ProCredit Holding

Strategic shift yet to drive profitability

Company outlook

Banks

7 May 2026

ProCredit Holding (PCB) continues to focus on its strategic priorities, including scaling its operations, digitalisation, balance sheet transformation and capital efficiency measures. These activities should contribute to an improvement in PCB's net interest margin (NIM), cost-income ratio (CIR) and return on equity (ROE) over the medium term, with management reiterating its objective of a c 13–14% ROE, now targeted by FY29. However, sustained investments in digital infrastructure, coupled with one-time effects (including temporarily higher tax rates in Ukraine and Romania), will weigh on PCB's near-term profitability, with management guiding to an ROE of around 7% in FY26 (FY25: 7.8%). PCB is in the process of selling a 95% stake in its Ecuadorian bank, which it aims to close in FY26. It would result in a negative one-off impact on PCB's P&L but is strategically aligned with PCB's agenda, given that the bank has faced multiple socioeconomic headwinds and is outside PCB's focus area of emerging Europe.

Year end	NII (€m)	EPS (€)	DPS (€)	BVPS (€)	ROE (%)	P/E (x)	Yield (%)	P/BVPS (x)
12/24	358	1.77	0.59	17.9	10.2	4.5	7.4	0.45
12/25	353	1.42	0.47	18.2	7.8	5.7	5.9	0.44
12/26e	391	1.26	0.42	19.0	6.8	6.4	5.2	0.42
12/27e	446	1.74	0.58	20.3	8.8	4.6	7.2	0.40

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

Healthy loan book growth with solid credit quality

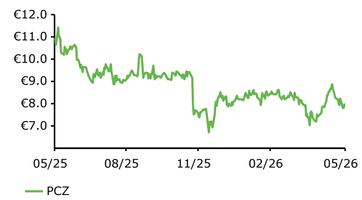
PCB posted robust fx-adjusted growth in the loan book and deposits of 13% y-o-y in FY25 amid good traction in the structural transformation of its loan portfolio towards lower-volume client segments and solid growth of sight and savings deposits. Except for the downgrade of a sub-portfolio of project finance in SEE, credit quality across PCB's portfolio remains strong, with 3.0% of loans credit-impaired at end-2025 (or 2.0% excluding the above-mentioned stage transfer) compared to 2.3% at end-2024. PCB's CET-1 ratio was stable year-on-year at 13.1% and well above the regulatory requirement of 10.3%, while its tier-1 and total capital ratio (TCR) buffers should improve on the back of its risk-weighted asset (RWA) efficiency measures. These include most notably a new approach to the hedging of its open currency position, which however will have a negative P&L impact (including a mid-single digit million euro impact in FY26, according to PCB). The company's ROE stood at 7.8% in FY25 (vs 10.2% in FY24), reflecting ongoing strategic investments. Management proposed a dividend of €0.47 per share for FY25, in line with its targeted 33% payout ratio, which at the current share price represents an attractive 5.9% yield.

Valuation: Undemanding and with further optionality

We maintain our fair value estimate of €13.50 per PCB share, which represents 68% upside potential to the current share price. There is further substantial optionality beyond our current estimate, as it is based on a conservative sustainable return on tangible equity (RoTE) of 9% (significantly below PCB's medium-term target) and excludes the upside from a potential end of Russia's invasion of Ukraine and Ukraine's subsequent reconstruction (which according to PCB's management offers upside ROE potential of around 1.5pp).

Price	**€8.02**
Market cap	**€472m**
Shares in issue	58.9m
Free float	47.3%
Code	PCZ
Primary exchange	FRA
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	5.2	(5.2)	(16.3)
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

Q126 results	13 May 2026
AGM	3 June 2026

Analyst

Milosz Papst +44 (0)20 3077 5700

financials@edisongroup.com

Edison profile page

ProCredit Holding is a research client of Edison Investment Research Limited

Investment summary

Company profile: Impact-oriented MSME and retail banking in SEE and EE

PCB is German-headquartered and positions itself as a specialist bank for micro, small and medium-sized enterprises (MSME) and retail clients in emerging Europe – Southeastern (SEE) and Eastern (EE) Europe. It emphasises sustainability and long-term relationships with its customers, as well as a strong digital footprint in the retail segment. It also operates a bank in Ecuador, which is currently in a sales process (which PCB expects to close in 2026 subject to regulatory approval). PCB is among the top three lenders in the small and medium-sized enterprises (SME) segment across most of its markets, according to PCB's management.

Financials: Medium-term ROE target maintained, near-term guidance muted

PCB's management maintained its medium-term ROE outlook at c 13–14%, now targeted until FY29. However, while management guides to further strong FY26 loan book growth of 12–15% (excluding Ecuador), it expects a moderate ROE of around 7% (we now assume 6.8%) and a still elevated CIR close to the FY25 level of 73.4% (we assume 72.0%). This is driven by continued investments in digitalisation and multiple effects, which are either one-time or were not affecting PCB's P&L in the past (which we discuss later in this note). PCB expects ROE to improve from FY27, and we forecast an improvement to 8.8% in FY27 and 10.6% in FY28. This should be supported by continued robust loan book growth, tailwinds to NIM from the changing loan book mix and a more favourable asset and liability pricing environment.

Exhibit 1: Forecast revision table

€m	FY25	FY26e				FY27e			
	Actual	Old	New	Change	growth y-o-y	Old	New	Change	growth y-o-y
Net interest income	353	386	391	*1.1%*	*10.6%*	450	446	*-0.8%*	*14.3%*
Net interest margin (annualised)	3.2%	3.3%	3.3%	*0 pp*	*0.1 pp*	3.4%	3.6%	*0.1 pp*	*0.2 pp*
Expenses for loss allowances	11	23	13	*-42.4%*	*19.1%*	35	31	*-9.7%*	*134.6%*
Cost of risk (annualised in bp)	15	28	17	*-11 bp*	*2 bp*	38	36	*-2 bp*	*19 bp*
Net fee and commission income	97	104	93	*-9.8%*	*-3.4%*	109	98	*-9.9%*	*4.9%*
Operating expenses	322	318	336	*5.5%*	*4.1%*	339	364	*7.6%*	*8.5%*
Pre-tax profit	106	136	117	*-14.0%*	*11.1%*	173	131	*-24.3%*	*11.3%*
Net income	83	109	74	*-32.1%*	*-11.1%*	139	102	*-26.6%*	*37.8%*
ROE	7.8%	9.6%	6.8%	*-2.8 pp*	*-1.1 pp*	11.2%	8.8%	*-2.3 pp*	*2.1 pp*
CET1 ratio	13.1%	13.0%	13.7%	*0.7 pp*	*0.6 pp*	12.8%	13.7%	*0.8 pp*	*0 pp*
TCR	16.3%	17.3%	16.9%	*-0.4 pp*	*0.6 pp*	17.1%	16.7%	*-0.5 pp*	*-0.2 pp*
CIR	73.4%	66.6%	72.0%	*5.4 pp*	*-1.4 pp*	62.0%	69.2%	*7.2 pp*	*-2.8 pp*
Gross loan portfolio	7,752	8,695	8,233	*-5.3%*	*6.2%*	9,709	9,233	*-4.9%*	*12.1%*
Net loan portfolio	7,564	8,506	8,052	*-5.3%*	*6.4%*	9,488	9,031	*-4.8%*	*12.2%*
Customer deposits	9,136	9,454	9,570	*1.2%*	*4.8%*	10,802	10,692	*-1.0%*	*11.7%*

Source: Company data, Edison Investment Research

Low market valuation unwarranted even at current profitability levels

We are cautiously assuming a sustainable RoTE of 9% in our valuation (vs 10% previously), as a result of PCB's more muted near-term profitability outlook. That said, given the recent re-rating of some of PCB's peers and the first-time inclusion of PCB's tangible book value per share forecast for FY26, we maintain our fair value estimate at €13.50 per share, which implies upside of 68% to the current share price. While we understand that investors may assign a lower P/BV ratio to PCB's shares compared to some of its higher-ROE peers (at least until PCB's strategic initiatives are reflected in its bottom line), we still consider PCB's current low market valuation as unwarranted.

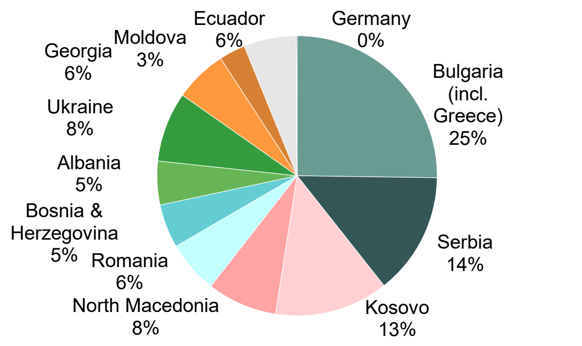
Sensitivities: Strategic execution, macro and geopolitical risks and taxes

The main risks to PCB's investment case come from macroeconomic and geopolitical uncertainty, including the outcome of the Russian-Ukrainian war (which offers both downside and upside risks) and the impact of the war in the Middle East. Moreover, although PCB's strategic update in 2024 does not represent a complete change of strategy, it still poses certain execution risks, mostly around its expansion into retail, its digitalisation agenda and the ability to realise scaling benefits. Changing tax codes are another risk worth considering, including the introduction of temporary increases in tax rates, especially in Ukraine.

Sustainable focus on MSMEs and retail in SEE and EE

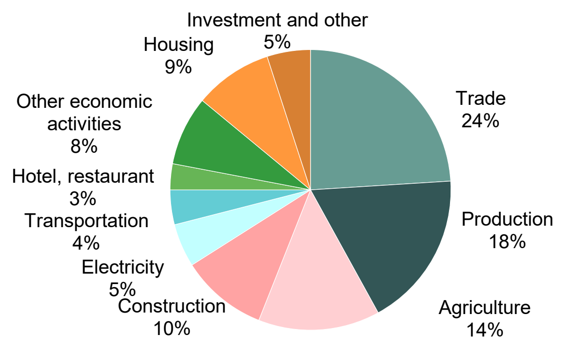
PCB specialises in serving MSMEs and private individuals in transition economies. Following the planned sale of its bank in Ecuador, its business will be fully oriented towards SEE and EE, complemented by German operations that primarily provide group services, including payments, liquidity management and support functions. PCB's focus is on impact-oriented financing, which supports sustainable development, employment and social prosperity. Its long-term mission is to contribute to an inclusive, stable and efficient financial system. PCB has an issuer credit rating of BBB with a stable outlook from Fitch, last affirmed on 14 April 2026.

Exhibit 2: PCB's loan book by country as of end-2025



Source: Company data

Exhibit 3: PCB's loan book by sector as of end-2025



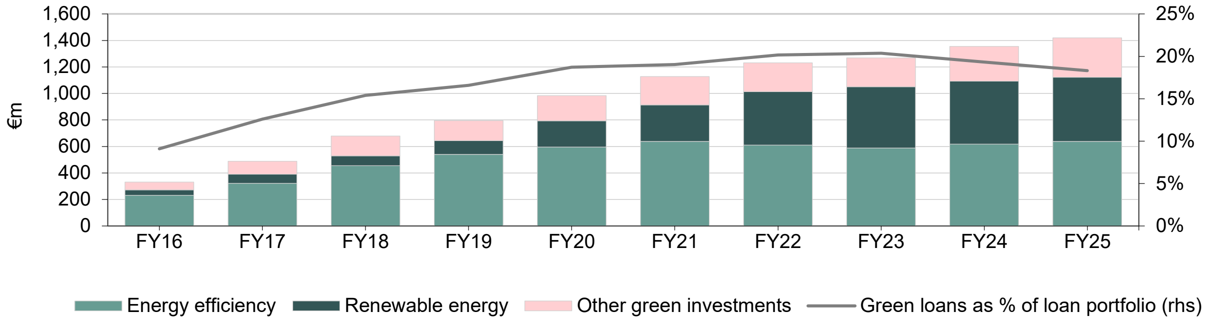
Source: Company data

PCB offers simple and transparent products, promotes a savings-oriented culture and puts strong emphasis on prudent credit as well as environmental and social risk management. It has a long track record of cooperating with European institutions, particularly the European Investment Fund (EIF) part of the European Investment Bank Group, to support SME financing and innovation. PCB highlights that it can fulfil the needs of SMEs better than its competitors, thanks to its well-trained and long-serving staff. Despite its traditional approach to banking, PCB is committed to investing in the development of efficient and secure technology (see details below). Digital channels are central to transaction banking across the group.

Its current impact orientation involves a focus on five UN Sustainable Development Goals (SDGs) as key performance indicators. Three are related to social impact: Gender Equality; Decent Work and Economic Growth (fostered through job creation); and Industry, Innovation and Infrastructure (supported by PCB's investment loans). The remaining two SDGs are centred around environmental impact and are supported by PCB's green lending activity and the path to net zero: Affordable and Clean Energy; and Climate Action.

PCB's sustainability orientation is illustrated by an FY20–25 CAGR of 8% in its book of green loans to c €1.4bn at end-2025. This represented a high 18.3% of PCB's total at end-2025. The share of green loans declined modestly from its peak of 20.4% at end-2023 due to PCB's strategic reorientation towards lower-volume enterprise and private clients (see below), who are less likely to embark on significant green investments. Therefore, management does not expect a significant increase in the share of green loans. Its green portfolio includes loans to fund energy efficiency projects that reduce energy consumption by at least 20% (these made up 45% of the green loan portfolio at end-FY25), renewable energy (34%) and other green investments (21%), including investments leading to the prevention of air, water and soil pollution, waste management and organic agriculture and production (see Exhibit 4).

Exhibit 4: Evolution of PCB's green loan book



Source: Company data

We believe PCB's holistic approach to sustainability issues, which is well-rooted in its history and mission, is supported by its shareholder structure. Based on company information from voting rights notifications and voluntary disclosure of voting rights, PCB's large shareholders include Zeitinger Invest (a strategic shareholder since inception, with an 18.3% stake), KfW (a German development bank, 13.2%), DOEN Participaties (a Dutch entity focused on supporting sustainable and socially inclusive entrepreneurs, 12.5%) and the European Bank for Reconstruction and Development (8.7%). PCB's free float stands at 47.3%.

Management: Eriola Bibolli taking the lead

In line with PCB's leadership transition plan, Eriola Bibolli became the company's new chairperson on 1 March 2026, with the company's previous chairman (Hubert Spechtenhauser) remaining part of ProCredit group as a supervisory board member in selected ProCredit banks. Her particular responsibilities as management board member are MSME banking, group sustainability, retail banking, IT, corporate office, group communications and marketing, as well as group business strategy. She spent more than 20 years at ProCredit Bank Kosovo, where she was a member of the management board from 2007 to 2023, and subsequently joined the management board of ProCredit Holding in 2023. She was previously also chief risk officer at ProCredit Holding. Other members of PCB's management board are listed below:

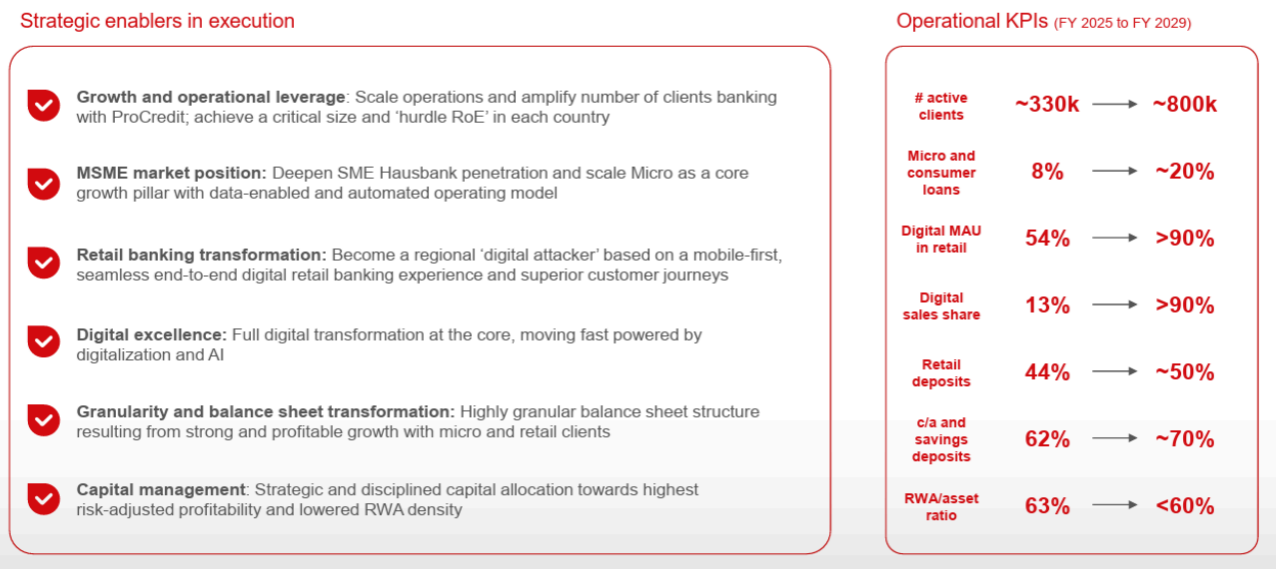
- **Christian Dagrosa** joined ProCredit Holding in 2017 and between 2019 and 2022 was an authorised representative of the company ('prokurist') and manager responsible for investor relations, reporting and controlling, as well as data management. He is currently the group's CFO, responsible for accounting and taxes, group regulatory reporting, investor relations, group financial planning and analysis, reporting and data management, data systems projects, the group asset and liability management function, group funding, as well as legal.
- **Christoph Beeck** joined ProCredit Bank in Germany in April 2022 as chief representative responsible for financial risk management, operational risk management & controlling, credit risk management, accounting and reporting, legal and operations. In September 2022, he became member of the management board of ProCredit Bank, and in April 2024 became board member at ProCredit Holding. He is responsible for human resources, fraud prevention and compliance, anti-money laundering, internal audit, as well as administration and translation. Before joining ProCredit Bank, he spent more than 22 years at Commerzbank Group, with its last position being managing director, cluster lead investment products and management.
- **George Chatzis** has more than 20 years of experience in the banking sector and before joining ProCredit Holding in April 2024, he was chief risk officer at Rabobank Frankfurt and International Direct Bank Europe and head of HR at Rabobank Frankfurt. At ProCredit Holding, he is currently responsible for group risk management across financial, operational, IT and information security, and credit risk, as well as economic analysis and risk control.

The management team is supported by two authorised company representatives: **Rossana Mazzilli** (chief legal counsel) and **Dr Jan Kulak** (team leader of the Corporate Office).

Strategy: ROE of around 13–14% now targeted by FY29

PCB's management maintained its medium-term ROE outlook at c 13–14% based on six strategic enablers (see Exhibit 5).

Exhibit 5: Key components of PCB's strategy

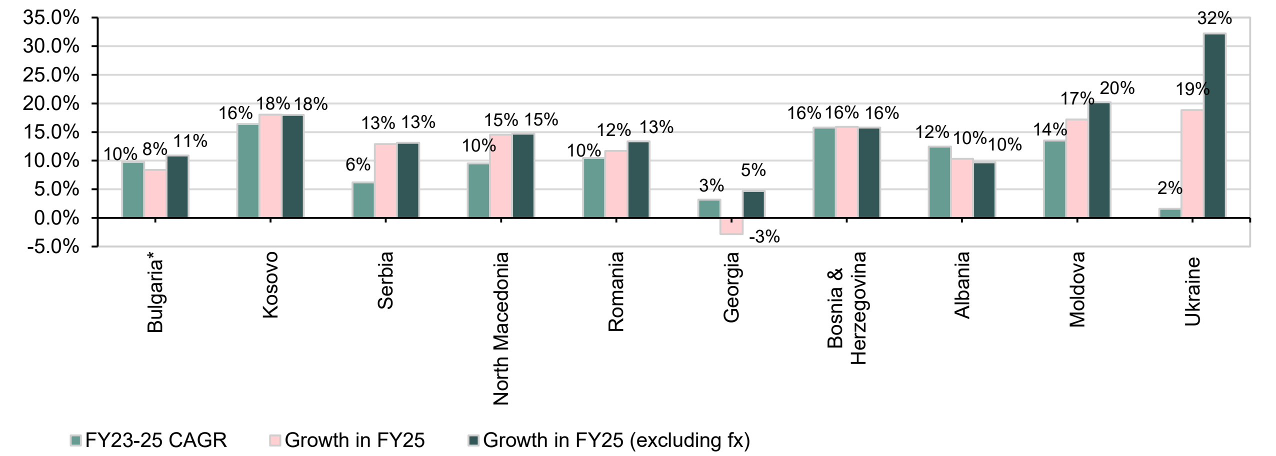


Source: ProCredit Holding

PCB maintains its focus on scaling its banking activities in each of the current countries of operations across SEE and EE by growing the number of total banking clients from the current c 330k to 800k by FY29 and in turn reaching a loan book of over €10bn.

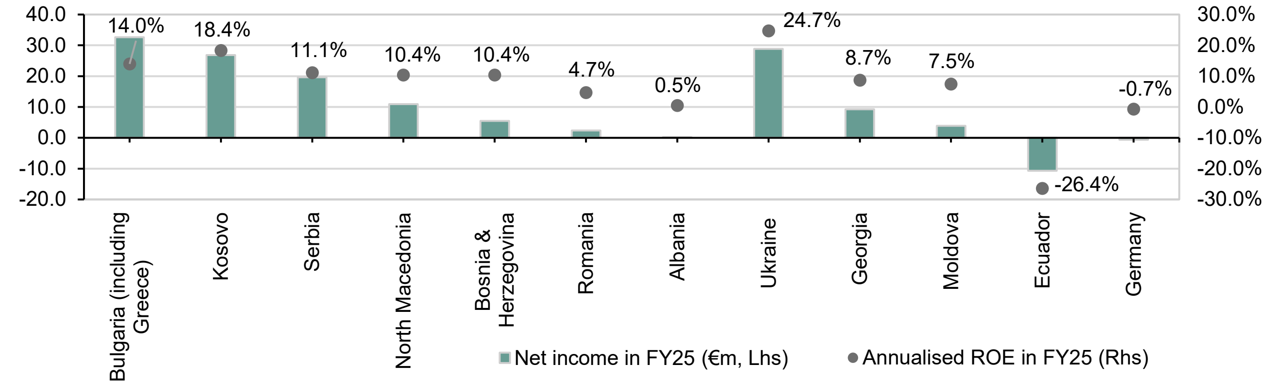
Improving the scale has been on PCB's agenda for several years now, especially in respect of its five smaller banks. Progress was mixed in this respect in FY25, with the banks in Bosnia & Herzegovina and Moldova outpacing the group on an fx-adjusted basis, with their loan books up by 15.8% and 20.2% y-o-y respectively, Romania growing slightly ahead of the group, while Albania and Georgia reported somewhat slower growth, the latter despite strong macroeconomic growth in the country (see Exhibit 6). PCB's main current profit contributors (Bulgaria, Kosovo, Serbia and Ukraine, see Exhibit 7) reported solid loan book momentum, with especially strong fx-adjusted growth in Ukraine of 32.2% (or 18.8% after accounting for the depreciation in Ukrainian hryvnia). While the bank in Bosnia & Herzegovina has been a successful improvement story within PCB, the ROE of the other four smaller banks remains muted.

Exhibit 6: PCB's loan book growth by country



Source: Company data, Edison Investment Research; Note: *Growth including fx includes Greece, which is serviced by PCB's Bulgarian bank, but the fx-adjusted growth figure excludes Greece.

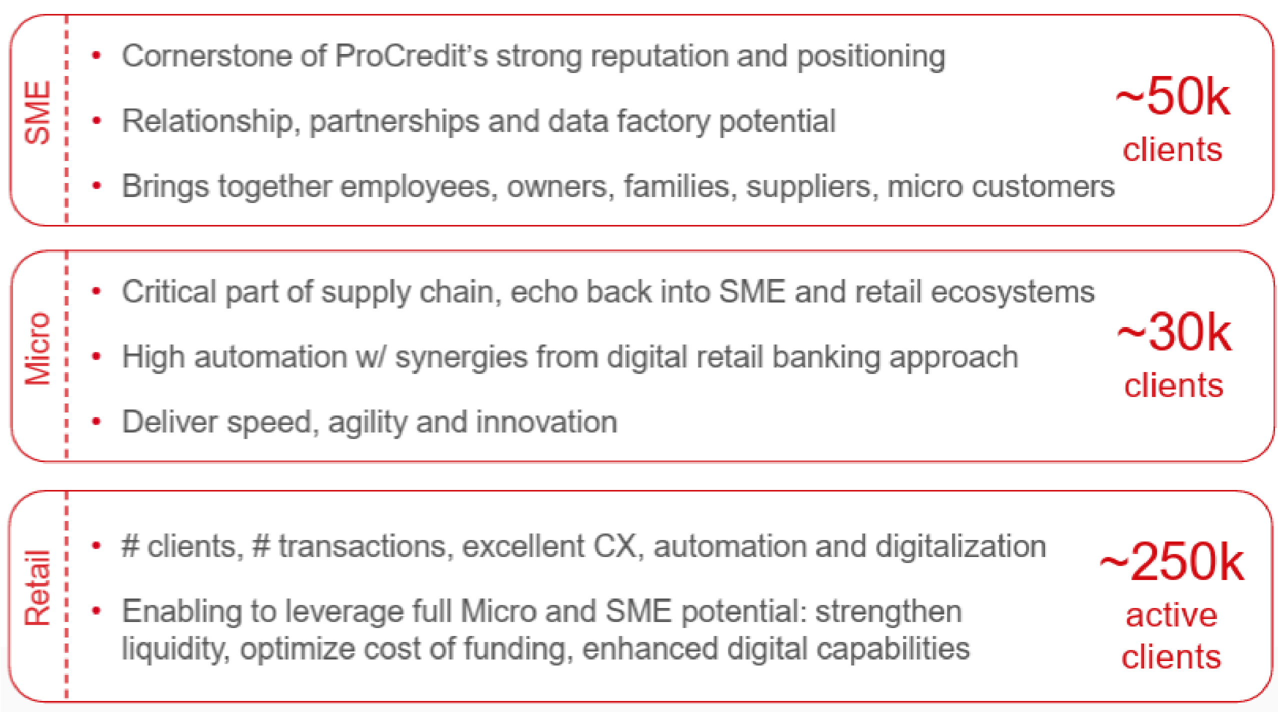
Exhibit 7: PCB's net income and ROE by country



Source: Company data

PCB's 'Hausbank' concept, which the company has followed for many years now, relies on developing long-term relationships as a trusted partner and adviser offering a comprehensive banking experience to its SME clients. While PCB aims to maintain this identity, it also seeks to scale its micro business via a more standardised, data-enabled, automated approach. The company assumes that up to 50–55% of loan origination in micro and consumer lending will be done digitally in the next two years (it started launching digital consumer lending in H225). It targets an increase in the share of micro and consumer loans from 8% currently to around 20% by FY29.

Exhibit 8: PCB's approach by client segment

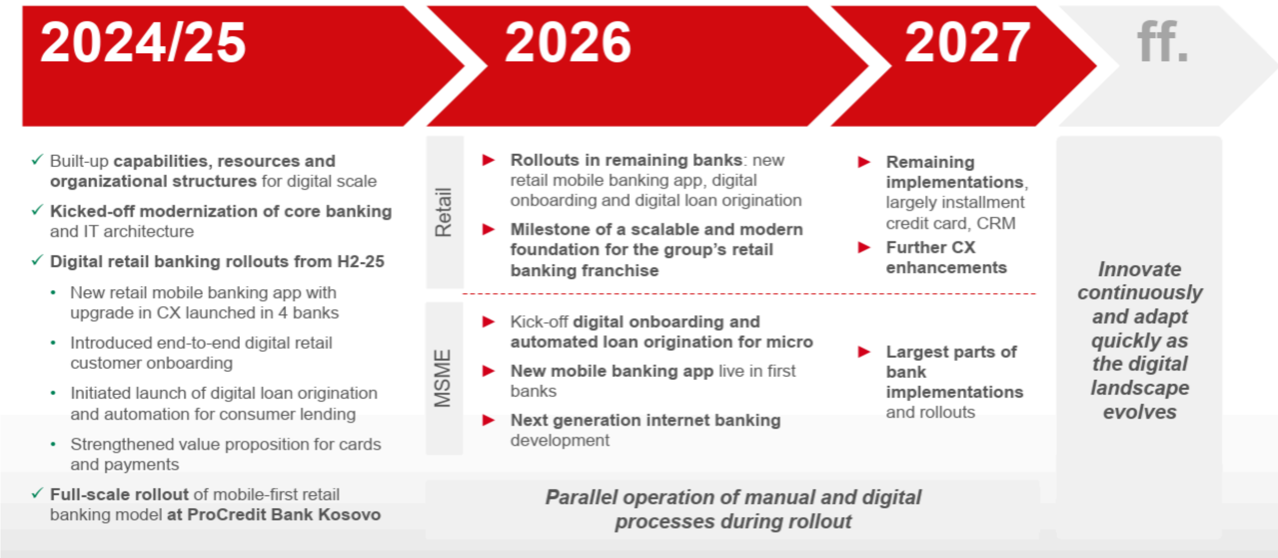


Source: ProCredit Holding

An important part of PCB's agenda is the rollout of a mobile-first, end-to-end digital ecosystem for retail clients, coupled with a superior customer journey. The management expects this to drive a further increase in the share of retail clients in total deposits from the current 44% to around 50% by FY29 (vs 41% in FY23). It also plans to increase the share of sight and savings deposits in its deposit base from 62% in FY25 to c 70% by FY29. There was a slight improvement in this respect in the retail segment, from 48% in FY24 to 49% in FY25, though the share of sight and savings deposits in total deposits remained unchanged year-on-year, likely due to a higher share of retail deposits. PCB aims for its retail clients to transact more than 90% of volumes digitally. It also seeks to increase its monthly active users of its digital solutions to over 90% (vs 54% currently), which may seem quite an ambitious target at first glance. We consider 80–85% as achievable for a universal bank with a strong digital footprint, but we also note that PCB aims to become a mobile-first retail bank over the next years rather than a traditional universal bank.

PCB started the rollout of its digital retail banking solution in H225, launching its new application for retail clients, which enables fully digital onboarding and account opening, in four countries. It rolled out its digital retail banking services in full in Kosovo and expects the full rollout to be largely completed across most of its banks in FY26. PCB also operates ProConnect, a business-to-business network connecting SMEs across South Eastern and Eastern Europe and Germany, and offers related cross-border banking support.

Exhibit 9: PCB's digital rollout roadmap



Source: ProCredit Holding

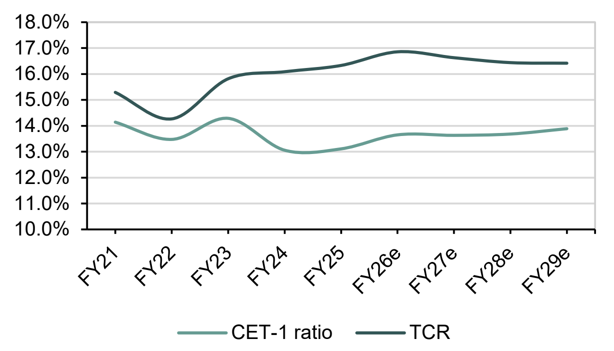
Reduction in market risk provides a wider capital buffer

PCB expects cost efficiencies from its full digital transformation (more likely after FY27), which are reflected in its medium-term guidance of a CIR of c 57% (assuming no one-off effects). PCB's management has also been working on revising and streamlining its processes to free up the capacity of business client advisors (BCAs). This involves automating and shifting back- and middle-office tasks to other employees, as well as introducing dedicated people responsible for underwriting, to allow BCAs to focus more on building client relationships and sales activities. PCB's focus on growth in the micro and retail segments (and to some extent also the lower end of the SME segment) should translate into a more diversified (granular) balance sheet structure, which in turn should support its net interest income and NIM (see our discussion of the latest developments and outlook in this respect below).

PCB also emphasises disciplined capital management to drive risk-adjusted profitability and reduce RWA density. Its fully loaded CET-1 ratio was unchanged throughout FY25 at 13.1%, well ahead of its regulatory requirement of 10.3%, which now reflects a higher Supervisory Review and Evaluation Process (SREP) add-on of 4.25% (vs 3.50% at end-2024). The increase in the SREP add-on is the net impact of a rise in capital requirements following a review of PCB's credit processes by the German regulator (BaFin), partly offset by methodological changes in the SREP. However, PCB's tier-1 ratio (which is equal to its CET-1 ratio) and total capital ratio (16.3% at end-2025) represent a more limited buffer against regulatory requirements of 12.5% and 15.6%, respectively. Therefore, we believe that PCB's emphasis on intensifying its RWA efficiency measures is logical.

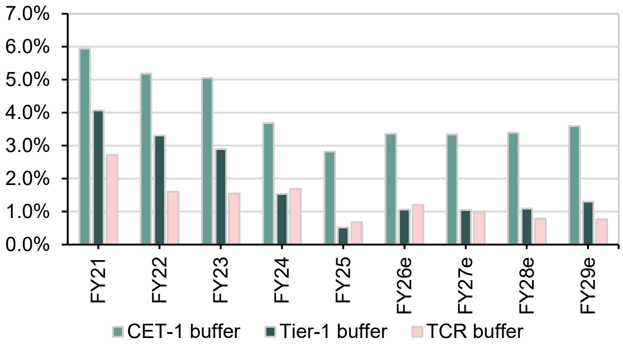
PCB improved its RWA density ratio to 62.9% at end-2025, versus 67.1% at end-September 2025 and 66.4% at end-2024, driven by a 27% reduction in RWA related to market risk in Q425 on the back of its new framework for open currency position hedging, which involves the acquisition of hedges for local currencies in its market of operations at the holding level to maximise the positive impact on group RWA. Management targets a decline in RWA density below 60% by FY29 (which we have pencilled into our forecasts) through further reductions in market RWA resulting from the recognition of its remaining currency hedges by the regulator, as well as improved credit RWA density on the back of targeted changes in client mix. PCB could also decide to improve its capital buffers by issuing additional Tier-1 or Tier-2 capital, such as the issue of additional subordinated debt in FY25, which increased its balance to c €299m at end-2025 versus €255m at end-2024, providing some additional support to PCB's TCR. However, we do not assume any substantial issues in our current forecasts. Fitch Ratings recently concluded that PCB's liquidity is well-managed across the group with an adequate buffer. PCB maintains its dividend policy of paying out one-third of profits, and in line with this management proposed a dividend of €0.47 per share for FY25, which at the current share price implies a healthy dividend yield of 5.9%.

Exhibit 10: PCB's historical and forecasted capital ratios



Source: Company data, Edison Investment Research

Exhibit 11: PCB's historical and forecasted capital buffers versus regulatory requirements



Source: Company data, Edison Investment Research

Lower ROE expected in the near term

In the short term, management guides to further strong FY26 loan book growth of 12–15% in continuing operations (ie excluding Ecuador) assuming no significant fx changes, but expects a moderate ROE of around 7% (vs 7.8% in FY25 and 10.2% in FY24), and a still elevated CIR from continuing operations close to the FY25 level of 73.4%. This is driven by continued investment in digitalisation and multiple effects, which are either one-time or did not affect PCB's P&L in the past.

PCB has signed heads of terms for the disposal of a 95% stake in its bank in Ecuador (which it expects to complete in FY26 subject to regulatory approval), which PCB believes will result in high single-digit to low double-digit million-euro net negative transaction effects in FY26. These include a negative P&L effect from the gap between the sale price and IFRS book value and a positive P&L impact from the release of translation reserves at closing, which is currently expected during the second half of 2026. We consider the sale (which is pending regulatory approval) a positive development given the weak historical results of the bank due to macroeconomic and sociopolitical headwinds in Ecuador (see our previous research for details), and PCB's strategic focus on SEE/EE. The Ecuadorian bank represented 6% of PCB's total loan book at end-2025 and generated a €10.7m net loss in FY25. While PCB's management expects the Ecuadorian bank's net profit to turn positive in Q126, we believe that PCB's medium-term ROE should still benefit from the disposal of the bank.

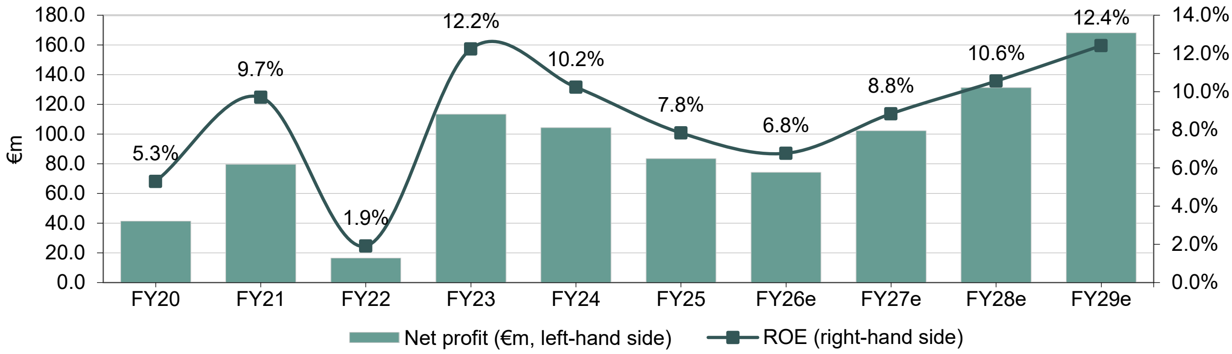
PCB's management expects a high single-digit to low double-digit million-euro impact from the temporary increase in tax rates in Ukraine (corporate income tax for banks is 50% in 2026) and Romania (higher bank turnover tax at 4% for the period July 2025 to December 2026). Excluding the effects arising from the disposal of PCB's bank in Ecuador and temporary increase in tax rates in Ukraine and Romania, which will not be recurring items in subsequent years, we estimate that the management guidance implies an ROE of c 8.3–9.2% for FY26.

PCB also expects a mid-single-digit million euro P&L headwind from Bulgaria's euro adoption (potentially reducing income from fx transactions), a mid-single-digit million drag from the above-mentioned new hedging policy and a low single-digit million impact from the reallocation of group overheads from the Ecuadorian bank to other ProCredit banks.

PCB earlier said that major strategic investments are nearing completion, which should have a stabilising effect on its cost base. It now expects a further increase in IT costs, though not to a similar degree as the growth 2023 and 2024, limited growth in headcount (which fell by 0.6% in 2025) on a need-basis, and no further branch network expansion. PCB's strategy relies on its in-house IT provider Quipu to develop and operate the core banking system and key central applications, ensuring group-wide standardisation and control, while selectively using third-party vendors for specialised solutions and complementary systems that are integrated into its central IT architecture. Based on our conversation with the management, we understand that PCB strengthened Quipu's management in Q225 to introduce more extensive IT implementation capabilities. This was coupled with a shift to a model in which a large majority of the core minimum viable product is defined centrally at head office to create one common proposition, while a smaller portion is customised locally at the level of individual banks. PCB's digital operating model also relies on agile squads and product-oriented delivery. Based on our conversation with the management, we understand that this resulted in an acceleration in the deployment of tech solutions in H225.

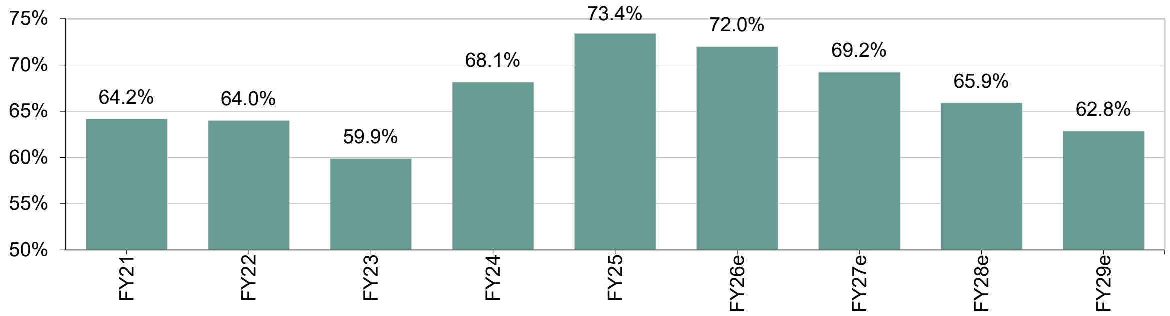
We forecast a CIR ratio in FY26 of 72.0% followed by 69.2% in FY27, as we assume that the benefits of scaling PCB's business will feed through to its P&L only gradually, while FY27 results may still be affected by PCB's strategic investments in H127. We conservatively assume a CIR over the medium term above that targeted by PCB's management until we see more tangible results of the company's scaling effects, especially across its smaller banks. PCB expects ROE to improve from FY27 onwards, and our current estimates for FY27 and FY28 are 8.8% and 10.6%, respectively (see Exhibit 12).

Exhibit 12: PCB's historical and forecasted net profit and ROE



Source: Company data, Edison Investment Research

Exhibit 13: PCB's historical and forecasted CIR



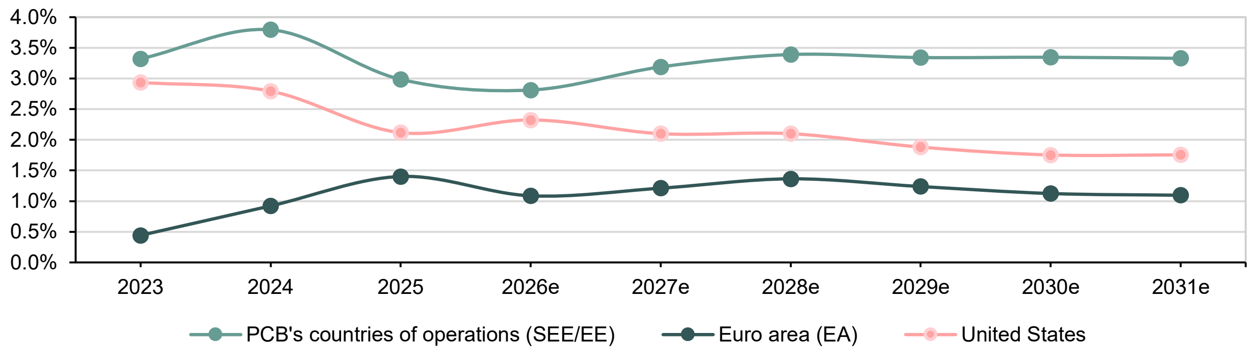
Source: Company data, Edison Investment Research

Sustained robust growth in loan portfolio

PCB reported a robust fx-adjusted growth in the loan book of 13.1% y-o-y (10.6% including fx impact) in FY25 amid continued progress in the structural transformation of its loan book towards lower-volume client segments, which PCB's management perceives as higher margin, more capital-efficient and offering greater room for growth. These lower-volume segments consist of private clients, microloans (with individual loan exposures below €100k) and the lower end of its SME client base (€100k to €750k). They contributed 80% to loan book growth in FY25 and represented 48% of PCB's loan book at end-2025, versus 44% at end-2024 and 42% at end-2023. Particularly strong growth was reported for micro and retail loans at 42% and 29% y-o-y, respectively. PCB's deposits grew by 13.1% excluding fx impact in FY25, or 10.2% including currency changes, resulting in a slight decline in the ratio of deposits to gross loans from 118.3% at end-2024 to 117.8% at end-2025.

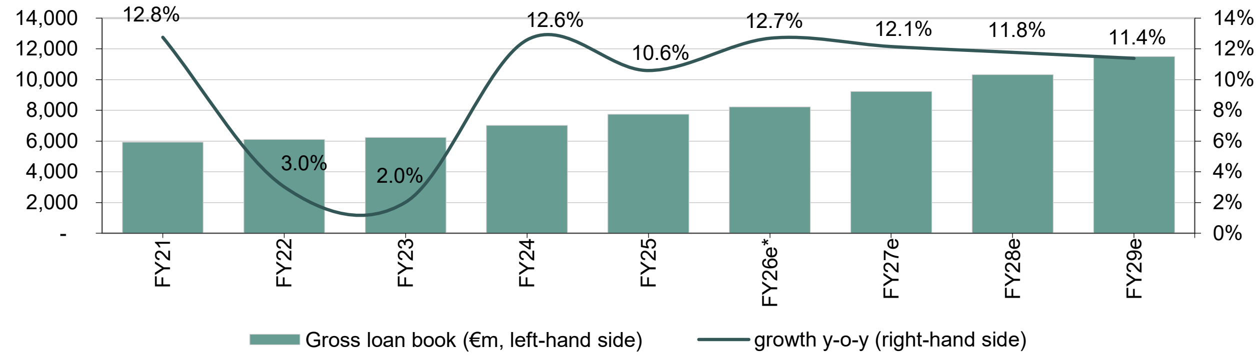
PCB's medium-term loan book growth should be assisted by the solid macroeconomic prospects in the SEE/EE region according to the latest IMF projections released in April 2026. We calculate that the average GDP growth implied by IMF projections for PCB's countries of operations (weighted based on their respective share in the SEE/EE loan book) stands at 2.8% in 2026 and 3.2% in 2027 (compared to 1.1% and 1.2% for the euro area), see Exhibit 14. We expect PCB's gross loan book (excluding Ecuador) to increase by 12.7% in FY26 and 12.1% in FY27; see Exhibit 15.

Exhibit 14: GDP growth across PCB's countries of operations versus developed markets



Source: International Monetary Fund World Economic Outlook April 2026, company data, Edison Investment Research. Note: Growth for PCB's countries of operations weighted by the share in PCB's total loan book in a given year.

Exhibit 15: PCB's historical and forecasted loan book growth



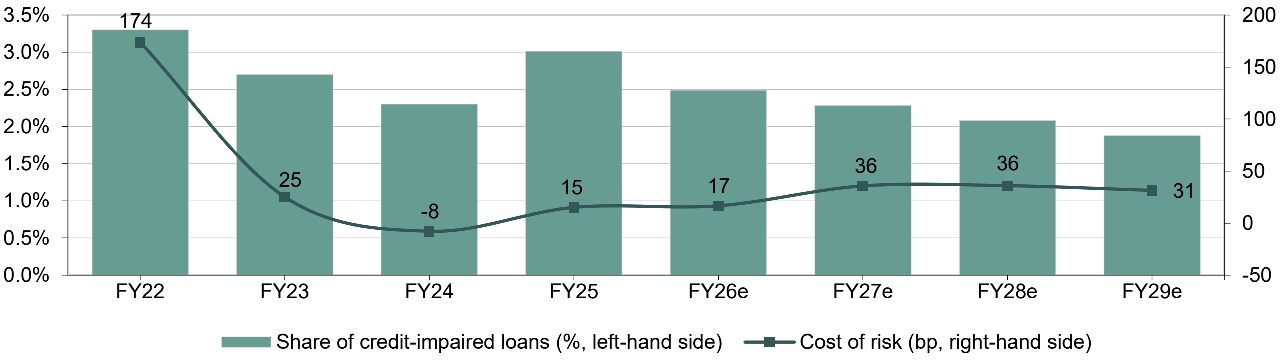
Source: Company data, Edison Investment Research; Note: *Continuing operations, ie excluding Ecuador

Credit quality remained high in FY25; FY26 outlook is positive

The share of credit-impaired loans in PCB's loan book increased to 3.0% at end-2025 from 2.3% at end-2024, which was primarily driven by a downgrade in the risk classification of a sub-portfolio of exposures in project finance in SEE, leading to loss allowances of €16.6m in Q325. It also pushed down PCB's coverage ratio to 44.5% at end-2025, compared to 49.9% at end-2024, though PCB's management highlighted that all provisions it deems necessary for the sub-portfolio are already in place.

That said, overall cost of risk in FY25 was moderate at 15bp, well below PCB's medium-term over-the-cycle assumption of 30–35bp, underpinning its medium-term ROE target. PCB's management believes that the risk of further loss allowances related to the downgraded sub-portfolio are low. Moreover, it considers this 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 credit-impaired loans at 2.0% at end-2025 excluding the above-mentioned risk classification of project finance exposures. Moreover, PCB maintains a robust stock of management overlays of €50.0m (c 27% of total provisions at end-2025). PCB's management expects a moderate cost of risk in FY26 (despite the war in the Middle East); we forecast 17bp followed by 36bp in FY27; see Exhibit 16.

Exhibit 16: PCB's historical and forecasted credit quality

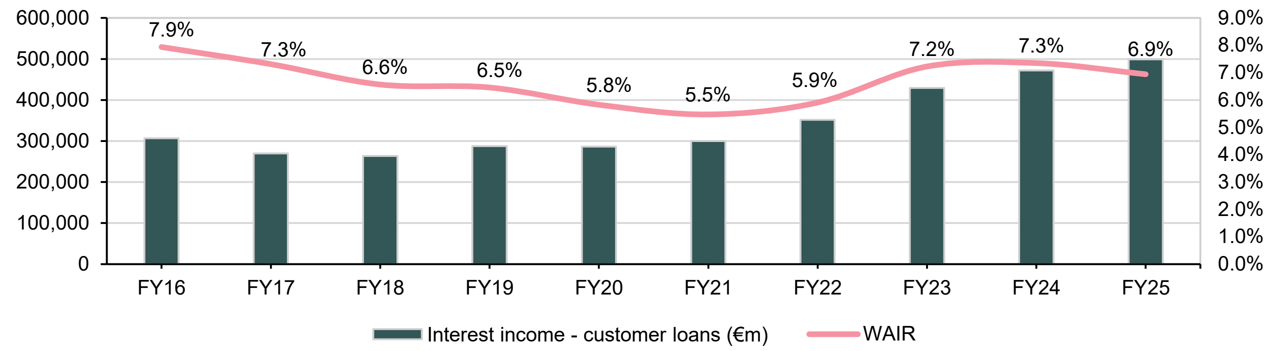


Source: Company data, Edison Investment Research

NIM assisted by improving loan book mix and repricing cycle

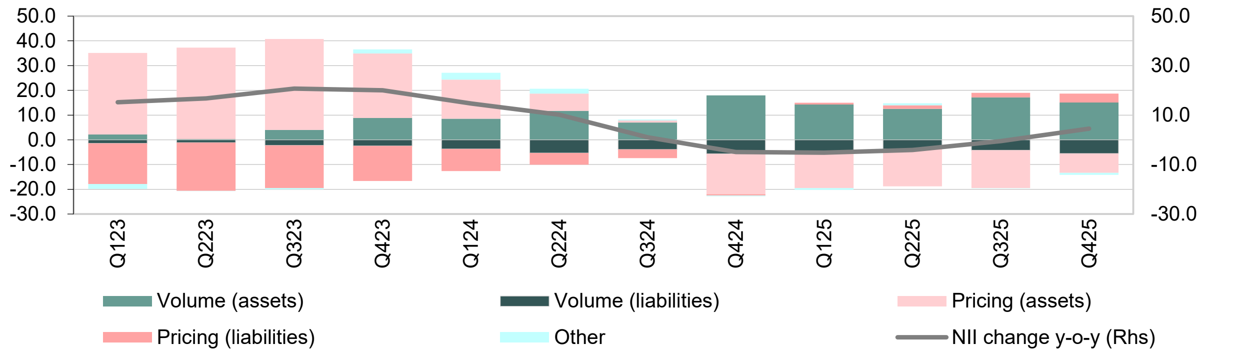
The improving mix of PCB's loan book should translate into higher weighted average margins, which, assuming no major monetary easing in the eurozone and the SEE/EE region, should support PCB's weighted average interest rate (WAIR) on its loans. We calculate that the WAIR on PCB's loan book stood at 6.9% in FY25 (vs 7.3% in FY24, see Exhibit 17), and the company highlighted the increasingly stabilising average interest rate during the FY25 earnings call, which we believe is consistent with the reduced negative impact of asset repricing reported by the company (see Exhibit 18). This was coupled with a marginally positive impact from liabilities repricing, despite the sticky deposit rates.

Exhibit 17: PCB's historical interest income and WAIR



Source: Company data, Edison Investment Research

Exhibit 18: PCB's NII drivers in recent quarters (all figures in €m)

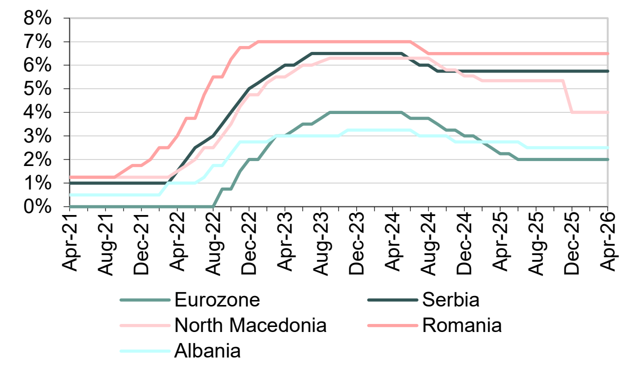


Source: Company data, Edison Investment Research

Base rates remained broadly stable or declined only moderately over the last 12 months across PCB's countries of operation, and the Reuters monetary policy poll from April 2026 implies a marginal increase in the European Central

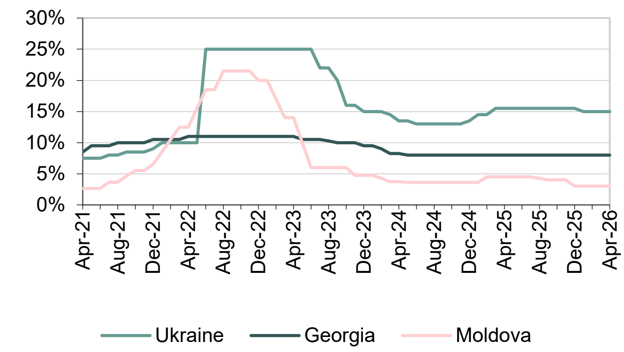
Bank's deposit rate in the coming quarters to c 2.25% (vs c 2.00% currently). The interest rate environment in the eurozone is particularly relevant for the SEE region, most notably for Kosovo (which unilaterally adopted the euro as legal tender in 2002) and Bulgaria (which entered the eurozone in January 2026).

Exhibit 19: Base rates in the eurozone and SEE



Source: Central bank data

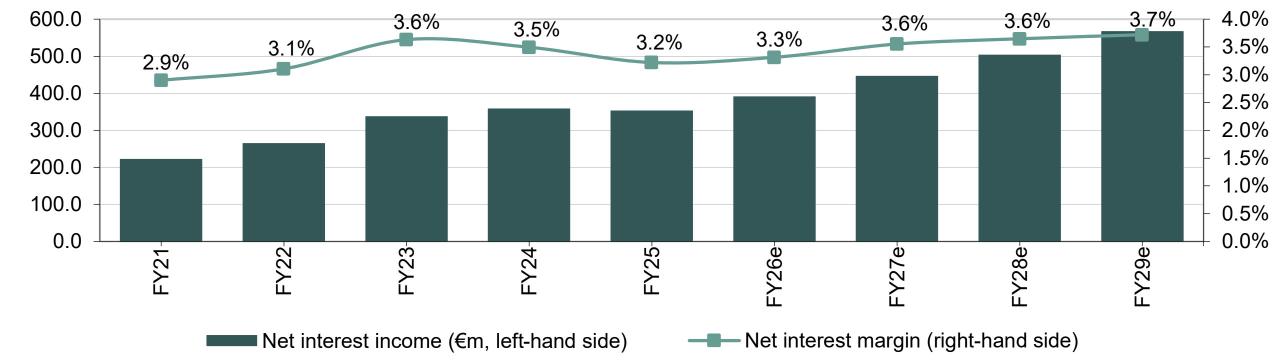
Exhibit 20: Base rates in EE



Source: Central bank data

Higher WAIR and diminishing headwinds from asset repricing, coupled with sustained positive loan volume effects, and PCB's emphasis on growing the share of sight and savings deposits (see above) should support the growth in PCB's net interest income (NII) and assist its NIM. PCB's NIM will also be supported by the de-consolidation of the bank in Ecuador. We forecast NII growth of 10.6% (despite the exclusion of the Ecuadorian bank) and 14.3% in FY26 and FY27, respectively, and a NIM of 3.3% and 3.6%, respectively (vs FY25 NIM of 3.2%).

Exhibit 21: PCB's historical and forecasted NII and NIM



Source: Company data, Edison Investment Research

Sensitivities

- **Strategy execution risk:** although PCB's strategic update in 2024 did not represent a complete change of strategy, it still poses certain execution risks, mostly around its expansion into retail, its digitalisation agenda and the ability to realise scaling benefits.
- **Macroeconomic risk** remains higher in PCB's core countries of operations (SEE/EE) compared to Western Europe and Central and Eastern European countries given the earlier stage of economic development and the challenges and risks these economies face. These include: 1) a higher share of foreign currency-denominated loans in the banking sector in several countries; 2) susceptibility to global supply chain disruptions; 3) high reliance on remittances (eg Kosovo, Albania, Moldova) and a high tourism contribution to GDP (eg Albania).
- **Political risk** is elevated in several SEE/EE countries, as illustrated by military conflicts (including Russia's current war of aggression against Ukraine), territorial disputes (Kosovo-Serbia) and internal political deadlocks (eg North Macedonia in 2015–17 or Georgia in 2024). As global populism has intensified in recent years, the Western Balkans face the potential risk of conflicts between parties appealing to major ethnic groups. Moreover, the region is one of the playgrounds for political competition between the West and Russia. Having said that, we note that two countries where PCB operates – Bulgaria and Romania – are EU members, while Albania, Bosnia and Herzegovina, Moldova, North Macedonia, Serbia and Ukraine are EU member candidates. Some of these countries

are also NATO members (Albania, Bulgaria, North Macedonia and Romania). Finally, we note that PCB has extensive experience in operating in these countries and navigating through times of political and military unrest. There is both downside and upside risk from the future developments in Ukraine. In a worst-case scenario of an ongoing war and greater than expected successes for the Russian army, there is a risk of a significant deterioration in the local bank's performance, including a default (however remote it may seem at this stage). On the other hand, a permanent ceasefire/truce and reconstruction of Ukraine and a resulting increase in PCB's sustainable RoTE by around 1.5pp to 10.5% would raise our fair value estimate for PCB to €14.50 per share.

- **Risk of changes to local tax codes:** PCB's results may be affected by structural changes to local tax codes or by the temporary introduction of higher tax rates. The latter particularly applies to Ukraine, which is seeking additional income sources to fund its defence against Russia's invasion, and therefore introduced temporarily higher banking tax rates for 2024 and 2026. It is possible that this higher rate will be extended into 2027.
- **Foreign exchange risk:** PCB is exposed to fx rate volatility due to its international operations. At group level, currency risk primarily arises from the changing value of the parent company's equity investments in regional banks, which are denominated in the respective domestic currencies and accounted for on an equity basis. This is directly reflected in PCB's equity in the changes to its translation reserve. However, the impact on PCB's CET-1 capital is normally largely offset by a corresponding downward fx impact on its RWA. It aims to reduce credit risk for clients and the group's banks by typically disbursing foreign currency loans only to customers that generate revenues in this currency. Finally, depreciation of domestic currencies could lead to a reduction in regulatory capital ratios at local banks, but PCB mitigates this risk by matching the foreign currency exposures of its assets and liabilities. We also note PCB's new hedging policy discussed above. Some countries where PCB has a presence have pegged their domestic currencies to the euro, which inherently reduces their volatility versus the euro (the group's reporting currency).
- **Weather anomalies and natural disasters** pose a risk for PCB's significant exposure to agriculture loans (14% at end-2025).

Valuation

We value PCB using an implied P/BV multiple based on a blend of our assessment of the bank's sustainable RoTE and cost of equity derived from a capital asset pricing model (CAPM), and the regression line implied by the ROE and P/BV relationships at which PCB's peers currently trade.

In our CAPM, we have used country-level market risk premiums (as provided by Aswath Damodaran as of April 2026) weighted by PCB's gross loan book split by country at end-2026 (ie excluding Ecuador), arriving at an equity risk premium of 10.1% (previously 10.2%). We have used a risk-free rate of 3.12%, in line with the current euro area yield curve for a 10-year maturity. We have also applied a beta of 0.95x, broadly in line with our previous assumption. We have retained our long-term growth rate assumption of 2.0%. Although we consider PCB's mid-term ROE target of around 13–14% as potentially achievable, and we have reflected the improving profitability outlook in our forecasts, we conservatively assume a sustainable RoTE of 9% for the purpose of our valuation (10% previously). Our new assumptions imply a P/BV multiple for PCB of 0.65x (see Exhibit 22), versus 0.77x in our previous valuation.

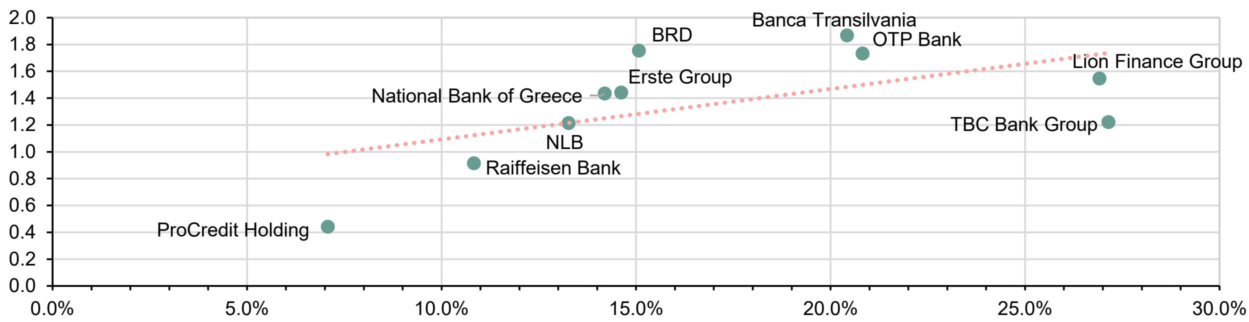
A regression line based on FY26e P/BV and ROE indicators for PCB's peers implies a P/BV multiple of 0.98x for our RoTE forecast for FY26 of c 7.1% (see Exhibit 23). As a result, we have assumed a fair value multiple of 0.82x, which is the average of the multiple derived from the CAPM and the regression analysis. This implies a fair value per PCB share of €13.50 (unchanged from our November 2025 update) and 68% potential upside to the current share price of €8.02.

Exhibit 22: PCB's P/BV-ROE valuation (€m unless otherwise stated)

	FY25	FY26e	FY27e	FY28e	FY29e
Tangible Equity	**1,027,051**	**1,071,202**	**1,148,768**	**1,245,951**	**1,370,294**
Net attributable profit	83,454	74,215	102,304	131,285	168,105
RoTE (%)	*8.1%*	*7.1%*	*9.2%*	*11.0%*	*12.9%*
TNAV per share (€)	**17.4**	**18.2**	**19.5**	**21.2**	**23.3**
TNAV per share FY26e (€)	18.2				
RoTE FY26e	7.1%				
Sustainable RoTE	9.0%				
Growth rate	2.0%				
Cost of equity	12.8%				
Fair value multiple – CAPM model	0.65				
Fair value multiple – regression multiple (FY25e)	0.98				
Blended multiple	**0.82**				
Fair value (€)	**13.50**				
Current share price (€)	8.02				
upside/downside	*68%*				

Source: Company data, Edison Investment Research

Exhibit 23: P/BV versus ROE – PCB compared to peers (FY26e)



Source: LSEG Data & Analytics consensus as of 7 May 2026 except for ProCredit Holding (Edison Investment Research estimates)

Exhibit 24: Financial summary

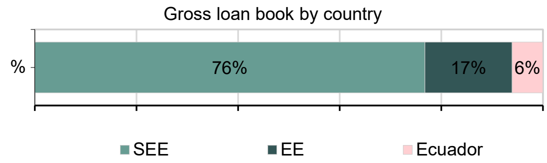
Year end 31 December, IFRS, €000s	FY22	FY23	FY24	FY25	FY26e	FY27e	FY28e	FY29e
Income Statement								
Net interest income	264,634	337,224	358,239	352,988	390,554	446,388	503,697	566,492
Net fee and commission income	54,731	57,525	59,166	96,631	93,385	97,954	102,364	106,748
Operating income	339,848	412,506	444,299	439,266	466,411	526,228	587,268	653,661
Operating expenses	217,428	246,979	302,772	322,428	335,704	364,275	387,022	410,783
Loss allowances (-)	104,573	15,513	(5,154)	11,190	13,329	31,271	35,207	34,322
PBT	17,847	150,015	146,681	105,648	117,377	130,682	165,038	208,557
Net profit after tax	16,497	113,372	104,309	83,454	74,215	102,304	131,285	168,105
Reported EPS (€)	0.28	1.92	1.77	1.42	1.26	1.74	2.23	2.85
DPS (€)	0.00	0.64	0.59	0.47	0.42	0.58	0.74	0.95
Balance Sheet								
Loans and advances to customers	5,892,796	6,029,715	6,828,256	7,564,267	8,052,080	9,031,310	10,097,108	11,251,116
Total assets	8,826,124	9,748,968	10,751,615	11,595,373	11,979,929	13,149,258	14,473,963	15,977,687
Liabilities to customers	6,289,511	7,254,236	8,291,358	9,136,232	9,570,292	10,691,725	11,947,729	13,354,454
Total liabilities	7,956,689	8,765,179	9,695,713	10,521,308	10,861,713	11,953,476	13,180,997	14,560,379
Total shareholders' equity	869,435	983,789	1,055,902	1,074,065	1,118,216	1,195,782	1,292,965	1,417,309
BVPS (€)	14.76	16.70	17.93	18.24	18.99	20.30	21.95	24.06
TNAV per share (€)	14.46	16.32	17.34	17.44	18.19	19.50	21.15	23.27
Ratios								
NIM	3.11%	3.63%	3.49%	3.22%	3.31%	3.55%	3.65%	3.72%
Costs/Income	64.0%	59.9%	68.1%	73.4%	72.0%	69.2%	65.9%	62.8%
ROAE	1.9%	12.2%	10.2%	7.8%	6.8%	8.8%	10.6%	12.4%
CET1 Ratio	13.5%	14.3%	13.1%	13.1%	13.7%	13.7%	13.7%	13.9%
Tier 1 ratio	13.5%	14.3%	13.1%	13.1%	13.7%	13.7%	13.7%	13.9%
Capital adequacy ratio	14.3%	15.8%	16.1%	16.3%	16.9%	16.7%	16.5%	16.4%
Payout ratio (%)	0.0%*	33.3%	33.3%	33.3%	33.3%	33.3%	33.3%	33.3%
Customer loans/total assets	69.1%	63.9%	65.2%	66.9%	68.7%	70.2%	71.3%	71.9%
Loans/deposits	97.1%	85.8%	84.5%	84.9%	86.0%	86.4%	86.4%	86.1%

Source: Company 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.

Contact details

Rohmerplatz 33–37
60486 Frankfurt
Germany
+49 69 951 437 0
procredit-holding.com

Revenue by geography



Management team

Chairperson: Eriola Bibolli

Eriola Bibolli's particular responsibilities as management board member are MSME banking, group sustainability, retail banking, IT, corporate office, group communications and marketing, as well as group business strategy. She spent more than 20 years at ProCredit Bank Kosovo, where she was a member of the management board from 2007 to 2023, and subsequently joined the management board of ProCredit Holding in 2023. She was previously also chief risk officer at ProCredit Holding.

CFO: Christian Dagrosa

Christian Dagrosa joined ProCredit Holding in 2017 and between 2019 and 2022 was an authorised representative of the company ('prokurist') and manager responsible for investor relations, as well as reporting and controlling. He is currently the group's CFO, responsible for accounting and taxes, group regulatory reporting, investor relations, group financial planning and analysis, reporting and data management, data systems projects, the group asset and liability management function, group funding, as well as legal.

Board member: Christoph Beeck

Christoph Beeck joined ProCredit Bank in Germany in April 2022 as chief representative responsible for financial risk management, operational risk management & controlling, credit risk management, accounting and reporting, legal and operations. In September 2022, he became member of the management board of ProCredit Bank, and in April 2024 became board member at ProCredit Holding. He is responsible for human resources, fraud prevention and compliance, anti-money laundering, internal audit, as well as administration and translation. Before joining ProCredit Bank, he spent more than 22 years at Commerzbank Group, with its last position being managing director, cluster lead investment products and management.

Board member: George Chatzis

George Chatzis has more than 20 years of experience in the banking sector. Before joining ProCredit Holding in April 2024, he was chief risk officer at Rabobank Frankfurt and International Direct Bank Europe and head of HR at Rabobank Frankfurt. At ProCredit Holding, he is currently responsible for group risk management across financial, operational, IT and information security, and credit risk, as well as economic analysis and risk control.

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Zeitinger Invest	18.3
KfW	13.2
DOEN Participaties	12.5
European Bank for Reconstruction and Development	8.7
Free float	47.3

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20 Red Lion Street
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