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PKO BP: buy (reiterated)

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Still Our Top Pick Among Polish Banks

We reiterate our „Buy" recommendation for PKO BP rating with a higher target price of PLN 97.00.

We have updated our financial forecasts for PKO BP after 3Q'25 results. Balance sheet adjustments include a reduction in overall loan growth by 1% in 2025 and by 2%–3% in 2026–27, driven by lower expectations for corporate lending. As for P&L projections, our estimates for pre-provisioning operating profit remain largely unchanged, but we have increased the 2025 and 2026E CHF provisioning levels. Consequently, we revise our 2025 net profit estimate down by 4% to PLN 10.4bn and cut the 2026 forecast by 6% to PLN 12.2bn, while raising the 2027E net profit by 2.3% to PLN 13.4bn. These updated figures are 3% below consensus for 2025 and 9%–6% above market expectations for 2026 and 2027, which already factor in potential changes in CIT.

At 1.5x 2026E P/BV and 1.4x 2027E P/BV, PKO BP trades in line with the average multiples of Polish banks. However, in our view, PKO merits a small premium to peers given its above-average ROE of 20% expected in 2026 and 2027, and a 7%-8% dividend yield. Additionally, PKO BP is not involved in any major M&A processes, maintains a strong capital position, and is well positioned to lead corporate loan growth in Poland. We also appreciate the bank's focus on building a service ecosystem, most recently through a partnership with Poland's leading e-commerce platform, Allegro.

CIT Hike Scenario

The bill proposing CIT rate reduction for banks from 30% in 2026 to 26% in 2027 and 23% from 2028 has passed the Sejm, but enactment is uncertain as a new government formed post the 2027 election may be less inclined to cut taxes. In our base-case scenario, where CIT drops from 30% in 2026 to 26% from 2027 onward, and banking tax is cut by 10%, our net profit estimates for PKO BP decrease by 19% and 9%, and our TP declines to PLN 90.72, implying 18% upside.

Current Price*	76.82 PLN	**Upside**
12M Target Price	97.00 PLN	+26.3%

* Price as of November 06, 2025, 5:00 PM

	rating	target price	issued
new	**buy**	**97.00 PLN**	**2025-11-07**
old	buy	95.00 PLN	2025-08-14

Key Metrics				vs. WIG
Ticker	PKO PW	1M Price Chng	+4.8%	+0.1%
ISIN	PLPKO0000016	YTD Price Chng	+41.5%	+0.5%
Outst. Stock (m)	1,250.0	ADTV 1M		198.6 mln PLN
MC (PLN m)	96,025.0	ADTV 6M		246.4 mln PLN
		P/E 12M fwd	8.7	+7.8%
Free Float	70.6%	P/E 5Y avg	8.0	premium

Earnings Projections

(PLN m)	2023	2024	2025E	2026E	2027E
NII	18,318	22,153	24,272	23,750	23,852
Total income	24,406	29,017	31,109	30,792	31,027
Costs	-7,909	-8,768	-9,801	-10,278	-10,827
Provisioning	-1,373	-1,475	-1,518	-1,813	-1,950
Net income	5,502	9,304	10,385	12,168	13,358
P/E	17.5	10.3	9.2	7.9	7.2
P/B	2.1	1.8	1.7	1.5	1.4
ROE	13.6%	19.1%	18.9%	20.0%	19.8%
DPS	1.28	2.59	5.48	5.40	5.84
DYield	1.7%	3.4%	7.1%	7.0%	7.6%

Forecast Update (% change)	2025E	2026E	2027E
Net interest income	-0.5%	-0.0%	+1.0%
Fee income	+0.3%	-0.6%	-0.8%
Total costs	-1.5%	-0.3%	-0.4%
Provisioning	-0.8%	-2.6%	-3.8%
Net income	-3.6%	-5.6%	+2.3%

mBank Biuro maklerskie

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	2025-08-14	2025-06-06	2024-12-02
Target price (PLN)	95.00	89.80	78.65
Price on rating day	85.14	70.44	55.90

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