



SPAREBANKEN MØRE

HEAD OFFICE

Keiser Wilhelmsg. 29-33

Postboks 121

N-6001 Ålesund, Norway

Tel.: +47 70 11 30 00

Fax: +47 70 11 26 70

sbm@sbm.no

www.sbm.no

Organisation no.: NO 937 899 319

Press Release

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Continued growth in Sparebanken Møre

Growth and efficient operations have given Sparebanken Møre a good start to 2017. The Group's total assets now amount to NOK 63.1 billion.

After the first three months of the year, Sparebanken Møre's profit after tax amounts to NOK 131 million, compared with NOK 134 million at the same time last year. Core Tier 1 capital ratio has risen from 14.2% to 14.9%.

Increasing market shares

"Over the last 12 months, we have seen lending growth of 8% in the retail market, which is higher than the annualised rate at the end of 2016. In a time of tough competition, this is confirmation that we are both attractive and competitive. After a period of somewhat lower growth to the corporate market, we are now seeing rising growth in this market too," says the chief executive of Sparebanken Møre, Trond Lars Nydal.

Deposits also grew by a strong 9.8% the last 12 months. At the end of the first quarter, the Bank had a deposit coverage ratio of 60.5%. In addition to deposits, there is growing demand from the Bank's customers for other investments. Our Discretionary Portfolio Management Department, which offers the Bank's customers professional management services, enjoyed a very good start to the new year.

"Our local managers monitor the portfolio continuously and have delivered strong returns over time. The fact that customers are receiving good returns is also reflected in the level of activity. In the first quarter, we saw growth in volume of more than 10% and in total we now have NOK 3.3 billion for our customers under management," says Nydal.

Strong competition

Net interest income has declined by NOK 9 million since the same quarter last year and amounted to NOK 261 million. Other operating income was NOK 10 million higher than last year, primarily due to capital gains of NOK 16 million in the bond portfolio, compared with NOK 1 million at the same time last year.

"The generally low level of interest rates in the market, lower risk in parts of the portfolio, and strong competition for both loans and deposits are all factors affecting the performance of net interest income. In addition to growth, it is important that we compensate with efficient operations. We have enjoyed a low level of costs for a long time and this will be an important focus area going forward as well," says Nydal.

Operating costs rose by NOK 2 million compared with the same period last year and amounted to NOK 150 million. Excluding the recently introduced financial industry tax, which resulted in extra costs of NOK 3 million for the Bank in the quarter, costs are on a par with previous quarters.

Expecting low losses

Sparebanken Møre recognised NOK 2 million in losses on loans and guarantees in the first quarter, while total impairments for losses amounted to NOK 335 million at the end of the quarter. Net problem loans have fallen by NOK 20 million in the last 12 months. Nydal expects the level of losses to remain low.

"The level of non-performing loans is very low and the quality of our portfolio is good. We are also

now seeing that large parts of the corporate sector in the county are experiencing increased activity as a result of the weak Norwegian krone, low interest rates, and an expansionary fiscal policy. The rise in oil prices in the last year has also helped to reduce uncertainty for oil-related industries," says Nydal.

Simpler with Vipps

In February, Sparebanken Møre and 105 other Norwegian banks decided to cooperate on developing and distributing Vipps into a common Norwegian mobile phone payment solution. The partnership is a joint response to increased international competition and an active measure towards ensuring we have a Norwegian financial industry that can offer simple, cost-effective, and secure solutions for payments via mobile phones.

The products that will soon be available include Vipps Business for organisation, associations, and small and medium-sized companies. Vipps Business will replace SPING, the Bank's current solution for this target group.

"Sparebanken Møre is the largest bank in Møre og Romsdal and an important supporter of more than 3,500 organisations and associations in the county. Even though SPING was a good solution to our customers, many have expressed the view that they would prefer a single solution and a single provider. The fact that Norwegian banks now cooperate on this will make the market more transparent for both the payers and the payees," says the chief executive, Trond Lars Nydal.

Key figures for Q1 2017

- Net interest income: NOK 261 million/1.69% (NOK 270 million/1.80%)
- Profit before losses: NOK 177 million (NOK 178 million)
- Profit after tax: NOK 131 million (NOK 134 million)
- Return on equity: 10.1% (11.2%)
- Cost income ratio: 45.9% (45.4%)
- Core Tier 1 capital ratio: 14.9% (14.2%)
- Lending growth in the last 12 months: 5% (2%)
- Deposit growth in the last 12 months: 9.8% (4.4%)
- Earnings per equity certificate as at Q1 (Parent Bank): NOK 12.60 (NOK 13.60)

Comparable figures for Q1 2016 in brackets.

Contact

- Trond Lars Nydal, CEO, Mobile: +47 951 79 977
- Runar Sandanger, EVP, Mobile: +47 950 43 660
- Tone S. Gjerdsbakk, Chief Information Officer, Mobile: +47 990 44 346