

## 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 31 December 2017:

Assets (NOKm)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
- Derivatives	16	4,334	-	4,351
- Bonds and money market certificates	2,547	17,189	-	19,736
- Equity instruments	1,339	-	419	1,759
- Fixed interest loans	-	43	3,236	3,278
Financial assets available for sale				
- Equity instruments	-	-	66	66
<b>Total assets</b>	<b>3,902</b>	<b>21,566</b>	<b>3,722</b>	<b>29,190</b>
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
- Derivatives	14	3,328	-	3,343
- Equity instruments	239	4	-	244
<b>Total liabilities</b>	<b>254</b>	<b>3,332</b>	<b>-</b>	<b>3,586</b>

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
<b>Total assets</b>	<b>3,514</b>	<b>19,796</b>	<b>4,367</b>	<b>27,676</b>
Liabilities	Nivå 1	Nivå 2	Nivå 3	Total
Financial liabilities through profit/loss				
- Derivatives	48	4,026	-	4,074
- Equity instruments	173	8	-	181
<b>Total liabilities</b>	<b>221</b>	<b>4,034</b>	<b>-</b>	<b>4,255</b>

The following table presents the changes in the instruments classified in level 3 as at 31 December 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	304	20	-	323
Disposals in the periode	-849	-157	-20	-1,026
Gain or loss on financial instruments	-2	33	27	57
<b>Closing balance</b>	<b>3,236</b>	<b>419</b>	<b>66</b>	<b>3,722</b>

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
<b>Closing balance</b>	<b>3,783</b>	<b>524</b>	<b>60</b>	<b>4,367</b>