

Note 8 - Loans and advances to customers

Parent Bank			Group	
31 Dec 2018	31 Dec 2019	(NOK million)	31 Dec 2019	31 Dec 2018
113,356	117,970	Gross Loans	126,277	120,473
697	937	Write-downs for expected credit losses	998	744
112,659	117,033	Net loans to and advances to customers	125,279	119,728
Additional information				
38,062	39,833	Loans sold to SpareBank 1 Boligkreditt	39,833	38,062
614	608	- Of which loans to employees	1,061	1,013
1,782	1,667	Loans sold to SpareBank 1 Næringskreditt	1,667	1,782
48	43	Subordinated loan capital other financial institutions	43	48
888	998	Loans to employees ¹⁾	1,924	1,513

¹⁾ 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 commitments specified by type

Parent Bank			Group	
31 Dec 2018	31 Dec 2019	Loans and commitments specified by type (NOK million)	31 Dec 2019	31 Dec 2018
Gross loans and advances				
-	-	Financial lease	5,849	2,934
13,657	13,222	Bank overdraft and operating credit	12,588	13,056
3,761	3,161	Construction loans	3,161	3,761
95,937	101,587	Amortizing loan	104,680	100,722
113,356	117,970	Total gross loans to and receivables from customers	126,277	120,473
Other commitments				
4,009	4,538	Financial guarantees, of which:	4,538	4,009
699	1,064	Payment guarantees	1,064	699
1,125	1,108	Performance guarantees	1,108	1,125
1,960	1,172	Loan guarantees	1,172	1,960
85	100	Guarantees for taxes	100	85
141	1,093	Other guarantee commitments	1,093	141
918	998	Unutilised guarantee commitments	998	918
16,186	16,781	Unutilised credits	16,796	16,202
1,582	1,597	Loans approvals (not discounted)	1,692	1,706
40	12	Documentary credits	12	40
22,736	23,925	Total other commitments	24,036	22,875
136,092	141,895	Total loans and commitments	150,313	143,348

Loans and other commitments specified by sector and industry

Parent Bank (NOK million)	31 Dec 2019			31 Dec 2018		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Wage earners	69,711	5,669	75,380	65,475	6,021	71,496
Public administration	2	513	515	44	603	647
Agriculture, forestry, fisheries and hunting	13,203	943	14,146	12,362	1,453	13,815
Sea farming industries	833	766	1,599	869	798	1,667
Manufacturing	2,212	3,069	5,282	3,438	2,379	5,818
Construction, power and water supply	3,157	2,707	5,864	2,947	2,951	5,898
Retail trade, hotels and restaurants	2,181	2,379	4,561	2,335	2,136	4,471
Maritime sector and offshore	4,660	3,227	7,887	4,227	2,560	6,787
Property management	13,133	855	13,988	13,324	1,029	14,353
Business services	2,445	874	3,319	2,531	931	3,462
Transport and other services provision	4,542	2,420	6,962	4,145	1,395	5,540
Other sectors	1,890	503	2,393	1,658	481	2,138
Total	117,970	23,925	141,895	113,356	22,736	136,092

Group (NOK million)	31 Dec 2019			31 Dec 2018		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Wage earners	75,203	5,728	80,932	70,070	6,094	76,163
Public administration	12	513	525	55	603	658
Agriculture, forestry, fisheries and hunting	13,558	947	14,505	12,686	1,458	14,144
Sea farming industries	1,132	769	1,901	1,180	803	1,983
Manufacturing	2,595	3,073	5,668	3,787	2,385	6,172
Construction, power and water supply	3,970	2,716	6,686	3,661	2,962	6,623
Retail trade, hotels and restaurants	2,517	2,392	4,908	2,621	2,140	4,761
Maritime sector and offshore	4,660	3,227	7,887	4,227	2,560	6,787
Property management	13,211	856	14,067	13,386	1,030	14,416
Business services	2,146	877	3,023	2,162	943	3,105
Transport and other services provision	5,409	2,435	7,844	4,961	1,416	6,377
Other sectors	1,863	503	2,367	1,679	481	2,160
Total	126,277	24,036	150,313	120,473	22,875	143,348

Loans and other commitments specified by geographic area

Parent Bank (NOK million)	31 Dec 2019			31 Dec 2018		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Trøndelag	76,405	13,927	90,331	74,312	13,820	88,132
Møre og Romsdal	24,428	8,504	32,932	23,993	7,051	31,044
Sogn og Fjordane	691	40	731	819	209	1,028
Nordland	1,158	40	1,198	984	47	1,031
Oslo	6,686	553	7,240	5,592	759	6,352
Rest of Norway	8,253	849	9,102	7,148	818	7,966
Abroad	349	13	362	507	31	538
Total	117,970	23,925	141,895	113,356	22,736	136,092

Group (NOK million)	31 Dec 2019			31 Dec 2018		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Trøndelag	79,487	13,976	93,462	77,102	13,881	90,983
Møre og Romsdal	26,113	8,522	34,635	25,495	7,075	32,570
Sogn og Fjordane	1,159	45	1,204	1,262	216	1,477
Nordland	1,296	42	1,337	1,097	49	1,145
Oslo	6,276	555	6,831	5,151	762	5,913
Rest of Norway	11,597	884	12,481	9,859	861	10,720
Abroad	349	13	362	507	31	538
Total	126,277	24,036	150,313	120,473	22,875	143,348

Gross loans sold to SpareBank 1 Boligkreditt

(NOK million)	31 Dec 2019			31 Dec 2018		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Trøndelag	29,451	1,822	31,274	28,208	1,938	30,145
Møre og Romsdal	5,844	426	6,270	5,790	453	6,244
Sogn og Fjordane	341	14	355	323	14	337
Nordland	179	6	185	157	6	163
Oslo	1,619	56	1,675	1,516	60	1,575
Rest of Norway	2,352	94	2,446	2,007	88	2,096
Abroad	45	1	46	60	1	61
Total	39,833	2,419	42,252	38,062	2,560	40,621

Gross loans sold to SpareBank 1 Næringskreditt

(NOK million)	31 Dec 2019			31 Dec 2018		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Trøndelag	1,081	0	1,081	862	0	862
Møre og Romsdal	60	0	60	158	0	158
Sogn og Fjordane	0	0	0	0	0	0
Nordland	59	0	59	63	0	63
Oslo	419	0	419	650	0	650
Rest of Norway	48	0	48	50	0	50
Abroad	0	0	0	0	0	0
Total	1,667	0	1,667	1,782	0	1,782

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

Group (NOK million)	31 Dec 2019	31 Dec 2018
Gross advances related to financial leasing		
- Maturity less than 1 year	129	118
- Maturity more than 1 year and less than 5 years	2,184	2,070
- Maturity more than 5 years	823	827
Total gross claims	3,135	3,015
Received income related to financial leasing, not yet earned	87	81
Net investments related to financial leasing	3,048	2,934
Net investments in financial leasing can be broken down as follows:		
- Maturity less than 1 year	121	110
- Maturity more than 1 year and less than 5 years	2,118	2,009
- Maturity more than 5 years	809	815
Total net claims	3,048	2,934

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 guarantees, unutilised credit lines and letters of credit.

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 2019 (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	56,284	8,904	3,536	977	1,230	405	71,336
Stage 1	56,284	7,839	1,480	306	200	-	66,109
Stage 2	-	1,065	2,056	671	1,030	-	4,822
Stage 3	-	-	-	-	-	405	405
Amortised cost	20,473	7,922	10,468	1,135	408	1,552	41,957
Stage 1	20,448	7,359	7,512	705	102	-	36,126
Stage 2	25	563	2,956	430	306	-	4,279
Stage 3	-	-	-	-	-	1,552	1,552
Fair value over Profit and Loss	3,940	490	152	49	36	10	4,677
Total Gross Loans	80,697	17,316	14,156	2,161	1,674	1,967	117,970
Other Commitments	13,232	3,926	4,672	932	157	1,005	23,925
Stage 1	13,232	3,244	3,663	807	68	-	21,014
Stage 2	-	682	1,009	126	90	-	1,907
Stage 3	-	-	-	-	-	1,005	1,005
Total loans and other commitments	93,929	21,242	18,829	3,093	1,831	2,972	141,895

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 2019 (NOK million)	Neither default or impaired					Default and written own	Total
	Lowest risk	Low risk	Medium risk	High risk	Highest risk		
Gross Loans							
Fair value over OCI	56,284	8,904	3,536	977	1,230	405	71,336
Stage 1	56,284	7,839	1,480	306	200	-	66,109
Stage 2	-	1,065	2,056	671	1,030	-	4,822
Stage 3	-	-	-	-	-	405	405
Amortised cost	19,924	9,363	16,424	1,845	1,003	1,704	50,264
Stage 1	19,899	8,798	13,136	998	201	-	43,031
Stage 2	25	565	3,288	848	803	-	5,528
Stage 3	-	-	-	-	-	1,704	1,704
Fair value over Profit and Loss	3,940	490	152	49	36	10	4,677
Total Gross Loans	80,148	18,757	20,112	2,871	2,269	2,119	126,277
Other Commitments	13,234	3,941	4,753	940	164	1,005	24,036
Stage 1	13,234	3,259	3,739	807	68	-	21,106
Stage 2	-	682	1,014	133	96	-	1,926
Stage 3	-	-	-	-	-	1,005	1,005
Total loans and other commitments	93,382	22,698	24,864	3,811	2,433	3,124	150,313

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

Gross loans and commitments sold to SpareBank 1 Boligkreditt

(NOK million)	31 Dec 2019			31 Dec 2018		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Lowest risk	34,808	2,410	37,217	33,532	2,551	36,083
Low risk	3,457	7	3,464	3,175	6	3,181
Medium risk	1,075	1	1,076	867	1	868
High risk	208	0	208	279	1	279
Highest risk	267	1	268	196	0	197
Default and written down	18	0	18	12	1	13
Total	39,833	2,419	42,252	38,061	2,560	40,621

Gross loans and commitments sold to SpareBank 1 Næringskreditt

(NOK million)	31 Dec 2019			31 Dec 2018		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Lowest risk	1,667	0	1,667	1,496	0	1,496
Low risk	0	0	0	0	0	0
Medium risk	0	0	0	287	0	287
High risk	0	0	0	0	0	0
Highest risk	0	0	0	0	0	0
Default and written down	0	0	0	0	0	0
Total	1,667	0	1,667	1,782	0	1,782