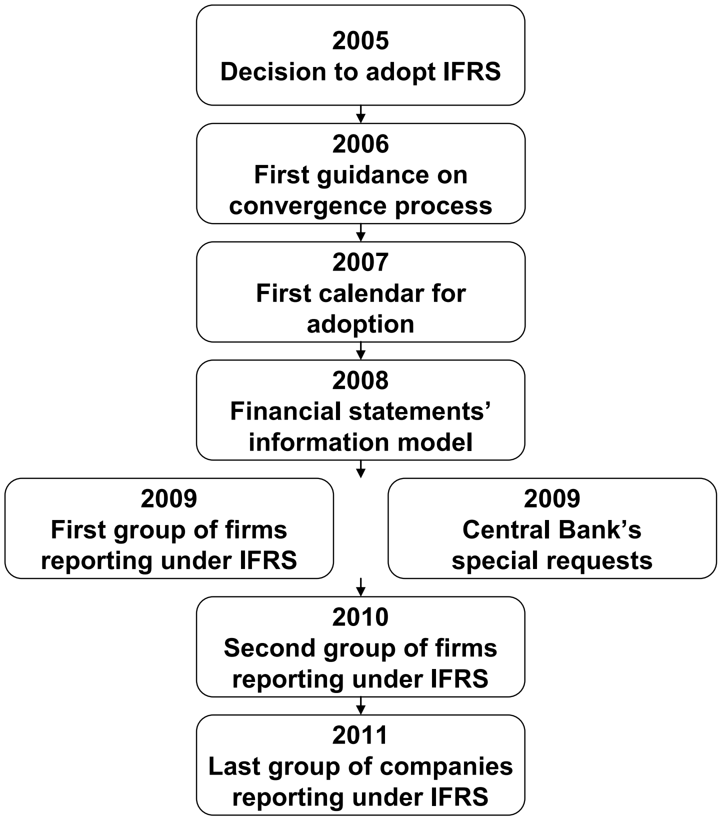
Implementation of IFRS in Chile

The SVS announced by the end of 2005 that it would adopt IFRS as the accounting standard for its supervised companies. Its motivation to do so was to embrace best practices—IFRS seen as a superior accounting standard—and to make Chilean companies fully comparable in today's globalized capital markets, as many countries are adopting IFRS (Figure 1)[14]/.

A year later, in 2006, the SVS released instructions on the convergence period and in August it published due dates to adopt IFRS for each entity under its supervision (Annex 2). By the end of 2007, initial instructions were updated. In brief, these instructions required the companies to become familiar with IFRS, to stay updated on the guidance from the Chilean Accounting Body and the SVS regarding the subject, and to evaluate how their financial statements reporting would be affected[15]/.

[14]/ SVS (2008).
[15]/ Official form letter 368 (2006.10.16)

Figure 1: Main steps towards the adoption of IFRS in Chile



Source: Central Bank based on information from the SVS.

However, the financial crisis that struck in 2008 made the SVS change its original plans delaying reporting due dates, while at the same time relaxing requirements on submitting comparative financial statements (Annex 3). The decision of the SVS was justified on the grounds of cost reduction in a more adverse macroeconomic environment, together with the belief that the enforcement of IFRS could cause unnecessary noise in an already uncertain scenario[16]/.

[16]/ In the end, this delay placed Chile on a similar path as the European Union, where four years passed between the announcement of the adoption (2001) and the due date for completion (2005). Nevertheless, they took another five years only to study the impact and potential conflicts between each member's accounting standards and IFRS.

Interaction with the securities authority

The process of discussion and coordination with the SVS took place over two years (2007-2008), during which the Bank made its own evaluation of the impact of IFRS (see following section). The main difficulties encountered were how to make the objectives of the Bank and those of the SVS compatible and to reach an understanding on who and how to request additional information from the supervised companies. The most controversial issue was the Bank's need to request information of individual financial statements, as the SVS argued that this was against the nature of IFRS.

By the end of 2008, an agreement was reached and the SVS instructed its supervised entities to submit the information requested by the Bank. This agreement stated that i) the SVS would be the intermediary between the Bank and the reporting companies, ii) the information would be used by the Bank only to perform its work, iii) the information would be submitted together with financial statements delivered to the SVS, and with the same periodicity, and iv) the validation process of individual financial statements would be the sole responsibility of the Bank.

The work at the Bank

Since the beginning of 2007 but more intensively during 2008, the Bank worked on the analysis of the new accounting principles and their potential impact on the work carried out at the Bank. This process involved the creation of a working group with staff from the financial stability area, the national accounts department and the statistics division. The work included understanding the new norms, the analysis of the guidance and presentation formats provided by the SVS to the companies, a review of the international experience and contacts with international regulators. All this experience formed the basis for the design of standardized formats to gather information on individual financial statements and the specific notes on currency risk and indebtedness, with their corresponding instructions.

Legal considerations played an important role in determining the options available to the Bank. According to its Constitutional Organic Act, the Central Bank of Chile may require that certain foreign exchange operations be reported in written using the prescribed forms[17]/. In addition, in order to perform the statistical functions contemplated in said Act, the Bank has the authority to require from any agency or department of the Civil Service Administration, decentralized entities, and generally the public sector, any information it may deem necessary, related with the scope of the regulatory or supervisory functions that such public entities perform.

As a result, the Central Bank requested the SVS to demand the information from the firms. Considering that the SVS has a permanent contact with the companies supervised, it was also agreed to channel the Bank's information requests through the SVS.

Information formats and instructions to the private sector

As mentioned before, one of the key concerns regarding the change to IFRS accounting was the lack of standardization derived from free reporting. As the Bank works mostly with aggregate figures for its financial stability analysis—it focuses on systemic risk—the availability of uniform data is crucial to manage this volume of information. To accomplish this, the Bank designed predefined formats for its information requests, which were divided into two groups:

[17]/ Also, the Bank is empowered to request, without restriction, all books, accounts, files and documents in matters regarding the accomplishment of foreign exchange regulations issued by the Bank.

- Individual financial statements: These comprise a statement of financial position, a statement of changes in equity, an income statement and statement of comprehensive income, and a statement of cash flows.
- Additional information: This includes notes on currency risk and indebtedness. The goal of these formats is to recover information that was available in the old notes under local accounting standards, asking companies to complete certain fields that are essential for financial stability analysis[18]/.

3. Compilation and validation of the new information

Before and after IFRS reporting

Before IFRS, the Bank had a very structured system to receive the information from the SVS, and data quality fulfilled high standards, given that the whole validation process was carried out by that entity. At that time, there was one single body of financial statements accompanied with a set of notes, all under Chilean accounting standards. The data collected was validated at the SVS and received by the Bank on a quarterly basis, with 2-3 month delay depending on the quarter, almost ready to be used by the different units at the Central Bank.

After eighteen months of operation, the situation with IFRS reporting is quite different. Currently, there are two different standards (local and IFRS) to present financial statements, and the number of companies using one or the other is changing each quarter, according to the option chosen to adopt IFRS[19]/. Besides, there is a third set of

[18]/ Simplified versions of currency risk and indebtedness notes can be found in Annex 4.
[19]/ This gradual process should end in 2011, when annual financial statements are presented. See Annex 3.

information containing the additional information demanded by the Bank (individual statements and specific notes on currency risk and indebtedness). The first two sets are validated at the SVS while the third is validated at the Bank. All the reporting continues to be made on a quarterly basis for securities issuers but reporting dates have changed and the Bank receives the information with a 3-4 month delay. After that, it takes another month to have the data ready for internal users.

Changes and challenges brought by IFRS

From the standpoint of the statistic process, the Bank's main challenges were i) to fully understand new accounting standards; ii) to cope with non-standardized information and iii) to design and implement a validation process for the additional information requested by the Bank. On another front, the Bank had to strengthen its statistical relationship with the SVS.

Learning process at the Bank

The new accounting principles, the classification of the different concepts in the financial statements, as well as the existence of multiple reporting formats, involved an important learning process at the Bank. This has been true not only in the statistics area, but also in the financial stability and national accounts units.

In addition, IFRS is a very dynamic framework, with constant changes in definitions and interpretations, which raises the need for permanent updates and training of the staff as year by year the IASB modifies norms and their interpretations. Since 2009, when IFRS started in Chile, the Bank has devoted important resources to this project, including staff training.

Coping with non-standardized information

IFRS-based financial statements are poorly standardized in terms of ordering and content of notes which accompany the consolidated financial statements. In theory, IFRS provides very rich financial information through these notes; however, it was noted that in practice companies do not always submit all of them. Besides, this information is currently available only in PDF format, largely increasing the costs of capturing and processing the information. XBRL (e**X**tensible **B**usiness **R**eporting **L**anguage), a technological tool designed to lower these costs, is not fully implemented as yet and only a few firms are submitting their information through this channel.

Another crucial issue is that notes under IFRS are more qualitative than quantitative in nature in comparison with those under Chilean accounting principles, and even hard to find within the financial statements. Again, this makes the task of aggregation much more difficult.

Validation of additional information required by the Bank

Taking the non-standardization of the information into account, the Bank prepared a standard form for its specific requirements (individual statements and specific notes for currency risk and indebtedness). However, it turned out that these templates were not always filled the way the Bank had expected, making the validation process very difficult and affecting the quality of the data.

Before IFRS, all validations were made at the SVS, but with IFRS they maintained the process only for the information that they request and not for the one requested in the name of the Bank. To face the work load, the Bank created a new area within the Statistics Division, with seven people dedicated full time to the validation process. One person is also assisting the SVS to answer the companies' questions about the Central Bank's additional information.

To make the validation process more automatic, many filters and cross checks were implemented[20]/. However, free reporting has also affected what were supposed to be standardized forms, as classifications may vary from one company to the next[21]/. This has led to several adjustments in those filters and cross checks along the way. Table 1 shows statistics on validations made in 2009.

Table 1: Reporting companies and quality of reported information

	Mar.09	**Jun.09**	**Sep.09**	**Dec.09**
Number of reporting companies	77	80	84	96
Number of filters and cross checks	19	33	47	50
Percentage of companies that had to amend their reports	87	46	94	64

Source: Central Bank of Chile.

Despite all these difficulties, the validation rate had reached 100% in 2009. However, as more companies started reporting under IFRS in 2010, this rate has recently decreased. A return to 100% is expected in the near future.

Relationship with the SVS

Being the SVS the intermediary between the companies and the Bank, the Bank has also faced the challenge to strengthen its relationship with the SVS. To facilitate interaction,

[20]/ For instance, between numbers in the same accounts in individual and consolidated statements —when applicable—and between numbers in the currency and debt notes and their respective financial statements. Validations also include graphical analysis to identify outliers.

[21]/ For example, bonds are classified either in "Bearing interest debt" or in "Other financial liabilities".

both the Bank and the SVS have each appointed a representative who channels all the communications.

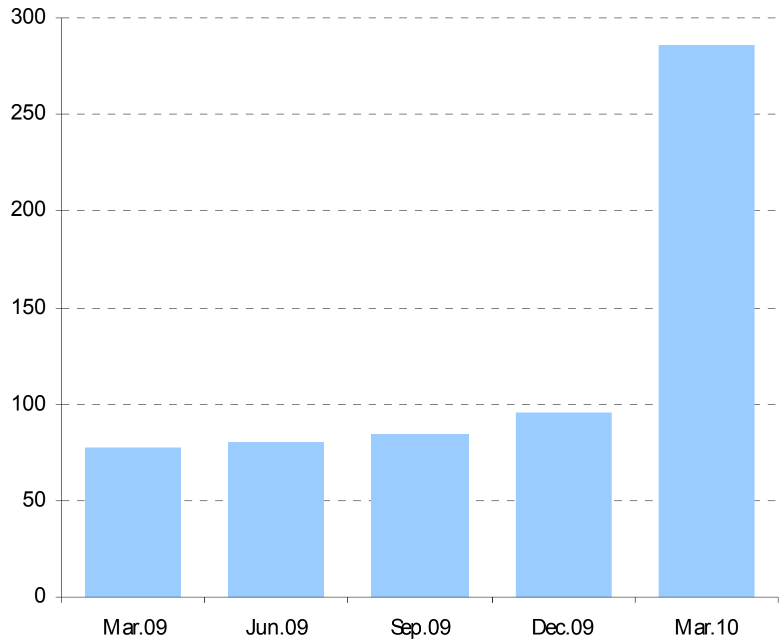
Despite initial concerns, the reporting rate reached 100% since the first reporting period (1Q09). The companies' main difficulties have been to understand the specific notes, which have led to several adjustments and clarifications over the templates and their instructions during the eighteen months of operations, all with the aim of facilitating reporting activity.

The Bank has achieved a very important goal working together with the SVS, namely the fact that companies must confront only one request for information, without duplications, and establish a relationship with just one entity, making easier the task of providing information to other agencies in the public sector (Central Bank).

Increasing number of companies providing information under IFRS

Since the first reporting period in 2009, the number of companies reporting every quarter has increased according to the gradual process of adoption of IFRS in our country (Graph 2 and Annex 3). This has compelled the Bank to adapt its internal operational processes in order to manage an increasing load of information, while at the same time educate the new companies about the Bank's validation criteria.

Graph 2: Number of companies reporting under IFRS



Source: Central Bank of Chile.

Multiple databases

Another issue to be considered is that the Statistics Division has to keep and manage three parallel databases. The first one corresponds to the official consolidated financial statements under IFRS published on the SVS web page. The second one is the database that includes financial statements, both individual and consolidated, of those companies still reporting under Chilean accounting standards. Finally, the third database contains all the information of individual financial statements and the specific notes provided by SVS-listed companies to the Central Bank through the Superintendence.

4. Future challenges

The whole process of compilation and validation of IFRS-based financial statements, individual information and the specific notes requested by the Bank is working fairly well, as several improvements have been made along the way. Notwithstanding, there is still plenty of room for upgrades.

Better technology: XBRL

Given the free report characteristic of IFRS and its changing nature, the current system of compilation of all information coming to the Bank (SVS and the Bank's own requests) is too costly both in terms of the number of people dedicated to the task and the days the whole process is taking. As mentioned, XBRL is just starting and is not mandatory yet. In the future, if all the companies send IFRS financial statements using XBRL, individual financial statements and the special notes of the Central Bank will also have to be sent through the same channel. The objective of this is to ensure that reporting companies have just one way of sending the information, facilitating submission.

Despite the cost involved in developing the taxonomies for the individual financial statements and the specific notes, the Bank believes that the benefits should largely outweigh the costs.

Closer coordination with SVS

Although the Bank has developed a close relationship with the SVS, the good level of coordination between the two entities must be maintained, improving it in those areas where there is room for that. These areas include full adoption of XBRL.

Further changes in accounting policies

Considering the recent financial crisis and the ensuing discussions on a reform of the financial sector in some countries, further changes in accounting policies are expected in the future. Should this be the case, the Bank expects to work in coordination with the SVS, and follow very closely the international developments in this area.

5. Concluding remarks

After eighteen months of operation, the Central Bank and the SVS have reached a good level of coordination and the companies have proved to be cooperative. However, the compilation and validation work still has room for improvement and to this aim, technology is crucial. This becomes even more essential considering the changing nature of IFRS, which in turn requires a permanent updating of the Bank's information requests.

Two important lessons can be extracted from the implementation process of IFRS for non-financial companies and its impact on financial stability monitoring at the Central Bank of Chile. The first is that free reporting that is a key part of IFRS is a major disadvantage for the work of systemic supervisors that need to analyze aggregate data. In the case of the Central Bank of Chile, time has proven that our main concerns in this regard were justified. In particular, with respect to currency risk, a comparison between the disclosure under local standards and under IFRS showed that the gap is wide[22,,23]/. In the case of indebtedness, companies are in general showing similar information than in the past. In

[22]/ This exercise was made with all the companies reporting under IFRS as of December 2009.

[23]/ Ernst & Young (2009) made an assessment of the first financial statements under IFRS in Chile and concluded that, in terms of financial risk administration, 10% of the companies did not reveal any information and only 24% of them showed a sensitivity analysis of the results on this note.

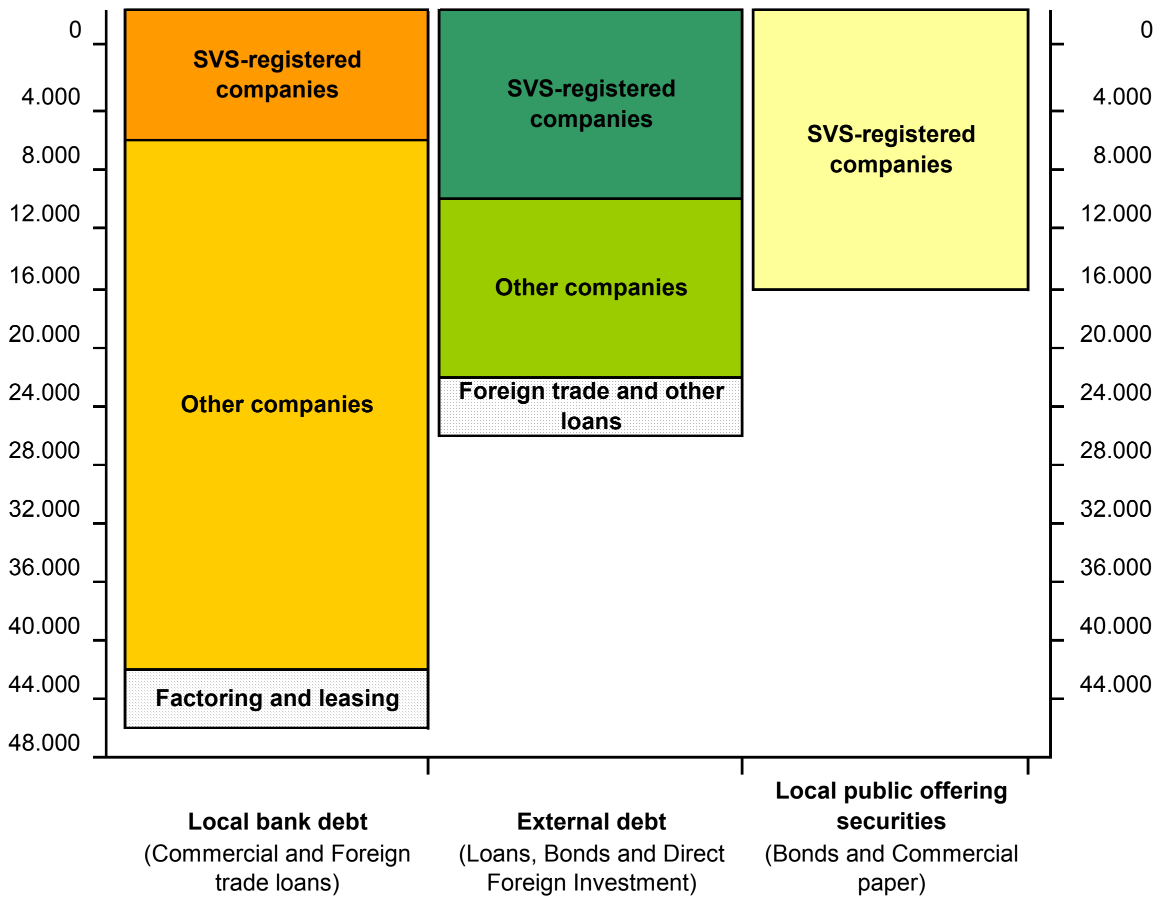
many cases, data about amortization or currencies exist but are hard to find and information about interest rates is often missed out.

A second lesson is that having a body whose mandate is to safeguard financial stability without the power to request necessary information directly from the firms can be problematic. In Chile, this responsibility lies on the Central Bank, while the body that has the authority to request such information is the SVS, whose objectives do not explicitly include financial stability. Though this fact has been mitigated with coordination and communication between the two parties, a direct relationship with reporting companies would make the compilation and validation process much more cost-effective.

ANNEX 1:

SVS-registered companies and the sector's aggregate debt

(billion pesos as of December 2009)



Source: Central bank of Chile based on information of the SBIF and SVS.

ANNEX 2:

Entities supervised by the SVS: Due dates to adopt IFRS

(as of August 2007)

Entity	Due date (*)
Corporations (most traded)	January 1st, 2009
Other security issuers, Stock exchanges, Commodity exchanges, Securities depository	January 1st, 2010
Other companies - non issuers	January 1st, 2011
Securitization companies	January 1st, 2011
Mutual funds, investment funds, housing funds and FICE (foreign capital investment funds)	January 1st, 2010
Security agents, stock brokers and commodity exchange brokers	January 1st, 2010
Insurance companies, insurance brokers and pension fund administrators	January 1st, 2010

(*) Comparative financial statements not requested during first year of implementation. Companies may adopt IFRS at an earlier date if desired.

Source: SVS website (www.svs.cl)

ANNEX 3:

Non financial companies supervised by the SVS: Due dates to adopt IFRS (*)

(as of June 2009)

Entity	Reporting period	How to report financial statements
Corporations (most traded).	2009	Four options are given: #1 (full IFRS): Quarterly and annual statements for 2009 and comparable period of 2008 under full IFRS #2 (pro-forma): Quarterly and annual statements for 2009 under local accounting standards. In addition, quarterly and annual statements for 2009 (with no comparisons with 2008) under full IFRS. Starting in 2010, both periods (2010 and 2009) under IFRS will be required. #3 (full IFRS annual basis): First three quarters under local accounting standards and full year under IFRS, with 2009 comparison. Starting in 2010, both periods (2010 and 2009) under IFRS will be required. # 4 (pro-forma annual basis): Quarterly and annual statements for 2009 under local accounting standards.
Other corporations	2010	Quarterly and annual statements for 2009 and comparable period of 2008 under full IFRS

(*) Reporting dates for the rest of the entities supervised by the SVS were also delayed.

Source: SVS website (www.svs.cl)

<u>ANNEX 4</u>:

4.1 Annex on Local and Foreign Currency Assets

	Current period	Previous period
Current assets (1)		
USD		
Euros		
Other currencies		
Chilean pesos		
U.F. (2)		
Non-current assets (3)		
USD		
Euros		
Other currencies		
Chilean pesos		
U.F. (2)		
Total assets		
USD		
Euros		
Other currencies		
Chilean pesos		
U.F.		

(1) Must inform separately cash and cash equivalents, other current financial assets, trade and other current receivables and current receivables from related parties.
(2) Inflation-indexed unit.
(3) Must inform separately non current receivables and non current receivables from related parties.

4.2 Annex on Local and Foreign Currency Liabilities

	Current Period				Previous Period			
	Up to 90 days		91 days to 1 year		Up to 90 days		91 days to 1 year	
	Amount	Percentage of fixed-rate liabilities	Amount	Percentage of fixed-rate liabilities	Amount	Percentage of fixed-rate liabilities	Amount	Percentage of fixed-rate liabilities
Total current liabilities								
USD								
Euros								
Other currencies								
Chilean pesos								
U.F. (1)								
Total other current financial liabilities (2)								
USD								
Euros								
Other currencies								
Chilean pesos								
U.F. (1)								
Other current liabilities								
USD								
Euros								
Other currencies								
Chilean pesos								
U.F. (1)								
Total non-current liabilities								
USD								
Euros								
Other currencies								
Chilean pesos								
U.F. (1)								
Total other non-current financial liabilities (3)								
USD								
Euros								
Other currencies								
Chilean pesos								
U.F. (1)								
Other non-current liabilities								
USD								
Euros								
Other currencies								
Chilean pesos								
U.F. (1)								

(1) Inflation-indexed unit.

(2) Must inform separately banks loans, unsecured obligations, secured obligations, convertible loans, issued capital and shares classified as liabilities, financial leasing, overdrafts and other current financial liabilities.

(3) Must inform separately banks loans, unsecured obligations, secured obligations, convertible loans, issued capital and shares classified as liabilities, financial leasing, overdrafts and other non-current financial liabilities.

4.3 Annex on Bank Loans

Current liabilities

Bank ID	Name of the bank	Contractual or residual	Currencies										Total nominal value		Total accounting value	
			USD		Euros		Other currencies		U.F.		Chilean pesos					
			Current period	Previous period	Current period	Previous period	Current period	Previous period	Current period	Previous period	Current period	Previous period	Current period	Previous period	Current period	Previous period
	TOTAL															
	Amount of owed capital															

For loans that represent more than 10% of total bank loans, additional information is required:

Bank ID	Name of the bank	Currency	Maturity date	Contract interest rate	Effective interest rate	Indexation	Amortization type	Total nominal value		Total accounting value	
								Current period	Previous period	Current period	Previous period
TOTAL											

Non-current liabilities

Bank ID	Name of the bank	Currency	Years to maturity			Current period		Previous period
			From 13 month to 5 years (Amount)	From 61 months		Total non-current (Nominal value)	Total non-current (Accounting value)	Total non-current (Accounting value)
				Amount	Maturity date			
TOTAL								

For loans that represent more than 10% of total bank loans, additional information is required:

Bank ID	Name of the bank	Currency	Maturity date	Contract interest rate	Effective interest rate	Indexation	Amortization type	Total Nominal Value		Total accounting value	
								Current period	Previous period	Current period	Previous period
TOTAL											

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