

## Note 26 - Fair value of financial instruments at amortised cost

### Financial instruments measured at amortised cost

Financial instruments that are not measured at fair value are recognised at amortised cost or are in a hedging relationship. Amortised cost entails valuing balance sheet items after initially agreed cash flows, adjusted for impairment. Amortised cost will not always be equal to the values that are in line with the market assessment of the same financial instruments. This is due to different perceptions of market conditions, risk and discount rates.

Methods underlying the determination of fair value of financial instruments that are measured at amortised cost are described below:

#### Loans to and claims on customers

Current-rate loans are exposed to competition in the market, indicating that possible excess value in the portfolio will not be maintained over a long period. Fair value of current-rate loans is therefore set to amortised cost. The effect of changes in credit quality in the portfolio is accounted for through collectively assessed impairment write-downs, therefore giving a good expression of fair value in that part of the portfolio where individual write-down assessments have not been made.

Individual write-downs are determined through an assessment of future cash flow, discounted by effective interest rate. Hence the discounted value gives a good expression of the fair value of these loans.

#### Bonds held to maturity

Change to fair value is calculated by reference to a theoretical valuation of market value based on interest rate and spread curves.

Loans to and claims on credit institutions, Debt to credit institutions and debt to customers

For loans to and claims on credit institutions, as well as debt to credit institutions and deposits from customers, fair value is estimated equal to amortised cost.

#### Securities debt and subordinated debt

The calculation of fair value in level 2 is based on observable market values such as on interest rate and spread curves where available.

### Parent Bank

(NOKm)	Level 1)	31 Dec 2022		31 Dec 2021	
		Book value	Fair Value	Book value	Fair Value
<b>Assets</b>					
Loans to and claims on credit institutions	2	21,972	21,972	13,190	13,190
Loans to and claims on customers at amortised cost	2	52,941	53,085	48,434	48,525
Earned income not yet received	2	87	87	152	152
Accounts receivable, securities	2	262	262	20	20
<b>Total financial assets at amortised cost</b>		<b>75,262</b>	<b>75,406</b>	<b>61,796</b>	<b>61,887</b>
<b>Liabilities</b>					
Debt to credit institutions	2	14,636	14,636	14,340	14,340
Deposits from and debt to customers	2	122,699	122,699	112,028	112,028
Securities debt at amortised cost	2	11,679	11,605	8,871	8,870
Securities debt, hedging	2	35,868	35,867	31,461	31,460
Subordinated debt at amortised cost	2	2,015	2,014	1,753	1,752
Subordinated debt, hedging	2	-	-	-	-
Lease liabilities	2	233	233	262	262
Debt from securities	2	176	176	157	157
<b>Total financial liabilities at amortised cost</b>		<b>187,306</b>	<b>187,231</b>	<b>168,872</b>	<b>168,871</b>

Group (NOKm)		31 Dec 2022		31 Dec 2021	
		Book value	Fair Value	Book value	Fair Value
<b>Assets</b>					
Loans to and claims on credit institutions	2	11,663	11,663	4,704	4,704
Loans to and claims on customers at amortised cost	2	65,018	65,184	58,637	58,744
Earned income not yet received	2	104	104	186	186
Accounts receivable, securities	2	262	262	300	300
<b>Total financial assets at amortised cost</b>		<b>77,046</b>	<b>77,212</b>	<b>63,828</b>	<b>63,935</b>
<b>Liabilities</b>					
Debt to credit institutions	2	14,636	14,636	15,063	15,063
Deposits from and debt to customers	2	122,010	122,010	111,286	111,286
Securities debt at amortised cost	2	11,679	11,605	8,871	8,870
Securities debt, hedging		35,868	35,867	31,461	31,460
Subordinated debt at amortised cost	2	2,058	2,058	1,796	1,796
Subordinated debt, hedging	2	-	-	-	-
Lease liabilities	2	339	339	476	476
Debt from securities	2	176	176	351	351
<b>Total financial liabilities at amortised cost</b>		<b>186,765</b>	<b>186,690</b>	<b>169,304</b>	<b>169,302</b>

<sup>1)</sup> Fair value is determined by using different methods in three levels. See note 25 for a definition of the levels