

There have been no significant changes related to the Company's risk management in the period.

#### IMPAIRMENT RISK AND CAPITAL ALLOCATION

Ferd's allocation of capital shall be in line with the owner's risk tolerance. One measure of this risk tolerance is the size of the decline in value in kroner or percent that the owner accepts if any of the markets Ferd is exposed to should experience very heavy and quick downfalls. Ferd's total portfolio shall normally have maximum 35 per cent impairment risk. The impairment risk regulates how large part of equity that can be invested in assets with high risk for impairment. This is measured and followed up by stress tests. The loss risk is assessed as a possible total impairment expressed in kroner or as a percentage of equity. Due to Ferd's long-term approach, the owner can accept significant fluctuations in value-adjusted equity.

#### CATEGORIES OF FINANCIAL RISK

##### Liquidity risk

Ferd strongly emphasises liquidity and assumes that the return from financial investments shall contribute to cover current interest costs. Hence, it is important that Ferd's balance sheet is liquid, and that the possibility to realise assets corresponds well with the term of the debt. Ferd has determined that under normal market conditions, at least 4 billion kroner of the financial investments shall comprise assets that can be realised within a quarter of a year. This is primarily managed by investments in listed shares and hedge funds. Note 16 has more information about Ferd's loan facilities, including an overview of due dates of the debt.

##### Foreign currency risk

Ferd is well aware of foreign currency risks. We assume that Ferd always will have a certain part of equity invested in euro, USD and Swedish kroner, and is therefore normally not hedging the currency exposure to Norwegian kroner. If the exposure in a currency is considered to be too high or low, the currency exposure is regulated by loans on the parent company level in the currency in question, or by using derivatives.

Ferd has the following outstanding currency derivatives on the parent company level as at 31 December 2014:

| NOK 1 000 | Purchases of currency |           | Disposals of currency |           |
|-----------|-----------------------|-----------|-----------------------|-----------|
|           | Currency              | Amount    | Currency              | Amount    |
|           | NOK                   | 2 992 335 | USD                   | - 400 000 |
|           | NOK                   | 1 831 789 | EUR                   | - 200 000 |

#### SENSITIVITY ANALYSIS, IMPAIRMENT RISK IN INVESTMENT ACTIVITIES

The stress test is based on a classification of Ferd's equity in different asset classes, exposed for impairment as follows:

- The Norwegian stock market declines by 30 percent
- International stock markets decline by 20 percent
- Property declines by 10 percent
- The Norwegian krone appreciates by 10 percent

In order to refine the calculations, it is considered whether Ferd's investments will decline more or less than the market. As an example, it is assumed that the unlisted investments in a stress test scenario have an impairment loss of 1.0-1.3 times the Norwegian market.

| NOK 1 000   | 2014              | 2013              |
|---|-------------------|-------------------|
| Price risk: Norwegian shares decline by 30 percent        | -4 200 000        | -4 500 000        |
| Price risk: International shares decline by 20 percent    | -1 700 000        | -1 600 000        |
| Price risk: Property declines by 10 percent               | - 300 000         | - 200 000         |
| Currency risk: The Norwegian krone appreciates 10 percent | -1 100 000        | -1 100 000        |
| <b>Total impairment in value-adjusted equity</b>          | <b>-7 300 000</b> | <b>-7 400 000</b> |
| Impairment as a percentage of value-adjusted equity       | 30%               | 31%               |