

Thursday, 14 August 2025 | update

PKO BP: buy (reiterated)

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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

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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 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

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