Tanner

Quarterly Earnings Report

September 2021

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I. Executive Summary

- **ROAE[*]:**

  9M21: 12.0% / 9M20: 8.4%

- **ROAA[**]:**

  9M21: 2.5% / 9M20: 1.8%

- **Equity:**

  9M21: Ch$342,019 million / Δ+: 7.6% YTD

- **Net Profit:**

  3Q21: Ch$10,525 million / 3Q20: Ch$8,377 million
  Δ+: 25.6% YoY
  9M21: Ch$30,951 million / 9M20: Ch$18,830 million
  Δ+: 64.4% YoY

- **Net Loan Portfolio:**

  9M21: Ch$1,330,013 million / Δ+: 18.2% YTD

- **NPLs > 90 Days:**

  9M21: 1.9% / 12M20: 2.3%

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

Profit after tax in 9M2021 surged 64.4% YoY to Ch$30,951 million, in line with an operating income increase of 54.1% YoY. In addition, in 3Q21 it increased 25.6% to Ch$10,525 million, in keeping with operating income climbing 13.0% YoY in the third quarter.

The net loan portfolio was Ch$1,330,013 million, **increasing Ch$205,003 million (+18.2% YTD)**, due to an increase in the **auto financing division, with net loans of Ch$581,836 million, up on those at year-end 2020** (↑Ch$115,315 million / +24.7% YTD). The **corporate division posted net loans of Ch$722,071 million** (↑Ch$86,071 million / +13.5% YTD), driven by an increase in corporate loans (↑Ch$60,737 million / +24.3% YTD) amounting to Ch$311,059 million and in factoring (↑Ch$32,245 million / +10.3% YTD) amounting to Ch$346,665 million. This was offset by lower net loans of leasing, which at the close of the first nine months of the year amounted to Ch$64,348 million (↓Ch$6,911 million / -9.7 % YTD).

There was lower risk compared to the close of 2020, leading to non-performing loans (NPLs) over 90 days decreasing 37 bps to 1.9% (12M20: 2.3%). Likewise, NPLs over 30 days dropped 220 basis points to 3.5% (12M20: 5.7%). That was mainly driven by the auto financing division, with a large improvement of 105 basis points of NPLs over 90 days of 1.7% (12M20: 2.8%). The corporate division performance declined a little, with NPLs over 90 days increasing 15 basis points to 2.2% (12M20: 2.0%), due to greater loan delinquency of 82 basis points (12M20: 3.8% vs. 9M21: 4.6%), which was not offset by the improvements in factoring of 50 basis points (12M20: 0.8% vs. 9M21: 0.3%) and in leasing of 82 basis points (12M20: 1.1% vs. 9M21: 0.3%).

The liquidity index at the close of 3Q21 was 1.44 times, below the level at the close of 2020 (1.49x), while **ready cash amounted to Ch$69,075 million** versus Ch$120,080 million at the end of the previous year. On the other hand, the company's **leverage ratio was 4.07 times** (December 2020: 3.61x).

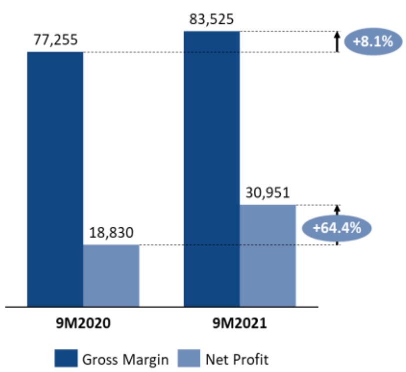
II. Consolidated Income Analysis

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 30-09-2021	01-01-2020 30-09-2020	Δ Ch$	Δ %	01-07-2021 30-09-2021	01-07-2020 30-09-2020	Δ Ch$	Δ %
Revenue	137,801	136,649	1,152	0.8%	47,378	37,106	10,272	27.7%
Sales cost	(54,276)	(59,394)	5,118	-8.6%	(19,738)	(12,784)	(6,954)	54.4%
Gross margin	83,525	77,255	6,270	8.1%	27,640	24,323	3,318	13.6%
Impairment losses	(8,364)	(19,000)	10,636	-56.0%	(2,188)	(2,434)	246	-10.1%
Administrative expenses	(38,793)	(34,815)	(3,978)	11.4%	(12,827)	(10,733)	(2,094)	19.5%
Other profits (losses)	(501)	(159)	(342)	216%	(202)	(163)	(39)	24%
Operating margin	35,868	23,282	12,586	54.1%	12,423	10,992	1,430	13.0%
Finance income	-	2	(2)	-100.0%	-	-	-	-
Finance costs	(277)	(358)	81	-22.5%	(97)	(85)	(12)	14.7%
Foreign exchange differences	382	36	345	952.0%	397	(35)	432	-1220.9%
Gain from indexation units	68	89	(21)	-23.9%	35	0	35	51,576.1%
Profit (loss) before tax	36,040	23,052	12,988	56.3%	12,757	10,873	1,885	17.3%
Income tax (expense) revenue	(5,089)	(4,222)	(867)	20.5%	(2,232)	(2,496)	264	-10.6%
Profit (loss)	30,951	18,830	12,121	64.4%	10,525	8,377	2,148	25.6%
Profit (loss) attributable to owners of the parent	30,887	18,708	12,179	65.1%	10,532	8,150	2,381	29.2%
Profit (loss) attributable to non-controlling interests	64	122	(58)	-47.6%	(6)	227	(233)	-102.8%

Table 1: Consolidated Income Statement

The company's **net profit in the first nine months of 2021 increased 64.4% YoY** (↑Ch$12,121 million) to Ch$30,951 million against Ch$18,830 million in 2020, while in the **third quarter profit increased 25.6% YoY** (↑Ch$2,148 million). **The gross margin in 9M21 was Ch$83,525 million** (↑Ch$6,270 million / +8.1%) and in **3Q21 it was Ch$27,640 million** (↑Ch$3,318 million / +13.6% YoY).



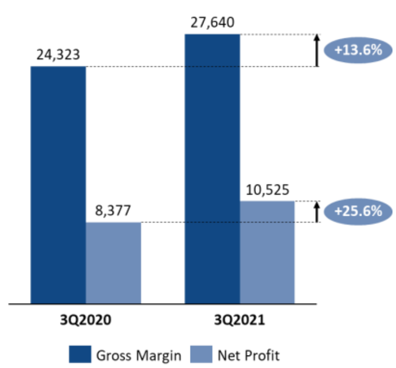


Chart 1: Consolidated Net Profit and Gross Margin

Consolidated revenue amounted to Ch$137,801 million in 9M21, increasing 0.8% YoY (↑Ch$1,152 million)**, and increasing 27.7% YoY to Ch$47,378 million in 3Q21,** in line with higher: (i) income from fees (9M21: ↑Ch$3,381 million / +69.5% YoY and 3Q21: ↑Ch$2,073 million / +137.8% YoY), (ii) income from indexation (9M21: ↑Ch$4,824 million / +188.4% YoY and 3Q21: ↑Ch$2,395 million / +2,762.2% YoY), (iii) income from foreign exchange differences (9M21: ↑Ch$5,237 million / +1,281.6% YoY and 3Q21: ↑Ch$2,345 million / +391.2% YoY) and (iv) income from fair value (9M21: ↑Ch$1,049 million / +1,164.4% YoY and 3Q21: ↑Ch$3,663 million / +73.2%). These were offset by lower (i) income from price differences (9M21: ↓Ch$5,692 million / -23.4% YoY and 3Q21: ↑Ch$475 million / +7.9% YoY), (ii) income from interest (9M21: ↓Ch$6,160 million / -7.4% YoY and 3Q21: ↑Ch$5,577 million / +26.6% YoY) and (iii) other income (9M21: ↓Ch$1,486 million / -7.0% YoY and 3Q21: ↓Ch$1,339 million / -16.8% YoY).

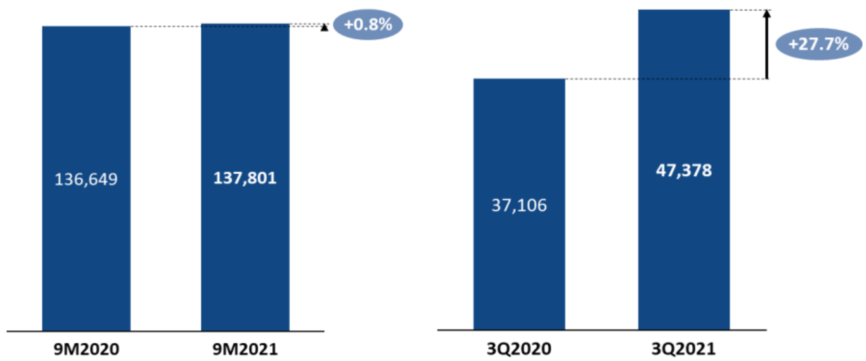


Chart 2: Consolidated Revenue

The consolidated cost of sales in 9M21 was Ch$54,276 million (↓Ch$5,118 million / -8.6% YoY) **and Ch$19,738 million in 3Q21** (↑Ch$6,954 million / +54.4% YoY), mainly due to decreases in: (i) interest expenses (9M21: ↓Ch$3,110 million / -10.9% YoY and 3Q21: ↑Ch$991 million / +13.2% YoY), (ii) other costs (9M21: ↓Ch$3,681 million / -34.5% YoY and 3Q21: ↓Ch$2,060 million / -51.2% YoY) and (iii) fee expenses (9M21: ↓Ch$97 million / -0.5% YoY and 3Q21: ↑Ch$63 million / +1.0% YoY) . These were offset by higher (i) exchange rate differences (9M21: ↑Ch$1,336 million / +352.3% YoY and 3Q21: ↑Ch$2,394 million / 1,105.9% YoY) and (ii) readjustment expenses (9M21: ↑Ch$433 million / +39.6% YoY and 3Q21: ↑Ch$806 million / 1,691.4% YoY).

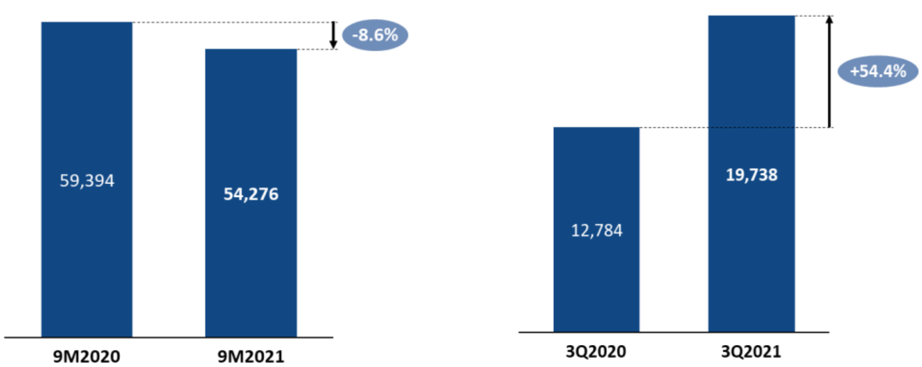


Chart 3: Sales Cost

SG&A expenses (including depreciation) were Ch$38,793 million in 9M21, increasing 11.4% YoY, **and Ch$12,827 million in 3Q21,** increasing 19.5% YoY, mainly due to higher employee remuneration expenses. Moreover, the labour expense, which accounts for 68% of the SG&A expenses, amounted to Ch$26,457 million in 9M21 (+18.1% YoY) and Ch$8,962 million in 3Q21 (+33.7% YoY), mainly on account of a higher remuneration expense. General administrative expenses decreased 0.7% YoY in 9M21, amounting to Ch$12,336 million, and 4.0% YoY in 3Q21, amounting to Ch$3,865 million.

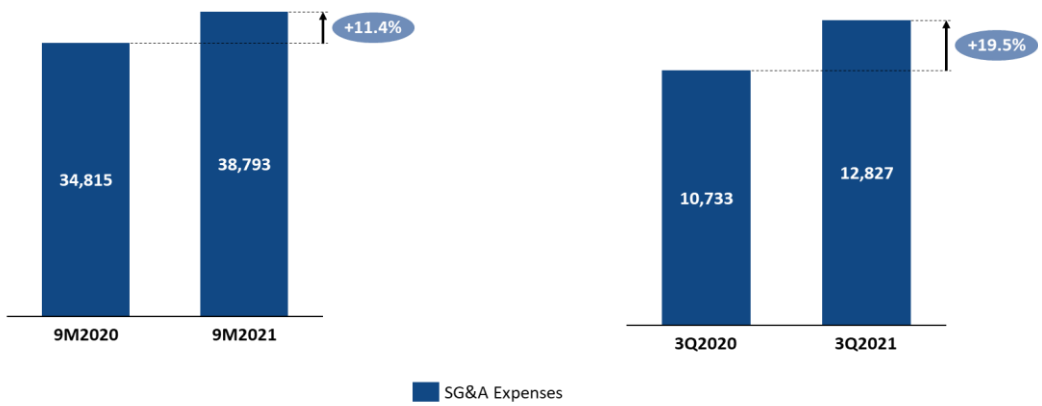


Chart 4: SG&A Expenses

III. Main Indicators

	Indicator	Definition	Unit	30-09-2021	31-12-2020
Liquidity and Solvency	Liquidity Ratio	*Current Assets/Current Liabilities*	*times*	1.44	1.49
	Short-Term Leverage Ratio	*Current liabilities/Equity*	*times*	2.33	2.01
	Immediate Liquidity	*Cash and cash equivalent/Current Liabilities*	*times*	0.09	0.19
	Stable Funding Ratio	*(Non-current liabilities + Equity)/(Current assets)*	*times*	0.82	0.87
	Leverage Ratio	*Total liabilities/Equity*	*times*	4.07	3.61
	Capitalization	*Equity/Assets*	*%*	19.7%	21.7%
	Total Leverage ratio	*Liabilities/Assets*	*times*	0.8	0.8
	Short Term Debt Ratio	*Total current liabilities/Total liabilities*	*%*	57.2%	55.5%
	Long Term Debt Ratio	*Total non-current liabilities/Total liabilities*	*%*	42.8%	44.5%
	Short Term Bank Debt	*Current bank liabilities/Current liabilities*	*%*	28.9%	20.9%
	Long Term Bank Debt	*Non-current bank liabilities/Non-current liabilities*	*%*	22.5%	25.4%
	Working Capital	*Current assets - Current liabilities*	*MCh$*	351,180	315,064
Asset Quality	Non-Performing Loans over 30 days	*Non-performing loans >30 days/(Loans + Provisions)*	*%*	3.5%	5.7%
	Non-Performing Loans over 90 days	*Non-performing loans >90 days/(Loans + Provisions)*	*%*	1.9%	2.3%
		Non-Performing loans >90 days/Equity	*%*	7.7%	8.3%
	Non-Performing Loans	*Non-Performing loans/(Loans + Provisions)*	*%*	7.7%	10.9%
		Non-Performing loans/Equity	*%*	30.2%	39.2%
	Provisions	*Provisions/(Loans + Provisions)*	*%*	1.3%	2.0%
		Provisions/Non-performing loans	*%*	17.0%	18.3%
		Provisions/Non-performing loans >90 days	*%*	70.8%	89.1%
	Write-offs	*Write-offs/(Loans + Provisions)*	*%*	1.8%	2.7%
	Provisions and Write-offs	*Annualised provisions and write-offs/(Loans + Provisions)*	*%*	1.3%	2.2%
	Restructured Porfolio	*Restructured portfolio/(Loans + Provisions)*	*%*	2.4%	3.4%

Table 2: Main Balance Sheet Indicators

	Indicator	Definition	Unit	30-09-2021	30-09-2020
Profitability	Return on Average Equity	*Annualized profit/ Average Equity*	*%*	12.0%	8.4%
	Return on Average Assets	*Annualized profit/ Average Assets*	*%*	2.5%	1.80%
	Gross Margin	*Gross profit/Current Revenue*	*%*	54.5%	42.6%
	Operating Margin	*Operating Margin/Revenue from ordinary activities*	*%*	26.0%	17.0%
	Net Income Margin	*Net income/Current Revenue*	*%*	22.5%	13.8%
	Earnings Per Share (EPS)	*Net income/number of shares*	*$*	25,534	15,535
	Expenditure Efficiency	*SG&A Expenses/Gross Margin (*)*	*%*	51.6%	60.5%

(*) Gross margin considers impairment.

Table 3: Main Profitability Indicators

As of 30 September 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$245,053 million (+21.3% YTD) compared to those at December 2020 and amounted to Ch$1,393,106 million, while assets rose 18.4% (↑Ch$269,329 million) in 3Q21 to Ch$1,735,125 million. Equity increased Ch$24,276 million (+7.6% YTD) amounting to Ch$342,019 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.

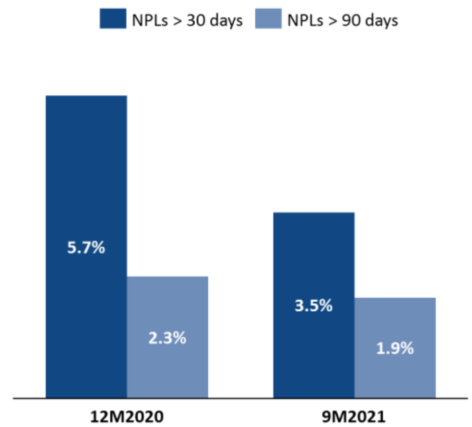


Chart 5: Consolidated NPLs

IV. Business Division Results

Tanner is organised into three divisions: Corporate[1], Auto Financing[2] and Treasury & Investments[3]. The results of these three divisions, which accounted for 41.6%, 44.5% and 13.9% of the consolidated gross margin in 9M21, respectively, and 47.7%, 48.3% and 4.1% in 3Q21, are shown below.

Business Division		01.01.2021 to 30.09.2021 Ch$ million	01.01.2020 to 30.09.2020 Ch$ million	Δ Ch$	Δ %	01.07.2021 to 30.09.2021 Ch$ million	01.07.2020 to 30.09.2020 Ch$ million	Δ Ch$	Δ %
CORPORATE DIVISION									
	REVENUE	46,970	53,333	(6,364)	-11.9%	17,322	14,128	3,194	22.6%
	COSTS	12,190	17,381	(5,190)	-29.9%	4,151	5,177	(1,027)	-19.8%
	GROSS MARGIN	34,780	35,953	(1,173)	-3.3%	13,171	8,951	4,220	47.2%
i. FACTORING									
	REVENUE	23,978	32,046	(8,068)	-25.2%	8,605	7,874	731	9.3%
	COSTS	5,541	8,862	(3,321)	-37.5%	1,967	2,591	(623)	-24.1%
	GROSS MARGIN	18,437	23,184	(4,747)	-20.5%	6,638	5,284	1,354	25.6%
ii. LEASING									
	REVENUE	3,802	5,163	(1,361)	-26.4%	930	1,093	(162)	-14.9%
	COSTS	1,370	1,982	(612)	-30.9%	395	460	(65)	-14.1%
	GROSS MARGIN	2,432	3,181	(748)	-23.5%	535	633	(98)	-15.4%
iii. CORPORATE LOANS									
	REVENUE	19,190	16,125	3,065	19.0%	7,786	5,161	2,625	50.9%
	COSTS	5,280	6,537	(1,257)	-19.2%	1,788	2,127	(339)	-15.9%
	GROSS PROFIT	13,910	9,588	4,322	45.1%	5,998	3,034	2,964	97.7%
AUTO FINANCING DIVISION									
	REVENUE	70,935	68,353	2,581	3.8%	24,596	21,959	2,636	12.0%
	COSTS	33,763	35,444	(1,680)	-4.7%	11,252	11,770	(518)	-4.4%
	GROSS MARGIN	37,171	32,909	4,262	13.0%	13,344	10,189	3,154	31.0%
TREASURY & INVESTMENTS DIVISION									
	REVENUE	21,162	16,202	4,960	30.6%	5,719	1,474	4,245	287.9%
	COSTS	9,588	7,809	1,779	22.8%	4,594	(3,708)	8,302	-223.9%
	GROSS MARGIN	11,574	8,393	3,181	37.9%	1,126	5,183	(4,057)	-78.3%
ADJUSTMENTS BETWEEN SEGMENTS	REVENUE	1,265	1,239	27	2.1%	259	455	(197)	-43.2%
	COSTS	(1,265)	(1,239)	(27)	2.1%	(259)	(455)	197	-43.2%
Tanner	REVENUE	137,801	136,649	1,152	0.8%	47,378	37,106	10,272	27.7%
	COSTS	54,276	59,394	(5,118)	-8.6%	19,738	12,784	6,954	54.4%
	GROSS MARGIN	83,525	77,255	6,270	8.1%	27,640	24,323	3,318	13.6%

Table 4: 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 the Treasury and the subsidiaries Tanner Corredores de Bolsa and Tanner Asset Management Administradora General de Fondos S.A.

The consolidated gross margin in 9M21 was Ch$83,525 million (↑Ch$6,270 million / +8.1% YoY), due to an increase in revenue (↑Ch$1,152 million / +0.8% YoY) and a decrease in costs (↓Ch$5,118 million / -8.6% YoY). In 3Q21, the **gross margin was Ch$27,640 million** (↑Ch$3,318 million / +13.6% YoY), with an increase in revenue (↑Ch$10,272 million / +27.7% YoY) and higher costs (↑Ch$6,954 million / +54.4% YoY). The gross margin breakdown by division/product was as follows:

CORPORATE DIVISION

Tanner Empresas

9M21: Ch$34,780 million, down 3.3% YoY (↓Ch$1,173 million), on account of a decrease of Ch$6,364 million (-11.9% YoY) in revenue and 29.9% YoY (↓Ch$5,190 million) in the costs of the division.

3Q21: Ch$13,171 million, up 47.2% YoY (↑Ch$4,220 million), due to an increase of Ch$3,194 million (+22.6% YoY) in revenue and a decrease of 19.8% YoY (↓Ch$1,027 million) in the costs of the division.

i. FACTORING

9M21: Ch$18,437 million, down 20.5% YoY (↓Ch$4,747 million), with decreases of 25.2% YoY (↓Ch$8,068 million) in revenue and 37.5% YoY (↓Ch$3,321 million) in costs.

3Q21: Ch$6,638 million, up 25.6% YoY (↑Ch$1,354 million), with an increase of 9.3% YoY (↑Ch$731 million) in revenue and a decrease of 24.1% YoY (↓Ch$623 million) in costs.

ii. LEASING

9M21: Ch$2,432 million, down 23.5% YoY (↓Ch$748 million), due to a decrease in revenue (↓Ch$1,361 million / -26.4% YoY) and in costs of 30.9% YoY (↓Ch$612 million).

3Q21: Ch$535 million, down 15.4% YoY (↓Ch$98 million), because of a decrease in revenue (↓Ch$162 million / -14.9% YoY) and in costs of 14.1% YoY (↓Ch$65 million).

iii. CORPORATE LOANS

9M21: Ch$13,910 million, up 45.1% YoY (↑Ch$4,322 million), due to an increase in revenue (↑Ch$3,065 million / +19.0% YoY) and lower costs (↓Ch$1,257 million / -19.2% YoY).

3Q21: Ch$5,998 million, up 97.7% YoY (↑Ch$2,964 million), due to an increase in revenue (↑Ch$2,625 million / +50.9% YoY) and a decrease in costs (↓Ch$339 million / -15.9% YoY).

AUTO FINANCING DIVISION

Tanner Automotriz

9M21: Ch$37,171 million, up 13.0% YoY (↑Ch$4,262 million), because of an increase in revenue (↑Ch$2,581 million / 3.8% YoY), and a decrease in costs (↓Ch$1,680 million / -4.7% YoY).

3Q21: Ch$13,344 million, up 31.0% YoY (↑Ch$3,154 million), due to an increase in revenue (↑Ch$2,636 million / +12.0% YoY), and a decrease in costs (↓Ch$518 million / -4.4% YoY).

TREASURY & INVESTMENTS DIVISION

9M21: Ch$11,574 million, up 37.9% YoY (↑Ch$3,181 million), arising from an increase in revenue (↑Ch$4,960 million / +30.6% YoY) that was greater than the increase in costs (↑Ch$1,779 million / +22.8% YoY).

3Q21: Ch$1,126 million, down 78.3% YoY (↓Ch$4,057 million), because of an increase in revenue (↑Ch$4,245 million / +287.9% YoY) and offset by higher costs (↑Ch$8,302 million / +223.9% YoY).

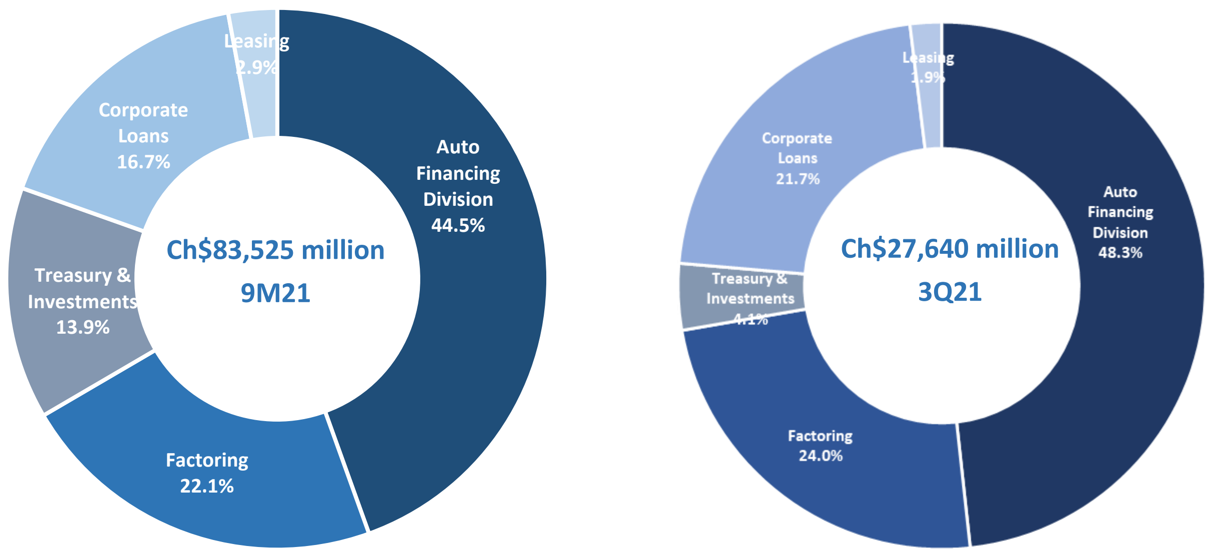


Chart 6: Gross Margin Breakdown by Business Line

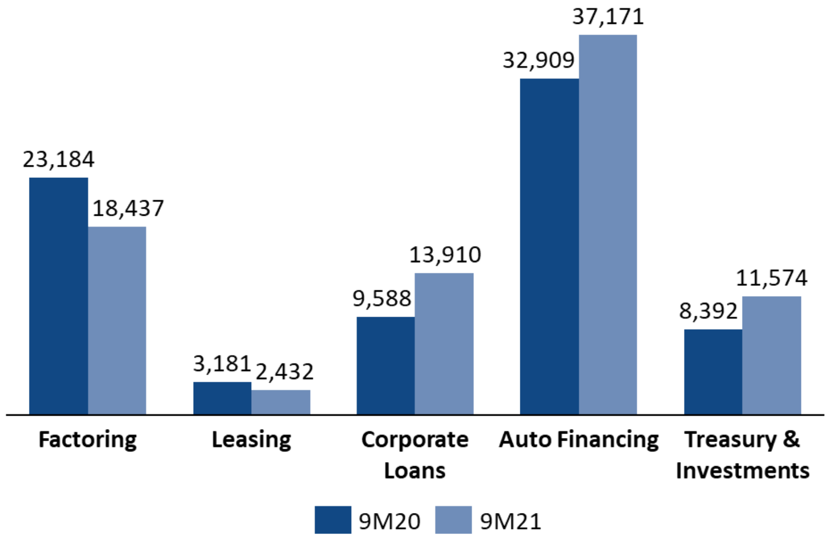


Chart 7: Gross Margin by Business Line 9M2021

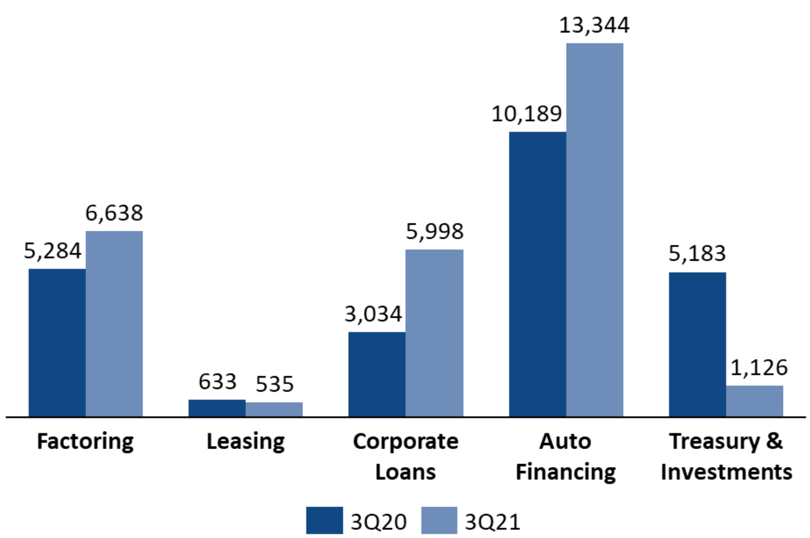


Chart 8: Gross Margin by Business Line 3Q2021

The company's consolidated revenue was Ch$137,801 million in 9M21, increasing 0.8% YoY (↑Ch$1,152 million), and **Ch$47,378 million in 3Q21**, increasing 27.7% YoY (↑Ch$10,272 million), explained by the following revenue:

CORPORATE DIVISION

Tanner Empresas

9M21: Ch$46,970 million (↓Ch$6,364 million / -11.9% YoY).
3Q21: Ch$17,322 million (↑Ch$3,194 million / +22.6% YoY).
Driver**:** Lower revenue from the factoring business which accounts for 51.0% of the division's revenue.

i. FACTORING

9M21: Ch$23,978 million (↓Ch$8,068 million / -25.2% YoY).
3Q21: Ch$8,605 million (↑Ch$731 million / +9.3% YoY).
Driver: Lower average price along with a decrease in the portfolio and lower penal interest due to an improvement in delinquency.

ii. LEASING

9M21: Ch$3,802 million (↓Ch$1,361 million / -26.4% YoY).
3Q21: Ch$930 million (↓Ch$162 million / -14.9% YoY).
Driver: Lower interest income on account of a lower size of the portfolio and an improvement of delinquency.

iii. CORPORATE LOANS

9M21: Ch$19,190 million (↑Ch$3,065 million / +19.0% YoY).
3Q21: Ch$7,786 million (↑Ch$2,625 million / +50.9% YoY).
Driver: Higher fees received due to the increase in loans.

AUTO FINANCING DIVISION

Tanner Automotriz

9M21: Ch$70,935 million (↑Ch$2,581 million / +3.8% YoY).
3Q21: Ch$24,596 million (↑Ch$2,636 million / +12.0% YoY).
Driver: Higher revenue from greater fees, due to the increase in loans.

TREASURY & INVESTMENTS DIVISION

9M21: Ch$21,162 million (↑Ch$4,960 million / +30.6% YoY).
3Q21: Ch$5,719 million (↑Ch$4,245 million / +287.9% YoY).
Driver**:** Higher revenue from exchange rate differences, readjustments and the fair value of financial instruments.

Consolidated costs amounted to Ch$54,276 million in 9M21, decreasing Ch$5,118 million (-8.6% YoY), and **Ch$19,738 million in 3Q21**, increasing Ch$6,954 million (+54.4% YoY), explained by the following costs:

CORPORATE DIVISION

9M21: Ch$12,190 million (↓Ch$5,190 million / -29.9% YoY).
3Q21: Ch$4,151 million (↓Ch$1,027 million / -19.8% YoY).
Driver: Lower interest cost due to a drop in the financing cost of the division.

i. FACTORING

9M21: Ch$5,541 million (↓Ch$3,321 million / -37.5% YoY).
3Q21: Ch$1,967 million (↓Ch$623 million / -24.1% YoY).
Driver: Lower interest cost , due to a decrease in the financing cost of Tanner and lower average portfolio compared to the previous period.

ii. LEASING

9M21: Ch$1,370 million (↓Ch$612 million / -30.9% YoY).
3Q21: Ch$395 million (↓Ch$65 million / -14.1% YoY).
Driver: Lower interest cost due to a decrease in the financing cost of Tanner and lower average portfolio compared to the previous period.

iii. CORPORATE LOANS

9M21: Ch$5,280 million (↓Ch$1,257 million / -19.2% YoY).
3Q21: Ch$1,788 million (↓Ch$339 million / -15.9% YoY).
Driver: Lower interest cost due to a decrease in the financing cost of Tanner and lower average portfolio compared to the previous period.

AUTO FINANCING DIVISION

9M21: Ch$33,763 million (↓Ch$1,680 million / -4.7% YoY).
3Q21: Ch$11,252 million (↓Ch$518 million / -4.4% YoY).
Driver: Lower interest cost due to a decrease in the financing cost of Tanner.

TREASURY & INVESTMENTS DIVISION

9M21: Ch$9,588 million (↑Ch$1,779 million / +22.8% YoY).
3Q21: Ch$4,594 million (↑Ch$8,302 million / +223.9% YoY).
Driver: Higher cost related to interest and exchange rate differences of the liability.

V. Business Division Portfolio Quality

	Indicator	Definition	Unit	30-09-2021	31-12-2020
CORPORATE DIVISION	Non-Performing Loans	Non-Performing loans/(Loans + Provisions)	%	6.7%	9.9%
		Non-Performing loans/Equity	%	14.2%	20.1%
	Provisions	Provisions/(Loans + Provisions)	%	0.7%	1.4%
		Provisions/Non-performing loans	%	10.9%	13.9%
		Provisions/Non-performing loans >90 days	%	33.6%	67.8%
Tanner Empresas	Provisions and Write-offs	Provisions and write-offs/(Loans + Provisions)	%	0.7%	1.5%
	Non-Performing Loans over 30 days	Non-performing loans >30 days/(Loans + Provisions)	%	2.9%	5.7%
	Non-Performing Loans over 90 days	Non-performing loans >90 days/(Loans + Provisions)	%	2.2%	2.0%
		Non-Performing loans >90 days/Equity	%	4.6%	4.1%
	Restructured Porfolio	Restructured portfolio/(Loans + Provisions)	%	2.6%	3.5%
		Restructured portfolio/Equity	%	5.4%	7.1%
	Clients	Number of clients	#	2,990	2,606
	Expenditure Efficiency	SG&A expenses/Gross margin (*)	%	54.1%	67.6%
i. FACTORING	Non-Performing Loans	Non-Performing loans/(Loans + Provisions)	%	3.6%	5.3%
		Non-Performing loans/Equity	%	3.7%	5.3%
	Provisions	Provisions/(Loans + Provisions)	%	0.3%	0.7%
		Provisions/Non-performing loans	%	8.0%	13.3%
		Provisions/Non-performing loans >90 days	%	101.7%	90.7%
	Provisions and Write-offs	Provisions and write-offs/(Loans + Provisions)	%	0.3%	1.0%
	Non-Performing Loans over 30 days	Non-performing loans >30 days/(Loans + Provisions)	%	0.6%	0.9%
	Non-Performing Loans over 90 days	Non-performing loans >90 days/(Loans + Provisions)	%	0.3%	0.8%
		Non-Performing loans >90 days/Equity	%	0.3%	0.8%
	Restructured Porfolio	Restructured portfolio/(Loans + Provisions)	%	0.2%	0.3%
		Restructured portfolio/Equity	%	0.2%	0.3%
	Clients	Number of clients	#	2,541	1,822
	Expenditure Efficiency	SG&A expenses/Gross margin (*)	%	57.0%	60.6%
ii. LEASING	Non-Performing Loans	Non-Performing loans/(Loans + Provisions)	%	2.0%	4.2%
		Non-Performing loans/Equity	%	0.4%	1.0%
	Provisions	Provisions/(Loans + Provisions)	%	0.6%	1.2%
		Provisions/Non-performing loans	%	28.6%	28.7%
		Provisions/Non-performing loans >90 days	%	219.0%	111.0%
	Provisions and Write-offs	Provisions and write-offs/(Loans + Provisions)	%	-0.1%	2.5%
	Non-Performing Loans over 30 days	Non-performing loans >30 days/(Loans + Provisions)	%	0.7%	2.1%
	Non-Performing Loans over 90 days	Non-performing loans >90 days/(Loans + Provisions)	%	0.3%	1.09%
		Non-Performing loans >90 days/Equity	%	0.1%	0.2%
	Restructured Porfolio	Restructured portfolio/(Loans + Provisions)	%	9.5%	12.8%
		Restructured portfolio/Equity	%	1.8%	2.9%
	Clients	Number of clients	#	158	217
	Expenditure Efficiency	SG&A expenses/Gross margin (*)	%	41.3%	212.9%
iii. CORPORATE LOANS	Non-Performing Loans	Non-Performing loans/(Loans + Provisions)	%	11.0%	17.2%
		Non-Performing loans/Equity	%	10.1%	13.9%
	Provisions	Provisions/(Loans + Provisions)	%	1.2%	2.2%
		Provisions/Non-performing loans	%	11.3%	13.1%
		Provisions/Non-performing loans >90 days	%	21.5%	17.7%
	Provisions and Write-offs	Provisions and write-offs/(Loans + Provisions)	%	1.4%	1.9%
	Non-Performing Loans over 30 days	Non-performing loans >30 days/(Loans + Provisions)	%	5.8%	12.7%
	Non-Performing Loans over 90 days	Non-performing loans >90 days/(Loans + Provisions)	%	4.6%	3.8%
		Non-Performing loans >90 days/Equity	%	4.3%	3.1%
	Restructured Porfolio	Restructured portfolio/(Loans + Provisions)	%	3.8%	4.8%
		Restructured portfolio/Equity	%	3.5%	3.9%
	Clients	Number of clients	#	620	567
	Expenditure Efficiency	SG&A expenses/Gross margin (*)	%	51.7%	69.7%
AUTO FINANCING DIVISION	Non-Performing Loans	Non-Performing loans/(Loans + Provisions)	%	9.2%	12.6%
		Non-Performing loans/Equity	%	16.1%	19.1%
	Provisions	Provisions/(Loans + Provisions)	%	2.06%	2.90%
		Provisions/Non-performing loans	%	22.3%	23.0%
		Provisions/Non-performing loans >90 days	%	118.4%	104.0%
Tanner Automotriz	Provisions and Write-offs	Provisions and write-offs/(Loans + Provisions)	%	1.9%	3.2%
	Non-Performing Loans over 30 days	Non-performing loans >30 days/(Loans + Provisions)	%	4.3%	6.0%
	Non-Performing Loans over 90 days	Non-performing loans >90 days/(Loans + Provisions)	%	1.7%	2.8%
		Non-Performing loans >90 days/Equity	%	3.0%	4.2%
	Restructured Porfolio	Restructured portfolio/(Loans + Provisions)	%	2.2%	3.3%
		Restructured portfolio/Equity	%	3.8%	5.0%
	Clients	Number of clients	#	84,916	79,240
	Expenditure Efficiency	SG&A expenses/Gross margin (*)	%	51.5%	74.7%
TREASURY & INVESTMENTS DIVISION	Non-Performing Loans	Non-Performing loans/(Loans + Provisions)	%	5.1%	24.0%
		Non-Performing loans/Equity	%	0.3%	1.5%
	Provisions	Provisions/(Loans + Provisions)	%	0.29%	0.13%
		Provisions/Non-performing loans	%	5.7%	0.5%
		Provisions/Non-performing loans >90 days	%	138.3%	51.3%
	Provisions and Write-offs	Provisions and write-offs/(Loans + Provisions)	%	0.5%	0.1%
	Non-Performing Loans over 30 days	Non-performing loans >30 days/(Loans + Provisions)	%	3.8%	0.3%
	Non-Performing Loans over 90 days	Non-performing loans >90 days/(Loans + Provisions)	%	0.2%	0.2%
		Non-Performing loans >90 days/Equity	%	0.0%	0.0%
	Restructured Porfolio	Restructured portfolio/(Loans + Provisions)	%	1.8%	4.1%
		Restructured portfolio/Equity	%	0.1%	0.3%
	Clients	Number of clients	#	1,734	1,721

(*) Gross margin considers impairment.

Table 5: Business Division Main Indicators

CORPORATE DIVISION

The loan portfolio quality dropped slightly for NPLs > 90 days and improved for NPLs > 30 days with respect to December 2020.

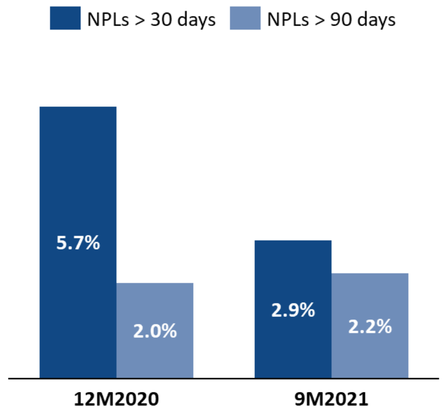


Chart 9: NPLs – Corporate Division

i. FACTORING

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

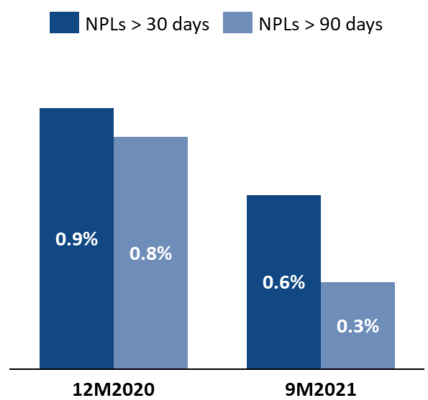


Chart 10: NPLs – Factoring Business

ii. LEASING

The portfolio quality indicators improved compared to 2020, especially in terms of NPLs > 30 days and NPLs > 90 days.

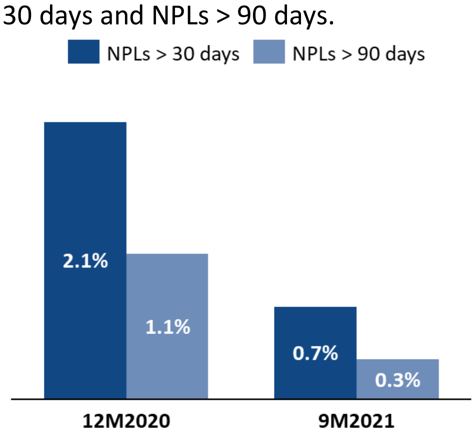


Chart 11: NPLs – Leasing Business

iii. CORPORATE LOANS

NPLs > 30 days improved compared to December 2020. On the other hand, NPLs > 90 days increased, however mainly for loans with real collateral.

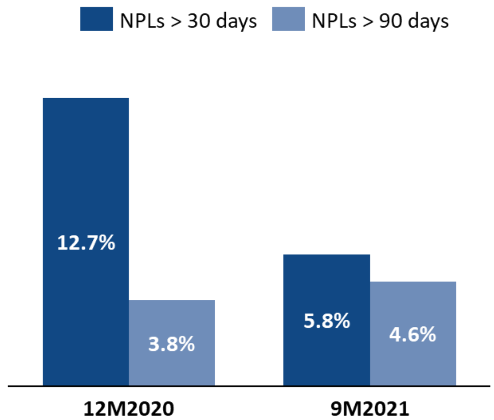


Chart 12: NPLs – Corporate Loan Business

AUTO FINANCING DIVISION

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

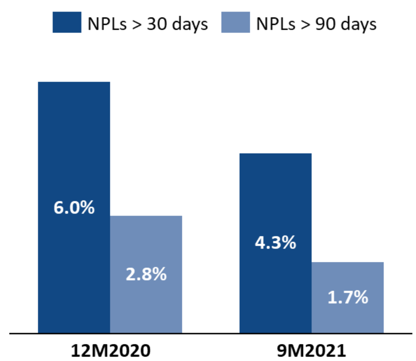


Chart 13: NPLs – Auto Financing Division

TREASURY & INVESTMENTS DIVISION

The portfolio quality remained healthy, despite higher NPLs > 30 days.

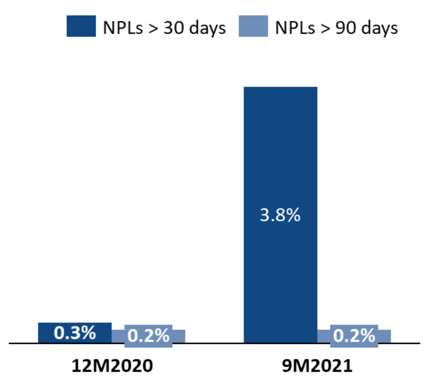


Chart 14: NPLs – Treasury & Investments Division

VI. Balance Sheet

Assets (Ch$ million)	30-09-2021	31-12-2020	Δ Ch$	Δ %
Current Assets				
Cash and cash equivalents	69.075	120.080	(51.005)	-42,5%
Other current financial assets	186.328	79.934	106.394	133,1%
Other current non-financial assets	2.423	3.058	(635)	-20,8%
Trade receivables and other current accounts receivable	864.636	733.205	131.431	17,9%
Accounts receivable from related parties	5.769	4.902	867	17,7%
Current tax assets	9.926	6.645	3.282	49,4%
Non-current assets or asset groups for disposal classified as held-for-sale	10.546	4.798	5.748	119,8%
Total Current Assets	**1.148.704**	**952.623**	**196.082**	**20,6%**
Non-Current Assets				
Other non-current financial assets	68.676	55.033	13.642	24,8%
Other non-current non-financial assets	4.652	5.181	(530)	-10,2%
Trade receivables and other non-current accounts receivable	465.376	391.805	73.572	18,8%
Non-current accounts receivable from related parties	202	34	168	497,9%
Intangible assets other than goodwill	5.367	6.637	(1.270)	-19,1%
Goodwill	1.640	1.640	-	0,0%
Property, plant and equipment	9.209	10.308	(1.098)	-10,7%
Property Investments	-	11.318	(11.318)	-100,0%
Deferred tax assets	31.299	31.218	81	0,3%
Total Non-Current Assets	**586.421**	**513.174**	**73.247**	**14,3%**
Total Assets	**1.735.125**	**1.465.796**	**269.329**	**18,4%**

Liabilities (Ch$ million)	30-09-2021	31-12-2020	Δ Ch$	Δ %
Current Liabilities				
Other current financial liabilities	651.392	516.389	135.004	26,1%
Trade payables and other current accounts payable	138.410	116.449	21.961	18,9%
Other short-term provisions	-	508	(508)	-100,0%
Current tax liabilities	3.753	3.262	492	15,1%
Current provisions for employee benefits	3.969	950	3.018	317,5%
Other current non-financial liabilities	-	-	-	-
Total Current Liabilities	**797.524**	**637.558**	**159.966**	**25,1%**
Non-Current Liabilities				
Other non-current financial liabilities	595.230	510.195	85.035	16,7%
Non-current provisions for employee benefits	352	300	52	17,5%
Total Non-Current Liabilities	**595.582**	**510.495**	**85.087**	**16,7%**
Total Liabilities	**1.393.106**	**1.148.053**	**245.053**	**21,3%**
Equity	342.019	317.743	24.276	7,6%
Total Equity and Liabilities	**1.735.125**	**1.465.796**	**269.329**	**18,4%**

Table 6: Consolidated Balance Sheet

a. Net Loan Portfolio[4]

The total gross loan portfolio in 3Q21 was Ch$1,347,605 million (↑Ch$199,788 million / +17.4% YTD) versus Ch$1,147,816 million at December 2020, while provisions were Ch$17,592 million, decreasing Ch$5,215 million (-22.9% YTD). Hence, **the total net loan portfolio amounted to Ch$1,330,014 million**, an increase of Ch$205,003 million (+18.2% YTD) on the Ch$1,125,010 million at December 2020.

Net loan portfolio by division in 3Q2021:

1. **Corporate Division: Ch$722,071 million** | +13.5% YTD | ↑Ch$86,071 million.
    a. **Factoring: Ch$346,665 million** | +10.3% YTD | ↑Ch$32,245 million.
    b. **Leasing: Ch$64,348 million** | -9.7% YTD | ↓Ch$6,911 million.
    c. **Corporate Loans: Ch$311,059 million** | +24.3% YTD | ↑Ch$60,737 million.
2. **Auto Financing Division: Ch$581,836 million** | +24.7% YTD | ↑Ch$115,315 million.
3. **Treasury and Investments Division: Ch$23,351 million** | +15.6% YTD | ↑Ch$3,150 million.

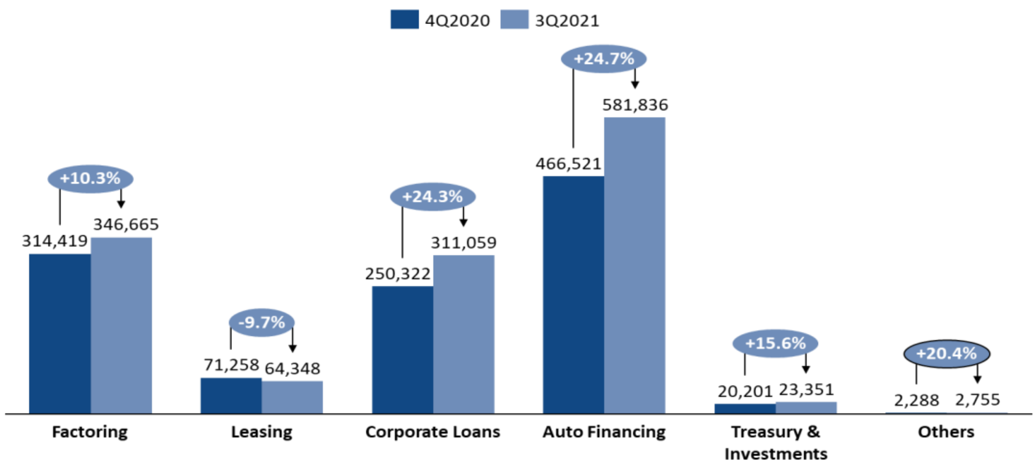


Chart 15: Net Loan Portfolio by Line of Business

The portfolio has shifted to a greater concentration on the company's strategic businesses, such as factoring and auto financing. At the close of 3Q21, these accounted for 26% and 44% of the net loan portfolio, respectively.

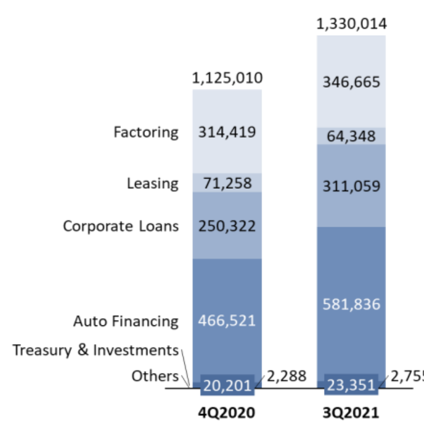


Chart 16: Net Loan Portfolio Breakdown

[4] Gross loans minus provisions.

b. Funding Sources

The company's financial liabilities in 3Q21 were Ch$1,246,622 million compared with Ch$1,026,584 million in December 2020 (↑Ch$220,038 million / +21.4% YTD), due to higher Chilean and international bank loans (↑Ch$101,380 million / +38.5% YTD), bond-related obligations (↑Ch$87,087 million / +16.8% YTD), due to placements of UF2 million in the domestic market and two placements in international markets of CHF12 million and EUR15 million, and other financial liabilities (↑Ch$48,730 million / +65.6% YTD) that were mainly repos and forwards. In contrast, commercial papers decreased (↓Ch$17,158 million / -10.1% YTD).

In terms of the liability structure, 48.6% (Ch$605,652 million) corresponded to local and international bonds, 29.2% (Ch$364,601 million) to bank loans and credit lines, and 12.3% (Ch$153,382 million) to commercial papers. The remaining Ch$122,986 million (9.9%) was related to other financial obligations of repos and forwards.

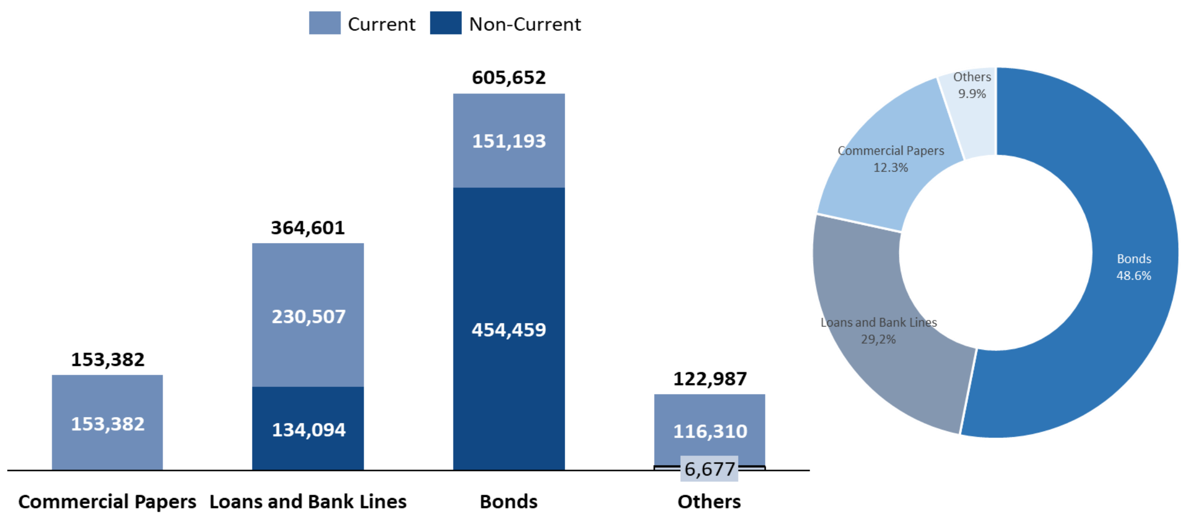


Chart 17: Breakdown of Funding Sources

VII. Cash Flow Statement

Ch$ million	9M2021	9M2020	Δ Ch$
Cash flow from operating activities	(117,350)	238,811	(356,160)
Cash flow from investing activities	(83,444)	78,104	(161,548)
Cash flow from financing activities	148,801	(218,198)	366,999
Effect of changes in exchange rates	988	268	721
Cash flow in the period	(51,005)	98,985	(149,989)
Cash and cash equivalents, initial balance	120,080	53,660	66,420
Cash and cash equivalents, final balance	69,075	152,645	(83,570)

Table 7: Cash Flow Statement

In 9M21, the cash flow from **operating activities was -Ch$117,350 million** against Ch$238,811 million YoY, because payments to suppliers for goods and services increased by Ch$508,196 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$83,444 million**, dropping Ch$161,548 million on the Ch$78,104 million in 9M20, mainly due to a -Ch$1,147,856 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$148,801 million** against -Ch$218,198 million YoY, mainly because of a higher net flow from loans, due to the increase in financial liabilities.

Finally, **cash and cash equivalents in 9M21 were Ch$69,075 million,** decreasing Ch$83,570 million YoY.

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

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 risks and take corrective action.

Pursuant to the new accounting standard, Tanner Servicios Financieros S.A. has implemented impairment models under IFRS 9 and according to which there are various concepts and requirements to comply with this standard. One of the main changes regarding IAS 39 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.

The regulatory requirements included in the models are as follows:

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 for the factoring business, NSF cheques and the rest 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.

At the beginning of each year, the studies and risk department will appraise the possible population and macroeconomic changes related to, for example, modifications of the risk policy, creation of new products and market indicators, and recommend possible adjustments of the delinquency probability curves that will finally affect the provision factors.

Provisions for renegotiated loans are calculated based on the "expected loss" model for each product, in which delinquency and the new loan condition are the main variables to be taken into account. The renegotiated condition is considered with an additional weighting in the risk factor calculation model.

Business Line	30.09.2021 Gross Portfolio Ch$ million	Provisions Ch$ million	Net Portfolio Ch$million	Provision Index
Factoring	347,671	(1,006)	346,665	0.29%
Leasing	64,726	(378)	64,348	0.58%
Corporate Loans	314,975	(3,916)	311,059	1.24%
Auto Financing	594,060	(12,224)	581,836	2.06%
Treasury & Investments	23,419	(68)	23,351	0.29%
Others	2,755	-	2,755	0.00%
Total	**1,347,605**	**(17,592)**	**1,330,013**	**1.31%**

Business Line	31.12.2020 Gross Portfolio Ch$ million	Provisions Ch$ million	Net Portfolio Ch$million	Provision Index
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%
Others	2,288	-	2,288	0.00%
Total	**1,147,816**	**(22,807)**	**1,125,010**	**1.99%**

Table 8: 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 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	30.09.2021				
	Total Portfolio Ch$ million	Renegotiation Ch$ million	Provisions Ch$ million	Renegotitation by product %	Renegotiation by total portfolio %
Factoring	347,671	612	(1,006)	0.18%	0.05%
Corporate Loans	314,975	11,825	(3,916)	3.75%	0.88%
Auto Financing	594,060	13,041	(12,224)	2.20%	0.97%
Leasing (*)	64,726	6,179	(378)	9.55%	0.46%
Treasury & Investments	23,419	426	(68)	1.82%	-
Other Receivables	2,755	-	-	0.00%	-
Total	1,347,605	32,083	(17,592)		2.38%

Business Line	31.12.2020				
	Total Portfolio Ch$ million	Renegotiation Ch$ million	Provisions Ch$ million	Renegotitation by product %	Renegotiation by total portfolio %
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 9: 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. The Assets and Liabilities Committee (ALCO) convenes to review the forecasts and define action plans based on the company's projections and market conditions.

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$69,075 million of consolidated cash on hand as of 30 September 2021 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 profit of Ch$4 million in 9M21 (loss of 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$74 million in 9M21 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 in the domestic and international markets amounting to Ch$214,294 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$61 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$641 million in 9M21 (Ch$307 million as of 31 December 2020).

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

[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%.

Interest rate delta (basis points)	25	50	75	100	125	150	175	200
Net portfolio change due to a cut in interest rates	-0.72%	-1.43%	-2.15%	-2.86%	-3.58%	-4.29%	-5.01%	-5.73%
Net portfolio change due to a hike in interest rates	0.72%	1.43%	2.15%	2.86%	3.58%	4.29%	5.01%	5.73%

Table 10: Sensitivity to Interest Rate Variations

The company has a portfolio of trading and hedging derivatives used to mitigate interest rate and exchange rate risks of financial liabilities. Since the portfolio of trading derivatives has a very short-term maturity structure, it has an interest rate risk with a low impact on profit and loss. On the other hand, hedging derivatives cover most of the liabilities structured in foreign currency and with variable rates (LIBOR), maintaining quite a limited risk exposure with a low impact on profit and loss of these kinds of operations.

Exposure	30-09-2021									
	Trading Derivatives					Hedging Derivatives				
	UF´000	EUR´000	CLP´000	USD´000	CHF´000	UF´000	EUR´000	CLP´000	USD´000	CHF´000
Up to 1 year	509,825	14,101,968	(244,127,872)	242,133,300	-	63,057,334	-	(126,022,649)	(35,880,668)	111,095,065
1 to 3 years	503,928	-	1,297,131	-	-	60,330,684	-	(69,980,431)	(163,969,291)	187,319,616
Over 3 years	-	-	-	-	-	-	-	-	884,783	-
Total	**1,013,753**	**14,101,968**	**(242,830,741)**	**242,133,300**	**-**	**123,388,018**	**-**	**(196,003,080)**	**(198,965,176)**	**298,414,681**

Sens. +1pb	30-09-2021									
	Trading Derivatives					Hedging Derivatives				
	UF´000	EUR´000	CLP´000	USD´000	CHF´000	UF´000	EUR´000	CLP´000	USD´000	CHF´000
Up to 1 year	-	-	879	(917)	-	(3,339)	-	3,862	3,860	(1,989)
1 to 3 years	-	-	-	-	-	(16,389)	-	15,547	30,744	(21,983)
Over 3 years	-	-	-	-	-	-	-	-	14,429	-
Total	**-**	**-**	**879**	**(917)**	**-**	**(19,728)**	**-**	**19,409**	**49,033**	**(23,972)**

Table 11: Exposure and Sensitivity by Currency

d. Fallout of the COVID-19 pandemic

The global pandemic caused by COVID-19 has posed, and still poses, a series of global risks and challenges for Chile. The risks and challenges are not only present in the health area but also in the finances of all market agents.

Right from the outset, the company has striven to safeguard the health of its employees, adopting different related internal guidelines and policies. Due to the measures put in place since 2019, the company has been able to adopt remote working for its employees. In line with the phases implemented by the Ministry of Health the company has flexibilised a semi in-person work system, thereby assuring employee health and the continuity of operations in accordance with the highest standards of effectiveness and efficiency, besides fully complying with legislation and the applicable regulation on labour and stock market issues.

Although it is true that the pandemic is still evolving, according to the internal forecasts of the company and the performance of the market in the last few months it is estimated that this crisis could get worse and have a greater or lower impact on certain businesses, affecting the volume of their operations and the price of their assets. The company has, however, managed to mitigate the undesired effects with a series of measures.

The company is monitoring the evolution of the pandemic daily so it can make the best decisions, always safeguarding the wellbeing of its employees and fulfilment of its obligations.

For further details regarding this section, please see Note 4 of the company's 9M21 financial statements.