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 December 2010 - 31 March 2011, NOK 1.4 million has been amortised. At the end of the first quarter of 2011 the average residual maturity is 1.1 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 taken to income NOK 0.5 million in unrealised capital gains related to this bond portfolio in the first quarter 2011.

Unrealised agio gains related to this portfolio have been taken to income in an amount of NOK 1.3 million in the first quarter 2011.

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

Parent bank				Group		
31 Dec 2010	**31 March 2010**	**31 March 2011**		**31 March 2011**	**31 March 2010**	**31 Dec 2010**
1,562	2,112	1,444	Booked value	1,444	2,112	1,562
1,568	2,126	1,449	Nominal value	1,449	2,126	1,568
1,570	2,129	1,451	Calculated value incl. Exchange rate adjustments	1,451	2,129	1,570