Quarterly Earnings Report

December 2021

Table of Contents

I. Executive Summary

- **ROAE[*]:**

  12M21: 10.9% / 12M20: 8.8%

- **ROAA[**]:**

  12M21: 2.2% / 12M20: 1.8%

- **Equity:**

  12M21: Ch$347,157 million / Δ+: 9.3% YTD

- **Net Profit:**

  4Q21: Ch$5,191 million / 4Q20: Ch$8,681 million
  Δ⁻: 40.2% YoY
  12M21: Ch$36,142 million / 12M20: Ch$27,511 million
  Δ⁺: 31.4% YoY

- **Net Loan Portfolio:**

  12M21: Ch$1,444,542 million / Δ⁺: 28.4% YTD

- **NPLs > 90 Days:**

  12M21: 1.9% / 12M20: 2.3%

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

Profit after tax in 2021 surged 31.4% YoY to Ch$36,142 million, in line with an operating income increase of 16.1% YoY. On the other hand, in 4Q21 net profit decreased 40.2% to Ch$5,191 million, commensurate with operating income decreasing 75.6% YoY.

The consolidated net loan portfolio was Ch$1,444,542 million, increasing Ch$319,533 million (+28.4% YTD), due to an increase in the **corporate division with net loans of Ch$822,473 million, up on those at year-end 2020 (↑Ch$186,473 million / +29.4% YTD)**, driven by an increase in factoring (↑Ch$117,713 million / +37.4% YTD) amounting to Ch$432,133 million, and corporate loans (↑Ch$74,442 million / +29.7% YTD) amounting to ↑Ch$324,764 million. This was offset by a decrease in leasing with net loans amounting to Ch$65,576 million (↓Ch$5,682 million / -8.0% YTD). **The auto financing division also posted higher net loans of Ch$599,994 million (↑Ch$ 133,473 million / +28.6% YTD)**.

There was lower risk compared to 2020, leading to non-performing loans (NPLs) over 90 days decreasing 40 bps to 1.9% (12M20: 2.3%). Likewise, NPLs over 30 days dropped 207 basis points to 3.6% (12M20: 5.7%). That was mainly driven by the auto financing division with a large improvement of 83 basis points of NPLs over 90 days of 2.0% (12M20: 2.8%). Moreover, the corporate division performance improved, with NPLs over 90 days of 1.8% decreasing 21 basis points (12M20: 2.0%), driven by a decrease in factoring and leasing loan delinquency of 37 bps (12M20: 0.8% vs. 12M21: 0.4%) and 93 bps (12M20: 1.1% vs. 12M21: 0.2%), respectively. Corporate loans had higher NPLs over 90 days of 18 bps (12M20: 3.8% vs 12M21: 4.0%).

The liquidity index at the close of 4Q21 was 1.32 times, below the level at the close of 2020 (1.49x), while **ready cash amounted to Ch$57,913 million** versus Ch$120,080 million at the end of the previous year. On the other hand, the company's **leverage ratio was 4.17 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 the 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 31-12-2021	01-01-2020 31-12-2020	Δ Ch$	Δ %	01-10-2021 31-12-2021	01-10-2020 31-12-2020	Δ Ch$	Δ %
Revenue	189,363	197,655	(8,293)	-4.2%	51,561	61,006	(9,444)	-15.5%
Sales cost	(79,316)	(93,048)	13,732	-14.8%	(25,040)	(33,654)	8,614	-25.6%
Gross margin	110,046	104,607	5,439	5.2%	26,521	27,352	(831)	-3.0%
Impairment losses	(19,814)	(24,115)	4,301	-17.8%	(11,450)	(5,115)	(6,335)	123.9%
Administrative expenses	(51,434)	(46,102)	(5,332)	11.6%	(12,642)	(11,287)	(1,355)	12.0%
Other profits (losses)	(582)	(1,487)	905	-61%	(81)	(1,328)	1,247	-94%
Operating margin	38,216	32,904	5,312	16.1%	2,348	9,622	(7,273)	-75.6%
Finance income	-	2	(2)	-100.0%	-	-	-	-
Finance costs	(388)	(449)	60	-13.5%	(111)	(91)	(20)	22.2%
Foreign exchange differences	635	138	498	361.6%	254	101	152	150.4%
Gain from indexation units	191	280	(89)	-31.7%	123	191	(68)	-35.4%
Profit (loss) before tax	38,654	32,875	5,779	17.6%	2,614	9,823	(7,209)	-73.4%
Income tax (expense) revenue	(2,512)	(5,364)	2,852	-53.2%	2,577	(1,142)	3,719	-325.6%
Profit (loss)	36,142	27,511	8,631	31.4%	5,191	8,681	(3,490)	-40.2%
Profit (loss) attributable to owners of the parent	36,082	27,327	8,755	32.0%	5,195	8,619	(3,423)	-39.7%
Profit (loss) attributable to non-controlling interests	60	184	(124)	-67.6%	(4)	62	(66)	-106.6%

Table 1: Consolidated Income Statement

The company's **net profit in 2021 increased 31.4% YoY** (↑Ch$8,631 million) to Ch$36,142 million against Ch$27,511 million in 2020, while in the fourth quarter profit decreased 40.2% YoY (↓Ch$3,490 million). **The gross margin in 12M21 was Ch$110,046 million** (↑Ch$5,439 million / +5.2%) and in **4Q21 it was Ch$26,521 million** (↓Ch$831 million / -3.0% YoY).

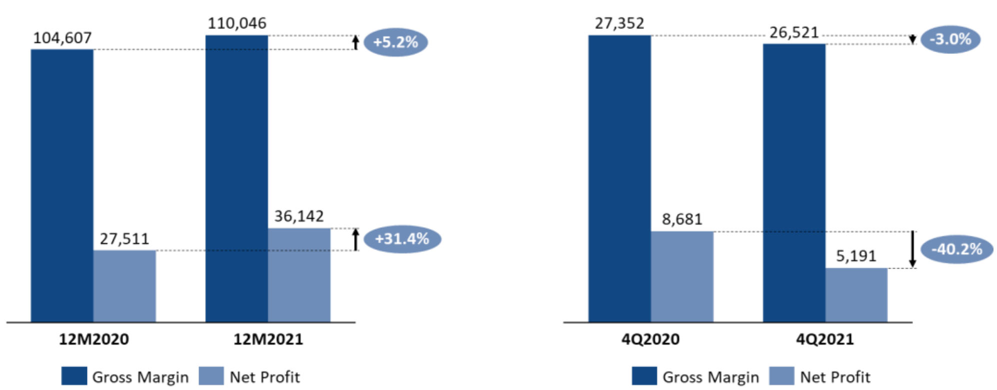


Chart 1: Consolidated Net Profit and Gross Margin

Consolidated revenue amounted to Ch$189,363 million in 12M21, decreasing 4.2% YoY (↓Ch$8,293 million)**, and decreasing 15.5% YoY (↓Ch$9,444 million) to Ch$51,651 million in 4Q21,** due to lower: (i) income from foreign exchange differences (12M21: ↓Ch$8,584 million / -57.3% YoY and 4Q21: ↓Ch$13,820 million / -94.8% YoY), (ii) other income (12M21: ↓Ch$5,847 million / -18.2% YoY and 4Q21: ↓Ch$4,361 million / -40.4% YoY), (iii) income from price differences (12M21: ↓Ch$3,377 million / -11.3% YoY and 4Q21: ↑Ch$2,316 million / +42.3% YoY), (iv) interest income (12M21: ↓Ch$2,564 million / -2.4% YoY and 4Q21: ↑Ch$3,597 million / +14.2% YoY) and (v) income from fair value (12M21: ↓Ch$1,224 million / -367.6% YoY and 4Q21: ↓Ch$2,273 million / -537.2% YoY). These were offset by higher: (i) income from indexation (12M21: ↑Ch$8,831 million / +194.2% YoY and 4Q21: ↑Ch$4,007 million / +201.7% YoY) and (ii) fee income (12M21: ↑Ch$4,472 million / +60.9% YoY and 4Q21: ↑Ch$1,091 million / +44.1% YoY).

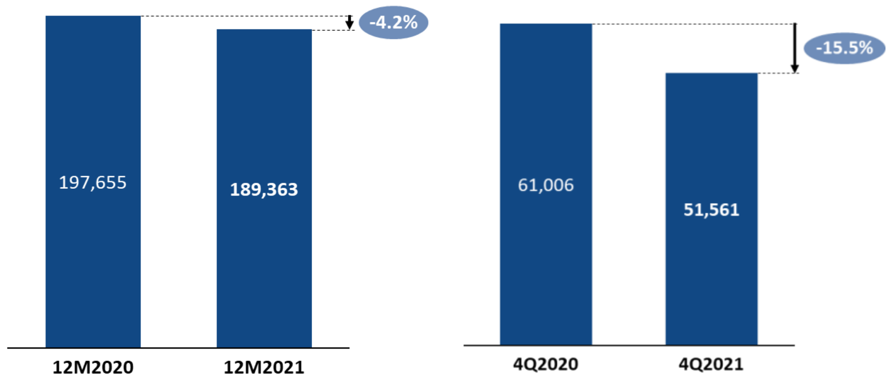


Chart 2: Consolidated Revenue

The consolidated cost of sales in 12M21 was Ch$79,316 million (↓Ch$13,732 million / -14.8% YoY) **and Ch$25,040 million in 4Q21** (↓Ch$8,613 million / -25.6% YoY), mainly due to decreases of: (i) exchange rate differences (12M21: ↓Ch$7,748 million / -58.1% YoY and 4Q21: ↓Ch$9,084 million / -70.1% YoY), (ii)) interest expenses (12M21: ↓Ch$4,841 million / -12.3% YoY and 4Q21: ↓Ch$1,731 million / -15.7% YoY), (iii) other costs (12M21: ↓Ch$2,397 million / -20.5% YoY and 4Q21: ↑Ch$1,284 million / +125.3% YoY) and (iv) fee expenses (12M21: ↓Ch$138 million / -0.5% YoY and 4Q21: ↓Ch$41 million / -0.6% YoY); These were offset by higher indexation expenses (12M21: ↑Ch$1,392 million / +50.9% YoY and 4Q21: ↑Ch$960 million / +58.4% YoY).

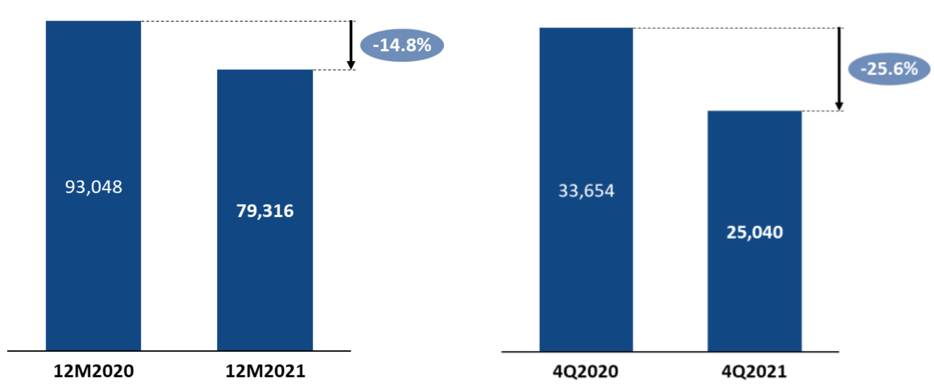


Chart 3: Sales Cost

SG&A expenses (including depreciation) were Ch$51,434 million in 12M21, increasing 11.6% YoY, **and Ch$12,642 million in 4Q21,** increasing 12.0% YoY, mainly due to a higher labour expense, which accounts for 67% of the SG&A expenses, that amounted to Ch$34,306 million in 12M21 (+16.6% YoY) and Ch$7,849 million in 4Q21 (+11.7% YoY), driven by a higher remuneration expense. General administrative expenses increased 2.7% YoY in 12M21, amounting to Ch$17,129 million, and 12.5% YoY in 4Q21, amounting to Ch$4,793 million.

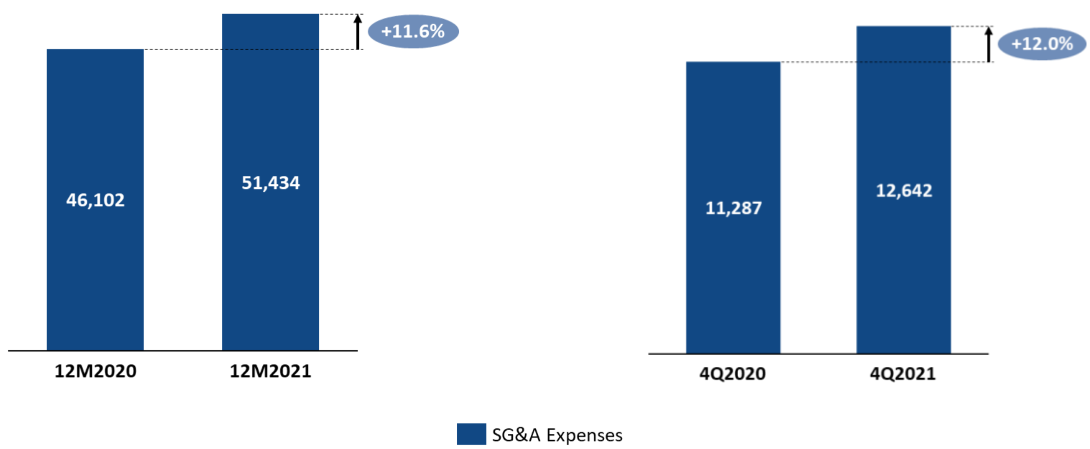


Chart 4: SG&A Expenses

III. Main Indicators

	Indicator	Definition	Unit	31-12-2021	31-12-2020
Liquidity and Solvency	Liquidity Ratio	*Current assets/Current liabilities*	*Times*	1.32	1.49
	Short-Term Leverage Ratio	*Current liabilities/Equity*	*Times*	2.61	2.01
	Immediate Liquidity	*Cash and cash equivalents/Current liabilities*	*Times*	0.06	0.19
	Stable Funding Ratio	*(Non-current liabilities + Equity)/(Current assets)*	*Times*	1.48	1.61
	Leverage Ratio	*Liabilities/Equity*	*Times*	4.17	3.61
	Capitalisation	*Equity/Assets*	*%*	19.4%	21.7%
	Total Leverage Ratio	*Liabilities/Assets*	*Times*	0.8	0.8
	Short-Term Debt Ratio	*Total current liabilities/Total liabilities*	*%*	62.6%	55.5%
	Long-Term Debt Ratio	*Total non-current liabilities/Total liabilities*	*%*	37.4%	44.5%
	Short-Term Bank Debt	*Current bank liabilities/Current liabilities*	*%*	25.7%	20.9%
	Long-Term Bank Debt	*Non-current bank liabilities/Non-current liabilities*	*%*	26.5%	25.4%
	Working Capital	*Current assets - Current liabilities*	*Ch$ million*	286,694	315,064
	Financial Expenditure Ratio	*(Profit before tax + Financial expenditure)/Financial expenditure*	*Times*	2.1	1.7
Profitability	Return on Average Equity	*Annualised net profit/Average equity*	*%*	10.9%	8.8%
	Return on Average Assets	*Annualised net profit/Average assets*	*%*	2.2%	1.8%
	Gross Margin	*Gross margin (*)/Revenue*	*%*	47.7%	40.7%
	Operating Margin	*Operating margin/Revenue*	*%*	20.2%	16.6%
	Net Income Margin	*Net income/Revenue*	*%*	19.1%	13.9%
	Earnings Per Share (EPS)	*Net income/Number of shares*	*Ch$'000*	29,817	22,696
	Expenditure Efficiency	*SG&A expenses/Gross margin (*)*	*%*	57.0%	57.3%
Asset Quality	Non-Performing Loans over 30 days	*Non-performing loans >30 days/(Loans + Provisions)*	*%*	3.6%	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	*%*	8.1%	8.3%
	Non-Performing Loans	*Non-Performing loans/(Loans + Provisions)*	*%*	7.6%	10.9%
		Non-Performing loans/Equity	*%*	32.0%	39.2%
	Provisions	*Provisions/(Loans + Provisions)*	*%*	1.7%	2.0%
		Provisions/Non-performing loans	*%*	22.5%	18.3%
		Provisions/Non-performing loans >90 days	*%*	95.6%	89.1%
	Write-offs	*Write-offs/(Loans + Provisions)*	*%*	1.5%	2.7%
	Provisions and Write-offs	*Annualised provisions and write-offs/(Loans + Provisions)*	*%*	1.6%	2.2%
	Restructured Porfolio	*Restructured portfolio/(Loans + Provisions)*	*%*	1.9%	3.4%

(*) Gross margin considers impairment.

Table 2: Main Balance Sheet Indicators

As of 31 December 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$298,098 million (+26.0% YTD) compared to those at December 2020 amounting to Ch$1,446,151 million, while assets rose 22.3% (↑Ch$327,511 million) in 4Q21 to Ch$1,793,307 million. Equity increased Ch$29,413 million (+9.3% YTD) amounting to Ch$347,157 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.

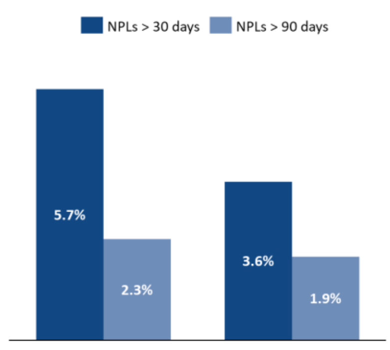


Chart 5: Consolidated NPLs

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 45.5%, 46.9% and 7.6% of the consolidated gross margin in 12M21, respectively, and 57.6%, 54.4% and -12.2% in 4Q21, are shown below.

Business Division		01.01.2021 to 31.12.2021 Ch$ million	01.01.2020 to 31.12.2020 Ch$ million	Δ Ch$	Δ %	01.10.2021 to 31.12.2021 Ch$ million	01.10.2020 to 31.12.2020 Ch$ million	Δ Ch$	Δ %
CORPORATE DIVISION	REVENUE	66,673	67,884	(1,211)	-1.8%	19,703	14,551	5,152	35.4%
	COSTS	16,607	22,361	(5,754)	-25.7%	4,417	4,981	(564)	-11.3%
	GROSS MARGIN	50,066	45,523	4,543	10.0%	15,286	9,570	5,716	59.7%
i. FACTORING	REVENUE	35,008	38,848	(3,841)	-9.9%	11,030	6,802	4,227	62.1%
	COSTS	8,361	10,902	(2,542)	-23.3%	2,820	2,041	779	38.2%
	GROSS MARGIN	26,647	27,946	(1,299)	-4.6%	8,210	4,762	3,448	72.4%
ii. LEASING	REVENUE	5,261	7,259	(1,999)	-27.5%	1,459	2,096	(638)	-30.4%
	COSTS	1,707	2,827	(1,120)	-39.6%	337	845	(508)	-60.1%
	GROSS MARGIN	3,554	4,432	(878)	-19.8%	1,122	1,251	(130)	-10.4%
iii. CORPORATE LOANS	REVENUE	26,404	21,777	4,628	21.3%	7,215	5,652	1,563	27.7%
	COSTS	6,540	8,632	(2,092)	-24.2%	1,260	2,095	(835)	-39.9%
	GROSS MARGIN	19,865	13,145	6,720	51.1%	5,955	3,557	2,398	67.4%
AUTO FINANCING DIVISION	REVENUE	97,211	90,810	6,401	7.0%	26,277	22,457	3,820	17.0%
	COSTS	45,575	48,028	(2,453)	-5.1%	11,812	12,585	(772)	-6.1%
	GROSS MARGIN	51,636	42,782	8,854	20.7%	14,465	9,872	4,592	46.5%
TREASURY & INVESTMENTS DIVISION	REVENUE	27,206	41,079	(13,873)	-33.8%	6,044	24,877	(18,833)	-75.7%
	COSTS	18,862	24,776	(5,915)	-23.9%	9,274	16,967	(7,694)	-45.3%
	GROSS MARGIN	8,344	16,302	(7,958)	-48.8%	(3,230)	7,909	(11,139)	-140.8%
ADJUSTMENTS BETWEEN SEGMENTS	REVENUE	1,727	2,117	(390)	-18.4%	462	878	(416)	-47.4%
	COSTS	(1,727)	(2,117)	390	-18.4%	(462)	(878)	416	-47.4%
Tanner	REVENUE	189,363	197,655	(8,293)	-4.2%	51,561	61,006	(9,444)	-15.5%
	COSTS	79,316	93,048	(13,732)	-14.8%	25,040	33,654	(8,614)	-25.6%
	GROSS MARGIN	110,046	104,607	5,439	5.2%	26,521	27,352	(831)	-3.0%

Table 3: Business Division Results

The consolidated gross margin in 12M21 was Ch$110,046 million (↑Ch$5,439 million / +5.2% YoY), due to a decrease in revenue (↓Ch$8,293 million / -4.2% YoY) and lower costs (↓Ch$13,732 million / -14.8% YoY). In 4Q21, the **gross margin was Ch$26.521 million** (↓Ch$831 million / -3.0% YoY), with a decrease in revenue (↓Ch$9,444 million / -15.5% YoY) that was higher than the lower costs (↓Ch$8,614 million / -25.6% YoY).

[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 of Tanner Servicios Financieros and the subsidiary Tanner Corredores de Bolsa S.A.

The gross margin breakdown by division/product was as follows:

CORPORATE DIVISION

12M21: Ch$50,066 million, up 10.0% YoY (↑Ch$4,543 million), on account of a decrease of Ch$1,211 million (-1.8% YoY) in revenue and 25.7% YoY (↓Ch$5,754 million) in the costs of the division.

4Q21: Ch$15,286 million, up 59.7% YoY (↑Ch$5,716 million), due to an increase of Ch$5,152 million (+35.4% YoY) in revenue and a decrease of 11.3% YoY (↓Ch$564 million) in the costs of the division.

i. FACTORING

12M21: Ch$26,647 million, down 4.6% YoY (↓Ch$1,299 million), with decreases of 9.9% YoY (↓Ch$3,841 million) in revenue and 23.3% YoY (↓Ch$2,542 million) in costs.

4Q21: Ch$8,210 million, up 72.4% YoY (↑Ch$3,448 million), due to an increase of 62.1% YoY (↑Ch$4,227 million) in revenue and a cost increase of 38.2% YoY (↑Ch$779 million).

ii. LEASING

12M21: Ch$3,554 million, down 19.8% YoY (↓Ch$878 million), due to a decrease in revenue (↓Ch$1,999 million / -27.5% YoY) and in costs of 39.6% YoY (↓Ch$1,120 million).

4Q21: Ch$1,122 million, down 10.4% YoY (↓Ch$130 million), because of a decrease in revenue (↓Ch$638 million / -30.4% YoY) and in costs of 60.1% YoY (↓Ch$508 million).

iii. CORPORATE LOANS

12M21: Ch$19,865 million, up 51.1% YoY (↑Ch$6,720 million), due to an increase in revenue (↑Ch$4,628 million / +21.3% YoY) and lower costs (↓Ch$2,092 million / -24.2% YoY).

4Q21: Ch$5,955 million, up 67.4% YoY (↑Ch$2,398 million), due to an increase in revenue (↑Ch$1,563 million / +27.7% YoY) and a decrease in costs (↓Ch$835 million / -39.9% YoY).

AUTO FINANCING DIVISION

12M21: Ch$51,636 million, up 20.7% YoY (↑Ch$8,854 million), because of an increase in revenue (↑Ch$6,401 million / 7.0% YoY), and a decrease in costs (↓Ch$2,453 million / -5.1% YoY).

4Q21: Ch$14,465 million, up 46.5% YoY (↑Ch$4,592 million), due to an increase in revenue (↑Ch$3,820 million / +17.0% YoY), and a decrease in costs (↓Ch$772 million / -6.1% YoY).

TREASURY & INVESTMENTS DIVISION

12M21: Ch$8,344 million, down 48.8% YoY (↓Ch$7,958 million), due to a decrease in revenue (↓Ch$13,873 million / -33.8% YoY) and in costs (↓Ch$5,915 million / +23.9% YoY).

4Q21: -Ch$3,230 million, down 140.8% YoY (↓Ch$11,139 million), due to a bigger decrease in revenue (↓Ch$18,833 million / -75.7% YoY) than in costs (↓Ch$7,694 million / -45.3% YoY).

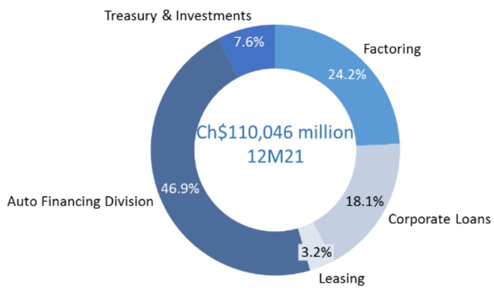


Chart 6: Gross Margin Breakdown by Business Line

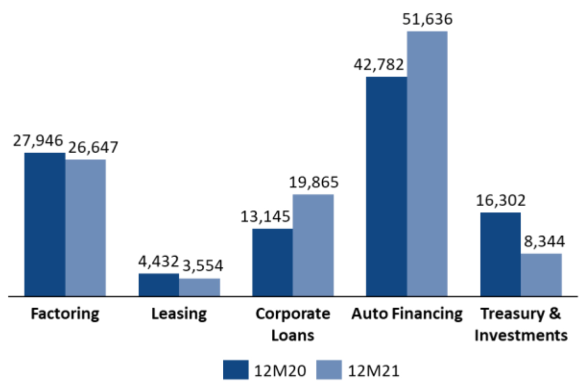


Chart 7: Gross Margin by Business Line 12M21

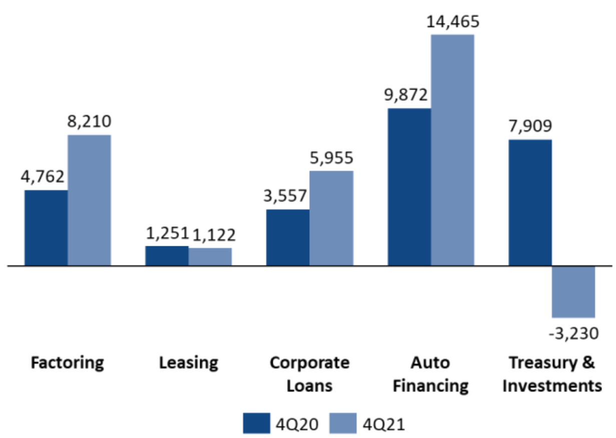


Chart 8: Gross Margin by Business Line 4Q21

The company's consolidated revenue was Ch$189,363 million in 12M21, decreasing 4.2% YoY (↓Ch$8,293 million), and **Ch$51,561 million in 4Q21**, decreasing 15.5% YoY (↓Ch$9,444 million), explained by the following revenue:

CORPORATE DIVISION

Tanner Empresas

12M21: Ch$66,673 million (↓Ch$1,211 million / -1.8% YoY).
4Q21: Ch$19,703 million (↑Ch$5,152 million / +35.4% YoY).
Driver**:** Lower revenue from the factoring business that accounts for 52.5% of the division's revenue.

i. FACTORING

12M21: Ch$35,008 million (↓Ch$3,841 million / -9.9% YoY).
4Q21: Ch$11,030 million (↑Ch$4,227 million / +62.1% YoY).
Driver: Lower price difference income, due to a lower average price.

ii. LEASING

12M21: Ch$5,261 million (↓Ch$1,999 million / -27.5% YoY).
4Q21: Ch$1,459 million (↓Ch$638 million / -30.4% YoY).
Driver: Lower fee income on account of a lower size of the portfolio.

iii. CORPORATE LOANS

12M21: Ch$26,404 million (↑Ch$4,628 million / +21.3% YoY).
4Q21: Ch$7,215 million (↑Ch$1,563 million / +27.7% YoY).
Driver: Higher fees received due to the increase in loans.

AUTO FINANCING DIVISION

Tanner Automotriz

12M21: Ch$97,211 million (↑Ch$6,401 million / +7.0% YoY).
4Q21: Ch$26,277 million (↑Ch$3,820 million / +17.0% YoY).
Driver: Higher revenue from the greater amount due, because of the increase in loans.

TREASURY & INVESTMENTS DIVISION

12M21: Ch$27,206 million (↓Ch$13,873 million / -33.8% YoY).
4Q21: Ch$6,044 million (↓Ch$18,833 million / -75.7% YoY).
Driver**:** Lower revenue from exchange rate differences, fair value of financial instruments, other income and interest.

Consolidated accrued costs amounted to Ch$79,316 million in 12M21, decreasing Ch$13,732 million (-14.8% YoY), and **Ch$25,040 million in 4Q21**, decreasing Ch$8,614 million (-25.6% YoY), explained by the following costs:

CORPORATE DIVISION

Tanner Empresas

12M21: Ch$16,607 million (↓Ch$5,754 million / -25.7% YoY).
4Q21: Ch$4,417 million (↓Ch$564 million / -11.3% YoY).
Driver: Lower interest cost due to a drop in the financing cost of the division.

i. FACTORING

12M21: Ch$8,361 million (↓Ch$2,542 million / -23.3% YoY).
4Q21: Ch$2,820 million (↑Ch$779 million / +38.2% YoY).
Driver: Lower interest cost, due to a decrease in the financing cost of Tanner.

ii. LEASING

12M21: Ch$1,707 million (↓Ch$1,120 million / -39.6% YoY).
4Q21: Ch$337 million (↓Ch$508 million / -60.1% 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

12M21: Ch$6,540 million (↓Ch$2,092 million / -24.2% YoY).
4Q21: Ch$1,260 million (↓Ch$835 million / -39.9% YoY).
Driver: Lower interest cost due to a decrease in the financing cost of Tanner.

AUTO FINANCING DIVISION

Tanner Automotriz

12M21: Ch$45,575 million (↓Ch$2,453 million / -5.1% YoY).
4Q21: Ch$11,812 million (↓Ch$772 million / -6.1% YoY).
Driver: Lower interest cost due to a decrease in the financing cost of Tanner.

TREASURY & INVESTMENTS DIVISION

12M21: Ch$18,862 million (↓Ch$5,915 million / -23.9% YoY).
4Q21: Ch$9,274 million (↓Ch$7,694 million / -45.3% YoY).
Driver: Lower cost related to exchange rate differences of the liability.

V. Business Division Portfolio Quality

	Indicator	Definition	Unit	31-12-2021	31-12-2020
CORPORATE DIVISION	Non-Performing Loans	Non-performing loans/(Loans + Provisions)	%	5.4%	9.9%
		Non-performing loans/Equity	%	13.0%	20.1%
	Provisions	Provisions/(Loans + Provisions)	%	1.2%	1.4%
		Provisions/Non-performing loans	%	21.7%	13.9%
		Provisions/Non-performing loans > 90 days	%	64.8%	67.8%
Tanner Empresas	Provisions and Write-offs	Provisions and write-offs/(Loans + Provisions)	%	1.2%	1.5%
	Non-Performing Loans over 30 days	Non-performing loans > 30 days/(Loans + Provisions)	%	2.7%	5.7%
	Non-Performing Loans over 90 days	Non-performing loans > 90 days/(Loans + Provisions)	%	1.8%	2.0%
		Non-performing loans > 90 days/Equity	%	4.4%	4.1%
	Restructured Porfolio	Restructured portfolio/(Loans + Provisions)	%	1.9%	3.5%
		Restructured portfolio/Equity	%	4.6%	7.1%
	Clients	Number of clients	#	3,373	2,348
	Expenditure Efficiency	SG&A expenses/Gross margin (*)	%	58.1%	59.1%
i. FACTORING	Non-Performing Loans	Non-performing loans/(Loans + Provisions)	%	5.2%	5.3%
		Non-performing loans/Equity	%	6.5%	5.3%
	Provisions	Provisions/(Loans + Provisions)	%	1.0%	0.7%
		Provisions/Non-performing loans	%	18.9%	13.3%
		Provisions/Non-performing loans > 90 days	%	239.5%	90.7%
	Provisions and Write-offs	Provisions and write-offs/(Loans + Provisions)	%	1.1%	1.0%
	Non-Performing Loans over 30 days	Non-performing loans > 30 days/(Loans + Provisions)	%	0.8%	0.9%
	Non-Performing Loans over 90 days	Non-performing loans > 90 days/(Loans + Provisions)	%	0.4%	0.8%
		Non-performing loans > 90 days/Equity	%	0.5%	0.8%
	Restructured Porfolio	Restructured portfolio/(Loans + Provisions)	%	1.2%	0.3%
		Restructured portfolio/Equity	%	1.5%	0.3%
	Clients	Number of clients	#	3,002	1,822
	Expenditure Efficiency	SG&A expenses/Gross margin (*)	%	64.0%	52.5%
ii. LEASING	Non-Performing Loans	Non-performing loans/(Loans + Provisions)	%	2.9%	4.2%
		Non-performing loans/Equity	%	0.5%	1.0%
	Provisions	Provisions/(Loans + Provisions)	%	0.3%	1.2%
		Provisions/Non-performing loans	%	11.8%	28.7%
		Provisions/Non-performing loans > 90 days	%	216.0%	111.0%
	Provisions and Write-offs	Provisions and write-offs/(Loans + Provisions)	%	-0.2%	2.5%
	Non-Performing Loans over 30 days	Non-performing loans > 30 days/(Loans + Provisions)	%	0.9%	2.1%
	Non-Performing Loans over 90 days	Non-performing loans > 90 days/(Loans + Provisions)	%	0.2%	1.1%
		Non-performing loans > 90 days/Equity	%	0.0%	0.2%
	Restructured Porfolio	Restructured portfolio/(Loans + Provisions)	%	9.0%	12.8%
		Restructured portfolio/Equity	%	1.7%	2.9%
	Clients	Number of clients	#	148	217
	Expenditure Efficiency	SG&A expenses/Gross margin (*)	%	53.1%	181.3%
iii. CORPORATE LOANS	Non-Performing Loans	Non-performing loans/(Loans + Provisions)	%	6.3%	17.2%
		Non-performing loans/Equity	%	6.0%	13.9%
	Provisions	Provisions/(Loans + Provisions)	%	1.6%	2.2%
		Provisions/Non-performing loans	%	25.6%	13.1%
		Provisions/Non-performing loans > 90 days	%	29.1%	17.7%
	Provisions and Write-offs	Provisions and write-offs/(Loans + Provisions)	%	1.7%	1.9%
	Non-Performing Loans over 30 days	Non-performing loans > 30 days/(Loans + Provisions)	%	5.5%	12.7%
	Non-Performing Loans over 90 days	Non-performing loans > 90 days/(Loans + Provisions)	%	4.0%	3.8%
		Non-performing loans > 90 days/Equity	%	3.8%	3.1%
	Restructured Porfolio	Restructured portfolio/(Loans + Provisions)	%	1.5%	4.8%
		Restructured portfolio/Equity	%	1.4%	3.9%
	Clients	Number of clients	#	582	567
	Expenditure Efficiency	SG&A expenses/Gross margin (*)	%	49.4%	63.0%
AUTO FINANCING DIVISION	Non-Performing Loans	Non-performing loans/(Loans + Provisions)	%	10.7%	12.6%
		Non-performing loans/Equity	%	19.0%	19.1%
	Provisions	Provisions/(Loans + Provisions)	%	2.39%	2.90%
		Provisions/Non-performing loans	%	22.3%	23.0%
		Provisions/Non-performing loans > 90 days	%	121.8%	104.0%
Tanner Automotriz	Provisions and Write-offs	Provisions and write-offs/(Loans + Provisions)	%	2.2%	3.2%
	Non-Performing Loans over 30 days	Non-performing loans > 30 days/(Loans + Provisions)	%	4.9%	6.0%
	Non-Performing Loans over 90 days	Non-performing loans > 90 days/(Loans + Provisions)	%	2.0%	2.8%
		Non-performing loans > 90 days/Equity	%	3.5%	4.2%
	Restructured Porfolio	Restructured portfolio/(Loans + Provisions)	%	2.0%	3.3%
		Restructured portfolio/Equity	%	3.5%	5.0%
	Clients	Number of clients	#	87,668	79,240
	Expenditure Efficiency	SG&A expenses/Gross margin (*)	%	50.6%	67.1%
TREASURY & INVESTMENTS DIVISION	Non-Performing Loans	Non-performing loans/(Loans + Provisions)	%	12.2%	24.0%
		Non-performing loans/Equity	%	0.7%	1.5%
	Provisions	Provisions/(Loans + Provisions)	%	2.6%	0.1%
		Provisions/Non-performing loans	%	21.7%	0.5%
		Provisions/Non-performing loans > 90 days	%	61.0%	51.3%
	Provisions and Write-offs	Provisions and write-offs/(Loans + Provisions)	%	2.7%	0.1%
	Non-Performing Loans over 30 days	Non-performing loans > 30 days/(Loans + Provisions)	%	4.3%	0.3%
	Non-Performing Loans over 90 days	Non-performing loans > 90 days/(Loans + Provisions)	%	4.3%	0.2%
		Non-performing loans > 90 days/Equity	%	0.2%	0.0%
	Restructured Porfolio	Restructured portfolio/(Loans + Provisions)	%	1.5%	4.1%
		Restructured portfolio/Equity	%	0.1%	0.3%
	Clients	Number of clients	#	1,708	1,721

(*) Gross margin considers impairment.

Table 4: Business Division Main Indicators

CORPORATE DIVISION

Tanner Empresas

The loan portfolio quality improved for both NPLs > 90 days and NPLs > 30 days compared to 12M2020.

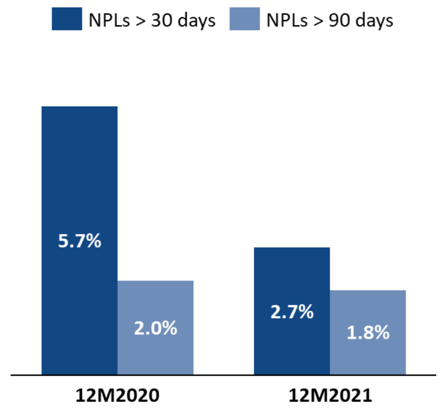


Chart 9: NPLs – Corporate Division

i. FACTORING

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

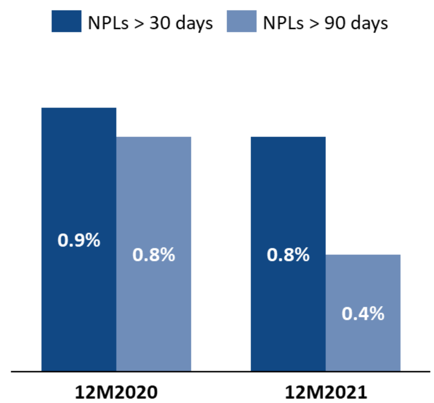


Chart 10: NPLs – Factoring Business

ii. LEASING

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

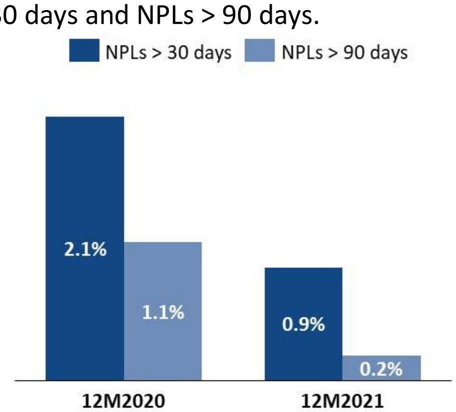


Chart 11: NPLs – Leasing Business

iii. CORPORATE LOANS

NPLs > 30 days improved compared to 12M2020. On the other hand, NPLs > 90 days increased, however mainly for loans with real collateral.

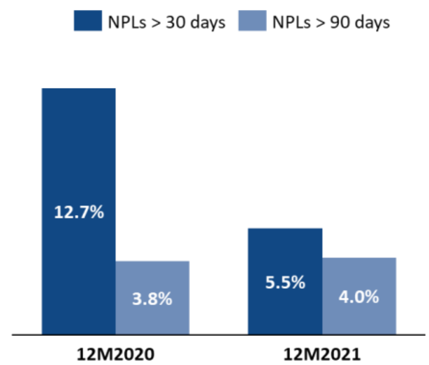


Chart 12: NPLs – Corporate Loan Business

AUTO FINANCING DIVISION

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

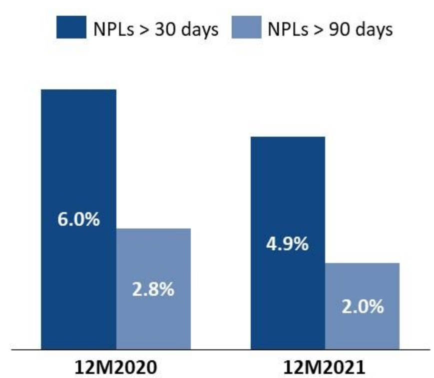


Chart 13: NPLs – Auto Financing Division

TREASURY & INVESTMENTS DIVISION

The portfolio quality was worse compared to 12M2020.

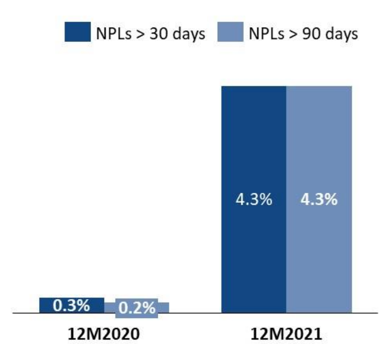


Chart 14: NPLs – Treasury & Investments Division

VI. Balance Sheet

Assets (Ch$ million)	31-12-2021	31-12-2020	Δ Ch$	Δ %
Current Assets				
Cash and cash equivalents	57,913	120,080	(62,167)	-51.8%
Other current financial assets	129,553	79,934	49,619	62.1%
Other current non-financial assets	2,010	3,058	(1,048)	-34.3%
Trade receivables and other current accounts receivable	974,486	733,205	241,282	32.9%
Accounts receivable from related parties	5,844	4,902	941	19.2%
Current tax assets	12,218	6,645	5,574	83.9%
Non-current assets or asset groups for disposal classified as held-for-sale	9,842	4,798	5,044	105.1%
Total Current Assets	**1,191,866**	**952,623**	**239,244**	**25.1%**
Non-Current Assets				
Other non-current financial assets	73,768	55,033	18,735	34.0%
Other non-current non-financial assets	7,301	5,181	2,120	40.9%
Trade receivables and other non-current accounts receivable	470,056	391,805	78,251	20.0%
Non-current accounts receivable from related parties	202	34	168	497.9%
Intangible assets other than goodwill	5,213	6,637	(1,424)	-21.5%
Goodwill	1,640	1,640	-	0.0%
Property, plant and equipment	8,913	10,308	(1,395)	-13.5%
Property Investments	-	11,318	(11,318)	-100.0%
Deferred tax assets	34,348	31,218	3,130	10.0%
Total Non-Current Assets	**601,441**	**513,174**	**88,267**	**17.2%**
Total Assets	**1,793,307**	**1,465,796**	**327,511**	**22.3%**

Liabilities (Ch$ million)	31-12-2021	31-12-2020	Δ Ch$	Δ %
Current Liabilities				
Other current financial liabilities	750,921	516,389	234,532	45.4%
Trade payables and other current accounts payable	145,378	116,449	28,929	24.8%
Other short-term provisions	-	508	(508)	-100.0%
Current tax liabilities	4,984	3,262	1,722	52.8%
Current provisions for employee benefits	3,889	950	2,939	309.2%
Other current non-financial liabilities	-	-	-	-
Total Current Liabilities	**905,173**	**637,558**	**267,614**	**42.0%**
Non-Current Liabilities				
Other non-current financial liabilities	540,705	510,195	30,509	6.0%
Non-current provisions for employee benefits	274	300	(26)	-8.7%
Total Non-Current Liabilities	**540,978**	**510,495**	**30,483**	**6.0%**
Total Liabilities	**1,446,151**	**1,148,053**	**298,098**	**26.0%**
Equity	347,157	317,743	29,413	9.3%
Total Equity and Liabilities	**1,793,307**	**1,465,796**	**327,511**	**22.3%**

Table 5: Consolidated Balance Sheet

a. Net Loan Portfolio[4]

The total gross loan portfolio in 4Q21 was Ch$1,469,523 million (↑Ch$321,706 million / +28.0% YTD) versus Ch$1,147,816 million YoY, while provisions were Ch$24,980 million, increasing Ch$2,174 million (+9.5% YTD). Hence, **the total net loan portfolio amounted to Ch$1,444,542 million**, an increase of Ch$319,533 million (+28.4% YoY) on the Ch$1,125,010 million in 4Q2020.

Net loan portfolio by division in 4Q2021:

1. **Corporate Division: Ch$822,473 million** | +29.4% YTD | ↑Ch$186,473 million.
    a. **Factoring: Ch$432,133 million** | +37.4% YTD | ↑Ch$117,713 million.
    b. **Leasing: Ch$65,576 million** | -8.0% YTD | ↓Ch$5,682 million.
    c. **Corporate Loans: Ch$324,764 million** | +29.7% YTD | ↑Ch$74,442 million.
2. **Auto Financing Division: Ch$599,994 million** | +28.6% YTD | ↑Ch$133,473 million.
3. **Treasury and Investments Division: Ch$18,545 million** | -8.2% YTD | ↓Ch$1,656 million.

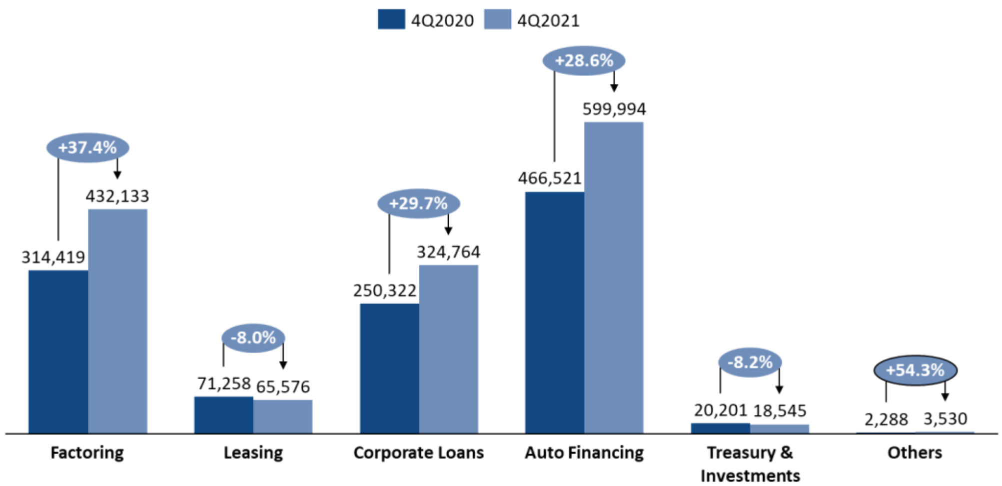


Chart 15: Net Loan Portfolio by Line of Business

The portfolio has shifted to a greater concentration on the company's strategic businesses, such as factoring and auto financing. At the close of 4Q21, these accounted for 30% and 42% of the net loan portfolio, respectively.

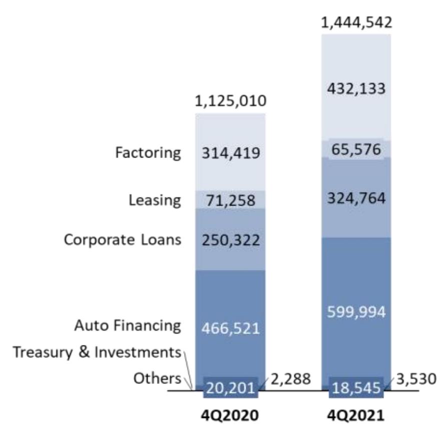


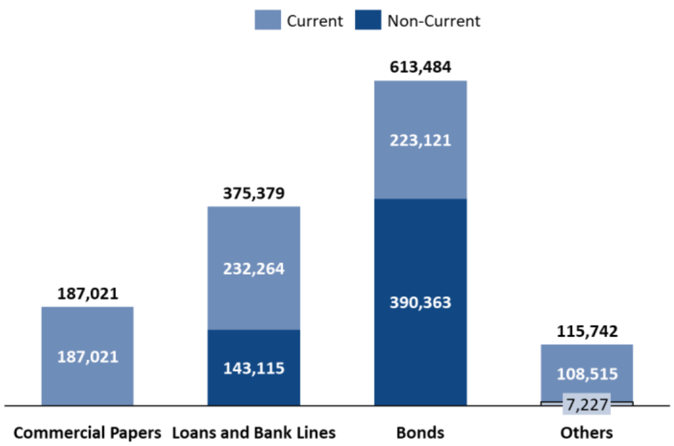
Chart 16: Net Loan Portfolio Breakdown

[4] Gross loans minus provisions.

b. Funding Sources

The company's financial liabilities in 4Q21 were Ch$1,291,626 million compared with Ch$1,026,584 million YoY (↑Ch$265,041 million / +25.8% YTD), due to higher Chilean and international bank loans (↑Ch$112,157 million / +42.6% YTD), bond-related obligations (↑Ch$94,918 million / +18.3% YTD), due to placements of UF2 million in the domestic market, two placements in international markets of CHF12 million and EUR15 million and a new placement in the Swiss market of CHF125 million, and other financial liabilities (↑Ch$41,486 million / +55.9% YTD) that were mainly repos and forwards. In contrast, commercial papers decreased (↓Ch$16,481 million / -9.7% YTD).

In terms of the liability structure, 47.5% (Ch$613,484 million) corresponded to local and international bonds, 29.1% (Ch$375,378 million) to bank loans and credit lines, and 14.5% (Ch$187,021 million) to commercial papers. The remaining Ch$115,742 million (9.0%) was related to other financial obligations of repos and forwards.



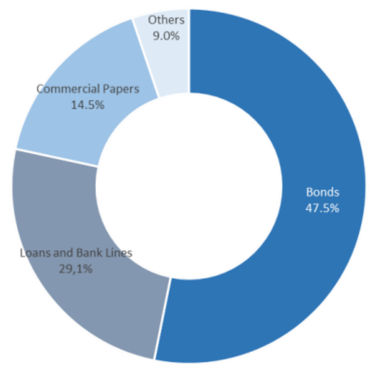


Chart 17: Breakdown of Funding Sources

VII. Cash Flow Statement

Ch$ million	31-12-2021	31-12-2020	Δ Ch$
Cash flow from operating activities	(202,151)	173,151	(375,302)
Cash flow from investing activities	24,607	122,656	(98,048)
Cash flow from financing activities	113,996	(228,441)	342,438
Effect of changes in exchange rates	1,381	(946)	2,326
Cash flow in the period	(62,167)	66,420	(128,586)
Cash and cash equivalents, opening balance	120,080	53,660	66,420
Cash and cash equivalents, closing balance	57,913	120,080	(62,167)

Table 6: Cash Flow Statement

In 12M21, the cash flow from **operating activities was -Ch$202,151 million** against Ch$173,151 million YoY, because payments to suppliers of goods and services increased by Ch$929,475 million, arising from an increase in the volume of loans in the Auto Financing Division and the Corporate Division.

The cash flow from **investing activities amounted to Ch$24,607 million**, dropping Ch$98,048 million on the Ch$122,656 million in 12M20, mainly due to a -Ch$670,895 million difference regarding other charges for purchases of equity or debt instruments of other entities, as a result of lower redemptions of financial instruments in 12M21.

The cash flow from **financing activities amounted to Ch$113,996 million** against -Ch$228,441 million YoY, mainly because of a higher net flow from loans, due to the increase in financial liabilities.

Finally, **cash and cash equivalents in 12M21 were Ch$57,913 million,** decreasing Ch$62,167 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 fails to 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 collateral that is a second source of payment of its clients' obligations in the event of default.

FACTORING

Most credit lines include the liability of the assignor for the insolvency of the assigned debtor. A framework agreement is signed by every client to support future operations. 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, along with a credit analysis of the customer profile. 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.

Trade receivable impairment provision policy

IFRS 9 establishes the guidelines for the recognition of credit losses arising from the financial assets of an entity. This standard stipulates that expected credit losses must be recognised considering the following 3 aspects: (i) an amount of the expected probability, (ii) the temporary value of the money, and (iii) reasonable and substantiated information that is available without undue cost or effort on the reporting date of past events, current conditions and forecasts of future economic conditions.

The approach of IFRS 9 is a model that recognises three stages, according to the following definition:

- Stage 1: Assets with a low risk of impairment or default.
- Stage 2: Assets with a significantly greater risk of default.
- Stage 3: Defaulted assets.

For assets classified in stage 1, it is necessary to estimate the expected credit losses due to default that occurs in the next 12 months (weighted by the probability of such default occurring), while for stage 2 and 3 it is necessary to estimate the expected credit losses for the entire remaining life of the asset. In the case of defaulted assets (classified in Stage 3), the default probability parameter is defined as 1.

Although the standard allows entities to determine the criteria to move from one stage to another, there are rebuttable presumptions stipulated, which are the basis of the model described in this document.

- Stage 1 to Stage 2: Assets with more than 30 days of delinquency.
- Stage 2 to Stage 3: Assets with 90 days or more of delinquency.

The regulatory requirements that were incorporated in the impairment models are:

a. Risk profile for each product.
b. Probability of default in 12 months and for the entire life of the asset.
c. Loss due to default over the entire 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 profiles were modelled by means of business segmentation associated with different risk factors, except in the case of the auto financing product, for which logistic regression was used to build a scorecard. 90 days of delinquency was defined as the indicator of default.

For the modelling of the forward-looking adjustment, models were developed whose response variable is the industry default probability index and whose regressors are macroeconomic variables.

During the second half of 2021, Tanner Servicios Financieros S.A. calibrated its credit risk provision models, with the aim of improving the prediction parameters of customer behaviour and maintaining the statistical monitoring standards, which resulted in a greater provision with an effect of Ch$4,186 million on income.

The basic features of provision policies by business line are:

FACTORING

Provision calculations for the factoring business consider three profiles segmented by sub-product and risk profiles. It is important to highlight that any operation renegotiated as credit falls into the recognition sub-segment. The most influential variables by sub-segment are:

i. Invoices: (i) type or group, (ii) days of current delinquency.
ii. Cheques: (i) type of document, (ii) days of current delinquency, (iii) type or group.
iii. Others: (i) days of current delinquency, (ii) type or group.
iv. Recognition of debt: (i) if it is credit or not, (ii) days of current delinquency, (iii) type or group.

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.

CORPORATE LOANS

Provision calculations consider eight risk profiles with internal performance variables. The most influential variables are the following: (i) days of current delinquency and (ii) renegotiation that determines if it is a “normal” credit or “recognition” of the type variable.

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) Nissan, (ii) AMICAR, (iii) renegotiated and (iv) non-AMICAR.

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

i. Percentage increase in the balance in the past three months.
ii. Maximum delinquency in the past three months.
iii. Unpaid instalments in the last month.
iv. Percentage of instalments paid.
v. The delinquent instalment average in the past month.
vi. If the operation has grace period months (this is a binary variable).

vii. If the operation had a partial prepayment in the last three months (this is a binary variable).
viii. Portfolio average in the last three months.

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) renegotiation.

Regarding updating the probability of default to the economic cycle (forward-looking) and population changes, at the beginning of the year the studies and risk area will analyse possible population and macroeconomic changes associated, for example, with changes in the risk policy, the creation of new products and market indicators, and will recommend possible calibrations of the default probability curves that will ultimately impact provisioning factors.

In relation to the mitigation of exposure due to guarantees and/or insurance, for all operations that are guaranteed by real estate or insurance or another asset, the risk area will assign an objective value to the guarantee, always based on an independent appraisal and this can only be more conservative than this and will be used to mitigate customer exposure. If they are general guarantees, they will mitigate the exposure in the following order:

(i) Corporate Loan
(ii) Leasing
(iii) Factoring
(iv) Treasury and Investments

Provision for high amount customers: the company has defined the creation of a group of high amount customers, which are those who have exposure of or greater than Ch$2 billion, either individually or aggregated with their economic group.

High amount customers are classified as impaired when they meet any of the following criteria:

i. External and internal delinquency of greater than 30 days that represents 15% or more of their line.
ii. They have three or more events of external delinquency.
iii. They have cases of reorganisation or receivership, as laid down in Law 20.720 on Reorganisation and Enterprise.
iv. They have legal cases of a high impact or amount.

High amount customers that are nor identified as impaired are provisioned for by applying the statistical expected loss models outlined above. On the other hand, impaired high amount clients are analysed individually by the Credit Committee, which decides on their solvency and the mitigating factors, thereby determining the expected risk of each one.

Write-Off Policy: Tanner Servicios Financieros S.A. has the following write-off policy:

Operations without any mitigating factors:

i. Factoring: 366 days of delinquency.
ii. Auto Financing: 366 days of delinquency.
iii. Corporate Loans: 541 days of delinquency.
iv. Real Estate Leasing: 541 days of delinquency.
v. Real Estate Leasing and Vendor: 901 days of delinquency.
vi. Accounts receivable TCB: 366 days of delinquency.

Operations with mitigating factors:

i. They will be written off upon reaching 901 days of delinquency.
ii. The uncovered portion will be 100% provisioned upon meeting the criteria for operations without any mitigating factors.

The following table shows the loan portfolios, the amount of provisions and the risk ratio as of 31 December 2021 and 2020:

Business Line	31.12.2021			
	Gross Portfolio Ch$ million	Provisions Ch$ million	Net Portfolio Ch$million	Risk Ratio
Factoring	436,390	(4,258)	432,133	0.98%
Leasing	65,797	(221)	65,576	0.34%
Corporate Loans	330,087	(5,323)	324,764	1.61%
Auto Financing	614,668	(14,674)	599,994	2.39%
Treasury & Investments	19,050	(505)	18,545	2.65%
Sundry receivables	3,530	-	3,530	0.00%
Total	**1,469,523**	**(24,980)**	**1,444,542**	**1.70%**

Business Line	31.12.2020			
	Gross Portfolio Ch$ million	Provisions Ch$ million	Net Portfolio Ch$million	Risk Ratio
Factoring	316,662	(2,242)	314,419	0.71%
Leasing	72,129	(871)	71,258	1.21%
Corporate Loans	256,070	(5,748)	250,322	2.24%
Auto Financing	480,441	(13,920)	466,521	2.90%
Treasury & Investments	20,227	(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

Renegotiated: 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, unlike leasing and auto financing that are essentially loan operations, provide liquidity of client account receivables. In the event of a renegotiation, these are reviewed and 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 includes 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	31.12.2021				
	Total Portfolio	Renegotiation	Provisions	Renegotiation by product	Renegotiation by total portfolio
	Ch$ million	Ch$ million	Ch$ million	%	%
Factoring	436,390	5,066	(4,258)	1.16%	0.34%
Corporate Loans	330,087	4,925	(5,323)	1.49%	0.34%
Auto Financing	614,668	12,111	(14,674)	1.97%	0.82%
Leasing (*)	65,797	5,925	(221)	9.00%	0.40%
Treasury & Investments	19,050	291	(505)	1.53%	0.02%
Sundry receivables	3,530	-	-	-	-
Total	**1,469,523**	**28,317**	**(24,980)**		**1.93%**

Business Line	31.12.2020				
	Total Portfolio	Renegotiation	Provisions	Renegotiation by product	Renegotiation by total portfolio
	Ch$ million	Ch$ million	Ch$ million	%	%
Factoring	316,662	1,009	(2,242)	0.32%	0.09%
Corporate Loans	256,070	12,382	(5,748)	4.84%	1.08%
Auto Financing	480,441	15,881	(13,920)	3.31%	1.38%
Leasing (*)	72,129	9,244	(871)	12.82%	0.81%
Treasury & Investments	20,227	831	(26)	4.11%	0.07%
Sundry receivables	2,288	-	-	-	-
Total	**1,147,816**	**39,348**	**(22,807)**		**3.43%**

**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 fall 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 that 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$57,913 million of consolidated cash on hand as of 31 December 2021 (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$370 million in 12M21 (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 generated earnings of Ch$61 million in 12M21 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$224,833 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$60 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$383 million in 12M21 (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:

Interest rate delta (basis points)	25	50	75	100	125	150	175	200
Net portfolio change due to a cut in interest rates	0.56%	1.13%	1.69%	2.25%	2.81%	3.38%	3.94%	4.50%
Net portfolio change due to a hike in interest rates	-0.56%	-1.13%	-1.69%	-2.25%	-2.81%	-3.38%	-3.94%	-4.50%

Table 9: 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.

[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%.

Exposure	31-12-2021									
	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	518,850	14,365,595	(386,816,791)	381,896,394	-	63,057,334	-	(86,290,047)	(151,501,061)	187,979,775
1 to 3 years	510,814	-	1,266,545	-	-	60,330,684	-	(51,714,863)	(128,072,969)	131,031,684
Over 3 years	-	-	-	-	-	-	-	-	640,575	-
Total	**1,029,664**	**14,365,595**	**(385,550,246)**	**381,896,394**	**-**	**123,388,018**	**-**	**(138,004,910)**	**(278,933,455)**	**319,011,460**

Note: the table shows the exposure at the present value of the portfolio of trading and hedging derivatives, according to the currencies adopted and terms. The amounts have been translated to Ch$'000 and are absolute values.

Sens. +1bp	31-12-2021									
	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	(20)	(764)	4,677	(4,119)	-	(1,735)	-	3,142	13,622	(16,333)
1 to 3 years	(77)	-	(199)	-	-	(15,094)	-	12,099	28,750	(30,061)
Over 3 years	-	-	-	-	-	-	-	-	(274)	-
Total	**(97)**	**(764)**	**4,478**	**(4,119)**	**-**	**(16,829)**	**-**	**15,241**	**42,098**	**(46,394)**

Note: the table shows the potential loss or gain, expressed in Ch$'000, to which the portfolios of trading and hedging derivatives are exposed, if valuation rates rise by 1 basis point, according to the currencies adopted and terms on the reference date.

Table 10: 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 late 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 made more flexible 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 and Note 10 of the company's 12M21 financial statements.