

Note 27 - 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 2014:

Assets (NOK million)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
Derivatives	326	6,348	-	6,674
Bonds and money market certificates	3,825	10,286	-	14,110
Equity instruments	48	-	625	673
Fixed interest loans	-	43	3,268	3,310
Financial assets available for sale				
Equity instruments	-	-	35	35
Total assets	4,199	16,676	3,928	24,803
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
Derivatives	324	5,398	-	5,722
Total liabilities	324	5,398	-	5,722

The following table presents the Group's assets and liabilities measured at fair value at 31 December 2013:

Assets (NOK million)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss				
Derivatives	111	2,939	-	3,050
Bonds and money market certificates	4,003	11,539	-	15,542
Equity instruments	67	-	909	976
Fixed interest loans	-	43	2,648	2,690
Financial assets available for sale				
Equity instruments	-	-	40	40
Total assets	4,181	14,520	3,597	22,299
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities through profit/loss				
Derivatives	334	1,961	-	2,295
Total liabilities	334	1,961	-	2,295

The following table presents the changes in the instruments classified in level 3 as at 31 December 2014:

(NOK million)	Fixed interest loans	Equity instruments through profit/loss	Equity instruments available for sale	Total
Opening balance 1 January	2,648	909	40	3,597
Investment in periode	946	41	3	990
Disposals in the periode	-389	-343	-4	-735
Gain or loss on financial instruments	63	19	-4	78
Closing balance 31 December	3,268	625	35	3,928

The following table presents the changes in the instruments classified in level 3 as at 31 December 2013:

(NOK million)	Fixed interest loans	Equity instruments through profit/loss	Equity instruments available for sale	Total
Opening balance 1 January	2,585	601	46	3,231
Investment in periode	413	388	-	801
Disposals in the periode	-343	-151	-	-495
Gain or loss on financial instruments	-6	72	-6	61
Closing balance 31 December	2,648	909	40	3,597