Quarterly Earnings Report

September 2018

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I. Executive Summary

- **ROAE[*]:**

  9M18: 10.7% / 9M17: 9.1%

- **ROAA[**]:**

  9M18: 2.4% / 9M17: 2.3%

- **Equity:**

  9M18: MCh$ 279,123 / Δ+: 3.6% YTD

- **Net Profit:**

  3Q18: MCh$ 6,757 / 3Q17: MCh$ 5,796 Δ+: 16.6% YoY
  9M18: MCh$ 20,732 / 9M17: MCh$ 16,915 Δ+: 22.6% YoY

- **Net Portfolio:**

  9M18: MCh$ 1,099,541 / Δ+: 17.4% YTD

- **NPLs > 90 days:**

  9M18: 2.5% / 9M17: 4.2%

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

Profit after taxes in the third quarter of 2018 increased 22.6% YoY, 16.6% YoY between June and September, thus totaling Ch$ 20,732 million and Ch$ 6,757 million, respectively, triggered by operating margin upsurge to 32.4% YoY in nine months and 21.5% YoY during the third quarter.

Total net loan portfolio at period-end September 2018 once again reached a record, totaling Ch$ 1,099,541 million, up Ch$ 162,725 million (+17.4% YTD) boosted by the performance of: (i) the **enterprise division portfolio which closed the period with net loans of Ch$ 710,039 million** (↑Ch$ 114,713 million / +19.3% YTD), mainly coming from factoring, which totaled Ch$ 356,887 million (↑Ch$ 53,188 million / +17.5% YTD) and corporate lending which reached Ch$ 268,919 million (↑Ch$ 78,203 million / +41.0% YTD) and (ii) the **auto-financing division, which ended the period with net loan portfolio amounting to Ch$ 342,283 million** (↑Ch$ 14,566 million / +4.8% YTD).

Significant improvements were observed in terms of risk, compared to the previous year, with **NPLs over 90 days declining 168 bps to 2.5%** (9M17: 4.2%), while NPLs over 30 days declined 271 bps, reaching 5.0% (9M17: 7.7%) during the first nine months of the year. **Non-performing loans over 90 days of the enterprise division decreased 208 bps to 1.7%** (9M17: 3.8%) driven by improvements of 177 bps in factoring (9M17: 3.1% vs. 9M18: 1.4%), 532 bps in leasing (9M17: 8.9% vs. 9M18: 3.6%), and corporate lending (9M17: 2.1% vs. 9M18: 1.6%). Meanwhile, **NPLs over 90 days in the auto-financing division registered a reduction of 89 bps totaling 4.4%** (9M17: 5.3%).

Liquidity index at period-end September 2018 reached 1.76 times, below the levels registered in 9M17 (1.83x) and Dec-17 (1.72x), while **cash totaled Ch$ 60,306 million** versus Ch$ 84,636 million at the end of the previous year and $ 29,920 in September 2017. On the other hand, the Company's **leverage closed at 3.80 times** (9M17: 3.10x and Dec-17: 3.30x).

In January 1, 2018, thus complying with the norm, Tanner Servicios Financieros S.A. implemented **IFRS 9 accounting standard** into its financial statements, adopting **expected loss models for provision calculations** of all the Company's products. During the third semester of 2018, two bond were issued for UF 500.00 with a 4 year time horizon and 93 bps spread, and UF 1 million 19 years, 7 months maturity respectively and 114 bps spread.

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$	01-01-2018 09-30-2018	01-01-2017 09-30-2017	Δ $	Δ %	07-01-2018 09-30-2018	07-01-2017 09-30-2017	Δ $	Δ %
Revenue from ordinary activities	137,487	108,403	29,084	26.8%	50,749	44,722	6,027	13.5%
Sales cost	(82,258)	(62,599)	(19,658)	31.4%	(32,103)	(28,191)	(3,912)	13.9%
Gross profit	55,230	45,804	9,426	20.6%	18,646	16,530	2,116	12.8%
Other revenue, by function	1,088	1,072	17	1.6%	232	(111)	343	-308.9%
Administrative expenses	(32,390)	(28,829)	(3,562)	12.4%	(11,027)	(9,961)	(1,066)	10.7%
Other profits (losses)	(12)	14	(26)	-190.1%	(4)	-	(4)	-
Operating margin	23,915	18,060	5,855	50.5%	7,847	6,458	1,389	21.5%
Financial revenue	22	110	(88)	-79.9%	8	23	(15)	-64.8%
Financial costs	(209)	(172)	(37)	21.7%	(65)	(69)	4	-5.3%
Foreign exchange differences	(122)	(16)	(106)	658.2%	(140)	(16)	(124)	793.9%
Income by adjustment units	32	123	(91)	-74.2%	13	74	(61)	-82.4%
Profit (losses) before taxes	23,638	18,106	5,532	30.6%	7,663	6,470	1,193	18.4%
Revenue (expense) from profit taxes	(2,906)	(1,191)	(1,715)	144.0%	(906)	(675)	(232)	34.4%
Profit (losses)	20,732	16,915	3,817	22.6%	6,757	5,796	961	16.6%
Profit (losses) attributable to controller's property owners	20,449	16,303	4,147	25.4%	6,703	5,457	1,246	22.8%
Profit (losses) attributable to non-controller shares	282	612	(330)	-53.9%	54	339.22	(285)	-84.0%

Table 1: Consolidated Income Statement

The Company's **net profit during January through September of 2018 increased 22.6% YoY** (↑Ch$ 3,817 million), totaling Ch$ 20,732 million, versus Ch$ 16,915 million in 9M17, while in the third quarter the growth was 16.6% YoY (↑Ch$ 961 million), reaching Ch$ 6,757 million (3Q17: Ch$ 5,796 million). **Gross margin in 9M18 reached Ch$ 55,230 million** (↑Ch$ 9,426 million / +20.6% YoY) and in **3Q18 totaled Ch$ 18,646 million** (↑Ch$ 2,116 million / +12.8% YoY).

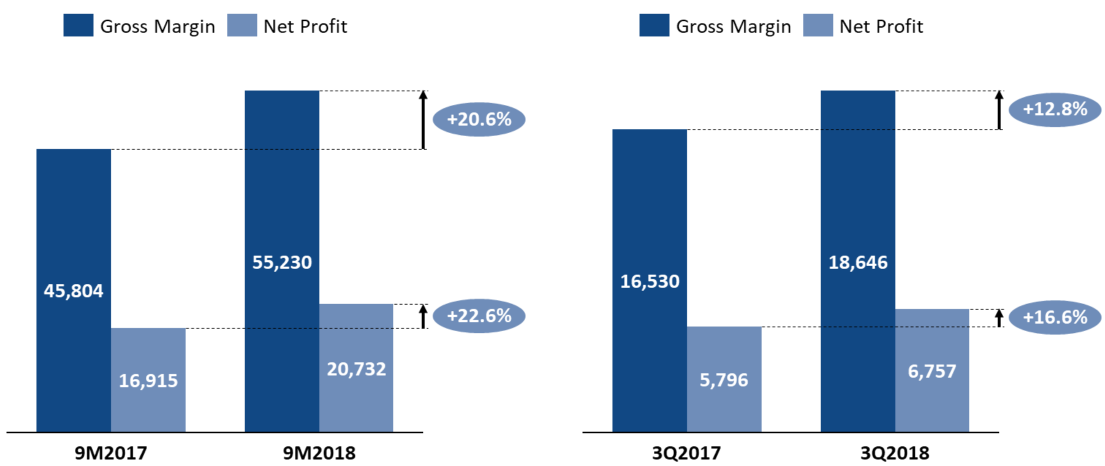


Chart 1: Consolidated Net Profit and Gross Margin (MCh$)

Consolidated revenues totaled Ch$ 137,487 million until September 30th of 2018, growing 26.8% YoY (↑Ch$ 29,084 million) and $ 50,749 million (↑Ch$ 6,027 million / +13,5% YoY) 3Q18, in line with increases in (i) other revenues[1] (9M18: ↑Ch$ 13,181 million / +42.8% YoY and 3Q18: ↑Ch$ 3,560 million / 26.7% YoY), due to an increase in the volume of intermediation in Tanner Investments and *Tanner Corredora de Seguros*, (ii) interests (9M18: ↑Ch$ 8,541 million / +13.6% YoY and 3Q18: ↑Ch$ 2,992 million / +13.8% YoY), (iii) price differences (9M18: ↑Ch$ 4,048 million / +22.0% YoY and 3Q18: ↑Ch$ 1,270 million / +18.8% YoY), and (iv) commissions (9M18: ↑Ch$ 630 million / +25.4% YoY and 3Q18: ↓Ch$ 328 million / -32.9% YoY), which were additionally favored by lower readjustments (9M18: Ch$ -3,531 million vs. 9M17: Ch$ -6,216 and 3Q18: Ch$ 482 million vs 3Q17: Ch$ -1,949 million).

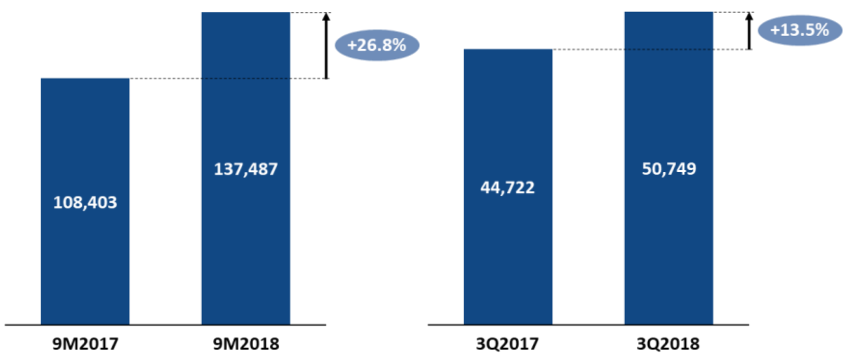


Chart 2: Consolidated Revenues (MCh$)

Consolidated expenses at period-end, September 2018, reached Ch$ 82,258 million (↑Ch$ 19,660 million / +31.4% YoY).During the **third quarter, costs reached Ch$ 32,103 million** (↑Ch$ 3,911 million / +13.9% YoY) mainly derived from rises in: (i) other costs[2] (9M18: ↑Ch$ 13,980 million / +120.6% YoY and 3Q18: ↑Ch$ 5,804 million / +102.6% YoY) aligned to an increased volume intermediated in Tanner Investments and *Tanner Corredora de Seguros,* (ii) constitution of provisions (9M18: ↑Ch$ 1,264 million / +6.8% YoY and 3Q18: ↓Ch$ 744 million / -10.1% YoY) and (iii) commissions expenses (9M18: ↑Ch$ 3,033 million / +25.6% YoY and 3Q18: ↑Ch$ 1,063 million / +26.6% YoY), together with lower readjustments over liabilities (9M18: Ch$ - 4,902 million vs. 9M17: Ch$ -5,310 and 3Q18: Ch$ -467 million vs. 3Q17: Ch$ -2,259 million).

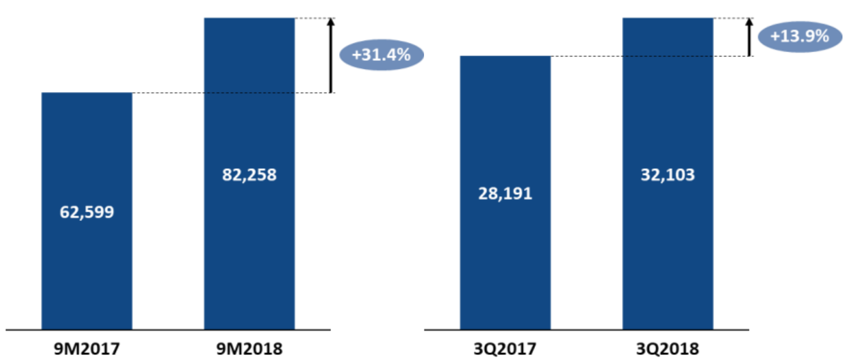


Chart 3: Consolidated Expenses (MCh$)

[1] Other revenues: comprises late commercial payments, recoveries and brokerage fees from Tanner Investments and *Tanner Corredora de Seguros* (Insurance Broker).
[2] Other costs: comprises mainly brokerage costs.

SG&A expenses (including depreciation) reached Ch$ 32,390 million 9M18 and Ch$ 11,027 million 3Q18, increasing 12.4% YoY and 10.7% YoY, respectively, mainly as a consequence of stock growth, which results in greater variable compensation. Human labor – which represents around 70% of administrative expenses – totaled Ch$ 22,371 million in nine months and $ 7,526 million during the quarter, reflecting increases of Ch$ 2,664 million (+13.5% YoY) and Ch$ 897 million (+13.5% YoY), respectively, while general expenses reached Ch$ 10,019 million (+9.8% YoY) during the first nine months of the year, closing at a 5.1% increase during the quarter (Ch $ 3,500 million).

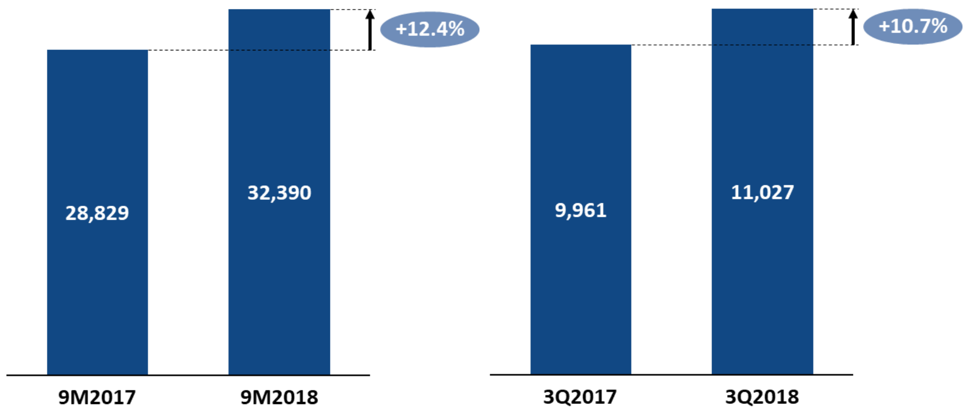


Chart 4: Consolidated SG&A Expenses (MCh$)

III. Main Indicators

	Indicator	Definition	Unit	09-30-2018	12-31-2017	09-30-2017
Liquidity and Solvency	Current Ratio	*Current Assets/Current Liabilities*	*times*	1.76	1.72	1.83
	Current Liabilities to Equity	*Current liabilities/Equity*	*times*	1.70	1.62	1.52
	Immediate Liquidity	*Cash and cash equivalent/Current Liabilities*	*times*	0.13	0.19	0.07
	Stable Funding Ratio	*(Non-current liabilities + Equity)/(Non-current loans + others non-liquid assets)*	*times*	1.73	1.78	1.96
	Debt to Equity	*Total liabilities/Equity*	*times*	3.80	3.30	3.10
	Capitalization	*Equity/Assets*	*%*	20.84%	23.28%	24.37%
	Razón de Endeudamiento Total	*Pasivos/Activos*	*times*	0.79	0.77	0.76
	Short Term Debt Ratio	*Current liabilities/Total liabilities*	*%*	44.9%	49.2%	49.1%
	Long Term Debt Ratio	*Non-current liabilities/Total liabilities*	*%*	55.1%	50.8%	50.9%
	Short Term Bank Debt	*Current bank liabilities/Current liabilities*	*%*	42.5%	32.0%	24.3%
	Long Term Bank Debt	*Non-current bank liabilities/Non-current liabilities*	*%*	21.0%	16.5%	18.7%
	Working Capital	*Current assets - Current liabilities*	*MCh$*	363,346	315,998	335,285
	Interest Coverage Ratio	*(Profit before taxes + Financial expenditure)/Financial expenditure*	*times*	1.7	1.7	1.6
Profitability	Return on Average Equity	*Annualized profit/ Average Equity*	*%*	10.7%	9.7%	9.1%
	Return on Average Assets	*Annualized profit/ Average Assets*	*%*	2.4%	2.3%	2.3%
	Gross Profit Margin	*Gross profit/Revenue from ordinary activities*	*%*	40.2%	41.7%	42.3%
	Operating Profit Margin	*Operating Profit/Revenue from ordinary activities*	*%*	17.4%	18.2%	16.7%
	Net Income Margin	*Net income/Revenue from ordinary activities*	*%*	15.1%	16.6%	15.6%
	Earnings Per Share (EPS)	*Net income/number of shares*	*$*	17,104	20,888	13,955
	Efficiency of Expenditure	*SG&A Expenses/Gross profit*	*%*	58.6%	60.2%	62.9%
Assets Quality	Non-Performing Loans over 30 days	*Non-performing loans >30 days/(Loans + Provisions)*	*%*	5.0%	6.9%	7.7%
	Non-Performing Loans over 90 days	*Non-performing loans >90 days/(Loans + Provisions)*	*%*	2.49%	4.07%	4.17%
		Non-Performing loans >90 days/Equity	*%*	10.0%	14.5%	14.2%
	Non-Performing Loans	*Non-Performing loans/(Loans + Provisions)*	*%*	12.9%	15.6%	17.4%
		Non-Performing loans/Equity	*%*	52.1%	55.7%	59.3%
	Provisions	*Provisions/(Loans + Provisions)*	*%*	2.3%	2.5%	2.7%
		Provisions/Non-performing loans	*%*	17.7%	16.2%	15.3%
		Provisions/Non-performing loans >90 days	*%*	92.0%	62.2%	63.8%
	Write-offs	*Write-offs/(Loans + Provisions)*	*%*	2.4%	2.4%	2.0%
	Provisions and Write-offs	*Annualized provisions and write-offs/(Loans + Provisions)*	*%*	2.3%	2.5%	2.7%
	Restructured Porfolio	*Securitized portfolio/(Loans + Provisions)*	*%*	3.1%	2.3%	2.4%

Table 2: Main Indicators

As of September 30, 2018, in terms of liquidity and leverage, the Company maintained a healthy and robust position, reflecting the strength of Tanner and its ability to meet its immediate and long-term commitments. On a general scale, liabilities increased Ch$ 171,709 million (+19.3% YTD) compared to December 2017, which totaled Ch$ 1,060,039 million. On the other hand, assets expanded 15.7% (↑ Ch$ 181,352 million), closing the quarter at Ch$ 1,339,163 million. In terms of equity, a rise of Ch$ 9,643 million (+3.6% YTD) is appreciated, thus closing the third quarter at Ch$ 279,123 million.

Efficiency indicators improved significantly when compared year-over-year and year-to-date, in line with the Company's goals over the past couple of years

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

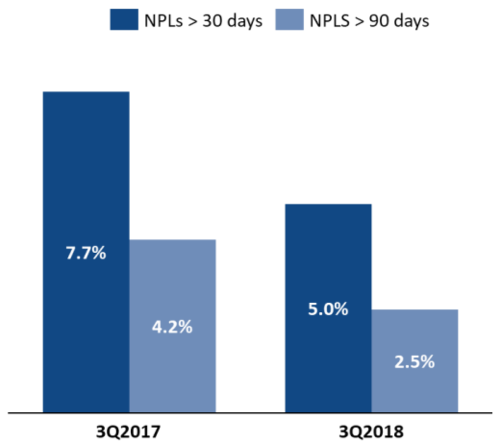


Chart 5: Consolidated NPLs

IV. Results by Division

Tanner is organized in three divisions – Enterprise[3], Auto-Financing and Investments[4], complemented by the subsidiary *Tanner Corredora de Seguros*. For the purpose 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 47.7%, 32.5% and 15.9% respectively by 9M18, and 47.1%, 32.3% and 14.6% for the third quarter of 2018. Additionally, revenues and costs generated by the Treasury unit are shown below.

Business Division		01.01.2018 to 09.30.2018 MCh$	01.01.2017 al 09.30.2017 MCh$	Δ $	Δ %	07.01.2018 to 09.30.2018 MCh$	07.01.2017 to 09.30.2017 MCh$	Δ $	Δ %
ENTERPRISE DIVISION	REVENUE	51,429	48,779	2,650	5.4%	17,244	16,959	285	1.7%
Tanner Empresas	COSTS	25,081	25,094	(13)	-0.1%	8,470	8,807	(337)	-3.8%
	GROSS PROFIT	26,348	23,684	2,663	11.2%	8,775	8,152	622	7.6%
i. FACTORING	REVENUE	30,940	27,772	3,169	11.4%	10,668	10,280	388	3.8%
	COSTS	12,689	10,917	1,771	16.2%	4,456	4,527	(71)	-1.6%
	GROSS PROFIT	18,252	16,854	1,397	8.3%	6,212	5,753	459	8.0%
ii. LEASING	REVENUE	7,329	8,991	(1,662)	-18.5%	2,237	2,840	(603)	-21.2%
	COSTS	5,159	7,213	(2,054)	-28.5%	1,604	2,138	(534)	-25.0%
	GROSS PROFIT	2,170	1,778	392	22.1%	633	702	(68)	-9.7%
iii. CORPORATE LOANS	REVENUE	13,159	12,016	1,143	9.5%	4,340	3,840	500	13.0%
	COSTS	7,233	6,964	269	3.9%	2,410	2,142	268	12.5%
	GROSS PROFIT	5,925	5,052	874	17.3%	1,930	1,698	232	13.7%
AUTO-FINANCING DIVISION	REVENUE	61,147	50,253	10,894	21.7%	21,260	18,050	3,210	17.8%
Tanner Automotriz	COSTS	43,191	35,930	7,261	20.2%	15,229	12,989	2,240	17.2%
	GROSS PROFIT	17,955	14,323	3,633	25.4%	6,031	5,060	970	19.2%
SUBISIDIARIES	REVENUE	27,413	13,660	13,753	100.7%	11,484	7,034	4,449	63.3%
	COSTS	18,657	6,754	11,904	176.3%	8,767	4,114	4,653	113.1%
	GROSS PROFIT	8,756	6,907	1,850	26.8%	2,717	2,920	(203)	-7.0%
TREASURY	REVENUE	(2,501)	(4,289)	1,787	-41.7%	761	2,678	(1,917)	-71.6%
	COSTS	(4,671)	(5,178)	507	-9.8%	(362)	2,281	(2,643)	-115.9%
	GROSS PROFIT	2,170	890	1,280	143.9%	1,124	397	726	182.8%
Tanner	REVENUE	137,487	108,403	29,084	26.8%	50,749	44,722	6,027	13.5%
	COSTS	82,258	62,599	19,658	31.4%	32,103	28,191	3,912	13.9%
	GROSS PROFIT	55,230	45,804	9,426	20.6%	18,646	16,530	2,116	12.8%

Table 3: Business Divisions Results

[3] Enterprises Division: Includes Factoring, Leasing and Corporate Lending.
[4] 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 during 9M18 reached Ch$ 55.230 million (↑Ch$ 9,426 million / +20.6% YoY), with an increase in revenues (↑Ch$ 29,084 million / +26.8% YoY) offsetting the growth in costs (↑Ch$ 19,658 million / +31.4% YoY). By **3Q18, gross margin totaled Ch$ 18,646 million**, with a rise in revenues (↑Ch$ 6,027 million / +13.5% YoY) greater than the increment in costs (↑Ch$ 3,912 million / +13.9%). Gross margin breakdown by division/product, is as follows:

ENTERPRISE DIVISION

Tanner Empresas

9M18: Ch$ 26,348 million, rising 11.2% YoY (↑Ch$ 2,663 million), derived from a significant increase in revenues (↑Ch$ 2,650 million / +5.4% YoY) with a slight decrease in division expenses (↓Ch$ 13 million / 0.1% YoY).
3Q18: Ch$ 8,775 million, up 7.6% YoY (↑Ch$ 622 million), in line with an increment of Ch$ 285 million (+1.7% YoY) in revenues and a decrease in costs (↓Ch$ 337 million / 3.8% YoY).

i. FACTORING

9M18: Ch$ 18,252 million, growing 8.3% YoY (↑Ch$ 1,397 million), due to an increase of Ch$ 3,169 million (+11.4% YoY) in revenues and a rise of 16.2% YoY (↑Ch$ 1,771 million) in costs.
3Q18: Ch$ 6,212 million, up 8.0% YoY (↑Ch$ 459 million), with an increase of 3.8% YoY (↑Ch$ 388 million) in revenues and a decrease in costs (↓Ch$ 71 million).

ii. LEASING

9M18: Ch$ 2,170, rising 22.1% YoY (↑Ch$ 392 million), with a 28.5% cost reduction (↓Ch$ 2,054 million), thus buffering the decrease in revenues (↓Ch$ 1,662 million / -18.5% YoY).
3Q18: Ch$ 633 million, down 9.7% YoY (↓Ch$ 68 million), due to a drop of revenues of 21.2% YoY (↓Ch$ 603 million) that offset lower costs of Ch$ 534 million (-25.0% YoY).

iii. CORPORATE LENDING

9M18: Ch$ 5,925 million, up 17.3% YoY (↑Ch$ 874 million), due to an increase in revenues (↑Ch$ 1,143 million / +9.5% YoY) and costs (↑Ch$ 269 million / +3.9% YoY).
3Q18: Ch$ 1,930 million, rising 13.7% YoY (↑Ch$ 232 million), in line with an increase of 13.0% YoY (↑Ch$ 500 million) in revenues and an increment in costs (↑Ch$ 268 million / +12.5% YoY).

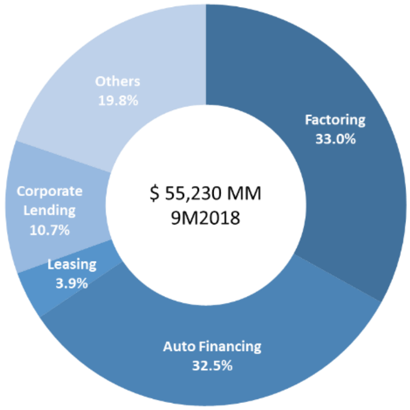
AUTO-FINANCING DIVISION

Tanner Automotriz

9M18: Ch$ 17,955 million, growing 25.4% YoY (↑Ch$ 3,633 million), derived from a greater increment in revenues (↑Ch$ 10,894 million / +21.7% YoY) than in costs (↑Ch$ 7,261 million / 20.2% YoY).
3Q18: Ch$ 6,031 million, up 19.2% YoY (↑Ch$ 970 million), with an increase in revenues (↑Ch$ 3,210 million / +17.8% YoY), significantly larger than the costs upsurge (↑Ch$ 2,240million / +17.2% YoY).

SUBSIDIARIES

9M18: Ch$ 8,756 million, up 26.8% YoY (↑Ch$ 1,850 million), due to an increase of Ch$ 13,753 million (+100.7% YoY) in revenues that offset higher costs (↑Ch$ 11,904 million / + 176.3% YoY).
3Q18: Ch$ 2,717, decreasing 7.0% YoY (↓Ch$ 203 million), in line with an increase in expenses by Ch$ 4,653 (+113.1 YoY), which offset a 63.3% YoY revenue increase (↑Ch$ 4,449 million).



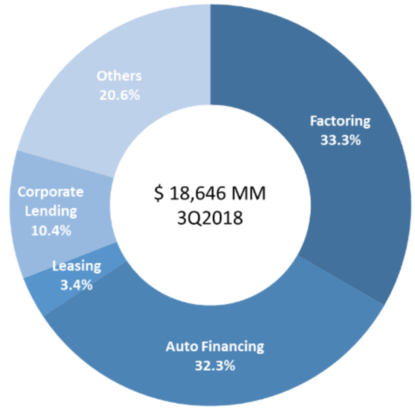


Chart 6: Gross Margin Breakdown by Line of Business

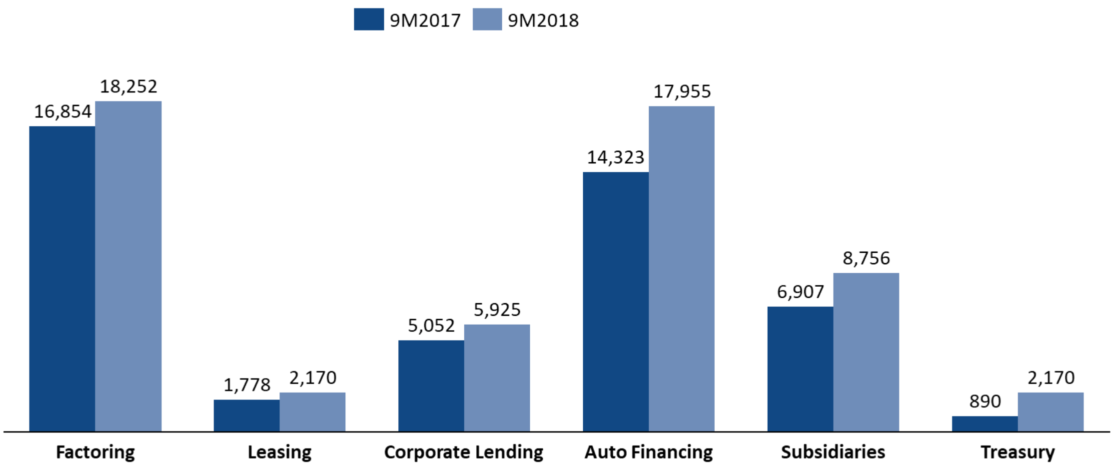


Chart 7: Gross Margin Breakdown by Line of Business 9M2018

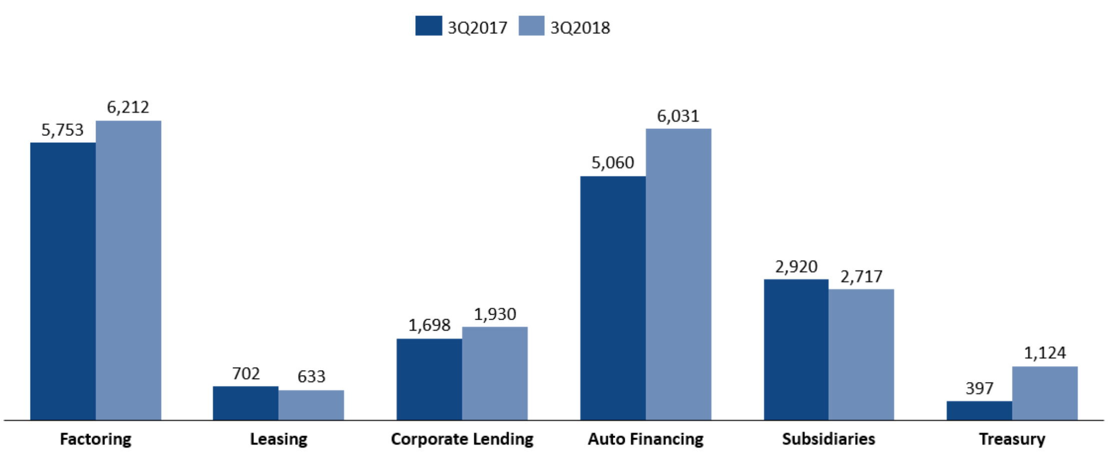


Chart 8: Gross Margin Breakdown by Line of Business Third Quarter 2018

Consolidated revenue totaled Ch$ 137,847 million on for the first nine months of 2018, with a rise of 26.8% YoY (↑Ch$ 29,084 million), meanwhile **3Q18 totaled Ch $50,749 million,** with an increase of 13.5% YoY (↑Ch$ 6.027 million) explained by a revenue of:

ENTERPRISE DIVISION

Tanner Empresas

9M18: Ch$ 51,429 million (↑Ch$ 2,650 million / +5.4% YoY);
3Q18: Ch$ 17,244 million (↑Ch$ 285 million / +1.7% YoY);
Driver: Increase in price differences derived from the factoring business, which represents 60.2% of the division's revenue.

i. FACTORING

9M18: Ch$ 30,940 million (↑Ch$ 3,169 million / +11.4% YoY);
3Q18: Ch$ 10,668 million (↑Ch$ 388 million / +3.8% YoY);
Driver: Growth in price differences.

ii. LEASING

9M18: Ch$ 7,329 million (↓Ch$ 1,662 million / -18.5% YoY);
3Q18: Ch$ 2,237 million (↓Ch$ 603 million / -21.2% YoY);
Driver: A result of the change of focus of the product, which seeks to increase its profitability by concentrating on real estate businesses.

iii. CORPORATE LENDING

9M18: Ch$ 13,159 million (↑Ch$ 1,143 million / +9.5% YoY);
3Q18: Ch$ 4,340 million (↑Ch$ 500 million / +13.0% YoY);
Driver: Increase in commissions offset by lower late commercial payments, recoveries and interests.

AUTO-FINANCING DIVISION

Tanner Automotriz

9M18: Ch$ 61,147 million (↑Ch$ 10,894 million / +21.7% YoY);
3Q18: Ch$ 21,260 million (↑Ch$ 3,210 million / +17.8% YoY);
Driver: Higher volume, concordant with larger sales on new and used cars, which leads to increases in interests, late payments and recoveries.

SUBSIDIARIES

9M18: Ch$ 27,413 million (↑Ch$13,753 million / +100.7% YoY);
3Q18: Ch$ 8,767 million (↑Ch$ 4,653 million / +63.3% YoY);
Driver**:** Intermediated volume increase.

Consolidated costs totaled Ch$ 82,258 million 9M18 and Ch$ 32,103 million during 3Q18, expanding Ch$ 19,658 million (+31.4% YoY) and Ch$ 3,912 million (+13.9% YoY), respectively, explained by the costs of:

ENTERPRISE DIVISION

Tanner Empresas

9M18: Ch$ 25,081 (↓Ch$ 13 million / -0.1% YoY);
3Q18: Ch$ 8,470 million (↓Ch$ 337 million / -3.8% YoY);
Driver: A decrease in costs associated with risk management, in line with a healthier portfolio.

i. FACTORING

9M18: Ch$ 12,688 million (↑Ch$ 1,771 million / +16.2% YoY);
3Q18: Ch$ 4,456 million (↓Ch$ 71 million / -1.6% YoY);
Driver: Increase in interests related with funding costs provisions and write-offs, due to an increase in stock.

ii. LEASING

9M18: $ 5,159 million (↓$ 2,054 million / -28.5% YoY);
3Q18: $ 1,604 million (↓$ 534 million / -25.0% YoY);

Driver: Reduction in provisions and write-offs, coupled with lower interests' expenses.

iii. CORPORATE LENDING

9M18: $ 7,233 million (↑$ 269 million / +3.9% YoY);
3Q18: $ 2,410 million (↑$ 268 million / +12.5% YoY);
Driver: Larger provisions and write-offs in line with greater stock, which is not compensated by lower interest expenses.

AUTO-FINANCING DIVISION

Tanner Automotriz

9M18: $ 43,191 million (↑$ 7,261 million / +20.2% YoY);
3Q18: $ 15,229 million (↑$ 2,240 million / +17.2% YoY);
Driver: Higher interest expenses and commissions due to an increase in the stock, plus an upsurge of provisions and write-offs.

SUBISIDIARIES

9M18: $ 18,657 million (↑$ 11,904 million / +176.3% YoY);
3Q18: $ 8,767 million (↑$ 4,653 million / +113.1% YoY);
Driver: Increased cost, caused by an increase in intermediated volume.

V. Portfolio Quality

	Indicator	Definition	Unit	09-30-2018	12-31-2017	09-30-2017
ENTERPRISE DIVISION	Non-Performing Loans	*Non-Performing loans/(Loans + Provisions)*	%	9.4%	13.0%	15.1%
		Non-Performing loans/Equity	%	24.4%	29.4%	33.0%
	Provisions	*Provisions/(Loans + Provisions)*	%	1.5%	2.1%	2.2%
		Provisions/Non-performing loans	%	16.1%	16.1%	14.7%
		Provisions/Non-performing loans >90 days	%	89.2%	58.2%	58.7%
	Provisions and Write-offs	*Annualized provisions and write-offs/(Loans + Provisions)*	%	1.3%	1.6%	1.9%
	Non-Performing Loans over 30 days	*Non-performing loans >30 days/(Loans + Provisions)*	%	2.7%	4.9%	6.1%
	Non-Performing Loans over 90 days	*Non-performing loans >90 days/(Loans + Provisions)*	%	1.7%	3.6%	3.8%
		Non-Performing loans >90 days/Equity	%	4.4%	8.2%	8.3%
	Restructured Porfolio	*Securitized portfolio/(Loans + Provisions)*	%	2.7%	2.4%	2.7%
		Securitized portfolio/Equity	%	7.0%	5.5%	5.9%
	Clients	*Number of clients*	#	4,113	4,871	5,021
	Efficiency	*SG&A Expenses/Gross profit*	%	62.2%	60.1%	64.0%
i. FACTORING	Non-Performing Loans	*Non-Performing loans/(Loans + Provisions)*	%	10.6%	12.2%	11.0%
		Non-Performing loans/Equity	%	13.7%	14.0%	11.1%
	Provisions	*Provisions/(Loans + Provisions)*	%	1.2%	1.8%	1.9%
		Provisions/Non-performing loans	%	11.4%	14.4%	17.8%
		Provisions/Non-performing loans >90 days	%	89.4%	59.8%	62.2%
	Provisions and Write-offs	*Annualized provisions and write-offs/(Loans + Provisions)*	%	1.6%	1.4%	1.7%
	Non-Performing Loans over 30 days	*Non-performing loans >30 days/(Loans + Provisions)*	%	2.1%	3.4%	4.2%
	Non-Performing Loans over 90 days	*Non-performing loans >90 days/(Loans + Provisions)*	%	1.4%	2.9%	3.1%
		Non-Performing loans >90 days/Equity	%	1.8%	3.4%	3.2%
	Restructured Porfolio	*Securitized portfolio/(Loans + Provisions)*	%	2.1%	2.0%	2.4%
		Securitized portfolio/Equity	%	2.8%	2.3%	2.5%
	Clients	*Number of clients*	#	3,022	3,177	3,131
	Efficiency	*SG&A Expenses/Gross profit*	%	54.3%	51.7%	53.2%
ii. LEASING	Non-Performing Loans	*Non-Performing loans/(Loans + Provisions)*	%	19.9%	27.9%	36.3%
		Non-Performing loans/Equity	%	6.2%	10.8%	13.9%
	Provisions	*Provisions/(Loans + Provisions)*	%	2.9%	3.6%	4.3%
		Provisions/Non-performing loans	%	14.8%	12.9%	11.8%
		Provisions/Non-performing loans >90 days	%	82.5%	45.0%	48.0%
	Provisions and Write-offs	*Annualized provisions and write-offs/(Loans + Provisions)*	%	0.6%	2.6%	3.2%
	Non-Performing Loans over 30 days	*Non-performing loans >30 days/(Loans + Provisions)*	%	8.0%	13.4%	17.7%
	Non-Performing Loans over 90 days	*Non-performing loans >90 days/(Loans + Provisions)*	%	3.6%	8.0%	8.9%
		Non-Performing loans >90 days/Equity	%	1.1%	3.1%	3.4%
	Restructured Porfolio	*Securitized portfolio/(Loans + Provisions)*	%	8.2%	3.8%	5.5%
		Securitized portfolio/Equity	%	2.5%	1.5%	2.1%
	Clients	*Number of clients*	#	646	857	912
	Efficiency	*SG&A Expenses/Gross profit*	%	99.2%	94.4%	99.6%
iii. CORPORATE LENDING	Non-Performing Loans	*Non-Performing loans/(Loans + Provisions)*	%	4.6%	6.4%	10.1%
		Non-Performing loans/Equity	%	4.5%	4.6%	7.9%
	Provisions	*Provisions/(Loans + Provisions)*	%	1.5%	1.9%	1.6%
		Provisions/Non-performing loans	%	32.5%	29.0%	15.6%
		Provisions/Non-performing loans >90 days	%	83.2%	66.6%	55.9%
	Provisions and Write-offs	*Annualized provisions and write-offs/(Loans + Provisions)*	%	1.3%	1.6%	1.3%
	Non-Performing Loans over 30 days	*Non-performing loans >30 days/(Loans + Provisions)*	%	1.8%	2.8%	2.8%
	Non-Performing Loans over 90 days	*Non-performing loans >90 days/(Loans + Provisions)*	%	1.6%	2.3%	2.1%
		Non-Performing loans >90 days/Equity	%	1.5%	1.7%	1.7%
	Restructured Porfolio	*Securitized portfolio/(Loans + Provisions)*	%	1.7%	2.4%	1.6%
		Securitized portfolio/Equity	%	1.7%	1.7%	1.3%
	Clients	*Number of clients*	#	445	837	978
	Efficiency	*SG&A Expenses/Gross profit*	%	72.7%	72.2%	87.7%
AUTO FINANCING	Non-Performing Loans	*Non-Performing loans/(Loans + Provisions)*	%	21.7%	22.5%	23.5%
		Non-Performing loans/Equity	%	27.7%	26.3%	26.3%
	Provisions	*Provisions/(Loans + Provisions)*	%	4.1%	3.7%	3.8%
		Provisions/Non-performing loans	%	19.2%	16.3%	16.0%
		Provisions/Non-performing loans >90 days	%	94.2%	67.2%	71.0%
	Provisions and Write-offs	*Annualized provisions and write-offs/(Loans + Provisions)*	%	4.7%	4.5%	4.6%
	Non-Performing Loans over 30 days	*Non-performing loans >30 days/(Loans + Provisions)*	%	10.4%	11.5%	11.6%
	Non-Performing Loans over 90 days	*Non-performing loans >90 days/(Loans + Provisions)*	%	4.4%	5.5%	5.3%
		Non-Performing loans >90 days/Equity	%	5.6%	6.4%	5.9%
	Restructured Porfolio	*Securitized portfolio/(Loans + Provisions)*	%	2.9%	2.4%	2.1%
		Securitized portfolio/Equity	%	3.7%	2.7%	2.3%
	Clients	*Number of clients*	#	64,732	57,293	55,041
	Efficiency	*SG&A Expenses/Gross profit*	%	62.3%	70.1%	70.6%

Table 4: Business Divisions Main Indicators

On January 1, 2018, Tanner Servicios Financieros S.A. adopted IFRS 9 Accounting Standards, which regarding the measurement of deterioration, assumes the adoption of expected loss models that allows to constitute provisions aligned with the real risk of the factoring, leasing, corporate lending and auto-financing. Thus, the effect of this change meant an adjustment in the stock of the uncollectibles of $ 8,235 million[5], which, added to effects in other items of the financial statements, was recorded against results accumulated in Equity for $ 5,925 million.

ENTERPRISE DIVISION

Tanner Empresas

Portfolio quality advanced with respect to the same period in 2017, which is reflected by the decline of both NPLs > 30/90 days plus an improvement in the provision coverage ratio due to the implementation of IFRS 9.

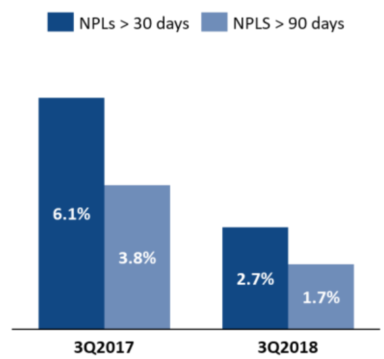


Chart 9: NPLs – Enterprise Division

i. FACTORING

Loan portfolio quality improved significantly with respect to same previous period, reflected in the decrease of both NPLs > 30/90 days.

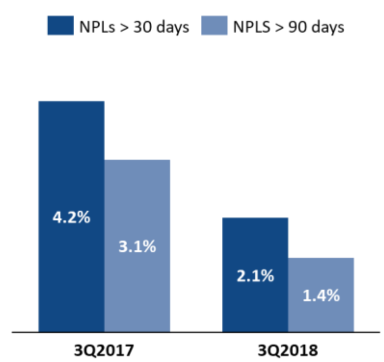


Chart 10: NPLs – Factoring Business

[5] The Ch$ 8,235 million adjustment related with IFRS 9 is broken down as follows:
Enterprise Division = Ch$ 4,354 million
- Factoring = Ch$ 2,102 million
- Leasing = Ch$ 1,719 million
- Corporate Lending = $ 533 million

Auto-Financing Division = Ch$ 3,881 million

ii. LEASING

Portfolio quality indicators improved, mainly in terms of NPLs > 30/90 days, with the stock of provisions increasing as a result of IFRS 9 adoption.

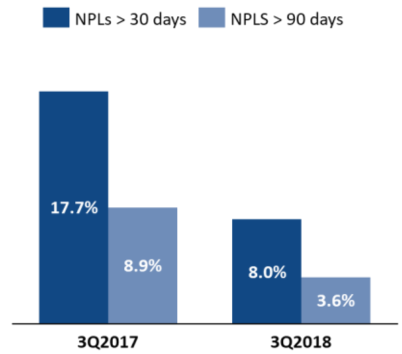


Chart 11: NPLs – Leasing Business

iii. CORPORATE LENDING

Portfolio quality indicators deteriorate year-over-year reaching a similar level compared to factoring.

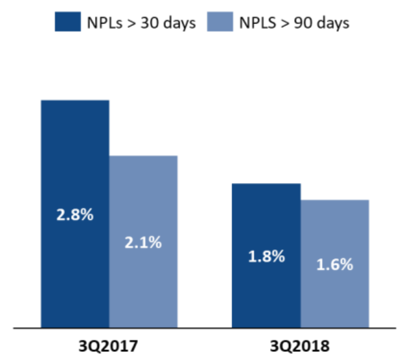


Chart 12: NPLs – Corporate Lending Business

AUTO-FINANCING DIVISION

Both NPLs > 30/90 days improved YoY, despite the slight increase registered during the first quarter of 2018, reflecting both the growth of stock, due to expected loss models that provision from the beginning of the loan, and the economic environment in the country, which results in a healthier portfolio for this division.

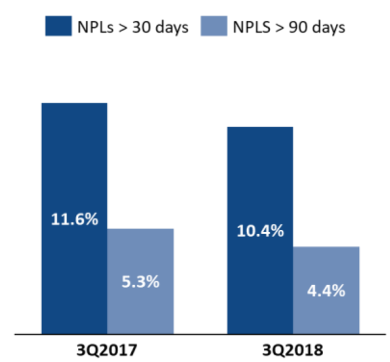


Chart 13: NPLs – Auto-Financing Division

VI. Balance Sheet

Assets (MCh$)	09-30-2018	12-31-2017	Δ $	Δ %
Current Assets				
Cash and cash equivalent	60,306	84,636	(24,330)	-28.7%
Other current financial assets	70,622	49,120	21,502	43.8%
Other current non-financial assets	1,859	1,547	312	20.2%
Trade receivables and other current accounts receivable, net	682,014	602,984	79,030	13.1%
Current accounts receivable from related parties	410	452	(43)	-9.5%
Current tax assets	11,319	8,259	3,060	37.0%
Non-current assets held for sale	12,454	6,216	6,239	100.4%
Total Current Assets	**838,983**	**753,214**	**85,769**	**11.4%**
Non-Current Assets				
Other non-current financial assets	33,073	22,286	10,787	48.4%
Other non-current non-financial assets	3,476	6,217	(2,741)	-44.1%
Trade receivables and other non-current accounts receivable, net	417,527	333,832	83,695	25.1%
Non-current accounts receivable from related parties	512	611	(99)	-16.2%
Investments in companies	4,865	3,509	1,356	38.6%
Intangible assets other than goodwill	1,764	1,764	-	0.0%
Goodwill	3,300	3,341	(41)	-1.2%
Property, plant and equipment	3,192	3,146	47	1.5%
Deferred tax assets	32,470	29,892	2,579	8.6%
Total Non-Current Assets	**500,179**	**404,597**	**95,583**	**23.6%**
Total Assets	**1,339,163**	**1,157,810**	**181,352**	**15.7%**

Liabilities (MCh$)	09-30-2018	12-31-2017	Δ $	Δ %
Current Liabilities				
Other current financial liabilities	376,388	364,875	11,512	3.2%
Trade payables and other current accounts payables	92,141	69,872	22,270	31.9%
Other short-term provisions	2,147	1,658	489	29.5%
Current tax liabilities	4,961	802	4,159	518.5%
Other current non-financial liabilities	-	9	(9)	-100.0%
Total Current Liabilities	**475,637**	**437,216**	**38,421**	**8.8%**
Non-Current Liabilities				
Other non-current financial liabilities	584,402	451,114	133,288	29.5%
Non-current accounts payable	-	-	-	-
Deferred tax liabilities	-	-	-	-
Total Non-Current Liabilities	**584,402**	**451,114**	**133,288**	**29.5%**
Total Liabilities	**1,060,039**	**888,330**	**171,709**	**19.3%**
Equity	279,123	269,481	9,643	3.6%
Total Equity and Liabilities	**1,339,163**	**1,157,810**	**181,352**	**15.7%**

Table 5: Consolidated Balance Sheet

a. *Loan Portfolio* [6]

Total gross loan portfolio at September 2018 reached Ch$ 1,125,341 million (↑Ch$ 164,210 million / +17.1% YTD) versus Ch$ 961,131 million in December 2017, while provisions totaled Ch$ 25,800 million, increasing Ch$ 1,485 million (+6.1% YTD), of which $ 8,235 million are related to the provision adjustments made with the adoption of IFRS 9. Consequently, **total net loan portfolio amounted to Ch$ 1,099,541 million**, increasing 17.4% YTD (↑Ch$ 162,725)) from Ch$ 936,816 million by the end of 2017, driving the Company to once again beat its loan portfolio record.

Net loan portfolio at period-end September 2018:

1. **Enterprise Division: Ch$ 710,039 million** | +19.3% YTD | ↑Ch$ 114,713 million;
    a. **Factoring: Ch$ 356,887 million** |+17.5% YTD | ↑Ch$ 53,188 million;
    b. **Leasing: Ch$ 84,233 million** | -16,5% YTD | ↓Ch$ 16,678 million;
    c. **Corporate Lending: Ch$ 268,919 million** | +41.0% YTD | ↑Ch$ 78,203 million; and,
2. **Auto-Financing Division: Ch$ 342,283 million** | +13.1% YTD | ↑Ch$ 39.555 million.

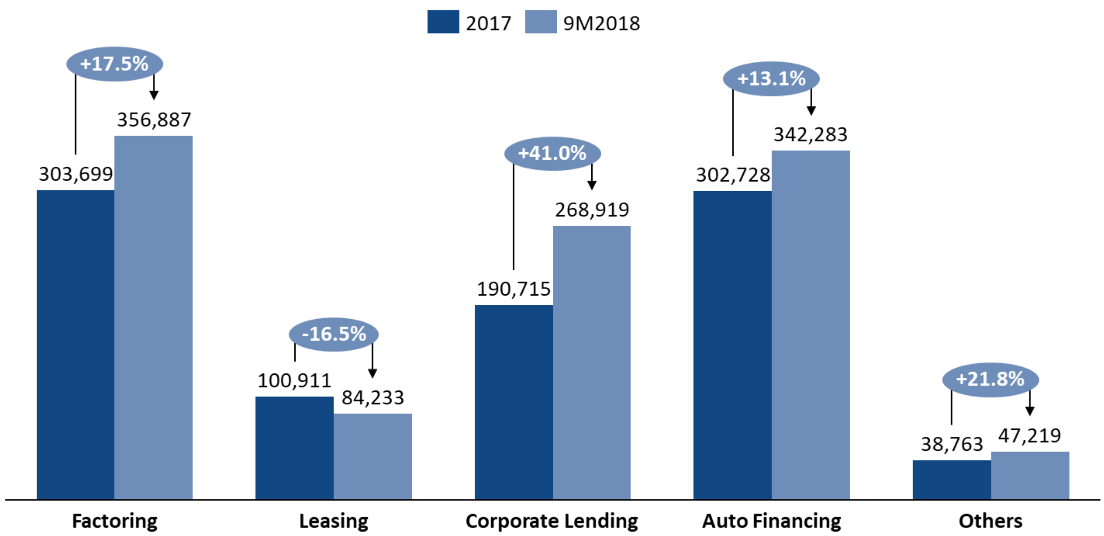


Chart 14: Net Loan Portfolio Breakdown by Line of Business

The portfolio has continued to concentrate in the Company's strategic businesses – factoring and auto-financing – which in 3Q18 represent 32.5% (3Q17: 30.1% and Dec-2017: 32.4%) and 32.4% (3Q17: 32.5% and Dec-2017: 32.3%) of net loan portfolio, respectively.

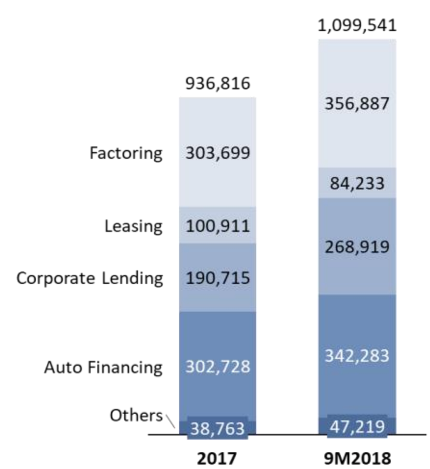


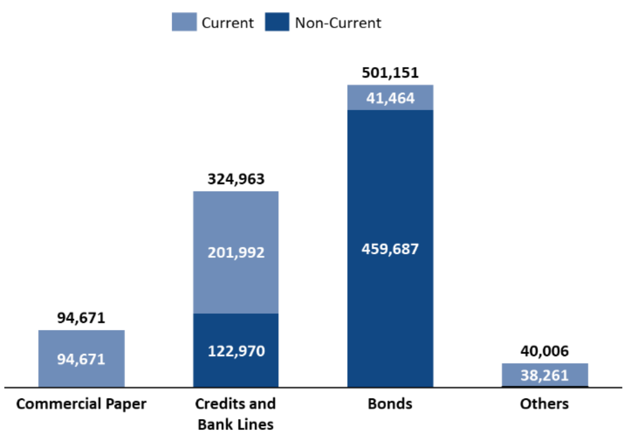
Chart 15: Net Loan Portfolio Breakdown

[6] Gross loans minus provisions.

b. Funding Sources

Financial liabilities as of September 30, 2018, totaled Ch$ 960,789 million, compared with $ 815,989 million in December 2017 (↑Ch$ 144,800 million / +17.7% YTD), mainly due to the increment of liabilities associated to: (i) banks and financial institutions (↑Ch$ 110,531 million/ +51.5% YTD) and (ii) commercial paper (↑Ch$ 31,334 million / +49.5% YTD) and (iii) bonds (↑Ch$ 4,467 million / +0.9 YTD), which offset the reduction of liabilities associated to other derivatives and repos (↓Ch$ 1,531 million / -3.7 YTD)

In terms of liability structure, 52.2% (Ch$ 501.151 million) correspond to local and international bonds, 33.8% (Ch$ 324.963 million) to bank loans and credit lines, and 9.9% (Ch$ 94,671 million) to commercial paper. Additionally, Ch$ 40,006 million (4.2%) are related to other financial obligations, which correspond to repos and financial derivatives.



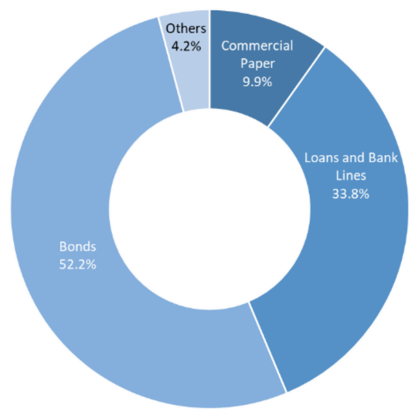


Chart 16: Breakdown of Funding Sources

VII. Cash Flow Statement

MCh$	09-30-2018	09-30-2017	Δ $
Cash flow provided by (used in) operating activities	(194,932)	(60,573)	(134,359)
Cash flow provided by (used in) investing activities	153,934	7,556	146,378
Cash flow provided by (used in) financing activities	16,726	51,323	(34,597)
Effect of changes in exchange rates	(58)	(18)	(40)
Net increase (decrease) in cash and cash equivalent	(24,330)	(1,712)	(22,618)
Cash and Cash Equivalent, Initial Balance	84,636	31,632	53,004
Cash and Cash Equivalent, Final Balance	60,306	29,920	30,385

Table 6: Cash Flow Statement

During the third quarter of 2018, cash flow of **operating activities totaled Ch$ -194,932 million** versus Ch$ Ch$ - 60,573 million recorded in September 2017. Ch$ 70,298 million in collections was obtained during this quarter, yet Company payments registered a decrease of Ch$ 193,068.

Cash flow stemming from **investing activities reached Ch$ 153,934 million**, Ch$ 146,378 million more than Ch$ 7,556 million of 3Q17, mainly because of a Ch$ 543,185 million difference between payments and collections in financial derivatives.

Financing activities cash flow amounts to Ch$ 16,726 million between January and September 2018, versus Ch$ 51,323 million during the same previous period, due to a drop in interest and loan payments.

Finally, **cash and cash equivalents by period-end September 2018, totaled Ch$ 60,306 million,** growing Ch$ 30,385 million when compared to the same period of the previous year.

VIII. Risk Analysis

a. *Credit Risk*

Credit risk is the probability a company faces of financial loss when a client or counterparty of a financial instrument does not comply with its contractual obligations. This risk is 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 where the client is involved. In terms of factoring, it also includes debtor-specific information.

Other important and complementary aspects of credit risk evaluations are 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. Therefore, several 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).

Complying with the new accounting norm, Tanner Servicios Financieros S.A. implemented new models of deterioration under the IFRS 9 standards, where one of the main changes refers to the utilization of expected loss models instead of previous models of incurred loss. These models are adjusted according to the historic behavior of clients and also considers a forward-looking glance, taking in account the following regulatory requirements:

a. Risk profile for each product
b. Default probability of 12 months and total life expectancy of the asset
c. Loss due to default during total life expectancy
d. Total prepayment rates
e. Credit exposure at time of default
f. Economic cycle default probability adjustment (forward looking)

The basic features of provision policies, by product, are:

FACTORING

Provisions calculations considers a segmentation by sub-product and risk profiles:

i. Invoices: four risk profiles that consider internal behavior variables and variables captured in admission. The influencing variables are the following: (i) current days of delinquency, (ii) maximum days of delinquency in the past three months and (iii) the number of debtors associated to the client.
ii. Checks: five risk profiles that consider internal behavior variables. The influencing variable is the number of debtors associated to the client.
iii. Returned Checks, Renegotiated and Others: five risk profiles that consider internal behavior variables. The influencing variable is the current days of delinquency.

The write-off policy has as maximum term of 366 days past due.

LEASING

Provisions calculations considers a segmentation by sub-product and risk profiles:

i. Real Estate Leasing: five risk profiles that consider internal behavior variables. The influencing variable is the current days of delinquency.
ii. Leasing Vendor: five risk profiles that consider internal behavior variables. The influencing variable is the current days of delinquency.
iii. Machinery and Equipment Leasing: five risk profiles that consider internal behavior variables. The influencing variables are the following: (i) current days of delinquency and (ii) maximum days of delinquency in the past three months.

The write-off policy has as maximum term of 541 days past due, except for real estate leasing and leasing vendor (901 days).

CORPORATE LENDING

Provisions calculations considers eight risk profiles with internal behavior variables. The influencing variables are the following: (i) current days of delinquency and (ii) residual term.

The write-off policy has as maximum term of 541 days past due.

AUTO-FINANCING

Provisions calculations considers a segmentation by sub-product and risk profiles:

i. Amicar: seven risk profiles that consider internal behavior variables. The influencing variables are the following: (i) current days of delinquency, (ii) maximum days of delinquency in the past three months, (iii) gender and (iv) marital status.
ii. Dealers and Direct: six risk profiles that consider internal behavior and demographic variables. The influencing variables are the following: (i) current days of delinquency, (ii) maximum days of delinquency in the past three months, (iii) gender and (iv) marital status.
iii. Renegotiated: five risk profiles that consider internal behavior and demographic variables. The influencing variables are the following: (i) current days of delinquency, (ii) maximum days of delinquency in the past three months, (iii) loan to value amount (LTV), (iv) current outstanding balance / maximum outstanding balance in the past three months and (v) marital status.

The write-off policy has as maximum term of 366 days past due.

Concept	09.30.2018			
	Gross Portfolio Ch$k	Provisions Ch$k	Net Portfolio Ch$k	Provisions Index
Factoring	361,277,480	(4,390,397)	356,887,083	1.22%
Leasing	86,785,142	(2,552,401)	84,232,741	2.94%
Corporate Loans	272,958,592	(4,039,767)	268,918,825	1.48%
Automobile Loans	357,100,259	(14,817,268)	342,282,991	4.15%
Others	47,219,216	-	47,219,216	0.00%
Total	**1,125,340,689**	**(25,799,833)**	**1,099,540,856**	**2.29%**

Concept	12.31.2017			
	Gross Portfolio Ch$k	Provisions Ch$k	Net Portfolio Ch$k	Provisions Index
Factoring	309,109,335	(5,409,895)	303,699,440	1.75%
Leasing	104,686,270	(3,775,690)	190,715,401	3.61%
Corporate Loans	194,325,618	(3,610,217)	302,727,584	1.86%
Automobile Loans	314,247,010	(11,519,426)	100,910,580	3.67%
Others	38,762,824	-	38,762,824	0.00%
Total	**961,131,057**	**(24,315,228)**	**936,815,829**	**2.53%**

Table 7: Portfolio, Provisions and Risk Index

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 it is exposed to and adopts corrective measures, allowing the recovery of those credits that have entered a state of default.

In terms of provisions for a renegotiated loan, these are calculated based on an expected loss model for every product, where the non-payment and new loan conditions are the primary variables to consider. The condition of renegotiation is considered by an additional weight in the risk model.

In the factoring business, renegotiations are less frequent, since these operations, which differ from leasing and auto loans, provide liquidity over client account receivables. In the event of a renegotiation, these are approved by Risk Management and clients are required to pay a percentage of the debt and an addition of a guarantee.

The following table shows the percentage of renegotiations by product of the Company's portfolio:

Concept	09.30.2018				
	Total Portfolio Ch$ Th	Renegotiation Ch$ Th	Provision Ch$ Th	Renegotiation by product %	Total portfolio renegotiation %
Factoring	361,277,480	7,755,379	(4,390,397)	2.15%	0.69%
Corporate Lending	272,958,592	4,734,521	(4,039,767)	1.73%	0.42%
Auto Financing	357,100,259	10,448,030	(14,817,268)	2.93%	0.93%
Leasing	86,785,142	7,077,612	(2,552,401)	8.16%	0.63%
Others	47,219,216	-	-	-	-
Total	**1,125,340,689**	**30,015,542**	**(25,799,833)**		**2.67%**

Concept	12.31.2017				
	Total Portfolio Ch$ Th	Renegotiation Ch$ Th	Provision Ch$ Th	Renegotiation by product %	Total portfolio renegotiation %
Factoring	309,109,335	6,175,524	(5,409,895)	2.00%	0.64%
Corporate Lending	194,325,618	4,686,313	(3,610,217)	2.41%	0.49%
Auto Financing	314,247,010	7,408,749	(11,519,426)	2.36%	0.77%
Leasing	104,686,270	4,014,806	(3,775,690)	3.84%	0.42%
Others	38,762,824	-	-	-	-
Total	**961,131,057**	**22,285,392**	**(24,315,228)**		**2.32%**

Table 8: Portfolio, Provisions and Renegotations

The augment of renegotiations, associated to leasing, are due to warehouse real estate businesses that were postponed due to a lower activity indicator over the last years.

b. Liquidity Risk

This is defined as the inability of the Company to meet its payment obligations as they are 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, in order 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). As of September 30, 2018, the Company, on a consolidated level, totaled Ch$ 60,306 million of cash on hand, versus Ch$ 84,636 million in December 2017.

Indirect subsidiary *Tanner Corredores de Bolsa* is subject to requirements set forth by the CMF (former SVS) and must comply with regulations with respect the General Liquidity Index and the Intermediation Liquidity Index. In line with the requirements of the CMF, 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, 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 these types of operations and present a certain volatility that is measured by historical VaR[7].

By September 2018, investments on corporate bonds – valued at market prices – reached US$ 13,270K (US$ 12,464K by December 31, 2017). At that date, the average duration of the portfolio was 2.35 years (3.05 by December 31, 2017), sensitivity measured by DV01[8] was US$ 2,938 (US$ 3,644 by December 31,2017) and parametric VaR[9], with a 1-day horizon was US$ 55,910 (US$ 25,078 by December 31, 2017), with a 99% confidence level.

ii. Interest Rate Risk

It is defined as the risk the Company is exposed to 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:

Negative Delta (bps)	-25	-50	-75	-100	-125	-150	-175	-200
Net Portfolio Variation	0.08%	0.15%	0.23%	0.31%	0.39%	0.47%	0.55%	0.63%

[7] VaR: Value at Risk – corresponds to the maximum expected loss considering a history horizon of 1 year with a confidence level of 99%.
[8] 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%.

Increases:

Positive Delta (bps)	25	50	75	100	125	150	175	200
Net Portfolio Variation	-0,08%	-0,15%	-0,22%	-0,30%	-0,37%	-0,44%	-0,51%	-0,58%

Table 9: 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.

Exposure	09.30.2018							
	Trading Derivatives				Hedging Derivatives			
	UF$K	CLP$K	USD$K	CHF$K	UF$K	CLP$K	USD$K	CHF$K
Up to 1 year	-	(79.302.721)	79.614.145	-	18.326.590	(88.710.958)	68.141.804	-
1 to 3 years	-	-	-	-	133.242.528	(185.593.082)	60.962.516	-
3 years and over	-	-	-	-	-	-	-	-
Total	**-**	**(79.302.721)**	**79.614.145**	**-**	**151.569.118**	**(274.304.040)**	**129.104.320**	**-**

Sens. +1bps	09.30.2018							
	Trading Derivatives				Hedging Derivatives			
	UF$K	CLP$K	USD$K	CHF$K	UF$K	CLP$K	USD$K	CHF$K
Up to 1 year	-	1.741	(1.744)	-	(1.237)	4.964	(3.688)	-
1 to 3 years	-	-	-	-	(27.096)	35.470	(11.168)	-
3 years and over	-	-	-	-	-	-	-	-
Total	**-**	**1.741**	**(1.744)**	**-**	**(28.333)**	**40.434**	**(14.856)**	**-**

Table 10: 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 business activities and financing needs, holds a mismatch in US Dollars that is daily managed and mitigated mainly through instruments deriving from negotiation and hedging. 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 of September 30, 2018, the Company presents an exposure in US Dollars of US$ -601K, equivalent to 0.14% of equity, versus US$ -3,817K, corresponding to 0.9% of equity in December 2017. The sensitivity analysis to currency risk is calculated daily, considering as the main variable the exposure in US Dollars of mismatch held and the estimated variation of the Observed US Dollar.

US$ Mismatch (US$K)	09.30.2018	12.31.2017
Assets	248.990	266.147
Liabilities	(353.801)	(420.769)
Derivative Instruments	104.210	150.805
Total Mismatch	**(601)**	**(3.817)**

Table 11: US Dollar Mismatch

iv. Indexation Risk

Corresponds to the exposure of assets and liabilities linked to *Unidades de Fomento* ("UF") and can generate loss when exposed to changes. 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. As of September 30, 2018, mismatch in UF amounted to UF 2,204K, equivalent to 21.60% of equity (2017: UF 2,447K corresponding to 24.34% of equity). As for currency risk, the sensitivity analysis of indexation risk is calculated on a daily basis, considering as the main variable the mismatch held in CLF and the future variations estimated in the UF value.

UF Mismatch (UFK)	09.30.2018	12.31.2017
Assets	8.607	6.789
Liabilities	(12.646)	(9.087)
Derivative Instruments	6.243	4.745
Total Mismatch	**2.204**	**2.447**

Table 12: UF Mismatch

For additional information regarding this section, please refer to Note 4 of the Company's Financial Statements as of September 30, 2018.