



**SPAREBANKEN MØRE**

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## Press Release

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Results for Q2 2017:

### Good growth for Sparebanken Møre

**After the first six months of the year, Sparebanken Møre can report good growth and low level of losses. Retail lending increased by 8 % compared with the same period last year, while the bank has grown by 13.3 % in the corporate market.**

"We have had a goal of growth and we are pleased with the development, which confirms we are an attractive, competitive bank for both retail customers and the corporate sector in our region," says the chief executive of Sparebanken Møre, Trond Lars Nydal. The county's largest bank has also experienced good growth in deposits with a growth rate of 6.1 % in the last 12 months.

Pre-tax profit for the first half of 2017 amounted to NOK 349 million, compared with NOK 410 million for the same period last year. The largest deviation was the NOK 33 million reduction in other operating income. This was due to the extraordinary proceeds of NOK 38 million that were recognised in the second quarter of last year in connection with the sales contract between Visa Europe Ltd. and Visa Inc.

#### **Net interest income under pressure**

Profit after tax for the second quarter amounted to NOK 130 million, compared with NOK 181 million for the same period last year. Net interest income in NOK was at the same level as last year, while other operating income was NOK 43 million lower (*NOK 5 million lower when adjusted for the Visa transaction*).

"Net interest income is under pressure due to strong competition for both loans and deposits. It has also been influenced by reduced risk in parts of our portfolio in the last year. At the same time we are experiencing good, managed growth and we now have a robust customer portfolio," says Nydal.

The bank has increased lending to customers by NOK 4.8 billion in the last 12 months, and at the end of the second quarter its total lending amounted to NOK 56 billion. The bank expects lending growth to slow in the remainder of the year.

#### **Stable cost level**

Sparebanken Møre can refer to a stable level of costs and solid operations. Operating costs increased by NOK 4 million compared with the same period last year, NOK 3 million of which was due to higher employers' National Insurance contributions due to the recently introduced financial industry tax. The Bank is also focusing on the development of future-oriented IT solutions.

"We have a continuous focus on improving and simplifying banking for our customers. Among other things, we recently launched a new and improved mobile bank, which ensures easy access to banking services at all times. We strongly believe that investing in smart solutions and capable advisers will benefit both customers and the bank," says Nydal.

He underscores the bank's commitment of a maximum cost income ratio of 45 %.

### **Low level of losses and positive prospects**

Sparebanken Møre can still present a low level of losses. In the second quarter, NOK 6 million was recognised in losses on loans and guarantees. Collective impairments were reduced by NOK 40 million. Reversal of losses amounted to NOK 2 million in the retail segment, while individual losses amounting to NOK 48 million were recognised in the corporate segment.

Nydal reports that the economic outlook for Møre og Romsdal has improved during the spring and summer, and that unemployment fell by around 500 people in the first half of the year. He expects a low level of losses in the rest of 2017 as well.

"Production is rising in industries such as fishing, traditional exports, building and construction, and tourism. The downturn in oil-related industries has become more subdued and there is also a high level of activity in the public sector. The main reasons for the improvement are the adaptability in the corporate sector, low level of interest rates, a weak NOK exchange rate, and an expansionary fiscal policy", says Nydal.

### **Our customers have never been more satisfied**

Sparebanken Møre has recently conducted a survey showing that the satisfaction of its retail customers has never been higher. The customers are particularly satisfied with the expertise of the advisors and their ability to understand the customers' needs.

"I am pleased to see that our focus areas are giving tangible results, both in terms of good and increasing scores in satisfaction surveys - and not least in an increasing number of customers. We focus strongly on expertise, aiming to be the best in class in giving good and personal financial advices. Our strong local presence provides us with a closeness, knowledge and accessibility which increase the quality of our services", says Trond Lars Nydal.

### **Key figures for Q2 2017**

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- Net interest income: NOK 268 million/1.71 % (NOK 268 million/1.79 %)
- Profit before losses: NOK 180 million (NOK 227 million)
- Profit after tax: NOK 130 million (NOK 181 million)
- Return on equity: 10.0 % (14.7 %)
- Cost income ratio: 45.6 % (39.2 %)
- Earnings per equity certificate (Group): NOK 6.50 (NOK 9.10)

*Comparable figures for Q2 2016 in brackets.*

### **Key figures for H1 2017**

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- Net interest income: NOK 529 million/1.69 % (NOK 538 million/1.80 %)
- Profit before losses: NOK 357 million (NOK 405 million)
- Profit after tax: NOK 261 million (NOK 315 million)
- Return on equity: 10.0 % (12.9 %)
- Cost income ratio: 45.7 % (42.1 %)
- Earnings per equity certificate (Group): NOK 13.10 (NOK 15.80)
- Core Tier 1 capital ratio: 14.3 % (14.5 %)
- Lending growth in the last 12 months: 9.5 % (1.5 %)
- Deposit growth in the last 12 months: 6.1 % (5.5 %)

*Comparable figures for H1 2016 in brackets.*

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