

Note 8 - Loans and advances to customers

Parent Bank			Group	
31 Dec 2016	31 Dec 2017	Loan and advances to customers (NOK million)	31 Dec 2017	31 Dec 2016
97,437	105,843	Gross loans to and receivables from customers	112,071	102,325
-620	-751	Specified write-downs	-765	-632
-318	-323	Collectively assessed write-downs	-347	-339
96,499	104,769	Net loans to and advances to customers	110,959	101,354
Additional information				
33,142	34,885	Loans sold to SpareBank 1 Boligkreditt	34,885	33,142
779	615	Of which loans to employees	956	1,167
2,069	1,828	Loans sold to SpareBank 1 Næringskreditt	1,828	2,069
32	48	Subordinated loan capital other financial institutions	48	32
631	648	Loans to employees *)	1,149	1,123

*) 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

Loans and other commitments specified by type

Parent Bank			Group	
31 Dec 2016	31 Dec 2017	Loans and commitments specified by type (NOK million)	31 Dec 2017	31 Dec 2016
Gross loans and advances				
-	-	Financial lease	2,839	2,421
11,635	12,797	Bank overdraft and operating credit	12,330	11,635
3,313	4,186	Construction loans	4,185	3,313
82,489	88,860	Amortizing loan	92,716	84,956
97,437	105,843	Total gross loans to and receivables from customers	112,071	102,325
Other commitments				
5,409	4,210	Financial guarantees, of which:	4,210	5,409
776	714	<i>Payment guarantees</i>	714	776
1,167	1,286	<i>Performance guarantees</i>	1,286	1,167
3,249	1,994	<i>Loan guarantees</i>	1,994	3,249
81	84	<i>Guarantees for taxes</i>	84	81
135	132	<i>Other guarantee commitments</i>	132	135
1,061	1,018	Unutilised guarantee commitments	1,018	1,061
12,337	11,677	Unutilised credits	11,688	12,420
1,720	1,896	Loans approvals (not discounted)	2,148	1,957
82	62	Documentary credits	62	82
20,609	18,863	Total other commitments	19,126	20,929
118,046	124,706	Total loans and commitments	131,197	123,253

Loans and other commitments specified by sector and industry

Parent Bank (NOK million)	31 Dec 2017			31 Dec 2016		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Wage earners	60,099	6,193	66,292	53,371	6,057	59,428
Public administration	226	855	1,081	273	898	1,171
Agriculture, forestry, fisheries and hunting	11,305	1,002	12,307	10,290	1,048	11,338
Sea farming industries	1,311	978	2,289	1,599	536	2,135
Manufacturing	2,850	1,625	4,475	2,701	1,975	4,676
Construction, power and water supply	2,794	1,398	4,193	2,980	2,481	5,461
Retail trade, hotels and restaurants	2,432	2,399	4,830	2,288	1,641	3,929
Maritime sector and offshore	4,639	1,510	6,149	4,983	1,675	6,657
Property management	12,462	1,203	13,665	11,619	1,706	13,324
Business services	2,510	797	3,307	2,442	1,013	3,455
Transport and other services provision	3,547	593	4,140	3,220	998	4,218
Other sectors	1,669	310	1,978	1,670	582	2,252
Total	105,843	18,863	124,706	97,437	20,609	118,046

Group (NOK million)	31 Dec 2017			31 Dec 2016		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Wage earners	63,812	6,332	70,144	56,260	6,183	62,443
Public administration	240	855	1,095	288	898	1,186
Agriculture, forestry, fisheries and hunting	11,606	1,013	12,619	10,499	1,057	11,556
Sea farming industries	1,697	992	2,689	1,985	553	2,538
Manufacturing	3,157	1,637	4,794	2,985	1,988	4,973
Construction, power and water supply	3,419	1,421	4,841	3,532	2,506	6,038
Retail trade, hotels and restaurants	2,700	2,409	5,109	2,510	1,650	4,161
Maritime sector and offshore	4,639	1,510	6,149	4,983	1,675	6,657
Property management	12,521	1,205	13,726	11,675	1,708	13,383
Business services	2,260	811	3,070	2,072	1,089	3,161
Transport and other services provision	4,322	630	4,951	3,836	1,040	4,875
Other sectors	1,699	310	2,010	1,700	583	2,282
Total	112,071	19,126	131,197	102,325	20,929	123,253

Loans and other commitments specified by geographic area

Parent Bank (NOK million)	31 Dec 2017			31 Dec 2016		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Trøndelag	70,137	12,106	82,243	62,003	13,117	75,120
Møre og Romsdal	22,319	5,078	27,397	20,832	5,522	26,354
Sogn og Fjordane	608	333	941	665	188	853
Nordland	1,216	37	1,253	956	35	991
Oslo	5,037	653	5,690	4,700	1,067	5,767
Rest of Norway	6,070	615	6,685	5,804	677	6,481
Abroad	456	42	498	2,476	4	2,480
Total	105,843	18,863	124,706	97,437	20,609	118,046

Group (NOK million)	31 Dec 2017			31 Dec 2016		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Trøndelag	73,017	12,227	85,243	64,211	13,279	77,490
Møre og Romsdal	23,670	5,128	28,798	21,930	5,586	27,516
Sogn og Fjordane	981	347	1,328	889	201	1,090
Nordland	1,295	40	1,334	1,031	40	1,071
Oslo	4,710	658	5,368	4,788	1,072	5,861
Rest of Norway	7,942	685	8,627	6,998	747	7,745
Abroad	456	42	498	2,476	4	2,480
Total	112,071	19,126	131,197	102,325	20,929	123,253

Gross loans sold to SpareBank 1 Boligkreditt

(NOK million)	31 Dec 2017			31 Dec 2016		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Trøndelag	25,483	1,934	27,418	23,776	2,168	25,943
Møre og Romsdal	5,645	439	6,084	4,917	462	5,379
Sogn og Fjordane	317	21	339	297	16	313
Nordland	124	7	131	111	12	123
Oslo	1,270	47	1,317	1,113	61	1,174
Rest of Norway	1,997	89	2,087	1,756	98	1,854
Abroad	48	1	49	1,172	108	1,280
Total	34,885	2,539	37,424	33,142	2,925	36,067

Gross loans sold to SpareBank 1 Næringskreditt

(NOK million)	31 Dec 2017			31 Dec 2016		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Trøndelag	1,164	-	1,164	1,171	-	1,171
Møre og Romsdal	158	-	158	541	-	541
Sogn og Fjordane	0	-	0	0	-	0
Nordland	87	-	87	50	-	50
Oslo	366	-	366	250	-	250
Rest of Norway	52	-	52	56	-	56
Abroad	0	-	0	0	-	0
Total	1,828	-	1,828	2,069	-	2,069

Loans to and claims on customers related to financial leases (NOK million)

Group (NOK million)	31 Dec 2017	31 Dec 2016
Gross advances related to financial leasing		
- Maturity less than 1 year	233	195
- Maturity more than 1 year and less than 5 years	2,105	1,602
- Maturity more than 5 years	581	624
Total gross claims	2,919	2,421
Received income related to financial leasing, not yet earned	80	73
Net investments related to financial leasing	2,839	2,348
Net investments in financial leasing can be broken down as follows:		
- Maturity less than 1 year	185	179
- Maturity more than 1 year and less than 5 years	2,081	1,559
- Maturity more than 5 years	573	610
Total net claims	2,839	2,348

Loans and other commitments to 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 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, NOK 408m (326m) in the parent bank and NOK 445m (356m) in the group as of 31 December 2017.

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 (NOK million)	31 Dec 2017			31 Dec 2016		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Lowest risk	69,528	10,852	80,379	66,543	11,340	77,882
Low risk	16,855	3,693	20,548	10,973	3,441	14,413
Medium risk	12,676	3,294	15,970	14,652	4,690	19,342
High risk	2,507	419	2,926	1,931	793	2,723
Highest risk	2,708	478	3,185	1,873	58	1,931
Default and written down	1,570	128	1,698	1,466	288	1,754
Total	105,843	18,863	124,706	97,437	20,609	118,046

Group (NOK million)	31 Dec 2017			31 Dec 2016		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Lowest risk	69,415	10,868	80,283	66,909	11,356	78,265
Low risk	18,307	3,750	22,057	12,298	3,539	15,837
Medium risk	15,696	3,413	19,109	16,512	4,824	21,336
High risk	3,532	460	3,991	2,557	835	3,393
Highest risk	3,470	508	3,978	2,522	87	2,609
Default and written down	1,651	128	1,779	1,527	288	1,815
Total	112,071	19,126	131,197	102,325	20,929	123,253

Gross loans and commitments sold to SpareBank 1 Boligkreditt

(NOK million)	31 Dec 2017			31 Dec 2016		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Lowest risk	30,082	2,523	32,604	29,122	2,871	31,993
Low risk	3,556	12	3,568	2,940	42	2,982
Medium risk	865	2	868	831	7	838
High risk	227	1	228	121	3	123
Highest risk	147	0	147	124	0	125
Default and written down	8	1	9	5	1	6
Total	34,885	2,539	37,424	33,142	2,925	36,067

Gross loans and commitments sold to SpareBank 1 Næringskreditt

(NOK million)	31 Dec 2017			31 Dec 2016		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Lowest risk	1,465	-	1,465	1,795	-	1,795
Low risk	96	-	96	273	-	273
Medium risk	267	-	267	-	-	-
High risk	-	-	-	-	-	-
Highest risk	-	-	-	-	-	-
Default and written down	-	-	-	-	-	-
Total	1,828	-	1,828	2,069	-	2,069