

Solid Q3 numbers, nothing new on Otto M. Schröder Bank

Merkur Privatbank reported a solid set of Q3 numbers. Due to better-than-expected NII, revenues exceeded our expectations. As expenses were slightly higher than anticipated, operating profit was “only” in-line with our estimates. This was due to increasing personnel costs and other administrative expenses as Merkur continues to invest into human capital and improved business processes. Net income was a bit lower than expectations, but this is under the influence of Merkur’s risk provisioning policy, of course. The potential acquisition of Otto M. Schröder Bank was not mentioned in the press release. We have a buy rating on the stock, PT EUR 19.

Merkur Privatbank		Actual			Pareto		PAS (pre Q3)	
		Q3 2023	Q3 2024	yoy (%)	Q3 2024	Delta (%)	2024e	2025e
Revenues	EURm	29.8	32.5	9	30.5	7	122	124
of which NII	"	24.3	24.9	2	22.9	9	91	90
of which net commissions	"	5.5	7.2	30	7.6	-5	29	30
of which other	"	0.6	0.7	28	0.5	44	2	4
Expenses	"	15.8	18.6	18	17.0	10	69.2	71.2
CIR	%	53%	57%		56%		57%	57%
Risk provisions	EURm	4.0	4.4	9	4.7	-6	9.0	9.0
Operating profit	EURm	10.0	9.4	-6	8.8	7	43.4	44.2
Net income	EURm	2.8	2.0	-31	2.4	-18	12.2	14.1
Other KPI								
Lending volume	EURm	2,976	3,199	7			3,163	3,226
Risk costs (annualized)	bps	56	55	-1			71	70
Net interest margin (annualized)	%	2.9%	2.6%	-10			2.4%	2.4%

Source: Pareto, Company

More insights from the report:

- AuM keep on rising – from 3.6bn to EUR 4.1bn, which bodes well for commission income in the coming quarters.
- NII was down yoy but up qoq from 2.4% to 2.6%, which is a positive surprise in times of decreasing interest rates.
- The tax rate was at 45% in the quarter, which indicates in our view that not the full risk provisioning is tax deductible.

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