Tanner
Servicios Financieros

Quarterly Earnings Report

Tanner Financial Services

September 2017

Tanner
Servicios Financieros

Table of contents

I. Executive Summary

- **ROAE[*]:**

  9M17: 8.7% / 9M16: 8.6%

- **ROAA[**]:**

  9M17: 2.2% / 9M16: 2.2%

- **Equity:**

  9M17: MCh$ 265,617 / Δ⁺: 5.8% YTD

- **Gross Margin:**

  3Q17: MCh$ 16,530 / 3Q16: MCh$ 14,945
  Δ⁺: 10.6% YoY
  9M17: MCh$ 45,804 / 9M16: MCh$ 42,969
  Δ⁺: 6.6% YoY

- **Net Profit:**

  3Q17: MCh$ 5,796 / 3Q16: MCh$ 5,036
  Δ⁺: 15.1% YoY
  9M17: MCh$ 16,915 / 9M16: MCh$ 15,694
  Δ⁺: 7.8% YoY

- **Net Portfolio**

  9M17: MCh$ 880,427 / Δ⁺: 16.7% YoY

- **NPLs > 90 days:**

  9M17: 4.2% / 9M16: 4.5%

[*] ROAE: Return on average equity
[**] ROAA: Return on average assets

Profit after taxes in 3Q17 grew 15.1% YoY, totaling Ch$ 5,796 million, while, in **9M17, net profit reached Ch$ 16,915 million (+7.8% YoY)**, mostly attributable to greater revenues (3Q17: +37.7% YoY / 9M17: +21.6% YoY) and operating margin (3Q17: +16.1% YoY / 9M17: +5.4% YoY), partially offset by higher provisions.

Total net loan portfolio at period-end September 2017 amounted to Ch$ 880,427 million, increasing Ch$ 125,931 million (+16.7% YoY) due to the progress of the enterprises division (↑Ch$ 64,475 million / +12.8% YoY) – mainly in the factoring business (↑$ 59,359 million / +28.9% YoY), more than offsetting the decrease in leasing (↓Ch$ 13,106 million / -11.8% YoY) – and the auto-financing division (↑Ch$ 54,371 million / +23.4% YoY). Thus, **the stock of loans in the auto-financing division reached the maximum recorded by Tanner, with Ch$ 286,402 million**, while the enterprises division totaled Ch$ 567,559 million, with factoring getting a record of Ch$ 264,959 million, followed by corporate lending (Ch$ 204,836 million) and leasing (Ch$ 97,763 million).

As of September 2017, **liquidity index reached 1.83 times**, below the levels registered in 2016 (2.57x) and 3Q16 (2.06x). **Cash on hand totaled Ch$ 29,920 million** versus Ch$ 31,632 million at the end of the previous year (3Q16: Ch$ 20,848 million), while the Company's **leverage closed at 3.10 times** (2016: 2.99x and 3Q16: 2.68x).

In terms of risk, during the period between January and September of 2017, **NPLs over 90 days reached 4.2%, down 30 bps YoY**, while NPLs over 30 days increased 40 bps YoY, in line with higher levels of default rates registered in the country. The enterprises division non-performing loans over 90 days declined 60 bps YoY to 3.8% (9M16: 4.4%) – with factoring falling to 3.1% in 9M17 from 5.6%, explained mostly by improved collection processes, and more than offsetting the increases in leasing (9M17: 8.9% vs 9M16: 7.5%) and corporate lending (9M17: 2.1% vs 9M16: 1.2%) – while NPLs over 90 days in the auto-financing division registered a slight growth of 30 bps, from 5.0% in 9M16 to 5.3% in 9M17.

II. Consolidated Income Analysis

The following table shows the consolidated income of Tanner Servicios Financieros S.A. and Subsidiaries. All figures are stated in Chilean Pesos (Ch$) and reported in accordance with International Financial Reporting Standards (IFRS).

INCOME STATEMENT MCh$	01.01.17 30.09.17	01.01.16 30.09.16	Δ %	01.07.17 30.09.17	01.07.16 30.09.16	Δ %
Revenue from ordinary activities	108,403	89,165	21.6%	44,722	32,470	37.7%
Costs of sales	(62,599)	(46,196)	35.5%	(28,191)	(17,525)	60.9%
Gross profit	45,804	42,969	6.6%	16,530	14,945	10.6%
Other revenues, by function	1,072	497	115.4%	(111)	348	-131.9%
Administrative Expenses	(28,829)	(26,326)	9.5%	(9,961)	(9,733)	2.3%
Other profit (loss)	14	1	1631.5%	0	1	-100.0%
Operating margin	18,060	17,141	5.4%	6,458	5,561	16.1%
Financial revenues	110	150	-26.5%	23	129	-82.4%
Financial expenses	(172)	(112)	53.5%	(69)	(41)	67.1%
Exchange differences	(16)	(36)	-54.7%	(16)	(3)	427.6%
Profit (loss) for indexed assets and liabilities	123	102	20.3%	74	48	52.3%
Profit (loss) before taxes	18,106	17,247	5.0%	6,470	5,695	13.6%
Income tax expense	(1,191)	(1,553)	-23.3%	(675)	(659)	2.4%
Profit (loss) after tax	16,915	15,694	7.8%	5,796	5,036	15.1%
Profit (loss) attributable to owners of the company	16,303	15,422	5.7%	5,457	4,887	11.7%
Profit (Loss) attributable to minority interest	612	272	125.0%	339	150	126.8%

Table 1: Consolidated Income Statement

The Company's **net profit in 3Q17 increased 15.1% YoY** (↑Ch$ 760 million), totaling Ch$ 5,796 million, versus Ch$ 5,036 million in 3Q16, driving **net profit for the first nine months of the year to Ch$ 16,915 million** (+7.8% YoY / ↑CH$ 1,221 million). **Gross margin reached Ch$ 16,530 million in 3Q17 and Ch$ 45,804 million in 9M17**, up 10.6% YoY (↑Ch$ 1,585 million) and 6.6% YoY (↑Ch$ 2,834 million), respectively.

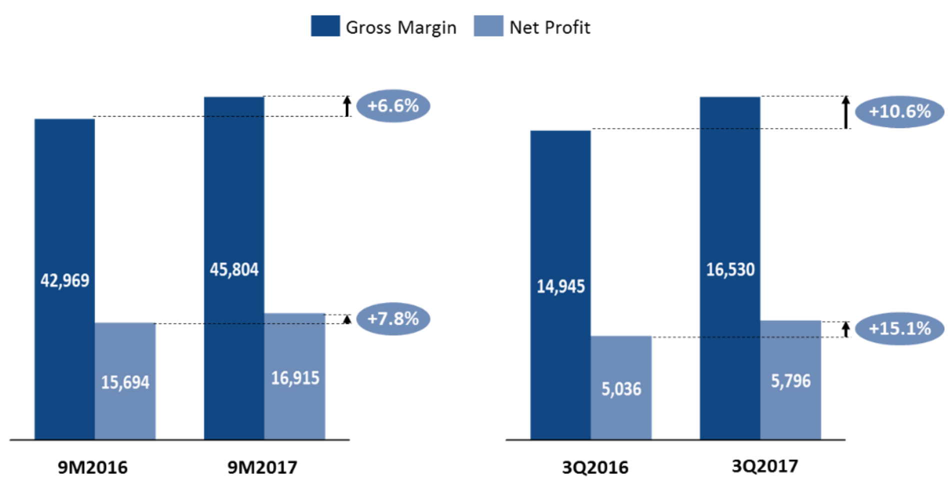


Chart 1: Consolidated Net Profit and Gross Margin (MCh$)

Consolidated revenues between January and September of 2017 reached Ch$ 108,403 million, up 21.6% YoY (↑Ch$ 19,238 million), essentially due to greater proceeds coming from interests (↑Ch$ 5,138 million / +8.9% YoY) and other revenues[1] (↑Ch$ 9,596 million / +45.3% YoY). During the **third quarter, revenues increased 37.7% YoY** (↑Ch$ 12,252 million), totaling Ch$ 44,722 million, mostly attributable to higher interests (↑Ch$ 2,784 million / +14.6% YoY), price differences (↑Ch$ 1,571 million / +30.2% YoY) and other revenues[1] (↑Ch$ 5,593 million / +72.0% YoY) – mainly because of a larger volume intermediated in Tanner Investments and *Tanner Corredora de Seguros* –, plus the positive effect of adjustments[2] over assets (↑Ch$ 2,568 million).

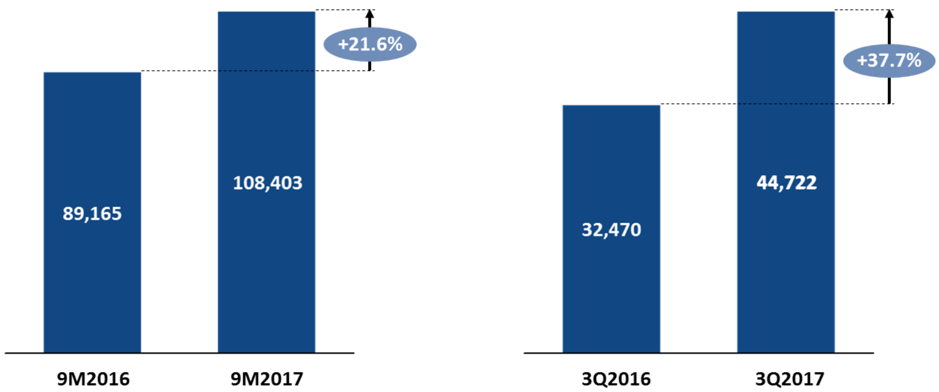


Chart 2: Consolidated Revenues (MCh$)

Consolidated cost of sales at period-end September 2017, reached Ch$ 62,599 million (↑Ch$ 16,404 million / +35.5% YoY), mainly derived from higher interests (↑Ch$ 5,154 million / +24.7% YoY), other costs[3] (↑Ch$ 5,656 million / +148.6% YoY), constitution of provisions (↑Ch$ 3,110 million / +20.3% YoY) and commissions (↑Ch$ 1,802 million / +17.9% YoY), partially offset by lower readjustments[2] over liabilities (↓Ch$ 2,655 million). In **3Q17, consolidated cost of sales recorded Ch$ 28,191 million**, up 60.9% YoY (↑Ch$ 10,667 million), derived from higher interests (↑Ch$ 2,026 million / +29.5% YoY), constitution of provisions (↑Ch$ 1,955 million / +36.0% YoY) and other costs[3] (↑Ch$ 3,381 million / +148.1% YoY) – mainly due to an increased volume intermediated in Tanner Investments and *Tanner Corredora de Seguros* –, partially offset by lower readjustments[2] over liabilities (↓Ch$ 2,801 million).

[1] Other revenues: comprises late commercial payments, recoveries and brokerage fees from Tanner Investments and *Tanner Corredora de Seguros* (Insurance Broker).
[2] Exchange differences and inflation indexation are calculated over assets and liabilities. The result between both items shows the exchange rate and inflation variation effects, i.e. readjustments, over the Company's figures.
[3] Other costs: comprises mainly brokerage costs.

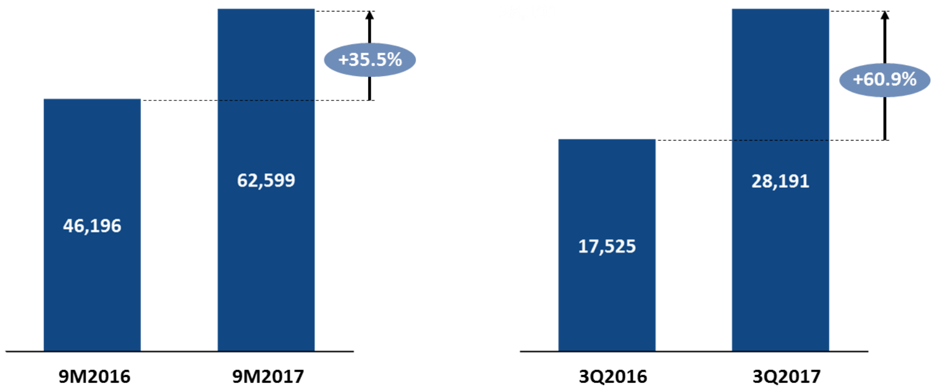


Chart 3: Consolidated Cost of Sales (MCh$)

SG&A expenses (including depreciation) showed an increase both in 9M17 (↑Ch$ 2,503 million / +9.5% YoY) and 3Q17 (↑Ch$ 228 million / +2.3% YoY), totaling Ch$ 28,829 million and Ch$ 9,961 million, respectively, because of higher inflation, variable compensation linked to the stock's growth and payments associated with the efficiency process developed during the first quarter of the year. Thus, human resources costs – which represented 68.4% in 9M17 and 66.6% in 3Q17 of SG&A expenses – totaled Ch$ 19,070 million (9M16: Ch$ 17,745 million) and Ch$ 6,629 million (3Q16: Ch$ 6,005 million), reflecting increases of Ch$ 1,962 million (+11.1% YoY) and $ 625 million (+10.4%), respectively.

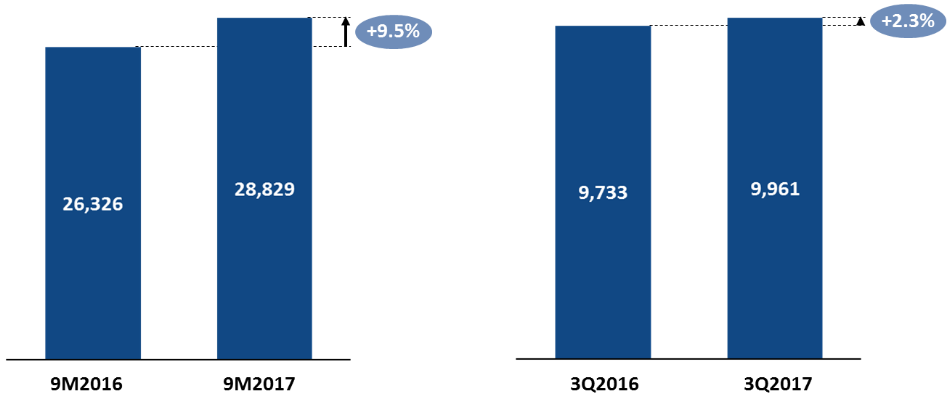


Chart 4: Consolidated SG&A Expenses (MCh$)

III. Main Indicators

	Indicator	Definition	Unit	Sep-17	Dec-16	Sep-16
Liquidity and Solvency	Current Ratio	*Current Assets/Current Liabilities*	*times*	1.83	2.57	2.06
	Current Liabilities to Equity	*Current liabilities/Equity*	*times*	1.52	0.99	1.14
	Immediate Liquidity	*Cash and cash equivalent/Current Liabilities*	*times*	0.07	0.13	0.07
	Stable Funding Ratio	*(Non-current liabilities + Equity)/(Non-current loans + others non-liquid assets)*	*%*	1.96	2.08	1.91
	Debt to Equity	*Total liabilities/Equity*	*times*	3.10	2.99	2.68
	Capitalization	*Equity/Assets*	*times*	0.244	0.251	0.272
	Short Term Debt Ratio	*Current liabilities/Total liabilities*	*%*	49.1%	33.2%	42.6%
	Long Term Debt Ratio	*Non-current liabilities/Total liabilities*	*%*	50.9%	66.8%	57.4%
	Short Term Bank Debt	*Current bank liabilities/Current liabilities*	*%*	24.3%	32.9%	33.3%
	Long Term Bank Debt	*Non-current bank liabilities/Non-current liabilities*	*%*	18.7%	11.0%	14.2%
	Working Capital	*Current assets - Current liabilities*	*MCh$*	335,285	391,385	302,784
	Interest Coverage Ratio	*(Profit before taxes + Financial expenditure)/Financial expenditure*	*times*	1.7	1.8	1.8
Profitability	Return on Equity	*Annualized profit/Equity*	*%*	8.5%	8.9%	8.4%
	Return on Assets	*Annualized profit/Assets*	*%*	2.1%	2.2%	2.3%
	Return on Average Equity	*Annualized profit/ Average Equity*	*%*	8.7%	9.2%	8.6%
	Return on Average Assets	*Annualized profit/ Average Assets*	*%*	2.2%	2.3%	2.2%
	Gross profit Margin	*Gross profit/Revenue from ordinary activities*	*%*	42.3%	49.2%	49.9%
	Operating Profit Margin	*Operating Profit/Revenue from ordinary activities*	*%*	16.7%	19.7%	19.2%
	Net Income Margin	*Net income/Revenue from ordinary activities*	*%*	15.6%	17.9%	17.6%
	Earnings Per Share (EPS)	*Net income/number of shares*	*$*	13,955	18,436	12,948
	Efficiency of Expenditure	*SG&A Expenses/Gross profit*	*%*	62.9%	62.0%	61.3%
Quality of Assets	Non-Performing Loans over 30 days	*Non-performing loans >30 days/(Loans + Provisions)*	*%*	7.7%	6.9%	7.3%
	Non-Performing Loans over 90 days	*Non-performing loans >90 days/(Loans + Provisions)*	*%*	4.2%	4.4%	4.5%
		Non-Performing loans >90 days/Equity	*%*	14.2%	14.3%	14.0%
	Non-Performing Loans	*Non-Performing loans/(Loans + Provisions)*	*%*	17.4%	17.1%	16.4%
		Non-Performing loans/Equity	*%*	59.3%	56.1%	51.0%
	Provisions	*Provisions/(Loans + Provisions)*	*%*	2.7%	2.8%	3.1%
		Provisions/Non-performing loans	*%*	15.3%	16.6%	19.2%
		Provisions/Non-performing loans >90 days	*%*	63.8%	65.2%	70.2%
	Write-offs	*Write-offs/(Loans + Provisions)*	*%*	2.0%	2.9%	2.4%
	Provisions and Write-offs	*Annualized provisions and write-offs/(Loans + Provisions)*	*%*	2.7%	2.3%	2.6%
	Restructured Porfolio	*Securitized portfolio/(Loans + Provisions)*	*%*	2.4%	3.0%	2.8%

Table 2: Main Indicators

At the end of 9M17, liquidity and leverage remain healthy, despite higher current liabilities due to recognition of the maturity of the 144-A bond in less than a year (March 2018). Total liabilities increased Ch$ 74,333 million (+9.9% YTD) from December and Ch$ 155,141 million (+23.2% YoY) when compared to September 2016, while assets expanded 8.9% YTD (↑Ch$ 88,975 million) and 18.6% YoY (↑Ch$ 170,823 million).

Efficiency indicators were flat when compared to September and December 2016, however reflecting lower profit recorded in 1Q17, because of higher constitution of provisions and increased SG&A expenses, which also impacts both gross and operating margin, partially offset by higher revenues from ordinary activities.

Finally, asset quality indicators reflect the improvements in admission, control and collections policies that Tanner has been developing since 2015 to reduce NPLs levels.

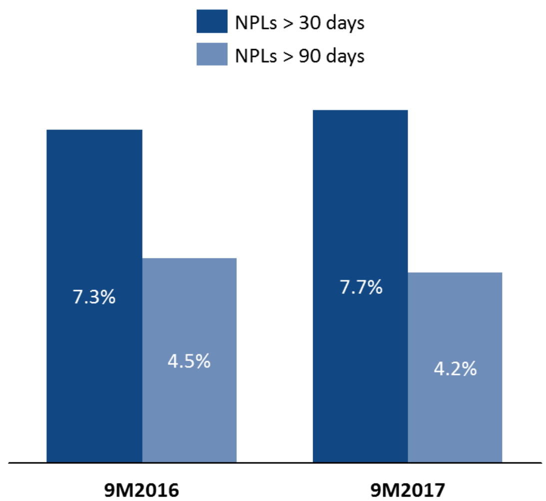


Chart 5: Consolidated NPLs

IV. Business Divisions Results

Tanner is organized in three divisions – Enterprises[4], Auto-Financing and Investments[5], complemented by the subsidiary *Tanner Corredora de Seguros*. For the purposes of this analysis, the results are classified in Enterprises, Auto-Financing and Subsidiaries, which comprises Tanner Investments and *Tanner Corredora de Seguros*. These three divisions represent 51.7%, 31.3% and 15.1% of the consolidated gross margin of the Company for 9M17 and 49.3%, 30.6% and 17.7% for the third quarter of the year, respectively. Additionally, revenues and costs generated by the Treasury area are shown below.

Business Division		01.01.2017 / 30.09.2017 MCh$	01.01.2016 / 30.09.2016 MCh$	Δ $	Δ %	01.07.2017 / 30.09.2017 MCh$	01.07.2016 / 30.09.2016 MCh$	Δ $	Δ %
ENTERPRISES DIVISION	Revenues	48,779	46,058	2,721	5.9%	16,959	14,839	2,120	14.3%
	Costs	25,094	19,067	6,027	31.6%	8,807	5,839	2,968	50.8%
	Gross Profit	23,684	26,990	(3,306)	-12.2%	8,152	9,000	(848)	-9.4%
i. FACTORING	Revenues	27,633	21,472	6,161	28.7%	10,141	7,460	2,681	35.9%
	Costs	10,917	6,931	3,986	57.5%	4,001	1,367	2,634	192.7%
	Gross Profit	16,716	14,541	2,175	15.0%	6,140	6,093	47	0.8%
ii. LEASING	Revenues	8,991	9,812	(822)	-8.4%	2,840	3,182	(343)	-10.8%
	Costs	7,213	6,434	779	12.1%	2,138	2,636	(498)	-18.9%
	Gross Profit	1,778	3,379	(1,600)	-47.4%	702	546	155	28.4%
iii. CORPORATE LOANS	Revenues	12,154	14,773	(2,619)	-17.7%	3,978	4,197	(219)	-5.2%
	Costs	6,964	5,702	1,262	22.1%	2,668	1,836	832	45.3%
	Gross Profit	5,190	9,071	(3,881)	-42.8%	1,311	2,361	(1,050)	-44.5%
AUTO-FINANCING DIVISION	Revenues	50,253	41,790	8,463	20.3%	18,050	14,856	3,194	21.5%
	Costs	35,930	30,893	5,038	16.3%	12,989	10,557	2,432	23.0%
	Gross Profit	14,323	10,897	3,425	31.4%	5,060	4,299	762	17.7%
SUBISIDIARIES*	Revenues	13,660	7,640	6,021	78.8%	7,034	2,822	4,212	149.2%
	Costs	6,754	3,544	3,210	90.6%	4,114	1,259	2,855	226.8%
	Gross Profit	6,907	4,096	2,811	68.6%	2,920	1,563	1,357	86.8%
TREASURY	Revenues	(4,289)	(6,322)	2,034	-32.2%	2,678	(48)	2,726	-5679.5%
	Costs	(5,178)	(7,308)	2,130	-29.1%	2,281	(131)	2,412	-1843.3%
	Gross Profit	890	986	(96)	-9.7%	397	83	314	379.6%
Tanner Servicios Financieros	Revenues	108,403	89,165	19,238	21.6%	44,722	32,470	12,252	37.7%
	Costs	62,599	46,196	16,404	35.5%	28,191	17,525	10,667	60.9%
	Gross Profit	45,804	42,969	2,834	6.6%	16,530	14,945	1,585	10.6%

* Subsidiaries: comprises Tanner Investments and *Tanner Corredora de Seguros*.

Table 3: Business Divisions Results

[4] Enterprises Division: Includes Factoring, Leasing and Corporate Lending.

[5] Investments Division: Includes *Tanner Corredores de Bolsa, Tanner Investments, Tanner Corredores de Bolsa de Productos S.A.* and *Tanner Asset Management Administradora General de Fondos S.A.*

Gross margin in 9M17 reached Ch$ 45,804 million (↑Ch$ 2,834 million / +6.6% YoY), in line with an increase in revenues (↑Ch$ 19,238 million / +21.6% YoY) offsetting the growth in costs (↑Ch$ 16,404 million / +35.5% YoY). In **3Q17 gross margin totaled Ch$ 16,530 million** (↑Ch$ 1,585 million / +10.6% YoY), with revenues increases (↑Ch$ 12,252 million / +37.7% YoY) larger than the rise in costs (↑Ch$ 10,667 million / +60.9% YoY). Gross margin breakdown by division/product, is as follows:

ENTERPRISES DIVISION

9M17: Ch$ 23,684 million, down 12.2% YoY (↓Ch$ 3,306 million), derived from an increase in revenues (↑Ch$ 2,721 million / +5.9% YoY) that offsets the growth in costs (↑Ch$ 6,027 million / 31.6% YoY);
3Q17: Ch$ 8,152 million, declining 9.4% YoY (↓Ch$ 848 million), in line with an increase of Ch$ 2,120 million (+14.3% YoY) in revenues and higher costs (↑Ch$ 2,968 million / +50.8% YoY).

i. FACTORING

9M17: Ch$ 16,716 million, up 15.0% YoY (↑Ch$ 2,175 million), because revenue rise (Ch$ 6,161 million / +28.7% YoY) fully offsets the upturn in costs (↑Ch$ 3,986 million / +57.5% YoY);
3Q17: Ch$ 6,140 million, virtually flat when compared to 3Q16 (↑Ch$ 47 million / +0.8% YoY), in line with increases in revenues (Ch$ 2,681 million / +35.9% YoY) and costs (↑Ch$ 2,634 million / 192.7% YoY).

ii. LEASING

9M17: Ch$ 1,778 million, decreasing 47.4% YoY (↓Ch$ 1,600 million), as a result of a combined effect of lower revenues (↓Ch$ 822 million / -8.4% YoY) and higher costs (↑Ch$ 779 million / +12.2% YoY);
3Q17: Ch$ 702 million (↑Ch$ 155 million / 28.4% YoY), with both lower revenues (↓Ch$ 343 million / -10.8% YoY) and costs (↓$ 498 million / -18.9% YoY).

iii. CORPORATE LENDING

9M17: Ch$ 5,190 million, down 42.8% YoY (↓Ch$ 3,881 million), because of a combined effect of lower revenues (↓Ch$ 2,619 million / -17.7% YoY) and higher costs (↑Ch$ 1,262 million / +22.1% YoY);
3Q17: Ch$ 1,311 million (↓Ch$ 1,050 million / -44.5% YoY), consistent with reduced revenues (↓Ch$ 219 million / -5.2% YoY) and greater costs (↑Ch$ 832 million / +45.3% YoY).

AUTO-FINANCING DIVISION

9M17: Ch$ 14,323 million, up 31.4% YoY (↑Ch$ 3,425 million), because revenues growth (↑Ch$ 8,463 million / +20.3% YoY) fully offsets the upturn in costs (↑Ch$ 5,038 million / +16.3% YoY);
3Q17: Ch$ 5,060 million (↑Ch$ 762 million / +17.7% YoY), with increases in revenues (↑Ch$ 3,194 million / +21.5% YoY) and costs (↑Ch$ 2,432 million / +23.0% YoY).

SUBSIDIARIES

9M17: Ch$ 6,907 million, growing 68.6% YoY (↑Ch$ 2,811 million), in line with an expansion in revenues of Ch$ 6,021 million (+78.8% YoY), more than offsetting the growth in costs (↑Ch$ 3,210 million / +90.6% YoY);
3Q17: Ch$ 2,920 million, up $ 1,357 million (+86.8% YoY), due to an increase of 149.2% YoY (↑Ch$ 4,212 million) in revenues higher than costs' growth (↑Ch$ 2,855 million / +226.8% YoY).

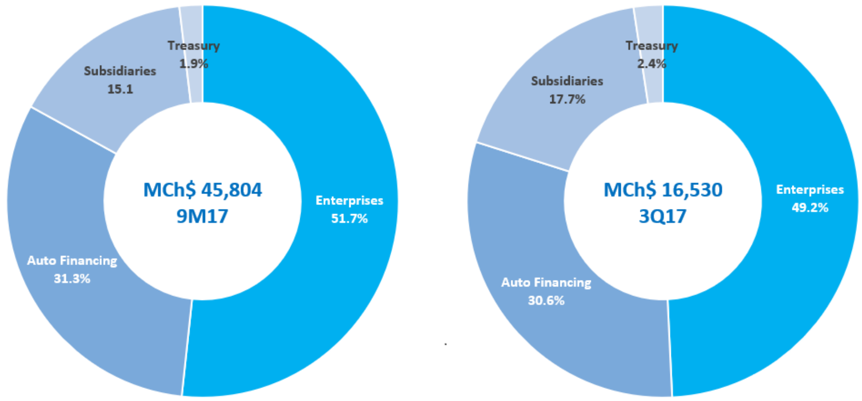


Chart 6: Gross Margin Breakdown by Division

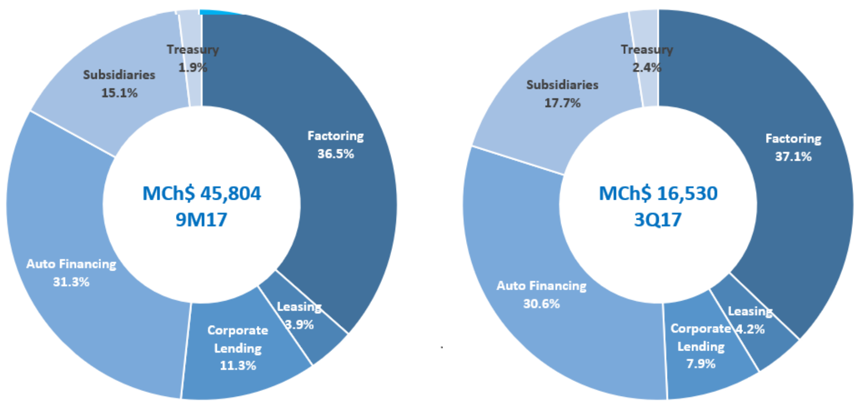


Chart 7: Gross Margin Breakdown by Line of Business

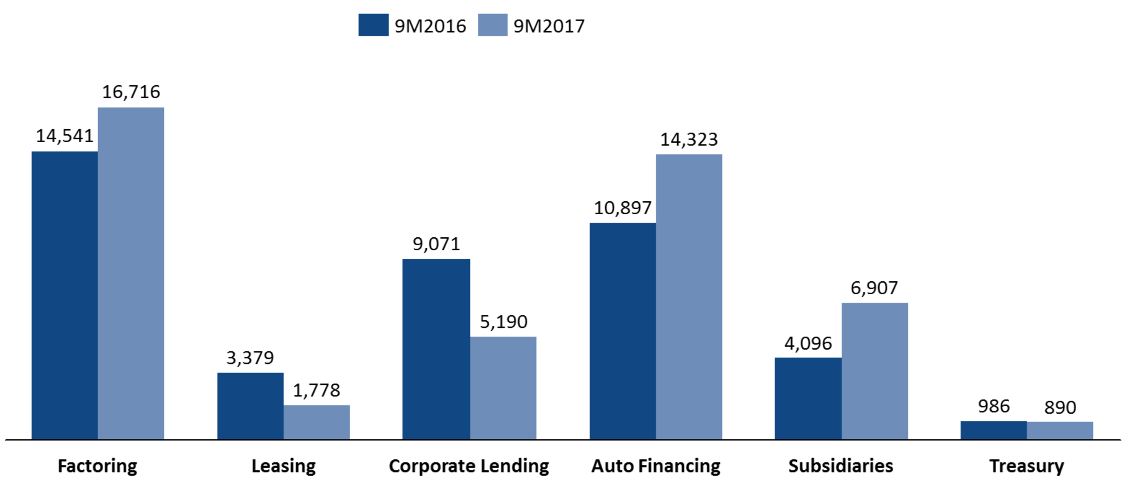


Chart 8: Gross Margin Breakdown by Line of Business January-September 2017

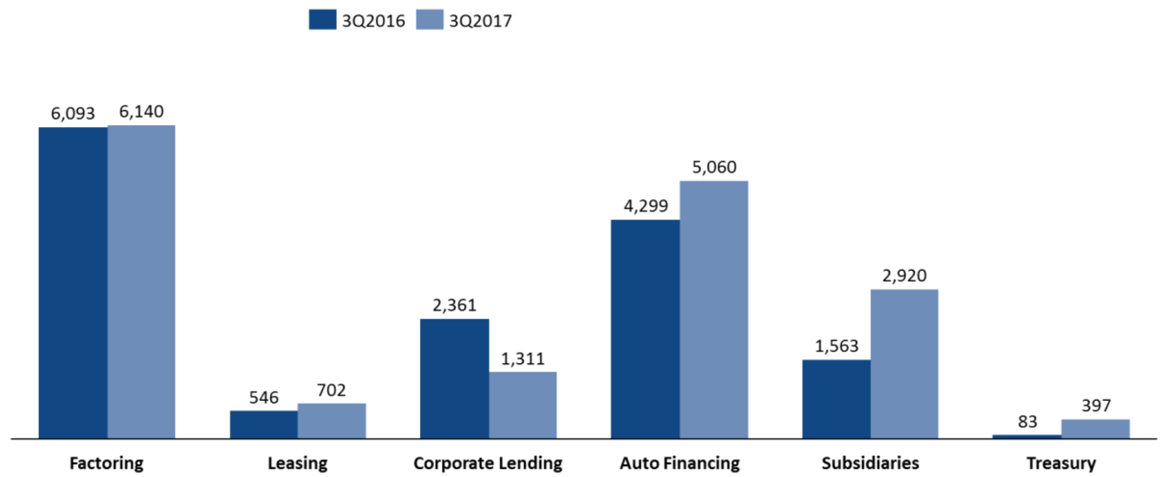


Chart 9: Gross Margin Breakdown by Line of Business Third Quarter 2017

At period-end September 2017, consolidated revenues totaled Ch$ 108,403 million (↑Ch$ 19,238 million), with a rise of 21.6% YoY, while in **3Q17 reached Ch$ 44,722 million** (↑Ch$ 12,252 million / +37.7% YoY). These results are explained by revenues of:

ENTERPRISES DIVISION

9M17: Ch$ 48,779 million (↑Ch$ 2,721 million / +5.9% YoY);
3Q17: Ch$ 16,959 million (↑Ch$ 2,120 million / +14.3% YoY);
Driver: Increase in price differences, late commercial payments and recoveries.

i. FACTORING

9M17: Ch$ 27,633 million (↑Ch$ 6,161 million / +28.7% YoY);
3Q17: Ch$ 10,141 million (↑Ch$ 2,681 million / +35.9% YoY);
Driver: Growth in price differences, late commercial payments and recoveries.

ii. LEASING

9M17: Ch$ 8,991 million (↓Ch$ 822 million / -8.4% YoY);
3Q17: Ch$ 2,840 million (↓Ch$ 343 million / -10.8% YoY);
Driver: Downward trend of leasing operations in the local banking industry during the last 12 months.

iii. CORPORATE LENDING

9M17: Ch$ 12,154 million (↓Ch$ 2,619 million / -17.7% YoY);
3Q17: Ch$ 3,978 million (↓Ch$ 219 million / -5.2% YoY);
Driver: Strategy of the Company to reduce its exposure in this product, passing to little facilities of working capital aimed to factoring clients instead of big tickets, even though stock related to this product increased 9.8% YoY at period-end September 2017.

AUTO-FINANCING DIVISION

9M17: Ch$ 50,253 million (↑Ch$ 8,463 million / +20.3% YoY);
3Q17: Ch$ 18,050 million (↑Ch$ 3,194 million / +21.5% YoY);
Driver: Higher volume, concordant with larger sales on new and used cars, according to ANAC[6] and CAVEM[7].

[6] ANAC: Asociación Nacional Automotriz de Chile A.G.
[7] CAVEM: Cámara Nacional de Comercio Automotriz de Chile

SUBSIDIARIES

9M17: Ch$ 13,660 million (↑Ch$ 6,021 million / +78.8% YoY);
3Q17: Ch$ 7,034 million (↑Ch$ 4,212 million / +149.2% YoY);
Driver: Increased volume intermediated in Tanner Investments and *Tanner Corredora de Seguros.*

Between **January and September 2017, consolidated costs totaled Ch$ 62,599 million**, increasing Ch$ 16,404 million (+35.5% YoY), while in **3Q17 reached Ch$ 28,191 million, up 60.9% YoY** (↑Ch$10,667 million). These figures are explained by costs of:

ENTERPRISES DIVISION

9M17: Ch$ 25,094 million (↑Ch$ 6,027 million / +31.6% YoY);
3Q17: Ch$ 8,807 million (↑Ch$ 2,968 million / +50.8% YoY);
Driver: Higher provisions and write-offs, together with greater interest expenses related with funding costs due to an increased stock of factoring loans.

i. FACTORING

9M17: Ch$ 10,917 million (↑Ch$ 3,986 million / +57.5% YoY);
3Q17: Ch$ 4,001 million (↑Ch$ 2,634 million / +192.7% YoY);
Driver: Increase in provisions and write-offs, coupled with higher interest expenses related with funding costs in line with the growth registered in this product.

ii. LEASING

9M17: Ch$ 7,213 million (↑Ch$ 779 million / +12.1% YoY);
3Q17: Ch$ 2,138 million (↓Ch$ 498 million / -18.9% YoY);
Driver: Rise in provisions and write-offs, interest expenses and other costs in the first nine months of the year, although in the third quarter, the constitution of provisions and write-offs was reduced to about half of what was recorded in the same period of 2016.

iii. CORPORATE LENDING

9M17: Ch$ 6,964 million (↑Ch$ 1,262 million / +22.1% YoY);
3Q17: Ch$ 2,668 million (↑Ch$ 832 million / +45.3% YoY);
Driver: Larger provisions and write-offs.

AUTO-FINANCING DIVISION

9M17: Ch$ 35,930 million (↑Ch$ 5,038 million / +16.3% YoY);
3Q17: Ch$ 12,989 million (↑Ch$ 2,432 million / +23.0% YoY);
Driver: Higher interest expenses, commissions and other costs due to an increase in the stock, partially offset by decreased provisions and write-offs.

SUBISIDIARIES

9M17: Ch$ 6,754 million (↑Ch$ 3,210 million / +90.6% YoY);
3Q17: Ch$ 4,114 million (↑Ch$ 2,855 million / +226.8% YoY);
Driver: Increased volume intermediated.

V. Business Divisions Portfolio Quality

		Definition	Unit	30.09.2017	31.12.2017	30.09.2016
ENTERPRISES DIVISION	Non-Performing Loans	*Non-Performing loans/(Loans + Provisions)*	%	15.1%	14.7%	13.8%
		Non-Performing loans/Equity	%	33.0%	32.2%	28.7%
	Provisions	*Provisions/(Loans + Provisions)*	%	2.2%	2.5%	2.8%
		Provisions/Non-performing loans	%	14.7%	16.8%	20.4%
		Provisions/Non-performing loans >90 days	%	58.7%	58.6%	64.4%
	Provisions and Write-offs	*Annualized provisions and write-offs/(Loans + Provisions)*	%	1.9%	0.8%	0.9%
	Non-Performing Loans over 30 days	*Non-performing loans >30 days/(Loans + Provisions)*	%	6.1%	5.3%	6.1%
	Non-Performing Loans over 90 days	*Non-performing loans >90 days/(Loans + Provisions)*	%	3.8%	4.2%	4.4%
		Non-Performing loans >90 days/Equity	%	8.3%	9.2%	9.1%
	Restructured Porfolio	*Securitized portfolio/(Loans + Provisions)*	%	2.7%	3.6%	3.3%
		Securitized portfolio/Equity	%	5.9%	7.9%	6.8%
	Clients	*Number of clients*	#	5,021	4,882	4,574
	Efficiency	*SG&A Expenses/Gross profit*	%	64.0%	56.4%	50.4%
i. FACTORING	Non-Performing Loans	*Non-Performing loans/(Loans + Provisions)*	%	11.0%	15.7%	14.2%
		Non-Performing loans/Equity	%	11.1%	14.9%	12.1%
	Provisions	*Provisions/(Loans + Provisions)*	%	1.9%	3.0%	3.7%
		Provisions/Non-performing loans	%	17.8%	19.0%	26.2%
		Provisions/Non-performing loans >90 days	%	62.2%	59.2%	66.9%
	Provisions and Write-offs	*Annualized provisions and write-offs/(Loans + Provisions)*	%	1.7%	0.7%	0.7%
	Non-Performing Loans over 30 days	*Non-performing loans >30 days/(Loans + Provisions)*	%	4.2%	5.7%	6.4%
	Non-Performing Loans over 90 days	*Non-performing loans >90 days/(Loans + Provisions)*	%	3.1%	5.0%	5.6%
		Non-Performing loans >90 days/Equity	%	3.2%	4.8%	4.7%
	Restructured Porfolio	*Securitized portfolio/(Loans + Provisions)*	%	2.4%	1.0%	1.1%
		Securitized portfolio/Equity	%	2.5%	1.0%	0.9%
	Clients	*Number of clients*	#	3,131	2,548	2,258
	Efficiency	*SG&A Expenses/Gross profit*	%	53.6%	57.4%	51.0%
ii. LEASING	Non-Performing Loans	*Non-Performing loans/(Loans + Provisions)*	%	36.3%	23.7%	25.7%
		Non-Performing loans/Equity	%	13.9%	11.1%	11.9%
	Provisions	*Provisions/(Loans + Provisions)*	%	4.3%	3.6%	3.8%
		Provisions/Non-performing loans	%	11.8%	15.1%	14.8%
		Provisions/Non-performing loans >90 days	%	48.0%	50.9%	51.1%
	Provisions and Write-offs	*Annualized provisions and write-offs/(Loans + Provisions)*	%	3.2%	2.2%	2.6%
	Non-Performing Loans over 30 days	*Non-performing loans >30 days/(Loans + Provisions)*	%	17.7%	9.9%	16.1%
	Non-Performing Loans over 90 days	*Non-performing loans >90 days/(Loans + Provisions)*	%	8.9%	7.0%	7.5%
		Non-Performing loans >90 days/Equity	%	3.4%	3.3%	3.4%
	Restructured Porfolio	*Securitized portfolio/(Loans + Provisions)*	%	5.5%	8.6%	6.9%
		Securitized portfolio/Equity	%	2.1%	4.0%	3.2%
	Clients	*Number of clients*	#	912	1,073	1,116
	Efficiency	*SG&A Expenses/Gross profit*	%	99.6%	80.5%	69.5%
iii. CORPORATE LENDING	Non-Performing Loans	*Non-Performing loans/(Loans + Provisions)*	%	10.1%	8.1%	6.2%
		Non-Performing loans/Equity	%	7.9%	6.2%	4.7%
	Provisions	*Provisions/(Loans + Provisions)*	%	1.6%	1.2%	1.2%
		Provisions/Non-performing loans	%	15.6%	14.6%	19.5%
		Provisions/Non-performing loans >90 days	%	74.0%	78.6%	101.6%
	Provisions and Write-offs	*Annualized provisions and write-offs/(Loans + Provisions)*	%	1.3%	0.1%	0.2%
	Non-Performing Loans over 30 days	*Non-performing loans >30 days/(Loans + Provisions)*	%	2.8%	2.0%	2.2%
	Non-Performing Loans over 90 days	*Non-performing loans >90 days/(Loans + Provisions)*	%	2.1%	1.5%	1.2%
		Non-Performing loans >90 days/Equity	%	1.7%	1.2%	0.9%
	Restructured Porfolio	*Securitized portfolio/(Loans + Provisions)*	%	1.6%	3.8%	3.6%
		Securitized portfolio/Equity	%	1.3%	3.0%	2.7%
	Clients	*Number of clients*	#	978	1,261	1,200
	Efficiency	*SG&A Expenses/Gross profit*	%	85.3%	43.4%	42.3%
AUTO FINANCING DIVISION	Non-Performing Loans	*Non-Performing loans/(Loans + Provisions)*	%	23.5%	23.8%	23.1%
		Non-Performing loans/Equity	%	26.3%	23.9%	22.3%
	Provisions	*Provisions/(Loans + Provisions)*	%	3.8%	3.9%	4.1%
		Provisions/Non-performing loans	%	16.0%	16.3%	17.6%
		Provisions/Non-performing loans >90 days	%	71.0%	77.0%	81.0%
	Provisions and Write-offs	*Annualized provisions and write-offs/(Loans + Provisions)*	%	4.6%	5.8%	6.5%
	Non-Performing Loans over 30 days	*Non-performing loans >30 days/(Loans + Provisions)*	%	11.6%	11.2%	10.3%
	Non-Performing Loans over 90 days	*Non-performing loans >90 days/(Loans + Provisions)*	%	5.3%	5.1%	5.0%
		Non-Performing loans >90 days/Equity	%	5.9%	5.1%	4.9%
	Restructured Porfolio	*Securitized portfolio/(Loans + Provisions)*	%	2.1%	1.9%	2.0%
		Securitized portfolio/Equity	%	2.3%	1.9%	1.9%
	Clients	*Number of clients*	#	55,041	49,704	48,883
	Efficiency	*SG&A Expenses/Gross profit*	%	70.6%	74.5%	82.8%

Table 4: Business Divisions Main Indicators

ENTERPRISES DIVISION

Portfolio quality improved with respect to 9M16, reflected in the decline of NPLs > 90 days and the stock of provisions, although NPLs > 30 days remained flat YoY.

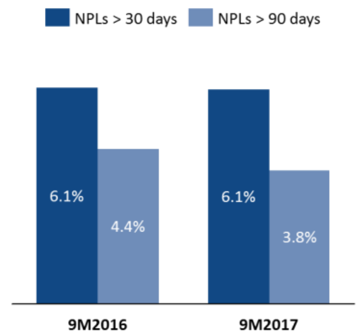


Chart 10: NPLs – Enterprises Division

i. FACTORING

Non-performing portfolio improved with respect to 9M16, reflected in the decrease of both NPLs > 30 days, NPLs > 90 days and the stock of provisions.

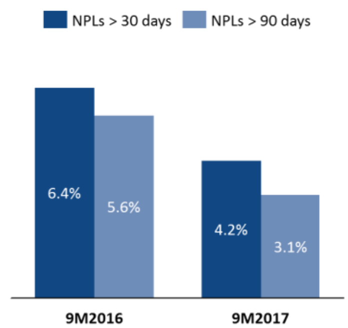


Chart 11: NPLs – Factoring Business

ii. LEASING

Portfolio quality indicators deteriorate, especially in terms of NPLs > 30 days and NPLs > 90 days, with the stock of provisions virtually unchanged, although loans were reduced in 11.8% YoY.

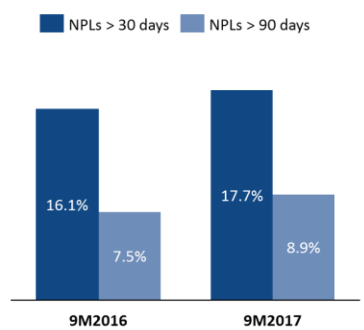


Chart 12: NPLs – Leasing Business

iii. CORPORATE LENDING

Portfolio quality indicators deteriorate in relation to previously observed levels, due to the longer maturity of the portfolio and the decrease in the stock of big corporate tickets, which practically doesn't present default.

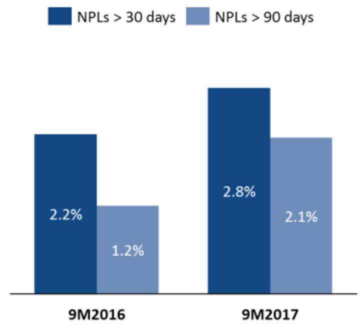


Chart 13: NPLs – Corporate Lending Business

AUTO-FINANCING DIVISION

NPLs > 30 days and NPLs > 90 days expanded, reflecting both the growth of stock – given that this product provisions from the beginning of the facility – and the economic environment in the country, which results in a slight deterioration in the quality of the portfolio of this division.

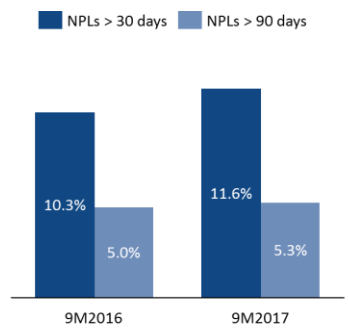


Chart 14: NPLs – Auto-Financing Division

Tanner
Servicios Financieros

VI. Balance Sheet

Assets (MCh$)	Sep-17	Dec-16	Δ $	Δ %
Current Assets				
Cash and cash equivalent	29,920	31,632	(1,712)	-5.4%
Other current financial assets	81,444	44,478	36,966	83.1%
Other current non-financial assets	1,315	2,075	(760)	-36.6%
Trade receivables and other current accounts receivable, net	607,756	542,884	64,872	11.9%
Current accounts receivable from related parties	408	341	67	19.8%
Current tax assets	11,984	16,443	(4,459)	-27.1%
Non-current assets held for sale	7,310	2,260	5,050	223.4%
Total Current Assets	**740,138**	**640,113**	**100,025**	**15.6%**
Non-Current Assets				
Other non-current financial assets	25,109	54,592	(29,483)	-54.0%
Other non-current non-financial assets	6,272	4,799	1,472	30.7%
Trade receivables and other non-current accounts receivable, net	272,670	257,865	14,805	5.7%
Non-current accounts receivable from related parties	376	13	363	2713.7%
Investments in companies	-	-	-	-
Intangible assets other than goodwill	2,997	1,853	1,144	61.7%
Goodwill	1,764	1,764	-	0.0%
Property, plant and equipment	4,046	4,545	(500)	-11.0%
Deferred tax assets	36,661	35,514	1,148	3.2%
Total Non-Current Assets	**349,895**	**360,945**	**(11,051)**	**-3.1%**
Total Assets	**1,090,032**	**1,001,058**	**88,975**	**8.9%**

Liabilities (MCh$)	Sep-17	Dec-16	Δ $	Δ %
Current Liabilities				
Other current financial liabilities	331,511	190,546	140,965	74.0%
Trade payables and other current accounts payables	68,198	50,928	17,270	33.9%
Other short-term provisions	1,780	2,540	(760)	-29.9%
Current tax liabilities	3,363	4,713	(1,350)	-28.6%
Other current non-financial liabilities	-	-	-	-
Total Current Liabilities	**404,853**	**248,728**	**156,125**	**62.8%**
Non-Current Liabilities				
Other non-current financial liabilities	411,617	495,510	(83,893)	-16.9%
Non-current accounts payable	-	-	-	-
Deferred tax liabilities	7,945	5,844	2,101	36.0%
Total Non-Current Liabilities	**419,563**	**501,354**	**(81,792)**	**-16.3%**
Total Liabilities	**824,415**	**750,082**	**74,333**	**9.9%**
Equity	265,617	250,976	14,641	5.8%
Total Equity and Liabilities	**1,090,032**	**1,001,058**	**88,975**	**8.9%**

Table 5: Consolidated Balance Sheet

a. Loan Portfolio [8]

Total gross loan portfolio at period-end September 2017 reached **Ch$ 904,508 million** (+16.1% YoY) versus Ch$ 778,966 million, while provisions totaled Ch$ 24,081 million, dropping by 1.6% YoY (↓$ 390 million) from Ch$24,471 million in 9M16. Consequently, total net loan portfolio amounted to **Ch$ 880,427 million**, an increase of Ch$ 125,931 million (+16.7% YoY) from Ch$ 754,495 million.

Net loan portfolio at period-end September 2017:

1. **Enterprises Division:** Ch$ 567,559 million, increasing 12.8% YoY (↑Ch$ 64,475 million);
   a. **Factoring:** Ch$ 264,959 million, growing 28.9% YoY (↑Ch$ 59,359 million);
   b. **Leasing:** Ch$ 97,763 million, dropping 11.8% YoY (↓Ch$ 13,106 million);
   c. **Corporate Lending:** Ch$ 204,836 million, up 9.8% YoY (↑Ch$ 18,223 million); and,
2. **Auto-Financing Division:** Ch$ 286,402 million, progressing 23.4% YoY (↑Ch$ 54,371 million).

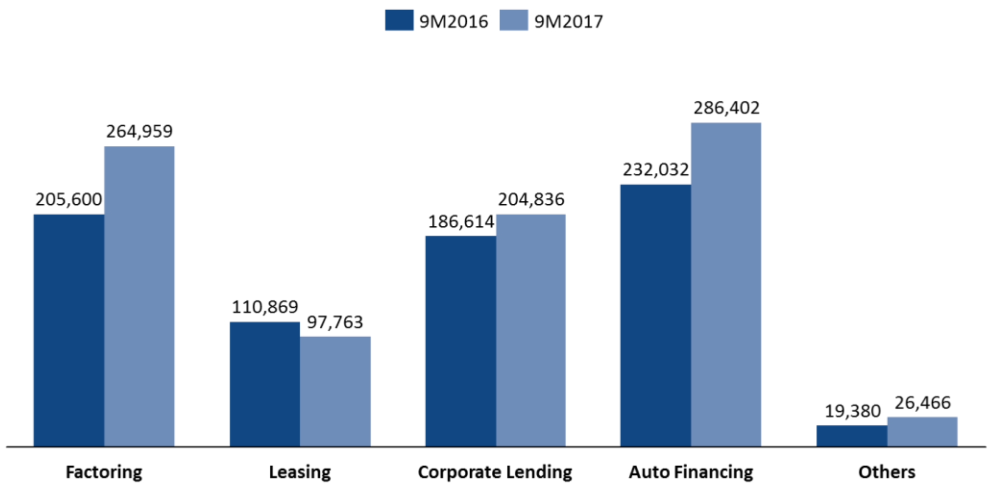


Chart 15: Net Loan Portfolio Breakdown by Line of Business

The portfolio has become more concentrated in the Company strategic businesses of factoring and auto-financing, which represented 30.1% and 32.5% of net loan portfolio, respectively, as of September 2017. In the long term, corporate lending business will focus on working capital facilities to factoring clients, in order to complement the supply of products.

[8] Gross loans minus provisions.

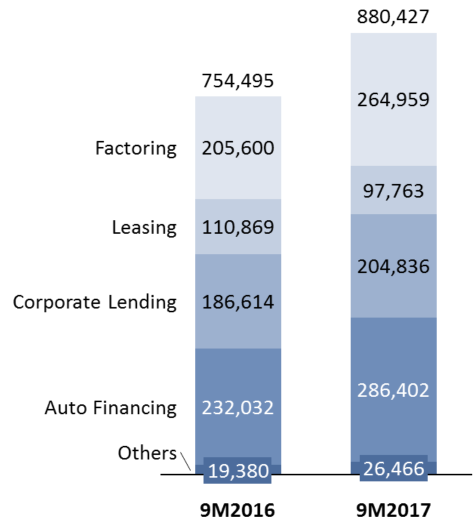


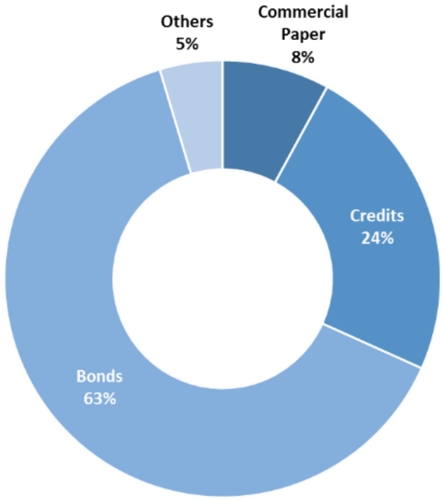
Chart 16: Net Loan Portfolio Breakdown

b. Funding Sources

Financial liabilities as of September 2017 totaled Ch$ 743,128 million, versus $ 686,057 million in December 2016 (↑Ch$ 57,071 million / +8.3% YTD). This increase is mainly because of both larger obligations with banks and financial institutions (↑Ch$ 39,373 million / +28.7% YoY), and other financial obligations (↑Ch$ 39,373 million / +28.7% YoY) and commercial paper (↑Ch$ 20,164 million / +51.8% YoY).

It is worth noting that current financial liabilities increased 74.0% YTD (↑Ch$ 140,965 million) because the debt related with the 144-A bond issued by the Company in 2013, that was transferred to current liabilities, as it expires in March 2018, while non-current financial liabilities decreased 16.9% YTD (↓Ch$ 83,893 million), accordingly.

In terms of the structure of the Company liabilities, 63.6% (Ch$ 472,801 million) corresponds to local and international bonds, 23.8% (Ch$ 176,634 million) to loans and credit lines, and 8.0% (Ch$ 59,095 million) to commercial paper. Additionally, Ch$ 34,598 million (4.7%) are related to other financial obligations, 99.1% of it corresponding to repos and 0.9% to fx forwards.



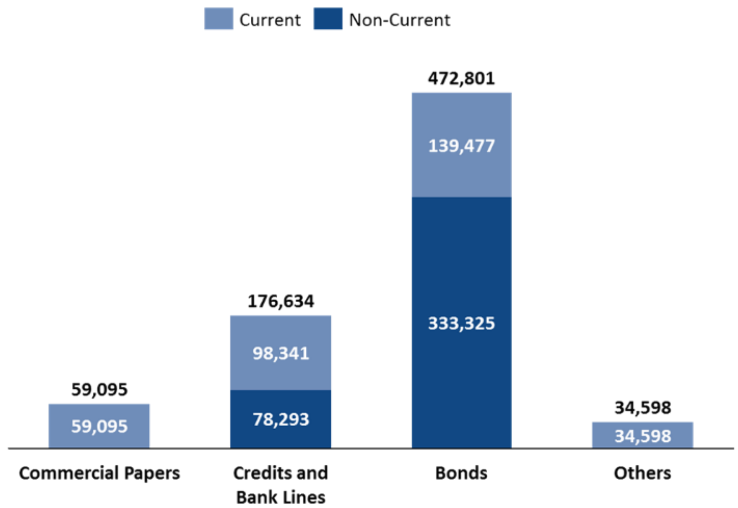


Chart 17: Sources of Funding Breakdown

VII. Cash Flow Statement

MCh$	Sep-17	Sep-16	Δ $
Cash flow provided by (used in) operating activities	(60,573)	9,396	(69,969)
Cash flow provided by (used in) investing activities	7,556	11,880	(4,324)
Cash flow provided by (used in) financing activities	51,323	(32,185)	83,509
Effect of changes in exchange rates	(18)	(29)	10
Net increase (decrease) in cash and cash equivalent	(1,712)	(10,937)	9,226
Cash and Cash Equivalent, Initial Balance	31,632	31,785	(153)
Cash and Cash Equivalent, Final Balance	29,920	20,848	9,073

Table 6: Cash Flow Statement

During the first nine months of 2017, cash flow from **operating activities** totaled Ch$ -60,573 million versus Ch$ 9,396 million recorded in 9M16, because despite collections increased by Ch$ 292,592 million, cash disbursement connected with the business grew up Ch$ 364,162 million.

Cash flow stemming from **investment activities** reached Ch$ 7,556 million, Ch$ 4,324 million less than the Ch$ 11,880 million of 9M16, mainly because of the recognition of the sale of the Company's headquarters, made in December 2015, proceeds received during 1Q16.

Financing activities cash flow amounts to Ch$ 51,323 million between January and September 2017, increasing Ch$ 83,509 million when compared to Ch$ -32,185 million 9M16, mainly because proceeds and repayments from borrowings were lower.

Cash and cash equivalents at period-end September 2017 totaled Ch$ 29,920 million, increasing Ch$ 9,073 million YoY, consistent with the Company financial strategy.

VIII. Risk Analysis

a. Credit Risk

Credit risk is the probability of financial loss to the Company when a client or counterparty in a financial instrument does not comply with its contractual obligations. This risk in inherent to the Company's business activity.

Tanner manages credit risk by line of business (i.e. independently for factoring, corporate lending, auto-financing and leasing operations) based on its clients' expected revenues, available financial information, and their payment track record, if any. This analysis also includes macroeconomic expectations and specific data of the sector in which the client is involved. In the case of factoring, it also includes debtor-specific information.

Another important and complementary aspect of credit risk evaluations is the quality and quantity of guarantees required. One of the Company's policies has been to have solid collateral that represent a second source of payment for client obligations in the event of defaults. Thus, a number of conditions have been set forth for each business line:

FACTORING

A framework agreement is signed by every client to support future operations. Most credit lines include liability of the assignor for the insolvency of the assigned debtor. Operations without liability are generally covered by a credit insurance policy and/or specific collateral.

LEASING

Leasing operations are guaranteed by the leased asset. Insurance policies are required for all assets to cover any claim that may lead to a loss in value.

CORPORATE LENDING

Mortgages and/or stocks may be required. However, in some cases guarantors are liable for the loan in an event of default; generally, these are partners of or investors in the borrower.

AUTO-FINANCING

Car loans are guaranteed by the assets associated with the financing and includes a credit profile analysis of the client. There are two types of guarantees in this case: real (vehicle pledges) and personal (securities and co-signers).

The basic features of the provision policies, by type of business, are:

FACTORING

For invoices and checks, the provision is equal to an increasing percentage – which depends on days past due – from the total amount owed by the debtor to Tanner´s client.

** The write-off policy has as maximum term of 540 days past due.*

LEASING

Based on asset type (real estate, vehicle or machinery and equipment) and days of delay in payment, a percentage is applied to the outstanding principal balance.

** The write-off policy has as maximum term of 540 days past due, except for real estate leasing.*

CRÉDITOS

The provision is an increasing percentage of the outstanding balance, which depends on days past due.

** The write-off policy has as maximum term of 540 days past due.*

AUTOMOTRIZ

Provisions are calculated using variables such as demographic aspects, product conditions (sales channel, vehicle type and loan characteristics) and internal behavior, such as payment history, recoveries and defaults, among others.

** The write-off policy has as maximum term of 420 days past due.*

Additionally, the Company has a credit quality follow-up process, to identify potential changes in counterparty payment capacity on early stages, to evaluate potential losses resulting from the risks to which it is exposed and adopt corrective measures, allowing the recovery of credits that have incurred in default.

b. Liquidity Risk

This is defined as the inability of the Company to meet its payment obligations as they fall due, without incurring in large losses or being prevented from providing normal loan transactions to its clients. It arises from a cash flow mismatch, where cash flow payments fall due before the receipt of cash flow due on investments of loans. Another source of non-compliance is when customers fail to pay their commitments as they fall due.

The Company has a daily cash flow management process that includes a simulation of all assets and liabilities, to anticipate cash needs. Additionally, the Asset and Liabilities Committee (ALCO) meets monthly to review projections and defines an action plan based on the Company´s forecasts and market conditions.

The Company manages its liquidity risk at a consolidated level. Tanner’s main source of liquidity is cash flows from operating activities (collections). At the end of September 2017, the Company, at its consolidated level, had cash on hand of $ 29,920 million, versus $20,848 million in 9M16.

Indirect subsidiary *Tanner Corredores de Bolsa* is subject to requirements set forth by the SVS and must comply with regulations with respect the General Liquidity Index and the Intermediation Liquidity Index. In line with the requirements of the SVS, the subsidiary has complied permanently with the mentioned indicators.

c. Market Risk

Market risk is defined as the exposure to financial loss due to adverse movements in market variables, such as interest rates, currencies, inflation, among others, and which the Company has not duly hedged, thus affecting the value of any operation recorded in the balance sheet.

i. Price Risk

The Company is exposed to price risk by owning financial instruments whose valuation depends directly on the value that the market gives to this type of operations and that present a certain volatility that is measured by historical VaR[9].

As of September 2017, investments in corporate bonds – valued at market prices – are maintained for a total of US$ 14.3 million. At that date, the average duration of the portfolio was 2.52 years, sensitivity measured by DV01[10] was US$ 3,487 and parametric VaR[9], with a 1-day horizon was US$ 21,127, with a 99% confidence level.

ii. Interest Rate Risk

It is defined as the risk to which the Company is exposed because of having financial operations whose valuation is subject, among other factors, to movements on the intertemporal structure of the interest rate.

The following tables show how the value of the bonds portfolio changes, in percentage terms, when there are changes in interest rates:

Decreases in interest rates:

Negative Delta (bps)	-25	-50	-75	-100	-125	-150	-175	-200
Net Portfolio Variation	0.09%	0.18%	0.27%	0.37%	0.46%	0.55%	0.65%	0.74%

Increases in interest rates:

Positive Delta (bps)	25	50	75	100	125	150	175	200
Net Portfolio Variation	-0.09%	-0.18%	-0.27%	-0.35%	-0.44%	-0.53%	-0.61%	-0.69%

Table 7: Sensitivity to Variations in the Interest Rate

The Company keeps a derivative instrument portfolio of: (i) trading derivatives – whose maturity structure is very short term, and, therefore, have an associated interest rate risk with low impact on results – and (ii) hedging derivatives – aims to mitigate the rate (Libor) and currency risks of financial liabilities, keeping a limited exposure and low impact to income.

[9] VaR: Value at Risk – corresponds to the maximum expected loss considering a history horizon of 1 year with a confidence level of 99%.
[10] DV01: Dollar value of .01 – corresponds to the approximate change in the price of an instrument for a one bp change in yield (0.01%) and is calculated as a market value per modified duration of 0.01%.

Exposure	30.09.2017							
	Trading Derivatives				Hedging Derivatives			
	CLF Th$	CLP Th$	USD Th$	CHF Th$	CLF Th$	CLP Th$	USD Th$	CHF Th$
Up to 1 year	-	42,525,806	42,235,702	-	23,931,458	104,362,060	76,919,537	2,111,393
1 to 3 years	-	-	-	-	98,762,621	153,551,783	44,754,746	105,049,124
3 years and over	-	-	-	-	20,018,866	46,454,734	28,068,044	-
Total	**-**	**42,525,806**	**42,235,702**	**-**	**142,712,945**	**304,368,577**	**149,742,327**	**107,160,517**

Sens. +1bp	30.09.2017							
	Trading Derivatives				Hedging Derivatives			
	CLF Th$	CLP Th$	USD Th$	CHF Th$	CLF Th$	CLP Th$	USD Th$	CHF Th$
Up to 1 year	-	1,490	(868)	-	(379)	18,049	(10,475)	12
1 to 3 years	-	-	-	-	(46,680)	190,331	34,924	6,267
3 years and over	-	-	-	-	(14,785)	92,793	(36,147)	-
Total	**-**	**1,490**	**(868)**	**-**	**(61,844)**	**301,173**	**(11,698)**	**6,279**

Table 8: Exposure and Sensitivity by Currency

iii. Foreign Exchange

It is defined as the exposure to potential loss caused by changes in the value of assets and liabilities subject to exchange rate revaluation. The Company, because of their business activities and financing needs, holds a mismatch in US Dollars which is daily managed and mitigated mainly through instruments deriving from negotiation and hedge. In addition, it has operations in Swiss Francs whose currency risk is fully hedged.

As internal mitigation policy, the mismatch in US Dollars may not exceed the equivalent to 2.5% of equity. As the end of 3Q17, the Company presented an exposure in US Dollars US$ 1.3 million equivalents to 0.3% of equity. The sensitivity analysis to currency risk is calculated daily, considering as main variable the exposure in US Dollars of mismatch held and the estimated variation of the Observed US Dollar.

USD Mismatch (ThUS$)	
Assets	218,678
Liabilities	(378,177)
Hedging Instruments	158,229
Mismatch 30.09.2017	**(1,270)**

iv. Indexation Risk

It corresponds to the exposure of assets and liabilities linked to *Unidades de Fomento* (“UF”). The Company, because of activities inherent to the business and its financing needs, holds assets and liabilities in UF, and the related mismatch is managed in a daily basis and mitigated through hedging derivatives.

As internal policy of risk mitigation, mismatch in UF may not exceed the equivalent to 30% of equity. At the end of 3Q17, mismatch in UF amounted to CLF$ 1.7 million, equivalent to 17.5% of equity. As for currency risk, the sensitivity analysis of indexation risk is calculated in a daily basis, considering as main variable the mismatch held in CLF and the future variations estimated in the UF value.

UF Mismatch (ThCLF$)	
Assets	6,266
Liabilities	(10,004)
Hedging Instruments	5,482
Mismatch 30.09.2017	**1,744**

For additional information regarding this section, please refer to Note 4 of the Company's Financial Statements as of September 2017.

Tanner
Servicios Financieros