

# ProCredit Holding

## Q325 results affected by one-off loss allowance

Q325 results

ProCredit Holding's (PCB's) Q325 results were affected by a downgrade in the risk classification of a sub-portfolio of exposures in project finance in South-Eastern Europe (SEE), leading to loss allowances of €16.6m in the quarter (vs a net release of €1.6m in Q324). This, together with revised assumption regarding the timing of provision release in project finance exposures (now not expected before 2026) and a revised cost-to-income ratio (CIR) expectation of c 72% (vs c 70% previously), led management to reduce its FY25e return on equity (ROE) guidance to 7–8% (vs c 10% previously). Meanwhile, PCB's fx-adjusted loan book growth of 10.2% in the first nine months of 2025 (9M25) puts the company on track to reach the 12% guided by management for FY25e. Importantly, the associated positive volume effects could soon outweigh PCB's negative repricing effects. PCB maintains its medium-term guidance of an ROE of c 13–14%, a CIR of c 57% and a loan portfolio of over €10bn, and a continuation of its dividend policy with a 33% payout ratio. Management expects the growth catalysts embedded in its strategy to start contributing to PCB's results in the coming quarters.

Year end	NII (€m)	EPS (€)	DPS (€)	BVPS (€)	ROE (%)	P/E (x)	Yield (%)	P/BVPS (x)
12/23	337	1.92	0.64	16.7	12.2	4.2	7.9	0.49
12/24	358	1.77	0.59	17.9	10.2	4.6	7.2	0.45
12/25e	352	1.38	0.46	18.8	7.5	5.9	5.6	0.43
12/26e	398	1.99	0.66	20.3	10.2	4.1	8.2	0.40

Note: NII, net interest income. EPS as reported by the company.

## Isolated downgrade in an otherwise healthy portfolio

PCB's management believes that the risk of further loss allowances related to the downgraded sub-portfolio are low. Moreover, it considers this risk downgrade a one-off item and expects no deterioration in other project finance exposures. It continues to view PCB's overall portfolio as being of good quality (with the share of stage 3 loans at 2.1% in Q325), supported by the increasing diversification on the back of growth in lower-volume segments, in line with its updated strategy. PCB maintains a robust stock of management overlays of €62.3m (c 31% of total provisions).

## Valuation: De-rating offers more upside potential

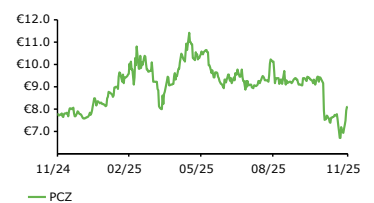
Our updated fair value estimate for PCB now stands at €13.50 per share, which is 4% below our previous estimate of €14.00 per share, with the reduction driven by updated peer multiples. Following the recent share price de-rating, PCB's shares offer a significant 66% upside to our updated fair value estimate. There would be further valuation upside from PCB's achievement of its medium-term ROE target (reflecting this in our sustainable return on tangible equity (RoTE) would bring our current fair value to €16.00–17.00 per share), as well as the reconstruction of Ukraine following an end to the war with Russia (which would add another c €1.30 to our fair value estimate). Here, we note that PCB is well-positioned for Ukraine's reconstruction via its Ukrainian bank, which is well capitalised, well staffed and highly profitable. Downside risks come from PCB's Ecuadorian exposure, though we note the recent improvement in the local banking sector's liquidity.

Banks

27 November 2025

<b>Price</b>	<b>€8.14</b>
<b>Market cap</b>	<b>€470m</b>
Shares in issue	58.9m
Code	PCZ
Primary exchange	FRA
Secondary exchange	N/A

### Share price performance



%	1m	3m	12m
Abs	(13.3)	(21.4)	8.9
52-week high/low		€10.8	€6.8

### Business description

Based in Germany, ProCredit Holding operates regional banks across South-Eastern and Eastern Europe and Ecuador. The banks focus on micro, small and medium enterprises, and private clients.

### Next events

FY25 results	19 March 2026
Q126 results	13 May 2026

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## PCB's ROE at 7.4% in 9M25, FY25e guidance reduced to 7–8%

PCB reported a modest ROE of 4.3% in Q325 (vs 10.7% in Q324), affected by the above-mentioned loss allowances in project finance, which were related to delays in construction and connection, as well as the curtailment of renewable energy projects. This brought its 9M25 ROE to 7.4%, with the SEE segment reporting 11.5%, Eastern Europe (EE) posting 13.7% and South America (Ecuador) reporting a €6.4m loss. PCB's management noted the improvement in terms of market rates for deposits and overall liquidity in the Ecuadorian banking sector (aided by measures from the International Monetary Fund).

As a result, PCB Ecuador posted an improved net interest margin (NIM) of 2.5% in 9M25, versus 2.3% in H125, and a reduced net loss in Q325 of €1.0m (vs c €2–3m in both Q125 and Q225). Importantly, management highlighted that this provides PCB with better strategic options, including the potential sale of a majority stake. We believe the disposal of the Ecuadorian bank would enhance PCB's equity story as a pure play on the SEE and EE regions, eliminating exposure to Ecuador's macroeconomic and sociopolitical risks.

### Exhibit 1: PCB's Q325 and 9M25 results highlights

€m, unless otherwise stated	Q325	Q324	y-o-y change	9M25	9M24	y-o-y change
Net interest income	89.5	90.0	-0.6%	260.8	270.6	-3.6%
Net interest margin (annualised)	3.3%	3.5%	-25 bp	3.2%	3.6%	-45 bp
Expenses for loss allowances	16.6	(1.6)	-1116.8%	16.9	4.1	310.9%
Cost of risk (annualised, bp)	89	(10)	99 bp	31	8	22 bp
Net fee and commission income*	24.0	23.0	4.3%	71.0	67.2	5.7%
Pre-tax profit	14.4	36.2	-60.3%	76.0	109.4	-30.5%
<b>Net income</b>	<b>11.2</b>	<b>27.2</b>	<b>-58.9%</b>	<b>58.2</b>	<b>84.8</b>	<b>-31.4%</b>
ROE	4.3%	10.7%	-6.5 pp	7.4%	11.3%	-3.9 pp
CIR	72.0%	68.8%	3.2 pp	71.3%	65.7%	5.6 pp
CET-1 ratio (fully loaded)	13.0%	14.1%	-1.1 pp	13.0%	14.1%	-1.1 pp
Deposit to loan ratio	113.9%	115.3%	-1.3 pp	113.9%	115.3%	-1.3 pp
Gross loan portfolio growth (sequential)	2.8%	1.9%	0.9 pp	7.9%	9.0%	-1 pp
Customer deposits growth (sequential)	4.9%	7.8%	-2.9 pp	4.0%	7.8%	-3.8 pp

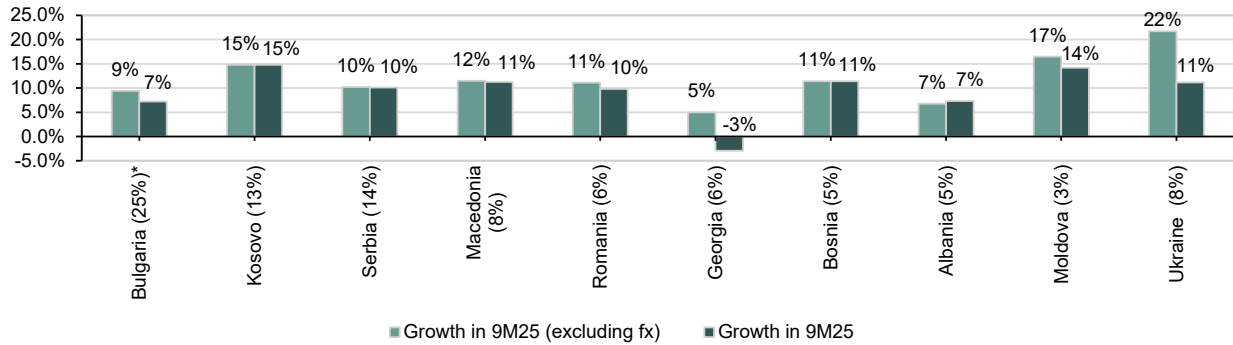
Source: PCB data. Note: \*Net fee and commission income including result from foreign exchange transactions.

## On track to reach fx-adjusted loan book growth of 12% in FY25e

PCB maintained robust loan book growth of 2.8% in Q325, bringing the 9M25 increase to 7.9%, or 10.2% excluding the fx impact in 9M25. As a result, the company is well on track to deliver the c 12.0% fx-adjusted growth guided for FY25e. PCB's growth continues to be supported by a high contribution from lower-volume clients (micro and small enterprises, and private clients), which represented c 80% of loan book growth in 9M25, resulting in an increase in the share of these customers in PCB's total loan book of 3pp year-to-date to 47%. PCB continues to grow its loan book in the medium-volume segment. The share of PCB's green loan book stayed close to 20%. Since the start of the implementation of the new strategy, the lower-volume segments have posted a 36% growth in loans.

Loan portfolio growth remains diversified regionally (see Exhibit 2), with the only countries reporting weaker momentum being Georgia, Albania and Greece (serviced by the Bulgarian bank). Romania, Georgia, Bosnia & Herzegovina, Albania and Moldova are PCB's smaller banks in SEE and EE where PCB's priority is to grow strongly to realise economies of scale. PCB highlighted that in the period covering its updated strategy (ie since FY23), its smaller banks grew their loan books by 26% in aggregate (7% in 9M25, according to our calculations). Growth in the Ukrainian loan book resumed following the receipt of an investment guarantee in December 2024, with fx-adjusted growth of 21.7% in 9M25 (11.2% including fx). The Ecuadorian loan book contracted 8.8% in 9M25 due to PCB's cautious approach to lending amid macroeconomic risks and regulatory landing caps, as well as fx headwinds from the weakening US dollar (although the loan book expanded by c 2% in Q325).

**Exhibit 2: PCB's gross loan book growth by country in the SEE and EE region**



Source: PCB data. Note: \*Growth in 9M25 (including fx) includes Greece, which is serviced by PCB's Bulgarian bank, but the fx-adjusted growth figure excludes Greece.

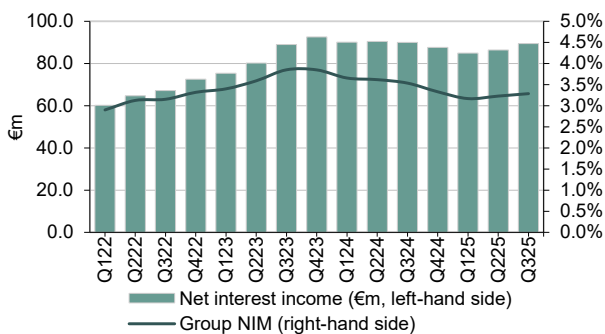
Following a slower H125 in deposit growth (due to weaker business deposits affected by seasonal factors but also macroeconomic uncertainties, see our [August note](#) for details), customer deposits rose by 4.9% sequentially in Q325, resulting in a 4.0% rise in 9M25 (6.4% adjusted for fx). Consequently, PCB's deposit to loan ratio rebounded to 113.9% versus Q225, though it remains below the 118.3% at end-2024. Growth was supported by private client deposits (their share increased by 1pp ytd), but also a seasonal inflow of business deposits. Private client deposits rose by 31% between end-2023 and end-September 2025.

## A possible NIM inflection point

A notable highlight of PCB's Q325 results was that its robust loan portfolio growth has started to stabilise the company's NIM, as the net positive volume effects almost offset the combined net negative repricing effects. Asset repricing headwinds continued at a similar level in absolute terms to Q325, while high deposit rates remain sticky amid macro-driven liquidity constraints, resulting in an only marginal positive effect from liabilities repricing. However, together with a positive impact from the number of days, the positive volume effects resulted in a slight sequential increase in PCB's NIM by 6bp to 3.3%, and a broadly stable year-on-year net interest income (NII) of €89.5m in Q325 (vs €90.0m in Q324).

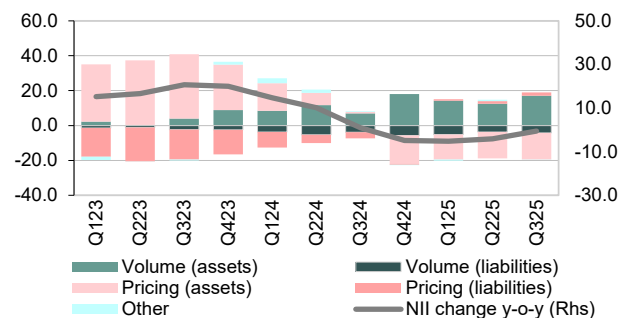
PCB's management highlighted the increasingly stabilising weighted average interest rate (WAIR) across its loan book. At some stage, the company's emphasis on driving loan growth in the lower-volume segments should result in a pick-up in PCB's WAIR and NIM. We also note PCB's emphasis on increasing the share of sight deposits and savings deposits, which accounted for more than 50% of PCB's deposit growth in 9M25, compared to 19% last year.

**Exhibit 3: PCB's historical NII and NIM evolution**



Source: PCB data

**Exhibit 4: PCB's NII drivers in recent quarters (all figures in €m)**



Source: PCB data, Edison Investment Research

PCB's net fee and commission income continues to increase, in line with recent years, at an annualised single-digit percentage rate with 4.5% y-o-y in Q325, driven by a combination of fees from payment services, fx transactions (which PCB recently started reporting under fee and commission income) and credit letters, partly offset by the impact of higher expenses to card providers.

## CIR remains high despite stabilising operating cost base

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As discussed in our previous notes in 2025, PCB's extensive investments in the implementation of its new strategy are gradually coming to an end, which has a stabilising effect on its cost base on a sequential basis. Headcount, the budget of PCB's in-house IT unit Quipu and PCB's marketing budget remained stable throughout 9M25, and the company opened only nine new branches and service points in 9M25 (of which three in Q325) compared to 47 in 2024.

That said, while PCB's administrative expenses declined both sequentially (due to a base effect from higher consultancy expenses) and year-on-year, its personnel expenses increased by €4.3m versus Q225 due to a combination of a one-off accounting adjustment (related to the capitalisation of IT implementation works), severance payments and annual salary revision in September 2025. Management highlighted that, excluding the above-mentioned accounting adjustment and severance payments, PCB's personnel expenses would have increased only marginally. Overall, PCB's CIR came in at 72.0% in Q325 versus 68.8% in Q324.

## CET-1 ratio stable versus end-2024

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PCB's CET-1 ratio (which now accounts for PCB's 9M25 results and the corresponding one-third dividend accrual) stood at 13.0% at end-September 2025, broadly in line with the 13.1% reported at end-2024 and well ahead of the regulatory requirement of 9.9%. Its tier-1 ratio remains in line with the CET-1 ratio, while its total capital ratio (TCR) was 16.2% at end-September 2025, compared to regulatory requirements of 12.2% and 15.3%, respectively. While PCB's risk-weighted asset (RWA) density moderated slightly to 67.1% in Q325 from 67.5% in Q225, it remains above the 66.4% at end-2024. As discussed in our previous research, given the relatively moderate capital tier-1 and TCR buffers versus regulatory requirements, we consider it likely that PCB will intensify its RWA efficiency measures and/or consider raising additional capital beyond CET-1 capital.

## Forecast and valuation revisions

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We have reduced our FY25 net income forecast for PCB by c 14% to €81m due to a higher cost of risk assumption (29bp vs 7bp previously) to reflect the above-mentioned risk downgrade in the project finance sub-portfolio, as well as the delayed release of provisions. Beyond this, we have made only minor changes to our FY25 estimates (see Exhibit 5). We now assume an FY25e CIR of 71.5% (slightly up from 71.3% previously and marginally below management guidance of c 72%) and an ROE of 7.5% (ie at the mid-point of management's revised guidance). We raise our net income forecast for FY26 by c 7%, primarily on the back of slightly higher NII estimate. We do not assume any significant deterioration in PCB's credit quality, and forecast a moderate cost of risk of 25bp in FY26 (reflecting the positive effect of delayed provision releases) and c 35–40bp per year in FY27–28e.

Our updated fair value estimate for PCB now stands at €13.50 per share, which is 4% below our previous estimate of €14.00 per share, with the reduction driven by updated peer multiples (see Exhibit 7). Following the recent share price de-rating, PCB's shares offer a significant 66% upside to our updated fair value estimate.

### Exhibit 5: Summary of forecast revisions

€m	FY24		FY25e			FY26e			
	Actual	Old	New	Change	growth y-o-y	Old	New	Change	growth y-o-y
Net interest income	358	347	352	1.6%	-1.6%	386	398	3.0%	12.8%
Net interest margin (annualised)	3.5%	3.2%	3.2%	0 pp	-0.3 pp	3.3%	3.3%	0.1 pp	0.1 pp
Expenses for loss allowances	(5)	5	21	328.9%	NM	23	21	-9.6%	-2.4%
Cost of risk (annualised in bp)	(8)	7	29	22 bp	37 bp	28	25	-3 bp	-4 bp
Net fee and commission income*	59	98	95	-2.5%	61.3%	104	102	-1.5%	6.9%
Operating expenses	303	308	313	1.7%	3.3%	318	320	0.6%	2.3%
Pre-tax profit	147	119	103	-13.2%	-29.6%	136	147	7.5%	41.9%
Net income	104	94	81	-13.6%	-22.3%	109	117	7.3%	44.9%
ROE	10.2%	8.7%	7.5%	-1.2 pp	-2.7 pp	9.6%	10.2%	0.6 pp	2.7 pp
CET1 ratio	13.1%	13.0%	12.8%	-0.2 pp	-0.2 pp	13.0%	12.8%	-0.2 pp	0 pp
TCR	16.1%	15.8%	15.9%	0.2 pp	-0.1 pp	17.3%	17.5%	0.2 pp	1.5 pp
CIR	68.1%	71.3%	71.5%	0.2 pp	3.3 pp	66.6%	65.6%	-1 pp	-5.9 pp
Gross loan portfolio	7,010	7,753	7,775	0.3%	10.9%	8,695	8,705	0.1%	12.0%
Net loan portfolio	6,828	7,575	7,577	0.0%	11.0%	8,506	8,499	-0.1%	12.2%
Customer deposits	8,291	8,616	8,809	2.2%	6.2%	9,454	9,665	2.2%	9.7%

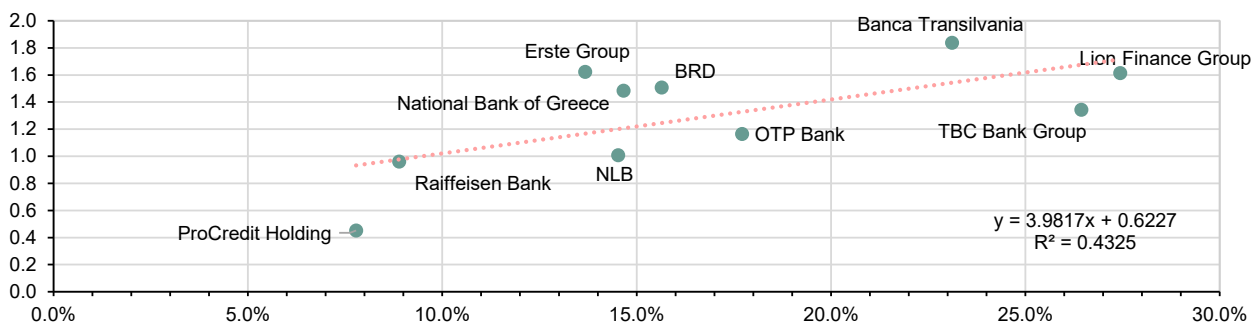
Source: PCB data, Edison Investment Research. Note: \*Includes results from foreign exchange transactions in FY25e and FY26e.

### Exhibit 6: PCB's P/BV-ROE valuation (€m unless otherwise stated)

	FY24	FY25e	FY26e	FY27e	FY28e
<b>Tangible Equity</b>	<b>1,021,569</b>	<b>1,060,449</b>	<b>1,150,809</b>	<b>1,251,015</b>	<b>1,382,985</b>
Net attributable profit	104,309	81,021	117,367	139,328	178,413
RoTE (%)	10.5%	7.8%	10.6%	11.6%	13.5%
<b>TNAV per share (€)</b>	<b>17.3</b>	<b>18.0</b>	<b>19.5</b>	<b>21.2</b>	<b>23.5</b>
TNAV per share FY25e (€)	18.0				
RoTE	7.8%				
Sustainable RoTE	10.0%				
Growth rate	2.0%				
Cost of equity	12.2%				
Fair value multiple – CAPM model	0.79				
Fair value multiple – regression multiple (FY25e)	0.75				
<b>Blended multiple</b>	<b>0.77</b>				
<b>Fair value (€)</b>	<b>13.50</b>				
Current share price (€)	8.14				
upside/downside	66%				

Source: Company data, Edison Investment Research. Note: P/BV, price-to-book value.

### Exhibit 7: P/BV versus ROE – PCB compared to peers (FY25e)



Source: LSEG Data & Analytics, Edison Investment Research (for ProCredit Holding estimates). Note: Consensus as of 27 November 2025. P/BV ratios calculated based on tangible book value per share where available.

**Exhibit 8: Financial summary**

Year end 31 December, IFRS, €000s	FY21	FY22	FY23	FY24	FY25e	FY26e	FY27e	FY28e
<b>Income Statement</b>								
Net interest income	222,021	264,634	337,224	358,239	352,465	397,606	449,779	510,482
Net fee and commission income	50,855	54,731	57,525	59,166	95,438	102,064	108,710	115,030
Operating income	281,881	339,848	412,506	444,299	437,545	487,486	546,004	612,718
Operating expenses	180,859	217,428	246,979	302,772	312,796	319,963	338,670	358,544
Loss allowances (-)	6,490	104,573	15,513	(5,154)	21,424	20,911	34,636	35,064
PBT	94,532	17,847	150,015	146,681	103,325	146,612	172,698	219,110
Net profit after tax	79,641	16,497	113,372	104,309	81,021	117,367	139,328	178,413
Reported EPS (€)	1.35	0.28	1.92	1.77	1.38	1.99	2.37	3.03
DPS (€)	0.00	0.00	0.64	0.59	0.46	0.66	0.79	1.01
<b>Balance Sheet</b>								
Loans and advances to customers	5,792,966	5,892,796	6,029,715	6,828,256	7,577,417	8,499,044	9,487,639	10,580,827
<b>Total assets</b>	<b>8,215,901</b>	<b>8,826,124</b>	<b>9,748,968</b>	<b>10,751,615</b>	<b>11,368,257</b>	<b>12,464,609</b>	<b>13,701,823</b>	<b>15,074,715</b>
Liabilities to customers	5,542,251	6,289,511	7,254,236	8,291,358	8,809,312	9,665,304	10,802,311	12,078,441
<b>Total liabilities</b>	<b>7,359,587</b>	<b>7,956,689</b>	<b>8,765,179</b>	<b>9,695,713</b>	<b>10,262,891</b>	<b>11,118,882</b>	<b>12,255,890</b>	<b>13,496,813</b>
<b>Total shareholders' equity</b>	<b>856,314</b>	<b>869,435</b>	<b>983,789</b>	<b>1,055,902</b>	<b>1,105,367</b>	<b>1,345,726</b>	<b>1,445,932</b>	<b>1,577,902</b>
BVPS (€)	14.54	14.76	16.70	17.93	18.77	20.30	22.00	24.24
TNAV per share (€)	14.23	14.46	16.32	17.34	18.00	19.54	21.24	23.48
<b>Ratios</b>								
NIM	2.90%	3.11%	3.63%	3.49%	3.23%	3.34%	3.44%	3.55%
Costs/Income	64.2%	64.0%	59.9%	68.1%	71.5%	65.6%	62.0%	58.5%
ROAE	9.7%	1.9%	12.2%	10.2%	7.5%	10.2%	11.2%	13.1%
CET1 Ratio	14.1%	13.5%	14.3%	13.1%	12.8%	12.8%	12.8%	13.2%
Tier 1 ratio	14.1%	13.5%	14.3%	13.1%	12.8%	14.6%	14.5%	14.7%
Capital adequacy ratio	15.3%	14.3%	15.8%	16.1%	15.9%	17.5%	17.1%	17.1%
Payout ratio (%)	0.0%*	0.0%*	33.3%	33.3%	33.3%	33.3%	33.3%	33.3%
Customer loans/total assets	72.1%	69.1%	63.9%	65.2%	68.4%	69.8%	70.9%	71.8%
Deposits/loans	93.5%	103.0%	116.5%	118.3%	113.3%	111.0%	111.3%	111.6%

Source: PCB data, Edison Investment Research.

Note: \*In light of the war in Ukraine and the risk of a broader escalation of the conflict, which could have adversely affected PCB's business in the entire region, no dividends were paid in 2022 and 2023, contrary to PCB's dividend policy of distributing one-third of consolidated profits.

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