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Moneta Money Bank: buy (upgraded)

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Expensive but Growing

We upgrade our call on Moneta Money Bank to "buy" from "hold" with the target price raised to CZK 162.00 from CZK 128.35 before.

Moneta ranks among the most expensive CEE banks, but at the same time it delivers growth like no other. The bank's balance-sheet CAGR for the last five years reached 18%, which was mirrored by 8% CAGR on the bottom line. In comparison, according to CNB data, the total assets of the Czech banking sector delivered 2019-2024 CAGR of around 6%.

With this in mind, we see a parallel between Moneta and Poland's ING BSK, which brokers tend to view as overpriced even as the bank delivers above-average growth and high-quality corporate governance that justify the high valuation in our view.

Looking ahead, Moneta has provided guidance which indicates 5.4% net profit CAGR in 2024-2029, however, over the years, the bank has often overdelivered on original guidance. We have revised our net profit estimates for Moneta upwards by 5% for 2025 and 8% for 2026. We want to highlight excellent delivery when it comes to fees from investment products and wealth management, which are a major driver of revenues (+39% Y/Y growth in trailing fee in 1Q'25) Net interest income in 1Q'25 was weighed down by an increase in mandatory deposit reserves, which impacted revenues. As a result, the growth in interest income in coming quarters may not be as strong as we imagined a quarter ago. On the upside, Moneta has managed to cut back financing expenses to balance out lost revenues.

Looking ahead, we are confident Moneta can keep net interest margins at steady levels in the foreseeable future, which means that growth in interest income will be driven by balance sheet expansion – something in which Moneta has a proven track record. Further, cost discipline in terms of HR expenses (gradual FTE cuts) should help keep the pace of rise in the recurring cost base close to inflation. Our bottom line estimates are 1%/4%/4% lower than consensus in year 2025-27 most likely on costs.

Moneta is the most expensive bank in our coverage at 2.4x P/BV at fair value, but the demanding valuation is a fair reflection of the bank's growth potential. As a reminder, April 29th is the ex-dividend date at Moneta.

Current Price*	145.40 CZK	Upside	
12M Target Price	162.00 CZK	+11.4%	
Rating change	rating	target price	issued
new	buy	162.00 CZK	2025-04-28
old	hold	128.35 CZK	2024-12-02

* Price as of April 25, 2025, 6:00 PM

Key Metrics		MONET CP		vs. WIG
Ticker	MONET CP	1M Price Chng	-2.4%	-3.8%
ISIN	CZ0008040318	YTD Price Chng	+17.4%	-8.4%
Outst. Stock (m)	511.0	ADTV 1M		CZK 142.9m
MC (CZK bn)	74.3	ADTV 6M		CZK 79.1m
		P/E 12M fwd	11.8	+12.7%
Free Float	100.0%	P/E 5Y avg	10.5	premium

Earnings Projections					
(CZK m)	2023	2024	2025E	2026E	2027E
NII	8,577	8,919	9,514	10,340	10,682
Total income	12,147	12,911	13,712	14,646	15,100
Costs	-5,730	-5,722	-5,865	-6,101	-6,279
Provisioning	-305	-386	-706	-1,035	-1,081
Net income	5,200	5,808	6,034	6,331	6,525
P/E	14.3	12.8	12.3	11.7	11.4
P/B	2.3	2.3	2.3	2.2	2.1
ROE	16.4%	18.1%	18.7%	19.0%	19.0%
DPS (CZK)	8.00	12.00	10.00	10.39	10.90
DYield	5.5%	8.3%	6.9%	7.1%	7.5%

Forecast Update (% change)	2025E	2026E	2027E
Net interest income	+2.2%	+5.1%	-
Fee income	+5.8%	+7.1%	-
Total costs	+0.3%	+1.8%	-
Provisioning	-1.8%	+0.1%	-
Net income	+5.1%	+8.1%	-

List of abbreviations and ratios used by mBank:

EV (Enterprise Value) – Equity Value + Net Debt; **EBIT** – Earnings Before Interest and Taxes; **EBITDA** – EBIT + Depreciation & Amortisation; **Net Debt** – Borrowings + Debt Securities + Interest-Bearing Loans - Cash and Cash Equivalents; **P/E** (Price/Earnings) – Price Per Share Divided by Earnings Per Share; **P/CE** (Price to Cash Earnings) – Price Per Share Divided by Earnings + Depreciation & Amortisation; **P/B** (Price to Book Value) – Price Per Share Divided by Book Value Per Share; **P/CF** (Price to Cash Flow) – Price Divided by Cash Flow from Operations; **ROE** (Return on Equity) – Earnings Divided by Shareholders' Equity; **ROCE** (Return on Capital Employed) – EBIT x (Average Assets - Current Liabilities); **ROIC** (Return on Invested Capital) – EBIT x (1-Tax Rate) / (Average Equity + Minority Interest + Net Debt); **FCFF** (Free Cash Flow to Firm) – Cash Flow from Operations - CAPEX - Lease Payments; **FCFE** (Free Cash Flow to Equity) – Free Cash Flow to Firm - Net Interest Expense (incl. Debt + Leases); **EBITDA margin** – EBITDA/Sales

OVERWEIGHT (OW) – a rating which indicates that we expect a stock to outperform the broad market

NEUTRAL (N) – a rating which indicates that we expect the stock to perform in line with the broad market

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mBank issued the following recommendations for Moneta Money Bank in the 12 months prior to this publication:

Moneta Money Bank (Michał Konarski, Mikołaj Lemańczyk)

Rating	hold	buy	buy
Rating date	2024-12-02	2024-07-30	2024-05-06
Target price (CZK)	128.35	120.00	110.00
Price on rating day	123.00	106.60	96.90

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