Annual report 2008

Vital Forsikring ASA
Contents of annual accounts

Report from the Board of Directors for 2008

In the most challenging financial market for many decades, Vital achieved a profit before tax of NOK 644 million after use of additional statutory reserves. The recorded return on the company's assets was 1.9 per cent. Vital's total assets amounted to NOK 224 billion as of 31 December 2008.

The business

Strategy

Vital aims to be the pensions specialist and the most attractive provider of life insurance and pension savings in Norway. The company prioritizes profitable growth, with profitability preferred to growth, and will provide a competitive return to policyholders and owner.

Broad product range

Vital is Norway's largest provider of individual and group life insurance and pension savings.

Vital offers defined benefit and defined contribution group pension schemes to corporate customers and the public sector. At the end of 2008, 96 per cent of customer funds were benefit based and 4 per cent contribution based. Premium income for defined benefit schemes amounted to 84 per cent and for defined contribution schemes 16 per cent.

With effect from 2008, as part of the transition to new business regulations, the collective portfolio has been managed in five sub-portfolios with different risk profiles and different return models.

An increasing number of schemes are expected to switch to a defined contributions basis in the future. Vital had a market share of 29,4 per cent in this segment at the end of the third quarter of 2008. Defined contribution pensions, where companies pay a fixed percentage of the employee's salary to the employee's pension account, gives increased predictability to such companies' pension costs. Employees also have the ability to choose investments.

A new scheme for individual tax-deductible pension saving, IPS, was introduced in the spring of 2008 and Vital has been one of the first companies to offer this product in the market. The total number of IPS agreements established in Norway was 10 400. This was lower than expected partly due to the complex tax rules. With more than 3 600 new IPS agreements, however, Vital is positioned as the market leader also in this area. IPS will continue to be marketed in 2009 and is still expected to have considerable potential, in spite of the challenging tax rules.

Vital maintained its leading position in the paid-up policy market, in spite of fierce competition from other companies.

Distribution

Vital has an extensive distribution network that reaches all customer segments through DnB NOR's branch network, independent brokers and its own sales force. Sales of life insurance and mutual fund products to the retail market through DnB NOR's bank branches have been at a high level for several years. For 2008, however, the absolute level of sales of products to the Norwegian retail market was low, which also had consequences for Vital. In the case of Vital's products, sales through the bank's branch network represented 36 per cent of total sales to retail customers in 2008, compared with 53 per cent in 2007. Total new premiums from retail customers through DnB NOR amounted to NOK 1.7 billion in 2008. The corresponding figure for 2007 was NOK 4.7 billion.

In total, independent brokers accounted for NOK 1.3 billion (28 per cent) of sales in the private customer market, while sales through the company's own distribution network (own underwriters, the bank and internal channels) amounted to NOK 3.4 billion (72 per cent).

In the corporate market Vital's products are distributed mainly by its own network and through brokers. An important channel for sale of Vital's products to this market is cross-selling with DnB NOR.

Following an overall evaluation of Vital's strategy in which the principal focus is activity in Norway, the company decided to close its business in Sweden and the Baltic region in 2008. The costs of closure in Sweden and the Baltic region were charged to the administration result in an amount of NOK 73 million.

Continued strong market position

At the end of 2008, Vital had more than one million retail customers with individual and group agreements. The number of agreements with corporate clients, municipalities and public enterprises was approximately 27 000.

Vital's market share of policyholders' funds was 32.8 per cent at the end of September 2008, against 34.5 per cent the previous year. Within defined benefit pensions, including paid-up policies, Vital had a market share of 42.9 per cent.

Within defined contribution pensions the market share was 29.4 per cent at the end of the third quarter. During 2008, 234 defined benefit schemes were converted to defined contribution schemes. This development is expected to continue.

Competition on paid-up policies was extensive in 2008. The market for paid-up policies is expected to grow, not least as a result of conversions from defined benefit pensions to defined contribution pensions.

As of 31 December 2008, Vital had 59 municipalities and one county as customers, in addition to a number of public enterprises. Vital's market share within the public pension sector was 10,4 per cent at the end of the third quarter of 2008, measured in capital. This is an increase of 0,6 percentage points since 2007. The main reason for the increase is the addition of Hordaland county and Ullensaker municipality who decided to switch to Vital in 2008.

Vital secured its position as the largest provider of individual pension policies with a market share of 53.9 per cent at the end of the third quarter. The main products are guaranteed savings products and unit-linked mutual fund savings products. The crisis in the financial markets and better terms for alternative savings products led to lower sales and substantial surrenders.

Challenges in financial management

2008 was a year characterised by substantial fluctuations in the world's financial markets. In the bond markets interest rate cuts by central banks throughout the world led to lower yields on government bonds and low-risk securities. During the year, the difference between government bond yields and non-government guaranteed securities increased, which proved to be advantageous for Vital's low credit risk bond portfolio.

The risk in Vital's investment portfolio was reduced during 2008 in line with a strategy of dynamic risk management, which has contributed to limiting the negative effects of unstable financial markets.

The company's real estate portfolio has developed well in terms of rental income, but nevertheless recorded a negative return as a result of a gross downward revaluation of NOK 3.2 billion.

The value-adjusted return on the company portfolio was 5.8 per cent. A conservative investment profile, with focus on short-term money market placings, contributed to a good return on the company's capital.

Risk factors

In Vital good risk management is a strategic tool that can increase added value. The business is managed in accordance with the following risk categories:

- Financial risk related to capital management (market and credit risk).
- Insurance risk related to changes in future payments due to changes in policyholders' life expectancy and disability.
- Operational risk which is the risk of loss due to weaknesses or faults in processes and systems, errors by employees or external events.
- Business risk which is the risk of loss due to changes in external events, such as the market situation or the authorities' regulations. This risk also includes reputation risk.

A significant part of customer liabilities have an annual guaranteed return. The average guaranteed rate of return is approximately 3.5 per cent. The financial risk mainly relates to the company's ability to meet the guaranteed return.

The insurance risk is monitored through the use of tests and models to calculate the loss potential in extreme situations. Follow-up of operational and business risk is also an integrated part of Vital's total risk management.

Total buffer capital must be sufficient to cover the total risk. Thus account must be taken for all risk categories in determining the limits for risk in capital management.

The management of Vital's risk forms part of the company's strategy that is approved by the Board. The risk situation in Vital is viewed in the context of the DnB NOR Group's total risk profile through regular consideration in the Group's asset and liability committee (ALCO). Vital's Chief Executive and Board of Directors aim to contribute to appropriate co-ordination between risk management and strategy in Vital and the Group's risk profile.

The limits for financial risk are set annually by the Board in nominal amounts. In order to ensure minimum diversification, limits are set for each asset class. In addition, limits are set for concentration if risk towards a specific issuer. Separate limits have been prepared for derivatives that are used to reduce financial risk. The risk analysis and control unit monitors and follows up limits and guidelines.

A special test has been defined in Vital for calculating Vital's total risk tolerance. The loss potential from this test is measured against buffer capital beyond the statutory requirement in order to measure the total risk in the company. The method is also used as a basis for measuring risk and setting risk limits in capital management. In addition, the capital management strategy provides for stable profit generation.

Vital's risk management is also based on the Group's total risk model.

New business rules in life insurance

With effect from 1 January 2008 new business regulations were introduced for the life insurance sector. The objective of the new Insurance Act is threefold: a clearer distinction between policyholders' and the company's funds, a clearer division of risk between policyholders and the company and more transparent pricing of life insurance products. The new regulations have led to increased competition in the sector, at the same time as the company's earnings have become more predictable and stable.

Figures in NOK million	2008
Loss under former rules	(233)
Increased loss on sub-portfolios	(156)
Return on company portfolio	490
Pre-pricing of risk and guaranteed return	437
Change in policyholder allocations	106
Profit under new business rules	644

Financial statements

Vital's profit before tax was NOK 644 million. The recorded tax charge is calculated at NOK 426 million and the profit after tax amounted to NOK 218 million. The market value adjustment reserve was reduced by NOK 3 342 million to 0. Additional statutory reserves of NOK 2 993 million were applied and policyholders were allocated NOK 89 million.

The accounts have been prepared on a going concern basis.

Premium income

Vital recorded premium incomes in total of NOK 20 744 million (22 860), a decrease of 9 per cent from the previous year. The reduction is due to lower premium income within individual products.

Premium income for group defined benefit pensions was NOK 13 506 million (12 213), an increase of 11 per cent from the previous year. Premium income for group defined benefit pensions in the corporate market amounted to NOK 9 323 million (9 087). Premium income for group defined benefit pensions in the public sector was NOK 4 183 million (3 126).

Premium income for individual products amounted to NOK 4 742 million (8 844), a reduction of 46 per cent. Premium income for individual products with guaranteed return was NOK 3 264 million (6 067), a reduction of 46 per cent from the previous year.

Premium income for unit-linked products amounted to NOK 3 974 million (4 484) in 2008, a decrease of 11 per cent from the previous year. Premium income for defined contribution pensions amounted to NOK 2 495 million (1 707), an increase of 46 per cent from the previous year. Premium income for individual unit-linked products amounted to NOK 1 479 million (2 777), a decrease of 47 per cent from the previous year.

Annual premiums due and single premiums for guaranteed products amounted to NOK 13 659 million (15 307), a decline of 11 per cent. Aggregate annual premiums due and single premiums totalled NOK 17 232 million (19 298), a reduction of 11 per cent from the previous year.

A steady increase is expected in the future for premium income from group pension schemes. Within individual products premium income is likely to vary more from year to year, depending on developments in the economy and the relevant parameters.

There was a net inflow of transfers of NOK 535 million in 2008. The main reason for the positive result in 2008 was the addition of new customers in the public market.

Return

Vital's recorded and value-adjusted returns, excluding changes in the portfolio of securities held to maturity, were 1.9 and 0.3 per cent. The value-adjusted return, including the change in the value of the portfolio of bonds held to maturity, was 1.1 per cent.

Net financial income, after changes in the market value adjustment reserve, amounted to NOK 3 783 million (22 353).

The return on Norwegian shares was minus 50.9 per cent (16.6). This was 3.2 percentage points better than the reference index Oslo Børs Benchmark Index. The return on foreign shares was minus 21.6 per cent measured in local currencies.

The return on Norwegian bonds amounted to 11.0 per cent (3.6) and on foreign bonds 9.4 per cent (3.5). The money market gave a return of 7.3 per cent (4.6) while bonds held to maturity, excluding value changes, had a recorded return of 5.0 per cent (5.3). Vital has a conservative bond portfolio and has had very limited exposure to the more risky parts of the credit markets.

Real estate gave a return of minus 2.2 per cent (34.0) in 2008. The return includes a gross downward adjustment of Vital's properties of NOK 3.2 billion (10.1 per cent of investment property) and a sales gain of NOK 59 million. After the adjustment, Vital's real estate portfolio has a value of NOK 32.4 billion.

Under the rules for life insurance companies, investments in real estate must be adjusted to market value and recorded at fair value. Fair value is defined as the value at which buildings and other real estate can be sold in a transaction on the open market.

All Vital Forsikring's investment properties have been valued using the company's internal valuation model. As of 31 December 2008, 35 per cent of the real estate portfolio was valued by external valuers. In the case of the Norwegian real estate portfolio, internal valuations were quality checked against valuations from two external valuers on a quarterly basis for a portion of the portfolio, so that the majority of the portfolio was tested externally during the year. The international real estate portfolio has been valued by external valuers as of 31 December 2008.

Based on these valuations a value adjustment of the properties has been made.

The return on the company portfolio was 5.8 per cent. A conservative investment profile, with a focus on short-term money market placings, contributed to this.

Policy payments

Total policy payments were NOK 23 130 million (31 667). With regard to surrenders of individual products, guaranteed return products amounted to NOK 8 113 million (11 802) and unit-linked products to NOK 2 233 million (4 154). Payments to policyholders (excluding surrenders) were NOK 9 404 million (8 792).

Operating costs

Operating costs, including asset management costs, amounted to NOK 1 943 million (2 085). The decrease is mainly due to a reduction in activity-based costs and lower asset management fees and commissions. Measured as a percentage of average policyholders' funds, operating costs for guaranteed return products totalled 0.72 per cent (0.82).

Result

The interest result was minus NOK 2 623 million (15 546), the risk result was NOK 136 million (-222) and the administration result was minus NOK 143 million (-275).

Profit analysis Vital Forsikring:

Amounts in NOK million	**31. 12. 2008**	**31. 12. 2007**
Interest result	(2 623)	15 546
Administration result	(143)	(275)
Risk result	(136)	222
Earnings risk and guaranteed return	437	0
Allocation for new mortality rules	0	(4 436)
Miscellaneous	(68)	(43)
Result for allocation	(2 261)	10 570
Additional statutory reserves	(2 993)	3000
Allocation to policyholders	(89)	(5 661)
Profit before tax	644	1 909
Tax	(426)	2 074
Annual profit	**218**	**3 982**

Taxes

The taxexemption method means that gains on shares and dividends from companies within the EEA are tax-free income for Vital. Correspondingly, losses are not deductible. In years with good results in the stock market, Vital will have a positive tax position. The tax credit that arises as a result of the exemption method is utilised by the DnB NOR Group through the payment of group contributions to Vital. The tax charge for 2008 was NOK 426 million as a result of the negative development in the stock market.

Balance sheet

Total assets as of 31 December 2008 were NOK 224 129 million (230 405), a reduction of 2.7 per cent.

Total assets excluding policyholders' funds placed in unit-linked products, break down as 38.2 per cent (21.5) in bonds held as current assets, 3.8 per cent (24.8) in shares, 28.8 per cent (27.7) in bonds held to maturity, 5.8 per cent (7.5) in money market investments, 16.7 per cent (15.6) in real estate and 6.7 per cent (3.0) in other assets. The breakdown of total assets includes financial derivatives.

Policyholders' funds that are invested in unit-linked products break down as 35.9 per cent (52.8) in shares, 42.0 per cent (34.5) in balanced, bond and money market funds, 21.4 per cent (12.7) in bank deposits and 0.7 per cent (0.0) in other assets.

Solvency

Solvency capital, which protects the policyholders' premium reserve, can consist of the market value adjustment reserve, excess values in bonds held to maturity, additional statutory reserves, equity, subordinated loans and the fund for risk-smoothing. The fund for risk-smoothing (NOK 248 million as of 31 December 2008) is restricted equity and serves as an earmarked protection against insurance risk. Other solvency capital may in certain circumstances be used to meet the guaranteed return in favour of policyholders. The different elements in solvency capital have, however, different conditions and time horizons for application. The composition of the solvency capital is therefore important in evaluating the company's risk situation. The solvency capital of Vital Forsikring as of 31 December 2008 was NOK 16 972 million (21 788). Vital has sufficient capacity to assume investment risk and cope with fluctuations in financial markets.

The composition of, and development in, solvency capital during 2008 was as follows:

Amounts in NOK million	**31. 12. 2008**	**31. 12. 2007**
Market value adjustment reserve	0	3 342
Unrealised gains on bonds held to maturity	200	(1 304)
Additional statutory reserves	5 360	8 632
Equity	8 740	8 363
Subordinated loans/ perpetual subordinated loan capital securities	2 575	2 500
Security reserve	97	255
Total solvency capital	**16 972**	**21 788**

The most important changes in 2008 were:
A reduction in additional statutory reserves of NOK 2 993 million, an increase in equity of NOK 218 million, a reduction in the market value adjustment reserve of NOK 3 342 million and an increase in unrealised gains on bonds held to maturity of NOK 1 504 million. The increase in unrealised gains is due to the fall in interest rates during 2008. Buffer capital, i.e. equity in excess of the statutory minimum requirement as well as additional statutory reserves and the market value adjustment reserve, was NOK 8 293 million (13 789) as of 31 December 2008.

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

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

Capital ratio and solvency margin capital

The capital ratio is an expression of the company's primary capital as a proportion of its risk-weighted total assets. Vital's eligible primary capital as of 31 December 2008 was NOK 10 398 million (10 531). The capital ratio was 12.3 per cent (9.7).

The solvency margin capital consists of primary capital plus 50 per cent of additional allocations and 50 per cent of the risk equalisation reserve. Vital's solvency margin capital as of 31 December 2008 was NOK 13 202 million (14 958) and the solvency margin requirement NOK 8 147 million (7 510).

Embedded Value

The European Embedded Value (EEV) of Vital as of 31 December 2008 has been calculated.

EEV is a calculation of the company's value based on the present value of future cashflows to shareholders from the portfolio at the balance sheet date, in addition to recorded equity. The costs of binding equity in the company are deducted.

The calculations show an EEV for Vital as of 31 December 2008 of NOK 13 796 million (18 395), which is a reduction in Embedded Value of NOK 4 599 million. The reduction in Embedded Value is due to an increase in the value of policyholders' guaranteed return and lower income from profit-sharing products. The time value of the guaranteed return increases due to a reduction in buffer provisions and lower interest rate levels. A lower interest rate level also leads to a reduction in the profit share on profit-sharing contracts.

The EEV for group pensions is stable, since the new legislation secures stable income in difficult financial years as well.

Employees

It is important for Vital to attract and retain skilled employees. Including subsidiaries, Vital had 1025 employees (980) as of 31 December 2008. The number of full-time equivalents was 991 (945). 50.7 per cent of the employees were women (49.8). The employment terms in Vital are co-ordinated with schemes in the rest of the DnB NOR Group. The increase in staffing is mainly due to the transfer of certain functions from DnB NOR Asset Management to Vital.

Working environment

Absence due to sickness had a positive development in 2008, recorded at 5.1 per cent (5.4). No serious injuries or accidents were registered in 2008. Vital is working on measures to reduce the level of absence due to sickness.

Vital's rehabilitation committee works directly with employees who have been on sick leave for longer periods. By following up these cases directly several employees have been able to return to work with adjusted working conditions. Vital is active in health, environment and safety work (HES). HES is reported in parallel with other internal control issues. Vital has introduced new measures to increase the employees' physical activity. Vital is an Inclusive Working Life Company and is certified as an eco-lighthouse company.

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

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

Equal opportunities

There is a virtually equal division between male and female employees in Vital Forsikring. However, of the 111 (108) part-time employees, women account for 91 (81.5) per cent. Of managers with personnel responsibility, 123 (112) are men and 50 (51) are women. These factors explains why the average salary for women employees is lower than that for men.

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

There is still some way to go before Vital has achieved the desired balance between men and women at management level. Vital is working actively through the DnB NOR Group on specific measures and analyses relating to how more women can be recruited to management positions.

Corporate social responsibility

Vital operates a socially responsible business by contributing to financial security and flexibility for employees in pensionable age, as well as insuring against disability and death. Vital is also working on maintaining high environmental standards and good energy solutions in its offices and in the property portfolio it lets to other tenants. It also sets requirements regarding socially responsible operations for our suppliers and business partners. Through its activities in sport and culture, Vital contributes to society in general. Vital also supports humanitarian measures for disadvantaged children, including working with local authorities. Vital contributes to road safety measures through its work in encouraging schoolchildren to increase the use of reflectors.

Vital's activities within corporate social responsibility are co-ordinated with the efforts of the DnB NOR Group in this area, with a focus on our relationship with customers and suppliers, the manner in which we meet the climate challenge, our contribution to society around us, and how we work with diversity and openness.

Ethical issues

Vital follows ethical guidelines in the management of policyholders' pension funds. The investments are based on recognised international principles. The guidelines establish minimum standards and are in line with DnB NOR's corporate social responsibility policy, as well as international principles and conventions that the Group has endorsed.

Vital follows the principles set out in the UN's "Global Compact" and the OECD's guidelines for multi-national companies with regard to the companies in which it invests. In addition, Vital has approved specific criteria that exclude investments in companies that produce tobacco and pornography and which are involved in the production and/or distribution of components for weapons of mass destruction, including land mines and cluster bombs.

At the end of 2008, 41 companies were excluded from investment based on Vital's rules relating to ethical management.

Customer satisfaction

There was a satisfactory development during 2008 in the customer satisfaction surveys regarding Vital. Factors such as the financial crisis, the introduction of new business regulations and a considerable number of transfers from defined benefit to defined contribution based schemes has made this work demanding. An increased awareness throughout the organisation, as well as ongoing upgrading of system solutions, are expected to have a positive impact on customer satisfaction.

Board and management

Vital's Board is led by Rune Bjerke, DnB NOR Group Chief Executive. Bjørn Erik Næss and Tove Pettersen were elected as new board members in 2008. The Board otherwise consists of Tom Grøndahl, Deputy Chairman, and the board members Cathrine Klouman, Lars Rosén and Siri Pettersen Strandenes. Bjørg Ven resigned from Vital's board on 6 March 2009 after being appointed as Deputy Chairman of the board of the State Finance Fund.

Employee-elected board members comprise Vibeke Holsen, Kristin Birkeland and Jørn O. Kvilhaug.

The company is headed by Chief Executive Officer Tom Rathke. The rest of the management comprises Anders Skjævestad, Deputy Chief Executive, Bjørn Atle Haugen, Executive Vice President Corporate Market, Carl Johan Wickmann, Executive Vice President Individual Market, Frode J. Hansen, Executive Vice President Sales Division, Øystein Stephansen, CFO, and Runar Holen, Executive Vice President IT.

Outlook

The crisis in the financial markets is now in the process of impacting the economy. The consequences may be cutbacks and rising unemployment. The supply of credit has also been affected, which may influence many companies during a demanding period and have a negative impact on the ability to undertake new investments.

Weaker demand and falling investments will to a certain extent be balanced by increased public consumption, and fiscal policy is expected to play an important role in the coming period. It may take time for the package of measures that have been presented, both nationally and internationally, to have a lasting effect.

Vital assumes that the volatility in financial markets may continue and 2009 is expected to be a challenging year. Continuing low interest rates represent a particular challenge for the life insurance sector, which has a guaranteed minimum return for a large proportion of its policyholders.

Vital Forsikring satisfies the statutory requirements in relation to capital adequacy and solvency margin capital by a good margin. In a situation with falling interest rates it is more demanding for life insurance companies to fulfil the annual guaranteed return. Vital has a large portfolio of bonds held to maturity that contribute to stabilising earnings. The company also has a considerable exposure in the form of bonds held as current assets that give a return above money market rates. These factors, together with dynamic risk management, contribute to increasing the likelihood that the company will meet the annual guaranteed return.

In 2008 Vital decided to close its businesses in Sweden and the Baltic region and the main focus during 2009 will be on the core business in the Norwegian market.

Challenges related to the financing of public pension schemes make it more necessary for people to save for their pensions privately. Vital's own studies show a continued gap between people's expectations to their financial strength in their pension years and their actual disposable pension. The IPS scheme that was introduced in 2008 is a good beginning, but the eligible amount should be increased and the tax rules changed so that it becomes attractive for groups that are not included in the scheme today.

An important challenge for Vital in 2009 will be to implement cost-saving measures, ensuring that the company's products are attractive and correctly priced in the market. Another focus area is the continued integration with the DnB NOR Group in line with the approved strategy, so that the Group presents itself in an integrated and co-ordinated manner towards customers.

Dividend and allocations

The Board proposes that the profit for the year of NOK 218 million is allocated as follows:

To unrealised gains reserve	75
To fund for risk-smoothing	88
Group contribution (not provided)	75
Tax effect of group contribution	(20)
Total	**218**

31 December 2008
Bergen/Oslo, 9 March 2009
The Board of Vital Forsikring ASA

Rune Bjerke
Chairman

Tom Rathke
Chief Executive Officer

Lars Rosén

Kristin Birkeland

Tom Grøndahl
Deputy Chairman

Siri Pettersen Strandenes

Jørn O. Kvilhaug

Cathrine Klouman

Tove E. Pettersen

Bjørn Erik Næss

Vibeke Holsen

Income statement 2008

NOK million		Vital Forsikring ASA
Premium income	**Note**	**2008**
Gross premiums written		17 578
– Reinsurance premiums ceded		(346)
Premium reserves transferred from other companies	7. 8	3 512
Premiums for own account	**5**	**20 744**
Net income from investments in collective portfolio	3. 5. 9	(97)
Net income from investments in unit-linked portfolio	3. 5. 9	(4 481)
Other insurance related income	5	81
Claims		
Claims paid	6	(19 213)
Gross		(19 414)
-Claims paid - reinsurance		201
Gross change in claims reserve		(537)
Gross		(537)
- Changes in reinsured portion of claims reserve		0
Premium reserve, additional statutory reserve and market value adjustment reserve transferred to other insurance companies/pension funds	7	(3 380)
Total insurance claims	**5**	**(23 130)**
Changes in insurance liabilities recognised in the income statement - contractual obligations		
Changes in premium reserve		(832)
To (from) premium reserve, gross		(755)
- Change in reinsured portion of premium reserve		(77)
Change in additional statutory reserve		3 023
Changes in market value adjustment reserve		3 342
Changes in premium fund, deposit fund and pensioners surplus fund		(234)
Changes in technical reserves for non-life insurance business		(72)
To (from) technical reserves for non-life insurance business		(72)
- Changes in reinsured portion of technical reserves for non-life insurance business		0
Additional statutory reserve and market value adjustment reserve transferred from other insurance companies / pension funds	7	403
Total changes in insurance liabilities recognised in the income statement - contractual obligations	**5**	**5 631**
Changes in insurance liabilities recognised in the income statement - separate unit-linked portfolio		
Change in premium reserve		19
Change in reinsured portion of premium reserve		0
Change in other provisions		3 630
Total changes in insurance liabilities recognised in the income statement - separate unit-linked portfolio	**5**	**3 650**
Funds allocated to insurance contracts - contractual obligations	3. 4. 5	(89)
Insurance-related operating expenses	3. 5. 10. 12	(1 940)
Other insurance-related expenses	5	(239)
Technical insurance result	**4.5**	**131**
Non-technical accounts		
Net income from investments in company portfolio	3. 9	713
Other income		0
Management expenses and other expenses related to the company portfolio		(199)
Result for non-technical accounts		**514**
Result before tax		**644**
Tax	13	(426)
Result before other comprehensive income	**4**	**218**
Other comprehensive income		0
Comprehensive income		**218**

Balance sheet

NOK million		Vital Forsikring ASA
Assets in company portfolio	**Note**	**2008**
Intangible assets	25	243
Investments	3. 18. 22	12 499
Receivables		89
Other assets	12. 25	1 082
Pre-paid expenses and accrued income not received		67
Total assets in company portfolio		**13 982**
Investments in the collective portfolio	3. 15. 17. 18. 20. 22	193 694
Investments in the unit-linked portfolio	3. 22. 23	16 454
Total assets in the customer portfolios		**210 148**
Total assets		**224 129**
Equity and liabilities		
Paid-in equity		
Issued capital		1 321
Share capital/primary capital certificates/guarantee fund		1 321
Share premium account		1 175
Total paid-in equity		**2 496**
Retained earnings		
Premium reserves		323
Reserve for unrealised gains		75
Fund for risk-smoothing		248
Other equity		5 921
Total retained earnings		**6 244**
Subordinated loan capital, etc	28	2 575
Life insurance liabilities - contractual obligations		
Premium reserve		172 816
Additional statutory reserves		5 360
Market value adjustment reserve		0
Claims reserve		1 278
Premium fund, deposit fund and pensioners surplus fund		5 229
Other technical reserves for non-life insurance business		125
Total life insurance liabilities - contractual obligations	**26. 27. 30**	**184 807**
Life insurance liabilities - separate unit-linked portfolio		
Premium reserve	3. 23. 26. 27	16 454
Supplemental allocations	27	13
Total life insurance liabilities - separate unit-linked portfolio	**27**	**16 467**
Provisions	3. 12. 13	768
Liabilities	3	10 269
Accrued expenses and prepaid income received	3	503
Total equity and liabilities		**224 129**

31 December 2008. Bergen/Oslo, 9 March 2009. The Board of Vital Forsikring ASA

Rune Bjerke
Styreleder

Tom Rathke
Chief Executive Officer

Kristin Birkeland

Jørn O. Kvilhaug

Tom Grøndahl
Deputy Chairman

Cathrine Klouman

Vibeke Holsen

Bjørn Erik Næss

Lars Rosén

Siri Pettersen Strandenes

Income statement 2007

NOK million	Vital Forsikring ASA
Gross premiums written	19 518
Premium reserves transferred from other companies	3 562
– Reinsurance premiums ceded	(220)
Premiums for own account	**22 860**
Income from financial assets	**31 359**
Income from assets in life insurance - unit linked	**2 148**
Other insurance-related income	**2**
Claims paid	(24 747)
Gross change in claims reserve	(24)
Premium reserve, additional statutory reserve and market value adjustment reserve transferred to other insurance companies/pension funds	(6 896)
Total insurance claims	**(31 667)**
Changes in premium reserve	3 230
Guaranteed rate of return on premium fund and the pensioners' surplus fund	(224)
Additional statutory reserve for the year	(3 000)
Additional statutory reserve and market value adjustment reserve transferred from other insurance companies / pension funds	246
To (from) additional statutory reserve in the insurance fund	308
To (from) security reserve	(4 446)
To (from) technical provisions for non-life insurance business	(103)
Change in provisions in unit-linked life insurance	(1 173)
Total changes in insurance-related provisions etc.	**(5 161)**
Insurance-related operating expenses	**(1 866)**
Expenses related to financial assets	**(12 671)**
Expenses related to assets in unit-linked life insurance	**(610)**
Other insurance-related expenses	**(347)**
To (from) market value adjustment reserve	**3 690**
Technical insurance result before provisions	**7 737**
Funds transferred to policyholders	**(5 661)**
Technical insurance result - life insurance	**2 075**
Other expenses	**(167)**
Operating profit before tax	**1 909**
Taxes	**2 074**
PROFIT FOR THE YEAR	**3 982**
Transfers and appropriation of profit	
Transfers	
Group contributions received	4 648
Total transfers	**4 648**
Appropriation of profit	
Dividend	(7 676)
Transferred to other equity	(954)
Total appropriation of profit	**(8 630)**
Total transfers and appropriation of profit	**(3 982)**

Balance sheet – as at 31.12.2007

NOK million	Vital Forsikring ASA
Assets	**2007**
Intangible assets	**184**
Buildings and other real estate	32 908
Shares and interests - intra-group	134
Financial assets	58 574
Financial current assets	112 052
Total financial assets	**203 669**
Assets in unit-linked life insurance	**19 868**
Accounts receivable	**2 325**
Other assets	**1 966**
Pre-paid expenses and accrued income	**2 394**
Total assets	**230 405**
Equity and liabilities	
Paid-in equity	**2 496**
Retained earnings	**5 867**
Perpetual subordinated loan capital securities	**225**
Subordinated loan capital	**2 275**
Market value adjustment reserve	**3 342**
Premium reserve	168 835
Additional statutory reserves	8 632
Premium fund and pensioners surplus fund	5 447
Claims reserve	615
Other technical provisions	104
Security reserve provisions	4 658
Total technical provisions	**188 291**
Provisions in unit-linked life insurance for own account	**19 868**
Provisions	**798**
Liabilities	**6 670**
Accrued expenses and prepaid income	**574**
Total equity and liabilities	**230 405**

Changes in equity

NOK million						Vital Forsikring ASA
	Pain-in capital		**Retained earnings**			
	Share-capital	**Share premium account**	**Unrealised gains reserve**	**Fund for risk-smoothing**	**Other equity**	**Total equity**
Balance at 31 December 2006	**1 227**	**1 116**	**0**	**0**	**4 812**	**7 155**
Capital increase on merger with Vital Link ASA	93	59	0	0	101	253
Profit for the year	0	0	0	0	3 983	3 983
Group contribution received	0	0	0	0	5 224	5 224
Dividends	0	0	0	0	(8 252)	(8 252)
Balance at 31 December 2007	**1 321**	**1 175**	**0**	**0**	**5 867**	**8 363**
Transferred from security reserve to fund for risk-smoothing as at 01 January 2008	0	0	0	160	0	160
Demerger property subsidiaries capital reduction	(113)	(153)	0	0	(865)	(1 131)
Demerger property subsidiaries capital in kind	113	153	0	0	865	1 131
Result for the year	0	0	75	88	54	218
Balance at 31 December 2008	**1 321**	**1 175**	**75**	**248**	**5 921**	**8 740**

Paid in equity capital comprises share capital and the share premium reserve, in total NOK 2 496 million.
Retained earnings comprises unrealised gains reserve, the fund for risk-smoothing and other equity, in total NOK 6 244 million.

The unrealised gains reserve shows the total of unrealised gains on financial assets that are included in the company portfolio.

Under the new Insurance Act the deficit on the risk result must be covered by the insurance company's equity capital while a surplus is to be credited to customers. The company nevertheless is allowed to retain a limited part of the surplus in a fund for risk-smoothing. The transitional rules under the new insurance legislation allow for funds in the previous security reserve to be transferred to the fund for risk-smoothing. The transfer was made directly in the balance sheet as at 1 January 2008.

In connection with the demerger of the company's directly owned properties the share capital was reduced by NOK 113 million through the redemption of 4 510 687 shares.
At the same time a capital increase was made through the demerged shares being applied as a subscription in kind.

The profit for the year before taxes is proposed transferred to DnB NOR Holding ASA as a group contribution, in total of NOK 74 million.

The number of shares is 5 282 7288 with a par value of NOK 25 per share.
The company is 100% held by DnB NOR ASA.

Cash flow statement

NOK million	Vital Forsikring ASA
Cash flow from operating activities	
Net premiums/premium funds received	14 482
Net payments on transfers	(629)
Financial income	(663)
Income from unit-linked life insurance	4 893
Other insurance-related income	44
Insurance claims paid	(18 959)
Insurance-related operating expenses	(529)
Expenses on unit-linked life insurance	0
Other insurance-related expenses	(128)
Other expenses	(1 137)
Taxes paid	0
A=Net cash flows from operating activities	**(2 627)**
Net invested in shares and mutual funds	22 506
Net invested in bonds	(17 061)
Net invested in lending	(3 028)
Net invested in investment agreements	(867)
Net invested in real estate	(1 448)
Net invested in unit-linked assets	0
Net invested in other financial assets	(675)
Net invested in fixed assets	(17)
Net invested in intangible assets	(129)
B=Net cash flows from investing activities	**(720)**
Cash flows from financing activities	
Subordinated loans paid	(35)
Dividend/Group contribution paid	(1 221)
Changes in other financing activities	(632)
C=Net cash flows from financing activities	**(1 887)**
Net changes in cash and cash equivalents (A+B+C)	(5 234)
Cash and cash equivalents at 1 January	9 781
Cash and cash equivalents at 31 December	**4 547**

Capital return

Capital return in percent	Vital Forsikring ASA

Capital return I in %	2008
Collective portfolio – Cautious	4.6
Collective portfolio – Moderate	2.2
Collective portfolio – Aggressive	(0.2)
Paid-up policies	1.4
Individual products – former profit model	1.9
Collective portfolio	1.7

Capital return total portfolio in %	2008 *)	2007	2006	2005	2004
Capital return I	1.9	11.8	7.5	7.3	6.5
Capital return II	0.3	9.5	8.1	8.3	7.1
Capital return III	1.1	8.8	6.4	7.7	7.7
Average return	1.9	11.6	7.1	7.0	6.0

*) Capital return for 2008 is not fully comparable to the previous years captial return rations due to the transition to new business rules.

Note 1 – Accounting policies

Basis for preparation

The financial statements for Vital Forsikring ASA are prepared in accordance with the Regulations for Annual Accounts etc. for Insurance Companies, the Act relating to Annual accounts of 1998, generally accepted accounting principles in Norway (the Annual Accounts Regulations), and other regulations promulgated by Kredittilsynet (the Financial Supervisory Authority of Norway). The Annual Accounts Regulations were amended on 4 April 2008 and require recognition and measurement to be done in accordance with IFRS. There are certain exceptions from this requirement. The Annual Accounts Regulations were further amended on 30 January 2009. The amendments are effective for the financial year beginning on or after 1 January 2008. The amendments imply a requirement to prepare the disclosures in accordance with IFRS, subject to certain exceptions and additions specified in the regulations.

The financial statements must be approved by the General Meeting of Vital Forsikring ASA.

Changes in accounting policies

There have been no changes in accounting policies in 2008.

Comparative information

The transition to new business rules from 1 January 2008 resulted in new regulations for allocation of life insurance business profit between policyholders and the owner. In addition, the new law requires the company to allocate the asset side of the balance sheet to policyholder portfolios and a company portfolio respectively.

The Annual Accounts Regulations have no requirement to present comparative information for the previous period for the income statement and the balance sheet for the 2008 financial year. This is an exemption applicable only for the transition to the amended rules effective as of the 2008 financial year. No restatement of comparable figures in respect of the previous year has therefore been made in the financial statements for 2008. The income statement and balance sheet for 2007 have, however, been included as a comparison. The disclosures contain comparative information to the extent such information is considered relevant.

Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and costs. Refer to note 2 for further information on important estimates and assumptions.

Subsidiaries

Vital Forsikring ASA (Vital) is the ultimate parent of the Vital Forsikring ASA Group, which includes companies in which the parent company, directly or indirectly, holds more than 50 per cent of the voting power, the holding is of a long-term nature and over which the company has control. Investments in subsidiaries are accounted for using the equity method, with the exception of subsidiaries that are real estate owning companies. These are accounted for as directly owned properties.

The company's share of profit or loss from operations of the subsidiaries, including real estate owning companies, is included in the item "profit before tax" in the income statement. The reason for this is that policyholders are to be credited for return before income tax. The tax charge relating to the company's share of profit and loss in subsidiaries is included in Vital's total income tax expense.

Consolidation

The financial statements represent both the separate financial statements of Vital Forsikring ASA and the consolidated financial statements for the group. This is due to the fact that investments in subsidiaries are accounted for using the equity method. Pursuant to the exemption in section 3-8(2) of the Act relating to Annual Accounts the investments in subsidiaries are not consolidated in the financial statements.

Investments in associates

Associates are entities over which the group has significant influence, but not control, and normally include entities in which the group holds between 20 per cent and 50 per cent of the voting power. Investments in associates are accounted for using the equity method. Tax is recognised in the same way as for investments in subsidiaries.

For a list of subsidiaries and associates refer to note 16.

Foreign currency translation

The group's reporting and functional currency is the Norwegian krone. Transactions in foreign currencies are translated to Norwegian kroner using the functional currency rates prevailing at the date of transaction. Transactions in foreign currencies relating to the company's real estate abroad are however translated to Norwegian kroner using the average currency rate for each quarter of a year.

Financial assets, investment properties and subordinated loan capital measured in foreign currencies are translated to Norwegian kroner using the foreign currency rates at the balance sheet date. Changes in value of such assets resulting from movements in exchange rates between the transaction date and the balance sheet date are taken to the income statement.

Held-to-maturity bonds measured at amortised cost in a foreign currency are translated to Norwegian kroner using the foreign exchange rate prevailing at the balance sheet date.

Income recognition

Premium income and claims paid

Gross insurance premiums are recognised as revenue when payable by the policyholder. Claims are recognised in the income statement when due.

Net premium income comprises gross premiums written, premium reserves transferred and reinsurance premiums ceded. Accrual of premiums earned is made through allocation to premium reserve in the life insurance reserve.

Transfers of premium reserve – policy transfers

Transfers of insurance contracts is recognised at the date on which the insurance risk is transferred. Transfer of risk at 31 December is recognised in the financial statements for the following year.

Premium reserves transferred to/from other insurance companies include the contracts' share of additional statutory reserves, market value adjustment reserve and the year's profit.

Transfers of premium reserves are classified as premium income and claims paid for own account for reserves received and reserves paid respectively. Additional statutory reserves received are included in the item Changes in insurance-related provisions in the income statement.

Net income from investments

Following the transition to new business rules net income from investments is presented by portfolio in the income statement. The combination of items in the income statement is specified in note 3. Net income from investments in the company and collective portfolios is specified by class of assets in note 9.

Changes in market value adjustment reserve in the collective portfolio are included in the item Total changes in insurance liabilities recognised in the income statement – contractual obligations.

The guaranteed rate of return credited to policyholders holding products with a guaranteed rate of return, is included in the item Total changes in insurance liabilities recognised in the income statement – contractual obligations. Other return allocated to these policyholders is included in the item Funds allocated to insurance contracts – contractual obligations.

Recognition of assets and liabilities

Assets and liabilities are recognised in the balance sheet when the company has gained control over the rights to the assets and taken on real obligations.

Assets are derecognised when the actual risk relating to the assets is transferred and control over the rights to the assets ceases.

Financial instruments

Classification of financial instruments

Financial assets are classified upon initial recognition in accordance with the purpose of the investment.

The company's financial assets are classified as:
- Financial assets at fair value through profit or loss
- Held-to-maturity investments carried at amortised cost

Vital has no financial assets classified as held-for-trading or available-for-sale in accordance with IAS 39.

Guidelines for classification

Financial assets at fair value through profit or loss

These are assets and liabilities designated as at fair value through profit or loss upon initial recognition. With the exception of bonds classified in the held-to-maturity category, most of Vital's financial assets are included in this category.

Financial derivatives are also included in the category fair value through profit or loss, as Vital does not own derivatives that qualify as hedging instruments in accordance with IAS 39.

Held-to-maturity investments carried at amortised cost

Financial assets with fixed maturities are classified as held-to-maturity when the company has the positive intention to hold until maturity, and they upon initial recognition have not been designated as at fair value through profit or loss. Parts of the bond portfolio in the collective portfolio are classified as held-to-maturity and measured at amortised cost, using the effective interest rate method.

Valuation of financial instruments

Initial recognition of financial instruments

Financial instruments are recognised initially at fair value on the trading date. For both financial instruments at fair value through profit or loss and financial instruments carried at amortised cost, the initial fair value is the transaction price.

Subsequent measurement at fair value

Fair value is the amount for which an asset can be exchanged, or a liability settled, in a transaction between independent parties. Calculation is based on the going concern assumption, and provisions for credit risk on the instruments are reflected in the valuation.

The fair value of shares and mutual funds listed on a stock exchange or in any other regulated market is determined by reference to quoted market bid prices at the close of business on the last trading day up to and including the balance sheet date. Other shares and mutual funds are measured at their estimated fair value based on available information at the balance sheet date.

The fair value of bonds and other securities with a fixed return listed on a stock exchange or in any other regulated market is determined by reference to quoted market bid prices at the close of business on the last trading day up to and including the balance sheet date.

Instruments traded in an active market

Most of the company's financial derivatives such as forward currency contracts, forward rate contracts (FRAs), interest rate options, currency options, interest rate swaps and interest rate futures, are traded in an active market. In addition, a number of equities, commercial papers and bonds are traded in active markets.

A market is considered active if it is possible to obtain external, observable prices, exchange rates or volatilities and these prices represent actual and frequent market transactions. With respect to instruments traded in an active market, quoted prices obtained from a stock exchange, a broker or price-setting agency are used. If no prices are quoted for the instrument, it is decomposed, and valued on the basis of quoted prices for the individual components.

Instruments not traded in an active market

Financial instruments not traded in an active market are valued according to various valuation techniques and divided into two categories:

Valuation based on observable market data:
- Recently observed transactions in the relevant instrument between informed, willing and independent parties
- Instruments traded in active markets which are substantially similar to the instrument that is valued
- Other valuation techniques where key parameters are based on observable market data

Valuation based on other factors than observable market data:
- Cash flows
- Valuation of assets and liabilities in companies
- Models where key parameters are not based on observable market data
- Industry standards as appropriate

When using valuation techniques values are adjusted for credit and liquidity risk. Valuations are based on pricing of risk for similar instruments. Refer to Note 14 for information on pricing categories.

Subsequent measurements at amortised cost

Financial instruments not measured at fair value are recorded at amortised cost, and income is calculated based on the instrument's effective interest rate. The effective interest rate is determined by discounting contractual cash flows based on the expected life of the financial instrument.

The company assesses at each balance sheet date whether there is any objective evidence that financial assets carried at amortised cost are impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there are objective indications of impairment.

Objective evidence of impairment may include that the debtor is experiencing significant financial difficulty, default or delinquency in payments or other serious breaches of contract, the probability that the debtor will enter into debt negotiations or other specific factors that may have occurred. Impairment of other financial assets is recognised in the income statement according to the nature of the asset.

Presentation in the balance sheet and income statement

The financial assets are included in the categories "Investments in Customer Portfolios" and "Investments in Company Portfolio" in the balance sheet. Further details about the investments are included in note 3.

Net income from investments is included in "Net Income from Investments in Customer Portfolios" and "Net Income from Investments in Company Portfolio". Further details about the income are included in note 3 and note 9.

Bonds and other securities with a fixed return

This category includes commercial papers and bonds designated upon initial recognition as at fair value through profit or loss. Further information about fair value and accrued interest is included in note 3.

Shares and mutual funds

This category includes shares and mutual funds designated as at fair value through profit or loss. With effect as of the 2008 financial year fixed-income funds are also included in this category. These were previously included in "Bonds and other Securities with a Fixed Return".

Financial derivatives

Financial derivatives are presented as assets if the value is positive and as liabilities if the value is negative. Financial assets and financial liabilities is offset and the net amount reported in the balance sheet if the company has a legally binding right to offset and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Note 9 include a presentation of net income (loss) from derivatives included in the collective and the company portfolios. Net income is split between share derivatives, interest rate derivatives and foreign currency derivatives.

Loans and receivables

This category includes loans designated upon initial recognition as at fair value through profit or loss. Further information about fair value and accrued interest is included in note 3.

Held-to-maturity investments

This category includes bonds classified as held-to-maturity and carried at amortised cost. Further information about carrying amount and accrued interest is included in note 3.

Assets in unit-linked life insuroance policies

Assets in unit-linked life insurance policies comprise shares, bonds, commercial papers and financial agreements, mutual funds, bond funds, combination funds, and bank funds. The assets are carried at fair value. Unrealised gains/losses are recognised in the income statement when they occur.

Investment properties

Properties held in order to earn rentals or for capital appreciation, or both, are classified as investment properties. Investment properties are recognised and measured in accordance with IAS 40.

The company's investments in buildings and other real estate is split into directly owned properties and indirectly owned properties organised in separate legal entities (limited companies, general partnerships and limited partnerships). Indirectly owned properties are classified, measured and presented in the same way as directly owned properties. Gains and losses arising from changes in fair value (market value) and realised losses/gains are included in the income statement in the year in which they occur. The same applies to changes in fair value resulting from changes in exchange rates for properties located abroad.

The company uses forward currency contracts to hedge its real estate abroad. The forward currency contracts are carried at fair value through profit and loss.

Intangible assets

IT systems and software

Acquired software is recorded initially at cost including directly attributable costs arising directly from bringing the asset to its working condition. Directly identifiable costs for internally developed software are recorded as intangible assets if, and only if, they are controlled by the company, the probable economic benefits exceed the development costs and expected useful life of the intangible assets is more than three years.

Directly attributable costs include costs of employee benefits arising directly from software development, material costs and relevant overhead costs. Expenses relating to maintenance of software and IT systems are recognised in the income statement in the year in which they occur.

IT systems and software recognised in the balance sheet are depreciated using the straight-line method over the estimated useful economic life. At each reporting date an assessment is made as to whether there are indications of impairment of the intangible asset. If such indications are present, the recoverable amount is calculated. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Tangible fixed assets

Tangible fixed assets acquired for own use are classified as "Other assets" in the balance sheet. Tangible fixed assets are measured at cost net of accumulated depreciation. Depreciation is calculated on a straight-line basis over the useful life of the assets.

Insurance principles

Classification of contracts

IFRS 4 addresses the accounting treatment of insurance contracts. IFRS 4 defines contracts where the insurance risk represents a significant part of the product's total risk as insurance contracts. Vital's products consist of group pension insurance, group association insurance, individual endowment insurance, individual annuity and pension insurance, unit-linked products and group life insurance. The insurance provisions in the financial statements are in accordance with Norwegian legislation as well as IFRS 4.

Insurance provisions

Vital's insurance provisions comprise the premium reserve, additional statutory reserve, market value adjustment reserve, claims reserve, fund for risk-smoothing and other technical reserves for non-life insurance business. The reserves also include the premium fund, the deposit fund and the pensioners' surplus fund.

The premium reserve is a reserve securing future insurance obligations to policyholders and insured persons. The premium reserve is computed as the present value of the company's total insurance obligations including costs, less the present value of future agreed premiums.

Additional statutory reserves are conditional allocations to policyholders. Changes in the reserve are recognised in the income statement. Kredittilsynet has issued regulations on maximum additional statutory reserve per contract. The additional statutory reserve cannot exceed 12 per cent of the premium reserve for the contract. The actual allocation for the individual year is determined in connection with year-end adjustments. Additional statutory reserves may be used to cover any rate-of-return shortfall when the annual rate of return is lower than the guaranteed rate of return.

The market value adjustment reserve corresponds to the aggregate of unrealised gains on financial current assets included in the collective portfolio. If there is a net unrealised loss in the portfolio of financial current assets, the market value adjustment reserve is set at 0.

Unrealised gains and losses relating to movements in exchange rates on derivatives used to hedge properties, loans and held-to-maturity bonds denominated in foreign currencies against currency movements, are not included in the market value adjustment reserve.

The claims reserve shall cover the company's expected insurance claims not settled or advanced against the company at the balance sheet date. The claims reserve comprises only funds that would have been disbursed during the accounting year if the processing of the insurance event had been completed.

The fund for risk-smoothing can be used to cover negative risk results and to strengthen the premium reserve upon changes in demographic assumptions in the calculation base. Each year up to 50 per cent of the company's aggregate risk result can be allocated to the risk equalisation reserve. The annual provision is determined in connection with the year-end adjustments. The fund for risk-smoothing is classified as equity.

The premium fund contains premiums prepaid by policyholders in individual and group pension insurance contracts. The pensioners' surplus reserve is credited by a share of the year's profit and is used to strengthen the premium reserve for pensioners in connection with adjustments in pension payments.

Classification of insurance liabilities, particularly the unit-linked portfolio

The insurance provisions intended to cover liabilities relating to the value of a particular investment portfolio shall at all times equal the value of the investment portfolio allocated to the contract. A share of the risk result profit is to be included.

Supplementary provisions for separate unit-linked portfolios are provisions intended to cover the guaranteed rate of return on contracts with such guarantee. The allocations shall equal the company's expected payment to the policyholder at the time of retirement.

Valuation of liabilities to policyholders

The liabilities should be in reasonable proportion to the assumed risk. This is secured through continuous follow-up and monitoring of the existing liabilities. In addition, all prevailing premium rates are controlled by Kredittilsynet, which has an overall responsibility for monitoring that adequate premiums are applied. A continuous assessment of the calculation bases used is also done.

With respect to group pension insurance contracts, the basis for calculation was changed with effect as of 1 January 2008, including new assumptions for life expectancy and marital status. With respect to existing individual pension insurance contracts, a calculation base that dates further back is used for large parts of the portfolio.

The bases for calculation of disability risk are of a more recent date and take into account the increase in disability observed in society in general. New premium rates for group disability pensions were introduced by the company in 2005. With respect to municipal schemes, new premium rates were introduced with effect as of 1 January 2004.

A base rate is used to calculate the present value of future premiums, benefits and insurance provisions. The maximum base rate at any given time is set by Kredittilsynet, and is stipulated by reference to the long-term government bond yield. With effect as of 1 January 2006 the maximum base rate for new contracts is 2.75 per cent. For contracts signed before 1 January 2006 the base rate is generally between 3 and 4 per cent.

Liability adequacy test

In accordance with IFRS 4 an annual liability adequacy test is carried out to assess the level of premium reserves in relation to the recognised liabilities to policyholders. The test is described in detail in note 30.

Subordinated loan capital

Subordinated loan capital is carried at amortised cost. Subordinated loan capital in foreign currencies is translated into Norwegian kroner at the exchange rates prevailing at the balance sheet date. Both realised and unrealised exchange gains/losses on the subordinated loan capital are recognised in the income statement as financial income or expenses. Interest paid is recognised in the income statement as "Other costs" in the non-technical accounts.

Taxes

Taxes for the year comprise payable taxes for the financial year, changes in deferred taxes on temporary differences and changes in deferred tax in our real estate subsidiaries. Deferred tax is calculated on the basis of differences between income and expenses for tax purposes and for financial reporting, expected to be offset in the future. Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

In accordance with IAS 12 deferred tax is not recognised for deductible temporary differences on investments in real estate entities where the timing of the reversal of the temporary differences is expected to be controlled by Vital Forsikring ASA and the assets are not used in Vital's business.

Taxable and deductible temporary differences expected to reverse in the same period are offset and recorded net. Net deferred tax assets are recorded in the balance sheet to the extent it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Details are set out in note 10.

Unrealised losses on investments covered by the market value adjustment reserve (financial current assets) have been assessed as to whether the tax exemption method applies. Unrealised losses under the tax exemption method are treated as permanent differences. Unrealised losses relating to investments in the unit-linked portfolio are treated in their entirety as temporary differences in the same manner as temporary differences relating to policyholder liabilities for the same portfolio.

Pensions

Defined benefit schemes

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

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

Pension obligations which are administered through life insurance companies are matched against plan assets (pension funds) within the scheme. When total plan assets exceed the estimated pension liabilities at the balance sheet date, the net total is classified as an asset in the balance sheet if it is probable that the overfunding can be utilised to cover future obligations. When pension liabilities exceed plan assets, the net total is classified as a liability in the balance sheet. Each scheme is considered separately.

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

Pension liabilities are the present value of expected future pension payments required to settle the obligations resulting from employee service in the current and previous periods, measured at the balance sheet date. The calculation of pension liabilities is based on actuarial and economic assumptions about life expectancy, estimated future salary increases and early retirement.

The discount rate used is determined by reference to market yields on the balance sheet date on 10-year government bonds, plus an addition that takes into account the relevant maturity of the liabilities.

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

The financial effects of changes in pension schemes are recorded as income or charged to expense on the date of the change, unless the rights under the new pension scheme are conditional on the employee remaining in service for a specified period. Pension expenses are based on assumptions determined at the start of the period. Expenses in connection with the accumulation of pension rights are classified as personnel expenses in the income statement. Pension expenses and pension commitments include employment tax.

The company's pension schemes are administered through the company itself. No eliminations are made with respect to the company's pension liabilities and pension funds in the balance sheet or for premium income in the income statement.

Equity

The "Fund for risk-smoothing" and the "Unrealised gains reserve" were introduced in the financial statements upon transition to the new Insurance Act. Allocations to the reserves are done in connection with the year-end adjustments.

Fund for risk-smoothing

Under the new Insurance Act a risk result deficit must be covered by the insurance company's equity, while a profit is to be credited to the policyholders. The purpose of the fund for risk-smoothing is to absorb risk result fluctuations over time, so that the result (within specified restrictions) can be offset against the fund for risk-smoothing.

Reserve for unrealised gains

The reserve for unrealised gains corresponds to the sum of unrealised gains on financial assets included in the corporate portfolio and is a parallel to the market value adjustment reserve in the collective portfolio.

Cash flow statement

The cash flow statements show cash flows grouped according to source and use. Cash is defined as cash, deposits with central banks and deposits with credit institutions.

Note 2 – Important accounting estimates and judgement

The preparation of the financial statements requires management to make estimates, judgements and assumptions that influence the effect of accounting policies applied. In turn, this affects the reported amounts of assets and liabilities, income and expenses. Estimates and evaluations are subject to continual evaluation and are based on past experience and other factors, including expectations of future events believed to be probable at the date of the balance sheet. During 2008, international financial markets and the global economy underwent a transition from high activity levels and prosperity to a financial turmoil and substantial downturn. This sudden shift has had serious repercussions, and future developments remain highly uncertain. The current financial instability increases the uncertainty surrounding some of the assumptions and expectations underlying the preparation of the various estimates.

Valuation of investment properties

The property portfolio in the collective portfolio is carried at fair value. During 2008 the property market has been characterised by low liquidity and considerable uncertainty. For valuation purposes, few transactions for comparable commercial properties have been completed in the market. The valuations are therefore to a greater extent based on assumptions which the company expects the market to apply in valuing investment properties. Vital Forsikring's own model based on discounted cash flows has been used in valuing the property portfolio in Norway. Changes in the estimated yield and the expected level of future rental income subsequent to the contract period, may lead to a significant change in the value of the property portfolio. See note 15 -Investment properties.

Fair value of financial derivatives and other financial instruments

The fair value of financial instruments not traded in an active market is determined by using different valuation techniques. The company assesses and chooses methods and assumptions which, as far as possible, are based on market conditions at the balance sheet date. When valuing financial instruments for which observable market data is not available, the company will make assumptions as to what the market would apply in valuing a corresponding financial instrument. The evaluations require extensive use of judgement in calculating liquidity risk, credit risk and volatility. Changes in these factors may affect the fair value of the company's financial instruments. See also note 19 and note 18.

The fair value of private equity (PE) funds has been calculated using the EVCA-method. At the balance sheet date the company did not have access to the accounting figures as at 31 December 2008 for companies included in the PE funds. The valuations are therefore based on accounting figures for previous periods. Due to considerable market movements in the fourth quarter there is uncertainty as to whether reported values represent the actual development in the value of the PE funds. The company has adjusted to this uncertainty by calculating fair value based on changes in equity prices and the corresponding correlations to the PE portfolio. If the estimated correlation in the valuations deviates from the actual correlation, this might have a significant impact on the value of PE funds. Refer to note 18.

Financial assets and insurance liabilities – unit-linked portfolio

Investments in the unit-linked portfolio and insurance liabilities in life insurance - separate unit-linked portfolio cover business in unit-linked products. IFRS 4 only applies to products defined as insurance contracts. In order to be defined as an insurance contract the insurance risk must represent a significant part of the product's total risk. There is also a requirement as to separate insurance risk from financial risk, and the insurance contract must refer to specified uncertain future events or future benefits. According to the Insurance Act regulations, Vital Forsikring is only able to take over defined contribution pension schemes with an adequate insurance element. The assets are owned by Vital which has a corresponding obligation to the policyholders. In addition, the tax consequences of these investments fall upon the owner.

Note 3 – Combined items - income statement and balance sheet

Combined items - investments	Company portfolio	Collective portfolio	Unit-linked portfolio	Total
Buildings and other real estate				
Investment properties	0	32 383	0	32 383
Subsidiaries, associates and jointly controlled entities				
Shares and interests in subsidiaries, associates and jointly controlled entities	93	92	0	184
Financial instruments at amortised cost				
Investments held-to-maturity	0	57 089	0	57 089
Financial instruments at fair value				
Shares and mutual funds (incl. shares and mutual funds carried at cost)	11 278	15 686	8 456	35 420
Bonds and other securities with a fixed return	0	72 841	4 367	77 208
Loans and receivables	0	3 904	0	3 904
Financial derivatives	106	5 538	0	5 644
Other financial assets	1 023	6 161	3 631	10 816
Total investments as at 31 December 2008	**12 499**	**193 694**	**16 454**	**222 647**

Combined items - liabilities	
Provisions	
Pension liabilities etc	157
Tax liabilities	
Income tax payable	28
Deferred tax liability	584
Total provision for liabilities at 31 December 2008	**768**
Liabilities	
Direct insurance - liabilities	126
Reinsurance - liabilities	15
Liabilities to credit institutions	635
Financial derivatives	7 950
Other liabilities	1 542
Total liabilities at 31 December 2008	**10 269**
Accrued expenses and prepaid income received	
Other accrued expenses and prepaid income received	503

Combined items - income statement

Net income from investments	Company	Collective	Unit-linked	Total
Income from investments in subsidiaries, associates, and jointly controlled entities	23	3	0	25
Interest income and dividends etc on financial assets*)	749	4 252	107	5 109
Net operating income from real estate	0	1 604	47	1 651
Changes in fair value on investments	63	(4 642)	(4 701)	(9 280)
Realised gains and losses on investments	(11)	(1 315)	66	(1 259)
Interest expenses	(111)	0	0	(111)
Total net income from investments at 31 December 2008	**713**	**(97)**	**(4 481)**	**(3 865)**

*) Of which interest income from HTF of NOK 2 813 mill

Note 4 – Profit analysis - allocation to policyholders and owner

Income statement by class of business *NOK million*	**Profit model**	**Modified profit model**	**Profit model - former rules**	**Contracts not eligible for profit allocation**	**Investment choice (unit-linked)**	**Defined benefit with-out invest-ment choice**
Policyholders						
Investment result	(8)	0	19	0	0	(14)
Risk result	50	(1)	(42)	0	0	(98)
Administration result	0	0	(4)	0	0	0
Risk profit	0	0	0	0	0	0
Premium for guaranteed interest	0	0	0	0	0	0
Total result policyholders	**42**	**(1)**	**(27)**	**0**	**0**	**(113)**
Company						
Investment result	(12)	(1)	17	(4)	33	(60)
Risk result	(1)	1	(45)	(1)	9	98
Administration result	4	(2)	39	(3)	(86)	54
Risk profit	0	0	0	0	(4)	147
Preminum for guaranteed interest	6	0	0	0	0	284
Total result company/ Comprehensive income	**(3)**	**(2)**	**10**	**(9)**	**(48)**	**524**
Total result policyholders and owner/technical insurance result	**39**	**(3)**	**(17)**	**(9)**	**(48)**	**411**

Income statement by class of business *NOK in million*	**Defined benefit with investment choice**	**Paid-up policies**	**Defined contribution without invest-ment choice**	**Defined contribution with invest-ment choice**	**Contracts not eligible for profit**	**Total 2008**
Policyholders						
Investment result	0	0	0	0	0	(3)
Risk result	0	10	0	0	0	(82)
Administration result	0	0	0	0	0	(4)
Risk profit	0	0	0	0	0	0
Premium for guaranteed interest	0	0	0	0	0	0
Total result policyholders	**0**	**10**	**0**	**0**	**0**	**(89)**
Company						
Investment result	0	(46)	0	(39)	0	(113)
Risk result	0	(10)	0	0	3	54
Administration result	0	34	0	(166)	(18)	(144)
Risk profit	0	0	0	0	0	143
Premium for guaranteed interest	0	0	0	(12)	0	278
Total result company/ comprehensive income	**0**	**(23)**	**0**	**(216)**	**(15)**	**218**
Total result policyholders and owner/technical insurance result	**0**	**(13)**	**0**	**(216)**	**(15)**	**131**

Note 5 – Profit analysis - by class of business

Results by class of business	Profit model	Modified profit model	Profit model - former rules	Contracts not eligible for profit allocation	Investment choice (unit-linked)	Defined benefit without investment choice
Premium income	1 618	0	1 686	49	1 387	12 653
Net income from investments in collective portfolio	(14)	(0)	79	2	0	(4)
Net income from investments in portfolio with investment choice	0	0	0	0	(3 910)	0
Other insurance related income	(0)	0	39	0	14	39
Claims	(694)	(4)	(13 015)	(84)	(2 129)	(4 249)
Changes in insurance liabilities recognised in the income statement	(896)	7	11 755	37	0	(7 223)
Changes in investment portfolio recognised in the income statement	0	0	0	0	4 971	0
Funds allocated to insurance contracts - contractual obligations	42	(1)	(26)	0	0	(113)
Insurance related operating expenses	(64)	(3)	(484)	(7)	(392)	(492)
Other insurance related expenses	0	0	(18)	0	0	(150)
Technical insurance result	**(7)**	**(2)**	**15**	**(3)**	**(59)**	**461**

Results by branch	Defined benefit with investment choice	Paid-up policies	Defined contribution without investment choice	Defined contribution with investment choice	Contracts not eligible for profit	Total 2008
Premium income	0	548	0	2 495	309	20 744
Net income from investments in collective portfolio	0	(158)	0	0	0	(97)
Net income from investments in portfolio with investment choice	63	0	0	(635)	0	(4 481)
Other insurance related income	0	1	0	(12)	0	81
Claims	0	(2 230)	0	(498)	(228)	(23 130)
Changes in insurance liabilities recognised in the income statement	0	2 054	0	0	(103)	5 631
Changes in investment portfolio recognised in the income statement	0	0	0	(1 321)	0	3 650
Funds allocated to insurance contracts - contractual obligations	0	10	0	0	0	(89)
Insurance related operating expenses	0	(213)	0	(223)	(62)	(1 940)
Other insurance related expenses	0	(35)	0	(36)	0	(239)
Technical insurance result	**63**	**(23)**	**0**	**(230)**	**(84)**	**131**

Note 6 – Claims paid

NOK million	Individual endow-ment insurance	Individual annuity and pension insurance	Group life insurance	Group pension insur-ance private	Group pension insur-ance public	Group associa-tion insurance	Invest-ment choice (unit-linked)	Non-life insur-ance	Total 2008
Insurance claims	(779)	(3 056)	(223)	(3 459)	(879)	(198)	(538)	(12)	(9 143)
Surrenders/withdrawal	(6 283)	(1 700)	0	(47)	(1)	(4)	(2 233)	0	(10 269)
Reinsurance proportion	0	0	52	146	0	0		0	199
Total claims paid 2008	**(7 062)**	**(4 756)**	**(170)**	**(3 360)**	**(879)**	**(202)**	**(2 771)**	**(12)**	**(19 213)**

Note 7 – Transfer of insurance funds

NOK million	Individual endowment insurance	Individual annuity and pension insurance	Group life insurance	Group pension insurance private	Group pension insurance public	Group association insurance	Investment choice (unit-linked)	Total 2008
Recognised in the income statement								
Received premium reserves	108	304	0	1 182	1 517	0	400	3 512
Additional statutory reserves received	0	9	0	202	192	0	0	403
Total funds received	**108**	**313**	**0**	**1 385**	**1 709**	**0**	**400**	**3 915**
Paid premium reserves	(1)	(219)	0	(1 999)	(146)	(159)	(625)	(3 149)
Paid additional statutory reserves	(1)	(48)	0	(125)	(16)	(10)	0	(198)
Outflow of market value adjustment reserve	(0)	(2)	0	(31)	0	(0)	0	(33)
Total funds paid	**(2)**	**(268)**	**0**	**(2 155)**	**(161)**	**(169)**	**(625)**	**(3 380)**
Net transfers recognised in the income statement 2008	**106**	**45**	**0**	**(770)**	**1 548**	**(168)**	**(225)**	**535**
Recognised in the balance sheet								
Received premium fund/ deposit fund/pensioners surplus fund	0	0	0	796	164	0	0	960
Paid premium fund/ deposit fund/pensioners surplus fund	0	(30)	0	(82)	(35)	0	0	(147)
Net transfers recorded in the balance sheet 2008	**0**	**(30)**	**0**	**713**	**129**	**0**	**0**	**812**
Additions/departures								
No. of customers/contracts, additions	0	6 859	203	240	22	24	938	8 286
No. of customers/contracts, departures	269	4 818	104	131	16	596	557	6 491

Note 8 – Premiums written

NOK million	Individual endow-ment insurance	Individual annuity and pension insurance	Group life insurance	Group pension insurance private	Group pension insurance public	Group associa-tion insurance	Non-life insurance	Total 2008	Total 2007
Premiums written	2 068	455	19	443	0	0	0	**2 986**	
Transfers from premium reserves etc. (1)	202	499	0	1 293	1 517	0	0	**3 512**	
Total premiums written 2008	**2 270**	**954**	**19**	**1 736**	**1 517**	**0**	**0**	**6 497**	
Total premiums written 2007	5 893	959	134	2 090	854	13	0		9 943
(1) Of which collective portfolio	108	304	0	1 183	1 517	0	0	3 112	
(1) Of which unit-linked	94	195	0	110	0	0	0	400	

Note 9 – Net income from investments

NOK million	Company portfolio	Collective portfolio	Total
Interest lending	0	55	55
Interest bank deposits	72	298	370
Interest bonds	0	2 618	2 618
Interest bonds amortised cost	0	2 813	2 813
Interest derivatives	(1)	(106)	(107)
Interest shares and mutual funds	674	169	843
Dividends	5	754	759
Total interest and dividends	**750**	**6 602**	**7 351**
Value change real estate	0	(1 967)	(1 967)
Value change shares and mutual funds	(63)	(6 430)	(6 493)
Value change bonds	0	4 620	4 620
Value change bonds carried at amortised cost*)	0	1 179	1 179
Value change derivatives	106	(2 535)	(2 428)
Value change lending	0	528	528
Other value changes	(110)	3	(107)
Total value changes including foreign exchange movements	**(67)**	**(4 601)**	**(4 668)**
*) value change currency			
Profit on real estate	1	1 658	1 659
Profit on shares and mutual funds	10	(4 575)	(4 565)
Profit on bonds	0	8	8
Profit on derivatives	0	3 191	3 191
Amortisation of bonds at amortised cost	0	(41)	(41)
Currency gains shares	20	(390)	(370)
Currency gains bonds	0	711	711
Currency gains bonds at amortised cost	0	2	2
Currency gains derivatives	0	(2 920)	(2 920)
Currency gains loans	0	7	7
Currency gains sundry items	-1	171	171
Other financial income and expenses	0	80	80
Total realised gains	**30**	**(2 098)**	**(2 068)**
Total net income from investments:	**713**	**(97)**	**616**
Net income from investments in the unit-linked portfolio:			**(4 481)**
Total net income from investments			**(3 865)**

Net income from derivatives in the company and collective portfolios divided by type:

NOK million	**2008**
Equity derivatives	3 384
Interest rate derivatives	47
Currency derivatives	(5 696)
Total derivatives at fair value	**(2 2 65)**

Note 10 – Insurance related operating costs

NOK million	**2008**
Management costs	163
Sales costs	560
Changes in pre-paid direct sales costs	0
Insurance related administration costs	1 235
Reinsurance commissions and profit shares	(17)
Total insurance related operating costs	**1 940**

Details of sales costs

NOK million	**2008**	**2007**
Salaries and personnel costs	206	210
Other selling costs	64	102
Commission	290	359
Total sales costs	560	671

Provisions

NOK million	**2008**	**2007**
Restructuring provision as at 1 January	12	16
Utilised	(12)	(4)
Restructuring provision as at 31 December	0	12

Note 11 – Number of employees/full-time positions

	2008	**2007**
Number of employees at 31 December	921	898
Number of employees calculated on a full-time basis as at 31 December	882	864
Average number of employees	910	889
Average number employees calculated on a full-time basis	873	853

Note 12 – Pension benefit obligation and pension costs

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

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

Vital has adopted the contractual pension (CPA) scheme for the banking and financial services industry. Provisions have thus been made in the accounts to cover anticipated future CPA acceptance. Upon retirement under a contractual pension agreement, employees continue as members of the group pension scheme, earning benefits until ordinary retirement age.

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

Note 12 – Pension benefit obligation and pension costs(continued)

Economic assumptions	Expenses		Commitments	
	2008	2007	31 December 2008	31 December 2007
Discount rate 1)	4.70 %	4.50 %	3.80 %	4.70 %
Expected return	5.80 %	5.60 %	5.80 %	5.80 %
Expected salary increases	4.50 %	4.50 %	4.00 %	4.50 %
Expected adjustment in basic amount (G)	4.25 %	4.25 %	3.75 %	4.25 %
Expected pension increases	2.25 %	2.25 %	2.00 %	2.25 %
Expected CPA acceptance	35 %	35 %	35 %	35 %
Demographic assumptions on mortality 3)	K2005	K2005	K2005	K2005

1) The discount rate used is estimated on the basis of a ten-year treasury bond interest rate at the balance sheet date with an addition that take into account the relevant duration of the pension liabilities.
2) The expected return on pension funds is based on the discount rate used with a risk premium that reflects the expected asset allocation over time. The risk premium is estimated at 2%.
3) Statistical mortality assumptions are in accordance with statistics from 1963 and 2005.

Pension costs		2008			2007	
NOK million	Funded	Unfunded	Total	Funded	Unfunded	Total
Present value of pension entitlements 1)	52	12	64	55	7	62
Interest cost on pension liabilities	60	8	68	61	5	65
Expected return on pension funds	(71)	(1)	(72)	(69)	0	(69)
Changes in pension schemes	0	0	0	0	0	0
Unrecognised actuarial gains and losses	9	1	10	10	1	11
Administration costs	2	0	2	2	0	2
Effect of change in accounting policies	0	0	0	(24)	0	(24)
Net pension cost	**51**	**20**	**71**	**35**	**12**	**47**

1) including employer's national insurance contribution.

Net pension liabilities		31 December 2008			31 December 2007	
NOK million	Funded	Unfunded	Total	Funded	Unfunded	Total
Accrued pension liabilities	1 131	179	1 310	1 112	82	1 195
Estimated effect of future salary increases	198	57	255	253	29	282
Gross pension liabilities	**1 329**	**235**	**1 565**	**1 365**	**111**	**1 476**
Plan assets at fair value	1 283	0	1 283	1 247	0	1 247
Net pension liabilities	**46**	**235**	**282**	**118**	**111**	**229**
Unrecognised actuarial gains and losses	(249)	(112)	(360)	(288)	(10)	(298)
Employer's national insurance contribution	7	33	40	17	16	32
Net book value pension liabilities / (assets)	**(196)**	**157**	**(39)**	**(153)**	**117**	**(37)**

Overfunding in pension schemes financed through investment funds amounted to NOK 196 million at 31 December 2008 and underfunding in such schemes amounted to NOK 157 million.

Pension liabilities		31 December 2008			31 December 2007	
NOK million	Funded	Unfunded	Total	Funded	Unfunded	Total
Opening balance	1 295	181	1 476	1 384	107	1 491
Changes in pension schemes	0	0	0	0	0	0
Current service costs	46	10	56	49	5	54
Interest costs	60	8	68	61	5	65
Benefits paid	(52)	(14)	(66)	(53)	0	(53)
Unrecognised actuarial gains and losses	(20)	50	30	(76)	(6)	(82)
Closing balance	**1 329**	**235**	**1 565**	**1 365**	**111**	**1 476**

Note 12 – Pension benefit obligation and pension costs (continued)

Pension funds	**31 December 2008**			**31 December 2007**		
NOK million	**Funded**	**Unfunded**	**Total**	**Funded**	**Unfunded**	**Total**
Opening balance	1 223	24	1 247	1 251	0	1 251
Changes in pension schemes	0	0	0	0	0	0
Expected return	71	1	72	69	0	69
Contribution by employer	48	0	48	42	0	42
Benefits paid	(52)	0	(52)	(53)	0	(53)
Unrecognised actuarial gains and losses	(7)	(26)	(32)	(62)	0	(62)
Closing balance	**1 283**	**0**	**1 283**	**1 247**	**0**	**1 247**

Premium transfers in 2009 are estimated at NOK 52 million.

Members	**31 December 2008**	**31 December 2007**
Number of persons covered by the pension schemes	1 629	1 452
of which in employment	960	784
of which on retirement and disability pensions	669	668

Financial investments	**31 December 2008**	**31 December 2007**
Bonds and commercial papers at fair value	29.9 %	21.6 %
Bonds held to maturity	28.8 %	27.7 %
Money market	14.0 %	7.5 %
Equities	3.8 %	24.8 %
Real estate	16.8 %	15.7 %
Other	6.7 %	2.8 %
Total	**100.0 %**	**100.0 %**

Actual return	**31 December 2008**	**31 December 2007**
Actual return	1.7 %	11.8 %

Past developments	**31 December 2008**	**31 December 2007**	**31 December 2006**	**31 December 2005**
Gross pension liabilities	1 565	1 475	1 483	1 337
Plan assets at fair value	1 283	1 247	1 245	1 178
Unrecognised actuarial gains and losses	(360)	(298)	(285)	(203)
Deficit / (surplus)	**(79)**	**(69)**	**(47)**	**(43)**

The following estimates are based on facts and circumstances as at 31 December 2008, assuming all other parameters constant. Actual results may deviate significantly from these estimates.

Sensitivity analysis for pension calculation	**Discount rate**		**Future annual salary increase**		**Future annual pension increase**		**Retirement rate**	
Change in percentage points	1 %	(1 %)	1 %	(1 %)	1 %	(1 %)	1 %	(1 %)
Percentage change in pension								
Pension liabilities PBO	15 - 17	15 - 17	9 - 11	9 - 11	11 - 13	11 - 13	1 - 2	1 - 2
Net pension cost for the period	16 - 18	17 - 19	19 - 21	17 - 19	17 - 19	15 - 17	1 - 2	1 - 2

A reduction in the discount rate will, as an isolated factor, result in an increase in pension liabilities. A one percentage point change in the discount rate will cause a change in the pension liabilities of 15 to 17 per cent. An increase in future salary increase and future pension increase will also cause an increase in the pension liabilities.

Note 13 – Taxes

Calculation of taxable profit	2008	2007
NOK million		
Profit before tax	644	1 909
Permanent differences	844	(7 243)
Received group contribution	0	6 455
Changes in temporary differences	(237)	(396)
Utilisation of tax losses carried forward	(767)	(726)
Utilisation of credit allowance	(387)	0
Taxable profit	**98**	**0**
Tax payable (28%)	28	0
Calculation of deferred tax		
Taxable temporary differences		
Real estate	96	3 132
Securities	1 214	75
Long-term receivables and debts in foreign currencies	634	234
Gains and losses account	396	389
Surplus on funded pension scheme	196	153
Total taxable temporary differences	**2 537**	**3 983**
Deductible temporary differences		
Pension liabilities	157	117
Fixed assets	83	88
Other	214	325
Deductible temporary differences	**453**	**530**
Loss carried forward	0	767
Credit allowance carried forward	0	387
Total loss and credit allowance carried forward	**0**	**1 154**
Basis for deferred tax/ deferred tax asset	**(2 084)**	**(2 300)**
Deferred tax (28%)	**(584)**	**(644)**
Taxes		
Tax payable	(28)	0
Changes in deferred tax	114	(359)
Changes in deferred tax relating to changes in estimates previous years	(53)	600
Net change in deferred tax from demerger of investment properties as of 1.1.08	(198)	0
Tax on group contribution received	(159)	1 848
Changes in deferred tax on subsidiaries accounted for using the equity method	(102)	(15)
Tax charge (-) / income (+) reported in the income statement	**(426)**	**2 074**
Reconciliation of tax charge against ordinary result before tax		
Profit before tax	644	1 909
Expected income tax at nominal rate (28 %)	(180)	(535)
Tax effect of:		
Realised/unrealised gains and losses shares/mutual funds	(51)	1 304
Change in fair value of indirectly owned real estate	(581)	456
Dividends received	151	183
Adjustments in respect to current income tax of previous years	31	601
Other permanent differences	203	65
Tax income (+) / charge (-)	**(426)**	**2 074**
Effective income tax rate	66 %	(109 %)

*) Recorded deferred tax as at 31 December 2007 relating to demerged investment properties was NOK 792 million. The demerger was implemented with effect as of 1 January 2008. In accordance with IAS 12 this provision was reversed in full as at 31 December 2008. Policyholders in the collective portfolio have been allocated NOK 198 million in tax compensation relating to the potential reduction in the property companies' market value in the event of a potential future sale. The main reason for this potential reduction in proceeds is reduced tax depreciations. The compensation is included in the tax charge for 2008 at NOK 198 million.

Note 14 – Pricing categories

	31 December 2008		31 December 2007	
Commercial papers and bonds held to maturity *NOK million*	**Capitalised value**	**Fair value**	**Capitalised value**	**Fair value**
Category 1: Valuation based on quoted prices in an active market	10 054	10 511	10 084	10 044
Category 1: Valuation based on observable market data	45 707	45 419	48 055	46 794
Category 3: Valuation - no relevant market data is available observable market data	0	0	0	0
Certificates and bonds to be held to maturity	**55 761**	**55 930**	**58 139**	**56 838**

The portfolio of commercial papers and bonds comprises securities issued by borrowers with high credit rating. Bonds with government guarantees represented around 30 per cent of the portfolio at year-end 2008. The remaining funds were mainly invested in securities issued by local governments and finance companies with sound credit quality. All investments in bonds issued by finance companies were in the form of senior debt, which ranks highest in the capital structure and has first priority if the issuer goes bankrupt. Only in exceptional cases does the company invest in securities issued by traditional manufacturing companies.

Fair value option – bonds *NOK million*	**31 December 2008**	**31 December 2007**
Category 1: Valuation based on quoted prices in an active market	24 196	31 917
Category 1: Valuation based on observable market data	47 302	13 997
Category 3: Valuation - no relevant market data is available	38	0
Total commercial papers and bonds, fair value option	**71 536**	**45 914**

Fair value option – shares and mutual funds *NOK million*	**31 December 2008**	**31 December 2007**
Category 1: Valuation based on quoted prices in an active market	7 420	32 458
Category 1: Valuation based on observable market data	15 171	19 526
Category 3: Valuation - no relevant market data is available	4 372	3 775
Total shares and mutual funds fair value option	**26 964**	**55 758**

Category 2: Observable market data - main elements in the valuation technique used
Securities not regularly traded on an exchange and which have infrequent or static prices from official price suppliers, such as for example Reuters and Bloomberg. Brokers or other market participants are willing and able to provide prices on the security.

Category 3: Non-observable market data - main elements in the valuation technique used

Securities not traded on an exchange and where prices are not available from official price suppliers, such as for example Reuters and Bloomberg. Brokers or other market participants are not willing and able to provide prices on the security. Valuation is based on the company's financial statements, assets and liabilities.

The main part of the investments within Indirect property, hedge funds and Private Equity is included in pricing category 3.

Vital Forsikring ASA has about NOK 1.2 billion invested in indirect property funds. The funds have a broad composition with regard to segment and geography in order to spread risk across 22 countries in Europe. The largest exposures are to Germany, France and Portugal. The indirect property funds of Vital Forsikring ASA are geared. The average gearing of the indirect property funds is approximately 60%.

Vital Forsikring ASA has investments in hedge funds totalling approximately NOK 1.9 billion as at 31 December 2008. Vital Forsikring ASA's hedge funds are mainly exposed to money markets and stock markets in Europe. The equities exposure varies between the different funds. The exposure of a single fund might also vary over time. The equities exposure in Vital's hedge funds varies between approximately 20% and 100%.

Investments in Private Equity amounted to NOK 2.4 billion as at 31 December 2008. Reference is made to note 2 regarding the aluation of private equity (included in the item Shares and mutual funds in the balance sheet) and to note 18. The value adjustment for the fourth quarter for private equity is estimated at 70% of the decline in value of a broadly composed share index after removal of the effects of the stockmarket fall in the financial sector, which is not considered to be representative for the investments referred to. Based on this valuation a reduction in the value of NOK 400 million has been made in Vital Forsikring ASA. If the correlation had been 100% this would have given a further reduction in value of NOK 295 million.

Note 15 – Investment property

The properties in Vital are part of the life assurance legal reserve and are owned with the intention to achieve long-term returns for policyholders. Vital's property portfolio is recorded at fair value on the balance sheet date. Vital Forsikring values the properties based on internal models and external valuations. In the internal models, the present value of expected cash flows is estimated. Contractual cash flows are discounted using a normalised nominal required rate of return, whereas future non-contractual cash flows are discounted using a required rate of return which includes an extra risk premium. The model stipulates a required rate of return of 6.5 per cent during the contract period and, subsequent to this, 9.5 per cent for office premises. The anticipated inflation rate and the implicit assumption regarding real interest rates are kept unchanged during the two periods. The difference in the required rates of return thus solely reflects an increase in the risk premium. The increase in the risk premium of 3 percentage points is intended to compensate for the shift from a reliable and known cash flow to a cash flow which does not have the same degree of predictability. Hotels and shopping centres are valued using individual required rates of return.

The company bases the calculation of the normalised required rate of return on a risk-free rate of interest, normally a government bond yield with a duration of three to five years, where a relevant risk premium related to the asset class or the project to be valued is subsequently added.

At the end of the fourth quarter a complete review was made of the investment properties, based on the company's own valuation model. The properties in Sweden are valued based on obtained appraisals, while the properties in Norway have been valued using the company's own valuation model. As a supplement to the values in the internal model, appraisals were obtained from two independent, external appraisers for 22 per cent of the property portfolio in Norway. Calculations and recorded values are somewhat higher than the average of the external appraisals, but are still within an acceptable reliability interval of +/- 5 per cent of the average of the external appraisals.

There is a high level of uncertainty and low liquidity in the property market. Weighted return requirements increased by 1 percentage point to 8.8 per cent during 2008. The rental market is still sound, and market rents have levelled off at a high level. Current contractual rent for Vital's wholly-owned properties increased by 7.0 per cent during the year. At year-end 2008, more than 50 per cent of office rental contracts expiring in 2009 had been renegotiated at rental levels which will contribute to further growth in current rental income. Nevertheless, subsequent developments in the real economy in general and employment levels in particular have made developments in future market rents more uncertain. This has resulted in a 7.5 per cent reduction in future market rent in the model. The review resulted in total net loss from fair value adjustments of NOK 3 201 million in the 2008 financial year. The net loss from fair value adjustments for the fourth quarter totalled NOK 1 232 million.

Valuations are particularly sensitive to changes in required rates of return and assumptions regarding future income flows. Other things equal, a 0.25 percentage point change in the required rate of return will change the value of the property portfolio by 3.5 per cent. Other things equal, a 5 per cent change in future market rents will change the value of the property portfolio by 4.2 per cent.

The property portfolio was restructured in 2008, whereby properties that were previously directly owned by Vital Forsikring were demerged in separate subsidiaries. The restructuring entailed that sales were no longer subject to stamp duties, thus contributing to an increase in the value of the portfolio. Viewed isolated, the restructuring resulted in a NOK 806 million increase in the value of investment properties in the first half of 2008, classified as net gains on assets in Vital along with the reduction in value referred to above.

Type building *NOK million*	**City/location**	**Fair value**	**Annual rent per m²**	**Gross lettable area m²**	**Average lease period years**
Offices	Eastern Norway	11 634	1 349	532 385	4.6
Offices	Rest of Norway	3 281	1 277	169 278	3.9
Shopping centres	Oslo/Bergen/Trondheim/elsewhere	7 244	2 195	217 970	4.0
Hotels	Oslo/Bergen/Trondheim/elsewhere	3 593	1 633	158 598	5.3
Abroad	London/Stockholm/Gøteborg/ Malmø	6 429	2 601	175 900	3.8
Other *)	East/West	202	1 800	1 553	( )
Total directly held properties, general/limited partnerships/ companies per 31 December 2008		**32 383**	**1 698**	**1 255 684**	**4.3**
Total directly held properties, general/limited partnerships/companies per 31 December 2007		32 901	1565	1 155 467	4.1
Change in 2008		518	133	100 217	0.2

Investment properties ownership form*)	**31.12.08**	**31.12.07**
Directly owned properties	202	20 286
Properties owned by subsidiary limited companies	26 302	9 931
Properties owned by subsidiary general/limited partnerships	5 879	2 691
Total	**32 383**	**32 908**

*) Properties presented as Investment property irrespective of ownership form.

Note 15 – Investment property (continued)

Direct return	31.12.2008	31.12.2007
Rental income	2 001	1 935
Operating expenses	(389)	(386)
Net rental income	1 612	1 549

Additions/disposals of real estate last 5 years	2008	2007	2006	2005	2004
- Additions	2 488	1 002	1 500	2 198	1 769
- Disposals (proceeds)	933	529	1 071	532	422

Additions/disposals and value adjustment in recent years *NOK million*	
Cost	21 388
Remeasurement	11 513
Net book value at 1 January 2008	**32 901**
Additions, acquisition of new properties	1 680
Additions, subsequent expenditure	809
Additions, acquisition of other companies	0
Reclassification from shares	0
Net gain from fair value adjustment	(2 395)
Disposals	(933)
Exchange rate movements	321
Net book value at 31 December 2008	**32 383**

Projects, expected completion	2009	2010	2011
Contractual commitments for acquisiton and construction of property	612	1 223	586

Note 16 – Shares in subsidiaries and associates

Subsidiaries *NOK thousand*	Registered office	Ownership interest	Voting power	Acquisition cost	Book value 31.12.07	Share of profit *	Book value 31.12.08
Storbyen Drift AS	Bergen	100%	100%	241	(322)	4	(318)
Sandvika Torg AS	Bergen	100%	100%	101	77	(1)	76
Roald Amundsensgt 6 AS	Bergen	100%	100%	100	73	0	73
Sørlandssenteret Drift AS	Bergen	100%	100%	950	261	61	322
Royal Christiania Hotel AS	Bergen	100%	100%	104	99	(1)	98
Senterselskapet AS	Bergen	100%	100%	5 702	6 586	14 767	21 353
Tollbugaten 32 AS	Bergen	100%	100%	100	72	0	72
Storbyen Eiendom AS	Bergen	100%	100%	101	84	0	84
Admiral Hotel AS	Bergen	100%	100%	102	90	0	90
Vital Eiendomsandeler AS	Bergen	100%	100%	3 000	3 870	180	4 051
Vital Pekon AS	Bergen	100%	100%	15 410	11 774	6 575	18 349
Vital Eiendom AS	Bergen	100%	100%	30 043	28 705	29 544	58 248
Vital Sparing AS	Bergen	100%	100%	56 256	41 309	4 145	45 454
Vital Eiendomsforvaltning AS	Bergen	100%	100%	3 000	4 259	217	4 475
Vital Handelsparker AS	Bergen	100%	100%	120	120	(120)	0
Snorre Finansrådgivning AS	Drammen	56%	56%	10 973	10 973	(484)	10 489
Total shareholdings in subsidiaries				**126 302**	**108 029**	**54 887**	**162 916**

Note 16 – Shares in subsidiaries and aassociates (continued)

Associates	Registered office	Ownership interest	Voting power	Acquisition cost	Book value 31.12.07	Share of profit *	Book value 31.12.08
Ferd. Storjohanns Sønner AS	Bergen	32%	32%	13 650	16 354	0	16 354
Norsk Pensjon AS	Bergen	25%	25%	5 000	5 000	0	5 000
Sørlandssenteret AS	Bergen	40%	40%	20	28	(28)	0
Total shareholdings in associates				**18 670**	**21 382**	**(28)**	**21 354**
Total shareholdings in subsidiaries/associates				**144 972**	**129 411**	**54 859**	**184 270**

Of which:				
Collective portfolo	83 546	72 959	18 704	91 663
Company portfolio	61 426	56 452	35 635	92 087
Total shareholdings in subsidiaries/ associates	**144 972**	**129 411**	**54 859**	**184 270**

* Share of profit comprise a share of the subsidiary / associate's profit and other changes during the period.

Gross book value of investments in subsidiaries

NOK million	**31.12.08**
Total assets in subsidiaries	229 355
Total liabilites in subsidiaries	(93 642)
Net equity in subsidiaries	**135 713**

Note 17 – Commercial papers and bonds - held to maturity

Commercial papers and bonds classified as held to maturity in totalled NOK 57 089 million as at 31 December 2008. Vital's portfolio comprises securities issued by borrowers with high credit rating. Bonds with government guarantees represented around 30 per cent of the portfolio at year-end 2008. The remaining funds were mainly invested in securities issued by local governments and finance companies with sound credit quality. All investments in bonds issued by finance companies were in the form of senior debt, which ranks highest in the capital structure and has first priority if the issuer goes bankrupt. Only in exceptional cases does the company invest in securities issued by traditional manufacturing companies. The composition of the portfolio is set out below.

NOK million	Nominal value *	Book value	Fair value 31.12.2008
Government/government-guaranteed	16 134	16 435	16 871
Government enterprises	1 928	1 937	1 998
Local governments	4 967	4 968	5 081
Financial institutions	26 718	26 782	26 857
Other issuers	5 628	5 639	5 123
Total bonds and commercial papers held to maturity	55 376	55 761	55 930
Accrued interest		1 328	1 328
Total bonds and commercial papers held to maturity incl. accrued interest	**55 376**	**57 089**	**57 257**
Of which listed securities			55 %

Duration	
Norwegian bonds	4.96
International bonds	4.35
Average effective yield	4.97

* Nominal value is stated at historic foreign exchange rate.

The effective yield for each security is calculated using book value. The average effective yield for the total portfolio is calculated on the basis of each security's share of the total interest rate sensitivity.

Note 17 – Commercial papers and bonds - held to maturity (continued)

Bonds and commercial papers specified by currency *NOK million*	**Nominal value ***	**Book value**	**Fair value 31.12.2008**
NOK	49 334	49 565	49 609
EUR	5 552	5 706	5 815
USD	490	490	506
Total	**55 376**	**55 761**	**55 930**

Bonds and commercial papers - maturity profile
NOK million

	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
NOK	1 000	370	4 860	16 794	26 541	49 565
EUR	0	0	0	4 188	1 518	5 706
USD	0	0	0	490	0	490
Total	**1 000**	**370**	**4 860**	**21 472**	**28 059**	**55 761**

Changes in holdings during financial year
NOK million

Opening balance at 1 January 2008	58 139
Purchases	6 899
Disposals	(10 416)
Amortisation adjustment	(41)
Foreign exchange adjustment	1 179
Closing balance at 31 December 2008	**55 761**

Note 18 – Investments in shares, mutual funds, PCC's at fair value through profit and loss

Shares and mutual funds include money market funds

Norway
NOK thousand

Financial institutions and insurance	**Number of shares**	**Ownership share**	**Acquisition cost**	**Fair value**
Acta Holding ASA	144 203	0.06	5 065	361
Aktiv Kapital ASA	250 685	0.53	25 347	9 275
Storebrand ASA	2 170 947	0.48	81 567	36 363
Total Financial institutions and insurance companies			**111 979**	**45 999**

Other Norwegian shares	**Number of shares**	**Ownership share**	**Acquisition cost**	**Fair value**
Aker ASA	128 871	0.18	44 006	17 655
Aker Solutions ASA	1 279 807	0.47	130 635	57 591
Atea ASA	1 411 978	1.48	50 322	23 439
Austevoll Seafood ASA	909 558	0.49	38 999	10 005
Bergens Tidende AS	122 994	7.89	22 315	104 791
BWG Homes ASA	1 609 807	2.44	59 808	4 121
Cermaq ASA	316 948	0.34	23 092	8 367
Copeinca ASA	256 826	0.44	15 709	2 188
Dialog Finansrådgivning AS	464	10.02	3 757	3 757
DNO International ASA	3 293 456	0.36	36 872	14 656
EDB Business Partner ASA	373 026	0.41	13 426	4 999
Ekornes ASA	226 047	0.61	18 932	15 145
Finansnæringens Hus AS	537	25.57	537	16 647
Fløibanen AS	6 000	4.44	22	2 700
Fred Olsen Energy ASA	144 910	0.22	40 189	26 663

Note 18 – Investments in shares, mutual funds, PCC's at fair value through profit and loss

Høyteknologisenteret i Bergen AS	906	3.48	1 106	2 718
Imarex ASA	1 618 707	10.73	96 313	94 290
Kongsberg Gruppen AS	142 519	0.48	49 363	46 746
Lerkendal Stadion AS	8 544	0.00	8 544	8 798
Mamut ASA	1 357 136	2.28	16 938	11 400
Marine Harvest ASA	13 012 507	0.37	16 842	13 663
NMI Frontier Fund KS	54 000	2.11	5 400	5 400
NMI Global Fund KS	81 000	3.17	8 100	8 100
Norsk Hydro ASA	4 548 765	0.36	147 227	126 456
Norsk Mikrofinansinitiativ	75 000	2.94	7 500	7 500
Norske Skogindustrier ASA	1 098 441	0.58	24 564	14 829
Norwegian Air Shuttle ASA	1 667 837	5.15	132 705	61 543
Norwegian Property ASA	6 089 907	3.02	254 834	37 027
Opera Software ASA	1 495 108	1.25	25 471	26 762
Opra Technologies ASA	4 591 500	6.71	20 439	16 070
Orkla ASA	7 899 246	0.77	527 208	359 021
Petroleum Geo-Services ASA	1 966 349	1.09	211 895	54 370
Photocure ASA	130 327	0.59	5 638	2 867
Powel ASA	896 060	4.67	17 685	17 025
Real Estate Central Europe AS	5 000	13.70	17 500	8 750
Renewable Energy Corporation ASA	1 166 564	0.24	109 678	75 243
Rieber & Søn ASA	919 039	1.15	38 446	32 626
Salmar ASA	271 803	0.26	10 640	7 067
Schibsted ASA	242 251	0.35	48 443	20 107
Sevan Marine ASA	1 195 426	0.61	25 683	8 846
Songa Offshore SE	388 946	0.37	11 040	5 134
StatoilHydro ASA	7 251 588	0.23	1 186 685	825 956
Synnøve Finden ASA	516 197	2.40	12 655	6 169
Tandberg ASA	526 987	0.46	39 025	39 735
Telenor ASA	5 120 328	0.31	463 158	237 071
TGS Nopec Geophysical Company ASA	1 514 951	1.42	92 069	52 493
Tomra Systems ASA	1 844 186	1.19	49 021	43 523
TTS Marine ASA	122 220	0.47	3 177	2 017
Veidekke ASA	861 375	0.61	33 976	19 209
Wavefield Inseis ASA	693 549	0.54	34 693	10 403
Yara International ASA	1 317 497	0.45	301 329	195 978
Other Norwegian shares			40 114	9 191
Total other shares			**4 593 722**	**2 826 826**
Total Norwegian shares			**4 705 701**	**2 872 825**
Of which company			**207 354**	**229 607**
Of which collective			**4 498 347**	**2 643 218**

Foreign

Financial institutions and insurance companies	**Number of shares**	**Ownership share**	**Acquisition cost**	**Fair value**
African Bank Investments Ltd	464 882	0.00	10 854	9 049
Aiful Corporation	3 350	0.00	201	65
Airport Facilities Co. Ltd	3 500	0.00	107	151
Akbank TAS	392 277	0.00	8 297	8 506
Aksigorta AS	26 100	0.00	613	339
Banco Bradesco SA	(355)	0.00	(0.0)	(24)
Banco Itau Holding Financeira SA	5 200	0.00	392	422

Note 18 – Investments in shares, mutual funds, PCC's at fair value through profit and loss (continued)

Banco Santander Chile (U.S.)	12 600	0.00	3 327	3 091
BanColombia SA	40 100	0.00	7 611	6 556
Bank Central Asia Tbk PT	416 400	0.00	672	869
Bank Pekao SA	14 708	0.01	5 420	4 386
Banco Santander Chile	5 184 300	0.00	1 169	1 167
BM&F Bovespa SA	98 413	0.00	3 274	1 779
Century Leasing System Inc	14 400	0.00	693	881
Chiba Kogyo Bank Ltd	4 700	0.00	316	460
China Construction Bank Corp	2 440 000	0.00	10 184	9 369
Chinatrust Financial Holding Co Ltd	1 321 501	0.00	4 490	3 919
Commercial International Bank (London Int'l)	19 312	0.00	762	926
Commercial International Bank (U.S.)	5 725	0.00	199	393
Commercial International Bank (Egypt)	10 250	0.00	435	484
Daishi Bank Ltd	16 000	0.00	375	491
Fuyo General Lease Co Ltd	5 500	0.00	966	738
Grupo Financiero Banorte SAB de CV	134 500	0.00	2 712	1 692
Haci Omer Sabanci Holding AS	48 650	0.00	1 110	772
Hang Lung Properties Ltd	98 000	0.00	1 464	1 491
HDFC Bank Ltd	7 400	0.00	3 666	3 699
Hitachi Capital Corp	9 800	0.00	778	840
Hong Kong Exchanges and Clearing Ltd	44 000	0.00	2 844	2 926
Housing Development Finance Corp	9 700	0.00	2 372	2 072
HSBC Holdings Plc	33 644	0.00	2 939	2 240
Hyakugo Bank Ltd	5 000	0.00	174	209
Industrial and Commercial Bank of China Asia Ltd	1 697 000	0.00	6 193	6 255
IRSA Inversiones y Representaciones SA	2 000	0.00	108	61
Investimentos Itau SA	247 392	0.01	7 925	5 950
Kagawa Bank Ltd	21 000	0.00	625	785
Kasikornbank PCL	280 500	0.00	2 746	2 541
KB Financial Group Inc	29 133	0.00	12 633	5 458
Kiatnakin Bank PCL	72 100	0.00	360	123
KK daVinci Holdings	345	0.00	1 229	149
Komercni Banka AS	4 544	0.01	4 434	4 893
Kyokuto Securities Co Ltd	13 000	0.00	382	455
Mega Financial Holding Ltd	1 796 000	0.00	7 197	4 388
Minato Bank Ltd	24 000	0.00	179	258
Mitsubishi UFJ Financial Group Inc	162 400	0.00	8 256	6 887
Chuo Mitsui Trust Holdings Inc	32 000	0.00	993	1 063
Mizuho Financial Group Inc	48	0.00	1 165	955
NIS Group Co Ltd	157 500	0.01	948	511
Osaka Securities Finance Co Ltd	29 900	0.00	476	478
Raysum Co Ltd	102	0.00	238	162
Ricoh Leasing Co Ltd	6 600	0.02	835	823
San-In Godo Bank Ltd	13 000	0.00	592	727
Shinsei Bank Ltd	91 000	0.01	1 038	977
Sm Prime Holdings Inc	2 087 962	0.00	1 896	2 306
Standard Bank Group Ltd	31 145	0.00	2 189	1 958
Sumitomo Mitsui Financial Group Inc	181	0.00	6 695	5 257
Tokio Marine Holdings Inc	16 700	0.97	3 316	3 328
Toyo Securities Co Ltd	10 000	0.00	175	136
Turkiye Is Bankasi	1	0.00	0	0

Turkiye Vakiflar Bankasi Tao	1	0.00	0	0
Yapi ve Kredi Bankasi AS	292 820	0.00	2 903	2 790
Yuanta Financial Holding Co Ltd	89 000	0.00	271	279
Total Financial institutions and insurance companies			**154 420**	**129 914**

Other foreign shares	**Number of shares**	**Ownership share**	**Acquisition cost**	**Fair value**
3M Company	13 317	0.00	5 130	5 365
ABB Ltd	33 417	0.00	3 020	3 425
Acergy SA	1 527 376	0.78	115 653	59 568
Adva AG Optical Networking	321 805	0.70	4 713	3 477
Air Products & Chemicals Inc	6 952	0.00	3 334	2 447
America Movil SAB de CV	37 400	0.00	12 962	8 116
American Electric Power Co Inc	13 310	0.00	2 840	3 102
Amgen Inc	13 996	0.00	4 550	5 660
Anglo American Plc	27 724	0.00	6 277	4 315
Apache Corporation	7 908	0.00	3 978	4 127
Apple Inc	12 020	0.00	7 418	7 184
AstraZeneca Plc	22 768	0.00	5 343	6 434
Asustek Computer Inc	512 015	0.00	5 774	4 020
AT&T Inc	100 371	0.00	16 864	20 030
Axis-Shield Plc	360 308	0.73	10 956	10 197
Barrick Gold Corporation	13 635	0.00	2 671	3 458
BASF SE	18 243	0.00	5 558	4 924
Baxter International Inc	25 969	0.00	9 354	9 745
Becton Dickinson and Company	10 584	0.00	4 568	5 068
Bed Bath & Beyond Inc	18 242	0.01	3 124	3 247
Bezeq Israeli Telecommunication Corp Ltd	525 566	0.02	4 843	6 041
BG Group Plc	54 995	0.00	5 195	5 298
Bharti Televentures	101 050	0.00	10 575	10 391
BHP Billiton Ltd	62 920	0.00	8 324	9 350
BHP Billiton Plc	44 488	0.00	6 278	5 795
Biogen Idec Inc	23 530	0.01	6 244	7 847
BP Plc	237 592	0.00	13 012	12 581
Bristol-Myers Squibb Company	38 228	0.00	5 940	6 223
BW Offshore Ltd	1 168 336	0.26	18 919	5 024
Canadian Natural Resources Ltd	11 169	0.00	2 755	3 088
Canon Inc	18 200	0.00	3 877	3 894
Cap Gemini SA	19 636	0.01	6 368	5 256
Cardinal Health Inc	19 656	0.00	5 243	4 744
Carrefour SA	10 119	0.00	2 520	2 710
Caterpillar Inc	17 607	0.00	6 134	5 507
Centrica Plc	112 929	0.00	3 499	3 024
Chevron Corp	32 399	0.00	15 176	16 781
China BlueChemical Ltd	988 000	0.00	3 220	2 839
China Merchants Holdings International Co Ltd	472 000	0.00	8 051	6 388
China Mobile Ltd	174 500	0.00	10 889	12 266
China Power International Development Ltd	2 182 000	0.00	6 244	3 154
China Shenhua Energy Co Ltd	780 500	0.00	8 291	11 565
China Shipping Development Co Ltd	1 060 000	0.00	8 206	7 374
China Unicom Hong Kong Ltd	519 000	0.00	5 042	4 361
Chubu Electric Power Co Ltd	58 200	0.01	8 032	12 295

Chunghwa Telecom Co Ltd	311 478	0.00	1 300	3 555
Cia Vale Do Rio Doce	107 300	0.00	10 964	8 002
Cisco Systems Inc	83 306	0.00	9 809	9 508
CNOOC Ltd	754 000	0.00	3 502	4 932
Coca Cola Company	34 602	0.00	10 126	10 968
Colgate-Palmolive Company	7 392	0.00	3 248	3 548
Comcast Corp	49 602	0.00	5 643	5 863
ConocoPhillips	24 771	0.00	8 939	8 985
Cooper Industries Inc	15 859	0.02	2 936	3 246
Corning Incorporated	40 966	0.00	3 361	2 734
Cosco Pacific Ltd	978 000	0.00	11 186	6 989
Costco Wholesale Corporation	8 649	0.00	3 206	3 179
Covidien Ltd	39 225	0.00	11 389	9 954
CVS Caremark Corp	44 234	0.01	8 693	8 902
Deere & Co	10 285	0.00	3 608	2 760
Dell Inc	37 391	0.00	3 698	2 681
Devon Energy Corporation	6 408	0.00	3 170	2 948
Diageo Plc	39 427	0.00	3 713	3 814
Dominion Resources Inc	15 257	0.00	3 424	3 829
E.ON AG	35 087	0.01	10 699	9 713
East Japan Railway Company	84	0.00	3 865	4 471
Egyptian Company for Mobile Services	18 438	0.00	3 358	3 440
EI Du Pont de Nemours & Co	13 830	0.00	3 505	2 450
Eli Lilly & Co	9 599	0.00	2 293	2 707
Emerson Electric Co	16 593	0.00	3 964	4 254
Encana Corp	14 867	0.00	3 783	4 803
Enel SpA	95 527	0.00	5 115	4 205
Eni SpA	41 000	0.00	7 226	6 680
Entergy Corporation	5 880	0.00	3 362	3 423
Exelon Co	10 527	0.00	4 006	4 099
Exxon Mobil Corporation	82 831	0.00	38 154	46 301
Far Eastone Telecommunications Co Ltd	707 393	0.00	5 827	5 630
FirstEnergy Corporation	8 970	0.00	3 211	3 051
Fuji Heavy Industries Ltd	175 000	0.02	4 811	3 231
Fujitsu Ltd	92 000	0.00	3 636	3 049
Gazprom OAO	112 400	0.00	24 273	11 215
GDF Suez	16 769	0.00	5 463	5 766
Genentech Inc	19 252	0.00	9 822	11 177
General Electric Company	205 379	0.00	28 323	23 297
Genzyme Corporation	17 921	0.01	7 621	8 328
Gilead Sciences Inc	14 502	0.00	3 729	5 193
GlaxoSmithKline Plc	70 222	0.00	8 106	9 081
Goldcorp Inc	11 756	0.00	2 467	2 560
Google Inc	4 513	0.00	11 597	9 722
Groupe Danone	6 749	0.00	2 586	2 836
Grupo Aeroportuario del Pacifico SAB de CV	16 500	0.00	3 255	2 660
Grupo Modelo SAB de CV	147 000	0.00	4 313	3 254
Grupo Televisa SA	67 800	0.00	9 529	7 093
Harsco Corp	13 586	0.00	1 959	2 633
Hess Corp	10 295	0.00	3 262	3 867
Hewlett-Packard Company	30 060	0.00	7 436	7 638

Hitachi Ltd	220 000	0.01	8 415	5 863
Home Depot Inc	20 828	0.00	3 379	3 357
Honda Motor Company Ltd	28 800	0.00	5 127	4 240
Hyundai Motor Co Ltd	38 900	0.00	9 672	2 952
Iberdrola SA	79 772	0.01	5 090	5 078
Iliad Sa	6 064	0.01	3 164	3 657
Impala Platinum Holdings Ltd	54 622	0.08	8 225	5 585
Infosys Technologies Ltd	45 900	0.00	10 828	7 358
Intel Corporation	90 173	0.00	9 596	9 256
International Business Machines Corporation	18 001	0.00	10 916	10 608
Johnson & Johnson	44 252	0.00	17 768	18 539
Kanto Auto Works Ltd	42 500	0.06	2 912	3 312
Kato Sangyo Co Ltd	23 300	0.00	1 590	2 759
Kimberly-Clark Corporation	8 076	0.00	3 256	2 982
Kimberly-Clark de Mexico SAB de CV	127 000	0.00	3 015	2 925
Koninklijke KPN NV	29 444	0.00	2 587	2 975
Koninklijke Philips Electronics NV	19 162	0.00	3 651	2 579
Kraft Foods Inc	22 028	0.00	3 774	4 141
Kroger Company	18 133	0.00	2 943	3 353
Lite-On Technology Corp	1 290 192	0.00	12 163	5 905
Loreal SA	4 480	0.00	2 529	2 717
Lowe's Cos Inc	23 163	0.00	3 418	3 490
Lukoil	26 100	0.00	11 354	5 857
McDonald's Corporation	14 856	0.00	5 395	6 469
Mediatek Inc	266 512	0.00	15 149	12 538
Medtronic Inc	18 006	0.00	4 804	3 961
Merck & Company	22 978	0.00	4 055	4 891
Metro AG	9 118	0.00	2 974	2 536
MetroPCS Communications Inc	35 313	0.00	3 597	3 672
Microsoft Corporation	188 001	0.00	26 227	25 591
Mitsui & Co Ltd	145 000	0.01	14 704	10 091
Mobile Telesystems OJSC	46 500	0.05	13 440	8 687
Mobistar SA	5 118	0.01	2 258	2 572
Mobyson AB	9 083 500	4.83	21 003	3 056
Monsanto Company	10 508	0.00	6 720	5 176
National Grid Plc	40 640	0.00	2 857	2 798
NEC Corporation	243 000	0.01	5 521	5 575
Nestle SA	61 353	0.02	15 032	16 791
Newmont Mining Corporation	9 137	0.00	1 997	2 604
News Corp	89 749	0.00	6 739	5 712
Nike Inc	9 885	0.01	3 408	3 530
Nintendo Co Ltd	5 900	0.00	12 662	15 381
Nippon Oil Corporation	93 000	0.01	3 276	3 211
Nippon Telegraph & Telephone Corporation	364	0.00	9 693	13 159
Nokia Oyj	73 500	0.00	7 220	7 941
Norfolk Southern Corporation	8 576	0.00	3 167	2 825
Novartis AG	21 571	0.00	5 913	7 479
NTT DoCoMo Inc	685	0.00	6 776	9 334
Occidental Petroleum Corporation	12 769	0.00	3 960	5 364
Oracle Corporation	43 918	0.00	4 909	5 452
Orascom Telecom Holding SAE	36 150	0.00	11 267	6 908

Orascom Telecom Holding SAE	111 616	0.00	7 395	4 320
PA Resources AB	727 283	1.53	36 619	7 418
Panasonic Corp	129 000	0.01	14 012	11 090
PepsiCo Inc	29 478	0.00	10 528	11 305
Pernod-Ricard SA	4 756	0.01	2 274	2 452
Petroleo Brasileiro SA	51 600	0.00	10 229	7 374
Pfizer Inc	89 472	0.00	8 920	11 095
Philippine Long Distance Telephone Company	18 600	0.01	6 086	6 115
PPL Corp	13 221	0.01	3 286	2 841
President Chain Store Co	247 000	0.00	3 347	4 132
Pretoria Portland Cement Co Ltd	153 224	0.03	4 313	3 638
Pride International Inc	37 252	0.00	6 967	4 168
Procter & Gamble Company	46 923	0.00	18 839	20 312
Prosafe SE	2 258 374	0.98	107 213	58 718
PTT PCL	188 300	0.00	9 986	6 634
Qualcomm Inc	27 102	0.00	6 463	6 799
Quest Diagnostics Inc	21 335	0.01	6 190	7 755
Reckitt Benckiser Group Plc	10 915	0.00	3 083	2 833
Redecard SA	80 800	0.00	7 134	6 235
Reed Elsevier NV	40 968	0.01	3 700	3 357
Repsol YPF SA	23 417	0.00	4 167	3 442
Roche Holding AG	17 154	0.00	15 858	18 338
Rogers Communications Inc	13 860	0.01	2 878	2 876
Royal Dutch Shell Plc	93 118	0.00	17 487	16 921
RWE AG	4 771	0.00	2 909	2 958
Safeway Inc	34 735	0.01	4 939	5 781
Samsung Electronics Co Ltd	4 337	0.02	12 203	6 220
Sanofi-Aventis SA	10 233	0.00	4 105	4 522
SAP AG	13 784	0.00	2 748	3 386
Sasol Ltd	32 806	0.00	6 209	6 958
Schering-Plough Corporation	70 214	0.00	6 900	8 373
Schlumberger Ltd	19 968	0.00	9 057	5 918
Seadrill Ltd	1 638 102	0.41	153 468	90 259
Seven & I Holdings Co Ltd	13 800	0.00	2 178	3 251
Shoppers Drug Mart Corp	20 095	0.01	5 405	5 477
Siemens AG	16 917	0.00	8 741	8 674
Sojitz Holdings Corp	322 483	0.15	6 264	3 662
Sony Corporation	29 800	0.00	6 626	4 424
Southern Company	12 168	0.00	2 827	3 152
St Jude Medical Inc	36 498	0.01	8 350	8 423
Stada Arzneimittel AG	17 860	0.03	3 222	3 564
Starbucks Corp	39 213	0.01	2 965	2 597
Subsea 7 Inc	182 951	0.12	9 137	7 410
Taiwan Semiconductor Manufacturing Co Ltd	1 808 677	0.01	20 222	17 134
Takeda Pharmaceutical Co Ltd	10 900	0.00	3 635	3 907
Tanjong Plc	169 300	0.00	4 313	4 557
Target Corporation	10 634	0.00	2 869	2 571
Telefonica SA	49 724	0.00	6 667	7 671
Telekomunikasi Indonesia Tbk PT	611 300	0.00	3 338	2 710
Telkom SA Ltd	31 691	0.01	3 379	2 748

Note 18 – Investments in shares, mutual funds, PCC's at fair value through profit and loss (continued)

Telstra Corporation Ltd	175 230	0.00	2 925	3 276
Telus Corp	18 437	0.01	4 209	3 887
Tenaris SA	17 180	0.00	4 124	2 524
Tesco Plc	121 711	0.00	4 348	4 411
Tesoro Corp	55 925	0.04	5 391	5 157
Time Warner Inc	100 395	0.00	7 917	7 072
TJX Cos Inc	18 087	0.00	3 426	2 605
Tokyo Electric Power Co Inc	59 200	0.00	9 452	13 718
Total SA	26 444	0.00	10 136	10 015
Toyota Industries Corp	18 900	0.01	4 384	2 783
Toyota Motor Corporation	72 000	0.00	18 997	16 156
Transocean Ltd	10 764	0.00	5 335	3 561
Turkcell Iletisim Hizmet AS	338 755	0.02	12 134	13 447
Unilever NV	43 763	0.01	7 272	7 386
Union Pacific Corporation	10 620	0.00	4 008	3 555
United Parcel Service Inc	11 001	0.00	4 165	4 249
Verizon Communications Inc	49 815	0.00	9 332	11 825
Visa Inc	7 337	0.00	2 522	2 695
VistaPrint Ltd	23 076	0.05	3 414	3 007
Vivendi SA	37 322	0.00	8 534	8 451
Vizrt Ltd	312 592	0.48	5 047	6 252
Vodafone Group Plc	1 003 300	0.00	13 279	14 040
Votorantim Celulose e Papel SA	59 400	0.00	4 854	3 298
Walt Disney Company	23 983	0.00	4 328	3 810
Wellpoint Inc	24 628	0.00	6 252	7 265
Woolworths Ltd	19 519	0.00	2 674	2 541
Wyeth	52 489	0.00	11 774	13 786
Yahoo! Inc	45 700	0.00	4 366	3 904
Other miscellaneous foreign shares			714 067	603 550
Total other foreign shares			**2 657 848**	**2 249 426**

Total foreign shares			**2 812 267**	**2 379 339**
Total shares			**7 517 968**	**5 252 164**
Of which company			**207 354**	**229 607**
Of which collective			**7 310 615**	**5 022 558**

Norwegian mutual funds	**Number of units**	**Ownership share**	**Acquisition cost**	**Fair value**
DnB NOR Fund Global Property	6 250		2 928	2 895
DnB NOR Fund Nordic Technology	31 250		16 233	16 392
DnB NOR SMB	581 026		199 800	106 679
Pareto Aksje Norge	16 155		49 850	35 425
Other Norwegian mutual funds			0	16 318
Total Norwegian mutual funds			**268 812**	**177 708**
Of which company			**19 162**	**35 605**
Of which collective			**249 651**	**142 104**

Foreign equities funds. hedge funds. other finance funds	**Number of units**	**Ownership share**	**Acquisition cost**	**Fair value**
Aberdeen Indirect Property Partners Class A2	2 760 039		235 436	268 373
AKO Fund Limited - NOK Class C3	475 443		506 555	541 501
Archstone German Fund	2 611 053		220 141	272 693
BlackRock European Property Fund of Funds	94 332		79 377	93 817

Note 18 – Investments in shares, mutual funds, PCC's at fair value through profit and loss (continued)

Cevian Capital II Euro Class C Serie 1	82 500		65 423	83 343
Cevian Capital II Euro Class C Serie 2	82 500		68 393	71 418
Cevian Capital II Euro Class C Serie 7	181 836		134 784	115 041
DnBNOR Part II Art Fund Class D	65 904		520 646	614 621
JPMorgan European Property Fund	1 975		200 489	221 241
Prologis European Properties Fund II	1 260 523		99 369	105 636
Sector Speculare III Fund Class A NOK	221 505		134 976	138 354
Sector Speculare IV Fund Class A NOK	295 264		150 000	126 066
The Rockspring Portuguese Property Partnership	134 715		107 989	125 484
Other foreign equities funds			358 410	345 113
Total equities funds, hedge funds, other finance funds			**2 881 987**	**3 122 702**
Of which company			**34 744**	**39 744**
Of which collective			**2 847 243**	**3 082 957**

Bond and money funds	**Number of units**	**Ownership share**	**Acquisition cost**	**Fair value**
DnB NOR Global Credit	265 287		2 499 979	2 246 073
DnB NOR Likviditet 20 (IV)	423 662		4 247 400	4 258 197
DnB NOR Likviditet 20 (V)	954 745		9 522 547	9 425 889
Other Norwegian bond and money funds			0	38 689
Other foreign bond and money funds			0	2 992
Total bond and money funds			**16 269 926**	**15 971 841**
Of which company			**10 981 578**	**10 968 696**
Of which collective			**5 288 348**	**5 003 145**

Private Equity	**Number of units**	**Ownership share**	**Acquisition cost**	**Fair value**
Advent International GPE VI-E LP		2.80	11 288	12 719
Alliance Venture IS		9.05	1 112	3 610
Altor Fund II LP		0.85	64 038	75 944
Apax Europe VII - B. LP		0.31	120 423	121 677
Bain Capital Europe Fund III LP		0.35	2 178	1 909
Blackrock Diversified Private Equity Program I (Vesey Street Portfolio. L.P)		12.24	32 489	151 507
Blackrock Diversified Private Equity Program III (Vesey Street Portfolio III. L.P)		4.00	133 847	160 715
Borea Opportunity II AS		8.90	13 000	28 522
Danske PEP II (EUR) KS		2.89	32 460	35 401
Danske PEP II (USD) KS		3.02	24 304	31 443
DnB NOR Fund Private Equity	12 500		4 036	4 181
DnB NOR Private Equity I KS		10.00	4 500	3 458
DNBNOR PRIVATE EQUITY I ASA		10.00	8 000	7 771
Energy Ventures III (GP) LP		6.72	18 388	15 888
EQT V LP		0.40	64 934	72 751
European Fund Investments II LP (Amanda)		16.97	59 062	79 453
Fourth Cinven Fund LP		0.37	110 686	101 931
FSN Capital III LP		2.63	16 836	17 633
HarbourVest International PEP IV LP		1.63	40 620	166 547
Herkules Private Equity Fund II (Ferd Private Equity Fund II)		2.99	75 211	43 791
HitecVision Private Equity III AS		2.90	104	2 778
HitecVision Private Equity IV LP		8.33	99 835	169 971
NeoMed Innovation III LP		7.14	10 928	11 175
NeoMed Innovation IV LP		6.76	32 483	36 736

Note 18 – Investments in shares, mutual funds, PCC's at fair value through profit and loss (continued)

Nordic Capital VII Beta LP		0.47	32 043	35 593
Northgate IV LP		1.60	10 481	13 495
Northgate Private Equity Partners III LP		6.13	83 934	94 200
Northzone III AS		1.31	950	597
Northzone Ventures IV KS		6.90	27 913	35 894
Northzone Ventures V KS		8.29	61 681	63 617
Procuritas Capital Investors III GP (B LP)		6.61	1 000	42 766
Reiten & Co Capital Partners V AS		12.17	42	6 842
Reiten & Co Capital Partners VI LP		4.89	5 334	38 655
Reiten & Co Capital Partners VII LP		7.02	47 597	40 106
Sarsia Innovation AS		4.81	5 084	3 249
Sarsia Life Science Fund AS		9.83	9 699	6 544
Schroders PE Fund of funds C-shares		14.46	48 510	257 035
Schroders PE Fund of funds II C-shares			82 195	165 043
Schroders PE Fund of Funds III C-shares			100 078	110 286
Sterling Capital Partners III LP			32 549	31 515
The Resolute Fund II LP (The Jordan Company)		0.86	35 307	38 848
Third Cinven Fund LP		0.57	1 000	90 814
Verdane Capital II AS	10 870	7.42	1 291	589
Verdane Capital III AS		3.03	550	69
Verdane Capital IV AS		10.00	447	15 865
Verdane Capital IV TWIN AS		10.00	3 000	1 077
Verdane Capital V B KS		7.43	16 240	19 294
Verdane Capital VI KS		10.00	39 485	24 217
Viking Venture AS		9.99	2 863	13 982
Viking Venture II AS		9.97	26 199	28 845
Warburg Pincus PE IX LP		0.25	101 912	136 824
Warburg Pincus PE VIII LP		0.47	85 830	165 431
Writedown Private Equity portfolio				(400 000)
Total private equity			**1 843 974**	**2 439 605**
Of which company			**4 036**	**4 181**
Of which collective			**1 839 938**	**2 435 423**

Total number of shares and units	**28 782 667**	**26 964 020**
Of which company	**11 246 873**	**11 277 833**
Of which collective	**17 535 794**	**15 686 187**

Note 19 – Bonds and commercial papers at fair value

NOK million	Nominal value	Acquisition cost	Fair value
Government/government-guaranteed	22 145	21 555	23 046
Government enterprises	581	572	565
Local governments	8 803	8 736	8 974
Financial institutions	32 445	30 675	32 065
Other issuers	6 433	6 440	6 885
Total bonds and commercial papers	**70 407**	**67 978**	**71 536**
Duration 2)			
Norwegian bonds			4.3
International bonds			6.1
Money market			0.4
Average effective yield 1)			
Norwegian bonds			4.1 %
International bonds			4.1 %
Money market			3.6 %

1) The effective yield for each security is calculated using market price. For securities without market prices the effective yield is calculated on the basis of the fixed interest period and classification of the original security by reference to liquidity and credit risk.
2) The duration calculation includes all interest-bearing securities including derivatives.

Bonds and commercial papers specified by currency

NOK million	Nominal value	Acquisition cost	Fair value
CAD	552	528	593
EUR	11 621	9 551	11 839
GBP	718	863	809
NOK	54 516	54 248	55 110
SEK	55	61	63
USD	2 945	2 727	3 122
Total	**70 407**	**67 978**	**71 536**

Subordinated loans in the bond portfolio

NOK million	Nominal value	Acquisition cost	Fair value
Total	12	12	12

Note 20 - Loans and receivables

NOK million	Acquisition cost	Book value
Loans with state guarantee at fair value	2 078	2 623
Other long-term loans at fair value	323	317
Short-term receivables at fair value	964	964
Total loans and receivables	**3 365**	**3 904**
Of which accrued interest		16

Loans with state guarantees

All loans are 100% secured/guaranteed by guarantee policies issued by the Guarantee Institute for Export Credit (GIEK), and Vital thus has no credit risk against the borrower. The nominal value is USD 373 million.

An agency agreement has been signed with DnB NOR Bank which, among other things, means that the bank has full responsibility for loans administration and any contact with the customer. Furthermore, a Master Swap agreement with the bank has been entered into with and through this Vital has neutralised the interest rate and currency risk. The book value in the table above includes an unrealised foreign exchange gain on the loans of NOK 519 million.

Short-term receivables at fair value:

This receivable is related to a set-off of all the open derivatives positions where DnB NOR Bank ASA is the counterparty. The set-off is in accordance with the Credit Support Annex agreement to. Refer to note 37.

Other long-term loans at fair value:

This item comprises mainly mortgage loans with first priority in office premises in Oslo.

Note 21 – Financial derivatives, nominal amount and market values

NOK million	Interest rate contracts			Foreign currency contracts			Equity related contracts			Total	
Contracts executed for trading purposes	**Nominal values total**	**Market value Positive**	**Market value Negative**	**Nominal values total**	**Market value Positive**	**Market value Negative**	**Nominal values total**	**Market value Positive**	**Market value Negative**	**Market value Positive**	**Market value Negative**
OTC-contracts											
FRA contracts	657 327	2 221	2 420	0	0	0	0	0	0	2 221	2 420
Forwards	0	0	0	23 671	289	2 239	1 858	419	43	708	2 283
Swaps	52 944	1 746	1 772	42 579	969	1 476	0	0	0	2 715	3 248
Exchange traded contracts											
Futures bought	2 473	0	0	0	0	0	0	0	0	0	0
Futures sold	804	0	0	0	0	0	2 031	0	0	0	0
Total contracts trading	**713 548**	**3 967**	**4 192**	**66 249**	**1 258**	**3 715**	**3 889**	**419**	**43**	**5 644**	**7 950**

Note 22 – Other financial assets

NOK million	Company portfolio	Collective portfolio	Unit-linked portfolio	Total
Settlement accounts finance	994	753	0	1 748
Cash and cash equivalents	29	3 760	0	3 789
Receivables	0	1 648	3 631	5 279
Total as at 31 December 2008	**1 023**	**6 161**	**3 631**	**10 816**

Note 23 – Assets in unit-linked life insurance

Administrator	Fund name	Savings balance in NOK million	Price as at 31.12.2008	Price in currency	Base currency for fund	Return in % last year
Carlson AM	Carlson SEK Short Bond	258	23.07	25.49	SEK	4.6
DnBNOR Kapitalforvaltning	DnB NOR Bankkonto (1)	3 301	1.67	1.67	NOK	6.0
DnBNOR Kapitalforvaltning	DnB NOR Europa (3)	92	274.32	274.32	NOK	(32.2)
DnBNOR Kapitalforvaltning	DnB NOR Miljøinvest (5)	112	281.58	281.58	NOK	(49.6)
DnBNOR Kapitalforvaltning	DnB NOR Navigator (6)	58	2 408.98	2408.98	NOK	(62.3)
DnBNOR Kapitalforvaltning	DnB NOR Norden(I) (4)	64	899.98	899.98	NOK	(34.8)
DnBNOR Kapitalforvaltning	DnB NOR Norge Selektiv (I) (4)	67	252.21	252.21	NOK	(52.6)
DnBNOR Kapitalforvaltning	DnB NOR Norge(I) (4)	53	547.70	547.70	NOK	(52.4)
DnBNOR Kapitalforvaltning	DnB NOR Obligasjon 20 (I) (1)	167	1 188.95	1188.95	NOK	8.7
DnBNOR Kapitalforvaltning	DnB NOR Pengemarked (1)	475	1 040.41	1040.41	NOK	4.2
DnBNOR Kapitalforvaltning	MasterFund Balanse (3)	715	111.55	111.55	NOK	(24.8)
DnBNOR Kapitalforvaltning	MasterFund Offensiv (5)	213	91.37	91.37	NOK	(34.5)
DnBNOR Kapitalforvaltning	MasterFund Trygg (2)	780	132.83	132.83	NOK	(11.2)
DnBNOR Kapitalforvaltning	Postbanken Balanse (3)	79	111.55	111.55	NOK	(24.8)
DnBNOR Kapitalforvaltning	Postbanken Offensiv (5)	55	91.37	91.37	NOK	(34.5)
DnBNOR Kapitalforvaltning	Postbanken Risikofri (0)	68	1.67	1.67	NOK	6.0
DnBNOR Kapitalforvaltning	Postbanken Trygg (2)	122	132.83	132.83	NOK	(11.2)
DnBNOR Kapitalforvaltning	Vital 2010 (2)	46	142.61	142.61	NOK	(5.1)
DnBNOR Kapitalforvaltning	Vital Kombi (2)	173	162.10	162.10	NOK	(21.1)
DnBNOR Kapitalforvaltning	Vital Kompass (2)	125	120.15	120.15	NOK	(5.4)
DnBNOR Kapitalforvaltning	Vital Legemiddel Global (4)	43	113.62	113.62	NOK	(1.6)
DnBNOR Kapitalforvaltning	Vital Superobligasjon Global (2)	60	1 234.22	1234.22	NOK	(5.5)
East Capital Asset Management	East Capital Russland (6)	66	484.71	535.59	SEK	(69.4)

Note 23 – Assets in unit-linked life insurance (continued)

East Capital Asset Management	East Capital Östeuropa	56	17.86	19.73	SEK	(64.0)
East Capital Asset Management	East Capital Østeuropa (5)	97	17.87	19.75	SEK	(64.0)
Erik Penser Fonder	Erik Penser Hedgefund	47	129.45	143.03	SEK	(3.0)
FIM	FIM Brazil (6)	47	109.28	11.05	EUR	(59.8)
Holberg Fondsforvaltning	Holberg Norden (4)	58	120.66	120.66	NOK	(46.0)
JP Morgan Asset Management	JPM China Fund	49	154.69	170.93	SEK	(44.5)
JP Morgan Asset Management	JPM China Fund A (5)	189	201.18	28.74	USD	(54.6)
JP Morgan Asset Management	JPM India Fund (6)	82	278.74	39.82	USD	(62.0)
Key Asset Management	Key Multi Strategi (NOK)	90	119.05	119.05	NOK	(19.7)
Key Asset Management	Key Multi Strategy (SEK)	178	103.21	114.04	SEK	(21.4)
Skagen AS	Skagen Global	166	546.68	604.07	SEK	(36.5)
Skagen AS	Skagen Global (3)	766	545.96	545.96	NOK	(32.0)
Skagen AS	Skagen Kon-Tiki	76	284.36	314.212	SEK	(40.7)
Skagen AS	Skagen Kon-Tiki (6)	457	283.98	283.98	NOK	(36.5)
Skagen AS	Skagen Vekst (4)	297	850.52	850.52	NOK	(43.9)
Storebrand	Storebrand Verdi (4)	50	201.76	201.76	NOK	(51.0)
	Sum øvrige fond	1 613				
	VIP Aksjefond	1 574				
	VIP Obligasjonsfond	2 499				
	VIP Pengemarkedsfond	709				
	Sparemidler ikke investert	162				
Total		**16 454**				

Note 24 – Cash and cash equivalents

NOK million	**2008**	**Of which intra group**
Advance tax withholding	244	244
Cash in bank and on deposit	1 634	1 050
Other financial assets	2 670	0
Cash and cash equivalents in the balance sheet	4 547	1 293
Cash and cash equivalents in the cash flow statement	4 547	1 293

Note 25 – Intangible and tangible fixed assets

NOK milion	31.12.2008	31.12.2007
Goodwill	0	0
Other intangible assets	243	184
Total intangible assets	**243**	**184**

NOK milion	31.12.2008	31.12.2007
Fixed assets	45	46
Cash and bank deposits	841	1 729
Other assets	196	191
Total other assets	**1 082**	**1 966**

Details of other intangible/fixed assets	**Development of IT-systems**	**Fixed assets**	**Total**
Cost	664	146	810
Accumulated depreciation and impairment 3)	480	101	581
Net book value at 31 December 2007	**184**	**46**	**229**
At 31 December 2008			
Net book value	184	46	229
Additions 1)	132	18	149
Disposals 2)	18	0	18
Impairment	0	0	0
Depreciation 4)	55	18	73
Net book value at 31 December 2008	**243**	**45**	**288**
As at 31 December 2008			
Cost	796	164	960
Accumulated depreciation and impairment	552	119	671
Recorded value at 31 December 2008	**243**	**45**	**288**

1) Of the total addition relating to development of IT systems NOK 28 million represents intra-groupservices. The corresponding figure in 2007 was NOK 16 million of total additions of NOK 92 million.
2) The disposal of NOK 18 million relates to obsolescence assessments of IT systems developed in Sweden, Lithuania and Latvia in connection with the decision to close down the company's business in these countries. The amount has been charged to the income statement for 2008.
3) Developed IT systems are mainly depreciated over 4-5 years. Fixed assets have an average depreciation period of 4.5 years.
4) Depreciation is included in the Insurance related operating costs in the income statement.

Additions and disposals of, fixed and intangible assets 2004-2008

NOK milion	2008	2007	2006	2005	2004
- Additions	149	96	145	105	54
- Disposals (proceeds)	0	0	0	18	0

Note 26 – Life insurance liabilities

Liabilities under contracts where the contract fixes the amount of the liability *NOK million*	Individual endowment insurance	Individual annuity and pension insurance	Group life insurance	Group pension insurance public	Group association insurance	Non-life insurance	Total 2008
Premium reserves	36 542	296	100 081	21 501	4 057	30	**172 816**
Additional statutory reserves	1 418	0	2 709	850	167	0	**5 360**
Premium fund/deposit fund/ pensioners' surplus fund	561	0	3 025	1 560	83	0	**5 229**
Claims reserve	217	333	184	0	31	214	**1 278**
Supplemental reserves	0	0	0	0	0	0	**0**
Other technical reserves	0	0	0	0	0	124	**124**
Total life insurance liabilities	**38 738**	**629**	**106 000**	**23 911**	**4 338**	**368**	**184 807**

Individual endowment insurance *NOK million*	Profit model	Modified profit model	Profit model - former rules	Contracts not eligible for profit allocations	Total guaranteed products	Investment choice (unit-linked)	Total 2008
Premium reserves	777	0	9 163	368	**10 308**	4 157	**14 464**
Additional statutory reserves	0	0	215	0	**215**	0	**215**
Premium fund/deposit fund /pensioners' surplus fund	0	0	0	0	**0**	0	**0**
Claims reserve	0	0	299	0	**299**	0	**299**
Supplemental reserve	0	0	0	0	**0**	0	**0**
Other technical reserve	0	0	0	0	**0**	0	**0**
Total life insurance liabilities	**777**	**0**	**9 677**	**368**	**10 822**	**4 157**	**14 979**

Individual annuity and pension insurance *NOK million*	Profit model	Modified profit model	Profit model - former rules	Contracts not eligible for profit allocations	Total guaranteed products	Investment choice (unit-linked)	Total 2008
Premium reserves	482	0	36 061	0	**36 542**	7 245	**43 788**
Additional statutory reserves	1	0	1 417	0	**1 418**		**1 418**
Premium fund/deposit fund /pensioners' surplus fund	0	0	561	0	**561**		**561**
Claims reserve	0	0	217	0	**217**		**217**
Supplemental reserve	0	0	0	0	**0**		**0**
Other technical reserves	0	0	0	0	**0**		**0**
Total life insurance liabilities	**483**	**0**	**38 255**	**0**	**38 738**	**7 245**	**45 984**

Note 26 – Life insurance liabilities (continued)

Group association insurance *NOK million*	**Profit model - former rules**	**Total 2008**
Premium reserves	4 057	**4 057**
Additional statutory reserves	167	**167**
Premium fund/deposit fund /pensioners' surplus fund	83	**83**
Claims reserve	31	**31**
Supplemental reserve	0	**0**
Other technical reserves	0	**0**
Total life insurance liabilities	**4 338**	**4 338**

Group annuity and pension insurance private *NOK million*	**Defined benefit without investment choice**	**Defined benefit with investment choice**	**Paid-up policies**	**Contracts not eligible for profit allocations**	**Total guaranteed products**	**Defined contribution without investment choice**	**Defined contribution with investment choice**	**Total 2008**
Premium reserves	53 949	0	46 132	0	**100 081**	0	4 978	**105 059**
Additional statutory reserves	1 650	0	1 060	0	**2 709**	0	0	**2 709**
Premium fund/deposit fund /pensioners' surplus fund	2 972	0	53	0	**3 025**	0	74	**3 099**
Claims reserve	35	0	149	0	**184**	0	0	**184**
Supplemental reserve	0	0	0	0	**0**	0	0	**0**
Other technical reserves	0	0	0	0	**0**	0	0	**0**
Total life insurance liabilities	**58 607**	**0**	**47 393**	**0**	**106 000**	**0**	**5 052**	**111 052**

Group annuity and pension insurance public *NOK million*	**Defined benefit without investment choice**	**Defined benefit with investment choice**	**Paid-up policies**	**Contracts not eligible for profit allocations**	**Total guaranteed products**	**Defined contribution without investment choice**	**Defined contribution with investment choice**	**Total 2008**
Premium reserves	21 501	0	0	0	**21 501**	0	0	**21 501**
Additional statutory reserves	850	0	0	0	**850**	0	0	**850**
Premium fund/deposit fund /pensioners' surplus fund	1 560	0	0	0	**1 560**	0	0	**1 560**
Claims reserve	0	0	0	0	**0**	0	0	**0**
Supplemental reserve	0	0	0	0	**0**	0	0	**0**
Other technical reserves	0	0	0	0	**0**	0	0	**0**
Total life insurance liabilities	**23 911**	**0**	**0**	**0**	**23 911**	**0**	**0**	**23 911**

Note 27 – Changes in life insurance liabilities

Insurance liabilities - contractual obligations	Premium reserve	Additional statutory reserves	Market value adjust-ment reserve	Claims reserve	Premium fund/ deposit fund/PSF	Other technical reserves - non-life	Total life insurance liabilities
Opening balance	**173 338**	**8 632**	**3 342**	**664**	**5 447**	**33**	**191 457**
Changes in insurance liabilities recognised in the income statement							
Net realised reserves	(2 640)	(3 023)	(3 342)	614	213	91	(8 087)
Profit on the return	(22)	0	0	0	0	0	(22)
Risk profit allocated to insurance contracts	(40)	0	0	0	0	0	(40)
Other profit allocation	(27)	0	0	0	0	0	(27)
Changes in insurance obligations from other comprehensive income	0	0	0	0	0	0	0
Total changes in insurance liabilities recognised in the income statement	**(2 728)**	**(3 023)**	**(3 342)**	**614**	**213**	**91**	**(8 176)**
Transfers between funds	2 207	(250)	0	0	(432)	0	1 525
Transfers to/from company	0	0	0	0	0	0	0
Total changes in insurance liabilities not recognised in the income statement	**2 207**	**(250)**	**0**	**0**	**(432)**	**0**	**1 525**
Closing balance	**172 816**	**5 360**	**0**	**1 278**	**5 229**	**125**	**184 807**

The opening balance for the premium reserve includes the security reserve of NOK 4.65 million of which NOK 4.49 million was transferred to the premium reserve in 2008.

Insurance liabilities - invstment portfolio separately	Pre-mium reserve	Supple-mental reserves	Ad-ditional statu-tory reserves	Claims reserve	Premium fund/ deposit fund/PSF	Total life insurance liabilities
Opening balance	**19 868**	**8**	**0**	**8**	**0**	**19 884**
Changes in insurance liabilities recognised in the income statement						
Net realised reserves	(3 576)	0	0	(8)	0	(3 584)
Investment result allocated to insur-ance contracts according to Com-pany Pensions Act section 11-1	0	0	0	0	0	0
Risk result allocated to insurance contracts according to Company Pensions Act section 11-1	0	4	0	0	0	4
Changes in insurance obligations from other comprehensive income	0	0	0	0	0	0
Total changes in insurance liabilities recognised in the income statement	(3 576)	4	0	(8)	0	(3 580)
Changes in insurance liabilities not recognised in the income statement						
Transfers between funds	0	0	0	0	0	0
Transfers to/from company	162	0	0	0	0	162
Total changes in insurance liabilities recognised in to the income statement	**162**	0	0	0	0	**162**
Closing balance	**16 454**	**13**	0	0	0	**16 467**

Note 28 – Subordinated loan capital/perpetual subordinated loan capital securities

Borrowing *NOK million*		Loan amount foreign currency	Loan amount NOK	Interest 2008 NOK	Interest in %	Maturity
June 2001	NOK	300	300	28	Floating	**Perpetual**
October 2001	USD	70	490	20	Floating	**Perpetual**
June 2002	NOK	350	350	29	Floating	**Perpetual**
July 2002	NOK	35	35	2	Floating	**Perpetual**
Total perpetual subordinated loan capital			**1 175**	**79**		
March 2003	NOK	850	850	67	Floating	**March 2013**
December 2003	NOK	300	300	23	Floating	**December 2013**
August 2005	NOK	25	25	2	Floating	**August 2015**
Total dated subordinated loan capital			**1 175**	**93**		
Interest costs loan repaid 2008				3		
Total subordinated loan capital			**2 350**	**174**		
Perpetual subordinated loan capital securities	NOK	225	225	22	Floating	**Perpetual**
Total subordinated loan capital/ perpetual subordinated loan capital securities			**2 575**	**196**		

Subordinated loans in foreign currency form part of the company's foreign currency strategy and are used for currency hedging of financial. In 2008 a foreign exchange loss of NOK 110 million on subordinated loans in foreign currencies, was recognised through profit and loss. In 2007 a foreign exchange gain of NOK 56 million was recognised.

A subordinated loan of NOK 35 million kroner raised in 2002, was redeemed in December 2008.
No new borrowings have been undertaken in the financial year.

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

The perpetual subordinated loan capital securities of NOK 225 million raised in 2002, is included inthe company's core capital.

Note 29 – Risk

The DnB NOR group is subject to a requirement to make assessments of its risk profile and capital requirement, called ICAAP, Internal Capital Adequacy Assessment Process. Vital is part of this process and a separate assessment is made of the capital requirement in Vital. The assessment is evaluated annually by the Financial Supervisory Authority of Norway through SREP, Supervisory Review and Evaluation Process. As part of this evaluation feedback will be given by the Financial Supervisory Authority of Norway on the group's capitalisation including vital.

Risk management and reporting

Risk management in Vital is part of the company's strategy, which has been approved by Vital's Board of Directors. Through regular assessments by the Group's Asset and Liability Committee, ALCO, the risk situation in Vital is reviewed relative to the Group's overall risk profile. Vital's chief executive and Board of Directors will help ensure that Vital's risk management and strategy are consistent with the Group's risk profile. Vital's unit for risk analysis and control was established in 2008 to report, monitor and follow up Vital's overall risk. This unit is separately organised in the central staff department and is independent of financial management and the business areas.

Limits for financial risk are stipulated as nominal amounts on an annual basis. In order to comply with the need for minimum diversification, limits have been set for each asset class. In addition, limits have been set for concentration risk relative to individual issuers. Separate limits have been established for derivatives.

A stress test has been developed by Vital in order to measure the company's risk tolerance. The loss potential from the stress test is measured against the buffer capital in excess of the statutory requirement in order to measure the total risk in the company. This method is also used as a basis for risk measurement for determining risk limits in capital management. In addition, the capital management strategy aims to stabilise earnings.

Vital's unit for risk analysis and control monitors, reports and follows up limits and guidelines. Risk reports provided to the Board of Directors and management contain stress tests, stress scenarios and sensitivity tests in order to assess the company's total risk on an ongoing basis.

Risk development in 2008

At the end of 2008 the average guaranteed annual return was 3.5%. The yield on 10-year Norwegian government bonds decreased from 4.7% at year end 2007 to 3.9% at year end 2008. This meant that the overall long-term financial risk in Vital increased. The DnB NOR group's risk-adjusted capital for the ownership risk related to Vital was NOK 7.1 billion at year end 2008 and 8.5 billion at year end 2007. A significant reduction in the equity exposure contributed to the reduction in risk-adjusted capital. In addition use of the market value adjustment reserve and additional statutory reserves in 2008 reduced the company's buffer capital and risk capacity. The ownership risk in Vital is followed up on a quarterly basis. The DnB NOR group allocates NOK 7.1 billion for the ownership risk relating to Vital, while operational risk and business risk amount to 1.3 and 0.7 billion respectively. After diversification the total allocated capital at year end 2008 was NOK 7.9 billion.

Capital management

Vital's primary capital management objective is to be a credible business that generates competitive returns to its policy holders. It seeks to achieve this objective through active management of a diversified portfolio. The external parameters for life insurance set a number of restrictions as to how this objective can be achieved. Willingness to take risks in management must be adapted to risk capacity in such a manner that Vital at all times has a satisfactory margin in excess of statutory requirements for equity and solvency margin capital, as well as meeting the capital management regulations' requirements regarding prudent capital management. In addition to this, management must be adapted to the owner's expectations regarding a stabile earnings contribution from Vital.

Risk in Vital

Risk in life insurance companies comprises,among other things, market risk and insurance risk. Market risk is the risk that the return on financial assets will not be sufficient to meet the obligations to policyholders (see the description of market risk below as well as the quantification in note 32-35), while insurance risk mainly relates to uncertainty as to estimates for life expectancy and disability rates. Reference is made to note 30 on insurance risk. This imposes requirements as to how Vital Forsikring ASA conducts its risk management and how capital is invested.

The capital management regulations impose requirements that management is conducted in a prudent manner in relation to the company's buffer capital. Vital Forskring ASA has developed a stress test, see the point on risk management and reporting, in order to calculate the company's risk tolerance. Vital's stress test for market risk includes shares, interest rates, foreign exchange, real estate, spread risk and counterparty risk.

The statutory requirements form the minimum requirements for the company. These are supplemented by self-imposed limits that insure prudent capital management. These limits are reviewed at least once a year as part of the company's prudent capital management.

Market risk

In order for Vital to a achieve its objective of generating a competitive return it is necessary to assume market risk. Market risk is normally subject to the allocation of assets to the different portfolios.

Vital anticipates that over time the return on investments will cover the risk it assumes from being exposed to equity instruments. This is in line with Vital's long-term approach to capital management. How large a portion of each sub-portfolio is allocated to shares depends on the risk profile and the risk capacity of the respective sub-portfolio.

Bonds contribute to a fixed current income for Vital, at the same time as the asset class has good diversification properties in that fluctuations in value in the bond portfolio are typically different from other classes of asset such as real estate and shares. The bond portfolios have a term better suited to the duration of Vital's obligations than other classes of asset. This increases the probability that Vital will be able to meet its obligations even if there continues to be a considerable difference between the term of the bonds and the duration of the liabilities. The duration of the assets will fluctuate over time depending on interest rate levels, market view and risk capacity.

Vital has policy holder obligations denominated in Norwegian kroner and an extensive part the market risk is assumed abroad. Vital is therefore exposed to foreign exchange risk. Vital believes this is a risk exposure for which it will not receive coverage through increased return over time. Vital therefore manages a considerable part of its foreign currency risk through hedging transactions.

Credit risk

Vital has a conservative bond portfolio with a high proportion of the interest-bearing portfolio invested in securities with an explicit or implicit government guarantee (municipalities). Vital has for a long time under weighted credit, and has a limited exposure to securities in the more risk-exposed segments of the bond market. Vital has not invested in high yield bonds, emerging markets debt or credit derivatives. Mortgage-backed securities (MPS) are excluded from Vital's reference index.

The portfolio of held-to-maturity bonds comprises securities issued by borrowers with high credit rating. Bonds with state guarantees amounted at year end 2008 to approximately 30% of the portfolio. The remaining funds are mainly invested in securities issued by local governments and financial institutions with good credit quality. All investments in bonds issued by financial institutions are in senior debt, which is ranked highest in the capital structure and has first priority in the event of the issuer's bankruptcy. Only in exceptional cases are investments in securities issued by traditional industrial companies made.

The bond portfolio of Vital Forsikring ASA comprises securities with a good rating. 59% of all Vital's bonds are rated AAA and 27% have an AA rating. Vital Forsikring ASA has only invested in investment grade bonds. This means that Vital does not hold any bonds with a rating lower than BBB.

For Norwegian bonds there are few issuers that are rated. Around half of Vital's bond portfolio does not hold a rating. For these bonds the Financial Supervisory Authority of Norway's approach of allocating them into separate risk categories, would be relevant. Of securities without a rating, 16% are invested in state guaranteed companies, 20% in local governments and 44% in banks/financial companies.

Liquidity risk

Vital Forsikring ASA has appointed an executive responsible for liquidity. A liquidity management policy has been introduced in order to maintain sufficient level of liquidity to meet Vital' obligations to pay claims, pensions, transfers and other obligations to policyholders.

In order to calculate the liquidity requirements short-term and long-term liquidity/budgets/forecasts are prepaired for det collective and company portfolios respectively.

Note 30 – Insurance risk

Analysis of insurance liabilities, unit-linked and contractual liabilities *NOK million*	**Liabilities** **Unit-linked**	**Liabilities to** **policyholders**
Balance at 31 December 2006	**18 840**	**188 096**
Deposits	4 030	12 832
Return	1 594	18 337
Reserves received	1 343	3 098
Reserves ceded	421	7 354
Insurance payments	4 851	19 462
Other changes	(667)	(3 922)
Balance at 31 December 2007	**19 868**	**191 626**
Deposits	3 573	13 659
Return	(4 544)	(34)
Reserves received	1 170	3 203
Reserves ceded	717	3 524
Insurance payments	2 771	16 442
Other changes	(124)	(3 680)
Balance at 31 December 2008	**16 454**	**184 807**

Description of the insurance products

The company offers traditional life and pension insurance, endowment insurance and non-life insurance. A calculation return is used to determine provisions and premiums for the traditional products. The highest permitted calculation rate is set by the Financial Supervisory Authority of Norway. This interest rate is often referred to as the base rate and for new contracts it is 2.75%. The base rate is the policyholders' annual guaranteed rate of return. In most endowment insurance products the policyholder carries the financial risk. The non-life insurance products are products that generate benefits related to the policyholder's life and health. These are products not eligible for profit allocation and are repriced annually.

Group contracts

Under group defined benefit pension plans, pension payments are disbursed from an agreed age and until the death of the policyholder. It may also be agreed that the pension will cease at a specified age. The defined-benefit pensions may include retirement pensions, disability pensions, spouse pensions and child pensions. Group defined-benefit pensions follow new business rules introduced from 1 January 2008, which mean that the policyholder in advance pays an annual premium for interest rate risk, insurance risk and administration. The company is entitled to change the premium annually. Interest rate in excess of the guaranteed rate of return is allocated to the policyholder in full. If the interest rate is between 0 and the guaranteed rate of return, the company may use additional statutory reserves to meet the guaranteed return, or else the company must cover the deficit. A risk result surplus may either be used to increase the fund for risk-smoothing or be distributed to policyholders. No more than 50% of annual profits may be allocated to the fund for risk-smoothing. Any remaining losses after the fund for risk-smoothing has been used, must be covered by the company. The administration result is allocated in full to the company.

When a member terminates a pension agreement or a pension agreement ends, he or she is entitled to a paid-up policy. Rights earned at the time of departure or termination are carried forward in paid-up policies. Paid-up policies have a separate profit model where a minimum of 80% of the profit is distributed to the policyholder. The profit for distribution comprises the interest rate result and the risk result. The administration result is allocated in full to the company.

Group association insurance is a pension insurance taken out on behalf of the associations members. Association insurances may include retirement pensions, disability pensions, spouse pensions and child pensions.

Individual contracts

Individual annuity and pension insurances are savings agreements where the company agrees to disburse a monthly amount up until the policyholders' death, or until the policyholder reaches an agreed age. This normally includes retirement pensions, disability pensions, spouse pensions and child pensions.

Individual endowment insurance are contracts where the company upon the policyholders death or when the policyholder reaches an agreed age, disburses the agreed amount. Individual endowment insurance may also include disability cover as a single payment in the event of permanent disability.

In the case of individual contracts sold prior to 1 January 2008 the former profit allocation rules apply. These regulations implies that interest rate result, risk result and administration result all form part of the profits to be allocated between the policyholder and the company. The policyholder should receive a minimum of 65% of the annual profit. For contracts sold as of 1 January 2008 the new business rules apply.

Contracts with investment choice (unit-linked)

Defined-contribution pensions schemes are group pension agreements where the employee bears the financial risk. However, full or partial hedging of the paid amount can be bought upon retirement age.

Individual unit-linked policies are endowment insurances or annuity insurances where the policyholder bears the financial risk.

Other classes of business

Group life policies are life insurance policies that an employer or association takes out on behalf of its employees or members, and, where applicable, for their spouses and children. The amount recoverable under the policy is disbursed upon the death of the policy-holder. Group lifeinsurance may also include disability cover as a single payment in the event of permanent disability.

Employer's liability insurance is a one-year risk product which companies link to their pension agreements. This may be corporate group life insurance or accident insurance. Occupational injury insurance is mandatory for all enterprises.

Insurance risk

Within life insurance the most important insurance risks relate to death and disability.

The insurance risk in Vital is divided between policyholders and the company to a varying degree. For non-life insurance products (group life insurance) and certain pure risk products the company is exposed to insurance risk. For group pension agreements and new individual pension and endowment insurance products the company's risk represent the negative risk result, and the company is credited up to 50% of a positive risk result through an allocation to the fund for risk-smoothing. For individual insurances sold before 1 January 2008 the risk result is included in the result for allocation between policyholders and the company, and the company is entitled to receive up to 35% of the annual profit.

The risk for Vital related to a change in mortality is twofold. For mortality risk cover (mainly in spouse and child pensions) reduced mortality will lead to an improved risk result and a lower provision requirement. For pensions currently payable a reduction in mortality will lead to an extended disbursement period and thus a higher provision requirement. Under the Insurance Activities Actsections 9 - 11 and 9 - 25 the provision requirement related to insurance risk might be financed by the surplus on the future profit on investment There is a need to strengthen the recorded premium reserves within individual pensions and group association pensions due to longer life expectancy. The increased reserves required are calculated at approximately NOK 2 billion, and will be allocated over a period from 2009 onwards cf sections 9 - 25 of the Insurance Activities Act. Vital has applied to the Financial Supervisory Authority of Norway for permission to use an escalation period of 10 years.

The disability risk is to a greater extent exposed to short-term changes. No need for strengthening existing provisions relating to disability pensions or other disability products has been identified.

With respect to the existing contracts the insurance risk is monitored continuously through analysis and follow-up of the risk results in each class of business. The company also applies reinsurance as an instrument to reduce the insurance risk. The company currently has reinsurance agreements that cover catastrophes and significant individual risks within group and individual insurance. The reinsurance agreements imply that Vital will be responsible for the risk up to a certain level and the re-insurer will cover the excess risk up to an maximum defined limit.

In order to reduce the insurance risk exposure, the policyholder is required to undergo a health check before entering into a contract for individual risk products. Individual health checks are also mandatory for smaller group schemes. In connection with the sale of disability pensions a categorisation into risk classes is done on the basis of a specific assessment of the risk for the individual policyholder.

Vital Forikring's operations is concentrated in Norway. In this market the portfolio is well diversified and has no significant concentration of risk in specific geographic areas or industries..

The risk result arises when empirical data for mortality, disability and termination risk deviate from the assumptions in the calculation base for the premiums and provisions. In the case of a surplus on the risk result, the surplus can be allocated to fund for risk-smoothing. The fund for risk-smoothing cannot exceed 150% of the company's aggregate risk premiums for the financial year. In the case of a deficit on the risk result the fund for risk-smoothing be utilised. The fund for risk-smoothing does not apply to risk insurances with a maximum term of one year, paid up policies or individual contracts with the former profit allocation model.

Note 30 – Insurance risk (continued)

Risk result *NOK million*	**Group insurance schemes – defined benefit pensions**				**Individual pension saving**			
	Private sector	**Public sector**	**Association insurance**	**Annuity and pension insurance**	**Endowment insurance**	**Other classes of business**	**Total 2008**	**Total 2007**
Risk result in 2008 1)	17	160	21	(73)	47	(36)	136	
Risk result in 2007	(168)	(70)	11	(60)	33	32		(222)
Sensitivities – effect on the risk result								
1 per cent reduction in mortality	(2)	(1)	(0)	(2)	1	2	(3)	(3)
10 per cent reduction in mortality	(25)	(10)	(1)	(20)	5	20	(31)	(34)
5 per cent increase in disability	(63)	(7)	(1)	(7)	(5)	(16)	(97)	(95)
10 per cent increase in disability	(125)	(14)	(1)	(14)	(9)	(31)	(195)	(190)
1) Of which mortality risk	34	19	36	8	42	18	156	
Of which pure endowment risk	(294)	(11)	(30)	(108)	0	0	(442)	
Of which disability	277	151	15	26	5	(54)	422	

The table shows the effect of the risk result for 2008 on given changes in the empirical mortality or disability data in 2008. NOK 4.4 billion was allocated in 2007 in relation to a new calculation basis for group pensions resulting from changes in assumptions as to life expectancy and civil status patterns. For technical reasons the changes will not have full effect on the risk result until 2009.

Permanent changes in the calculation assumptions will require a need for changes in premiums and reserves. With respect to group pension insurance and individual contracts sold after 1 January 2008 the increased premium reserve requirement will be financed by the risk result for the year, or current and future investment results pursuant to sections 9 - 11 and 9 - 25 of the Insurance Activities Act. For individual contracts sold before 1 January 2008 the increased premium reserve requirements can be financed by profits for allocation or by future profits for allocation pursuant to section 9 - 25 of the Insurance Activities Act.

Calculation assumptions *NOK million*	**Change**	**Effect on gross premium reserve**
Mortality	(10%)	3 387
Disability	10%	1 893

The table shows the effect changes in the main calculation assumptions will have on the gross premium reserve (NOK million).

Mortality and disability

The table shows the net annual risk premium for a sum assured of NOK 100,000. For a spouse's pension the premium shown is for an annual disability pension of NOK 10,000 from the death of the primary policyholder until the spouse reaches 77 years of age. For a disability pension, the premium shown is for an annual disability pension of NOK 10,000 paid until 67 years of age.

NOK	**Men**			**Women**		
	30 year	45 year	60 year	30 year	45 year	60 year
Individual life insurance	136	340	1 447	68	170	724
Individual disability lump sum	223	695	0	333	1 177	0
Individual disabilty pension	394	1 000	3 229	630	1 900	4 858
Spouse pension in group schemes	21	170	704	18	81	222
Disability pension in group schemes	254	556	1 114	388	975	1 672

Premiums for individual disability pensions are based on the company's own experience and were last changed in 2006. Group spouse pensions are based on the new tariff K2005 with security margins. Premiums for disability pensions are based on the company's own experience and were last changed in 2008.

Guaranteed rate of return

The table shows how the average guaranteed rate of return for each class of business has developed over time. The guaranteed rate of returnis shown as a percentage of the premium reserve, premium fund and additional statutory reserves and is measured at 31 December. The guaranteed interest rate is slightly lower each year due to premiums paid in group insurance being guaranteed at 3 per cent.

Per cent	2008	2007	2006	2005
Group pensions, private sector	3.6%	3.7%	3.7%	3.8%
Group pensions, public sector	3.1%	3.2%	3.2%	3.4%
Individual pensions	3.4%	3.4%	3.4%	3.5%
Individual endowment	3.3%	3.4%	3.4%	3.4%
Group association pension	4.1%	4.1%	4.1%	4.1%
Total	**3.5%**	**3.6%**	**3.6%**	**3.7%**

Description of the liability adequacy test

In accordance with IFRS the company has assessed the adequacy of the company's provisions in relation to its liabilities to policyholders. If the test shows that the premium reserves are too low to bear the future liabilities of the company, the difference should be accounted for at the time of the test. The liability adequacy test is undertaken quarterly and is based on the various profit-sharing models.

All price tariffs that the company uses are based on past experience within the product segment or classes of business. Products will thus have different rates of interest, mortality and disability expectations, as well as different costs. The adequacy test assesses the margins in the tariff rates.

The long-term interest rate level indicates the company's margin relative to the return calculated on the premium reserves. Norwegian swap rates are used as estimates of the risk-free interest-rate in the test. Sensitivity analyses show that the premium reserve is adequate to tolerate long-term swap rates down to 3%. As at 31 December 2008 the average duration of the obligations was approximately 16 years and the average calculation rate 3.5%. The swap rate with a 10-year duration was 4.59% as at 31 December 2008. The adequacy test thus indicated no need for further provisions for liabilities to policyholders.

Solvency capital

Solvency capital comprises the market value adjustment reserve, additional statutory reserves, the security reserve, equity, subordinated loans, capital bonds and excess values on securities classified as fixed assets. All these elements, with the exception of parts of the security reserve, can be used to meet the guaranteed rate of return on the policyholders' funds.

NOK million	31.12.2008	31.12.2007
Market value adjustment reserve	0	3 342
Additional statutory reserve	5 360	8 632
Security reserve	97	255
Equity	8 740	8 363
Subordinated loans and perpetual subordinated loan capital securities	2 575	2 500
Unrealised gains on long-term securities	200	(1 304)
Total solvency capital	**16 972**	**21 788**
Guaranteed rate of return on policyholders' fund	6 376	6 807

Note 31 – Capital adequacy and solvency margin capital

The capital adequacy rules regulate the relationship between the company's primary capital and its investment risk on the assets side of the balance sheet. Solvency margin capital is measured against the solvency margin requirement, which is linked to the company's insurance commitments on the liabilities side of the balance sheet. The solvency margin capital requirements for Norwegian life insurance companies are regulated by the Regulations on Calculation of Solvency Margin Requirements and Solvency Margin Capital laid down by the Ministry of Finance on 19 May 1995 as subsequently amended.

Capital adequacy

NOK million	**31.12.2008**	**31.12.2007**
Paid-in equity	2 496	2 496
Other equity	6 244	5 867
Total equity	**8 740**	**8 363**
perpetual subordinated loan capital securities	225	225
Fund for risk-smoothing	(248)	0
Pension funds in excess of pension commitments	(196)	(138)
Intangible assets	(243)	(184)
Core capital	**8 277**	**8 266**
Perpetual subordinated loan capital	1 175	1 030
Ordinary subordinated loan capital	945	1 238
Net supplementary capital	2 120	2 268
Deductions	0	(4)
Total eligible primary capital	**10 398**	**10 531**
Risk-weighted volume	84 608	109 044
Capital ratio	12.3 %	9.7 %
Core capital ratio	9.8 %	7.6 %

Assets by class of risk weight

NOK million	**Recorded 31.12.2008**	**Risk weighted 31.12.2008**	**Risk weighted 31.12.2007**
Risk weight			
0%	42 296	0	0
2%	0	0	0
4%	7 998	320	221
10%	15 500	1 550	612
20%	92 339	18 468	18 502
35%	309	108	0
50%	4 608	2 304	2 073
100%	60 836	60 836	86 696
Intangible assets	243	0	0
Total balance sheet	224 129	83 586	108 103
Off balance sheet items		1 022	5 410
Deductions		0	(4 470)
Total risk-weighted volume		**84 608**	**109 044**

Solvency margin capital and solvency margin requirements

NOK million	**31.12. 2008**	**31.12.2007**
Net primary capital	10 398	10 531
Additional statutory reserves (50 %)	2 680	4 316
Security reserve in excess of 55 % of lower limit	0	111
Fund for risk-smoothing (50%)	124	0
Solvency margin capital	**13 202**	**14 958**
Solvency margin requirements	**8 147**	**7 510**
Solvency margin	**162.0 %**	**199.2 %**

Note 32 – Interest rate sensitivity

Interest rate sensitivity by time period as at 31.12.2008 *NOK million*	**Up to 1 month**	**From 1 month to 3 months**	**From 3 months to 1 year**	**From 1 year to 5 years**	**Over 5 years**	**Total**
NOK	**6**	**67**	**69**	**564**	**1 437**	**2 009**
USD	**2**	**31**	**7**	**70**	**165**	**257**
EUR	**2**	**55**	**2**	**89**	**263**	**406**
GBP	**0**	**0**	**0**	**6**	**63**	**70**
Other currencies	**0**	**0**	**1**	**21**	**22**	**44**

Interest rate sensitivity by time period as at 31.12.2007 *NOK million*	**Up to 1 month**	**From 1 month to 3 months**	**From 3 months to 1 year**	**From 1 year to 5 years**	**Over 5 years**	**Total**
NOK	8	21	80	158	1 472	1 579
USD	2	22	62	46	139	223
EUR	5	144	15	80	268	214
GBP	1	43	0	6	67	29
Other currencies	0	11	0	16	19	24

The table above shows the interest rate sensitivity relating to Vital's financial assets excluding commercial papers and bonds held-to-maturity. The table does not cover administrative interest rate risk and interest risk relating to non-interest earning assets. The table shows the hypothetical change in value in interest-earning securities resulting from parallell one percentage point changes in all interest rates.

Duration	**31.12.2008**	**31.12.2007**
Bonds Norway - average residual maturity (years) 2)	4.3	3.7
Bonds international - average residual maturity (years) 2)	6.1	5.7
Money market - average residual maturity (years) 2)	0.4	0.6
Average effective interest rate bonds Norway (per cent) 1)	4.1	5.8
Average effective interest rate bonds international (per cent) 1)	4.1	4.5
Average effective interest rate money market (per cent) 1)	3.6	5.9

1) With respect to individual securities the effective interest rate is calculated on the basis of the instrument's market value. The weighted average effective interest rate is calculated for the total holding based upon weights representing the security's percentage share of total market value.

2) The duration calculation includes all interest-earning securities.

Interest rate sensitivity – liabilities to policyholders

Vital carries the risk of meeting the liabilities the company has in relation to it's policyholders. The return on financial assets must be sufficient to meet the guaranteed rate of return specified in the insurance policies. In the opposite case, rate of return shortfall must be covered using the market value adjustment reserve, additional statutory reserves, subordinated loans or equity. The company is required to meet the guaranteed rate of return annually.

The average guaranteed rate of return is 3.45 per cent relative to the policyholders' funds. The average duration of future payments was around 17 years as at 31 December 2008.

Average guaranteed rate of return	**2008**	**2007**
Individual endowment insurance	3.3 %	3.3 %
Individual pension insurance	3.4 %	3.4 %
Group public pension schemes	3.1 %	3.0 %
Group pension insurance (private schemes)	3.5 %	3.4 %
Group association insurance	4.0 %	4.0 %
Aggregate	3.4 %	3.4 %

Refer to note 30 for further information on the liabilities adequacy test prepared in accordance with IFRS 4 Insurance Contracts.

Note 33 – Quantification of financial derivatives

General

The purpose of employing financial derivatives is to make effective use of a market view/allocation, through swift and cost-effective asset and market exposure. In addition, using derivatives facilitates active risk management, including adjustments to equity, interest rate and foreign exchange risk.

Sections 2-2/2-3 of the Capital Management Regulations require that special care is taken when monitoring the use of derivatives and require sufficient risk analyses to be carried out in order to manage the risk relating to the derivatives. Section 2-4 of the regulations specifies limits on the use of derivatives. Vital Forsikring employs derivatives in order to hedge assets and to make asset management more effective.

Both linear and non-linear derivatives on interest rates and equities might be used in capital management. It should be noted that Vital cannot issue options (non-linear derivatives). Similarly, Vital is not allowed to invest in credit derivatives.

Financial derivatives are contracts between two or more parties whose value or payments changes in response to the changes in an agreed underlying asset. The risk profile depends on the underlying asset and the interest rate profile of the derivative itself. The underlying assets may be anything from weather data to the value changes of equities, but the most common underlying assets are shares, interest rates, market indices, bonds, credit ratings or credit indexes and commodities. The interest rate profile shows the extent to which a change in the underlying asset changes the value in the derivative, and whether the correlation is linear or not. For linear derivatives the correlation between the changes in the underlying asset and the derivative is 1:1, while non-linear derivatives contain mechanisms that make the correlation different.

Employment of derivatives to differentiate risk in the sub- portfolios in the collective portfolio

Derivatives are used to distinguish between the risk in the sub-portfolios in the collective portfolio. This is done through the purchase/sale of equity futures and the purchase of call and put options. The difference in the rate of return in the different portfolios is due to different exposures to the stock market. See the table for capital returns in the various sub-portfolios for further information on the difference in rate of return resulting from the use of derivatives. Since the stock markets suffered considerable falls during 2008 the portfolios with the lowest portion of shares gave the best return. Dynamic risk management forms a central part of Vital's financial strategy. Dynamic risk management has two main elements. Firstly Vital intends to make gradual adjustments in the market risk in the portfolios.And secondly, Vital uses options to achieve protection against considerable falls in the stock market. Vital has had a considerable portfolio of options during 2008, and has at times fully hedged the international equity exposure. The remaining options were realised in October and as at 31 December 2008 Vital Forsikring ASA had no options. The equity derivatives gave Vital Forsikring ASA an income of NOK 3.4 billion in 2008.

Foreign exchange risk

Vital Forsikring ASA hedges its investments in foreign currencies. At the beginning of 2008 the hedging level was 93.0%. Vital's strategy as at 31 December 2008 was to fully hedge the company's exposure to changes in assets in foreign currencies as a result of movements in exchange rates. The hedging level as at 31 December 2008 was 100%.

Risk target – equity derivatives

The cash equivalent value is an established risk target for all equity derivatives including share options. The cash equivalent value for options indicates how much income one would receive on a marginal change in the stock markets. If one purchases a put option and it has a cash equivalent of 1 billion income from the option contract will increase by 10 million if the stock market falls by 1%. Vital's monitoring of its option contracts includes several parameters in addition to the cash equivalent value. The underlying hedged amount is important. If the option is in the money the cash equivalent will move against the value of the underlying hedged amount. Other parameters include gamma, theta and vega which describe the options sensitivity to changes in underlying price, changes in the time to maturity and changes in volatility.

Risk target – interest

Interest risk is defined as the change in value resulting from a one percentage point increase in interest rates for all maturities.

Note 33 – Quantification of financial derivatives (continued)

Interest futures *NOK million* **Currency**	**Underlying value 31.12.2008**	**Interest rate risk**	**Expiry**	**Underlying value Average 2008**
GBP	1	(0)	March 09	748
EUR	1 217	(61)	March 09	10 480
USD	213	(22)	March 09	12 736
Total	**1 431**	**(82)**		**23 964**

Interest rate swaps *NOK million* **Currency**	**Nominal amount currency**	**Nominal amount**	**Interest rate risk**	**Nominal amount Average 2008**
EUR	690	6 716	66	4 386
NOK	45 878	45 878	(1 010)	39 254
USD	50	350	(15)	176
Total		**52 944**	**(958)**	**43 817**

FRAs *NOK million* **Currency**	**Nominal amount**	**Interest rate risk in NOK**	**Nominal amount Average 2008**
NOK	652 900	77	896 792
SEK	4 427	(11)	7 450
Total	**657 327**	**66**	**904 242**

Asset swaps *NOK million* **Currency**	**Nominal amount currency**	**Nominal amount**	**Interest risk in NOK**	**Nominal amount Average 2008**
SEK	**0**	**0**	**0**	**(77)**
NOK	**0**	**0**	**0**	**77**
Total		**0**	**0**	**0**

Equity index futures / Equity index forwards *NOK million* **Currency**	**Cash equivalent value**	**Expiry**	**Cash equivalent value Average 2008**
AUD	(65)	March 09	168
CAD	0		97
CHF	(96)	March 09	160
EUR	(356)	March 09	784
GBP	(231)	March 09	554
HKD	0		16
JPY	(292)	March 09	372
NOK	(1 858)	February 09	(4 578)
SEK	0		91
SGD	0		25
USD	(991)	March 09	2 105
Total	**(3 889)**		**(204)**

Equity Swap *NOK million* **Currency**	**Cash equivalent value**	**Market value 31.12.2008**	**Cash equivalent value Average 2008**
EUR	0	0	1
Total	**0**	**0**	**1**

Note 33 – Quantification of financial derivatives (continued)

Equity index options *NOK million* **Currency**	**Cash equivalent value**	**Market value 31.12.2008**	**Cash equivalent value Average 2008**
NOK	0	0	5 751
Total	**0**	**0**	**5 751**

Swaption *NOK million* **Currency**	**Nominal amount currency**	**Nominal amount**	**Interest risk in NOK**	**Nominal amount Average 2008**
NOK	0	0	0	33
Total		**0**	**0**	**33**

FX-contracts, currency exposure by maturity *NOK million* **Currency**	**Under 1 year**	**1-3 years**	**Over 3 years**	**Total by currency**
AUD	(42)	0	0	(42)
CAD	(671)	0	0	(671)
CHF	(84)	0	0	(84)
DKK	(7)	0	0	(7)
EUR	(15 191)	(725)	0	(15 916)
GBP	(980)	0	0	(980)
JPY	(408)	5	0	(403)
SEK	(3 327)	(2 738)	(23)	(6 088)
SGD	11	0	0	11
USD	(6 391)	0	0	(6 391)
Total	**(27 090)**	**(3 459)**	**(23)**	**(30 572)**

Definitions

Equity index futures:

Equity index futures are agreements to purchase or sell an index at a specified price at a specified date in the future. The contracts are standardised and listed. Daily settlement of gains/losses based on changes in the closing price are required.

Equity index options:

Equity index options provide unilateral rights to buy or sell shares at a fixed price. The options are linked to equity indices.

Future rate agreements (FRA):

An FRA contract is an agreement which fixes the interest rate for a future period. On purchase one can set a borrowing rate and on sale a lending rate. The principal, the amount which carries interest, is only a reference amount in the contract, and is not exchanged.

Interest rate futures:

Interest rate futures can be described as standardised and listed future rate agreements. Changes in the difference between the agreed interest rate and the actual market interest rate is settled on a daily basis.

Interest rate swaps:

An agreement between two parties to exchange interest rate terms on a security for a fixed amount over a specified future period.

Swaption:

A swaption is an option agreement to buy or sell an interest rate swap at a fixed price.

Forward foreign exchange contracts:

An agreement to sell/buy an agreed currency amount at a fixed price at a specified future date. Forward foreign exchange transactions normally have a short maturity, i.e. between three months and a year. The contracts are mainly used to hedge shares, bonds, and other currency investments.

Note 34 – Currency positions

NOK million	Foreign currencies	Of which: USD	EUR	GBP	SEK	DKK	JPY	Other
Net currency positions at 31 December 2008	524	(245)	(133)	81	456	(3)	(2)	370
Net currency positions at 31 December 2007	6 604	781	1 371	80	2 303	293	84	1 693

Note 35 – Liquidity risk

NOK million		Up to 1 month	From 1 to 3 months	From 3 mths to 1 year	From 1 to 5 years	Over 5 years	No maturity	Total	Adjustment to net book value under IFRS	Total
Bank deposits and receivables	nok	4 686	0	0	0	0	0	4 686	0	4 686
	fx	756	0	0	0	0	0	756	0	756
Loans and receivables	nok	964	0	0	317	0	0	1 281	0	1 281
	fx	0	0	0	2 598	0	0	2 598	25	2 623
Commercial papers, bonds, etc	nok	4 684	13 743	21 025	30 947	34 275	0	104 675	2 118	106 793
	fx	164	289	457	15 564	6 148	0	22 622	515	23 137
Shares	nok	19 857	0	0	0	0	0	19 857	0	19 857
	fx	7 126	0	0	0	0	0	7 126	0	7 126
Financial derivatives	nok	(4 197)	1 746	2 602	1 391	147	0	1 689	0	1 689
	fx	5 361	(324)	35	(1 116)	0	0	3 955	0	3 955
Financial assets	nok	9	18	71	542	12 424	0	13 064	0	13 064
Unit-linked portfolio	fx	3	5	18	141	3 224	0	3 391	0	3 391
Other assets	nok	29 799	0	0	0	0	0	29 799	0	29 799
	fx	5 974	0	0	0	0	0	5 974	0	5 974
Total assets	**nok**	**55 802**	**15 507**	**23 697**	**33 198**	**46 846**	**0**	**175 050**	**2 118**	**177 168**
	fx	**19 383**	**(31)**	**510**	**17 186**	**9 373**	**0**	**46 421**	**540**	**46 961**
Financial derivatives	nok	(12 093)	(15 509)	(2 272)	(2 315)	(7)	0	(32 196)	0	(32 196)
	fx	14 263	15 854	7 297	2 731	0	0	40 146	0	40 146
Insurance liabilities	nok	12	23	89	683	15 660	0	16 467	0	16 467
separate unit-linked portfolio	fx	0	0	0	0	0	0	0	0	0
Insuarance liabilities	nok	480	979	4 288	26 853	152 207	0	184 807	0	184 807
contractual obligations	fx	0	0	0	0	0	0	0	0	0
Other liabilities	nok	3 590	0	0	0	0	0	3 602	0	3 602
	fx	0	0	0	0	0	0	0	0	0
Subordinated loan capital	nok	0	0	0	1 150	25	910	2 085	0	2 085
	fx	0	0	0	0	0	490	490	0	490
Equity	nok	0	0	0	0	0	8 740	8 740	0	8 740
	fx	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**nok**	**(8 012)**	**(14 506)**	**2 104**	**26 371**	**167 886**	**9 650**	**183 493**	**0**	**183 493**
	fx	**14 263**	**15 854**	**7 297**	**2 731**	**0**	**490**	**40 636**	**0**	**40 636**

Liquidity risk
Under normal circumstances the sum of short-term investments, securities with a short residual maturity, liquid government bonds and a prudent estimate of premium income will cover expected insurance payments by a good margin.

Life insurance liabilities have an average maturity of 17 years, but the policyholders are allowed to transfer funds and in certain cases to require redemption. A disadvantageous change in operating parameters as well as a decision by major individual policyholders to transfer insurance contract might force the company to dispose of in order assets to meet the liquidity requirement. It is considered rather unlikely that short-term liquidity requirements would not be met through disposal of liquid interest-bearing instruments. Such a disposal might however lead to an unwanted allocation between different classes of assets, as well as risk of subsequent reallocations being carried out under unfavourable market conditions. The company is not permitted to borrow.

Note 36 – Remuneration and other

Pursuant to Section 6-16a of the Norwegian Public Limited Companies Act, the Board of Directors will present the following remuneration guidelines to the Annual General Meeting:

"The Board of Directors' statement on the stipulation of salaries and other remunerations to senior executives DnB NOR's guidelines for determining remunerations to the group chief executive and other members of the group management team should, at all times, support prevailing strategy and values, while contributing to the attainment of the Group's targets. The remunerations should inspire conduct to build the desired corporate culture with respect to performance and profit orientation. In connection with this statement, the Board of Directors has passed no resolution entailing changes to the principles for the stipulation of remunerations compared with statements presented previously.

Decision-making process

The Board of Directors in DnB NOR ASA has established a compensation committee consisting of three members: the chairman of the Board, the vice-chairman and one board member.

The Compensation Committee prepares matters for the Board of Directors and has the following main responsibilities:

- Make an annual evaluation and present its recommendations regarding the total remuneration awarded to the group chief executive.
- Annually prepare a recommendation for the group chief executive's score card.
- Based on suggestions from the group chief executive, decide the remuneration and other key benefits awarded to the group executive vice president, Group Audit.
- Act in an advisory capacity to the group chief executive regarding remunerations and other key benefits for members of the group management team and, when applicable, for others who report to the group chief executive.
- Consider other matters as decided by the Board of Directors and/or the Compensation Committee.
- Other personnel-related issues which can be assumed to entail great risk to the Group's reputation, should be referred to the Committee.

A. Guidelines for the coming accounting year

Remuneration to the group chief executive

The total remuneration to the group chief executive consists of basic salary (main element), benefits in kind, variable salary, pension and insurance schemes. The total remuneration is determined based on a total evaluation where the following elements are emphasised: financial performance, customer satisfaction, employee satisfaction and the DnB NOR Group's reputation.

The basic salary is subject to an annual evaluation and is determined based on general salary levels in the labour market and especially in the financial industry.

Variable salary to the group chief executive is determined based on specific performance measurements of defined target areas and a discretionary assessment based on the group chief executive's score card. Variable salary cannot exceed 50 per cent of fixed salary. The group chief executive is not awarded performance-based payments other than the stated bonus.

In addition to variable salary, the group chief executive can be granted benefits in kind such as company car, newspapers/periodicals and telephone schemes. Benefits in kind should be relevant to the group chief executive's function or in line with market practice, and should not be significant relative to the group chief executive's basic salary.

The Group will respect the agreement entered into with the group chief executive, whereby his retirement age is 60 years with a pension representing 70 per cent of fixed salary. If employment is terminated prior to the age of 60, the pension will be paid from the age of 60 with the deduction of 1/14 of the pension amount for each full year remaining to his 60th birthday. According to the agreement, the group chief executive is entitled to a termination payment for two years if employment is terminated prior to the age of 60. If, during this period, the group chief executive receives income from other employment, the termination payment will be reduced by an amount corresponding to the salary received from this employment. Benefits in kind will be maintained for a period of three months.

Remuneration to other senior executives

The group chief executive determines the remunerations to senior executives in agreement with the Chairman of the Board of Directors. The Board of Directors will honour existing binding agreements.

The total remuneration to senior executives consists of basic salary (main element), benefits in kind, variable salary, and pension and insurance schemes. The total remuneration is determined based on the need to offer competitive terms in the various business areas. The remunerations should promote the Group's competitiveness in the relevant labour market, as well as the Group's profitability, including the desired trend in income and costs. The total remuneration must neither pose a threat to DnB NOR's reputation nor be market-leading, but should ensure that DnB NOR attracts and retains senior executives with the desired skills and experience.

The basic salary is subject to an annual evaluation and is determined based on general salary levels in the labour market and especially in the financial industry.

Benefits in kind may be offered to senior executives to the extent the benefits have a relevant connection to the employee's function in the Group or are in line with market practice. The benefits should not be significant relative to the employee's basic salary.

Variable salary is determined based on specific performance measurements of defined target areas which each executive can influence, and a discretionary assessment based on the executive's score card. The scheme should be performance-based without exposing the Group to unwanted risk, nor should the scheme pose a threat to DnB NOR's reputation. Variable salary (bonus) cannot exceed 50 per cent of fixed salary. The Board of Directors can make exceptions for certain positions if this is necessary to ensure competitive terms. Though salary in the latter case should be competitive, it should not be market-leading.

Pension schemes and any agreements on termination payments etc. should be considered relative to other remuneration and should ensure competitive terms. The various components in pension schemes and severance pay, either alone or together, must not be such that they could pose a threat to DnB NOR's reputation.

As a main rule, senior executives are entitled to a pension at the age of 65, though this can be deviated from. In accordance with the Group's pension scheme for all employees, pension entitlements should not exceed 70 per cent of fixed salary. However, the DnB NOR Group will honour existing agreements.

As a main rule, no termination payment agreements will be signed. However, the Group will honour existing agreements.

If DnB NOR Bank ASA, after negotiations, receives core capital from the Norwegian State Finance Fund, the Group will act in accordance with the parameters determined for salaries to senior executives.

When entering into new agreements, the guidelines generally apply and comprise all senior executives.

See table of remunerations for senior executives below.

B. Binding guidelines for shares, subscription rights, options etc. for the coming accounting year.

80 per cent of the variable salary of the group chief executive and senior executives is paid in cash, while 20 per cent is paid in the form of shares in DnB NOR ASA with a minimum holding period of two years. Guidelines have been established.

No additional shares, subscription rights, options or other forms of remuneration only linked to shares or only to developments in the share price of the company or other companies within the Group, will be awarded to the group chief executive or senior executives. The group chief executive and senior executives are, however, given the opportunity to participate in a share subscription scheme on the same terms as other employees in the DnB NOR Group.

C. Statement on the senior executive salary policy in the previous account year

An agreement stipulating a retirement age of 62 years has been entered into with a senior executive who joined the Group in 2008.

Group chief executive Rune Bjerke earned a bonus during 2008 based on the Group's financial performance during the year, but has chosen to renounce the bonus payment and nominal wage increases in 2009.

The current defined-benefit pension scheme for senior executives with salaries exceeding 12G (12 times the National Insurance basic amount) has been closed.

In all other respects, the guidelines determined for 2008 have been followed.

D. Statement on the effects for the company and the shareholders of remuneration agreements awarding shares, subscription rights, options etc.

80 per cent of the variable salary of the group chief executive and senior executives is paid in cash, while 20 per cent is paid in the form of shares in DnB NOR ASA. The Board of Directors believes that the awarding of shares to senior executives, in view of the total numbe of shares in the company, will have no negative consequences for the company or the shareholders."

Remuneration ect. in 2008 *NOK thousand*	Emoluments 1)	Salary 2)	Bonus 3) earned in 2007, paid in 2008	Benefits in kind 4)	Total remuneration	Bonus earned in 2009, paid in 2008	Loans as at 31.12.2008 5)	Accrued pension expense 6)	Present value of pension agreement 6)
Board of Directors of Vital Forsikring ASA									
Rune Bjerke, Chairman	0	4 311	1 276	246	5 833	0	98	2 995	5 583
Tom Grøndahl, Deputy Chairman	0	2 893	819	349	4 061	0	675	2 492	31 196
Cathrine Klouman	0	2 140	610	191	2 941	629	3 185	1 146	6 012
Bjørn Erik Næss from 19.06.08	0	2 422	0	150	2 573	956	7 844	3 593	3 489
Lars Rosén	190	0	0	0	190	0	0	0	0
Siri Pettersen Strandenes	499	0	0	1	499	0	0	0	0
Bjørg Ven	190	0	0	1	191	0	0	0	0
Tove E. Pettersen from 19.06.08	104	0	0	0	104	0	2 006	0	0
Kristin Birkeland (employee rep.)	190	344	16	75	625	0	1 150	24	146
Vibeke Holsen (employee rep. from 19.06.08, deputy member to 18.06.08)	127	1 134	21	138	1 420	0	1 636	257	2 526
Jørn Kvilhaug (employee rep.)	443	1 269	61	150	1 922	0	415	87	3 869
Tor M. Nordvold (employee rep. to 30.06.08)	104	1 023	178	70	1 374	0	1 736	61	2 754
Rolf Rønning to 30.06.08	93	0	0	1	93	0	0	0	0
Gunnar Reitan to 30.06.08	93	0	0	1	93	0	2 138	0	0
Total Board of Directors	**2030**	**15 536**	**2 980**	**1 371**	**21 918**	**1 585**	**20 882**	**10 655**	**55 574**
Group Management									
Tom Rathke, CEO 7)	0	3 144	797	194	4 135	420	1 610	2 042	10 472
Anders Skjævestad, Dep. CEO and EVP Staff	0	1 595	376	248	2 219	135	1 109	472	2 636
Bjørn Atle Haugen, EVP Corporate Market	0	1 134	231	169	1 534	100	1 257	225	2 369
Frode J. Hansen, EVP Sales Division	0	1 401	266	179	1 845	135	2 971	265	2 440
Carl Johan Wickmann, EVP Private Customer Market	0	1 380	266	351	1 997	100	2 748	371	3 269
Øystein Stephansen, CFO	0	1 578	546	173	2 297	150	2 067	289	2 147
Runar Holen, EVP IT	0	1 520	16	345	1 881	0	149	472	10 179
Total senior management	**0**	**11 752**	**2 498**	**1 658**	**15 908**	**1 040**	**11 913**	**4 137**	**33 512**
Control committee									
Frode Hassel, Chairman	79	0	0	0	79	0	0	0	0
Thorstein Øverland, Deputy Chairman from 01.04.08	60	0	0	0	60	0	0	0	0
Svein Norvald Eriksen	53	0	0	0	53	0	1 398	0	0
Ingebjørg Harto	53	0	0	0	53	0	0	0	0
Svein Brustad	53	0	0	0	53	0	0	0	0
Merethe Smith from 01.04.08	39	0	0	0	39	0	0	0	0
Total control committee	**336**	**0**	**0**	**0**	**336**	**0**	**1 398**	**0**	**0**
Total Supervisory Board	**297**	**0**	**0**	**0**	**297**				

Note 36 – Remuneration and other (continued)

1) Includes emoluments received from all companies in the DnB NOR group in respect of qualifying services for boards and committees.
2) Includes salary payments for the entire year and holiday pay on bonuses. Some employees were members of the Board of Directors, the group management team or the Supervisory Board for only parts of the year.
3) The bonus of group chief executive Rune Bjerke for 2007 was stipulated at maximum 30 per cent of annual fixed salary. The bonus was paid in 2008. The bonus of Group chief executive Tom Rathke for 2006 amounted to NOK 836 000. The bonus was paid in 2007.
4) Benefits in kind include among other things payment from employee investment funds and pension payments
5) Loans as at 31 December 2008 have been provided by the fellow subsidiary DnB NOR Bank ASA. Vital has not extended loans to representatives and senior management. Loans to DnB NOR employees are extended on special terms which are close to ordinary customer terms.
6) The net present value of pension agreements represents accrued pension commitments excluding payments into funded pension schemes. Assumptions used in actuarial calculations of accrued pension expenses and the present value of pension agreements, are shown in note 12 Pensions.
7) The employment contract can be reciprocally terminated on six months' written notice, commencing from the end of the calendar month in which the employment contract is terminated. If the event the employer terminates the employment contract for reasons other than those qualifying for dismissal with immediate effect, the chief executive is entitled to emoluments for a period of one year commencing the expiry of the notice period. Any other income from employment during the one-year commencing the expiry of the notice period is deducted.

Other information on pension agreements

Tom Rathke has a pension agreement entitling him to a pension representing 70 per cent of fixed salary from the age of 62.
Anders Skjaevestad has a pension agreement entitling him to a pension representing 70 per cent of fixed salary from the age of 65.

Subscription rights programme for employees

There was no subscription rights programme for employees in the DnB NOR Group at year-end 2008.

Auditors' remuneration

The auditors' remuneration includes fees relating to Vital Forsikring ASA, subsidiaries and directly owned property companies.

NOK thousand	**2008**	**2007**
Statutory audit 1)	3 893	3 034
Other certification services	155	521
Tax-related advice	13	192
Other services	707	0
Total remuneration to statutory auditor	**4 767**	**3 747**
Financial audit group audit	854	854

Auditors' fees are inclusive of VAT.

1) Breakdown of fees for stautory audit in Vital Forsikring :

Vital Forsikring ASA tNOK 1 056
Subsidiaries of Vital Forsikring tNOK 169
Property companies tNOK 2 668

Other non-audit services mainly refer to assistance in connection with aquisition of properties. This includes services relating to takeover balances and pro and contra settlements.

Note 37 – Related party transactions

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

Purchase and sale of services from/to related parties

During 2008 Vital sold services to other companies in the group for NOK 128 million, and purchased services from group companies for NOK 572 million. The corresponding figures for 2007 were NOK 135 million and NOK 673 million respectively. The main items are as follows:

DnB NOR Bank ASA is a fellow subsidiary that has entered into an agreement with Vital Forsikring ASA to sell insurance contracts on their behalf.
With respect to individual insurance contracts including unit-linked, new sales through DnB NOR Bank ASA amounted to 37 per cent of total new sales for 2008 (2007: 55 per cent).
Commission to DnB NOR Bank ASA totalled NOK 138 million for 2008 (2007: NOK 180 million) .

Note 37 – Related party transactions (continued)

Vital Forsikring ASA has entered into an agreement on asset management with the fellow subsidiary DnB NOR Kapitalforvaltning ASA. The fees to DnB NOR Kapitalforvaltning ASA for 2008 totalled NOK 117 million (2007: NOK 147 million).

Receivables from and payables to related parties:

DnB NOR Bank ASA is lender for the company's total subordinated loans of NOK 2 350 million (2007: NOK 2 275 million) and the perpetual subordinated loan capital securities of NOK 225 million (2007: 225 million).

Vital Forsikring ASA has receivables from other companies in the group totalling NOK 1 137 million, (2007: NOK 189 million), and payables to other companies in the group of NOK 981 million (2007.: NOK 3 557 million).

Norwegian companies in the DnB NOR group have pension scheme contracts with Vital Forsikring ASA, and estimated funds as at 31 December 2008 amounted to NOK 8.0 billion (2007: NOK 7.6 billion).

Purchase and sale of financial assets with related parties:

Vital Forsikring ASA purchased in 2008 a loan portfolio from DnB NOR Bank ASA. The consideration for the portfolio was NOK 2 105 million. Refer is to the comments in note 20.

Vital Forsikring ASA purchased in 2008 shares and mutual funds from DnB NOR Bank ASA for NOK 204 million.

Vital Forsikring ASA holds bonds issued by DnB NOR Boligkreditt. The cost of the bonds as at 31.12.2008 was NOK 6 567 million.

DnB NOR Markets is a major counterparty for Vital Forsikring ASA. In 2008 Vital decided to sign a CSA counterparty risk reduction agreement with DnB NOR Markets. The CSA agreement limits Vital's counterparty risk against Markets to NOK 50 million. According to the agreement derivative positions in excess of NOK 50 million are settled on a weekly basis. As at 31 December 2008 Vital Forsikring ASA had advanced settlement for a total of NOK 964 million.

Note 38 – Other liabilities and commitments

Heidelberger Cement Pension Fund/Norcem AS has issued a writ against Vital Forsikring ASA, with a claim for damages up to NOK 110 million plus interest. Vital Forsikring ASA has allegedly given incorrect advice in connection with the transfer of funds from the premium fund of the company's pension scheme. The claim is contested.

The company's other ongoing lawsuits are not expected to have any material impact on the company's financial position.

Vital has no material rental or leasing commitments, and has not undertaken any guarantee commitments or pledged securities for loans.

Declaration of the Appointed Actuary

The appointed actuary shall ensure that the company's operations are at all times conducted in a sound manner as regards technical insurance aspects. In this respect the technical insurance situation for Vital Forsikring ASA as at 31 December 2008 has been evaluated.

With reference to the accounts presented for 2008 I confirm that the insurance allocations have been made in conformity with the relevant calculation bases and in accordance with applicable legislation and associated regulations. The division of profits between customers and the company, including the application of additional allocations, has been carried out, in the opinion of the undersigned, in accordance with applicable regulations

Bergen, 9 March 2009

Egil Heilund
Appointed Actuary

Statsautoriserte revisorer
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To the Annual Shareholders' Meeting of
Vital Forsikring ASA

Auditor's report for 2008

We have audited the annual financial statements of Vital Forsikring ASA as of 31 December 2008, showing a profit of NOK 218 mill. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the balance sheet, the statements of income and cash flows and the accompanying notes. The regulations of the Accounting Act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements. These financial statements and the Directors' report are the responsibility of the Company's Board of Directors and 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 conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including the auditing standards adopted by the Norwegian Institute of Public Accountants. Those standards and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures 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 financial statement presentation. 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 laws and regulations and present fairly, in all material respects the financial position of the Company as of 31 December 2008, 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 has fulfilled its duty to properly record and document the Company's accounting information as required by law and generally accepted bookkeeping practice in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and comply with law and regulations.

Bergen, 16 March 2009
ERNST & YOUNG AS
Bjarne Møller
State Authorised Public Accountant (Norway)
(sign.)
Note: The translation to English has been prepared for information purposes only.

The Control Committee's Statement

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

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

The Control Committee has, in connection with the closing of the annual accounts for the financial year 2008, reviewed the annual report, the annual accounts, the declaration of the Appointed Actuary and the auditor's report for Vital Forsikring ASA and the Group.

The Committee finds that the Board's assessment of the company's financial position is accurate and recommends that the annual report and the annual accounts for the financial year 2008 be approved.

Bergen, 16 March 2009

Frode Hassel

Ingebjørg Harto

Svein N. Eriksen

Thorstein Øverland

Svein Brustad

Merethe Smith

Statement from the Board of Representatives

The Board of Representatives recommends that the profit and loss account and balance sheet, and the annual report for 2008, as proposed by the Board of Directors, be adopted by the Annual General meeting as the accounts of Vital Forsikring ASA for 2008.

Oslo, 25. March 2009

Benedicte Berg Schilbred
Chairman

Extract from minutes of the Board of directors Meeting

The Board of Directors approved the proposed Annual Accounts and Notes together with the Board's Annual Report and proposal for the distrubution of profits.

9. March 2009

Definitions

Reference is also made to the accounting policies.

Result and return on capital

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

Yield result:
The return result less the base rate.

Risk result:
The result of the period's mortality and disability experience differing from what was assumed in the premium tariff.

Capital return I
The recorded return

Capital return II
The recorded return + unrealised value changes that are posted to the market value adjustment reserve

Capital return III
The recorded return + unrealised value changes that are posted to the market value adjustment reserve +value changes in the held-to-maturity portfolio

Average return:
The average rate of return is the average realised rate of return on the policyholders' funds in the course of the year.
Due to the way in which the average return is computed, it is not comparable to the return achieved in other types of financial institutions. The computation method is laid down by Kredittilsynet (the Financial Supervisory Authority of Norway) and can be described in terms of the ratio between:

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

Base rate:
The company offers traditional life and pension insurance, endowment insurance and non-life insurance. The traditional products use a return computation to set reserves and premiums.

The maximum rate of return at any given time is set by Kreditilsynet. This rate of return is often called the base rate. The maximum base rate for new contracts is 2.75 per cent. The base rate is the policyholders' guaranteed annual rate of return. In most endowment insurance policies the customer bears the financial risk. Non-life insurance policies are products with benefits related to the insured's life and health. These are products not eligible for profit allocation and with annual re-pricing.

Insurance products

Group contracts

Under group defined benefit pension plans, pension payments are disbursed from an agreed age and until the death of the policyholder. It may also be agreed that the pension will cease at a specified age. The defined-benefit pensions may include retirement pensions, disability pensions, spouse pensions and child pensions. Group defined-benefit pensions follow new business rules introduced from 1 January 2008, which mean that the policyholder in advance pays an annual premium for interest rate risk, insurance risk and administration. The company is entitled to change the premium annually. Interest rate in excess of the guaranteed rate of return is allocated to the policyholder in full. If the interest rate is between 0 and the guaranteed rate of return, the company may use additional statutory reserves to meet the guaranteed return, or else the company must cover the deficit. A risk result surplus may either be used to increase the fund for risk-smoothing or be distributed to policyholders. No more than 50 per cent of annual profits may be allocated to the fund for risk-smoothing. Any remaining losses after the fund for risk-smoothing has been used, must be covered by the company. The administration result is allocated in full to the company.

When a member terminates a pension agreement or a pension agreement ends, he or she is entitled to a paid-up policy. Rights earned at the time of departure or termination are carried forward in paid-up policies. Paid-up policies have a separate profit model where a minimum of 80 per cent of the profit is distributed to the policyholder. The profit for distribution comprises the interest rate result and the risk result. The administration result is allocated in full to the company.

Group association insurance is a pension insurance taken out on behalf of the associations members. Association insurances may include retirement pensions, disability pensions, spouse pensions and child pensions.

Individual contracts

Individual annuity and pension insurances are savings agreements where the company agrees to disburse a monthly amount up until the policyholders' death, or until the policyholder reaches an agreed age. This normally includes retirement pensions, disability pensions, spouse pensions and child pensions.

Individual endowment insurance are contracts where the company upon the policyholders death or when the policyholder reaches an agreed age, disburses the agreed amount. Individual endowment insurance may also include disability cover as a single payment in the event of permanent disability.

In the case of individual contracts sold prior to 1 January 2008 the former profit allocation rules apply. These regulations implies that interest rate result, risk result and administration result all form part of the profits to be allocated between the policyholder and the company. The policyholder should receive a minimum of 65 per cent of the annual profit. For contracts sold as of 1 January 2008 the new business rules apply.

Contracts with investment choice (unit-linked)

Defined-contribution pensions schemes are group pension agreements where the employee bears the financial risk. However, full or partial hedging of the paid amount can be bought upon retirement age.

Individual unit-linked policies are endowment insurances or annuity insurances where the policyholder bears the financial risk.

Other classes of business

Group life policies are life insurance policies that an employer or association takes out on behalf of its employees or members, and,where applicable, for their spouses and children. The amount recoverable under the policy is disbursed upon the death of the policyholder. Group lifeinsurance may also include disability cover as a single payment in the event of permanent disability.

Employer's liability insurance is a one-year risk product which companies link to their pension agreements. This may be corporate group life insurance or accident insurance. Occupational injury insurance is mandatory for all enterprises.

Premiums and claims

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

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

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

Repurchase:
When the policyholder terminates the insurance contract and the repurchase value is repaid.

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

Financial derivatives

Equity index futures:
Equity index futures are agreements to purchase or sell an index at a specified price at a specified date in the future. The contracts are standardised and listed. Daily settlement of gains/losses based on changes in the closing price are required.

Equity index options:
Equity index options provide unilateral rights to buy or sell shares at a fixed price. The options are linked to equity indices.

Future rate agreements (FRA):
An FRA contract is an agreement which fixes the interest rate for a future period. On purchase one can set a borrowing rate and on sale a lending rate. The principal, the amount which carries interest, is only a reference amount in the contract, and is not exchanged.

Interest rate futures:
Interest rate futures can be described as standardised and listed future rate agreements. Changes in the difference between the agreed interest rate and the actual market interest rate is settled on a daily basis.

Interest rate swaps:
An agreement between two parties to exchange interest rate terms on a security for a fixed amount over a specified future period.

Swaption:
A swaption is an option agreement to buy or sell an interest rate swap at a fixed price.

Forward foreign exchange contract:
An agreement to sell/buy an agreed currency amount at a fixed price at a specified future date. Forward foreign exchange transactions normally have a short maturity, i.e. between three months and a year. The contracts are mainly used to hedge shares, bonds, and other currency investments.

Capital adequacy and solvency margin capital

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

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

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

Supplementary capital:
Comprises mainly of subordinated loan capital.

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

Capital ratio:
Eligible primary capital as a percentage of the risk-weighted volume.

Solvency margin capital:
Capital that can be measured against the solvency margin requirement. The capital consists of primary capital, 50 per cent of additional statutory reserves and the security reserve over and above 55 per cent of the minimum value. Solvency margin capital must exceed the solvency margin requirement.

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

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