

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 2022	31 Dec 2023	(NOK million)	31 Dec 2023	31 Dec 2022
140,549	157,240	Gross Loans	169,862	152,629
999	776	Write-downs for expected credit losses	907	1,081
139,550	156,464	Net loans to and advances to customers	168,955	151,549
Additional information				
56,876	64,719	Loans sold to SpareBank 1 Boligkreditt	64,719	56,876
718	894	- Of which loans to employees	1,609	1,349
1,739	1,749	Loans sold to SpareBank 1 Næringskreditt	1,749	1,739
78	102	Subordinated loan capital other financial institutions	0	0
1,394	2,000	Loans to employees ¹⁾	3,250	2,450

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 2022	31 Dec 2023		31 Dec 2023	31 Dec 2022
Gross loans and advances				
-	-	Financial lease	3,788	3,728
12,236	13,891	Bank overdraft and operating credit	13,891	12,236
3,825	4,211	Construction loans	4,211	3,825
124,488	139,138	Amortizing loan	147,971	132,841
140,549	157,240	Total gross loans to and receivables from customers	169,862	152,629
Other commitments				
6,067	4,946	Financial guarantees, of which:	4,946	6,067
1,493	979	<i>Payment guarantees</i>	979	1,493
1,177	1,341	<i>Performance guarantees</i>	1,341	1,177
712	670	<i>Loan guarantees</i>	670	712
62	79	<i>Guarantees for taxes</i>	79	62
2,624	1,877	<i>Other guarantee commitments</i>	1,877	2,624
1,047	995	Unutilised guarantee commitments	995	1,047
12,143	12,660	Unutilised credits	12,883	12,459
4,745	7,629	Loans approvals (not discounted) ¹⁾	7,817	4,950
5	10	Documentary credits	10	5
24,007	26,240	Total other commitments	26,652	24,527
164,556	183,481	Total loans and commitments	196,514	177,157

¹⁾ The increase in approved loan commitments is due to financing certificates, which previously have not been included due to error. History has not been received.

Loans and other commitments specified by sector and industry

Parent Bank (NOK million)	31 Dec 2023			31 Dec 2022		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Wage earners	87,992	9,895	97,887	77,965	7,273	85,239
Public administration	2	643	645	1	692	694
Agriculture and forestry	12,021	1,016	13,037	10,707	955	11,662
Fisheries and hunting	5,459	756	6,215	7,047	902	7,949
Sea farming industries	2,218	1,806	4,024	2,324	1,145	3,469
Manufacturing	3,170	2,245	5,415	2,563	2,201	4,765
Construction, power and water supply	6,111	2,251	8,362	4,370	2,741	7,111
Retail trade, hotels and restaurants	2,845	1,597	4,442	2,976	1,719	4,695
Maritime sector and offshore	6,030	1,574	7,604	5,382	548	5,929
Property management	19,539	1,561	21,101	16,983	2,433	19,416
Business services	4,239	910	5,149	3,561	860	4,421
Transport and other services provision	5,396	1,043	6,438	5,327	1,551	6,878
Other sectors	2,220	943	3,163	1,343	986	2,329
Total	157,240	26,240	183,481	140,549	24,007	164,556

Group (NOK million)	31 Dec 2023			31 Dec 2022		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Wage earners	95,058	10,123	105,181	84,957	7,572	92,529
Public administration	39	644	683	35	694	729
Agriculture and forestry	12,489	1,031	13,520	11,140	974	12,114
Fisheries and hunting	5,488	757	6,245	7,075	904	7,979
Sea farming industries	2,473	1,814	4,287	2,656	1,159	3,814
Manufacturing	3,757	2,264	6,021	3,150	2,226	5,376
Construction, power and water supply	7,353	2,291	9,644	5,526	2,790	8,317
Retail trade, hotels and restaurants	3,777	1,627	5,404	3,632	1,747	5,380
Maritime sector and offshore	6,030	1,574	7,604	5,382	548	5,929
Property management	19,651	1,565	21,216	17,101	2,438	19,538
Business services	5,148	941	6,088	4,312	893	5,206
Transport and other services provision	6,459	1,077	7,536	6,375	1,595	7,970
Other sectors	2,140	943	3,084	1,288	987	2,275
Total	169,862	26,652	196,514	152,629	24,527	177,157

Loans and other commitments specified by geographic area

Parent Bank (NOK million)	31 Dec 2023			31 Dec 2022		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Trøndelag	95,331	15,593	110,924	91,519	14,931	106,449
Møre og Romsdal	37,194	6,441	43,635	29,612	5,341	34,953
Nordland	1,109	343	1,453	1,056	44	1,101
Oslo	9,794	2,061	11,855	7,087	2,051	9,138
Rest of Norway	13,483	1,762	15,244	10,935	1,609	12,543
Abroad	329	40	369	340	31	371
Total	157,240	26,240	183,481	140,549	24,007	164,556

Group (NOK million)	31 Dec 2023			31 Dec 2022		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Trøndelag	99,368	15,727	115,096	95,640	15,111	110,751
Møre og Romsdal	40,038	6,533	46,571	31,946	5,441	37,387
Nordland	1,374	352	1,726	1,317	55	1,372
Oslo	10,211	2,074	12,285	7,512	2,069	9,581
Rest of Norway	18,541	1,925	20,466	15,875	1,820	17,695
Abroad	329	40	369	340	31	371
Total	169,862	26,652	196,514	152,629	24,527	177,157

Gross loans sold to SpareBank 1 Boligkreditt

(NOK million)	31 Dec 2023			31 Dec 2022		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Trøndelag	55,192	2,357	57,549	36,923	1,676	38,599
Møre og Romsdal	7,392	7	7,399	8,631	384	9,015
Nordland	1,349	7	1,355	341	8	349
Oslo	457	0	457	3,248	57	3,304
Rest of Norway	274	0	274	7,693	104	7,796
Abroad	53	0	53	40	0	40
Total	64,717	2,371	67,088	56,876	2,229	59,104

Gross loans sold to SpareBank 1 Næringskreditt

(NOK million)	31 Dec 2023			31 Dec 2022		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Trøndelag	1,562	-	1,562	1,430	-	1,430
Møre og Romsdal	94	-	94	53	-	53
Nordland	93	-	93	-	-	-
Oslo	-	-	-	256	-	256
Rest of Norway	-	-	-	-	-	-
Abroad	-	-	-	-	-	-
Total	1,749	-	1,749	1,739	-	1,739

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

Group (NOK million)	31 Dec 2023	31 Dec 2022
Gross advances related to financial leasing		
- Maturity less than 1 year	140	113
- Maturity more than 1 year and less than 5 years	2,418	2,377
- Maturity more than 5 years	1,162	1,169
Total gross claims	3,719	3,658
Received income related to financial leasing, not yet earned	103	105
Net investments related to financial leasing	3,788	3,728
Net investments in financial leasing can be broken down as follows:		
- Maturity less than 1 year	153	127
- Maturity more than 1 year and less than 5 years	2,491	2,450
- Maturity more than 5 years	1,145	1,151
Total net claims	3,788	3,728

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

Parent Bank 31 Dec 23 (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	79,502	7,751	2,854	647	1,098	526	92,377
Stage 1	79,314	6,791	1,147	187	236	-	87,675
Stage 2	188	960	1,707	459	862	-	4,175
Stage 3	-	-	-	-	-	526	526
Amortised cost	27,706	12,092	15,553	1,498	1,069	1,363	59,281
Stage 1	27,445	9,856	11,834	886	532	-	50,553
Stage 2	261	2,236	3,719	613	536	-	7,366
Stage 3	-	-	-	-	-	1,363	1,363
Fair value through Profit and Loss	4,738	609	163	44	20	7	5,582
Total Gross Loans	111,946	20,452	18,570	2,189	2,186	1,897	157,240
Other Commitments	16,850	4,917	3,963	199	118	193	26,240
Stage 1	16,209	4,585	3,080	67	35	-	23,976
Stage 2	641	331	883	133	84	-	2,071
Stage 3	-	-	-	-	-	193	193
Total loans and other commitments	128,796	25,369	22,533	2,389	2,305	2,090	183,481

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

Group 31 Dec 23 (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	79,502	7,751	2,854	647	1,098	526	92,377
Stage 1	79,314	6,791	1,147	187	236	-	87,675
Stage 2	188	960	1,707	459	862	-	4,175
Stage 3	-	-	-	-	-	526	526
Amortised cost	28,043	14,748	22,971	2,853	1,833	1,557	72,004
Stage 1	27,782	12,177	18,328	1,797	532	-	60,616
Stage 2	261	2,571	4,642	1,056	1,301	-	9,832
Stage 3	-	-	-	-	-	1,557	1,557
Fair value through Profit and Loss	4,636	609	163	44	20	7	5,480
Total Gross Loans	112,181	23,108	25,988	3,544	2,951	2,091	169,862
Other Commitments	16,850	4,917	4,374	199	118	193	26,652
Stage 1	16,209	4,585	3,293	67	35	-	24,189
Stage 2	641	331	1,081	133	84	-	2,270
Stage 3	-	-	-	-	-	193	193
Total loans and other commitments	129,031	28,025	30,362	3,743	3,069	2,284	196,514

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

Gross loans and commitments sold to SpareBank 1 Boligkreditt

(NOK million)	31 Dec 2023			31 Dec 2022		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Lowest risk	37,570	1,518	39,088	48,752	2,217	50,969
Low risk	13,153	597	13,750	6,261	7	6,268
Medium risk	-	-	-	1,259	4	1,263
High risk	3,960	81	4,042	327	0	327
Highest risk	7,619	143	7,762	220	-	220
Default and written down	2,414	32	2,446	58	0	58
Total	64,717	2,371	67,088	56,876	2,229	59,104

Gross loans and commitments sold to SpareBank 1 Næringskreditt

(NOK million)	31 Dec 2023			31 Dec 2022		
	Gross loans	Other commitments	Total loans and commitments	Gross loans	Other commitments	Total loans and commitments
Lowest risk	1,311	-	1,311	1,496	-	1,496
Low risk	188	-	188	147	-	147
Medium risk	-	-	-	96	-	96
High risk	250	-	250	-	-	-
Highest risk	-	-	-	-	-	-
Default and written down	-	-	-	-	-	-
Total	1,749	-	1,749	1,739	-	1,739