Quarterly Earnings Report

December 2022

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I. Executive Summary

- **ROAE*:**

  12M22: 8.0% / 12M21: 10.9%

- **ROAA**:**

  12M22: 1.6% / 12M21: 2.2%

- **Equity:**

  12M22: Ch$366,711 million / Δ+: 5.6% YTD

- **Net Profit:**

  4Q22: Ch$2,675 million / 4Q21: Ch$5,191 million
  Δ-: 48.5% YoY
  12M22: Ch$28,524 million / 12M21: Ch$36,142 million
  Δ-: 21.1% YoY

- **Net Loan Portfolio:**

  12M22: Ch$1,458,505 million / Δ-: 1.0% YTD

- **NPLs > 90 Days:**

  12M22: 5.1% / 12M21: 1.9%

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

Profit after tax in 2022 decreased 21.1% YoY to Ch$28,524 million, while operating income increased 15.7% YoY. **Likewise, in 4Q22 profit after tax dropped 48.5% YoY to Ch$2,675 million,** and operating income rose 12.1%.

The consolidated net loan portfolio was Ch$1,458,505 million, increasing Ch$13,962 million (+1.0% YTD), due to an increase in the corporate division that reported net loans of Ch$844,780 million (↑Ch$22,307 million / +2.7% YTD), driven by an increase in factoring (↑Ch$89,708 million / +20.8% YTD), amounting to Ch$521,841 million. On the other hand, there was a decrease in corporate loans (↓Ch$58,773 million / -18.1% YTD), amounting to Ch$265,992 million, and in leasing (↓$8,629 million / -13.2% YTD), amounting to Ch$56,947 million. **This increase was offset by lower net loans in the auto financing division of Ch$598,875 million (↓Ch$1,119 million / -0.2% YTD).**

Compared to 2021, as of December 2022 non-performing loans (NPLs) over 30 days increased 572 basis points to 9.4% (12M21: 3.6%). Likewise, NPLs over 90 days rose 320 basis points to 5.1% (12M21: 1.9%). The increase in non-performing loans over 90 days was due to delinquency in the corporate division increasing 313 basis points to 4.9% (12M21: 1.8%), driven by higher delinquency in factoring of 304 basis points (12M21: 0.4% vs 12M22: 3.5%), in corporate loans of 419 basis points (12M21: 4.0% vs 12M22: 8.2%), in leasing of 294 basis points (12M21: 0.2% vs 12M22: 3.1%), and in the auto financing division of 365 basis points (12M21: 2.0% vs 12M22: 5.6%).

The liquidity index at the close of 4Q22 was 1.36 times, above the level at the end of 2021 (1.32x), while **ready cash of Ch$35,376 million** was lower than the Ch$57,913 million YoY. The company's **leverage ratio was 3.90 times (December 2021: 4.17x).**

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)	01-01-2022 31-12-2022	01-01-2021 31-12-2021	Δ Ch$	Δ %	01-10-2022 31-12-2022	01-10-2021 31-12-2021	Δ Ch$	Δ %
Revenue	264,786	189,363	75,424	39.8%	64,308	51,561	12,746	24.7%
Sales cost	(142,250)	(79,316)	(62,934)	79.3%	(35,755)	(25,040)	(10,714)	42.8%
Gross margin	122,536	110,046	12,489	11.3%	28,553	26,521	2,032	7.7%
Administrative expenses	(55,605)	(51,434)	(4,171)	8.1%	(13,297)	(12,642)	(655)	5.2%
Other profits (losses)	219	(582)	800	-137.6%	212	(81)	293	-361.9%
Operating margin	67,149	58,030	9,119	15.7%	15,468	13,798	1,669	12.1%
Impairment losses	(44,203)	(19,814)	(24,389)	123.1%	(14,200)	(11,450)	(2,750)	24.0%
Share in the losses of associates and joint ventures accounted for using the equity method	(71)	-	(71)	-	121	-	121	-
Finance costs	(600)	(388)	(212)	54.7%	(207)	(111)	(96)	86.5%
Foreign exchange differences	177	635	(458)	-72.1%	(300)	254	(553)	-218.1%
Gain from indexation units	295	191	104	54.4%	46	123	(77)	-62.5%
Profit (loss) before tax	22,746	38,654	(15,908)	-41.2%	928	2,614	(1,686)	-64.5%
Income tax (expense) revenue	5,778	(2,512)	8,290	-330.0%	1,747	2,577	(830)	-32.2%
Profit (loss)	28,524	36,142	(7,618)	-21.1%	2,675	5,191	(2,516)	-48.5%
Profit (loss) attributable to owners of the parent	28,399	36,082	(7,684)	-21.3%	2,667	5,195	(2,528)	-48.7%
Profit (loss) attributable to non-controlling interests	125	60	66	110.2%	8	(4)	12	-293.0%

Table 1: Consolidated Income Statement

The company's net income in 12M22 decreased 21.1% YoY (↓Ch$7,618 million) to Ch$28,524 million against Ch$36,142 million YoY, and in 4Q22 net income dropped 48.5% YoY (↓Ch$2,516 million). **The gross margin in 12M22 was Ch$122,536 million** (↑Ch$12,489 million / +11.3% YoY) **and in 4Q22 it was Ch$28,553 million** (↑Ch$2,032 million / +7.7% YoY).

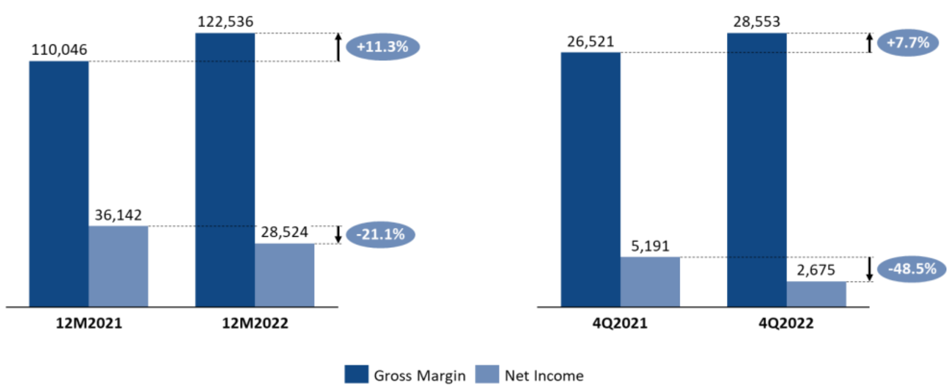

Chart 1: Consolidated Net Income and Gross Margin

Consolidated revenue amounted to Ch$264,786 million in 12M22, increasing 39.8% YoY (↑Ch$75,424 million), and Ch$64,308 million in 4Q22, increasing 24.7% YoY (↑Ch$12,746 million), in line with: (i) income from interest (12M22: ↑Ch$44,026 million / +41.6% YoY and 4Q22: ↑Ch$8,662 million / +30.0% YoY), (ii) income from price differences (12M22: ↑Ch$27,403 million / +103.5% YoY and 4Q22: ↑Ch$9,015 million / +115.8% YoY), (iii) income from indexation (12M22: ↑Ch$13,557 million / +101.3% and 4Q22: ↓Ch$1,021 million / -17.0% YoY) and (iv) other income (12M22: ↑Ch$8,167 million / +31.1% YoY and 4Q22: ↑Ch$1,773 million / +27.6% YoY). These were offset by lower income from: (i) fees (12M22: ↓Ch$7,741 million / -65.5% YoY and 4Q22: ↓Ch$2,414 million / -67.7% YoY), (ii) exchange rate differences (12M22: ↓Ch$5,652 million / -88.2% YoY and 4Q22: ↓Ch$3,894 million / -512.5% YoY) and (iii) fair value (12M22: ↓Ch$4,336 million / -486.5% YoY and 4Q22: ↑Ch$625 million / +33.8% YoY).

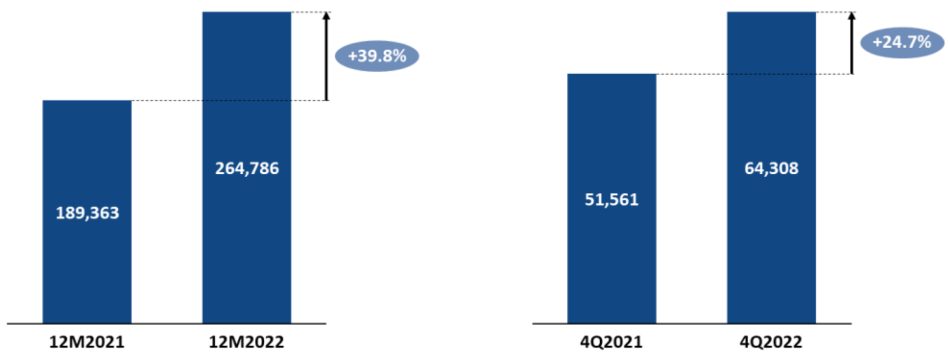

Chart 2: Consolidated Revenue

The consolidated cost of sales in 12M22 was Ch$142,250 million, increasing 79.3% YoY (↑Ch$62,934 million), and Ch$35,755 million in 4Q22, increasing 42.8% YoY (↑Ch$10,714 million)**,** in line with: (i) interest expenses (12M22: ↑Ch$50,900 million / +146.8% YoY and 4Q22: ↑Ch$18,475 million / +198.1% YoY), (ii) exchange rate difference costs (12M22: ↑Ch$6,526 million / +116.6% YoY and 4Q22: ↓Ch$4,997 million / -128.8% YoY), (iii) fee expenses (12M22: ↑Ch$5,118 million / +20.0% YoY and 4Q22: ↑Ch$509 million / +7.3% YoY), (iv) other costs (12M22: ↑Ch$348 million / 3.7% YoY and 4Q22: ↑Ch$586 million / +25.4% YoY), (v) fair value costs (12M22: ↑Ch$21 million / +100% YoY and 4Q22: ↑Ch$21 million / +100% YoY), and (iv) indexation expenses (12M22: ↑Ch$21 million / +0.5% YoY and 4Q22: ↓Ch$3,880 million / -149.0% YoY).

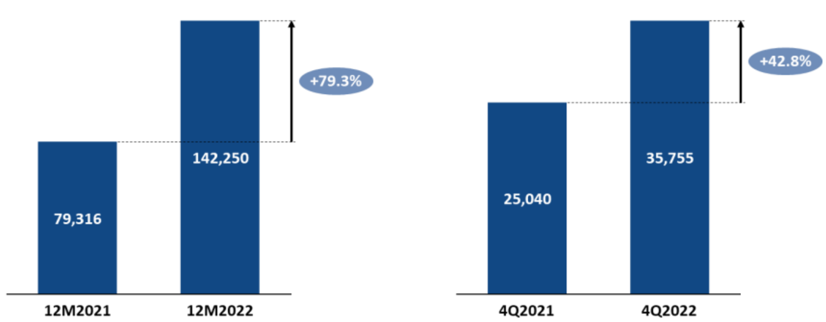

Chart 3: Sales Cost

SG&A expenses (including depreciation) were Ch$55,605 million in 12M22 and Ch$13,297 million in 4Q22, increasing 8.1% YoY and 5.2% YoY, respectively, mainly due to a higher labour expense, which accounts for 65% of the SG&A expenses that amounted to Ch$36,385 million in 12M22 (+6.1% YoY) and Ch$7,665 million in 4Q22 (-2.3% YoY), mainly due to the inflation effect in 12M22. General administrative expenses were Ch$19,220 million in 12M22 and Ch$5,632 million in 4Q22, increasing 12.2% YoY and 17.5% YoY, respectively.

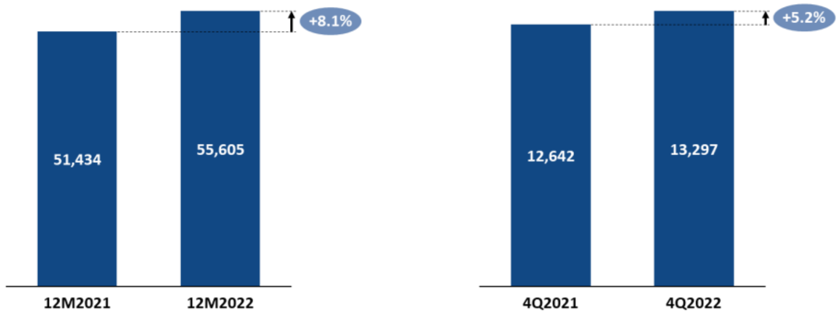

Chart 4: SG&A Expenses

III. Main Indicators

	Indicator	Definition	Unit	31-12-2022	31-12-2021
Liquidity and Solvency	Liquidity Ratio	*Current assets/Current liabilities*	*Times*	1.36	1.32
	Short-Term Leverage Ratio	*Current liabilities/Equity*	*Times*	2.50	2.61
	Immediate Liquidity	*Cash and cash equivalents/Current liabilities*	*Times*	0.04	0.06
	Stable Funding Ratio	*(Non-current liabilities + Equity)/(Current assets)*	*Times*	1.60	1.48
	Leverage Ratio	*Liabilities/Equity*	*Times*	3.90	4.17
	Capitalisation	*Equity/Assets*	*%*	20.4%	19.4%
	Total Leverage Ratio	*Liabilities/Assets*	*Times*	0.8	0.8
	Short-Term Debt Ratio	*Total current liabilities/Total liabilities*	*%*	64.1%	62.6%
	Long-Term Debt Ratio	*Total non-current liabilities/Total liabilities*	*%*	35.9%	37.4%
	Short-Term Bank Debt	*Current bank liabilities/Current liabilities*	*%*	54.1%	25.7%
	Long-Term Bank Debt	*Non-current bank liabilities/Non-current liabilities*	*%*	8.7%	26.5%
	Working Capital	*Current assets - Current liabilities*	*Ch$ million*	331,520	286,694
	Financial Expenditure Ratio	*(Profit before tax + Financial expenditure)/Financial expenditure*	*Times*	1.4	2.1
Asset Quality	Non-Performing Loans over 30 days	*Non-performing loans > 30 days/(Loans + Provisions)*	*%*	9.4%	3.6%
	Non-Performing Loans over 90 days	*Non-performing loans > 90 days/(Loans + Provisions)*	*%*	5.1%	1.9%
		Non-Performing loans > 90 days/Equity	*%*	21.3%	8.1%
	Non-Performing Loans	*Non-Performing loans/(Loans + Provisions)*	*%*	18.2%	7.6%
		Non-Performing loans/Equity	*%*	74.9%	32.0%
	Provisions	*Provisions/(Loans + Provisions)*	*%*	3.4%	1.7%
		Provisions/Non-performing loans	*%*	18.7%	22.5%
		Provisions/Non-performing loans > 90 days	*%*	65.7%	94.4%
	Write-offs	*Write-offs (LTM)/(Loans + Provisions)*	*%*	1.5%	1.5%
	Provisions and Write-offs	*Annualised provisions and write-offs/(Loans + Provisions)*	*%*	3.2%	1.6%
	Renegotiated Porfolio	*Renegotiated portfolio/(Loans + Provisions)*	*%*	4.4%	1.9%

Table 2: Main Balance Sheet Indicators

	Indicator	Definition	Unit	31-12-2022	31-12-2021
Profitability	Return on Average Equity	*Net income LTM/Average equity*	*%*	8.0%	10.9%
	Return on Average Assets	*Net income LTM/Average assets*	*%*	1.6%	2.2%
	Gross Margin	*Gross margin (*)/Revenue*	*%*	29.6%	47.7%
	Operating Margin	*Operating margin/Revenue*	*%*	25.4%	30.6%
	Net Income Margin	*Net income/Revenue*	*%*	10.8%	19.1%
	Earnings Per Share (EPS)	*Net income/number of shares*	*Ch$'000*	23,532	29,817
	Expenditure Efficiency	*SG&A expenses/Gross margin (*)*	*%*	71.0%	57.0%

(*) Gross margin considers impairment.

Table 3: Main Profitability Indicators

As of 31 December 2022, in terms of liquidity and solvency 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 decreased Ch$15,572 million (-1.1% YTD) compared to those at the close of December 2021 amounting to Ch$1,430,578 million, while assets rose 0.2% (↑Ch$3,982 million) amounting to Ch$1,797,289 million. Equity increased Ch$19,554 million (+5.6% YTD) amounting to Ch$366,711 million.

The asset quality indicators, reflected by NPLs > 30 days and NPLs > 90 days, increased on those at the close of 2021. This was driven by a deterioration of the economy and the end of state aid, which have led to a worse performance of these indicators.

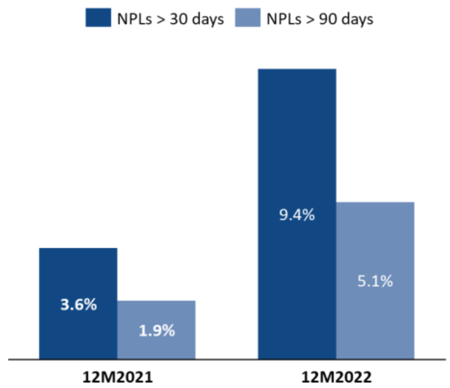

Chart 5: Consolidated NPLs

IV. Business Division Results

Tanner is organised into three divisions: Corporate[1], Auto Financing[2] and Investments[3]. The results of these three divisions, which accounted for 45.4%, 40.1% and 14.5% of the consolidated gross margin in 12M22 and 51.8%, 40.9% and 7.3% in 4Q22, respectively, are shown below.

Business Division		01-01-2022 to 31-12-2022 Ch$ million	01-01-2021 to 31-12-2021 Ch$ million	Δ Ch$	Δ %	01-10-2022 to 31-12-2022 Ch$ million	01-10-2021 to 31-12-2021 Ch$ million	Δ Ch$	Δ %
CORPORATE DIVISION	REVENUE	104,801	66,673	38,128	57.2%	31,161	19,703	11,458	58.2%
Tanner Empresas	COSTS	49,173	16,607	32,566	196.1%	16,376	4,417	11,959	270.8%
	GROSS MARGIN	55,628	50,066	5,562	11.1%	14,785	15,286	(501)	-3.3%
i. FACTORING	REVENUE	72,949	35,008	37,941	108.4%	23,131	11,030	12,101	109.7%
	COSTS	35,269	8,361	26,908	321.8%	12,379	2,820	9,559	339.0%
	GROSS MARGIN	37,680	26,647	11,033	41.4%	10,751	8,210	2,541	31.0%
ii. LEASING	REVENUE	5,015	5,261	(246)	-4.7%	1,234	1,459	(225)	-15.4%
	COSTS	2,195	1,707	488	28.6%	693	337	356	105.7%
	GROSS MARGIN	2,820	3,554	(734)	-20.7%	540	1,122	(581)	-51.8%
iii. CORPORATE LOANS	REVENUE	26,838	26,404	433	1.6%	6,796	7,215	(418)	-5.8%
	COSTS	11,709	6,540	5,170	79.1%	3,303	1,260	2,043	162.2%
	GROSS MARGIN	15,129	19,865	(4,736)	-23.8%	3,493	5,955	(2,462)	-41.3%
AUTO FINANCING DIVISION	REVENUE	119,221	97,211	22,009	22.6%	31,017	26,277	4,740	18.0%
Tanner Automotriz	COSTS	70,068	45,575	24,493	53.7%	19,329	11,812	7,516	63.6%
	GROSS MARGIN	49,152	51,636	(2,484)	-4.8%	11,688	14,465	(2,777)	-19.2%
INVESTMENTS DIVISION	REVENUE	54,305	27,206	27,099	99.6%	1,169	6,044	(4,875)	-80.7%
	COSTS	36,550	18,862	17,688	93.8%	(911)	9,274	(10,184)	-109.8%
	GROSS MARGIN	17,755	8,344	9,411	112.8%	2,080	(3,230)	5,310	-164.4%
ADJUSTMENTS BETWEEN SEGMENTS	REVENUE	13,541	1,727	11,813	683.8%	(961)	462	(1,423)	-308.0%
	COSTS	(13,541)	(1,727)	(11,813)	683.8%	961	(462)	1,423	-308.0%
Tanner	REVENUE	264,786	189,363	75,424	39.8%	64,308	51,561	12,746	24.7%
	COSTS	142,250	79,316	62,934	79.3%	35,755	25,040	10,714	42.8%
	GROSS MARGIN	122,536	110,046	12,489	11.3%	28,553	26,521	2,032	7.7%

Table 4: Gross Margin by Business Division

[1] Corporate Division: this includes factoring, leasing and corporate loans.

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

[3] Investments Division: this includes the Treasury of Tanner Servicios Financieros and the financial intermediation businesses of Tanner Corredores de Bolsa S.A. The comparison for the year 2021 includes Tanner Asset Management AGF S.A., whose shares were fully transferred on 30 December 2021.

The consolidated gross margin in 12M22 was Ch$122,536 million (↑Ch$12,489 million / +11.3% YoY), due to a higher increase in revenue (↑Ch$75,424 million / +39.8% YoY) than that of costs (↑Ch$62,934 million / +79.3% YoY). **The consolidated gross margin in 4Q22 was Ch$28,553 million** (↑Ch$2,032 million / +7.7% YoY), because of a higher increase in revenue (↑Ch$12,746 million / +24.7% YoY) than that of costs (↑Ch$10,714 million / +42.8% YoY).

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

CORPORATE DIVISION

12M22: Ch$55,628 million, up 11.1% YoY (↑Ch$5,562 million), due to an increase of Ch$38,128 million (+57.2% YoY) in revenue and of ↑Ch$32,566 million (+196.1% YoY) in the costs of the division.
4Q22: Ch$14,785 million, down 3.3% YoY (↓Ch$501 million), on account of an increase of Ch$11,458 million (+58.2% YoY) in revenue, offset by an increase of ↑Ch$11,959 million (+270.8% YoY) in the costs of the division.

i. FACTORING

12M22: Ch$37,680 million, up 41.4% YoY (↑Ch$11,033 million), because of increases of ↑Ch$37,941 million (+108.4% YoY) in revenue and ↑Ch$26,908 million (+321.8% YoY) in costs.
4Q22: Ch$10,751 million, up 31.0% YoY (↑Ch$2,541 million), on account of increases of ↑Ch$12,101 million (+109.7% YoY) in revenue and ↑Ch$9,559 million (+339.0% YoY) in costs.

ii. LEASING

12M22: Ch$2,820 million, down 20.7% YoY (↓Ch$734 million), due to a decrease in revenue of 4.7% YoY (↓Ch$246 million) and an increase in costs of 28.6% YoY (↑Ch$488 million).
4Q22: Ch$540 million, down 51.8% YoY (↓Ch$581 million), due to a decrease in revenue of 15.4% YoY (↓Ch$225 million) and an increase in costs of 105.7% YoY (↑Ch$356 million).

iii. CORPORATE LOANS

12M22: Ch$15,129 million, down 23.8% YoY (↓Ch$4,736 million), due to an increase in revenue (↑Ch$433 million / +1.6% YoY) and in costs (↑Ch$5,170 million / +79.1% YoY).
4Q22: Ch$3,493 million, down 41.3% YoY (↓Ch$2,462 million), due to a decrease in revenue (↓Ch$418 million / -5.8% YoY) and an increase in costs (↑Ch$2,403 million / +162.2% YoY).

AUTO FINANCING DIVISION

12M22: Ch$49,152 million, down 4.8% YoY (↓Ch$2,484 million), because of an increase in revenue (↑Ch$22,009 million / +22,6% YoY), and in costs (↑Ch$24,493 million / +53.7% YoY).
4Q22: Ch$11,688 million, down 19.2% YoY (↓Ch$2,777 million), because of an increase in revenue (↑Ch$4,740 million / +18.0% YoY), and in costs (↑Ch$7,516 million / +63.6% YoY).

INVESTMENTS DIVISION

12M22: Ch$17,755 million, up 112.8% YoY (↑Ch$9,411 million), due to an increase in revenue (↑Ch$27,099 million / +80.7% YoY) and in costs (↑Ch$17,688 million / +93.8% YoY).

4Q22: Ch$2,080 million, up 164.4% YoY (↑Ch$5,310 million), because of a decrease in revenue (↓Ch$4,875 million / -80.7% YoY), and in costs (↓Ch$10,184 million / +109.8% YoY).

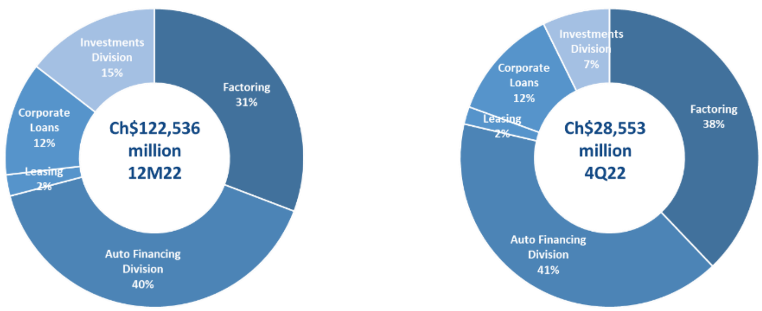

Chart 6: Gross Margin Breakdown by Business Line

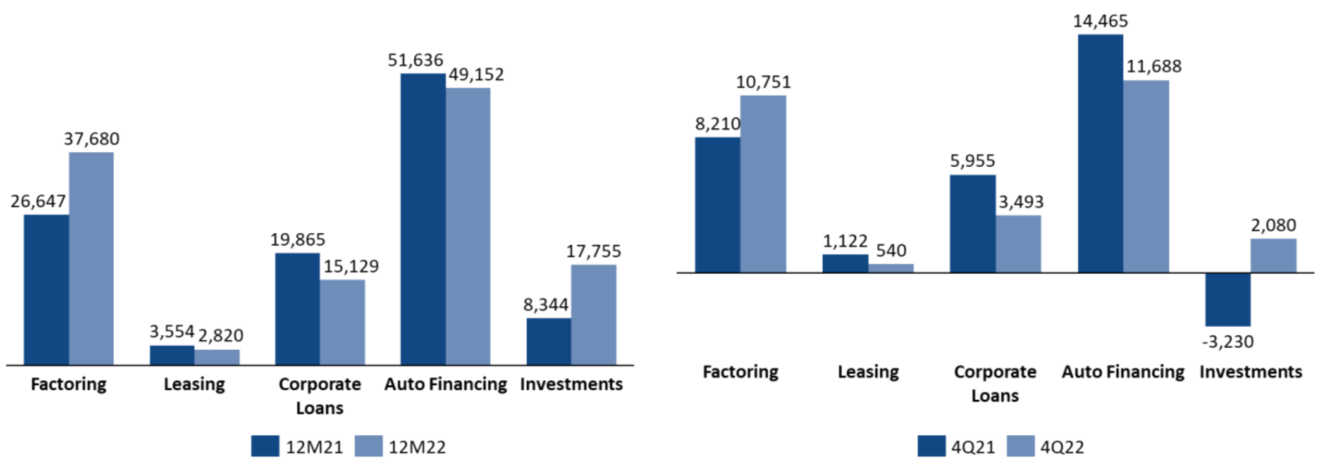

Chart 7: Gross Margin

The company's consolidated revenue was Ch$264,786 million in 12M22, increasing 39.8% YoY (↑Ch$75,424 million), while in 4Q22 the company´s consolidated revenue was Ch$64,308 million, increasing 24.7% YoY (↑Ch$12,746 million), explained by the following revenue:

CORPORATE DIVISION

Tanner Empresas

12M22: Ch$104,801 million (↑Ch$38,128 million / +57.2% YoY).
4Q22: Ch$31,161 million (↑Ch$11,458 million / +58.2% YoY).
Driver: Higher revenue from the factoring business that accounts for 69.6% of the division's revenue.

i. FACTORING

12M22: Ch$72,949 million (↑Ch$37,941 million / +108.4% YoY).
4Q22: Ch$23,131 million (↑Ch$12,101 million / +109.7% YoY).
Driver: Greater price difference income, due to a higher price and average stock, and greater penal interest.

ii. LEASING

12M22: Ch$5,015 million (↓Ch$246 million / -4.7% YoY).
4Q22: Ch$1,234 million (↓Ch$225 million / -15.4% YoY).
Driver: Drop in income on account of a lower loan portfolio.

iii. CORPORATE LOANS

12M22: Ch$26,838 million (↑Ch$433 million / +1.6% YoY).
4Q22: Ch$6,796 million (↓Ch$418 million / -5.8% YoY).
Driver: Greater interest income received due to a higher average price and stock in 2022.

AUTO FINANCING DIVISION

Tanner Automotriz

12M22: Ch$119,221 million (↑Ch$22,009 million / +22.6% YoY).
4Q22: Ch$31,017 million (↑Ch$4,740 million / +18.0% YoY).
Driver: Greater interest income, due to a higher price and average stock.

INVESTMENTS DIVISION

12M22: Ch$54,305 million (↑Ch$27,099 million / +99.6% YoY).
4Q22: Ch$1,169 million (↓Ch$4,875 million / -80.7% YoY).
Driver: Higher revenue from indexation and interest.

Consolidated accrued costs amounted to Ch$142,250 million in 12M22 and Ch$35,755 million in 4Q22, increasing Ch$62,934 million (+79.3% YoY) and Ch$10,714 million (+42.8% YoY), respectively, explained by the following costs:

CORPORATE DIVISION

12M22: Ch$49,173 million (↑Ch$32,566 million / +196,1% YoY).
4Q22: Ch$16,376 million (↑Ch$11,959 million / +270.8% YoY).
Driver: Greater interest cost due to an increase in the financing cost of the division and higher average stock.

i. FACTORING

12M22: Ch$35,269 million (↑Ch$26,908 million / +321.8% YoY).
4Q22: Ch$12,379 million (↑Ch$9,559 million / +339.0% YoY).
Driver: Greater interest cost, due to an increase in the financing cost of Tanner and higher average stock.

ii. LEASING

12M22: Ch$2,159 million (↑Ch$488 million / +28.6% YoY).
4Q22: Ch$693 million (↑Ch$356 million / +105.7% YoY).
Driver: Higher interest cost, due to an increase in the financing cost of Tanner.

iii. CORPORATE LOANS

12M22: Ch$11,709 million (↑Ch$5,170 million / +79.1% YoY).
4Q22: Ch$3,303 million (↑Ch$2,403 million / +162.2% YoY).
Driver: Greater interest cost, due to an increase in the financing cost of Tanner and higher average stock.

AUTO FINANCING DIVISION

12M22: Ch$70,068 million (↑Ch$24,493 million / +53.7% YoY).
4Q22: Ch$19,329 million (↑Ch$7,516 million / +63.6% YoY).
Driver: Higher fee and interest cost due to an increase in the financing cost.

INVESTMENTS DIVISION

12M22: Ch$36,550 million (↑Ch$17,688 million / +93.8% YoY).
4Q22: -Ch$911 million (↓Ch$10,184 million / -109.8% YoY).
Driver: Higher cost related to greater interest costs and exchange rate differences.

V. Business Division Portfolio Quality

	Indicator	Definition	Unit	31-12-2022	31-12-2021
CORPORATE DIVISION	Non-Performing Loans	*Non-Performing loans/(Loans + Provisions)*	%	17.6%	5.4%
		Non-Performing loans/Equity	%	41.7%	13.0%
	Provisions	*Provisions/(Loans + Provisions)*	%	2.7%	1.2%
		Provisions/Non-performing loans	%	15.2%	21.7%
		Provisions/Non-performing loans > 90 days	%	54.1%	64.8%
	Provisions and Write-offs	*Provisions and write-offs/(Loans + Provisions)*	%	2.5%	1.2%
	Non-Performing Loans over 30 days	*Non-performing loans > 30 days/(Loans + Provisions)*	%	8.2%	2.7%
	Non-Performing Loans over 90 days	*Non-performing loans > 90 days/(Loans + Provisions)*	%	4.9%	1.8%
		Non-Performing loans > 90 days/Equity	%	11.7%	4.4%
	Renegotiated Porfolio	*Renegotiated portfolio/(Loans + Provisions)*	%	6.4%	1.9%
		Renegotiated portfolio/Equity	%	15.1%	4.6%
	Clients	*Number of clients*	#	5,083	3,373
i. FACTORING	Non-Performing Loans	*Non-Performing loans/(Loans + Provisions)*	%	15.0%	5.2%
		Non-Performing loans/Equity	%	21.9%	6.5%
	Provisions	*Provisions/(Loans + Provisions)*	%	2.2%	1.0%
		Provisions/Non-performing loans	%	14.4%	18.9%
		Provisions/Non-performing loans > 90 days	%	62.7%	239.5%
	Provisions and Write-offs	*Provisions and write-offs/(Loans + Provisions)*	%	1.7%	1.1%
	Non-Performing Loans over 30 days	*Non-performing loans > 30 days/(Loans + Provisions)*	%	8.0%	0.8%
	Non-Performing Loans over 90 days	*Non-performing loans > 90 days/(Loans + Provisions)*	%	3.5%	0.4%
		Non-Performing loans > 90 days/Equity	%	5.0%	0.5%
	Renegotiated Porfolio	*Renegotiated portfolio/(Loans + Provisions)*	%	5.5%	1.2%
		Renegotiated portfolio/Equity	%	8.0%	1.5%
	Clients	*Number of clients*	#	4,723	3,002
ii. LEASING	Non-Performing Loans	*Non-Performing loans/(Loans + Provisions)*	%	6.8%	2.9%
		Non-Performing loans/Equity	%	1.1%	0.5%
	Provisions	*Provisions/(Loans + Provisions)*	%	0.6%	0.3%
		Provisions/Non-performing loans	%	9.2%	11.8%
		Provisions/Non-performing loans > 90 days	%	20.0%	216.0%
	Provisions and Write-offs	*Provisions and write-offs/(Loans + Provisions)*	%	0.3%	-0.2%
	Non-Performing Loans over 30 days	*Non-performing loans > 30 days/(Loans + Provisions)*	%	4.7%	0.9%
	Non-Performing Loans over 90 days	*Non-performing loans > 90 days/(Loans + Provisions)*	%	3.1%	0.2%
		Non-Performing loans > 90 days/Equity	%	0.5%	0.0%
	Renegotiated Porfolio	*Renegotiated portfolio/(Loans + Provisions)*	%	5.5%	9.0%
		Renegotiated portfolio/Equity	%	0.9%	1.7%
	Clients	*Number of clients*	#	134	148
iii. CORPORATE LOANS	Non-Performing Loans	*Non-Performing loans/(Loans + Provisions)*	%	24.8%	6.3%
		Non-Performing loans/Equity	%	18.7%	6.0%
	Provisions	*Provisions/(Loans + Provisions)*	%	4.1%	1.6%
		Provisions/Non-performing loans	%	16.5%	25.6%
		Provisions/Non-performing loans > 90 days	%	42.9%	29.1%
	Provisions and Write-offs	*Provisions and write-offs/(Loans + Provisions)*	%	4.6%	1.7%
	Non-Performing Loans over 30 days	*Non-performing loans > 30 days/(Loans + Provisions)*	%	9.5%	5.5%
	Non-Performing Loans over 90 days	*Non-performing loans > 90 days/(Loans + Provisions)*	%	8.2%	4.0%
		Non-Performing loans > 90 days/Equity	%	6.2%	3.8%
	Renegotiated Porfolio	*Renegotiated portfolio/(Loans + Provisions)*	%	8.3%	1.5%
		Renegotiated portfolio/Equity	%	6.2%	1.4%
	Clients	*Number of clients*	#	598	582
AUTO FINANCING DIVISION	Non-Performing Loans	*Non-Performing loans/(Loans + Provisions)*	%	19.5%	10.7%
		Non-Performing loans/Equity	%	33.3%	19.0%
	Provisions	*Provisions/(Loans + Provisions)*	%	4.5%	2.4%
		Provisions/Non-performing loans	%	23.0%	22.3%
		Provisions/Non-performing loans > 90 days	%	79.8%	121.8%
	Provisions and Write-offs	*Provisions and write-offs/(Loans + Provisions)*	%	4.2%	2.2%
	Non-Performing Loans over 30 days	*Non-performing loans > 30 days/(Loans + Provisions)*	%	11.4%	4.9%
	Non-Performing Loans over 90 days	*Non-performing loans > 90 days/(Loans + Provisions)*	%	5.6%	2.0%
		Non-Performing loans > 90 days/Equity	%	9.6%	3.5%
	Renegotiated Porfolio	*Renegotiated portfolio/(Loans + Provisions)*	%	1.7%	2.0%
		Renegotiated portfolio/Equity	%	2.9%	3.5%
	Clients	*Number of clients*	#	81,181	87,668
INVESTMENTS DIVISION	Non-Performing Loans	*Non-Performing loans/(Loans + Provisions)*	%	0.1%	12.2%
		Non-Performing loans/Equity	%	0.0%	0.7%
	Provisions	*Provisions/(Loans + Provisions)*	%	0.0%	2.6%
		Provisions/Non-performing loans	%	0.5%	21.7%
		Provisions/Non-performing loans > 90 days	%	-	61.0%
	Provisions and Write-offs	*Provisions and write-offs/(Loans + Provisions)*	%	2.6%	2.7%
	Non-Performing Loans over 30 days	*Non-performing loans > 30 days/(Loans + Provisions)*	%	0.0%	4.3%
	Non-Performing Loans over 90 days	*Non-performing loans > 90 days/(Loans + Provisions)*	%	0.0%	4.3%
		Non-Performing loans > 90 days/Equity	%	0.0%	0.2%
	Renegotiated Porfolio	*Renegotiated portfolio/(Loans + Provisions)*	%	0.0%	1.5%
		Renegotiated portfolio/Equity	%	0.0%	0.1%
	Clients	*Number of clients*	#	1,782	1,708

Table 5: Business Division Main Indicators

CORPORATE DIVISION

Both NPLs > 30 days and NPLs > 90 days increased compared to 12M2021, due to the impairment of factoring and corporate loan portfolios.

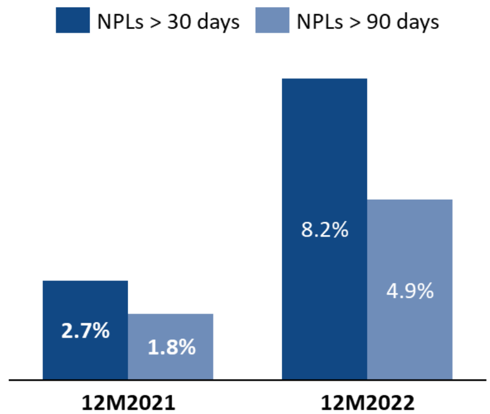

Chart 9: NPLs – Corporate Division

i. FACTORING

Both NPLs > 30 days and NPLs > 90 days increased compared to 12M2021, in line with the deterioration of the economy.

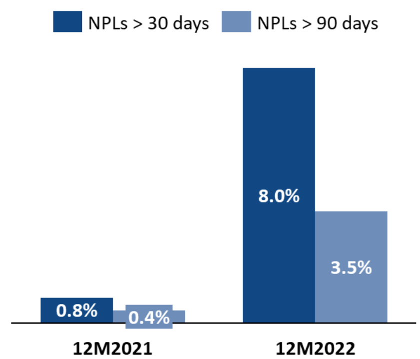

Chart 10: NPLs – Factoring Business

ii. LEASING

Both NPLs > 30 days and NPLs > 90 days increased compared to 12M2021, in line with the deterioration of the economy and lower gross loans.

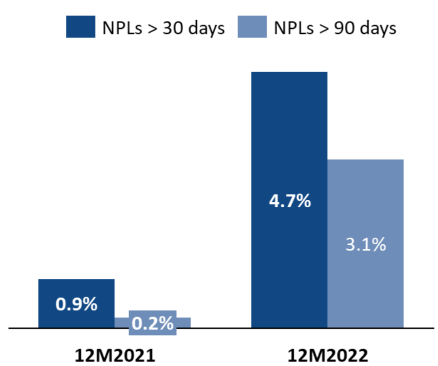

Chart 11: NPLs – Leasing Business

iii. CORPORATE LOANS

Both NPLs > 30 days and NPLs > 90 days increased compared to 12M2021. It should be noted that the NPL portfolio mainly comprises loans with real collateral.

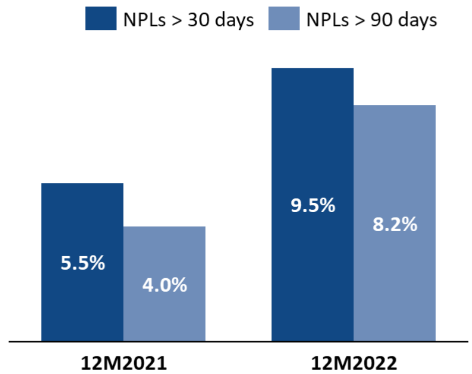

Chart 12: NPLs – Corporate Loan Business

AUTO FINANCING DIVISION

Both NPLs > 30 days and NPLs > 90 days increased compared to 12M2021, as a consequence of the end of state support measures, returning to pre-pandemic levels.

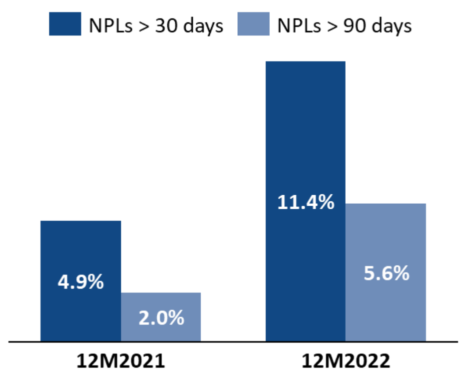

Chart 13: NPLs – Auto Financing Division

INVESTMENTS DIVISION

Both NPLs > 30 days and NPLs > 90 days decreased, due to the write-off of one client in particular.

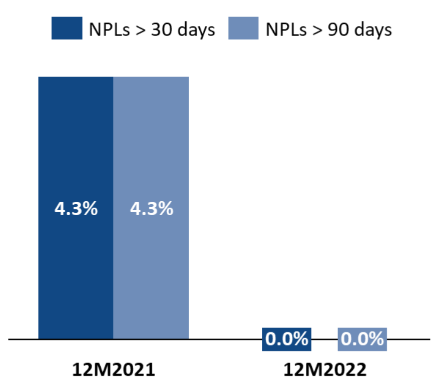

Chart 14: NPLs – Investments Division

VI. Balance Sheet

Assets (Ch$ million)	31-12-2022	31-12-2021	Δ Ch$	Δ %
Current Assets				
Cash and cash equivalents	35,376	57,913	(22,537)	-38.9%
Other current financial assets	59,036	129,553	(70,517)	-54.4%
Other current non-financial assets	49,991	2,010	47,981	2387.1%
Trade receivables and other current accounts receivable, net	1,042,424	974,486	67,938	7.0%
Accounts receivable from related parties	19,611	5,844	13,768	235.6%
Current tax assets	30,566	12,218	18,347	150.2%
Non-current assets or asset groups for disposal classified as held-for-sale	11,971	9,842	2,130	21.6%
Total Current Assets	**1,248,975**	**1,191,866**	**57,109**	**4.8%**
Non-Current Assets				
Other non-current financial assets	70,404	73,768	(3,364)	-4.6%
Other non-current non-financial assets	7,643	7,301	341	4.7%
Trade receivables and other non-current accounts receivable	416,081	470,056	(53,975)	-11.5%
Non-current accounts receivable from related parties	151	202	(50)	-25.0%
Investment accounted for using the equity method	11,429	-	11,429	-
Intangible assets other than goodwill	4,569	5,213	(645)	-12.4%
Goodwill	1,640	1,640	-	0.0%
Property, plant and equipment	8,498	8,913	(415)	-4.7%
Property Investments	-	-	-	-
Deferred tax assets	27,899	34,348	(6,449)	-18.8%
Total Non-Current Assets	**548,314**	**601,441**	**(53,127)**	**-8.8%**
Total Assets	**1,797,289**	**1,793,307**	**3,982**	**0.2%**

Liabilities (Ch$ million)	31-12-2022	31-12-2021	Δ Ch$	Δ %
Current Liabilities				
Other current financial liabilities	819,331	750,921	68,410	9.1%
Trade payables and other current accounts payable	89,671	145,378	(55,707)	-38.3%
Accounts payable to related parties, current	5,980	-	5,980	-
Current tax liabilities	1,186	4,984	(3,798)	-76.2%
Current provisions for employee benefits	1,288	3,889	(2,602)	-66.9%
Other current non-financial liabilities	-	-	-	-
Total Current Liabilities	**917,455**	**905,173**	**12,283**	**1.4%**
Non-Current Liabilities				
Other non-current financial liabilities	512,629	540,705	(28,076)	-5.2%
Non-current provisions for employee benefits	494	274	220	80.5%
Total Non-Current Liabilities	**513,123**	**540,978**	**(27,855)**	**-5.1%**
Total Liabilities	**1,430,578**	**1,446,151**	**(15,572)**	**-1.1%**
Equity	**366,711**	**347,157**	**19,555**	**5.6%**
Total Equity and Liabilities	**1,797,289**	**1,793,307**	**3,982**	**0.2%**

Table 6: Consolidated Balance Sheet

a. Net Loan Portfolio[4]

The total gross loan portfolio in 12M2022 was Ch$1,509,815 million (↑Ch$40,292 million / +2.7% YTD) versus Ch$1,469,523 million in 12M2021, while provisions were Ch$51,311 million, increasing Ch$26,330 million (+105.4% YTD). Hence, **the total net loan portfolio amounted to Ch$1,458,505 million**, an increase of Ch$13,962 million (+1.0% YTD) on the Ch$1,444,542 million in 12M2021.

Net loan portfolio by division in 12M2022:

[4] Gross loans minus provisions.

1. **Corporate Division: Ch$844,780 million** | -2.7% YTD | ↑Ch$22,307 million.
    a. **Factoring: Ch$521,841 million** | +20.8 YTD | ↑Ch$89,708 million.
    b. **Leasing: Ch$56,947 million** | -13.2% YTD | ↓Ch$8,629 million.
    c. **Corporate Loans: Ch$265,992 million** | -18.1% YTD | ↓Ch$58,773 million.
2. **Auto Financing Division: Ch$598,875 million** | -0.2% YTD | ↓Ch$1,119 million.
3. **Investments Division: Ch$12,363 million** | -33.3% YTD | ↓Ch$6,182 million.
4. **Sundry Receivables: Ch$2,487 million** | -29.6% YTD | ↓Ch$1,043 million.

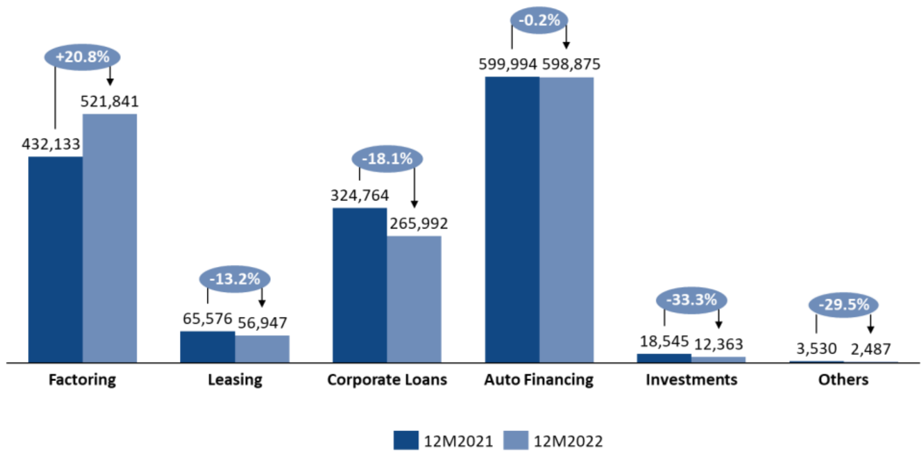

Chart 15: Net Loan Portfolio by Line of Business

The portfolio has remained with a higher concentration on the company's strategic businesses, such as factoring and auto financing. At the close of 2022, these accounted for 36% and 41% of the net loan portfolio, respectively.

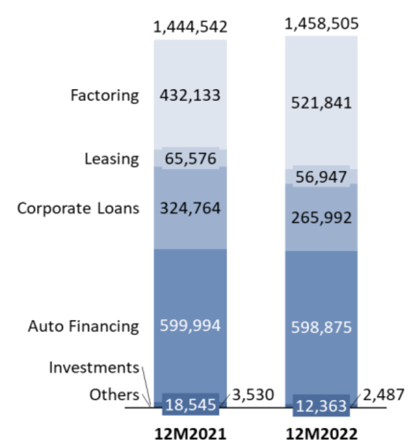

Chart 16: Net Loan Portfolio Breakdown

b. Funding Sources

As of 31 December 2022, the company's financial liabilities were Ch$1,331,960 million compared with Ch$1,291,626 million at the close of 2021 (↑Ch$40,335 million / +3.1% YTD), due to higher Chilean and international bank loans (↑Ch$165,287 million / +44.0% YTD), mainly due to a syndicated loan disbursed during 3Q22, and commercial papers (↑Ch$19,052 million / +10.2% YTD). This increase was offset by a decrease in bonds (↓Ch$126,093 million / -20.6% YTD), mainly because of the payment of a Swiss bond of CHF200 million in 4Q22, and other financial liabilities (↓Ch$17,911 millones / -15.5% YTD), which were mainly repos and forwards.

In terms of the liability structure, 40.6% (Ch$540,665 million) corresponded to domestic and international bank loans and credit lines, 36.6% (Ch$487,390 million) to domestic and international bonds and 15.5% (Ch$206,074 million) to commercial papers. The remaining Ch$97,831 million (7.3%) was related to other financial obligations comprising repos and forwards.

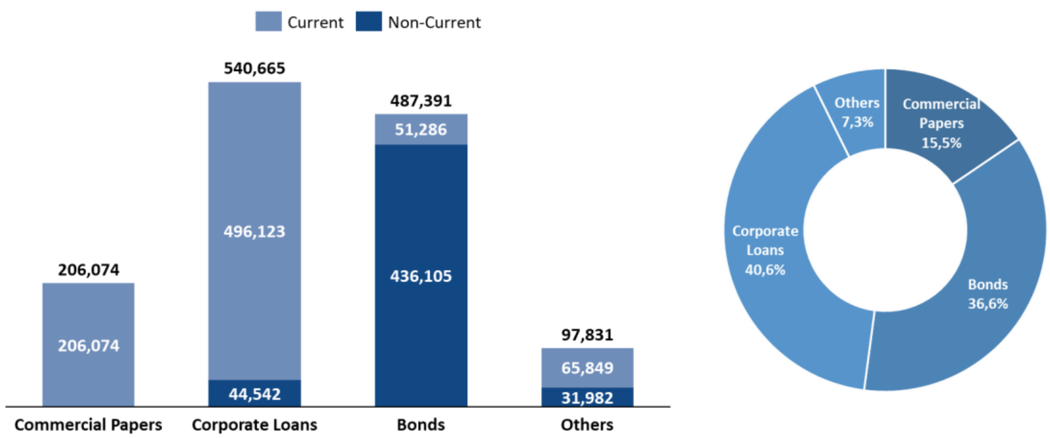

Chart 17: Breakdown of Funding Sources

VII. Cash Flow Statement

Ch$ million	31-12-2022	31-12-2021	Δ Ch$
Cash flow from operating activities	(49,635)	(202,151)	152,517
Cash flow from investing activities	67,614	24,607	43,007
Cash flow from financing activities	(40,401)	113,996	(154,397)
Effect of changes in exchange rates	(116)	1,381	(1,497)
Cash flow in the period	(22,537)	(62,167)	39,630
Cash and cash equivalents, opening balance	57,913	120,080	(62,167)
Cash and cash equivalents, closing balance	35,376	57,913	(22,537)

Table 7: Cash Flow Statement

In 2022, the cash flow from **operating activities was -Ch$49,635 million** against -Ch$202,151 million YoY, due to a smaller increase in the gross loan portfolio compared to 2021.

The cash flow from **investing activities amounted to Ch$67,614 million**, increasing Ch$43,007 million on the Ch$24,607 million in 12M21, mainly due to a higher decrease in other financial assets compared to 2021.

The cash flow from **financing activities amounted to -Ch$40,401 million** against the Ch$113,996 million YoY, because of a lower increase in financial liabilities compared to 2021 and a higher funding cost.

Finally, **cash and cash equivalents in 12M22 were Ch$35,376 million,** a Ch$22,537 million decrease compared to 12M21.

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 entered into 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 taken out for all assets to cover any loss that may lead to a loss in value.

CORPORATE LOANS

Depending on the case, mortgages and/or pledges are 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.

INVESTMENTS

The receivables of the Investments segment mainly correspond to the subsidiary Tanner Corredores de Bolsa S.A. and are classified on its individual balance sheet as intermediation 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 three 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 occur 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 were 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 in line with each product.

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. Due bill: (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) Dealer, Direct and Others and (iv) renegotiated.

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 days of 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.

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 company 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 update 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 company will assign a target value to the guarantee, always based on an independent appraisal and this can only be more conservative than this. If they are general guarantees, they will mitigate the exposure in the following order:

(i) Corporate Loans
(ii) Leasing
(iii) Factoring and
(iv) Investments

Provision for high amount customers

The company has defined the category of high amount customers, with the objective of making a more thorough analysis of customers classified in this category.

- Corporate and Auto financing Division: high amount customers will be classified as those that, on applying provisions, have a debt of higher than Ch$2 billion with the company and/or its subsidiaries, either individually or aggregated with their economic group, if they belong to any.
- Tanner Corredores de Bolsa: high amount customers will be classified as those who, on applying provisions, have a debt of higher than Ch$500 million.

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

I. Transactions with Tanner that become non-performing loans > 90 days and represent at least 15% of their line with TSF and subsidiaries for normal customers.
II. Transactions with Tanner that become non-performing loans > 60 days and represent at least 15% of their line with TSF and subsidiaries for clients previously impaired and cured.
III. Cases in reorganization or receivership of the debtor or of one of the companies belonging to the same economic group that is considered by the respective Credit Committee as one of the relevant sources of income for that debtor, in accordance with the provisions of Law Nº20.720 on Reorganization and Liquidation of Companies.

High amount customers with impairment alerts are classified as such when they have:

I. Lawsuits.
II. 3 or more external delinquency events that represent more than 15% of the client´s approved line with TSF and subsidiaries or are more than Ch$200 million.
III. They are refinanced with condonation of more than 10% of the present value of the debt.

High amount customers, that are not identified as impaired and do not have alerts, are provisioned by applying the aforementioned statistical expected loss models. On the other hand, customers with high-impaired amounts or those with alerts are analysed individually by the credit committee, which decides on the solvency and that of 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: write-off after 366 days of delinquency.
ii. Auto Financing: write-off after 366 days of delinquency.
iii. Corporate Loans: write-off after 541 days of delinquency.
iv. Real Estate Leasing: write-off after 541 days of delinquency.
v. Real Estate Leasing and Vendor: write-off after 901 days of delinquency.
vi. Accounts receivable TCB: a) with supporting documents: after 366 days of delinquency. b) without supporting documents : after 31 days of delinquency

Transactions with real estate mitigating factors (mortgages and property in real estate leasing):

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 2022 and 31 December 2021:

Business Line	31/12/2022			
	Gross Portfolio Ch$ million	Provisions Ch$ million	Net Portfolio Ch$million	Risk Ratio
Factoring	533,391	(11,550)	521,841	2.17%
Leasing	57,302	(355)	56,947	0.62%
Corporate Loans	277,308	(11,316)	265,992	4.08%
Auto Financing	626,964	(28,090)	598,875	4.48%
Investments	12,364	(0)	12,363	0.00%
Sundry receivables	2,487	-	2,487	0.00%
Total	**1,509,815**	**(51,311)**	**1,458,505**	**3.40%**

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%
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%**

Table 8: Loan Portfolio, Provisions and Risk Ratio

The variation in provisions was as follows:

FACTORING

The amount of provisions for factoring increased by Ch$7,293 million, climbing from Ch$4,258 million as of December 2021 to Ch$11,550 million as of December 2022. That was mainly due to an increase in NPLs > 90 days of Ch$16,637 million, rising from Ch$1,777 million in December 2021 to Ch$18,414 million in December 2022.

LEASING

The amount of provisions for the leasing portfolio increased by Ch$133, climbing from Ch$221 million as of December 2021 to Ch$355 million as of December 2022. That was mainly due to the fact that NPLs > 90 days increased by Ch$1,670 million, rising from Ch$102 million in December 2021 to Ch$1,773 million in December 2022.

CORPORATE LOANS

The amount of corporate loan portfolio provisions increased by Ch$5,993 million, climbing from Ch$5,323 million as of December 2021 to Ch$11,316 million as of December 2022. That was mainly due to an increase in the provision of two clients due to expert criteria (Ch$5,635 million). In addition, NPLs > 30 days increased by Ch$8,094 million, climbing from Ch$13,244 million as of December 2021 to Ch$22,753 million as of December 2022.

AUTO FINANCING

The amount of provisions of the auto financing portfolio increased by Ch$13,415 million, climbing from Ch$14,674 million as of December 2021 to Ch$28,090 million as of December 2022. That mainly occurred because NPLs > 90 days increased by Ch$23,136 million, rising from Ch$12,044 million in December 2021 to Ch$35,180 million in December 2022.

INVESTMENTS

The amount of provisions of the investments portfolio decreased, due to the write-off of a particular client and lower NPLs > 30 days.

Renegotiation

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.

Renegotiation provisions are calculated based on the expected loss model for each product, in which default and the new credit condition are the main variables to be considered. The renegotiation condition is considered to be an additional weighting in the risk factor determination model.

In factoring, corporate loans and leasing an adequate renegotiation should seek to improve Tanner´s creditor position in terms of collateral, prior payment commitment and term, in addition to analysing and validating the payment capacity that supports the renegotiation and structuring the payments in accordance with it.

For auto loans, there is a policy of renegotiating cases of customers 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 vouch for 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[5]:

[5] On 3 and 4 November 2022, two separate Judicial Reorganization Agreements of the debtors Supermercados Montserrat S.A.C and Industrias Campo Lindo S.A., respectively, were approved, agreeing on, among others issues, a proposal to pay all the credits in capital and interest and the orderly sale of real estate assets. Additionally, 7 first-grade and 24 second-grade mortgages will be granted, shared with other creditors, giving a guarantee/debt ratio of 1.28 for the former debtor and 2.26 for the latter.

Business Line	31/12/2022				
	Total Portfolio Ch$ million	Renegotiation Ch$ million	Provisions Ch$ million	Renegotiation by product %	Renegotiation by total portfolio %
Factoring	533,391	29,167	(11,550)	5.47%	1.93%
Corporate Loans	277,308	22,897	(11,316)	8.26%	1.52%
Auto Financing	626,964	10,590	(28,090)	1.69%	0.70%
Leasing	57,302	3,170	(355)	5.53%	0.21%
Investments	12,364	-	(0)	0.00%	0.00%
Sundry receivables	2,487	-	-	-	-
Total	**1,509,815**	**65,824**	**(51,311)**		**4.36%**

Business Line	31/12/2021				
	Total Portfolio Ch$ million	Renegotiation Ch$ million	Provisions Ch$ million	Renegotiation by product %	Renegotiation by total portfolio %
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%
Investments	19,050	291	(505)	1.53%	0.02%
Sundry receivables	3,530	-	-	-	-
Total	**1,469,523**	**28,317**	**(24,980)**		**1.93%**

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Table 9: 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) and a portfolio of high-quality liquid assets, mainly composed of instruments issued by the Central Bank of Chile, the General Treasury of the Republic and banking institutions of the market.

As of 31 December 2022, the company had Ch$35,376 million of consolidated cash (Ch$57,913 million as of 31 December 2021) and a portfolio of liquid assets of Ch$15,024 million (Ch$70,988 million as of 31 December 2021).

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$1,131 million at 31 December 2022 (Ch$370 million at 31 December 2021).

In turn, the company had a mismatch of currency operations, so that a 1% decrease in the USD-CLP parity generated a profit of Ch$17 million as of 31 December 2022 and a loss of Ch$61 million as of 31 December 2021.

On the other hand, the company had a portfolio of fixed-income instruments in the domestic and international markets amounting to Ch$61,169 million (Ch$136,044 million as of 31 December 2021), with sensitivity measured by the dollar value of one basis point (DV01[6]) of Ch$14 million (Ch$36 million as of 31 December 2021) which, according to the historical Value at Risk (VaR[7]) methodology of the risk-free rate at 1 day with a confidence level of 99%, generated interest rate risk exposure of Ch$257 million as of 31 December 2022 (Ch$323 million as of 31 December 2021).

The following tables show how the value of the bond portfolio changes in percentage terms when there are changes in interest rates as of 31 December 2022:

Interest rate delta (basis points)	25	50	75	100	125	150	175	200
Net portfolio change due to a cut in interest rates	0.67%	1.34%	2.00%	2.67%	3.34%	4.01%	4.68%	5.34%
Net portfolio change due to a hike in interest rates	-0.67%	-1.34%	-2.00%	-2.67%	-3.34%	-4.01%	-4.68%	-5.34%

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.

6 DV01 is the market value x the modified duration x 1 basis point.

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

Exposure	31-12-2022								
	Trading Derivatives					Hedging Derivatives			
	UF´000	CLP´000	USD´000	EUR´000	CHF´000	UF´000	CLP´000	USD´000	CHF´000
Up to 1 year	(9,604,267)	(190,688,004)	186,152,659	-	-	3,335,029	(151,228,763)	103,113,296	12,494,073
1 to 3 years	-	4,992	-	-	-	167,692,599	(220,456,059)	(38,259,019)	115,039,406
Over 3 years	-	-	-	-	-	24,277,933	(60,654,655)	39,306,547	-
Total	**(9,604,268)**	**(190,683,012)**	**186,152,658**	**-**	**-**	**195,305,561**	**(432,339,477)**	**104,160,824**	**127,533,479**

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 transalated to Ch$´000 and are absolute values.

Sens. +1bp	31-12-2022								
	Trading Derivatives					Hedging Derivatives			
	UF´000	CLP´000	USD´000	EUR´000	CHF´000	UF´000	CLP´000	USD´000	CHF´000
Up to 1 year	572	1,715	(2,345)	-	-	(189)	(18,146)	(2,017)	(742)
1 to 3 years	-	(1)	-	-	-	(24,697)	9,038	9,526	(15,183)
Over 3 years	-	-	-	-	-	(8,084)	17,025	(11,340)	-
Total	**572**	**1,714**	**(2,345)**	**-**	**-**	**(32,970)**	**7,917**	**(3,831)**	**(15,925)**

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 refence date.

Table 11: Exposure and Sensitivity by Currency

For further details regarding this section, please see Note 4 and Note 10 of the company's 12M2022 financial statements.