

## Annual Report 2007



# Vital Forsikring ASA

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# Report of the Board of Directors for 2007

## Good results in Vital

Vital Forsikring ASA secured its position as Norway's largest company in pensions and life insurance during 2007. Total assets amounted to NOK 230.4 billion at the end of the year. Vital's profits for distribution to policyholders and the owner amounted to NOK 10.6 billion in 2007, 51 per cent better than the previous year.

### The business

#### Strategy

Vital aims to be the most attractive provider of pensions and life insurance in Norway. Vital will grow at the same time as providing a competitive return to policyholders and the owner. A central element in achieving these goals is the further development of a cost-efficient organisation with strong distribution capacity. Priority will also be given to improving customer satisfaction and strengthening operational quality through simplifying and making more effective internal systems and work processes. Vital should be an attractive supplier both within and outside the DnB NOR Group.

Working closely with the rest of the Group Vital intends to expand its international activities. It plans to increase activity in Sweden in the coming years. Using DnB NOR as distributor, Vital has established an operation in the Baltic region. The international operation is being built up gradually with a focus on profitability and sufficient size.

Vital and DnB NOR Kapitalforvaltning were combined to form the business area Life and Asset Management in the DnB NOR Group in June 2007. In the autumn of 2007 a number of projects were carried out to coordinate sales, marketing and support functions. The amalgamation was implemented around the 2007 year end.

With accounting effect from 1 January 2007 Vital Link AS was merged with, and its business incorporated into, Vital Forsikring ASA. Pro forma figures for the merged company are shown in parentheses below.

#### Customer segments and products

Vital offers group pensions to corporate customers and the public sector in the form of defined benefit and defined contribution schemes. At the end of 2007 97 per cent of the pension capital in group schemes was benefit-based and 3 per cent contribution-based. Premium income for defined benefit schemes amounted to 88 per cent and for defined contribution schemes 12 per cent.

Defined benefit pension schemes provide a given level of payments to employees. Until the end of 2007 the capital was managed in a common portfolio where Vital determined the asset composition and risk level. In connection with the introduction of new business rules from 1 January 2008 the common portfolio has been divided up into several sub-portfolios with different risk profiles.

A defined contribution pension scheme provides more predictable costs for companies and more choices for employees. There was an increase in switching to defined contribution schemes in 2007.

Traditional defined benefit pensions will continue to be the foundation of Vital's group pension schemes. Strong growth in defined contribution schemes is expected in the coming years however. Growth will come both through conversions from defined-benefit pensions and through increases in contributions in existing contribution-based schemes.

Most companies that established mandatory occupational pensions in 2006 set up minimum schemes for their employees. It is likely that over time these companies will expand the schemes. Employees will also be able to save for their own pension through the scheme they have at work.

Paid-up policies are another important focus area for Vital. Conversion from defined-benefit pensions to defined-contribution pensions is expected to lead to a significant increase in paid-up policies in the coming years. On such conversion the defined-benefit scheme is often closed and paid-up policies issued to employees. Customer funds in paid-up policies totalled approximately NOK 44 billion at the end of 2007.

Vital offers savings products with guaranteed returns and investment selection to the private customer market.

The tax advantages associated with individual pension agreements (IPA) and wealth tax on annuity products were abolished in 2006. The transitional rules in connection with the removal of tax advantages have led customers to withdraw their savings from Vital. Individual pension saving with tax deductions was reintroduced with effect from 2008, but with a lower tax deduction. The final rules for this type of savings product are expected in the first half of 2008. Vital will begin selling the product as soon as the regulations allow.

Vital has launched new products that are good alternatives to products with tax incentives and also meet the requirements of the new rules from 2008. Annuities are still the most tax-favourable guaranteed return pension product.

Vital relaunched personal insurance, mainly group life and occupational injury insurance, to certain segments of the corporate market in the autumn of 2006. Premium income from personal insurance totalled NOK 96 million in 2007. Vital's ambition is to establish a position as a significant provider of personal insurance.

At the end of 2007 Vital had around one million insurance customers. This includes members of group pension schemes and customers with individual savings and insurance agreements.

#### Service concept, distribution and cross sales

Through the DnB NOR Group, external partners and its own sales force Vital has a broad distribution network that reaches all customer groups. Sales to private customers through DnB NOR's bank offices and branch network represented 55 per cent of total sales to private customers in 2007. Total new premium income from private customers via DnB NOR was NOK 4.9 billion. There was also a positive development in 2007 in the sale of Vital's products to companies via DnB NOR's other units.

Cooperation on distribution and cross-selling in the DnB NOR Group will be given high priority in the future.

### Market position

Vital's market share of total policyholders' funds was 34.5 per cent at the end of September 2007, while the corresponding figure at 31 December 2006 was 34.7 per cent.

Vital is market leader in defined benefit pensions for corporate customers. Including paid-up policies Vital had a market share of 45.1 per cent at the end of the third quarter of 2007. Vital's ambition is to maintain its position and market share in defined benefit pensions.

Vital also has a strong position in defined contribution pensions with a market share of 31.1 per cent at the end of the third quarter of 2007. Vital's ambition is to increase its market share in defined benefit pensions in the coming years.

Competition on paid-up policies intensified in 2007. In order to secure Vital's position in this market the service concept for paid-up policy customers is being strengthened with measures to improve information and follow-up.

Vital is the largest private sector company operating in public pensions and had a market share measured by capital of 10 per cent at the end of the third quarter of 2007. Vital had 60 municipalities and one county as customers on 1 January 2008, following the decision of a county in the autumn of 2007 to switch to Vital. This county is the first to move to a private pensions provider. In addition two municipalities decided to move from the market leader in the public sector, and both chose Vital as pensions provider from 1 January 2008.

Including supplemental agreements with other municipalities, the aggregate amount of policy funds transferred from municipal customers exceeded NOK 1.5 billion as at 1 January 2008.

In the public sector the total market exceeds NOK 500 billion, which gives attractive market opportunities. Vital has clear ambitions to grow in the municipal sector and among other public sector bodies.

With a market share at the end of the third quarter of 2007 of 52 per cent Vital was the market leader in individual pensions saving, which includes guaranteed return and unit-linked products.

In guaranteed return products Vital had a market share of 54.5 per cent and in unit-linked 43 per cent at the end of the third quarter of 2007. Vital places emphasis on developing and adapting products for individual segments. The ambition is to maintain the present high market shares.

Within group life insurance for private customers Vital had a market share of 18.3 per cent at the end of the third quarter of 2007, measured by premiums due.

In the Baltic region and Sweden Vital is one of the new market entrants. Even though market shares are low the increase in sales has been good.

### Annual accounts

Vital's profit for allocation was NOK 10 570 million (6 987). This is the best annual profit ever presented by Vital. There was also a record estimated allocation to policyholders, including the allocation to additional allocations, of NOK 8 661 million (5 578).

The profit before tax was NOK 1 909 million (1 409). Tax income posted to the result is estimated at NOK 2 074 million (771). The profit after tax was NOK 3 982 million (2 180).

The securities adjustment reserve was reduced by NOK 3 690 million to NOK 3.3 billion, and NOK 3.0 billion was allocated to additional allocations in 2007.

The accounts have been prepared on a going concern basis.

### Premium income

Aggregate premium income for Vital remains at a high level and amounted to NOK 22 860 million (23 569), a reduction of 3 per cent from the previous year. The reduction is due to lower premium income within individual products.

Premium income for group defined benefit pensions was NOK 12 213 million (10 436), an increase of 17 per cent from the previous year. Premium income for group defined benefit pensions in the corporate market was NOK 9 087 million (7 947). Premium income for group defined benefit pensions in the public sector was NOK 3 126 million (2 489).

Premium income for individual products was NOK 8 844 million (11 737), a reduction of 25 per cent. For individual products with a return guarantee premium income was NOK 6 067 million (7 912), a reduction of 23 per cent from the previous year. The reduction is mainly due to reduced premium income from Vital's capital savings products as a result of higher interest rate levels.

Premium income for products with investment choice totalled NOK 4 484 million (5 221) in 2007, a decline of 14 per cent from the previous year. Premium income for contribution-based pensions amounted to NOK 1 707 million, an increase of 22 per cent from the year before. Premium income for individual products with investment choice amounted to NOK 2 777 million, a decline of 27 per cent from the previous year.

Annual premiums due and single premiums for guaranteed products were NOK 15 307 million (16 476), a decrease of 7 per cent. Aggregate annual premiums due and single premiums were NOK 19 298 million (19 884), a decrease of 3 per cent from the previous year.

Looking ahead a steady increase is expected in premium income from group pension schemes. Premium income in individual products will probably vary more from year to year, depending on the development in the economy and operating parameters.

There was a net outflow of transfers of NOK 3 088 million in 2007, while the corresponding figure in 2006 was a net outflow of NOK 2 831 million. The main reason for the negative transfer result in 2007 was the movement of pensions in the corporate

market, including one customer that represented a large part of the transfer. In addition there was greater competition in the paid-up policy market in 2007.

It is Vital's clear ambition to improve the transfer balance in order to return to a position where transfers received exceed transfers out.

### Return

Vital's recorded and value-adjusted returns, excluding value changes in the portfolio of securities to be held to maturity, were 11.8 and 9.5 per cent (7.5 and 8.1). Including value changes in the portfolio of securities to be held to maturity, the return was 8.8 per cent (6.4).

Net financial income, after changes in the securities adjustment reserve, amounted to NOK 22 353 million (13 566).

The return on Norwegian shares was 16.6 per cent (36.4). This was 3.9 percentage points better than the reference index Oslo Børs Total Index, excluding the DnB NOR share, in which Vital may not invest. The return on foreign shares was 2.5 per cent measured in local currencies (13.4), which was 0.5 percentage points under the reference index (Morgan Stanley World Index in local currency).

The return on Norwegian bonds amounted to 3.6 per cent (1.0) and on foreign bonds 3.5 per cent (0.3). The money market gave a return of 4.6 per cent (2.9) while bonds held to maturity, excluding value changes, had a recorded return of 5.3 per cent (5.3). Vital has a conservative bond portfolio and has very limited exposure to the more risky parts of the credit markets.

Real estate gave a return of 34.0 per cent (14.6). The real estate result for 2007 includes an aggregate property revaluation of NOK 7.0 billion and sales gains of NOK 213 million. The value of the company's property portfolio following the revaluation was NOK 33 billion.

Under the rules for life insurance companies investments in real estate must be adjusted to market value and recorded at fair value. Fair value is defined as the value at which buildings and other real estate can be sold in a transaction on the open market. During the third and fourth quarters of 2007 the real estate portfolio was valued by three independent external valuers. Based on these valuations a revaluation of the properties was made.

The revaluation will also ensure the correct division of property values between different portfolios following the transition to new business rules on 1 January 2008.

Vital achieved a return in 2007 of 29.0 and 11.6 per cent respectively (38.7 and 15.8) on private equity and hedge funds.

The total excess return on all mandates was NOK 335 million (1300).

### Policy payments

Aggregate policy payments were NOK 31 667 million (17 322). The increase is due to repurchases of individual products as a result of higher interest rates and changes in the tax rules, as well as an increase in transfers of pension funds to other insurance companies.

NOK 11 802 million of total repurchases of individual products were products with a return guarantee and NOK 4 154 million products with investment choice. Payments to policyholders (excluding repurchases) were NOK 8 792 million (7 939).

### Operating costs

Operating costs, including asset management costs, amounted to NOK 2 085 million (1 927). The increase from 2006 is due to a change in the principle for handling system investments. In 2007 this involved expensing NOK 147 million. Measured as a percentage of average policyholders' funds, operating costs for guaranteed products were 0.82 per cent (0.84).

### Result

The interest result was NOK 15 546 million (7 094). The risk result was minus NOK 222 million (- 11). The administration result was minus NOK 275 million (- 91).

All Norwegian life and pensions companies have introduced new tariffs for mortality and changes in civil status patterns with effect from 1 January 2008. Vital provided NOK 4.4 billion for this purpose in 2007. The provision was made on the basis of FNH-tariff K2005 plus a security margin.

Profit analysis Vital Forsikring:

Amounts in NOK	31 Dec. 2007	31 Dec. 2006
Interest result	15 546	7 094
Administration result	(275)	(91)
Risk result	(222)	(11)
Allocation for new mortality rules	(4 436)	0
Miscellaneous	(43)	(5)
Profit for allocation	10 570	6 987
Additional allocations	(3000)	(2 740)
Allocation to policyholders	(5 661)	(2 838)
Profit before tax	1 909	1 409
Tax	2 074	771
<b>Annual profit</b>	<b>3 982</b>	<b>2 180</b>

Policyholders received NOK 8 661 million (5 578) of the profit for allocation as unconditional profits and additional allocation. This represents 81.9 per cent (79.8) of the profit for allocation.

## Taxes

The exemption method means that gains on shares and dividends from companies within the EEA are tax free income for Vital. Correspondingly losses are not deductible. In years with good results in the stock market Vital will have a positive tax position. The tax credit that arises as a result of the exemption method is utilised by the DnB NOR Group through payment of group contributions to Vital.

## Balance sheet

Total assets at 31 December 2007 were NOK 230 405 million (222 391), an increase of 3.6 per cent.

Total assets, excluding policyholders' funds placed in products with an investment choice, represent 21.5 per cent (20.6) short-term bonds, 24.8 per cent (29.7) shares, 27.7 per cent (30.0) bonds held to maturity, 7.5 per cent (4.5) money market investments, 15.6 per cent (12.6) real estate and 3.0 per cent (2.6) other investments. The breakdown of total assets takes account of financial derivatives.

Policyholders' funds placed in products with an investment choice represent 52.8 per cent (56.0) shares, 34.5 per cent (30.2) combination, bond and money market funds and 12.7 per cent (13.8) bank deposits.

## Solvency

Solvency capital, which protects the policyholders' premium reserve, can consist of the securities adjustment reserve, excess values in bonds held to maturity, additional allocations, equity capital, subordinated loans and the security reserve. With the exception of parts of the security reserve, solvency capital may in certain circumstances be used to fulfil the return guarantee given to customers. The different elements in solvency capital, however, have different conditions and time horizons for application. The composition of the solvency capital is therefore important in assessing the company's risk situation.

Vital Forsikring's solvency capital as at 31 December 2007 was NOK 21 788 million (23 860). Vital has sufficient capacity to assume investment risks and cope with fluctuations in financial markets.

The composition of, and development in, solvency capital during 2007 was as follows:

Amounts in NOK million	31 Dec. 2007	31 Dec. 2006
Securities adjustment reserve	3 342	7 032
Excess values bonds held to maturity (1 304)		222
Additional allocations	8 632	6 429
Equity capital	8 363	7 408
Subordinated loans/Capital bonds	2 500	2 556
Security reserve	255	212
<b>Total solvency capital</b>	<b>21 788</b>	<b>23 860</b>

The most important changes in 2007 were an increase in additional allocations of NOK 2 203 million, an increase in equity capital of NOK 955 million, a reduction in the securities adjustment reserve of NOK 3 690 million and a reduction in excess values on bonds held to maturity of NOK 1 526 million. The reduction in excess values is due to the rise in interest rates in 2007.

Buffer capital, i.e. equity in excess of the statutory minimum requirement plus additional allocations and the securities adjustment reserve, totalled NOK 13 789 million (15 300) as at 31 December 2007.

The return risk on the common portfolio will mainly be dependent on the composition of the assets. Vital's goal is to achieve a competitive return over time and be in a position to take necessary risks. The company's buffer capital is regarded as sufficient to implement such a strategy also during periods of fluctuating financial markets.

The Board has set a risk level which is continuously followed up through control models, operational rules and reporting requirements. The Board assesses the company's investment risk against available buffer capital. Compliance with investment limits and the authorities' capital and solvency cover requirements is followed up as part of the control routines. Continuous efforts are made to develop further the tools and systems for monitoring and controlling risk in the company's asset management.

## Capital ratio and solvency margin capital

The capital ratio is an expression of the company's primary capital as a proportion of its risk-weighted total assets. Vital's eligible primary capital as at 31 December 2007 was NOK 10 531 million (9 580). The capital ratio was 9.7 per cent (9.9).

Solvency margin capital consists of primary capital plus 50 per cent of additional allocations and the security reserve in excess of 55 per cent of the minimum value. Vital's solvency margin capital at 31 December 2007 was NOK 14 958 million (12 890) and the solvency margin requirement NOK 7 510 million (7 581).

## Embedded Value

The European Embedded Value (EEV) of Vital as at 31 December 2007 has been calculated. EEV is a value calculation of the company based on the present value of future cashflows to shareholders from the portfolio at the balance sheet date, in addition to recorded equity. The costs of binding equity in the company are deducted.

The calculations show an EEV for Vital as at 31 December 2007 of NOK 18 395 million (16 073). Embedded Value Profit in 2007, which is an expression of value added in the period, was NOK 5 351 million (5 101). Analyses in connection with EEV for 2007 show potential for an increase in value added after the introduction of new statutory rules for the sector from 2008.

## Employees

It is important for Vital to attract and retain skilled employees.

Including subsidiaries Vital had 980 permanent employees (961) as at 31 December 2007. The number of full-time equivalents was 945 (921). 50.7 per cent of the employees were women (49.8).

Vital has introduced several development measures to strengthen employees' expertise and skills. Each employee has been given their own score-card with specific result and work goals. The aim is to strengthen customer service and increase cost efficiency through steadily better service.

The employment terms of Vital's staff have been coordinated with schemes in the rest of the DnB NOR Group.

### Working environment

Sick leave in Vital Forsikring in 2007 was 5.4 per cent (4.8). No serious injuries or accidents were registered in 2007. Vital is working on measures to reduce sick leave.

Vital's rehabilitation committee works directly with employees who have been on sick leave for longer periods. By following up these cases directly several employees have been able to return to work with adjusted working conditions.

Vital is active in health, environment and safety work (HES). HES is reported in parallel with the rest of internal control. Vital has introduced new measures to increase employees' physical activity through the Vital Opptur programme.

Vital is an Inclusive Working Life Company and is certified as an Environmental Lighthouse Company.

Management regularly meets representatives of employees that are members of the Financial Services Union.

The company's business does not pollute the external environment. Vital is working to reduce travelling by employees through, among other things, extensive use of telephone and video meetings.

### Equal opportunities

There is a virtually equal division between women and men employees in Vital Forsikring. However, women account for 81.5 (83.2) per cent of the 108 (107) part-time employees. 112 (102) of the managers with personnel responsibility are men and 51 (50) women. These factors mean the average salary for women employees is lower than that for men.

Vital is endeavouring to increase the proportion of women in management positions, through among other measures, increased participation by women in management development programmes.

Vital still has some way to go to achieve the desired balance between men and women at management level. Vital will work actively through the DnB NOR group on measures and analysis relating to how more women can be recruited to management positions. This will form the basis for evaluating specific measures.

## Corporate social responsibility

Vital operates a socially responsible business by contributing to financial security and flexibility for those of pensionable age as well as insuring against disability and death.

Vital is also working on maintaining high environmental standards and good energy solutions in its own offices and in the property portfolio it lets to other tenants. We also set requirements regarding socially responsible operations for our suppliers and business partners.

Through its activities in sport and culture Vital contributes to society in general. Vital also supports humanitarian measures for disadvantaged children, including working with local authorities. Vital contributes to road safety measures through its work with the police on the increased use of reflectors by school-children.

Vital follows ethical guidelines in managing the company's funds. Vital has adopted the UN's Global Compact, the OECD's guidelines for multinational companies and UNEP FI's principles. In addition Vital has specific criteria that exclude investment in companies that produce tobacco or pornography, and companies involved in the production or distribution of components for weapons of mass destruction. At the start of 2007 Vital had excluded investment in 41 companies from its investment universe based on these criteria.

Vital has also adopted the Carbon Disclosure Project (CDP). CDP is an independent, not-for-profit organisation that has as its objective to collect and publish information on companies' emissions of greenhouse gases, and other information relating to companies' handling of climate change issues.

Vital will expand its efforts in future in the field of corporate social responsibility in line with the DnB NOR Group's strategy in this area.

### Board and management

Rune Bjerke, Group Chief Executive of DnB NOR, took over as new Chairman of Vital from 1 January 2007. Cathrine Klouman and Lars Rosén were elected as new board members of Vital in 2007. The rest of the board comprises Tom Grøndahl, Deputy Chairman, and the board members Gunnar Reitan, Siri Pettersen Strandenes, Bjørg Ven and Rolf Rønning. Board members elected by the employees are Tor M. Nordvold, Jørn Kvilhaug and Kristin Birkeland.

Tom Rathke was appointed Chief Executive Officer of Vital on 30 April 2007. The rest of Vital's management consists of Anders Skjævestad, Deputy Chief Executive Officer, Wenche Seljeseth, Executive Vice President Customer Market, Carl Johan Wickmann, Executive Vice President Individual Market, Frode J. Hansen, Executive Vice President Sale Corporate Clients, Øystein Stephansen, CFO, Runar Holen, Acting Executive Vice President IT and Bjørn Atle Haugen, Executive Vice President Secretariat.

## Outlook

Vital expects growth in the market for pensions saving in the coming years, both through employers and privately.

New business rules introduced from 2008 involve substantial changes for the entire sector. Vital has adapted its business with regard to organisation, expertise, systems and processes. Vital's vision of making the future simpler is an important principle in the reorganisation measures.

Overall, changes in the operating parameters provide attractive new opportunities for Vital, even though some of the changes will also be demanding to implement.

Increased life expectancy and changes in civil status patterns have led to surpluses in widows' and children's pensions and deficits in old age pensions. The insurance sector has introduced new tariffs as a calculation base for allocations to policyholders from 1 January 2008 which gives a better balance in future risk results for old age and spouses' pensions. Vital has made allocations in 2007 to cover the imbalance in existing schemes.

Vital has developed good systems for measuring and managing investment risk and has over time shown an ability to generate good asset management results. Through its own strength, and as part of DnB NOR, Vital will be able to maintain an asset allocation that will give competitive returns for policyholders and the owner.

Vital has a long-term perspective in its asset management since experience shows this gives the best return over time. Vital has maintained good control of asset management during the volatile financial markets since 1 January 2008.

It is expected that the new EU-harmonised solvency requirements for the insurance sector, Solvency II, will be implemented at the earliest with effect from 2010. The Norwegian Financial Services Authority has prepared a proposal for new supervisory tools which are based on the same methodology as will be used under Solvency II. The Norwegian Financial Services Authority will bring the tool into use as a part of its supervisory dialogue in 2008. Use of this supervisory tool will contribute to increasing the general level of awareness of the effects of Solvency II in Norway.

The Board is very satisfied with the results Vital achieved in 2007. Vital is well positioned for the future and the employees' efforts represent an important reason for this. The Board wishes to express its thanks to the employees for their excellent contributions in 2007.

## Dividend and allocations

The Board of Vital Forsikring ASA proposes a dividend of NOK 8 252 million (4 930). Vital Forsikring ASA is to receive NOK 5 224 million in group contributions after tax and allocate NOK 954 million to Other equity.

Bergen, 8 February 2008

The Board of Vital Forsikring ASA

Rune Bjerke  
Chairman

Tom Grøndahl  
Deputy chairman

Kristin Birkeland

Cathrine Klouman

Jørn O. Kvilhaug

Tor M. Nordvold

Gunnar Reitan

Lars Rosén

Rolf Rønning

Tom Rathke  
Chief Executive Officer

Siri Pettersen Strandnes

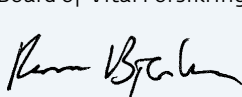
Bjørg Ven



# Income Statement

NOK million		Vital Forsikring ASA	
	Notes	2007	2006
Premiums due, gross		19 518	20 267
Transfer of premium reserves from other insurance companies/pension funds	5	3 562	3 685
– Ceded reinsurance premiums		(220)	(383)
<b>Total premium income for own account</b>	<b>11</b>	<b>22 860</b>	<b>23 569</b>
<b>Income from financial assets</b>	<b>2,11</b>	<b>31 359</b>	<b>22 327</b>
<b>Income from assets in life insurance with investment choice</b>	<b>2</b>	<b>2 148</b>	<b>2 563</b>
<b>Other insurance-related income</b>		<b>2</b>	<b>16</b>
Disbursed insurance settlements	3	(24 747)	(10 750)
Changes in provisions for insurance settlements	3	(24)	12
Transfer of premium reserve, additional allocations and unrealised capital gains/losses to other insurance companies/pension funds	3,5	(6 896)	(6 584)
<b>Total insurance settlements for own account</b>	<b>3,11</b>	<b>(31 667)</b>	<b>(17 322)</b>
Changes in premium reserve in the life assurance legal reserve		3 230	(7 750)
Guaranteed rate of return on mathematical reserve and the pensioners' surplus fund		(224)	(215)
Year's additional provisions		(3 000)	(2 740)
Transfer of additional allocations and unrealised capital gains/losses from other insurance companies/pension funds	5	246	68
To (from) additional allocations in the life assurance legal reserve		308	27
To (from) security reserve		(4 446)	(6)
To (from) technical provisions for general insurance operations		(103)	(1)
Change in provisions in life insurance with investment choice		(1 173)	(5 518)
<b>Total changes in insurance-related provisions etc.</b>	<b>11</b>	<b>(5 161)</b>	<b>(16 134)</b>
<b>Insurance-related operating expenses</b>	<b>6,7,8</b>	<b>(1 866)</b>	<b>(1 698)</b>
<b>Costs related to financial assets</b>	<b>2</b>	<b>(12 671)</b>	<b>(7 287)</b>
<b>Costs related to assets in life insurance with investment choice</b>	<b>2</b>	<b>(610)</b>	<b>(42)</b>
<b>Other insurance-related costs</b>		<b>(347)</b>	<b>(88)</b>
<b>To (from) securities adjustment reserve</b>		<b>3 690</b>	<b>(1 528)</b>
<b>Result of technical accounts before special provisions</b>		<b>7 737</b>	<b>4 376</b>
<b>Funds transferred to policyholders</b>	<b>4,12</b>	<b>(5 661)</b>	<b>(2 838)</b>
<b>Result of technical accounts for life insurance</b>	<b>11</b>	<b>2 075</b>	<b>1 537</b>
<b>Other costs</b>	<b>25</b>	<b>(167)</b>	<b>(128)</b>
<b>Profit on ordinary operations</b>	<b>11</b>	<b>1 909</b>	<b>1 409</b>
<b>Taxes</b>	<b>10</b>	<b>2 074</b>	<b>771</b>
<b>Profit for the year</b>	<b>11, 12</b>	<b>3 982</b>	<b>2 180</b>
Transfers and allocations			
Transfers			
Group contributions received	27	4 648	2 750
<b>Total transfers</b>		<b>4 648</b>	<b>2 750</b>
<b>Allocations</b>			
Dividend	23	(7 676)	(4 930)
Transferred to other equity	23	(954)	(0)
<b>Total allocations</b>		<b>(8 630)</b>	<b>(4 930)</b>
<b>Total transfers and allocations</b>		<b>(3 982)</b>	<b>(2 180)</b>

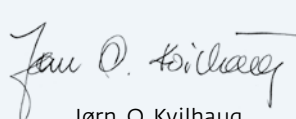
31 December 2007  
Bergen, 8 February 2008  
The Board of Vital Forsikring ASA



Rune Bjerke  
Chairman



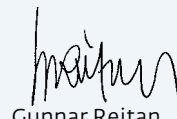
Tom Grøndahl  
Deputy Chairman



Jørn O. Kvilhaug



Tor M. Nordvold



Gunnar Reitan

# Balance Sheet

NOK million	Vital Forsikring ASA		
	Notes	2007	2006
<b>Assets</b>			
<b>Intangible assets</b>	<b>21</b>	<b>184</b>	<b>272</b>
Buildings and other real estate	13	32 908	25 668
Shares and interests in companies in the same group	14	134	134
Financial assets outside companies in the same group	2,16	58 574	61 165
Financial current assets	2,15,17,18	112 052	109 482
<b>Total financial assets</b>	<b>19</b>	<b>203 669</b>	<b>196 448</b>
<b>Assets in life insurance with investment choice</b>	<b>2,31</b>	<b>19 868</b>	<b>18 840</b>
<b>Accounts receivable</b>	<b>20</b>	<b>2 325</b>	<b>1 952</b>
<b>Other assets</b>	<b>9,21,22</b>	<b>1 966</b>	<b>2 120</b>
<b>Pre-paid expenses and accrued income</b>	<b>30</b>	<b>2 394</b>	<b>2 759</b>
<b>Total assets</b>		<b>230 405</b>	<b>222 391</b>
<b>Equity and liabilities</b>			
<b>Paid-up equity</b>	<b>23,24</b>	<b>2 496</b>	<b>2 496</b>
<b>Retained earnings</b>	<b>23,24</b>	<b>5 867</b>	<b>4 912</b>
<b>Perpetual subordinated loan capital securities</b>	<b>25</b>	<b>225</b>	<b>225</b>
<b>Subordinated loan capital</b>	<b>24,25</b>	<b>2 275</b>	<b>2 331</b>
<b>Securities adjustment reserve</b>		<b>3 342</b>	<b>7 032</b>
Premium reserve		168 835	167 403
Additional allocations		8 632	6 429
Premium reserve and pensioners surplus reserve		5 447	6 436
Settlement reserves		615	584
Other technical provisions		104	1
Security reserve provisions		4 658	212
<b>Total technical provisions</b>	<b>26</b>	<b>188 291</b>	<b>181 064</b>
<b>Allocations in life insurance with investment choice for own account</b>	<b>26</b>	<b>19 868</b>	<b>18 840</b>
<b>Provisions for commitments</b>	<b>9,10</b>	<b>798</b>	<b>955</b>
<b>Liabilities</b>	<b>27</b>	<b>6 670</b>	<b>4 277</b>
<b>Accrued expenses and prepaid income</b>		<b>574</b>	<b>259</b>
<b>Total equity and liabilities</b>		<b>230 405</b>	<b>222 391</b>
Contingent liabilities etc.	28,29		

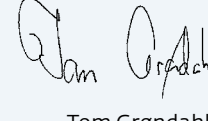
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 Rune Bjerke  
 Chairman

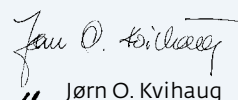
  
 Cathrine Klouman

  
 Siri Pettersen Strandenes

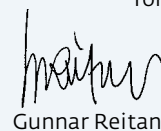
  
 Bjørg Ven

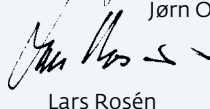
  
 Tom Grøndahl

  
 Kristin Birkeland

  
 Jørn O. Kvihaug

  
 Tor M. Nordvold

  
 Gunnar Reitan

  
 Lars Rosén

  
 Rolf Rønning

  
 Tom Rathke

# Accounting Principles

## General

The accounts for Vital Forsikring ASA are presented in conformity with the Regulations for Annual Accounts etc. for Insurance Companies, the Accounting Act of 1998, generally accepted accounting principles in Norway, and other regulations promulgated by Kredittilsynet (the Financial Supervisory Authority of Norway).

Preparation of the accounts in conformity with generally accepted accounting principles entails use of assumptions and estimates that will affect the posting of income, costs and valuation of assets and liabilities in the balance sheet. All such assumptions and estimates are oriented towards expectations and based on the Management's evaluations of the company's accounting principles.

## Merger

Vital Forsikring ASA (acquiring company) merged in 2007 with the company Vital Link AS (acquired company). Both companies at the time of implementing the merger were wholly owned subsidiaries of DnB NOR ASA. The merger has been implemented with accounting and tax effect from 01.01.07 and in accordance with NAS 9 Mergers implemented with accounting continuity in the acquired company. Both the income statement and balance sheet and accompanying notes from previous years have been restated to provide comparable figures.

## Consolidation

### *Subsidiaries*

Vital Forsikring ASA (Vital) is the parent company of the Vital Forsikring ASA Group, embracing companies in which the parent company's ownership interest directly or indirectly exceeds 50 per cent and the ownership relationship is of a permanent character and provides decisive influence over the company's operations. The subsidiaries are valued on the equity method with exception of real estate organised as separate subsidiaries in Norway and abroad. These are classified and posted to the income statement as directly owned properties (confer Note 2)

The submitted accounts represent both the company accounts of Vital Forsikring ASA and the consolidated accounts. This is because the subsidiaries are incorporated into Vital Forsikring ASA's accounts using the equity method. Due to the size and activity of the subsidiaries, the consolidated accounts do not differ materially from the company accounts.

### *Associated companies*

Associated companies are companies in which the Group has material influence, but not control, and normally covers companies with ownership interests between 20 per cent and 50 per cent. Investments in associated companies are accounted for by the equity method.

A list of subsidiaries and associated companies may be found in note 14.

### *Conversion of foreign currency in the accounts*

Income and costs in foreign currency related to financial current assets are converted to Norwegian kroner using the rate at the transaction date.

Income and costs in foreign currency connected to the company's real estate abroad are converted to Norwegian kroner on the basis of the mean currency rate for each quarter.

Financial current assets, financial non-current assets and subordinated loans in foreign currency are converted to Norwegian kroner at the rate on the balance sheet date. Changes in recorded value in consequence of changes in the daily exchange rate for financial fixed assets are posted concurrently in the accounts and are included in the profit for distribution. Changes in recorded value of financial current assets in consequence of exchange rate changes are posted to the securities adjustment reserve, with the exception of instruments used to hedge currency on financial fixed assets, which are included in the result for distribution.

## Classification and valuation

### Intangible assets

#### *Goodwill*

Goodwill from previous mergers and acquisitions is capitalized and lineally depreciated over its expected economic lifetime. An assessment is made at each reporting date of whether an objective basis for a fall in value exists, and if this is identified, an impairment test is conducted. Previously identifiable portfolios from acquisitions are no longer considered to be identifiable and thus the value of remaining goodwill is no longer quantifiable. Based on this goodwill has therefore been written down in full in the accounts for 2007.

#### *IT systems and software*

Purchased software is capitalised at original cost including expenses relating to rendering the software ready for use. Directly identifiable expenses for self-developed software are capitalised as intangible assets. This presupposes that the systems are controlled by the company, that the probable economic benefits exceed the development costs and that expected lifetime is more than 3 years.

Direct expenses include employees directly involved with software development, materials costs and a share of relevant overhead costs. Costs related to maintenance of software and IT systems are expensed concurrently in the income statement.

IT systems and software recognised in the balance sheet are lineally depreciated over the estimated economic lifetime, and are written down if the carried amount exceeds the recoverable amount.

## Financial fixed assets

### *Buildings and other real estate*

Investment in buildings and other real estate is divided between directly owned properties and indirectly owned properties organised in separate legal entities (limited companies, general partnerships and limited partnerships). Indirectly owned properties are classified and valued on the same basis as directly owned properties in the company's accounts.

Buildings and other real estate are valued at market value at the balance sheet date. Two or more external professional valuers are used to value the various properties. The valuations are based on discounting future annual net rental income. Properties located abroad are valued at the market value in local currency and converted to Norwegian kroner using the exchange rate on the balance sheet date.

The year's changes in market value and realised losses/gains on sale of real estate are posted as ordinary financial income or cost in the income statement. The same applies to changes in market value in consequence of changes in exchange rate for properties located abroad.

On the basis of the Regulations for Annual Accounts for Insurance Companies, no ordinary depreciation is undertaken on buildings valued at market value.

The company uses forward contracts for currency hedging of real estate abroad. The forward contracts are valued at fair value, and the accrued forward rate, together with changes in the unrealised value of the derivative, in consequence of changes in the current exchange rate, are posted concurrently. Changes in the unrealised value of the derivative in consequence of changes in interest rates are posted to the securities adjustment reserve and are therefore not included in profit for distribution.

### *Held to maturity investments*

Held to maturity investments are bonds with fixed or determinable payments and an agreed maturity and which the company intends to hold until maturity. The bonds are posted at the date of purchase at original cost with the addition or deduction of any premium or discount. In subsequent periods the bond is accounted for at amortised cost on the effective interest rate method.

Held to maturity bonds that are quoted in foreign currency are posted at amortised cost in local currency. On the balance sheet date the amortised cost is converted to Norwegian kroner using the current exchange rate.

The company uses forward contracts to currency-hedge the portfolio of held to maturity bonds in foreign currency. The forward contracts are valued at fair value and the accrued forward rate, together with changes in the unrealised value of the derivative in consequence of changes in the current exchange rate, are posted concurrently.

Changes in the unrealised value of the derivative, in consequence of changes in interest rates, are posted to the securities adjustment reserve and are therefore not included in profit for distribution.

### *Shares valued using the equity method*

Shares in subsidiaries and associated companies, with the exception of companies established to own a property, are accounted for using the equity method in the company accounts.

### *Other loans*

Other loans are valued at acquisition cost with a deduction for expected writedowns valued in accordance with regulations from Kredittilsynet of 21 Dec. 2004

### *Financial current assets*

Financial current assets are measured at fair value. Financial current assets consist of shares, bonds, various types of funds, commercial paper and financial derivatives. The year's net unrealised change in fair value is entered against the securities adjustment reserve in the balance sheet. Financial current assets classified as assets of customers with investment choice are also measured at fair value, but have no associated securities adjustment reserve.

### *Shares and interests*

Shares and interests listed on a stock exchange or other regulated marketplace are measured at the official closing price on the last day of trading before or on the balance sheet date. Other shares and interests are measured at computed fair value on the basis of available information on the balance sheet date.

### *Bonds and other securities with fixed return on capital*

Bonds and other securities with a fixed return on capital listed on a stock exchange or other regulated marketplace are measured at the official closing price on the last day of trading before or on the balance sheet date. For bonds and other securities where no known trading prices exist, fair value is calculated on the basis of the yield curve in the respective market, adjusted for the individual issuer's credit risk.

### *Assets in life insurance with investment choice*

Assets in life insurance with investment choice consist of shares, bonds, commercial paper and financial agreements, interests in equity funds, bond funds, combined equity and bond funds, and bank funds. The assets are measured together at market value. Unrealised gains/losses are posted concurrently to the customers.

### *Financial derivatives*

All trading in financial derivatives takes place within defined frameworks and is either for trading purposes or to secure other balance sheet items. The instruments are used to manage the company's share, interest-rate and currency exposure.

Financial derivatives are measured at fair value on the basis of observable market values for financial derivatives where these are available in a liquid market. Financial derivatives that are not traded in a liquid market are measured at the computed

market value on the basis of mathematical models that are generally accepted for the pricing of such financial derivatives.

### **Securities adjustment reserve**

Unrealised gains and losses on financial current assets are recognized in the securities adjustment reserve and are thereby not included in the profit or loss. The securities adjustment reserve consists of net unrealised capital gains on financial current assets valued on the portfolio principle in conformity with the Annual Accounts Regulations Section 3-17. If the portfolio of financial current assets shows a net unrealised loss, the securities adjustment reserve is fixed at zero.

Unrealised currency gains and losses on derivatives used for currency hedging of real estate and held to maturity bonds in foreign currency are not included in the securities adjustment reserve.

#### *Tangible fixed assets*

Tangible fixed assets for own use are classified as other assets in the balance sheet. Tangible fixed assets are valued at historic cost after a deduction for linear depreciation on the basis of the estimated economic lifetime. Real estate that the company uses itself is not classified as tangible fixed assets, but as investment properties and is therefore not depreciated.

#### *Subordinated loan capital*

Subordinated loan capital is valued at historic cost in the balance sheet. Subordinated loan capital in foreign currency is converted to Norwegian kroner at the exchange rate on the balance sheet date. Both realised and unrealised agio/disagio on the subordinated loan capital are posted to the income statement as financial income or cost. Interest paid on the subordinated loans is posted to the income statement as other costs in the non-technical accounts.

### **Insurance provisions**

The insurance provisions in Vital consist of the life assurance legal reserve and the security reserve. The life assurance legal reserve includes the mathematical reserve (premium reserve), additional allocations, the premium and pension adjustment fund, insurance settlement provisions and other technical provisions.

#### *Mathematical reserve (premium reserve)*

The mathematical reserve is a necessary provision for securing future insurance commitments to policyholders and insured persons. The mathematical reserve is computed as the cash value of the company's total insurance commitments including costs, with deduction for the cash value of future agreed premiums. In calculating the mathematical reserve, as a general rule the same assumptions are used as underlie the premium for the individual insurance agreements, that is to say, the same mortality and disability assumptions, interest-rate basis and cost prices.

#### *Additional provisions*

The additional allocations are a conditional, customer-distributed provision whereby the year's changes are posted in the income statement and affect the profit for the year for distribution. Kredittilsynet has promulgated regulations on the maximum additional allocation per contract, under which the maximum additional allocation cannot exceed the mathematical reserve for the contract multiplied by twice the baseline rate of return for the contract. Additional allocations may be used to cover any rate-of-return shortfall when the year's return on capital is lower than the guaranteed return.

#### *Mathematical reserve and the pensioners' surplus fund (POF)*

The mathematical reserve contains pre-paid premiums from the policyholders in individual and group pension insurance. A share of the year's surplus is added to the POF and used for strengthening the mathematical reserve for pensioners in connection with adjustment of pension disbursements.

#### *Insurance settlement provision*

The insurance settlement provision is an allocation for not disbursed or incompletely processed insurance settlements (IBNR and IBRS). The insurance settlement provision comprises accrued funds that would have been disbursed if the processing of the insurance event were complete.

#### *Allocations in life insurance with investment choice*

Allocations relating to investment agreements represent the market value of invested customer funds at any time.

#### *Security reserve*

The security reserve is a statutory provision for meeting unforeseeable losses in insurance operations. The calculation is made pursuant to regulations promulgated by Kredittilsynet. The provision is posted as a mandatory provision in the accounts.

In 2007 the security reserve was increased beyond the mandatory requirement as a result of a need for increased provisions on the transition to a new calculation base for group pensions. This provision will be transferred to the mathematical reserve in 2008. The security reserve will as at 01.01.08 be transferred in full to the risk equalisation reserve and will under the proposed new accounting regulations form part of the company's restricted equity.

### **Principles for posting to income and expensing**

#### *Premium income and disbursed insurance settlements*

Insurance premiums and insurance settlements are posted to income or expensed in the sums that fall due in that year. Accrual of premiums is addressed by allocation to the mathematical reserve in the life assurance legal reserve.

#### *Transfer of mathematical reserves on transfers*

Posting to income and expensing in connection with the transfer of insurance contracts is done at the date on which the insurance risk is transferred. A transfer at the end of the year is posted to the income statement at 1 January of the next year. The contracts' share of additional provisions, securities adjustment reserve and profit for the year is included in the transfer amount. The transfer of mathematical reserves is accounted for as premium income for received reserves, and as insurance settlements for own account for reserves transferred out. Additional allocations received are posted under the item Changes in insurance-related provisions.

#### *Income and costs from financial assets*

Realised losses/gains on the sale of securities are recognized on the basis of the FIFO principle ("First In, First Out") for the security in question. A share dividend is recognized to income when the annual general meeting has decided on the distribution of the dividend. Financial income and costs are accounted for gross in the income statement and also include changes in unrealised values of financial current assets. Net unrealised gains/losses are recognized on a separate line as to/from the securities adjustment reserve and do not, therefore, affect the profit for the year. Costs related to the management and administration of financial assets are included in the administration costs.

#### *Vital Defined Contribution Pensions*

All income and expenses relating to defined contribution company products are charged in full to Vital's result.

#### **Taxes**

The year's taxes recognized in the income statement consist of taxes due, the year's changes in deferred tax and the year's changes in deferred tax in our real estate subsidiaries. Deferred tax is computed on the basis of differences between reported tax-related and accounting results that will be offset in the future.

The evaluation is based on balance sheet and tax positions on the balance sheet date.

The most important timing differences consist of previously accumulated value changes to buildings.

Taxable and tax-deductible timing differences that are expected to reverse in the same period are offset and netted. A net deferred tax asset is recognised to the degree that it is probable that there will be taxable income against which the timing difference can be offset. A list is provided by Note 10.

#### **Pensions**

##### *Defined-benefit occupational pension schemes*

In a defined-benefit scheme, the employer is committed to paying future specified pension benefits.

The basis for calculating pension expenses is a linear distribution of pension entitlements measured against estimated accumulated commitments at the time of retirement. Expenses are calculated on the basis of pension entitlements earned during the year with the deduction of the return on funds assigned to pensions.

Pension commitments which are administered through life insurance companies, are matched against funds within the scheme. When total pension funds exceed estimated pension commitments on the balance sheet date, the net value is classified as an asset in the balance sheet if it has been rendered probable that the overfunding can be utilised to cover future commitments. When pension commitments exceed pension funds, the net commitments are classified under liabilities in the balance sheet. Each scheme is considered separately.

Pension commitments which are not administered through life insurance companies, are recorded as liabilities in the balance sheet.

Pension commitments represent the present value of estimated future pension payments which in the accounts are classified as accumulated on the balance sheet date. The calculation of pension commitments is based on actuarial and economic assumptions about life expectancy, rise in salaries and early retirement. The discount rate used is determined by reference to market yields at the balance sheet date on long term (10-year) government bonds, plus an addition that takes into account the relevant duration of the pension liabilities.

Deviations in estimates are recorded in the income statement over the average remaining service period when the difference exceeds the greater of 10 per cent of pension funds and 10 per cent of pension commitments.

The financial effects of changes in pension schemes are recorded as income or charged to expense on the date of the change, unless the rights under the new pension scheme are conditional on the employee remaining in service for a specified period.

Pension expenses are based on assumptions determined at the start of the period. Expenses in connection with the accumulation of pension rights are classified as personnel expenses in the income statement. Employees' contributions are included in pension expenses and pension commitments.

The Company administers its own pension schemes. No eliminations are made with respect to the Company's pension commitments and pension funds or for premium income in the income statement.

## Note 1 - New business

NOK million	Individual capital insurance	Individual annuity and pension insurance	Group life insurance	Group pension insurance private	Group pension insurance public	Group association insurance	Other lines (injury)	Total 2007	Total 2006
<b>New premiums by sector</b>									
New premiums	5 547	575	11	246	0	1	0	6 380	7 852
Transfer of premium reserves	345	385	123	1 843	854	12	0	3 562	3 685
<b>Total new premiums 2007</b>	<b>5 893</b>	<b>959</b>	<b>134</b>	<b>2 090</b>	<b>854</b>	<b>13</b>	<b>0</b>	<b>9 942</b>	
Total new premiums 2006	5 664	3 493	6	2 066	303	4			11 537

### Of which products with investment choice

NOK million	Individual capital insurance	Individual annuity and pension insurance	Group pension insurance	Total 2007
New premiums	1 550	112	154	1 816
Transfer of premium reserves	234	176	83	493
<b>Total new premiums 2007</b>	<b>1 785</b>	<b>288</b>	<b>236</b>	<b>2 309</b>

## Note 2 - Merged items under financial assets

NOK million	Shares	Bonds	Real estate <sup>2)</sup>	Other	2007	2006
<b>Income and costs in relation to financial assets in the income statement</b>						
2.1.1	Income from equities and interests in group companies	1		55	56	17
2.2.1	Income from buildings and real estate			1 968	1 968	1 780
2.2.2	Income from other financial assets	938	6 744	85	319	8 086
	<b>Sum</b>	<b>938</b>	<b>6 744</b>	<b>2 053</b>	<b>373</b>	<b>10 109</b>
2.3	Value adjustment of buildings and other real estate			6 962	6 962	1 443
2.4	Unrealised gains				0	1 359
2.6	Gains on realisation of financial assets <sup>1)</sup>	9 394	459	301	4 133	14 287
	<b>Total income from financial assets</b>	<b>10 333</b>	<b>7 204</b>	<b>9 316</b>	<b>4 506</b>	<b>31 359</b>
<b>3.0 Income from assets in life insurance with investment choice</b>					<b>2 148</b>	<b>2 563</b>
8.1.1	Administration expenses in connection with buildings and real estate			(24)	(24)	(20)
8.1.2	Administration expenses in connection with other financial assets	(66)	(117)		(6)	(189)
8.1.3	Interest expenses related to financial assets		(955)	(64)		(1 019)
8.1.4	Other expenses related to financial assets	(134)	(16)	(372)	(42)	(564)
	<b>Total</b>	<b>(200)</b>	<b>(1 088)</b>	<b>(460)</b>	<b>(48)</b>	<b>(1 796)</b>
8.3	Unrealised loss and reversal of unrealised gains on financial assets	(2 698)	(1 025)	280	(9)	(3 451)
8.4	Write-down of other financial assets		(91)			(91)
8.5	Losses on realisation of financial assets	(6 103)	(1 198)	(2)	(30)	(7 332)
	<b>Total expenses in connection with financial assets</b>	<b>(9 000)</b>	<b>(3 402)</b>	<b>(182)</b>	<b>(86)</b>	<b>(12 671)</b>
<b>9.0 Expenses related to assets in life insurance with investment choice</b>					<b>(610)</b>	<b>(42)</b>
<b>Net financial income</b>					<b>1 331</b>	<b>3 801</b>
					<b>9 134</b>	<b>4 420</b>
					<b>20 226</b>	<b>17 561</b>

<sup>1)</sup> Includes realised capital gains/losses related to the company's currency forward contracts

<sup>2)</sup> Capital gains on sale of real estate includes gains on realisation of currency forward contracts related to real estate. For quantification of derivative contracts, confer Note 18.

## Financial current assets and financial fixed assets in the balance sheet

### Post 2.4 - Financial current assets

NOK million	2007	2006	
2.4.1	Equities and interests	39 851	47 634
2.4.2	Bonds and other securities with fixed return on capital	62 115	57 220
2.4.6	Financial derivatives	0	(327)
2.4.5	Placements with credit institutions	10 086	4 956
	<b>Total financial current assets</b>	<b>112 052</b>	<b>109 482</b>

### Post 2.3 - Financial fixed assets

NOK million	2007	2006	
2.3.2	Held to maturity bonds	58 238	60 825
2.3.4	Mortgage loans	325	328
2.3.5	Other lending	12	12
2.3.6	Long-term shareholdings	0	0
	<b>Total long-term financial assets</b>	<b>58 574</b>	<b>61 165</b>

## Note 2 - Merged items under financial assets – continued

### Post 3.0 - Assets in life insurance related to investment agreements

NOK million	2007	2006
Equity funds/combination funds	14 340	14 761
Bond/money market funds	5 528	4 078
<b>Total financial fixed assets</b>	<b>19 868</b>	<b>18 840</b>

## Note 3 - Insurance settlements

NOK million	Individual capital insurance	Individual annuity and pension insurance	Group life insurance	Group pension insurance private	Group pension insurance public	Group association insurance	Other lines (injury)	Total 2007	Total 2006
Insurance settlements	786	3 471	135	3 495	719	184	0	8 791	8 201
Surrenders/withdrawal	8 861	7 087	0	47	7	11	0	16 012	2 863
Reinsurance proportion	0	(2)	(13)	(40)	0	0	0	(55)	(313)
<b>Total claims paid</b>	<b>9 647</b>	<b>10 556</b>	<b>122</b>	<b>3 502</b>	<b>726</b>	<b>195</b>	<b>0</b>	<b>24 747</b>	<b>10 750</b>
Changes in claims reserve	0	0	24	0	0	0	0	24	(12)
Transfer of premium reserves etc	51	805	0	5 804	150	86	0	6 896	6 584
<b>Total insurance settlements 2007</b>	<b>9 697</b>	<b>11 361</b>	<b>145</b>	<b>9 307</b>	<b>876</b>	<b>280</b>	<b>0</b>	<b>31 667</b>	
Total insurance settlements 2006	3 273	4 707	59	7 743	1 331	208	0		17 322

### Of which products with investment choice

NOK million	Individual capital insurance	Individual annuity and pension insurance	Group pension insurance	Total 2007
Insurance settlements	76	452	167	695
Surrenders/withdrawal	1 500	2 657	1	4 158
Reinsurance proportion	0	(2)	0	(2)
<b>Total claims paid</b>	<b>1 576</b>	<b>3 107</b>	<b>168</b>	<b>4 851</b>
Changes in claims reserve	0	0	0	0
Transfer of premium reserves etc	34	194	165	392
<b>Total insurance settlements 2007</b>	<b>1 610</b>	<b>3 300</b>	<b>333</b>	<b>5 243</b>

## Note 4 - Allocation to policy holders

NOK million	Individual capital insurance	Individual annuity and pension insurance	Group life insurance	Group pension insurance private	Group pension insurance public	Group association insurance	Total 2007	Total 2006	
Premium reserves		818	2 332	64	1 355	797	243	5 609	1 979
Premium fund/pension regulation fund		0	22	0	22	5	4	53	859
<b>Total allocated to policyholders 2007</b>		<b>818</b>	<b>2 354</b>	<b>64</b>	<b>1 376</b>	<b>802</b>	<b>247</b>	<b>5 661</b>	
Total allocated to policyholders 2006		260	832	35	1 398	266	48		2 838



## Note 5 - Transfer of insurance funds

NOK million	Individual capital insurance	Individual annuity and pension insurance*)	Group life insurance	Group pension insurance private	Group pension insurance public	Group association insurance	Other business	Total 2007	Total 2006
<b>Posted to income statement</b>									
Received premium reserves	345	385	123	1 843	854	12	0	3 562	3 685
Received additional allocations	0	8	0	182	56	0	0	246	68
Total funds received	345	393	123	2 025	910	12	0	3 809	3 753
Paid premium reserves	(46)	(687)	0	(5 476)	(134)	(79)	0	(6 422)	(6 383)
Paid additional allocations	(2)	(61)	0	(246)	(7)	(4)	0	(321)	(71)
Outflow of price reserve	(3)	(57)	0	(82)	(9)	(3)	0	(154)	(130)
Total funds paid	(51)	(805)	0	(5 804)	(150)	(86)	0	(6 896)	(6 584)
<b>Net recorded in the income statement 2007</b>									
	<b>295</b>	<b>(412)</b>	<b>123</b>	<b>(3 779)</b>	<b>760</b>	<b>(74)</b>	<b>0</b>	<b>(3 087)</b>	
Net recorded in the income statement 2006	(2)	352	0	(2 855)	(310)	(16)	0		(2 831)
<b>Recorded in the balance sheet</b>									
Received premium reserves etc	0	0	0	865	58	0	0	923	829
Paid premium reserves etc	0	(23)	0	(397)	35	0	0	(384)	(131)
<b>Net recorded in the balance sheet 2007</b>									
	<b>0</b>	<b>(23)</b>	<b>0</b>	<b>469</b>	<b>93</b>	<b>0</b>	<b>0</b>	<b>539</b>	
Net recorded in the balance sheet 2006	0	(26)	0	68	655	0	0		697
<b>Additions/deletions</b>									
Annual premium volume, additions	129	737	93	265	28	0	0	1 252	779
Annual premium volume, disposals	30	161	0	337	12	3	0	543	223
No. of customers/contracts, additions	260	13 106	123	1 801	8	24	0	15 322	13 295
No. of customers/contracts, disposals	703	7 864	0	4 060	5	562	0	13 194	5 321

### Of which products with investment choice

NOK million	Individual capital insurance	Individual annuity and pension insurance	Group pension insurance	Total 2007
<b>Posted to income statement</b>				
Received premium reserves	234	176	83	493
Received additional allocations	0	0	0	0
Total funds received	234	176	83	493
Paid premium reserves	(34)	(194)	(165)	(392)
Paid additional allocations	0	0	0	0
Outflow of price reserve	0	0	0	0
Total funds paid	(34)	(194)	(165)	(392)
<b>Net recorded in the income statement 2007</b>				
	<b>201</b>	<b>(18)</b>	<b>(83)</b>	<b>101</b>
<b>Recorded in the balance sheet</b>				
Received premium reserves etc	0	0	0	0
Paid premium reserves etc	0	0	0	0
<b>Net recorded in the balance sheet 2007 0</b>				
<b>Additions/deletions</b>				
Annual premium volume, additions	129	275	214	618
Annual premium volume, disposals	30	143	81	254
No. of customers/contracts, additions	258	1 042	1 700	3 000
No. of customers/contracts, disposals	96	559	249	904

**Note 6 - Insurance related operating costs**

NOK million	2007	2006
Sales costs <sup>1)</sup>	671	701
Insurance related administration costs	1 195	997
Insurance related operating costs	1 866	1 698

<sup>1)</sup> Sales costs

Salaries	210	195
Commissions	359	293
Other sales costs	102	213
Total sales costs	671	701

**Provisions**

NOK million	2007	2006
Costs provided for restructuring 1 January	16	47
Costs provided for restructuring during year		
Restructuring costs incurred	(4)	(31)
Remaining provision for restructuring 31 December	12	16

**Note 7 - Number of employees - full time positions**

	2007	2006
Number of employees at 31 December	898	880
Number of full-time positions at 31 December	864	841
Average number of employees	889	850
Average number of full-time positions	853	812

The number of employees specified applies to Vital Forsikring ASA and does not include subsidiaries.

## Note 8 - Remunerations

### Remuneration of senior management 2007

NOK thousand	Fees	Salary	Bonus <sup>1)</sup>	Benefits	Total remuneration	Loans as at 31.12.07 <sup>2)</sup>	Accrued pension cost <sup>3)</sup>	Present value of pension agreement <sup>3)</sup>
<b>Board of Vital Forsikring ASA</b>								
Rune Bjerke (Chairman) <sup>4)</sup>	-	4 200		258	4 458	-	2 913	2 913
Tom Grøndahl (Deputy Chairman) <sup>5)</sup>	-	2 824	818	215	3 857	695	2 441	27 192
Gunnar Reitan	182	-	-	-	182	2 407	-	-
Rolf Rønning	182	-	-	-	182	-	-	-
Cathrine Klouman from 20.06.07 <sup>6)</sup>	-	1 783	609	140	2 531	3 238	824	3 636
Anne Kathrine Slungård up to 19.06.07	85	-	-	-	85	-	-	-
Siri Pettersen Strandenes	182	-	-	-	182	-	-	-
Björg Ven	182	-	-	-	182	-	-	-
Lars Rosén from 20.06.07	97	-	-	-	97	-	-	-
Tor M. Nordvold (elected by employees)	182	894	200	42	1 318	1 898	72	2 094
Jørn O. Kvilhaug (elected by employees) <sup>7)</sup>	420	830	100	25	1 375	700	86	2 450
Kristin Birkeland (elected by employees from 20.06.07) (elected by employees as deputy member up to 19.06.07)	108	382	10	13	513	1 127	33	156
Eskild Wold (elected by employees) up to 19.06.07	85	448	10	6	549		37	238
<b>Total Board</b>	<b>1 703</b>	<b>11 361</b>	<b>1 747</b>	<b>699</b>	<b>15 510</b>	<b>10 065</b>	<b>6 405</b>	<b>38 678</b>
Bård Benum, Chief Executive Officer up to 29.4.07		1 230	15	100	1 345		513	-
Tom Rathke, CFO up to 29.4.07, Chief Executive Officer from 30.4.07		2 376	1 617	165	4 157	1 110	1 541	6 517
Geir Nysetvold, Executive Vice President Corporate Market up to 12.6.07 <sup>8)</sup>		1 109	575	105	1 789		445	-
Wenche Seljeseth, Executive Vice President Corporate Market from 13.6.07		1 075	150	111	1 336	2 181	353	2 504
Frode J. Hansen, Executive Vice President Sales Corporate Clients		1 300	275	147	1 722	3 039	299	2 210
Torbjörg Vanvik, Executive Vice President Customer Services Corporate up to 12.6.07 <sup>9)</sup>		923	441	107	1 471		416	-
Gunnar Gullaksen, Executive Vice President Individual Market up to 31.5.07		757	450	59	1 266		471	-
Carl Johan Wickmann, Executive Vice President Individual Market from 1.9.07		690	125	72	887	1 975	382	2 763
John Magnar Bøe, Executive Vice President Public Sector up to 12.6.07		1 095	200	149	1 443	1 556	537	1 861
Øystein Stephansen, CFO from 13.6.07		1 440	600	129	2 169	2 058	273	1 759
Anders Skjævestad, Deputy Chief Executive Officer		1 404	250	146	1 800	1 309	536	2 504
Kjell J. Sivertsen, Executive Vice President IT <sup>10)</sup>		1 100	150	129	1 385	2	282	2 054
Bjørn Atle Haugen, Executive Vice President Secretariat		1 041	125	136	1 302	1 362	243	2 203
Britt-Iren Spjeld, Executive Vice President Customer Service Individual Market up to 31.8.07		1 034	125	146	1 306		298	1 588
<b>Total management</b>		<b>16 574</b>	<b>5 098</b>	<b>1 701</b>	<b>23 372</b>	<b>14 591</b>	<b>6 588</b>	<b>25 963</b>
<b>Control Committee <sup>11)</sup></b>								
Helge B. Andresen up to 24.4.07		25			25			
Svein Norvald Eriksen from 25.4.07		36			36	1 519		
Ingebjørg Harto (Deputy Member from 25.4.07-25.6.07) Member from 26.6.07		36			36			
Frode Hassel from 25.04.07		71			71			
Kristin Normann up to 25.6.07		31			31			
Thorstein Øverland		53			53			
<b>Total Control Committee</b>		<b>250</b>	<b>-</b>	<b>-</b>	<b>250</b>	<b>1 519</b>		
<b>Total Corporate Assembly</b>		<b>255</b>			<b>255</b>			
<b>Total</b>	<b>2 208</b>	<b>27 936</b>	<b>6 845</b>	<b>2 400</b>	<b>39 387</b>	<b>26 175</b>	<b>12 992</b>	<b>64 641</b>

<sup>1)</sup> Bonuses for the senior management of Vital Forsikring ASA are determined annually on the basis of an assessment of target achievement and job execution. Specified bonuses paid in 2007 relate to target achievement and job execution for 2006.

<sup>2)</sup> Loans at 31.12.2007 are made by the associated company DnB NOR Bank ASA. Vital Forsikring ASA has no loans to officers or senior

## Note 8 - Remuneration – continued

management. Loans are made on ordinary commercial terms and standard terms for employees in the DnB NOR Group.

<sup>3)</sup> The accrued pension cost consists of the year's pension earnings and the interest cost on the pension liability at the start of the accounting year. The present value of the pension agreement is the accrued pension liability excluding funds paid in on funded pension schemes. Assumptions used in actuarial calculations of accrued pension costs and the present value of pension agreements are set out in Note 9 Pension costs

<sup>4)</sup> Rune Bjerke has been Chairman of Vital Forsikring ASA since 1 January 2007. Bjerke has not received board fees or other remuneration from Vital Forsikring ASA in 2007. Salaries and other remuneration specified above relate to other companies in the DnB NOR group

<sup>5)</sup> Tom Grøndahl has not received board fees or other remuneration from Vital Forsikring ASA in 2007. Salaries and other remuneration specified above relate to other companies in the DnB NOR group

<sup>6)</sup> Cathrine Kloumann has not received board fees or other remuneration from Vital Forsikring ASA in 2007. Salaries and other remuneration specified above relate to other companies in the DnB NOR Group.

<sup>7)</sup> Board fees stated include board fees from DnBNOR ASA

<sup>8)</sup> No termination payment agreements will be signed. However, the Group will honor existing agreements.

<sup>9)</sup> Resigned from Vital Forsikring ASA 30.09.07

<sup>10)</sup> Resigned as IT Director 30.01.08

### Other information on pension agreements

Tom Rathke has a pension agreement that provides for a pension equivalent to 70% of salary from the age of 62. Anders Skjævestad has a pension agreement that provides for a pension equivalent to 70% of salary from the age of 65.

### Auditor's remuneration

Remuneration to the auditor includes fees relating to Vital Forsikring ASA, subsidiaries and directly owned property companies

NOK thousand	2007
Statutory audit <sup>1)</sup>	3 034
Other certification services	521
Advice on tax and duties	192
Other services than audit	0
<b>Total remuneration to elected auditor</b>	<b>3 747</b>
Financial audit group audit	854

Remuneration to elected auditor includes VAT

<sup>1)</sup> Allocation of statutory audit in Vital Forsikring (in NOK thousand) :

Vital Forsikring ASA NOK 834

Subsidiaries of Vital Forsikring NOK 106

Property companies NOK 2 094

Services other than audit of Vital Forsikring mainly consist of assistance on the purchase of properties in verifying take over balance sheets and ProgContra settlements.

## Note 9 - Pensions

### Description of the pension schemes

Vital Forsikring has a joint, defined benefit occupational pension scheme for all employees in Norway in the form of a group pension scheme funded by own company. Pension benefits include retirement pensions, disability pensions and pensions for spouses and dependent children, which supplement benefits from the National Insurance Scheme. Full pension entitlements require 30 years of pensionable service and give the right to a retirement pension corresponding to the difference between 70 per cent of the employee's salary and estimated benefits from the National Insurance Scheme. The pension scheme is in compliance with the Act on Occupational Pensions.

The right to a paid-up policy upon termination of employment only applies to retirement pensions. Disability pensions and survivor's pensions for employees and survivor's pensions for retirement pensioners represent risk coverage without accumulation of capital.

Vital Forsikring has adopted the contractual pension (CPA) scheme for the banking and financial services industry. Provisions have thus been made in the accounts to cover anticipated future CPA acceptance. Upon retirement under a contractual

pension agreement, employees continue as members of the group pension scheme, earning benefits up till ordinary retirement age.

Vital Forsikring also has commitments relating to salaries exceeding 12G (12 times the National Insurance basic amount) and early retirement agreements. Commitments relating to salaries exceeding 12G and early retirement agreements are funded through the Group's operations. Under other forms of early retirement than CPA, employees resign from the company pension plans but are, upon reaching the ordinary retirement age, compensated for the reduction in benefits earned.

Employer's contributions are included in pension expenses and commitments. In pension schemes where pension funds exceed pension commitments, no allocation has been made for employer's contributions.

The company has management rights to make changes in the company pension scheme.

Economic assumptions applied in calculating pension expenses and commitments:

## Note 9 - Pensions – continued

### Economic assumptions

	Expenses		Commitments	
	2007	2006	31 Dec. 2007	31 Dec. 2006
Discount rate <sup>1)</sup>	4.5 %	3.9 %	4.70 %	4.50 %
Anticipated return	5.6 %	4.9 %	5.80 %	5.60 %
Anticipated rise in salaries	4.5 %	3.5 %	4.50 %	4.50 %
Anticipated increase in basic amount	4.25 %	3.0 %	4.25 %	4.25 %
Anticipated rise in pensions	2.25 %	2.5 %	2.25 %	2.25 %
Anticipated CPA acceptance	35 %	40 %	35 %	35 %
Demographic assumptions about mortality <sup>2)</sup>	K2005	K1963	K2005	K2005

<sup>1)</sup> The discount rate used is determined by reference to market yields at the balance sheet date on long term (10-year) government bonds, plus an addition that takes into account the relevant duration of the pension liabilities. <sup>2)</sup> Statistical assumptions on population mortality, as officially estimated in 1963 and 2005 respectively.

### Pension expenses

NOK million	2007			2006		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Net present value of pensions entitlements <sup>1)</sup>	55	7	62	48	6	54
Interest paid on pension commitment	61	5	65	48	4	51
Anticipated return on pension funds	(69)	0	(69)	(58)	0	(58)
Changes in pension schemes	0	0	0	0	0	0
Amortisation of changes in estimates not recorded in the accounts	10	1	11	4	0	4
Administrative expenses	2	0	2	2	0	2
Effect of change in NAS Pensions	(24)	0	(24)	0	0	0
<b>Net pension cost</b>	<b>35</b>	<b>12</b>	<b>47</b>	<b>44</b>	<b>10</b>	<b>54</b>

<sup>1)</sup> including employer's national insurance contribution

### Pension commitments

NOK million	31 Dec. 2007			31 Dec. 2006		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Accrued pension commitments	1 112	82	1 195	1 121	104	1 225
Estimated effect of future salary adjustments	253	29	282	244	23	266
<b>Total pension commitments</b>	<b>1 365</b>	<b>111</b>	<b>1 476</b>	<b>1 366</b>	<b>127</b>	<b>1 494</b>
Value of the pension funds	1 247	0	1 247	1 251	0	1 251
<b>Net pension commitments</b>	<b>118</b>	<b>111</b>	<b>229</b>	<b>115</b>	<b>127</b>	<b>243</b>
Changes in the estimates not recorded in the accounts	(288)	(10)	(298)	(274)	16	(290)
Employer's contributions	17	16	32	4	12	16
<b>Recorded pension commitments/(funds)</b>	<b>(153)</b>	<b>117</b>	<b>(37)</b>	<b>(155)</b>	<b>124</b>	<b>(31)</b>

Overfunding in pension schemes financed through investment funds comprised NOK 190 million at 31 December 2007 and underfunding in such schemes came to NOK 37 million.

### Pension commitments

NOK million	31 Dec. 2007			31 Dec. 2006		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Opening balance	1 384	107	1 491	1 244	111	1 354
Changes in pension schemes	0	0	0	0	0	0
Accumulated pension entitlements	49	5	54	40	5	45
Interest expenses	61	5	65	48	4	52
Pension payments	(53)		(53)	(53)	0	(54)
Changes in estimates not recorded in the accounts	(76)	(6)	(82)	88	8	96
<b>Closing balance</b>	<b>1 365</b>	<b>111</b>	<b>1 475</b>	<b>1 366</b>	<b>127</b>	<b>1 494</b>

### Pension funds

	31 Dec. 2007			31 Dec. 2006		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Opening balance	1 251	0	1 251	1 182	0	1 182
Changes in pension schemes	0	0	0	0	0	0
Anticipated return	69	0	69	58	0	58
Premium transfers	42	0	42	58	0	58
Pension payments	(53)	0	(53)	(53)	0	(53)
Changes in estimates not recorded in the accounts	(62)	0	(62)	7	0	7
<b>Closing balance</b>	<b>1 247</b>	<b>0</b>	<b>1 247</b>	<b>1 251</b>	<b>0</b>	<b>1 251</b>

Premium transfers in 2008 are expected to be NOK 60 million.

### Members

	31 Dec. 2007	31 Dec. 2006
Number of persons covered by pension schemes	1 452	1 429
- of which in employment	784	751
- of which on retirement and disability pensions	668	678

## Note 9 - Pensions – continued

<b>Pension Fund Investements</b>	31 Dec. 2007	31 Dec. 2006
Short-term bonds	21.6 %	20.6 %
Bonds held to maturity	27.7 %	30.0 %
Money market	7.5 %	4.5 %
Equities	24.8 %	29.7 %
Real estate	15.7 %	12.6 %
Other	2.8 %	2.6 %
<b>Total</b>	<b>100 %</b>	<b>100 %</b>
<b>Recorded return on capital</b>	31 Dec. 2007	31 Dec. 2006
Recorded return on capital	11.80 %	7.50 %
<b>Historic developments</b>	31 Dec. 2007	31 Dec. 2006
Gross pension commitments <sup>1)</sup>	1 475	1 494
Gross pension funds	1 247	1 251
Commitments not recorded in the accounts	(298)	(290)
<b>Net recorded pension commitments</b>	<b>(69)</b>	<b>(47)</b>

<sup>1)</sup> Gross pension commitments include employer's contribution

## Note 10 - Tax

NOK million	2007	2006
<b>Calculation of tax payable</b>		
Profit before tax	1909	1409
Permanent differences	(7 243)	(3 903)
Group contribution received	7 255	3 820
Changes in temporary differences	(396)	(224)
Applied tax loss carried forward	(1 492)	(739)
Applied tax allowance for dividends	(33)	(363)
<b>Taxable income</b>	<b>0</b>	<b>0</b>
Taxes (28%)	0	0
<b>Tax payable</b>	<b>0</b>	<b>0</b>
<b>Calculation of deferred tax</b>		
<b>Taxable temporary differences</b>	2007	2006
Real estate and fixed assets	3 044	2 769
Investments in general partnerships and limited companies	0	298
Net pension funds	37	32
Other	698	456
<b>Total taxable temporary differences</b>	<b>3 779</b>	<b>3 554</b>
<b>Tax-deductible temporary differences</b>	2007	2006
Securities	0	179
Other	325	205
<b>Total deductible temporary differences</b>	<b>325</b>	<b>384</b>
Tax allowance for dividends and tax loss carried forward	354	13
<b>Total tax-deductible temporary differences including tax loss for carried forward</b>	<b>679</b>	<b>397</b>
<b>Basis for deferred tax (tax assets)</b>	<b>(3 100)</b>	<b>(3 157)</b>
Deferred tax liabilities (28%)	(868)	(884)
<b>Taxes for the year in the income statement</b>	2007	2006
Tax payable	0	0
Changes in deferred tax	(583)	(218)
Changes in deferred tax relating to previous year estimate differences	601	0
Tax on group contribution received	2 072	1 070
Changes in deferred tax on subsidiaries calculated on the equity method	(15)	(81)
<b>Tax income</b>	<b>2 074</b>	<b>771</b>
<b>Reconciliation from nominal to actual tax rate</b>	2007	2006
Profit before tax	1 909	1 409
Expected income tax at nominal rate (28 %)	(535)	(395)
Tax effect of permanent differences and estimate deviation previous years	2 610	1 165
<b>Tax income</b>	<b>2 074</b>	<b>771</b>

## Note 11 - Results and return on capital employed

### Breakdown of results by business sector

NOK million	Individual capital insurance	Individual annuity and pension insurance	Group life insurance	Group pension insurance private	Group pension insurance public	Group association insurance	Other business	Total 2007	Total 2006
<b>Income statement</b>									
Single premiums	2 119	353	0	4 716	1 382	6	0	8 575	7 559
Annual premiums	4 248	1 000	257	4 391	890	66	93	10 943	12 708
Transfer of premium reserves etc.	345	385	123	1 843	854	12	0	3 562	3 685
Reinsured portion	(0)	(11)	(37)	(155)	(0)	(0)	(16)	(220)	(383)
Premium income 2007	6 711	1 726	343	10 794	3 126	83	77	22 860	
of which risk premiums for products with investment choice	4	70	0	9	0	0	0	83	
of which savings premiums for products with investment choice	2 349	1 204	0	1 698	0	0	0	5 251	
Premium income 2006	6 940	4 594	113	9 343	2 489	89	1		23 569
of which risk premiums for products with investment choice	3	53		2					58
of which savings premiums for products with investment choice	1 995	1 774		1 394					5 163
Income from financial assets	2 663	7 330	95	16 988	3 518	755	11	31 359	22 327
Income from assets in life insurance with investment choice	543	897	0	708	0	0	0	2 148	2 563
Other insurance-related income	1	1	0	0	0	0	0	2	16
Insurance settlements	(9 697)	(11 361)	(145)	(9 307)	(876)	(280)	(0)	(31 667)	(17 322)
Changes in insurance-related allocations	2 071	6 858	(146)	(10 511)	(3 315)	(16)	(103)	(5 161)	(16 134)
Insurance-related operating expenses	(447)	(412)	(49)	(770)	(151)	(22)	(16)	(1 866)	(1 707)
Expenses related to financial assets	(1 102)	(3 000)	(38)	(6 816)	(1 405)	(305)	(4)	(12 671)	(7 287)
Other insurance-related expenses	(6)	(1)	0	(84)	(255)	0	0	(347)	(88)
Expenses from assets in life insurance with investment choice	(10)	(5)	0	(594)	0	0	0	(609)	(33)
To/from securities adjustment reserve	311	862	11	2 001	414	89	1	3 690	(1 528)
From additional allocations to cover return shortfall	0	0	0	0	0	0	0	0	0
Funds paid to policyholders	(819)	(2 357)	(64)	(1 382)	(792)	(247)	0	(5 661)	(2 838)
Result of technical accounts for life insurance	218	537	8	1 027	265	56	(34)	2 075	1 537
Other expenses	(14)	(39)	(1)	(90)	(19)	(4)	(0)	(167)	(128)
Profit on ordinary operations 2007	204	498	7	936	246	52	(34)	1 908	
Profit on ordinary operations 2006	196	467	13	565	142	26	0	1 409	
Taxes	176	489	12	1 112	241	51	(6)	2 075	771
Profit for the year 2007	379	987	19	2 048	487	103	(40)	3 983	
Profit for the year 2006	294	755	20	873	201	36	0		2 180

### Of which products with investment choice

NOK million	Individual capital insurance	Individual annuity and pension insurance	Group pension insurance	Total 2007	Total 2006
Premiums due	2 119	255	1 625	3 999	3 408
Transfer of premium reserves etc.	234	1 026	83	1 343	1 813
Reinsured portion		(7)		(7)	
Premium income 2007	2 353	1 274	1 708	5 334	5 221
of which risk premiums for products with investment choice	4	70	9	83	58
of which savings premiums for products with investment choice	2 349	1 204	1 698	5 251	5 163
Income from financial assets	26	12	5	43	31
Income from assets in life insurance with investment choice	543	897	708	2 148	2 563
Other insurance-related income	1	1	0	2	1
Insurance settlements	(1 610)	(3 329)	(333)	(5 272)	(1 829)
Changes in insurance-related allocations	(1 019)	1 296	(1 451)	(1 174)	(5 520)
Insurance-related operating expenses	(257)	(128)	(167)	(552)	(447)
Expenses related to financial assets	(27)	(16)	(2)	(45)	(17)
Other insurance-related expenses	0	(0)	0	(0)	0
Expenses from assets in life insurance with investment choice	(10)	(5)	(594)	(609)	(33)
Result of technical accounts for life insurance	0	1	(127)	(126)	(31)

## Note 11 - Results and return on capital employed – continued

NOK million	Individual capital insurance	Individual annuity and pension insurance	Group pension insurance	Total 2007	Total 2006
Other expenses	0	0	0	0	0
<b>Profit on ordinary operations 2007</b>	<b>0</b>	<b>1</b>	<b>(127)</b>	<b>(126)</b>	<b>(31)</b>
Taxes	0	1	0	1	163
<b>Profit for the year 2007</b>	<b>0</b>	<b>2</b>	<b>(127)</b>	<b>(125)</b>	<b>132</b>

NOK million	Individual capital insurance	Individual annuity and pension insurance	Group life insurance	Group pension insurance private	Group pension insurance public	Group pension association insurance	Total life insurance	Other business	Total 2007	Total 2006
Administration result	13	2	(21)	(216)	(42)	(2)	(266)	(9)	(275)	(91)
Interest result	1 232	3 616	65	8 401	1 861	362	15 539	8	15 546	7 094
Risk result	30	(61)	35	(168)	(70)	11	(223)	1	(222)	(11)
Allocation to security reserve	0	0	(7)	(2)	0	0	(9)	(33)	(43)	(5)
Allocation for increased life expectancy	0	0	0	(4 065)	(371)	0	(4 436)	0	(4 436)	0
Transfers to additional allocations	(253)	(703)	0	(1 632)	(338)	(73)	(3 000)	0	(3 000)	(2 740)
<b>Profit for distribution 2007</b>	<b>1 023</b>	<b>2 855</b>	<b>71</b>	<b>2 319</b>	<b>1 038</b>	<b>299</b>	<b>7 605</b>	<b>(34)</b>	<b>7 570</b>	
Profit for distribution 2006	(269)	1 780	48	2 203	411	74	4 247	(0)		4 247

### Of which products with investment choice

NOK million	Individual capital insurance	Individual annuity and pension insurance	Group pension insurance	Total 2007	Total 2006
Administration result	1	(4)	(129)	(132)	(40)
Interest result	3	5	3	11	14
Risk result	(3)	(1)	0	(4)	(3)
Allocation to security reserve	0	0	0	0	(2)
Profit for distribution 2007	1	0	(126)	(125)	(31)

### Return on capital in Vital Forsikring

In per cent	2007	2006	2005	2004	2003
Return on capital rate I	11.84	7.47	7.29	6.48	8.61
Return on capital rate II	9.53	8.09	8.32	7.10	10.30
Return on capital rate III	8.77	6.37	7.74	7.66	11.50
Average rate of return	11.57	7.12	7.01	6.04	8.36

### Return on capital in Gjensidige NOR Spareforsikring

In per cent	2003
Return on capital rate I	7.12
Return on capital rate II	9.01
Return on capital rate III	10.45
Average rate of return	6.60

## Note 12 - Division of profits

NOK million	2007	Percentage allocation	2006	Percentage allocation
<b>Profit on products with distribution of profits</b>	<b>7 706</b>	<b>100 %</b>	<b>4 267</b>	<b>100 %</b>
Of which to policyholders	5 661	73.5 %	2 838	66.5 %
Of which to equity and tax	2 045	26.5 %	1 429	33.5 %
Profit on guaranteed products without distribution of profits	(11)		11	
Profit on investment choice products without distribution of profits	(125)		(31)	
<b>Total profit</b>	<b>7 570</b>		<b>4 248</b>	
Of which to policyholders	5 661		2 838	
Of which to equity and tax	1 909		1 409	



Note 13 - Buildings and real estate						
NOK million		Book value	Annual rent per m <sup>2</sup>	Gross lettable area m <sup>2</sup>	m <sup>2</sup> used by Vital Forsikring	Average lease period years
Type bygg	City/location					
Offices	Eastern Norway	12 969	1 371	511 730	2.5 %	4.3
Offices	Rest of Norway	3 361	1 226	159 176	17.8 %	4.7
Shopping centres	Oslo/Bergen/Trondheim/elsewhere	7 024	2 268	163 826	1.1 %	3.0
Hotels	Oslo/Bergen/Trondheim/elsewhere	3 367	1 316	155 360		6.1
Abroad	London/Stockholm/Gothenburg/Malmö	6 072	2 061	161 519		3.6
Other <sup>1)</sup>	East/West	115	781	3 856		- 0
<b>Total directly-owned properties, general/limited partnerships and limited companies at 31 December 2007</b>		<b>32 908</b>	<b>1 565</b>	<b>1 155 467</b>	<b>3.7 %</b>	<b>4.1</b>
Total directly-owned properties, general/limited partnerships and limited companies at 31 December 2006		25 668	1 418	1 288 935	3.3 %	4.7
<b>Change in 2007</b>		<b>7 240</b>	<b>147</b>	<b>(133 468)</b>	<b>0.4 %</b>	<b>-0.6</b>

Properties organised in separate subsidiaries are recorded as directly owned properties. The following list shows the ownership form:

	Market value
Directly owned properties	20 286
Properties owned by subsidiary limited companies	9 931
Properties owned by subsidiary general/limited partnerships	2 691

<sup>1)</sup> Includes capitalised operating equipment related to property portfolio.

The properties' market value is calculated as at 31 Dec. 2007 in accordance with Regulations for Annual Accounts etc of Insurance Companies § 3.14.

Changes in the real estate portfolio are related to the purchase of properties in Oslo, Bergen and Stavanger, the sale of office buildings in Oslo, Bergen, Tromsø and Ålesund and flats, as well as improvements to existing properties. In accordance with Regulations for Annual Accounts etc of Insurance Companies all properties have been valued at market value as at 31 Dec. 2007.

Of the total real estate portfolio, Vital Forsikring with its subsidiaries occupies 42,689 m<sup>2</sup> for office purposes, which represents 3.7 % of the total area. Rents for these properties are on market terms.

Investments/sale of real estate in the last 5 years	2007	2006	2005	2004	2003
- Invested	1 002	1 500	2 198	1 769	2 195
- Sold (sale value)	529	1 071	532	422	735

#### Additions/disposals and value adjustment in recent years

NOK million	2007	2006
Acquisition cost at 1 January	20 698	19 546
+ Additions during the year	1 002	1 709
- Disposals during the year (original cost)	(277)	(557)
<b>Acquisition cost at 31 December</b>	<b>21 424</b>	<b>20 698</b>
Accumulated depreciation at 1 January	57	51
Accumulated depreciation on sold tangible fixed assets		
Year's ordinary depreciation <sup>2)</sup>	5	6
<b>Accumulated depreciation at 31 December</b>	<b>62</b>	<b>57</b>
Accumulated value adjustments at 1 January	5 029	3 377
Value adjustments sold properties	(40)	(106)
Annual gross value adjustments	6 965	1 443
Annual value adjustments in consequence of exchange rate changes	(407)	316
<b>Accumulated value adjustments at 31 December</b>	<b>11 547</b>	<b>5 029</b>
<b>Recorded value at 31 December</b>	<b>32 908</b>	<b>25 668</b>

<sup>2)</sup> Real estate is not depreciated, which is in conformity with the Regulations for Annual Accounts of Insurance Companies. Operating equipment related to real estate is depreciated at the same rate as other tangible fixed assets.

**Note 14 - Shares in subsidiaries and associated companies**

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

NOK thousand	Registered office	Owner share	Voting interest	Acquisition cost	Value in balance 31 Dec. 06	Share of result <sup>1)</sup>	Value in balance 31 Dec. 07
<b>Subsidiaries</b>							
Storbyen Drift AS	Bergen	100 %	100 %	241	(323)	1	(322)
Sandvika Torg AS	Bergen	100 %	100 %	101	77	0	77
Roald Amundsensgt 6 AS	Bergen	100 %	100 %	100	73	(1)	73
Sørlandssenteret Drift AS	Bergen	100 %	100 %	950	263	(2)	261
Royal Christiania Hotel AS	Bergen	100 %	100 %	104	99	0	99
Senterselskapet AS	Bergen	100 %	100 %	5 702	6 433	154	6 586
Tollbugaten 32 AS	Bergen	100 %	100 %	100	72	(1)	72
Storbyen Eiendom AS	Bergen	100 %	100 %	101	84	(1)	84
Admiral Hotel AS	Bergen	100 %	100 %	102	90	0	90
Vital Eiendomsfond AS	Bergen	100 %	100 %	3 000	3 829	41	3 870
Zodiako, S.A.	Madrid	100 %	100 %	13 500	5 000		5 000
Vital Pekon AS	Bergen	100 %	100 %	15 410	13 271	(1 496)	11 774
Vital Eiendom AS	Bergen	100 %	100 %	30 043	45 509	(16 805)	28 705
Vital Sparing AS	Bergen	100 %	100 %	56 256	37 545	3 764	41 309
Vital Eiendomsforvaltning AS	Bergen	100 %	100 %	3 000	2 723	1 536	4 259
Vital Handesparker AS	Bergen	100 %	100 %	120	0	0	120
Snorre Finansrådgivning AS	Drammen	56 %	56 %	10 973	0	0	10 973
<b>Total shareholdings in subsidiaries</b>				<b>139 802</b>	<b>114 746</b>	<b>(12 810)</b>	<b>113 029</b>
<b>Associated companies</b>							
Ferd. Storjohanns Sønner AS	Bergen	32 %	32 %	13 650	16 354		16 354
Norsk Pensjon AS	Bergen	25 %	25 %	5 000	2 500		5 000
Sørlandssenteret AS	Bergen	40 %	40 %	20	28		28
<b>Total shareholdings in associated companies</b>				<b>18 670</b>	<b>18 882</b>	<b>0</b>	<b>21 382</b>
<b>Total subsidiaries/associated companies</b>				<b>158 472</b>	<b>133 628</b>	<b>(12 810)</b>	<b>134 411</b>

<sup>1)</sup> Share of profit consists of profit for the year plus other changes in the course of the year.

## Note 15 -Shares, interests and primary capital certificates

NOK thousand	Total shares	Interest in per cent	Aquisition cost	Fair value	NOK thousand	Total shares	Interest in per cent	Aquisition cost	Fair value
<b>Norway</b>					Arch Capital Group Ltd				
Acta Holding	1 777 676	0.71	49 549	40 353	Banco Bradesco ADR	7 400	0.00	845	1 286
Aktiv Kapital	313 914	0.67	31 929	26 055	Banco Bradesco S.A.	17 266	0.00	2 318	3 000
Storebrand	3 013 821	0.67	176 359	170 884	Banco Santander Chile	24 200	0.00	6 582	6 700
<b>Total Financial institutions and insurance</b>			<b>257 837</b>	<b>237 292</b>	BanColombia SA	101 100	0.00	20 173	18 676
<b>Other Norwegian shares</b>					Bank Hapoalim	632 294	0.00	17 653	17 144
StatoilHydro ASA	18 023 513	0.57	2 767 592	3 045 974	Bank of Okinawa Ltd	600	0.00	128	115
Telenor ASA	11 155 016	0.66	811 528	1 447 363	Bank of The Ryukyus Ltd	1 700	0.00	176	115
Orkla	11 739 733	1.13	549 263	1 235 607	Bank Pekao	13 743	0.01	5 046	6 888
Yara International ASA	2 967 499	1.02	362 610	746 326	BBi EPS Ltd	6 895	0.00	28	28
Norsk Hydro ASA	8 623 909	0.69	458 729	669 215	Camargo Correa				
Renewable Energi Corporation	2 106 093	0.43	300 297	581 282	Desenvolvimento Imobiliario SA	8 000	0.00	277	281
Petroleum Geo Services	2 470 366	1.37	284 041	389 700	Cathay Financial Holdings	115 820	0.00	1 468	1 311
Aker Kværner	1 762 483	0.64	224 791	254 679	CENTURY LEASING SYSTEM INC	11 600	0.00	750	549
Norwegian Air Shuttle ASA	1 448 774	6.94	163 462	244 843	Chiba Bank	120 000	0.01	6 267	5 308
Norwegian Property	3 578 700	3.39	189 543	237 984	China Trust				
Tandberg	1 906 541	1.68	180 394	216 392	Financial Holding	2 278 000	0.00	10 768	8 790
Fred Olsen Energy	712 337	1.07	203 843	211 920	Commercial International				
TGS Nopec Geo	2 265 409	2.14	217 943	169 000	Bank (Egypt)	12 175	0.00	695	1 104
Schibsted	683 513	0.99	150 875	160 967	Commercial International				
Veidekke	2 401 011	1.71	113 426	121 851	Bank GDR	7 950	0.00	341	423
Kongsberg Gruppen	355 857	1.19	94 167	120 636	COSMOS INITIA Co Ltd	9 000	0.00	358	141
Sevan Marine	1 360 242	0.77	82 816	111 540	Daishi Bank Ltd	6 000	0.00	160	133
DNO International ASA	10 951 359	1.21	132 574	110 390	Discovery Holdings Limited	1 370	0.00	30	30
Bergens Tidende AS	122 994	7.89	22 315	105 037	Eighteenth Bank Ltd	6 000	0.00	148	114
Marine Harvest	29 787 952	0.86	170 447	103 960	Firstrand Ltd	24 400	0.00	484	383
Aker ASA	3 057 713	0.42	101 860	103 637	Fubon Fincancial Holding	92 000	0.00	507	444
Ocean Rig ASA	2 280 931	1.34	93 828	90 553	Fuyo General Lease Co Ltd	16 100	0.00	3 319	2 312
Fast Search and Transfer ASA	5 983 330	1.78	93 825	84 365	Grandy House Corp	1	0.00	9	2
Ementor ASA	1 926 029	2.02	86 507	79 352	Grupo Fin Banorte O	114 200	0.00	2 906	2 561
Wavefield Inseis ASA	1 777 205	1.38	87 438	75 176	Grupo Financiero				
BWG Homes ASA	2 093 041	3.17	78 198	65 512	Inbursa SA de CV	44 900	0.00	489	633
Stepstone ASA	2 633 440	2.07	38 626	63 203	Haci Omer Sabanci Holding ADR	51 750	0.00	470	337
Viking Venture II AS	400 000	22.22	35 960	52 484	Haci Omer Sabanci Holding AS	36 050	0.00	738	1 077
Awilco Offshore	842 692	0.56	55 956	51 236	Hana Financial Group Inc	75 170	0.00	23 756	21 977
Cermaq ASA	654 741	0.71	56 864	49 433	HDFC Bank Ltd	500	0.00	218	354
Viking Venture AS	373 881	18.38	4 518	47 969	Hitachi Capital Corp	18 300	0.00	1 288	1 278
Austevoll Seafood ASA	1 103 021	0.60	51 505	43 569	Hong Leong Bank	704 000	0.00	6 575	7 340
Verdane Capital IV AS	42 386	10.00	0	41 914	Housing Dev Finance Corp	12 900	0.00	2 642	5 114
OPRA Technologies ASA	4 591 500	6.71	20 439	40 176	HSBC Holdings Plc	44 000	0.00	4 522	4 035
Opera Software ASA	2 635 805	2.20	55 446	34 002	Hyakujushi Bank Ltd	4 000	0.00	143	109
Songa Offshore	453 549	0.52	33 024	33 336	ICICI Bank	8 700	0.00	2 209	2 905
Copeinca Asa	684 851	1.17	36 689	33 215	Itausa-Investimentos Itau SA	516 924	0.03	13 432	18 528
Tomra Systems	859 310	0.52	38 367	33 083	Iyo Bank	10 000	0.00	582	531
Other Norwegian shares			354 798	352 413	Japan Asia Inv	16 000	0.00	431	506
<b>Total other shares</b>			<b>8 804 504</b>	<b>11 659 292</b>	Japan Secs Fin	4 300	0.00	201	203
<b>Norwegian equity funds</b>					Jeonbuk Bank Ltd	7 080	0.00	401	370
DnB NOR SMB	581 026		199 800	268 866	KAGAWA BANK LTD	10 000	0.00	283	304
Pareto Aksje Norge	16 155		49 850	72 451	KAGOSHIMA BANK LTD	3 000	0.00	135	112
Øvrige aksjefond Norge				4 889	Kanto Tsukuba Bank Ltd	33 600	0.00	1 415	1 106
<b>Total Norwegian equity funds</b>			<b>249 651</b>	<b>346 206</b>	Kasikornbank PCL NVDR	592 900	0.00	5 706	8 315
<b>Total Norway</b>					Kiatnakin Bank PCL	63 000	0.00	322	277
			<b>9 311 991</b>	<b>12 242 790</b>	Komercni Banka	5 000	0.01	3 953	6 525
<b>Foreign</b>					Kookmin Bank	55 253	0.02	22 686	22 115
<b>Financial institutions and insurance</b>					Kookmin Bank	1 900	0.00	934	756
African Bank Investments	880 933	0.00	19 386	23 097	Korea Exchange Bank	4 460	0.00	386	375
Aichi Bank Ltd	400	0.00	187	185	Latin American Export Bank (BLADEX)	43 200	0.00	5 255	3 826
Aksigorta	27 000	0.00	748	863	Leopalace21	37 500	0.02	7 378	5 486
Anadolu Anonim					Liberty Group	6 500	0.00	572	463
Turk Sigorta Sirketi AS	1	0.00	0	0	Medinet Nasr Housing&Dev	16 835	0.00	419	1 127
					Mega Financial Hldg(Ctb)	5 802 000	0.00	24 552	19 378
					Millea Holdings	54 900	3.18	12 723	10 060

**Note 15 -Shares, interests and primary capital certificates – continued**

NOK thousand	Total shares	Interest in per cent	Aquisition cost	Fair value	NOK thousand	Total shares	Interest in per cent	Aquisition cost	Fair value
Mizuho Financial Group Inc	657	0.01	28 516	17 052	Cap Gemini SA	333 336	0.25	111 733	113 789
Mizuho Trust & Banking Co Ltd	259 000	0.00	2 690	2 618	GlaxoSmithKline	819 529	0.01	124 497	113 294
NISSHIN FUDOSAN Co Ltd	7 600	0.00	603	287	Ingram Micro Inc	1 150 125	0.68	121 798	112 660
Ntt Urban Devt	646	0.10	9 647	5 683	PepsiCo	270 504	0.02	105 808	111 482
OITA BANK LTD	11 000	0.00	463	376	Medtronic	407 265	0.03	113 997	111 166
ORIX Corporation	6 120	0.01	8 889	5 679	Suez SA	295 929	0.03	93 191	109 407
Orszagos Takarekpenztar					UnitedHealth Group				
es Kereskedelmi Bank Rt	29 213	0.01	5 839	8 064	Incorporated	338 636	0.03	93 444	107 015
Osaka Securities Finance Co Ltd	20 300	0.00	321	299	Kyocera Corporation	221 800	0.12	114 379	106 834
Promise Co Ltd	8 000	0.01	1 114	1 081	Rio Tinto Plc	178 896	0.02	62 821	102 811
Public Bank	458 600	0.01	5 435	8 283	Verizon Communications Inc	424 743	0.02	100 787	100 762
Pusan Bank	5 640	0.00	466	514	Telefonica	558 932	0.01	75 327	98 595
Ricoh Leasing CO LTD	1 500	0.00	228	172	Wyeth	409 440	0.03	102 019	98 243
Sapporo Hokuyo Holding	11	0.00	597	533	InBev	214 572	0.04	93 300	97 095
SHIMIZU BANK LTD	700	0.00	185	171	Vivendi SA	373 400	0.03	87 229	93 020
Siam City Bank PCL	442 200	0.00	1 781	1 055	Dow Chemical	425 156	0.04	97 532	91 002
Sm Prime Holdings	1 588 275	0.00	1 439	2 142	France Telecom SA	462 678	0.02	75 357	90 431
Standard Bank Group	35 500	0.00	3 288	2 823	Merck and Company	282 758	0.01	82 856	89 218
Sumitomo Mitsui Financial Group	878	0.01	56 265	35 719	Carrefour SA	210 295	0.03	81 159	88 966
Sumitomo Real Estate					Schering Plough Corporation	614 503	0.04	92 519	88 889
Sales Co Ltd	15 990	0.00	8 201	3 886	BHP Billiton Ltd	450 514	0.01	59 703	86 217
Suruga Bank Ltd.	86 000	0.03	6 722	5 091	Pfizer Inc	697 243	0.01	96 707	86 054
TISCO Bank PCL	61 200	0.00	228	291	Amgen Inc	337 170	0.03	89 711	85 022
TMB Bank PCL	2 480 047	0.00	1 072	560	Schlumbergers	156 629	0.03	79 362	83 661
TOKYU LIVABLE INC	85 200	0.00	14 465	5 429	News Corp CL A When Iss	737 343	0.03	89 851	82 035
Turkiye Garanti Bankasi	6 600	0.00	294	321	Novartis AG	273 159	0.01	82 866	81 356
Turkiye is bankasi	1	0.00	0	0	Golden Ocean Group	2 393 540	0.88	68 389	80 782
Turkiye Vakiflar Bankasi	17 000	0.00	211	326	Cardinal Health	251 470	0.06	83 030	78 854
Turkiye Vakiflar					PA Resources	1 740 604	2.69	96 118	77 457
Bankasi - NEW 2007	41 145	0.00	863	671	Xstrata plc	200 990	0.02	62 709	77 121
<b>Total Financial institutions and insurance</b>			<b>412 899</b>	<b>362 739</b>	Valero Energy Corp	202 025	0.08	72 090	76 820
<b>Other foreign shares</b>					American Electric				
Seadrill LTD	3 738 258	0.94	344 703	495 319	Power Company	303 481	0.08	80 004	76 724
Exxon Mobil Corporation	755 773	0.01	346 030	384 479	Royal Caribbean Cruises Ltd	330 034	0.17	83 849	75 578
Microsoft Corporation	1 897 632	0.02	311 973	366 817	Freeport McMoran Copper	133 765	0.08	55 646	74 405
Acergy SA	2 535 074	1.30	226 013	307 378	International Rectifier	395 575	0.55	75 040	72 965
Polycom Inc	2 033 962	2.11	309 867	306 805	BHP Billiton Plc	430 016	0.02	73 670	71 856
General Electric Company	1 460 414	0.01	298 411	293 959	Ericsson B	5 556 000	0.04	70 388	70 856
Prosafe SE	2 798 154	1.22	207 665	264 426	Deutsche Telecom AG	586 382	0.01	60 749	69 920
IBM International Business					BASF AG	86 544	0.02	62 865	69 674
Machines Corporation	410 554	0.03	243 660	240 982	Life Time Fitness	257 127	0.23	75 809	69 361
Royal Dutch Shell A	990 105	0.02	223 233	225 913	Eni SpA	347 870	0.01	67 271	69 179
Oracle Corporation	1 788 907	0.03	207 074	219 331	United Utilites Plc	839 843	0.10	65 882	68 626
BP Plc	2 718 335	0.01	184 520	180 697	Telecom ItaliaSpa	4 064 990	0.03	72 615	68 575
AT&T Inc	796 220	0.02	180 602	179 679	RWE AG	89 121	0.02	65 852	67 921
Time Warner Inc	1 963 295	0.04	180 184	176 003	Anadarko Petroleum Corporation	187 972	0.08	57 996	67 047
Procter and Gamble Company	440 441	0.02	170 702	175 586	Man AG	71 839	0.05	57 915	64 901
Frontline Ltd	626 440	0.84	154 684	163 501	Kraft Foods Inc	363 245	0.07	67 810	64 358
Union Pacific Corporation	239 470	0.09	148 343	163 342	Becton Dickinson and Company	141 723	0.06	65 207	64 318
Continental AG	211 523	0.15	147 761	149 434	Cooper Industries Inc	220 195	0.24	64 004	63 225
Chevron Corp	278 806	0.01	136 603	141 290	Vishay Intertechnology Inc	1 015 607	0.55	67 651	62 922
CVS Caremark Corp	654 430	0.08	139 417	141 250	Abercrombie & Fitch	144 035	0.17	58 115	62 544
Vodafone Group Plc	6 643 537	0.01	124 344	134 855	Coca Cola Company	185 558	0.01	57 265	61 833
Toyota Motor Corporation	445 700	0.01	137 133	130 845	Talisman Energy Inc	594 143	0.16	59 019	60 113
Emerson Electric	414 164	0.10	116 951	127 420	Stolt Nielsen SA	370 213	0.58	69 229	59 975
EON AG	106 566	0.02	116 644	123 169	International Power PLC	1 217 721	0.08	60 263	59 689
Unilever NV	606 114	0.11	101 028	121 016	Marathon Oil Corporation	180 444	0.05	55 132	59 630
Johnson and Johnson	333 602	0.01	121 538	120 821	Mitsubishi Corporation	397 900	0.02	60 455	59 180
Siemens AG	138 111	0.02	108 490	119 357	Hess Corp	106 953	0.00	36 499	58 573
Roche Holding AG	126 482	0.02	116 937	118 654	Premier Foods Plc	2 627 083	0.31	84 057	58 139
Total SA	260 909	0.01	106 570	117 711	Dominion Resources	223 504	0.07	56 673	57 585
Subsea 7	948 991	0.64	102 716	115 302	Health Net Inc	218 764	0.19	59 584	57 373
					Sherwin Williams Co	178 694	0.13	61 974	56 315

**Note 15 -Shares, interests and primary capital certificates – continued**

NOK thousand	Total shares	Interest in per cent	Acquisition cost	Fair value	NOK thousand	Total shares	Interest in per cent	Acquisition cost	Fair value
QLogic Corp	722 405	0.80	56 239	55 700	Exelon Electric and Gas	88 486	0.01	38 949	39 225
ABB Ltd	354 553	0.02	52 471	55 469	Technip SA	90 084	0.09	37 899	38 976
Intertek Group	517 394	0.34	56 718	55 364	JFE Holdings Inc	141 600	0.02	40 830	38 954
Nokia Oyj	262 600	0.01	53 475	55 286	Basilea Pharmaceutica AG	36 679	0.48	37 159	38 789
ConocoPhillips	114 921	0.02	52 962	55 100	Luxtotta Group Spa	221 796	0.05	44 870	38 279
CMS Energy Corp	578 908	0.26	62 008	54 632	Kingfisher Plc	2 415 958	0.10	38 522	38 021
Inverness Medical Innovation	177 564	0.40	55 509	54 166	PerkinElmer Inc	269 092	0.00	38 384	38 019
Komatsu Ltd	366 500	0.04	55 847	54 153	Encana Corp	101 587	0.01	37 078	37 725
Adidas AG	132 943	0.24	45 265	54 100	Adva AG Optical Networking	1 371 408	4.13	73 719	37 234
Omnicare Inc	433 360	0.41	56 550	53 674	British Energy Plc	621 064	0.10	36 150	36 854
Syngenta AG	38 709	0.03	49 298	53 560	Bristol Myers Squibb Company	254 605	0.01	39 787	36 663
AES Corp	459 214	0.07	59 510	53 335	Kao Corporation	224 000	0.04	36 509	36 582
Masco Corporation	453 469	0.10	53 806	53 210	Suncor Energy Inc	61 333	0.01	34 198	36 412
Comcast Corp New	532 471	0.04	53 780	52 794	Millennium Pharmaceuticals	434 693	0.14	26 770	35 358
Nestle SA	21 007	0.01	51 486	52 390	Bombardier Inc	1 053 553	0.07	32 241	34 546
Marubeni Corp	1 356 000	0.09	59 191	52 265	First Quantum Minerals Ltd	73 620	0.02	28 044	34 456
Orthofix International NV	165 443	0.00	44 640	52 076	Pitney Bowes Inc	165 813	0.07	35 343	34 249
Parmalat SpA	2 462 148	0.15	60 570	51 993	Sumitomo Metal Industries Ltd	1 345 000	0.03	39 211	33 929
Teck Cominco Ltd cl B	263 648	0.13	49 796	51 391	Utd Therapeut	63 700	0.00	35 622	33 775
TransAlta	277 840	0.14	51 606	50 978	Repsol YPF	171 402	0.01	34 449	33 174
Pride International	274 911	0.00	49 421	50 603	Suno	83 730	0.06	32 687	32 934
Deutsche Lufthansa AG	349 248	0.08	50 886	50 516	Monsanto Company	53 840	0.02	27 021	32 652
Google Inc	13 194	0.01	39 699	49 539	NTT DoCoMo	3 597	0.01	32 599	32 518
Tesco Plc	958 936	0.01	51 296	49 466	Matsushita Electric Industrials Company Ltd	288 000	0.01	36 258	32 406
Anglo American Plc	147 888	0.01	47 440	49 233	Blue Nile Inc.	86 159	0.02	35 252	31 841
Patterson-UTI Energy	463 788	0.27	50 111	49 157	Taiwan Semiconductor Manufacturing	3 057 780	0.01	3 689	31 738
SPX Corp	87 374	0.12	45 768	48 795	Itochu Corp	596 000	0.04	34 569	31 633
Occidental Petroleum Corporation	115 997	0.03	43 080	48 492	Nanosphere Inc.	415 562	0.16	32 003	31 568
Nippon Telegraph and Telephone Corporation	1 781	0.02	46 394	48 390	Netflix Inc	217 590	0.05	28 142	31 451
Johnson Controls	245 609	0.13	47 182	48 064	Alcoa Inc	158 229	0.02	30 133	31 402
Porsche Automobil Holding SE	4 367	0.05	47 006	48 047	Mitchells and Butler	673 675	0.13	33 111	30 874
LDK Solar Co Ltd	187 774	0.00	34 514	47 931	Canadian Natural Resources Ltd	77 193	0.01	28 281	30 824
Archer Daniels Midland	188 963	0.03	41 053	47 639	Ladbroke PLC	875 838	0.05	29 773	30 601
WW Grainger Inc	99 662	0.11	47 326	47 361	Aegis Group Plc	2 410 830	0.21	42 927	30 488
Starbucks Corp	425 471	0.11	48 357	47 291	Rogers Communications cl B	120 421	0.05	24 862	29 806
TNT NA	209 067	0.05	49 695	46 887	Transocean Inc	38 000	0.01	28 285	29 537
Tesoro Corp	179 163	0.13	51 905	46 404	Packeteer Inc	881 846	0.02	40 564	29 496
Deere and Company	88 399	0.04	38 667	44 697	Devon Energy Corporation	60 993	0.01	27 491	29 445
Lanxess	166 809	0.23	56 237	44 495	Petroleo Brasileiro SA	55 800	0.00	12 024	29 153
Safeway Inc	238 568	0.05	45 527	44 315	E I du Pont de Nemours and Company	121 276	0.01	29 409	29 034
Sony Corporation	144 300	0.01	43 580	43 484	Salzgitter AG	34 813	0.06	29 869	28 204
Bayer AG	86 892	0.01	39 009	43 134	Other foreign shares			3 701 872	3 519 652
Sprint Nextel Corp	603 832	0.04	46 115	43 050	<b>Total Other foreign shares</b>			<b>17 964 012</b>	<b>18 398 259</b>
Herbalife Ltd	196 768	0.27	46 100	43 036	<b>Total foreign shares</b>			<b>18 376 911</b>	<b>18 760 998</b>
Pearson Plc	535 453	0.07	44 357	42 365	<b>Foreign equities funds, hedge funds, other finance funds <sup>1)</sup></b>				
Mylan Inc	549 023	0.44	41 977	41 914	Private equity fond			1 177 189	1 959 706
Trane Inc	163 820	0.08	29 692	41 549	Morgan Stanley Equity Linked Cert. on NDUEEGGF	397 981	0.00	725 194	954 676
Dell Inc.	311 657	0.01	45 674	41 477	Index-tracking certificate on NDUEEGF EXP31/03/09	373 385	0.37	655 534	895 676
FEI Company	303 836	0.19	42 342	40 964	Morgan Stanley Equity Linked Cert. on NDUEEGGF	357 532		725 194	857 647
VistaPrint Ltd	175 726	0.41	41 033	40 886	AKO Fund Limited - NOK Class C3	472 683		506 555	665 069
Rheinmetall AG	94 616	1.08	52 415	40 846	MSCI EM Notes - Deutsche Bank, London	276 621	0.28	597 387	663 558
Reckitt Benckiser Group Plc	129 568	0.02	41 372	40 809	DNB NOR Art fund				
BW Offshore Limited	1 779 228	0.39	46 554	40 744					
3M Company	88 688	0.01	39 619	40 605					
SAP AG	141 796	0.04	40 893	39 995					
FLS Industries B	71 200	0.15	28 861	39 570					
Marks and Spencer Group Plc	652 020	0.04	39 910	39 466					
Mitsui + Co	343 000	0.02	41 735	39 428					
Honda Motor Company Ltd	216 200	0.02	39 848	39 406					
Take Two Interactive Software	392 692	0.85	41 504	39 340					

**Note 15 -Shares, interests and primary capital certificates – continued**

NOK thousand	Total shares	Interest in per cent	Aquisition cost	Fair value	NOK thousand	Total shares	Interest in per cent	Aquisition cost	Fair value
of Funds Class D	66 025		501 282	537 267	Cevian Capital II				
Schroder Intl Pacific EQ-IAC	3 978 223		202 021	319 481	Euro Class C Serie 6	84 999		0	70 314
ABN AMRO STRUCT.					Cevian Capital II				
INV.FDS-TA.CL.NOK 2020 A	540 000		270 000	262 424	Euro Class C Serie 5	84 999		68 577	69 726
JPMorgan European					The Rockspring				
Property fund	250 000		200 489	198 468	Portugueses Property partns.	82 519		64 556	65 509
Sector Speculare III					Other foreign equities funds			368 464	70 838
Fund Class A NOK	246 160		150 000	176 182	<b>Total Foreign equities funds, hedge funds, other finance funds</b>			<b>6 724 451</b>	<b>8 357 952</b>
Aberdeen Indirect									
Property Partners Class A2	2 026 783		164 136	163 236	<b>Total foreign shares</b>			<b>25 101 362</b>	<b>27 118 950</b>
Cevian Capital II					<b>Total shares and interests</b>			<b>34 413 353</b>	<b>39 361 739</b>
Euro Class C Serie 1	82 500		65 423	104 582					
Cevian Capital II									
Euro Class C Serie 2	82 500		68 393	89 619					
Cevian Capital II									
Euro Class C Serie 3	82 500		67 114	80 819					
Merrill Lynch European									
Property Fund of Funds	100 000		79 377	79 387					
Cevian Capital II									
Euro Class C Serie 4	82 500		67 568	73 766					

**Note 16 - Held to maturity bonds**

NOK million	Nominal value <sup>1)</sup>	Fair value	Amortised cost
Government/government-guaranteed	18 027	18 047	18 359
State enterprises	2 538	2 664	2 534
Municipalities and counties	7 414	7 326	7 413
Financial institutions	23 523	23 008	23 593
Other issuers	6 222	5 793	6 241
<b>Total bonds held to maturity</b>	<b>57 726</b>	<b>56 838</b>	<b>58 139</b>
Of which listed securities			59%

**Duration**

Norwegian bonds	4,89
International bonds	4,60
Average effective yield	4,93

<sup>1)</sup> Nominal value is stated at historic currency rate..

The effective yield for each security is calculated using the booked value. Calculated effective yields are weighted to give an average effective yield for the total portfolio on the basis of each security's share of the total interest rate sensitivity.

**Bonds specified by currency**

NOK million	Nominal value <sup>1)</sup>	Fair value	Amortised cost
NOK	52 469	51 491	52 731
JPY	64	65	64
EUR	4 812	4 895	4 964
USD	380	388	380
<b>Total</b>	<b>57 726</b>	<b>56 838</b>	<b>58 139</b>

**Bonds grouped by maturity:**

NOK million	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
NOK	1 073	4 387	3 817	11 741	31 714	52 731
JPY	0	64	0	0	0	64
EUR	0	0	284	1 359	3 321	4 964
USD	0	0	0	0	380	380
<b>Total</b>	<b>1 073</b>	<b>4 451</b>	<b>4 101</b>	<b>13 100</b>	<b>35 414</b>	<b>58 139</b>

**Changes in holdings through the financial year**

NOK million	
Opening balance at 1 January 2007	60 837
Additions	6 810
Disposals	(9 232)
Accrued premium or discount/ (Amortisation) for the year	(276)
Closing balance at 31 December 2007	58 139

**Net realised/unrealised gains and losses on hedging contracts**

Gains recognised in the income statement	(74)
Losses recognised in the income statement	116
<b>Net gains</b>	<b>42</b>

Held to maturity bonds in foreign currency are recognised at amortised cost on the balance sheet date, and the daily exchange rate is used for conversion to recorded value in Norwegian kroner. Changes in recorded value in consequence of changes in daily exchange rates are accounted for concurrently.

The company employs forward contracts to hedge the portfolio of held to maturity bonds in foreign currency. The forward contracts are valued at fair value, and the earned forward rate, together

with changes in unrealised value of the derivative in consequence of changes in daily exchange rates concurrently recognised in the income statement.

Changes in the unrealised value of the derivative, due to changes in interest rates, are recognised in the securities adjustment reserve and are therefore not included in profit for allocation.

## Note 17 - Bonds, commercial paper and fixed-income funds classified as current assets

NOK million	Nominal value	Acquisition cost	Fair value
Government/government-guaranteed	18 766	18 997	18 704
State enterprises	168	169	168
Municipalities and counties	4 744	4 754	4 596
Financial institutions	17 511	17 680	17 269
Other issuers	5 345	5 443	5 177
<b>Total</b>	<b>46 533</b>	<b>47 042</b>	<b>45 914</b>
Of which listed securities			70%

### Duration<sup>1)</sup>

Norwegian bonds	3,66
International bonds	5,73
Money market	0,58
Average effective yield <sup>2)</sup>	
Norwegian bonds	5,02%
International bonds	4,48%
Money market	5,90%

<sup>1)</sup> The effective yield for each security is calculated using the market value. Calculated effective yields are weighted to give an average effective yield for the total portfolio on the basis of each security's share of the total interest rate sensitivity.

<sup>2)</sup> The duration calculation includes all interest-bearing securities including derivatives.

### Bonds and commercial paper specified by currency

NOK million	Nominal value	Acquisition cost	Fair value
CAD	582	599	613
DKK	2 236	2 182	2 166
EUR	5 888	6 060	5 830
GBP	785	894	827
NOK	34 501	34 358	33 847
SEK	52	61	55
USD	2 490	2 889	2 575
<b>Total</b>	<b>46 533</b>	<b>47 042</b>	<b>45 914</b>

### Fixed-income funds

NOK million	Acquisition cost	Fair value
Money market	14 310	14 305
Credit	2 278	2 091
Others	44	44
<b>Total</b>	<b>16 631</b>	<b>16 440</b>

### Subordinated loans in the bond portfolio

NOK million	Nominal value	Acquisition cost	Fair value
In financial institutions	9,8	9,8	9,8
<b>Total</b>	<b>9,8</b>	<b>9,8</b>	<b>9,8</b>

## Note 18 - Quantification of financial derivatives

The object of the use of financial derivatives is to execute a market view or allocation through a rapid and cost-effective asset and market exposure. The use of derivatives also permits active risk management, including changing equity price, interest and currency risk.

Interest rate risk is here defined as the value change consequent on a one percentage point rise in interest rates for all currencies. For equity futures and equity index options, the term cash equivalent value is used, meaning the corresponding holding in direct share investments that the exposure in the option gives.

### Interest futures

NOK million	Nominal amount	Underlying value at 31.12.07	Interest risk	Expiry	Underlying value Average 2007
Valuta					
AUD					2
GBP	(566)	(544)	37	March 08	1 294
EUR	2 361	2 431	105	March 08	(2 556)
USD	20 238	20 285	(74)	March 08	23 236
<b>Total</b>		<b>22 171</b>	<b>67</b>		<b>21 977</b>



## Note 18 - Quantification of financial derivatives - continued

### Interest swaps

NOK million Currency	Nominal amount currency	Nominal amount NOK	Interest risk	Nominal amount Average 2007
NOK	27 167	27 167	(993)	13 799
<b>Total</b>	<b>27 167</b>	<b>27 167</b>	<b>(993)</b>	<b>13 799</b>

### FRAs

NOK million Currency	Nominal amount NOK	Interest risk	Nominal amount Average 2007
NOK	605 196	288	500 367
SEK	8 401	0	22 935
<b>Total</b>	<b>613 597</b>	<b>288</b>	<b>523 302</b>

### Asset swaps

NOK million Currency	Nominal amount currency	Nominal amount NOK	Interest risk	Nominal amount Average 2007
SEK	(1 560)	(1 269)	1	(1 269)
NOK	1 269	1 269	(1)	1 269
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>

### Equity index futures / Share index forwards

NOK million Currency	Nominal amount	Cash equivalent value	Expiry	Cash equivalent value Average 2007
AUD	631	620	Mars 08	431
CAD	244	247	Mars 08	82
CHF	591	580	Mars 08	495
EUR	7 234	7 157	Jan 08	5 696
GBP	2 090	2 038	Mars 08	1 641
HKD	53	52	Jan 08	15
JPY	1 365	1 318	Mars 08	1 430
NOK	Short (4 206)	(4 153)	Jan 08	(4 841)
SEK	131	131	Jan 08	157
SGD	65	66	Jan 08	22
USD	8 010	7 872	Mars 08	4 191
<b>Total</b>		<b>15 928</b>		<b>9 317</b>

### Equity Swap

NOK million Currency	Nominal amount	Cash equivalent value	Market value 31 Dec. 2007	Nominal volume Average 2007
EUR	(4)	2	(1)	1
USD	0	0	0	4
<b>Total</b>	<b>(4)</b>	<b>2</b>	<b>(1)</b>	<b>5</b>

### Equity index options

NOK million Currency	Nominal volume	Cash equivalent value	Market value 31 Dec. 2007	Cash equivalent value Average 2007
NOK	3 392	3 801	398	2 451
USD				531
<b>Total</b>		<b>3 801</b>	<b>398</b>	<b>2 983</b>

### Swaptions

NOK million Currency	Nominal amount currency	Nominal amount NOK	Interest risk in NOK	Nominal amount Average 2007
NOK	100	100	(3)	100
<b>Total</b>		<b>100</b>	<b>(3)</b>	<b>100</b>

## Note 18 - Quantification of financial derivatives - continued

### FX-contracts, currency exposure divided by term.

#### Current assets portfolio

NOK million

Currency	under 1 year	1-3 years	over 3 years	Total by currency
AUD	(65)	o	o	(65)
CAD	(697)	o	o	(697)
CHF	(365)	o	o	(365)
DKK	(2 169)	o	o	(2 169)
EUR	(10 616)	o	o	(10 616)
GBP	(2 679)	o	o	(2 679)
HKD	(4)	o	o	(4)
JPY	(2 281)	o	o	(2 281)
NZD	(8)	o	o	(8)
SEK	(96)	o	o	(96)
SGD	(11)	o	o	(11)
USD	(16 266)	o	o	(16 266)
<b>Total</b>	<b>(35 258)</b>	<b>o</b>	<b>o</b>	<b>(35 258)</b>

#### Other FX-contracts

NOK million

Currency	under 1 year	1-3 years	over 3 years	Total by currency
EUR	(4 202)	(557)	(28)	(4 786)
SEK	(420)	(2 153)	(1 166)	(3 739)
USD	(358)	o	o	(358)
<b>Total</b>	<b>(4 980)</b>	<b>(2 709)</b>	<b>(1 194)</b>	<b>(8 884)</b>

## Note 19 - Financial risk

### Equity exposure in 2007

At the beginning of 2007, Vital's equity exposure was 29.7 per cent of the total balance sheet, including derivatives, hedge funds and private equity. During the year equity exposure has reduced slightly, and at the start of 2008 was 24.7 per cent including derivatives, hedge funds and private equity.

Vital's equity exposure is divided between 17 per cent to Norwegian and 83 per cent to international equity. The Norwegian

portfolio invests primarily in equity quoted on the Oslo Stock Exchange, with a total risk corresponding to the benchmark index of the Oslo Stock Exchange. The international equity portfolio is in the main distributed between the regions corresponding to the Morgan Stanley All World Index, with just under 50 per cent in North America, around 30 per cent in Europe, 10 per cent in Japan, and slightly above 10 per cent in Asia (excluding Japan) Latin America and Africa.

### Currency risk

#### Current portfolio

NOK million

Currency	Net currency exposure at 31 December 2007
USD	751
EUR	824
GBP	70
SEK	263
DKK	293
JPY	84
Other	1 693
<b>Total</b>	<b>3 976</b>

#### Long-term portfolio

NOK million

Currency	Net currency exposure at 31 December 2007
EUR	548
GBP	10
USD	31
SEK	2 040
<b>Total</b>	<b>2 628</b>

Currency risk arises as a natural consequence of the fact that Vital invests parts of its securities portfolio in the international securities market, and that part of the subordinated loan portfolio is made in foreign currency. Vital's present currency hedging strategy means that total currency risk is kept to a minimum. Total open positions in currency may be found by comparing the net amounts for the current and long-term portfolios with subordinated loans in foreign currency, confer Note 25.

**Note 19 - Financial risk – continued****Liquidity risk current portfolio bonds and commercial paper****Remaining term**

NOK million

Currency	up to 1 year	1 to 5 years	over 5 years	Total
CAD	-	427	191	618
DKK	2 166	-	-	2 166
EUR	650	2 573	2 752	5 975
GBP	-	194	643	837
NOK	17 375	9 100	7 912	34 387
SEK	-	49	6	56
USD	672	880	1 062	2 614
<b>Total</b>	<b>20 864</b>	<b>13 223</b>	<b>12 566</b>	<b>46 653</b>

**Interest risk financial current assets****Remaining term**

NOK million

Currency	up to 1 year	1 to 5 years	over 5 years	Total
AUD	2	-	-	2
CAD	2	(14)	(18)	(31)
CHF	2	-	-	2
DKK	(0)	-	-	(0)
EUR	134	(80)	(268)	(214)
GBP	44	(6)	(67)	(29)
HKD	0	-	-	0
JPY	6	-	-	6
NOK	50	(158)	(1 472)	(1 579)
NZD	0	-	-	0
SEK	0	(2)	(1)	(2)
SGD	0	-	-	0
USD	(39)	(46)	(139)	(223)
<b>Total</b>	<b>200</b>	<b>(305)</b>	<b>(1 965)</b>	<b>(2 070)</b>

Interest rate risk is here defined as the change in value of interest-bearing securities in consequence of a 1 percentage point interest-rate increase for all maturities.

**Note 20 - Receivables**

NOK million	2007	2006
Receivables in connection with direct business	1 371	900
Receivables in connection with reinsurance	5	0
Other receivables	676	844
Receivables from group companies	189	208
<b>Total receivables</b>	<b>2 241</b>	<b>1 952</b>

### Note 21 - Other assets/intangible assets

NOK million	31 Dec. 2007	31 Dec. 06
Fixed assets	46	75
Cash in hand and bank deposits	1 729	1 890
Other assets	191	155
<b>Total other assets</b>	<b>1 966</b>	<b>2 120</b>

NOK million	31. Dec. 07	31. Dec. 06
Goodwill	0	50
Development of IT systems	184	222
<b>Total intangible assets</b>	<b>184</b>	<b>272</b>

<b>At 31 December 2006</b>	Goodwill	Development of IT-systems	Other operating assets	Total
Original cost	205	572	142	919
Depreciation and writedowns	154	350	67	571
<b>Recorded value at 31 December 2006</b>	<b>50</b>	<b>222</b>	<b>75</b>	<b>347</b>

#### Year to 31 December 2007

Recorded value	50	222	75	347
Additions		92	5	96
Writedowns	28	57	6	91
Depreciation	22	73	29	123
<b>Recorded value at 31 December 2007</b>	<b>0</b>	<b>184</b>	<b>46</b>	<b>229</b>

#### Closing balance 31 December 2007

Original cose	205	664	146	1 015
Depreciation and writedowns	205	480	101	786
<b>Recorded value at 31 December 2007</b>	<b>0</b>	<b>184</b>	<b>46</b>	<b>229</b>

### Note 22 - Investments and sale of fixed assets/intangible assets 2003-2007

NOK million	2007	2006	2005	2004	2003
<b>Machinery, equipment and vehicles</b>					
- Invested	96	145	105	54	120
- Sold (sale value)	0	0	18	0	0

### Note 23 - Equity

NOK million	Paid-in capital	Retained earnings	Total equity
Balance sheet 1 January 2007	2 343	4 812	7 155
Capital increase on merger with Vital Link ASA	153	101	253
Profit for the year		3 983	3 983
Group contribution received		5 224	5 224
Dividend paid		(8 252)	(8 252)
<b>Balance sheet 31 December 2007</b>	<b>2 496</b>	<b>5 867</b>	<b>8 363</b>

Paid-in capital consists of share capital NOK 1 321 million and share premium reserve NOK 1 175 million. Total number of shares is 52 827 288, with a face value of NOK 25 per share. In connection with the demerger of the company's directly owned buildings, decision is made to reduce the share capital by up to NOK 112 767 175 through the redemption of up to 4 510 687 shares.

A condition for implementing the demerger is carrying out a simultaneously capital increase, corresponding to the reduction, through the shares of the demerged companies being subscribed as consideration in kind.

## Note 24 - Capital adequacy and solvency margin capital

The capital adequacy rules govern the relationship between the company's primary capital and its investment risk on the assets side of the balance sheet. Solvency margin capital is measured against the solvency margin requirement, which is related to the company's insurance-related commitments on the liabilities side

of the balance sheet. The requirements for the solvency margin capital of life insurance companies are governed by the Regulations on Calculation of Solvency Margin Requirements and Solvency Margin Capital laid down by the Ministry of Finance on 19 May 1995 as subsequently amended.

### Capital adequacy

NOK million	31 Dec. 07	31 Dec. 06
Paid up equity	2 496	2 496
Other equity/perpetual bonds	6 092	5 137
<b>Equity capital</b>	<b>8 588</b>	<b>7 633</b>
Pension fund assets in excess of pension commitments	(138)	(112)
Intangible assets	(184)	(272)
<b>Core capital</b>	<b>8 266</b>	<b>7 249</b>
Perpetual subordinated loan capital	1 030	1 121
Ordinary subordinated loan capital	1 238	1 210
Net supplementary capital	2 268	2 331
Deductions	(4)	0
<b>Total eligible primary capital</b>	<b>10 531</b>	<b>9 580</b>
Risk-weighted volume	109 044	96 983
Capital adequacy in per cent	9,7%	9,9%
Core capital adequacy in per cent	7,6%	7,5%

### Assets classified by risk categories

NOK million	Recorded 31 Dec. 07	Risk weighted 31 Dec. 07	Risk weighted 31 Dec. 06
Weight			
0%	35 227	0	0
2%	0	0	0
4%	5 528	221	163
10%	6 115	612	375
20%	92 510	18 502	15 067
50%	4 145	2 073	1 939
100%	86 696	86 696	86 987
Intangible assets	184	0	0
Total balance sheet	230 405	108 103	104 531
Off balance sheet items		5 410	407
Deductions		(4 470)	(7 955)
<b>Total risk-weighted volume</b>		<b>109 044</b>	<b>96 983</b>

### Solvency margin capital and solvency margin requirements

NOK million	31 Dec. 07	31 Dec. 06
Net primary capital	10 531	9 580
Additional allocations (50 %)	4 316	3 215
Security reserve in excess of 55 % of lower limit	111	95
<b>Solvency margin capital</b>	<b>14 958</b>	<b>12 890</b>
Solvency margin requirements	7 510	7 581
<b>Capital as % of requirement</b>	<b>199,2 %</b>	<b>170,0 %</b>

## Note 25 - Subordinated loan capital

NOK million		Loan amount currency	Loan amount NOK	Interest 2007 NOK	Interest in %	Maturity
Borrowing						
June 2001	NOK	300	300	18	Floating	Perpetual
October 2001	USD	70	380	29	Floating	Perpetual
June 2002	NOK	350	350	22	Floating	Perpetual
July 2002	NOK	35	35	2	Floating	Perpetual
<b>Total perpetual subordinated loans</b>			<b>1 065</b>	<b>71</b>		
July 2002	NOK	35	35	2	Floating	July 2012
March 2003	NOK	850	850	58	Floating	March 2013
December 2003	NOK	300	300	22	Floating	December 2013
August 2005	NOK	25	25	1	Floating	August 2015
<b>Total term subordinated loans</b>			<b>1 210</b>	<b>84</b>		
<b>Total</b>			<b>2 275</b>	<b>154</b>		

### Note 25 - Subordinated loan capital – continued

Subordinated loans in foreign currency form part of the company's currency strategy and help with the hedging of financial investments in foreign currencies. In 2007 an unrealised currency gain was recorded on subordinated loans in foreign currencies of NOK 56 million. In the previous year there was a currency gain of NOK 38 million.

No redemptions or new borrowings have been undertaken in the financial year.

All the loans are intra-Group. The perpetual loans may, on the borrower's initiative, be redeemed after ten years from issue date. Any redemption of subordinated loans prior to ordinary maturity requires the consent of Kredittilsynet.

In addition, Vital has a perpetual subordinated loan capital of NOK 225 million, taken up in 2002. This counts as part of the company's core capital. In 2007 the interest costs on this loan totalled NOK 18 million.

### Note 26 - Insurance related allocations

NOK million	Individual capital insurance	Individual annuity and pension insurance	Group life insurance	Group pension insurance private	Group pension insurance public	Group association insurance	Other lines (injury)	Total 2007	Total 2006
Premium reserves	21 667	49 518	501	94 484	18 299	4 233	14	188 716	186 244
Additional allocations	526	2 239	0	4 740	851	276	0	8 632	6 429
Premium reserve/pensioners surplus reserve	0	648	0	3 403	1 296	100	0	5 447	6 436
Claims reserve	148	206	60	184	0	17	57	672	584
Security reserve	8	31	17	4 207	390	4	33	4 691	212
<b>Total insurance related allocations 2007</b>	<b>22 349</b>	<b>52 643</b>	<b>579</b>	<b>107 018</b>	<b>20 836</b>	<b>4 631</b>	<b>104</b>	<b>208 159</b>	
Total insurance related allocations 2006	18 251	45 900	310	95 144	17 061	4 398	1		199 904

#### Of which products with investment choice

NOK million	Individual capital insurance	Individual annuity and pension insurance	Group pension insurance	Total 2007
Premium reserves	6 334	9 869	3 665	19 868
Additional allocations	0	0	0	0
Premium reserve/pensioners surplus reserve	0	0	0	0
Claims reserve	0	8	0	8
Security reserve	3	4	1	8
<b>Total insurance related allocations 2007</b>	<b>6 337</b>	<b>9 881</b>	<b>3 667</b>	<b>19 884</b>

### Note 27 - Liabilities

NOK million	2007	2006
Liabilities related to direct insurance	2 077	107
Net liabilities related to dividend/group contribution	997	1 224
Other liabilities	3 373	2 945
<b>Total liabilities</b>	<b>6 446</b>	<b>4 277</b>

#### Other provisions included in Other liabilities

	Salary related provisions	Commision agents	Provision retirement	Other provisions	Total provisions
<b>Recorded value at 31 Dec. 2006</b>				<b>173</b>	<b>173</b>
New provisions posted to income statement	68	32	11	94	205
Provisions used				163	163
Reversed unused provisions					0
Other changes					0
<b>Recorded value at 31 Dec. 2007</b>	<b>68</b>	<b>32</b>	<b>11</b>	<b>105</b>	<b>216</b>

### Note 28 - Related parties

DnB NOR ASA owns 100 per cent of the shares of Vital Forsikring ASA.

DnB NOR Bank ASA is a sister company of Vital Forsikring ASA and has agreements to sell insurance policies for Vital Forsikring ASA. For individual policies, including Unit Linked, new sales via DnB NOR Bank comprised 55 per cent of the total new sales compared with 50 per cent in 2006.

Commission paid by Vital Forsikring ASA to DnB NOR Bank ASA was NOK 180 million as against NOK 253 million in 2006. Vital Forsikring ASA has receivables from other companies in the Group totaling NOK 189 million, as against NOK 78 million at

31 Dec. 2006, and owes other companies in the Group NOK 3,557 million as against NOK 2,488 million at 31 Dec. 2006.

The company has an agreement for asset management with its associated company DnB NOR Kapitalforvaltning ASA. Total fees for 2007 were NOK 147 million.

DnB NOR Bank ASA is lender for the company's total subordinated loans of NOK 2,275 million and a perpetual subordinated loan of NOK 225 million.

Other companies in the DnB NOR Holding group have pension schemes with Vital Forsikring ASA, and estimated funds at 31 Dec. 2007 amount to NOK 7.6 billion..

## Note 29 - Contingent liabilities and commitments

Heidelberger Sement Pensjonskasse/Norcem AS has brought a claim against Vital Forsikring, seeking compensation of up to NOK 110 million. It is alleged that Vital Forsikring ASA gave erroneous advice in connection with the transfer of funds from the premium fund of the company's pension scheme.

The claim is disputed.

The company's ongoing lawsuits do not represent material amounts in relation to the company's financial position.

Vital has no material rental or leasing commitments, and has not undertaken any guarantee liability or created mortgages.

## Note 30 - Pre-paid expenses and accrued income

NOK million	2007	2006
Accrued, not due bond interest	2 302	2 709
Other accrued not due interest	50	16
Other	41	34
<b>Total prepaid expenses and accrued income</b>	<b>2 394</b>	<b>2 759</b>

## Note 31 - Assets in life insurance with investment choice

Manager	Fund name	Savings balance (figures in NOK 1000)	Price in NOK at 31.12.07	Price in currency	Listing currency of fund	Return 01.01.- 31.12.07
Carlson	Carlson Asian Small Cap	90 762	56,96	67,341	SEK	68,45
Carlson	Carlson SEK Short Bond	114 269	20,62	24,380	SEK	2,96
DnB NOR Kapitalforvaltning	DnB NOR Asia	87 333	368,44	368,440	NOK	13,37
DnB NOR Kapitalforvaltning	DnB NOR Bankkonto	2 325 964	1,58	1,577	NOK	4,46
DnB NOR Kapitalforvaltning	DnB NOR Europa	169 153	409,22	409,220	NOK	-5,52
DnB NOR Kapitalforvaltning	DnB NOR Miljøinvest	371 980	555,36	555,360	NOK	31,66
DnB NOR Kapitalforvaltning	DnB NOR Navigator	182 036	6 432,11	6432,110	NOK	25,42
DnB NOR Kapitalforvaltning	DnB NOR Norden	116 136	1 389,18	1389,180	NOK	-4,85
DnB NOR Kapitalforvaltning	DnB NOR Norge Selektiv	130 327	532,85	532,850	NOK	14,31
DnB NOR Kapitalforvaltning	DnB NOR Norge	72 647	1 149,10	1149,100	NOK	11,42
DnB NOR Kapitalforvaltning	DnB NOR Obligasjon 20	125 520	1 111,34	1111,340	NOK	2,80
DnB NOR Kapitalforvaltning	DnB NOR Pengemarked	581 879	1 039,63	1039,630	NOK	3,95
DnB NOR Kapitalforvaltning	DnB NOR SMB	126 856	462,82	462,820	NOK	10,95
DnB NOR Kapitalforvaltning	MasterFund Balanse	1 148 619	148,70	148,697	NOK	5,65
DnB NOR Kapitalforvaltning	MasterFund Offensiv	377 147	140,18	140,182	NOK	5,99
DnB NOR Kapitalforvaltning	MasterFund Trygg	1 243 189	149,87	149,870	NOK	3,97
DnB NOR Kapitalforvaltning	Postbanken Balanse	111 236	148,70	148,697	NOK	5,65
DnB NOR Kapitalforvaltning	Postbanken Offensiv	81 805	140,18	140,182	NOK	5,99
DnB NOR Kapitalforvaltning	Postbanken Trygg	177 322	149,87	149,870	NOK	3,97
DnB NOR Kapitalforvaltning	Vital Kombi	277 566	204,87	204,865	NOK	3,40
DnB NOR Kapitalforvaltning	Vital Kompass	184 485	127,22	127,225	NOK	1,20
DnB NOR Kapitalforvaltning	Vital Superobligasjon Global	79 849	1 293,30	1293,304	NOK	0,71
East Capital	East Capital Balkan	150 592	28,19	33,330	SEK	41,95
East Capital	East Capital Russland	237 569	1 477,74	1746,940	SEK	23,47
East Capital	East Capital Tyrkia	68 592	9,70	11,470	SEK	51,92
East Capital	East Capital Østeuropa	359 690	46,34	54,780	SEK	23,46
East Capital	East Capital Ryssland	74 734	1 477,74	1746,940	SEK	23,47
East Capital	East Capital Östeuropa	125 001	46,34	54,780	SEK	23,74
FIM	FIM Brazil	133 223	220,40	27,680	EUR	37,44
Gambak Fondsforvaltning	Gambak	66 759	13 999,30	13999,300	NOK	19,74
Holberg Fondsforvaltning	Holberg Norden	117 810	225,61	225,611	NOK	5,48
JP Morgan Asset Management	JPM China Fund	101 556	259,28	306,512	SEK	53,71
JP Morgan Fleming Asset Management	PM China Fund A	495 217	341,55	63,200	USD	61,51
JP Morgan Fleming Asset Management	JPM Eastern Europe Equity Fund A	115 588	512,47	64,360	EUR	29,16
JP Morgan Fleming Asset Management	JPM India Fund	244 143	555,34	102,760	USD	51,68
Key Asset Management	Key Multi Strategi	140 490	148,22	148,220	NOK	8,46
Key Asset Management	Key Multi Strategy	181 534	122,77	145,130	SEK	4,97
Morgan Stanley	Morgan Stanley Latin America	80 206	409,26	75,730	USD	37,54
Odin Fonder	Odin Europa SMB	81 051	175,42	207,380	SEK	-7,24
Odin Forvaltning	Odin Maritim	123 241	1 466,97	1466,970	NOK	36,02

**Note 31 - Assets in life insurance with investment choice - continued**

Manager	Fund name	Savings balance (figures in NOK 1000)	Price in NOK at 31. Des2007	Price in currency	Listing currency of fund	Return 01.01.- 31.12.07
Skagen	Skagen Global	194 671	810,79	958,494	SEK	16,32
Skagen	Skagen Global	1 453 061	807,56	807,562	NOK	8,17
Skagen	Skagen Kon-Tiki	86 011	452,92	535,424	SEK	31,17
Skagen	Skagen Kon-Tiki	877 766	450,89	450,892	NOK	21,92
Skagen	Skagen Vekst	614 295	1 518,58	1518,580	NOK	8,89
	Total other equity funds	1 968 304				
<b>Total</b>		<b>16 267 187</b>				
VIP Aksjefond		866 541				
VIP Obligasjonsfond		964 375				
VIP Pengemarkedsfond		361 549				
Savings not invested		1 408 178				
<b>Total</b>		<b>19 867 831</b>				



# Cash Flow Statement

NOK million	2007	2006
<b>Cash flow from operational activities</b>		
Net premium/premium fund received	17 286	17 442
Net payments on transfer	(1 016)	(2 209)
Financial income	24 785	19 540
Income from life insurance with investment choice products	204	211
Other insurance-related income	(13)	15
Disbursed insurance settlements	(24 475)	(11 941)
Insurance-related operating expenses	(1 720)	(1 570)
Expenses in connection with financial assets	(9 143)	(7 199)
Other insurance-related expenses	(143)	(76)
Other expenses	(167)	(128)
Taxes paid	0	0
<b>A=Net cash flow from investment activities</b>	<b>5 598</b>	<b>14 085</b>
<b>Cash flow from investment activities</b>		
Net investment in shares and mutual funds	5 669	(14 199)
Net investment in bonds	(4 194)	(137)
Net investment in lending	3	24
Net investment in investment agreements	298	(2 758)
Net investment in real estate	(279)	(1 353)
Net investment in other financial assets	0	0
Net investment in fixed assets	(68)	(89)
Net investment in intangible assets	4	(51)
<b>B=Net cash flow from investment activities</b>	<b>1 433</b>	<b>(18 563)</b>
<b>Cash flow from financing activities</b>		
Subordinated loans	0	30
Dividend/group contribution	(1 224)	(1 005)
Changes in other financing	(828)	1 166
<b>C=Net cash flow from financing activities</b>	<b>(2 052)</b>	<b>191</b>
Net changes in liquidity (A+B+C)	4 979	(4 287)
Liquid resources at 1 January (cash/bank)	6 823	11 111
<b>Liquid resources at 31 December (cash/bank)</b>	<b>11 802</b>	<b>6 824</b>

Of the liquid resources, frozen accounts for tax withholdings accounted for NOK 130 million at 31 December 2007, as against NOK 186 million at 31 December 2006.

## Reports

### Declaration of responsible actuary

The responsible actuary shall ensure that the company's operations are at all times conducted in a sound manner as regards technical insurance aspects. In this respect the technical insurance situation for Vital Forsikring ASA as at 31 December 2007 has been evaluated.

With reference to the accounts presented for 2007 I confirm that the insurance allocations have been made in conformity with the relevant calculation bases and thus in accordance with applicable legislation and associated regulations.

NOK 4.4 billion has been provided in 2007 as a result of conversion to a new calculation base in group pension insurance. The amount has been allocated to the security reserve as at 31 December 2007 and will be transferred to the premium reserve in 2008.

Bergen, 3 March 2008



Egil Heilund  
Responsible actuary

### Auditor's report for 2007

To the annual general meeting in Vital Forsikring ASA

We have audited the annual accounts for Vital Forsikring ASA for the 2007 financial year, which show a profit of NOK 3,982 million. We have also audited the information in the annual report regarding the annual accounts, the going-concern assumption and the proposal for application of the profit. The annual accounts consist of the income statement, the balance sheet, the cash flow statement and information in the notes to the accounts. The rules of the Accounting Act and Norwegian generally accepted accounting principles have been employed in the preparation of the accounts. The annual accounts and the annual report have been presented by the company's Board of Directors and the Chief Executive Officer. Our assignment has been to comment on the annual accounts and other matters pursuant to the requirements of the Auditors Act.

We have performed the audit in conformity with statutes, regulations and NGAAP, including auditing standards approved by the Norwegian Auditors Association. These auditing standards demand that we plan and implement the audit in order to obtain adequate certainty that the annual accounts do not contain material misinformation. The audit includes inspection of selected portions of the material that supports the information in the annual accounts, evaluation of the accountancy principles employed and material accounting estimates, plus evaluation of the content and presentation of the annual accounts. To the degree consequent on GAAP, the audit also involves a review of the company's asset management and accountancy and internal control systems. We consider that our audit constitutes a sound basis for our judgment.

We consider that:

- the annual accounts are presented in conformity with statutes and regulations and provide a faithful picture of the company's financial position at 31 December 2007 and of the profit and the cash flows in the financial year in conformity with Norwegian generally accepted accounting principles.
- The management has discharged its duty to ensure a proper and comprehensible registration and documentation of accounts information in conformity with Norwegian law and good book-keeping practise.
- The information in the annual report regarding the annual accounts, the going-concern assumption and the application of the profit are consistent with the annual accounts and in conformity with statute and regulations.

Oslo, 8 February 2008



PricewaterhouseCoopers AS

## The Control Committee's Statement

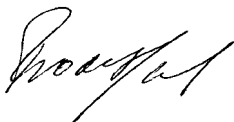
### To the Supervisory Board and the annual general meeting of Vital Forsikring ASA

The Control Committee has conducted supervision of Vital Forsikring ASA pursuant to statute and the instructions laid down by the Supervisory Board.

The Control Committee has, in connection with the closing of the annual accounts for the financial year 2007, reviewed the annual report, the annual accounts, the declaration of the responsible actuary and the auditor's report for Vital Forsikring ASA and the Group.

The Committee finds that the Board's assessment of the company's financial position is accurate and recommends that the annual report and the annual accounts for the financial year 2006 be approved.

Oslo, 13 March 2008




Frode Hassel



Ingebjørg Harto



Svein N. Eriksen



Thorstein Øverland



Svein Brustad

# Insurance Risk

In life insurance, most insurance risks are related to the occurrences of death and disability.

Risk for Vital related to changes in mortality is twofold. For mortality benefits (mainly spouse and child's pensions) lower mortality will improve the risk result and reduce the requirement for provisions. Lower mortality, longevity risks will lead to a longer payment period and will result in higher provisions.

As a result of lower mortality and changes in civil status patterns the calculation base for group pension has been revised as at 31 December 2007. The revision has resulted in a need for lower provisions for spouse and child's pensions and a need for higher provisions for retirement pensions. Overall the revision results in increased premium reserves of NOK 4.4 billion, which corresponds to 4.1 per cent of premium reserves for group pension as at 31 December 2007. The provision is financed entirely by the annual result.

Disability risk is more exposed than mortality risk to changes over shorter time spans. No requirement has been identified to strengthen existing provisions relating to disability pensions or other disability products.

For existing contracts, insurance risk is under continuous monitoring through analysis and follow-up of the risk results within each sector. Vital also uses reinsurance as an instrument for reducing insurance risk, and has reinsurance agreements that cover catastrophes and large single risks in group and individual

insurance. The reinsurance contracts imply that Vital covers risk up to a fixed level, and the reinsurer covers the excess risk up to a defined boundary.

In order to reduce the initial insurance risk when individual risk products are sold, a health evaluation of the person insured is performed. Individual health evaluations are also performed for smaller group schemes. In the case of sales of group disability pensions a classification by risk classes is made following a specific assessment of the risk of the relevant company. The risk classification is reflected in the risk premium charged to the customer.

Vital Forsikring has its main business in Norway. The portfolio is well diversified in this market and there is no significant geographic or sector concentration of risk.

The risk result arises in consequence of the mortality, disability and exit risks deviating from what was presupposed in the premium tariff and provisions. The exit risk is linked to the issue of free policies in group schemes where increases in the administration reserve on the ordinary issue of free policies has been charged up till now to the company's result. From 1 January 2008 this will cease to be an element in the result as the administration reserve linked to ordinary free policies will be the responsibility of each pension scheme and covered through premium payments.

Risk	Insurance							
	Group insurance schemes - defined benefits			Individual pension saving				
	Privat	Public	Association insurance	Annuity and pension insurance	Endowment insurance	Other lines	Total	
NOK million							Total 2007	Total 2006
<b>Risik result <sup>1)</sup></b>								
Risik result 2007	(157)	(70)	11	(60)	33	25	(218)	
Risik result 2006	(77)	13	25	(40)	37	34		(8)
<b>Effect on aggregate risk result <sup>2)</sup></b>								
1 per cent reduction in mortality							(3)	(6)
10 per cent reduction in mortality							(34)	(59)
5 per cent increase in disability							(95)	(88)
10 per cent increase in disability							(190)	(175)

<sup>1)</sup> The risk result is included in the result for distribution between policyholders and the owner. Changes in assumptions for provisions and tariffs could result in a greater impact on the result for allocation.

<sup>2)</sup> Impact on the aggregate risk result for 2007 of a reduction in mortality of respectively 1 and 10 per cent and an increase in disability of respectively 5 and 10 per cent.

In accordance with IFRS 4 the company has assessed whether premium reserves are sufficient in relation to liabilities to customers. If the test shows that premium reserves are too low to support the company's future liabilities, the difference is to be expensed at the time of the test.

All price tariffs that the company uses are based on the company's experience within the product segment or line. Products will thus have different base rates, mortality and disability assumptions, and different costs.

The company's result over the year can be divided into the interest, risk and administration result. Due to the allocation of profits between policyholders and the owner only an overall positive result will lead to funds being credited to policyholders. The sufficiency test is constructed in the same way.

The calculation uses best estimates of costs, exits, mortality and disability in the future cashflows. The most important element in the analysis is the estimates of long-term interest rates. The level of long-term interest rates at the date of the test determines the expected return used as a basis for the test.

The sufficiency test consists of the following elements:

1. Expected return
2. Return guarantee
3. Risk result
4. Administration result

The result of the test is given as the sum of points 1-4 above. The sufficiency test is undertaken quarterly by reference to the four main lines: group pension, group association, individual annuity insurance and individual endowment insurance.

The sufficiency test as at 31 December 2007 did not indicate a need for further provisions for liabilities to policyholders.

# Definitions

Reference is also made to the accounting principles.

## Products

### *Group life insurance:*

Insurance of death risk that an employer or an association takes out for its employees or members and sometimes their spouses and children. The insurance sum is disbursed in its entirety upon the death of the insured. It may also include disability cover, which is a one-off benefit for permanent disability.

### *Individual endowment insurance:*

Individual life insurance policy whereby, when the person insured dies or attains an agreed age, the company is to pay a particular sum. It may also include disability cover, which is a one-off benefit for permanent disability.

### *Individual annuity and pension insurance:*

Individual insurance policy whereby the company is to disburse monthly amounts as long as a given person is alive, or until that person attains a particular age. Usually embraces a retirement pension, disability pension, spouse's pension and child's pension.

### *Group pension insurance:*

Group life insurance with disbursement of pension sums in instalments from an agreed age and as long as the person insured is alive. Group pension insurance may be divided into defined-benefit pensions or defined-contribution pensions. A defined-benefit pension may include a retirement pension, disability pension, spouse's pension and child's pension. A defined-contribution pension covers only retirement pension capital.

### *Group association insurance:*

Pension insurance taken out by associations for specified groups of their members.

### *Annuity:*

Insurance that provides continuous disbursements for an agreed period. The disbursements can start immediately or at an agreed date. The insurance period for an annuity policy may not be shorter than 12 years, of which the disbursement period must be at least 6 years.

### *Unit Linked:*

A life insurance product in which the policyholder himself decides how the savings capital is to be distributed between various investment alternatives.

## Premiums and settlements

### *Single premium:*

The total sum to be paid for the insurance policy on a one-off basis.

### *Insurance settlement:*

The sum the company is to disburse pursuant to the insurance policy when the insurance event occurs.

### *Reinsurance:*

Transfer of some of the risk to another insurance company.

### *Repurchase:*

When the policyholder interrupts the insurance relationship and the repurchase value is repaid.

### *Transferred reserves:*

Transferred premium reserves and additional allocations from/ to other insurance companies or pension funds.

## Result and return on capital

### *Administration result:*

The result of the period's operating costs deviating from what was assumed in the premium tariff.

### *Interest result:*

The result of the period's financial income deviating from what was assumed in the premium tariff.

### *Risk result:*

The result of the period's mortality and disability deviating from what was assumed in the premium tariff.

### *Average return:*

The average return means the average realised return on capital achieved on the policyholders' funds in the course of the year. Because of the way in which mean return is computed, it will not be comparable with the return achieved in other financial institutions. The computation method is laid down by Kreditilsynet (the Financial Supervisory Authority of Norway) and can be described in terms of the ratio between:

1. Gross financial income less interest costs, dividend on share capital, allocation to equity, tax charge and allocation to the security reserve.
2. The policyholders' average funds.

### *Base rate:*

The base rate is used to compute the present value of future premiums, benefits and insurance-related provisions. Kreditilsynet fixes the highest level of the base rate at any given time, considered in the light of long-term government bonds. From 1 January 2006 the maximum base rate for new contracts is 2.75 per cent. For contracts signed before 1 January 2006, the base rate is generally between 3 and 4 per cent.

## Financial derivatives

### *Share index futures:*

Share index futures are an agreement to buy or sell an index at a particular price on a particular date in the future. The contracts are standardised and quoted on the stock market. Daily settlement of gains or losses is made, based on changes in closing prices.

### *Share index options:*

Share index options involve unilateral rights to buy or sell shares at a price agreed in advance. These options are linked to share indices.

*Forward Rate Agreement (FRA):*

A Forward Rate Agreement is a contract that stipulates an interest rate for a future period. The buyer may stipulate a borrowing rate and the seller a lending rate. The principal, that is the sum on which interest is paid, is only a reference amount in the contract and is not exchanged.

*Interest rate futures:*

Interest rate futures are most simply described as standardized and quoted FRAs. Gains and losses on the difference between the contract interest rate and market interest rate are settled daily through a clearing-house.

*Interest swaps:*

An agreement between two parties to swap interest rate conditions on a security for a pre-arranged sum over a given future period.

*Swaption:*

Swaption means a unilateral right to buy or sell an interest-rate swap at a pre-arranged price.

*Forward exchange contract:*

An agreement to sell or buy an agreed amount of foreign exchange at a fixed rate for delivery on a future date. Forward exchange contracts normally have a short term, three months to a year. The contracts are used mainly to hedge shares, bonds and other holdings in foreign currency.

**Capital adequacy and solvency margin capital**

*Capital adequacy rules:*

Regulations setting requirements on primary capital in financial institutions. The rules cover the calculation and level of primary capital measured against a risk-weighted balance sheet. The result is expressed as the capital ratio.

*Primary capital:*

Primary capital consists of core capital (or Tier 1 capital) and supplementary capital (or Tier 2 capital).

*Core capital:*

For an insurance company the core capital consists mainly of paid-in equity and retained earnings.

*Supplementary capital:*

Consists mainly of subordinated loan capital.

*Subordinated loan capital:*

Loans taken out by the company that, on certain conditions, form part of total primary capital. Special consent is required from the authorities to raise subordinated loans and there are special rules regarding the term and repayment. Subordinated loan capital is unsecured and ranks after the company's other debt.

*Capital ratio:*

Eligible capital primary capital as a percentage of the risk-weighted balance sheet.

*Solvency margin capital:*

Capital that can be counted towards fulfilment of the solvency margin requirement. The capital consists of primary capital, 50 per cent of additional allocations and the security reserve over and above 55 per cent of the minimum value. Solvency margin capital must exceed the solvency margin requirement.

*Solvency margin requirement:*

An expression of the risk relating to the insurance liabilities. The solvency margin requirement is calculated in accordance with specific rules based on the respective groups of insurance contracts, and is totalled for the company as a whole.

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