

Note 8 - Loans and advances to customers

Parent Bank		(NOK million)	Group	
31 Dec 15	31 Dec 16		31 Dec 16	31 Dec 15
		Loans specified by type		
-	-	Financial lease	2,421	2,166
11,164	11,635	Bank overdraft and operating credit	11,635	11,164
2,879	3,313	Building loan	3,313	2,879
76,086	82,489	Amortizing loan	84,956	77,765
90,129	97,437	Gross loans to and receivables from customers	102,325	93,974
-174	-620	Specified write-downs	-632	-183
-358	-318	Collectively assessed write-downs	-339	-376
89,596	96,499	Net loans to and advances to customers	101,354	93,415
		Lending specified by markets		
46,631	53,371	Retail market	56,260	48,782
43,306	43,793	Corporate market	45,777	44,981
192	273	Public sector	288	211
90,129	97,437	Gross loans and advances	102,325	93,974
		Write-downs specified by markets		
-36	-19	Retail market	-21	-38
-138	-600	Corporate market	-612	-145
-358	-318	Collectively assessed write-downs	-339	-376
89,596	96,499	Net loans and advances	101,354	93,415
		Adv. on this		
48	32	Subordinated loan capital other financial institutions	32	48
740	631	Loans to employees	1,123	1,202
		In addition:		
31,944	33,142	Loans sold to SpareBank 1 Boligkreditt	33,142	31,944
745	779	Of which loans to employees	1,167	1,089
1,460	2,069	Loans sold to SpareBank 1 Næringskreditt	2,069	1,460

Interest rate subsidies on loans to employees are included in net interest income. The lending rate for employees is 75 per cent of the best mortgage rate for other customers.

Specified by risk group

The Bank calculates default probabilities for all customers in the loan portfolio at the loan approval date. This is done on the basis of key figures on earnings, financial strength and behaviour. Default probability is used as a basis for risk classification of the customer. Further, risk classification is used to assign each customer to a risk group. See note 12 on credit risk exposure for each internal risk rating.

Customers are rescored in the Bank's portfolio system on a monthly basis.

Exposures include gross loans, letters of credit, guarantees, unutilised credits and loan commitments.

Exposures are monitored with a basis in the exposure's size, risk and migration. Risk pricing of business exposures is done with a basis in expected loss and economic capital required for each exposure. Expected annual average net loss is calculated for the next twelve months. Expected loss is within the limits set for maximum expected loss by the Board of Directors.

Collectively assessed write-downs are calculated with a basis in customers who have shown negative migration since the loan approval date but for whom no individual write-down has been assessed.

The Bank uses macro-based stress tests to estimate write-downs required as a result of objective events that were not reflected in portfolio quality at the time of measurement.

Risk group default and written down consist of customers default by over 90 days and individual write-downs.

Parent Bank		Total contracts (NOK million)	Group	
31 Dec 15	31 Dec 16		31 Dec 16	31 Dec 15
60,945	74,780	Lowest risk	75,166	61,202
21,757	13,594	Low risk	15,033	22,821
19,305	19,319	Medium risk	21,339	20,925
3,708	2,659	High risk	3,335	4,222
1,680	1,922	Highest risk	2,607	2,285
558	1,627	Default and written down	1,627	604
107,953	113,900	Total	119,107	112,060

Parent Bank		Gross loans (NOK million)	Group	
31 Dec 15	31 Dec 16		31 Dec 16	31 Dec 15
52,516	66,543	Lowest risk	66,913	52,760
18,327	10,973	Low risk	12,313	19,325
13,997	14,652	Medium risk	16,539	15,495
3,173	1,931	High risk	2,565	3,657
1,600	1,873	Highest risk	2,530	2,175
516	1,466	Default and written down	1,466	563
90,129	97,437	Total	102,325	93,974

Parent Bank		Expected annual average net loss (NOK million)	Group	
2015	2016		2016	2015
26	26	Lowest risk	26	26
33	35	Low risk	36	33
114	122	Medium risk	126	118
77	52	High risk	55	79
51	69	Highest risk	84	62
30	22	Default and written down	29	36
331	326	Total	356	355

The best secured home mortgage loans are sold to SpareBank 1 Boligkreditt. Well secured business loans are sold to SpareBank 1 Næringskreditt. This is a measure designed to secure long-term funding on competitive terms. Commission (margin) on these loans is recognised in the income statement under commission income.

The table below shows the risk classification of these exposures.

Parent Bank		Total contracts sold to SpareBank 1 Boligkreditt (NOK million)	Group	
31 Dec 15	31 Dec 16		31 Dec 16	31 Dec 15
32,210	31,992	Lowest risk	31,992	32,210
3,460	2,982	Low risk	2,982	3,460
812	838	Medium risk	838	812
161	123	High risk	123	161
160	125	Highest risk	125	160
5	6	Default and written down	6	5
36,809	36,066	Total	36,066	36,809

Parent Bank		Gross loans sold to SpareBank 1 Boligkreditt (NOK million)	Group	
31 Dec 15	31 Dec 16		31 Dec 16	31 Dec 15
27,377	29,121	Lowest risk	29,121	27,377
3,437	2,940	Low risk	2,940	3,437
804	831	Medium risk	831	804
161	121	High risk	121	161
160	124	Highest risk	124	160
5	5	Default and written down	5	5
31,944	33,142	Total	33,142	31,944

Parent Bank		Total contracts sold to SpareBank 1 Næringskreditt (NOK million)	Group	
31 Dec 15	31 Dec 16		31 Dec 16	31 Dec 15
818	1,795	Lowest risk	1,795	818
543	273	Low risk	273	543
99	-	Medium risk	-	99
1,460	2,069	Total	2,069	1,460

Parent Bank		Gross loans sold to SpareBank 1 Næringskreditt (NOK million)	Group	
31 Dec 15	31 Dec 16		31 Dec 16	31 Dec 15
818	1,795	Lowest risk	1,795	818
543	273	Low risk	273	543
99	-	Medium risk	-	99
1,460	2,069	Total	2,069	1,460

Specified by sector and industry

Parent Bank		Total contracts (NOK million)	Group	
31 Dec 15	31 Dec 16		31 Dec 16	31 Dec 15
49,196	55,773	Wage earners	58,789	51,461
1,535	1,171	Public administration	1,186	1,555
9,645	11,319	Agriculture, forestry, fisheries and hunting	11,537	9,813
2,413	2,238	Sea farming industries	2,641	2,752
4,512	4,279	Manufacturing	4,576	4,816
5,035	5,482	Construction, power and water supply	6,058	5,517
3,782	3,676	Retail trade, hotels and restaurants	3,907	3,976
7,934	6,536	Maritime sector	6,536	7,958
14,718	13,301	Property management	12,804	14,690
3,190	3,297	Business services	3,558	2,985
3,805	4,174	Transport and other services provision	4,831	4,332
2,186	2,653	Other sectors	2,683	2,205
107,953	113,900	Total	119,107	112,060

Parent Bank		Gross loans (NOK million)	Group	
31 Dec 15	31 Dec 16		31 Dec 16	31 Dec 15
46,631	53,371	Wage earners	56,260	48,782
192	273	Public administration	288	211
8,515	10,290	Agriculture, forestry, fisheries and hunting	10,499	8,674
1,485	1,599	Sea farming industries	1,985	1,807

2,387	2,701	Manufacturing	2,985	2,675
3,141	2,980	Construction, power and water supply	3,532	3,598
2,482	2,288	Retail trade, hotels and restaurants	2,510	2,666
6,043	4,983	Maritime sector	4,983	6,066
12,917	11,619	Property management	11,675	12,885
2,019	2,442	Business services	2,072	1,777
2,859	3,220	Transport and other services provision	3,836	3,355
1,458	1,670	Other sectors	1,700	1,477
90,129	97,437	Total	102,325	93,974

Parent Bank		Specified write-downs (NOK million)	Group	
31 Dec 15	31 Dec 16		31 Dec 16	31 Dec 15
36	19	Wage earners	21	38
8	9	Agriculture, forestry, fisheries and hunting	10	9
-	-	Sea farming industries	-	0
3	17	Manufacturing	18	3
12	11	Construction, power and water supply	12	13
44	21	Retail trade, hotels and restaurants	23	46
55	519	Maritime and offshore sector	519	55
12	-	Property management	0	12
0	23	Business services	23	1
4	1	Transport and other services provision	5	5
-	-	Other sectors	2	2
174	620	Total	632	183

Parent Bank		Expected annual average net loss (NOK million)	Group	
2015	2016		2016	2015
65	67	Wage earners	81	73
0	0	Public administration	0	1
19	19	Agriculture, forestry, fisheries and hunting	21	21
2	3	Sea farming industries	6	4
25	22	Manufacturing	24	27
29	29	Construction, power and water supply	33	32
27	21	Retail trade, hotels and restaurants	22	29
25	26	Maritime sector	26	25
78	67	Property management	67	79
36	27	Business services	28	37
11	12	Transport and other services provision	14	13
13	33	Other sectors	33	14
331	326	Total	356	355

Specified by geographic area

Parent Bank			Group	
31 Dec 15	31 Dec 16	Gross loans (NOK million)	31 Dec 16	31 Dec 15
33,724	37,056	Sør-Trøndelag	38,086	34,672
22,283	24,947	Nord-Trøndelag	26,126	23,464
19,952	20,832	Møre og Romsdal	21,930	20,925
499	665	Sogn og Fjordane	889	540
1,037	956	Nordland	1,031	1,106
4,608	4,700	Oslo	4,788	4,681
6,265	5,804	Rest of Norway	6,998	6,827
1,760	2,476	Abroad	2,476	1,760
90,129	97,437	Total	102,325	93,974

Parent Bank			Group	
31 Dec 15	31 Dec 16	Gross loans sold to SpareBank1 Boligkreditt (NOK million)	31 Dec 16	31 Dec 15
15,608	16,126	Sør-Trøndelag	16,126	15,608
7,529	7,649	Nord-Trøndelag	7,649	7,529
4,722	4,917	Møre og Romsdal	4,917	4,722
249	297	Sogn og Fjordane	297	249
92	111	Nordland	111	92
1,166	1,113	Oslo	1,113	1,166
1,763	1,756	Rest of Norway	1,756	1,763
816	1,172	Abroad	1,172	816
31,944	33,142	Total	33,142	31,944

Parent Bank			Group	
31 Dec 15	31 Dec 16	Gross loans sold to SpareBank1 Næringskreditt (NOK million)	31 Dec 16	31 Dec 15
358	769	Sør-Trøndelag	769	358
309	402	Nord-Trøndelag	402	309
543	541	Møre og Romsdal	541	543
250	250	Oslo	250	250
-	56	Rest of Norway	56	-
1,460	2,069	Total	2,069	1,460

Loans to and claims on customers related to financial leases (NOK million)		2016	2015
Gross advances related to financial leasing			
- Maturity less than 1 year		195	204
- Maturity more than 1 year but not more than 5 years		1,602	1,450
- Maturity more than 5 years		624	511
Total gross claims		2,421	2,166
Received income related to financial leasing, not yet earned		73	69
Net investments related to financial leasing		2,348	2,097
Net investments in financial leasing can be broken down as follows:			
- Maturity less than 1 year		179	176
- Maturity more than 1 year but not more than 5 years		1,559	1,414
- Maturity more than 5 years		610	508
Total net claims		2,348	2,097