



**SPAREBANKEN MØRE**

## Press Release

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### HEAD OFFICE

Keiser Wilhelmsg. 29-33

Postboks 121

N-6001 Ålesund

Tel.: +47 70 11 30 00

Fax: +47 70 11 26 70

sbm@sbm.no

[www.sbm.no](http://www.sbm.no)

Organisation no.: NO 937 899 319

## A good ending to a good 2016 for Sparebanken Møre

**Sparebanken Møre leaves behind another year of efficient operations, growth and low level of losses. The preliminary accounting figures for 2016 show a profit for the year after tax of NOK 574 million, an increase of NOK 71 million on the year before.**

The Group's profit after tax was NOK 116 million for the fourth quarter and thus the Group experienced a good end to a year that was characterized by positive development and growth from the beginning. Total income in the quarter ended on a par with last year, while costs were NOK 19 million higher. This was mainly due to costs in the same quarter in 2015 being reduced by NOK 24 million due to a non-recurring effect from changes to the Bank's pensions scheme.

"In a strongly competitive market with tight margins, we are pleased to declare that we ended the year with strong figures in the fourth quarter as well. The Bank is very sound and we satisfy the regulatory requirements by a good margin. This provides us with a good basis for providing good advice, smart solutions and reliability for our customers also in the future," says the chief executive of Sparebanken Møre, Olav Arne Fiskerstrand.

### Strong deposit growth

Deposits from customers increased by NOK 3.2 billion last year and totalled NOK 32.6 billion at the end of the year. The strongest growth was seen in the public sector and the corporate segment.

"The growth reflects good liquidity, but also the level-headed attitude of our customers. A high deposit-to-loan ratio and total assets of NOK 61.6 billion make us a strong source of capital in the county. This provides security for our customers, owners and region," says Fiskerstrand. The Core Tier 1 capital ratio was 14.7 % at the end of the year.

### Efficient operations

In 2016, the Bank also gained many new loan customers and at year-end the lending volume totalled NOK 52.7 billion. This reflects growth of 6.6 % in the retail market, while lending to corporate customers dropped by 4.8 %.

"We grew steadily in the retail market throughout the year, which shows that we are both attractive and competitive. The decline in the corporate segment was, among other things, due to the repayment of debt in the maritime sector and the Bank's ambition to increase its core capital adequacy."

Even though the competition is strong and net interest income is slightly falling, total income rose by NOK 60 million compared with the year before. One of the reasons for this was capital gains of NOK 24 million in the bond portfolio, compared with capital losses of NOK 51 million in 2015. A heavy focus on costs has also resulted in low costs over time for the Bank.

### Low level of losses and risk

While several industries can look back on a very active year and good results, the low oil price has presented challenges for oil-related industries.

"We take the challenges in the offshore sector extremely seriously, even though our debt to asset ratio is low and we have a good quality portfolio in this segment. As a regional savings bank we have a social responsibility and goal to be a committed supporter of business and industry in our region, Nordvestlandet. It is in situations like this we see the great benefits of geographical proximity and local knowledge. Being close to the situation means we can do good, preventive work and be there for our customers," says Fiskerstrand.

In the fourth quarter, the Bank increased collective impairments by NOK 14 million and at year-end total impairments for losses amounted to NOK 360 million. Booked losses on loans and guarantees amount to NOK 22 million in the income statement for 2016.

### **Supporting the local community**

Good results for the Bank benefit the county's inhabitants, and the Board recommends allocating NOK 141 million to various projects within culture, sports, local communities, infrastructure, skills and business development.

"Half of the Bank's profit is returned to the region through social dividends and in the last 3 years Sparebanken Møre has supported almost 2 000 clubs and organisations. We are proud to be an active and significant contributor to prosperity, good childhood environments and development in Møre og Romsdal," says Fiskerstrand.

A cash dividend of NOK 14.00 per equity certificate is also being recommended.

### **Future prospects**

Møre og Romsdal's economic outlook have stabilised during the autumn and winter. Most businesses and industries are seeing increased activity due to the weak Norwegian krone, low interest rates and an expansive fiscal policy, and the rise in oil prices has helped to reduce uncertainty for oil-related industries. The situation will nonetheless be challenging in 2017 and unemployment might continue to rise slightly.

In Sparebanken Møre it is anticipated that the growth in lending within the retail market will decrease somewhat during the year, while the growth in the corporate market will increase. Overall, a good result is expected for 2017.

"With a good result for the year, professional expertise and local knowledge, we have the very best starting point for being a good local bank for people and businesses with links to the county also in 2017," concludes Fiskerstrand.

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### **Key figures – Q4 2016**

*(Comparable figures for Q4 2015 in brackets)*

- Net interest income: NOK 279 million/1.83 % (NOK 285 million/1.91 %)
- Profit before losses: NOK 181 million (NOK 201 million)
- Profit after tax: NOK 116 million (NOK 128 million)
- Return on equity: 9.2 % (10.7 %)
- Cost in relation to income: 44.2 % (38.1 %)

### **Key figures – 2016 accounts**

*(Comparable figures for 2015 in brackets)*

- Net interest income: NOK 1 082 million/1.79 % (NOK 1 098 million/1.89 %)
- Profit before losses: NOK 777 million (NOK 742 million)
- Profit after tax: NOK 574 million (NOK 503 million)
- Return on equity: 11.6 % (10.7 %)
- Cost in relation to income: 43.0 % (43.0 %)
- Core Tier 1 capital ratio: 14.7 % (14.1 %)
- Lending growth in the last 12 months: 2.7 % (4.9 %)
- Deposit growth in the last 12 months: 10.8 % (3.5 %)
- Earnings per equity certificate (Group): NOK 28.80 (NOK 25.25)

### **Contact**

- Olav Arne Fiskerstrand, CEO, Mobile: +47 900 18 299
- Runar Sandanger, EVP, Head of Treasury & Markets, Mobile: +47 950 43 660
- Tone S. Gjerdbskakk, Chief Information Officer, Mobile: +47 990 44 346