

Note 37 - Other debt and liabilities

Parent Bank			Group	
31 Dec 2016	31 Dec 2017		31 Dec 2017	31 Dec 2016
		Other debt and recognised liabilities (NOK million)		
3	16	Creditors	82	39
90	88	Drawing debt	88	90
0	0	Debt from securities	162	147
-	21	Deferred tax	81	33
266	337	Payable tax	367	319
8	9	Capital tax	9	8
26	24	Pension liabilities	24	26
118	112	Provisions	112	118
73	70	Accruals	444	367
-	-	Equity instruments	244	181
146	232	Other	311	203
731	909	Total other debt and recognised liabilities	1,923	1,531
		Other liabilities, not recognised		
2,034	579	Credit limits, trading	731	2,170
-	-	Other commitments	33	41
2,034	579	Total other commitments	764	2,211
2,765	1,488	Total commitments	2,686	3,742

Collateral

As from 1 March 2017 the bank is required under the European market infrastructure regulation (EMIR) to have in place a CSA with daily exchange of margin collateral etc. with all financial counterparties with which the bank deals domiciled (inter alia) in an EU member state. The Emir regulation regulates OTC derivatives and entails inter alia that SpareBank 1 SMN will be entitled to clear certain derivatives transactions through a central counterparty. This applies to interest rate derivatives in the major currencies (euro, US dollar, British pound and Japanese yen) along with Norwegian kroner, Swedish kronor and Polish zloty. Derivatives are cleared through London Clearing House as central counterparty where cash is the only collateral at present. SpareBank 1 SMN is not a direct member of London Clearing House, but has entered an agreement with Commerzbank as clearing broker. The bank has also entered an agreement with SEB as clearing broker number two, and plans to merge with them in the course of 2018.

SpareBank 1 SMN is registered as a GCM member of NASDAQ OMX Clearing AB. The bank offers customers clearing representation related to their trade in electricity and salmon derivatives on NASDAQ OMX Oslo ASA and Fish Pool ASA. Clearing representation entails that the bank substitutes itself in the place of the client as counterparty to NASDAQ OMX Clearing AB and takes on the obligation towards NASDAQ to furnish margin collateral and to execute settlement of contracts and pay charges. For the bank's exposure as a GCM, clients will furnish collateral in the form of a deposit of cash and/or encumbrance of other assets.

SpareBank 1 Markets clears ordinary share trades executed at Oslo Børs through CCP settlements. The company is a direct clearing member of SIX X-Clear. The company furnishes cash as collateral for the daily margin payments.

Parent Bank			Group	
Cash deposit	Total	Pledged assets	Total	Cash deposit
1,157	1,157	Pledged assets 31 Dec 2017	1,204	1,204
1,226	1,226	Relevant liabilities 31 Dec 2017	1,273	1,273
1,264	1,264	Pledged assets 31 Dec 2016	1,291	1,291
1,264	1,264	Relevant liabilities 31 Dec 2016	1,291	1,291

Ongoing lawsuits

The Group is not involved in legal disputes considered to be of substantial significance for the Group's financial position. No provision for loss has been made as of 31 December 2017.

Operational leases

The group has entered a number of different lease agreements regarding premises, car park, alarm systems, IT systems and software. Most of the agreements include a lease extension option.

Lease costs comprised:

Parent Bank			Group	
2016	2017	(NOK million)	2017	2016
98	92	Ordinary lease payments	83	75
28	28	Payment received from sub-lease	44	26
70	64	Total lease costs	39	49

Future minimum lease payments related to non-cancellable lease agreements fall due as follows:

(NOK million)	Parent Bank	Group
Within 1 year	85	106
1-5 years	342	387
Above 5 years	414	473
Total	841	965

Provisions

The group has made provisions for pension liabilities, see note 24, specified losses on guarantees, see note 11, restructuring and gifts.

The provision for restructuring is made based on the downsizing plan. Provision on gifts is the part of previous year's profit to be allocated to non-profit causes. More on this topic in the section corporate social responsibility.

Parent Bank/Group (NOK million)	Pension liabilities	Specified losses on guarantees	Restructuring provision	Gifts
Provisions at 1 Jan	26	6	59	54
Additional provisions in the period	2	-	-	60
Amounts used in the period	-1	-	-20	-44
Amounts unused reversed in the period	-2	-2	-	-
Provisions at 31 Dec	24	4	39	69