Merchants Bancorp (MBIN)

Updated July 30th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$55	**5 Year Annual Expected Total Return:**	5.5%	**Market Cap:**	$2.49 B
Fair Value Price:	$50	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	09/15/2026[1]
% Fair Value:	112%	**5 Year Valuation Multiple Estimate:**	-2.2%	**Dividend Payment Date:**	10/01/2026
Dividend Yield:	0.8%	**5 Year Price Target**	$69	**Years Of Dividend Growth:**	9
Dividend Risk Score:	A	**Sector:**	Financials	**Rating:**	Hold

Overview & Current Events

Merchants Bancorp, headquartered in Carmel, Indiana, operates six branches across the state, providing community banking services alongside its national mortgage banking platform. The company is a top lender in affordable multi-family housing and healthcare facility financing, managing $21.2 billion in total assets and $14.3 billion in total deposits. It also specializes in mortgage warehousing, supporting independent mortgage bankers nationwide, and SBA lending. The bank generated $1.20 billion in total interest income last year. It now has a market cap of $2.49 billion.

On July 28th, 2026, Merchants Bancorp posted its Q2 results for the period ending June 30th, 2026. Net income was $78.3 million, up 106% from Q2 2025 and 16% from the prior quarter, while EPS was $1.48, up 147% year-over-year and 18% sequentially. The year-over-year increase was driven mainly by an 83% decline in credit-loss provisions, 6% growth in net interest income, and lower expenses, partly offset by weaker noninterest income. Sequentially, higher net interest income and lower provisions and expenses outweighed a modest decline in noninterest income.

Asset quality improved further, with criticized loans down 12% sequentially, nonperforming loans down 17%, and delinquent loans down 14%. The company also executed a credit default swap on a $169.9 million pool of multi-family mortgage loans, reducing credit exposure and risk-based capital requirements. For this year, we believe the bank will achieve EPS close to $5.50.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$0.98	$1.52	$1.38	$1.58	$3.85	$4.78	$4.49	$5.66	$6.32	$3.78	***$5.50***	***$7.71***
DPS	$0.13	$0.03	$0.16	$0.19	$0.21	$0.24	$0.28	$0.32	$0.36	$0.40	***$0.44***	***$0.68***
Shares[2]	31.7	33.9	43.1	43.1	43.2	43.3	43.3	43.3	45.0	45.9	***45.9***	***45.0***

Merchants Bancorp's EPS rose from $0.98 in 2016 to $1.58 in 2019, driven by robust growth in multi-family mortgage banking and servicing income. During this period, the company undertook strategic acquisitions to bolster its operations and market presence. In 2018, it acquired Farmers-Merchants Bank of Illinois, strengthening its foothold in community banking. That year, acquiring NattyMac, a warehouse lending platform, boosted its mortgage warehousing capabilities.

In 2020, EPS skyrocketed to $3.85 as historically low interest rates spurred a wave of refinancing and strong demand for single-family and multi-family lending. The bank also capitalized on its expertise in securitization, adding liquidity to its balance sheet and fueling additional loan growth.

EPS rose to $4.78 in 2021 before easing to $4.49 in 2022 as higher rates slowed originations. Earnings rebounded to $5.66 in 2023 and $6.32 in 2024, driven by multi-family strength and loan sales. In 2025, EPS declined to $3.78 due to higher credit provisions and operating costs, despite record loan sale gains and continued balance sheet growth.

Moving forward, we believe Merchants can grow its EPS by 7%, supported by lasting demand for affordable multi-family housing financing, enduring expansion in its warehouse lending platform, and increased efficiency through securitization

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[1] Estimated dates based on past dividend dates.

[2] Share count is in millions.

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of loans sold into the secondary market. Additionally, its focus on SBA lending and strategic growth in healthcare and senior housing financing provides further opportunities to capitalize on resilient and growing sectors. We have set our dividend growth estimate at 9%, which we believe the company can afford rather comfortably. The company has increased its dividend for nine consecutive years.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	---	8.0	11.2	8.7	3.3	4.8	5.9	4.9	6.1	9.1	***10.0***	***9.0***
Avg. Yld.	---	0.2%	1.0%	1.4%	1.7%	1.0%	1.1%	1.2%	0.9%	1.2%	***0.8%***	***1.0%***

Merchants Bancorp's P/E has consistently traded at a discount compared to industry peers, reflecting its niche focus on multi-family mortgage banking and perceived reliance on cyclical mortgage markets. We find that a soft discount is appropriate. We believe the stock should trade at a lower multiple despite its earnings strength in recent years. We have set our fair multiple at 9.0, implying the stock is modestly overvalued today.

Safety, Quality, Competitive Advantage, & Recession Resiliency

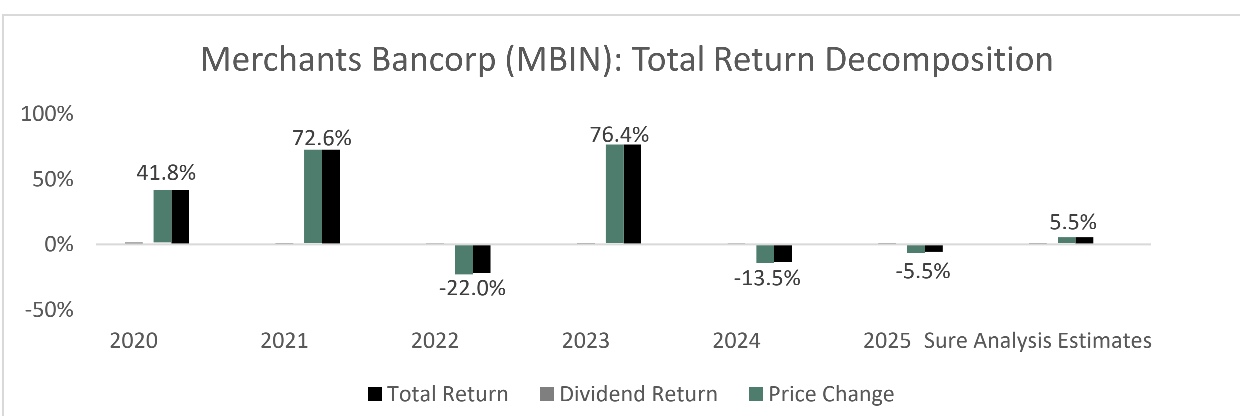
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	13%	2%	12%	12%	5%	5%	6%	6%	6%	11%	***8%***	***9%***

Merchants' competitive advantages stem from its specialized focus on multi-family mortgage banking and warehouse lending, areas where it holds significant market share. Its ability to securitize loans, as evidenced by the $629 million healthcare loan securitization it achieved this past October, improves its capital efficiency while reducing credit risk exposure. The bank's robust capital position, with a CET1 ratio of 9.9% as of the end of last year, also underpins its financial stability. However, the industry's competitive landscape poses challenges, with larger players offering broader services and scale advantages. Additionally, the bank operates in sectors susceptible to market downturns, such as mortgage origination and real estate financing. While its targeted focus and strong operational model mitigate some risks, fluctuating rates and economic uncertainties could pressure growth in the near term.

Final Thoughts & Recommendation

Merchants Bancorp's investment case is supported by its strong position in multi-family mortgage banking, efficient loan securitization, and steady growth in warehouse lending. With healthy capital ratios and continued focus on affordable housing and healthcare financing, we believe the bank is well-positioned to deliver sustainable growth despite industry cyclicality. We forecast annualized returns of 5.5% moving forward, driven by our 7% EPS growth estimate, the starting dividend yield of 0.8%, and the possibility of a 2.2% annual valuation headwind. Thus, shares earn a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	78	110	135	165	343	428	440	559	667	1,368
SG&A Exp.	15	22	33	41	65	88	93	122	157	---
D&A Exp.	0	0	0	1	2	2	2	3	3	3
Net Profit	33	55	63	77	181	227	220	279	320	219
Net Margin	42.3%	49.6%	46.6%	46.9%	52.7%	53.1%	50.0%	49.9%	48.0%	16.0%
Free Cash Flow	(152)	(178)	189	(1,271)	(879)	(53)	967	(364)	(854)	(185)
Income Tax	22	22	21	25	63	78	71	69	102	45

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	2,719	3,393	3,884	6,372	9,645	11,279	12,615	16,953	18,810	19,450
Cash & Equivalents	446	360	337	507	180	1,033	226	584	477	16
Total Liab.	2,512	3,026	3,463	5,718	8,835	10,123	11,155	15,251	16,560	17,170
Accounts Payable	---	---	---	---	---	---	---	---	---	---
Long-Term Debt	57	57	195	181	1,236	874	910	964	4,336	3,848
Total Equity	165	326	380	441	598	793	960	1,201	1,571	1,729
LTD/E Ratio	0.28	0.15	0.46	0.28	1.52	0.76	0.62	0.57	1,933	1.69

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	1.3%	1.8%	1.7%	1.5%	2.3%	2.2%	1.8%	1.9%	1.8%	1.1%
Return on Equity	18.7%	19.1%	15.9%	14.4%	24.7%	23.1%	16.8%	17.7%	16.3%	9.7%
ROIC	14.1%	15.9%	12.1%	10.7%	12.5%	11.1%	10.0%	11.1%	6.9%	3.4%
Shares Out.	31.7	33.9	43.1	43.1	43.2	43.3	43.3	43.3	45.0	46
Revenue/Share	2.47	3.25	3.13	3.82	7.94	9.87	10.15	12.90	14.82	29.79
FCF/Share	(4.81)	(5.25)	4.38	(29.48)	(20.35)	(1.22)	22.32	(8.40)	(18.97)	(4.02)

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.