



SPAREBANKEN MØRE

Press Release

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Sparebanken Møre's preliminary results for 2018:

Customer growth, strong results and solidity

Sparebanken Møre delivers good quarterly and annual results. Preliminary financial figures for 2018 show a profit after tax for the year of NOK 605 million, a year-on-year increase of NOK 48 million. This gives a return on equity of 10.6 per cent.

The recommendation from the Board to the General Meeting is a cash dividend of NOK 15.50 per equity certificate for the 2018 financial year and a dividend to the community of NOK 156 million. This will benefit various good projects within culture, sports, local communities, infrastructure, competence and business development.

Good ending to the anniversary year

"In a market characterised by change, development and strong competition, it is pleasing to be able to show we have had a good year. We have clear goals: profitable and efficient operations, growth, low losses and good financial strength. The figures for 2018 show that we have been successful, which benefits both our EC-holders and the local community," says Trond Lars Nydal, the CEO of Sparebanken Møre.

The Group posted a profit after tax of NOK 141 million for the fourth quarter and thus ended the anniversary celebrations of the Bank's 175 years of history on a high note.

Strong financial position

The Bank's CET1 capital ended at 16.0 per cent by year-end 2018 and, together with a deposit-to-loan ratio of 57 per cent, Sparebanken Møre can point to good financial strength and liquidity.

"We meet the authorities' requirements by a good margin, which provides confidence and predictability for our customers, owners and our region. A high deposit-to-loan ratio, good rating and total assets of NOK 71 billion make us a strong and competitive source of capital in our region," says Nydal.

In December, the Financial Supervisory Authority of Norway decided to reduce the Bank's Pillar 2 requirement from 1.8 per cent to 1.7 per cent. At the same time, Moody's, the ratings agency, confirmed the Bank's high level of creditworthiness in its semi-annual credit opinion. The analysis confirms that the Bank has maintained its A2 rating with stable outlook.

Continuing to grow

Sparebanken Møre saw overall lending growth of 6.1 per cent over the last 12 months; 5.3 per cent growth in the retail market and 8.4 per cent in the corporate market.

"We have grown steadily throughout the year, which shows we are attractive and competitive. The corporate segment saw particularly good growth in 2018 and local companies are constantly telling us how much they appreciate our local presence and knowledge," says Nydal.

He also highlights the Bank's low level of losses, which he believes to be a consequence of our proximity to our customers and the market. In 2018, losses on loans and guarantees amounted to NOK 16 million, or 0.02 per cent of average total assets.

Fast digital development

Total income rose by NOK 85 million from 2017 to 2018, at the same time as a strong focus on costs has, over time, resulted in low costs for the Bank. Although costs increased by NOK 13 million in 2018, the cost income ratio ended at 42.3 per cent, down from 44.0 per cent in 2017.

“I am pleased that we are keeping costs low at a time of major changes and restructuring in the banking industry. We are investing in both technology and competence, and in 2018 we reallocated resources from internal production and operational tasks to direct value creating work that benefits both our customers and the Bank. Over time, we have built up a strong team with cutting edge expertise being able to identify and benefit from development opportunities,” says Nydal.

Among other things, Sparebanken Møre introduced an efficient, new CRM system in 2018. More self-service solutions were also developed in the online bank and the mobile bank, making services simpler for the customer and more efficient for the Bank.

Future prospects

Sparebanken Møre expects production and demand to remain high in the county in 2019 due to low interest rates, a weak Norwegian kroner, high levels of activity in the public sector and continued growth in our export markets.

The upturn in the level of activity, together with significant restructuring in the labour market in recent years, have resulted in low unemployment. At the end of December, registered unemployment in Møre og Romsdal was 2.3 per cent according to the Norwegian Labour and Welfare Administration (NAV), the same as the national unemployment rate. Given the prospect of moderate production growth in the county, unemployment will probably stabilise at today’s level over the year.

“We expect continued low losses in 2019 and lending growth on a par with last year. The Bank is solid and well-prepared to continue growing and offering its customers a good, wide range of competitive services going forward as well,” says Trond Lars Nydal, the CEO of Sparebanken Møre.

Key figures – Q4 2018 (Comparable figures for Q4 2017 in brackets)

- Net interest income: NOK 309 million/1.76 % (NOK 290 million/1.76 %)
- Profit before loss: NOK 213 million (NOK 204 million)
- Profit after tax: NOK 141 million (NOK 157 million)
- Return on equity: 9.7 % (11.5 %)
- Cost income ratio: 41.6 % (41.7 %)

Key figures – 2018 accounts (Comparable figures for 2017 in brackets)

- Net interest income: NOK 1,179 million/1.70 % (NOK 1,100 million/1.72 %)
- Profit before loss: NOK 824 million (NOK 752 million)
- Profit after tax: NOK 605 million (NOK 557 million)
- Return on equity: 10.6 % (10.4 %)
- Cost income ratio: 42.3 % (44.0 %)
- CET1 capital: 16.0 % (15.0 %)
- Lending growth over the last 12 months: 6.1 % (7.9 %)
- Deposit growth over the last 12 months: 4.9 % (0.7 %)
- Earnings per equity certificate (Group): NOK 29.80 (NOK 27.70)

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