EDISON

ProCredit Holding

Well-positioned for further loan book expansion

Company outlook

Banks

ProCredit Holding (PCB) posted a c 21% EPS decline to €0.70 in FY20, but we believe it has navigated the COVID-19 crisis well, with strong 9.5% y-o-y growth in the loan book (driven mainly by investment and green loans), a 57bp cost of risk in FY20 (below its closest peers) and a solid capital base with the end-2020 CET-1 ratio at 13.3% (vs a regulatory requirement of 8.2%) and total capital ratio of 14.7% (12.6%). We believe the bank is well-positioned to continue growing its loan book by c 10% pa, in line with its target. Gradually declining loss allowances, and fee and commission income rebounding to pre-COVID-19 levels should help PCB reach its mid-term ROE target of 10%, which we model in FY23.

Year end	Net interest income (€m)	EPS (€)	DPS (€)	P/BV (x)	P/E (x)	ROE (%)	Yield (%)
12/19	194.5	0.89	0.00	0.7	9.9	6.9	0.0
12/20	201.6	0.70	0.53	0.6	12.5	5.3	6.0
12/21e	216.4	0.89	0.30	0.6	9.8	6.6	3.4
12/22e	235.1	1.26	0.42	0.6	7.0	8.9	4.8

Source: ProCredit, Edison Investment Research

FY20 results relatively resilient

PCB's return on equity (ROE) declined to 5.3% in FY20 from 6.9% in FY19, due to a combination of lower net interest margin (2.9% in FY20 vs 3.1% in FY19) as a result of central bank rate cuts in the region, declining fee and commission income amid COVID-19, as well as an elevated cost of risk, which however was mostly due to macro assumption updates and transfers to stage 2 (ie performing loans but with significantly increased credit risk) rather than a spike in corporate defaults. This is in line with PCB's historical performance vs peers, with its ROE normally being somewhat lower but less volatile through the cycle.

Likely to benefit from the 2021 macro recovery

PCB's FY21 results should be assisted by an economic recovery across its markets (with the IMF forecasting a 3.5–6.0% real GDP rebound in the SEE/EE region and 2.5% in Ecuador). Management guides to a 10% growth in loan book (which we also assume in our forecasts) and a cost income ratio (CIR) of 65–68% (we have factored in c 66%), translating into an ROE of 6.0–7.5% (we expect 6.6%). This assumes that cost of risk will remain elevated this year (with a certain increase in credit-impaired loans being likely), though slightly lower than in FY20 (we expect 52bp in FY21). Management reiterated its mid-term targets of loan book growth at 10% pa, ROE at 10% and CIR below 60%, which we believe are achievable.

Valuation: Offering c 28% upside potential

We have valued PCB's shares using a P/BV-ROE approach. Our fair P/BV multiple of 0.90x used in the valuation is the average of a multiple derived from a capital asset pricing model of 1.05x and a ratio implied by a regression line based on FY20 figures for peers and PCB of 0.75x. We arrive at a fair value of €11.20 per share (vs our previous fair value of €8.00/share), mostly on the back of reduced country risk premiums and bringing the valuation forward to FY21.

4 May 2021

Price	**€8.78**
Market cap	**€517m**

Total assets (€bn) at end-December 2020	7.3
Shares in issue	58.9m
Free float	38.7%
Code	PCZ
Primary exchange	Frankfurt Prime Standard
Secondary exchange	N/A

Share price performance

%	1m	3m	12m
Abs	(5.0)	29.1	77.7
Rel (local)	(5.8)	18.1	26.7
52-week high/low		€9.2	€4.7

Business description

ProCredit is a German-based group operating regional banks across Southeastern and Eastern Europe, as well as in Ecuador. The banks focus on SMEs and private middle-income and high earners. At end-December 2020, the group's total assets stood at €7.3bn.

Next events

Q121 results	12 May 2021
Equity Forum – Spring Conference 2021	17–19 May 2021

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Edison profile page

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Investment summary

Company description: 'Hausbank' for SMEs with an ESG angle

PCB focuses on providing impact-oriented financing primarily to SMEs (94% of the bank's loan book at end-2020) to support investment and working capital needs throughout their lifecycles, with individual loan volumes mostly in the range of €50k to €3m. Green loans have been one of the key growth drivers in recent years and at end-2020 made up 18.7% of PCB's loan book. PCB is also a direct bank for private clients with a proprietary digital platform and a lean branch network, targeting middle-income and high earners (including SME owners) in particular. Importantly, as environmental, social and corporate governance (ESG) aspects stand high on PCB's priority list, it does not provide meaningful volumes of consumer loans. Its geographical footprint currently covers 10 countries in Southeast Europe (SEE) and Eastern Europe (EE), as well as Ecuador plus its holding and minor banking operations in Germany. PCB's solid financial standing was confirmed by Fitch in March 2021 with a long-term rating of BBB and a stable outlook for ProCredit Holding and its six subsidiary banks. The company's strong ESG profile is illustrated by its MSCI ESG rating of AA. We describe PCB's ESG priorities in more detail in our ESG Edge Report.

Valuation: Reflects reduced macro uncertainty

We continue to value PCB using a P/BV-ROE approach, assuming a sustainable return on tangible equity of 10% (in line with PCB's mid-term ROE target) and a long-term growth rate of 2.0% (both in line with our previous valuation model). With the rollout of the COVID-19 vaccination process and continued monetary and fiscal support provided to the global economy, the degree of market uncertainty in PCB's markets of operations seems to have subsided compared to end-March 2020 (with sovereign ratings remaining largely at pre-COVID-19 levels and some credit default spread compression in selected countries). Accordingly, the weighted average country risk premium in our model is currently 8.6% vs 13.7%, which we used in our initiation of coverage in June 2020. The new assumptions imply a P/BV multiple for PCB of 1.05x, while a regression line based on the FY20 P/BV and ROE indicators for PCB and its peers suggests a P/BV multiple of 0.75x for PCB. We have assumed a fair value multiple of 0.90x (an average of both approaches), which, after bringing the valuation forward to FY21e, implies a fair value per PCB share of €11.20 (28% upside potential) compared to our previous valuation at €8.00 per share.

Financials: Solid loan book growth with moderate cost of risk

PCB seized the opportunity to grow its gross loan book ahead of competition by 9.5% y-o-y in FY20. Going forward, we expect a continuation of the strong growth at c 10% pa (in line with management's mid-term guidance). At the same time, we expect a stabilisation of PCB's net interest margin (NIM) at c 2.9% in the near term (assisted by the continued expansion of PCB's deposit base) and a gradual pick-up in net commission and fee income to pre-COVID-19 levels. Despite a moderate increase in operating expenses, these should help reduce PCB's CIR to c 66% in FY21 (vs management guidance of 65–68% and 68% in FY20) and below 60% in the mid-term. Management guides to a still elevated cost of risk in FY21 (though slightly below the 57bp in FY20). We assume c 52bp in FY21, declining to 30bp in FY22 and c 15–18bp thereafter. We expect PCB to post an ROE of 6.6% in FY21 (vs company guidance of 6.0–7.5%) and gradually approach its 10% mid-term target (with our FY23e forecast at 10.3%).

Sensitivities: COVID-19, FX and structural macro/political risks

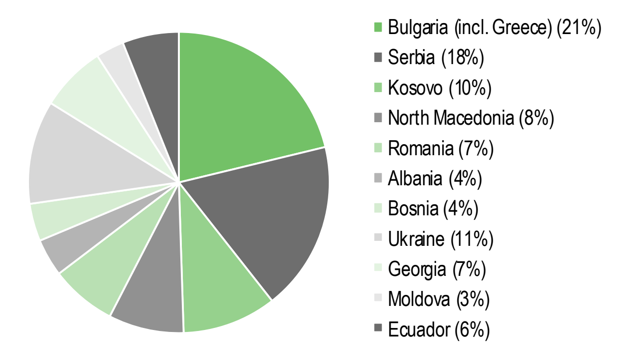
While IMF forecasts assume a gradual recovery of the global economy, it remains to be seen how businesses will survive the ongoing third COVID-19 wave and adapt to the 'new normal' once economies fully reopen and state support is phased out. Overall, we estimate that every 10bp increase in PCB's cost of risk in FY21e would reduce our valuation by c €0.06 per share. Having said that, we see a number of factors supporting PCB through the COVID-19 crisis and beyond, including: 1) high loan book quality and collateral requirements, 2) a focus on well-established SMEs and long-term partnerships with its clients, 3) support from international financial institutions (as shareholders, debt holders and/or partners in SME funding schemes) and 4) solid liquidity with a liquidity coverage ratio (LCR) of 153% at end-2020. Risk factors beyond COVID-19 include FX risk, as well as higher macroeconomic and political risk compared to Western Europe. PCB has extensive experience of operating in a challenging macro- and political environment in developing markets, which we describe in more detail in our initiation note.

Company description: Impact-oriented SME lender

Focus on SMEs in emerging markets

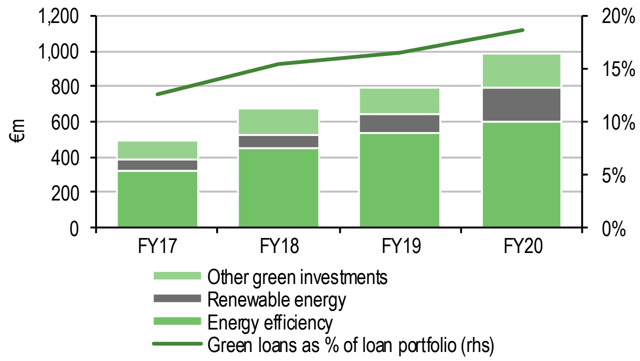
PCB specialises in financing SMEs in transition economies, currently in emerging Europe (SEE and EE regions) and Ecuador (see Exhibit 1), while its German operations are largely focused on providing services to the group, such as efficient payment, liquidity and support functions. PCB's focus is on impact-oriented financing, which supports sustainable development, employment and social prosperity. Its target customer group are growing, well-established SMEs, which foster innovation, local production and a transition to a green economy (SMEs represented 94% of PCB's gross loan book at end-2020). PCB also offers banking services to private clients, mostly to middle-income and high earners (SME owners in particular). PCB provides a full range of banking services, including investment and working capital loans (with a target amount of €50k to €3m) as well as liquidity management and trade finance. It also offers housing and investment loans and overdrafts to private clients as well as current accounts, flexible savings and term deposit accounts.

Exhibit 1: PCB's regional loan book exposure at end-December 2020



Source: ProCredit

Exhibit 2: PCB's green loan book (€m)



Source: ProCredit

Digitalisation of services completed pre-COVID-19 outbreak

Despite its traditional approach to banking, the company is committed to investing in the development of efficient and secure technology. Its app- and web-based functionalities are developed in-house by its software subsidiary Quipu, which PCB believes helps address IT challenges quickly. The launch of 'ProCredit Direct' in 2017, a digital banking platform primarily for private clients, complemented the existing approach of 'Hausbank for SMEs' (involving a comprehensive approach to SME companies) and allowed the company to initiate the digitalisation of financial services to private clients, fully completed in 2018. All transactions in the group's banks are now digital (PCB abolished over the counter and cash transactions in its branches), which has also provided a solid basis for continuing its operations without major disruptions amid COVID-19.

High emphasis on employee training and retention

PCB highlights that it can fulfil the needs of SMEs better than its competitors, thanks to its well-trained and long-serving staff, with managers in local banks having worked for PCB for over 12 years on average. PCB remains focused on targeted recruitment and staff development, which it supports with comprehensive training programmes provided by ProCredit Academy in Fürth, Germany. The average training hours per employee stood at a notable 106 in FY20, although the number declined due to COVID-19 from 146 in FY19. Importantly, PCB's renumeration policy is aligned to its long-term oriented business objectives and does not include any short-term, performance-related bonuses. PCB has implemented German banking standards across its regional banks and is supervised by the German authorities (BaFin and Bundesbank).

Sustainability and impact orientation as a top priority

PCB's long-term mission is to contribute to an inclusive, stable and efficient financial system. It focuses on building and maintaining long-term relationships with its clients and employees, offers only simple and transparent products, promotes a savings-oriented culture and puts a strong emphasis on prudent credit as well as environmental and social risk management. Moreover, PCB has been actively cooperating with European institutions to foster innovation and became one of the largest partners for the InnovFin programme run by the European Investment Fund (EIF). We described PCB's impact-oriented strategy in detail in our ESG Edge Report and Initiation note.

The company's sustainability orientation is also illustrated by its growing book of green loans, which it started disbursing in 2006 and which represented €985m or 18.7% of its total loan book at end-2020, compared to 16.6% at end-2019 (see Exhibit 2). These include loans to fund energy efficiency projects that reduce energy consumption by at least 20% (these made up 61% of the green loan portfolio at end-2020) as well as renewable energy (20%) and other green investments (19%), including investments leading to the prevention of air, water and soil pollution, waste management, as well as organic agriculture and production. PCB's mid-term target is to increase the share of green loans in its total loan book to 20%.

PCB's ESG efforts are also reflected in its MSCI ESG rating of AA and outperformance vs peers in the ESG scoring system that we applied in our ESG Edge Report. We believe that PCB's holistic approach to sustainability topics, which is well-rooted in the company's history and mission, distinguishes it from its competitors.

Management

ProCredit's business is managed by ProCredit General Partner (the personally liable managing partner of ProCredit AG & Co KGaA), which has a management board consisting of three members:

Dr Gabriel Schor has worked for the consulting company IPC (a consulting company founded in 1980; now Zeitinger Invest, a major shareholder with a c 17% stake in PCB) since 1983. He was appointed a member of PCB's management board in 2004 and is responsible for reporting and controlling, supervisory reporting and capital planning, accounting and taxes, group treasury and group funding. In September 2019, he also took over investor relations, group communications, administration and translation.

Sandrine Massiani joined PCB in 2007 and initially worked as regional coordinator in Africa. She became a coordinator of the group's human resources in 2011, and a manager of human resources and IT in 2015. She was appointed to the management board in 2017 and has overseen human resources, internal audit, risk management, IT, business support and compliance. Since September 2019, she has also been responsible for credit risk, group environmental management, legal, group anti-money laundering and fraud prevention. Before Sandrine Massiani joined PCB, she worked at BNP Paribas and Development Finance International (an international advisory firm focused on emerging markets) and was a project coordinator and short-term expert at IPC.

Dr Gian Marco Felice joined the management board in June 2020. He has held various managerial positions within the group since 2001 and is now responsible for business support, environmental management and impact reporting, as well as IT.

PCB's key management personnel also includes **Christian Dagrosa**, who is an authorised representative of the company ('prokurist') and manager responsible for investor relations, as well as reporting and controlling. However, he is not a member of the management board of ProCredit General Partner.

Market outlook: Awaiting economic recovery in 2021

Exhibit 3: Real GDP growth forecasts for PCB's countries of operation (%)

Country	% of PCB's loan book at end-FY20	2019	2020e	2021e	2022e
Bulgaria	21%	3.7	(3.8)	4.4	4.4
Serbia	18%	4.2	(1.0)	5.0	4.5
Kosovo	10%	4.9	(6.0)	4.5	5.5
North Macedonia	8%	3.2	(4.5)	3.8	4.0
Romania	7%	4.1	(3.9)	6.0	4.8
Albania	4%	2.2	(3.5)	5.0	4.0
Bosnia and Herzegovina	4%	2.8	(5.5)	3.5	3.3
SEE region*	**72%**	**3.8**	**(3.6)**	**4.6**	**4.5**
Ukraine	11%	3.2	(4.2)	4.0	3.4
Georgia	7%	5.0	(6.1)	3.5	5.8
Moldova	3%	3.6	(7.5)	4.5	4.0
EE region*	**21%**	**3.8**	**(5.3)**	**3.9**	**4.2**
Ecuador	**6%**	**0.0**	**(7.5)**	**2.5**	**1.3**
European Union	-	**1.7**	**(6.1)**	**4.4**	**3.9**

Source: ProCredit, IMF Economic Outlook April 2021. Note: *Total for % loan book and weighted average for real GDP growth (based on end-2020 share in PCB's loan book).

SEE: Countries hit by COVID-19 to a varying degree

Based on IMF projections, the weighted average GDP decline across PCB's SEE region of 3.6% (weighted by the share in PCB's loan book at end-2020) was less pronounced than across the EU (6.1%) in 2020, while the 2021 rebound is expected to be slightly higher (4.6% vs 4.4%). General government gross domestic debt is expected to increase to c 48% of GDP (simple average) in 2021 in the SEE countries of PCB's operations (from c 38% in 2019 and 46% in 2020), remaining well below the EU average of c 93% (vs c 79% in 2019 and 92% in 2020), according to IMF forecasts.

Bulgaria, PCB's largest market, saw a 3.8% drop in real GDP in 2020, according to IMF estimates, with tourism and related activities being the hardest hit sectors. At the same time however, private consumption bounced back strongly in Q320 and Fitch expects an economic rebound in H221 (after a weaker H121), driven by the fading impact of the pandemic coupled with strong consumption and investments driven by higher external demand and EU funds absorption.

In **Serbia**, PCB's second largest SEE market, the IMF estimates that real GDP contraction in 2020 was relatively mild (down 1% y-o-y), backed by a particularly extensive government stimulus package (c 13% of GDP according to The World Bank), strong wage growth and resilient foreign direct investments. Fitch expects a recovery in 2021 supported by a positive carry-over effect and strengthening activity in H221 due to Serbia's fast vaccination rollout (see more details below) and recovering demand from the eurozone (which comprises 40% of exports). On the contrary, **Kosovo** (c 10% of PCB's gross loan book at end-2020) was visibly hit by the pandemic, with GDP declining

6.0% y-o-y based on IMF forecasts, affected by a plunge in exports (mostly due to a 51% y-o-y drop in diaspora travel services according to World Bank data) and investments.

Although vaccination programs have started in all SEE countries of PCB's operations, poorer states received the first batches of COVID-19 vaccines from the COVAX sharing scheme in late March 2021. Vaccination rates in the SEE region are higher for EU member states, ie Romania (c 17% of the population had received the first dose of a COVID-19 vaccine and c 10% was fully vaccinated as of 4 May 2021, according to Our World in Data) and Bulgaria (c 9% and c 3%, respectively). Having said that, the regional top-performer is Serbia, where c 22% of the population has been fully vaccinated (ie has received two doses) as at 4 May 2021 (vs c 23% in UK and 32% in the US as at the same date). This represents one of the highest rates in Europe after the country secured supplies of Chinese Sinopharm and Russian Sputnik V vaccines in addition to the Pfizer-BioNTech and Oxford-AstraZeneca vaccines.

Eastern Europe and Ecuador: COVID-19 coupled with other economic challenges

The EE countries where PCB is active suffered a greater fall in real GDP in 2020 than the SEE states (down 5.3% based on weighted average in 2020) and local currencies depreciated sharply against the euro. For FY21, the IMF expects a 3.5–4.5% GDP rebound.

Ukraine's real GDP contracted by 4.2% in 2020 as COVID-19 and a poor grain harvest (which reduced GDP by c 1pp) were partly offset by firm wage growth, employment support measures, robust remittances, a positive net trade contribution and moderate monetary and fiscal stimulus, according to Fitch. This was, however, coupled with a deterioration of relations with the IMF (one of Ukraine's main donors), which approved an 18-month Stand-by Arrangement for this country in June 2020 totalling c US$5bn. Ukraine has so far received only one US$2.1bn tranche as further loans have been frozen due to a slow pace of reforms.

Georgia's real GDP declined by 6.1% y-o-y in 2020 based on estimates from the IMF, with tourism revenues (representing c 11.6% of GDP in 2019) dropping by c 83% y-o-y in the period. The IMF expects Georgia's real GDP to grow by 3.5% and 5.8% in 2021 and 2022, respectively (and forecasts 5%+ pa growth for 2023–25). Fitch expects this year's recovery to be mostly driven by domestic demand, expecting tourism revenues to reach only 30% of 2019 levels (80% in 2022).

Moldova's real GDP contracted 7.5% in 2020 due to a combination of COVID-19 and a severe drought.

According to IMF forecasts, general government gross domestic debt to GDP in 2021 should remain at moderate levels with c 58% in Ukraine (vs 49% in 2019 and c 61% in 2020), c 64% in Georgia (c 40%, c 61%) and c 40% in Moldova (c 28%, c 35%). Access to COVID-19 vaccines in the EE countries remains limited. Ukraine started COVID-19 vaccinations in late February 2021 (c 2% of its population was given the first dose as of 4 May 2021, as per Our World in Data), while Georgia and Moldova received first batches of COVID-19 supplies in March 2021.

The IMF estimates that **Ecuador**'s real GDP contracted by 7.5% in 2020, weighed down by the twin shock of COVID-19 and declining prices of oil, its main export. In April 2020, Fitch downgraded the long-term issuer default rating to restricted default (RD) and the country ceiling to CCC after interest payments on 10 external bonds were deferred until August 2021. However, the ratings were restored back to the previous level of B- in September 2020 (with a stable outlook currently) after the country completed a debt restructuring, which involved US$17.4bn of international bonds. The IMF expects Ecuador's real GDP to increase 2.5% in 2021, and the general government gross debt to increase to c 65% of its GDP in 2021 (broadly unchanged vs 2020 and higher than c 52% in 2019).

Financials

Maintaining strong growth in loan book despite COVID-19

Last year, PCB seized the opportunity to grow its gross loan book by 9.5% y-o-y to c €5.25bn (after 9.2% y-o-y in FY19), ahead of competition whose initial response to the COVID-19 outbreak often involved limiting the lending activity, especially in Q220. Particularly strong positive contributions came from Bulgaria (up 16.5% y-o-y), Serbia (14.4%), North Macedonia (12.4%) and Romania (17.6%). Importantly, around 84% of PCB's overall loan growth in FY20 was attributable to investment loans and green loans and we note that PCB provides working capital facilities only to existing SME customers it knows well. PCB's green loan book grew significantly by 23.9% y-o-y to €985m in FY20, translating into a solid 31% CAGR from 2016–20. Consequently, it represented c 18.7% of the total loan book at end-2020 (16.6% at end-2019), which means that the company is quickly approaching its mid-term target of 20% (it looks achievable in FY21 already). Growth at group level was somewhat curtailed by local currency depreciation in Ukraine, Georgia and Moldova (c 5pp negative impact of local currency depreciation in these three countries in FY20 according to our estimates), although management highlighted expansion in local currency was in excess of 10% in these markets in FY20. At the same time, we estimate that c 2-4pp of the loan book growth in FY20 may have been attributable to credit moratoria.

Management recently reiterated its mid-term target for loan book growth at 10% pa (we assume a similar average growth in the coming years). This follows the completion of group consolidation and restructuring in FY19 (including the sale of operations in less promising markets) and in our opinion should continue to be driven by 1) PCB's successful 'Hausbank for SMEs' concept, 2) low banking sector penetration in the region (with a loan book to GDP of 40–45% on average vs over 70% in Western Europe), 3) good momentum in its green loan book, 4) a solid capital base and 5) strong ability to attract new customer deposits to secure the funding base.

Credit quality affected by the pandemic only moderately

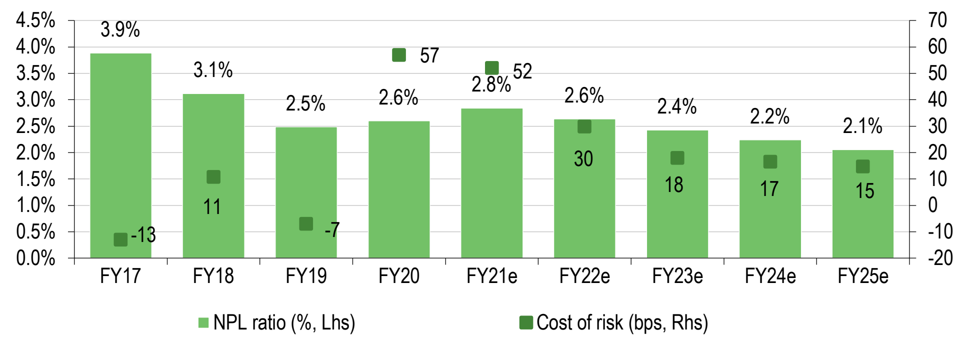
In FY20, PCB was able to extend its track record of loan book quality ahead of market with a cost of risk at 57bp, below management guidance of 75bp and lower than PCB's closest peers Raiffeisen Bank International, Erste Group and OTP Bank, which reported a cost of risk of 68–115bp in FY20. In contrast to its peers, PCB has no exposure to the consumer lending business, where default rates tend to be higher than is the case for investment loans. At the same time however, PCB has limited exposure to retail mortgage loans, where default rates are usually relatively low, and which are an important part of the retail exposure of its peers.

PCB's provision expenses totalled €28.6m and mostly came from macro assumption updates (€19.4m, including €11m in Q420), while stage transfers (€16.8m) were predominantly from stage 1 to stage 2 (driven by restructurings) with defaults remaining at a low level. Consequently, the share of credit-impaired loans was broadly stable at 2.6% at end-2020 vs 2.5% at end-2019 and would have even declined year-on-year if not for the new European Banking Authority (EBA) disclosure requirements, which resulted in a 37bp increase in PCB's ratio in Q420 (with no material influence on cost of risk). Stage 2 loans as a percentage of group gross loan book increased to 4.9% at end-2020 from 3.4% at end-2019.

We note that despite COVID-19, PCB maintained a good level of recoveries of written off loans (€11.6m in FY20 vs €12.4m in FY19). It is also worth noting that only 2% of PCB's loan book at end-2020 was in moratoria, though opt-in schemes were reintroduced this year in some of its countries of operations, for example Bulgaria, Romania, Serbia and Kosovo. Based on comments from PCB and some of its peers, we understand that loans leaving moratoria have overall been performing well. Its exposure to sectors that were hit the most by COVID-19 remains low, with the share of hotels as well as transport & logistics industries at a single-digit percentage level each. PCB also retained a high coverage ratio for credit-impaired loans at 91.4% (up from 89.1% at end-2019). Moreover, the group's total collateral at end-2020 stood at €3.9bn (vs €3.7bn at end-2019), representing c 74% of its total net customer loan book. This includes mortgages (65%), financial guarantees (14%) cash collateral (2%) and other (14%).

For FY21, management guides to cost of risk slightly lower than 2020 (we assume c 52bp), which should be mostly driven by stage transfers (rather than updated macro assumptions), including some stage 2 to stage 3 transfers. While PCB has not experienced any major increase in defaults so far, there will likely be at least a moderate pick-up this year, especially if state support is gradually phased out. On the other hand, this may be partially mitigated by PCB's loan portfolio's growing share of green loans, which have so far been characterised by a much lower default rate (0.6% in FY20). Consequently, we assume an increase in credit-impaired loans to gross loan book to 2.8% in FY21 (vs 2.6% in FY20, see Exhibit 4). For FY22, we still model an above-average cost of risk at c 30bp, as we believe that the prospective rise in corporate defaults will be gradual and spread over a longer timeframe. That said, we assume a decline to c 15–18bp (with a share of credit-impaired loans gradually declining to c 2.1%) thereafter.

Exhibit 4: PCB's historical and forecast NPL ratio and cost of risk at group level



Source: ProCredit, Edison Investment Research

Growth in customer deposits helps reduce funding costs

Our initial concern at the time of the COVID-19 outbreak that PCB may face some deposit outflows amid a liquidity crunch triggered by lockdowns has not materialised. The company reported a very robust growth in deposits of 13.0% in FY20 (including 3.8% in Q420 alone), assisting the group in gradually diversifying its funding sources (deposits to total liabilities were slightly up to 75% at end-2020 vs 74% at end-2019) and reducing average funding costs (helping the group to lower liabilities from outstanding debt securities to €266.9m from €343.7m at end-2019). Growth came primarily from sight deposits (which can be withdrawn without restrictions), which together with FlexSave accounts represented 68% of customer deposits at end-2020 (vs 64% at end-2019). As a result, PCB's loans to deposits ratio stood at 107.3% at end-2020 vs 110.7% at end-2019. We understand that PCB retains its emphasis on further expanding its deposit base and, consequently, we assume an increase of c 10–12% pa over the next three years and c 10% thereafter. PCB was also able to secure additional funding from international financial institutions, which at end-2020 stood at c €1.0bn vs €852.5m at end-2019 (and now represents 15% of group liabilities at end-2020 vs 14% at end-2019).

CET-1 ratio remains above 13%, in line with guidance

PCB retained a solid capital base and while its CET-1 ratio went down to 13.3% at end-2020 vs 14.1% at end-2019 (with the tier-1 ratio still equal to its CET-1 ratio), it remains well above the regulatory requirement of 8.2% (10.1% for tier-1). Its total capital ratio (TCR) was 14.7% vs 15.7% at end-2019 and the regulatory requirement of 12.6%. The year-on-year decline in the CET-1 ratio was primarily a function of the loan book growth and an increase in the negative translation reserve (on the back of local currencies depreciation vs the euro, mostly the Ukrainian hryvna and the Georgian lari). We note that the ratio does not include PCB's H220 profits (historically the year-end ratio included Q3 earnings as well), which would add 30bp to its CET-1 ratio (and will be recognised in the regulatory capital in Q221). Moreover, one-third of both 2019 and H120 profits were deducted from the regulatory capital to account for the intended dividend payment (reducing the CET-1 ratio by 46bp).

Interestingly, PCB's RWA increased by only 1% vs end-2019 despite the expanding loan portfolio. This was due to the EBA's equivalence acknowledgement of the Serbian banking regulatory framework (reducing PCB's RWA by €130m), as well as partial application of the new SME support factors (reducing the RWA by €140m, with a further c €100m to be recognised in Q221 according to the management). We forecast PCB's CET-1 ratio at 13.0% in FY21 and 12.9% in FY22. Consequently, we believe that PCB will be in a comfortable position to continue to distribute dividends in line with its policy (subject to any regulatory restrictions).

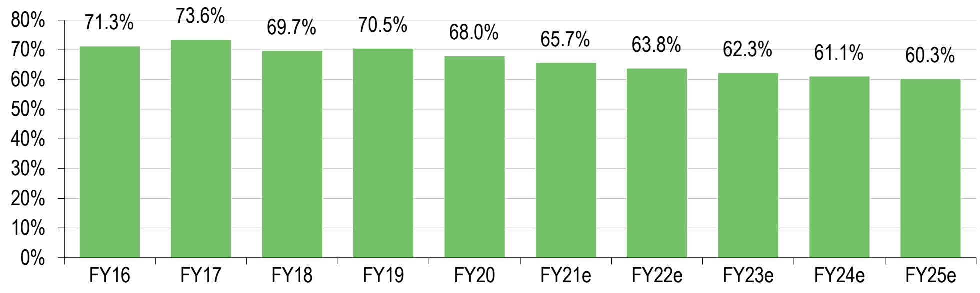
Net interest margin should stabilise going forward

PCB's NIM stood at 2.8% in Q420 and 2.9% in FY20 (vs 3.1% in FY19), affected by the rate cuts across its markets of operations, most notably Ukraine (NIM in the EE segment was down to 4.1% in FY20 from 4.6% in FY19). In SEE, NIM fell to 2.4% from 2.5% at end-2019, with the decline mitigated by the fact that rates in Bulgaria were already at 0% before the pandemic and that in a number of countries a large part of PCB's loan book was denominated in euros (eg Kosovo, Serbia and Bosnia and Herzegovina). While in the initial stage of the COVID-19 crisis PCB was able to price new loans more favourably in some regions, this was largely offset by its increased emphasis on the lower-margin upper medium loan-size segment. On the other hand, PCB's NIM was assisted by strong growth in sight deposits (see above). Going forward, we assume only minor incremental margin pressure and some tailwinds from continued expansion of PCB's deposit base, with our FY21 and FY22 NIM forecast at c 2.8%. COVID-19 has dampened money transfers and card transactions made by PCB's customers, especially in Q220 with a subsequent rebound in the H220, bringing PCB's Q420 net fee and commission income to €12.7m vs €13.1m in Q419. We assume a similar run-rate in the coming quarters, with a stronger rebound in FY22.

Cost-income ratio to be assisted by higher income

PCB's CIR declined by 2.5pp to 68.0% in FY20, which is partially due to the COVID-19 related fall in some expense items, such as travel and transport, marketing and training expenses (we estimate this at c €7.7m). Consequently, administrative expenses decreased by c 8.8% y-o-y (or c €8.4m) to €87.1m. PCB's personnel expenses went up by 5.1% y-o-y to €84.3m, accompanied by a 7.8% y-o-y increase in headcount to 3,261 employees at end-2020. At the same time, ProCredit recognised c €4.0m of one-off items attributable in particular to the partial write-down of goodwill, loss on disposal of a former regional academy in Latin America, as well as restructuring measures in PCB. In FY19, PCB's results included a c €4.0m write-down of head offices in Albania and Kosovo, as well as goodwill impairment related to PCB Romania of €2.0m. We note that PCB received only minor public funding in FY20 (€43k) and the employees of ProCredit Academy received furlough compensation of €285k (netted against personnel expenses). Management guides to a CIR of c 65–68% in FY21 and reiterated its mid-term guidance of below 60%. We have assumed c 66% and c 64% in FY21 and FY22, respectively. With no meaningful further cost savings potential, the expected CIR decline should largely come from growing operating income.

Exhibit 5: PCB's cost income ratio at group level



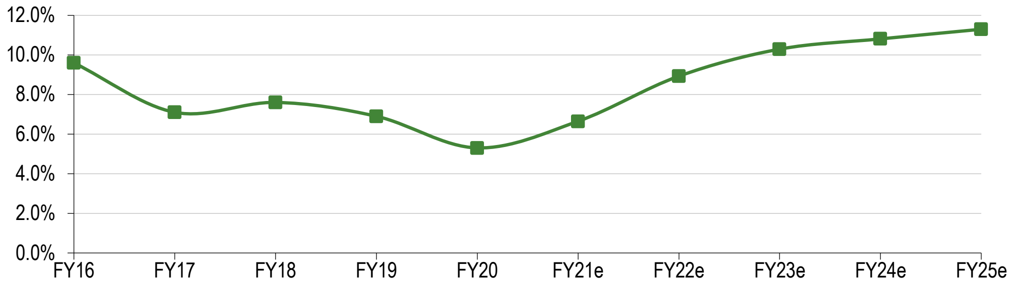
Source: ProCredit, Edison Investment Research

Still aiming for ROE of 10% in the medium term

As a result of moderate loss allowances, continued loan book expansion (largely offsetting the interest rate cuts) and strong growth in deposits, PCB recorded an ROE decline of 1.6pp to 5.3% in FY20 (with 6.0% in South Eastern Europe, 12.3% in Eastern Europe and -4.7% in Ecuador), which was more limited than in the case of its peers. PCB's ROE in FY20 was ahead of Erste Bank (4.7%, down 5.3pp vs 2019), but below Raiffeisen Bank International (6.4%, down 4.6pp vs FY19) and OTP Bank (13.0%, down 7.6pp vs FY19), as well as local peers (c 11–15% vs 19–26% in FY19). This is in line with PCB's historical performance vs peers, with its ROE normally being somewhat lower but more stable through the cycle. We explore the potential reasons for the lower ROE in our initiation note, which include a higher RWA as a percentage of total assets (c 73% in FY20 vs 43–48% for Austrian peers and 64% for OTP Bank), a higher CIR at 68% in FY20 vs c 57% on average for peers and a higher customer loans to deposits ratio, although the latter has slightly declined in FY20. We also note that PCB's profitability is limited by the weak result of PCB Romania (loss after tax at €5.1m in FY20 after €4.1m in FY19) where the company recently initiated further restructuring measures, including a 20% staff reduction and closure of non-essential branches. Other local banks that generated a loss after tax last year include Albania (€3.6m in FY20) and Ecuador (€2.2m), though we understand that the latter would be profitable if not for the higher loss allowances last year.

Management reiterated its mid-term guidance of ROE of 10%, which we still consider achievable given the business realignment completed in FY19, as well as the solid expected growth in the loan portfolio and deposit base, which should allow it to realize economies of scale. Moreover, we note that ROE should be assisted by the return to a more normalised cost of risk level. This would bring PCB's profitability closer to its Austrian peers.

Exhibit 6: PCB's historical and forecast ROE at group level



Source: ProCredit, Edison Investment Research

Our revised forecasts for this year and next are shown in Exhibit 7. We have made only minor revisions to our FY21e and FY22e pre-tax profit numbers, which are mostly driven by the revised FY21e growth expectations for PCB's gross loan book (currently at 10.5% compared to 7.1% previously) and customer deposits (now 11.6% vs 5.9% previously), as well a slightly adjusted cost of risk assumption.

Exhibit 7: Forecast revision study

	2021e				2022e			
	Old	New	Change	Growth y-o-y	Old	New	Change	Growth y-o-y
Net interest income	208.0	216.4	4.0%	7.4%	223.5	235.1	5.2%	8.6%
Net interest margin (annualized)	2.8%	2.8%	0.1 pp	-0.1 pp	2.8%	2.8%	0.1 pp	0 pp
Expenses for loss allowances	28.6	28.8	0.6%	N/M	15.6	18.2	16.8%	-36.7%
Cost of risk (annualized in bp)	52	52	0 bp	N/M	26	30	4 bp	-22 bp
Net fee and commission income	51.5	51.3	-0.4%	8.2%	57.3	57.2	-0.2%	11.5%
Pre-tax profit	64.0	64.8	1.2%	24.5%	90.8	90.2	-0.7%	39.1%
Net income	51.4	52.5	2.1%	26.9%	74.5	74.0	-0.6%	40.9%
CET1 ratio	14.2%	13.0%	-1.2 pp	-0.2 pp	14.2%	12.9%	-1.3 pp	-0.1 pp
TCR	15.8%	14.3%	-1.5 pp	-0.3 pp	15.7%	14.1%	-1.5 pp	-0.2 pp
CIR	65.3%	65.7%	0.3 pp	-2.3 pp	63.3%	63.8%	0.4 pp	-1.9 pp
Gross loan portfolio	5,662.2	5,805.5	2.5%	10.5%	6,222.6	6,378.3	2.5%	9.9%
Net loan portfolio	5,529.6	5,665.6	2.5%	10.4%	6,087.3	6,229.0	2.3%	9.9%
Customer deposits	5,197.1	5,469.6	5.2%	11.6%	5,694.6	5,986.8	5.1%	9.5%

Source: Edison Investment Research

Valuation

We have examined PCB's value using the implied price to tangible book value (P/BV) method based on our assessment of the bank's sustainable RoTE and cost of equity derived from a capital asset pricing model (CAPM). To arrive at the book value of PCB's tangible equity, we have subtracted the forecast balance sheet value of intangibles from our shareholders' equity forecast. Subsequently, we have calculated the RoTE using net profit after taxes. We have assumed a sustainable RoTE of 10.0% (in line with our previous valuation). We believe the bank is well positioned to reach its mid-term ROE target of 10%, which we expect in FY23. Importantly, it should be able to do so based exclusively on the current regulatory capital and prospective retained earnings. Although PCB's capital ratios should by then still be ahead of regulatory requirements, we are conservatively not adjusting our valuation for any remaining excess capital to retain a certain buffer in our forecasts.

For the purpose of estimating PCB's cost of equity, we have used country-level market risk premiums as calculated by Aswath Damodaran (professor of finance at the Stern School of Business at New York University) based on default spreads estimated from Moody's local currency sovereign ratings or sovereign credit default swaps. We have then weighted these market risk premiums according to PCB's gross loan book split by country at end-2020. Given the euro area yield curve is negative for maturities up to 15 years (and below 0.5% thereafter), we still assume a 1% risk free rate, which is close to the average 10-year German bond yield over the last 10 years. We have applied a beta of 1.0x, given the banking sector's performance tends to mirror conditions in the broader economy. We believe this is a conservative assumption given the risk profile of PCB's loan book is below local banking sectors and the fact that PCB operates under German regulations and supervision. We have also used a long-term growth rate of 2.0% in the valuation.

With the rollout of the COVID-19 vaccination process and continued monetary and fiscal support provided to the global economy, the degree of market uncertainty in PCB's markets of operations seems to have subsided compared to end-March 2020. This is illustrated by sovereign ratings largely remaining at pre-COVID-19 levels. We note that the outlook for Romania, North Macedonia and Georgia has been changed to negative by Fitch (ratings at BBB-, BB+, and BB, respectively), but Bulgaria's outlook was revised to positive in February 2021 (BBB), while other countries maintained a stable outlook. Moreover, the credit default spread declined in the case of some countries; for example, for Ukraine it went down to c 480bp from c 860bp at end-March 2020. Moreover, country risk premiums in developed markets (which are a reference point for emerging markets) went down compared to the early stage of COVID-19 outbreak. Accordingly, country risk premiums for PCB's markets have declined significantly since we initiated coverage of PCB, with the current weighted average for PCB at 8.6% (based on Damodaran data last updated in January 2021) compared to 13.7% based on April 2020 data available back in June 2020. The new assumptions imply a P/BV multiple for PCB of 1.05x (see Exhibit 8).

Nevertheless, we note that PCB is yet to reach the 10% RoTE and at present its peers, which trade at a c 1.0x FY20 P/BV multiple, had a higher FY20 ROE than PCB. A regression line based on FY20 P/BV and ROE indicators for PCB and its peers implies a P/BV multiple of 0.75x for PCB. As a result, we have assumed a fair value multiple of 0.90x, which is the average of the multiple derived from the CAPM and the regression analysis. This implies a fair value per PCB share of €11.20 (and 28% upside to current share price). Here we acknowledge that the peer group is quite scattered across the P/BV-ROE map, making the regression line somewhat less reliable. We believe this may be due to a number of non-financial factors, such as the political risk perceived by investors. We have relied on FY20 data due to a low R-squared value of the regression line that is based on FY21e P/BV and ROE estimates for PCB and its peers (which suggests limited reliability) – see Exhibits 10 and 11.

Exhibit 8: PCB's P/BV-ROE valuation

€'000s unless otherwise stated	FY20	FY21e	FY22e	FY23e	FY24e	FY25e
Shareholder's equity	779,729	801,040	857,563	924,630	998,004	1,080,813
Intangibles	19,316	19,316	19,316	19,316	19,316	19,316
Tangible equity	760,413	781,724	838,247	905,314	978,688	1,061,497
Net attributable profit	41,396	52,527	74,032	91,744	103,955	117,461
RoTE	**5.4%**	**6.8%**	**9.1%**	**10.5%**	**11.0%**	**11.5%**
Tangible equity per share (€)	**12.9**	**13.3**	**14.2**	**15.4**	**16.6**	**18.0**
Tangible equity per share (FY21e, €)	13.3					
Sustainable RoTE	10.0%					
Growth rate	2.0%					
Cost of equity	9.6%					
Fair value multiple – CAPM model	**1.05x**					
Fair value multiple – regression multiple	**0.75x**					
Fair value multiple – simple average	**0.90x**					
Fair value per share (end-2021, €)	11.92					
discount factor	*0.94*					
Fair value per share (€)	**11.20**					
Current share price (€)	8.78					
upside / downside	*28%*					

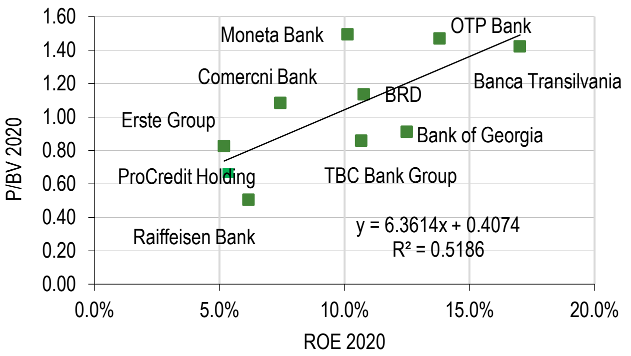
Source: ProCredit, Edison Investment Research

Exhibit 9: PCB's valuation sensitivity analysis (€/share)

		Sustainable RoTE						
		7.0%	**8.0%**	**9.0%**	**10.0%**	**11.0%**	**12.0%**	**13.0%**
Cost of equity	**8.1%**	9.77	10.79	11.81	12.83	13.84	14.86	15.88
	8.6%	9.38	10.32	11.27	12.21	13.15	14.09	15.04
	9.1%	9.05	9.93	10.80	11.68	12.56	13.43	14.31
	9.6%	8.76	9.58	10.40	**11.20**	12.04	12.86	13.68
	10.1%	8.51	9.28	10.05	10.82	11.59	12.36	13.12
	10.6%	8.29	9.01	9.74	10.46	11.19	11.91	12.63
	11.1%	8.09	8.78	9.46	10.14	10.83	11.51	12.20

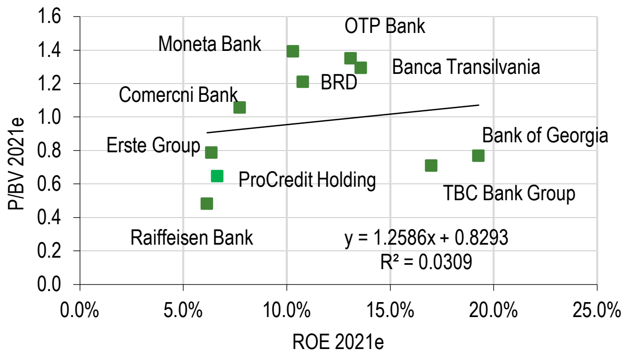
Source: Edison Investment Research

Exhibit 10: P/BV vs ROE – ProCredit and its peers (2020)



Source: ProCredit, Edison Investment Research, Refinitiv

Exhibit 11: P/BV vs ROE – ProCredit and its peers (2021e)



Source: Source: ProCredit, Edison Investment Research forecasts for PCB, Refinitiv consensus at 4 May 2021 for peers

Sensitivities

We have identified the following sensitivities influencing PCB's business:

COVID-19: we believe that PCB's performance in FY20 demonstrated that it was able to weather the macro headwinds well relative to its peers. PCB will continue to be supported by: 1) a lean branch network and digital platform (powered by Quipu), 2) high loan book quality and collateral requirements, 3) well-trained and experienced staff, 4) emphasis on a long-term, in-depth and individual approach to SMEs throughout their lifecycle, 5) support from international financial institutions (as shareholders, debt holders and/or partners in SME funding schemes) and 6) solid liquidity with an LCR of 153% at end-2020 vs the regulatory requirement of 100%.

Foreign exchange risk: PCB is exposed to foreign currency exchange 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 risk-weighted assets (RWA). We also note that 55% of the group's loan portfolio was denominated in euros at end-2020, followed by the US dollar (10%) and local currencies (35%). However, PCB aims to reduce credit risk for clients and the group's banks by typically disbursing foreign currency loans only to customers which generate revenues in this currency. Finally, depreciation of domestic currencies could lead to the reduction of regulatory capital ratios in local banks, but PCB mitigates this risk by matching the foreign currency exposures of its assets and liabilities. The use of hedging instruments is thus limited at PCB. Some countries where PCB is present have pegged their domestic currencies to the euro, which inherently reduces their volatility vs the euro (the group's reporting currency); see our initiation note for details. At the same time, however, we acknowledge that currency pegs may be broken and consequently do not ensure the stability of exchange rates at all times (a good example here is Ukraine in 2015).

Political risk is elevated in several SEE/EE countries, as illustrated by military conflicts (Ukraine, Georgia), territorial disputes (Kosovo-Serbia) and internal political deadlocks (eg North Macedonia in 2015–17). 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, North Macedonia and Serbia are EU member candidates. Several 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.

Macroeconomic risk remains higher in PCB's countries of operation compared to Western Europe and Central and Eastern Europe (CEE) countries given the earlier stage of economic development and several challenges or risks these economies face, including: 1) higher share of foreign currency-denominated loans in the banking sector in several countries (eg Serbia, Albania and across EE), 2) susceptibility to global supply chain disruptions, 3) high reliance on remittances (eg Kosovo, Albania, Moldova), 4) high tourism contribution to GDP (eg Georgia, Albania) and 5) Ecuador's high sensitivity to oil prices.

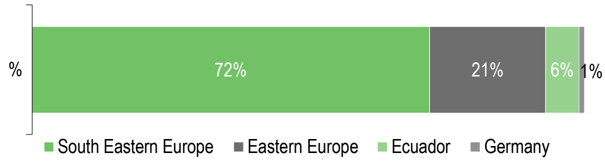
Weather anomalies and natural disasters pose a risk for PCB's significant exposure to agriculture loans (19% at end-FY20).

Fintech competition: a number of innovative companies (both balance sheet lenders and operators of digital marketplaces) such as Ferratum, Kapilendo, Creditshelf and Funding Circle seek to address the SME funding gap in Europe. These constitute potential new competition for PCB, given that they target a similar segment (eg Kapilendo focuses on loan volumes between €250k and €5m). Having said that, we believe that PCB's 'Hausbank' approach, coupled with strong experience in the markets in which it operates, represents a significant competitive advantage. Furthermore, fintech expansion in these markets is likely to occur later than in Western Europe or CEE.

Exhibit 12: Financial summary

Year ending December, €000s	FY18	FY19	FY20	FY21e	FY22e	FY23e	FY24e	FY25e
INCOME STATEMENT								
Net interest income	186,235	194,533	201,561	216,435	235,051	256,805	280,454	307,544
Net fee and commission income	52,172	51,972	47,380	51,265	57,174	61,817	65,548	69,503
Loss allowances (-)	(4,714)	(3,327)	28,600	28,754	18,205	12,042	12,162	11,959
Operating income	245,394	252,603	223,514	243,994	280,906	314,324	342,410	374,584
Operating expenses	167,866	175,737	171,430	179,159	190,721	203,183	216,779	233,047
PBT	77,528	76,866	52,085	64,835	90,185	111,141	125,631	141,537
Net profit after tax	**54,479**	**54,305**	**41,396**	**52,527**	**74,032**	**91,744**	**103,955**	**117,461**
Reported EPS (€)	0.90	0.89	0.70	0.89	1.26	1.56	1.76	1.99
DPS (€)	0.30	0.00	0.53	0.30	0.42	0.52	0.59	0.66
BALANCE SHEET								
Cash and balances at Central Banks	963,714	1,081,723	1,405,349	1,476,613	1,562,631	1,656,119	1,749,577	1,849,669
Loans and advances to banks	211,592	320,737	236,519	241,285	241,285	241,285	241,285	241,285
Investment securities	297,308	378,281	336,476	343,256	343,256	343,256	343,256	343,256
Loans and advances to customers	4,267,829	4,690,961	5,131,582	5,665,645	6,229,027	6,854,094	7,550,173	8,320,422
Property, plant and equipment and investment properties	130,153	138,407	140,744	140,744	140,744	140,744	140,744	140,744
Intangible assets	22,191	20,345	19,316	19,316	19,316	19,316	19,316	19,316
Other assets	73,396	67,106	59,315	59,315	59,315	59,315	59,315	59,315
Total assets	**5,966,184**	**6,697,560**	**7,329,301**	**7,946,174**	**8,595,573**	**9,314,130**	**10,103,666**	**10,974,007**
Liabilities to banks	200,813	226,819	230,556	235,202	249,314	264,273	280,129	296,937
Liabilities to customers	3,825,938	4,333,436	4,898,897	5,469,559	5,986,795	6,558,107	7,189,280	7,886,724
Liabilities to international financial institutions	813,369	852,452	1,005,207	1,025,462	1,086,990	1,152,210	1,221,342	1,294,623
Debt securities	206,212	343,727	266,858	266,858	266,858	266,858	266,858	266,858
Subordinated debt	143,140	87,198	84,974	84,974	84,974	84,974	84,974	84,974
Other liabilities	33,076	50,436	63,080	63,080	63,080	63,080	63,080	63,080
Total liabilities	**5,222,549**	**5,894,068**	**6,549,573**	**7,145,135**	**7,738,011**	**8,389,501**	**9,105,664**	**9,893,195**
Total shareholders' equity	743,634	803,492	779,728	801,039	857,562	924,629	998,003	1,080,812
BVPS (€)	12.5	13.5	13.2	13.6	14.6	15.7	16.9	18.4
TNAV per share (€)	12.1	13.1	12.9	13.3	14.2	15.4	16.6	18.0
RATIOS								
NIM	3.30%	3.10%	2.90%	2.83%	2.84%	2.87%	2.89%	2.92%
Costs/Income	69.7%	70.5%	68.0%	65.7%	63.8%	62.3%	61.1%	60.3%
ROAE	7.6%	6.9%	5.3%	6.6%	8.9%	10.3%	10.8%	11.3%
CET1 Ratio	14.4%	14.1%	13.3%	13.0%	12.9%	12.6%	12.6%	12.6%
Tier 1 ratio	14.4%	14.1%	13.3%	13.0%	12.9%	12.6%	12.6%	12.6%
Capital adequacy ratio	17.2%	15.7%	14.7%	14.3%	14.1%	13.7%	13.6%	13.5%
Payout ratio (%)	33.3%	0.0%	33.3%*	33.3%	33.3%	33.3%	33.3%	33.3%
Customer loans/Total assets	73.6%	71.6%	71.7%	73.1%	74.2%	75.3%	76.4%	77.4%
Loans/Deposits	114.8%	110.7%	107.3%	106.1%	106.5%	106.9%	107.3%	107.7%

Source: ProCredit accounts, Edison Investment Research; Note: * management's dividend proposal reflects the intention to distribute 1/3 of accumulated profits of 2019 and 2020.

Contact details	Revenue by geography
Rohmerplatz 33–37 60486 Frankfurt Germany +49 69 951 437 0 procredit-holding.com	

Management team

Board member: Dr Gabriel Schor

Gabriel has been part of the company since the beginning. He worked for the consulting company IPC since 1983 (IPC was consulting company founded in 1980; now Zeitinger Invest, a major PCB's shareholder). He was appointed a member of PCB's management board in 2004 and has been responsible for reporting and controlling, supervisory reporting and capital planning, accounting and taxes, group treasury and group funding**.** In September 2019, he also took over investor relations, group communications, administration and translation. He is the personally liable managing partner of ProCredit AG & Co KGaA.

Board member: Sandrine Massiani

Sandrine joined PCB in 2007 and initially worked as regional coordinator in Africa. She became a coordinator of the group human resources in 2011 and a manager of human resources and IT in 2015. She was appointed to the management board in 2017 and has overseen human resources, internal audit, risk management, IT, business support and compliance. Since September 2019, she has also been responsible for credit risk, group environmental management, legal, group anti-money laundering and fraud prevention. Before Sandrine Massiani joined PCB, she worked at BNP Paribas and Development Finance International (an international advisory firm focused on emerging markets) and was a project coordinator and short-term expert at IPC.

Board member: Dr Gian Marco Felice

Dr Gian Marco Felice has held various managerial positions within the group since 2001 and is now responsible for business support, environmental management and impact reporting, as well as IT. He joined the management board in June 2020.

Principal shareholders	(%)
Zeitinger Invest	17.0
KfW	13.2
DOEN Paticipaties	12.5
International Finance Corporation	10.0
TIAA	8.6
ProCredit Staff Invest Beteiligungs	3.0
Free float	35.7