

Preliminary Annual Results for 2019:

## **Strong annual results benefit the region**

**Sparebanken Møre enjoyed yet another year of profitable and efficient operations, growth and low losses. The preliminary results for 2019 show a profit for the year after tax of NOK 711 million, a year-on-year increase of 18.3 per cent. Return on Equity ended at 11.7 per cent.**

The Board is recommending to the General Meeting a cash dividend of NOK 17.50 per equity certificate for the 2019 financial year, as well as a dividend of NOK 176 million to the local community. This will benefit good initiatives within culture, sports, local communities, infrastructure and competence and business development.

### **Good ending to the year**

The Group posted a profit after tax of NOK 190 million for the fourth quarter and thus ended 2019 on a high note.

“We have had a good, active year during which we took steps to improve the quality of the customer experience and equip the Bank for the future. I am very pleased that the figures for 2019 show that we have succeeded in achieving both profitable and efficient banking operations. We have delivered strong annual results, which will benefit our customers, our EC-holders as well as the local community,” says Trond Lars Nydal, CEO of Sparebanken Møre.

Sparebanken Møre has two groups of owners: equity certificate holders and local communities. The Bank’s dividend strategy states that the owners should be treated equally and therefore half of the annual profit is set aside for good purposes in our region, Nordvestlandet.

“Good results also enable us to improve our services and our customers’ overall experience. In 2019, we recorded our highest customer satisfaction ever, and we have clear goals how to develop this further. A solid financial foundation provides us with a good starting point,” says Nydal.

### **Growing corporate market shares**

The Bank continues to gain market share and the overall volume of lending at year end was NOK 64 billion. This reflects growth of 4.5 per cent in the retail market and 9.8 per cent in the corporate market.

“We have grown steadily throughout the year, with especially strong growth in the corporate market. Industry expertise and specialist environments, combined with local knowledge, are highly valued by our customers. We also reinforced our services for small and medium-sized enterprises in 2019 and are now seeing the effects of this through increased growth in this customer segment,” says Nydal.

The analysis company Cicero recently assessed the information available for SME customers on banks’ websites. Sparebanken Møre received a top score and was named the bank with the best guidance, advice and tools for establishing, developing and running a company.

The Group’s most important source of funding are deposits, which grew by 6.9 per cent in 2019. A high deposit-to-loan ratio, a CET1 ratio of 17.4 per cent and total assets of NOK 75 billion make the Bank a key and safe source of capital going forward.

### **Strengthening other operating income**

“The preliminary annual results for 2019 testify to good income growth, with increases in both net interest income and other operating income compared with the year before. Important factors behind this include active advisers, a high-level of external activity and the development of good digital services,” explains Nydal.

“We are especially pleased that other operating income is strengthening; this has been a clear objective during the year. We have focused on products and communications in both branches and our digital channels, and in November we also reinforced our card services with credit cards from Mastercard,” he says.

The growth in costs was moderate with the cost income ratio ending the year at 40.2 per cent. This represents an efficiency improvement of 2.3 percentage points in relation to 2018. The Bank is therefore closing in on its target of a cost income ratio below 40 per cent. Losses are also low and the quality of the portfolio is good.

### **Future prospects**

The Bank's updated analysis of its future prospects shows moderate production growth in the county in the coming period. This is due to low interest rates, a weak Norwegian kroner exchange rate and growth in our export markets.

The uncertainty surrounding Brexit and the trade war between the US and China appears to have diminished. We still expect good activity in our main industries.

Moderate production growth is also likely to result in low unemployment throughout the current year. Unemployment in Møre og Romsdal has fallen significantly since the start of 2019 and, according to NAV, registered unemployment at job centres in Møre og Romsdal amounted to 2.0 per cent of the workforce at the end of December. In comparison, the national unemployment rate is 2.2 per cent.

“Sparebanken Møre is financially solid and its liquidity at the end of the year was strong. The general conditions suggest that we can expect good results for 2020 as well. This means profitable and efficient operations and a return on equity above the Bank's strategic target of 11 per cent,” says Nydal.

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### **Key figures – Q4 2019** *(comparable figures for Q4 2018 in brackets)*

- Net interest income: NOK 339 million/1.79 per cent (NOK 309 million/1.76 per cent)
- Profit before losses: NOK 246 million (NOK 209 million)
- Profit after tax: NOK 190 million (NOK 137 million)
- Return on equity: 11.8 per cent (9.5 per cent)
- Cost income ratio: 40.6 per cent (42.7 per cent)

### **Key figures – 2019 accounts** *(comparable figures for 2018 in brackets)*

- Net interest income: NOK 1,314 million/1.79 per cent (NOK 1,179 million/1.70 per cent)
- Profit before losses: NOK 961 million (NOK 820 million)
- Profit after tax: NOK 711 million (NOK 601 million)
- Return on equity: 11.7 per cent (10.6 per cent)
- Cost income ratio: 40.2 per cent (42.5 per cent)
- Common equity Tier 1 capital (CET1): 17.4 per cent (16.0 per cent)
- Lending growth in the last 12 months: 6.1 per cent (6.1 per cent)
- Deposit growth in the last 12 months: 6.9 per cent (4.9 per cent)
- Earnings per equity certificate (Group): NOK 34.50 (NOK 29.60)

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