

## 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 1 July 2008 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 30 September - 31 December 2011, NOK 0.7 million has been amortised, and total this year NOK 3.8 million. At the end of the fourth quarter of 2011 the average residual maturity is 0.9 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 0.5 million in unrealised capital losses related to this bond portfolio in the fourth quarter 2011, and total this year NOK 0.9 million in unrealised capital losses.

Unrealised agio losses related to this portfolio have been taken to expense in an amount of NOK 2.8 million in the fourth quarter 2011, and total this year NOK 0.7 million.

No write-downs have been carried out on the basis of lasting portfolio value falls as of 31 December 2011.

Parent bank				Group		
31.12.09	31.12.10	31.12.11		31.12.11	31.12.10	31.12.09
2,409	1,562	583	Booked value	583	1,562	2,409
2,430	1,568	585	Nominal value	585	1,568	2,430
2,426	1,570	584	Calculated value incl. Exchange rate adjustments	584	1,570	2,426