

Note 8 - Loans and advances to customers

Accounting Policy

Loans held in "hold to collect" business model are measured at amortised cost. Amortised cost is acquisition cost less repayments of principal, plus or minus cumulative amortisation resulting from the effective interest rate method, with deductions for loss provisions. The effective interest rate is the interest rate which precisely discounts estimated future cash in- or out-payments over the financial instrument's expected lifetime.

The Bank sells only parts of the loans qualified for transfer to SpareBank 1 Boligkreditt. Loans included in business models (portfolios) with loans qualifying for transfer are therefore held both to collect cash flows and for sales. The Bank therefore classifies all residential mortgages at fair value over other comprehensive income. Fair value on such loans at initial recognition are measured at the transaction price, without reduction for 12 month expected credit loss.

Fixed interest loans to customers are recognised at fair value. Gains and losses due to changes in fair value are recognised in the income statement as fair value changes. Accrued interest and premiums/discounts are recognised as interest. Interest rate risk on fixed interest loans is managed through interest rate swaps which are recognised at fair value. It is the group's view that recognising fixed interest loans at fair value provides more relevant information on carrying values.

Parent Bank			Group	
31 Dec 2021	31 Dec 2022	(NOK million)	31 Dec 2022	31 Dec 2021
137,113	140,549	Gross Loans	152,629	147,301
1,348	999	Write-downs for expected credit losses	1,081	1,410
135,766	139,550	Net loans to and advances to customers	151,549	145,890
Additional information				
46,650	56,876	Loans sold to SpareBank 1 Boligkreditt	56,876	46,650
578	718	- Of which loans to employees	1,349	1,106
1,402	1,739	Loans sold to SpareBank 1 Næringskreditt	1,739	1,402
78	78	Subordinated loan capital other financial institutions	-	-
1,261	1,394	Loans to employees ¹⁾	2,450	2,173

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		Loans and commitments specified by type (NOK million)	Group	
31 Dec 2021	31 Dec 2022		31 Dec 2022	31 Dec 2021
		Gross loans and advances		
-	-	Financial lease	3,728	3,392
11,460	12,236	Bank overdraft and operating credit	12,236	11,549
4,173	3,825	Construction loans	3,825	4,173
121,480	124,488	Amortizing loan	132,841	128,187
137,113	140,549	Total gross loans to and receivables from customers	152,629	147,301
		Other commitments		
4,549	6,067	Financial guarantees, of which:	6,067	4,549
924	1,493	Payment guarantees	1,493	924
1,282	1,177	Performance guarantees	1,177	1,282
894	712	Loan guarantees	712	894
67	62	Guarantees for taxes	62	67
1,383	2,624	Other guarantee commitments	2,624	1,383
1,175	1,047	Unutilised guarantee commitments	1,047	1,175
13,570	12,143	Unutilised credits	12,459	13,788
6,435	4,745	Loans approvals (not discounted)	4,950	6,584
19	5	Documentary credits	5	19
25,747	24,007	Total other commitments	24,527	26,115
162,860	164,556	Total loans and commitments	177,157	173,415

Loans and other commitments specified by sector and industry

Parent Bank (NOK million)	31 Dec 2022			31 Dec 2021		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Wage earners	77,965	7,273	85,239	80,178	8,153	88,331
Public administration	1	692	694	2	944	945
Agriculture and forestry	10,707	955	11,662	9,433	864	10,297
Fisheries and hunting	7,047	902	7,949	5,853	1,904	7,756
Sea farming industries	2,324	1,145	3,469	1,926	1,680	3,606
Manufacturing	2,563	2,201	4,765	2,151	1,958	4,109
Construction, power and water supply	4,370	2,741	7,111	3,169	2,132	5,301
Retail trade, hotels and restaurants	2,976	1,719	4,695	2,572	1,562	4,134
Maritime sector and offshore	5,382	548	5,929	4,715	1,121	5,836
Property management	16,983	2,433	19,416	15,522	2,119	17,641
Business services	3,561	860	4,421	4,497	952	5,449
Transport and other services provision	5,327	1,551	6,878	5,714	1,376	7,089
Other sectors	1,343	986	2,329	1,383	982	2,365
Total	140,549	24,007	164,556	137,113	25,747	162,860

Group (NOK million)	31 Dec 2022			31 Dec 2021		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Wage earners	84,957	7,572	92,529	86,244	8,370	94,614
Public administration	35	694	729	34	945	979
Agriculture and forestry	11,140	974	12,114	9,783	877	10,659
Fisheries and hunting	7,075	904	7,979	5,870	1,904	7,774
Sea farming industries	2,656	1,159	3,814	2,176	1,689	3,865
Manufacturing	3,150	2,226	5,376	2,766	1,980	4,746
Construction, power and water supply	5,526	2,790	8,317	4,124	2,166	6,289
Retail trade, hotels and restaurants	3,632	1,747	5,380	2,966	1,576	4,541
Maritime sector and offshore	5,382	548	5,929	4,715	1,121	5,836
Property management	17,101	2,438	19,538	15,643	2,124	17,766
Business services	4,312	893	5,206	4,990	972	5,961
Transport and other services provision	6,375	1,595	7,970	6,667	1,409	8,076
Other sectors	1,288	987	2,275	1,325	983	2,308
Total	152,629	24,527	177,157	147,301	26,115	173,415

Loans and other commitments specified by geographic area

Parent Bank (NOK million)	31 Dec 2022			31 Dec 2021		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Trøndelag	91,519	14,931	106,449	91,521	14,788	106,309
Møre og Romsdal	29,612	5,341	34,953	27,698	7,558	35,256
Nordland	1,056	44	1,101	1,051	62	1,113
Oslo	7,087	2,051	9,138	6,322	1,437	7,759
Rest of Norway	10,935	1,609	12,543	10,271	1,875	12,146
Abroad	340	31	371	250	27	277
Total	140,549	24,007	164,556	137,113	25,747	162,860

Group (NOK million)	31 Dec 2022			31 Dec 2021		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Trøndelag	95,640	15,111	110,751	95,160	14,923	110,083
Møre og Romsdal	31,946	5,441	37,387	29,509	7,623	37,131
Nordland	1,317	55	1,372	1,263	69	1,333
Oslo	7,512	2,069	9,581	6,524	1,444	7,968
Rest of Norway	15,875	1,820	17,695	14,594	2,029	16,623
Abroad	340	31	371	250	27	277
Total	152,629	24,527	177,157	147,301	26,115	173,415

Gross loans sold to SpareBank 1 Boligkreditt

(NOK million)	31 Dec 2022			31 Dec 2021		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Trøndelag	36,923	1,676	38,599	31,440	1,819	33,259
Møre og Romsdal	8,631	384	9,015	6,855	392	7,247
Nordland	341	8	349	244	5	249
Oslo	3,248	57	3,304	2,598	58	2,656
Rest of Norway	7,693	104	7,796	5,404	95	5,499
Abroad	40	0	40	110	2	112
Total	56,876	2,229	59,104	46,650	2,371	49,021

Gross loans sold to SpareBank 1 Næringskreditt

(NOK million)	31 Dec 2022			31 Dec 2021		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Trøndelag	1,430	0	1,430	1,018	0	1,018
Møre og Romsdal	53	0	53	54	0	54
Nordland	0	0	0	0	0	0
Oslo	256	0	256	285	0	285
Rest of Norway	0	0	0	44	0	44
Abroad	0	0	0	0	0	0
Total	1,739	0	1,739	1,402	0	1,402

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

Group (NOK million)	31 Dec 2022	31 Dec 2021
Gross advances related to financial leasing		
- Maturity less than 1 year	113	106
- Maturity more than 1 year and less than 5 years	2,377	2,176
- Maturity more than 5 years	1,169	1,014
Total gross claims	3,658	3,296
Received income related to financial leasing, not yet earned	105	95
Net investments related to financial leasing	3,728	3,392
Net investments in financial leasing can be broken down as follows:		
- Maturity less than 1 year	127	119
- Maturity more than 1 year and less than 5 years	2,450	2,244
- Maturity more than 5 years	1,151	1,028
Total net claims	3,728	3,392

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 11 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 10 losses on loans and guarantees for a further description of these commitments.

Parent Bank 31 Dec 22 (NOK million)	Neither default or credit impaired					Default and credit impaired	Total
	Lowest risk	Low risk	Medium risk	High risk	Highest risk		
Gross Loans							
Fair value through OCI	71,072	6,518	2,488	635	925	372	82,010
Stage 1	70,927	5,671	963	229	188	-	77,978
Stage 2	144	848	1,525	406	737	-	3,660
Stage 3	-	-	-	-	-	372	372
Amortised cost	26,194	11,451	12,497	1,553	633	1,502	53,830
Stage 1	24,784	10,085	10,195	913	167	-	46,144
Stage 2	1,410	1,365	2,302	640	467	-	6,184
Stage 3	-	-	-	-	-	1,502	1,502
Fair value through Profit and Loss	3,962	595	99	11	38	4	4,709
Total Gross Loans	101,227	18,564	15,083	2,200	1,597	1,878	140,549
Other Commitments	14,300	5,910	3,009	520	96	173	24,007
Stage 1	14,238	5,771	2,555	75	24	-	22,663
Stage 2	62	139	454	445	71	-	1,171
Stage 3	-	-	-	-	-	173	173
Total loans and other commitments	115,527	24,473	18,093	2,719	1,693	2,051	164,556

Parent Bank 31 Dec 21 (NOK million)	Neither default or credit impaired					Default and credit impaired	Total
	Lowest risk	Low risk	Medium risk	High risk	Highest risk		
Gross Loans							
Fair value through OCI	71,241	7,516	2,455	785	851	304	83,152
Stage 1	71,130	6,739	996	211	203	-	79,280
Stage 2	111	777	1,458	574	648	-	3,568
Stage 3	-	-	-	-	-	304	304
Amortised cost	23,283	12,471	9,438	1,239	458	2,796	49,685
Stage 1	22,751	10,258	7,569	634	166	-	41,378
Stage 2	532	2,213	1,868	605	292	-	5,511
Stage 3	-	-	-	-	-	2,796	2,796
Fair value through Profit and Loss	3,686	426	117	25	15	6	4,276
Total Gross Loans	98,211	20,413	12,010	2,049	1,325	3,106	137,113
Other Commitments	15,588	6,063	3,007	805	178	106	25,747
Stage 1	15,399	5,726	2,467	355	38	-	23,985
Stage 2	189	336	541	450	140	-	1,655
Stage 3	-	-	-	-	-	106	106
Total loans and other commitments	113,799	26,476	15,017	2,854	1,503	3,212	162,860

Group 31 Dec 22 (NOK million)	Neither default or credit impaired					Default and credit impaired	Total
	Lowest risk	Low risk	Medium risk	High risk	Highest risk		
Gross Loans							
Fair value through OCI	71,072	6,518	2,488	635	925	372	82,010
Stage 1	70,927	5,671	963	229	188	-	77,978
Stage 2	144	848	1,525	406	737	-	3,660
Stage 3	-	-	-	-	-	372	372
Amortised cost	27,250	13,973	19,084	2,605	1,403	1,673	65,989
Stage 1	25,840	12,598	16,471	1,535	167	-	56,611
Stage 2	1,410	1,375	2,612	1,071	1,236	-	7,705
Stage 3	-	-	-	-	-	1,673	1,673
Fair value through Profit and Loss	3,884	595	99	11	38	4	4,631
Total Gross Loans	102,206	21,086	21,670	3,252	2,366	2,049	152,629
Other Commitments	14,300	5,910	3,530	520	96	173	24,527
Stage 1	14,238	5,771	2,827	75	24	-	22,934
Stage 2	62	139	703	445	71	-	1,420
Stage 3	-	-	-	-	-	173	173
Total loans and other commitments	116,505	26,996	25,200	3,772	2,462	2,222	177,157

Group 31 Dec 21 (NOK million)	Neither default or credit impaired					Default and credit impaired	Total
	Lowest risk	Low risk	Medium risk	High risk	Highest risk		
Gross Loans							
Fair value through OCI	71,241	7,516	2,455	785	851	304	83,152
Stage 1	71,130	6,739	996	211	203	-	79,280
Stage 2	111	777	1,458	574	648	-	3,568
Stage 3	-	-	-	-	-	304	304
Amortised cost	23,800	14,444	15,809	1,921	991	2,986	59,950
Stage 1	23,268	12,227	13,454	1,032	166	-	50,147
Stage 2	532	2,217	2,355	888	825	-	6,818
Stage 3	-	-	-	-	-	2,986	2,986
Fair value through Profit and Loss	3,608	426	117	25	15	6	4,198
Total Gross Loans	98,649	22,386	18,381	2,731	1,857	3,296	147,301
Other Commitments	15,588	6,063	3,375	805	178	106	26,115
Stage 1	15,399	5,726	2,680	355	38	-	24,199
Stage 2	189	336	695	450	140	-	1,809
Stage 3	-	-	-	-	-	106	106
Total loans and other commitments	114,237	28,449	21,756	3,536	2,035	3,402	173,415

Gross loans and commitments sold to SpareBank 1 Boligkreditt

(NOK million)	31 Dec 2022			31 Dec 2021		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Lowest risk	48,752	2,217	50,969	39,955	2,363	42,318
Low risk	6,261	7	6,268	4,972	4	4,976
Medium risk	1,259	4	1,263	1,121	3	1,125
High risk	327	0	327	297	1	298
Highest risk	220	-	220	279	0	279
Default and written down	58	0	58	24	0	24
Total	56,876	2,229	59,104	46,650	2,491	49,021

Gross loans and commitments sold to SpareBank 1 Næringskreditt

(NOK million)	31 Dec 2022			31 Dec 2021		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Lowest risk	1,496	-	1,496	1,402	-	1,402
Low risk	147	-	147	-	-	-
Medium risk	96	-	96	-	-	-
High risk	-	-	-	-	-	-
Highest risk	-	-	-	-	-	-
Default and written down	-	-	-	-	-	-
Total	1,739	-	1,739	1,402	-	1,402