



**SPAREBANKEN MØRE**

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## Press Release

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### Strong half-year profit for Sparebanken Møre

**Sparebanken Møre can point to a strong result for the first half of 2018. Profit after tax was NOK 315 million, up 20 per cent compared with the same period last year.**

For the second quarter, profit after tax was NOK 174 million, up from NOK 130 million in the same quarter last year. Return on equity was 12.3 per cent for the quarter and 11.2 per cent for the first half of the year. A CET1-ratio of 15.5 per cent confirms the solid financial position of the bank.

"The second quarter was another good quarter for Sparebanken Møre and we have delivered a strong result for the first half of the year. We are developing positively and experiencing good growth, higher income and low losses. The figures also show that our focus on cost-effectiveness is producing good results," says Trond Lars Nydal, the CEO of Sparebanken Møre.

#### Increasing income

A higher lending volume combined with increased contribution from deposits as well as the bank's high CET1-level resulted in higher net interest income in Norwegian kroner compared with the same quarter last year. Net interest income was NOK 291 million in the second quarter, NOK 23 million higher than in the same quarter last year.

"We are well satisfied having increased net interest income in spite of the the fact that the low level of interest rates in the market, strong competition on both lending and deposits and lower risk have contributed to pressure on the net interest margin," says Nydal.

Other operating income increased by NOK 15 million and amounted to NOK 78 million at the end of the second quarter. The merger between Vipps, BankAxept and BankID Norge resulted in a gain of approximately NOK 10 million for the quarter.

#### Very low losses and cost-effective operations

Sparebanken Møre can also point to a low level of losses over time, also applicable for the second quarter. Net reversals on loan and guarantee losses amounted to NOK 5 million in the quarter and the level of losses is also expected to remain low for the remainder of 2018.

The cost income ratio was 40.6 per cent in the second quarter of 2018, a reduction of 5.0 percentage points compared with the second quarter last year.

"We are operating profitably and efficiently at a time marked by growth and restructuring. We are investing in both technology and skills, and our employees are demonstrating an impressive willingness and capacity to adapt," says Nydal.

The Bank is now raising its ambitions for both profitability and efficient operations, and changing the target for return on equity from 10.0 per cent to 11.0 per cent. At the same time, the target for cost income ratio is being adjusted from 45.0 per cent to 40.0 per cent.

#### Continuing to grow

Lending to customers has increased by 5 per cent in the last 12 months and totalled NOK 58.9 billion at the end of the second quarter. Deposits from customers have risen by 2.2 per cent.

"We are experiencing an increase in customers and are continuing to grow, both in the retail market and the corporate market. Our proximity and market knowledge combined with good digital solutions enable us to offer a good, competitive and broad range of services to our customers," says Nydal.

The Bank expects somewhat lower lending growth in 2018 compared with the growth rate at the end of 2017.

### **Seeking talents with a nose for business**

Sparebanken Møre is an important contributor to the local community with a wide-ranging focus on business development in our region, Nordvestlandet. The Bank follows a clear strategy of contributing to the development of founders, entrepreneurs, companies and individuals who in the long term can help creating jobs and development in the region.

Today, 15 August, the starting gun will be fired for round number two of "Næringsteft" a skills journey for founders with a NOK 1 million first prize. The concept provides a professional top-up for both individuals and small and medium-sized enterprises with a good business idea, and is run in close cooperation with the Norwegian University of Science and Technology (NTNU) in Ålesund and the ÅKP, ProtoMore and Vindel science parks.

"As the county's largest bank, we have a genuine interest in developing the business sector in our region. By boosting talented people with a nose for business, we can help to create value that will benefit everyone living here. The response to the concept confirms that the Bank is operating in an area rich in both good ideas and wise heads," says Nydal.

### **Key figures for Q2 2018**

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- Net interest income: NOK 291 million/1.68 % (NOK 268 million/1.71 %)
- Profit before losses: NOK 219 million (NOK 180 million)
- Profit after tax: NOK 174 million (NOK 130 million)
- Return on equity: 12.3 % (10.0 %)
- Cost income ratio: 40.6 % (45.6 %)
- Earnings per equity certificate (Group): NOK 8.50 (NOK 6.50)

*Comparable figures for the second quarter of 2017 in brackets.*

### **Key figures for H1 2018**

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- Net interest income: NOK 580 million/1.71 % (NOK 529 million/1.69 %)
- Profit before losses: NOK 412 million (NOK 357 million)
- Profit after tax: NOK 315 million (NOK 261 million)
- Return on equity: 11.2 % (10.0 %)
- Cost income ratio: 42.1 % (45.7 %)
- Earnings per equity certificate (Group): NOK 15.45 (NOK 13.10)
- Common Equity Tier 1 capital: 15.5 % (14.3 %)
- Lending growth in the last 12 months: 5.0 % (9.5 %)
- Deposit growth in the last 12 months: 2.2 % (6.1 %)

*Comparable figures for H1 2017 in brackets.*

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