


Corporate Presentation 2T 2019

 **Tanner**

SEP | 2019

Index

- **Tanner at a Glance**
- Our Business Lines
- Pillars



» Tanner is a non-bank financial institution from Chile with over 25 years of experience and a leading position within the auto financing and factoring industries.

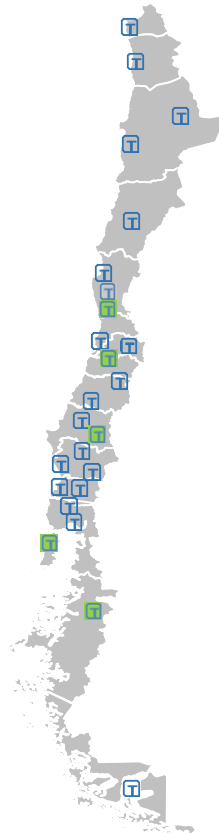
» Stands on highly diversified, strategically built loan and funding portfolios:

- No business line represents more than 45% of total gross loans.
- Loans distributed across 16+ industries.
- Top five customers represent less than 10% of our loan portfolio.
- No single creditor represents more than 6% of our funding.

» Our business model is based on operational excellency, offering timely services enabled by vanguard technological developments.

» Highest standards of corporate governance, with a premier management team and board, supported by experienced shareholders.

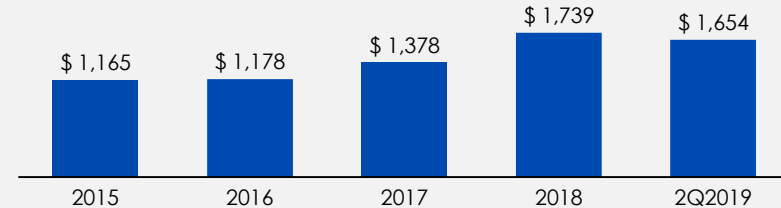
» One of Chile's highest ROAA across the finance industry



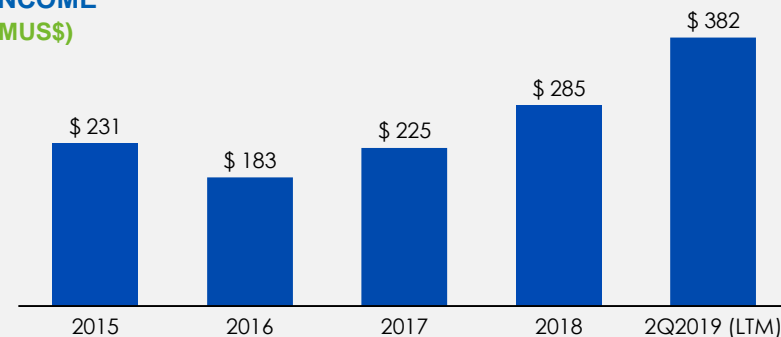
Physical Branch

Virtual Branch

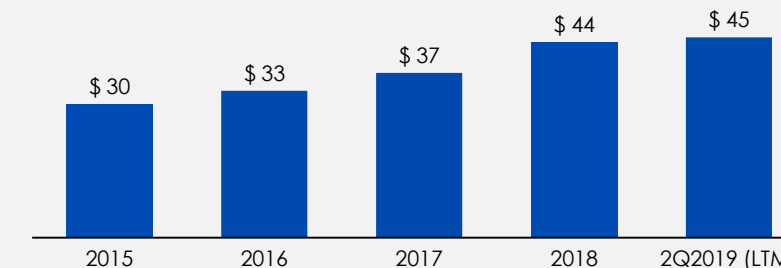
NET LOANS (MUS\$)



INCOME (MUS\$)



NET PROFIT (MUS\$)



Intl.
Rating

BBB-

S&P Global
Ratings

FitchRatings

Local
Rating

AA-

FellerRate
Clasificadora
de Riesgo



Humphreys
CLASIFICADORA DE RIESGO



CORPORATE DIVISION

FACTORING

- 1) **Invoices:** Traditional Factoring,
- 2) **Confirming:** Reverse Factoring, where Tanner finances a debtors accounts payable.
- 2) **Check's and Promissory notes:** these are documents are given to tanner by different institutions to finance a percentage of their value.

Channels

- 1) **Traditional:** branch offices, phone lines.
- 2) **Digital:** SFP, AMF and Chita

CORPORATE LENDING & LEASING

A. CORPORATE LENDING

- Traditional loans, generally secured with collateral.
- Guaranteed tailored loans, backed by promissory notes from real estate projects and an insurance policy.

B. LEASING

- **Real Estate:** guaranteed by the property.
- **Vendor:** guaranteed by IT and software.
- **Machinery and Vehicles:** Guaranteed by the machines and vehicles. Tanner is not currently pursuing these types of leasing as a result of a shift in our strategy regarding this business.



AUTO FINANCING DIVISION

Products

- 1) **Fixed payments:** conventional loans with a fixed payment for a period of 12 to 60 months.
- 2) **Smart option:** smaller payments throughout the loan with a larger payment upon expiration (balloon payment approximately 45% of the total value)
- 3) **Floor Planning:** financing of vehicle stock for partner dealers.

Channels

- 1) **AMICAR**
- 2) **Dealer:** Commercial representatives located at dealerships.
- 3) **Direct:** Commercial representatives contacted directly.



TANNER INVESTMENTS

- Asset intermediation within the local market: Tanner Corredores de Bolsa is one of the main non bank institutions operating, both in terms of brokered volumes and customers serviced.
- Leading position within Fixed Income intermediation.
- Tanner Asset Management alternative private investment assets.

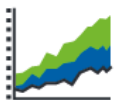




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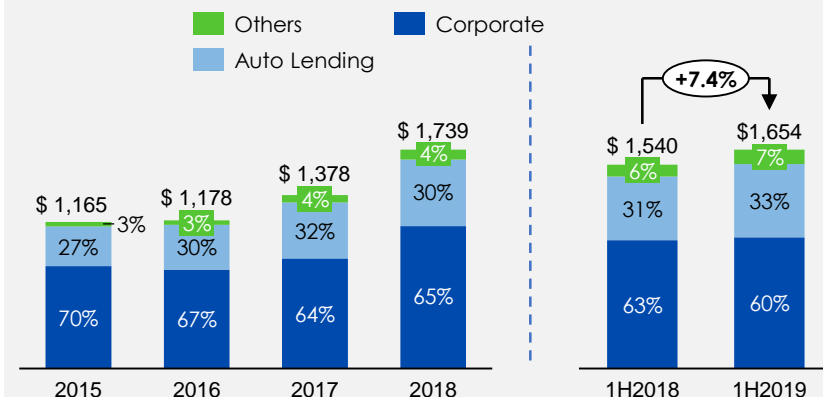
Solid growth during this first semester, maintaining risk levels within expected levels.

HIGHLIGHTS

- Tanner grew in profits 7,3% YoY and 7,4% YoY in net loans.
- NPL's over 90 days was 2,9% (2,9% in 2018).
- During this year tanner placed to bonds in the local market totaling UF 4 million, as well as another bond in Switzerland for CHF 125 million.

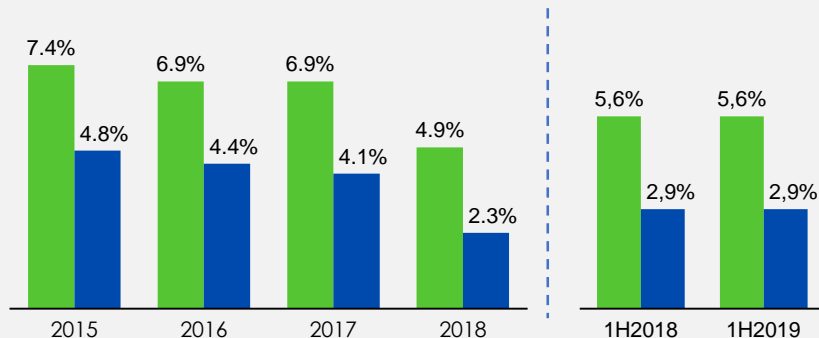
NET LOANS DISTRIBUTION

(MUSS\$)



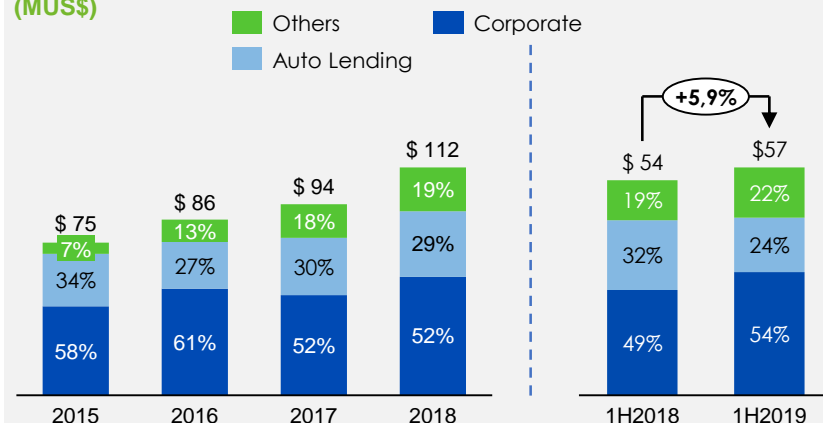
NON PERFORMING LOANS (1)

■ NPLs > 30 days ■ NPLs > 90 days



GROSS MARGIN DISTRIBUTION

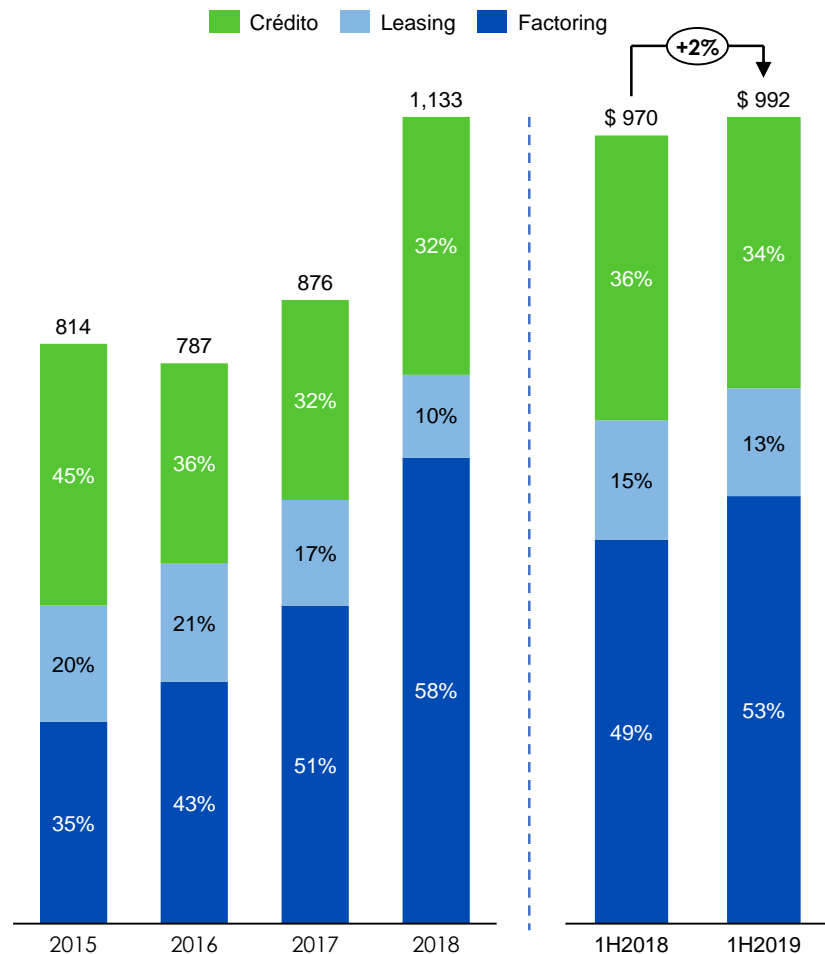
(MUSS\$)



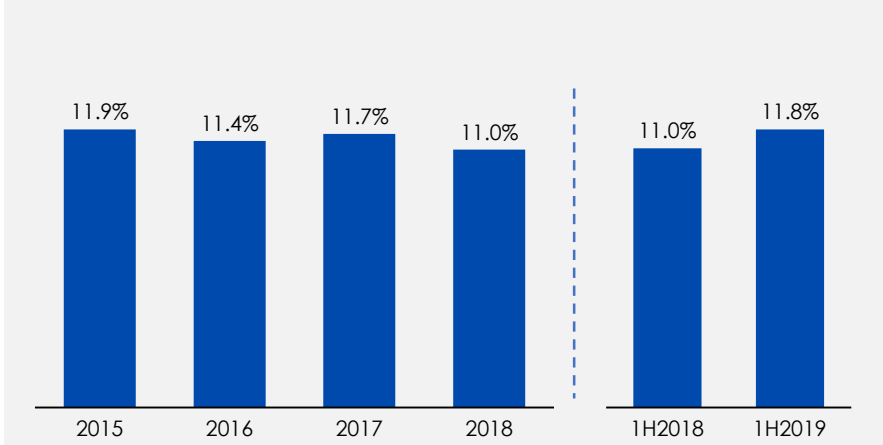


NET LOANS

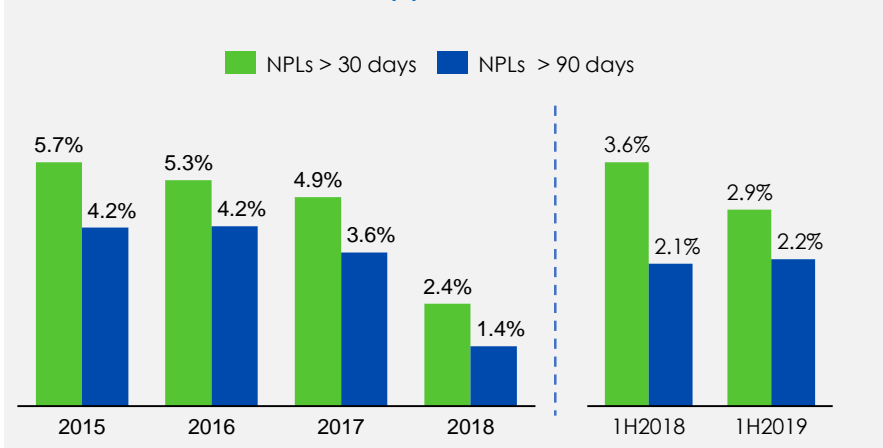
(MUS\$ mm)



YIELD (1)

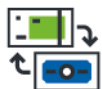


NON PERFORMING LOANS (2)



(1) Yield = LTM Income / Average Net Loans

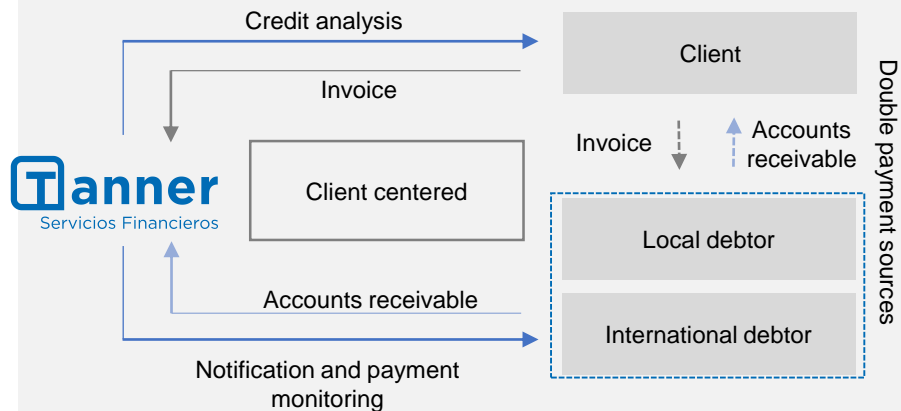
(2) NPL'S = Non performing loans / (Loan Stock + Provisions)



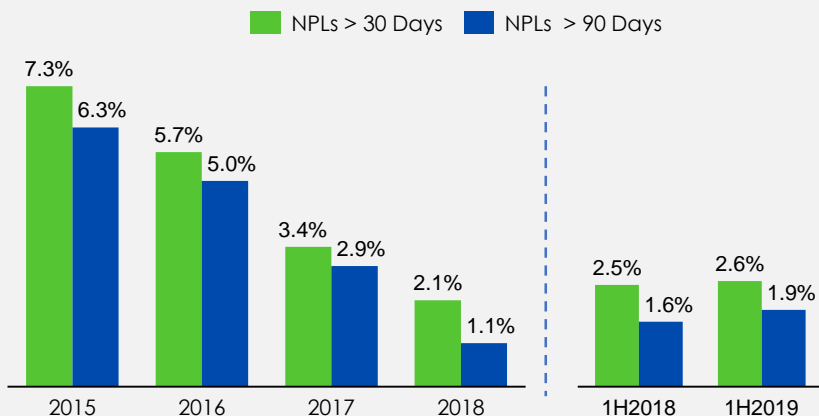
HIGHLIGHTS

- Tanners targeted segment are SME's as our factoring services aim to offer affordable funding alternatives that differ from the conventional products offered by banks.
- Income is obtained from interests charged as well as from fees discounted from the invoices original value.
- Tanner offers the following services:
 - Invoices:** they add up to over 50% of total factoring volume. **Confirming** represents approximately 2%.
 - Checks and Promissory Notes:** they represent around 20% and 8% of total Factoring volume.

PROCESS

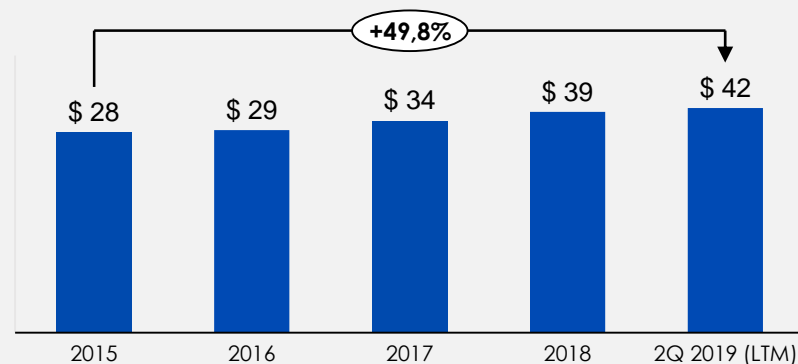


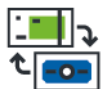
NON PERFORMING LOANS (1)



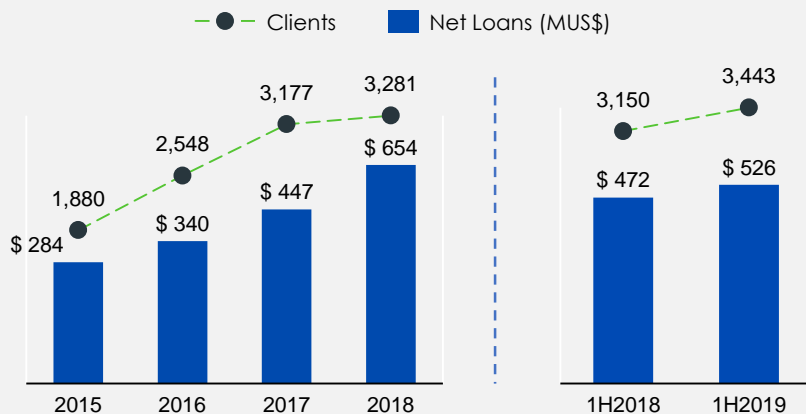
GROSS PROFIT

(MUS\$)

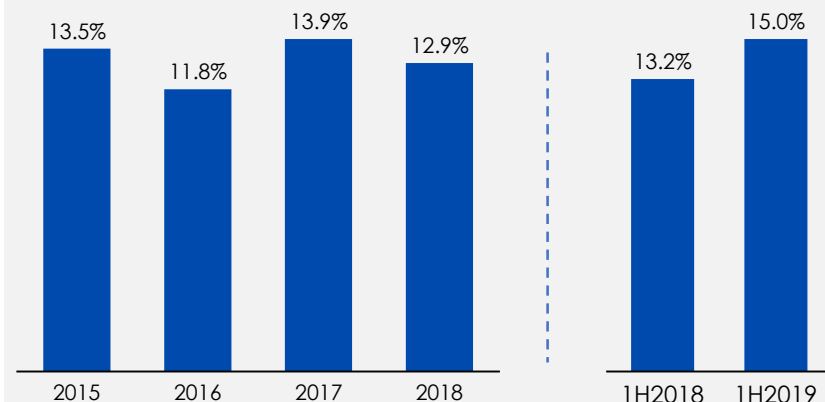




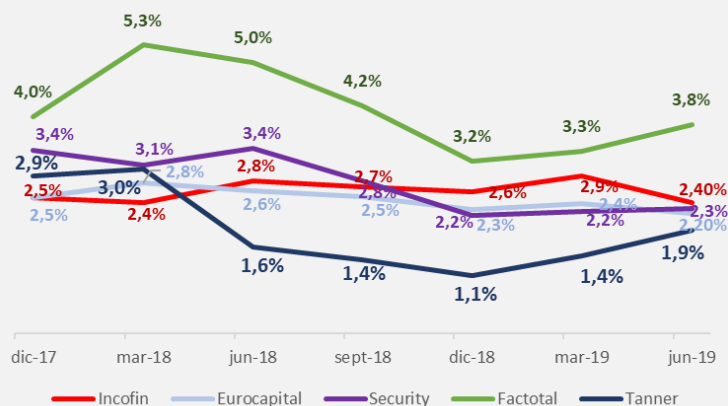
NET LOANS AND # OF CLIENTS



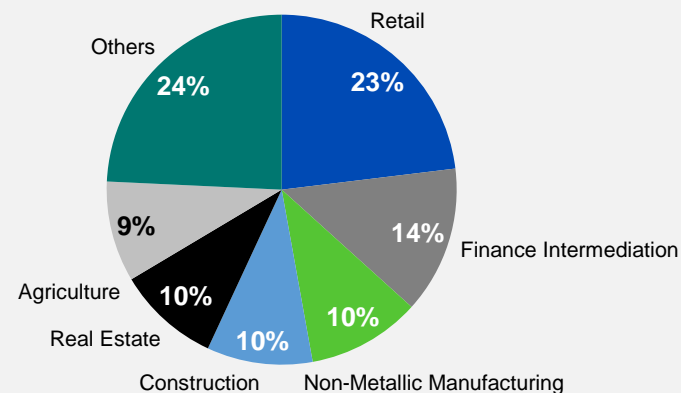
YIELD (1)



NON PERFORMING LOANS (2)



LOAN PORTFOLIO INDUSTRY DISTRIBUTION



(1) Yield = LTM Income / Average Net Loans

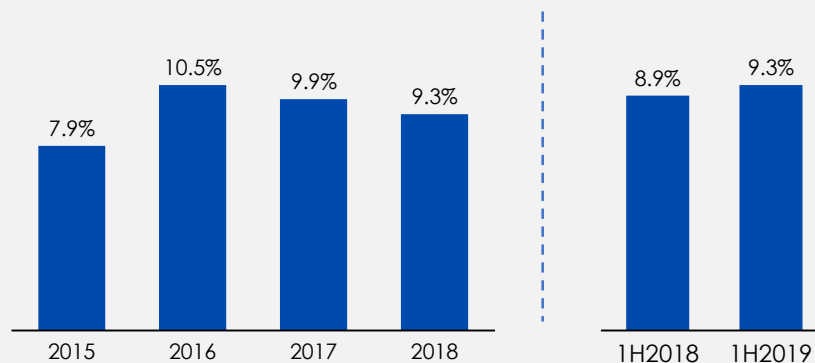
(2) NPL'S = Non performing loans / (Loan Stock + Provisions)



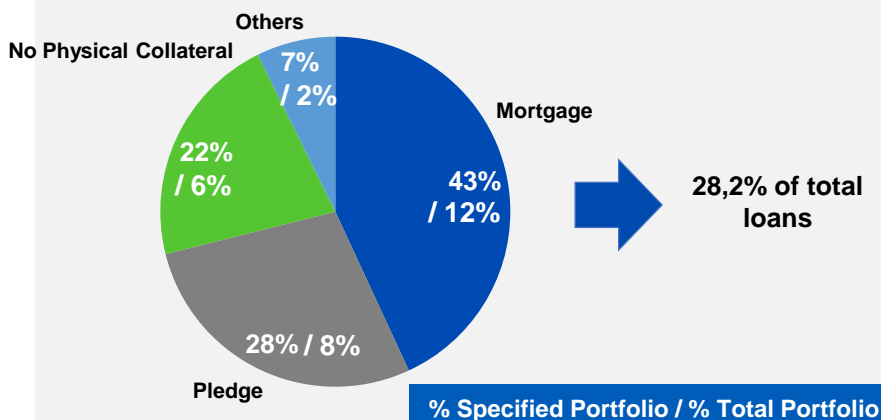
HIGHLIGHTS

- This division's primary objective is to diversify the loan portfolio .
- Most of Tanner's customers are part of the Factoring client base.
- During the year 2018 Tanner stopped granting leasing operations for assets other than real estate, focusing on safer assets.

YIELD (1)

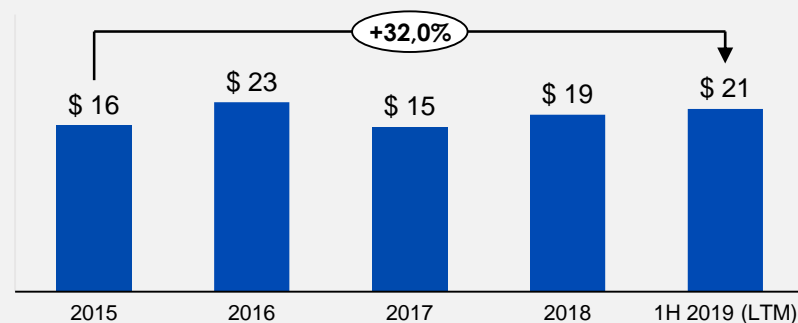


CORPORATE LENDING & LEASING COLLATERALS



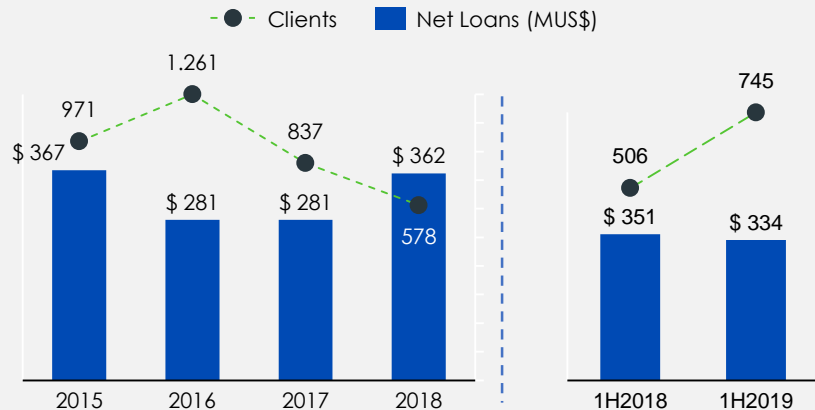
GROSS MARGIN CORPORATE LENDING + LEASING

(MUS\$)

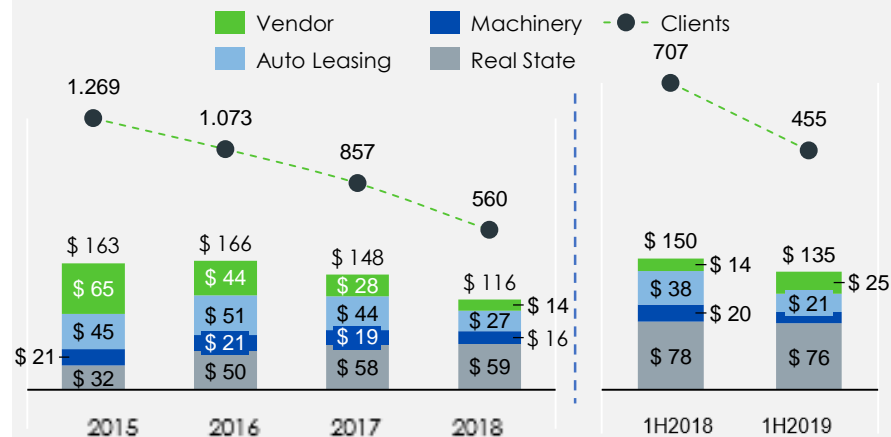




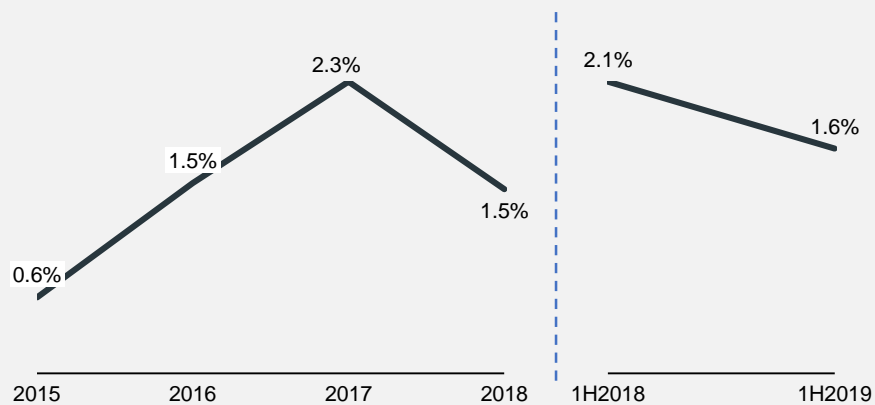
CORPORATE LENDING: NET LOANS AND # OF CLIENTS



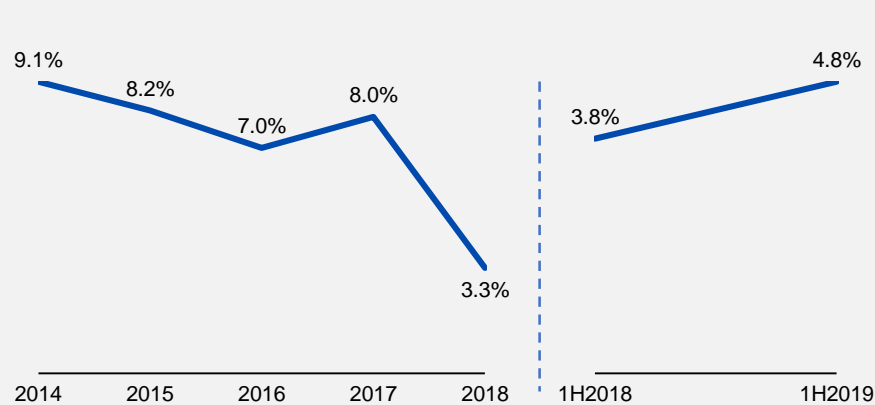
LEASING: NET LOANS AND # OF CLIENTS



CORPORATE LOANS: NPL'S > 90 DAYS (1)



LEASING: NPL'S > 90 DAYS (1)

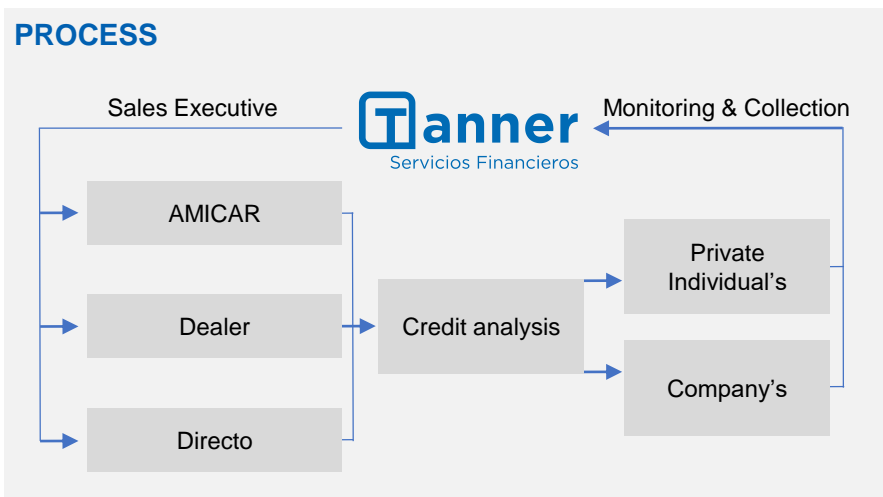




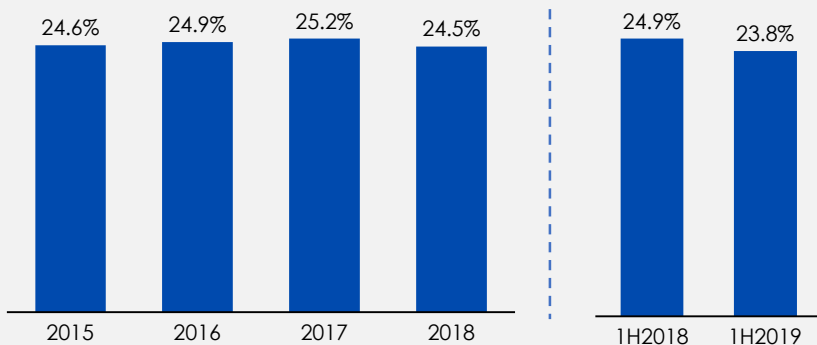
HIGHLIGHTS

- This product has an attractive risk to return profile, with the vehicle as guarantee and sizeable down payments.
- Tanner has diversified into three sales channels:
 - 1) AMICAR
 - 2) Dealers
 - 3) Direct.
- Portfolio is comprised of 69% new cars / 31% used.
- Tanner increasing its market share with the better behaved new cars.
- Cross-selling of insurance with Tanner Corredora de Seguros.

PROCESS

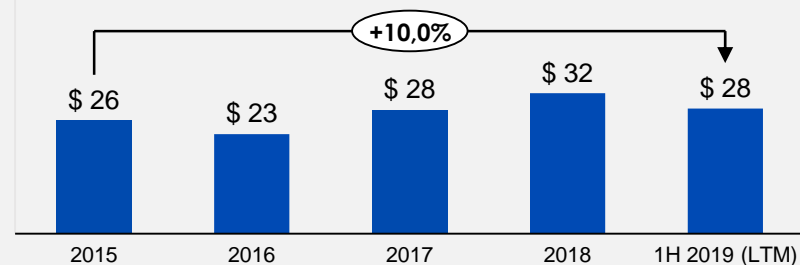


YIELD(1)



GROSS MARGIN

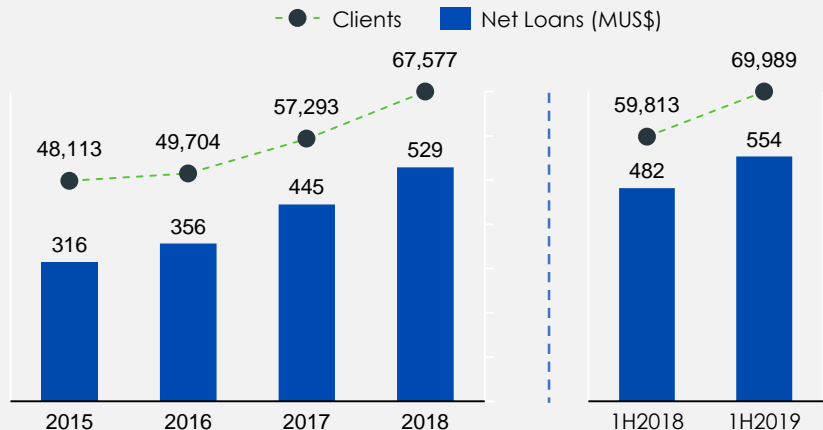
(MUS\$)



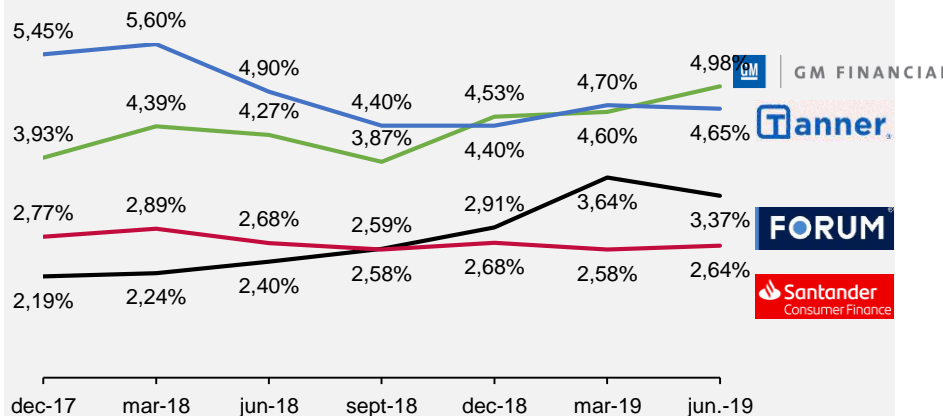
(1) Yield = LTM Income / Average Net Loans



NET LOANS AND # OF CLIENTS

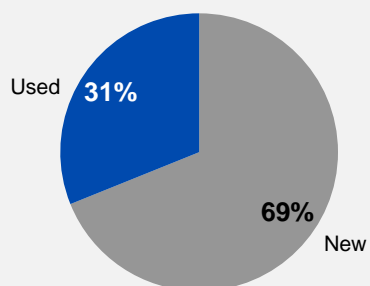


NPL'S > 90 Days (1)

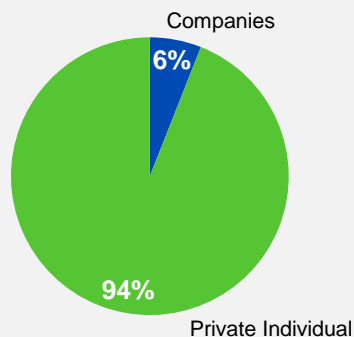


PORTFOLIO DISTRIBUTIONS

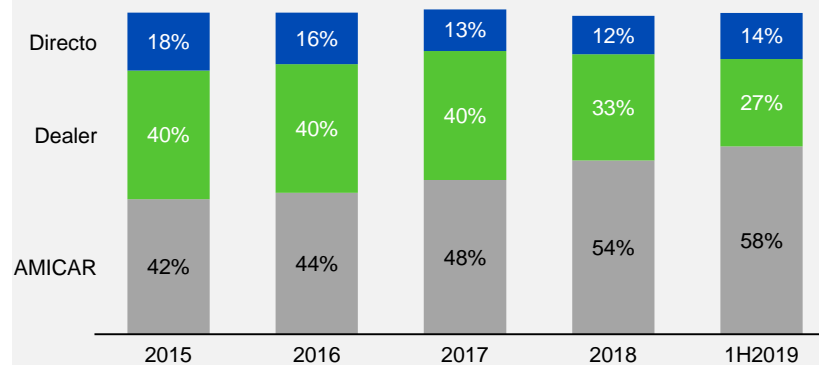
By car condition



By customer type



DISTRIBUTION BY SALES CHANNEL

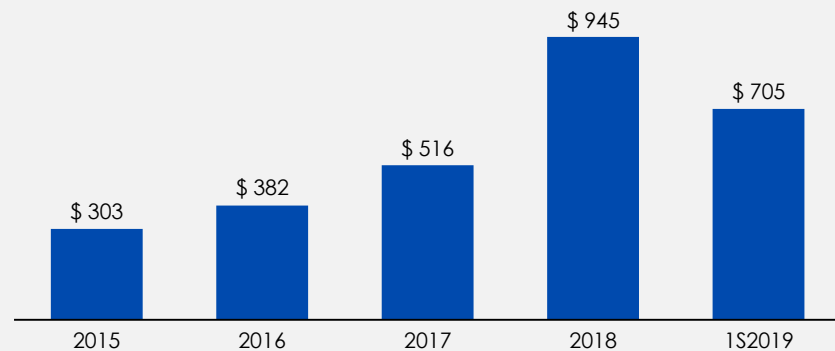




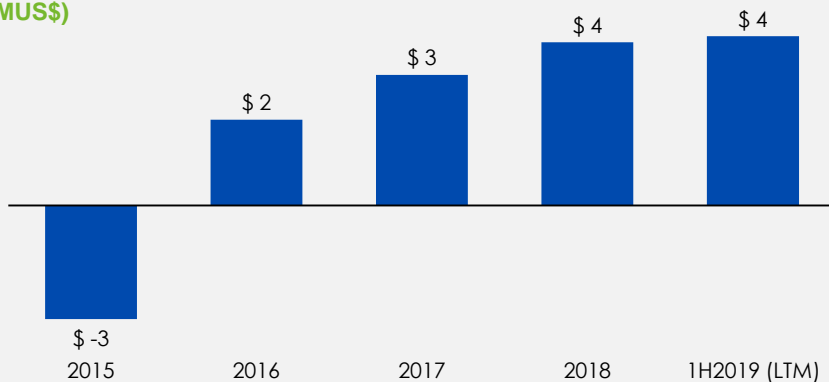
HIGHLIGHTS

- Tanner Investments, acquired in 2009, is the most recent division within Tanner Servicios Financieros
- Through its three vehicles it offers several investment alternatives to its individual and institutional clients:
 - Tanner Corredores de Bolsa: Offers brokerage services.
 - Asset Management (TAM): Third party fund distribution.
 - Asesorías e Inversiones (TAI): Strategic advisory services.
- Has over US\$ 700 million AuM and over 2000 clients.

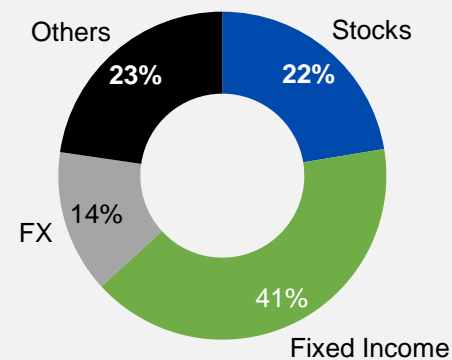
AuM (USD mm)



NET PROFIT (MUS\$)



INCOME DISTRIBUTION



A photograph of rowers in a boat, showing their hands on oars and the water. The image is partially obscured by a white circular graphic element.

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- Tanner at a Glance
- Our Business Lines
- **Pillars**

All these aspects of our business are sustained by the following fundamental pillars

1



To be the leading non bank financial institution in Chile, with a diversified portfolio and our focus on high ROA business lines.

2



Superior financial performance with a robust capital structure and ample access to diverse sources of funding.

3



Solid corporate strategy and business model sustained by advanced financial technological developments.

4



Increasing commercial opportunities as banking regulations tighten and regulatory framework takes a favorable outlook.

5

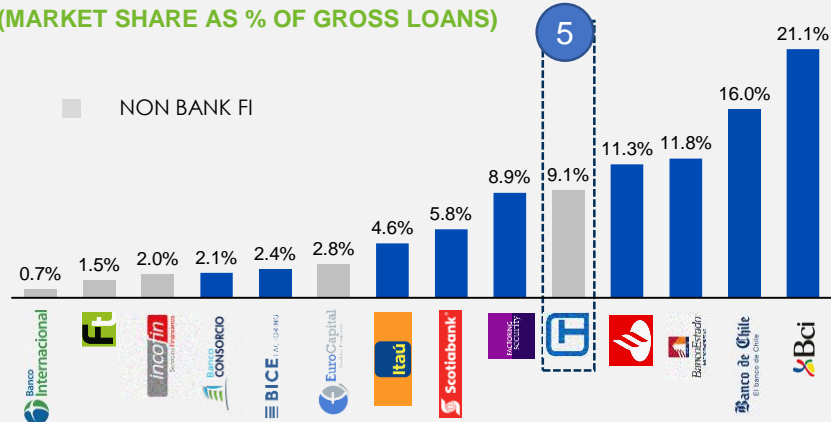


Solid corporate team, backed by experienced shareholders and the highest standards of corporate governance.

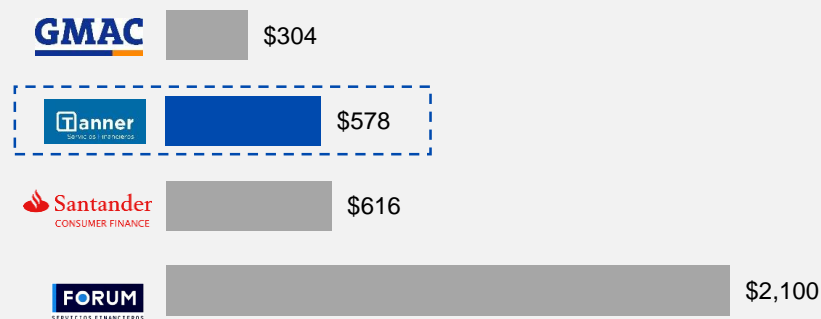


To be the leading non bank financial institution in Chile, with a diversified portfolio and our focus on high ROA business lines.

LARGEST NON BANK FACTORING IN THE SYSTEM (MARKET SHARE AS % OF GROSS LOANS)

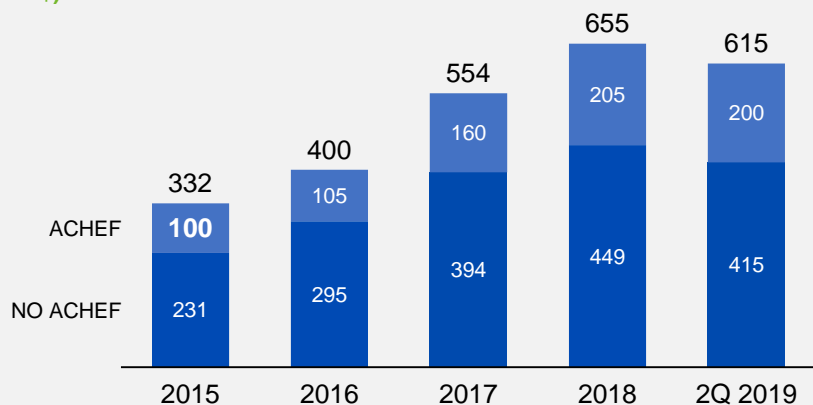


STRONG PRESENCE IN THE AUTO FINANCING INDUSTRY (GROSS LOANS 1H 2019)



FACTORING INDUSTRY (MUS\$)

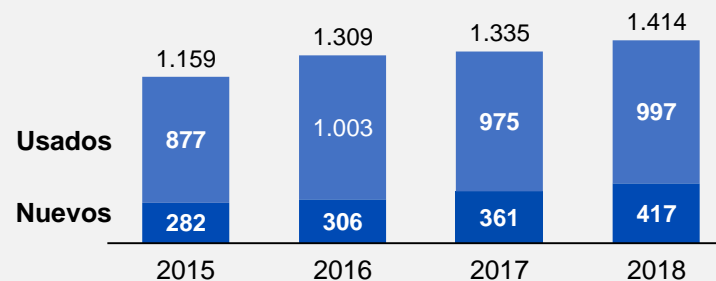
'15-'18 CAGR: 25,4%



AUTOMOTIVE INDUSTRY

(Light and medium vehicle sales in thousands)

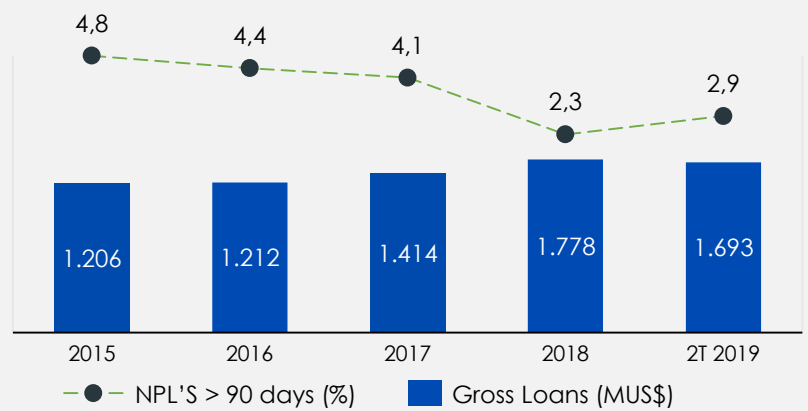
'15-'18 CAGR: 6,8%



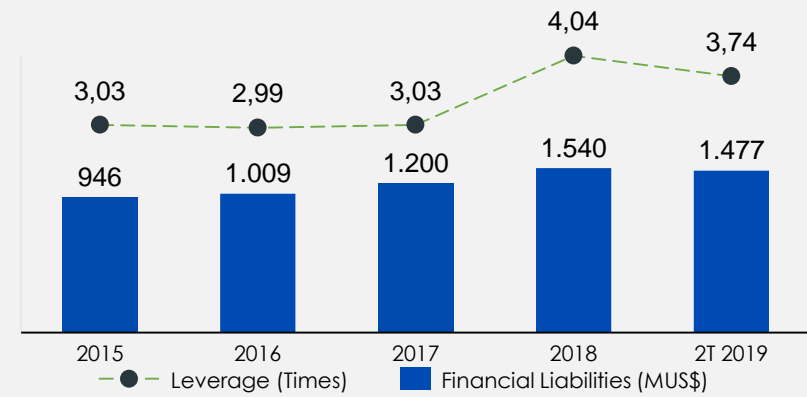


Superior financial performance with a robust capital structure and ample access to diverse sources of funding.

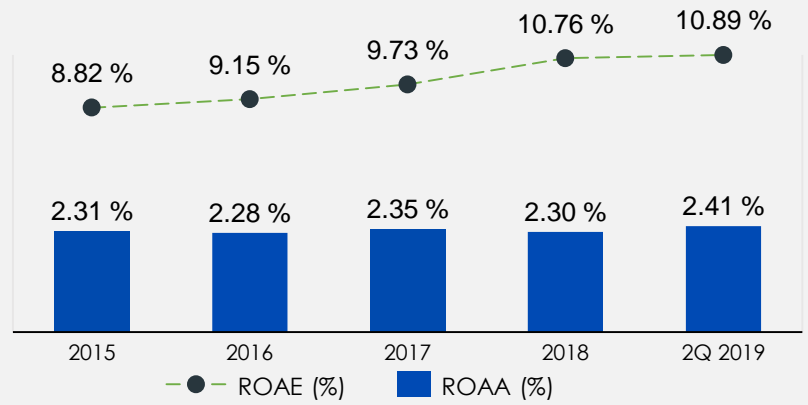
GROSS LOANS VS NPL'S > 90 DAYS



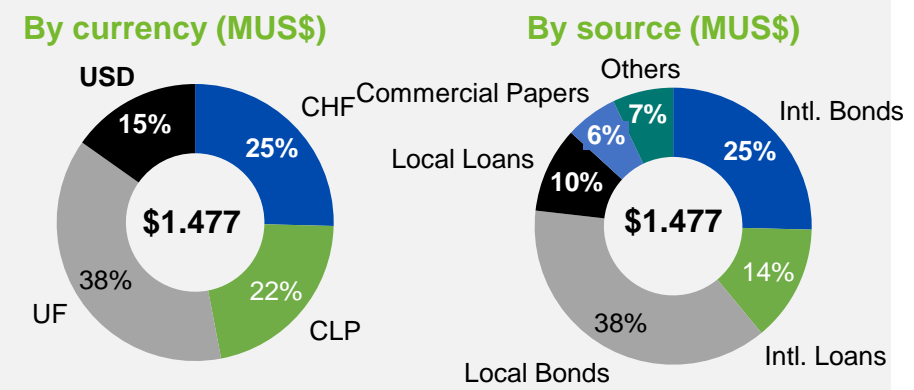
FINANCIAL LIABILITIES VS LEVERAGE



YIELD (1)(2)



FINANCIAL LIABILITY DISTRIBUTION



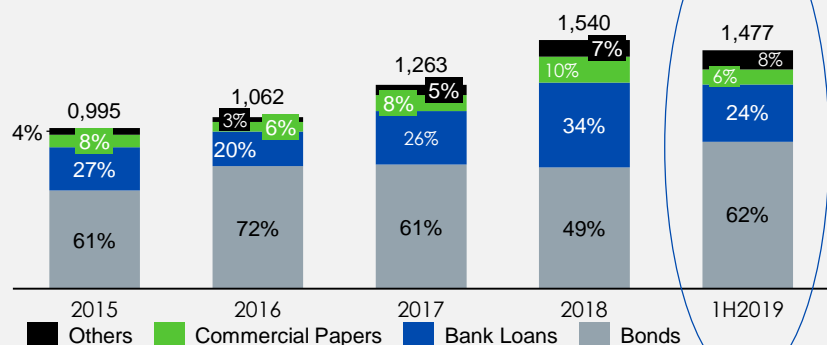
(1) ROAE = Net Profit LTM / Average Equity
 (2) ROAA = Net Profit LTM / Average Assets

Superior financial performance with a robust capital structure and ample access to diverse sources of funding. 

Debt Profile & Balance sheet

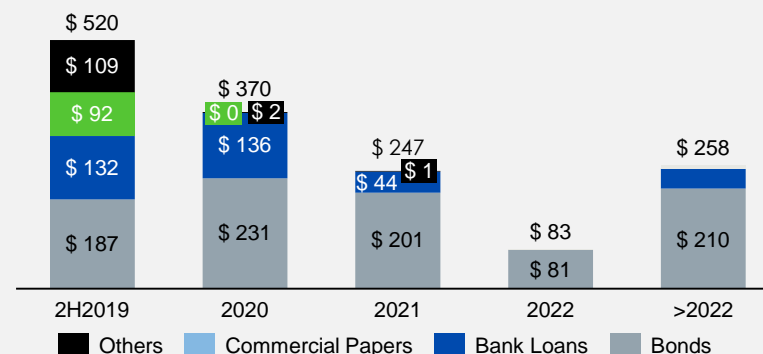
FUNDING COMPOSITION

(MUS\$)

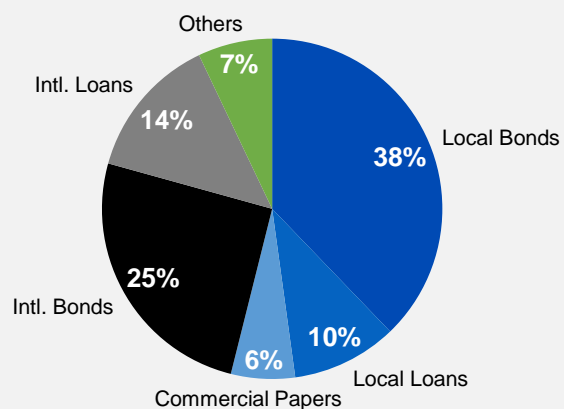


LIABILITY EXPIRATION PROFILE

(MUS\$)



FUNDING DISTRIBUTION



BALANCE STRUCTURE AND HEDGES

- Assets average duration: 0,88 years.
- Liabilities average duration: 2,34 years.

Item	CLP	USD	EUR	CHF	UF	TOTAL
Assets	\$ 1.464	\$ 306	\$ -	\$ -	\$ 290	\$ 2.058
Liabilities + Equity	\$ 871	\$ 253	\$ -	\$ 387	\$ 547	\$ 2.058
Difference by currency	\$ 593	\$ 51	\$ -	\$ -387	\$ -259	-
Hedge Currency	\$ -666	\$ -50	\$ -	\$ 387	\$ 331	-
Exposición	\$ -75	\$ 1	\$ -	\$ -	\$ 72	-

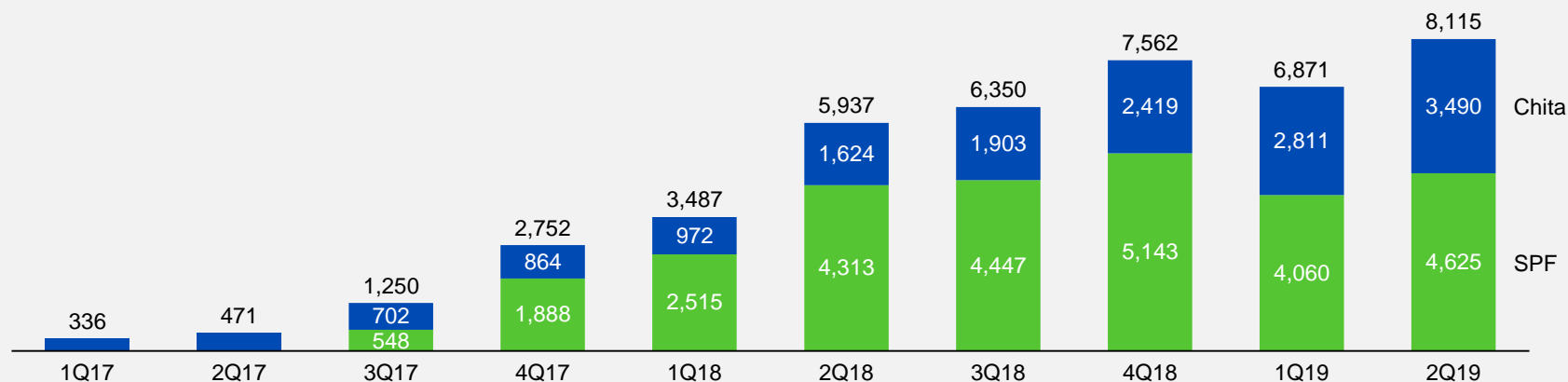


Solid corporate strategy and business model sustained by advanced financial technological developments.

HIGHLIGHTS

- » Tanner currently develops a considerable portion of it's technology In-House to sustain the factoring and auto financing businesses, as well as our risk management.
- » Tanner is the only company in this industry using technology to define dynamic lines, assigned to each client and debtor in order to support fast pricing, validation and verification decisions.
- » Additionally Tanner is amongst few companies offering both web and mobile platforms to service customers.

DIGITAL KPI – Number of Factoring Operations

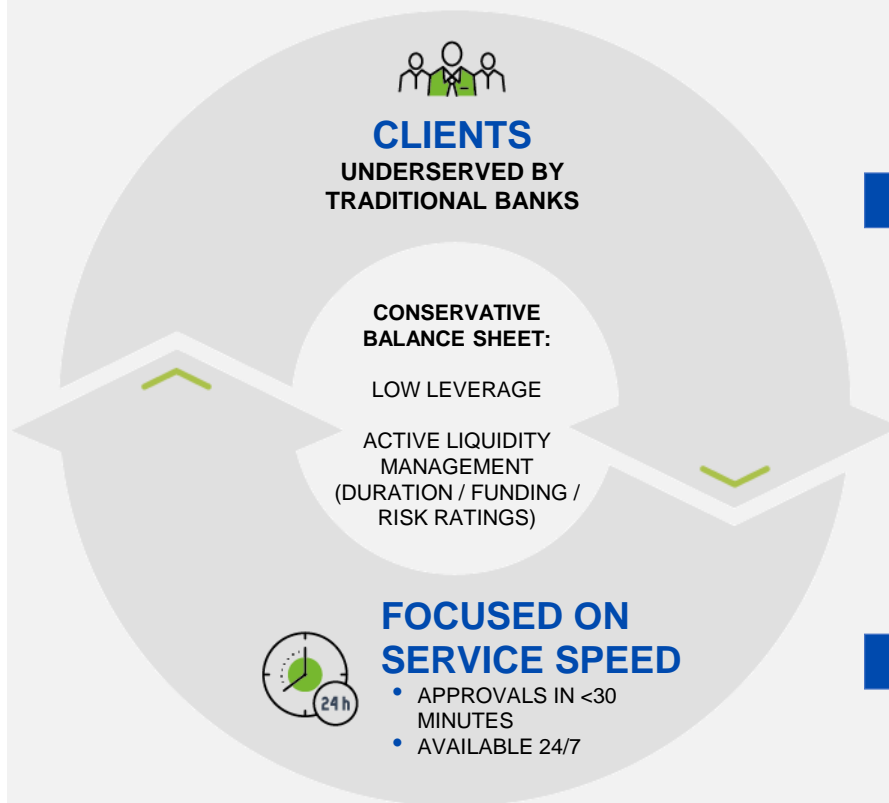




Increasing commercial opportunities as the banking regulatory framework takes a favorable outlook.

OUR MODEL...

OPERATIONAL EXCELENCY



ACCIONISTAS CON ALTO COMPROMISO

...ALLOWS US TO

- **LEAD** IN THE INDUSTRIES WE ARE A PART OF
- HAVE **>90%** OF PLACED LOANS WITH A 2nd PAYMENT SOURCE
- SUSTAIN A MODEL THAT'S **RESILIENT & LOW IN RISK**
- REACH GREAT LEVELS OF **COST EFFECTIVENESS** AND **GROWTH**
- DELIVER **UNIQUE EXPERIENCES** TO OUR CUSTOMERS
- **REACH OPTIMUM LEVERAGE**

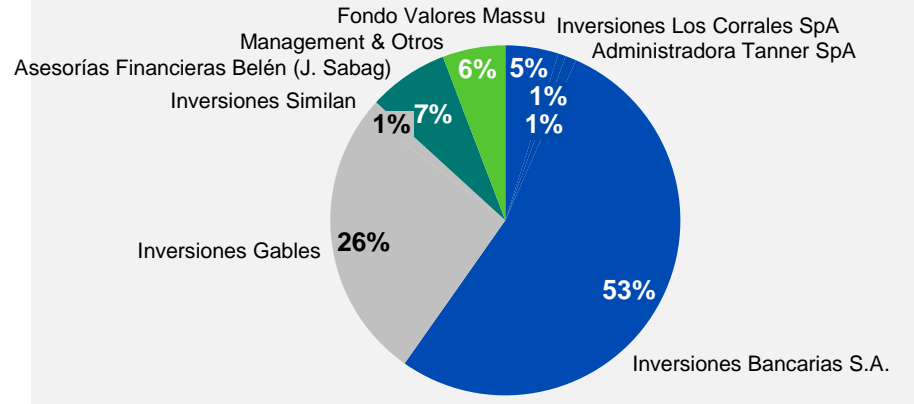
Our business model is focused on guaranteed loans, operational risk management, cost efficiency and faster approvals.



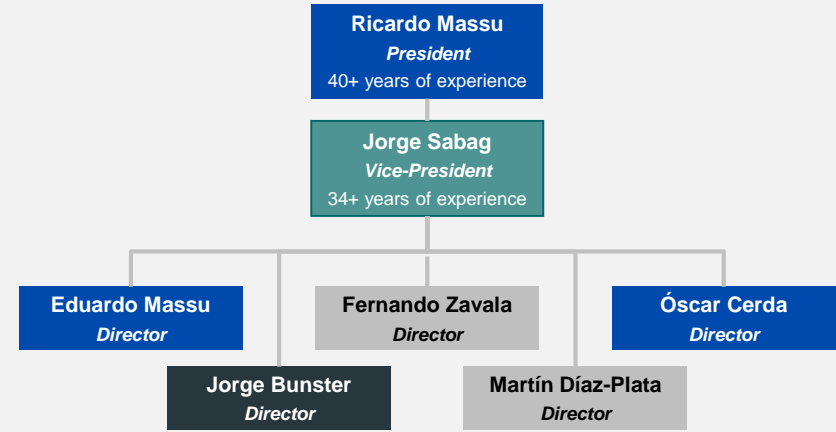
Solid corporate team, backed by experienced shareholders and the highest standards of corporate governance:

Property and Board

PROPERTY COMPOSITION



MEMBERS OF THE BOARD



MAIN STOCKHOLDER'S PROFILE

- Grupo Massu**
 - Lead by Ricardo Massu, founder and current President of the board.
 - Grupo Massu holds 100% of Inversiones Bancarias.
- Capital Group**
 - Capital International Private Equity fund (CIPEF) is Capital Group's private equity branch, a company with around ~ US\$ 1,4 billion in AuM with over 80 years of experience.
 - The group's stake is currently up for sale.
- Asesorías Financieras Belén**
 - Controlled by Jorge Sabag, current Vice-President of the board.



Solid corporate team, backed by experienced shareholders and the highest standards of corporate governance: **Corporate Committees**

Board of Directors	<ul style="list-style-type: none"> Review and control company strategy, monthly results investments and financial performance amongst others.
Credit Committee	<ul style="list-style-type: none"> Approval of all credit lines over US\$ 300,000 for factoring and corporate lending, and lines above US\$ 400,000 for leasing. Proposals for improvement of company credit process.
Audit Committee	<ul style="list-style-type: none"> Reviews reports of internal audits, controls Tanners annual audit plan, bylaw compliance and compliance of all external auditors and or regulator comments.
Asset-Liability Committee (CAPA)	<ul style="list-style-type: none"> Revision of macro and microeconomic indicators, their impact on our business divisions, our financial performance, liquidity position and currency mismatch.
Compliance Committee	<ul style="list-style-type: none"> For the prevention of money laundering and funding of terrorism, review of other compliance issues.
Operational Risk & Information Security Committee	<ul style="list-style-type: none"> To prioritize and grant the resources necessary to mitigate main events impacting our operational risk, as well as implementing management models, procedures and policy that ensures security of information.
New Product Committee	<ul style="list-style-type: none"> To determine feasibility of incorporating a new product or modifying current ones.

We use the highest standards of corporate governance, similar to those of banks based on the experience of The Capital Group



Tanner®

Contact Information:

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Telephone: + 562 2731 8810

E-mail: maria.merino@tanner.cl

ANNEX

Assets (Th US\$)	06-30-2019	12-31-2018	Δ \$	Δ %
Current Assets				
Cash and cash equivalent	33,827	37,469	(3,642)	-9.7%
Other current financial assets	167,322	153,450	13,872	9.0%
Other current non-financial assets	2,074	2,597	(523)	-20.1%
Trade receivables and other current accounts receivable, net	992,524	1,134,020	(141,497)	-12.5%
Current accounts receivable from related parties	606	674	(68)	-10.1%
Current tax assets	16,709	18,902	(2,194)	-11.6%
Non-current assets held for sale	15,112	11,721	3,391	28.9%
Total Current Assets	1,228,173	1,358,832	(130,660)	-9.6%
Non-Current Assets				
Other non-current financial assets	63,893	55,240	8,653	15.7%
Other non-current non-financial assets	13,960	4,150	9,809	236.3%
Trade receivables and other non-current accounts receivable, net	661,185	605,428	55,758	9.2%
Non-current accounts receivable from related parties	698	1,002	(305)	-30.4%
Intangible assets other than goodwill	8,630	8,119	511	6.3%
Goodwill	2,594	2,594	-	0.0%
Property, plant and equipment	16,150	4,690	11,459	244.3%
Property Investments	14,591	13,703	888	6.5%
Deferred tax assets	48,072	46,006	2,065	4.5%
Total Non-Current Assets	829,772	740,933	88,839	12.0%
Total Assets	2,057,944	2,099,765	(41,820)	-2.0%

Liabilities (Th US\$)	06-30-2019	12-31-2018	Δ \$	Δ %
Current Liabilities				
Other current financial liabilities	636,943	878,998	(242,055)	-27.5%
Trade payables and other current accounts payables	144,862	137,652	7,210	5.2%
Other short-term provisions	1,084	463	621	134.1%
Short-term employee benefits provisions				
Current tax liabilities	1,263	3,391	(2,128)	-62.7%
Other current non-financial liabilities	1,301	3,491	(2,191)	-62.7%
Total Current Liabilities	806,147	1,052,471	(246,325)	-23.4%
Non-Current Liabilities				
Other non-current financial liabilities	840,017	660,744	179,273	27.1%
Non-current accounts payable	-	-	-	-
Deferred tax liabilities	285	167	118	70.9%
Total Non-Current Liabilities	840,302	660,911	179,391	27.1%
Total Liabilities	1,623,397	1,683,288	(59,890)	-3.6%
Equity	434,547	416,477	18,070	4.3%
Total Equity and Liabilities	2,057,944	2,099,765	(41,820)	-2.0%

INCOME STATEMENT Th US\$	01-01-2019 06-30-2019	01-01-2018 06-30-2018	Δ \$	Δ %	04-01-2019 06-30-2019	04-01-2018 06-30-2018	Δ \$	Δ %
Revenue from ordinary activities	224,493	127,783	96,710	75.7%	112,490	61,967	50,522	81.5%
Sales cost	(167,276)	(73,826)	(93,450)	126.6%	(82,173)	(31,599)	(50,574)	160.0%
Gross profit	57,217	53,957	3,260	6.0%	30,316	30,368	(52)	-0.2%
Other revenue, by function	1,742	1,260	482	38.3%	1,347	1,171	176	15.1%
Administrative expenses	(32,613)	(31,424)	(1,189)	3.8%	(16,777)	(16,673)	(104)	0.6%
Other profits (losses)	-	(13)	13	-100.0%	-	(13)	13	-100.0%
Operating margin	26,346	23,780	2,566	10.8%	14,887	14,854	33	0.2%
Financial revenue	68	21	47	224.9%	44	22	21	96.1%
Financial costs	(311)	(212)	(99)	46.9%	(177)	(106)	(71)	67.7%
Foreign exchange differences	69	(174)	243	-139.3%	39	(170)	210	-123.1%
Income by adjustment units	11	28	(17)	-59.9%	10	17	(7)	-41.8%
Profit (losses) before taxes	26,183	23,443	2,740	11.7%	14,802	14,617	186	1.3%
Revenue (expense) from profit taxes	(4,171)	(2,927)	(1,243)	42.5%	(2,133)	(2,000)	(133)	6.7%
Profit (losses)	22,012	20,516	1,496	7.3%	12,669	12,617	52	0.4%
Profit (losses) attributable to controller's property owners	21,666	20,181	1,485	7.4%	12,437	12,403	35	0.3%
Profit (losses) attributable to non-controller shares	346	335	11	3.2%	232	215	17	8.1%

