

14 August 2024

Results for Q2 2024:

Strong lending growth in a solid quarter for Sparebanken Møre

Sparebanken Møre continues to grow, with the second quarter seeing lending growth in the retail market of almost NOK 1.5 billion. This quarterly growth figure is the highest in the bank's history.

- "National figures show that lending growth is low, and the competition for customers is fierce. It is, therefore, pleasing that we have seen such strong lending growth in both the retail market and the corporate market. It shows that our investments in more branches and advisers who are close to our customers are producing results," says CEO Trond Lars Nydal of Sparebanken Møre.

The quarter's strong growth contributed to an 18 per cent increase in profit after tax compared with the second quarter last year, with the profit for the quarter amounting to NOK 301 million. This represents a return on equity for the second quarter of 15.1 per cent compared with 13.6 per cent for the same quarter in 2023. The costs in the quarter amounted to 41 per cent of income, which is 2.1 percentage points up from last year. Part of the increase was due to investments in growth, which have contributed to increases in income.

At the end of the first half-year, the Common Equity Tier 1 capital ratio was 19.1 per cent, up from 17.6 per cent compared with the same point in 2023.

- "The bank's capital situation is strong and we are well equipped for continued growth, to manage future risk and we have good dividend capacity," says Nydal.

Good activity and low losses

The increase in lending is a result of high levels of activity in our region Nordvestlandet and Oslo and is good confirmation that the bank is competitive and attractive to new customers as well. In the bank's experience, more people now want a permanent adviser and personal advice.

- "In April, we won the National Customer Service Award for the banking industry for the sixth consecutive year. Receiving such recognition from our customers is inspiring. Seeing how well we are growing in the retail market in both Nordvestlandet and Oslo also gives us motivation. Furthermore, we are seeing good activity in the region and good growth in the corporate market. Our aim for the autumn is to grow our market share further," says Nydal.

Good, close follow-up and advice gives customers and the bank a sense of security, and also contribute to low losses. In the second quarter, the bank recognised a net NOK 35 million in recoveries on loan losses.

Stable outlook for Nordvestlandet

The Norwegian krone weakened again over the summer. This must be seen in the context of increased concerns about an economic recession in the US and turbulence in international financial markets.

A weak NOK exchange rate benefits a number of industries in Nordvestlandet, and figures from Norges Bank's "Regional Network" report confirm that better economic growth is expected in Nordvestlandet than in most of the other regions of the country.

Advance notice of instructions from the Financial Supervisory Authority of Norway

At the beginning of July, the bank received an advance notice of instructions concerning our current accounting practice of recognising unpaid gifts for non-profit purposes as other liabilities in the bank's accounts. Sparebanken Møre disagrees with the Financial Supervisory Authority's assessment, and in the period up to the deadline of 26 August we will conduct a review and assessment of the factual and legal basis for the advance notice.

Please also see our stock exchange report dated 5 July 2024.

Key figures – Q2 2024

- Net interest income: NOK 518 million/2.12 per cent (NOK 462 million/1.94 per cent)
- Profit before loss: NOK 359 million (NOK 332 million)
- Profit after tax: NOK 301 million (NOK 255 million)
- Return on equity: 15.1 per cent (13.6 per cent)
- Cost income ratio: 41.0 per cent (38.9 per cent)
- Earnings per equity certificate (Group): NOK 2.85 (NOK 2.46)

Comparable figures for Q2 2023 in brackets.

Key figures – H1 2024

- Net interest income: NOK 1 026 million/2.09 per cent (NOK 907 million/1.96 per cent)
- Profit before loss: NOK 709 million (NOK 634 million)
- Profit after tax: NOK 555 million (NOK 462 million)
- Return on equity: 14.1 per cent (12.2 per cent)
- Cost income ratio: 40.3 per cent (39.3 per cent)
- Earnings per equity certificate (Group): NOK 5.26 (NOK 4.42)
- Common Equity Tier 1 capital ratio: 19.1 per cent (17.6 per cent)
- Lending growth in the past 12 months: 7.7 per cent (9.3 per cent)
- Deposit growth in the past 12 months: 6.3 per cent (3.1 per cent)

Comparable figures for the first half of 2023 in brackets.

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