Quarterly Earnings Report

June 2021

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I. Executive Summary

- **ROAE*:**

  1H21: 11.7% / 1H20: 9.4%

- **ROAA**:**

  1H21: 2.5% / 1H20: 2.0%

- **Equity:**

  1H21: Ch$334,943 million / Δ+: 5.4% YTD

- **Net Profit:**

  2Q21: Ch$11,329 million / 2Q20: Ch$5,070 million
  Δ+: 123.5% YoY
  1H21: Ch$20,425 million / 1H20: Ch$10,453 million
  Δ+: 95.4% YoY

- **Net Loan Portfolio:**

  1H21: Ch$1,200,248 million / Δ+: 6.7% YTD

- **NPLs > 90 days:**

  1H21: 2.4% / 1H20: 3.7%

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

Profit after tax in 1H2021 surged 95.4% YoY to Ch$20,425 million, in line with the operating income increase of 90.8% YoY. Moreover, from April to June, it increased 123.5%, to Ch$11,329 million, in keeping with operating income increasing 97.9% in 2Q2021.

The net loan portfolio was Ch$1,200,248 million, **increasing Ch$75,239 million (+6.7% YTD)**, due to an increase in the **auto financing division, with net loans of Ch$529,769 million, up on those at year-end 2020** (↑Ch$63,249 million / +13.6% YTD). The **corporate division posted net loans of Ch$644,137 million** (↑Ch$8,137 million / 1.3% YTD), with an increase in corporate loans (↑Ch$33,824 million / +13.5% YTD) amounting to Ch$284,146 million, which was offset by lower net loans of factoring, which at the close of the first half of the year amounted to Ch$296,715 million (↓Ch$17,705 million / -5.6% YTD), and of leasing, which reached Ch$63,276 million (↓Ch$7,982 million / -11.2% YTD).

There was lower risk compared to the first half of 2020, leading to **non-performing loans (NPLs) over 90 days decreasing 132 bps to 2.4% (1H20: 3.7%).** Likewise, NPLs over 30 days dropped 298 basis points to 3.8% (1H20: 6.8%). That was mainly driven by the **auto financing division, with a large improvement of 324 basis points of NPLs** over 90 days **of 2.2%** (1H20: 5.4%). The corporate division performance dropped slightly, with **NPLs over 90 days increasing 6 basis points to 2.6%** (1H20: 2.6%), due to higher loan delinquency of 255 basis points (1H20: 2.9% vs. 1H21: 5.4%), which was not offset by **a drop of 154 bps in factoring and 306 bps in leasing to 0.3% and 0.7%, respectively.**

The liquidity index at the close of 1H21 was 1.41 times, below the level at the close of 2020 (1.49x), while **ready cash amounted to Ch$127,092 million** versus Ch$120,080 million at the end of the previous year. On the other hand, the company's **leverage ratio was 3.85 times** (December 2020: 3.61x).

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)	01/01/2021 30/06/2021	01/01/2020 30/06/2020	Δ Ch$	Δ %	01/04/2021 30/06/2021	01/04/2020 30/06/2020	Δ Ch$	Δ %
Revenue	90,423	99,543	(9,120)	-9.2%	45,431	35,329	10,102	28.6%
Sales cost	(34,538)	(46,611)	12,072	-25.9%	(16,141)	(9,487)	(6,654)	70.1%
Gross margin	55,885	52,932	2,952	5.6%	29,290	25,843	3,447	13.3%
Impairment losses	(6,175)	(16,566)	10,390	-62.7%	(2,483)	(7,518)	5,036	-67.0%
Administrative expenses	(25,965)	(24,082)	(1,883)	7.8%	(13,465)	(11,595)	(1,870)	16.1%
Other profits (losses)	(299)	5	(304)	-6234%	(206)	(91)	(115)	126%
Operating margin	23,445	12,290	11,155	90.8%	13,137	6,639	6,498	97.9%
Finance income	-	2	(2)	-100.0%	-	(39)	39	-100.0%
Finance costs	(180)	(273)	93	-34.0%	(87)	(107)	20	-19.0%
Foreign exchange differences	(15)	72	(87)	-121.5%	(93)	(18)	(74)	405.3%
Gain from indexation units	33	89	(56)	-62.7%	-11	25	(36)	-142.8%
Profit (loss) before tax	23,283	12,180	11,103	91.2%	12,946	6,499	6,448	99.2%
Income tax (expense) revenue	(2,857)	(1,726)	(1,131)	65.5%	(1,617)	(1,429)	(188)	13.2%
Profit (loss)	20,425	10,453	9,972	95.4%	11,329	5,070	6,259	123.5%
Profit (loss) attributable to owners of the parent	20,355	10,558	9,797	92.8%	11,307	5,033	6,274	124.6%
Profit (loss) attributable to non-controlling interests	70	(105)	175	-166.7%	22	36	(14)	-39.6%

Table 1: Consolidated Income Statement

The company's **net profit in the first half of 2021 increased 95.4% YoY** (↑Ch$9,972 million) to Ch$20,425 million against Ch$10,453 million in 2020, while in the **second quarter profit increased 123.5% YoY** (↑Ch$6,259 million). **The gross margin in 1H21 was Ch$55,885 million** (↑Ch$2,952 million / +5.6%) and in **2Q21 it was Ch$29,290 million** (↑Ch$ 3,447 million / +13.3% YoY).

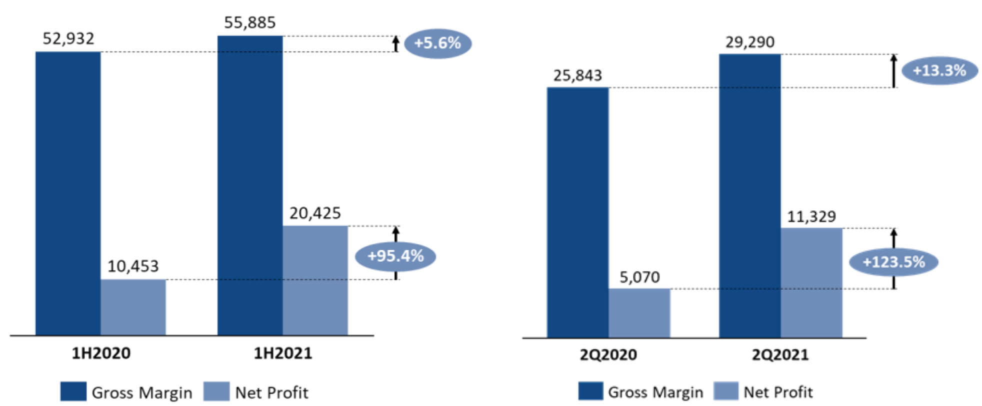


Chart 1: Consolidated Net Profit and Gross Margin

Consolidated revenue amounted to Ch$90,423 million in 1H21, decreasing 9.2%% YoY (↓Ch$9,120 million)**, and increasing 28.6% to Ch$45,431 million in 2Q21,** in line with lower: (i) income from price differences (1H21: ↓Ch$6,167 million / -33.6% YoY and 2Q21: ↓Ch$2,655 million / -30.7% YoY) and (ii) income from interest (1H21: ↓Ch$11,738 million / -18.9% YoY and 2Q21: ↓Ch$8,326 million / -24.1% YoY). These were offset by higher: (i) income from fees (1H21: ↑Ch$1,308 million / +38.9% YoY and 2Q21: ↑Ch$648 million / +37.7% YoY), (ii) income from indexation (1H21: ↑Ch$2,429 million / +98.2% YoY and 2Q21: ↑Ch$11,472 million / +97.7% YoY), (iii) income from exchange rate differences (1H21: ↑Ch$2,892 million / +1,517.6% YoY and 2Q21: ↑Ch$3,524 million / +289.6% YoY) and (iv) income from fair value (1H21: ↑Ch$2,303 million and 2Q21: ↑Ch$2,303 million).

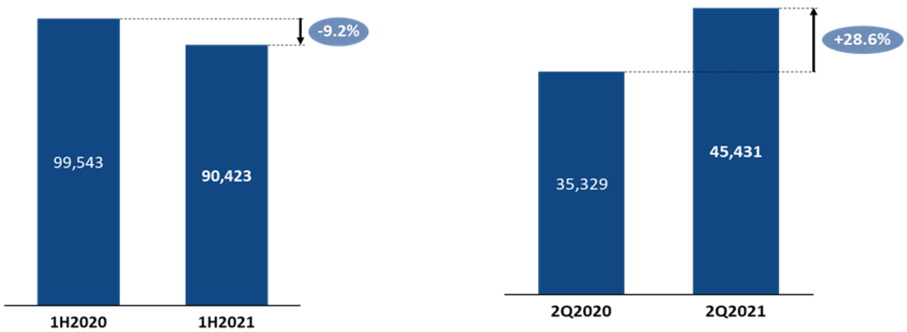


Chart 2: Consolidated Revenue

The consolidated cost of sales in 1H21 was Ch$34,538 million (↓Ch$12,072 million / -25.9% YoY) **and Ch$16,141 million in 2Q21** (↓Ch$6,654 million / +70.1% YoY), mainly due to decreases in: (i) interest expenses (1H21: ↓Ch$4,100 million / -19.6% YoY and 2Q21: ↓Ch$1,354 million / -14.4% YoY), (ii) other costs (1H21: ↓Ch$1,621 million / -24.4% YoY and 2Q21: ↓Ch$1,060 million / -29.9% YoY), (iii) exchange rate differences (1H21: ↓Ch$1,058 million / -177.6% YoY and 2Q21: ↓Ch$1,058 million / -177.6% YoY) and (iv) fair value (1H21: ↓Ch$4,760 million /-100% YoY and 2Q21: ↓Ch$4,760 million / -100% YoY).

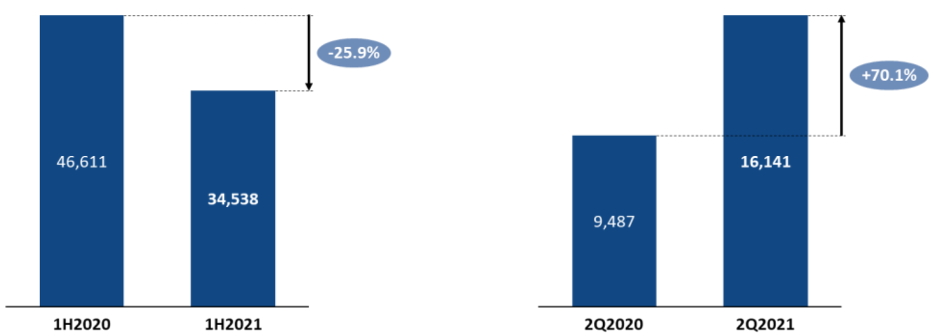


Chart 3: Sales Cost

SG&A expenses (including depreciation) were Ch$25,965 million in 1H21, increasing 7.8% YoY, **and Ch$13,465 million in 2Q21,** increasing 16.1% YoY, mainly due to higher employee remuneration expenses. Moreover, the labour expense, which accounts for 67% of the SG&A expenses, amounted to Ch$17,495 million in 1H21 (+11.5% YoY) and Ch$9,120 million in 2Q21 (+19.3% YoY), mainly on account of a higher remuneration expense. General administrative expenses increased 0.9% YoY in 1H21, amounting to Ch$8,470 million, and 10.0% YoY in 2Q21, amounting to Ch$4,345 million.

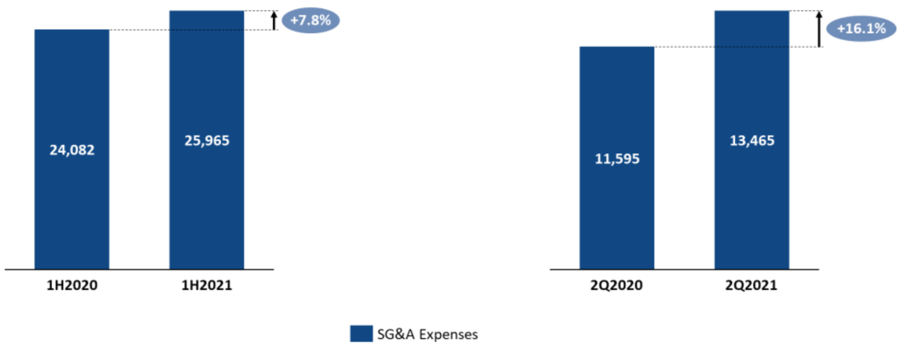


Chart 4: SG&A Expenses

III. Main Indicators

	Indicator	Definition	Unit	30/06/2021	31/12/2020	30/06/2020
Liquidity and Solvency	Liquidity Ratio	*Current assets/Current liabilities*	*times*	1.4	1.5	1.7
	Short-Term Leverage Ratio	*Current liabilities/Equity*	*times*	2.3	2.0	1.8
	Immediate Liquidity	*Cash and cash equivalents/Current liabilities*	*times*	0.2	0.2	0.2
	Stable Funding Ratio	*(Non-current liabilities + Equity)/(Current assets)*	*times*	1.6	1.6	1.8
	Leverage Ratio	*Liabilities/Equity*	*times*	3.9	3.6	3.7
	Capitalization	*Equity/Assets*	*%*	20.6%	21.7%	21.4%
	Total Leverage ratio	*Liabilities/Assets*	*times*	0.8	0.8	0.8
	Short Term Debt Ratio	*Total current liabilities/Total liabilities*	*%*	59.6%	55.5%	49.3%
	Long Term Debt Ratio	*Total non-current liabilities/Total liabilities*	*%*	40.4%	44.5%	50.7%
	Short Term Bank Debt	*Current bank liabilities/Current liabilities*	*%*	21.1%	20.9%	44.4%
	Long Term Bank Debt	*Non-current bank liabilities/Non-current liabilities*	*%*	22.4%	25.4%	5.3%
	Working Capital	*Current assets - Current liabilities*	*Ch$ million*	318,023	315,064	375,985
	Financial Expenditure Ratio	*(Profit before tax + Financial expenditure)/Financial expenditure*	*times*	2.2	1.7	1.5
Profitability	Return on Average Equity	*Annualised net profit/Average equity*	*%*	11.7%	8.8%	9.4%
	Return on Average Assets	*Annualised net profit/Average assets*	*%*	2.5%	1.8%	2.0%
	Gross Profit Margin	*Gross margin (*)/Revenue*	*%*	55.0%	40.7%	36.5%
	Operating Margin	*Operating margin/Revenue*	*%*	25.9%	16.6%	12.3%
	Net Income Margin	*Net income/Revenue*	*%*	22.6%	13.9%	10.5%
	Earnings Per Share	*Net income/number of shares*	*CH$'000*	16,851	22,696	8,624
	Efficiency of Expenditure	*SG&A Expenses/Gross margin (*)*	*%*	52.2%	57.3%	79.8%
Asset Quality	Non-Performing Loans over 30 days	*Non-performing loans >30 days/(Loans + Provisions)*	*%*	3.8%	5.7%	6.8%
	Non-Performing Loans over 90 days	*Non-performing loans >90 days/(Loans + Provisions)*	*%*	2.4%	2.3%	3.7%
		Non-Performing loans >90 days/Equity	*%*	8.7%	8.3%	13.6%
	Non-Performing Loans	*Non-Performing loans/(Loans + Provisions)*	*%*	8.9%	10.9%	12.7%
		Non-Performing loans/Equity	*%*	32.2%	39.2%	46.6%
	Provisions	*Provisions/(Loans + Provisions)*	*%*	1.5%	2.0%	2.9%
		Provisions/Non-performing loans	*%*	16.9%	18.3%	22.4%
		Provisions/Non-performing loans >90 days	*%*	65.9%	89.1%	76.9%
	Write-offs	*Write-offs (LTM)/(Loans + Provisions)*	*%*	2.4%	2.7%	2.6%
	Provisions and Write-offs	*Annualised provisions and write-offs/(Loans + Provisions)*	*%*	1.4%	2.2%	3.3%
	Restructured Porfolio	*Restructured portfolio/(Loans + Provisions)*	*%*	3.1%	3.4%	4.1%

(*) Gross margin considers impairment.

Table 2: Main Indicators

As of 30 June 2021, in terms of liquidity and leverage the company has 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 increased Ch$142,407 million (+12.4% YTD) compared to December 2020 and amounted to Ch$1,290,460 million, while assets rose 10.9% (↑Ch$159,607 million) in 2Q21 to Ch$1,625,404 million. Equity increased Ch$17,200 million (+5.4% YTD) amounting to Ch$334,943 million.

The asset quality indicators, reflected by NPLs > 30 days and NPLs > 90 days, improved YoY. This was driven by a conservative risk policy, which the company has maintained in the social crisis and throughout the sanitary crisis.

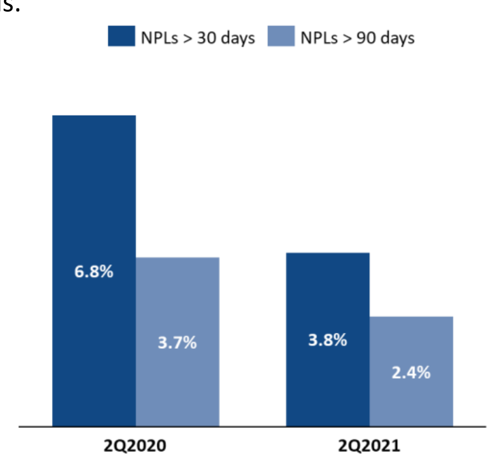


Chart 5: Consolidated NPLs

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 38.7%, 42.6% and 18.7% of the consolidated gross margin in 1H21, respectively, and 37.7%, 41.7% and 20.5% in 2Q21, are shown below.

Business Division		01.01.2021 to 30.06.2021 Ch$ million	01.01.2020 to 30.06.2020 Ch$ million	Δ Ch$	Δ %	01.04.2021 to 30.06.2021 Ch$ million	01.04.2020 to 30.06.2020 Ch$ million	Δ Ch$	Δ %
CORPORATE DIVISION	REVENUE	29,648	39,205	(9,557)	-24.4%	15,036	18,545	(3,509)	-18.9%
	COSTS	8,040	12,203	(4,164)	-34.1%	3,987	5,311	(1,324)	-24.9%
	GROSS MARGIN	21,608	27,002	(5,394)	-20.0%	11,049	13,234	(2,185)	-16.5%
i. FACTORING	REVENUE	15,373	24,171	(8,798)	-36.4%	7,855	11,429	(3,574)	-31.3%
	COSTS	3,573	6,271	(2,698)	-43.0%	1,857	2,509	(652)	-26.0%
	GROSS MARGIN	11,799	17,900	(6,101)	-34.1%	5,998	8,920	(2,922)	-32.8%
ii. LEASING	REVENUE	2,872	4,070	(1,198)	-29.4%	1,350	1,867	(517)	-27.7%
	COSTS	974	1,522	(548)	-36.0%	460	622	(162)	-26.1%
	GROSS MARGIN	1,897	2,548	(651)	-25.5%	890	1,245	(355)	-28.5%
iii. CORPORATE LOANS	REVENUE	11,403	10,964	440	4.0%	5,832	5,250	582	11.1%
	COSTS	3,492	4,410	(918)	-20.8%	1,670	2,180	(510)	-23.4%
	GROSS PROFIT	7,912	6,554	1,358	20.7%	4,161	3,070	1,092	35.6%
AUTO FINANCING DIVISION	REVENUE	46,339	46,394	(55)	-0.1%	23,644	21,931	1,713	7.8%
	COSTS	22,511	23,674	(1,162)	-4.9%	11,418	11,779	(361)	-3.1%
	GROSS MARGIN	23,828	22,720	1,108	4.9%	12,226	10,153	2,074	20.4%
TREASURY & INVESTMENTS DIVISION	REVENUE	15,443	14,727	715	4.9%	7,121	(4,651)	11,772	-253.1%
	COSTS	4,994	11,517	(6,523)	-56.6%	1,107	(7,106)	8,213	-115.6%
	GROSS MARGIN	10,449	3,210	7,238	225.5%	6,014	2,456	3,559	144.9%
ADJUSTMENTS BETWEEN SEGMENTS	REVENUE	1,007	783	223	28.5%	371	497	(126)	-25.4%
	COSTS	(1,007)	(783)	(223)	28.5%	(371)	(497)	126	-25.4%
Tanner	REVENUE	90,423	99,543	(9,120)	-9.2%	45,431	35,329	10,102	28.6%
	COSTS	34,538	46,611	(12,072)	-25.9%	16,141	9,487	6,654	70.1%
	GROSS MARGIN	55,885	52,932	2,952	5.6%	29,290	25,843	3,447	13.3%

Table 3: Business Division Results

The consolidated gross margin in 1H21 was Ch$55,885 million (↑Ch$2,952 million / +5.6% YoY), due to a lower decrease in revenue (↓Ch$9,120 million / -9.2% YoY) than that of costs (↓Ch$12,072 million / -25.9% YoY). In 2Q21, the **gross margin was Ch$29,290 million** (↑Ch$3,447 million / +13.3% YoY), with an increase in revenue (↑Ch$10,102 million / +28.6% YoY) and higher costs (↑Ch$6,654 million / +70.1% YoY). The gross margin breakdown by division/product was as follows:

[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.

CORPORATE DIVISION

Tanner Empresas

1H21: Ch$21,608 million, down 20.0% YoY (↓Ch$5,394 million), on account of a decrease of Ch$9,557 million (-24.4% YoY) in revenue and 34.1% YoY (↓Ch$4,164 million) in the costs of the division.

2Q21: Ch$11,049 million, down 16.5% YoY (↓Ch$2,185 million), on account of a decrease of Ch$3,509 million (-18.9% YoY) in revenue and 24.9% YoY (↓Ch$1,324 million) in the costs of the division.

i. FACTORING

1H21: Ch$11,799 million, down 34.1% YoY (↓Ch$6,101 million), with decreases of 36.4% YoY (↓Ch$8,798 million) in revenue and 43.0% YoY (↓Ch$2,698 million) in costs.

2Q21: Ch$5,998 million, down 32.8% YoY (↓Ch$2,922 million), with decreases of 31.3% YoY (↓Ch$3,574 million) in revenue and 26.0% YoY (↓Ch$652 million) in costs.

ii. LEASING

1H21: Ch$1,897 million, down 25.5% YoY (↓Ch$651 million), due to a decrease in revenue (↓Ch$1,198 million / -29.4% YoY) and in costs of 36.0% YoY (↓Ch$548 million).

2Q21: Ch$890 million, down 28.5% YoY (↓Ch$355 million), because of a decrease in revenue (↓Ch$517 million / -27.7% YoY) and in costs of 26.1% YoY (↓Ch$162 million).

iii. CORPORATE LOANS

1H21: Ch$7,912 million, up 20.7% YoY (↑Ch$1,358 million), due to an increase in revenue (↑Ch$440 million / +4.0% YoY) and lower costs (↓Ch$918 million / -20.8% YoY).

2Q21: Ch$4,161 million, up 35.6% YoY (↑Ch$1,092 million), due to an increase in revenue (↑Ch$582 million / +11.1% YoY) and a decrease in costs (↓Ch$510 million / -23.4% YoY).

AUTO FINANCING DIVISION

Tanner Automotriz

1H21: Ch$23,828 million, up 4.9% YoY (↑Ch$1,108 million), with a drop in revenue (↓Ch$55 million / -0.1% YoY), and in costs (↓Ch$1,295 million / -13.2% YoY).

2Q21: Ch$12,226 million, up 20.4% YoY (↑Ch$2,074 million), with an increase in revenue (↑Ch$1,713 million / +7.8% YoY), and a decrease in costs (↓Ch$361 million / -3.1% YoY).

TREASURY & INVESTMENTS DIVISION

1H21: Ch$10,449 million, up 225.5% YoY (↑Ch$7,238 million), arising from an increase in revenue (↑Ch$715 million / +4.9% YoY) and a decrease in costs (↓Ch$6,523 million / -56.6% YoY).

2Q21: Ch$6,014 million, up 144.9% YoY (↑Ch$3,559 million), because of an increase in revenue (↑Ch$11,772 million / +253.1% YoY) and higher costs (↑Ch$8,213 million / +115.6% YoY).

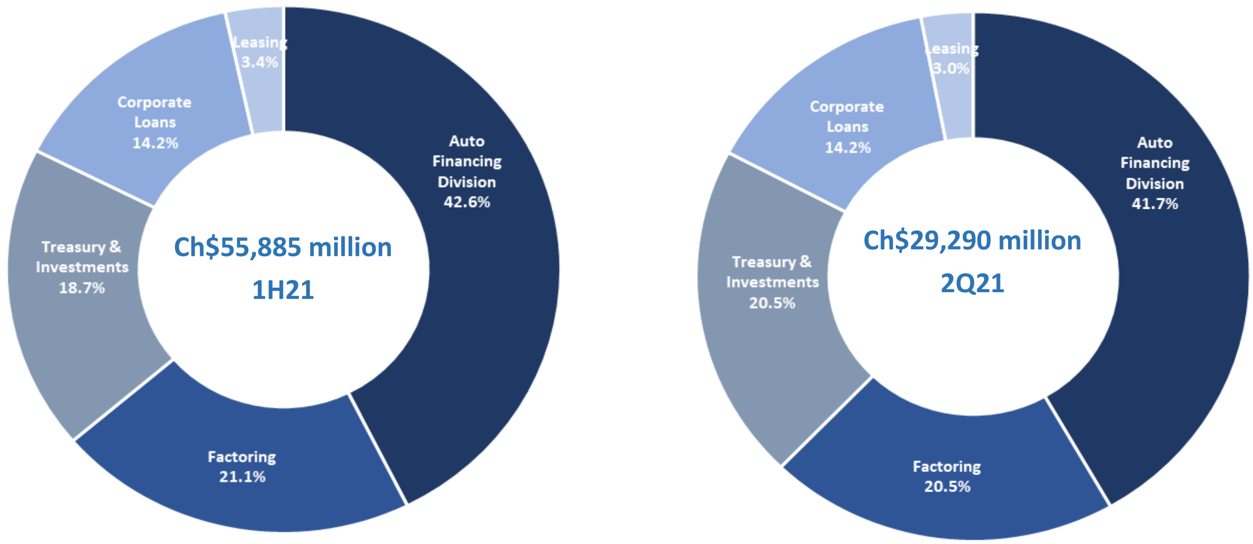


Chart 6: Gross Margin Breakdown by Business Line

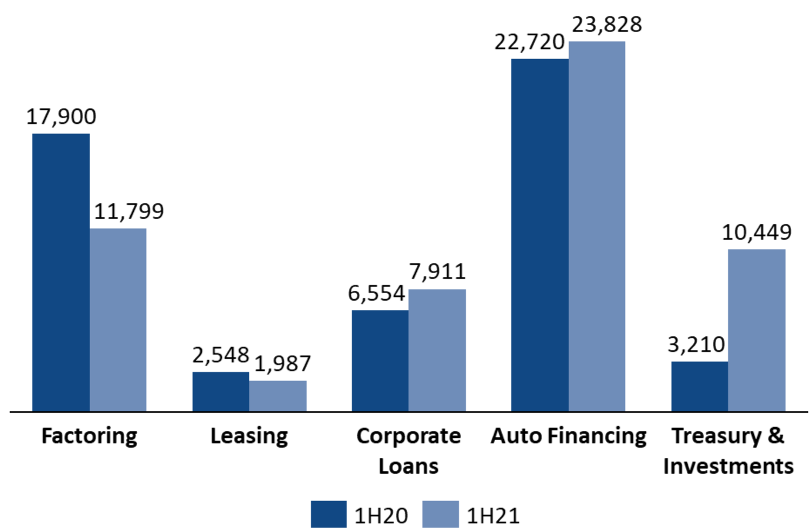


Chart 7: Gross Margin Breakdown by Business Line 1H2021

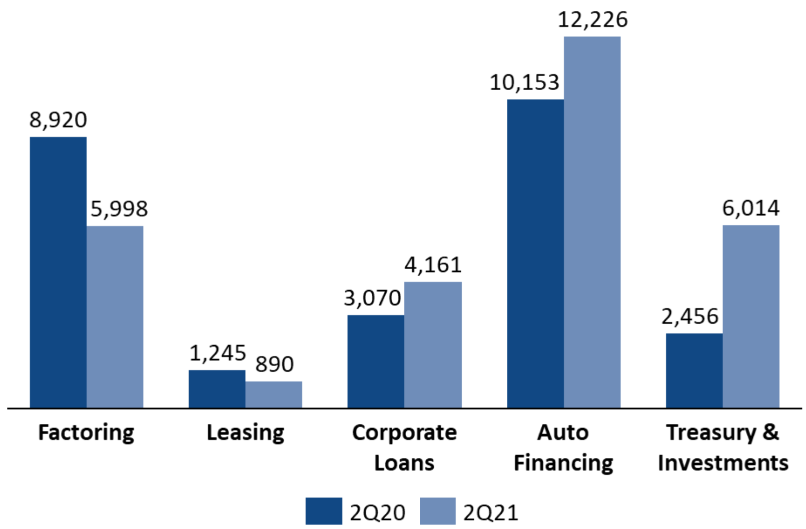


Chart 8: Gross Margin Breakdown by Business Line 2Q2021

The company's consolidated revenue was Ch$90,423 million in 1H21, decreasing 9.2% YoY (↓Ch$9,120 million), and **Ch$45,431 million in 2Q21**, increasing 28.6% YoY (↑Ch$10,102 million), explained by the following revenue:

CORPORATE DIVISION

Tanner Empresas

1H21: Ch$29,648 million (↓Ch$9,557 million / -24.4% YoY).
2Q21: Ch$15,036 million (↓Ch$3,059 million / -18.9% YoY).
Driver**:** Lower revenue from the factoring business which accounts for 51.9% of the division's revenue.

i. FACTORING

1H21: Ch$15,373 million (↓Ch$8,798 million / -36.4% YoY).
2Q21: Ch$7,855 million (↓Ch$3,574 million / -31.3% YoY).
Driver: Lower average price, along with a decrease of the portfolio and lower penal interest due to an improvement of delinquency.

ii. LEASING

1H21: Ch$2,872 million (↓Ch$1,198 million / -29.4% YoY).
2Q21: Ch$1,350 million (↓Ch$517 million / -27.7% YoY).
Driver: Lower income from interest received on account of a lower size of the portfolio and an improvement of delinquency.

iii. CORPORATE LOANS

1H21: Ch$11,403 million (↑Ch$440 million / +4.0% YoY).
2Q21: Ch$5,832 million (↑Ch$582 million / +11.1% YoY).
Driver: Higher fees received due to the increase in loans.

AUTO FINANCING DIVISION

Tanner Automotriz

1H21: Ch$46,339 million (↓Ch$55 million / -0.1% YoY).
2Q21: Ch$23,644 million (↑Ch$1,713 million / +7.8% YoY).
Driver: Lower penal interest because of the low delinquency that was not offset by the higher average portfolio.

TREASURY & INVESTMENTS DIVISION

1H21: Ch$15,443 million (↑Ch$715 million / +4.9% YoY).
2Q21: Ch$7,121 million (↑Ch$11,772 million / +253.1% YoY).
Driver**:** Higher revenue from exchange rate differences, readjustments and the fair value of financial instruments.

Consolidated costs amounted to Ch$34,538 million in 1H21, decreasing Ch$12,072 million (-25.9% YoY), and **Ch$16,141 million in 2Q21**, increasing Ch$6,654 million (+70.1% YoY) explained by the following costs:

CORPORATE DIVISION

Tanner Empresas

1H21: Ch$8,040 million (↓Ch$4,164 million / -34.1% YoY).
2Q21: Ch$3,987 million (↓Ch$1,324 million / -24.9% YoY).
Driver: Lower interest cost due to a lower financing cost of the division and a decrease in the portfolio compared to the previous period.

i. FACTORING

1H21: Ch$3,573 million (↓Ch$2,698 million / -43.0% YoY).
2Q21: Ch$1,857 million (↓Ch$652 million / -26.0% YoY).
Driver: Lower interest cost , due to a decrease in the financing cost of Tanner and the decrease in the average portfolio compared to the previous period.

ii. LEASING

1H21: Ch$974 million (↓Ch$548 million / -36.0% YoY).
2Q21: Ch$460 million (↓Ch$162 million / -26.1% YoY).
Driver: Lower interest cost due to a decrease in the financing cost of Tanner and the decrease in the average portfolio compared to the previous period.

iii. CORPORATE LOANS

1H21: Ch$3,492 million (↓Ch$918 million / -20.8% YoY).
2Q21: Ch$1,670 million (↓Ch$510 million / -23.4% YoY).
Driver: Lower interest cost due to a decrease in the financing cost of Tanner and the decrease in the average portfolio compared to the previous period.

AUTO FINANCING DIVISION

Tanner Automotriz

1H21: Ch$22,511 million (↓Ch$1,162 million / -4.9% YoY).
2Q21: Ch$11,418 million (↓Ch$361 million / -3.1% YoY).
Driver: Lower interest costs due to a decrease in the financing cost of Tanner.

TREASURY & INVESTMENTS DIVISION

1H21: Ch$4,994 million (↓Ch$6,523 million / -56.6% YoY).
2Q21: Ch$1,107 million (↑Ch$8,213 million / +115.6% YoY).
Driver: Lower cost related to liability readjustments.

V. Business Division Portfolio Quality

	Indicator	Definition	Unit	30-06-2021	31-12-2020	30-06-2020
CORPORATE DIVISION	Non-Performing Loans	Non-Performing loans/(Loans + Provisions)	%	8,0%	9,9%	8,9%
		Non-Performing loans/Equity	%	15,5%	20,1%	18,3%
	Provisions	Provisions/(Loans + Provisions)	%	0,9%	1,4%	1,7%
		Provisions/Non-performing loans	%	10,9%	13,9%	18,7%
		Provisions/Non-performing loans >90 days	%	32,9%	67,8%	64,7%
Tanner Empresas	Provisions and Write-offs	Provisions and write-offs/(Loans + Provisions)	%	0,7%	1,5%	1,8%
	Non-Performing Loans over 30 days	Non-performing loans >30 days/(Loans + Provisions)	%	3,0%	5,7%	3,4%
	Non-Performing Loans over 90 days	Non-performing loans >90 days/(Loans + Provisions)	%	2,6%	2,0%	2,6%
		Non-Performing loans >90 days/Equity	%	5,1%	4,1%	5,3%
	Restructured Porfolio	Restructured portfolio/(Loans + Provisions)	%	3,6%	3,5%	4,7%
		Restructured portfolio/Equity	%	6,9%	7,1%	9,8%
	Clients	Number of clients	#	2.709	2.606	3.533
	Expenditure Efficiency	SG&A expenses/Gross margin (*)	%	57,1%	67,6%	48,3%
i. FACTORING	Non-Performing Loans	Non-Performing loans/(Loans + Provisions)	%	5,5%	5,3%	8,9%
		Non-Performing loans/Equity	%	4,9%	5,3%	7,8%
	Provisions	Provisions/(Loans + Provisions)	%	0,3%	0,7%	1,5%
		Provisions/Non-performing loans	%	5,5%	13,3%	17,2%
		Provisions/Non-performing loans >90 days	%	88,7%	90,7%	81,3%
	Provisions and Write-offs	Provisions and write-offs/(Loans + Provisions)	%	0,3%	1,0%	1,6%
	Non-Performing Loans over 30 days	Non-performing loans >30 days/(Loans + Provisions)	%	0,7%	0,9%	2,6%
	Non-Performing Loans over 90 days	Non-performing loans >90 days/(Loans + Provisions)	%	0,3%	0,8%	1,9%
		Non-Performing loans >90 days/Equity	%	0,3%	0,8%	1,6%
	Restructured Porfolio	Restructured portfolio/(Loans + Provisions)	%	0,2%	0,3%	1,1%
		Restructured portfolio/Equity	%	0,2%	0,3%	0,9%
	Clients	Number of clients	#	2.015	1.822	2.649
	Expenditure Efficiency	SG&A expenses/Gross margin (*)	%	56,9%	60,6%	41,7%
ii. LEASING	Non-Performing Loans	Non-Performing loans/(Loans + Provisions)	%	3,4%	4,2%	10,1%
		Non-Performing loans/Equity	%	0,6%	1,0%	2,6%
	Provisions	Provisions/(Loans + Provisions)	%	0,8%	1,2%	1,4%
		Provisions/Non-performing loans	%	24,6%	28,7%	14,3%
		Provisions/Non-performing loans >90 days	%	126,8%	111,0%	38,8%
	Provisions and Write-offs	Provisions and write-offs/(Loans + Provisions)	%	-0,3%	2,5%	1,0%
	Non-Performing Loans over 30 days	Non-performing loans >30 days/(Loans + Provisions)	%	1,3%	2,1%	4,0%
	Non-Performing Loans over 90 days	Non-performing loans >90 days/(Loans + Provisions)	%	0,66%	1,09%	3,7%
		Non-Performing loans >90 days/Equity	%	0,1%	0,2%	1,0%
	Restructured Porfolio	Restructured portfolio/(Loans + Provisions)	%	14,7%	12,8%	19,6%
		Restructured portfolio/Equity	%	2,8%	2,9%	5,1%
	Clients	Number of clients	#	172	217	270
	Expenditure Efficiency	SG&A expenses/Gross margin (*)	%	35,2%	212,9%	35,2%
iii. CORPORATE LOANS	Non-Performing Loans	Non-Performing loans/(Loans + Provisions)	%	11,5%	17,2%	8,5%
		Non-Performing loans/Equity	%	9,9%	13,9%	7,9%
	Provisions	Provisions/(Loans + Provisions)	%	1,5%	2,2%	1,8%
		Provisions/Non-performing loans	%	12,6%	13,1%	21,6%
		Provisions/Non-performing loans >90 days	%	25,3%	17,7%	47,9%
	Provisions and Write-offs	Provisions and write-offs/(Loans + Provisions)	%	1,3%	1,9%	2,3%
	Non-Performing Loans over 30 days	Non-performing loans >30 days/(Loans + Provisions)	%	5,7%	12,7%	3,8%
	Non-Performing Loans over 90 days	Non-performing loans >90 days/(Loans + Provisions)	%	5,4%	3,8%	2,9%
		Non-Performing loans >90 days/Equity	%	4,7%	3,1%	2,7%
	Restructured Porfolio	Restructured portfolio/(Loans + Provisions)	%	4,6%	4,8%	3,9%
		Restructured portfolio/Equity	%	3,9%	3,9%	3,7%
	Clients	Number of clients	#	522	567	614
	Expenditure Efficiency	SG&A expenses/Gross margin (*)	%	63,7%	69,7%	94,3%
AUTO FINANCING DIVISION	Non-Performing Loans	Non-Performing loans/(Loans + Provisions)	%	10,3%	12,6%	18,6%
		Non-Performing loans/Equity	%	16,7%	19,1%	28,3%
	Provisions	Provisions/(Loans + Provisions)	%	2,32%	2,90%	4,6%
		Provisions/Non-performing loans	%	22,4%	23,0%	24,8%
		Provisions/Non-performing loans >90 days	%	105,0%	104,0%	84,8%
Tanner Automotriz	Provisions and Write-offs	Provisions and write-offs/(Loans + Provisions)	%	2,4%	3,2%	5,4%
	Non-Performing Loans over 30 days	Non-performing loans >30 days/(Loans + Provisions)	%	4,9%	6,0%	11,7%
	Non-Performing Loans over 90 days	Non-performing loans >90 days/(Loans + Provisions)	%	2,2%	2,8%	5,4%
		Non-Performing loans >90 days/Equity	%	3,6%	4,2%	8,3%
	Restructured Porfolio	Restructured portfolio/(Loans + Provisions)	%	2,7%	3,3%	3,5%
		Restructured portfolio/Equity	%	4,3%	5,0%	5,4%
	Clients	Number of clients	#	81.659	79.240	75.661
	Expenditure Efficiency	SG&A expenses/Gross margin (*)	%	56,1%	74,7%	94,7%
TREASURY & INVESTMENTS DIVISION	Non-Performing Loans	Non-Performing loans/(Loans + Provisions)	%	0,3%	24,0%	0,9%
		Non-Performing loans/Equity	%	0,0%	1,5%	6,6%
	Provisions	Provisions/(Loans + Provisions)	%	0,0%	0,1%	0,1%
		Provisions/Non-performing loans	%	6,6%	0,5%	11,6%
		Provisions/Non-performing loans >90 days	%	12,4%	51,3%	20,9%
	Provisions and Write-offs	Provisions and write-offs/(Loans + Provisions)	%	0,2%	0,1%	0,2%
	Non-Performing Loans over 30 days	Non-performing loans >30 days/(Loans + Provisions)	%	0,2%	0,3%	0,8%
	Non-Performing Loans over 90 days	Non-performing loans >90 days/(Loans + Provisions)	%	0,2%	0,2%	0,5%
		Non-Performing loans >90 days/Equity	%	0,0%	0,0%	0,0%
	Restructured Porfolio	Restructured portfolio/(Loans + Provisions)	%	2,3%	4,1%	5,2%
		Restructured portfolio/Equity	%	0,2%	0,3%	0,3%
	Clients	Number of clients	#	1.727	1.721	1.725

(*) Gross margin considers impairment .

Table 4: Business Division Main Indicators

CORPORATE DIVISION

The portfolio quality improved regarding NPLs > 30 days and remained at good levels for NPLs > 90 days.

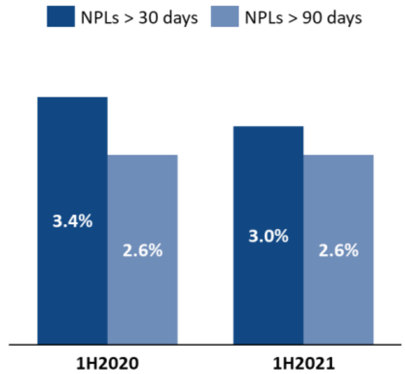


Chart 9: NPLs – Corporate Division

i. FACTORING

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

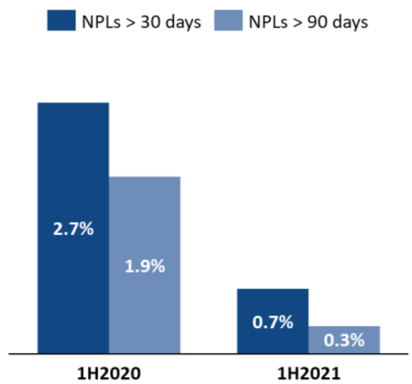


Chart 10: NPLs – Factoring Business

ii. LEASING

The portfolio quality indicators improved YoY, especially in terms of NPLs > 30 days and NPLs > 90 days.

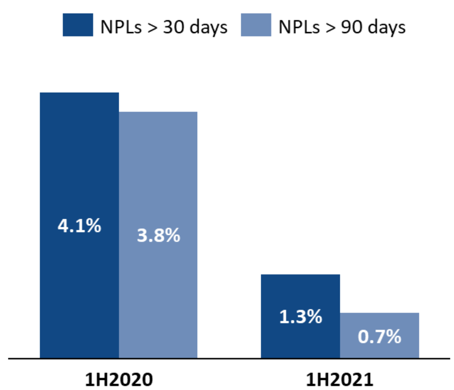


Chart 11: NPLs – Leasing Business

iii. CORPORATE LOANS

The portfolio quality indicators deteriorated YoY for NPLs > 30 days and NPLs > 90 days, however mainly for loans with real collateral.

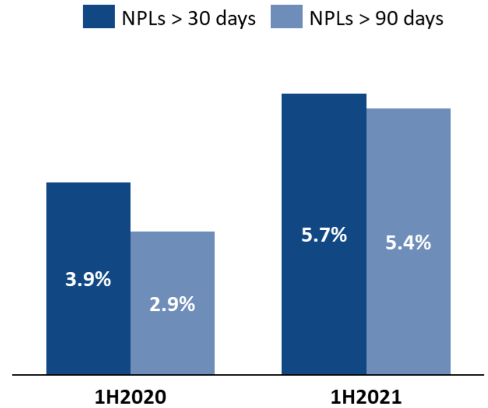


Chart 12: NPLs – Corporate Loan Business

AUTO FINANCING DIVISION

Both NPLs > 30 days and NPLs > 90 days improved YoY, due to a better composition of the portfolio.

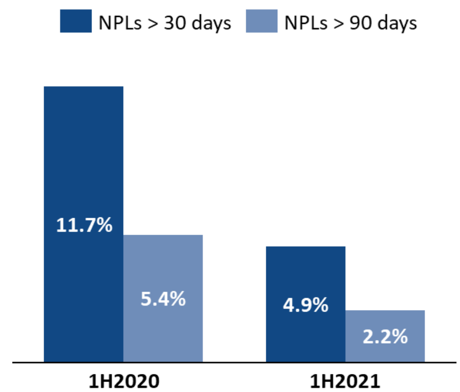


Chart 13: NPLs – Auto Financing Division

TREASURY & INVESTMENTS DIVISION

The portfolio quality remained favourable, despite higher NPLs > 90 days.

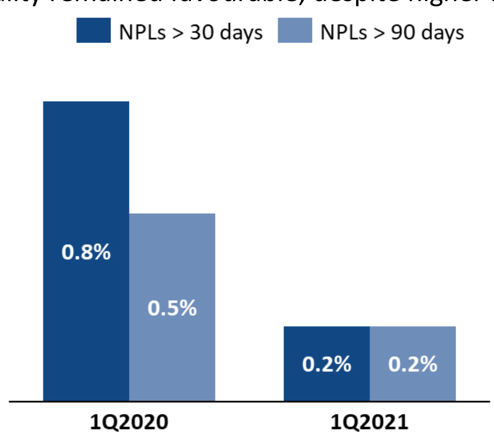


Chart 14: NPLs – Treasury & Investments Division

VI. Balance Sheet

Assets (Ch$ million)	30/06/2021	31/12/2020	Δ Ch$	Δ %
Current Assets				
Cash and cash equivalents	127,092	120,080	7,012	5.8%
Other current financial assets	148,804	79,934	68,870	86.2%
Other current non-financial assets	2,448	3,058	(610)	-19.9%
Trade receivables and other current accounts receivable	783,369	733,205	50,164	6.8%
Accounts receivable from related parties	4,867	4,902	(35)	-0.7%
Current tax assets	8,375	6,645	1,730	26.0%
Non-current assets or asset groups for disposal classified as held-for-sale	12,238	4,798	7,440	155.1%
Total Current Assets	**1,087,193**	**952,623**	**134,570**	**14.1%**
Non-Current Assets				
Other non-current financial assets	68,353	55,033	13,320	24.2%
Other non-current non-financial assets	6,410	5,181	1,228	23.7%
Trade receivables and other non-current accounts receivable	416,880	391,805	25,075	6.4%
Non-current accounts receivable from related parties	202	34	168	497.9%
Intangible assets other than goodwill	5,560	6,637	(1,078)	-16.2%
Goodwill	1,640	1,640	-	0.0%
Property, plant and equipment	9,726	10,308	(581)	-5.6%
Property Investments	-	11,318	(11,318)	-100.0%
Deferred tax assets	29,440	31,218	(1,778)	-5.7%
Total Non-Current Assets	**538,211**	**513,174**	**25,037**	**4.9%**
Total Assets	**1,625,404**	**1,465,796**	**159,607**	**10.9%**

Liabilities (Ch$ million)	30/06/2021	31/12/2020	Δ Ch$	Δ %
Current Liabilities				
Other current financial liabilities	632,026	516,389	115,637	22.4%
Trade payables and other current accounts payable	133,136	116,449	16,688	14.3%
Other short-term provisions	-	508	(508)	-100.0%
Current provisions for employee benefits	830	3,262	(2,432)	-74.6%
Current tax liabilities	3,178	950	2,228	234.4%
Other current non-financial liabilities	-	-	-	-
Total Current Liabilities	**769,170**	**637,558**	**131,612**	**20.6%**
Non-Current Liabilities				
Other non-current financial liabilities	520,939	510,195	10,744	2.1%
Deferred tax liability	10	-	10	
Non-current provisions for employee benefits	341	300	42	13.9%
Total Non-Current Liabilities	**521,290**	**510,495**	**10,795**	**2.1%**
Total Liabilities	**1,290,461**	**1,148,053**	**142,408**	**12.4%**
Equity	334,943	317,743	17,200	5.4%
Total Equity and Liabilities	**1,625,404**	**1,465,796**	**159,608**	**10.9%**

Table 5: Consolidated Balance Sheet

a. Net Loan Portfolio[4]

The total gross loan portfolio in 2Q21 was Ch$1,218,435 million (↑Ch$70,619 million / +6.2% YTD) versus Ch$1,147,816 million in December 2020, while provisions were Ch$18,187 million, decreasing Ch$4,620 million (-20.3% YTD). Hence, **the total net loan portfolio amounted to Ch$1,200,248 million**, an increase of Ch$75,239 million (6.7% YTD) on the Ch$1,125,010 million at December 2020.

Net loan portfolio in 2Q2021:

1. **Corporate Division: Ch$644,139 million** | +1.3% YTD | ↑Ch$8,137 million.
    a. **Factoring: Ch$296,715 million** | -5.6% YTD | ↓Ch$17,705 million.
    b. **Leasing: Ch$63,276 million** | -11.2% YTD | ↓Ch$7,982 million.
    c. **Corporate Loans: Ch$284,146 million** | +13.5% YTD | ↑Ch$33,824 million.
2. **Auto Financing Division: Ch$529,769 million** | +13.6% YTD | ↑Ch$63,249 million.
3. **Treasury and Investments Division: Ch$24,290 million** | +20.2% YTD | ↑Ch$4,089 million.

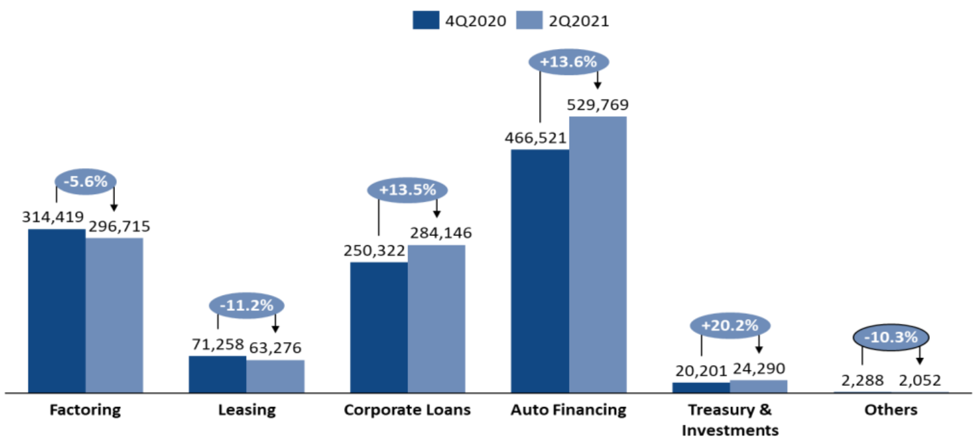


Chart 15: Net Loan Portfolio Breakdown by Line of Business

The portfolio has shifted to a greater concentration on the company's strategic businesses, such as factoring and auto financing. At the close of 2Q21, these accounted for 24.7% and 44.1% of the net loan portfolio, respectively.

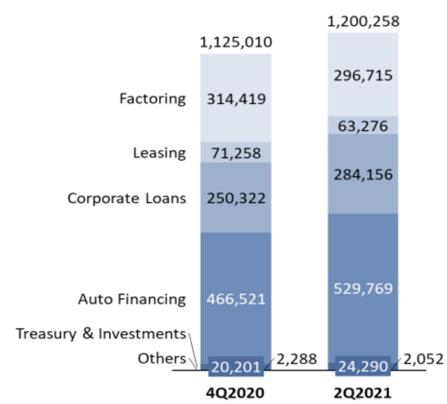


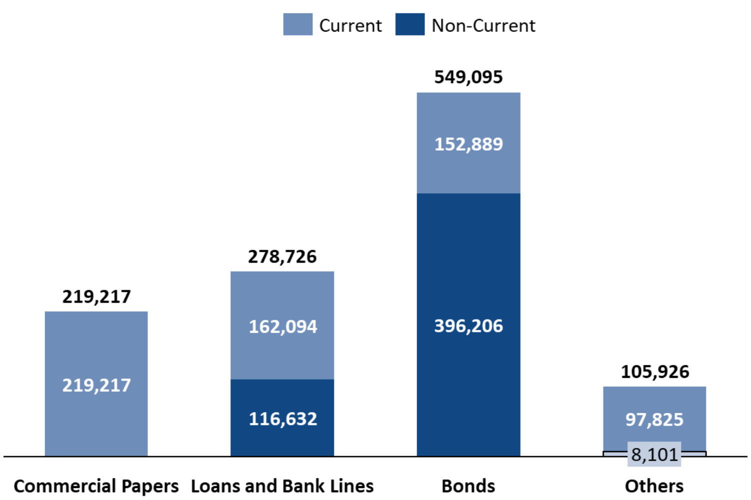
Chart 16: Net Loan Portfolio Breakdown

[4] Gross loans minus provisions.

b. Funding Sources

The company's financial liabilities in 2Q21 were Ch$1,152,965 million compared with Ch$1,026,584 million in December 2020 (↑Ch$126,380 million / +12.3% YTD), due to higher commercial papers (↑Ch$48,677 million / +28.5% YTD) for local loans charged to the 126, 107 and 117 commercial paper lines, bond-related obligations (↑Ch$30,530 million / +5.9% YTD) and mainly due to a UF2 million issuance in the domestic market, other financial liabilities (↑Ch$35,712 million / +52.6% YTD), Chilean and international banks and financial institutions (↑Ch$15,504 million / +5.9% YTD), and other financial liabilities (↑Ch$31,669 million / +42.6% YTD) that were mainly repos and forwards.

In terms of the liability structure, 47.6% (Ch$549,095 million) corresponded to local and international bonds, 24.2% (Ch$278,726 million) to bank loans and credit lines, and 19.0% (Ch$219,218 million) to commercial papers. The remaining Ch$105,926 million (9.2%) was related to other financial obligations of repos and forwards.



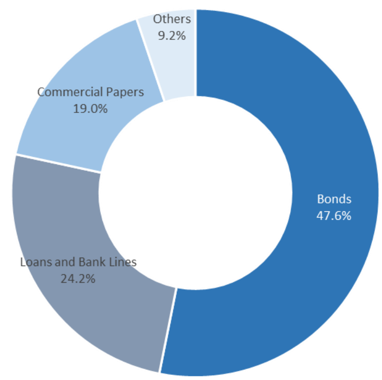


Chart 17: Breakdown of Funding Sources

VII. Cash Flow Statement

Ch$ million	30-06-2021	30-06-2020	Δ Ch$
Cash flow from operating activities	(44,790)	215,153	(259,943)
Cash flow from investing activities	(71,971)	(25,703)	(46,268)
Cash flow from financing activities	124,015	(140,023)	264,038
Effect of changes in exchange rates	(242)	531	(773)
Cash flow in the period	7,012	49,959	(42,947)
Cash and cash equivalents, initial balance	120,080	53,660	66,420
Cash and cash equivalents, final balance	127,092	103,619	23,473

Table 6: Cash Flow Statement

In 1H21, the cash flow from **operating activities was -Ch$44,790 million** against Ch$215,198 million YoY, because payments to suppliers for goods and services increased by Ch$164,037 million, arising from an increase in the volume of loans, mainly in the Auto Financing Division.

The cash flow from **investing activities amounted to -Ch$71,971 million**, dropping Ch$46,268 million on the -Ch$25,703 million at the close of the first half of 2020, mainly due to a -Ch$240,248 million difference regarding other charges for sales of equity or debt instruments of other entities, as a result of lower redemptions of financial instruments during the period.

The cash flow from **financing activities amounted to Ch$124,015 million** against -Ch$140,023 million YoY, mainly because of a higher net flow related to borrowings made as a result of higher financial liabilities.

Finally, **cash and cash equivalents in 1H21 were Ch$127,092 million,** increasing Ch$23,473 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 of 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 loss 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 this is generally one of the partners of the borrower company.

AUTO FINANCING

Auto financing is guaranteed by the assets related to the financing and there are two types of guarantees in this case: real (vehicle pledges) and personal (sureties and joint and several guarantees). Moreover, most of the operations have debtor life insurance, which pays the outstanding balance of the debt if the debtor dies.

TREASURY & INVESTMENTS

Furthermore, the receivables of the Treasury and Investments segment mainly correspond to the subsidiary Tanner Corredores de Bolsa S.A. and are classified on its individual balance sheet as brokerage receivables. The provisions associated with these kinds of receivables are determined in accordance with an expected loss model pursuant to 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 accounting standard, Tanner Servicios Financieros S.A. has implemented impairment models according to IFRS 9 , and one of the main aspects 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 and 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 of delinquency.

LEASING

Provision calculations for the leasing business 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 of delinquency, except for real estate and vendor leasing which are 901 days of delinquency.

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 of delinquency, except for a mortgage that has been put up as collateral which Is 901 days of delinquency.

AUTO FINANCING

Provision calculations for the auto financing business consider segmentation by sales channel and a performance score. Sales channel segmentation is as follows: (i) first options, (ii) dealers and direct, (iii) renegotiated and (iv) Credinissan.

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 of delinquency.

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 of delinquency.

Business Line	30.06.2021			
	Gross Portfolio Ch$ million	Provisions Ch$ million	Net Portfolio Ch$million	Risk Ratio
Factoring	297,614	(899)	296,715	0.30%
Leasing	63,810	(534)	63,276	0.84%
Corporate Loans	288,330	(4,184)	284,146	1.45%
Auto Financing	542,335	(12,565)	529,769	2.32%
Treasury & Investments	24,294	(5)	24,290	0.02%
Sundry receivables	2,052	-	2,052	0.00%
Total	**1,218,435**	**(18,187)**	**1,200,248**	**1.49%**

Business Line	31.12.2020			
	Gross Portfolio Ch$ million	Provisions Ch$ million	Net Portfolio Ch$million	Risk Ratio
Factoring	316,661	(2,242)	314,419	0.71%
Leasing	72,129	(871)	71,258	1.21%
Corporate Loans	256,069	(5,747)	250,322	2.24%
Auto Financing	480,440	(13,920)	466,520	2.90%
Treasury & Investments	20,226	(26)	20,201	0.13%
Sundry receivables	2,288	-	2,288	0.00%
Total	**1,147,816**	**(22,807)**	**1,125,010**	**1.99%**

Table 7: Loan Portfolio, Provisions and Risk Ratio

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 all cases of renegotiation, there is always the express consent of the debtor. In the case of customer insolvency, there is also the option of returning the good in applicable cases.

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. Based on the amount of the operations, there are attribution limits to approve each operation. This might include the actual payment of a percentage of the debt and eventually the constitution of real guarantees.

For corporate loan and leasing operations, a suitable renegotiation aims to improve the creditor position of Tanner in terms of guarantees, commitment of prior partial payment and term, along with analysing and validating the payment capacity of the renegotiation and structuring payments in line with this. As a general rule, the customer must at least pay the unpaid interest to approve a new payment structure.

For auto loans and leasing operations there is a policy to renegotiate cases of customers who are in arrears. All renegotiation requests are reviewed and approved by the Risk Area and must in general meet the following conditions: (a) the client must have at least 25% of the instalments paid, (b) it must pay an amount depending on the progress of the credit in the operation, and (c) it must prove a source of income. As a general rule, auto financing products are limited to one renegotiation.

For the purposes of estimating impairment and calculating provisions, each risk profile of the renegotiated segment incorporates a "Probability of Default" for the entire life of the loans, and these are higher compared to the other segments associated with each product. The company, adopting a conservative provision estimate policy, has decided not to incorporate a credit cure process. This means that in the period the loan remains in the renegotiated segment, even though there has been an improvement of the impairment estimate.

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

Business Line	30.06.2021				
	Total Portfolio	Renegotiation	Provisions	Renegotitation by product	Renegotiation by total portfolio
	Ch$ million	Ch$ million	Ch$ million	%	%
Factoring	297,614	616	(899)	0.21%	0.05%
Corporate Loans	288,330	13,120	(4,184)	4.55%	1.08%
Auto Financing	542,335	14,378	(12,565)	2.65%	1.18%
Leasing (*)	63,810	9,409	(534)	14.75%	0.77%
Treasury & Investments	24,294	561	(5)	2.31%	-
Other Receivables	2,052	-	-	0.00%	-
Total	1,218,435	38,084	(18,187)		3.13%

Business Line	31.12.2020				
	Total Portfolio	Renegotiation	Provisions	Renegotitation by product	Renegotiation by total portfolio
	Ch$ million	Ch$ million	Ch$ million	%	%
Factoring	316,661	1,009	(2,242)	0.32%	0.09%
Corporate Loans	256,070	12,382	(5,747)	4.84%	1.08%
Auto Financing	480,441	15,881	(13,919)	3.31%	1.38%
Leasing (*)	72,129	9,244	(871)	12.82%	0.81%
Treasury & Investments	20,227	831	(26)	4.11%	0.06%
Other Receivables	2,288	-	-	-	-
Total	1,147,816	39,348	(22,807)		3.42%

**These are mainly mortgage-secured operations.*

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 system 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 its operating activities (collection). The company had Ch$127,092 million of consolidated cash on hand in 1H21 against Ch$120,080 million as of 31 December 2020.

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

c. *Market Risk*

Market risk is construed as the exposure to changes in market variables, such as price, interest rates, currencies, indexation, among others, which affect the value of the company's financial operations.

The company had a mismatch of readjustable operations in UF, so that a 1% decrease in inflation generated a loss of Ch$1,190 million in 1H21(Ch$1,058 million at 31 December, 2020).

In turn, the company had a mismatch of currency operations, so that a 1% decrease in the USD-CLP parity caused a loss of Ch$28 million in 1H21 and a gain of Ch$13 million as of 31 December 2020.

On the other hand, the company had a portfolio of fixed-income instruments of the domestic and international markets amounting to Ch$153,535 million (Ch$73,455 million as of 31 December 2020), with sensitivity measured by the dollar value of one basis point (DV01[5]) of Ch$33 million (Ch$20 million as of 31 December 2020) which, according to the historical Value at Risk (VaR[6]) methodology of the risk-free rate at 1 day with a confidence level of 99%, generated interest rate risk exposure of Ch$234 million in 1H21 (Ch$307 million as of 31 December 2020).

[5] DV01 is the market value x the modified duration x 1 basis point.

[6] VaR is the maximum expected loss considering a history timeline of 1 year with a confidence level of 99%.

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

Interest rate delta (basis points)	25	50	75	100	125	150	175	200
Net portfolio change due to a cut in interest rates	0.54%	1.09%	1.63%	2.17%	2.72%	3.26%	3.80%	4.34%
Net portfolio change due to a hike in interest rates	-0.54%	-1.09%	-1.63%	-2.17%	-2.72%	-3.26%	-3.80%	-4.34%

Table 9: Sensitivity to Interest Rate Variations

The company has a portfolio of derivative instruments 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 profit and loss, and (ii) hedging derivatives, which cover 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 profit and loss.

Exposure	30-06-2021							
	Trading Derivatives				Hedging Derivatives			
	UF´000	CLP´000	US$´000	CHF´000	UF´000	CLP´000	US$´000	CHF´000
Up to 1 year	-	(171,360,370)	177,735,408	195,664	108,460,357	(160,300,791)	(39,329,111)	100,586,325
1 to 3 years	-	-	-	-	123,074,672	(128,226,572)	(136,920,782)	160,116,581
More than 3 years	-	-	-	-	-	-	(359,663)	-
Total	**-**	**(171,360,370)**	**177,735,408**	**195,664**	**231,535,030**	**(288,527,365)**	**(176,609,555)**	**260,702,906**

Sens. +1bps	30-06-2021							
	Trading Derivatives				Hedging Derivatives			
	UF´000	CLP´000	US$´000	CHF´000	UF´000	CLP´000	US$´000	CHF´000
Up to 1 year	-	879	(917)	-	(4,957)	6,186	2,702	(4,388)
1 to 3 years	-	-	-	-	(31,668)	29,708	18,864	(22,208)
More than 3 years	-	-	-	-	-	-	(135)	-
Total	**-**	**879**	**(917)**	**-**	**(36,625)**	**35,893**	**21,432**	**(26,596)**

Table 10: Exposure and Sensitivity by Currency

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 (both segments are the customer base 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 the company's 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 for decision-making.

- 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 as of the second quarter of 2021.