

# Visión Banco S.A.E.C.A.

## Perfil

Visión Banco S.A.E.C.A. (Visión) is an open capital commercial bank, whose target market is retail banking and entrepreneurs, mainly from the MIPYMES segment, as well as individuals. Founded in 1992 by eleven local investors, Visión is nowadays a medium-sized bank, with a wide and diversified distribution network of products and services and a relevant development of transactional digital banking.

## Key Drivers

**Limited operating profitability.** Vision average operating profitability for the last four years amounts to 0,7% of average assets volume, whilst amounts 0.4% as of June 2023, which is considered to be adjusted for the business profile and the market segment to which its operations are oriented. Although the bank has a good sight funding structure that provides it with a low funding cost that benefits its financial margin, its operating costs structure (58,3% of income) and provisions (90,4% of operating income before provisions) linked to the portfolio credit risk absorb a large part of the bank's income generation flow, in addition to the drop in the loan portfolio in the last fiscal year. The bank presents margins for improving its operating efficiency and diversifying its customer segment, central aspects of its strategy on which it has been working. FIX considers that given the context of high interest rates and a still volatile international scenario, it will continue to be a challenge for Visión to improve operating performance and efficiency indicators that will allow it to increase its internal capital generation.

**Reasonable capitalization for its business model.** Visión has historically maintained a reasonable capital position, supported by its good access to the capital market both for the placement of equity and subordinated debt, as well as by its results' generation, which allowed it to fuel its business' expansion although it should be noted that it is adjusted compared to its rating segment (tangible capital represents 8.6% of tangible assets as of Jun'23). FIX estimates that the entity's capitalization will continue to be at similar levels to those observed, although the challenges are linked to the internal generation of capital mentioned above.

**Consolidated franchise as a provider of financial services to middle and low-income segments, with presence throughout the country.** Visión has an extensive physical network and alternative channels that allow it to cover the entire country and provide comprehensive solutions to various businesses segments. With a deep understanding of the local market and the opportunities provided by the banking penetration gap, the Bank seeks to contribute to digital financial inclusion, and competitively integrates the different customer service channels in order to maintain customer proximity, as well as to deepen and streamline its business. As of May 2023, it is the 9th largest bank in terms of financing volume and 8th in terms of deposits, with a market share of 4.0% and 4.5%, respectively.

**Well-diversified and low-cost funding structure.** The main source of funds comes from deposits, which are mostly in local currency, with a high participation of sight deposits (60.8%), which provide Visión with a low funding cost and a low concentration per creditor due to its significant client base. Additionally, it has a wide availability of credit lines from local and foreign institutional organizations as well as local banks and a very good access to the capital markets, which cover in excess its financing needs.

**Low liquidity risk, favored by the high granularity of deposits.** Visión manages its illiquidity risk in a prudent manner with adequate liquidity coverage limits that minimize the costs linked to a

## Credit Update

## Ratings

Long Term National Apy

Trend Stable

## Financial Summary

Visión Banco S.A.E.C.A.		
Million Gs	06/30/23	06/30/22
Assets (USD)*	1.104	1.105
Assets (Gs)	8.022	7.566
Net Equity (Gs)	865	798
Net Income (Gs)	28,5	27,4
ROAA (%)	0,7	0,7
ROAE (%)	6,8	7,0
Tangible Capital/Tangible Assets (%)	8,6	7,5

\* Central Bank Exchange rate (USD/Gs). 06/30/23: 7.266,1 and 06/30/22: 6.847,8

## Applicable Criteria

[Financial Entities Rating Methodology, registered before the Securities National Commission, March 2020](#)

## Related Research

[Paraguayan Banking System, Recent Evolution and Prospects, FIX SCR S.A., March 29, 2023](#)

[Full Rating Report Visión Banco, March 17, 2023](#)

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potential deposit outflow. As of June 23, liquid assets coverage amounted to 28.6% of deposits. Furthermore, the high granularity of deposits reduces liquidity risk.

**Reasonable asset quality for its business model.** Visión's credit risk is consistent with its client segments. As of June 23, non-performing loans reached 7.3% of total portfolio, while considering the refinanced and restructured credits, the ratio reached 9.6%, historically higher than those of the system average, due to the higher weight of retail and consumer loans within the Bank's portfolio, compared to the banking system's portfolio profile. FIX expects the Bank's non-performing loans to remain within acceptable levels and in line with Visión's risk appetite, although the challenges are focused on portfolio's growth though maintaining healthy quality in a challenging context.

## Rating Sensitivities

**Business scale, operating performance improvement and efficiency.** A significant and sustained increase in the scale of its business, together with a sustained improvement of operating profitability that allows it to cover its structure and credit costs, as well as a continued process of improving efficiency, could lead to an upward revision of the entity's rating.

**Deterioration of its performance that impacts on its solvency as well as limitations to finance growth.** A strong and sustained deterioration in its performance that negatively affects its solvency, as well as limitations to fund the expansion of operations, could put downward pressure on the rating.

**Income Statement Visión Banco S.A.E.C.A.**

	Jun 30 2023		Dec 31 2022		Jun 30 2022		Dec 31 2021		Dec 31 2020	
	6 month	As % of	Annual	As % of	6 month	As % of	Annual	As % of	Annual	As % of
	Gs mill	Earnings	Gs mill	Earnings	Gs mill	Earnings	Gs mill	Earnings	Gs mill	Earnings
	Original	Assets	Original	Assets	Original	Assets	Original	Assets	Original	Assets
1. Interest Income on Loans	355.168,9	11,50	719.137,3	12,46	361.315,6	12,61	805.454,5	12,92	806.187,7	12,75
2. Other Interest Income	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Dividend Income	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>4. Gross Interest and Dividend Income</b>	<b>355.168,9</b>	<b>11,50</b>	<b>719.137,3</b>	<b>12,46</b>	<b>361.315,6</b>	<b>12,61</b>	<b>805.454,5</b>	<b>12,92</b>	<b>806.187,7</b>	<b>12,75</b>
5. Interest Expense on Customer Deposits	109.145,3	3,54	204.507,7	3,54	107.235,7	3,74	265.092,1	4,25	312.891,9	4,95
6. Other Interest Expense	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>7. Total Interest Expense</b>	<b>109.145,3</b>	<b>3,54</b>	<b>204.507,7</b>	<b>3,54</b>	<b>107.235,7</b>	<b>3,74</b>	<b>265.092,1</b>	<b>4,25</b>	<b>312.891,9</b>	<b>4,95</b>
<b>8. Net interest Income</b>	<b>246.023,6</b>	<b>7,97</b>	<b>514.629,6</b>	<b>8,92</b>	<b>254.079,9</b>	<b>8,87</b>	<b>540.362,4</b>	<b>8,67</b>	<b>493.295,7</b>	<b>7,80</b>
9. Net Gains (losses) on Trading and Derivatives	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Net Gains (losses) on Other Securities	37.682,0	1,22	54.513,4	0,94	21.155,9	0,74	41.940,5	0,67	35.702,8	0,56
11. Net Gains on Assets at FV through Income Statement	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Net Insurance Income	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Fees and Commissions	80.957,7	2,62	150.038,0	2,60	67.818,7	2,37	152.244,0	2,44	156.952,2	2,48
14. Other Operating Income	44.216,7	1,43	197.252,6	3,42	49.674,5	1,73	101.230,0	1,62	84.361,7	1,33
<b>15. Total Non-Interest Operating Income</b>	<b>162.856,5</b>	<b>5,28</b>	<b>401.804,0</b>	<b>6,96</b>	<b>138.649,1</b>	<b>4,84</b>	<b>295.414,5</b>	<b>4,74</b>	<b>277.016,6</b>	<b>4,38</b>
16. Personnel Expenses	103.630,8	3,36	223.936,6	3,88	101.505,4	3,54	208.799,8	3,35	206.446,9	3,27
17. Other Operating Expenses	139.058,2	4,50	293.856,4	5,09	121.817,4	4,25	265.328,8	4,26	228.754,8	3,62
<b>18. Total Non-Interest Expenses</b>	<b>242.688,9</b>	<b>7,86</b>	<b>517.793,0</b>	<b>8,97</b>	<b>223.322,8</b>	<b>7,80</b>	<b>474.128,6</b>	<b>7,61</b>	<b>435.201,7</b>	<b>6,88</b>
19. -EquOperating	7.229,3	0,23	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>20. Pre-Impairment Operating Profit</b>	<b>173.420,5</b>	<b>5,62</b>	<b>398.640,7</b>	<b>6,91</b>	<b>169.406,2</b>	<b>5,91</b>	<b>361.648,3</b>	<b>5,80</b>	<b>335.110,6</b>	<b>5,30</b>
21. Loan Impairment Charge	156.841,9	5,08	331.571,3	5,75	131.440,7	4,59	276.575,6	4,44	294.990,8	4,67
22. Securities and Other Credit Impairment Charges	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>23. Operating Profit</b>	<b>16.578,6</b>	<b>0,54</b>	<b>67.069,4</b>	<b>1,16</b>	<b>37.965,5</b>	<b>1,33</b>	<b>85.072,7</b>	<b>1,37</b>	<b>40.119,8</b>	<b>0,63</b>
24. Equity-accounted Profit/Loss - Non-Operating	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
25. Non-Recurring Income	437,9	0,01	8.068,3	0,14	n.a.	-	1.403,6	0,02	533,8	0,01
26. Non-Recurring Expenses	1.842,8	0,06	6.486,1	0,11	1.771,7	0,06	2.801,9	0,04	2.767,7	0,04
27. Changes inf Fair Value of Own Debt	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Other Non-Operating Income and Expenses	14.218,5	0,46	-3.594,7	-0,06	-2.183,4	-0,08	-1.645,4	-0,03	-12,7	0,00
<b>29. Pre-Tax Profit</b>	<b>29.392,2</b>	<b>0,95</b>	<b>65.056,9</b>	<b>1,13</b>	<b>34.010,4</b>	<b>1,19</b>	<b>82.028,9</b>	<b>1,32</b>	<b>37.873,3</b>	<b>0,60</b>
30. Tas Expense	870,8	0,03	6.810,2	0,12	6.512,8	0,23	11.669,4	0,19	6.629,2	0,10
31. Profit/Loss from Discontinued Operations	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>32. Net Income</b>	<b>28.521,4</b>	<b>0,92</b>	<b>58.246,7</b>	<b>1,01</b>	<b>27.497,6</b>	<b>0,96</b>	<b>70.359,6</b>	<b>1,13</b>	<b>31.244,1</b>	<b>0,49</b>
33. Changes in Value of AFS Investments	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
34. Revaluation of Fixed Assets	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
35. Currency Translation Differences	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Remaining OCI Gains (losses)	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>37. FIX SCR Comprehensive Income</b>	<b>28.521,4</b>	<b>0,92</b>	<b>58.246,7</b>	<b>1,01</b>	<b>27.497,6</b>	<b>0,96</b>	<b>70.359,6</b>	<b>1,13</b>	<b>31.244,1</b>	<b>0,49</b>
38. Memo: Profit Allocation to Non-Controlling Interest	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
39. Memo: Net Income after Allocation to Non-controlling Interest	28.521,4	0,92	58.246,7	1,01	27.497,6	0,96	70.359,6	1,13	31.244,1	0,49
40. Memo: Common Dividends Relating to the Period	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
41. Memo: Preferred Dividends Related to the Period.	n.a.	-	n.a.	-	n.a.	-	17.780,1	0,29	22.104,8	0,35

**Balance Sheet Visión Banco S.A.E.C.A.**

	Jun 30 2023		Dec 31 2022		Jun 30 2022		Dec 31 2021		Dec 31 2020	
	6 month	As	Annual	As	6 month	As	Annual	As	Annual	As
	Gs mill	% of	Gs mill	% of	Gs mill	% of	Gs mill	% of	Gs mill	% of
	Original	Assets	Original	Assets	Original	Assets	Original	Assets	Original	Assets
<b>Assets</b>										
<b>A. Loans</b>										
1. Residential Mortgage Loans	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Mortgage Loans	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/Retail Loans	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Corporate & Commercial Loans	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Other Loans	5.604.899,7	69,86	5.428.033,9	71,29	5.319.954,9	70,31	5.847.434,1	71,08	5.771.156,4	71,52
6. Less: Reserves for Impaired Loans /NPLs	420.773,7	5,24	519.876,9	6,83	417.429,7	5,52	444.999,3	5,41	229.996,3	2,85
7. Net Loans	5.184.126,0	64,62	4.908.157,0	64,46	4.902.525,2	64,80	5.402.434,9	65,67	5.541.160,1	68,67
8. Gross Loans	5.604.899,7	69,86	5.428.033,9	71,29	5.319.954,9	70,31	5.847.434,1	71,08	5.771.156,4	71,52
9. Memo: Impaired Loans included Above	414.879,4	5,17	316.640,4	4,16	392.913,8	5,19	253.425,2	3,08	196.401,8	2,43
10. Memo: Loans at Fair Value	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>B. Other Earning Assets</b>										
1. Loans and Advances to Banks	117.394,8	1,46	44.778,0	0,59	64.171,6	0,85	42.594,2	0,52	36.282,7	0,45
2. Reverse Repos and Cash Collateral	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Trading Securities at Fair Value through Income	535.036,7	6,67	641.574,5	8,43	618.476,4	8,17	731.654,6	8,89	696.073,3	8,63
4. Derivatives (*)	167.024,4	2,08	72.202,8	0,95	13.833,4	0,18	n.a.	-	n.a.	-
4. Available for Sale Securities	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Cost plus yield booked securities	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Held to Maturity Securities	15.318,8	0,19	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Securities	155.624,4	1,94	104.728,0	1,38	130.300,6	1,72	55.360,6	0,67	47.769,4	0,59
8. Total Securities	873.004,4	10,88	818.505,3	10,75	762.610,3	10,08	787.015,1	9,57	743.842,7	9,22
9. Memo: Government Securities Included Above	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Other Earning Assets	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>13. Total Earning Assets</b>	<b>6.174.525,2</b>	<b>76,96</b>	<b>5.771.440,3</b>	<b>75,80</b>	<b>5.729.307,1</b>	<b>75,72</b>	<b>6.232.044,3</b>	<b>75,76</b>	<b>6.321.285,5</b>	<b>78,33</b>
<b>C. Non-Earning Assets</b>										
1. Cash and Due from Banks	1.268.097,1	15,81	1.208.730,1	15,88	1.200.479,9	15,87	1.417.518,1	17,23	1.325.598,8	16,43
2. Memo: Mandatory Reserves included Above	n.a.	-	711.100,3	9,34	n.a.	-	665.362,0	8,09	311.037,5	3,85
3. Foreclosed Real Estate	131.105,7	1,63	128.417,8	1,69	76.183,3	1,01	61.743,4	0,75	59.196,7	0,73
4. Fixed Assets	46.920,7	0,58	45.250,2	0,59	114.423,6	1,51	119.587,3	1,45	103.428,8	1,28
5. Goodwill	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Intangibles	192.200,8	2,40	264.482,9	3,47	246.337,7	3,26	221.647,8	2,69	96.394,1	1,19
7. Current Tax Assets	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Discontinued Operations	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	209.981,8	2,62	195.713,7	2,57	199.413,4	2,64	173.745,2	2,11	163.789,7	2,03
<b>11. Total Assets</b>	<b>8.022.831,3</b>	<b>100,00</b>	<b>7.614.035,1</b>	<b>100,00</b>	<b>7.566.144,9</b>	<b>100,00</b>	<b>8.226.286,1</b>	<b>100,00</b>	<b>8.069.693,6</b>	<b>100,00</b>
<b>Liabilities and Equity</b>										
<b>D. Interest-Bearing Liabilities</b>										
1. Customer Deposits - Current	1.442.579,5	17,98	1.670.371,2	21,94	1.404.882,8	18,57	1.967.894,3	23,92	1.624.912,7	20,14
2. Customer Deposits - Savings	2.273.876,7	28,34	2.003.931,6	26,32	2.240.167,1	29,61	1.813.439,7	22,04	1.603.448,5	19,87
3. Customer Deposits - Term	2.109.018,8	26,29	2.042.892,6	26,83	2.403.783,0	31,77	2.333.873,5	28,37	2.558.959,5	31,71
4. Total Customer Deposits	5.825.475,1	72,61	5.717.195,4	75,09	6.048.832,9	79,95	6.115.207,4	74,34	5.787.320,7	71,72
5. Deposits from Banks	839.652,8	10,47	664.454,2	8,73	89.755,8	1,19	972.997,6	11,83	1.262.210,9	15,64
6. Repos and Cash Collateral	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Deposits and Short-term Borrowings	36.900,9	0,46	34.986,2	0,46	318.913,7	4,22	46.231,3	0,56	50.684,4	0,63
8. Total Deposits, Money Market and Short-term Funding	6.702.028,7	83,54	6.416.635,8	84,27	6.457.502,4	85,35	7.134.436,4	86,73	7.100.215,9	87,99
9. Senior Debt Maturing after 1 year	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Subordinated Borrowing	218.261,8	2,72	223.143,2	2,93	188.259,7	2,49	188.944,2	2,30	230.802,5	2,86
11. Other funding	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Total Long Term Funding	218.261,8	2,72	223.143,2	2,93	188.259,7	2,49	188.944,2	2,30	230.802,5	2,86
12. Derivatives (*)	155.676,0	1,94	68.589,1	0,90	13.785,3	0,18	n.a.	-	n.a.	-
14. Trading Liabilities	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>15. Total Funding</b>	<b>7.075.966,6</b>	<b>88,20</b>	<b>6.708.368,0</b>	<b>88,11</b>	<b>6.659.547,4</b>	<b>88,02</b>	<b>7.323.380,6</b>	<b>89,02</b>	<b>7.331.018,4</b>	<b>90,85</b>
<b>E. Non-Interest Bearing Liabilities</b>										
1. Fair Value Portion of Debt	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit Impairment reserves	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserve for Pensions and Other	8.602,4	0,11	13.185,2	0,17	10.401,3	0,14	9.526,9	0,12	10.819,2	0,13
4. Current Tax Liabilities	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Deferred Tax Liabilities	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Deferred Liabilities	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	72.360,9	0,90	55.184,9	0,72	97.708,3	1,29	106.751,4	1,30	72.457,2	0,90
<b>10. Total Liabilities</b>	<b>7.156.929,9</b>	<b>89,21</b>	<b>6.776.738,2</b>	<b>89,00</b>	<b>6.767.656,9</b>	<b>89,45</b>	<b>7.439.659,0</b>	<b>90,44</b>	<b>7.414.294,8</b>	<b>91,88</b>
<b>F. Hybrid Capital</b>										
1. Preferred Shares and Hybrid Capital accounted for as Debt	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Preferred Shares and Hybrid Capital accounted for as Equity	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>G. Equity</b>										
1. Common Equity	865.901,4	10,79	837.296,9	11,00	798.488,0	10,55	741.845,2	9,02	655.398,8	8,12
2. Non-controlling Interest	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Securities Revaluation Reserve	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Foreign Exchange Revaluation Reserves	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Assets revaluation and Other Accumulated OCI	n.a.	-	n.a.	-	n.a.	-	44.781,9	0,54	n.a.	-
<b>6. Total Equity</b>	<b>865.901,4</b>	<b>10,79</b>	<b>837.296,9</b>	<b>11,00</b>	<b>798.488,0</b>	<b>10,55</b>	<b>786.627,1</b>	<b>9,56</b>	<b>655.398,8</b>	<b>8,12</b>
<b>7. Total Liabilities and Equity</b>	<b>8.022.831,3</b>	<b>100,00</b>	<b>7.614.035,1</b>	<b>100,00</b>	<b>7.566.144,9</b>	<b>100,00</b>	<b>8.226.286,1</b>	<b>100,00</b>	<b>8.069.693,6</b>	<b>100,00</b>
8. Memo: FIX SCR Core Capital	673.700,6	8,40	572.814,0	7,52	552.150,3	7,30	564.979,3	6,87	559.004,7	6,93
9. Memo: FIX SCR Eligible Capital	673.700,6	8,40	572.814,0	7,52	552.150,3	7,30	564.979,3	6,87	559.004,7	6,93

(\*) Credit or Debit accountable for Premium on Derivatives Transactions

Summary Analytics - Visión Banco S.A.E.C.A.					
	Jun 30 2023	31 dec 2022	30 jun 2022	31 dec 2021	31 dec 2020
	6 month	Annual	6 month	Annual	Annual
<b>A. Interest Ratios</b>					
1. Interest Income on Loans/Average Gross Loans	13,00	13,05	12,90	12,22	14,32
2. Interest Expense on Customer Deposits/Average Customer Deposits	3,82	3,44	3,60	4,21	5,21
3. Interest Income/Average Earning Assets	12,01	12,20	12,16	13,13	13,10
4. Interest Expense/Average Interest-Bearing Liabilities	3,20	2,98	3,10	3,63	4,48
5. Net Interest Income/Average Earnings Assets	8,32	8,73	8,55	8,81	8,02
6. Net Int. Income Less Loan Impairment Charges/Av. Earning Assets	3,02	3,11	4,13	4,30	3,22
7. Net Interest Income Less Preferred Stock Dividend/Average Earning Assets	8,32	8,73	8,55	8,52	7,66
<b>B. Other Operating Profitability Ratios</b>					
1. Non-Interest Income/Gross Revenue	39,83	43,84	35,30	35,35	35,96
2. Non-Interest Expense/Gross Revenue	59,35	56,50	56,86	56,73	56,50
3. Non-Interest Expense/Average Assets	6,27	6,67	5,71	5,82	5,62
4. Pre-Impairment Op. Profit /Average Equity	41,12	49,47	42,92	50,73	52,90
5. Pre-Impairment Op. Profit/Average Total Assets	4,48	5,13	4,33	4,44	4,33
6. Loans and Securities impairment charges/Pre-Impairment Op. Profit	90,44	83,18	77,59	76,48	88,03
7. Operating Profit /Average Equity	3,93	8,32	9,62	11,93	6,33
8. Operating Profit / Average Total Assets	0,43	0,86	0,97	1,04	0,52
9. Taxes/Pre-tax Profit	2,96	10,47	19,15	14,23	17,50
10. Pre-Impairment Operating Profit/Risk Weighted Assets	6,39	8,01	7,13	7,30	7,05
11. Operating Profit/Risk Weighted Assets	0,61	1,35	1,60	1,72	0,84
<b>C. Other Profitability Ratios</b>					
1. Net Income/Average Total Equity	6,76	7,23	6,97	9,87	4,93
2. Net Income/Average Total Assets	0,74	0,75	0,70	0,86	0,40
3. FIX SCR Comprehensive Incomer/Average Total Equity	6,76	7,23	6,97	9,87	4,93
4. FIX SCR Comprehensive Incomer/Average Total Assets	0,74	0,75	0,70	0,86	0,40
5. Net Income/Average Total Assets Plus Average Managed Securitized Assets	n.a.	n.a.	n.a.	n.a.	n.a.
6. Net Income/Risk Weighted Assets	1,05	1,17	1,16	1,42	0,66
7. FIX SCR Comprehensive Income/Risk Weighted Assets	1,05	1,17	1,16	1,42	0,66
<b>D. Capitalization</b>					
1. FIX SCR Core Capital /Weighted Assets	12,30	11,51	11,53	11,40	11,77
3. Tangible Common Equity/ Tangible Assets	8,60	7,79	7,54	7,06	7,01
4. Tier 1 Regulatory Capital Ratio	13,63	14,74	15,10	13,50	12,17
5. Total Regulatory Capital Ratio (*)	14,94	14,56	14,31	13,68	15,39
6. Basic Equity / Weighted Risks	n.a.	n.a.	n.a.	n.a.	n.a.
7. Equity/Total Assets	10,79	11,00	10,55	9,56	8,12
8. Cash Dividends Paid&Declared/Net Income	n.a.	n.a.	n.a.	25,3	70,7
9. Cash Dividend Paid&Declared/FIX SCR Comprehensive Income	n.a.	n.a.	n.a.	25,3	70,7
10. Cash Dividend& Share Repurchase/Net Income	n.a.	n.a.	n.a.	25,3	70,7
11. Net Income-Cash Dividend/Total Equity	6,64	6,96	6,94	6,68	1,39
<b>E. Asset Quality Ratios</b>					
1. Growths of Total Assets	5,37	(7,44)	(8,02)	1,94	8,31
2. Growth of Gross Loans	3,26	(7,17)	(9,02)	1,32	5,24
3. Impaired Loans (NPLs) /Gross Loans	7,40	5,83	7,39	4,33	3,40
4. Reserves for Impaired Loans/Gross Loans	7,51	9,58	7,85	7,61	3,99
5. Reserves for Impaired Loans/Impaired Loans	101,42	164,19	106,24	175,59	117,10
6. Impaired Loans Less Reserves for Impaired Loans / Equity	(0,68)	(24,27)	(3,07)	(24,35)	(5,13)
7. Loan Impairment Charges/Average Gross Loans	5,79	6,02	4,73	4,20	5,24
8. Net Charge-Offs/Average Gross Loans	n.a.	2,91	n.a.	3,84	n.a.
9. Impaired Loans + Foreclosed Assets/Gross Loans+Foreclosed Assets	9,52	8,27	8,27	5,29	4,51
<b>F. Funding</b>					
1. Loans/Customer Deposits	96,21	94,94	87,95	95,62	99,72
2. Interbank Assets/Interbank Liabilities	13,98	6,74	71,50	4,38	2,87
3. Customer Deposits/total Funding Excl. Derivatives	84,18	86,11	91,02	83,50	78,94

(\*) Solvency Ratio as required by BCP

## Annex I – Opinion

The credit committee of FIX SCR Rating Agency met on July 14, 2023 has decided to confirm to Category Apy with Stable Trend the Long-Term National Rating of Visión Banco S.A.E.C.A.

Category “A”. Corresponds to those entities having risk management policies, good capacity to pay obligations, but this is likely to slightly deteriorate due to possible changes in the entity, in the industry to which it belongs or in the economy.

Signs “+” o “-” may be added to a national rating for the risk categories between AA and B to denote a higher or lower relative status within the relevant rating category and do not alter the definition of the Category to which they are added.

National scale ratings are not comparable across countries, so they are identified by adding a suffix for the country to which they refer, “py” for National ratings in Paraguay.

Visión Banco S.A.E.C.A.'s rating responds to the tight operating profitability levels for its business profile, which limit its maneuvering margins and its capital internal generation in a still challenging scenario. Moreover, the rating also considers the reasonable capitalization and assets quality levels, as well as the good funding structure and low liquidity risk.

The stable trend reflects FIX view that the bank will remain successful to achieve its strategic goals as set for the next years.

The trend of a rating indicates the possible direction in which a rating could move within a one to two year period. Trends reflex financial or other perspectives that have not yet consolidated to the level of triggering a rating change, but could do so if this behavior continues. The trend can be strong, sensitive or stable. A sensitive or strong trend does not imply that a change in rating is inevitable. In the same way, a rating with a stable trend can be changed before the trend changes to strong or sensitive if there are elements that justify it.

Our analysis of the entity's situation is based on the financial statements as of 12.31.2022, audited by PricewaterhouseCoopers S.R.L., which state that they present fairly, in all its relevant aspects, the net worth and financial position of Visión Banco S.A.E.C.A. and the results of its operations, and its cash flows for the year then ended, in accordance with accounting standards, valuation and risk classification criteria and the presentation standards established by the Central Bank of Paraguay.

In addition, the analysis considers the financial statements corresponding to the first six months, ending on 06.30.2023.

The supplied information was deemed sufficient and adequate.

This rating was set based on private quantitative and qualitative information provided by the issuer and the following public information:

- Audited financial statements as of 12.31.2022.
- Quarterly financial statements (last 06.30.2023).
- Statistics of BCP, available in [www.bco.gov.py](http://www.bco.gov.py)

## Annex II

	Oct.21*	Mar.22	Apr.22	Jul.22	Oct.22	Mar.23	Apr.23	Jul.23
	Quarterly	Annual	Quarterly	Quarterly	Quarterly	Annual	Quarterly	Quarterly
<b>Solvency</b>	A+py	A+py	A+py	A+py	A+py	Apy	Apy	Apy
<b>Trend</b>	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable

\*Inicial rating report

According to Res. N° 2, Act N° 57 of August 17, 2010 of Banco Central del Paraguay the following information states:

- Date of Credit Rating: July 14, 2023
- Date of publication: in agreement with procedures depicted in Res. N° 2 mentioned above
- Type of Report: Updating Report
- Financial Statement as of 06.30.23
- Rating Agency: FIX SCR S.A. Rating Agency (an affiliate of Fitch Ratings)
- [www.fixscr.com](http://www.fixscr.com)
- Sarmiento 663 7<sup>th</sup>.floor, Ciudad Autonoma de Buenos Aires.
- (+5411) 5235 8100/Email: [info@fixscr.com](mailto:info@fixscr.com)
- Legal Representative: Dr. Alejandro Piera
- Ricardo Brugada 196 Brasilia and Luis Morales corner, Asunción, Paraguay.
- (+595)21 203 030/ [Alejandro.piera@ghp.com.py](mailto:Alejandro.piera@ghp.com.py)

Entity	Domestic Rating	
Visión Banco S.A.E.C.A.	Solvency	Apy
	Trend	Stable

Note: The IDR does not constitute an advice nor recommendation to either buy, sale, maintain or invest nor a guarantee of an investment and its issuer.

More information on this credit rating in:

- [www.visionbanco.com](http://www.visionbanco.com)
- [www.fixscr.com](http://www.fixscr.com)
- [www.visionbanco.com](http://www.visionbanco.com)
- [www.fixscr.com](http://www.fixscr.com)

### Rating methodology and rating procedure:

The rating methodology for financial institutions is available at: [www.fixscr.com/methodology](http://www.fixscr.com/methodology)

The rating procedure can be found in: [www.fixscr.com/ratings](http://www.fixscr.com/ratings)

### Nomenclature

Category "A". Corresponds to those entities having risk management policies, good capacity to pay obligations, but this is likely to slightly deteriorate due to possible changes in the entity, in the industry to which it belongs or in the economy.

Signs "+" o "-" may be added to a national rating for the risk categories between AA and B to denote a higher or lower relative status within the relevant rating category and do not alter the definition of the Category to which they are added.

More information on the detailed meaning of all rating categories can be found at: <https://www.fixscr.com/site/definiciones>.

### **General description**

FIX analysis was made on the basis of an analysis of public information willingly supplied by the financial institution specifically

- Ownership, administration and Corporate governance
- Profile.
- Performance
- Risk management.
- Loan portfolio evolution
- Internal and external reports
- Funding and Liquity
- Capital adequation
- Prospects
- Size and diversification.

Fix held meetings with High management and control and Risk units. It must be mentioned that FIX is not responsible for verification of information veracity.



The ratings included in this report were solicited by the issuer or on his behalf and, therefore, FIX SCR S.A. Agent Risk Rating (affiliate of Fitch Ratings), hereinafter "FIX SCR S.A" or "FIX", received the fees for the provision of its ratings.

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