

## Annual Report 2005



"The whole is more  
than the sum of the  
parts..."

Mons, dessert chef



Forside foto: David Leathy, Getty Images

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# The pension specialist

A specialist has special expertise and skills in a limited area.

There are many specialists in many areas. Vital is the pension specialist

Vital Forsikring ASA and Vital Link AS together (Vital) represent the life insurance and pension business area of the DnB NOR Group. Vital Forsikring is the largest pension company in Norway and Vital Link AS is the country's undisputed leader in unit-linked insurance. Vital Eiendom is one of Norway's largest real estate managers, while Vital Pekon has a leading position in pension advisory services.

Together, the Vital companies have total assets of more than NOK 200 billion, a workforce of around 920 and more than 900 000 customers. The main functions are in Bergen and Trondheim, with important sales and market functions in Oslo. The company is represented throughout Norway through its own sales outlets and DnB NOR's branch network, and through independent distributors and the Internet (vital.no).

Bjørn Østbø has been managing director of Vital Forsikring ASA since December 2003.

## A long history

The creation of DnB NOR through the merger of DnB and Gjensidige NOR in December 2003 resulted in the merger of Vital Forsikring and Gjensidige NOR Spareforsikring on 9 March 2004 under the name of Vital Forsikring ASA.

Vital Forsikring ASA was established in 1990 on the merger of Hygea and Norsk Kollektiv Pensjonskasse, and in 1996 Vital became part of the DnB Group.

Gjensidige NOR was established in 1999 when Gjensidige Livsforsikring and NOR Forsikring amalgamated in connection with the formation of Gjensidige NOR. Gjensidige Livsforsikring was established in 1992 when Gjensidige Forsikring acquired the Forenede Group and merged the companies' life insurance activities.

Vital Forsikring ASA can trace its roots back to 1847 when Christiania Almindelig Gjensidige Forsørgelsesanstalt was founded. The company changed its name to Gjensidige Liv in 1893 and it subsequently merged with Glitne (1968) and Samtrygd (1985). Hygea was established in 1884, while Norsk Kollektiv Pensjonskasse was formed in 1938.

## Pension saving

Vital Forsikring offers group pension insurance to the commercial and public sectors, whether based on defined benefits or defined contributions. In the individual market, long-term savings products are provided in a number of areas, including individual pension agreements, annuities and saving with a choice of investment profile (unit-linked products). The corporate market accounts for roughly half of Vital's managed funds, while the individual market makes up 40 per cent and public sector clients the remainder.

## Performance culture

Vital sets specific and ambitious goals for most of its business activities. Systematic plans and procedures are then established to

ensure that these goals are met. This is called a performance culture – and in this connection Vital's co-operation with the Norwegian Biathlon Association is a particular source of inspiration.

## Pension specialist

The concept of Vital the pension specialist relates to the company's expert understanding of the Norwegian pension system and how the customers can be assured of financial security and flexibility. Vital's frontline expertise relates to its understanding of the links between the national insurance, occupational pension schemes and individual cover, and its ability to provide sound advice and products tailored to the specific requirements of companies, enterprises and individuals.

## Strategic platform

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

## Vision: Vital makes the future simpler.

Vital's vision is to make the future simpler, primarily for the customers, but also within the organisation and in the life and pension industry. Vital believes it can make an important contribution by helping to provide policyholders with a sound financial base through saving and insurance, so that life in the future is as simple as possible for them when they reach retirement age or become disabled. Similarly, Vital helps to ensure that, in the event of a death, the survivors have uncomplicated financial circumstances. Vital's vision is also to make saving and insurance easier to understand through well presented products and services, good advice and clear communication.

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

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

## Brand values: Credibility - Helpful - Sporty

### Credible -

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


### Helpful -

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

### Sporty -

in the athletic sense of making every possible effort.





"In the long run, you can only achieve what you are aiming for..."

Ole Einar, perfectionist

#### **Speciality: Biathlon trainer**

Bjørndalen has a personal biathlon trainer who, naturally enough, is particularly focused on shooting skills. But nonetheless he insists that a good mental attitude is even more important. When you are aiming for 5 bull's eyes in 20 seconds, and your pulse is racing, it's a good idea to have trained a lot. And that's what Ole Einar has done.

#### **Vital specialist in performance management**



The most important aspect of Bodil Hope's work is not meeting goals, but meeting people. Her special interests are cultural development, management development, coaching and process management. She makes Vital's managers and staff more aware of their own

performance, in relation to target figures and personal development, and in their interaction with colleagues, employees and customers. A structured approach with clearly defined targets and a focus on work targets and initiatives is important. So is an awareness of the importance of networks and co-operation. For Bodil, a performance culture is a prerequisite for achieving results.

## Growth and change



Pensions are a matter of great public concern in Norway, and are likely to remain so for years to come. The pension market is characterised by strong growth and major changes.

Vital is a pension specialist and results are at a record level.

There is increasing demand for contribution-based pension schemes in the corporate sector. It had been expected that small and medium-sized companies would choose to have their compulsory occupational pensions based on contribution-based schemes, but a number of large companies are also considering switching all or part of their present schemes from benefit-based to contribution-based schemes. This trend is likely to continue in the coming years.

The number of contribution-based schemes provided by Vital increased in 2005, corresponding to more than 20% of the total at year-end. Nevertheless, in the foreseeable future schemes of this kind will account for only a small proportion of Vital's total pension fund assets, even though the proportion is growing.

In the public sector there is a steady transfer of clients to the private companies. Vital was pleased to welcome four new municipal clients in 2005, and a further two have joined us in 2006. The level of transfers is expected to increase in the period ahead, and Vital is well prepared to welcome new municipal clients and other clients from the public sector.

The low level of interest rates led to great interest in Vital's products with a guaranteed return in 2005. Premium income was 90 per cent up on 2004, truly a formidable increase. Even with the increase in interest rates that took place during the year, our guaranteed products were still attractive. However, looking ahead, it is likely that unit-linked products will account for an increasing proportion of the market.

The regulatory environment governing our activities is also changing. A number of matters related to the pension reform remain to be clarified before the reform comes into force in 2010. At the same time, we are preparing for the introduction of new legislation that will modernise the industry. The overall effect of these changes will be to promote competition between the companies and make pension insurance simpler for the customers.

The continuous focus on pensions in the coming years will mean that both companies and individuals will be anxious to ensure that their pension schemes are good enough. For Vital, this will present interesting market opportunities.

2005 was a very good year for Vital, with profits for allocation to policyholders and the owner at a record level, and 80 per cent up on 2004. Total assets at year-end exceeded NOK 200 billion, reinforcing Vital's position as Norway's largest pension company. The good performance was in no small measure due to the untiring efforts of our personnel.

Vital is a specialist in pensions, and our customers know that our expertise in the national insurance, occupational pension schemes and private pension schemes is at their disposal. We are well prepared to participate in growth and to respond to changes - and to increased competition in the market.

Bård Benum  
Managing Director

## 2005 in brief

The merger of Vital Forsikring ASA and Gjensidige NOR Spareforsikring ASA in March 2004 made Vital the largest life and pension company in Norway. This position has been subsequently strengthened and at the end of 2005 Vital had total assets in excess of NOK 200 billion, a workforce of around 920 and approximately 900 000 customers. The main functions are in Bergen and Trondheim, with important sales and market functions in Oslo, as well as offices and sales representation throughout Norway.

The profit for allocation was NOK 5.7 billion, with NOK 4.5 billion allocated to policyholders and NOK 1.2 billion to the owner, before tax.

The return on book values and the value-adjusted return were 7.3 and 8.3 per cent, respectively (7.1 and 6.5 in 2004). Including changes in unrealised gains on long-term securities the return was 7.7 per cent (7.7 per cent in 2004). Norwegian equities showed the best performance, providing a return of 42.5 per cent.

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

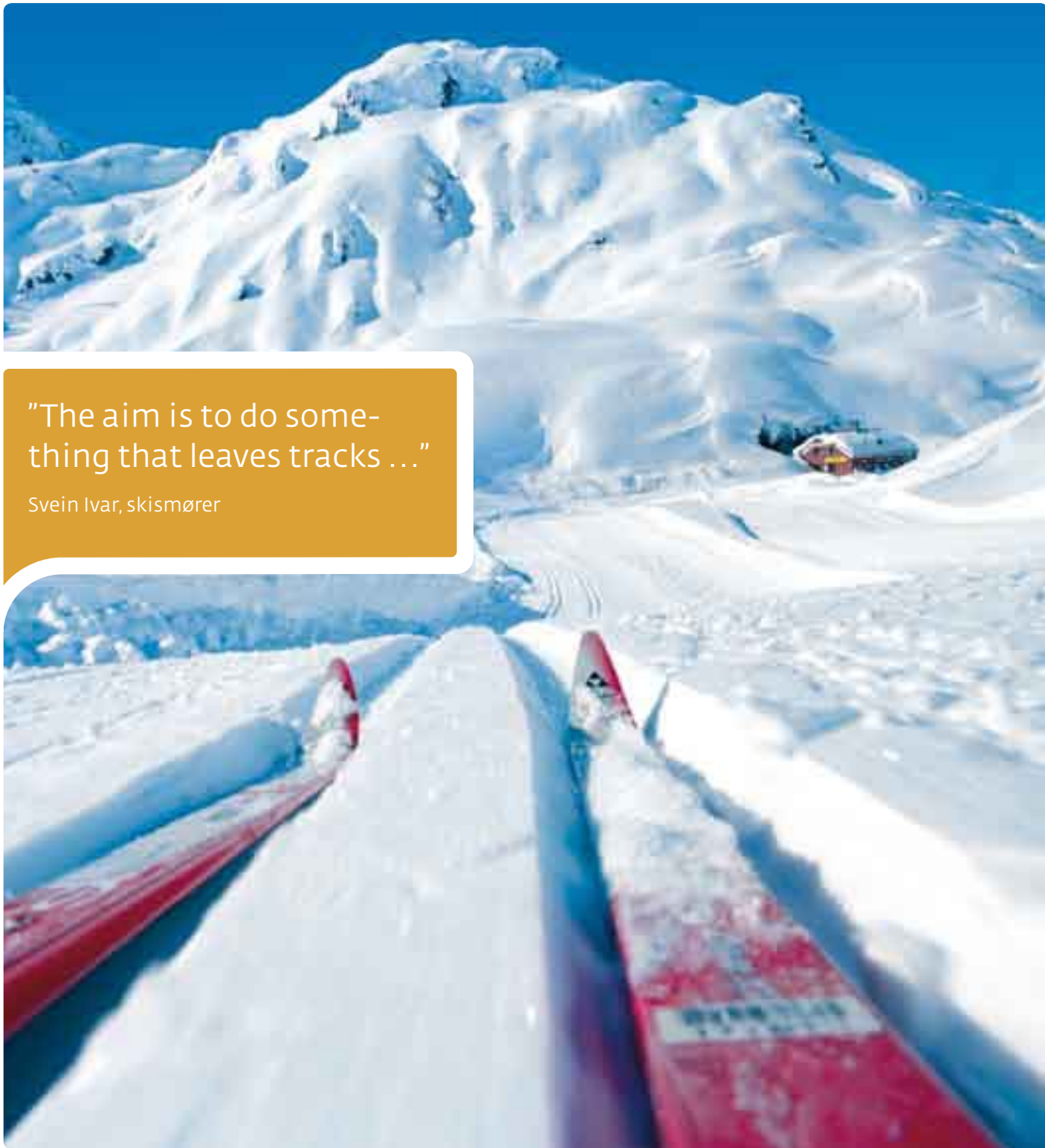
In the corporate market, Vital is one of the two largest providers of pensions with total assets of NOK 91.5 billion and premium income of NOK 8 billion in 2005.

In the individual market Vital is by far the leading company with premium income of NOK 14.9 billion, an increase of 56 per cent on the previous year. The sharp increase was mainly attributable to products with a guaranteed return.

Vital is the largest private insurance company in the public sector with a total of 57 municipal clients. In 2005 two new municipal authorities - in Kautokeino and Notodden - decided to transfer their schemes to Vital with effect from 1 January 2006.

## Principal Figures / Key Ratios – Vital Forsikring

<b>PROFIT AND LOSS ACCOUNT</b>	2005	2004
Amounts in NOK million		
Premium income	22 057	19 096
Net financial income	13 888	10 666
Claims	(10 100)	(10 661)
Change in insurance provisions	(17 875)	(13 231)
Insurance-related operating expenses	(1 235)	(1 200)
Other insurance-related income/expenses etc.	(590)	(311)
To/from securities adjustment reserve	(1 966)	(1 090)
<b>From additional allocations</b>	<b>0</b>	<b>0</b>
Profit for allocation	4 179	3 269
Allocations to policyholders	(3 008)	(2 033)
Tax charge	400	64
<b>Profit for the year</b>	<b>1 572</b>	<b>1 300</b>
Administration result	(83)	(137)
Risk result	94	(84)
Interest result	6 053	4 137
<b>BALANCE SHEET</b>		
Financial assets	181 340	153 387
Other assets	6 628	11 604
<b>Total assets</b>	<b>187 968</b>	<b>164 991</b>
Unrealised capital gains	3 268	3 935
<b>KEY RATIOS</b>	<b>2005</b>	<b>2004</b>
Value-adjusted return on total assets, excl. change in value of long-term securities	8.3 %	7.1 %
Book return on total assets, excl. change in value of short-and long-term securities	7.3 %	6.5 %
<b>Capital ratio at 31 December</b>	<b>11.7 %</b>	<b>14.1 %</b>



"The aim is to do something that leaves tracks ..."

Svein Ivar, skismører

#### Speciality: ski waxer

Svein Ivar Moen is a ski waxer who has literally laid the foundations for many medals. From waxing sheds around the world he has headed the waxing team for the Norwegian national biathlon squad. Using advanced methods, he makes things go smoothly for some of the world's best biathlons.

#### Vital specialist in contribution-based pensions



Wenche Seljeseth is development director in the corporate market and has been with Vital for 7 years. Her special area is contribution-based pensions, an area where Vital has indeed left tracks to follow as the market leader. Wenche is focused on the constant development of products in this area, where the period from the initial concept to the launch of a new product is very short. Her aim is to attract talented personnel and ensure that there is continuous process of development.



# Corporate Market wins largest ever pension agreement

Vital has reinforced its position as the largest provider of group pension insurance in the private sector. In 2005 the market share rose by more than one percentage point from the start of the year until the end of third quarter when it stood at 46.2 per cent.

## NOK 91 billion

The Corporate Market division is responsible for the development, sale and delivery of pension saving and pension insurance products, as well as pension fund services, for the corporate market. Vital's sales and advisory services are carried out by the company's own advisers and by external insurance brokers, and at year-end 2005 customers' managed funds totalled NOK 91.5 billion, divided among 8 000 companies and 285 000 members.

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

## Historic agreement

The response from the corporate market was at a good level in 2005, with many companies choosing to transfer their pension schemes to Vital and net inflows totalling NOK 0.7 billion. Since the merger in March 2004 Vital has received a net inflow amounting to NOK 3 billion.

The strong focus on defined contribution-based pensions has strengthened Vital's position. A milestone was reached in 2005 when the Norwegian Post Office chose to establish its contribution-based pension scheme with Vital. The scheme covers more than 22 000 employees and is the largest pension agreement ever made in Norway. In 2005, Vital's share of the contribution-based pension market from 30.7 to 34.2 per cent, as at the end of the third quarter.

In the area of benefits-based pension schemes, Vital has maintained both its market share and profitability. Schemes of this kind account for the vast bulk of occupational pension market, and despite the increasing level of transfers to contribution-based schemes little new business in this area, benefits-based schemes will retain their dominating position for the foreseeable future.

## Introduction of compulsory occupational pensions

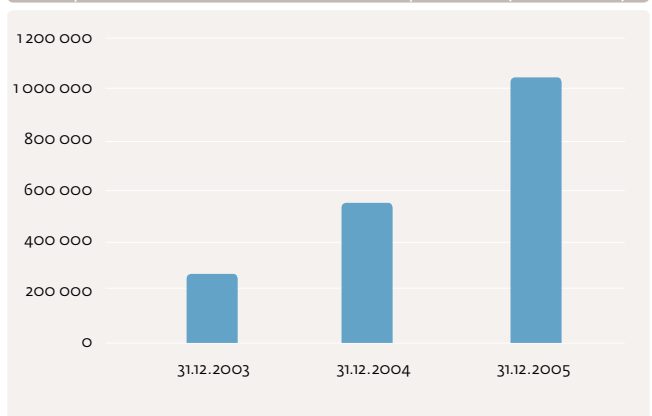
The Compulsory Occupational Pension Act came into effect on 1 January 2006 which requires 60 000 companies with a total of 550 000 employees to have established pension schemes in accordance with the new legislation by the end of 2006. Comparisons in the financial press show that Vital has a market product that is attractive in terms of both quality and price.

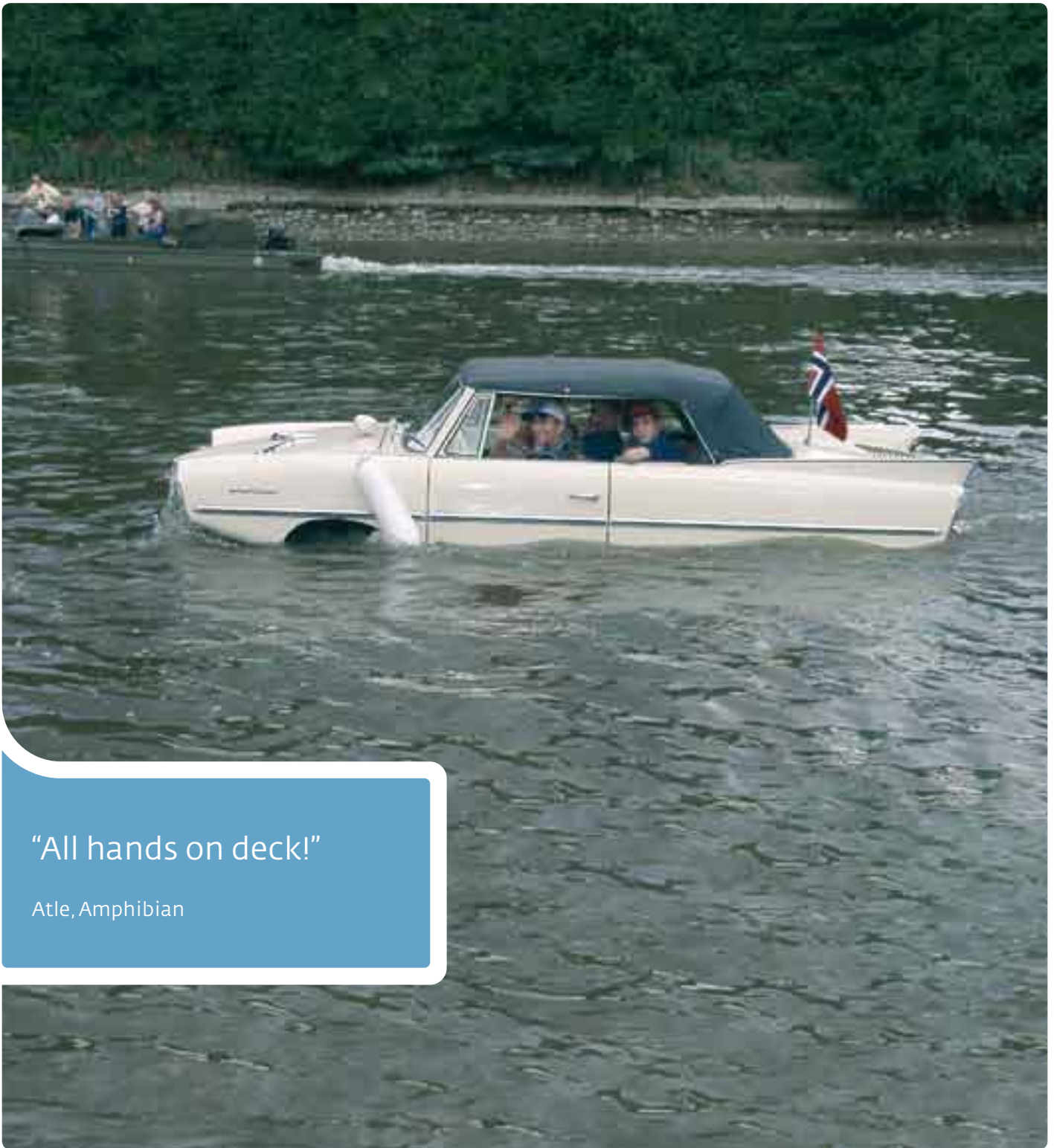
The new Act relating to compulsory pension has resulted in considerable intensification of the competitive situation, with several new pension providers in the market. Vital is intent on capturing a significant proportion this major new market. As well as selling products through its own distribution outlets, Vital anticipates considerable sales through DnB NOR Bank.

In 2006 Vital will again be offering corporate group life products and other personal insurance cover.

The market for occupational pensions is changing and growing rapidly, the more so because of the new legislation. The changes are reflected in the increasing transition from benefits-based to contribution-based schemes and preparations for new regulations governing insurance activities which take effect in 2008. Vital's aim is to take proper care of its customers during the processes of change, focusing on customer satisfaction and actively promoting our position as a pension specialist.

Sharp increase in contribution-based pensions (NOK 1 000)





“All hands on deck!”

Atle, Amphibian

#### **Speciality: Amphibian cars**

People with a special interest in amphibian cars from Norway, Sweden, Denmark, the Netherlands, Germany, Belgium and England, plus a few Italians with wealthy fathers make up Europe's amphibian fleet. 150 devoted enthusiasts meet in Europe once a year. It is the only place where you can get help to repair a Schwimmwagen 166 from 1943!

#### **Vital specialist in business processes and automation**



For simplicity's sake, the department is called the Development Section – Public Market.

He himself is Vidar Eide. He is a senior project manager with the title Process and Systems Co-ordinator. He is a specialist in business processes and automation, including higher quality and productivity related to everyday tasks. He has been working on the development and implementation of electronic work processes and electronic filing since 1995. Sometimes it's important that things don't just float around.

## Public sector – largest of the private companies

The results from the Public Market business area were considerably better in 2005, with the interest rate, administration and risk result all showing an improved performance.

### NOK 14 billion

The Public Market is responsible for marketing, service and follow-up functions related to customers with a public pension scheme. The Public Market has around 250 clients and total assets of NOK 14.6 billion. Director Kjerstin Fyllingen heads Vital's Public Market business area.

### 57 local authorities

Of the 92 local authorities which have chosen a private company to cover their pension requirements, 57 are clients of Vital. In January 2006 two local authorities - Notodden in Telemark and Kautokeino in Finnmark - transferred their pension schemes to Vital. Three of Vital's municipal clients put their pension schemes out to tender in the autumn of 2005, and all of them decided to stay with Vital.

The process of adjustment has continued within the Public Market business area following the merger of Vital and Gjensidige NOR Spareforsikring in 2004. All customer contracts have now been established in a new and common data platform.

The Public Market section still has work to do, especially in terms of improving the efficiency of customer reporting procedures. The level of electronic processing of reports and data will increase greatly in 2006 and thus contribute to operational effi-

ciency. New electronic tools are now in place for case processing and are gradually being introduced in other areas.

### Profitable growth

Vital is greatly concerned to ensure that new customers are profitable for both the owner and existing customers. Many pension contracts have such a high expected disability rate that they represent a considerable risk of loss for the provider. At a time characterised by a community of interests among large groups of customers, individual contracts can contribute to lower profitability for the other customers.

Because of the profitability requirement, Vital has refrained from competing for certain pension contracts, and this will continue to be company policy in 2006.

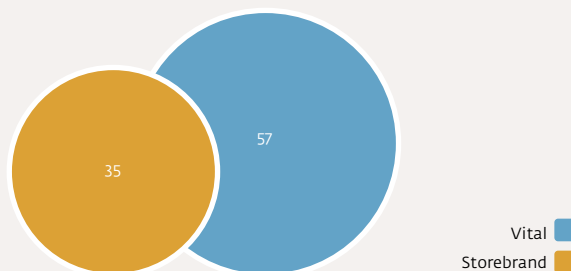
### Considerable market potential

The public pension market is growing strongly and is likely to be worth more than NOK 200 billion within three years. This is the same as the current level of group pensions in the private sector.

While Vital has a considerable market share of corporate sector business, Kommunallandspensjonskasse (KLP) continues to dominate the public sector market. In 2005, seven local authorities chose to leave KLP and place their pension schemes with a private company, the largest number to do so since 2001.

There is every reason to believe that the private proportion of this market will grow considerably in the next few years.

Number of municipal clients insured by private life insurance companies



“I’d never have won  
without the help of my  
better half....”

Thor, side-car driver



#### **Speciality: side-cars**

For Norway's 220 registered side-car owners, the Crystal Rally is possibly the highlight of the winter. It was held for the first time in 1970 and was an immediate success. This unique event brings together the members of Norway's only side-car club where they can interact socially and professionally and, most of all, enjoy the rally!

#### **Vital specialist in savings products**



Bente Stavang Tvedt heads the section for product development and business systems, with savings products as her speciality. These are products for the individual market with a guaranteed rate of return, or with a choice of investment profile. She has been with Vital for almost 23 years and has broad experience in the development of products offering alternative areas of investment for customer funds. It pays to save for the future.

## Individual Market – record high demand

2005 was another record year for Vital's Individual Market. More and more people are becoming aware of the pension gap and of the need for personal savings for their retirement. The demand from our customers has never been higher.

### NOK 76 billion in managed funds

The Individual Market business area is responsible for products with a guaranteed rate of return from Vital Forsikring ASA and fund saving with a choice of investment profile (unit-linked products) from Vital Link AS. The Individual Market business area is headed by director John Magnar Bøe.

Vital is Norway's largest provider of pension insurance to the individual market and at the end of the third quarter the company had a market share of 50 per cent and total managed funds of NOK 76.2 billion at year-end.

### Premium income 56 per cent up

The low level of interest rates and rising share prices which characterised the market in 2005 resulted in a good return for Vital's customers. Premium income was 56 per cent higher and totalled NOK 14.9 billion.

The sharp rise in premium income was mainly due to traditional products with a guaranteed rate of return and which have been a more attractive investment than bank deposits. In marketing this product Vital has not sought to compete with bank deposits, and this is reflected in the minimum subscription amount and the establishment costs that are payable by the customers. For the year as a whole, this was nevertheless not Vital's most popular pension saving product. Sales of insurance products with a choice of investment profile were also at a good level, but slightly down on 2004 which was a record year.

### DnB NOR - the main channel of distribution

Vital offers pension insurance through three channels of distribution: DnB NOR's Individual Market, Vital's own team of insurance and financial advisers, and external sales outlets. DnB NOR was the largest channel of distribution in 2005, with a noticeable increase in sales. Sales were also higher through our external advisers, where confidence in Vital following the merger is reflected in the closer co-operation that has been established. Steps taken to provide an advisory service through Vital's own sales organisation with a special focus on pensions is now starting to be rewarded in the form of increased sales.

On the production side, individual pension insurance activities were characterised by higher cost efficiency in 2005, in relation to establishment, maintenance and settlement procedures.

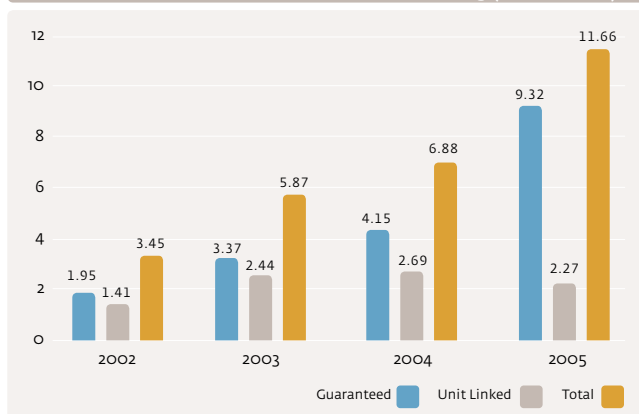
A main goal has been to invest inflows of customer funds quickly and ensure that the service provided meets customer expectations. At year-end, Vital had management responsibility for around 830 000 agreements, an increase of 2 per cent on the previous year.

### Political clarifications

In May 2005 a broad majority of members of the Storting reached agreement on the Pension Reform. The debate surrounding future benefits under the National Insurance have contributed to a greater public awareness of the need for individuals take more responsibility for saving for retirement. In 2006, early retirement and disability pensions will be central political issues.

Further market growth is expected in 2006, but at the same time Vital will be closely monitoring developments in order to identify changes in customer behaviour and possible changes in savings preferences as the expected increase in Norwegian interest rates takes effect.

Total sales: Individual Market - Vital 2002-2005 (NOK billion)





## Asset management – buoyant stock markets

The global economy grew strongly in 2005, and the prospects for growth in 2006 are good. The combination of sound growth and relatively low inflation is contributing to good earnings in the corporate sector, which in turn has a positive effect on the stock markets.

The Chinese economy grew by more than 2 per cent in 2005, and this has been especially beneficial for the Japanese economy where, after many difficult years, there are now clear signs of recovery. Global growth has increased the cost of raw materials, and while raw material producers like Norway can celebrate, most other countries are despairing at the high price of oil and petrol. The rising price of petrol has increased the fear of inflation, and as a result the key rates have been carefully increased in several countries.

In 2005, Vital recorded a value-adjusted return of 8.3 per cent.

### Equities

2005 was a good year for equities. The stock markets were especially strong in Europe, Japan and Norway. In the latter two, the markets rose by more than 40 per cent, while the European markets ended up 21 per cent higher. By comparison, the global index rose by 14 per cent, measured in local currency.

Slightly less than 20 per cent of Vital's equities portfolio was invested in Norwegian securities at the end of 2005.

Vital's equities portfolio, after adjusting for currency hedging, provided an overall return of around 22 per cent.

### Interest rates

The increasing fear of inflation resulted in a slight rise in interest rates in 2005, more so in the USA than in Europe. The higher rates led to relatively modest developments for the global bond portfolio which showed a yield of 3.4 per cent in 2005.

Interest rates are lower than the levels recorded previously in a similar economic climate. As a possible explanation, there are many who hold the view that this is due to the increased demand from pension funds and life insurance companies for long-term securities, as part of the process of adapting to new regulations.

In the USA it is expected that the central bank is approaching the end of a process which has seen the key rate rise from 1 per cent in mid-2004 to 4.25 per cent at the end of 2005. In December, the European central bank increased the key rate from 2 per cent to 2.35 per cent, and a further rise in European key rates can be expected in 2006.

In Norway, the central bank has increased the key rate from 1.75 per cent to 2.25 per cent since the summer of 2005, and has indicated that it will continue to conduct a gradually tighter monetary policy in the period ahead. Norwegian long-term rates increased in pace with the global rates during the second half of 2005 which contributed to the relatively low yield on the Norwegian bond portfolio in 2005. Vital's Norwegian bond portfolio showed a yield of 3.8 per cent.

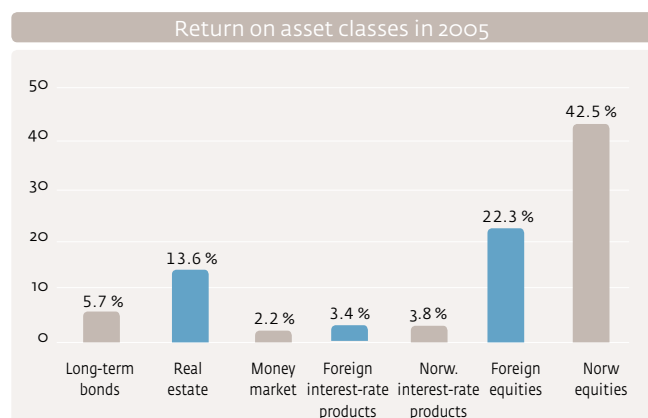
### Foreign currency

Vital has a foreign currency strategy which hedges all of the company's exposure to foreign real estate investments and the international bond portfolio. Between 80 and 100 per cent of Vital's investments in international equities are hedged.

In the course of 2005, the Norwegian krone firmed by 3 per cent in relation to the Euro, but weakened by 12 per cent in relation to the US dollar.

### Long-term bonds

In order to secure a stable and satisfactory yield in the coming years, Vital has established a well-diversified long-term bond portfolio. This has been done over a considerable period and at year-end 2005 the overall value of the portfolio was NOK 51.2 billion, with an average maturity of 4 years.



### Real estate

Net purchases of real estate in 2005 totalled NOK 1.7 billion in 2005, including a 50 per cent interest in a shopping centre outside Stockholm and several major office premises in Oslo. Due to a 15 per cent increase in the level of managed funds, the proportion of investments attributable to real estate remained largely unchanged at about 12 per cent in 2005.

The value of the real estate portfolio increased in 2005 due to a lower vacancy rate and better market terms in the form of higher lease income.

The real estate portfolio provided a return of 13.6 per cent in 2005, with gains on disposal accounting for 1.2 percentage points, while higher lease income and a decline in the vacancy rate accounted for 2.6 percentage points and a decline of 0.25 percentage points in the required rate of return made up 3.2 percentage points.

### Better than benchmark

During the period, the overall return was more than was achieved by comparable benchmark indices in 12 out of a total of 15 mandates.

### Ethical guidelines

In 2004 Vital introduced ethical guidelines – Socially Responsible Investment (SRI) – for its asset management activities. The company wishes to contribute to a sustainable social development which takes account of the environment, ethics and social conditions. Vital shall be associated with high ethical standards. Further information appears on page 15

In 2005, 35 companies were excluded from Vital's investment universe because of breaches of Vital's specific SRI criteria related to the production of weapons of mass destruction, tobacco and pornography. This corresponds to around 2.5 per cent of the investment universe, measured on the basis of the Morgan Stanley Composite Index (MSCI).

### New mandates

In 2005 Vital issued two new external mandates, one in the area of Emerging Markets and one of the hedge fund type, in order to achieve further differentiation of the portfolio.

Three mandates were terminated in 2005.

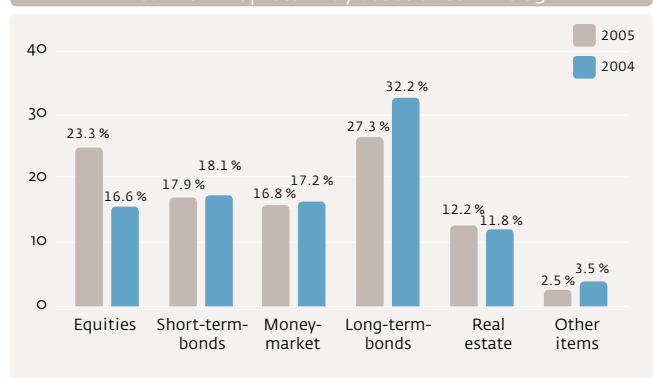
During the year, Vital's activities were expanded to include lending international equities and bonds. This activity, referred to as security lending, provided income of around NOK 13 million in 2005.

### Organisation and management

The Finance & Investment Division is responsible for management of the company's funds which are invested under a number of individual mandates. Most are placed with DnB NOR Kapitalforvaltning, while some are held by external investment managers such as Schroeders, AKO Capital, ABN Ambro Mondrian, Citigroup and Merrill Lynch.

Director of finance Tom Rathke heads Vital's Finance & Investment Division and is chairman of Vital Eiendom AS.

Breakdown of return by asset class in 2005





“It doesn’t help to run faster if you’re going in the wrong direction”

Anne, orienteer.

#### Specialist in surveying

A surveyor finds and draws in details that are relevant for orienteers, and removes details that are not. There are four main elements: completeness, classification and simplification, contour exactness and neighbour-exactness. All the details must be correctly placed in relation to each other and to north. The surveyor has a number of aids to help him/her in this work. Two of the main ones are pacing and sighting.

#### Vital specialist in ethical investments



If you are not properly prepared in advance, you can’t see the wood for the trees. But Dilly S. Skomedal does. She is a specialist in ethical investment. As well as striving to comply with laws and regulations, Vital endeavours to exclude companies that do not meet its ethical guidelines. This means that companies engaged in the production of tobacco, pornography and strategic components for use in weapons of mass destruction are excluded. Vital has a dialogue with companies which breach international conventions on human rights, child labour, working conditions, corruption etc. Dilly greatly appreciates that ethics and social responsibility are increasingly in demand, and that ethical investments give a competitive advantage.

## Vital's ethical management

Vital wishes to contribute to a sustainable social development through responsible business practices which take account of the environment, ethics and social conditions. Vital shall be associated with high ethical standards. In 2004, against this background, Vital's Board of Directors adopted ethical guidelines (Socially Responsible Investments) for the management of the company's financial assets.

Under these guidelines Vital is required to be particularly alert to transactions and actions which entail a risk of complicity in unethical practices, the violation of human and employee rights, corruption and environmental vandalism.

The guidelines distinguish between general and specific criteria in the management of the company's funds.

### General criteria

The general criteria are based on internationally recognised principles and guidelines:

- UN Global Compact
- OECD guidelines for multinational companies

Initiated by the UN in 1999, Global Compact is based on 10 principles related to human and employee rights, the environment and anti-corruption. Global Compact is a worldwide network of businesses, governments, employee organisations, civil organisations and the UN. Its aim is dialogue and joint action between the network parties in order to promote a sustainable and inclusive global economy. Further information about Global Compact is available at [www.unglobalcompact.org](http://www.unglobalcompact.org).

The OECD guidelines for multinational companies is a set of guidelines recommended by the member countries of the OECD and by Argentina, Brazil, Chile and Slovakia. The guidelines are based on principles and standards related to human rights, openness, anti-corruption, tax, employee relations, the environment and consumer issues. The aim of the guidelines is to achieve sustainable development through socially responsible commercial operations. Further information about the OECD guidelines for international companies is available at [www.oecd.org](http://www.oecd.org).

In March 2006 Vital was in dialogue with two companies to clarify whether parts of their activity may be in conflict with Vital's general criteria.

### Specific criteria

In addition to its general criteria, Vital has defined a set of specific criteria which is unique to Vital.

Under these criteria, Vital will not invest in companies involved in:

- Production and distribution of strategic components for use in weapons of mass destruction (exceptionally destructive war materials such as NBC weapons (Nuclear, Biological, Chemical), landmines and cluster bombs
- Production of tobacco
- Production of pornography

At year-end 2005 Vital had excluded 35 companies, or around 2.5 per cent of the investment universe measured as a proportion of global equities. An updated list of excluded companies is available at [www.vital.no](http://www.vital.no).

Vital has chosen three methods and approaches in the way it monitors the implementation of the ethical guidelines for the portfolio: shareholder advocacy, screening and exclusion.

### Shareholder advocacy

Active ownership is exercised when, through active dialogue, Vital - alone or along with other shareholders - seeks to influence the company in line with Vital's general guidelines for ethical investments. If the company shows little inclination to make the necessary changes, Vital will consider excluding the company from its investment universe.

### Screening

The production and distribution of strategic components for use in weapons of mass destruction, as well as the production of pornography and tobacco, are entered as a filter to exclude companies engaged in these areas of activity.

### Exclusion

Where there is documented violation of international conventions and agreements, companies may be excluded from the investment universe on the basis of an individual assessment. At the outset, Vital will not invest in companies whose activities are based on the systematic infringement of ethical norms.

# Management

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

## Vital's senior management group consists of the following:

### Bård Benum (b. 1962)

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

### Geir Nysetvold (b. 1961)

Director of Corporate Clients. A civil engineer from NTNU, Nysetvold has been director of Development and IT with Gjensidige NOR Spareforsikring. He has experience from various consultancies and held senior positions with Forenede and Gjensidige.

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

Director of Sales-Corporate Clients. A graduate of the Norwegian School of Management, Hansen was previously director of Corporate Sales for Gjensidige NOR. He has also been a general manager with several banks.

### Torbjørn Vanvik (b. 1961)

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

### Gunnar Gullaksen (b. 1962)

Director of Individual Clients. A graduate of the Norwegian School of Economics and Business Administration (NHH). Gullaksen was director of Individual Clients for the former Vital Forsikring. He has also been a consultant and broker and has held senior positions with DnB.

### John Magnar Bøe (b. 1953)

Director of Customer Service - Individual Clients. Educated in marketing and market communication, also from the Institute of Marketing. Bøe has been director of Branded Products with Vital. He has also held senior positions in sales and market activities with Vital, and has been product and Market Director with DnB.

### Kjerstin Fyllingen (b. 1958)

Director of Public Sector. A graduate of the Norwegian School of Management and a Master of Management. Formerly director of Customer Service - Individual Clients with Vital Forsikring and has held senior positions with DnB, Veritas and Infodoc International.

### Tom Rathke (b. 1956)

Director of Finance. Rathke is an economics graduate from the Norwegian School of Management /Master of Business Administration from the University of Wisconsin and AMP from Harvard. Rathke has been managing director of Gjensidige NOR's investment fund company Avanse and has held senior positions with Vesta, If Skadeforsikring, Dyno and SAS.

### Anders Skjævestad (b. 1966)

Director of Staff. Skjævestad is a state authorised public accountant from the Norwegian School of Economics and Business Administration (NHH). He was director of Staff for the previous Vital Forsikring and has experience from Arthur Andersen and PriceWaterhouse.

### Kjell Sivertsen (b. 1962)

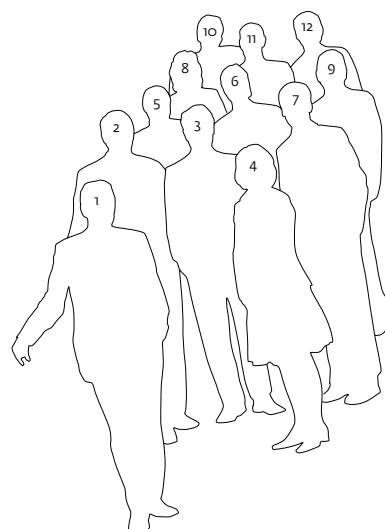
Director of IT. Sivertsen graduated in Master of Science, from the Norwegian University of Science and Technology (NTNU). He was director of IT for Gjensidige NOR Spareforsikring and has experience from various IT consultancies.

### Bjørn Atle Haugen (b. 1963)

Director responsible for the Secretariat. Haugen is a state authorised public accountant from the Norwegian School of Economics and Business Administration (NHH). He was head of accounts and controller with Gjensidige NOR Spareforsikring and has experience from external auditing.

### Thomas Skålnes (b. 1956)

Director of Communication. Cand. mag. graduate from the University of Bergen and the University of Oslo. Skålnes was director of Communication with the former Vital Forsikring, and other positions include that of senior adviser with Geelmuyden. Kiese, head of information services for Sparebanken Vest and editor of Gula Tidend.

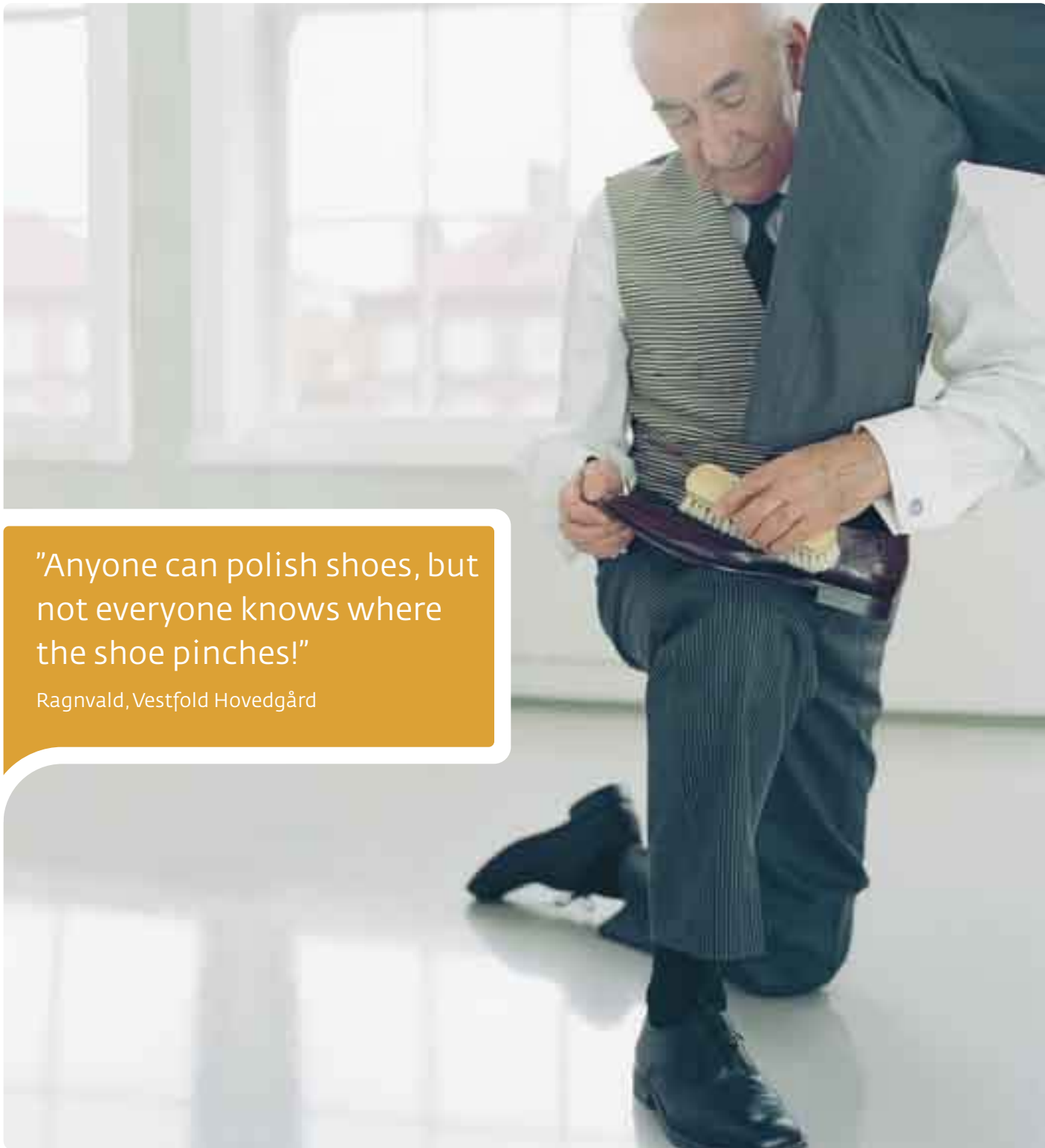






- 1 Bård Benum
- 2 Geir Nysetvold
- 3 Anders Skjævestad
- 4 Kjerstin Fyllingen
- 5 John Magnar Bøe
- 6 Thomas Skålnes

- 7 Bjørn A. Haugen
- 8 Torbjørg Vanvik
- 9 Frode J. Hansen
- 10 Kjell J. Sivertsen
- 11 Gunnar Gullaksen
- 12 Tom Rathke



"Anyone can polish shoes, but not everyone knows where the shoe pinches!"

Ragnvald, Vestfold Hovedgård

#### Speciality: Butler

There are only six professional butlers in Norway. To succeed, you need to be service-minded and have the right personality. You must be able to lead, as well as serve. You can train as a butler in England and the Netherlands.

#### Vital specialist in HES



Product group manager Kjell Nedregård works with HES. Vital is the only company that can provide products, services and specialists in the area of Health, Environment and Safety (HES). The focus is on health and the significance of the working environment for the risk of disability, and preventive measures and rehabilitation. An HES section which understands where the shoe pinches can provide the customer with added value in the form of healthy, motivated personnel and lower costs through less sick leave.

## Organisation

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

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

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

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

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

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

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

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

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

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

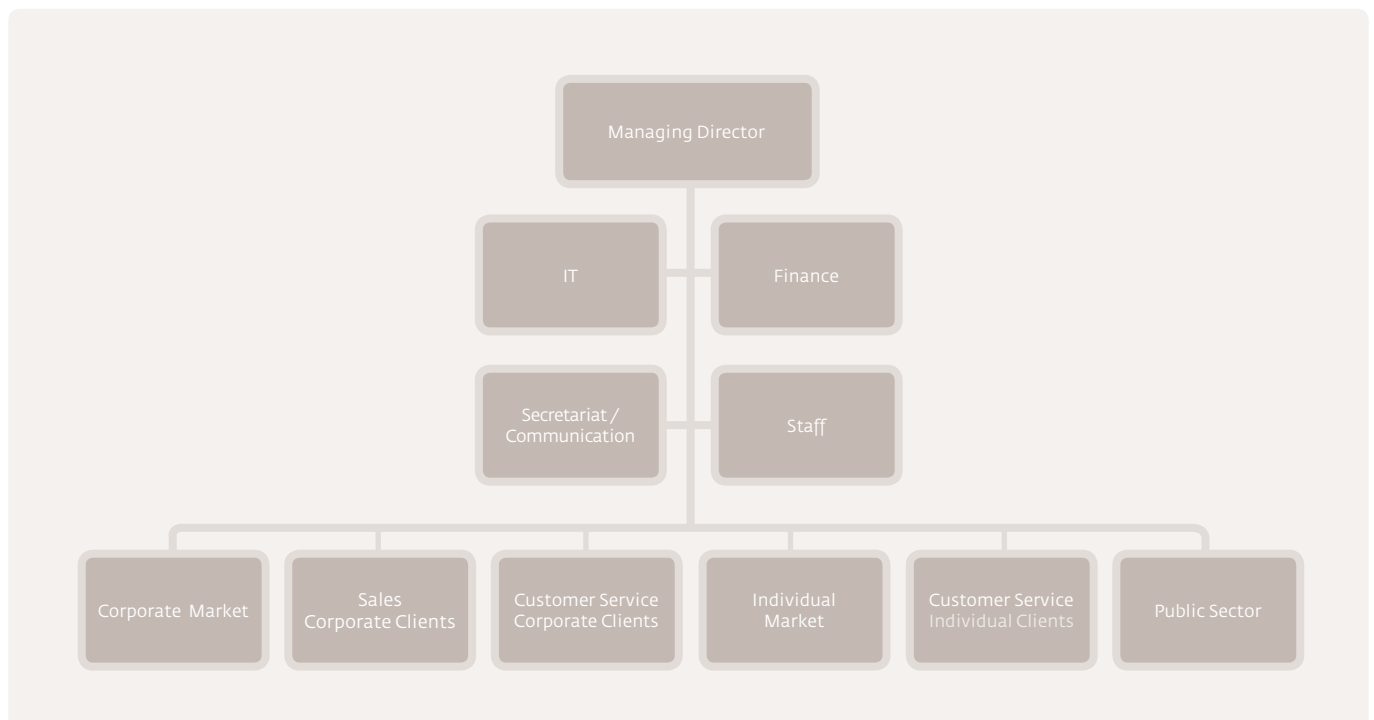
**IT** is responsible for activities in the area of information technology.

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

**Finance** is responsible for asset management and monitoring of ethical guidelines governing investment of the company's funds.

**The Secretariat** is responsible for secretariat services, operational risk and advisory services.

**Communication** is responsible for internal and external information, media contact, brand building, organisational development and sponsoring activities.



# Governing bodies

## Board of Directors

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

**\*E = employee-elected**

## Employee-elected deputy board members

Holsen, Vibeke (for Nordvold), Bergen  
Selven, Jack (for Wold), Trondheim  
Sørensen, Bente (for Wiers), Bergen

## Board of Representatives Shareholder-elected members

Agerup, Wenche, Oslo  
Andersen, Widar Slemdal, Rælingen  
Arentz, Rannveig Munkeby, Åsen  
Bastiansen, Nils Halvard, Bærum  
Frøstrup, Anne Cathrine, Hønefoss  
Grændsen, Elisabeth, Lillehammer  
Hansson, Herbjørn, Sandefjord  
Hopland, Jan Willy, Oslo  
Johannson, Knut Hartvig, Snarøya  
Larre, Erik Sture sr., Oslo  
Lerøy, Ole-Eirik, Bergen  
Lunde, Odd, Bærum  
Mohn, Trond, Paradis  
Norvik, Harald, Nesodden  
Opedal, Dag J., Oslo  
Roarsen, Anita, Oslo  
Schilbred, Benedicte Berg, Tromsø  
Tømmerås, Jørgen, Overhalla  
Tønsberg, Marit, Sørumsand  
Øwre, Tor Peter, Tromsø

## Shareholder-elected deputy members

Buchmann, Erik, Oslo  
Dankertsen, Turid, Oslo  
Domstein, Rolf, Måløy  
Dyvi, Jan-Erik, Oslo  
Fredriksen, Eva Granly, Oslo  
Hagan, Harriet, Alta  
Hodne, Rolf, Stavanger  
Johannson, Liv, Oslo  
Mehren, Herman, Nevlungamn  
Møst, Aage, Bærum  
Nistad, Einar, Rådal  
Olsen, Asbjørn, Skedsmo  
Paulsen, Oddbjørn, Bodø  
Sletteberg, Arthur, Stabekk

Solberg, Birger, Oslo  
Storrødvann, Tove, Ski  
Thoen, Anne Bjørg, Oslo  
Wenaas, Lars, Måndalen  
Wiig, Hanne Rigmor Egenæss, Halden

## Employee-elected members

Løvvik, Carl, Bergen  
Tvedt, Torill, Bergen  
Kvilhaug, Jørn O., Hokksund  
Steinsland, Kari, Bergen  
Svendsen, Kåre, Arendal  
Morland, Einar, Skjærhallen  
Berg, Birger, Trondheim  
Vågene, Hanne, Bergen  
Gangås, Randi, Ranheim  
Hauge, Resa, Oslo

## Employee-elected deputy members

Kvam, Nils, Trondheim  
Høe, Eigil, Trondheim  
Sumstad, Gerd, Trondheim Sluttet  
Ek, Sol, Trondheim  
Rotabakk, Geir A., Trondheim  
Bye, Inge, Trondheim  
Sjelvik, Karen Sofie, Bærum  
Finstad, Geir, Steinkjer

## Control Committee Shareholder-elected members

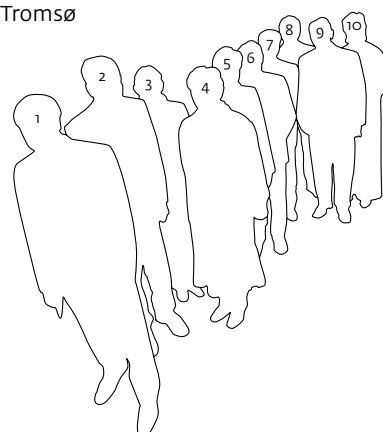
Andresen, Helge B. Hamar  
Hassel, Frode, Trondheim  
Normann, Kristin, Oslo  
Øverland, Thorstein, Oslo

## Shareholder-elected deputy members

Brustad, Svein, Hvalstad  
Roarsen, Anita, Oslo

## Nomination Committee Shareholder-elected members

Mohn, Trond, Paradis  
Møller, Per Otterdahl, Skien  
Norvik, Harald, Nesodden  
Schilbred, Benedicte Berg, Tromsø  
Solberg, Jan, Lørenskog





- |                             |                          |
|-----------------------------|--------------------------|
| 1 Svein Aaser               | 6 Rolf Rønning           |
| 2 Olav Hytta                | 7 Tor Nordvold           |
| 3 Siri Pettersen Strandenæs | 8 Eskild Vold            |
| 4 Bjørg Wiers               | 9 Gunnar Reitan          |
| 5 Bjørg Ven                 | 10 Anne Katrine Slungård |





"The tuba is  
not for me,  
that's for sure..."

Ole Edvard, 11 years old

#### Speciality: Mouthpieces

Mouthpiece makers are seldom perfectionists. Even the experts admit that all mouthpieces are a compromise. They know that when they have found the right mouthpiece, the job has been done – the mouthpiece and the performer become one...

#### Vital specialist in risk assessment



The products offered by an insurance company have varying degrees of risk. Disability, mortality and financial risk illustrate the point. Actuary Øystein Sæter emphasises the importance of having reliable analyses for the various products offered by Vital: "Good analyses are an instrument which makes it easier to understand and explain difficult problems and relationships. The customer can see this from the clarity and credibility of Vital's communications".

## Vital Forsikring ASA

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# Director's Report

## Strong results from Vital in 2005

Vital is Norway's largest company in the area of pension saving and life insurance with total assets which passed NOK 200 billion in 2005. Vital recorded strong results, with a sound increase in premium income, new customers and profits for allocation to the policyholders and owner. The risk and administration results were also considerably improved in 2005.

### Operations\*

Vital is responsible for the life insurance and pension business of the DnB NOR Group and comprises Vital Forsikring ASA with subsidiaries and the associated company Vital Link AS. Vital Forsikring ASA and Vital Link AS will be merged when the merger terms are set, probably in the first half of 2006.

Vital is organised in market areas serving corporate, individual and public sector clients, as well as staff and support areas. Corporate clients account for around 50 per cent of total assets, while individual public sector clients make up 42 and 8 per cent, respectively.

Vital offers occupational pensions to corporate clients, both defined contribution-based and benefits-based schemes. At year-end 2005, benefits-based schemes made up 78 per cent of the total, and contribution-based schemes 22 per cent. The market trend is for new schemes to be contribution-based, but for the moment schemes of this kind account for a small but growing proportion of Vital's total assets.

In the course of 2005, Vital developed customer-friendly and cost-efficient solutions for obligatory occupational pension schemes. All Norwegian companies are required to establish an occupational pension scheme by the end of 2006. Vital offers schemes of this kind mainly in co-operation with other units of the DnB NOR Group and through its own agents.

Individual customers receive offers of long-term savings solutions through individual pension agreements and annuities, and in the form of capital products. The products are provided with a guaranteed rate of return or as unit-linked products which give the customers a choice of investment profile.

Local government and public enterprises are offered occupational pensions schemes established in line with national wage agreements.

The customers are served by Vital's sales representatives throughout Norway and the products are available through DnB NOR's distribution network, independent agents and the Internet.

Vital's financial assets comprise mainly investments in equities, short-term and long-term bonds, the money market and real estate. Most of the funds are invested in securities and are invested in the Norwegian and international capital markets. In the real estate sector, Vital invests in and rents out office buildings, shopping centres and hotels, mainly in Norway but also in England and Sweden.

The process of integration and the extraction of synergies following the merger of Vital Forsikring and Gjensidige NOR Spareforsikring was completed in 2005 as planned. In the period 2004–2007 synergies of NOK 200 million will be realised and the workforce will be reduced by the equivalent of 150 full-time positions. In 2005, new synergies made it possible to reduce the workforce by 48, bringing the total reduction so far to 124 as a result of the merger. Total cost synergies at year-end 2005 came to NOK 115 million.

Important contributions to the extraction of synergies in 2005 were the establishment of a common IT system for customer data and the adjustment of the sales organisations, business areas and staff functions to take account of the new company's requirements. The remaining synergies will be extracted in pace with conversion to the establishment of common IT systems for the management of pension agreements. The accounts for 2004 included a provision to cover the costs of the ongoing restructuring process. Steps taken since the merger have already had considerable effects which have improved the administration result.

Vital will be offering personal insurance, mainly group life and occupational injury products, to certain segments of the corporate market from the autumn of 2006.

### Strategy

Vital's strategy is to be the leader in the Norwegian pension market and to build on its position as a specialist in pensions and pension saving. The company's objective is to achieve growth and at the same time ensure that both the owner and customers receive a competitive return. Key elements of this strategy are the establishment of a cost-efficient and professionally unsurpassed organisation, while maintaining the highest standard of service and customer care. Vital shall also be perceived as an attractive point of entry to the DnB NOR Group.

Areas of special strategic importance in 2006 are compulsory occupational pensions, enhanced operational quality and growth in the public sector market, as well as higher sales and the development of customer relationships in the individual market. In order to achieve success in these areas, the priority will be on conversion of IT systems and a further focus on promoting a performance-minded culture as a foundation of Vital's operations.

Vital's strategic platform comprises the company's vision - "Vital makes the future simpler" -, its business concept - "Vital's function is to ensure that the customers have financial security and flexibility" - and its brand values which are summed up in the words Credible, Helpful and Sporty. The strategic platform sets out Vital's ambitious development objectives for the future and sets the standard for the way managers and staff are expected to conduct themselves. Vital's strategic platform is based on a corresponding platform for DnB NOR.

\*The figures in brackets apply correspondingly to 2004.

Vital shall have sound and efficient asset management procedures and reliable systems for measuring and controlling investment risk. Through its own expertise, and as part of the DnB NOR Group, the company will constantly seek to maximise the risk-adjusted rate of return and thus provide a stable long-term, competitive return. This will be reflected in the attractive return credited to policyholder's accounts.

Vital Forsikring complies with ethical guidelines (Socially Responsible Investment) in the management of its financial assets. Vital wishes to contribute to sustainable social development with a focus on the environment, ethics and social conditions. Vital shall be perceived as a company with high ethical standards.

Vital's ethical investment management has general criteria based on UN and EU guidelines. The company has also introduced specific criteria which exclude companies engaged in the production of tobacco or pornography, or which are involved in the production or distribution of components used in weapons of mass destruction. In 2005, Vital excluded investment in 35 companies based on these specific criteria, corresponding to around 2.5 per cent of the investment universe, as measured by the Morgan Stanley Composite Index (MSCI).

#### **Customers and market position**

Vital achieved sound growth in 2005, in both the group and the individual market.

There was a net inflow of transfers totalling NOK 1.2 billion, with a net inflow recorded in all business areas. The company also attracted many new customers as a result of the high level of new business in the individual market.

As 2005 ended, almost 500 000 people were members of Vital's group pension schemes, and more than 600 000 had an individual pension scheme. Considering that around 200 000 people were covered by both a group and an individual scheme, Vital was providing insurance for more than 900 000 people at year-end.

Vital's share of the market for managed customer funds increased throughout 2005. The overall figures for all products, including Unit Linked, show a market share of 34.9 per cent at 30 September 2005, against 34.7 per cent at 31 December 2004. It is also likely that the market shares increased further in the fourth quarter of 2005 in view of the good sales of individual pension products.

At 30 September 2005 Vital had 50 per cent of the market for individual pension products. At the same time, the market share of benefits-based pension schemes in the corporate had risen by 1.1 percentage point to 46.2 per cent, while the corresponding market share for contribution-based pension business showed an increase of 3.5 percentage points to 34.2 per cent. In the public sector market, the company's share of managed customer funds stood at 8.5 per cent, reflecting a marginal decline since 31 December 2004.

During the year, Vital Link strengthened its position as Norway's

leading company in the area of unit-linked products. At 30 September 2005 the company had 4.8 per cent of the market for managed customer funds, against 37.3 per cent 12 months earlier. (Source: Norwegian Financial Services Association).

#### **Corporate market – increased interest in defined contribution based pensions**

A number of corporate clients transferred their pension schemes to Vital in 2005 and the net inflow of pension fund assets from this source totalled NOK 0.7 billion. Close collaboration with other units of the DnB NOR Group made a positive contribution to the results.

There is increasing interest in defined contribution based pensions, also among large companies with benefits-based schemes. In 2005 Posten Norge AS chose Vital to cover its defined contribution based pension scheme. The agreement with Posten Norge AS is the largest of its kind to be established in Norway.

By the end of 2005, 1 606 companies had a defined contribution based pension scheme with Vital, up 52 per cent from 31 December 2004. These schemes had a total membership of around 47 000, reflecting an increase of 52 per cent in the course of the year. Pension fund assets related to these schemes totalled NOK 1 billion at year-end, an increase of 85 per cent from the start of the year.

#### **Individual market – sales record**

In 2005 Vital's sales of individual products were again at a record level, with overall sales 69 per cent higher at NOK 111.7 billion. The company's strong position in the individual market is partly due to its extensive distribution network, where DnB NOR is the largest channel of distribution.

New business premiums written by Vital through the DnB NOR sales channel totalled NOK 7 475 million (4 205), up 78 per cent on 2004. Of this, DnB NOR's sales of guaranteed insurance products accounted for NOK 6 551 million (2 937), a rise of 123 per cent, while sales of unit linked products were 27 per cent lower at NOK 925 million (1 268).

The sharp rise in products with a guaranteed return reflects the fact that the customers regard this as an attractive alternative to interest on bank deposits. Vital has chosen not to use this product to compete with bank deposits, as reflected in the minimum subscription amount and the establishment fee payable by the customer.

In 2005 Den norske Bank accounted for 64 per cent of Vital's sales in the individual market (62), while Vital Forsikring's own sales personnel made up 12 per cent (12) of the total. Independent agents and other channels of distribution accounted for 24 per cent (26).

#### **Public sector market – more choosing Vital**

Four local authorities transferred their pension business to Vital with effect from 1 January 2005, while a further two decided in the autumn to make Vital their provider of pension services, with effect from 1 January 2006.

Vital is the market leader among the private life insurance companies operating in the public sector with a total of 57 municipal clients as well as a number of other public sector clients.

#### Accounts for 2005

The accounting profit for allocation totalled NOK 5 680 million (3 569). Of this, NOK 4 508 million (2 333) is being allocated to the policyholders and NOK 1 172 million (1 236) to the owner and tax. Tax charged against profits is calculated at NOK 400 million. The profit after tax was NOK 1 572 million (1 300).

The securities adjustment reserve rose by NOK 1 966 million to NOK 5.5 billion and the accounts include an allocation of NOK 1.5 billion to additional allocations.

The accounts have been prepared on a going concern basis.

#### Premium income

Vital Forsikring and Vital Link had aggregate premium income of NOK 24 856 million (22 132), an increase of 12.3 per cent on the previous year.

Vital Forsikring had premium income of NOK 22 057 million (19 096), a rise of 15.5 per cent.

Premium income from group pension business totalled NOK 9 658 million (12 204), a decline of 21 per cent, with the corporate market accounting for NOK 8 041 million. The reduction was due to a lower level of net transfers. Premium income from the public sector fell by NOK 731 million due to changes in the renewal date for large contracts, as well as a reduction in net inflows.

Premium income from individual products with a guaranteed return amounted to NOK 12 208 million (6 454), an increase of 89 per cent on the previous year. Premium income from unit linked products, which for accounting purposes are posted by Vital Link, totalled NOK 2 799 million (3 036), 8 per cent down on 2004. The decrease was partly due to a great interest in saving with a guaranteed rate of return in 2005.

Annual premiums written and single premiums totalled NOK 19 348 million (14 173), an increase of 36.5 per cent. Aggregate annual premiums written and single premiums for Vital Forsikring and Vital Link amounted to NOK 21 512 million (16 421), up 31 per cent on the previous year.

The aggregate net inflow of transfers posted by Vital Forsikring and Vital Link in 2005 came to NOK 1 203 million, compared with NOK 3 671 million in 2004.

#### Management results

The return on book values and the value-adjusted return, excluding changes in unrealised capital gains on long-term securities, was 7.3 per cent and 8.3 per cent (6.5 and 7.1), respectively. Including changes in unrealised capital gains on long-term securities the return was 7.7 per cent (7.7).

Over time, Vital has adjusted its investment portfolio to take account of the continued low level of interest rates. Around 40 per cent of the portfolio consists of real estate and long-term bonds which contributes to an even and stable return. The good results that have been achieved for both customers and our owner are largely due to long-term investments made when interest rates were substantially higher than they are at present.

Net financial income, after changes in the securities adjustment reserve, totalled NOK 11 909 million (9 816). Norwegian equities were the asset class which provided that highest return at 42.51 per cent (38.1), which was 0.1 percentage points better than the Oslo Stock Exchange Benchmark Index, excluding the DnB NOR share which Vital cannot invest in. Foreign equities showed a return of 22.3 per cent (4.3), which was 0.3 percentage points below the benchmark index (Morgan Stanley).

The bond portfolio provided an overall yield of 3.5 per cent (5.5), which was 0.2 percentage points more than the reference index. Norwegian bonds showed a yield of 3.8 per cent (6.7), and foreign bonds 3.4 per cent (6.3). The return on money market investments stood at 2.2 per cent (2.3), while long-term bonds, excluding changes in unrealised gains, showed a book yield of 5.7 per cent (5.7).

Real estate provided a return of 13.6 per cent (8.7). Properties are required to be assessed at fair market value, in line with guidelines from the Financial Supervisory Authority of Norway. As a result, the real estate portfolio was written up by 2.6 per cent at year-end 2005 because of higher rental income and a lower vacancy rate, and by 3.2 per cent due to the lower required rate of return.

The return on investment outperformed the reference index in all areas, except in relation to international bonds.

#### Insurance payments

Insurance payments totalled NOK 10 100 million (10 661), the decline being due to fewer transfer outflows to other insurance companies. Payments to policyholders amounted to NOK 8 611 million (7 536).

#### Operating expenses

Operating expenses, including financial management costs, totalled NOK 1 432 million (1 343). The 6.6 per cent increase in operating expenses was mainly due to an increase in commissions to distributors as a result of higher sales as well as higher asset management costs. Total operating expenses corresponded to 0.90 per cent (0.93) of average policyholders' funds. Synergy benefits from the integration of activities is contributing to reduce costs.

#### Results

The interest result, before transfers to additional allocations, stood at NOK 6 053 million (4 137).

The aggregate risk result was a profit of NOK 94 million (- 312), showing an improvement of NOK 997 million since 2003.



The administration result was a loss of NOK 83 million (- 137), reflecting an improvement of NOK 108 million since 2003. In relation to corporate clients, the administration result was a loss of NOK 12 million (- 29) and Vital's goal is to have a positive administration result in 2007.

In connection with the introduction of a new accounting standard (International Financial Reporting Standards – IFRS) the accounting practice for recording pension commitments has been changed. The difference between the accounting figure for commitments and the calculated actual commitment is posted as a cost in the profit and loss account. The owner's profit before tax has been reduced by NOK 150 million, corresponding to 35 per cent, in order to achieve a fair division of the cost between the policyholders and the owner.

Further information about these items appears in note 11.

#### Balance sheet

At 31 December 2005, Vital Forsikring and Vital Link had aggregate total assets of NOK 201 661 million (175 145), an increase of 15.1 per cent. At the same time, Vital Forsikring had total assets of NOK 187 968 million (164 991), a rise of 13.9 per cent, while Vital Link had total assets of NOK 13 694 million (10 154), reflecting growth of 34.9 per cent.

Unrealised gains on long-term bonds, which totalled NOK 3 268 million (3 935) at year-end, are not recorded in the figure for total assets in the balance sheet.

Vital Forsikring's consist of the following items: short-term bonds 17.9 per cent (18.1), shareholdings 23.3 per cent (16.6), long-term bonds 27.3 per cent (32.8), money market investments 16.8 per cent (17.2), real estate 12.2 per cent (11.8) and other items 2.5 per cent (3.5). The breakdown of total assets includes derivatives.

Customer funds invested by Vital Link in unit-linked insurance products are distributed as follows: shareholdings 54 per cent (45), balanced, bond and money market funds 35 per cent (39), and bank deposits 11 per cent (16).

#### Buffer capital

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

At 31 December 2005 buffer capital totalled NOK 22 415 (19 630), the increase being due to good financial results in 2005. Vital Forsikring's capital base is sufficient to bear investment risk and withstand fluctuations in the financial markets.

The breakdown and development of buffer capital in 2005 was as follows:

NOK million	31.12.2004	31.12.2005
Kursreguleringsfond	3 538	5 503
Securities adjustment reserve	3 538	5 503
Unrealised gains on long-term securities	3 935	3 268
Additional allocations	2 357	3 788
Equity	7 155	7 155
Subordinated loan capital / Capital loans	2 449	2 499
Security reserve	197	201
Total	19 630	22 415

The main changes in 2005 were an increase of NOK 1 431 million in additional allocations, strengthening of the securities reserve by NOK 1 966 million and a reduction of NOK 667 million in unrealised gains on long-term securities.

Strengthening of securities adjustment reserve and the additional allocations enable the company to maintain the composition of assets at a competitive level.

Buffer capital – equity in excess of the statutory minimum capital ratio of 8 per cent, including additional allocations and the securities adjustment reserve – amounted to NOK 11 564 million (8 577) at 31 December 2005.

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

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

#### Capital ratio

The capital ratio is qualifying capital for capital adequacy purposes expressed as a percentage of the risk-weighted asset base.

At 31 December 2005, Vital Forsikring's qualifying capital totalled NOK 9 312 million (8 953) and the capital ratio was 11.7 per cent (14.1).

Solvency margin capital consists of the capital base plus 50 per cent of additional allocations and 55 per cent of the security reserve in excess of the minimum requirement. At year-end 2005, Vital Forsikring's solvency margin capital amounted to NOK 11 296 million (10 238). During the year, the solvency margin requirement rose to NOK 7 130 million (6 289).

## Personnel

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

In the process of integrating the two merged companies it has been important to give priority to customers and daily operations. Vital's personnel have shown a sound ability to tackle the challenges presented by both integration and growth and have made a significant contribution to the company's success.

Including subsidiaries, Vital Forsikring had a workforce of 919 (931) in permanent employment at year-end, corresponding to 881 (898) full-time positions. Women made up 49 per cent of the workforce and men 51 per cent. The average age was 44.9 years and the average period of service 14.5 years.

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

Reference is also made to the organisation chart on page 19.

## Working environment

The incidence of sick leave in 2005 stood at 4.6 per cent (4.8). No serious injuries or accidents were reported in 2005.

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

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

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

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

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

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

## Equality

Vital Forsikring's workforce is split virtually equally between men and women. However, among the 118 (113) part-time employees women make up 86.4 per cent (84.1). The number of male managers within the organisation with personnel responsibility totals 79 (72), against 26 (23) women. These factors contribute to the fact that female employees have a lower average salary than men.

Vital seeks to increase the number of women in leading positions, partly through increased female representation on management development programmes. The company maintains an overview of women with managerial talent and female managers with the potential to take up senior positions within the DnB NOR Group.

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

## Outlook

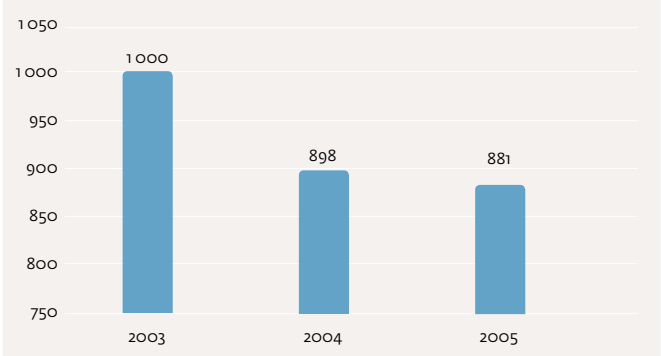
Vital expects to see further growth in the market for pension saving in the coming years, in both the corporate and individual markets. Based on its own organisation and by taking full advantage of the strength of the DnB NOR Group's distribution network, Vital will be well placed to further strengthen its position in the marketplace.

It is expected that compulsory occupational pension schemes will correspond to a market worth up to three billion kroner in annual premiums. Vital intends to establish a leading position in this market.

The Pension Reform contributed to general interest in pensions in the market. An expected increase in disposable incomes is also likely to contribute to an increased level of private pension saving in the coming years.

New life insurance legislation is expected to be largely implemented from 2008. The regulations will mean modernisation of the industry, with positive effects for both customers and owners. For shareholders, the new legislation will mean increased scope to determine

Development in full-time positions



the risk and thus increase the return on risk-adjusted capital. The customers will have greater scope to determine the investment profile and a more transparent price structure to relate to. Vital has taken the necessary steps to prepare for the changes in the regulatory framework.

At 31 December 2005 the premium reserve provided an average interest rate guarantee of 3.75 per cent, against 3.81 per cent a year earlier. The reduction reflects the fact that the guaranteed return on premiums paid in under group pension schemes was reduced from 4 to 3 per cent effective from 1 January 2004. The lower interest rate was also affected by a considerable level of new business in the individual market where the guaranteed return stands at 3 per cent. The maximum guaranteed rate for new business established after 1 January 2006 is 2.75 per cent. The average guaranteed return is expected to continue falling by 0.04 – 0.06 percentage points annually over the next few years.

Higher longevity and changes in the pattern of marital status have led to changes in the margins for retirement pension and spouse's pension. While spouse's pension and children's pension provided profits of NOK 629 million in 2005, retirement pension showed a loss of NOK 509 million. Vital is planning to change its tariffs for group spouse and retirement pension in 2007. This will bring the results more into balance. The tariff changes being made by Vital for retirement and survivor's pension are being co-ordinated with being made by the rest of the industry.

Vital has established solid buffers to withstand fluctuations in the financial markets, and its asset management activities are based on a long-term perspective, since experience shows that this provides the best return over time. Vital is prepared for a market characterised

by low interest rates in the period ahead, with around 40 per cent of balance sheet investments comprising long-term bonds and real estate which give a good return. The sound financial buffers present scope for increasing the level of exposure in areas with a higher expected rate of return.

The insurance industry expects new solvency requirements, referred to as "Solvency II" and harmonising with EU regulations, with implementation at the earliest from 2010. In December the Financial Supervisory Authority of Norway published "Proposed temporary capital requirements for Norwegian insurance companies in the period 2007 – 2009". This spring the Ministry of Finance is expected start on the process of determining the capital requirements that are to apply to the insurance companies in the period prior to the implementation of Solvency II. Vital does not envisage any major changes in the short term and is positive to the harmonisation of regulations within the EU.

The Board is very satisfied with Vital's results in 2005 - the financial return, the trend in premium income, the net inflow of transfers and, not least, the administration and risk result. Along with the good results, the process of integration has been implemented as planned. All in all, Vital is well placed to advance further, and this is to a great extent thanks to the untiring efforts of the staff. The Board takes the opportunity to thank them all for their sound contribution in 2005.

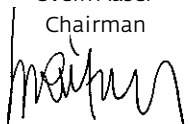
#### Dividend and allocations

The Board of Directors of Vital Forsikring ASA proposes a dividend of NOK 3 030 million. Vital Forsikring ASA will receive a group contribution of NOK 1 458 million after tax, and the accounts include a provision for dividends consisting of this amount and the profit for the year, NOK 1 572 million.

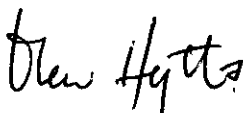
Bergen, 15 February 2006  
The Board of Directors of Vital Forsikring ASA



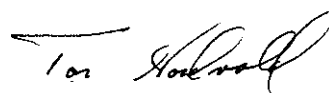
Svein Aaser  
Chairman



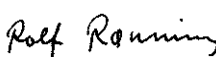
Gunnar Reitan



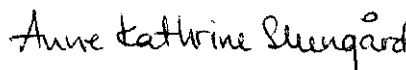
Olav Hytta  
Deputy Chairman



Tor M. Nordvold



Rolf Rønning



Anne Kathrine Slungård



Siri Pettersen Strandenes



Bjørge Ven



Bjørge Wiers



Eskild Wold



Bård Benum  
Managing Director

# Profit and loss account

(NOK mill.)		Vital Forsikring ASA	
	Notes	2005	2004
Premiums written, gross		19 607	13 903
Transfer of premium reserves from other insurers/pension funds	5	2 708	4 923
- Ceded reinsurance premiums		(259)	270
<b>Total premium income for own account</b>	11	<b>22 057</b>	<b>19 096</b>
<b>Income from financial assets</b>	2,11	<b>17 407</b>	<b>19 554</b>
<b>Other insurance-related income</b>		<b>0</b>	<b>265</b>
Insurance payments	3	(8 391)	(7 834)
Change in claims reserve	3	(52)	(27)
Transfer of premium reserves, additional allocations and securities adjustment reserve to other insurers/pension funds	3,5	(1 657)	(2 801)
<b>Total insurance payments for own account</b>	3,11	<b>(10 100)</b>	<b>(10 661)</b>
Change in premium reserve in insurance fund		(16 235)	(13 275)
Guaranteed return on premium fund and pension regulation fund		(174)	(180)
Additional allocations for the year		(1 500)	(300)
Transfer of additional allocations and securities adjustment reserve from other insurers/pension funds		46	132
To/(from) additional allocations in insurance fund		(8)	(109)
To/(from) security reserve		(4)	0
To/(from) technical allocations for non-life insurance		0	501
<b>Total change in insurance provisions etc.</b>	11	<b>(17 875)</b>	<b>(13 231)</b>
<b>Insurance-related operating expenses</b>	6,7,8	<b>(1 235)</b>	<b>(1 200)</b>
<b>Expenses related to financial assets</b>	2	<b>(3 519)</b>	<b>(8 888)</b>
<b>Other insurance-related expenses</b>		<b>(486)</b>	<b>(479)</b>
<b>To/(from) securities adjustment reserve</b>		<b>(1 966)</b>	<b>(1 090)</b>
<b>Technical result before special provisions</b>		<b>4 284</b>	<b>3 366</b>
<b>Allocations to policyholders</b>	4,12	<b>(3 008)</b>	<b>(2 033)</b>
<b>Technical result for life insurance</b>	11	<b>1 276</b>	<b>1 333</b>
<b>Other expenses</b>	25	<b>(104)</b>	<b>(97)</b>
<b>Profit from ordinary activity</b>	11	<b>1 172</b>	<b>1 236</b>
<b>Tax cost</b>	10	<b>400</b>	<b>64</b>
<b>Profit after tax</b>	11,12	<b>1 572</b>	<b>1 300</b>
<b>Transfers and allocations</b>			
Transfers			
Group contribution received	27	1 458	0
<b>Total transfers</b>		<b>1 458</b>	<b>0</b>
<b>Allocations</b>			
Dividend	27	(3 030)	0
Transferred to other equity	23	0	(1 300)
<b>Total allocations</b>		<b>(3 030)</b>	<b>(1 300)</b>
<b>Total transfers and allocations</b>		<b>(1 572)</b>	<b>(1 300)</b>

31 December 2005

Bergen, 15. February 2006


The Board of Directors of Vital Forsikring ASA

  
Svein Aaser  
Chairman

  
Olav Hytta  
Deputy Chairman

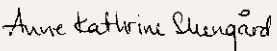




  
Tor Nordvold

  
Gunnar Reitan

  
Rolf Rønning

# Balance sheet

(NOK mill.)		Vital Forsikring ASA	
	Notes	2005	2004
<b>Assets</b>			
<b>Intangible assets</b>	21	<b>236</b>	<b>240</b>
Buildings and other real estate	13	22 872	19 410
Shareholdings and investments in group companies	14	76	166
Long-term financial assets excl. group companies	2,16	51 610	54 540
Short-term financial assets	2,15,17,18	106 781	84 271
<b>Total financial assets</b>	19	<b>181 340</b>	<b>158 387</b>
<b>Accounts receivable</b>	20	<b>1 161</b>	<b>1 924</b>
<b>Other assets</b>	9,21,22	<b>2 494</b>	<b>1 714</b>
<b>Prepaid expenses and accrued income</b>	30	<b>2 737</b>	<b>2 726</b>
<b>Total assets</b>		<b>187 968</b>	<b>164 991</b>
<b>Liabilities and equity</b>			
<b>Paid-up equity</b>	23,24	<b>2 343</b>	<b>2 343</b>
<b>Retained earnings</b>	23,24	<b>4 812</b>	<b>4 812</b>
<b>Trust preferred stock</b>		<b>225</b>	<b>225</b>
<b>Subordinated loan capital</b>	24,25	<b>2 274</b>	<b>2 224</b>
<b>Securities adjustment reserve</b>		<b>5 503</b>	<b>3 538</b>
Premium reserve		158 299	140 701
Additional allocations		3 788	2 357
Premium funds and pensioners' surplus fund		6 282	5 992
Claims reserve		596	543
Security reserve		201	197
<b>Total insurance reserves</b>	26	<b>169 166</b>	<b>149 790</b>
<b>Provisions for commitments</b>	10	<b>869</b>	<b>651</b>
<b>Liabilities</b>	27	<b>2 461</b>	<b>844</b>
<b>Accrued expenses and prepaid income</b>		<b>315</b>	<b>565</b>
<b>Total liabilities and equity</b>		<b>187 968</b>	<b>164 991</b>
Contingent liabilities etc	28,29		

 Anne Kathrine Slungård  
 Siri Pettersen Strandenes  
 Bjørge Ven  
 Bjørge Wiers  
 Eskild Wold  
 Bård Benum  
 CEO



# Accounting principles

## General

The accounts for Vital Forsikring ASA have been prepared in accordance with Norwegian regulations governing the annual accounts etc. of insurance companies, Norwegian accounting legislation and in conformity with generally accepted accounting principles and regulations issued by the Financial Supervisory Authority of Norway.

## Consolidation

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

The companies are listed in notes 13 and 14.

The accounts for 2005 represent both the accounts of the parent company, Vital Forsikring ASA, and the consolidated accounts. This is because the subsidiaries in the accounts of Vital Forsikring ASA are incorporated applying the equity method. Because of the size and the nature of the activities of the subsidiaries, the consolidated accounts therefore do not differ substantially from the accounts of the parent company.

## Classification and valuation

### Intangible assets

*Goodwill* - Goodwill arising from previous acquisitions and mergers is capitalised and amortised on a straight line basis over its expected economic lifetime. In connection with each interim report, an assessment is made to determine whether there is any objective evidence of a decline in value, and in such case an write-down test is carried out. In any event, there is an annual calculation to determine whether the value of goodwill is still considered to exist.

*IT systems and software* - Software purchased is capitalised at acquisition cost, including outlays involved in preparing it for use. Directly identifiable costs related to software developed by the company itself are capitalised and included under intangible assets. This assumes that the systems are controlled by the company, that the likely economic benefits exceed the development costs, and that the expected lifetimes is more than three years.

Direct costs includes employees directly involved in software development, material costs and a proportion of the relevant fixed overheads. Costs related to the maintenance of software and IT systems are charged in the profit and loss account as they arise.

IT systems and software posted in the balance sheet are depreciated on a straight line basis over their expected economic lifetime, and are written down if the value of the expected economic benefits is lower than the balance sheet value.

### Buildings and other real estate

Investments in buildings and other real estate are divided between directly owned properties and indirectly owned properties organised as legal entities (limited companies, general partnerships and limited partnerships). Indirectly owned properties are classified and valued in the same way as directly owned properties.

Buildings and other real estate are stated at fair market value at year-end. In-house expertise is used and value assessments are based on the discounted value of future rental income. External value assessments are used for some properties. Properties located abroad are stated at fair market value in local currency, and in translation into Norwegian kroner the exchange rate in force at year-end is used.

For the year as a whole, the change in market value and realised gains/losses on property sales are posted as ordinary financial income/expenses in the profit and loss account. The same applies to changes in market value due to changes in the exchange rate for properties located abroad.

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

The company uses forward contracts to hedge its foreign properties against changes in exchange rates. The contracts are valued at fair market value and the accrued interest and any change in the unrealised value of the derivative due to a change in the current exchange rate, is posted in the profit and loss account as it arises. Any change in the unrealised value of the derivative due to a change in interest rates is credited/debited to the securities adjustment reserve and is therefore not included in the profit for allocation. |

### Short-term financial assets

Financial assets defined as shares, bonds, commercial paper and financial derivatives are valued at their aggregate market value at 31 December. The net unrealised change in the market value is credited/debited to the securities adjustment reserve in the balance sheet.

*Equities and investments* - Equities with a stock exchange listing, or listed in another regulated marketplace, are valued at the official closing price on the last day of trading prior to year-end. Other equities and investments are valued at the expected market price based on available information at year-end.

*Bonds and other securities with a fixed return* - Bonds and other securities with a fixed return with a stock exchange listing, or listed in another regulated marketplace, are valued at the official closing price on the last day of trading prior to year-end. Where there is no known traded price for bonds and other securities, the market value is based on the interest rate curve in the respective markets, adjusted for the individual issuer's credit risk.

### **Foreign currency**

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

### **Financial derivatives**

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

Financial derivatives are stated at market value based on observed market values of financial derivatives, where this is available. Financial derivatives that are not traded in a liquid market are stated at the estimated market value based on mathematical models that are generally accepted for pricing of financial derivatives of this kind.

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

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

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

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

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

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

Bonds to be held until maturity are classified as long-term financial assets. They are stated at acquisition cost, plus/less any premium or discount at the time of purchase. The premium/discount is apportioned on a straight-line basis over the residual period of maturity. Bonds in foreign currency which are to be held until maturity are booked at amortised cost at year-end, using the year-end exchange rate for conversion into Norwegian kroner. Any change in book value due to a change in the currency exchange rate is posted in the profit and loss account on an ongoing basis.

Bonds in foreign currency which are to be held until maturity are hedged against changes in exchange rates by forward foreign exchange contracts. These contracts are stated at fair market value, and the accrued interest and any change in the unrealised value of the derivative due to a change in the current exchange rate is posted in the balance sheet on an ongoing basis. Any change in the unrealised value of the derivative due to a change in interest rates is credited/debited to the securities adjustment reserve and is therefore not included in the profit for allocation.

### **Fixed assets**

Fixed assets for own use are classified as "Other assets" in the balance sheet. Fixed assets are depreciated on a straight-line basis on the basis of their expected economic lifetime. Properties used by the company itself are not classified as fixed assets but as investment properties and therefore not depreciated.

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

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

Unrealised foreign exchange gains and losses on derivatives used to hedge real estate and bonds to be held until maturity denominated in foreign currency are not included in the securities adjustment reserve.

### **Insurance reserves**

Vital's insurance reserves consist of the insurance fund and the security reserve. The insurance fund includes the premium reserve, additional allocations, the premium and pension adjustment fund, the claims reserve and other technical reserves.

*Premium reserve:* The premium reserve is a necessary reserve to secure future insurance commitments to the policyholders and the insured. The premium reserve is calculated as the cash value of the company's total insurance commitments, including costs, less the cash value of agreed future premiums. As a general rule, the premium reserve is calculated applying the same assumptions as those used to calculate the premium for the individual insurance agreements, i.e. the same mortality and disability assumptions, interest rate and cost tariffs.

*Additional allocations:* Additional allocations are a conditional allocation to policyholders where the change for the year is posted in the profit and loss account and therefore affect the profit for allocation. The Financial Supervisory Authority of Norway has set the maximum additional allocation per contract. Additional allocations may be applied when the return for the year is less than the guaranteed rate of return.

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

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

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

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

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

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

### **Tax**

The tax charge for the year in the profit and loss account consists of the tax payable and the change in deferred tax. The deferred tax is calculated on the basis of differences between the results for tax and accounting purposes that can be offset in the future. The values used are based on balance sheet and tax positions at year-end. The main timing differences consist of the previously accumulated change in the value of buildings, and the tax loss carried forward.

Taxable and non-taxable timing differences which are expected to be reversed in the same period are set off against each other and posted net. Net deferred tax assets are posted in the balance sheet if it is likely that they will be set against future taxable income. An overview appears in note 10.

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

The company is part of the listed DnB NOR Group and this year it has chosen to apply Norwegian Accounting Standard (NRS) 6A which give scope for applying IAS 19 as an alternative to NRS 6. Clause 3 of the standard makes it possible to set at zero the unamortised estimated divergence on the transition to IFRS, but in a letter dated 9 December the Financial Supervisory Authority of Norway has stated that this value can only be set at zero by posting the unamortised estimated divergence at 1 January 2004 in the company's accounts.

Pension costs are included in "Insurance-related pension costs". The basis for calculating pension costs is a linear distribution of pension entitlements measured against estimated accumulated commitments at the time of retirement. Costs are calculated on the basis of pension entitlements earned during the year with the deduction of the return on funds assigned to cover pensions. When the aggregate pension fund assets exceed the estimated pension commitments at year-end, the net value is classified as an asset in the balance sheet if it is likely that this overfunding can be used to cover future commitments. When the pension commitments exceed the pension fund assets, the net commitment is classified as a liability in the balance sheet. Each scheme is evaluated separately.

The calculation of pension costs and pension commitments is based on actuarial assumptions about life expectancy, salary rises, other changes concerning those entitled to a pension, and economic assumptions. The assumptions relating to the discount rate are set on the basis of the 10-year government bond rate at year-end, with a supplement to take account of the fact that the commitments have a maturity approaching 30 years. The pension costs are based on assumptions at the start of the period.

These assumptions must be expected to change over time. The economic consequences of changes in pension plans are posted in the profit and loss account when the plan is changed, unless the rights under the new pension plan require the employee to remain in service for a specified period (period of service).

Estimate divergences arising after 1 January 2004 as assessed against the higher of the total pension commitments and the total pension fund assets at the start of the accounting year. If the overall estimate divergence is more than 10 per cent of the higher of these two values, the estimate divergence in excess is posted in the accounts over the average remaining period of service.

### Note 1 - New business

Distribution by line of business (NOK mill.)	Individual life insurance	Individual annuity and pension insurance	Group life insurance	Group pension insurance	Group- association insurance	Total 2005	Total 2004
Premiums written	5 984	2 661	5	165	0	8 815	3 914
Transfer of premium reserves etc.	0	565	112	2 028	4	2 709	4 923
Total new business 2005	5 984	3 226	117	2 193	4	11 524	
Total new business 2004	846	3 373	9	4 599	11		8 837

### Note 2 - Merged items under financial assets

NOK million	Equities	Bonds	Real Estate **	Other	2005	2004
2.1.1 Income from equities and investments in group companies				16	16	0
2.2.1 Income from buildings and other real estate			1 579		1 579	1 462
2.2.2 Income from other financial assets	688	5 903		54	6 645	8 506
<b>Total</b>	<b>688</b>	<b>5 903</b>	<b>1 579</b>	<b>70</b>	<b>8 239</b>	<b>9 968</b>
2.3 Value regulation of buildings and other real estate			1 145		1 145	377
2.4 Unrealised gains	4 424	(2 418)		(31)	1 975	1 090
2.6 Gains on realisation of financial assets *)	3 680	1 069	264	1 034	6 047	8 119
<b>Total income from financial assets</b>	<b>8 792</b>	<b>4 553</b>	<b>2 988</b>	<b>1 073</b>	<b>17 407</b>	<b>19 554</b>
8.1.1 Administration expenses related to buildings and other real estate			(15)		(15)	(4)
8.1.2 Administration expenses related to other financial assets	(56)	(126)			(182)	(118)
8.1.3 Interest expenses related to financial assets		(577)			(577)	(1 897)
8.1.4 Other expenses related to financial assets	(42)	(9)	(300)	(57)	(408)	(470)
<b>Total</b>	<b>(98)</b>	<b>(712)</b>	<b>(315)</b>	<b>(57)</b>	<b>(1 182)</b>	<b>(2 489)</b>
8.4 Write-down of other financial assets		(114)			(114)	(112)
8.5 Loss on realisation of financial assets.	(564)	(1 654)	0	(5)	(2 223)	(6 287)
<b>Total expenses related to financial assets</b>	<b>(662)</b>	<b>(2 480)</b>	<b>(315)</b>	<b>(62)</b>	<b>(3 519)</b>	<b>(8 888)</b>
<b>Net financial income</b>	<b>8 131</b>	<b>2 073</b>	<b>2 674</b>	<b>1 011</b>	<b>13 888</b>	<b>10 666</b>

\*) Including realised gain/loss on forward foreign exchange contracts.

\*\*) Gains on the sale of real estate are included in gains on realisation of forward foreign exchange contracts related to real estate.  
For quantification of these contracts, please refer to note 18.

### Financial current assets and financial long-term assets in the balance sheet

#### Item 2.4 - Short-term financial assets

NOK million	2005	2004
2.4.1 Equities and investments	32 562	24 371
2.4.2 Bonds and other securities with a fixed return	65 637	56 254
2.4.6 Real estate derivatives	(32)	0
2.4.5 Deposits with credit institutions	8 615	3 646
<b>Total</b>	<b>106 781</b>	<b>84 271</b>

#### Item 2.3 - Long-term financial assets

NOK million	2005	2004
2.3.2 Bonds to be held to maturity	51 246	54 172
2.3.4 Mortgage loans	330	331
2.3.5 Other lendings	34	21
2.3.6 Long-term shareholdings	0	16
<b>Total</b>	<b>51 610</b>	<b>54 540</b>

### Note 3 - Claims

NOK million	Individual life insurance	Individual annuity and pension insurance	Group life insurance	Group pension insurance	Group association insurance	Other lines (non-life)	Total 2005	Total 2004
Claims	701	2 760	58	3 866	173		7 558	6 717
Surrenders/withdrawals	862	128	0	61	1		1 052	819
Reinsured proportion	0	0	(23)	(197)	0		(220)	297
<b>Total claims paid</b>	<b>1 563</b>	<b>2 888</b>	<b>35</b>	<b>3 730</b>	<b>174</b>	<b>0</b>	<b>8 390</b>	<b>7 833</b>
Change in claims reserve	(1)	(50)	32	72	0		53	27
Transfer of premium reserves etc.	3	546	0	1 104	4		1 657	2 801
<b>Total claims 2005</b>	<b>1 565</b>	<b>3 384</b>	<b>67</b>	<b>4 906</b>	<b>178</b>	<b>0</b>	<b>10 100</b>	
Total claims 2004	1 130	3 226	434	5 049	164	659		10 661



#### Note 4 - Allocations to policyholders

NOK million	Individual life insurance	Individual annuity and pension insurance	Group life insurance	Group pension insurance	Group association insurance	Total 2005	Total 2004
Premium reserves	152	782	(7)	825	88	1 840	1 543
Premium fund/pensioners' surplus fund	0	7	0	1 161	0	1 168	490
Total allocation to policyholders 2005	152	789	(7)	1 986	88	3 008	
Total allocation to policyholders 2004	98	589	0	1 263	83		2 033

#### Note 5 -Transfer of insurance funds

NOK million	Individuell life insurance	Individual annuity and pension insurance*)	Group life insurance	Group pension insurance	Group association insurance	Other lines	Total 2005	Total 2004
<b>P/L account entries</b>								
Inflow of premium reserves	0	565	112	2 028	4		2 709	4 923
Inflow of additional allocations	0	1	0	45	0		46	132
Total inflow of funds	0	566	112	2 073	4	0	2 755	5 055
Outflow of premium reserves	(3)	(536)	0	(1 075)	(4)		(1 618)	(1 724)
Sale of GNF portfolio							0	(1 035)
Outflow of additional allocations	0	(7)	0	(13)	0		(20)	(10)
Outflow of unrealised gains	0	(3)	0	(16)	0		(19)	(32)
Total outflow of funds	(3)	(546)	0	(1 104)	(4)	0	(1 657)	(2 801)
<b>Net P/L account entry 2005</b>	<b>(3)</b>	<b>20</b>	<b>112</b>	<b>969</b>	<b>0</b>	<b>0</b>	<b>1 098</b>	
Net P/L account entry 2004	(1)	69	(413)	3 217	5	(622)		2 254

#### Balance Sheet entries

Inflow of premium funds etc.	0	0	0	679	0		679	738
Outflow of premium funds etc.	0	(19)	0	(53)	0		(72)	(112)
<b>Net Balance Sheet entry 2005</b>	<b>0</b>	<b>(19)</b>	<b>0</b>	<b>626</b>	<b>0</b>	<b>0</b>	<b>607</b>	
Net Balance Sheet entry 2004	0	(22)	0	648	0	0		626

#### Inflow / outflow

Inflow of annual premiums	0	663	102	102	0		867	438
Outflow of annual premiums	1	14	0	83	0		98	706
Number of customers/contracts, inflow	0	5 490	11	175	9		5 685	7 938
Number of customers/contracts, outflow	63	2 339	0	173	14		2 589	7 729

\*) The figures include inflows from Vital Link totalling NOK 331 million in 2005 against NOK 290 million in 2004. This relates to 536 customers/contracts in 2005 against 511 in 2004.  
Outflows to Vital Link totalled NOK 306 million in 2005 and NOK 421 million in 2004. This relates to 958 customers/contracts in 2005 against 1411 in 2004.

#### Note 6 - Insurance-related operating expenses

NOK million	2005	2004
Sales expenses *)	526	487
Insurance-related administrative expenses	709	713
<b>Insurance-related operating expenses</b>	<b>1 235</b>	<b>1 200</b>

\*) Sales expenses

Salaries	180	187
Commissions	259	181
Other sales expenses	87	119
<b>Total sales expenses</b>	<b>526</b>	<b>487</b>

#### Restructuring costs

NOK million	2005	2004
Provision for restructuring at 1 January	141	0
Restructuring costs provided for in year		250
Restructuring costs in year	(94)	(109)
<b>Provision for restructuring at 31 December</b>	<b>47</b>	<b>141</b>

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

	2005	2004
Number of employees at 31 December	762	810
Number of full-time positions at 31 December	730	779
Average number of employees	786	893
Average number of full-time positions	755	860

The reduction in employees is mainly due to synergies.

## Note 8 - Remuneration

### Remuneration to the managing director and elected officers

NOK 1 000	2005	2004
Remuneration to the managing director		
Aggregate remuneration (incl. benefits in kind)	2 479	2 341
The remuneration paid in 2005 includes a non-recurring payment of NOK 326 999 (NOK 296 000 in 2004).		
The managing director has an agreement which allows him to retire at the age of 62.		
The pension is reduced from 100% (at 62) to 70% (at 67) of the salary on leaving.		
There are no agreements which provide for severance pay for senior employees.		
Remuneration to the Board of Directors	1 562	1 311
Remuneration to the Board of Representatives	321	91
Remuneration to the Control Committee	335	380

### Remuneration to the auditor

NOK 1 000	2005	2004
Financial audit fee	2 120	1 150
Of which to the external auditor	444	500
Of which for the Group audit	1 676	650

### The fee to the external auditor is divided as follows:

Statutory audit	420	434
Taxation advice	24	66

## Note 9 - Pension commitments

Vital has a tax-deductible occupational pension scheme for its own employees. The full retirement pension amounts to approximately 70% of the pension base, depending on the number of years of service. At 31 December 2005, 842 persons were members of the scheme. The company also has pension commitments to certain employees and employee groups not covered by the ordinary occupational pension scheme. This relates to employee groups with a lower retirement age, employees with a salary in excess of 12 times the National Insurance Fund base rate, and pensions for Board members. In total, these commitments relate to 72 persons.

The company is entitled to amend the occupational pension scheme.

For accounting purposes, all the pension schemes are dealt with in accordance with the Norwegian Accounting Standard 6A, "Application of IAS 19 as provided for under Norwegian accounting law". In a letter in December the Financial Supervisory Authority of Norway made it possible for life com-

panies which are part of a listed company to apply Norwegian Accounting Standard 6A, clause 3, in the company accounts. However, violation of the principle of congruency was not permitted, and the life companies therefore had to enter in the profit and loss account the entire unamortised divergence as at 01 January 2004 on implementation.

With effect from 01 July 2005 the company's scheme was changed so that the right to a paid-up policy on the termination of employment is only linked to the retirement pension. In this connection, the employees have had their accrued rights under paid-up policies linked up to disability pension and survivor's pension. Accordingly, the disability and survivor's pension for the employees and the survivor's pension for those who have reached retirement age relates to the risk cover with no capital accumulation. As a result, the company's pension commitments have been substantially reduced. The annual premium for risk cover is included in pension costs.

### Economic assumptions

	Costs		Commitments	
	2005	2004	31 December 2005	31 December 2004
Discount rate	4.7 %	6.0 %	3.9 %	4.7 %
Anticipated return on pension fund assets	5.7 %	7.0 %	4.9 %	5.7 %
Anticipated annual rise in salaries	3.5 %	3.5 %	3.5 %	3.5 %
Anticipated annual increase in the National Insurance Fund base rate	3.0 %	3.0 %	3.0 %	3.0 %
Anticipated rise in pensions	2.5 %	3.0 %	2.5 %	2.5 %
CPA acceptance rate	40	40	40	40

"The assumption related to the discount rate is based on the 10-year government bond rate at year-end, plus a supplement to reflect the fact that the commitments run for more than ten years. This supplement is the interest rate difference between 10-year and 30-year government bonds in the international market. The anticipated return on pension fund assets is based on how the funds are invested

and the historical return. The average return on the pension fund assets has been historically higher than the risk-free rate of return as part of these assets are normally invested in securities with a slightly higher risk than government bonds. The expected long-term higher return on the pension fund assets is estimated at one percentage point above the risk-free rate of return.

## Note 9 -Pensjonsforpliktelser – forts.

### Pension costs

NOK million	2005			2004		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Net present value of pension entitlements 1)	41	22	63	41	4	45
Interest charge on accrued pension commitments	53	7	59	69	4	73
Expected return on pension fund assets	(68)	(1)	(69)	(87)	0	(87)
Pension plan change	(45)	5	(40)		1	1
Amortisation of estimate divergence not posted in P/L account	0	0	0	12	2	14
Administration costs	2	0	2		0	0
Effect of transition to NRS 6A	350	30	380			0
<b>Net pension cost</b>	<b>333</b>	<b>63</b>	<b>396</b>	<b>35</b>	<b>10</b>	<b>45</b>

1) incl. employer's national insurance contributions

### Pension commitments

NOK million	31 December 2005			31 December 2004		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Accrued pension commitments	1 014	128	1 142	1 054	73	1 127
Estimated effect of future salary adjustments	170	26	195	316	13	329
<b>Total pension commitments</b>	<b>1 184</b>	<b>153</b>	<b>1 337</b>	<b>1 370</b>	<b>86</b>	<b>1 456</b>
<b>Value of pension fund assets</b>	<b>1 153</b>	<b>25</b>	<b>1 178</b>	<b>1 318</b>	<b>-</b>	<b>1 318</b>
Net pension commitments	31	128	159	52	86	138
Estimate divergence not posted in P/L account	(179)	(23)	(202)	(464)	(14)	(478)
Employer's national insurance contributions		15	15	(58)		(58)
<b>Net pension fund commitments/(pension fund assets)</b>	<b>(148)</b>	<b>120</b>	<b>(28)</b>	<b>(470)</b>	<b>72</b>	<b>(398)</b>

Overfunding of pension funds with capital accumulation totalled NOK 147 million at 31 December 2005 while underfunding of such schemes totalled NOK 120 million.

### Pension commitments

	31 December 2005			31 December 2004		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Opening balance	1 237	145	1 383	1 160	77	1 237
Plan change	(188)		(188)			-
Pension entitlements accrued in year	41	7	48	41	4	45
Interest charge for the year	53	7	59	68	4	73
Payments to pensioners	(49)	(15)	(65)	(50)	(9)	(59)
Estimate divergence not posted in P/L account	90	10	100	150	10	160
<b>Closing balance</b>	<b>1 184</b>	<b>153</b>	<b>1 337</b>	<b>1 370</b>	<b>86</b>	<b>1 456</b>

### Pension fund assets

	31 December 2005			31 December 2004		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Opening balance	1 256	26	1 282	1 221		1 221
Plan change	(127)		(127)			
Expected return on pension fund assets	68	1	69	85		85
Premiums received	53	9	62	79	9	88
Pensions paid	(49)	(11)	(61)	(49)	(9)	(58)
Estimate divergence not posted in P/L account	(48)		(48)	(18)		(18)
<b>Closing balance</b>	<b>1 153</b>	<b>25</b>	<b>1 178</b>	<b>1 318</b>	<b>-</b>	<b>1 318</b>

Expected payments in 2006 amount to NOK 69 million.

### Members

	31 December 2005	31 December 2004
Number of members of the pension schemes	1 512	1 542
- of whom active	842	874
- of whom pensioners and disabled	670	668

### Financial investments

	31 December 2005	31 December 2004
Short-term bonds	17.9 %	18.1 %
Long-term bonds	27.3 %	32.8 %
Money market	16.8 %	17.2 %
Equities	23.3 %	16.6 %
Real estate	12.2 %	11.8 %
Other	2.5 %	3.5 %
<b>TOTAL</b>	<b>100.0 %</b>	<b>100.0 %</b>

### Real rate of return

	2005	2004
Real rate of return	7.65 %	6 %

### Historical development

	31 December 2005	31 December 2004
Gross pension commitments	1 337	1 456
Gross pension fund assets	1 178	1 318
Pension commitments not recorded in the accounts	(107)	(493)
Pension fund assets not recorded in the accounts	(96)	15
<b>Net pension commitments in the accounts</b>	<b>(43)</b>	<b>(340)</b>

Note 10 - Taxes		
NOK million	2 005	2 004
<b>Calculation of tax payable</b>		
Pre-tax profit	1 172	1 236
Permanent differences	(2 341)	(1 759)
Group contribution received	2 025	0
Change in timing differences	(113)	504
Application of tax loss carried forward	(675)	0
Application of tax allowance for dividends	(115)	0
Taxable income	(47)	(19)
Tax (at 28%)	0	0
<b>Tax payable</b>	<b>0</b>	<b>0</b>
<b>Calculation of deferred tax</b>		
<b>Taxable timing differences</b>		
Real estate and fixed assets	2 532	2 229
Investments in general partnerships and limited companies	176	339
Pension fund assets	28	246
Other items	371	250
Total taxable timing differences	3 107	3 064
<b>Tax-deductible timing differences</b>		
Foreign exchange items related to forward transactions	0	24
Other items	175	221
Total tax-deductible timing differences	175	245
Tax allowance and loss carried forward	260	750
Tax-deductible timing differences including tax loss carried forward	435	995
<b>Calculation base for deferred tax/(deferred tax assets)</b>	<b>(2 672)</b>	<b>(2 069)</b>
Deferred tax (at 28%)	(748)	(579)
<b>Tax charge for the year</b>	<b>2005</b>	<b>2004</b>
Tax payable	0	0
Change in deferred tax	(167)	141
Tax on group contribution received	567	0
Estimate divergence relating to previous years		(77)
<b>Tax income for the year in the profit and loss account</b>	<b>400</b>	<b>64</b>
Tax income for the year in the profit and loss account	400	64
<b>Reconciliation of nominal and actual rate of tax</b>		
Pre-tax profit	1 172	1 236
Expected income tax at nominal rate (28%)	(328)	(346)
Tax effect of permanent differences and divergence in estimates for previous years	728	411
<b>Tax income</b>	<b>400</b>	<b>64</b>

**Note 11 - Results and return on capital employed**
**Breakdown of results by line of business**

NOK million	Individual life insurance	Individual annuity and life insurance	Group life insurance	Group pension insurance	Group association insurance	Other lines	Total 2005	Total 2004
<b>Profit and loss account</b>								
Single premiums	2	75	0	3 028	1		3 106	2 950
Annual premiums	7 814	3 662	103	4 836	86		16 501	10 953
Transfer of premium reserves etc.	0	565	112	2 028	4		2 709	4 923
Reinsured proportion	(1)	(1)	(24)	(233)	0		(259)	270
Premium income 2005	7 815	4 301	191	9 659	91	0	22 057	
Premium income 2004	1 873	4 483	245	12 204	98	193		19 096
Income from financial assets	1 119	4 490	18	11 316	464		17 407	19 554
Other insurance-related income	0	1	0	(2)	0		(1)	266
Claims	(1 565)	(3 383)	(67)	(4 907)	(178)		(10 100)	(10 662)
Change in insurance allocations	(6 501)	(2 353)	(133)	(8 814)	(74)		(17 875)	(13 231)
Insurance-related operating expenses	(261)	(443)	(11)	(876)	(24)		(1 615)	(1 200)
Expenses related to financial assets	(231)	(943)	(3)	(2 244)	(98)		(3 519)	(8 888)
Other insurance-related expenses	(6)	(15)	0	(83)	(1)		(105)	(479)
To/from securities adjustment reserve	(127)	(507)	(2)	(1 278)	(52)		(1 966)	(1 090)
From additional allocations to cover interest deficit	0	0	0	0	0		0	0
Allocations to policyholders	(152)	(789)	7	(1 986)	(88)		(3 008)	(2 033)
Technical result for life insurance	91	359	0	785	40	0	1 275	1 333
Other expenses	(6)	(27)	0	(67)	(3)		(103)	(97)
Operating profit 2005	85	332	0	718	37	0	1 172	
Operating profit 2004	42	294	101	625	42	131		1 236
Tax charge	22	107	0	259	12		400	64
Profit 2005	107	439	0	977	49	0	1 572	
Profit 2004	50	341	0	731	48	131		1 300

**Analysis of results**

NOK million	Individual life insurance	Individual annuity and life insurance	Group life insurance	Group pension insurance	Group association insurance	Total life business	Other business	Total 2005	Total 2004
Administration result	(20)	(32)	1	(27)	(5)	(83)		(83)	(137)
Corridor and pension plan changes/ (Restructuring costs 2004) in accounts	(55)	(83)	(1)	(238)	(3)	(380)		(380)	(250)
Interest result	371	1 631	9	3 898	144	6 053		6 053	4 137
Risk result	37	(7)	(10)	45	29	94		94	(312)
Allocation to security reserve			(7)	3		(4)		(4)	0
Other business						0		0	131
Allocated to additional allocations	(97)	(387)		(976)	(40)	(1 500)		(1 500)	(300)
Total for allocation 2005	237	1 122	(8)	2 705	125	4 180	0	4 180	
Total for allocation 2004	140	883	101	1 888	125	3 139	131		3 269

**Return on total assets - Vital Forsikring**

Percentage figures	2005	2004	2003	2002	2001
Rate of return I	7.29	6.48	8.61	1.24	5.56
Rate of return II	8.32	7.10	10.30	1.17	1.25
Rate of return III	7.74	7.66	11.50	1.77	1.21
Average rate of return	7.01	6.04	8.36	1.30	5.82

**Return on total assets - Gjensidige NOR Spareforsikring**

Percentage figures	2003	2002	2001
Rate of return I	7.12	1.89	1.81
Rate of return II	9.01	1.89	(0.19)
Rate of return III	10.45	2.26	(0.01)
Average rate of return	6.60	2.42	2.48



## Note 12 - Division of profits

NOK million	2005	Allocation (%)	2004	Allocation (%)
<b>Profit from products with division of profits</b>	<b>4 148</b>	<b>100.0 %</b>	<b>3 126</b>	<b>100.0 %</b>
Allocation to policyholders	3 008	72.5 %	2 033	65.0 %
Allocation to equity and tax	1 140	27.5 %	1 093	35.0 %
<b>Profit from products with no division of profits</b>	<b>32</b>		<b>143</b>	
<b>Total</b>	<b>4 180</b>		<b>3 269</b>	
Allocation to policyholders	3 008		2 033	
Allocation to equity and tax	1 172		1 236	

## Note 13 - Buildings and real estate

NOK million		Book value	Annual rental per m2	Gross rental area m2	Area used by Vital Forsikring	Average rental period in years
Type of property	City/location					
Commercial properties	East	9 145	1 192	598 003	1.4 %	5.3
Commercial properties	Other parts of Norway	2 027	1 101	155 757	15.6 %	5.2
Shopping centres	Oslo/Bergen/Trondheim/other	4 900	1 792	213 573	0.3 %	3.1
Hotels	Oslo/Bergen/Trondheim/other	2 674	1 482	137 861		8.6
Foreign properties	London, Stockholm, Gothenburg	3 949	2 215	127 636		5.4
Annet *)	East/West	178	112	9 749		4.0
Total directly owned properties, ANS and AS at 31.12.05		22 872	1 413	1 242 579	2.7 %	5.2
Total directly owned properties, ANS and AS at 31.12.04		19 238	1 350	1 147 746	2.9 %	5.1
Change in 2005		3 634	63	94 833	(0.2 %)	0.1

\*) Including capitalised operating assets linked to the real estate portfolio.

Properties organised as separate companies are booked as real estate. The forms of ownership are as follows:

	Market value
Directly owned properties	14 512
Properties owned by subsidiary limited companies	6 765
Properties owned by subsidiary general/limited partnerships	1 595

Market values at year-end 2005 have been calculated in accordance with section 3-14 of the regulations for the annual accounts of insurance companies.

The change in the real estate portfolio relates to the purchase of properties in Stockholm (Kista Galleria) and Oslo (Sannergaten 2, Essendropsgt 3, Kirkegaten 24-26), the sale of flats and outlays on existing properties. In accordance with the regulations for the annual accounts of insurance companies all properties at 31.12.05 have been written up/down to market value.

Properties used by Vital Forsikring and its subsidiaries for office purposes with an aggregate area of 33 535 sq.m. make up 2.7% of the total area. The rental for these properties is set on market terms.

<b>Purchase/sale of real estate 2001 - 2005</b>	2005	2004	2003	2002	2001
- Bought	2 198	1 769	2 195	936	2 548
- Sold (sale price)	532	422	735	17	174

## Additions/disposals and value regulation in last year

NOK million	2005	2004
Cost at 1 January	17 050	15 717
+ Additionst	2 789	1 769
- Disposals (at cost)	(293)	(448)
Anskaffelseskost pr. 31.12.	19 546	17 038
Acquisition cost at 31 December	46	28
Accumulated depreciation at 1 January	0	0
Accumulated depreciation on disposals **)	5	18
Accumulated depreciation at 31 December	51	46
Accumulated value regulation at 1 January	2 245	1 855
Value regulation on disposals	2	29
Gross value regulation for the year	1 141	377
Value regulation for the year due to changes in exchange rates	(11)	(16)
Accumulated value regulation at 31 December	3 376	2 245
Book value at 31 December	22 872	19 238

\*\*) Real estate is not depreciated, in line with the regulations for the annual accounts of insurance companies. Operating assets related to real estate are depreciated using the same depreciation rates as those used for other operating assets.

#### Note 14 - Shareholdings in subsidiaries

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

NOK 1 000	Registered office	% owned	Voting rights	Acquisition cost	Opening balance	Net profits posted *	Closing balance
Storbyen Drift AS	Bergen	100 %	100 %	241	241	19	260
Sandvika Torg AS	Bergen	100 %	100 %	101	101	(14)	88
Roald Amundsensgt 6 AS	Bergen	100 %	100 %	100	100	(14)	86
Sørlandssenteret Drift AS	Bergen	100 %	100 %	950	950	(101)	849
Royal Christiania Hotel AS	Bergen	100 %	100 %	104	104	(6)	98
Senterselskapet AS	Bergen	100 %	100 %	5 702	5 702	(2)	5 700
Tollbugaten 32 AS	Bergen	100 %	100 %	100	100	(17)	83
Storbyen Eiendom AS	Bergen	100 %	100 %	101	101	(13)	88
Admiral Hotel AS	Bergen	100 %	100 %	102	102	(4)	97
Vital Eiendomsfond	Bergen	100 %	100 %	3 000	3 000	279	3 279
Zodiako	Madrid	100 %	100 %	13 500	5 000	0	5 000
Pekon	Bergen	100 %	100 %	15 410	13 336	470	13 806
Vital Eiendom	Bergen	100 %	100 %	20 043	16 265	13 600	29 865
Vital Eiendomsforvaltning	Bergen	100 %	100 %	3 000	3 005	0	3 005
<b>Total shareholdings in subsidiaries</b>				<b>62 453</b>	<b>48 106</b>	<b>14 197</b>	<b>62 303</b>
Ferd. Storjohanns Sønner AS	Bergen	32 %	32 %	13 650	13 650		13 650
Other companies				20	20		20
<b>Total shareholdings in associated companies</b>				<b>13 670</b>	<b>13 670</b>	<b>0</b>	<b>13 670</b>
<b>Total - subsidiaries and associated companies</b>				<b>76 123</b>	<b>61 776</b>	<b>14 197</b>	<b>75 973</b>

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

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

NOK 1 000	No. of shares	Share-holding (%)	Acquisition cost	Market value	NOK 1 000	No. of shares	Share-holding (%)	Acquisition cost	Market value
<b>NORWAY</b>					NextGenTel Holding	949 697	3.41	25 207	45 111
Credit institutions and insurance					Lerøy Seafood Group	579 273	1.47	20 111	42 287
Storebrand	2 010 984	0.78	91 170	117 140	Andvord Tybring Gjedde	5 922 300	2.79	33 152	42 048
<b>Total</b>			<b>91 170</b>	<b>117 140</b>	Smedvig B	257 800	0.92	26 431	40 217
<b>Other Norwegian shareholdings</b>					Fjord Seafood ASA	8 613 200	1.46	35 171	38 329
Statoil ASA	9 999 192	0.46	1 073 104	1 549 875	Ekornes	307 357	0.83	38 098	38 189
Norsk Hydro	2 181 886	0.84	828 808	1 512 047	Four Seasons V BK/S	393 792	7.40	14 432	33 504
Telenor ASA	13 624 580	0.80	643 248	902 628	Subsea 7	398 798	0.29	27 378	31 804
Orkla	3 067 916	1.47	427 909	857 483	Reiten Co Capital Partners	4 200	13.33	4 242	29 509
Yara International ASA	3 331 448	1.06	166 843	327 315	Superoffice ASA	927 600	4.42	25 581	29 312
Norske Skog A	2 837 440	1.49	279 100	304 315	Pan Fish	13 836 100	1.00	25 846	28 917
Schibsted	1 167 176	1.69	138 748	234 602	Opera Software ASA	1 274 986	1.24	18 086	28 687
DNO ASA	3 500 470	1.55	103 072	208 278	Viking Venture AS	336 174	18.37	31 162	27 533
Aker Kværner	488 584	0.89	108 250	202 518	Vmetro	982 700	4.28	25 585	25 845
Petroleum Geo Services	950 090	1.58	183 838	197 619	Rieber og Søn	495 757	0.62	23 208	24 912
Tomra Systems	3 828 289	2.14	138 506	184 906	Energivekst AS	97 247	3.18	1 620	24 215
Norgani Hotels ASA	2 953 500	9.89	165 713	165 396	Veidekke	123 812	0.43	6 438	23 834
Prosafe	534 068	1.57	95 764	153 010	Smedvig ASA A shares	117 855	0.22	14 976	23 217
TGS Nopec Geo	475 293	1.82	99 740	150 668	OPRA Technologies ASA	3 762 500	6.83	15 050	22 575
Tandberg Television	1 455 781	1.96	98 292	129 928	Opticom	165 289	1.02	14 939	21 983
Expert Eilag	1 347 391	4.06	84 380	96 338	Powel ASA	896 060	4.67	17 685	21 953
Tandberg	2 064 228	1.54	136 318	85 253	Aker American Shipping	249 835	0.91	16 239	20 486
Aktiv Kapital	762 500	1.62	77 158	78 538	Marin Vekst ASA	150 000	13.86	15 000	19 500
Chipcon Group ASA	155 324	6.62	23 928	77 662	Software Innovation ASA	847 004	5.29	15 589	18 803
Eltek ASA	636 191	1.97	48 793	71 094	Photocure	354 900	2.02	14 489	17 390
Wilh Wilhelmsen A shares	269 522	0.73	52 522	66 976	Nera	1 041 759	0.84	16 843	16 356
Four Seasons IV AS	42 386	10.00	10 948	64 935	Kongsberg Automotive	314 000	0.71	14 130	15 135
Nordic Semiconductor	960 787	2.90	59 707	63 892	Kongsberg Gruppen	119 957	0.40	10 880	14 875
Bergens Tidende AS	122 994	7.89	22 315	59 406	Telecomputing ASA	1 009 000	2.86	13 711	14 126
Cermaq ASA	1 046 607	1.13	49 079	57 302	Telenor Venture 2 ASA	29 980	5.99	23 210	12 921
Stepstone ASA	5 629 200	5.71	46 294	52 352	Rica Hotel og Restaurant Kjede	319 000	1.33	5 391	12 186
Aker Yards ASA	160 691	0.78	41 171	52 064	TTS Marine ASA	392 443	1.95	6 957	12 166
Wilh Wilhelmsen B Shares	237 100	1.86	15 067	51 806	Seadrill LTD	212 000	0.10	9 330	11 501
Fred Olsen Energy	205 100	0.34	39 506	49 839	Q Free Asa	446 920	0.88	11 039	9 519
Fast Search and Transfer ASA	1 844 104	0.65	31 316	45 734	Odffjell ASA B	81 000	0.38	2 822	9 477
					Odffjell	65 610	0.10	2 045	8 989

NOK 1 000	No. of shares	Share- holding (%)	Acquisition cost	Market value	NOK 1 000	No. of shares	Share- holding (%)	Acquisition cost	Market value
Real Estate Central Europe AS	5 000	13.70	17 500	8 750	Australia and NZ				
Other Norwegian shareholdings			108 626	72 249	Banking Group Ltd	137 021	0.007	12 629	16 300
<b>Total</b>			<b>6 037 637</b>	<b>8 992 191</b>	Westpac Banking				
<b>Sold - Norwegian indexed shareholdings</b>					Corporation Ltd	134 681	0.007	11 354	15 219
OBX INDEX Forward					Sun Life Financial				
MAR 06	(1 937 500)			(97 269)	Services of Canada Inc	51 578	0.009	9 890	13 971
<b>Total investment in Norwegian shares</b>			<b>6 128 807</b>	<b>9 012 063</b>	Millea Holdings	106	0.006	10 898	12 345
<b>Foreign</b>					Lazard Ltd.	54 657	0.146	8 664	11 806
<b>Credit institutions and insurance</b>					Investors Financial SVCS CP	46 319	0.069	14 057	11 551
UBS AG	269 856	0.024	145 236	173 444	Canadian Imperial Bank				
Citigroup Inc	351 123	0.007	104 596	115 382	of Commerce	24 501	0.007	8 807	10 852
HSBC Holdings Plc	1 060 717	0.009	111 286	115 042	ORIX Corporation	6 100	0.007	4 821	10 516
Royal Bank of Scotland					T & D Holdings Inc	21 250	0.009	6 330	9 533
Group Plc	525 059	0.017	100 657	107 118	Macquarie Bank Ltd	26 705	0.012	6 121	9 040
Zurich Financial Services AG	72 316	0.050	83 112	104 031	Resona Holdings Inc	320	0.006	3 638	8 720
Prudential Plc	1 398 873	0.059	82 231	89 437	Mitsui Sumitomo				
American International					Insurance Company	96 000	0.006	6 432	7 947
Group Inc	190 909	0.007	77 080	88 200	Banco Santander				
Capital One Financial	125 165	0.048	62 189	73 226	Central Hispano SA	84 680	0.001	6 519	7 541
Bank of America Corporation	228 330	0.006	66 808	71 352	Sumitomo Trust and				
Commerce Bancorp Inc/ NJ	289 984	0.178	55 064	67 566	Banking Co Ltd	108 000	0.006	4 733	7 466
Man Group PLC	285 001	0.093	51 479	63 278	Daiwa Securities Group Inc	86 000	0.006	4 279	6 596
Wachovia Corporation	168 404	0.011	54 822	60 277	Cott	65 716	0.092	6 753	6 563
J P Morgan Chase and Co	208 986	0.006	50 376	56 165	HBOS Plc	56 065	0.001	5 538	6 472
Wells Fargo and Company	124 225	0.007	47 733	52 850	ING Groep NV	26 371	0.001	4 381	6 171
Mitsubishi UFJ Financial Group	557	0.006	34 328	51 120	BNP Paribas SA	11 054	0.001	5 051	6 035
Genworth Financial CLA	186 832	0.082	32 836	43 747	Credit Suisse Group	17 475	0.001	4 183	6 015
Lloyds TSB Group Plc	756 103	0.014	38 899	42 936	Merrill Lynch and Co	12 225	0.001	4 670	5 607
Banche Popolari Unite Scrl	281 573	0.082	37 531	41 650	Banco Bilbao				
Mizuho Financial Group Inc	658	0.005	19 751	35 333	Vizcaya Argentaria	46 440	0.001	5 001	5 593
Prudential Financial	69 530	0.013	25 484	34 458	American Express	15 740	0.001	4 661	5 485
PNC Financial Services Group	78 054	0.027	29 327	32 679	Morgan Stanley	14 092	0.001	4 751	5 414
Credit Agricole SA	149 290	0.010	26 640	31 729	Nikko Cordinal Corp	50 500	0.005	3 753	5 412
Radian Group Inc	79 645	0.092	25 219	31 597	AMP Ltd	141 100	0.008	3 958	5 390
Goldman Sachs Group	35 059	0.008	22 938	30 317	Allianz AG	5 168	0.001	4 340	5 281
Hannover Rueckversicherung	125 683	0.104	28 741	30 045	US Bancorp	26 091	0.001	4 852	5 281
ETrade Financial Corp	209 690	0.057	19 412	29 618	QBE Insurance Group Ltd	53 706	0.007	3 352	5 229
Countrywide Financial Corp	126 992	0.021	29 281	29 400	Takefuji Corporation	11 370	0.008	4 969	5 225
ACE Limited	79 443	0.025	22 076	28 747	UniCredito Italiano SpA	110 447	0.002	4 185	5 134
Admiral Group Plc	530 784	0.204	24 128	28 074	Sompo Japan Insurance Inc	54 000	0.005	3 770	4 941
Aflac Inc	84 958	0.017	22 914	26 704	Deutsche Bank AG	7 370	0.001	3 706	4 821
Barkleys Plc	369 684	0.006	25 678	26 257	Axa	21 544	0.001	3 893	4 691
Sanpaolo IMI SpA	239 428	0.016	23 749	25 262	Shinsei Bank Ltd	116 000	0.009	4 257	4 539
Banco Comercial					Fannie Mae	13 379	0.001	5 409	4 422
Portugues SA	1 356 669	0.042	22 361	25 247	ABN AMRO Holding	24 790	0.001	4 188	4 374
Chicago Mercantile Exchange	10 143	0.030	15 341	25 240	Suncorp Metway Ltd	43 259	0.008	3 090	4 308
Lehman Brothers Holdings Inc	29 026	0.011	19 922	25 191	Freddie Mac	9 462	0.001	4 067	4 187
Royal Bank of Canada	46 864	0.007	19 164	24 669	National Bank of Canada	11 901	0.007	3 025	4 161
SLM Corporation	63 594	0.015	17 372	23 722	Washington Mutual	13 384	0.002	3 509	3 942
Marshall & Ilsley Corp	79 210	0.035	21 621	23 085	Societe Generale de France	4 718	0.001	3 345	3 915
Sumitomo Mitsui Financial Group	316	0.004	14 679	22 661	Bank of Yokohama Ltd	69 000	0.005	2 397	3 820
Manulife Financial Corporation	53 853	0.007	17 087	21 311	Bank of Nova Scotia	13 688	0.001	2 685	3 661
Commonwealth					Fortis	16 564	0.001	2 553	3 565
Bank of Australia	94 786	0.007	14 701	20 127	Credit Saison Co Ltd	10 300	0.006	1 890	3 480
Bank of Montreal	52 691	0.011	15 424	19 853	Softbank Investment Corp	746	0.008	1 871	3 415
Indymac Bancorp Inc	71 344	0.112	17 059	18 850	Mitsui Trust	41 000	0.005	1 977	3 331
Banco Popolare di Verona e n	131 285	0.035	15 205	17 920	MetLife	9 950	0.001	2 441	3 301
Progressive Corporation	22 372	0.011	12 197	17 691	Bank Kyoto	40 000	0.012	2 136	3 270
Nomura Holdings Inc	135 000	0.007	11 554	17 503	Assicuaioni Generali SpA	13 741	0.001	2 519	3 240
Dexia	111 377	0.010	16 002	17 329	Allstate Corporation	8 824	0.001	2 780	3 231
National Australia Bank Ltd	107 339	0.007	15 280	17 274	Insurance australian Group	119 842	0.008	2 863	3 226
					MBNA Corporation	17 132	0.001	2 595	3 150
					Chiba Bank	50 000	0.006	1 877	2 837

NOK 1 000	No. of shares	Share- holding (%)	Acquisition cost	Market value	NOK 1 000	No. of shares	Share- holding (%)	Acquisition cost	Market value
St Pauls Travelers Companies	9 136	0.001	2 357	2 763	Amsouth Bancorporation	4 279	0.001	719	759
Promise Co Ltd	6 100	0.005	2 874	2 747	Lincoln National Corp	2 109	0.001	665	757
Alful Corporation	4 650	0.003	2 147	2 628	UnumProvident Corporation	4 785	0.002	469	737
The Shizuoka Bank	38 000	0.005	2 026	2 577	MBIA INC	1 784	0.001	748	727
Aviva Plc	31 366	0.001	2 165	2 571	T Rowe Price Group Inc	1 478	0.001	533	721
Aeon Credit Service Co	4 000	0.008	1 833	2 561	Power Corp of Canada	3 876	0.001	641	711
Hartford Financial Services Group	4 228	0.001	1 805	2 459	3i Group Plc	7 145	0.001	589	704
Bank of New York Company Inc	11 135	0.001	2 360	2 401	Jefferson Pilot Corp	1 813	0.001	639	699
MITSUBISHI UFJ SEC	27 776	0.424	1 927	2 358	Capitalia SPA	17 565	0.001	351	686
SunTrust Banks	4 760	0.001	2 171	2 345	Hudson City Bancorp Inc	7 772	0.001	610	638
Muenchener Rueckversicher- ungs Gesellschaft AG	2 566	0.001	1 900	2 344	Alpha Bank AE	3 208	0.001	490	633
Acom Co	5 180	0.003	2 500	2 253	M and T Bank Corp	857	0.001	533	633
Swiss Reinsurance	4 551	0.001	1 875	2 249	Everest Re Group Ltd	929	0.002	481	631
Aegon NV	20 164	0.001	1 503	2 214	Sampo	5 339	0.001	476	628
BB and T Corporation	7 760	0.001	1 975	2 202	Power Financial Corp	3 184	0.000	502	616
Nordea Bank	31 333	0.001	1 950	2 199	Irish Life and Permanent Plc	4 444	0.002	504	612
National City Corporation	8 966	0.001	2 150	2 038	SAFECO Corp	1 570	0.001	473	601
Bank of Fukuoka Ltd	35 000	0.005	1 259	2 026	Banca Antonveneta SpA	2 806	0.001	397	589
Joyo Bank	50 000	0.006	1 425	2 014	MGIC Investment Corp	1 299	0.001	575	579
State Street Corporation	4 778	0.001	1 561	1 794	Groupe Bruxelles Lambert Sa	861	0.001	371	570
Neopost SA	2 630	0.008	1 514	1 779	Hypo Real Estate Holding	1 615	0.001	357	567
Allied Irish Bankds Plc	12 154	0.001	1 741	1 752	Great West Lifeco Inc.	3 179	0.000	492	566
Chubb Corporation	2 647	0.001	1 247	1 750	Cincinnati Financial Corp	1 867	0.001	431	565
Fifth Third Bancorp	6 849	0.001	2 409	1 749	Zions Bancorp	1 099	0.001	462	562
IntesaBci SpA	45 806	0.001	1 411	1 637	Erste Bank Osterreich	1 487	0.001	501	559
Golden West Financial Corp	3 608	0.001	1 350	1 612	EFG Eurobank Ergasias	2 565	0.001	384	547
KBC Bankverzekeringsholding	2 491	0.001	1 330	1 565	Synovus Financial Corp	2 914	0.001	499	533
Commerzbank AG	7 493	0.001	1 111	1 557	Amvescap Plc	10 084	0.001	486	518
Charles Schwab Corporation	15 463	0.001	1 147	1 536	Friends Provident PLC	23 287	0.001	424	513
Marsh and McLennan Companies	7 071	0.001	1 392	1 521	Compass Bancshares Inc	1 558	0.001	442	509
Regions Financial Corporation	6 514	0.001	1 465	1 507	Banco Popolare di Milano	6 778	0.002	333	501
Danske Bank AS	6 315	0.001	1 224	1 501	Berkley (W.R.) Corp	1 500	0.001	339	484
Hokuhoku Financial Group	47 000	0.004	776	1 486	Torchmark	1 221	0.001	441	460
Moody's Corp	3 564	0.001	864	1 482	Alleanza Assicurazioni Spa	5 388	0.001	418	449
Bank of Ireland	13 463	0.001	1 216	1 430	Royal & Sun Alliance				
Mellon Financial Corporation	5 890	0.001	1 197	1 366	Insurance Group Plc	30 457	0.001	314	445
KeyCorp	6 084	0.001	1 266	1 357	Depfa Bank	4 300	0.001	467	429
Franklin Resources Inc	2 097	0.001	813	1 335	Resolution Plc	5 675	0.000	418	427
Legal and General Group Plc	92 549	0.001	1 160	1 313	Unionbancal Corporation	893	0.001	362	416
Gunma Bank	26 000	0.005	892	1 301	Huntington Bancshares Inc	2 581	0.001	390	415
Handelsbanken A	7 611	0.001	1 081	1 276	Australian Stock Exchange	2 536	0.002	281	409
North Fork Bancorporation	6 075	0.001	1 129	1 125	Shinko Securities	12 000	0.001	250	409
77 Bank	20 000	0.005	876	1 028	Janus Capital Group	3 214	0.001	319	405
Japan Associated Finance (JAFCO)	1 700	0.004	727	1 027	Banca Monte dei				
Comerica Corporated	2 621	0.002	991	1 007	Paschi di Siena Spa	12 269	0.001	251	387
National Bank of Greece	3 426	0.001	524	985	Associated Banc-Corp	1 675	0.001	356	369
Macquarie Communications	34 583	0.009	1 141	976	IGM Financial Inc	1 376	0.001	278	368
Legg Mason Inc	1 193	0.001	497	967	Euronext	1 032	0.001	206	363
Brookfield Asset Manage	2 793	0.001	567	949	First Horizon Natl	1 392	0.001	429	362
CIT Group Inc	2 628	0.001	670	921	AXA Asia Pacific Holdings	13 822	0.001	266	349
Banco Popular Espanol SA	11 175	0.001	841	919	RenaissanceRe Holdings	1 147	0.002	388	343
Deutsche Boerse	1 319	0.001	722	912	New York Community Bancorp	3 040	0.001	403	340
SEB A	6 368	0.001	681	886	Bank of Piraeus	2 313	0.001	186	334
Ameriprise Financial	3 148	0.000	664	874	Partnerre	746	0.001	319	332
AMBAC Financial Group Inc	1 666	0.002	845	869	Intesabci Spa	9 742	0.001	195	325
XL Capital Ltd	1 894	0.001	958	864	Mercantile Bankshares	850	0.001	271	325
Sovereign Bancorp Inc	5 757	0.002	847	843	Banca Nazionale del Lavarò SpA	14 314	0.000	214	318
AON Corp	3 211	0.001	570	782	Old Republic International Corp	1 787	0.001	290	318
Fidelity National Financial Inc	3 084	0.002	371	768	PMI Group Inc/The	1 077	0.001	307	300
Mediobanca Banca					CI Financial	2 000	0.001	179	290
di Credito Finanziario Spa	5 958	0.001	496	768	Allied Capital Corp	1 451	0.001	249	289
Northern Trust Corporation	2 180	0.001	668	765	Schroders	2 439	0.001	181	269
					Suruga Bank Ltd.	3 000	0.001	147	256

NOK 1 000	No. of shares	Share- holding (%)	Acquisition cost	Market value	NOK 1 000	No. of shares	Share- holding (%)	Acquisition cost	Market value
TCF Financial	1 390	0.001	292	255	Volvo B	258 543	0.089	70 125	82 379
TSX Group	930	0.003	187	252	Siemens AG	141 444	0.016	71 570	81 792
Banca Fideuram SpA	6 669	0.001	222	244	Total SA	47 764	0.008	68 830	80 953
TopDanmark	400	0.002	180	234	Frontline Ltd	313 409	0.419	88 624	80 860
Fineco Group SPA	3 607	0.001	216	234	Oracle Corporation	958 543	0.019	82 682	79 249
London Stock Exchange	3 226	0.001	146	233	National Oilwell Varco	184 362	0.107	79 114	78 272
ICAP Plc	4 800	0.001	132	226	Alcan Inc	279 386	0.075	66 214	77 346
Corp Mapfre SA	1 909	0.001	155	213	AstraZeneca Plc	228 556	0.014	53 925	75 163
Perpetual Ltd	623	0.002	165	210	Accenture Ltd	376 905	0.066	58 514	73 680
TD Banknorth Group Inc	1 061	0.001	244	209	Compagnie de Saint Gobain	181 156	0.052	66 735	72 707
CNP Assurance	368	0.000	147	196	Portalplayer	378 723	1.630	62 762	72 625
Provident Financial Plc	2 665	0.001	238	170	Enel SpA	1 361 371	0.022	75 144	72 144
Banco Espirito Santo	1 501	0.001	171	163	Thyssen Krupp AG	509 343	0.099	67 798	71 681
Close Brothers Group	1 497	0.001	127	158	Alcoa Inc	352 107	0.040	66 076	70 501
Banco BPI Sa	4 838	0.001	129	149	Royal Dutch Shell A	342 378	0.008	67 829	70 486
Mediolanum	3 158	0.000	134	140	PepsiCo	173 499	0.010	59 975	69 407
Fairfax Financial Holdings Ltd.	139	0.001	144	135	Comcast Corp New	390 136	0.029	76 516	68 579
Cattles PLC	3 340	0.001	130	128	Medtronic	170 869	0.014	57 138	66 608
Babcock & Brown	1 482	0.001	115	126	National Grid Plc	988 625	0.036	59 827	65 334
<b>Total credit institutions and insurance</b>			<b>2 222 099</b>	<b>2 646 874</b>	Illinois Tool Works	108 069	0.037	60 315	64 388
<b>Other foreign shareholdings</b>					Encana Corp	207 086	0.024	55 921	63 092
General Electric Company	1 528 876	0.014	345 237	362 852	Google Inc	21 558	0.013	39 582	60 559
BP Plc	4 397 918	0.021	286 532	316 456	BHP Billiton Ltd	524 187	0.015	31 880	59 233
Royal Caribbean Cruises Ltd	977 582	0.509	167 410	296 696	Target Corporation	158 615	0.018	49 991	59 039
Microsoft Corporation	1 652 881	0.015	290 395	292 673	BEA Systems	922 081	0.235	55 175	58 690
Stolt Nielsen SA	1 001 329	1.522	101 114	223 797	Kimberly Clark Corporation	143 877	0.030	57 800	58 113
Chevron Corp	580 476	0.028	233 793	223 137	BT Group Plc	2 197 881	0.026	54 652	56 911
Exxon Mobil Corporation	535 958	0.008	199 245	203 847	Nissan Motor Company	816 700	0.018	54 434	55 990
Stolt Offshore SA	2 383 694	1.236	132 095	187 120	Walgreen	185 459	0.018	45 836	55 581
IBM International Business					Diamond Offshore Drilling	113 261	0.088	45 019	53 347
Machines Corporation	306 102	0.019	164 736	170 375	Corus Group	7 759 397	0.175	45 683	53 218
Procter and Gamble Company	428 012	0.017	141 955	167 746	Nexen Inc	165 588	0.064	43 772	53 194
Pfizer Inc	1 020 396	0.014	165 525	161 126	Dell Inc.	261 135	0.011	61 234	53 029
GlaxoSmithKline	848 834	0.015	122 699	144 951	CVS Corporation	286 232	0.035	45 896	51 206
Toyota Motor Corporation	379 000	0.010	91 589	133 066	Cardinal Health	109 512	0.026	38 932	50 980
Johnson and Johnson	300 991	0.010	111 949	122 489	Royal Dutch Shell B	233 995	0.008	44 739	50 539
Intel Corporation	723 491	0.012	108 029	122 278	Applied Material Inc	411 996	0.026	45 768	50 048
Eni SpA	639 317	0.016	110 832	119 639	Home Depot Inc	181 479	0.008	46 337	49 743
Novartis AG	333 047	0.012	101 097	118 151	Takeda Pharmaceutical Co Ltd	133 600	0.015	41 109	48 899
Time Warner Inc	946 928	0.021	109 240	111 823	Hewlett Packard Company	245 431	0.009	31 960	47 579
AT&T Inc	663 789	0.020	106 839	110 075	Zimmer Holdings	104 157	0.042	45 369	47 564
Transocean Inc	220 137	0.067	86 460	103 880	Kerr McGee Corporation	76 928	0.067	42 445	47 329
3M Company	196 359	0.026	98 052	103 044	UnitedHealth Group				
Vodafone Group Plc	7 030 167	0.011	116 710	102 562	Incorporated	111 668	0.009	26 153	46 986
Baker Hughes Inc	244 897	0.072	98 356	100 789	Verizon Communications Inc	228 826	0.008	51 037	46 669
Roche Holding AG	98 877	0.014	67 601	100 229	PPL Corp	233 762	0.123	45 706	46 536
Nestle SA	48 962	0.012	80 922	98 860	McGraw Hill Companies	132 356	0.035	34 672	46 272
BASF AG	190 881	0.036	79 035	98 655	Honda Motor Company Ltd	116 900	0.013	35 779	45 134
Amgen Inc	178 984	0.015	66 489	95 574	Valero Energy Corp	125 546	0.049	30 800	43 865
Wyeth	303 311	0.023	86 275	94 618	Canon Inc	110 600	0.012	36 061	43 780
Tyco International	474 949	0.024	92 227	92 814	Genentech	68 304	0.006	27 311	42 782
Telefonica	890 460	0.018	86 545	90 395	CSX Corp	124 175	0.057	39 113	42 688
Sanofi Aventis SA	152 127	0.011	76 147	89 913	Masco Corporation	205 246	0.047	45 858	41 957
Koninklijke Philips					Health Net Inc	118 413	0.105	29 352	41 333
Electronics NV	419 320	0.032	69 046	87 914	Qualcomm Inc	138 280	0.008	35 287	40 337
Abbott Laboratories	324 970	0.021	90 338	86 764	Manpower Inc	127 659	0.147	32 125	40 195
Cisco Systems	745 192	0.012	87 625	86 385	Merck and Company	185 809	0.008	36 815	40 022
Coca Cola Company	316 112	0.013	84 045	86 282	Seagate Technology	289 173	0.061	29 484	39 142
Wellpoint Inc	155 918	0.025	65 143	84 239	Pepco Holdings Inc	253 151	0.134	36 637	38 346
Wal Mart Stores	263 836	0.006	84 557	83 608	Eli Lilly and Co	97 871	0.009	34 485	37 503
Nokia Oyj	672 499	0.015	68 889	82 986	Informatica	461 350	0.531	30 000	37 487
International Paper Company	364 333	0.074	79 099	82 916	United Technologies Corporation	98 558	0.010	31 003	37 312



NOK 1 000	No. of shares	Share- holding (%)	Acquisition cost	Market value	NOK 1 000	No. of shares	Share- holding (%)	Acquisition cost	Market value
Tesco Plc	967 814	0.012	33 664	37 295	Kohls Corporation	75 061	0.022	22 519	24 701
Sprint Nextel Corp	233 739	0.017	38 220	36 972	Eastman Kodak Company	155 864	0.054	27 556	24 696
Pirelli & Co.	5 904 135	0.114	37 510	36 593	Telus Corporation Non Vote	91 200	0.054	23 207	24 672
EON AG	52 371	0.008	29 970	36 554	Starwood Hotels and Resorts				
SAS AB	418 575	0.254	16 731	36 416	Worldwide Inc	56 959	0.026	21 221	24 630
Fuji Photo Film Company Ltd	162 000	0.031	34 266	36 246	Matsushita Electric				
First Data Corporation	124 169	0.016	31 267	36 162	Industrials Company Ltd	187 000	0.008	20 197	24 406
Automatic Data Processing	115 633	0.020	32 945	35 931	Diageo Plc	248 458	0.008	22 060	24 333
News Corp CLA When Iss	338 057	0.015	34 119	35 595	Andrx Corp	217 297	0.296	22 071	24 234
Pernod Ricard SA	30 170	0.034	31 198	35 519	E I du Pont de Nemours				
East Japan Railway Company	756	0.019	25 867	35 174	and Company	83 970	0.008	22 071	24 165
CenterPoint Energy Inc	402 500	0.130	33 958	35 022	McDonalds Corporation	103 939	0.008	19 764	23 732
JFE Holdings Inc	153 800	0.026	30 057	34 940	Deutsche Lufthansa AG	237 255	0.052	21 565	23 706
Boeing Company	73 153	0.009	25 798	34 792	Asahi Glass Co Ltd	270 000	0.023	18 596	23 591
Nintendo Co Ltd	42 400	0.030	29 639	34 662	BHP Billiton Plc	213 202	0.009	14 702	23 532
Corning Incorporated	258 377	0.018	28 764	34 396	Bridgestone	167 000	0.020	20 450	23 520
Carnival Corporation	94 340	0.015	31 492	34 157	Belgam SA	106 399	0.029	23 703	23 412
Reckitt Benckiser Plc	151 981	0.021	26 346	33 921	Dow Chemical	78 864	0.008	23 995	23 400
Mitsui + Co	387 000	0.024	27 389	33 636	Parker Hannifin Corp	52 300	0.044	20 409	23 359
Apple Computer Inc	68 840	0.008	20 408	33 510	Central Japan Railway Company	357	0.016	18 245	23 143
Kao Corporation	182 000	0.033	28 056	32 994	AES Corp	215 300	0.033	22 279	23 078
Nippon Steel Corporation	1 360 000	0.020	23 442	32 769	Softbank Corporation	80 400	0.008	7 209	22 970
Schlumbergers	49 773	0.008	25 685	32 742	SAP AG	18 766	0.006	20 336	22 956
France Telecom SA	195 164	0.008	36 069	32 719	Gilead Sciences Inc	64 297	0.014	15 129	22 914
Check Point Software					Terna	1 369 559	0.068	21 994	22 807
Technologies Ltd	235 700	0.092	33 257	32 079	Wolfson Microelectronics Plc	578 903	0.520	18 960	22 746
Motorola	208 584	0.009	23 342	31 906	STMicroelectronics NV	186 646	0.021	22 280	22 615
Vivendi Universal SA	150 849	0.014	29 812	31 880	Southwest Airlines	202 900	0.026	22 276	22 573
Texas Instruments					HJ Heinz Company	98 464	0.028	23 057	22 482
Incorporated	146 499	0.009	24 342	31 813	Unilever NV	47 840	0.008	20 651	22 104
The Hershey Company	84 230	0.046	31 479	31 511	Anheuser Busch Companies	75 687	0.010	23 156	22 017
Linear Technology Corporation	127 843	0.042	30 672	31 224	Sony Corporation	79 500	0.008	18 456	21 983
Rogers Communications cl B	108 957	0.047	28 485	31 074	Urban Outfitters	127 008	0.155	22 187	21 767
Alcatel SA	370 724	0.028	29 586	31 001	Beckman Coulter	56 463	0.091	18 864	21 754
Groupe Danone	42 888	0.016	23 849	30 230	Cadbury Schweppes Plc	336 838	0.016	21 299	21 516
NTT DoCoMo	2 901	0.006	32 276	29 957	InBev	72 727	0.012	16 169	21 359
Sears Holdings Corp	37 887	0.023	30 311	29 638	Harley Davidson	59 785	0.021	19 085	20 844
Public Services Enterprise					Bed Bath and Beyond	84 560	0.029	20 966	20 699
Group Incorporated	66 726	0.028	27 373	29 355	Astellas Pharma Inc	77 610	0.014	16 901	20 481
Ericsson B	1 263 287	0.009	28 048	29 342	Advance Auto Parts	68 391	0.063	17 908	20 126
Abercrombie & Fitch	66 055	0.076	25 537	29 153	West Japan Railway	713	0.036	16 046	20 125
Biomet	117 715	0.047	26 765	29 149	Mitsui OSK Lines	339 000	0.028	13 083	20 012
Rio Tinto Plc	93 262	0.009	17 124	28 784	BG Group Plc	298 563	0.009	15 255	19 939
Lifepoint Hospitals	112 170	0.197	28 352	28 482	NTL Inc	43 101	0.051	16 817	19 869
Bellsouth Corporation	153 633	0.008	25 577	28 192	Exelon Corporation	55 166	0.008	13 535	19 850
Host Marriott Corp	219 710	0.062	25 223	28 192	Koninklijke KPN NV	292 235	0.013	18 227	19 770
Walt Disney Company	173 007	0.008	28 492	28 080	Smurfit Stone Container Corp	204 647	0.081	17 016	19 636
Yahoo	105 052	0.008	22 818	27 870	Komatsu Ltd	175 000	0.018	10 036	19 587
Nortel Networks Corporation	1 351 565	0.032	27 130	27 812	Liberty International Plc	170 382	0.053	18 273	19 420
Lowes Companies	61 512	0.008	22 175	27 765	Seven & I Holdings	66 000	0.005	12 167	19 121
Anglo American Plc	120 487	0.008	17 414	27 718	Mitsubishi Electric Corporation	399 000	0.019	12 927	19 113
Pride International	130 547	0.002	23 847	27 182	St Joe Co (The)	41 678	0.055	17 182	18 970
TeliaSonera	747 885	0.016	26 104	27 170	Burlington Resources Inc	32 388	0.008	14 768	18 904
Tokyo Electric Power Company	164 900	0.012	23 945	27 103	ASML Holding NV	139 454	0.029	14 067	18 824
United Parcel Service	51 928	0.008	23 823	26 424	Rautaruukki Oyj	114 000	0.082	11 073	18 711
Advanced Medical Optics Inc	92 410	0.138	21 343	26 156	EMC Corporation	201 527	0.008	16 928	18 586
Caterpillar Inc	66 448	0.010	18 961	25 993	Suez SA	87 847	0.009	15 753	18 453
CBS Class B	117 552	0.008	26 370	25 949	Rio Tinto Ltd	53 003	0.012	10 229	18 166
Deutsche Telecom AG	228 759	0.005	27 609	25 726	Emerson Electric	35 640	0.009	15 130	18 027
Bristol Myers Squibb Company	162 153	0.008	25 652	25 232	Occidental Petroleum				
Cosmote Mobile Communication	167 303	0.050	23 157	25 095	Corporation	33 284	0.008	17 622	18 003
Brunswick Corp	90 762	0.094	25 612	24 989	Duke Realty Corp	79 573	0.055	16 144	17 996
eBay Inc	84 614	0.006	25 899	24 780	Genzyme Corporation	37 312	0.015	13 568	17 882

NOK 1 000	No. of shares	Share- holding (%)	Acquisition cost	Market value	NOK 1 000	No. of shares	Share- holding (%)	Acquisition cost	Market value
Kubota Corp	314 000	0.024	11 987	17 852	Canadian National				
VOPAK	87 000	0.139	15 756	17 789	Railway Company	24 682	0.009	7 553	13 326
OTE Hellenic Telecom	123 437	0.025	16 118	17 746	Caremark Rx Inc	37 809	0.008	7 847	13 259
TUI AG	128 046	0.072	19 845	17 693	Anadarko Petroleum				
RWE AG	35 301	0.007	11 366	17 636	Corporation	20 492	0.009	9 833	13 147
Obayashi Corp	353 000	0.049	16 238	17 598	TXU Corporation	38 330	0.016	7 002	13 026
Tomkins PLC	504 459	0.065	15 581	17 578	Findus B klasse	2 256 458	0.000	19 427	12 997
Halliburton	41 753	0.008	19 010	17 517	Stanley Electric Co	117 300	0.062	11 880	12 900
FedEx Corporation	25 012	0.008	14 134	17 510	Tosoh Corp	429 000	0.071	12 042	12 749
Pearson Plc	218 890	0.027	16 680	17 493	Loreal SA	25 335	0.004	12 476	12 708
Mitsubishi Corporation	116 000	0.007	9 279	17 369	Adobe Systems Inc	50 374	0.008	8 571	12 607
Telecom ItaliaSpa	882 695	0.007	18 666	17 343	Apache Corporation	27 077	0.008	8 614	12 563
Sega Sammy Holdings Inc.	76 176	0.027	16 213	17 262	Renault	22 759	0.008	12 072	12 524
Toshiba Corporation	426 000	0.013	13 299	17 205	Fujitsu Ltd	242 000	0.012	10 083	12 467
Sharp Corporation	167 000	0.015	16 401	17 188	Comcast Corporation Cl A				
Koninklijke Numico NV	61 160	0.037	14 234	17 087	Special Common Stock	71 664	0.009	14 178	12 466
Agrium	114 176	0.087	13 179	16 956	Hitachi Ltd	270 000	0.008	11 067	12 314
Honeywell International	66 800	0.008	14 867	16 849	Kawasaki Kisen Kaisha	290 000	0.049	10 952	12 311
Canadian Pacific Railway Ltd	58 415	0.037	14 749	16 493	Alltel	28 800	0.010	12 862	12 305
Atwood Oceanics	31 100	0.003	17 222	16 432	Petro Canada	45 488	0.018	9 356	12 300
Nippon Yusen KK	353 000	0.029	13 195	16 363	Cable and Wireless Plc	882 964	0.037	12 237	12 240
Devon Energy Corporation	37 662	0.008	12 096	15 949	Rodamco Europe	21 784	0.024	11 692	12 231
Koninklijke DSM NV	57 532	0.061	12 676	15 853	Marathon Oil Corporation	29 546	0.008	12 149	12 198
Suncor Energy Inc	36 950	0.008	12 980	15 704	Infineon Technologies AG	195 909	0.026	13 057	12 095
Bayer AG	55 714	0.008	9 843	15 704	Lair Liquide SA	9 300	0.009	9 747	12 070
Rinker Group Limited	191 572	0.021	9 081	15 653	Schering AG	26 692	0.014	10 583	12 067
WM Wrigley Jr Co	34 693	0.018	14 818	15 619	Iberdrola SA	65 379	0.007	9 135	12 057
Unilever Plc	231 882	0.008	14 100	15 540	Monsanto Company	22 809	0.008	5 945	11 974
Chubu Electric Power Company	95 800	0.013	13 634	15 444	Guidant Corporation	27 276	0.008	11 442	11 959
LVMH Moet Hennessy					Woolworths Ltd	142 582	0.012	8 788	11 933
Louis Vuitton SA	25 761	0.005	11 766	15 442	Oji Paper Co	297 000	0.028	10 902	11 876
Kansai Electric Power Company	106 000	0.011	12 794	15 416	Whitbread PLC	106 971	0.042	10 880	11 801
SABMiller Plc	123 791	0.011	13 236	15 268	BAE Systems Plc	265 276	0.008	7 077	11 772
Repsol YPF	77 114	0.006	14 725	15 195	Leggett & Platt Inc	75 623	0.040	10 715	11 757
Nitto Denko Corp	28 800	0.017	10 544	15 184	Sysco Corporation	55 238	0.009	12 867	11 614
Aetna Inc	23 654	0.008	8 814	15 105	Kyocera Corporation	23 500	0.012	10 788	11 594
Burlington Northern					Continental AG	19 317	0.013	8 321	11 568
Santa Fe Corporation	31 290	0.008	7 536	15 005	Schneider Electric SA	19 218	0.008	8 833	11 566
Biogen Idec Inc.	48 845	0.014	14 841	14 993	Union Pacific Corporation	21 160	0.008	8 800	11 535
Carrefour SA	47 142	0.007	13 992	14 903	Eisai Co Ltd	40 600	0.014	7 272	11 529
Mattel	136 068	0.033	16 558	14 576	Ricoh Company	97 000	0.013	11 462	11 491
Canadian Natural Resources Ltd	43 628	0.008	13 446	14 574	Sigmatel	127 732	0.358	11 886	11 330
Endesa	82 119	0.008	11 836	14 574	Hays Plc	775 080	0.048	12 214	11 307
Duke Energy Corporation	78 099	0.008	12 121	14 516	Northrop Grumman Corp	27 402	0.008	9 416	11 153
Novo Nordisk AS	38 125	0.013	13 131	14 472	Ajinomoto Co Inc	161 000	0.025	11 734	11 148
Southern Company	61 588	0.008	12 552	14 400	Garmin	24 800	0.023	10 523	11 142
Koninklijke Ahold NV	284 671	0.018	13 657	14 392	Utstarcom Inc	204 039	0.169	8 693	11 136
Hoya Corporation	58 700	0.013	9 887	14 278	Liberty Media Corporation	206 482	0.008	12 114	11 003
Dominion Resources	27 159	0.008	11 574	14 197	Sapient Corp	285 300	0.049	10 997	10 992
Starbucks Corp	68 956	0.018	10 177	14 012	Talisman Energy Inc	30 685	0.008	9 145	10 957
Nisshin Steel Co Ltd	640 666	0.064	13 172	14 003	Shin Etsu Chemical Company Ltd	30 400	0.007	7 856	10 935
Nippon Telegraph and					Sankyo Co Ltd Gunma	27 800	0.028	8 178	10 893
Telephone Corporation	452	0.004	13 255	13 899	Family Mart	47 500	0.049	9 589	10 873
Station Casinos	30 064	0.044	12 523	13 802	HCA Healthcare Company	31 794	0.008	8 749	10 872
Newmont Mining Corporation	38 101	0.009	10 440	13 777	Denso Corporation	46 000	0.005	6 826	10 741
Daiichi Sankyo					Mitsubishi Estate Company	76 000	0.006	6 332	10 682
Company Limited	105 132	0.014	12 530	13 721	Juniper Networks	70 206	0.013	10 415	10 601
Sun Microsystems	481 625	0.014	14 143	13 664	St Jude Medical	30 920	0.009	7 844	10 510
Kuraray Company Ltd	193 000	0.050	11 167	13 530	NEC Corporation	249 000	0.012	9 294	10 485
Stagecoach Group Plc	1 000 023	0.094	13 026	13 427	Wesfarmers Ltd	56 928	0.015	7 950	10 454
Baxter International Inc	52 410	0.008	10 414	13 361	Best Buy Company	35 496	0.011	8 870	10 451
Costco Wholesale Corporation	39 855	0.008	11 820	13 350	VNU NV	46 470	0.018	8 225	10 396
					Aeon Co Ltd	60 400	0.008	6 063	10 395

NOK 1 000	No. of shares	Share- holding (%)	Acquisition cost	Market value
ABB Ltd	158 335	0.008	6 023	10 372
Research In Motion	23 290	0.012	11 170	10 361
Norfolk Southern Corporation	33 719	0.008	5 936	10 236
SGS SA	1 798	0.023	8 723	10 235
Other foreign shareholdings			2 666 773	3 230 828
<b>Total other foreign shareholdings</b>			<b>14 599 718</b>	<b>16 906 667</b>
<b>Called foreign equity index options</b>				
OMX Call 910 Mar 2006	440 000		6 671	21 582
SWISS MKT IX				
MAR 2006 Call 7000	22 000		11 929	66 066
Eurostoxx 50 Mar 2006				
3500 CALL SX5E	80 000		44 748	91 499
FTSE 100 Mar 2006				
call 5625 Call on UKX	38 000		29 240	47 045
<b>Total foreign equity A304options</b>			<b>92 588</b>	<b>226 191</b>
<b>Total foreign shareholdings</b>			<b>16 914 405</b>	<b>19 779 732</b>

NOK 1 000	No. of shares	Share- holding (%)	Acquisition cost	Market value
<b>Equity funds, hedge funds and other financial funds</b>				
SCHRODER INTL				
JAPAN EQUITY	2 401 017		92 050	156 026
SISF INTL PACIFIC	1 574 759		46 878	88 077
Neo Med Innovation LP.	1 271		20 479	16 793
AKO Fund Limited				
- NOK Class C3	306 555		306 554	324 267
DnB NOR Investment				
Fund, kl E	358 924		358 923	393 762
DnB NOR Art fund of				
Funds Class D	132 049		994 504	1 104 600
Mondrian Emerging Market			677 933	697 044
Private equity fond	-		857 403	990 064
<b>Total equity funds, hedge</b>				
<b>funds and other financial funds</b>			<b>3 354 728</b>	<b>3 770 635</b>
<b>Total shareholdings and investments</b>			<b>26 397 940</b>	<b>32 562 430</b>

Listed shares in Norway and abroad make up 98.13 per cent of the share portfolio. Listed shares had an aggregate market value of NOK 28 175 million at 31 December 2005.

**Note 16 - Bonds to be held until maturity**

NOK million	Nominal value *	Market value	Book value
Government / government guaranteed	16 110	17 890	16 610
State enterprises	4 322	4 508	4 149
Local/county authorities	8 243	8 805	8 175
Financial institutions	19 068	20 063	19 090
Other issuers	3 073	3 247	3 222
<b>Total bonds and commercial paper</b>	<b>50 816</b>	<b>54 514</b>	<b>51 246</b>
Of which listed securities			66 %

**Duration**

Norwegian bonds	3.69
Foreign bonds	5.94
Average effective yield	6.01 %

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

For each interest rate security the effective yield is calculated on the basis of the book value. The aggregate weighting to establish the average effective yield for the total portfolio uses the individual security's relative share of the total book value as the weighting factor.

**Specification of bonds by currency**

NOK million	Nominal value *	Market value	Book value
NOK	45 088	48 148	45 381
EUR	5 178	5 817	5 303
USD	474	465	487
JPY	76	84	75
<b>Total</b>	<b>50 816</b>	<b>54 514</b>	<b>51 246</b>

**Specification of bonds by maturity date**

NOK million	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
EUR			120	746	4 437	5 303
NOK	21	235	3 413	26 276	15 436	45 381
USD					487	487
JPY				75		75
<b>Total</b>	<b>21</b>	<b>235</b>	<b>3 533</b>	<b>27 097</b>	<b>20 360</b>	<b>51 246</b>

**Changes in holdings during the year**

NOK million	
Opening balance at 1 January 2005	54 172
Purchases and sales	(2 862)
Accrued premiums/discounts in 2005	(64)
<b>Closing balance at 31 December 2005</b>	<b>51 246</b>

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

NOK million	Number
EUR	15
USD	1

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

Gain posted in the profit and loss account	693
Losses posted in the profit and loss account	(500)
<b>Net gain</b>	<b>193</b>

Bonds denominated in foreign currency are recorded at amortised cost at year-end and the book value in NOK is based on the current exchange rate. Changes in book value due to changes in the current exchange rate are posted in the profit and loss account on an ongoing basis. The company uses forward contracts to hedge the portfolio of hold-to-maturity bonds denominated in foreign currency.

The company uses forward contracts to hedge the portfolio of hold-to-maturity bonds denominated in foreign currency.

The forward contracts are stated at fair market value, and accrued interest on the contracts and any change in the unrealised value of the derivative due to changes in current rates are posted in the profit and loss account on an ongoing basis. Changes in the unrealised value of a derivative, due to a change in the level of interest rates, are debited/credited to the securities adjustment reserve and are therefore not posted in the profit and loss account for allocation.

#### Note 17 - Bonds and commercial paper classified as current assets

NOK million	Nominal value	Acquisition cost	Market value
Government/government guaranteed	31 369	33 118	33 184
State enterprises	389	405	399
Local / county authorities	3 566	3 666	3 672
Financial institutions	21 054	21 669	21 450
Other issuers	6 789	7 490	6 932
<b>Total bonds and commercial paper</b>	<b>63 167</b>	<b>66 348</b>	<b>65 637</b>
Of which listed securities			77 %

#### Duration

Norwegian bonds	3.68
Foreign bonds	5.43
Money market	0.44

#### Average effective yield

Norwegian bonds	2.33 %
Foreign bonds	3.75 %
Money market	2.47 %

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

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

#### Specification of bonds by currency

NOK million	Nominal value	Acquisition cost	Market value
CAD	420	400	454
DKK	7 282	7 318	7 382
EUR	5 463	5 967	5 921
GBP	946	1 066	1 064
NOK	45 660	48 053	47 293
SEK	85	97	94
USD	3 311	3 445	3 429
<b>Total</b>	<b>63 167</b>	<b>66 348</b>	<b>65 637</b>

#### Subordinated loans in the bond portfolio:

NOK million	Nominal value	Acquisition cost	Market value
Issued by financial institutions	10.0	10.0	7.0

#### Note 18 - Quantification of financial derivatives

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

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

#### Forward rate agreements

NOK million	No. of contracts	Underlying value at at 31.12.05	Interest rate risk	Maturity	Average underlying value in 2005
Currency					
AUD	1 926	956	4	March 06	1 252
GBP	173	230	16	March 06	39
EUR	4 951	4 581	226	March 06	8 061
JPY		0		March 06	292
USD	3 739	3 226	84	March 06	6 306
<b>Total</b>		<b>8 994</b>	<b>330</b>		<b>15 949</b>

## Note 18 - Quantification of financial derivatives – continued

### Interest rate swaps

NOK million Currency	Nominal amount in currency	Nominal amount in NOK	Interest rate risk	Average nominal amount in 2005
AUD				19
CAD				59
EUR				28
GBP				0
JPY				6
NOK	16 311	16 311	(377)	14 508
NZD				129
SEK				141
USD				196
<b>Total</b>	<b>16 311</b>	<b>16 311</b>	<b>(377)</b>	<b>15 086</b>

### Forward rate agreements

NOK million Currency	Nominal amount in NOK	Interest rate risk in NOK	Average nominal amount in 2005
NOK	40 142	103	26 001
SEK		0	4 046
<b>Total</b>	<b>40 142</b>	<b>103</b>	<b>30 047</b>

### Asset swaps

NOK million Currency	Nominal amount in NOK	Interest rate risk in NOK	Average nominal amount in 2005
JPY	75	0	75
EUR	0	0	66
SEK	1 269	0	1 269
<b>Total</b>	<b>1 344</b>	<b>0</b>	<b>1 410</b>

### Equity index futures

NOK million Currency	No. of contracts	Cash equivalent value	Maturity	Average cash equivalent value in 2005
JPY	1 508	1 427	March 06	650
EUR	6 814	1 948	March 06	993
GBP	1 887	1 233	March 06	768
NOK	Short (1 500)	(167)	March 06	(302)
USD	2 375	5 019	Jan 06	3 424
<b>Total</b>		<b>9 459</b>		<b>5 533</b>

### Equity index options

NOK million Type	Nominal volume	Cash equivalent value	Market value at 31.12.05	Average nominal value in 2005
Call options	OTC option 0	0	0	0
Put options	OTC option 0	0	0	(20 000)
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(20 000)</b>

### Equity index options

NOK million Currency	Nominal volume	Cash equivalent value	Market value at 31.12.05	Average nominal volume in 2005
CHF	22 000	775	857	6600
EUR	80 000	1 560	2 287	24 000
GBP	38 000	1 181	2 482	11 400
SEK	440 000	330	359	132 000
NOK				(20 000)
<b>Total</b>	<b>580 000</b>	<b>3 846</b>	<b>5 985</b>	<b>154 000</b>



## Note 18 - Quantification of financial derivatives - continued.

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

#### Short-term portfolio

NOK million

Currency	Under 1 year	1-3 years	Over 3 years	Total per currency
AUD	(306)	0	0	(306)
CAD	(936)	0	0	(936)
CHF	(575)	0	0	(575)
DKK	(7 384)	0	0	(7 384)
EUR	(9 405)	0	0	(9 405)
GBP	(3 271)	0	0	(3 271)
JPY	(2 482)	0	0	(2 482)
NZD	(23)	0	0	(23)
SEK	(344)	1 267	(3 222)	(2 299)
USD	(15 304)	0	0	(15 304)
<b>Total</b>	<b>(40 030)</b>	<b>1 267</b>	<b>(3 222)</b>	<b>(41 985)</b>

#### Long-term portfolio

NOK million

Currency	Under 1 year	1-3 years	Over 3 years	Total per currency
EUR	(3 097)	(2 050)	0	(5 147)
USD	(469)	0	0	(469)
<b>Total</b>	<b>(3 566)</b>	<b>(2 050)</b>	<b>0</b>	<b>(5 616)</b>

## Note 19 - Financial exposure

### Share exposure in 2005

At the start of 2005, shareholdings accounted for 17 per cent of Vital's total exposure, as a proportion of total assets, including derivatives and hedge funds. During the year this figure was stable and at year-end it stood at 23 per cent, including derivatives and hedge funds.

Vital's share exposure is split between Norwegian and interna-

tional investments. The Norwegian portfolio consists mainly of stocks listed on the Oslo Stock Exchange, representing an overall risk corresponding to the Oslo Stock Exchange Benchmark Index. The international portfolio is mainly split between the different regions corresponding to the Morgan Stanley Developed World Index, with North America accounting for around 59 per cent, Europe 28 per cent and Asia 13 per cent.

### Foreign currency exposure

#### Short-term portfolio

NOK million

Currency	Asset items	Instalments	Net amount in currency	Net amount in NOK
AUD	388	(306)	16	82
CAD	1 102	(936)	29	165
CHF	787	(575)	41	212
DKK	7 555	(7 384)	160	171
EUR	9 661	(9 405)	32	256
GBP	3 482	(3 271)	18	212
HKD	0	0	0	0
JPY	2 635	(2 482)	2 662	153
MYR	1	0	0	1
NZD	26	(23)	1	3
PLN	0	0	0	0
SEK	422	(3 697)	(3 849)	(3 275)
SGD	4	0	1	4
THB	0	0	0	0
USD	16 232	(15 304)	137	928
ZAR	0	0	0	0
<b>TOTAL</b>	<b>42 294</b>	<b>(43 383)</b>		<b>(1 088)</b>

The above table excludes hedging of the real estate portfolio in an amount corresponding to NOK 3 353 million. The real estate portfolio is not included in the asset items in the table.

## Note 19 - Financial exposure – continued

### Long-term portfolio

NOK million

Currency	Asset items	Instalments	Net amount in currency	Net amount in NOK
EUR	5 575	(5 147)	54	428
USD	485	(469)	2	16
JPY	(6)		(100)	(6)
<b>TOTAL</b>	<b>6 054</b>	<b>(5 616)</b>		<b>438</b>

Foreign currency exposure arises naturally when Vital invests parts of its securities portfolio in the international securities market, and when parts of the subordinated loan portfolio are denominated in foreign currency. Under Vital's current foreign currency hedging strategy the total foreign currency exposure is reduced to a minimum. The aggregate open position in foreign currency is shown by comparing the net amounts for the short-term and long-term portfolio with subordinated loans denominated in foreign currency. See note 25.

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

#### Agreed residual maturity

NOK million

Currency	Up to 1 year	1-5 years	Over 5 years	Total
CAD	-	214.41	178.04	392.44
DKK	1 827.57	178.86	-	2 006.43
NZD	-	108.10	-	108.10
EUR	561.33	2 384.60	3 053.21	5 999.14
GBP	89.98	254.48	699.32	1 043.79
NOK	25 153.04	12 673.83	7 613.75	45 440.62
SEK	76.70	258.75	60.71	396.16
USD	868.14	1 370.36	1 126.22	3 364.72
<b>TOTAL</b>	<b>28 576.76</b>	<b>17 443.40</b>	<b>12 731.24</b>	<b>58 751.40</b>

The amounts include accrued interest. The agreed residual maturity provides limited information about the liquidity exposure related to short-term bonds and commercial paper. Most of the securities are very marketable and can be sold quickly at little cost in the secondary market.

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

#### Agreed residual maturity

NOK million

Currency	Up to 1 year	1-5 years	Over 5 years	Sum
CAD	0.00	0.00	(18.10)	(18.10)
EUR	(1.79)	(218.95)	(343.68)	(564.42)
GBP	6.71	(14.20)	(41.27)	(48.75)
NOK	(22.34)	(409.28)	(407.73)	(839.36)
JPY	(14.08)	13.59	0.11	(0.38)
NZD	(0.01)	0.00	0.00	(0.01)
SEK	(0.07)	(1.57)	(3.56)	(5.20)
USD	(42.46)	(118.34)	(149.25)	(310.05)
<b>TOTAL</b>	<b>(74.02)</b>	<b>(748.76)</b>	<b>(963.48)</b>	<b>(1 786.27)</b>

## Note 20 - Accounts receivable

NOK million	2005	2004
Receivables in connection with direct business	727	1 644
Receivables in connection with reinsurance	0	0
Other receivables	239	170
Receivables from group companies	195	110
<b>Total</b>	<b>1 161</b>	<b>1 924</b>

#### Note 21 - Other assets / intangible assets

NOK million	31.12.05	31.12.04
Fixed assets	50	76
Cash, bank deposits	2 296	1 167
Other assets	148	471
<b>Total</b>	<b>2 494</b>	<b>1 714</b>

NOK million	31.12.05	31.12.04
Goodwill	72	95
Development of IT systems	164	145
<b>Total</b>	<b>236</b>	<b>240</b>

	Goodwill	Development of IT-systems	Other fixed assets	Total
<b>At 31 December 2004</b>				
Original cost	205	303	159	667
Total depreciation and write-downs	110	158	82	350
<b>Book value at 31 December 2004</b>	<b>95</b>	<b>145</b>	<b>76</b>	<b>316</b>

#### Year to 31 December 2005

Book value at 1 January	95	145	76	316
Additions		92	13	105
Disposals			15	15
Write-downs		9		9
Depreciation	22	65	24	111
<b>Book value at 31 December 2005</b>	<b>72</b>	<b>164</b>	<b>50</b>	<b>286</b>

#### Closing balance at 31 December 2005

Original cost	205	396	97	697
Aggregate depreciation and write-downs	132	232	47	411
<b>Book value at 31 December 2005</b>	<b>72</b>	<b>164</b>	<b>50</b>	<b>286</b>

#### Note 22 - Purchase and sale of fixed assets / intangible assets 2001 - 2005

NOK million	2005	2004	2003	2002	2001
<b>Machinery, equipment and vehicles</b>					
- Bought	105	54	120	166	169
- Sold (sale price)	18	0	0	2	79

#### Note 23 - Equity

NOK million	Paid-in equity	Retained earnings	Total equity
Opening balance at 1 January 2005	2 343	4 812	7 155
Allocations 2005			0
<b>Closing balance at 31 December 2005</b>	<b>2 343</b>	<b>4 812</b>	<b>7 155</b>

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

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

## Note 24 - Capital adequacy and solvency margin capital

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

margin requirements for Norwegian life insurance companies are regulated by the "Regulations for calculation of the solvency margin requirement and solvency margin capital as laid down by the Ministry of Finance on 19 May 1995, with subsequent amendments".

<b>Capital ratio</b>		
NOK million	31.12.05	31.12.04
Share capital	2 343	2 343
Other equity	5 037	5 037
<b>Equity</b>	<b>7 380</b>	<b>7 380</b>
Pension fund assets in excess of pension commitments	(107)	(339)
Intangible assets	(236)	(240)
<b>Core capital</b>	<b>7 038</b>	<b>6 801</b>
Perpetual subordinated loan capital	1 124	1 074
Ordinary subordinated loan capital	1 150	1 150
<b>Net supplementary capital</b>	<b>2 274</b>	<b>2 224</b>
Financial deductions	0	(73)
<b>Total eligible primary capital</b>	<b>9 312</b>	<b>8 953</b>
Total risk-weighted volume	79 293	63 325
Capital ratio (per cent)	11.7 %	14.1 %
Core capital ratio (per cent)	8.9 %	10.7 %

### Breakdown of assets by risk categories

NOK million Risk weight	Book value at 31.12.2005	Risk-weighted volume at 31.12.2005	Risk-weighted volume at 31.12.2004
0 %	48 184	0	0
10 %	4 250	425	517
20 %	64 022	12 804	11 642
50 %	3 780	1 890	2 349
100 %	67 732	67 732	50 678
Total assets	187 968	82 852	65 186
Off-balance sheet items		2 481	513
Deductions		(6 040)	(2 374)
<b>Total risk-weighted volume</b>		<b>79 293</b>	<b>63 325</b>

### Solvency margin capital and solvency margin requirement

NOK million	31.12.05	31.12.04
Net capital base	9 312	8 953
Additional allocations (50%)	1 894	1 178
Security reserve in excess of 55% of the lower limit	90	107
<b>Solvency margin capital</b>	<b>11 296</b>	<b>10 238</b>
<b>Solvency margin requirement</b>	<b>7 130</b>	<b>6 289</b>
<b>Solvency margin capital as percentage of solvency margin requirement</b>	<b>158.4 %</b>	<b>162.8 %</b>

## Note 25 - Subordinated loan capital

Note 25 Subordinated loan capital						
NOK million Issue date		Loan amount in currency	Loan amount in NOK	Interest 2005 NOK	Interest rate %	Maturity
October 2001	USD	70	474	24	Floating	Perpetual
June 2002	NOK	350	350	13	Floating	Perpetual
June 2001	NOK	300	300	12	Floating	Perpetual
<b>Total perpetual subordinated loan capital</b>			<b>1 124</b>	<b>49</b>		
December 2003	NOK	300	300	10	Floating	December 2013
March 2003	NOK	850	850	32	Floating	March 2013
<b>Total dated subordinated loan capital</b>			<b>1 150</b>	<b>42</b>		
<b>Total</b>			<b>2 274</b>	<b>91</b>		

The subordinated loans denominated in foreign currency are part of the company's foreign exchange strategy and help to hedge financial investments in foreign currency. The accounts for 2005 include foreign currency losses totalling NOK 50 million on subordinated loans denominated in foreign currency. The corresponding figure in 2004 was a foreign currency gain of NOK 40 million. No loans were repaid and no new loans were taken up in 2005.

All loans have been taken up within the group. At the borrower's option, the perpetual loans may be repaid after 10 years from the issue date. Repayment of subordinated loans before the agreed maturity date requires the permission of the Financial Supervisory Authority of Norway. Vital also has a perpetual capital loan of NOK 225 million, taken up in 2002 which qualifies as part of the company's core capital. Interest expenses for this loan totalled NOK 12 million in 2005.

## Note 26 - Insurance provisions

NOK million	Individual life insurance	Individual annuity and pension insurance	Group life insurance	Group pension insurance	Group pension insurance	Other lines (non-life)	Total 2004	Total 2004
Premium reserves	14 469	41 995	218	97 489	4 128		158 299	140 701
Additional allocations	177	1 096		2 356	159		3 788	2 357
Premium fund / pensioners' surplus fund		842		5 296	144		6 282	5 993
Claims reserve	163	200	32	184	17		596	543
Security reserve	6	27	10	154	4		201	197
<b>Total 2005</b>	<b>14 815</b>	<b>44 160</b>	<b>260</b>	<b>105 479</b>	<b>4 452</b>	<b>0</b>	<b>169 166</b>	
Total 2004	8 167	40 943	95	96 285	4 300	0		149 790

## Note 27 - Liabilities

NOK million	2005	2004
Liabilities related to direct insurance	707	334
Net liabilities related to dividend/group contribution	1 005	0
Other liabilities	749	510
<b>Total</b>	<b>2 461</b>	<b>844</b>

## Note 28 - Associated companies

Vital Forsikring ASA is wholly owned by DnB NOR ASA. DnB NOR Bank ASA is a sister of Vital Forsikring ASA with an agreement to sell insurance for Vital Forsikring. DnB NOR Bank's sales of individual insurance, including unit-linked products, represented 64 per cent of new business in this area, against 62 per cent in 2004.

Commissions paid by Vital Forsikring to DnB NOR Bank ASA totalled NOK 192 million, against NOK 107 million in 2004. At year-end, Vital Forsikring had accounts receivable from other companies of the group amounting to NOK 227 million, against NOK 156 million at the end of 2004. At the same time, accounts payable by Vital Forsikring to other group companies totalled NOK 1 037 million, against NOK 18 million at 31 December 2004.

Vital Forsikring has an agreement to provide insurance cover for its sister company Fondsforsikringselskapet Vital Link AS. Commissions received from the company totalled NOK 7 million. Vital Forsikring has an asset management agreement with its sister company DnB NOR Kapitalforvaltning ASA which provided total fees of NOK 157 million in 2005.

NOK 2 274 million of the company's total subordinated loan capital has been provided by DnB NOR Bank ASA, as well as a capital loan of NOK 225 million.

Other companies of the DnB NOR ASA Group have pension schemes with Vital Forsikring, and estimated pension fund assets at 31 December 2005 amounted to NOK 7.2 billion.

## Note 29 - Other liabilities and commitments

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

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

## Note 30 - Prepaid expenses and accrued income

NOK million	2005	2004
Bond yield accrued but not due	2 730	2 721
Other interest accrued but not due	7	5
Other items	0	0
<b>Total</b>	<b>2 737</b>	<b>2 726</b>

# Statement of cash flows

NOK million	2005	2004
Cash flow from operations		
Net premiums received / payments to premium fund	17 803	12 332
Net payments on transfer	1 704	2 838
Financial income	14 095	17 459
Other insurance-related income	(1)	265
Claims paid	(8 017)	(9 404)
Insurance-related operating expenses	(962)	(1 066)
Expenses related to financial assets	(3 354)	(8 776)
Other insurance-related expenses	(75)	(464)
Other expenses	(104)	(97)
Taxes paid	2	63
<b>A=Net cash flow from operations</b>	<b>21 091</b>	<b>13 150</b>
Cash flow from investments		
Net investment in shares and mutual funds	(3 909)	(4 582)
Net investment in bonds	(8 584)	(10 563)
Net lendings	(12)	7
Net investment in real estate	(2 318)	(1 400)
Net investment in other financial assets	0	177
Net investment in fixed assets	(60)	(113)
Net investment in intangible assets	(18)	109
<b>B=Net cash flow from investments</b>	<b>(14 901)</b>	<b>(16 365)</b>
Cash flow from financing activities		
Subordinated loan	0	(213)
Dividend / group contribution	0	0
Change in other funding	(92)	498
<b>C=Net cash flow from financing activities</b>	<b>(92)</b>	<b>285</b>
Net change in liquid assets (A+B+C)	6 098	(2 930)
Liquid assets at 1 January (cash/bank deposits)	4 813	7 742
<b>Liquid assets at 31 December (cash/bank deposits)</b>	<b>10 911</b>	<b>4 812</b>

Restricted deposits related to tax deductions amounted to NOK 222 million at 31 December 2005, against NOK 175 million at 31 December 2004.





"Sometimes you have to be early to be on time..."

Vegard, bell-ringer

#### Speciality: Bell-ringing

Vegar Sandholt was one of the first Norwegians to study the art of bell-ringing. He was awarded the title of "maître carillonneur" (master bell-ringer) following his degree exam concert, and he is the first Norwegian to graduate in this subject. Sandholt now works as a bell-ringer in Oslo City Hall, Uranienborg Church and Bærum Town Hall.

#### Vital specialist in COP



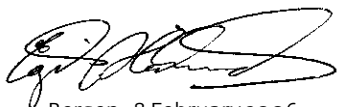
The name says it all. A Compulsory Occupational Pension is not something you can say "no thanks" to. Nor were they the words of market director Jørgen Nygård when he got the chance to work with COP. "This is the biggest reform in the history of the industry, and the biggest team effort in the history of the Group", he says. In one year Vital will set up 4-5 times as many contracts as it has sold in the last 150 years. As Norway's largest pension specialist, Vital has studied every aspect of COP since the statutory amendment was passed in October 2004. Sometime you have to be early to be on time.

# Reports

## Actuary's statement

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

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



Bergen, 8 February 2006

Egil Heilund  
Chief Actuary

## Auditor's report for 2005

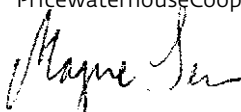
We have audited the annual financial statements of Vital Forsikring ASA for 2005 which show a profit for the year of NOK 1 572 million. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption and the proposal for the appropriation of the profit for the year. The financial statements comprise the profit and loss account, the balance sheet, the statement of cash flows and the notes to the accounts. These financial statements are the responsibility of the Company's Board of Directors and the Chief Executive Officer. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

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

In our opinion,

- the financial statements have been prepared in accordance with the law and regulations and present the financial position of the company at 31 December 2005 and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the company's management have fulfilled their obligation in respect of registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the profit is consistent with the financial statements and complies with law and regulations.

Oslo, 15 February 2006  
PricewaterhouseCoopers DA



Magne Sem (sig.)  
State Authorised Public Accountant

# Report of the control committee

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

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

In connection with the closing of accounts for 2005, the Control Committee has examined the annual report, the annual accounts, the Actuary's Statement and the Auditor's Report for Vital Forsikring ASA and the Group.

The Committee considers the Board of Directors' assessment of the company's financial position to be adequate and recommends that the submitted annual report and financial statements for 2005 be approved.

Oslo, 16 March 2006



Helge B. Andresen



Kristin Normann



Frode Hassel




Thorstein Øverland



Svein Brustad



Anita Roarsen



"It can't be done! 10 consecutive prime numbers in an arithmetic series!!!"

Albert, Mathematician

#### Speciality: Mathematics

Specialising in secondary equations and parables sounds like a nightmare, many would say. But for those working in this field the Norwegian Abel Prize is the ultimate award. It is said to be the most prestigious prize in mathematics.

#### Vital ITspecialist



It takes a lot of mathematics to work out pension points, rates of return and percentages. Through good internet portals directed at the customers our pension products become visible to the users. They also serve as a tool to help processing personnel provide a better, quicker and more credible service. Anna G. Nysetvold is a systems analyst. She develops IT services for Vital, and thinks that making new solutions is interesting and motivating, and contributes to a good working environment. She also thinks that Vital uses exciting technology which makes it possible to design very flexible and modern solution.

# Embedded Value

The Embedded Value (EV) of Vital (Vital Forsikring and Fondsforsikringsselskapet Vital Link) has been calculated at 31 December 2005. The calculations have been audited by Deloitte. Analyses have also been made of the change in EV in the course of the year.

## What is Embedded Value?

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

## Embedded Value of Vital

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

The financial parameters used to calculate Vital's Embedded Value are as follows:

	2004	2005
Discount rate:	8.5%	8.5%
Rate of return - Vital Forsikring	5.1%	5.1%
Rate of return - Vital Link	5.7%	5.9%
Tax rate	0%	16%
Annual salary growth	3.5%	4.0%
Annual growth in costs	3.5%	3.5%

Applying the above financial parameters and assumptions concerning transfers of insurance, mortality and disability, the future cash flow to the shareholders has been based on the existing customer portfolio. EV also includes equity, after deducting the cost of capital tied up in the company.

## Embedded Value of Vital (NOK million):

	2003	2004	2005
Embedded Value 1.1*	10 093	10 504	13 681
Embedded Value at 1 January*	10 093	10 504	13 681
Model changes	+ 0	+ 24	+ 135
Return on EV	+ 849	+ 860	+ 1 079
Divergence from previous year's assumptions	+ 310	+ 586	+ 705
Changes in assumptions	- 134	+ 1 349	+ 285
Value of new business	+ 184	+ 358	+ 421
Embedded value before dividend at 31 December	11 302	13 681	16 304
Net dividend	- 770	0	- 1 547
Embedded value after dividend at 31 December	10 532	13 681	14 757

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

The change in EV before dividend is an expression of value creation during the year which is called the EV result. The EV result for 2005 amounts to NOK 2 623 million, an increase from NOK 2 379 million in 2004. The increase in 2004 is due to several factors:

- The profit for 2005 was higher than had been expected in last year's EV calculation. This increased EV by NOK 705 million. The increase was mainly due to negative tax as a result of the exemption model for Norwegian life insurance companies, as well as a better return than expected.
- The expected increase in salaries and run-off assumptions in the area of group pensions has been changed from 2004. The overall effect amounted to NOK 200 million.
- The value of new business in 2005 for EV purposes was NOK 421 million.

## New business

The sum of annual premiums plus one tenth of single premiums gives a measure of the premium level which is called APE (Annual Premium Equivalent). The following table shows the profit margin for new business in 2005 compared with previous years:

	2003	2004	2005
Value of new business	184	358	421
APE	1 364	1 712	2 058
Profit margin	13%	21%	20%

The value of new business was 18 per cent up on 2004 and was mainly attributable to good sales of individual life insurance.

## Sensitivity analyses

Two main assumptions used in the analysis are the discount rate and the annual rate of return. By increasing the discount rate by 1 per cent to 9.5 per cent the EV is reduced by NOK 871 million. Conversely, a reduction in the discount rate to 7.5 per cent increases the EV by NOK 1 024 million.

If the future annual rate of return used in the model is increased by 1 per cent, this increases the EV by NOK 576 million, while a corresponding reduction reduced the EV by NOK 2 480 million. The reason for this asymmetry is that when the rate of return is low the owner cannot take out its share of the profit in line with the current model for the return on equity.

## New legislation

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

## Value of guaranteed rate of return

In the analysis of EV for Vital, the company's risk exposure arising from the nature of the business is reflected in the discount rate. A high discount rate indicates means a high level of risk exposure. For pension and life insurance companies, part of the overall risk is linked to the guaranteed minimum rate of return which is credited to the policyholders each year. At 31 December 2005 the average guaranteed rate of return measured against the technical insurance reserves stood at 3.66 per cent. Compared with the previous year, this was a decline of 8 basis points. The guaranteed rate of return is part of the traditional products with profit sharing. In connection with the EV for 2005, the guarantee rate of return has been analysed and assessed. Calculations show that if the guaranteed rate of return is eliminated from the overall risk, this corresponds to a reduction of 2.3 per cent in the discount rate.



# Definitions

Reference is also made to the statement of accounting principles.

## Products

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

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

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

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

*Group pension insurance:* The provisions of the Company Pension Act and the Defined Contribution Pension Act provide a new framework for tax-deductible private occupational pension schemes. The company pension may comprise retirement pension, disability pension and pensions for spouses and dependent children. Defined contribution pension only relates to the retirement pension.

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

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

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

## Premiums and compensation

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

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

*Compensation:* The amount payable by the company under the insurance agreement when an insurance event arises.

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

*Reinsurance:* The transfer of a part of the risk to another insurance company.

## Result and return on total assets

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

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

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

*Average rate of return:* The average rate of return is the average realised return on policyholders' funds during the year. Because of the way it is calculated, the average rate of return cannot be compared with the return from other financial institutions. The method of calculation is determined by the Financial Supervisory Authority of Norway.

The average rate of return is gross financial income less interest expenses, dividends paid, allocations to equity, taxes and statutory allocations to the security reserve expressed as a percentage of policyholders' average funds.

*Guaranteed rate of return:* The guaranteed rate of return is used to calculate the present value of future premiums, benefits and insurance allocations. The maximum guaranteed rate of return at any time is set by the Financial Supervisory Authority of Norway on the basis of the coupon rate for long-term Norwegian government bonds. With effect from 1 January 2006 the maximum rate of return for new contracts is 2.75%. For contracts signed before 1 January 2006 the maximum rate is generally between 3% and 4%.



## Financial derivatives

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

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

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

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

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

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

## Capital adequacy and solvency margin capital

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

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

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

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

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

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

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

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

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### Offices with main functions

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

Vital's Annual Report can be ordered at:  
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– et selskap i DnB NOR-konsernet