

Note 8 - Loans and advances to customers

Parent Bank		(NOK million)	Group	
2012	2013		2013	2012
		Loans specified by type		
-	-	Financial lease	1,877	1,901
10,250	11,547	Bank overdraft and operating credit	11,547	10,250
3,759	3,277	Building loan	3,274	3,153
58,455	62,207	Amortizing loan	63,605	59,639
72,464	77,030	Gross loans to and receivables from customers	80,303	74,943
-407	-428	Impairments	-467	-439
72,057	76,602	Net loans to and advances to customers (amortised cost)	79,836	74,504
		Lending specified by markets		
32,618	36,632	Retail market	38,724	33,828
39,760	40,129	Corporate market	41,287	41,002
87	269	Public sector	291	113
72,464	77,030	Gross loans and advances	80,303	74,943
-407	-428	Impairments	-467	-439
72,057	76,602	Net loans and advances	79,836	74,504
		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		
565	820	Loans to employees	1,044	713
		In addition:		
29,348	30,516	Loans transferred to SpareBank 1 Boligkreditt	30,516	29,348
848	765	Of which loans to employees	972	1,069
618	1,221	Loans transferred to SpareBank 1 Næringskreditt	1,221	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	
2012	2013	Total contracts	2013	2012
42,325	46,680	Lowest risk	46,927	42,635
20,920	22,631	Low risk	23,418	21,646
17,697	16,275	Medium risk	17,816	18,456
4,230	3,644	High risk	4,008	4,580
1,563	1,988	Highest risk	2,321	1,910
417	457	Default and written down*	543	517
87,152	91,676	Total	95,033	89,744

Parent Bank			Group	
2012	2013	Gross loans	2013	2012
35,681	40,120	Lowest risk	40,363	35,982
17,760	19,132	Low risk	19,907	18,453
13,986	12,210	Medium risk	13,695	14,693
3,178	3,108	High risk	3,464	3,518
1,464	2,023	Highest risk	2,352	1,803
394	438	Default and written down*	523	494
72,464	77,030	Total	80,303	74,943

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

Parent Bank			Group	
2012	2013	Expected annual average net loss	2013	2012
7	9	Lowest risk	9	7
20	15	Low risk	15	20
48	49	Medium risk	51	51
33	40	High risk	42	35
30	17	Highest risk	24	36
17	14	Default and written down	21	23
155	144	Total	163	173

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 taken to income in the income statement under commission income.

The table below shows the risk classification of these exposures.

Parent Bank			Group	
2012	2013	Total contracts SpareBank 1 Boligkreditt	2013	2012
29,420	30,583	Lowest risk	30,583	29,420
3,228	3,302	Low risk	3,302	3,228
868	1,029	Medium risk	1,029	868
144	190	High risk	190	144
115	182	Highest risk	182	115
13	2	Default and written down	2	13
33,789	35,288	Total	35,288	33,789

Parent Bank			Group	
2012	2013	Gross loans SpareBank 1 Boligkreditt	2013	2012
25,013	25,846	Lowest risk	25,846	25,013
3,199	3,278	Low risk	3,278	3,199
863	1,017	Medium risk	1,017	863
144	190	High risk	190	144
115	182	Highest risk	182	115
13	2	Default and written down	2	13
29,348	30,516	Total	30,516	29,348

Parent Bank			Group	
2012	2013	Total contracts SpareBank 1 Boligkreditt	2013	2012
150	307	Lowest risk	307	150
157	657	Low risk	657	157
311	257	Medium risk	257	311
618	1,221	Total	1,221	618

Parent Bank			Group	
2012	2013	Gross loans SpareBank 1 Næringskreditt	2013	2012
150	307	Lowest risk	307	150
157	657	Low risk	657	157
311	257	Medium risk	257	311
618	1,221	Total	1,221	618

Specified by sector and industry

Parent Bank			Group	
2012	2013	Total contracts	2013	2012
34,433	39,479	Wage earners	40,867	35,674
568	805	Public administration	828	595
6,974	6,838	Agriculture, forestry, fisheries and hunting	6,992	7,144
3,157	3,239	Sea farming industries	3,371	3,282
3,180	3,031	Manufacturing	3,229	3,412
4,778	4,698	Construction, power and water supply	5,228	5,329
4,437	3,695	Retail trade, hotels and restaurants	3,864	4,620
7,874	7,712	Maritime sector	7,719	7,880
14,044	12,859	Property management	12,930	13,526
4,361	5,844	Business services	6,083	4,594
2,944	3,440	Transport and other services provision	3,881	3,279
401	35	Other sectors	40	407
87,152	91,676	Total	95,033	89,744

Parent Bank			Group	
2012	2013	Gross loans	2013	2012
32,618	36,632	Wage earners	38,724	33,828
86	269	Public administration	291	113
6,081	6,208	Agriculture, forestry, fisheries and hunting	6,455	6,246
2,166	2,334	Sea farming industries	2,238	2,288
2,072	1,946	Manufacturing	2,156	2,298
3,074	2,693	Construction, power and water supply	3,375	3,611
2,577	2,275	Retail trade, hotels and restaurants	2,409	2,756
5,964	5,395	Maritime sector	5,626	5,970
12,261	10,957	Property management	11,602	11,740
3,108	3,646	Business services	4,670	3,304
2,057	2,284	Transport and other services provision	2,719	2,384
401	2,391	Other sectors	37	407
72,464	77,030	Total	80,303	74,943

Parent Bank		Individual impairment	Group	
2012	2013		2013	2012
38	37	Wage earners	46	41
-	-	Public administration	-	-
2	-	Agriculture, forestry, fisheries and hunting	1	3
14	14	Sea farming industries	14	14
13	9	Manufacturing	10	16
16	32	Construction, power and water supply	33	20
5	8	Retail trade, hotels and restaurants	11	6
-	-	Maritime sector	-	-
17	19	Property management	19	17
11	22	Business services	22	12
13	8	Transport and other services provision	16	15
-	-	Other sectors	-	-
129	150	Total	173	144

Parent Bank		Expected annual average net loss	Group	
2012	2013		2013	2012
21	17	Wage earners	25	25
-	0	Public administration	0	0
11	10	Agriculture, forestry, fisheries and hunting	11	14
2	2	Sea farming industries	3	2
17	9	Manufacturing	10	18
20	12	Construction, power and water supply	15	24
11	16	Retail trade, hotels and restaurants	17	13
21	20	Maritime sector	20	21
30	24	Property management	25	30
18	26	Business services	27	21
3	6	Transport and other services provision	8	5
1	0	Other sectors	0	1
155	144	Total	163	173

Specified by geographic area

Parent Bank		Gross loans	Group	
2012	2013		2013	2012
28,295	29,497	Sør-Trøndelag	30,776	28,996
16,433	17,998	Nord-Trøndelag	18,943	17,332
15,992	17,006	Møre og Romsdal	17,688	16,527
335	494	Sogn og Fjordane	534	366
481	658	Nordland	714	528
5,261	5,337	Oslo	5,375	5,291
4,797	5,153	Rest of Norway	5,386	5,033
870	886	Abroad	886	870
72,464	77,030	Total	80,303	74,943

Parent Bank		Gross loans sold to SpareBank 1 Boligkreditt	Group	
2012	2013		2013	2012
14,354	14,968	Sør-Trøndelag	14,968	14,354
7,676	7,895	Nord-Trøndelag	7,895	7,676
4,457	4,626	Møre og Romsdal	4,626	4,457
100	127	Sogn og Fjordane	127	100
104	100	Nordland	100	104
1,007	1,128	Oslo	1,128	1,007
1,596	1,622	Rest of Norway	1,622	1,596
54	50	Abroad	50	54
29,348	30,516	Total	30,516	29,348

Parent Bank			Group	
2012	2013	Gross loans sold to SpareBank 1 Næringskreditt	2013	2012
36	381	Sør-Trøndelag	381	36
285	332	Nord-Trøndelag	332	285
297	296	Møre og Romsdal	296	297
-	150	Oslo	150	-
-	63	Rest of Norway	63	-
618	1,221	Total	1,221	618

		Group	
Loans to and claims on customers related to financial leases		2013	2012
Gross advances related to financial leasing			
-	Maturity less than 1 year	157	285
-	Maturity more than 1 year but not more than 5 years	1,512	1,531
-	Maturity more than 5 years	208	151
Total gross claims		1,877	1,967
Received income related to financial leasing, not yet earned		47	66
Net investments related to financial leasing		1,830	1,901
Net investments in financial leasing can be broken down as follows:			
-	Maturity less than 1 year	124	266
-	Maturity more than 1 year but not more than 5 years	1,499	1,485
-	Maturity more than 5 years	207	150
Total net claims		1,830	1,901