Note 9 - Investments in bonds

Due to extraordinary market conditions in autumn 2008, parts of the bank's portfolio of current assets became illiquid. After changes made in international accounting standards in October 2008, the Group opted to reclassify parts of the bond portfolio as of 01.07.08 from the category "Fair value with a value changes reflected in profit/loss" to the category "Held to maturity". We no longer have trading as a goal and these securities are not expected to be sold before maturity.

The “Held to maturity” portfolio comprises quoted bonds and is valued at amortised cost using the effective interest rate method. Previously carried out write-downs will, after reclassification, be reversed over the portfolio’s residual maturity. This will be recognised under net interest income in addition to current coupon interest. In the period 31 March - 30 June 2011, NOK 1.0 million has been amortised, and total this year NOK 2.4 million. At the end of the second quarter of 2011 the average residual maturity is 1.0 years.

Had reclassification not been carried out, the Group would have expensed NOK 42 million in the second half of 2008 as unrealised losses owing to increased credit spreads. In the absence of reclassification the Group have expensed NOK 0,7 million in unrealised captail losses related to this bond portfolio in the second quarter 2011, and total this year NOk 0,2 million in unrealised capital losses.

Unrealised agio losses related to this portfolio have been taken to expence in an amount of NOK 1.4 million in the second quarter 2011, and total this year NOK 0.1 million.

No write-downs have been carried out on the basis of lasting portfolio value falls as of 30 June 2011.

Parent bank				Group		
31 Dec 2010	**30 June 2010**	**30 June 2011**		**30 June 2011**	**30 June 2010**	**31 Dec 2010**
1,562	1,809	924	Booked value	924	1,809	1,562
1,568	1,822	928	Nominal value	928	1,822	1,568
1,570	1,823	929	Calculated value incl. Exchange rate adjustments	929	1,823	1,570