

## Tear Sheet: Tanner Servicios Financieros S.A.

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# Tear Sheet: Tanner Servicios Financieros S.A.

**What's new:** Tanner Servicios Financieros S.A. (TSF), along with other Chilean financial institutions, remains resilient given sound profitability, manageable asset quality metrics, and healthy funding structure and capitalization despite the country's challenging economic and political scenario since the social unrest of 2019. Based on the resilient operating performance, we now regard the economic risk trend of Chile's banking system as stable. As a result, on Oct. 28, 2024, we revised the outlook on Tanner Servicios Financieros and Tanner Banco Digital to stable from negative.

**Why it matters:** TSF group is converting to a banking operating model in the next few months. TSF's corporate restructuring doesn't immediately affect its creditworthiness, in our view. As a banking group, it will benefit from a stronger regulatory framework, access to the central bank's liquidity facilities, and higher competitiveness--for example, through access to less expensive funding sources.

However, our analysis of the group's market share, business and risk diversification, and funding will now factor banking peers in the Chilean system, which tend to be larger and more diversified.

We recently assigned our 'BBB-' rating to Tanner Banco Digital, since we view the recently established entity as a core subsidiary of TSF given its critical importance to the group's strategic plan. The plan includes gaining market share in the banking industry, complementing the group's product offerings to improve competitiveness, expanding access to capital markets, accessing different funding sources such as customer deposits, and increasing operating efficiency and profitability.

## Ratings Score Snapshot

**Issuer Credit Rating**  
BBB-/Stable/--

**SACP: bbb-** → **Support: 0** → **Additional factors: 0**

|                      |             |    |                   |   |  |
|----------------------|-------------|----|-------------------|---|--|
| Anchor               | bb+         |    | ALAC support      | 0 | <b>Issuer credit rating</b><br><br><b>BBB-/Stable/--</b> |
| Business position    | Adequate    | 0  | GRE support       | 0 |  |
| Capital and earnings | Very strong | +2 | Group support     | 0 |  |
| Risk position        | Moderate    | -1 | Sovereign support | 0 |  |
| Funding              | Adequate    | 0  |                   |   |  |
| Liquidity            | Adequate    |    |                   |   |  |
| CRA adjustment       | 0           |    |                   |   |  |

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Gov ernment-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

## Recent Research

- Outlooks On 12 Chilean Financial Institutions Revised To Stable From Negative On Operating Resilience; Ratings Affirmed, Oct. 28, 2024
- Tanner Banco Digital Assigned 'BBB-' Issuer Credit Rating; Outlook Negative, Oct. 3, 2024
- Tanner Servicios Financieros S.A., Sept. 3, 2024

## Outlook

The stable outlook on TSF for the next 24 months reflects our expectation that it will maintain an adequate competitive position in its core businesses while keeping diversified operations. Additionally, we expect that the company will have manageable asset quality metrics and sound capitalization. The stable outlook also indicates our expectation that the entity will manage risks during its transition to a banking operating model during 2025-2026.

The stable outlook on Banco Tanner Digital for the next 12-24 months reflects that on its parent, TSF.

### Downside scenario

We could lower the ratings on TSF if its intrinsic creditworthiness deteriorates--for example, if capitalization consistently erodes, or if its asset quality remains pressured.

We could downgrade Tanner Banco Digital if we take the same action on TSF.

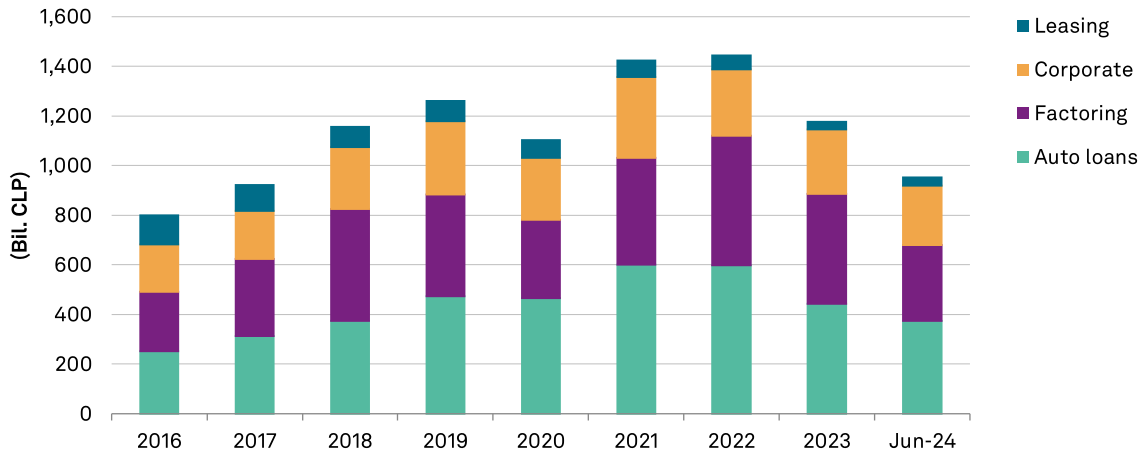
### Upside scenario

We could raise the ratings on TSF if its SACP improves--for example, if the scale and diversification of its business base widens, resulting in sound and steady profitability metrics over the business cycle, while its capitalization remains sound.

We could upgrade the bank if we do the same on TSF.

**Chart 1**

**Tanner--Loan portfolio diversification**

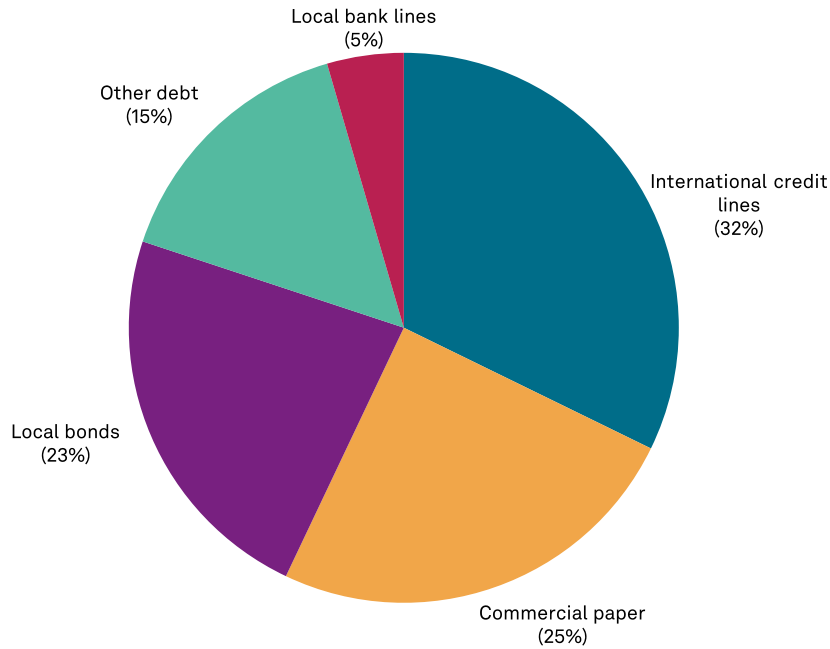


CLP--Chilean peso. Source: S&P Global Ratings.  
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**Chart 2**

**Tanner--Funding structure**

As of June 2024



Source: S&P Global Ratings.  
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## Rating Component Scores

| Tanner Servicios Financieros S.A.--Rating component scores |                |
|--|----------------|
| Issuer Credit Rating                                       | BBB-/Stable/-- |
| SACP   | bbb-           |
| Anchor   | bb+            |
| Business position  | Adequate       |
| Capital and earnings                                       | Very strong    |
| Risk position  | Moderate       |
| Funding  | Adequate       |
| Liquidity  | Adequate       |
| Comparable ratings analysis                                | 0              |
| Support  | 0              |
| ALAC support   | 0              |
| GRE support  | 0              |
| Group support  | 0              |
| Sovereign support  | 0              |
| Additional factors   | 0              |

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

## Related Criteria

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, April 30, 2024
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

## Ratings Detail (As Of November 7, 2024)\*

### Tanner Servicios Financieros S.A.

Issuer Credit Rating BBB-/Stable/--

### Issuer Credit Ratings History

28-Oct-2024 BBB-/Stable/--

03-Apr-2020 BBB-/Negative/--

22-Aug-2018 BBB-/Stable/--

### Sovereign Rating

Chile

Foreign Currency A/Stable/A-1

**Ratings Detail (As Of November 7, 2024)\*(cont.)**

*Local Currency*

A+/Stable/A-1

**Related Entities**

**Tanner Banco Digital**

Issuer Credit Rating

BBB-/Stable/--

\*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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