

Note 8 - Loans and advances to customers

Parent bank		(NOK million)	Group	
31 Dec 14	31 Dec 15		31 Dec 15	31 Dec 14
		Loans specified by type		
-	-	Financial lease	2,166	1,937
12,527	11,164	Bank overdraft and operating credit	11,164	12,527
2,860	2,879	Building loan	2,879	2,860
71,534	76,086	Amortizing loan	77,765	73,255
86,920	90,129	Gross loans to and receivables from customers	93,974	90,578
-164	-174	Specified write-downs	-183	-172
-278	-358	Group allowance for impairment	-376	-295
86,478	89,596	Net loans to and advances to customers	93,415	90,112
		Lending specified by markets		
44,037	46,631	Retail market	48,782	45,693
42,604	43,306	Corporate market	44,981	44,585
280	192	Public sector	211	300
86,920	90,129	Gross loans and advances	93,974	90,578
		Write-downs specified by markets		
-36	-36	Retail market	-38	-38
-128	-138	Corporate market	-145	-133
-278	-358	Group allowance for impairment	-376	-295
86,478	89,596	Net loans and advances to customers	93,415	90,112
		Whereof		
48	48	Subordinated loan capital other financial institutions	48	48
890	740	Loans to employees	1,202	1,187
		In addition		
28,393	31,944	Loans sold to SpareBank 1 Boligkreditt	31,944	28,393
830	745	- of which loans to employees	1,089	1,052
1,463	1,460	Loans sold to SpareBank 1 Næringskreditt	1,460	1,463

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			Group	
31 Dec 14	31 Dec 15	Total exposure allocated to risk groups (NOK million)	31 Dec 15	31 Dec 14
52,644	60,945	Lowest risk	61,202	52,975
25,097	21,757	Low risk	22,821	25,938
18,122	19,305	Medium risk	20,925	19,798
3,998	3,708	High risk	4,222	4,443
1,502	1,680	Highest risk	2,285	1,922
432	558	Default and written down	604	486
101,796	107,953	Total	112,060	105,563

Parent bank			Group	
31 Dec 14	31 Dec 15	Gross loans allocated to risk groups (NOK million)	31 Dec 15	31 Dec 14
45,384	52,516	Lowest risk	52,760	45,701
21,398	18,327	Low risk	19,325	22,204
14,830	13,997	Medium risk	15,495	16,484
3,455	3,173	High risk	3,657	3,882
1,455	1,600	Highest risk	2,175	1,855
399	516	Default and written down	563	452
86,920	90,129	Total	93,974	90,578

Parent bank			Group	
2014	2015	Expected annual average net loss allocated to risk groups (NOK million)	2015	2014
20	26	Lowest risk	26	20
46	33	Low risk	33	46
125	114	Medium risk	118	128
70	77	High risk	79	72
44	51	Highest risk	62	52
20	30	Default and written down	36	29
325	331	Total	355	348

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	
31 Dec 14	31 Dec 15	Total exposures sold to SpareBank 1 Boligkreditt (NOK million)	31 Dec 15	31 Dec 14
28,781	32,210	Lowest risk	32,210	28,781
2,966	3,460	Low risk	3,460	2,966
927	812	Medium risk	812	927
193	161	High risk	161	193
124	160	Highest risk	160	124
2	5	Default and written down	5	2
32,992	36,809	Total exposure allocated to risk groups	36,809	32,992

Parent bank			Group	
31 Dec 14	31 Dec 15	Gross loans sold to SpareBank 1 Boligkreditt (NOK million)	31 Dec 15	31 Dec 14
24,212	27,377	Lowest risk	27,377	24,212
2,943	3,437	Low risk	3,437	2,943
924	804	Medium risk	804	924
188	161	High risk	161	188
124	160	Highest risk	160	124
2	5	Default and written down	5	2
28,393	31,944	Total gross loans allocated to risk groups	31,944	28,393

Parent bank			Group	
31 Dec 14	31 Dec 15	Total exposures sold to SpareBank 1 Næringskreditt (NOK million)	31 Dec 15	31 Dec 14
592	818	Lowest risk	818	592
116	543	Low risk	543	116
754	99	Medium risk	99	754
1,463	1,460	Total	1,460	1,463

Parent bank			Group	
31 Dec 14	31 Dec 15	Gross loans sold to SpareBank 1 Næringskreditt (NOK million)	31 Dec 15	31 Dec 14
592	818	Lowest risk	818	592
116	543	Low risk	543	116
754	99	Medium risk	99	754
1,463	1,460	Total	1,460	1,463

Specified by sector and industry

Parent bank			Group	
31 Dec 14	31 Dec 15	Total exposure allocated to sector and industry (NOK million)	31 Dec 15	31 Dec 14
46,631	49,196	Wage earners	51,461	48,328
1,002	1,535	Public administration	1,555	1,023
7,593	9,645	Agriculture, forestry, fisheries and hunting	9,813	7,712
2,342	2,413	Sea farming industries	2,752	2,499
3,091	4,512	Manufacturing	4,816	3,358
5,319	5,035	Construction, power and water supply	5,517	5,829
3,738	3,782	Retail trade, hotels and restaurants	3,976	3,904
7,185	7,934	Maritime and offshore sector	7,958	7,207
13,731	14,718	Property management	14,690	13,805
4,785	3,190	Business services	2,985	5,044
3,411	3,805	Transport and other services provision	4,332	3,866
2,969	2,186	Other sectors	2,205	2,988
101,796	107,953	Total	112,060	105,563

Parent bank			Group	
31 Dec 14	31 Dec 15	Gross loans allocated to sector and industry (NOK million)	31 Dec 15	31 Dec 14
44,037	46,631	Wage earners	48,782	45,693
280	192	Public administration	211	300
7,042	8,515	Agriculture, forestry, fisheries and hunting	8,674	7,158
1,213	1,485	Sea farming industries	1,807	1,367
2,069	2,387	Manufacturing	2,675	2,330
3,221	3,141	Construction, power and water supply	3,598	3,717
2,509	2,482	Retail trade, hotels and restaurants	2,666	2,671
5,616	6,043	Maritime and offshore sector	6,066	5,638
12,539	12,917	Property management	12,885	12,612
3,445	2,019	Business services	1,777	3,681
2,696	2,859	Transport and other services provision	3,355	3,141
2,252	1,458	Other sectors	1,477	2,270
86,920	90,129	Total	93,974	90,578

Parent bank			Group	
31 Dec 14	31 Dec 15	Individual impairment allocated to sector and industry (NOK million)	31 Dec 15	31 Dec 14
36	36	Wage earners	38	38
-	8	Agriculture, forestry, fisheries and hunting	9	1
-	-	Sea farming industries	-	0
18	3	Manufacturing	3	18
36	12	Construction, power and water supply	13	36

20	44	Retail trade, hotels and restaurants	46	22
42	55	Maritime and offshore sector	55	42
-	12	Property management	12	0
2	0	Business services	1	2
10	4	Transport and other services provision	5	12
-	-	Other sectors	2	-
164	174	Total	183	172

Parent bank		Expected annual average net loss allocated to sector and industry (NOK million)	Group	
2014	2015		2015	2014
69	65	Wage earners	73	75
0	0	Public administration	1	1
23	19	Agriculture, forestry, fisheries and hunting	21	26
4	2	Sea farming industries	4	4
12	25	Manufacturing	27	13
38	29	Construction, power and water supply	32	41
25	27	Retail trade, hotels and restaurants	29	26
20	25	Maritime and offshore sector	25	20
73	78	Property management	79	74
33	36	Business services	37	34
15	11	Transport and other services provision	13	19
14	13	Other sectors	14	14
325	331	Total	355	348

Specified by geographic area

Parent bank		Gross loans (NOK million)	Group	
31 Dec 14	31 Dec 15		31 Dec 15	31 Dec 14
33,305	33,724	Sør-Trøndelag	34,672	34,713
20,338	22,283	Nord-Trøndelag	23,464	21,314
18,859	19,952	Møre og Romsdal	20,925	19,700
934	499	Sogn og Fjordane	540	979
1,208	1,037	Nordland	1,106	1,264
6,152	4,608	Oslo	4,681	6,200
5,710	6,265	Rest of Norway	6,827	5,994
415	1,760	Abroad	1,760	415
86,920	90,129	Total	93,974	90,578

Parent bank		Gross loans sold to SpareBank1 Boligkreditt (NOK million)	Group	
31 Dec 14	31 Dec 15		31 Dec 15	31 Dec 14
14,371	15,608	Sør-Trøndelag	15,608	14,371
7,070	7,529	Nord-Trøndelag	7,529	7,070
4,104	4,722	Møre og Romsdal	4,722	4,104
166	249	Sogn og Fjordane	249	166
86	92	Nordland	92	86
1,024	1,166	Oslo	1,166	1,024
1,534	1,763	Rest of Norway	1,763	1,534
39	816	Abroad	816	39
28,393	31,944	Total	31,944	28,393

Parent bank		Gross loans sold to SpareBank1 Næringskreditt (NOK million)	Group	
31 Dec 14	31 Dec 15		31 Dec 15	31 Dec 14
369	358	Sør-Trøndelag	358	369
338	309	Nord-Trøndelag	309	338
546	543	Møre og Romsdal	543	546
150	250	Oslo	250	150
61	-	Rest of Norway	-	61
1,463	1,460	Total	1,460	1,463

Loans to and claims on customers related to financial leases (NOK million)	Group	
	31 Dec 15	31 Dec 14
Gross advances related to financial leasing		
- Maturity less than 1 year	204	178
- Maturity more than 1 year but not more than 5 years	1,450	1,378
- Maturity more than 5 years	511	381
Total gross claims	2,166	1,937
Received income related to financial leasing, not yet earned	69	65
Net investments related to financial leasing	2,097	1,880
Net investments in financial leasing can be broken down as follows:		
- Maturity less than 1 year	176	138
- Maturity more than 1 year but not more than 5 years	1,414	1,357
- Maturity more than 5 years	508	385
Total net claims	2,097	1,880