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Financial Institutions
Banks
Paraguay

Visión Banco S.A.E.C.A.

Full Rating Report

Ratings

Long Term National	Apy
Trend	Stable

Financial Summary

Visión Banco S.A.E.C.A.		
Million Gs	31/12/22	31/12/21
Assets (USD)*	1.036	1.195
Assets (Gs)	7.614.035	8.226.286
Net Equity (Gs)	837.297	786.627
Net Income (Gs)	58.247	70.360
ROAA (%)	0,7	0,9
ROAE (%)	7,2	9,9
Equity/Assets (%)	7,8	7,1

* *Central Bank Exchange rate (USD/Gs). 12/31/22: 7.345,9 and 12/31/21: 6.885,8*

Applicable Criteria

Financial Entities Rating Methodology, registered before the Securities National Commission, March 2020

Related Research

Paraguay's Financial System, FIX SCR S.A., September 30, 2021

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Perfil

Visión Banco S.A.E.C.A. (Visión) is an open capital commercial bank focusing on retail banking with a leadership in micro enterprises 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. At December'22 it is the 10th bank by volume of financing and 8th by deposits, with a market share of 4.1% and 4.7%, respectively.

Key Drivers

Rating Downgrade. FIX SCR downgraded Vision Banco S.A.E.C.A's Long-Term National rating to Apy from A+py, the trend remained Stable. The downgrade responds to the tighter operating profitability levels for its business profile, wich limit its maneuvering margins and its capital internal generation in a still challenging scenario. The rating agency believes that the bank faces the challenge of increasing its intermediation flow, wich will allow it to absorb more comfortably its portfolio's economic cost and its operating cost structure, in order to increase the capital generation and aling its risk-return ratio.

Limited operating profitability. Vision average operating profitability for the last four years amounts to 0,5% of average assets volume, wich is considered to be adjusted for the business profile and the market segment to wich 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 and 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 context, 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 7.8% of tangible assets as of Dec'22). 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 and a leading position in microenterprises. With its extensive physical network and alternative channels that allow it to cover the entire country, 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 As of December 22, it is the 10th largest bank in terms of financing volume and 8th in terms of deposits, with a market share of 4.1% and 4.7%, 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 (62,7%), 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 potential deposit outflow. As of December 22, liquid assets coverage amounted to 30.9% of deposits, while in foreign currency the coverage reached 28.2%. 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 December 22, non-performing loans reached 5.7% of total portfolio, while considering the refinanced and restructured credits, the ratio reached 7.7%, higher than the system average (2.7% and 5.7%, respectively), 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 Vision'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.

Profile

Visión Banco S.A.E.C.A. (Visión) is a local open capital commercial bank whose target market are companies and entrepreneurs, especially in the MSME segment, as well as individuals. It originated in 1992 from the union of eleven local entrepreneurs and is today a medium-sized entity of the banking system, with an important development of transactional digital banking and a vast and diversified distribution network of its products and services, which has historically specialized in serving retail banking (individuals from middle and low income segments and microenterprises), and in recent periods has oriented its strategy to diversify its business and improve its efficiency through an accelerated digitalization of its processes and services. The bank operates under the regulatory framework established by the Central Bank of Paraguay (BCP).

None of the current shareholders holds a majority or controlling position. To date, 41.99% of shares (47.56% of votes) belong to the founding partners, 12.68% of shares (14.41% of votes) are distributed among institutional shareholders: Oikocredit Ecumenical Development Coop. Society U.A., Sustainability-Finance-RealEconomies Sicav- SIF, while the remaining capital belongs to local shareholders.

Shareholders Breakdwon – Visión Banco S.A.E.C.A.		
Shareholder	Equity %	% of voting rights
Oikocredit Ecumenical Development Coop Society U.A.	7.63%	8.68%
Sustainability – Finance – Real Economies Sicav – SIF	2.63%	3.00%
Founder Shareholders	43.76%	49.29%
Local Shareholders	45.97%	30.04%
Total	100.00%	100.00%

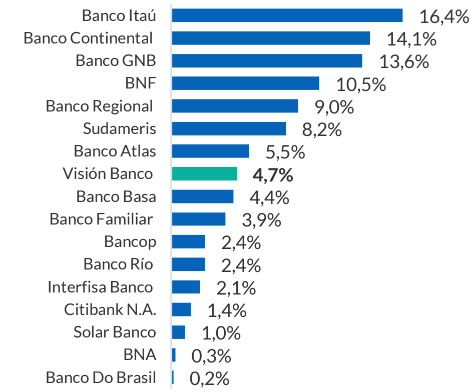
Visión has its origins in November 1992, when a group of businessmen (founding partners) joined to create "Visión S.A. de Finanzas" a financial company with the purpose of granting personal loans to its customer base. In 1994 started operations as an Open Capital Issuer Company and in 1996 acted as an intermediary company under the Interamerican Development Bank's "Global Credit Program" for Micro entities . In 1998 it managed to position in the collection of utilities services in its whole network through its Customer Service Center (CAC) and in 2000 refreshed its corporate image in all its Customer Service network. In 2005 it started its relationship with Oikocredit, who purchased subordinated bonds issued by Visión.

In 2008 Visión completed its transformation into a bank changing the corporate name to "Visión Banco S.A.E.C.A.". In 2010 the bank launched the product to finance social housing under the agreement Hábitat- Visión Banco. In 2012 it became the first bank in Paraguay to offer the "Non-Banking Correspondent" service (CNB by its acronym in Spanish). Finally since 2016 onwards Visión has moved its strategy to enlarge product and service diversification (aimed at growing in the micro enterprises and medium and low-income individuals) and business reconversion to a large digitalization.

Visión is a medium-sized entity within the banking system, whose market share totals 4.1% in total assets, 4.7% in gross loans (see graph #1 y #2), with a long track record in the retail banking segment reflected in the number of customers (individuals and enterprises) totaling 851 thousand as of December 22, of which 74.0% belong to retail banking. To provide its services, the bank has a staff of 1,483 employees, 67 branches (including branches and head office), 159 ATMs (including new Smart-Cash ATMs) and 5,894 non-banking correspondents.

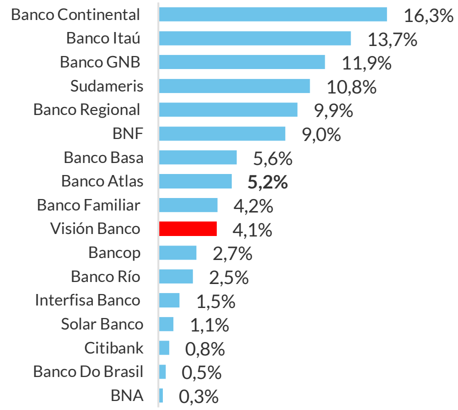
Visión was one of the four banks that promoted the Mesa de Finanzas Sostenibles de Paraguay (MFS), a voluntary collaboration platform among banks that promotes the sustainable economic development of the country, to face the risks and take advantage of the opportunities of sustainable challenges in Paraguay. In this sense, the Bank has incorporated to its products, sustainable financial alternatives and solutions for housing, investment mobility, projects' acquisition and construction, among others.

Graphic #1: Deposits Market Share
Dec 22



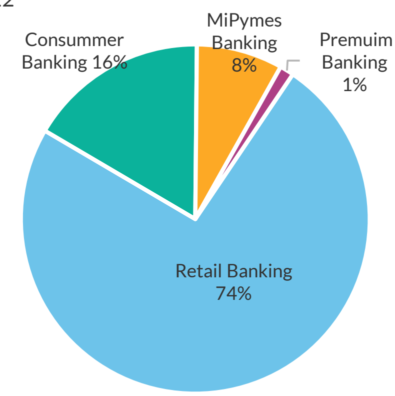
Source: Banco Central de Paraguay

Graphic #2: Market Share - Gross Loans
Dec 22



Source: Banco Central de Paraguay

Graphic#3: Loan portfolio by segment
Dec 22



Source: Visión Banco S.A.E.C.A.

Strategy aimed at deepening and making more efficient its business model

In recent years, Visión has focused its strategy on strengthening its digital platforms so that its clients can carry out all their operations in an agile and efficient manner, streamlining processes and reducing processing and travel times. It focuses on creating solutions that facilitate access to financing and support its customers and potential customers in their personal and professional endeavors, thus improving their life quality (among them, housing loans, Quick Loan, Easy Savings and Programmed Savings). Its objective is to remain useful to the customer, that is why the digital channel is one of the most important elements of contact, transactionality and linkage with customers.

Given the advance of technology in the financial industry and the emergence of new competitors, the Bank's strategy is oriented towards a sustained investment in the digitalization of its processes and customer service channels, in order to respond to the change in customer preference, which is reflected in the growing and sustained use of digital channels. Thus, for example, migration to alternative channels grew from 82.2% as of Dec'21 to 86.9% as of Dec'22, while digital transactions grew on average 148% year-on-year (see graph #4).

This process is aimed at achieving a complete Digital Banking and Omnichannel approach in the relationship with the customer, which allows it to reach greater efficiency, flexibility and speed in its operations.

Finally, linked to the advance of digitalization, Visión carried out an adjustment process in its branch structure in order to achieve efficiency gains and maintain a lighter cost structure. The rapid growth of digital and alternative channels (such as non-banking correspondents) has significantly reduced the transactional use of branches, both in the entity and in the system in general, which has led Visión to rethink its branch model and structure. In this process, Visión closed 29 branches and reconverted dependencies giving them a more digital and transactional profile (without the structure of a traditional branch).

For next years, Visión has the following strategic goals:

1. To reach sustained profitability.
2. To grow in those segments and products whereby the bank is competitive, focusing in risk management
3. To develop a digital mind-frame.

FIX deems positive the strategic changes carried on by Visión as well as its execution and implementation that reveals the good management and predictability in the direction of the business.

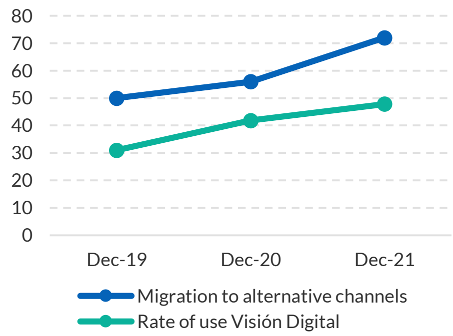
Good standards of Corporate Governance

Both Oikocredit and CAF (Latin America Development Bank/ Andean Development Corporation) have imposed strong Corporate Governance Standards which are considered sound in comparison to the domestic financial system.

The General Shareholders' Meeting appoints a Board of Directors to administrate the organization delegating the management to the Chairman who, jointly with a Steering Committee, the General Manager and executive staff holds the attributions and responsibilities set by regulation to an adequate, efficient and transparent management.

The General Shareholders' Meeting decides how many members compose the Board of Directors within the limits set by the company´s bylaw (among 5 to 11) and appoints among those the Chairman and Vice-chairman. The Bank´s Board of Directors is nowadays composed of nine members, of which one is an Independent member who, despite holding a low stockholding, is non-related to any other stockholder or group within the Board. No institutional stockholder is being represented within the Board, however in Board Meetings, a representative of two of those institutional investors is invited. All Directors have long standing backgrounds with sound expertise in the banking system. Board directors are appointed for a two year period, and can be reappointed.

Graphic #4: Digitalization evolution



Source: Visión Banco S.A.E.C.A.

Board of Directos	
Humberto M. Camperchioli G.	President
Luis A. Maldonado Renault	Vicepresident
Beltrán Macchi Salín	Director
Luis A. Sosa Ocampo	Director
Livio A. Elizeche Velázquez	Director
Dora Ramírez de Colmán	Director
Alexis M. Frutos Ruiz	Director
Leonardo R. Alfonzo Segovia	Director
César Pappalardo	Director

Supervisory Syndics' Committee	
José Kronawetter	Syndic
Óscar M. Urbieta Acosta	Alternate Syndic

The Board of Directors is responsible for establishing the bank's business strategy, the corporate governance framework and corporative culture. It has an updating plan in matters related to the best corporate governance practices, risk management, anti- money laundering management and new regulations and innovation in bank activity.

Visión has a Policy manual establishing bank goals, functions, attributions, responsibilities, and the frequency of both the Regulatory Meetings, which report to the Board, and the Executive Committees reporting to General Management. These committees goal is the review, the follow-up of strategies and policies related to products and services, as well as the implementing of regulatory changes and the definition of an adequate risk management framework.

Visión has six Steering Committees: Assets and Liabilities, Compliance, Risk, Audit, Management and Planning of Technology Services, and Corporate Governance. Each committee needs a minimum of two Directors and the General Manager. Furthermore, another six committees report to General Management: Anti-fraud and Security, Commercial Banking, Compensations, Communications, Ethics, and Suppliers Evaluation. These committees constitute working groups to advise the General Manager on specific issues.

The corporate structure is in accordance with the bank's business and risk model, as well as complying with regulatory framework. There are Chinese walls between commercial and risk and control departments. Internal Audit and Compliance report to the Board of Directors.

Visión´s management is highly experienced and has ample know-how of business and risk management. In this sense, Visión has shown high flexibility and insight to adapt its business and operational model to the new requirements due to regulatory, technological changes and higher competition.

From January 2021 on, external audit is performed by PriceWaterhouseCooper (PWC) previously, it was carried out by CYCE (Contadores y Consultores de Empresas) a member of *Foro de Firmas Interamericanas*.

Performance

Operating Environment

During 2022, the banking system continued to exhibit adequate solvency, liquidity, profitability and portfolio quality indicators. Despite the slowdown in the rate of expansion of the economy - due to the strong impact on activity in the first half of the year as a result of the drought - lending continued to show a favourable performance. As of December 2022, banks' gross loans reported a year-on-year increase of 14.1%, driven by a higher increase in foreign currency financing (15.8% year-on-year, compared to 7.1% in local currency loans).

Deposits had a more stable evolution. As of December 2022, year-on-year growth was 3.2%, lower than that recorded as of December 2021 (6.9%), with a higher weighting of interest-bearing deposits, especially ADCs, which reached 37.2% of the total (34.4% as of December 2021).

The Monetary Policy Rate (MPR) was gradually adjusted upwards during the year in order to contain inflationary pressures, reaching 8.5% in September, the level at which it remains at present. Thus, the increase in lending rates, together with stable deposit levels and still low funding costs, especially in foreign currency, resulted in a higher weighting of the financial margin. FIX believes that this situation will be reversed as the inflation rate continues to converge towards the target range, which would drive a contraction of the MPR in the coming months.

This increase in the financial margin had a positive impact on the profitability of banks, given that their main source of income is the financial intermediation. Thus, as of December 2022, the return on assets (ROA) before taxes reached 2.0% and return on equity (ROE) 18.4% (1.7% and 15.3%, respectively, as of December 2021).

In 2022, the system continued to record comfortable liquidity ratios: as of December 2022, liquid assets represented 26.0% of assets and covered 36.6% of deposits. FIX estimates that this situation will be maintained in coming months due to a criterion of prudence.

The system's capitalization decreased slightly in 2022, but remained at adequate levels. As of December 2022, the solvency ratio reached 17.4%, while the core capital ratio (Tier I) amounted to 14.12%, well above regulatory requirements. Both ratios are lower than those reported as of December 2021 (18.8% and 15.2%, respectively), which is due to the increase in the banks' asset growth rate and to the lifting of the restriction imposed by the BCP on the dividends' distribution in the context of the pandemic. FIX estimates that in coming months these ratios will remain at adequate levels.

The Paraguayan economy faces more encouraging growth projections for 2023. Firstly, better weather conditions are expected to generate a good harvest for the agricultural sector. Besides, better performances are expected in the manufacturing, electricity and water, and services sectors. These factors support the GDP growth estimates made by the BCP in December 2022, of 4.5% for the year. In this sense, financial intermediation is expected to accompany the economy growth.

Moreover, if the inflation rate's downward trend continues, FIX expects the control authority to reduce the Monetary Policy Rate in coming months, which will tend to adjust the financial margin again. In this sense, banks face the challenge of increasing the flow from services, foreign trade and foreign exchange, as well as improving efficiency ratios in order to preserve internal capital generation. It is also expected that the delinquency rate will continue the downward trend initiated towards the fourth quarter of 2022, supported by the growth of activity and employment, as well as by the growth of financing.

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

	31 dec 2022		31 dec 2021		31 dec 2020		31 dec 2019		31 dec 2018	
	Annual Gs mill Original	As % of Earnings Assets	Annual Gs mill Original	As % of Earnings Assets	Annual Gs mill Original	As % of Earnings Assets	Annual Gs mill Original	As % of Earnings Assets	Annual Gs mill Original	As % of Earnings Assets
1. Interest Income on Loans	719.137,3	12,46	805.454,5	12,92	806.187,7	12,75	812.210,2	13,60	788.894,3	14,15
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.	-
4. Gross Interest and Dividend Income	**719.137,3**	**12,46**	**805.454,5**	**12,92**	**806.187,7**	**12,75**	**812.210,2**	**13,60**	**788.894,3**	**14,15**
5. Interest Expense on Customer Deposits	204.507,7	3,54	265.092,1	4,25	312.891,9	4,95	304.446,2	5,10	304.152,8	5,45
6. Other Interest Expense	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Total Interest Expense	**204.507,7**	**3,54**	**265.092,1**	**4,25**	**312.891,9**	**4,95**	**304.446,2**	**5,10**	**304.152,8**	**5,45**
8. Net interest Income	**514.629,6**	**8,92**	**540.362,4**	**8,67**	**493.295,7**	**7,80**	**507.764,0**	**8,50**	**484.741,5**	**8,69**
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	54.513,4	0,94	41.940,5	0,67	35.702,8	0,56	36.805,6	0,62	39.563,6	0,71
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	150.038,0	2,60	152.244,0	2,44	156.952,2	2,48	189.928,9	3,18	169.404,7	3,04
14. Other Operating Income	197.252,6	3,42	101.230,0	1,62	84.361,7	1,33	94.854,7	1,59	77.169,9	1,38
15. Total Non-Interest Operating Income	**401.804,0**	**6,96**	**295.414,5**	**4,74**	**277.016,6**	**4,38**	**321.589,2**	**5,38**	**286.138,2**	**5,13**
16. Personnel Expenses	223.936,6	3,88	208.799,8	3,35	206.446,9	3,27	235.213,9	3,94	221.291,3	3,97
17. Other Operating Expenses	293.856,4	5,09	265.328,8	4,26	228.754,8	3,62	224.478,0	3,76	208.995,0	3,75
18. Total Non-Interest Expenses	**517.793,0**	**8,97**	**474.128,6**	**7,61**	**435.201,7**	**6,88**	**459.691,9**	**7,70**	**430.286,2**	**7,72**
19. –Equity-accounted - Operating	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
20. Pre-Impairment Operating Profit	**398.640,7**	**6,91**	**361.648,3**	**5,80**	**335.110,6**	**5,30**	**369.661,2**	**6,19**	**340.593,5**	**6,11**
21. Loan Impairment Charge	331.571,3	5,75	276.575,6	4,44	294.990,8	4,67	329.399,4	5,52	263.097,8	4,72
22. Securities and Other Credit Impairment Charges	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
23. Operating Profit	**67.069,4**	**1,16**	**85.072,7**	**1,37**	**40.119,8**	**0,63**	**40.261,8**	**0,67**	**77.495,7**	**1,39**
24. Equity-accounted Profit/Loss – Non-Operating	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
25. Non-Recurring Income	8.068,3	0,14	1.403,6	0,02	533,8	0,01	2.434,6	0,04	1.918,2	0,03
26. Non-Recurring Expenses	6.486,1	0,11	2.801,9	0,04	2.767,7	0,04	1.581,8	0,03	1.511,7	0,03
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	-3.594,7	-0,06	-1.645,4	-0,03	-12,7	0,00	-809,8	-0,01	-1.435,2	-0,03
29. Pre-Tax Profit	**65.056,9**	**1,13**	**82.028,9**	**1,32**	**37.873,3**	**0,60**	**40.304,9**	**0,67**	**76.467,0**	**1,37**
30. Tax Expense	6.810,2	0,12	11.669,4	0,19	6.629,2	0,10	9.083,3	0,15	12.217,3	0,22
31. Profit/Loss from Discontinued Operations	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
32. Net Income	**58.246,7**	**1,01**	**70.359,6**	**1,13**	**31.244,1**	**0,49**	**31.221,6**	**0,52**	**64.249,7**	**1,15**
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.	-
37. FIX SCR Comprehensive Income	**58.246,7**	**1,01**	**70.359,6**	**1,13**	**31.244,1**	**0,49**	**31.221,6**	**0,52**	**64.249,7**	**1,15**
38. Memo: Profit Allocation to Non-Controlling Interest	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
39. Memo: Net Income after Allocationto Non-controlling Interest	58.246,7	1,01	70.359,6	1,13	31.244,1	0,49	31.221,6	0,52	64.249,7	1,15
40. Memo: Common Dividends Relating to the Period	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
41. Memo: Preferred Dividens Related to the Period.	n.a.	-	17.780,1	0,29	22.104,8	0,35	14.002,4	0,23	19.060,1	0,34

Balance Sheet Visión Banco S.A.E.C.A.

	31 dec 2022		31 dec 2021		31 dec 2020		31 dec 2019		31 dec 2018	
	Annual Gs mill Original	As % of Assets	Annual Gs mill Original	As % of Assets	Annual Gs mill Original	As % of Assets	Annual Gs mill Original	As % of Assets	Annual Gs mill Original	As % of Assets
Assets										
A. Loans										
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	5.428.033,9	71,29	5.847.434,1	71,08	5.771.156,4	71,52	5.483.605,6	73,60	5.102.701,6	74,71
6. Less: Reserves for Impaired Loans /NPLs	519.876,9	6,83	444.999,3	5,41	229.996,3	2,85	204.137,9	2,74	215.914,1	3,16
7. Net Loans	**4.908.157,0**	**64,46**	**5.402.434,9**	**65,67**	**5.541.160,1**	**68,67**	**5.279.467,7**	**70,86**	**4.886.787,5**	**71,55**
8. Gross Loans	**5.428.033,9**	**71,29**	**5.847.434,1**	**71,08**	**5.771.156,4**	**71,52**	**5.483.605,6**	**73,60**	**5.102.701,6**	**74,71**
9. Memo: Impaired Loans included Above	316.640,4	4,16	253.425,2	3,08	196.401,8	2,43	195.893,6	2,63	52.523,3	0,77
10. Memo: Loans at Fair Value	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets										
1. Loans and Advances to Banks	44.778,0	0,59	42.594,2	0,52	36.282,7	0,45	102.044,5	1,37	281.353,3	4,12
2. Reverse Repos and Cash Collateral	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Trading Securities at Fair Value through Income	641.574,5	8,43	731.654,6	8,89	696.073,3	8,63	541.303,7	7,27	393.794,8	5,77
4. Derivatives (*)	72.202,8	0,95	n.a.	-	n.a.	-	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	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Securities	104.728,0	1,38	55.360,6	0,67	47.769,4	0,59	49.224,3	0,66	14.800,0	0,22
8. Total Securities	**818.505,3**	**10,75**	**787.015,1**	**9,57**	**743.842,7**	**9,22**	**590.528,0**	**7,93**	**408.594,8**	**5,98**
13. Other Earning Assets	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Total Earning Assets	**5.771.440,3**	**75,80**	**6.232.044,3**	**75,76**	**6.321.285,5**	**78,33**	**5.972.040,2**	**80,16**	**5.576.735,6**	**81,65**
C. Non-Earning Assets										
1. Cash and Due from Banks	1.208.730,1	15,88	1.417.518,1	17,23	1.325.598,8	16,43	1.097.430,0	14,73	936.047,5	13,70
2. Memo: Mandatory Reserves included Above	711.100,3	9,34	665.362,0	8,09	311.037,5	3,85	550.327,7	7,39	499.202,5	7,31
3. Foreclosed Real Estate	128.417,8	1,69	61.743,4	0,75	59.196,7	0,73	48.653,5	0,65	33.168,4	0,49
4. Fixed Assets	45.250,2	0,59	119.587,3	1,45	103.428,8	1,28	98.243,6	1,32	92.575,2	1,36
5. Goodwill	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Intangibles	264.482,9	3,47	221.647,8	2,69	96.394,1	1,19	45.029,4	0,60	37.648,2	0,55
7. Current Tax Assets	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Deferred Tax Assets	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	195.713,7	2,57	173.745,2	2,11	163.789,7	2,03	188.893,5	2,54	154.020,8	2,25
11. Total Assets	**7.614.035,1**	**100,00**	**8.226.286,1**	**100,00**	**8.069.693,6**	**100,00**	**7.450.290,2**	**100,00**	**6.830.195,8**	**100,00**
Liabilities and Equity										
D. Interest-Bearing Liabilities										
1. Customer Deposits - Current	1.670.371,2	21,94	1.967.894,3	23,92	1.624.912,7	20,14	1.197.007,6	16,07	1.114.211,0	16,31
2. Customer Deposits - Savings	2.003.931,6	26,32	1.813.439,7	22,04	1.603.448,5	19,87	1.655.741,3	22,22	1.413.260,1	20,69
3. Customer Deposits - Term	2.042.892,6	26,83	2.333.873,5	28,37	2.558.959,5	31,71	3.058.490,5	41,05	2.704.318,6	39,59
4. Total Customer Deposits	**5.717.195,4**	**75,09**	**6.115.207,4**	**74,34**	**5.787.320,7**	**71,72**	**5.911.239,3**	**79,34**	**5.231.789,7**	**76,60**
5. Deposits from Banks	664.454,2	8,73	972.997,6	11,83	1.262.210,9	15,64	6.868,9	0,09	6.112,0	0,09
6. Repos and Cash Collateral	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Deposits and Short-term Borrowings	34.986,2	0,46	46.231,3	0,56	50.684,4	0,63	484.431,1	6,50	432.904,3	6,34
8. Total Deposits, Money Market and Short-term Funding	**6.416.635,8**	**84,27**	**7.134.436,4**	**86,73**	**7.100.215,9**	**87,99**	**6.402.539,4**	**85,94**	**5.670.806,0**	**83,03**
9. Senior Debt Maturing after 1 year	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Subordinated Borrowing	223.143,2	2,93	188.944,2	2,30	230.802,5	2,86	245.745,7	3,30	249.613,2	3,65
11. Other funding	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Total Long Term Funding	**223.143,2**	**2,93**	**188.944,2**	**2,30**	**230.802,5**	**2,86**	**245.745,7**	**3,30**	**249.613,2**	**3,65**
12. Derivatives (*)	68.589,1	0,90	n.a.	-	n.a.	-	61.311,3	0,82	235.243,6	3,44
14. Trading Liabilities	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Funding	**6.708.368,0**	**88,11**	**7.323.380,6**	**89,02**	**7.331.018,4**	**90,85**	**6.709.596,3**	**90,06**	**6.155.662,8**	**90,12**
E. Non-Interest Bearing Liabilities										
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	13.185,2	0,17	9.526,9	0,12	10.819,2	0,13	15.530,9	0,21	9.707,6	0,14
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	55.184,9	0,72	106.751,4	1,30	72.457,2	0,90	105.674,2	1,42	95.174,4	1,39
10. Total Liabilities	**6.776.738,2**	**89,00**	**7.439.659,0**	**90,44**	**7.414.294,8**	**91,88**	**6.830.801,4**	**91,69**	**6.260.544,7**	**91,66**
F. Hybrid Capital										
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.	-
G. Equity										
1. Common Equity	837.296,9	11,00	741.845,2	9,02	655.398,8	8,12	619.488,8	8,31	569.651,1	8,34
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.	-	44.781,9	0,54	n.a.	-	n.a.	-	n.a.	-
6. Total Equity	**837.296,9**	**11,00**	**786.627,1**	**9,56**	**655.398,8**	**8,12**	**619.488,8**	**8,31**	**569.651,1**	**8,34**
7. Total Liabilities and Equity	7.614.035,1	100,00	8.226.286,1	100,00	8.069.693,6	100,00	7.450.290,2	100,00	6.830.195,8	100,00
8. Memo: FIX SCR Core Capital	572.814,0	7,52	564.979,3	6,87	559.004,7	6,93	574.459,4	7,71	532.002,8	7,79
9. Memo: FIX SCR Eligible Capital	572.814,0	7,52	564.979,3	6,87	559.004,7	6,93	574.459,4	7,71	532.002,8	7,79

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

Summary Analytics - Visión Banco S.A.E.C.A.

	31 dec 2022	31 dec 2021	31 dec 2020	31 dec 2019	31 dec 2018
	Annual	Annual	Annual	Annual	Annual
A. Interest Ratios					
1. Interest Income on Loans/Average Gross Loans	13,05	12,22	14,32	15,34	16,03
2. Interest Expense on Customer Deposits/Average Customer Deposits	3,44	4,21	5,21	5,46	5,99
3. Interest Income/Average Earning Assets	12,20	13,13	13,10	14,07	14,86
4. Interest Expense/Average Interest-Bearing Liabilties	2,98	3,63	4,48	4,73	5,11
5. Net Interest Income/Average Earnings Assets	8,73	8,81	8,02	8,79	9,13
6. Net Int. Income Less Loan Impairment Charges/Av. Earning Assets	3,11	4,30	3,22	3,09	4,18
7. Net Interest Income Less Preferred Stock Dividend/Average Earning Assets	8,73	8,52	7,66	8,55	8,77
B. Other Operating Profitability Ratios					
1. Non-Interest Income/Gross Revenue	43,84	35,35	35,96	38,78	37,12
2. Non-Interest Expense/Gross Revenue	56,50	56,73	56,50	55,43	55,82
3. Non-Interest Expense/Average Assets	6,67	5,82	5,62	6,44	6,54
4. Pre-Impairment Op. Profit /Average Equity	49,47	50,73	52,90	62,17	63,14
5. Pre-Impairment Op. Profit/Average Total Assets	5,13	4,44	4,33	5,18	5,18
6. Loans and Securities impairment charges/Pre-Impairment Op. Profit	83,18	76,48	88,03	89,11	77,25
7. Operating Profit /Average Equity	8,32	11,93	6,33	6,77	14,37
8. Operating Profit / Average Total Assets	0,86	1,04	0,52	0,56	1,18
9. Taxes/Pre-tax Profit	10,47	14,23	17,50	22,54	15,98
10. Pre-Impairment Operating Profit/Risk Weighted Assets	8,01	7,30	7,05	6,71	6,60
11. Operating Profit/Risk Weighted Assets	1,35	1,72	0,84	0,73	1,50
C. Other Profitability Ratios					
1. Net Income/Average Total Equity	7,23	9,87	4,93	5,25	11,91
2. Net Income/Average Total Assets	0,75	0,86	0,40	0,44	0,98
3. FIX SCR Comprehensive Incomer/Average Total Equity	7,23	9,87	4,93	5,25	11,91
4. FIX SCR Comprehensive Incomer/Average Total Assets	0,75	0,86	0,40	0,44	0,98
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	1,17	1,42	0,66	0,57	1,24
7. FIX SCR Comprehensive Income/Risk Weighted Assets	1,17	1,42	0,66	0,57	1,24
D. Capitalization					
1. FIX SCR Core Capital /Weighted Assets	11,51	11,40	11,77	10,43	10,30
3. Tangible Common Equity/ Tangible Assets	7,79	7,06	7,01	7,76	7,83
4. Tier 1 Regulatory Capital Ratio	14,74	13,50	12,17	9,85	8,95
5. Total Regulatory Capital Ratio (*)	14,56	13,68	15,39	13,88	13,74
6. Basic Equity / Weighted Risks	n.a.	n.a.	n.a.	n.a.	n.a.
7. Equity/Total Assets	11,00	9,56	8,12	8,31	8,34
8. Cash Dividends Paid&Declared/Net Income	n.a.	25,3	70,7	44,8	29,7
9. Cash Dividend Paid&Declared/FIX SCR Comprehensive Income	n.a.	25,3	70,7	44,8	29,7
10. Cash Dividend& Share Repurchase/Net Income	n.a.	25,3	70,7	44,8	29,7
11. Net Income-Cash Dividend/Total Equity	6,96	6,68	1,39	2,78	7,93
E. Asset Quality Ratios					
1. Growths of Total Assets	(7,44)	1,94	8,31	9,08	8,02
2. Growth of Gross Loans	(7,17)	1,32	5,24	7,46	7,61
3. Impaired Loans (NPLs) /Gross Loans	5,83	4,33	3,40	3,57	1,03
4. Reserves for Impaired Loans/Gross Loans	9,58	7,61	3,99	3,72	4,23
5. Reserves for Impaired Loans/Impaired Loans	164,19	175,59	117,10	104,21	411,08
6. Impaired Loans Less Reserves for Impaired Loans / Equity	(24,27)	(24,35)	(5,13)	(1,33)	(28,68)
7. Loan Impairment Charges/Average Gross Loans	6,02	4,20	5,24	6,22	5,35
8. Net Charge-Offs/Average Gross Loans	2,91	3,84	n.a.	n.a.	n.a.
9. Impaired Loans + Foreclosed Assets/Gross Loans+Foreclosed Assets	8,27	5,29	4,51	100,00	1,65
F. Funding					
1. Loans/Customer Deposits	94,94	95,62	99,72	92,77	97,53
2. Interbank Assets/Interbank Liabilities	6,74	4,38	2,87	1.485,60	4.603,29
3. Customer Deposits/total Funding Excl. Derivatives	86,11	83,50	78,94	88,91	88,37

(*) Solvency Ratio as required by BCP

Bank´s performance

Vision´s profitability is based on the sustained and adequate intermediation margin, derived from its business model focused on retail banking (ample margins, high granularity and higher cost of impairment charges) and its capacity to generate revenues from its large customer base (over 850 thousand at this report´s date). As it is shown in the Graphic#5, operating margin mainly depend on financial margin, although it is highlighted the significant share of net service income, which amount to 17,7% of operating margin. Besides, Vision faces the challenge of improving its efficiency ratios, a core matter in the bank´s strategy on which it has been working, since they press operating margins (expenses/ operating margin 60,3% vs 48% for the private banks average.

Vision's return levels have traditionally been lower than those of the banking system and private banks average, mainly due to the lower operating efficiency. As of Dec'22, it presented a significant year-on-year drop in its financial margin (-8.9% y.y.) as a result of low efficiency and high loan impairment charges, as well as the retraction of its active portfolio, which decreased by 6.7% compared to 2021.

Meanwhile, Visión's operating profitability over the last four years reached 0.5% of the average asset volume, which is considered adjusted for the bank's business profile and market segment to which its operations are oriented. Although the Bank has a good funding structure, with a high weight of sight deposits, which provides it with a low funding cost and benefits its net interest margin, the structure of operating costs and the charges for provisions linked to the portfolio's credit risk absorb a large part of the Bank's income flow.

FIX foresees that it will be a challenge for Visión to maintain its current profitability levels, given the high level of competition in Paraguay's financial system, and that although a recovery in credit demand is expected, driven by the lower rates announced by the BCP, the adjustment in the funding cost could occur faster than the portfolio growth . In this sense, FIX will monitor the evolution of Visión's operating margin, so that it is in line with its rating category.

Flow of revenues sustained by intermediation and services margins

Visión's revenues come mainly from its intermediation spread between its loan portfolio and its funding structure. As of Dec'22, net interest income represented 60.4% of net operating income, generated mainly by its MSME portfolio, the segment with the largest volume, reaching 47.7% of the portfolio. However, the evolution of income depends not only on the growth of its business volume, but also on the adequate pricing of its risks, rate and term matching. The bank records a reasonable management of these factors, which is reflected in its average intermediation spread in the last year (8.5% as of Dec'22).

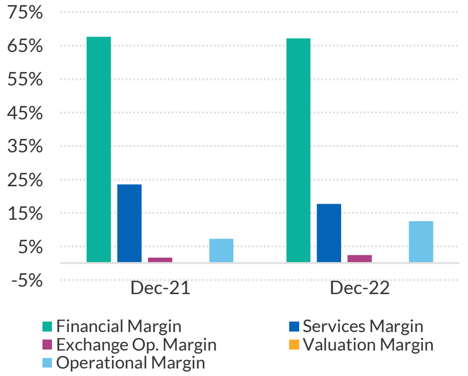
As mentioned above, in the previous years, the increasing competition in the financial system coupled with a context of high rates led to a lower portfolio generation throughout the financial system. Although Visión's intermediation spread has historically been higher than that of the system average , as a result of its business mainly focused on retail customers, which have a higher lending rate than other segments, it showed a year-on-year decrease of -4.8%.

In any case, in recent years Visión has focused its strategy on diversifying its sources of income in order to increase the relative share of non-interest income (basically income from services and other operating income, which recorded a year-on-year increase of 11.2% as a whole). FIX considers that by 2023 the Bank's net interest income will remain at similar levels to those reached in 2022.

Moreover, net service income represents 17.7% of the Bank's operating margin (2.6% of earning assets) and covers 29% of the Bank's operating expenses, slightly above the average of Private Banks (27.4%). The main fee income streams come from its credit card operations, a product in which Visión grew by 6.2% in amount and 11.6% in number of credit cards compared to 2021.

Finally, 2.5% of net operating income comes from the margin on foreign exchange transactions (purchase and sale of foreign currency), which is a recurring and low-risk flow for the institution, and 12.6% from other net operating income, which comes from a wide range of services offered by the institution, including trust services.

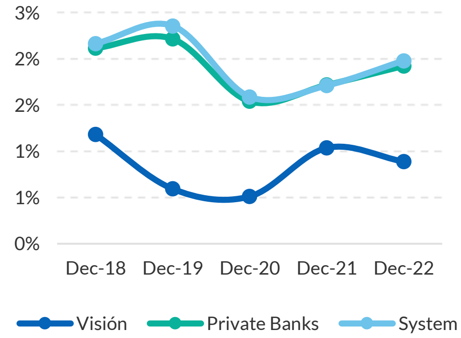
Graphic#5: Operational Income



Source: Banco Central de Paraguay and Visión Banco S.A.E.C.A.

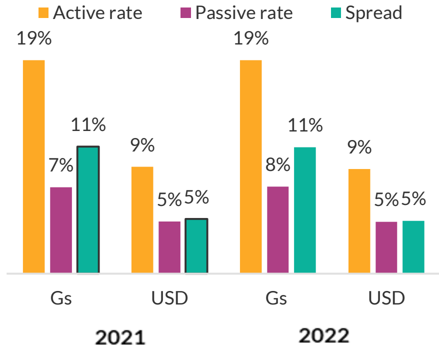
Graphic #6: Profitability

Profits before taxes/ Assets



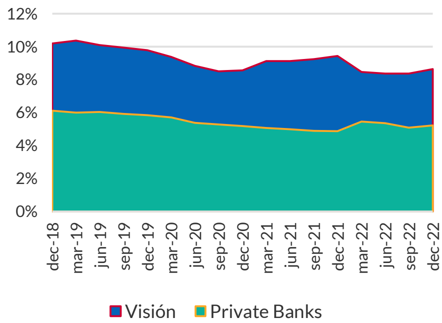
Source: Banco Central de Paraguay

Graphic #7: Spread or Active and Passive Rates (%)



Source: Visión Banco S.A.E.C.A.

Graphic #8: Intermediation spread



Source: Banco Central de Paraguay

Efficiency with room for improvement

Visión maintains an acceptable efficiency for its business model, supported mainly by the intermediation spread of its operations. The entity has a staff structure of 1,483 employees and 67 branches (vs. 1,510 and 70 respectively as of Dec'21) to serve its large customer base, making it the first Private Bank in terms of number of employees (above average, close to 550 persons). However, according to the bank, in coming years, it is expected that the payroll tend to decrease, as well as the number of branches, in a context of greater investments in digital transformation and i efficiency improvement.

43.2% of operating expenses as of Dec'22 correspond to personnel expenses, a ratio that has remained steady on average over the last 4 years, while the rest comes from other operating expenses. Besides,, although the Entity presents an acceptable income structure, with a wide intermediation margin, efficiency levels compare unfavorably with the system average, below that what is expected for its rating range, generating a strong pressure on the operating result (see Chart #9).

When analyzing efficiency compared to deposits' volume , Visión registers one of the lowest indicators (8.4%), while the system average is around 3.8%, due to the segments in which it operates (with very atomized loans and deposits and low average amount). In line with this indicator, the incidence of annualized operating expenses on the assets volume is also above the banking system average.

FIX considers that the investments made by Visión in pursuit of its strategy to deepen its digital transformation may increase its business volume and contribute to an improvement in operating efficiency, although it is expected that by 2023 it will be a challenge to reduce the pressure of its high structure on the result.

Economic cost of loan portfolio according to its business profile

Due to the high share in the retail business (consumer, microcredit, SMEs and individuals), with a higher relative credit risk than the other customer segments, the economic cost of the portfolio is higher than that observed for the system average, a situation that is reflected in an intermediation spread above that recorded by the banks' average , since its active rate contemplates that risk (Chart #10), however, the bank's cost for loan provisions represents a significant part of its operating result, affecting its profitability.

In this sense, as of Dec'22, loan loss provisions increased by 19.9%, representing 6.0% of the average gross portfolio and 99.3% of the operating result before provisions, while in the average of the last four years such indicators are positioned at 5.4% and 88% respectively, levels considered high. In addition, it should be taken into account that the Bank made the deferral of provisions for the recording of the charges for uncollectibility established by the BCP in the framework of the Covid-19 pandemic and transitory measures for the agricultural sector, which amounted to Gs 236,192 million, so that the levels of charges are expected to continue to put pressure on the result.

Historically, the bank made provisions in accordance with the regulatory requirement established by the BCP. However, during the last periods, and especially in view of the scenario imposed by the COVID pandemic, Visión adopted the policy of generating additional global provisions, which as of Dec'22 amounted to Gs 49,075 million.

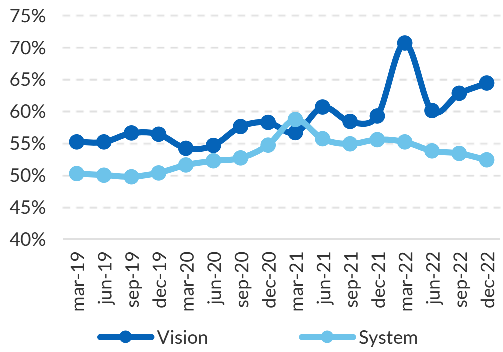
Risk Management

The main risk to which Visión is exposed is credit risk, since financing to the financial and non-financial sector, net of provisions, represented 64.6% of total assets as of December 22. Additionally, other risks to which all banking entities are exposed are liquidity, currency, interest rate, market and operating risks, although their potential impact is limited, due to the current scenario of stability in which the Paraguayan financial system operates and the prudent risk management of the entity.

Credit Risk

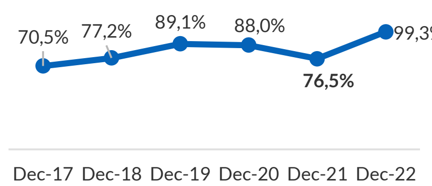
The bank's loan portfolio has recorded a slowdown in its growth rate since 2020, in line with what has been observed for the financial system, as a consequence of, firstly, the fall in the

Graphic #9: Efficiency
Op. Expenses. / Op. Margin



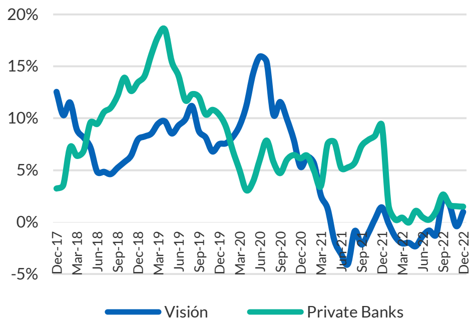
Source: Banco Central de Paraguay

Graphic #10: Cost of the credit portfolio



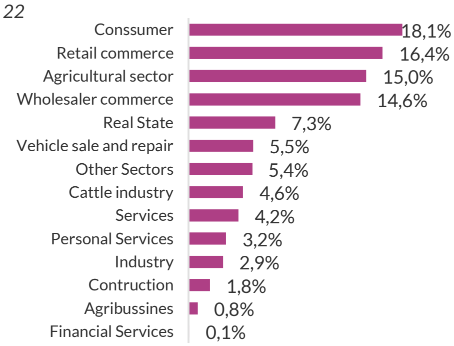
Source: Visión Banco S.A.E.C.A.

Graphic #11. Interannual growth of loan portfolio



Source: Banco Central de Paraguay

Graphic #12: Portfolio broken down by economic sector
Dec 22



Source: Banco Central de Paraguay

economic activity caused by the negative shock imposed by the COVID pandemic, as well as the subsequent drought that occurred in Paraguay and the scenario of interest rate increase, which resulted in a strong contraction of the economy.

In this sense, as of Dec'22, the bank's gross loans contracted by 6.7%, vs the growth recorded by the private banks' average (+13.3%), mainly affected by the drought, given that 15% of the Bank's loan portfolio belongs to the agricultural sector. The Rating Agency considers that Paraguay's economic activity will recover during 2023, in line with a growth in agricultural production and a progressive downward trend in inflation, although the process of interest rate reduction is expected to be gradual, so that a lower dynamism of credit demand is foreseen for the current fiscal year in the system.

The loan portfolio presents a greater relative weight of micro-enterprise banking (47.7% of total financing as of Dec'22), a segment on which the institution has focused its growth and has a specific know-how (see Chart #13), which is reflected in the composition of the portfolio by economic sector, with an important participation in the commerce sectors (31%), distributed in retail (16%) and wholesale (15%). It is noteworthy that Visión is positioned as the 3rd bank in retail assistance, with 13.6% market share.

In addition, the next sectors most assisted by the Bank are the consumer (18%), followed by the agricultural (15%) and the housing r (7%), in which it is positioned as the 4th bank, with 7.3% market share. The remaining sectors assisted by the bank have a market share of less than 5.5% each (see Graph #12).

It should be clarified in this regard that Visión segments its customer portfolio by profile according to income level and business volume. In this sense, personal banking includes only salaried individuals (employees), while the other three segments include both individuals and corporations, entrepreneurs, classified by segment according to the aforementioned criteria. As of December 22, there was a higher participation of Premium Banking (corporate), which represented 31.3% of financing, vs. 24% as of December 21, which has a lower delinquency rate than the rest of the segments assisted.

By virtue of its target market, the loan portfolio is mostly denominated in local currency (75.9% as of Dec'22, net of provisions). Moreover, given the business model, the financing stock presents a very good atomization per debtor: as of Dec'22 the first 10 debtors represent 6.7% of outstanding loans, and the first 50 represent 11.4%.

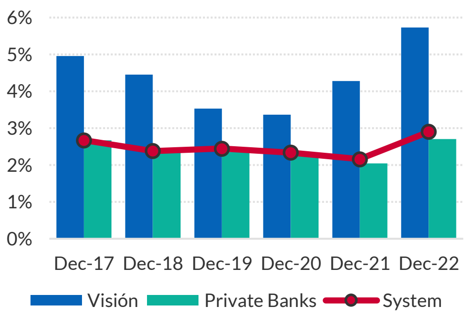
Although the portfolio quality is adjusted to its credit risk, given the customer segments to which the entity offers its financial services, it is positioned among the entities with the highest delinquency rates in the system. As of December 22, the non-performing portfolio represented 5.7% of total portfolio, above the banking system average (2.9%), and private banks average (2.9%), as well as that reported by the bank the previous year (4.3%), as a result of the growth of the non-performing portfolio, in line with the increase in non-performing loans at the system level (see graph #14).

In this sense, the portfolio's delinquency responds mainly to the consumer portfolio (15.7%) which increased with respect to the previous year (6.2%), as well as the retail and wholesale portfolio (8.4% as a whole), construction (6.9%) and services (5.9%) - see graph #15.

Regarding total risk exposure (loans + contingencies) by debtor classification as required by BCP regulations, as of Dec'22, 13.3% of total risks had exposures to category 3 or higher (versus 3.3% for the Private Banks' average, which is compatible with the client segments to which the entity offers its financial services).

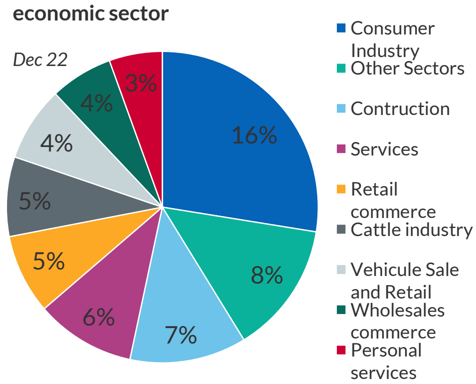
In view of the scenario generated by the pandemic, with a strong stress on the economic activity and the payment chain, BCP established certain measures aimed at giving flexibility to the banking system so that it could provide greater liquidity and flexibility to the market. Among these exceptional measures, the facility to reschedule the maturities of financing in a normal situation, as well as to suspend the reclassification of debtors of new financing and to defer credit risk provisions over time, stand out. In this sense, the impact of the health emergency on the banks' portfolio was reflected in the proportion of the loan portfolio included within the COVID measures adopted. As of December 22, the stock of loans under this measure reached 19.2% of total portfolio, lower than that recorded last year (47.1%), although it is still considered high and much higher than that shown by the system (close to 5%). This difference is due to the

Graphic#13: Evolution of delinquent loans
Past due loans/Total loans



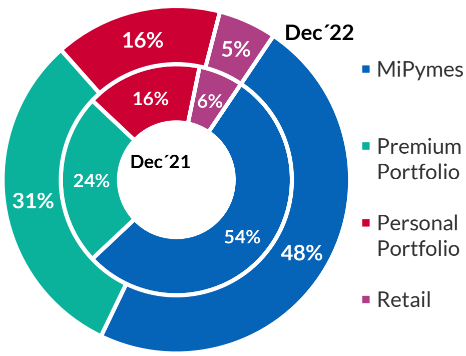
Fuente: FIX en base a Banco Central de Paraguay

Graphic #14: Delinquent portfolio by economic sector



Source: Visión Banco S.A.E.C.A.

Graph #15: Loan portfolio by segments



Source: Visión Banco S.A.E.C.A.

fact that Vision considered the entire original loan portfolio as part of the COVID-19 exceptional measures. This portion of the portfolio has a higher delinquency rate than the rest, in which loans in category 3 or higher reach 11.8% of the total.

Besides, as of December 22, the renewed, refinanced or restructured loans (RRR) represented 12.5% of total portfolio. Considering only the refinanced and restructured loans plus the past-due portfolio, the non-performing loans /total portfolio ratio reached 7.7%, higher than that of the system average (5.7%), due to the higher weight of the retail and consumer portfolio within the Bank's loan portfolio compared to the portfolio profile of the banking system, with a higher weight of corporate banking.

Under the current scenario, the Rating Agency foresees that the delinquency of Vision's portfolio as well as that of the banking system will tend to decrease gradually, once a context of lower interest rates consolidates. By 2023, in the case of Visión, it is expected that delinquency will remain at the levels exhibited to date, with a possible decrease if the expected portfolio growth materializes.

Meanwhile, Visión maintains a good coverage of provisions, representing 164.2% of the past-due portfolio as of December 22, and 122% including refinanced and restructured loans. There is a growing trend in provisions coverage, since during the last periods the bank decided to generate global provisions above the regulatory minimums established by the BCP, a decision accentuated in 2020, in view of the scenario imposed by the COVID pandemic, in order to face a potential increase in its loan portfolio's deterioration, which is expected to be maintained for 2023 (maximum 2% in global provisions).

Finally, as of Dec'22, Vision has a 1.7% asset immobilization for assets received in defense of unpaid loans.

Market Risk

Visión maintains a relatively low securities position on its balance sheet (8.4% of assets as of Dec'22), mostly medium and long term. The investment is mainly concentrated in Treasury Bonds (63.6%) and, to a lesser extent, BCP monetary regulation bills and AFD Bonds. All investments are stated at cost plus yield and in no case exceed their probable realizable value.

Visión presents a limited dollarization of its balance sheet: as of Dec'22, 20.2% of assets and 21.7% of liabilities (Chart #16) were denominated in foreign currency, which positions it with a much lower exposure to exchange rate risk than the f private banks' average (46.2% and 51.3%, respectively). The Bank prudently manages its exposure to exchange rate volatility, maintaining as of Dec'22 a net asset position of Gs 38,430 million, equivalent to 8.2% of equity.

Finally, Vision's operations are at fixed rates and the match between liabilities and assets is adequate, favored by the fact that more than 98% of loans are granted under the installment payment modality. However, it presents a negative gap in the short term, as the rest of the banking system, as a result of the significant proportion of sight deposits in its funding (see graph #17).

Funding Sources and capital structure.

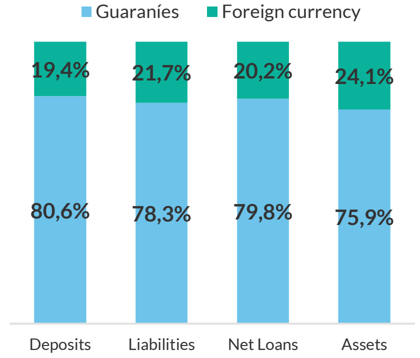
Liquidity and funding sources

Visión has an adequate funding structure for its operations. The main source of funds comes from deposits (80.3% of assets), mostly from the non-financial private sector (Chart #18), complemented by financing lines with local and foreign financial entities (3.4%) and subordinated bond issuances in the capital market (2.9%) (Chart #19).

The deposits' structure presents a good mix between sight deposits (62.7%) and term deposits (37.3%), which benefits the institution with a lower funding cost. Since its business model has a greater presence in the segment of individuals and MSMEs, the deposit base shows a low concentration by creditor, with the first ten representing 4.2% of total deposits, which compares positively with other banks. Additionally, , foreign currency deposits represent 19.4% of total deposits, a level considered to be limited.

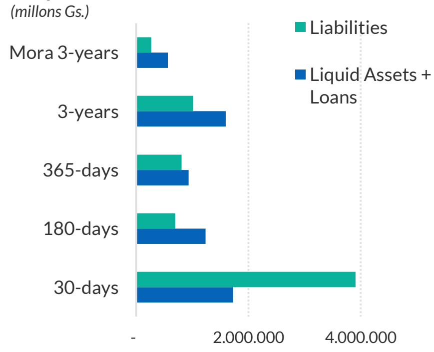
The entity has financing lines with practically all local financial institutions. In addition, it has a framework agreement signed with the AFD to operate with the different products that the

Gráphic#16: Assets and Liabilities per currency



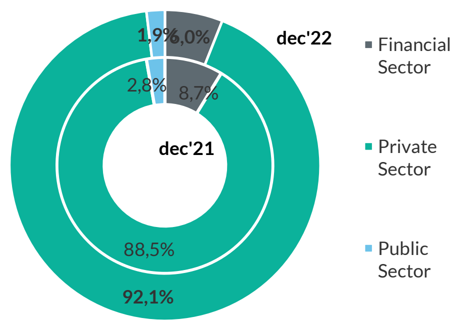
Source: Banco Central de Paraguay

Graphic #17: Tenor matches
(millons Gs.)



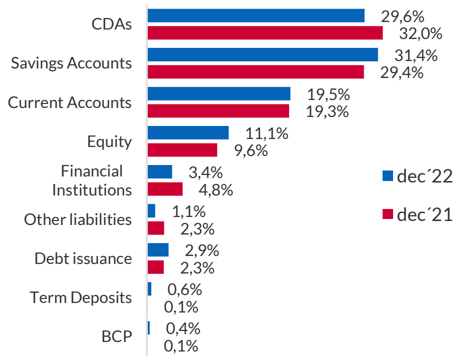
Source: Visión Banco S.A.E.C.A.

Graphic#18: Deposits by Sector



Source: Visión Banco S.A.E.C.A.

Gráphic#19: Funding Structure
(% of assets)



Source: Visión Banco S.A.E.C.A.

Agency offers for the financing of SME investment projects and housing for individuals. It also grants loans with a FOGAPY guarantee, being the fifth private bank that granted the most loans with such guarantee. As of Dec'22, Visión had received 10.2% of the total guarantees issued by the fund to guarantee loans granted by banks (vs. 13.2% as of Dec'21).

Additionally, it has financing from foreign institutional entities, such as Responsability, Blue Orchad Finance, Symbiotics, Incofin and Triple Jump, among others.

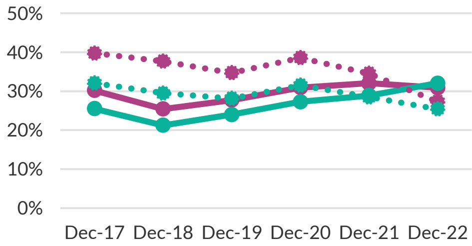
Regarding deposits from the non-financial private sector, the distribution by segment is very different from that of financing, since most of deposits come from the Premium banking (60.4% of the ldeposit portfolio).

In addition, Visión regularly issues subordinated debt and financial bonds in the local capital market. As of Dec'22, Visión's debt stock reached $223,143 million.

For liquidity risk management, Visión uses a series of tools, such as liquidity value-at-risk, liquidity gap analysis, deposit concentration, in order to establish its minimum liquidity coverage levels. The bank maintains a policy of liquidity coverage limits in local and foreign currency, as well as limits for its value at liquidity risk that limits the entity's risk.

Liquidity coverage is good and has been maintained at adequate levels over time. Although historically it has been below the average of Private Banks, as of Dec'22 liquid assets coverage (Cash and Due from Banks + BCP + sovereign securities) reached a similar level, close to 30.9% (Chart #20). Furthermore, although deposits in foreign currency are lower than those recorded by other banks, in the case of Visión, liquidity in foreign currency covers close to 28.2% of deposits. FIX estimates that the bank will continue to manage its liquidity risk with prudent levels of coverage, so its liquidity buffers are not expected to be reduced in the short term.

Graphic#20: Liquidity coverage



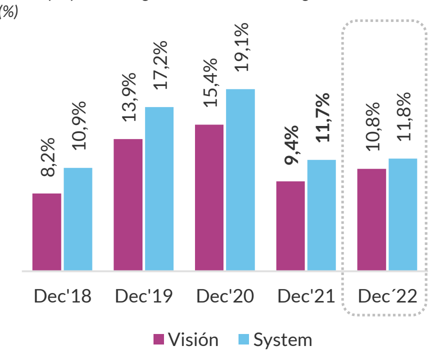
Source: Banco Central de Paraguay

Common Stock

Visión has historically maintained a reasonable capital position, in line with its business model, supported by its earning generation as well as its good access to the capital market for the issuance of subordinated debt and preferred shares to strengthen its core capital. However, these levels have remained systematically below the banking system average, and adjusted with respect to its rating segment (Graphic #21).

Graphic#21: Solvency Ratios

Basic Equity/ Risk Weighted Assets and Contingencies (%)



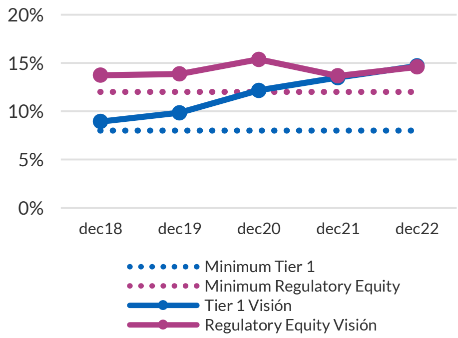
Source: Banco Central de Paraguay

As of Dec'22, Tier I Capital represented 14.7% of risk-weighted assets and contingencies, while Total Regulatory Capital reached 14.6%, both are above the regulatory minimums (8% and 12% respectively) and those achieved by the bank the previous year, and in the case of Tier 2 Capital it is mainly due to the issuance of subordinated bonds - Chart #22. The bank's target for 2023 is to maintain ratios of 14% and 15.5% respectively.

However, tangible capital represents 7.8% of tangible assets, and when calculating the adjusted liquid capital, i.e., deducting from capital the fixed assets, foreclosed assets in payment and intangibles, liquid capital is reduced to 2.9%, a level considered very tight, and far lower than that recorded by the system average (9% as of Dec'22).

Meanwhile, the bank is developing a Capitalization Plan with the purpose of modifying the effective equity structure, with a greater participation of principal capital in the total. To this end, at the end of 2021, the integration carried out as a result of the capitalization of dividends was completed, thus totaling Gs 60,000 million that were issued in Assembly of 2021 as Preferred Sub Class L. Meanwhile, during 2022, Gs 37,882 million of dividends were integrated in Preferred Sub Class M shares. The Bank foresees an improvement in its Tier 2 ratio for 2023, through a new issue of subordinated bonds.

Graphic#22: Regulatory Equity evolution



Source: Visión Banco S.A.E.C.A.

Vision maintains as its policy the distribution of dividends from a portion of its annual income generation. The General Shareholders' Meeting of 04/21/22 decided to capitalize the dividends for fiscal year 2021 in common shares. Thus, added to the integration of preferred shares, the integrated capital amounts to Gs 548,580 million.

FIX estimates that Visión's capitalization will remain at adjusted levels having into account its business model, being its main challenge the improvement in its operating performance to increase its capital internal generation after dividends.

Annex I – Opinion

The credit committe of FIX SCR Rating Agency met on March 17, 2023 has decided to downgrade to Category Apy with Stable Trend from Category A+py 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.

The downgrade of Visión Banco S.A.E.C.A.'s rating responds to the tighter operating profitability levels for its business profile, which limit its maneuvering margins and its capital internal generation in a still challenging scenario. The Rating Agency believes that the entity faces the challenge of increasing its intermediation flow, which will allow it to absorb more comfortably its portfolio's economic cost and operating cost structure, in order to increase its capital generation and align its risk-return ratio.

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.

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

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. Likewise, the interim financial statements as of September 30, 2022 provided by the bank were taken into consideration.

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 30.09.2022).
- Statistics of BCP, available in www.bco.gov.py

Annex II

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: March 17, 2023
- Date of publication: in agreement with procedures depicted in Res. N° 2 mentioned above
- Type of Report: Integral Updating Report
- Financial Statement as of 12.31.2022
- Rating Agency: FIX SCR S.A. Rating Agency (an affiliate of Fitch Ratings)
- www.fixscr.com
- Sarmiento 663 7th.floor, Ciudad Autonoma de Buenos Aires.
- (+5411) 5235 8100/Email: 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

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
- www.fixscr.com
- www.visionbanco.com
- www.fixscr.com

Rating methodology and rating procedure:

The rating methodology for financial institutions is available at: www.fixscr.com/methodology

The rating procedure can be found in: 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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