

Results for Q3 2020:

Good operations for Sparebanken Møre in Q3

Sparebanken Møre posted a profit after tax of NOK 153 million for the third quarter.

The return on equity was 9.4 per cent, and the Group now has total assets of NOK 80.4 billion.

“Our quarterly result is attributable to good operations despite the market turmoil due to the coronavirus pandemic and fall in oil prices. Combined with solid financial strength, stable long-term funding and dedicated advisers working actively throughout our market areas, we are well-equipped to be a strong and committed supporter of people, companies and local communities going forward as well,” says Trond Lars Nydal, the CEO of Sparebanken Møre.

Strong cost control

Net interest income was 12.8 per cent lower than in the corresponding quarter last year, inter alias as a result of very low interest rates. Other operating income increased by 22 per cent, mainly a consequence of increased market value of the bond portfolio, as well as hedging transactions for customers in the FX and interest rate market.

Costs in the quarter amounted to NOK 149 million, which is NOK 12 million lower than for the same period of last year. The cost income ratio was 39 per cent.

“The Bank is efficient and has over time systematically worked on measures that increase both efficiency and profitability. We have seen that a long-term steady course produces results,” says Nydal.

Accessibility and relationships are appreciated

Sparebanken Møre has a lending volume of more than NOK 65 billion to retail and corporate customers. The 12-month growth rate for lending has gradually slowed in the past year and ended at 2.7 per cent at the end of the third quarter.

“Even though the growth rate has slowed somewhat, we are experiencing a good influx of new customers. Our local presence and personal service are appreciated and this, combined with good digital solutions, give us a strong competitive advantage. In our experience, a steadily growing number of customers are interested in choosing local solutions and the importance of a stable contact point and safe relationship with your bank has increased in the past few months,” says Nydal.

He adds that the Bank is prioritising profitable growth and that lending growth is expected to pick up during the fourth quarter and end up higher at the end of 2020 than at the end of the third quarter. Annual deposit growth ended the quarter at 8.8 per cent and is expected to remain high going forward.

Low number of bankruptcies

NOK 36 million was charged in losses on loans and guarantees in the quarter. This amounts to 0.18 per cent of average total assets annualized. Losses in the corporate segment increased by NOK 45 million in the quarter, while losses in the retail segment decreased by NOK 9 million. The level of defaults is low and the number of bankruptcies so far in 2020 is lower than at the same time last year for both the county and the Bank.

While the financial situation for many industries remains serious, key figures indicate that output and demand in the county continued to climb in the third quarter. Unemployment in Møre og Romsdal fell from 3.7 per cent to 3.1 per cent of the labour force from August to September. In comparison, the national unemployment rate was 3.7 per cent.

Less need for interest-only periods

The Bank reports few customers in need of interest-only periods. In the retail market, many customers have better liquidity and good capacity for savings, and many have also chosen to increase their mortgage repayments due to the low interest rates.

The Bank has recently analysed the situation through a survey of its corporate customers.

“Parts of our corporate portfolio were granted interest-only periods in spring because of Covid-19. The survey conducted in September shows that a very low percentage need a further interest-only period. This is a positive signal that our customer portfolio is both robust and adaptable,” says Trond Lars Nydal, the CEO of Sparebanken Møre.

Key figures for Q3 2020

- Profit before losses: NOK 234 million (NOK 253 million)
- Profit after tax: NOK 153 million (NOK 181 million)
- Return on equity: 9.4 per cent (11.8 per cent)
- Net interest income: NOK 306 million/1.54 per cent (NOK 351 million/1.91 per cent)
- Cost income ratio: 39.0 per cent (39.0 per cent)
- Earnings per equity certificate (Group): NOK 7.38 (NOK 8.80)

Comparable figures for the third quarter of 2019 in brackets.

Key figures per Q3 2020

- Profit before losses: NOK 654 million (NOK 715 million)
- Profit after tax: NOK 420 million (NOK 524 million)
- Return on equity: 8.6 per cent (11.6 per cent)
- Net interest income: NOK 914 million/1.56 per cent (NOK 975 million/1.78 per cent)
- Cost income ratio: 42.0 per cent (40.1 per cent)
- Common Equity Tier 1 capital (CET1): 17.5 per cent (15.4 per cent)
- Earnings per equity certificate (Group): NOK 20.00 (NOK 25.60)
- Lending growth in the past 12 months: 2.7 per cent (6.7 per cent)
- Deposit growth in the past 12 months: 8.8 per cent (4.2 per cent)

Comparable figures for the third quarter of 2019 in brackets.

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