Vital | Forsikring

VITAL

Annual Report 2003

Vital Forsikring ASA
Gjensidige NOR Spareforsikring ASA

Contents

Photo
As stated in the managing director's comments on page 5, Vital is focused on improving its own performance, and draws inspiration from the performances recorded at the highest level by partners sponsored by the company. This year's Annual Report presents photos of some of our partners who have also returned top-level performances.

Vital – Norway's largest life and pension insurance 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 Eiendomsforvaltning and Vital Pekon, along with the associated company Vital Link, comprise the business area Life Insurance and Pensions of the DnB NOR Group.

Together, the Vital companies have total assets in the order of NOK 158 billion, a workforce of around 970 and approximately 850 000 customers. The main functions are in Bergen and Trondheim and 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).

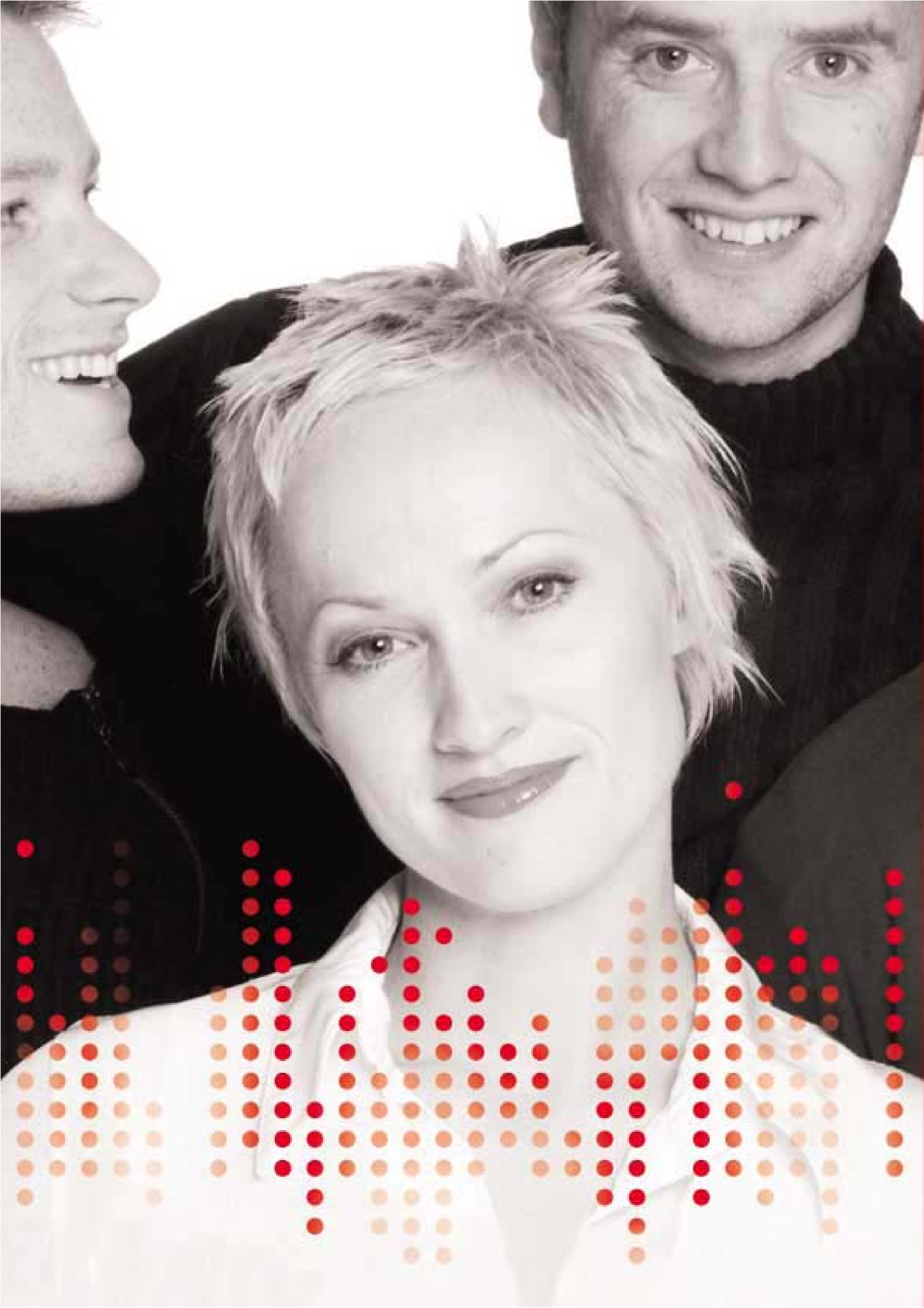
Vital Forsikring was founded in 1990 on the merger of Hygea (established 1884) and Norsk Kollektiv Pensjonskasse (established 1938). In 1996 Vital became part of the DnB Group. The merger of DnB and Gjensidige NOR which resulted in DnB NOR was the reason why Vital Forsikring and Gjensidige NOR Spareforsikring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

Bjørn Østbø has been managing director of Vital Forsikring ASA since December 2003. Prior to this, Bjørn Østbø was managing director of the company. Gunnar Gullaksen is managing director of Vital Link AS.

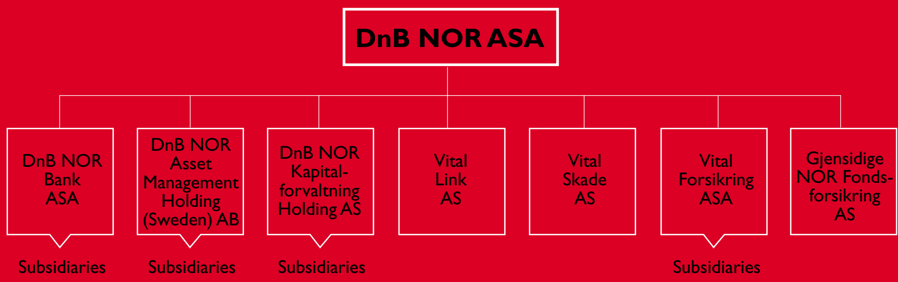
Vital Forsikring offers group pension insurance to the commercial and public sectors, tailored to meet individual requirements, whether based on defined benefits, defined contributions, or on single premium. In the individual market, long-term savings products are provided in a number of areas, including 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).

In addition to savings products, the company also offers group life schemes and personal insurance.

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.



This is DnB NOR



Vocalist Live Maria Roggen was awarded the Vital Prize / Kongsberg Jazz Festival's main musical prize for 2003. Explaining their choice, the panel said that with her intellectual approach, combined with charm, charisma and a beautiful voice, she stimulates interest in the jazz classics to the delight of an increasingly broad audience

DnB NOR ASA is Norway's largest financial services group, with combined total assets of around NOK 1 200 billion. The Group has more than 2 million retail customers, around 150 000 corporate customers and more than 700 000 life insurance customers. DnB NOR's operations are based on more than 180 years' experience as a supplier of financial services in Norway.

Goals

DnB NOR aims to be the leading financial services group in Norway and among the leading financial services groups in the Nordic region.

DnB NOR's overriding financial targets include creating shareholder value through an attractive and competitive return and distributing approximately 50 per cent of profits as dividends provided that capital adequacy remains at a satisfactory level. Moreover, the Group aims to have a return on equity in excess of 14 per cent before goodwill amortisation, a core capital ratio of around 7 per cent and an AA level rating for ordinary long-term debt for banking operations.

Strategy

DnB NOR will create value for shareholders, customers, employees and other stakeholders by realising identified synergies, creating new solutions in the merged group and exploiting the opportunity for strategic repositioning provided by the merger.

DnB NOR will be the best financial partner for Norwegian retail and corporate customers and the preferred partner in Norway for international customers. The Group will develop its customer base and attractive product platforms in the home market which can also serve as a basis for growth in a Nordic and international perspective. In addition, DnB NOR will maintain a leading position in all strategic product areas.

Market leader

DnB NOR is market leader in Norway within lending, deposits, life insurance and pensions, equity funds, asset management and securities operations. The Group has a leading position in Norway within real estate broking and the provision of credit cards. DnB NOR is an important partner for Norwegian businesses abroad and large international companies in Norway. The Group is Norway's leading foreign exchange bank and one of the world's foremost shipping banks. Among the strong brands included in the Group are DnB NOR, Vital, Nordlandsbanken, Cresco, Postbanken, Avanse and Carlson.

Represented throughout Norway – and abroad

After the completion of the merger in the course of 2004, DnB NOR will have 215 bank branches. The Group has a long-term cooperation agreement with Gjensidige NOR Forsikring, which among other things enables the bank to offer customers simple non-life insurance products. Cooperation with 16 regional savings banks involves the provision of technological solutions and distribution of the Group's products. Through an agreement with Norway Post, the Group's products and services are distributed through around 300 post offices, some 1 200 in-store postal outlets and more than 2 000 rural postmen. In addition, DnB NOR has an international network of 13 branches and representative offices, along with subsidiaries in Sweden, Luxembourg, Great Britain, Singapore and the US.

Legal structure

DnB NOR ASA was established on 4 December 2003 through the merger of DnB Holding ASA and Gjensidige NOR ASA. Den norske Bank ASA and Union Bank of Norway ASA merged on 19 January 2004, and Vital Forsikring ASA and Gjensidige NOR Spareforsikring ASA merged on 9 March 2004. A number of other group subsidiaries will merge during the course of 2004.
Some companies will be sold.
The chart above illustrates the legal structure of the Group at end-March 2004.


VITAL
VITAL
4
Kontiolahti
erdgas
erdgas
VITAL

Getting better every day

Biathlete Liv Grete Skjelbreid Poirée reinforced her position as the queen of the biathletes with four gold medals during the Biathlon World Championships which took place in February 2004 in Oberhof. Vital is the general sponsor of the Norwegian Biathlon Association. (Photo: Marcel Lelienhof)

Bård Benum was appointed managing director of Vital Forsikring ASA in December 2003.

When Liv Grete Skjelbreid Poirée stormed over the finishing line to win the Scratch Start at the World Biathlon Championships in Oberhof in Germany on Saturday, 14 February 2004, it reconfirmed by belief that with hard and targeted work it is possible to repeat good performances again and again...

Not only did she win the Scratch Start – making this her fourth gold medal at this year's World Championships – she won by a margin of almost one and a half minutes. It was a display of strength seldom seen, and a fitting conclusion to the participation of this young housewife and mother from Norway's Hålandsdalen in the World Championships in which she simply outclassed the field.

Naturally, I was both proud and pleased at her fantastic victory as I stood on the stand along with a number of clients who had been invited to Oberhof by Vital to experience the drama and excitement of the World Biathlon Championships. But my thoughts were elsewhere as Liv Grete lay there for several minutes, exhausted, after crossing the finishing line and tens of thousands of Germans and other spectators roared their appreciation. How, I wondered, could the business sector learn even more from the performances that Liv Grete and other biathletes turned out time and time again? Should we be trying to adopt some of the attitudes that typify sport at the top level?

For those who aspire to be best in any area of sport, systematic training is essential. The coaching provided by trainers and leaders determines whether the individual athlete is able to realise his or her potential, and thereby achieve good results. Good leadership is decisive to achieve the best possible teamwork, also in relation to outside parties. The results come by outsmarting the opposition in training and focusing upon what is most important of all.

It is the same in business. In order to be best, we must be systematic in developing our areas of activity, just as Liv Grete and other top athletes are. Every single member of staff must realise his/her potential, and as managers we must prepare the way for training and development, and focus on what is most important. We must ensure that our teams work well together and that all managers and personnel help to steadily improve each other's performance.

I am convinced that we have much to learn from sport at the top level. An important part of Vital's activities in the area of sponsoring involves co-operation with sports trainers, leaders and athletes at the top level in Norway. Liv Grete and our biathletes play a central role in this process of co-operation.

By developing a culture targeted on results, emulating sport at the highest level, we shall reinforce and strengthen the position of the merged Vital as the leading company in the area of life and pension insurance in Norway. We shall be better at giving our customers sound advice. We shall be better at providing even more attractive products through effective distribution. We shall be better at responding to feedback from the market. We shall be better at running the company cost-efficiently. We shall be better at managing the capital that we look after for our customers and our owner, and we shall be better at gradually enhancing our performance every day.

Vital shall also have the best management in the industry, I thought – and on this note I saw that Liv Grete had gathered enough strength to face the chaotic situation that she knew would await her after having just won her fourth gold medal in slightly over a week. She would be able to meet this challenge too – with a broad smile and a willingness to oblige all who want to share in her success – just as she has done countless times before…

Bård Benum

Bård Benum
Managing Director

2003 in brief

- Preparations for the merger of Vital Forsikring ASA and Gjensidige NOR Spareforsikring ASA extended throughout the first nine months of the year. The functional management of the merged Vital Forsikring ASA was in place in October 2003, while the formal registration of the company in the Register of Business Enterprises took place on 9 March 2004.

- The merger makes Vital Norway's largest life and pension insurance company with total assets of NOK 158 billion, 970 employees and more than 850 000 insured customers. 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.

- Bård Benum is managing director of the merged Vital Forsikring ASA which is organised as three business areas - Corporate Markets, Public Sector and Individual Market – with two sales divisions and two divisions for customer service. In addition, there are divisions for Finance, IT, Staff and Communication.

- The drop in interest rate and the recovery in the global stock markets were reflected in the results for 2003. The profit for allocation was NOK 3 394 million, and the profit after tax was NOK 904 million. The corresponding figures in 2002 were a loss of NOK 335 million and a loss of NOK 137 million, respectively.

- The value-adjusted return and the return on book values for the merged Vital were 9.7 and 7.9 per cent (1.5 and 1.6 per cent in 2002), respectively. Norwegian equities performed best, showing a return of 48.4 per cent, while the return on foreign equities was 21.3 percent. Norwegian bonds showed a yield of 13.4 per cent. Before the merger, Vital had a value-adjusted return of 10.3 per cent.

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

- In the Individual market Vital is clearly the leading company with premium income of NOK 6.7 billion in 2003, an increase of 27.5 per cent on the previous year.

- Following the merger, Vital is the largest private insurance company in the public sector with a total of 52 municipal clients.

Principal Figures / Key Ratios - Vital Forsikring *)

PROFIT AND LOSS ACCOUNT	**2003**	**2002**
Amounts in NOK million		
Premium income	14 047	15 984
Net financial income	13 080	1 867
Claims	(10 876)	(8 272)
Change in insurance provisions	(9 003)	(11 392)
Insurance-related operating expenses	(1 215)	(1 177)
Other insurance-related income/expenses etc.	(191)	(194)
To/from securities adjustment reserve	(2 448)	53
From additional allocations	-	2 796
Profit for allocations	**3 394**	**(335)**
Allocations to policyholders	(2 254)	(31)
Tax charge	(236)	229
Profit for the year	**904**	**(137)**
Administration result	(190)	(242)
Risk result	(27)	46
Interest result	4 670	(1 143)
BALANCE SHEET		
Financial assets	142 948	127 319
Other assets	7 220	8 287
Total assets	**150 168**	**135 606**
Unrealised capital gains	2 842	924

KEY RATIOS	**2003**	**2002**
Value-adjusted return on total assets , excl.change in value of long-term securities	9.7%	1.5%
Book return on total assets, excl.		
change in value of short and long-term securities	7.9%	1.6%
Capital ratio at 31 December	13.8%	15.3%

* Pro forma figures, not audited, for the merged company

Asset management – low interest rates and buoyant stock markets

Low interest rates and buoyant stock markets were the prevailing features of asset management activities in 2003. International rates were at a low level following a series of cuts in interest rates. Norges Bank adopted a new line towards the end of 2002 which was reflected in an expansive monetary policy and several cuts in the key rate. Low interest rates and "cheap" shares led to value appreciation on the global stock exchanges, with the Oslo Stock Exchange among those leading the way in 2003.
The activities of the two companies in the different areas of investment are described below.

Equities
After a three-year decline in global stock prices, the market saw a gradual return of optimism in 2003. Investors were no longer focused on accounting scandals and terror, but were more concerned about interest rates and the potential for future economic growth. But the first quarter of 2003 started with a downturn in the stock market, and only towards the end of the period did optimism start to take root. The recovery was led by the Oslo Stock Exchange which saw a rise of almost 50 per cent in 2003, while other global bourses experienced a rise of almost 25 per cent. The positive stock market development was also reflected in the equity portfolios held by Gjensidige NOR Spareforsikring and Vital in 2003.

Interest rates
In the course of 2003 American rates stabilised at a low level, while the European Central bank cut its rate. Japan has been in economic recession for more than 10 years, and this has resulted in very low interest rates, but moderate optimism in Japan in 2003 led to a rise in Japanese coupon rates. Both Vital and Gjensidige NOR Spareforsikring reduced their exposure to the Japanese bond market as a consequence of this risk.

Norwegian interest rates
Low growth, the strong Norwegian krone and low inflation caused Norges Bank to reduce rates significantly in 2003. The key rate fell from 6.5 per cent and ended the year at 2.25 per cent. In 2003, the overall return on Norwegian equities held by Vital and Gjensidige NOR Spareforsikring was 13.8 per cent and 10.1 per cent, respectively. During the same period, Vital's global interest rate portfolio provided a return of 6.7 per cent, while the corresponding return for Gjensidige NOR Spareforsikring was 6.8 per cent.

Foreign currency
Both Vital and Gjensidige NOR Spareforsikring have had a foreign currency strategy which hedged virtually all of the companies' currency exposure to the Norwegian krone.

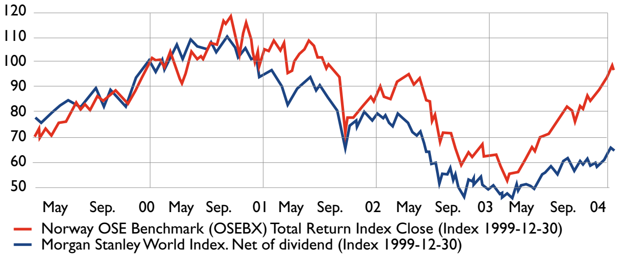
Long-term bonds
In order to secure a stable and satisfactory yield in the coming years, both Vital and Gjensidige NOR Spareforsikring have established a diversified long-term bond portfolio . This has been done over a considerable period and together the portfolios amount to NOK 46.7 billion, with an average maturity of 5 years.

Real estate
Vital chose to increase its level of investment in real estate in 2003, partly through the purchase of two central commercial properties in Stockholm. The real estate portfolio provided a return of 8.3 per cent in 2003. Gjensidige NOR Spareforsikring's real estate activities have been providing a stable and good return for many years. Because of a slightly higher level of unlet area in the office portfolio, and the prospect that rental rates will remain depressed, there was a property write-down in 2003. Gjensidige NOR Spareforsikring's property investments provided an overall return of 3.9 per cent in 2003. The corresponding figure for Vital was 6.7 per cent, and real estate this will continue to be an important area of investment for Vital.

Excess return in 2003
During the period, the overall return exceeded the level achieved by comparable benchmark indices. The management of Norwegian equities and investment in interest rate products helped to provide a positive excess return, but foreign equities failed to match this performance in 2003.

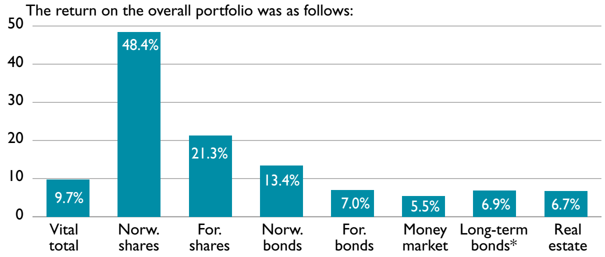
Prospects
The merger of Gjensidige NOR Spareforsikring and Vital means the amalgamation of two of Norway's largest and leading asset management companies. The post-merger Vital will thus be able to dedicate further resources and expertise to focus on providing an even better asset management service. There will be a continued focus on establishing an asset base that is both sound and sensible in order to provide the customers with safe and cost-effective pension solutions.
A strong capital base, dynamic risk management, portfolios that reflect a systematic approach and sound expertise, in the sure hands of professional managers, will continue provide a sound foundation ensuring that Vital's customers will continue to receive a competitive return in the future.
Vital also benefits from having a strong owner - DnB NOR.

Norwegian vs Foreign Stocks



Return and excess return in 2003

The return on the overall portfolio was as follows:



* i.e. to be held until maturity excl. value changes

Corporate market – the leading company

Vital's strategy in the Corporate market is to be the leading company in relation to product development, sale and delivery of life insurance and pension saving products to the corporate market. Vital's ambition is to provide a competitive administration- and risk result in the corporate market.

Hard competition for transfers of pension schemes between the life companies characterised the market for major corporate clients in 2003. Vital's co-operation with Den norske Bank's corporate client units led to the transfer of a number of pension schemes to Vital Forsikring in the course of the year, and several small and medium-sized companies which previously had no pension schemes for their employees entered into agreements with Vital to establish such schemes.

Channels of distribution

Vital's sales and advisory services to the corporate client market are carried out by the company's own personnel in Major Corporate Clients and Sales SMB, and by external brokers served by a separate broker section under Major Corporate Clients. Group pensions accounted for two thirds of Vital's aggregate premium income in 2003.

Product development

New pension legislation has opened up a corporate market with many choices. It is no longer the case that a company can only choose different pension levels and benefits under a benefits-based scheme – where the pension fund assets are managed as a single unit. It is now possible to choose between various kinds of contribution-based schemes, combined schemes and parallel schemes.
Schemes based on defined benefits will continue to have a dominating position, even though schemes based on defined contributions are taking an increasing share of the market - also in market areas where benefits-based schemes have prevailed. In 2003 one of Norway's largest companies decided to change from a benefits-based to a contribution-based scheme and transferred a considerable part of its pension scheme to Vital

New communication solutions

Vital has launched new solutions for online communication with companies and their employees. Vital corporate Online (VCO) enables companies to transfer information about salaries and pensions to Vital. Vital Pension Online (VPO) has also been established which gives company employees an overview of their pension data.

Market opportunities

The market for large companies will continue to be an area where growth and higher market shares are based on the transfer of pension schemes from competitors to Vital. In the market for small and medium-sized companies there are still many enterprises which do not have an employee pension scheme.
The Pension Commission's recommendations concerning modernisation of the National Insurance have led to a greater focus on pensions. Vital believes that this will increase the scope for pensions in the market for small and medium-sized companies.

Management

Director Geir Nysetvold heads Vital's Corporate Market, while the directors Frode J. Hansen and Ivar K. Linde are the respective heads of the Major corporate Clients and Sales SMB sales divisions. Director Torbjørg Vanvik is responsible for Customer Service - Corporate Clients.

Group pension insurance to corporate clients constitute 57.3% of premium income for Vital Forsikring and Vital Link as per. 31 Dec. 2003

Individual market - the largest supplier

Vital is Norway's largest supplier of individual savings products, which include both guaranteed insurance products and unit linked products (fund-based saving with a choice of investment profile). The company's goal is to be Norway's leading provider of privately owned life insurance products.

Vital offers investment products and risk coverage to the Individual market, ensuring that individual clients receive a good return on long-term savings, as well as financial security for themselves and their families.

Sales at record level

Vital's sales of individual savings products were at a record level in 2003, even better than 2002 which was also a record year. Sales of NOK 4.1 billion were recorded in 2003. At the end of 2003, Vital Link represented 65 investment funds from 14 recognised fund managers.

Distribution Channels

Throughout 2003 Vital had the following three channels of distribution for sales of individual savings products in the retail market: the individual client area of DnB NOR, Vital's own sales team and financial advisers, and external sales channels. DnB NOR was the largest channel of distribution, accounting for approximately 55 per cent of total new business of NOK 1.8 billion in the area of guaranteed insurance products. The remaining sales were fairly evenly divided between the external channels and Vital's own sales team.

DnB NOR was also the largest distributor of unit-linked products, accounting for roughly 45 per cent of new business totalling NOK 2.3 billion.

We expect further increase in sales in 2004, through own well established channels of distribution, as well as other channels such as Acta, Postbanken and the Terra banks, and the new channels in the merged group.

Gjensidige NOR Spareforsikring distributed both guaranteed insurance products and Unit Linked products through Gjensidige NOR Sparebank.

Good deliveries

In 2003, the establishment and maintenance of pension savings products, as well as settlement, was effected on the basis of cost-effective production and short delivery times. As always, our aim is to ensure that funds received are expeditely invested, in accordance with customer requirements.

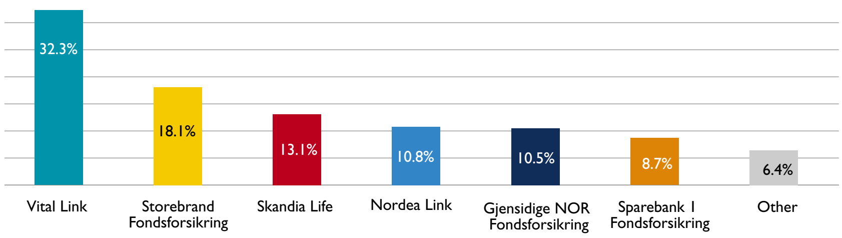
2004 - a challenging year

The Individual Clients division is well prepared to meet the challenge of ensuring that the sales channels perform with maximum effect from the very first day for the merged Vital. Vitals challenge is to ensure that both guaranteed and unit linked products are clearly positioned and marketed in relation to each other in the individual market. For Vital, it is a matter of considerable importance to ensure that the customers receive the best possible advice on pension saving and financial security.

Organisation

Vital's Individual Market is headed by director Gunnar Gullaksen, who is also managing director of Vital Link AS. 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.

Markets shares premium income 2003 Unit Linked



Public sector – leading among the private companies

Vital Forsikring is the market leader among the private companies in the public sector with a total of 52 municipal clients, as well as a number of other clients from the public sector. Vital has a product specially adapted to local and county authority requirements as well as two products for public enterprises which provide pensions in accordance with national wage agreements.

Regulatory environment

The conditions governing the public pension market have long been a matter of some uncertainty. In November 2002, following a ruling in case no 7/99 by the Labour Court in October 2002, the life insurance companies received a dispensation to offer clients membership of common schemes. This was done in order to establish gender and age neutrality in accordance with the Labour court judgement. Despite this dispensation, the regulatory environment continued to be regarded as unclear by both the customers and the parties in the municipal labour market, and this was a prevailing feature of the market in 2003.

Market outlook

Although the market has been dominated by one major player, the decision to allow competition in this area has meant that an increasing number of local and county authorities and enterprises have placed their pension schemes with private companies. All suppliers were required to have a dispensation in order to offer pension insurance in 2003.

Market development

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.

Distribution

Vital has organised its sales activities in the public market though several channels of distribution. The company's sown sales department is responsible for direct sales, while sales and customer service are channelled through the Public market, in close dialogue with Vital's other channels of distribution. Customer service is carried out by the Customer Service section, which includes updating of membership information, invoicing and the disbursement of pensions.

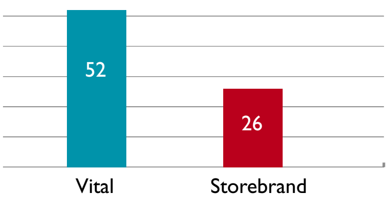
Transfer market

The market for public pension schemes is largely a transfer market, and Vital has been the leading private company in this market in recent years. In 2003, four out of every six local or county authorities which switched to a new pension supplier chose Vital. This corresponds to 65 per cent of the market – measured by number and in kroner terms.

Management

Director Joachim Høegh-Krohn heads the business area Public Sector. Sales director John-Harald Solheim heads the sales division, while section managers Marit W. Gundersen and Jørgen Nygård head customer service activities in the public sector in Bergen and Trondheim, respectively.

Number of municiapal clients insured in private life insurance companies



Management


Bård Benum


Frode J. Hansen


Ivar K. Linde


Geir Nysetvold


Nils E. Joachim Høegh-Krohn


Gunnar Gullaksen


Torbjørg Vanvik

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 Major Corporate Clients. An economics graduate, Hansen has previously been a general manager in several banks. Among other positions, he has also been director of Corporate Sales for Gjensidige NOR Spareforsikring.

Ivar K. Linde (b. 1953)
Director of Sales SMB/Individual. Linde is a graduate of the Norwegian Naval Academy and has formerly held senior positions in the trading sector and the food industry. He has also been divisional director of Sales for Vital Forsikring.

Geir Nysetvold (b. 1961)
Director of the business area Corporate Market. A civil engineer from NTNU, Nysetvold has been a consultant and has held senior position with Forenede and Gjensidige. He has also been director of development and IT for Gjensidige NOR Spareforsikring.

Nils E. Joachim Høegh-Krohn (b. 1966)
Director of the business area Public Sector. Høegh-Krohn is a graduate of the Norwegian Institute of Management and completed the course in economic analysis (division two) at NHH where he received his doctoral degree Dr. oecon. in 1994. Høegh-Krohn joined DnB NOR in 1998 and positions held include that of director of strategy with Vital Forsikring.

Gunnar Gullaksen (b. 1962)
Director of the business area Individual Market. A graduate of NHH, Gullaksen has been a consultant and broker and has held senior positions with DnB NOR including that of director of the Vital Forsikring's Individual Market.

Torbjørg 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. Position held include that of director of the Corporate Sector with Gjensidige NOR Spareforsikring.


Kjerstin Fyllingen


Kjell Sivertsen


Anders Skjævestad


Tom Rathke


Bjørn Atle Haugen


Thomas Skålnes

Kjerstin Fyllingen (b. 1958)
Director of Customer Service Individual Clients. A graduate of the Norwegian School of Management and a Master of Management. She has formerly held senior positions in banking and IT, including that of divisional director of Customer Service and Insurance Services with Vital Forsikring.

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. He has also been director of IT at Gjensidige NOR Spareforsikring.

Anders Skjævestad (b. 1966)
Director responsible for Staff. Skjævestad is a state authorised public accountant with experience from various firms of accountants. Previous positions include that of director responsible for Staff with Vital Forsikring.

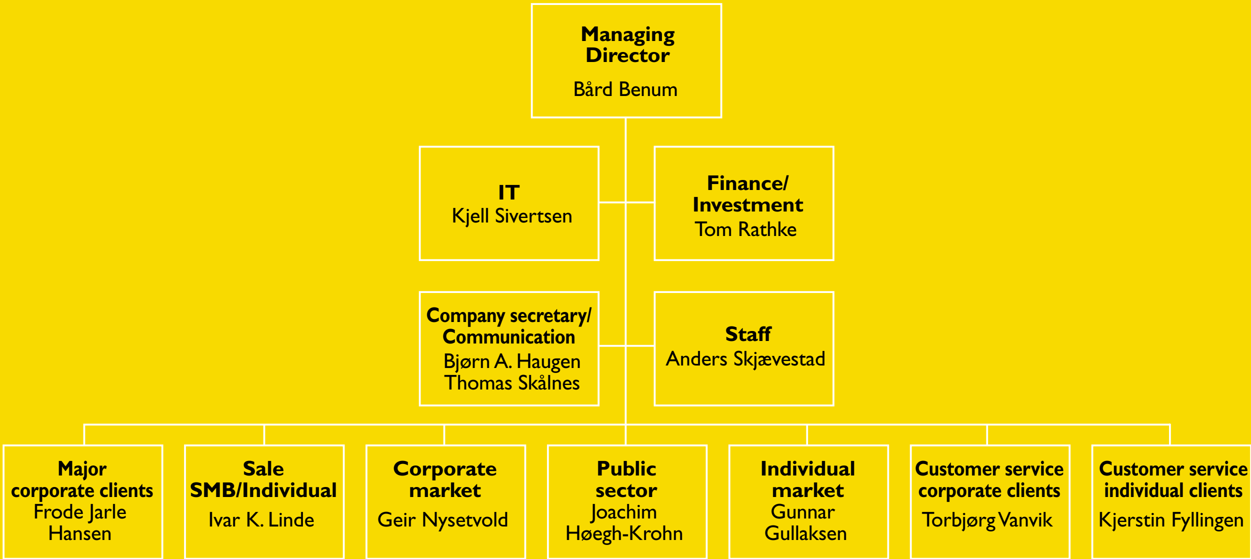
Tom Rathke (b. 1956)
Director of Finance. Rathke is an economics graduate /Master of Business Administration and has previously held senior positions in finance and financial management. Previous positions include that of managing director of Gjensidige NOR's investment fund company Avanse.

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 in Gjensidige Bank. He has also been controller of Gjensidige NOR Spareforsikring.

Thomas Skålnes (b. 1956)
Director of communication. University graduate in political science and history with experience from the newspaper and information industry. Previously director of communication with Vital Forsikring.

Ole-Einar Bjørndalen has been one of the world's best biathletes for many years, with three individual gold medals and a gold medal in the relay at the Olympic Games in Salt Lake City in 2002 marking one of the hights of his career to date. (Photo: Marcel Lelienhof)

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. Sales is divided in two units, Sales SMB/Individual and Major corporate clients. Customer services is handled by corporate clients and Individual clients. Customer Service for public sector clients is the responsibility of the Public Sector division.

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.

Major Corporate Clients has responsibility for advisory services and sales to major clients and brokers.

Sales SMB/Individual is responsible for advisory services and sales to small and medium-sized companies and individual clients.

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

Public Sector is responsible for market and product results, as well as customer service, in the public sector.

Individual Market is responsible for market and product results in the retail market.

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

Customer Service - Individual Clients has responsibility for deliveries and customer services related to the establishment, transfer, amendment and settlement of insurance agreements.

IT is responsible for IT activities.

Staff is responsible for brands, organisational development, management accounting and accounting, controller functions, actuarial and legal functions and group services.

Finance Investment is responsible for asset management.

Company Secretary/Communication is responsible for secretariat services, advisory services, and internal and external communication, including online services and sponsoring.

Board of Directors


Svein Aaser


Olav Hytta


Tor Norvold


Gunnar Reitan


Rolf Rønning


Anne Kathrine Slungård


Siri Pettersen Strandenes


Bjørg Ven


Bjørg Wiers


Eskild Wold

The Board of representatives elected new board of Directors and other positions of trust 30 march 2004:

Board of Directors
Aaser, Svein, Drøbak (Chairman)
Hytta, Olav, Oslo (Deputy chairman)
Reitan, Gunnar, Oslo
Rønning, Rolf, Trondheim
Slungård, Anne Kathrine, Trondheim
Strandenes, Siri Pettersen, Bergen
Ven, Bjørg, Oslo

Elected by the employees
Nordvold, Tor, Oslo
Wiers, Bjørg, Bergen
Wold, Eskild, Trondheim

Employee-elected deputy board members
Holsen, Vibeke, Bergen
Sørensen, Bente, Bergen
Trygstad, Stig H., Trondheim

Board of Representatives
Shareholder-elected members
Agerup, Wenche, Oslo
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
Jebsen, Finn, Oslo
Johannson, Knut Hartvig, Snarøya
Larre, Erik Sture sr., Oslo
Lerøy, Ole-Eirik, Bergen
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

Deputy members
Bergesen, Morten Sig., Oslo
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, Hjellestad
Thoen, Anne Bjørg, Oslo
Wenaas, Lars, Måndalen

Employee-elected members
Furhovden, Tom, Bergen
Heggedal, Eva, Oslo
Johnsen, Finn, Ustaoset
Krøtøy, Randi G., Ranheim
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
Aarum, Kristin Normann, Oslo

Deputy members
Andresen, Atle Henrik, Follo
Øverland, Thorstein, Oslo

AGM Election Committee
Shareholder-elected members
Berge, Elisabeth, Stavanger
Hopland, Jan Willy, Oslo
Larre, Erik Sture sr., Oslo
Tømmerås, Jørgen, Overhalla

Board of Representatives' Election Committee
Members
Arentz, Rannveig Munkeby, Åsen
Netteland, Knut, Bergen
Hopland, Jan Willy, Oslo
Jebsen, Finn, Oslo
Norvik, Harald, Nesodden

Deputy members
Bastiansen, Nils Halvard, Bærum
Johnsen, Finn, Ustaoset
Schilbred, Benedicte Berg, Tromsø

Auditors
Price Waterhouse Coopers,
State Authorised Public Accountant
Magne Sem.

Branches:

Head offices:

Folke Bernadottesvei 40
NO-5147 Fyllingsdalen
Tel: +47 55 17 80 90
Fax: +47 55 17 80 09
Postal address: PO Box 7500
NO-5020 Bergen

Beddingen 16
NO-7469 Trondheim
Tel: +47 73 58 71 11
Fax: +47 73 58 70 30

Rosenkranzgt 3, 5020 Bergen
Tel. +47 55 17 80 90

Kirkegt. 72, 2609 Lillehammer
Tel. +47 61 27 02 90

Peder Thomassonsgt. 12, 4836 Arendal
Tel. +47 37 02 51 70

Storgata 55, 2609 Lillehammer
Tel. +47 61 27 02 90

Sjøgaten 15, 8006 Bodø
Tel. +47 77 01 34 00

Edvard Stormsgt 3, 0166 Oslo
Tel. +47 67 83 45 00

Nedre storgata 15.-17., 3015 Drammen
Tel. +47 32 21 40 70

Vollsveien 17 A, 1366 Lysaker
Tel. +47 67 83 45 00

Farmannsgt. 2, 1607 Fredrikstad
Tel. +47 69 39 42 60

Rådhusgt. 15, 3211 Sandefjord
Tel. +47 33 37 77 22

Langebruv. 2, 6800 Førde
Tel. +47 57 82 79 36

Langgt. 1 C, 4306 Sandnes
Tel. +47 51 67 90 40

Hunnsvegen 5, 2821 Gjøvik
Tel. +47 62 51 69 80

Skolegt. 14, 7713 Steinkjer
Tel. +47 74 16 01 23

Tjuvholmen, 2304 Hamar
Tel. +47 62 51 58 22

Nerstranda 15, 9800 Tromsø
Tel. +47 77 62 97 50

Strandgt. 41, 2317 Hamar
Tel. +47 62 51 69 80

Storgt 92, 9292 Tromsø
Tel. +47 77 62 97 50

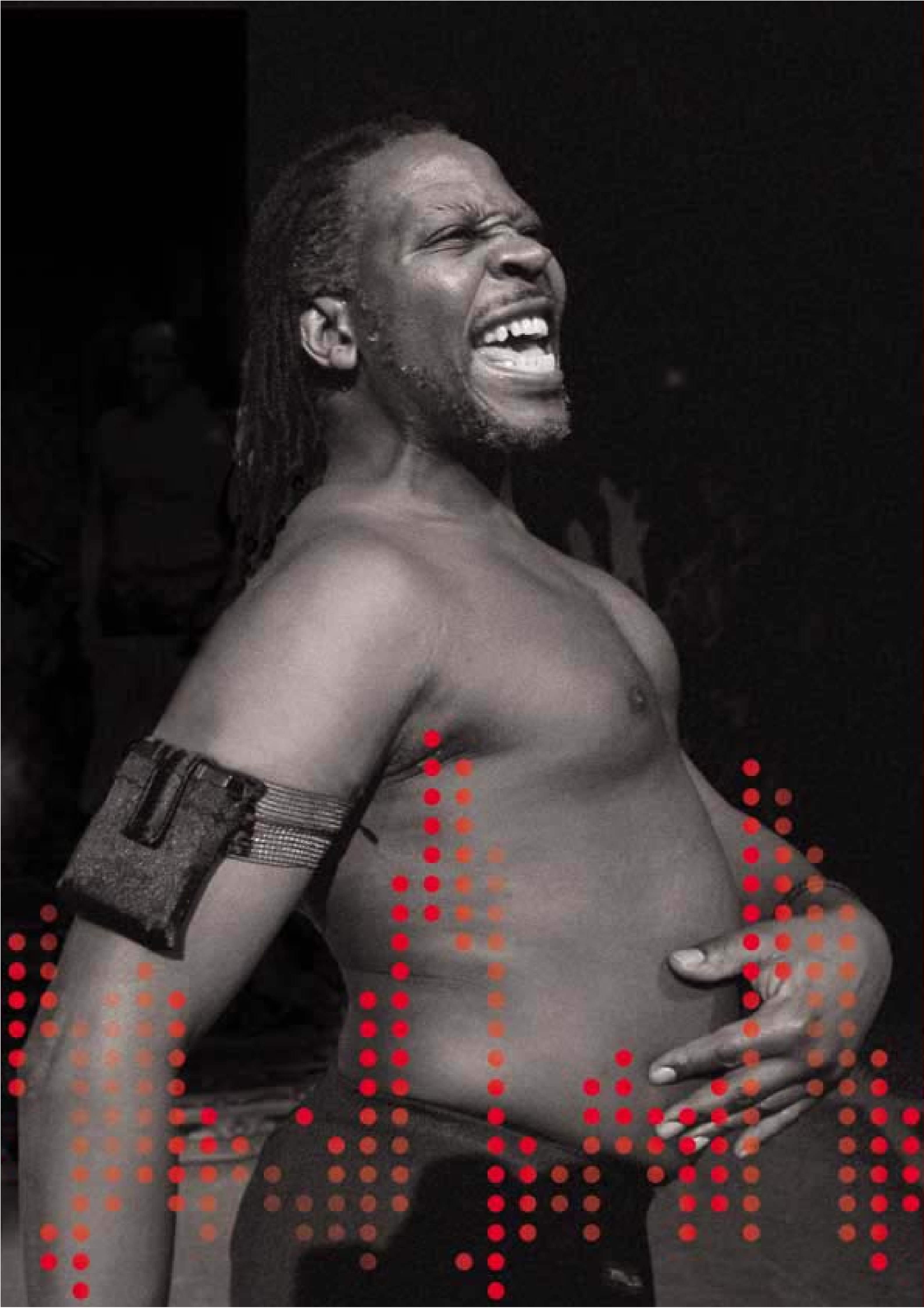
Sjølystv. 3, 4610 Kristiansand
Tel. +47 38 02 62 73

Søndregt. 12, 7011 Trondheim
Tel. +47 73 99 30 50

Munkegt. 22, 7469 Trondheim
Tel. +47 73 58 75 00

Kongensgt. 15, 6002 Ålesund
Tel. +47 70 11 46 90

Anton Jensensgt. 1, 3125 Tønsberg
Tel. +47 33 37 13 70



Contents
Annual Report 2003 - Vital Forsikring ASA

Actor Richard Sseruwagi had a centrol role as Noah "Horse" Simmons in Den Nasjonale Scene's production of "The Full Monty" which played to full houses in 2003.
(Photo: Leif Gabrielsen)

Strong stock markets and higher premium income

The Directors' Report relates to Vital Forsikring ASA in 2003 before the merger with Gjensidige NOR Spareforsikring ASA. Vital Forsikring ASA and its subsidiaries Vital Eiendomsforvaltning AS and Vital Pekon AS, along with the associated company Vital Link AS, had responsibility for the life insurance activities of the DnB Group in 2003.

Operations

The figures in brackets relate to 2002.

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 as well as providing good results for its owner and customers. Key elements in this process are further development of a cost-efficient and professionally unsurpassed organisation, the maintenance of a high standard of service and good customer relations, and ensuring that customers perceive the company 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 retail and corporate market, and for the public sector. Vital's registered office is in Bergen. Key functions are based in Trondheim and Bergen, while important market activities are based 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 investment management activities relate mainly to 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 the real estate sector, Vital Forsikring invests in and rents out office buildings, shopping centres and hotels, mainly in Norway but also in England and Sweden.

Strengthened market position

Vital's overall share of premium income in the market (excluding reserves) stood at 20.8 per cent at the end of the third quarter of 2003, an increase of 3.1 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 37.3 per cent of managed customer funds at the end of 2003, against 34.0 per cent at the start of the year.

New corporate clients

A prevailing feature of the market for major corporate clients in 2003 was again intense competition for transfers of pension schemes between the life companies. Through co-operation with other units in DnB NOR a number of pension schemes were transferred to Vital Forsikring in 2003, while agreements to establish pension schemes were established with several small and medium-sized companies which previously had no such scheme for their employees. Increasing interest is being shown defined contribution pension schemes, also among large companies which have previously had defined benefit pension schemes. In 2003 one of Norway's largest companies decided to change from a defined benefit to a defined contribution scheme and transferred a substantial part of its pension scheme to Vital.

Long-term saving

The sales record for individual products in 2003, both with and without a guaranteed return, shows that a steadily increasing number of people in the private market are concerned about long-term saving. The growth recorded by the Vital companies in the private market was in no small measure due to the extensive distribution network, with DnB NOR as the largest channel of distribution.

New business premiums written by Vital totalled NOK 6 801million (5 357), an increase of NOK 444 million on 2002. Of this, DnB NOR accounted for NOK 2 130 million (1 128), up 88.8 per cent on the previous year. The bank's sales of guaranteed insurance products amounted to NOK 1 087 million (690), a rise of 57.5 per cent, while sales of unit linked products increased by 138 per cent to NOK 1 043 million (438).

In 2003 DnB NOR accounted for 51 per cent of Vital's sales in the private market (44), while Vital Forsikring's own sales personnel made up 15 per cent (13) of the total. Independent agents and other channels of distribution accounted for 34 per cent (43).

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 2003 Vital Forsikring received two of the four municipal pension schemes that were transferred at that time, while Vital won four of the six local authorities which transferred their schemes with effect from 1 January 2004.

As 2004 started, Vital Forsikring was the market leader among the private life insurance companies operating in the public sector with a total of 36 local authorities as well as a number of other public sector companies.

Electronic customer communication

Vital Forsikring is continuing to invest considerable resources in the development of Internet-based communication with the market, and at year-end around 831 (761) companies were in online contact with Vital Forsikring through Vital Bedrift Online. The service is being modernised with the establishment of a new corporate portal which will gradually replace Vital Bedrift Online.

Vital Forsikring is developing online communication with the customers so that this facility can also be used as a tool to offer individual saving, insurance and other possible employee benefits in combination with the employer's pension scheme. This will help highlight the pension scheme as a benefit offered by the client company to its employees.

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 customer data from Vital Link is also included in customer relationship summaries from DnB NOR, and this facility is gradually being broadened to include more products.

Accounts for 2003

The accounting result for allocation, before and after activities with profit sharing, was a profit of NOK 1 900 million and NOK 1 828 million, respectively. Of the profit before profit sharing activities, NOK 1 235 million is being allocated to policyholders (65%), while the allocation to owner and taxes amounts to NOK 665 million. Allocation to owner and taxes, including activities with no profit sharing, amounts to NOK 593 million. The tax cost is estimated at NOK 145 million, corresponding to 8 per cent of the profit for allocation after activities with profit sharing. After tax, the result was a profit of NOK 448 million (20).

The accounts have been prepared on a going concern basis.

Premium income

The Vital companies had aggregate premium income of NOK 9 915 million (8 895), an increase of 11.5 per cent.

Vital Forsikring had premium income of NOK 7 362 million (7 366), while premium income from individual products with a guaranteed return amounted to NOK 1 853 million (1 426), an increase of 30 per cent on the previous year.

Premium income from unit-linked products, which for accounting purposes are posted by Vital Link, amounted to NOK 2 553 million (1 529), an increase of 67 per cent on 2002. This improvement was partly due to the stock market recovery in 2003, but it also reflects good sales of Vital Link Kapital, a new product with a shorter savings period than other unit-linked products.

Annual premiums written and single premiums totalled NOK 6 306 million (5 782), an increase of 9 per cent. Aggregate annual premiums written and single premiums for Vital Forsikring and Vital Link amounted to NOK 8 040 million (6 754), reflecting a rise of 19 per cent on the previous year.

The aggregate net outflow of transfers posted by Vital Forsikring and Vital Link in 2003 came to NOK 204 million, compared with a positive net inflow of NOK 1 394 million in 2002, NOK 2 539 million in 2001 and NOK 802 million in 2000. The negative figure for 2003 was partly due to the conversion of a large pension scheme to a pension fund, with Vital Pekon as the provider of administrative services.

Management results

The return on book values and the value-adjusted return, excluding changes in unrealised capital gains on long-term securities, was 8.6 per cent and 10.3 per cent (1.2 and 1.2), respectively. Including changes in unrealised capital gains on long-term securities the return was 11.5 per cent (1.8). Vital's management activities showed a higher return when compared with the benchmark indices for Norwegian equities and both Norwegian and foreign bonds.

Net financial income, after changes in the securities adjustment reserve, totalled NOK 6 038 million (846). Norwegian equities were the asset class which provided the highest return at 48.5 per cent (-29.3), which was 0.1 percentage point better than the benchmark index, the Oslo Stock Exchange Benchmark Index. Foreign equities showed a return of 21.8 per cent (-38.6), which was 5.3 percentage points below the benchmark index (Morgan Stanley).

The overall yield on the bond portfolio was 9.7 per cent (11.9), 1.5 percentage points ahead of the benchmark index. Norwegian bonds showed a yield of 13.8 per cent (8.8), and foreign bonds 6.7 per cent (13.9). The return on money market investments stood at 5.8 per cent (6.9), while long-term bonds, excluding changes in gains on long-term securities, showed a yield of 6.5 per cent (6.9). Real estate provided a return of 9.4 per cent (10). Overall, the company outperformed the benchmark indices.

Insurance payments

Insurance payments totalled NOK 5 389 million (4 148), the increase being attributable to portfolio growth. Payments to policyholders amounted to NOK 3 526 million (3 347).

Allocation to disability reserve

As a consequence of the increased level of disability, Vital Forsikring has increased its premium rates for disability pension in the last few years, in line with the other life companies. Higher rates entail a higher premium reserve requirement. The Financial Supervisory Authority of Norway has previously stated that allocations to increase the premium reserve can be financed over a three-year period. In 2003, Vital Forsikring strengthened the disability reserve by NOK 367 million as a result of the higher premium rates, which comes in addition to the allocation of NOK 142 million in 2002 and NOK 200 million in 2001.

In addition, the company made allocations which increased the disability reserve for claims under group and individual disability schemes by NOK 245 million in 2003. It is also expected that the new basis for calculation of allocations to the disability reserve will entail further allocations in 2004 and 2005 which together will amount to around NOK 240 million.

Operating expenses

Operating expenses, including financial management costs, totalled NOK 747 million (738). The 2.9 per cent rise on the previous year was mainly due to an increased allocation of resources related to sales and customer service, systems and product development. Insurance-related operating expenses corresponded to 1.12 per cent (1.13) of average policyholders' funds.

A programme of cost-saving measures was initiated in 2002 with the aim of reducing operating expenses by at least NOK 100 million in the period from 2003 to 2005. The programme helped to reduce costs by NOK 400 million in 2003 and has thus improved the company's competitive position.

Results

After allocating NOK 802 million to additional allocations, the interest result was a surplus of NOK 2 525 million (5). The aggregate risk result, which shows a loss of NOK 507 million (+40), can be expected to vary from year to year, depending on the scope of insurance payments. The risk result includes an allocation of NOK 612 million to strengthen the disability reserve, so that the ordinary risk result was a surplus of NOK 105 million (182).

The administration result showed a loss of NOK 105 million which was an improvement of NOK 33 million on the previous year's loss of NOK 138 million. The administration result for group pension business was a loss of NOK 38 million (-32).

Further information about these items appears in note 11.

Balance sheet

At 31 December 2003 total assets in the area of life insurance amounted to NOK 84 982 million (74 100), an increase of 14.7 per cent. At the same time, Vital Forsikring had total assets of NOK 77 437 million (69 443), a rise of 11.5 per cent, while Vital Link had total assets of NOK 7 545 million (4 657), reflecting growth of 62 per cent.

Unrealised gains on long-term bonds, which totalled NOK 1 431 million (506) 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 78 868 million (69 949), an increase of 12.8 per cent.

Vital Forsikring's value-adjusted total assets consist of the following items: short-term bonds 26.8 per cent (23.9), shareholdings 13.4 per cent (10.7), long-term bonds 32.8 per cent (25.1), money market investments 9 per cent (21.7), real estate 11.7 per cent (11.1) and other items 6.3 per cent (7.5).

Customer funds invested by Vital Link in unit-linked insurance products are distributed as follows: shareholdings 41 per cent (39), balanced, bond and money market funds 36 per cent (27), and bank deposits 23 per cent (34).

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 2003 totalled NOK 8 197 million (5 701). The increase was due to the good financial results in 2003. Vital Forsikring's capital base is sufficient to bear investment risk and withstand fluctuations in the financial markets.

The main changes in 2003 were the NOK 780 million rise in additional allocations, strengthening of the securities adjustment reserve by NOK 1 191 million and the increase of NOK 925 million in unrealised gains on long-term securities.

The breakdown and development of buffer capital in 2003 was as follows

NOK million	31.12.2003	31.12.2002
Securities adjustment reserve	1 191	0
Unrealised gains on long-term securities	1 431	506
Additional allocations	1 506	726
Equity	3 014	3 014
Subordinated loan capital	937	1 349
Security reserve	118	105
Total	8 197	5 701

The reduction in subordinated loan capital was due to the repayment of dated subordinated loans and a new loan taken up.

Buffer capital – equity in excess of the statutory minimum capital ratio of 8 per cent, additional allocations and the securities adjustment reserve – amounted to NOK 3 810 million (2 428) at 31 December 2003.

The risk attached to the return on the investment portfolio depends largely on the composition of assets, which in turn reflects the level of return which the company aspires to achieve. 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.

Based on an awareness of the important role played by risk, the company's risk exposure is kept under constant Board review. 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. Depending on the market outlook, alternative risk-reducing measures and hedging strategies 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 2003, Vital Forsikring's qualifying capital totalled NOK 3 558 million (3 927) and the capital ratio was 11.6 per cent (14.8). The reduction is due to balance sheet growth and the composition of assets. The statutory minimum requirement is 8 per cent.

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 2003, the company's solvency margin capital amounted to NOK 4 363 million (4 337). During the year, the solvency margin requirement rose to NOK 2 963 million (2 957).

Personnel

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

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 and a share option scheme for group employees which was established in May 2000.

Equality

Vital Forsikring's workforce is split virtually equally between men and women. However, women account for as much as 83.4 per cent of the company's 74 part-time employees. The number of male managers within the organisation with personnel responsibility totals 56, against 24 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. Among the steps being considered, is a survey to identify the working conditions for women within the Group and their attitude to a managerial career within the Group. 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 2003 stood at 5.9 per cent (5.7), and the total number of days lost because of sickness was 7 127 (7 153). No serious injuries or accidents were reported in 2003.

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.

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.

All managers and safety representatives have been given training in the procedures for "Follow-up of sick employees" and in Vital's revised HES system.
Vital has been an Inclusive Working Environment Company with effect from 1 December 2003.

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.

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.

Representation throughout Norway

Vital Forsikring has its own sales outlets throughout Norway, and is also represented through DnB NOR's and Postbanken's distribution networks and through independent agents.

At the end of 2003 Vital Forsikring, with subsidiaries, had 582 (622) permanent employees, corresponding to 562 (602) full-time positions. Women made up 49.3 (48.8) per cent of the workforce, and men 50.7 (51.2) per cent. The employees had an average age of 43.4 (42.7) and an average period of service of 13.8 (12.7) years.

For further information please refer to the organisation chart on page 15.

Board of Directors and management

Herman Friele (deputy chairman) left the Board at the end of 2003. At the same time Olav Hytta joined the Board as deputy chairman. Kåre Svendsen, who has a been an employee representative on the Board, left the Board in the spring of 2003 and Bjørg Wiers joined the Board as an employee representative.
The Board wishes to thank Friele and Svendsen for their good contribution to the Board.

In December 2003 Bjørn Østbø stepped down as managing director of Vital Forsikring and group director responsible for DnB NOR's life insurance activities, after heading the company for two years. Østbø took up the position of managing director of Vital Eiendom with effect from 1 January 2004. The Board wishes to thank Østbø for his good leadership of the company during these years.

On 12 December 2003 Bård Benum was appointed managing director of Vital Forsikring and group executive vice president responsible for the life insurance and pension activities of DnB NOR. The other members of the management team to head the activities of Vital/Life Insurance and Pension were appointed in October 2003 and are as follows: Kjerstin Fyllingen, Gunnar Gullaksen, Frode J. Hansen, Bjørn Atle Haugen, Joachim Høegh-Krohn, Ivar K. Linde, Geir Nysetvold, Tom Rathke, Kjell Sivertsen, Anders Skjævestad, Thomas Skålnes and Torbjørg Vanvik.

Outlook

The life and pension business offers interesting potential for growth in the coming years, in both the corporate and private markets, as well as in the public sector. 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.

By yearend 2003 the business area Life insurance and pensions had 31 per cent of total assets invested in long term investments classified as hold to maturity bonds. This portfolio is expected to gain more than 6 per cent annual return the following 3 years. The strenghtening of Vital´s capital base is enabling the company to increase exposure in investments which provides increased rate of return. Based on this, and being part of the DnB NOR Group, Vital will have sufficient ability to withstad fluctuations in the financial market in the future.

In connection with the merger, DnB NOR expects to realise synergy benefits in the Life insurance and pensions area amounting to NOK 150 million in the period from 2004 to 2006. This process is already well under way through the establishment of Vital's new organisation.
All formal aspects of the establishment of

the new life insurance company will have been finalised by the beginning of March this year, and the company is expected to be up and running from 10 March 2004.

It is expected that legislation setting new regulations for group life insurance activities, based on recommendations from the Banking Law Commission, will be proposed in the course of 2004. The new legislation is likely to include the introduction of fixed pre-determined price tariffs with no subsequent adjustment for all life insurance company services. Vital Forsikring has already started preparing for the changes that will be required to comply with the new regulations. The Board believes that clarification of the regulatory environment for competition in the market for municipal pension schemes is a matter of urgency. Such clarification may entail a need to make substantial and demanding changes to products and IT systems.

The recommendations from the Pension Commission which were presented on 13 January 2004 propose considerable changes to the Norwegian pension system. In view of the imminent consideration of the matter by the Storting and possible implementation with effect from 2010, the pension system will be a matter of uncertainty for some considerable time to come. In the period ahead, Vital Forsikring believes it will be important to inform the market that irrespective of the final form of the pension system, it will be sensible for individuals to establish their own pension saving schemes, on both a private basis and through their employers.

The company's situation is considered to be good, and this is in no small measure due to the contribution made by the employees. The Board wishes to express its appreciation of the untiring efforts of its staff in 2003.

Dividends and appropriations

The Board proposes a dividend of NOK 1 416 million. The group contribution payable to Vital Forsikring ASA amounts to NOK 968 million after tax, and this together with the profit of NOK 448 million makes up the amount of the proposed dividend. After appropriations, Vital Forsikring ASA had total equity of NOK 3 014 million (3 014) at 31 December 2003, with retained earnings accounting for NOK 2 340 million (2 340).

Bergen, 20 February 2004
The Board of Directors of Vital Forsikring ASA

Svein Aaser
Chairman

Olav Hytta
Deputy Chairman

Gunnar Reitan

Rolf Rønning

Siri Pettersen Strandenes

Anne Carine Tanum

Anbjørg Leite

Bjørg Wiers

Bård Benum
Managing Director

Profit and loss account

(NOK mill.)	Note	Vital Forsikring ASA Group 2003	2002
Premiums written, gross	1	6 281	5 782
Transfer of premium reserves from other insurers/pension funds	1,5	1 055	1 849
Ceded reinsurance premiums		26	(265)
Total premium income for own account	11	**7 362**	**7 366**
Income from financial assets	2,11	**12 900**	**10 265**
Other insurance-related income		**122**	**60**
Insurance payments	3	(3 544)	(3 230)
Change in claims reserve		4	(52)
Transfer of premium reserves, additional allocations and securities adjustment reserve to other insurers/pension funds	3,5	(1 858)	(866)
Total insurance payments for own account	3,11	**(5 398)**	**(4 148)**
Change in premium reserve in insurance fund		(4 218)	(4 885)
Guaranteed return on premium fund and pension regulation fund		(76)	(99)
Change in additional allocations in insurance fund		(802)	42)
Other insurance provisions		(285)	(43)
Total change in insurance provisions etc.	11	**(5 381)**	**(4 985)**
Insurance-related operating expenses	6,7,8	(689)	(662)
Expenses related to financial assets	2	(5 728)	(9 523)
Other insurance-related expenses		(124)	(77)
To/(from) securities adjustment reserve		(1 191)	53
TECHNICAL RESULT BEFORE SPECIAL PROVISIONS	11	**1 873**	**(1 651)**
Transfer from additional allocations to insurance fund to cover interest deficit		0	1 650
Allocations to policyholders	4,12	(1 235)	(1)
TECHNICAL RESULT FOR LIFE INSURANCE		638	(2)
Other expenses		(45)	(66)
PROFIT/LOSS (-) FROM ORDINARY ACTIVITY	11	**593**	**(68)**
Tax cost	10	(145)	88
PROFIT AFTER TAX	11,12	**448**	**20**
Transfers and allocations			
Transfers			
Group contribution received		968	0
Total transfers		**968**	**0**
Allocations			
Dividend	27	(1 416)	0
Transferred to other equity	23	0	(20)
Total allocations		**(1 416)**	**(20)**

Bergen/Oslo,

Svein Aaser Chairman	Olav Hytta Deputy Chairman	Gunnar Reitan	Rolf Rønning	Siri Pettersen Strandenes

Balance sheet

(NOK mill.)		Vital Forsikring ASA	
		Group	
ASSETS	**Note**	**2003**	**2002**
Intangible assets	10,21	**77**	**158**
Buildings and other real estate	13,21,22	9 048	7 735
Shareholdings and investments in group companies	14	18	23
Long-term financial assets excl. group companies	16	25 350	17 096
Short-term financial assets	15,17,18	38 105	39 216
Total financial assets	19	**72 521**	**64 070**
Accounts receivable	20	**1 295**	**2 655**
Other assets	9,21,22	**2 020**	**1 315**
Prepaid expenses and accrued income	30	**1 524**	**1 245**
TOTAL ASSETS		**77 437**	**69 443**
LIABILITIES AND EQUITY			
Paid-up equity	23,24	**674**	**674**
Retained earnings	23,24	**2 340**	**2 340**
Subordinated loan capital	24,25	**937**	**1 349**
Securities adjustment reserve		**1 191**	**0**
Premium reserve		**64 533**	**59 546**
Additional allocations		1 506	727
Premium fund and pension regulation fund		2 962	3 408
Claims reserve		121	125
Other technical reserves		501	229
Security reserve		118	105
Total insurance reserves	26	**69 741**	**64 140**
Provisions for commitments	10	**499**	**0**
Liabilities	27	**1 562**	**806**
Accrued expenses and prepaid income		**493**	**134**
TOTAL LIABILITIES AND EQUITY		**77 437**	**69 443**
Contingent liabilities etc.	28,29		

31 December 2003
20 February 2004
The Board of Directors of Vital Forsikring ASA

Anne Carine Tanum   Anbjørg Leite   Bjørg Wiers   Bård Benum
Managing Director

Accounting principles

General
The accounts for 2003 have been prepared in accordance with Norwegian accounting legislation and accounting regulations issued by the Financial Supervisory Authority of Norway, and in conformity with generally accepted accounting principles.

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 2003 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. 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. Securities and financial derivatives denominated in foreign currency are translated at the year-end exchange rate.

Bonds to be held until maturity
Bonds to be held until maturity are classified as long-term financial assets and stated at 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. Any foreign exchange gain or loss is 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. The reserve has a zero balance if there is a net unrealised loss.

Insurance provisions
Insurance provisions consist of the insurance fund and the security reserve as defined in sections 8-2 and 8-4 of the Insurance Activity Act.

The insurance fund includes the premium reserve, additional allocations, the premium and pension adjustment fund, the claims reserve and other technical provisions.

Premium reserve:
The premium reserve is a necessary reserve to secure future insurance commitments to the policyholders and the insured. The administration reserve is a part of the premium reserve which is used to cover future costs related to fully paid up policies in the area of annuity and pension insurance.

Additional allocations:
Additional allocations are a conditional allocation to policyholders where the change for the year is posted as a statutory provision in the profit and loss account and therefore affects the result for the year. Section 3-3 of supplementary regulations of 25 September 2000, no. 979, relating to additional allocations in life insurance contains provisions related to the maximum additional allocation per contract.
Any release of additional allocations is posted in the balance sheet in line

with circular 31/2001 of 19 December 2001 from the Financial Supervisory Authority of Norway.

Premium and pension adjustment fund:
The premium fund consists of prepaid premiums from policyholders under individual and group pension insurance.
The pension adjustment fund consists of payments made by policyholders under group pension insurance. The fund may be used to provide supplementary pensions in connection with the regulation of future pension levels.
Payments made to and withdrawals from the premium and pension adjustment fund are posted in the balance sheet.

Claims reserve:
The claims reserve consists of unsettled or uncompleted insurance settlements.

Security reserve
Allocations to the security reserve are statutory allocations in order to meet unexpected losses from insurance activities. They are posted in the accounts as statutory allocations.

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 association insurance	Other lines (non-life)	Total 2003	Total 2002
Single premiums	1	219		828			1 048	1 004
Annal premiums	11	889	8	287	1	20	1 216	273
Transfer of premium reserves etc.		155		887	13		1 055	1 849
Total new business 2003	12	1 263	8	2 002	14	20	3 319	
Total new business 2002	11	977	8	2 038	12	80		3 126

Note 2 - Income from and expenses related to financial assets

(NOK mill.)	Shares	Bonds	Real estate	Other	2003	2002
Income from buildings and other real estate			788		788	694
Income from other financial assets	222	3 375		32	3 629	3 753
Total	222	3 375	788	32	4 417	4 447
Value regulation of buildings and other real estate			109		109	173
Reversals, write-down of financial assets	1 272				1 272	0
Unrealised gains	742	538	0	(89)	1 191	0
Gain on realisation of financial assets *)	1 193	1 376	31	3 310	5 910	5 645
Total income from financial assets	3 429	5 289	928	3 254	12 900	10 265
Administrative expenses related to buildings and real estate			(210)		(210)	(126)
Administrative expenses related to other financial assets	(16)			(49)	(65	(92)
Interest expenses related to financial assets		(71)			(71)	(25)
Total	(16)	(71)	(210)	(49	(346)	(243)
Unrealised losses and reversal of unrealised gains on short-term financial assets	0	0			0	(1 327)
Loss on ralisation of financial assets	(1 342)	(381)		(3 659)	(5 382)	(7 953)
Total expenses related to financial assets	(1 358)	(452)	(210)	(3 707)	(5 727)	(9 523)
Net financial income	2 071)	4 836	718	(453)	7 172	742

*) 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 2003	Total 2002
Claims	173	1 008	218	1 853	10	48	3 310	3 086
Surrenders/withdrawals	96	76		43			215	261
Reinsured proportion			(38)	72		(16)	18	(117)
Total claims paid	269	1 084	180	1 968	10	32	3 543	3 230
Change in claims reserve		1	(10)	5			(4)	52
Transfer of premium reserves etc.	0	690		1 146	23		1 859	866
Total claims 2003	269	1 775	170	3 119	33	32	5 398	
Total claims 2002	305	1 560	201	2 056	9	17		4 148

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 2003	Total 2002
Premium reserves	20	352	42	490	18	922	1
Premium fund / pension regulation fund		7		306		313	0
Total allocation to policyholders 2003	20	359	42	796	18	1 235	
Total allocation to policyholders 2002	0	0	0	1	0		1

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	Total 2003	Total 2002
P/L account entries							
Inflow of premium reserves		155		886	14	1 055	1 849
Outflow of premium reserves		(680)		(1 110)	(22)	(1 812)	(833)
Outflow of additional allocations		(6)		(22)		(28)	(33)
Outflow of unrealised gains		(4)		(14)	(1)	(19)	0
Total outflow of funds		(690)		(1 146)	(23)	(1 859)	(866)
Net P/L account entry 2003		0	(535)	0	(260)	(9)	(804)
Net P/L account entry 2002	0	(465)	0	1 439	9		983
Balance sheet entries							
Inflow of additional allocations		1		18		19	67
Onflow of premium funds etc.				238		238	201
Outflow of premium funds etc.		(23)		(124)		(147)	(163)
Net Balance sheet entry 2003	0	(22)	0	132	0	110	
Net Balance sheet entry 2002	0	(15)	0	120	0		105
Inflow / outflow							
Inflow of annual premiums		4	36	79	0	119	139
Outflow of annual premiums		16	6	77	0	99	62
Number of customers/contracts, inflow		294	183	109	42	628	259
Number of customers/contracts, outflow	19	3 447	86	84	67	3 703	3 115

*) Of which outflow to Vital Link NOK 545 million in 2003 and NOK 331 million in 2002. This relates to 1 499 customers/contracts in 2003 against 1 150 in 2002.

Note 6 – Insurance-related opeating expenses

(NOK mill.)	2003	2002
Sales expenses *)	299	305
Insurance-related administrative expenses	390	381
Reinsurance commission and share of profits	0	(24)
Insurance-related operating expenses	689	662
*) Sales expenses		
Salaries	160	148
Commissions	85	82
Other sales expenses	54	75
Total sales expenses	299	305

Note 7 - Number of employees / full-time positions

	2003	2002
Number of employees at 31 December	582	622
Number of full-time positions as 31 December	562	602
Average number of employees	602	617
Average number of full-time positions	582	598

Note 8 - Remuneration

Remuneration to the managing director and elected representatives

(NOK 1 000)	2003	2002
Remuneration to the managing director		
Total remuneration	2 145	1 828
Pension costs	750	300
Remuneration to the Board of Directors	1 000	859
Remuneration to the Board of Representatives	355	369
Remuneration to the Control Committee	282	278

Bård Benum took over as managing director of Vital Forsikring ASA on 12 December 2003. The stated remuneration for 2003 relates to the previous managing director.

Remuneration paid in 2003 includes a lump-sum payment of NOK 375 000. The remuneration paid to the managing director in 2002 includes NOK 245 000 related to additional salary earned in 2001.

The new managing director has an agreed pension age of 60. Under the agreement, the pension will be scaled down from 100% (at 62 years of age) to 70% (at 67 years of age) of the leaving salary.

Remuneration to the auditor

(NOK 1 000)	2003	2002
Financial audit fee	600	590
Of which to the external auditor	250	250

The audit fee paid to the external auditor includes value added tax.

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 2003, 564 persons 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 34 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 defined benefit plans.

The calculations are based on the following assumptions:

Economic assumptions:	**2003**	**2002**
Discount rate	6.00 %	7.00 %
Anticipated return on pension fund assets	7.00 %	8.00 %
Anticipated rise in salaries	3.50 %	3.30 %
Anticipated annual increase in the National Insurance Fund base rate	2.50 %	2.50 %
Anticipated rise in pensions	2.50 %	2.50 %
Actuarial assumptions:		
Turnover	2.00 %	2.00 %
Linear accrual		
Basic tariff for the industry prepared by the Association of Norwegian Insurance Companies		

Net pension costs	**Funded**	**Unfunded**	**31.12.03**	**31.12.02**
(NOK mill.)	**scheme**	**scheme**	**Total**	**Total**
Net present value of pension entitlements	25	2	27	23
Interest charge on accrued pension commitments	35	2	37	38
Expected return on pension fund assets	(45)	0	(45)	(51)
Net amortisation	6	1	7	0
Net pension cost	21	5	26	10

Pension schemes' financial status, recorded assets and liabilities	**Funded**	**Unfunded**	**31.12.03**	**31.12.02**
(NOK mill.)	**scheme**	**scheme**	**Total**	**Total**
Accrued pension commitments	(567)	(37)	(604)	(527)
Estimated effect of future salary adjustments	(65)	(1)	(65)	(58
Estimated pension commitments	(631)	(38)	(669)	(585)
Pension fund assets at market value	667	0	667	616
Pension fund assets in excess of pension commitments	36	(38)	(3)	31
Deviation between actual and estimated market value of pension fund assets	144	2	146	147
Net actuarial loss/(gain) not recorded in the accounts	46	(2)	44	(24)
Net pension fund assets/commitments	225	(38)	187	154

Net pension costs and pension fund assets at 31 December are exclusive of employer's national insurance contributions. The balance sheet includes net pension fund assets totalling NOK 213 million, including employer's national insurance contributions.

In line with the economic assumptions, the pension fund assets are expected to provide a return of NOK 45 million in 2003. The preliminary actual return for 2003 is NOK 58 million. The actual return for 2003 is thus NOK 13 million more than the expected return.

Note 10 - Taxes

(NOK mill.)	2003	2002
Calculation of tax payable		
Pre-tax profit/(loss)	593	(68)
Permanent differences	(116)	(60)
Group contribution received	1 345	0
Tax credit applied	(41)	(66)
Change in timing differences	(1 643)	1 148
Tax allowance for dividends applied	(130)	(116)
Taxable income	8	838
Tax (at 28%)	2	235
Tax payable	2	235
Calculation of deferred tax		
Taxable timing differences		
Real estate	1 232	1 171
Subsidiaries assessed in accordance with the equity method	238	25
Pension fund assets	213	155
Other items	193	20
Total taxable timing differences	1 876	1 371
Tax-deductible timing differences		
Foreign exchange items related to forward transactions (1)	22	311
Securities	0	1 274
Fixed assets	54	25
Other items	17	11
Tax-deductible timing differences	93	1 621
Calculation base for deferred tax / (deferred tax assets)	(1 783)	250
Deferred tax / deferred tax assets (at 28%)	(499)	70
Tax charge for the year	**2003**	**2002**
Tax payable	(2)	(235)
Change in deferred tax	(569)	321
Tax on group contribution received	377	0
Change in tax charge due to divergence from estimates in previous years	50	1
Tax charge for the year in the profit and loss account	(145)	88
Tax on profit for the year	(145)	88
Reconciliation of nominal and actual rate of tax		
Operating profit/(loss) before tax	593	(68)
Expected income tax at nominal rate	(166)	19
Tax effect of permanent differences and divergence in estimates for previous years	21	69
Tax charge	(145)	88

Note 11 – Results and return on capital employed

Breakdown of results by category

(NOK mill.)	**Individual life insurance**	**Individual annuity and pension insurance**	**Group life insurance**	**Group pension insurance**	**Group association insurance**	**Other business**	**Total 2003**	**Total 2002**
Profit and loss account								
Single premiums		83		1 668			1 751	1 903
Annual premiums	228	1 388	320	2 352	16	226	4 530	3 879
Transfer of premium reserves etc.		155		886	14		1 055	1 849
Reinsured proportion			(34)	67		(7)	26	(265)
Premium income 2003	228	1 626	286	4 973	30	219	7 362	
Premium income 2002	155	1 271	242	5 547	27	124		7 366
Income from financial assets	260	2 842	97	9 517	116	68	12 900	10 265
Other insurance-related income		3		38		81	122	60
Claims	(270)	(1 775)	(169)	(3 119)	(33)	(32)	(5 398)	(4 148)
Change in insurance allocations	19	(434)	(45)	(4 634)	(15)	(272)	(5 381)	(4 984)
Insurance-related operating expenses	(59)	(163)	(51)	(339)	(7)	(70)	(689)	(662)
Expenses related to financial assets	(117)	(1 269)	(44)	(4 215)	(52)	(31)	(5 728)	(9 523)
Other insurance-related expenses	(5)	(5)		(85)		(29)	(124)	(78)
To/from securities adjustment reserve	(24)	(263)	(9)	(879)	(10)	(6)	(1 191)	53
From additional allocations to cover interest deficit							0	1 650
Allocations to policyholders	(20)	(359)	(42)	(796)	(18)		(1 235)	(1)
Technical result for life insurance	12	203	23	461	11	(72)	638	(2)
Other expenses	(1)	(10)		(33)	(1)		(45)	(66)
Operating profit/(loss) 2003	11	193	23	428	10	(72)	593	
Operating profit/(loss) 2002	(13)	(55)	38	3	(2)	(39)		(68)
Tax charge							(145)	88
Profit 2003							448	
Profit 2002								20

Analysis of results

(NOK mill.)	**Individual life insurance**	**Individual annuity and pension insurance**	**Group life insurance**	**Group pension insurance**	**Group association insurance**	**Total life insurance**	**Other business**	**Total 2003**	**Total 2002**
Administration result	(22)	(37)	(4)	(38)	(4)	(105)		(105)	(138)
Interest result *)	47	576	41	1 838	23	2 525		2 525	5
Risk result	6	13	42	5	9	75		75	40
Other allocations **)			(14)	(581)		(595)		(595)	65
Other business							(72)	(72)	(39)
Total for allocation 2003 ***)	31	552	65	1 224	28	1 900	(72)	1 828	
Total for allocation 2002	(13)	(55)	38	4	(2)	(28)	(39)		(67)

*) After an allocation of NOK 802 million to additional allocations.
**) This comprises an allocation of NOK 13 million to the security reserve and an allocation of NOK 582 million to strengthen the disability reserve in the area of group pension insurance.
***) The amount available for distribution is the total of the operating result and funds allocated to policyholders.

Return on total assets

Percentage figures	**2003**	**2002**	**2001**	**2000**	**1999**
Rate of return	8.61	1.24	5.56	8.39	9.14
Average rate of return	8.36	1.30	5.82	8.11	8.55

The rate of return in the above table has been calculated in accordance with regulations issued by the Financial Supervisory Authority of Norway for life insurance companies. The average rate of return includes capitalisation of the security reserve.

Note 12 – Division of profits

(NOK mill.)	2003	Allocation %	2002	Allocation %
Profit for allocation	1 828		(67)	
Allocation to policyholders	1 235	68 %	1	*
Allocation to equity and tax	593	32 %	(68)	

* Relates to policyholders who transferred funds from the company in 2002.

Note 13 - Buildings and real estate

Type of property	City/location	Book value in NOK mill.	Annual rental per m2	Gross rental area m²	Area used by Vital Forsikring m²	Av. rental period in years
Commercial properties	East	3 446	1 310	221 583	6 277	4.6
Commercial properties	West	906	852	103 061	16 885	4.2
Shopping centres	Oslo / Bergen	1 749	2 251	71 573		3.8
Hotels	Bergen/other	1 482	1 392	83 059		12.3
Foreign properties	London/Stockholm	1 418	2 342	50 522		5.5
Other properties	East / West	47	584	9 147		
Total directly owned properties, ANS and AS at 31.12.03		9 048	1 441	538 945	23 162	5.8
Total directly owned properties, ANS and AS at 31.12.02		7 735	1 297	512 531	23 214	5.8
Change in 2003		1 313	144	26 414	(52)	(0.0)

The change in the real estate portfolio relates to the purchase of properties in Stockholm, (Kortbyråen 17 and Pennfektaren 10) for SEK 1 578 million, the sale of Lars Hillesgt. 22 in Bergen and Beddingen 8 in Oslo, which gave an aggregate accounting profit of NOK 40.4 million, as well as outlays on existing properties. In accordance with the regulations for annual accounts etc. of insurance companies, all properties have been written up/down to their market value at 31 December 2003. The net write-up of NOK 100 million, after capitalisations, has been posted in the profit and loss account for 2003.

Properties used by Vital Forsikring and its subsidiaries for office purposes with an aggregate area of 23 162 sq.m. make up 4.3% of the total area. The rental for these properties is set on market terms.

Market values at year-end 2003 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 value-adjusted return for the year was 9.4%, split between the direct rate of return of 7.8% and gains on disposal/change in unrealised gains of 1.6%.

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
Vital Pekon AS	Oslo	100 %	100 %	1 400	1 531	61	1 592
Vital Eiendom AS	Oslo	100 %	100 %	300	4 728	191	4 919
Vital Eiendomsforvaltning AS	Oslo	100 %	100 %	10 000	12 218	967	13 185
Zodiaco SA	Madrid	100 %	100 %	13 500	5 000	-	5 000
Total				**25 200**	**23 477**	**1 219**	**24 696**

*Net profits posted consist of 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	Acqui-sition cost	Market value
NORWAY			
Credit institutions and insurance			
Bolig- og Næringsbanken	90 200,00	12 716	21 017
Four Seasons IV AS	42 386,00	36 028	36 028
Romsdals Fellesbank	356 571,00	4 888	40 649
Storebrand	4 060 000,00	171 219	175 798
Vps Holding Asa	101 600,00	7 112	12 192
Total	4 650 757	231 963	285 684
Other Norwegian shareholdings			
Aker Kværner	450 185	42 209	51 209
Amersham	1 487 655	103 465	136 864
Bergens Tidende AS	122 994	22 315	38 128
EDB Business Partner	2 041 300	39 888	84 918
Ekornes	551 150	46 808	67 791
Ementor	5 523 300	23 327	31 041
Gresvig	976 500	22 098	24 315
Kongsberg Gruppen	245 957	21 904	26 071
Nextgentel Holding	1 273 042	25 399	28 643
Norsk Hydro	2 343 501	825 309	962 007
Norske Skogindustrier	2 254 157	243 288	286 278
Olav Thon Eiendomsselskap	99 300	21 945	29 294
Orkla	3 396 651	364 361	506 101
ProSafe	602 765	78 558	80 771
Rieber og Søn	764 657	38 777	38 233
Royal Caribbean Cruises	1 127 000	215 422	263 718
SAS	823 235	41 935	52 275
Schibsted	853 650	86 025	97 743
Statoil	6 529 900	415 400	488 110
Stolt-Nielsen	743 400	75 886	47 578
Tandberg	2 534 230	89 406	124 177
Tandberg Television	1 818 300	26 468	53 094
Telenor	9 328 650	299 283	405 796
TGS Nopec Geophysical Company	643 100	49 284	58 522
Tomra Systems	3 593 240	270 553	144 089
Veidekke	344 112	16 942	20 131
Visma	729 075	42 457	48 848
Whitecliff AS	500 000	41 495	38 905
Wilh. Wilhelmsen A	241 517	21 135	53 375
Wilh. Wilhelmsen B	152 300	12 130	31 983
Other Norwegian shares		426 002	341 005
Total other Norwegian shareholdings		4 049 474	4 661 014
Total investment in Norwegian shares		4 281 437	4 946 698

(NOK 1 000)	No. of shares	Acqui-sition cost	Market value
FOREIGN			
Credit institutions and insurance			
ABN Ambro Holding	43 767	6 583	6 813
AMP	49 900	1 222	1 253
ANZ Banking Group	39 509	3 410	3 501
AXA France	47 907	5 558	6 822
Acom	2 170	666	655
Aegon	26 392	2 430	2 598
Aflac	24 700	5 632	5 945
Aiful	950	400	462
Alleanza	36 344	2 561	2 647
Allianz Holdings	6 763	5 266	5 680
American International Group	33 000	14 023	14 551
Assicurazioni Generali	17 100	2 872	3 013
Aviva	130 918	13 770	7 644
BNP Paribas	28 511	11 552	11 943
BOC Hong Kong Holdings	103 500	1 290	1 295
Banca Popolare Di Mila	7 362	295	321
Banche Popolari Unite Scrl	6 023	697	726
Banco Bilbao Vizcaya - Argentar	61 722	4 571	5 671
Banco Popolare Di Verona	7 111	798	801
Banco Popular Espanol	10 360	3 727	4 112
Bank of America	10 500	5 975	5 618
Bank of Ireland	40 603	3 534	3 687
Bank of Nova Scotia	13 600	4 567	4 607
Bank of Yokohama	27 000	815	835
Barclays Bank	99 467	5 399	5 902
Canadian Imperial bank	11 300	3 636	3 723
Citigroup	103 700	32 815	33 488
Commerzbank	8 734	1 033	1 140
Commonwealth Bank	26 909	3 806	3 972
Compass Bancshares	39 800	10 700	10 409
Credit Saison Co Ltd.	4 500	632	676
Credit Suisse Group	24 688	5 404	6 009
Daiwa Securities Group	30 000	1 234	1 358
Danske Bank	10 237	1 435	1 598
Development Bank of Singapore	31 400	1 455	1 808
Fannie Mae	14 300	6 765	7 141
Fleetboston Financial	24 100	6 851	6 999
Fortis	26 911	3 418	3 600
H.S.B.C. Holdings	225 052	25 537	23 533
HBOS	54 073	4 443	4 659
Hang Seng Bank	21 600	1 662	1 888
ING Groep	52 203	7 301	8 100
J.P. Morgan Chase	87 400	21 554	21 357
Jefferson-Pilot	35 900	12 034	12 097
Land Securities	17 569	1 985	2 076
Lloyds TSB Group	181 394	9 330	9 678
MBNA	47 200	8 225	7 803

(NOK 1 000)	No. of shares	Acquisition cost	Market value
Macquarie Bank	7 659	1 305	1 365
Manuelife Financial Corp	15 200	3 318	3 275
Merrill Lynch	28 600	11 820	11 159
Metlife	41 900	9 229	9 386
Millea Holdings	31	2 523	2 694
Mitsubishi Tokyo Financial	80	4 106	4 152
Mitsui Sumitomo Insurance	29 000	1 451	1 584
Mizuho Financial Group	100	1 798	2 018
Münchener Rück	3 189	2 639	2 572
National Australian Bank	31 344	4 538	4 706
National City	56 000	12 920	12 645
Nikko Securities	33 000	1 086	1 223
Nomura Holdings	35 000	3 119	3 965
Orix	1 900	999	1 045
Overseas Chinese Banking	26 000	1 201	1 232
Promise	2 500	725	725
Prudential Financial	26 100	7 069	7 253
Resona Holdings	122 000	935	1 022
Royal Bank of Canada	21 600	6 883	6 872
Royal Bank of Scotland Group	77 858	15 801	15 263
Sanpaolo IMI	42 173	3 602	3 659
Shizuoka Bank	17 000	831	836
Societe Generale A	4 213	2 212	2 475
Sompo Japan Insurance	19 000	982	1 039
Sovereign Bancorp	29 700	4 440	4 693
Sumitomo Mitsui Financial Group	74	2 338	2 623
Sumitomo Trust & Banking	25 000	899	978
Sun Life Financial	15 900	2 821	2 644
Svenska Handelsbanken A	33 010	4 309	4 487
Swiss Re-Insurance	6 983	3 094	3 137
Synovus Financial	27 700	5 430	5 329
Takefuji	1 800	565	560
Trowe Price Group	41 200	12 016	12 995
UBS	38 544	17 534	17 562
UFJ Holdings	70	2 113	2 238
US Bancorp	93 400	18 023	18 504
USA education	19 300	5 304	4 838
Unicredito Italiano	187 898	6 379	6 748
United Overseas Bank	30 800	1 634	1 593
Wachovia	34 000	10 961	10 538
Wells Fargo	36 900	14 570	14 457
Westpac Banking	40 220	2 988	3 224
XL Capital	12 900	6 380	6 655
Zions Bancorporation	27 100	11 737	11 057
Total		513 496	517 236
Other foreign shareholdings			
3M Company	37 400	21 339	21 157
A. P. Møller - Mærsk	155	8 582	7 442
ACS Actividades	36 828	10 734	11 960
Adecco	18 350	6 481	7 847

(NOK 1 000)	No. of shares	Acquisition cost	Market value
Adidas Salomon	17 074	12 590	12 938
Affiliated Computer	93 800	33 639	33 985
Agere Systems B	407 500	8 857	7 862
Albertsons	64 000	9 167	9 644
Alcan	28 800	8 220	8 981
Alcoa	30 200	5 863	7 635
Altria Group	116 200	42 428	42 070
Amazon	19 700	7 599	6 899
Amdocs	103 500	15 297	15 479
Ameren	23 700	7 456	7 253
American Standard Companies	16 600	11 173	11 121
Amgen	27 200	10 097	11 183
Anheuser-Busch	18 700	6 530	6 554
Anthem	23 300	10 964	11 626
Apache	15 100	6 828	8 147
Arcelor	59 685	5 700	6 922
Archer Daniels Midland	90 100	9 051	9 123
AstraZeneca	37 927	12 434	12 105
AT & T Wireless Services	299 200	14 919	15 904
Aventis	73 816	30 977	32 458
Barrick Gold	78 000	10 619	11 770
BASF	66 654	21 898	24 935
Bayer	35 000	6 377	6 820
BEA Systems	141 700	11 873	11 595
Becton Dickinson	67 100	18 142	18 365
Bellsouth	50 100	9 264	9 433
Best Buy Company	29 100	11 973	10 113
BG Group	202 874	5 572	6 928
BHP Billiton	232 717	11 923	14 220
BJ Services	55 400	12 694	13 231
Black and Decker	33 900	11 323	11 123
BMW	21 516	5 218	6 635
BOC Group	73 942	6 836	7 516
Boeing	45 300	12 277	12 700
Boston Scientific	133 200	31 076	32 575
BP	1 229 305	65 933	66 321
Bristol-Myers Squibb	93 000	16 243	17 695
British Sky Broadcasting Group	197 585	14 940	16 543
Burlington Northern Santa Fe	31 800	6 503	6 844
Burlington Resources	24 800	8 463	9 137
Cadence Design Systems	216 800	25 961	25 933
Canadian National Railway	18 600	7 903	7 852
Canon	118 000	35 426	36 552
Carnival	44 100	10 129	11 656
Casino Guichard Perrachon	15 615	9 812	10 103
Celestica	211 300	21 287	21 278
Cendant	44 200	6 403	6 549
Centrica	676 237	16 827	16 993
ChevronTexaco	60 500	31 603	34 771
Cigna	27 200	9 753	10 405
Cisco Systems	399 300	64 201	64 525

(NOK 1 000)	No. of shares	Acqui-sition cost	Market value
Clear Channel	60 400	18 784	18 818
Coca Cola	125 300	42 036	42 305
Comcast	76 590	16 444	16 749
Comcast A Special	73 020	13 555	15 195
Compass Group	312 203	12 769	14 129
Computer Associates	63 200	10 603	11 495
Computer Science	43 500	11 147	12 800
Constellation Energy Group	28 000	7 184	7 295
CRH	116 341	15 125	15 894
CVS	62 600	15 597	15 043
Daimler Chrysler	45 090	13 610	14 000
Dell	30 500	6 984	6 891
Deutsche Telecom	204 425	23 794	24 891
Diageo	186 609	15 600	16 335
Dominon Resources	24 700	10 695	10 489
Dow Chemicals	48 600	12 953	13 441
Dow Jones	22 500	8 252	7 462
Duke Energy	68 200	8 560	9 279
Dupont E.L. Denemeours	28 400	8 844	8 670
E.ON	51 826	21 382	22 502
East Japan Railway	219	7 145	6 865
EBay	20 200	7 911	8 680
Emerson Electric	37 600	15 103	16 197
Encana	76 500	18 650	20 086
Endesa	147 118	16 844	18 827
Eni	152 957	19 241	19 202
EOG Resources	36 800	10 838	11 303
Ericsson B	1 518 400	16 928	18 111
Exelon	40 600	16 789	17 924
Exxon Mobil	349 400	92 337	95 304
Fedex	17 400	9 224	7 814
First Data	78 000	19 874	21 322
Ford Motor	75 400	6 527	8 026
France Telecom	99 480	17 390	18 916
GAP	75 400	10 267	11 643
General Electric	526 100	109 108	108 431
General Growth Properties	36 000	6 540	6 646
General Mills	23 000	7 287	6 932
General Motors	49 400	14 941	17 550
Genzyme	41 300	12 387	13 557
Georgia Pacific	36 900	6 935	7 529
Gillette	42 400	9 574	10 361
GlaxoSmithKline	159 108	22 464	24 255
Granada	590 952	8 589	8 586
HCA - The Healthcare Company	84 400	21 787	24 122
Heinz (H.J.) Corporation	65 300	16 243	15 826
Hennes & Mauritz B	93 977	14 884	14 858
Hewlett Packard	246 600	36 627	37 684
Hilton Group	498 529	11 788	13 344
Home Depot	121 000	28 187	28 569
Honda Motor	47 400	13 625	14 006

(NOK 1 000)	No. of shares	Acqui-sition cost	Market value
Honeywell International Inc.	32 300	6 964	7 184
Hutchinson Whampoa	178 000	8 510	8 732
IBM	69 700	43 629	42 976
Inco	34 300	8 168	9 121
Intel	356 700	74 569	76 412
Interbrew	61 539	10 273	10 927
International Paper	46 000	12 700	13 193
Intuit	56 200	19 477	19 782
Ivax	137 600	19 662	21 860
Johnson & Johnson	233 500	91 240	80 250
Kimberly Clark	32 900	12 298	12 933
Kinder Morgan	24 500	9 244	9 633
Kingfisher	196 282	6 639	6 510
KPN	191 763	10 043	9 848
Liberty Media Corp A	126 600	8 489	10 014
Limited brands	66 600	8 240	7 989
L'Oreal	13 141	6 831	7 168
Lowes's Companies	29 600	12 254	10 908
Marathon Oil Corp	58 600	12 127	12 900
Marks and Spencer	221 604	7 438	7 627
Masco Corporation	77 900	15 063	14 205
Matsushita Electric	131 000	10 430	12 052
May Department Stores	45 400	8 985	8 780
McDonald's	83 000	12 977	13 711
McKesson	127 400	25 851	27 258
Merck	78 300	27 865	24 066
Microsoft	643 100	129 831	117 828
Murata Manufacturing	115 100	38 142	41 370
National Grid Transco	181 804	8 274	8 666
Nestle	34 322	56 044	57 050
New York Times	24 800	8 273	7 885
Newmont Mining	26 600	8 237	8 602
News	183 056	9 001	11 002
Nextel	115 600	20 012	21 580
Nike	28 000	12 605	12 753
Nisource Inc.	65 100	9 468	9 502
Nissan Motor	148 100	11 446	11 253
Nokia A	392 900	44 717	45 202
Northrop Grumman	13 000	8 191	8 268
Novartis	203 566	59 814	61 486
NTT Docomo	2 121	31 541	31 995
Oracle	453 600	40 037	39 834
Pepsico	83 100	28 226	25 774
Peugeot	26 639	8 388	9 031
Pfizer	522 510	120 617	122 813
Phelps Dodge	16 000	6 968	8 099
Philips Electronic	109 156	20 836	21 205
Pitney Bowes	51 600	14 918	13 944
Polycom	127 280	16 540	16 529
Portugal Telecom	143 780	8 146	9 628
PPG Industries	19 200	7 161	8 178

(NOK 1 000)	No. of shares	Acqui-sition cost	Market value
Praxair	44 000	10 815	11 182
Procter & Gamble	74 380	47 853	49 424
Progress Energy	38 500	11 684	11 593
Raytheon Company	36 500	6 812	7 295
Repsol	103 650	11 650	13 447
Republic Services	40 600	6 700	6 923
RF Micro Devices	295 900	23 417	19 804
Rio Tinto	64 230	10 861	11 803
Roche Holding	50 083	33 053	33 609
Rockwell International	37 200	8 151	8 810
Rohm and Haas	51 800	14 204	14 719
Royal Dutch Petroleum	128 532	43 849	45 085
Sara Lee	56 700	7 917	8 189
SBC Communications	141 200	24 241	24 490
Schering	54 798	17 646	18 462
Schering Plough	334 100	41 258	38 653
Schlumberger	35 200	10 405	12 814
Schneider Electric	46 652	20 145	20 318
Scottish Power	198 485	8 456	8 799
Sears Roebuck	34 100	10 295	10 320
Sharp	65 000	6 680	6 823
Shell	416 128	18 327	20 592
Sherwin-Williams	35 400	8 347	8 182
Siemens	60 803	31 965	32 400
Silicon Laboratories	24 000	8 557	6 910
SKF B	115 500	28 738	29 688
Sony	54 700	12 544	12 598
Sprint Corporation	252 500	10 371	9 441
SPX	18 300	6 264	7 160
Starbucks	30 100	6 717	6 620
Steris	43 800	6 940	6 585
STMicroelectronics	170 207	30 236	30 708
Suez	100 349	12 314	13 414
Suncor Energy	40 100	6 044	6 709
Syngenta	32 731	14 062	14 667
Sysco	29 580	6 535	7 326
Takeda Chemical Industries	60 000	16 947	15 830
Target	26 100	7 292	6 668
Telefonica	334 249	32 287	32 648
Television Francaise 1	28 704	6 535	6 667
Tesco	861 882	25 353	26 457
Texas Instruments	70 800	13 893	13 839
Time Warner	284 170	34 138	34 011
Tokyo Electric Power	57 900	8 054	8 447
Toshiba	635 000	14 759	16 004
Total	35 262	42 608	43 616
Toyota Motor	153 600	30 853	34 517
TPG	67 024	9 205	10 444
Transcanada	50 400	7 302	7 234
Tribune	29 900	9 982	10 264
Tyco International	128 900	22 178	22 725

(NOK 1 000)	No. of shares	Acqui-sition cost	Market value
Unilever Cert	96 319	39 750	41 908
Union Pacific	36 100	15 936	16 687
United Health Group	39 900	14 238	15 444
United Technologies	32 000	20 264	20 176
UPM-Kymmene	144 100	16 039	18 283
Verizon Communications	139 800	37 069	32 627
Viacom	117 100	40 717	34 574
VNU	52 315	10 762	10 997
Vodafone Group	4 165 608	67 795	68 710
Walgreen	52 400	12 010	12 682
Wal-Mart Stores	143 080	58 252	50 497
Walt Disney	82 700	11 518	12 836
WPP Group	167 552	9 627	10 945
Wyeth	88 500	27 955	24 993
Yamanouchi Pharmaceutical	70 000	14 863	14 470
YUM! Brands	34 400	8 257	7 873
Other foreign shares		537 691	536 668
Total other foreign shareholdings		4 263 217	4 337 716
Total investment in foreign shares		5 314 404	5 391 621

Regional distribution of shareholdings

(NOK 1 000)	Proportion	Market value
Norway	48.0 %	4 946 698
Europe	15.0 %	1 551 782
North America	30.8 %	3 184 389
Asia	6.3 %	655 449
Total	100 %	10 338 318

Listed Norwegian and foreign shares make up 97.4 per cent of the share portfolio. Listed shares had an aggregate market value of NOK 10 060 million at 31 December 2003

Note 16 - Bonds to be held until maturity

(NOK mill.)	Nominal value *	Market value	Book value
Government/government guaranteed	6 253	6 789	6 404
State enterprises	2 968	3 279	2 975
Local/county authorities	4 937	5 236	4 931
Financial institutions	9 987	10 733	10 071
Other issuers	974	1 049	984
Total bonds and commercial paper	25 119	27 086	25 364
Of which listed securities			77 %

Duration	
Norwegian bonds	3.83
Foreign bonds	6.49
Average effective yield	5.77 %

*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	18 709	20 110	18 704
EUR	5 922	6 514	6 173
USD	488	463	487
Total	25 119	27 086	25 364

Specification of bonds by maturity date

(NOK mill.)	0-12 months	1-5 years	6-10 years	Over 10 years	Totalt
EUR	233	1 232	3 462	1 245	6 173
NOK	1 359	12 890	4 379	76	18 704
USD	0	0	487	0	487
Total	1 592	14 122	8 329	1 321	25 364

Changes in holdings during the year

(NOK mill.)	
Opening balance at 1 January 2003	17 398
Purchases and sales	7 961
Accrued premiums/discounts in 2003	4
Closing balance at 31 December 2003	25 364

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

(NOK mill.)	Number
EUR	14
USD	1

Net realised/unrealised gain/loss on hedging contracts

Gain posted in the profit and loss account	22
Unrealised loss not posted in the profit and loss account	(309)
Net loss	(287)

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 normally have a term of one year 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 bonds mature.

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

(NOK mill.)	Nominal value	Acquisition cost	Market value
Government/government guaranteed	15 544	16 049	16 371
State enterprises	373	387	407
Local / county authorities	1 443	1 450	1 485
Financial institutions	3 478	3 598	3 619
Other issuers	5 755	5 813	5 957
Total bonds and commercial paper	26 593	27 298	27 839
Of which listed securities			90 %

Duration	
Norwegian bonds	3.82
Foreign bonds	4.96
Money market	0.51
Average effective yield	3.33 %

Fore 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	129	121	135
EUR	7 787	7 665	8 120
GBP	553	630	617
NOK	14 619	14 828	15 234
SEK	93	92	97
USD	3 412	3 961	3 636
Total	26 593	27 298	27 839

Subordinated loans in the bond portfolio

(NOK mill.)	Nominal value	Aquisition cost	Market value
Issued by financial institutions	173.0	233.6	173.1
Issued by other enterprises	7.3	7.3	6.5
Total	180.3	240.9	179.5

Note 18 - Quantification of financial derivatives

Forward rate agreements

(NOK mill.) Currency	No. of contracts	Underlying value at 31.12.03	Interest rate risk	Maturity	Average underlying value in 2003
EUR	1 864	1 723.45	(32.32)	March 04	1 789.00
CAD	166	93.39	(6.32)	March 04	14.41
JPY	0				50.68
USD	1 250	1 037.42	(12.05)	March 04	1 505.65
Total		2 854.27	(50.69)		3 359.74

Interest rate swaps

(NOK mill.) Currency	Nominal amount in currency	Nominal amount in NOK	Interest rate risk	Average nominal amount in 2003
USD	30	199.58	(2.66)	211.165
EUR	20	167.83	(2.32)	159.656
NOK	1780	1 780.00	(49.21)	1300.769
Total		2 147.41	(54.20)	1671.590

Forward rate agreements

(NOK mill.) Currency	Nominal amount in NOK	Interest rate risk in NOK	Average nominal amount in 2003
NOK	27 375.00	(2.53)	26 157.69
Total	27 375.00	(2.53)	26 157.69

Interest rate and foreign currency swaps

(NOK mill.) Currency	Nominal amount in NOK	Interest rate risk in NOK	Average nominal amount in 2003
JPY	75.00	(3.02)	75.00
EUR	198.00	(2.65)	198.00
SEK *			808.03
Total	273.00	(5.67)	1 081.03

* Hedging transaction related to the agreed purchase of a property in Sweden in December 2002.

Equity index futures

(NOK mill.) Currency	Type	No. of contracts	Cash equivalent value	Maturity	Average cash equivalent value in 2003
JPY	Short	0			(43.08)
EUR	Short	0			(101.81)
GBP	Short	0			(66.95)
USD	Short	0			(196.41)
Total			0.00		(408.25)

Equity index options

(NOK mill.) Type	Type	Nominal volume	Cash equivalent value	Market value at 31.12.03	Average nominal volume in 2003
Call options	Index curve, quantity option	0			906.70
Put options	Index curve, quantity option	0			(930.47)
Total		0	0	0	(23.77)

Fx-contracts, distribution of market value based on currency and maturity.

Short-term portfolio

(NOK mill.) Currency	Under 1 year	1-3 years	Over 3 years	Total per currency
AUD	(75.16)	0.00	0.00	(75.16)
CAD	(244.42)	0.00	0.00	(244.42)
CHF	(188.27)	0.00	0.00	(188.27)
EUR	(8 593.30)	0.00	0.00	(8 593.30)
GBP	(1 047.29)	0.00	0.00	(1 047.29)
JPY	(527.66)	0.00	0.00	(527.66)
SEK	(152.48)	0.00	0.00	(152.48)
USD	(6 251.09)	0.00	0.00	(6 251.09)
Total	(17 079.66)	0.00	0.00	(17 079.66)

Long-term portfolio

EUR	(1 675.72)	(3 193.96)	(1 383.52)	(6 253.20)
USD	0.00	(442.50)	0.00	(442.50)
Total	(1 675.72)	(3 636.46)	(1 383.52)	(6 695.70)

Note 19 - Financial exposure

Share exposure in 2003
At the start of 2003, shareholdings accounted for 10 per cent of Vital's total exposure, as a proportion of total assets, including derivatives. During the year this figure increased slightly and at year-end it stood at 13 per cent, including derivatives. 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 a 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 approximately 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
EUR	9 191.95	(8 593.30)	71.34	598.65
GBP	1 150.70	(1 047.29)	8.68	103.42
JPY	551.53	(527.66)	384.51	23.87
USD	7 086.37	(6 251.09)	125.55	835.28
AUD	82.51	(75.16)	1.47	7.36
CAD	269.55	(244.42)	4.88	25.14
CHF	201.02	(188.27)	2.37	12.75
DKK	10.15	0.00	9.01	10.15
HKD	25.38	0.00	29.62	25.38
MYR	0.74	0.00	0.42	0.74
SEK	168.89	(152.48)	17.76	16.42
SGD	9.53	0.00	2.43	9.53
THB	0.00	0.00	0.00	0.00
ZAR	0.01	0.00	0.01	0.01
TOTAL	18 748.34	(17 079.66)		1 668.68

Foreign currency exposure arises naturally when Vital invests parts of its securities portfolio in the international secrurities 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	0	0	135	135
EUR	1 001	3 619	3 647	8 266
GBP	62	119	443	623
JPY	0	0	0	0
NOK	6 650	5 562	3 319	15 530
SEK	0	46	55	100
USD	519	1 593	1 580	3 692
TOTAL	8 232	10 938	9 179	28 348

The amounts include interest accrued but not yet due. The agreed residual maturity provides limited information about the liquidity exposure for short-term bonds and commercial paper. The bulk of the investments are highly tradable and can be realised quickly at low cost in the secondary market.

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	(9.14)	(9.14)
EUR	(3.76)	(91.18)	(286.68)	(381.62)
GBP	(0.25)	(3.57)	(42.05)	(45.87)
JPY	0.00	0.00	0.00	0.00
NOK	(28.97)	(152.16)	(168.06)	(349.19)
SEK	0.00	(0.46)	(3.72)	(4.18)
USD	(2.59)	(39.48)	(132.00)	(174.07)
TOTAL	(35.57)	(286.86)	(641.64)	(964.07)

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.)	2003	2002
Receivables in connection with direct business	792	871
Receivables in connection with reinsurance	21	3
Other receivables	418	1 770
Receivables from group companies	64	11
Total	1 295	2 655

Note 21 - Other assets / intangible assets

(NOK mill.)	2003	2002
Fixed assets, excl. buildings and other real estate *)	119	140
Cash, bank deposits	1764	1087
Other assets	214	177
Total	2 097	1 404

Fixed assets and real estate

(NOK mill.)	Fixed assets ***)	Real estate
Cost at 1 Jan.	681	6 760
+ Additions	43	1 334
- Disposals (at cost)		(129)
Cost at 31 Dec.	724	7 965
Accumulated depreciation at 31 Jan.	520	0
Accumulated depreciation on assets sold	0	0
Ordinary depreciation 2003	64	0
Accumulated depreciation at 31 Dec.	584	0
Accumulated value adjustment at 1 Jan.	(21)	975
Value adjustment of properties sold	0	(14)
Reversal of previous value adjustments **)	0	0
Value adjustments 2003	0	122
Accumulated value adjustments at 31 Dec.	(21)	1 083
Book value at 31 Dec.	119	9 048

*) This includes capitalised IT development costs classified as intangible assets in the sum of NOK 76 million and NOK 88 million for 2003 and 2002, respectively.

**) Reversals of adjustments in previous years relate to real estate, in accordance with regulations for the annual accounts of insurance companies.

***) NOK 66 million of the book value of fixed assets at 31 December 2003 relates to capitalised development costs for new IT products.

Note 22 - Purchase and sale of fixed assets / intangible assets 1999 - 2003

(NOK mill.)	2003	2002	2001	2000	1999
Machinery, equipment and vehicles					
- Bought	44	57	80	77	44
- Sold (sale price)	0	0	0	0	0
Real estate					
- Bought	1 334	322	1 639	112	335
- Sold (sale price)	172	8	86	40	6

Note 23 - Equity

(NOK mill.)	Paid-in equity	Retained earnings	Total equity
Opening balance at 1 Jan. 2003	674	2 340	3 014
Allocations 2003			0
Closing balance at 31 Dec. 2003	674	2 340	3 014

The paid-in equity of Vital Forsikring ASA comprises 26 936 964 shares of nominal value 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 margin capital as laid down by the Ministry of Finance on 19 May 1995 with subsequent amendments".

Capital ratio

(NOK mill.)	31.12.03	31.12.02
Share capital	673	673
Other equity	2 340	2 341
Equity	3 013	3 014
Pension fund assets in excess of pension commitments	(213)	(176)
Intangible assets	(77)	(70)
Core capital	2 724	2 767
Perpetual subordinated loan capital	465	485
Ordinary subordinated loan capital	472	864
Deduction for non-qualifying part of subordinated loan capital	0	(118)
Net supplementary capital	937	1 231
Deductions	(103)	(71)
Total eligible primary capital	3 558	3 927
Total risk-weighted volume	30 555	26 615
Capital ratio (per cent)	11.6 %	14.8 %
Core capital ratio (per cent)	8.9 %	10.4 %

Breakdown of assets by risk categories

(NOK mill.) Risk weight	Book value 31.12.2003	Risk-weighted volume at 31.12.2003	Risk-weighted volume 31.12.2002
0 %	22 829	0	0
10 %	3 382	338	376
20 %	24 126	4 825	4 224
50 %	1 929	965	1 485
100 %	25 171	25 171	20 466
Total assets	77 437	31 299	26 550
Off-balance sheet instruments		142	136
Deductions		(886)	(71)
Total risk-weighted volume		30 555	26 615

Solvency margin capital and solvency margin requirement

(NOK mill.)	31.12.03	31.12.02
Net capital base	3 558	3 927
Additional allocations (50%)	753	363
Security reserve in excess of 55% of the lower limit	53	47
Solvency margin capital	4 364	4 338
Solvency margin requirement	2 963	2 795

Note 25 - Subordinated loan capital

(NOK mill.) Issue date		Loan amount in currency	Loan amount in NOK	Interest 2003 in NOK	Interest rate %	Maturity
December 1998	EUR	13	107	3	Floating	January 2009
January 1999	NOK	64	64	4	6.54 %	January 2009
October 2001	USD	70	466	16	Floating	Perpetual
December 2003	NOK	300	300	0	Floating	December 2013
Other*)				22		
Total			937	45		

*) Interest expenses on loans repaid in 2003.

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 2003 include unrealised foreign currency gains of NOK 21 million on subordinated loans denominated in foreign currency, while the corresponding figure in 2002 was NOK 302 million.
In 2003 Vital exercised its right to effect early repayment of two subordinated loans amounting to NOK 104 million and NOK USD 70 million, respectively. In addition, a subordinated loan of NOK 118 million was repaid when it matured in the course of the year. These loans were partly replaced by a new subordinated loan of NOK 300 million taken up in December 2003.
In respect of the loan of NOK 64 million and the loan of EUR 13 million, Vital has chosen to exercise its right to early repayment. Accordingly, the loans will be repaid in their entirety in January and March 2004, respectively. In respect of the last subordinated loan to be taken up, the loan agreements includes corresponding clauses which permit repayment after five years from the issue date. At the borrower's initiative, the perpetual loan may be repaid after 10 years from the issue date.

The repayment of subordinated loans before the agreed maturity date requires the permission of the Financial Supervisory Authority of Norway.

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 2003	Total 2002
Premium reserves	1 332	14 897	348	47 362	594	501	65 034	59 774
Additional allocations	27	388		1 081	10		1 506	727
Premium and pension regulation fund		292		2 650	20		2 962	3 408
Claims reserve	12	7	67	35			121	125
Security reserve	3	7	44	63	1		118	106
Total 2003	1 374	15 591	459	51 191	625	501	69 741	
Total 2002	1 376	14 897	382	46 664	592	229		64 140

Note 27 - Liabilities

(NOK mill.)	2003	2002
Liabilities related to direct insurance	1 044	165
Liabilities related to reinsurance	0	31
Other liabilities	518	610
Accounts payable to group companies	0	0
Total liabilities	1 562	806

Note 28 - Associated companies

Vital Forsikring ASA is wholly owned by DnB NOR ASA.
DnB NOR ASA is a sister of Vital Forsikring with an agreement to sell insurance for Vital Forsikring. DnB NOR Bank sales of individual insurance, including unit-linked products, represented 51 per cent of new business in this area in 2003, against 44 per cent in 2002.
Commissions paid by Vital Forsikring to DnB NOR Bank ASA totalled NOK 55 million, against NOK 35 millioner in 2002. At 31 December 2003 Vital Forsikring had accounts receivable from other companies of the group amounting to NOK 22 million, against NOK 11 million at the end of 2002. At the same time there were no accounts payable by Vital Forsikring to group companies, which was also the situation at the end of 2002.
Vital Forsikring has an agreement to provide insurance cover for its associated company Fondsforsikringselskapet Vital Link AS. Aggregate commissions received from the company came to NOK 37 million.
Vital Forsikring has an asset management agreement with its sister company DnB NOR Asset Management ASA which provided total fees of NOK 43 million in 2003.
NOK 766 million of the company's total subordinated loan capital has been provided by DnB NOR Bank ASA.
DnB NOR ASA has pension schemes with Vital Forsikring, and estimated pension fund assets at 31 December 2003 amounted to NOK 3 685 million, against NOK 3 408 milllion at the end of 2002.

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.)	**2003**	**2002**
Bond yield accrued but not due	1 372	1 176
Other yieldinterest accrued but not due	82	50
Other items	70	19
Total	1 524	1 245

NOK mill.	2003	2002
Cash flow from operations		
Net premiums received / payments to premium fund	5 566	3 709
Net payments on transfer	(719)	1 159
Financial income	10 088	10 059
Other insurance-related income	70	60
Claims paid	(2 632)	(3 213)
Insurance-related operating expenses	(606)	(595)
Expenses related to financial assets	(5 748)	(8 498)
Other insurance-related expenses	(77)	(48)
Other expenses	(44)	(67)
Taxes paid	(155)	(30)
A=Net cash flow from operations	**5 743**	**2 536**
Cash flow from investments		
Net investment in shares and mutual funds	(945)	7 154
Net investment in bonds	(3 686)	(9 349)
Net lendings	3	(9)
Net investment in real estate	(1 197)	(320)
Net investment in other financial assets	0	0
Net investment in fixed assets	(52)	(54)
Net investment in intangible assets	11	
B=Net cash flow from investments	**(5 866)**	**(2 578)**
Cash flow from financing activities		
Subordinated loan	(391)	0
Dividend / group contribution	0	98
Change in other funding	1 014	(512)
C=Net cash flow from financing activities	**623**	**(414)**
Net change in liquid assets (A+B+C)	500	(456)
Liquid assets at 1 January (cash/bank deposits)	1 275	1 731
Liquid assets at 31 December (cash/bank deposits)	**1 775**	**1 275**

Restricted deposits related to tax deductions accounted for NOK 102 million at 31 December 2003, against NOK 98 million at 31 December 2002.

Auditor´s report for 2003

We have audited the annual financial statements of Vital Forsikring ASA for 2003 which show a profit for the year of NOK 448 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 2003 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, 20 February 2004
PricewaterhouseCoopers DA

Magne Sem
State Authorised Public Accountant

Geir Julsvoll
State Authorised Public Accountant

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 in the course of the financial year and at 31 December 2003. 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. In the same way, I have assessed the company's premium tariffs on the basis of section 7-6 (premiums) of the 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.

The premium reserve for group disability pensions was strengthened by NOK 367 million in 2003 due to changes in tariff for group disability pensions in the autumn of 2001. The escalation plan for these reserves had been completed by 31 December 2003 in accordance with the transitional rules issued by the Banking, Insurance and Securities Commission. A further reserve allocation of NOK 245 million has been made as a result of a new reserve model for individual and group pensions currently being disbursed. It is expected that the new reserve model will entail further reserve allocations in 2004 and 2005 totalling NOK 240 million.

Bergen, 13 February 2004

Egil Heilund
Chief Actuary

REPORT OF THE CONTROL COMMITTEE

The Control Committee has supervised the activities of Vital Forsikring ASA and Gjensidige NOR Spareforsikring ASA in accordance with statutory provisions and instructions laid down by the Board of Representatives.

In connection with the closing of accounts for 2003, the Control Committee has examined the annual report, the annual accounts, the Actuary's Statement and the Auditor's Report for Gjensidige NOR Spareforsikring ASA, 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 2003 be approved.

Oslo, 18 March 2004

Helge B. Andersen   Kristin Normann Aarum   Geir Dege

Frode Hassel   Thorstein Øverland

Technical insurance matters

Introduction
Premium reserves and premiums 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 discusses 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, the claims reserve and other technical reserves.

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 is based on 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 is defined as pertaining to non-life insurance. These reserves are calculated on the basis of reserve allocation regulations for non-life insurance companies set by the Financial Supervisory Authority of Norway.

The premium reserve contains 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 2003 a total of NOK 2 591 million had been allocated to cover future administration expenses.

Basis of calculation
In the area of group annuity and pension insurance, all business is written using K63 as the basis of calculation. In 2001 Vital introduced a new tariff for group disability pension. The premium reserve for group disability pension was strengthened by NOK 367 million in 2003 as a result of the changed tariff. The escalation plan for these reserve allocations was implemented in accordance with the regulations issued by the Financial Supervisory Authority of Norway as at 31 December 2003.
In addition, a provision of NOK 245 million has been made in accordance with a new reserve model for individual and group disability pensions currently being disbursed.

In the area of individual annuity and pension insurance, the prevailing basis of calculation is R63. Since 1992 new business has been written using a basis of calculation which incorporates a higher life expectancy for both men and women (R63 with a 2-year age reduction). Slightly more than 40 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, the main basis of calculation is N63. Since 1988 new business has been written using a basis of calculation which incorporates a higher life expectancy. Slightly less than 10 per cent of the basic reserve relates to business that has been written applying the new basis of calculation.

Basic rate of return
The average guaranteed rate of return on the premium reserve stood at 3.9 per cent at 31 December 2003, and for accounting purposes was split between the following lines:

	Rate of return
Group pension insurance	4.0%
Group association insurance	4.0%
Individual annuity and pension insurance	3.7%
Individual life insurance	3.6%
Group life insurance	1.1%
Total	3.9%

The above figures are a snapshot of the situation at year-end 2003. The company's aggregate interest rate commitments corresponded to 3.6 per cent of the company's total assets at 31 December 2003. The guaranteed rate offered under new contracts is 3 per cent.

Distribution of profits

NOK 1 235 million of the profit for 2003 has been allocated to the policyholders. At the same time, additional allocations have been strengthened by NOK 831 million. NOK 593 million has been transferred to equity and tax for 2003.

In the case of individual life insurance, the profit attributable to each contract is accumulated and paid out along with the sum insured. In respect of the "Vital Account" product, the account is credited directly each year. In the case of group life insurance, the profit for the year is accumulated in a surplus reserve at branch level, or at contract level in the case of units which post their own accounts. The reserve is used to adjust premiums in subsequent years.

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 the "Insurance Account" product, 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 policyholders' 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 pension insurance.

Contents:
Accounts and Notes to the Accounts - Gjensidige NOR Spareforsikring ASA

Gjensidige NOR Spareforsikring ASA
Directors' Report 2003

As a result of the merger between Gjensidige NOR and Den norske Bank, Gjensidige NOR Spareforsikring will be merged with Vital Forsikring. This will take place in the first quarter of 2004. The annual accounts and Directors' Report thus apply to activities before the merger.

Operations
Along with Gjensidige NOR Fondsforsikring and Gjensidige NOR Pensjonstjenester, Gjensidige NOR Spareforsikring has been responsible for the life insurance and pension activities of Gjensidige NOR. Together, these companies offer a broad range of life insurance and pension products to the retail and corporate markets, and to the public sector. The activities of Gjensidige NOR Spareforsikring include the development, sale and management of traditional products with a guaranteed return, which account for 97 per cent of this business area, measured by the level of managed capital. The customers' funds and the company's equity are managed as a single portfolio, with the bulk of the investments in Norwegian and international interest rate securities and equities, and in real estate in Norway.

Highlights of 2003
After three difficult years, the financial markets in 2003 were characterised by a positive trend and a good return in most asset classes, although the start of the year was a demanding period in relation to asset management. Norwegian equities and Norwegian bonds provided an especially good return/yield. The good financial return led to a strengthening of the company's capital base and its risk-bearing ability. Good sales results were also achieved in the retail and corporate markets.

The year was otherwise dominated by the decision taken in May by Gjensidige NOR ASA and DnB Holding ASA to merge as single group. The approval of the authorities was received at the end of November and the two holding companies merged on 4 December. The life and pension activities of the two groups will be integrated, which means that Gjensidige NOR Spareforsikring will be merged with Vital Forsikring on 9 March 2004. For accounting purposes, the merger will be effective from 1 January 2004.

Annual accounts 2003
Before allocations, the accounts for 2003 show a profit of NOK 1 660 million, against a loss of NOK 1 414 million in 2002. The significantly improved performance in 2003 was mainly due to a financial return that was above what can be expected to be the long-term level, while the return in 2002 was exceptionally low. Net financial income rose from NOK 1 109 million to NOK 4 552 million. The policyholders' share of the profit before allocations was NOK 1 113 million, of which NOK 94 million is in the form of an increase in additional allocations. The profit after tax, to be allocated to the owner, was NOK 456 million. This gives a return on equity of 16 per cent.

The annual accounts for 2003 have been prepared on a going concern basis.

Premium income
Premiums written were almost 16 per cent up on the previous year and totalled NOK 5 482 million. Including transfers of reserves, premium income amounted to NOK 6 685 million. The decline of NOK 1 933 million on the previous year was mainly due to the fact that the reorganisation of Gjensidige NOR Sparebank's pension fund was included in the figures for 2002 in the sum of NOK 1 600 million. In addition, the company received an inflow of funds from public sector enterprises in the order of NOK 1.1 billion in 2002.

Insurance payments and outflow of premium reserves
Aggregate insurance payments totalled NOK 5 478 million, against NOK 4 124 million in 2002. The increase should be seen in relation to the increase in the number of customers and a higher outflow which totalled NOK 1 083 million. Payments to policyholders amounted to NOK 3 598 million.

Some customers chose to leave the company after receiving a combination of cash and shares in connection with the reorganisation to a limited company in 2002. However, the outflow of customers in the wake of the reorganisation has been less than expected. There was a net outflow of NOK 526 million, of which NOK 267 million was transferred to Gjensidige NOR Fondsforsikring. The accounts show that the net outflow in the corporate and private market was NOK 103 million and NOK 423 million, respectively.

Commercial products showed a positive risk result of NOK 81 million, which was an improvement of NOK 81 million on 2002. This is after an extraordinary allocation to strengthen the premium reserve. Financial Supervisory Authority of Norway require the life companies to increase the disability reserve over a three-year period in view of the increased incidence of disability, which has made it necessary to increase the premium tariffs. For Gjensidige NOR Spareforsikring this amounted to approximately NOK 330 million, and of this NOK 169 million was charged in 2003. A provision of NOK 30 million was also made to cover current cases of disability in the municipal portfolio. The disability reserve related to the municipal portfolio will be increased further by around NOK 100 million in the next three years.

The risk result in the private market showed a loss of NOK 183 million, which was NOK 150 million poorer than in 2002. The weaker performance was mainly due to lump-sum provisions to take account of the increase in the incidence of disability. The risk result from private market products is expected to be substantially better in 2004.

Operating expenses

Operating expenses, including financial management costs, were unchanged from the previous year and totalled NOK 571 million. Because of the increase in business volumes the ratio of costs to insurance funds fell from 0.97 per cent in 2002 to 0.90 per cent in 2003. The higher contribution to income from products led to an improvement in the administration result, where the loss decline from NOK 104 million to NOK 85 million. The negative administration result is split between corporate products which accounted for NOK 42 million and private market products where the deficit totalled NOK 43 million. However, the cost level is still too high and the aim is to improve the administration result in the coming year. This will be achieve through steps designed to improve efficiency, higher business volumes and a change in cost tariffs for certain product groups. The integration with Vital Forsikring will also contribute to improving the administration result.

Financial income and asset management

The return on book values and the value-adjusted return (excluding changes in unrealised gains on long-term bonds) were 7.1 per cent and 9 per cent, respectively, while the return in both areas was 1.9 per cent in 2002. Including changes in unrealised gains on the long-term bond portfolio the return was 10.5 per cent, against 2.3 per cent in 2002.

Norwegian equities were the asset class which performed best, showing a return of 48.2 per cent. Norwegian bonds also did well, providing a yield of 13.1 per cent. International securities showed a return of 20.9 per cent on equities and a bond yield of 7.9 per cent. For many years the real estate portfolio has provided a stable and good return, and in 2003 stood at 6.6 per cent. The occupancy rate for office premises fell slightly throughout 2003, and this together with the low rental level are expected to be more long-lasting that had been expected. The low rental level will also affect parts of the portfolio in connection with renegotiations. In this light, the real estate portfolio has been written down by the aggregate amount of NOK 250 million. The write-down corresponds to approximately 2.7 percentage points of the total return on the real estate portfolio, which thus gives a net return of 3.9 per cent.

The value-adjusted return, excluding the write-down of properties, was 9.4 per cent in 2003.

Throughout 2003 Gjensidige NOR Spareforsikring's stock market exposure was carefully increased, and by year end equities (including the hedging fund) made up 12.6 per cent of the company's total assets, compared with 6.8 per cent at the start of the year.

Balance sheet and capital base

During 2003 the company's total assets increased by 9.9 per cent to NOK 72 731 million. This excludes unrealised gains on the long-term bond portfolio which at year-end amounted to NOK 1 411 million. Total assets consisted of the following: equities 12.6 per cent, money market investments 19.1 per cent, short-term bonds 23.4 per cent, long-term bonds 29.4 per cent, real estate 11,8 per cent, and other items 3.6 per cent. The company's mortgage loan portfolio was sold to Gjensidige NOR Sparebank with effect from 31 December 2003.

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.

At 31 December 2003 Gjensidige NOR Spareforsikring had buffer capital totalling NOK 7 858 million., reflecting a rise of NOK 2 336 million in the course of the year. The increase was due to positive trend in the stockmarket in 2003.

The breakdown and development of buffer capital in 2003 was as follows:

(NOK mill.)	31.12.03	31.12.02
Securities adjustment reserve	1 257	0
Unrealised gains on long-term bonds	1 411	418
Additional allocations	544	484
Equity	2 842	2 842
Subordinate loan capital (incl. capital loans)	1 725	1 703
Security reserve	79	75
Total buffer capital	7 858	5 522

The main change from 2002 was the re-establishment of a securities adjustment reserve of NOK 1 257 million. An allocation of NOK 94 million was made to strengthen additional allocations which at year-end amounted to NOK 544 million. Unrealised gains on the long-term bond portfolio increased by NOK 993 million during the year. During the year, two dated subordinated loans, involving USD 115 million and NOK 31 million, respectively, were refinanced and replaced by one new dated subordinated loan of NOK 850 million.
The capital ratio is qualifying capital for capital adequacy purposes expressed as

a percentage of the risk-weighted asset base. At 31 December 2003, Gjensidige NOR Spareforsikring had a capital ratio of 16.3 per cent, against 15.9% at the start of the year. The statutory minimum requirement is 8 per cent.

Solvency margin capital consists of the capital base plus 50 per cent of additional allocations and 45 per cent of the statutory minimum requirement for the security reserve. At year-end 2003, the company's solvency margin capital amounted to NOK 4 474 million, while the requirement was NOK 2 864 million. The solvency margin thus corresponded to 156 per cent of the statutory requirement, which was the same as in 2002.

The company's risk capital, which is equity in excess of the minimum requirement for capital coverage/the solvency margin, additional allocations and the securities adjustment reserve, amounted to NOK 3 014 million at year-end 2003. This corresponds to 4.7 per cent of policyholders' funds, against 3.2 per cent at the start of the year.

The financial exposure attached to the investment portfolio depends largely on the composition of total assets, which in turn is a reflection of the company's ambition as regards the rate of return. The company's investment strategy is based on the aim to achieve a high long-term return on policyholders' funds and equity. The higher the portfolio exposure, the higher is the expected return, which underlines the need to have sufficient buffer capital to withstand fluctuations in the financial markets. Each year the Board sets the limits for allocation between the various asset types and the various types of financial exposure, including the interest-rate/stock market, credit and foreign exchange exposure. The exposure parameters are set on the basis of the company's ability to undertake investment risk, as well as its interest-rate commitments to the policyholders and statutory capital requirements. Each year, the company's overall exposure is reviewed by the management and the Board in accordance with internal control regulations. Asset allocation, the rate of return and the company's exposure are monitored continuously and reported regularly to the Board.

Appropriation of profit for the year

Together, the allocation to additional allocations and the unconditional allocation to policyholders account for 67 per cent of the unallocated profit.

(NOK mill.)		In % of unallocated profit
Unallocated profit	1 660	100.0%
Allocation to additional allocations	- 94	- 5.7%
Basis of unconditional allocation to policyholders	1 566	94.3%
Allocation to policyholders	- 1 019	- 61.4%
Pre-tax profit	547	32.9%
Tax cost	- 91	- 5.5%
Profit for the year	456	27.4%

In 2003, the model used by the company' for allocation of profit between policyholders and owners has been harmonised with Vital Forsikring. Accordingly, the policyholders of the two merging life companies have been dealt with in the same way, in relative terms, as regards appropriation of the results for 2003.

At the start of the year the company had a considerable tax loss to be carried forward and an unapplied tax allowance for dividends from Norwegian companies. The DnB NOR Group has utilised this tax credit by paying a group contribution of NOK 1 400 million to Gjensidige NOR Spareforsikring. The group contribution, less a deduction for deferred tax assets charged in the accounts, is being written back to DnB NOR ASA in the form of a dividend. Further, it is proposed that the entire profit for 2003 be paid as an ordinary dividend. The Board therefore proposes the following allocation of the profit for the year:

	(NOK mill.)
Group contribution received after tax (1 400 – 392)	1 008
Provision for dividend to DnB NOR ASA	- 456
Provision for dividend due to group contribution	- 1 008
Total transfers and allocations	- 456

Sales and market conditions

Pension market

Expected changes in the operating conditions for the life companies and, not least, the recommendations submitted by the Pension Commission regarding changes in the National Insurance, have led to debate and involvement among far broader sections of the population than previously. While no final conclusions have emerged from consideration of the Pension Commission's recommendations, it is likely that benefits under the National Insurance will be reduced and that this will lead to a greater need for private pension schemes.

Individual market

Increasing interest in the life companies' traditional products in the private market became particularly evident in the second half of the year. The low level of interest rates and a correspondingly low return on bank saving, combined with a general focus on pensions and long-term saving among the public at large, were probably the main explanations of the increasing attractiveness of the life companies' broadly composed portfolios with a guaranteed rate of return. Gjensidige NOR Spareforsikring experienced a sharp rise in sales in the second half of the year, with new business totalling NOK 1 523 million, the highest volume ever recorded by the company. In addition to the market conditions, this is also considered to be the result of systematic work done by both the company and its distributor Gjensidige NOR

Sparebank. The company has maintained its position as the market leader in the individual market where statistics at the end of the third quarter show that it had a market share of 36.1%.

Corporate market

Throughout the year the group pension market was characterised by a high level of activity and intense competition for transfers of pension schemes between the life companies. In 2003 Gjensidige NOR Spareforsikring again record a good level of new business in the area of group pension schemes. New contracts were signed with premium reserves totalling NOK 1 429 million. The corresponding figure for 2002 was NOK 1 385 million. The good sales results must also be seen in the light of the merger negotiations with Vital Forsikring which resulted in general uncertainty in the marketplace. But there has also been generally increasing interest in defined contribution pensions, also among smaller companies with no established pension scheme and among larger companies considering switching to a new model.

Public sector market

Since the autumn of 2002 the market for municipal pensions has been characterised by a number of uncertainties as a result of the Labour Tribunal ruling in a case brought by the Norwegian Federation of Trade Unions against 11 local authorities in 2002. This has led to a lower level of activity and fewer local authorities have transferred their pension schemes from KLP in the last two years, compared with the period before the ruling. Following public approval of the merger between Gjensidige NOR and DnB, Gjensidige NOR Spareforsikring refrained from competing for new municipal customers in 2003. During the year six local authorities chose to transfer their pension schemes from KLP. Of these, four went to Vital and two to Storebrand.

As 2004 started, Gjensidige NOR Spareforsikring had 15 municipal customers as well as a number of other customers from the public sector.

In 2003 the Norwegian Federation of Trade Unions brought an action against the local authorities who transferred their pension schemes from KLP to private companies in 2000, 2001 and 2002. Of these local authorities, 13 are customers of Gjensidige NOR Spareforsikring.

Organisation and environment

At the end of 2003, Gjensidige NOR Spareforsikring had 379 employees in full-time employment. Motivated personnel with sound and relevant skills are among the main resources required by suppliers of services. Organisational and managerial development, enhancement of skills and the encouragement of talent are therefore key elements in the development of a company. A programme initiated to develop a performance-oriented organisational culture has been postponed as a result of the merger process, but it will be continued in the new Life insurance and pension area of the DnB NOR Group.

Of the company's 393 employees, 192 are women (48.9%). The Board has seven members, one of whom is a woman. Within the administration, the proportion of women at director/department director level stands at 23.5 per cent. There are flexible working hours for the various positions, independent of gender.

A predominant feature of the second half of 2003 was the work preparing for the merger with Vital Forsikring. Nevertheless, the employees and management have succeeded in maintaining a focus on ongoing operations and customer service throughout a demanding process. As part of the planning, the new management of the future Life insurance and pension area were appointed in November, and assumed responsibility for the activities in this area conducted by both Gjensidige NOR Spareforsikring and Vital with effect from 15 December. Bård Benum has been appointed managing director of the merged unit, and he will have this role in both companies until the date of the merger.

The number of working days lost due to sickness amounted to 3 825, giving an incidence of sick leave of 4.4%, compared with 3.8% in 2002. The higher incidence was due to more cases of long-term sick leave. The company's incidence of sick leave is low, compared with what is considered to be normal within the industry. No serious accidents at work were reported in 2003. There is a continuous focus of attention on conditions and initiatives that can reduce the level of sick leave and increase the general level of job satisfaction among the workforce.

The Board believes that co-operation between the employees and their organisations and elected officers is functioning in a constructive and satisfactory manner.

The company's activities are not regulated by concessions or orders of an environmental nature. It is the view of the Board that the company's activities, which also include travel and the operation and management of property and office premises, do not pollute the external environment to a significant extent.

Outlook

DnB NOR believes that the life and pension business offers interesting growth potential in the coming years, in both the corporate and private markets and in the public sector. Growth is expected in the market for defined contribution pensions.

By taking full advantage of the strength of the DnB NOR Group's distribution network the life and pension business will be well placed to make further advances in the market.

The merged life company will seek to bring buffer capital up to a level which makes it possible to increase the exposure in areas which provide a higher return. Through its own strength and as part of the DnB NOR Group, the life and pension business will have sufficient ability to withstand fluctuations in the financial markets in the period ahead. The present low level of interest rates in Norway and internationally present the life companies with an extra challenge to provide products with a guaranteed rate of return.

In connection with the merger, DnB NOR expects to realise synergy benefits in the life and pension area amounting to NOK 150 million in the period from 2004 to 2006. This process is already well under way through the establishment of Vital's new organisation. All formal aspects of the establishment of the new life insurance company will have been finalised by the beginning of March this year, and external launching of the company is planned from 10 March 2004.

It is expected that legislation setting new regulations for group life insurance activities, based on recommendations from the Bank Law Commission (Report No. 7), will be proposed in the course of 2004. The new legislation is likely to include the introduction of fixed pre-determined price tariffs with no subsequent adjustment for all life insurance services. Vital Forsikring has already started preparing for the changes that will be required to comply with the new regulations.

The Board believes that clarification of the regulatory environment for competition in the market for municipal pension schemes is a matter of urgency. Such clarification may entail a need to make substantial and demanding changes to products and IT systems.

The recommendations from the Pension Commission which were presented on 13 January 2004 propose considerable changes to the Norwegian pension system. In view of the imminent consideration of the matter by the Storting and possible implementation with effect from 2010, the pension system will be a matter of uncertainty for some considerable time to come. In the period ahead, Vital Forsikring believes it will be important to inform the market that irrespective of the final form of the pension system, it will be sensible for individuals to establish their own pension saving schemes, on both a private basis and through their employers.

The company's situation is considered to be good, and this is in no small measure due to the contribution made by the employees. The Board wishes to express its appreciation of the untiring efforts of its staff in 2003.

Bergen, 20 February 2004

Olav Hytta

Svein Aaser

Bjørg Ven

Kjell Bjarne Helland

Torstein Rønningen

Rein Øsebak

Tor Brattebø

Gjensidige NOR Spareforsikring ASA

Profit and loss account

(NOK Mill.)	Note	2003	2002
Premium income			
Premiums written, gross		5 484.0	4 740.6
Transfer of premium reserves		1 202.6	3 878.3
-reinsured proportion		(2.0)	(1.3)
Total premium income	3	**6 684.5**	**8 617.6**
Income from financial assets			
Income from group companies	1	1.3	(1.9)
Income from buildings and real estate		673.5	633.5
Income from other financial assets		2 902.3	3 856.7
Unrealised capital gains and reversal of unrealised losses		1 779.8	0.0
Gain on realisation of financial assets		4 607.3	14 043.2
Total income from financial assets		**9 964.2**	**18 531.6**
Other insurance-related income		0.0	0.0
Insurance payments			
Insurance payments			
Gross		(3 598.5)	(3 403.5)
Reinsured proportion		(35.5)	(15.9)
Change in claims reserve		(112.3)	(56.1)
Transfer of premium reserves/additional allocations			
and securities adjustment reserve to other insurers		(1 731.5)	(648.7)
Total insurance payments	3	**(5 477.9)**	**(4 124.2)**
Change in insurance reserves			
Change in premium reserve in insurance fund			
To/from premium reserve in insurance fund (gross)		(3 469.4)	(6 365.5)
Guaranteed return on premium fund and pension regulation fund		(88.9)	(94.4)
Additional allocations for the year		(94.0)	0.0
Transfer of additional allocations and securities adjustment reserve			
from other insurers/pension funds		3.1	23.2
To/(from) additional allocations in insurance fund		31.3	42.3
To/(from) security reserve		(4.1)	(12.5)
Total change in insurance reserves		**(3 621.9)**	**(6 407.0)**
Insurance-related operating expenses			
Sales expenses		(177.7)	(196.2)
Insurance-related administrative expenses		(348.2)	(319.1)
Total insurance-related operating expenses	4	**(525.9)**	**(515.3)**

	Note	31.12.03	31.12.02
Expenses related to financial assets			
Administrative expenses related to buildings/real estate	4	(8.6)	(13.9)
Administrative expenses related to other financial assets	4	(36.4)	(40.4)
Interest expenses related to financial assets		(96.8)	(1 181.3)
Other expenses related to financial assets		(221.0)	(213.7)
Value-regulation of buildings and other real estate		(250.0)	0.0
Unrealised losses and reversal of unrealised capital gains		0.0	(469.0)
Write-down of other financial assets		(21.0)	0.0
Loss on realisation of financial assets		(3 422.3)	(15 488.1)
Total expenses related to financial assets		**(4 056.2)**	**(17 406.4)**
Other insurance-related expenses		**(41.0)**	**(5.0)**
To/(from) securities adjustment reserve		**(1 256.7)**	**0.0**
Technical result for life insurance		**1 669.3**	**(1 308.7)**
Transfer from additional allocations in insurance fund to			
cover interest deficit		0.0	1 146.4
Allocations to policyholders			
Transfer to premium reserve in insurance funds		(661.1)	(30.0)
Transfer to premium fund and premium regulation fund in insurance fund		(358.2)	0.0
Total allocation to policyholders	3	**(1 019.2)**	**(30.0)**
Technical result for life insurance		**650.0**	**(192.3)**
Other income		**0.0**	**0.0**
Other expenses related to financial assets		**(103.0)**	**(105.6)**
Profit / (loss) from ordinary activity		**547.0**	**(297.9)**
Extraordinary income		**0.0**	**0.0**
Extraordinary expenses		**0.0**	**0.0**
Tax cost	17	**(90.9)**	**141.2**
Profit / (loss) for the year		**456.1**	**(156.8)**
Transfers and allocations			
Transfers			
Group contribution received		1 008.0	1 206.3
Total transfers		1 008.0	1 206.3
Allocations			
Dividends		(1 464.1)	(874.3)
Transferred to other equity		0.0	(175.3)
Total allocatiuons		**(1 464.1)**	**(1 049.5)**
Total transfers and allocations		**(456.1)**	**156.8**

Balance sheet

Assets

(NOK mill.)	Note	31.12.03	31.12.02
Intangible assets			
Goodwill	1	116.8	139.1
Deferred tax assets	17	0.0	256.1
Other intangible assets	13 ,14	177.5	175.3
Total intangible assets		294.3	570.5
Financial assets			
Buildings and real estate	13,14,15	8 584.5	8 323.7
Shareholdings and investments in group companies	1	134.9	131.9
Shareholdings and investments in associated companies	1	13.7	0.1
Long-term financial assets excluding group companies			
and associated companies			
Shareholdings and investments	5	0.8	181.6
Bonds to be held until maturity	7	21 381.8	14 610.5
Mortgage loans	11	331.7	3 167.0
Other loans		12.3	13.3
Short-term financial assets			
Shareholdings and investments	6	9 022.4	4 193.9
Bonds and other securities			
with a fixed return	8	24 978.0	28 650.9
Investments with credit institutions		3 261.9	3 306.6
Total financial assets		**67 722.0**	**62 579.5**
Accounts receivable			
Receivables related to direct business			
Receivables from policyholders		271.1	457.9
Other receivables	2	608.5	912.6
Total accounts receivable		**879.5**	**1 370.5**
Other assets			
Fixed assets excluding buildings/real estate	13 , 14	39.3	14.0
Cash, bank deposits, postal giro	23	2 705.0	530.8
Pension fund assets	16	148.2	132.1
Total other assets		**2 892.5**	**676.9**
Prepaid expenses and accrued income			
Accrued rental and interest income		942.6	965.9
Total prepaid expenses and accrued income		**942.6**	**965.9**
Total assets		**72 731.0**	**66 163.2**

Olav Hytta
(Chairman)

Svein Aaser
(Deputy Chairman)

Bjørg Ven

Torstein Rønningen

Liabilities and equity

Paid-in equity	**Note**	**31.12.03**	**31.12.02**
Share capital		1 670.0	1 670.0
Retained earnings			
Other equity		1 172.5	1 172.5
Total equity	18	**2 842.5**	**2 842.5**
Capital loan	24	**225.0**	**225.0**
Subordinated loan capital	24	**1 500.0**	**1 477.7**
Securities adjustment reserve	10	1 256.7	0.0
Insurance reserves			
Allocation to insurance fund			
Premium reservee		61 659.2	57 533.4
Premium reserve for own account		61 659.2	57 533.4
Additional allocations		544.3	483.7
Premium fund and pension regulation fund		2 716.5	2 706.4
Claims reserve		395.0	282.7
Allocations to insurance fund for own account		**65 315.0**	**61 006.3**
Security reserve		79.2	75.1
Total insurance reserves for own account	3	**65 394.2**	**61 081.4**
Provisions for commitments			
Pension commitments	16	36.1	35.0
Deferred tax		221.1	0.0
Total provisions for commitments		**257.2**	**35.0**
Liabilities			
Liabilities related to direct insurance		925.1	304.7
Other liabilities		305.1	169.5
Total liabilities		**1 230.2**	**474.2**
Accrued expenses and prepaid income			
Prepaid rental and interest income		25.3	27.5
Other accrued expenses and prepaid income		0.0	0.0
Total accrued expenses and prepaid income		**25.3**	**27.5**
Total liabilities and equity		**72 731.0**	**66 163.2**

Bergen, 20 February 2004
Board of Directors in Gjensidig NOR Spareforsikring ASA

Rein Øsebak

Kjell Bjarne Helland

Tor Brattebø

Bård Benum
(Managing Director)

Accounting principles

General

The accounts for 2003 for Gjensidige NOR Spareforsikring ASA have been prepared in accordance with Norwegian accounting legislation and accounting regulations issued by the Financial supervisory Authority of Norway, and in conformity with generally accepted accounting principles. The accounts of the subsidiaries of Gjensidige NOR Spareforsikring ASA have been prepared in accordance with statutory accounting requirements and generally accepted accounting principles.

Consolidation

The Gjensidige NOR Spareforsikring Group comprises the parent company and the companies stated in note 1. The remaining subsidiaries and associated companies have only a modest level of activity. Applying the principle of accounting significance, they are therefore not included in the consolidated accounts for 2003. The results recorded by subsidiaries are included in the profit and loss account of the parent company applying the equity method of accounting.

Deferred tax, tax cost

The calculations of deferred tax in the profit and loss account and balance sheet are based on the provisional Norwegian Accounting Standard for the calculation of tax.

The tax charge for the year in the profit and loss account consists of the tax payable and the change in deferred tax (deferred tax assets). Tax payable is calculated on the basis of the taxable income for the year. Deferred tax (deferred tax assets) is calculated on the basis of differences between the results for tax and accounting purposes, and the tax effect of losses to be carried forward.

Foreign currency

Holdings of foreign securities, financial instruments and liquid assets are stated at the year-end exchange rate.

Financial assets

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

Securities

Shareholding and investments in group companies

Investments in subsidiaries and associated companies are regarded as long-term investments and recorded on the basis of the equity method.

Shareholdings and investments for long-term ownership or use

Investments in related companies and strategic investments are considered to be of a long-term nature and are stated at cost. Write-down are made on the basis of an individual assessment when the fair market value is lower than the book value and this is not due to factors of a transitional nature.

Bonds to be held until maturity

Bonds to be held until maturity are classified as long-term financial assets and stated at cost. Any premium or discount is apportioned on a straight-line basis over the residual period of maturity, or until the first interest rate regulation date. Premiums and discounts are posted in the profit and loss as an adjustment of the current bond yield.

Other shareholdings and investments, bonds, commercial paper and forward foreign exchange contracts (Trading portfolio)

Short-term bonds, shareholdings and commercial paper are stated at market value. Where the market value exceeds the book value, the difference is posted in the securities adjustment reserve.

Financial derivatives

All activity related to financial derivatives takes place within strictly defined parameters, and is used for trading purposes and to secure other balance sheet items. The instruments are classified as trading contracts. Gjensidige NOR Spareforsikring uses financial derivatives to manage its share, interest rate and currency exposure.

Options

Options are used for shares, bonds, futures, future rate agreements, interest rate swaps and currency. The option premium is posted in the balance sheet when the contract is made and is entered in the profit and loss account when the option expires or is exercised. The market value is used for calculation purposes and posting in the profit and loss account.

Interest rate futures

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

Interest rate swaps

The contract value is calculated at year-end. Accrued interest/interest earned is posted in the profit and loss account as it arises.

Future rate agreements

The contract value is calculated at year-end and is included in the portfolio valuation for the aggregate securities portfolio. Settlement and posting in the profit and loss account takes place on the settlement date.

Loans

Loans are posted at nominal value in the balance sheet, less specified and unspecified loan loss provisions.

Specified loan loss provisions are made on the basis of an overall assessment of each defaulted commitment.

Unspecified loan loss provisions are made on the basis of historical experience, evaluations of business cycles, branch analyses and other factors of significance for assessing the risk of loan losses.

Posting of interest and commissions stops when a commitment has been in default for 60 days. Interest and charges on defaulted commitments in the current accounting year, which are not paid, are written back. Interest and charges taken to income from previous years, and which is unpaid, is posted as a loss.

At 31 December 2003 loans with aggregate principal of around NOK 2.6 billion were transferred to Gjensidige NOR Sparebank ASA. Thereafter, the remaining loan portfolio amounts to approximately NOK 0.3 billion.

Fixed assets excluding buildings and other real estate

Fixed assets for own use are classified as other assets in the balance sheet and posted at cost less accumulated depreciation. Fixed assets are depreciated on the basis of the cost price on a straight-line basis over their expected economic lifetime. Gains/losses on disposal are posted in the profit and loss account as ordinary income/costs.

Pensions

The accounting treatment of pensions in the accounts of the company and in the consolidated accounts is in accordance with the provisional Norwegian Accounting Standard for Pension Costs. The occupational pension scheme for employees is regarded as a defined benefits plan. Similarly, pension costs and pension fund assets/commitments for schemes apart from the occupational pension scheme are regarded as define benefit schemes and are included in the overall pension costs and pension fund assets/commitments for the company's own employees.

Transactions between companies of the Gjensidige NOR Group

Commissions

Gjensidige NOR Sparebank is the main distributor of the company's private market products. Commissions are paid for these services.

Internal transactions

Intra-group transactions are based on commercial terms.

Insurance information of a technical nature

Content of the insurance fund and methods of calculation

Make-up of the insurance fund

The insurance fund (balance sheet item "Allocations to the insurance fund for own account") is governed by the provisions of section 8-2 of the Insurance Activity Act and regulations issued in pursuance of the Act. The insurance fund consists mainly of the premium reserve including the administration reserve. It also includes additional allocations, the premium and pension regulation fund and the claims reserve.

In note 3A to the accounts the insurance fund is split between these four types of allocation, and together with the security reserve (which is included in the item designated "Insurance reserves") it is also split between the company's four main business categories which are: individual life insurance, (hereinafter called "life insurance"), individual annuity insurance, group association pension insurance ("group association") and group occupational pension insurance ("group"). The first two categories are often referred to as "the individual lines"; if we also include group association, these categories are called "the private lines".

Premium reserves

Where insurance is not account based, i.e. insurance where premium payments are "equalised" over premium payment period and the right to a paid-up policy arises, the premium reserve is calculated as the cash value of the company's total insurance policies, including the costs attached to each policy, less the cash value of agreed future premiums. Where the insurance is account-based, the aggregate cash value (balance) is allocated to the premium reserve.

The calculation of the premium reserve for insurance that is not account-based is usually made applying the assumptions used to calculate the premium for each insurance agreement, i.e. the same mortality and disability assumption, the same interest rate ("basic rate") and the same cost tariffs.

The exceptions to the main rule are current disability benefits for traditional disability insurance, i.e. disability pensions with the accrual of the right to a paid-up policy and waiver of premium. The premium reserve for benefits of this kind is based on who is actually disabled, while a reserve allocation based on the calculation base for the premium would be based on the underlying assumptions about the development of the portfolio. Where the calculation is based on the actual development of the portfolio, the premium reserve is more in line with the actual commitments.

In the case of individual disability pension of the type sold by the company now, which has what is called a natural premium and where there is therefore no accrual of rights to a paid-up policy, the premium reserve allocation for current disability benefits is equal to the cash value of the expected future payments for each person insured. In the case of the previous kind of disability pension, the premium reserve allocation for current benefits is an amount from 4 to 8 times each portfolio of such pensions. These factors are estimated on the basis of the age and composition of the portfolio and together they shall give a premium reserve which corresponds to the capital value of the expected future payments to the disabled. These factors were revised as recently as 2003.

In the case of group insurance, the allocation to reserves is based directly on the cash value up to pension age (disability pension) and the age when premiums cease (waiver of premium). In the case of public schemes, the capital value is escalated in the first four years of the period of disability.

Additional allocations

Additional allocations are allocations which at the outset were a surplus and which are linked to the individual contracts, but which have not been finally allocated. This is done in order to create a buffer that can be drawn on in years when the company's return is lower than the guaranteed rate of rate of return to the policyholders.

The Financial Supervisory Authority of Norway has laid down rules which stipulate how additional allocations may be allocated and applied in different situations. An upper limit has also been set for additional allocations per contract.

The additional allocations at 31 December 2003 have been calculated as the additional allocations recorded before finalisation of the annual accounts, plus the part of the profit for the year allocated to additional allocations.

Premium fund and pension regulation fund

The Taxation Act contains provisions which allow policyholders to make payments into the premium fund, such as advance payments of future premiums for individual pension agreements or for group schemes. In the case of group schemes, the surplus on the premium reserve is credited to the premium fund.

The pension regulation fund only exists under group schemes. It consists of payments made by policyholders to cover future supplements payable to pensioners as a result of the regulation of group pension schemes.

The balance on the premium fund and the premium regulation fund is included in the insurance fund.

Claims reserve

The claims reserve is intended to serve two purposes. One is to cover claims that have been reported but not yet settled (RBNS reserve). The other is to cover the expected payment of claims related to insurance events that have arisen before the end of the accounting year but have not yet been reported (IBNR reserve).

In the case of individual pensions sold by us, we have developed a reliable way of calculating allocations to the claims reserve. Good ways of calculating the reserve for other products remain to be finalised, but a number of estimated have been made for the private lines. A process aimed at increasing the claims reserve to what is considered to be a sufficient level was completed in 2003.

Calculation assumptions

Basic rate of interest / guaranteed rate of return

General

All new contracts provide a guaranteed rate of return of 3 per cent on the savings element. In the case of transfers, which in the main line of business (group schemes) is by far the most important source of new business, the basic rate of interest can be set at the level which applied in the transferor company, but not more than 4 per cent. Municipal pension schemes are an exception to the rule, and in practice new schemes in this area have a basic rate of interest of 3.4 per cent.

There is no define basic rate of interest for claims reserves, as there is for ordinary premium reserves. The guaranteed return on the claims reserve for individual lines is set at the average basic rate for the premium reserve within the various lines.

There is no guaranteed rate of return on additional allocations. There are also a few minor items in the premium reserve for pure risk benefits which have no guaranteed rate of return.

There are cost elements in the form of interest rate margins which slightly increase the company's interest commitments. Apart from the interest rate margin on the Value Account with no right to a share of profits, these items are not included. In the case of the Value Account, the guaranteed rate of return is set for one year at a time, and it is this commitment in 2004, totalling 5 per cent, that has been used. The premium fund and pension regulation fund therefore account for 3 per cent, while no commitment is attached to additional allocations.

The total average interest rate commitment for the entire company, calculated as the average of reserves at 31 December 2003, was 3.74 per cent, against 3.79 per cent at the end of 2002.

Life insurance

At 31 December 2003 allocations to the insurance fund were divided on the basis of the different interest rate commitments as follows:

0.0%	1.9%
3.0%	18.3%
4.0%	73.7%
5.0%	6.1%

The average interest rate commitment for life insurance at 31 December 2003 was thus 3.8 per cent.

Individual annuity insurance

At 31 December 2003 allocations to the insurance fund were divided on the basis of the different interest rate commitments as follows:

0.0%	1.5%
3.0%	33.1%
4.0%	60.6%
5.4%	4.8%

The rate of 5.4 per cent is an average of the rates from 4.3 per cent to 6.0 per cent for a portfolio of insurance that was originally taken out with a premium rebate based on a guaranteed rate of return of 10 per cent for up to 10 years and thereafter 4 per cent, but which a few years ago was converted into a fixed rate of return over the entire insurance period.

The average interest rate commitment for individual annuity insurance at 31 December 2003 was 3.67 per cent.

Group association

No new group association business is being provided.

For many years insurance was provided with a premium rebate corresponding to a guaranteed rate of return of 10 per cent for up to 10 years. A few years ago this line of business was converted to a fixed rate of interest over the entire insurance period, but not exceeding 5 per cent. The average interest rate commitment at 31 December 2003 was 4.16 per cent.

Group

At 31 December 2003 allocations to the insurance fund were divided on the basis of the different interest rate commitments as follows:

0.0%	0.3%
3.0%	20.4%
3.4%	9.0%
4.0%	70.3%

The average interest rate commitment for group business at 31 December 2003 was 3.74 per cent.

Mortality and disability

Calculation bases

The following table shows the probability related to the most common forms of cover, calculated on the basis of current tariffs. The figures, expressed as percentages, show the probability that a person at the stated age and (in respect of individual lines) whose health does not require a supplementary premium, in the course of one year will either die or become disabled with the right to full disability pension after a waiting period of three months:

In the case of the disability risk for group insurance, it must be added that the probability is not directly tied to the calculation bases used by the company for this main line of business. The stated probability figures for group insurance are therefore approximate figures. They are based on a conversion technique for bases of calculation of this kind prepared by the Norwegian Financial Services Association in connection with ongoing statistical surveys of the last years' experience in the area of disability insurance.

The calculation bases used by the company for group disability are so-called selected bases. This means that they are based on an assumption that the risk of being entitled to compensation for disability (disability pension and/or waiver of premium) increases not only with age, but also with the time that has elapsed since joining the scheme. In the bases we use the selection period is 10 years. The significance of selection is apparent from the table above: after a membership period of 10 years the probability will be 5 to 6 times greater than it would be for a new member of the same age.

The probabilities for disability risk in group insurance as shown in the table also apply to the tariff used for local and county authorities. There is no such recalculation of the tariff used for companies. On average, the disability tariff for men in the municipal sector in the stated age groups is between 80 per cent and 40% above the disability tariff for companies, with the largest difference in the lowest age group. For women, the corresponding difference is between 40% and 20%.

Margins

The risk result in note 3A to the accounts shows the results for each of the four main areas of business. Where there are several calculation bases within one main area they will naturally show varying results. The individual lines, in particular, show large differences, because in the case of contracts already it is normally not possible to carry out a new calculation using a new calculation base.

In the case of the bases used for new business in the individual lines, the death risk related to life business shows a surplus. Conversely, the mortality rate used for retirement pension in individual annuity insurance appears to be slightly higher than is seen in the portfolio, i.e. the experience risk in the calculation base is too low. As a result of changes in the regulations for transfers of insurance with effect from 01 January 2004, it is very likely that the trend in the direction of a higher experience risk in individual annuity insurance will be significantly reinforced in the coming years.

In the area of individual disability pension which the company provides as a benefit under Gjensidige NOR Forsikring's personal Insurance concept, the implementation of reliable methods for calculating the claims reserve has shown that there was a need for a further increase in the risk premium. With effect from 01 February 2004 the risk premium has therefore been increased by an average of 30%. The increase is slightly more for women than for men, and considerably more for higher ages than for lower.

In group business, the results show a great variation. The death risk shows a surplus in survivor's pension, while retirement pension shows a deficit. In particular, a new calculation base with a lower mortality rate is being considered for retirement pension. As regards the disability risk, it is natural to await the results of the ongoing surveys being carried out by the Norwegian Financial Services Organisation in order to have as accurate information as possible as a basis for possible adjustments. The company's own analyses do not indicate any need for major changes.

Costs

In all lines of business the premium reserve contains provisions to cover future costs (administration reserve). The premium reserve is described as a

	Men, age			Women, age		
	30	45	60	30	45	60
Death risk, life insurance	0.121	0.324	1.415	0.061	0.162	0.710
Death risk, individual retirement pension	0.047	0.200	0.849	0.035	0.149	0.636
Disability risk, individual disability pension	0.113	0.447	4.198	0.206	0.859	6.165
Death risk, group survivor's pension	0.182	0.484	1.759	0.057	0.242	1.029
Death risk, group retirement pension	0.182	0.484	1.759	0.043	0.181	0.771
Disability risk, group municipal (new members)	0.204	0.249	0.387	0.273	0.375	0.452

gross reserve. In the case of fully paid-up policies, the cash value of future costs is provided for in the premium reserve. In the case of insurance with future payment of premiums, the cash value includes a deduction for that part of future costs that it is assumed will be funded by future premium payments.

In the case of account insurance, the costs are deducted from the balance in accordance with the stipulated rates. The balance may thus be said to be the gross reserve.

In the case of most policies in the portfolio, apart from group insurance, the operating conditions mean that the elements related to the guaranteed rate of return cannot be altered after the contract has been signed. The negative administration result which these policies now show can therefore only be affected through a considerable reduction in actual costs. This presents a problems when at the same time other operating conditions have to be met, but the steps which the company has initiated have reduced the administration deficit from 2002 to 2003.

As a result of the Company Pension Act and the Defined Contribution Pension Act, the main business are has required become considerably more costly in the last few years, but considerable reorganisation work due to the changes in the law has been completed and this costs should increase at a lower rate. However, there is still uncertainty about important aspects of the operating conditions governing cost coverage, and this has resulted in corresponding uncertainty as to whether company's administration reserve for group business is at a satisfactory level. It is likely that some increase in the reserve will be necessary.

As regards the development of the administration results in the period ahead, the merger with Vital as the start of 2004 will play a significant role. The merger synergies extracted in the course of the first three years will contribute to improving these results.

Allocation of profits

In the case of insurance with the right to a share of the profit for the year, the profit is transferred to each main line of business (after any new transfer to additional allocations) on the basis of the following principles:

In the case of traditional life insurance, traditional individual annuity insurance, individual pensions currently being paid, group association insurance and insurance for members who have withdrawn from the group scheme, the profit is used to purchase supplementary insurance. (In this context, "Supplementary insurance" means an increase in the insured sums or the pensions.) The profit is thus converted to part of the premium reserve for each policy. The only exception to this is that the surplus on the premium fund is credited directly to the fund.

In the case of account insurance in the area of life insurance and individual annuity insurance, the profit is credited to the insurance account. In the case of annuities currently being paid, this lead to an increase in the payments.

In the case of group insurance, the surplus on the premium reserve linked to pensions being paid is transferred to the pensioners' surplus fund, while all other profits are transferred to the contract's premium fund.
At least 65 per cent of the unallocated profit shall be allocated to the policyholders. In those case where it is possible to diverge from the minimum requirement of a 65 per cent allocation to the policyholders, the company's policy as regards the return on equity has been as follows:

- The booked equity and the security reserve shall have the same rate of return as the company's assets (accounting rate of return).
- In addition, the company's equity is credited with a margin from the customers' funds but limited to 40 basis points.

As a result of the merger with Vital Forsikring ASA in the first quarter of 2004, the models used by the two companies for the return on equity has also been harmonised for 2003.

Security reserve

The security reserve is a buffer against unexpected losses on the risk elements. The regulations governing the size of the security reserve are laid down by the Financial supervisory Authority of Norway, stipulating a minimum amount and with the possibility of increasing the reserve by 50 per cent. One of the steps taken by the authorities to safeguard the life companies' ability to bear investment risk, the minimum reserve requirement was reduced by 80 per cent in September 2001.

The balance on the security reserve at 31 December 2003 was in accordance with the minimum requirement.

Note 1 – Shareholdings in subsidiaries and associated companies

(NOK mill.)

Company	Registered office	Booked result	Share capital	Ownership %	Book value
Gjensidige NOR Pensjonstjenester AS	Oslo	0.2	8.6	100.0%	11.9
Gjensidige NOR Næringseiendom AS	Oslo	(0.5)	10.0	80.0%	9.7
Gjensidige NOR Sparing AS	Trondheim	0.6	4.1	100.0%	3.0
Gjensidige NOR Fondsforvaltning AS	Oslo	(2.0)	38.4	100.0%	56.3
Lysaker Brygge AS	Oslo	0.1	12.3	100.0%	40.7
Senterselskapet AS	Oslo	0.2	6.1	100.0%	5.7
Sørlandssenteret Drift AS	Kr.sand S	(0.1)	1.2	100.0%	1.0
Other companies		**0.0**			**1.0**
Total subsidiaries		(1.5)			129.3
Ferd.Storjohanns Sønner AS	Oslo	2.7	6.4	32.0%	13.6
Other companies		0.1			0.1
Total associated companies		2.8			**13.7**
Total subsidiaries/associated companies		1.3			**143.0**
Equity method for subsidiaries/associated companies					**5.6**
Total subsidiaries/associated companies		1.3			**148.6**

The excess value in connection with the acquisition of NOR Forsikring a/s ble was reclassified in the accounts for 2000, on the instruction of the Financial Supervisory Authority of Norway, from financial to intangible assets. This is written down over 10 years at NOK 22.2 million per year. The residual value at 31.12.2003 was NOK 116.8 million.

Note 2 – Intra group balances

(NOK mill.)

Receivables from/debt to subsidiaries/associated companies	**2003**	**2002**
Gjensidige NOR Pensjonstjenester AS	1.8	1.6
Gjensidige NOR Næringseiendom AS	1.4	0.2
Gjensidige NOR Spare og Inv.tjenester AS	0.0	19.5
Total	3.2	21.3

Receivables from/debt to group comppanies	**2003**	**2002**
Gjensidige NOR Sparebank ASA	272.3	0.5
Gjensidige NOR Fondsforsikring AS	0.8	4.6
Gjensidige NOR Kapitalforvaltning ASA	0.0	0.7
DnB NOR ASA (2002 Gjensidige NOR ASA)	(64.1)	801.4
Avanse Forvaltning AS	(0.2)	0.2
Total	**208.8**	**807.4**

Debt to corporate partners	**2003**	**2002**
Gjensidige NOR Forsikring	8.4	3.0
Total	**8.4**	**3,0**

Note 3 – Technical results and allocations/premiums and reserves

PROFIT AND LOSS ACCOUNT BY LINE OF BUSINESS	Individual life and pension insurance		Individual annuity insurance		Group pension insurance		Group association insurance		Total	
	2003	**2002**	**2003**	**2002**	**2003**	**2002**	**2003**	**2002**	**2003**	**2002**
Premium income	607	422	1 567	1 248	4 435	6 868	76	80	6 685	8 618
Income from financial assets	879	1 857	3 397	6 691	5 138	8 889	550	1 095	9 964	18 532
Insurance payments	(799)	(937)	(1 886)	(1 598)	(2 654)	(1 457)	(139)	(132)	(5 478)	(4 124)
Change in insurance reserves	48	398	(559)	(411)	(3 053)	(6 368)	(57)	(27)	(3 622)	(6 407)
Insurance-related operating expenses	(77)	(111)	(175)	(149)	(257)	(237)	(17)	(18)	(526)	(515)
Expenses related to financial assets	(360)	(1 751)	(1 383)	(6 280)	(2 090)	(8 349)	(223)	(1 027)	(4 056)	(17 407)
Other insurance-related expenses	(4)	0	(14)	(2)	(21)	(2)	(2)	0	(41)	(5)
To/from securities adjustment reserve	(111)	0	(428)	0	(648)	0	(69)	0	(1 257)	0
From additional allocations	0	104	0	406	0	561	0	75	0	1 146
Allocations to policyholders	(110)	0	(315)	0	(521)	(30)	(73)	0	(1 019)	(30)
TECHNICAL RESULT	**73**	**(18)**	**204**	**(95)**	**329**	**(125)**	**46**	**46**	**650**	**(192)**
Other expenses	(9)	(9)	(35)	(27)	(53)	(65)	(6)	(5)	(103)	(106)
RESULT OF ORDINARY ACTIVITY	**64**	**(27)**	**167**	**(122)**	**276**	**(190)**	**39**	**41**	**547**	**(298)**
Reallocation between lines of business	0	3	0	15	0	23	0	(41)	0	0
Tax cost	(11)	11	(28)	51	(46)	79	(6)	0	(91)	141
PROFIT/(LOSS) FOR THE YEAR	**54**	**(13)**	**139**	**(56)**	**230**	**(88)**	**32**	**0**	**456**	**(157)**
Transfers and allocations										
Group contribution received	119	98	308	431	509	677	72	0	1 008	1 206
Provision for dividend	(173)	(71)	(448)	(312)	(739)	(491)	(104)	0	(1 464)	(874)
To / from equity	0	(14)	0	(63)	0	(98)	0	0	0	(175)
Total transfers and allocations	**(54)**	**13**	**(139)**	**56**	**(230)**	**88**	**(32)**	**0**	**(456)**	**157**

Premium income	**2003**	**2002**	**2003**	**2002**	**2003**	**2002**	**2003**	**2002**	**2003**	**2002**
Annal premiums	369	416	465	388	1 772	2 190	72	74	2 678	3 068
Single premiums	239	5	1 077	836	1 486	826	4	6	2 806	1 675
Total	608	421	1 542	1 224	3 258	3 016	76	80	5 484	4 741
Reinsurance	(1)	0	0	0	(1)	(1)	0	0	(2)	(1)
Inflow of reserves	0	1	25	24	1 178	3 853	0	0	1 203	3 878
Total premium income *	**607**	**422**	**1 567**	**1 248**	**4 435**	**6 868**	**76**	**80**	**6 685**	**8 618**

* Of this, insurance policies with no right to a share of the company's profits amount to NOK 85 million.

New business	**2003**	**2002**	**2001**
Individual life	388	3	21
Individual annuity	1 135	747	912
Group	1 156	875	359
Group association	0	0	0
Total new business	**2 679**	**1 625**	**1 292**

INSURANCE BENEFITS	**2003**	**2002**	**2003**	**2002**	**2003**	**2002**	**2003**	**2002**	**2003**	**2002**
Insurance payments	218	466	1 193	1 246	1 121	928	136	129	2 668	2 768
Surrenders/withdrawals	558	451	162	55	211	129	0	0	931	635
Total	**776**	**917**	**1 355**	**1 301**	**1 332**	**1 057**	**136**	**129**	**3 599**	**3 404**
Reinsurance	0	0	(5)	0	40	16	0	0	35	16
Change in claims provision	18	16	94	40	0	0	0	0	112	56
Reserves ceded	5	4	442	257	1 282	384	3	3	1 732	648
Total insurance payments	**799**	**937**	**1 886**	**1 598**	**2 654**	**1 457**	**139**	**132**	**5 478**	**4 124**

ANALYSIS OF RESULTS BY LINE OF BUSINESS	Individual life pension insurance 2003	2002	Individual annuity insurance 2003	2002	Group pension insurance 2003	2002	Group association insurance 2003	2002	Total 2003	2002
Interest result										
Actual financial income	402	111	1 552	400	2 348	532	251	66	4 552	1 109
Guaranteed return	(218)	(229)	(805)	(805)	(1 242)	(1 084)	(142)	(139)	(2 407)	(2 257)
Interest result	**184**	**(118)**	**747**	**(405)**	**1 106**	**(552)**	**109**	**(73)**	**2 145**	**(1 148)**
Administration result										
Estimated administrative costs	76	86	152	143	237	215	21	21	486	466
Actual administrative costs	(84)	(123)	(190)	(164)	(279)	(262)	(18)	(20)	(571)	(570)
Administration result	**(8)**	**(37)**	**(38)**	**(21)**	**(42)**	**(47)**	**3**	**1**	**(85)**	**(104)**
Risk result										
Estimated risk cost	105	107	(22)	(25)	454	366	42	40	579	488
Actual risk cost	(99)	(81)	(172)	(73)	(373)	(327)	(37)	(1)	(681)	(482)
Risk result	6	26	(194)	(98)	81	39	5	39	(102)	6
Other provisions *	0	0	0	(1)	(298)	(127)	0	0	(298)	(128)
Extraordinary write-down of IT systems	0	(2)	0	(3)	0	(34)	0	(1)	0	(40)
Result before additional allocations	**182**	**(131)**	**515**	**(528)**	**847**	**(721)**	**117**	**(34)**	**1 660**	**(1 414)**
To/from additional allocations	(8)	104	(32)	406	(49)	561	(5)	75	(94)	1 146
Allocations to policyholders	(110)	0	(315)	0	(521)	(30)	(73)		(1 019)	(30)
Profit/(loss) before tax	**64**	**(27)**	**167**	**(122)**	**276**	**(190)**	**39**	**41**	**547**	**(298)**

*) Consisting of NOK 199 million to strengthen the disability reserve for group pension, NOK 4 million allocated to the security reserve and NOK 95 million to strengthen the premium reserve

INSURANCE RESERVES										
Premium reserve	5 496	5 434	21 025	20 155	31 843	28 772	3 295	3 172	61 659	57 533
Additional allocations	61	61	322	316	53	0	109	107	544	484
Premium fund/Pension regulation fund	0	0	611	655	1 974	1 910	131	142	2 716	2 706
Claims reserve	152	134	220	126	6	6	17	16	395	283
Security reserve	2	2	14	13	60	57	3	3	79	75
Total insurance reserves	**5 711**	**5 631**	**22 192**	**21 265**	**33 936**	**30 745**	**3 555**	**3 440**	**65 394**	**61 081**

Note 3B - Life insurance inflows and outflows

Inflow of reserves	**2003**	**2002**
Premium reserves	1 203	3 878
Additional allocations/Securities adjustment reserves	3	23
Total inflow of reserves posted in the profit and loss account	**1 206**	**3 901**
Premiun fund/pension regulation fund	161	247
Total inflow of reserves	**1 367**	**4 148**
Outflow of reserves		
Premium reserves	1 731	643
Additional allocations	1	6
Securities adjustment reserves	0	0
Total outflow of reserves posted in the profit and loss account	**1 732**	**649**
Premium fund/pension regulation fund	109	65
Total outflow of reserves	**1 841**	**714**
Inflow		
Number	373	285
Annual premium volume	177	277
Outflow		
Number	3 678	2 130
Annual premium volume	158	83

Note 3C - Allocation of profit

(NOK mill.)	2002		2003	
Unconditional allocation to policyholders	1 019	61.4 %	30	
Conditional allocation to policyholders	94	5.7 %	0	
Total allocation to policyholders	1 113	67.0 %	30	
Allocation to tax/equity	547	33.0 %	(298)	
Profit / (loss) before allocations	1 660	100.0 %	(268)	100

Note 3D - Rate of return

(per cent)

Gjensidige NOR Spareforsikring	2003	2002	2001	2000	1999
Return on total assets	7.12	1.89	1.81	8.97	7.96
Average rate of return	6.60	2.42	2.48	8.81	8.11
Nor Forsikring					**1999**
Return on total assets					6.40
Average rate of return					7.57

The return on total assets is the ratio of net income from assets to a weighted average of total assets.The average rate of return shows the financial return on policyholders' funds.The basis of calculation includes net financial income less allocations to the security reserve, dividends and equity, and to taxes/dues.

Note 4 - Operating expenses

	2003	2002
Salaries	58	60
Commissions	79	89
Other sales expenses	41	47
Total sales expenses	178	196
Other insurance-related operating expenses	348	319
Total insurance-related operating expenses	526	515
Administrative expenses related to financial assets	45	54
Total operating expenses	571	570

Leasing commitments
Gjensidige NOR Spareforsikring ASA is based in Trondheim but has considerable business activity in Oslo.The major part of the office area is leased on the basis of lease contracts.Annual external lease commitments at 31 December 2003 amounted to NOK 41 million (2002: 42 million; 2001 : 45 million). The leases are for one year at a time.

Price and volume agreements with Ergo Group
In 2001 Gjensidige NOR Spareforsikring entered into a 5-year price and volume agreement with Ergo Group for the purchase of computer capability, systems maintenance and application operations. In 2003 the agreement amounted to NOK 51 million (2002 : 46 million). In addition, there are agreements based on variable utilisation of resources.The agreement for 2004, including agreements based on variable utilisation of resources is for NOK 55 million (2003: 55 million; 2002: 53 million)

Note 5 - Shareholdings and investments for long-term ownership or use

Norwegian shareholdings and investments Company	**No. of shares**	**Cost price**	**Book value**	**Market value**
Det Norske Teater	130	0.1	0.1	0.1
EPI Invest AS	10	0.0	0.0	0.0
Finansnæringens Hus	242	0.2	0.2	0.2
Landbrukets Medieselskap AS	80 000	0.4	0.4	0.4
Lillehammer Turisthotell AS	28	0.0	0.0	0.0
Midnor CNI AS	400	0.0	0.0	0.0
Nidarøhallen	15	0.0	0.0	0.0
Total		**0.8**	**0.8**	**0.8**

Opening balance	**88.3**
Cost	5.3
Reclassification as short-term shareholdings	(79.2)
Sold	(13.7)
Closing balance at 31.12.03	**0.8**

Long-term foreign shareholdings	
Opening balance	93.3
Reclassification as short-term shareholdings	(93.3)
Closing balance at 31.12.03	0.0

Long-term shareholdings are not listed

Note 6 - Norwegian shareholdings and investments

Company	No. of shares	Cost price	Market value
Energy			
Aker Kværner	374 363	37.0	42.6
Aker Maritime	142 363	10.8	10.3
Norsk Hydro	1 197 260	361.0	491.5
Prosafe	292 160	32.0	39.1
Statoil	3 371 792	186.5	252.0
TGS Nopec Geo	298 122	18.8	27.1
Materials			
Norske Skog A	1 083 351	107.8	137.6
Industry			
Kverneland	235 952	23.2	19.5
Odfjell B	19 400	2.7	2.8
Tomra Systems	2 003 749	83.8	80.4
Wilh Wilhelmsen B-Shares	98 850	9.2	20.8
Wilh Wilhelmsen A-Shares	157 619	17.1	34.8
Consumer goods			
Ekornes	611 157	49.7	75.2
Schibsted	322 496	25.3	36.9
Consumer goods			
Lerøy Seafood Group	381 473	12.0	13.4
Orkla	1 735 815	212.7	258.6
Protective health			
Photocure	194 800	15.4	10.5
Financial			
Storebrand	2 566 484	72.3	111.1
Information technology			
Apptix	253 963	2.9	3.1
EDB Business Partner	666 588	15.4	27.7
Eltek	43 000	2.2	2.1
Ementor	3 830 119	16.3	21.5
Fast Search and Transfer	1 562 990	9.0	22.8
Kitron	264 000	1.4	1.4
Nera	445 121	3.2	6.1
Opticom	74 235	6.0	7.6
Software Innovation	395 504	5.4	9.9
Tandberg	1 658 748	69.1	81.3
Tandberg Television	490 544	6.3	14.3
Telecomputing	553 215	7.7	7.0
Visma	226 000	14.7	15.1
Telecommunications and services			
Telenor ASA	5 772 830	192.4	251.1

	No. of shares	Cost price	Market value
Unlisted companies			
Axiti	281 985	16.0	0.2
Gårdsmeieriene	14 000	2.8	0.0
CMA Asset Management	118 700	21.6	8.9
Four Seasons Venture II	10 870	1.8	0.0
Four Seasons Venture III	3 000	0.6	0.0
Hugin	76 000	9.5	1.5
Industrifinans SMB II	20 000	16.8	3.4
Industrifinans SMB III	36 432	22.2	11.9
NorChip	716 400	11.9	10.7
Nordic Capital Partners Kunnskapskontoret	500	0.5	0.0
Pacific Partners	100 000	4.7	3.0
Strukturkapital	87 248	11.1	0.1
Whitecliff	400 000	35.1	31.1
Vervet	50 000	0.1	0.1
Amfi Eiendom	606 082	61.7	103.0
Real Estate Central Europe	5 000	17.5	8.8
Dossier Solution	267 083	2.7	0.8
Lerkendal Stadion	8 544	8.5	8.7
The Mobile Media Company	921 153	21.8	0.0
Powel	896 060	17.7	14.8
Trøndelag Utvikling	1 000	1.0	0.9
Viking Management	100	0.0	0.2
Chipcon Group	133 334	20.0	18.0
V & I Partners	26 715	4.3	0.2
Byneset Golfklubb	2	0.1	0.1
Såkorninvest Midt-Norge	10 000	1.1	0.7
Trøndelag Vekst	34 606	5.4	4.6
Viking Venture	176 966	18.0	16.9
Energivekst	30 000	3.0	2.1
Reiten & Co Capital Partners V	800	8.0	6.7
Marin Vekst	50 000	5.0	4.9
Total Norwegian shareholdings		**1 979.8**	**2 397.8**
Total Norwegian share-indexed swaps		**-**	**-1.8**
Total Norwegian shareholdings and investments		**1 979.8**	**2 396.0**

Listed equities make up 89.1% of the amount posted in the balance sheet.

Note 6 - Foreign shareholdings

Company	No. of shares	Cost price	Market value
Australia			
Alumnia	64 658	1.4	2.1
BHP Billiton	116 370	5.3	7.1
Foster Group	96 486	2.0	2.2
News Corp Pfd	119 774	5.3	6.0
Rio Tinto	11 770	1.8	2.2
Santos	60 318	1.6	2.1
Wesfarmers	14 739	1.6	2.0
Woolworths	31 415	1.8	1.9
Finance			
Australia and NZ Banking Group	124 020	10.2	11.0
Commonwealth Bank of Australia	51 461	6.9	7.6
National Australia Bank	49 817	7.4	7.5
Westfield Holdings	28 417	1.9	2.0
Westpac Banking Corporation	50 088	3.7	4.0
Belgium			
Electrabel	890	1.6	1.9
Finance			
Dexia	20 950	2.0	2.4
Fortis	46 880	5.8	6.3
Bermuda			
Frontline	302 538	33.8	52.2
Golar	239 247	14.7	22.8
Ingersoll-Rand Company	4 492	1.6	2.0
Tyco International	59 101	10.5	10.4
Canada			
Alcan Inc	8 953	2.2	2.8
Barrick Gold Corporation	23 374	3.0	3.5
Canadian National Railway Company	6 133	2.2	2.6
Enbridge Inc	7 547	2.0	2.1
Encana Corp	13 515	3.4	3.5
Nortel Networks Corporation	116 945	2.7	3.3
Petro-Canada	7 198	2.0	2.4
Suncor Energy Inc	12 690	1.7	2.1
Teck Cominco cl B	18 791	1.8	2.1
Finance			
Bank of Montreal	14 300	3.3	3.9
Bank of Nova Scotia	14 501	4.5	4.9
Canadian Imperial Bank of Commerce	13 291	3.8	4.4
Manulife Financial Corporation	12 233	2.4	2.6
National Bank of Canada	9 890	1.9	2.2
Royal Bank of Canada	19 899	6.1	6.3
Sun Life Financial Services of Canada Inc	16 611	2.5	2.8
Cayman Islands			
Finans			
XL Capital Ltd	3 765	2.0	1.9
Denmark			
AP Møller - Maersk AS	48	1.9	2.3
Novo-Nordisk AS	8 116	2.1	2.2
Finance			
Danske Bank AS	20 999	3.0	3.3
Finland			
Nokia Oyj	191 588	22.9	22.0
Stora Enso Oyj R	21 602	1.8	1.9
UPM-Kymmene Oyj	16 199	1.8	2.1
France			
Accor SA	6 395	1.7	1.9
Alcatel SA	43 536	3.3	3.7
Aventis SA	33 616	12.8	14.8
Business Objects	8 000	1.8	1.9
Carrefour SA	16 092	5.3	5.9
Compagnie de Saint-Gobain	8 265	2.3	2.7
France Telecom SA	31 769	5.3	6.0
Groupe Danone	3 728	3.7	4.0
L air Liquide SA	2 795	3.0	3.3
Lafarge SA	4 922	2.3	2.9
Loreal SA	14 610	7.4	8.0
LVMH Moet Hennessy Louis Vuitton SA	8 212	3.2	4.0
Pernod-Ricard SA	3 660	2.4	2.7
PSA Peugeot Citroen SA	5 876	1.9	2.0
Renault	4 597	1.6	2.1
Sanofi-Synthelab SA	10 633	4.7	5.3
Schneider Electric SA	5 934	2.2	2.6
Suez SA	24 250	2.9	3.2
Total SA	25 986	28.4	32.1
UBI Soft Entertainment SA	12 000	2.0	2.3
Vivendi Universal SA	26 848	3.5	4.3
Finance			
BNP Paribas SA	23 311	8.5	9.8
Societe Generale de France	9 452	4.6	5.6
Axa	41 107	4.8	5.9
Greece			
OTE Hellenic Telecom	28 609	2.3	2.5
Finance			
Alpha Bank AE	12 596	1.7	2.5
National Bank of Greece	13 563	1.7	2.4
Hong Kong			
CLP Holdings Limited	203 000	6.6	6.4
Huaneng Power International	530 000	5.5	6.1
Hutchinson Whampoa Limited	75 000	3.2	3.7
Petrochina co ltd	1 718 000	4.5	6.6
Finance			
Bank of East Asia Ltd	110 200	1.7	2.3
Cheung Kong (Holdings) Limited	62 000	2.8	3.3
Hang Seng Bank Ltd	23 300	1.8	2.0
Sun Hung Kai Properties Limited	49 000	2.0	2.7
Ireland			
CRH Plc	19 570	2.3	2.7

Company	No. of shares	Cost price	Market value
Finance			
Allied Irish Bankds Plc	27 541	2.9	2.9
Bank of Ireland	102 183	9.1	9.3
Italy			
Enel SpA	57 245	2.6	2.6
Eni SpA	83 930	9.4	10.5
Telecom Italia Mobile SpA	108 365	3.7	3.9
Telecom Italia Rnc	194 211	2.4	2.6
Telecom ItaliaSpa	272 875	5.1	5.4
Finance			
Assicuazioni Generali SpA	27 429	4.6	4.8
IntesaBci SpA	121 233	2.7	3.2
Sanpaolo IMI SpA	32 203	2.3	2.8
UniCredito Italiano SpA	109 145	3.6	3.9
Japan			
Asahi Kasei	55 000	1.3	2.0
Bridgestone Corp	22 000	2.0	2.0
Canon Inc	46 000	15.2	14.2
Chubu Electric Power Company	17 000	2.3	2.4
Dai Nippon Printing Company	22 000	1.8	2.1
Denso Corporation	15 700	1.7	2.1
East Japan Railway Company	98	3.1	3.1
Fuji Photo Film Company Ltd	16 000	3.2	3.4
Fujitsu Ltd	52 000	1.4	2.0
Hitachi Ltd	91 000	2.8	3.6
Honda Motor Company Ltd	24 100	6.3	7.1
Hoya Corporation	4 000	1.9	2.4
Ito-Yokado Co	12 000	2.3	2.5
JFE Holdings Inc	15 500	1.7	2.8
Kansai Electric Power Company	22 200	2.6	2.6
Kao Corporation	17 000	2.3	2.3
Kyocera Corporation	4 800	1.9	2.1
Kyushu Electric Power Company	19 900	2.2	2.3
Matsushita Electric Industrials Company Ltd	59 000	4.2	5.4
Mitsubishi Corporation	33 000	1.7	2.3
Mitsui + Co	40 000	1.5	2.1
Mitsui OSK Lines	238 000	5.8	7.7
Murata Manufactoring Company Ltd	7 500	2.2	2.7
NEC Corporation	55 000	1.9	2.7
Nintendo	3 300	1.8	2.0
Nippon Steel Corporation	196 000	1.9	2.8
Nippon Telegraph and Telephone Corporation	149	4.2	4.8
Nissan Motor Company	73 200	4.6	5.6
NTT DoCoMo	627	9.3	9.5
Ricoh Company	20 000	2.2	2.6
Rohm Company Ltd	3 300	2.4	2.6
Secom Company	11 500	2.5	2.9
Seven-Eleven Japan Co	13 000	2.4	2.6
Sharp Corporation	33 000	2.9	3.5

	No. of shares	Cost price	Market value
Shin-Etsu Chemical Company Ltd	11 800	2.7	3.2
SMC Corp	2 300	1.4	1.9
Softbank Corporation	8 900	1.3	1.8
Sony Corporation	25 800	5.1	5.9
Takeda Chemical Industries Ltd	41 900	11.2	11.1
Tokyo Electric Power Company	32 100	4.6	4.7
Tokyo Electron Ltd	5 200	1.8	2.6
Tokyo Gas Company	79 000	1.8	1.9
Toshiba Corporation	84 000	1.9	2.1
Toyota Motor Corporation	111 800	21.4	25.1
Yamanouchi Pharmaceutical Company Ltd	10 200	1.9	2.1
Finance			
Daiwa Securities Group Inc	46 000	1.7	2.1
Millea Holdings	48	2.8	4.2
Mitsubishi Estate Company	34 000	1.7	2.1
Mitsubishi Tokyo Financial Group	116	4.0	6.0
Mitsui Sumitomo Insurance Company	40 000	1.6	2.2
Mizuho Financial Group Inc	206	2.3	4.2
Nomura Holdings Inc	52 000	4.8	5.9
ORIX Corporation	3 500	1.4	1.9
Sumitomo Mitsui Financial Group	123	2.4	4.4
UFJ Holdings Inc	133	1.8	4.3
Liberia			
Royal Caribbean Cruises Ltd	559 782	78.7	131.0
Luxemburg			
Stolt-Nielsen SA	319 229	18.1	20.4
The Netherlands			
Akzo Nobel NV	8 933	1.8	2.3
ASML Holding NV	25 860	3.0	3.4
Heineken NV	7 140	1.8	1.8
Koninklijke KPN NV	50 635	2.6	2.6
Koninklijke Philips Electronics NV	42 859	7.4	8.3
Royal Dutch Petroleum Company	65 628	21.1	23.0
STMicroelectronics NV	19 670	3.7	3.5
Unilever NV	16 696	6.8	7.3
Finance			
ABN AMRO Holding	48 163	6.5	7.5
Aegon NV	50 871	4.1	5.0
ING Groep NV	48 539	6.2	7.5
Dutch Antilles			
Schlumbergers	17 134	5.7	6.2
New Zealand			
Telecom Corp New Zealand	81 071	1.7	1.9
Panama			
Carnival Corporation	11 896	2.6	3.1
Portugal			
Portugal Telecom	41 519	2.3	2.8
Singapore			
Flextronics International Ltd	19 156	1.6	1.9
Finance			
DBS Group Holdings Limited	36 000	1.6	2.1

Company	No. of shares	Cost price	Market value
United Overseas Bank Ltd	40 000	1.9	2.1
Spain			
Altadis	9 757	1.7	1.8
Endesa	28 508	3.2	3.6
Fomento de Construct y contra	24 321	5.3	6.0
Iberdrola SA	28 024	3.4	3.6
Repsol YPF	30 542	3.4	4.0
Telefonica	139 073	11.3	13.6
Finance			
Banco Bilbao Vizcaya Argentaria	91 692	6.8	8.4
Banco Popular Espanol SA	5 289	1.9	2.1
Banco Santander Central Hispano SA	130 085	8.1	10.3
UK			
Amersham Plc	41 145	2.7	3.8
Astrazeneca	50 040	14.8	16.0
BG Group Plc	102 941	3.2	3.5
BHP Billiton Plc	77 617	3.3	4.5
Boots Company Plc	26 845	2.0	2.2
BP Plc	692 104	33.9	37.3
British American Tobacco Plc	48 129	3.6	4.4
British Sky Broadcasting Group Plc	36 555	2.8	3.1
BT Group Plc	245 976	5.2	5.5
BAA Plc	32 511	1.8	1.9
Cadbury Schweppes Plc	58 854	2.4	2.9
Centrica Plc	142 817	3.0	3.6
Compass Group Plc	62 654	2.4	2.8
Diageo Plc	94 730	7.5	8.3
GlaxoSmithKline	192 880	28.0	29.4
Granada Plc	148 647	1.8	2.2
GUS Plc	30 344	2.3	2.8
Imperial Tobacco Group Plc	19 993	2.4	2.6
Kingfisher Plc	65 645	2.0	2.2
Marks and Spencer Group Plc	69 842	2.4	2.4
National Grid Group Plc	86 027	3.9	4.1
Reckitt Benckiser Plc	42 668	5.9	6.4
Reed Elsevier Plc	37 759	2.2	2.1
Rio Tinto Plc	37 076	5.5	6.8
Scottish and Southern Energy Plc	24 993	1.9	2.0
Scottish Power Plc	64 814	2.7	2.9
Shell Transport and Trading Company Plc	271 457	12.6	13.4
Tesco Plc	205 972	5.3	6.3
Unilever Plc	92 434	5.7	5.7
Vodafone Group Plc	2 037 959	29.7	33.6
Wolseley Plc	19 084	1.5	1.8
WPP Group Plc	35 815	2.1	2.3
Finance			
Aviva Plc	75 382	4.0	4.4
Barkleys Plc	192 982	10.0	11.5
HBOS Plc	137 185	11.6	11.8
HSBC Holdings Plc	308 843	27.2	32.3
Land Securities Group Plc	26 112	2.6	3.1
Legal and General Group Plc	185 184	1.9	2.2
Lloyds TSB Group Plc	154 662	7.6	8.3
Prudential Plc	54 706	2.5	3.1
Royal Bank of Scotland Group Plc	114 971	21.8	22.5
Switzerland			
ABB Ltd	53 497	1.3	1.8
Adecco SA	7 397	2.6	3.2
Compagnie Financiere Richemont AG	15 508	2.0	2.5
Givaudan SA	564	1.6	1.9
Logitech International SA	7 907	2.0	2.3
Nestle SA	13 769	20.6	22.9
Novartis AG	75 350	21.2	22.8
Roche Holding AG	21 776	11.6	14.6
Sez Holding AG	9 000	2.0	2.1
Swatch Group AG	2 934	2.1	2.3
Finance			
Credit Suisse Group	34 461	6.9	8.4
Swiss Reinsurance	8 950	4.0	4.0
UBS AG	37 927	15.1	17.3
Zurich Financial Services AG	5 241	4.5	5.0
Sweden			
Ericsson B	569 249	5.5	6.8
Hennes og Mauritz B	14 009	2.2	2.2
Sandvik AB	7 862	1.6	1.8
SAS AB	519 540	26.8	33.0
SCA B	21 674	5.7	5.9
Volvo AB	9 843	1.6	2.0
Unlisted			
Dahl Interssenter AB Class A	11 382	0.3	16.7
Eldon Thule AB Class A	14 401	0.3	3.9
Eldon Thule AB Class C	48 542	11.1	13.2
Findus Class A	559 536	0.5	2.9
Findus Class B	2 256 458	19.4	11.8
Graflund Invest	36 605	93.3	133.7
Hemocue Holding AB Class A	18 525	0.3	3.4
Hemocue Holding AB Class C	62 438	8.5	11.4
IHI Holding Class A	782 916	8.6	19.8
Salcomp Oy Class A	12 639	0.3	2.1
Salcomp Oy Class C	42 982	8.5	7.1
Tradex Converting AB Class B	136 175	5.6	5.0
Vaasan & Vassan OY Class A	18 186	0.3	4.7
Vaasan & Vassan OY Class C	54 925	8.2	14.2
Finance			
Nordea AB	63 556	2.4	3.2
Svenska Handelsbanken	16 611	2.0	2.3
South Africa			
Impala Platinum Holdings Ltd	5 575	3.1	3.2
Germany			
BASF AG	18 701	6.0	7.0
Bayer AG	19 782	3.1	3.9
DaimlerChrysler AG	25 005	6.2	7.8

Company	No. of shares	Cost price	Market value
Deutsche Post AG	16 896	1.9	2.3
Deutsche Telecom AG	74 654	7.8	9.1
EON AG	22 057	8.0	9.6
Infineon Technologies AG	36 757	3.8	3.4
Metro AG	8 378	2.1	2.5
RWE AG	10 915	2.3	2.9
SAP AG	6 913	6.6	7.7
Siemens AG	25 987	11.7	13.8
Volkswagen AG	8 908	2.6	3.3
Finance			
Allianz AG	9 022	5.8	7.6
Bayerische Hypo-und Vereinsbank AG	11 704	1.4	1.8
Commerzbank AG	15 080	1.6	2.0
Deutsche Bank AG	15 226	6.8	8.4
Muenchener Rueckversicherungs-Gesellschaft AG	5 411	4.1	4.4
USA			
3M Company	22 649	12.8	12.8
Abbott Laboratories	47 604	14.5	14.8
Aetna Inc	4 070	1.7	1.8
Agilent Technologies Incagilus	11 921	1.6	2.3
Air Products and Chemicals	6 292	1.9	2.2
Alcoa Inc	29 196	7.2	7.4
Altria Group Inc	62 337	22.5	22.6
Amazon.Com Inc	7 294	1.9	2.6
American Electric Power Company	10 208	1.9	2.1
Amerisourcebergen Corp	5 444	2.4	2.0
Amgen Inc	50 940	22.2	20.9
Anadarko Petroleum Corporation	7 298	2.3	2.5
Analog Devices Inc	10 232	2.6	3.1
Anheuser-Busch Companies	26 689	9.5	9.4
Anthem Inc	4 099	2.0	2.0
Apache Corporation	4 433	2.0	2.4
Applied Material Inc	63 759	9.6	9.5
AT and T Corp - EX Distribution	39 073	5.5	5.3
AT and T Wireless Services Inc	63 854	3.1	3.4
Automatic Data Processing	16 708	4.0	4.4
Avon Products Inc	8 665	3.7	3.9
Baker Hughes Inc	10 161	2.2	2.2
Baxter International Inc	17 321	3.0	3.5
Becton Dickinson and Company	7 324	1.9	2.0
Bed Bath and Beyond Inc	8 008	2.3	2.3
Bellsouth Corporation	52 942	9.7	10.0
Best Buy Company	7 745	2.3	2.7
Biogen Idec Inc.	9 035	2.3	2.2
BMC Software	16 061	1.8	2.0
Boeing Company	23 564	6.5	6.6
Boston Scientific Corp	18 169	3.6	4.4
Bristol-Myers Squibb Company	57 729	10.4	11.0
Burlington Northern Santa Fe Corporation	10 848	2.3	2.3
Burlington Resources Inc	6 143	2.2	2.3

	No. of shares	Cost price	Market value
Cardinal Health	13 386	5.6	5.4
Caterpillar Inc	10 056	5.7	5.6
Cendant Corporation	28 579	3.5	4.2
ChevronTexaco Corporation	33 533	18.9	19.3
Cisco Systems	228 493	36.7	36.8
Clear Channel Communications	18 285	5.3	5.7
Coca-Cola Company	86 239	28.6	29.1
Comcast Corp New	41 294	9.0	9.0
Comcast Corporation Cl A Special Common Stock	30 565	6.4	6.4
Computer Associates International	13 541	2.1	2.5
Conagra Foods Inc	16 497	2.7	2.9
Consolidated Edison	6 649	1.9	1.9
Corning Incorporated	31 976	1.8	2.2
Costco Wholesale Corporation	12 775	3.1	3.2
CVS Corporation	10 696	2.1	2.6
Danaher Corporation	3 377	1.7	2.1
Deere and Company	7 047	2.4	3.0
Dell Inc.	96 819	21.9	21.9
Devon Energy Corporation	6 319	2.2	2.4
Dominion Resources	8 852	3.7	3.8
Dow Chemical	30 580	8.5	8.5
Duke Energy Corporation	30 827	3.8	4.2
E I du Pont de Nemours and Company	37 039	11.1	11.3
eBay Inc	11 935	5.2	5.1
Electronic Arts Inc	7 563	2.1	2.4
Electronic Data Systems Corporation	12 490	1.8	2.0
Eli Lilly and Co	29 896	14.2	14.0
EMC Corporation	64 429	5.5	5.5
Emerson Electric	12 220	5.3	5.3
Entergy Corporation	6 227	2.2	2.4
Exelon Corporation	9 203	3.7	4.1
Exxon Mobil Corporation	207 394	55.5	56.6
FedEx Corporation	10 152	4.6	4.6
First Data Corporation	25 092	7.0	6.9
FirstEnergy Corporation	12 765	3.0	3.0
Ford Motor Company	49 456	5.4	5.3
Fortune Brands Inc	4 683	1.8	2.2
FPL Group	4 877	2.1	2.1
Gannett Company	8 002	4.5	4.7
Gap Inc	16 224	2.0	2.5
Genentech	6 489	4.1	4.0
General Dynamics Corporation	4 849	2.4	2.9
General Electric Company	331 796	68.7	68.4
General Mills	11 237	3.6	3.4
General Motors Corporation	13 084	4.7	4.6
Genzyme Corporation	6 406	1.9	2.1
Gilead Sciences Inc	5 825	2.1	2.3
Gillette Company	28 057	6.3	6.9
Guidant Corporation	8 379	2.6	3.4
H and R Block	5 121	1.5	1.9

Company	No. of shares	Cost price	Market value
Halliburton	13 255	2.2	2.3
Harley-Davidson	10 337	3.3	3.3
HCA - Healthcare Company	16 519	4.2	4.7
Hewlett-Packard Company	89 761	13.7	13.7
HJ Heinz Company	11 033	2.5	2.7
Home Depot Inc	71 718	16.7	16.9
Honeywell International	23 429	5.2	5.2
IBM - International Business Machines Corporation	54 426	33.8	33.6
Illinois Tool Works	8 135	3.9	4.5
Intel Corporation	213 594	44.7	45.5
Interactive Corp	13 860	3.3	3.1
International Game Techology	10 708	1.9	2.5
International Paper Company	16 638	4.5	4.8
Intuit Inc	5 393	1.7	1.9
Johnson and Johnson	106 979	38.8	36.8
Johnson Controls	10 096	7.2	7.8
Kimberly-Clark Corporation	14 368	5.2	5.6
KLA - Tencor Corporation	4 848	1.5	1.9
Kohls Corporation	10 331	3.8	3.1
Kraft Foods Inc	25 380	5.6	5.4
Kroger Company	27 337	3.2	3.4
Lexmark International	3 802	1.9	2.0
Liberty Media Corporation	69 620	5.3	5.5
Linear Technology Corporation	8 071	2.0	2.3
Lockheed Martin Corporation	11 717	3.9	4.0
Lowes Companies	34 551	12.9	12.7
Lucent Technologies Inc	97 637	1.6	1.8
Marathon Oil Corporation	9 585	1.7	2.1
Marriott International	6 270	1.7	1.9
Masco Corporation	42 649	7.7	7.8
Mattel	19 195	2.7	2.5
Maxim Integrated Products	8 441	2.3	2.8
McDonalds Corporation	45 749	7.4	7.6
McGraw-Hill Companies	5 746	2.5	2.7
Medco Health Solutions Inc	7 999	1.6	1.8
Medtronic	37 754	12.3	12.2
Merck and Company	72 176	25.7	22.2
Microsoft Corporation	315 247	57.3	57.4
Motorola	65 454	6.0	6.1
Newmont Mining Corporation	11 777	3.7	3.8
Nextel Communications A	26 910	4.9	5.0
Nike Inc	4 368	1.7	2.0
Northrop Grumman Corp	4 946	3.0	3.1
Occidental Petroleum Corporation	11 082	2.6	3.1
Omnicom Group Inc	7 317	3.8	4.3
Oracle Corporation	130 828	11.6	11.5
Paccar Inc	3 202	1.6	1.8
Paychex	9 166	2.0	2.3
PepsiCo	52 974	16.4	16.4
Pfizer Inc	280 986	65.5	66.0

	No. of shares	Cost price	Market value
PG and E Corp	11 660	1.6	2.2
PPG Industries	4 852	1.8	2.1
Praxair	9 422	2.0	2.4
Procter and Gamble Company	46 903	30.9	31.2
Progress Energy	6 230	1.9	1.9
Public Services Enterprise Group Incorporated	6 799	1.9	2.0
Qualcomm Inc	26 634	9.5	9.6
Raytheon Company	13 448	2.8	2.7
Samsung Electronics Co	3 150	4.2	3.9
Sara Lee Corporation	22 825	3.0	3.3
SBC Communications Inc	101 909	17.1	17.7
Sears Roebuck and Co	8 449	2.0	2.6
Southern Company	19 996	4.1	4.0
St Jude Medical	4 985	2.0	2.0
Staples	14 173	2.1	2.6
Starbucks Corp	11 603	2.1	2.6
Stryker Corporation	3 598	1.8	2.0
Sun Microsystems	97 171	3.0	2.9
Sysco Corporation	18 690	4.2	4.6
Target Corporation	29 664	7.7	7.6
Texas Instruments Incorporated	53 862	10.5	10.5
Time Warner Inc	136 307	16.3	16.3
TJX Companies	15 038	2.0	2.2
Tribune Company	6 195	2.0	2.1
Union Pacific Corporation	7 344	3.1	3.4
United Parcel Service	13 811	6.2	6.8
United Technologies Corporation	13 914	8.9	8.8
UnitedHealth Group Incorporated	17 394	5.9	6.7
Unocal Corporation	8 079	1.7	2.0
Veritas Software Corporation	11 380	2.3	2.8
Verizon Communications Inc	78 651	19.6	18.4
Viacom Inc B	49 457	14.9	14.6
Walgreen	29 694	6.8	7.2
Wal-Mart Stores	89 803	33.5	31.7
Walt Disney Company	65 476	10.2	10.2
Waste Management	18 058	3.2	3.6
WellPoint Health Networks Inc	4 088	2.4	2.6
Weyerhauser Company	6 309	2.3	2.7
Wyeth	56 389	17.0	15.9
Xerox Corporation	21 748	1.6	2.0
Xilinx	9 911	2.0	2.6
Yahoo	12 938	3.9	3.9
Yum Brands	8 725	1.7	2.0
Zimmer Holdings	7 120	2.6	3.3
Finance			
ACE Limited	6 831	1.7	1.9
Aflac Inc	14 908	3.3	3.6
Allstate Corporation	24 389	6.3	7.0
American Express	32 989	10.6	10.6
American International Group Inc	68 992	30.0	30.4

Company	No. of shares	Cost price	Market value
Bank of America Corporation	47 220	25.2	25.3
Bank of New York Company Inc	21 018	4.2	4.6
Bank One Corporation	33 361	10.2	10.1
Charles Schwab Corporation	26 587	1.9	2.1
Charter One Financial	11 314	2.4	2.6
Chubb Corporation	4 553	1.9	2.1
Citigroup Inc	175 144	56.3	56.6
Comerica Corporated	7 828	2.8	2.9
Countrywide Financial Corp	5 188	2.2	2.6
Equity Office Properties Trust	12 653	2.4	2.4
Fannie Mae	28 433	13.6	14.2
Fifth Third Bancorp	13 700	5.2	5.4
FleetBoston Financial Corporation	29 234	8.5	8.5
Freddie Mac	19 590	7.2	7.6
Golden West Financial Corp	3 518	2.1	2.4
Goldman Sachs Group	7 986	4.7	5.2
Hartford Financial Services Group	7 597	2.6	3.0
J P Morgan Chase and Co	58 462	14.3	14.3
John Hancock Financial Services	8 395	1.8	2.1
KeyCorp	19 646	3.7	3.8
Lehman Brothers Holdings Inc	5 212	2.5	2.7
Marsh and McLennan Companies	17 388	5.9	5.5
MBNA Corporation	31 466	4.7	5.2
Mellon Financial Corporation	11 929	2.3	2.5
Merrill Lynch and Co	23 374	9.1	9.1
MetLife	26 690	5.4	6.0
Morgan Stanley	27 965	10.8	10.8
National City Corporation	25 249	5.6	5.7
Old Republic International Corp	27 150	4.5	4.6
PNC Financial Services Group	7 477	2.5	2.7
Progressive Corporation	5 663	2.8	3.1
Prudential Financial	16 258	3.9	4.5
Simon Property Group Inc	5 952	1.6	1.8
SLM Corporation	16 183	4.6	4.1
Southtrust Corporation	9 828	2.0	2.1
State Street Corporation	8 420	2.4	2.9
SunTrust Banks	7 490	3.2	3.6
US Bancorp	54 359	10.8	10.8
Wachovia Corporation	42 282	13.1	13.1
Washington Mutual	26 719	7.5	7.1
Wells Fargo and Company	49 466	19.5	19.4
Øvrige aksjer		577.5	648.1
Total foreign shareholdings		**3 801.9**	**4 237.0**

	No. of shares	Cost price	Market value
Foreign equity funds			
MSCI Japan Ondex Opals	2 026	6.6	6.7
Russell 2000 Value Index Fund	4 387	4.7	4.7
S and P MidCap 400 Barra Value Index Fund	6 532	4.6	4.8
Schrøder Japanese Equity	2 401 017	92.1	108.2
Schrøder Pacific Equitty	1 574 759	46.9	58.7
SPDR Trust Series	1 297	1.0	1.0
Merrill Lynch DPEP		137.5	99.9
Warburg Pincus PE VIII		65.4	55.0
European Fund Investments II		12.0	10.0
Procuritas Capital Investors III		7.3	0.7
HarbourVest International PEP IV		55.8	41.2
Schroders PE Fund of funds I		170.5	163.6
Schroders PE Fund of funds II		41.2	42.1
Third Cinven Fund		73.3	75.3
Other equity funds		7.6	5.5
Total foreign equity funds		**726.3**	**677.5**
Hedging funds and other financial funds			
DB Global Master Fund Ltd	6 883	60.8	53.8
GN Art fund of Funds Class D	131 791	994.5	966.4
GN ART Global Macro KL D	344 786	344.8	331.3
GN Investment Fund. kl E	358 924	358.9	360.5
Total hedging funds and other financial funds		**1 759.0**	**1 712.0**
Total foreign share options		**-0.1**	**-0.1**
Total foreign shareholdings and investments		**6 287.1**	**6 626.4**
Total Norwegian and foreign shareholdings and investments		**8 266.9**	**9 022.4**

Foreign shareholdings:
Listed equities make up 88.8% of the amount posted in the balance sheet.

Total shareholdings:
Listed equities make up 88.8% of the amount posted in the balance sheet.

Risk profile - shareholdings
In connection with the management of the company's foreign share portfolio a set of MSCI World Net Dividends Index is used as a benchmark. OSEBX ex GNO/DnBNOR is used for Norwegian equities.

Residual commitments
Uncalled residual capital commitments related to Limited Partnerships totalled NOK 1 243 million at 31 December 2003.

Reclassification of shareholdings
The shareholdings in Amfi Eiendom, Real Estate Central Europe and Graflund Invest have been reclassified as short-term instead of long-term shares and stated at fair market value. The reclassification has entailed a new write-up of NOK 73 million. The reclassification and subsequent write-up has been effected in accordance with section 5-1, third paragraph, of the Accountancy Act.

Note 7 - Long-term bonds

Bonds to be held until maturity **Norwegian bonds** (NOK mill.)	**Cost**	**Nominal amount**	**Book value**	**Market value**	**Value over/ under cost**
Listed securities					
Government guaranteed / government enterprises	5 837.4	5 653.0	5 855.1	6 275.3	420.3
Issued by local and county authorities	3 647.7	3 687.5	3 657.7	3 990.0	332.3
Issued by banks and financial institutions	1 004.3	1 010.0	1 004.1	1 100.1	96.0
Issued by industrial enterprises	526.1	525.0	526.9	556.3	29.3
Unlisted securities					
Government and government guaranteed					
Issued by local and county authorities	2 141.4	2 144.4	2 143.0	2 361.2	218.2
Issued by banks and financial institutions	119.9	120.0	119.3	132.2	13.0
Issued by property development companies	25.0	25.0	25.0	25.0	0.0
Total Norwegian bonds to be held until maturity	**13 301.7**	**13 164.9**	**13 331.0**	**14 440.0**	**1 109.0**
Foreign bonds					
Listed securities					
Government guaranteed / government enterprises	499.4	500.0	499.7	530.0	30.3
Issued by banks and financial institutions	1 499.6	1 500.0	1 500.3	1 497.2	(3.2)
Issued by industrial enterprises	250.0	250.0	250.0	249.2	(0.8)
Unlisted securities					
Government guaranteed / government enterprises	1 500.0	1 500.0	1 500.0	1 499.9	(0.1)
Issued by local and county authorities	1 199.9	1 200.0	1 200.7	1 303.1	102.4
Issued by banks and financial institutions	3 100.0	3 100.0	3 100.0	3 273.5	173.5
Total foreign bonds to be held until maturity	**8 048.9**	**8 050.0**	**8 050.8**	**8 352.9**	**302.1**
Total bonds to be held until maturity	**21 350.6**	**21 214.9**	**21 381.8**	**22 792.9**	**1 411.1**

Distribution of foreign bonds by country					
Sweden	999.4	1 000.0	999.7	1 058.6	58.9
Denmark	1 999.6	2 000.0	2 000.3	1 990.9	(9.4)
Canada	999.9	1 000.0	1 000.7	1 091.2	90.4
Cayman Islands	1 000.0	1 000.0	1 000.0	1 006.1	6.1
The Netherlands	300.0	300.0	300.0	316.7	16.7
Spain	250.0	250.0	250.0	253.2	3.2
Germany	2 500.0	2 500.0	2 500.0	2 636.2	136.2
	8 048.9	**8 050.0**	**8 050.8**	**8 352.9**	**302.1**

Opening balance	**14 610.5**
Bought	7 485.5
Sold	(199.4)
Drawn	(523.4)
Mat.Adj. (Write-up/down)	8.7
Closing balance at 31 December 03	**21 381.8**

Bonds to be held until maturity
The effective yield for bonds to be held until maturity is calculated based on the market price (actual value) and the value of the security in the balance sheet.
The calculation of the effective yield uses the same method as that used for short-term bonds.

Effective yield on Norwegian long-term bonds, market value	4.1630
Effective yield on Norwegian long-term bonds, balance sheet value	6.1300
Effective yield on foreign long-term bonds, market value	4.5152
Effective yield on foreign long-term bonds, balance sheet value	5.3000

Note 8 - Bonds and commercaial paper

Norwegian bonds	Nominal amount	Cost	Market value	Value over/ under cost
Listed				
Government and government guaranteed	5 163.2	5 456.8	5 546.6	89.8
Issued by local and county authorities	1 392.5	1 414.3	1 454.7	40.4
Issued by banks and financial institutions	1 875.5	1 912.0	1 940.8	28.8
Issued by industrial enterprises	124.0	128.2	131.8	3.6
Unlisted	0.0	0.0	0.0	0.0
Issued by local and county authorities	700.3	706.9	715.3	8.4
Issued by banks and financial institutions	155.0	155.3	160.6	5.2
Total Norwegian bonds at 31 December 03	**9 410.5**	**9 773.5**	**9 949.8**	**176.3**
Norwegian commercial paper				
Listed				
Government and government guaranteed	4 436.0	4 372.7	4 391.8	19.1
Issued by local and county authorities	50.0	50.2	50.3	0.0
Unlisted	0.0	0.0	0.0	0.0
Issued by local and county authorities	584.9	584.9	585.9	1.0
Issued by banks and financial institutions	1 366.0	1 364.3	1 368.8	4.5
Issued by industrial enterprises	47.0	47.0	47.0	0.0
Total Norwegian commercial paper at 31 December 03	**6 483.9**	**6 419.2**	**6 443.8**	**24.6**
Norwegian financial instruments		**8.6**	**40.4**	**31.7**
Foreign bonds				
Listed				
Government and government guaranteed	1 484.0	1 416.2	1 479.3	63.1
Issued by banks and financial institutions	40.0	40.4	40.1	-0.3
Unlisted	0.0	0.0	0.0	0.0
Government and government guaranteed	105.0	105.4	110.2	4.8
Issued by banks and financial institutions	350.0	350.0	353.8	3.8
Total foreign bonds at 31 December 03	**1 979.0**	**1 911.9**	**1 983.4**	**71.5**
Foreign commercial paper				
Unlisted				
Government and government guaranteed	1 350.0	1 347.4	1 348.1	0.7
Issued by banks and financial institutions	150.0	150.0	151.2	1.2
Total foreign commercial paper at 31 December 03	**1 500.0**	**1 497.4**	**1 499.2**	**1.8**
Foreign financial instruments		**(2.5)**	**(73.0)**	**(70.5)**
Funds		**4 864.5**	**5 134.4**	**269.9**
Total funds. foreign and Norwegian financial instruments		**4 870.7**	**5 101.8**	**231.1**
Total bonds. comm. paper, funds and fin. instruments at 31 December 03	**19 373.4**	**24 472.7**	**24 978.0**	**505.3**
Total bonds. comm. paper, funds, fin. instr. at 31 December 02	**25 444.6**	**28 323.3**	**28 650.9**	**327.6**

Distribution of foreign bonds and commercial paper by currency	Cost	Market value	Value over/ under cost
NOK	2 098.0	2 109.1	11.1
SEK	1 311.3	1 373.5	62.2
	3 409.3	3 482.6	73.3

Calculation of effective yield
In calculating the effective rate the portfolio has been weighted and the interest calculated from 31 December 03 until maturity. The calculation uses the dollar duration and the standard Norwegian coupon rate convention.

Effective yield on foreign bonds	3.4882
Effective yield on Norwegian bonds	3.8186

Note 9 - Financial derivatives

Outstanding net nominal volume		31.12.03	Average 2003	Market value 31.12.03	31.12.02
Interest rate related contracts					
Maturity under 1 year	FRA options	6 100.0	4 975.0	0.0	3 850.0
	FRAs	2 997.0	7 959.2	(16.3)	12 921.3
	Bond options	167.7	513.4	0.1	859.1
	IRF options	18 911.6	20 748.7	4.4	22 585.7
	SWAP	(2 285.0)	842.5	(11 163.0)	3 970.0
	Bond futures	(3 693.9)	(9 600.0)	(0.0)	(15 506.2)
	IRF	4.0	2 103.3	-	4 202.6
Maturity over 1 year	FRA options	1 924.0	1 962.0	0.0	2 000.0
	SWAP	11 141.5	6 315.8	11 220.8	1 490.0
Foreign currency related contracts					
Maturity under 1 year	Foreign currency options	2 113.1	1 896.9	2.7	1 680.6
	Forward foreign exchange transactions	994.5	2 250.0	(83.2)	3 505.4
	Foreign currency SWAP	6 373.9	21 822.2	1.9	37 270.5
Equity related contracts					
Maturity under 1 year	Share options	(6.2)	378.9	(0.1)	764.0
	Share swaps	20.6	10.3	(1.8)	-
	Share futures	-	(94.0)	-	(188.1)

Interest rate contracts include mainly:
- Interest rate contracts which are agreements whereby interest rates on nominal amounts are exchanged with customers or banks.
- Forward rate agreements, which stipulate an interest rate on a nominal amount for a future period of time.
- Interest rate options, which are agreements which secure a buyer a stipulated interest rate on a specified amount for a future period of time

Exchange rate contracts include mainly:
- Forward foreign exchange transactions, which are agreements to purchase or sell a specific amount in foreign currency at a future date at a pre-determined exchange rate.
- Currency swaps, which are agreements with banks to exchange specific amounts of foreign currency at a pre-determined exchange rate and pay interest on these for an agreed period of time.
- Currency options, which are agreements which give the buyer the right to purchase or sell a specified amount of a currency at a future date, at a pre-arranged exchange rate.

Equity contracts include mainly:
- Share options, which are agreements (a right/obligation) to purchase or sell shares at a stipulated price within or at a specific date in the future.
- Share futures, which are agreements to purchase or sell shares at a stipulated price at a specific date in the future.

These transactions are carried out with banks and the related credit risk is considered to be small. Both interest rate and currency transactions are carried out within established position parameters.

Liquidity exposure – (NOK mill.)

Specification of asset managmeent balance sheet items grouped by maturity

	Under 1 year	Over 1 year	No maturity	Total
Bank deposits	0.4	-	2.4	2.8
Foreign bonds/commercial paper	3.0	8.7	1.8	13.5
Norwegian bonds/commercial paper	10.9	18.6	3.3	32.9
Subordinated loans	-	0.0	-	0.0
Foreign shareholdings	-	-	4.4	4.4
Norwegian shareholdings	-	-	2.3	2.3
Hedge funds	-	-	1.7	1.7
Foreign interest rate derivatives	(0.1)	0.0	-	(0.1)
Norwegian interest rate derivatives	(11.2)	11.2	-	0.0
Foreign share derivatives	(0.0)	-	-	(0.0)
Norwegian share derivatives	(0.0)	-	-	(0.0)
Total	3.1	38.6	15.9	57.6

Note 9 - Financial derivatives (cont.)

Interest rate exposure **Interest rate reduction of 1%**		**Interest-earning**	**Derivatives**	**Total**
Interest rate exposure	Norw. bonds	3.93 %	0.22 %	4.15 %
as %	Foreign bonds	5.12 %	(3.65 %)	2.75 %
	Money market	0.50 %	0.73 %	1.22 %
	Total	**2.25 %**	**(0.02 %)**	**2.24 %**
Interest rate exposure	Norw. bonds	246	14	260
in NOK mill.	Foreign bonds	265	(123)	143
	Money market	71	105	176
	Total	**583**	**(4)**	**579**
IInterest rate rise of 1%				
Interest rate exposure	Norw. Bonds	(3.93 %)	(0.22 %)	(4.15 %)
as %	Foreign bonds	(5.12 %)	2.37 %	(2.75 %)
	Money market	(0.50 %)	(0.73 %)	(1.22 %)
	Total	**(2.25 %)**	**0.02 %**	**(2.24 %)**
Interest rate exposure	Norw. bonds	(246)	(14)	(260)
in NOK mill.	Foreign bonds	(265)	123	(143)
	Money market	(71)	(105)	(176)
	Total	**(583)**	**4**	**(579)**

Distribution of interest rate exposure by maturity

Years	0.0 - 1.0	1.0 - 2.0	2.0 - 3.0	3.0 - 5.0	5.0 - 10.0	10.0>
In NOK mill.	(5.1)	(165.5)	(113.7)	(121.6)	(135.0)	(37.6)

The interest rate exposure is held within given parameters. An interest rate reduction of 1% will increase the total value of the portfolios by NOK 484 million. Correspondingly, an interest rate rise of 1% will reduce the total value of the portfolios by NOK 484 million.

Note 10 – Securities adjustment reserve

(NOK mill.)	**2003**	**2002**
Securities adjustment reserve at 1 Jan.	-	-
Change during the year	1 257	-
Securities adjustment reserve at 31 Dec.	**1 257**	**-**

Note 11 – Losses and loan-loss provisions

Loan losses (NOK mill.)	**2003**	**2002**	**2001**	**2000**	**1999**	**1998**	**1997**
Change in specified loan-loss provisions	0.0	(0.5)	(1.2)	(1.5)	(3.6)	(2.3)	(9.2)
Change in unspecified loan-loss provisions	0.0	0	0	0	0.0	0.0	0.0
Realised losses	0.4	0.1	0.5	1.3	2.8	1.2	7.2
Recoveries on losses realised previously	0.0	0.0	0.0	(0.1)	(0.7)	(0.6)	(1.0)
Loan losses	**0.4**	**(0.4)**	**(0.7)**	**(0.3)**	**(1.5)**	**(1.7)**	**(3.0)**
Realised losses							
Provided for specifically in previous years	0.4	0.1	0.5	1.3	2.8	1.2	7.2
No provided for specifically in previous years	0.0	0	0	0	0.0	0.0	0.0
Total realised losses	**0.4**	**0.1**	**0.5**	**1.3**	**2.8**	**1.2**	**7.2**

Loan-loss provisions	**2003**	**2002**	**2001**	**2000**	**1999**	**1998**	**1997**
Specified provisions at 1 Jan.	3.9	4.4	5.6	7.0	10.7	13.0	22.2
Realised losses not specifically provided for previously	(0.4)	(0.1)	(0.5)	(1.3)	(2.8)	(1.2)	(7.2)
Increase in specified loan-loss provisions	0.0	0.0	0.0	0.0	0.2	na	na
New specified loan-loss provisions	0.4	0.1	0.5	0.2	0.4	na	na
Write-back of specified loss provisions	(3.9)	(0.5)	(1.2)	(0.3)	(1.5)	(1.1)	(2.0)
Specified loan-loss provisions at 31 Dec.	**0.0**	**3.9**	**4.4**	**5.6**	**7.0**	**10.7**	**13.0**
Unspecified loan-loss provisions at 1 Jan.	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Loan-loss provisions in year	(3.0)	0.0	0.0	0.0	0.0	0.0	0.0
Unspecified loan-loss provisions at 31 Dec.	**0.0**	**3.0**	**3.0**	**3.0**	**3.0**	**3.0**	**3.0**

Non-accruing loans	**2003**	**2002**	**2001**	**2000**	**1999**	**1998**	**1997**
Non-accruing loans	0	0	18.2	12.7	23.9	31.3	34.9
Accrued, unposted interest in period	0	0	0	0	0.6	(0.7)	(3.1)
Total defaulted loans, loan principal incl. interest, before loss provisions	0	16.5	16.6	22.7	29.0	39.1	46.8
Total defaulted loans, loan principal incl. interest, after loss provisions	0	9.6	9.3	14.0	18.7	28.5	33.8
Total loan principal on other doubtful loans, before loss provisions	0	0		0	0.4	23.5	23.1
Total loan principal on other doubtful loans, after loss provisions	0	0		0	0.4	12.9	10.1
Loans not being serviced	**0**	**0.1**	**0.4**	**0.7**	**1.1**	**na**	**na**

Loans with a total principal amount of NOK 2.6 billion were transferred to Gjensidige NOR Sparebank ASA on 31 December 2003.

Note 12 – Loans and guarantees

Loans to: (NOK mill.)	**2003**	**2002**	**2001**	**2000**	**1999**
Loan to the chairman of the Board of Representatives	0	0	0	0	0
Loans to the Board of Directors	0	0	0	0	0.1
Loans to the Control Committee	0	0	0	0	0
Loans to employees	0	0	0	0	52.9

Loans to the employees and Board of Directors were transferred to Gjensidige NOR Sparebank in 2000.

Note 13 – Fixed assets, capitalised system costs and real estate

(NOK mill.)	Real estate	Own fixed assets	Capitalised system costs *)
Cost at 1 Jan.	7 336.3	111.3	251.7
Previous write-up	1 332.4	0.0	0.0
Value regulation in 2003	(12.9)	0.0	0.0
Additions	861.4	31.0	44.7
Disposals at cost	(324.2)	0.0	0.0
Previous write-up on disposals	(30.4)	0.0	0.0
Cost at 31 Dec.	**9 162.6**	**142.3**	**296.4**
Accumulated depreciation and write-downs at 1 Jan.	(345.0)	(97.3)	(76.4)
Ordinary depreciation 2003	(10.4)	(5.6)	(42.6)
Write-down 2003	(250.0)	0.0	0.0
Ordinary depreciation on disposals	6.9	0.0	0.0
Previous write-down on disposals	20.4	0.0	0.0
Accumulated depreciation and write-downs at 31 Dec.	**(578.1)**	**(102.9)**	**(119.0)**
Book value at 31 Dec.	**8 584.5**	**39.3**	**177.5**
Ordinary depreciation rate	0-2%	10-25%	20-33%

There is a depreciation charge on operating assets related to real estate.

*) Capitalised systems development costs relate to IT systems for private products and commercial products. The future value of the system development costs depends on which systems are continued in the merged life company Vital Forsikring ASA, and which time horizon is used for conversion to common IT systems.

Note 14 – Purchase and sale of fixed assets

(NOK mill.)	2003	2002	2001	2000	1999
Fixed assets / IT costs					
- Bought	75.7	108.8	88.9	127.3	35.3
- Sold	0.2	1.6	79.2	0.2	0.0
Real estate					
- Bought	861.4	613.8	908.5	660.3	939.1
- Sold	562.6	9.0	88.0	654.3	28.1

Note 15 – Buildings and real estate

Type	Sted	Area m2	31.12.03 Book value	Average rental / m2	Lease period	Indexed contracts	Own use of premises
Shopping centre	East / West	98 000.0	1 139.4	1100	4.0	100 %	0.0 %
	West	17 500.0	383.9	1830	5.0	100 %	0.0 %
Hotel	East	43 500.0	787.7	1530	9.0	100 %	0.0 %
	West	11 000.0	200.1	1560	10.0	100 %	0.0 %
Offices	East	313 000.0	3 897.6	1120	4.0	90 %	12.0 %
	West / Trøndelag	92 000.0	1 309.5	1230	7.0	98 %	17.0 %
Other		23 000.0	866.3	-	-	-	0.0 %
TOTAL		**598 000**	**8 584.5**	**1 180**	**4.5**	**90 %**	**10.0 %**

Note 16 – Pensions

Gjensidige NOR Spareforsikring has an occupational pension scheme for its own employees with a general retirement age of 67.
The retirement pension amounts to 70 per cent of the pension base, depending on the period of service and the salary level on reaching retirement age. The scheme includes spouse's pension, children's pension and disability pension, subject to certain regulations. Gjensidige NOR Spareforsikring also has pension commitments to certain employees over and above the ordinary group scheme. This relates to employees with a lower retirement age, employees with a salary in excess of 12 times the National Insurance base rate, and supplementary pensions.
Pension commitments are valued at the present value of the future pension benefits which for accounting purposes are deemed to have been earned at year-end. Future pension benefits are calculated on the basis of the expected salary on reaching retirement age.
In measuring accrued pension commitments the estimated commitment on the closing of accounts is used.
Pension fund assets are valued at market value (transfer value). In valuing the pension fund assets the estimated value on the closing of accounts is used.
Any difference between the estimated pension commitments/estimated value of the pension fund assets at the end of the previous accounting year and the actuarially calculated pension commitments/actual value of the pension fund assets at the start of the year is amortised over the average remaining period of service.
The net pension commitment is the difference between the present value of the pension commitment and the value of the pension fund assets. In accordance with the accounting standard, due account is taken of the employer's National Insurance contributions during the period when underfunding arises.
Pension fund assets/commitments for funded /unfunded schemes are shown gross in the balance sheet under "Other assets and provisions for other risks and costs". The number of employees covered by unfunded schemes includes early retirement under Contractual Pension Agreements.

The pension calculations are based on the following assumptions:

	2003	2002
Discount rate	6.00 %	6.50 %
Anticipated return on pension fund assets	7.00 %	7.00 %
Anticipated rise in salaries	3.50 %	4.00 %
Anticipated rise in the National Insurance Fund base rate	3.00 %	4.00 %
Anticipated rise in pensions	3.00 %	4.00 %
Employer's National Insurance contributions (rate)	14.10 %	14.10 %
Withdrawals before/after 40 years	4%/2%	4%/2%
Anticipated CPA withdrawal rate	40.00 %	50.00 %

(NOK mill.)	2003 Funded	2003 Unfunded scheme	2003 Total scheme	2002 Funded	2002 Unfunded scheme	2002 Total scheme
Pension costs						
Accrued pension commitments for the year	14.3	3.4	17.7	13.0	2.8	15.8
Interest cost of pension commitments	22.0	3.6	25.6	27.3	4.4	31.7
Estimated return on pension fund assets	(30.9)	(0.7)	(31.6)	(32.9)	(0.3)	(33.2)
Amortisation	4.5	1.9	6.4	0.9	2.8	3.7
Net pension cost	**9.9**	**8.2**	**18.1**	**8.3**	**9.7**	**18.0**
Accrued employer's National Insurance contributions	**1.4**	**0.6**	**2.0**	**3.0**	**1.1**	**4.1**
Net pension cost inc. empl. Nat. Ins. contr.	**11.3**	**8.8**	**20.1**	**11.3**	**10.8**	**22.1**
Pension commitments / pension fund assets at 31 Dec.						
Estimated pension commitments	391.8	66.1	457.9	447.0	72.5	519.5
Estimated value of pension fund assets	(471.5)	(12.6)	(484.1)	(494.9)	(8.5)	(503.4)
Amortisation of estimation difference	(65.6)	(21.7)	(87.3)	(82.8)	(33.4)	(116.2)
(Net pension fund assets)/pension commitments	**(145.3)**	**31.8**	**(113.5)**	**(130.7)**	**30.6**	**(100.1)**
Accrued employers National Insurance contributions	**(2.9)**	**4.3**	**1.4**	**(1.4)**	**4.3**	**2.9**
Net pension fund assets/commitments at 31. Dec.	**(148.2)**	**36.1**	**(112.1)**	**(132.1)**	**34.9**	**(97.2)**
No. of employees covered by the commitments	378	383		385	376	
No. of pensioners covered by the commitments	294	161		385	166	

Note 17 – Taxes

Calculation of deferred tax in the balance sheet	2003	2002
Taxable timing differences		
Fixed assets	82.3	77.4
Profit and loss account	30.3	45.4
Unrealised foreign excurrency items (subordinated loan)	0.0	85.2
Net value regulation of real estate to market value	840.5	822.2
Pension commitments (overfunded)	112.1	97.1
Shareholdings for long-term ownership or use	29.6	14.9
Total taxable timing differences	**1 094.8**	**1 142.2**
Tax-deductible timing differences		
Provisions for expenses	23.4	20.0
Real estate	0.0	9.3
Shareholdings and other securities	281.9	869.1
Total tax-deductible timing differences	305.3	898.4
Losses carried forward	0.0	599.6
Calculation base for deferred tax/deferred tax assets	789.5	(355.8)
Deferred tax/deferred tax assets (at 28%)	(221.1)	99.6
Unapplied tax allowance for dividends	0.0	156.5
Total deferred tax/deferred tax assets	**(221.1)**	**256.1**
Pre-tax profit	**547.0**	**(297.9)**
+/- Permanent differences	(23.0)	(246.1)
Group contribution received	1 400.0	1 675.4
+/- Change in temporary timing differences	(460.5)	90.7
+/- Application of loss carried forward	(1 443.2)	(1 222.1)
Tax base for the year	**20.3**	**0.0**
Specification of tax cost:		
Tax payable	(5.7)	0.0
Change in deferred tax	(477.2)	(289.2)
Tax cost charged against equity (1)	392.0	517.5
Tax on allocation of customer funds on reorganisation as a limited company	0.0	83.9
Tax cost on sale of associated company	0.0	(171.0)
Tax cost	**(90.9)**	**141.2**
(1) The following tax cost related to the following transactions has been		
charged directly against equity:	**2003**	**2002**
Tax on group contribution received	392.0	469.1
Tax on reorganisation as a limited company	-	48.4
Total	**392.0**	**517.5**

Note 18 – Changes in equity

	Share capital		Other equity		Total equity	
	2003	2002	2003	2002	2003	2002
As per 1 Jan.	1 670.0	1 500.0	1 172.5	1 073.0	2 842.5	2 573.0
Equity transactions on reorganisation	0.0	0.0	0.0	(75.8)	0.0	(75.8)
Share issue	0.0	170.0	0.0	0.0	0.0	170.0
Credited from profit for the year	0.0	0.0	0.0	175.3	0.0	175.3
At 31 Dec.	**1 670.0**	**1 670.0**	**1 172.5**	**1 172.5**	**2 842.5**	**2 842.5**

Note 19 – Capital ratio

(NOK mill.)	Booked	2003 Weighted eligible	Booked	2002 Weighted eligible
Core capital	3 067.5	2 666.4	3 067.5	2 401.9
Supplementary capital	1 500.0	1 500.0	1 477.7	1 477.7
Financial deductions	0.0	0.0	0.0	0.0
Net capital base	**4 567.5**	**4 166.4**	**4 545.2**	**3 879.6**
Total assets	**72 731.0**	**25 596.1**	**66 163.2**	**24 401.3**
Assets with risk weight 0%	18 977.4	0.0	16 184.6	0.0
Assets with risk weight 10%	2 028.0	202.8	4 091.2	409.1
Assets with risk weight 20%	30 806.1	6 161.2	24 807.1	4 961.4
Assets with risk weight 50%	1 534.3	767.2	3 657.4	1 828.7
Assets with risk weight 100%	19 090.9	19 090.9	16 852.4	16 852.4
Interest rate and currency-related contracts	99 792.4	89.9	87 781.7	349.7
Unrealised gains on short-term securities		(715.9)		
Capital ratio		**16.28 %**		**15.90 %**

Note 20 – Solvency margin

(NOK mill.)	2003	2002
Eligible capital base	4 166.4	3 879.6
Eligible proportion of the security reserve	35.6	33.8
50% of additional allocations	272.1	241.9
Total solvency margin capital	4 474.2	4 155.3
Total solvency margin requirement *	2 864.3	2 672.0
Solvency capital surplus/deficit	1 609.9	1 483.3
Solvency margin capital as percentage of requirement	156.2	155.5

* Based on preliminary calculations for 2003

Note 21 – Salaries and other administrative costs

(NOK mill.)	2003	2002
Average number of employees	391	373
Remuneration to		
- Board of Directors of Gjensidige Nor ASA	1.5	0.9
- Board of Directors of GNSF	0.3	0.8
Remuneration to the auditor		
- Audit	1.0	0.6
- Other services	0.3	2.5

In the period up to the reorganisation, costs related to the Group Board of Directors and the Group CEO were split with 1/3 on each of the main companies, Gjensidige NOR Sparebank, Gjensidige NOR Forsikring and Gjensidige NOR Spareforsikring.

In 2003, the salary and other remuneration paid to Bård Benum, the managing director, totalled NOK 2.2 million. Additional to this are fringe benefits with an estimated value of NOK 0.1 million. The managing director also has an agreement which entitles him total pension of 100 per cent at the age of 62, to be scaled down to 70 per cent of the leaving salary at 67 years of age.

Note 22 – Assets and liabilities in currency

(NOK mill.)	2003	2002
Assets	6 350.9	14 768.6
Liabilities	(6 272.4)	(13 668.3)
Net currency position	78.5	1 100.4

Currency exposure
All currency activities take place within strictly defined parameters and are used for both trading purposes and to hedge financial assets. Financial assets are hedged against changes in exchange rates. The company applies hedging accounting principles.

Currency exposure:

Exposure (NOK mill.)	Net
AUD	6
CAD	(2)
CHF	8
DKK	0
EURO	9
GBP	5
JPY	10
SEK	4
USD	30
Other	7
Total	**79**

Note 23 – Restricted funds

(NOK mill.)	2003	2002
Restricted deposits	58.1	52.8
Other restricted funds	43.0	67.0
Total restricted funds	101.1	119.8

Note 24 – Subordinated loan capital / Trust preferred stocks

(NOK mill.)	Loan in NOK	Loan issue year	Maturity
Loan issue 1)	850.0	2003	2013
Loan issue 2)	300.0	2001	Undated
Loan issue 3)	350.0	2002	Undated
Total subordinated loan capital	**1 500.0**		
Trust preferred stocks 4)	**225.0**	**2002**	**Undated**

1) Floating rate loan based on 3-month nibor + 1.625% p.a.
2) The loan is undated and has a floating rate based on 3-month nibor + 1.80% p.a.
3) The loan is undated and has a floating rate based on 3-month nibor + 1.60% p.a.
4) The loan is undated and has a floating rate based on 3-month nibor + 3.18% p.a.

Statement of cash flows

(NOK mill.)

Cash flow from operations	2003	2002
Premiums received from direct business	5 409	4 664
Reinsurance premiums received	35	0
Reinsurance premiums paid	(2)	(17)
Claims paid and insurance benefits related to direct business	(3 610)	(3 496
Payment on transfer inflows	1 364	4 114
Payment on transfer outflows	(1 840)	(685)
Payment to other suppliers for goods and services	(167)	(201)
Payments to employees, pension schemes, employers National Insurance contributions	(264)	(286)
Interest paid	(3 333)	(1 323)
Interest received	5 797	4 382
Dividends received	140	164
Payments received from real estate operations	404	634
Payments made related to real estate operations	(117)	(91)
Other payments (net)	4	(354)
Net cash flow from operations	**3 820**	**7 505**
Cash flow from investments		
Payments received on customer loans etc.	900	809
Payment of loans to customers etc.	(488)	(734)
Sales of shareholdings and investments in other companies	3 095	16 380
Purchase of shareholdings and investment in other companies	(6 151)	(8 201)
Sale of bonds	82 897	57 074
Purchase of bonds	(81 325)	(64 351)
Sale of commercial paper	10 775	5 318
Purchase of commercial paper	(15 239)	(8 546)
Sale of real estate	563	9
Purchase of real estate	(861)	(614)
Purchase of other short-term securities	(203 843)	73 561
Sale of short-term securities	204 902	(76 636)
Purchase of fixed assets etc.	(37)	(104)
Net cash flow from investments	**(4 812)**	**(6 035)**
Cash flow from financing activities		
Inflow of equity, subordinated loans and capital loans	20	745
Dividend paid	(874)	0
Sale of mortgage loans	2 300	0
Group contribution received	1 675	0
Net cash flow from financing activities	**3 121**	**745**
Net cash flow in period	2 129	2 215
Net change in cas and cash equivalents	**2 129**	**2 215**
Liquid assets at start of period	3 838	1 623
Liquid assets at end of period	5 967	3 838

To the Board of Representatives and the Annual General Meeting of Gjensidige NOR Spareforsikring ASA

Auditor´s report for 2003

We have audited the annual financial statements of Gjensidige NOR Spareforsikring ASA for 2003 which show a profit for the year of NOK 456.1 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 2003 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 given 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, 20 February 2004
PricewaterhouseCoopers DA

Geir Julsvoll
State Authorised Public Accountant

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

Report of the control commitee

The Control Committee has supervised the activities of Vital Forsikring ASA and Gjensidige NOR Spareforsikring ASA in accordance with statutory provisions and instructions laid down by the Board of Representatives.
In connection with the closing of accounts for 2003, the Control Committee has examined the annual report, the annual accounts, the Actuary's Statement and the Auditor's Report for Gjensidige NOR Spareforsikring ASA, 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 2003 be approved.

Oslo 18 March 2004

Helge B. Andresen   Kristin Normann Aarum   Geir Dege

Frode Hassel   Thorstein Øverland

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.
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:
FX contracts are 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 agreements:
An agreement stipulating a specific rate of interest for a future interest rate period. The agreements are standardised and listed on the stock exchange. The principal - the amount upon which interest is payable - is not exchanged, and is stated for reference purposes in the agreement. In the case of a purchase, the borrowing rate is stipulated, and in the case of a sale, the lending rate is stipulated.
Interest rate swaps:
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 indices.

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.

* See description in the statement of accounting principles.

Embedded Value at 31 December 2003

The Embedded Value (EV) of Gjensidige NOR Spareforsikring and Vital (Vital Forsikring and Fondsforsikringsselskapet Vital Link) has been calculated at 31 December 2003. Separate calculations have been made for Gjensidige NOR Spareforsikring and Vital, and the figures have been audited by Tillinghast – Towers Perrin and Deloitte, respectively. The change in EV in 2002 and 2003 has also been analysed. The value assessment excludes Vital's non-life business and group life products.

What is Embedded Value?

EV is a value assessment of a company. It is being increasingly used for value assessment purposes, and EV is now published by a number of Norwegian and foreign life insurance companies. EV consists of the company's equity in addition to the present value of future cash flows to the shareholders – after tax – generated by the existing customer portfolio. The cost of the capital tied up in the company at any time is deducted. Because of the regulations related to solvency margin requirements and the capital adequacy requirement, the company will always have some level of restricted equity at any given time. This entails a cost which is the difference between the return that can be expected on assets and the required rate of return which arises through the discount rate that is applied. EV does not include the value of new business in the future.

Embedded Value of the "new" Vital

In addition to the calculations made at 31 December 2003 for the companies mentioned above, a composite calculation has been made of the EV for the companies which make up the "new" Vital. In this calculation, the parameters and the model for the return on equity used for Vital have been used to calculate EV for Gjensidige NOR Spareforsikring.

Embedded value of the merged Vital is as follows (figures in NOK million):

	2003
Embedded Value at 1 January 2003	10 093
Model changes	0
Return on EV	+ 849
Value of new business in 2003	+ 184
Observed divergence from assumptions for 2003	+ 310
Changes in assumptions and models	- 134
Embedded value at 31.12.2003 before dividend	11 302
Net dividend	- 770
Embedded value after dividend	10 532

Transfers of contracts between Vital and Gjensidige NOR Spareforsikring is included in "Value of new business in 2003".

Further information about Embedded Value is available at www.vital.no

Vital | Forsikring

Business address:

Vital Forsikring ASA
Postal adress: P.O.Box 7500, N-5020 Bergen
Visiting address: Folke Bernadottesv. 40
NO-5147 Fyllingsdalen
Business Register Number: 914782007

Vital Forsikring, Trondheim
Postal adress: 7469 Trondheim
Visiting address: Beddingen 16
NO-7014 Trondheim

Vital Forsikring, Oslo
Postal adress: P.b. 250, 1326 Lysaker
Visiting address: Vollsveien 17A
NO-1366 Lysaker

- a company in the DnB NOR Group