

## Annual Report 2004

"It's not flying that's important, but making the best impression."

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## From life to pension

Looking ahead is a matter of uncertainty,  
but there is much to be said about 2004.

The photos in this year's annual report come  
from this year's Vital Calendar.

As well as presenting calendar year 2005  
from January to December, it takes us on a visual  
tour through all of life's phases – from the first  
steps we take, to our final period of time on earth.  
From the first signs of life until retirement age.



## Vital – Norway's largest life and pension company

Vital Forsikring ASA is Norway's largest company in the area of life insurance and pension saving and Vital Link AS is the country's undisputed leader in unit-linked insurance.

Vital Forsikring and its subsidiaries Vital Eiendom and Vital Pekon, along with the associated company Vital Link, together represent the life insurance and pension business area of the DnB NOR Group.

Together, the Vital companies have total assets of more than NOK 175 billion, a workforce of around 930 and almost 950 000 customers. The main functions are in Bergen and Trondheim, with important sales and market functions in Oslo. The company is represented throughout Norway through its own sales outlets and DnB NOR's branch network, and through independent distributors and the Internet ([vital.no](http://vital.no)).

Vital Forsikring was founded in 1990 on the merger of Hygea (established 1884) and Norsk Kollektiv Pensjonskasse (established 1938). In 1996 Vital became part of the DnB Group. The merger of DnB and Gjensidige NOR which resulted in DnB NOR in December 2003 was the reason why Vital Forsikring and Gjensidige NOR Spareforsikring merged on 9 March 2004 under the name of Vital Forsikring ASA.

Bård Benum has been managing director of Vital Forsikring ASA since December 2003. Gunnar Gullaksen is managing director of Vital Link AS.

Vital Forsikring offers group pension insurance to the commercial and public sectors, tailored to meet individual requirements, whether based on defined benefits or defined contributions. In the individual market, long-term savings products are provided in a number of areas, including individual pension agreements, annuities, saving with a choice of investment profile (unit-linked products from Vital Link), fund-based saving (DnB NOR Kapitalforvaltning) and share-index-linked bonds (DnB NOR Markets).

Along with DnB NOR, Vital Forsikring offers reasonable personal insurance to members of professional organisations with payment on death or disability, flexible pension schemes, non-life insurance and attractively priced housing loans.

### A strategic platform for Vital

Vital's strategic platform consists of its vision, business concept and brand values.

**Vision:** Vital makes the future simpler.

Vital's vision is to make the future simpler, primarily for the customers, but also within the organisation and in the life and pension industry. Vital has an important social role to play helping to ensure that the policyholders have a sound financial base through saving and insurance, so that life in the future is as simple as possible for them when they reach retirement age or become disabled. Similarly, Vital helps to ensure that survivors have a simpler financial life when someone passes away. Vital's vision is also to make saving and insurance easier to understand through well presented products and services, good advice and clear communication.

**Business concept:** Vital's function is to ensure that the customers have financial security and flexibility.

Through Vital's competence, attitudes and presentations the customers' financial security and flexibility shall be ensured throughout each phase of life. Vital's expertise in matter related to the national insurance, occupational pension schemes and individual insurance shall be combined with sound advice and the ability to understand the customers' needs. The customers shall perceive Vital's products and services as simple and comprehensible, making a major contribution to their future financial security.

**Brand values:** Credible - Helpful - Sporty

#### Credible –

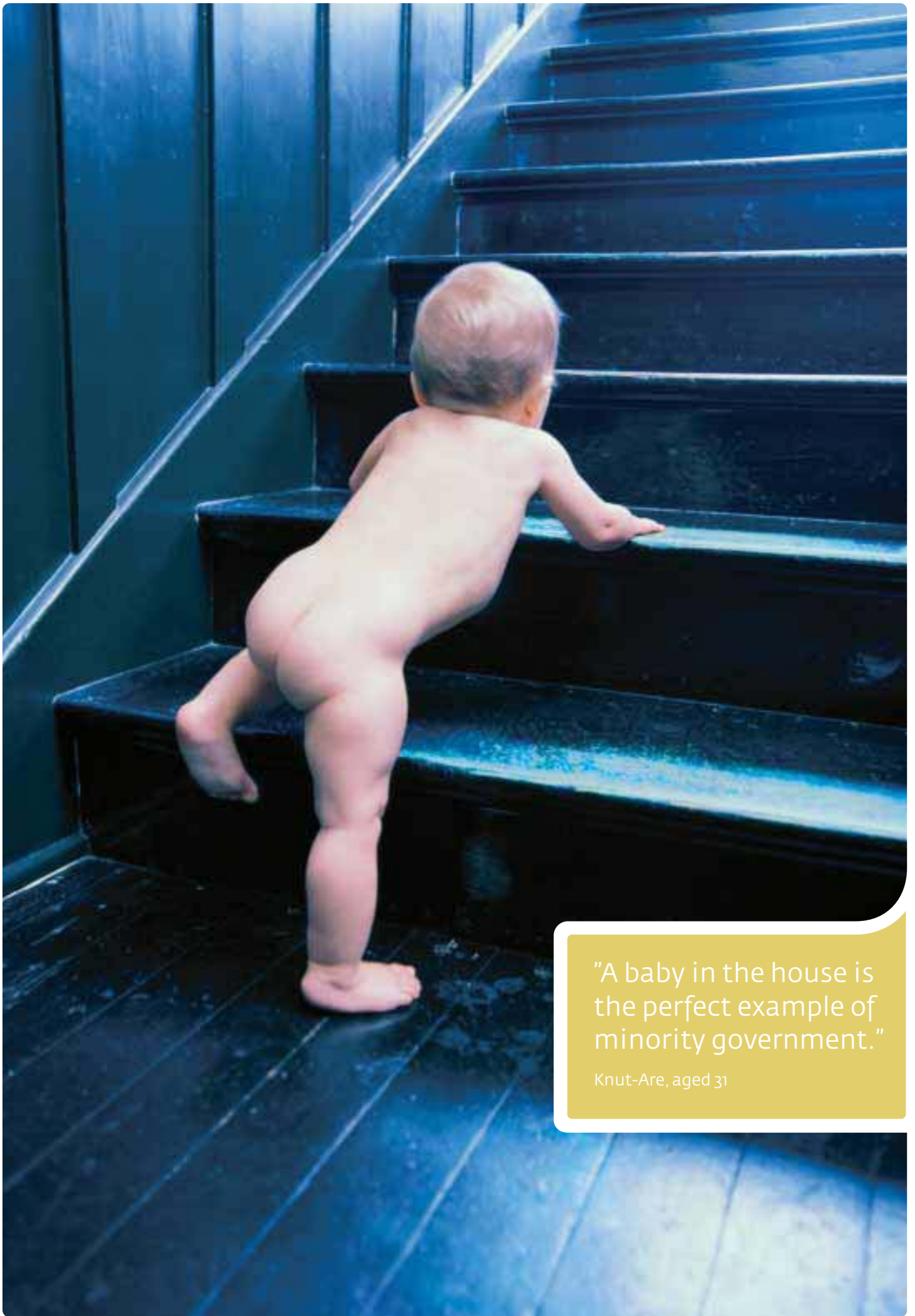
Vital shall be sound and safe company that inspires confidence. A company to trust. A company that keeps its promises.

#### Helpful –

Vital shall be accessible and versatile, characterised by friendliness and attentiveness. Contact us and we will get it done.

#### Sporty –

in the athletic sense of making every possible effort .



"A baby in the house is  
the perfect example of  
minority government."

Knut-Are, aged 31

## Three things at once

Doing three things at once is demanding. But we managed it. When it became known that Vital and Gjensidige NOR Spareforsikring were to merge and become Norway's largest life insurance and pension company, there were no doubt some who relished the thought that we would be easy prey in an intensely competitive market. But they were wrong. The results for 2004 are the proof



Vital's managers and personnel did three things at once in 2004:

- They gave priority to the customers, in sales, service and follow-up.
- They carried out the first phase of integrating the merged companies.
- They established a strategic platform showing the company's long-term ambitions.

The latest market share figures from the Norwegian Financial Services Association show that Vital strengthened its market position in 2004. A number of companies established a new customer relationship with Vital and almost none left us. At the same time, the number of new pension schemes established by individuals was so great that sales of both guaranteed and unit linked products were at a record level. Altogether, net pension funds transferred to Vital in 2004 totalled NOK 3.7 billion.

The company's management, organisation and location had already been clarified as the year started. We were thus able to concentrate on the practical work of integration, establishing common standards and work processes, and choosing systems and solutions. By year-end, we had extracted synergies worth NOK 50 million from a total of NOK 200 million to be realised

over a three-year period. The workforce has been reduced by 77, while the target for the three-year period is 150. It has been a priority to extract synergies as quickly as is appropriate.

Through the establishment of Vital's strategic platform\* in 2004 we have drawn up clear guidelines for Vital's development in the period ahead. The platform comprises a vision, a business concept and brand values, and sets out the general direction of the company's objectives and strategies. The changes brought by the pension reform and a new regulatory framework for the life industry as a whole will be fundamental elements of Vital's long-term and ambitious goals and strategies.

As well as focusing on customers and integration, we have been equally aware of the need to look ahead. I am proud of what has been achieved in Vital's first year of activity following the merger. There is no doubt that we are well placed to meet the future.

Bård Benum  
Managing Director

\* Further information about Vital's strategic platform appears on page 1

## 2004 in brief

The merger of Vital Forsikring and Gjensidige NOR Spareforsikring ASA was formally registered in the Register of Business Enterprises on 9 March 2004. The management, organisation and location were already in place, while other integration work was ongoing throughout 2004 and will continue in 2005.

The merger made Vital the largest life and pension company in Norway with total assets of NOK 175 billion, a workforce of 930 and almost 950 000 customers at the end of 2004. The company has main functions in Bergen and Trondheim and important sales and market functions in Oslo, as well as branches and sales representatives throughout Norway.

The profit for allocation was NOK 3 126 million. NOK 2 033 million is being allocated to policyholders, while the allocation to owner and taxes amounts to NOK 1 236 million. The allocation to the owner includes NOK 143 million from other activities. The value-adjusted return and the return on book values were 6.5 and 7.1 per cent (7.9 and 9.7 per cent in 2003), respectively. Including changes in unrealised gains on long-term securities the return was 7.7 per cent (11 per cent in 2003). Norwegian equities showed by far the best performance, providing a return of 38.1 per cent.

Vital reinforced its position as market leader in the field of life and pension insurance in Norway, with more than 35 per cent of the market for managed customer funds.

In the corporate market, Vital is one of the two largest providers of pensions with total assets of NOK 82 billion and premium income of NOK 9.9 billion in 2004.

In the individual market Vital is by far the leading company with premium income of NOK 9.5 billion in 2004, an increase of 42 per cent on the previous year.

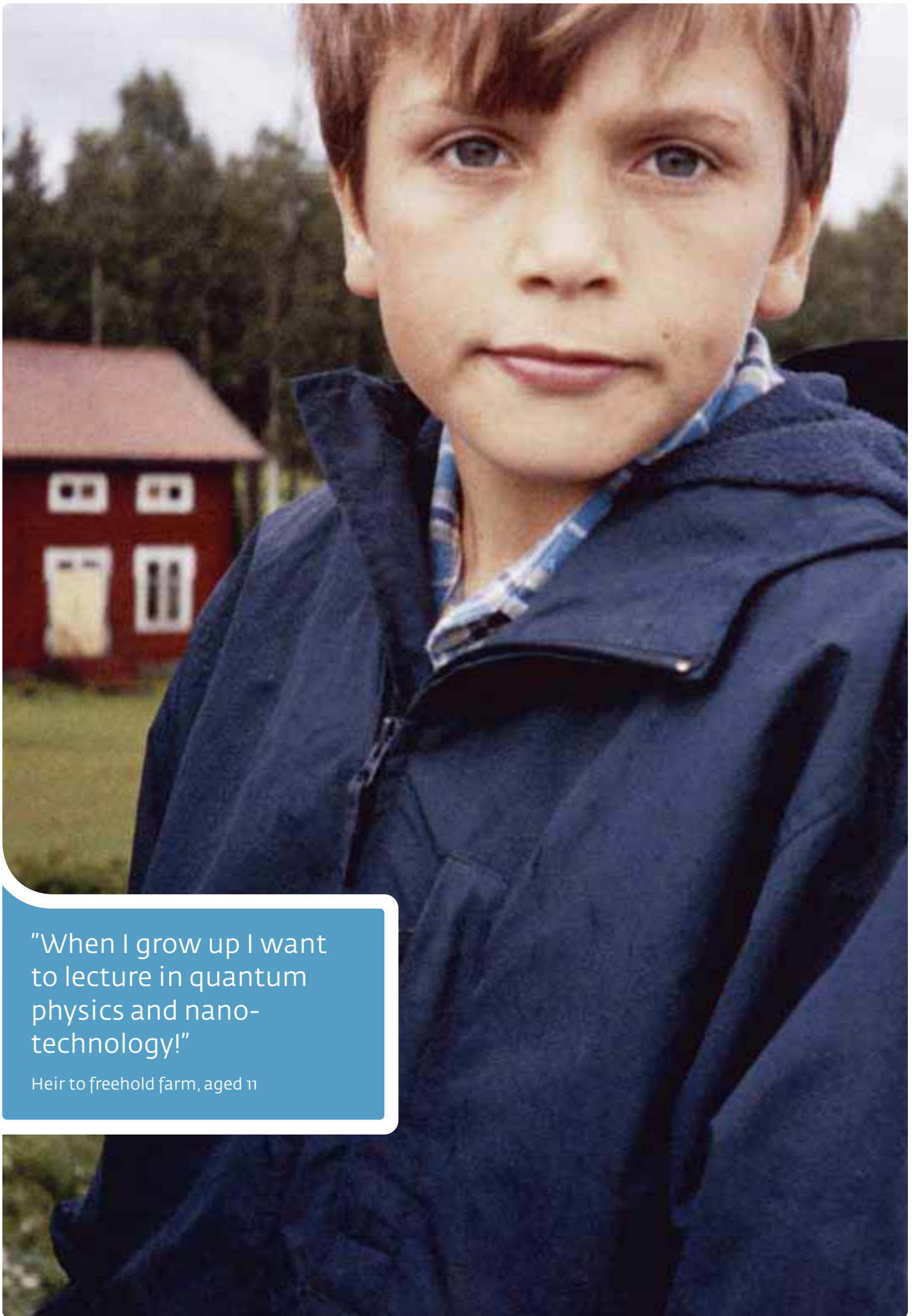
Vital is the largest private insurance company in the public sector with a total of 55 municipal clients

## Principal Figures/Key Ratios - Vital Forsikring

<b>Profit and loss account</b>	<b>2004</b>	<b>2003</b>
Amounts in NOK million		
Premium income	19 096	14 046
Net financial income	10 666	13 080
Claims	(10 661)	(10 876)
Change in insurance provisions	(13 231)	(9 003)
Insurance-related operating expenses	(1 200)	(1 215)
Other insurance-related income/expenses etc.	(311)	(191)
To/from securities adjustment reserve	(1 090)	(2 448)
From additional allocations	0	0
Profit for allocation	3 269	3 394
Allocations to policyholders	(2 033)	(2 254)
Tax charge	64	(236)
Profit for the year	1 300	904
Administration result	(137)	(190)
Risk result	(84)	(122)
Interest result	4 137	5 501
<b>Balance sheet</b>		
Financial assets	153 387	140 243
Other assets	11 604	9 925
Total assets	164 991	150 168
Unrealised capital gains	3 935	2 842
<b>Key ratios</b>	<b>2004</b>	<b>2003</b>
Value-adjusted return on total assets, excl. change in value of long-term securities	7.1 %	10.3 % *)
Book return on total assets, excl. change in value of short-and long-term securities	6.5 %	8.6 % *)
Capital ration at 31 December	14.1 %	13.8 %

\*) Return values for the transferee company





"When I grow up I want  
to lecture in quantum  
physics and nano-  
technology!"

Heir to freehold farm, aged 11



# Changes in the law

Harder competition and more products. This is the likely consequence of new regulations for the life insurance industry.

In October 2004 the Storting approved amendments of the Insurance Activity Act, and the new provisions will apply to both new and established contracts. Prior to the statutory changes the regulations were reviewed and assessed by the Competition Committee and the Banking Law Commission.

The purpose of the changes to the law is to provide the Norwegian life insurance industry with a regulatory framework that is more in accord with future requirements. Together, Norwegian life insurance companies manage more than NOK 400 billion, and of this three quarters is linked to group schemes.

## More competition

A broad political majority believes that the changes to the law will lead to more competition between the companies in the field of life insurance, and at the same time the pricing of insurance products will be clearer and more predictable for the customers. It is hoped that this will gradually lead to lower costs and a higher return for the customers.

The objectives of the changes to the law are four-fold:

- Create a distinction between the customers' funds and company's funds
- A clearer division of risk between the customer and the company
- Greater clarity in the pricing of life insurance products
- Allow life insurance and unit linked insurance to be provided by the same company

The new legislation will be effective from 1 January 2006, with a transitional period of two years. Transitional rules will be regulated in the Regulations pursuant to the Act.

## Separate portfolios

Total assets will be divided into the following separate portfolios: Group portfolio, unit linked portfolio and corporate portfolio. The company will retain the entire return from the corporate portfolio, while the policyholders will receive the return provided by the other portfolios.

However, there are exceptions. Where the risk result is a surplus, half of this shall be credited to a risk equalisation fund. This is because the surplus model used as a basis for the new legislation entails a greater risk for the company where the risk result is a deficit.

## Price and profit

An important new element of the legislative changes is a change in the underlying principles of the price and profit structure. Under the new legislation, the insurance company shall set the prices and collect payment from the customers in advance. At all times the company shall have tariffs to calculate the premium for all of the products or product combinations offered. The tariffs shall be set each year, but may be amended during the year, with four months' notice.

In addition to the premium calculated for each contract, the company's price tariff may include a contract fee as the start of the insurance relationship. If the policyholder terminates the insurance before the period of insurance has expired, a termination fee may accrue.

The price tariff shall include the company's profit element, and as a main rule the company will not be entitled to a share of the subsequent technical insurance profit – cf. current legislation. There is an exception for paid-up policies and pension contribution certificates where the company may take up to 20 per cent of the surplus from the return on customers' funds.

## Additional allocations

The company is required to cover the deficit or loss that is not covered by the price tariff. However, a shortfall in the guaranteed return down to zero per cent can be covered from additional allocations, i.e. allocations in excess of the statutory minimum allocation to the premium reserve. The additional allocations thus protect the company's share capital. A negative result must be covered by the company. The maximum guaranteed return for group insurance schemes is 3 per cent, effective from 1 January 2004.

## Division of profits

The new legislation introduces a new principle with regard to the division of profits. The interest result and the risk result shall be credited to the customer, while the administration result is credited to the company. Under current legislation, the company can take up to 35 per cent of the technical insurance surplus, while the remainder is credited to the customer.

# Asset management – buoyant stock markets

Major changes in global value creation and trade flows were the prevailing features of developments in the stock markets in 2004. The high pace of growth in China and other Asiatic countries contributed to higher commodity prices, good freight rates, a high oil price and great fluctuations in exchange rates. At the same time, the flow of cheap consumer goods from the same region helped to reduce inflationary pressures in the western economies.

## Equities

The positive trend that characterised stock market developments in 2003 was maintained in 2004. The stock markets were particularly strong in regions with economies based on the production of commodities and oil. The Oslo Stock Exchange showed a very good return, ending the year 38.4 per cent higher. The trend in the international bourses was more moderate, and the world index, measured in local currency, was 9.5 per cent higher for the year as a whole.

## Interest rates

Strong fluctuations in rates and a flatter interest rate curve were the prevailing features of interest rate developments in the international markets in 2004. Short rates rose in the USA, while long rates ended the year unchanged. In Europe, long rates fell, in some areas considerably, while short rates remained unchanged. Developments in these two markets reflect the different prospects for growth and inflation in the coming years. Japanese bond rates rose marginally from a very low level throughout the year, showing a low yield in 2004. Vital had a low level of exposure to this market throughout 2004. The global interest rate portfolio provided a return of 6.3 per cent for the year.

In Norway, the key rate was cut from 2.25 at the start of the year to 1.75 per cent in March, and remained unchanged for the rest of the year. The likelihood that price rises would be below the target inflation rate was instrumental in bringing long bond rates down throughout the year, which resulted in considerable gains on the Norwegian bond portfolio. Vital's Norwegian bond portfolio provided a yield of 6.65 per cent in 2004.

## Foreign currency

Vital has had a foreign currency which hedged virtually all of the company's currency exposure to the Norwegian krone. The Norwegian krone firmed by 8.8 per cent against the US dollar any by 1.8 per cent against the euro.

## Long-term bonds

In order to secure a stable and satisfactory yield in the coming years, Vital has established a diversified long-term bond portfolio. This has been done over a considerable period and the portfolio represents a total of NOK 54.8 billion, with an average maturity of 5 years.

## Real estate

Properties were purchased for NOK 1.3 billion in 2004, including office premises in Stockholm and a hotel in Gothenburg. As a result of a sharp rise in the value of Vital's overall portfolio, the proportion of investment attributable to real estate remained unchanged in 2004.

## Excess return

During the period, the overall return was more than was achieved by comparable benchmark indices. All assets classes contributed to this result, apart from Norwegian bonds.

## Ethical guidelines

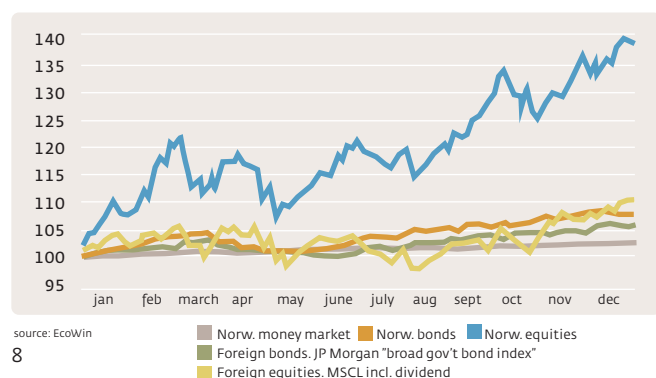
In 2004 Vital introduced ethical guidelines – Socially Responsible Investment – for its asset management activities. The company wishes to contribute to a sustainable social development which takes account of the environment, ethics and social conditions. Vital shall be associated with high ethical standards.

Under the company's guidelines, special awareness shall be exercised where transactions and actions entail a risk of complicity in unethical practices, violations of human and workers' rights, corruption and environmental destruction.

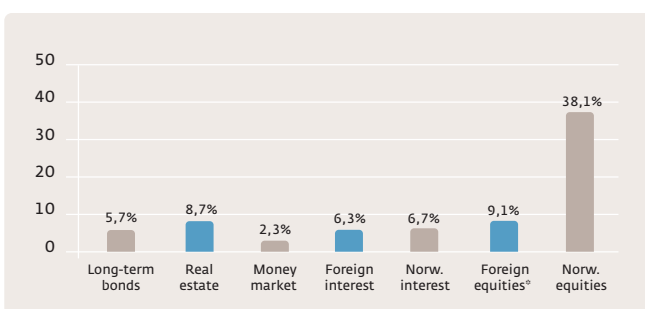
## Management

Director of finance Tom Rathke heads Vital's Finance & Investment Division.

Return on asset classes in 2004



Breakdown of return by asset class in 2004



\*(90% hedged in NOK)

## Corporate market - net inflows at high level

There was a good response from the corporate market in 2004. A number of companies chose to transfer their pension schemes to Vital, and only a few left the company. Over the year, our market share rose by more than one percentage point, passing 45 per cent. In 2004 Vital was by far the largest company in the area of life and pension insurance in the corporate market, with total assets of NOK 82 million.

### Many transfers to Vital

Net inflows of pension schemes to Vital totalled NOK 2 390 million, while gross sales (inflows of reserves) came to NOK 3 675 million, almost twice the figure for the previous year. There was great interest in our products, also reflected in the fact that 472 new contracts were established for defined contribution based pensions, an increase of 82 per cent on 2003.

### Distribution and operational services

Vital's sales and advisory services are carried out by the company's own advisers and by external insurance brokers. Many of our clients have a broad and long-standing customer relationship with Vital and also with DnB NOR. Vital provides a broad range of products of operational services, an steadily increasing proportion of which are based on electronic communication. Vital stresses the importance of having advisory and operational services that meet the requirements of the individual customers.

### Market development

There is increasing interest in pension matters in the commercial sector. In volume terms, the market has been dominated by the transfer of established schemes, and many companies with pension schemes are considering which type of scheme they should focus on in the future. Companies with no occupational scheme are also showing great interest in pensions. Many companies have a pressing need for an occupational pension scheme, but before establishing a scheme they are waiting until the consequences of the pension reform are clarified. Political clarification of the essential features of the pension reform is expected in the spring of 2005.

A company pension scheme is a good and effective way of covering pension requirements, and pension schemes of this kind will play an increasing role in the coming years. With its breadth and competence, Vital is well placed to meet the new pension requirement.

### Product development

Vital is engaged in the development, sale and delivery of pension saving and pension insurance products for the corporate market. The company has a continuous focus on providing its customers with ever better products.

New customers and new pension requirements call for the further development of pension products, and Vital is in the process of promoting second generation products and operational services in the area of defined contribution based pensions.

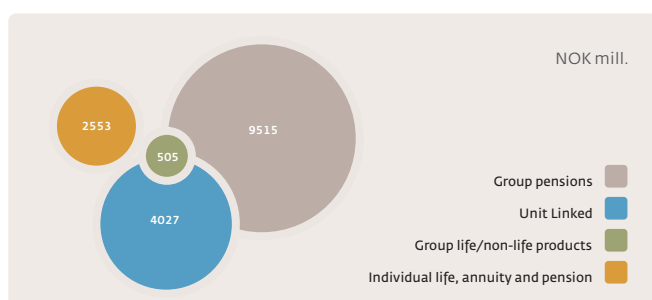
In 2004 the Storting approved new regulations for life insurance companies, and corresponding regulations have been prepared for pension funds. Vital is well on the way to exploiting the opportunities presented by the new legislation which should make it possible to offer product features which further enhance the attractiveness of occupational pension schemes (benefits based).

The market for company pension schemes is growing and changing. As the leader in this field, Vital is in the forefront of developments and is set on reinforcing its position in this market. Our activities shall bring competitive results to both the customers and the owner.

### Management

Director Geir Nysetvold heads Vital's Corporate Market, while the directors Frode J. Hansen and Torbjørn Vanvik are the respective heads of Sales - Corporate Clients and Customer Service - Corporate Clients.

Group pension insurance to corporate clients constituted 57.3% of premium income for Vital Forsikring and Vital Link at 31 December 2004



## Pension market – escalating sales

Never before has Vital sold so much pension insurance to individual customers as it did in 2004. Sales passed NOK 6.9 billion, an increase of 29 per cent. Of this, pension insurance with a guaranteed interest rate accounted for NOK 4.2 billion (39 per cent up on 2003), while unit linked fund saving products totalled NOK 2.7 billion (4 per cent up on 2003).

The Pension Commission's recommendations in January 2004 led to increased interest in pension products. The Commission emphasised the need for people to take responsibility for their own pension saving. The low level of interest rates has also led to greater demand for products with an interest rate guarantee. While Vital has a guaranteed interest rate of at least three per cent, Norges Bank's current rate at year-end stood at 1.75 per cent.

### 55 per cent of the market

Vital is Norway's largest provider of pension insurance to the individual market, with a market share of 55 per cent at year-end. The company intends to further strengthen its leading position in this area.

Vital offers investment products and risk cover to individuals, providing them with get a good return on their long-term savings and at the same time ensuring that they have financial security for themselves and their families.

At the end of the year, Vital Link represented 65 investment funds from 14 recognised fund managers.

Vital offers pension insurance to the individual market through three channels of distribution: DnB NOR's Retail Market, Vital's own sales team and financial advisers, and external sales channels. DnB NOR was the largest channel of distribution with 62 per cent of total new business, reflecting an increase on the previous year. External sales channels accounted for 24 per cent of sales and Vital's own sales team 11 per cent.

### 815 000 agreements

The establishment, maintenance and settlement of pension insurance in the individual market were characterised by cost efficiency in 2004. Our strategy aims to invest funds as soon as they are received and ensure that customers receive the service they expect. At year-end, Vital managed a portfolio of 815 000 agreements, an increase of 20 per cent on the previous year.

Gjensidige NOR Fondsforsikring was sold to Danica in May 2004 and a new employer assumed responsibility for ten employees in Trondheim. The Competition Inspectorate had required DnB NOR to sell this company as part of the merger approval conditions.

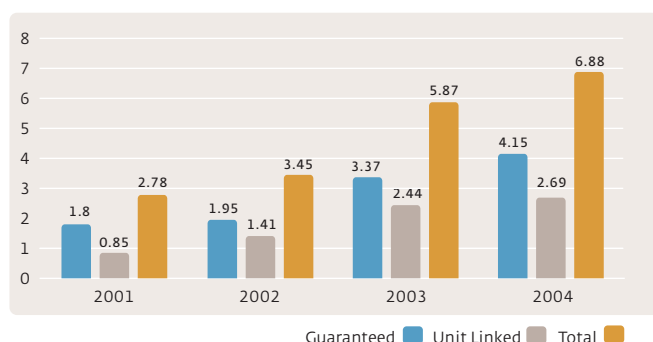
The portfolio of one-year risk insurance was transferred from Vital Forsikring to Gjensidige NOR Forsikring with effect from 1 December 2004. The transfer was the result of an agreement entered into in connection with the merger with DnB NOR whereby Gjensidige NOR would provide one-year risk insurance in the area of life and non-life insurance.

### Further growth

Vital expects further growth in the individual market in 2005. The pension reform will be considered by the Storting before the summer, bringing the topic of pensions sharply into focus. Pensions and the national insurance scheme are also likely to be main topics of debate in the run-up to the General Election in the autumn.

The Individual Market is headed by director Gunnar Gullaksen. The division has responsibility for guaranteed products from Vital Forsikring ASA and unit-linked products from Vital Link AS. Director Kjerstin Fyllingen heads Customer Service - Individual Clients.

Total sales in Individual Market - Vital 2001-2004 (NOK billion)



## Public sector – largest of the private companies

Of 85 local or county authorities which have chosen a private company to cover their pension requirements, 55 are clients of Vital. A number of public enterprises and other public sector bodies are also clients of Vital. Together, this makes Vital the market leader among the private life insurance companies operating in the public sector.

### New public sector clients

Of the six local authorities who decided to switch to a new provider of pension services from 1 January 2004, four chose Vital. The local authorities in question were in Egersund (Rogaland), Austevoll (Hordaland), Vestvågøy (Nordland) and Fjaler (Sogn & Fjordane).

Of the nine local authorities who decided to switch to a new provider of pension services from 1 January 2005, four chose Vital and one left Vital. The local authorities who opted for Vital were in Forsand (Rogaland), Frøya (Sør-Trøndelag), Nesseby (Finnmark) and Sykkylven (Møre & Romsdal). These four local authorities together represent annual premiums of NOK 30 million and premium reserve of NOK 265 million.

Porsanger local authority in Finnmark left Vital. The fact that one local authority chose to leave Vital shows that the market for public sector pensions is developing and beginning to function in a more normal way.

### Almost NOK 14 billion

At year-end Vital's portfolio of public sector pension schemes totalled NOK 13.8 billion in pension fund assets, including reserves, while premium income amounted to NOK 1.4 billion. Of this, local and county authorities accounted for approximately 75 per cent.

Since 2001, when 26 local or county authorities switched to a new pension provider, relatively few local or county authorities have switched to a new insurer. An important reason for this reluctance is the uncertainty surrounding the market leader's future corporate form and the consequences this may have for the local and county authorities.

### Equalisation requirement

The National Wage Agreement requires equalisation of the insurance premium for the members of the Norwegian Association of Local and Regional Authorities (KS) who are customers of Vital. This means that those who are members of KS cannot have an individually calculated premium, which has often been reason for switching to another insurer. The tariff period is from 1 May 2004 until 20 April 2006. This requirement does not affect power supply companies which are members of KS.

The market for public pension schemes is largely a transfer market. In addition to the local and county authorities which have pension agreements with Vital, the company has also entered into pension agreements with several power supply companies and a number of other public enterprises. Vital has 12 per cent of the municipal market, based on the number of municipal authorities. As part of the merged DnB NOR Group, Vital is well placed to win new market shares.

### A growing transfer market

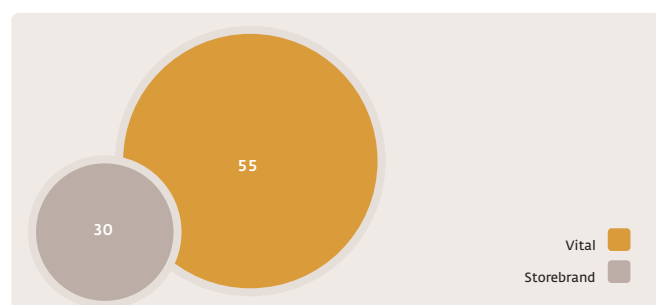
Vital expects to see an increase in transfer activity when the municipal authorities have received clarification of the market leader's future corporate form. Vital's objective is to attract as many as possible of the local and county authorities which decide to switch to another pension provider.

The public sector market is a fully integrated business area with responsibility for sales, service, products and profitability in relation to customers with public sector pensions. The public sector market purchases distribution services from Vital's sales units for some selected segments.

### Management

Director Joachim Høegh-Krohn heads the Public Sector business area.

Number of municipal clients insured by private life insurance companies



## Management

The senior management group is responsible for managing Vital Forsikring ASA and the life insurance and pension business of the DnB NOR Group, which comprises Vital Forsikring ASA and Vital Link AS.

Vital's senior management group consists of the following:

**Bård Benum (b. 1962)**

Managing director of Vital Forsikring ASA. Benum graduated in civil engineering, specialising in industrial economics, at the Norwegian University of Science and Technology (NTNU) in Trondheim. He has previously held various senior positions in Gjensidige Bank, the Reitan Group, Statoil and Norsk Hydro.

**Frode J. Hansen (b. 1964)**

Director of Sales-Corporate Clients. An economics graduate, Hansen has previously been a general manager in several banks. His other positions include that of director of Corporate Sales for Gjensidige NOR Spareforsikring.

**Geir Nysetvold (b. 1961)**

Director of Corporate Clients. A civil engineer from NTNU, Nysetvold has been a consultant and held senior positions with Forenede and Gjensidige.

**Nils E. Joachim Høegh-Krohn (b. 1966)**

Director of Public Sector. Høegh-Krohn is a graduate of the Norwegian Institute of Management and completed the course in economic analysis (division two) at the Norwegian School of Economics and Business Administration (NHH) where he received his doctoral degree, Dr. oec. Høegh-Krohn has held senior positions with DnB NOR.

**Gunnar Gullaksen (b. 1962)**

Director of Individual Clients. A graduate of the Norwegian School of Economics and Business Administration (NHH), Gullaksen has held senior positions with DnB NOR.

**Torbjørn Vanvik (b. 1961)**

Director of Customer Service-Corporate Clients. A graduate of the Norwegian School of Management, Vanvik has held senior positions in accounting, financial management and sales.



BÅRD BENUM

MANAGING  
DIRECTOR



FRODE J. HANSEN

DIRECTOR  
CORPORATE CLIENTS



GEIR NYSETVOLD

DIRECTOR  
CORPORATE CLIENTS



NILS E. JOACHIM  
HØEGH-KROHN

DIRECTOR  
PUBLIC SECTOR



GUNNAR GULLAKSEN

DIRECTOR  
INDIVIDUAL CLIENTS



TORBJØRN VANVIK

DIRECTOR  
CUSTOMER SERVICE  
CORPORATE CLIENTS



**Kjerstin Fyllingen (b. 1958)**

Director of Customer Service-Individual Clients. A graduate of the Norwegian School of Management and a Master of Management. Previously held senior positions in banking and IT.

**Kjell Sivertsen (b. 1962)**

Director of IT. Sivertsen graduated in civil engineering from the Norwegian University of Science and Technology (NTNU) and has experience from various IT consultancies.

**Anders Skjævestad (b. 1966)**

Director of Staff. Skjævestad is a state authorised public accountant with experience from various firms of accountants.

**Tom Rathke (b. 1956)**

Director of Finance. Rathke is an economics graduate /Master of Business Administration and has previously held senior positions in finance and financial management. Previous positions include that of managing director of the investment fund company Avanse.

**Bjørn Atle Haugen (b. 1963)**

Director responsible for the Secretariat. Haugen is a state authorised public accountant with experience as an accountant and head of accounts and controller with Gjensidige.

**Thomas Skålnes (b. 1956)**

Director of Communication. University graduate in political science and history with experience from the newspaper and information industry.

**KJERSTIN FYLLINGEN**

DIRECTOR  
CUSTOMER SERVICE  
INDIVIDUAL CLIENTS

**KJELL J. SIVERTSEN**

DIRECTOR  
IT

**ANDERS SKJÆVESTAD**

DIRECTOR  
STAFF

**TOM RATHKE**

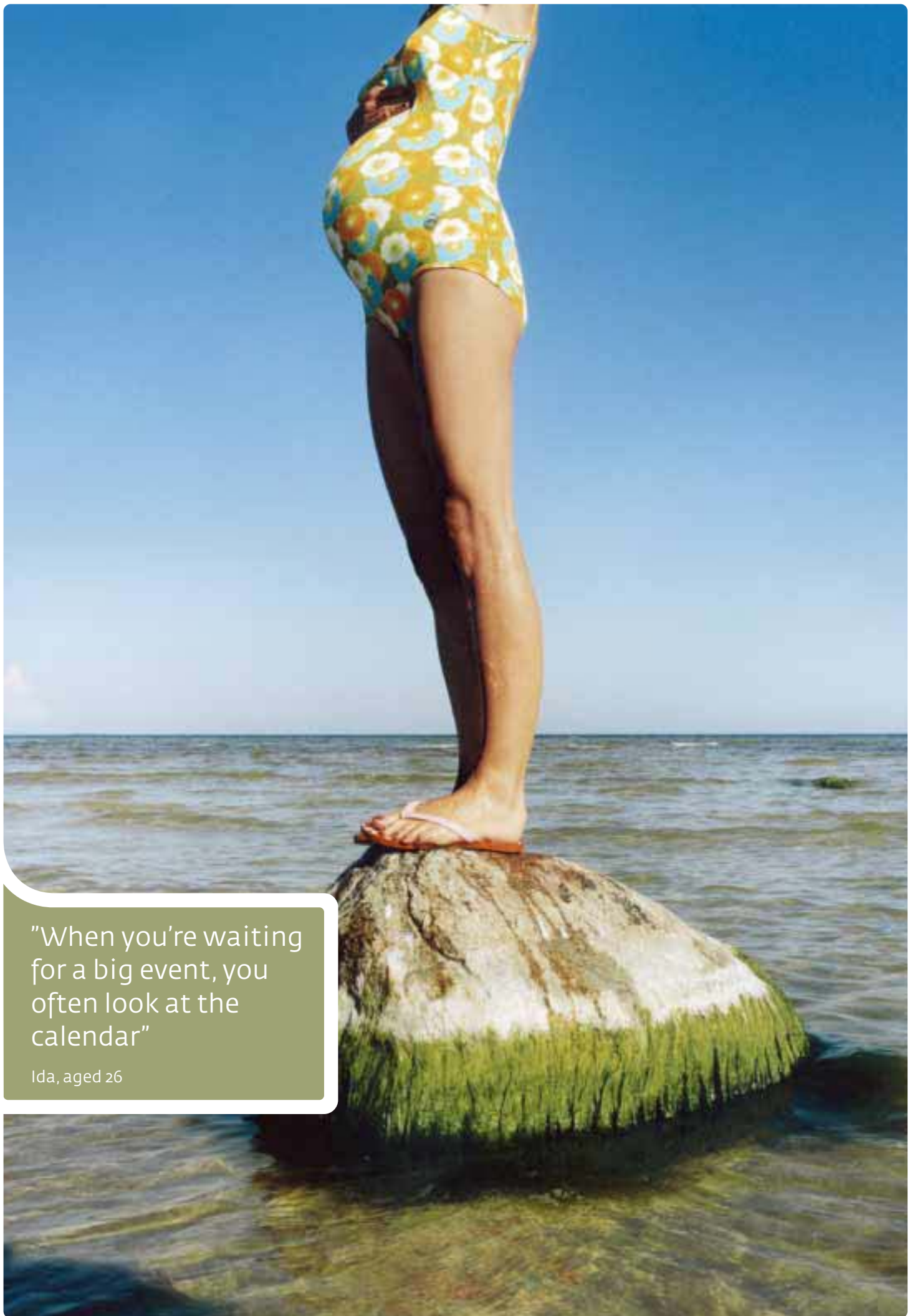
DIRECTOR  
FINANCE

**BJØRN ATLE HAUGEN**

DIRECTOR  
SECRETARIAT

**THOMAS SKÅLNES**

DIRECTOR  
COMMUNICATION



"When you're waiting  
for a big event, you  
often look at the  
calendar"

Ida, aged 26

## Organisation

The organisational form provides integrated control of Vital Forsikring ASA and its associated company Vital Link AS, which together comprise the life insurance and pension activities of the DnB NOR Group.

Vital is organised as three business areas: Corporate Clients, Public Sector and Individual Market.

There is a separate unit - Corporate Sales - for sales to corporate clients, while sales to individual and public sector clients are handled by the respective business areas. There are two units for customer service - one for corporate clients and one for individual clients. Customer service for public sector clients is handled as an integrated part of the Public Sector business area

**The managing director** has overall responsibility for Vital Forsikring ASA and its subsidiaries, and as a group director of DnB NOR he is responsible for the life insurance activities of the Group.

**Sales - Corporate Clients** is responsible for advisory services and sales to major clients and brokers.

**Corporate Market** is responsible for market and product results in the corporate market.

**Customer Service - Corporate Clients** is responsible for ongoing customer service related to the establishment, transfer, amendment and settlement of corporate insurance agreements.

**Individual Market** is responsible for advisory services and sales, and for market and product results in the individual market.

**Customer Service - Individual Clients** is responsible for ongoing customer service related to the establishment, transfer, amendment and settlement of insurance agreements in the individual market.

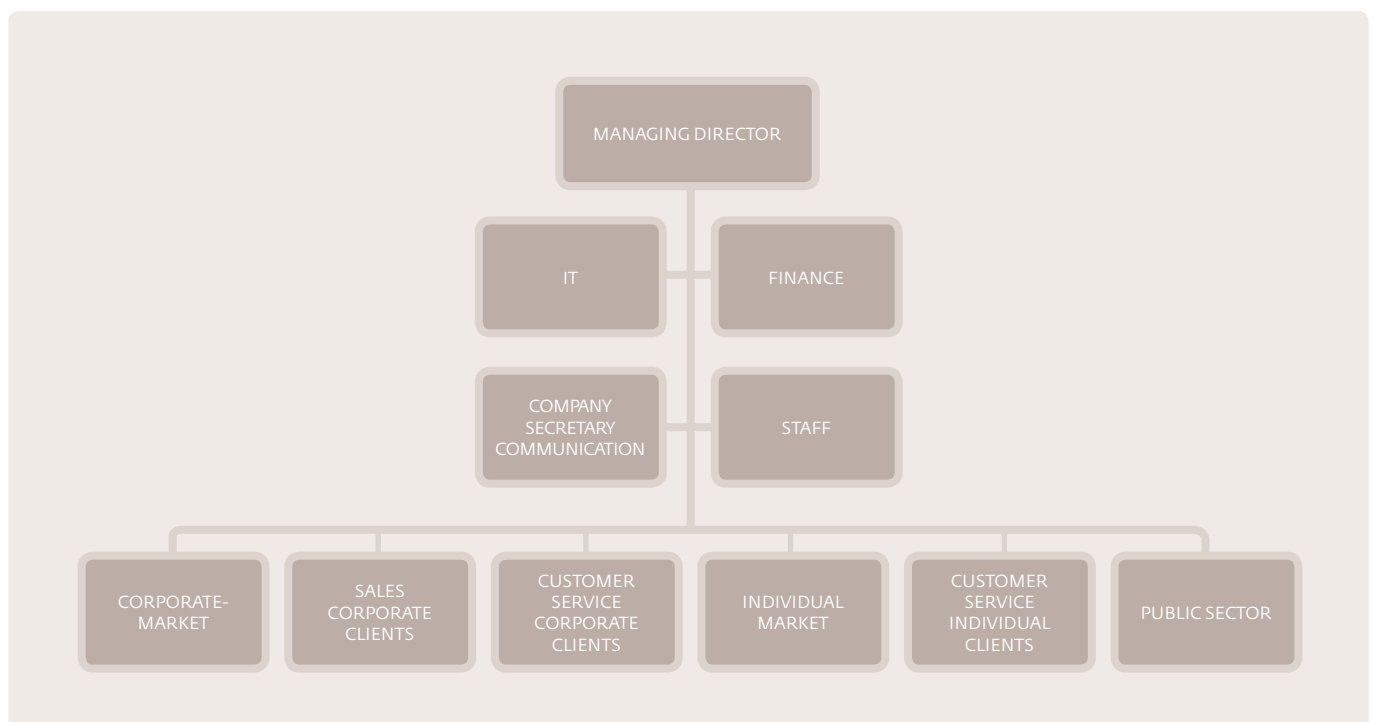
**Public Sector** has overall responsibility for public sector clients, including advisory services, sales and customer service, as well as is responsible for market and product results, and for market and product results.

**IT** is responsible for IT activities.

**Staff** is responsible strategy, management accounting and accounting, controller functions and actuarial functions.

**Finance** is responsible for asset management.

**Company Secretary/Communication** is responsible for secretariat services, operational risk, advisory services, internal and external communication, including brands, organisation and sponsoring.



## Governing bodies

### Board of Directors

Aaser, Svein, Drøbak (Chairman)  
Hytta, Olav, Oslo (Deputy Chairman)  
Norvold, Tor (E), Oslo  
Reitan, Gunnar, Oslo  
Rønning, Rolf, Trondheim  
Slungård, Anne Kathrine, Trondheim  
Strandenes, Siri Pettersen, Bergen  
Ven, Bjørg, Oslo  
Wiers, Bjørg (E), Bergen  
Wold, Eskild (E), Trondheim

### Employee-elected deputy board members

Holsen, Vibeke (for Norvold), Bergen  
Sørensen, Bente (for Wiers), Bergen  
Trygstad, Stig H. (for Wold), Trondheim

E = Employee-elected board members

### Board of Representatives

#### Shareholder-elected members

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Andersen, Widar Slemdal, Rælingen  
Arentz, Rannveig Munkeby, Åsen  
Bastiansen, Nils Halvard, Bærum  
Berge, Elisabeth, Stavanger  
Frøstrup, Anne Cathrine, Oslo  
Hansson, Herbjørn, Sandefjord  
Hopland, Jan Willy, Oslo  
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Johannson, Knut Hartvig, Snarøya  
Larre, Erik Sture sr., Oslo  
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Lunde, Odd, Bærum  
Mohn, Trond, Paradis  
Norvik, Harald, Nesodden  
Roarsen, Anita, Oslo  
Schilbred, Benedicte Berg, Tromsø  
Steensland, Jan Olav, Oslo  
Tønsberg, Marit, Sørumsand  
Øwre, Tor Peter, Tromsø

## The Board of Directors of Vital Forsikring ASA



SVEIN AASER



OLAV HYTTA



TOR NORDVOLD



GUNNAR REITAN



ROLF RØNNING



ANNE KATHRINE  
SLUNGÅRD

**Deputy members**

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Buchmann, Erik, Oslo  
Dankertsen, Turid, Oslo  
Domstein, Rolf, Måløy  
Dyvi, Jan-Erik, Oslo  
Fredriksen, Eva Granly, Oslo  
Hodne, Rolf, Stavanger  
Johannson, Liv, Oslo  
Johanssen, Fred N., Bærum  
Mehren, Herman, Nevnlunghamn  
Møst, Aage, Bærum  
Nistad, Einar, Rådal  
Olsen, Asbjørn, Skedsmo  
Paulsen, Oddbjørn, Bodø  
Slungård, Anne Kathrine, Trondheim  
Solberg, Birger, Oslo  
Storrødvann, Tove, Ski  
Strøm-Erichsen, Anne-Grete, Hjeltestad  
Thoen, Anne Bjørg, Oslo  
Wenaas, Lars, Måndalen

**Employee-elected members**

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Gangås, Randi, Ranheim  
Heggedal, Eva, Oslo  
Johnsen, Finn, Ustaoset  
Kvam, Nils, Trondheim  
Kvilhaug, Jørn O., Hokksund  
Madsen, Beverly, Bærum  
Netteland, Knut, Bergen  
Sørensen, Bente, Bergen  
Øwre, Erik, Asker

**Employee-elected deputy members**

Aune, Kjell, Oslo  
Bjørnstad, Nina Berg, Kolbotn  
Hauge, Resa, Oslo  
Holsen, Vibeke, Bergen  
Løvvik, Carl, Bergen  
Morland, Einar, Fredrikstad  
Selven, Jack, Trondheim

**Control Committee****Shareholder-elected members**

Andresen, Helge B., Hamar  
Dege, Geir, Fredrikstad  
Hassel, Frode, Trondheim  
Normann, Kristin, Oslo

**Deputy members**

Brustad, Svein, Hvalstad  
Øverland, Thorstein, Oslo

**Election Committee****Shareholder-elected members**

Mohn, Trond, Paradis  
Norvik, Harald, Nesodden  
Schilbred, Benedicte Berg, Tromsø  
Solberg, Jan, Lørenskog  
Tømmerås, Jørgen, Overhalla



SIRI PETTERSEN  
STRANDENES



BJØRG VEN

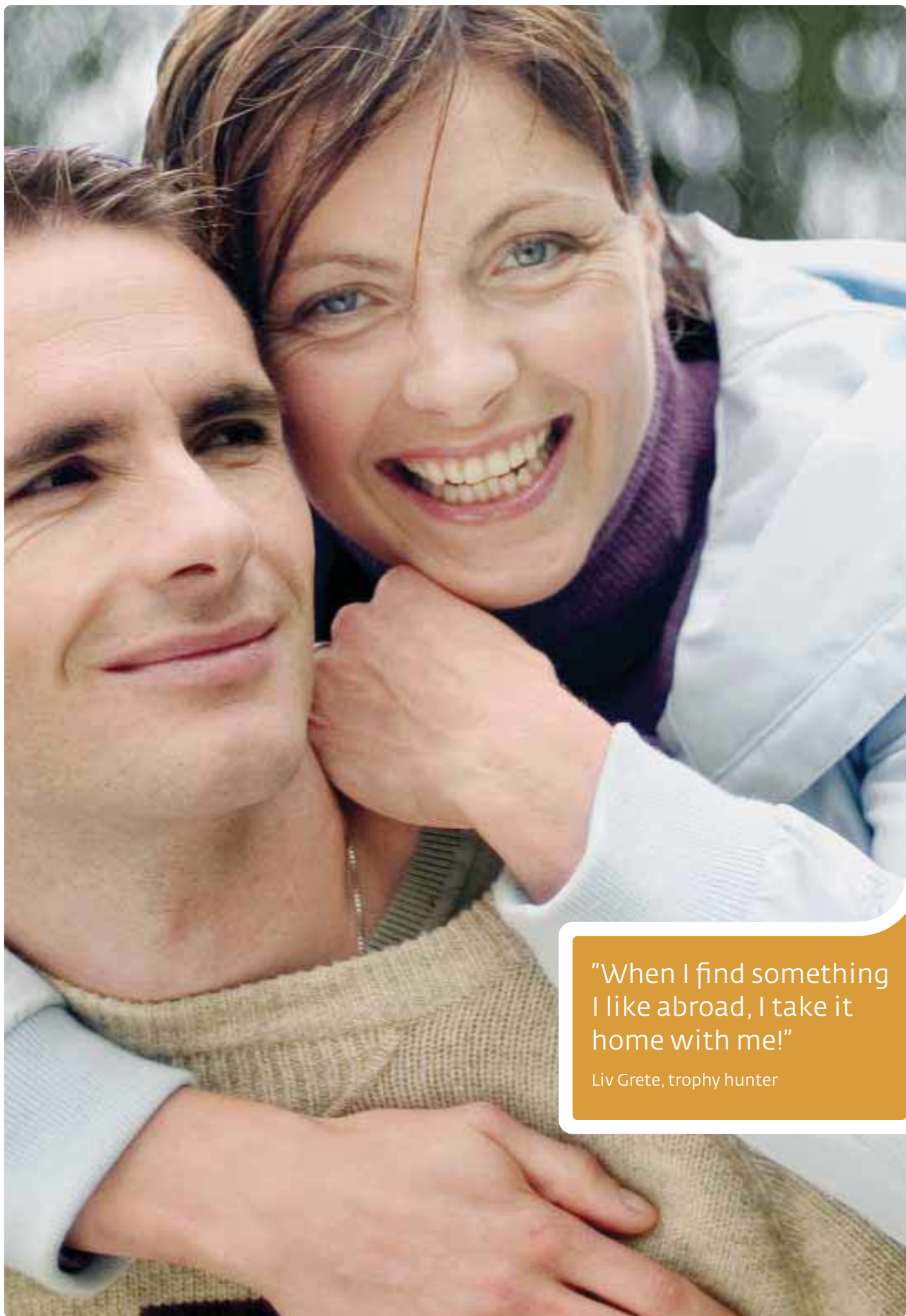


BJØRG WIERS



ESKILD WOLD





"When I find something I like abroad, I take it home with me!"

Liv Grete, trophy hunter



# Vital Forsikring ASA

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## Directors' Report

### Vital - well received in the market and good results in merger year 2004.

Vital Forsikring ASA and its subsidiaries Vital Eiendom AS and Vital Pekon AS, along with the associated company Vital Link AS, had responsibility for the life insurance pension activities of the DnB Group in 2004. Vital Forsikring ASA in its present form was established through the merger of Gjensidige NOR Spareforsikring ASA and Vital Forsikring ASA, and formally registered on 9 March 2004. The merged company has been well received in the market and can report good results in the merger year 2004.

#### Operations<sup>\*)</sup>

Vital's strategy is to be the leader in the market for life insurance and pension saving in Norway. The company is focused on achieving further growth in its business areas and providing good results for its owner and customers. In order to reinforce and strengthen the company's position, Vital will continue to ensure that it has a cost-efficient and professionally unsurpassed organisation. A high standard of customer service and a competitive return on investment are also areas of key importance. Vital shall also be perceived as an attractive point of entry to the DnB NOR Group.

Vital's activities cover the development, sale and delivery of life insurance and pension saving products for the individual and corporate markets, and for the public sector. Vital's flat organisational form gives priority to functions close to the market. The company has head offices in Trondheim and Bergen, with important market activities in Oslo. Vital also has nationwide representation through its own sales offices and DnB NOR's and Postbanken's distribution network, and through independent agents and the Internet.

Vital's financial assets comprise mainly investments in equities, short-term and long-term bonds, the money market and real estate. Most of the funds are invested in securities and are thus channelled to the Norwegian and international capital markets. In 2004 the company introduced ethical guidelines (Socially Responsible Investment) for its asset management activities. In the real estate sector, Vital invests in and rents out office buildings, shopping centres and hotels, mainly in Norway but also in England and Sweden.

A new strategic platform based on the corresponding platform used by the DnB NOR Group was established in the first half of 2004. The platform comprises the company's vision - «Vital makes the future simpler» -, its business concept - «Vital's function is to ensure that the customers have financial security and flexibility» - and its brand values which may be summed up in the words Credible, Helpful and Obliging. The strategic platform sets out Vital's development objectives for the future and sets the standard for the way managers and staff are expected to conduct themselves.

The process of integrating the two merged companies is proceeding as planned. In the period 2004-2006 synergies worth NOK 200 million will be extracted and the workforce will be reduced by 150. By year-end 2004 synergies totalling NOK 41 million had been realised and the workforce had been cut by 58. Other important ongoing processes relate to the conversion of customer data to a common IT system and co-ordination of the organisation and work processes in the areas of customer service. These processes require considerable resources, but are being implemented within the planned framework. When completed, they will help to reduce company costs.

In 2004, after long negotiations, our one-year risk insurance business was sold to Gjensidige NOR Forsikring which, from the date of transfer, became to main provider of products of this kind to Vital's customers. The transaction included the transfer of 20 full-time positions from Vital to Gjensidige NOR Forsikring.

As far as Vital knows, 15 customers perished or are missing following the tragic flood catastrophe in Asia on 26 December 2004.

#### Strengthened market position

Vital gave priority to a high profile and an aggressive approach to the market and customers in 2004. As well as taking what may be regarded as the company's natural share of a growing market, market statistics show that Vital has also strengthened its position in relation to its competitors.

<sup>\*)</sup> In the following, the figures in brackets are pro forma figures for the merged company for 2003.

At the end of September 2004 Vital had 35.6 per cent of the market for managed customers funds, a rise of 0.2 percentage points compared with the aggregate figure for the two merged companies a year previously. Vital's overall share of premium income in the market (including reserves) stood at 36.4 per cent at the end of the third quarter of 2004, an increase of 2.3 percentage points on the previous third quarter figure. At the same time, the company's share of managed customer funds stood at 18.9 per cent, unchanged from the previous year (Source: Norwegian Financial Services Association). Vital Link strengthened its position as the leading unit linked company in Norway, with a market share of 40.8 per cent of managed customer funds at 30 September 2004, against 36.2 per cent a year previously.

#### **Individual market - more long-term saving**

Vital's sales of individual products were at a record level in 2004, both with and without a guaranteed interest rate, reflecting the steadily increasing interest in long-term saving in the individual market. The Pension Commission's recommendations in January 2004 and the subsequent intense media focus on the pension reform contributed positively to greater interest in pension products. Vital's strong position in the individual market is partly due to its extensive distribution network, where DnB NOR has been the largest channel of distribution.

New business premiums (new insurance agreements) written by Vital totalled NOK 5 874 million (4 285), up 37 per cent on 2003. Of this, sales channelled through DnB NOR accounted for NOK 4 205 million (2 130), an increase of 97 per cent on the previous year. DnB NOR's sales of guaranteed insurance products amounted to NOK 2 937 million (1 087), a rise of 170 per cent, while sales of unit linked products increased by 22 per cent to NOK 1 268 million (1 043).

In 2004 Den norske Bank accounted for 62 per cent of Vital's sales in the individual market (51), while Vital Forsikring's own sales personnel made up 12 per cent (15) of the total. Independent agents and other channels of distribution accounted for 26 per cent (34).

#### **Fewer public sector transfers**

Since the autumn of 2002 the market for municipal pension schemes has been characterised by a number of uncertainties in the wake of the Labour Tribunal ruling in a case brought by the Norwegian Federation of Trade Unions against 11 local authorities in October 2002. As a result, fewer local authorities have transferred their pension schemes from KLP in the last two years, compared with the period before the ruling. With effect from 1 January 2004 Vital received four of the six municipal pension schemes that were transferred from KLP. Of eight local or country authorities which decided to leave KLP with effect from 1 January 2005, four chose to transfer their pension business to Vital. At the end of 2004 one local authority decided to transfer its pension scheme from Vital to KLP.

As 2005 started, Vital Forsikring was the market leader among the private life insurance companies operating in the public sector with a total of 55 municipal clients as well as a number of other public sector companies.

#### **Online customer communications**

Vital Forsikring has established online solutions for communication with its customers and the number of companies linked up to Vital through the Internet totalled around 2 250 at year-end.

This facility is being modernised to enable it to be used as a tool to offer saving and insurance products, and possible other employee benefits. This will help to highlight the pension scheme as a benefit offered by the client company to its employees. A new portal will gradually replace the existing solutions.

Through Vital Link Online customers of Vital Link have an overview of their own portfolio and are themselves able to switch funds and alter the savings plan. The number of individual clients who communicate with the company through Vital Link Online is approaching 20 000.

#### **Accounts for 2004**

The accounting profit for allocation totalled NOK 3 126 million (3 455). Of this, NOK 2 033 million is being allocated to the policyholders and NOK 1 236 million to the owner, before tax. The profit allocated to the owner and tax includes profits from other activities and a gain of NOK 143 million on the sale of a business activity. The tax cost is estimated at NOK 64 and after tax the profit was NOK 1 300 million (904).

The sale of the Vital's one-year insurance risk business to Gjensidige NOR Forsikring gave a pre-tax profit of NOK 255m.

The accounts have been prepared on a going concern basis.

### **Premium income**

The Vital companies had aggregate premium income of NOK 22 132 (16 599), an increase of 33 per cent.

Vital Forsikring had premium income of NOK 19 096 million (14 046), a rise of 36 per cent, while premium income from group pension business was NOK 2 796 million up at NOK 12 204 million.

The corporate market made up NOK 9 857 million of premiums from group pension business, while the public sector accounted for NOK 2 347 million. The growth in the corporate market was due to the transfer of a number of pension schemes from both large and small companies, while the increase in the public sector business was mainly due to four new municipal clients with effect from 1 January 2004.

Premium income from individual products with a guaranteed return amounted to NOK 6 454 million (4 134), an increase of 56 per cent on the previous year. The increase was partly due to developments in interest rates, but also good sales of Vital Garanti Kapital which was launched in 2004.

Premium income from unit-linked products, which for accounting purposes are posted by Vital Link, amounted to NOK 3 036 million (2 533), up 19 per cent on 2003. The improvement was due to a buoyant stock market in 2004 and good sales of Vital Link Kapital, a product with a shorter savings period than other unit-linked products.

Annual premiums written and single premiums totalled NOK 14 173 million (11 789), an increase of 20 per cent. Aggregate annual premiums written and single premiums for Vital Forsikring and Vital Link amounted to NOK 16 421 million (13 523), up 21 per cent on the previous year.

The aggregate net inflow of transfers posted by Vital Forsikring and Vital Link in 2004 came to NOK 3 671 million (excluding the sale of a portfolio to Gjensidige NOR Forsikring), compared with a negative net outflow NOK 773 million in 2003.

### **Management results**

The return on book values and the value-adjusted return, excluding changes in unrealised capital gains on long-term securities, was 6.5 per cent and 7.1 per cent (7.9 and 9.7), respectively. Including changes in unrealised capital gains on long-term securities the return was 7.7 per cent (11).

Over time, Vital has adjusted its investment portfolio to take account of the continued low level of interest rates. Less interest rate exposure, more investment in long-term bonds and a strong real estate portfolio are key elements of this strategy. The good results that have been achieved for both customers and our owner are largely due to investments made when interest rates were substantially higher than they are at present.

Net financial income, after changes in the securities adjustment reserve, totalled NOK 9 816 million (10 590). Norwegian equities were the asset class which provided that highest return at 38.1 per cent (48.4), which was 1.4 percentage points better than the Oslo Stock Exchange Benchmark Index, excluding the DnB NOR share which Vital cannot invest in. Foreign equities showed a return of 4.3 per cent (21.3), which was 0.1 percentage points below the benchmark index (Morgan Stanley).

Norwegian bonds showed a yield of 6.7 per cent (13.4), and foreign bonds 6.3 per cent (7.0). The return on money market investments stood at 2.3 per cent (5.5), while long-term bonds, excluding changes in gains on long-term securities, showed a book yield of 5.7 per cent (6.9). Real estate provided a return of 8.7 per cent (6.7).

Overall, the company outperformed the benchmark indexes.

### **Insurance payments**

Insurance payments totalled NOK 10 661 million (10 876), the decline being due to fewer transfer outflows. Payments to policyholders amounted to NOK 7 536 million (7 124).

### **Allocation to disability reserve**

Allocations for claims under group and individual disability schemes were increased by NOK 140 million, and a further NOK 140 remains to be allocated in 2005.

### **Operating expenses**

Operating expenses, including financial management costs, totalled NOK 1 343 million (1 317). The 2 per cent increase in operating expenses was mainly due to an increase in commissions to distributors as a result of higher sales as well as higher asset management costs. Total operating expenses corresponded to 0.93 per cent (1.01) of average policyholders' funds.

The accounts for 2004 include restructuring costs of NOK 250 million which will arise in the period 2004-2006. These costs relate mainly to common IT systems and outlays related to personnel reductions as a result of integration following the merger of the two companies.

## Results

Before transfers to additional allocations, the interest result was a loss of NOK 4 137 million (5 501). The aggregate risk result was a loss of NOK 312 million (-903). The risk result includes an allocation of NOK 228 million to strengthen the disability reserve, so that the ordinary risk result was a loss of NOK 84 million (-122).

The administration result showed a loss of NOK 137 million, reflecting an improvement of NOK 53 million on 2003 when the result was a loss of NOK 190 million. The administration result for group pension business was a loss of NOK 53 million (-80). Additional to this was a provision for restructuring amounting to NOK 250 million.

Further information about these items appears in note 11.

## Balance sheet

At 31 December 2004 total assets in the area of life and pension insurance amounted to NOK 175 145 million (157 808), an increase of 11 per cent. At the same time, Vital Forsikring had total assets of NOK 164 991 million (150 168), a rise of 9.9 per cent, while Vital Link had total assets of NOK 10 154 million (7 640), reflecting growth of 32.9 per cent.

Unrealised gains on long-term bonds, which totalled NOK 3 935 million (2 847) at year-end, are not recorded in the figure for total assets in the balance sheet. On a value-adjusted basis, Vital Forsikring had aggregate total assets of NOK 168 926 million (153 015), an increase of 10.4 per cent.

Vital Forsikring's value-adjusted total assets consist of the following items: short-term bonds 18.1 per cent (26.3), shareholdings 16.6 per cent (13), long-term bonds 32.8 per cent (31.1), money market investments 17.2 per cent (14), real estate 11.8 per cent (11.7) and other items 3.5 per cent (3.9). The breakdown of total assets includes derivatives.

Customer funds invested by Vital Link in unit-linked insurance products are distributed as follows: shareholdings 45 per cent (41), balanced, bond and money market funds 39 per cent (36), and bank deposits 16 per cent (23).

## Buffer capital

Buffer capital protects the policyholders' premium reserve and may consist of the interim profit, the securities adjustment reserve, unrealised gains on long-term securities, additional allocations, equity, subordinated loan capital and the security reserve. All of these elements, except for parts of the security reserve, may be used to cover the guaranteed rate of return on policyholders' funds. Nevertheless, the various components of buffer capital can only be used in accordance with the different conditions and time horizons that apply to each component. The composition of buffer capital is thus of importance in assessing the company's risk situation.

Buffer capital at 31 December 2004 totalled NOK 19 630 million (16 056). The increase was due to the good financial results in 2004. Vital Forsikring's capital base is sufficient to bear investment risk and withstand fluctuations in the financial markets.

## The breakdown and development of buffer capital in 2004 was as follows:

NOK million	31.12.2004	31.12.2003
Securities adjustment reserve	3 538	2 448
Unrealised gains on long-term securities	3 935	2 842
Additional allocations	2 357	2 050
Equity	7 155	5 856
Subordinated loan capital / Capital loans	2 449	2 662
Security reserve	197	197
Total	19 630	16 056

The main changes in 2004 were the NOK 3070 million rise in additional allocations, strengthening of the securities adjustment reserve by NOK 1 090 million and the increase of NOK 1 093 million in unrealised gains on long-term securities. The reduction in subordinated loan capital was due to the repayment of dated subordinated loans. In addition, the entire amount of the company's earnings were retained which increased equity by NOK 1 300 million.

Buffer capital – equity in excess of the statutory minimum capital ratio of 8 per cent, including additional allocations and the securities adjustment reserve – amounted to NOK 8 577 million (6 335) at 31 December 2004.

The risk attached to the return on the investment portfolio depends largely on the composition of assets. Vital Forsikring's aim is to achieve a competitive return over time and to be in a position to take the necessary risk. This calls for sufficient buffer capital to absorb fluctuations in the financial markets.

The Board has set a risk level which is continuously monitored through management models, operative rules and reporting requirements. Through reports, the investment risk is monitored, controlled and assessed in the light of the available buffer capital. Alternative courses of action are continuously assessed, and the necessary action taken. There are also controls to ensure compliance with statutory investment limits and capital adequacy and solvency requirements. There is an ongoing process aimed at the development of tools and systems to give an enhanced overview and better control of the risk attached to asset management services.

### Capital ratio

The capital ratio is qualifying capital for capital adequacy purposes expressed as a percentage of the risk-weighted asset base. At 31 December 2004, Vital Forsikring's qualifying capital totalled NOK 8 953 million (7 724) and the capital ratio was 14.1 per cent (13.8).

Solvency margin capital consists of the capital base plus 50 per cent of additional allocations and 55 per cent of the security reserve in excess of the minimum requirement. At year-end 2004, the company's solvency margin capital amounted to NOK 10 238 million (8 838). During the year, the solvency margin requirement rose to NOK 6 450 million (5 793).

### Personnel

For Vital Forsikring it is important to attract and retain skilled personnel.

The process of integrating the two merged companies and at the same time give priority to customers and daily operations has been a demanding one. Vital's personnel have tackled the challenges well and have made a significant contribution to the company's success.

Including subsidiaries, Vital Forsikring had a workforce of 931 in permanent employment at year-end, corresponding to 898 (1 000) full-time positions. Women made up 46.7 per cent of the workforce and men 53.3 per cent. The average age was 44.1 years and the average period of service 13.8 years.

The employees' of the Vital companies also benefit from the schemes that have been set up by the DnB NOR Group. An important form of long-term motivation is the allocation of shares in DnB-ansattes Fond AS.

Reference is also made to the organisation chart of page 15.

### Equality

Vital Forsikring's workforce is split virtually equally between men and women. The number of male managers within the organisation with personnel responsibility totals 72, against 23 women. These factors contribute to the fact that female employees have a lower average salary than men.

Vital seeks to increase the number of women in leading positions, partly through increased female representation on management development programmes. The company maintains an overview of women with managerial talent and female managers with the potential to take up senior positions within the DnB NOR Group. The DnB NOR Group has also achieved its goal of having 50 per cent female participation on all management development programmes.

Vital still has some way to go before it has achieved the desired balance between men and women at management level. Through the DnB NOR Group, Vital will be pursuing an active policy, based on initiatives and analyses, to increase the number of women in management positions. This will provide a basis for specific initiatives.

The DnB NOR Group is represented in a working group set up by the Norwegian Financial Services Association to consider ways of increasing the proportion of women on boards and in senior positions within the financial services industry.

### Working environment

The incidence of sick leave in 2004 stood at 4.8 per cent (5.9), and the total number of days lost because of sickness was 10 217. No serious injuries or accidents were reported in 2004.

The Working Environment Committee is focused on reducing the level of sick leave and active steps are taken to this end. One such activity is the HES project «Vital Working Environment» which has been shown to be effective in improving the working environment, with a reduction in sick leave in those areas where the project has been implemented.

Vital's Rehabilitation Committee has been in direct contact with personnel who have been on sick leave for a prolonged period. Their cases are monitored directly and several employees have returned to work in suitably adjusted working conditions.

Vital Forsikring has a high level of activity related to health, the environment and safety (HES). HES activities are now reported in line with other internal control activities.

Vital is an Inclusive Working Environment Company and in 2004 it received certification as an Environmental Lighthouse Company.

The management have regular meetings with employees who are members of the Confederation of Insurance Employees.

The company's activities do not pollute the external environment.

### Outlook

The life and pension business offers interesting potential for growth in the coming years, in both the corporate and individual markets, as well as in the public sector. Increased growth is expected in the market for defined contribution based pension. Based on its own organisation and by taking full advantage of the strength of the DnB NOR Group's distribution network, Vital will be well placed to further strengthen its position in the marketplace.



At year-end 2004, 44.6 per cent of the total assets in life insurance and pensions area were invested in long-term investments classified as hold to maturity bonds. This portfolio is expected to show an annual yield of around 5.5 per cent in the next three years. The strengthening of Vital's capital base is enabling the company to increase its exposure in areas that provide a higher return. On this basis, and as part of the DnB NOR Group, Vital will have sufficient ability to withstand fluctuations in the financial markets in the future.

In October 2004 the Storting approved amendments of the Insurance Activity Act. The new provisions will apply to both new and established contracts and will provide the Norwegian life insurance industry with a regulatory framework that is more in accord with future requirements. The aim of the amendments is to increase competition and create more transparent pricing, and in so doing reduce costs and increase the return to the policyholders. The legislative changes, which take effect from 2006, will entail major changes for the life companies, but Vital is well prepared for the new regulatory environment.

The Parliamentary Bill on the Pension Reform was submitted in December 2004 and is likely to be debated in the Storting in the spring of 2005. The Bill is largely based on the recommendations of the Pension Commission which were submitted on 13 January 2004, and which propose major changes to the pension system in Norway. Whatever pension system emerges, Vital's basic view is that it will be sensible to engage in pension saving, both individually and through an employer. We intend to make the market aware of this view.

The Board is very satisfied with the results achieved in 2004 - the financial return, the increase in premium income and total assets, and not least the net inflow of transfers. The good results have been achieved in conjunction with implementation of the integration process following the merger, as planned. Developments in 2004 make Vital well placed to seize new market opportunities and increase the company's competitive strength. The company is well equipped for the future and this is to a great extent thanks to the untiring efforts of the staff. The Board takes the opportunity to thank them all for their sound contribution in 2004.

Bergen 18 February 2005  
The Board of Directors of Vital Forsikring ASA

Svein Aaser  
Chairman

Olav Hytta  
Deputy Chairman

Tor M. Nordvold

Gunnar Reitan

Rolf Rønning

Anne Kathrine Slungård

Siri Pettersen Strandenes

Björg Ven

Björg Wiers

Eskild Wold

Bård Benum

## Profit and Loss Account

		Vital Forsikring ASA	
(NOK mill.)	Notes	2004	2003
Premiums written, gross	1	13 903	11 765
Transfer of premium reserves from other insurers/pension funds	1,5	4 923	2 258
- Ceded reinsurance premiums		270	24
<b>Total premium income for own account</b>	<b>11</b>	<b>19 096</b>	<b>14 046</b>
<b>Income from financial assets</b>	<b>2,11</b>	<b>19 554</b>	<b>22 864</b>
<b>Other insurance-related income</b>		<b>265</b>	<b>122</b>
Insurance payments	3	(7 833)	(7 177)
Change in claims reserve		(27)	(108)
Transfer of premium reserves, additional allocations and securities adjustment reserve to other insurers/pension funds	3,5	(2 801)	(3 591)
<b>Total insurance payments for own account</b>	<b>3,11</b>	<b>(10 661)</b>	<b>(10 876)</b>
Change in premium reserve in insurance fund		(13 275)	(7 687)
Guaranteed return on premium fund and pension regulation fund		(176)	(165)
Guaranteed return on pensioners' surplus fund		(5)	0
Additional allocations for the year		(300)	(925)
Transfer of additional allocations and securities adjustment reserve from other insurers/pension funds	5	132	21
To/(from) additional allocations in insurance fund		(109)	42
To/(from) securities adjustment reserve		0	(17)
To/(from) technical allocations for non-life insurance		501	(272)
<b>Total change in insurance provisions etc.</b>	<b>11</b>	<b>(13 231)</b>	<b>(9 003)</b>
<b>Insurance-related operating expenses</b>	<b>6,7,8</b>	<b>(1 200)</b>	<b>(1 215)</b>
<b>Expenses related to financial assets</b>	<b>2</b>	<b>(8 888)</b>	<b>(9 784)</b>
<b>Other insurance-related expenses</b>	<b>6</b>	<b>(479)</b>	<b>(165)</b>
<b>To/(from) securities adjustment reserve</b>		<b>(1 090)</b>	<b>(2 448)</b>
<b>TECHNICAL RESULT BEFORE SPECIAL PROVISIONS</b>	<b>11</b>	<b>3 366</b>	<b>3 542</b>
<b>Allocations to policyholders</b>	<b>4,12</b>	<b>(2 033)</b>	<b>(2 254)</b>
<b>TECHNICAL RESULT FOR LIFE INSURANCE</b>		<b>1 333</b>	<b>1 288</b>
<b>Other expenses</b>		<b>(97)</b>	<b>(148)</b>
<b>PROFIT FROM ORDINARY ACTIVITY</b>	<b>11</b>	<b>1 236</b>	<b>1 140</b>
<b>Tax cost</b>	<b>10</b>	<b>64</b>	<b>(236)</b>
<b>PROFIT AFTER TAX</b>	<b>11,12</b>	<b>1 300</b>	<b>904</b>
<b>Transfers and allocations</b>			
Transfers and allocations			
Group contribution received		0	1 976
<b>Total transfers</b>		<b>0</b>	<b>1 976</b>
Allocations			
Dividend	27	0	(2 880)
Transferred to other equity	23	(1 300)	0
<b>Total allocations</b>		<b>(1 300)</b>	<b>(2 880)</b>
<b>Total transfers and allocations</b>		<b>(1 300)</b>	<b>(904)</b>

Bergen/Oslo

Svein Aaser  
Chairman

Olav Hytta  
Deputy Chairman

Tor Nordvold

Gunnar Reitan

Rolf Rønning

## Balance sheet

		Vital Forsikring ASA	
	Notes	2004	2003
<b>ASSETS</b>			
<b>Intangible assets</b>	10,21	<b>240</b>	<b>371</b>
Buildings and other real estate	13,21,22	19 410	17 633
Shareholdings and investments in group companies	14	166	153
Long-term financial assets excl. group companies	16	54 540	47 090
Short-term financial assets	15,17,18	84 271	75 367
<b>Total financial assets</b>	19	<b>158 387</b>	<b>140 243</b>
<b>Accounts receivable</b>	20	<b>1 924</b>	<b>2 175</b>
<b>Other assets</b>	9,21,22	<b>1 714</b>	<b>4 913</b>
<b>Prepaid expenses and accrued income</b>	30	<b>2 726</b>	<b>2 467</b>
<b>TOTAL ASSETS</b>		<b>164 991</b>	<b>150 168</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Paid-up equity</b>	23,24	<b>2 343</b>	<b>2 343</b>
<b>Retained earnings</b>	23,24	<b>4 812</b>	<b>3 511</b>
<b>Subordinated loan capital</b>	24,25	<b>2 224</b>	<b>2 437</b>
<b>Capital loans</b>		<b>225</b>	<b>225</b>
<b>Securities adjustment reserve</b>		<b>3 538</b>	<b>2 448</b>
Premium reserve		140 701	126 192
Additional allocatins		2 357	2 050
Premium fund and pension regulation fund		5 979	5 679
Pensioners' surplus fund		14	0
Claims reserve		543	516
Other technical reserves		0	501
Security reserve		197	197
<b>Total insurance reserves</b>	26	<b>149 790</b>	<b>135 135</b>
<b>Provisions for commitments</b>	10	<b>651</b>	<b>756</b>
<b>Liabilities</b>	27	<b>844</b>	<b>2 792</b>
<b>Accrued expenses and prepaid income</b>		<b>565</b>	<b>518</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>164 991</b>	<b>150 168</b>
<b>Contingent liabilities etc.</b>	28,29		

31 December 2004

18 February 2005

The Board of Directors of Vital Forsikring ASA

Anne Kathrine Slungård

Siri Pettersen Strandenes

Björg Ven

Björg Wiers

Eskild Wold

Bård Benum  
Managing Director

# Accounting principles

## General

The accounts for Vital Forsikring ASA have been prepared in accordance with Norwegian accounting legislation and accounting regulations issued by the Banking, Insurance and Securities Commission, and in conformity with generally accepted accounting principles.

## Merger

Vital Forsikring ASA merged with Gjensidige Nor Spareforsikring ASA on 9 March 2004. At the date of merger, both companies were wholly owned by DnB NOR ASA. In line with the Norwegian Accounting Standard, the merger was implemented with accounting continuity, maintaining the balance sheet values from the transferor company. The merger was implemented with accounting effect from 1 January 2004. The accounting figures and related notes to the accounts from previous years have been re-stated to facilitate comparison.

## Consolidation

Vital Forsikring ASA (Vital) is the parent company of the Vital Forsikring ASA Group which includes companies in which the parent company directly or indirectly owns more than 50% of the share capital, and where the ownership is of a permanent nature and gives a decisive influence on the company's operations. The subsidiaries are valued on the basis of the equity method, apart from properties organised as limited companies or general partnerships which are classified and posted in the profit and loss account as directly owned properties.

The companies are listed in notes 13 and 14.

The accounts for 2004 represent both the accounts of the parent company, Vital Forsikring ASA, and the consolidated accounts. This is because the subsidiaries in the accounts of Vital Forsikring ASA are incorporated applying the equity method. Because of the size and the nature of the activities of the subsidiaries, the consolidated accounts therefore do not differ from the accounts of the parent company.

## Classification and valuation

### Intangible assets

Software purchased and developed by the company itself is classified under intangible assets in the balance sheet. Software developed by the company itself is capitalised if the criteria for inclusion in the balance sheet are met. Assets posted in the balance sheet are depreciated on a straight-line basis over the expected economic lifetime of the asset in question and written down if the value of the expected economic benefits are lower than the value posted in the balance sheet.

### Buildings and other real estate

Buildings and other real estate are stated at fair market value. The change in value during the year and any gains/losses on disposal are posted as financial income/ expenses in the accounts.

In accordance with the regulations for the annual accounts of insurance companies, there is no ordinary depreciation on buildings and other real estate.

The company makes regular value assessments of its properties on an individual basis using its own in-house expertise, in accordance with the above-mentioned accounting regulations.

### Short-term financial assets

Financial assets defined as shares, bonds, commercial paper and financial derivatives are valued at their aggregate market value at 31 December.

### Foreign currency

Holdings of foreign securities, financial instruments and liquid assets denominated in foreign currency are translated at the year-end exchange rate.

### Financial derivatives

All trading with financial derivatives takes place within defined frameworks and is used to hedge other balance sheet items. The instruments are classified as trading transactions and are used to manage the company's share, interest rate and foreign currency exposure.

**Options:** Options are used for shares, bonds, futures, forward rate agreements, interest rate agreements, interest rate swaps and foreign currency. The option premium is posted in the balance sheet when the agreement is made and is posted in the profit and loss account when the option either expires or is exercised. The market value is used for calculation purposes and accounting entries.

**Interest rate futures:** Interest rate futures are posted on the profit and loss account on an ongoing basis.

**Interest rate swaps:** Contract values are calculated at year-end. Interest earned/accrued is posted on an ongoing basis.

**Asset swaps:** The accounting treatment is the same as for interest rate swaps.

**Foreign exchange contracts:** Foreign exchange contracts are used mainly to hedge the foreign currency exposure related to securities and other financial instruments.

**Forward rate agreements:** The portfolio value of forward rate agreements is calculated at year-end and is included in the valuation of the overall securities portfolio. Settlement and profit and loss account entries take place on the settlement date.

#### **Bonds to be held until maturity**

Bonds to be held until maturity are classified as long-term financial assets and stated at acquisition cost. Any premium or discount is apportioned on a straight-line basis over the residual period of maturity. Bonds in foreign currency which are to be held until maturity are hedged against changes in exchange rates by forward foreign exchange contracts. Where the foreign exchange contracts are rolled over, the gain/loss is posted in the balance sheet until the bond maturity date, when it is posted in the profit and loss account along with the gain/loss on the hedged bond.

#### **Fixed assets**

Fixed assets for own use are classified as «Other assets» in the balance sheet. Fixed assets are depreciated on a straight-line basis on the basis of their expected economic lifetime.

#### **Subordinated loan capital**

Subordinated loan capital denominated in foreign currency is re-stated in Norwegian kroner at the year-end exchange rate. Both realised and unrealised foreign exchange gains or losses are posted under «Financial income/expenses» in the profit and loss account. Interest payable on subordinated loans is posted under «Other expenses» in the non-technical accounts.

#### **Securities adjustment reserve**

The securities adjustment reserve consists of net unrealised gains on short-term financial assets according to the portfolio principle, in conformity with section 3-17 of the regulations for annual accounts. The reserve has a zero balance if there is a net unrealised loss.

#### **Recording of income and expenses**

Insurance premiums and insurance payments are entered as income / expenses with the amount that falls due in the year. Accrual of premiums earned is accounted for in provisions allocated to the premium reserve in the insurance fund. Income / expenses on the transfer of insurance contracts are recorded at the time the risk is transferred. Transfers to / from the company at year-end are entered in the accounts at 1 Jan. in the new year. Inflows of additional allocations are posted in the accounts under «Change in insurance provisions».

Realised losses / gains on the sale of securities are calculated by applying the FIFO principle («First in, first out»). Dividends receivable are taken to income when the dividend payment has been approved by the general meeting.

#### **Tax**

The tax charge for the year in the profit and loss account consists of the tax payable and the change in deferred tax. The deferred tax is calculated on the basis of differences between the results for tax and accounting purposes that can be offset in the future. The values used are based on balance sheet and tax positions at year-end. Taxable and non-taxable timing differences which are expected to be reversed in the same period are set off against each other and posted net. Net deferred tax assets are posted in the balance sheet if it is likely that they will be set against future taxable income and/or group contributions. An overview appears in note 10.

#### **Pension costs and pension commitments**

The accounting treatment of Vital's pension costs and pension commitments to its own employees is in accordance with the Norwegian Accounting Standard for Pension Costs.

Pension costs are included in «Insurance-related pension costs». The basis for calculating pension costs is a linear distribution of pension entitlements measured against estimated accumulated commitments at the time of retirement. Costs are calculated on the basis of pension entitlements earned during the year with the deduction of the return on funds assigned to cover pensions.

The calculation of pension costs and pension commitments is based on actuarial assumptions about life expectancy, salary rises, other changes concerning those entitled to a pension, and economic assumptions. These assumptions must be expected to change over time. Changes in pension schemes are amortised over the employees' remaining period of service. The accumulated effect of other changes or deviations is measured against the higher of total pension commitments and pension fund assets at the beginning of the financial year. If total changes and deviations exceed 10 per cent of the higher of these two figures, the excess is amortised in the profit and loss account over the average remaining period of service.

## Note 1 - New business

### Distribution by line of business

(NOK mill.)	Individual life insurance	Individual annuity and pension insurance	Group life insurance	Group pension insurance	Group pension insurance	Total 2004	Total 2003
Premiums written	846	2 727	9	331	1	3 914	3 721
Transfer of premium reserves etc.	0	646	0	4 268	10	4 923	2 258
<b>Total new business 2004</b>	<b>846</b>	<b>3 373</b>	<b>9</b>	<b>4 599</b>	<b>11</b>	<b>8 837</b>	
Total new business 2003	400	2 398	8	3 158	14		5 978

## Note 2 - Income from and expenses related to financial assets

(NOK mill.)	Shares	Bonds	Real estate	Other	2004	2003
Income from buildings and other real estate			1 462		1 462	1 462
Income from other financial assets	588	7 844		73	8 506	6 533
<b>Total</b>	<b>588</b>	<b>7 844</b>	<b>1 462</b>	<b>73</b>	<b>9 968</b>	<b>7 995</b>
Value regulation of buildings and other real estate			377		377	109
Reversals, write-down of financial assets					0	1 272
Unrealised gains	491	599			1 090	2 971
Gain on realisation of financial assets *)	5 269	2 847	3		8 119	10 517
<b>Total income from financial assets</b>	<b>6 348</b>	<b>11 290</b>	<b>1 842</b>	<b>73</b>	<b>19 554</b>	<b>22 864</b>
Administration expenses related to buildings and real estate			(376)		(376)	(219)
Administration expenses related to other financial assets	(53)	(65)			(118)	(322)
Other expenses related to financial assets		(1 826)	(80)	(89)	(1 995)	(168)
<b>Total</b>	<b>(53)</b>	<b>(1 891)</b>	<b>(456)</b>	<b>(89)</b>	<b>(2 489)</b>	<b>(709)</b>
Value regulation of buildings and other real estate						(271)
Unrealised losses and reversal of unrealised gains on short-term financial assets					0	0
Loss on realisation of financial assets	(3 283)	(3 067)	(45)	(4)	(6 399)	(8 804)
<b>Total expenses related to financial assets</b>	<b>(3 336)</b>	<b>(4 958)</b>	<b>(501)</b>	<b>(93)</b>	<b>(8 888)</b>	<b>(9 784)</b>
<b>Net financial income</b>	<b>3 012</b>	<b>6 332</b>	<b>1 341</b>	<b>(20)</b>	<b>10 666</b>	<b>13 080</b>

\*) Including realised gain/loss on forward foreign exchange contracts. For quantification of these contracts, please refer to note 18.

## Note 3 - Claims

(NOK mill.)	Individual life insurance	Individual annuity and pension insurance	Group life insurance	Group pension insurance	Group association insurance	Other lines (non-life)	Total 2004	Total 2003
Claims	610	2 519	138	3 254	159	37	6 717	6 909
Surrenders/withdrawals	519	105	0	195	0	0	819	215
Reinsured proportion	0	0	(51)	348	0	0	297	54
<b>Total claims paid</b>	<b>1 129</b>	<b>2 624</b>	<b>87</b>	<b>3 797</b>	<b>159</b>	<b>37</b>	<b>7 833</b>	<b>7 177</b>
Change in claims reserve	0	23	(67)	71	0	0	27	108
Transfer of premium reserves etc. *)	1	578	413	1 181	5	622	2 801	3 591
<b>Total claims 2004</b>	<b>1 130</b>	<b>3 226</b>	<b>434</b>	<b>5 049</b>	<b>164</b>	<b>659</b>	<b>10 661</b>	
Total claims 2003	1 068	3 661	170	5 773	172	32		10 876

\*) The transfer of reserves for group life and other lines relates to the sale of the Gjensidige NOR Forsikring portfolio and totalled NOK 1 035 million.

## Note 4 - Allocations to policyholders

(NOK mill.)	Individual life insurance	Individual annuity and pension insurance	Group life insurance	Group pension insurance	Group association insurance	Total 2004	Total 2003
Premium reserves	98	587	0	775	83	1 543	1 583
Premium fund / pension regulation fund	0	2	0	489	0	490	671
<b>Total allocation to policyholders 2004</b>	<b>98</b>	<b>589</b>	<b>0</b>	<b>1 263</b>	<b>83</b>	<b>2 033</b>	
Total allocation to policyholders 2003	130	674	42	1 317	91		2 254



## Note 5 - Transfer of insurance funds

(NOK mill.)	Individual life insurance	Individual annuity and pension insurance *)	Group life insurance	Group pension insurance	Group association insurance	Other lines	Total 2004	Total 2003
<b>P/L account entries</b>								
Inflow of premium reserves	0	646	0	4 268	10	0	4 923	2 258
Inflow of additional allocations	0	2	0	130	0	0	132	22
Total inflow of funds	0	648	0	4 398	10	0	5 055	2 280
Outflow of premium reserves	(1)	(567)		(1 151)	(5)		(1 724)	(3 543)
Sale of GNF portfolio			(413)			(622)	(1 035)	
Outflow of additional allocations	0	(8)	0	(2)	0	0	(10)	(29)
Outflow of unrealised gains	0	(4)	0	(28)	0	0	(32)	(19)
Total outflow of fund	(1)	(579)	(413)	(1 181)	(5)	(622)	(2 801)	(3 591)
<b>Net P/L account entry 2004</b>	<b>(1)</b>	<b>69</b>	<b>(413)</b>	<b>3 217</b>	<b>5</b>	<b>(622)</b>	<b>2 254</b>	
Net P/L account entry 2003	(5)	(951)	0	(343)	(12)	0		(1 311)
<b>Balance Sheet entries</b>								
Inflow of premium funds etc.	0	0	0	738	0	0	738	399
Outflow of premium funds etc.	0	(22)	0	(90)	0	0	(112)	(256)
<b>Net Balance Sheet entry 2004</b>	<b>0</b>	<b>(22)</b>	<b>0</b>	<b>648</b>	<b>0</b>	<b>0</b>	<b>626</b>	
Net Balance Sheet entry 2003	0	(42)	0	185	0	0		143
<b>Inflow / outflow</b>								
Inflow of annual premiums	0	113	13	302	0	10	438	296
Outflow of annual premiums	1	11	339	112	0	243	706	257
Number of customers/contracts, inflow	0	7 280	140	253	27	238	7 938	1 001
Number of customers/contracts, outflow	143	2 375	1 446	232	12	3 521	7 729	7 381

\*) The figures include inflows from Vital Link totalling NOK 290 million in 2004 against NOK 95 million in 2003. This relates to 511 customers/contracts in 2004 against 117 in 2003. Outflows to Vital Link totalled NOK 421 million in 2004 and NOK 545 million in 2003. This relates to 1411 customers/contracts in 2004 against 1499 in 2003.

## Note 6 - Insurance-related operating expenses

(NOK mill.)	2004	2003
Sales expenses *)	487	477
Insurance-related administrative expenses	713	738
Reinsurance commission and share of profits	0	0
Insurance-related operating expenses	1 200	1 215

\*) Sales expenses

Salaries	187	218
Commissions	181	164
Other sales expenses	119	95
Total sales expenses	487	477

### Restructuring costs

(NOK mill.)	
Provision for restructuring at 1 January 2004	0
Restructuring costs provided for in 2004	250
Restructuring costs in 2004	(109)
Provision for restructuring at 31 December 2004	141

Restructuring costs are planned and controlled by the management and consist mainly of action packages and outlays for the necessary conversion of the company's IT systems following the merger.

## Note 7 - Number of employees / full-time positions

	2004	2003
Number of employees at 31 December	810	975
Number of full-time positions at 31 December	779	941
Average number of employees	893	993
Average number of full-time positions	860	963

The reduction in employees is mainly due to synergies and the transfer of functions to the DnB NOR Group..

## Note 8 - Remuneration

### Remuneration to the managing director and elected officers

(NOK 1 000)	2004	2003
Remuneration to the managing director		
Aggregate remuneration (incl. benefits in kind)	2 341	2 337

Bård Benum took over as managing director of Vital Forsikring- ASA on 12 December 2003. The figures relate to Benum for both years. Remuneration paid in 2004 includes a non-recurring payment of NOK 296 000 (NOK 310 000 in 2003).

The managing director has an agreement which allows him to retire at the age of 62. The pension is reduced from 100% (at 62) to 70% (at 67) of the salary on leaving.

Remuneration to the Board of Directors	1 311	1 345
Remuneration to the Board of Representatives	91	355
Remuneration to the Control Committee	380	482

### Remuneration to the auditor

(NOK 1 000)	2004	2003
Financial audit fee	1 150	1 534
Of which to the external auditor	500	1 184

## Note 9 - Pension commitments

Vital has a tax-deductible occupational pension scheme for its own employees. The full retirement pension amounts to approximately 70% of the pension base, depending on the number of years of service. At 1 January 2004, 874 were members of the scheme. The company also has pension commitments to certain employees and employee groups not covered by the ordinary occupational pension scheme. This relates to employee groups with a lower retirement age, employees with a salary in excess of 12 times the National Insurance Fund base rate, and pensions for Board members. In total, these commitments relate to 64 persons.

The company is entitled to amend the occupational pension scheme. For accounting purposes, all the pension schemes are dealt with in accordance with the Norwegian Accounting Standard for Pension Costs. Under this Standard, both funded and unfunded schemes are treated as benefit plans.

The calculation are based on the following assumptions (last year's assumptions relate to both \*Vital and GNSF\*):

	Costs	Balance Sheet	Costs	Balance Sheet
	2004	31.12.04	2003	31.12.03
<b>Economic assumptions:</b>				
Discount rate	6,0 %	4,7 %	6,0 %	6,0 %
Anticipated return on pension fund assets	7,0 %	5,7 %	7,0 %	7,0 %
Anticipated annual rise in salaries	3,5 %	3,5 %	3,5 %	3,5 %
Anticipated annual increase in the National Insurance Fund base rate	3,0 %	3,0 %	2,5%/3,0%	2,5%/3,0%
Anticipated rise in pensions	3,0 %	2,5 %	2,5%/3,0%	2,5%/3,0%

### Actuarial assumptions:

Turnover	2,0 %	2,0 %	2,0 %	2,0 %
Linear accrual				

Basic tariff for the industry prepared by the Association of Norwegian Insurance Companies

Net pension costs (NOK mill.)	Funded scheme	Unfunded- scheme	31.12.04 Total	31.12.03 Total
Net present value of pension entitlements	41	4	45	45
Interest charge on accrued pension commitments	69	4	73	63
Expected return on pension fund assets	(87)	0	(87)	(77)
Net amortisation	12	2	14	13
<b>Net pension cost</b>	<b>35</b>	<b>10</b>	<b>45</b>	<b>44</b>

### Pension schemes' financial status, recorded assets and liabilities

(NOK mill.)	Funded scheme	Unfunded- scheme	31.12.04 Total	31.12.03 Total
Accrued pension commitments	1 054	73	1 127	1 073
Estimated effect of future salary adjustments	316	13	329	115
Estimated pension commitments	1 370	86	1 456	1 188
Pension fund assets at market value	(1 318)	0	(1 318)	(1 170)
Pension fund assets in excess of pension commitments	52	86	138	18
Difference between actual and estimated market value of pension fund assets	(463)	(12)	(475)	(262)
Net actuarial loss/(gain) not recorded in the accounts	(1)	(11)	(12)	(44)
<b>Net pension fund assets/commitments</b>	<b>(412)</b>	<b>63</b>	<b>(349)</b>	<b>(288)</b>

Net pension costs and pension fund assets at 31 December are exclusive of employer's national insurance contributions. Net pension costs including employer's national insurance contributions totalled NOK 398 million. In line with the economic assump-

tions, the pension fund assets are expected to provide a return of NOK 86 million in 2004. The preliminary actual return for 2004 is NOK 73 million. The actual return 2004 is thus NOK 13 million less than the expected return.

## Note 10 - Taxes

(NOK mill.)	2004	2003
<b>Calculation of tax payable</b>		
Pre-tax profit	1 236	1 140
Permanent differences	(1 759)	(139)
Group contribution received	0	2 745
Tax credit applied	0	(41)
Change in timing differences	504	(2 104)
Application of tax loss carried forward	0	(1 443)
Application of tax allowance for dividends	0	(130)
Taxable income	(19)	28
Tax (at 28%)	0	8
<b>Tax payable</b>	<b>0</b>	<b>8</b>
<b>Calculation of deferred tax</b>		
<b>Taxable timing differences</b>		
Real estate and fixed assets	2 229	2 019
Subsidiaries assessed in accordance with the equity method	339	238
Pension fund assets	246	325
Other items	250	335
Total taxable timing differences	3 064	2 917
<b>Tax-deductible timing differences</b>		
Foreign exchange items related to forward transactions	24	22
Securities		282
Other items	221	40
<b>Total tax-deductible timing differences</b>	<b>245</b>	<b>344</b>
Tax allowance and loss carried forward	750	
Tax-deductible timing differences including tax loss carried forward 995	344	
<b>Calculation base for deferred tax/(deferred tax assets)</b>	<b>(2 069)</b>	<b>(2 573)</b>
Deferred tax / deferred tax assets (at 28%)	(579)	(720)
<b>Tax charge for the year</b>	<b>2004</b>	<b>2003</b>
Tax payable	0	(8)
Change in deferred tax	141	(1 046)
Tax on group contribution received	0	769
Change in tax charge due to divergence from estimates in previous years	(77)	50
<b>Tax charge for the year in the profit and loss account</b>	<b>64</b>	<b>(236)</b>
Tax on profit for the year	64	(236)
<b>Reconciliation of nominal and actual rate of tax</b>		
Pre-tax profit	1 236	1 140
Expected income tax at nominal rate (28%)	(346)	(319)
Tax effect of permanent differences and divergence in estimates for previous years	411	83
<b>Tax charge</b>	<b>64</b>	<b>(236)</b>

## Note 11 - Results and return on capital employed

Breakdown of results by line of business (NOK mill.)	Individual life insurance	Individual annuity and pension insurance	Group insurance	Group pension insurance	Group association insurance	Other business	Total 2004	Total 2003
<b>Profit and loss account</b>								
Single premiums	1	124	0	2 824	1	0	2 950	4 557
Annual premiums	1 873	3 714	286	4 800	87	193	10 953	7 208
Transfer of premium reserves etc.	0	646	0	4 268	10	0	4 923	2 258
Reinsured proportion	(1)	(1)	(41)	312	0	0	270	24
Premium income 2004	1 873	4 483	245	12 204	98	193	19 096	
Premium income 2003	835	3 193	286	9 408	106	219		14 046
Income from financial assets	1 030	5 266	53	12 598	565	41	19 554	22 864
Other insurance-related income	15	37	97	24	0	93	265	122
Claims	(1 130)	(3 226)	(434)	(5 049)	(164)	(659)	(10 661)	(10 876)
Change in insurance allocations	(913)	(2 472)	192	(10 486)	(54)	501	(13 231)	(9 003)
Insurance-related operating expenses	(147)	(384)	(25)	(596)	(29)	(20)	(1 200)	(1 215)
Expenses related to financial assets	(482)	(2 397)	(29)	(5 705)	(255)	(20)	(8 888)	(9 784)
Other insurance-related expenses	(44)	(103)	0	(330)	(3)	0	(479)	(165)
To/from securities adjustment reserve	(58)	(296)	1	(708)	(32)	3	(1 090)	(2 448)
From additional allocations to cover interest deficit	0	0	0	0	0	0	0	0
Technical result for life insurance	(98)	(589)	0	(1 263)	(83)	0	(2 033)	(2 254)
Resultat av teknisk regnskap for livsforsikring	47	321	102	688	45	131	1 333	1 288
Other expenses	(5)	(26)	(0)	(63)	(3)	(0)	(97)	(148)
Operating profit 2004	42	294	101	625	42	131	1 236	
Operating profit 2003	75	360	23	705	49	(72)		1 140
Tax charge	3	19	0	40	3	0	64	(236)
Reallocation of operating profit 2004	5	27	(101)	66	3	0	(0)	
Profit 2004	50	341	0	731	48	131	1 300	
Profit 2003	64	290	18	565	39	(72)		904

Analysis of results (NOK mill.)	Individual kapital- forsikring	Individual annuity and pension insurance	Group insurance	Group pension insurance	Group association insurance	Total life insurance	Other business	Total 2004	Total 2003
Administration result	(37)	(41)	1	(53)	(6)	(137)		(137)	(190)
Restructuring costs	(24)	(55)		(171)		(250)		(250)	
Interest result	201	1 179	119	2 532	106	4 137		4 137	5 501
Risk result	(5)	(137)	(19)	43	34	(84)		(84)	(122)
Other allocations *)	20	20		(268)		(228)		(228)	(798)
Other business						0	131	131	(72)
Allocated to additional allocations	(16)	(81)		(194)	(9)	(300)		(300)	(925)
Total for allocation 2004	140	883	101	1 888	125	3 139	131	3 269	
Total for allocation 2003	205	1 034	65	2 022	140	3 466	(72)		3 394

\*) This includes an allocation of NOK 228 million to strengthen the A310n on the disability reserve (NOK 781 million allocated to the security reserve, with NOK 17 million in 2003).

### Return on total assets – Vital Forsikring

Percentage figures	2004	2003	2002	2001	2000
Rate of return I	6.48	8.61	1.24	5.56	8.39
Rate of return II	7.10	10.30	1.17	1.25	4.21
Rate of return III	7.66	11.50	1.77	1.21	4.18
Average rate of return	6.04	8.36	1.30	5.82	8.11

### Return on total assets – Gjensidige NOR Spareforsikring

Percentage figures	2003	2002	2001	2000
Rate of return I	7.12	1.89	1.81	8.97
Rate of return II	9.01	1.89	-0.19	4.02
Rate of return III	10.45	2.26	-0.01	4.15
Average rate of return	6.60	2.42	2.48	8.81

## Note 12 - Division of profits

(NOK mill.)	2004	Allocation %	2003	Allocation %
<b>Profit from products with division of profits</b>	<b>3 126</b>	<b>100,0 %</b>	<b>3 455</b>	<b>100,0 %</b>
Allocation to policyholders	2 033	65,0 %	2 254	65,2 %
Allocation to equity and tax	1 093	35,0 %	1 201	34,8 %
<b>Profit from products with no division of profits</b>	<b>143</b>		<b>(61)</b>	
<b>Total</b>	<b>3 269</b>		<b>3 394</b>	
Allocation to policyholders	2 033		2 254	
Allocation to equity and tax	1 236		1 140	

## Note 13 - Buildings and real estate

Type of property	City/location	Book value in NOK mill.	Annual rental per m2	Gross rental area m2	Areas used by Vital Forsikring m2	Av. rental period in years
Næringsbygg	Øst	7 336	1 122	543 087	2.8 %	4.8
Næringsbygg	Vest	1 746	992	159 484	10.6 %	6.5
Kjøpesentre	Oslo / Bergen/Trondheim/annet	4 375	1 735	211 396	0.5 %	3.2
Hoteller	Oslo / Bergen/Trondheim/annet	2 575	1 439	137 860		9.5
Utland	London, Stockholm, Gøteborg	2 655	2 361	89 512		
Annet	Øst/vest	724 *)	840	6 407	6.2 %	4.0
Sum direkte eide eiendommer, ANS og AS pr. 31.12.04		19 410	1 350	1 147 746	2.9 %	5.1
Sum direkte eide eiendommer, ANS og AS pr. 31.12.03		17 633	1 295	1 136 945	7.3 %	5.2
Endring i 2004		1 777	55	10 801	-4.4 %	-0.1

\*) Including accumulated cahnges in the value of real estate investments organised as separate companies, as well as capitalised operating assets linked to the real estate portfolio.

Market values at year-end 2004 have been calculated in accordance with section 3-14 of the regulations for the annual accounts of insurance companies. The market values are based on the operating return, defined as the actual (contractual) rental income and market rental, less administration, operating and maintenance costs. The costs are based on the budgeted administration and operating costs as well as an estimate of normal maintenance costs per year over time.

The change in the real estate portfolio relates to the purchase of properties in Stockholm (Spårvognen 4) and Gothenburg (Inom Vall-

graven 1:13) for a total of SEK 1 400 million, the sale of Storgata 7 in Oslo and Øvre Langgate 50 in which together gave a book loss of NOK 4 million, and outlays on existing properties. In accordance with the regulations for annual accounts etc. of insurance companies, all properties have been written up/down to market value at 31 December 2004. The net change in market values amounting to NOK 377 million has been posted in the profit and loss account. Properties used by Vital Forsikring and its subsidiaries for office purposes with an aggregate area of 33 455 sq.m. Make up 2.9% of the total area. The rental for these properties is set on market terms.

## Note 14 - Shareholdings in subsidiaries

(Limited companies in which Vital Forsikring directly or indirectly owns more than 50%)

(NOK 1 000)	Registered office	%- owned	Voting rights	Acquisition cost	Opening balance	Net profits posted *	Closing balance
Storbyen Drift AS	Oslo	100 %	100 %	241	241		241
Sandvika Torg AS	Oslo	100 %	100 %	101	101		101
Road Amundsensgt 6 AS	Oslo	100 %	100 %	100	100		100
Sørlandssenteret Drift AS	Oslo	100 %	100 %	950	950		950
Royal Christiania Hotel AS	Oslo	100 %	100 %	104	104		104
Senterselskapet AS	Oslo	100 %	100 %	5 702	5 702		5 702
Tollbugaten 32 AS	Oslo	100 %	100 %	100	100		100
Gjensidige NOR TMV Odden AS	Oslo	100 %	100 %	100	100		100
Lysaker Brygge AS	Oslo	100 %	100 %	40 748	40 748		40 748
Storbyen Eiendom AS	Oslo	100 %	100 %	101	101		101
Admiral Hotel AS	Oslo	100 %	100 %	102	102		102
Gjensidige NOR Fondsforvaltning AS	Oslo	100 %	100 %	56 256	56 256		56 256
Gjensidige NOR Sparing AS	Oslo	100 %	100 %	3 000	3 000		3 000
Zodiako	Madrid	100 %	100 %	13 500	5 000		5 000
Pekon	Oslo	100 %	100 %	15 410	13 336		13 336
Vital Eiendom	Bergen	100 %	100 %	10 043	12 243		12 243
Vital Eiendomsforvaltning	Oslo	100 %	100 %	10 000	13 185		3 005
Hygea AS	Oslo	100 %	100 %	25 050			25 050
Share of profits				0	8 261	(8 233)	28
<b>Total shareholdings in subsidiaries</b>				<b>181 607</b>	<b>159 629</b>	<b>(8 233)</b>	<b>166 266</b>
Ferd. Storjohanns Sønner AS	Oslo	32 %	32 %	13 650	13 650		13 650
Other companies				20	20		20
<b>Total shareholdings in associated companies</b>				<b>13 670</b>	<b>13 670</b>		<b>13 670</b>
<b>Total: subsidiaries and associated companies</b>				<b>195 277</b>	<b>173 299</b>		<b>179 936</b>

\* The share of profits relates to the profit for the year and other changes during the year.

## Note 15 - Shareholdings, investments and primary capital certificates

(NOK 1 000)	No. of shares	Acquisition cost	Market value
<b>Norway</b>			
<b>Credit institutions and insurance</b>			
Aktiv Kapital	310 500	30 747	41 918
Four Seasons Venture III	3 000	550	0
Northzone III	63 520	6149	4 205
Storebrand	3 797 284	164 803	222 141
<b>Total</b>		<b>202 248</b>	<b>268 264</b>

### Other Norwegian shareholdings

Aker Kværner	359 099	42 889	57 815
Amfi Eiendom ASA	606 082	61 654	103 034
Axis Shield PLC	261 200	4 870	7 601
Bergens Tidende AS	122 994	27 706	54 732
Catch Communications AS	356 599	6 476	8 166
Chipcon Group ASA	175 325	26 929	35 463
DNO ASA	923 700	22 050	25 217
EDB Business Partner ASA	1 198 388	30 898	59 320
Ekornes	543 307	50 779	71 717
Eltek ASA	454 100	28 062	31 333
Ementor ASA	7 140 534	24 567	21 564
Expert Eilag	329 800	10 969	19 046
Fast Search and Transfer ASA	996 590	9 419	13 155
Findexa Ltd.	828 542	20 112	19 471
Fjord Seafood ASA	7 295 100	24 049	22 323
Four Seasons IV AS	42 386	32 048	39 504
Frontline Ltd	190 529	47 425	51 348
Golar	526 847	49 195	46 494
Gresvig ASA	677 000	16 782	28 434
Hafslund B	449 511	12 993	17 216
Industrifinans SMB III	36 432	22 244	7 979
Kongsberg Gruppen	196 557	18 540	19 459
Lerøy Seafood Group	759 773	25 658	27 808
Marin Vekst ASA	100 000	10 000	9 700
Nera	1 682 759	30 536	24 400
Nextgentel Holding ASA	740 242	15 604	29 610
Norchip AS	716 400	11 922	8 597
Nordic VLSI	378 500	21 694	24 981
Norsk Hydro	2 416 081	806 665	1 152 471
Norske Skog A	2 334 608	252 162	305 834
Odffjell	67 280	4 204	14 263
Odffjell ASA B	55 500	3 709	11 433
Opera Software ASA	1 152 445	9 463	10 038
Orkla	3 880 166	473 269	772 153
Petroleum Geo-Services	284 230	92 655	107 581
Powel ASA	896 060	17 685	14 785
Prosafe	849 275	125 121	139 281
Real Estate Central Europe AS	5 000	17 500	8 750
Reiten Co Capital Partners	2 800	28 000	40 051
Rica Hotel og Restaurant Kjede	319 000	7 947	10 687
Rieber og Søn	552 557	26 945	30 943
Royal Caribbean Cruises Ltd	1 020 332	175 082	340 281
SAS AB	1 053 775	46 794	59 802
Schibsted	1 232 846	135 090	212 050
Smedvig ASA A aksjer	104 200	7 923	10 602
Software Innovation ASA	787 004	14 892	16 684
Statoil ASA	6 893 892	509 231	654 920
Stolt-Nielsen SA	1 056 529	97 579	183 836
Stolt-Offshore SA	492 000	16 804	19 286
Superoffice ASA	367 100	7 690	9 581
Tandberg	2 398 878	132 951	180 516
Tandberg Television	2 002 444	84 784	105 629
Telenor ASA	13 593 380	550 981	747 636
Telenor Venture 2 ASA	29 980	28 301	17 568
TGS Nopec Geo	628 122	73 447	97 359
Tomra Systems	3 566 689	145 858	118 771
Veidekke	151 612	7 884	15 313
Visma	473 925	31 273	36 255

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(NOK 1 000)	No. of shares	Acquisition cost	Market value
Vmetro	296 500	5 308	8 450
Whitecliff	900 000	43 311	28 593
Wilh Wilhelmsen B-Aksjer	214 300	9 992	30 859
Wilh Wilhelmsen A-aksjer	46 572	3 285	7 312
Yara International ASA	3 985 053	174 459	317 808
Other Norwegian shareholdings		206 017	81 838
<b>Total other Norwegian shareholdings</b>		<b>5 080 330</b>	<b>6 804 704</b>
<b>Total investment in Norwegian shares</b>		<b>5 282 579</b>	<b>7 072 968</b>

### Foreign

#### Credit institutions and insurance

3i Group Plc	7 592	544	588
77 Bank	20 000	876	852
ABN AMRO Holding	22 136	3 346	3 605
ACE Limited	50 740	12 434	13 138
Acom Co	5 180	2 037	2 348
Aegon NV	266 542	21 304	22 066
Aflac Inc	113 625	31 060	27 417
Aiful Corporation	3 100	1 832	2 065
Alleanza Assicurazioni Spa	5 388	400	456
Allianz AG	4 418	3 265	3 566
Allied Capital Corp	1 451	249	227
Allied Irish Bankds Plc	12 154	1 357	1 536
Allstate Corporation	9 524	2 941	2 983
Alpha Bank AE	2 674	480	565
AMBAC Financial Group Inc	1 666	812	829
American Express	92 840	32 361	31 697
American International Group Inc	172 911	81 829	68 774
AMP Ltd	131 587	3 806	4 536
Amsouth Bancorporation	4 279	719	671
Amvescap Plc	10 084	460	376
AON Corp	3 211	522	464
Apartment Invt Mgmt Co A	986	225	230
Archstone-Smith Trust	3 063	638	711
Assicuaizioni Generali SpA	13 741	2 468	2 825
Australia and NZ Banking Group Ltd	126 718	11 225	12 388
Avalon Communities Inc	931	327	425
Aviva Plc	31 366	2 109	2 290
Axa	239 681	32 712	35 891
AXA Asia Pacific Holdings	13 822	266	269
Banca Antonveneta SpA	2 806	397	448
Banca Monte dei Paschi di Siena Spa	12 269	263	265
Banca Nazionale del Lavarò SpA	14 314	210	259
Banche Popolari Unite Scrl	4 163	509	513
Banco Bilbao Vizcaya Argentaria	188 526	17 599	20 254
Banco BPI Sa	4 838	127	123
Banco Comercial Portugues SA	19 284	264	307
Banco Espirito Santo	1 501	171	164
Banco Popolare di Milano	4 485	169	241
Banco Popular Espanol SA	40 322	15 210	16 100
Banco Popolare di Verona e n	4 132	448	509
Banco Santander Central Hispano SA	359 612	25 697	27 029
Bank of America Corporation	297 251	84 879	84 598
Bank of Fukuoka Ltd	35 000	1 231	1 396
Bank of Ireland	13 463	1 231	1 358
Bank of Montreal	47 991	13 806	14 012
Bank of New York Company Inc	11 135	2 284	2 254
Bank of Nova Scotia	14 788	2 802	3 045
Bank of Piraeus	2 313	200	245
Bank of Yokohama Ltd	69 000	2 284	2 635
Banknorth Group Inc	2 167	453	480
Barkleys Plc	309 907	20 305	21 117
Bayerische Hypo- und Vereinsbank AG	9 335	1 187	1 283
BB and T Corporation	7 760	1 975	1 976
BNP Paribas SA	162 800	67 764	71 435
Boston Properties Inc	1 347	446	528
Brascan Corp CI A	18 843	3 423	4 110

(NOK 1 000)	No. of shares	Acquisition cost	Market value
British Land Co PLC	5 951	420	620
Brookfield Properties	1 100	236	250
Canadian Imperial Bank of Commerce	35 901	12 468	13 120
Capital One Financial	54 441	26 522	27 767
Capitalia SPA	17 565	331	487
Cattles PLC	3 340	130	143
Centro Properties Group	53 903	1 176	1 485
Charles Schwab Corporation	15 463	1 109	1 120
Chiba Bank	50 000	1 877	2 024
Chicago Mercantile Exchange	6 966	6 378	9 649
Chubb Corporation	2 647	1 189	1 233
CI Fund management Inc	10 900	910	993
Cincinnati Financial Corp	1 779	466	477
CIT Group Inc	2 628	566	729
Citigroup Inc	366 409	116 393	106 922
Close Brothers Group	1 497	127	128
CNP Assurance	368	147	160
Comerica Corporated	2 621	955	969
Commerce Bancorp Inc/ NJ	104 620	39 771	40 807
Commerzbank AG	7 493	850	935
Commonwealth Bank of Australia	87 466	12 905	13 330
Compass Bancshares Inc	1 558	421	459
Corio	533	161	189
Corp Mapfre SA	1 909	155	170
Countrywide Financial Corp	121 310	30 344	27 192
Credit Agricole SA	9 352	1 543	1 715
Credit Saison Co Ltd	9 600	1 601	2 116
Credit Suisse Group	16 263	3 813	4 141
Daiwa Securities Group Inc	80 000	3 653	3 499
Danske Bank AS	6 315	1 012	1 172
Deutsche Bank AG	19 615	9 938	10 568
Deutsche Boerse	47 499	16 383	17 318
Dexia	9 412	1 069	1 328
EFG Eurobank Ergasias	2 565	380	534
Equity Office Properties Trust	5 639	1 042	995
Equity Residential Properties	4 038	807	885
E-Trade Financial Corp	118 127	10 819	10 696
Euronext	1 032	196	194
Everest Re Group Ltd	929	481	504
Fairfax Financial Holdings Ltd.	835	855	854
Fannie Mae	94 815	46 975	40 893
Fidelity National Financial Inc	1 769	400	489
Fifth Third Bancorp	6 849	2 432	1 961
First Horizon Natl	1 392	418	363
Foreningssparebanken	219 391	28 952	33 092
Fortis	16 564	2 499	2 815
Franklin Resources Inc	2 097	728	885
Freddie Mac	112 009	48 567	49 998
Friends Provident PLC	23 287	372	417
Gandel Retail Trust	0	0	10
Gecina	274	151	164
General Growth Properties Inc	2 895	654	634
General Property Trust	148 888	2 558	2 647
Genworth Financial CL A	162 365	24 532	26 551
Golden West Financial Corp	3 608	1 355	1 342
Goldman Sachs Group	47 292	31 183	29 800
Great-West Lifeco Inc.	3 179	398	429
Groupe Bruxelles Lambert Sa	861	362	430
Gunma Bank	26 000	892	914
Hammerson PLC	2 950	213	298
Hartford Financial Services Group	4 028	1 676	1 691
HBOS Plc	360 212	33 464	35 519
Hibernia	1 550	275	277
Hokuhoku Financial Group	47 000	776	778
Host Marriott Corp	246 910	22 629	25 871
HSBC Holdings Plc	686 827	72 064	70 202
Huntington Bancshares Inc	2 581	381	387

(NOK 1 000)	No. of shares	Acquisition cost	Market value
Hypo Real Estate Holding	1 615	357	406
ICAP Plc	4 800	132	152
Immofinanz Immobilien Anlagen AG	3 056	171	177
Indymac Bancorp Inc	103 895	21 254	21 678
ING Groep NV	62 351	9 929	11 535
Insurance australian Group	111 931	2 490	3 417
Intesabci Spa	55 548	1 313	1 588
Investa Property Group	114 098	1 117	1 232
Irish Life and Permanent Plc	2 442	233	277
Istar Financial Inc	1 604	432	440
J P Morgan Chase and Co	205 985	54 624	48 668
Japan Associated Finance (JAFCO)	1 700	727	699
Japan Real Estate	11	548	562
Jefferson-Pilot Corp	1 813	575	571
Joyo Bank	50 000	1 425	1 478
KBC Bankverzekeringsholding	1 294	467	608
KeyCorp	5 584	1 096	1 147
Kimco Realty Corp	1 814	594	637
Klepierre SA	265	124	142
Land Securities Group Plc	134 767	19 260	21 939
Legal and General Group Plc	92 549	1 075	1 184
Legg Mason Inc	1 193	423	529
Lehman Brothers Holdings Inc	3 593	1 864	1 904
Lend Lease Corp Ltd	28 512	1 443	1 794
Leopalace21	7 100	989	757
Liberty International Plc	2 431	215	274
Liberty Property Trust	72 362	19 282	18 933
Lincoln National Corp	2 109	586	596
Lloyds TSB Group Plc	78 818	4 037	4 335
London Stock Exchange	3 226	146	218
M and T Bank Corp	857	537	560
Macquarie Bank Ltd	16 323	2 763	3 604
Macquarie Goodman Industrial	137 555	1 195	1 551
Man Group PLC	136 068	23 529	23 290
Manulife Financial Corporation	54 911	14 343	15 378
Marsh and McLennan Companies	31 884	9 686	6 353
Marshall & Ilsley Corp	2 382	648	638
MBIA INC	1 784	680	684
MBNA Corporation	88 232	15 327	15 064
Mediobanca Banca di Credito Finanziario Spa	5 958	470	584
Mediolanum	3 158	134	137
Mellon Financial Corporation	5 890	1 146	1 110
Mercantile Bankshares	850	271	269
Merrill Lynch and Co	12 225	4 669	4 426
MetLife	10 850	2 635	2 662
Metrovacesa	450	124	127
MGIC Investment Corp	1 299	537	542
Millea Holdings	97	9 216	8 715
Mirvac Group	57 671	1 294	1 345
Mitsubishi Estate Company	67 000	5 046	4 752
Mitsubishi Tokyo Financial Group	351	20 899	21 576
Mitsui Fudosan Co Ltd	49 000	3 565	3 606
Mitsui Sumitomo Insurance Company	87 000	5 224	4 577
Mitsui Trust	40 000	1 090	2 421
Mizuho Financial Group Inc	496	12 389	15 127
Moody's Corp	1 782	775	937
Morgan Stanley	14 092	5 111	4 739
Muenchener Rueckversicher- ungs-Gesellschaft AG	2 566	1 878	1 915
National Australia Bank Ltd	99 570	13 920	13 624
National Bank of Canada	27 201	6 541	6 820
National Bank of Greece	3 426	437	685
National City Corporation	8 966	2 081	2 039
New York Community Bancorp	3 040	403	379
Nikko Cordinal Corp	99 000	3 349	3 177
Nippon Building Fund	16	809	827



(NOK 1 000)	No. of shares	Acquisition cost	Market value
Nomura Holdings Inc	125 000	12 230	11 038
Nordea Bank AB	323 823	19 444	19 774
North Fork Bancorporation	6 075	1 044	1 062
Northern Trust Corporation	2 180	616	641
Old Republic International Corp	1 787	292	274
ORIX Corporation	5 500	3 924	4 525
Persimmon Plc	17 284	1 290	1 389
Plum Creek Timber Co	2 888	598	672
PMI Group Inc/The	1 077	307	272
PNC Financial Services Group	4 000	1 389	1 392
Power Corp of Canada	21 076	2 980	3 303
Power Financial Corp	19 984	2 923	3 234
Primus Guaranty Ltd	44 161	4 040	4 384
Progressive Corporation	30 199	16 730	15 518
Prologis	2 839	655	745
Promise Co Ltd	6 100	2 333	2 639
Provident Financial Plc	2 665	207	208
Providian Financial Corp	3 900	381	389
Prudential Financial	7 635	2 331	2 541
Prudential Plc	40 370	2 017	2 127
Public Storage Inc	1 198	399	405
QBE Insurance Group Ltd	49 981	2 997	3 643
Radian Group Inc	71 575	22 752	23 080
RAS Riunione Adriatica di Sicurtà Spa	3 747	443	513
Regions Financial Corporation	6 514	1 419	1 404
RenaissanceRe Holdings	1 147	388	362
Resona Holdings Inc	298 000	2 829	3 664
Rodamco Europe	487	211	235
Royal & Sun Alliance Insurance Group Plc	30 457	338	274
Royal Bank of Canada	9 464	2 988	3 074
Royal Bank of Scotland Group Plc	383 162	75 584	78 060
SAFECO Corp	1 570	424	497
Sampo	179 808	14 065	15 040
Sanpaolo IMI SpA	13 494	1 059	1 178
Schroders	2 439	181	213
Shinsei Bank Ltd	34 000	1 354	1 403
Simon Property Group Inc	3 092	1 201	1 211
Skandia Forsaekring	682 572	17 347	20 591
Skandinaviska Enskilda Banken	5 368	489	629
SLM Corporation	72 288	19 300	23 375
Slough Estates Plc	4 580	253	293
Societe Generale de France	4 718	2 748	2 920
Sompo Japan Insurance Inc	48 000	3 031	2 962
Sovereign Bancorp Inc	3 802	520	519
St Pauls Travelers Companies	9 136	2 274	2 051
State Street Corporation	4 778	1 451	1 421
Stockland	92 890	2 493	2 660
Sumitomo Mitsui Financial Group	276	11 080	12 153
Sumitomo Realty & Developemnt	28 000	2 202	2 211
Sumitomo Trust and Banking Co Ltd	63 000	2 371	2 759
Sun Life Financial Services of Canada Inc	46 378	8 620	9 413
Suncorp-Metway Ltd	40 258	2 720	3 322
SunTrust Banks	5 260	2 337	2 354
Suruga Bank Ltd.	3 000	147	145
Svenska Handelsbanken	7 611	1 010	1 200
Swiss Reinsurance	4 551	2 011	2 002
Synovus Financial Corp	2 914	496	504
T Rowe Price Group Inc	1 478	455	557
T & D Holdings Inc	11 050	3 141	3 200
Takefuji Corporation	4 910	1 987	2 011
TCF Financial	1 390	292	271
The Shizuoka Bank	38 000	1 961	2 181
TopDanmark	400	180	191
Torchmark	1 221	441	423
UBS AG	120 687	56 960	61 533
UFJ Holdings Inc	245	7 667	8 993
Unibail Company	546	353	524
UniCredito Italiano SpA	547 781	18 673	19 076

(NOK 1 000)	No. of shares	Acquisition cost	Market value
UnumProvident Corporation	4 785	461	520
US Bancorp	26 091	4 955	4 949
Vornado Realty Trust	1 750	678	807
Wachovia Corporation	22 331	7 007	7 114
Washington Mutual	12 823	3 479	3 284
Wells Fargo and Company	137 898	54 722	51 908
Wereldhave N.V.	256	139	169
Westfield Group	99 794	7 081	7 785
Westfield Trust	0	0	5
Westpac Banking Corporation Ltd	124 497	9 152	11 520
Wihlborgs Fastigheter AB	1 200	131	153
XL Capital Ltd	1 894	973	891
Zions Bancorp	1 099	431	453
Zurich Financial Services AG	15 594	15 182	15 748
<b>Total credit institutions and insurance</b>	<b>1 955 856</b>	<b>1 987 455</b>	

#### Other foreign shareholdings

General Electric Company	1 584 077	341 421	350 188
Exxon Mobil Corporation	737 896	218 476	229 090
Microsoft Corporation	1 239 981	225 898	200 596
MSCI World Opals	58 300	181 053	180 693
BP Plc	2 608 912	152 157	154 111
Total SA	107 793	137 951	142 862
Vodafone Group Plc	8 690 552	142 555	142 740
Pfizer Inc	783 496	168 250	127 603
Johnson and Johnson	295 591	108 109	113 540
Procter and Gamble Company	318 832	111 746	106 362
IBM - International Business Machines Corporation	177 293	108 450	105 855
Intel Corporation	742 150	136 253	105 137
Merck and Company	530 909	112 848	103 347
Coca-Cola Company	405 712	127 776	102 296
Royal Dutch Petroleum Company	292 437	98 327	102 055
Toyota Motor Corporation	389 300	90 736	95 952
GlaxoSmithKline	674 810	96 361	95 888
Cisco Systems	811 792	124 045	94 893
Roche Holding AG	135 164	90 906	94 345
ChevronTexaco Corporation	282 280	89 047	89 775
Wal-Mart Stores	271 211	101 504	86 764
Verizon Communications Inc	346 026	88 061	84 899
Bristol-Myers Squibb Company	538 153	95 360	83 506
Abbott Laboratories	289 070	79 881	81 675
Nestle SA	46 041	77 896	73 279
Dell Inc.	285 723	68 226	72 924
Nokia Oyj	712 399	74 070	68 149
Tyco International	300 149	56 966	64 972
General Mills	212 280	60 524	63 912
Deutsche Telecom AG	458 368	57 652	62 829
Oracle Corporation	729 508	60 023	60 620
Telefonica	514 696	51 533	58 728
Novartis AG	191 097	57 030	58 639
Shell Transport and Trading Company Plc	1 135 657	53 404	58 633
Astrazeneca	265 322	78 888	58 280
Amgen Inc	149 888	58 303	58 237
Comcast Corp New	285 036	57 749	57 453
SBC Communications Inc	363 790	62 330	56 780
Gillette Company	206 885	56 223	56 111
Viacom Inc B	244 104	63 882	53 801
Target Corporation	168 038	51 998	52 852
France Telecom SA	253 029	42 915	50 743
Time Warner Inc	430 033	50 480	50 633
Eni SpA	329 635	46 321	49 987
Ericsson B	2 577 687	45 461	49 806
Walgreen	213 457	51 982	49 606
Groupe Danone	87 047	46 798	48 721
Hewlett-Packard Company	382 208	57 219	48 543
Siemens AG	93 706	47 449	48 177
National Grid Group Plc	816 714	46 139	47 105

(NOK 1 000)	No. of shares	Acquisition cost	Market value
BASF AG	106 959	38 508	46 722
Devon Energy Corporation	188 962	41 685	44 543
Home Depot Inc	171 679	43 321	44 441
Telecom ItaliaSpa	1 774 426	35 697	43 970
Anadarko Petroleum Corporation	111 292	45 629	43 686
Masco Corporation	197 046	40 148	43 596
Sanofi-Aventis SA	89 503	41 458	43 375
Raytheon Company	182 084	40 406	42 822
Guidant Corporation	97 176	38 119	42 435
Boston Scientific Corp	196 389	49 863	42 285
Tesco Plc	1 128 751	35 899	42 231
PepsiCo	133 399	45 592	42 175
FedEx Corporation	69 914	33 901	41 705
Accenture Ltd	252 557	42 073	41 301
Canon Inc	124 700	41 640	40 759
Harley-Davidson	107 143	39 459	39 422
Husky Energy Inc.	226 836	30 513	39 273
eBay Inc	53 686	31 255	37 809
Snam Rete Gas	1 062 443	32 200	37 435
Canadian Natural Resources Ltd	143 814	30 562	37 258
Cardinal Health	105 012	35 131	36 985
Qualcomm Inc	143 480	34 518	36 846
BHP Billiton Ltd	504 798	29 016	36 765
Diageo Plc	421 954	37 552	36 456
Weyerhaeuser Company	88 704	37 763	36 114
Thyssen Krupp AG	268 487	33 316	35 810
Edison International	183 930	31 041	35 681
BAE Systems Plc	1 317 276	33 669	35 307
Wellpoint Inc	50 459	29 613	35 145
CVS Corporation	125 999	32 793	34 394
Boeing Company	108 053	35 025	33 880
Alcoa Inc	177 536	40 755	33 785
Anheuser-Busch Companies	109 087	35 949	33 517
TXU Corporation	84 665	18 413	33 105
Scottish Power Plc	704 147	33 844	33 018
Honda Motor Company Ltd	104 900	31 860	32 923
Amdocs Ltd	206 100	32 352	32 767
Takeda Pharmaceutical Co Ltd	104 300	31 858	31 810
Yahoo	138 352	27 139	31 574
SPX Corp	126 124	34 958	30 601
Staples	149 239	28 177	30 470
The DIRECTV Group Inc.	298 169	29 668	30 231
Gannett Company	60 451	33 073	29 913
3M Company	59 959	32 789	29 804
Pepco Holdings Inc	230 286	32 350	29 736
Siebel Systems	467 312	27 026	29 719
Carnival Corporation	84 633	26 248	29 541
Medtronic	97 869	32 206	29 442
Aetna Inc	38 627	23 821	29 185
Sony Corporation	123 800	30 673	28 977
Bellsouth Corporation	169 533	30 838	28 535
Matsushita Electric Industrials Company Ltd	291 000	27 109	27 967
InBev	118 134	24 633	27 780
UnitedHealth Group Incorporated	51 934	23 722	27 689
SCA B	107 031	28 339	27 655
H and R Block	92 774	29 189	27 533
Reed Elsevier Plc	490 467	30 016	27 404
Eli Lilly and Co	79 271	34 092	27 247
Petro-Canada	88 044	28 947	27 224
Walt Disney Company	160 907	27 102	27 093
First Data Corporation	105 073	28 718	27 072
McDonalds Corporation	139 399	26 676	27 068
EON AG	48 697	23 012	26 940
Wyeth	102 311	27 775	26 391
PSA Peugeot Citroen SA	68 088	24 649	26 231
Merck Kgaa	62 887	23 267	26 207
Polycorn Inc	184 680	25 531	26 084
HJ Heinz Company	109 864	26 091	25 944

(NOK 1 000)	No. of shares	Acquisition cost	Market value
Kohls Corporation	85 980	27 267	25 605
News Corp-CL A When Iss	224 953	24 345	25 424
Sandvik AB	103 512	24 256	25 283
United Technologies Corporation	40 329	25 225	25 244
Sara Lee Corporation	171 947	24 992	25 140
Pearson Plc	343 837	26 488	25 129
CenterPoint Energy Inc	366 900	26 711	25 111
Wimpey	530 936	24 238	24 973
Scheering-Plough Corporation	195 300	21 686	24 698
Sysco Corporation	106 655	24 421	24 657
Texas Instruments Incorporated	163 976	27 930	24 451
Reckitt Benckiser Plc	133 273	22 488	24 393
Expeditors International of Washington Inc	71 899	22 732	24 334
Affiliated Computer Services A	66 700	23 989	24 315
United Parcel Service	46 328	22 634	23 979
Alcan Inc	78 986	22 727	23 477
TDC	91 413	21 759	23 446
NTT DoCoMo	2 094	28 566	23 392
E I du Pont de Nemours and Company	78 070	22 682	23 193
Marathon Oil Corporation	101 646	24 967	23 154
BMW AG	84 452	23 683	23 104
Corning Incorporated	323 708	24 220	23 076
Temple-Inland Inc	54 600	20 284	22 619
Compagnie de Saint-Gobain	61 546	20 679	22 456
Tokyo Electric Power Company	149 800	21 597	22 268
Pernod-Ricard SA	23 950	20 123	22 225
Dow Chemical	73 164	20 879	21 939
Nissan Motor Company	332 300	24 797	21 880
Take-Two Interactive Software	103 471	22 269	21 802
Centex Corp	59 944	18 952	21 631
Smith and Nephew Plc	341 679	21 659	21 177
Automatic Data Processing	78 533	22 409	21 095
Best Buy Company	58 259	20 502	20 967
Lowes Companies	59 312	21 387	20 688
Telus Corporation Non Vote	116 700	15 508	20 494
Agere Systems Inc A	2 478 681	20 745	20 422
ITV Plc	1 661 771	25 035	20 338
Equifax Inc	118 912	20 076	20 238
DSM NV	51 339	17 478	20 142
Sealed Air Corp	60 151	20 187	19 407
Georgia Pacific Corp	84 886	19 579	19 269
New York Times	77 468	22 878	19 143
Motorola	183 084	19 228	19 073
Schlumbergers	46 373	19 633	18 804
Liz Claiborne	73 242	17 786	18 724
Bed Bath and Beyond	76 358	20 307	18 420
Ibrea Lineas Aer De Espania	877 005	17 281	18 411
Pilkington Plc	1 429 619	17 923	18 286
Tenet Healthcare Corporation	274 254	22 417	18 238
Unilever NV	44 484	19 158	18 226
mmO2 Plc	1 259 400	17 130	17 976
Agrium	175 100	17 004	17 930
Enel SpA	300 809	16 388	17 904
SAP AG	16 449	17 622	17 797
Applied Material Inc	170 596	21 428	17 668
Koninklijke Philips Electronics NV	109 054	18 998	17 516
McDATA Corporation	483 360	17 298	17 448
Petco Animal Supplies Inc	72 825	15 738	17 414
Hitachi Ltd	411 000	20 174	17 248
Telekom Austria AG	149 467	16 152	17 185
Qiagen NV	256 648	18 442	17 008
EMC Corporation	187 427	16 218	16 880
IHI Holding A-klasse	782 916	8 617	16 669
Next plc	85 086	15 696	16 325
Caterpillar Inc	27 474	15 114	16 226
Whirlpool Corp	38 444	17 833	16 115
Kimberly-Clark Corporation	39 977	16 223	15 934
Anglo American Plc	110 943	16 307	15 894

(NOK 1 000)	No. of shares	Acquisition cost	Market value
Accor SA	59 211	16 272	15 708
Vivendi Universal SA	80 840	14 271	15 633
BT Group Plc	658 069	14 672	15 534
Agfa Gevaert NV	75 369	14 122	15 492
Edison Spa	1 200 145	14 601	15 463
Rio Tinto Plc	86 719	14 462	15 459
Enterprise Inns PLC	166 702	12 068	15 411
East Japan Railway Company	454	16 271	15 296
Koninklijke Ahold NV	322 362	16 282	15 127
Station Casinos	45 073	15 433	14 927
Urban Outfitters	55 403	14 101	14 899
Nextel Communications A	81 201	14 083	14 754
QLT	151 000	14 157	14 706
STMicroelectronics NV	124 148	16 744	14 669
Comcast Corporation Cl A			
Special Common Stock	70 964	13 916	14 115
BHP Billiton Plc	198 243	12 695	14 073
Emerson Electric	33 140	14 071	14 070
Honeywell International	65 000	14 959	13 940
Stagecoach Group Plc	1 053 515	14 066	13 935
ASML Holding NV	142 590	14 969	13 863
Murata Manufacturing Company Ltd	40 600	15 164	13 750
Exelon Corporation	51 266	11 730	13 684
Telecom Italia Mobile SpA	300 101	11 176	13 588
Beckman Coulter	33 384	12 873	13 545
Millennium Pharmaceuticals	183 832	14 921	13 494
Fuji Photo Film Company Ltd	61 000	12 898	13 485
Carrefour SA	45 608	14 636	13 188
Hoya Corporation	19 200	12 705	13 130
Mobistar SA	23 046	11 428	13 082
Starwood Hotels and Resorts			
Worldwide Inc	36 708	11 515	12 984
Unilever Plc	215 612	13 065	12 824
Alcatel SA	136 014	14 070	12 821
Yamanouchi Pharmaceutical			
Company Ltd	54 300	11 433	12 806
Liberty Media Corporation	191 982	12 899	12 767
Genentech	38 504	13 110	12 696
Chubu Electric Power Company	87 100	12 276	12 665
Hemocue Holding AB C-klasse	62 438	8 500	12 659
Encana Corp	36 393	10 587	12 583
Nippon Steel Corporation	842 000	11 746	12 492
Nortel Networks Corporation	589 365	15 535	12 394
Ford Motor Company	139 507	13 889	12 370
Brambles Industries plc	407 932	12 476	12 345
Informatica	249 295	11 793	12 260
JFE Holdings Inc	70 800	12 386	12 240
Sharp Corporation	123 000	13 287	12 163
Mitsubishi Corporation	155 000	11 417	12 130
Starbucks Corp	32 078	9 380	12 116
Sprint Corp	80 281	11 073	12 083
Ito-Yokado Co	47 000	12 377	11 945
Koninklijke Numico NV	54 443	10 646	11 891
Kansai Electric Power Company	96 300	11 518	11 839
Apple Computer Inc	30 320	7 016	11 826
Shin-Etsu Chemical Company Ltd	47 500	12 861	11 792
Denso Corporation	71 700	9 839	11 633
Southern Company	57 288	11 647	11 631
Findus B-klasse	2 256 458	19 427	11 619
Illinois Tool Works	20 669	11 571	11 602
Nippon Telegraph and			
Telephone Corporation	426	14 650	11 583
Sun Microsystems	352 725	11 638	11 493
BG Group Plc	277 615	11 490	11 428
Cendant Corporation	80 034	12 439	11 333
Repsol YPF	71 704	10 099	11 310
Kao Corporation	73 000	10 466	11 305
NTL Inc	25 410	9 753	11 229
Bridgestone Corp	93 000	9 252	11 214

(NOK 1 000)	No. of shares	Acquisition cost	Market value
Duke Energy Corporation	72 599	11 099	11 138
Signet Group PLC	866 990	11 376	11 090
Eniro AB	177 600	9 815	11 007
Occidental Petroleum Corporation	30 984	10 160	10 952
Endesa	76 358	9 351	10 869
Costco Wholesale Corporation	37 055	9 985	10 865
Loreal SA	23 558	11 461	10 846
Check Point Software Technologies Ltd	72 500	9 275	10 815
Kesa Electronics PLC	327 902	11 395	10 771
Cap Gemini SA	55 394	11 655	10 744
Bearingpoint Inc	220 784	13 581	10 738
Bayer AG	51 805	9 212	10 644
Eisai Co Ltd	52 600	8 722	10 477
KDDI	320	10 315	10 441
RWE AG	30 958	9 706	10 405
Biogen Idec Inc.	25 745	9 777	10 386
Dominion Resources	25 259	10 718	10 363
Suez SA	63 405	8 556	10 324
Ricoh Company	88 000	11 585	10 283
Alkermes	120 000	10 619	10 241
Baxter International Inc	48 710	9 535	10 190
Casino Guichard Perrachon	20 989	12 824	10 164
Lockheed Martin Corporation	30 205	10 429	10 162
Kyocera Corporation	21 600	12 023	10 073
News Corp-Class B	86 123	10 676	10 015
Atos Origin	24 221	9 840	9 964
Toshiba Corporation	383 000	10 170	9 961
Nintendo Co Ltd	13 000	8 313	9 889
Wesfarmers Ltd	52 146	7 104	9 854
L air Liquide SA	8 648	8 995	9 694
Mitsui + Co	178 000	9 287	9 669
Billerud AB	89 500	9 173	9 666
Newmont Mining Corporation	35 401	10 743	9 522
Cadbury Schweppes Plc	167 890	9 188	9 468
Zimmer Holdings	19 457	9 788	9 442
Iberdrola SA	60 792	8 029	9 359
Woolworths Ltd	130 665	7 897	9 312
International Paper Company	36 532	9 858	9 293
General Motors Corporation	38 176	11 831	9 263
Seven-Eleven Japan Co	48 000	10 424	9 164
Koninklijke KPN NV	158 198	8 132	9 133
Advanced Digital Info	150 462	9 602	9 131
LVMH Moët Hennessy Louis Vuitton SA	19 667	8 795	9 129
Rohm Company Ltd	14 500	10 743	9 085
Skanska B	124 123	8 401	9 022
Softbank Corporation	30 200	8 444	8 907
Telecom Italia Rnc	451 859	6 541	8 891
Deere and Company	19 727	8 734	8 889
Scientific-Atlanta Inc	44 318	8 114	8 860
Fujitsu Ltd	224 000	9 009	8 831
Electronic Arts Inc	23 636	7 740	8 830
Nvidia Corp	61 263	8 616	8 742
Halliburton	36 553	7 612	8 687
GUS Plc	78 773	7 252	8 597
Avon Products Inc	36 492	9 315	8 553
NEC Corporation	227 000	11 638	8 547
McGraw-Hill Companies	15 399	7 533	8 538
Clear Channel Communications	42 056	10 827	8 531
Aeon Co Ltd	84 400	10 039	8 530
Symantec Corp	54 500	8 385	8 503
Canadian National Railway Company	22 982	6 646	8 489
Burlington Resources Inc	32 088	7 079	8 454
Agilent Technologies Incagilus	57 840	9 348	8 443
Caremark Rx Inc	35 157	7 146	8 396
Northrop Grumman Corp	25 480	8 441	8 389
Ranstad Holding	35 187	6 652	8 386
Dai Nippon Printing Company	86 000	7 800	8 357
Burlington Northern			
Santa Fe Corporation	29 090	6 788	8 335

(NOK 1 000)	No. of shares	Acquisition cost	Market value
Centrica Plc	302 582	9 472	8 312
Maxtor Corp	258 600	7 782	8 301
Waste Management	45 538	8 347	8 258
Tokyo Gas Company	331 000	7 960	8 217
Watson Pharmaceuticals Inc	41 300	8 513	8 207
Apache Corporation	26 577	7 927	8 140
Shionogi og Company Ltd	97 000	9 120	8 124
Hennes og Mauritz B	38 359	6 688	8 093
General Dynamics Corporation	12 747	7 596	8 076
Aerpostale	45 300	9 286	8 075
Union Pacific Corporation	19 660	8 057	8 008
Salcomp Oy C	42 982	8 539	7 938
Lucent Technologies Inc	345 334	8 754	7 864
Lafarge SA	13 328	7 258	7 802
Fanuc Ltd	19 700	7 624	7 801
Omnicom Group Inc	15 178	7 793	7 751
Entergy Corporation	18 754	7 239	7 677
Foster Group Ltd	278 782	6 219	7 664
Rio Tinto Ltd	41 113	7 122	7 636
Conagra Foods Inc	41 939	7 191	7 481
Renault	14 725	6 842	7 469
Nike Inc	13 499	7 097	7 415
Suncor Energy Inc	34 350	6 651	7 362
St Jude Medical	28 720	6 512	7 294
Adobe Systems Inc	18 887	5 547	7 177
HCA - Healthcare Company	29 594	7 690	7 162
Monsanto Company	21 209	5 331	7 136
Genzyme Corporation	20 212	6 703	7 109
Kyushu Electric Power Company	58 100	6 879	7 109
Coles Myer Ltd	151 486	6 177	7 092
Schneider Electric SA	16 816	6 991	7 088
Baker Hughes Inc	27 397	6 705	7 080
Yum Brands	24 768	6 022	7 078
Becton Dickinson and Company	20 487	6 278	7 048
Computer Associates International	37 462	6 465	7 047
Transocean Inc	27 437	5 282	7 044
TDK Corp	15 700	6 982	7 043
AT and T Corp - EX Distribution	60 703	7 461	7 008
Other foreign shareholdings	1 887 338	2 198 601	
<b>Total other foreign shareholdings</b>	<b>11 980 182</b>	<b>12 263 188</b>	
<b>Total foreign shareholdings</b>	<b>13 936 038</b>	<b>14 250 643</b>	

(NOK 1 000)	No. of shares	Acquisition cost	Market value
<b>Equity funds, hedge funds and other financial funds</b>			
DNB NOR Art fund of Funds Class D	132 049	994505	920 429
DnB NOR Global Selektiv II	4 962 618	492459	486 115
DNB NOR Investment Fund, kl E	358 924	358924	375 168
Schroders PE Fund of funds C-shares	21 000	228113	227 739
Carlson Fund EQ Global			
Emerging Markets	18 220 479	162285	154 453
Merrill Lynch (Vesey Street Port., L.P.)	17 680	150039	115 349
SCHRODER INTL JAPAN EQUITY	2 401 017	92050	115 063
DnB NOR Taktisk Aktivaalokering	100 000	100000	99 537
Warburg Pincus PE VIII	12 688	114798	91 977
Third Cinven Fund	4 953	64211	91 420
HarbourVest International PEP IV	8 069	81568	65 156
SISF INTL PACIFIC	1 574 759	46879	62 091
DB Global Master Fund Ltd	6 883	60779	52 259
Schroders PE Fund of funds II C-shares	5 000	41150	41 430
Procuritas Capital			
Investors III GP (B LP)	5 864	49697	38 617
Viking Venture AS	260 760	23621	22 295
Reiten & Co AS	1 400	14000	20 026
ProVenture (European Fund Inv. II)	2 217	17788	12 921
Neo Med Innovation LP.	1 155	19001	12 522
Northzone Ventures IV K/S	1 007	10218	8 664
Danske PEP II (EUR) K/S	1 110	10660	8 368
Other financial funds		30792	25 828
<b>Total investment in equity funds, hedge funds and other financial funds</b>		<b>3 163 534</b>	<b>3 047 427</b>
<b>Total shareholdings and investments</b>		<b>22 382 151</b>	<b>24 371 037</b>

Listed and foreign shares make up 97.9 per cent of the share portfolio.  
Listed shares had an aggregate market value of NOK 23 871 million at 31 December 2004..

## Note 16 - Bonds to be held until maturity

(NOK mill.)	Nominal value *	Market value	Book value
Government / government guaranteed	17 176	18 764	17 523
State enterprises	3 970	4 394	3 985
Local/county authorities	9 793	10 636	9 978
Financial institutions	21 081	22 488	21 002
Other issuers	1 673	1 824	1 684
<b>Total bonds and commercial paper</b>	<b>53 693</b>	<b>58 106</b>	<b>54 172</b>
Of which listed securities			79 %

### Duration

Norwegian bonds	3.77
Foreign bonds	5.98
Average effective yield	6.26 %

\* The nominal value is stated at the historical exchange rate

For each interest rate security the effective yield is calculated on the basis of the book value.

The aggregate weighting to establish the average effective yield for

the total portfolio uses the individual security's relative share of the total book value as the weighting factor.

### Specification of bonds by currency

(NOK mill.)	Nominal value *	Market value	Book value
NOK	47 440	51 218	47 696
EUR	5 689	6 375	5 914
USD	488	426	487
JPY	75	87	75
<b>Total</b>	<b>53 693</b>	<b>58 106</b>	<b>54 172</b>

### Specification of bonds by maturity date

(NOK mill.)	0-12 months	1-5 years	6-10 years	Over 10 years	Total
EUR	346	3 339	1 794	436	5 914
NOK	4 901	32 820	9 576	400	47 696
USD	0	0	487	0	487
JPY	0	75	0	0	75
<b>Total</b>	<b>5 247</b>	<b>36 234</b>	<b>11 856</b>	<b>835</b>	<b>54 172</b>

### Changes in holdings during the year

(NOK mill.)	
Opening balance at 1 January 2004	46 746
Purchases and sales	7 371
Accrued premiums/discounts in 2004	55
Closing balance at 31 December 2004	54 172

### Forward foreign exchange contracts linked to bonds to be held until maturity

(NOK mill.)	Antall
EUR	18
USD	1

### Net realised/unrealised gain/loss on hedging contracts

Gain posted in the profit and loss account	11
Unrealised gain not posted in the profit and loss account	24
<b>Net gain</b>	<b>35</b>

Bonds which are to be held until maturity are hedged against changes in exchange rates by forward foreign exchange contracts in the same currency.

Forward foreign exchange contracts have a term of from 1 to 4 years and are continuously rolled over so that hedging is effective through the entire period until the bond maturity date.

The portfolio of forward foreign exchange contracts used to hedge bonds to be held until maturity is maintained separately from the trading portfolio of forward foreign exchange contracts. Consequently, no unrealised gains or losses are posted in the profit and loss account. Realised gains and losses are capitalised and posted in the profit and loss account when the underlying bond matures.

## Note 17 - Bonds and commercial paper classified as short-term assets

(NOK mill.)	Nominal value	Acquisition cost	Market value
Government/government guaranteed	26 471	28 148	27 998
State enterprises	1 163	1 203	1 188
Local / county authorities	3 182	3 325	3 409
Financial institutions	16 966	17 204	18 870
Other issuers	4 599	4 825	4 789
<b>Total bonds and commercial paper</b>	<b>52 381</b>	<b>54 705</b>	<b>56 254</b>
Of which listed securities			87 %

### Duration

Norwegian bonds	4,09
Foreign bonds	7,09
Money market	0,59

### Average effective yield

Norwegian bonds	3,15 %
Foreign bonds	3,36 %
Money market	1,91 %

For each interest rate security the effective yield is calculated on the basis of the market price.

For each interest rate security with no market price the effective yield is calculated on the basis of the fixed interest period and the

classification of each security as regards its marketability and credit risk. The aggregate weighting to establish the average effective yield for the total portfolio uses the individual security's relative share of the total interest-rate sensitivity as the weighting factor.

### Specification of bonds by currency

(NOK mill.)	Nominal value	Acquisition cost	Market value
CAD	168	186	185
EUR	8 687	9 172	9 271
GBP	668	768	745
NOK	38 677	39 625	41 654
SEK	126	126	133
USD	4 054	4 827	4 266
<b>Totalt</b>	<b>52 381</b>	<b>54 705</b>	<b>56 254</b>

### Subordinated loans in the bond portfolio:

(NOK mill.)	Nominal value	Acquisition cost	Market value
Issued by financial institutions	134,6	235,0	170,6
Issued by other enterprises	0,4	0,4	0,4
<b>Total</b>	<b>135,0</b>	<b>235,3</b>	<b>170,9</b>

## Note 18 - Quantification of financial derivatives

Financial derivatives are used to effectuate a market view / allocation through rapid and cost-efficient asset and market exposure. Financial derivatives can also be used in active risk management, including the reduction of interest and exchange rate exposure. Here, interest rate exposure is defined as the value change that would

result in an interest rate increase of 1 percentage point for all maturities. In respect of equity futures and equity index options the term cash equivalent value is normally used, which is the corresponding investment in direct investment in equities which the exposure in the option reflects.

### Forward rate agreements

(NOK mill.)		Underlying value			Average underlying
Currency	No. of contracts	at 31.12.04	Interest rate risk	Maturity	value in 2004
CAD				March 05	111
AUD				March 05	2 794
SEK				March 05	86
GBP			5	March 05	
EUR	8 349	7 867	374	March 05	5 811
JPY	32	262	0	March 05	386
USD	8 385	6 455	176	March 05	3 354
<b>Total</b>		<b>14 584</b>	<b>555</b>		<b>12 541</b>



## Note 18 - Quantification of financial derivatives – continued from previous page

### Interest rate swaps

(NOK mill.)	Nominal amount	Nominal amount		Average nominal
Currency	in currency	in NOK	Interest rate risk	amount in 2004
EUR	28	229	9	1 123
GBP	49	565	2	1 273
JPY	5 742	339	(0)	255
NOK	14 486	14 486	(89)	15 471
NZD	100	437	(0)	1 036
SEK			0	1 588
USD	68	411	(1)	276
<b>Total</b>	<b>20 473</b>	<b>16 468</b>	<b>(81)</b>	<b>21 023</b>

### Forward rate agreements

(NOK mill.)	Nominal amount	Interest rate risk	Average nominal
Currency	in NOK	in NOK	amount in 2004
NOK	17 176	33	11 825
SEK		0	130
<b>Total</b>	<b>17 176</b>	<b>33</b>	<b>11 954</b>

### Asset swaps

(NOK mill.)	Nominal amount	Interest rate risk	Average nominal
Currency	in NOK	in NOK	amount in 2004
JPY	75	0	75
EUR	99	0	137
<b>Total</b>	<b>174</b>	<b>0</b>	<b>212</b>

### Equity index futures

(NOK mill.)		No. of	Cash equivalent		Average cash equivalent
Currency	Type	contracts	value	Maturity	value in 2004
JPY	Short	4 950 000	336	Mars 05	505
EUR		21 650	526	Mars 05	9
GBP	Short	7 810	437	Mars 05	7
NOK	Short	(500 000)	(411)	Mars 05	411
USD	Short	272 500	2 000	Mars 05	784
<b>Total</b>			<b>2 889</b>		<b>1 716</b>

### Equity index options

(NOK mill.)		Nominal	Cash equivalent	Market value	Average nominal
Type		volum	value	at 31.12.04	Gvolume 2004
Call options	OTC opsjon	0	0	0	0.09
Call options	OTC opsjon	0	0	0	(0.44)
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>(0.35)</b>

### Fx-contracts, currency exposure distributed by maturity

#### Omløpsportefølje

(NOK mill.)	Under 1 year	1-3 years	Over 3 years	Total per currency
Currency				
AUD	(258)			(258)
CAD	(540)			(540)
CHF	(417)			(417)
DKK	(66)			(66)
EUR	(11 386)			(11 386)
GBP	(2 329)			(2 329)
HKD	(16)			(16)
JPY	(1 472)			(1 472)
NZD	(14)			(14)
SEK	(1 800)			(1 800)
USD	(13 107)			(13 107)
<b>Total</b>	<b>(31 407)</b>	<b>0</b>	<b>0</b>	<b>(31 407)</b>

### Long-term portfolio

(NOK mill.)	Under 1 year	1-3 years	Over 3 years	Total per currency
Currency				
EUR	(827)	(4 441)	(562)	(5 830)
USD	0	(408)	0	(408)
<b>Total</b>	<b>(827)</b>	<b>(4 849)</b>	<b>(562)</b>	<b>(6 238)</b>

## Note 19 - Financial exposure

### Share exposure in 2004

At the start of 2004, shareholdings accounted for 13 per cent of Vital's total exposure, as a proportion of total assets, including derivatives and hedge funds. During the year this figure increased and at year-end it stood at 17 per cent, including derivatives and hedge funds.

Vital's share exposure is split between Norwegian and international

investments. The Norwegian portfolio consists mainly of shares listed on the Oslo Stock Exchange, representing an overall risk corresponding to the Oslo Stock Exchange Benchmark Index. The international portfolio is mainly split between the different regions corresponding to the Morgan Stanley Developed World Index, with North America accounting for around 59 per cent, Europe 29 per cent and Asia 12 per cent.

### Foreign currency exposure

#### Short-term portfolio

(NOK mill.)

Currency	Asset items	Instalments	Net amount in currency	Net amount in NOK
AUD	283	(258)	5	25
CAD	595	(540)	11	55
CHF	440	(417)	4	23
DKK	70	(66)	3	3
EUR	11 746	(11 386)	44	360
GBP	2 464	(2 329)	12	135
HKD	18	(16)	3	3
JPY	1 561	(1 472)	1 493	88
MYR	1	0	0	1
NZD	16	(14)	0	2
PLN	0	0	0	0
SEK	652	(574)	86	78
SGD	2	0	1	2
THB	0	0	0	0
USD	13 774	(13 107)	110	667
ZAR	0	0	0	0
<b>TOTAL</b>	<b>31 623</b>	<b>(30 180)</b>		<b>1 442</b>

#### Long-term portfolio

(NOK mill.)

Currency	Asset items	Instalments	Net amount in currency	Net amount in NOK
EUR	6 472	(5 830)	78	642
USD	451	(408)	7	43
JPY	0		3	0
<b>TOTAL</b>	<b>6 924</b>	<b>(6 238)</b>	<b>37</b>	<b>686</b>

Foreign currency exposure arises naturally when Vital invests parts of its securities portfolio in the international securities market, and when parts of the subordinated loan portfolio is denominated in foreign currency. Under Vital's current foreign currency hedging strategy

the total foreign currency exposure is reduced to a minimum. The aggregate open position in foreign currency is shown by comparing the net amounts for the short-term and long-term portfolio with subordinated loans denominated in foreign currency. See note 25

### Liquidity exposure - Short-term bonds and commercial paper

Agreed residual maturity

(NOK mill.)

Currency	0-12 months	1-5 years	Over 5 years	Total
CAD	-	-	186	186
EUR	542	4 606	4 362	9 509
GBP	-	238	513	751
NOK	15 823	13 734	5 449	35 005
SEK	44	36	57	136
USD	733	1 800	1 797	4 330
<b>TOTAL</b>	<b>17 142</b>	<b>20 414</b>	<b>12 362</b>	<b>49 918</b>

Interest rate exposure related to the short-term bond and money market portfolio

### Agreed residual maturity

(NOK mill.)

Currency	0-12 months	1-5 years	Over 5 years	Total
CAD	0,00	0,00	(18,10)	(18,10)
EUR	(1,79)	(218,95)	(343,68)	(564,42)
GBP	6,71	(14,20)	(41,27)	(48,75)
NOK	(22,34)	(409,28)	(407,73)	(839,36)
JPY	(14,08)	13,59	0,11	(0,38)
NZD	(0,01)	0,00	0,00	(0,01)
SEK	(0,07)	(1,57)	(3,56)	(5,20)
USD	(42,46)	(118,34)	(149,25)	(310,05)
<b>TOTAL</b>	<b>(74,02)</b>	<b>(748,76)</b>	<b>(963,48)</b>	<b>(1 786,27)</b>

Here, the interest rate exposure is defined as the change in value that would result for interest-earning securities in the event of a rise in interest rates of 1 percentage point for all maturities..

## Note 20 - Accounts receivable

(NOK mill.)	2004	2003
Receivables in connection with direct business	1 644	1 063
Receivables in connection with reinsurance	0	21
Other receivables	170	742
Receivables from group companies	110	349
<b>Total</b>	<b>1 924</b>	<b>2 175</b>

## Note 21 - Other assets / intangible assets

### Other assets

(NOK mill.)	2004	2003
Fixed assets, excl. buildings and other real estate	76	82
Cash, bank deposits	1 167	4 469
Other assets	471	362
<b>Total</b>	<b>1 714</b>	<b>4 913</b>

### Intangible assets

(NOK mill.)	2004	2003
Goodwill	95	117
Other intangible assets	145	253
<b>Total</b>	<b>240</b>	<b>370</b>

### Fixed assets and real estate

(NOK mill.)	Fixed assets *)	Real estate **)
Cost at 1 Jan.	1 162	15 714
+Additions	(55)	1 769
-Disposals (at cost)	0	(448)
Cost at 31 Dec.	1 217	17 035
Accumulated depreciation at 1 Jan.	806	28
Accumulated depreciation on assets sold	0	0
Ordinary depreciation 2004	119	18
Accumulated depreciation at 31 Dec.	925	46
Accumulated value adjustments at 1 Jan.	(21)	1 949
Value adjustment of properties sold		29
Value adjustments 2004 ***)	(50)	442
Accumulated value adjustment at 31 Dec.	(71)	2 420
<b>Book value at 31 Dec.</b>	<b>221</b>	<b>19 410</b>

\*) NOK 145 million of the book value of fixed assets at 31 December 2004 relates to capitalised systems development costs.

\*\*) In accordance with the regulations for the annual accounts of insurance companies, there is no depreciation of real estate. Fixed assets related to real estate are depreciated using the same rates as those used for other fixed assets.

\*\*\*) Value adjustment of real estate in 2004 also includes changes in the value of real estate subsidiaries due to use of the equity method.

## Note 22 - Purchase and sale of fixed assets / intangible assets 2000 - 2004

(NOK mill.)	2004	2003	2002	2001	2000
<b>Machinery, equipment and vehicles</b>					
- Bought	54	120	166	169	204
- Sold (sale price)	0	0	2	79	0
<b>Real estate</b>					
- Bought	1 769	2 195	936	2 548	772
- Sold (sale price)	422	735	17	174	694

## Note 23 - Equity

(NOK mill.)	Paid-in equity	Retained earnings	Total equity
Opening balance at 1 Jan. 2004	2 343	3 511	5 855
Allocations 2004		1 300	1 300
<b>Closing balance at 31 Dec. 2004</b>	<b>2 343</b>	<b>4 812</b>	<b>7 155</b>

Vital Forsikring ASA merged with Gjensidige NOR Spareforsikring ASA on 9 March 2004. At the date of merger, both companies were wholly owned by DnB NOR Holding ASA and the merger was therefore implemented with accounting continuity and with accounting effect from 1 January 2004.

At the same time, the share capital of Vital Forsikring ASA was increased from NOK 673 million to NOK 1 227 million and NOK 1 116 million was transferred to the share premium reserve. At the same time, the number of shares was increased by 2 159 144 shares at nominal value. After the merger, the share capital consists of 49 096 108 shares, each with a nominal value of NOK 25. .

## Note 24 - Capital adequacy and solvency margin capital.

The capital adequacy regulations regulate the relationship between the company's capital base and the investment exposure on the asset side of the balance sheet. Solvency margin capital is measured against the solvency margin requirement, where the requirement is

linked to the company's insurance commitments on the liabilities side of the balance sheet. The solvency margin requirements for Norwegian life insurance companies are regulated by the «Regulations for calculation of the solvency margin requirement and solvency

<b>Capital ratio</b> (NOK mill.)	31.12.2004	31.12.2003
Share capital	2 343	2 343
Other equity	5 037	3 738
<b>Equity</b>	<b>7 380</b>	<b>6 081</b>
Pension fund assets in excess of pension commitments	(339)	(320)
Intangible assets	(240)	(371)
<b>Core capital</b>	<b>6 801</b>	<b>5 390</b>
Perpetual subordinated loan capital	1 074	1 115
Ordinary subordinated loan capital	1 150	1 322
<b>Net supplementary capital</b>	<b>2 224</b>	<b>2 437</b>
Financial deductions	(73)	(103)
<b>Total eligible primary capital</b>	<b>8 953</b>	<b>7 724</b>
Total risk-weighted volume	63 325	56 151
Capital ratio (per cent)	14.1 %	13.8 %
Core capital ratio (per cent)	10.7 %	9.6 %

### Breakdown of assets by risk categories

(NOK mill.)	Book value at 31.12.2004	Risk-weighted volume at 31.12.2004	Risk-weighted volume at 31.12.2003
Risk weight			
0 %	46 232	0	0
10 %	5 173	517	541
20 %	58 211	11 642	10 986
50 %	4 697	2 349	1 732
100 %	50 678	50 678	44 261
Total assets	164 991	65 186	57 521
Off-balance sheet items		513	232
Deductions		(2 374)	(1 602)
<b>Total risk-weighted volume</b>		<b>63 325</b>	<b>56 151</b>

### Solvency margin capital and solvency margin requirement

(NOK mill.)	31.12.2004	31.12.2003
Net capital base	8 953	7 724
Additional allocations (50%)	1 178	1 025
Security reserve in excess of 55% of the lower limit	107	89
<b>Solvency margin capital and solvency margin requirement</b>	<b>10 238</b>	<b>8 838</b>
<b>Solvency margin requirement</b>	<b>6 450</b>	<b>5 793</b>
<b>Solvency margin capital as percentage of solvency margin requirement</b>	<b>158.7 %</b>	<b>152.6 %</b>

## Note 25 - Subordinated loan capital

(NOK mill.)		Loan amount in currency	Loan amount in NOK	Interest 2004 NOK	Interest rate %	Maturity
Issue date	Currency					
October 2001	USD	70	424	15	Floating	Perpetual
December 2003	NOK	300	300	10	Floating	December 2013
March 2003	NOK	850	850	32	Floating	March 2013
June 2002	NOK	350	350	14	Floating	Perpetual
June 2001	NOK	300	300	12	Floating	Perpetual
Other*)				2		
<b>Total</b>			<b>2 224</b>	<b>85</b>		

\*) Interest expenses on loans repaid in 2004.

The subordinated loans denominated in foreign currency are part of the company's foreign exchange strategy and help to hedge financial investments in foreign currency. The accounts for 2004 include an aggregate foreign currency gain of NOK 40 million on subordinated loans denominated in foreign currency, of which NOK 6 million was realised following loan repayment. The accounts for 2003 included a corresponding foreign currency gain of NOK 21 million. In 2004 Vital exercised its right to effect early repayment of two subordinated loans amounting to NOK 64 million and EUR 12 million, respectively. No new loans were taken up in 2004.

All loans have been taken up within the group. At the borrower's option, the perpetual loans may be repaid after 10 years from the issue date. Repayment of subordinated loans before the agreed maturity date requires the permission of the Financial Supervisory Authority of Norway.

Vital also has a perpetual capital loan of NOK 225 million, taken up in 2002 which qualified as part of the company's core capital. Interest expenses for this loan totalled NOK 12 million in 2004.

## Note 26 - Insurance provisions

(NOK mill.)	Individual life insurance	Individual annuity and pension insurance	Group life insurance	Group pension insurance	Group association insurance	Other lines (non-life)	Total 2004	Total 2003
Premium reserves	7 903	39 058	92	89 638	4 010		140 701	126 693
Additional allocations	94	753		1 386	124		2 357	2 050
Premium and pension regulation fund		855		4 978	146		5 979	5 679
Pensioners' surplus fund				14			14	
Claims reserve	164	251		112	17		543	516
Security reserve	6	27	3	157	4		197	197
<b>Total 2004</b>	<b>8 167</b>	<b>40 943</b>	<b>95</b>	<b>96 285</b>	<b>4 300</b>	<b>0</b>	<b>149 790</b>	
Total 2004	7 085	37 783	459	85 127	4 180	501		135 135

## Note 27 - Liabilities

(NOK mill.)	2004	2003
Liabilities related to direct insurance	334	1 969
Other liabilities	510	823
<b>Total</b>	<b>844</b>	<b>2 792</b>

## Note 28 - Associated companies

Vital Forsikring ASA is wholly owned by DnB NOR ASA. DnB NOR Bank ASA is a sister of Vital Forsikring ASA with an agreement to sell insurance for Vital Forsikring. DnB NOR Bank's sales of individual insurance, including unit-linked products, represented 62 per cent of new business in this area, against 51 per cent in 2003. Commissions paid by Vital Forsikring to DnB NOR Bank ASA totalled NOK 107 million, against NOK 77 million in 2003. At year-end, Vital Forsikring had accounts receivable from other companies of the group amounting to NOK 156 million, against NOK 307 million at the end of 2003. At the same time, accounts payable by Vital Forsikring to other group companies totalled NOK 18 million, against NOK 64 million at 31 December 2003.

Vital Forsikring has an agreement to provide insurance cover for its sister company Fondsforsikringselskapet Vital Link AS. Commissions received from the company totalled NOK 47 million.

Vital Forsikring has an asset management agreement with its sister company DnB NOR Kapitalforvaltning ASA which provided total fees of NOK 118 million in 2004.

NOK 2 224 million of the company's total subordinated loan capital has been provided by DnB NOR Bank ASA, as well as a capital loan of NOK 225 million.

DnB NOR ASA has pension schemes with Vital Forsikring, and estimated pension fund assets at 31 December 2004 amounted to NOK 6 308 million.

## Note 29 - Other liabilities and commitments

Vital is involved in certain lawsuits related to insurance settlements. None of the ongoing court cases represents significant amounts in relation to the company's financial position.

Vital has no rental or leasing agreements of significance. Nor does the company have any guarantee liability, and it has given no mortgage security.

## Note 30 - Prepaid expenses and accrued income

(NOK mill.)	2004	2003
Bond yield accrued but not due	2 721	2 311
Other interest accrued but not due	5	86
Other items	0	70
<b>Total</b>	<b>2 726</b>	<b>2 467</b>

## Statement of cash flows

(NOK mill.)	2004	2003
Cash flow from operations		
Net premiums received / payments to premium fund	12 332	11 008
Net payments on transfer	2 838	(1 195)
Financial income	17 459	16 429
Other insurance-related income	265	70
Claims paid	(9 404)	(6 242)
Insurance-related operating expenses	(1 066)	(1 037)
Expenses related to financial assets	(8 776)	(9 198)
Other insurance-related expenses	(464)	(77)
Other expenses	(97)	(40)
Taxes paid	63	(155)
<b>A=Net cash flow from operations</b>	<b>13 150</b>	<b>9 563</b>
Cash flow from investments		
Net investment in shares and mutual funds	(4 582)	(4 001)
Net investment in bonds	(10 563)	(5 519)
Net lendings	7	2 715
Net investment in real estate	(1 400)	(1 495)
Net investment in other financial assets	177	0
Net investment in fixed assets	(113)	(89)
Net investment in intangible assets	109	11
<b>B=Net cash flow from investments</b>	<b>(16 365)</b>	<b>(8 378)</b>
Cash flow from financing activities		
Subordinated loan	(213)	(371)
Dividend / group contribution	0	801
Change in other funding	498	1 014
<b>C=Net cash flow from financing activities</b>	<b>285</b>	<b>1 444</b>
Net change in liquid assets (A+B+C)	(2 930)	2 629
Liquid assets at 1 January (cash/bank deposits)	7 742	5 113
<b>Liquid assets at 31 December (cash/bank deposits)</b>	<b>4 812</b>	<b>7 742</b>

Restricted deposits related to tax deductions amounted to NOK 131 million at 31 December 2004, against NOK 160 million at 31 December 2003.



# Reports

## Actuary's statement

The chief actuary shall ensure that the company's activity is at all times conducted in accordance with acceptable technical insurance standards. Accordingly, I have assessed the technical insurance situation for Vital Forsikring ASA in the course of the financial year and at 31 December 2004.

I have assessed the acceptability of the division of items pursuant to section 7-5 (division of expenses, losses, income and funds etc) and section 8-1 (surplus from life insurance activities) of the Insurance Activity Act. The allocations as described in section 8-2 (insurance fund), section 8-3 (change in the basic reserve for life insurance activities) and section 8-4 (security reserve for life insurance activities) have been checked. In my opinion the items described above are in conformity with prevailing legislation and regulations.

Bergen, 10 February 2005

Egil Heilund  
Chief Actuary

## To the Board of Representatives and the Annual General Meeting of Vital Forsikring ASA

### Auditor's report for 2004

We have audited the annual financial statements of Vital Forsikring ASA for 2004 which show a profit for the year of NOK 1 300 million. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption and the proposal for the appropriation of the profit for the year. The financial statements comprise the profit and loss account, the balance sheet, the statement of cash flows and the notes to the accounts. These financial statements are the responsibility of the Company's Board of Directors and the Chief Executive Officer. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We have conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and auditing standards and practices generally accepted in Norway. Those standards and practices require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the information contained in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall content and presentation of the financial statements. To the extent required by law and auditing standards, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements have been prepared in accordance with the law and regulations and present the financial position of the company at 31 December 2004 and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway.
- the company's management have fulfilled their obligation in respect of registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway.
- the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the profit is consistent with the financial statements and complies with law and regulations.

Oslo, 8 March 2005  
PricewaterhouseCoopers AS

Magne Sem  
State Authorised  
Public Accountant

Geir Julsvoll  
State Authorised  
Public Accountant

# Report of the control committee

## **To the Board of Representatives and the Annual General Meeting of Vital Forsikring ASA**

The Control Committee has supervised the activities of Vital Forsikring ASA in accordance with statutory provisions and instructions laid down by the Board of Representatives.

In connection with the closing of accounts for 2004, the Control Committee has examined the annual report, the annual accounts, the Actuary's Statement and the Auditor's Report for Vital Forsikring ASA and the Group.

The Committee considers the Board of Directors' assessment of the company's financial position to be adequate and recommends that the submitted annual report and financial statements for 2004 be approved.

Oslo, 16 March 2004

Helge B. Andresen

Kristin Normann

Geir Dege

Frode Hassel

Thorstein Øverland

Svein Brustad

"Most grannies are just like raisins. Wrinkled on the outside and sweet on the inside"

Hans-Martin, aged 7



## Embedded Value at 31 December 2004

The Embedded Value (EV) of Vital (Vital Forsikring and Fondsforsikringsselskapet Vital Link) has been calculated at 31 December 2004. The calculations have been audited by Deloitte. The calculations relating to the portfolio from the former Gjensidige Nor Spareforsikring have been audited by Tillinghast. Analyses have also been made of the change in EV in the course of the year.

### What is Embedded Value?

EV is a value assessment of a company based on the present value of future cash flows to the shareholders provided by the portfolio at year-end, in addition to the book value of equity. The cost of the capital tied up in the company at any time is deducted. The EV is now published by a number of Norwegian and foreign life insurance companies.

### Embedded Value of Vital

In calculating the EV for Vital, the traditional deterministic approach has been used. This means that the future development of Vital's customer portfolio is based on a model where the parameters remain constant throughout the entire period of calculation.

The financial parameters used to calculate Vital's Embedded Value are as follows:	2003	2004
Discount rate:	8.8%	8.5%
Rate of return - Vital Forsikring	5.6%	5.1%
Rate of return - Vital Link	6.7%	5.7%
Tax rate	0%	16%
Annual salary growth	4%	3.5%
Annual growth in costs	3.5%	3.5%

Applying the above financial parameters and assumptions concerning transfers of insurance, mortality and disability, the future cash flow to the shareholders has been based on the existing customer portfolio.

EV also includes equity, after deducting the cost of capital tied up in the company.

Embedded Value of Vital (NOK million):	2003	2004
Embedded Value at 1 January*	10 093	10 504
Model changes	+ 0	+ 24
Return on EV	+ 849	+ 860
Divergence from previous year's assumptions	+ 310	+ 586
Changes in assumptions	- 134	+ 1 349
Value of new business	+ 184	+ 358
Embedded value before dividend at 31 December	11 302	13 681
Net dividend	- 770	0
Embedded value after dividend at 31 December	10 532	13 681

\* The difference between the closing EV in 2003 and the opening EV in 2004 is due to a change in year-end appropriations for Vital Link for 2003.

During the year Vital's Embedded Value increased by more than 30 per cent. This is due to several factors:

- The profit for 2004 was higher than had been expected in last year's EV calculation. This increased EV by NOK 586 million. The increase was mainly due to a better return than expected, less tax than expected and the sale of the non-life and group life portfolio.
- The change in future assumptions increased EV by NOK 1 349m. Most of the change arose because the rate of tax rate was reduced from 16 per cent to 0 per cent. In the autumn of 2004 gains on the sale of shares in companies within the European Economic Area became tax-exempt, as did dividends from companies within the same area (exemption method). In future, the rate of tax for Vital will thus be zero. Due account has also been taken of the fact that future premium payments will have a guaranteed return not exceeding 3 per cent. The effect of this was to increase EV by NOK 164 million.
- The value of new business in 2004 for EV purposes was NOK 358 million, which was roughly twice the corresponding figure for 2003. New business does not include transfers between Vital Forsikring and Vital Link.

### Sensitivity analyses

The EV calculations are based on Vital's existing model for the return on equity. Where the return is low this model cannot be used because of the rule stating that a maximum of 35 per cent of the surplus may be paid to the owner. The key EV calculations are based on a future return on equity of 5.1 per cent. Analyses show that 5.1 per cent is the critical point for the 35 per cent rule governing the division of profits. This analysis assumes that the company's equity corresponds to the minimum legal requirement. The main calculations of EV are thus unaffected by the 35 per cent rule.

EV has also been calculated applying a future return on equity of 4.1 per cent. In this case, the critical point for the 35 per cent rule is higher than the assumed rate and the profit that can be paid to the owner is substantially reduced. If it is assumed that the future return is 4.1 per cent, Vital's EV is reduced by NOK 3 236 million.

### New legislation

The EV calculations are based on current legal provisions. New legislation will change the surplus model for traditional group pension insurance and also for new business in the area of individual life insurance. Under the new legislation, the division of profits is assumed to have the same margins as those used in the current model.

# Technical insurance matters

## Introduction

Premium reserves and premium are determined at the outset by applying a basis of calculation which includes assumptions about the future rate of return, costs and risk elements. This article describes the insurance fund, which consists largely of the premium reserve, and the various bases of calculation used by Vital, and at the same time presents an overview of the principles applied when allocating profits to each insurance contract.

## Insurance fund

The insurance fund (allocations to the insurance fund for own account) is defined in section 8-2 of the Insurance Activity Act and embraces the premium reserve including the administration reserve, additional allocations, the premium and pension adjustment fund (in the following called the premium fund), the claims reserve and other technical reserves.

In the case of account based schemes, the aggregate account balances are provided for in the premium reserve.

In the case of insurance that is not account based, i.e. schemes where premium payment is "equalised" over the premium payment period and where paid-up policy rights are accrued, the premium reserve is calculated as the cash value of the company's total insurance commitments including costs, less the cash value of agreed future premiums. The calculation of the premium reserve applies the same assumptions as those used to calculate the premium for individual insurance contracts, i.e. the same assumptions about mortality and disability rates, the basic rate of return and cost levels.

"Other technical reserves" relates to insurance cover which by statute are defined as pertaining to non-life insurance. Following the sale of all activities of this kind to Gjensidige NOR Forsikring, reserves of this are no longer included in the accounts.

Note 26 to the accounts for 2004 shows the distribution of the four types of reserves that make up the insurance fund, stated by main category of business. The security reserve, which along with the insurance fund represents Vital's insurance reserves, is also divided in the same way. The main lines of business through which Vital provided insurance at year-end 2004 were as follows: Individual life insurance, individual annuity and pension insurance, group association insurance, group annuity and pension insurance and group life insurance. Following the transfer of activities, group life insurance consists solely of fully paid-up death risk insurance. Group annuity and pension insurance includes both corporate and public sector schemes.

In all business lines the premium reserve includes allocations to cover future administration expenses (administration reserve). In the case of fully paid-up policies, the cash value of future administration expenses is provided for in the premium reserve. In the case of group pension insurance, which dominates the industry, at 31 December 2004 a total of NOK 4 534 million had been allocated to cover future administration expenses.

## Basis of calculation

In the area of group annuity and pension insurance, all benefits based business is written using K63 as the basis of calculation in respect of death risk and longevity (retirement pension). The basis used to calculate the disability risk is relatively recent, and in 2001 Vital introduced a new tariff for group disability pension. A new tariff for the disability risk attached to municipal schemes was introduced with effect from 1 January 2004. In the field of defined contribution based pensions, which is a fairly new product, the basis of calculation has been significantly strengthened in relation to K63.

The premium reserve for group disability pension was strengthened by NOK 228 million in 2004 as a result of the changed tariff and an escalation plan in accordance with a new reserve model for disability pensions currently being disbursed.

In the area of individual annuity and pension insurance, the prevailing basis of calculation is R63. However, since 1992 new business has been written using a basis of calculation which incorporates a higher expected longevity for both men and women (R63 with a 2-year age reduction). Slightly more than 50 per cent of the premium reserve for individual annuity and pension insurance has been calculated applying this assumption about mortality.

In the area of individual life insurance, around half of the premium reserve is calculated on the basis of N63. Since 1988 new business has been written using a basis of calculation which incorporates a higher expected longevity, i.e. applying a lower mortality assumption.

## Basic rate of return

In all business areas, the average guaranteed rate of return on the premium reserve and the claims reserve is 3.82 per cent. When additional allocations and the premium fund are included, the average guaranteed rate of return is 3.75 per cent. The guaranteed rate of return on the premium fund includes the interest rate margin to cover costs. The interest rate commitment corresponds to 3.40 per cent of total assets. The aforementioned figures are based on the company's capital at year-end 2004, as are the figures below relating to each main line of business.



The guaranteed rate of interest for practically all new business is 3 per cent, although there are exceptions in the area of defined contribution based pensions where the guaranteed rate of interest is 0 per cent. In the case of transfers, which is the main reason for new business in the primary area of group pensions, the guaranteed rate of interest can be set at the rate in force in the transferor company, but not more than 4 per cent. Municipal pension schemes are an exception, and in practice new agreements are accorded a guaranteed rate of 3.4 per cent.

With effect from 1 January 2004, all accrued interest under group annuity and pension schemes is at a guaranteed rate of 3 per cent, also for contracts originally entered into at a guaranteed rate of 4 per cent. This was a directive from the Financial Supervisory Authority in Norway as a way of reducing the guaranteed rate of interest from the insurance companies.

Within each main line of business the proportion of business at the respective rates for the guaranteed return on the premium reserve, and the average guaranteed rate of interest on the premium reserves is as follows:

**Group annuity and pension business, corporate schemes:**

3.0%	6.4%
4.0%	92.8%
Other	0.8%

The average guaranteed rate of interest is 3.95%.

**Group annuity and pension business, public sector schemes:**

3.0%	20.4%
3.4%	92.8%
4.5%	17.7%
Other	0.2%

The average guaranteed rate of interest is 3.43%.

**Group association pension business:**

3.0%	0.3%
4.0%	37.5%
4.35%	62.2%

The average guaranteed rate of interest is 4.21%.

The average guaranteed rate is above 4 per cent because a large proportion of the portfolio has been converted from the original premium discount based on a guaranteed rate of interest of 10 per cent for 10 years to a guaranteed fixed rate. The average rate of interest for this portfolio is 4.35%.

**Annuity insurance:**

3.0%	41.5%
4.0%	51.7%
Other	6.8%

The average guaranteed rate of interest is 3.43%.

"Other" relates to individual portfolios with a guaranteed rate of interest between 5 and 7 per cent, partly because of conversion from the original premium discount based on a guaranteed rate of interest of 10 per cent for 10 years to a guaranteed fixed rate.

**Group life:**

All premium reserves for paid-up death risk insurance have been provided for on the basis of a guaranteed rate of interest of 4 per cent.

**Distribution of profits**

In the case of individual life insurance, the main rule is that the profit attributable to each contract is accumulated and paid out along with the sum insured, but for some parts of the portfolio the surplus is used to increase the insured benefits. In respect of account products, the account is credited directly each year.

Individual annuity and pension insurance is credited with its share of the profit through an annual increase in the amount of insured benefits, so that the benefits are written up through the purchase of supplementary cover. Individual insurance withdrawn from group annuity and pension insurance (paid-up policies), as well as policies under group pension insurance for members of professional associations, are dealt with in the same way. In the case of account products, the share of profits is credited directly to the account each year.

In the case of group pension schemes under the Occupational Pension Act, the share of the profit is split between the premium fund and the pensioners' surplus fund in accordance with the provisions of the Act. In respect of group annuity insurance, the share of profits is used to reduce the premium for the following year.

The surplus on the premium fund (i.e. the return in excess of the guaranteed rate of return) is credited to the premium fund for both individual and group annuity and pension insurance.



# Definitions

Reference is also made to the statement of accounting principles.

## Accounting expressions

**Compensation (claim):** The amount payable by the company under the insurance contract when the insured event occurs.

**Claims reserve\***

**Insurance provisions \***

**Reinsurance:** Transfer of part of the risk to another insurance company.

**Securities adjustment reserve \***

From the notes

Products

**Group life insurance:** Death risk insurance under which an employer or a professional association insures employees or members and, where agreed, their spouses and children. The insured amount is paid out on death. May also include the payment of a capital sum on disability in the event of permanent disability.

**Debt insurance:** Group life insurance which covers personal debt, and which the lender takes out for specific groups of personal borrowers.

**Individual life insurance:** Individual life insurance where the company pays out an agreed amount on the death of the assured or when a certain age is reached. May also include the payment of a capital sum on disability in the form of a single payment in the event of permanent disability.

**Individual annuity and pension insurance:** Individual insurance where the company makes monthly payments as long as a person lives, or until a certain age is reached. Normally comprises retirement pension, disability pension and pensions for a surviving spouse and dependent children.

**Group pension insurance:** The provisions of the Company Pension Act and the Defined Contribution Pension Act provide a new framework for tax-deductible private occupational pension schemes.

The company pension may comprise retirement pension, disability pension and pensions for spouses and dependent children.

Defined contribution pension only relates to the retirement pension.

\* See description in the statement of accounting principles.

**Group professional association insurance:** Pension insurance taken out by an association for specific member groups.

**Annuity:** Insurance which provides continuous payments for an agreed period. Payments may start at once or from an agreed date. Annuities are subject to special tax regulations.

**Unit linked:** A life insurance product whereby the assured decides how his/her savings shall be spread over the investment alternatives provided.

## Premiums

**Single premium:** The total cost of the insurance, payable as a lump sum.

**Transfer of reserves:** The transfer of premium reserves and additional allocations from/to other insurance companies or pension funds.

Insurance payments

**Surrender:** When the policyholder breaks the insurance contract and the surrender value is paid out.

## Result and return on total assets

**Administration result:** The result arising from the difference between the actual operating expenses and the assumptions incorporated in the premium tariff.

**Average rate of return:** The average rate of return is the average realised return on policyholders' funds during the year. Because of the way it is calculated, the average rate of return cannot be compared with the return from other financial institutions. The method of calculation is determined by the Financial Supervisory Authority of Norway. The average rate of return is gross financial income less interest expenses, dividends paid, allocations to equity, taxes and statutory allocations to the security reserve expressed as a percentage of policyholders' average funds.

**Interest result:** The result which arises when financial income differs from the assumptions incorporated in the premium tariff.

**Risk result:** The result which arises when mortality and disability during a period differ from the assumptions incorporated in the premium tariffs.

## Financial derivatives

Reference is also made to note 18

**Equity index futures:** An equity index futures contract is an agreement to purchase or sell an index at a specific price on a specific date in the future. The contracts are standardised and listed on the stock exchange. Clearing takes place on a daily basis, with settlement of gains/losses based on changes in closing prices.

**FX contracts:** Foreign currency hedging transactions related to Vital's foreign investments. The contracts stated in the notes to the accounts relate to future sales of foreign currency in respect of the principal amount and any return on securities investments in foreign currency. This is done in order to reduce the foreign currency exposure and to stabilise the portfolio return.

**Future rate agreement/Interest rate futures:** An agreement stipulating a specific rate of interest for a future interest rate period. In the case of a purchase, the borrowing rate is stipulated, and in the case of a sale, the lending rate is stipulated. The principal - the amount upon which interest is payable - is not exchanged, and is stated for reference purposes in the agreement. Interest rate futures are best described as standardised and listed FRA agreements. The difference is that the difference between the agreement rate and the market rate is settled on a daily basis.

**Interest rate swap:** An agreement between two parties to exchange interest rates for a predetermined amount over a given period in the future.

**Forward foreign exchange contracts:** An agreement to buy/sell a foreign currency at a specific price for delivery on a specific date in the future. Contracts of this kind are normally of a short-term nature, i.e. from three months to a year. They are used mainly to hedge shares, bonds and other holdings denominated in foreign currencies.

**Equity index options:** An equity index option is a unilateral right to purchase or sell equities at a predetermined price. The options are linked to equity indexes.

## Capital adequacy and solvency

**Capital ratio regulations:** Regulations stipulating capital requirements for financial institutions. The regulations define the method of calculation and the required level of capital coverage in relation to the risk-weighted asset base. This is expressed as the capital adequacy ratio.

**Capital base:** The capital base consists of core capital and supplementary capital.

**Core capital:** For insurance companies this refers primarily to paid up equity and retained earnings.

**Supplementary capital:** This consists mainly of subordinated loan capital.

**Subordinated loan capital:** Loans taken up by the company which are included in overall capital base, subject to certain conditions. Such loans are subject to special approval by the authorities and are governed by special regulations concerning the term and repayment of the loan. Subordinated loan capital is unsecured and ranks after the company's other debt.

**Capital adequacy ratio:** Qualifying capital as a percentage of a risk-weighted asset base.

**Solvency regulations:** Rules for the calculation of the solvency margin capital and the solvency margin requirement, based on corresponding EU regulations.

**Solvency margin capital:** The capital that may be included to cover the solvency margin requirement. It consists of the capital base, 50% of additional allocations and the amount of the security reserve in excess of 55% of the minimum requirement. The solvency margin capital must exceed the solvency margin requirement.

**Solvency margin requirement:** An expression of the risk linked to the insurance commitments. The solvency margin requirement is calculated in accordance with specific rules based on the individual groups of insurance contracts and summed up for the company as a whole.

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**Design** See Design  
**Prepress** DnB NOR Grafisk  
**Printing** Havel Trykkeri  
**Paper** Cover 250 gr Highland  
Inside 120 gr Highland

Vital's Annual Report can be ordered at:  
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"It's not flying that's important, but making the best impression"

Annlaug, aged 89



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