

Note 15 - Measurement of fair value of financial instruments

Financial instruments at fair value are classified at various levels.

Level 1: Valuation based on quoted prices in an active market

Fair value of financial instruments that are traded in the active markets is based on market price on the balance sheet date. A market is considered active if market prices are easily and regularly available from a stock exchange, dealer, broker, industry group, price-setting service or regulatory authority, and these prices represent actual and regularly occurring market transactions at an arm's length. This category also includes quoted shares and Treasury bills.

Level 2: Valuation based on observable market data

Level 2 consists of instruments that are valued by the use of information that does not consist in quoted prices, but where the prices are directly or indirectly observable for the assets or liabilities concerned, and which also include quoted prices in non-active markets.

Level 3: Valuation based on other than observable data

If valuation data are not available for level 1 and 2, valuation methods are applied that are based on non-observable information.

The following table presents the Group's assets and liabilities measured at fair value at 30 June 2016:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
Derivatives	77	6,850	-	6,927
Bonds and money market certificates	3,375	16,487	-	19,862
Equity instruments	818	-	516	1,334
Fixed interest loans	-	43	4,345	4,388
Financial assets available for sale				
Equity instruments	44	-	87	131
Total assets	4,314	23,379	4,948	32,640
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
Derivatives	92	5,832	-	5,924
Equity instruments	284	6	-	290
Total liabilities	376	5,837	-	6,214

The following table presents the Group's assets and liabilities measured at fair value at 30 June 2015:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
Derivatives	32	5,820	-	5,851
Bonds and money market certificates	3,102	11,980	-	15,082
Equity instruments	700	-	607	1,307
Fixed interest loans	-	43	4,677	4,719
Financial assets available for sale				
Equity instruments	-	-	40	40
Total assets	3,833	17,842	5,324	26,999
Liabilities	Level 1	Level 2	Level 3	0
Financial liabilities through profit/loss				
Derivatives	32	4,579	-	4,610
Total liabilities	32	4,579	-	4,610

The following table presents the changes in the instruments classified in level 3 as at 30 June 2016:

(NOKm)	Fixed interest loans	Equity instruments through profit/loss	Equity instruments available for sale	Total
Opening balance 1 January	4,405	574	108	5,087
Investment in periode	148	15	31	194
Disposals in the periode	-230	-47	-3	-281
Gain or loss on financial instruments	22	-26	-49	-52
Closing balance 30 June	4,345	516	87	4,948

The following table presents the changes in the instruments classified in level 3 as at 30 June 2015:

(NOKm)	Fixed interest loans	Equity instruments through profit/loss	Equity instruments available for sale	Total
Opening balance 1 January	3,277	625	35	3,937
Investment in periode	1,690	8	3	1,701
Disposals in the periode	-267	-22	-2	-291
Gain or loss on financial instruments	40	-4	3	40
Change in valuation model for fixed interest loans	-64	-	-	-64
Closing balance 30 June	4,677	607	40	5,324