

ProCredit Holding

FY25 results

Profitability unlikely to rebound before FY27

ProCredit Holding's (PCB's) FY25 results were slightly ahead of our expectations, with a net profit of €83.5m (3% above our forecast) and a return on equity (ROE) of 7.8% (vs our estimate of 7.5%). This was aided by robust fx-adjusted growth in the loan book and deposits of 13% y-o-y amid good traction in the structural transformation of PCB's loan book towards lower-volume client segments and solid growth of sight and savings deposits. Management proposed a dividend of €0.47 per share for FY25 in line with its targeted 33% payout ratio. It also 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%, it expects a moderate ROE of 7% (vs our last forecast of 10.2%) and a still elevated cost-to-income ratio (CIR) close to the FY25 level of 73.4% (vs our last forecast of 65.6%). 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. PCB expects ROE to improve from FY27 onwards. We will revisit our forecasts in an upcoming outlook note on PCB.

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	3.9	8.4	0.46
12/24	358	1.77	0.59	17.9	10.2	4.3	7.8	0.42
12/25	353	1.42	0.47	18.2	7.8	5.4	6.2	0.42

Note: NII, net interest income. EPS as reported by the company. BVPS, book value per share.

The improving mix of PCB's loan book – leading to a higher weighted average interest rate – and continued emphasis on sight and savings deposits should support PCB's interest income in FY26, at a time when drag from negative liabilities repricing has faded. Together with positive volume effects, this should support the growth in PCB's net interest income and also assist its net interest margin. However, management expects that, at the bottom line, multiple factors will offset this positive momentum in FY26e. First, PCB signed heads of terms for the disposal of its bank in Ecuador (which it expects to complete in FY26 subject to regulatory approval). We consider the sale a positive development given the macro headwinds the bank faced, and PCB's strategic focus on Southeastern and Eastern Europe. PCB expects 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 expected in Q1 2026 and a positive P&L impact from release of translation reserves at closing, which is currently expected during the second half of 2026. It expects a similar level of impact from the temporary increase in tax rates in Ukraine (corporate income tax for banks at 50% in 2026) and Romania (higher bank turnover tax at 4% for the period of July 2025 to December 2026). Excluding these effects, which will not be recurring items in subsequent years, we calculate that the guidance implies an ROE of c 8.3–9.2% for FY26e.

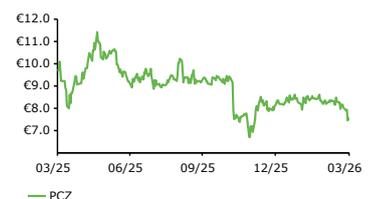
PCB also expects a mid single-digit million euro P&L headwind from Bulgaria's euro adoption (potentially reducing income from fx transactions), a mid single-digit million drag from a new policy of hedging open currency exposures at holding level (which will benefit risk-weighted asset density) and a low single-digit million impact from 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, but limited growth in headcount and no further branch network expansion.

Banks

23 March 2026

Price	€7.60
Market cap	€443m
Shares in issue	58.9m
Code	PCZ
Primary exchange	FRA
Secondary exchange	N/A

Share price performance



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.

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