

## RATING ACTION COMMENTARY

# Fitch Affirms ProCredit Holding AG and ProCredit Bank AG at 'BBB'; Outlook Stable

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Fitch Ratings - Frankfurt am Main - 14 Apr 2026: Fitch Ratings has affirmed ProCredit Holding AG's (PCH) Long-Term Issuer Default Rating (IDR) at 'BBB' with a Stable Outlook and Viability Rating (VR) at 'bb'. Fitch has also affirmed the Long-Term IDR of PCH's German subsidiary, ProCredit Bank AG (PCBDE), at 'BBB' with a Stable Outlook.

A full list of rating actions is below.

## KEY RATING DRIVERS

**Shareholder Support Drives IDRs:** PCH's Shareholder Support Rating (SSR) of 'bbb' drives its Long-Term IDR. The SSR is driven by Fitch's view of a high probability of external support being forthcoming to PCH from its largest international financial institution (IFI) shareholder, KfW (AAA/Stable).

We use KfW's ratings as an anchor to our support assessment, although we expect other IFI shareholders, including the European Bank for Reconstruction and Development (AAA/Stable) and DOEN Foundation, could also contribute to any required support. This reflects the strategic nature of the IFIs' investment in PCH and a record of liquidity and capital support.

**High Propensity to Support:** The wide notching between the ratings of KfW and PCH is driven by our view that potential support could be constrained by KfW's only 13.2% stake in PCH, its limited synergies with PCH, and that reputational risks would be contained for KfW in case of a PCH default. Nevertheless, we believe capital or liquidity support would be made available to PCH as long as PCH's business model sustainably aligns with the IFI shareholders' mission and corporate governance remains effective.

**SME Focus; Strong Governance:** Fitch assesses PCH on a consolidated basis. Its VR considers its specialised business model focused on responsible financing, primarily to SMEs, with a geographical footprint largely in south and eastern Europe (SEE). Our assessment also reflects the group's prudent corporate governance and risk management, and sound through-the-cycle asset quality.

**Consolidated Profile:** PCH's VR is based on Fitch's assessment of the group's consolidated financial profile, because we view the risk of PCH's failure as substantially the same as that of the group. This reflects the group's effective liquidity management with the presence of contingency plans, but also reasonable capital fungibility, subject to compliance with regulatory requirements by PCH's fully owned banking subsidiaries. It also considers our expectations that the group will take measures to return the double leverage at the holding company below 120% in the medium term (end-2025: 133% under IFRS).

**International Operations:** PCH's 'bb' operating environment (OE) score reflects the group's operations in less stable and less advanced economies across SEE, although some of these are improving. The OE score also considers PCH's domicile in Germany, which results in robust oversight of the group by European and German regulators.

**Sustained, Reasonable Asset Quality:** PCH's asset quality is generally sound and compares well with most of the respective markets its subsidiaries operate in. The group's impaired loans ratio increased to 3% at end-2025 (end-2024: 2.3%), and we expect it to decline in 2026 to 2.5% due to the envisaged sale of the Ecuadorian subsidiary and to remain around this level in the medium term as a moderate inflow of impaired loans is mitigated by loan growth. Asset quality remains sensitive to developments in its Ukrainian subsidiary, although the latter's asset quality has improved over the past two years.

**Gradual Expected Improvement in Profitability:** PCH's profitability is moderate by international standards and prone to swings due to its business model. The group's operating profit declined in 2025 (1.4% of risk-weighted assets (RWAs; 2023: 2.4%), due to continued strategy implementation costs, a lower net interest margin (NIM) due to higher funding costs and higher than expected loan impairment

charges. We expect operating profit/RWAs to start to improve gradually over the forecast horizon and for the ratio to remain above 1.5%, as strategic spend slows and the NIM starts to improve.

**Moderate Capitalisation:** The group's common equity Tier 1 (CET1) ratio of 13.1% at end-2025 was reasonable, but remains only adequate in the context of the operations in less stable economies, which are more susceptible to unexpected events. We expect PCH's CET1 ratio to remain above 12% over the next two years due to high, albeit less capital-intensive, loan growth and moderate internal capital generation. The envisaged sale of the Ecuadorian subsidiary is also likely to have a positive effect on the group's CET1 ratio.

**Diversified Funding, Reasonable Liquidity:** Our assessment of the group's funding and liquidity considers the generally nominal standalone deposit franchises of its subsidiaries, established relationships with IFI creditors, and reasonable liquidity, which is managed centrally. Deposit funding has increased in recent years, supporting a decrease in the gross loans/customer deposits ratio to 85% at end-2025 (107% at end-2021). Liquidity is well-managed across the group with adequate buffer.

## **RATING SENSITIVITIES**

### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

A weakening in our assessment of potential support available to PCH from KfW, for example, due to a decrease in its stake accompanied by a negative change in its support stance, could lead to downgrades of PCH's IDR and SSR, unless offset by support from another highly rated shareholder.

PCH's VR would be downgraded if we expect a sustained weakening in the CET1 ratio to below 12% and an increase of its impaired loans ratio above 5%.

The VR could also be downgraded if the holding company fails to steer IFRS common equity double-leverage to below 120%.

### **Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

The IDR could be upgraded if PCH's strategic importance for KfW increased, or if another IFI shareholder with a strong credit profile and a very high propensity to support PCH increased its share above KfW's.

Fitch does not expect a VR upgrade in the medium term unless the group's OE score improves. This could lead to an upgrade if it was combined with PCH maintaining good asset quality, sustained improvement in profitability and significant strengthening of capitalisation.

Fitch notes that ratings of banks operating in developed resolution regimes could be affected if the Exposure Draft: Bank Rating Criteria, published 6 March 2026, is implemented as proposed upon conversion into final criteria.

## **OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS**

### **Subordinated Debt**

The Tier 2 subordinated debt is rated one notch below the VR. The VR is used as the anchor rating for this instrument as it best indicates the risk of the issuer becoming non-viable and reflects our view that extraordinary support from PCH's IFIs shareholder is less likely to fully extend to non-senior obligations. The rating is notched down once for loss severity, rather than our baseline two notches, from the VR to reflect our view that loss severity risk is likely to be mitigated by institutional support, due to potential reputational risks and any potential support would be immaterial to KfW.

### **Ex-Government Support Ratings**

PCH's 'BB(xgs)' Long-Term IDR (xgs) is in line with the bank's VR. Its 'B(xgs)' Short-Term IDR (xgs) is the only option mapping to its Long-Term IDR (xgs).

## **OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES**

### **RATING SENSITIVITIES**

#### **SUBORDINATED DEBT**

PCH's subordinated debt rating is primarily sensitive to a change in the anchor rating. It is also sensitive to a revision in Fitch's assessment of loss severity.

## EX-GOVERNMENT SUPPORT RATINGS

PCH's Long-Term IDR (xgs) has the same sensitivities as the bank's VR.

## SUBSIDIARIES & AFFILIATES: KEY RATING DRIVERS

The equalisation of PCBDE's IDRs, IDRs (xgs) and SSR with those of PCH reflect Fitch's view of a high likelihood of support being provided to PCBDE and that, if external support is required, it will flow through PCH. This view is based primarily on the bank's central treasury role within the group and a strong legal commitment in the form of a profit and loss transfer agreement, which includes a provision requiring a capital injection by the parent if PCBDE's regulatory total capital ratio falls below 13%. The Stable Outlook on PCBDE's rating reflects that on the parent.

Fitch does not assign a VR to PCBDE because the bank's business model is highly dependent on that of the parent and its operations rely on strong integration within the broader group, resulting in a limited standalone franchise. PCBDE's role as a 'service' bank to other group members means the bank concentrates on providing treasury, clearing, trade finance and liquidity management services to sister banks.

The bank also offers some co-financing with sister banks and financing to German SMEs, but the latter is on a smaller scale. PCBDE is the regulatory anchor for the group's consolidated supervision by BaFin and Bundesbank.

PCBDE's deposit ratings are aligned with its respective IDRs and IDRs(xgs). We have not given an uplift to PCBDE's deposit rating, in the absence of a resolution debt buffer requirement and a small total debt buffer.

## SUBSIDIARIES AND AFFILIATES: RATING SENSITIVITIES

As PCBDE's IDRs, SSR and deposit ratings are equalised with PCH's IDRs, a change in PCH's IDRs would lead to a corresponding change in PCBDE's ratings. The bank's xgs ratings will move in tandem with PCH's xgs ratings.

## VR ADJUSTMENTS

The OE score of 'bb' is below the 'aa' category implied score due to the following adjustment reason(s):geographical scope (negative).

## REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

## PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

PCH's IDRs and SSR reflect potential support from its largest shareholder, KfW. PCBDE's ratings are driven by support from PCH.

## ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit

<https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

## RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕			PRIOR ↕
ProCredit Bank AG	LT IDR	BBB Rating Outlook Stable	Affirmed	BBB Rating Outlook Stable
	ST IDR	F2	Affirmed	F2
	LT IDR (xgs)	BB(xgs)	Affirmed	BB(xgs)

	Shareholder Support	bbb	Affirmed	bbb
	ST IDR (xgs)	B(xgs)	Affirmed	B(xgs)
long-term deposits	LT	BBB	Affirmed	BBB
short-term deposits	ST	F2	Affirmed	F2
long-term deposits	LT (xgs)	BB(xgs)	Affirmed	BB(xgs)
short-term deposits	ST (xgs)	B(xgs)	Affirmed	B(xgs)
ProCredit Holding AG	LT IDR	BBB Rating Outlook Stable	Affirmed	BBB Rating Outlook Stable

[VIEW ADDITIONAL RATING DETAILS](#)

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## APPLICABLE CRITERIA

[Bank Rating Criteria \(pub. 21 Mar 2025\) \(including rating assumption sensitivity\)](#)

[Financial Institutions Climate Vulnerability Rating Criteria \(pub. 08 Dec 2025\)](#)

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ProCredit Bank AG

EU Issued, UK Endorsed

ProCredit Holding AG

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