H1 2026: weaker net interest income, growing AuM

Merkur Privatbank reported income of EUR 71.7m in H1 2026, down 4% yoy. Net interest income fell 6% to EUR 52.6m on lower rates and a planned reduction in loan volumes. The net interest margin narrowed to 2.6% from 2.8%. Fee income rose 6% to EUR 18.3m, supported by assets under management of EUR 5.5bn, up around 10%. Expenses increased 14% to EUR 41.2m, lifting the cost-income ratio to 57%. Risk provisions were EUR 20.4m, with annualized risk costs at 123bps. Net income was EUR 4.5m, down 17%. Management remains cautious on real estate and financing in H2 (no guidance provided). Our last PT was EUR 18, the recommendation was "buy".

Merkur Privatbank		H1 2025	Actual H1 2026	yoy (%)	PAS (pre H1) 2026e	PAS (pre H1) 2027e
Income	**EURm**	**74.6**	**71.7**	**-4**	**145**	**149**
of which NII	"	*56.2*	*52.6*	*-6*	*105*	*107*
of which net commissions	"	*17.2*	*18.3*	*6*	*36*	*38*
of which other	"	*1.2*	*0.8*	*-33*	*4*	*4*
Expenses	"	36.1	41.2	14	79.1	81.3
CIR	%	*48%*	*57%*		*55%*	*55%*
Operating profit before provisions	**EURm**	**38.5**	**30.6**	**-18.0**	**65.8**	**67.7**
Risk provisions	EURm	13.0	20.4	57	25.0	21.5
Fund for general banking risks	EURm	8.0	0.0	-100	10.0	13.0
PBT	EURm	**16.2**	**9.4**	**-42**	**23.6**	**26.0**
Net income	**EURm**	**5.4**	**4.5**	**-17**	**13.5**	**14.3**
Other KPI						
Lending volume	EURm	3,363	3,316	-1	3,393	3,460
Risk costs (annualized)	bps	78	123	58	74	63
Net interest margin (annualized)	%	2.8%	2.6%	-7	2.5%	2.5%

Source: Pareto, Company

- Income declined by 4% yoy to EUR 71.7m from EUR 74.6m. Net interest income fell 6% to EUR 52.6m. The bank points to the changed rate environment and the planned reduction of loan volumes. Fee income rose 6% to EUR 18.3m. Other income was EUR 0.8m, down from EUR 1.2m.
- The net interest margin declined to 2.6% from 2.8%, or about 20bps. Lending volume fell 1% to EUR 3.32bn. Total assets are now just below EUR 4.0bn, against EUR 4.1bn at year-end 2025. Lower rates and a smaller balance sheet both contribute here. We expect this trend to continue while the bank reduces credit exposure.
- Risk provisions were EUR 20.4m, against EUR 13.0m a year ago. Annualized risk costs rose to 123bps from 78bps. The company cites single revaluations in real estate financing.
- Expenses increased 14% yoy to EUR 41.2m, driven by personnel and administrative costs. Together with lower income, this lifted the cost-income ratio to 57% from 48%.
- Operating profit before provisions fell 18% to EUR 30.6m. Pre-tax profit halved to EUR 9.4m, down 42%. Net income came in at EUR 4.5m, down 17%.
- Assets under management grew about 10% to EUR 5.5bn from EUR 5.0bn. This supported the 6% increase in fee income. Wealth management remains a growth driver and a key offset to lower net interest income. Management expects the positive trend to continue.
- Management remains cautious for the second half, especially in real estate and financing.

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