

Note 19 - Money market certificates and bonds

Bonds and money market instruments are classified in the categories fair value through profit/loss, held to maturity and loans and receivables. Measurement at fair value reflects market value, while the category held to maturity and loans and receivables are measured at amortised cost. Bonds reclassified to held to maturity as of 1 July 2008 as a result of changes in IAS 39 and IFRS 7 in October 2008 are included below.

Parent Bank			Money market certificates and bonds by issuer sector	Group		
2009	2010	2011		2011	2010	2009
			(NOK million)			
4,456	5,089	3,077	State (nominal)	3,077	5,089	4,456
4,408	5,044	3,059	- fair value	3,059	5,044	4,408
-	-	-	- valued at amortised cost (held to maturity, loans and receivables)	-	-	-
4,408	5,044	3,059	Book value, state	3,059	5,044	4,408
611	985	939	Other public sector (nominal)	939	985	611
437	906	904	- fair value	904	906	437
177	77	39	- valued at amortised cost (held to maturity, loans and receivables)	39	77	177
613	983	943	Book value, other public issuer	943	983	613
8,557	10,044	8,580	Financial enterprises (nominal)	8,580	9,988	8,533
4,014	5,957	5,763	- fair value	5,763	5,957	4,014
5,716	5,001	3,003	- valued at amortised cost (held to maturity, loans and receivables)	3,003	4,945	5,693
9,730	10,959	8,766	Book value, financial enterprises	8,766	10,903	9,707
-	50	150	Non-financial enterprises (nominal)	150	50	-
-	50	150	- fair value	150	50	-
-	-	-	- valued at amortised cost (held to maturity, loans and receivables)	-	-	-
-	50	150	Book value, non-financial enterprises	150	50	-
13,624	16,168	12,746	Total fixed income securities, nominal value	12,746	16,112	13,600
14,751	17,036	12,918	Total fixed income securities, booked value	12,918	16,980	14,727

For further specification of risk related to fixed income securities, see note 40 Market risk related to interest rate.

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	Held to maturity (NOK million)	31.12.11	31.12.10	31.12.09
2,409	1,562	583	Book value of bonds in the category "held to maturity"	583	1,562	2,409
2,430	1,568	585	Nominal value	585	1,568	2,430
2,426	1,570	584	Theoretical market value incl. Exchange rate changes	584	1,570	2,426