Quarterly Earnings Report

December 2020

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I. Executive Summary

- **ROAE*:**

  2020: 8.8% / 2019: 11.0%

- **ROAA**:**

  2020: 1.8% / 2019: 2.1%

- **Equity:**

  2020: Ch$317,743 million / Δ+: 3.5% YTD

- **Net Profit:**

  4Q20: Ch$8,681 million / 4Q19: Ch$7,263 million
  Δ+: 19.5% YoY
  2020: Ch$27,511 million / 2019: Ch$32,597 million
  Δ-: 15.6% YoY

- **Net Portfolio:**

  2020: Ch$1,125,010 million / Δ-: 13.6% YTD

- **NPLs > 90 days:**

  2020: 2.3% / 2019: 2.7%

* ROAE: return on average equity LTM
** ROAA: return on average assets LTM

Profit after tax in 2020 was Ch$27,511 million, a reduction of 15.6% YoY, driven by a decrease in operating income of -14.8% YoY in 2020. Profit in the fourth quarter amounted to Ch$8,681 million, up 19.5% YoY.

The net loan portfolio at year-end 2020 was Ch$1,125,010 million, down Ch$177,194 million (-13.6% YTD), driven by decreases in: the **corporate division portfolio which closed the period with net loans of Ch$636,000 million** (↓Ch$145,595 million / -18.6% YTD), due to lower net loans of factoring, which amounted to Ch$314,419 million (↓Ch$91,642 million / -22.6% YTD), lower corporate loans which reached Ch$250,322 million (↓Ch$42,580 million / -14.5% YTD) and a decrease in leasing that was Ch$71,258 million (↓Ch$11,373 million / -13.8% YTD); and in **the treasury & investments division that ended the period with net loans of Ch$20,201 million** (↓Ch$39,434 million / -66.1%). Both effects were offset by a slight increase in the **auto financing division amounting to Ch$466,521 million** (↑Ch$8,160 million / +1.8% YTD).

In terms of risk compared to the previous year, in 2020 **non-performing loans (NPLs) over 90 days decreased 44 bps to 2.3% (2019: 2.7%),** while NPLs over 30 days increased 9 basis points reaching 5.7% (2019: 5.6%). NPLs over 90 days of the corporate division remained at 2.0% (2019: 2.0%), driven by an increase of corporate loans (2020: 3.8% vs. 2019: 2.1%), offset by a drop of 312 bps in leasing (2020: 1.1% vs. 2019: 4.2%), and in factoring (2020: 0.8% vs. 2019: 1.5%). **NPLs over 90 days in the auto financing division dropped 157 bps to 2.8%** (2019: 4.4%).

The liquidity index at year-end 2020 was 1.49 times, above the levels at the close of 2019 (1.24x), while **ready cash amounted to Ch$120,080 million** versus Ch$53,660 million at the end of the previous year. On the other hand, the company's **leverage was 3.61 times** (December 2019: 4.25x).

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 the International Financial Reporting Standards (IFRS).

CONSOLIDATED INCOME STATEMENT (Ch$ million)	01/01/2020 31/12/2020	01/01/2019 31/12/2019	Δ Ch$	Δ %	01/10/2020 31/12/2020	01/10/2019 31/12/2019	Δ Ch$	Δ %
Current revenue	197,655	193,469	4,186	2.2%	61,006	49,116	11,890	24.2%
Cost of sales	(93,048)	(82,496)	(10,553)	12.8%	(33,654)	(21,390)	(12,265)	57.3%
Gross profit	104,607	110,973	(6,367)	-5.7%	27,352	27,727	(375)	-1.4%
Impairment losses	(24,115)	(28,783)	4,668	-16.2%	(5,115)	(9,303)	4,188	-45.0%
Administrative expenses	(46,102)	(46,128)	26	-0.1%	(11,287)	(11,501)	214	-1.9%
Other profits (losses)	(1,487)	2,564	(4,051)	-158%	(1,328)	859	(2,188)	-254.5%
Operating margin	32,904	38,626	(5,723)	-14.8%	9,622	7,782	1,839	23.6%
Finance income	2	183	(180)	-98.7%	-	119	(119)	-100.0%
Finance costs	(449)	(402)	(47)	11.6%	(91)	(112)	21	-18.9%
Foreign exchange differences	138	585	(448)	-76.5%	101	437	(336)	-76.8%
Gain from indexation units	280	52	228	440.7%	191	(3)	194	-7317.3%
Profit (loss) before tax	32,875	39,044	(6,169)	-15.8%	9,823	8,224	1,600	19.5%
Income tax (expense) revenue	(5,364)	(6,447)	1,083	-16.8%	(1,142)	(960)	(182)	18.9%
Profit (loss)	27,511	32,597	(5,086)	-15.6%	8,681	7,263	1,418	19.5%
Profit (loss) attributable to owners of the parent	27,327	32,049	(4,722)	-14.7%	8,619	7,187	1,432	19.9%
Profit (loss) attributable to non-controlling interests	184	548	(364)	-66.4%	62	76	(14)	-18.2%

Table 1: Consolidated Income Statement

The company's **net profit in 2020 decreased 15.6% YoY** (↓Ch$5,086 million) to Ch$27,511 million against Ch$32,597 million in 2019, while in the fourth quarter of 2020 profit increased 19.5% YoY (↑Ch$1,418 million) to Ch$8,681 million (4Q19: Ch$7,263 million). **The gross margin in 2020 was Ch$104,607 million**, down 5.7% YoY (↓Ch$6,367 million) and in **4Q20 it was Ch$27,352 million** (↓Ch$375 million / -1.4% YoY).

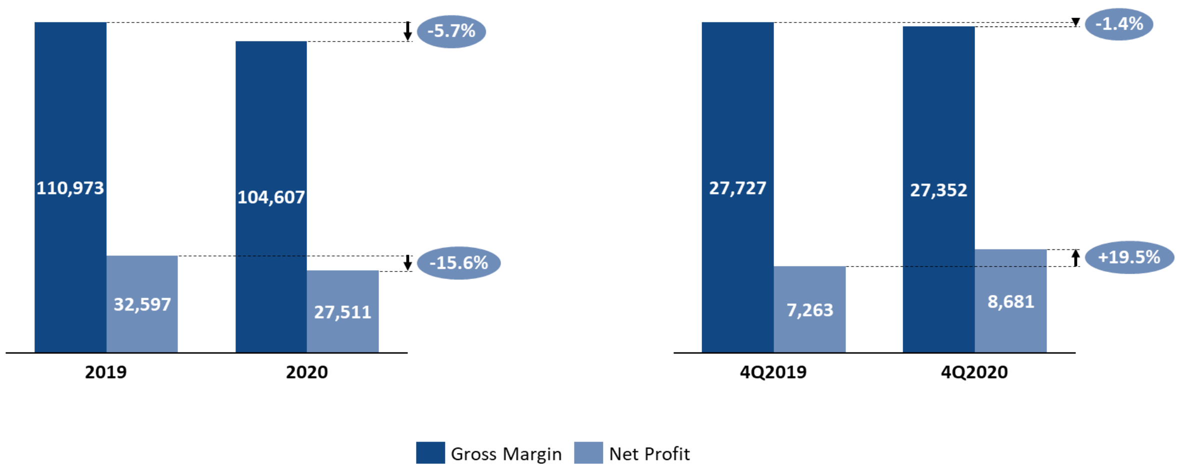

Chart 1: Consolidated Net Profit and Gross Margin (Ch$ million)

Consolidated revenue amounted to Ch$197,655 million in 2020, increasing 2.2% YoY (↑Ch$4,186 million) and Ch$61,006 million (↑Ch$11,890 million / + 24.2% YoY) in 4Q20, in line with higher: (i) income from readjustments (2020: ↑Ch$14,706 million / +280.4% YoY and in 4Q20: ↑Ch$14,738 million / +634.7% YoY), (ii) income from interest (2020: ↑Ch$7,063 million / +6.8% YoY and in 4Q20: ↓Ch$1,107 million / -4.2% YoY). These were offset by lower: (i) price differences (2020: ↓Ch$9,193 million / -23.6% YoY and in 4Q20: ↓Ch$4,089 million / -42.8% YoY) (ii) other revenue (2020: ↓Ch$4,376 million / -13.1% YoY and in 4Q20: ↑Ch$4,362 million / +66.8% YoY), and (iii) fee income (2020: ↓Ch$4,015 million / -35.4% YoY and in 4Q20: ↓Ch$2,014 million / -44.9% YoY).

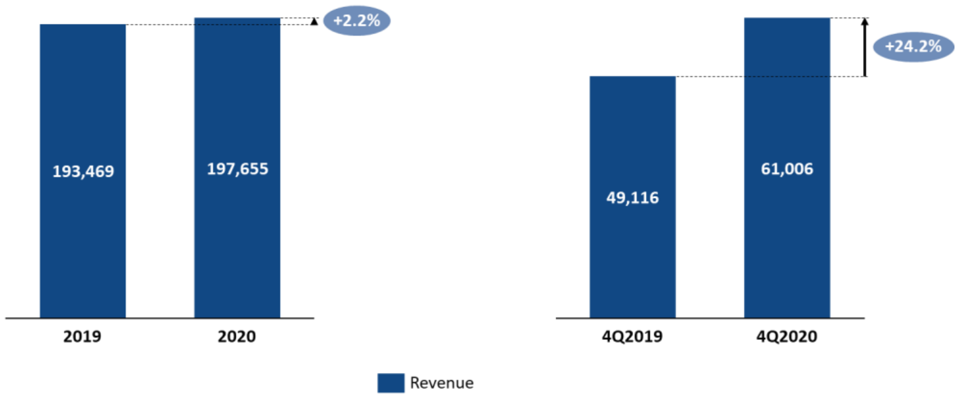

Chart 2: Consolidated Revenue (Ch$ million)

The consolidated cost of sales at year-end 2020 was Ch$93,048 million (↑Ch$10,553 million / +12.8% YoY), while in the **fourth quarter of 2020 costs reached Ch$33,654 million** (↑Ch$12,265 million / +57.3% YoY), mainly due to increases in: (i) liability readjustments (2020: ↑Ch$15,664 million / 3,764.7% YoY and in 4Q20: ↑Ch$14,459 million / +3,994.8% YoY), (ii) fees (2020: ↑Ch$1,217 million / 5.0% YoY and in 4Q20: ↑Ch394 million / +6.0% YoY), and (iii) other costs (2020: ↑Ch$85 million / +0.7% YoY and in 4Q20: ↑Ch$11 million / +0.4% YoY). These were offset by lower interest expenses (2020: ↓Ch$6,414 million / -14.0% and in 4Q20: ↓Ch$2,599 million / -22.7% YoY).

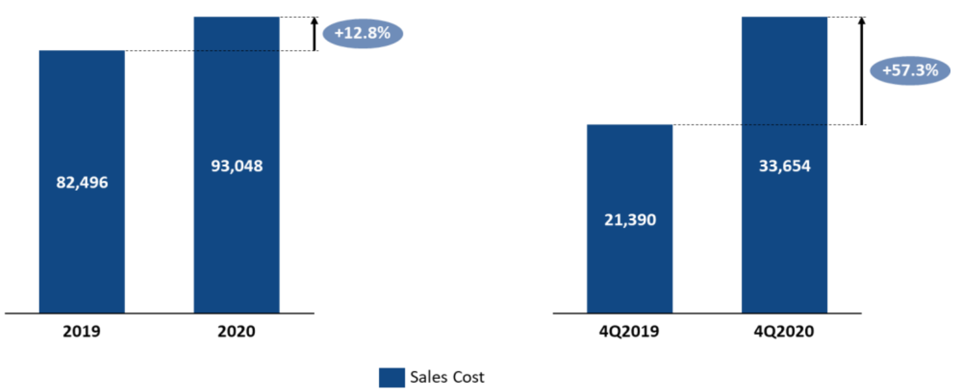

Chart 3: Sales Cost (Ch$ million)

SG&A expenses (including depreciation) were Ch$46,102 million in 2020 and Ch$11,287 million in 4Q20, decreasing 0.1% YoY and 1.9% YoY, respectively, mainly due to lower general expenses that amounted to Ch$16,678 million (↓Ch$73 million / -0.4% YoY) by year-end 2020 and Ch$4,259 million (↓Ch$711 million / -14.3% YoY) in the fourth quarter of 2020. Additionally, labour expenses, which account for around 64% of the administrative expenses, amounted to Ch$29,423 million in the year (+0.2%) and Ch$7,028 million in the fourth quarter (+7.6% YoY) . That was mainly due to higher severance pay that was offset by lower remuneration and benefit expenses.

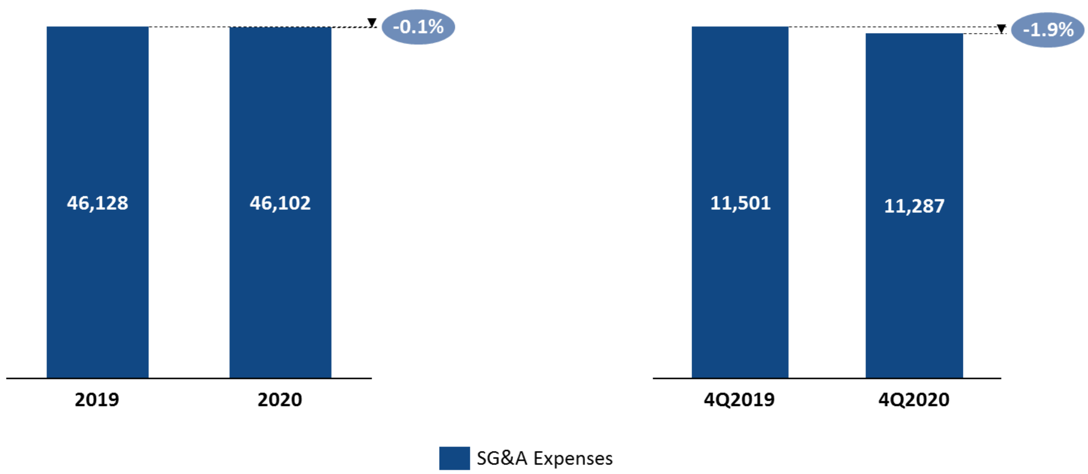

Chart 4: SG&A Expenses (Ch$ million)

III. Main Indicators

	Indicator	Definition	Unit	31/12/2020	31/12/2019
Liquidity and Solvency	Liquidity Ratio	*Current assets/Current liabilities*	*times*	1.49	1.24
	Short-Term Leverage Ratio	*Current liabilities/Equity*	*times*	2.01	2.81
	Immediate Liquidity	*Cash and cash equivalents/Current liabilities*	*times*	0.19	0.06
	Stable Funding Ratio	*(Non-current liabilities + Equity)/(Current assets)*	*times*	1.61	1.39
	Leverage Ratio	*Liabilities/Equity*	*times*	3.61	4.25
	Capitalisation	*Equity/Assets*	*%*	21.7%	19.1%
	Total Leverage Ratio	*Liabilities/Assets*	*times*	0.8	0.8
	Short-Term Debt Ratio	*Total current liabilities/Total liabilities*	*%*	55.5%	66.3%
	Long-Term Debt Ratio	*Total non-current liabilities/Total liabilities*	*%*	44.47%	33.7%
	Short-Term Bank Debt	*Current bank liabilities/Current liabilities*	*%*	20.9%	37.0%
	Long-Term Bank Debt	*Non-current bank liabilities/Non-current liabilities*	*%*	25.4%	10.5%
	Working Capital	*Current assets - Current liabilities*	*Ch$ million*	315,064	210,372
	Financial Expenditure Ratio	*(Profit before tax + Financial expenditure)/Financial expenditure*	*times*	1.7	1.7
Profitability	Return on Average Equity	*Annualised net profit/Average equity*	*%*	8.81%	11.0%
	Return on Average Assets	*Annualised net profit/Average assets*	*%*	1.79%	2.1%
	Gross Margin	*Gross margin (*)/current revenue*	*%*	40.7%	42.5%
	Operating Margin	*Operating margin/Current revenue*	*%*	16.6%	20.0%
	Net Income Margin	*Net income/Current revenue*	*%*	13.9%	16.8%
	Earnings Per Share (EPS)	*Net income/number of shares*	*Ch$'000*	22,696	26,893
	Efficiency of Expenditure	*SG&A Expenses/Gross margin (*)*	*%*	57.3%	56.1%
Asset Quality	Non-Performing Loans over 30 Days	*Non-performing loans >30 days/(Loans + Provisions)*	*%*	5.7%	5.6%
	Non-Performing Loans over 90 Days	*Non-performing loans >90 days/(Loans + Provisions)*	*%*	2.3%	2.7%
		Non-Performing loans >90 days/Equity	*%*	8.3%	11.9%
	Non-Performing Loans	*Non-Performing loans/(Loans + Provisions)*	*%*	10.9%	11.4%
		Non-Performing loans/Equity	*%*	39.2%	49.3%
	Provisions	*Provisions/(Loans + Provisions)*	*%*	2.1%	2.2%
		Provisions/Non-performing loans	*%*	19.0%	19.0%
		Provisions/Non-performing loans >90 days	*%*	89.1%	78.5%
	Write-offs	*Write-offs (LTM)/(Loans + Provisions)*	*%*	2.7%	2.1%
	Provisions and Write-offs	*Annualised provisions and write-offs/(Loans + Provisions)*	*%*	2.2%	2.3%
	Restructured Porfolio	*Restructured portfolio/(Loans + Provisions)*	*%*	3.4%	2.3%

(*) The gross margin at December 2019 and 2020 considers impairment loss.

Table 2: Main Indicators

As of 31 December 2020, 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. At a general level, total liabilities decreased Ch$155,563 million (-11.9% YTD) compared to December 2019 and amounted to Ch$1,148,053 million, while assets dropped 9.0% (↓Ch$144,872 million) in 2020 to Ch$1,465,796 million . Equity increased Ch$10,692 million (+3.5% YTD) reaching Ch$317,743 million.

Regarding asset quality indicators, NPLs >30 days increased slightly while NPLs >90 days decreased with risk remaining at healthy levels, in line with improvements of admission, control and collection policies that Tanner has steadily put in place in the last five years.

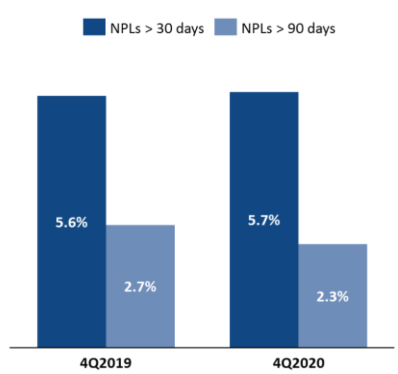

Chart 5: Consolidated NPLs

IV. Business Division Results

Tanner is organised in three divisions: Corporate[1], Auto Financing[2] and Treasury & Investments[3]. The results of these three divisions, which accounted for 42.8%, 41.0% and 16.2% of the gross margin in 2020, respectively, and 33.8%, 37.6% and 7.8% for the fourth quarter of 2020, are shown below.

Business Division		01.01.2020 to 31.12.2020 Ch$ million	01.01.2019 to 31.12.2019 Ch$ million	Δ Ch$	Δ %	01.10.2020 to 31.12.2020 Ch$ million	01.10.2019 to 31.12.2019 Ch$ million	Δ Ch$	Δ %
CORPORATE DIVISION	REVENUE	67,884	85,691	(17,807)	-20.8%	14,552	22,673	(8,121)	-35.8%
	COSTS	23,126	27,988	(4,862)	-17.4%	5,319	7,204	(1,885)	-26.2%
	GROSS PROFIT	44,758	57,703	(12,945)	-22.4%	9,233	15,469	(6,236)	-40.3%
i. FACTORING	REVENUE	38,848	52,246	(13,397)	-25.6%	6,804	12,613	(5,809)	-46.1%
	COSTS	11,708	15,746	(4,039)	-25.6%	2,639	3,517	(878)	-25.0%
	GROSS PROFIT	27,140	36,499	(9,359)	-25.6%	4,165	9,096	(4,931)	-54.2%
ii. LEASING	REVENUE	7,259	8,284	(1,024)	-12.4%	2,096	1,847	249	13.5%
	COSTS	2,883	4,857	(1,974)	-40.7%	791	1,635	(844)	-51.6%
	GROSS PROFIT	4,377	3,427	950	27.7%	1,305	212	1,093	514.6%
iii. CORPORATE LOANS	REVENUE	21,777	25,162	(3,385)	-13.5%	5,652	8,213	(2,561)	-31.2%
	COSTS	8,536	7,384	1,151	15.6%	1,889	2,052	(163)	-7.9%
	GROSS PROFIT	13,241	17,777	(4,536)	-25.5%	3,763	6,160	(2,398)	-38.9%
AUTO-FINANCING DIVISION	REVENUE	90,810	88,445	2,365	2.7%	22,457	22,327	130	0.6%
	COSTS	47,931	47,873	58	0.1%	12,167	12,244	(77)	-0.6%
	GROSS PROFIT	42,879	40,572	2,307	5.7%	10,290	10,083	207	2.1%
TREASURY & INVESTMENTS	REVENUE	38,961	19,333	19,628	101.5%	23,997	4,116	19,881	483.0%
	COSTS	21,991	6,635	15,356	231.4%	16,168	1,942	14,227	732.7%
	GROSS PROFIT	16,970	12,698	4,271	33.6%	7,829	2,175	5,654	260.0%
Tanner	REVENUE	197,655	193,469	4,186	2.2%	61,006	49,116	11,890	24.2%
	COSTS	93,048	82,496	10,553	12.8%	33,654	21,390	12,265	57.3%
	GROSS PROFIT	104,607	110,973	(6,367)	-5.7%	27,352	27,727	(375)	-1.4%

Table 3: Business Division Results

[1] Corporate Division: this includes Factoring, Leasing and Corporate Loans.

[2] This includes auto financing and Tanner Corredora de Seguros Ltda.

[3] Treasury and Investments Division: this includes Treasury and the subsidiaries Tanner Corredores de Bolsa and Tanner Asset Management Administradora General de Fondos S.A.

The consolidated gross margin in 2020 was Ch$104,607 million (↓Ch$6,367 million / -5.7% YoY), with a lower increase in revenue (↑Ch$4,186 million / +2.2% YoY) than that of costs (↑Ch$10,553 million / +12.8% YoY). In **4Q20, the gross margin was Ch$27,352 million** (↓Ch$375 million / -1.4% YoY), with a lower increase in revenue (↑Ch$11,890 million / +24.2% YoY) than that of costs (↑Ch$12,265 million / +57.3% YoY). The gross margin breakdown by division/product was as follows:

CORPORATE DIVISION

2020: Ch$44,758 million, down 22.4% YoY (↓Ch$12,945 million), due to a drop in revenue (↓Ch$17,807 million / -20.8% YoY) and in costs (↓Ch$4,862 million / -17.4% YoY).

4Q20: Ch$9,233 million, down 40.3% YoY (↓Ch$6,236 million), on account of a decrease of Ch$8,121 million (-35.8% YoY) in revenue and costs (↓Ch$1,885 million / -26.2% YoY).

i. FACTORING

2020: Ch$27,140 million, down 25.6% YoY (↓Ch$9,359 million), due to a decrease of Ch$13,397 million (-25.6% YoY) in revenue and of 25.6% YoY (↓Ch$4,039 million) in costs.

4Q20: Ch$4,165 million, down 54.2% YoY (↓Ch$4,931 million), with decreases of 46.1% YoY (↓Ch$5,809 million) in revenue and 25.0% YoY (↓Ch$878 million) in costs.

ii. LEASING

2020: Ch$4,377 million, up 27.7% YoY (↑Ch$950 million), since costs dropped 40.7% (↓Ch$1,974 million), thus buffering the decrease in revenue (↓Ch$1,024 million / -12.4% YoY).

4Q20: Ch$1,305 million, up 514.6% YoY (↑Ch$1,093 million), due to an increase in revenue of (↑Ch$249 million / 13.5% YoY), along with a decrease in costs of 51.6% YoY (↓Ch$844 million).

iii. CORPORATE LOANS

2020: Ch$13,241 million, down 25.5% YoY (↓Ch$4,536 million), due to a decrease in revenue (↓Ch$3,385 million / -13.5% YoY) and increase in costs of (↑Ch$1,151 million / +15.6% YoY).

4Q20: Ch$3,763 million, down 38.9% YoY (↓Ch$2,398 million), on account of a decrease of 31.2% YoY (↓Ch$2,561 million) in revenue and costs (↓Ch$163 million / -7.9% YoY).

AUTO FINANCING DIVISION

2020: Ch$42,879 million, climbing 5.7% YoY (↑Ch$2,307 million), arising from higher revenue (↑Ch$2,365 million / +2.7% YoY) than greater costs (↑Ch$58 million / +0.1% YoY).

4Q20: Ch$10,290 million, up 2.1% YoY (↑Ch$207 million), with an increase in revenue (↑Ch$130 million / +0.6% YoY), and a decrease in costs (↓Ch$77 million / -0.6% YoY).

TREASURY & INVESTMENTS

2020: Ch$16,970 million, up 33.6% YoY (↑Ch$4,271 million), due to an increase of Ch$19,628 million (101.5% YoY) in revenue and higher costs (↑Ch$15,356 million / +231.4% YoY).

4Q20: Ch$7,829, growing 260.0% YoY (↑Ch$5,654 million), because of an increase in revenue of Ch$19,881 million (+483.0% YoY) and higher costs (↑Ch$14,227 million / +732.7% YoY).

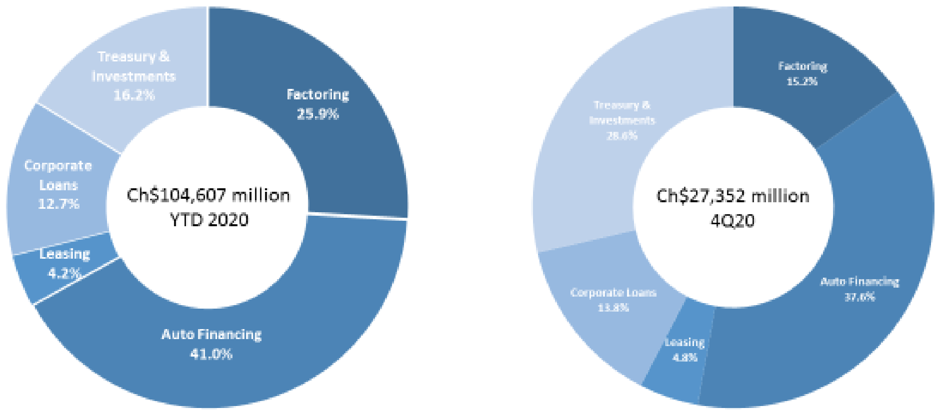

Chart 6: Gross Margin Breakdown by Division

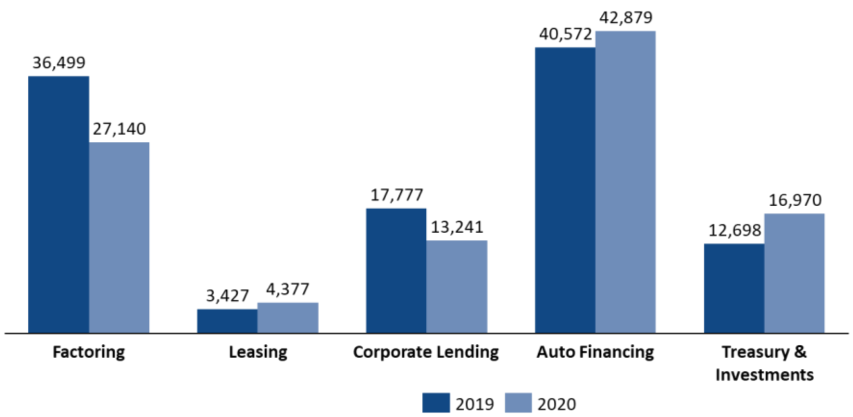

Chart 7: Gross Margin Breakdown by Line of Business YTD 2020

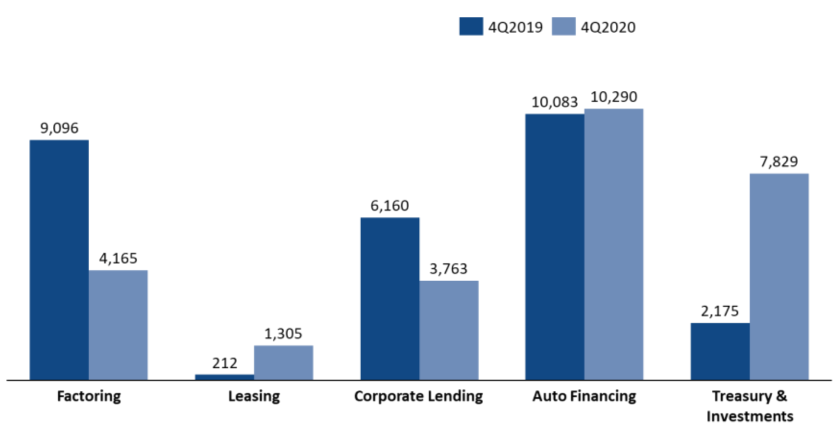

Chart 8: Gross Margin Breakdown by Line of Business Fourth Quarter 2020

Consolidated revenue was Ch$197,655 million in 2020, increasing 2.2% YoY (↑Ch$4,186 million), whereas in **4Q20 it was Ch$61,006 million,** growing 24.2% YoY (↑Ch$11,890 million), explained by the following revenue:

CORPORATE DIVISION

Tanner Empresas

2020: Ch$67,884 million (↓Ch$17,807 million / -20.8% YoY).
4Q20: Ch$14,552 million (↓Ch$8,121 million / -35.8% YoY).
Driver: Lower price differences arising from factoring which accounts for 57.2% of the division's revenue.

i. FACTORING

2020: Ch$38,848 million (↓Ch$13,397 million / -25.6% YoY).
4Q20: Ch$6,804 million (↓Ch$5,809 million / -46.1% YoY).
Driver: Lower price differences.

ii. LEASING

2020: Ch$7,259 million (↓Ch$1,024 million / -12.4% YoY).
4Q20: Ch$2,096 million (↑Ch$249 million / +13.5% YoY).
Driver: Lower interest received as a result of the change in this unit's focus, which now seeks to increase its profitability by concentrating on real estate leases.

iii. CORPORATE LOANS

2020: Ch$21,777 million (↓Ch$3,385 million / -13.5% YoY).
4Q20: Ch$5,652 million (↓Ch$2,561 million / -31.2% YoY).
Driver: Lower fees.

AUTO FINANCING DIVISION

Tanner Automotriz

2020: Ch$90,810 million (↑Ch$2,365 million / +2.7% YoY).
4Q20: Ch$22,457 million (↑Ch$130 million / +0.6% YoY).
Driver: Higher fee income.

TREASURY & INVESTMENTS

2020: Ch$38,961 million (↑Ch$19,628 million / +101.5% YoY).
4Q20: Ch$23,997 million (↑Ch$19,881 million / +483.0% YoY).
Driver**:** Increase due to income from balance sheet readjustments.

Consolidated costs amounted to Ch$93,048 million in 2020 and Ch$33,654 million in 4Q20, growing Ch$10,553 million (+12.8% YoY) and Ch$12,265 million (+57.3% YoY), respectively, explained by the following costs:

CORPORATE DIVISION

Tanner Empresas

2020: Ch$23,126 million (↓Ch$4,862 million / -17.4% YoY).
4Q20: Ch$5,319 million (↓Ch$1,885 million / -26.2% YoY).
Driver: decrease due to lower interest rate-related costs.

i. FACTORING

2020: Ch$11,708 million (↓Ch$4,039 million / -25.6% YoY).
4Q20: Ch$2,639 million (↓Ch$878 million / -25.0% YoY).
Driver: Lower interest related to this product.

ii. LEASING

2020: Ch$2,883 million (↓Ch$1,974 million / -40.7% YoY).
4Q20: Ch$791 million (↓Ch$844 million / -51.6% YoY).
Driver: Lower interest cost.

iii. CORPORATE LOANS

2020: Ch$8,536 million (↑Ch$1,151 million / 15.6% YoY).
4Q20: Ch$1,889 million (↓Ch$163 million / -7.9% YoY).
Driver: Higher fee expenses.

AUTO FINANCING DIVISION

Tanner Automotriz

2020: Ch$47,931 million (↑Ch$58 million / +0.1% YoY).
4Q20: Ch$12,167 million (↓Ch$77 million / -0.6% YoY).
Driver: Higher fee expenses.

TREASURY & INVESTMENTS

2020: Ch$21,991 million (↑Ch$15,356 million / +231.4% YoY).
4Q20: Ch$16,168 million (↑Ch$14,227 million / +732.7% YoY).
Driver: Higher liability readjustment expenses.

V. Business Division Portfolio Quality

	Indicator	Definition	Unit	31/12/2020	31/12/2019
CORPORATE DIVISION	Non-performing loans	Non-performing loans/(Loans + Provisions)	%	9.9%	8.0%
		Non-performing loans/Equity	%	20.1%	20.6%
	Provisions	Provisions/(Loans + Provisions)	%	1.4%	1.2%
		Provisions/Non-performing loans	%	13.9%	15.0%
		Provisions/Non-performing loans >90 days	%	67.8%	60.5%
	Provisions and write-offs	Provisions and write-offs/(Loans + Provisions)	%	1.5%	1.2%
Tanner Empresas	Non-performing loans over 30 days	Non-performing loans >30 days/(Loans + Provisions)	%	5.7%	3.4%
	Non-performing loans over 90 days	Non-performing loans >90 days/(Loans + Provisions)	%	2.03%	1.99%
		Non-Performing loans >90 days/Equity	%	4.1%	5.1%
	Restructured porfolio	Restructured portfolio/(Loans + Provisions)	%	3.5%	2.2%
		Restructured portfolio/Equity	%	7.1%	5.7%
	Clients	Number of clients	#	2,606	4,769
	Expenditure efficiency	SG&A expenses/Gross margin (*)	%	67.6%	60.5%
i. FACTORING	Non-performing loans	Non-performing loans/(Loans + Provisions)	%	5.3%	8.9%
		Non-performing loans/Equity	%	5.3%	12.0%
	Provisions	Provisions/(Loans + Provisions)	%	0.7%	1.2%
		Provisions/Non-performing loans	%	13.3%	13.4%
		Provisions/Non-performing loans >90 days	%	90.7%	82.7%
	Provisions and write-offs	Provisions and write-offs/(Loans + Provisions)	%	1.0%	1.7%
	Non-performing loans over 30 days	Non-performing loans >30 days/(Loans + Provisions)	%	0.9%	3.0%
	Non-performing loans over 90 days	Non-performing loans >90 days/(Loans + Provisions)	%	0.8%	1.5%
		Non-Performing loans >90 days/Equity	%	0.8%	1.9%
	Restructured porfolio	Restructured portfolio/(Loans + Provisions)	%	0.3%	0.5%
		Restructured portfolio/Equity	%	0.3%	0.7%
	Clients	Number of clients	#	1,822	3,650
	Expenditure efficiency	SG&A expenses/Gross margin (*)	%	60.6%	55.9%
ii. LEASING	Non-performing loans	Non-performing loans/(Loans + Provisions)	%	4.2%	11.2%
		Non-performing loans/Equity	%	1.0%	3.1%
	Provisions	Provisions/(Loans + Provisions)	%	1.2%	1.3%
		Provisions/Non-performing loans	%	28.7%	11.2%
		Provisions/Non-performing loans >90 days	%	111.0%	29.8%
	Provisions and write-offs	Provisions and write-offs/(Loans + Provisions)	%	2.5%	-0.6%
	Non-performing loans over 30 days	Non-performing loans >30 days/(Loans + Provisions)	%	2.1%	5.8%
	Non-performing loans over 90 days	Non-performing loans >90 days/(Loans + Provisions)	%	1.1%	4.2%
		Non-Performing loans >90 days/Equity	%	0.2%	1.1%
	Restructured porfolio	Restructured portfolio/(Loans + Provisions)	%	12.8%	7.3%
		Restructured portfolio/Equity	%	2.9%	2.0%
	Clients	Number of clients	#	217	348
	Expenditure efficiency	SG&A expenses/Gross margin (*)	%	212.9%	86.5%
iii. CORPORATE LOANS	Non-performing loans	Non-performing loans/(Loans + Provisions)	%	17.2%	5.8%
		Non-performing loans/Equity	%	13.9%	5.6%
	Provisions	Provisions/(Loans + Provisions)	%	2.2%	1.2%
		Provisions/Non-performing loans	%	13.1%	20.5%
		Provisions/Non-performing loans >90 days	%	17.7%	36.1%
	Provisions and write-offs	Provisions and write-offs/(Loans + Provisions)	%	1.9%	0.9%
	Non-performing loans over 30 days	Non-performing loans >30 days/(Loans + Provisions)	%	12.7%	3.3%
	Non-performing loans over 90 days	Non-performing loans >90 days/(Loans + Provisions)	%	3.8%	2.1%
		Non-Performing loans >90 days/Equity	%	3.1%	2.0%
	Restructured porfolio	Restructured portfolio/(Loans + Provisions)	%	4.8%	3.1%
		Restructured portfolio/Equity	%	3.9%	3.0%
	Clients	Number of clients	#	567	771
	Expenditure efficiency	SG&A expenses/Gross margin (*)	%	69.7%	46.1%
AUTO FINANCING	Non-performing loans	Non-performing loans/(Loans + Provisions)	%	12.6%	18.4%
		Non-performing loans/Equity	%	19.1%	28.7%
	Provisions	Provisions/(Loans + Provisions)	%	2.9%	4.0%
		Provisions/Non-performing loans	%	23.0%	21.6%
		Provisions/Non-performing loans >90 days	%	104.0%	91.2%
	Provisions and write-offs	Provisions and write-offs/(Loans + Provisions)	%	3.2%	4.4%
Tanner Automotriz	Non-performing loans over 30 days	Non-performing loans >30 days/(Loans + Provisions)	%	6.0%	10.1%
	Non-performing loans over 90 days	Non-performing loans >90 days/(Loans + Provisions)	%	2.8%	4.4%
		Non-Performing loans >90 days/Equity	%	4.2%	6.8%
	Restructured porfolio	Restructured portfolio/(Loans + Provisions)	%	3.3%	2.7%
		Restructured portfolio/Equity	%	5.0%	4.2%
	Clients	Number of clients	#	79,240	75,797
	Expenditure efficiency	SG&A expenses/Gross margin (*)	%	74.7%	88.8%
TREASURY & INVESTMENTS	Non-performing loans	Non-performing loans/(Loans + Provisions)	%	24.0%	9.2%
		Non-performing loans/Equity	%	1.5%	1.8%
	Provisions	Provisions/(Loans + Provisions)	%	0.1%	0.0%
		Provisions/Non-performing loans	%	0.5%	0.2%
		Provisions/Non-performing loans >90 days	%	51.3%	130.0%
	Provisions and write-offs	Provisions and write-offs/(Loans + Provisions)	%	0.1%	-0.1%
	Non-performing loans over 30 days	Non-performing loans >30 days/(Loans + Provisions)	%	0.3%	0.0%
	Non-performing loans over 90 days	Non-performing loans >90 days/(Loans + Provisions)	%	0.2%	0.0%
		Non-Performing loans >90 days/Equity	%	0.0%	0.0%
	Restructured porfolio	Restructured portfolio/(Loans + Provisions)	%	4.1%	0.0%
		Restructured portfolio/Equity	%	0.3%	0.0%
	Clients	Number of clients	#	1,721	1,707
	Expenditure efficiency	SG&A expenses/Gross margin (*)	%	3.3%	5.0%

(*) The gross margin at December 2019 and 2020 considers impairment loss.

Table 4: Business Division Main Indicators

CORPORATE DIVISION

The portfolio quality is still healthy despite an increase in NPLs >30 days.

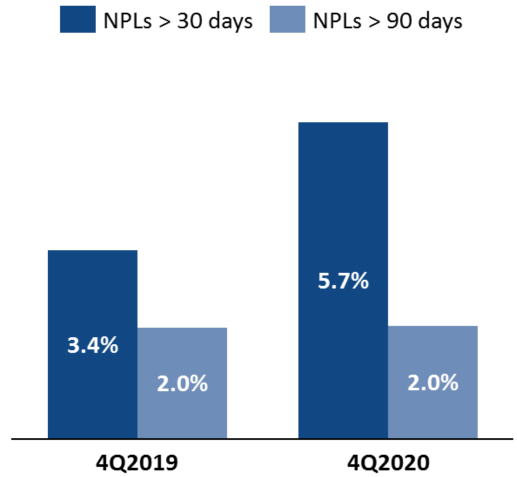

Chart 9: NPLs – Corporate Division

i. FACTORING

Loan portfolio quality improved on the previous year, reflected by a decrease of NPLs > 30/90 days.

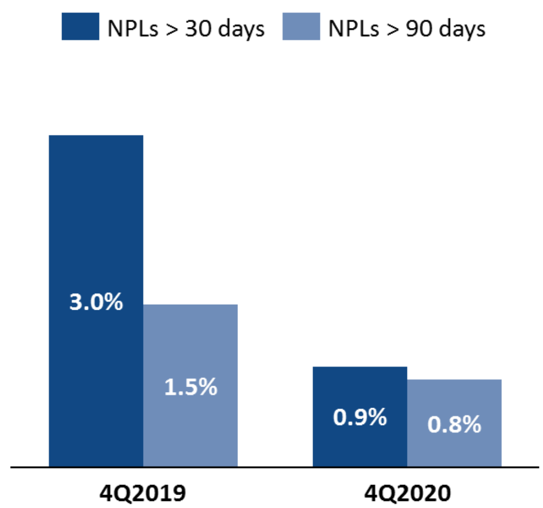

Chart 10: NPLs – Factoring Business

ii. LEASING

Portfolio quality indicators improved for NPLs > 30 days and NPLs > 90 days.

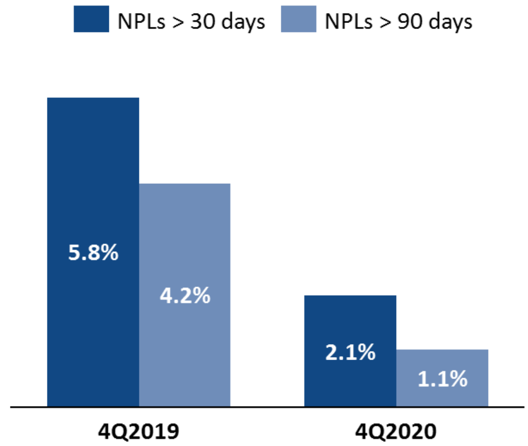

Chart 11: NPLs – Leasing Business

iii. CORPORATE LOANS

Portfolio quality indicators deteriorated for NPLs > 30 days and NPLs > 90 days due to lower placements and greater deterioration of this portfolio, mainly because of the economic effects of the COVID-19 pandemic.

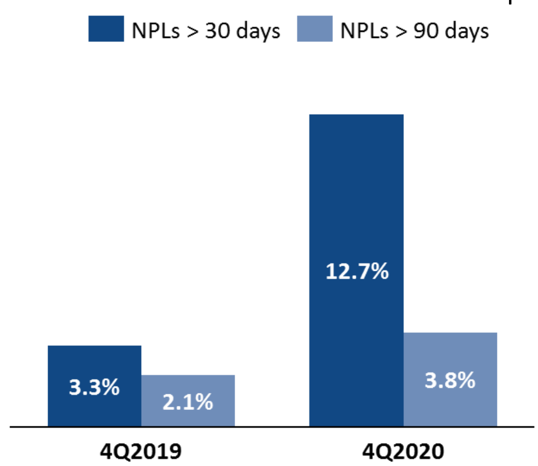

Chart 12: NPLs – Corporate Loan Business

AUTO FINANCING DIVISION

NPLs > 90 days improved when compared to the same period of the previous year, due to the better performance of this specific portfolio.

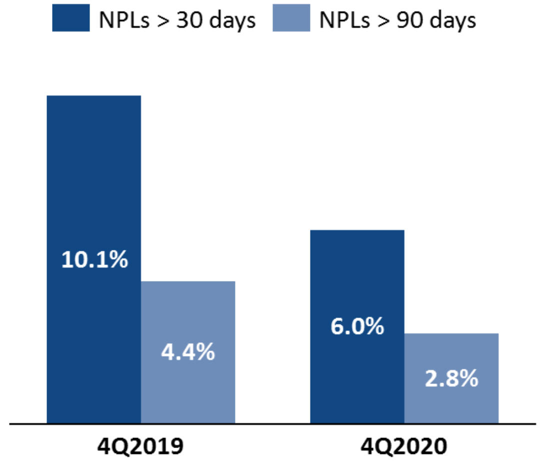

Chart 13: NPLs – Auto Financing Division

TREASURY & INVESTMENTS

The portfolio quality remained favourable despite an increase in NPLs > 30 days and NPLs > 90 days.

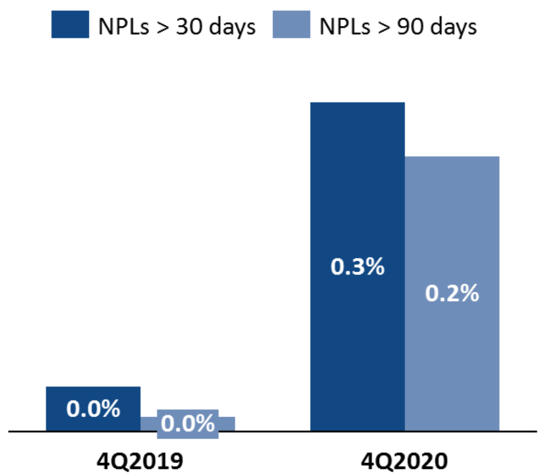

Chart 14: NPLs – Treasury & Investments Division

VI. Balance Sheet

Assets (Ch$ million)	31-12-2020	31-12-2019	Δ Ch$	Δ %
Current Assets				
Cash and cash equivalent	120,080	53,660	66,420	123.8%
Other current financial assets	79,934	94,815	(14,881)	-15.7%
Other current non-financial assets	3,058	1,727	1,331	77.0%
Trade receivables and other current accounts receivable, net	733,205	894,979	(161,774)	-18.1%
Accounts receivable from related parties	4,902	381	4,521	1186.5%
Current tax assets	6,645	18,239	(11,594)	-63.6%
Non-current assets or asset groups for disposal classified as held-for-sale	4,798	10,519	(5,721)	-54.4%
Total Current Assets	**952,623**	**1,074,320**	**(121,698)**	**-11.3%**
Non-Current Assets				
Other non-current financial assets	55,033	62,456	(7,422)	-11.9%
Other non-current non-financial assets	5,181	4,638	543	11.7%
Trade receivables and other non-current accounts receivable, net	391,805	407,225	(15,421)	-3.8%
Non-current accounts receivable from related parties	34	528	(495)	-93.6%
Intangible assets other than goodwill	6,637	6,759	(121)	-1.8%
Goodwill	1,640	1,764	(124)	-7.0%
Property, plant and equipment	10,308	11,632	(1,324)	-11.4%
Property Investments	11,318	11,381	(63)	-0.6%
Deferred tax assets	31,218	29,966	1,252	4.2%
Total Non-Current Assets	**513,174**	**536,348**	**(23,174)**	**-4.3%**
Total Assets	**1,465,796**	**1,610,668**	**(144,872)**	**-9.0%**
Liabilities (Ch$ million)	**31-12-2020**	**31-12-2019**	**Δ Ch$**	**Δ %**
Current Liabilities				
Other current financial liabilities	516,389	720,041	(203,652)	-28.3%
Trade payables and other current accounts payables	116,449	141,470	(25,022)	-17.7%
Other short-term provisions	508	528	(20)	-3.8%
Current provisions for employee benefits	3,262	1,228	2,033	165.5%
Current tax liabilities	950	680	270	39.7%
Other current non-financial liabilities	-		-	0.0%
Total Current Liabilities	**637,558**	**863,948**	**(226,390)**	**-26.2%**
Non-Current Liabilities				
Other non-current financial liabilities	510,195	439,475	70,721	16.1%
Non-current provisions for employee benefits	300	194	106	54.6%
Total Non-Current Liabilities	**510,495**	**439,669**	**70,827**	**16.1%**
Total Liabilities	**1,148,053**	**1,303,617**	**(155,563)**	**-11.9%**
Equity	317,743	307,052	10,692	3.5%
Total Liabilities and Equity	**1,465,796**	**1,610,668**	**(144,872)**	**-9.0%**

Table 5: Consolidated Balance Sheet

a. Net Loan Portfolio[4]

The total gross loan portfolio in December 2020 was Ch$1,147,816 million (↓Ch$182,890 million / -13.7% YTD) versus Ch$1,330,706 million in December 2019, while provisions were Ch$22,807 million, decreasing Ch$5,705 million (-20.0% YTD). Hence, **the total net loan portfolio amounted to Ch$1,125,010 million**, a drop of Ch$177,194 million (-13.4% YTD) on the Ch$1,302,204 million at December 2019.

Net loan portfolio at year-end 2020:

1. **Corporate Division: Ch$636,000 million** | -18.6 YTD | ↓Ch$145,595 million.
    a. **Factoring: Ch$314,419 million** | -22.6% YTD | ↓Ch$91,642 million.
    b. **Leasing: Ch$71,258 million** | -13.8% YTD | ↓Ch$11,373 million.
    c. **Corporate Loans: Ch$250,322 million** | -14.5% YTD | ↓Ch$42,580 million.
2. **Auto Financing Division: Ch$466,521 million** | +1.8% YTD | ↑Ch$8,160 million.
3. **Treasury and Investments Division: Ch$20,201 million** | -66.1% YTD | ↓Ch$39,434 million.

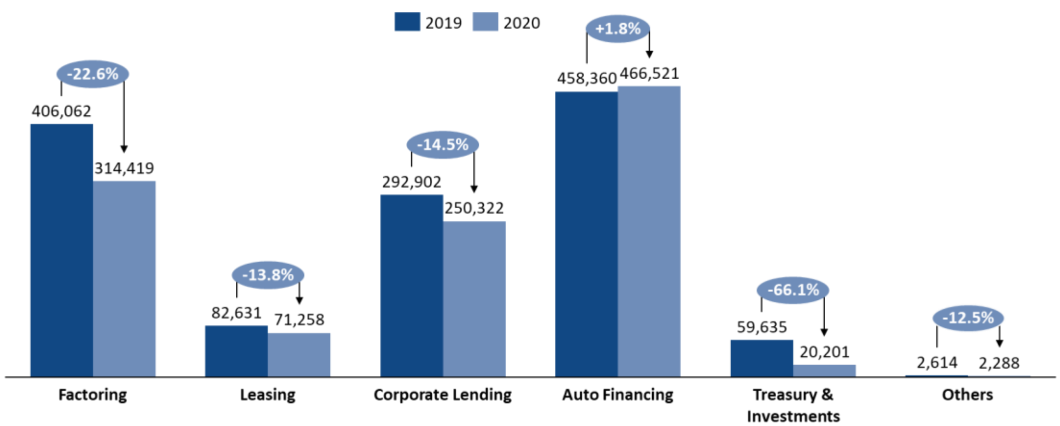

Chart 15: Net Loan Portfolio Breakdown by Line of Business

The portfolio has shifted to a greater concentration on the company's strategic businesses – factoring and auto financing – however in 2020 the effects of lower economic activity temporarily reduced the factoring portfolio. At the close of 4Q20, these accounted for 27.9% and 41.5% of the net loan portfolio, respectively.

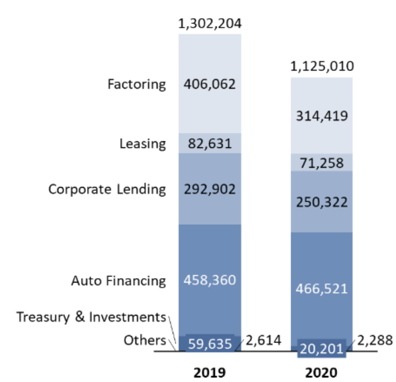

Chart 16: Net Loan Portfolio Breakdown

[4] Gross loans minus provisions.

b. *Funding Sources*

Financial liabilities as of 31 December 2020 were Ch$1,026,584 million, compared with Ch$1,159,515 million in December 2019 (↓Ch$132,931 million / -11.5% YTD), mainly due to a drop in: (i) banks and financial institutions (↓Ch$102,291 million / -28.0% YTD), (ii) bonds (↓Ch$24,924 million / -4.6% YTD), and (iii) other financial liabilities (↓Ch$8,741 million / -10.5% YTD). These were offset by an increase in those related to commercial papers (↑Ch$3,026 million / +1.8% YTD).

In terms of the liability structure, 50.5% (Ch$518,566 million) corresponded to local and international bonds, 25.6% (Ch$263,222 million) to bank loans and credit lines, and 16.6% (Ch$170,541 million) to commercial papers. The remaining Ch$74,256 million (7.2%) were related to other financial obligations of repos and forwards.

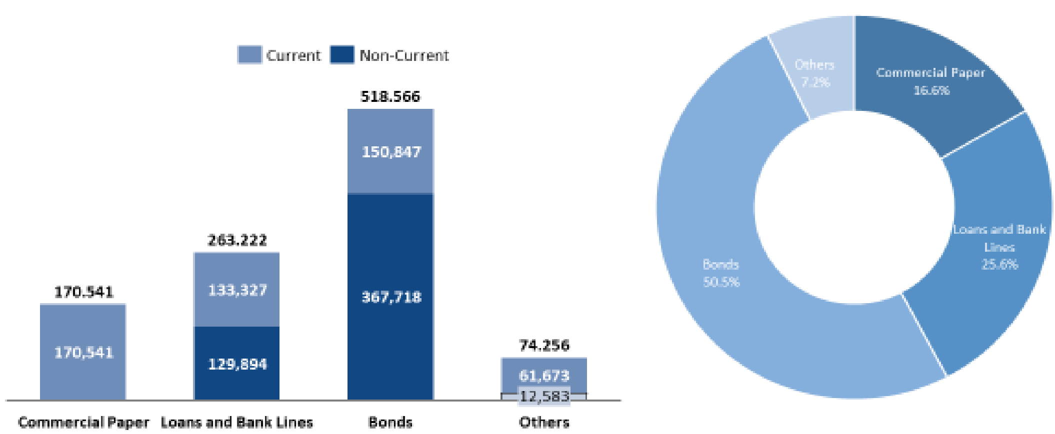

Chart 17: Breakdown of Funding Sources

VII. Cash Flow Statement

Ch$ million	31/12/2020	31/12/2019	Δ Ch$
Cash flow from operating activities	173,151	(176,476)	349,627
Cash flow from investing activities	122,656	251,938	(129,283)
Cash flow from financing activities	(228,441)	(47,442)	(181,000)
Effect of changes in exchange rates	(946)	166	(1,112)
Cash flow in the period	66,420	28,186	38,233
Cash and cash equivalents, initial balance	53,660	25,474	28,186
Cash and cash equivalents, final balance	120,080	53,660	66,420

Table 6: Cash Flow Statement

As of 31 December 2020, the cash flow from **operating activities was Ch$173,151 million** versus -Ch$176,476 million as of December 2019, mainly because collection from the sale of goods and service provision increased by Ch$373,685 million.

The cash flow from **investing activities reached Ch$122,656 million**, Ch$129,283 million less than the Ch$251,938 million at the close of the fourth quarter of 2019, mainly due to a -Ch$725,930 million difference regarding other payments to acquire equity or debt instruments of other entities.

The cash flow from financing activities amounted to -Ch$228,441 million in 2020, against -Ch$47,442 million the previous year, mainly due to a decrease in payments for other equity interests and in repayments from borrowings made.

Finally, **cash and cash equivalents by year-end 2020 were Ch$120,080 million,** increasing Ch$66,420 million on the same period of the previous year.

VIII. Risk Analysis

a. *Credit Risk*

Credit risk is the possibility or probability of financial loss the company faces 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 or products with specific credit policies and based on a prior analysis of its clients' expected revenue, the financial information available and their payment track record, along with other commercial information, if any. This analysis also includes macroeconomic expectations and those of the sector in which the client operates (as a general case). In terms of factoring, it also includes debtor-specific information.

Another important and complementary aspect of credit risk assessment is the quality and quantity of the guarantees required. One of the company's policies is to have sound collateral that is a second source of payment for its clients' obligations in the event of default.

FACTORING

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

LEASING

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

CORPORATE LOANS

Depending on the case, mortgages and/or stock pledges may be required. However, there is the possibility of defining a guarantor, that is liable for the loan and is generally one of the partners of the borrower.

AUTO FINANCING

Car loans are guaranteed by the assets associated with the financing and there are two types of guarantees in this case: real (vehicle pledges) and personal (securities and co-signers).

TREASURY & INVESTMENTS

Additionally, debtors of the Treasury & Investments division are mainly from the subsidiary Tanner Corredores de Bolsa S.A. and are classified as intermediation debtors on its individual balance sheet. Provisions for these kinds of borrowers are determined based on an expected loss model in accordance with what is established in IFRS 9.

Moreover, the company undertakes a credit quality follow-up process, whose aim is the early detection of possible changes in the payment capacity of counterparties and to recover past due or delinquent loans, enabling the company to assess the potential loss from the risks and take corrective action.

Pursuant to the new accounting standard, Tanner Servicios Financieros S.A. has implemented new impairment models according to the IFRS 9 standard, and one of the main changes is the use of expected loss models to replace the former incurred loss models. These models are in line with the historical performance of clients and also consider a forward-looking vision, taking into account the following regulatory requirements:

a. Risk profile for each product.
b. Probability of default in 12 months and throughout the life of the asset.
c. Loss due to default throughout the life of the asset.
d. Total prepayment rates.
e. Credit exposure at the time of default.
f. Adjustment of the default probability to the economic cycle (forward-looking)

The basic features of provision policies by business line are:

FACTORING

Provision calculations consider segmentation by sub-product and risk profiles:

i. Electronic invoices: three risk profiles that consider internal performance variables and variables captured on admission. The influential variables are the following: (i) days of current delinquency, (ii) debtor classification.
ii. Normal or NSF cheques: two risk profiles that consider internal performance variables. The influential variable is the number of days of current delinquency.
iii. Others: two risk profiles that consider internal performance variables. The influential variables are: (i) days of current delinquency, (ii) group or type.

The write-off policy envisages a maximum term of 366 days past due.

LEASING

Provision calculations consider five risk profiles segmented by sub-product and risk profiles. The most influential variables are the following: (i) days of current delinquency, (ii) sub-product (real estate or vendor product and machinery or vehicle), and (iii) renegotiation.

The write-off policy envisages a maximum term of 541 days past due, except for real estate and vendor leasing which are 901 days past due.

CORPORATE LOANS

Provision calculations consider eight risk profiles with internal performance variables. The influential variables are the following: (i) days of current delinquency, (ii) residual term and (iii) renegotiation.

The write-off policy envisages a maximum term of 541 days past due, except for a mortgage that has been put up as collateral which Is 901 days past due.

AUTO FINANCING

Provision calculations consider segmentation by sales channel and performance score. Sales channel segmentation is as follows: (i) first options, (ii) dealers and direct and (iii) renegotiated.

Each segment is subdivided into risk profiles according to their performance score, which in turn considers the following variables:

i. Maximum delinquency in the past three months: maximum delinquency recorded by the operation between the current month and the two prior months.
ii. Unpaid balance ratio in the past three months: unpaid balance of the current month divided by the maximum unpaid balance recorded by the operation between the current month and the two prior months.
iii. Loan to value (LTV) or unpaid balance of the original value of the collateral for the loan.
iv. Segment: this identifies whether the operation arose through the sales channel, first options, rest of the dealers and direct, or whether it is a renegotiation of another loan.

The write-off policy envisages a maximum term of 366 days past due.

TREASURY & INVESTMENTS

Provision calculations for the intermediation business consider eight risk profiles with internal performance variables. The most influential variables are: (i) days of current delinquency, (ii) residual term and (iii) renegotiation.

The write-off policy envisages a maximum term of 366 days past due.

Business Line	31.12.2020			
	Gross Portfolio Ch$'000	Provisions Ch$'000	Net Portfolio Ch$'000	Provision Index
Factoring	316,661,808	(2,242,396)	314,419,412	0.71%
Leasing	72,129,351	(871,207)	71,258,144	1.21%
Corporate Loans	256,069,838	(5,747,641)	250,322,196	2.24%
Auto Financing	480,440,764	(13,919,908)	466,520,856	2.90%
Treasury & Investments	20,226,665	(25,685)	20,200,980	0.13%
Other Receivables	2,288,044	-	2,288,044	0.00%
Total	**1,147,816,470**	**(22,806,837)**	**1,125,009,633**	**1.99%**

Business Line	31.12.2019			
	Gross Portfolio Ch$'000	Provisions Ch$'000	Net Portfolio Ch$'000	Provision Index
Factoring	410,997,477	(4,935,678)	406,061,799	1.20%
Leasing	83,682,115	(1,051,432)	82,630,683	1.26%
Corporate Loans	296,432,919	(3,530,727)	292,902,192	1.19%
Auto Financing	477,344,681	(18,984,263)	458,360,418	3.98%
Treasury & Investments	59,645,040	(10,078)	59,634,962	0.02%
Other Receivables	2,613,969	-	2,613,969	0.00%
Total	**1,330,716,201**	**(28,512,178)**	**1,302,204,023**	**2.14%**

Table 7: Loan Portfolio, Provisions and Risk Index

Impaired loans for which there is renegotiation are those for which the corresponding financial commitments have been restructured and where the company has assessed the likelihood of recovering these loans as sufficiently high. In the case of customer insolvency, there is also the option of returning the good in applicable cases.

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 be considered. The renegotiation condition is considered with additional weighting in the risk factor calculation model.

In the factoring business renegotiations are less frequent, since these operations, which differ from leasing and auto loans that are essentially loan operations, provide liquidity of 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 provide collateral.

The following table shows the carrying value of renegotiations by business line and the percentage of the total portfolio :

Business Line	31.12.2020 Total Portfolio Ch$'000	Renegotiation Ch$'000	Provision Ch$'000	Renegotiation by product %	Renegotiation by total portfolio %
Factoring	316,661,808	1,009,442	(2,242,396)	0.32%	0.09%
Corporate Loans	256,069,838	12,382,151	(5,747,641)	4.84%	1.08%
Auto Financing	480,440,764	15,881,313	(13,919,908)	3.31%	1.38%
Leasing (*)	72,129,351	9,244,054	(871,207)	12.82%	0.81%
Treasury & Investments	20,226,665	830,650	(25,685)	4.11%	0.07%
Other Receivables	2,288,044	-	-	-	-
Total	**1,147,816,470**	**39,347,611**	**(22,806,837)**		**3.43%**

Business Line	31.12.2019 Total Portfolio Ch$'000	Renegotiation Ch$'000	Provision Ch$'000	Renegotiation by product %	Renegotiation by total portfolio %
Factoring	410,997,477	2,065,500	(4,935,678)	0.50%	0.16%
Corporate Loans	296,432,919	9,183,347	(3,530,727)	3.10%	0.69%
Auto Financing	477,344,681	12,774,134	(18,984,263)	2.68%	0.96%
Leasing (*)	83,682,115	6,134,445	(1,051,432)	7.33%	0.46%
Treasury & Investments	59,645,040	-	(10,078)	-	-
Other Receivables	2,613,969	-	-	-	-
Total	**1,330,716,201**	**30,157,426**	**(28,512,178)**		**2.27%**

(*) Mainly mortgage-secured leases.

Table 8: Renegotiated Loan Portfolio

b. Liquidity Risk

This is defined as the inability of the company to meet its payment obligations as they are due, without incurring large losses or being prevented from providing normal loan transactions to its clients. It arises from a cash flow mismatch, which occurs when cash flows of liability payments are higher than the receipt of cash flows from investments or loans. The fact that customers fail to pay their loan commitments on the dates that they fall due could also generate a liquidity risk.

The main financing sources of Tanner Servicios Financieros S.A. are bonds (local and international) which have a defined payment schedule, unsecured bank lines of credit which are mainly short-term and renewed regularly, and commercial papers.

The company has a daily cash flow management process that includes a simulation of all maturities of assets and liabilities in order to anticipate cash needs. Additionally, there is a higher body, the Assets and Liabilities Committee (ALCO), which convenes monthly to review the forecasts and market conditions, and it defines action plans based on these.

The company manages its liquidity risk at a consolidated level and its main source of liquidity is cash flows from operating activities (collection). As of 31 December 2020, the company had Ch$120,080 million of consolidated cash on hand against Ch$53,660 million as of 31 December 2019.

The indirect subsidiary Tanner Corredores de Bolsa S.A. is subject to regulatory liquidity indicators called the general liquidity index and the intermediation liquidity index. In line with the requirements of the Financial Market Commission (CMF, according to the Spanish acronym), the subsidiary has permanently complied with the mentioned indicators.

c. *Market Risk*

Market or financial risk is defined as the exposure to financial loss due to adverse changes in market variables, such as price, interest rates, currencies, indexation, among others, which affect the value of any operation stated on the balance sheet.

i. *Price Risk*

The company is exposed to price risk for having financial instruments whose valuation depends directly on the market value of these types of operations and which have a certain volatility that is measured by the historical VaR[5].

As of 31 December 2020, the company had investments in international corporate bonds amounting to ThUS$29,928 (ThUS$31,048 as of 31 December 2019). The average duration of the portfolio was 1.97 years (2.53 years as of 31 December 2019), the sensitivity measured by DV01[6] was US$5,486 (USD7,464 as of 31 December 2019) and the parametric VaR[5] of the portfolio with a 1-day timeline was US$132,053 (USD67,109 as of 31 December 2019), with a 99% confidence level.

ii. *Interest Rate Risk*

This is defined as the risk the company is exposed to because of having financial operations whose valuation is subject, among other factors, to changes in 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:

For interest rate decreases:

Negative Delta (bps)	-25	-50	-75	-100	-125	-150	-175	-200
Net Portfolio Variation	0.46%	0.92%	1.37%	1.83%	2.29%	2.75%	3.21%	3.67%

For interest rate increases:

Positive Delta (bps)	25	50	75	100	125	150	175	200
Net Portfolio Variation	-0.46%	-0.92%	-1.37%	-1.83%	-2.29%	-2.75%	-3.21%	-3.67%

Table 9: Sensitivity to Interest Rate Variations

[5] Value at Risk: this is the maximum expected loss considering a history timeline of 1 year with a confidence level of 99%.
[6] Dollar value of .01: this is the market value x the modified duration x 1 basis point.

The company has a derivative instrument portfolio of: (i) trading derivatives, whose maturity structure is very short-term, and they therefore have an associated interest rate risk with a low impact on income, and (ii) hedging derivatives which protect most of those liabilities structured in foreign currency and at a variable rate (LIBOR), maintaining limited exposure to interest rate risk and a low impact on income.

Exposure	31.12.2020							
	Trading Derivatives				Hedging Derivatives			
	UF'000	CLP'000	US$'000	CHF'000	UF'000	CLP'000	US$'000	CHF'000
Up to 1 year	-	(233,143,690)	216,267,419	(78,840)	49,228,251	(99,300,224)	(53,016,410)	103,457,018
1 to 3 years	-	-	-	-	124,793,092	(135,335,977)	(135,557,724)	164,665,974
More than 3 years	-	-	-	-	62,143,898	(54,821,710)	179,131	-
Total	**-**	**(233,143,690)**	**216,267,419**	**(78,840)**	**236,165,240**	**(289,457,910)**	**(188,395,002)**	**268,122,992**

Sens. +1bps	31.12.2020							
	Trading Derivatives				Hedging Derivatives			
	UF'000	CLP'000	US$'000	CHF'000	UF'000	CLP'000	US$'000	CHF'000
Up to 1 year	-	1,665	(1,647)	-	(2,488)	4,666	(2,069)	(9,602)
1 to 3 years	-	-	-	-	(24,802)	25,849	3,198	(30,628)
More than 3 years	-	-	-	-	(21,851)	18,727	(30,713)	-
Total	**-**	**1,665**	**(1,647)**	**-**	**(49,140)**	**49,242**	**(29,585)**	**(40,230)**

Table 10: Exposure and Sensitivity by Currency

iii. Currency Risk

This is defined as the exposure to potential loss caused by changes in the value of assets and liabilities subject to exchange rate revaluation. Because of its business activities and diversified financing needs, the company has a mismatch in US dollars that is managed daily and is mainly mitigated with trading and hedging derivatives. In addition, it has operations in Swiss francs whose currency risk is fully hedged.

As of 31 December 2020, the company had a risk exposure in US Dollars of -ThUS$964, equivalent to 0.22% of equity (ThUS$1,627, equivalent to 0.39% of equity, as of 31 December 2019). The analysis of sensitivity to currency risk is calculated by considering as the main variable the daily exposure in US dollars of the mismatch held and the estimated variation of the observed US dollar.

US$ Mismatch (US$'000)	31.12.2020	31.12.2019
Assets	321,763	331,187
Liabilities	(382,785)	(381,989)
Derivative Instruments	60,058	52,429
Total Mismatch	**(964)**	**1,627**

Table 11: US Dollar Mismatch

iv. Indexation Risk

This is the exposure risk of assets and liabilities linked to *Unidades de Fomento* (UF) and can generate loss when exposed to changes. Because of its business activities and financing needs, the company has assets and liabilities in UF, and the related mismatch is managed on a daily basis and mitigated with hedging derivatives.

As of 31 December 2020, the mismatch in UF amounted to ThUF 4,862, equivalent to 44.47% of equity (ThUF 2,814, equivalent to 25.94% of equity, as of 31 December 2019). As for currency risk, the analysis of sensitivity to indexation risk is calculated considering as the main variable the daily mismatch held in UF and the estimated future variations of the UF value.

UF Mismatch (UF'000)	31.12.2020	31.12.2019
Assets	7,110	6,803
Liabilities	(9,365)	(13,564)
Derivative Instruments	7,116	9,575
Total Mismatch	**4,861**	**2,814**

Table 12: UF Mismatch

d. Effects of the COVID-19 pandemic

After COVID-19 was declared a global pandemic by the World Health Organisation last March, it has had a large impact on the Chilean and global economy, because of the measures adopted to mitigate the spreading of the virus. Due to this, the Chilean government and the rest of the economies worldwide have taken measures to reduce the economic and sanitary fallout of the situation, applicable to companies and natural persons (and in both cases there are customers of the company).

Tanner has adopted measures to protect its employees and to make sure there is compliance with the obligations and the operation, without there being any drop in productivity, compliance and our hallmark service quality.

The action taken includes the following:

- Implementation of remote working: many Company employees have adopted remote working, for which the Company has undertaken initiatives to bolster the technological infrastructure, modify work contracts established by law for this case, and various activities driven by the Human Resources Management. The aim of these measures, among others, is to maintain the “company culture” and improve the communication channels. Moreover, protection measures have been taken for all those employees who, according to the nature of their work, must work in person at the offices of the Company and without endangering their health.

- Liquidity control: the Company has liquidity forecast models for different stress scenarios due to volatility of the financial market. Likewise, it has bolstered the communication with creditors, credit rating agencies, among other interested agents, with the aim of providing reliable and timely information needed to make decisions.

- Greater control of loans and collection: with the aim of controlling the risk of the loan portfolio, the control and follow-up of current customers have been boosted to provide tailor-made solutions if their current and future payment capacity is affected by the present economic crisis. Moreover, there is permanent follow-up of the collection of portfolios and of the new loans that arise to manage the right cash flow.

Notwithstanding all the internal measures already put in place, the impact of the pandemic on the future financial results of the Company still depends on the development, duration and scale of the pandemic regarding the Chilean economy. The company also believes that the outcome will depend on the measures and action taken by customers, employees, leaders, suppliers and different agents related to Tanner, and also the economic and sanitary measures embraced by the Chilean authorities.

For further details regarding this section, please see Note 4 of the company's financial statements for the year ended 31 December 2020.