EDISON

# ProCredit Holding

Q323 results

## Profitability not fully rewarded by the market

Banks

**ProCredit Holding (PCB) reported a strong Q323 return on equity (ROE) of 12.5%, assisted by a significant increase in net interest margin (NIM) to 3.9% (vs 3.2% in Q322 and 3.6% in Q223) on the back of continued positive asset repricing from higher base rates (which more than offset deposit repricing). As a result, operating income grew by 26.5% y-o-y (ahead of operating expenses), bringing PCB's cost to income ratio (CIR) to 57.1% (vs 61.9% in Q322). This was coupled with a moderate annualised cost of risk of 55bp (9M23: 20bp). PCB's management guides to FY23 ROE of c 12% (vs 8–10% earlier this year), which is in line with its current mid-term ROE target. We are raising our FY23 and FY24 net income estimates by 28% and 15%, respectively. PCB is likely to pay out one-third of its FY23 profits, implying currently a healthy dividend yield of 7.5%.**

| Year end | Net interest income (€m) | EPS* (€) | DPS (€) | P/BV (x) | P/E* (x) | ROE (%) |
|---|---|---|---|---|---|---|
| 12/21 | 222.0 | 1.35 | 0.00 | 0.61 | 6.5 | 9.7 |
| 12/22 | 264.6 | 0.28 | 0.00 | 0.60 | 31.5 | 1.9 |
| 12/23e | 339.8 | 1.97 | 0.66 | 0.53 | 4.5 | 12.5 |
| 12/24e | 349.3 | 1.97 | 0.66 | 0.49 | 4.5 | 11.3 |

Note: *EPS as reported by the company

## Improving balance of opportunities and risks

FY23 guidance assumes a cost of risk of up to 30bp (vs up to 45bp previously), with the impact of Russia's withdrawal from the Black Sea Grain Initiative being less pronounced than originally expected. Given the rise in NIM, management also reduced its guided CIR to 60–62%, from 62–64% previously. Loan portfolio growth expectations for FY23 were reduced slightly, now at low to mid-single-digit percentage growth (vs mid-single-digit previously), with PCB's loan book increasing by 1.9% in 9M23. That said, management sees a pick-up in SME demand for its loans (Q323 growth was at 1.1%), which should assist loan portfolio growth in the coming quarters.

## ROE likely to soften temporarily in FY24 and FY25

The FY23 developments are encouraging (we expect an FY23e ROE of 12.5%) and we consider PCB's mid-term guidance as achievable. That said, we see several factors that may curb PCB's ROE in FY24 and FY25, including: 1) continued deposit repricing; 2) a possible turn in the interest rate cycle (especially in the case of the European Central Bank); 3) loan book growth picking up only gradually to reach PCB's mid-term target (medium to high single-digit percentage growth pa); and 4) ProCredit Bank Ukraine's (PCB Ukraine's) FY23 results being difficult to repeat in the near term. Still, we have raised our ROE assumptions for FY24 and FY25 to 11.3% and 11.0%, respectively (vs 10.1% and 10.3% previously).

## Valuation: Now assuming a sustainable RoTE of 11%

As a result of the above, we have raised our sustainable return on tangible equity (RoTE) assumption in our base scenario to 11% from 10% previously. This now implies a fair value per PCB share of €13.00 (vs €11.40 previously). In a worst-case scenario of full write-off of PCB Ukraine, we would value PCB at €11.40 per share.

**29 November 2023**

| | |
|---|---|
| **Price** | **€8.82** |
| **Market cap** | **€519m** |
| Total assets (€bn) at end-September 2023 | 9.5 |
| 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 | 30.1 | 20.2 | 135.8 |
| Rel (local) | 19.5 | 18.7 | 112.1 |
| 52-week high/low | | €8.82 | €3.73 |

### 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

| | |
|---|---|
| FY23 results | 20 March 2024 |
| Capital Markets Day | 21 March 2024 |

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***ProCredit Holding is a research client of Edison Investment Research Limited***

## FY23 ROE guidance reiterated at 12%

PCB reported a strong Q323 ROE of 12.5% (up from 4.4% in Q322), bringing the figure for the first nine months of 2023 (9M23) to 13.6% (vs 2.7% in 9M22, which was burdened by the loan loss provisions in Ukraine). In October, PCB's management raised its FY23 ROE guidance to 12% from 8–10% previously, encouraged by the fact that the earlier assumed adverse conditions (most notably the impact of Russia's withdrawal from the grain deal and air strikes on Ukrainian port and grain storage infrastructure) materialised only partially. Consequently, management now guides to a cost of risk of up to 30bp (vs up to 45bp previously). We believe that another reason for the guidance revision is PCB's continued strong net interest income on the back of a sustained strong NIM, see below for details. As a result, management revised its CIR guidance to 60–62% from 62–64%. Loan portfolio growth expectations have been trimmed slightly, with the current guidance of low to mid-single-digit percentage growth (vs mid-single-digit percentage growth previously). Management highlighted that the new guidance still accounts for some headwinds in Q423, most notably the ongoing war in Ukraine. The last quarter of the year usually includes some seasonal costs (eg compensation for untaken leave). That said, we still consider it quite conservative.

**Exhibit 1: Q323 and 9M23 results highlights**

| €m, unless otherwise stated | Q323 | Q322 | y-o-y change | 9M23 | 9M22 | y-o-y change |
|---|---|---|---|---|---|---|
| Net interest income | 89.0 | 67.2 | 32.4% | 244.7 | 192.1 | 27.4% |
| Net interest margin (annualised) | 3.9% | 3.2% | 70bp | 3.6% | 3.0% | 53bp |
| Expenses for loss allowances | 8.5 | 21.8 | -61% | 9.0 | 79.1 | NM |
| Cost of risk (annualised, bp) | 55 | 139 | -84bp | 20 | 173 | -153bp |
| Net fee and commission income | 14.4 | 14.0 | 2.8% | 43.2 | 40.2 | 7.4% |
| Pre-tax profit | 38.5 | 11.1 | 246% | 115.2 | 17.7 | NM |
| **Net income** | **29.9** | **9.6** | **210%** | **94.0** | **17.3** | **NM** |
| ROE | 12.5% | 4.4% | 812bp | 13.6% | 2.7% | NM |
| Cost income ratio | 57.1% | 61.9% | -482bp | 58.7% | 60.7% | -199bp |
| CET-1 ratio | 14.9% | 13.6% | 1.3pp | 14.9% | 13.6% | 1.3pp |
| Deposit-to-loan ratio | 111.4% | 95.1% | 16.3pp | 111.4% | 95.1% | 16.3pp |
| Gross loan portfolio growth (q-o-q) | 1.1% | 0.0% | -2.5pp | 1.9% | 6.2% | -4.2pp |
| Customer deposits growth (q-o-q) | 7.4% | 4.2% | 3.2pp | 10.3% | 8.0% | 2.3pp |

Source: ProCredit Holding

We note that the 12% ROE guidance for FY23 is in line with PCB's mid-term target (as communicated earlier this year). The latter is based on the following assumptions: 1) loan portfolio growth of medium to high single-digit percentage pa; 2) cost of risk of 25–30bp over the cycle; 3) CIR at c 57% excluding one-off effects; and 4) green loans representing 25% of the total loan book. The mid-term guidance also assumes a moderate bottom-line contribution from ProCredit Bank Ukraine (PCB Ukraine) from FY24 onwards (upper single-digit to lower double-digit million euros pa). We note that PCB's management also expects c 12% ROE in the medium term in the event of a full write-down of PCB Ukraine. In an upside scenario for Ukraine (post-war reconstruction), management expects a return to pre-war performance in terms of loan growth (a double-digit percentage growth rate pa) and profitability (PCB Ukraine's FY21 ROE stood at 19.9%). This would represent an ROE upside potential at PCB group level of 1.0–1.5pp pa, according to management. In this context, it is worth noting that PCB Ukraine is one of the few banks in Ukraine that has expanded its headcount (by 8% in 2023 year-to-date).

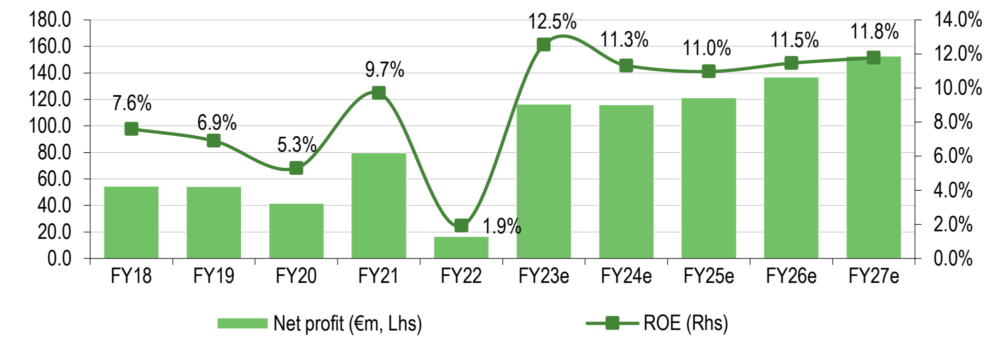
## Has PCB already reached its mid-term target?

PCB's solid performance in FY23 raises the question of whether PCB has already achieved its medium-term goals ahead of plan, which would justify an increase in our sustainable RoTE assumption from the current 10%. While the FY23 development is encouraging and we consider

PCB's mid-term guidance as achievable, we remain cautious in terms of PCB's ability to sustain the 12% ROE in the next two years. This is because 1) PCB's NIM will be under pressure from continued deposit repricing in the coming quarters, which may be further exacerbated by a turn in the interest rate cycle weighing on asset pricing, 2) ProCredit Bank Ukraine's strong results this year may be difficult to repeat in FY24 and FY25, and 3) loan book growth in FY24 should be somewhere between FY23 and the growth rate included in PCB's mid-term guidance, which, coupled with continued headcount expansion (to secure future growth potential), may limit the CIR improvement from realising PCB's scaling potential in the near term. We discuss these factors in more detail later in this note.

We expect an FY24 ROE of 11.3% (vs 10.1% previously), followed by 11.0% in FY25 (when we expect the turn in the interest rate cycle to put stronger downward pressure on asset repricing). Subsequently, we expect increases in FY26 and FY27 to 11.5% and 11.8%, respectively (11.0% and 11.4% previously, respectively), see Exhibits 2 and 3.

**Exhibit 2: PCB's historical and forecasted ROE**




Source: ProCredit Holding, Edison Investment Research

**Exhibit 3: Forecast revisions**

| | 2022 | 2023e | | | | 2024e | | | |
|---|---|---|---|---|---|---|---|---|---|
| €m, unless otherwise stated | Actual | Old | New | Change | Growth y-o-y | Old | New | Change | Growth y-o-y |
| Net interest income | 264.6 | 304.0 | 339.8 | *11.8%* | *28.4%* | 312.5 | 349.3 | *11.8%* | *2.8%* |
| Net interest margin (%, annualised) | 3.1% | 3.4% | 3.8% | *0.4 pp* | *0.6 pp* | 3.2% | 3.6% | *0.4 pp* | *-0.1 pp* |
| Expenses for loss allowances | 104.6 | 28.0 | 18.7 | *-33.3%* | *-82.2%* | 24.1 | 23.2 | *-3.4%* | *24.6%* |
| Cost of risk (annualised in bp) | 174 | 45 | 30 | *-15 bp* | *-144 bp* | 37 | 36 | *-1 bp* | *6 bp* |
| Net fee and commission income | 54.7 | 59.6 | 57.3 | *-3.8%* | *4.7%* | 63.2 | 61.7 | *-2.4%* | *7.6%* |
| Operating expenses | 217.4 | 241.7 | 253.4 | *4.9%* | *16.6%* | 248.4 | 268.5 | *8.1%* | *6.0%* |
| Pre-tax profit | 17.8 | 109.2 | 142.2 | *30.2%* | *696.7%* | 118.9 | 135.4 | *13.8%* | *-4.8%* |
| **Net income** | **16.5** | 91.2 | 116.3 | *27.6%* | *605.1%* | 101.0 | 115.9 | *14.8%* | *-0.4%* |
| **ROE** | **1.9%** | 10.0% | 12.5% | *2.6 pp* | *10.6 pp* | 10.1% | 11.3% | *1.2 pp* | *-1.2 pp* |
| CET1 ratio (%) | 13.5% | 14.6% | 15.2% | *0.6 pp* | *1.7 pp* | 14.3% | 14.9% | *0.7 pp* | *-0.3 pp* |
| Total capital ratio (%) | 14.3% | 15.8% | 16.4% | *0.6 pp* | *2.1 pp* | 15.4% | 16.1% | *0.7 pp* | *-0.3 pp* |
| CIR (%) | 64.0% | 63.8% | 61.2% | *-2.6 pp* | *-2.8 pp* | 63.5% | 62.9% | *-0.6 pp* | *1.7 pp* |
| Gross loan portfolio | 6,107.7 | 6,250.3 | 6,285.8 | *0.6%* | *3.0%* | 6,633.8 | 6,600.7 | *-0.5%* | *5.0%* |
| Net loan portfolio | 5,892.8 | 6,030.5 | 6,072.5 | *0.7%* | *3.1%* | 6,433.6 | 6,391.7 | *-0.7%* | *5.3%* |
| Customer deposits | 6,289.5 | 6,777.9 | 7,000.2 | *3.3%* | *11.3%* | 7,390.9 | 7,663.9 | *3.7%* | *9.5%* |

Source: ProCredit Holding, Edison Investment Research

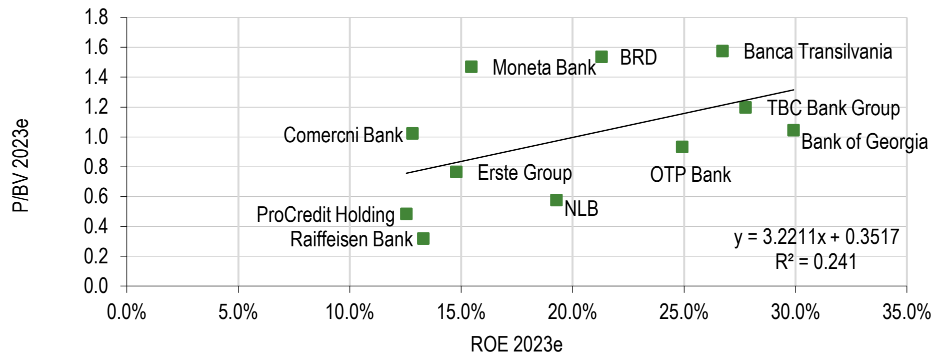
As a result of this, we have raised our sustainable RoTE assumption to 11%, which, together with our forecast revisions and changes in the market valuations of PCB's peers (see Exhibit 5), translates into a fair value estimate per PCB share of €13.00 (up from €11.40 previously), see Exhibit 4.

**Exhibit 4: PCB's P/BV-ROE valuation**

| €'000s unless otherwise stated | FY22 | FY23e | FY24e | FY25e | FY26e | FY27e |
|---|---|---|---|---|---|---|
| Shareholder's equity | 869,435 | 985,449 | 1,062,571 | 1,144,981 | 1,241,359 | 1,348,276 |
| Intangibles | 17,993 | 20,512 | 20,512 | 20,512 | 20,512 | 20,512 |
| **Tangible equity** | **851,442** | **964,937** | **1,042,059** | **1,124,469** | **1,220,847** | **1,327,764** |
| **Net attributable profit** | **16,497** | **116,315** | **115,893** | **121,041** | **136,725** | **152,493** |
| **RoTE** | ***2.0%*** | ***12.8%*** | ***11.5%*** | ***11.2%*** | ***11.7%*** | ***12.0%*** |
| **Tangible equity per share (€)** | **14.5** | **16.4** | **17.7** | **19.1** | **20.7** | **22.5** |
| | | | | | | |
| Tangible equity per share (FY23e, €) | 16.4 | | | | | |
| Sustainable RoTE | 11.0% | | | | | |
| Growth rate | 2.0% | | | | | |
| Cost of equity | 11.9% | | | | | |
| Fair value multiple – CAPM model | 0.91x | | | | | |
| Fair value multiple – regression multiple | 0.68x | | | | | |
| **Fair value multiple – simple average** | **0.80x** | | | | | |
| | | | | | | |
| **Fair value per share (€)** | **13.00** | | | | | |
| Current share price (€) | 8.82 | | | | | |
| *Potential upside/downside* | *47%* | | | | | |

Source: ProCredit Holding, Edison Investment Research

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

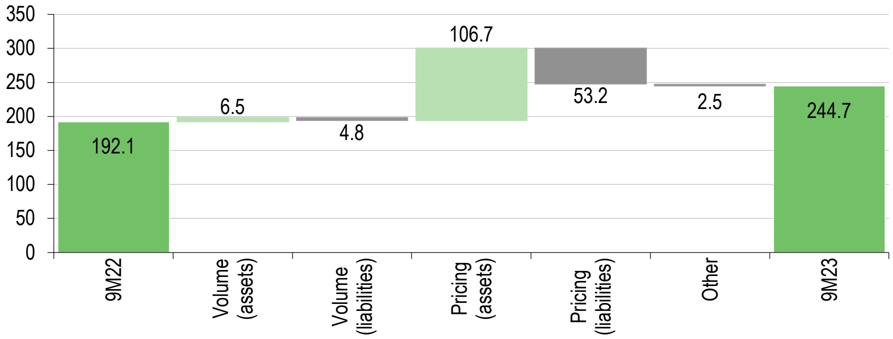



Source: Refinitiv consensus at 29 November 2023

## Q323 NIM of 3.9%, but deposit repricing continues

PCB reported a healthy NIM of 3.6% in 9M23 versus 3.0% in 9M22 (and an even stronger 3.9% in Q323 vs 3.2% in Q322), despite the continued increase in funding costs from deposits (up by 70bp ytd to 1.7% in 9M23), as the latter has been more than offset by asset repricing (see Exhibit 6). The year-on-year NIM improvement in 9M23 has been quite broad based, with most local banks (except for Moldova and Ecuador) contributing to it.

**Exhibit 6: PCB's net interest income waterfall 9M23 versus 9M22 (€m)**

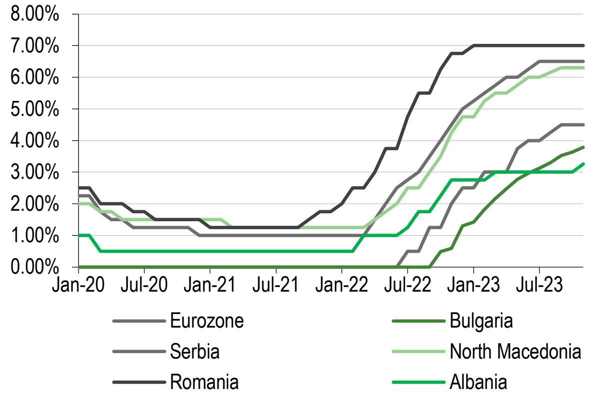



Source: ProCredit Holding

The loan book declined slightly by 1.0% y-o-y due to a targeted portfolio reduction in some banks, most notably in Ukraine. That said, PCB grew its loan book year to date by 1.9%, with 1.1% growth in Q323 alone, and management has recently seen an uptick in demand for credit from SMEs. This bodes well for 2024, with our current forecast at 5.0%, followed by 7.5% pa thereafter. Simultaneously, PCB was able to significantly grow its deposit base by 10.3% in 9M23 (50/50 from private individuals and SMEs), which resulted in an improvement in its deposit to loan ratio to 111.4% (vs 103.1% at end-2022). This had a positive impact on PCB's NIM due to 1) improved funding mix and 2) income from this excess liquidity held with central banks or deployed into short-term investment securities.

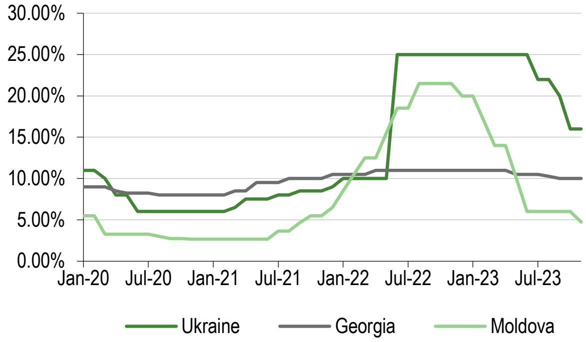
PCB's NIM is likely to moderate in the coming quarters amid a further increase in the average interest rate on its deposits, with year-on-year growth to end-September 2023 in term deposits (30.6%) outpacing growth in savings accounts (17.4%) and current accounts (5.8%). Moreover, NIM should at some stage also come under pressure from a turn in the interest rate cycle, especially a potential onset of the European Central Bank's monetary easing in 2024, as 52.2% of PCB's loan book at end-September 2023 was euro denominated (with a further 12.2% in US dollars and the rest in other currencies). With respect to local policy rates, only the Eastern European countries of PCB's operations have started cutting rates for now (see Exhibits 7 and 8).

**Exhibit 7: Central bank policy rates in the SEE region and eurozone**




Source: Local central banks

**Exhibit 8: Central bank policy rates in the EE region**




Source: Local central banks

The economic outlook for 2024 is benign, with GDP growth of 3.0% or more across all countries of PCB's operations (except for Ecuador – 1.8%), according to the forecasts of the International Monetary Fund (IMF) released in October 2023. At the same time, while the IMF expects inflation to moderate across these economies in 2024 versus 2023, it still forecasts an inflation rate of 4.0% or more for Serbia, North Macedonia, Romania, Albania, Ukraine and Moldova. Solid economic growth coupled with still somewhat elevated inflation may limit the near-term scope for rate cuts in local currency. Even in Georgia, where inflation was just 0.7% in September 2023, the appetite for interest rate reductions has been moderate so far, with the refinancing rate down from 11.00% in April 2023 to 10.00% in October 2023. Assuming positive economic development across the region in 2024, we do not expect any major downward repricing of assets denominated in local currencies in the Southeastern Europe (SEE) region next year. PCB's management highlighted that for the time being, the asset repricing on the upside is still ongoing.

We currently assume PCB's NIM at group level to increase to 3.8% in 2023 (from 3.1% in 2022), but then to fall to 3.6% in 2024 and 3.4% in 2025. The 2025 figure we assume is still above the 2.9–3.1% achieved in 2019–22, given that 1) we do not expect a return to ultra-low interest rates, and 2) PCB's management has recently put more emphasis on margin optimisation across its loan book.

## ProCredit Ukraine performing well despite the war

PCB Ukraine posted healthy results with 9M23 profit after tax of €16.4m, translating into an annualised ROE of 33.4%, though based on somewhat eroded equity due to last year's significant loan loss allowances. This was despite the 21% y-o-y decline in the local loan book to end-September 2023, assisted by a high NIM of 6.0% (vs 4.5% in 9M22) and good cost efficiency (9M23 CIR of 32.9% vs 40.4% in 9M22). The bank also exhibited strong growth in deposits in 9M23 of 22% (or €133m), which together with the loan portfolio reduction brought its deposit-to-loan ratio to 137.9% at end-September 2023 (up by c 50pp since the outbreak of the war).

PCB's management also highlighted that the bank's results so far this year benefited from a relatively low level of provisioning (€6.1m in 9M23) resulting from the high loss allowances in 2022 of €86.7m. Management aimed to make provisions for all the known risks by end-2022, which translated into a strong 140% coverage ratio of its credit-impaired loan portfolio (c 10.5% of the total loan book at end-September 2023), or 15% of the total loan portfolio. This year's provisions were mainly attributable to the risks to PCB Ukraine's agriculture portfolio (50% of which was moved to the Stage 2 loan group) arising from Russia's termination of the grain deal and the air strikes on port and grain storage infrastructure. Loss allowances for PCB Ukraine will represent most of the provisions at group level in FY23, according to PCB's management. In 9M23, PCB booked €9.0m of loss allowances (representing an annualised cost of risk of a moderate 20bp), of which €6.1m was at PCB Ukraine (€4.6m associated with the termination of the grain deal).

It is worth highlighting PCB's strong recoveries of written-off loans across the group (€9.8m in 9M23). Overall, the share of credit-impaired loans across the PCB group was 3.0% at end-September 2023 (2.3% excluding Ukraine), with a coverage ratio of 59.5%. This compares with 3.1% (2.2% excluding Ukraine) and 57.1% at end-September 2022, respectively.

## Emphasis on team expansion, IT and marketing

PCB's personnel expenses increased by 21.0% y-o-y in 9M23 (and 22.8% y-o-y in Q323), driven by both expansion of headcount (c 9%) and higher average salaries (c 11%). Administrative expenses rose by 15.4% y-o-y in 9M23 (11.1% y-o-y in Q323), driven by marketing expenses and IT investments. PCB's management highlighted that the group invests in its front-end applications to be a market leader in this respect.

As growth in operating income of 22.1% y-o-y in 9M23 outpaced the operating cost inflation (also due to lower net one-off expenses), PCB's CIR improved to 58.7% in 9M23 from 60.7% in 9M22. This was supported by both net interest income (as discussed above) and net fee and commission income, which went up by 7.4% y-o-y (or by €3.0m) to €43.2m, assisted by structural growth, in particular in payment services (by €2.4m). PCB's management highlighted that this momentum was driven by continued focus on the acquisition of private individual clients and non-loan business clients (with the number of SME clients up 5% y-o-y).

We expect further growth in personnel expenses by 21.9% and 7.0% in FY23e and FY24e, respectively. While the slowing inflation across the SEE and Eastern Europe region may take some pressure off wage growth, it is worth highlighting that local labour markets remain tight. Moreover, PCB maintains its headcount growth agenda aimed at making the group well-positioned for long-term growth. Together with our forecasted growth in administrative expenses of 11.9% in FY23 and 5.0% in FY24, we expect PCB's total operating expenses to increase by 16.6% and 6.0% in FY23 and FY24, respectively. As a result, we anticipate PCB's CIR at c 61.2% in FY23 and 62.9% in FY24.

## Capital base supporting PCB's growth agenda

We note that PCB's growth and profitability ambitions are supported by its capital base, with its CET-1 ratio up to 14.9% from 13.5% at end-2022 (vs the regulatory requirement of 9.2%). This has been supported by the recognition of the FY22 and 9M23 profits (1.3pp), but also an increase in the risk weighted asset (RWA) efficiency (0.9pp), bringing the ratio of RWA to total assets to 64.4% at end-September 2023 (vs 69.0% at end-2022). PCB's management highlighted that it has successfully implemented the following RWA efficiency measures: 1) broadening of the Multilateral Investment Guarantee Agency collaboration; 2) securitisation with the European Investment Fund in Bulgaria; 3) recognition of real estate collateral in Bulgaria; and 4) introduction of European Bank for Reconstruction and Development guarantees. PCB's total capital ratio reached 16.1% at end-September 2023 versus 14.3% at end-2022 and a regulatory requirement of 14.3%. The good capital base should allow PCB to resume its dividend payments at a one-third payout ratio, with our forecast DPS paid out of FY23 profits of €0.66 implying a healthy 7.5% dividend yield based on the current share price.

## Exhibit 9: Financial summary

| Year ending 31 December, €000s | 2018 | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e | 2026e | 2027e |
|---|---|---|---|---|---|---|---|---|---|---|
| **Income statement** | | | | | | | | | | |
| Net interest income | 186,235 | 194,533 | 201,561 | 222,021 | 264,634 | 339,815 | 349,258 | 349,405 | 369,413 | 399,143 |
| Net fee and commission income | 52,172 | 51,972 | 47,380 | 50,855 | 54,731 | 57,328 | 61,701 | 66,054 | 70,267 | 74,795 |
| Operating income | 240,678 | 249,275 | 252,114 | 281,881 | 339,848 | 414,265 | 427,148 | 432,809 | 458,585 | 494,467 |
| Operating expenses | 167,866 | 175,737 | 171,430 | 180,859 | 217,428 | 253,429 | 268,547 | 273,593 | 285,411 | 297,779 |
| Loss allowances | (4,714) | (3,327) | 28,600 | 6,490 | 104,573 | 18,650 | 23,238 | 17,793 | 13,676 | 19,223 |
| **PBT** | **77,526** | **76,865** | **52,084** | **94,532** | **17,847** | **142,186** | **135,363** | **141,423** | **159,498** | **177,464** |
| **Net profit after tax** | **54,477** | **54,304** | **41,395** | **79,641** | **16,497** | **116,315** | **115,893** | **121,041** | **136,725** | **152,493** |
| **Reported EPS (€)** | **0.90** | **0.89** | **0.70** | **1.35** | **0.28** | **1.97** | **1.97** | **2.06** | **2.32** | **2.59** |
| DPS (€) | 0.30 | 0.00 | 0.53 | 0.00 | 0.00 | 0.66 | 0.66 | 0.69 | 0.77 | 0.86 |
| **Balance sheet** | | | | | | | | | | |
| Cash and balances at Central Banks | 963,714 | 1,081,723 | 1,405,349 | 1,545,523 | 1,939,681 | 2,219,972 | 2,454,854 | 2,594,231 | 2,799,172 | 2,678,823 |
| 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 | 6,072,534 | 6,391,743 | 6,899,628 | 7,441,248 | 8,011,870 |
| Property, plant and equipment and investment properties | 130,153 | 138,407 | 140,744 | 137,536 | 133,703 | 135,566 | 135,566 | 135,566 | 135,566 | 135,566 |
| Intangible assets | 22,191 | 20,345 | 19,316 | 18,411 | 17,993 | 20,512 | 20,512 | 20,512 | 20,512 | 20,512 |
| Other assets | 73,396 | 67,106 | 59,315 | 58,416 | 81,330 | 86,576 | 86,013 | 86,576 | 86,013 | 86,576 |
| **Total assets** | **5,966,184** | **6,697,560** | **7,329,301** | **8,215,901** | **8,826,124** | **9,295,781** | **9,849,308** | **10,497,133** | **11,243,132** | **11,693,968** |
| Liabilities to banks | 1,014,182 | 1,079,271 | 1,235,763 | 1,313,666 | 1,318,647 | 936,239 | 748,991 | 674,092 | 687,574 | 343,787 |
| Liabilities to customers | 3,825,938 | 4,333,436 | 4,898,897 | 5,542,251 | 6,289,511 | 7,000,240 | 7,663,894 | 8,304,208 | 8,940,346 | 9,628,052 |
| Debt securities | 206,212 | 343,727 | 266,858 | 353,221 | 191,988 | 181,778 | 181,778 | 181,778 | 181,778 | 181,778 |
| Subordinated debt | 143,140 | 87,198 | 84,974 | 87,390 | 93,597 | 116,223 | 116,223 | 116,223 | 116,223 | 116,223 |
| Other liabilities | 33,076 | 50,436 | 63,080 | 63,059 | 62,946 | 75,851 | 75,851 | 75,851 | 75,851 | 75,851 |
| **Total liabilities** | **5,222,549** | **5,894,068** | **6,549,573** | **7,359,587** | **7,956,689** | **8,310,332** | **8,786,737** | **9,352,153** | **10,001,773** | **10,345,691** |
| **Total shareholders' equity** | **743,634** | **803,492** | **779,728** | **856,314** | **869,435** | **985,449** | **1,062,571** | **1,144,981** | **1,241,359** | **1,348,276** |
| BVPS (€) | 12.5 | 13.5 | 13.2 | 14.5 | 14.8 | 16.7 | 18.0 | 19.4 | 21.1 | 22.9 |
| TNAV per share (€) | 12.1 | 13.1 | 12.9 | 14.2 | 14.5 | 16.4 | 17.7 | 19.1 | 20.7 | 22.5 |
| **Ratios** | | | | | | | | | | |
| NIM | 3.30% | 3.10% | 2.90% | 2.90% | 3.11% | 3.75% | 3.65% | 3.43% | 3.40% | 3.48% |
| Costs/Income | 69.7% | 70.5% | 68.0% | 64.2% | 64.0% | 61.2% | 62.9% | 63.2% | 62.2% | 60.2% |
| ROAE | 7.6% | 6.9% | 5.3% | 9.7% | 1.9% | 12.5% | 11.3% | 11.0% | 11.5% | 11.8% |
| CET-1 ratio | 14.4% | 14.1% | 13.3% | 14.1% | 13.5% | 15.2% | 14.9% | 15.2% | 15.5% | 16.2% |
| Tier 1 ratio | 14.4% | 14.1% | 13.3% | 14.1% | 13.5% | 15.2% | 14.9% | 15.2% | 15.5% | 16.2% |
| Capital adequacy ratio | 17.2% | 15.7% | 14.7% | 15.3% | 14.3% | 16.4% | 16.1% | 16.3% | 16.5% | 17.2% |
| 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% | 67.6% | 67.0% | 67.6% | 67.8% | 70.1% |
| Deposits/loans | 87.1% | 90.3% | 93.2% | 93.5% | 103.1% | 111.4% | 116.1% | 117.1% | 117.2% | 117.4% |

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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