

Note 8 - Loans and advances to customers

Parent bank		(NOK million)	Group	
2011	2012		2012	2011
		Loans specified by type		
-	-	Financial lease	1,901	1,920
10,697	10,250	Bank overdraft and operating credit	10,250	10,697
3,065	3,759	Building loan	3,153	2,486
57,030	58,455	Amortizing loan	59,639	58,001
70,793	72,464	Gross loans to and receivables from customers	74,943	73,105
-424	-407	Impairments	-439	-462
70,369	72,057	Net loans to and advances to customers (amortised cost)	74,504	72,643
		Lending specified by markets		
32,165	32,618	Retail market	33,828	33,141
38,565	39,760	Corporate market	41,002	39,872
63	86	Public sector	113	92
70,793	72,464	Gross loans and advances	74,943	73,105
-424	-407	Impairments	-439	-462
70,369	72,057	Net loans and advances	74,504	72,643
		Of this subordinated loan capital		
48	48	Subordinated loan capital other financial institutions	48	48
48	48	Subordinated loan capital shown under loans to customers	48	48
		Adv. on this		
572	565	Loans to employees	713	715
		In addition:		
22,126	29,348	Loans transferred to SpareBank 1 Boligkreditt	29,348	22,126
693	848	Of which loans to employees	1,069	869
-	618	Loans transferred to SpareBank 1 Næringskreditt	618	-

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, impairment 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 for risk class classification.

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

Exposures consist of gross loans, total guarantee commitments, unutilised credits, and total letter of credit obligations.

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 12 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.

Historical data are restated in accordance with new calculations of estimated defaults. See note 6, Risk factors, and the section on probability of default.

Parent bank			Group	
2011	2012	Total contracts	2012	2011
39,296	38,451	Lowest risk	38,760	39,478
20,185	23,748	Low risk	24,474	20,891
21,743	19,483	Medium risk	20,241	22,177
2,063	2,994	High risk	3,344	2,494
1,811	2,059	Highest risk	2,406	2,168
463	417	Default and written down*	517	542
85,561	87,152	Total	89,744	87,750

Parent bank			Group	
2011	2012	Gross loans	2012	2011
32,390	32,491	Lowest risk	32,792	32,571
16,826	19,825	Low risk	20,517	17,524
17,496	15,328	Medium risk	16,035	18,069
1,903	2,451	High risk	2,791	2,329
1,723	1,976	Highest risk	2,315	2,078
455	394	Default and written down*	494	534
70,793	72,464	Total	74,943	73,105

*) Exposures subject to individual impairment write down are placed in default category.

Parent bank			Group	
2011	2012	Expected annual average net loss	2012	2011
5	6	Lowest risk	6	5
17	23	Low risk	23	18
77	50	Medium risk	52	79
20	33	High risk	35	23
47	26	Highest risk	33	53
25	17	Default and written down	23	34
190	155	Total	173	211

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

The table below shows the risk classification of these exposures.

Parent bank			Group	
2011	2012	Total contracts SpareBank 1 Boligkreditt	2012	2011
21,681	29,420	Lowest risk	29,420	21,681
2,409	3,228	Low risk	3,228	2,409
596	868	Medium risk	868	596
136	144	High risk	144	136
76	115	Highest risk	115	76
2	13	Default and written down	13	2
24,901	33,789	Total	33,789	24,901

Parent bank			Group	
2011	2012	Gross loans SpareBank 1 Boligkreditt	2012	2011
18,927	25,013	Lowest risk	25,013	18,927
2,393	3,199	Low risk	3,199	2,393
593	863	Medium risk	863	593
136	144	High risk	144	136
76	115	Highest risk	115	76
2	13	Default and written down	13	2
22,126	29,348	Total	29,348	22,126

Parent bank			Group	
2011	2012	Total contracts SpareBank 1 Næringskreditt	2012	2011
-	150	Lowest risk	150	-
-	157	Low risk	157	-
-	311	Medium risk	311	-
-	618	Total	618	-

Parent bank			Group	
2011	2012	Gross loans SpareBank 1 Næringskreditt	2012	2011
-	150	Lowest risk	150	-
-	157	Low risk	157	-
-	311	Medium risk	311	-
-	618	Total	618	-

Specified by sector and industry

Parent bank			Group	
2011	2012	Total contracts	2012	2011
34,864	34,433	Wage earners	35,674	35,851
830	568	Public administration	595	859
5,532	6,974	Agriculture, forestry, fisheries and hunting	7,144	5,724
3,112	3,157	Sea farming industries	3,282	3,257
5,159	3,180	Manufacturing	3,412	5,399
3,390	4,778	Construction, power and water supply	5,329	3,853
3,350	4,437	Retail trade, hotels and restaurants	4,620	3,543
7,282	7,874	Maritime sector	7,880	7,287
14,820	14,044	Property management	13,526	14,179
4,764	4,361	Business services	4,594	5,061
2,236	2,944	Transport and other services provision	3,279	2,514
221	401	Other sectors	407	223
85,561	87,152	Total	89,744	87,750

Parent bank			Group	
2011	2012	Gross loans	2012	2011
32,165	32,618	Wage earners	33,828	33,141
63	86	Public administration	113	92
4,965	6,081	Agriculture, forestry, fisheries and hunting	6,246	5,155
1,880	2,166	Sea farming industries	2,288	2,024
2,641	2,072	Manufacturing	2,298	2,878
2,070	3,074	Construction, power and water supply	3,611	2,528
2,126	2,577	Retail trade, hotels and restaurants	2,756	2,316
5,974	5,964	Maritime sector	5,970	5,978
12,651	12,261	Property management	11,740	12,167
3,570	3,108	Business services	3,304	3,865
1,720	2,057	Transport and other services provision	2,384	1,989
969	401	Other sectors	407	971
70,793	72,464	Total	74,943	73,105

Parent bank			Group	
2011	2012	Individual impairment	2012	2011
41	38	Wage earners	41	43
-	-	Public administration	-	-
2	2	Agriculture, forestry, fisheries and hunting	3	2
21	14	Sea farming industries	14	21
18	13	Manufacturing	16	30
10	16	Construction, power and water supply	20	14
12	5	Retail trade, hotels and restaurants	6	13
-	-	Maritime sector	-	0
29	17	Property management	17	29
2	11	Business services	12	3
16	13	Transport and other services provision	15	17
-	-	Other sectors	-	0
151	129	Total	144	172

Parent bank			Group	
2011	2012	Expected annual average net loss	2012	2011
21	21	Wage earners	25	23
0	0	Public administration	0	0
9	11	Agriculture, forestry, fisheries and hunting	14	13
3	2	Sea farming industries	2	3
31	17	Manufacturing	18	32
16	20	Construction, power and water supply	24	22
10	11	Retail trade, hotels and restaurants	13	11
23	21	Maritime sector	21	23
41	30	Property management	30	41
33	18	Business services	21	36
3	3	Transport and other services provision	5	5
1	1	Other sectors	1	1
190	155	Total	173	211

Specified by geographic area

Parent bank			Group	
2011	2012	Gross loans	2012	2011
26,627	28,295	Sør-Trøndelag	28,996	27,178
15,116	16,433	Nord-Trøndelag	17,332	16,050
15,040	15,992	Møre og Romsdal	16,527	15,542
335	335	Sogn og Fjordane	366	348
542	481	Nordland	528	581
8,111	5,261	Oslo	5,291	8,147
4,069	4,797	Rest of Norway	5,033	4,306
953	870	Abroad	870	953
70,793	72,464	Total	74,943	73,105

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The table below shows the geographic classification of these exposures.

Parent bank			Group	
2011	2012	Gross loans transferred to SpareBank1 Boligkreditt	2012	2011
10,288	14,354	Sør-Trøndelag	14,354	10,288
5,830	7,676	Nord-Trøndelag	7,676	5,830
3,581	4,457	Møre og Romsdal	4,457	3,581
57	100	Sogn og Fjordane	100	57
79	104	Nordland	104	79
823	1,007	Oslo	1,007	823
1,379	1,596	Rest of Norway	1,596	1,379
91	54	Abroad	54	91
22,126	29,348	Total gross loans transferred to SpareBank1 Boligkreditt	29,348	22,126

Parent bank			Group	
2011	2012	Gross loans transferred to SpareBank 1 Næringskreditt	2012	2011
-	36	Sør-Trøndelag	36	-
-	285	Nord-Trøndelag	285	-
-	297	Møre og Romsdal	297	-
-	618	Total	618	-

	Group	
Loans to and claims on customers related to financial leases	2012	2011
Gross advances related to financial leasing		
- Maturity less than 1 year	285	252
- Maturity more than 1 year but not more than 5 years	1,531	1,536
- Maturity more than 5 years	151	203
Total gross claims	1,967	1,990
Received income related to financial leasing, not yet earned	66	70
Net investments related to financial leasing	1,901	1,920
Net investments in financial leasing can be broken down as follows:		
- Maturity less than 1 year	266	231
- Maturity more than 1 year but not more than 5 years	1,485	1,489
- Maturity more than 5 years	150	201
Total net claims	1,901	1,920