

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.

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.

Financial assumptions at 31 December

| | 2015 | 2014 |
|--|-------|-------|
| Discount interest rate | 1,90% | 2,70% |
| Expected wage growth | 2,50% | 3,25% |
| Future expected pension regulation | 1,75% | 1,75% |
| Expected regulation of base amount (G) | 2,25% | 3,00% |

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

| NOK 1 000 | 2015 | 2014 |
|--|---------------|---------------|
| Present value of unfunded pension liabilities | 30 007 | 24 659 |
| Fair value of pension funds | | |
| Total defined benefit obligation recognised in the balance sheet at 31 Dec. | 30 007 | 24 659 |

Movement in liabilities for defined benefit pensions plans

| NOK 1 000 | 2015 | 2014 |
|---|---------------|---------------|
| Liabilities for defined benefit pension plans at 1 Jan. | 24 659 | 83 295 |
| Present value of current year's pension earnings | 3 053 | 2 004 |
| Interest expense on pension liabilities | 361 | 1 257 |
| Estimate deviation on pension liabilities | 1 934 | 1 190 |
| Benefits paid | | - 63 087 |
| Liabilities for defined benefit pension plans at 31 Dec. | 30 007 | 24 659 |

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

| NOK 1 000 | 2015 | 2014 |
|--|------|----------|
| Fair value of pension assets at 1 January | | 62 716 |
| Benefits paid | | - 62 716 |
| Fair value of pension assets at 31 December | | |

Estimate deviation recognised in total comprehensive income

| NOK 1 000 | 2015 | 2014 |
|--|----------------|----------------|
| Estimate deviation on the pension obligation (benefit schemes) of the year | - 1 934 | - 1 190 |
| Net estimate deviation for benefit schemes recognised in comprehensive income | - 1 934 | - 1 190 |

Pension costs recognised in the income statement

| NOK 1 000 | 2015 | 2014 |
|--|--------------|--------------|
| Present value of this year's pension earnings | 3 053 | 2 004 |
| Pension costs on contribution schemes | 4 094 | 4 729 |
| Total pension costs recognised in the income statement as salary expenses | 7 147 | 6 733 |
| Interest expense on the pension liability | 361 | 1 257 |

| | | |
|--|------------|--------------|
| Total pension costs recognised in the income statement as interest expenses | 361 | 1 257 |
|--|------------|--------------|
