



**FINANCIAL STATEMENTS 2017**

# FINANCIAL STATEMENTS CONTENTS

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Mynd í opnunni á undan:

*Steingrímur Viljar Stefánsson nemi í hússmíði og kennari hans í Tækniskólanum.*

# ENDORSEMENT AND STATEMENT BY THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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## **Operations of the Fund**

Birta Pension Fund operates pursuant to its Articles of Association and Act No. 129/1997 on Mandatory Pension Savings and the Activities of Pension Funds. It also operates based on agreements between unions and employers of 19 May 1969 and 12 December 1995. Birta Pension Fund was created by the merger of the pension funds Sameinaði lífeyrissjóðurinn and Stafir lífeyrissjóður, which was approved at annual meetings of the funds on 29 September 2016 and entered into effect on 1 December 2016. The merger is complete and cost of merger was ISK 17.6 million in 2017. The purpose of Birta Pension Fund is to ensure that pension benefits are available to its members, their surviving spouses and children in accordance with the Fund's Articles of Association as well as the Act on Mandatory Pension Savings and the Activities of Pension Funds.

## **Number of fund members, employers and contributions**

The Fund is divided into three main divisions, Mutual Pension Division, Private Pension Division and Specified Personal Pension Division. At year-end, 101,941 individuals had benefits in the Mutual Pension Division. In 2017, 18,789 individuals paid a contribution into the Mutual Pension Division and 5,359 employers. Active fund members, i.e. fund members who pay a regular contribution to the Fund each month, were 15,882. In 2017, total contributions paid to the Mutual Pension Division amounted to ISK 14,518 million. At year-end 2017, 29,054 individuals had benefits in the Private Pension Division. Active fund members in the Private Pension Division in 2017 were 2,349. In 2017, contributions paid to the Private Pension Division, before transfers of rights and repayments, amounted to ISK 814 million, an increase of 11% from the previous year. At year-end 2017, 1,269 individuals had benefits in the Specified Personal Pension Division. Active fund members in the Specified Personal Pension Division in 2017 were 580. In 2017, contributions paid to the Specified Personal Pension Division, before transfers of rights and repayments, amounted to ISK 80 million.

## **Number of pensioners and pension payments**

In 2017, 12,944 pensioners on average received pension payments from the Mutual Pension Division totalling ISK 9,508 million. Number of pensioners increased by 7.3%. The Fund's legally required contribution to Rehabilitation Fund amounted to ISK 101.6 million. Pension payments from the Private Pension Division totalled ISK 633 million. The Fund's pension burden, i.e. pension payments as a percentage of contributions, was 65.5%, compared to 69.2% in the previous year.

## **Investment income and operating costs**

Net investment income amounted to ISK 23,434 million as compared to ISK 3,016 million in the previous year. The Fund's operating costs, i.e. office and administration costs, amounted to ISK 763 million as compared to ISK 762 million in the previous year. Operating costs as percentage of average asset position was 0.22%, same as the previous year. The number of full-time equivalent positions was 30 during the year and salary payments totalled ISK 432 million, including salary-related costs amounting to ISK 76.7 million.

## **Net assets for pension payments**

Net assets of the Mutual Pension Division for pension payments totalled ISK 334,321 million at year-end as compared to ISK 307,405 million in the preceding year. Net assets of the Private Pension Division totalled ISK 13,721 million at year-end as compared to ISK 12,747 million in the preceding year. Net assets of the Specified Personal Pension Division totalled ISK 80 million at year-end. In aggregate, the assets of the Mutual Pension Division, the Private Pension Division and the Specified Personal Pension Division therefore totalled ISK 348,122 million, up from ISK 320,152 million at year-end 2016.

## **Return of assets**

Nominal return on the Fund's assets came to 7.02% in 2017, equivalent to 5.20% rate of return in real terms as compared to a real return of -1.35% in 2016. The average real return achieved by the Mutual Pension Division over the last 5 years is 4.86% and 0.48% over the last 10 years.

# ENDORSEMENT AND STATEMENT BY THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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## **Actuarial assessment**

An actuarial assessment performed as at year-end 2017 shows that the Fund's total liabilities exceeded total assets by 3.44% but exceeded total assets by 4.09% at year-end 2016. The premise of the assessment is that the Fund's return on assets over the coming decades will be 3.5% above the increase in Consumer Price Index. Further details on the actuarial position can be found in the Fund's Statement of Actuarial Position and in note 16 in the original version.

## **Events after the end of the fiscal year**

No events that are material for the financial position of the Fund occurred from the end of the fiscal year until the date of signing of these annual financial statements.

## **Corporate governance and risk management**

The Board of Directors of the Fund has adopted rules of operations which strive to adhere to the "Guidelines on Corporate Governance". The guidelines are accessible on the website of the Iceland Chamber of Commerce at [www.vi.is](http://www.vi.is). The Fund follows the Guidelines in all major respects and has set up special selection committees as set out in the Articles of Association. However, the Fund's corporate governance policy does not include an analysis of environmental and social factors or information about the main aspects of the Board of Director's performance assessment. Further information about the Board of Directors and corporate governance can be found in a special statement by the Board of Directors which is attached to the financial statements.

The Fund has established a risk management policy which has been approved by the Board of Directors and is accessible on the Fund's website. Its aim is to increase security in the Fund's activities. The policy is based on a definition of risk management which involves identifying, monitoring and limiting risks in the Fund's operations. Risks in the Fund's activities are defined in accordance with the definition set out in the Guidelines of the Financial Supervisory Authority no. 590/2017, as every event which materially increases the likelihood of financial loss relating to an event and falls under one or more risk components defined by the Fund. See further details in note 19 in the original version.

The goal of Birta Pension Fund's risk management is to minimise the likelihood of Fund members' benefits being reduced in the long term, as well as formulating an investment policy and investing the Fund's assets in view of the best terms offered at any given time in terms of return and risk.

## **Dissemination of information**

Birta Pension Fund publishes advertisements in newspapers in a timely manner describing its activities and results in the year 2017. Every six months, the Fund sends members a statement of received contributions together with a calculation of vested pension benefits. Last year's Annual General Meeting included the presentation of the report of the Boards of Directors as well as the Funds' annual financial statements, investment policies and actuarial position. On the Annual General Meeting relating to Specified Personal Pension Division held in June 2017 the substantive changes in Articles of Association were presented. General information about Birta Pension Fund and its activities are available on the Fund's website.

## **Non-financial information**

The Board of Directors has adopted the policy of recognizing the importance of social and environmental issues in the Fund's operations. When discussing investment opportunities, good corporate governance in the companies in which the Fund invests is one of the deciding factors. The Fund has adopted a Code of Ethics and rules on communications, which are among other things intended to fight bribery and corruption. The Fund's policy on Corporate Social Responsibility is set out in its shareholder policy and investment policy. The Fund is a member of the UN Principles for Responsible Investment (PRI) and are the principles disclosed in Icelandic on the Fund's website.

Birta Pension Fund has adopted human resources policy which reflects a supporting environment for employees and their goals as well as the Fund's goals. The policy is intended to facilitate good working environment that aids progress, success and prosperity as well as attracting capable individuals. The Fund's human resources policy is reviewed annually by both directors and staff. Progress is evaluated annually and the policy and working environment adjusted accordingly. Annual employee reviews are used to evaluate progress and set goals. Regular staff meetings are held where information relating to the Fund and its employees is discussed.

# ENDORSEMENT AND STATEMENT BY THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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## Impact of external uncertainties

Capital controls have limited the Fund's investment opportunities in recent years. The Central Bank of Iceland expanded the Fund's authority to make investments abroad during the operating year and has now removed all restrictions on the movement of capital out of Iceland. As a result, external uncertainties in the Fund's activities have decreased substantially. There are still some uncertainties in the external environment which the Fund addresses with, for instance, risk management aimed at minimising risk related to those uncertainties, see note 19 in the original version.

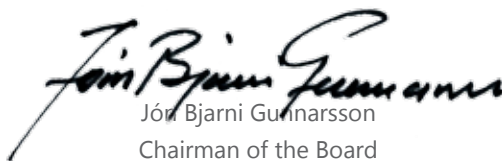
## Expected development and prospects of the Fund

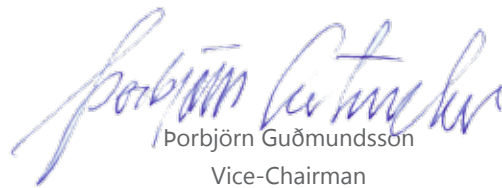
Birta Pension Fund will continue to strive to increase the value of its assets in accordance with the investment policy which can be found on the Fund's website. The merger which took place in the preceding operating year and the increase in required contributions has decreased the pension burden somewhat and this trend is expected to continue. The removal of capital controls increases the Fund's ability to mitigate risk through investments in foreign markets.

The Board of Directors and Managing Director of the Fund hereby confirm these annual financial statements with their signatures.

Reykjavík 5 April 2018.

Board of Directors

  
Jón Bjarni Guðmarsson  
Chairman of the Board

  
Þorbjörn Guðmundsson  
Vice-Chairman

  
Davíð Hafsteinsson

  
Drífa Sigurðardóttir

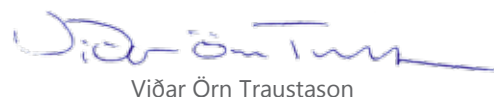
  
Guðrún Jónsdóttir

  
Gylfi Ingvarsson

  
Ingibjörg Ólafsdóttir

  
Jakob Tryggvason

  
Unnur María Rafnsdóttir

  
Viðar Örn Traustason

  
Ólafur Sigurðsson  
Managing Director

# INDEPENDENT AUDITOR'S REPORT

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## To the Board of Directors and members of Birta pension fund

### Opinion

We have audited the financial statements of Birta pension fund, which comprise the directors report, balance sheet as at December 31, 2017, the statement of changes in net assets for pension payments, statement of cash flows and statement of actuarial position for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Birta pension fund as at December 31, 2017, and of its financial performance, cash flows and actuarial position for the year then ended in accordance with Icelandic law on annual accounts and regulation on the financial statements of pension funds and that the directors report includes applicable information in accordance with Icelandic law on annual accounts and regulation on the financial statements of pension funds if not presented elsewhere in the financial statements.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Iceland, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Icelandic law on annual accounts and regulation on the financial statements of pension funds, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# INDEPENDENT AUDITOR'S REPORT

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As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Reykjavík 5 April 2018.

PricewaterhouseCoopers ehf.



Kristinn Kristinsson

State Authorized Public Accountant

# STATEMENT OF CHANGES IN NET ASSETS FOR PENSION PAYMENTS 2017

Joint Statement for Mutual Pension Division, Private Pension Division and Specified Personal Pension Division

	2017	2016
<b>PREMIUMS</b>		
Members	4,867,829	4,367,450
Employers	10,558,308	9,037,188
Transfer of rights and repayments	(38,050)	(103,541)
	15,388,087	13,301,096
Special supplementary contributions	155,169	174,938
	15,543,256	13,476,034
<b>PENSIONS</b>		
Total pensions	10,141,129	9,217,456
Contribution to Rehabilitation Fund	101,597	100,936
Direct expenses relating to disability pensions	1,515	5,037
	10,244,241	9,323,429
<b>INVESTMENT INCOME</b>		
Net income from holdings in companies and funds	11,801,125	(6,888,265)
Net income from bonds	11,486,185	10,107,539
Net income from derivatives	(26,409)	0
Net income from time deposits	137,650	195,828
Net income from cash and bank deposits	122,480	(266,689)
Net income from premiums and other receivables	108,823	91,188
Other investment income	69,844	89,593
Investment expenses	(265,555)	(312,781)
	23,434,143	3,016,412
<b>OPERATING EXPENSES</b>		
Office and management expenses	745,418	689,325
Cost of merger	17,602	72,680
	763,020	762,005
Increase in net assets for the year	27,970,138	6,407,012
Net assets from previous year-end	320,152,350	313,745,338
<b>Net assets for pension payments at year-end</b>	<b>348,122,488</b>	<b>320,152,350</b>



# BALANCE SHEET AS AT 31 DECEMBER 2017

## Joint Statement for Mutual Pension Division, Private Pension Division and Specified Personal Pension Division

	31.12.2017	31.12.2016
<b>ASSETS</b>		
<b>INVESTMENTS</b>		
Holdings in companies and funds	138,031,208	129,273,761
Bonds	197,167,882	179,166,096
Time deposits	4,007,952	4,588,662
Other investments	164,060	382,646
	339,371,102	313,411,164
<b>RECEIVABLES</b>		
Premiums receivables	2,128,564	1,664,675
Other receivables	470,715	175,143
	2,599,278	1,839,818
<b>OTHER ASSETS</b>		
Operating assets	35,659	164,829
Cash and cash equivalents	6,544,139	5,595,423
	6,579,798	5,760,252
<b>Total assets</b>	348,550,178	321,011,235
<b>LIABILITIES</b>		
Cost incurred and accrued income	88,620	93,979
Other liabilities	339,070	764,905
	427,691	858,885
<b>Net assets for pension payments at year-end</b>	348,122,488	320,152,350
<b>Division of net assets for pension payments</b>		
Mutual Pension Division	334,321,422	307,405,489
Private Pension Division	13,721,118	12,746,861
Specified Personal Pension Division	79,948	0
	348,122,488	320,152,350

# STATEMENT OF CASH FLOWS 2017

## Joint Statement for Mutual Pension Division, Private Pension Division and Specified Personal Pension Division

	2017	2016
<b>INFLOWS</b>		
Premium received	15,000,944	12,813,223
Interest income on cash and receivables received	363,036	289,612
Other inflows	220,101	550,532
	15,584,081	13,653,366
<b>OUTFLOWS</b>		
Pension paid	10,230,797	9,318,641
Operating expenses paid	754,123	1,037,890
Investment in operating assets	25,716	8,512
Other outflows	243,083	387
	11,253,719	10,365,430
<b>New disposable resources for investments</b>	4,330,362	3,287,936
<b>INVESTMENT TRANSACTIONS</b>		
Received income from holdings in companies and funds	2,396,743	2,881,577
Investments in holdings in companies and funds	(26,471,538)	(25,216,225)
Holdings sold in companies and funds	26,886,656	20,427,037
Instalments on bond principals and interest	22,418,856	27,880,462
Investments in bonds	(42,098,877)	(43,212,826)
Bonds sold	12,427,000	11,910,116
Derivatives settled	0	(2,052,229)
Investment in time deposits	(783,650)	(2,705)
Reimbursed time deposits	933,532	283,577
Other investments sold	932,083	476,174
	(3,359,194)	(6,625,042)
Increase (decrease) in cash and cash equivalents	971,168	(3,337,106)
Effects of exchange rate fluctuations on cash held	(22,452)	(437,648)
Cash and cash equivalents at beginning of year	5,595,423	9,370,177
<b>Cash and cash equivalents at year-end</b>	6,544,139	5,595,423

# STATEMENT OF ACTUARIAL POSITION

	<b>Accrued liabilities</b>	<b>31.12.2017 Future liabilities</b>	<b>Total liabilities</b>
<b>ASSETS</b>			
Net assets for pension payments	334,321,422	0	334,321,422
Dif. in book value and net present value of bonds	1,429,559	0	1,429,559
Dif. in book value and valuation of holdings in listed companies	(2,695,626)	0	(2,695,626)
Net present value of future investment expenses	(2,526,086)	0	(2,526,086)
Net present value of future operating expenses	(6,588,226)	(7,055,092)	(13,643,318)
Net present value of future premiums	0	189,170,841	189,170,841
	<b>323,941,042</b>	<b>182,115,750</b>	<b>506,056,792</b>
<b>LIABILITIES</b>			
Old age pension	294,595,518	149,918,999	444,514,517
Disability pension	24,084,674	17,207,955	41,292,629
Spouses' pension	25,441,932	9,171,802	34,613,735
Children's allowance	312,872	1,666,123	1,978,995
Family pension	0	1,707,167	1,707,167
	<b>344,434,996</b>	<b>179,672,046</b>	<b>524,107,042</b>
Net assets in excess of liabilities	(20,493,954)	2,443,704	(18,050,250)
Ratio of net assets to liabilities at the beginning of year	(7.59%)	3.12%	(4.09%)
<b>Ratio of net assets to liabilities at year-end</b>	<b>(5.95%)</b>	<b>1.36%</b>	<b>(3.44%)</b>
	<b>Accrued liabilities</b>	<b>31.12.2016 Future liabilities</b>	<b>Total liabilities</b>
<b>ASSETS</b>			
Net assets for pension payments	307,405,489	0	307,405,489
Dif. in book value and net present value of bonds	4,862,376	0	4,862,376
Dif. in book value and valuation of holdings in listed companies	(1,973,672)	0	(1,973,672)
Net present value of future investment expenses	(7,331,594)	0	(7,331,594)
Net present value of future operating expenses	(3,879,370)	(3,868,882)	(7,748,252)
Net present value of future premiums	0	165,761,884	165,761,884
	<b>299,083,229</b>	<b>161,893,002</b>	<b>460,976,231</b>
<b>LIABILITIES</b>			
Old age pension	275,759,463	130,373,654	406,133,117
Disability pension	22,927,710	15,625,431	38,553,142
Spouses' pension	24,637,546	7,851,807	32,489,353
Children's allowance	308,697	1,591,449	1,900,145
Family pension	0	1,554,272	1,554,272
	<b>323,633,417</b>	<b>156,996,613</b>	<b>480,630,030</b>
Net assets in excess of liabilities	(24,550,187)	4,896,389	(19,653,799)
Ratio of net assets to liabilities at the beginning of year	(2.55%)	5.86%	0.00%
<b>Ratio of net assets to liabilities at year-end</b>	<b>(7.59%)</b>	<b>3.12%</b>	<b>(4.09%)</b>

# FINANCIAL INDICATORS

## MUTUAL PENSION DIVISION

	2017	2016	2015	2014	2013
<b>Rate of return</b>					
Net real rate of return*	5.23%	(1.49%)	8.48%	6.79%	5.57%
Average net real rate of return last five years*	4.86%	5.33%	6.07%	4.60%	2.66%
Average net real rate of return last ten years*	0.48%	0.47%			
<b>Investment securities</b>					
Listed holdings in companies and funds	34.96%	33.36%	33.84%	28.97%	24.96%
Listed bonds	39.13%	40.58%	39.70%	42.96%	44.52%
Mortgage loans	16.71%	14.65%	13.48%	13.90%	14.32%
Unlisted holdings in companies and funds	6.74%	8.90%	10.95%	12.19%	13.72%
Unlisted bonds	2.21%	1.89%	1.19%	1.00%	1.36%
Time deposits	0.19%	0.50%	0.58%	0.57%	0.62%
Other investments	0.05%	0.12%	0.26%	0.42%	0.49%
	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Investment in securities by currencies</b>					
Securities in ISK	72.31%	76.12%	74.21%	74.55%	75.44%
Securities in other currencies	27.69%	23.88%	25.79%	25.45%	24.56%
	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Number of</b>					
Average number of paying fund members	15,882	15,927	14,808	14,765	14,885
Total number of paying fund members	18,789	18,470	18,128	18,008	18,146
Number of pensioners	12,944	12,058	11,797	11,066	10,447
Number of full members at year-end	101,941	99,869	97,650	95,936	94,469
Staff (full-time equivalent position)	30.1	30.5	29.9	31.1	31.3
<b>Amounts adjusted to inflation (in millions of ISK)</b>					
Premiums	14,673	13,058	11,147	10,637	10,325
Pension payments	9,611	8,919	8,530	8,019	7,608
Investment income	22,578	2,560	30,525	21,322	23,476
Office and management expenses	706	668	625	645	634
Increase in net assets for pension payments	26,916	5,924	33,563	23,241	25,500
<b>Pension payments</b>					
Old age pension	77.46%	75.86%	73.77%	73.11%	72.65%
Disability pension	13.49%	14.31%	15.57%	16.11%	16.18%
Spouses' pension	8.16%	8.96%	9.36%	9.76%	10.24%
Children's allowance	0.74%	0.75%	0.99%	0.87%	0.84%
Family pension	0.15%	0.11%	0.32%	0.16%	0.09%
	100.00%	100.00%	100.00%	100.00%	100.00%

# FINANCIAL INDICATORS

## MUTUAL PENSION DIVISION, CONT.

	2017	2016	2015	2014	2013
<b>Other financial indicators</b>					
Pensions as % of premiums	65.50%	69.20%	77.40%	77.70%	76.40%
Operating expenses as % of premiums	4.81%	5.11%	5.84%	6.12%	6.23%
Investment income as % of average asset position	14.07%	0.96%	10.00%	7.70%	9.20%
Operating expenses as % of average asset position	0.22%	0.22%	0.22%	0.24%	0.26%
<b>Financial position based on actuarial valuation</b>					
Net assets in excess of total liabilities	(3.44%)	(4.10%)	0.00%	(3.80%)	(5.75%)
Net assets in excess of accrued liabilities	(5.95%)	(7.60%)	(2.55%)	(7.75%)	(10.35%)

\* Historical net real rate of return is the weighted average for rate of return for Stafir Pension Fund and United Pension Fund

## PRIVATE PENSION DIVISION

### DEPOSIT PLAN

#### Rate of return

Net nominal return	3.70%	3.89%	3.89%	2.80%	5.53%
Net real rate of return	1.93%	1.76%	1.86%	1.75%	1.81%
Average net real rate of return last five years	1.82%	1.81%	2.00%	2.18%	2.82%
Average net real rate of return last ten years	2.75%	3.19%	3.44%		

#### Investment securities

Time deposits	100%	100%	100%	100%	100%
Securities in ISK	100%	100%	100%	100%	100%

#### Number of

Average number of paying fund members	634
Number of full members at year-end	3,235
Number of pensioners	145

### BONDS PLAN

#### Rate of return

Net nominal return	7.36%	8.05%	5.91%	4.81%	7.05%
Net real rate of return	5.53%	5.83%	3.84%	3.74%	3.28%
Average net real rate of return last five years	4.44%	4.01%	2.83%	2.13%	0.82%
Average net real rate of return last ten years	1.19%	1.19%	1.22%		

# FINANCIAL INDICATORS

## PRIVATE PENSION DIVISION, CONT.

	2017	2016	2015	2014	2013
<b>BONDS PLAN, CONT.</b>					
<b>Investment securities</b>					
Listed bonds	79.50%	78.28%	74.86%	71.33%	50.28%
Mortgage loans	19.26%	21.15%	23.91%	22.25%	27.83%
Unlisted holdings in companies and funds	0.06%	0.02%	0.64%	0.66%	15.66%
Unlisted bonds	1.18%	0.55%	0.60%	0.62%	0.66%
Other investments	0.00%	0.00%	0.00%	5.15%	5.57%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

### Investment in securities by currencies

Securities in ISK	100%	100%	100%	100%	100%
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### Number of

Average number of paying fund members	1,130
Number of full members at year-end	12,337
Number of pensioners	189

## MIXED PLAN

### Rate of return

Net nominal return	7.46%	2.24%	12.71%	6.66%	19.15%
Net real rate of return	5.63%	0.14%	10.51%	5.57%	14.95%
Average net real rate of return last five years	7.24%	8.00%	7.87%	6.13%	6.09%
Average net real rate of return last ten years	2.89%	2.44%	3.39%		

### Investment securities

Listed holdings in companies and funds	53.46%	52.03%	51.50%	55.28%	55.14%
Listed bonds	41.29%	42.33%	42.69%	37.36%	19.05%
Mortgage loans	2.70%	4.11%	4.13%	4.48%	6.47%
Unlisted holdings in companies and funds	0.36%	0.28%	0.76%	1.21%	17.23%
Unlisted bonds	2.19%	1.25%	0.91%	1.03%	1.06%
Other investments	0.00%	0.00%	0.00%	0.64%	1.04%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

### Investment in securities by currencies

Securities in ISK	58.53%	68.23%	68.68%	67.45%	67.19%
Securities in other currencies	41.47%	31.77%	31.32%	32.55%	32.81%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

### Number of

Average number of paying fund members	585
Number of full members at year-end	13,482
Number of pensioners	105

# FINANCIAL INDICATORS

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## SPECIFIED PERSONAL PENSION DIVISION

	2017
<b>Rate of return</b>	
Net nominal return	0.21%
Net real rate of return	(1.14%)
<b>Investment securities</b>	
Listed holdings in companies and funds	100.00%
<b>Investment in securities by currencies</b>	
Securities in ISK	56.05%
Securities in other currencies	43.95%
	<u>100.00%</u>
<b>Number of</b>	
Average number of paying fund members	580
Number of full members at year-end	1,269
Number of pensioners	1



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