



SPAREBANKEN MØRE

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Press Release

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Results for Q3 2017:

Solid performance for Sparebanken Møre

Sparebanken Møre reports growth, lower costs and higher net interest income for the third quarter.

Profit after tax amounted to NOK 139 million in the third quarter, compared with NOK 146 million for the same quarter last year. Return on equity was 10.5 % and the Group's total assets stands at NOK 66.2 billion by quarter end.

"We have performed well and record positive effects of the measures we have implemented. To be solid, we have to operate profitable and efficient. This has been our best quarter in 2017", says Trond Lars Nydal, CEO of Sparebanken Møre.

Continuing growth

At the end of the third quarter of 2017, lending to customers totalled NOK 56.5 billion. The Group has increased lending by 9.1 % in the last 12 months, although growth has gradually slowed during the quarter, as anticipated. Lending to corporate customers fell by 1.6 % in the third quarter of 2017, while lending to retail customers rose by 1.6 %. Deposits from customers increased by 2.3 % the last 12 months.

"We are very pleased that so many people want to be customers of Sparebanken Møre and we see this as a confirmation that customers find us competitive and appreciate our way of doing business. We are seeing more and more people appreciate our combination of high-quality personal advice, short decision-making chains, and smart digital solutions."

Nydal adds that the rate of growth is according to the Bank's plans and that lending growth is expected to slow further over the rest of the year.

Lower costs

Nydal underlines that the persistent low level of interest rates, strong competition and changing customer behaviour set high standards regarding good, efficient banking operations.

Net interest income in the third quarter amounted to NOK 281 million, which represents an increase of NOK 10 million compared with the same quarter last year. Other operating income fell by NOK 19 million, in part due to the change in market value of the bond portfolio.

Operating costs were NOK 3 million lower than in the same quarter last year, despite the introduction of the financial industry tax with effect from January this year. This amounted to approximately NOK 3 million for the quarter.

"Cost effectiveness has been a high priority in Sparebanken Møre for many years. We have also worked thoroughly and systematically to keep losses and defaults at a low level. In third quarter we recognised NOK 6 million in losses on lending and guarantees and can thus still report a very low level of losses."

Adjusting the dividend policy

Sparebanken Møre has the recent years specified a dividend ratio in the range of 40 to 50 per cent. The Board now states that about 50 per cent of the profit can be distributed as dividends in the form of cash dividend to the equity certificate owners and dividend to the local community.

"Sparebanken Møre's aim is to achieve financial results which provide a good and stable return on the Bank's equity. The share of the profit which is set aside as dividend must be adapted to the Bank's

solidity, and we wish that the Banks' good results over time will benefit both the equity certificate owners and the community", Nydal says.

Future-oriented organisation

Sparebanken Møre has recently changed the organisation with the aim of ensuring the Bank having a future-oriented, outwardly directed and efficient organisation. This will enable the Bank in meeting and taking advantage of the digital shift in a positive manner.

One example of this is the Bank's new Customer Experience Division, which is tasked with ensuring that both services and solutions meet the customers' requirements and expectations.

"Customer needs will be the focus for all development and work processes in the Bank. Our customer satisfaction is high and rising, and we are now dedicating even more resources in ensuring that customers have a good experience. This includes everything from the quality of advice and user friendliness of digital channels, to the relevance of products and services", says CEO, Trond Lars Nydal.

The new organisation was effective from 1 October 2017.

Key figures for Q3 2017

- Profit before losses: NOK 191 million (NOK 197 million)
- Profit after tax: NOK 139 million (NOK 146 million)
- Return on equity: 10.5 % (11.7 %)
- Net interest income: NOK 281 million/1.72 % (NOK 271 million/1.77 %)
- Cost income ratio: 44.2 % (43.1 %)
- Earnings per equity certificate (Group): NOK 6.95 (NOK 7.35)

Comparable figures for Q3 2016 in brackets.

Key figures for 30.09.2017

- Profit before losses: NOK 548 million (NOK 602 million)
- Profit after tax: NOK 400 million (NOK 461 million)
- Return on equity: 10.2 % (12.5 %)
- Net interest income: NOK 810 million/1.70 % (NOK 809 million/1.79 %)
- Cost income ratio: 44.9 % (42.4 %)
- Core Tier 1 capital ratio: 14.5 % (14.9 %)
- Earnings per equity certificate (Group): NOK 20.10 (NOK 23.10)
- Lending growth in the last 12 months: 9.1 % (0.6 %)
- Deposit growth in the last 12 months: 2.3 % (10.5 %)

Comparable figures for 30.09.2016 in brackets.

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