

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 September 2017:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	7	4,255	-	4,262
- Bonds and money market certificates	2,840	15,069	-	17,908
- Equity instruments	1,137	-	409	1,546
- Fixed interest loans	-	43	3,459	3,502
Financial assets available for sale				
- Equity instruments	-	-	61	61
Total assets	3,983	19,366	3,929	27,279
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	5	3,674	-	3,679
- Equity instruments	217	-	-	217
Total liabilities	223	3,674	-	3,896

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

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	70	5,419	-	5,489
- Bonds and money market certificates	1,936	14,962	-	16,898
- Equity instruments	622	-	505	1,127
- Fixed interest loans	-	43	3,771	3,813
Financial assets available for sale				
- Equity instruments	42	-	84	126
Total assets	2,670	20,423	4,359	27,453
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	58	4,947	-	5,004
- Equity instruments	174	6	-	180
Total liabilities	231	4,953	-	5,184

The following table presents the Group's assets and liabilities measured at fair value at 31 December 2016:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	44	4,708	-	4,752
- Bonds and money market certificates	2,511	15,046	-	17,557
- Equity instruments	959	-	524	1,483
- Fixed interest loans	-	43	3,783	3,826
Financial assets available for sale				
- Equity instruments	-	-	60	60
Total assets	3,514	19,796	4,367	27,676
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	48	4,026	-	4,074
- Equity instruments	173	8	-	181
Total liabilities	221	4,034	-	4,255

The following table presents the changes in the instruments classified in level 3 as at 30 September 2017:

(NOKm)	Fixed interest loans	Equity instruments through profit/loss	Equity instruments available for sale	Total
Opening balance 1 January	3,783	524	60	4,367
Investment in periode	269	10	-	279
Disposals in the periode	-601	-149	-	-751
Gain or loss on financial instruments	9	24	2	34
Closing balance	3,459	409	61	3,929

The following table presents the changes in the instruments classified in level 3 as at 30 September 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	377	24	28	429
Disposals in the periode	-991	-70	-3	-1,064
Gain or loss on financial instruments	-20	-22	-49	-91
Closing balance	3,771	505	84	4,359

The following table presents the changes in the instruments classified in level 3 as at 31 December 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	770	28	1	799
Disposals in the periode	-1,347	-66	-	-1,413
Gain or loss on financial instruments	-44	-13	-50	-106
Closing balance	3,783	524	60	4,367