

# Ueno Bank S.A.

December 16, 2025

This report does not constitute a rating action.

## Ratings Score Snapshot

**SACP: bb**

**Support: 0**

**Additional factors: 0**

Anchor	bb	
Business position	Adequate	0
Capital and earnings	Moderate	0
Risk position	Moderate	-1
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment	1	

ALAC support	0
GRE support	0
Group support	0
Sovereign support	0

Issuer credit rating
<b>BB/Stable/--</b>

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

## Credit Highlights

### Overview

#### Key strengths

Disruptive position as first mover in innovative digital banking solutions in Paraguay.

Ongoing support from Grupo Vazquez and synergies with companies in the group.

Diversified and stable deposit base, supported by a comprehensive nationwide network.

#### Key risks

Rapid expansion and portfolio growth could expose the bank to additional risks.

Challenges linked to Vision Banco's loan portfolio, which is undergoing a special treatment.

Low net interest margins, which have been compensated by relevant amount of intercompany revenue.

**Our rating on Ueno Bank reflects its adequate position in the consumer and microcredit segments in Paraguay, bolstered by effective branding and innovative digital services that have rapidly expanded its customer base.** The innovative and disruptive bank has a solid position in the Paraguayan banking system, which is currently experiencing growth in the economy, financial inclusion, and digitalization. Moreover, synergies with companies from Grupo

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Vazquez, owner of Ueno, enable the bank to access a wide customer base, providing valuable information that facilitates cross-selling opportunities. Nonetheless, larger players in Paraguay are still ahead in terms of diversification and revenue stability.

**S&P Global Ratings thinks that Ueno Bank will continue reporting strong profit, with return on equity (ROE) of 15%-20% in the next two years.** These profits reflect relevant fee revenue from its client base, solid cost of risk, and additional revenues or efficiencies from the group's other companies. Also, we think that the bank will keep expanding its loan book and assets, although at slower pace.

**We expect a stable risk-adjusted capital (RAC) ratio of 5.0%-5.5% for the next 12-24 months.**

We expect the bank's capital base, along with the capitalization of earnings, to support the execution of its business plan. Moreover, restrictions on dividend payments should ensure that profit is retained as capital. Additionally, Ueno Bank reported adequate regulatory capitalization at 14.4% as of October 2025, exceeding the regulator's minimum capital requirement of 12%.

**We see emerging risks from aggressive growth of Ueno Bank and the loan portfolio of Vision Banco, which is currently under special treatment.** We think Ueno Bank's asset quality metrics could be more sensitive than peers from countries with similar economic risk, such that credit losses could go beyond our base-case projections if economic conditions weaken. Also, its rapid growth, coupled with a current financial inclusion trend in Paraguay, could add risks to Ueno's portfolio. As of October 2025, Ueno Bank's nonperforming loans (NPL) were 0.5% of total loans, below the system's average of 2.4%. However, delinquencies from loans under the regulatory transitory measures are not classified as NPLs.

As a condition for the acquisition of Vision Banco, the central bank of Paraguay approved a regulatory transitory plan that requires Ueno Bank to retain all profits for capitalization purposes for the plan's duration. Consequently, the bank can't distribute dividends until the loans under special treatment have been fully amortized, which limits the capacity of the group to negatively influence the creditworthiness of the bank.

## Outlook

The stable outlook on Ueno Bank for the next 12 months reflects our expectation that it will implement its development plan as a digital bank in Paraguay after the recent acquisition of Vision Banco's operations.

### Downside scenario

We could lower the rating on the bank if capitalization erodes, with a RAC ratio before diversification below 5%.

### Upside scenario

We are unlikely to raise our ratings in the next 12 months because we see limited upside. The entity is still in the process of consolidating its organic and inorganic growth strategy.

## Key Metrics

### Ueno Bank S.A.--Key ratios and forecasts

	--Fiscal year ended Dec. 31--				
(%)	2022a	2023a	2024a	2025f	2026f
Growth in operating revenue	15.8	53.4	403.7	2.5-7.5	10.0-15.0
Growth in customer loans	3.2	56.5	399.2	45.0-55.0	15.0-25.0
Growth in total assets	43.5	74.4	347.9	40.0-50.0	15.0-25.0
Net interest income/average earning assets (NIM)	7.8	1.3	6.2	1.5-2.0	1.5-2.0
Return on average common equity	11.0	13.3	34.1	15.0-20.0	15.0-20.0
New loan loss provisions/average customer loans	7.2	3.1	-0.4	1.0-1.5	1.0-1.5
Risk-adjusted capital ratio	N.A.	N.A.	5.0	5.0-5.5	5.0-5.5

All figures include S&P Global Ratings' adjustments. a--Actual. e--Estimate. f--Forecast. N.A.--Not available. NIM--Net interest margin.

## Anchor: 'bb' For Banks Operating In Paraguay

The anchor for banks operating only in Paraguay is 'bb'. Our bank criteria use our Banking Industry Country Risk Assessment economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating.

Our economic risk assessment for Paraguay reflects the country's better economic resiliency, but also its credit risk and economic volatility continue to be worse than peers. Also, the Paraguayan economy is still dependent on agriculture and commodity prices, although it has been improving. Overall, we expect Paraguay's GDP to grow 4.2% in 2025 and 4.0% in 2026. Large forestry and energy projects augur well for Paraguay's economic diversification, more sustainable GDP growth, and lower external vulnerability. In addition, strong domestic demand should support economic growth.

Our industry risk assessment for considers our view of Paraguay's regulatory framework, which has been improving in the past few years but is still in the process of fully aligning with international standards. We also consider that the presence of relatively large cooperatives (credit unions) and unregulated finance companies ("casas de credito") limits the supervision scope of the central bank and introduces market distortions. On the other hand, the banking system has generally had relatively sound profitability, with an average ROE of 15%-16% in the past five years.

## Business Position: Innovative And Disruptive Digital Bank In Paraguay Grants Competitive Advantage

We think Ueno Bank benefits from being the first fully digital universal bank in Paraguay. Nonetheless, larger players in Paraguay are still ahead in terms of diversification and revenue stability.

Ueno Bank primarily targets small and midsize enterprises (SMEs), microcredit, and consumer segments. Following a series of acquisitions and organic growth, the bank received a banking license in 2023. As of October 2025, it ranked as the sixth-largest entity in the Paraguayan banking system in terms of credit and deposits, with market shares of 5.9% and 8.8%,

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respectively, a notable increase from about 1.0%-1.5%. Part of that growth came after its acquisition of Vision Banco and incorporation in June 2024.

Additionally, Ueno Bank reached the first position in number of credit cards issued in Paraguay, with almost 1.1 million credit cards in the country. Nonetheless, its outstanding balance of credit card receivables currently ranks third in the country, as Ueno Bank's credit card exposure per client is lower than its main peers. The corporate and SME lending segments represent the bank's largest business line, followed by consumer loans and mortgages loans.

We view the bank's customer base as substantial and with a growing loyalty, which we expect to gradually enhance the bank's fee income as the franchise is consolidated in the country. We also think that the significant volume of credit cards issued and associated fees (such as acquiring and payment operations) should offer additional stability to revenues.

The bank also benefits from its affiliation with Grupo Vazquez, which provides significant advantages through cross-selling opportunities. This integration encompasses an insurance division, a broker-dealer, an asset management company, a fiduciary business, and a digital payment processing network, all operating within a cohesive digital banking platform.

## Capital And Earnings: Internal Capital Buildup Should Support Ueno's Expansion

We expect Ueno Bank's RAC ratio to be 5.0%-5.5% for the next two years, compared with 5% as of December 2024. We think that Ueno Bank will continue reporting strong profit on the back of fee revenues from its client base, solid cost of risk, and synergies from other companies of the group. Conversely, we think that the bank will keep expanding its loan book and assets, although at slower pace.

To evaluate banks' capitalization levels, S&P Global Ratings applies a globally consistent RAC framework, independent of regional regulations and internal risk measures. Our RAC methodology compares total adjusted capital to risk-weighted assets, providing a more comparable risk metric than traditional regulatory ratios.

Our forecast incorporates the following base-case scenario assumptions:

- Loan growth of approximately 50% in 2025 and 20% in 2026;
- Tight but improving net interest margins (NIM), which tightened in 2025 due to loans under special treatment since these loans don't accrue interest while they are in this category;
- ROE of 15%-20% in 2025 and 2026;
- Cost of risk at assets of 1.0%-1.5%; and
- No dividend distributions until the regulatory transitory measures are concluded.

Additionally, Ueno Bank reported adequate regulatory capitalization metrics, at 14.4% as of October 2025, exceeding the regulator's minimum capital requirement of 12%.

In terms of profitability, Ueno has been reporting sound ROE, but with a relevant contribution arising from nonrecurring revenue from companies of Grupo Vazquez. Up until June 2025, Ueno's NIM represented only 10.9% of its operating revenue, down from 27.6% in 2024.

Meanwhile, fee income represented about 35%, up from 23% in 2024, and other income, mostly intragroup revenues, represented 46.9%, up from 46.2%. Additionally, cost of risk has remained steady while the bank's loan book has been growing extensively.

## Risk Position: Rapid Growth And Portfolio Under Special Treatment Could Bring Additional Risks

Ueno Bank faces emerging risks associated with its aggressive growth strategy and the loan portfolio of Vision Banco, which is currently under special treatment. Therefore, we think Ueno Bank's asset quality metrics could be more sensitive than peers from countries with similar economic risk, such that credit losses could go beyond our base-case projections if economic conditions weaken. Also, its rapid growth, coupled with a current financial inclusion trend in Paraguay, could add risks to Ueno's portfolio.

Loans under special treatment are set to be repaid over the next six years. The special treatment loan book has been amortizing faster than Ueno's initial expectations.

As of October 2025, Ueno Bank's NPL ratio was 0.5%, below the system's average of 2.4%. However, delinquencies from loans under the regulatory transitory measures are not classified as NPLs. As a reference, Vision's NPL ratio prior to the acquisition was at 10%. Ueno's renewed, refinanced or restructured loans, in turn, amounted to 6.3% of the bank's loan book, against a nationwide average of about 13%. Moreover, we think that Ueno Bank's loan portfolio is relatively diversified in terms of single-name exposure: the 10-largest loans represented about 14% of its total portfolio as of June 2025.

## Funding And Liquidity: Diversified Deposit Base Supported By A Comprehensive Nationwide Network

Our assessment of Ueno Bank's funding highlights its diversified and stable deposit base, supported by a comprehensive nationwide network and a varied retail depositor base. As of September 2025, deposits remained the primary funding source, constituting approximately 83% of total funding. The remaining funding sources consisted of wholesale funding like credit lines from financial institutions and subordinated debt.

Ueno Bank's stable funding ratio was 102% in June 2025, in line with the past three years. While Ueno Bank has the largest number of depositors within the banking system, it ranks sixth in terms of total deposit volume as of October.

For the next 12-18 months, we anticipate that Ueno Bank will continue to rely on deposits as a key funding source, while also diversifying its funding strategy through debt issuance in both domestic and international markets.

In terms of liquidity, Ueno Bank is well positioned. Its broad liquid assets represented 23.7% of its total assets, with a relevant portion of cash and deposits in the Paraguayan central bank. Those broad liquid assets covered 1.35x of our estimate for Ueno's short-term wholesale funding as of June 2025, in line with the past three years' average.

## Comparable Ratings Analysis Adjustment: One-Notch Boost From Ongoing Support From Grupo Vazquez

The adjustment considers the group's experience in the financial sector and the synergies with other companies within the group, which boost the bank's business and risk profiles. The synergies among companies enable the bank to access a wide customer base, providing valuable

information that facilitates cross-selling opportunities. This approach helps mitigate credit risks by enhancing the bank's understanding of its clients.

Grupo Vazquez has been operating in Paraguay since 1945 in various economic sectors through equity participations and financial support to associated entities. The group has five business units: financial services, technology, retail, agribusiness, and real estate. Additionally, it has been active in the credit market since 1984 through Credicentro. It acquired Financiera El Comercio in 2021, which has since been integrated into Ueno Bank.

Our rating does not incorporate notching from extraordinary support. We assess that Ueno Bank is effectively ring-fenced from its parent, Grupo Vazquez, which owns nearly 98% of the bank.

## Additional Factors

We consider Ueno Bank to be a moderately important institution in the Paraguayan financial system, ranking as the sixth-largest bank in the country in terms of loans and deposits. The bank's market share is in mid-to-upper single digits, characterized by a significant share of retail deposits and number transactions and participation in the payment system in the country. In this context, we anticipate that a default on Ueno Bank's senior secured obligations would have a negative impact on the Paraguayan financial system.

We assess the Paraguayan government's propensity to support banks as uncertain. This, combined with the factors mentioned above, leads us to conclude that there is a low likelihood of extraordinary government support for Ueno Bank, as well as other systemic banks in the country, in the event of financial distress. Consequently, we do not forecast any notch uplift in the rating on the bank for support.

## Environmental, Social, And Governance

We see environmental, social, and governance factors as broadly neutral to Ueno Bank's creditworthiness.

We think Ueno's operations are less exposed than the Paraguayan economy to climate risk because of its limited direct exposure to the agribusiness industry (5%-6% of its credit portfolio).

We think governance is a neutral factor for Ueno since the bank publicly discloses its financials with the market in a timely manner, and we have no evidence of any history of wrongdoing from its shareholders or management.

## Key Statistics

### Ueno Bank S.A. Key Figures

Mil. PYG	2025*	2024	2023	2022	2021
Adjusted assets	16,657,864	13,653,233	2,980,772	1,721,688	1,214,122
Customer loans (gross)	8,330,288	7,204,540	1,443,173	921,889	892,995
Adjusted common equity	1,006,387	1,109,518	144,135	150,411	123,612
Operating revenues	539,719	1,153,896	229,096	149,381	129,044
Noninterest expenses	310,710	627,161	152,567	89,338	79,788
Return on average common equity	15.1	34.1	13.3	11.0	5.7

\*2025 data is for the 6 months to end-June. PYG--Paraguayan guarani.

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### Ueno Bank S.A. Capital And Earnings

(%)	2025*	2024	2023	2022	2021
Tier 1 capital ratio	11.2	14.7	9.7	12.8	13.4
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	10.9	27.6	9.4	56.7	57.9
Fee income/operating revenues	34.9	23.2	14.5	2.8	12.7
Cost to income ratio	49.2	42.7	66.6	59.8	61.8
Provision operating income/average assets	3.5	7.7	3.1	4.0	4.5

\*2025 data is for the 6 months to end-June. N.M.--Not meaningful.

### Ueno Bank S.A. Risk Position

(%)	2025*	2024	2023	2022	2021
Growth in customer loans	31.3	399.2	56.6	3.2	29.9
Total managed assets/adjusted common equity (x)	17.1	12.6	21.7	11.9	10.1
New loan loss provisions/average customer loans	1.1	(0.4)	3.1	7.2	4.7

\*2025 data is for the 6 months to end-June. N.M.--Not meaningful.

### Ueno Bank S.A. Funding And Liquidity

(%)	2025*	2024	2023	2022	2021
Core deposits/funding base	78.5	75.9	74.96	69.5	71.5
Customer loans (net)/customer deposits	65.9	72.6	66.6	82.0	110.8
Stable funding ratio	102.5	105.2	117.5	86.2	92.8
Short-term wholesale funding/funding base	13.7	11.9	12.3	26.8	27.2
Broad liquid assets/short-term wholesale funding (x)	1.4	1.6	2.1	0.5	0.8
Broad liquid assets/total assets	16.5	16.5	23.8	12.0	18.2
Broad liquid assets/customer deposits	23.7	24.7	35.0	19.7	29.1
Net broad liquid assets/short-term customer deposits	7.9	11.4	23.3	(23.7)	(11.1)
Short-term wholesale funding/total wholesale funding	63.6	49.1	49.1	87.9	95.1

\*2025 data is for the 6 months to end-June.

**Rating Component Scores**

Issuer Credit Rating	BB/Stable/--
SACP	bb
Anchor	bb
Business position	Adequate (0)
Capital and earnings	Moderate (0)
Risk position	Moderate (-1)
Funding and liquidity	Adequate and Adequate (0)
Comparable ratings analysis	1
Support	0
ALAC support	0
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0

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

**Related Criteria**

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

**Ratings Detail (as of December 11, 2025)\***

**Ueno Bank S.A.**

Issuer Credit Rating	BB/Stable/--
Senior Unsecured	BB

**Issuer Credit Ratings History**

20-Dec-2024	BB/Stable/--
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**Sovereign Rating**

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

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