Complete research is available only to clients of Biuro maklerskie mBanku
To access our premium research, log in or open an account at www.mdm.pl

mBank Biuro maklerskie mBank.pl

Thursday, 14 August 2025 | update

PKO BP: buy (reiterated)

Michał Konarski, Equity Analyst, Expert +48 515 025 640 | Mikołaj Lemańczyk, Equity Analyst, Senior Specialist +48 501 663 511

NII up and CoR down following 2Q'25 results

We reiterate a buy rating for PKO BP with a higher target price of PLN 95.00

PKO BP's results for 2Q'25 were better than expected, mainly due to lower risk costs. The bank surprised with an increase in net interest margin (over average assets) despite lower rate environment. What is more PKO reported excellent retail loan growth, which rose by over 18% y/y for consumer loans and 12% y/y for mortgage loans.

The Management Board confirmed a stable net interest margin compared to 2024, although its peak has already passed. The **CRO reiterated that this is the last year of significant CHF-related write-offs.**

We have raised our expectations for NII and lowered our CoR. Contrary to management, we have raised our expectations for CHF-related provisions for 2026/27, as this line continues to surprise us negatively. **Our net profit forecast for 2025 remains unchanged (3% below consensus), but for 2026/27 it is 4%-10% higher (4%-7% above consensus).**

We have noted that recent changes at the Ministry of the Treasury have led to changes in the management of PZU and Bank Pocztowy, and we therefore also see a risk of changes at PKO BP. However, as in the past, we do not expect any changes in management to cause serious disruptions to operations.

We value PKO at 1.7x 2027E fair P/TBV. justified by 21%-19% ROE and 7% dividend yield. We find PKO BP as a 'problem-free' bank, as it is not undergoing any ownership changes or merger and acquisition processes, focusing solely on its business activities (as reflected in its business volumes). We also note PKO's positive exposure for potential end of war in Ukraine. **PKO BP remains our favorite among Polish banks.**

Current Price*	85.14 PLN	**Upside**
12M Target Price	95.00 PLN	+11.6%

* Price as of August 13, 2025, 5:00 PM

	rating	target price	issued
new	**buy**	**95.00 PLN**	**2025-08-14**
old	buy	89.80 PLN	2025-06-06

Key Metrics				vs. WIG
Ticker	PKO PW	1M Price Chng	+17.6%	+12.2%
ISIN	PLPKO0000016	YTD Price Chng	+56.9%	+17.6%
Outst. Stock (m)	1,250.0	ADTV 1M	272.0 mln PLN	
MC (PLN m)	106,425.0	ADTV 6M	265.0 mln PLN	
		P/E 12M fwd	9.0	+10.4%
Free Float	70.6%	P/E 5Y avg	8.1	premium

Earnings Projections

(PLN m)	2023	2024	2025E	2026E	2027E
NII	18,318	22,153	24,403	23,750	23,617
Total income	24,406	29,017	31,223	30,823	30,834
Costs	-7,909	-8,768	-9,948	-10,314	-10,867
Provisioning	-1,373	-1,475	-1,530	-1,862	-2,027
Net income	5,502	9,304	10,777	12,891	13,053
P/E	19.3	11.4	9.9	8.3	8.2
P/B	2.4	2.0	1.8	1.6	1.5
ROE	13.6%	19.1%	19.5%	21.0%	19.2%
DPS	1.28	2.59	5.48	5.60	6.19
DYield	1.5%	3.0%	6.4%	6.6%	7.3%

Forecast Update (% change)	2025E	2026E	2027E
Net interest income	+3.5%	+6.0%	+5.8%
Fee income	-2.1%	-1.3%	-1.3%
Total costs	+0.5%	-0.4%	-0.3%
Provisioning	-17.1%	-10.6%	-14.1%
Net income	-0.3%	+4.2%	+9.9%

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

Recommendations of Biuro maklerskie mBanku:
A recommendation is valid for a period of 12 months, unless a subsequent recommendation is issued in this period. Expected returns from individual recommendations are as follows:
BUY – we expect that the rate of return from an investment will be at least 10%
HOLD – we expect that the rate of return from an investment will range from 0% to +10%
SELL – we expect that an investment will bear a loss
The foregoing principle maybe waived where circumstances warrant, including but not limited to periods of increased share price volatility experienced by the company that is the subject of a recommendation immediately preceding the time the recommendation is issued.
Recommendations are updated at least once every twelve months.

mBank S.A. with its registered office in Warsaw at Prosta 18 renders brokerage services via a dedicated organisational unit, the Brokerage Bureau, which uses the Polish name Biuro maklerskie mBanku.

mBank S.A. as part of the Exchange's Analytical Coverage Support Programme ("Programme", https://www.gpw.pl/eacsp) prepares analytical reports for Auto Partner S.A, Cyber_Folks S.A, Newag S.A. These documents are prepared at the request of Giełda Papierów Wartościowych w Warszawie S.A. ('WSE'), which is entitled to copyrights to these materials. mBank S.A. receives remuneration from the WSE for the preparation of the reports. All documents prepared for the Programme are available at:
https://www.mdm.pl/ui-pub/site/market_and_analysis/analysis_and_recommendations/analytical_coverage_support_programme

This document has been created and published by Biuro maklerskie mBanku. This report expresses the knowledge as well as opinions of the authors on day the report was prepared. The opinions and estimates contained herein constitute our best judgment at this date and time, and are subject to change without notice. This report was prepared with due care and attention, observing principles of methodological correctness and objectivity, on the basis of sources available to the public, which Biuro maklerskie mBanku considers reliable, including information published by issuers, shares of which are subject to recommendations. However, Biuro maklerskie mBanku, in no case, guarantees the accuracy and completeness of the report, in particular should sources on the basis of which the report was prepared prove to be inaccurate, incomplete or not fully consistent with the facts. mBank S.A. bears no responsibility for investment decisions taken on the basis of this report or for any damages incurred as a result of investment decisions taken on the basis of this report.

This document does not constitute an offer or invitation to subscribe for or purchase any financial instruments and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. It is being furnished to you solely for your information and may not be reproduced or redistributed to any other person This document does not constitute investment, legal, accounting or other advice, and mBank is not liable for damages resulting from or related to the use of data provided in the documents. This document may not be copied, duplicated and/or be directly or indirectly distributed in the United States, Canada, Australia or Japan, nor transferred to citizens or residents of a state where its distribution may be legally restricted, which does not limit the possibility of publishing materials prepared for the Programme on Auto Partner S.A, Cyber_Folks S.A, Newag S.A, mBank or WSE websites. Persons who disseminate this document should be aware of the need to comply with such restrictions.

Recommendations are based on essential data from the entire history of a company being the subject of a recommendation, with particular emphasis on the period since the previous recommendation.

Investing in shares is connected with a number of risks including, but not limited to, the macroeconomic situation of the country, changes in legal regulations as well as changes on commodity markets. Full elimination of these risks is virtually impossible.

It is possible that mBank S.A. in its brokerage activity renders, will render or in the past has rendered services for companies and other entities mentioned in this report.

BM, as a separate organisational unit of the Bank, may buy or sell (or may have bought or sold in the past) the financial instruments discussed herein in the name and on behalf of clients subject to powers of attorney granted by the clients.
mTFI may hold (or may have held in the past) positions in the financial instruments discussed herein, or in related instruments, held in the investment portfolios of funds operated or managed by mTFI.
The Bank may hold (or may have held in the past) positions in the financial instruments discussed herein, or in related instruments, held in the trading portfolios or banking portfolios managed by the Bank.
The Bank and other members of the Bank's group of companies may hold (or may have held in the past) positions in the financial instruments discussed herein, or in related instruments, held in portfolios they manage.

mBank S.A. does not rule out offering brokerage services to an issuer of securities being the subject of a recommendation.

Biuro Maklerskie mBanku S.A. ("BM") has put in place internal regulations governing the active management of conflicts of interest, which establish internal organizational and administrative frameworks and information barrier protocols to prevent and avoid conflicts of interest in connection with recommendations. Different types of brokerage activities are separated from each other within BM's internal organizational structure, including the equity research department, which is separated from other brokerage activities. Information barriers, called "Chinese walls," have been created to restrict the exchange of information between different organizational units and employees of BM.

Information concerning a conflict of interest arising in connection with issuing a recommendation (should such a conflict exist) is located below.

The present report was not transferred to the issuer prior to its publication.

The Issuer is a client of Biuro maklerskie mBanku.
The Issuer is a client of mBank S.A.
The Issuer is a counterparty to mBank S.A.
The analyst who prepared this document owns securities of the rated issuer.

The production of this recommendation was completed on August 14, 2025, 8:07 AM.
This recommendation was first disseminated on August 14, 2025, 8:20 AM.

This document is an extract from a recommendation produced by Biuro maklerskie mBanku.

mBank S.A., its shareholders and employees may hold long or short positions in the issuer's shares or other financial instruments related to the issuer's shares.

Copying or publishing this report, in full or in part, or disseminating in any way information contained in this report requires the prior written consent of mBank S.A.

Recommendations are addressed to all Clients of Biuro maklerskie mBanku.

All investment recommendations and strategies issued by mBank S.A. over the last 12 months are available at: https://mdm.pl/bm/analizy

The activity of mBank S.A. is subject to the supervision of the Polish Financial Supervision Commission.

Individuals who did not participate in the preparation of recommendations, but had or could have had access to recommendations prior to their publication, are employees of Biuro maklerskie mBanku authorised to access the premises in which recommendations are prepared and/or individuals having to access to recommendations based on their corporate roles, other than the analysts mentioned as the authors of this recommendations.

This publication constitutes investment research in the meaning of Art. 36.1 of Commission Delegated Regulation (EU) 2017/565.

The compensation of the research analysts responsible for preparing investment research is determined independently of and without regard to the compensation of or revenue generated by any other employee of the Bank, including but not limited to any employee whose business interests may reasonably be considered to conflict with the interests of the persons to whom the investment research prepared by the Research Department of Biuro maklerskie mBanku is disseminated. With that being said, since one of the factors taken into consideration when determining the compensation of research analysts is the degree of fulfillment of annual financial targets by customer service functions, there is a risk that the adequacy of compensation offered to persons preparing investment research will be questioned by a competent oversight body.

For U.S. persons only: This research report is a product of mBank SA which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.
This report is intended for distribution by mBank SA only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.
In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, mBank SA has entered into an agreement with a U.S. registered broker-dealer, Cabrera Capital Markets. ("Cabrera"). Transactions in securities discussed in this research report should be effected through Cabrera or another U.S. registered broker dealer.

Strong and weak points of valuation methods used in recommendations:
DCF – acknowledged as the most methodologically correct method of valuation; it consists in discounting financial flows generated by a company; its weak point is the significant susceptibility to a change of forecast assumptions in the model.
Relative – based on a comparison of valuation multipliers of companies from a given sector; simple in construction, reflects the current state of the market better than DCF; weak points include substantial variability (fluctuations together with market indices) as well as difficulty in the selection of the group of comparable companies.
Economic profits – discounting of future economic profits; the weak point is high sensitivity to changes in the assumptions made in the valuation model.
Discounted Dividends (DDM) – discounting of future dividends; the weak point is high sensitivity to changes in the assumptions as to future dividends made in the valuation model.
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 PKO BP in the 12 months prior to this publication:

PKO BP (Michał Konarski, Mikołaj Lemańczyk)

Rating	buy	buy	buy
Rating date	2025-06-06	2024-12-02	2024-08-28
Target price (PLN)	89,80	78,65	78,19
Price on rating day	70,44	55,90	56,48

mBank S.A.
Prosta 18
00-850 Warszawa
http://www.mbank.pl/

Research Department

Beata Szparaga-Waśniewska, CFA
director
+48 510 929 021
beata.szparaga-wasniewska@mbank.pl
biotechnology, healthcare

Mateusz Krupa, CFA
deputy director
+48 571 608 973
mateusz.krupa@mbank.pl
strategy

Paweł Szpigiel
+48 509 603 258
pawel.szpigiel@mbank.pl
media, IT, telco, e-commerce

Michał Konarski
+48 515 025 640
michal.konarski@mbank.pl
banks, financials

Mikołaj Lemańczyk, CFA
+48 501 663 511
mikolaj.lemanczyk@mbank.pl
banks, financials, property developers

Piotr Poniatowski
+48 509 603 046
piotr.poniatowski@mbank.pl
gaming, leisure

Janusz Pięta
+48 506 065 659
janusz.pieta@mbank.pl
retail, e-commerce

Jakub Sargsyan
+48 519 419 895
marlen.sargsyan@mbank.pl
industrials, mining

Sales and Trading

Traders

Piotr Gawron
director
+48 698 832 853 | +48 22 697 48 95
piotr.gawron@mbank.pl

Paweł Cylkowski
deputy director
+48 503 684 130 | +48 22 697 47 31
pawel.cylkowski@mbank.pl

Piotr Brożyna
+48 512 756 702 | +48 22 697 48 47
piotr.brozyna@mbank.pl

Andrzej Kowalczyk
+48 789 868 634 | +48 22 697 47 44
andrzej.kowalczyk@mbank.pl

Karol Kułaj
+48 509 602 984 | +48 22 697 49 85
karol.kulaj@mbank.pl

Patryk Gniadek
tel. +48 505 116 638 | +48 22 697 48 82
patryk.gniadek@mbank.pl

Andrzej Sychowski
+48 605 848 003 | +48 22 697 48 46
andrzej.sychowski@mbank.pl

Łukasz Płaska
+48 784 449 962 | +48 22 697 47 90
lukasz.plaska@mbank.pl

Sales, Foreign Markets

Marzena Łempicka-Wilim
deputy director
+48 696 427 249
marzena.lempicka-wilim@mbank.pl

Private Client Sales

Maciej Sokołowski
director
maciej.sokolowski@mbank.pl

Jarosław Banasiak
deputy director
jaroslaw.banasiak@mbank.pl