

FERD'S PENSION PLANS

Ferd has established pension schemes in accordance with Norwegian legislation. The employees participate in a defined contribution plan for salaries below 12G.

For salaries exceeding 12 G, Ferd has established a pension scheme implying that the employees earn a pension right each year. The scheme was closed for new hires when established. The right comprises a share of the salary in excess of 12 G together with a return component depending on the employee's chosen risk profile. The pension plan has many similarities with a contribution scheme, but as Ferd is not making current payments to a fund, but has elected to take the risk of return itself, the scheme shall be classified as a benefit scheme for accounting purposes. Ferd has recognised the obligation as a pension liability and is expensing the current deposits and the current return as incurred. The liability has not been discounted.

In addition, Group management has an early retirement pension scheme giving them the opportunity to retire at 65 years. This is also a benefit scheme.

Until 2013, all employees were members of a defined benefit scheme for salaries up until 12 times the base amount of the national insurance (G). Defined benefit pension schemes give the employees a right to specific pension payments. The obligation is an estimate of future benefits earned by the employees on the basis of the number of years of service and the salary level at the retirement. The benefits are discounted to present value, and the recognised obligation is reduced by the fair value of plan assets for funded pension schemes. Changes in assumptions, staff numbers and variations between estimated and actual salary increases and return on assets result in actuarial gain and loss. Actuarial gains and losses are recognised in total comprehensive income. The defined benefit scheme was terminated on 31 December 2013. Paid-up policies were issued in 2014. The effect of the plan change is recognised in the income statement in 2013.

Financial assumptions at 31 December

	2014	2013
Discount interest rate	2,70%	3,30%
Expected wage growth	3,25%	3,75%
Future expected pension regulation	1,75%	1,75%
Expected regulation of base amount (G)	3,00%	3,50%

DEFINED BENEFIT PLANS**Specification of the recognised liability**

NOK 1 000	2014	2013
Present value of unfunded pension liabilities	24 659	20 579
Present value of wholly or partly funded pension obligations		62 716
Total present value of defined benefit obligations	24 659	83 295
Fair value of pension assets		62 716
Total defined benefit obligation recognised in the balance sheet	24 659	20 579

Movement in the liability for defined benefit pension plans

NOK 1 000		
Liability for defined benefit pension plans at 1 January	83 295	130 590
Present value of the pension earnings of the year	2 004	10 326
Interest expense on the pension liability	1 257	4 361
Estimate deviation on the pension liability	1 190	- 13 054
Plan changes		- 35 855
Benefits paid	- 63 087	- 13 073
Liability for defined benefit pension plans at 31 December	24 659	83 295

Movement in fair value of the pension assets for defined benefit pension plans

NOK 1 000	2014	2013
Fair value of pension assets at 1 January	62 716	60 920
Expected return from pension assets		1 303
Estimate deviations on pension funds		- 3 464
Contribution from employer		7 433
Administration expenses		- 51

Benefits paid - 62 716 - 3 425

Fair value of pension assets at 31 December 62 716

Pension assets include the following:

NOK 1 000	2014	2013
Equity instruments		9 059
Government stock		7 058
Corporate stock		12 687
Other debt instruments, including structured debt		25 340
Property investments		7 191
Bank deposits		1 381
Total pension assets		62 716

Estimate deviation recognised in total comprehensive income

NOK 1 000	2014	2013
Estimate deviation on the pension obligation (benefit schemes) of the year	- 1 190	13 054
Estimate deviation of the pension funds (benefit schemes) of the year		- 3 464
Net estimate deviation for benefit schemes recognised in income statement	- 1 190	9 590

Pension costs recognised in the income statement

NOK 1 000	2014	2013
Present value of this year's pension earnings	2 004	10 326
Plan changes		- 35 855
Administration expenses		51
Pension costs on contribution schemes	4 729	
Total pension costs recognised in the income statement as salary expenses	6 733	- 25 478
Interest expense on the pension liability	1 257	4 361
Expected return on pension assets		- 1 303
Total pension costs recognised in the income statement as interest expenses	1 257	3 058