

## The two-pillar strategy pays off

*Merkur Privatbank reported a solid set of Q3 numbers. While the real estate business in Merkur's core markets remained soft in Q3, the wealth management business developed very favorably. We leave our target price at EUR 19 for the shares and confirm our "buy" recommendation. We think Merkur Privatbank is an interesting quality name for investors who seek exposure to the private banking sector in Germany.*

### Solid Q3 results

Merkur Privatbank reported a solid set of Q3 numbers. Although the real estate business in Merkur's core markets remained soft in Q3, the loan portfolio was stable after strong growth in 2023, risks costs remained well under control, and the NII margin even exceeded our expectations as it was up qoq from 2.4% to 2.6%. As expenses were slightly higher than anticipated, operating profit was "only" in-line with our estimates.

### Wealth management on the rise

AuM keep on rising – ~5% from EUR 3.9bn after H1 to EUR 4.1bn, which bodes well for commission income in the coming quarters. The sound development of AuM also contributed to the strong increase in the commission income by 40% yoy after 9M. This is the 3rd quarter in a row with a commission income of more than EUR 7m. So we infer that the two-pillar strategy (residential real estate developer finance plus wealth management) pursued by Merkur Privatbank pays off.

### Target price remains at EUR 19

Our valuation is based upon a Gordon Growth and a Dividend Discount model. We calculate an average fair value of EUR 19.0 from the two valuation methods, EUR 19.90 from the GGM and EUR 17.80 from the DDM. Hence, we leave our target price at EUR 19 for the shares and confirm our "buy" recommendation. We think Merkur Privatbank is an interesting quality name for investors who seek exposure to the private banking sector in Germany.

EURm	2022	2023	2024e	2025e	2026e
M.cap.	106	127	106	106	106
NII	70	96	95	93	95
Other inc.	6	(1)	1	4	4
Op.costs	(62)	(66)	(70)	(72)	(74)
L.losses	(8)	(8)	(15)	(9)	(9)
Net profit	10	11	12	14	16
EPS	1.27	1.39	1.54	1.80	2.00
EPS adj	1.27	1.39	1.54	1.80	2.00
P/E	10.7	11.7	8.8	7.6	6.8
P/B	0.93	1.05	0.82	0.76	0.71
Yield (%)	3.3	3.1	4.0	4.4	4.8
ROE (%)	9.0	9.3	9.6	10.5	10.8

Source: Pareto Securities

Target price (EUR)	19.0	▲	BUY
Share price (EUR)	13.6	–	HOLD
		▼	SELL

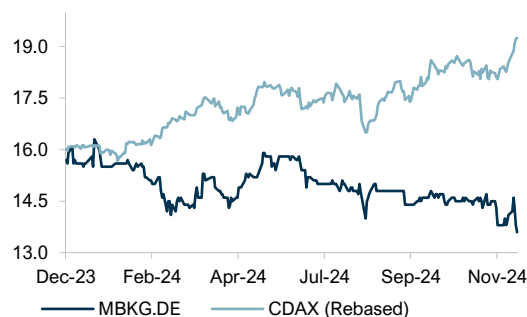
### Forecast changes

%	2024e	2025e	2026e
NII	4	3	4
Operating inc.	2	2	2
PBLL	2	3	4
EPS	(5)	(3)	1

Source: Pareto Securities

Ticker	MBKG.DE, MBK GY
Sector	Banks
Shares fully diluted (m)	7.8
Market cap (EURm)	106

### Performance



Source: FactSet

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## 9M wrap-up

Q3

Merkur Privatbank		Q3 2023	Actual Q3 2024	yoy (%)
<b>Revenues</b>	EURm	29.8	32.5	9
of which NII	"	24.3	24.9	2
of which net commissions	"	5.5	7.2	30
of which other	"	0.6	0.7	28
Expenses	"	15.8	18.6	18
CIR	%	53%	57%	
Risk provisions	EURm	4.0	4.4	9
<b>Operating profit</b>	EURm	10.0	9.4	-6
<b>Net income</b>	EURm	2.8	2.0	-31
<b>Other KPI</b>				
Lending volume	EURm	2,976	3,199	7
Risk costs (annualized)	bps	56	55	-1
Net interest margin (annualized)	%	2.9%	2.6%	-10

Source: Company, Pareto Securities

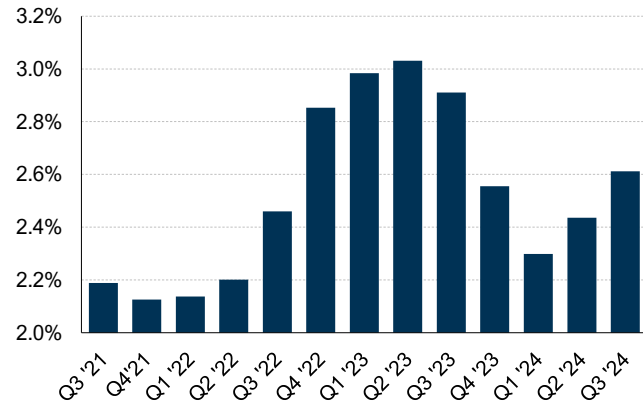
9M

Merkur Privatbank		9M 2023	Actual 9M 2024	yoy (%)
<b>Revenues</b>	EURm	89.0	93.5	5
of which NII	"	73.0	71.2	-2
of which net commissions	"	15.7	21.9	40
of which other	"	1.9	1.7	-11
Expenses	"	47.3	52.6	11
CIR	%	53%	56%	
Risk provisions	EURm	13.4	13.8	3
<b>Operating profit</b>	EURm	28.3	27.1	-4
<b>Net income</b>	EURm	7.2	7.1	-1
<b>Other KPI</b>				
Lending volume	EURm	2,976	3,199	7
Risk costs (annualized)	bps	64	58	-9
Net interest margin (annualized)	%	2.9%	2.5%	-15

Source: Company, Pareto Securities

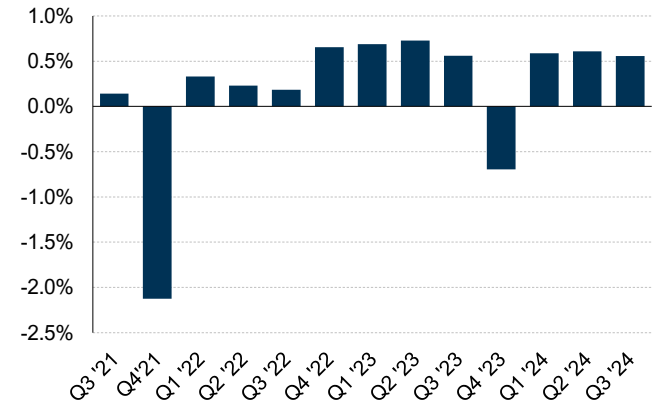
Merkur Privatbank reported a solid set of Q3 numbers. The NII margin exceeded our expectations as it was down yoy but up qoq from 2.4% to 2.6% (see below), which is a positive surprise in times of overall decreasing interest rates. We anticipate the net interest margin to remain around these levels for the remainder of the year. Longer-term, this will be under the influence of the future interest policy of the ECB, among others, of course.

Net interest margin as % of total assets



Source: Company, Pareto Securities

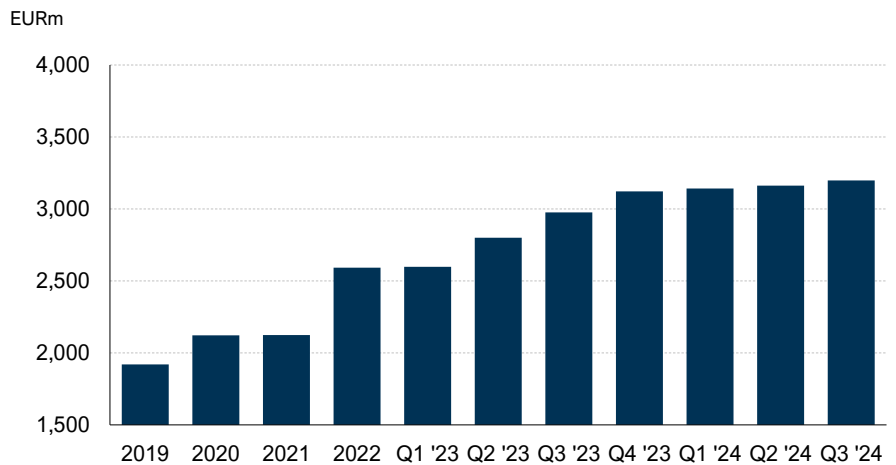
Risk costs of % of loan portfolio



Source: Company, Pareto Securities

Annualized risk costs amounted to 56 bps in Q3 2024 which is in-line with the levels that could be observed throughout last year. The real estate business in Merkur's core markets remained soft in Q3 (see price development in Munich next page), even though there are signs of price stabilization. Because of this, the still relatively high level of risk costs does not come as a surprise.

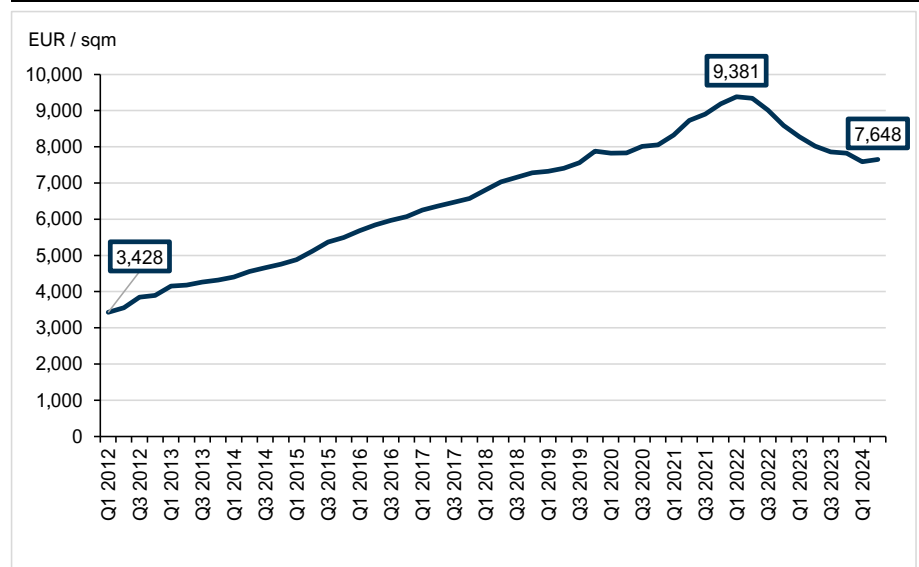
### Loan portfolio



Source: Company, Pareto Securities

The loan portfolio growth was almost flat during 2024 after a strong growth in 2023. We regard this as a normalization after the strong development during 2023, which is in our view no surprise as the number of real estate transactions is still on a low level. Even if the numbers of transactions will pick up, we expect the loan book to shrink as we anticipate that more real estate projects will be finalized than initiated in the next 1-2 years as only few new real estate development projects are initiated in the moment due the relatively soft present Munich real estate market.

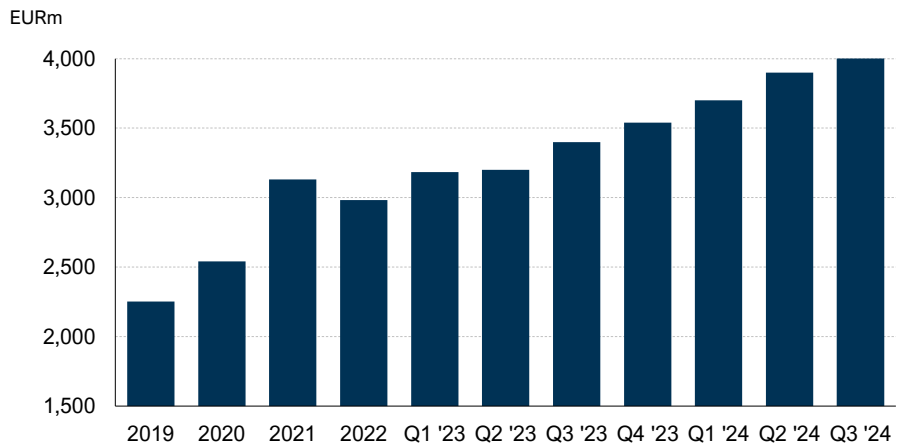
### Development of offer prices for apartments in Munich



Source: Statista, Pareto Securities

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 tax rate was at 45% in the quarter, which is a consequence of not the full risk provisioning being tax deductible.

### Assets under management (AuM)



Source: Company, Pareto Securities

The AuM keep on rising – ~5% from EUR 3.9bn after H1 to EUR 4.1bn, which bodes well for commission income in the coming quarters. Compared to the end of last year, AuM have even increased by 16%, which comes at the backdrop of a positive stock market development during the period. The sound development of AuM also contributed to the strong increase in the commission income by 40% yoy after 9M. This is the 3<sup>rd</sup> quarter in a row with a commission income of more than EUR 7m. Besides the financing the takeover of doctors' practices, wealth management will be a core growth area for Merkur Privatbank in the coming years. So, the two-pillar strategy (residential real estate developer finance plus wealth management) pursued by Merkur Privatbank pays off.

We understand that the bank will mainly pursue organic growth opportunities after the takeover talks with Otto M. Schröder Bank in Hamburg have been terminated without results.

## Our estimates

### P&L

Profit & Loss (EURm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
<b>Revenue</b>	36	37	49	78	83	99	116	124	127	131	134
% yoy	2.8%	2.4%	34.6%	57.5%	7.0%	19.3%	17.0%	7.4%	2.0%	3.0%	2.8%
of which net interest income	23	29	42	53	58	70	96	95	93	95	98
of which net commissions	12	7	6	20	22	23	21	29	30	31	33
of which other	0	0	1	4	3	6	2	2	4	4	4
<b>Total expenses</b>	23	23	31	48	50	59	66	70	72	74	76
CIR	63%	63%	64%	62%	61%	59%	57%	56%	57%	57%	57%
Risk provisions	0	0	1	6	-8	8	8	15	9	9	9
% of lending volume	0.0%	0.0%	0.1%	0.3%	-0.4%	0.3%	0.3%	0.5%	0.3%	0.3%	0.3%
<b>Operating Profit</b>	12	12	11	21	37	28	42	39	46	48	49
% of sales	32.8%	33.1%	21.4%	26.6%	45.2%	28.5%	35.9%	31.7%	36.2%	36.4%	36.5%
Fund for general banking risks	4	3	6	3	18	8	17	11	15	15	15
% of lending volume	0.4%	0.3%	0.4%	0.1%	0.8%	0.3%	0.6%	0.4%	0.5%	0.5%	0.5%
<b>Net Profit</b>	3	4	0	8	9	10	11	12	14	16	16
% of sales	9.6%	10.0%	0.4%	10.6%	11.1%	10.0%	9.3%	9.6%	11.0%	11.9%	12.3%
<b>EPS</b>	0.60	0.64	3.25	1.05	1.18	1.27	1.39	1.54	1.80	2.00	2.12
% yoy	-1.0%	6.3%	405.2%	-67.5%	11.8%	7.8%	9.4%	10.9%	16.5%	11.1%	6.2%
<b>DPS</b>	0.30	0.32	0.32	0.40	0.45	0.45	0.50	0.55	0.60	0.65	0.70
Payout ratio	50%	50%	10%	38%	38%	35%	36%	36%	33%	33%	33%

Source: Company, Pareto Securities

Our estimates above are based on following assumptions: We believe that the loan book will grow by 2% p.a. in the coming years and the net interest margin will marginally decrease to 2.4% from 2.6% in Q3. After a strong 9M, we believe that commission income will grow by roughly 40% in 2024 and by 4% thereafter. We believe that CIR will slightly decrease to 56% in 2024 and continue to be around 57-58% in the coming years. The key assumption here is that we expect personnel expenses to grow by 3%. We conservatively expect risk provisions to remain at EUR 9m per year and the funds for general banking risk to be allocated EUR 15-16m every year.

Combined with a tax rate of 36% of EBT (=30% on EBT plus risk provisions), we arrive at a net profit that is going to rise from EUR 12.0m in 2024e to above EUR 16m in 2027e, which translates into a RoE of 10-11% per year.

## Valuation

### Gordon growth model – sensitivity analysis

		Growth (g)						
		1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%
COE	6.5%	24.1	25.0	26.0	27.3	29.0	31.3	34.4
	7.0%	22.1	22.7	23.4	24.3	25.4	26.8	28.7
	7.5%	20.4	20.8	21.3	21.9	22.6	23.5	24.6
	8.0%	18.9	19.2	19.5	19.9	20.3	20.8	21.5
	8.5%	17.7	17.8	18.0	18.2	18.5	18.8	19.1
	9.0%	16.6	16.6	16.7	16.8	16.9	17.1	17.2
	9.5%	15.6	15.6	15.6	15.6	15.6	15.6	15.6

Source: Company, Pareto Securities

Our valuation is based upon a Gordon Growth and a Dividend Discount model. We calculate an average fair value of EUR 19.0 from the two valuation methods, EUR 19.90 from the GGM and EUR 17.80 from the DDM. Hence, we leave our target price at EUR 19 for the shares and confirm our “buy” recommendation. We think Merkur Privatbank is an interesting quality name for investors who seek exposure to the private banking sector in Germany.

### Dividend discount model



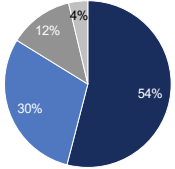
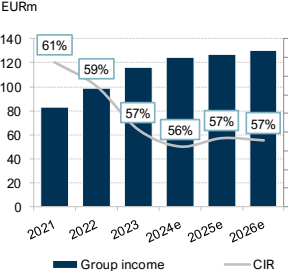
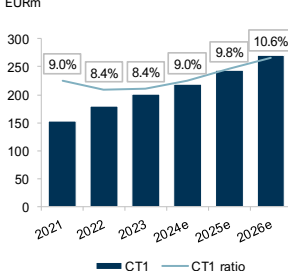
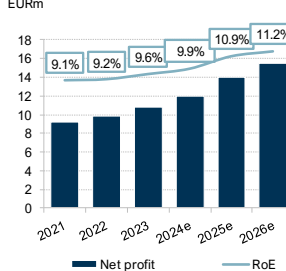
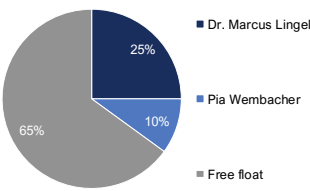
EUR m	Phase I					Phase II					Phase III
	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	
<b>Revenues</b>	<b>124</b>	<b>127</b>	<b>131</b>	<b>134</b>	<b>138</b>	<b>142</b>	<b>146</b>	<b>150</b>	<b>154</b>	<b>159</b>	
<i>growth rate</i>	7.4%	2.0%	3.0%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	
<b>EBT</b>	<b>39.4</b>	<b>45.9</b>	<b>47.5</b>	<b>49.0</b>	<b>50.5</b>	<b>49.7</b>	<b>51.1</b>	<b>52.6</b>	<b>54.1</b>	<b>55.6</b>	
<i>margin</i>	32%	36%	36%	36%	37%	35%	35%	35%	35%	35%	
<b>Tax</b>	<b>(16.4)</b>	<b>(16.5)</b>	<b>(17.0)</b>	<b>(17.5)</b>	<b>(18.0)</b>	<b>(17.8)</b>	<b>(18.3)</b>	<b>(18.8)</b>	<b>(19.3)</b>	<b>(19.8)</b>	
<i>Tax rate</i>	42%	36%	36%	36%	36%	36%	36%	36%	36%	36%	
<b>Minorities/Others</b>	<b>(11.0)</b>	<b>(15.5)</b>	<b>(15.0)</b>	<b>(15.0)</b>	<b>(15.0)</b>	<b>(14.8)</b>	<b>(15.2)</b>	<b>(15.6)</b>	<b>(16.1)</b>	<b>(16.5)</b>	
<i>% of EAT</i>	48%	53%	49%	48%	46%	46%	46%	46%	46%	46%	
<b>Net profit</b>	<b>12.0</b>	<b>14.0</b>	<b>15.5</b>	<b>16.5</b>	<b>17.5</b>	<b>17.2</b>	<b>17.7</b>	<b>18.2</b>	<b>18.7</b>	<b>19.2</b>	
<i>growth rate</i>	8%	9%	4%	5%	7%	-1%	3%	3%	3%	3%	
<b>Total dividend</b>	<b>4.3</b>	<b>4.7</b>	<b>5.1</b>	<b>5.4</b>	<b>5.8</b>	<b>6.3</b>	<b>7.1</b>	<b>7.9</b>	<b>8.8</b>	<b>9.6</b>	<b>190</b>
<i>payout ratio</i>	36%	33%	33%	33%	33%	37%	40%	44%	47%	50%	
<b>Present Value FCF</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.4</b>	<b>4.6</b>	<b>4.7</b>	<b>4.8</b>	<b>94</b>

<b>PV Phase I</b>	<b>21</b>	<b>Risk premium</b>	<b>5.0%</b>	<b>Beta</b>	<b>1.0</b>			
<b>PV Phase II</b>	<b>23</b>	<b>Risk free rate</b>	<b>3.0%</b>	<b>Cost of Equity (CoE)</b>	<b>8.0%</b>			
<b>PV Phase III</b>	<b>94</b>	<b>Perpetual growth</b>	<b>2.8%</b>					
<b>Total Equity Value</b>	<b>139</b>	<b>Sensitivity</b>	<b>Growth in phase III</b>					
<b># of shares</b>	7.78		<b>1.8%</b>	<b>2.3%</b>	<b>2.8%</b>	<b>3.3%</b>	<b>3.8%</b>	
<b>Value per share (EUR)</b>	<b>17.80</b>	<b>CoE</b>	<b>7.2%</b>	18.3	19.6	21.2	23.3	26.0
<b>Current Price (EUR)</b>	<b>14.30</b>		<b>7.6%</b>	16.9	18.0	19.4	21.0	23.1
<b>Upside</b>	<b>24.5%</b>		<b>8.0%</b>	15.8	16.7	17.8	19.2	20.9
			<b>8.4%</b>	14.8	15.6	16.5	17.6	19.0
			<b>8.8%</b>	13.8	14.5	15.3	16.3	17.4

Source: Company, Pareto Securities

# At a glance

## At a glance

Business Units	Corporate Banking	Retail / Private Banking									
											
Company Profile	Merkur Privatbank is a private bank located in Munich, focusing on corporate and retail banking. While it has expanded its retail banking activities in recent years, residential real estate developer finance remains its most important business. The takeover of Bank Schilling in 2019 has increased its wealth management business quite significantly. Merkur Privatbank has the legal status of a KGaA and is listed on the Munich stock exchange.										
Business Focus	Besides refinancing leasing portfolios and classical loans to its corporate customers in the SME space, Merkur Privatbank has a clear focus on loans for residential real estate developers, most of which are located in Munich. The average term of these loans are typically 1-2 years, the average size roughly EUR 7-8m. Total corporate loans amount to around EUR 3.1bn (2023).	In Retail / Private Banking, Merkur Privatbank offers retail banking services both online and on-site through its 19 branches to its customers. Following the takeover of Bank Schilling in 2019, it is also active in private wealth management. It has more than EUR 3.5bn assets under custody / management.									
Customers	Merkur Privatbank's corporate customer are usually in the SME space. While in real estate financing, they comprise primarily real estate developers, they also include leasing companies and traditional SME with a focus on industrials. Regionally, the emphasis in real estate financing is on Munich and, to a lesser extent, Nuremberg and Stuttgart.	Merkur Privatbank's customers are classical retail customers, which we consider to be somewhat more affluent than the average retail customer, not least because we believe former Bank Schilling's customers to have been more affluent. The regional focus is Bavaria, Hesse, Thuringia and Saxony.									
Market share/ positioning	We consider Merkur Privatbank's market share insignificant if one takes into account the full German market, but Merkur Bank is among the established players in its niches in its regional core market Munich.										
Drivers	Apart from the general macroeconomic development in Germany, the overall demand for housing in Munich and new construction activity are the key drivers for Merkur Privatbank's revenues with corporate clients.	We see two developments which should be beneficial for Merkur Privatbank: 1) The ongoing branch closures of the market leaders (savings and mutual banks) should continue to be beneficial for Merkur Privatbank as it should help it to further grow its assets under custody. 2) Demand for wealth management services should further increase.									
Main competitors	While corporate SME are served by all banks, the field of real estate developers is served by a smaller number of specialized banks. The same also applies to leasing customers.										
Entry barriers/ competitive advantage	Merkur Privatbank has competitive advantages from a loyal customer base that appreciates the bank's persistence, reliability and down-to-earth mentality, not least because Merkur is an owner-operated bank, which is rare in the industry. Moreover, its specialization on certain regions and business areas like financing real estate development in Munich gives Merkur advantages in the field.										
Strategy & Guidance	<p><b>Strategy:</b></p> <p>(I) As owner-operated bank, Merkur Privatbank is committed to its persistence, reliability and down-to-earth mentality.</p> <p>(II) In its day-to-day operations, merkur runs a low risk profile, e.g. by specializing on certain business areas and by abstaining from maturity transformation.</p> <p>(III) Further improve its capitalization through the reinvestment of earnings to be able to make use of the business opportunities in the housing market in Munich.</p> <p>(IV) Merkur Privatbank intends to further rise its AuC to increase revenues in retail / private banking, which will as a side effect lessen dependence on the real estate business.</p> <p><b>Guidance (6/2024):</b></p> <table border="1"> <thead> <tr> <th></th> <th>Pareto</th> <th>Consensus</th> </tr> </thead> <tbody> <tr> <td>Income y/y</td> <td>EUR 124m</td> <td>na</td> </tr> <tr> <td>Net income</td> <td>EUR 12m</td> <td>na</td> </tr> </tbody> </table>			Pareto	Consensus	Income y/y	EUR 124m	na	Net income	EUR 12m	na
	Pareto	Consensus									
Income y/y	EUR 124m	na									
Net income	EUR 12m	na									
2023	<p><b>Income (EURm)</b> 115.8</p> <p>y/y 17.0%</p>	<p><b>PBT before risk provisions</b> 49.6</p> <p>CIR 57.1%</p>	<p><b>Net profit (EURm)</b> 10.8</p> <p>RoE 9.6%</p>	<p><b>EPS 5Y hist. CAGR</b> 16.7%</p>							
Sales & EBIT Split	   										
Shareholder structure & management	<p><b>CEO</b> <u>Dr. Marcus Lingel</u> CEO and personally liable partner</p> <ul style="list-style-type: none"> <li>Dr. Lingel joined Merkur Privatbank's management board in 2005</li> <li>He joined Merkur Privatbank in 2000 after having finished his studies and having worked for a large private bank in the corporate banking unit</li> </ul> <p><b>Board member</b> <u>Sven Krause</u></p> <ul style="list-style-type: none"> <li>Mr. Krause joined the bank in 2009, he became a board member in 2021</li> <li>Before joining Merkur Privatbank, he worked for a savings bank</li> </ul> <p><b>Board member</b> <u>Dr. Andreas E.H. Maurer</u></p> <ul style="list-style-type: none"> <li>Dr. Maurer became a board member in 2019</li> <li>Before joining the bank he gained bank experience in different banks</li> </ul> <p><b>Shareholder structure</b></p> 										
# of employees FY 2023	491										

Source: Company, Pareto Securities

<b>PROFIT &amp; LOSS (fiscal year) (EURm)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
Net interest income	42	53	58	70	96	95	93	95
Net fee and commission income	6	20	22	23	21	29	30	31
Net gains on fin. at FV	23							
<b>Operating income</b>	<b>49</b>	<b>78</b>	<b>83</b>	<b>99</b>	<b>116</b>	<b>124</b>	<b>127</b>	<b>131</b>
Staff costs	(19)	(30)	(31)	(36)	(38)	(43)	(44)	(45)
Other expenses	(18)	(20)	(22)	(26)	(28)	(27)	(28)	(29)
Depr.	(1)	(1)	(1)	-	-	-	-	-
<b>Operating expenses</b>	<b>(37)</b>	<b>(51)</b>	<b>(54)</b>	<b>(62)</b>	<b>(66)</b>	<b>(70)</b>	<b>(72)</b>	<b>(74)</b>
<b>Operating profit before losses</b>	<b>12</b>	<b>26</b>	<b>29</b>	<b>37</b>	<b>50</b>	<b>54</b>	<b>55</b>	<b>57</b>
Net loan losses	(1)	(6)	8	(8)	(8)	(15)	(9)	(9)
<b>Pre-tax profit</b>	<b>11</b>	<b>21</b>	<b>37</b>	<b>28</b>	<b>42</b>	<b>39</b>	<b>46</b>	<b>48</b>
Tax expense	(5)	(10)	(11)	(11)	(14)	(16)	(16)	(17)
<b>Net profit</b>	<b>6</b>	<b>11</b>	<b>27</b>	<b>18</b>	<b>28</b>	<b>23</b>	<b>29</b>	<b>31</b>
Minority interests	(6)	(3)	(18)	(8)	(17)	(11)	(15)	(15)
<b>Net profit attributable</b>	<b>24</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>14</b>	<b>16</b>
<b>BALANCE SHEET (EURm)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
Current assets	192	341	407	28	30	49	74	100
Gross loans	1,920	2,122	2,124	2,593	3,122	3,163	3,226	3,291
Other assets and accruals	196	219	185	606	605	593	623	635
<b>Total assets</b>	<b>2,308</b>	<b>2,682</b>	<b>2,716</b>	<b>3,228</b>	<b>3,757</b>	<b>3,805</b>	<b>3,924</b>	<b>4,026</b>
Deposits from credit institutions	169	225	243	244	249	249	249	249
Deposits from the public	1,912	2,214	2,184	2,673	3,140	3,188	3,263	3,339
Certificates and bond loans	-	-	-	-	-	-	-	-
Other liabilities accruals and allocat.	50	60	101	103	127	138	153	168
Subordinated loan capital	82	82	80	95	121	121	121	121
Equity	94	101	108	113	121	129	138	149
<b>Total debt and equity</b>	<b>2,308</b>	<b>2,682</b>	<b>2,716</b>	<b>3,228</b>	<b>3,756</b>	<b>3,824</b>	<b>3,924</b>	<b>4,025</b>
Average total assets	1,830	2,495	2,699	2,972	3,492	3,781	3,864	3,975
<b>PER SHARE DATA &amp; VALUATION (EUR)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
Avg. no. of shares	7	8	8	8	8	8	8	8
End. no. of shares	8	8	8	8	8	8	8	8
Price	9.7	10.1	14.7	13.6	16.3	13.6	13.6	13.6
Market cap.	75	79	114	106	127	106	106	106
<b>EPS reported</b>	<b>0.03</b>	<b>1.05</b>	<b>1.18</b>	<b>1.27</b>	<b>1.39</b>	<b>1.54</b>	<b>1.80</b>	<b>2.00</b>
EPS adj.	3.25	1.05	1.18	1.27	1.39	1.54	1.80	2.00
<b>BVPS</b>	<b>12.1</b>	<b>13.0</b>	<b>13.9</b>	<b>14.6</b>	<b>15.5</b>	<b>16.5</b>	<b>17.8</b>	<b>19.2</b>
DPS	0.32	0.40	0.45	0.45	0.50	0.55	0.60	0.65
<b>P/E</b>	<b>-</b>	<b>9.6</b>	<b>12.5</b>	<b>10.7</b>	<b>11.7</b>	<b>8.8</b>	<b>7.6</b>	<b>6.8</b>
P/E adj.	3.0	9.6	12.5	10.7	11.7	8.8	7.6	6.8
<b>P/B</b>	<b>0.8</b>	<b>0.8</b>	<b>1.1</b>	<b>0.9</b>	<b>1.1</b>	<b>0.8</b>	<b>0.8</b>	<b>0.7</b>
Dividend Yield	3.3%	4.0%	3.1%	3.3%	3.1%	4.0%	4.4%	4.8%
<b>KEY RATIOS</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
Net interest margin	2.32%	2.11%	2.15%	2.34%	2.74%	2.40%	2.40%	2.40%
Net interest margin (int.-bearing assets)	2.59%	2.44%	2.56%	2.60%	2.83%	2.60%	2.60%	2.60%
Cost/Income	64%	62%	61%	59%	57%	56%	57%	57%
Loan losses (bps annualised)	8	27	(38)	35	28	71	70	69
<b>ROE</b>	<b>32.7%</b>	<b>8.4%</b>	<b>8.8%</b>	<b>9.0%</b>	<b>9.3%</b>	<b>9.6%</b>	<b>10.5%</b>	<b>10.8%</b>
ROA	0.0%	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%
RORWA	0.0%	0.5%	0.6%	0.5%	0.5%	0.5%	0.6%	0.6%



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Companies	No. of shares	Holdings in %
Austevoll Seafood	1,075,888	0.53 %
Bonheur	243,969	0.57 %
Pareto Bank	16,207,826	21.11 %
Pexip Holding	961,486	0.90 %
SpareBank 1 Nord-Norge	5,232,220	5.21 %
SpareBank 1 SMN	2,972,599	2.29 %
SpareBank 1 Østfold Akerhus	1,234,989	9.97 %
SpareBank 1 Østlandet	7,130,974	6.71 %
Sparebanken Sør	1,045,627	2.51 %
Sparebanken Vest	10,007,823	9.12 %
SpareBank 1 Sør-Norge	4,069,780	1.08 %

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Company	Analyst holdings*	Total holdings
2020 Bulkers		8,500
2G Energy		340
ABB Ltd.		580
ABL Group		45,913
Aker ASA	500	2,042
Aker BP		16,405
Aker Carbon Capture		12,766
AMSC ASA		3,640
Aprila Bank		22,675
Austevoll Seafood		2,923
AutoStore		80,000
B2 Impact		16,500
B3 Consulting Group		2,441
BB Biotech		460
Beer enberg		95,000
Belships		13,600
Biointvent		15,000
Boliden		1,250
Bonheur		31,248
Bouvet		3,200
BW Energy		50,959
BW Offshore		3,000
Cool Company		610
Crayon		19,205
Deep Value Driller		9,850
Dermapharm Holding SE		300
DNB		32,202
DNO		74,331
DOF		720
Elkem		301,700
Elmer's Group ASA		32,755
Elopak		77,300
Embracer Group		55,520
Encavis AG		630
Entra ASA		1,070
Equinor		6,088
Essity		168
Flex LNG		250

Company	Analyst holdings*	Total holdings
Frontline		8,712
Genel Energy		5,700
Gentoo Media		10,010
GFT Technologies		420
Gjensidige Forsikring		2,569
Grieg Seafood		18,801
Hafnia Ltd.		71,230
Hennes & Mauritz B		1,085
Himalaya Shipping		16,830
Høegh Autoliners		463
International Petroleum Corp		7,901
KiTron		21,438
Komplett ASA		347,114
Kongsberg Gruppen		208
Kontron AG		350
Laabank		16,355
Larøy Seafood Group		41,606
Link Mobility Group		116,252
Lundin Mining Corp.		7,652
Magnora ASA		48,670
Morrow Bank		476,200
Mowi		4,818
Multitude		2,443
Mutarose SE & Co. KGaA		433
NorAm Drilling		5,000
NORBIT		627
Nordic Semiconductor		66,380
Norsk Hydro		79,561
Norske Skog		81,149
Odjell Drilling		3,000
Odjell SE		8,000
Odjell Technology		54,575
Okeanis Eco Tankers		4,922
Orkla		6,543
Panoro Energy		31,920
Pareto Bank		851,342
PetroTal		20,000
Pexip Holding		961,486
Protector Forsikring		4,620
PSI Software		300
Quantafuel		16,665
Rogaland Sparebank		8,906
SalMar		2,224
Schibsted		855
Scorpio Tankers		5,000
Seadrill Ltd		406
Securitas AB		656
SpareBank 1 Nord-Norge		11,019
SpareBank 1 SMN		16,308
SpareBank 1 Sør-Norge		32,390
SpareBank 1 Østfold Akerhus		1,240
SpareBank 1 Østlandet		20,156
Sparebanken Møre		4,582
Sparebanken Sør		36,340
Sparebanken Vest		2,319
Sparebanken Øst		15,869
Star Bulk Carriers		3,500
Stolt-Nielsen		2,000
Stora Enso		8,896
Storbrand		4,150
Storlytel		22,115
Subsea 7		21,257
Telenor		8,563
Telia Company		5,000
TGS		1,300
Thule Group		800
TRM		2,000
Transocean		10,000
Valaris		3,577
Vestas Wind Systems		1,275
Vår Energi		281,610
Wallenius Wilhelmsen		6,750
Yara		22,084
Zaptec		42,500

This overview is updated monthly (last updated 18.11.2024).

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## Appendix B

Disclosure requirements in accordance with Article 6(1)(c)(iii) of Commission Delegated Regulation (EU) 2016/958

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24SevenOffice	Ping Petroleum
3t Global	poLight ASA
4human Invest	Priority Logistics
Advanza Bank S.A.	Prionia
Alterra Infrastructure	Protector Forsikring
Archer	Proximar Seafood
Argeo	Quality Living Residential AS
Blue Nord	Rasmussenruppen
Bonheur	Saga Robotics ASA
Booster Precision Components GmbH	Samar a Asset Group
Boor Drilling Limited	Seacrest Petroleum
BP Inv3 Topco Limited (TWMA)	SFL Corp.
BW Energy	Shamaran Petroleum
BW Group Limited	Shearwater Geoservices
Capsol Technologies AS	Solstad Offshore
Crayon	Sparbanken Sør
Desert Control AS	SSCP Lager Bidco AB
DNO	Talos Production Inc.
Dorian LPG	The Platform Group AG
Exlog	The Ritz-Carlton Yacht Collection
First Camp Group	Tomagruppen
Floatec	Var Energi Solutions
GC Rieber Shipping ASA	Ventura Offshore Holding Ltd.
GI Software	Vesterålen Havbruk AS
Golar LNG	Volue
Golden Energy Offshore Services	Vov
Greenood	Vov Green Metals
Grontvold	Yinson Production Financial Services Pte. Ltd.
Hawk Intensity Software	
Heimdall Power AS	
HMH Holding B.V.	
Holmatrøm Fastigheter Holding AB	
Huddly AS	
Huntton Fiber AS	
Inin Group	
Insr ASA	
Jarsteinen AS	
Karlberg Brøgger AS	
Katjes International GmbH & Co	
KIME Akva AS	
Klavnes Combination Carriers	
Kährs BondCo	
Learnd SE	
Lifefit	
Link Mobility Group	
Loch Duart Ltd.	
Logistic Contractors AS	
Minerva Topco AS	
Mintira Group	
Morrow Bank	
Movel AS	
MPC Container Ships	
Mutar es SE & Co. KGaA	
NEXT Biometrics Group	
NIP 3 AS	
Nofitech	
Nordic Aqua Partners	
Nordic Hallbut	
Nordic Unmanned	
Nordwest Industrie Finance	
Norlandia Health & Care Group AS	
Norse Atlantic	
Norsk Renewables	
Norske Skog	
Northern Investment Group AB (Sono Group)	
Northern Ocean	
Odjell Partners Holding Ltd	
Okea	
Okechamp Global	
One Publicus Midco AB	
Otovo ASA	
Paratus Energy Services	
Pareto Bank	
Pearl Petroleum	
Pelagia Holding AS	
Penfield Shipping LLC	
PGS	
PHM Group Holding	

This overview is updated monthly (this overview is for the period 01.11.2023 – 31.10.2024).

## Appendix C

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11 (4)

### Distribution of recommendations

Recommendation	% distribution
Buy	70%
Hold	26%
Sell	1%
Not rated	4%

### Distribution of recommendations (transactions\*)

Recommendation	% distribution
Buy	65%
Hold	19%
Sell	0%
Not rated	16%

\* Companies under coverage with which Pareto Securities Group has on-going or completed public services in the previous 12 months

## Appendix D

This section applies to research reports prepared by Pareto Securities AB.

### Disclosure of positions in financial instruments

The beneficial holding of the Pareto Group is 1 % or more of the total share capital of the following companies included in Pareto Securities AB's research coverage universe: None

The Pareto Group has material holdings of other financial instruments than shares issued by the following companies included in Pareto Securities AB's research coverage universe: None

### Disclosure of assignments and mandates

Overview over issuers of financial instruments where Pareto Securities AB has prepared or distributed investment recommendation, where Pareto Securities AB has been lead manager or co-lead manager or has rendered publicly known not immaterial investment banking services over the previous twelve months:

ADDvise Group AB	HANZA AB	Xbrane Biopharma AB
Awardit AB	Minesto AB	VEF AB
B3 Consulting Group	Modelon AB	Verve Group SE
Biovica International AB	Nordrest Holding AB	Vicore Pharma Holding AB
Camurus AB	Stille AB	VNV Global AB
Cibus Nordic Real Estate AB	Teneo AI AB	Webrock Ventures AB
Gaming Innovation Group		

Members of the Pareto Group provide market making or other liquidity providing services to the following companies included in Pareto Securities AB's research coverage universe:

Adtraction AB	Maximum Entertainment AB	Sedana Medical AB
Implantica AG	Mentice AB	VEF
Lundin Gold	Modelon AB	Webrock Ventures AB

Members of the Pareto Group have entered into agreements concerning the inclusion of the company in question in Pareto Securities AB's research coverage universe with the following companies: None

Member of the Pareto Group is providing Business Management services to the following companies:

Aarhus Residentials	Hallsell Property Invest AB	One Publicus Fastighets AB
Backaheden Fastighets AB	Korsängen Fastighets AB (publ)	Origa Car AB (publ)
Bonasudden Holding AB (publ)	Krona Public Real Estate AB	Præservium Property AB
Borglunda Fastighets AB	Logistri Fastighets AB	Solbox AB

Members of the Pareto Group have entered into agreements concerning the inclusion of the company in question in Pareto Securities AB's research coverage universe with the following companies: None

This overview is updated monthly (last updated 15.11.2024).

## Appendix E

Disclosure requirements in accordance with Article 6(1)(c)(i) of Commission Delegated Regulation (EU) 2016/958

### Designated Sponsor

Pareto Securities acts as a designated sponsor for the following companies, including the provision of bid and ask offers. Therefore, we regularly possess shares of the company in our proprietary trading books. Pareto Securities receives a commission from the company for the provision of the designated sponsor services.

adpepper media International N.V.	Kontron	Pyrum Innovations
Biotech	Logwin	Redcar Pharmacy N.V.
Cor estate Capital Holding S.A.	Manz	ReFuels N.V.
Daldrup & Söhne	MAX Automation SE	Salmones Camanchaca S.A.
DEMIRE	Merkur Privatbank	Seven Principles
DF Deutsche Forfait	Meta Wolf	SMT Scharf
Enapter	MLP SE	Surteco SE
FORISAG	MPC Container Ships ASA	Szygy
Gesco SE	Mutar es SE	TTL Beteiligungs- und Grundbesitz
GFT Technologies SE	OVH Holding	Uzin Utz SE
Heidelberger Pharma	ProCredit Holding	Viscom
INTERSHOP Communications	PWO	WPU - Waste Plastic Upcycling AS
IVU Traffic	PSI Software SE	

## Appendix F

Disclosure requirements in accordance with Article 6(1)(c)(iv) of Commission Delegated Regulation (EU) 2016/958

### Sponsored Research

Pareto Securities has entered into an agreement with these companies about the preparation of research reports and – in return – receives compensation.

BB Biotech	Hypoport SE	Mynaric
Biotech	INDUSHolding	OVH Holding
CLIQ Digital	INTERSHOP Communications	pferdewetten.de
Daldrup & Söhne	Kontron	ProCredit Holding
Dermapharm Holding SE	Logwin	PSI Software
Enapter	Manz	PWO
Express2ion Biotech Holding AB	MAX Automation	SMT Scharf
FORISAG	Merkur Privatbank	Surteco
GFT Technologies	MLP SE	Szygy
H2APEX Group	Mutar es SE	Viscom
Heidelberger Pharma		

This overview is updated monthly (last updated 15.11.2024).