

## Note 12 - Maximum credit risk exposure

The table below shows maximum exposure to credit risk for balance sheet components, including derivatives. Exposures are shown on a gross basis before collateral and permitted set-offs.

For disclosure of classes of financial instruments where this is not specified in the table below, see note 24 Categories of financial assets and financial liabilities

Parent Bank	Maximum exposure to credit risk, gross	Provision for expected credit losses	Collateral in property	Collateral in securities	Other collateral and netting agreements <sup>1)</sup>	Maximum exposure to credit risk, net
<b>31 Dec 2019 (NOK million)</b>						
<b>Assets</b>						
Balances with central banks	706	-	-	-	-	706
Loans and advances to credit institutions	9,181	-	-	-	-	9,181
Loans and advances to customers at fair value through profit or loss	4,677	-	4,505	0	18	154
Loans and advances to customers at amortised cost	41,957	850	20,673	809	16,936	2,688
Loans and advances to customers at fair value through OCI	71,336	87	69,941	56	413	839
Securities and bonds	23,195	-	-	-	10,991	12,204
Derivatives	2,872	-	-	-	1,653	1,218
Earned income, not yet received	107	-	-	-	-	107
Accounts receivable, securities	13	-	-	-	-	13
<b>Total assets</b>	<b>154,042</b>	<b>937</b>	<b>95,119</b>	<b>865</b>	<b>30,011</b>	<b>27,109</b>
<b>Liabilities</b>						
Guarantee commitments and documentary credits	5,643	82	-	-	-	5,561
Unutilised credits and Loan approvals	18,533	18	3,038	137	516	14,824
Other exposures	2,904	-	-	-	-	2,904
<b>Total liabilities</b>	<b>27,079</b>	<b>100</b>	<b>3,038</b>	<b>137</b>	<b>516</b>	<b>23,289</b>
<b>Total credit risk exposure</b>	<b>181,121</b>					<b>50,398</b>
<b>31 Dec 2018 (NOK million)</b>						
<b>Assets</b>						
Balances with central banks	819	-	-	-	-	819
Loans and advances to credit institutions	11,178	-	-	-	-	11,178
Loans and advances to customers at fair value through profit or loss	4,467	-	4,253	18	20	177
Loans and advances to customers at amortised cost	47,536	639	26,195	1,105	17,687	1,909
Loans and advances to customers at fair value through OCI	61,353	58	60,430	97	136	631
Securities and bonds	20,428	-	-	-	11,375	9,053
Derivatives	3,914	-	-	-	2,077	1,836
Earned income, not yet received	67	-	-	-	-	67
Accounts receivable, securities	7	-	-	-	-	7
<b>Total assets</b>	<b>149,769</b>	<b>697</b>	<b>90,878</b>	<b>1,220</b>	<b>31,296</b>	<b>25,678</b>
<b>Liabilities</b>						
Guarantee commitments and documentary credits	5,022	134	-	-	-	4,888
Unutilised credits and loan approvals	17,824	14	2,347	26	967	14,470
Other exposures	2,478	-	-	-	-	2,478
<b>Total liabilities</b>	<b>25,325</b>	<b>148</b>	<b>2,347</b>	<b>26</b>	<b>967</b>	<b>21,837</b>
<b>Total credit risk exposure</b>	<b>175,094</b>					<b>47,514</b>

Group	Maximum exposure to credit risk, gross	Provision for expected credit losses	Collateral in property	Collateral in securities	Other collateral and netting agreements <sup>1)</sup>	Maximum exposure to credit risk, net
<b>31 Dec 19 (NOK million)</b>						
<b>Assets</b>						
Balances with central banks	706	-	-	-	-	706
Loans and advances to credit institutions	2,110	-	-	-	-	2,110
Loans and advances to customers at fair value through profit or loss	4,677	-	4,505	0	18	154
Loans and advances to customers at amortised cost	50,264	911	20,691	809	17,346	10,506
Loans and advances to customers at fair value through OCI	71,336	87	69,941	56	413	839
Securities and bonds	23,115	-	-	-	10,991	12,124
Derivatives	2,972	-	-	100	1,653	1,218
Earned income, not yet received	132	-	-	-	-	132
Accounts receivable, securities	292	-	-	71	209	13
<b>Total assets</b>	<b>155,604</b>	<b>998</b>	<b>95,138</b>	<b>1,036</b>	<b>30,629</b>	<b>27,802</b>
<b>Liabilities</b>						
Guarantee commitments and documentary credits	5,643	82	-	-	-	5,561
Unutilised credits and loan approvals	18,643	18	3,038	223	531	14,834
Other exposures	3,097	-	-	-	-	3,097
<b>Total liabilities</b>	<b>27,383</b>	<b>100</b>	<b>3,038</b>	<b>223</b>	<b>531</b>	<b>23,491</b>
<b>Total credit risk exposure</b>	<b>182,987</b>					<b>51,294</b>
<b>31 Dec 18 (NOK million)</b>						
<b>Assets</b>						
Balances with central banks	819	-	-	-	-	819
Loans and advances to credit institutions	5,074	-	-	-	-	5,074
Loans and advances to customers at fair value through profit or loss	4,467	-	4,253	18	20	177
Loans and advances to customers at amortised cost	53,967	686	26,195	1,105	25,402	578
Loans and advances to customers at fair value through OCI	61,295	58	60,430	97	136	573
Securities and bonds	20,348	-	-	-	11,375	8,974
Derivatives	4,119	-	-	-	2,077	2,041
Earned income, not yet received	86	-	-	-	-	86
Accounts receivable, securities	277	-	-	94	183	0
<b>Total assets</b>	<b>150,451</b>	<b>744</b>	<b>90,878</b>	<b>1,314</b>	<b>39,193</b>	<b>18,321</b>
<b>Liabilities</b>						
Guarantee commitments and documentary credits	5,032	134	-	-	-	4,898
Unutilised credits and loan approvals	17,963	14	2,347	70	982	14,551
Other exposures	2,629	-	-	-	-	2,629
<b>Total liabilities</b>	<b>25,624</b>	<b>148</b>	<b>2,347</b>	<b>70</b>	<b>982</b>	<b>22,077</b>
<b>Total credit risk exposure</b>	<b>176,076</b>					<b>40,399</b>

<sup>1)</sup> Other collateral includes cash, movables, ship and guarantees received. For covered bonds the cover pool comprises loans to customers in the company that has issued the bond.

For derivatives, cash has been provided as collateral, in addition to bilateral ISDA agreements on netting of derivatives.

The Bank's maximum credit exposure is shown in the above table. SpareBank 1 SMN provides wholesale banking services to BN Bank and the Samspar banks. In this connection a guarantee agreement has been established which assures full settlement for exposures connected to these agreements.

For retail and corporate customers, use is made of framework agreements requiring provision of collateral. For customers engaged in trading activity, only cash deposits are accepted as collateral. Customers furnish cash deposits and/or assets as collateral for their trade in power and salmon derivatives at NASDAQ OMX Oslo ASA and Fish Pool ASA.

SpareBank 1 SMN enters into standardised and mainly bilateral ISDA agreements on netting of derivatives with financial institutions as counterparties. Additionally the Bank has entered into supplementary agreements on provision of collateral (CSA) with the most central counterparties. As of 31 December 2019 the Bank has about 47 (46) active ISDA agreements. As from 1 March 2017 the Bank was required under 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 Bank only enters into agreements with cash as collateral. The Bank has delegated responsibility for handling these agreements to SEB Prime Collateral Services which handles margin requirements on behalf of the Bank. More about collateral and encumbrances in note 37 Other debt and liabilities.

The collateral is measured at fair value, limited to maximum credit exposure for the individual counterparty.