



Biuro maklerskie

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BNP Paribas Polska: buy (reiterated)

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Lower cost of risk and costs following 2Q results

We reiterate a buy rating for BNP Paribas Bank Polska ("BNP Paribas") with a higher target price of PLN 154.34.

BNP Paribas' 2Q'25 results were better than consensus, mainly due to the release of provisions (consensus assumed the creation) and lower operating costs (-6% below consensus). The bank also maintained high net trading income. We identify slow growth in lending, especially compared to the good results of other banks in terms of corporate loans, as the main negative factor.

Management expects loan growth to improve in the second half of 2025, stable asset quality, net fee income in the coming quarters of PLN 280-300m, and a focus on costs. The sensitivity of the bank's net interest income to a 100 bps interest rate cut is estimated at PLN 300m (PLN 200m for PLN currency).

We have adjusted our forecasts to the published results and management guidance. **Our net profit forecast for 2025/26/27 is now 7%-9%-11% higher** due to lower net impairment charges (by 50%-25%) and operating costs (by 3%). Our forecast for 2025-26 is broadly in line with the consensus, but for 2027 it is 9% higher.

Our valuation indicates a P/BV ratio for 2026 of 1.2x and a P/E ratio of 8.8x, representing a discount of 25% and 3% to peers. We believe that discount is justified given the lower profitability and weaker growth. Nevertheless, our target price indicates one of the highest upside potentials in the CEE region.

Finally, we would like to remind you of the risk associated with ABB, as the owner still plans to increase the free float from the current 18.8% to 25.0%. In addition, the EBRD recently decided to sell 1.6% of its shares through ABB and still holds 2.9%, which may also be sold in the future.

| | | |
|-------------------------|------------|---------------|
| Current Price* | 113.00 PLN | Upside |
| 12M Target Price | 154.34 PLN | +36.6% |

* Price as of August 12, 2025, 5:00 PM

| | rating | target price | issued |
|------------|------------|-------------------|-------------------|
| new | buy | 154.34 PLN | 2025-08-13 |
| old | buy | 140.55 PLN | 2025-06-16 |

| Key Metrics | | BNPPPL PW | | vs. WIG |
|------------------|--------------|----------------|--------|-------------|
| Ticker | BNPPPL PW | 1M Price Chng | +10.8% | +5.5% |
| ISIN | PLBGZ0000010 | YTD Price Chng | +46.1% | +7.0% |
| Outst. Stock (m) | 147.4 | ADTV 1M | | 0.9 mln PLN |
| MC (PLN m) | 16,658.3 | ADTV 6M | | 1.5 mln PLN |
| | | P/E 12M fwd | 6.0 | -18.3% |
| Free Float | 18.7% | P/E 5Y avg | 7.4 | discount |

Earnings Projections

| (PLN m) | 2023 | 2024 | 2025E | 2026E | 2027E |
|--------------|--------|--------|--------|--------|--------|
| NII | 5,225 | 5,741 | 5,823 | 5,439 | 5,766 |
| Total income | 7,585 | 8,078 | 8,597 | 7,967 | 8,385 |
| Costs | -3,398 | -3,677 | -3,742 | -3,817 | -3,910 |
| Provisioning | -34 | -246 | -139 | -245 | -365 |
| Net income | 1,013 | 2,358 | 2,840 | 2,586 | 2,870 |
| P/E | 16.5 | 7.1 | 5.9 | 6.4 | 5.8 |
| P/B | 1.3 | 1.1 | 1.0 | 0.9 | 0.8 |
| ROE | 8.4% | 16.7% | 17.5% | 14.4% | 14.6% |
| DPS | 0.00 | 2.21 | 5.09 | 4.35 | 3.96 |
| DYield | 0.0% | 2.0% | 4.5% | 3.8% | 3.5% |

| Forecast Update (% change) | 2025E | 2026E | 2027E |
|----------------------------|--------|--------|--------|
| Net interest income | +0.4% | +1.1% | +1.4% |
| Fee income | -2.6% | +2.4% | +3.0% |
| Total costs | -2.0% | -1.9% | -1.8% |
| Provisioning | -56.9% | -45.0% | -24.8% |
| Net income | +6.9% | +9.3% | +11.0% |

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

UNDERWEIGHT (UW) – a rating which indicates that we expect the stock to underperform the broad market

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BUY – we expect that the rate of return from an investment will be at least 10%

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NAV – valuation based on equity value, one of the most frequently used method in case of developing companies; the weak point of the method is that it does not factor in future changes in revenue/profits of a company.

mBank issued the following recommendations for BNP Paribas Bank Polska in the 12 months prior to this publication:

BNP Paribas Polska (Michał Konarski, Mikołaj Lemańczyk)

| Rating | buy | buy | buy |
|---------------------|------------|------------|------------|
| Rating date | 2025-06-16 | 2024-12-02 | 2024-08-28 |
| Target price (PLN) | 140.55 | 114.17 | 143.23 |
| Price on rating day | 99.00 | 81.80 | 103.00 |

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