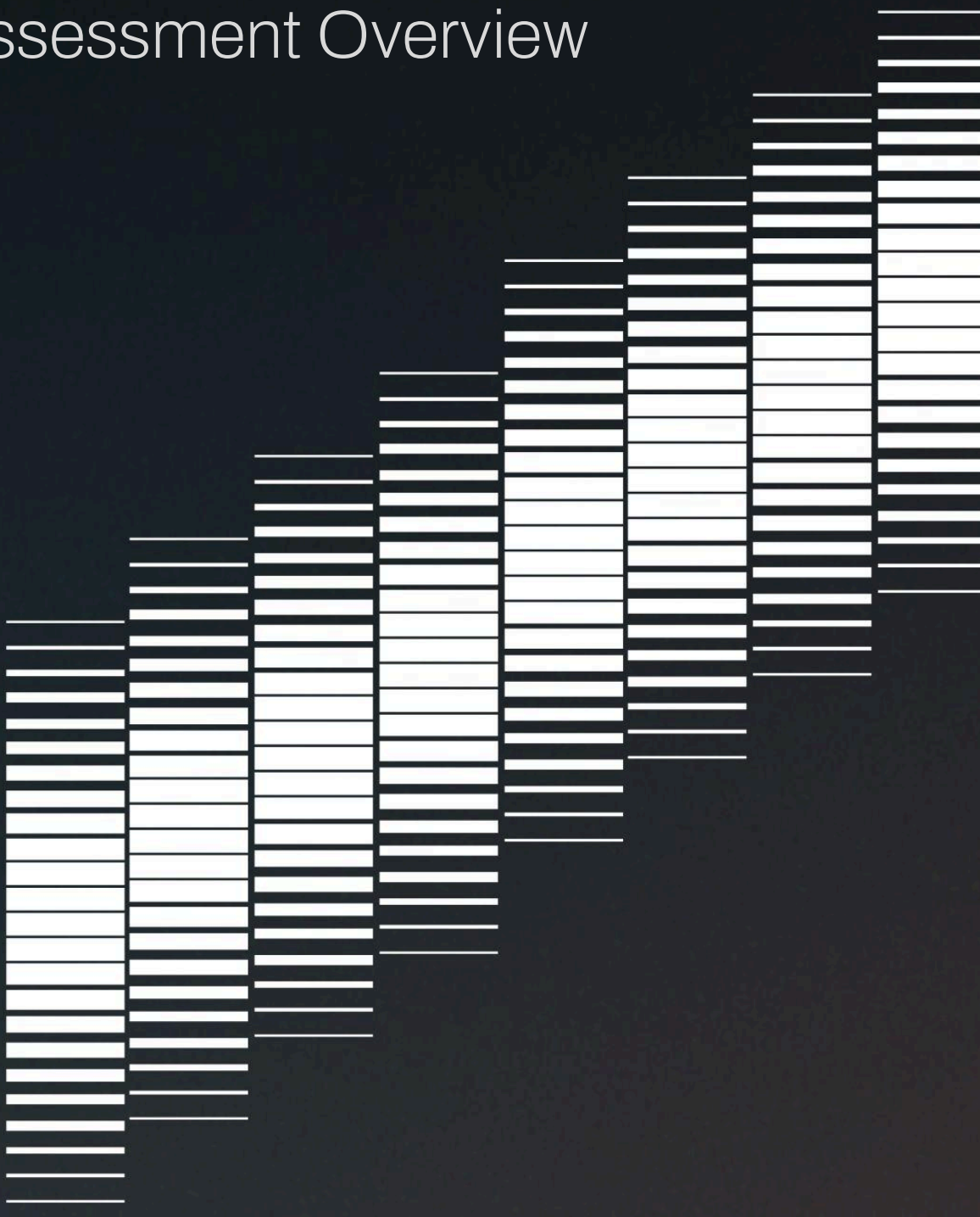
credora by RedStone

U

Risk Assessment Overview



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Executive Summary

This brief report presents Credora's risk assessment of United Stables $U under the Credora Asset Rating Framework, assigning a **Probability of Default (PD)** and implied credit rating. In Credora's framework, a default occurs if eligible holders cannot redeem for 2 consecutive weeks, or if the fair value of reserves falls 1% or more below outstanding issuance for 7 consecutive days. The assessment evaluates smart contract risk, on-chain reserve transparency, governance structure, and more, yielding a Final PD of **1.37%** and a Final Rating of **B+**, on Credora's DeFi rating scale.

Token Overview

United Stables **$U** is a **USD-pegged stablecoin** issued by United Stables Limited (BVI), deployed on BNB Chain and Ethereum. Each $U token is backed 1:1 by a combination of USD cash held at accredited banking institutions and a whitelisted stablecoin (USDT), managed through a trust arrangement operated by Wallets Trust Limited and custodied via Ceffu (formerly Binance Custody). The token launched on December 18, 2025, and as of the score date has approximately $1.02 billion in market cap.

Key Results

This report outlines the rating process for U, utilizing the Credora Asset Rating Framework as of April 4, 2026, considering the characteristics and structure of the token.

Probability of Default	**1.37%**
Implied Rating	**U**
Token Address	**0xcE24439F2D9C6a2289F741120FE202248B666666**
Network	**BSC**

Strengths

- **High-quality reserve assets.** $U's reserves consist of USD cash and whitelisted stablecoins limited to USDT and USDC — two of the most liquid and widely adopted stablecoins in the market, both with established reserve attestation practices. This limits second-order depeg risk relative to protocols accepting lower-quality collateral.
- **Issuer-level bankruptcy remoteness claimed.** Reserves are held through a trust arrangement operated by Wallets Trust Limited, which United Stables asserts legally segregates reserve assets from the issuer's corporate assets, providing bankruptcy remoteness at the issuer level.
- **Strong trading liquidity and market adoption.** $U reached ~$1.02B in circulating supply within 4 months of launch, ranking 5th among BNB Chain stablecoins with a 5.8% share of BNB's $17.78B stablecoin supply, listed across 11 exchanges and 56 trading pairs. The U/USDT pair on Binance records over $13M in 24-hour volume, supporting secondary market exit for holders without direct redemption rights.

Considerations

- **No financial or stablecoin-specific licenses held.** United Stables Limited holds no financial services authorizations, money transmitter licenses, or stablecoin-specific regulatory approvals in any jurisdiction.
- **Reserve manager undisclosed; reserves reported via attestation.** Wallets Trust Limited (issuer) acts as legal trustee holding reserve assets in a segregated trust, providing issuer-level bankruptcy remoteness, while Ceffu provides operational custody of the USDT portion and performs attestations limited to those holdings. Fiat reserves at banking institutions are not subject to any disclosed verification. No reserve composition breakdown is published and no on-chain proof-of-reserves mechanism exists, falling short of standards set by comparable stablecoins.
- **Short price history limits peg stability assessment.** With fewer than 365 days of trading data since the December 2025 launch, the statistical robustness of peg stability and volatility estimates is limited. The token recorded a ~3.2% deviation from par on December 21, 2025—three days post-launch—exceeding the 1% threshold, and governance and contract upgrade controls remain fully centralized with a timelock of 0 hours and no documented multisig structure.

Token Rating Framework

U Anchor PD

The Anchor PD represents the **baseline probability of default** for a token before applying protocol-specific modifiers. It captures the core risk associated with a token's reserve assets, custody structure, and smart contract architecture, incorporating the likelihood and severity of smart contract exploits based on historical DeFi exploit data.

Table 1. Asset Anchor PD

Metric	Reasoning
Smart Contract Audits & Contract Maturity	$U is a simple OpenZeppelin-based ERC-20 behind a standard upgradeable proxy, comparable in complexity to USDC or PYUSD. One audit by PeckShield (September 2025) identified one medium-severity finding (admin key centralization) for which the team stated an intention to adopt a multi-sig, though this has not been verified on-chain. No critical or high-severity issues were found. The audited commit pre-dates the currently deployed implementation with no re-audit disclosed. Contract maturity is approximately 3.5 months. *Smart contract risk PD:* ***0.00%***
Underlying / Reserve Asset Quality	Reserves consist of USD cash held at accredited (unnamed) banking institutions and whitelisted USDT via Ceffu, managed through Wallets Trust Limited. USD cash carries low individual default risk; however, USDT introduce second-order stablecoin risk. *Reserve Asset Quality PD:* ***0.35%***
Anchor PD	**0.35%**

U Risk Modifiers

The Anchor PD is refined using **notch-based adjustments (N.A.)** to produce the Final PD. These modifiers capture risks not reflected in the base asset, custody, or implementation assessments, shifting the PD prior to final rating assignment.

Modifier ranges vary depending on how directly a metric can trigger a Credora-defined default. Factors that can directly impair redemption mechanics or reserve sufficiency (e.g., reserve transparency, security incidents) carry larger downside adjustments, while factors affecting legal enforceability or operational resilience (e.g., governance quality or market capitalization) have more bounded impact. Consistent with Credora's conservative framework, **positive adjustments are smaller than negative ones**, reflecting that risk improvements materialize gradually while adverse conditions exert stronger influence on default outcomes.

The Anchor PD (the base probability representing foundational asset and custody risk) is converted into a logarithmic rating-notch curve so that adjustments reflect relative changes in risk rather than absolute PD shifts. The combined Modifiers adjust this notch level, and the result is converted back into a PD, which scales exponentially based on **historical default frequencies** embedded in the PD curve. The output is a proportionally adjusted Final PD that is mapped to a **standardized credit rating (A+ to D)** consistent with the framework's intent to unify risk assessment across tokens and traditional credit scales.

Table 2. Asset Modifiers

Modifier	Reasoning	N.A.	N.A. Range
Regulatory Coverage	United Stables Limited holds no financial services authorization, money transmitter license, or stablecoin-specific regulatory approval in any jurisdiction. The issuer is incorporated in the BVI with operational presence in Dubai, neither of which imposes stablecoin-specific reserve or disclosure requirements. At the issuer level, reserve assets are held in a segregated trust operated by Wallets Trust Limited, which asserts bankruptcy remoteness from the issuer's estate. However, Ceffu as digital asset custodian does not provide equivalent legal protections—no explicit confirmation of custodian-level asset segregation or bankruptcy remoteness has been published.	***-0.33***	Min: -0.50 Max: 0.00
User Rights	Redemption rights are restricted to KYB-verified institutional Mint Users only. Holding Users who acquire $U on secondary markets have no contractual right to redeem at par and must apply and pass compliance checks to do so. United Stables may reject, delay, or suspend redemption and may settle in any reserve asset at its sole discretion. While reserves are held in a segregated trust asserted to provide issuer-level bankruptcy remoteness, the Terms of Service contain no guarantee of beneficial ownership or priority claim over reserve assets for token holders in an insolvency scenario.	***-0.33***	Min: -0.50 Max: 0.00
Recent Incident	No security incidents, hacks, or exploits have been identified in the ~3.5 months since launch (December 2025).	***0.00***	Min: -1.00 Max: 0.00
Reserves Transparency & Management	The entity responsible for reserve investment decisions and asset allocation is not publicly disclosed. Wallets Trust Limited acts as legal trustee holding reserve assets in a segregated trust, while Ceffu provides operational custody of the USDT portion and performs attestations limited to those holdings. Fiat reserves held at banking institutions are not subject to any publicly disclosed attestation or verification. No attestation firm is named, no reserve composition breakdown is published, and no on-chain proof-of-reserves mechanism exists, falling short of the audit or on-chain transparency standards set by comparable stablecoins.	***-0.35***	Min: -1.00 Max: +0.25
Collateralization	Per the United Stables transparency page, token supply and reserve assets are reported at parity, consistent with the protocol's stated 1:1 backing. Reserves comprise USD cash at accredited banking institutions and whitelisted USDT held via Ceffu. No breakdown of the relative proportion of each asset class is disclosed. A third-party research report (HotcoinGex) indicates that an insurance fund targeting 1% of circulating supply is funded via a 0.1% redemption fee, though this has not been confirmed by United Stables in its primary documentation.	***-0.24***	Min: -0.90 Max: +0.10

Peg Track Record	$U launched on December 18, 2025 and has traded broadly at par since, with recent months showing a $0.9987–$1.00 range and approximately 0.1% annualised volatility. Price history depth is under 4 months, limiting the statistical robustness of peg stability assessments.	***0.00***	Min: -1.00 Max: 0.00
Market Cap	~$1.02B market cap, #5 stablecoin on BNB Chain with a 5.8% share of BNB's $17.78B stablecoin supply, launched December 2025; against Ethereum's $165.7B stablecoin base it's 0.6%. Despite rapid growth, $U remains a nascent issuer in a market dominated by incumbents with significantly longer track records and regulatory standing.	***-0.25***	Min: -0.25 Max: +0.25
Governance	All critical operations—including minting, burning, freezing addresses, pausing transfers, and upgrading the contract implementation—are controlled by a **single owner key with no timelock**, executable immediately and without community oversight. The proxy admin, which holds upgrade authority over the entire contract, was transferred at deployment to an address whose nature—whether an EOA or multisig—has not been publicly disclosed or verified on-chain. No admin addresses, role definitions, or multisig configurations are documented in any public-facing materials. Ownership transfer is a two-step process, providing marginal protection against accidental transfers, but ownership cannot be renounced by design, making the contract permanently dependent on a centralized key. No incident response playbook or emergency procedures are publicly available. A two-tier DAO governance structure is planned for Q4 2026 but not yet implemented. Incident Playbook 1/3, Privilege Scope 1/3, Privilege Constraints 1/3, Redemption Risk 2/3, Loss Absorption 2/3.	***-0.70***	Min: -0.70 Max: 0.00
Final PD	**1.37%**		
Final Rating	**B+**		

For more details on the Rating Scale used, please visit Credora docs.

Incorporating these adjustments to the Anchor PD yields a Final PD of **1.37%**, which corresponds to **B+** Rating on Credora's DeFi Rating Scale, placing it among the higher-quality derivative assets rated by Credora within DeFi.

Conclusions

The **B+** rating reflects the tension between $U's rapid market traction and the material gaps in its security and governance posture. On the positive side, $U achieved ~$1.02B in market capitalization within 4 months of launch, maintains a stable peg with low observed volatility, holds reserves in a trust structure asserting issuer-level bankruptcy remoteness, and benefits from Ceffu's institutional-grade custody infrastructure. The primary constraints driving the speculative-grade rating are the absence of a verified re-audit of the currently deployed implementation and of any financial and stablecoin licenses, an unconfirmed multisig configuration controlling all critical contract operations with no timelock, restricted redemption rights limited to institutional Mint Users, and reserve transparency relying on a partial attestation covering only the USDT portion of holdings.

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