

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.

Loans to and claims on credit institutions, Earned income not received, Debt to credit institutions and deposits from customers and debt from securities

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 2023		31 Dec 2022	
		Book value	Fair Value	Book value	Fair Value
Assets					
Loans to and claims on credit institutions	2	19,241	19,241	21,972	21,972
Loans to and claims on customers at amortised cost	2	58,522	58,685	52,941	53,085
Earned income not yet received	2	136	136	87	87
Accounts receivable, securities	2	66	66	262	262
Total financial assets at amortised cost		77,965	78,128	75,262	75,406
Liabilities					
Debt to credit institutions	2	13,160	13,160	14,636	14,636
Deposits from and debt to customers	2	133,462	133,462	122,699	122,699
Securities debt at amortised cost	2	13,260	13,182	11,679	11,605
Securities debt, hedging	2	32,637	32,639	35,868	35,867
Subordinated debt at amortised cost	2	2,169	2,168	2,015	2,014
Subordinated debt, hedging	2	-	-	-	-
Lease liabilities	2	260	260	233	233
Debt from securities	2	-15	-15	176	176
Total financial liabilities at amortised cost		194,933	194,857	187,306	187,231

Group (NOKm)		31 Dec 2023		31 Dec 2022	
		Book value	Fair Value	Book value	Fair Value
Assets					
Loans to and claims on credit institutions	2	8,746	8,746	11,663	11,663
Loans to and claims on customers at amortised cost	2	71,115	71,298	65,018	65,184
Earned income not yet received	2	153	153	104	104
Accounts receivable, securities	2	66	66	262	262
Total financial assets at amortised cost		80,080	80,263	77,046	77,212
Liabilities					
Debt to credit institutions	2	13,160	13,160	14,636	14,636
Deposits from and debt to customers	2	132,888	132,888	122,010	122,010
Securities debt at amortised cost	2	13,260	13,182	11,679	11,605
Securities debt, hedging		32,637	32,639	35,868	35,867
Subordinated debt at amortised cost	2	2,247	2,246	2,058	2,058
Subordinated debt, hedging	2	-	-	-	-
Lease liabilities	2	403	403	339	339
Debt from securities	2	-15	-15	176	176
Total financial liabilities at amortised cost		194,580	194,504	186,765	186,690

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