

Note 9 - Loans and advances to customers

Parent Bank			Group	
31 Dec 2017	31 Dec 2018	(NOK million)	31 Dec 2018	31 Dec 2017
105,843	113,356	Gross Loans	120,473	112,071
	697	Write-downs for expected credit losses	744	
751		Specified write-downs		765
323		Collectively assessed write-downs		347
104,769	112,659	Net loans to and advances to customers	119,728	110,959
Additional information				
34,885	38,062	Loans sold to SpareBank 1 Boligkreditt	38,062	34,885
615	603	- Of which loans to employees	993	956
1,828	1,782	Loans sold to SpareBank 1 Næringskreditt	1,782	1,828
48	48	Subordinated loan capital other financial institutions	48	48
648	646	Loans to employees *)	1,132	1,149

*) 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

Parent Bank (NOK million)	Loans subject to impairment			Fixed interest loans at FV	Total
	Stage 1	Stage 2	Stage 3		
Gross loan					
Balance at 1 January 2018	91,074	9,931	1,560	3,278	105,843
Transfer to stage 1	2,230	-2,230	0	-	-
Transfer to stage 2	-2,637	2,644	-7	-	-
Transfer to stage 3	-458	-31	489	-	-
Net increase/decrease amount existing loans	-5,487	-65	11	-148	-5,689
New loans	46,099	2,067	72	2,269	50,507
Derecognitions	-33,363	-2,428	-581	-933	-37,305
Balance at 31 December 2018	97,458	9,888	1,543	4,467	113,356

Group (NOK million)	Loans subject to impairment			Fixed interest loans at FV	Total
	Stage 1	Stage 2	Stage 3		
Gross loan					
Balance at 1 January 2018	96,286	10,855	1,652	3,278	112,071
Transfer to stage 1	2,439	-2,391	-48	-	-
Transfer to stage 2	-2,957	2,970	-13	-	-
Transfer to stage 3	-464	-71	536	-	-
Net increase/decrease amount existing loans	-6,397	-260	89	-148	-6,716
New loans	48,841	2,283	89	2,269	53,483
Derecognitions	-34,253	-2,556	-622	-933	-38,365
Balance at 31 December 2018	103,494	10,829	1,682	4,467	120,473

Loans and commitments specified by type

Parent Bank		Loans and commitments specified by type (NOK million)	Group	
31 Dec 2017	31 Dec 2018		31 Dec 2018	31 Dec 2017
		Gross loans and advances		
-	-	Financial lease	2,934	2,839
12,797	13,657	Bank overdraft and operating credit	13,056	12,330
4,186	3,761	Construction loans	3,761	4,186
88,860	95,937	Amortizing loan	100,722	92,716
105,843	113,356	Total gross loans to and receivables from customers	120,473	112,071
		Other commitments		
4,210	4,009	Financial guarantees, of which:	4,009	4,210
714	699	Payment guarantees	699	714
1,286	1,125	Performance guarantees	1,125	1,286
1,994	1,960	Loan guarantees	1,960	1,994
84	85	Guarantees for taxes	85	84
132	141	Other guarantee commitments	141	132
1,018	918	Unutilised guarantee commitments	918	1,018
11,677	16,186	Unutilised credits	16,202	11,688
1,896	1,582	Loan approvals (not discounted)	1,706	2,148
62	40	Documentary credits	40	62
18,863	22,736	Total other commitments	22,875	19,126
124,706	136,092	Total loans and commitments	143,348	131,197

Loans and other commitments specified by sector and industry

Parent Bank (NOK million)	31 Dec 2018			31 Dec 2017		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Wage earners	65,475	6,021	71,496	60,099	6,193	66,292
Public administration	44	603	647	226	855	1,081
Agriculture, forestry, fisheries and hunting	12,362	1,453	13,815	11,305	1,002	12,307
Sea farming industries	869	798	1,667	1,311	978	2,289
Manufacturing	3,438	2,379	5,818	2,850	1,625	4,475
Construction, power and water supply	2,947	2,951	5,898	2,794	1,398	4,193
Retail trade, hotels and restaurants	2,335	2,136	4,471	2,432	2,399	4,830
Maritime sector and offshore	4,227	2,560	6,787	4,639	1,510	6,149
Property management	13,324	1,029	14,353	12,462	1,203	13,665
Business services	2,531	931	3,462	2,510	797	3,307
Transport and other services provision	4,145	1,395	5,540	3,547	593	4,140
Other sectors	1,658	481	2,138	1,669	310	1,978
Total	113,356	22,736	136,092	105,843	18,863	124,706

Group (NOK million)	31 Dec 2018			31 Dec 2017		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Wage earners	70,070	6,094	76,163	63,812	6,332	70,144
Public administration	55	603	658	240	855	1,095
Agriculture, forestry, fisheries and hunting	12,686	1,458	14,144	11,606	1,013	12,619
Sea farming industries	1,180	803	1,983	1,697	992	2,689
Manufacturing	3,787	2,385	6,172	3,157	1,637	4,794
Construction, power and water supply	3,661	2,962	6,623	3,419	1,421	4,841
Retail trade, hotels and restaurants	2,621	2,140	4,761	2,700	2,409	5,109
Maritime sector and offshore	4,227	2,560	6,787	4,639	1,510	6,149
Property management	13,386	1,030	14,416	12,521	1,205	13,726
Business services	2,162	943	3,105	2,260	811	3,070
Transport and other services provision	4,961	1,416	6,377	4,322	630	4,951
Other sectors	1,679	481	2,160	1,699	310	2,010
Total	120,473	22,875	143,348	112,071	19,126	131,197

Loans and other commitments specified by geographic area

Parent Bank (NOK million)	31 Dec 2018			31 Dec 2017		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Trøndelag	74,312	13,820	88,132	70,137	12,106	82,243
Møre og Romsdal	23,993	7,051	31,044	22,319	5,078	27,397
Sogn og Fjordane	819	209	1,028	608	333	941
Nordland	984	47	1,031	1,216	37	1,253
Oslo	5,592	759	6,352	5,037	653	5,690
Rest of Norway	7,148	818	7,966	6,070	615	6,685
Abroad	507	31	538	456	42	498
Total	113,356	22,736	136,092	105,843	18,863	124,706

Group (NOK million)	31 Dec 2018			31 Dec 2017		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Trøndelag	77,102	13,881	90,983	73,017	12,227	85,243
Møre og Romsdal	25,495	7,075	32,570	23,670	5,128	28,798
Sogn og Fjordane	1,262	216	1,477	981	347	1,328
Nordland	1,097	49	1,145	1,295	40	1,334
Oslo	5,151	762	5,913	4,710	658	5,368
Rest of Norway	9,859	861	10,720	7,942	685	8,627
Abroad	507	31	538	456	42	498
Total	120,473	22,875	143,348	112,071	19,126	131,197

Gross loans sold to SpareBank 1 Boligkreditt

(NOK million)	31 Dec 2018			31 Dec 2017		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Trøndelag	28,208	1,938	30,145	25,483	1,934	27,418
Møre og Romsdal	5,790	453	6,244	5,645	439	6,084
Sogn og Fjordane	323	14	337	317	21	339
Nordland	157	6	163	124	7	131
Oslo	1,516	60	1,575	1,270	47	1,317
Rest of Norway	2,007	88	2,096	1,997	89	2,087
Abroad	60	1	61	48	1	49
Total	38,062	2,560	40,621	34,885	2,539	37,424

Gross loans sold to SpareBank 1 Næringskreditt

(NOK million)	31 Dec 2018			31 Dec 2017		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Trøndelag	862	-	862	1,164	-	1,164
Møre og Romsdal	158	-	158	158	-	158
Sogn og Fjordane	-	-	-	-	-	-
Nordland	63	-	63	87	-	87
Oslo	650	-	650	366	-	366
Rest of Norway	50	-	50	52	-	52
Abroad	-	-	-	-	-	-
Total	1,782	-	1,782	1,828	-	1,828

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

Group (NOK million)	31 Dec 2018	31 Dec 2017
Gross advances related to financial leasing		
- Maturity less than 1 year	118	233
- Maturity more than 1 year and less than 5 years	2,070	2,105
- Maturity more than 5 years	827	581
Total gross claims	3,015	2,919
Received income related to financial leasing, not yet earned	81	80
Net investments related to financial leasing	2,934	2,839
Net investments in financial leasing can be broken down as follows:		
- Maturity less than 1 year	110	185
- Maturity more than 1 year and less than 5 years	2,009	2,081
- Maturity more than 5 years	815	573
Total net claims	2,934	2,839

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.

Other commitments include documentary credits, guarantees, unutilised credit lines and loan approvals.

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.

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 or objective evidence of impairment leading to reduced cash flows from the customer. See note 2 Accounting principles for further description of such exposures.

Parent Bank 31 Dec 2018 (NOK million)	Neither default or impaired					Default and written down	Total
	Lowest risk	Low risk	Medium risk	High risk	Highest risk		
Gross Loans							
Fair value over OCI	50,134	7,035	2,542	598	801	242	61,353
Stage 1	50,134	6,212	1,051	139	94	-	57,630
Stage 2	-	823	1,491	459	707	-	3,480
Stage 3	-	-	-	-	-	242	242
Amortised cost	22,009	9,228	11,070	2,582	1,347	1,300	47,536
Stage 1	21,984	8,323	8,074	1,305	141	-	39,828
Stage 2	25	905	2,996	1,277	1,205	-	6,408
Stage 3	-	-	-	-	-	1,300	1,300
Fair value over Profit and Loss	3,785	468	152	23	39	-	4,467
Total Gross Loans	75,928	16,731	13,765	3,203	2,186	1,543	113,356
Other Commitments	11,749	4,445	5,018	540	201	783	22,736
Stage 1	11,749	3,715	3,305	303	24	-	19,096
Stage 2	-	729	1,713	237	177	-	2,857
Stage 3	-	-	-	-	-	783	783
Total loans and other commitments	87,677	21,176	18,783	3,743	2,387	2,326	136,092

Group 31 Dec 2018 (NOK million)	Neither default or impaired					Default and written down	Total
	Lowest risk	Low risk	Medium risk	High risk	Highest risk		
Gross Loans							
Fair value over OCI	50,134	7,035	2,542	598	801	242	61,353
Stage 1	50,134	6,212	1,051	139	94	-	57,630
Stage 2	-	823	1,491	459	707	-	3,480
Stage 3	-	-	-	-	-	242	242
Amortised cost	21,662	10,576	16,028	3,191	1,755	1,441	54,653
Stage 1	21,637	9,668	12,740	1,608	209	-	45,863
Stage 2	25	908	3,287	1,583	1,546	-	7,349
Stage 3	-	-	-	-	-	1,441	1,441
Fair value over Profit and Loss	3,785	468	152	23	39	-	4,467
Total Gross Loans	75,581	18,079	18,722	3,812	2,595	1,683	120,473
Other Commitments	11,754	4,466	5,114	550	208	783	22,875
Stage 1	11,754	3,737	3,305	303	24	-	19,123
Stage 2	-	729	1,808	247	184	-	2,969
Stage 3	-	-	-	-	-	783	783
Total loans and other commitments	87,334	22,546	23,836	4,362	2,803	2,466	143,348

31 Dec 2017

Parent Bank (NOK million)	31 Dec 2017		Total loans and commitments
	Gross loans	Other commitments	
Lowest risk	69,528	10,852	80,379
Low risk	16,855	3,693	20,548
Medium risk	12,676	3,294	15,970
High risk	2,507	419	2,926
Highest risk	2,708	478	3,185
Default and written down	1,570	128	1,698
Total	105,843	18,863	124,706

31 Dec 2017

Group (NOK million)	31 Dec 2017		Total loans and commitments
	Gross loans	Other commitments	
Lowest risk	69,415	10,868	80,283
Low risk	18,307	3,750	22,057
Medium risk	15,696	3,413	19,109
High risk	3,532	460	3,991
Highest risk	3,470	508	3,978
Default and written down	1,651	128	1,779
Total	112,071	19,126	131,197

Gross loans and commitments sold to SpareBank 1 Boligkreditt

(NOK million)	31 Dec 2018			31 Dec 2017		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Lowest risk	33,533	2,551	36,083	30,082	2,523	32,604
Low risk	3,175	6	3,181	3,556	12	3,568
Medium risk	867	1	868	865	2	868
High risk	279	1	279	227	1	228
Highest risk	196	0	197	147	0	147
Default and written down	12	1	13	8	1	9
Total	38,062	2,560	40,621	34,885	2,539	37,424

Gross loans and commitments sold to SpareBank 1 Næringskreditt

(NOK million)	31 Dec 2018			31 Dec 2017		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Lowest risk	1,496	-	1,496	1,465	-	1,465
Low risk	-	-	-	96	-	96
Medium risk	287	-	287	267	-	267
High risk	-	-	-	-	-	-
Highest risk	-	-	-	-	-	-
Default and written down	-	-	-	-	-	-
Total	1,782	-	1,782	1,828	-	1,828