



PENSJONSORDNINGEN  
FOR APOTEKVIKSOMHET

## ANNUAL REPORT 2018





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# 2018 in brief

→ **The Pension Scheme for the Pharmacy Sector has for many years built up and strengthened its solvency, and also delivered positive results in 2018.**

Despite a turbulent year with a sharp fall in the stock market in the autumn of 2018, the total return on the pension scheme's funds for 2018 was 1.75 per cent. Real estate investments and the fixed income portfolio contributed to a positive total return. For more information on this, see page 29.

The result for the year shows a profit of NOK 258 million. Pension liabilities increased by NOK 382 million throughout the year. Growth in the number of total members, salary increases and the regulation of pensions all contribute to the rise in liabilities. Read more in the Board's report from page 8.

## New capital requirements in 2019

Buffer capital was strengthened throughout 2018, and satisfies Finanstilsynet's (the Financial Supervisory Authority of Norway's) stress tests at the end of the year. As of 2019, a new binding capital requirement – simplified solvency capital requirement – will apply. Prelimi-

nary calculations show that the Pension Scheme for the Pharmacy Sector has buffer capital that exceeds the requirement by a good margin. Read more on page 34.

Over the past few years, the pension scheme has implemented the necessary reserves and adjustments to be ready to meet both new capital requirements and market fluctuations. Further adjustments are considered on an ongoing basis.

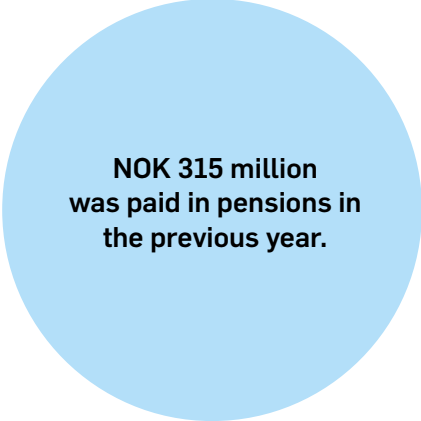
## More old-age pensioners

NOK 315 million was paid in pensions in the previous year. The number of pensioners in the scheme is increasing, and the proportion of pensioners is increasing more than the active population. This is in line with the trend in society otherwise, and is a result of living longer.

It is thus predominantly old-age pensioners who account for the growth in the number of pensioners, while the share of recipients of AFP, disability and survivors' pensions is relatively stable.

## Changes to regulations

In 2018, new privacy legislation was introduced, and at the beginning of 2019, proposals for the Norwegian implementation of a new pension fund directive were sent for



**NOK 315 million  
was paid in pensions in  
the previous year.**

consultation. In addition, the occupational pension rules are changing. An agreement on a new pension solution for the public sector was signed in 2018, and AFP in the private sector is under review. All of these are changes that affect the Pension Scheme for the Pharmacy Sector in different ways. You can read more about this from page 31.

# About the Pension Scheme

## → The Pension Scheme for the Pharmacy Sector manages the pension entitlements of employees in pharmacies in Norway.

The Pension Scheme for the Pharmacy Sector was established in 1953 and is a statutory collective pension scheme. This means that dispensing pharmacists and permanent employees in pharmacies are both entitled to and obliged to become members of the pension scheme.

In addition to the employees at 899 pharmacies the scheme has members from other businesses which are closely associated with the pharmacy sector, and where employers have applied for membership.

The Pension Scheme for the Pharmacy Sector comprises retirement pensions, contractual pensions (AFP), and disability pensions. Upon the death of a member, dependents may be entitled to dependents' pensions. Members can also apply for housing loans. Read more about what the scheme comprises on [www.spk.no/apotekordningen](http://www.spk.no/apotekordningen).

## Administration

The Act on the Pension Scheme for the Pharmacy Sector stipulates that the scheme shall be managed by the Norwegian Public Service Pension Fund in accordance with regulations issued by the Ministry of Labour and Social Affairs. The Board of Directors of the Pension Scheme for the Pharmacy Sector is the scheme's decision-making body.

The Board is headed by the CEO of the Norwegian Public Service Pension Fund and has four additional members, each with a personal deputy. The Board is appointed by the Ministry of Labour and Social Affairs with a four-year mandate following nominations from the employers' associations and the employee unions. Two of the appointed members shall represent employers, while pharmacists and technical staff are each represented by one Board member.

## Board of Directors 2018

- Finn Melbø (chairman) – CEO of the Norwegian Public Service Pension Fund
- Stein Gjerding – Chief Economist, The Employers' Association Spekter
- Trond Teisberg – Chief Negotiator, Virke /the Enterprise Federation of Norway
- Renate Messel Hegre – Negotiator, Parat/Norwegian Association of Pharmacy Technicians
- Greta Torbergson – Secretary General of the Norwegian Association of Pharmacists

# Key figures

## Key figures 2018

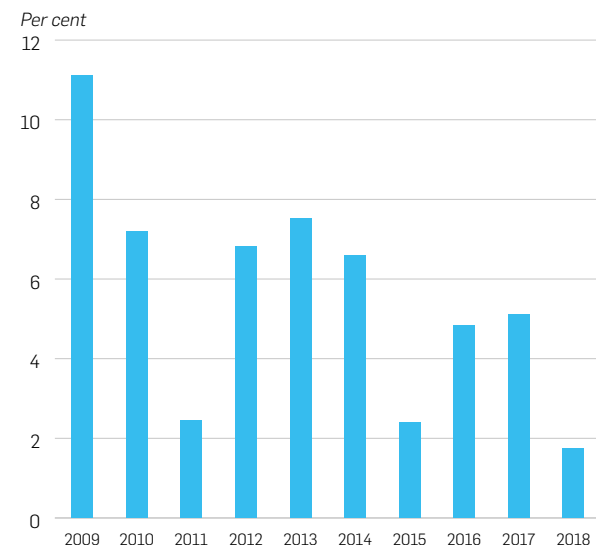
		2018	2017	2016
<b>Customers and members</b>				
Pharmacies in the pension scheme	Number	934	899	868
Members	Number	21 375	20 967	20 288
Actively-employed members*	Number	7 527	7 704	7 645
Pensioners*	Number	5 517	5 338	5 121
Persons with entitlements from previous positions**	Number	8 331	7 925	7 522
<b>Occupational pensions</b>				
Accrued pension entitlements	Thousand NOK	7 656 872	7 275 090	6 989 457
Pension premium	Thousand NOK	693 130	663 758	648 336
Pensions paid	Thousand NOK	314 773	301 205	290 277
<b>Investment management</b>				
Funds in the Pharmacy scheme	Million NOK	9 815	9 293	8 479
Annual return	Per cent	1.75	5.1	4.8

\* The number stated is the number of policies. A member can have more than one policy. For example, a member who receives a partial disability pension from the pension scheme and works partly in an active position will have two policies which correspond to the two positions respectively.

\*\* Members who no longer work in an organisation linked to the Pension Scheme for the Pharmacy Sector, but who have pension entitlements in the scheme (also called deferred pensions).

## Investment management

### Annual return



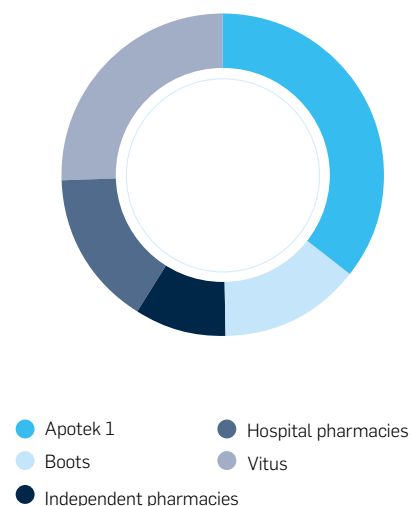
The assets of the Pension Scheme for the Pharmacy Sector are invested in available-for-sale and hold-to-maturity bonds, Norwegian shares, real estate, foreign equity funds, alternative investments funds and loans to members.

Investment management resulted in a value-adjusted return of 1.75 per cent in 2018. The average return for the 10-year period has been 5.6 per cent.

[Read more on page 29.](#)

## Actively-employed members

### Actively-employed members by employers



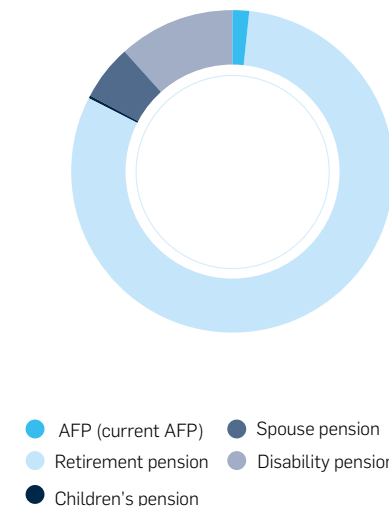
Active	Apotek 1	Vitus	Boots	Hospital pharmacies	Independent pharmacies
Women	2 416	1 649	950	1 011	567
Men	263	264	121	150	135
<b>Total</b>	<b>2 679</b>	<b>1 913</b>	<b>1 071</b>	<b>1 161</b>	<b>702</b>
Change from 2017	-244	107	-75	40	-6

The table shows active members employment by pharmacy retailer, and in total for the independent pharmacies, specified by gender.

[More statistics: see page 36.](#)

## Pension

### Accrued pension entitlements



The Pension Scheme for the Pharmacy Sector comprises retirement pensions, contractual pensions (AFP), disability pensions and dependents' pension (children's pension and spouse pension).

Accrued pension entitlements (in NOK thousand)	
AFP (current AFP)	133 380
Retirement pension	6 198 468
Children's pension	15 312
Spouse pension	435 905
Disability pension	873 807
<b>Total</b>	<b>7 656 872</b>

Accrued pension entitlements in the scheme increased by NOK 382 million from 31/12/2017 to 31/12/2018. Retirement pensions comprise 80 per cent of the total accrued entitlements of NOK 7,657 million.

[Read more on page 27.](#)



# **Board of Directors' report**

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# Board of Directors' Report 2018

## for the Pension Scheme for the Pharmacy Sector

→ In 2018 the Pension Scheme for the Pharmacy Sector achieved a result of NOK 258 million. The time-weighted return for the whole portfolio was 1.8 per cent. The solidity of the Pension Scheme for the Pharmacy Sector strengthened during 2018.

### Organisation

The Pension Scheme for the Pharmacy Sector is managed by the Norwegian Public Service Pension Fund, Oslo. At the end of 2018 the pension scheme had three permanent employees. All employees are investment managers, and all are men. Ongoing follow-up of the employees is carried out by the Norwegian Public Service Pension Fund.

No discrimination shall occur on the grounds of gender, race, age or ethnic background in the Pension Scheme for the Pharmacy Sector.

The Board members are appointed by the Norwegian Ministry of Labour and Social Affairs. The Board of Directors is led by the CEO of the Norwegian Public Service Pension Fund. The other board members represent the Enterprise Federation of Norway (Virke), the Employers' Association

Spekter, the Norwegian Association of Pharmacists and the Norwegian Association of Pharmacy Technicians. As of 31/12/2018 the Board consisted of five members, two women and three men. During the year the board of the pension scheme held six board meetings and dealt with 46 items of business.

### Sustainability/Corporate Social Responsibility

The pension scheme has guidelines for ethically responsible investments. These guidelines are based on the guidelines for the Folketrygdfondet (Government Pension Fund – domestic). In addition, the pension scheme has also resolved to use KLP's and NBIM's lists of excluded companies as the basis for determining companies in which the pension scheme shall not invest.

The pension scheme's operations do not affect the external environment.

### Members, contributions and benefit payments

At year's end 2018, employees at 934 pharmacies were members of the pension scheme. This is an increase of 35 pharmacies from 2017. The pension scheme also includes members who are not pharmacy employees, but who work in other positions associated with the pharmacy sector. The

fund had a total of 7,527 actively contributing members, as well as 5,517 current pensioners at the end of the year.

Employees at pharmacies have mandatory membership in the pension scheme according to the more detailed provisions provided in the Act concerning the Pension Scheme for The Pharmacy Sector. Employees in other positions related to the pharmacy sector can apply for membership and can also apply for withdrawal. Companies that withdrew from the pension scheme with effect from 1/1/2018 made an extraordinary contribution of NOK 6 million. This is a one-time settlement for estimated future regulation of members' rights, with the deduction of the companies' estimated share of the overfunding of the pension scheme.

In 2018, NOK 709 million was paid in premiums, compared to NOK 659 million in 2017. In addition, NOK 315 million was paid in pensions, compared to NOK 301 million in 2017. Invoiced but not paid premiums constituted a total of NOK 161 million at the turn of the year.

The premium rate was 18.1 per cent in 2018. The premium is divided between employees and employers. Employees paid a premium of 3.4 per cent of the contribution base, while employers paid a premium of 14.7 per cent.



In 2018 the pensions were adjusted based on a factor of 3.47 per cent. In the same way as for National Insurance, a fixed factor of 0.75 per cent is deducted from the adjustment of the majority of pensions. This resulted in a minimum increase of the total pension of 2.69 per cent.

### Financial risk

The Board has adopted an investment strategy that clearly delineates which risks may be taken and which investments may be made. The strategy outlines that capital should be invested with a long-term perspective and with a moderate level of risk.

As of 31/12/2018 the proportion of shares, equity funds, hedge funds and special funds was 11 per cent of total assets. This is 1 percentage point lower than in 2017. In the opinion of the Board, the scheme's investment strategy and authorization structure provide a good level of control over the management of the scheme's assets.

The portfolio of fixed-income bonds represented 19 per cent of total assets at year-end. This proportion has increased by 2 percentage points compared with the previous year. Current returns from this portfolio are around 4.0 per cent.

### Insurance risk

Risk management on the investment side and risk management in relation to the actuarial provisions reserves are viewed together. The actuarial provisions are commitments with a long time frame. The capital is therefore also invested from a long-term perspective.

The technical settlement for 2018 is based on the K2005 life expectancy tariff with a basic interest rate of 3 per cent. A 15 per cent safety margin supplement for mortality related to the K2005 tariff is included. The assumption for rates of disability was based on K1963, boosted by a factor of 2.5.

### Result

The result for the year shows a profit of NOK 258 million. Net profits related to financial assets stood at NOK 164 million. This includes changes in unrealized gains and losses. Apart from shares, all asset classes have made a positive contribution to returns for 2018.

Provisions have been reversed for unrealized price gains of NOK 131 million to the securities adjustment reserve in 2018. This has increased the profit for 2018 accordingly.

In 2018 a total increase in pension liabilities (the premium reserve) of NOK 382 million was recorded. Growth in the number of total members, as well as salary increases and the regulation of current pensions all contribute to the rise in liabilities.

This year's profit of NOK 258 million will be allocated to other retained earnings.

### Financial position

As at 31/12/2018 the Pension Scheme for Pharmacy Sector had total capital of NOK 10,005 million. Of total assets, approximately 73 per cent was placed in interest-bearing securities, 11 per cent in shares, equity funds, hedge funds and special funds, 12 per cent in property and real estate, 1 per cent in loans and 2 per cent in bank deposits, while other items account for 1 per cent of the total.

Other retained earnings totalled NOK 1,807 million at year-end. This is an increase of NOK 253 million from 2017. The pension scheme calculates the solvency margin requirement based on the rules that apply to private pension funds. As of 31/12/2018, the calculated solvency margin requirement totalled NOK 269 million. The solvency margin requirement must be covered by other retained earnings.

The scheme's free equity consists of other retained earnings in excess of the solvency margin requirement. Free equity totalled NOK 1,538 million at the end of 2018. This is buffer capital necessary to cover random risks that are not covered by the premium. The buffer capital is equivalent to 15.4 per cent of total equity. By comparison, free equity totalled NOK 1,299 million at the end of 2017. This is equivalent to 13.6 per cent of total equity.

As of 31/12/2018, NOK 422 million in net unrealized price gains was allocated to the securities adjustment reserve. The securities adjustment reserve operates as a buffer against possible future falls in market prices.

Buffer capital was strengthened during 2018. Together with the premiums paid, the return on the securities portfolio contributed to this strengthening. The return (time-weighted) of 1.8 per cent in 2018 is better than the comparable reference index, but somewhat weaker than the assumptions at the beginning of the year.

The pension scheme calculates capital requirements based on the Finantilsynet's (Financial Supervisory Authority of Norway's) stress tests in accordance with similar rules which apply to private pension funds. The stress tests

demonstrate the scheme's ability to bear losses without this threatening the ordinary operations of the scheme. Buffer capital as of 31/12/2018 meets capital requirements based on the Finanstilsynet's stress tests with moderate stress factors. The test, whereby buffer capital is measured against extreme stress factors, also showed a satisfactory financial position. Low interest rates, together with the growth in pension liabilities create, however, a challenge for the Pension Scheme for the Pharmacy Sector and for the industry in general.

From 2019, the pension scheme will calculate the capital requirement in line with the new binding capital require-

ment for pension funds, the simplified solvency capital requirements. Preliminary calculations of a new simplified solvency capital requirement applicable from 2019 based on the accounts as of 31/12/2018 show a satisfactory financial position.

### Summary

The annual financial statements have been prepared under the going-concern assumption. As of 31/12/2018, the pension scheme had set aside technical reserves in accordance with the provisions of Act no. 11 of 26 June 1953 concerning the Pension Scheme for The Pharmacy Sector.

In the opinion of the board, the annual financial statements for the Pension Scheme for the Pharmacy Sector provide a satisfactory basis for assessing the results of the pension scheme's operations during 2018 and the scheme's financial position at year-end.

The Board is of the opinion that the financial position at the end of the year is satisfactory. Together with the adopted investment strategy, the Board is of the opinion that this provides a satisfactory basis for meeting the challenges facing the industry. The requirements for the going-concern assumption are accordingly satisfied.

Oslo, 28 March 2019

Finn Melbø (Chairman)

Stein Gjerding

Greta Torbergsen

Trond Teisberg

Renate Messel Hegre



# **Annual financial statements**

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# Income statement 2018

	Note	2018	2017
<b>TECHNICAL ACCOUNT</b>			
<b>Premium income</b>			
Premium income	17	693 130 488	663 757 581
<b>Net income from investments in the collective portfolio</b>			
Interest income and dividends, etc. from financial assets		209 701 609	186 851 908
Net operating income from real estate fund		46 851 791	7 694 566
Value adjustments on investments		-129 058 848	202 875 276
Realized profit and loss on investments		29 879 409	26 450 682
<b>Total net income from investments in the collective portfolio</b>	21	157 373 961	423 872 432
<b>Insurance benefits</b>			
Pensions paid	18	314 773 221	301 205 259
<b>Recognized changes in insurance liabilities</b>			
Change in premium reserve	11	381 910 000	285 633 000
Change in exceptional liabilities		-9 959 894	-8 788 372
Change in securities adjustment reserve		-130 836 776	202 730 668
<b>Total recognized changes in insurance liabilities</b>	22	241 113 330	479 575 296
<b>Insurance-related operating costs</b>			
Administrative costs	19	24 996 923	23 944 651
Insurance-related administrative costs	20	17 032 609	17 165 605
<b>Total insurance-related operating costs</b>		42 029 532	41 110 257
<b>Technical result</b>		252 588 366	265 739 202

	Note	2018	2017
<b>NON-TECHNICAL ACCOUNT</b>			
<b>Net income from investments in company portfolio</b>			
Interest income and dividends, etc. from financial assets		9 060 929	9 488 794
Net operating income from real estate fund		2 024 404	390 749
Value adjustments on investments		-5 576 462	10 302 499
Realized profit and loss on investments		1 291 050	1 343 230
<b>Total net income from investments in the company portfolio</b>	21	6 799 921	21 525 272
<b>Other income</b>			
Interest income on bank deposits, operations		112 917	213 300
<b>Administrative costs and other costs linked to the company portfolio</b>			
Administrative costs	19	1 060 356	1 222 624
<b>Non-technical result</b>		5 852 482	20 515 948
<b>Comprehensive income</b>		258 440 848	286 255 150
<b>Transfers and allocations</b>			
Allocated to/transferred from(-) other retained earnings	13, 14, 22	258 440 848	286 255 150
<b>Total allocations</b>		258 440 848	286 255 150

## Balance sheet / Assets

	Note	31.12.2018	31.12.2017
<b>ASSETS IN COMPANY PORTFOLIO</b>			
<b>INVESTMENTS</b>			
<b>Financial assets valued at amortized cost</b>			
Bonds classified as hold-to-maturity	2	60 572 537	62 132 533
Housing and business loans	3	2 399 087	3 597 442
<b>Total financial assets valued at amortized cost</b>		<b>62 971 624</b>	<b>65 729 975</b>
<b>Financial assets at fair value</b>			
Shares and mutual funds	4, 7	71 368 611	83 961 281
Interest-bearing securities	5, 7	167 614 138	201 661 670
Financial derivatives	6, 7	0	0
Bank deposits		5 530 523	2 738 128
<b>Total financial assets at fair value</b>		<b>244 513 273</b>	<b>288 361 078</b>
<b>Total investments in company portfolio</b>		<b>307 484 897</b>	<b>354 091 053</b>
<b>Receivables</b>			
Account receivables	9	161 533 061	177 709 204
Receivables from brokers		0	6 344 221
<b>Total receivables</b>		<b>161 533 061</b>	<b>184 053 425</b>
<b>Other assets</b>			
Bank deposits, operations	8	6 431 645	14 982 954
<b>Prepaid expenses and accrued income</b>			
Accrued non-invoiced premiums		6 000 000	5 550 000
Accrued dividends		3 885 264	4 005 395
Prepaid expenses		54 322	50 593
<b>Total prepaid expenses and accrued income</b>		<b>9 939 586</b>	<b>9 605 988</b>
<b>Total assets in company portfolio</b>		<b>485 389 189</b>	<b>562 733 420</b>

	Note	31.12.2018	31.12.2017
<b>ASSETS IN CLIENT PORTFOLIOS</b>			
<b>INVESTMENTS IN COLLECTIVE PORTFOLIO</b>			
<b>Financial assets valued at amortized cost</b>			
Bonds classified as hold-to-maturity	2	1 875 291 984	1 579 063 298
Housing and business loans	3	74 274 400	91 426 950
<b>Total financial assets valued at amortized cost</b>		<b>1 949 566 384</b>	<b>1 670 490 249</b>
<b>Financial assets at fair value</b>			
Shares and mutual funds	4, 7	2 209 532 426	2 133 828 608
Interest-bearing securities	5, 7	5 189 240 289	5 125 117 649
Financial derivatives	6, 7	0	0
Bank deposits		171 221 905	69 587 977
<b>Total financial assets at fair value</b>		<b>7 569 994 621</b>	<b>7 328 534 234</b>
<b>Total investments in collective portfolio</b>		<b>9 519 561 004</b>	<b>8 999 024 483</b>
<b>Total assets in client portfolios</b>		<b>9 519 561 004</b>	<b>8 999 024 483</b>
<b>Total assets</b>		<b>10 004 950 193</b>	<b>9 561 757 903</b>

## Balance sheet / Equity and liabilities

	Note	31.12.2018	31.12.2017
<b>Retained earnings</b>			
Other accrued dividends	10, 13	1 806 637 705	1 553 693 974
<b>Total accrued dividends</b>	10, 14, 15, 16	<b>1 806 637 705</b>	<b>1 553 693 974</b>
<b>Insurance liabilities</b>			
Premium reserve	11	7 657 000 000	7 275 090 000
Special liability – for regulation of pensions	12	80 850 674	79 095 348
Securities adjustment reserve		422 512 904	553 349 680
<b>Total insurance liabilities</b>		<b>8 160 363 578</b>	<b>7 907 535 028</b>
<b>LIABILITIES IN COMPANY PORTFOLIO</b>			
<b>Financial liabilities measured at fair value</b>			
Financial derivatives	6	<b>757 203</b>	<b>117 831</b>
<b>Expenses and income accrued</b>			
Accrued expenses		<b>2 935 973</b>	<b>2 700 055</b>
<b>Other short-term liabilities</b>			
Liabilities to broker		<b>1 100 000</b>	<b>85 000 000</b>
<b>LIABILITIES IN CLIENT PORTFOLIOS</b>			
<b>Financial liabilities measured at fair value</b>			
Financial derivatives	6	<b>23 442 588</b>	<b>2 994 617</b>
<b>Expenses and income accrued</b>			
Accrued expenses		<b>9 713 146</b>	<b>9 716 396</b>
<b>Total equity and liabilities</b>		<b>10 004 950 193</b>	<b>9 561 757 902</b>

Oslo, 28 March 2019

  
Finn Melbø (Chairman)

  
Stein Gjerding

  
Greta Torbergsen

  
Trond Teisberg

  
Renate Messel Hegre

# Cash flow statement

(Figures in whole NOK)	2018	2017
<b>Cash flow from operations</b>		
Member contributions	721 059 916	746 737 970
Bank interest	740 731	708 835
Interest income on loans	1 813 087	2 266 597
Interest on bonds/certificates	203 541 848	176 999 994
Dividends	12 746 431	16 528 309
Other income	1 892 423	1 099 317
<b>Total</b>	<b>941 794 436</b>	<b>944 341 023</b>
Financial expenses paid	-793 613	-1 572 135
Pensions paid	-314 773 221	-301 205 259
Administrative expenses	-42 404 332	-41 641 557
Change in accounts payable	233 208	83 339
Changes in other liabilities	-84 122 832	4 942 450
<b>Total</b>	<b>-441 860 790</b>	<b>-339 393 162</b>
<b>Total cash flow from operations</b>	<b>499 933 646</b>	<b>604 947 860</b>
<b>Cash flow from investments</b>		
Net realized losses/gains on shares/derivatives/special funds	23 103 297	21 833 963
Net realized losses/gains on bonds/certificates	8 067 162	5 959 949
Net realized returns on real estate fund	48 876 195	8 085 315
Net change in loans	18 427 300	15 050 550
Net losses on loans	0	0
Net change in real estate fund	-74 377 223	-199 563 683
Net change in securities	-416 986 242	-796 844 132
Net change in other receivables	-5 672 004	158 761 347
<b>Total cash flow from investments</b>	<b>-398 561 514</b>	<b>-786 716 692</b>

(Figures in whole NOK)	2018	2017
<b>Cash flow from financing activities</b>		
Paid in capital	-5 497 117	-34 894 574
<b>Total cash flow from financing activities</b>	<b>-5 497 117</b>	<b>-34 894 574</b>
<b>Net cash flow for the period</b>	<b>95 875 015</b>	<b>-216 663 405</b>
Cash and cash equivalents 01.01.	87 309 059	303 972 464
Cash and cash equivalents 31.12.	183 184 073	87 309 059
<b>Net change cash and cash equivalents</b>	<b>95 875 015</b>	<b>-216 663 405</b>

# Notes

## Note 1 | Accounting principles

Wherever possible the annual financial statements have been prepared in accordance with the Regulation of 20/12/2011 on annual financial statements etc. for pension companies and with the Norwegian Accounting Act that came into force on 01/01/1999.

### Pension premiums

Pension premiums are recorded as income as they accrue. Pension premiums are paid quarterly in arrears.

### Interest income

Interest is recorded as income as it accrues.

### Financial assets valued at amortized cost

Bonds classified as held-to-maturity are valued at cost price, adjusted for recognized premium/discount. The premium/discount at the acquisition date is recognized in the income statement spread over the bond's remaining life.

Housing and business loans are recorded at par value as of 31/12/2018.

### Financial assets at fair value

#### Shares and mutual funds

Investments in shares and mutual funds are booked at fair value as of 31/12/2018. Fair value is equivalent to the market value as of 31/12/2018. Market value is based on the last official trade in 2018.

Shares in the real estate fund are included in shares and mutual funds. Shares are valued at the market value as of 31/12/2018. The market value is based on independent valuations of the properties.

Shares in the infrastructure fund and hedge fund are also included in shares and mutual funds. The funds has calculated the value of the shares as at 31/12/2018 as per the industry standard.

#### Bonds

Investments in bonds are booked at fair value as of 31/12/2018. Changes in value are recognized in the income statement. Fair value is equivalent to the market value as of 31/12/2018. Market value is equivalent to the tax assessment value for 2018.

#### Financial derivatives

Foreign currency forward contracts are booked at fair value as of 31/12/2018. Fair value is equivalent to the market value as of 31/12/2018.

Securities valued at fair value are considered a single portfolio. The total of the market value minus the acquisition cost is the unrealized gain or loss on the portfolio. Any net unrealized gain is allocated to the securities adjustment reserve. Any net unrealized loss is recognized as an expense in the income statement.

### Foreign currency

Bank deposits together with receivables and liabilities designated in foreign currencies are recorded using exchange rates as of 31/12/2018.

### Insurance liabilities

The calculations are based on the assumption that the pension scheme will continue to operate as long as obligations exist towards its members as of 31/12/2018. Accordingly, account has been taken of all potential pension benefits provided for in the Act on the pension scheme for the phar-

macy sector, both current benefits and benefits that may be relevant in the future. Account has also been taken of the contractual pension scheme (AFP) that allows the drawing of a pension from the age of 62, subject to certain criteria.

The cash value of all scheme members' pensions has been calculated on the basis of membership status as per the balance sheet date (31/12/2018). This calculation has been carried out using standardized actuarial principles, and allowance has been made for discounting and calculation of risk. The calculations are based on a linear accrual of pension benefits from initial employment until retirement, subject to adjustment for any additional periods during which the member may previously have accrued pension entitlements.

The actuarial assumptions of mortality in the case of longevity risk and mortality for mortality risk are based on the basis elements in K2005. Mortality in the case of longevity risk was also strengthened with a 15% safety margin for both genders.

The assumption for rates of disability was based on K1963, boosted by a factor of 2.5.

### Accrued dividends

Retained earnings consist of Other retained earnings. Other retained earnings comprise the pension scheme's excess capital in relation to the pension scheme's commitments. As a minimum the equity must cover the estimated solvency margin requirement. The solvency margin requirement is described in more detail in Note 15. Other retained earnings in excess of the solvency margin requirement/minimum capital requirement are defined as free equity. There are no guidelines limiting the application of free equity in the Pension Scheme for Pharmacy Businesses.



## Note 2 | Bonds classified as hold-to-maturity

Figures in NOK 1,000

Issuer	Par value	Cost price	Book value	Market value	Difference between book and par value
Government-guaranteed	100 000	90 490	99 570	101 300	430
Banking/finance	175 000	174 808	174 865	174 653	135
Municipality/county	25 000	23 835	24 093	24 388	907
Industry	1 335 300	1 336 693	1 336 280	1 346 223	-980
Energy	265 000	267 238	266 437	270 641	-1 437
<b>Bonds classified as hold-to-maturity:</b>	<b>1 900 300</b>	<b>1 893 064</b>	<b>1 901 245</b>	<b>1 917 204</b>	<b>-945</b>
Interest earned			34 620	34 620	
<b>Total book value</b>	<b>1 900 300</b>	<b>1 893 064</b>	<b>1 935 865</b>	<b>1 951 824</b>	<b>-945</b>
Book value 1/1/2018:			1 641 196		
Additions 2018:			405 300		
Disposals 2018:			-118 795		
Accrued premium/discount for the year:			662		
Change in accrued interest 2018:			7 502		
<b>Book value 31/12/2018:</b>			<b>1 935 865</b>		
Proportion of above in the collective portfolio			1 875 292		
Proportion of above in the company portfolio			60 573		

All bonds classified as hold-to-maturity are listed on regulated marketplaces. All bonds are issued in NOK. The weighted average yield on bonds classified as hold-to-maturity is 4.0%. The average yield is calculated on the basis of average yield on each bond. The average yield is weighted in relation to the relevant security's par value and totalled. The difference between book and par value is recognized in the income statement over the remaining life of the bond.

## Note 3 | Housing and business loans

The pension scheme provides loans to its members. Housing and business loans are recorded at par value as of 31/12/2018. Past lending losses have been extremely small. Hence, no allowances are made for possible loan losses.

Borrowers with housing loans are partially covered by credit insurance for which the pension scheme has self-insurance arrangements. No provisions have been made for potential claims as of 31/12/2018, since the number of claims and the sums relating to them have been low in recent years.

Specification of the loan portfolio:

	Housing loans	Government-guaranteed debenture loans	Total
Number	128	2	130
Amount	76 140 191	397 251	<b>76 537 442</b>
Interest earned			136 045
Total			<b>76 673 487</b>
Proportion of above in the collective portfolio:	74 274 400		
Proportion of above in the company portfolio:	2 399 087		

The interest rate on mortgages declined from 2.20% to 2.10% from 1/7/2018. For Government-guaranteed debenture loans, the interest rate declined to 2.60%.

Losses etc. on loans	2018	2017	2016	2015	2014
Principal written off	0	0	0	0	354
Principal written off, credit insurance	0	0	0	0	0
Interest written off	0	0	0	0	0
Interest written off, credit insurance	0	0	0	0	0
Payments on previous written off	0	0	0	0	0
Total	0	0	0	0	354

## Note 4 | Shares/fund shares

### Shares listed on the Oslo Stock Exchange

Company	Cost price	Book value
Af Gruppen Ord	8 460 832	13 200 000
B2 Holding Asa	14 823 713	9 840 000
Borregaard Asa	10 969 903	16 456 000
Elkem Asa	15 576 820	11 097 500
Equinor Asa (Formerly Statoil Asa)	11 537 729	9 738 750
Europris Asa	15 996 070	9 954 500
Fjord1 As	9 586 196	14 104 000
Fjordkraft Holding	12 740 653	13 600 000
Golden Energy Offshore Services As	10 584 810	6 562 582
Hexagon Composites	14 379 815	14 351 025
Pioneer Property Group Asa	12 500 000	12 875 000
Ringerike Sparebank	10 514 172	12 090 099
Sbanken Asa	9 061 226	15 000 000
Softox As	4 100 000	3 375 000
Sparebank 1 Bv	7 330 413	7 974 400
Sparebanken Telemark	8 121 475	8 187 200
Storebrand Asa	8 365 258	8 013 200
Tgs Nopec Geophysical Co	6 208 538	4 865 040
Yara International	18 701 091	16 675 000
<b>Total Norwegian shares</b>	<b>209 558 715</b>	<b>207 959 297</b>
Autoliv Inc	12 587 897	10 931 300
Dometic Group Ab	8 834 629	6 435 660
Epiroc Ab-A	12 960 878	12 516 290
Huhtamaki Oyj	12 528 210	10 187 231
International Petroleum Corporation Of Sweden	9 633 949	7 118 230
Investor Ab B-Shares	17 708 748	18 312 378
Iss As	13 827 500	10 871 935
Novo Nordisk As-B	22 856 829	21 743 870
Sandvik Ab	11 472 357	11 211 554
Subsea 7 S.A (Formerly Acergy S.A. )	27 091 017	20 648 600
Vestas Wind Systems As	16 425 636	17 306 247
Volvo Ab-B	15 283 073	12 436 913
<b>Total foreign shares</b>	<b>181 210 724</b>	<b>159 720 208</b>
<b>Total individual shares listed on the Oslo Stock Exchange/ VINX</b>	<b>390 769 438</b>	<b>367 679 504</b>

### Equity funds

Fund	Cost price	Book value
BlackRock World Index Fund	262 350 878	578 677 472
<b>Total foreign equity funds</b>	<b>262 350 878</b>	<b>578 677 472</b>

### Hedge funds/Special funds

Fund	Cost price	Book value
Archmore Infrastructure Debt Platform SCA-SICA V-SIF	78 499 424	85 824 730
QVT Roiv Hldgs Offshore Ltd. A	764 298	1 241 753
Sector Healthcare Fund Class A	20 402 707	43 793 969
<b>Total foreign hedge funds/special funds</b>	<b>99 666 429</b>	<b>130 860 452</b>

### Real estate funds

Fund	Cost price	Book value
Aberdeen Eiendomsfond Norge I AS	3 175 833	3 445 152
Aberdeen Eiendomsfond Norge I IS	306 296 790	341 092 637
Pareto Eiendomsfelleskap AS/IS	427 763 408	550 613 071
Union Core Real Estate Fund AS	3 000 000	3 081 888
Union Core Real Estate Fund IS	297 000 001	305 450 864
<b>Total real estate funds</b>	<b>1 037 236 031</b>	<b>1 203 683 610</b>

<b>Total shares and mutual funds</b>	<b>1 790 022 777</b>	<b>2 280 901 038</b>
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<b>Proportion of above in collective portfolio</b>	<b>1 734 013 578</b>	<b>2 209 532 426</b>
<b>Proportion of above in company portfolio</b>	<b>56 009 199</b>	<b>71 368 611</b>

The portfolio of individual shares consists of shares listed on the Oslo Stock Exchange, as well as shares listed on the Copenhagen, Stockholm or Helsinki stock exchanges and which are included in the VINX benchmark index. Limits have been imposed on the proportion of total capital that can be invested in shares in a single company, as well as for the overall maximum risk for the management of individual shares.

The Black Rock World Index Subfund reflects the MSCI World Index and accordingly has approximately the same risk profile as this.

Investments in special funds at year-end consisted of 3 different funds – 2 hedge funds and Archmore Infrastructure Debt platform. This fund invests in infrastructure. The reference index for the hedge fund investments for 2018 has been the Global Hedge Fund Index as for previous years.

Real estate investments consist of interests in Aberdeen Eiendomsfond Norge I IS/AS, Pareto Eiendomsfond Norge AS/IS and Union Core Real Estate Fund IS/AS. These investments are recorded at market value as of 31/12/2018. Market value of the investments is based on independent valuations of the properties.

Book value of real estate investments as of 31/12/2018 (in NOK 1,000):

	2018	2017	2016	2015	2014
Opening balance	1 101 755	826 565	937 384	858 515	609 043
Purchases during the year at acquisition cost	74 377	225 623	0	62 019	237 349
Disposals during the year at disposal cost	0	-26 059	-138 140	0	0
Adjustments in value during the financial year	27 552	75 626	27 321	16 850	12 123
<b>Closing balance</b>	<b>1 203 684</b>	<b>1 101 755</b>	<b>826 565</b>	<b>937 384</b>	<b>858 515</b>

Proportion of above in the collective portfolio	1 166 021	1 060 044	806 118	904 522	826 073
Proportion of above in the company portfolio	37 663	41 711	20 447	32 862	32 442

Pareto Eiendomsfelleskap AS/IS is structured as two companies – Pareto Eiendomsfelleskap IS and Pareto Eiendomsfelleskap AS – in which the AS is the principal for the IS. The investment in Pareto Eiendomsfelleskap AS/IS is viewed as a direct investment in real estate. Investments have only been made in properties in Norway. Of the total investments in Pareto Eiendomsfelleskap, 83% comprise real estate in Greater Oslo, 10% comprise real estate in other parts of eastern Norway while 7% comprise real estate in Vestfold. 75% of the total investments is in buildings relating to warehousing/logistics, 14% is in buildings related terminals/logistics and the remaining 11% is in buildings relating to trade. The average time remaining on lease agreements for properties in the portfolio fell slightly during 2018 from 10.3 years to 10 years. Total gross rent for 2018 was NOK 159.7 million.

Aberdeen Eiendomsfond Norge I IS/AS is structured as two companies – Aberdeen Eiendomsfond Norge I IS and Aberdeen Eiendomsfond Norge I AS – in which the AS is the principal for the IS. The investment in Aberdeen Eiendomsfond Norge I IS/AS is viewed as a direct investment in real estate. Investments have only been made in properties in Norway. Of total investments in Aberdeen Eiendomsfond Norge I IS/AS, 73% is in real estate in Greater Oslo, 12% in Trondheim, 9% in Bergen, 2% in Stavanger and 4% in other municipalities. The portfolio comprises of 30 properties. The average time remaining on lease agreements for properties in the portfolio at the end of 2018 is 5.6 years, a slight increase compared with the end of 2017. Total gross rental income amounted to NOK 547 million in 2018.

The company structure in the Union Core Real Estate Fund IS/AS consists of two compa-

nies – Union Core Real Estate Fund IS and Union Core Real Estate Fund AS, in which the AS is the principal for the IS. The investment in Union Core Real Estate Fund IS/AS is viewed as a direct investment in real estate. Investments have only been made in properties in Norway. Union Core Real Estate is a relatively new fund. The fund has so far invested in 7 properties: 4 properties in Greater Oslo, a property in Bergen, one in Trondheim, and a new building under construction in the Stavanger area. Total rental income for the fund is NOK 59.3 million, and the average time remaining on lease agreements is 11.4 years. 37% of rental income comes from the public sector, 40% from private enterprises and 23% from foundations/associations.

None of the premises are occupied by the Pension Scheme for the Pharmacy Sector.

## Note 5 | Bonds

Issuer	Cost price	Market value	Unrealized gains
Banking and finance	2 110 252 088	2 114 878 914	4 626 825
Municipality/county	1 280 838 580	1 282 537 066	1 698 486
Government-guaranteed	305 713 409	304 407 650	-1 305 759
Industry	933 116 630	903 308 977	-29 807 653
Energy	261 565 750	265 288 517	3 722 767
Subordinated loans	462 734 870	461 699 141	-1 035 729
<b>Total interest-bearing securities classified as financial current assets</b>	<b>5 354 221 327</b>	<b>5 332 120 265</b>	<b>-22 101 062</b>
Interest earned		24 734 163	
<b>Total</b>	<b>5 354 221 327</b>	<b>5 356 854 428</b>	

Proportion of above in the collective portfolio	5 189 240 289
Proportion of above in the company portfolio	167 614 138

The interest-bearing securities portfolio is classified as a financial current asset and consists of interest-bearing securities listed on the Oslo Stock Exchange, Oslo ABM and Nordic Nasdaq (Stockholm) as well as unlisted securities. All interest-bearing securities classified as financial current assets are nominated in NOK, with the exception of six securities nominated in USD, five nominated in EUR and four securities nominated in SEK. The weighted average interest for securities with floating interest rates is approximately 2.1% and for fixed interest securities is currently approximately 2.0%. The average effective rate of interest is calculated on the basis of the individual securities' effective rate of interest in relation to their market value.

## Note 6 | Financial derivatives

The purpose of employing derivatives is to increase the effectiveness of the management of fund assets, including the potential to hedge investments. In principle the pension scheme can only invest in listed (standardized) derivatives. The underlying securities must be securities in which the scheme can invest in accordance with applicable guidelines. Non-standardized derivatives ("over-the-counter derivatives"/"OTC derivatives") may only be employed for hedging purposes. However this does not apply to Norwegian FRA.

As of 31/12/2018, investments were held in the following derivatives:

Currency purchased	Currency sold	Nominal amount in NOK	Fair value in NOK
NOK	EUR	-365 442 200	-7 259 851
NOK	USD	-495 385 750	-9 576 005
NOK	SEK	-161 618 138	-6 320 310
NOK	DKK	-50 198 325	-1 043 624
<b>Total forward currency contracts</b>		<b>-1 072 644 413</b>	<b>-24 199 791</b>
Proportion of above in the collective portfolio (liabilities)			-23 442 588
Proportion of above in the company portfolio (liabilities)			-757 203

During 2018 investments in foreign shares have been hedged for periods of three to six months through the use of options. Hedging arrangements have been recognized in the financial statements for 2018 at around NOK 4 million net. In addition, stock options have been traded in 2018 in order to effectively adjust equity exposure.

## Note 7 | Financial instruments valued at fair value

In accordance with the Act relating to annual accounts for pension companies, financial instruments valued at fair value must be classified with regard to how fair value is measured. Such classification gives an indication of the relative uncertainty related to measurement of the different levels.

The Act defined three calculation levels for how fair value is measured:

1. Fair value is measured using listed prices in active markets for identical financial instruments. No adjustment is carried out of these prices.
2. Fair value is measured using another observable input than the listed prices used in level 1, either directly (prices) or indirectly (derived from prices).

3. Fair value is measured using an input which is not based on observable market data (non-observable input).

Fair value hierarchy of financial instruments measured at fair value:

	31.12.2018	Level 1	Level 2	Level 3
Shares and mutual funds	2 280 901 038	367 679 504	578 677 472	1 334 544 062
Bonds	5 356 854 428		5 356 854 428	
Financial derivatives	-24 199 791		-24 199 791	
<b>Total</b>	<b>7 613 555 674</b>	<b>367 679 504</b>	<b>5 911 332 108</b>	<b>1 334 544 062</b>

## Note 8 | Bank deposits

Of bank deposits related to operations of NOK 6,431,645 as of 31/12/2018, NOK 315,695 are restricted tax deduction funds.

As security for various derivative positions, the pension scheme is obliged to provide collateral in the form of locked-in bank deposits held in margin accounts. As of 31/12/2018 there are no such locked-in bank deposits.

## Note 9 | Accounts receivables – losses on accounts receivables

Accounts receivables had a book value of NOK 161,533,061 and consisted of:

	31.12.2018	31.12.2017
Accounts receivables related to premium income:	161 248 873	177 240 789
Accounts receivables related to loans:	611 781	728 658
Other accounts receivables	0	398
Provision for potential loss:	-327 593	- 260 641
<b>Total accounts receivables:</b>	<b>161 533 061</b>	<b>177 709 204</b>

Accounts receivables are recorded at par value as at 31/12/2018 Provisions for potential losses in accounts receivables have been made as at 31/2/2018

Recorded losses on receivables were as follows:

	2018	2017
Realized loss on receivables:	0	0
Change in provision for potential loss:	66 952	260 641
<b>Recorded loss on receivables:</b>	<b>66 952</b>	<b>260 641</b>

## Note 10 | Other retained earnings

As at 31/12/2018, other retained earnings totalled NOK 1,806,637,705. Other retained earnings with the addition of the securities adjustment fund of NOK 422,512,904 together make up the overfunding of the scheme.

The pension scheme has calculated the solvency margin requirement using rules similar to those applicable to private pension funds in accordance with the new administrative regulations from the Ministry of Labour and Social Affairs with effect from 2011. The solvency margin requirement calculated as of 31/12/2018 is NOK 268,714,617 (see calculation in note 15 below).

The solvency margin requirement must be covered by other retained earnings. Other retained earnings less the solvency margin requirement, but with the addition of the securities adjustment fund, total NOK 1,960,435,993. This constitutes the scheme's buffer capital.

## Note 11 | Premium reserve

The Pension Scheme for the Pharmacy Sector is only obliged to perform a technical calculation of future insurance liabilities every five years. The board has nonetheless decided to perform such technical calculations annually. The results of these calculations are also used for accounting purposes.

The premium reserve is calculated as the present value of accrued pension rights as of 31/12/2018. These reserves must cover future pension entitlements accrued at the balance sheet date by the scheme's members. For the pension recipients, the premium reserve is the current value of remaining pension payments. Wherever possible the amount of provision has been calculated in accordance with the guidelines applicable to private sector pension funds.

The basis for the calculation is the industry tariff K2005 with a basic interest rate of 3%. Mortality in the case of longevity risk is also strengthened with a 15% safety margin for both genders.

The assumption for rates of disability was based on K1963, boosted by a factor of 2.5.

The administration reserve allows for expected future costs associated with the payment of pensions. The administration reserve is not calculated individually, but forms part of the premium reserve. The Pension Scheme for the Pharmacy Sector has opted to make provision for these future costs in the order of 4% of calculated pension liabilities. Provision has been made in respect of current pensioners, actively contributing members and former employees

with deferred pensions (i.e. employees who have left member-qualifying positions and have earned pension rights).

## Note 12 | Special liability – for regulation of pensions

A one-off settlement was performed for the calculated costs of future regulation of pensions for companies that withdrew from the pension scheme with effect from 1/1/2017 and 1/1/2018. The one-off settlement in 2017 amounted to NOK 87,883,720, while the one-off settlement in 2018 amounted to NOK 11,715,220. The one-off settlements were allocated as a special liability in the balance sheet.

The actual cost for the regulation of pensions each year is reflected in the premium reserve. The special allocation for the calculated regulation cost is, therefore, reduced annually by 1/10 of the original amount. Remainder of special liability as at 31/12/2018 totalled NOK 80,850,674.

## Note 13 | Allocation of the result for the year

This year's profit of NOK 258,440,848 will be allocated to other retained earnings.

Other retained earnings totalled NOK 1,806,637,705 as at 31/12/2018. Other retained earnings and the securities adjustment fund together constitute the scheme's overfunding.

## Note 14 | Specification of changes in retained earnings

As of 31/12/2018 retained earnings totalled NOK 1,806,637,705.

Companies that withdrew from the pension scheme with effect from 01/01/2018 were given a calculated share of the overfunding in the pension scheme. This reduces retained earnings by NOK 5,497,117 in 2018.

The change in retained earnings in 2018 may be specified as follows:

Retained earnings as at 31/12/2017	1 553 693 974
- Calculated share of equity in connection with withdrawal	-5 497 117
+ Net profit for the year allocated to other retained earnings	258 440 848
<b>= Retained earnings as at 31/12/2018</b>	<b>1 806 637 705</b>

## Note 15 | Calculation of the solvency margin requirement

As of 31/12/2018 the solvency margin requirement was calculated to total NOK 268,714,617.

The basis for the calculation of the solvency margin requirement as of 31/12/2018 was as follows:

	Calculation basis	Calculation factor	Calculated solvency margin requirement
Premium reserve old age pension:	6 331 848 398	4.0 %	253 273 937
Mortality risk (uncovered risk, gross):	198 700 773	0.30%	596 102
Disability pension and premium exemptions (average gross compensation costs 2015–2017):	57 094 532	26.00%	14 844 578
<b>Total solvency margin requirement as of 31/12/2018:</b>			<b>268 714 617</b>

## Note 16 | Simplified Solvency Capital Requirement

A new binding capital requirement – simplified solvency capital requirement – came into force for pension funds from 1/1/2019. The requirement is a simplified version of the Solvency II regulations that apply to insurance companies and is based on the Norwegian Financial Supervisory Authority's stress test, with some adjustments.

The Pension Scheme for the Pharmacy Sector has made preliminary calculations of a new simplified solvency capital requirement based on the accounts as of 31/12/2018. The preliminary calculation for the simplified solvency capital requirement totals NOK 1,045 million. The buffer capital exceeds the simplified solvency capital requirement by NOK 1,099 million. In the calculation of buffer capital, consideration has been made of the transitional rule from the Norwegian Financial Supervisory Authority for adjusting upward the premium reserve at fair value. The transitional rule means that the effect of the upward adjustment at fair value is distributed over 16 years. In the calculation, it is assumed that the remaining upward adjustment is 13/16 parts. Without the use of the transitional rule, the buffer capital is estimated to exceed the simplified solvency capital requirement by NOK 731 million.

## Note 17 | Premium contributions

Members contributed premium income totalling NOK 709,344,696 in 2018. By comparison, the book value of premium income was NOK 693,130,488. In 2017 members contributed NOK 658,854,250 in premiums, while the book value of premium income was NOK 663,757,581. The differential between premium income and premium contributions is attributable to the change in invoiced but unpaid premiums and the application of accrual accounting to premium income.

## Note 18 | Pensions

Of the pension costs within the profit and loss account, NOK 563,665 represents write-offs of pension benefit overpayments. The corresponding figure for 2017 was NOK 679,074.

## Note 19 | Administrative costs

Total administration costs came to NOK 26,057,279. The pension scheme has had three employees throughout 2018. Pay and social expenses for these three investment managers totalled NOK 9,069,511 in 2018 and are included in administrative costs.

## Note 20 | Insurance-related administrative expenses

The pension scheme is managed by the Norwegian Public Service Pension Fund. In 2018, NOK 15,777,216 was charged against income in respect of the purchase of administrative services for the pension scheme, including costs relating to bookkeeping, actuarial services and pensions management. Furthermore, NOK 327,956 was charged against income for audit services including value added tax. The entire amount was related to standard audit services. NOK 339,482 was charged against income for remuneration to board members. The costs of carrying out payments amount to NOK 479,068, while various other costs and cost reimbursements amount to NOK 108,887. The total insurance-related administrative costs comprise NOK 17,032,609.

In 2018 the following remuneration was paid to the Board members of the scheme:

Finn Melbø (chairman)	68 594
Stein Gjerding	68 594
Renate Messel Hegre	58 130
Trond Teisberg	68 594
Greta Torbergsen	66 850
Kjell Morten Aune (deputy)	8 720
<b>Total</b>	<b>339 482</b>

## Note 21 | Return on capital

The estimated yield for the portfolio as a whole is as follows:

Year:	2018	2017	2016	2015	2014
Return stated as % (value-adjusted):	1.75	5.12	4.83	2.37	6.61
Return stated as % (recorded):	3.08	2.63	6.48	1.38	4.47*

\* Corrected in connection with the 2015 annual financial statements

The return on capital shown above has been calculated in respect of the whole portfolio: i.e. both the collective and the company portfolios. From 2009 private sector pension funds are required to calculate the return on capital for the collective portfolio as a whole.

## Note 22 | Analysis of result

Changes in pension plan:	0,00 million
Yield result <sup>1)</sup>	-53,64 million
Risk result <sup>2)</sup>	6,25 million
Other result <sup>3)</sup>	169,62 million
Administration result:	0,00 million
<b>Insurance result:</b>	<b>122,23 million</b>

1) The interest result is the difference between the actual return and the calculation rate in the premium reserve.

2) The risk result is a comparison of risk income less risk expenses. Risk income comprises received and technically estimated risk premiums for mortality and disability, as well as mortality cross-subsidy. Risk expenses are supplemented by provisions for risk events.

3) Recognized difference between invoiced and actual calculated premium. A negative result indicates the receipt of insufficient premium income.



# Auditor's report

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# Auditor's report



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Pension Scheme for the Pharmacy Sector

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of The Pension Scheme for the Pharmacy Sector, which comprise the balance sheet as at 31 December 2018, the income statement and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Pension fund as at 31 December 2018 and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). 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 Pension fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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.

#### Other information

Other information consists of the information included in the Pension fund's annual report other than the financial statements and our auditor's report thereon. The Board of Directors (management) is responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 Pension 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 Pension fund or to cease operations, or has no realistic alternative but to do so.

#### 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) will always detect a material

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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.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism 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 Pension 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 Pension 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 Pension 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.

### Report on other legal and regulatory requirements

#### Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

#### Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Pension fund's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 8 April 2019  
ERNST & YOUNG AS

Knut Aker  
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

Independent auditor's report - The Pension Scheme for the Pharmacy Sector

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# Insight

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# Pension liabilities

→ **The actuarial provisions in the Pension Scheme for the Pharmacy Sector increased by NOK 382 million in 2018. As of 31/12/2018, the premium reserve was estimated to be NOK 7,657 million.**

The premium reserve is defined as the present value of accrued pension rights at the balance sheet date. The present value is found by discounting the expected future pension payments using a calculation rate of 3 per cent.

The following factors are also considered:

- (i) probabilities of survival and receiving a retirement pension,
- (ii) probability of becoming incapacitated for work and receiving a disability pension, and
- (iii) probability of dying and leaving family members who are entitled to a spouse or children's pension.

In 2018, no changes have been made to the actuarial requirements. This means that the calculations have been carried out using the mortality tariff K2005, strengthened with a 15 per cent safety margin for both sexes, and the K1963 disability tariff strengthened by 250 per cent.

The calculation rate, one year's earnings for active and regulation of the pension basis or pension benefits, help to build up the premium reserve. On the other hand, pension payments reduce the premium reserve.

## Insurance result

The insurance result is positive and can be split into three different results: investment result, risk result and other result.

### Interest result – NOK -54 million

Interest income is negative, which means that the return (1.75 per cent) on the pension assets has been lower than the calculation rate (3.0 per cent) in the premium reserve. The size of the pension funds is currently also approximately NOK 2 billion higher than the premium reserve.

### Risk result – NOK 6 million

The risk result is positive to the tune of NOK 6 million. This means that the risk premium calculated according to the applicable tariffs this year proved to be greater than the increase in the net premium reserve as a result of actual risk events throughout the year.

### Other result – NOK 170 million

The other result is positive. This is the difference between the premiums charged throughout the year and the calculated premium calculated in the Norwegian Public Service Pension Fund insurance system. The invoiced premium is calculated on the basis of a fixed percentage (18.1 per cent) of the pension basis. Actuarially calculated premiums are updated continuously throughout the year as a result of changes to members' pension rights.

### Assessment of the pension scheme's financial position

In a pension scheme such as the Pension Scheme for the Pharmacy Sector, where the liabilities as a whole are to be secured through the accumulation of funds, the value of the funds allocated to pensions (assets) should at least correspond to the size of the insurance provisions in order to ensure a reasonable level of coverage in the scheme. This is in line with the requirements of similar private schemes that are covered by the Insurance Activities Act.

The overfunding in the scheme continues to increase, and at year-end 2018 it was NOK 2.2 billion. This represents an increase of NOK 122 million last year, which is the total of the three results above.

It is primarily premium income and several years of good returns that have contributed to this significant overfunding. The premium income is considered to be a reliable income, while the returns are more uncertain. The premium rate of 18.1 per cent will help the pension fund to continue building the necessary buffer so that it is better able to meet new capital requirements for pension funds that will be introduced in 2019.

The Board of the pension fund has been presented with the results from the Finanstilsynet's (Financial Supervisory Authority of Norway's) Stress Test I and II for each quarter. The calculations vary somewhat throughout the year, primarily as a result of changes in the yield curves that are used to estimate the premium reserve for "fair value".

The Pension Scheme for the Pharmacy Sector does not report to the Finanstilsynet, but pension funds that do so must account for implemented, planned and evaluated measures in the stress test reporting if the buffer capital utilization exceeds 200 per cent. The Pension Scheme for the Pharmacy Sector has had a buffer capital utilization of 60-65 per cent throughout 2018. The financial situation in the pension fund is considered to be good given the current overfunding, premium rate and solvency requirements.

**Premium income and several years of good returns mean that the Pension Scheme for the Pharmacy Sector is well equipped to meet new capital requirements.**

# Investment management

→ **The Pension Scheme for the Pharmacy Sector had a relatively low equity allocation throughout 2018, and despite the sharp fall in stock markets in the fourth quarter, the return for the year totalled 1.75 per cent. Assets under management were NOK 9.8 billion at year-end.**

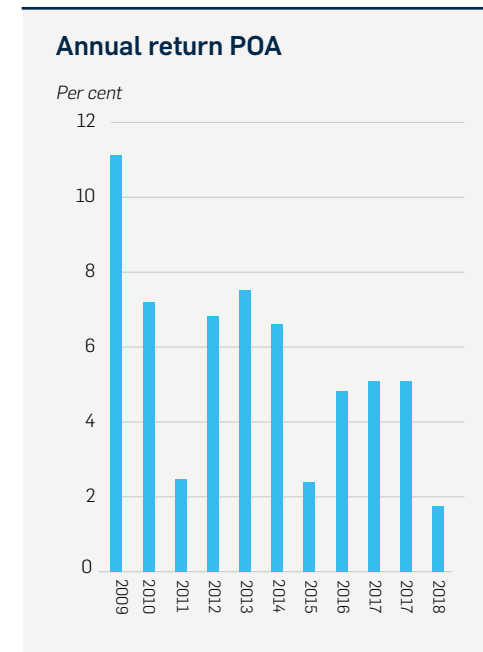
The investment management activities of the Pension Scheme for the Pharmacy Sector are intended to help the scheme meet its long-term commitments without incurring excessive fluctuations in the premium. The aim is to achieve the highest possible return within the scheme's available risk capacity.

The Pension Scheme for the Pharmacy Sector's investment strategy has been adopted by the Board of Directors. The strategy stipulates that the chosen investment portfolio must have a risk profile for which there is at least a 99 per cent probability of meeting the legally-required capital requirements.

## Results

The Pension Scheme for the Pharmacy Sector has deliberately maintained a relatively low equity exposure throughout 2018. As a result, the investment portfolio delivered a positive return for the year as a whole, despite a very turbulent fourth quarter in the stock markets. The value-adjusted return for 2018 was 1.75 per cent. The time-weighted return was 1.74 per cent.

Real estate investments yielded 6.9 per cent in 2018, contributing strongly to the total return. The fixed income



*The figure shows the annual return on investments for the Pension Scheme for the Pharmacy Sector for the past ten years.*

portfolios also provided a good positive contribution to returns.

The equity portfolio made good returns in the first months of the year, but turbulence in the markets in the last quarter brought prices down sharply. The return on shares thus ended at -10.6 per cent for the year as a whole.

Fluctuations in returns are entirely normal for an investment portfolio with a moderate level of risk, such as the Pension Scheme for the Pharmacy Sector. The figure on the previous page shows the annual return on funds for the past 10 years. The scheme has not had any years of negative returns during this period. The average return for the 10-year period is 5.6 per cent.

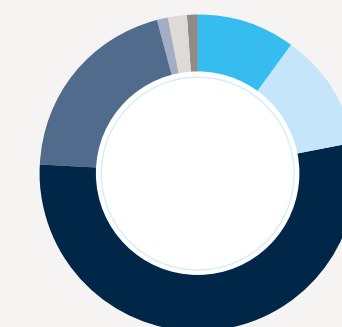
### Asset allocation

At the end of the year, the pension scheme managed funds totalling NOK 9.8 billion. This is an increase of NOK 522 million throughout the year. Assets under management are still expected to grow throughout 2019 as a result of excess liquidity in the scheme and return on investments. Management has a continuous focus on identifying the investment opportunities offering optimum utilization of the risk capacity of the Pension Scheme for the Pharmacy

Sector. Throughout 2018, investment in hold-to-maturity bonds increased. In 2019, the Pension Scheme for the Pharmacy Sector included a share of investments in emerging markets – initially in the form of a mutual fund. The total allocation to equities does not increase as a result of this change.

In the investment plan for 2019, the Board, in accordance with management's recommendation, decided to continue the risk level from 2018 into 2019. Management has found that there still seems to be a moderate upside in taking financial risk. At the same time, the risk level provides enough scope to maintain risk spreading over a wide range of asset classes.

### Asset allocation



*The figure above shows strategic allocations in the various asset classes at the beginning of 2019.*

# Changes to regulations

→ **New privacy legislation, a new pension fund directive, new regulations for public sector occupational pensions and a review of AFP in the private sector are all changes that affect the Pension Scheme for the Pharmacy Sector in various ways.**

## **New rules for occupational pensions**

In March 2018, the Government agreed with the social partners on the main principles of a new public sector occupational scheme. The pharmacy employee's pension scheme is regulated by law (the Act on the Pension Scheme for the Pharmacy Sector), and the benefits largely correspond to those which apply to public employees under the Act on the Norwegian Public Service Pension Fund.

In October 2018, the Norwegian Ministry of Labour and Social Affairs presented a consultation paper that followed up the agreement from March. The consultation memorandum also contained proposals for a similar solution for pharmacy employees, and a change in the Act on the Pension Scheme for Pharmacy Sector. The consultation deadline was 9 January 2019, and a bill was announced in the spring of 2019.

### **Why are there new rules on public sector occupational pensions?**

The main reason why the occupational pension scheme is changing is that we live longer. In 2011, the National Insurance Scheme was changed, and the life expectancy adjustment was introduced – also for public sector occupational

pensions. This means that you have to work longer for the same pension compared to the older cohort. The younger you are, the longer you have to work – because you are expected to live longer than generations before you.

Unlike the National Insurance scheme, in today's public service occupational pension scheme there are limited opportunities to counteract the life expectancy adjustment by working longer, and little to gain from being in employment after having achieved the full entitlement (30 years). This was the reason why the parties sat down at the negotiating table, and that in March 2018 an agreement was reached for a new pension solution – a contribution pension – for the public sector.

### **The new pension solution for those born in 1963 and later**

The main feature of the new solution is that there should be an incentive to work longer. It will also be easier to switch between the public and private sectors without losing pension entitlements. The new pension solution will apply to those who were born in 1963 and later, and earnings in the new scheme will apply from 2020. For those born in 1963 and later, any earnings before 2020 will be calculated according to the old rules.

### Unresolved – AFP and job-specific retirement age pension

The agreement from March 2018 also outlines a new public contractual pension (AFP). AFP is transformed from an early retirement scheme to a lifelong benefit according to the AFP model in the private sector. It will be possible to receive AFP flexibly between 62 and 70 years, and it will be possible to combine AFP and work. If the requirements for AFP are not met, it will be possible to receive compensation, which is called a conditional pension. Like AFP, this is a lifelong benefit that is paid in addition to the ordinary retirement pension.

When the consultation paper for new public sector occupational pensions was presented in the autumn of 2018, it did not contain a bill for a new AFP scheme. There are still unresolved issues related to, inter alia, the relationship with AFP in the private sector. AFP in the private sector is under review, and the government therefore announced that they will produce a bill on AFP well in advance of 2025.

Old-age pensions for persons with job-specific retirement age and retirement pensions for disabled persons have also not been agreed, and processes are underway to draw up new rules for these in Norway.

### New privacy policy

The new Personal Data Act came into force on 20 July 2018. The new law is a direct consequence of the EU's new privacy regulation, the General Data Protection Regulation (GDPR). The Norwegian Public Service Pension Fund administers the Pension Scheme for the Pharmacy Sector, and much of the security work in 2018 and previous years has been aimed at satisfying the requirements of the new personal data act, and the consequences of GDPR for case processing and system solutions.

### New pension fund directive

In 2016, the EU adopted the revised occupational pension directive – IORP II (Institutions for Occupational Retirement Provisions). The directive applies in the EU from 2019. The directive has been revised to promote a greater degree of harmonization of the regulations for occupational pension institutions, as well as to promote transparency and good corporate governance.

The most significant changes in the directive are thus in the areas of corporate governance, disclosure obligations to members, supervision, transparency about the business and cross-border activities.

The IORP II directive does not include new solvency regulations. The directive is based on a minimum level of harmonization of the regulations for pension companies. There is therefore room for manoeuvre to impose stricter rules in some areas when implementing the directive in national law. In Norway, the authorities have chosen to introduce a solvency-based capital requirement. See the comments on this on page 34.

The consultation paper for the Norwegian implementation of the directive was published in February 2019. Parts of the directive have already been implemented in current Norwegian law. It is proposed that other parts of the directive be implemented by making several of the statutory provisions in the Financial Undertakings Act applicable to pension companies, and that the more detailed requirements of the directive be implemented in regulations to the Financial Undertakings Act.



## FEBRUARY

- The Norwegian Ministry of Labour and Social Affairs and the social partners began negotiations on a new public sector occupational pension scheme.

## MARCH

- On the night of 2 March the Norwegian Ministry of Labour and Social Affairs and the social partners reached agreement on the main principles for the new public sector occupational pension.

## APRIL

- The government presented a proposal for how a public sector occupational pension, and the occupational pensions from POA, are to be co-ordinated with the National Insurance Scheme for those born in 1954 and later.
- The EEA countries were granted a postponement of the deadline to introduce the EU's new personal data regulation (GDPR) until 1 June.

## MAY

- On Wednesday, May 23, it became clear that the members of the unions Unio, LO and YS voted in favour of the new public service pension agreement.

## JUNE

- The Academics Union said yes to the agreement on new public service pensions. The Minister for Labour and Social Affairs Anniken Hauglie said that the consultation paper would follow in the autumn.
- Changes to the Act concerning the Pension Scheme for the Pharmacy Sector. The changes entail new rules for coordination between occupational pensions and the National Insurance Scheme for those born in 1954 and later.
- On June 8, new solvency rules for pension funds were adopted. The new capital requirement – simplified solvency capital requirement – applies to the pension funds from 01.01.2019.
- On June 20, the new EU privacy regulation, GDPR, came into force.

## OCTOBER

- The Ministry of Labour and Social Affairs submitted a bill on new public service pensions for consultation. The consultation proposal also included the Pension Scheme for the Pharmacy Sector. The deadline for consultation is 09.01.2019.

# Activities related to regulatory changes

# New capital requirement from 2019

→ **As of January 1, 2019, Norwegian pension funds will have a new binding capital requirement that will also apply to the Pension Scheme for the Pharmacy Sector.**

The new capital requirement is based on the main principles of the solvency-based capital requirements that apply to insurance companies. Norwegian pension funds are on average considerably smaller than the insurance companies, and often have limited operating organizations. Simplifications and adjustments have therefore been made in relation to that which applies to the life insurance companies. The new capital requirement for the pension funds has been named the simplified solvency capital requirement.

## **A special Norwegian requirement**

The simplified solvency capital requirement for pension funds is a special Norwegian requirement. In connection with the introduction of new EU regulations for pension funds – IORP II (Institutions for Occupational Retirement Provisions) – it was discussed whether a solvency-based capital requirement should be included. This was not implemented in the latest and current version of the regulations. In addition to the minimum size requirement for equity, the only binding capital requirement for European pension funds is the solvency margin requirement. The solvency margin requirement is based solely on the size of pension liabilities. However, the IORP regulations allow individual nations to choose to introduce stricter capital requirements – as Norway has chosen to do by introducing a simplified solvency capital requirement.

## **What does the new capital requirement entail?**

In normal cases the new capital requirement binds significantly more capital than the solvency margin requirement, which has been the current requirement for Norwegian pension funds in recent years. The simplified solvency capital requirement is based on an overall risk approach, and is very similar to the previous stress test requirement that has been used as a supervisory tool in recent years. However, some adjustments have been made, for example by adjusting the yield curve for volatility. In the same way as for the life insurance companies, a phasing-in period of 13 years is also introduced for the part of the capital requirement that concerns the upward adjustment of the insurance obligation at fair value.

## **Well equipped to meet the changes**

The Pension Scheme for the Pharmacy Sector has built a solid buffer capital through measures on the premium side and a steady, good supply of returns on funds over several years. The pension scheme is thus very well equipped financially to meet the new capital requirements at the beginning of 2019.

At the same time as simplified solvency capital requirements are introduced, detailed quantitative investment restrictions for pension funds are abolished, which until the end of the year had been laid down in the regulations on pension companies. The requirements are replaced by a general "prudent person principle" relating to all investments.



# Statistics

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# Statistics

## Members

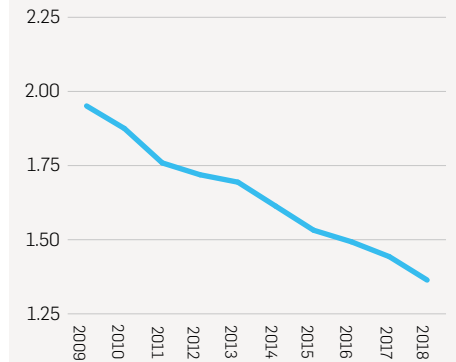
Members	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actively-employed	6 515	6 561	6 689	7 125	7 274	7 422	7 585	7 645	7 704	7 527
Deferred*	5 783	6 093	6 245	6 386	6 564	6 767	7 175	7 522	7 925	8 331
Pensioners	3 339	3 499	3 803	4 144	4 295	4 600	4 951	5 121	5 338	5 517
AFP	191	267	282	295	312	310	293	269	264	288
Retirement pension	1611	1668	1825	2088	2202	2513	2955	3165	3368	3484
Disability pension	1185	1217	1367	1401	1422	1415	1335	1309	1329	1354
Spouse pension	325	323	306	336	338	343	342	352	348	360
Children's pension	27	24	23	24	21	19	26	26	29	31
Ratio actively employed/pensioners	1,951	1,875	1,759	1,719	1,694	1,613	1,532	1,493	1,443	1,364
Ratio actively employed/pensioners and deferred	0,714	0,684	0,666	0,677	0,670	0,653	0,626	0,605	0,581	0,544

\* If you previously have been employed by an employer with an occupational pension in the Pension Scheme for the Pharmacy Sector, you may have accrued pension entitlements for a future pension. We call this a deferred pension. In the private sector, the term "paid-up policy" is used.

The figures given are number of policies. A person can have more than one policy. For example, a person can receive partial disability pension and work partly in an active position. The person will then have two policies which correspond to the two positions respectively. The same person may therefore be counted several times.

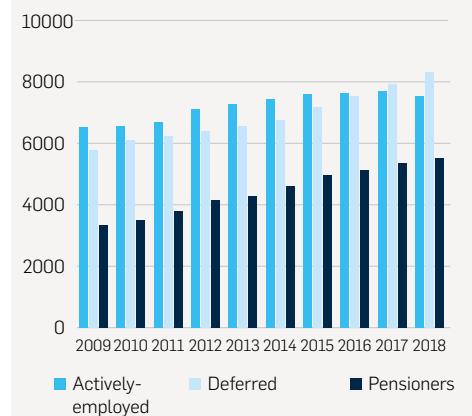
The graph at the top right shows the development in the ratio of active members (who are working) per pensioner in the pension scheme over the past ten years. In 2009 there were almost two active members per pensioner, while at the end of 2018 the ratio is 1.36 active members per pensioner. This is a declining trend, as evidenced elsewhere in society. Life expectancy is increasing and there are fewer active members to finance future pension costs. For the pension scheme, a trend where the number of pensioners is increasing at a rate greater than the number of active-employed members, means increasing future costs to finance the coming pensioners.

### Ratio actively-employed/pensioners



The graph shows the development of the ratio of active members to pensioners in the scheme over the last decade.

### Development in number of members



## Active members

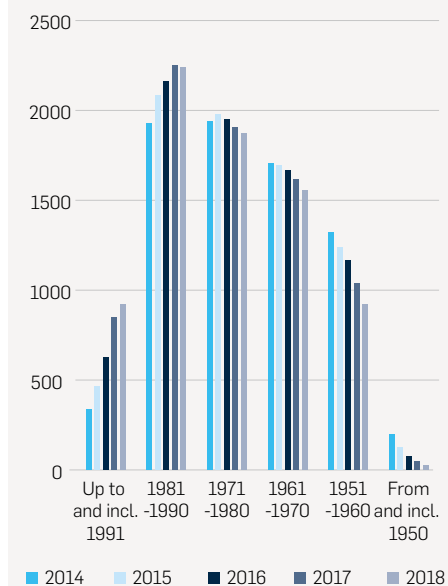
Active members by position	2018	Changes from 2017
Pharmacy manager	899	6
Pharmacist (Master)	1 304	34
Pharmacist (Bachelor)	1 481	6
Pharmacy technician	3 684	-223
Other personell	158	-1

The table show active members in different positions.

### Active members by year of birth

Members	2014	2015	2016	2017	Women	2018		Change (2017-2018)
						Men	Total	
Up to and incl. 1991	337	467	626	848	796	126	922	74
1981-1990	1 926	2 083	2 159	2 249	1 868	372	2 240	-9
1971-1980	1 936	1 975	1 949	1 906	1 628	243	1 871	-35
1961-1970	1 703	1 696	1 667	1 616	1 440	113	1 553	-63
1951-1960	1 320	1 237	1 167	1 040	842	76	918	-122
From and incl. 1950	200	127	77	45	19	4	23	-22
<b>Total</b>	<b>7 422</b>	<b>7 585</b>	<b>7 645</b>	<b>7 704</b>	<b>6 593</b>	<b>933</b>	<b>7 527</b>	<b>-177</b>

### Active members by year of birth



The table shows development in the number of actively-employed members of the pension scheme by year of birth from 2014 until today. The older age groups move out of the scheme, while the younger ones enter.

## Pensioners

Type of pension	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
AFP (contractual pension)	191	267	282	295	312	310	293	269	264	288
Retirement pension	1611	1668	1825	2088	2202	2513	2955	3165	3368	3484
Disability pension	1185	1217	1367	1401	1422	1415	1335	1309	1329	1354
Spouse pension	325	323	306	336	338	343	342	352	348	360
Children's pension	27	24	23	24	21	19	26	26	29	31
<b>Total</b>	<b>3 339</b>	<b>3 499</b>	<b>3 803</b>	<b>4 144</b>	<b>4 295</b>	<b>4 600</b>	<b>4 951</b>	<b>5 121</b>	<b>5 338</b>	<b>5 517</b>

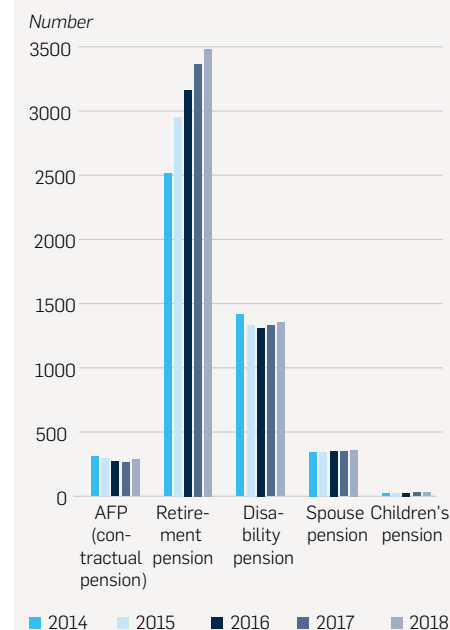
The table shows the development in the number of pensioners from 2009 until today.

## Pensions paid 2018

Type of pension		Gross paid	%	Coordination deduction	%	Net paid	%
<b>Retirement and AFP pension</b>	Men	84 980 364	12.76%	51 812 570	14.76%	33 167 794	10.54%
	Women	487 035 348	73.14%	282 225 571	80.38%	204 809 777	65.07%
	<b>Total</b>	<b>572 015 712</b>	<b>85.90%</b>	<b>334 038 141</b>	<b>95.14%</b>	<b>237 977 571</b>	<b>75.60%</b>
<b>Disability pension</b>	Men	3 528 768	0.53%	152 056	0.04%	3 376 712	1.07%
	Women	54 941 124	8.25%	472 376	0.13%	54 468 748	17.30%
	<b>Total</b>	<b>58 469 892</b>	<b>8.78%</b>	<b>624 431</b>	<b>0.18%</b>	<b>57 845 461</b>	<b>18.38%</b>
<b>Spouse pension</b>	Men	15 906 396	2.39%	7 774 924	2.21%	8 131 472	2.58%
	Women	18 179 616	2.73%	8 610 228	2.45%	9 569 388	3.04%
	<b>Total</b>	<b>34 086 012</b>	<b>5.12%</b>	<b>16 385 152</b>	<b>4.67%</b>	<b>17 700 860</b>	<b>5.62%</b>
<b>Children's pension</b>	Men	713 016	0.11%	-16 838	0.00%	729 854	0.23%
	Women	595 356	0.09%	75 880	0.02%	519 476	0.17%
	<b>Total</b>	<b>1 308 372</b>	<b>0.20%</b>	<b>59 042</b>	<b>0.02%</b>	<b>1 249 330</b>	<b>0.40%</b>
<b>All pensions</b>	Men	105 128 544	15.79%	59 722 712	17.01%	45 405 832	14.42%
	Women	560 751 444	84.21%	291 384 055	82.99%	269 367 389	85.58%
	<b>Total</b>	<b>665 879 988</b>	<b>100.00%</b>	<b>351 106 767</b>	<b>100.00%</b>	<b>314 773 221</b>	<b>100.00%</b>

The table shows the amount of pension benefit payments made in 2018, grouped by type of pension and specified by gender. The amounts are in NOK. The gross amount shows the total amount paid by National Insurance Scheme and the Pension Scheme for the Pharmacy Sector. The net amount shows the Pension Scheme for the Pharmacy Sector's share.

## Pensioners



The diagram shows the trend in the number of pensioners over the past five years, by type of pension. The number of pensioners is increasing. It is the old-age pensioners who are responsible for the growth, while the other pension types are relatively stable.

**The Pension Scheme for the Pharmacy Sector**

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Reservations are made for printing errors.