



## 20 Annual18 Report \_

#### **Company Information**

Corporate Name	Tanner Servicios Financieros S.A.
Trade Name	Tanner, Tanner S.A.
Legal Address	Huérfanos 863 – 10th floor, Santiago, Chile
Taxpayer ID Number	96.667.560-8
Type of Entity	Corporation
Website	www.tanner.cl
External Auditors	KPMG Auditores Consultores Ltda.
Local Risk Rating	Fitch Chile Clasificadora de Riesgo Ltda.
Agencies	Clasificadora de Riesgo Humphreys Limitada.
	Standard & Poor's Rating Services
Local Risk Rating	Fitch Ratings.
Agencies	Standard & Poor's Rating Services.
Contact Information	María Paz Merino Pagola
	Head of Investor Relations
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Email:	investorrelations@tanner.cl

Tanner Servicios Financieros S.A., previously known as Factorline S.A., was incorporated by public instrument on April 6. An abstract of this deed of incorporation was recorded in the Santiago Commerce Registry in 1993 on page 7,816, number 6,488 and published in the Official Gazette on April 24, 1993.

The company was registered in the Securities Registry of the Chilean Securities and Insurance Superintendence, now known as Financial Market Comission, under No. 777 on August 27, 2002.



Annual Report \_



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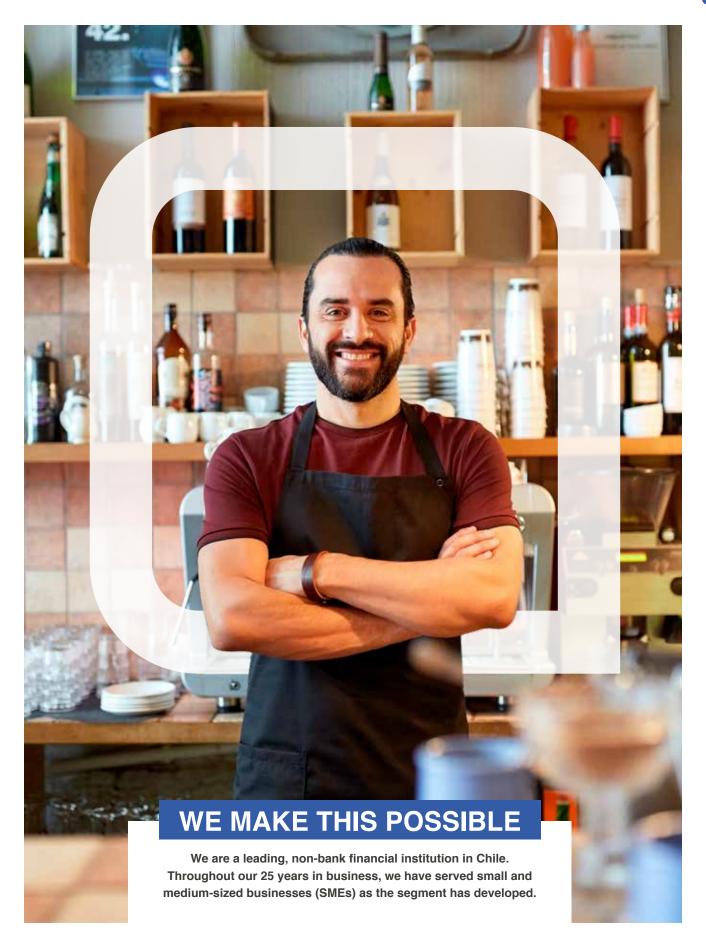
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### **01** CHAIRMÁN'S LETTER

anner ended 2018 in a strong position, geared up for the future. Throughout its 25 years in business, the Company has successfully navigated countless challenges and worked hard to position itself as pioneers in the local financial sector. We were the first player to enter the factoring business and among the first in the auto-financing market. Today we are one of the forerunners harnessing opportunities provided by disruptive innovation. Our goal is to become the largest non-bank financial institution in Chile.

This goal is possible because we have diversified, expanding from a single-product company over 15 years ago when we only engaged in factoring. At that time, we raised capital through capital increases and capitalizing earnings, incorporated a foreign investor and then carried out another substantial capital increase. We also appointed several prominent executives to our board and management. These professionals have broad lending experience in both local and international financial markets. The Company also changed its name to Tanner, which fits this new phase.

We then consolidated our two oldest divisions, positioning us today as the largest non-bank factoring company in Chile and one of the auto lenders with the best service record nationwide. In 2018, we had record total loans of Ch\$ 1,182,581 million (+26.2%), backed by a solid capital base of Ch\$ 283 billion, which allowed us to close the year with net profit of Ch\$ 29,738 million (+17.5%) and return on equity of 10.8%. These figures

were achieved with a conservative capital policy, capitalizing earnings and maintaining one of the lowest leverage ratios in the local industry.

Our newest division, Tanner Investments, assists our largest customers with their financing challenges, securing funding from both Tanner and third parties, while providing comprehensive, personalized service. Several of these corporate customers seek direct and third-party funding through debt issuances in Chilean pesos, UF or US dollars. They are attracted to Tanner's growing relationship with institutional investors and diverse domestic and foreign investment funds.

Given our level of product diversification and the challenges of dealing with technological change in society and our industry, market regulation is crucial for laying the foundation of the future financial system. Examples of progress in this area include the Financial Market Commission and the Timely Payment Act. Despite these advances, we must continue to advocate for consolidating financial debt, which will provide better risk assessments and help prevent over-indebtedness. The market also needs a Fintech law that will let the financial market evolve without rigid regulations that hinder progress.

We envisage a very promising future and will work hard to meet our targets and objectives in order to contribute to our shareholders, creditors, customers, employees, investors and society.

> Ricardo Massu Chairman of Tanner

### **02** CEO'S LETTER

anner aims to always be the best partner for our customers. In 2015, the Company outlined a strategic plan to accomplish this great challenge, identifying steps to move forward in efficiency and provide the best value offering in terms of price, agility and timeliness.

First, we defined our product portfolio and a standard of service for each product. Factoring, auto-financing and our investment bank Tanner Investments were considered cornerstones of the strategy because we have clear competitive advantages in these markets. We also decided to exit other markets lacking a clear value proposition that differentiates us from our competitors.

As a result of these changes, Tanner ended 2018 with net loans at a historic high of Ch\$ 1,182,581 million, which reflects a rise of 26% over last year. This improvement was driven by increases in all divisions: 29% in the Corporate Division thanks to a 47% increase in factoring and 29% rise in corporate lending; and 19% in the Auto-Financing Division.

I am particularly pleased with the substantial improvement in the quality of our portfolio, reducing non-performing loan ratios by 179 basis points (bp) to 2.3% in 2018, a key component of efficiency in our business.

As a result, we closed 2018 with net profit of Ch\$ 29,738 million, which represents a rise of 17.5%, explained mainly by improved operating margins in the Corporate and Auto-

Financing divisions (18.3% YoY and 14.7% YoY, respectively), thus fulfilling our shareholders' mandate.

For the 2019-2020 period, we hope to optimize our leverage ratio, which will require prioritizing asset allocation and focusing on customers and products with better margins. Combined with operating leverage, these efforts should help improve our profitability ratios.

Tanner keeps a fast pace modus operandi in order to meet customers' expectations. Efforts today focus on digitalizing processes and systems in order to become the largest Fintech in Chile and providing quick, appropriate responses to clients needs.

For the future, we hope that the factoring business grows through a larger number of invoices and shorter average terms; that the prospects for the auto-financing business (room for growth in motorization rates, low penetration in used car financing and Tanner's best processes) will help consolidate our industry leadership based on a first-rate customer experience; and that Tanner Investments grows in assets under management by strengthening the operations of our brokerage firm and fund management subsidiary.

None of this would be possible without the exceptional team of people that work at Tanner. They are paramount to successfully implementing our strategy.

Antonio Turner
Chief Executive Officer, Tanner





### **03** HISTORY

In 1993, the main shareholders of what was then Banco BHIF, the Massu and Said groups, anticipated the potential of the factoring product in our country and decided to create Bifactoring S.A. The Company's corporate purpose includes a) providing all types of financial services permitted by law, especially factoring activities; b) entering into operating or financial lease transactions, with or without purchase options, for which it may import, purchase, acquire, assign, dispose of, operate or lease all types of property as well as acquire, dispose of, build on its own or for third parties, lease with or without purchase option and transfer all types of real estate; c) granting endorsable mortgage loans and issuing or brokering all types of mortgage, auto or other loans, issuing credit cards and, in general, engaging in all types of money lending operations; d) investing, reinvesting, purchasing, selling, acquiring, disposing of under any title all types of tangible or intangible property, securities, shares, loans, bonds, debentures, invoices, corporate rights, commercial paper in general, and any other property, managing, marketing said investments, receiving profits and rent under any title; e) acquiring, building, investing in, disposing of and engaging in all types of transactions involving real estate, operating and managing them, receiving profits and rent under any title; f) carrying out collections of any nature and forming companies of any nature; g) providing accounting, tax, financial, information technology and commercial advising services.

In 1996, this entity also began to offer international factoring services to complement its domestic factoring offering and participated in the creation of the Chilean Factoring Association (ACHEF), of which it continues to be a member.

In 1999 the Company's name was changed to Factorline S.A. In 2002 the entity was registered in the Securities Registry of the Superintendency of Securities and Insurance (SVS), currently the Financial Market Commission (CMF), and began to comply with the standards and procedures required for publicly-held corporations. In October 2002, it became the first Chilean company to issue a commercial paper line for Ch\$7,000 million.

In 2004, to achieve greater development, the Company entered into its first funding agreement with an international

1993

2002 2010

Tanner Servicios Financieros S.A., known then as Bifactoring, was founded in April 1993 by the main shareholders of what was then Banco BHIF, the Said and Massu groups.

In 1996, it was admitted to Factors Chain International ("FCI"), the largest organization of factoring companies in the world (247 members in 66 countries).

At an extraordinary general shareholders' meeting on December 30, 1999, the Company's name was changed to Factorline S.A.

Superintendency of Securities and Insurance (SVS) and began to comply with standards and In May 2004, the Company procedures required for publiclyheld corporations

In October of that year, Tanner company to issue commercial paper for Ch\$7,000 million. under the new provisions of the Capital Markets Law and SVS

in the Securities Registry of the Division was created in 2004 to subsidiary of Tanner Servicios the Company completed its finance vehicle purchases by individuals and companies.

> entered into a foreign currency funding agreement with the American Development Bank ("IADB")

Continuing its strategy of diversifying its product portfolio. in November 2005 the Company In order to diversify its product registered Tanner Corredores in the Company.

In June 2002, it was registered portfolio, the Auto-Financing de Bolsa de Productos S.A., a In August of that same year, Financieros, with the SVS, making it the first commodity broker in Chile

In March 2007, the Said family sold its interest in the Company Inter-American Investment to the Massu family through became the first Chilean Corporation ("IIC") of the Inter- Inversiones Bancarias S.A. In Tanner SpA was acquired, addition, a capital increase was approved through which the International Finance Corporation "IFC", a member of the World Bank Group, purchased a stake

first bond issuance on the local market for Ch\$20.0 billion and in November it created its Leasing Division, which targets the SME

In December 2010, Gestora making the Company the new owner of Tanner Corredores de Bolsa S.A. In 2011, the subsidiary Tanner Corredora de Seguros Limitada began operating.



organization, the Inter-American Development Bank through the Inter-American Investment Corporation (IIC). Later on, in 2005, the Company created its Auto-Financing Division and the first commodities brokerage firm in Chile. In 2007, the Company formed its Leasing Division and placed its first bond issuance in the local market. That same year, the Massu Group acquired the interest held by the Said family and became the Company's controlling shareholder; simultaneously, the International Finance Corporation (IFC) acquired a 17% stake in the Company.

In 2010, the Company acquired Gestora Tanner SpA in order to continue expanding its service offerings. Gestora Tanner SPA is the original owner of Tanner & Cía Corredores de Bolsa, which was founded in 1924 and has been a member of the Santiago Stock Exchange since its inception, and in the same year 2010, also began to be a member of the Chilean Electronic Stock Exchange. In 2011, Tanner Corredora de Seguros was established to attend the automotive loan portfolio and offer insurance to all its customers. Later that year, taking advantage of Tanner's track record and brand recognition as one of Chile's oldest brokerage firms, Factorline changed its name to Tanner Servicios Financieros S.A.

In late 2012, the organization received an international investment grade rating from Standard & Poor's and Fitch Ratings (BBB-) prior to placing a US\$ 250 million international bond in March 2013. Later, in October, the Company raised US\$ 200 million in capital from Capital Group in exchange for a 27% stake in the Company. Capital Group is a global asset manager with over US\$ 1.7 trillion in assets under management.

In 2015, Tanner placed a 21-year bond with a 10-year grace period (W series), which was the longest-term financial instrument ever placed on the local market by a non-bank financial institution. In May 2016, the Company secured a loan from the IFC for US\$ 84 million and in December 2016 it secured another loan from Deutsche Investitions-und Entwicklungsgesellschaft (DEG), a German entity that belongs to Kreditanstalt für Wiederaufbau (KFW), for US\$ 40 million. In October 2016, a three-year bond was placed for CHF 150 million, which made Tanner the first Chilean company (other than banks and state-owned enterprises) to place a bond on the Swiss market.

In January 2017, the Company's subsidiary Tanner Asset Management began operating in order to distribute third-party funds and in October 2017 the Company issued another threeyear bond in Switzerland for CHF 100 million, along with its first issuance of commercial paper in US dollars in the domestic market.

In 2018, Humphreys and Standard & Poor's upgraded their risk ratings for Tanner Servicios Financieros S.A. from 'A+' to 'AA-' with stable outlooks, while Fitch Ratings confirmed its prior 'A+' rating. The Company also issued two bonds on the local market, for a total of UF 4,000,000.

## 2011

Company's name was changed 27% stake in the Company. from Factorline S.A. to Tanner In August 2015, it placed 21-year Servicios Financieros S.A.

stake from <u>55.66%</u> to 70.61% in 2012 by acquiring 85% of the shares held by the IFC.

an international investment grade rating by Standard & Poor's and Fitch Ratings (BBB-).

In March 2013, the Company placed a five-year international October of that same year the Company completed a capital

In December 2011, the which Capital Group purchased a first Chilean company (other

bonds with a 10-year grace period the Swiss market. The Massu family increased its (W series), which was the longestthe local market by this type of Company.

secured a loan from the IFC million. In addition, in October was subscribed by more than 50 raise of US\$200 million through investors and made Tanner the million in June.

than banks and state-owned enterprises) to place a bond on

In January 2017, the subsidiary term instrument ever placed on Tanner Asset Management began operating, complementing the Company's product offering by In 2012, the Company was given In May 2016, the Company distributing third-party funds. In September, the Company placed (World Bank) for US\$84 million a four-year bond on the local and in December 2016, it secured market for UF 1.5 million and another loan from DEG for US\$40 in October issued a three-year bond in Switzerland for CHF 100 bond for US\$250 million and in 2016 a three-year bond was million, along with its first issuance placed for CHF 150 million, which of commercial paper in US dollars, after approving a line for US\$ 80

Complying with regulations, as of January 1, 2018, Tanner Servicios Financieros S.A. adopted IFRS 9 in its financial statements, which requires provisions to be calculated using expected loss models for all products offered by the Company.

In March 2018, it fully prepaid its international 144-A bond (US\$ 250 million). Given its magnitude, the Company is particularly proud of this milestone.

During the year, the Company also issued two bonds on the local market, for a total of UF 4,000,000.

Lastly, Humphreys and Standard & Poor's upgraded their risk ratings for Tanner Servicios Financieros S.A. from 'A+' to 'AA-' with stable outlooks, while Fitch Ratings confirmed its prior 'A+' rating.

#### TANNER AT A GLANCE **CONSOLIDATED FIGURES** Results for the year 2018 2017 2016 2015 2014 (In millions of Chilean pesos) Ch\$193,875 Ch\$152,683 Ch\$124,339 Ch\$156,893 Ch\$144,053 Consolidated revenue Ch\$58,140 Ch\$76,071 Ch\$63,717 Ch\$58,581 Ch\$50,928 Gross profit Ch\$38,346 Ch\$31,713 Ch\$44,283 Ch\$35,812 Ch\$36.019 Sales and administrative expenses Profit before tax Ch\$33,908 Ch\$27,900 Ch\$24,915 Ch\$20,629 Ch\$28,130 Net profit Ch\$29,738 Ch\$25,319 Ch\$22,350 Ch\$20,313 Ch\$26,089 2017 2015 2014 Year-End Balance 2018 2016 Consolidated net loans Ch\$800,749 Ch\$792,357 Ch\$684,704 Ch\$1,182,581 Ch\$936,816 (millions of Chilean pesos) 71,996 62,164 54,586 52,233 54,371 Number of customers 945 971 998 985 1,124 Number of associates Assets (millions of Chilean pesos) Ch\$1,427,546 Ch\$1,157,810 Ch\$1,001,058 Ch\$956,505 Ch\$803,537 Ch\$283,146 Ch\$269,481 Ch\$250,976 Ch\$237,379 Ch\$223,160 Equity (millions of Chilean pesos) Ratios 2018 2017 2016 2015 2014 NPL (1) > 90 days/Loans 2.3% 4.1% 4.4% 4.8% 5.5% ROAE (2) 12.1% 10.8% 9.7% 8.8% ROAA (3) 3.4% 2.3% 2.3% 2.3% 2.3% Leverage Ratio (4) 4.04 3.30 2.99 3.03 2.60 Liquidity Ratio (5) 1.80 1.33 2.57 1.54 1.72 (1) Non-performing loans calculated on outstanding balance. Includes Pescanova until 2016. (2) ROAE: Net profit / Average equity (3) ROAA: Net profit / Average assets (4) Leverage ratio: Liabilities / Equity (5) Liquidity ratio: Current assets / Current liabilities



#### FIGURES AND RATIOS BY PRODUCT

CORPORATE DIVISION	2018	2017	2016	2015	2014
Net loans (millions)	Ch\$770,063	Ch\$595,325	Ch\$535,042	Ch\$553,407	Ch\$444,046
Revenue (millions)	Ch\$75,378	Ch\$66,269	Ch\$61,359	Ch\$59,391	Ch\$84,135
Gross margin (million)	Ch\$39,561	Ch\$33,445	Ch\$35,586	Ch\$29,702	Ch\$27,857
No. of customers	4,419	4,871	4,882	4,120	4,761
NPL* > 30 days	2.4%	4.9%	5.3%	5.7%	7.4%
NPL* > 90 days	1.4%	3.6%	4.2%	4.2%	5.2%
Provisions and write-offs**	1.3%	1.6%	0.8%	1.9%	2.9%

01. Factoring	2018	2017	2016	2015	2014
Net loans (millions)	444,939	303,699	231,060	192,812	263,528
Revenue (millions)	45,284	37,706	29,402	30,818	65,210
Gross margin (million)	26,658	23,339	19,719	18,960	23,248
No. of customers	3,281	3,177	2,548	1,880	3,279
NPL* > 30 days	2.1%	3.4%	5.7%	7.3%	6.8%
NPL* > 90 days	1.1%	2.9%	5.0%	6.3%	5.6%
Provisions and write-offs**	1.3%	1.4%	0.7%	2.5%	3.3%

02. Corporate Lending	2018	2017	2016	2015	2014
Net loans (millions)	Ch\$246,069	Ch\$190,715	Ch\$190,840	Ch\$249,836	Ch\$94,783
Revenue (millions)	Ch\$20,625	Ch\$16,405	Ch\$18,743	Ch\$16,124	Ch\$2,415
Gross margin (million)	Ch\$10,535	Ch\$7,077	Ch\$11,391	Ch\$7,483	Ch\$1,163
No. of customers	578	837	1,261	971	95
NPL* > 30 days	1.6%	2.8%	2.0%	1.6%	n/a
NPL* > 90 days	1.5%	2.3%	1.5%	0.6%	n/a
Provisions and write-offs**	1.4%	1.6%	0.1%	0.8%	n/a

03. Leases	2018	2017	2016	2015	2014
Net loans (millions)	Ch\$79,055	Ch\$100,911	Ch\$113,143	Ch\$110,760	Ch\$85,735
Revenue (millions)	Ch\$9,469	Ch\$12,157	Ch\$13,214	Ch\$12,449	Ch\$16,510
Gross margin (million)	Ch\$2,368	Ch\$3,029	Ch\$4,476	Ch\$3,258	Ch\$3,447
No. of customers	560	857	1,073	1,269	1,387
NPL* > 30 days	6.9%	13.4%	9.9%	11.9%	17.0%
NPL* > 90 days	3.3%	8.0%	7.0%	8.2%	9.1%
Provisions and write-offs**	1.0%	2.6%	2.2%	3.1%	4.5%

AUTO-FINANCING DIVISION	2018	2017	2016	2015	2014
Net loans (millions)	Ch\$359,817	Ch\$302,728	Ch\$242,301	Ch\$214,545	Ch\$216,538
Revenue (millions)	Ch\$81,098	Ch\$68,792	Ch\$56,955	Ch\$53,112	Ch\$53,054
Gross margin (million)	Ch\$21,851	Ch\$19,051	Ch\$15,564	Ch\$17,507	Ch\$24,498
No. of customers	67,577	57,293	49,704	48,113	49,610
NPL* > 30 days	10.7%	11.5%	11.2%	12.5%	15.7%
NPL* > 90 days	4.4%	5.5%	5.1%	6.9%	6.7%
Provisions and write-offs**	4.6%	4.5%	5.8%	6.1%	2.9%

<sup>(\*)</sup> NPL calculated as outstanding balance / (loans + provisions)
(\*\*) Ratio calculated as provisions and write-offs / (loans + provisions)

## **05** BOARD OF DIRECTORS



10. **7.** 6. 8. 9. **Pablo Miguel** Martín **Fernando Fernando** Mario Eguiguren B. Díaz Plata Tafra S. Zavala C. Espinoza F. Director Director **Board Advisor Board Advisor** General Counsel and Secretary of Chilean National ID: 7.011.397-K Business Administration Date appointed: March 7, 2017 British passport 720111843 Chilean National ID: **Chilean National ID:** the Board 7.054.226-9 4.778.406-9 Finance and International Relations

Date appointed: Business Administration Business Administration Chilean National ID: 9.092.010-3 Lawyer

Date appointed:
January 3, 2010 March 7, 2017

### **06 MANAGEMENT**



6. **7.** 8. **5. Juan Carlos** Verónica Gustavo Luis Flores C. Truffello V. Crovetto H. Executive Director, Inostroza A. Chief Treasury Officer Controller **Tanner Investments** Human Resources Manager Chilean National ID: 7.627.454-1 Industrial Engineer **Chilean National ID: Chilean National ID:** 9.389.707-2 Information Systems and Management Control 15.385.538-2 Business Administrator Chilean National ID: 16.162.868-9 Company Arrival: March 1, 2015 Date appointed: June 26, 2018 Msc in Finance, MBA
Company Arrival: Industrial Engineer Company Arrival: January 18, 2016 Date appointed: January 3, 2019 Engineer Company Arrival: February 15, 2016 Date appointed: February 9, 2015

Date appointed:
January 2, 2018 February 15, 2016

## **07** STRATEGIC PILLARS



The Tanner way brings together values that represent the Company's convictions and characterize its employees. These values are put into practice on a daily basis.

#### **COURAGE**

Tanner challenges the status quo, aware that failure is a possibility, but willing to take a chance.

#### **FLEXIBILITY**

Always rethinking how to do things in order to create more possibilities.

#### **AUTONOMY**

Decisions are made at a personal level, yet can also be made as a team. Tanner facilitates the idea development process.

#### **HONESTY**

At Tanner, we believe in practicing what we preach.

#### **INNOVATION / CREATIVITY**

Tanner lives big and thinks big. More can always be done!



#### THE COMPANY HAS FOUR STRATEGIC PILLARS THAT HELP IT **FULFILL ITS PURPOSE:**

- **CUSTOMERS** 01
  - Customers satisfaction is key to achieving our strategic objectives and helps make Tanner one of the main players in the domestic financial market.
- **PROFITABILITY** For sustainable and sustained growth, we must obtain higher returns on investment than our competitors, while always prioritizing transparency, ethics and regulatory compliance.
- Agility and swiftness in meeting customer needs, since we understand that speed is valued and respected in the financial business.
- **GROWTH** 04 We want to grow responsibly and position ourselves as one of the country's main financial companies.



### **08** BUSINESS PROFILE

Tanner is a leading non-bank financial institution in Chile, with more than 25 years experience delivering financial services. In this time, it has built an extensive customer service network throughout Chile with a broad branch network to serve small and medium-sized businesses (SMEs) as they develop.

Its strengths include its highly diversified portfolio and sound financial position, which are a function of the Company's proactive and effective risk management and diversified funding structure. Tanner has also enjoyed the benefits of having committed executives and shareholders that strive to uphold the highest corporate governance standards. These qualities have afforded the Company an international risk rating of "BBB-" and, as of 2018, a local rating of "AA-", thus positioning Tanner within a select group of non-bank financial institutions in Latin America with an investment-grade rating.

As of year-end 2018, Tanner had 68,727 active customers, spanning its factoring, corporate lending, auto-financing and leasing divisions.

As of December 31, 2018, Tanner holds a diversified costumer portfolio; its main customers represent only 10.1% of its total portfolio.

Tanner Servicios Financieros S.A. has approximately 426 registered suppliers, including business-related suppliers (car dealers and general goods), general services, computer services and communications.

Its main business lines are factoring (domestic and international) and auto-financing. Corporate lending and leasing complete the comprehensive offering of financial products. Tanner also provides complementary brokerage services for fixed-income instruments, equities, insurance and commodities, and financing advising for companies.

According to the definitions of business segment in IFRS 8, Tanner Servicios Financieros operates in the market through the Factoring, Corporate Lending, Leasing and Auto-Financing segments; and also through the Treasury segment, which is responsible for managing the financial position and maintaining an optimum funding structure, while complying with the Company's internal policies to ensure normal operations at the lowest possible costs, as well as investing surplus funds at the best return the market has to offer, based on the availability of funds. Aditionally the Others segment, consolidates Tanner Corredora de Bolsa de Productos S.A., Tanner Corredora de Seguros Ltda., Tanner Investments SpA and other sporadically generated income.



## Tanner is organized into three divisions, detailed below:



## Corporate Division

### 01. Factoring

Targeting mainly small and medium-sized businesses that can transform their accounts receivable into liquid resources, providing an additional financing alternative for working capital.

### **02.** Corporate Lending

Granting working capital loans to factoring clients in order to finance their growth. This segment also includes preferential capital and mortgage lending areas. However, because of Chile's recent tax reform, they cannot operate through leasebacks.

### 03. Leasing

Financing acquisitions of capital assets, including real estate, equipment and machinery, which enables customers to grow and upgrade their assets.





## **Auto-Financing Division**

Granting car loans to individuals and companies looking to finance vehicle purchases, offering a variety of products and terms to meet their specific needs. This division also includes the insurance brokerage subsidiary, which advises our customers on how to protect their assets with a competitive value proposition.







## Tanner Investments

Providing customers with comprehensive advisory services based on their needs, offering customized investment alternatives through brokered financial products, capital asset or real estate investment management services, several types of private investment funds and financial advising. To accomplish this, it has formed a consolidated, experienced team with extensive market knowledge that provides support for institutional customers, companies and family offices using a robust platform.



### **09** ECONOMIC ENVIRONMENT

In late 2017 and early 2018, several projections forecasted robust, synchronized global growth, driven by vigorous activity in the US (after corporate tax cuts), positive economic activity and contained political risks in Europe and favorable prospects for the emerging world, which benefited from improved commodity prices and generous financial conditions. However, obstacles quickly began to emerge, particularly the US-China trade conflict and the Federal Reserve's withdrawal of monetary stimulus, draining capital from the most vulnerable emerging regions (e.g. Argentina, Turkey and Brazil). Political risks also intensified, with Italy's nationalist government proposing a budget that did not appease the European Commission--and the United Kingdom's frustrating negotiations to exit the European Union as painlessly as possible.

Nevertheless, activity forecasts continue to be robust given the cyclical nature of the economy. According to the IMF, global economic activity should grow 3.7% this year, driven by growth in emerging nations of 4.6%, while developed economies should

slow from 2.3% -expected in 2018- to 2.0% for 2019. In this context, the Federal Reserve is prepared to continue withdrawing monetary stimulus, which clearly will have implications on growth and financing costs in several regions.

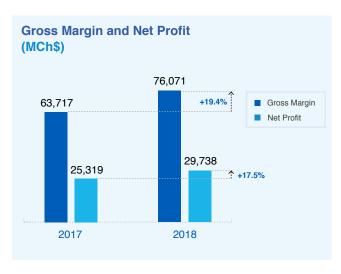
Chile has begun a new political and economic cycle, characterized by improvements in confidence and growth prospects thanks to better investment forecasts and, undoubtedly, the low basis of comparison in prior years. For 2019, the Central Bank forecasts growth of between 3.25% and 4.25%, driven by a rise of 6.0% in the gross formation of fixed capital. All of this is framed by inflation within the institution's target range (2.9%), which should be accompanied by a withdrawal of monetary stimulus. In the political arena, President Piñera has taken on important challenges for which he needs to achieve consensus in parliament to implement his program, which calls for reintegrating the tax system, passing pension and Isapre (private health insurance) reform and aligning structural revenue and spending to stabilize public debt.

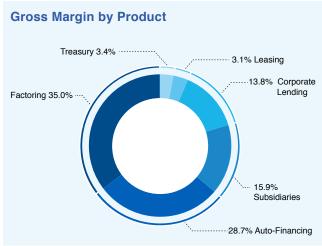


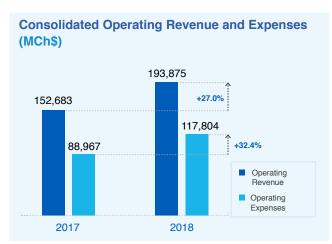


### **10** 2018 PERFORMANCE

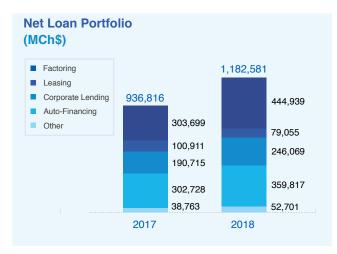
The Company generated profit after tax of Ch\$29,738 million for the year ended December 31, 2018, which represented an increase of 17.5% over 2017 results. This positive variation was primarily driven by 19.4% YoY growth in gross profit, which was a function of shifts in portfolio composition (in favor of more profitable products) and reduced risk expenses.





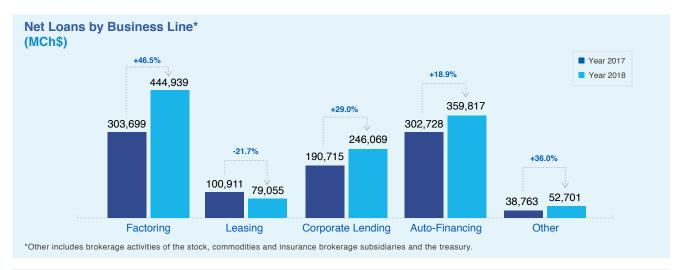


The gross loan portfolio in 2018 reached Ch\$1,209,337 million (+25.8% YoY), while provisions totaled Ch\$26,756 million, increasing 10.0% with respect to the prior year. Net loans as of year-end 2018 totaled Ch\$1,182,581 million, rising 26.2% and 47.7% with respect to December 2017 and 2016, respectively. The Company continued to concentrate on the business lines that are better aligned with its strategy—factoring and auto-financing—which represented 37.6% and 30.4% of net loans, respectively, as of year-end 2018.





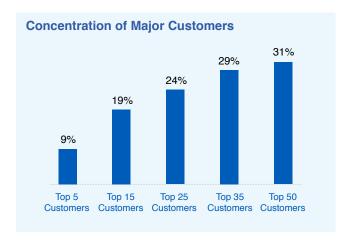




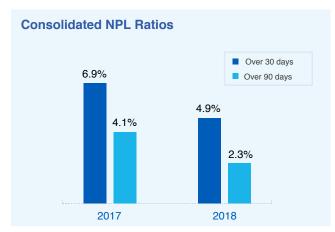


In 2018, important progress in net loans was made in the factoring (+46.5% YoY) and auto-financing (+18.9% YoY) business lines, along with an increase of Ch\$55,353 million (+29.0% YoY) in corporate lending as a result of the Company's strategic decision to focus on smaller working capital loans aimed at its factoring customers in order to provide them with a more comprehensive product offering.

Recent strategic initiatives have been accompanied by efforts to significantly diversify the portfolio by economic sector and customer

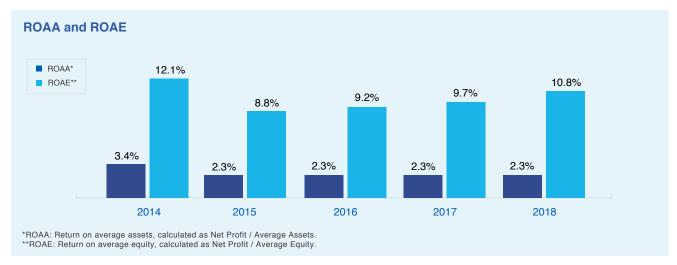


type, as well as to reduce the concentration of its major customers. Asset quality improvements are the result of actions taken since 2015 to strengthen loan approval, control and collection policies with the objective of reducing default levels to optimum levels.



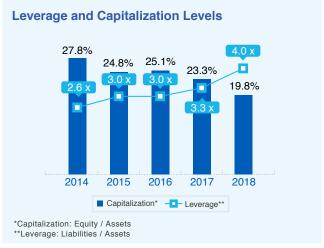
As of December 31, 2018, Tanner has healthy, robust liquidity and solvency ratios, reflecting the Company's soundness and capacity to meet its immediate and long-term commitments.

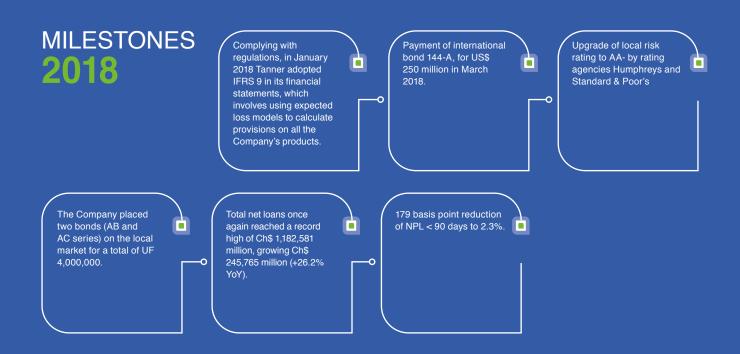




Total liabilities increased Ch\$ 256,070 million (+28.8% YoY) with respect to year-end 2017, totaling Ch\$ 1,144,400 million, while assets expanded 23.3% (Ch\$ 269,736 million) to Ch\$1,427,546 million. As a result, equity was up Ch\$13,666 million (+5.1% YoY), to Ch\$ 283,146 million.

Our profitability ratios also improved in 2018 with respect to the prior year, in line with greater net profit that is beginning to approach 2014 levels. Operating enhancements, greater efficiency and improvements in the Company's overall activity levels have been key in achieving these results.





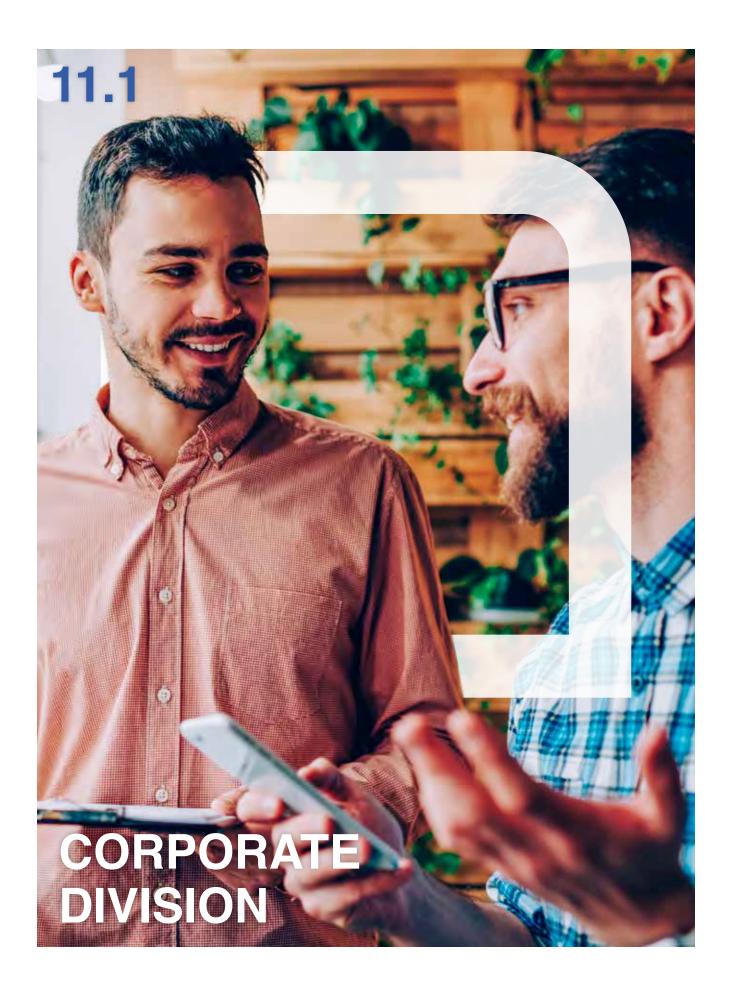
# **11** OUR PRODUCTS

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	Tanner Investments	46











## RELEVANT FIGURES







#### **STRATEGY**

In 2018 the Corporate Division finished implementing the strategy outlined in 2015, which aimed at conserving and strengthening those businesses with greater added value.

The factoring business expanded 46.5% in net loans last year thanks to different measures designed to leverage the Company's capital structure, its profit margins and its role as liquidity insurance.

The division uses an omni-channel approach that aims to provide consistent customer support regardless of the channel used. Results have been positive, with over two thirds of customers operating online. It also redefined its portfolio segmentation, creating a special team to serve its most sophisticated customers and referring customers with smaller billing volumes to Chita, Tanner's online factoring company. Lastly, the division formed a pricing team, which helped boost share of wallet for less risky customers.

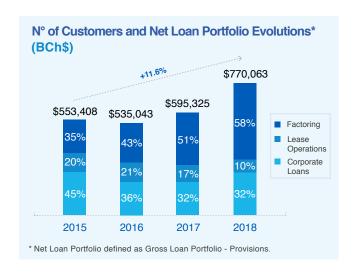
All these improvements will make Tanner more efficient and help consolidate its leadership in an industry with over 120 participants. Given our scale, they will put us at the forefront of the industry's imminent consolidation.

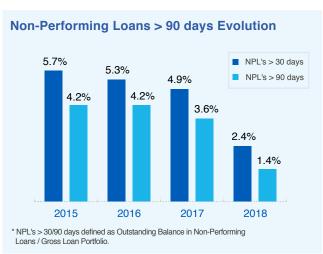
The decision for the leasing business was different. Following detailed analysis, the Company chose to prioritize the real

estate business, where it has broad experience evaluating and approving this type of financing. It also elected to eliminate machinery and vehicle leases from its product offering. This decision will make the Company more agile and, therefore, highly competitive in the process of granting leases, resulting in a more stable, healthier portfolio with higher returns. Consequently, total capital asset leases fell 22% while real estate leases grew 11%.

For corporate lending, the Company conserved its asset backed lending strategy, which prioritizes operations with very good margins, a good risk profile and, in general, those backed by mortgages or securities with good liquidity. Combined with Tanner's operating experience, this strategy speeds the lending process considerably.

Risk has been a common thread in all organization-wide decisions as well as decisions made specifically for this division. Specific measures taken include implementing fraud prevention engines in its electronic invoicing system and forming a normalization committee to identify customers with critical problems in a timely manner, which led to a substantial improvement in portfolio quality, passing from NPL > 90 days of 3.6% in 2017 to 1.4% in 2018.



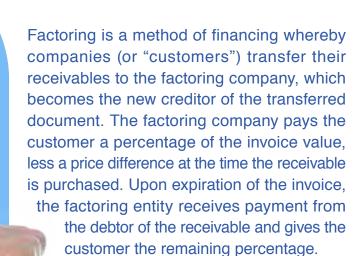






#### **PRODUCT DESCRIPTIONS:**

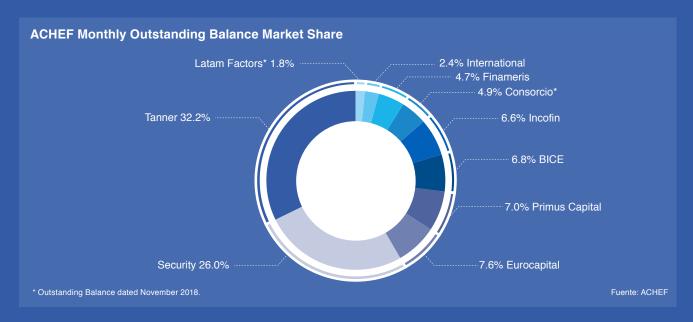




Thus, factoring is a financing alternative to traditional bank debt for working capital needs. This product is mainly targeted towards small and medium-sized businesses and it allows them to transform their receivables into immediate cash resources that do not impact the customer's leverage ratios. Tanner also offers international factoring services for importers and exporters, which gives exporters advances on sales and allows importers to finance purchases.

The factoring industry is highly competitive and dominated by banks. The Chilean Factoring Association, which represents the 10 largest companies in the local factoring industry, reported total factoring loans of Ch\$ 1,211,554 million as of September 2018.





Revenue comes mainly from interest and fees discounted from the total amount of the invoice. There is also moratory interest, accrued based on the number of days that lapse between the expiration of the invoice and final payment.

This business line reported revenue of Ch\$45,284 million, representing a rise of 13.7% over the prior year, and a gross margin of Ch\$26,658 million, or 14.2% greater than 2017.

Tanner's net factoring loans increased 46.5% over 2017, totaling Ch\$444,939 million, with improved credit quality, which is reflected in a decrease in the NPL ratio of 180 basis points, from 2.9% in 2017 to 1.1% in 2018.

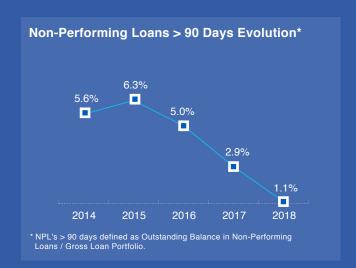
#### Chita

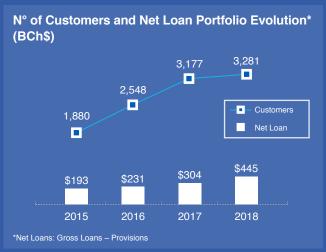
Chita, an online factoring company spin-off from Tanner in 2016, celebrated its second anniversary in 2018. The corporate purpose of this Fintech is to provide flexible, convenient service to SMEs to fund their growth.

Chita is a tech-based, online factoring company that relies on dynamic programming language and AWS technology to complete the entire financing process online, with a large part being automated. This set up allows the Company to serve segments that are currently underserved and provides customers a self-service option with less bureaucracy and time required, at a reasonable cost.

Creating an account at Chita.cl is easy. Input your contact information and then automatically synchronize your invoices. Based on this information, the system generates instant offers. Receivables are then transferred with an electronic signature and the system processes the cash advance. The entire process can be completed remotely in one day.

In its second year of operations, Chita financed 850 customers--90% of which are small or micro-enterprises--almost triple the number of customers financed in its first year.









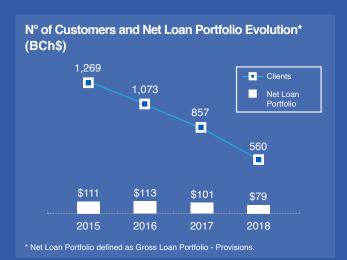
Leasing is a financial solution to address the financing needs of companies for the purchase of capital assets. This solution allows leasing clients to invest, grow, expand and upgrade assets while taking advantage of important financial and tax benefits. It consists of a lease agreement for an agreed length of time over which the lessee pays monthly rental payments that in aggregate amortize the value of the assets. At the end of the contract, the lessee can purchase the asset by exercising a purchase option, which, in most cases, is equivalent to one more rental payment.

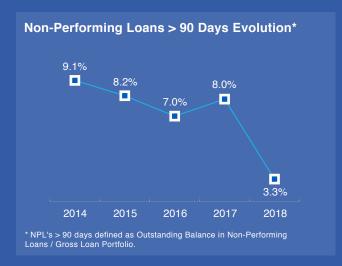
The main advantages of leasing for our customers are:

- 1. Provides financing for up to 100% of the transaction (unlike other products).
- Allows 100% of the rental payment to be expensed, which reduces its taxable basis.
- Capital assets are insured throughout the life of the contract, providing access to better premiums and coverage.
- **4.** Payment schedules are tailored to customers needs, with flexibility in currency and payment period.

Based on the Company's decision to refocus the product strategy on real estate collateral, Tanner Servicios Financieros S.A. reported total leases of Ch\$79,055 million in 2018, 21.7% less than year-end 2017, despite an improvement in portfolio quality, reflected in a decrease in NPL > 90 days from 8.0% in 2017 to 3.3% in 2018.

This business line reported revenue of Ch\$9,469 million for the year, down 22.1% over 2017. Costs rose 1.3% with respect to the prior year, reaching Ch\$1,941 million, which resulted in a drop of 21.8% in the gross margin to Ch\$2,368 million.





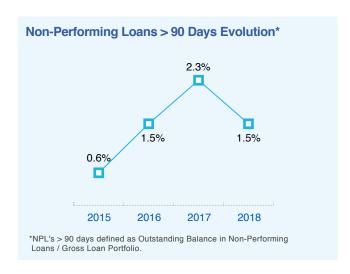


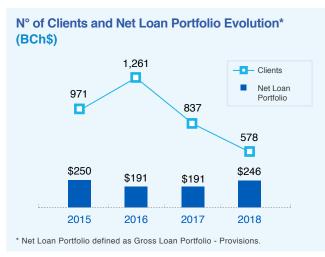


Introduced in 2014, this division looks to finance customers' working capital needs, as a complement to financing from factoring, with the objective of not impacting the customer's short-term operations. One main advantage of this offering is that it can be adapted to the financial needs and capacities of our customers, providing more flexibility.

This Division reported a 29.0% increase in loans to Ch\$246,069 million as of year end. NPL ratios fell during the year to 1.5% as a result of the Company's strategy.

The Division reported total revenue of Ch\$20,625 million, reflecting an increase of 25.7%, which is explained by an increase in interest and fees. Costs increased to Ch\$10,090 million, or 8.2% more than the previous year, as a result of increased write-offs and provisions. The gross margin reported a variation of 48.9% YoY, totaling Ch\$10,535 million.







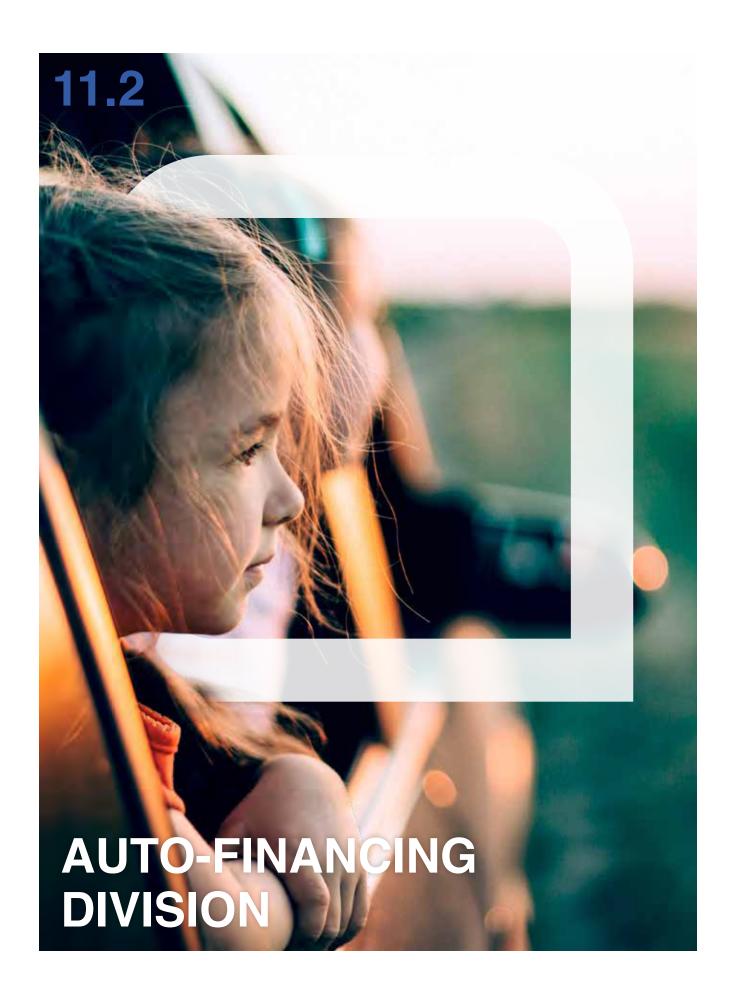
## Customer Experience

As we place our customers at the core of our daily operations, the division relies on tools and channels to improve the experience of doing business with Tanner, which makes it stand out among its competitors in service quality.

The division completed the following projects in 2018:

- 1. **Private Factoring Site:** Following the successful launch of the private factoring site last year, the platform was updated in 2018 to give it a more modern, agile and intuitive look.
- 2. New App for Customers: In order to improve the value proposition for customers, the division launched a new application for mobile phones that customers can use to access information on transactions, payment status, default, etc.
- 3. Papaya!: In 2018 Tanner launched its new complementary platform designed for small and medium-sized businesses to use for electronic invoicing and memorandum accounts. The main objective of Papaya! is for companies to prevent fraud in their invoice receipt processes. Linked to information from the Chilean Internal Revenue Service (SII), the system alerts users of new invoices received so they can be accepted or rejected on time by the customer. It also gives users access to financing by selling invoices that they have issued directly from the platform.







## RELEVANT FIGURES











#### The Automotive Industry

This business line is strongly linked to the automotive market, which ended the year 2018 with record sales in the new car segment, with 417,038¹ new units sold, which represents an increase of 15.6% over the prior year. As usually occurs in this market, a more active new car segment limited growth of the used car market with sales up merely 2.3% over 2017, totaling around 997,000² transfers of ownership.

The SUV industry is quickly becoming the industry's main driving force, closing 2018 with market share of 36%, driven mainly by the emergence of Chinese brands in this segment.

Nevertheless, this year the market saw surprising growth in electric and hybrid vehicles, up 66% and 150%, respectively. Over 1,000 units were sold in 2018, which is well above prior projections. Another industry development was the introduction of online vehicle sales, led by Nissan and the PSA Group, which reported very active participation this year.

In 2018 the auto-financing industry was characterized by extremely tight competition with pressure primarily from new entrants. These new players contributed to the increase in loan

penetration. Their higher risk tolerance and strong interest in gaining market share resulted in multiple bonuses and benefits for both car dealers and end customers. Overall, Tanner demonstrated that its size and business experience continue to make it one of the most sound and profitable auto-financing companies in Chile, practically tripling its nearest competitor in total loans.

Looking towards 2019, the division's projections call for the automotive industry to resume more normal growth patterns, as evidenced by the last quarter of last year, with modest growth of between 0% and 2% in new car sales. Larger increases are predicted for the used car market with growth rates between 6% and 8%. This will generate major possibilities for growth for auto financing in this segment, since this market has lower loan penetration levels than the new car segment (between 30% and 40% versus 50% or more for new cars). Therefore, if the largest car dealers focus on developing the used car market, the autofinancing industry could potentially grow upwards of 10%.

Tanner's Auto-Financing Division will start this year on the right foot thanks to a diversified portfolio and know-how acquired from its significant share of the used car segment, which will allow it to expand in 2019 at rates similar to last year.



1 Source: ANAC 2 Source: CAVEM



#### **Division Results**

In 2018 the division focused on bigger and better sales, forging new alliances and developing its digital channel. Special attention was also paid to risk management, improving methodologies and technology for loan approval and collection.

One of the foundations of its strategy places technology at the core of this business in order to give customers a faster, more comfortable user experience. As a result, important investments were made last year in sales and credit management tools (Monaco) as well as risk approval, investing in a world-class decision engine.

In terms of sales, net loans in 2018 totaled Ch\$359,817 million, or 18.9% more than 2017, marking a division record and a successful year for new car loans and the direct-sales channel.

New car loans grew 41.8% with respect to 2017, thanks to two important developments during the year: New agreements with the brands Opel, Faw, Lifan and Yamaha; and an excellent year for the Amicar channel, closing the year as the number one financial entity with a rise in loans of 39.7%, attributable to data analysis and business intelligence efforts.

In 2018, the Company bet on the motorcycle market. This approach had been attempted in the past, but took off strongly this year thanks to a new strategy designed with Yamaha, resulting in record motorcycle sales and record motorcycle loans.

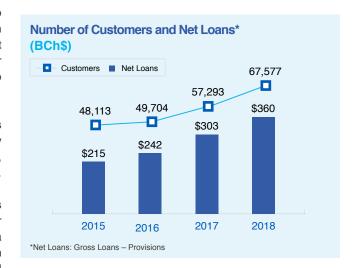
The heavy vehicle segment was also strengthened this year, which enabled the Company to deploy the full Tanner experience in the SME segment. First, the division formed a team with associates from sales and risk. This team's main duty is to serve the truck and bus market with products tailored to each company in order to meet their needs, which are very different from the retail, light vehicle segment.

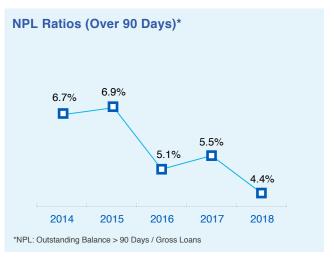
The Direct Channel registered a 24.1% increase in loans with particularly strong growth in the electronic channel. The division detected future growth potential in this channel because our customers prefer to visit multiple websites and get quotes for their car loans before test-driving a car at the dealer. To accomplish this, important progress is being made in lead management, especially in-person customer advising.

While it is not difficult today to advertise and collect data, these efforts are not valued by car dealers. In order to create value for these alliances, the Company is focusing on accompanying customers throughout the entire buying process in order to



# Alliances with Opel, Faw, Lifan and Yamaha.





improve the experience and be an important source of business for car dealers.

In risk matters, important improvements were recorded in NPL ratios (over 90 days), shifting from 5.5% in 2017 to 4.4% in 2018, and marking record levels for the division. This improvement is explained by important changes in methodology and technology in both loan approvals and collections, mainly in developments in loan criteria models and fraud control.

All of the above has been reflected in a gross margin of Ch\$21,851 million, or 14.7% greater than year-end 2017; with an increase in revenue of 17.9%, to Ch\$81,098 million; and in costs of 19.1%, to Ch\$59,246 million.

For 2019, the Company will aim to further strengthen its commercial system and training program, key components of Tanner's success, which will help sustain growth levels similar to or greater than this year.

#### The Foundation of Our Operations

Tanner's Auto-Financing Division has more than 300 employees in different areas: risk, technology and operations, insurance, business intelligence and sales.

The division's commercial strategy focuses on three main channels:

- AMICAR. An electronic auction channel created by the importer groups Derco and AG to sell and finance cars at their own dealerships or at independent dealers of the brands they represent (Mazda, Suzuki, Renault, Hyundai, Mini, Mahindra, among others). Nine auto-financing companies participate in this channel. It represents more than half of the division's sales.
- → CAR DEALERS. This channel includes almost all car dealers in Chile that do not participate in the AMICAR portal. The main difference is that in this segment there are generally alliances between financing companies and brands or distributors to finance new or used cars with financing executives placed at the dealer showrooms. This



# **Trend:** more quotes for auto-financing business line.

is Tanner's second most important channel and represents approximately 30% of the division's total sales.

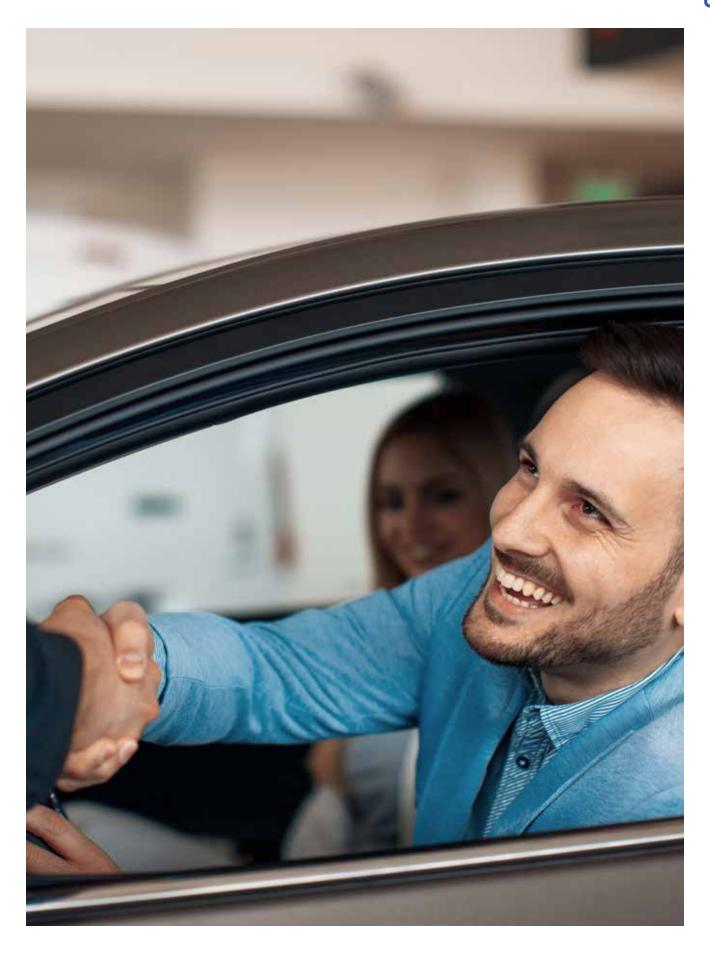
DIRECT. Channel by which customers arrive directly with a loan application. Most have a longstanding relationship with the Company. However, for the past several years Tanner is strengthening this channel in the web or electronic segment, assisting customers throughout the buying process before going to the dealer, which has seen very good results with annual growth rates above 50%.

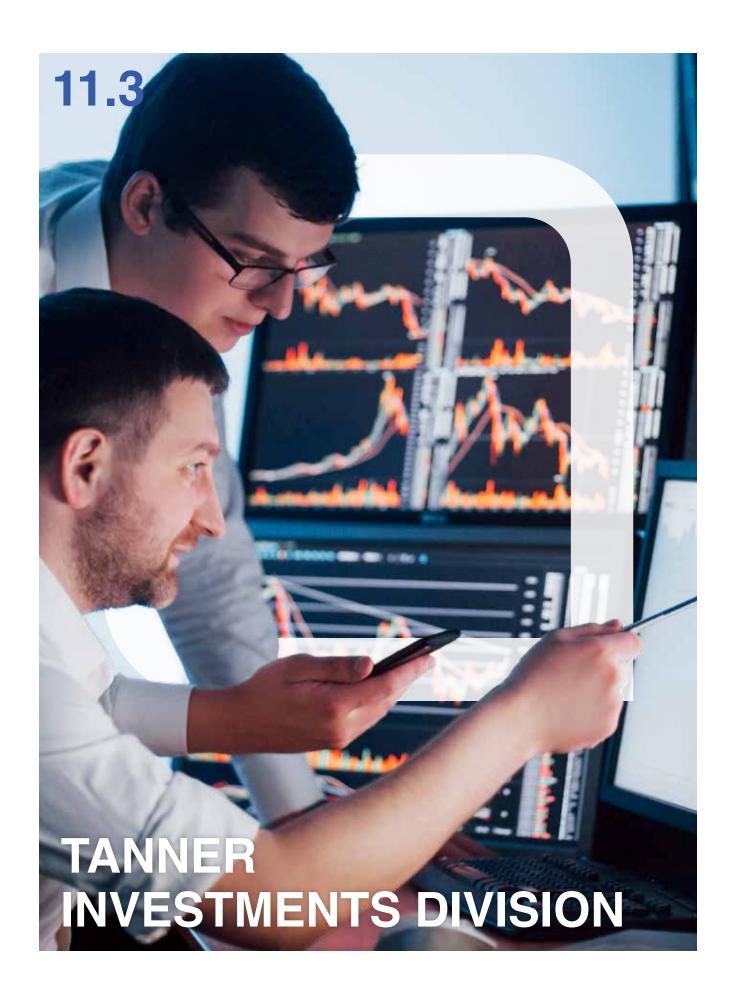
The main products we offer include:

- Conventional loan
- · Tanner Smart Option
- Heavy Plan targeted towards SMEs
- Floor Plan and working capital lines to support inventory financing of our main allies.

In addition, the insurance brokerage subsidiary, in business for over 7 years, has been consolidating itself as a relevant industry player, with a broad product offering ranging from car insurance to life and disability policies. In 2018 it brokered total premiums of Ch\$17,612 million, reflecting growth of 12%, well above the 2.5% reported by the life and property & casualty insurance industries.









## RELEVANT FIGURES







Tanner Investments, the latest division added by the Company, was created in 2009 with the objective of providing comprehensive service for individual and corporate customers regarding their investment and financing needs. Today Tanner Investments is the group's division linked to capital markets. It serves as adviser and placement agent for instruments on the local market, and plays an important role in debt issuances for larger customers served by the Corporate Division.

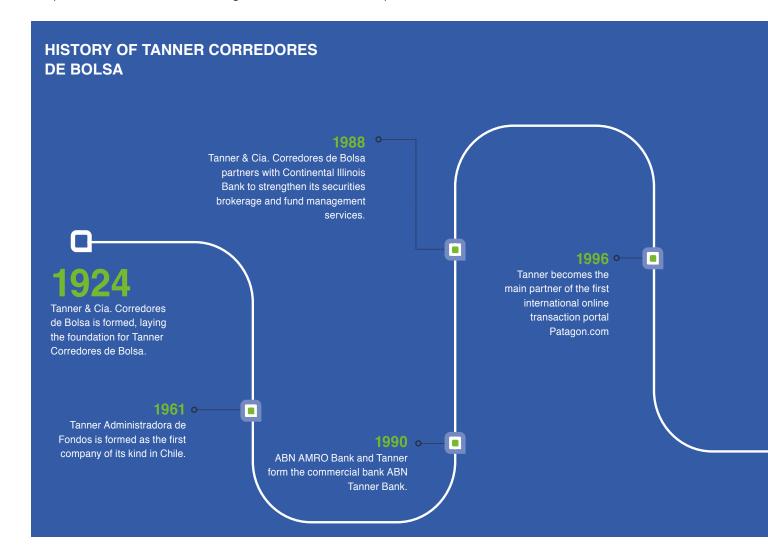
Currently, Tanner Investments SpA has an outstanding group of professionals and specialists focused on strengthening and consolidating its offering of investment and financing products, integrating different alternatives that pull from Tanner's various divisions.

The combined offering of lending and financing with investment alternatives for private banking customers, family offices, companies and institutional customers generates solutions for managing assets and liabilities while meeting required internal and external standards with the best market practices.

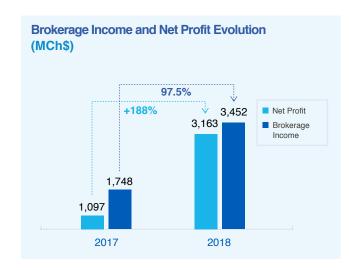
In 2018, the Company focused on consolidating Tanner Investments SpA as Tanner's investment subsidiary, offering the following business lines:

#### 1. Brokering Assets in the Securities Market

Since 1924, Tanner Corredores de Bolsa S.A. has been an active member of the local securities market, offering its customers the best team of investment advisors. Tanner (known then as Factorline) acquired 100% of Tanner Corredores de Bolsa in 2012, marking a milestone in the entity's development. Capital increases followed in 2017 and 2018, for US\$ 15.6 million and US\$ 5 million, which allowed the entity to continue strengthening its position in the market.





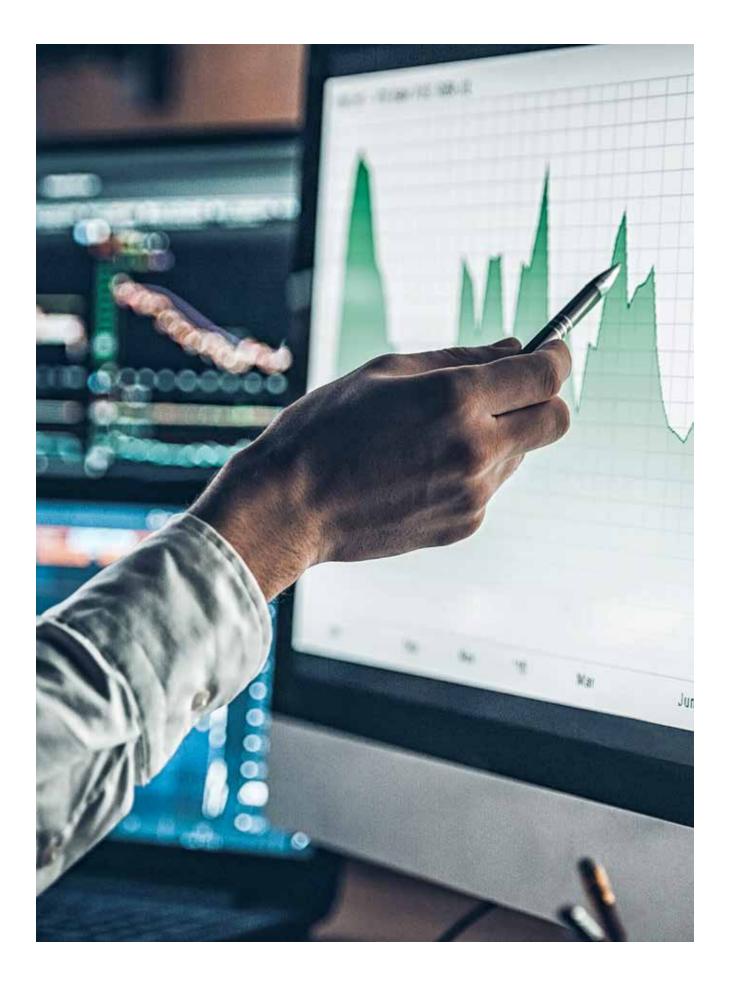


As a result of these efforts, Tanner Corredores de Bolsa began to substantially improve its return on equity (ROE) in 2016 and reported one of the three largest ROE in the industry in 2018. In addition, last year Tanner's brokerage firm earned first place in financial intermediation and third in local fixed income, thanks to efforts to strengthen its investment area, which focused on institutional, corporate, private banking and family office clients.

Since 2012, Tanner Corredora de Bolsa has ranked among the top non-bank brokerage firms in value of shares traded. Last year it earned fourth place in value of shares traded on the Santiago Stock Exchange and first on the Chilean Electronic Stock Exchange.

Tanner Corredores de Bolsa has more than 2,000 customers and manages over US\$ 650 million in third-party funds distributed in local and foreign markets. In 2018, this figure increased by 19%, in addition to an increase in brokerage income of 97.4% during this period.







Good management and efficient operations in securities intermediation has enabled Tanner Corredores de Bolsa to boost earnings in 2018, doubling its net profit over 2017 to Ch\$3,163 million as of year end.

#### 2. Corporate Finance

This area strategically advises companies on their growth plans--either investment or financing--offering a full range of financial services tailored to our customers, including: Asset and Liability Structuring, Mergers and Acquisitions (M&A), Financing Solutions and Real Estate Management. The area has trained a team of exceptional professionals to provide the best service in the market.

Its business model is based on a capacity for high-quality analysis, market knowledge and a broad customer network, which allows it to provide innovative, flexible and quick solutions.

In 2018 it participated in several important deals in a variety of economic sectors, with the common denominator being the speed and added value for our customers.

#### 3. Third-Party Fund Management

## Tanner Asset Management Administración General de Fondos S.A.

Tanner Asset Management Administración General de Fondos S.A. (TAM) began operating as an investment vehicle in mid-2016, with the objective of offering public and private investment funds to institutional and qualified investors in line with their profitability and diversification needs and with a special focus on alternative assets.

The entity's first fund, TAM ACPI Private Debt Fondo de Inversión, was listed on the Santiago Stock Exchange in 2017.

TAM added four new investment funds last year, bringing its assets under management to Ch\$165 million. The TAM COFISA III and TAM COFISA IV investment funds were launched in March and September, respectively. Their main objective is to invest in loan portfolios. The TAM Amengual Fondo de Inversión Privado investment fund was added in June to invest in real estate developments. Finally, a fourth fund called TAM ACPI Private Debt II was added in November 2018 through an alliance with ACPI Investment Managers. This fund is listed on the Santiago Exchange.

These accomplishments demonstrate Tanner's growing expertise in asset and financial risk management.

#### 4. Commodities Exchange Broker

The Chilean Commodities Exchange was founded in 2005 as a marketplace for the farming and financial sectors that operate through the Commodities Exchange. In response to this new demand, Tanner Corredores de Bolsa de Productos was formed and quickly positioned itself as a relevant player in this industry.

This area offers a high-return, low-risk alternative to short-term fixed-income investments and targets diverse types of investors, both individuals and legal entities. Its main product line consists of invoices transferred by suppliers of payers registered with the Chilean Commodities Exchange, which have a predetermined value and payment date.

#### **2018 Tanner Investments Results**

In 2018, Tanner Investments reported net profit of Ch\$2,810 million, representing an increase of 25.0% with respect to the prior year, with revenue up 148.5% over December 2017, to Ch\$44,014 million, mainly because of a strong performance from Tanner Corredor de Bolsa.

## **12** TREASURY MANAGEMENT

Four pillars govern Tanner's Treasury Division: Liquidity, Diversification, Balance Sheet Management and Efficiency. The Treasury team guarantees that the Company has resources available on a daily basis to fund its different businesses. It is also responsible for paying liabilities as they mature and monitoring possible scenarios that may impact the industry's liquidity.

To manage liquidity--Tanner's main business risk--the Company follows strict internal policies that are reviewed on a daily basis by management and reported to the Company's board every time the Asset-Liability Committee (ALCO) meets each month.

Among these internal policies, the Company must maintain an average duration spread between assets and liabilities of at least 6 months beyond the duration of financial liabilities with respect to loans. As of December 2018, average assets had an average duration of 0.78 years and liabilities of 2.09 years, thus complying with the policy. Another important liquidity indicator is the short-term maturity gap, which involves maintaining sufficient bank lines of credit and short-term financial investments available to meet all non-renewable maturities (bonds, loans and commercial paper) for at least six months. Maturities and expected collections on the corporate lending division's loan portfolio are used for this calculation. Lastly, one of the major advantages of the factoring business--given its short duration--is that customers can collect between Ch\$5,000 and \$8,000 million every day, which is a source of last-resource liquidity.

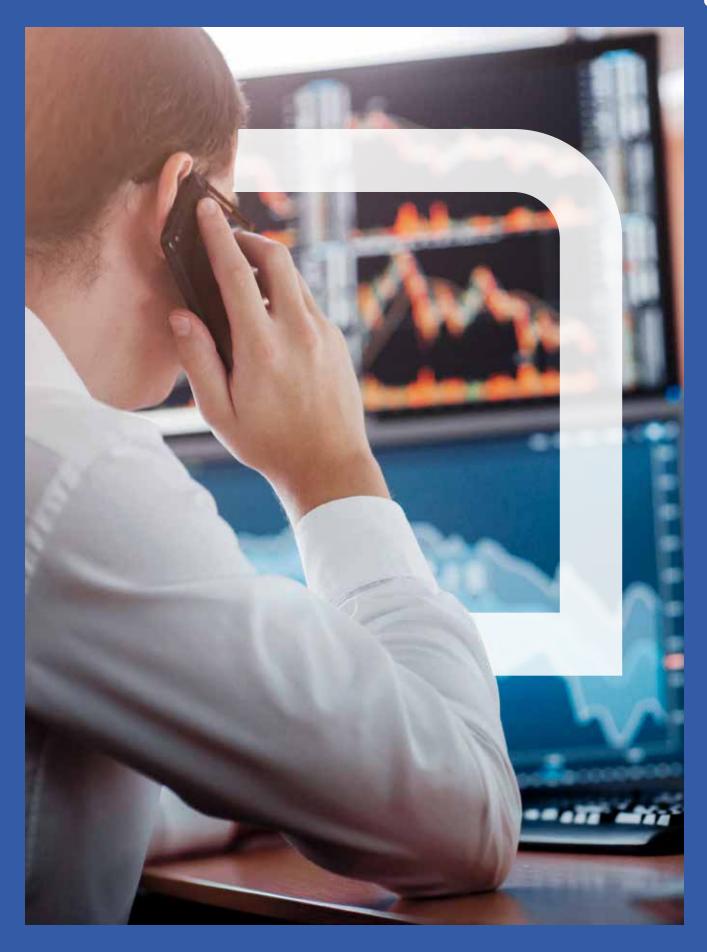
The year 2018 was monumental for Tanner in terms of diversification of funding sources: the 144A/Regs bond for US\$ 250 million issued in March 2013 was fully paid in March 2018. Prior to repayment, that bond represented the Company's largest single maturity. One year before repayment, in early 2017, the Company began to explore better refinancing alternatives, focusing on international loans, a bond issuance on the Swiss market and local bank lines of credit. In parallel, in 2018 the

Company issued a record number of bonds on the local market, successfully placing UF 4 million through two bonds maturing in 4 and 20 years, respectively. This move allowed them to harness good conditions in the local market, improvements in the Company's spreads and upgrades to its local risk rating by S&P and Humphreys, which both assigned a risk rating equivalent to AA-. As of December 2018, the Company's financial liabilities consist of 10.4% commercial paper, 16.5% domestic loans, 17.6% international loans, 32.0% domestic bonds, 16.8% international bonds and 6.7% other, which reflect the healthy diversification of the Company's funding. Lastly, it is important to mention that the Company's maturity profile for the next few years is more diversified than its profile from the last few periods.

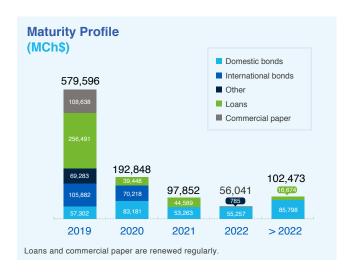
Since Tanner is exposed to different markets and currencies, and it strives to maintain well-diversified funding sources, it aims to reduce the foreign exchange risk of international funding to a minimum. In line with this objective, the Company has an internal policy to safeguard its balance sheet from this type of risk. Therefore, international loan approvals are constantly hedged using derivative instruments, mainly swaps registered in the balance sheet as accounting hedges, in order to reflect the real cost of each issuance and international financing in the financial statements. Since Tanner's products are available in different currencies (mainly USD, CLP and UF), it has an active strategy of short-term hedges to minimize the balance sheet's exposure to foreign currency and maintain a long structural position in UF. Therefore, as of year-end 2018, exposure to foreign currency represents less than 1.3% of the Company's total equity, and exposure to UF is 19.3% of total equity.

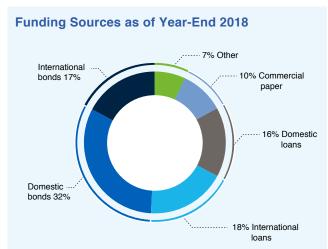
These three pillars are integral components of the financial efficiency sought by Tanner's Treasury Division, whose objective is to guarantee available funds at competitive rates in order to maintain a low cost of funds and improve Tanner's overall efficiency.





The Company ended 2018 with 9 outstanding bonds on the local market and 2 on international markets, both in Switzerland, maturing in 2019 and 2020, respectively; credit facilities from Chilean and foreign banks; and long-term loans from leading international institutions.





## Balance Sheet by Currency and Net Exposure (MCh\$)

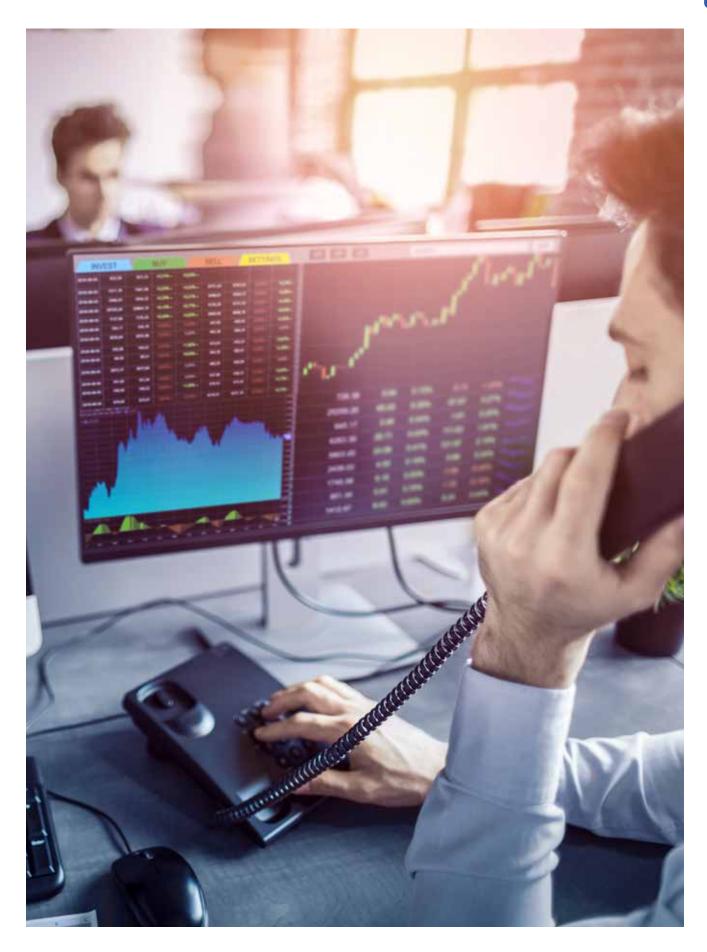
	CH\$	US	EUR	CHF	UF	Total
Assets	1,026,902	187,126	237	=	213,282	1,427,546
Liabilities and equity	629,643	271,261	-	176,100	350,542	1,427,546
Differential by currency	397,259	(84,135)	237	(176,100)	(137,260)	-
Hedges	(448,357)	80,228	-	176,100	192,029	-
Net exposure	(51,098)	(3,907)	237	-	54,768	-

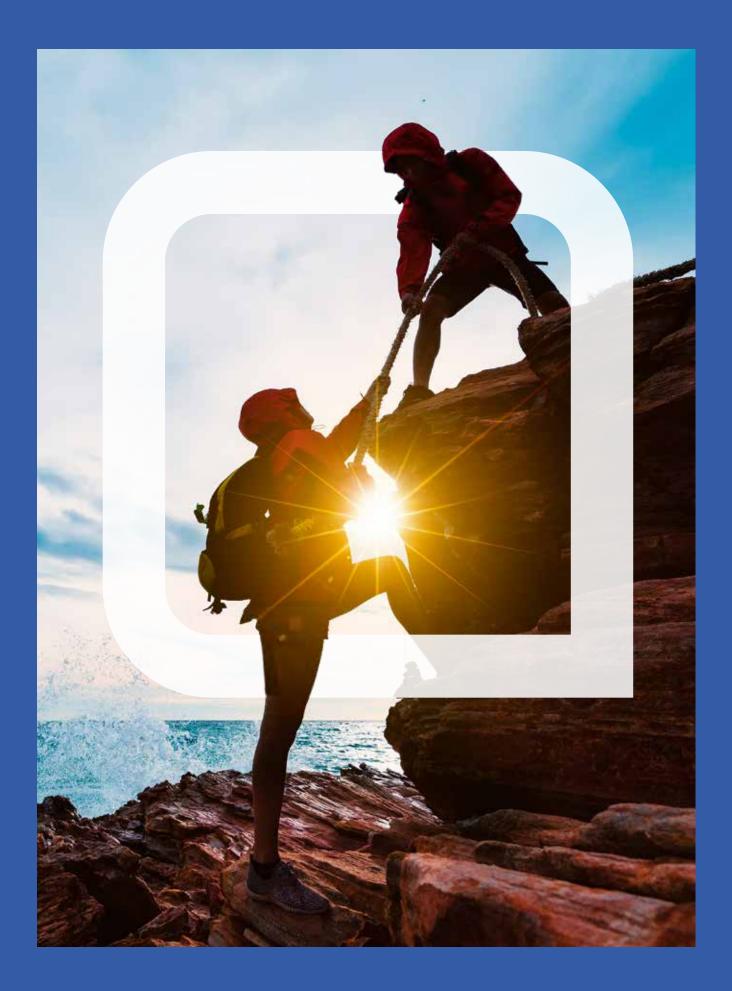
#### **Investment Policy**

According to Tanner's investment policy, the Treasury Division seeks to maximize return on equity based on risk levels and maturity within designated limits. Investments are made with cash surpluses and are designed to actively use resources that are not otherwise employed, generally with short-term maturities to

maintain a suitable liquidity level. This portfolio is managed under the concept of asset and liability management, thus reflecting the nature of the Company's commitments and its risk policy, which helps mitigate macroeconomic fluctuations in exchange rates, interest rates, maturity, liquidity and credit.









## **13 HUMAN RESOURCES**

People are the driving force at Tanner. For that reason, the Human Resources Division's main challenge in 2018 was to continue building a path to meet the Company's objectives. This involves not only attracting talent but also strengthening and managing it through a variety of initiatives that create optimum conditions for employee growth and wellbeing.

Concern for people drives the Company's new purpose--to always be the best partner for our customers--and will prepare the Company to adapt to changes and challenges that arise along the way. Tanner believes that new times bring new ways of doing things and, therefore, it must be ready if it wants to maintain its industry leadership.

In 2018, the Human Resurces Division created new ways to keep teams connected from any location, providing the flexibility needed to balance life and work. It also launched a telecommuting program for employees to work from wherever they choose, generating a sense of autonomy and trust in each of them.

The unit will continue to use innovation to strengthen its training programs. It recently incorporated remote learning through gamification, a learning technique that employs game principles in the educational-professional environment, together with e-learning, which allows everyone to learn and be trained with no fixed location or schedule. This provides freedom by giving employees tools to define their own achievements and objectives.

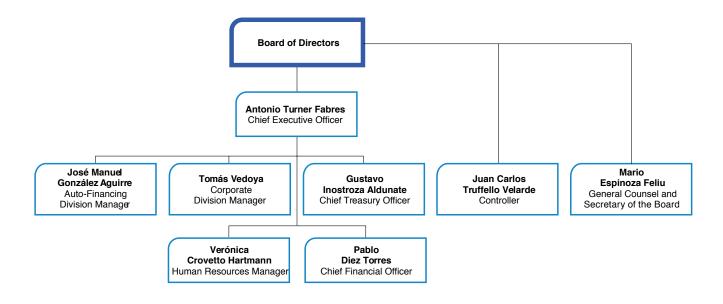
Tanner also understands the importance of equipping team leaders with tools to retain and develop work teams. Consequently, it developed the first version of the Leadership Workshop for Managers, Deputy Managers, Department Heads and Supervisors. At the activity, participants learned the importance of inspiring their teams, knowing what is expected of them as leaders and using tools to develop others and build teams.

The Company also managed to reduce its accident rate, thanks to greater prevention efforts. This is important since the Company's teams are its main asset.

However, the Human Resources Division vision is not only internal. Tanner has taken on the challenge of becoming an inclusive company, not just to comply with the law but also to go beyond and be a diverse, inclusive organization in every sense of the word. To accomplish this, Human Resources leaders participated in talks and international conferences to learn more about the topic directly and then gave awareness talks to other employees.

Tanner wants to add value to its employees' lives and pushes them to think, evaluate and improve the way they do things, understanding that there is not one single way but rather infinite paths.

## **ORGANIZATIONAL CHART**



Personnel as of December 31, 2018	Tanner Servicios Financieros S.A.	Consolidated
Managers and Senior Executives	46	61
Professionals	408	461
Technical	405	423
Total	859	945



#### **Corporate Social Responsibility and Sustainable Development**

The diversity of the organization, its executives (CEO and other executives that report to the CEO or the board) and the board by gender, nationality, age and years of service as of December 31, 2018, is as follows:

Gender	Men	Women
Board of Directors	7	0
Executives	19	4
Organization	481	464

Nationality	Chilean	Foreign
Board of Directors	6	1
Executives	22	1
Organization	909	36

Age	Under 30	Between 30 and 40	Between 41 and 50	Between 51 and 60	Between 61 and 70	Over 70
Board of Directors	0	0	0	2	4	1
Executives	0	10	11	1	1	0
Organization	223	394	223	84	20	1

Years of Service	Less than 3 years	Between 3 and 6	Between 6 and 9	Between 9 and 12	More than 12 years
Board of Directors	2	2	0	0	3
Executives	12	6	3	1	1
Organization	588	267	37	31	22

#### **Salary Gap**

The salary gap in 2018, measured as average gross base salary for female executives and employees with respect to male executives and employees (segregated by position, responsibility and function) is as follows:

2018 Salary Gap	Average gross base salary for women / Average gross base salary for men (%)
Administrative staff	92.8%
Executives	75.1%
Department heads	98.3%
Professionals	96.8%
Supervisors	95.2%
Technical staff	101.5%





## **14** MARKETING



At Tanner, and particularly for its marketing area, innovation is key. The digital revolution is modifying not only customer behavior but also how deals are designed and how teams function. Therefore, during 2018 the Company worked to strengthen its digital area and SEO and SEM work. These efforts, combined with operating new platforms, helped increase leads from the electronic channel to harness market opportunities.

The area also worked on corporate rebranding, which began by changing "Tanner Servicios Financieros" to simply "Tanner" to distance itself from the banking industry and position itself as a younger company. This also gave way to brand unification, using Tanner as an umbrella brand for all divisions. Along these lines, it sponsored events organized by Andeschimp and Redbull that challenged the status quo and reflect autonomy, hard work and the desire to give 100% or more, all of which are key concepts of the Company's purpose.

From this perspective, customer loyalty is essential and excellent service is a priority. Relationships with customers must be close and understanding and backed by quick, modern, agile processes. Thus, Tanner must be consistent from all angles and make sure that each customer believes that its corporate slogan, "we are in this together", is true.

In 2019, the Company will work intensively on customer service, incorporating new tools and measurements with a focus on service quality; on brand positioning with different strategic initiatives and tactics that speak directly to the market in order to continue building a solid, well-known brand; and on strengthening the digital area, developing the electronic channel, innovating with new products and forming teams that can adapt to market needs.

## **15** COMPLIANCE

The Compliance Area is the unit in charge of detecting, monitoring and reporting unusual or suspicious operations that could be linked to possible cases of asset laundering, terrorism financing, bribery and handling of stolen goods. This area forms part of the Legal Division, although it reports directly to the Compliance Committee. Based primarily on a preventative approach, this unit is also responsible for ensuring compliance with the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS) at a holding level and for enforcing the Compliance Program.

The Deputy Manager of Compliance also fulfills the role of "Prevention Officer," who oversees the Crime Prevention Model and other matters regulated by Law 20,393 on Criminal Liability of Legal Entities. Among these duties, the Deputy Manager of Compliance aims to continuously strengthen the procedures and technological tools that the Company uses to monitor transactions, products and services.

In 2018, it reinforced implementation of Ruling No. 57 from the Financial Analysis Unit (UAF), to identify individuals considered Beneficial Owners of Legal Entities.

#### **Environmental and Social Policy**

This policy was fully implemented, making a commitment to developing a culture of environmental and social responsibility

in line with commitments made to our external creditors and Tanner's sense of duty toward environmental preservation and corporate social responsibility. These issues represent one of today's main challenges for the sustainable development of humanity and the continuity of economic and business models.

#### **New Standards**

With the enactment of Law 21,121, which introduced a series of amendments to Law No. 20,393, the Company is making the applicable changes to its Crime Prevention Model to meet the new regulatory requirements.

#### **Training**

In 2018, the Compliance Area executed its annual training plan, which included the following activities:

#### - In-person talks:

A variety of activities were scheduled throughout the year based on the specific requirements of some areas.

#### E-learning courses:

All employees must be trained in topics related to the prevention of asset laundering and the criminal liability of legal entities once per year.













#### **Corporate Governance Bodies**

The Company provides an opportunity for long-term collaboration among its stakeholders, who directly and indirectly influence its ability to achieve its objectives. An appropriate corporate governance system acts to prevent and resolve conflicts of interest, working to ensure that business objectives are met in a transparent way.

Corporate governance is the set of relations, standards, processes and institutional practices in exercising authority and control that contribute to the sustainable creation of value, providing a framework of transparency, ethics and corporate responsibility, aligning interests and promoting the rights of all shareholders and stakeholders that participate directly or indirectly in the Company.

Tanner's diverse stakeholders and the focus of its actions with each of them are detailed as follows:

- Shareholders: create value and make their investment profitable.
- 2. Board of Directors: draft, approve and monitor the main guidelines; safeguard and manage the organization's assets and resources; and ensure compliance with applicable law.
- **3. Employees:** promote a pleasant work environment and respect their needs and rights.
- Customers: provide the most appropriate solutions and forge long-term relationships.
- **5. Creditors:** generate lasting relationships built on trust and maintain diverse sources of stable, ongoing funding.
- **6. Intermediaries:** establish a collaborative, long-term relationship to better reach customers.
- Government: respect and collaborate at all times and adhere to current laws.
- 8. Competitors: respect free competition.

#### **Shareholders' Meeting**

Shareholders' meetings are the highest level of corporate governance. Their main functions are to elect the board of directors; appoint external auditors and risk rating agencies;

approve the annual report, annual financial statements, profit distributions and capital increases as well as set compensation for the board and committees.

#### **Board of Directors**

Tanner's board of directors has seven members (no alternates) who are elected for a three-year term. It is responsible for approving policies and defining the structure for properly managing the diverse risks faced by the organization. To accomplish this, it is continually briefed on developments in the diverse risk areas through several committees: Credit, Audit, Assets and Liabilities (ALCO), Compliance and Commercial.

Risk management policies aim to identify and analyze the risks faced by the Company, setting adequate risk limits and controls and subsequently monitoring them. Risk management policies and systems are revised regularly so that they reflect changes in market conditions and the Company's activities. The board, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all associates understand their roles, duties and obligations.

#### **Audit Committee**

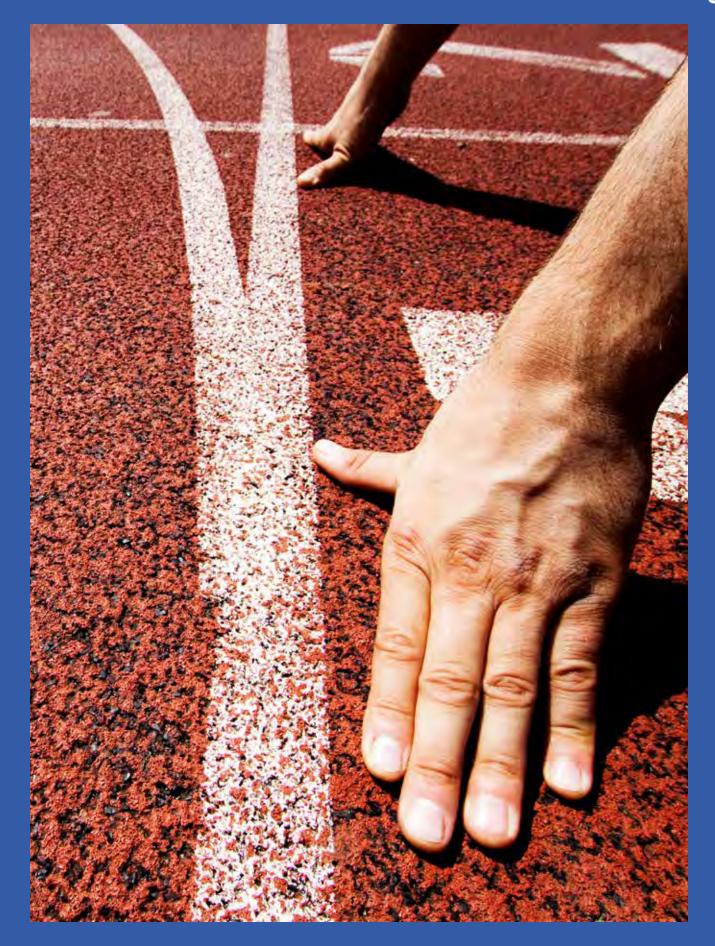
The members of the Audit Committee include three directors, the CEO, the General Counsel and the Controller. They report directly to the board on the effectiveness and reliability of internal control systems and procedures, both at parent and subsidiary level.

The committee's duties include analyzing the results of audits and interim reviews by internal and external auditors and analyzing the quarterly and annual financial statements, including those that are audited by external auditors. It is also briefed on approval of institutional policies on the observance of laws, regulations and internal standards that must be met and approves and verifies compliance with the annual program prepared by the Company's internal auditing department.

#### **Credit Committee**

The Company has a governance structure for credit decisions to ensure that all customer loan applications are approved at a certain level with the proper authority. Each level is differentiated by segment and based on exposure, risk ratings, statements of uncollectability and loan write-offs, etc. The highest level is the Directors' Credit Committee, which reviews and approves the main exposures of each business line, by customer, on a monthly basis.





The Company manages comprehensive risk matrices for each business line and has a Comprehensive Risk Management Policy to properly identify, analyze, evaluate, treat and monitor risks, based on set guidelines and the individual needs of each business in accordance with its particular objectives and regulatory requirements.

#### **Asset-Liability Committee (ALCO)**

All directors and the CEO serve on this committee. It meets on a monthly basis to review developments and the current status of financial positions and liquidity, market, price, interest rate, currency and indexation risk. It also oversees the Company's efforts to forecast, with an appropriate level of confidence, potential future situations that may benefit or affect the Company and take the corresponding actions.

The committee can request the attendance of other managers responsible for establishing and supervising compliance of financial risk policies, mainly for liquidity and market risk, in line with board guidelines and CMF regulatory requirements.

#### **Compliance Committee**

The Compliance Committee consists of two directors, the CEO, the General Counsel and Controller along with the Deputy Manager of Compliance. Its duties include defining and coordinating policies and procedures on the topics of the prevention of asset laundering, terrorism financing, bribery and handling of stolen goods. In addition, the committee is briefed on, analyzes and adopts the appropriate actions in response to cases reported by the Compliance Officer.

The policies and procedures established for preventing asset laundering and terrorism financing are defined in a handbook prepared by the Company that meets two objectives:

- Complying with laws and regulations governing such matters;
   and
- Providing the organization's members, at all levels, with policies, procedures and information to manage commercial activities and operations while mitigating risk arising from funds from illegal activity that are made licit through Tanner or any of its subsidiaries.

#### **Product Committee**

The members of the Product Committee are the CEO, the General Counsel, the CFO and the Deputy Manager of Technology. The Risk Manager and the Deputy Manager of Operations for a particular division may also participate depending on the product being evaluated. This committee is charged with determining the feasibility of adding a new product

and/or modifying existing products (only significant changes) that are presented by division managers.

It is briefed on potential new products and evaluates aspects such as commercial and economic feasibility, legal aspects, regulations (accounting - tax). If approved, the committee must also ensure compliance with policies and procedures to mitigate the main operational risks. This committee meets on an asneeded basis whenever a new product requires evaluation.

#### **Commercial Committee**

The members of the Commercial Committee are two directors, the CEO, the Corporate Division Manager and the Deputy Managers of Risk, in addition to different executives and risk teams based on the occasion or areas presenting deals.

This committee monitors the deal pipeline; supports the commercial area in developing more sophisticated business proposals, including arranging customer visits by directors, when appropriate; approves operations and reviews loan proposals that will be examined by the Directors' Committee.

### Operational Risk and Information Security Committee

The members of the Operational Risk and Information Security Committee are the Risk Division Managers, the General Counsel, the Information Security Officer, the Deputy Manager of Technology and the Deputy Managers of Operations for each division. It is charged with prioritizing and facilitating the proper resources to mitigate key operating risks; ensuring implementation of management models; establishing risk tolerance and aversion levels; and ensuring compliance with programs, policies and procedures regarding information security, business continuity and operational risk. It also provides highlevel supervision for those risks that may affect information resources. To accomplish this, it develops strategies and control mechanisms to ensure confidentiality, integrity, availability, legality and reliability. It also looks to promote awareness and support information security throughout the entire organization, through communications and maintaining the Information Security Policy to highest standards.

In the particular case of the brokerage subsidiary, given the complexity of its products, a separate committee known as the Comprehensive Risk Management Committee meets each month for the subsidiary.

At committee meetings, members are briefed on the main risk events that have occurred during the period and measures or action plans to mitigate their impact, as well as being updated on the status of prior commitments.





#### **Ownership**

As of December 31, 2018, the Company's capital is Ch\$195,223,800,036, divided into 1,212,129 single-series shares with no par value, fully subscribed and paid-in, distributed among 15 shareholders. The 12 largest shareholders at the close of 2018 were as follows.

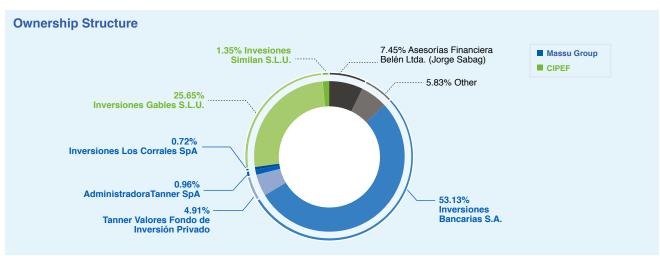
Shareholders	Taxpayer ID Number:	Related to	No. of Shares	Ownership Interest
INVERSIONES BANCARIAS S.A.	99.546.550-7	Massu Group	643,970	53.13%
Tanner Valores Fondo De Inversión Privado	76.807.658-8	Massu Group	59,521	4.91%
Administration Tanner SpA	76.917.587-3	Massu Group	11,648	0.96%
Inversiones Los Corrales SpA	76.618.804-4	Massu Group	8,736	0.72%
INVERSIONES GABLES S.L.U.	59.196.270-1	Capital Group	310,911	25.65%
Inversiones Similan S.L.U.	59.196.260-4	Capital Group	16,364	1.35%
Asesorías Financieras Belén Limitada	77.719.080-6	Jorge Sabag S.	90,303	7.45%
INVERSORA QUILLOTA DOS S.A.	76.010.029-3	Estate of Ernesto Bertelsen R.	30,902	2.55%
Inversiones Rio Abril Limitada	77.569.400-9	Mauricio González S.	22,783	1.88%
Asesorías e Inversiones Cau Limitada	76.475.300-3	Sergio Contardo P.	5,394	0.45%
Asesorías e Inversiones Gómez Perfetti Limitada	76.477.320-9	Javier Gómez M.	3,000	0.25%
Inversiones y Asesorías Rochri Limitada	76.477.270-9	Rodrigo Lozano B.	3,000	0.25%
Other			5,597	0.46%
Total			1,212,129	100.00%

The legal entity that controls the Company, as defined in Title XV of Law No. 18,045, is Inversiones Bancarias S.A., with 643,970 directly-held shares and 79,905 indirectly-held shares, which represents 59.7194% ownership.

Currently, no individuals are direct controllers of the Company.

Inversiones Bancarias S.A. is wholly and jointly owned by Messrs. Ricardo Massu, Chilean National ID No. 6.420.113-1, Eduardo Massu, Chilean National ID No. 4.465.911-5, and Julio Massu, Chilean National ID No. 3.454.690-8, through legal entities engaged in investments.

The controller, Inversiones Bancarias S.A., does not have and has not formalized a joint action agreement with any other shareholder to manage the Company.





#### **Share Transactions**

During 2018, the following share transactions were recorded:

Sales	Relationship	Purchases	Relationship	Number of Shares	Unit Price (Ch\$/ share)	Amount MCh\$
FSA Fondo de Inversión Privada	Shareholder	Tanner Valores Fondo Inversiones Privadas	Shareholder	6,759	331,691.8	2,241.9
Inversiones FSA Limitada	Shareholder	Tanner Valores Fondo Inversiones Privadas	Shareholder	3,000	331,691.8	995.1
Inversiones FSA Limitada	Shareholder	FSA Inversiones Limitada	Shareholder	62,560	Merger	14,497.2
FSA INVERSIONES	Shareholder	Tanner Valores Fondo De Inversión Privado	Shareholder	8,689	331,691.8	2,882.1
FSA INVERSIONES	Shareholder	Tanner Valores Fondo De Inversión Privado	Shareholder	42,675	331,691.8	14,154.9
FSA INVERSIONES	Shareholder	Tanner Valores Fondo De Inversión Privado	Shareholder	11,196	336,084.2	3,762.8
Tanner Valores Fondo De Inversión Privado	Shareholder	Inversiones Los Corrales SpA	Shareholder	8,736	343,419	3,000.1
Tanner Valores Fondo De Inversión Privado	Shareholder	Administration Tanner SpA	Shareholder	11,648	343,419	4,000.1

#### **Comments and Proposals from Shareholders**

No comments or proposals were raised at the shareholders' meeting.

#### **Risk Rating**

Tanner has domestic risk ratings from Humphreys, Standard & Poor's and Fitch Ratings and international ratings from Standard & Poor's and Fitch Ratings.

Locally, Standard & Poor's rated Tanner 'clAA-' for long-term debt instruments and 'clA-1+' for short-term debt, with a stable outlook given the Company's degree of capitalization and the low risk of the Chilean financial sector. Humphrey's upgraded Tanner's rating to 'AA-', with a stable outlook given the Company's improvements in internal auditing, the reduction in the concentration of its main corporate loans, its low probability of default and its reduced expected loss. Fitch Ratings once again maintained its 'A+' rating with a stable outlook.

Tanner maintains an investment-grade international rating of "BBB-", which differentiates it from other non-banking financial institutions in Latin America. This rating provides the Company access to various financial markets and helps it diversify its sources of funds. This rating is based on the Company's solid capitalization levels, diversified funding sources and excellent liquidity and market risk management capabilities.

#### **Domestic**

Stand	ard & Poor's
Ratings	Rating
Solvency	cIAA- / Stable / cIA-1+
Bonds	cIAA-
Commercial paper	cIA-1+
Outlook	Stable

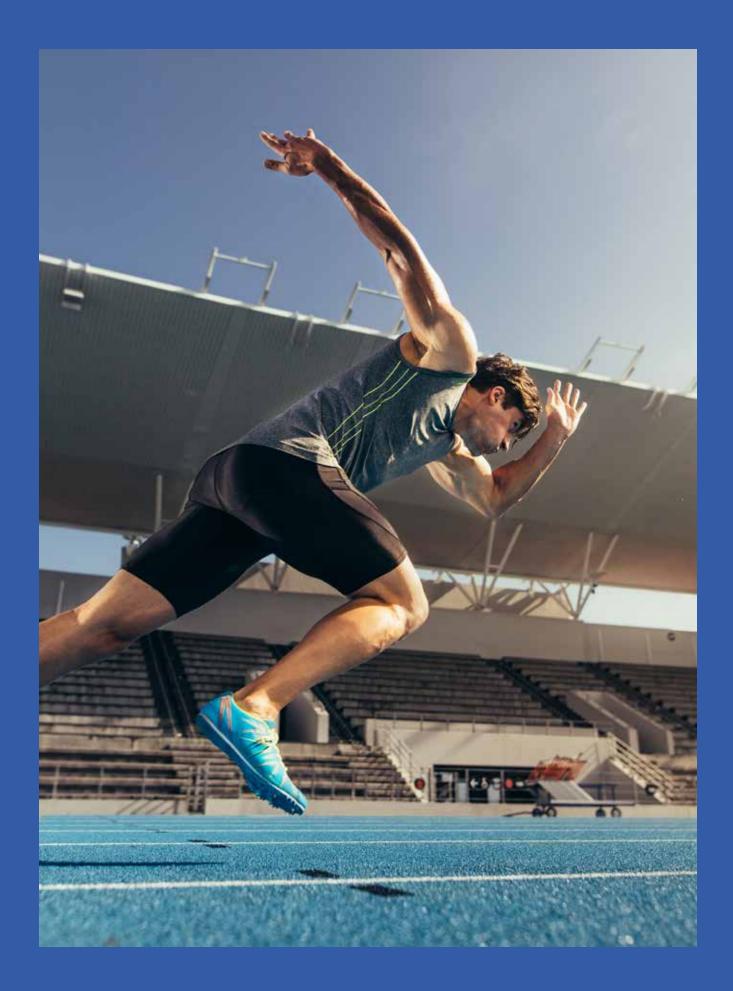
Humphreys		
Ratings	Rating	
Solvency	AA-	
Bonds	AA-	
Commercial paper	N1/AA-	
Outlook	Stable	

Fitch Ratings	
Ratings	Rating
Solvency	A+
Bond line	A+ (cl)
Commercial paper	N1(cl)
Outlook	Stable

#### International

Standard & Poor's		
Ratings	Rating	
Solvency	BBB- / Stable	
Outlook	Stable	

Fitch Ratings		
Ratings	Rating	
Long-term foreign currency	BBB-	
Short-term foreign currency	F3	
Long-term local currency	BBB-	
Short-term local currency	F3	
Outlook	Stable	





#### **Dividend Policy**

The Company's dividend policy consists of distributing at least 30% of net profit each year, in accordance with the minimum amount allowed under Chilean Law. As of December 31, 2018, the value of the dividend provision charged to 2018 earnings was Ch\$8.810 million.

Between 2013 and 2018, the Company paid the following dividends, shown at their historical values, and charged to net profit for the indicated year:

Year	Type of Dividend	Number of Shares	Dividend per Share (Ch\$)	Payment Date
2017	Final	1,212,129	6,093	March 2018
2016	Final	1,212,129	5,405	March 2017
2015	Final	1,212,129	4,966	March 2016
2014	Final	1,212,129	6,392	March 2015
2013	Final	1,212,129	2,694	March 2014

#### **Profit Distribution**

As of December 31, 2018, the Company's capital consists of 1,212,129 subscribed and paid-in shares. Distributable profit for 2018 amounts to Ch\$29,738 million.

#### Compensation

#### **Board Compensation**

At an extraordinary shareholders' meeting held on April 2, 2013, the Company's bylaws were amended to include compensation for the board. This amendment established that the amount of the compensation is to be set annually at the ordinary shareholders' meeting. Accordingly, board compensation was set at the ordinary shareholders' meetings for the years 2014, 2015, 2016, 2017 and 2018.

An allowance of UF 100 per month for directors and UF 200 per month for the chairman and vice-chairman was set at the ordinary shareholders' meeting in 2018, in addition to allowances for sitting on different committees.

The following amounts were paid to the directors in 2017 and 2018 for allowances and other compensation:

- Ricardo Massu M., Ch\$82 million (Ch\$78 million in 2017) for board and credit committee meetings.
- Jorge Sabag S., Ch\$101 million (Ch\$94 million in 2017) for board, credit committee and commercial committee meetings.

- Óscar Cerda U., Ch\$84 million (Ch\$74 million in 2017) for board, credit committee, audit committee and commercial committee meetings.
- Eduardo Massu M., Ch\$65 million (Ch\$61 million in 2017) for board and credit committee meetings.
- Jorge Bunster B., Ch\$35 million (Ch\$39 million in 2017) for board, credit committee and audit committee meetings.
- Pablo Eguiguren B., Ch\$49 million (Ch\$48 million in 2017) for board and audit committee meetings.

During the year 2018, the Company did not pay any compensation to Mr. Martín Díaz Plata in his role as director because he expressly and irrevocably waived his right to his respective allowances.

In 2018, there were no expeses for consultancies and audits contracted by the Board of Directors.

#### **Compensation of Managers and Senior Executives**

The Company's senior executives received Ch\$5,925 million in compensation in 2018. Executive compensation is based upon their performance, and objective measurable parameters that reflect the responsibility of their position. This compensation is calculated and paid once a year.

During the year, the Company made Ch\$1,535 million in severance payments.

#### **Regulatory Framework**

Tanner Servicios Financieros S.A., is subject to the rules of Law No. 18,046 and is registered under No. 777 in the Registry of the Financial Market Commission.

The Tanner group companies, consisting of entities engaged in the securities market (Tanner Asset Management Administradora General de Fondos S.A., Tanner Corredora de Bolsa de Productos S.A., Tanner Corredores de Bolsa S.A.) and the insurance market (Tanner Corredora de Seguros Ltda.) are regulated by the Financial Market Commission (formerly the Superintendency of Securities and Insurance), an entity that works to ensure the functioning, stability and development of the financial markets, and compliance by regulated entities with the laws, rules, regulations, bylaws and other standards.

#### **Risk Factors**

Tanner's risk management function has been built over the years by bringing together specialized knowledge of risk management in financial institutions, business know-how and the experience of its teams. The Company has professionals specifically dedicated to each different risk area but applies an integrated approach for managing risks and returns at both the parent company and subsidiaries. Its loan approval policies and processes are tailored to each market and business segment by taking into consideration their characteristics and inherent risks.

The Company's strategy incorporates the risk tolerance of each business line and aligns all commercial areas using models, processes and tools for assessing, measuring and controlling risk. The board is continuously briefed on how risks are evolving and what the proposed action plans are to address important deviations in risk indicators and to enforce compliance of risk standards and regulations.

#### **Main Risks Affecting the Company**

#### 01. Credit Risk

Credit risk represents the probability of economic and/ or financial loss faced by the Company if a customer or counterparty of a financial instrument does not comply with its contractual obligations. Such risk is inherent to the Company's lines of business.

Tanner manages its credit risk independently by each business line: factoring, corporate lending, auto-financing and leasing. Risk is based on each customer's expected income, available financial information and credit history, if any. This analysis also includes macroeconomic expectations and forecasts for the sector in which the customer operates and, for factoring, it also considers the financial position and outlook of the debtor.

The Company proactively monitors credit quality in order to identify in advance any possible changes in a counterparty's payment capacity and take preventative or corrective actions, as needed.

Tanner employs a differentiated approach to its loan analysis and approval processes, which are tailored to each market segment and type of business. The Company has built a robust customer approval process and has developed significant internal capabilities to assess the risk profile of its customers, which enables it to minimize the inherent risks to which the Company is exposed.

On-going control and monitoring of credit risk is the basis for proactive portfolio management and allows Tanner to identify potential sources of risk before actual impairment takes place.

To accomplish this, the Company uses a set of reviews and processes, including:

- Structured portfolio reviews examining the impact of macroeconomic changes on specific economic sectors, based on which Tanner defines case-by-case action plans.
- On-going surveillance system to detect in advance any customers that might pose potential risks, based on which specific action plans for these customers are formulated in conjunction with the commercial department.
- Management of delinquent customers, supported with predictive risk level indicators, monitoring, action plans for the more systemically important customers, and differentiated strategies for early collections.
- Monitoring conditions, restrictions and covenants imposed by the Credit Committee for all important or complex transactions.
- Risk segmentation strategies for collection processes and policies to better integrate the loan approval and monitoring processes.

Another important, complementary aspect of the credit risk assessment is the quality and quantity of guarantees required. One of the Company's policies has been to use guarantors as a second payment source for customer obligations in the event of default. A series of conditions has been defined by the Company for each type of business:

- Factoring: For each customer, a master agreement is signed in order to lay the groundwork for subsequent factoring. The majority of the approved lines are structured as recourse factoring agreements, which means that Tanner's customer is ultimately responsible for the obligation in the event of debtor insolvency; approved non-recourse factoring transactions are generally covered by credit insurance and/ or specific guarantees.
- Corporate Loans: Depending on each case, mortgages and/or share pledges are required. However, a co-signer can also be designated for the loan, generally consisting of any of the partners of the debtor company.
- Leasing: Operations are guaranteed with the leased assets, which require insurance policies to cover any incidents that may lead to a loss in value.

**Auto-Financing:** This type of loan is guaranteed with the assets financed using two types of guarantees: real (vehicle pledges) and personal (sureties and co-signers).

Tanner determines the credit quality of financial assets using internal ratings systems. The rating process is linked to the Company's approval and monitoring processes and is carried out in accordance with risk categories established by current regulations (automotive and leasing). Credit quality is continuously updated based on the evolution of customers and their environments, considering aspects such as commercial and payment behavior as well as current financial information.

The Company also reviews customers within particular industries that could be (potentially) affected by macroeconomic or sector-specific variables. Such reviews allow Tanner to opportunely establish any necessary provisions that are sufficient to cover losses from potentially uncollectable loans.

At Tanner Investments, particularly Tanner Corredora de Bolsa S.A., credit risk stems from the risk that a customer defaults on its contractual obligations, beyond any guarantees provided or commitments and obligations agreed in forward contracts with customers. In order to control this risk, Tanner complies with current regulations, completes know your customer processes and requires guarantees, which are controlled on a daily basis. Beyond this, the Company goes one step further, assigning and controlling lines of credit based on the equivalent risk of the product and the customer.

#### 02. Financial Risk

A) Liquidity Risk. Liquidity risk is defined as the Company's inability to comply with its obligations without incurring large losses or discontinuing normal lending operations with its customers. It arises from mismatched cash flows, which occurs when the cash outflows to pay for liabilities are greater than inflows from investments or loans. If customers do not meet their commitments on the correct dates, liquidity risk could potentially arise.

Tanner manages liquidity risk on a consolidated level. Its main generator of solvency are cash flows from operating activities (collections), in addition to a series of diversified funding sources such as bonds—both local and international—with a defined payment schedule; unsecured bank lines of credit, mainly short-term and regularly renewed; and commercial paper.

The Company has a daily cash flow management system that includes a simulation of all asset and liability maturities in order



to anticipate cash needs. There is also a higher monitoring body within Tanner, the Asset and Liability Committee (ALCO), which meets on a monthly basis to review market conditions and expectations and to define actions accordingly.

The indirect subsidiary Tanner Corredora de Bolsa S.A., is subject to regulatory liquidity indicators known as the general liquidity index and the brokerage liquidity index. In accordance with CMF requirements, the subsidiary has reinforced the daily controls it needs to ensure compliance with the aforementioned indicators.

B) Market Risk. Market risk is defined as exposure to economic losses arising from adverse movements in market factors such as price, interest rates, currency, indexation, among others that can affect the value of any recorded transaction and that has not been duly hedged.

#### Price Risk

Price risk is defined as exposure to economic losses from adverse movements in the market value of financial instruments held by the Company, primarily bonds. They arise from the possibility of receiving less than the amount invested upon selling a debt instrument since the return generated by the instrument is less than that demanded by the market when the transaction occurs. The Company has investments in corporate and sovereign bonds with VaRs that are insignificant with respect to Tanner's equity.

#### Interest Rate Risk

Interest rate risk is defined as the risk to which an organization is exposed as a result of engaging in financial transactions whose value is subject to, among other factors, movements in interest rates over time.

The Company has a portfolio of trading and hedging derivative instruments used to mitigate the risk of interest rate and currency fluctuations. The portfolio of trading derivatives, given its very short-term maturity structure, has interest rate risk with a low

impact on profit and loss. Hedging derivatives hedge a large part of liabilities structured in foreign currency at variable rates (Libor), thus limiting exposure to interest rate risk and having a low impact on profit and loss.

#### Currency Risk

Currency risk is defined as exposure to potential losses from changes in the value of assets and liabilities due to fluctuations in exchange rates.

Tanner, as a result of its business activities and its need for a diversified funding structure, has a currency mismatch between its assets and liabilities that is managed on a daily basis and mitigated using derivatives instruments. The Company also has obligations in Swiss francs, for which the corresponding currency risk is completely hedged. As an internal risk mitigation policy, the mismatch in U.S. dollars cannot exceed the equivalent of 2.5% of equity. This limit has never been surpassed by Tanner.

#### · Indexation Risk

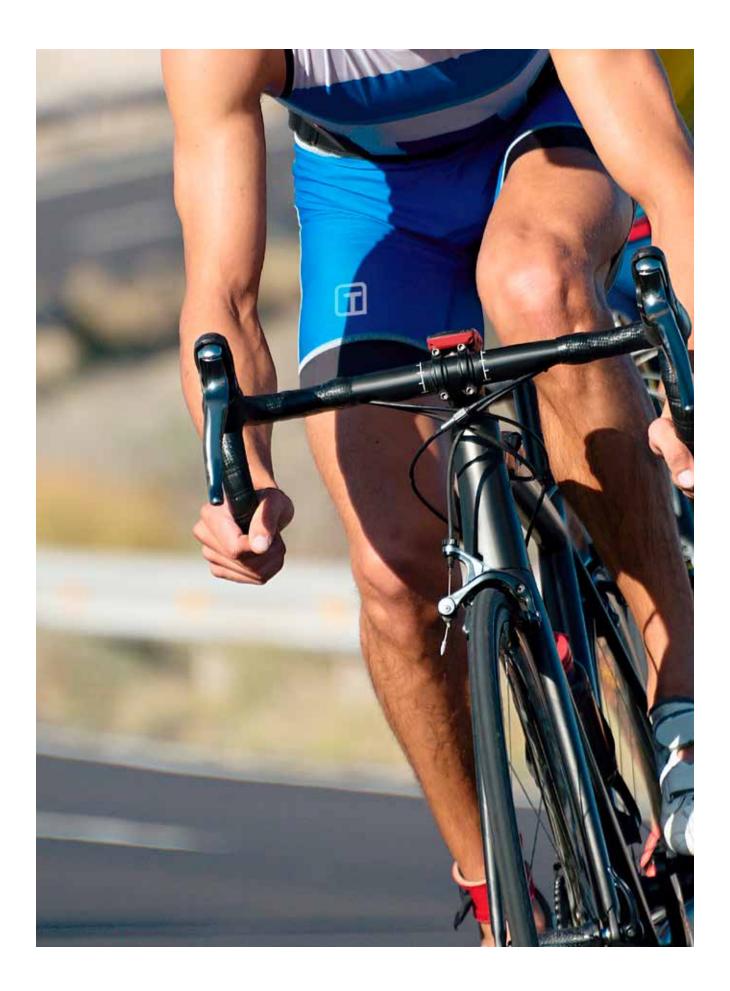
Indexation risk is the exposure of assets and liabilities denominated in UF that could generate losses as a result of changes in the value of the UF.

Tanner, as a result of its business activities and its need for diversified funding, maintains assets and liabilities in UF. Mismatches are managed on a daily basis and fluctuations are mitigated using derivative instruments. As an internal risk mitigation policy, the mismatch in UF cannot exceed the equivalent of 30% of equity. This limit has never been surpassed by Tanner.

C) Operational Risk. The Basel Committee on Banking Supervision defines operational risk as the "the risk of a change in value caused by the fact that actual losses, incurred for inadequate or failed internal processes, people and systems, or from external events, differ from the expected losses." This definition includes legal risks but excludes strategic and reputational risks.









Therefore, the Company has mapped out all of its processes throughout the entire organization and identified those considered critical. Furthermore, the Company has generated a matrix of inherent and residual risk for each of its business lines, identifying critical points and mitigating controls.

#### **Relevant or Essential Events**

On February 15, 2018, the Company communicated that, at an extraordinary shareholders' meeting on that date, shareholders agreed to call an ordinary shareholders' meeting for March 8, 2018, at 12:00 a.m. at the Company's offices in order to conduct routine business, including: The annual report, balance sheet, financial statements and independent auditors' report for the year ended December 31, 2017; profit distributions and approval and distribution of dividends; transactions referred to in articles 44 and 89 of the Corporations Law; appointment of independent auditors; risk rating agencies; designation of the newspaper for publishing shareholder meeting notices: board compensation; all other topics to be addressed by the board.

On March 8th, shareholders approved the annual report, balance sheet, financial statements and independent auditors' report for the year ended December 31, 2017, among other matters.

On March 22, 2018, Tanner placed a 20-year bond for UF 1,000,000 on the local market (series AB, ticker BTANN-AB) at a rate of 3.52% per annum with a spread of 125 basis points.

On April 24, 2018, Tanner placed a 4-year bond for UF 1,500,000 on the local market (series AC, ticker BTANN-AC) at a nominal rate of 2.15% with an IRR of 2.20% per annum and a spread of 98 basis points.

On June 15, 2018, Tanner signed a collective bargaining agreement with its employees in effect until June 2021.

On July 18, 2018, Tanner placed a bond for UF 500,000 on the local market (series AC BTANN-AC) at a nominal rate of UF + 2.15% with an IRR of UF 1.95% per annum, maturing in 3 years and 8 months, with a spread of 93 basis points. Tanner Corredor de Bolsa S.A., was the placement agent for the bond.

On August 13, 2018, Tanner placed a bond for UF 1,000,000 on the local market (series AB, ticker BTANN-AB) at a nominal rate of 3.75% with an IRR of 3.20% per annum, maturing in 19 years and 7 months, with a spread of 114 basis points.

Tanner Corredor de Bolsa S.A., was the placement agent for the bonds series AB and AC.

On August 14, 2018, the Company signed an agreement with LG Electronics Inc Ltda., to terminate the lawsuit "LG Electronics Inc Chile v. Lira Lopez José Miguel et. al. (Tanner)", Case Number C12146-2015 in the twenty-fourth civil court of Santiago, by which LG Electronics Inc. Ltda. agreed to abandon the lawsuit filed against Tanner Servicios Financieros S.A.

#### **Subsequent Events**

On January 24, 2019, Tanner placed a bond for UF 1,000,000 on the local market (series AD, ticker BTANN-AD) at a nominal rate of 2.00% with an IRR of 2.10% per annum, maturing in 4 years and 7 months, with a spread of 90 basis points. Tanner Corredor de Bolsa S.A., was the placement agent for the bond.

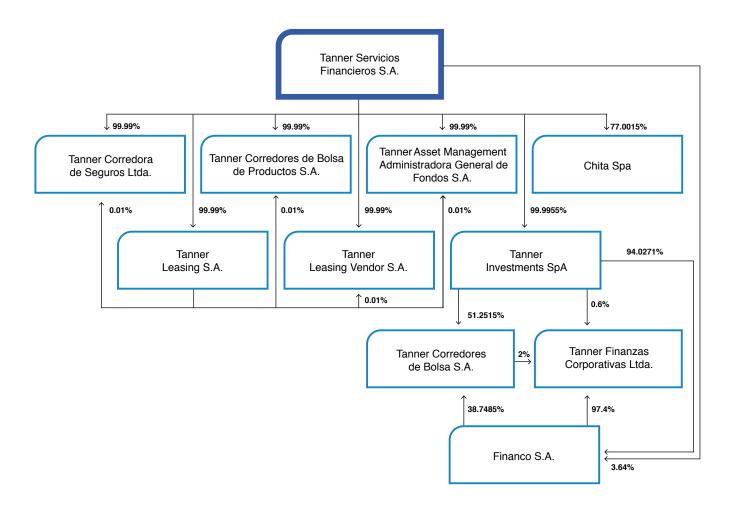
# **17** OFFICES AND BRANCHES

	Location	Category	m²	Property Type
Downtown Santiago / Head Offi	ce			
Head Office	Huérfanos 863 - 10th floor	Offices	1,467	Leased
Corporate Lending, Factoring and Leasing	Huérfanos 863 - 3rd floor	Offices	1,477	Leased
Commercial and Auto-Financing	Huérfanos 863 - 10th floor	Offices	1,467	Leased
Customer Service	Estado 337 - Mezzanine	Offices	1,385	Leased
NORTHERN CHILE				
Arica	Arturo Prat 391 Of. 101, 10th floor	Branch	98.3	Leased
Iquique	San Martín 255 Of. 51-52, 5th floor	Branch	226.0	Owned
Calama	Chorrillos 1677, Of. 301, 3rd floor, 2nd building	Branch	111.0	Leased
Antofagasta	Uribe 636 Of. 1003, 10th floor	Branch	82.0	Leased
Copiapó	Chacabuco 687 Of. 703, 7th floor	Branch	106.4	Leased
La Serena	Los Carrera 380 Of. 119, 12th floor	Branch	77.0	Leased
CENTRAL CHILE				
Viña del Mar	Libertad 1405 Of. 301, 3rd floor	Branch	77	Leased
Rancagua	Campos 423 Of 201, 2nd floor	Branch	191	Leased
Curicó	Yungay 663, 2nd floor	Branch	118	Leased
Talca	1 Sur 690 Of. 409, Plaza Talca building	Branch	90	Leased
SOUTHERN CHILE				
Chillán	Arturo Prat 596, 2nd floor	Branch	186	Leased
Concepción	Lincoyán 282, 5th floor	Branch	178.46	Leased
Los Angeles	Almagro 250 Of. 505, 5th floor	Branch	138.81	Leased
Temuco	Arturo Prat 847, Of. 401, 4th floor	Branch	140	Leased
Valdivia	Independencia 491, Of. 401, 4th floor	Branch	91.62	Leased
Osorno	Bilbao 1129 Of. 704, 7th floor	Branch	87.64	Leased
Puerto Montt	Antonio Varas 216 Of. 701-702, 7th floor	Branch	90	Leased
Punta Arenas	Lautaro Navarro 1066 Of. 306, 3rd floor	Branch	35	Leased





# **18** CORPORATE STRUCTURE 2018





# TANNER CORREDORA DE BOLSA DE PRODUCTOS S.A.

#### **Legal Name**

Tanner Corredora de Bolsa de Productos S.A.

#### **Taxpayer ID Number:**

76.313.350-8

#### **Legal Address**

Huérfanos 863, 3rd floor, Santiago

#### Type of Entity

Privately held corporation

#### **Subscribed and Paid-in Capital (ThCh\$)**

331,500

#### Equity Attributable to Owners of the Parent (ThCh\$)

205,941

#### **Interest Held by Parent Company**

100.00%

### Investment as a Percentage of Parent Company's Assets

0.01%

#### **Business Description**

This subsidiary's primary line of business is to provide commodities brokerage services on the Commodities Exchange, including purchasing and selling commodities on its own behalf, and carrying out other activities considered complementary to the commodity brokerage transactions that are expressly authorized by the Superintendency of Securities and Insurance (currently the Financial Market Commission), as well as agreements and contracts that are necessary or appropriate for these specific purposes.

#### **General Information**

Incorporated by public instrument on June 29, 2005. An abstract was registered in the Santiago Commerce Registry for 2005 on page 22,762, number 16,548 and published in the Official Gazette on July 16, 2005.

#### Management

Chairman	Jorge Sabag S. (Vice Chairman, Tanner Servicios Financieros S.A.)
Director	Antonio Turner F. (CEO, Tanner Servicios Financieros S.A.)
Director	Luis Flores Cuevas
Chief Executive Officer	Jairo Sánchez Ruíz

#### **Agreements and Contracts with the Subsidiary**

There is a contract by which Tanner Servicios Financieros S.A. leases office space to Tanner Corredores de Bolsa de Productos S.A., and a service agreement between Tanner and the subsidiary.

### TANNER LEASING S.A.

#### **Legal Name**

Tanner Leasing S.A.

#### **Taxpayer ID Number:**

96.912.590-0

#### **Legal Address**

Huérfanos 863, 3rd floor, Santiago

#### Type of Entity

Privately held corporation

#### Subscribed and Paid-in Capital (ThCh\$)

13,554

#### **Equity Attributable to Owners of the Parent (ThCh\$)**

40,809,770

#### **Interest Held by Parent Company**

99.99%

## Investment as a Percentage of Parent Company's Assets

2.11%

#### Management

•	
Chairman	Ricardo Massu M. (Chairman, Tanner Servicios Financieros S.A.)
Vice-Chairman	Jorge Sabag S. (Vice Chairman, Tanner
	Servicios Financieros S.A.)
Director	Eduardo Massu M. (Director, Tanner
Bircetoi	Servicios Financieros S.A.)
Director	Óscar Cerda U. (Director, Tanner Servicios
Director	Financieros S.A.)
Director	Jorge Bunster B. (Director, Tanner Servicios
Director	Financieros S.A.)
Director	Martín Díaz Plata (Director, Tanner Servicios
Director	Financieros S.A.)
Director	Pablo Eguiguren B. (Director, Tanner
Director	Servicios Financieros S.A.)
Chief Executive	Antonio Turner F. (CEO, Tanner Servicios
Officer	Financieros S.A.)

#### **Business Description**

This subsidiary's primary line of business involves providing legal and/or out-of-court collections services for any type of loans or obligations on its own behalf or on behalf of third parties, and also providing data processing, storage and transmission services. Leasing was added in 2007.

#### **General Information**

Incorporated by public instrument on August 6, 1999. An abstract was registered in the Santiago Commerce Registry for 1999 on page 20,362, number 16,198 and published in the Official Gazette on August 27, 1999.

#### **Business Relationships with the Subsidiary**

Leasing operations are carried out through Tanner Leasing S.A. Also, the company is in charge of providing normal, legal and out-of-court collections services for notes acquired by Tanner Servicios Financieros S.A.

In factoring contracts between Tanner Servicios Financieros S.A. and its customers, the customers provide the company with a power of attorney to collect on their receivables either directly or through a third party. Consequently, Tanner Servicios Financieros S.A. authorizes Tanner Leasing to perform its collections services.

#### **Agreements and Contracts with the Subsidiary**

There is a contract between Tanner Servicios Financieros S.A. and Tanner Leasing S.A. signed in June 2000, by which Tanner Leasing S.A. is commissioned to perform collections for the entire portfolio of Tanner Servicios Financieros S.A. as well as to provide additional services.



## TANNER CORREDORA DE SEGUROS LTDA.

#### **Legal Name**

Tanner Corredora de Seguros Ltda.

#### **Taxpayer ID Number:**

76.133.889-7

#### **Legal Address**

Huérfanos 863, Office 506, Santiago

#### Type of Entity

Limited liability company

#### **Subscribed and Paid-in Capital (ThCh\$)**

110,000

#### **Equity Attributable to Owners of the Parent (ThCh\$)**

2,894,086

#### **Interest Held by Parent Company**

#### Investment as a Percentage of **Parent Company's Assets**

0.15%

#### **Business Description**

This subsidiary's main line of business is insurance brokerage.

#### **General Information**

Incorporated by public instrument on January 27, 2011. An abstract was registered in the Santiago Commerce Registry for 2011 on page 6,948, number 5,251 and published in the Official Gazette on February 5, 2011.

#### **Business Relationships with the Subsidiary**

Contracting insurance policies for the parent company's customer portfolio and its own assets.

#### **Agreements and Contracts with the Subsidiary**

There is a lease agreement between Tanner Servicios Financieros S.A. and Tanner Corredora de Seguros Ltda.

## TANNER LEASING VENDOR LTDA.

#### **Legal Name**

Tanner Leasing Vendor Ltda.

#### **Taxpayer ID Number:**

77.164.280-2

#### **Legal Address**

Huérfanos 863, Santiago

#### Type of Entity

Limited liability company

#### **Subscribed and Paid-in Capital (ThCh\$)**

4,512,806

## Equity Attributable to Owners of the Parent (ThCh\$)

28,606,629

#### **Interest Held by Parent Company**

100.00%

## Investment as a Percentage of Parent Company's Assets

1.48%

#### **Business Description**

Carrying out all types of leasing business; purchase, sale, import and export of all types of capital assets and real estate; signing lease agreements on those assets as lessor or lessee and providing any type of related complementary service.

#### **General Information**

Incorporated by public instrument on May 12, 1998, signed before Santiago notary Mrs. María Gloria Acharán Toledo. An abstract was registered in the Santiago Commerce Registry for 1998 on page 10,683, number 8,663 and published in the Official Gazette on May 16, 1998.

## **Business Relationships with the Subsidiary** None.

## Agreements and Contracts with the Subsidiary None.



## TANNER INVESTMENTS SpA

#### **Legal Name**

Tanner Investments SpA

#### **Taxpayer ID Number:**

76.047.709-5

#### Legal Address

El Golf 40, Office 902, Las Condes

#### Type of Entity

Private limited company

#### **Subscribed and Paid-in Capital (ThCh\$)**

14,653,385

#### **Equity Attributable to Owners of the Parent (ThCh\$)**

18.474.969

#### **Interest Held by Parent Company**

99.9978%

#### Investment as a Percentage of Parent Company's **Assets**

0.95%

#### **Business Description**

This subsidiary's corporate purpose involves: a) making investments in all types of personal property or real estate, tangible or intangible, equities, bonds, debentures, shares or rights of companies and any type of securities with the power to manage those investments; b) participating as a partner or shareholder in all types of companies, both in Chile and abroad and c) providing all types of economic, financial, or investment advice on its own account or on behalf of third parties.

#### **General Information**

Incorporated by public instrument on December 31, 2008. An abstract was registered in the Santiago Commerce Registry for 2009 on page 3672, number 2426 and published in the Official Gazette on January 27, 2009.

#### Management

Chairman	Ricardo Massu M. (Chairman, Tanner Servicios Financieros S.A.)
Vice-Chairman	Jorge Sabag S. (Vice Chairman, Tanner Servicios Financieros S.A.)
Director	Eduardo Massu M. (Director, Tanner Servicios Financieros S.A.)
Chief Executive Officer	Luis Flores C.

#### **Business Relationships with the Subsidiary**

Tanner Servicios Financieros S.A. is a client of Tanner Investments SpA.

#### **Agreements and Contracts with the Subsidiary**

There is a service agreement between Tanner Servicios Financieros S.A. and the subsidiary.

## CHITA SpA

#### **Legal Name**

Chita SpA

#### **Taxpayer ID Number:**

76.596.744-9

#### **Legal Address**

Estado 337, Mezzanine, Santiago

#### Type of Entity

Private limited company

#### **Subscribed and Paid-in Capital (ThCh\$)**

331,500

#### **Equity Attributable to Owners of the Parent (ThCh\$)**

205.941

#### **Interest Held by Parent Company**

77.0115%

## **Investment as a Percentage of Parent Company's Assets**

0.01%

#### **Business Description**

This subsidiary's corporate purpose involves factoring activities, which include buying and selling, assigning, discounting and managing collections for loans originated from the sale of goods or provision of services, which are documented in electronic invoices and traded through technological platforms. This subsidiary is also intended to engage, generally, in any other activity or business agreed by its partners.

#### **General Information**

The subsidiary was incorporated by public instrument on August 25, 2016, signed before Santiago notary María Soledad Santos Muñoz. An abstract of this deed of incorporation was recorded in the Santiago Commerce Registry in 2016 on page 65,491, number 35,387 and published in the Official Gazette on September 3, 2016.

#### Management

Chairman	Christian Real Bernouin
Vice-Chairman	Jorge Sabag S. (Vice Chairman, Tanner Servicios Financieros S.A.)
Director	Pablo Diez Torres (CFO, Tanner Servicios Financieros S.A.)
Director	Antonio Turner F. (CEO, Tanner Servicios Financieros S.A.)
Chief Executive Officer	Patrick Real Bernouin

#### **Business Relationships with the Subsidiary**

There is a mercantile current account between Tanner Servicios Financieros S.A. and Chita SpA

#### Agreements and Contracts with the Subsidiary

None.



## TANNER ASSET MANAGEMENT ADMINISTRADORA GENERAL DE FONDOS S.A.

#### **Legal Name**

Tanner Asset Management Administradora General de Fondos S.A.

#### **Taxpayer ID Number:**

76.620.928-9

#### **Legal Address**

El Golf Avenue 40, Office 902, Las Condes

#### Type of Entity

Privately held corporation

#### Subscribed and Paid-in Capital (ThCh\$)

378,393

#### **Equity Attributable to Owners of the Parent (ThCh\$)**

323,154

#### **Interest Held by Parent Company**

100.0%

## **Investment as a Percentage of Parent Company's Assets**

0.02%

#### **Business Description**

This subsidiary's exclusive corporate purpose is to manage third-party resources in accordance with Law number twenty thousand seven hundred twelve on Management of Third-Party Funds and Individual Portfolios and complementary activities authorized by the Superintendence of Securities and Insurance (currently the Financial Market Commission) and other rules that govern such activities.

#### Management

Chairman	Pablo Diez Torres (CFO, Tanner Servicios Financieros S.A.)
Director	José Burgueño Merino (Head of Legal Department, Tanner Servicios Financieros S.A.)
Director	Michael Mark Clark Varela
Director	Jorge Morgado Astorquiza
Director	Juan Pablo Carreño Cea
Chief Executive Officer	Francisco Javier Mellado Calderón

#### **Business Relationships with the Subsidiary**

Tanner Servicios Financieros S.A. is a client of the subsidiary.

#### **Agreements and Contracts with the Subsidiary**

There is an agreement to provide administrative services between Tanner and the subsidiary.

## TANNER CORREDORA DE BOLSA S.A.

#### **Legal Name**

Tanner Corredores de Bolsa S.A.

#### **Taxpayer ID Number:**

80.962.600-8

#### **Legal Address**

Avenida el Golf 40, Office 902, Las Condes

#### Type of Entity

Privately held corporation

#### **Subscribed and Paid-in Capital (ThCh\$)**

13,394,124

#### **Equity Attributable to Owners of the Parent (ThCh\$)**

18,064,957

#### **Interest Held by Parent Company**

89.0943%

## **Investment as a Percentage of Parent Company's Assets**

0.83%

#### **Business Description**

Brokering securities and buying and selling securities on its own account to transfer the rights on them as well as carrying out complementary activities authorized by the Financial Market Commission.

#### **General Information**

Incorporated as Tanner y Compañía, by public instrument on December 26, 1939, signed before Santiago notary Javier Echeverría Vial. An abstract of this deed of incorporation was registered in the Santiago Commerce Registry in 1940 on page 23 number 21.

#### Management

Chairman	Antonio Turner F. (CEO, Tanner Servicios Financieros S.A.)
Director	Luis Flores C.
Director	Gustavo Inostroza A. (Chief Treasury Officer, Tanner Servicios Financieros S.A.)
Chief Executive Officer	Johana Pérez Muñoz

#### **Business Relationships with the Subsidiary**

Tanner Servicios Financieros S.A. is a client of the subsidiary.

#### **Agreements and Contracts with the Subsidiary**

There is an office lease agreement, an agreement to provide administrative services and a terminal lease agreement between Tanner Servicios Financieros S.A. and the subsidiary.



## TANNER FINANZAS CORPORATIVAS LTDA.

#### **Legal Name**

Tanner Finanzas Corporativas Limitada

#### **Taxpayer ID Number:**

76.029.825-5

#### Legal Address

Avenida el Golf 40, Office 902, Las Condes

#### Type of Entity

Limited liability company

#### **Subscribed and Paid-in Capital (ThCh\$)**

29,796

#### **Equity Attributable to Owners of the Parent (ThCh\$)**

747.118

#### **Interest Held by Parent Company**

97.74%

## Investment as a Percentage of Parent Company's Assets

0.04%

#### **Business Description**

Providing all types of advice and consulting in finance, research, reporting, gathering background information and data, studies and evaluations, whether on economic or financial matters for projects, investments, deals, enterprises, companies, corporations or partnerships. Advising on liability restructuring, acquisitions, reorganizations, spin-offs, mergers, disposals, management and leadership of companies and other matters directly or indirectly related to the above topics.

#### **General Information**

The subsidiary was incorporated by public instrument on July 7, 2008, signed before Santiago notary Patricio Raby Benavente. An abstract of this deed of incorporation was recorded in the Santiago Commerce Registry in 2008 on page 31,790, number 21,809 and published in the Official Gazette.

#### **Business Relationships with the Subsidiary**

None.

#### **Agreements and Contracts with the Subsidiary**

None

### FINANCO S.A.

#### **Legal Name**

Financo S.A.

#### **Taxpayer ID Number:**

91.711.000-K

#### **Legal Address**

El Golf Avenue 40, Office 902, Las Condes

#### Type of Entity

Privately held corporation

#### **Subscribed and Paid-in Capital (ThCh\$)**

3,246,427

#### **Equity Attributable to Owners of the Parent (ThCh\$)**

7.465.157

#### **Interest Held by Parent Company**

97.6655%

### Investment as a Percentage of Parent Company's Assets

0.38%

#### Management

Chairman	Eduardo Massu M. (Director, Tanner Servicios Financieros S.A.)
Director	Ricardo Massu M. (Chairman, Tanner Servicios Financieros S.A.)
Chief Executive Officer	Jorge Sabag S. (Vice Chairman, Tanner Servicios Financieros S.A.)

#### **Corporate Purpose**

a) Investing, reinvesting, buying, selling, acquiring and disposing of at any title all types of tangible and intangible personal property, securities, shares, loans, bonds, debentures, corporate rights, commercial paper in general and any other security; managing and marketing those investments and receiving their products and profits. b) Acquiring, building, investing, disposing of and engaging in any type of transaction involving real estate, operating and administrating it, receiving products and profits at any title. c) Forecasting, performing studies, planning, executing, designing, overseeing and advising on the carrying out of material or immaterial works, such as studies, technical advice, etc. d) Investing in, incorporating, modifying, managing, dissolving and liquidating companies, carrying out mandates, commissions and representations of any type, engaging in brokerage transactions permitted by law for all persons and all types of investment deals with tangible and intangible assets.

#### **General Information**

The subsidiary was incorporated by public instrument on January 19, 1957, signed before Santiago notary Pedro Ávalos. An abstract of this deed of incorporation was registered on the back of page 115, No. 67, of the Santiago Commerce Registry for 1958.

## **Business Relationships with the Subsidiary** None.

Agreements and Contracts with the Subsidiary None.





# **19** FINANCIAL STATEMENTS

Consolidated Financial Statements as of December 31, 2018 and 2017 and for the years then ended.

Amounts expressed in thousands of Chilean pesos

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Ch\$ = Chilean pesos
ThCh\$ = Thousands of Chilean pesos
MCh\$ = Millions of Chilean pesos
UF = Unidades de Fomento (UF)
CHF = Swiss Franc
Furo

ThUF = Thousands of UF

MUF = Millions of UF

US\$ = United States dollars

ThUS\$ = Thousands of United States dollars

ThCHF = Thousands of Swiss frac Standards

INCH = Industries of Swiss francs
IAS = International Accounting Standards
IFRS = International Financial Reporting Standards
IFRIC = International Financial Reporting Interpretation Committee







## Independent Auditor's Report

#### The Shareholders and Directors Tanner Servicios Financieros S.A.:

We have audited the accompanying consolidated financial statements of Tanner Servicios Financieros S.A. and its Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2018 and the related consolidated statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and the related notes to the consolidated financial statements

#### Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Auditing Standards Generally Accepted in Chile. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.





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

#### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tanner Servicios Financieros S.A. and its Subsidiaries as of December 31, 2018, and the results of their operations, and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **Other matters - Predecessor Independent Auditors**

The financial statements of Tanner Servicios Financieros S.A. and its Subsidiaries as of December 31, 2017 and for the year then ended were audited by other auditors whose report thereon dated February 15, 2018, expressed an unmodified opinion on those financial statements.

The translation of the independent auditor's report is provided as a free translation from the Spanish language original, which is the official and binding version. Such translation has been made solely for the convenience of non-Spanish readers.

Roberto Muñoz G.

KPMG Ltda. Santiago, February 13, 2019

## CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION

**As of December 31, 2018 and 2017** 

(Expressed in ThCh\$)

ASSETS	Note	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Current assets			
Cash and cash equivalents	7	25,473,847	84,635,761
Other financial assets, current	8	104,324,369	49,120,292
Other non-financial assets, current	9	1,765,268	1,546,958
Trade and other receivables, net, current	10	770,974,933	602,983,684
Trade receivables due from related parties, current	12	458,145	452,439
Current tax assets	16	12,850,768	8,258,990
Total current assets other than assets or asset groups for disposal classified as held-for-sale or held for distribution to owners		915,847,330	746,998,124
Non-current assets or asset groups for disposal classified as held-for sale	13	7,968,487	6,215,614
Total current assets		923,815,817	753,213,738
Non-current assets			
Other financial assets, non-current	8	37,555,329	22,285,698
Other non-financial assets, non-current	9	2,821,735	6,217,175
Trade and other receivables, non-current	10	411,605,977	333,832,145
Trade receivables due from related parties, non-current	12	681,411	611,037
Intangible assets other than goodwill	17	5,519,692	3,508,785
Goodwill	18	1,763,525	1,763,525
Property, plant and equipment	14	3,188,759	3,340,935
Investment property	15	9,315,991	3,145,567
Deferred tax assets	16	31,277,972	29,891,644
Total non-current assets		503,730,391	404,596,511
TOTAL ASSETS		1,427,546,208	1,157,810,249



## CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2018 and 2017

(Expressed in ThCh\$)

LIABILITIES AND EQUITY	Note	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Current liabilities			
Other financial liabilities, current	19	597,595,867	364,875,342
Trade and other payables, current	21	90,908,042	69,871,653
Other short-term provisions	22	305,960	1,657,799
Current tax liabilities	16	3,957,497	802,146
Provisions for employee benefits, current	23	2,305,663	-
Other non-financial assets, current		-	8,977
Total current liabilities		695,073,029	437,215,917
Non-current liabilities			
Other financial liabilities, non-current	20	449,213,400	451,113,810
Provisions for employee benefits, non-current	23	113,440	-
Total non-current liabilities		449,326,840	451,113,810
TOTAL LIABILITIES		1,144,399,869	888,329,727
EQUITY			
Share capital	23	195,223,800	195,223,800
Retained earnings	23	85,543,574	71,020,550
Other reserves	23	331,293	1,791,343
Total equity attributable to the owners of the Parent		281,098,667	268,035,693
Non-controlling interests	24	2,047,672	1,444,829
TOTAL EQUITY		283,146,339	269,480,522
Total equity and liabilities		1,427,546,208	1,157,810,249

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS BY FUNCTION

**As of December 31, 2018 and 2017** 

(Expressed in ThCh\$)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS BY FUNCTION	Note	01.01.2018 to 12.31.2018 ThCh\$	01.01.2017 to 12.31.2017 ThCh\$
Revenue	29	193,874,629	152,683,469
Cost of sales	29	(117,803,876)	(88,966,791)
Gross margin		76,070,753	63,716,678
Other operating items			
Other income, by function		2,247,423	2,429,069
Administrative expenses	29	(44,283,213)	(38,346,418)
Other gains (losses)		(26,978)	13,697
Finance income		101,709	195,350
Finance costs		(298,529)	(218,066)
Foreign currency translation differences		10,973	(39,064)
Gain (loss) from income-adjusted units		85,947	148,355
Profit before tax		33,908,085	27,899,601
Income tax expense	16	(4,170,256)	(2,580,451)
Profit from continuing operations		29,737,829	25,319,150
Profit for the period		29,737,829	25,319,150
Profit attributable to:			
Owners of the Parent		29,366,564	24,617,480
Non-controlling interests	25	371,265	701,670
Profit for the period		29,737,829	25,319,150



## CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

As of December 31, 2018 and 2017

(Expressed in ThCh\$)

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME	01.01.2018 to 12.31.2018 ThCh\$	01.01.2017 to 12.31.2017 ThCh\$
Profit for the period	29,737,829	25,319,150
Other comprehensive income that will not be reclassified to profit or loss for the period		
Hedging reserves (1)	(1,686,951)	4,124,847
Reserve for financial assets at FV through other comprehensive income (1)	(491,437)	(505,556)
Items that will be subsequently reclassified to profit or loss for the period		
Gain (loss) for remeasurement of financial assets at FV through other comprehensive income	22,460	=
Income taxes related to components of other comprehensive income that will not be reclassified to profit or loss for the period		
Income taxes related to hedging reserves (1)	455,477	(1,051,835)
Income taxes related to reserve for financial assets at FV through other comprehensive income (1)	132,689	128,917
Income taxes for remeasurement of financial assets at FV through other comprehensive income	(6,064)	=
Total other comprehensive income (loss) from hedging reserves	(1,231,474)	3,073,012
Total other comprehensive income (loss) for reserve at fair value	(342,352)	(376,639)
Comprehensive income (loss) for the period	28,164,003	28,015,523
Income (expense) attributable to:		
Owners of the Parent	27,808,562	27,313,853
Non-controlling interests	355,441	701,670
Total comprehensive income (loss) (2)	28,164,003	28,015,523

 $<sup>(1) \ \ \, \</sup>text{These concepts will be reclassified to profit or loss for the period upon settlement}.$ 

<sup>(2)</sup> Such concepts would relate to profit for the period had no any income or expense been recorded directly against equity.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

**As of December 31, 2018 and 2017** 

(Expressed in ThCh\$)

#### 2018

					Reserv	/es		Accumulated	Equity	Non-	
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	Notes	Paid-in capital	Hedging reserves	Fair value reserve	Other	Total other reserves	earnings (losses)	attributable to owners of the Parent	controlling interests	Total equity	
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Initial balance current period 01.01.2018	24	195,223,800	1,274,272	(14,496)	531,567	1,791,343	71,020,550	268,035,693	1,444,829	269,480,522	
Adjustment in initital application of IFRS 9		-	-	-	86,602	86,602	(6,011,682)	(5,925,080)	(88)	(5,925,168)	
Increase (decrease) from restatements		-	-	-	11,350	11,350	-	11,350	-	11,350	
Restated balance as of 01.01.2018		195,223,800	1,274,272	(14,496)	629,519	1,889,295	65,008,868	262,121,963	1,444,741	263,566,704	
Changes in equity											
Comprehensive income (loss)											
Profit (loss) for the period		-	-	-	-	-	29,366,564	29,366,564	371,265	29,737,829	
Other comprehensive income		-	(1,231,474)	(326,528)	-	(1,558,002)	-	(1,558,002)	(15,824)	(1,573,826)	
Total comprehensive income for the period			(1,231,474)	(326,528)		(1,558,002)	29,366,564	27,808,562	355,441	28,164,003	
Trasaction with owners of the	Parent (C	ontribution an	d distributio	ns)							
Dividends	24	-	-	-	-	-	(7,385,244)	(7,385,244)	(13,153)	(7,398,397)	
Increase (decrease) associated with other owners' contributions	24	-	-	-	-	-	7,385,244	7,385,244	-	7,385,244	
Increase (decrease) for other distributions to the owners	24	-	-	-	-	-	(8,809,969)	(8,809,969)	-	(8,809,969)	
Increase (decrease) from transfers and other changes	24	-	-	-	-	-	-	-	-	-	
Increase/(decrease) for changes in Company's interest of subsidiaries not resulting in a loss of control	24	-	-	-	-	-	(21,889)	(21,889)	260,643	238,754	
Total contributions and distributions		-		-	-		(8,831,858)	(8,831,858)	247,490	(8,584,368)	
Total transaction with the owners of the Company		-	(1,231,474)	(326,528)		(1,558,002)	20,534,706	18,976,704	602,931	19,579,635	
Balance as of 12.31.2018	_	195,223,800	42,798	(341,024)	629,519	331,293	85,543,574	281,098,667	2,047,672	283,146,339	



### **CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**As of December 31, 2018 and 2017** 

(Expressed in ThCh\$)

#### 2017

				Rese	erves			Equity		
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	Notes	Paid-in capital	Hedging reserves	Fair value reserve	Other	Total other reserves	Accumulated earnings (losses)	attributable to owners of the Parent	Non- controlling interests	Total equity
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Initial balance current period 01.01.2017	24	195,223,800	(1,798,740)	362,143	4,531,567	3,094,970	51,641,871	249,960,641	1,015,234	250,975,875
Adjustment in initital application of IFRS 9		-	-	-	-	-	-	-	-	-
Increase (decrease) from restatements		-	-	-	-	-	-	-	-	-
Restated balance as of 01.01.2017		195,223,800	(1,798,740)	362,143	4,531,567	3,094,970	51,641,871	249,960,641	1,015,234	250,975,875
Changes in equity										
Comprehensive income (lo	ss)									
Profit (loss) for the period		-	-	-	-	-	24,617,480	24,617,480	701,670	25,319,150
Other comprehensive income		-	3,073,012	(376,639)	-	2,696,373	-	2,696,373	-	2,696,373
Total comprehensive income for the period			3,073,012	(376,639)		2,696,373	24,617,480	27,313,853	701,670	28,015,523
Trasaction with owners of	he Paren	t (Contributio	n and distrib	utions)						
Dividends	24	-	-	-	(1,886,906)	(1,886,906)	(6,550,737)	(8,437,643)	(1,012,469)	(9,450,112)
Increase (decrease) associated with other owners' contributions	24	-	-	-	-	-	6,550,737	6,550,737	-	6,550,737
Increase (decrease) for other distributions to the owners	24	-	-	-	-	-	(7,385,244)	(7,385,244)	-	(7,385,244)
Increase (decrease) from transfers and other changes	24	-	-	-	(2,113,094)	(2,113,094)	2,113,094	-	-	-
Increase/(decrease) for changes in Company's interest of subsidiaries not resulting in a loss of control	24	-	-	-	-	-	33,349	33,349	740,394	773,743
Total contributions and distributions		-	-	-	(4,000,000)	(4,000,000)	(5,238,801)	(9,238,801)	(272,075)	(9,510,876)
Total transaction with the owners of the Company		-	3,073,012	(376,639)	(4,000,000)	(1,303,627)	19,378,679	18,075,052	429,595	18,504,647
Balance as of 12.31.2017		195,223,800	1,274,272	(14,496)	531,567	1,791,343	71,020,550	268,035,693	1,444,829	269,480,522

## CONSOLIDATED STATEMENTS OF CASH FLOWS - DIRECT METHOD

**As of December 31, 2018 and 2017** 

(Expressed in ThCh\$)

	01.01.2018	01.01.2017
CONSOLIDATED STATEMENT OF CASH FLOWS	12.31.2018	12.31.2017
	ThCh\$	ThCh\$
Cash receipts from sale of goods and rendering of services	2,069,583,333	1,879,171,536
Cash payments to suppliers for goods and services	(2,298,318,596)	(1,975,913,954)
Cash payments to and on behalf of employees	(25,864,383)	(22,732,634)
Net cash used in operating activities	(254,599,646)	(119,475,052)
Dividends received	129,433	162,753
Income taxes paid (reimbursed)	(16,155,837)	(8,797,965)
Other cash receipts (payments)	(1,022,528)	(815,914)
Cash flows used in operating activities	(271,648,578)	(128,926,178)
Other receipts from the sale of equity or debt securities of other entities	1,121,105,618	616,532,637
Other payments to acquire equity or debt securities of other entities	(1,098,903,936)	(654,760,529)
Acquisition of property and equipment	(670,229)	(932,833)
Acquisition of intangible assets	(2,328,492)	(2,127,319)
Cash payments for futures, forwards, share options and swaps	(655,131,710)	(70,140,022)
Cash receipts from futures, forwards, share options and swap contracts	787,735,529	133,861,315
Interest received	19,805,838	124,081,990
Other cash receipts	566,074	976,258
Cash flows used in investing activities	172,178,692	147,491,497
Proceeds from share issuance	346,565	724,462
Proceeds from the issuance of other equity securities	277,381,942	211,399,614
Cash payments for other equity interests	(259,167,845)	(175,413,015)
Proceeds from borrowings	475,533,488	515,516,629
Repayment of borrowings	(397,404,634)	(355,731,091)
Dividends paid	(7,398,397)	(9,450,112)
Interest paid	(49,013,663)	(152,573,341)
Cash flows used in financing activities	40,277,456	34,473,146
Net (decrease) increase in cash and cash equivalent before the effect of movements in exchange rates on cash held	(59,192,430)	53,038,465
Effect of movements in exchange rates on cash and cash equivalent	30,516	(34,883)
Net (decrease) increase in cash and cash equivalent	(59,161,914)	53,003,582
Cash and cash equivalent at January 1	84,635,761	31,632,179
Cash and cash equivalent as of December 31	25,473,847	84,635,761



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 1.

#### **Company information**

Tanner Servicios Financieros S.A. was incorporated in 1993 as a closely-held shareholders' company under the name of Bifactoring S.A. In 1999, the Company changed its name to Factorline S.A., and finally in 2011 to Tanner Servicios Financieros S.A.

The Company is subject to legal regulations under Law No. 18.046 and registered under No. 777 with the Securities Registry held by the Chilean Financial Market Commission (CMF). The Company's Taxpayer ID No. is 96.667.560-8.

The Company registered address is Huérfanos 863, piso 10, Santiago de Chile and its web site is www.tanner.cl.

The Company is engaged in purchasing or financing accounts receivables with or without responsibility from any Company or natural person ("factoring operations"). Tanner Servicios Financieros provides several types of loans such as financing for acquisition of vehicles and general purposes, as well as services offered through its subsidiaries, including Tanner Leasing S.A., Chita SpA., Tanner Corredores de Bolsa de Productos S.A., Tanner Corredora de Seguros Ltda., Tanner Leasing Vendor Ltda., Tanner Asset Management Administradora General de Fondos S.A. and Tanner Investments SpA., together with their subsidiaries Financo S.A., Tanner Finanzas Corporativas Ltda., and Tanner Corredores de Bolsa S.A.

#### NOTE 2.

#### Significant accounting policies

Below, we describe the significant accounting policies adopted for the preparation of these consolidated financial statements.

#### Basis of presentation and accounting period:

The consolidated financial statements of Tanner Servicios Financieros S.A. and subsidiaries as of December 31, 2018, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), which have been applied consistently to all periods presented in these financial statements.

These consolidated financial statements are recorded in thousands of Chilean pesos, which is the Company's functional and presentation currency.

For comparative purposes, certain amounts in the consolidated financial statements as of December 31, 2017, have been reclassified to their related caption as of December 31, 2018.

The translation of these financial statements is provided as a free translation from the Spanish language original, which is the official and binding version. Such translation has been made solely for the convenience of non-Spanish readers.

#### a) Period covered

These consolidated financial statements cover the following periods:

- i. Consolidated statements of financial position as of December 31, 2018 and 2017.
- ii. Consolidated statements of income by function as of December 31, 2018 and 2017.
- iii. Consolidated statements of comprehensive income as of December 31, 2018 and 2017, respectively.
- iv. Consolidated statements of changes in equity during the periods from January 1, 2018 and December 31, 2018 and 2017.
- v. Consolidated statements of cash flows direct method for the periods from January 1, 2018 and December 31, 2018 and 2017.
- vi. Notes to the Consolidated Financial Statements.

#### b) Basis of preparation

#### I. Application

These consolidated financial statements of Tanner Servicios Financieros S.A. and its subsidiaries as of December 31, 2018 and 2017, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by IASB International Accounting Standards Board (IASB).

These financial statements, were approved by the Board at the extraordinary meeting held on February 13, 2018.

These financial statements have generally been prepared using the historical cost convention as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value.

#### II. New requirements currently effective.

At the issue date of these consolidated financial statements, new amendments, standards, improvements and accounting interpretations.

These standards, interpretations and amendments are mandatory from the following date:

## a) New standards and amendments to standards and interpretations have been issued whose first mandatory effective date is for annual periods beginning on January 1, 2018.

New standards, interpretations and amendments	Mandatory for the annual periods beginning on:
New IFRS	
IFRS 9, Financial Instruments.	01.01.2018
IFRS 15, Revenue from Contracts with Customers.	01.01.2018
New Interpretations	01.01.2018
IFRIC 22, Foreign Currency Transactions and Advance Consideration.	01.01.2018
Amendments to IFRS	
IAS 40 Transfer of Investment Property (Amendments to IAS 40, Investment Property).	01.01.2018
IFRS 9, Financial Instruments, and IFRS 4, Insurance Contracts: Amendments to IFRS 4.	01.01.2018
IFRS 2, Share-based Payment: Clarifies the accounting for certain types of share-based payment transactions.	01.01.2018
IFRS 15, Revenue from Contracts with Customers: Amendment clarifying requirements and providing additional transition relief for entities implementing the new standard.	01.01.2018
2014-2016 Annual Improvements to IFRSs. Cycle Amendments to IFRS 1 and IAS 28.	01.01.2018

The Company's Management believes the adoption of the standards, amendments and interpretations indicated above, except for IFRS 9, will not have any significant impact on the Company's consolidated financial statements. The impacts associated with the adoption of IFRS 9 are described in Note 3 Changes in accounting policies.



### b) Standards, interpretations and amendments that are not yet mandatory, and which have not been early adopted.

Standards and interpretations	Mandatory for the annual periods beginning on:
IFRS 16 "Leases"	01.01.2019
IFRS 17 "Insurance Contracts"	01.01.2021
New Interpretations	
IFRIC 23: Uncertainty over Income Tax Treatments	01.01.2019
Amendments to IFRS	
IAS 28: Long-term Interests in Associates and Joint Ventures	01.01.2019
IFRS 9: Prepayment Clauses with Negative Compensation	01.01.2019
IFRS 10, Consolidated Financial Statements, and IAS 28, Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	Indefinite
2015-2017 Annual Improvements to IFRSs Cycle. Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23.	01.01.2019
Amendments to references in the Conceptual Framework for Financial Reporting.	01.01.2020
Amendments to the definition of Business (Amendments to IFRS 3).	01.01.2020
Amendments to the definition of Material (Amendments to IAS 1 and IAS 8).	01.01.2020

#### **IFRS 16 Leases**

The Company's Management believes that, except for the adoption of IFRS 16, the amendments and interpretations indicated above will not have any significant impact on these consolidated financial statements.

The Company has assessed the estimated impact that the initial application of the IFRS 16 will have on its consolidated financial statements in a right of use asset equal to the lease liability amounting to ThCh\$10,382,895. Actual impacts of adopting the standard as of January 1, 2019 may change because the new accounting standards are subject to change until the Group presents its first financial statements that include the initial date of application.

### **IFRS 15 Revenue from Contracts with Customers**

The Company's revenue is mainly generated by interest from customer portfolios associated with each one of its segments in accordance with IFRS 9, whose effects were described in Note 3. However, as a consequence of IFRS 15 becoming effective, Management reviewed the contracts related to other revenues within the scope of this standard, specifically its subsidiaries, on which Management performed an analysis based on the five steps required and concluded that all contracts analyzed relate to rendering of services for financial purposes whose only performance obligation is associated with the rendering of each service, so there are no effects on the revenue recognition in the application of IFRS 15.

### c) Basis of consolidation

These consolidated financial statements incorporate the financial statements of Tanner Servicios Financieros S.A. and the controlled companies (its subsidiaries). As stated in IFRS 10, to obtain the control of a Company the following criteria should be complied with:

- i. Having control over the investee.
- ii. Being exposed to, or having rights to, variable returns from the investment in the entity; and
- iii. Having the ability to influence returns through its control on those.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control is transferred to the Company to the date that control ceases.

The acquisition method is used in order to account for any subsidiary acquisition done by the Company. In general, the acquisition cost is the fair value of the assets and equity amounts delivered and assets incurred or assumed in the exchange date, plus costs directly attributable to the acquisition. Identifiable assets acquired and identifiable liabilities and contingencies assumed in a business combination are initially valued by their fair value at the acquisition date, regardless of the extent of minority interests' scope. The excess of the acquisition cost over the fair value of the Company's share of the net identifiable assets acquired, if any, is recognized

as goodwill. If the acquisition cost is lower than the fair value of net assets of the subsidiary acquired, if any, the difference is directly recognized in the statement of profit or loss.

#### c.1) Business combinations

The Company accounts for business combinations using the acquisition method when the control is transferred to the Company. The consideration transferred in the acquisition is generally measured at fair value as the identifiable net assets acquired. Any resulting goodwill is tested for impairment on an annual basis. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the acquisition date. If an obligation to pay the contingent consideration which meets the definition of financial instrument is classified as equity, it is not remeasured and its subsequent settlement should be accounted for within equity. If not available, the contingent consideration is measured again at fair value in each reporting date and the subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

#### i. Subsidiaries

Subsidiaries are entities controlled by the Company. The Company "controls" an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### ii. Non-controlling interests

Non-controlling interests are initially measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### iii. Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any losses related NCI and other components of equity.

Significant inter-company transactions and balances originated by transactions performed between Tanner Servicios Financieros S.A. and its subsidiaries have been eliminated in the consolidation process, also indicating the non-controlling interests which corresponds to the percentage of third party interest in the subsidiaries which the Company does not directly or indirectly, own such subsidiaries and which is separately shown in the consolidated statement of changes in equity of Tanner Servicios Financieros S.A.

The table below includes the entities in which the Company has direct or indirect interest and are included in these consolidated financial statements:



						Ownership	percentage		
Tax ID No.	Company	Country	Currency		12.31.2018			12.31.2017	
				Direct	Indirect	Total	Direct	Indirect	Total
96.912.590-0	Tanner Leasing S.A.	Chile	Ch\$	99.9900%	-	99.9900%	99.9900%	-	99.9900%
77.164.280-2	Tanner Leasing Vendor Limitada	Chile	Ch\$	99.9900%	0.0100%	100.0000%	99.9900%	0.0100%	100.0000%
76.313.350-8	Tanner Corredores de Bolsa de Productos S.A.	Chile	Ch\$	99.9900%	0.0100%	100.0000%	99.9900%	0.0100%	100.0000%
76.133.889-7	Tanner Corredora de Seguros Limitada	Chile	Ch\$	99.9900%	0.0100%	100.0000%	99.9900%	0.0100%	100.0000%
93.966.000-3	Tanner Investments SpA	Chile	Ch\$	99.9978%	-	99.9978%	99.9974%	-	99.9974%
91.711.000-k	Financo S.A.	Chile	Ch\$	3.6405%	94.0251%	97.6655%	3.6405%	94.0246%	97.6651%
76.036.041-4	Tanner Administradora de Fondos Privados S.A. (*)	Chile	Ch\$	-	-	-	-	96.8212%	96.8212%
76.029.825-5	Tanner Finanzas Corporativas Limitada	Chile	Ch\$	-	97.7432%	97.7432%	-	97.2253%	97.2253%
80.962.600-8	Tanner Corredores de Bolsa S.A.	Chile	Ch\$	-	89.0943%	89.0943%	-	88.8687%	88.8687%
76.895.320-1	Tanner Asesorías e Inversiones Limitada (**)	Chile	Ch\$	-	-	-	-	97.2311%	97.2311%
76.596.744-9	Chita SpA	Chile	Ch\$	77.0115%	-	77.0115%	90.9502%	-	90.9502%
76.620.928-9	Tanner Asset Management Administradora General de Fondos S.A.	Chile	Ch\$	99.9900%	0.0100%	100.0000%	99.9900%	0.0100%	100.0000%
Foreign	Interfinanco S.A. (***)	Uruguay	Ch\$	-	97.6733%	97.6733%	-	97.6733%	97.6733%

<sup>(\*)</sup> This company is dissolved as of December 31, 2018.

Tanner Finanzas Corporativas Ltda., Tanner Corredores de Bolsa S.A., and Interfinanco S.A., are subsidiaries of Financo S.A. which is a subsidiary of Tanner Investments SpA.

#### d) Investments in other companies

Thereof in the related companies on which the Company has a significant influence is recorded using the equity method of accounting. Generally, the significant influence is presumed in those cases in which the Company has a voting power of more than 20% and less than 50%.

This method consists of recognizing the interest that an investor company holds in another company. The investment is valued by adjusting the carrying amount of the asset, to the share owned by that the investor company on equity of the investee. If the value of the investment becomes a negative, the amount is recorded as zero. Once the investor has reduced the value of its investment to zero, additional losses will be recognized as liabilities only to the extent that it has incurred legal obligations or made payments on behalf of the associate. If the associate subsequently obtains profits, the investor will continue to recognize its share of such profit as for the share of the unrecognized losses.

Dividends received from these companies are recognized by reducing the interest value, and profit or loss obtained by these companies, which correspond to the Company as per its interest, are recognized in the caption "Share of profit (loss) of equity accounted investees."

Currently, the Company has no such investments.

#### e) Goodwill

Goodwill represents the excess acquisition cost over the fair value the Company's share of the net identifiable asset of acquired subsidiary. Goodwill separately recognized is annually tested by impairment and valued at cost less accumulated by impairment losses.

Gains and losses from the sale of an entity include the carrying amount of goodwill related to the disposed of entity.

<sup>(\*\*)</sup> Company merged with Tanner Finanzas Corporativas Limitada (Successor Company).

<sup>(\*\*\*)</sup> Company in process of dissolution.

Goodwill acquired is allocated to cash-generating units for performing impairment tests. The distribution is performed between those cash-generating units or groups of cash-generating units that are expected to be benefited from the business combination generating the goodwill.

Gain from bargain purchase (goodwill) from the acquisition of an investment or business combination, is directly credited to the consolidated statements of comprehensive income.

The detail of goodwill as of December 31, 2018 and 2017, is shown in Note 18 to these consolidated financial statements.

### f) Use of estimates and judgments

The preparation of the consolidated financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates. Basically, these estimates are made on the basis of the best information available, referred to:

- i. Impairment losses of certain assets (Note 8)
- ii. Fair value of financial assets and liabilities (Notes 8 and 10)
- iii. Fair values of investment property (Note 15)
- iv. Estimation of credit risk (Note 10)
- v. Useful lives of items of property, plant and equipment, investment property and intangibles assets (Notes 14, 15 and 17)
- vi. Income tax and deferred taxes, the latter based on estimates (Note 16)
- vii. Goodwill valuation (Note 18)
- viii. Other provisions (Note 22)
- ix. Provision for employee benefits (Nota 23)
- x. Contingencies and restrictions (Note 27)

During the period ended December 31, 2018, no significant changes have been made in the estimates made at the end of 2017, other than those indicated in the consolidated financial statements.

### g) Basis of translation

Assets and liabilities denominated in US dollars, Euro, Swiss francs and UF have been translated into Chilean peso at the exchange rates prevailing at the reporting date, as follows:

Detail	12.31.2018 Ch\$	12.31.2017 Ch\$
U.S. dollar observed rate	694.77	614.75
Euro	794.75	739.15
Swiss franc	706.00	631.16
Unidad de fomento (UF)	27,565.79	26,798.14

Transactions in currencies other than the functional currency are considered transactions in foreign currencies and are initially translated into the respective functional currency at the spot exchange rate at the date of transaction, in accordance with that established in IAS 21.

### h) Functional and presentation currency and hyperinflationary conditions.

The amounts included in the consolidated financial statements of Tanner Servicios Financieros S.A. and subsidiaries are valued using the currency of the primary financial environment in which the Company operates which is its functional currency.

The functional currency of the Company and all its subsidiaries, as per the analysis of the International Accounting Standard No. 21 (IAS 21) The Effects of Changes in Foreign Exchange Rates is the Chilean peso, which is not a hyperinflationary currency during the reporting period, in accordance with the Accounting Standard No. 29 (IAS 29) Financial Reporting in Hyperinflationary Economies.



#### Property, plant and equipment

Property, plant and equipment acquired are used in the Company's line of business and initially recognized at their cost. Subsequent measurement of such assets is conducted in accordance with IAS 16 using the cost method less the related accumulated depreciation and the accumulated impairment losses, if any. The remaining items of property, plant and equipment, at both in their initial recognition and their subsequent measurement, are valued at their historical cost less depreciation and impairment losses. Depreciation is estimated using the straight-line method based on the estimated useful lives of the assets.

Management reviews the estimated useful lives of property, plant and equipment at the end of each year. During the period, Management has determined that no significant changes exist in the estimated useful lives of property, plant and equipment.

Useful life allocated to items of Property, plant and equipment:

Detail		Useful life or depreciation rate (in years)		
	Minimum	Maximum		
Real estate	38	38		
Remodeling (*)	4	12		
Technological equipment	1	7		
Leased assets	1	31		
Other property, plant and equipment	1	7		

<sup>(\*)</sup> The useful life relates to the lease contract term.

#### Valuation and revaluation

Items of property, plant and equipment are recognized at initial cost less depreciation and accumulated impairment losses, if any. The initial cost of property, plant and equipment includes expenses directly attributable to their acquisition.

Subsequent costs are added to the asset's initial amount or recognized as a separate asset only when it is probable that the future economic benefits associated with the item of property, plant and equipment will flow to the Company and the cost of the item can be estimated reliably. The cost of the replaced component is derecognized. Repairs and maintenance of items of property, plant and equipment are expensed as incurred.

#### II. Impairment losses of non-financial assets

Non-financial assets subject to amortization are tested for an impairment whenever any as internal or external event or change or circumstances indicates that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which an asset's carrying amount exceeds its recoverable amount.

Impairment losses on goodwill are not reversed. Impairment losses recognized in prior years are assessed at each reporting date for any indication that the loss has decreased or disappeared. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

The recoverable amount of an asset is the greater of its value in use and the fair value less costs to sell.

For the purpose of impairment testing, non-financial assets that cannot be tested individually are grouped together into the smallest group of assets for which separate identifiable cash flows exist (the "cash-generating unit", or CGU).

### **Depreciation method**

Depreciation of assets comprising property, plant and equipment is calculated on a straight-line basis. The residual values and remaining useful lives of assets are reviewed and adjusted if required, at each reporting date. When the value of an asset is greater

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than its estimated recoverable amount, its value is reduced immediately to its recoverable amount, and expense, unless it can be offset with a previous positive revaluation, in which case it is debited to equity.

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

#### k) Investment property

Investment property are measured initially at cost and subsequently at fair value through profit or loss. Investment property relates to land and buildings held by the Company in order to generate goodwill and/or income but not to be used in the ordinary course of business and are recorded at fair value less any impairment loss. Such fair value was determined by independent external appraisers with a renowned professional ability in the location, which applied the market method to determine such value.

Any gain or loss on disposal of investment property (calculated as the difference between the net gain from disposal and the carrying amount of the item) is recognized in profit or loss.

Income from investment property leases are recognized on a straight-line basis over the lease term. The lease incentives granted are recognized as an integral part of the lease income during the lease term.

#### I) Non-current assets classified as held-for-sale

The Company records assets received in lieu of payment associated with automotive and operating lease segments, based on Management's expectations to settle these assets in the short-term and, and their current availability for their immediate sale.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Once classified as held-for-sale they are no longer amortized or depreciated.

The detail of goods classified within this caption are disclosed in Note 13 of these financial statements.

#### m) Intangible assets

Costs directly related to the acquisition of unique and identifiable computer programs controlled by the Company, which are likely to generate economic benefits that exceed their costs for more than one year, are recognized as intangible assets.

The cost of software acquisitions recognized as intangible assets is estimated over a period of 3 to 5 years. Expenses related to the internal development or maintenance of software are recognized as expenses as incurred.

#### n) Financial assets and liabilities

#### Financial assets

The Company classifies its financial assets into categories in conformity with its business model to manage them in accordance with the features of contractual cash flows, which is determined at the time of their initial recognition.

At initial recognition, the Company classifies its financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss.

#### I. Investment instruments at amortized cost

A financial asset is measured at amortized cost if the following two conditions are met:

- a) The financial asset is held within a business model intended to hold financial assets and obtain contractual cash flows; and
- b) The contractual terms of the financial assets generate, on certain particular dates, cash flows that solely relate to payments of principal owed and interests on the outstanding amount of principal owed.



Investments classified at amortized cost are recognized at their cost plus accrued interest and adjustments, less the allowance for impairment losses accrued when the amount recognized is higher than the value of estimated cash flows.

### II. Investment instruments at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if the following conditions are met:

- a) The financial asset is held within a business model the purpose of which is achieved by obtaining contractual cash flows and disposing of financial assets; and
- b) The contractual terms of the financial assets generate, cash flows, a specific dates, which solely relate to payments of principal owed and interests on the outstanding amount of principal owed.

Investment instruments classified in this category are recognized at their fair value based on market prices or valuations obtained using internal models, where appropriate. Unrealized gains or losses arising from changes in its fair value are recognized with a charge or credit to "Financial assets at fair value per equity" in other comprehensive income in equity. When these investments are sold or impaired, the amount of the adjustment to fair value accumulated in other comprehensive income is transferred to the Consolidated Statement of Income.

### III. Investment instruments at fair value through profit or loss

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

Investment instruments classified in this category are acquired to receive benefits in the short-term arising from fluctuations in their prices. This includes the trading instrument portfolio and financial derivatives other than accounting hedges.

### Impairment of financial assets

The Company recognizes value adjustments for expected credit losses:

- financial assets measured at amortized cost;
- debt investments measured at fair value through other comprehensive income and;
- contract assets.

At each reporting date, the Company assesses if the financial assets recorded at amortized cost and debt securities at fair value through other comprehensive income have been impaired for credit. A financial asset has "credit impairment" if one or more events have occurred that have a detrimental impact on the estimated cash flows from the financial assets.

Expected credit losses expected over lifetime are credit losses resulting from all possible events of non-compliance over the expected lifetime of a financial instrument.

Allowance accounts for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at fair value through other comprehensive income, the allowance account is debited to profit or loss and recognized in other comprehensive income.

### **Financial liabilities**

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for:

- a) Financial liabilities at fair value through profit or loss. These liabilities, including derivatives, will be subsequently measured at fair value.
- b) Financial liabilities arising from a transfer of financial assets which do not comply with the requirements for their derecognition or are accounted for using the continuing involvement approach.
- c) Financial guarantee contracts.

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- d) Concession commitments of loans at an interest rate lower than the market rate.
- e) Contingent consideration recognized by an acquirer in a business combination applying IFRS 3.

For reporting purposes, the Company classifies its financial assets in the following categories:

- i. Other financial liabilities, current: These include the short-term portion of the Company's financial obligations, covering domestic and foreign loans, corporate bond and commercial paper issuance. They are all recorded at amortized cost and the effective interest rate is applied.
- ii. Other financial liabilities, non-current: The long-term portion of the Company's financial obligations is included in this caption, which include national and international loans, issues of corporate bonds and commercial papers. All are recorded at amortized cost and the effective interest rate is applied.
- iii. Trade and other payables, current: Payables associated with factoring operation business are included in this caption, such as other payables, surpluses to be returned, customer prepayments, among others. These obligations are recognized initially at fair value and subsequently presented at their amortized cost using the effective interest method.
- iv. Other financial liabilities: Other short-term provisions, current tax liabilities and deferred tax liabilities are included in this caption.

#### o) Derivative instruments

The contracts entered into by the Company are initially recognized at their fair value on the date the derivative agreement was entered into and are subsequently remeasured at fair value. The method used to recognize the resulting gain or loss depends on whether the derivative has been designated as a hedging instrument and, if so, the nature of the item being hedged.

The Company documents at the beginning of the transaction between hedging instruments and hedge items, hedging instruments and hedged items as well as its risk management objectives and the strategy for undertaking several hedge transactions. The Company also documents its assessment, both at the beginning and in a continuing basis, to verify if derivatives used it the hedge transactions are highly effective to offset changes in fair value or cash flows of the item being hedged.

Total fair value of hedge derivatives is classified as a current asset or liability if the remaining maturity of the item being hedged is higher than 12 moths and as a current asset if the remaining maturity of the item being hedged is lower than 12 months. Unrealized profit or loss is recognized in the period in which contracts are performed or no longer comply with the objective for which they were entered into. The Company applies the valuation and record stated in IFRS 9, for this type of financial instruments.

Financial derivative contracts are subject to offsetting, i.e., they are presented in the consolidated statement of financial position at their net value only when subsidiaries have both, the legal enforceable right to offset the amounts recognized in such instruments, and the intention to settle the net amount, or realize the asset and pay the liability simultaneously.

The Company allocates certain derivatives as:

- i. Fair value hedges.
- ii. Cash flow hedges.

### I. Fair value hedges

Changes in fair value of derivatives are allocated and classified as fair value hedges recorded in the profit or loss statement, along with any change in the fair value of the asset or liability being hedged attributable to the risk hedged. As of year-end of these consolidated financial statements, the Company does not have this type of hedge instruments.

#### II. Cash flow hedges

The effective portion of changes in fair value of derivatives allocated and classified as cash flow hedges are recognized in equity through the other comprehensive income statement. Gain or loss related to the ineffective portion is immediately recognized in



profit or loss statement in the caption "other net gains (losses)." Accumulated amounts in net equity are reclassified in the profit or loss statement in the periods in which the item being hedged affects the profit or loss (for example, when the forecasted sale being hedged occurs and the flow hedged is performed). However, when the forecast transaction being hedged results in a non-financial asset recognition, gains or loss previously recognized in equity are included as part of the asset's initial cost.

When a hedge instrument expires or is disposed of, or no longer meets the criteria to be recognized using the hedge accounting treatment, any accumulated gains or losses in equity until that date are included in equity and recognized when the forecasted transaction affects the profit or loss.

When the forecasted transaction is no longer expected to occur, then the balance accumulated in equity is reclassified immediately to the statement of profit or loss in the caption "other net gains (losses)"

These amount is recorded in the item "other financial assets, current" (Note 8a).

#### p) Income taxes

Current tax: Income tax expense of the period or year comprises the income tax, current and deferred tax. Tax is recognized in the consolidated statements of income by function, except when it is about items directly recognized in equity, in the consolidated statement of comprehensive income or from a business combination. Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the date of the consolidated financial statements.

The Company will offset its tax assets and tax liabilities only if it:

- (a) has a legal right to offset the amounts, and;
- (b) intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Deferred income tax is calculated, in accordance with the balance sheet method in respect of differences between the tax base of assets and liabilities and the carrying amounts used in the consolidated financial statements. However, deferred taxes are not accounted for if they arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either accounting nor taxable profit or loss. Deferred tax is determined using the regulation and tax rates enacted or substantially enacted at the reporting date, which is expected to be applied when the related deferred tax asset is realized or the deferred tax liability is settled. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the business plans for individual subsidiaries in the Group, and the reversal of temporary differences.

The Company will offset deferred tax assets with deferred tax liabilities only if it:

- (a) has a legally enforceable right to set off with the tax authority the amounts recognized in those items; and
- (b) deferred tax assets and deferred tax liabilities arise from the income tax related to the same tax authority.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Future taxable profits are determined based on the business plans for the Group's individual subsidiaries and the reversal of the temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in its entirety, future taxable income, adjusted for reversals of existing temporary differences, is considered based on the business plans for the Group's individual subsidiaries. Deferred tax assets are reviewed at each reporting date and are deducted to the extent that it is not probable that the related tax benefits will be realized; and such reduction will be reversed to the extent that it is probable that sufficient taxable profit will be available.

## q) Provisions

A provision is recognized when as a result of a past event, the Company has (a) a present legal or constructive obligation, as a result of subsequent circumstances; (b) it is probable that an outflow of resources to settle the obligation, and (c) the amount have been reliably estimated. Provision for administrative expenses is recognized on an accrual basis, provision for bonuses payable to employees is determined as of December 31 of each period on an accrual basis taking variables determined by Management as patterns, for example: budget compliance, performance assessment, etc., in respect of which their relevance is timely analyzed.

### r) Employee benefits

### 1. Employee bonuses

The Company recognizes a liability and expense for bonds when it is contractually liable or when the result, at a certain date, is expected to be paid or accrued at year-end.

#### 2. Severance indemnity payment

The Company records a liability for the payment of severance indemnities related to defined benefit plans, arising from the collective bargaining agreement entered into during the year with the employees' union. This obligation is determined through the actuarial value of the accrued cost of the benefit, a method that considers several factors for the calculation, such as estimates of future permanence, mortality rates, future salary increases and discount rates. This value determined as such is recorded at the present value using the accrued benefit method for years of service. Discount rates are determined by reference to market interest rate curves. Gains and losses are recognized directly in profit or loss.

In accordance with the amendment to IAS 19, actuarial gains or losses are directly recorded in other comprehensive income.

For further details on the application of this policy, see Note 23 to the consolidated financial statements.

#### s) Dividends

Dividends distribution to shareholders is recognized as a liability at the end of each period in the consolidated financial statements. The dividends policy notes to distribute at least 30% of profit as minimum dividend as per stated in the Company's by-laws, being the final dividend to be distributed on each period, agreed by the Ordinary Shareholders' meeting.

### t) Revenue recognition

The Group's revenue is recognized in accordance with IFRS 15 "Revenue from Contracts with Customers", which defines a single revenue recognition model that applies to contracts with customers and the approaches to revenue recognition are twofold: at one point in time or over time.

The Company considers a five-step analysis to determine revenue recognition: (i) Identify the contract with the customer. (ii) Identify contract performance obligations. (iii) Determine the transaction price. (iv) Distribute the transaction price into the performance obligations and (v) Recognize revenue when (or to the extent that) the entity satisfies the performance obligation.

Under IFRS 15, revenues are recognized when or as the performance obligation committed to the customer is satisfied.

#### t.1) Revenue from interests and adjustments:

Revenue from interests and adjustments are recognized in the Statement of Income using the effective interest method. The effective interest rate is the discount rate that exactly matches the estimated cash flows receivable or payable over the expected life of the financial instrument (or, where appropriate, in a shorter period) with the net amount in the accounting records for financial assets or financial liabilities.

To calculate the effective interest rate, the Company determines the cash flows considering all the contractual conditions of the financial instrument without considering future credit losses.

The calculation of the effective interest rate includes all commissions and other items paid or received that are a part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability.

For credit transactions, revenue consists of interest at an effective rate, which is recognized on an accrual basis in accordance with the performance schedule for each transaction, for the adjustments and for the commissions that are recognized at the time they are accrued.



For automotive loans, the effective rate method is used and revenue relates to the interest accrued by such transactions according to each transaction performance schedule. Such revenue is recognized in profit or loss on an accrual basis.

For the subsidiaries Tanner Leasing S.A. and Tanner Leasing Vendor Ltda., revenue consists of adjustments and interests at an effective rate on lease transactions, which are recognized on an accrual basis over the term of each contract.

#### t.2) Fees and commission revenue:

Commission revenue is recognized in the Consolidated Statements of Income using the criteria set out in IFRS 15 "Revenue from Contracts with Customers." Under IFRS 15, revenue is recognized on the basis of the terms of the contract with customers. Revenue is recognized when or as the performance obligation is satisfied by transferring the goods or services promised to the customer.

Under IFRS 15, revenue is recognized using different criteria depending on its nature.

The fees and commissions recorded by the Group relate mainly to:

Factoring operations are valued at amounts disbursed by the Company when receiving invoices and other credit securities in which the assignor provided to the Company. Revenue recognized on an accrual basis. Such is composed by price differences between paid amounts and the actual amount of loans which are amortized on a straight-line basis for the period between the document's transfer by the assignor and its maturity date, for price differences for a longer maturity term, due to adjustments and collection commissions.

For loans operations, revenue is composed of interest at the effective rate recognized on an accrual basis in accordance with the development table of each transaction, by adjustments and commissions recognized when accrued.

For automotive loans the method at the effective rate is used and revenue corresponds to interests accrued by such operations in accordance with the development table of each transaction. These are recognized in profit or loss on an accrual basis.

For the subsidiaries Tanner Leasing S.A. and Tanner Leasing Vendor Ltda., revenue is composed by adjustments and interests at the effective rate on lease transactions, such revenue is recognized on an accrual basis during the term of each contract.

#### **Subsidiaries**

In the subsidiary Tanner Corredores de Bolsa de Productos S.A., revenue is composed by commissions for brokerage operations, which are recognized on an accrual basis once the service is provided.

In Tanner the subsidiary Corredora de Seguros Ltda., revenue is composed by commissions for brokerage operations, portfolio and loss management, all which are directly collected from insurance Companies. Commissions are recognized on an accrual basis, except for brokerage commission, a part of those differs on a straight-line basis in the term of policies as per an own model approved by the Financial Market Commission.

In the subsidiary Tanner Asset Management Administradora General de Fondos S.A., revenue is composed by commissions, which are collected from investment funds managed by the subsidiary. Commissions are recognized on an accrual basis.

In the indirect subsidiary Tanner Corredores de Bolsa S.A., revenue is determined at fair value of the collected consideration for the services provided in the ordinary framework of the Company's operations and is recorded when the amount of revenue can be reliably valued and it is probable that future economic benefits will probably flow to the Broker.

The Broker's Management on an accrual basis recognized brokerage commissions, financial consulting and other revenue as revenue for the period.

For treasury, revenue is mainly composed of adjustments and foreign currency translation differences in products, as well as revenue from financial instruments, mainly debt securities, which are classified in three categories: i) Securities held for trading, from which market value fluctuations of each instrument have a direct impact on profit or loss, ii) Available-for-sale securities, which are accrued for at a purchase rate in profit or loss, conducting the valuation of such documents and recording the difference in equity; and (iii)

Held-to-maturity securities, which are accrued at a purchase rate, with a direct impact on profit or loss, and no market valuation of this is performed.

In case of revenue for collection, interest and delinquency adjustments expenses, are recognized in profit or loss received.

#### u) Cost recognition

The main costs associated with revenue resulting from the interest rates related to the existence of a number of diversified sources of financing, such as bonds - both local and international - that have a defined schedule of payments, unsecured bank lines of credit, mainly at short-term and that are renewed on a regular basis, bank loans and commercial paper. Such costs are recognized based on their effective rate.

### v) Leases

Leases are classified as finance leases whenever the terms and conditions of the lease substantially transfer to lessees all inherent risks and benefits to the ownership. All other leases are classified as operating leases.

### I. The Company as lessor

Amounts due by leases in accordance with financial leases are recognized as a receivable, for the net investment value performed by the Company on the goods delivered on lease. Revenue from financial leases are distributed in the accounting period in order to reflect an historical rate of profitability consistent on the investment.

Revenue from operating leases is recognized applying the straight-line method during the term corresponding to the lease. Initial direct costs incurred when trading and agree an operating lease are added to the carrying amount of the leased asset and recognized through the straight-line depreciation method during the lease term.

Lease contracts details are stated in Note 10 (e), while in Note 29 (a) revenue recognized for this concept are detailed.

### II. The Company as lessee

Assets hold under financial leases are initially recognized as assets at their fair value, at the beginning of the lease, or if this is lower; at the current amount of minimum payments of lease, the liability corresponding to the lessor includes a consolidated statement of financial position as an obligation under financial lease.

Payments for leases are distributed between financial expenses and the reduction of obligations by leases in order to reach a consistent interest rate on the remaining balance of the liability. Financial expenses are immediately charged in profit or loss, unless they could directly be attributable to qualified assets, in which case such are capitalized in accordance with the Company's general policy for loans costs. Contingent rents for leases are recognized as expenses in the period in which they are incurred.

Payments of operating leases are recognized as an expense using the straight-line method, during the term corresponding to the lease, except that other systematic basis is more representative of the temporal pattern in which economic benefits of the leased asset are used. Contingent rents for leases arising from operating leases are recognized as expenses in the period in which they are incurred.

In case incentives are received for operating leases, such incentives will be recognized as liabilities. The aggregated benefits of incentives are recognized as a reduction of expense for lease on the straight-line basis, except when other systematic basis is more representative than the temporal pattern in which the economic benefits of the leased asset is used. The opening detail of future minimum payments and revenue are stated in Note 10 (e).

#### w) Environment

Disbursements related to environment, if any, are recognized in profit or loss as they are incurred.



### x) Segment information

Operating segments are defined as the components of a company on which the information in the financial statements is available and continuously assessed by the Board of Directors, which is responsible for making the decisions as to the allocation of resources and performance assessment. The Company operates in five segments: factoring operations, loans, automotive loans, leases, treasury and a service unit represented by the subsidiaries.

#### Reclassifications

Certain reclassifications have been made on certain items in the financial statements as of December 31, 2017, to maintain the adequate comparison to the financial statements as of December 31, 2018.

## z) Cash and cash equivalents

Cash and cash equivalents relates to cash on hand and balances in bank current accounts. Additionally, this caption includes at near-term investments used in the normal management of cash surpluses, high liquidity, easily convertible into determined amounts of cash without the risk of loss of value.

#### aa) Statement of cash flows

The statement of cash flows includes changes in cash during the year, determined using the direct method. The statement of cash flows uses the following definitions:

Cash flows: cash and cash equivalents inflows and outflows, i.e. highly liquid short-term investments maturing over a term equal to or lower than three months and low risk of changes in value.

Operating activities: these activities are the Company's main source of revenue, as well as other activities that cannot be classified as investing or financing.

Investing activities: correspond to acquisition, disposal of long term assets and other investments not included in cash and cash equivalents.

Financing activities: activities that generate changes in the size and composition of equity and financial liabilities.

### bb) Translation of foreign operations

Foreign currency translation differences are recognized in other comprehensive income and presented in the translation reserve, except when the translation difference is distributed to the non-controlling interest.

At the disposal of all or part of a foreign operation in which control, significant influence or joint control is lost, the cumulative amount in the investment reserve relating to that foreign operation should be reclassified to profit or loss as part of the gain or loss on disposal.

If the Group disposes of a portion of its interest in a subsidiary, but retains control, the relevant proportion of the cumulative amount is redistributed to non-controlling interest. When the Group only disposes of a portion of an associate or joint venture and at the same time retains the significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### cc) Sureties obtained from third-parties

The Company discloses in notes the mortgages and sureties obtained from third parties, composed of guarantees, pledges and policies associated with the different segments.

See Note 28 for details of the sureties held by the Company.

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#### dd) Measurement at fair value

Certain of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

In measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are classified into different levels within a fair value hierarchy based on the inputs used in the valuation techniques, as follows:

Level 1: Where there are observable prices in active markets for these instruments or specific transactions.

**Level 2:** Where there are no market prices for these specific instruments or observable prices are sporadic, so their valuation is inferred from observable factors, such as quoted prices for similar instruments in active markets. For instruments classified on this level the measurement is based on the use of observable factors, i.e., no inter quote prices for similar instruments in active markets.

Level 3: Financial instruments whose fair value is determined using unobservable inputs. An adjustment to an input that is significant for the full measurement may result in a fair value measurement classified within Level 3 of the fair value hierarchy if the adjustment uses significant unobservable inputs.

# NOTE 3.

# Changes in accounting policies

As of January 1, 2018, the Tanner Group has adopted IFRS 9 Financial Instruments issued in July 2014 the initial application of which is for annual periods beginning on or after January 1, 2018. IFRS 9 supersedes IAS 39 Financial Instruments: Recognition and Measurement.

For the measurement of impairment, IFRS 9 assumes the adoption of an expected loss model, which consists of significant risk segments representing the behavior and impairment, and such segmentation allows us to generate a differentiated provision for the actual risk of the factoring operations, loan, automotive loan and lease portfolios. The net effect of this change in the basis for accounting implied an adjustment in the allowance for doubtful accounts and other financial statement accounts as of January 1, 2018. Such net effect was accounted for in accordance with the requirements in International Financial Reporting Standards against retained earnings (losses) in Equity.

A summary of the nature and effects of key changes in the Company's accounting policies resulting from the adoption of IFRS 9 is provided below.

Classification of financial assets and financial liabilities: IFRS 9 includes three main categories for classifying financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 in general is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

- The classification of financial assets under IFRS 9 in general is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.
- II. Impairment loss of financial assets: IFRS 9 replaces the 'incurred loss' approach in IAS 39 with the 'expected credit loss' (ECL) approach. The new impairment model is applicable to financial assets measured at amortized cost, contract assets and debt investments measured at FVTOCI.

The effect of such change on the accounting bases implied an adjustment in impairment losses and other financial statement accounts as of January 1, 2018, the net effect of which was accounted for as required by International Financial Reporting Standards against retained earnings (losses) in Equity.



# a) Summary of effects in adoption of IFRS 9

ASSETS	Balance 12.31.2017 ThCh\$	Adjustment for IFRS 9 ThCh\$	Balance 01.01.2018 ThCh\$
CURRENT ASSETS:			
Cash and cash equivalents	84,635,761	-	84,635,761
Other financial assets, current	49,120,292	-	49,120,292
Other non-financial assets, current	1,546,958	-	1,546,958
Trade and other receivables, current	602,983,684	(8,235,300)	594,748,384
Trade receivables due from related parties, current	452,439	-	452,439
Current tax assets	8,258,990	-	8,258,990
Total current assets other than assets or asset groups for disposal classified as held-for-sale or held for distribution to owners.	746,998,124	(8,235,300)	738,762,824
Non-current assets or asset groups for disposal classified as held-for sale	6,215,614	-	6,215,614
TOTAL CURRENT ASSETS	753,213,738	(8,235,300)	744,978,438
NON-CURRENT ASSETS:			
Other financial assets, non-current	22,285,698	118,633	22,404,331
Other non-financial, assets non-current	6,217,175	-	6,217,175
Trade and other receivables, non-current	333,832,145	-	333,832,145
Trade receivables due from related parties, non-current	611,037	-	611,037
Intangible assets other than goodwill	3,508,785	-	3,508,785
Goodwill	1,763,525	-	1,763,525
Property, plant and equipment	3,340,935	-	3,340,935
Investment property	3,145,567	-	3,145,567
Deferred tax assets	29,891,644	2,223,530	32,115,174
TOTAL NON-CURRENT ASSETS	404,596,511	2,342,163	406,938,674
TOTAL ASSETS	1,157,810,249	(5,893,137)	1,151,917,112

EQUITY AND LIABILITIES	Balance as of 12.31.2017 ThCh\$	Adjustment for IFRS 9 ThCh\$	of balance per IFRS 9 01.01.2018 ThCh\$
CURRENT LIABILITIES:			
Other financial liabilities, current	364,875,342	-	364,875,342
Trade and other payables, current	69,871,653	-	69,871,653
Other short-term provisions	489,975	-	489,975
Current tax liabilities	802,146	32,031	834,177
Other non-financial assets, current	8,977	-	8,977
Provision for employee benefits, current	1,167,824	-	1,167,824
TOTAL CURRENT LIABILITIES	437,215,917	32,031	437,247,948
NON-CURRENT LIABILITIES:			
Other financial liabilities, non-current	451,113,810	-	451,113,810
Trade payables, non-current	-	-	-
Deferred tax liabilities	-	-	-
Provision for employee benefits, non-current	-	-	-
TOTAL NON-CURRENT LIABILITIES	451,113,810		451,113,810
EQUITY:			
Share capital	195,223,800	-	195,223,800
Retained earnings (losses)	71,020,550	(6,011,682)	65,008,868
Other reserves	1,791,343	86,602	1,877,945
Total equity attributable to the owners of the Parent	268,035,693	(5,925,080)	262,110,613
Non-controlling interests	1,444,829	(88)	1,444,741
TOTAL EQUITY	269,480,522	(5,925,168)	263,555,354
TOTAL LIABILITIES AND EQUITY	1,157,810,249	(5,893,137)	1,151,917,112

The Company opted to adhere to the exemption allowing it not to restate the comparative information for the prior periods related to the changes in the classification and measurement (including impairment).

### b) Classification and measurement of financial assets and financial liabilities

The table below and the accompanying notes explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and liabilities at January 1, 2018.

#### **Financial assets**

Financial assets	Classification/Measurement IAS 39	Carrying amount IAS 39 ThCh\$ 12.31.2017	Classification/Measurement under IFRS 9	New carrying amount under IFRS 9 01.01.2018 ThCh\$ M\$
Financial assets				
Cash and cash equivalents	Fair value	84,635,761	Fair value from profit or loss	84,635,761
Financial swaps of interest rate used for hedge	Fair value – Hedging instruments	7,435,961	7,435,961 Fair value – Hedging instruments	
Trade and other receivables	Loans and receivables	936,815,829	Amortized cost	928,580,529
Corporate debt securities	Held-to maturity	6,018,643	VRCORI – equity securities	6,137,276
Corporate debt securities	Held-to maturity	1,880,576	Amortized cost	1,880,576
Corporate debt securities	Fair value from profit or loss	42,017,129	Fair value from profit or loss	42,017,129
Corporate debt securities	Available-for-sale	14,053,681	FVOCI – equity securities	14,053,681
Trade receivables due from related parties, current	Loans and receivables	1,063,476 Amortized cost		1,063,476
Total financial assets		1,093,921,056		1,085,804,389

#### **Financial liabilities**

The adoption of IFRS 9 did not give rise to any changes in the classification of the financial liabilities recorded by the Company as of January 1, 2018.

# c) Reconciliation IAS 39 to IFRS 9

The table below presents a reconciliation between the carrying amounts of financial assets under IAS 39 and the carrying amounts under IFRS 9 in the transition to IFRS 9 on January 1, 2018.

Financial assets at amortized cost	IAS 39 amount 12.31.2017 ThCh\$	Reclassification ThCh\$	Remeasurement ThCh\$	Carrying amount under IFRS 9 01.01.2018 ThCh\$
Financial assets				
Amortized cost				
Trade and other receivables:				
Prior balance: Loans and receivables	937,879,305			
Remeasurement and impairment		-	(8,235,300)	
Opening balance: Amortized cost				929,644,005
Debt and equity securities:				
Prior balance: At maturity	7,899,219			
Remeasurement and impairment		(6,018,643)		
Opening balance: Amortized cost		,		1,880,576
Total at amortized cost	945.778.524	(6.018.643)	(8.235.300)	931.524.581



Financial assets at FVTOCI	IAS 39 amount 12.31.2017 ThCh\$	Reclassification ThCh\$	Remeasurement ThCh\$	Carrying amount under IFRS 9 01.01.2018 ThCh\$
Financial assets				
FVTOCI				
FVTOCI – equity				
Investment instruments:				
Prior balance: Available for sale	21,489,642			
Remeasurement and impairment		6,018,643	118,633	
Opening balance: FVTOCI – equity				27,626,918
Total at FVTOCI	21,489,642	6,018,643	118,633	27,626,918

### d) Reconciliation of impairment for financial assets IAS 39 to IFRS 9

The Company has determined that the application of the impairment requirements of IFRS 9 as of January 1, 2018 results in an additional provision for impairment, the detail is as follows:

Items	Retained earnings ThCh\$	Other comprehensive income ThCh\$	Net ThCh\$
Balance as of December 31, 2017 (IAS 39)	71,020,550	1,791,343	72,811,893
Reclassifications of financial assets	-	116,373	116,373
Impairment at amortized cost	(6,011,682)	-	(6,011,682)
Impairment of debt securities measured at FVTOCI	-	(29,771)	(29,771)
IFRS 9 application effect	(6,011,682)	86,602	(5,925,080)
Estimate for losses as of January 1, 2018 under IFRS 9	65,008,868	1,877,945	66,886,813

### e) Changes in accounting policies IAS 40 Investment Property

During 2018, the Company made a change in its accounting policies associated with the investment property item, specifically to the investment property valuation model, which changed from cost to fair value, considering that the latter better reflects its economic value. Additionally, this change was made prospectively considering that after evaluating its impact, Management determined that it is not material.

As a reference, the estimation at fair value of the properties that were maintained as of December 31, 2017 is ThCh\$3,487,395 (ThCh\$3,145,567 at cost).

The detail of such property is disclosed in Note 15 to the consolidated financial statements.

# NOTE 4.

# Financial risk management

The Company's risk management relies on the expertise, the business knowledge and the experience of the Company's teams. Dedicated professionals measure and control each type of risk. The policy is to maintain a vision of risk management based on a risk-return measurement for all products. This vision includes the Company and its subsidiaries.

### a) Risk management structure

Company Risk Management lies at various organizational levels, with a structure that recognizes the importance and the variety of risk exposure. The levels currently are:

#### I. Board

The Board is responsible for approving policies and establishing a structure that correctly manages the various risks to which the organization is exposed. Its members participate in various committees, they are constantly informed of any risk developments and their principal indicators.

Risk management policies have been established with the purpose of identifying and analyzing the risks faced by the Company, and setting limits and controls to monitor compliance. Policies are regularly reviewed and limits are maintained or redefined, on the basis of information that has been collected and analyzed.

#### **II. Audit Committee**

The Audit Committee is composed by three directors, a Board of Directors' advisor, the General Manager, the Prosecutor and the Company's Controller, and the Committee directly reports to the parent's Board of Directors and reports on effectiveness and reliability of the parent and subsidiaries' internal control systems and procedures. It acknowledges and analyzes the results of audits and reviews performed by the internal and external auditors. It examines and approves the quarterly and annual consolidated financial statements, that are subject to external audit. It ensures that Company policies cover the laws, regulations, and internal standards that the Company must fulfill. It approves and verifies compliance with the annual internal audit program.

### III. Asset and Liability Committee (ALCO)

This committee is composed of all Directors, in addition to the CEO and those responsible for establishing and monitoring compliance with financial risk policies related to market and liquidity risk, in accordance with the guidelines established by the Board and the regulatory requirements issued by the Chilean Financial Market Commission (CMF).

#### **IV. Credit Committee**

The Company has a governance structure defined by lending decisions, in such a way that any proposal must be approved by a committee with sufficient powers. Its maximum expression is given by the Credit Executive Committee, in which the Company's directors participate, which reviews and approves the main exposures per client.

### V. Compliance Committee

The Compliance Committee defines and coordinates the policies and procedures on matters relating to the prevention of money laundering and financing of terrorism. Additionally, it becomes aware, analyzes and adopts the relevant actions related to the cases reported by the Compliance Officer. The Committee is composed of the CEO, Compliance Officer, Legal Officer, Controller, and two directors of the Company.

The Prevention of Money Laundering and Financing Terrorism Manual defines the relevant policies and procedures and serves two purposes:

- 1. To comply with the laws and regulations that govern this material, and
- 2. To provide employees at all levels with policies, procedures and information to correctly manage the business. It will mitigate the risk of funds from illicit activities being transformed into legal funds, using Tanner Servicios Financieros S.A. or any of its subsidiaries.

### VI. Operational Risk and Information Security Committee

The Operational Risk and Information Security Committee is composed of the Divisional Risk Managers, the Legal Officer, Technology and Management Manager, the Technology Deputy Manager and Divisional Operating Deputy Managers. It aims to prioritize and provide the necessary resources to mitigate major operational risks, to ensure that its management model is correctly applied, establish tolerance limits and risk aversion limits, and ensure that the programs, policies and procedures related to Information Security, Business Continuity and Operational Risk are correctly applied.

Additionally, it performs a high level supervision of those risks that may affect the information resources, developing strategies and control mechanisms to ensure their confidentiality, integrity, availability, legality and reliability. In addition, it seeks to promote the dissemination and support of information security through communications sent to the entire organization and maintaining the current Information Security Policy.

For the particular case of the subsidiary Tanner Corredores de Bolsa S.A., because of the level of complexity of its products, a monthly meeting of the Comprehensive Management Committee is performed, which operates at the broker's premises.



The main risk events detected during the period and the measures designed to mitigate their impact are reported at Committee meetings by the Operational Risk Manager, together with the final outcome regarding previous events.

#### **VII. New Products Committee**

This Committee is composed of the CEO, the Legal Officer, Finance Manager and Technology Manager. Additionally, the Divisional Risk Manager and the Operating Deputy Manager will be involved, where appropriate, depending on the product to be assessed. They examine the feasibility of any new product, or product amendment if the change is significant, as presented by the division managements.

This Committee assesses new products for their commercial and financial feasibility, taking into account legal, regulatory, accounting and taxation aspects. If such products are approved, they should comply with policies and procedures to mitigate the main operational risks. Such committee holds a meeting every time that the assessment of any new product is required.

### b) Main risks the Company is exposed to

#### I. Credit risk

Credit risk is the possibility or probability of financial loss inherent to the Company's business, if a customer or a counterparty to a financial instrument fails to meet its contractual obligations.

This risk is managed business or product line, through specific credit policies and on the basis of the preliminary analysis of expected customer revenue, the available financial information and payment history, along with other business information, if available. It also considers expectations regarding the macroeconomic environment and that of the specific customer sector in general cases, and of the debtor in factoring cases.

Another important aspect that complements the credit risk assessment is the quality and number of required guarantees. One of the Company's policies relates to secure sufficient solid guarantees, comprising a second payment source for customer obligations, if an event of non-compliance occurs.

The quantitative detail of such guarantees is recorded in Note 28 "Sureties from third parties."

In the majority of factoring cases the assignor is responsible if the assigned debtor becomes insolvent. A framework contract is formalized via public deed for each customer, which supports any subsequent transactions. Transactions without appointed responsibility are usually covered by credit insurance or specific guarantees.

Credits granted to companies, depending on the case, require mortgages or pledged shares. However, a guarantee can also be accepted to cover such credit, which is generally provided by one of the shareholders of the debtor company.

Lease transactions are guaranteed using the leased asset. Nevertheless, insurance is required to cover these leased assets, to mitigate any risk that results in a loss of value.

Automotive loan finance is guaranteed by the assets associated with such financing, complimented by a credit analysis of the customer's profile. There are two types of guarantees in these cases: real (vehicle pledges) and personal (sureties and joint & several guarantees).

Additionally, the Company's credit quality monitoring process aims to provide an early indication of possible changes in the ability of counterparties to pay and recover overdue loans. This enables the Company to assess the potential loss from these risks and take corrective action.

Additionally, there are other accounts receivable recorded under the caption "Other Receivables". These correspond mainly to Tanner Corredores de Bolsa S.A. and are classified in its individual balance sheet as Brokerage receivables. Based on the materiality defined by the Company, the provisions associated with this type of debtors are presented net for consolidated financial statements purposes.

The size of provisions and the cost of portfolios are basic measures that indicate the credit quality of the portfolio.

# i. Loan portfolios, provisions and risk ratios:

Loan portfolios, provisions and risk ratios as of December 31, 2018 and 2017 are as follows:

		12.31.2018					
Concept	Gross Portfolio ThCh\$	Provisions ThCh\$	Net Portfolio ThCh\$	Provision Ratio			
Receivables from factoring operations	449,641,169	(4,702,600)	444,938,569	1.05%			
Loan Transactions	250,298,645	(4,230,124)	246,068,521	1.69%			
Automotive Loan Transactions	375,322,842	(15,505,467)	359,817,375	4.13%			
Lease Contracts	81,373,247	(2,317,836)	79,055,411	2.85%			
Other receivables	52,701,034	-	52,701,034	0.00%			
Total	1,209,336,937	(26,756,027)	1,182,580,910	2.21%			

	12.31.2017					
Concept	Gross Portfolio	Provisions	Net Portfolio	Provision		
	ThCh\$	ThCh\$	ThCh\$	Ratio		
Receivables from factoring operations	309,109,335	(5,409,895)	303,699,440	1.75%		
Loan Transactions	194,325,618	(3,610,217)	190,715,401	1.86%		
Automotive Loan Transactions	314,247,010	(11,519,426)	302,727,584	3.67%		
Lease Contracts	104,686,270	(3,775,690)	100,910,580	3.61%		
Other receivables	38,762,824	-	38,762,824	0.00%		
Total	961,131,057	(24,315,228)	936,815,829	2.53%		

Credit risk at the indirect subsidiary Tanner Corredores de Bolsa S.A. consists in a contract counterparty failing to comply with its contractual obligations, causing a financial loss. This risk is mitigated through collection procedures that control credit limits and deadlines for each customer. The effects of credit risk are reduced by applying internal risk policies that vary with the type of customer and product.



# ii. Risk concentration by economic sector

Product portfolios by economic sector and type of debtor for automotive finance are as follows, including credit risk concentrations as of December 31, 2018 and 2017:

FACTORING OPERATIONS	12.31.2018	12.31.2017
Wholesale and retail trade: Automotive/ Household items	20.41%	20.05%
Construction	13.67%	17.60%
Non-metallic manufacturing industry	13.26%	12.35%
Agriculture, livestock, hunt, and forestry	11.87%	9.18%
Financial brokerage	11.19%	7.14%
Real estate, company and rent activities	9.19%	17.22%
Education	5.85%	3.16%
Metallic manufacturing industry	5.63%	4.29%
Transport, Storage and Communications	4.19%	4.84%
Community, Social and Personal Service Activities	2.02%	0.68%
Other	1.38%	0.02%
Mining and Quarrying	0.48%	1.74%
Fisheries	0.44%	0.94%
Social and Health Services	0.18%	0.34%
Hotels and Restaurants	0.14%	0.30%
Electricity, water and gas	0.10%	0.14%
Buildings and Condominiums Management Board	0.00%	0.00%
Total	100%	100%

LOANS	12.31.2018	12.31.2017
Financial brokerage	40.12%	39.52%
Real estate, company and rent activities	20.31%	10.10%
Construction	13.33%	16.09%
Wholesale and retail trade: Automotive/ Household items	10.23%	12.01%
Non-metallic manufacturing industry	9.97%	7.95%
Agriculture, livestock, hunt, and forestry	2.20%	1.64%
Transport, Storage and Communications	1.28%	1.25%
Hotels and Restaurants	0.97%	1.11%
Community, Social and Personal Service Activities	0.57%	0.51%
Metallic manufacturing industry	0.46%	0.80%
Education	0.44%	8.73%
Mining and Quarrying	0.04%	0.15%
Electricity, water and gas	0.03%	0.02%
Social and Health Services	0.03%	0.12%
Fisheries	0.02%	0.01%
Buildings and Condominiums Management Board	0.00%	0.00%
Other	0.00%	0.00%
Total	100%	100%

LEASING	12.31.2018	12.31.2017
Transport, Storage and Communications	21.11%	25.64%
Financial brokerage	15.17%	16.61%
Wholesale and retail trade: Automotive/ Household items	13.15%	11.15%
Real estate, company and rent activities	11.76%	12.64%
Construction	11.19%	11.76%
Metallic manufacturing industry	10.75%	2.18%
Education	6.53%	5.34%
Hotels and Restaurants	3.36%	2.70%
Agriculture, livestock, hunt, and forestry	2.25%	5.07%
Community, Social and Personal Service Activities	2.10%	2.51%
Non-metallic manufacturing industry	1.54%	1.79%
Social and Health Services	0.94%	1.02%
Mining and Quarrying	0.14%	1.58%
Other	0.00%	0.00%
Fisheries	0.00%	0.00%
Electricity, water and gas	0.00%	0.00%
Buildings and Condominiums Management Board	0.00%	0.00%
Total	100%	100%

AUTOMOTIVE LOANS	12.31.2018	12.31.2017
Legal entities	5.33%	5.80%
Natural persons	94.67%	94.20%
Total	100%	100%

#### Risk concentration by geographic area

Product portfolios distributed by geographic area are as follows, including credit risk concentrations As of December 31, 2018 and 2017:

FACTORING OPERATIONS	12.31.2018	12.31.2017
Metropolitan Region	69.36%	72.09%
Biobío Region	6.04%	4.97%
Tarapacá Region	4.21%	1.35%
Libertador Gral. Bernardo O'Higgins Region	4.11%	2.92%
Antofagasta Region	3.19%	2.74%
Valparaíso Region	2.66%	3.63%
Los Lagos Region	2.52%	3.15%
Maule Region	2.48%	2.71%
Coquimbo Region	1.49%	1.46%
La Araucanía Region	1.17%	1.32%
Magallanes and the Chilean Antartic	0.75%	0.88%
Arica y Parinacota Region	0.66%	0.38%
Atacama Region	0.63%	1.17%
Los Ríos Region	0.55%	1.15%
Aysén del Gral. Carlos Ibáñez del Campo Region	0.17%	0.08%
Total	100%	100%

LEASE OPERATIONS	12.31.2018	12.31.2017
Metropolitan Region	82.66%	77.18%
Biobío Region	5.30%	4.69%
Valparaíso Region	4.63%	5.17%
Antofagasta Region	1.54%	2.69%
Atacama Region	1.30%	1.43%
Tarapacá Region	0.88%	1.03%
Los Ríos Region	0.62%	0.94%
Los Lagos Region	0.62%	1.19%
Libertador Gral. Bernardo O'Higgins Region	0.55%	0.87%
La Araucanía Region	0.46%	1.45%
Coquimbo Region	0.38%	0.86%
Magallanes and the Chilean Antartic	0.38%	0.56%
Maule Region	0.32%	1.05%
Arica y Parinacota Region	0.31%	0.57%
Aysén del Gral. Carlos Ibáñez del Campo Region	0.04%	0.33%
Total	100%	100%

LOANS	12.31.2018	12.31.2017
Metropolitan Region	93.05%	79.60%
Biobío Region	3.21%	11.76%
Maule Region	1.11%	0.71%
Valparaíso Region	0.70%	1.06%
Libertador Gral. Bernardo O'Higgins Region	0.41%	0.23%
La Araucanía Region	0.25%	0.27%
Los Lagos Region	0.21%	0.24%
Atacama Region	0.21%	0.33%
Antofagasta Region	0.20%	0.64%
Tarapacá Region	0.19%	3.28%
Arica y Parinacota Region	0.15%	0.84%
Coquimbo Region	0.14%	0.56%
Los Ríos Region	0.13%	0.35%
Magallanes and the Chilean Antartic	0.03%	0.12%
Aysén del Gral. Carlos Ibáñez del Campo Region	0.01%	0.00%
Total	100%	100%

AUTOMOTIVE LOANS	12.31.2018	12.31.2017
Metropolitan Region	48.27%	48.51%
Valparaíso Region	8.40%	8.03%
Biobío Region	8.01%	7.98%
Antofagasta Region	5.98%	5.81%
Coquimbo Region	5.35%	5.52%
Los Lagos Region	5.26%	4.87%
La Araucanía Region	4.49%	4.18%
Libertador Gral. Bernardo O'Higgins Region	4.10%	3.89%
Maule Region	3.02%	2.79%
Atacama Region	2.06%	2.60%
Los Ríos Region	1.68%	1.82%
Magallanes and the Chilean Antartic	1.26%	1.63%
Tarapacá Region	1.07%	1.30%
Aysén del Gral. Carlos Ibáñez del Campo Region	0.53%	0.54%
Arica y Parinacota Region	0.51%	0.53%
Total	100%	100%

### iii. Credit quality by asset category

The Company determines the credit quality of its financial assets, and consequently its provisions and write-offs, using the "expected loss" criterion for its products, where one of the main factors is the delinquency by customer. This default probability indicates the expected loss for each loan and therefore the provision.

### iv. Renegotiations

Delinquent loans that are subject to renegotiations, are those where the corresponding financial commitments have been restructured and the Company has assessed the likelihood of recovery from these loans as sufficiently high. If the customer becomes insolvent, they can also choose to return the asset, where applicable.

Provisions on renegotiated loans are calculated on the basis of the "expected loss" model for each product, considering changes, where delinquency and the new loan condition are the main variables to be considered. Renegotiated loans require an additional weighting when determining the risk factor.

Renegotiations are unusual for factoring transactions, because they provide liquidity on the basis of customer's receivables. Unlike automotive loan transactions and leases, which are in essence loan transactions. When renegotiations occur, these are approved by the Risk Management, and a partial debt payment is required together with further guarantees.



For automotive loans and lease operations a policy exists to renegotiate cases where customers have delays in payments. All renegotiation requests must be approved by the Risk Management area and must, at least, comply with the following conditions:
(a) The customer must have paid at least a 25% of the installments, (b) must pay an amount that depends on repayment progress, and (c) must accredit their income. Automotive loan transactions and finance can only be renegotiated once.

For the estimating impairment and calculating provisions purposes for this type of placement, each risk profile of the renegotiated segment incorporates a Probability of Default for the entire life of the loan, being significantly higher compared to the other segments associated with each product. The Company, that had adopted a conservative policy in the estimation of provisions, has decided not to incorporate a credit cure process. In other words, the loan will remain in the renegotiated segment despite an improvement in the impairment estimate, without these loans having the opportunity to change to their original segment and re-measure their credit loss at 12 months as for the origin of the loan.

This is to say, that the credits associated with the renegotiated segment will not be measured again in any other segment, the asset will be maintained as per the current Probability of Default associated with each profile in accordance with each stage of the renegotiated model.

The following table shows the carrying amount of loans by business and the percentage of the total portfolio, whose terms have been renegotiated:

	12.31.2018				
Detail	Total portfolio ThCh\$	Renegotiated ThCh\$	Provision ThCh\$	Renegotiated by product %	Renegotiated by total portfolio %
Factoring operations	449,641,169	6,227,926	(4,702,600)	1.39%	0.51%
Loan Transactions	250,298,645	5,718,313	(4,230,124)	2.28%	0.47%
Automotive Loan Transactions	375,322,842	10,855,930	(15,505,467)	2.89%	0.90%
Lease operations	81,373,247	7,753,475	(2,317,836)	9.53%	0.64%
Other receivables	52,701,034	-	-	-	-
Total assets / renegotiated assets	1,209,336,937	30,555,644	(26,756,027)		2.53%

	12.31.2017				
Detail	Total portfolio ThCh\$	Renegotiated ThCh\$	Provision ThCh\$	Renegotiated by product %	Renegotiated by total portfolio %
Factoring operations	309,109,335	6,175,524	(5,409,895)	2.00%	0.64%
Loan Transactions	194,325,618	4,686,313	(3,610,217)	2.41%	0.49%
Automotive Loan Transactions	314,247,010	7,408,749	(11,519,426)	2.36%	0.77%
Lease operations	104,686,270	4,014,806	(3,775,690)	3.84%	0.42%
Other receivables	38,762,824	-	-	-	-
Total assets / renegotiated assets	961,131,057	22,285,392	(24,315,228)		2.32%

### II. Financial risks

#### i. Liquidity risk

This is defined as the inability of the Company to meet its payment obligations as they fall due, without incurring large losses or being prevented from providing normal loan transactions to its customers. It arises from a cash flow mismatch, where payments falling due are greater than receipts from investments or loans. When customers do not meet their commitments on the dates they fall due, this could also generate a liquidity risk.

The main sources of financing for Tanner Servicios Financieros S.A. are domestic and foreign bonds with a fixed repayment schedule, unguaranteed revolving credit facilities, which are mainly short-term and renewed on a regular basis, and commercial papers.

The Company's daily cash-flow forecasts simulates the maturities of all its assets and liabilities, in order to anticipate cash requirements. The Assets and Liabilities Committee (ALCO) reviews these forecasts, and defines action plans based on Company projections and market conditions.

The Company manages liquidity risk at a consolidated level, as its main liquidity source is its operating activities (collection). The Company holds consolidated cash equivalent to MCh\$25,474 as of December 31, 2018 and 2017 (MCh\$84,636 as of December 31, 2017).

The indirect subsidiary Tanner Corredores de Bolsa S.A. is subject to regulatory liquidity indicators called: general liquidity index and brokerage liquidity index. This subsidiary is in continual compliance with these requirements, in accordance with the standards issued by the Financial Market Commission (CMF).

The structure of maturities by term As of December 31, 2018 and 2017 is as follows:

### a. Maturities at carrying amount

Temporary range	12.31	12.31.2018		12.31.2017	
	MCh\$	Principal %	MCh\$	Principal %	
Range 1: 1 to 7 days	78,616	27.77%	90,026	33.41%	
Range 2: 8 to 15 days	42,984	15.18%	9,632	3.57%	
Range 3: 16 to 30 days	80,869	28.56%	38,146	14.16%	
Range 4: 31 to 90 days	94,502	33.38%	79,421	29.47%	
Range 5: 91 to 365 days	6,208	2.19%	154,639	57.38%	
Total	303,179		371,864		

Range as of 12.31.2018	Range 1	Range 2	Range 3	Range 4	Range 5
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Assets	125,322	97,234	127,384	235,749	315,085
Available funds	25,474	-	-	-	-
Loans	56,377	56,425	121,878	234,001	302,295
Other financial assets, current	43,471	40,809	5,506	1,748	12,790

Range as of 12.31.2018	Range 1	Range 2	Range 3	Range 4	Range 5
halige as of 12.31.2016	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Liabilities	46,706	54,250	46,515	141,247	308,877
Bank borrowings	46,527	24,234	36,538	80,283	126,442
Obligations with the public (commercial paper)	-	18,266	9,977	59,606	20,789
Obligations with the public (bonds payable)	179	-	-	1,358	161,646
Other financial liabilities	-	11,750	-	-	-

% of Equity	27.77%	15.18%	28.56%	33.38%	2.19%	
Range as of 12.31.2017	Range 1	Range 2	Range 3	Range 4	Range 5	
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	
Accete	161 848	45 116	75 598	208 424	245 753	

42.984

80.869

94.502

6.208

78.616

Trango as or 12.01.2017	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Assets	161,848	45,116	75,598	208,424	245,753
Available funds	84,635	-	=	-	-
Loans	38,581	43,190	71,646	204,882	244,685
Other financial assets, current	38,632	1,926	3,952	3,542	1,068

Dance of 10 01 0017	Range 1	Range 2	Range 3	Range 4	Range 5
Range as of 12.31.2017	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Liabilities	71,822	35,484	37,452	129,003	91,114
Bank borrowings	45,047	28,094	27,384	20,510	18,869
Obligations with the public (commercial paper)	-	6,454	5,990	6,975	43,917
Obligations with the public (bonds payable)	353	-	-	99,448	28,324
Other financial liabilities	26,422	936	4,078	2,070	4
Ranges	90,026	9,632	38,146	79,421	154,639
Principal %	33.41%	3.57%	14.16%	29.47%	57.38%

Ranges



#### b. Maturities at undiscounted value

Tamparary range	12.31.	.2018	12.31.2017		
Temporary range	MCh\$	Principal %	MCh\$	Principal %	
Range 1: 1 to 7 days	35,801	12.64%	90,017	33.40%	
Range 2: 8 to 15 days	1,781	0.63%	9,606	3.56%	
Range 3: 16 to 30 days	75,547	26.68%	38,093	14.14%	
Range 4: 31 to 90 days	90,571	31.99%	77,534	28.77%	
Range 5: 91 to 365 days	(8,431)	-2.98%	143,007	53.07%	
Total	195,269		358,257		

Range as of 12.31.2018	Range 1	Range 2	Range 3	Range 4	Range 5
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Assets	82,994	56,790	122,249	234,597	314,993
Available funds	25,474	-	-	-	-
Loans	56,377	56,425	121,878	234,001	302,295
Other financial assets, current	1,143	365	371	596	12,698

Range as of 12.31.2018	Range 1	Range 2	Range 3	Range 4	Range 5
Trange as or 12.51.2010	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Liabilities	47,194	55,009	46,702	144,026	323,423
Bank borrowings	35,801	1.781	75,547	90,571	(8,431)
Promissory notes and bonds payable (commercial paper)	12.64%	0.63%	26.68%	31.99%	(2.98%)
Obligations with the public (bonds payable)	667	-	-	2,910	170,672
Other financial liabilities	-	11.58	-	-	-
Ranges	35,801	1,781	75,547	90,571	(8,431)
Principal %	12.64%	0.63%	26.68%	31.99%	(2.98%)

Range as of 12.31.2017	Range 1	Range 2	Range 3	Range 4	Range 5
halige as of 12.31.2017	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Assets	161,849	45,116	75,598	208,424	245,753
Available funds	84,636	-	-	=	-
Loans	38,581	43,190	71,646	204,882	244,685
Other financial assets, current	38,632	1,926	3,952	3,542	1,068

Danca on of 10 21 0017	Range 1	Range 2	Range 3	Range 4	Range 5
Range as of 12.31.2017	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Liabilities	71,832	35,510	37,505	130,890	102,746
Bank borrowings	45,057	28,116	27,427	20,568	22,152
Obligations with the public (commercial paper)	-	6,458	6,000	7,000	44,465
Obligations with the public (bonds payable)	353	-	-	101,251	36,125
Other financial liabilities	26,422	936	4,078	2,071	4
Ranges	90,017	9,606	38,093	77,534	143,007
Principal %	33.40%	3.56%	14.14%	28.77%	53.07%

# ii. Market risk

Market risk is understood to be exposure to financial losses caused by adverse movements in market factors, particularly factors such as price, interest rate, exchange rates, indexing, among others, that affect the value of any transaction recognized in the statement of financial position.

#### iii. Price risk

Price risk is the exposure to economic losses caused by adverse movements in valuation of financial instruments held by the Company.

The Company has investments in international corporate bonds held for sale As of December 31, 2018 of ThUS\$20,892 (ThUS\$12,464 as of December 31, 2017). Average term of the portfolio is 1.96 years (3.05 years as of December, 2017), the sensitivity measured by DV011 is US\$2,938 (US\$3,644 as of December 31, 2017) and parametric VaR2 of portfolio at 1 day is US\$42,536 (US\$25,078 as of December 31 2017), with a confidence level of 99%.

In addition, as of December 31, 2018, the Company holds investments in domestic corporate bonds for UF450,000, these instruments have an average life span of 4.65 and a DV01 of ThCh\$6,337.

#### iv. Interest rate risk

This is defined as the market risk exposure due to financial transactions whose valuation is affected by movements in the intertemporal structure of interest rates, among other factors.

The following tables show how the percentage value of the bond portfolio changes, as a result of changes in the interest rates.

In case of decreases in interest rates:

Delta Rates (base points)	-25	-50	-75	-100	-125	-150	-175	-200
Net portfolio variation	0.07%	0.14%	0.20%	0.27%	0.34%	0.41%	0.48%	0.56%

In case of increases in interest rates:

Delta Rates (base points)	25	50	75	100	125	150	175	200
Net portfolio variation	-0.07%	-0.13%	-0.20%	-0.26%	-0.33%	-0.9%	-0.46%	-0.52%

<sup>1</sup> DV01 - is the market value x modified term x 1 bp.

The Company has a portfolio of derivative trading and hedging instruments used to mitigate interest rate and exchange rate risks on financial liabilities. The portfolio of trading derivatives has a very short-term maturity structure. Therefore, its interest rate risk has a low impact on the statement of net income. Whereas, hedging derivatives cover a large portion of the liabilities structured in foreign currencies and with variable rates (LIBOR), maintaining limited exposure to interest rate risks and with low impact on the statement of net income for such transactions.

The trading and hedging derivatives portfolio as of December 31, 2018 and 2017 is detailed as follows:

				12.	31.2018			
Exposure		Trading d	erivatives		Hedging derivatives			
Lxposure	"US\$ ThCh\$"	"Ch\$ ThCh\$"	"US\$ ThCh\$"	"CHF ThCh\$"	"Ch\$ ThCh\$"	"Ch\$ ThCh\$"	"US\$ ThCh\$"	"CHF ThCh\$"
Less than 1 year	-	(4,128,588)	5,163,012	-	52,421,585	(216,939,440)	168,363,933	-
1 to 3 years	-	-	-	-	119,815,268	(179,346,569)	68,104,513	-
Over 3 years	-	-	-	-	-	-	-	-
Total	-	(4,128,588)	5,163,012	-	172,236,853	(396,286,009)	236,468,446	-

Note: The table shows the exposure at the present value of the trading and hedging derivative portfolio, according to the currencies engaged and effective terms. Amounts are translated to ThCh\$ and absolute values.

<sup>2</sup> VaR: Value at Risk - is the maximum expected loss considering a horizon of 1 year and confidence of 99%.



		12.31.2018								
Sens. +1pb		Trading de	erivatives		Hedging derivatives					
OG110. 11pb	"US\$ ThCh\$"	"Ch\$ ThCh\$"	"US\$ ThCh\$"	"CHF ThCh\$"	"Ch\$ ThCh\$"	"Ch\$ ThCh\$"	"US\$ ThCh\$"	"CHF ThCh\$"		
Less than 1 year	-	404	(431)	-	(10,079)	20,155	(5,775)	-		
1 to 3 years	-	-	-	-	(22,453)	33,320	(13,166)	-		
Over 3 years	-	-	-	-	-	-	-	-		
Total	-	404	(431)	-	(32,532)	53,475	(18,941)	-		

Note: The table shows the potential loss or gain, expressed in ThCh\$, to which the trading and hedging portfolios are exposed, if interest rates rise by 1 pb, according to the currencies engaged and terms on the reference date.

Business and hedge derivatives portfolio as of December 31, 2017 is as follows:

		12.31.2017								
Exposure		Trading	g derivatives			Hedging c	lerivatives			
	US\$	"Ch\$	"US\$	"CHF	"Ch\$	"Ch\$	"US\$	"CHF		
	ThCh\$	ThCh\$"	ThCh\$"	ThCh\$"	ThCh\$"	ThCh\$"	ThCh\$"	ThCh\$"		
Less than 1 year	-	101,321,203	53,437,294	44,200,446	3,775,036	85,615,259	73,762,964	2,303,893		
1 to 3 years	-	-	-	-	99,971,903	165,218,357	49,550,858	118,241,614		
Over 3 years	-	-	-	-	32,215,332	45,731,777	15,255,311	-		
Total	-	101,321,203	53,437,294	44,200,446	135,962,271	296,565,392	138,569,133	120,545,506		

The table shows the present value of the trading and hedging derivative portfolio, according to the currencies engaged and effective terms. Amounts are translated to ThCh\$ and absolute values.

		12.31.2017							
Sens. +1pb		Trading derivatives				Hedging de	rivatives		
00110. 1100	"US\$	"Ch\$	"US\$	"CHF	"Ch\$	"Ch\$	"US\$	"CHF	
	ThCh\$"	ThCh\$"	ThCh\$"	ThCh\$"	ThCh\$"	ThCh\$"	ThCh\$"	ThCh\$"	
Less than 1 year	-	4,127	(2,314)	118	191	10,068	4,886	77	
1 to 3 years	-	-	=	-	41,694	190,235	42,193	4,382	
Over 3 years	-	-	-	-	22,748	90,360	20,919	-	
Total	-	4,127	(2,314)	118	64,632	290,663	67,998	4,459	

Note: The table shows the potential loss or gain, expressed in ThCh\$, to which the trading and hedging portfolios are exposed, if interest rates rise by 1 pb, according to the currencies engaged and terms on the reference date.

#### v. Currency risk

This is defined as the exposure to potential losses caused by changes in the value of assets and liabilities subject to revaluation using exchange rates. Due to the Company's business and its diversified financing requirements, it has a currency mismatch in US dollars, which is managed on a daily basis and is mitigated primarily through trading and hedging derivative instruments. In addition, it has transactions in Swiss Francs whose currency risk is completely covered.

The Company's internal risk mitigation policy requires that currency mismatches in US\$ do not exceed 2.5% of equity. As of December 31, 2018, the Company recorded exposure in U.S. dollar of ThUS\$ -5,623 or 1.38% of equity (ThUS\$ -3,817 or 0.9% of equity as of December 31, 2017). The sensitivity analysis on the currency risk is calculated considering as main variable the daily exposure in U.S. dollar maintained for the mismatch and the estimated variance in the Observed U.S. dollar rate.

Mismatch in US\$ (ThUS\$)	12.31.2018	12.31.2017
Assets	269,335	266,147
Liabilities	(390,432)	(420,769)
Derivative instruments	115,474	150,805
Mismatch	(5,623)	(3,817)

#### vi. Indexation risk

This is the risk exposure for assets and liabilities contracted in Unidades de Fomento (UF) that could generate losses as a result of changes in the value of such currency. Due to the Company's business and its financing requirements, it has assets and liabilities in UF, and this mismatch is managed on a daily basis and mitigated using hedging derivative instruments.

The Company's internal risk mitigation policy requires that mismatches in UF do not exceed 30% of equity. The Company's mismatch in UF As of December 31, 2018 was ThUF 1,986, which represents 19.34% of equity (ThUF 2,447 equivalent to 24.34% of equity as of December 31, 2017). As for currency risk, the sensitivity analysis on the indexation risk is calculated considering as main variable the daily mismatch in UF and the future variances estimated in the value of the UF.

Mismatch in UF (ThUF)	12.31.2018	12.31.2017
Assets	7,737	6,789
Liabilities	(12,717)	(9,087)
Derivative instruments	7,737	4,745
Mismatch	1,986	2,447

The structure of currency mismatches in the balance as of December 31, 2018 and 2017 was as follows:

Tomporory Bongo (*)	12.31	.2018	12.31.2017		
Temporary Range (*)	MCh\$	% of Equity	MCh\$	% of Equity	
GAP in UF	54,768	19.34%	65,587	24.34%	
GAP in US\$	(3,907)	(1.38%)	(2,346)	(0.87%)	
GAP in EUR	237	0.08%	59	0.02%	
GAP in CHF	-	0.00%	-	0.00%	

<sup>(\*)</sup> Indexation risk expressed in MCh\$, considering the UF and US\$ amounts as of December 31, 2018 and 2017, according to Note 2 g)

### III. Financial instruments by category

The Company maintains investments in financial instruments, in accordance with the following detail:

#### 2018

		12.31	.2018	
Detail	Fair value through profit or loss ThCh\$	At amortized cost ThCh\$	Fair value through other comprehensive income ThCh\$	Total ThCh\$
Financial assets				
Cash and cash equivalents	-	25,473,847	-	25,473,847
Other financial assets, current	100,305,856	723,918	3,294,595	104,324,369
Trade and other receivables, current	-	770,974,933	-	770,974,933
Trade receivables due from related parties, current	-	458,145	-	458,145
Other non-current financial assets	1,559,025	-	35,996,304	37,555,329
Trade and other receivables, non-current	-	411,605,977	-	411,605,977
Trade receivables due from related parties, non-current	-	681,411	-	681,411
Total financial assets	101,864,881	1,209,918,231	39,290,899	1,351,074,011
Financial liabilities				
Other financial liabilities, current	1,144,249	596,451,618	-	597,595,867
Trade and other payables, current	-	90,908,042	-	90,908,042
Other financial liabilities, non-current	-	448,428,827	784,573	449,213,400
Total financial liabilities	1,144,249	1,135,788,487	784,573	1,137,717,309



#### 2017

	12.31.2017							
Detail	Fair value through profit or loss ThCh\$	At amortized cost ThCh\$	Fair value through other comprehensive income ThCh\$	Total ThCh\$				
Financial assets								
Cash and cash equivalents	-	84,635,761	=	84,635,761				
Other financial assets, current	41,537,624	2,468,851	5,113,817	49,120,292				
Trade and other receivables, current	-	602,983,684	-	602,983,684				
Trade receivables due from related parties, current	-	452,439	-	452,439				
Other non-current financial assets	479,505	5,430,368	16,375,825	22,285,698				
Trade and other receivables, non-current	-	333,832,145	-	333,832,145				
Trade receivables due from related parties, non-current	-	611,037	-	611,037				
Total financial assets	42,017,129	1,030,414,285	21,489,642	1,093,921,056				
Financial liabilities								
Other financial liabilities, current	653,131	364,222,211	=	364,875,342				
Trade and other payables, current	-	69,871,653	-	69,871,653				
Other financial liabilities, non-current	-	443,087,530	8,026,280	451,113,810				
Total financial liabilities	653,131	877,181,394	8,026,280	885,860,805				

#### IV. Fair value of financial assets

Financial instruments measured at fair value through profit or loss and other comprehensive income are measured using the Mark to Market method. For each financial instrument, Bloomberg obtains the corresponding market prices to be used in the valuation. For derivative financial assets, transactions are valued by constructing interest rate curves by currency and term, with which the future cash flows of each instrument are discounted.

	Lev	el 1	Leve	el 2
Detail	12.31.2018	12.31.2017	12.31.2018	12.31.2017
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Financial derivative contracts				
Forward rights	2,314,219	-	-	=
Swap contracts (net)	-	-	20,562,721	7,435,961
Investment securities				
Investments in debt securities (Ch\$)	80,128,456	38,890,986	-	=
Investments in debt securities (UF)	12,601,937	-	-	=
Investments in debt securities (US\$)	15,125,428	10,414,155	-	-
Private fund investment	1,559,025	479,505	-	-
Investments in shares	-	-	2,715,612	2,956,084
Instruments issued by the financial system	5,941,413	3,194,240	-	-
Other instruments issued by the Chilean Government	206,969	135,840	-	-
Total	117,877,447	53,114,726	23,278,333	10,392,045

# NOTE 5.

### Responsibility for the information and estimations

The information contained in these Consolidated financial statements is the responsibility of the Board, which expressly indicates that it has fully comply with the principles and criteria described in the International Financial Reporting Standards (IFRS).

For the preparation of the financial statements, certain judgments estimates have been made occasionally by the Company's Management to quantify certain assets, liabilities, revenue, expenses and commitments recognized therein.

These estimates refer basically to the losses or allowance for doubtful accounts that are described in Note 2 f).

# NOTE 6.

### Segment reporting

Tanner Servicios Financieros S.A. has only one operating segment, as its sole business is providing financial services, according to the operational segment definitions in IFRS 8. The Company operates through five segments: Factoring, Loan transactions, Automotive loan transactions, Leases, Treasury and a service line.

#### I. Segments

- 1) Factoring operations: Domestic and foreign factoring operations represent 37.2% of the total loan portfolio as of December 31, 2018 (32.2% as of December 31, 2017). Foreign factoring is a sub-division factoring.
- 2) Loan transaction: Loan transactions mainly finance businesses and represent 20.67% of the total loan portfolio As of December 31, 2018 and 2017 (20.2% as of December 31, 2017).
- 3) Automotive loans: Automotive loan transactions mainly finance vehicles for individuals or legal entities. This represents 31.0% of the total loan portfolio As of December 31, 2018 and 2017 (32.7% as of December 31, 2017).
- 4) Leases: Leases mainly finance the leaseback of real estate, earth moving equipment leases, transport and industrial equipment leases, among others. This represents 6.7% of the total loan portfolio As of December 31, 2018 and 2017 (10.9% as of December 31, 2017).
- 5) Treasury: The main function of Treasury is to manage its financial position. Its second function is to hold an optimal financing position in conformity with the Company's internal policies, in order to obtain the funds that the Company requires to operate normally, at the lowest possible cost, and deposit cash surpluses where the market offers the best returns, in accordance with the availability of funds.
- 6) Other: These are mainly transactions generated by the subsidiaries (Tanner Corredores de Bolsa de Productos S.A., Tanner Corredora de Seguros Ltda. Tanner Investments SpA), and sporadic results



# 2018

	12.31.2018							
Products	Factoring operations	Loans	Automotive Loan	Lease operations	Treasury	Subtotal Products	Other	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Net income from interest and indexation	20,383,704	9,596,622	53,966,297	4,508,860	2,929,492	91,384,975	-	91,384,975
Net income (expense) from fees	1,618,699	4,185,747	(20,080,163)	142,544	-	(14,133,173)	12,075,305	(2,057,868)
Other operating income	10,912,785	261,971	5,079,462	(1,493,680)	(346,546)	14,413,992	-	14,413,992
Provisions for credit risk	(6,257,331)	(3,509,393)	(17,114,255)	(789,367)	-	(27,670,346)	-	(27,670,346)
Total Gross Margin	26,657,857	10,534,947	21,851,341	2,368,357	2,582,946	63,995,448	12,075,305	76,070,753
Administrative expenses	(14,197,427)	(6,094,834)	(15,016,302)	(2,419,063)	(562,444)	(38,290,070)	(5,993,143)	(44,283,213)
Other net operational income (expense)	935,848	369,839	767,111	83,143	90,677	2,246,618	(137,046)	2,109,572
Foreign currency translation differences	22	-	-	-	-	22	10,951	10,973
Income from investments in companies	-	-	-	-	-	-	-	-
Profit before tax	13,396,300	4,809,952	7,602,150	32,437	2,111,179	27,952,018	5,956,067	33,908,085
Income tax	(1,647,572)	(591,562)	(934,966)	(3,989)	(259,648)	(3,437,737)	(732,519)	(4,170,256)
Net income after tax	11,748,728	4,218,390	6,667,183	28,447	1,851,531	24,514,281	5,223,548	29,737,829
Assets (net of provision)	449,641,169	250,298,645	375,322,842	81,373,247	67,669,141	1,224,305,044	159,112,424	1,383,417,468
Current tax and deferred taxes	-	-	-	-	-	-	44,128,740	44,128,740
Total assets	449,641,169	250,298,645	375,322,842	81,373,247	67,669,141	1,224,305,044	203,241,164	1,427,546,208
Liabilities	(382,933,679)	(213,165,047)	(319,641,008)	(69,300,943)	(57,629,939)	(1,042,670,616)	(97,771,757)	(1,140,442,373)
Current tax and deferred taxes	-	-	-	-	-	-	(3,957,496)	(3,957,496)
Total liabilities	(382,933,679)	(213,165,047)	(319,641,008)	(69,300,943)	(57,629,939)	(1,042,670,616)	(101,729,253)	(1,144,399,869)

	12.31.2017							
Products	Factoring operations	Loans	Automotive Loan	Lease operations	Treasury	Subtotal Products	Other	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Net income from interest and indexation	15,935,467	8,370,851	44,032,434	5,239,683	1,503,180	75,081,615	-	75,081,615
Net income (expense) from fees	2,100,647	1,408,486	(16,716,084)	811,349	-	(12,395,602)	9,851,732	(2,543,870)
Other operating income	9,484,858	313,577	5,906,855	(345,022)	(134,758)	15,225,510	-	15,225,510
Provisions for credit risk	(4,181,962)	(3,015,813)	(14,171,919)	(2,676,883)	-	(24,046,577)	-	(24,046,577)
Total Gross Margin	23,339,010	7,077,101	19,051,286	3,029,127	1,368,422	53,864,946	9,851,732	63,716,678
Administrative expenses	(11,834,578)	(5,416,605)	(13,359,834)	(2,860,764)	(252,209)	(33,723,991)	(4,622,427)	(38,346,418)
Other net operational income (expense)	1,031,556	337,898	857,765	136,382	61,612	2,425,213	143,192	2,568,405
Foreign currency translation differences	-383	-	-	-	-	(383)	(38,681)	(39,064)
Income from investments in companies	-	-	-	-	-	-	-	-
Profit before tax	12,535,605	1,998,394	6,549,217	304,745	1,177,825	22,565,785	5,333,816	27,899,601
Income tax	(1,159,426)	(184,833)	(605,741)	(28,186)	(108,939)	(2,087,123)	(493,328)	(2,580,451)
Net income after tax	11,376,179	1,813,561	5,943,476	276,559	1,068,886	20,478,662	4,840,488	25,319,150
Assets (net of provision)	303,699,440	190,715,401	302,727,584	100,910,580	83,659,967	981,712,972	137,946,643	1,119,659,615
Current tax and deferred taxes	-	-	-	-	-	-	38,150,634	38,150,634
Total assets	303,699,440	190,715,401	302,727,584	100,910,580	83,659,967	981,712,972	176,097,277	1,157,810,249
Liabilities	(257,024,516)	(161,404,755)	(256,202,022)	(85,401,847)	(70,802,444)	(830,835,584)	(56,691,997)	(887,527,581)
Current tax and deferred taxes	-	-	-	-	-	-	(802,146)	(802,146)
Total liabilities	(257,024,516)	(161,404,755)	(256,202,022)	(85,401,847)	(70,802,444)	(830,835,584)	(57,494,143)	(888,329,727)

#### **Customers**

The number of active customers as of December 31, 2018 was 68,727 and as of December 31, 2017 was 61,395, including factoring, loan operations, automotive loan transactions, and leases.

As of December 31, 2018 and 2017, the Company had no significant concentration of customers, the percentage lent to the five largest customers was 10.1% of the total portfolio, while as of December 31, 2017 it was 11.9%.

# **Suppliers**

Tanner Servicios Financieros S.A. has approximately 426 suppliers. The main ones being business suppliers (automotive companies and general goods) general service, computer and communications suppliers.

### **Gross margin**

The operating margin by product is as follows:

	Accun	nulated
Operating margin by product	01.01.2018 to	01.01.2017 to
	12.31.2018	12.31.2017
	ThCh\$	ThCh\$
Operating margin for Factoring operations	26,657,857	22,911,255
Operating margin for Loans	10,534,947	7,504,856
Operating margin for Automotive Loans	21,851,341	19,051,286
Operating margin for Lease operations	2,368,357	3,029,127
Operating margin for Treasury	2,582,946	1,368,422
Other operating margin	12,075,305	9,851,732
Total	76,070,753	63,716,678



Cash flows by segment as of December 31, 2018 and 2017 were as follows:

Cash flows by operating segments	For the perion December	
Cash flows by operating segments	2018	2017
	ThCh\$	ThCh\$
Cash flows from (used in) operating activities <sup>2</sup>	(271,648,578)	(128,926,178)
Factoring operations segment	(85,562,474)	(33,817,984)
Loan Segment	(47,629,471)	(21,236,820)
Automotive loan segment	(71,420,397)	(33,709,764)
Lease segment	(15,484,561)	(11,236,742)
Treasury	(12,876,799)	(9,315,827)
Other (1)	(38,674,876)	(19,609,041)
Cash flows from (used in) investing activities <sup>3</sup>	172,178,692	147,491,497
Factoring operations segment	-	-
Loan segment	-	-
Automotive loan segment	-	-
Lease segment	-	-
Treasury	172,178,692	147,491,497
Other (1)	-	-
Cash flows from (used in) financing activities <sup>3</sup>	40,277,456	34,473,146
Factoring operations segment	-	-
Loan segment	-	-
Automotive loan segment	-	-
Lease segment	-	-
Treasury	40,277,456	34,473,146
Other (1)	-	-

- (1) Other includes corporate support departments and service lines, as these cash flows are managed by Tanner Servicios Financieros S.A.
- (2) Operating activities include cash flows from receipts and payments generated by each segment.
- (3) Investing and financing activities include cash flows from managing cash flows (for financing and investing activities.)

# NOTE 7.

# Cash and cash equivalents

This caption comprises cash on hand, cash in banks and highly-liquid financial instruments.

(a) Cash and cash equivalents as of December 31, 2018 and 2017, are as follows:

Cash and cash equivalents	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Cash on hand	482,568	286,168
Cash in banks	22,161,417	33,402,212
Term deposits	358,617	32,349,402
Marketable securities	2,002,985	18,403,195
Mutual fund deposits	468,260	194,784
Cash and cash equivalents	25,473,847	84,635,761

(b) As of December 31, 2018 and 2017, cash and cash equivalents by currency are detailed as follows:

Detail	Currency	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Cash on hand	Ch\$	114,621	84,731
Cash on hand	US\$	364,680	200,606
Cash on hand	EUR	3,267	831
Cash in banks	Ch\$	16,118,128	31,565,245
Cash in banks	US\$	5,809,831	1,778,919
Cash in banks	EUR	233,458	58,048
Term deposits	Ch\$	-	4,568,351
Term deposits	US\$	358,617	27,781,051
Commercial paper	Ch\$	2,002,985	18,403,195
Commercial paper	US\$	-	194,784
Mutual fund deposits	Ch\$	468,260	-
Cash and cash equivalents	25,473,847	84,635,761	84,635,761

(c) The term deposits shown under letter (b) as of December 31, 2018 and 2017, are as follows:

	Term deposits			Dalston		12.31.2018	12.31.2017	
Creditor Taxpayer ID	Creditor	Detail	Debtor Taxpayer ID	Debtor's name	- Debtor country	Currency	Up to 90 days ThCh\$	Up to 90 days ThCh\$
96.667.560-8	Tanner Servicios Finacieros S.A.	Renewable	97.006.000-6	BCI	Chile	Ch\$	-	73,202
96.667.560-8	Tanner Servicios Finacieros S.A.	Renewable	O-E	SMBC	Chile	US\$	-	27,668,076
96.667.560-8	Tanner Servicios Finacieros S.A.	Renewable	97.030.000-7	Banco Estado	Chile	US\$	228,832	-
96.667.560-8	Tanner Servicios Finacieros S.A.	Renewable	97.036.000-K	Banco Santander	Chile	US\$	129,785	112,975
96.667.560-8	Tanner Servicios Finacieros S.A.	Renewable	97.004.000-5	Banco de Chile	Chile	Ch\$	-	332,240
96.667.560-8	Tanner Servicios Finacieros S.A.	Renewable	97.018.000-1	Scotiabank	Chile	Ch\$	-	4,162,909
Total					Total		358,617	32,349,402

(d) The marketable securities shown under letter (b) as of December 31, 2018 and 2017, are as follows:

	Marketable securities						12.31.2018	12.31.2017
Creditor Taxpayer ID	Creditor	Detail	Debtor Taxpayer ID	Debtor's name	Debtor country	Currency	Up to 90 days	Up to 90 days
Тахрауетть			Тахрауетть				ThCh\$	ThCh\$
96.667.560-8	Tanner Servicios Finacieros S.A.	At maturity	0-E	BCI Miami	Chile	US\$	-	6,126,581
96.667.560-8	Tanner Servicios Finacieros S.A.	At maturity	0-E	Bank Of China	China	US\$	-	6,132,814
96.667.560-8	Tanner Servicios Finacieros S.A.	At maturity	0-E	CNPC Hong Kong	China	US\$	-	6,143,800
96.667.560-8	Tanner Servicios Finacieros S.A.	At maturity	96.899.230-9	Euroamerica Corredores de Bolsa S.A.	Chile	Ch\$	2,002,985	-
					Total		2,002,985	18,403,195

(e) The mutual funds listed in letter (b) As of December 31, 2018 and 2017 are as follows:

	Investments in mutual fund deposits						12.31.2018	12.31.2017
Creditor Taxpayer ID	Creditor	Type of fund	Debtor Taxpayer ID	Debtor's name	Debtor country	Currency	Up to 90 days	Up to 90 days
тахрауетть			тахраует і				ThCh\$	ThCh\$
76.596.744-9	Chita SpA	Non- renewable	96.815.680-2	BBVA ASSET	Chile	Ch\$	193,737	194,784
76.047.709-5	Tanner Investments SpA	Non- renewable	96.530.900-4	BCI ASSET	Chile	Ch\$	274,523	-
					Total		468,260	194,784

# NOTE 8.

Other financial assets, current and non-current

# a) Other financial assets, current

These are investments in corporate bonds and debt securities that are valued at their fair value, together with financial derivative contracts with positive fair values. It also includes investments in corporate bonds measured at fair value through other comprehensive income, which are recognized initially at cost, including transaction costs, which are subsequently adjusted to their fair value with a charge or credit to "Financial assets at fair value through equity" within "Other comprehensive income" in equity.



As of December 31, 2018 and 2017, other current financial assets are detailed as follows:

	12.31.2018						
Detalle	Fair Value through Other Comprehensive Income ThCh\$	At amortized cost ThCh\$	Fair Value through Profit or loss ThCh\$	Total ThCh\$			
Instruments issued by other institutions							
Bonds issued by Chilean companies	-	-	-	-			
Term deposits in Chilean banks	-	-	5,941,413	5,941,413			
Forward rights	-	-	2,314,219	2,314,219			
Investments in debt securities	3,294,595	723,918	91,843,255	95,861,768			
Swap contracts *	-	-	-	-			
Other instruments issued abroad	-	-	-	-			
Instruments issued by the Chilean Government							
Other instruments issued by the Chilean Government	-	-	206,969	206,969			
Total	3,294,595	723,918	100,305,856	104,324,369			

<sup>(\*)</sup> Coverage of risks associated with liabilities from issuing bonds in foreign currencies

	12.31.2017						
Detalle	Fair Value through Other Comprehensive Income ThCh\$	At amortized cost ThCh\$	Fair Value through Profit or loss ThCh\$	Total ThCh\$			
Instruments issued by other institutions							
Bonds issued by Chilean banks	-	238,400	-	238,400			
Term deposits in Chilean banks	-	-	3,194,240	3,194,240			
Forward rights	-	-	-	-			
Investments in debt securities	2,573,040	2,031,539	38,207,544	42,812,123			
Swap contracts *	2,540,777	-	-	2,540,777			
Other instruments issued abroad	-	198,912	-	198,912			
Instruments issued by the Chilean Government							
Other instruments issued by the Chilean Government	-	-	135,840	135,840			
Total	5,113,817	2,468,851	41,537,624	49,120,292			

 $<sup>(\</sup>mbox{\ensuremath{^{\star}}})$  Coverage of risks associated with liabilities from issuing bonds in foreign currencies.

# b) Other financial assets, non-current

This caption includes investments in fixed income instruments, shares of local stock exchanges and derivative instruments, which are recorded at fair value through equity or profit or loss, as appropriate.

This caption comprises the following:

	12.31.2018						
Other financial assets, non-current	Fair value through other comprehensive income	At amortized cost	Fair value through profit or loss	Total			
Investments in debt securities (Ch\$)	867,969	-	-	867,969			
Swap contracts (1)	20,562,721	-	-	20,562,721			
Share in the Santiago Stock Exchange (2)	2,459,182	-	-	2,459,182			
Private fund investment	-	-	1,559,025	1,559,025			
Bolsa de Productos de Chile, Bolsa de Productos Agropecuarios S.A. shares	153,930	-	-	153,930			
Electronic stock exchange share (3)	102,500	-	-	102,500			
Investments in debt securities (US\$)	11,850,002	-	-	11,850,002			
Total	35,996,304	-	1,559,025	37,555,329			

	12.31.2017						
Other financial assets, non-current	Fair value through other comprehensive income ThCh\$	At amortized cost ThCh\$	Fair value through profit or loss ThCh\$	Total ThCh\$			
Swap contracts (1)	4,895,184	-	-	4,895,184			
Share in the Santiago Stock Exchange (2)	2,715,204	-	-	2,715,204			
Private fund investment	-	-	479,505	479,505			
Bolsa de Productos de Chile, Bolsa de Productos Agropecuarios S.A. shares	138,380	-	-	138,380			
Electronic stock exchange share (3)	102,500	-	-	102,500			
Investments in debt securities (US\$)	8,524,557	5,430,368	-	13,954,925			
Total	16,375,825	5,430,368	479,505	22,285,698			

- (1) Coverage of risks associated with liabilities from issuing bonds in foreign currencies.
- (2) One million shares in the Santiago Stock Exchange owned by the subsidiary Tanner Corredores de Bolsa S.A.
- (2) Relates to 100,000 shares in the Chilean Electronic Exchange owned by the subsidiary Tanner Corredores de Bolsa S.A.

# NOTE 9.

## Other non-financial assets, current and non-current

(a) As of December 31, 2018 and 2017, other non-financial assets, current are detailed as follows:

Other non-financial assets, current	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Deferred assets (1)	1,739,737	1,465,742
Other	25,531	81,216
Total	1,765,268	1,546,958

(\*) Corresponds mainly to costs associated with debt issues.

(b) As of December 31, 2018 and 2017, other non-financial assets, non-current are detailed as follows:

Other non-financial assets, non-current	12.31.2018	12.31.2017
	ThCh\$	ThCh\$
Collateral guarantees <sup>1</sup>	-	4,069,645
CCLV guarantees <sup>2</sup>	1,784,798	1,169,798
Derivatives guarantees and international market <sup>3</sup>	781,237	817,777
Other4	255,700	159,955
Total	2,821,735	6,217,175

- <sup>1</sup> Guarantees granted to counterparties for hedging derivative transactions by Tanner Servicios Financieros S.A.
- <sup>2</sup> Guarantees granted to CCLV on behalf of the subsidiary Tanner Corredores de Bolsa Valores S.A.
- <sup>3</sup> Guarantees granted for derivative and international market transactions generated by Tanner Corredores de Bolsa S.A.
- $^{\mbox{\tiny 4}}$  Others, mainly real estate lease guarantees, performance guarantees, etc.

# **NOTE 10.**

## Trade and other receivables

Trade and other receivables arising from factoring, loan operations, automotive loan transactions and lease operations, and are initially recognized at fair value and subsequently at amortized cost, in accordance with the effective interest rate method. They are expressed in Chilean pesos, according to their indexed value at the reporting date, net of accrued interest. They include commissions to dealers, which are part of the effective interest rate on automotive loans, less any provision for impairment losses.

Receivables generated by brokerage transactions are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are created by directly financing a third party.

Impairment losses on trade receivables are provided when there is objective evidence that the Company may not be able to collect all the amounts due in accordance with the original terms.

Indications that the receivable is impaired are evidence that the trade debtor is in significant financial difficulties, the likelihood that the debtor will become bankrupt or will initiate a financial reorganization, and excessive arrears in payments.



Renegotiated trade receivables are recognized in the original receivable accounts and the difference is shown in the application containing such balances. The provision does not trigger any accounting amendments, and the value of provisions are recognized in the normal portfolio provision accounts.

As of December 31, 2018 and 2017, this caption is detailed as follows:

#### a) Trade and other receivables, current and non-current

The consolidated loan portfolio net of provisions at Tanner Servicios Financieros amounted to ThCh\$ 1,182,580,910 as of December 31, 2018, and ThCh\$ 936,815,829 as of December 31, 2017.

Trade and other receivables, current, net	12.31.2018	12.31.2017
Trade and other receivables, current, het	ThCh\$	ThCh\$
Receivables from factoring operations	403,243,7	47 287,618,407
Loan operations	165,026,3	103,665,436
Automotive loan transactions	123,653,0	77 134,815,642
Lease contracts	26,350,7	42 38,121,375
Other receivables	52,701,03	38,762,824
Total	770,974,99	602,983,684

Trade and other receivables, non augrent	12.31.2018	12.31.2017
Trade and other receivables, non-current	ThCh\$	ThCh\$
Receivables from factoring operations	41,694,822	16,081,033
Loan operations	81,042,188	87,049,965
Automotive loan transactions	236,164,298	167,911,942
Lease contracts	52,704,669	62,789,205
Total	411,605,977	333,832,145
Total assets, net	1.182.580.910	936,815,829

			12.31.2018		
Detail	Current portfolio ThCh\$	Non-current portfolio ThCh\$	Total gross portfolio ThCh\$	Provision ThCh\$	Total portfolio, net ThCh\$
Receivables from factoring operations	407,946,347	41,694,822	449,641,169	(4,702,600)	444,938,569
Loan operations	169,256,457	81,042,188	250,298,645	(4,230,124)	246,068,521
Automotive loan transactions	139,158,544	236,164,298	375,322,842	(15,505,467)	359,817,375
Lease contracts	28,668,578	52,704,669	81,373,247	(2,317,836)	79,055,411
Other receivables	52,701,034	-	52,701,034	-	52,701,034
Total trade and other receivables	797,730,960	411,605,977	1,209,336,937	(26,756,027)	1,182,580,910

		12.31.2017								
Detail	Current portfolio ThCh\$	Non-current portfolio ThCh\$	Total gross portfolio ThCh\$	Provision ThCh\$	Total portfolio, net ThCh\$					
Receivables from factoring operations	293,028,302	16,081,033	309,109,335	(5,409,895)	303,699,440					
Loan operations	107,275,653	87,049,965	194,325,618	(3,610,217)	190,715,401					
Automotive loan transactions	146,335,068	167,911,942	314,247,010	(11,519,426)	302,727,584					
Lease contracts	41,897,065	62,789,205	104,686,270	(3,775,690)	100,910,580					
Other receivables	38,762,824	-	38,762,824	-	38,762,824					
Total trade and other receivables	627,298,912	333,832,145	961,131,057	(24,315,228)	936,815,829					

The detail of other receivables as of December 31, 2018 and 2017, is as follows:

Other receivables	12.31.2018	12.31.2017
Other receivables	ThCh\$	ThCh\$
Receivables from simultaneous transactions	28,059,186	15,261,186
Accounts receivables (net) (1)	10,803,145	15,300,411
Brokerage receivables	7,901,254	3,169,266
Receivables from securities owned	2,967,572	566,416
Floor Planning (2)	2,436,516	2,944,454
Prepayments to suppliers (3)	282,245	1,321,269
Cash advances and loans to staff	147,392	94,594
Other receivables	103,724	105,228
Total	52,701,034	38,762,824

<sup>1)</sup> Simultaneous transaction, financial brokerage and debt security receivables are associated with transactions generated by the subsidiary Tanner Corredores de Bolsa S.A., which mature in less than 90 days (average number of days).

Purchase of vehicles under resale agreements.

<sup>3)</sup> These are mainly advances granted under real estate lease transactions to the subsidiary Tanner Leasing S.A., receivables from insurance companies at the subsidiary Tanner Corredora de Seguros Ltda. receivables at the subsidiary Tanner Leasing Vendor Ltda., and receivables at the subsidiary Tanner Corredora de Bolsa S.A., among others.

#### b) Overdue installments

Installments overdue are unpaid capital and interest that are part of the installment. The value overdue for factoring operations is the entire unpaid balance of the debt.

Overdue	Range in days	Factoring operations	Borrowings	Automotive loans	Lease operations	Total
installments	nange in days	12.31.2018	12.31.2018	12.31.2018	12.31.2018	12.31.2018
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Overdue	1-30 days	27,179,206	911,062	2,625,432	463,919	31,179,620
Overdue	31-60 days	2,883,058	176,212	1,436,536	600,106	5,095,913
Overdue	61-90 days	1,652,956	110,156	791,052	97,357	2,651,521
Overdue	91-120 days	624,219	78,652	528,234	90,044	1,321,149
Overdue	121-150 days	593,850	69,368	382,199	79,886	1,125,301
Overdue	151-180 days	481,759	158,195	294,746	71,732	1,006,432
Overdue	181-210 days	604,988	277,172	237,454	69,831	1,189,445
Overdue	211-250 days	603,548	246,206	237,166	72,552	1,159,471
Overdue	>250 days	1,864,654	1,797,956	329,899	222,779	4,215,286
Total		36,488,238	3,824,979	6,862,717	1,768,206	48,944,139

Overdue	Dange in days	Factoring operations	Borrowings	Automotive loans	Lease operations	Total
installments	Range in days	12.31.2017	12.31.2017	12.31.2017	12.31.2017	12.31.2017
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Overdue	1-30 days	27,042,003	1,718,789	2,598,456	718,994	32,078,242
Overdue	31-60 days	1,109,824	539,364	1,241,705	447,196	3,338,089
Overdue	61-90 days	398,197	142,861	723,142	217,919	1,482,119
Overdue	91-120 days	421,923	206,530	570,289	202,447	1,401,189
Overdue	121-150 days	795,617	325,846	424,934	161,189	1,707,586
Overdue	151-180 days	430,580	306,002	324,847	138,440	1,199,869
Overdue	181-210 days	786,037	158,489	287,092	313,299	1,544,917
Overdue	211-250 days	780,840	248,760	298,556	145,117	1,473,273
Overdue	>250 days	5,828,370	1,922,979	586,323	1,571,433	9,909,105
Total		37,593,391	5,569,620	7,055,344	3,916,034	54,134,390

As of December 31, 2018, 74.49% of the expired factoring operations documents were within the range 1 to 30 days overdue and a 71.93% as of December 31, 2017, which is expected for invoice operations.

#### c) Portfolio Composition

As of December 31, 2018 and 2017, the portfolio composition by product was as follows: The values contained in each overdue tranche included in this table, include the interest and principal overdue, plus the unpaid balance of the transaction.

# c.1) Factoring Operations Portfolio

	D	ecember 31, 2018	3		December 31 2017				
Delinquency tranches	No. of customers in non- renegotiated portfolio	Gross amount, non- renegotiated portfolio ThCh\$	No. of customers in renegotiated portfolio	Gross amount, renegotiated portfolio ThCh\$	Delinquency tranches	No. of customers in non- renegotiated portfolio	Gross amount, non- renegotiated portfolio ThCh\$	No. of customers in renegotiated portfolio	Gross amount, renegotiated portfolio ThCh\$
Current	2,990	408,494,384	52	4,658,544	Current	2,968	254,344,387	41	5,171,558
1-30 days	1,017	26,756,512	26	422,694	1-30 days	640	26,901,365	12	140,638
31-60 days	354	2,527,310	31	355,748	31-60 days	189	919,469	14	190,354
61-90 days	157	1,559,386	28	93,571	61-90 days	129	325,120	11	73,077
91-120 days	102	546,526	27	77,694	91-120 days	78	358,780	10	63,143
121-150 days	85	539,613	25	54,237	121-150 days	69	707,058	10	88,559
151-180 days	82	428,724	24	53,035	151-180 days	72	359,665	9	70,914
181-210 days	66	518,471	21	86,517	181-210 days	57	725,656	8	60,381
211-250 days	80	399,252	20	204,297	211-250 days	60	661,039	7	119,802
>250 days	201	1,643,065	28	221,589	>250 days	179	5,631,272	6	197,098
Total	5,134	443,413,243	282	6,227,926	Total	4,441	290,933,811	128	6,175,524
Provisio	ons, write-offs an	d recoverables a	s of December 3	1, 2018	Provisions, write-offs and recoverables as of December 31, 2017				
Provision for non- renegotiated portfolio ThCh\$	Provision for renegotiated portfolio ThCh\$	Total provision ThCh\$	Write-offs for the period ThCh\$	Recoveries in the period ThCh\$	Provision for non- renegotiated portfolio ThCh\$	Provision for renegotiated portfolio ThCh\$	Total provision ThCh\$	Write-offs for the period ThCh\$	Recoveries in the period ThCh\$
3,727,997	974,603	4,702,600	8,877,427	1,025,280	4,619,062	790,833	5,409,895	5,839,891	1,798,205
	Rejected notes and legal collections as of December 31, 2018 Number of Docs.			Portfolio Amount ThCh\$		Rejected notes and legal collections as of December 31, 2017			Monto Cartera M\$
Notes receivable	e disputed		1,114	2,793,054	Notes receivable	e disputed		1,435	4,527,940
Notes receivable	under legal collec	tion (*)	247	8,605,409	Notes receivable	under legal collec	tion (*)	247	7,276,737

 $<sup>(\</sup>mbox{\ensuremath{^{\star}}})$  Only includes the judgments for this portfolio.



# c.2) Loan Portfolio

	D	ecember 31, 201	 8			D	ecember 31 201	7	
Delinquency tranches	No. of customers in non- renegotiated portfolio	Gross amount, non- renegotiated portfolio ThCh\$	No. of customers in renegotiated portfolio	Gross amount, renegotiated portfolio ThCh\$	Delinquency tranches	No. of customers in non- renegotiated portfolio	Gross amount, non- renegotiated portfolio ThCh\$	No. of customers in renegotiated portfolio	Gross amount, renegotiated portfolio ThCh\$
Current	290	234,557,134	33	2,727,425	Current	368	191,517,559	22	2,362,136
1-30 days	116	8,313,471	20	641,369	1-30 days	188	5,660,330	30	1,368,344
31-60 days	10	61,278	7	355,991	31-60 days	33	708,566	1	4,750
61-90 days	3	6,534	1	902	61-90 days	13	83,141	7	83,918
91-120 days	5	28,942	-	-	91-120 days	12	352,723	6	242,494
121-150 days	4	22,089	3	403,395	121-150 days	5	64,406	3	188,200
151-180 days	5	96,840	-	-	151-180 days	9	275,670	6	125,503
181-210 days	1	4,652	5	147,415	181-210 days	6	155,153	1	29,596
211-250 days	4	136,549	6	152,521	211-250 days	11	268,364	5	27,593
>250 days	51	1,352,843	29	1,289,295	>250 days	129	2,553,392	10	253,779
Total	489	244,580,332	104	5,718,313	Total	774	201,639,304	91	4,686,313
Provisio	ons, write-offs an	d recoverables a	s of December 3	1 2018	Provisio	ons write-offs an	d recoverables a	s of December 3	1 2017
Provision for non- renegotiated portfolio ThCh\$	Provision for renegotiated portfolio	Total provision ThCh\$	Write-offs for the period ThCh\$	Recoveries in the period ThCh\$	Provision for non- renegotiated portfolio ThCh\$	Provision for renegotiated portfolio ThCh\$	Total provision ThCh\$	Write-offs for the period ThCh\$	Recoveries in the period ThCh\$
2,242,349	1,987,775	4,230,124	3,532,151	-	2,911,995	698,222	3,610,217	1,692,146	-
	es and legal colle ecember 31, 2018		Number of customers	Portfolio Amount ThCh\$		Rejected notes and legal collections as of December 31, 2017			Portfolio Amount ThCh\$
Notes receivable	disputed		-	-	Notes receivable	e disputed		-	-
Notes receivable	under legal collec	tion (*)	121	4,766,245	Notes receivable	under legal collec	tion (*)	115	2,536,161

 $<sup>(\</sup>mbox{\ensuremath{^{\star}}})$  Only includes the judgments for this portfolio.

# c.3) Automotive Loan Portfolio

	D	ecember 31, 201	8			D	ecember 31, 201	7	
Deliquency tranches	No. of customers in non- renegotiated portfolio	Gross amount, non- renegotiated portfolio ThCh\$	No. of customers in renegotiated portfolio	Gross amount, renegotiated portfolio ThCh\$	Deliquency tranches	No. of customers in non- renegotiated portfolio	Gross amount, non- renegotiated portfolio ThCh\$	No. of customers in renegotiated portfolio	Gross amount, renegotiated portfolio ThCh\$
Current	50,745	294,796,589	903	3,653,207	Current	41,559	240,261,708	754	3,133,248
1-30 days	7,122	34,596,053	547	2,269,283	1-30 days	6,793	33,092,081	327	1,549,832
31-60 days	2,999	14,394,071	427	1,852,690	31-60 days	2,711	12,264,333	221	1,042,533
61-90 days	1,432	6,369,412	192	895,842	61-90 days	1,247	5,297,168	94	471,355
91-120 days	751	3,353,408	101	533,915	91-120 days	768	3,239,703	76	282,077
121-150 days	509	2,094,619	66	263,244	121-150 days	577	2,568,539	41	232,522
151-180 days	336	1,524,242	50	243,495	151-180 days	365	1,515,566	34	140,843
181-210 days	310	1,429,318	57	246,378	181-210 days	364	1,726,092	38	126,236
211-250 days	328	1,468,800	48	381,292	211-250 days	334	1,437,493	34	163,946
>250 days	870	4,440,400	101	516,584	>250 days	1,267	5,435,578	102	266,157
Total	65,402	364,466,912	2,492	10,855,930	Total	55,985	306,838,262	1,721	7,408,749
Provisio	l ons, write-offs an	d recoverables a	s of December 3	1, 2018	Provisio	ons, write-offs an	l d recoverables a	s of December 3	1, 2017
Provision for non- renegotiated portfolio ThCh\$	Provision for renegotiated portfolio ThCh\$	Total provision ThCh\$	Write-offs for the period ThCh\$	Recoveries in the period ThCh\$	Provision for non- renegotiated portfolio ThCh\$	Provision for renegotiated portfolio ThCh\$	Total provision ThCh\$	Write-offs for the period ThCh\$	Recoveries in the period ThCh\$
13,227,522	2,277,945	15,505,467	17,009,333	3,663,222	10,638,112	881,314	11,519,426	12,467,669	3,286,666
	es and legal colle ecember 31, 201		Number of customers	Portfolio Amount ThCh\$		Rejected notes and legal collections as of December 31, 2017			Portfolio Amount ThCh\$
Notes receivable	e disputed		391	869,835	Notes receivable	disputed		120	190,372
Notes receivabble	e under legal colle	ction (*)	4,289	22,874,898	Notes receivabble	e under legal colle	ction (*)	3,511	17,082,404

 $<sup>(\</sup>mbox{\ensuremath{^{\star}}})$  Only includes the judgments for this portfolio.

# c.4) Lease Operations Portfolio

	D	ecember 31, 201	8			D	ecember 31, 201	7	
Delinquency tranches	No. of customers in non- renegotiated portfolio	Gross amount, non- renegotiated portfolio ThCh\$	No. of customers in renegotiated portfolio	Gross amount, renegotiated portfolio ThCh\$	Delinquency tranches	No. of customers in non- renegotiated portfolio	Gross amount, non- renegotiated portfolio ThCh\$	No. of customers in renegotiated portfolio	Gross amount, renegotiated portfolio ThCh\$
Current	298	62,234,484	15	4,126,227	Current	468	75,153,740	13	314,814
1-30 days	120	7,208,212	14	2,201,704	1-30 days	170	13,379,704	14	1,836,385
31-60 days	32	1,844,390	7	619,765	31-60 days	58	4,312,879	7	514,446
61-90 days	16	307,109	3	157,978	61-90 days	13	359,346	3	411,122
91-120 days	7	116,980	1	27,700	91-120 days	15	878,341	2	254,438
121-150 days	4	50,820	4	317,175	121-150 days	8	368,016	-	-
151-180 days	9	308,664	1	101,916	151-180 days	14	323,569	1	25,191
181-210 days	6	210,995	1	2,016	181-210 days	14	1,154,124	1	19,646
211-250 days	8	154,623	-	-	211-250 days	9	398,335	1	48,324
>250 days	39	1,183,495	3	198,994	>250 days	78	4,332,667	9	590,440
Total	539	73,619,772	49	7,753,475	Total	847	100,660,721	51	4,014,806
Provisio	ons, write-offs an	d recoverables a	s of December 3	1, 2018	Provisio	ons, write-offs an	d recoverables a	s of December 3	1, 2017
Provision for non- renegotiated portfolio ThCh\$	Provision for renegotiated portfolio ThCh\$	Total provision ThCh\$	Write-offs for the period ThCh\$	Recoveries in the period	Provision for non- renegotiated portfolio ThCh\$	Provision for renegotiated portfolio	Total provision ThCh\$	Write-offs for the period ThCh\$	Recoveries in the period
1,692,166	625,670	2,317,836	3,966,053	601,045	3,120,212	655,478	3,775,690	3,098,524	366,247
Rejected note	Rejected notes and legal collections as of December 31, 2018		Number of customers	Portfolio Amount ThCh\$		Rejected notes and legal collections as of December 31, 2017			Portfolio Amount ThCh\$
Notes receivable	e disputed		-	-	Notes receivable	e disputed		-	-
Notes receivabble	e under legal colle	ction (*)	134	3,926,464	Notes receivabble	e under legal colle	ction (*)	136	12,100,008

 $<sup>(\</sup>mbox{\ensuremath{^{*}}})$  Only includes the judgments for this portfolio.

# c.5) Total Portfolio

	D	ecember 31, 201	3			D	ecember 31, 201	7	
Delinquency tranches	No. of customers in non- renegotiated portfolio	Gross amount, non- renegotiated portfolio ThCh\$	No. of customers in renegotiated portfolio	Gross amount, renegotiated portfolio ThCh\$	Delinquency tranches	No. of customers in non- renegotiated portfolio	Gross amount, non- renegotiated portfolio ThCh\$	No. of customers in renegotiated portfolio	Gross amount, renegotiated portfolio ThCh\$
Current	54,323	1,000,082,591	1,003	15,165,403	Current	45,363	761,277,394	830	10,981,756
1-30 days	8,375	76,874,248	607	5,535,050	1-30 days	7,791	79,033,480	383	4,895,199
31-60 days	3,395	18,827,049	472	3,184,194	31-60 days	2,991	18,205,247	243	1,752,083
61-90 days	1,608	8,242,441	224	1,148,293	61-90 days	1,402	6,064,775	115	1,039,472
91-120 days	865	4,045,856	129	639,309	91-120 days	873	4,829,547	94	842,152
121-150 days	602	2,707,141	98	1,038,051	121-150 days	659	3,708,019	54	509,281
151-180 days	432	2,358,470	75	398,446	151-180 days	460	2,474,470	50	362,451
181-210 days	383	2,163,436	84	482,326	181-210 days	441	3,761,025	48	235,859
211-250 days	420	2,159,224	74	738,110	211-250 days	414	2,765,231	47	359,665
>250 days	1,161	8,619,803	161	2,226,462	>250 days	1,653	17,952,909	127	1,307,474
Total	71,564	1,126,080,259	2,927	30,555,644	Total	62,047	900,072,097	1,991	22,285,392
	ns, write-offs an	d recoverables a	s of December 3	1, 2018	Provisio	ons, write-offs an	d recoverables a	s of December 3	1, 2017
Provision for non- renegotiated portfolio ThCh\$	Provision for renegotiated portfolio ThCh\$	Total provision	"Write-offs for the period	Recoveries in the period	Provision for non- renegotiated portfolio ThCh\$	Provision for renegotiated portfolio ThCh\$	Total provision	Write-offs for the period	Recoveries in the period
20,890,034	5,865,993	26,756,027	33,384,964	5,289,547	21,289,381	3,025,847	24,315,228	23,098,230	5,451,118
	es and legal colle ecember 31, 201		Number of customers	Portfolio Amount		Rejected notes and legal collections as of December 31, 2017			Portfolio Amount
Notes receivable	disputed		1,505	3,662,889	Notes receivable	e disputed		1,555	4,718,312
Notes receivabble	e under legal colle	ection (*)	4,791	40,173,016	Notes receivabble	e under legal colle	ction (*)	4,009	38,995,310

 $<sup>(\</sup>mbox{\ensuremath{^{*}}})$  Only includes the judgments for this portfolio.



#### d) Allowance for doubtful accounts

The provisions as of December 31, 2018 and 2017 are detailed as follows:

	12.31.2018								
Detail	Factoring operations ThCh\$	Loan ThCh\$	Automotive loan¹ ThCh\$	Leases ThCh\$	Total ThCh\$				
Opening Balance	5,409,895	3,610,217	11,519,426	3,775,690	24,315,228				
IFRS 9 Adjustment <sup>2</sup>	2,102,233	533,114	3,881,119	1,718,833	8,235,299				
Write-offs	(8,877,427)	(3,532,151)	(17,009,333)	(3,966,053)	(33,384,964)				
Release	(179,919)	(5,579)	-	(1,682,363)	(1,867,861)				
Incorporation	6,247,818	3,624,523	17,114,255	2,471,729	29,458,325				
Closing balance	4,702,600	4,230,124	15,505,467	2,317,836	26,756,027				

	12.31.2017								
Detail	Factoring operations ThCh\$	Loan ThCh\$	Automotive loan¹ ThCh\$	Leases ThCh\$	Total ThCh\$				
Opening Balance	7,067,824	2,286,550	9,815,176	4,197,331	23,366,881				
IFRS 9 Adjustment	-	-	-	-	-				
Write-offs	(5,839,891)	(1,692,146)	(12,467,669)	(3,098,524)	(23,098,230)				
Release	(1,239,958)	(164,118)	-	(216,826)	(1,620,902)				
Incorporation	5,421,920	3,179,931	14,171,919	2,893,709	25,667,479				
Closing balance	5,409,895	3,610,217	11,519,426	3,775,690	24,315,228				

<sup>1</sup>The automotive portfolio shows the net amount including the provision released and added.

To explain the changes in the allowance for losses and the reasons for such changes, the detail of the reconciliation between the opening balance and the closing balance of the allowance for losses by each segment is presented below, for each segment, detailed by stage.

- Stage 1: Reflects allowance for losses measured at an amount equal to expected credit losses for 12 months.
- Stage 2: Reflects allowance for losses measured at an amount equal to expected losses during the lifetime of the asset.
- Stage 3: Reflects if the loan's credit risk has increased up to the level in which it is considered as impaired.

#### d.1) Factoring

	12.31.2018						
Detail	Total Factoring ThCh\$	Stage 1 ThCh\$	Stage 2 ThCh\$	Stage 3 ThCh\$			
Opening balance	5,409,895						
Movement							
IFRS 9 Adjustment	2,102,233	834,221	(252,097)	1,520,109			
Write-off (*)	(8,877,427)	-	-	(8,877,427)			
Release	(179,919)	(179,919)	-	-			
Incorporation	6,247,818	(205,879)	245,575	6,208,122			
Closing balance	4,702,600	448,423	(6,522)	(1,149,195)			

# d.2) Corporate Lending

		12.31.2018						
Detail	Total credit ThCh\$	Stage 1 ThCh\$	Stage 2 ThCh\$	Stage 3 ThCh\$				
Opening balance	3,610,217							
Movement			·					
IFRS 9 Adjustment	533,114	378,557	217,985	(63,428)				
Write-off	(3,532,151)	-	-	(3,532,151)				
Release	(5,579)	-	-	(5,579)				
Incorporation	3,624,613	(664,861)	848,312	3,441,161				
Closing balance	4,230,214	(286,304)	1,066,297	(159,997)				

<sup>2</sup>See the effects associated with the adoption of IFRS 9 are indicated in Note 3 Changes in accounting policies.

#### d.3) Automotive Ioan

	12.31.2018						
Detail	Total Automotive loan ThCh\$	Stage 1 ThCh\$	Stage 2 ThCh\$	Stage 3 ThCh\$			
Opening balance	11,519,426						
Movement							
IFRS 9 Adjustment	3,881,119	(1,832,909)	1,372,950	4,341,078			
Write-off (*)	(17,009,333)	-	-	(17,009,333)			
Release	-	-	-	-			
Incorporation	17,114,255	(5,721,689)	5,025,095	17,810,848			
Closing balance	15,505,467	(7,554,597)	6,398,045	5,142,594			

#### d.4) Lease operations

		12.31.2018						
Detail	Total Lease operations ThCh\$	Stage 1 ThCh\$	Stage 2 ThCh\$	Stage 3 ThCh\$				
Opening balance	3,775,690							
Movement								
IFRS 9 Adjustment	1,718,833	947,813	219,800	551,220				
Write-off (*)	(3,966,053)			(3,966,053)				
Release	(1,682,363)	(860,358)	(315,358)	(631,445)				
Incorporation	2,471,729	(534,684)	980,365	1,520,131				
Closing balance	2,317,836	(447,229)	1,515,523	(2,526,148)				

As of December 31, 2018, the Company records no significant changes in the gross carrying amount of financial instruments that have contributed to changes in the allowance for losses. The nature of the business and the low concentration in terms of debtors in each segment determine that there are no loans recording high amounts which significantly contribute to the allowance because it has been defined individually.

#### Allowance for doubtful accounts policy

In accordance with the new standard, Tanner Servicios Financieros has implemented new impairment models under IFRS 9 which include a number of concepts and requirements to comply with this new standard. Among the main changes, IFRS 9 uses the expected loss approach for calculating estimates, whereas IAS 39 used the incurred loss approach. Such models are adjusted to the historical behavior of our customers and include a ("forward-looking") approach.

The standard requirements included in the new impairment model are as follows:

- a) Risk profile for each product
- b) Probability of default of 12 months and including the life of the asset
- c) Loss given default during the life of the asset
- d) Total prepayment rates
- e) Exposure to credit risk at default
- f) Adjustment of probability of default at economic cycle ("forward looking")

Profiles were customized using the CHAID ("Chi-squared Automatic Interaction Detection") technique, except for automotive loans, where a logistic regression analysis was applied. In both cases, 90 days overdue were determined as a default point.

The construction of structural probability of default curves for 12 months and including the life of the asset was performed using empirical curves. In cases where the curve required to be extrapolated to the maximum term of operations, the "hazard rate" of the last observable period was applied, except for automotive loans where a Cox regression was used.

The loss given default component was calculated using empirical rates of future recoverability, assuming consistency in the cash flows and discounting using the effective rate of each transaction. For better accuracy, this was segmented by portfolio and customer default.



For modeling the "forward looking" approach, models were developed in which the response variable is the industry probability of default ratio and where regressors are macroeconomic variables. For car products, the regressors included the observed U.S. dollar and Imacec ratio. Factoring products included copper price and Monetary Policy Rate (MPR). Finally, for lease and loan products, their regressors included copper price, unemployment rate and Consumer Price Index (CPI).

Finally, these components allow estimating the expected loss to eventually cover the residual term of each operation, with a maximum forecast depending on its rating.

#### Impairment concept

A significant increase of the risk will imply reclassifying the probability of default of 12 months to the whole life of the asset when an operation exceeds 30 days past due.

The detail of profiles associated with each product is as follows:

#### **Factoring operations portfolio and returned checks:**

The calculation of estimates for factoring operations and rejected checks includes the segmentation per subproduct and risk profile:

The calculation of estimates for factoring operations and rejected checks includes the segmentation per subproduct and risk profile:

Digital Invoice Subproduct (FX): Four risk profiles that include internal behavioral and variables captured at admission.

Significant inputs include:

- Current overdue days.
- Maximum overdue days during the last three months
- Number of debtors associated with the customer.
- Check Subproduct (CH): Five risk profiles that include internal behavioral variables.

Significant input includes:

- Number of debtors associated with the customer.
- Rejected Checks Subproduct (CHP), under Renegotiated terms (RD) and Other (OT): Five risk profiles that include internal behavioral variables. Significant input includes:
- Current past due days.

#### ii) Loan portfolio:

The calculation of estimates for loans granted includes eight risk profiles with internal behavioral variables. Significant inputs include:

- Current overdue days.
- Residual term.

#### iii) Leases portfolio:

The calculation of provisions for leases includes a segmentation per subproduct and risk profiles:

- Subproduct (Real estate leases): Five risk profiles that include internal behavioral variables. Significant input includes:
- Current overdue days.
- Subproduct (Lease of TLV): Five risk profiles that include internal behavioral variables. Significant input includes:
- Current overdue days.
- Subproduct (Machinery and equipment leases): Five risk profiles that include internal behavioral variables. Significant inputs include:
- Current overdue days.
- Maximum overdue days during the last three months.

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#### iv) Automotive loans portfolio:

The calculation of estimates for automotive loans includes the segmentation per subproduct and risk profile:

- · Subproduct (Amicar): Seven risk profiles that include internal behavioral variables. Significant inputs include:
- Current overdue days.
- Maximum overdue days during the last three months.
- Current outstanding balance / Maximum outstanding for the last three months
- Subproduct (Automotive and Direct): Six risk profiles that include internal behavioral and demographic variables. Significant
  inputs include:
- Current overdue days.
- Maximum overdue days during the last three months.
- Gender.
- Marital status.
- Subproduct (Renegotiated): Five risk profiles that include internal behavioral and demographic variables. Significant inputs include:
- Current overdue days.
- Maximum overdue days during the last three months.
- LTV (Loan to Value).
- Current outstanding balance / Maximum outstanding balance for the last three months
- Marital status.

#### **Carryforward Concept:**

There is a carryforward logic at customer level. An operation will be carried forward to its worst probability of default if any of the customer operation exceeds 90 days overdue and whether the amount owed of the transaction overdue exceeds 20% of total balance for factoring, lease and loan operations.

For automotive loans, an operation will be carried forward to its worst probability of default if any operation exceeds 90 days overdue and whether the amount owed of the transaction exceeds 5% of total balance.

#### Macroeconomic Insight ("forward looking") and population changes

The risk department will assess, at each beginning of the year, the possible macroeconomic and population changes associated with modifications to the risk policy, creation of new products and market indicators and recommend possible curve adjustments of the probability of default that will eventually affect the provision factors.

The new provision models implemented by the Company were performed by advisors with international prestige. In addition, these were subject to the methodological review of a second independent advisor with the same prestige.

#### Write-off policy for each business segment

Tanner Servicios Financieros S.A. has a financial write off policy which considers a maximum period of 366 days overdue for the factoring, and lease segments (as of December 21, 2017 factoring operations had 541 days and 421 days were recorded for automotive loans). In addition, for credit and lease segments is of 541 days except for real estate lease that is from 901 days (In 2017, such sub-segment included no amounts written off)



# e) Lease transactions, current and non-current

Lease receivables by currency and maturity were as follows:

Detail	Currency		12.31. ThC	h\$		
Johan Johan January (1984)	- Jameney	0 - 1 years	1 - 5 Years	Over 5 Years	Total	
Minimum lease receivables, gross	UF	26,732,662	42,683,808	16,400,583	85,817,053	
Minimum lease receivables, gross	Ch\$	3,716,550	2,628,692	1,923,872	8,269,114	
Minimum lease receivables, gross	US\$	4,228,970	2,440,024	-	6,668,994	
Minimum lease receivables, gross		34,678,182	47,752,524	18,324,455	100,755,161	
Minimum lease receivables, interest	UF	(5,140,933)	(7,836,981)	(3,886,174)	(16,864,088)	
Minimum lease receivables, interest	Ch\$	(553,024)	(701,307)	(843,121)	(2,097,452)	
Minimum lease receivables, interest	US\$	(315,647)	(104,727)	-	(420,374)	
Minimum lease receivables, present value		(6,009,604)	(8,643,015)	(4,729,295)	(19,381,914)	
Allowance for impairment losses					(2,317,836)	
Minimum lease receivables, present value, net					79,055,411	
		12.31.2017 ThCh\$				
Detail	Currency	0 - 1	1 - 5	Over 5	Total	
		years	Years	Years	Total	
Minimum lease receivables, gross	UF	38,864,094	54,280,753	15,056,384	108,201,231	
Minimum lease receivables, gross	Ch\$	7,521,276	6,437,144	1,421,657	15,380,077	
Minimum lease receivables, gross	US\$	3,856,325	1,015,545	-	4,871,870	
Minimum lease receivables, gross		50,241,695	61,733,442	16,478,041	128,453,178	
Minimum lease receivables, interest	UF	(7,043,527)	(9,638,005)	(3,593,939)	(20,275,471)	
Minimum lease receivables, interest	Ch\$	(1,086,933)	(1,143,544)	(966,174)	(3,196,651)	
Minimum lease receivables, interest	US\$	(214,170)	(80,616)	-	(294,786)	
Minimum lease receivables, present value		(8,344,630)	(10,862,165)	(4,560,113)	(23,766,908)	
Allowance for impairment losses					(3,775,690)	
Minimum lease receivables, present value, net					100,910,580	

# **NOTE 11.**

# Assets and liabilities by currency

The balances by currency as of December 31, 2018 and 2017, were as follows:

# 2018

Olessified Otataments of Figure in			Deceml	per 31, 2018		
Classified Statements of Financial	Ch\$	US\$	EUR	CHF	UF	Total
Position (Consolidated)	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Current assets					·	
Cash and cash equivalents	18,703,995	6,533,128	236,724	-	-	25,473,847
Other current financial assets	88,382,252	3,340,180		-	12,601,937	104,324,369
Other non-financial assets, current	1,765,268	- 1	-	-	-	1,765,268
Trade and other receivables, current	536,124,840	154,625,115	-	-	80,224,978	770,974,933
Receivables due from related parties, current	458,145	-	-	-	-	458,145
Current tax assets	12,850,768	_	-	_	_	12,850,768
Non- current assets or asset groups for	, ,					, ,
disposal classified as held-for-sale	7,968,487	-	-	-	-	7,968,487
Total current assets	666,253,755	164,498,423	236.724	_	92,826,915	923,815,817
Non-current assets	, , , , , , , , , , , , , , , , , , , ,	, , , , , , , , , , , , , , , , , , , ,	,		. ,,	, , .
Other non-current financial assets	24,146,301	13,409,028	-	-	-	37,555,329
Other non-financial non-current assets	1,999,241	822,494	-	_	_	2,821,735
Trade and other receivables, non-current	282,755,342	8,395,696	-	-	120,454,939	411,605,977
Receivables due from related parties, non-current	681,411	-	-	-	-	681,411
Equity-accounted investees		_		_	_	
Intangible assets other than goodwill	5,519,692			<u> </u>		5,519,692
Goodwill	1,763,525	-		-		1,763,525
			<u> </u>	<u> </u>		
Property, plant and equipment	3,188,759					3,188,759
Investment property Deferred tax assets	9,315,991	-	-	-	-	9,315,991
	31,277,972	22 627 240	-	_		31,277,972
Total non-current assets Total assets	360,648,234 1,026,901,989	22,627,218 187,125,641	236,724	-	120,454,939	503,730,391 1,427,546,208
Current liabilities	1,020,901,969	107,125,041	230,724	_	213,201,034	1,427,340,200
Other current financial liabilities	242,162,255	192,220,557	_	105,881,821	57,331,234	597,595,867
Trade and other payables, current	79,537,967	11,370,075		103,001,021	37,331,234	90,908,042
Payables due to related parties, current	79,557,507	11,370,073		-	_	30,300,042
Other short-term provisions	305,960					305,960
Current tax liabilities	3,957,497	-			-	3,957,497
Current provisions for employee benefits	2,305,663	<u>-</u>			-	2,305,663
Other current non-financial liabilities	2,303,003	_		_		2,303,003
Total current liabilities	328 260 3/12	203,590,632	-	105,881,821	57,331,234	695,073,029
Non-current liabilities	320,209,342	203,390,032		105,661,621	37,331,234	095,075,029
Other non-current financial liabilities	18,113,742	67,670,132		70,218,491	293,211,035	449,213,400
Non-current trade payables	10,110,742	07,070,132		70,210,491	290,211,000	443,213,400
Deferred tax liabilities	_	_		_	_	_
Non-current provisions for employee	_			_		
benefits	113,440	-	-	-	-	113,440
Total non-current liabilities	18,227,182	67,670,132	-	70,218,491	293,211,035	449,326,840
Total liabilities	346,496,524	271,260,764		176,100,312	350,542,269	1,144,399,869
Total equity	283,146,339					283,146,339
Currency exchange differences	397,259,126	(84,135,123)	236,724	(176,100,312)	(137,260,415)	-
Hedges*	(448,357,238)	80,228,031	-	176,100,312	192,028,895	-
Net exposure	(51,098,112)	(3,907,092)	236,724	-	54,768,480	-

<sup>(\*)</sup> Hedging instruments to comply with risk management policies established by the Company, which are monitored by the Assets and Liabilities Committee (ALCO).



# 2017

Classified Statements of Financial				ber 31, 2017		
Position (Consolidated)	Ch\$	US\$	EUR	CHF	UF	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Current assets				,		
Cash and cash equivalents	25,528,534	59,048,348	58,879	-	-	84,635,761
Other current financial assets	46,692,322	2,427,970	-	-	-	49,120,292
Other non-financial assets, current	1,480,183	66,775	-	-	-	1,546,958
Trade and other receivables, current	476,328,498	81,895,002	-	-	44,760,184	602,983,684
Receivables due from related parties, current	452,439	-	-	-	-	452,439
Current tax assets	8,258,990	_		_	_	8,258,990
Non- current assets or asset groups for	, ,					
disposal classified as held-for-sale	6,215,614	-	=	-	-	6,215,614
Total current assets	564 956 580	143,438,095	58,879	_	44,760,184	753,213,738
Non-current assets	304,330,300	140,400,000	30,073	_	44,700,104	730,210,700
Other non-current financial assets	7,851,268	14,434,430		_	-	22,285,698
Other non-financial non-current assets	1,400,503	4,816,672		_	_	6,217,175
Trade and other receivables, non-current	195,745,841	924,756		_	137,161,548	333,832,145
Receivables due from related parties,	133,743,041	324,730			107,101,040	000,002,140
non-current	611,037	-	-	-	-	611,037
Equity-accounted investees	_	_		_	_	
Intangible assets other than goodwill	3,508,785	_		_	_	3,508,785
Goodwill	1,763,525	_		_	-	1,763,525
Property, plant and equipment	3,340,935	_		_	-	3,340,935
Investment property	3,145,567	_		_	-	3,145,567
Deferred tax assets	29,891,644	_		_	-	29,891,644
Total non-current assets	247,259,105	20,175,858	_	_	137,161,548	404,596,511
Total assets	812,215,685	163,613,953	58,879	-	181,921,732	1,157,810,249
Current liabilities	012,213,003	100,010,000	30,073	- 1	101,321,732	1,137,010,240
Other current financial liabilities	153,236,391	179,307,058		1,422,728	30,909,165	364,875,342
Trade and other payables	65,042,284	4,829,369		1,422,720	50,909,105	69,871,653
Payables due to related parties, current	03,042,204	4,029,009		_	_	09,071,030
Other short-term provisions	489,975			_	-	489,975
Current tax liabilities	802,146	_			-	802,146
Current provisions for employee benefits	1,167,824				<u>-</u>	1,167,824
Other current non-financial liabilities	8,977	-			<u>-</u>	8,977
Total current liabilities	220,747,597	184,136,427	-	1,422,728	30,909,165	437,215,917
Non-current liabilities	220,141,331	104,150,421		1,422,720	30,909,103	401,213,911
Other non-current financial liabilities	8,026,280	74,531,306	_	155,974,069	212,582,155	451,113,810
Non-current trade payables	0,020,200	74,331,300	<u> </u>	133,374,003	212,302,133	431,113,010
Deferred tax liabilities		_		_		
Non-current provisions for employee	-	-		-	-	
benefits	-	-	-	-	-	
Total non-current liabilities	8,026,280	74,531,306	_	155,974,069	212,582,155	451,113,810
Total liabilities	228,773,877				243,491,320	888,329,727
Total equity	269,480,522					269,480,522
Currency exchange differences		(95,053,780)	58 870	(157,396,797)	(61,569,588)	200, 100,022
Hedges*	(377,243,100)	92,707,438	30,079		127,157,083	
				, ,		
Net exposure	(63,281,814)	(2,346,342)	58,879		65,587,495	

<sup>(\*)</sup> Hedging instruments to comply with risk management policies established by the Company, which are monitored by the Assets and Liabilities Committee (ALCO).

# **NOTE 12.**

#### Related party receivables and payables

Short-term and long-term receivables from related companies were as follows:

- In October 2018, loans were made to minority shareholders of the subsidiary Tanner Corredores de Bolsa S.A., which are paid in annual partial payments with maturities from November 2019 to 2023, without adjustment and annual interest rate of 12%.
- In November 2017, loans were made to minority shareholders of the subsidiary Tanner Corredores de Bolsa S.A., which are paid in annual partial payments with maturities from November 2018 to 2022, without adjustment and with an annual interest rate of 12%.
- In March 2017, the Company granted loans to minority shareholders of the subsidiary Tanner Corredores de Bolsa S.A. They will be repaid in annual installments from March 2018 through March 2022, without any inflation adjustments and with an interest rate of 9.6% on an annual basis.
- The amounts presented in the table of transactions with related companies and individuals are Board fees, Credit Committee fees and advisory services, which are amounts paid monthly without interest.
- The outstanding balances at the end of each reporting date are transactions related to the Company's line of business that are paid in the short-term and do not include interest, such as commercial current account transfers, which are paid during the same month.
- There were no allowance for doubtful accounts associated with these outstanding balances at the reporting dates.
- · All the outstanding balances at the close of each period were not overdue.

As of December 31, 2018 and 2017, there were no payables to related entities.

Significant balances and transactions with related parties were as follows:

#### a) Due from related companies

Tax ID					Cur	rent	Non-current	
Number	Company Country Relationship		Relationship	Currency	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Ivallibel					ThCh\$	ThCh\$	ThCh\$	ThCh\$
76.066.686-6	Inversiones Anita e Hijos Ltda.	Chile	Parent shareholder	Ch\$	-	27,779	-	-
96.501.470-5	E. Bertelsen Asesorias S.A.	Chile	Parent shareholder	Ch\$	14,775	16,065	-	-
76.010.029-3	Inversora Quillota Dos S.A.	Chile	Parent shareholder	Ch\$	251,724	273,706	-	-
9.389.707-2	Luis Patricio Flores Cuevas	Chile	Subsidiary shareholder	Ch\$	144,159	101,195	489,957	437,601
15.639.639-7	Sebastián Matías Zarzar Ives	Chile	Subsidiary shareholder	Ch\$	47,487	33,694	191,454	173,436
	Total				458,145	452,439	681,411	611,037

These loans were granted to executives and shareholders of the Company, and their shares were provided as guarantees.

#### b) Transactions with related companies and individuals

Tax ID Number	Company	Country	Relationship	Currency	Transaction description	12.31.2018	12.31.2017
4.465.911-5	Eduardo Massu Massu	Chile	Director	UF	Director payment	65,237	61,158
4.778.406-9	Fernando Tafra Sturiza	Chile	Director	UF	Director payment	-	14,516
6.420.113-1	Ricardo Massu Massu	Chile	Director	UF	Director payment	81,900	78,426
6.735.614-4	Jorge Sabag Sabag	Chile	Director	UF	Director payment	100,646	94,378
6.066.143-K	Jorge Bunster Betteley	Chile	Director	UF	Director payment	35,307	38,536
7.011.397-K	Pablo Miguel Eguiguren Bravo	Chile	Director	UF	Director payment	48,969	47,822
6.941.260-2	Oscar Alberto Cerda Urrutia	Chile	Director	UF	Director payment	84,421	74,409
9.389.707-2	Luis Patricio Flores Cuevas	Chile	Subsidiary shareholder	Ch\$	Loans	196,515	538,797
15.639.639-7	Sebastián Matías Zarzar Ives	Chile	Subsidiary shareholder	Ch\$	Loans	65,505	207,130

 ${\bf Note: Includes\ ownership\ interest\ in\ Audit\ Committees\ and/or\ other\ Committees}$ 



#### c) The Company's Board and Management

As of December 31, 2018, the Board of Directors was as follows:

- 1. Jorge Bunster Betteley
- 2. Oscar Cerda Urrutia
- 3. Martín Díaz Plata
- 4. Pablo Eguiguren Bravo
- 5. Eduardo Massu Massu
- 6. Ricardo Massu Massu
- 7. Jorge Sabag Sabag

The organizational structure comprises the positions of Chief Executive Officer, Controller, Legal Officer, Corporate Division Manager, Automotive Loan Division Manager, Finance Manager, Treasury Manager, Technology Manager, Risk and Standardization Manager, and the Human Resources Manager.

#### **Board Remuneration**

At an Extraordinary Shareholders' Meeting held on April 2, 2013, it was agreed that the directors of the parent company will be paid for their functions and that their remuneration shall be agreed annually at the Ordinary Shareholders' Meeting (see Note 32).

#### **Controlling Entity**

The controller of Tanner Servicios Financieros S.A. is Inversiones Bancarias S.A. with 59.72% of the Company. This company does not submit financial statements to Financial Market Commission (CMF) as it is not registered in the Superintendence's Securities Register.

#### **Remuneration of Senior Executives**

As of December 31, 2018 and 2017, the Company paid its Senior Executives as follows:

Detalle	12.31.2018	12.31.2017
	ThCh\$	ThCh\$
Management Remuneration (*)	5,925,386	5,032,505
Total	5,925,386	5,032,505

<sup>(\*)</sup> Includes the compensation for managers and deputy managers.

# **NOTE 13.**

Non-current assets or groups of assets classified as held for sale.

a) As of December 31, 2018 and 2017 this caption is composed of the following:

Inventory	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Goods received in lieu of payment	7,968,487	6,215,614
Total	7,968,487	6,215,614

b) As of December 31, 2018 and 2017 this caption comprises the following:

Inventory	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Vehicles	5,557,955	2,747,985
Heavy vehicles	1,805,828	1,051,528
Machinery and equipment	604,704	808,899
Properties	-	1,607,202
Total	7,968,487	6,215,614

c) As of December 31, 2018 and 2017 this caption comprises the following:

# 2018

Detail	Vehicles ThCh\$	Vehicles ThCh\$	Machinery and Equipment ThCh\$	Properties ThCh\$	Total ThCh\$
Balance as of 01-01-2018	2,689,780	1,109,733	808,899	1,607,201	6,215,613
Additions	6,467,287	3,964,380	1,585,843	-	12,017,510
Reclassifications	(20,246)	-	140,000	(1,607,201)	(1,487,447)
Disposals	(3,659,040)	(1,781,848)	(1,032,578)	-	(6,473,466)
Revaluation	-	(1,406,263)	(897,460)	-	(2,303,723)
Total as of 12-31-2018	5,477,781	1,886,002	604,704	-	7,968,487

Detail	Vehicles ThCh\$	Vehicles ThCh\$	Machinery and Equipment ThCh\$	Properties ThCh\$	Total ThCh\$
Balance as of 01-01-2017	1,078,967	561,017	343,207	276,887	2,260,078
Additions	6,360,697	1,654,459	507,175	4,080,641	12,602,972
Reclassifications	-	-	-	-	-
Disposals	(4,749,884)	(1,105,743)	(41,482)	(2,750,327)	(8,647,436)
Revaluation	-	-	-	-	-
Total as of 12-31-2017	2,689,780	1,109,733	808,900	1,607,201	6,215,614

# **NOTE 14.**

# Property, plant and equipment

Property, plant and equipment and the related accumulated depreciation at the reporting dates were as follows:

Property, plant and equipment, gross	12.31.2018	12.31.2017
Property, plant and equipment, gross	ThCh\$	ThCh\$
Technological equipment	3,654,214	3,428,599
Remodeling	3,154,234	2,873,549
Office furniture	937,255	912,027
Office equipment	596,980	581,084
Machinery	-	418,762
Other property, plant and equipment	205,858	204,218
Buildings	154,514	154,514
Total	8,703,055	8,572,753

Accumulated depreciation and impairment of preparty, plant and aguinment	12.31.2018	12.31.2017
Accumulated depreciation and impairment of property, plant and equipment	ThCh\$	ThCh\$
Technological equipment	2,455,665	2,147,151
Remodeling	1,459,945	1,401,265
Office furniture	788,726	710,412
Office equipment	544,508	512,355
Machinery	-	221,038
Other property, plant and equipment	191,285	183,972
Buildings	74,167	55,625
Total	5,514,296	5,231,818

Property, plant and equipment, net	12.31.2018	12.31.2017
Property, plant and equipment, net	ThCh\$	ThCh\$
Technological equipment	1,198,549	1,281,448
Remodeling	1,694,289	1,472,284
Office furniture	148,529	201,615
Office equipment	52,472	68,729
Machinery	-	197,724
Other property, plant and equipment	14,573	20,246
Buildings	80,347	98,889
Total	3,188,759	3,340,935



Movements and balances as of December 31, 2018 and 2017 were as follows:

# 2018

As of December 31,	Buildings	Technological equipment	Machineries	Office furniture	Office equipment	Remodeling	Other assets	Total
2018	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Opening balance as of 01.01.2018	154,514	3,428,599	418,762	912,027	581,084	2,873,549	204,218	8,572,753
Additions for the period	0	225,615	0	25,228	15,896	457,749	1,640	726,128
Disposals / Withdrawals / Reclassifications for the period	0	0	(418,762)	0	0	(177,064)	0	(595,826)
Gross balance as of 12.31.2018	154,514	3,654,214	0	937,255	596,980	3,154,234	205,858	8,703,055
Depreciation opening balance as of 01.01.2018	(55,625)	(2,147,151)	(221,038)	(710,412)	(512,355)	(1,401,267)	(183,972)	(5,231,820)
Depreciation for the year	(18,542)	(308,514)	0	(78,314)	(32,153)	(58,678)	(7,313)	(503,514)
Disposals / Withdrawals / Reclassifications for the period	0	0	221,038	0	0	0	0	221,038
Depreciation as of 12.31.2018	(74,167)	(2,455,665)	0	(788,726)	(544,508)	(1,459,945)	(191,285)	(5,514,296)
Net amount 12.31.2018	80,347	1,198,549	0	148,529	52,472	1,694,289	14,573	3,188,759

# 2017

As of December 31,	Buildings	Technological equipment	Machineries	Office furniture	Office equipment	Remodeling	Other assets	Total
2017	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Opening balance as of 01.01.2017	154,514	3,234,536	3,095,610	858,142	575,646	2,117,462	195,189	10,231,099
Additions for the period	0	194,063	-	53,885	5,438	756,087	9,029	1,018,502
Disposals / Withdrawals / Reclassifications for the period	0	-	(2,676,847)	-	-	-	-	(2,676,847)
Gross balance as of 12.31.2017	154,514	3,428,599	418,763	912,027	581,084	2,873,549	204,218	8,572,754
Depreciation opening balance as of 01.01.2017	(37,083)	(1,856,703)	(1,149,755)	(626,366)	(475,864)	(1,363,261)	(176,633)	(5,685,665)
Depreciation for the year	(18,542)	(290,448)	(213,200)	(84,046)	(36,491)	(38,004)	(7,339)	(688,070)
Disposals / Withdrawals / Reclassifications for the period	-	-	1,141,916	-	-	-	3,428,599	1,141,916
Depreciation as of 12.31.2017	(55,625)	(2,147,151)	(221,039)	(710,412)	(512,355)	(1,401,265)	(183,972)	(5,231,819)
Net amount 12.31.2017	98,889	1,281,448	197,724	201,615	68,729	1,472,284	20,246	3,340,935

# **NOTE 15.**

#### **Investment property**

Investment property maintained by the Company mainly correspond to real estate and land, both in Santiago and other cities of Chile. These are maintained by the Company in order to generate goodwill and/or income and not to be used during the ordinary course of its business, which are recognized at their fair value. Such fair value was determined by external independent appraisers having appropriate renowned professional qualifications in the location.

The fair value of investment property is updated on an annual basis.

As of December 31, 2018 and 2017, this caption comprises the following:

#### 2018

Investment property	Land	Terrenos M\$	Total M\$
Balance as of 01.01.2018	2,750,327	395,240	3,145,567
Reclassifications	1,391,102	216,099	1,607,201
Disposals	-	-	-
Revaluation	1,411,006	126,416	1,537,422
Balance as of 12.31.2018	8,127,756	1,188,235	9,315,991
Saldo al 31-12-2018	8,127,756	1,188,235	9,315,991

#### 2017

Investment property	Land	Terrenos M\$	Total M\$
Balance as of 01.01.2017	-	-	-
Reclassifications	-	-	-
Disposals	-	-	-
Revaluation	-	-	-
Carrying amount as of 12.31.2017	2,750,327	395,240	3,145,567
Valor Libro al 31-12-2017	2,750,327	395,240	3,145,567

In addition, as of December 31, 2018, the fair value measurement of these properties was classified as fair value Level 1. During 2017, the Company measured such property at the cost (See the detail in change in accounting policies in Note 3 e)).

As of December 31, 2018, the expenses for the period associated with the total investment property amount to ThCh\$37,164 (ThCh\$748 in 2017).

Management has not disclosed any evidence of impairment with respect to the value of investment property.

The Company does not pledge or have restrictions on investment property items

As of December 31, 2018, the Group reclassified ThCh\$1,607,201 from the non-current assets or non-current asset groups classified as held-for-sale.



# **NOTE 16.**

# Income tax, deferred tax and current taxes

# a) Current taxes

Income tax for the consolidated group for the years reported was as follows:

Detail	31.12.2018	12.31.2017
Detail	ThCh\$	ThCh\$
Summary of current tax (liabilities) assets		
Current tax assets	12,850,768	8,258,990
Current tax (liabilities)	(3,957,497)	(802,146)
Total taxes (payable) recoverable	8,893,271	7,456,844
Detail of current tax (liabilities) assets (net)		
Plus:		
Tax credit for training expenses (Sence)	3,051	136,513
Monthly provisional income tax payments	2,763,362	1,440,933
Net VAT recoverable	1,793,953	248,402
Recoverable income tax	8,290,402	6,433,142
Total current tax assets	12,850,768	8,258,990
Less:		
VAT payable	(262,819)	(235,005)
Provision for income tax	(3,684,891)	(567,141)
Income tax provision under Article no. 21	(9,787)	-
Total current tax liabilities	(3,957,497)	(802,146)
Total taxes (payable) recoverable	8,893,271	7,456,844
b) Current and deferred tax (expense) benefit		
b) Current and deferred tax (expense) benefit		
	01.01.2018	01.01.2017
Detail	to 12.31.2018	to 12.31.2017
	ThCh\$	ThCh\$
Income tax expense		

# Prior year tax Net charge for income tax c) Deferred taxes

Credit (debit) for deferred taxes
Effect of deferred tax assets or liabilities

Non-deductible expenses under Article No. 21

Current year tax

Subtotal

Deferred taxes were established in accordance with the policies described in Note 2 o) as follows:

Detail	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Deferred tax assets		
Allowance for doubtful accounts	5,096,855	6,754,436
Adjustment to IFRS 9 / Allowance for doubtful accounts (Equity)1	2,223,531	-
Provision for severance indemnity payments	74,228	-
Financial write-offs	19,151,577	18,954,855
Accrued vacations	256,239	271,118
Leased assets	13,123,265	11,291,445
Advanced commissions	(8,338,147)	(7,186,524)
Software assets	(595,831)	(692,288)
Comprehensive income	(9,922)	(188,321)
Other events <sup>2</sup>	296,177	686,923
Total deferred tax assets	31,277,972	29,891,644

1See the effects associated with the adoption of IFRS 9 are indicated in Note 3 Changes in accounting policies.

(4,275,939)

1,703,887

(8,399)

(2,572,052)

(2,580,451)

(3,512,534)

(647,137)

(10,585)

(4,159,671)

(4,170,256)

<sup>2</sup> Caused mainly by deferred costs and loss of carryforwards.

# d) Reconciliation between the income tax that would result from applying current taxes and the consolidated tax expense.

Detail	Rate (%)	01.01.2018 to 12.31.2018 ThCh\$	Rate (%)	01.01.2017 to 12.31.2017 ThCh\$
Profit for the year before tax		33,908,085		27,899,601
Tax expense using the legal rate	27.0%	(9,155,183)	27%	(7,532,892)
Other effects of permanent differences <sup>1</sup>	(15.0%)	5,236,218	(18%)	4,952,523
Other increases (decreases) in the debit related to legal taxes	(0.7%)	(251,291)	(0%)	(82)
Income tax expense	12.3%	(4,170,256)	9.3%	(2,580,451)

<sup>(1)</sup> Price-level restatement performed on equity for tax purposes and Proportional Equity Value (VPP).

# **NOTE 17.**

# Intangible assets other than goodwill

The balances and movements in intangible assets for the periods ended December 31, 2018 and 2017 were as follows:

#### 2018

Detail	Software	Trademarks	Total
Detail	ThCh\$	ThCh\$	ThCh\$
Balance as of 01.01.2018	4,786,032	51,475	4,837,507
Additions	2,402,409	-	2,402,409
Withdrawals/Disposals/Reclassifications	(2,990)	(75)	(2,990)
Balance as of 12.31.2018	7,185,451	51,400	7,236,851
Amortization	Software	Trademarks	Total
Alliotization	ThCh\$	ThCh\$	ThCh\$
Balance as of 01.01.2018	(1,328,722)		(1,328,722)
Amortization for the year	(388,437)	-	(388,437)
Balance as of 12.31.2018	(1,717,159)	-	(1,717,159)
Total	5,468,292	51,400	5,519,692

#### 2017

Detail	Software	Trademarks	Total
Detail	ThCh\$	ThCh\$	ThCh\$
Balance as of 01.01.2017	2,826,713	51,475	2,878,188
Additions	1,959,329	=	1,959,329
Withdrawals/Disposals/Reclassifications	(10)	-	(10)
Balance as of 12.31.2017	4,786,032	51,475	4,837,507
Detail	Software	Trademarks	Total
Detail	ThCh\$	ThCh\$	ThCh\$
Balance as of 01.01.2017	(1,025,095)	-	(1,025,095)
Amortization for the year	(303,627)	-	(303,627)
Balance as of 12.31.2017	(1,328,722)	-	(1,328,722)
Total	3,457,310	51,475	3,508,785

<sup>(\*)</sup> Trademarks arise from the acquisition of the subsidiary Tanner Investments S.p.A. (formerly Gestora Tanner) in December 2011.

The software corresponding to intangible assets is amortized in the period in which it is expected to generate income (average life of three years), as described in Note 2 m), and charged to amortization in the cost of sales in the statement of income. The remaining identifiable intangible assets have indefinite useful lives.



The additions movement as of December 31, 2018 relates to software acquisitions during the period, which comprises implementing computer systems, acquiring new licenses and renewing current licenses, for a total of ThCh\$ 2,402,409 (ThCh\$ 1,959,329 in 2017).

# NOTE 18. Goodwill

Acquired assets and liabilities are valued on a provisional basis on the date the Company assumes control. These valuations are reviewed within a maximum period of one year from the acquisition date. Until the final fair value of acquired assets and liabilities is known, the difference between the purchase price and the carrying amount of the acquired company is registered on a provisional basis as goodwill.

If the final value of goodwill is reported in the financial statements of the year after acquisition of the ownership interest, the financial statements for the previous year used for comparison purposes must be restated to include the final value of the acquired assets and liabilities and the final goodwill as at the acquisition date.

The goodwill by CGU as of December 31, 2018 and 2017, was as follows:

		Goodwill			
Tax ID No.	Cash-generating unit	31.12.2018	31.12.2017		
		ThCh\$	ThCh\$		
93.966.000-3	Tanner Investments SpA.	495,555	495,555		
76.313.350-8	Tanner Corredores de Bolsa de Productos S.A.	123,697	123,697		
91.711.000-k	Financo S.A.	1,109,410	1,109,410		
80.962.600-8	Tanner Corredores de Bolsa S.A.	34,863	34,863		
	Total	1,763,525	1,763,525		

The goodwill assigned to CGUs is subject to annual impairment testing, or more frequently if there are indications that some of the CGUs are impaired. Value in use has been calculated using cash flow projections over a horizon of 5 years, based on budgets and forecasts reviewed by Management for the same period and with an average rate of growth of 3%, and a 10% for Tanner Corredores de Bolsa. The discount rate reflects a market evaluation with respect to the specific risks attached to the CGUs. The discount rate used is 6%.

# **NOTE 19.**

#### Other financial liabilities, current

Other current financial liabilities at carrying amount were as follows:

Other financial liabilities, current	12.31.2018	12.31.2017
Other initialicial liabilities, current	ThCh\$	ThCh\$
Bank borrowings	256,491,420	139,903,801
Promissory notes and bonds payables (promissory notes)	108,638,498	63,336,375
Promissory notes and bonds payable (bonds)	163,183,375	128,124,756
Other financial liabilities	69,282,574	33,510,410
Total	597,595,867	364,875,342

Other financial liabilities, current valued at undiscounted contractual cash flows were as follows:

Other financial liabilities, gurrent	12.31.2018	12.31.2017
Other financial liabilities, current	ThCh\$	ThCh\$
Bank borrowings	263,229,483	144,550,323
Promissory notes and bonds payables (promissory notes)	109,585,869	63,923,709
Promissory notes and bonds payable (bonds)	174,247,775	137,727,931
Other financial liabilities	69,379,333	33,525,354
Total	616,442,460	379,727,317

# a) Obligations with banks and financial institutions, current

As of December 31, 2018 the accounting balances were detailed as follows:

96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen	vicios Financieros S.A.	Chile	217110109 0-E 97.032.000-8 97.018.000-1 0-E 97.006.000-6	CII Bladex BBVA Scotiabank CAF	USA USA Chile	Amortization type  Single Single	Currency US\$	Maturity	0 - 3 months ThCh\$	3 - 6 months ThCh\$	6 - 12 months ThCh\$	amount 12.31.2018
96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen	vicios Financieros S.A.	Chile Chile Chile Chile Chile Chile Chile Chile	0-E 97.032.000-8 97.018.000-1 0-E	Bladex BBVA Scotiabank	USA Chile	_	US\$	45.04.40	ThCh\$	ThCh\$	ThCh¢	TI O
96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen	vicios Financieros S.A.	Chile Chile Chile Chile Chile Chile Chile Chile	0-E 97.032.000-8 97.018.000-1 0-E	Bladex BBVA Scotiabank	USA Chile	_	US\$	45 01 10			ППОПФ	ThCh\$
96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen	vicios Financieros S.A.	Chile Chile Chile Chile Chile Chile	97.032.000-8 97.018.000-1 0-E	BBVA Scotiabank	Chile	Single	υυψ	15-04-19	109,485	13,895,852	-	14,005,337
96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen	vicios Financieros S.A.	Chile Chile Chile Chile Chile	97.018.000-1 0-E	Scotiabank			US\$	15-02-19	7,030,804	-	-	7,030,804
96.667.560-8 Tanner Sen	vicios Financieros S.A.	Chile Chile Chile Chile	0-E		Chilo	Single	Ch\$	14-02-20	274,689	-	-	274,689
96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen	vicios Financieros S.A. vicios Financieros S.A. vicios Financieros S.A. vicios Financieros S.A. vicios Financieros S.A.	Chile Chile		CAF	Chile	Single	US\$	13-06-19	-	5,913,340	-	5,913,340
96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen	vicios Financieros S.A. vicios Financieros S.A. vicios Financieros S.A. vicios Financieros S.A.	Chile Chile	97.006.000-6		Uruguay	Single	US\$	26-03-19	7,014,419	-	-	7,014,419
96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen	vicios Financieros S.A. vicios Financieros S.A. vicios Financieros S.A.	Chile		BCI	Chile	Quarterly Amortization	Ch\$	23-04-20	773,767	746,403	1,514,740	3,034,910
96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen	vicios Financieros S.A. vicios Financieros S.A.		97.032.000-8	BBVA	Chile	Single	Ch\$	13-05-19	-	5,108,300	-	5,108,300
96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen	vicios Financieros S.A.	Chile	97.032.000-8	BBVA	Chile	Single	Ch\$	13-05-19	-	2,043,320	-	2,043,320
96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen		Chile	97.032.000-8	BBVA	Chile	Single	Ch\$	31-05-19	-	4,082,703	-	4,082,703
96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen	vicios Financieros S.A.	Chile	97.032.000-8	BBVA	Chile	Single	Ch\$	31-05-19	-	4,082,703	-	4,082,703
96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen 96.667.560-8 Tanner Sen		Chile	97.018.000-1	Scotiabank	Chile	Single Quarterly	US\$	14-06-19	-	2,783,295	-	2,783,295
96.667.560-8 Tanner Serv 96.667.560-8 Tanner Serv 96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	97.006.000-6	BCI	Chile	Amortization	Ch\$	09-02-20	818,436	805,429	1,631,528	3,255,393
96.667.560-8 Tanner Servi 96.667.560-8 Tanner Servi	vicios Financieros S.A.	Chile	0-E	IFC	USA	Single	US\$	15-05-21	-	299,557	8,684,625	8,984,182
96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	0-E	IFC	USA	Single	US\$	15-05-19	-	23,774,772	-	23,774,772
	vicios Financieros S.A.	Chile	0-E	DEG	Alemania	Quarterly Amortization	US\$	15-12-21		4,700,512	4,644,773	9,345,284
	vicios Financieros S.A.	Chile	97.018.000-1	Scotiabank	Chile	Single	US\$	14-06-19	_	2,782,994	-	2,782,994
	vicios Financieros S.A.	Chile	97.018.000-1	Scotiabank	Chile	Single	US\$	14-06-19	-	2,782,994	-	2,782,994
96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	217110109	CII	USA	Quarterly Amortization	US\$	16-10-23	1,224,441	1,042,155	2,084,310	4,350,906
96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	97.030.000-7	Banco Estado	Chile	Single	US\$	06-08-19	-	-	6,332,280	6,332,280
96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	97.018.000-1	Scotiabank	Chile	Single	Ch\$	14-02-19	6,065,500	-	-	6,065,500
96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	76.362.099-9	Banco BTG Pactual	Chile	Quarterly Amortization	UF	28-08-20	29,679	-	-	29,679
	vicios Financieros S.A.	Chile	0-E	Bladex	USA	Single	US\$	04-03-19	7,021,371	-	-	7,021,371
	vicios Financieros S.A.	Chile	97.080.000-K	Banco Bice	Chile	Single	Ch\$	10-01-19	5,025,938	-	-	5,025,938
	vicios Financieros S.A.	Chile	0-E	Sumitomo	USA	Single	US\$	27-03-19	14,012,501	-	-	14,012,501
	vicios Financieros S.A. vicios Financieros S.A.	Chile	0-E	Bladex Sumitomo	USA	Single	US\$ US\$	20-03-20 03-04-19	69,184	2,940,923	-	69,184 2,940,923
	vicios Financieros S.A.	Chile	0-E	Sumitomo	USA	Single Single	US\$	15-04-19		4,687,339		4,687,339
	vicios Financieros S.A.	Chile	76.645.030-K	Banco Itaú	Chile	Single	Ch\$	07-02-19	5,018,265	-,007,005	-	5,018,265
96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	76.645.030-K	Banco Itaú	Chile	Single	Ch\$	07-02-19	5,018,265	-	-	5,018,265
96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	97.030.000-7	Banco Estado	Chile	Single	US\$	22-01-19	6,969,091	-	-	6,969,091
96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	0-E	Sumitomo	USA	Single	US\$	29-04-19	-	6,289,880	-	6,289,880
96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	0-E	Banco Bac Florida	USA	Single	US\$	14-11-19	-	-	3,474,638	3,474,638
96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	97.951.000-4	Banco HSBC	Chile	Single	US\$	12-03-19	4,882,278	-	-	4,882,278
96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	97.030.000-7	Banco Estado	Chile	Single	Ch\$	15-07-19	769,374	2,246,958	-	3,016,333
96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	97.080.000-K	Banco Bice	Chile	Single	Ch\$	22-03-19	4,017,227	-	-	4,017,227
96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	97.030.000-7	Banco Estado	Chile	Single	US\$	20-02-19	6,972,503	-	-	6,972,503
96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	97.004.000-5	Banco de Chile	Chile	Single	Ch\$	02-04-19	-	5,015,773	-	5,015,773
96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	97.030.000-7	Banco Estado	Chile	Single	US\$	09-04-19	-	5,921,113	-	5,921,113
96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	97.951.000-4	Banco HSBC	Chile	Single	US\$	10-06-19	-	2,784,973	-	2,784,973
96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	97.004.000-5	Banco de Chile	Chile	Single	Ch\$	22-05-19	-	5,012,180	-	5,012,180
96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	97.004.000-5	Banco de Chile	Chile	Single	Ch\$	22-05-19	-	5,012,180	-	5,012,180
96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	97.004.000-5	Banco de Chile	Chile	Single	Ch\$	22-05-19	-	3,759,135	-	3,759,135
96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	97.011.000-3	Banco Internacional	Chile	Single	Ch\$	18-01-19	5,006,400	-	-	5,006,400
96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	97.011.000-3	Banco Internacional	Chile	Single	Ch\$	20-03-19	5,006,800	-	-	5,006,800
96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	99.500.410-0	Banco Consorcio	Chile	Single	US\$	30-01-19	13,005,133	-	-	13,005,133
96.667.560-8 Tanner Serv	vicios Financieros S.A.	Chile	0-E	Banco Bac Florida	USA	Single	US\$	24-06-19	-	3,474,195	-	3,474,195
Total												256,491,420

Note: The following table shows the average annual interest rate.



Current Ioan rate: 12.31.2018	S		
Creditor	Currency	Annual nominal rate	Annual effective rate
Domestic	Ch\$	3.74%	3.74%
Domestic	US\$	3.77%	3.77%
International	US\$	4.36%	4.36%

The balances as of December 31, 2018, valued at undiscounted cash flows, were as follows::

96.667.560-8 Tanner Servicios Financieros S.A. Chile 9.7032.000-8 BBVA Chile Single US\$ 15-04-19 129,076 14,012,293 196.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single US\$ 15-02-19 7,062,153 - 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.018.000-1 Scotiabank Chile Single US\$ 15-02-19 7,062,153 - 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.018.000-1 Scotiabank Chile Single US\$ 14-02-20 343,390 - 6,013,916 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.018.000-1 Chile Single US\$ 26-03-19 7,062,867 - 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.006.000-6 BCI Chile Quarterly Amortization Ch\$ 23-04-20 785,187 785,187 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single Ch\$ 13-05-19 - 5,171,000 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single Ch\$ 13-05-19 - 2,068,400 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single Ch\$ 31-05-19 - 4,140,403 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single Ch\$ 31-05-19 - 4,140,403 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single Ch\$ 31-05-19 - 4,140,403 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single Ch\$ 31-05-19 - 4,140,403 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single Ch\$ 31-05-19 - 4,140,403 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single Ch\$ 31-05-19 - 4,140,403 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single Ch\$ 31-05-19 - 4,140,403 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single Ch\$ 31-05-19 - 4,140,403 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single Ch\$ 31-05-19 - 4,140,403 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.060.000-6 BCI Chile Single Ch\$ 30-02-20 836,699 836,699 836,699 836,699 836,699 836,699 836,699	6 - 12 months ThCh\$	amount 12.31.2018 Thchs 14,141,369 7,062,153 684,903 6,013,916 7,062,867 3,140,747 5,171,000 2,068,400 4,140,403
96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single US\$ 15-04-19 129,076 14,012,293 196.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single US\$ 15-02-19 7,062,153 - 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single US\$ 14-02-20 343,390 - 6,013,916 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.018.000-1 Scotiabank Chile Single US\$ 13-06-19 - 6,013,916 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.018.000-1 Scotiabank Chile Single US\$ 26-03-19 7,062,867 - 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.006.000-6 BCI Chile Quarterly Amortization Ch\$ 23-04-20 785,187 785,187 785,187 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single Ch\$ 13-05-19 - 5,171,000 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single Ch\$ 13-05-19 - 2,068,400 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single Ch\$ 31-05-19 - 4,140,403 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single Ch\$ 31-05-19 - 4,140,403 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single Ch\$ 31-05-19 - 4,140,403 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single Ch\$ 31-05-19 - 4,140,403 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single US\$ 14-06-19 - 2,830,818 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.006.000-6 BCI Chile Single US\$ 15-05-21 - 1,153,114 99.06.667.560-8 Tanner Servicios Financieros S.A. Chile 97.006.000-6 BCI Chile Single US\$ 15-05-21 - 1,153,114 99.06.667.560-8 Tanner Servicios Financieros S.A. Chile 97.006.000-6 BCI Chile Single US\$ 15-05-21 - 1,153,114 99.06.667.560-8 Tanner Servicios Financieros S.A. Chile 97.006.000-6 BCI Chile Single US\$ 15-05-21 - 1,153,114 99.06.667.560-8 Tanner Servicios Financieros S.A. Chile 97.006.000-6 BCI Chile Single US\$ 15-05-21 - 1,153,114 99.06.667.560-8 Tanner	ThCh\$  - 341,513  - 1,570,373	14,141,369 7,062,153 684,903 6,013,916 7,062,867 3,140,747 5,171,000 2,068,400 4,140,403
96.667.560-8         Tanner Servicios Financieros S.A.         Chile         217110109         CII         USA         Single         US\$         15-04-19         129,076         14,012,293           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         0-E         Bladex         USA         Single         US\$         15-02-19         7,062,153         -           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97,032,000-8         BBVA         Chile         Single         US\$         13-06-19         -         6,013,916           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97,018,000-1         Scotiabank         Chile         Single         US\$         13-06-19         -         6,013,916           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97,006,000-6         BCI         Chile         Quarterly Amortization         Ch\$         23-04-20         785,187         785,187           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97,032,000-8         BBVA         Chile         Single         Ch\$         13-05-19         -         5,171,000           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97,032,000-8	- 341,513 - - 1,570,373 - -	14,141,369 7,062,153 684,903 6,013,916 7,062,867 3,140,747 5,171,000 2,068,400 4,140,403
96.667.560-8         Tanner Servicios Financieros S.A.         Chile         0-E         Bladex         USA         Single         US\$         15-02-19         7,062,153         -           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97,032,000-8         BBVA         Chile         Single         Ch\$         14-02-20         343,390         -           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97,018,000-1         Scotiabank         Chile         Single         US\$         13-06-19         -         6,013,916           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         O-E         CAF         Uruguay         Single         US\$         26-03-19         7,062,867         -           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.006,000-6         BCI         Chile         Quarterly Amortization         Ch\$         23-04-20         785,187         785,187           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.032,000-8         BBVA         Chile         Single         Ch\$         13-05-19         -         5,171,000           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.032,000-8	341,513 - - - 1,570,373 - -	7,062,153 684,903 6,013,916 7,062,867 3,140,747 5,171,000 2,068,400 4,140,403
96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.018.000-1         Scotiabank         Chile         Single         US\$         13-06-19         -         6,013,916           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.006.000-6         BCI         Chile         Quarterly Amortization         Ch\$         23-04-20         785,187         785,187           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.032.000-8         BBVA         Chile         Single         Ch\$         13-05-19         -         5,171,000           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.032.000-8         BBVA         Chile         Single         Ch\$         13-05-19         -         2,068,400           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.032.000-8         BBVA         Chile         Single         Ch\$         31-05-19         -         4,140,403           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.032.000-8         BBVA         Chile         Single         Ch\$         31-05-19         -         4,140,403           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.0	1,570,373 - -	6,013,916 7,062,867 3,140,747 5,171,000 2,068,400 4,140,403
96.667.560-8         Tanner Servicios Financieros S.A.         Chile         0-E         CAF         Uruguay         Single         US\$         26-03-19         7,062,867         -           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.006.000-6         BCI         Chile         Quarterly Amortization         Ch\$         23-04-20         785,187         785,187         785,187           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.032,000-8         BBVA         Chile         Single         Ch\$         13-05-19         -         5,171,000           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.032,000-8         BBVA         Chile         Single         Ch\$         13-05-19         -         2,068,400           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.032,000-8         BBVA         Chile         Single         Ch\$         31-05-19         -         4,140,403           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.032,000-8         BBVA         Chile         Single         Ch\$         31-05-19         -         4,140,403           96.667.560-8         Tanner Servicios Financieros S.A.         Chile	1,570,373	7,062,867 3,140,747 5,171,000 2,068,400 4,140,403
96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.006.000-6         BCI         Chile         Quarterly Amortization         Ch\$         23-04-20         785,187         785,187           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.032.000-8         BBVA         Chile         Single         Ch\$         13-05-19         -         5,171,000           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.032.000-8         BBVA         Chile         Single         Ch\$         13-05-19         -         2,068,400           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.032.000-8         BBVA         Chile         Single         Ch\$         31-05-19         -         4,140,403           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.032.000-8         BBVA         Chile         Single         Ch\$         31-05-19         -         4,140,403           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.018.000-1         Scotiabank         Chile         Single         US\$         14-06-19         -         2,830,818           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.0	1,570,373	3,140,747 5,171,000 2,068,400 4,140,403
96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single Ch\$ 13-05-19 - 2,068,400 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single Ch\$ 31-05-19 - 2,068,400 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single Ch\$ 31-05-19 - 4,140,403 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single Ch\$ 31-05-19 - 4,140,403 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.032.000-8 BBVA Chile Single Ch\$ 31-05-19 - 4,140,403 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.018.000-1 Scotiabank Chile Single US\$ 14-06-19 - 2,830,818 96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.006.000-6 BCl Chile Quarterly Ch\$ 09-02-20 836,699 836,699 96.667.560-8 Tanner Servicios Financieros S.A. Chile 0-E IFC USA Single US\$ 15-05-21 - 1,153,114	-	5,171,000 2,068,400 4,140,403
96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.032.000-8         BBVA         Chile         Single         Ch\$         13-05-19         -         2,068,400           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.032.000-8         BBVA         Chile         Single         Ch\$         31-05-19         -         4,140,403           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.032.000-8         BBVA         Chile         Single         Ch\$         31-05-19         -         4,140,403           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.018.000-1         Scotiabank         Chile         Single         US\$         14-06-19         -         2,830,818           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.006.000-6         BCI         Chile         Quarterly Amortization         Ch\$         09-02-20         836,699         836,699           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         0-E         IFC         USA         Single         US\$         15-05-21         -         1,153,114	-	2,068,400 4,140,403
96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.032.000-8         BBVA         Chile         Single         Ch\$         31-05-19         -         4,140,403           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.032.000-8         BBVA         Chile         Single         Ch\$         31-05-19         -         4,140,403           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.018.000-1         Scotiabank         Chile         Single         US\$         14-06-19         -         2,830,818           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.006.000-6         BCl         Chile         Quarterty         Ch\$         09-02-20         836,699         836,699           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         0-E         IFC         USA         Single         US\$         15-05-21         -         1,153,114	-	4,140,403
96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.032.000-8         BBVA         Chile         Single         Ch\$         31-05-19         -         4,140,403           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.018.000-1         Scotiabank         Chile         Single         US\$         14-06-19         -         2,830,818           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.006.000-6         BCl         Chile         Quarterly Amortization         Ch\$         09-02-20         836,699         836,699           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         0-E         IFC         USA         Single         US\$         15-05-21         -         1,153,114	-	
96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.018.000-1         Scotiabank         Chile         Single         US\$         14-06-19         -         2,830,818           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.006.000-6         BCI         Chile         Quarterly Amortization         Ch\$         09-02-20         836,699         836,699           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         0-E         IFC         USA         Single         US\$         15-05-21         -         1,153,114	-	
96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.006.000-6         BCI         Chile         Quarterly Amortization         Ch\$         09-02-20         836,699         836,699           96.667.560-8         Tanner Servicios Financieros S.A.         Chile         0-E         IFC         USA         Single         US\$         15-05-21         -         1,153,114		4,140,403 2.830.818
96.667.560-8 Tanner Servicios Financieros S.A. Chile 0-E IFC USA Single US\$ 15-05-21 - 1,153,114	1,673,398	3,346,796
	9,853,102	11,006,216
	-	24,348,611
96.667.560-8 Tanner Servicios Financieros S.A. Chile 0-E DEG Germany Quarterly Amortization US\$ 15-12-21 - 5,303,917	5,191,564	10,495,481
96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.018.000-1 Scotiabank Chile Single US\$ 14-06-19 - 2,830,312	-	2,830,312
96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.018.000-1 Scotiabank Chile Single US\$ 14-06-19 - 2,830,312	-	2,830,312
96.667.560-8 Tanner Servicios Financieros S.A. Chile 217110109 CII USA Quarterly Amortization US\$ 16-10-23 1,256,616 1,236,605 2	2,448,362	4,941,583
96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.030.000-7 Banco Estado Chile Single US\$ 06-08-19	6,457,310	6,457,310
96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.018.000-1 Scotiabank Chile Single Ch\$ 14-02-19 6,087,500 -	-	6,087,500
96.667.560-8 Tanner Servicios Financieros S.A. Chile 76.362.099-9 Banco BTG Pactual Chile Quarterly Amortization UF 28-08-20 80,308 77,690	160,617	318,615
96.667.560-8 Tanner Servicios Financieros S.A. Chile 0-E Bladex USA Single US\$ 04-03-19 7,057,585 -	-	7,057,585
96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.080.000-K Banco Bice Chile Single Ch\$ 10-01-19 5,030,261 -	-	5,030,261
96.667.560-8   Tanner Servicios Financieros S.A.   Chile   0-E   Sumitomo   USA   Single   US\$   27-03-19   14,109,111   -	-	14,109,111
96.667.560-8 Tanner Servicios Financieros S.A. Chile 0-E Bladex USA Single US\$ 20-03-20 130,301 -	131,757	262,058
96.667.560-8 Tanner Servicios Financieros S.A. Chile 0-E Sumitomo USA Single US\$ 03-04-19 - 2,963,555	-	2,963,555
96.667.560 B Tanner Servicios Financieros S.A. Chile 0-E Sumitomo USA Single US\$ 15-04-19 - 4,724,001	-	4,724,001
96.667.560-8   Tanner Servicios Financieros S.A.   Chile   76.645.030-K   Banco Itaú   Chile   Single   Ch\$   07-02-19   5,035,593   -   96.667.560-8   Tanner Servicios Financieros S.A.   Chile   76.645.030-K   Banco Itaú   Chile   Single   Ch\$   07-02-19   5,035,593   -	-	5,035,593 5,035,593
98 667 560.9 Tanner Servicine Financiarne S.A. Chila. 07030 000.7 Banco Chila. Single. US\$ 22.01.10 6.980.303	-	6,980,393
96.667.560-8 Tanner Servicios Financieros S.A. Chile 0-E Sumitomo USA Single US\$ 29-04-19 - 6,349,131	-	6,349,131
Ponce Pon	3,614,734	3,614,734
DE SETERO 9. Topper Sentising Signapoieres S.A. Child. 07054 000 4. Banco Child. Single. USS 12.02.10. 4.010.205	-	4,910,326
96 667 560-8 Tanner Servicios Financieros S A Chile 97 030 000-7 Banco Chile Single Ch\$ 15-07-19 641 700 1 819 461		2,461,161
96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.080.000-K Banco Bice Chile Single Ch\$ 22-03-19 4,051,680 -	-	4,051,680
Ranco	-	
Estado	-	7,001,890
90.007.500-0 Tallinet Servicius Financierus S.A. Chile 97.004.000-5 Chile Chile Single City 02-04-19 - 5,007,057	-	5,067,037
90.007.300-0 Tallinet Servicius Financierus S.A. Cilile 97.030.000-7 Estado Cilile Single 05\$ 09-04-19 - 5,977,900	-	5,977,960
96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.951.000-4 Banco HSBC Chile Single US\$ 10-06-19 - 2,826,568	-	2,826,568
96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.004.000-5 Banco de Chile Single Ch\$ 22-05-19 - 5,093,960	-	5,093,960
96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.004.000-5 Banco de Chile Single Ch\$ 22-05-19 - 5,093,960	-	5,093,960
96.667.560-8         Tanner Servicios Financieros S.A.         Chile         97.004.000-5         Banco de Chile         Chile         Single         Ch\$         22-05-19         -         3,820,470	-	3,820,470
96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.011.000-3 Banco Internacional Chile Single Ch\$ 18-01-19 5,015,467 -	-	5,015,467
96.667.560-8 Tanner Servicios Financieros S.A. Chile 97.011.000-3 Banco Internacional Chile Single Ch\$ 20-03-19 5,051,000 -	-	5,051,000
96.667.560-8 Tanner Servicios Financieros S.A. Chile 99.500.410-0 Banco Consorcio Chile Single US\$ 30-01-19 13,042,674 -	-	13,042,674
96.667.560-8 Tanner Servicios Financieros S.A. Chile 0-E Banco Bac Florida USA Single US\$ 24-06-19 - 3,533,600	-	3,533,600
Total 106,737,370 125,049,383 31	1,442,730	263,229,483

As of December 31, 2017, the accounting balances were as follows:

									C	arrying amount 12.31.2017		Carrying
Debtor Taxpayer ID	Debtor	Debtor	Creditor Taxpayer ID	Creditor	Creditor's country	Amortization type	Currency	Maturity	0 - 3 months	3 - 6 months	6 - 12 months	amount
									ThCh\$	ThCh\$	ThCh\$	ThCh\$
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	76.645.030-K	Banco Itaú	Chile	Single	CLP	04-01-18	2,405,299	-	-	2,405,299
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	76.645.030-K	Banco Itaú	Chile	Single	CLP	04-01-18	2,505,506	-	-	2,505,506
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	76.645.030-K	Banco Itaú	Chile	Single	CLP	04-01-18	2,305,093	-	-	2,305,093
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.032.000-8	BBVA	Chile	Single	CLP	03-01-18	5,010,335	-	-	5,010,335
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.004.000-5	Banco de Chile	Chile	Single	CLP	10-01-18	4,009,669	-	-	4,009,669
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.032.000-8	BBVA	Chile	Single	CLP	04-01-18	3,006,095	-	-	3,006,095
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.004.000-5	Banco de Chile	Chile	Single	CLP	09-01-18	5,011,935	-	-	5,011,935
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.080.000-K	Banco Bice	Chile	Single	CLP	03-01-18	3,007,271	-		3,007,271
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.004.000-5	Banco de Chile	Chile	Single	CLP	09-01-18	2,506,135	-	-	2,506,135
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.030.000-7	Banco Estado	Chile	Single	CLP	03-01-18	5,011,371	-	-	5,011,371
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.032.000-8	BBVA	Chile	Single	CLP	23-01-18	3,003,245	-	-	3,003,245
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.032.000-8	BBVA	Chile	Single	CLP	25-01-18	2,702,585	-	-	2,702,585
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	99.500.410-0	Banco Consorcio	Chile	Single	CLP	02-01-18	10,508,788	-	-	10,508,788
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	76.645.030-K	Banco Itaú	Chile	Single	CLP	09-01-18	2,001,095	-		2,001,095
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.032.000-8	BBVA	Chile	Single	CLP	10-01-18	4,902,295	-	-	4,902,295
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.006.000-6	BCI	Chile	Single	CLP	11-01-18	3,401,335	-	-	3,401,335
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.032.000-8	BBVA	Chile	Single	USD	11-01-18	6,158,716	-	-	6,158,716
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.018.000-1	Scotiabank	Chile	Single	USD	03-01-18	2,152,357	-	-	2,152,357
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.006.000-6	BCI	Chile	Single	USD	17-01-18	2,769,677	-	-	2,769,677
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.006.000-6	BCI	Chile	Single	USD	03-01-18	8,930,373	-	-	8,930,373
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.030.000-7	Banco Estado	Chile	Single	USD	01-02-18	7,999,805	-	-	7,999,805
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.018.000-1	Scotiabank	Chile	Single	USD	17-01-18	12,305,191	-	-	12,305,191
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	Bladex	USA	Single	USD	05-03-18	12,304,598	-	-	12,304,598
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.018.000-1	Scotiabank	Chile	Single	USD	23-01-18	4,611,154	-	-	4,611,154
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.030.000-7	Banco Estado	Chile	Single	USD	17-01-18	1,527,909	-	-	1,527,909
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.030.000-7	Banco Estado	Chile	Single	USD	11-04-18	-	4,731,806	-	4,731,806
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	SMBC	USA	Single	USD	19-03-18	1,229,500	-	-	1,229,500
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	217110109	CII	USA	Single	USD	16-04-18	54,683	12,443,284	-	12,497,967
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	DEG	Germany	Quarterly Amortization	USD	15-12-21	-	67,132	-	67,132
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	IFC	USA	Quarterly Amortization	USD	15-05-21	-	806,427	-	806,427
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	IFC	USA	Single	USD	15-05-19	-	513,137	-	513,137
Total									121,342,015	18,561,786		139.903.801

Note: The following table shows the average annual interest rate.

	Current loan rates 12.31.2017			
Creditor	Cı	urrency	Annual nominal rate	Annual effective rate
Domestic		Ch\$	3.16%	3.16%
Domestic		US\$	2.15%	2.15%
International		US\$	1.57%	2.43%



As of December 31, 2017, balances at undiscounted cash flow value are detailed as follows:

									C	Carrying amount		Carrying
Debtor Taxpayer ID	Debtor	Debtor country	Creditor Taxpayer ID	Creditor	Creditor's country	Amortization type	Currency	Maturity	0 - 3 months	3 - 6 months	6 - 12 months	amount
									ThCh\$	ThCh\$	ThCh\$	ThCh\$
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	76.645.030-K	Banco Itaú	Chile	Single	CLP	04-01-18	2,406,094	-	-	2,406,094
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	76.645.030-K	Banco Itaú	Chile	Single	CLP	04-01-18	2,506,334	-	-	2,506,334
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	76.645.030-K	Banco Itaú	Chile	Single	CLP	04-01-18	2,305,854	-	-	2,305,854
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.032.000-8	BBVA	Chile	Single	CLP	03-01-18	5,011,535	-	-	5,011,535
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.004.000-5	Banco de Chile	Chile	Single	CLP	10-01-18	4,013,402	-	-	4,013,402
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.032.000-8	BBVA	Chile	Single	CLP	04-01-18	3,007,055	-	-	3,007,055
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.004.000-5	Banco de Chile	Chile	Single	CLP	09-01-18	5,016,285	-	-	5,016,285
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.080.000-K	Banco Bice	Chile	Single	CLP	03-01-18	3,008,138	-	-	3,008,138
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.004.000-5	Banco de Chile	Chile	Single	CLP	09-01-18	2,508,310	-	-	2,508,310
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.030.000-7	Banco Estado	Chile	Single	CLP	03-01-18	5,012,751	-	-	5,012,751
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.032.000-8	BBVA	Chile	Single	CLP	23-01-18	3,008,823	-	-	3,008,823
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.032.000-8	BBVA	Chile	Single	CLP	25-01-18	2,708,210	-	-	2,708,210
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	99.500.410-0	Banco Consorcio	Chile	Single	CLP	02-01-18	10,510,666	-	-	10,510,666
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	76.645.030-K	Banco Itaú	Chile	Single	CLP	09-01-18	2,002,463	-	-	2,002,463
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.032.000-8	BBVA	Chile	Single	CLP	10-01-18	4,906,215	-	-	4,906,215
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.006.000-6	BCI	Chile	Single	CLP	11-01-18	3,405,000	-	-	3,405,000
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.032.000-8	BBVA	Chile	Single	USD	11-01-18	6,264,810	-	-	6,264,810
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.018.000-1	Scotiabank	Chile	Single	USD	03-01-18	2,255,029	-	-	2,255,029
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.006.000-6	BCI	Chile	Single	USD	17-01-18	2,875,168	-	-	2,875,168
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.006.000-6	BCI	Chile	Single	USD	03-01-18	9,034,033	-	-	9,034,033
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.030.000-7	Banco Estado	Chile	Single	USD	01-02-18	8,115,335	-	-	8,115,335
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.018.000-1	Scotiabank	Chile	Single	USD	17-01-18	12,417,790	-	-	12,417,790
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	Bladex	USA	Single	USD	05-03-18	12,452,303	-	-	12,452,303
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.018.000-1	Scotiabank	Chile	Single	USD	23-01-18	4,720,148	-	-	4,720,148
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.030.000-7	Banco Estado	Chile	Single	USD	17-01-18	1,631,638	-	-	1,631,638
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.030.000-7	Banco Estado	Chile	Single	USD	11-04-18	-	4,865,550	-	4,865,550
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	SMBC	USA	Single	USD	19-03-18	1,229,500	-	-	1,229,500
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	217110109	CII	USA	Single	USD	16-04-18	65,338	12,614,014	-	12,679,352
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	DEG	Gaermany	Quarterly Amortization	USD	15-12-21	-	526,235	533,868	1,060,103
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	IFC	USA	Quarterly Amortization	USD	15-05-21	-	1,100,942	1,114,232	2,215,174
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	IFC	USA	Single	USD	15-05-19	-	694,457	702,798	1,397,255
Total									122.398.227	19.801.198	2.350.898	144.550.323

# b) Current obligations to the public (promissory notes)

The balances at carrying amount and the undiscounted cash flows as of December 31, 2018 and 2017 were as follows:

# 2018

									Carrying	amount			Undiscou	inted flows	
				Annual	Annual	Nominal	Promissory		12.31.2018				12.31.2018		Total
Country	Register No.	Currency	Amortization type	effective	nomimal	value	note	0 - 3	3 - 6	6 - 12	"Total	0 - 3	3 - 6	6 - 12	nominal
	140.		1,750	rate	rate	ThCh\$	maturity	months	months	months	ThCh\$"	months	months	months	value
								ThCh\$	ThCh\$	ThCh\$		ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chile	Line 107	CLP	Single	3.72%	3.72%	4,000,000	01-15-19	3,994,418	-	-	3,994,418	4,000,000	-	-	4,000,000
Chile	Line 107	CLP	Single	3.84%	3.84%	3,000,000	01-15-19	2,995,681	-	-	2,995,681	3,000,000	-	-	3,000,000
Chile	Line 107	CLP	Single	3.84%	3.84%	2,000,000	01-15-19	1,997,115	-	-	1,997,115	2,000,000	-	-	2,000,000
Chile	Line 107	CLP	Single	3.72%	3.72%	1,000,000	01-15-19	998,601	-	-	998,601	1,000,000	-	-	1,000,000
Chile	Line 107	CLP	Single	3.00%	3.00%	5,500,000	01-08-19	5,496,830	-	-	5,496,830	5,500,000	-	-	5,500,000
Chile	Line 107	CLP	Single	3.12%	3.12%	2,500,000	01-22-19	2,495,501	-	-	2,495,501	2,500,000	-	-	2,500,000
Chile	Line 107	CLP	Single	3.12%	3.12%	1,500,000	01-22-19	1,497,298	-	-	1,497,298	1,500,000	-	-	1,500,000
Chile	Line 107	CLP	Single	3.24%	3.24%	1,000,000	01-29-19	997,508	-	-	997,508	1,000,000	-	-	1,000,000
Chile	Line 107	CLP	Single	3.36%	3.36%	5,000,000	01-29-19	4,987,083	-	-	4,987,083	5,000,000	-	-	5,000,000
Chile	Line 107	CLP	Single	3.36%	3.36%	3,000,000	02-05-19	2,990,318	-	-	2,990,318	3,000,000	-	-	3,000,000
Chile	Line 107	CLP	Single	3.72%	3.72%	1,000,000	02-19-19	994,997	-	-	994,997	1,000,000	-	-	1,000,000
Chile	Line 107	CLP	Single	3.72%	3.72%	1,000,000	02-19-19	994,997	-	-	994,997	1,000,000	-	-	1,000,000
Chile	Line 107	CLP	Single	3.96%	3.96%	2,000,000	02-19-19	1,989,352	-	-	1,989,352	2,000,000	-	-	2,000,000
Chile	Line 107	CLP	Single	3.96%	3.96%	3,000,000	02-12-19	2,986,300	-	-	2,986,300	3,000,000	-	-	3,000,000
Chile	Line 107	CLP	Single	3.96%	3.96%	1,000,000	02-19-19	994,676	-	-	994,676	1,000,000	-	-	1,000,000
Chile	Line 107	CLP	Single	3.96%	3.96%	1,000,000	02-12-19	995,433	-	-	995,433	1,000,000	-	-	1,000,000
Chile	Line 107	CLP	Single	3.96%	3.96%	3,000,000	02-12-19	2,986,297	-	-	2,986,297	3,000,000	-	-	3,000,000
Chile	Line 107	CLP	Single	3.84%	3.84%	3,000,000	02-26-19	2,982,288	-	-	2,982,288	3,000,000	-	-	3,000,000
Chile	Line 107	CLP	Single	3.84%	3.84%	5,000,000	02-26-19	4,970,477	-	-	4,970,477	5,000,000	-	-	5,000,000
Chile	Line 107	CLP	Single	3.84%	3.84%	6,144,922	03-05-19	6,104,120	-	-	6,104,120	6,144,922	-	-	6,144,922
Chile	Line 107	CLP	Single	3.84%	3.84%	855,078	03-05-19	849,399	-	-	849,399	855,078	-	-	855,078
Chile	Line 107	CLP	Single	3.96%	3.96%	7,000,000	03-12-19	6,946,710	-	-	6,946,710	7,000,000	-	-	7,000,000
Chile	Line 107	CLP	Single	3.96%	3.96%	6,500,000	03-19-19	6,445,609	-	-	6,445,609	6,500,000	-	-	6,500,000
Chile	Line 107	CLP	Single	3.84%	3.84%	2,300,000	04-09-19	-	2,276,221	-	2,276,221	-	2,300,000	-	2,300,000
Chile	Line 126	CLP	Single	3.72%	3.72%	4,600,000	03-05-19	4,570,272	-	-	4,570,272	4,600,000	-	-	4,600,000
Chile	Line 126	CLP	Single	3.72%	3.72%	1,500,000	03-26-19	1,487,117	-	-	1,487,117	1,500,000	-	-	1,500,000
Chile	Line 126	CLP	Single	3.84%	3.84%	10,000,000	05-28-19	-	9,845,928	-	9,845,928	-	10,000,000	-	10,000,000
Chile	Line 126	CLP	Single	4.32%	4.32%	8,500,000	11-19-19	-	-	8,184,471	8,184,471	-	-	8,500,000	8,500,000
Chile	Line 126	CLP	Single	4.20%	4.20%	500,000	11-19-19	-	-	481,923	481,923	-	-	500,000	500,000
Chile	Line 126	CLP	Single	3.72%	3.72%	7,000,000	03-26-19	6,939,831	-	-	6,939,831	7,000,000	-	-	7,000,000
Chile	Line 126	CLP	Single	3.72%	3.72%	750,000	03-05-19	745,152	-	-	745,152	750,000	-	-	750,000
Chile	Line 126	CLP	Single	3.72%	3.72%	2,650,000	03-05-19	2,632,869	-	-	2,632,869	2,650,000	-	-	2,650,000
Chile	Line 117	USD	Single	3.50%	3.50%	701,559	01-10-19	701,255	-	-	701,255	701,559	-	-	701,559
Chile	Line 117	USD	Single	3.60%	3.60%	2,083,410	01-10-19	2,082,451	-	-	2,082,451	2,084,310	-	-	2,084,310
	Total							87,849,955	12,122,149	8,666,394	108,638,498	88,285,869	12,300,000	9,000,000	109,585,869

# 2017

									Carrying	amount			Undiscou	nted flows	
				Annual	Annual	Nominal	Promissory		12.31.207				12.31.2017		Total
Country	Register No.	Currency	Amortization type	effective rate	nomimal rate	value ThCh\$	note maturity	0 - 3 months	3 - 6 months	6 - 12 months	"Total ThCh\$"	0 - 3 months	3 - 6 months	6 - 12 months	nominal value
								ThCh\$	ThCh\$	ThCh\$		ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chile	Line 107	UF	Single	1.65%	1.65%	1,125,522	05-06-18	-	1,117,654	-	1,117,654	-	1,125,522	-	1,125,522
Chile	Line 107	UF	Single	1.35%	1.35%	43,842	05-06-18	-	43,590	-	43,590	-	43,842	-	43,842
Chile	Line 107	UF	Single	1.10%	1.10%	1,296,065	05-06-18	-	1,289,978	-	1,289,978	-	1,296,065	-	1,296,065
Chile	Line 107	CLP	Single	3.24%	3.24%	163,000	09-01-18	162,884	-	-	162,884	163,000	-	-	163,000
Chile	Line 107	CLP	Single	3.36%	3.36%	1,337,000	09-01-18	1,336,011	-	-	1,336,011	1,337,000	-	-	1,337,000
Chile	Line 107	CLP	Single	3.36%	3.36%	4,000,000	06-02-18	3,986,741	-	-	3,986,741	4,000,000	-	-	4,000,000
Chile	Line 107	CLP	Single	3.24%	3.24%	255,000	13-02-18	254,027	-	-	254,027	255,000	-	-	255,000
Chile	Line 107	CLP	Single	3.36%	3.36%	2,745,000	13-02-18	2,734,139	-	-	2,734,139	2,745,000	-	-	2,745,000
Chile	Line 107	CLP	Single	3.36%	3.36%	2,000,000	23-01-18	1,995,943	-	-	1,995,943	2,000,000	-	-	2,000,000
Chile	Line 107	CLP	Single	3.36%	3.36%	2,000,000	09-01-18	1,998,523	-	-	1,998,523	2,000,000	-	-	2,000,000
Chile	Line 107	CLP	Single	3.36%	3.36%	1,000,000	16-01-18	998,616	-	-	998,616	1,000,000	-	-	1,000,000
Chile	Line 107	CLP	Single	3.24%	3.24%	163,000	23-01-18	162,681	-	-	162,681	163,000	-	-	163,000
Chile	Line 107	CLP	Single	3.36%	3.36%	50,000	23-01-18	49,899	-	-	49,899	50,000	-	-	50,000
Chile	Line 107	CLP	Single	3.36%	3.36%	500,000	09-01-18	499,630	-	-	499,630	500,000	-	-	500,000
Chile	Line 107	CLP	Single	3.24%	3.24%	25,000	16-01-18	24,967	-	-	24,967	25,000	-	-	25,000
Chile	Line 107	CLP	Single	3.36%	3.36%	1,975,000	16-01-18	1,972,265	-	-	1,972,265	1,975,000	-	-	1,975,000
Chile	Line 107	CLP	Single	3.36%	3.36%	787,000	23-01-18	785,402	-	-	785,402	787,000	-	-	787,000
Chile	Line 107	CLP	Single	3.48%	3.48%	2,000,000	03-04-18	-	1,982,476	-	1,982,476	-	2,000,000	-	2,000,000
Chile	Line 107	CLP	Single	3.48%	3.48%	3,000,000	03-04-18	-	2,973,711	-	2,973,711	-	3,000,000	-	3,000,000
Chile	Line 107	CLP	Single	3.48%	3.48%	4,000,000	10-04-18	-	3,962,350	-	3,962,350	-	4,000,000	-	4,000,000



									Carrying	amount			Undiscou	nted flows	
				Annual	Annual	Nominal	Promissory		12.31.207				12.31.2017		Total
Country	Register No.	Currency	Amortization type	effective rate	nomimal rate	value ThCh\$	note maturity	0 - 3 months	3 - 6 months	6 - 12 months	"Total ThCh\$"	0 - 3 months	3 - 6 months	6 - 12 months	nominal value
								ThCh\$	ThCh\$	ThCh\$		ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chile	Line 107	CLP	Single	3.48%	3.48%	2,500,000	17-04-18	-	2,474,812	-	2,474,812	-	2,500,000	-	2,500,000
Chile	Line 107	CLP	Single	3.48%	3.48%	2,000,000	24-04-18	-	1,978,533	-	1,978,533	-	2,000,000	-	2,000,000
Chile	Line 107	CLP	Single	3.48%	3.48%	1,400,000	24-04-18	-	1,384,959	-	1,384,959	-	1,400,000	-	1,400,000
Chile	Line 107	CLP	Single	3.48%	3.48%	125,000	08-05-18	-	123,495	-	123,495	-	125,000	-	125,000
Chile	Line 107	CLP	Single	3.48%	3.48%	600,000	08-05-18	-	592,764	-	592,764	-	600,000	-	600,000
Chile	Line 107	CLP	Single	3.48%	3.48%	3,000,000	08-05-18	-	2,963,786	-	2,963,786	-	3,000,000	-	3,000,000
Chile	Line 107	CLP	Single	3.84%	3.84%	275,000	08-05-18	-	271,326	-	271,326	-	275,000	-	275,000
Chile	Line 107	CLP	Single	3.48%	3.48%	500,000	17-04-18	-	494,962	-	494,962	-	500,000	-	500,000
Chile	Line 107	CLP	Single	3.48%	3.48%	1,600,000	24-04-18	-	1,582,825	-	1,582,825	-	1,600,000	-	1,600,000
Chile	Line 107	CLP	Single	3.60%	3.60%	2,600,000	12-06-18	-	2,558,657	-	2,558,657	-	2,600,000	-	2,600,000
Chile	Line 107	CLP	Single	3.60%	3.60%	5,000,000	15-05-18	-	4,934,049	-	4,934,049	-	5,000,000	-	5,000,000
Chile	Line 107	CLP	Single	3.60%	3.60%	1,500,000	22-05-18	-	1,479,185	-	1,479,185	-	1,500,000	-	1,500,000
Chile	Line 107	CLP	Single	3.60%	3.60%	2,500,000	22-05-18	-	2,465,302	-	2,465,302	-	2,500,000	-	2,500,000
Chile	Line 107	CLP	Single	3.60%	3.60%	1,100,000	05-06-18	-	1,083,238	-	1,083,238	-	1,100,000	-	1,100,000
Chile	Line 107	CLP	Single	3.84%	3.84%	3,100,000	05-06-18	-	3,049,596	-	3,049,596	-	3,100,000	-	3,100,000
Chile	Line 107	CLP	Single	3.84%	3.84%	1,200,000	12-06-18	-	1,179,640	-	1,179,640	-	1,200,000	-	1,200,000
Chile	Line 107	CLP	Single	3.84%	3.84%	2,000,000	19-06-18	-	1,964,626	-	1,964,626	-	2,000,000	-	2,000,000
Chile	Line 107	CLP	Single	3.84%	3.84%	200,000	12-06-18	-	196,606	-	196,606	-	200,000	-	200,000
Chile	Line 107	CLP	Single	3.84%	3.84%	800,000	19-06-18	-	785,849	-	785,849	-	800,000	-	800,000
Chile	Line 107	CLP	Single	3.84%	3.84%	800,000	05-06-18	-	786,995	-	786,995	-	800,000	-	800,000
Chile	Line 107	CLP	Single	3.84%	3.84%	200,000	19-06-18	-	196,458	-	196,458	-	200,000	-	200,000
Chile	Line 117	USD	Single	2.35%	2.35%	921,855	11-01-18	921,495	-	-	921,495	921,855	-	-	921,855
Chile	Line 117	USD	Single	2.80%	2.80%	1,229,140	11-01-18	1,228,428	-	-	1,228,428	1,229,140	-	-	1,229,140
Chile	Line 117	USD	Single	2.60%	2.60%	307,285	11-01-18	307,302	-	-	307,302	307,285	-	-	307,285
	Total							19,418,953	43,917,422	-	63,336,375	19,458,280	44,465,429	-	63,923,709

# c) Current obligations to the public (bonds)

The balances at carrying amount and the undiscounted cash flows as of December 31, 2018 and 2017 were as follows:

2018

										Carryii	ng amount			Undisco	unted flows	
Country	Register	Series	Nominal	Currency	Amortization	Annual effective	Annual nominal	Final		31.1	2.2018			31.1	2.2018	
Country	No.	Series	amount	Currency	Amortization	rate	rate	maturity	0 - 3 months	3 - 6 months	6 - 12 months	Total ThCh\$	0 - 3 months	3 - 6 months	6 - 12 months	Total ThCh\$
									ThCh\$	ThCh\$	ThCh\$	Thons	ThCh\$	ThCh\$	ThCh\$	Thons
Chile	656	Serie I	666,666	UF	Biannual with a four-year grace period	3.670%	3.800%	01-04-21		3,872,128	3,694,416	7,566,544	-	4,021,350	3,952,167	7,973,516
Chile	709	Serie P	735,000	UF	Biannual with a four-year grace period	3.530%	3.700%	01-04-19	-	20,454,909	-	20,454,909	-	20,632,277	-	20,632,277
Chile	625	Serie S	1,000,000	UF	Biannual with a four-year grace period	3.150%	2.900%	15-12-19	-	13,931,646	13,636,015	27,567,661	-	14,179,742	13,981,320	28,161,062
Chile	817	Serie U	1,000,000	UF	Maturity	2.450%	2.500%	01-08-20	236,320	-	-	236,320	342,445	-	342,445	684,890
Chile	817	Serie W	1,000,000	UF	Biannual with a ten-year grace period	3.950%	3.800%	01-08-36	462,034	-	-	462,034	518,867	-	518,867	1,037,734
Chile	817	Serie X	2,000,000	UF	Maturity	3.500%	3.750%	10-09-20	403,532	-	-	403,532	1,024,204	-	1,024,204	2,048,408
Chile	548	Serie Z	1,500,000	UF	Maturity	2.740%	3.250%	05-07-21	179,372	-	-	179,372	666,544	-	666,544	1,333,088
Chile	888	Serie AB	1,000,000	UF	Maturity	3.550%	3.750%	15-02-38	256,120	-	-	256,120	1,024,204	-	1,024,204	2,048,408
Chile	888	Serie AC	1,500,000	UF	Maturity	2.200%	2.150%	05-04-22	-	175,063	-	175,063	-	589,513	589,513	1,179,026
Switzerland	-	-	100,000,000	CHF	Maturity	1.375%	1.375%	10-11-20	-	-	283,326	283,326	-	-	977,810	977,810
Switzerland	-	-	150,000,000	CHF	Maturity	2.125%	2.125%	15-11-19	-	-	105,598,494	105,598,494	-	-	108,171,555	108,171,555
	Total								1,537,378	38,433,746	123,212,251	163,183,375	3,576,264	39,422,882	131,248,629	174,247,775

#### 2017

										Carryir	ng amount			Undisco	unted flows	
	Dogistor		Nominal			Annual	Annual	Final		31.1	2.2018			31.1	2.2018	
Country	Register No.	Series	amount	Currency	Amortization	effective rate	nominal rate	maturity	0 - 3 months	3 - 6 months	6 - 12 months	Total ThCh\$	0 - 3 months	3 - 6 months	6 - 12 months	Total ThCh\$
									ThCh\$	ThCh\$	ThCh\$	Thens	ThCh\$	ThCh\$	ThCh\$	Thuns
Chile	656	Serie I	1,600,000	UF	Biannual with a ten-year grace period	3.670%	3.800%	01-04-21	-	3,820,586	3,579,960	7,400,546	-	4,050,750	3,983,494	8,034,244
Chile	709	Serie P	1,470,000	UF	Biannual with a ten-year grace period	3.530%	3.700%	01-04-19	-	369,102	19,095,823	19,464,925	-	722,156	20,253,420	20,975,576
Chile	625	Serie S	1,000,000	UF	Biannual with a ten-year grace period	3.150%	2.900%	15-12-19	-	36,436	-	36,436	-	385,796	385,796	771,592
Chile	817	Serie U	1,000,000	UF	Maturity	2.450%	2.500%	01-08-20	254,720	-	-	254,720	304,657	-	332,909	637,566
Chile	817	Serie W	1,000,000	UF	Biannual with a ten-year grace period	3.950%	3.800%	01-08-36	433,474	-	-	433,474	509,137	-	504,417	1,013,554
Chile	817	Serie X	2,000,000	UF	Maturity	3.490%	3.750%	10-09-20	515,132	-	-	515,132	885,747	-	995,682	1,881,429
Chile	548	Serie Z	1,500,000	UF	Maturity	2.740%	3.250%	05-07-21	352,709	-	-	352,709	352,709	-	647,982	1,000,691
USA	-	-	250,000,000	USD	Maturity	4.500%	4.375%	13-03-18	98,244,086	-	-	98,244,086	99,551,114	-	-	99,551,114
Switzerland	-	-	150,000,000	CHF	Maturity	2.125%	2.125%	15-11-19	-	-	1,284,155	1,284,155	-	-	2,995,361	2,995,361
Switzerland	-	-	100,000,000	CHF	Maturity	1.375%	1.375%	10-11-20	-	-	138,573	138,573	-	-	866,804	866,804
	Total								99,800,121	4,226,124	24,098,511	128,124,756	101,603,364	5,158,702	30,965,865	137,727,931

# d) Other financial liabilities

Other financial liabilities, current at carrying amount were as follows:

Other financial liabilities	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Obligations for Forwards	1,144,249	4,366,747
Obligations for agreements	56,388,188	29,143,663
Obligations for Repurchase agreements	11,750,137	-
Total	69,282,574	33,510,410

Other current financial liabilities valued as undiscounted contractual cash flows were as follows:

Other financial liabilities	12.31.2018	12.31.2017
Other imancial habilities	ThCh\$	ThCh\$
Obligations for Forwards	1,144,249	4,366,747
Obligations for agreements	56,476,953	29,158,607
Obligations for Repurchase agreements	11,758,131	-
Total	69,379,333	33,525,354

# i) Obligations from forwards are composed of the following:

# i. At carrying amount

				12.3	1.2018			12.31	.2017	
Debtor Taxpayer ID	Debtor	Debtor's country	0 - 3 months	3 - 6 months	6 - 12 months	Total	0 - 3 months	3 - 6 months	6 - 12 months	Total
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	-	-	-	-	3,713,616	-	-	3,713,616
80.962.600-8	Tanner Corredores de Bolsa S.A.	Chile	1,144,249	-	-	1,144,249	653,131	-	-	653,131
Total			1,144,249	-	-	1,144,249	4,366,747	-	-	4,366,747

# ii. At undiscounted cash flow value

				12.31	1.2018			12.31	.2017	
Debtor Taxpayer ID	Debtor	Debtor's country	0 - 3 months	3 - 6 months	6 - 12 months	Total	0 - 3 months	3 - 6 months	6 - 12 months	Total
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	-	-	-	-	3,713,616	-	-	3,713,616
80.962.600-8	Tanner Corredores de Bolsa S.A.	Chile	1,144,249	-	-	1,144,249	653,131	-	-	653,131
Total			1,144,249	-	-	1,144,249	4,366,747	-	-	4,366,747



# ii) Obligations for Sales with Repurchase Agreements are composed of the following:

# i. At carrying amount

				12.31	.2018			12.3°	1.2017	
Debtor Taxpayer ID	Debtor	Debtor's country	0 - 3 months	3 - 6 months	6 - 12 months	Total	0 - 3 months	3 - 6 months	6 - 12 months	Total
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
80.962.600-8	Tanner Corredores de Bolsa S.A.	Chile	56,388,188	-	-	56,388,188	29,143,663	-	-	29,143,663
Total			56,388,188	-	-	56,388,188	29,143,663	-	-	29,143,663

#### ii. At undiscounted cash flow value

				12.31	.2018			12.31	1.2017	
Debtor Taxpayer ID	Debtor	Debtor's country	0 - 3 months	3 - 6 months	6 - 12 months	Total	0 - 3 months	3 - 6 months	6 - 12 months	Total
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
80.962.600-8	Tanner Corredores de Bolsa S.A.	Chile	56,476,953	-	-	56,476,953	29,158,607	-	-	29,158,607
Total			56,476,953	-	-	56,476,953	29,158,607	-	-	29,158,607

# iii) Obligations for Repurchase agreements are composed of the following:

#### 2018

The balances at carrying amount and the undiscounted cash flows as of June 30, 2018 were as follows:

			Credit						Carrying a	mount 12.	31.2018		Undiscou 12	nted cash .31.2018	flows	
Debtor Taxpayer ID	Debtor	Debtor's country	Taxpayer	Creditor	Creditor's country	Amortization	Currency	Maturity	0 - 3 months	3 - 6 months	6 - 12 months	Total	0 - 3 months	3 - 6 months	6 - 12 months	Total
									ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	Societe Generale	USA	Single	USD	09-01-19	805,037	-	-	805,037	805,601	-	-	805,601
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	Societe Generale	USA	Single	USD	09-01-19	302,795	-	-	302,795	302,996	-	-	302,996
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	Societe Generale	USA	Single	USD	09-01-19	291,402	-	-	291,402	291,595	-	-	291,595
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	Societe Generale	USA	Single	USD	09-01-19	367,701	-	-	367,701	367,944	-	-	367,944
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	Societe Generale	USA	Single	USD	09-01-19	210,457	-	-	210,457	210,604	-	-	210,604
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	Societe Generale	USA	Single	USD	09-01-19	254,236	-	-	254,236	254,404	-	-	254,404
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	Societe Generale	USA	Single	USD	09-01-19	251,455	-	-	251,455	251,622	-	-	251,622
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	Societe Generale	USA	Single	USD	09-01-19	799,528	-	-	799,528	800,079	-	-	800,079
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	Societe Generale	USA	Single	USD	09-01-19	315,727	-	-	315,727	315,936	-	-	315,936
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	Societe Generale	USA	Single	USD	09-01-19	535,084	-	-	535,084	535,453	-	-	535,453
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	Societe Generale	USA	Single	USD	09-01-19	290,879	-	-	290,879	291,080	-	-	291,080
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	Societe Generale	USA	Single	USD	09-01-19	837,336	-	-	837,336	837,913	-	-	837,913
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	Societe Generale	USA	Single	USD	09-01-19	841,230	-	-	841,230	841,810	-	-	841,810
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	Societe Generale	USA	Single	USD	09-01-19	606,478	-	-	606,478	606,896	-	-	606,896
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	Societe Generale	USA	Single	USD	09-01-19	641,283	-	-	641,283	641,707	-	-	641,707
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	Societe Generale	USA	Single	USD	09-01-19	1,203,813	-	-	1,203,813	1,204,643	-	-	1,204,643
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	Societe Generale	USA	Single	USD	09-01-19	262,501	-	-	262,501	262,675	-	-	262,675
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	Societe Generale	USA	Single	USD	09-01-19	1,455,383	-	-	1,455,383	1,456,387	-	-	1,456,387
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	Societe Generale	USA	Single	USD	09-01-19	1,477,812	-	-	1,477,812	1,478,786	-	-	1,478,786
Total									11,750,137		-	11,750,137	11,758,131	-	-	11,758,131

Note: The following table shows the average annual interest rate.

Interest for Repurchase agreements 31.12.2018								
Creditor	Currency	Annual nominal rate	Annual effective rate					
Foreign	US\$	3.09%	3.09%					

#### 2017

As of December 31, 2017, the Company had no liabilities related to this concept.

# **NOTE 20.**

# Other financial liabilities, non-current

Los otros pasivos financieros no corrientes, están compuestos según el siguiente detalle:

# i) At carrying amount

Other financial liabilities, non-current	12.31.2018	12.31.2017
Other infancial nabilities, non-current	ThCh\$	ThCh\$
Bank borrowings	100,711,799	74,528,233
Promissory notes and bonds payable (bonds)	347,717,026	368,559,297
Swap derivative instruments	784,575	8,026,280
Total	449,213,400	451,113,810

#### ii) At undiscounted cash flow value

Other financial liabilities, non-current	12.31.2018	12.31.2017
Other imarcial nabilities, non-current	ThCh\$	ThCh\$
Bank borrowings	106,290,304	76,701,247
Promissory notes and bonds payable (bonds)	403,337,222	402,167,722
Swap derivative instruments	784,575	8,026,279
Total	510,412,100	486,895,248

Interim consolidated financial statements should indicate the name, Taxpayer ID Number and country of the debtor entity, as required by Circular No. 595 issued by the Superintendence of Securities and Insurance, now Financial Market Commission (CMF). In this case all non-current financial liabilities at the reporting dates are obligations of the parent company, Tanner Servicios Financieros S.A., Taxpayer ID Number 96.667.560-8, a Chilean company.

#### a) Non-current obligations with banks and financial institutions

i) At carrying amount as of December 31, 2018 and 2017, were as follows:

												Carrying	amount			
Debtor		Debtor	Credit		Creditor	Amortization				12.31	.2018			12.31	.2017	
Taxpayer ID	Debtor	country	Taxpayer ID	Creditor	country	typeamortización	Currency	Maturity	1 - 3 years	3 - 5 years	Over 5 years	Total	1 - 3 years	3 - 5 years	Over 5 years	Total
									ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.032.000-8	BBVA	Chile	Single	Ch\$	14-02-20	14,413,684	-	-	14,413,684	-	-	-	-
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.006.000-6	BCI	Chile	Amortization	Ch\$	23-04-20	1,546,355	-	-	1,546,355	-	-	-	-
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.006.000-6	BCI	Chile	Amortization	Ch\$	09-02-20	827,812	-	-	827,812	-	-	-	-
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	76.362.099-9	Banco BTG Pactual	Chile	Single	UF	28-08-20	15,712,500	-	-	15,712,500	-	-	-	-
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	IFC	USA	Amortization	US\$	15-05-19	-	-	-	-	20,491,859	-	-	20,491,859
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	IFC	USA	Amortization	US\$	15-05-21	26,062,068	-	-	26,062,068	22,720,393	7,147,933	-	29,868,326
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	DEG	Germany	Amortization	US\$	15-12-21	18,527,200	-	-	18,527,200	16,202,784	7,965,264	-	24,168,048
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	217110109	CII	USA	Amortization	US\$	16-10-23	8,644,913	8,029,567	-	16,674,480	-	-	-	-
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	Bladex	USA	Single	US\$	20-03-20	6,947,700	-	-	6,947,700	-	-	-	-
Total									92,682,232	8,029,567	-	100,711,799	59,415,036	15,113,197	-	74,528,233



ii) At undiscounted cash flow value as of December 31, 2018 and 2017, were as follows:

												Carrying	amount			
Debtor		Debtor	Credit		Creditor	Amortization				12.31	.2018			12.31	.2017	
Taxpayer ID	Debtor	country	Taxpayer ID	Creditor	country	typeamortización	Currency	Maturity	1 - 3 years	3 - 5 years	Over 5 years	Total	1 - 3 years	3 - 5 years	Over 5 years	Total
									ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.032.000-8	BBVA	Chile	Single	Ch\$	14-02-20	15,341,513	-	-	15,341,513	-	-	-	-
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.006.000-6	BCI	Chile	Amortization	Ch\$	23-04-20	1,570,373	-	-	1,570,373	-	-	-	-
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	97.006.000-6	BCI	Chile	Amortization	Ch\$	09-02-20	836,699	-	-	836,699	-	-	-	-
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	76.362.099-9	Banco BTG Pactual	Chile	Single	UF	28-08-20	15,951,679	-	-	15,951,679	-	-	-	-
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	IFC	USA	Amortization	US\$	15-05-19	-	-	-	-	20,289,867	-	-	20,289,867
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	IFC	USA	Amortization	US\$	15-05-21	27,786,631	-	-	27,786,631	25,069,661	7,882,584	-	-
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	DEG	Germany	Amortization	US\$	15-12-21	19,645,198	-	-	19,645,198	15,032,911	8,426,224	-	-
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	217110109	CII	USA	Amortization	US\$	16-10-23	9,375,270	8,707,939	-	18,083,209	-	-	-	-
96.667.560-8	Tanner Servicios Financieros S.A.	Chile	0-E	Bladex	USA	Single	US\$	20-03-20	7,075,002	-	-	7,075,002	-	-	-	-
Total			Ì						97,582,365	8,707,939	-	106,290,304	60,392,439	16,308,808	-	76,701,247

# b) Obligations to the public (bonds), non-current

i) At carrying amount as of December 31, 2018 and 2017, were as follows::

										Carrying	amount		
						Annual	Annual			12.31	.2018		
Country	Registration No.	Series	Nominal value	Currency	Amortization	effective rate	nominal rate	Final maturity	1 - 3 years	3 - 5 years	Over 5 years	Total	
									ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Chile	656	Serie I	666,666	UF	Semi-annually, with a four year grace	3.670%	3.800%	01-04-21	10,958,536	-	-	10,958,536	
Chile	817	Serie U	1,000,000	UF	At maturity	2.450%	2.500%	01-08-20	27,656,638	-	-	27,656,638	
Chile	817	Serie W	1,000,000	UF	Semi-annually, with a ten year grace	3.950%	3.800%	01-08-36	-	-	27,280,876	27,280,876	
Chile	817	Serie X	2,000,000	UF	At maturity	3.500%	3.750%	10-09-20	55,524,341	-	-	55,524,341	
Chile	548	Serie Z	1,500,000	UF	At maturity	2.740%	3.250%	05-07-21	42,304,198	-	-	42,304,198	
Chile	888	Serie AB	1,000,000	UF	At maturity	3.550%	3.750%	15-02-38	-	-	58,517,293	58,517,293	
Chile	888	Serie AC	1,500,000	UF	At maturity	2.200%	2.150%	05-04-22	-	55,256,653	-	55,256,653	
Switzerland	-	-	100,000,000	CHF	At maturity	2.310%	2.125%	10-11-20	70,218,491	-	-	70,218,491	
	Total								206,662,204	55,256,653	85,798,169	347,717,026	
										Carrying	amount		
						Annual	Annual		12.31.20				
Country	Registration No.	Series	Nominal value	Currency	Amortization	effective rate	nominal rate	Final maturity	1 - 3 years	3 - 5 years	Over 5 years	Total	
									ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Chile	709	Serie P	1,470,000	UF	Semi-annually, with a four year grace	3,530%	3,700%	01-04-19	19,753,526	-	-	19,753,526	
Chile	625	Serie S	1,000,000	UF	Semi-annually, with a four year grace	3,150%	2,900%	15-12-19	26,765,369	-	-	26,765,369	
Chile	817	Serie U	1,000,000	UF	At maturity	2,450%	2,500%	01-08-20	26,824,641	-	-	26,824,641	
Chile	817	Serie X	2,000,000	UF	At maturity	3,490%	3,750%	10-09-20	53,972,074	-	-	53,972,074	
Chile	656	Serie I	933,333	UF	Semi-annually, with a four year grace	3,670%	3,800%	01-04-21	14,171,927	3,573,085	-	17,745,012	
Chile	548	Serie Z	1,500,000	UF	At maturity	2,740%	3,250%	05-07-21	647,982	40,416,365	-	41,064,347	
Chile	817	Serie W	1,000,000	UF	Semi-annually, with a ten year grace	3,950%	3,800%	01-08-36	428,755	-	26,031,504	26,460,259	
Switzerland	-	-	150,000,000	CHF	At maturity	2,125%	2,125%	15-11-19	93,418,287	-	-	93,418,287	
Switzerland	-	-	100,000,000	CHF	At maturity	1,375%	1,375%	10-11-20	62,555,782	-	-	62,555,782	
	Total								298,538,343	43,989,450	26,031,504	368,559,297	

ii) At undiscounted cash flow value as of December 31, 2018 and 2017, were as follows:

										Carrying	g amount	
	Do nietwatiew		Naminal			Annual	Annual	First		12.31	.2018	
Country	Registration No.	Series	Nominal value	Currency	Amortization	effective rate	nominal rate	Final maturity	1 - 3 years	3 - 5 years	Over 5 years	Total
									ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chile	656	Serie I	666,666	UF	Semi-annually, with a four year grace	3.670%	3.800%	01-04-21	11,441,409	-	-	11,441,409
Chile	817	Serie U	1,000,000	UF	At maturity	2.450%	2.500%	01-08-20	28,250,681	-	-	28,250,681
Chile	817	Serie W	1,000,000	UF	Semi-annually, with a ten year grace	3.950%	3.800%	01-08-36	2,075,467	2,075,467	35,608,224	39,759,158
Chile	817	Serie X	2,000,000	UF	At maturity	3.500%	3.750%	10-09-20	57,179,987	-	-	57,179,987
Chile	548	Serie Z	1,500,000	UF	At maturity	2.740%	3.250%	05-07-21	44,014,860	-	-	44,014,860
Chile	888	Serie AB	1,000,000	UF	At maturity	3.550%	3.750%	15-02-38	4,096,814	4,096,814	84,833,484	93,027,112
Chile	888	Serie AC	1,500,000	UF	At maturity	2.200%	2.150%	05-04-22	2,358,051	55,721,093	-	58,079,144
Switzerland	-	-	100,000,000	CHF	At maturity	2.310%	2.125%	10-11-20	71,584,871	-	-	71,584,871
	Total								221,002,140	61,893,374	120,441,708	403,337,222
									Carrying amount			
										Carrying	g amount	
	Degistration		Naminal			Annual	Annual	Final			,2017	
Country	Registration No.	Series	Nominal value	Currency	Amortization	Annual effective rate	Annual nominal rate	Final maturity	1 - 3 years			Total
Country		Series		Currency	Amortization	effective	nominal		1 - 3 years ThCh\$	12,31	,2017 Over 5	Total
Country		Series Serie P		Currency	Amortization  Semi-annually, with a four year grace	effective	nominal		•	12,31 3 - 5 years	,2017 Over 5 years	
	No.		value		Semi-annually, with a	effective rate	nominal rate	maturity	ThCh\$	12,31 3 - 5 years ThCh\$	,2017 Over 5 years	ThCh\$ 21,189,814
Chile	No. 709	Serie P	value 1,470,000	UF	Semi-annually, with a four year grace Semi-annually, with a	effective rate 3.530%	nominal rate 3.700%	01-04-19	ThCh\$ 21,189,814	12,31 3 - 5 years ThCh\$	,2017 Over 5 years	ThCh\$ 21,189,814 28,079,219
Chile Chile	No. 709	Serie P	1,470,000 1,000,000	UF UF	Semi-annually, with a four year grace Semi-annually, with a four year grace	effective rate  3.530%  3.150%	nominal rate 3.700% 2.900%	01-04-19 15-12-19	ThCh\$ 21,189,814 28,079,219	12,31 3 - 5 years ThCh\$	,2017 Over 5 years	ThCh\$ 21,189,814 28,079,219 28,539,122
Chile Chile	709 625 817	Serie P Serie S Serie U	1,470,000 1,000,000 1,000,000	UF UF UF	Semi-annually, with a four year grace Semi-annually, with a four year grace At maturity	3.530% 3.150% 2.450%	nominal rate  3.700%  2.900%  2.500%	01-04-19 15-12-19 01-08-20	ThCh\$ 21,189,814 28,079,219 28,539,122	12,31 3 - 5 years ThCh\$	,2017 Over 5 years	ThCh\$ 21,189,814 28,079,219 28,539,122 59,321,097
Chile Chile Chile Chile	709 625 817 817	Serie P Serie S Serie U Serie X	1,470,000 1,000,000 1,000,000 2,000,000	UF UF UF UF	Semi-annually, with a four year grace Semi-annually, with a four year grace At maturity At maturity Semi-annually, with a	3.530% 3.150% 2.450% 3.490%	3.700% 2.900% 2.500% 3.750%	01-04-19 15-12-19 01-08-20 10-09-20	ThCh\$ 21,189,814 28,079,219 28,539,122 59,321,097	12,31 3 - 5 years ThCh\$	,2017 Over 5 years	ThCh\$ 21,189,814 28,079,219 28,539,122 59,321,097 19,387,544
Chile Chile Chile Chile Chile	709 625 817 817 656	Serie P Serie S Serie U Serie X Serie I	1,470,000 1,000,000 1,000,000 2,000,000 933,333	UF UF UF UF	Semi-annually, with a four year grace Semi-annually, with a four year grace At maturity At maturity Semi-annually, with a four year grace	3.530% 3.150% 2.450% 3.490% 3.670%	3.700% 2.900% 2.500% 3.750% 3.800%	01-04-19 15-12-19 01-08-20 10-09-20 01-04-21	ThCh\$ 21,189,814 28,079,219 28,539,122 59,321,097 15,747,203	12,31 3 - 5 years ThCh\$ 3,640,341	,2017 Over 5 years	ThCh\$ 21,189,814 28,079,219 28,539,122 59,321,097 19,387,544
Chile Chile Chile Chile Chile Chile	709 625 817 817 656 548	Serie P Serie S Serie U Serie X Serie I Serie Z	1,470,000 1,000,000 1,000,000 2,000,000 933,333 1,500,000	UF UF UF UF UF	Semi-annually, with a four year grace Semi-annually, with a four year grace At maturity At maturity Semi-annually, with a four year grace At maturity Semi-annually, with a four year grace	3.530% 3.150% 2.450% 3.490% 3.670%	nominal rate  3.700%  2.900%  2.500%  3.750%  3.800%  3.250%	01-04-19 15-12-19 01-08-20 10-09-20 01-04-21	ThCh\$ 21,189,814 28,079,219 28,539,122 59,321,097 15,747,203 3,887,891	12,31 3 - 5 years ThCh\$	,2017 Over 5 years ThCh\$	ThCh\$ 21,189,814 28,079,219 28,539,122 59,321,097 19,387,544 45,600,220
Chile Chile Chile Chile Chile Chile Chile Chile	No.  709  625  817  817  656  548  817	Serie P Serie S Serie U Serie X Serie I Serie Z Serie W	1,470,000 1,000,000 1,000,000 2,000,000 933,333 1,500,000	UF UF UF UF UF UF	Semi-annually, with a four year grace Semi-annually, with a four year grace At maturity At maturity Semi-annually, with a four year grace At maturity Semi-annually, with a ten year grace	3.530% 3.150% 2.450% 3.490% 3.670% 2.740% 3.950%	nominal rate  3.700%  2.900%  2.500%  3.750%  3.800%  3.800%	01-04-19 15-12-19 01-08-20 10-09-20 01-04-21 05-07-21 01-08-36	ThCh\$ 21,189,814 28,079,219 28,539,122 59,321,097 15,747,203 3,887,891 3,026,504	12,31 3 - 5 years ThCh\$	,2017 Over 5 years ThCh\$	ThCh\$ 21,189,814 28,079,219 28,539,122 59,321,097 19,387,544 45,600,220 39,902,981

# c) Movements in cash flows from financing activities

As of December 31, 2018, movements from financing activities are detailed as follows:

		Liability		Equ	uity	Total			
Movements from cash flows from financing activities	Bank overdrafts ThCh\$	Other loans and borrowings	Issue of debt ThCh\$	Share capital ThCh\$	Retained earnings ThCh\$	Total 12.31.2018 ThCh\$			
Changes for financing cash flows									
Cash receipts for share issuance	-	-	-	346,565	-	346,565			
Cash receipts from loans and borrowings issuance	3,000,639	472,532,849	-	-	-	475,533,488			
Loans reimbursement	-	(397,404,634)	-	-	-	(397,404,634)			
Cash payments for other equity's interest	-	-	(259,167,845)	-	-	(259,167,845)			
Dividend paid	-	-	-	-	(7,398,397)	(7,398,397)			
Proceeds from the issuance of other equity securities	-	-	277,381,942	-	-	277,381,942			
Interest paid	-	(23,197,559)	(25,816,104)	-	-	(49,013,663)			
Total changes for financing cash flows	3,000,639	51,930,656	(7,602,007)	346,565	(7,398,397)	40,277,456			



# **NOTE 21.**

# Trade and other payables, current

This caption is detailed as follows:

Detail	12.31.2018	12.31.2017
Detail	ThCh\$	ThCh\$
Payables to brokers and dealers TCBV	27,553,547	20,296,383
Prepayments from customers (1)	9,786,570	9,329,993
Amounts payable associated with loans transactions (2)	9,641,423	7,689,429
Minimum dividend	8,809,969	7,385,244
Other payables for international factoring operations (3)	5,796,935	3,218,262
Obligations under agreements (4)	5,404,086	1,810,696
Other payables for domestic factoring operations (4)	4,878,867	3,709,865
Other payables for automotive loans (5)	3,950,503	5,229,853
Other Stock Exchange payables	3,090,912	1,632,306
Other notes payables (6)	2,646,998	1,411,287
Refundable surpluses on notes (7)	2,151,591	876,178
Stock Exchange notes payables	2,138,386	1,583,635
LEASE PAYABLES (8)	1,606,820	1,515,510
Accrued vacations	1,096,872	1,008,426
Accounts payable (9)	873,605	760,653
Other (10)	836,149	959,004
Taxes payables	362,043	299,865
Deferred tax liabilities	200,247	269,993
Payables to lease suppliers	82,520	885,071
Total	90,908,042	69,871,653

- (1) Prepayments from customers deposited in favor of Tanner Servicios Financieros S.A. against documents that are subject to collection process.
- $(2) \ \ \text{Amounts payable associated with loans transactions relate to \ automotive finance pending payment}$
- $(3) \ \ Other\ payables\ for\ international\ factoring\ operations\ performed\ by\ the\ Parent.$
- (4) Other payables for domestic factoring operations performed by the Parent.
- $(5) \ \ Other\ payables\ for\ automotive\ loan\ transactions\ performed\ by\ Tanner\ Servicios\ Financieros\ S.A.$
- (6) Other notes payable, mainly related to suppliers and social welfare deductions
- (7) Refundable surpluses on notes relate to amounts released for factoring operations, and available for use or withdrawal by customers.
- (8) Lease payables relate to liabilities generated by lease transactions performed by Tanner Leasing S.A.
- (9) Accounts payable, relate to obligations with suppliers and/or creditors of Tanner Leasing Vendor Ltda.
- (10) Other, corresponds to other accounts payable not classified in any of the previous items.

# **NOTE 22.**

#### Other current provisions

#### a) The detail of other current provisions is as follows:

Other current provisions	Currency	12.31.2018 ThCh\$	12.31.2017 ThCh\$
Provision for advisory services	Ch\$	84,237	137,771
Other provisions (*)	Ch\$	221,723	352,204
Total		305,960	489,975

 $(^\star)$  Other provisions include management bonus, annual audit, and withholdings pending payment.

#### b) Movements in current provision were as follows:

#### 2018

Detail	Provision for advisory services ThCh\$	Other provisions ThCh\$	Total ThCh\$
Opening balance as of 01.01.2018	137,771	352,204	489,975
Increases	1,324,307	3,745,091	5,069,398
Decreases	(1,377,841)	(3,875,572)	(5,253,413)
Closing balance as of 12.31.2018	84,237	221,723	305,960

#### 2017

Detail	Provision for advisory services ThCh\$	Other provisions ThCh\$	Total ThCh\$	
Opening balance as of 01.01.2017	1,531,695	532,051	2,063,746	
Increases	3,028,202	4,467,674	7,495,876	
Decreases	(4,422,126)	(4,647,521)	(9,069,647)	
Closing balance as of 12.31.2017	137,771	352,204	489,975	

# **NOTE 23.**

#### **Provision for employee benefits**

The Company provides short-term and long-term benefits as part of its compensation policies.

The Company maintains a collective agreement with its employees, in which short-term and long-term rewards and/or benefits are established for its personnel, with the following main characteristics:

- In general, short-term benefits are based on annual performance bonuses and legal bonuses.
- Long-term benefits are plans or agreements destined mainly to cover post-employment benefits generated by the termination of the employment relationship, either by voluntary redundancy or the death of an employee.
- The cost of these benefits is allocated to profit or loss related to employee salaries and expenses in Note 29 c)

This caption comprises the following:

Employee benefits	As of Decem	ber 31, 2018	As of December 31, 2017		
	Current	Non-current	Current	Non-current	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Short-term benefits (a)	2,211,385	=	1,167,824	=	
Employment termination benefits (b)	94,278	113,440	-	-	
Total	2,305,663	113,440	1,167,824	-	

#### a) Short-term benefits

Short term benefits mainly comprise compensation through bonuses. These benefits are registered when the obligation is accrued and they are usually paid before 12 months; therefore, they are not discounted.

#### b) Long-term benefits

During 2018, the Company entered into a collective agreement with the employees' union, in which three long-term benefits were established.



The benefits are the following:

- **(b.1) Retirement:** consists in an indemnity of 60% of the base salary for each year of service with a maximum period of 11 years and a remuneration limit of UF 90. This benefit is valid for such employees who want to leave the Company and it establishes a limit of 8 individuals, giving priority to those with greater labor seniority within the Company.
- **(b.2) Indemnities:** consist of a payment of a legal indemnity for years of service to dismissed employees because of the Company's need. For the purposes of the payment of such indemnities, a maximum period of 15 years of labor seniority and a remuneration limit of UF 90 will be considered, making a provision for the difference over the amount legally applicable with a limit of 11 years and UF 90.
- **(B.3) Recognition for labor seniority:** Consists in a recognition for such employees with 10, 15 or 20 years of service for the Company.

These obligations are determined through the actuarial value of the accrued cost of benefit method which considers several factors in the calculation, such as the future estimation of permanence, mortality rates, future salary increases and discount rate. The Company assesses on a regular basis the factors mentioned above based on historical information and future projections, making the related adjustments when sustained changes in trends are verified.

This value determined as such is presented through the actuarial value using the method of accrued benefits for years of service. The discount rate is determined with a reference to market interest rate curves. The discount rate used is 4.642%, which corresponds to the rate of bonuses issued by the Chilean Government at a 20-year term, at the valuation date.

Employment termination benefits are detailed as follows:

Employee benefits	Current liabilities ThCh\$	Non-current liabilities ThCh\$	Balance as of 12.31.2018 ThCh\$
Severance indemnity payments for dismissal	18,022	46,034	64,056
Severance indemnity payments for retirement	72,363	45,099	117,462
Seniority bonus	3,893	22,307	26,200
Total	94,278	113,440	207,718

The movement in employment termination obligations is detailed as follows:

Movements in provision for severance indemnity payments	PIAS ThCh\$	Length of service bonus ThCh\$	Total ThCh\$
Opening balance as of 12.31.2017	-	-	-
Past service costs	147,897	22,466	170,363
Current year service cost costs	33,621	3,734	37,355
Interest cost	-	-	-
Benefits paid	-	-	-
Actuarial effect	-	-	-
Balance as of 12.31.2018	181,518	26,200	207,718

This caption comprises the following:

Detail	Balance as of 12.31.2018 ThCh\$	Balance as of 12.31.2017 ThCh\$
Current year service cost	170,363	-
Unaccrued benefits paid	37,355	-
Other	-	-
Total	207,718	-

#### c) Actuarial assumptions

The main actuarial assumptions used for calculation of obligation for severance indemnity payments are the following:

Actuarial assumptions	As of December 31, 2018
Mortality	RV-2014
Discount rate	4.642%
Value of UF	27,565.79
Employee turnover rate	
- Dismissal	15.55%
- Redundancy	10.33%
-Other reasons	1.94%
Retirement ages	60 M and 65 W
Salary increase	Annual nominal percentage of 3%

Excludes Pescanova's amounts overdue according to the contract. These were no longer outstanding as of September 2017 as the arbitration had been completed.

# NOTE 24. Equity

The main objective of capital management is to maintain an adequate credit risk profile and healthy capital ratios that secure access to capital markets. This is required to meet the medium and long-term objectives of the Company and maximize the return for shareholders.

The Company allocates resources to its principal businesses and does not invest outside these.

As of December 31, 2017, the preference of Series A and Series B shares was extinguished, which will be exchanged for ordinary shares at a 1:1 ratio. Consequently, the share capital remains divided into 1,212,129 ordinary shares of a same class, no par value.

Series	Number of shares subscribed	Number of fully- paid shares	Number of voting-right shares
Single Ordinary Series	1,212,129	1,212,129	1,212,129
Total	1,212,129	1,212,129	1,212,129

#### a) Shareholder

As of December 31, 2018, the subscribed and paid capital was ThCh\$ 195,223,800 for 1,212,129 shares of no par value.

Shareholder	Tax ID No.	Related to	Number of shares	Ownership interest
INVERSIONES BANCARIAS S.A.	99.546.550-7	Grupo Massu	643,970	53.1272%
TANNER VALORES FONDO DE INVERSION PRIVADO	76.807.658-8	Grupo Massu	59,521	4.9105%
ADMINISTRADORA TANNER SPA	76.917.587-3	Grupo Massu	11,648	0.9610%
INVERSIONES LOS CORRALES SPA	76.618.804-4	Grupo Massu	8,736	0,7207%
INVERSIONES GABLES S.L.U.	59.196.270-1	Capital Group	310,911	25.6500%
INVERSIONES SIMILAN S.L.U.	59.196.260-4	Capital Group	16,364	1.3500%
ASESORÍAS FINANCIERAS BELÉN LIMITADA	77.719.080-6	Jorge Sabag S.	90,303	7.4499%
E. BERTELSEN ASESORÍAS S.A.	96.501.470-5	Suc. Ernesto Bertelsen	688	0.0568%
INVERSORA QUILLOTA DOS S.A.	76.010.029-3	Suc. Ernesto Bertelsen	30,902	2.5494%
INVERSIONES RIO ABRIL SpA	77.569.400-9	Mauricio González S.	22,783	1.8796%
ASESORÍAS E INVERSIONES CAU CAU LIMITADA	76.475.300-3	Sergio Contardo P.	5,394	0.4450%
ASESORÍAS E INVERSIONES GÓMEZ PERFETTI LIMITADA	76.477.320-9	Javier Gómez M.	3,000	0.2475%
INVERSIONES Y ASESORÍAS ROCHRI LIMITADA	76.477.270-9	Rodrigo Lozano B.	3,000	0.2475%
XAGA ASESORÍAS E INVERSIONES LIMITADA	76.477.310-1	Julio Nielsen S.	3,000	0.2475%
INVERSIONES ANITA E HIJOS LIMITADA	76.066.686-6	Ana María Lizárraga C.	1,909	0.1575%

#### As of December 31, 2017

	Taxpayer ID		No. of		Type of share	s	Ownership
Shareholders	Number	Related to	shares	Ordinary	Class A preference	Class B preference	%
Inversiones Bancarias S.A.	99.546.550-7	Massu Group	643,970	-	-	643,970	53.1272%
Inversiones Gables S,L,U,	59,196,270-1	Capital Group	310,911	280,203	30,708	-	25.6500%
Inversiones similan S,L,U	59,196,260-4	Capital Group	16,364	14,748	1,616	-	1.3500%
Asesorías Financieras Belen Ltda,	77,719,080-6	Jorge Sabag S.	90,303	-	-	90,303	7.4499%
Inversiones FSA Ltda,	76,082,829-7	Francisco Schulz A.	65,560	-	-	65,560	5.4087%
FSA Fondo de Inversión Privado,	76,127,468-6	Francisco Schulz A.	6,759	-	-	6,759	0.5576%
Inversora Quillota dos S,A,	76,010,029-3	Suc, Ernesto Bertelsen R.	30,902	-	-	30,902	2.5494%
Inversiones Rio Abril SpA,	77,569,400-9	Mauricio González S.	22,783	-	-	22,783	1.8796%
Tanner Valores Fondo de Inversión Privado	76,807,658-8	Administradora de Fondos de Inversión Amicorp S.A.	7,586	-	-	7,586	0.6258%
Asesorías e Inversiones Cau Ltda,	76,475,300-3	Sergio Contardo P.	5,394	-	-	5,394	0.4450%
Asesoráas e Inversiones Gomez Perfetti Ltda,	76,477,320-9	Javier Gómez M.	3,000	-	-	3,000	0.2475%
Inversiones y Asesoráas Rochri Ltda,	76,477,270-9	Rodrigo Lozano B.	3,000	-	-	3,000	0.2475%
Xaga Asesorías e Inversiones Ltda,	76,477,310-1	Julio Nielsen S.	3,000	-	-	3,000	0.2475%
Inversiones Anita e Hijos Ltda,	76,066,686-6	Ana María Lizárraga C.	1,909	-	-	1,909	0.1575%
E, Bertelsen Asesorías S,A,	96,501,470-5	Ernesto Bertelsen R.	688	-	-	688	0.0568%
Total			1,212,129	294,951	32,324	884,854	100.000%

#### b) Retained earnings

As of December 31, 2018 and 2017, this caption consists of the following:

Retained earnings	12.31.2018	12.31.2017
netained earnings	ThCh\$	ThCh\$
Retained earnings as of 12.31.2017	71,020,550	51,641,871
Increase (decrease) from changes in accounting policies <sup>1</sup>	(6,011,682)	-
Profit for the year	29,366,564	24,617,480
Provision for minimum dividend of 30%	(8,809,969)	(7,385,244)
Increase (decrease) for transfers and other changes	-	2,113,094
Increase (decrease) from owners' contributions	(21,889)	33,349
Total	85,543,574	71,020,550

<sup>1</sup> See the effects associated with the adoption of IFRS 9 stated in Note 3 Changes in accounting policies.

# c) Dividend distribution

At an Ordinary General Shareholders' Meeting held on March 8, 2018, the shareholders agreed to distribute a dividend from earnings for 2017 of Ch\$6,093 per share, which totaled ThCh\$7,385,244.

#### d) Provision for Minimum dividend

As stated in Note 2(s) the Company provided for the undistributed dividend of 30% of profit for the period, as a minimum dividend, As of December 31, 2018, the provision was ThCh\$8,809,969 (ThCh\$7,385,244 in 2017).

#### e) Other reserves

This caption consists of:

Other reserves	12.31.2018	12.31.2017
Other reserves	ThCh\$	ThCh\$
Hedging reserve (1)	42,798	1,274,272
Increase associated with the application of IFRS 9 (2)	86,602	-
Increase due to adjustments	11,350	-
Share premium from capital increase (3)	291,154	291,154
Other reserves	240,413	240,413
Fair value reserve	(341,024)	(14,496)
Total	331,293	1,791,343

**Hedging reserve** <sup>(1)</sup>, that arises from the application of hedge accounting to the corresponding financial liabilities. This reserve is reversed when the corresponding contracts terminate, or when the transaction ceases to qualify for hedge accounting, whichever comes first. The balances are presented net of their deferred taxes.

**Increase associated with the application of IFRS 9** (2), see the effects associated with the adoption of IFRS 9 in Note 3 Changes in accounting policies.

Share premium from capital increase (3), from the premium obtained at the time of the settlement of foreign currency received for the capital increase approved at the Extraordinary Shareholders' Meeting held on October 29, 2013. On such date, the increase of ThUS\$ 200,000 was translated using the official exchange rate on the date of the Extraordinary Shareholders' Meeting, which was different from the exchange rate recorded when the amount was settled. This resulted in a difference in favor of the shareholders that was recognized as a reserve within equity.

# **NOTE 25.**

# **Non-controlling interests**

Non-controlling interests as of December 31, 2018 and 2017 were as follows:

		December 31, 2018							
Taxpayer ID	Company	"Equity ThCh\$"	Equity Net inccome ThCh\$	Direct interest %	Indirect interest %	Investment value ThCh\$	Minority interest Equity ThCh\$	Investment Net Income ThCh\$	Minority Interest Net Income ThCh\$
96912590-0	Tanner Leasing S.A.	40,809,770	3,775,690	99.9900%	0.00%	40,805,689	4,081	3,775,312	378
77164280-2	Tanner Leasing Vendor Ltda.	28,606,629	1,650,182	99.9900%	0.01%	28,603,768	-	1,650,017	-
76313350-8	Tanner Corredores de Bolsa de Productos S.A.	1,365,185	15,610	99.9900%	0.01%	1,365,048	-	15,608	-
76133889-7	Tanner Corredores de Seguros Ltda.	2,894,086	2,452,090	99.9900%	0.01%	2,893,797	-	2,451,845	-
93966000-3	Tanner Investments SpA and subsidiaries (*)	18,474,969	2,809,557	99.9978%	0.00%	18,746,335	1,996,245	2,454,731	355,237
76596744-9	Chita SpA	205,941	68,074	77.0115%	0.00%	158,599	47,346	52,425	15,650
76620928-9	Tanner Asset Management Administradora General	321,466	5,629	99.9900%	0.01%	321,434	-	5,629	-
	Total	92,678,046	10,776,832			92,894,670	2,047,672	10,405,567	371,265
					December	31, 2017			
Taxpayer ID	Company	"Equity ThCh\$"	Equity Net inccome ThCh\$	Direct interest %	Indirect interest %	Investment value ThCh\$	Minority interest Equity ThCh\$	Investment Net Income ThCh\$	Minority Interest Net Income ThCh\$
96912590-0	Tanner Leasing S.A.	37,907,592	10,540,892	99.9900%	0.01%	37,903,801	3,791	10,539,838	1,054
77164280-2	Tanner Leasing Vendor Ltda.	27,337,719	882,022	99.9900%	0.01%	27,334,985	-	881,934	-
76313350-8	Tanner Corredores de Bolsa de Productos S.A.	1,331,947	20,924	99.9900%	0.01%	1,331,814	-	20,922	-
76133889-7	Tanner Corredores de Seguros Ltda.	441,996	2,188,197	99.9900%	0.00%	441,952	-	1,631,118	556,860
93966000-3	Tanner Investments SpA and subsidiaries (*)	13,126,316	2,021,413	99.9974%	0.00%	13,380,607	1,428,561	2,089,622	158,307
76596744-9	Chita SpA	137,868	(160,788)	90.9502%	0.00%	125,391	12,477	(146,237)	(14,551)
76620928-9	Tanner Asset Management Administradora General	317,525	(63,590)	99.9900%	0.01%	317,493	-	(63,584)	-
	Total	80,600,963	15,429,070			80,836,043	1,444,829	14,953,613	701,670

<sup>(\*)</sup> On April 28, 2017, business name of Gestora Tanner SpA changed to Tanner Investment SpA. Additionally, the minority interest calculated on Tanner Investment SpA from the indirect subsidiary Tanner Corredores de Bolsa S.A.



# **NOTE 26.**

## Compliance

As of December 31, 2018, the Company has six lines of commercial papers in Chilean pesos approved by the Financial Market Commission (CMF). However, at present it is only issuing instruments in Chilean pesos chargeable to Line 107 dated 02/19/2015, Line 117 dated 06/16/2015 and Line 126 dated 10/09/2018 where the total obligations are ThCh\$70,967,228, ThCh\$2,783,706, and ThCh\$34.887,564, respectively. It also currently has eleven bonds, eight issued in UF on the domestic market for ThCh\$334,800,090 and two international issues - in Switzerland in 2016 and 2017 - that jointly total CHF\$250,000,000. In addition, Tanner Servicios Financieros S.A. has various credit lines agreed with Chilean and foreign banks, and long-term loans with other international institutions and other financial obligations, which total ThCh\$ 427,270,368.

#### Commercial paper

In accordance with the prospectus for Lines No. 107, No.117 and No.126, the Company must comply with specific ratios, which must be reported on a quarterly basis in the financial statements under IFRS, as stipulated in paragraphs 5.5.1 (limits to ratios). 5.5.2 (obligations. limitations and prohibitions). 5.5.3 (maintenance. replacement or renewal of assets) and 5.5.6 (effects of mergers. divisions. or other) in that document.

Commercial paper: Line No. 2017	Limit	12.31.2018	12.31.2017
Total equity / Total assets	Minimum 10%	19,8%	23.3%
Current assets / Current liabilities	Minimum 0.75 times	1.33	1.72
Minimum equity	Minimum MCh\$ 60,000	MCh\$ 283,146	MCh\$ 269,481
Commercial paper: Line No. 117	Limit	12.31.2018	12.31.2017
Total equity / Total assets	Minimum 10%	19.8%	23.3%
Current assets / Current liabilities	Minim 1.0 times	1.33	1.72
Minimum equity	Minimum MCh\$ 60,000	MCh\$ 283,146	MCh\$ 269,481
Strategic net placements (*)	Minimum 75%	93.5%	95.9%
Commercial paper: Line No. 126	Limit	12.31.2018	12.31.2017
Total equity / Total assets	Minimum 10%	19.8%	23.3%
Current assets / Current liabilities	Minimum 1.0 times	1.33	1.72
Minimum equity	Minimum MCh\$ 60,000	MCh\$ 283,146	MCh\$ 269,481
Strategic net placements (*)	Minimum 75%	93.5%	95.9%

<sup>(\*)</sup> Sum of placements net of factoring operations plus net placements of Leases plus net placements of Automotive loan operations plus net placements of corporate loan operations divided into the Company's total net placements.

## b) Local bonds

The bond contracts require the Company to comply with the following limits to its financial indicators:

Bonds: Lines No, 348, 615 and 656	Limit	12.31.2018	12.31.2017
Current liabilities / Equity	Maximum 7.5 times	4.0	3.3
Assets free of liens / Unguaranteed current liabilities	Minimum 0.75	1.2	1.3
Total equity	Minimum MCh\$ 21,000	MCh\$ 283,146	MCh\$ 269,481
Bonds: Line No, 709	Limit	12.31.2018	12.31.2017
Current liabilities / Equity	Maximum 7.5 times	4.0	3.3
Assets free of liens / Unguaranteed current liabilities	Minimum 0.75	1.2	1.3
Total equity	Minimum MCh\$ 60,000	MCh\$ 283,146	MCh\$ 269,481
Bonds: Line No, 817	Limit	12.31.2018	12.31.2017
Current liabilities / Equity	Maximum 7.5 times	4.0	3.3
Assets free of liens / Unguaranteed current liabilities	Minimum 1 time	1.2	1.3
Total equity	Minimum MCh\$ 60,000	MCh\$ 283,146	MCh\$ 269,481
Bonds: Line No, 888	Limit	12.31.2018	12.31.2017
Current liabilities / Equity	Maximum 6.0 times	4.0	3.3
Assets free of liens / Unguaranteed current liabilities	Minimum 0.75 times	1.2	1.3
Total equity	Minimum MCh\$ 150,000	MCh\$ 283,146	MCh\$ 269,481

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# c) Covenants with Corporación Interamericana de Inversiones (CII)

The ratios required by the CII as of December 31, 2018 and 2017 were as follows:

CII Ratios	Definition	Limit	12.31.2018	12.31.2017
Overdue portfolio ratio	Overdue portfolio (Deliquency >90 days) / Total portfolio	<= 5%	2.3%	4.1%
Leverage ratio	Total liabilities / Equity	<= 5.5 times	4.0x	3.3x
Sharegholder Equity ratio	(Overdue Portfolio + Renegotiated - Provisions + Lieu of Payment - Guarantees for Overdue Portfolio) / Equity	<=20%	11.9%	14.7%
Liquidity Ratio	Liquid Assets (Maturity <90 days) / Liabilities with Maturityless than 90 days	Minimum 1 time	1.6x	1.5x
10 largest customers exposure Ratio	10 largest customers loans (groups) / Total loans	<25%	15.0%	0.0%
Exposure foreign currency	(Assets in Foreign currency - Liabilities in Foreign currency) / Total Equity	-25% < X < 25%	-1.3%	0.0%
Delinquency coverage	Provisions / Delinquency >90 days	>75%	97.0%	-

# d) Covenants with Corporación Andina de Fomento (CAF)

The ratios required by the CAF as of December 31, 2018 and 2017, were as follows:

CAF Ratios	Definition	Limit	12.31.2018	12.31.2017
Delinquency	Delinquency > 90 / Gross Portfolio. For Leases, the estimated recoverable value of the asset is discounted.	<= 5,5%	2.3%	-
Delinquency Coverage (2)	Provisions / Delinquency > 90 days	>= 70%	97.0%	-
Equity Debt Ratio	Total Liabilities / Equity	<=4.8 times	4.0x	-
Loan with Related Parties Trade	Trade receivables due from related parties - Guarantees / Equity	<0.15 times	0.0x	-
10 Largest Customers Exposure	Placements (Largest 10 Customers) / Total Portfolio (based on the rolling average of the last 12 montths)	<= 30%	16.2%	-
10 Largest Debtors Exposure	Placements (Largest 10 Customers) / Debtors portfolio (based on the rolling average of the last 12 montths)	<= 25%	14.5%	-

As of December 31, 2017, the line available with CAF is not used, consequently, covenants for this period are not calculated.

# e) Covenants with Deutsche Investitions und Entwickcklungsgesellschaft mbH (DEG)

The ratios required by the DEG as of December 31, 2018 and 2017, were as follows:

DEG Ratios	Definition	Limit	12.31.2018	12.31.2017
Solvency Ratio	Total Equity / Total assets	>15%	19.8%	23.0%
Aggregate exposure ratio (10 largest customers)	Placements (Largest 10 Customers) / Total Placements	<25%	15.0%	17.6%
Aggregate exposure ratio (20 largest customers)	Placements (Largest 20 Customers) / Total Placements	<30%	21.5%	23.5%
Aggregate exposure ratio (10 largest customers)	Placements (Largest 10 Customers) / Total Equity	<200%	64.1%	62.8%
Credit Exposure Ratio	(Delinquency >90 days + Renegotiated - Provisions - Cash Collateral) / Total Equity	<15%	9.7%	12.4%
Aggregate exposure ratio (largest customer)	Placement for Large Customer as Group / Total Equity	<20%	11.4%	12.9%
Related Parties Loan Ratio	Trade receivables due from related parties / Total equity	<15%	0.4%	0.4%
Aggregate Foreign Currency Position	(Assets in Foreign Currency - Liabilities in Foreign Currency) / Total Equity	>-25%	-1.4%	-0.8%



DEG Ratios	Definition	Limit	12.31.2018	12.31.2017
Individual Un-Hedged Open Foreign Currency Position US\$	(Assets in US\$ - Liabilities in US\$) / Equity	>-25%	-1.4%	-0.9%
Individual Un-Hedged Open Foreign Currency Position Euro	Assets in EUR - Liabilities in EUR / Equity	>-25%	0.0%	0.0%
Individual Un-Hedged Open Foreign Currency Position CHF	Assets in CHF - Liabilities in CHF / Equity	>-25%	0.0%	0.0%
Liquidity Ratio	Liquid Assets (Maturity < 90 days) / Liabilities with Maturity less than 90 days	> 1 times	1.2x	1.1x
Net Stable Funding Ratio	(Non-current Liabilities + Equity) / Non-current Assets	> 1 times	1.5x	1.8x

# f) Covenants with International Finance Corporation (IFC)

The ratios required by the IFC as of December 31, 2018 and 2017, were as follows:

IFC Ratios	Definition	Limit	12.31.2018	12.31.2017
Equity/ Total Assets	Total Equity / Total Assets	> 17%	19,8%	23,0%
Related Party Exposure Ratio	(Trade receivables due from related parties - Guarantees) / Capital	< 5%	0,1%	0,0%
Loan Exposure Ratio	(Delinquency >90 days + Delinquency >90 days for allowance for doubtful accounts + Renegotiated + Lieu of Payment - Provision) / Capital	< 20%	7,6%	12,2%
Economic Group Exposure Ratio (1)	Large Placement for Customer as Economic Group / Capital	< 15%	13,2%	14,9%
Aggregate Exposure Ratio (Large customers)	Large Placement for Customer (>10% of Equity) / Capital	< 400%	13,2%	28,0%
Exposure Ratio per Industry	Largest Single Group Exposure / Total Capital	< 30%	11,0%	11,4%
Fixed Assets Plus Equity Interest Ratio	Property, Plant and Equipment + Investments in Companies / Total Capital	< 35%	5,1%	1,4%
Aggregate Foreign Currency Position	Assets in Foreign Currency - Liabilities in Foreign Currency / Capital	< 25%	2,0%	1,0%
Single Foreign Currency Position				
US\$	(Assets in US\$ - Liabilities in US\$) / Capital	< 10%	1,6%	1,0%
EUR	(Assets in EUR - Liabilities in EUR) / Capital	< 10%	0,1%	0,0%
CHF	(Assets in CHF - Liabilities in CHF) / Capital	< 10%	0,3%	0,0%
Interest Rate Risk Ratio	(Assets - liabilities* Adjustment Factor / Capital			
0 - 180 days	Assets - liabilities with maturities in less than 180 days	-10% <= x <= 10%	0,7%	0,4%
180 - 365 days	Assets - liabilities with maturities between 180 - 365 days	-10% <= x <= 10%	0,1%	1,8%
1 year - 3 years	Assets - liabilities with maturities between 1 - 3 years	-10% <= x <= 10%	2,7%	-0,9%
3 years - 5 years	Assets - liabilities with maturities between 3 - 5 years	-10% <= x <= 10%	0,6%	-2,9%
5 years - 10 years	Assets - liabilities with maturities between 5 - 10 years	-10% <= x <= 10%	0,7%	1,7%
>10 years	Assets - liabilities with maturities in more than 10 years	-10% <= x <= 10%	-6,5%	-1,9%
Aggregate Interest Rate Risk Ratio	(Assets - liabilities* Adjustment Factor / Capital	-20% <= x <= 20%	-1,6%	-1,6%
Foreign Currency Maturity Gap Ratio		0		
US\$	(Assets in US\$ - Liabilities in US\$ with maturities in less than 60 days) / Capital	> -150%	24,7%	6,3%
EUR	(Assets in EURO - Liabilities in EURO with maturities in less than 60 days) / Capital	> -150%	0,1%	0,0%
CHF	(Assets in CHF - Liabilities in CHF with maturities in less than 60 days) / Capital	> -150%	0,0%	0,0%
Liquidity Ratio	Liquid Assets (Maturity < 90 days) / Liabilities with maturity less than 90 days	> 100%	1,6x	1,5x

# **NOTE 27.**

## **Contingencies and restrictions**

## a) Direct guarantees

There were no direct guarantees as of December 31, 2018.

## b) Indirect guarantees

Indirect guarantees as of December 31, 2018, were as follows:

- Joint and several guarantee granted to guarantee the overdraft line in the current account with Banco Internacional for MCh\$3,000 (MCh\$3,500 in 2017) provided to Tanner Corredores de Bolsa S.A. in January 2017.
- Joint and several guarantee granted to guarantee the overdraft line in the current account with Banco de Crédito e Inversiones for MCh\$4,500 (MCh\$3,500 in 2017) provided to Tanner Corredores de Bolsa S.A. in January 2018.
- Joint and several guarantee granted to guarantee the overdraft line in the current account with Banco Security for MCh\$ 8,600 (MCh\$2,400 in 2017) provided to Tanner Corredores de Bolsa S.A. in February 2016.

# c) Lawsuits and other legal actions

#### **Lawsuit Number 1**

File : Carvajal against Tanner Servicios Financieros S.A.

Court : Twenty-first Civil Court of Santiago

Case : C-18307-2016

Description : Compensation for damages

Amount : Not determined

Started : 07.26.2016 (notice to Tanner: 12.09.2016)

Lawsuit filed by Mr. Mauricio Carvajal Flores, who issued checks on behalf of a Tanner customer, who factored these with us. When they were submitted for collection, they were rejected due to lack of funds. That rejection was reported to the respective commercial registers. The defendant argues that the checks only served as guarantees for Tanner's customer. Therefore, collecting and rejecting these checks has caused financial and psychological damage.

Status of the proceeding as of December 31, 2018: The discussion period has concluded, and a reconciliation hearing was held without reaching any agreement. The Court issued a resolution to move to the evidence stage, though no notice has been issued yet. Awaiting expiration of the term to request abandonment of action, given the plaintiff's inactivity.

#### **Lawsuit Number 2**

File : "Servicio Nacional del Consumidor against Tanner Servicios Financieros"

Court : Thirteenth Civil Court of Santiago

Case : C-17635-2017

Description: Class action for Nonobservance of Law No. 19.496,

Amount : Not determined,

Started : 07.17.2017 (notice to Tanner: 08.31.2017)

Class action filed for alleged non-observance by Tanner of Law No. 19.946 related to Law No. 20.855 which "Regulates the release of mortgages and pledges of loan guarantees," on the grounds of unilateral interpretation of the mentioned Law No. 20.855, according to which the financial institutions are obliged, with retroactive effect, to release, by their own initiative and cost, the guarantees associated with loans fully paid prior to the entry into force of such law. The foregoing is without making any distinction between general or specific guarantees, even when in fact said law expressly states the retroactive effect for specific guarantees only, and those put up in favor of these company are documents under a general guarantee clause. According to Tanner, the SERNAC makes a capricious interpretation of the law against its clear text.



Status of the proceeding as of December 31, 2018: Discussion and evidentiary period ended. The parties were summoned to hear the judgment, awaiting the first instance verdict.

#### **Lawsuit Number 3**

File : "Fica against Tanner Servicios Financieros"

Court : Eighteenth Civil Court of Santiago

Case : C-36595-2017

Description: Compensation for damages

Amount : Not determined.

Started : 12.19.2017 (notice to Tanner: 02.08.2018)

Lawsuit filed by Ingeniería y Construcción Fica y Cia. Ltda., alleging a damage caused by Tanner in demanding the customer's liability for the payment of notes assigned by virtue of factoring operations. The customer alleges Tanner verified the documents delegated on the debtor's bankruptcy of such documents, the customer would be disabled to demand its responsibility as a customer to the plaintiff (directly disregarding what is established in the factoring operations framework contract). Accordingly, the customer alleges collection management to be illegitimate and a cause of economic damages.

Status as of December 31, 2018: In the discussion period, noticed lawsuit, Tanner filed a dilatory exception, which are not settled at this date.

#### **Lawsuit Number 4**

File : "José Reyes Servicios del Pacífico EIRL against Tanner Servicios Financieros"

Court : Nineteenth Civil Court of Santiago

Case : C-12074-2017

Description: Demand for return of assets and claim for compensation of damages

Amount : Ch\$85,630,000

Started : 06-02-2017 (notice to Tanner: 07.19.2018)

Lawsuit filed by José Reyes Servicios del Pacífico EIRL, customer of factoring operations recording overdue balances. The defendant claims that he would be subject of an erroneous collection by Tanner because he was not the debtor of the notes (being absolutely unaware about his responsibility as assignor as established in the master factoring operations agreement entered into). He claims that before collection actions by Tanner, he paid a part of the debt, but today he wants a refund of the amount paid and compensation of damages.

Status as of December 31, 2018: Noticed and answered lawsuit, copy and rejoinder of processes replied, discussion period ended.

In the Management's opinion the judgment for these lawsuits, regardless of their outcome will not result in a material effect on the Company.

## d) Other contingencies

There are no other contingencies that should be reported as of December 31, 2018 and 2017.

#### e) Restrictions

As of December 31, 2018 and 2017, no restrictions exist that should be reported.

# **NOTE 28.**

## **Sureties from third parties**

As of December 31, 2018 and 2017, the main sureties obtained from third parties are as follows:

Type of guarantees	12.31.2018	12.31.2017
Type of guarantees	ThCh\$	ThCh\$
Pledges	375,322,842	314,247,010
Mortgages	62,533,132	10,929,621
Guarantee insurance policies	50,202,642	42,993,935
Total	488,058,616	368,170,566

# **NOTE 29.**

# Relevant revenue and expense

# a) Revenue

Revenue for the periods ended December 31, 2018 and 2017, is detailed as follows:

		01.01.2018	01.01.2017
Product		to 12.31.2018	to 12.31.2017
		ThCh\$	ThCh\$
Factoring operations	Fees and commissions	1,789,157	856,333
Factoring operations	Price difference	31,569,170	11,607,981
Factoring operations	Other revenue	11,925,329	5,027,908
Total factoring operations		45,283,656	37,706,352
Loans	Interests	16,177,569	14,681,501
Loans	Fees and commissions	4,185,747	1,408,486
Loans	Other revenue	261,971	314,810
Total loans		20,625,287	16,404,797
Automotive loans	Interests	70,196,128	59,303,037
Automotive loans	Other revenue	10,901,402	9,489,232
Total automotive loans		81,097,530	68,792,269
Leases	Interests	7,861,085	9,327,762
Leases	Fees and commissions	142,544	811,349
Leases	Other revenue	1,464,969	2,018,362
Total leases (*)		9,468,598	12,157,473
Treasury	Indexation	(11,441,528)	(5,184,131)
Treasury	Interests	1,964,901	2,002,429
Treasury	Other revenue	6,457	41
Total treasury		(9,470,170)	(3,181,661)
Other (*)	Other revenue	46,869,728	20,804,239
Total other (*)		46,869,728	20,804,239
Overall total		193,874,629	152,683,469

<sup>(\*)</sup> Includes revenue from Tanner Corredores de Bolsa de Productos S.A., Tanner Corredora de Seguros Ltda. and Tanner Investments SpA. They are mainly brokerage commissions, advisory and consultancy services.

# b) Cost of sales

Cost of sales as of December 31, 2018 and 2017 was as follows:

		01.0.12018	01.01.2017
Product		to 12.31.2018	to 12.31.2017
		ThCh\$	ThCh\$
Factoring operations	Interests	11,185,466	9,320,011
Factoring operations	Fees and commissions	170,458	103,037
Factoring operations	Write-offs and provisions	6,257,331	4,181,962
Factoring operations	Other costs	1,012,544	762,332
Total factoring operations	18,625,799	14,367,342	14,367,342
Loans	Interests	6,580,947	6,310,650
Loans	Fees and commissions	-	-
Loans	Write-offs and provisions	3,509,393	3,015,813
Loans	Other costs	-	1,233
Total loans	10,090,340	9,327,696	9,327,696
Automotive loans	Interests	16,229,831	15,270,603
Automotive loans	Fees and commissions	20,080,163	16,716,084
Automotive loans	Write-offs and provisions	17,114,255	14,171,919
Automotive loans	Other costs	5,821,940	3,582,377
Total automotive loans	59,246,189	49,740,983	49,740,983
Leases	Interests	3,352,225	4,088,079
Leases	Fees and commissions	-	-
Leases	Write-offs and provisions	789,367	2,676,883
Leases	Other costs	2,958,649	2,363,384
Total leases (*)	7,100,241	9,128,346	9,128,346
Treasury	Indexation	(12,406,119)	(4,684,882)
Treasury	Other costs	353,003	134,799
Total treasury	(12,053,116)	(4,550,083)	(4,550,083)
Other (*)	Other costs	34,794,423	10,952,507
Total other (*)		34,794,423	10,952,507
Overall total		117,803,876	88,966,791

<sup>(\*)</sup> Costs on business transactions of the subsidiaries Tanner Corredores de Bolsa de Productos S.A., Tanner Corredora de Seguros Ltda., and Tanner Investments SpA are included.

<sup>(\*\*)</sup> Revenue disclosed in the lease segment includes revenue from operating lease contracts, which represents 3.3% of the total as of December 31, 2018 (12.2% as of December 31, 2017).



# c) Administrative expenses

Administrative expenses for the periods ended December 31, 2018 and 2017, were as follows:

	01.01.2018	01.01.2017
Product	to 12.31.2018	to 12.31.2017
	ThCh\$	ThCh\$
Employees' salaries and expenses	30,486,397	26,276,191
Remuneration	26,286,063	22,691,163
Indemnities	1,535,141	1,047,256
Benefits	1,850,427	1,812,599
Organizational development	369,688	279,752
Accrued vacations	365,626	403,133
Other	79,452	42,288
General administrative expenses	13,796,816	12,070,227
Service, collection and recovery expenses	2,085,086	1,406,861
IT and communication expenses	1,972,374	1,899,077
Leases, lighting, heating and other services	1,983,083	2,178,677
Non-recoverable taxes	1,438,884	1,156,533
Patents and contributions	1,045,926	875,526
Depreciation and amortization	1,140,942	778,501
External consulting and professional services fees	759,337	724,338
Representation expenses and personnel transportation	549,916	509,173
Publicity and advertising	534,085	231,682
Board of Directors' expenses	498,478	469,397
Legal and notary expenses	476,239	639,968
External financial information services	196,346	208,492
Insurance premiums	189,142	203,412
Maintenance and repair of property, plant and equipment	127,946	155,763
Mailbox, mail, postage and delivery of products	99,204	79,248
Stationary	88,406	59,265
Fines, judgments and interests and other lease and automotive expenses	60,165	76,105
Other general administrative expenses	551,257	418,209
Total	44,283,213	38,346,418

# **NOTE 30.**

# Earnings per share

Earnings per share for the periods ended December 31, 2018 and 2017, were as follows:

Detail	01.01.2018 to 12.31.2018 ThCh\$	01.01.2017 to 12.31.2017 ThCh\$
Basic earnings per share		
Basic earnings (losses) per share from continuing operations	24,227.36	20,309.29
Basic earnings (losses) per share from discontinued operations	-	-
Total basic earnings (losses) per share	24,227.26	20,309.29
Diluted earnings (losses) per share		
Diluted earnings (losses) per share from continuing operations	24,227.26	20,309.29
Diluted earnings (losses) per share from discontinued operations	-	-
Diluted earnings (losses) per share	24,227.26	20,309.29

# **NOTE 31.**

# **Environment**

As of December 31, 2018 and 2017, the Company has made no disbursements relating to environmental protection nor are there future commitments for such matter.

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# **NOTE 32.**

#### **Directors' Remuneration**

At the Extraordinary Shareholders Meeting held on April 2, 2013, the Company's bylaws were modified determining that the Directors should receive remuneration. This modification established the amount of remuneration, which is fixed annually at the Ordinary Shareholders' Meetings held in 2014, 2015, 2016, 2017 and 2018 have established the Board's remuneration.

The remuneration for directors agreed at the Ordinary Shareholders' Meeting held in 2018 is UF 100 a month; and UF 200 a month for the Chairman and Vice Chairman, in addition to bonuses for involvement in different committees.

# **NOTE 33.**

#### **Sanctions**

The Parent, its subsidiaries, the Directors and Executive Officers have not been sanctioned by the Chilean Financial Market Commission (CMF) or any other regulatory agency during the periods reported.

# **NOTE 34.**

# Significant events

On March 22, 2018, Tanner Servicios Financieros S.A. placed series AB bonds in the local market totaling UF 1,000,000 at an annual rate of 3.52% for a term of 20 years.

On April 24, 2018, Tanner Servicios Financieros S.A. placed series AC bonds in the local market totaling UF 1,500,000 at an annual rate of 2.20% for a term of 4 years.

On June 15, 2018, the Company entered into a collective bargaining agreement with the union of employees of Tanner Servicios Financieros S.A., which will be effective through June 2021.

On July 18, 2018, Tanner Servicios Financieros S.A. placed series AC bonds in the local market totaling UF 500,000 at an annual rate of 1.95% for a term of 4 years.

On August 13, 2018, Tanner Servicios Financieros S.A. placed series AB bonds in the local market totaling UF 1,000,000 at an annual rate of 3.20% for a term of 19 years and 7 months.

On August 14, 2018, the Company entered into a transaction with LG Electronics Inc Ltda., by virtue of which it ended claim referred to as "LG Electronics Inc Chile against Lira Lopez José Miguel et al. (Tanner)", Case No. C12146 filed in the Twenty-fourth Civil Court of Santiago by way of the withdrawal of the claim by LG Electronics Inc Ltda. with respect to Tanner Servicios Financieros S.A.

# **NOTE 35.**

## **Subsequent events**

The consolidated financial statements of Tanner Servicios Financieros S.A. and its subsidiaries have been approved by the Board of Directors on February 13, 2019.

On January 24, 2019, Tanner Servicios Financieros S.A. placed AD Series bonds in the local market totaling UF 1,000,000, at an annual rate of 2.10% for a term of 4 years and 7 months.

Subsequent to December 31, 2018, and through the date of issuance of these consolidated financial statements, Management is not aware of any other events of a financial or another nature that may significantly affect the interpretation of these interim consolidated financial statements.



QUARTERLY EARNINGS REPORT

# I. EXECUTIVE SUMMARY

- ROAE\*:

12M18: 10.8% / 12M17: 9.7%

- ROAA\*\*:

12M18: 2.3% / 12M17: 2.3%

- Equity:

12M18: MCh\$ 283,146 / Δ+: 5.1% YoY

Net Profit:

**12M18:** MCh\$ 29,738 / **12M17:** MCh\$ 25,319  $\Delta$ +: 17,5% YoY

- Net Portfolio:

12M18: MCh\$ 1,182,581 / Δ+: 26.2%YoY

NPLs> 90 days:

12M18: 2.3% / 12M17: 4.1%

- \* ROAE: Return LTM on average equity.
- \*\* ROAA: Return LTM on average assets.

In 2018, profit after taxes increased 17.5% YoY and 7.2% YoY during the fourth quarter, thus totaling Ch\$ 29,738 million and Ch\$ 9,026 million, respectively, triggered by an operating margin upsurge of 22.3% YoY 12M18 and 3.5% YoY during the fourth quarter.

Total net loan portfolio at period-end December 2018 once again reached a record, totaling Ch\$ 1,182,581 million, up Ch\$ 245,765 million (+26.2% YoY) boosted by the performance of: (i) the enterprise division portfolio which closed the period with net loans of Ch\$ 770,063 million ( $\uparrow$ Ch\$ 174,737 million / +29.4% YoY), mainly coming from factoring, which totaled Ch\$ 444,939 million ( $\uparrow$ Ch\$ 141,239 million / +46.5% YTD) and corporate lending which reached Ch\$ 246,069 million ( $\uparrow$ Ch\$ 55,353 million / +29.0% YoY) and (ii) the auto-financing division, which ended the period with a net loan portfolio amounting to Ch\$ 359,817 million ( $\uparrow$ Ch\$ 57,090 million / +18.9% YoY).

In terms of risk management, significant improvements were observed, compared to the previous year, with NPLs over 90 days declining 179 bps to 2.3% (2017: 4.1%), while NPLs over 30 days declined 201 bps, reaching 4.9% (2017: 6.9%) during 2018. Non-performing loans over 90 days of the enterprise division decreased 208 bps to 1.4% (12M17: 3.6%) driven by

improvements of 187 bps in factoring (12M17: 2.9% vs. 12M18: 1.1%), 473 bps in leasing (12M17: 8.0% vs. 12M18: 3.3%), and corporate lending (12M17: 2.3% vs. 12M18: 1.5%). Meanwhile, NPLs over 90 days in the auto-financing division registered a reduction of 105 bps totaling 4.4% (12M17: 5.5%).

Liquidity index at period-end December 2018 reached 1.33 times, below the levels registered in Dec-17 (1.72x), while cash totaled Ch\$ 25,474 million versus Ch\$ 84,636 million at the end of 2017. On the other hand, the Company's leverage closed at 4.04 times (Dec-17: 3.30x).

On 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. Additionally, during 2018, the company issued 4 bonds (2 for series AB and 2 for series AC) in the local market for a total sum of UF 4,000,000.



# 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).

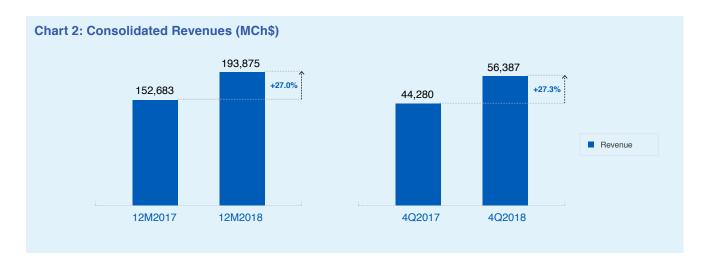
**Table 1: Consolidated Income Statement** 

ESTADO DE RESULTADOS CONSOLIDADO MM\$	01-01-18 31-12-18	01-01-17 31-12-17	Δ\$	Δ%	01-10-18 31-12-18	01-10-17 31-12-17	Δ\$	Δ%
Revenue from ordinary activities	193,875	152,683	41,191	27.0%	56,387	44,280	12,107	27.3%
Sales cost	(117,804)	(88,967)	(28,837)	32.4%	(35,519)	(26,367)	(9,151)	34.7%
Gross profit	76,071	63,717	12,354	19.4%	20,869	17,913	2,956	16.5%
Other revenue, by function	2,247	2,429	(182)	-7.5%	1,159	1,357	(198)	-14.6%
Administrative expenses	(44,283)	(38,346)	(5,937)	15.5%	(11,893)	(9,518)	(2,375)	25.0%
Other profits (losses)	(27)	14	(41)	-297.0%	(15)	0	(15)	-
Operating margin	34,008	27,813	6,195	22.3%	10,120	9,753	367	3.8%
Financial revenue	102	195	(94)	-47.9%	79	85	(5)	-6.4%
Financial costs	(299)	(218)	(80)	36.9%	(90)	(46)	(43)	93.3%
Foreign exchange differences	11	(39)	50	-128.1%	133	(23)	156	-681.8%
Income by adjustment units	86	148	(62)	-42.1%	54	25	29	115.7%
Profit (losses) before taxes	33,908	27,900	6,008	21.5%	10,297	9,793	504	5.1%
Revenue (expense) from profit taxes	(4,170)	(2,580)	(1,590)	61.6%	(1,271)	(1,389)	118	-8.5%
Profit (losses)	29,738	25,319	4,419	17.5%	9,026	8,404	622	7.4%
Profit (losses) attributable to controller's property owners	29,367	24,617	4,749	19.3%	8,937	8,315	622	7.5%
Profit (losses) attributable to non-controller shares	371	702	(330)	-47.1%	89	90	(1)	-0.6%

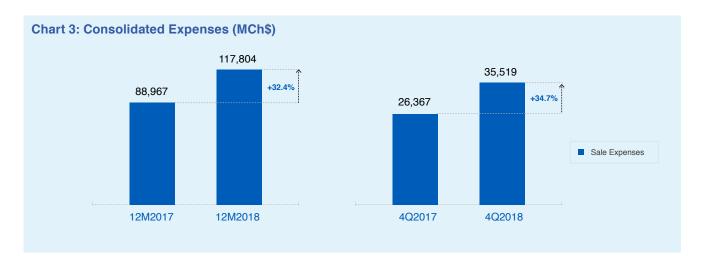
The Company's net profit, during the year 2018, increased 17.5% YoY (↑ Ch\$ 4,419 million), totaling Ch\$ 29,738 million, versus Ch\$ 25,319 million in 2017, meanwhile in the fourth quarter the growth was 7.4% YoY (↑ Ch\$ 622 million), reaching Ch\$ 9,026 million (4Q17: Ch\$ 8,404 million). Gross margin in 12M18 reached Ch\$ 76,071 million (↑ Ch\$ 12,354 million / +19.4% YoY) and 4Q18 Ch\$ 20,869 million (↑ Ch\$ 2,956 million / +16.5% YoY).



2018 consolidated revenues totaled Ch\$ 193,875 million, growing 27.0% YoY (↑Ch\$ 41,191 million) and \$ 56,387 million (↑Ch\$ 12,107 million / +27.3% YoY) 4Q18, in line with increases in (i) other revenues (12M18: ↑Ch\$ 28,556 million / +66.6% YoY and 4Q18: ↑Ch\$ 15,375 million / +127.0% YoY), due to an increase in the brokerage volume of Tanner Investments and Tanner Corredora de Seguros, (ii) interest revenue (12M18: ↑Ch\$ 10,885 million / +12.8% YoY and 4Q18: ↑Ch\$ 2,344 million / +10.5% YoY), (iii) price differences (12M18: ↑Ch\$ 6,313 million / +25.0% YoY and 4Q18: ↑Ch\$ 2,266 million / +32.9% YoY), and (iv) commissions (12M18: ↑Ch\$ 1,694 million / +38.3% YoY and 4Q18: ↑Ch\$ 1,064 million / +54.7% YoY), which were countered by lower readjustments (12M18: Ch\$ -11,442 million vs. 12M17: Ch\$ -5,184 million and 4Q18: Ch\$ -7,910 million vs. 4Q17: Ch\$ 1,032 million).



2018 consolidated expenses reached Ch\$ 117,804 million (↑Ch\$ 28,837 million / +32.4% YoY). During the fourth quarter, costs reached Ch\$ 35,519 million (↑Ch\$ 9,151 million / +32.4% YoY) mainly derived from rises of: (i) other costs² (12M18: ↑Ch\$ 27,143 million / +152.5% YoY and 4Q18: ↑Ch\$ 13,138 million / +211.8% YoY) aligned to an increased volume intermediated in Tanner Investments and Tanner Corredora de Seguros, (ii) provisions constitution (12M18: ↑Ch\$ 3,624 million / +15.1% YoY and 4Q18: ↑Ch\$ 2,360 million / +42.3% YoY) and (iii) commissions expenses (12M18: ↑Ch\$ 3,432 million / +20.4% YoY and 4Q18: ↑Ch\$ 398 million / +8.0% YoY), together with higher liability readjustments (12M18: Ch\$ - 12,406 million vs. 12M17: Ch\$ -4,685 and 4Q18: Ch\$ -7,504 million vs. 4Q17: Ch\$ 625 million).

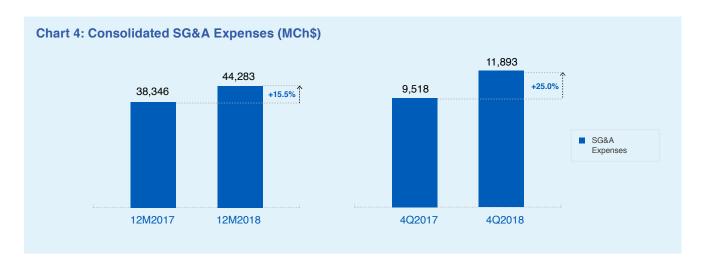


<sup>1</sup> Other revenues: comprises late commercial payments, recoveries and brokerage fees from Tanner Investments and Tanner Corredora de Seguros (Insurance Broker).

<sup>2</sup> Other costs: comprises mainly brokerage costs.



SG&A expenses (including depreciation) reached Ch\$ 44,283 million on December 2018 and Ch\$ 11,893 million 4Q18, increasing 15.5% YoY and 25.0% 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\$ 30,486 million during 2018 and \$ 8,115 million throughout the fourth quarter, reflecting increases of Ch\$ 4,210 million (+16.0% YoY) and Ch\$ 1,546 million (+23.5% YoY), respectively, while general expenses reached Ch\$ 13,797 million (+14,3% YoY), thus closing the fourth quarter at Ch \$ 3,778 million (+28.1%).



# **III. MAIN INDICATORS**

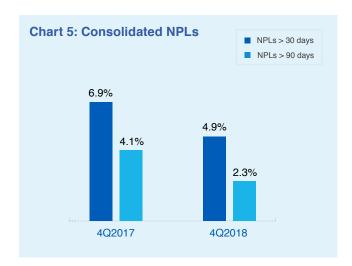
**Table 2: Main Indicators** 

	Indicator	Definition	Unidad	31-12-18	31-12-17
	Current Ratio	Current Assets/Current Liabilities	times	1.33	1.72
	Current Liabilities to Equity	Current liabilities/Equity	times	2.45	1.62
	Immediate Liquidity	Cash and cash equivalent/Current Liabilities	times	0.04	0.19
	Stable Funding Ratio	(Non-current liabilities + Equity)/(Non-current loans + others non- liquid assets)	times	1.45	1.78
	Debt to Equity	Total liabilities/Equity	times	4.04	3.30
Liquidity and	Capitalization	Equity/Assets	%	19.83%	23.28%
Solvency	Total Debt ratio	Liabilities/Assets	times	0.80	0.77
	Short Term Debt Ratio	Current liabilities/Total liabilities	%	60.7%	49.2%
	Long Term Debt Ratio	Non-current liabilities/Total liabilities	%	39.3%	50.8%
	Short Term Bank Debt	Current bank liabilities/Current liabilities	%	36.9%	32.0%
	Long Term Bank Debt	Non-current bank liabilities/Non-current liabilities	%	22.4%	16.5%
	Working Capital	Current assets - Current liabilities	MCh\$	228,743	315,998
	Interest Coverage Ratio	(Profit before taxes + Financial expenditure)/Financial expenditure	times	1.8	1.7
	Return on Average Equity	Annualized profit/ Average Equity	%	10.8%	9.7%
	Return on Average Assets	Annualized profit/ Average Assets	%	2.3%	2.3%
	Gross Profit Margin	Gross profit/Revenue from ordinary activities	%	39.2%	41.7%
Profitability	Operating Profit Margin	Operating Profit/Revenue from ordinary activities	%	17.5%	18.2%
	Net Income Margin	Net income/Revenue from ordinary activities	%	15.3%	16.6%
	Earnings Per Share (EPS)	Net income/number of shares	\$	24,534	20,888
	Efficiency of Expenditure	SG&A Expenses/Gross profit	%	58.2%	60.2%
	Non-Performing Loans over 30 days	Non-performing loans >30 days/(Loans + Provisions)	%	4.9%	6.9%
	Non-Performing Loans over 90 days	Non-performing loans >90 days/(Loans + Provisions)	%	2.3%	4.1%
		Non-Performing loans >90 days/Equity	%	9.7%	14.5%
	Non Devicemina Leans	Non-Performing loans/(Loans + Provisions)	%	11.7%	15.6%
	Non-Performing Loans	Non-Performing loans/Equity	%	49.9%	55.7%
Asset Quality		Provisions/(Loans + Provisions)	%	2.2%	2.5%
	Provisions	Provisions/Non-performing loans	%	18.9%	16.2%
		Provisions/Non-performing loans >90 days	%	97.0%	62.2%
	Write-offs	Write-offs/(Loans + Provisions)	%	2.8%	2.4%
	Provisions and Write-offs	Annualized provisions and write-offs/(Loans + Provisions)	%	2.3%	2.5%
	Restructured Porfolio	Securitized portfolio/(Loans + Provisions)	%	2.5%	2.3%

As of December 31, 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\$ 256,070 million (+18.8% YoY) compared to December 2017, totaling Ch\$ 1,144,400 million. On the other hand, assets expanded 23.3% (↑ Ch\$ 269,736 million), closing the quarter at Ch\$ 1,427,546 million. In terms of equity, a rise of Ch\$ 13,666 million (+5.1% YoY) is appreciated, thus closing the fourth quarter at Ch\$ 283,146 million.

Efficiency indicators improved significantly when compared year-over-year, 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.





# IV. RESULTS BY DIVISION

Tanner is organized in three divisions – Corporate<sup>3</sup>, Auto-Financing and Investments<sup>4</sup>, complemented by the subsidiary Tanner Corredora de Seguros. For the purpose of this analysis, the results are classified in Corporate, Auto-Financing and Subsidiaries, which comprises Tanner Investments and Tanner Corredora de Seguros. These three divisions represent 52.0%, 28.7% and 15.9% respectively by 2018 closure, and 63.4%, 18.7% and 15.9% for the fourth quarter of 2018. Additionally, revenues and costs generated by the Treasury unit are shown below.

**Table 3: Business Divisions Results** 

Business Division	1	01.01.2018 to 12.31.2018 MCh\$	01.01.2017 to 12.31.2017 MCh\$	Δ\$	Δ%	09.01.2018 to 12.31.2018 MCh\$	09.01.2017 to 12.31.2017 MCh\$	Δ\$	Δ%
Company	Revenues	75,378	66,269	9,109	13.7%	23,949	17,490	6,459	36.9%
Corporate Division	Costs	35,816	32,823	2,993	9.1%	10,736	7,729	3,006	38.9%
Division	<b>Gross Profit</b>	39,561	33,445	6,116	18.3%	13,213	9,761	3,453	35.4%
	Revenues	45,284	37,706	7,577	20.1%	14,343	9,935	4,409	44.4%
I. Factoring	Costs	18,626	14,367	4,258	29.6%	5,937	3,450	2,487	72.1%
ii r dotoriiig	Gross Profit	26,658	23,339	3,319	14.2%	8,406	6,485	1,922	29.6%
		<i>'</i>	•				•		
	Revenues	9,469	12,157	(2,689)	-22.1%	2,139	3,166	(1,027)	-32.4%
li. Leasing	Costs	7,100	9,128	(2,028)	-22.2%	1,941	1,916	26	1.3%
	Gross Profit	2,368	3,029	(661)	-21.8%	198	1,251	(1,053)	-84.2%
III. Companyata	Revenues	20,625	16,405	4,220	25.7%	7,466	4,389	3,077	70.1%
III. Corporate	Costs	10,090	9,328	763	8.2%	2,857	2,364	493	20.9%
Loans	<b>Gross Profit</b>	10,535	7,077	3,458	48.9%	4,610	2,025	2,584	127.6%
	Revenues	81,098	68,792	12,305	17.9%	19,951	18,539	1,412	7.6%
Auto-Financing	Costs	59,246	49,741	9,505	19.1%	16,055	13,811	2,244	16.2%
division	<b>Gross Profit</b>	21,851	19,051	2,800	14.7%	3,896	4,729	(833)	-17.6%
	_								.==
	Revenues	46,870	20,804	26,065	125.3%	19,456	7,144	12,312	172.3%
Subisidiaries	Costs	34,794	10,953	23,842	217.7%	16,137	4,199	11,938	284.3%
	<b>Gross Profit</b>	12,075	9,852	2,224	22.6%	3,319	2,945	374	12.7%
	Revenues	(9,470)	(3,182)	(6,289)	197.6%	(6,969)	1,107	(8,076)	-729.6%
Treasury	Costs	(12,053)	(4,550)	(7,503)	164.9%	(7,409)	628	(8,038)	-1279.1%
	Gross Profit	2,583	1,368	1,215	88.8%	440	479	(38)	-8.0%
	Revenues	193,875	152,683	41,191	27.0%	56,387	44,280	12,107	27.3%
Tanner	Costs	117,804	88,967	28,837	32.4%	35,519	26,367	9,151	34.7%
	Gross Profit	76,071	63,717	12,354	19.4%	20,869	17,913	2,956	16.5%
		,	00,111	,	/		,5.0	,000	

Consolidated gross margin during 2018 reached Ch\$ 76,071 million (↑Ch\$ 12,354 million / +19.4% YoY), with an increase in revenues (↑Ch\$ 41,191 million / +27.0% YoY) offsetting the growth in costs (↑Ch\$ 28,837 million / +32.4% YoY). By 4Q18, gross margin totaled Ch\$ 20,869 million, with a rise in revenues (↑Ch\$ 12,107 million / +27.3% YoY) greater than the increment in costs (↑Ch\$ 9,151 million / +34.7%). Gross margin breakdown by division/product, is as follows:

#### **CORPORATE DIVISION**

12M18: Ch\$ 39,561 million, rising 18.3% YoY (↑Ch\$ 6,116 million), derived from a significant increase in revenues (↑Ch\$ 9,109 million / +13.7% YoY) with an increase in division expenses (↑Ch\$ 2,993 million / 9.1% YoY).

4Q18: \$ Ch\$ 13,213 million, up 35.4% YoY (↑Ch\$ 3,453 million), in line with an increment of Ch\$ 6,459 million (+36.9% YoY) in revenues and an increase in costs (↑Ch\$ 3,006 million / 38.9% YoY).

<sup>3</sup> Corporate Division: Includes Factoring, Leasing and Corporate Lending.

<sup>4</sup> 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.

#### i. FACTORING

12M18: Ch\$ 26,658 million, growing 14.2% YoY (↑Ch\$ 3,319 million), due to an increase of Ch\$ 7,577 million (+20.1% YoY) in revenues and a rise of 29.6% YoY (↑Ch\$ 4,258 million) in costs.

4Q18: Ch\$ 8,406 million, up 29.6% YoY (↑Ch\$ 1,922 million), with an increase of 44.4% YoY (↑Ch\$ 4,409 million) in revenues and an increase in costs (72.1% YoY/ ↑Ch\$ 2,487 million).

#### ii. LEASING

**12M18:** Ch\$ 2,368, decreasing 21.8% YoY ( $\downarrow$ Ch\$ 661 million), with a 22.1% income reduction ( $\downarrow$ Ch\$ 2,689 million), and lower costs ( $\downarrow$ Ch\$ 2,028 million / -22.2% YoY).

**4Q18:** Ch\$ 198 million, down 84.2% YoY (↓Ch\$ 1,053 million), due a decrease in revenues of 32.4% YoY (↓Ch\$ 1,027 million) and a marginal increase in costs (+1.3% YoY).

#### iii. CORPORATE LENDING

12M18: Ch\$ 10,535 million, up 48.9% YoY (↑Ch\$ 3,458 million), due to an increase in revenues (↑Ch\$ 4,220 million / +25.7% YoY) and costs (↑Ch\$ 763 million / +8.2% YoY).

4Q18: Ch\$ 4,610 million, rising 127.6% YoY (↑Ch\$ 2,205 million), in line with an increase of 70.1% YoY (↑Ch\$ 3,077 million) in revenues and an increment in costs (↑Ch\$ 493 million / +20.9% YoY).

#### **AUTO-FINANCING DIVISION**

12M18: Ch\$ 21,851 million, growing 14.7% YoY (↑Ch\$ 2,800 million), derived from a greater increment in revenues (↑Ch\$ 12,305 million / +17.9% YoY) than in costs (↑Ch\$ 9,505 million / 19.1% YoY).

**4Q18:** Ch\$ 3,896 million, down 17.6% YoY (↓Ch\$ 833 million), with an increase in revenues (↑Ch\$ 1,412 million / +7.6% YoY), which are offset by cost upsurges (↑Ch\$ 2,244 million / +16.2% YoY).

#### **SUBSIDIARIES**

**12M18:** Ch\$ 12,075 million, up 22.6% YoY ( $^{\text{Ch}}$ \$ 2,224 million), due to an increase of Ch\$ 26,065 million (+125.3% YoY) in revenues that offset higher costs ( $^{\text{Ch}}$ \$ 23,842 million / + 217.7% YoY).

4Q18: Ch\$ 3,319 up 12.7% YoY (†Ch\$ 374 million), in line with an increment in income by Ch\$ 12,312 (+172.3 YoY), which offset a 284.3% YoY cost increase (†Ch\$ 11,938 million).

**Chart 6: Gross Margin Breakdown by Line of Business** 

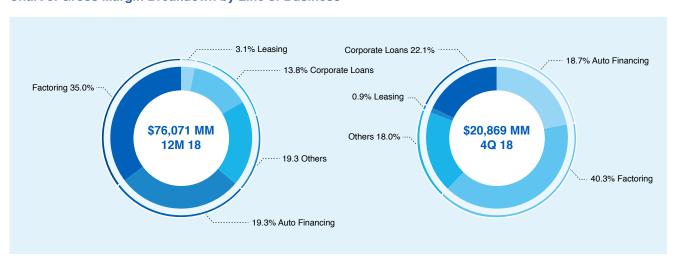




Chart 7: Gross Margin Breakdown by Line of Business on December 2018

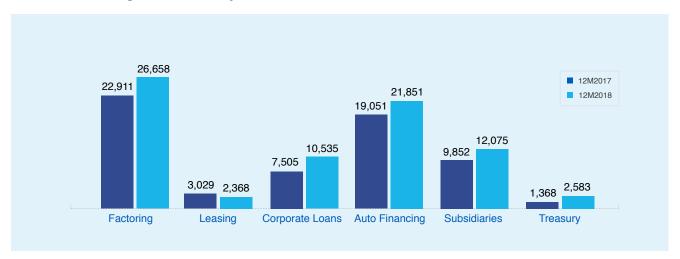
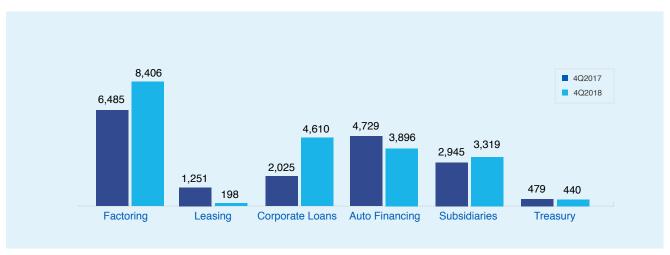


Chart 8: Gross Margin Breakdown by Line of Business Fourth Quarter 2018



Consolidated revenue totaled Ch\$ 193,875 million for the year 2018, with a rise of 27.0% YoY (↑Ch\$ 41,191 million), meanwhile 4Q18 totaled Ch \$ 56,387 million, with an increase of 27.3% YoY (↑Ch\$ 12,107 million) explained by a revenue of:

#### **CORPORATE DIVISION**

12M18: Ch\$ 75,378 million (↑Ch\$ 9,109 million / +13.7% YoY);

4Q18: \$ 23,949 million (\(\bar{1}\)\$ 6,459 million / +36,9% a/a);

**<u>Driver:</u>** Increase in price differences derived from the factoring business, which represents 60.1% of the division's revenue

## i. FACTORING

12M18: Ch\$ 45,284 million (↑Ch\$ 7,577 million / +20.1% YoY);

4Q18: Ch\$ 14,343 million (TCh\$ 4,409 million / +44.4% YoY);

**Driver:** Growth in price differences.

## ii. LEASING

**12M18:** Ch\$ 9,469 million (↓Ch\$ 2,689 million / -22.1% YoY);

**4Q18:** Ch\$ 2,139 million (↓Ch\$ 1,027 million / -32.4% 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

**12M18:** Ch\$ 20,625 million (↑Ch\$ 4,220 million / +25.7% YoY); **4Q18:** Ch\$ 7,466 million (↑Ch\$ 3,077 million / +70.1% YoY);

**Driver:** Increase due to an augment in commissions and interests.

#### **AUTO-FINANCING DIVISION**

12M18: Ch\$ 81,098 million (↑Ch\$ 12,305 million / +17.9% YoY);

4Q18: Ch\$ 19,951 million (\(^Ch\\$ 1,412 million / +7.6\% YoY);

**Driver:** Higher volume, concordant with larger sales on new and used cars, which leads to increases in interests, late payments and recoveries.

## **SUBSIDIARIES**

**12M18:** Ch\$ 46,870 million (↑Ch\$ 26,065 million / +125.3% YoY); **4Q18:** Ch\$ 19,456 million (↑Ch\$ 12,312 million / +172.3% YoY);

**Driver:** Intermediated volume increase.

Consolidated costs totaled Ch\$ 117,804 million 12M18 and Ch\$ 33,546 million during 4Q18, expanding Ch\$ 28,837 million (+32.4% YoY) and Ch\$ 9,151 million (+34.7% YoY), respectively, explained by the costs of:

#### **CORPORATE DIVISION**

12M18: Ch\$ 35,816 (1Ch\$ 2,993 million / +9.1% YoY);

4Q18: Ch\$ 10,736 million (TCh\$ 3,006 million / +38.9% YoY);

**Driver:** An increase in costs due to the vast expansion of our portfolio.

#### i. FACTORING

12M18: Ch\$ 18,626 million (↑Ch\$ 4,258 million / +29.6% YoY);

4Q18: Ch\$ 5,937 million (↑Ch\$ 2,487 million / +72.1% YoY);

**Driver:** Increase in interests related with funding costs, provisions and write-offs, due to a substantial increase in stock.

#### ii. LEASING

**12M18:** \$ 7,100 million (↓\$ 2,028 million / -22.2% YoY);

4Q18: \$ 1,941 million (\(\bar{1}\)\$ 26 million / +1.3% YoY);

**<u>Driver:</u>** Reduction in provisions and write-offs, coupled with lower interests' expenses.

#### iii. CORPORATE LENDING

12M18: \$ 7,233 million (\(\bar{1}\\$ 269 million / +3.9\% YoY);

4Q18: \$ 2,857 million (\(\bar{1}\\$ 493 million / +20.9\% YoY);

<u>Driver:</u> Larger provisions, write-offs and interest expenses, in line with an increase in stock.

#### **AUTO-FINANCING DIVISION**

12M18: \$ 59,246 million (\(\bar{\Psi}\) 7,261 million / +19.1% YoY);

4Q18: \$ 16,055 million (\hat{\$} 2,244 million / +16.2% YoY);

**Driver:** Higher interest expenses and commissions due to an increase in the stock, plus an upsurge of provisions and write-offs.

#### **SUBISIDIARIES**

12M18: \$ 34,794 million (\(\bar{1}\)\$23,842 million / +217.8% YoY);

**4Q18:** \$ 16,137 million (**↑**\$ 11,938 million / +284.3% YoY);

**Driver:** Increased cost, caused by an increase in intermediated volume.



# **V. PORTFOLIO QUALITY**

**Table 4: Business Division Main Indicators** 

	Indicator	Definition	Unit	12-31-2018	12-31-2017
	Non-Performing Loans	Non-Performing loans/(Loans + Provisions)	%	8.3%	13.0%
	Non-Feriorilling Loans	Non-Performing loans/Equity	%	22.8%	29.4%
		Provisions/(Loans + Provisions)	%	1.4%	2.1%
	Provisions	Provisions/Non-performing loans	%	17.4%	16.1%
		Provisions/Non-performing loans >90 days	%	101.5%	58.2%
	Provisions and Write-offs	Annualized provisions and write-offs/(Loans + Provisions)	%	1.3%	1.6%
CORPORATE DIVISION	Non-Performing Loans over 30 days	Non-performing loans >30 days/(Loans + Provisions)	%	2.4%	4.9%
	Non-Performing Loans over	Non-performing loans >90 days/(Loans + Provisions)	%	1.4%	3.6%
	90 days	Non-Performing loans >90 days/Equity	%	3.9%	8.2%
	Restructured Porfolio	Securitized portfolio/(Loans + Provisions)	%	2.5%	2.4%
	Olicente	Securitized portfolio/Equity	%	7.0%	5.5%
	Clients	Number of clients SG&A Expenses/Gross profit	#	4,419	4,871
	Efficiency	3dan Expenses/dross profit	%	57.4%	60.1%
	Non-Performing Loans	Non-Performing loans/(Loans + Provisions)	%	8.1%	12.2%
	Non-Feriorilling Loans	Non-Performing loans/Equity	%	12.9%	14.0%
		Provisions/(Loans + Provisions)	%	1.0%	1.8%
	Provisions	Provisions/Non-performing loans	%	12.9%	14.4%
		Provisions/Non-performing loans >90 days	%	98.5%	59.8%
	Provisions and Write-offs	Annualized provisions and write-offs/(Loans + Provisions)	%	1.3%	1.4%
i. FACTORING	Non-Performing Loans over	Non-performing loans >30 days/(Loans + Provisions)	%	2.1%	3.4%
	30 days	Non-referencia legación (O desertit escala Descriciona)	0/	4.00/	
	Non-Performing Loans over	Non-performing loans >90 days/(Loans + Provisions)	%	1.0%	2.93%
	90 days	Non-Performing loans >90 days/Equity  Securitized portfolio/(Loans + Provisions)	%	1.7% 1.4%	3.4%
	Restructured Porfolio	Securitized portfolio/(Loans + Frovisions)  Securitized portfolio/Equity	%	2.2%	2.0%
	Clients	Number of clients	#	3,281	3,177
		SG&A Expenses/Gross profit	%	53.3%	50.7%
	Efficiency	Court Experiesco profit	/6	33.3 /6	30.7 /6
	Non-Performing Loans	Non-Performing loans/(Loans + Provisions)	%	18.4%	27.9%
	Non-i enorming Loans	Non-Performing loans/Equity	%	5.3%	10.8%
		Provisions/(Loans + Provisions)	%	2.8%	3.6%
	Provisions	Provisions/Non-performing loans	%	15.4%	12.9%
		Provisions/Non-performing loans >90 days	%	86.7%	45.0%
	Provisions and Write-offs	Annualized provisions and write-offs/(Loans + Provisions)	%	1.0%	2.6%
ii. LEASING	Non-Performing Loans over 30 days	Non-performing loans >30 days/(Loans + Provisions)	%	6.9%	13.4%
	Non-Performing Loans over	Non-performing loans >90 days/(Loans + Provisions)	%	3.2%	8.0%
	90 days	Non-Performing loans >90 days/Equity	%	0.9%	3.1%
	Restructured Porfolio	Securitized portfolio/(Loans + Provisions)	%	9.5%	3.8%
	Cliente	Securitized portfolio/Equity	% #	2.7%	1.5%
	Clients	Number of clients		560	857
	Efficiency	SG&A Expenses/Gross profit	%	102.1%	94.4%
	Non-Performing Loans	Non-Performing loans/(Loans + Provisions)	%	5.2%	6.4%
	Non-i enorming Loans	Non-Performing loans/Equity	%	4.6%	4.6%
		Provisions/(Loans + Provisions)	%	1.7%	1.9%
	Provisions	Provisions/Non-performing loans	%	32.5%	29.0%
		Provisions/Non-performing loans >90 days	%	104.2%	66.6%
iii.	Provisions and Write-offs	Annualized provisions and write-offs/(Loans + Provisions)	%	1.4%	1.6%
CORPORATE	Non-Performing Loans over 30 days	Non-performing loans >30 days/(Loans + Provisions)	%	1.6%	2.8%
LENDING	Non-Performing Loans over	Non-performing loans >90 days/(Loans + Provisions)	%	1.4%	2.3%
	90 days	Non-Performing loans >90 days/Equity	%	1.3%	1.7%
	Restructured Porfolio	Securitized portfolio/(Loans + Provisions)	%	2.3%	2.4%
		Securitized portfolio/Equity	%	2.0%	1.7%
	Clients	Number of clients	#	578	837
	Efficiency	SG&A Expenses/Gross profit	%	57.9%	76.5%
		Non-Performing loans/(Loans + Provisions)	%	20.5%	22.5%
		Non-Performing loans/Equity	%	27.1%	26.3%
	Non-Performing Loans	Non i choming loans/Equity			
	Non-Performing Loans	Provisions/(Loans + Provisions)	%	4.1%	3.7%
	Non-Performing Loans Provisions	Provisions/(Loans + Provisions) Provisions/Non-performing loans	%	4.1% 20.2%	3.7% 16.3%
	Provisions	Provisions/(Loans + Provisions) Provisions/Non-performing loans Provisions/Non-performing loans >90 days	% %	20.2% 94.0%	16.3% 67.2%
	Provisions Provisions and Write-offs	Provisions/(Loans + Provisions) Provisions/Non-performing loans Provisions/Non-performing loans >90 days Annualized provisions and write-offs/(Loans + Provisions)	%	20.2%	16.3%
AUTO	Provisions  Provisions and Write-offs  Non-Performing Loans over	Provisions/(Loans + Provisions) Provisions/Non-performing loans Provisions/Non-performing loans >90 days	% %	20.2% 94.0%	16.3% 67.2%
AUTO FINANCING	Provisions Provisions and Write-offs Non-Performing Loans over 30 days	Provisions/(Loans + Provisions) Provisions/Non-performing loans Provisions/Non-performing loans >90 days Annualized provisions and write-offs/(Loans + Provisions) Non-performing loans >30 days/(Loans + Provisions)	% % % %	20.2% 94.0% 4.6% 10.7%	16.3% 67.2% 4.5% 11.5%
	Provisions  Provisions and Write-offs  Non-Performing Loans over 30 days  Non-Performing Loans over	Provisions/(Loans + Provisions) Provisions/Non-performing loans Provisions/Non-performing loans >90 days Annualized provisions and write-offs/(Loans + Provisions) Non-performing loans >30 days/(Loans + Provisions) Non-performing loans >90 days/(Loans + Provisions)	% % % %	20.2% 94.0% 4.6% 10.7% 4.4%	16.3% 67.2% 4.5% 11.5% 5.4%
	Provisions Provisions and Write-offs Non-Performing Loans over 30 days	Provisions/(Loans + Provisions) Provisions/Non-performing loans Provisions/Non-performing loans >90 days Annualized provisions and write-offs/(Loans + Provisions) Non-performing loans >30 days/(Loans + Provisions)  Non-performing loans >90 days/(Loans + Provisions) Non-Performing loans >90 days/(Equity)	% % % % %	20.2% 94.0% 4.6% 10.7% 4.4% 5.8%	16.3% 67.2% 4.5% 11.5% 5.4% 6.4%
	Provisions  Provisions and Write-offs  Non-Performing Loans over 30 days  Non-Performing Loans over	Provisions/(Loans + Provisions) Provisions/Non-performing loans Provisions/Non-performing loans >90 days Annualized provisions and write-offs/(Loans + Provisions) Non-performing loans >30 days/(Loans + Provisions)  Non-performing loans >90 days/(Loans + Provisions)  Non-Performing loans >90 days/(Equity) Securitized portfolio/(Loans + Provisions)	% % % % % %	20.2% 94.0% 4.6% 10.7% 4.4% 5.8% 2.9%	16.3% 67.2% 4.5% 11.5% 5.4% 6.4% 2.4%
	Provisions  Provisions and Write-offs  Non-Performing Loans over 30 days  Non-Performing Loans over 90 days	Provisions/(Loans + Provisions) Provisions/Non-performing loans Provisions/Non-performing loans >90 days Annualized provisions and write-offs/(Loans + Provisions) Non-performing loans >30 days/(Loans + Provisions)  Non-performing loans >90 days/(Loans + Provisions) Non-Performing loans >90 days/(Equity)	% % % % %	20.2% 94.0% 4.6% 10.7% 4.4% 5.8%	16.3% 67.2% 4.5% 11.5% 5.4% 6.4%

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, which, added to effects in other items of the financial statements, was recorded against results accumulated in Equity for \$ 5,925 million.

#### **CORPORATE DIVISION**

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.

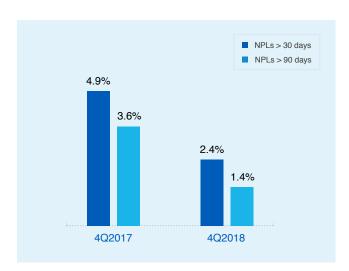
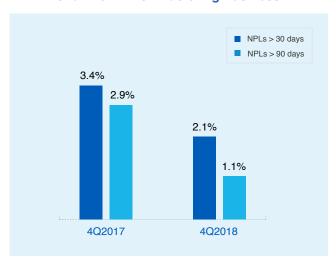


Chart 9: NPLs - Corporate division

# 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** 

The Ch\$ 8,235 million adjustment related with IFRS 9 is broken down as follows: Corporate division = Ch\$ 4,354 million

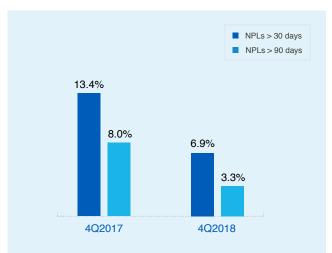
- Factoring = Ch\$ 2,102 million
- Leasing = Ch\$ 1,719 million
- Corporate Lending = \$ 533 million

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.

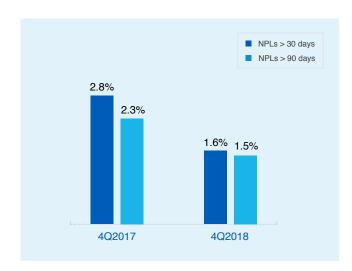
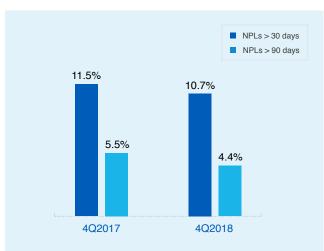


Chart 12: NPLs - Corporate Lending Business

## **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**

**Table 5: Consolidated Balance Sheet** 

Assets (MCh\$)	12-31-2018	12-31-2017	Δ\$	Δ%
Current Assets				
Cash and cash equivalent	25,474	84,636	(59,162)	-69.9%
Other current financial assets	104,324	49,120	55,204	112.4%
Other current non-financial assets	1,765	1,547	218	14.1%
Trade receivables and other current accounts receivable, net	770,975	602,984	167,991	27.9%
Current accounts receivable from related parties	458	452	6	1.3%
Current tax assets	12,851	8,259	4,592	55.6%
Non-current assets held for sale	7,968	6,216	1,753	28.2%
Total Current Assets	923,816	753,214	170,602	22.6%
Non-Current Assets				
Other non-current financial assets	37,555	22,286	15,270	68.5%
Other non-current non-financial assets	2,822	6,217	(3,395)	-54.6%
Trade receivables and other non-current accounts receivable, net	411,606	333,832	77,774	23.3%
Non-current accounts receivable from related parties	681	611	70	11.5%
Intangible assets other than goodwill	5,520	3,509	2,011	57.3%
Goodwill	1,764	1,764	-	0.0%
Property, plant and equipment	3,189	3,341	(152)	-4.6%
Property Investments	9,316	3,146	6,170	196.2%
Deferred tax assets	31,278	29,892	1,386	4.6%
Total Non-Current Assets	503,730	404,597	99,134	24.5%
Total Assets	1,427,546	1,157,810	269,736	23.3%
Liabilities (MCh\$)	31-12-18	31-12-17	Δ\$	Δ%
Current Liabilities				
Other current financial liabilities	597,596	364,875	232,721	63.8%
Trade payables and other current accounts payables	90,908	69,872	21,036	30.1%
Other short-term provisions	306	490	(184)	-37.6%
Short-term employee benefits provisions	3,957	802	3,155	393.4%
Current tax liabilities	2,306	1,168	1,138	97.4%
Other current non-financial liabilities	-	9	(9)	-100.0%
Total Current Liabilities	695,073	437,216	257,857	59.0%
Non-Current Liabilities				
Other non-current financial liabilities	449,213	451,114	(1,900)	-0.4%
Non-current employee benefits provisions	113	-	113	-
Total Non-Current Liabilities	449,327	451,114	(1,787)	-0.4%
Total Liabilities	1,144,400	888,330	256,070	28.8%
Equity	283,146	269,481	13,666	5.1%
Total Equity and Liabilities	1,427,546	1,157,810	269,736	23.3%

# a. Loan Portfolio 6

Total gross loan portfolio at December 2018 reached Ch\$ 1,209,337 million (↑Ch\$ 248,206 million / +23.0% YoY) versus Ch\$ 961,131 million in December 2017, while provisions totaled Ch\$ 26,756 million, increasing Ch\$ 2,441 million (+10.0% YoY), 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\$ 1,182,581 million, increasing 26.2% YoY (↑Ch\$ 245,765 million)) from Ch\$ 936,816 million by the end of 2017, driving the Company to once again beat its loan portfolio record.

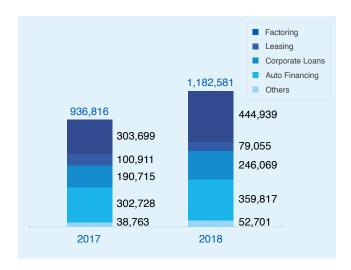
Net loan portfolio at period-end December 2018:

- 1. Corporate division: Ch\$ 770,063 million I +29.4% YoY I \Ch\$ 174,737 million;
  - a. Factoring: Ch\$ 444,939 million I+46.5% YoY I \*\*Ch\$ 141,239 million;
  - b. Leasing: Ch\$ 79,055 million I -21.7% YoY I ↓ Ch\$ 21,855 million;
  - c. Corporate Lending: Ch\$ 246,069 million I +29.0% YoY I TCh\$ 55,353 million; and,
- 2. Auto-Financing Division: Ch\$ 359,817 million I +18.9% YoY I ↑Ch\$ 57,090 million.

Year 2017 +18.9% Year 2018 444,939 359,817 +29.0% 303,699 302,728 246,069 ,21.7% 190,715 +36.0% 100,911 79,055 52,701 38.763 **Factoring** Corporate Loans Leasing **Auto Financing** Others

Chart 14: Net Loan Portfolio Breakdown by Line of Business





In 2018, the portfolio continues to concentrate in the Company's strategic businesses – factoring and auto-financing – which represent 37.6% (Dec-2017: 32.4%) and 30.4% (Dec-2017: 32.3%) of net loan portfolio, respectively.

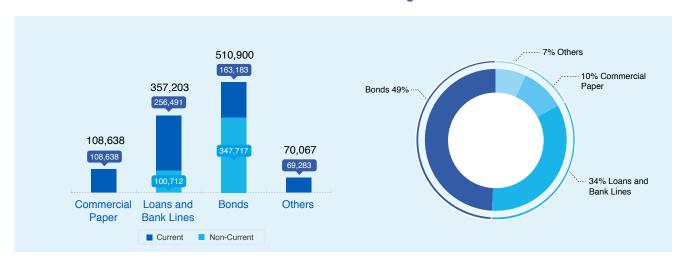
# **b. Funding Sources**

Financial liabilities as of December 31, 2018, totaled Ch\$ 10,046,809 million, versus \$ 815,989 million in December 2017 (↑Ch\$ 230,820 million / +28.3% YoY), due to increments associated with the following liabilities: (i) banks and financial institutions (↑Ch\$



142,771 million/ +66.6% YoY) and (ii) commercial paper (↑Ch\$ 45,302 million / +71.5% YoY) and (iii) bonds (↑Ch\$ 14,216 million / +2.9 YoY) and (iv) other derivatives and repos (↑Ch\$ 28,530 million / 68.7% YoY).

In terms of liability structure, 48.8% (Ch\$ 510,900 million) correspond to local and international bonds, 34.1% (Ch\$ 357,203 million) to bank loans and credit lines, and 10.4% (Ch\$ 108,638 million) to commercial paper. Additionally, Ch\$ 70,067 million (6.7%) are related to other financial obligations, which correspond to repos and financial derivatives.



**Chart 16: Breakdown of Funding Sources** 

# VII. CASH FLOW STATEMENT

**Table 6: Cash Flow Statement** 

MCh\$	12-31-2018	12-31-2017	Δ\$
Cash flow provided by (used in) operating activities	(271,649)	(128,926)	(142,722)
Cash flow provided by (used in) investing activities	172,179	147,491	24,687
Cash flow provided by (used in) financing activities	40,277	34,473	5,804
Effect of changes in exchange rates	31	(35)	65
Net increase (decrease) in cash and cash equivalent	(59,162)	53,004	(112,165)
Cash and Cash Equivalent, Initial Balance	84,636	31,632	53,004
Cash and Cash Equivalent, Final Balance	25,474	84,636	(59,162)

During the year 2018, cash flow of operating activities totaled Ch\$ -271,649 million versus Ch\$ - 128,926 million recorded in December 2017. An increase of Ch\$ 190,412 million in collections was obtained during this quarter, yet Company payments registered a decrease of Ch\$ 325,536.

Cash flow stemming from investing activities reached Ch\$ 172,179 million, Ch\$ 24,687 million more than Ch\$ 147,491 million corresponding to 4Q17, mainly because of a Ch\$ 653,874 million difference between payments and collections in financial derivatives.

Financing activities cash flow amounts to Ch\$ 40,277 million in 2018, versus Ch\$ 34,473 million during 2017, mainly due to a drop in interest and loan payments.

Finally, cash and cash equivalents by December 2018 totaled Ch\$ 25,474 million, diminishing Ch\$ 59,162 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.

Table 7: Portfolio, Provisions and Risk Index

		12.31.	2018				
Concept	Gross Portfolio	Provisions	Net Portfolio	Provisions Index			
	Ch\$k	Ch\$k	Ch\$k	1 TOVISIONS MIGGX			
Factoring	449,641,169	(4,702,600)	444,938,569	1.05%			
Leasing	81,373,247	(2,317,836)	79,055,411	2.85%			
Corporate Loans	250,298,645	(4,230,124)	246,068,521	1.69%			
Automobile Loans	375,322,842	(15,505,467)	359,817,375	4.13%			
Others	52,701,034	-	52,701,034	0.00%			
Total	1,209,336,937	(26,756,027)	1,182,580,910	2.21%			
	12.31.2017						
			_017				
Concept	Gross Portfolio	Provisions	Net Portfolio	Dravisiana Inday			
Concept	Gross Portfolio Ch\$k			Provisions Index			
Concept Factoring		Provisions	Net Portfolio	Provisions Index			
	Ch\$k	Provisions Ch\$k	Net Portfolio Ch\$k				
Factoring	Ch\$k 309,109,335	Provisions Ch\$k (5,409,895)	Net Portfolio Ch\$k 303,699,440	1.75%			
Factoring Leasing	Ch\$k 309,109,335 104,686,270	Provisions Ch\$k (5,409,895) (3,775,690)	Net Portfolio Ch\$k 303,699,440 190,715,401	1.75% 3.61%			
Factoring Leasing Corporate Loans	Ch\$k 309,109,335 104,686,270 194,325,618	Provisions Ch\$k (5,409,895) (3,775,690) (3,610,217)	Net Portfolio Ch\$k 303,699,440 190,715,401 302,727,584	1.75% 3.61% 1.86%			

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:

**Table 8: Portfolio, Provisions and Renegotations** 

			31.12.2018							
Concept	Total Portfolio Ch\$ Th	Renegotiation Ch\$ Th	Provision Ch\$ Th	Renegotiation by product %	Total portfolio renegotiation %					
Factoring	449,641,169	6,227,926	(4,702,600)	1.39%	0.51%					
Corporate Lending	250,298,645	5,718,313	(4,230,124)	2.28%	0.47%					
Auto Financing	375,322,842	10,855,930	(15,505,467)	2.89%	0.90%					
Leasing	81,373,247	7,753,475	(2,317,836)	9.53%	0.64%					
Others	52,701,034	-	-	-	-					
Total	1,209,336,937	30,555,644	(26,756,027)		2.53%					
		31.12.2017								
Concept	Total Portfolio Ch\$ Th	Renegotiation Ch\$ Th	Provision Ch\$ Th	Renegotiation by product	Total portfolio renegotiation					
				%	%					
Factoring	309.109.335	·		2.00%	0.64%					
Factoring Corporate Lending	309,109,335 194,325,618	6,175,524 4,686,313	(5,409,895)	, -	·					
Factoring Corporate Lending Auto Financing		6,175,524		2.00%	0.64%					
Corporate Lending	194,325,618	6,175,524 4,686,313	(5,409,895) (3,610,217)	2.00% 2.41%	0.64% 0.49%					
Corporate Lending Auto Financing	194,325,618 314,247,010	6,175,524 4,686,313 7,408,749	(5,409,895) (3,610,217) (11,519,426)	2.00% 2.41% 2.36%	0.64% 0.49% 0.77%					

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 December 31, 2018, the Company, on a consolidated level, totaled Ch\$ 25,474 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<sup>7</sup>.

On December 31, 2018, investments on corporate bonds – valued at market prices – reached US\$ 20,892K (US\$ 12,464K by December 31, 2017). At that date, the average duration of the portfolio was 1.96 years (3.05 by December 31, 2017), sensitivity measured by DV018 was US\$ 2,938 (US\$ 3,644 by December 31,2017) and parametric VaR9, with a 1-day horizon was US\$ 42,536 (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:

## Table 9: Sensitivity to Variations in the Interest Rate

#### Decreases:

Delta Tasas (pbs)	-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%

#### Increases:

Delta Tasas (pbs)	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%

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.

## Table 10: Exposure and Sensitivity by Currency

	12.31.2018									
Exposure		Trading D	Derivatives		Hedging Derivatives					
	UF\$K	CLP\$K	USD\$K	CHF\$K	UF\$K	CLP\$K	USD\$K	CHF\$K		
Up to 1 year	-	(4,128,588)	5,163,012	-	52,421,585	(216,939,440)	168,363,933	-		
1 to 3 years	-	-	-	-	119,815,268	(179,346,569)	68,104,513	-		
3 years and over	-	-	-	-	-	-	-	-		
Total	-	(4,128,588)	5,163,012	-	172,236,853	(396,286,009)	236,468,446	-		

<sup>7</sup> 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%.

	09.30.2018									
Sens. +1bps		Trading I	Derivatives		Hedging Derivatives					
	UF\$K	CLP\$K	USD\$K	CHF\$K	UF\$K	CLP\$K	USD\$K	CHF\$K		
Up to 1 year	-	404	(431)	-	(10,079)	20,155	(5,775)	-		
1 to 3 years	-	-	-	-	(22,453)	33,320	(13,166)	-		
3 years and over	-	-	-	-	-	-	-	-		
Total	-	404	(431)	-	(32,531)	53,475	(18,941)	-		

#### 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 December 31, 2018, the Company presents an exposure in US Dollars of US\$ -5,623K, equivalent to 1.38% 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.

#### **Table 11: US Dollar Mismatch**

US\$ Mismatch (US\$K)	12.31.2018	12.31.2017
Assets	7,737	6,789
Liabilities	(12,717)	(9,087)
Derivative Instruments	6,966	4,745
Total Mismatch	(5,623)	(3,817)

#### 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, whose related mismatch is managed on 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 December 31, 2018, mismatch in UF amounted to UF 1,986K, equivalent to 19.34% 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.

#### **Table 12: UF Mismatch**

UF Mismatch (UFK)	12.31.2018	12.31.2017
Assets	7,737	6,789
Liabilities	(12,717)	(9,087)
Derivative Instruments	6,966	4,745
Total Mismatch	1,986	2,447

For additional information regarding this section, please refer to Note 4 of the Company's Financial Statements as of Decemberr 31, 2018.



SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

# Tanner Investments SpA and Subsidiaries

Balance Sheet (ThCh\$)	2018	2017
Total Current Assets	135,088,837	70,218,852
Total Non-Current Assets	6,704,256	6,401,702
Total Assets	141,793,093	76,620,554
Total Current Liabilities	121,050,799	61,811,430
Total Non-Current Liabilities	-	-
Total Equity	20,742,294	14,809,124
Total Equity and Liabilities	141,793,093	76,620,554

Profit or Loss by Function (ThCh\$)	2018	2017
Gross Margin	8,826,627	6,547,798
Operational Result	4,079,528	2,914,656
Net Operating Profit Before Taxes	3,792,127	2,657,208
Income Tax Expense and Non-controlling Interests	(982,570)	(409,582)
Profit for the Period	2,809,557	2,247,626

Cash Flow Statement (ThCh\$)	2018	2017
Cash Flows Used in Operating Activities	1,475,679	3,332,336
Cash Flows Used in Investing Activities	432,425	(24,886)
Cash Flows used in Financing Activities	608,645	(939,412)
Effect of Movements in Exchange Rates on Cash and Cash Equivalent	11,128	(34,883)
Net (Decrease) Increase in Cash and Cash Equivalent	2,527,877	2,333,155

Changes in Equity (ThCh\$)	Paid-in Capital	Other Reserves	Accumulated Earnings (Losses)	Equity Attributable to Owners of the Parent	Non- Controlling Interests	Total Equity
Initial Balance Current Period 01.01.2018	11,540,655	190,621	1,395,040	13,126,316	1,682,808	14,809,124
Increase (Decrease) from Restatements	(6,355)	6,355	-	-	-	-
Restated Balance as of 01.01.2018	11,534,300	196,976	1,395,040	13,126,316	1,682,808	14,809,124
Total Contributions and Distributions	-	-	2,396,062	2,396,062	413,495	2,809,557
Increase (Decrease) associated with owners' Contributions	3,119,085	-	-	3,119,085	-	3,119,085
Increase (Decrease) for changes in Company's Interest of Subsidiaries	-	(163,896)	(2,598)	(166,494)	171,022	4,528
Total Equity Changes	3,119,085	(163,896)	2,393,464	5,348,653	584,517	5,933,170
Balance as of 12.31.2018	14,653,385	33,080	3,788,504	18,474,969	2,267,325	20,742,294



# Chita SpA

Balance Sheet (ThCh\$)	2018	2017
Total Current Assets	12,437,864	2,098,279
Total Non-Current Assets	57,512	35,032
Total Assets	12,495,376	2,133,311
Total Current Liabilities	12,289,435	1,995,443
Total Non-Current Liabilities	-	-
Total Equity	205,941	137,868
Total Equity and Liabilities	12,495,376	2,133,311

Profit or Loss by Function (ThCh\$)	2018	2017
Gross Margin	464,812	79,264
Operational Result	49,571	(183,386)
Net Operating Profit Before Taxes	49,431	(183,378)
Income Tax Expense and Non-controlling Interests	18,642	22,590
Profit for the Period	68,073	(160,788)

Cash Flow Statement (ThCh\$)	2018	2017
Cash Flows Used in Operating Activities	(10,687,063)	(830,810)
Cash Flows Used in Investing Activities	3,453	3,515
Cash Flows used in Financing Activities	10,702,616	728,500
Effect of Movements in Exchange Rates on Cash and Cash Equivalent	19,389	-
Net (Decrease) Increase in Cash and Cash Equivalent	38,395	(98,795)

Changes in Equity (ThCh\$)	Paid-in Capital	Fair Value Reserve	Total Other Reserves	Accumulated Earnings (Losses)	Total Equity
Initial Balance Current Period 01.01.2018	331,500	-	-	(193,632)	137,868
Increase (Decrease) from Restatements at 01.01.2018	331,500	-	-	(193,632)	137,868
Results					-
Results for the period	-	-	-	68,073	68,073
Other results for the period	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	68,073	68,073
Total Contributions and Distributions	-	-	-	-	-
Total Transactions with the Owners of the	-		-	68,073	68,073
Company Balance as of 12.31.2018	331,500	-		(125,559)	205,941

# Tanner Leasing Vendor Ltda.

Balance Sheet (ThCh\$)				2018	2017
Total Current Assets				60,776,663	49,201,259
Total Non-Current Assets				6,560,673	5,866,720
Total Assets				67,337,336	55,067,979
Total Current Liabilities				38,730,707	27,730,260
Total Non-Current Liabilities				-	-
Total Equity				28,606,629	27,337,719
Total Equity and Liabilities				67,337,336	55,067,979
Profit or Loss by Function (ThCh\$)				2018	2017
Gross Margin				1,538,331	1,399,670
Operational Result				1,264,443	1,083,476
Net Operating Profit Before Taxes				1,270,296	1,089,167
Income Tax Expense and Non-controlling Interests				379,886	(207,145)
Profit for the Period				1,650,182	882,022
Cash Flow Statement (ThCh\$)				2018	2017
Cash Flows Used in Operating Activities				11,612,961	18,326,785
Cash Flows Used in Investing Activities				-	-
Cash Flows used in Financing Activities				(12,950,462)	(17,214,584)
Effect of Movements in Exchange Rates on Cash and	d Cash Equivalent			-	-
Net (Decrease) Increase in Cash and Cash Equiva	lent			(1,337,501)	1,112,201
Changes in Equity	Paid-in Capital	Fair Value Reserve	Total Other Reserves	Accumulated Earnings (Losses)	Total Equity
Initial Balance Current Period 01.01.2018	4,512,806	-	-	22,824,913	27,337,719
Inicial Adjustment due to IFRS 9	-	-	-	(381,272)	(381,272)
Restated Balance as of 01.01.2018	4,512,806	-		22,443,641	26,956,447
Results	-	-	-	-	-
Results for the period	-	-	-	1,650,182	1,650,182
Other Results for the Period	-	-	-	-	-
Total Comprehensive Income for the Period	-	-		1,650,182	1,650,182

4,512,806

1,650,182

24,093,823

1,650,182

28,606,629

Balance as of 12.31.2018

Company

Total Contributions and Distributions

Total Transactions with the Owners of the



# Tanner Leasing S.A.

Balance Sheet (ThCh\$)	2018	2017
Total Current Assets	616,258,810	548,478,142
Total Non-Current Assets	118,085,599	106,087,527
Total Assets	734,344,409	654,565,669
Total Current Liabilities	693,534,639	616,658,076
Total Non-Current Liabilities	-	=
Total Equity	40,809,770	37,907,593
Total Equity and Liabilities	734,344,409	654,565,669

Profit or Loss by Function (ThCh\$)	2018	2017
Gross Margin	4,960,461	12,736,787
Operational Result	1,974,583	10,582,477
Net Operating Profit Before Taxes	2,007,950	10,672,921
Income Tax Expense and Non-controlling Interests	1,767,740	(132,029)
Profit for the Period	3,775,690	10,540,892

Cash Flow Statement (ThCh\$)	2018	2017
Cash Flows Used in Operating Activities	11,643,953	(2,558,346)
Cash Flows Used in Investing Activities	(143,161)	(30,908,038)
Cash Flows used in Financing Activities	(14,683,656)	33,042,843
Effect of Movements in Exchange Rates on Cash and Cash Equivalent	-	-
Net (Decrease) Increase in Cash and Cash Equivalent	(3,182,864)	(423,541)

Changes in Equity (ThCh\$)	Paid-in Capital	Fair Value Reserve	Total Other Reserves	Accumulated Earnings (Losses)	Total Equity
Initial Balance Current Period 01.01.2018	13,554	16,565	16,565	37,877,474	37,907,593
Inicial Adjustment due to IFRS 9	-	-	-	(873,514)	(873,514)
Increase (Decrease) due to Corrections	-	-	-	1	1
Restated Balance as of 01.01.2018	13,554	16,565	16,565	37,003,961	37,034,080
Results for the period	-	-	-	3,775,690	3,775,690
Total Contributions and Distributions	-	=	-	-	-
Total Transactions with the Owners of the Company	-	-	-	3,775,690	3,775,690
Balance as of 12.31.2018	13,554	16,565	16,565	40,779,651	40,809,770

# Tanner Corredora de Seguros Ltda.

Total Assets						3,336,441	1,163,645
Total Liabilities						442,355	721,649
Total Equity						2,894,086	441,996
Total Equity and Liabilities						3,336,441	1,163,645
Profit or Loss by Function	(ThCh\$)					2018	2017
Gross Margin						2,421,077	3,452,184
Operational Result						3,075,038	4,047,586
Net Operating Profit Befor	e Taxes					3,346,987	2,924,085
Income Tax Expense and	Non-controlling	Interests				(894,897)	(735,888)
Profit for the Period						2,452,090	2,188,197
Cash Flow Statement (The	Ch\$)					2018	2017
Cash Flows Used in Oper	ating Activities					1,856,525	2,084,633
Cash Flows Used in Inves	ting Activities					(1,650,000)	1,206,854
Cash Flows used in Finan	cing Activities					(247,419)	(3,251,935)
Effect of Movements in Exchange Rates on Cash and Cash Equivalent						_	-
Effect of Movements in Ex	change hates o	ii Oasii ana O	40 = qu 4				
Net (Decrease) Increase						(40,894)	39,552
				Other Reserves	Equity Attributable to Owners of the Parent	(40,894)  Non-Controlling	
Net (Decrease) Increase Changes in Equity (ThCh\$)	in Cash and C	ash Equivaler Period Earnings	Accumulated Earnings		Attributable to Owners of the	Non-Controlling	,
Net (Decrease) Increase	in Cash and C	ash Equivaler Period Earnings	Accumulated Earnings		Attributable to Owners of the	Non-Controlling Interests	Total Equity
Net (Decrease) Increase Changes in Equity (ThCh\$) Initial Balance Current	in Cash and Capital	ash Equivaler Period Earnings	Accumulated Earnings (Losses)	Reserves	Attributable to Owners of the Parent	Non-Controlling Interests	Total Equity
Net (Decrease) Increase  Changes in Equity (ThCh\$)  Initial Balance Current Period 01.01.2018  Inicial Adjustment due to	in Cash and Capital	ash Equivaler Period Earnings	Accumulated Earnings (Losses)	Reserves	Attributable to Owners of the Parent	Non-Controlling Interests	Total Equity
Net (Decrease) Increase  Changes in Equity (ThCh\$)  Initial Balance Current Period 01.01.2018  Inicial Adjustment due to IFRS 9  Increase (Decrease) due to	in Cash and Capital	ash Equivaler Period Earnings	Accumulated Earnings (Losses)	Reserves	Attributable to Owners of the Parent	Non-Controlling Interests  488,600	Total Equity  8 1,628,694
Net (Decrease) Increase  Changes in Equity (ThCh\$)  Initial Balance Current Period 01.01.2018  Inicial Adjustment due to IFRS 9  Increase (Decrease) due to Corrections  Restated Balance as of	Paid-in Capital  110,000	esh Equivaler Period Earnings (Losses)	Accumulated Earnings (Losses)  1,518,560	Reserves 134 -	Attributable to Owners of the Parent 1,140,08	Non-Controlling Interests 488,600 488,600 488,600	Total Equity  8 1,628,694   8 1,628,694
Net (Decrease) Increase  Changes in Equity (ThCh\$)  Initial Balance Current Period 01.01.2018  Inicial Adjustment due to IFRS 9  Increase (Decrease) due to Corrections  Restated Balance as of 01.01.2018	Paid-in Capital  110,000	Period Earnings (Losses)	Accumulated Earnings (Losses)  1,518,560  - 1,518,560	Reserves 134 -	Attributable to Owners of the Parent 1,140,08	Non-Controlling Interests  488,600  488,600  556,860	Total Equity  8 1,628,694 8 1,628,694 0 2,188,197
Net (Decrease) Increase  Changes in Equity (ThCh\$)  Initial Balance Current Period 01.01.2018  Inicial Adjustment due to IFRS 9  Increase (Decrease) due to Corrections  Restated Balance as of 01.01.2018  Results for the Period	Paid-in Capital  110,000  - 110,000	Period Earnings (Losses)	Accumulated Earnings (Losses)  1,518,560  - 1,518,560  2,188,197	Reserves 134 -	1,140,08 1,631,33	Non-Controlling Interests  488,600  488,600  556,860  (1,012,468	Total Equity  8 1,628,694   8 1,628,694  0 2,188,197  8) (3,374,895)
Net (Decrease) Increase  Changes in Equity (ThCh\$)  Initial Balance Current Period 01.01.2018  Inicial Adjustment due to IFRS 9  Increase (Decrease) due to Corrections  Restated Balance as of 01.01.2018  Results for the Period  Withdrawls  Increase (Decrease) associated with owners'	Paid-in Capital  110,000  - 110,000	Period Earnings (Losses)	Accumulated Earnings (Losses)  1,518,560  - 1,518,560  2,188,197 (3,374,895)	134 - - - 134	1,140,08  1,631,33 (2,362,427	Non-Controlling Interests  488,600  488,600  556,860  (1,012,468	Total Equity  8 1,628,694   8 1,628,694  0 2,188,197  8) (3,374,895)
Net (Decrease) Increase  Changes in Equity (ThCh\$)  Initial Balance Current Period 01.01.2018  Inicial Adjustment due to IFRS 9  Increase (Decrease) due to Corrections  Restated Balance as of 01.01.2018  Results for the Period  Withdrawls  Increase (Decrease) associated with owners' Contributions  Total Contributions and	Paid-in Capital  110,000  - 110,000	Period Earnings (Losses)	Accumulated Earnings (Losses)  1,518,560  - 1,518,560  2,188,197 (3,374,895)	134 - - - 134	1,140,08  1,631,33 (2,362,427	Non-Controlling Interests  488,600  488,600  556,860  (1,012,468)  (33,000	Total Equity  8 1,628,694   8 1,628,694  0 2,188,197  3) (3,374,895)

2017

Balance Sheet (ThCh\$)



# Tanner Corredores de Bolsa de Productos S.A.

Balance Sheet (ThCh\$)	2018	2017
Total Assets	1,441,908	1,441,670
Total Liabilities	76,722	98,371
Total Equity	1,365,186	1,343,299
Total Equity and Liabilities	1,441,908	1,441,670

Profit or Loss by Function (ThCh\$)	2018	2017
Gross Margin	172,351	116,357
Operational Result	4,018	10,025
Net Operating Profit Before Taxes	4,810	22,639
Income Tax Expense and Non-controlling Interests	10,800	(1,715)
Profit for the Period	15,610	20,924

Cash Flow Statement (ThCh\$)	2018	2017
Cash Flows Used in Operating Activities	(93,389)	(95,116)
Cash Flows Used in Investing Activities	61,115	(742,590)
Cash Flows used in Financing Activities	(116,317)	181,781
Effect of Movements in Exchange Rates on Cash and Cash Equivalent	-	-
Net (Decrease) Increase in Cash and Cash Equivalent	(148,591)	(655,925)

		Reserves						
Changes in Equity (ThCh\$)	Paid-in Capital	Fair Value Assets	Restatement of Accumulated Property, Plant and Equipment (Loss)	Other Reserves	Accumulated Results	Results for the Period	Provisional Dividend or Participation	Total Equity
Initial Balance Current Period 01.01.2018	902,046	8,295	-	(22,776)	441,087	20,924	(6,277)	1,343,299
Increase (Decrease) due to Accounting Changes	-	-	-	-			-	-
Increase (Decrease) due to Corrections	-	-	-	-			-	-
Restated Balance as of 01.01.2018	902,046	8,295		(22,776)	441,087	20,924	(6,277)	1,343,299
Results for the Period	-	-	-	-	-	15,610	-	15,610
Transfers to Accumulated Results	-	-	-	-	20,924	(20,924)	-	-
Other Equity Adjustments	-	-	-	-	-	-	6,277	6,277
Total Equity Changes	-	-	-	-	20,924	(5,314)	6,277	21,887
Balance as of 12.31.2018	902,046	8,295	-	(22,776)	462,011	15,610	-	1,365,186

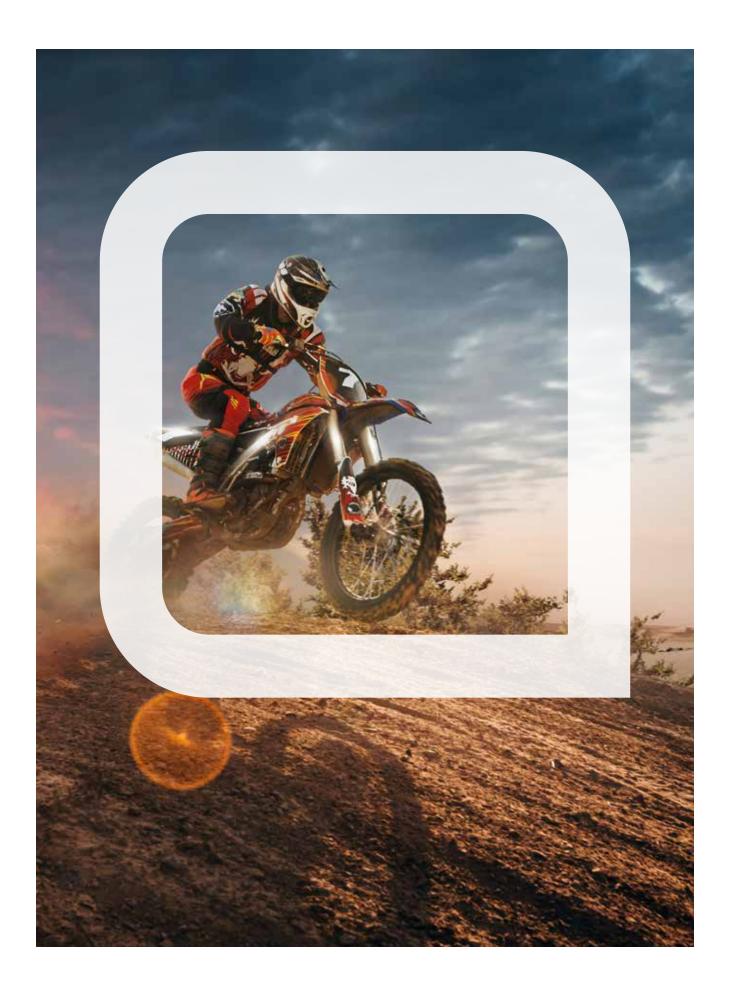
# Tanner Asset Management Administradora General de Fondos S.A.

Balance Sheet (ThCh\$)	2018	2017
Total Current Assets	334,475	302,029
Total Non-Current Assets	27,694	26,025
Total Assets	362,169	328,054
Total Current Liabilities	39,015	10,529
Total Non-Current Liabilities	-	-
Total Equity	323,154	317,525
Total Equity and Liabilities	362,169	328,054

Profit or Loss by Function (ThCh\$)	2018	2017
Gross Margin	199,731	(4,008)
Operational Result	(2,679)	(98,160)
Net Operating Profit Before Taxes	3,975	(89,133)
Income Tax Expense and Non-controlling Interests	1,654	25,543
Profit for the Period	5,629	(63,590)

Cash Flow Statement (ThCh\$)	2018	2017
Cash Flows Used in Operating Activities	(22,999)	(84,698)
Cash Flows Used in Investing Activities	296,413	(289,740)
Cash Flows used in Financing Activities	-	90,000
Effect of Movements in Exchange Rates on Cash and Cash Equivalent	-	-
Net (Decrease) Increase in Cash and Cash Equivalent	273,414	(284,438)

Changes in Equity (ThCh\$)	Paid-in Capital	Accumulated Results	Equity Attributable to Owners of the Parent	Provisional Dividend or Participation	Total Equity
Initial Balance 01,01,2018	378,393	(60,868)	317,525	-	317,525
Profit (Loss)	-	5,629	5,629	-	5,629
Dividends	-	-	-	-	-
Total Contributions and Distributions	-	-	-	-	-
Total Equity Changes	-	5,629	5,629	-	5,629
Balance as of 12,31,2018	378,393	(55,239)	323,154	-	323,154





# **20** STATEMENT OF **RESPONSIBILITY**

The undersigned Directors and Chief Executive Officer declare themselves responsible for the veracity of the information contained in this Annual Report for the fiscal year ended December 31, 2018, in conformity with the information they have had in their power.

Ricardo Massu Massu Chairman

Chilean ID Number: 6.420.113-1

Jorge Sabag Sabag Vice-Chairman

Chilean ID Number: 6.735.614-4

**Eduardo Massu Massu** Director

Chilean ID Number: 4.465.911-5

**Óscar Cerda Urrutia** Director

Chilean ID Number: 6.941.260-2

**Jorge Bunster Betteley Director** 

Chilean ID Number: 6.066.143-K

**Pablo Eguiguren Bravo Director** 

Chilean ID Number: 7.011.397-K

Martín Díaz Plata Director

British passport 720111843

**Antonio Turner Fabres Chief Executive Officer** 

Chilean ID Number: 13.668.525-2

This statement of responsibility was signed by the Board of Directors. Copies of this document containing their signatures are stored in the Chief Executive Officer's office.



