

# ProCredit Holding

Q123 results

## Strong rebound in profitability in Q123

ProCredit Holding's (PCB's) strong Q123 net profit of €29.5m implies an annualised return on equity (ROE) of 13.3%. This is a result of a healthy annualised net interest margin (NIM) of 3.4% (vs 2.9% in Q122), a c 11% year-on-year growth in net fee and commission income and limited cost of risk at 12bp. Importantly, ProCredit Ukraine returned to profitability with an annualised ROE of 21.7% in Q123. PCB's ROE may be more moderate in the coming quarters as customer deposit rates are repriced, loss allowances pick up and further cost inflation is reflected in the company's bottom line. That said, PCB's shares now trade at an undemanding 5.2x our FY23e earnings per share, based on an ROE of 9.3% in FY23e (vs the company's recently raised guidance of 8–10%).

Year end	Net interest income (€m)	EPS* (€)	DPS (€)	P/BV (x)	P/E* (x)	ROE (%)
12/21	222.0	1.35	0.00	0.51	5.5	9.7
12/22	264.6	0.28	0.00	0.50	26.5	1.9
12/23e	296.5	1.44	0.48	0.46	5.2	9.3
12/24e	305.6	1.57	0.52	0.43	4.7	9.4

Note: \*EPS as reported by the company

## Deposit-to-loan ratio improved to 104% in Q123

PCB's Q123 results reflect management's focus on improving the deposit-to-loan ratio, which reached 104.3% at end-March 2023 (up by 1.3pp vs end-2022 and by 12.8pp y-o-y). PCB's loan book increased only slightly by 0.5% y-o-y (or 1.5% excluding FX) in Q123, which reflects steady loan repayments coupled with limited new lending at ProCredit Ukraine (its loan portfolio was down 26% y-o-y at end-March 2023), as well as selective growth in other markets aimed at profitability and deposit-to-loan ratio optimisation. Meanwhile, customer deposits increased 14.6% y-o-y (up 0.6% from end-2022, affected by the usual seasonality), assisted by PCB's digital banking channels.

## CET-1 ratio at 14.1% vs 9.2% expected requirement

PCB improved its ratio of risk weighted assets (RWA) to total assets to 66.6% in Q123, from 69.0% at end-2022, assisted by the broadening of the Multilateral Investment Guarantee Agency agreement (resulting in a €112m RWA reduction). As a result, PCB's CET-1 ratio reached 14.1% at end-March 2023 (reflecting only two-thirds of FY22 profits) versus 13.5% at end-2022. This compares with the expected regulatory requirement at end-June 2023 of 9.2% (assuming a Pillar 2 requirement from the annual Supervisory and Evaluation Review Process of 3.5% vs 2.0% previously). PCB's total capital ratio was 15.4% versus the expected requirement of 14.3%.

## Valuation: Earnings rebound not yet priced in

In our base scenario (which assumes a sustainable return on tangible equity, RoTE, of 10%), we value the business at €10.30/share (slightly down from €10.36 previously). Assuming an RoTE in line with management's mid-term guidance (12%), PCB would be valued at €12.10/share. Finally, in a worst-case scenario of full write-off of the local bank in Ukraine, we would value PCB at €9.00/share.

### Banks

6 June 2023

**Price** €7.42

**Market cap** €437m

Total assets (€bn) at end-March 2023 8.9

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 18.9 41.6 90.3

Rel (local) 18.9 38.2 72.3

52-week high/low €7.42 €2.56

### Business description

Based in Germany, ProCredit Holding operates regional banks across South-Eastern and Eastern Europe and Ecuador. The banks focus on SMEs and private middle-income and high earners.

### Next events

H123 results 14 August 2023

Q323 results 14 November 2023

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## FY23 ROE guidance recently raised to 8-10%

PCB's Q123 annualised ROE of 13.3% (or 11.6% excluding Ukraine) is in line with management's mid-term target of 12% (recently raised from 10%). PCB's management recently raised its FY23e ROE guidance to 8-10% from 6–8% previously. This may still look somewhat conservative at first glance. That said, management remains cautious due to (1) the expected NIM compression in the coming quarters, (2) a possible pick-up of cost of risk after the low level in Q123, and (3) inflationary pressure likely to further feed through to PCB's operating expenses. Moreover, management does not want to draw premature conclusions in terms of the market dynamics based on a single quarter. Nevertheless, we forecast an FY23e ROE of 9.3%, slightly above the mid-point of the guidance.

### Exhibit 1: Q123 results highlights

€m, unless otherwise stated	Q123	Q122	y-o-y change
Net interest income	75.4	60.2	25.3%
Net interest margin (annualised)	3.4%	2.9%	47bp
Expenses for loss allowances	1.9	35.6	NM
Cost of risk (annualised, bp)	12	238	-226bp
Net fee and commission income	14.0	12.6	10.9%
Pre-tax profit	35.9	(3.8)	NM
Net income	29.5	(1.7)	NM
ROE	13.3%	-0.8%	NM
CIR	59.7%	59.1%	52bp
CET-1 ratio	14.1%	13.4%	0.7pp
Gross loan portfolio growth (q-o-q)	-0.8%	1.8%	-2.5pp
Customer deposits growth (q-o-q)	0.6%	-0.4%	1pp

Source: ProCredit Holding

## NIM strong in Q123 but likely to compress moderately in the near term as deposits are repriced

PCB's loan book was repriced more quickly in response to the rising interest rates across its countries of operations than its customer deposit base (a development commonly seen across the banking sector). This resulted in a strong annualised NIM of 3.4% in Q123 (vs 2.9% in Q122 and 3.1% in Q422). The NIM increase was particularly strong in some countries (eg Bosnia and Herzegovina) where repricing of some currency loans occurs in bulk twice a year (last repricing occurred in January 2023). Management expects the NIM to moderate towards the end of the year as deposits are further repriced. In this context, we note that, unsurprisingly, Q123 deposit growth was dominated by term deposits as customers looked for higher-interest products. At the same time, the increasing share of deposits in PCB's funding mix may offset some of the NIM pressure.

We expect the FY23 NIM to come in at 3.3% and moderate further to 3.2% in FY24, even in the absence of any major central bank rate cuts (though we note that the National Bank of Georgia has already started cutting rates in response to moderating inflation). Nevertheless, the current margin level should provide a good tailwind for PCB's results in the near term and we expect its net interest income to increase by c 12% to €297m in FY23.

## Cost of risk at a low 12bp in Q123; FY23 guidance of up to 45bp

While management's FY23 guidance assumes a cost of risk of up to 45bp, Q123 stood at just 12bp, representing €1.9m in loss allowances, with just €0.5m in South-Eastern Europe and €1.6m in Eastern Europe (and a slight €0.2m net provision release in Ecuador). The share of credit-impaired loans across PCB's portfolio was 3.2% at end-March 2023 (or 2.3% excluding Ukraine), down slightly from 3.3% (2.4%) at end-2022. Excluding Ukraine, the share was also slightly down from

2.4% at end-March 2022. The stage 3 coverage ratio stood at 62.3% at end-March 2023 versus 61.8% at end-2022 and significantly up versus 51.5% at end-March 2022.

As the global macroeconomic slowdown unfolds through the year, PCB's cost of risk may also increase. However, we note that PCB already booked sizeable management overlays in FY22 of €39.6m related to macroeconomic risks (eg energy, inflation, geopolitical risks) and the Ukrainian loan book is well covered by provisions (see below). We assume a cost of risk at 46bp in FY23, ie at the upper end of management's guidance, implying loan loss provisions of €28.4m in FY23 (vs €104.6m in FY22 and €6.5m in FY21).

## Adjusted CIR down y-o-y to 57.0% despite persistent inflation

PCB's personnel and administrative expenses excluding extraordinary items were up 19% y-o-y in Q123 but still below the 20.7% y-o-y increase in operating income. Therefore, its cost to income ratio (CIR) excluding one-off items reached 57.0% in Q123, down from 59.5% in Q122 and on par with management's mid-term guidance. The headline figure was 59.7% (slightly up vs 59.1% in Q122), with €1.9m in one-time administrative expenses for consulting and legal services in conjunction with PCB's planned change of legal form (see our [previous note](#) for details). We note that PCB's operating income included a €1.1m negative extraordinary effect related to the fair value of derivatives and derecognition of financial assets.

PCB's personnel costs increased by 12.6% y-o-y, which (after adjusting for one-off items) was due to a 10.4% headcount increase and a 10% average salary increase (as PCB continues to experience high competition for employees). Management highlighted during the Q123 earnings call that another salary review will be conducted across PCB's local banks in July, likely leading to a more pronounced increase in personnel costs in H223. We also note that PCB continues its marketing spend to further enhance the positioning of ProCredit Direct (to attract customer deposits, among others). Management now guides to a FY23 CIR at 62-64% vs FY22 at 64.0%. We expect a CIR of 64.4% in FY23, as cost inflation coupled with muted loan book growth (we assume 2.5% in FY23) may limit the opportunity to realise economies of scale in the near term.

## ProCredit Ukraine profitable in Q123, but local situation still uncertain

PCB's FY23 guidance assumes that ProCredit Ukraine will post a nil net profit this year, as still-elevated cost of risk and operating expenses offset operating income. However, the local bank reported a Q123 net profit of €3.1m (vs a €23.4m loss in Q122), implying an annualised ROE of 21.7%. This was a function of a broadly stable operating income of €12.4m (vs €12.3m in Q122), a decline in operating expenses by c 18% y-o-y (most likely due to a high base from one-offs last year) and moderate loan loss provisions of €3.1m (vs €35.3m in Q122), the latter coming from updated macroeconomic parameters amid a subdued outlook for Ukraine's economy. The local bank retains capital buffers of more than 6pp at end-March 2023 and its liquidity position remains stable, according to PCB's management. Its share of credit-impaired loans stood at 12.5% at end-March 2023 (vs 11.9% at end-2022), with the bulk of portfolio reclassification complete. The already incurred loan loss provisions cover 16% of the total loan book and 130% of the default portfolio. As new lending remains limited, and amid steady loan repayments, ProCredit Ukraine's loan book reduced further by €29.5m since end-2022 (also partly due to a €7m negative FX impact). As a result, the local loan book made up 9% of PCB's total loan portfolio at end-March 2023 (vs 12% at end-March 2022). Nevertheless, the outcome of the war remains uncertain and further significant credit losses at ProCredit Ukraine cannot be ruled out.

## Key takeaways from PCB's Impact Report 2022

Given PCB's sustainability orientation, we believe it is also instructive to examine the key highlights from the company's Impact Report 2022 released earlier this year.

### Targeting a 25% share of green loans in the medium term

PCB's €1.2bn green loan portfolio represented 20.2% of its loan book at end-March 2023 and grew at a CAGR of 16% between FY18 and FY22 (and c 9.1% y-o-y in FY22 alone, accounting for more than 50% of total loan portfolio growth). After reaching its previous 20% target, management now aims for PCB's green loan book to represent 25% of the total loan portfolio in the medium term. Its green portfolio includes loans to fund energy efficiency projects that reduce energy consumption by at least 20% (these made up c 49% of the green loan portfolio at end-March 2023), renewable energy (33%) and other green investments (18%), including investments leading to the prevention of air, water and soil pollution, waste management and organic agriculture and production. The renewable energy projects in operation that were financed by PCB led to a reduction of greenhouse gas equivalents of 144.7 kilotonnes in 2022.

We note PCB's strong emphasis on the environmental and social approach in its lending decisions. This is, for instance, illustrated by its Plastic Strategy launched in FY20 and fully implemented in FY22, with single-use plastic items included in PCB's exclusion list, with the exception of items for which there are no substitutes with a lower environmental impact. As a result, the company devised an exit strategy for some of its clients operating in the plastics production business (even though they represented a small proportion of PCB's overall portfolio). PCB aims to have an exit strategy for all its blacklist clients (whose operations relate to all types of plastics banned by the European Union from 3 July 2021) by end-2023. We also note that PCB recently introduced an animal welfare assessment to its client evaluation process.

Moreover, PCB started to consider the recommendations of the Task Force on Climate-Related Financial Disclosure in FY21. As part of this, PCB completed the screening of its portfolio for (1) physical risk to strengthen its analysis at client and portfolio level using geographic information systems and (2) transition risk, executing a stress and scenario analysis to define sector activities that need to be prioritised on the decarbonisation pathway and identify new business opportunities to guide and support its clients in this transition. The company is also working towards aligning its environmental and social scoring methodology with the EU Taxonomy over the medium term.

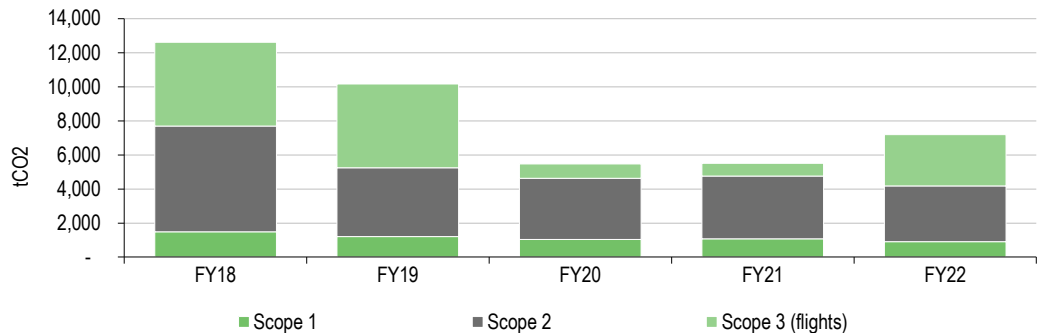
### Environmental impact: Targeting carbon neutrality by 2023

Management reaffirmed its target to become carbon neutral in its own operations by 2023, prioritising the transition to renewable energy sources and environmentally friendly solutions. PCB is in the final stages of construction of its own 3MWp photovoltaic park in Kosovo (to be commissioned in 2023), which will compensate for 85–90% of its stage 1 and 2 emissions. The remaining CO<sub>2</sub> emissions at group level, which management expects will be very small, will be covered by carbon offset certificates.

In 2022, PCB specified the carbon neutrality of its operations as Scope 1 and 2 emissions, in line with the Science Based Targets initiative (SBTi) and Net-Zero Banking Alliance (NZBA) standards. PCB reduced its Scope 1 and Scope 2 CO<sub>2</sub> emissions by 44% between 2018 and 2022 (or by 42% including flight emissions, see Exhibit 2), facilitated, among other things, by green building (ie EDGE) certifications (there are currently five buildings with EDGE-certification at group level), installing photovoltaic panels at eight of PCB's locations, expanding its electric and hybrid car fleet to c 52.4% of the total (77% including hybrid plug-ins) in FY22 and making 272 e-chargers freely available for the public. PCB has also started reporting client emissions (Scope 3 financed emissions) in accordance with the Partnership for Carbon Accounting Financials (PCAF) standard

since 2021 and included the updated data for FY22 in its latest Impact report. Moreover, it joined the NZBA and committed to setting near- and long-term emissions reduction targets companywide in line with the SBTi Net-Zero Standard.

**Exhibit 2: PCB's Scope 1 and 2 emissions**



Source: ProCredit

## Social performance: Emphasis on strong corporate culture

On the social front, PCB's focus remains on comprehensive staff development, reflected in the average number of training hours that its employees have per year (c 134 on average between 2018 and 2022) and its competencies (eg 100% of employees had a minimum B1/intermediate English proficiency in FY22). We believe that PCB's strong corporate culture is reflected in the high average tenure across its staff, reaching 7.7 years for women in FY22 (vs 7.9 years in FY21) and 6.6 years for men (6.6 years in FY21), as well as a turnover rate of 11% in FY22 (vs 12% in FY21). Moreover, management highlights the diversity within PCB, with over 30 nationalities in its German head office and c 38% and 48% of the group's board members and middle management being women, respectively. The company promotes equitable pay and its remuneration policy is aligned with PCB's long-term oriented business objectives, and therefore does not include any short-term, performance-related bonuses.

Since the beginning of the war in Ukraine, the company has provided accommodation outside the country to some of its staff (with 150 Ukrainian colleagues and family members living at the academy at its peak) as well as essentials and medical supplies to employees in the country. Management highlights that ProCredit buildings in Ukraine are equipped with emergency shelters and remote working is used whenever necessary.

## Governance and socio-political performance: Strong shareholder register aligned with PCB's long-term strategy

ProCredit Holding is managed by ProCredit General Partner (the personally liable managing partner of ProCredit AG & Co KGaA), an independent company owned by the core shareholders: Zeiting Invest (a strategic shareholder since inception), KfW (a German development bank), DOEN Participaties (a Dutch entity focused on supporting sustainable and socially inclusive entrepreneurs) and the European Bank for Reconstruction and Development. These entities hold c 61.3% of all listed shares at ProCredit Holding AG & Co KGaA.

In March 2023, PCB announced that the European Bank for Reconstruction and Development (EBRD) will purchase the 5.06% stake held by IFC. This transaction has now been completed with EBRD replacing IFC as a core shareholder with an 8.7% stake (EBRD has held a 3.6% minority stake since 2018). We believe that having EBRD as a major shareholder should further support PCB's business in the South-Eastern and Eastern Europe regions given EBRD's regional focus and

emphasis on funding climate change adaption and SMEs. PCB is already participating in EBRD programmes in all its countries of operation in the region.

In October 2022, ProCredit General Partners agreed with PCB's shareholders to prepare a change of ProCredit Holding's legal form into a stock corporation. The general partner believes that the change will provide greater alignment of ProCredit Holding as an internationally oriented, listed financial holding company and offers the opportunity to realise efficiencies in its corporate governance structure and the work of the company's executive bodies. PCB obtained shareholder approval for the change during the 2023 AGM held on 5<sup>th</sup> June 2023.

Finally, we note that PCB recently joined the United Nations Global Compact to align its operations and strategies with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

## Forecast revisions

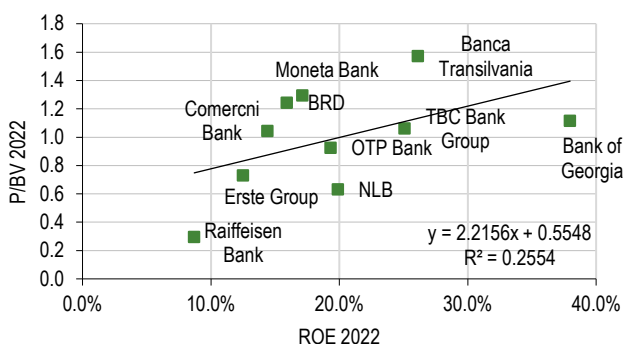
We have raised our net income forecasts for PCB in FY23 by c 13%, reflecting the lower cost of risk assumption in line with company guidance. For FY24, we have reduced our net income expectations by c 6% to reflect the full-year impact of the ongoing cost inflation (pressure on salaries, in particular), with our new FY24 CIR at 63.6% versus 62.3% previously.

**Exhibit 3: Forecast revisions**

€m, unless otherwise stated	2022	2023e				2024e			
	Actual	Old	New	Change (%)	Growth y-o-y (%)	Old	New	Change (%)	Growth y-o-y (%)
Net interest income	264.6	295.5	296.5	0.3%	12.0%	303.3	305.6	0.8%	3.1%
Net interest margin (% annualised)	3.1	3.3	3.3%	0 pp	0.2 pp	3.2%	3.2%	0 pp	-0.1 pp
Expenses for loss allowances	104.6	43.0	28.5	-33.8%	-72.8%	25.2	29.1	15.6%	2.4%
Cost of risk (annualised in bp)	174	70	46	-24 bp	-128 bp	39	45	6 bp	-1 bp
Net fee and commission income	54.7	57.9	59.4	2.6%	8.5%	61.8	62.5	1.1%	5.3%
Pre-tax profit	17.8	89.3	102.8	15.1%	476.0%	116.8	109.8	-6.0%	6.8%
<b>Net income</b>	<b>16.5</b>	<b>75.0</b>	<b>84.7</b>	<b>12.9%</b>	<b>413.7%</b>	<b>98.9</b>	<b>92.5</b>	<b>-6.5%</b>	<b>9.2%</b>
CET1 ratio (%)	13.5	14.0	14.4%	0.4 pp	0.9 pp	14.2%	14.2%	0 pp	-0.2 pp
Total capital ratio (%)	14.3	14.8	15.6%	0.8 pp	1.4 pp	15.0%	15.4%	0.4 pp	-0.2 pp
CIR (%)	64.0	63.4	64.4%	1 pp	0.4 pp	62.3%	63.6%	1.3 pp	-0.8 pp
Gross loan portfolio	6,103.2	6,234.4	6,258.6	0.4%	2.5%	6,648.7	6,674.7	0.4%	6.6%
Net loan portfolio	5,892.8	6,031.0	6,056.6	0.4%	2.9%	6,466.5	6,491.4	0.4%	7.2%
Customer deposits	6,289.5	6,916.2	6,910.2	-0.1%	9.9%	7,590.7	7,583.0	-0.1%	9.7%

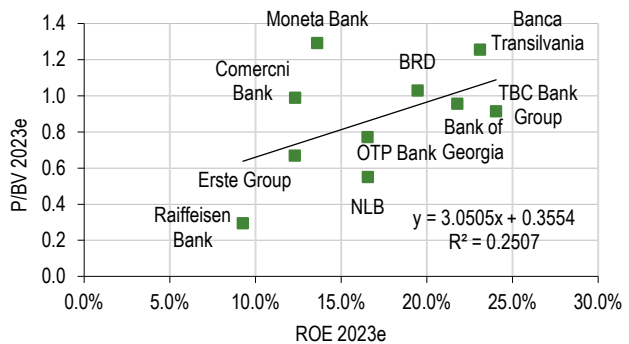
Source: ProCredit Holding, Edison Investment Research

**Exhibit 4: P/BV versus ROE – PCB's peers (2022)**



Source: Refinitiv at 6 June 2023

**Exhibit 5: P/BV versus ROE – PCB's peers (2023e)**



Source: Refinitiv consensus at 6 June 2023



**Exhibit 6: Financial summary**

Year ending 31 December, €000s	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e	2027e
<b>Income statement</b>										
Net interest income	186,235	194,533	201,561	222,021	264,634	296,521	305,647	320,201	346,328	372,066
Net fee and commission income	52,172	51,972	47,380	50,855	54,731	59,402	62,527	67,038	71,435	76,156
Operating income	240,678	249,275	252,114	281,881	339,848	368,495	381,679	401,976	434,046	466,002
Operating expenses	167,866	175,737	171,430	180,859	217,428	237,230	242,686	251,946	263,735	276,116
Loss allowances (-)	(4,714)	(3,327)	28,600	6,490	104,573	28,461	29,146	17,599	18,575	21,033
<b>PBT</b>	<b>77,526</b>	<b>76,865</b>	<b>52,084</b>	<b>94,532</b>	<b>17,847</b>	<b>102,804</b>	<b>109,846</b>	<b>132,431</b>	<b>151,737</b>	<b>168,853</b>
<b>Net profit after tax</b>	<b>54,477</b>	<b>54,304</b>	<b>41,395</b>	<b>79,641</b>	<b>16,497</b>	<b>84,747</b>	<b>92,517</b>	<b>111,935</b>	<b>128,410</b>	<b>143,066</b>
<b>Reported EPS (€)</b>	<b>0.90</b>	<b>0.89</b>	<b>0.70</b>	<b>1.35</b>	<b>0.28</b>	<b>1.44</b>	<b>1.57</b>	<b>1.90</b>	<b>2.18</b>	<b>2.43</b>
DPS (€)	0.30	0.00	0.53	0.00	0.00	0.48	0.52	0.63	0.73	0.81
<b>Balance Sheet</b>										
Cash and balances at Central Banks	963,714	1,081,723	1,405,349	1,545,523	1,939,681	2,135,488	2,345,543	2,537,130	2,688,704	2,721,336
Loans and advances to banks	211,592	320,737	236,519	252,649	280,453	280,453	280,453	280,453	280,453	280,453
Investment securities	297,308	378,281	336,476	410,400	480,168	480,168	480,168	480,168	480,168	480,168
Loans and advances to customers	4,267,829	4,690,961	5,131,582	5,792,966	5,892,796	6,056,644	6,491,372	7,029,587	7,611,027	8,197,608
Property, plant and equipment and investment properties	130,153	138,407	140,744	137,536	133,703	133,703	133,703	133,703	133,703	133,703
Intangible assets	22,191	20,345	19,316	18,411	17,993	17,993	17,993	17,993	17,993	17,993
Other assets	73,396	67,106	59,315	58,416	81,330	69,944	81,330	69,944	81,330	69,944
<b>Total assets</b>	<b>5,966,184</b>	<b>6,697,560</b>	<b>7,329,301</b>	<b>8,215,901</b>	<b>8,826,124</b>	<b>9,174,393</b>	<b>9,830,562</b>	<b>10,548,978</b>	<b>11,293,378</b>	<b>11,901,205</b>
Liabilities to banks	1,014,182	1,079,271	1,235,763	1,313,666	1,318,647	962,612	881,753	837,665	825,100	610,574
Liabilities to customers	3,825,938	4,333,436	4,898,897	5,542,251	6,289,511	6,910,202	7,582,962	8,264,370	8,930,237	9,652,328
Debt securities	206,212	343,727	266,858	353,221	191,988	191,988	191,988	191,988	191,988	191,988
Subordinated debt	143,140	87,198	84,974	87,390	93,597	93,597	93,597	93,597	93,597	93,597
Other liabilities	33,076	50,436	63,080	63,059	62,946	62,946	62,946	62,946	62,946	62,946
<b>Total liabilities</b>	<b>5,222,549</b>	<b>5,894,068</b>	<b>6,549,573</b>	<b>7,359,587</b>	<b>7,956,689</b>	<b>8,221,346</b>	<b>8,813,246</b>	<b>9,450,566</b>	<b>10,103,868</b>	<b>10,611,433</b>
<b>Total shareholders' equity</b>	<b>743,634</b>	<b>803,492</b>	<b>779,728</b>	<b>856,314</b>	<b>869,435</b>	<b>953,047</b>	<b>1,017,315</b>	<b>1,098,412</b>	<b>1,189,510</b>	<b>1,289,772</b>
BVPS	12.5	13.5	13.2	14.5	14.8	16.2	17.3	18.6	20.2	21.9
TNAV per share	12.1	13.1	12.9	14.2	14.5	15.9	17.0	18.3	19.9	21.6
<b>Ratios</b>										
NIM	3.30%	3.10%	2.90%	2.90%	3.11%	3.29%	3.22%	3.14%	3.17%	3.21%
Costs/Income	69.7%	70.5%	68.0%	64.2%	64.0%	64.4%	63.6%	62.7%	60.8%	59.3%
ROAE	7.6%	6.9%	5.3%	9.7%	1.9%	9.3%	9.4%	10.6%	11.2%	11.5%
CET-1 ratio	14.4%	14.1%	13.3%	14.1%	13.5%	14.4%	14.2%	14.4%	14.7%	15.2%
Tier 1 ratio	14.4%	14.1%	13.3%	14.1%	13.5%	14.4%	14.2%	14.4%	14.7%	15.2%
Capital adequacy ratio	17.2%	15.7%	14.7%	15.3%	14.3%	15.6%	15.4%	15.5%	15.7%	16.2%
Payout ratio (%)	33.3%	0.0%	33.3%	0.0%	0.0%	33.3%	33.3%	33.3%	33.3%	33.3%
Customer loans/Total assets	73.6%	71.6%	71.7%	72.1%	69.1%	68.2%	67.9%	68.4%	69.1%	70.5%
Deposits/loans	87.1%	90.3%	93.2%	93.5%	103.1%	110.4%	113.6%	114.6%	114.5%	115.0%

Source: Company data, Edison Investment Research. Note: \*In 2021, PCB distributed one-third of the accumulated profits from 2019 and 2020.

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