Annual Report Union Bank of Norway

2001

Gjensidige NOR

Contents

Financial calendar for 2002

13 February 2002	Preliminary results for 2001
20 March 2002	Meeting of Committee of Representatives
21 March 2002	Ex dividend date
9 April 2002	Dividend paid
7 May 2002	1st quarter 2002
15 August 2002	2nd quarter 2002
7 November 2002	3rd quarter 2002

Financial Summary

KEY FIGURES FROM THE ANNUAL ACCOUNTS

	2001	2000	1999	1998	1997
Net interest income	**5 527**	5 347	4 648	2 909	2 512
Capital gains	**272**	262	211	167	157
Other operating income	**1 917**	1 669	1 483	1 352	1 605
Operating expenses	**4 544**	4 106	4 055	2 915	2 936
Operating profit before losses	**3 172**	3 172	2 287	1 513	1 338
Losses (gains) on loans	**426**	215	201	128	(46)
Losses (gains) on long-term financial assets	**(232)**	(746)	(386)	(255)	92
Operating profit	**2 978**	3 703	2 472	1 640	1 292
Net profit	**2 161**	2 688	1 784	1 185	916
Return on equity	**16.1%**	22.6%	17.3%	15.4%	13.7%
Interest margin	**2.5%**	2.6%	2.6%	2.1%	2.0%
Effective yield on primary capital ceritificates	**13%**	47%	33%	(18%)	36%
Earnings per primary capital certificate (in NOK)	**32.65**	41.69	28.34	28,07	20.11
RISK amount (in NOK, as at 1 Jan. subsequent year)	Approx. **17.50**	28.11	20,18	12,29	20.84
Growth in lending	**9.5%**	7.8%	36.2%	10.8%	18.9%
Growth in deposits	**9.5%**	7.1%	31.5%	6.1%	0.4%
Total assets	**231 209**	206 917	195 608	147 500	132 484
Losses (gains) on loans	**0.2%**	0.1%	0.1%	0.1%	(0.0%)
Capital (eligible)	**19 264**	18 191	15 958	14 554	10 973
Capital ratio	**11.0%**	11.3%	10.8%	13.1%	11.4%
Of which: core (tier 1) capital	**7.4%**	7.4%	7.2%	8.5%	6.9%

Amounts in NOK million. See p. 54 for further key figures and definitions.

KEY FIGURES FOR UNION BANK OF NORWAY'S PRIMARY CAPITAL CERTIFICATE (PCC)

	2001	2000	1999	1998	1997
PCC price at 31.12 *(value for tax purposes)*	**273**	257.50	185	147.50	260
Market value at 31.12 *(NOK million)*	**12 801**	12 074	8 674	6 916	6 773
No. of outstanding PCCs *(in thousands)*					
Average no. of PCCs	**46 889**	46 889	46 889	30 103	26 049
No. of PCCs at 31.12	**46 889**	46 889	46 889	46 889	26 049
Ratios					
Earnings per PCC**(NOK)*	**32.65**	41.69	28.34	28.07	20.11
Dividend per PCC - adjusted* *(NOK)*	**17**	17	14	11.50	12.15
P/E	**8.36**	6,18	6.53	5.25	12.93
Direct yield	**6.2%**	6.6%	7.6%	7.8%	4.7%
Book equity per PCC (incl. allocation to dividend)* *(NOK)*	**219**	204	177	161	155
Price/book value*	**1.24**	1.26	1.04	0.92	1.36

** Figures for 1997 are adjusted by a factor of 0.8103 as a result of the par issue in October 1998.*

Highlights 2001

SAVINGS BANKS ASSOCIATION IN FAVOUR
A majority of the Board of the Savings Banks Association decides on 4 April not to oppose a conversion of Union Bank of Norway into a limited company. Five regional conferences held ahead of the Board's decision show that banks representing almost 80 per cent of the savings banks' total assets favour a general right of conversion.

BETTER TERMS FOR YOUNG PEOPLE
First-home loans are launched by Union Bank of Norway on 2 May. Only first-time home buyers are eligible, and up to 90 per cent of the asking price can be borrowed at the bank's best mortgage rate. Loans of up to 100 per cent of the asking price are also available. First-home loans rapidly gain popularity, and by year-end total loans disbursed come to NOK 3 200 million.

SELLS IN DENMARK
Union Bank of Norway signs an agreement on 20 July to sell its credit card business in Denmark, AcceptFinans A/S, to GE Capital for DKK 573 million in cash. The sale produces a pre-tax gain of NOK 205 million, equivalent to NOK 2.23 per primary capital certificate after tax.

MAJOR IT PROBLEMS
On 2 August problems at EDB Business Partner cause stoppages in several banks' IT systems, leaving Union Bank of Norway's customers without banking services for several days. No data are lost, but almost a week passes before all systems are re-established.

GENUINE E-COMMERCE
In October the Credit Card Division Cresco (formerly Accept Card) launches a fully integrated e-commerce solution in conjunction with, among others, Visa. This is the first-ever launch of a solution that automates everything from order-placing and order-receipt to invoicing and bookkeeping.

ESTABLISHES MERCHANT BANK
In the autumn Gjensidige NOR assembles some of its corporate customer and capital market services in a new unit called Gjensidige NOR Merchant Bank. The new unit is an amalgamation of the business areas Corporate Customers and Markets in Union Bank of Norway, along with the subsidiary Gjensidige NOR Equities ASA.

GROUP-WIDE INTERNET PORTAL
On 13 November Gjensidige NOR launches a group-wide Internet portal.
At www.gjensidigenor.no customers and other visitors can find their way around Gjensidige NOR's many products and services. The ambition is to increase cross-sales of products between the insurance arm and the banking/savings arm of Gjensidige NOR.

RECOMMENDS CONVERSION
On 7 December the government presents Kredittmeldingen, a review of events in the financial market, in which it puts forward principles for a law change that will enable savings banks to be converted into limited companies. After the Storting endorses this document, the Ministry of Finance initiates the legislative process needed to permit conversion.

PCC PRICE TREND
Over the year the price of Union Bank of Norway's primary capital certificate rises from NOK 257.50 to NOK 273.00. This gives a return of 13 per cent, when dividend received in 2001 is taken into account.
At year-end 48 per cent of the bank's primary capital certificates are in foreign hands, and the number of PCC holders totals 21 611.

This is Gjensidige NOR

- Gjensidige NOR was formed in 1999 by the amalgamation of Union Bank of Norway with the Gjensidige group. Today Gjensidige NOR is the second largest financial conglomerate in Norway.

- Gjensidige NOR's mission is to be a leading financial services group in Norway, and to meet customers' needs for everyday banking, insurance, savings and investment, loans and financing, real estate agency and security services.

- Gjensidige NOR's main constituent companies are Union Bank of Norway, Gjensidige NOR Forsikring and Gjensidige NOR Spareforsikring.

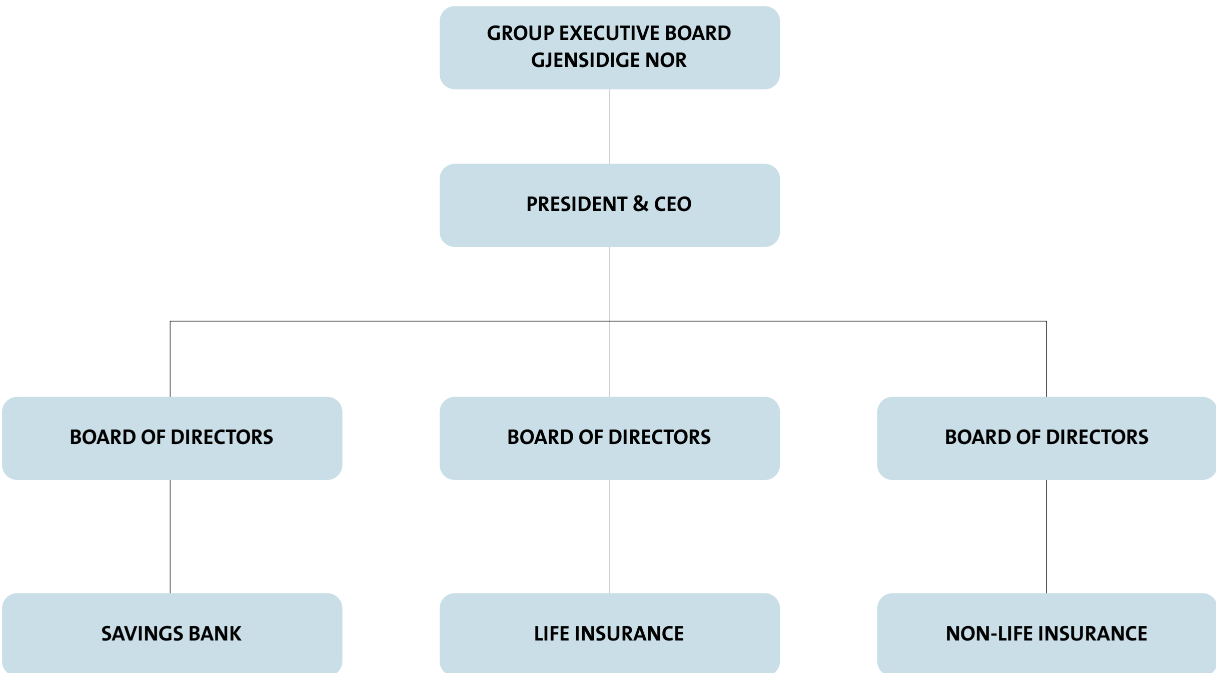
- Union Bank of Norway and Gjensidige NOR Spareforsikring are seeking to achieve conversion to limited company status under a new joint holding company, Gjensidige NOR ASA. Gjensidige NOR Forsikring will continue operations as a mutually owned company under a wide-ranging cooperation agreement with, and stake in, the new holding company.

- In aggregate the three main companies in Gjensidige NOR manage capital totalling NOK 355.9 billion.

- Gjensidige NOR has a fine-meshed branch network and attaches great importance to maintaining close proximity to its customers. Gjensidige NOR has more than 400 branches and offices.

- Gjensidige NOR has cooperation agreements with 20 fire insurance companies, four regional and several local savings banks in areas of the country where the group as such does not maintain a presence. Gjensidige NOR's products are also available via the Internet and telephone.

- In 2001 Gjensidige NOR and its partners managed capital totalling NOK 416.5 billion. Permanent employees of the group and its subsidiaries number 7 800.



This is Union Bank of Norway

Union Bank of Norway is the country's largest savings bank and the second largest retail bank with more than 800 000 retail customers. The bank aims to be the natural first choice for retail customers and local businesses throughout the country.

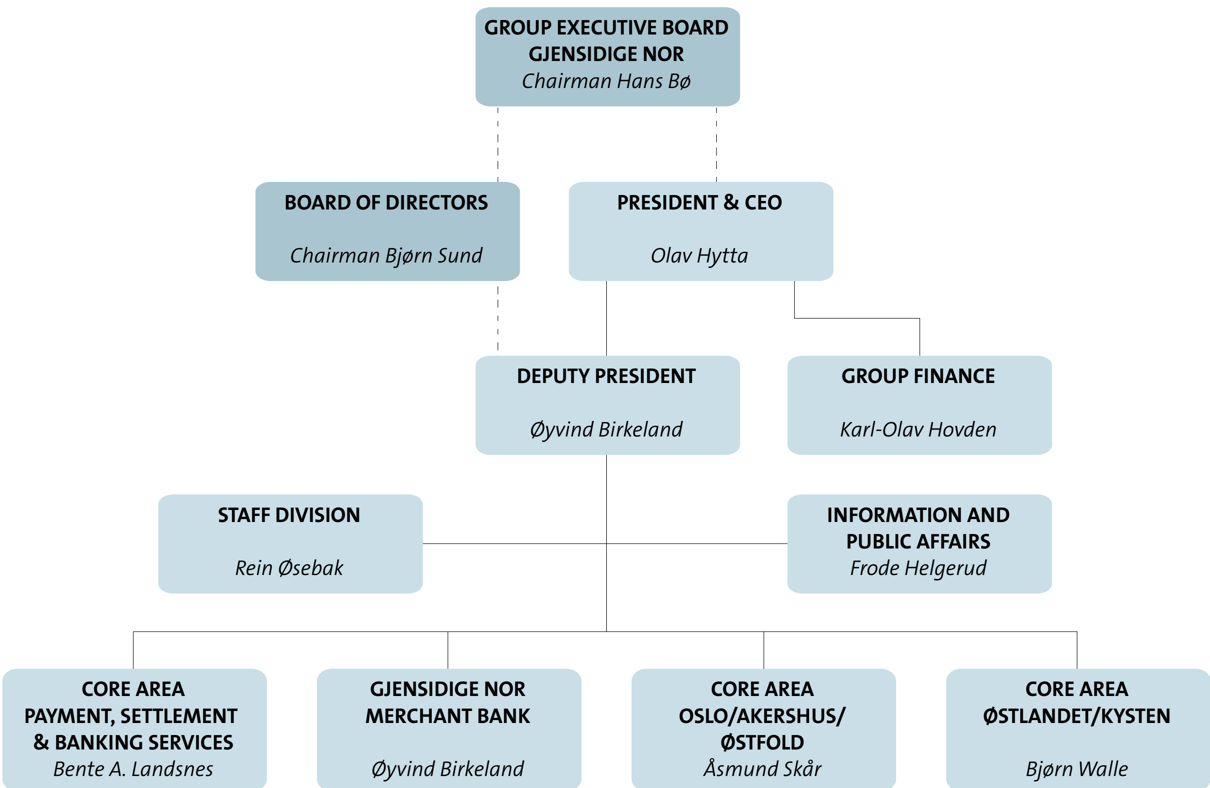
The bank distributes its products nationwide via 164 branches and in close collaboration with regional savings banks. Its products are also distributed via Gjensidige NOR Forsikring's branch network. The bank has ambitions to expand its market shares in new regions, based primarily on customer relationships across the Gjensidige NOR group. Gjensidige NOR as a whole has more than two million customers. This represents a strategic advantage, offering sales potentials across all business segments in Gjensidige NOR.

Accessibility is crucial for a distributor of a broad range of financial services. The bank is devoting substantial resources to developing a multi-channel strategy that enables the customer to choose the type of service that suits him or her best. The multi-channel strategy is based on an active interplay between Internet-based services and personal advice. Our local presence remains our most important channel for developing personal relationships with customers.

Union Bank of Norway desires a leading position in the market for small and medium-sized businesses. In the corporate customer market the aim is to be the best provider of selected products and services. With the establishment of Gjensidige NOR Merchant Bank, the bank will come across as a highly visible and quality-conscious player in the capital market.

Union Bank of Norway has a clear-cut ambition to expand its sales of savings and investment products, both its own products and those of external providers. Gjensidige NOR shall be perceived as a total provider that caters to a wide range of customers' needs and expectations.

Union Bank of Norway's market ambitions underpin its owners' requirements and expectations. The bank aims for a post-tax return on equity of 15 per cent, a requirement that all business units shall meet in due course.



Computer power and local expertise

In its coverage of Union Bank of Norway over the past year, the financial press has focused largely on our effort to secure savings banks the right to convert into limited companies. We need a change in the law to if the bank and the group are to continue to evolve, and the senior management have devoted much time and effort to bringing about this change in our parameters. Fortunately a broad-based understanding of our needs now appears to be in evidence in political quarters along with an almost equally broad-based political will to take the necessary decisions.

Gjensidige NOR does not live on changed parameters. We live on our ability to offer our customers products and services at a price and a level of service that are fully equal to the best of our competitors. In 2001 changes were made in the overall operation of the bank that we are certain will help to strengthen our competitive power in the years ahead.

Players in the financial sector are aces at copying each other's products and, if truth be told, it is no easy matter for the market to see any major differences between us and our competitors based on how we put ourselves across in advertisements, brochures and other promotional material. Moreover, most types of money transfer services in Norway are coordinated to provide the customer with a highly efficient, reasonably priced facility. Add to this the fact that all high street banks in Norway run Internet operations offering much the same services, and one can ask oneself how a bank is to mark itself out and put over its products and services in a way that sets it apart from its competitors.

Our bank has almost a million customers. They use the bank in a number of different ways via a variety of distribution channels. At Gjensidige NOR we are convinced that our distribution system gives us a comparative advantage that cannot be copied. Partly because our staff cannot be cloned: substantial resources have been devoted to making our staff even more skilled in handling customers. And partly because we have a local-level distribution system that has evolved through decades of adjustment and relationship building with the community at large, whether urban or rural. No matter how much market needs change, we are sure that our local knowledge and local contacts will serve our business well. The latest addition to our local distribution system is the extensive expertise we have built up in savings and investment. Moreover, our branch network is benefiting from new technological solutions that enable us to sell standardised insurance products in a sound, effective manner.

We have systematically supplemented the savings bank's local and traditional mode of distribution with new distribution channels based on the possibilities offered by new technology. In recent years we have built up excellent solutions for event-based marketing and sales in which a combination of computer power and a local presence is an important recipe for success. We take pride in having presented www.gjensidigenor.no - the first total supplier of financial services in Norway - towards the end of 2001. This Internet portal will evolve on a continual basis. Along with these innovations, customer service centres are now in place to answer enquiries from our Internet customers and others needing rapid assistance.

Upgrading our distribution system has required substantial investment. We are convinced that this will produce returns in the form of improved customer-handling and more cost-effective operation. It is gratifying to note the sound financial results we have achieved in a year of substantial investment and a strong management focus on conversion and restructuring of the group.

Øyvind Birkeland
Deputy President,
Union Bank of Norway

Olav Hytta
President & CEO,
Gjensidige NOR

Report of the Group Executive Board

INTRODUCTION

Gjensidige NOR achieved an aggregate pre-tax profit of NOK 1.5 (2000: 3.4) billion in 2001. Given the underlying conditions, the Group Executive Board is pleased with the Group's overall financial performance.

The companies making up Gjensidige NOR enjoyed a buoyant market trend over the year. Gjensidige NOR Spareforsikring is now the market leader in the retail segment and achieved greatest expansion in the municipal market. The bank reported a sound trend in deposits and a 13 per cent increase in loans to the private market. Growth in lending to business customers was deliberately kept down, partly due to a tight equity capital situation and partly because of the higher loss risk inherent in an uncertain economic climate. Gjensidige NOR Forsikring maintained its market position in a period where the chief focus was on profitability.

Important tasks for Gjensidige NOR in 2001 were to strengthen brand identity, increase cross-sales, continue the coordination processes in the group and to prepare for a restructuring of the Gjensidige NOR in which the banking and life insurance arms are set to be converted to limited companies under a stock-exchange-listed holding company - Gjensidige NOR ASA. These tasks will be at centre-stage in the current year, as previously.

FINANCIAL PERFORMANCE

Union Bank of Norway recorded a profit of NOK 2 978 (3 703) million. Gains on disposals of long-term financial assets came to NOK 232 (746) million. The post-tax profit was NOK 2 161 (2 688) million, producing a return on equity of 16.1 (22.6) per cent. At year-end the bank's capital adequacy ratio was 7.4 per cent.

In the second half-year the bank was affected by serious problems with data delivery from EDB Fellesdata. The Group Executive Board has asked the administration to put forward proposals to reduce the Group's dependence on the computer systems of a single company.

Return on capital invariably affects financial results in the insurance industry. Last year's weak trend on world bourses contributed heavily to the weak performance of Gjensidige NOR Forsikring and Gjensidige NOR Spareforsikring. Gjensidige NOR Forsikring posted a negative return on capital of 0.7 (+3.7) per cent, and Gjensidige NOR Spareforsikring a positive return of 1.8 (+9.0) per cent.

Gjensidige NOR Forsikring brought a wide-ranging profitability enhancement programme to completion in 2001. One of its aims was to reduce costs to 25 per cent of premiums earned in 2001. The actual outcome was 24.4 per cent. The number of FTEs was reduced by about 400 under the programme.

Norway has enjoyed a favourable economic climate for a number of years. Based on historical experience, a booming economy is accompanied by high claims payments. Such payments rose by 5.2 per cent in 2001, resulting in a claims ratio of 85, while the combined ratio was reduced from 115 to 108 in 2001. Due to the increase in claims payments, the combined ratio target of 105 was not fully achieved. The Gjensidige NOR Forsikring Group recorded an overall negative operating result of NOK 965 (-376) million.

Gjensidige NOR Spareforsikring reported a negative operating result of NOK 115 (+335) million after customer allocations and before tax. Value-adjusted return was 0.0 (4.2) per cent and book return 1.8 (9.0) per cent. Return was negatively affected by 0.3 per cent by hedging transactions carried out early in 2001 to prevent a difficult equity situation arising for the company in the event of a further decline in security markets.

As a result of the share market slump no return is being paid on customer assets beyond the guaranteed minimum. Buffer capital was reduced during the year from NOK 8 223 million to NOK 5 893 million. Embedded value (the sum of equity capital and present value of future profits accruing to equity capital based on existing business) at year-end came to NOK 4 104 (3 870) million. The post-tax result was a negative NOK 21 million.

A more detailed review of the three main companies in the Gjensidige NOR Group can be found in the annual report published by each company.

MARKETING AND DISTRIBUTION STRATEGY

Almost two million customers, the country's best financial distribution system and a strong financial brand image are three key factors behind Gjensidige NOR's success in the market.

Gjensidige NOR's operations are essentially based on the Norwegian market. Much of Gjensidige NOR's growth potential in the years ahead entails increasing the number of products sold to existing business and retail customers in the group. Substantial investments and organisational measures were carried through in 2001 to increase cross-sales and further strengthen distributive power. Moreover, the group is currently implementing technological measures with a view to efficient and effective cross-sales of standardised banking and insurance products across the branch networks.

Gjensidige NOR has obtained a licence to establish a group-wide data warehouse. This will increase the opportunities for additional sales across the group. The group's technology and competence as regards event-based sales of financial products and services is top-flight.

Gjensidige NOR is a one-stop provider of financial services. The breadth of the product range provides excellent opportunities to further develop existing loyalty programmes, and to develop new such programmes and product packages for various customer segments.

In November 2001 Gjensidige NOR launched its group Internet portal. The portal is already one of the most visited websites in the country, and will be an increasingly important distribution channel for the group's total range of products and services.

Savings is a growth area where customers have a substantial need for advice. At the end of 2001 29 investment centres were in place nationwide offering sales and advisory services to savers and investors.

Substantial effort and resources were devoted to enhancing brand awareness among Gjensidige NOR's employees and their awareness of the part they themselves play in further developing the group's brand image.

NEW FORMS OF OWNERSHIP - NEW GROUP STRUCTURE

The main companies making up Gjensidige NOR have very limited access to fresh core capital from the market. For Union Bank of Norway, primary capital certificates are no longer a useful equity capital instrument. Gjensidige NOR Spareforsikring and Gjensidige NOR Forsikring are both organised as mutual companies.

The shortage of fresh capital available to the bank and the life company restricts these companies' freedom of action. With a view to gaining access to the equity capital market on a par with the group's main competitors, the governing bodies of Gjensidige NOR resolved unanimously in their second round of consideration of the issue on 22 and 23 March 2001 to ask the authorities for permission to convert both companies to limited companies.

Banking and the savings business are closely related and well suited to tight integration, while general insurance is essentially another profession. For this reason the group sought permission for the banking and life insurance/savings arms to be organised, after conversion, under a joint stock-exchange-listed holding company - Gjensidige NOR ASA. Gjensidige NOR Forsikring is a very solid company, with no need for fresh equity capital, and will be taken forward as a mutual company in a separate group.

Thereafter the two groups within the Gjensidige NOR Group will be tied together via a far-reaching strategic cooperation agreement entailing a joint brand identity, joint distribution and mutual board representation. A condition for the cooperation agreement is that Gjensidige NOR Forsikring owns at least 10 per cent of the shares of Gjensidige NOR ASA.

A mutual insurance company is presently entitled to convert into a limited company; a savings bank cannot do so unless the law is changed. The government advocated changing the law in a white paper (Report to the Storting No. 8 (2001-2002)), and the Storting came out in support of the principles underlying the government's proposal. Provided a Bill is tabled in the near future, Gjensidige NOR will hopefully be admitted to stock exchange listing around mid-year in parallel with the planned restructuring of Gjensidige NOR.

STAFF, MANAGEMENT, ORGANISATION

A common labour market has been established in Gjensidige NOR. This will continue after the group is restructured. At year-end group employees numbered 7,489 (7,541) FTEs. Each year the group conducts a staff satisfaction survey, after which action is taken to remedy any shortcomings. Although staff satisfaction was marginally lower than in the previous year, the results for 2001 were satisfactory.

Front row, from left: Olav Hytta, Stig Harald Trygstad and Harald Schjoldager. Middle row: Roar Arntzen, Norunn Tveiten Benestad, Hans Bø and Jorund Stellberg. Back row: Odd Kr. Hamborg, Tor Ivar Bråten, Amund Skarholt, Ingjerd Skjeldrum, Berit Wenaas and Marianne Hagen.

Comprehensive management development measures were implemented throughout the group in 2001.

Substantial changes were made in the composition of the management teams to improve intra-group cooperation under the current structure. In parallel with this the group staffs were heavily cut back.

Gjensidige NOR is essentially operated through the individual companies in the group. A joint company - Gjensidige NOR DriftsPartner AS - has been set up to exploit economies of scale. This company is responsible for the majority of the group's office premises and for purchasing a number of services.

Another joint company - Gjensidige NOR Markedsstøtte AS- has been set up to optimise marketing cooperation. This company is responsible for developing the group's brand image, the group portal and the data warehouse. It will be owned jointly by Gjensidige NOR Forsikring and Gjensidige NOR ASA. Regional liaison committees comprising senior regional managers of the group companies have been set up to ensure optimal cooperation on marketing campaigns.

Environmental issues and prospects for the future are dealt with in the annual reports of the respective main companies.

A WORD OF THANKS

2001 was marked by adjustments to accommodate customers' ever changing needs and expectations, and by extensive adjustments designed to exploit a number of the synergy effects promised by the establishment of Gjensidige NOR. Alongside its focus on operations, the entire organisation has keenly followed the progress made in the conversion issue.

The Group Executive Board would like to extend a wholehearted thank you to each and every staff member for their unstinting efforts for Gjensidige NOR again in 2001.

Oslo, 6 March 2002

The Group Executive Board of Gjensidige NOR

Hans Bø
Chairman

Harald Schjoldager
Deputy Chairman

Roar Arntzen

Norunn Tveiten Benestad

Tor Ivar Bråten

Marianne Hagen

Odd Kr. Hamborg

Amund Skarholt

Ingjerd Skjeldrum

Jorund Stellberg

Stig Harald Trygstad

Berit Wenaas

Olav Hytta
President & CEO

Report of the Board of Directors

HEALTHY PROFIT IN 2001
Union Bank of Norway posted a pre-tax profit of NOK 2 978 million in 2001 compared with NOK 3 703 million the previous year. Operating profit before losses and disposal gains came to NOK 3 172 million, showing no change on the previous year. The gain on the disposal of AcceptFinans in Denmark contributed NOK 205 million in 2001, while the disposal of the Fellesdata shares produced a gain of NOK 741 million in 2000.

The post-tax result was NOK 2 161 million, corresponding to a return on equity of 16.1 per cent. Earnings per primary capital certificate were NOK 32.65 compared with NOK 41.69 in 2000.

In June 2000 the Board announced its desire for conversion to limited company status, and Gjensidige NOR ASA is expected to be admitted to listing on Oslo Børs around mid-2002. The organisation has succeeded in keeping markets and customers in focus throughout a long-lasting, demanding process.

Buoyant operations in core business
Good market positions and a competitive cost level in the respective business areas are the main factors contributing to the buoyant performance. Alongside the core business, the special-financing company Elcon Finans and the credit card operation Cresco delivered solid results in 2001, as in the previous year. The same applies to real estate agency and the bank's mortgage company. Asset management produced lower earnings due to the weak trend in share markets.

The bank kept a close eye on profitability of money transfer services. As in the previous year, income generated by these services increased in 2001 despite tough competition in the retail market.

Increase in net interest income
Net interest income grew in total by NOK 180 million in 2001 compared with the previous year. Net interest income was however debited with a NOK 146 million higher levy to the Savings Banks Guarantee Fund. The increase in net interest income was due to higher lending and deposit volumes which were, however, countervailed by a reduced customer spread (2.9 per cent as against 3.1 per cent the previous year). Net interest income now measures 2.46 per cent of average total assets, compared with 2.63 per cent in 2000.

Deposit and lending growth
Particularly in the fourth quarter of 2000, but also in 2001, the bank pursued an active approach to asset-liability management with moderate growth in lending to corporate customers. Parent-bank lending to this sector rose by 6 per cent compared with 9.5 per cent the previous year, while lending to retail customers rose 13 per cent, i.e. by a somewhat higher margin than in the banking market as a whole. Lending volumes showed twelve-month growth of 9.6 per cent, while customer deposits with the parent bank showed twelve-month growth of 11.2 per cent.

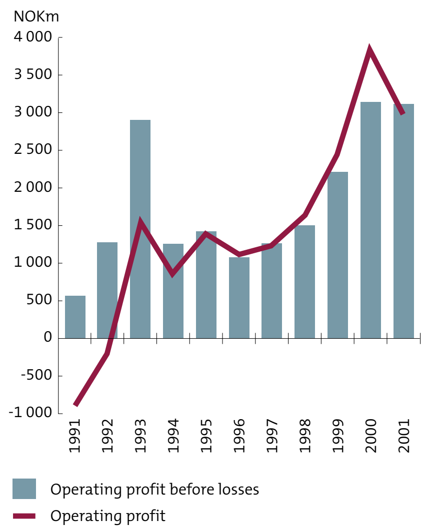
Increase in other operating income
Other operating income was NOK 258 million higher than in 2000.

After the purchase of a further 20 per cent of the company's shares in the fourth quarter, discretionary asset management income at Gjensidige NOR Kapitalforvaltning contributed to income growth of NOK 87 million. Share dividend rose by NOK 86 million, mainly due to returns on fixed income funds. Income from stockbroking increased by NOK 70 million, inasmuch as Gjensidige NOR Equities (formerly Karl Johan Fonds) is again consolidated as a wholly-owned subsidiary as from the second quarter of 2001. Income from real estate agency business rose by NOK 48 million, of which NOK 26 million is due to increased grossing of income and expenses. When this is corrected for, income growth comes to 9 per cent. Commission income from the life insurance business increased by NOK 45 million after the takeover of the distribution function from Gjensidige NOR Spareforsikring.

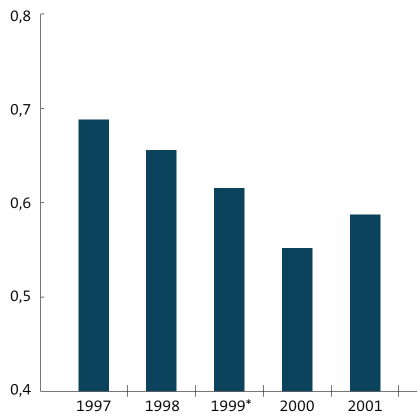
Capital gains totalled NOK 272 million compared with the 2000 figure of NOK 262 million. Of this figure, currency trading gains accounted for NOK 228 million and losses on shares and primary capital certificates for NOK 25 million.

Income from money transfer services increased by NOK 32 million (4 per cent). The growth rate was down from the previous year as a result of the reduction in prices on money transfer services as from

Operating profit before and after losses



Cost/income ratio



** Excluding provision for restructuring/co-ordination costs* the start of the second quarter. Income from automated services such as bank cards and electronic money transfers rose, while income from paper-based giro services fell. After external expenses, net income was on a par with 2000.

Income from Avanse Forvaltning was down NOK 102 million (24 per cent), due to weaker share prices and a shift from equity funds to fixed income funds which confer lower management fees. The volume of equity funds under management shrank by NOK 5 100 million (25 per cent), mainly due to weaker share prices, while fixed income funds under management grew by NOK 2 100 million (21 per cent).

Operating expenses

Operating expenses totalled NOK 4 544 (2000: 4 106) million in 2001. Expenses were NOK 438 million higher than in 2000. NOK 49 million of the rise in expenses referred to the takeover of Gjensidige NOR Spareforsikring's retail market portfolio, and NOK 32 million to Elcon's new operations in Sweden and Denmark. The consolidation of Gjensidige NOR Equities as a wholly-owned subsidiary raised operating expenses by NOK 82 million in 2001, while the same process at Gjensidige NOR Kapitalforvaltning raised expenses by 51 million. A switch to accounting on a gross basis at Gjensidige NOR Eiendom raised expenses by NOK 26 million, while increased goodwill depreciation amounted to NOK 57 million. The introduction of VAT on services as from 1 July raised expenses by NOK 50 million in the second half-year. The sale of AcceptFinans in Denmark brought a NOK 80 million reduction in expenses compared with the previous year. When the above factors are corrected for, comparable expenses rose by NOK 171 million (4.5 per cent), the bulk of which comprised higher personnel and administration expenses, but also an increase of NOK 27 million in write-downs of fixed assets.

A close watch will continue to be kept on expenses in the Group. Expenses measured 59 per cent of income compared with 56 per cent in 2000.

Moderate increase in loan losses

Losses were somewhat higher than in 2000, but the increase is moderate and losses and defaults remain at a low level. Losses of 0.22 per cent of gross outstanding loans are lower than estimated losses in a normal situation. Losses totalled NOK 426 million compared with NOK 215 million the previous year. Net defaults rose by NOK 230 million compared with end-2000 (adjusted for the sale of AcceptFinans) but still measure a mere 0.7 per cent of gross outstanding loans.

Gross losses amounted to NOK 571 million (0.29 per cent of the loan portfolio) compared with NOK 418 million (0.23 per cent) in 2000. Losses of NOK 117 million referred to industrial customers and NOK 58 million to the financing business, which were the most loss-prone segments in 2001. Net loss on retail customers came to NOK 34 million. Unspecified loss provisions increased by NOK 56 million.

Net defaults on loans to corporate customers rose by NOK 57 million in 2001 and net defaults on loans to retail customers by NOK 173 million. Net provisioned performing loans rose by NOK 134 million, while loss provisioning on these commitments rose by NOK 140 million. A large portion of the increase in specified loss provisions thus refers to commitments not yet in default.

MARKET ADJUSTMENT

The savings bank concept

Recent years have seen rapid changes in the way customers use their bank. In parallel with the development of electronic services, far-reaching adjustments have been made to improve the quality and efficiency of customer service in response to changes in customer behaviour.

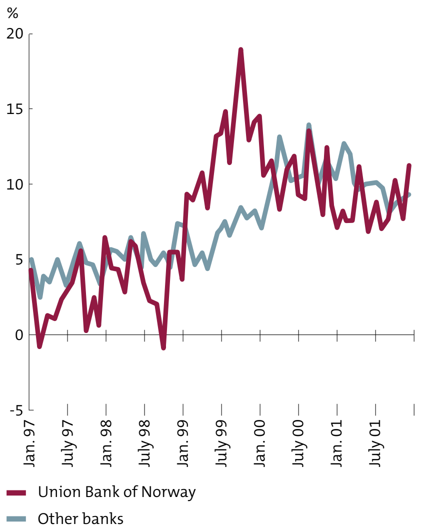
The role of the branch network has been extended to sales and advisory services for the broad retail market and small businesses. Retail customers with more demanding private finances now benefit from improved facilities afforded by the establishment of investment centres nationwide. Eighteen centres were established in 2000 and a further 11 in 2001. Medium-size businesses are serviced at the local level by business centres established in most large towns in the bank's market areas.

Local-level customer contact is supplemented with telephony-based customer service centres and Internet-based services. The bank's multi-channel strategy allows the customer to choose how (s)he wishes to use the bank. Outward customer contact is through the sales offices, investment centres and sales centres.

Union Bank of Norway took over Fokus Bank's local operations in Bø and Vinje in Telemark. The portfolio comprises 3 700 customers. This strengthens the bank's position in the local market and demonstrates a desire for a strong presence in the regions.

Young adults are a focal area for the bank, and the introduction of loans on special terms for first-home buyers was enthusiastically received in the market.

Deposit growth, parent bank



Lending growth, parent bank

Business market
The bank has enhanced its servicing of business customers by offering tailored concepts and drawing a clearer distinction between the mass market and the intermediate market. It has managed to maintain its position in the market for small and medium-size enterprises and concurrently boosted its earnings in these segments. Corporate customers are serviced partly by the business segment sections in the core area Oslo/Akershus/Østfold and partly by the new core area Gjensidige NOR Merchant Bank.

Gjensidige NOR Merchant Bank
The new core area for banking and capital market products was established in the autumn of 2001 under the name Gjensidige NOR Merchant Bank. The core area is an agglomerate of the business areas Corporate Customers and Markets at Union Bank of Norway and the subsidiary Gjensidige NOR Equities.

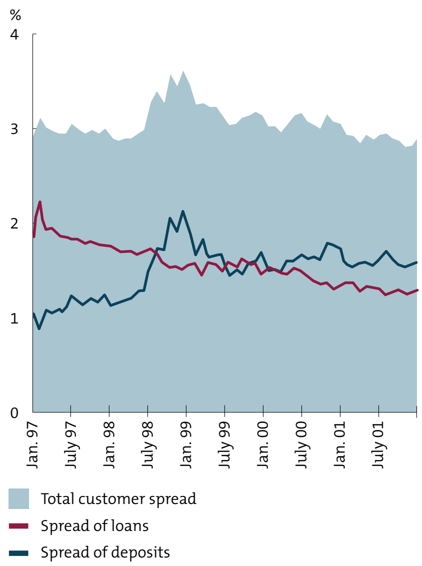
The establishment of the new core area reflects a strong will to develop Gjensidige NOR's position in the capital products market. With Gjensidige NOR Merchant Bank in place, the group is well positioned to take a larger share of the market ranging from day-to-day banking services and credits to securities and equity capital products.

Substantial business opportunities are present in the fact that more and more companies are meeting their capital needs through a combination of securities issues and bank borrowing, and that transaction numbers are increasing given the frequent structural changes in industry. The Board take a positive view of the development of business areas with good earning potentials and requiring limited tie up of capital.

Gjensidige NOR Equities has throughout been a step ahead with share trading solutions for the retail market, and the brokerage unit has built up a solid position in Internet-based share trading based on the technology employed in the Internet bank.

Payment, Settlement & Banking Services
Union Bank of Norway has for many years played a proactive role in developing infrastructure for cash management products, and the bank needs to strengthen its capacity in this area ahead. The core area

Customer spread, parent bank



Front row, from left: Vermund Lyngstad, Torkel Wetterhus, Arnt Moe, Bjørn Sund, Lisbeth Lindberg and Per Otterdahl Møller
Back row, from left: Hans-Kristian Sætrum, Per Myklebust, Hans Aug. Hanssen, Sverre Finstad and Per Terje Vold.
Stephen Gravlie Kunz was not present when the picture was taken.

Payment, Settlement & Banking Services was established to this end with effect from 1 January 2001. A central aim of the new core area is is to strengthen the bank's position in new electronic channels used for money transfers. The bank plays an active part in joint projects between banks related to BankID, small-change cards, and payment solutions via the Internet and mobile phones. A dedicated in-house project organisation, e-Vision, drawing participants from relevant staff and business areas, was established in 2001. The new core area is also central to the effort to implement the plans for a full-service Internet bank.

New Internet portal and full-service Internet bank

The companies making up Gjensidige NOR launched a joint Internet portal in November 2001. The portal assembles most of Gjensidige NOR's products. The direct banking facility Parat24 has been Gjensidige NOR's technical spearhead for customer service based on the Internet and telephony. Experiences with Parat24 showed that customers who use the bank's Internet-based services also desire personal advice.

The concept, which builds on interplay between Internet-based services and telephony-based customer centres, is being further developed with a view to making it available to all customers of the savings bank in the first half of 2002. By hooking up customer centres directly to the Internet bank, Gjensidige NOR intends to take the first step towards a full-service banking facility on the Internet.

Cross-sales

New solutions were developed last year for the bank's administrative routines for referral sales of non-life insurance products at bank branches. System solutions were likewise developed for referral of bank products to insurance offices. For the bank this entails new income sources via sales commissions and new customers via referrals from insurance offices in areas where the bank is weakly represented. In addition to the increased income potentials, a broader product range instils greater customer loyalty. The establishment of a joint customer database promises major opportunities for cross-sales through direct marketing and event-based customer follow-up.

Other business areas

The credit card division Cresco (previously Accept Card) performed well, both in terms of lending and transaction volumes. Credit card loans now total NOK 4 857 million, and lending growth in 2001 was at 21 per cent. A close focus on risk resulted in relatively low losses. Cresco remains the leader in the Norwegian private market, and is positioning itself in the corporate market with travel and purchase cards. Cresco launched a fully integrated e-commerce solution in conjunction with, among others, Visa in October 2001.

After the sale of AcceptFinans in Denmark to GE Capital, a natural step was to find a new name for the credit card operation in Norway. Cresco is an established brand name in the credit card market and was therefore a natural choice.

Elcon Finans maintained its position as market leader in its main products of factoring, car financing and leasing. Profits were at the same solid level as in the previous year despite the costs of setting up operations in Sweden and Denmark in 2001. Elcon aspires to become one of the three leading companies in Scandinavia in the course of the next three years, and intends to maintain its sound profit performance.

Collaborating banks

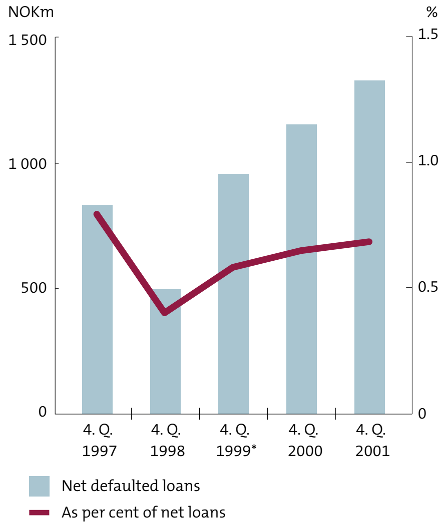
The collaboration agreements with Sparebanken Møre and Sandnes Sparebank were terminated in 2001, although collaboration is continuing on a limited basis. In order to establish a presence in Rogaland the bank opened an investment centre in Stavanger in 2001, and decided to set up a regional branch in Stavanger in 2002.

FINANCIAL INDUSTRY CHANGING

Gjensidige NOR is Norway second largest financial conglomerate and has a leading position in most market areas. The bank's and life company's current ownership structure provides inadequate access to equity capital markets in relation to the group's growth ambitions. It also limits the opportunities to carry out structural changes.

Foreign, and in particular Nordic, banks have in recent years established a strong market position in Norway after Fokus Bank was taken over by Danske Bank and Christiania Bank by Nordea. In 2001 the Finnish Sampo made an unsuccessful attempt to take over Storebrand. After Skandiabanken launched its Internet bank

Net defaulted loans



** Included Gjensidige Bank from 1999*

concept in 2000, a further Internet-based niche player, Bankia Bank, entered the Norwegian banking market last year. Customer flight from the established banks was limited, although the newcomers have intensified competition on prices.

The structure of the Norwegian savings bank system remains unchanged since Norwegian savings banks are with few exceptions assembled in three groupings: Sparebank1-Gruppen, Terra-Gruppen and Gjensidige NOR plus collaborating banks.

CHANGE IN GROUP STRUCTURE

In 2000 Gjensidige NOR started work on changing the group structure, and on converting Union Bank of Norway and Gjensidige NOR Spareforsikring to limited companies owned by a stock-exchange-listed holding company, Gjensidige NOR ASA. The bank's Committee of Representatives, like the highest governing bodies of the other group companies, came out in support of the moves in the first round of consideration in September that year and in the second round in March 2001.

Conversion of Union Bank of Norway into a limited company requires a change in the law, either in the form of special legislation or of a general right for savings banks to convert to limited companies. In April 2001, after the Savings Banks Association thoroughly debated the conversion issue, a majority of the association's board decided not to oppose savings banks being allowed to convert to limited companies.

In the *Kredittmelding*, an annual report of events in the financial market, the Ministry of Finance announced in December its intention to set the stage for the legislation needed for conversion to be enacted during the Storting's spring session in 2002. After debating this report, the Storting voted by a large majority in favour of a principled motion to open the way for conversion of savings banks. The Board expects the licence application to be dealt with in the spring, allowing Gjensidige NOR ASA to be admitted to listing around mid-year.

Economies of scale and shared brand identity

The new group structure entails that the Gjensidige NOR Group will comprise two separate groups, Gjensidige NOR ASA and Gjensidige NOR Forsikring. The latter will continue as a mutual company. To ensure successful utilisation of a common brand identity and a common database a joint company for marketing support, Gjensidige NOR Markedsstøtte, was established in 2001. This will help to achieve the full effect of potential cross-sales inherent in Gjensidige NOR's almost two million customer relationships. Gjensidige NOR Markedsstøtte is also responsible for a new group Internet portal, for sponsorship activity at group level and production of customer magazines and other printed matter.

Gjensidige NOR has more than 8 000 employees and over 400 branches and offices nationwide. Annual purchases total just over NOK 4 billion. Collaborating banks and fire insurance companies also participate in joint purchasing. In order to exploit economies of scale in the group, purchasing, real estate management and other operational functions have been assembled in a joint company set up in 2001. This company, Gjensidige NOR Driftspartner, will ensure that the economies of scale taken out by the companies in Gjensidige NOR are built on and further developed.

OPERATIONAL PROBLEMS AT EDB FELLESDATA

In August the bank was hit by a breakdown of deliveries from EDB Fellesdata (an IT services provider to the banking and finance market). As a result of this serious event much of the Norwegian banking industry was unable to provide normal customer service for an entire week. Although Union Bank of Norway was quick to put in place systems able to handle the most critical customer needs, the event must be described as very serious.

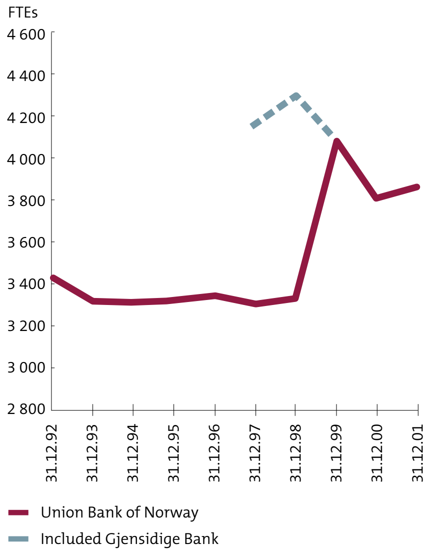
In the aftermath the bank took the necessary steps to ensure that the bank and its customers escaped financial loss. A major effort was initiated in conjunction with the provider to ensure that such incidents are not repeated. Concurrently work was started on evaluating alternative service providers.

CHANGES IN THE REGULATORY FRAMEWORK

The VAT reform entailed higher future costs for the bank as from 1 July 2001. While financial services will remain exempt from VAT, the bank will have to pay VAT on a number of new services such as postage, fees, IT consultants, hired help, substitutes, computer services (exc. money transfer services) and travel. VAT on these services will entail cost increases of about NOK 100 million on an annual basis.

Our customers are affected by VAT on services in the areas of real estate agency, debt collection, securities management, safety deposit box rentals as well as advisory services provided independently of sales of financial solutions.

Staffing



Weighting of home loans

The capital adequacy regulations' risk-weighting requirements for home loans between 60 per cent and 80 per cent of property valuation were reduced from 100 to 50 per cent with effect from 1 April 2001. The rule changes reduced the bank's calculation base by NOK 2 956 million, equivalent to an improvement of 0.12 percentage points in core capital adequacy and of 0.19 percentage points in overall capital adequacy.

ORGANISATION AND ENVIRONMENT

Six bank branches were robbed in 2001, the same number as in 2000. The bank was also affected by the robbery of a security van. The bank's safety deposit box vault at Bryn in Oslo was broken into, affecting more than 600 customers. Much effort and resources have been devoted to securing money consignments and branches against robbery in recent years. The bank has a well-developed counselling facility for all affected employees in the aftermath of an attack, which customers are also invited to attend.

AS Kontanthåndtering was established by Union Bank of Norway in conjunction with Norges Bank, Den norske Bank, Sparebank1 Gruppen, Terra Gruppen and Fokus Bank. A joint effort of this kind enables safe and secure cash handling to be further improved in a cost-effective manner.

Sickness absence in 2001 came to 4.6 per cent. Thirteen minor injuries to staff were recorded during working hours in 2001. Much work was done in the health, environment and safety field over the year. The bank has conducted a wide-ranging customer satisfaction survey each year since 1994. The survey is an integral part of the bank's managerial follow-up and forms the basis for plans and measures in all divisions of the bank.

Union Bank of Norway employed 2 910 full-time equivalents (FTEs) at last year-end compared with 2 889 one year previously. When subsidiaries are included, the number of FTEs rises to 3 864 compared with 3 807 one year previously. Adjusted for changes in group composition, group staffing was reduced by 27 FTEs or 0.7 per cent.

The number of FTEs rose by 82 when Gjensidige NOR Equities became a wholly-owned subsidiary. Seventy-one were added with the take over of Gjensidige NOR Spareforsikring's retail market portfolio as from 1 January 2001, while 66 FTEs came with Gjensidige NOR Kapitalforvaltning's consolidation as a subsidiary. The sale of AcceptFinans brought a reduction of 119 FTEs.

Union Bank of Norway's operations do not pollute the external environment to any appreciable extent.

RISK AND RISK MANAGEMENT

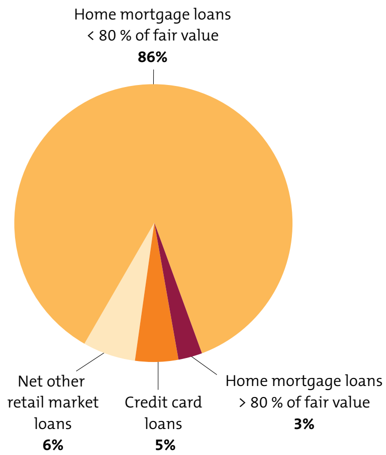
The bank attaches great importance to risk monitoring and management. A moderate overall risk on operations is aimed at. Accordingly credit risk is given high priority, market risk is kept low and there is an emphasis on sound managerial follow-up of day-to-day operations.

The bank's principal profit yardstick is a sound return on equity. Risk management is designed to ensure that this is attained, both by exploiting commercial opportunities and by limiting potentially negative result effects. All units are measured on the basis of risk-corrected results, and risk pricing is a central theme when processing loan applications.

The Board of Directors views the bank's financial risk as relatively moderate. The greatest risk in today's profit picture lies in the customer spread (the difference between lending and deposit rates). This remains the bank's most important source of income and is greatly affected by market and competitive conditions. The bank's customer spread was on a marginally falling trend in 2001.

The table below shows what profit effects the bank would have experienced in 2001 given changes in the most critical premises (all else being equal):

Loans by retail market



Risk factor	*Profit effect (NOKm)*	*Effect on ROE (%)*
Margin on lending reduced by 0.25%	-490	-2.6%
Margin on deposits reduced by 0.25%	-270	-1.5%
Loan losses increased by 0.25%	-490	-2.6%
Operating expenses increased by 3%	-140	-0.8%
Staff increase of 100 FTEs	-70	-0.4%
20% price fall on share portfolio	-60	-0.3%
2% increase in bond rates	-100	-0.6%

Credit risk

Credit risk is the bank's main risk area. Lending is managed under a credit policy adopted by the Board of Directors and in accordance with rules governing procedures and documentation that ensure a proper basis for lending decisions. Administrative appropriations are granted within an authorisation structure based mainly on personal authorisations. Where credit applications in excess of a certain size and risk category are concerned, the routines entail that two or more persons make a recommendation or confer before a decision is taken.

The risk trend in the loan portfolio is mapped with the help of classification models that uncover the likelihood of default and compute loss in the event of default. For retail customers the likelihood of default is computed on the basis of customers' servicing ability. Retail customers' servicing ability has been stable and sound in recent years. For corporate commitments the likelihood of default is measured using various types of models depending on the type and size of the commitment. The main models used are internationally recognised as being state-of-the-art in the credit area.

The risk profile of the parent bank's corporate portfolio over the past five years is as follows:

	2001	*2000*	*1999*	*1998*	*1997*
Low risk	42%	50%	43%	57%	57%
Medium	50%	44%	50%	38%	36%
High risk	8%	6%	7%	5%	7%

The risk profile of the bank's corporate portfolio has shown a marginally negative development over the past year. The Board of Directors considers the overall risk in both corporate and retail customer commitments to be at a low level.

At year-end overall defaults in the portfolio (customers exceeding the due date by more than 90 days) measured 0.7 per cent of outstanding loans, showing no change on the previous year. The bank has computed annual normalised losses in a long-term perspective at 0.46 per cent of the loan portfolio (2000: 0.40 per cent) based on the current portfolio mix.

Market risk
Market risk affects results through value changes in the derivatives, foreign currency and securities portfolios. The bank's positions are managed by a small number of specialist departments. These are subject to reporting routines and position limits established by the Board of Directors. The limits are well within the ceilings set by the authorities, and altogether market risk represents only a modest share of the bank's overall risk.

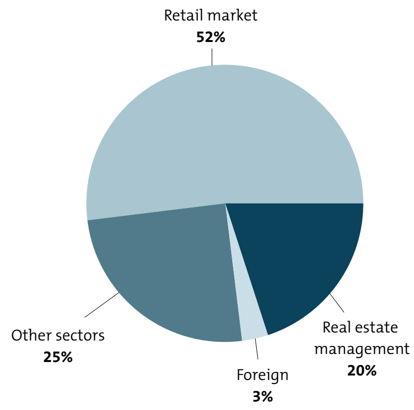
The bank continued its work on a measuring system for market risk in 2001. The system, developed by Reuters, measures Value at Risk (VaR) on the majority of the bank's market positions. The bank's hope is that the VaR model will be approved and certified for use in reporting capital requirements for market risk during 2002.

Liquidity risk
Changes in customers' saving behaviour along with relatively high demand for bank loans has heightened banks' dependence on other source of capital in recent years. The bank's (and subsidiaries') borrowings from Norwegian and international capital markets totalled just over NOK 85 billion at the end of 2001. In order to maintain financial freedom of action and low liquidity risk, the bank has chosen to give its borrowings a good spread across instruments, markets and maturities. The bulk of loans to customers are financed using stable long-term funds such as deposits from customers, bonds with a long maturity, and equity and the capital base. In order to further reduce liquidity risk, a substantial reserve is maintained in the form of bonds that are mortgageable in Norges Bank.

Operational risk
Operational risk means risk other than credit risk, market risk and liquidity risk. It includes sources of loss inherent in the day-to-day operation of the bank such as failure of systems and routines, faults on the part of external service providers, errors due to lack of expertise or various forms of attack on the bank, customers or staff. Technological developments and clear evidence of increasing crime in society make combating operational risk more important than ever. The bank places a premium on measures to prevent and reduce operational risk, but also on regular updating of contingency plans to handle crisis situations.

Basel II
A body of international capital adequacy rules is due to be finalised in the course of 2002 and to take effect in 2005. This will bring changes in the regulatory framework for Norwegian banks, and will impose appreciable demands on their risk systems and risk management. Union Bank of Norway aims to adapt to the new requirements well before their introduction.

Loans by customer sector



APPLICATION OF PROFIT FOR THE YEAR

The Board of Directors recommends the following application of the parent bank's profit for the year:

	2001	*2000*	*1999*
Dividend per PCC, NOK 17 (2000: 17; 1999: 14)	797	797	656
Allocation to dividend adjustment reserve	822	1 274	756
Allocation to saving bank's reserve	666	777	484
Total allocation (in NOKm)	2 285	2 848	1 896

This application of the net profit means that PCC holders have received a share of the profit corresponding to their share of the equity capital. This is in keeping with the bank's dividend policy.

RISK regulation for 2001 is calculated at about NOK 17.50 per PCC. This confers on Norwegian PCC holders an increase of NOK 4.90 in the tax-related value of each PCC when sold. The removal of dividend tax is a further positive factor for our PCC holders. This has a positive effect of up to about NOK 23 million for our owners.

The accounts are presented on the assumption of continued operations.

EQUITY

At year-end the bank's primary-capital-certificate capital totalled NOK 4 689 million. The price of the PCC rose from NOK 257.50 as at 31 December 2000 to NOK 273 as at 31 December 2001. This entails a return of 13 per cent including dividend received in 2001, in a year when the Oslo Børs OSEBX index declined by 16 per cent.

Union Bank of Norway's market capitalisation was NOK 12.8 billion at the end of 2001, making it the ninth largest company on Oslo Børs in market value terms. Union Bank of Norway is also among the most traded companies listed on Oslo Børs. Foreign investors owned 48 per cent of the bank's primary capital certificates as at 31 December 2001, an increase of 13 percentage points on one year previously. An effort will be made to ensure that Gjensidige NOR ASA's shares are weighted 100 per cent in the OSEBX index as soon as possible after conversion. Gjensidige NOR ASA is expected to be the fourth largest company in the OSEBX index.

Capital adequacy

At year-end the group's capital adequacy was 11 per cent compared with 11.3 per cent at the end of 2000. The capital base totalled NOK 19 264 million, of which core capital accounted for NOK 12 929 million (7.4 per cent) after a deduction of NOK 902 million for book intangible assets.

Target for return on equity

Union Bank of Norway's target for return on equity is set at 15 per cent after tax. This target is set with a basis in the market's requirements and expectations, and is designed to ensure the group's owners a competitive return. By that means effective access is also sought to Norwegian and foreign equity capital markets.

Capital structure and financial strategy

In 2000 the Board of Directors decided on a 7 per cent target for core capital adequacy and a 10 per cent target for overall capital adequacy for the period to 2002. In so doing, the bank will seek to exploit its capital base to the best advantage taking due account of market potentials and risk.

Union Bank of Norway decided not to issue hybrid tier 1 capital in 2001. When Gjensidige NOR ASA and subsidiaries are established, the capital structure of the new group will be reviewed and the merits of employing hybrid tier 1 capital as part of the group's core capital will be considered

BOARD OF DIRECTORS AND BANK MANAGEMENT

With effect from 1 April, the composition of the bank's senior management was changed to adapt to the imminent changes in Gjensidige NOR's group structure. The regions are now organised in two core areas, Oslo/Akershus/Østfold and Østlandet/Kysten which includes other regions. At the start of the year the core area Payment, Settlement & Banking Services was established and in September the core area Gjensidige NOR Merchant Bank, comprising the Corporate Customer Division, Markets and Gjensidige NOR Equities. The head of Gjensidige NOR's savings companies also attends meetings of the new management team, as does the head of non-life insurance and a representative for the collaborating banks. Olav Hytta took up duties as President and CEO in January 2001 after being appointed to that position ad interim in May 2000.

Return on equity

OUTLOOK FOR THE FUTURE

The prospects for achieving conversion of the bank and the life company into limited companies and for establishing a new group structure around mid-2002 are good.
The Ministry of Finance announced in the Kredittmelding in December its intention to set the stage for the legislation needed for conversion to be enacted during the Storting's spring session in 2002. Since then a majority of the Storting Committee on Financial Affairs has come out in support of the principle of savings banks' right of conversion.

The macroeconomic parameters are somewhat more uncertain than at the start of 2001. The bank expects the changes in the economic climate to bring a moderate increase in losses after a long period of very low losses. The bank is currently seeing a healthy influx of new customers, and will continue to prioritise credits on the basis of required return on equity. The Board has high expectations of the focus on savings and investment. The bank is well equipped to meet steadily growing competition in the Norwegian market. The Board anticipates another sound performance in 2002.

A WORD OF THANKS

The Board would like to thank all staff for the considerable effort they made in the course of 2001. In view of the sound profit performance in 2001 and the staff's contribution to this, the Board has decided to allocate NOK 48 million to the employee fund. The fund is largely invested in Union Bank of Norway's primary capital certificates.

Oslo, 6 March 2002
The Board of Directors of Union Bank of Norway

Bjørn Sund
Chairman

Per Otterdahl Møller
Deputy Chairman

Sverre Finstad

Hans Aug. Hanssen

Stephen Gravlie Kunz

Lisbeth Lindberg

Vermund Lyngstad

Arnt Moe

Per Myklebust

Hans-Kristian Sætrum

Per Terje Vold

Torkel Wetterhus

2001 Financial Statements

Profit and loss account

NOK million

PARENT BANK					GROUP		
2001	*2000*	*1999*		*Note*	***2001***	*2000*	*1999*
16 463	13 850	10 970	Interest income	3	**18 303**	15 941	13 890
11 946	9 593	7 551	Interest expenses	3	**12 776**	10 594	9 242
4 517	4 257	3 419	**Net interest income**		**5 527**	5 347	4 648
790	665	564	Dividends and similar income	4	**158**	87	150
1 356	1 316	1 097	Commission income	4	**1 827**	1 701	1 414
445	400	328	Commission expenses	4	**532**	504	444
270	247	212	Capital gains	4	**272**	262	211
31	36	42	Other operating income	4	**464**	385	363
2 002	1 864	1 587	**Other operating income, net**		**2 189**	1 931	1 694
6 519	6 121	5 006	**Operating income**		**7 716**	7 278	6 342
1 569	1 442	1 346	Personnel expenses	5,6	**2 136**	1 937	1 852
315	325	293	IT and development costs	7	**367**	369	368
763	697	612	Other administrative expenses	7	**1 033**	923	848
2 647	2 464	2 251	**Personnel and administrative expenses**		**3 536**	3 229	3 068
270	215	181	**Depreciation and write-downs**	7	**463**	365	345
331	318	272	Properties and premises	7	**336**	340	284
79	60	82	Other operating expenses	7	**209**	172	208
0	0	111	Co-location costs, Gjensidige Bank/Union Bank of Norway	7	**0**	0	150
410	378	465	**Other operating expenses**		**545**	512	642
3 327	3 057	2 897	**Operating expenses**		**4 544**	4 106	4 055
3 192	3 064	2 109	**Operating profits before losses (gains)**		**3 172**	3 172	2 287
320	94	118	Losses (gains) on loans and guarantees	8,15	**426**	215	201
(232)	(828)	(171)	Losses (gains) on long-term financial assets	9	**(232)**	(746)	(386)
3 104	3 798	2 162	**Operating profit**		**2 978**	3 703	2 472
819	950	266	Tax	11	**817**	1 015	688
2 285	2 848	1 896	**Net profit**		**2 161**	2 688	1 784
			Allocation of profit				
797	797	656	Dividend on primary capital certificates				
822	1 274	756	Transferred to dividend adjustment reserve				
666	777	484	Transferred to savings bank's reserve				
2 285	2 848	1 896	**Total allocations**				
			Earnings per primary capital certificate (in NOK)	*23*	***32.65***	*41.69*	*28.34*
			RISK amount (in NOK) at 1 Jan. in subsequent year	*11*	*Approx.* ***17.50***	*28.11*	*20.18*

Balance Sheet

NOK million

PARENT BANK					GROUP		
2001	*2000*	*1999*	**Assets**	*Note*	***2001***	*2000*	*1999*
2 185	3 363	4 481	Cash and deposits in Central Bank of Norway		**2 247**	3 364	4 484
33 275	28 617	20 728	Deposits in and loans to credit institutions	12	**8 877**	6 249	5 893
155 653	140 758	130 314	**Gross loans to customers**	12, 13, 14, 15	**196 710**	179 675	166 897
839	680	952	Specified loan loss provisions	14, 15, 16	**906**	897	1 131
1 095	1 055	996	Unspecified loan loss provisions	16	**1 386**	1 389	1 314
153 719	139 023	128 366	**Net loans to customers**	10	**194 418**	177 389	164 452
4	5	5	Repossessed assets	19	**83**	61	51
15 934	11 435	12 018	CDs and bonds	12, 32	**15 782**	11 349	12 338
1 450	1 448	377	Shares and mutual fund units	12, 32, 33	**1 545**	1 534	407
430	461	398	Associated companies/joint ventures	12, 17	**565**	659	724
3 616	3 264	3 421	Group companies	12, 31 32, 33	**0**	0	187
410	339	292	Intangible assets	12, 18	**877**	503	598
852	891	809	Fixed assets	12, 18, 19	**2 227**	2 325	2 328
4 066	3 286	3 809	Other assets and accruals	12	**4 588**	3 484	4 146
215 941	192 132	174 704	**Total assets**		**231 209**	206 917	195 608
			Liabilities and equity				
26 128	25 626	34 578	Loans and deposits from credit institutions	20	**29 914**	29 699	38 585
108 087	98 468	92 252	Customer deposits	20, 21	**108 697**	99 309	92 712
56 920	44 235	27 761	CDs and bonds	20, 22	**65 724**	51 989	41 228
5 305	6 133	4 557	Other liabilities, accruals and allocations	20	**6 676**	7 410	6 457
2 552	1 397	1 300	Dated subordinated loan capital	22, 24	**2 602**	1 448	1 350
3 854	4 666	4 755	Perpetual subordinated loan capital	22, 24	**3 854**	4 666	4 755
202 846	180 525	165 203	**Total liabilities**		**217 467**	194 521	185 087
4 689	4 689	4 689	Primary-capital-certificate capital	23	**4 689**	4 689	4 689
4 689	4 689	4 689	**Called-up capital**		**4 689**	4 689	4 689
4 049	3 383	2 592	Savings bank's reserve	23	**4 049**	3 383	2 592
4 357	3 535	2 220	Dividend adjustment reserve	23	**4 357**	3 535	2 220
			Group equity in subsidiaries	23	**647**	789	1 020
8 406	6 918	4 812	**Earned equity**		**9 053**	7 707	5 832
13 095	11 607	9 501	**Total equity**		**13 742**	12 396	10 521
215 941	192 132	174 704	**Total liabilities and equity**		**231 209**	206 917	195 608
			Interest rate and liquidity risk, financial derivatives	*25, 26, 27*			
			Foreign currency exposure and off-balance sheet liabilities	*28, 29*			
			Related parties	*31*			

Oslo, 6 March 2002
Group Executive Board of Union Bank of Norway

Hans Bø
Chairman

Harald Schjoldager
Deputy Chairman

Roar Arntzen

Norunn Tveiten Benestad

Tor Ivar Bråten

Marianne Hagen

Odd Kr. Hamborg

Amund Skarholt

Ingjerd Skjeldrum

Jorund Stellberg

Stig Harald Trygstad

Berit Wenaas

Olav Hytta
President & CEO

Accounting policy

GENERAL

The accounts have essentially been prepared in accordance with the accounting policy underlying the bank's annual accounts for 2000. All amounts are stated in NOK million and apply to the Group, unless otherwise specifically stated.

CONSOLIDATION

The consolidated accounts include Union Bank of Norway and companies in which ownership is regarded as long term, and where the bank alone or jointly with subsidiaries holds more than 50 per cent of the share capital and/or has a deciding influence on the company's operations. These companies are shown in Note 33. Subsidiaries bought or sold in the course of the year are consolidated up to, or as from, the quarter that they were part of the Group.

Acquisitions are accounted for by the pooling-of-interest method. All identifiable assets and liabilities are recorded in the balance sheet at fair value as at the time of acquisition. If the cost price of the shares exceeds fair value of identifiable assets less acquired debt, and this is due to expectations of future earnings, the difference is recorded in the balance sheet as goodwill and amortised over the asset's expected lifetime, normally five years. Minority interests are calculated on after-tax profit. Assets and liabilities and all profit and loss items are shown inclusive of minority interests' share in the consolidated accounts. Minority interests are included in the Group's equity. Intra-Group balances, gains, interest and dividend as well as other income and expenses are eliminated.

Where consolidation of foreign subsidiaries is concerned, profit and loss accounts and balance sheet items are translated at the middle rates in effect on 31 December.

Translation differences are added/charged directly to Group equity.

Companies acquired or established to secure loans are not regarded as long-term investments and are therefore not consolidated.

Shares in subsidiaries are valued at cost in the parent bank's accounts.

ASSOCIATED COMPANIES AND JOINT VENTURES

Associated companies are companies in which the bank holds an ownership interest of between 20 per cent and 50 per cent, and where this interest provides a basis for influence and is a long-term investment forming a natural part of the Group's business. These companies are shown in Note 17 and 33. Joint ventures are companies which Union Bank of Norway for the most part owns jointly with Gjensidige NOR Forsikring/Gjensidige NOR Spareforsikring where both parties own 50 per cent. These companies are also shown in Note 17 and 33.

These companies are consolidated using the equity method. Under this method, the Group's share of said companies' net profit is consolidated. The shareholdings are shown in the balance sheet at historical cost, adjusted for the Group's share of profit and dividend received. At the time of acquisition, the pooling-of-interest method is applied to associated companies and joint ventures (see «Consolidation» above).

In the parent bank's accounts, investments in associated companies and joint ventures are valued at historical cost, and otherwise valued in line with other fixed assets.

RECOGNITION OF INCOME AND EXPENSES

Interest and commissions are recorded in the profit and loss account as and when they accrue in the case of income or incurred in the case of expenses. When *arrangement fees* on loans are deemed to cover the costs of arranging the loans, they are recorded as income in full in the year the loans are established. Commission income over and above this is dealt with on an accrual basis over the lifetime of the loan.

Group contributions received from subsidiaries are classified as dividend when deemed to be return on invested capital. Share dividends are recorded as income in the year they are received. However, share dividends and group contributions from subsidiaries and some associated companies/joint ventures are recorded as income in the receiving company the year the allocation is made by the contributor company.

Group contributions to subsidiaries are recorded as called-up equity and are added to the cost price of the shares in question.

Gains on sales of assets are recorded only when there has been a transfer of risk to the buyer. *Gains/losses on sales of securities* are calculated on the basis of the average cost price of securities sold. Purchases and sales of securities are recorded on the settlement date.

FOREIGN CURRENCY

Assets and liabilities in foreign currency are translated at the middle rates in effect on 31 December. Income and expenses in foreign currency are translated into NOK at the exchange rates in effect on the transaction date.

FINANCIAL DERIVATIVES

Financial derivatives are agreements with customers or financial institutions to fix future interest rates, exchange rates or share prices. These agreements include forward exchange contracts, interest rate and/or currency swaps, interest rate options (caps, floors), currency options, FRAs (forward rate agreements), interest rate futures, options on interest rate futures and share options. Financial derivatives are classified either as trading or hedging transactions when entered into. Contracts entered into for own account with a view to resale in order to exploit price or interest rate movements in the short term are included in the *trading portfolio*. Other contracts are included in the *hedging* portfolio.

Outstanding contracts in the *trading portfolio* are recorded at market values as at 31 December. Changes in market value are recorded net in the profit and loss account as capital gain (loss) on foreign currency and financial derivatives.

The *hedging portfolio* comprises contracts designed to neutralise an existing or expected interest rate and/or currency risk in the balance sheet. Hence a considerable degree of negative correlation is required between the change in value of the hedging contract and the hedged item. Financial derivatives employed to hedge the bank's balance sheet items or other financial instruments are valued jointly with the hedged item. Income and expenses from these contracts are recorded jointly with the hedged items. Transfers between the trading and hedging portfolios are made at market prices, and internal gains and losses are not eliminated.

BONDS, CDS, SHARES AND UNITS

Stock exchange listed bonds, CDs and shares included in a trading portfolio are recorded at fair value (market value). To be included in a trading portfolio, an investment must be made with a view to resale to achieve gains on short-term fluctuations. Furthermore, the financial instrument must be traded on a stock exchange or other regulated market, and have a good ownership spread and liquidity.

Bonds and *CDs* (apart from the trading portfolio) that are classified as current assets, are valued on a portfolio basis at acquisition cost or market value, whichever is lowest.

Short-term share investments (apart from the trading portfolio) are, likewise, valued on a portfolio basis at acquisition cost or market value, whichever is lowest. Portfolio valuation is employed since the portfolios are managed on a collective basis.

Bonds - hedging transactions. Bonds are classified as hedging transactions based on the following criteria:

- Items that are hedging transactions must be clearly defined, either individually or on a portfolio basis.
- There must be a high degree of negative correlation in value change between the hedging transactions and the hedged items.

Income or expenses referring to bonds that are hedging instruments are recorded in the profit and loss account jointly with the hedged items.

Long-term shareholdings are shown at acquisition cost. Should the value of the shares fall substantially below cost price and the drop in value is not expected to be of a transient nature, the shares are written down. Where the basis for the write-down has permanently lapsed, the write-down is reversed.

LOANS AND LOAN LOSSES

Loans are shown at nominal values. Loans and other commitments where the repayment terms are breached are classified as defaults.

Defaults. The bank treats a loan as being in default at the latest when a payment is 90 days overdue or 90 days after an unauthorised overdraft arose. Loans where bankruptcy proceedings or debt negotiations have started are also defined as defaults.

Specified loss provisions. Where the bank has identified a loan as doubtful as a result of bankruptcy or debt negotiations, debt collection proceedings, distress, distraint or other default, a specified loss provision is made.

Probable loan losses are also assessed in other customer circumstances, such as deterioration of liquidity, capital strength or earning power, or a change in the value of the collateral furnished. The requisite specified loss provision is made if there is a preponderant likelihood that a loss will arise in the relatively near future.

In the event of bankruptcy, composition with creditors or debt settlement negotiations, the loss valuation is based on the value of the collateral furnished. Collateral is assessed at market value. In the event of other kinds of default, the customer's financial situation, including debt-servicing capacity, is taken into account, in addition to the value of the collateral, when assessing the loss.

Unspecified loss provisions are intended to cover losses, which circumstances on the balance sheet date indicate are likely to be incurred, on loans for which specified loss provisions have not been made. Unspecified loss provisions are intended to cover categories of loans that, based on evidence on the balance sheet date, represent a manifest loss risk (e.g. in high risk branches of industry, risk category or geographical location, historical loss patterns, open project risk etc.). Changes in the size of the loan portfolio are taken into account.

Realised loan losses. Loan losses realised through bankruptcy, confirmed composition with creditors, unsuccessful distraint, court judgement, cessation of enforcement by the bank, or where the bank has otherwise relinquished the loan or parts of it, are recorded as realised losses by the bank.

Non-accrual loans. Interest, commissions, and fees on defaulted loans cease to be recorded as income if expected to be lost. Concurrently, unpaid interest, commissions and fees that have been recorded as income in the current year are reversed.

Reclassification. A loan previously subject to loss provisioning is reclassified once this has been rectified, i.e. when the applicable repayment schedule has been resumed and the loan is no longer regarded as non-performing. To ensure that reclassification is justified, there is normally a six-month delay from the date the loan receives a clean bill of health until the date of reclassification while at the same time the bank expects the borrower to continue to follow the agreed repayment plan. Where previous loss provisions are reversed in full, interest not previously recorded as income is also booked to income.

LEASING AND FACTORING

Leasing contracts are treated as financial leasing, i.e. the present value of future payments is recorded in the accounts as loans to customers. Lease receipts are taken to income based on the annuity method. Ordinary depreciation for the year is recorded as a deduction to interest on loans in the profit and loss account. Ordinary depreciation includes accrued depreciation of prepaid rent received from the lessee, as well as annuity depreciation in accordance with the depreciation schedule.

In the case of factoring, purchased accounts receivable are recorded as loans. The unfunded portion of the accounts receivable (the margin) is recorded as debt to factoring customers. Hence, net lending is the difference between accounts receivable and the margin.

FIXED ASSETS - INTANGIBLE ASSETS

Fixed assets are recorded at acquisition cost plus any revaluation, less any write-down and straight-line ordinary depreciation. The Union Bank of Norway Group applies the following rates of depreciation:

Fixed asset	*Annual depreciation*
Sites, art work	0%
Buildings	2%
Fixtures and fittings	10%
Vehicles	20 - 25%
Machinery/IT equipment	25%

Intangible asset	*Annual amortisation*
Goodwill	12.5 - 20%
Software	20 - 33%

Where the true value of a fixed asset, or of a portfolio of assets, is substantially lower than book value, and the decline is not expected to be of a transient nature, the asset is written down to its fair value. As a general rule, the need to make a write-down is assessed for each asset individually. In the case of real property, however, any need for write-downs of *bank premises* is assessed on a portfolio basis, due to the premises' close tie-in with the bank's operations, and the fact that the premises are managed as a group of properties.

Expenses on IT development and procurement of IT programs are recorded and classified as intangible assets if their value is deemed to be substantial (more than NOK 1 million) and is expected to be long-term. Where development of IT programs is concerned, internal resources employed as well as expenses on preliminary planning, requirements specifications, training and implementation are expensed. Software carried on the balance sheet is written down over its expected economic lifetime - a maximum of five years. Such software is written down if the value of expected economic benefits is lower than the recorded value. Expenses on re-establishing or maintaining the economic value of IT systems and solutions are classified as maintenance and are expensed as and when incurred.

FIXED-INTEREST BOND LOANS/ ISSUED BONDS

Premiums/discounts upon disbursement of loans, upon issue of debt instruments, upon early redemption of loans, and upon repurchase of debt instruments are recorded in the balance sheet. Income/expenses are recognised on an accruals basis as an adjustment to current interest income/ expenses over the period to the next interest rate adjustment date or, in the case of fixed-interest loans, over the entire loan term.

Direct costs incurred in raising long-term loans are recorded as reductions in the loan amounts and amortised systematically over the period to the next interest rate adjustment date or maturity date.

TAX

The tax charge in the profit and loss account comprises tax payable on the year's income, the parent bank's capital tax, and the year's change in deferred tax.

Deferred tax is calculated on the basis of temporary differences between accounting and tax-related values at the end of the accounting year. Tax-reducing temporary differences are offset against (any) tax-increasing temporary differences that are reversed in the same period. Tax-reducing differences that remain after off-setting are recorded in the balance sheet as deferred tax benefits, to the extent that the latter are likely to be realised. Deferred tax and deferred tax benefits are shown net in the balance sheet and are recorded at nominal values.

PENSION COSTS AND PENSION COMMITMENTS

The Union Bank of Norway Group follows the Norwegian Accounting Standard for pension expenses. This standard's basis is the present value of projected future pension benefits. The estimated accrued commitment, both regarding pensions covered through operations and pensions covered by a pension fund or insurance company, is compared with the value of the pension plan assets. The difference, adjusted for variances in estimates and effects of changed assumptions, is shown as debt in the balance sheet. Variances in estimates and effects of changed parameters and pension plans are amortised over the employees' expected residual term of employment. The pension cost is recorded in the profit and loss account under personnel expenses.

Notes

1 CHANGES IN GROUP STRUCTURE

COMPLETED TRANSACTIONS

Acquisition of portfolios from Core Area Savings

Union Bank of Norway took over servicing and appurtenant commission rights for part of the private portfolio of savings and investment products from Gjensidige NOR Spareforsikring, Gjensidige NOR Fondsforsikring and Avanse Forvaltning as from 1 January 2001.

NOK 30.7 million was paid to Gjensidige NOR Spareforsikring for the commission rights. Union Bank of Norway took over 71 staff in connection with the transaction. A reorganisation provision of NOK 19 million has been made in connection with the acquisition to cover costs of integration and coordination with the bank. Furthermore, goodwill was booked in connection with the purchase in an amount of NOK 49.7 million, which will be amortised over a period of four years, corresponding to the duration of the current commission agreement.

Union Bank of Norway has received about NOK 45 million in commissions from 2001 in connection with the acquisition. The takeover of staff will entail increased expenses of about NOK 49 million. Goodwill amortisation accounts for a further NOK 12 million per year.

Purchase of shares in Avanse Forvaltning

In the first quarter of 2001 Union Bank of Norway offered to buy the shares of minority shareholders of Avanse Forvaltning at a price of NOK 459.41 per share, valuing the company at NOK 1,500 million. Seven shareholders accepted the offer, and UBN has purchased 166 045 shares for NOK 76 million. This corresponds to an amount of NOK 73 million in excess off book equity, which will be treated as goodwill and will be amortised over five years.

As at 31 December 2001, UBN owns 70.8 per cent of the shares of Avanse Forvaltning, as against 65.7 per cent at the end of 2000.

Purchase of shares in Gjensidige NOR Equities - (formerly Karl Johan Fonds)

In connection with the formation of Gjensidige NOR Merchant Bank, Union Bank of Norway purchased on 31 March 2001 the remaining 50 per cent of the shares of Gjensidige NOR Equities for NOK 198 million. This corresponds to an amount of NOK 177 million in excess of book equity, which will be treated as goodwill. It will be amortised over five years as from the second quarter of 2001.

Disposal of AcceptFinans A/S in Denmark

On 20 July 2001 Union Bank of Norway signed an agreement to sell its credit card business in Denmark, AcceptFinans A/S, to GE Capital for DKK 573 million, equivalent to NOK 616 million. The sale produced a pre-tax profit of NOK 205 million, equivalent to NOK 2.23 per primary capital certificate after tax. AcceptFinans A/S has 143 employees and returned a profit of NOK 16 million in the first half of 2001, compared with NOK 35 million for the full year 2000. Total lending at year-end 2000 came to NOK 1 400 million. Inclusive of the net profit stemming from the transaction, UBN's capital ratio was improved by 0.25 percentage points.

Acquisition of banks in Telemark

In June 2001, an agreement was signed by Fokus Bank and Union Bank of Norway, according to which Union Bank of Norway was to take over Fokus Bank's branch offices in Bø and Vinje in Telemark. The portfolio comprises about 3 700 customers with loans totalling NOK 317 million and deposits of NOK 264 million. In addition, six Fokus employees, (5.65 FTEs) were taken on by UBN. The takeover was carried out in November 2001. The final purchase price was NOK 32 million in excess of net book value of the assets, and is treated as goodwill and will be amortised over five years.

Purchase of shares in Gjensidige NOR Kapitalforvaltning

With settlement on 8 October 2001, Union Bank of Norway purchased 20 per cent of the shares of Gjensidige NOR Kapitalforvaltning from Gjensidige NOR Forsikring for NOK 66 million. The settlement represents an amount of NOK 51 million in excess of book equity, and will be treated as goodwill and amortised over five years. As from the fourth quarter of 2001, UBN accordingly owns 70 per cent of Gjensidige NOR Kapitalforvaltning. The company is incorporated in the UBN group accounts as a subsidiary as from the same quarter.

PLANNED TRANSACTIONS

Formation of Gjensidige NOR ASA

In the interest of an efficient and effective group structure and clarity as regards value creation, ownership interests in some companies will be combined upon the establishment of the new Group, or at a later stage.

Company	*Assessed value (NOKm)*	*Gjensidige NOR Spareforsikring's stake*
Avanse Forvaltning	1 500	26.5%
Gjensidige NOR Kapitalforvaltning	350	30.0%
Gjensidige NOR Fondsforsikring	300	50.0%

The above values were established as of 30 June 2000, and are a basis for interest calculation, while equity transfers after that date will be corrected in the purchase price. Under current accounting rules, whereby gains on sales by life insurance companies in a financial group are not eliminated, a goodwill amount of NOK 604 million will materialise in the new group. Any such goodwill amount is expected to be amortised over a period of five years. See note 10 and 17 for accounting figures for the companies affected. Financing and design of the transactions have yet to be finalised.

2 GJENSIDIGE NOR ASA GROUP - PRO FORMA ACCOUNTS

The Group Executive Board voted on 23 June 2000 to apply to Norwegian regulatory authorities for a license to establish Gjensidige NOR ASA as a holding company for Union Bank of Norway and Gjensidige NOR Spareforsikring. Below are shown pro forma group accounts for Gjensidige NOR ASA.

From the profit and loss account	***2001***	*2000*	*1999(*)*
Net interest income	**5 527**	5 347	4 976
Net other operating income	**2 189**	1 931	1 718
Net result - Life insurance	**(21)**	297	297
Total income	**7 695**	7 575	6 991
Operating expenses	**4 544**	4 106	4 310
Operating profit before losses	**3 151**	3 469	2 681
Loan losses	**426**	215	234
Losses (gains) on long-term financial holdings	**(232)**	(746)	(386)
Operating profit	**2 957**	4 000	2 833
Taxes	**817**	1 015	706
Net profit	**2 140**	2 985	2 127

(*) Incl. pro forma figures Gjensidige Bank first quarter.

From the balance sheet			
Assets			
Deposits with and loans to credit institutions	**11 019**	9 508	10 272
Loans and leasing	**194 418**	177 389	164 452
Certificates and bonds	**15 782**	11 349	12 338
Shares and equity interests	**2 110**	2 193	1 318
Life insurance assets	**2 630**	2 653	2 523
Real estate	**1 262**	1 277	1 367
Other assets	**6 513**	5 096	5 756
Total assets	**233 734**	209 465	198 026
Equity and liabilities			
Equity	**16 267**	14 944	12 939
Subordinated debt	**6 456**	6 114	6 105
Deposits from customers	**108 697**	99 309	92 712
Loans and deposits from credit institutions	**29 914**	29 699	38 585
Certificates and bonds	**65 724**	51 989	41 228
Other liabilities	**6 676**	7 410	6 457
Total equity and liabilities	**233 734**	209 465	198 026
Capital adequacy figures			
Capital adequacy	**10.7 %**	10.9 %	
Core capital	**7.1 %**	7.2 %	
Calculation base	**205 933**	191 204	

The following factors were taken into account when preparing the pro forma figures:
Union Bank of Norway and Gjensidige NOR Spareforsikring are involved in differing types of business activity and hence apply fundamentally different rules to the presentation of their accounts. Owing to the rules governing profit sharing between shareholders and policyholders, consolidation is not fully implemented for accounting purposes.

The item "Net result - Life insurance" in the pro forma accounts constitutes that portion of the profit of Gjensidige NOR Spareforsikring which is calculated to accrue to the Gjensidige NOR Group (100%).

The pooling-of-interests method has been applied to joint ventures included in these accounts.

Expenses related to the founding of the Gjensidige NOR ASA Group are expected to amount to approx. NOK 105 million, and will be charged to equity in the company upon the establishment of the group. This is reflected in the above pro forma accounts.

Changes in group structure described in Note 1 are not reflected in the above pro forma accounts.

Pro forma figures for 1999 take into account the acquisition of Gjensidige Bank.

Union Bank of Norway's shareholders will receive 78% , and Gjensidige NOR Spareforsikring's shareholders 22 %, of the shares in the new holding company. The gain realised on the disposal of Fellesdata shares is reflected in the agreed conversion ratio, and did not provide a basis for dividend payments for 2000. Normal dividend was paid by Union Bank of Norway for 2001, while the result recorded by Gjensidige NOR Spareforsikring did not provide a basis for payment of dividend.

Gjensidige NOR Spareforsikring will employ a management fee on a par with competitors in the Norwegian market. The above pro forma accounts do not reflect a market-based fee for 2000 and 1999.

Pro forma key figures for shares
In the table below, the shares of the owners of Union Bank of Norway (78% of the shares in the holding company) are allocated between PCC holders and the Bank Foundation based on the PCC holder fraction, i.e. 69.1 / 30.9 at 31.12.01, 70.9 / 29.1 at 31.12.00 and 72.7 / 27.3 at 31.12.99. The number of shares outstanding has been fixed in such a way that the PCC holders' overall fraction equals the actual number of PCCs at the three dates. Par value for the new shares is set at NOK 100 per share.

Likewise, the shares belonging to the owners of Gjensidige NOR Spareforsikring (22% of the shares in the holding company) are allocated between the insurance company and the Life Insurance Foundation based on their overall share of the equity in the company, i.e. 58.3 / 41.7 at 31.12.01, 57.8 / 42.2 at 31.12.00 and 59.6 / 40.4 at 31.12.99.

Continued on next page

Note 2 continued

	As of 31.12.2001		*As of 31.12.2000*		*As of 31.12.1999*	
Number of shares (1 000)	***Fraction***	***Number***	*Fraction*	*Number*	*Fraction*	*Number*
PCC holders	**53.9%**	**46 889**	55.3%	46 889	56.7%	46 889
Bank Foundation	**24.1%**	**20 968**	22.7%	19 245	21.3%	17 608
Insurance Company	**12.8%**	**11 158**	12.7%	10 782	13.1%	10 842
Life Insurance Foundation	**9.2%**	**7 981**	9.3%	7 872	8.9%	7 350
		86 996		84 788		82 689
Book equity		**16 267**		14 944		12 939
Book equity per share (NOK) - excl. dividend payment		**187**		176		156
Book equity per share (NOK) - incl. dividend payment		**196**		186		164
Net profit		**2 140**		2 985		2 127
Net profit per share (NOK)		**24.60**		35.21		25.72
Market price at 31 December		**273.00**		257.50		185.00
Price/book value - excl. dividend payment		**1.46**		1.46		1.17
Price/book value - incl. dividend payment		**1.39**		1.38		1.13

GJENSIDIGE NOR SPAREFORSIKRING – GROUP ACCOUNTS

From the Profit and Loss Account	***2001***	*2000*	*1999*
Premium income	**5 905**	5 574	4 808
Income from financial assets etc., (net)	**682**	4 746	3 648
Claims and transfers (premium reserves)	**4 157**	4 565	3 887
Change in technical reserves	**3 034**	2 802	2 642
Operating expenses related to underwriting	**489**	469	555
Result of technical accounts before allocations	**(1 093)**	2 484	1 372
Allocations to policyholders, incl. supplementary reserves	**25**	2 094	1 390
Result of technical accounts	**(1 118)**	390	(18)
From supplementary reserves	**1 059**	0	0
Other expenses	**56**	55	247
Extraordinary income	**0**	0	428
Tax charge	**(94)**	38	(134)
Net profit	**(21)**	297	297

From the Balance Sheet			
Assets			
Buildings and real estate	**7 802**	6 655	6 533
Shares and interests	**15 781**	17 335	17 321
Mortgage loans	**3 256**	3 442	4 699
Other financial assets	**31 066**	30 426	27 699
Other assets	**4 414**	4 161	3 611
Total assets	**62 319**	62 019	59 863
Equity and liabilities			
Equity	**2 630**	2 653	2 523
Subordinated loan capital	**1 362**	1 106	1 013
Unrealised gains	**0**	1 176	3 751
Underwriting provisions for own account	**57 700**	56 150	51 586
Other liabilities	**627**	934	990
Total equity and liabilities	**62 319**	62 019	59 863

GJENSIDIGE NOR SPAREFORSIKRING (PARENT COMPANY)

From the Profit and Loss Account			(*)
Interest result	**(1 116)**	2 813	2 049
Risk result	**(84)**	(33)	(68)
Administration result	**(92)**	(100)	(106)
Other allocations to reserves	**(143)**	251	360
Undistributed profit	**(1 149)**	2 429	1 515
Allocations to policyholders, incl. supplementary reserves	**(25)**	(2 094)	(1 390)
Transferred from supplementary reserves	**1 059**	0	0
Operating profit	**(115)**	335	125
Taxes	**(94)**	38	(131)
Net profit	**(21)**	297	256
Key ratios			
Book return, annualised	**1.8%**	9.0%	8.0%
Value-adjusted return incl. additional value on bonds held to maturity	**0.0%**	4.2%	13.3%
Return on equity after tax	**(0.8%)**	11.6%	14.5%
Capital adequacy	**9.8%**	8.6%	11.2%

(*) Proforma

3 INTEREST INCOME AND EXPENSES

PARENT BANK				GROUP		
2001	*2000*	*1999*		***2001***	*2000*	*1999*
3 269	2 810	881	Interest on deposits with and loans to credit institutions	**1 721**	1 663	631
12 150	10 186	9 372	Interest on loans to customers	**15 536**	13 400	12 566
61	87	49	Net interest income on loans previously written off	**61**	87	49
983	767	668	Interest on CDs and bonds	**985**	791	644
16 463	13 850	10 970	**Interest income**	**18 303**	15 941	13 890
2 273	1 780	1 706	Interest on loans from credit institutions	**2 506**	2 013	2 078
6 156	4 935	4 202	Interest on customer deposits	**6 199**	4 973	4 391
3 033	2 406	1 229	Interest on CDs and bond loans	**3 584**	3 134	2 348
332	466	350	Interest on subordinated loan capital	**335**	468	357
152	6	64	Levy to Savings Banks' Guarantee Fund (*)	**152**	6	68
11 946	9 593	7 551	**Interest expenses**	**12 776**	10 594	9 242
4 517	4 257	3 419	**Net interest income**	**5 527**	5 347	4 648

(*) The levy payable by Union Bank of Norway to the Savings Banks' Guarantee Fund for 2002 will be NOK 162 million.

AVERAGE INTEREST RATE FOR LOANS TO AND DEPOSITS FROM CUSTOMERS

PARENT BANK				GROUP		
Interest amount	*Average capital*	***Average rate***		*Interest amount*	*Average capital*	***Average rate***
12 150	156 778	**7.75%**	Loans to customers	15 536	196 823	**7.89%**
6 156	103 766	**5.93%**	Deposits from customers	6 199	104 592	**5.93%**

The parent bank's rates shown above are based on actual interest rates in the profit and loss account in relation to the day-to-day average capital computed in the bank's general ledger.

4 OTHER OPERATING INCOME, NET

PARENT BANK				GROUP		
2001	*2000*	*1999*		***2001***	*2000*	*1999*
110	24	20	Share dividends (*)	**110**	24	21
105	45	50	Income from ownership interests in associated companies/joint ventures	**48**	63	123
575	596	494	Income from ownership interests in subsidiaries			6
790	665	564	**Share dividends and other profit income**	**158**	87	150
88	80	59	Guarantee commissions	**88**	80	60
46	49	56	Interbank fees	**46**	49	64
775	743	637	Money transfer fees	**775**	743	646
96	121	87	Mutual funds management fees	**331**	433	330
0	0	0	Discretionary asset management fees	**87**	0	0
49	55	35	Securities broking activities	**125**	55	35
77	32	29	Life insurance (Gjensidige NOR Spareforsikring)	**77**	32	30
42	43	42	Fees on safe deposit boxes/night depositories	**42**	43	42
183	193	152	Miscellaneous commissions and fees	**256**	266	207
1 356	1 316	1 097	**Commission income**	**1 827**	1 701	1 414
54	64	62	Interbank fees	**54**	64	64
233	198	187	Money transfer fees - external costs	**233**	198	194
158	138	79	Other commissions and fees	**245**	242	186
445	400	328	**Commission expenses**	**532**	504	444
46	35	34	Capital gains on bonds and CDs	**41**	38	34
(25)	(24)	92	Capital gains (losses) on shares and PCCs	**(25)**	(24)	92
221	190	145	Foreign currency gains	**228**	200	137
28	46	(59)	Gains (losses) on financial derivatives	**28**	48	(52)
270	247	212	**Capital gains (losses)**	**272**	262	211
1	1	0	Operating income, real estate	**32**	34	45
1	4	2	Gains on disposals of fixed assets	**44**	17	13
			Real estate agency commissions	**284**	236	218
29	31	40	Additional operating income	**104**	98	87
31	36	42	**Other operating income**	**464**	385	363
2 002	1 864	1 587	**Other operating income, net**	**2 189**	1 931	1 694

(*) Includes return on money market mutual fund units totalling NOK 84 (2000: 3; 1999: 4) million.

5 PERSONNEL EXPENSES

PARENT BANK				GROUP		
2001	*2000*	*1999*		***2001***	*2000*	*1999*
1 099	1 024	949	Salaries	**1 550**	1 399	1 332
131	100	109	Pensions	**154**	120	129
291	268	243	Other benefits	**384**	368	346
48	50	45	Allocation to employee fund	**48**	50	45
1 569	1 442	1 346	**Personnel expenses**	**2 136**	1 937	1 852

REMUNERATION TO GOVERNING BODIES / CEO / AUDITORS

Gjensidige NOR was established on 22.06.99 with a Group Executive Board and President and CEO common to Gjensidige NOR's main companies. Four deputy presidents were also appointed. A Board of Directors was appointed for Union Bank of Norway. Boards of directors were similarly established for Gjensidige NOR Forsikring and Gjensidige NOR Spareforsikring.

Expenses on the Group Executive Board and President/CEO are apportioned in equal shares on the three main companies. The information on remuneration states the sum total of remuneration to the individual Board of Directors and the President.

Remuneration can be summarised as follows (all figures in NOK):

	2001	*2000*	*1999*
Group Executive Board, Gjensidige NOR (from 22.06.99)	**2 098 000**	2 080 000	772 900
Board of Directors, Union Bank of Norway	**1 337 000**	1 335 000	1 310 402
Committee of Representatives, Union Bank of Norway	**267 000**	396 000	424 000
Control Committee, Union Bank of Norway	**398 000**	397 500	302 120

No agreement has been entered into regarding special compensation in connection with the termination of the position of chairman of the Group Executive Board, chairman of the Board of Directors or chairman of the Committee of Representatives.

Olav Hytta (58), President and CEO, received a salary of NOK 2 000 000 in 2001 (2000: NOK 1 816 000). In January 2002 Mr Hytta received a one-time supplement of NOK 150 000 in recognition of his extraordinary efforts in 2001. Benefits in kind were estimated at NOK 100 000. He is entitled by agreement to retire at the age of 60. His pension will constitute 70% of his final salary. Costs in connection with Mr Hytta's pension scheme totalled NOK 1 766 000 in 2001. He is also entitled by agreement to retain his salary in the unlikely event that he is assigned other tasks before retirement. Mr Hytta's total loans with Union Bank of Norway came to NOK 111 000 at 31.12.2001.

Deputy President Øyvind Birkeland (47) is entitled by agreement to retire at the age of 60. His pension will constitute 70% of his final salary. Mr Birkeland's total loans with Union Bank of Norway came to NOK 1 766 000 at 31.12.2001.

Under a compensation agreement with the bank, Deputy President Karl-Olav Hovden will, in the event that the bank terminates his employment contract, receive full pay for two years after retirement. He also has an agreement with the bank entitling him to retire at the age of 60. His pension will equal 70% of his salary at the time of his retirement. Mr. Hovden's total loans with Union Bank of Norway came to NOK 598 000 at 31.12.2001.

Fees paid to external auditors have been expensed in an amount of NOK 1 299 000 (2000: NOK 1 032 000; 1999: NOK 1 405 000) in the parent bank and NOK 3 468 000 (2000: NOK 3 480 000; 1999: NOK 5 001 000) in the group. The parent bank purchased consulting services totalling NOK 1 474 000 (2000: 942 000; 1999: NOK 728 500) from external auditors, while the corresponding figures for the group are NOK 2 629 000 (2000: NOK 4 744 000; 1999: NOK 1 784 000). The figure for 2001 includes NOK 311 000 spent on consultative reports dealing with conversion of Union Bank of Norway into a limited company.

LOANS TO EMPLOYEES AND MEMBERS OF GOVERNING BODIES

PARENT BANK				GROUP		
2001	*2000*	*1999*		***2001***	*2000*	*1999*
2 443	2 462	1 905	Loans to employees	**2 471**	2 475	1 943
7	8	47	Loans to members of governing bodies	**8**	8	48

Of total loans to employees as at 31.12.2001, loans to parent bank retirees came to NOK 169 (2000: 128; 1999: 144) million.

One of the 12 members of the Group Executive Board had loans outstanding with the bank totalling NOK 0.9 million. One of the 12 members of the Board of Directors had outstanding loans with the bank totalling NOK 0.2 million. None of the loans was on terms other than general terms applied to employees. One member of the Control Committee had loans outstanding of less than NOK 0.1 million with Union Bank of Norway at 31.12.2001.

As at 31.12.2001 guarantees totalling NOK 0.2 million were in effect for employees. As at 31.12.2001 Union Bank of Norway had issued no guarantees or other form of security in respect of members of its governing bodies.

In terms of the standard interest rate set by the Norwegian parliament for tax purposes, employees of the parent bank have enjoyed no interest subsidy on floating rate loans from the employer over the past three years.

STAFFING

PARENT BANK				GROUP		
2001	*2000*	*1999*		***2001***	*2000*	*1999*
2 910	2 889	3 070	Full-time position equivalents as at 31.12	**3 843**	3 807	4 078
3 241	3 239	3 355	Employees as at 31.12	**4 282**	4 277	4 475
3 239	3 301	3 174	Average no. of employees	**4 310**	4 290	4 121

6 PENSION COSTS AND PENSION COMMITMENTS

Union Bank of Norway has its own pension fund for ordinary retirement and disability pensions, i.e. for salaries up to 12 times the basic amount («G») available under the National Insurance Scheme, and a retirement age of 67 years. The bank also has non-funded pension commitments in respect of employees earning in excess of 12 times the basic amount, as well as early retirement and discretionary pensions which have been provided for in the accounts. Provision has also been made for the bank's commitments related to the AFP (early retirement) programme.

Pension fund assets are valued at their market value as at 31 December. Pension commitments are computed on the basis of the premises listed below. In the case of funded commitments, employment tax contributions are expensed upon payment to the pension fund. In the case of non-funded commitments, provision has been made for the capitalised value of employment tax contributions on commitments taxable, at a rate of 14.1%. Employment tax contributions are classified as other long-term liabilities.

	2001	*2000*	*1999*		***2001***	*2000*	*1999*
Discount rate	**7%**	7%	7%	Pension increases	**3%**	2%	2%
Expected return	**8%**	8%	8%	Voluntary departure		Standard reductions	
Salary increases	**4%**	4%	4%	Fraction taking early retirement	**54%**	54%	54%
Increases in basic amount	**3%**	3%	3%	Improved basis, disability pensions	**K93**	K93	K93

PARENT BANK 2001 Funded	PARENT BANK 2001 Non-funded	PARENT BANK 2001 Total	2000 Total	1999 Total		GROUP 2001 Funded	GROUP 2001 Non-funded	GROUP 2001 Total	2000 Total	1999 Total
					PENSION COSTS					
68	**23**	**91**	83	82	Present value of accrued pension commitments	**86**	**27**	**113**	102	100
118	**34**	**152**	136	129	Interest costs on accrued pension commitments	**131**	**36**	**167**	145	137
(134)		**(134)**	(130)	(107)	Expected return on pension resources	**(150)**		**(150)**	(139)	(115)
4	**1**	**5**	5		Amortisation of effect of plan change	**4**	**1**	**5**	5	
	8	**8**			New early retirees		**8**	**8**		
(3)	**12**	**9**	6	5	Variance actual/projected values	**(2)**	**13**	**11**	7	7
53	**78**	**131**	100	109	**Net pension expenses**	**69**	**85**	**154**	120	129
					NUMBER OF PERSONS					
3 306	**204**	**3 510**	3 516	3 674	No. of active members	**4 120**	**243**	**4 363**	4 242	4 356
1 347	**211**	**1 558**	1 589	1 586	No. of retirees	**1 426**	**213**	**1 639**	1 606	1 601
4 653	**415**	**5 068**	5 105	5 260	**Total no. of persons covered**	**5 546**	**456**	**6 002**	5 848	5 957
					PENSION COMMITMENTS					
1 553		**1 553**	1 662	1 599	Pension funds at market value	**1 773**		**1 773**	1 773	1 691
1 841	**529**	**2 370**	2 111	2 001	Estimated pension commitment	**2 050**	**570**	**2 620**	2 246	2 124
288	**529**	**817**	449	402	Net pension commitment	**277**	**570**	**847**	473	433
(333)	**(199)**	**(532)**	(179)	(117)	Variance not booked to profit and loss account (*)	**(348)**	**(209)**	**(557)**	(191)	(132)
(45)	**330**	**285**	270	285	Net pension commitment in balance sheet	**(71)**	**361**	**290**	282	301
0	**330**	**330**	270	285	Pension commitment in balance sheet	**6**	**361**	**367**	302	315
45		**45**	0	0	Excess funding in balance sheet	**77**		**77**	20	14
(45)	**330**	**285**	270	285	Net pension commitment	**(71)**	**361**	**290**	282	301

(*) Variances not booked to the profit and loss account will be expensed over the average residual service period, which is about 15 years. The variances increased in 2001 by NOK 352 million in relation to the previous year. For the funded scheme, the increase in the variance is due in part to a shortfall of NOK 181 million in relation to expected return, and in part a deficit of NOK 80 million in the pension fund. Moreover, an assumed increase from 2 to 3 per cent in pension growth resulted in a 2001 estimate variance of NOK 57 million for the funded scheme and an estimate variance of NOK 20 million for the non-funded scheme. Since the bank has its own pension fund, the negative trend in financial markets is fully taken into account in determining the size of the pension fund assets as at 31.12.2001, and is therefore included in variances not booked to the profit and loss account.

7 OPERATING EXPENSES

PARENT BANK				GROUP		
2001	*2000*	*1999*		***2001***	*2000*	*1999*
1 569	1 442	1 346	**Personnel expenses**	**2 136**	1 937	1 852
315	325	293	IT and development costs	**367**	369	368
55	42	46	Office supplies	**68**	54	68
151	149	123	Telecommunications, postage	**188**	198	169
235	216	203	Fees, substitute personnel, other services	**322**	261	245
122	94	79	Travel, staff training	**151**	122	109
200	196	161	Marketing	**304**	288	257
1 078	1 022	905	**Administrative expenses**	**1 400**	1 292	1 216
2 647	2 464	2 251	**Personnel and administrative expenses**	**3 536**	3 229	3 068
52	38	29	Amortisation of goodwill	**156**	99	76
186	166	151	Ordinary depreciation	**269**	255	253
32	11	1	Write-downs	**38**	11	16
270	215	181	**Amortisation, depreciation and write-downs**	**463**	365	345
1	1	1	Operating expenses, real estate	**47**	54	74
330	317	271	Rental and operating expenses, rented premises	**289**	286	210
331	318	272	**Properties and premises**	**336**	340	284
24	21	20	Expensed fixed assets	**42**	25	28
55	39	62	Miscellaneous operating expenses	**167**	147	180
79	60	82	**Additional operating expenses**	**209**	172	208
0	0	111	Co-location costs, Gjensidige Bank/Union Bank of Norway	**0**	0	150
410	378	465	**Other operating expenses**	**545**	512	642
3 327	3 057	2 897	**Operating expenses**	**4 544**	4 106	4 055

Rental commitments
Union Bank of Norway operates through a large number of branches and offices. The great majority of these premises are under rental agreements. At 31.12.2001 the Group's overall annual external rental commitments totalled NOK 148 (2000: 131, 1999: 62) million. The rental agreements vary in duration; the average residual term is 5 years (2000: 5 years, 1999: 5 years).

Price and volume agreements with EDB Fellesdata
Union Bank of Norway has standing price and volume agreements with EDB Fellesdata for the purchase of computer power, system maintenance and operation of applications, which amount to approx. NOK 140 (2000: 150; 1999: 133) million. For 2002, the agreement is worth about NOK 143 million. Other agreements in effect are based on variable demand. Total purchases from EDB Fellesdata in 2001 came to NOK 200 (2000: 217; 1999: 221) million.

8 LOSSES ON LOANS AND GUARANTEES

PARENT BANK				GROUP		
2001	*2000*	*1999*		***2001***	*2000*	*1999*
79	76	49	Realised losses exceeding previous years' specified loss provisions	**166**	184	128
73	49	66	Increase in specified loss provisions	**92**	80	91
278	117	153	New, specified loss provisions	**301**	154	186
430	242	268	**Gross losses**	**571**	418	405
5	35	19	Reduction in specified loss provisions due to reduced risk	**18**	44	43
68	79	67	Reversal of specified loss provisions due to reclassification	**80**	95	67
73	114	86	**Reduction in and reversal of specified provisions**	**98**	139	110
78	93	100	Recovered on previously realised loan losses	**103**	138	151
41	59	36	Increase in unspecified loss provisions	**56**	74	57
320	94	118	**Losses on loans and guarantees**	**426**	215	201
113	369	109	Realised losses (additional) covered by specified provisions from previous years	**119**	378	139

Of total losses in 2000, the 20 largest losses amounted to NOK 248 (2000: 106; 1999: 179) million.
Of losses on loans and guarantees, AcceptFinans accounted for NOK 35 (2000:80; 1999: 35) million.

9 LOSSES (GAINS) ON LONG-TERM FINANCIAL ASSETS

PARENT BANK 2001	2000	1999		GROUP 2001	2000	1999
			Write-down on shares in subsidiaries			
		50	Vigar AS/Elcon Securities			50
			Write-downs on other long-term shareholdings			
0	0	1	Miscellaneous	**0**	0	1
0	0	51	**Total write-downs**	**0**	0	51
			Losses on disposals of shares in/liquidation of subsidiaries/associated companies			
(163)			Disposal of AcceptFinans AS	**(205)**		
			Disposal of NOR Forsikring AS			(283)
(5)			Liquidation of Greåker Industripark AS			
	(22)		Liquidation of NOR Forsikrings Holding AS			
(42)		61	Liquidation of Gjensidige Bank AS			
	(5)		Liquidation of Gran Eiendom AS			
		(281)	Disposal of shares in Linstow ASA			(151)
	(797)		Disposal of shares in Fellesdata AS		(741)	
	(4)		Disposal of shares in Lillehammer Presse- og Informasjonssenter AS		(4)	
			Losses (gains) on disposal of other long-term shareholdings			
(22)			Sale of NOS Holding ASA	**(27)**		
		(2)	Miscellaneous		(1)	(3)
(232)	(828)	(222)	**Net loss (gain)**	**(232)**	(746)	(437)
(232)	(828)	(171)	Losses (gains) on long-term financial assets	**(232)**	(746)	(386)

Sale of AcceptFinans A/S in Denmark

On 20 July 2001 Union Bank of Norway signed an agreement to sell its credit card business in Denmark, AcceptFinans A/S, to GE Capital for DKK 573 million, equivalent to NOK 616 million. The sale produced a pre-tax gain of NOK 205 million, corresponding to NOK 2.33 per primary capital certificate after tax.

10 SELECTED FIGURES FOR CORE AREAS AND GROUP COMPANIES

ABSTRACT FROM THE PROFIT AND LOSS ACCOUNT

	Net interest income		*Other operating income*		*Operating expenses*		*Operating profit before losses and taxes*		*Net loss on loans and long-term securities*		*Operating profit before taxes*	
Amounts in NOK million	***2001***	*2000*	***2001***	*2000*	***2001***	*2000*	***2001***	*2000*	***2001***	*2000*	***2001***	*2000*
Oslo/Akershus/Østfold	**1 616**	1 594	**349**	356	**889**	875	**1 076**	1 075	**65**	(24)	**1 011**	1 099
Østlandet/Kysten	**1 684**	1 623	**313**	326	**960**	913	**1 037**	1 036	**53**	9	**984**	1 027
Merchant Bank (1)	**270**	318	**347**	331	**171**	166	**446**	483	**102**	29	**344**	454
Other parent bank	**947**	722	**313**	210	**1 307**	1 103	**(47)**	(171)	**(132)**	(748)	**85**	577
Parent bank (2)	**4 517**	4 257	**1 322**	1 223	**3 327**	3 057	**2 512**	2 423	**88**	(734)	**2 424**	3 157
Elcon Finans	**665**	627	**106**	78	**390**	360	**381**	345	**65**	44	**316**	301
Sparebankkreditt	**202**	172			**34**	36	**168**	136	**6**	(3)	**162**	139
UBNI Luxembourg	**56**	56	**28**	35	**44**	42	**40**	49			**40**	49
Avanse forvaltning	**6**	6	**161**	219	**150**	165	**17**	60			**17**	60
GN Kapitalforvaltning (3)	**1**		**87**		**51**		**37**	0			**37**	0
GN Equities (4)	**(2)**		**77**		**82**		**(7)**	0	**(4)**		**(3)**	0
GN Eiendom	**7**	3	**284**	236	**258**	212	**33**	27			**33**	27
AcceptFinans (5)	**141**	289	**2**	7	**85**	165	**58**	131	**35**	80	**23**	51
Associated companies/ joint ventures			**48**	63			**48**	63			**48**	63
Other group companies (6)	**(66)**	(63)	**74**	70	**123**	69	**(115)**	(62)	**4**	82	**(119)**	(144)
Group	**5 527**	5 347	**2 189**	1 931	**4 544**	4 106	**3 172**	3 172	**194**	(531)	**2 978**	3 703

Continued on next page

Note 10 continued

BALANCE SHEET/KEY FIGURES

	Net loans to customers		*Customer deposits/ managed funds*		*Managed assets*		*Net loss in % of gross loans*		*Cost ratio*		*Return on equity after taxes*	
Amounts in NOK 1,000 million	***2001***	*2000*	***2001***	*2000*	***2001***	*2000*	***2001***	*2000*	***2001***	*2000*	***2001***	*2000*
Oslo/Akershus/Østfold	**54.6**	49.1	**48.8**	46.2	**59.3**	52.6	**0.14**	(0.04)	**45**	45	**22.2**	26.0
Østlandet/Kysten	**64.7**	58.9	**40.0**	33.1	**62.5**	50.6	**0.08**	0.02	**48**	47	**17.6**	20.8
Merchant Bank (1)	**15.0**	14.2	**10.6**	10.4	**16.6**	16.5	**0.68**	0.20	**28**	26	**12.3**	20.9
Other parent bank	**19.4**	16.8	**8.7**	8.8	**77.5**	72.4	**0.46**	0.39	**104**	118	**19.7**	35.1
Parent bank (2)	**153.7**	139.0	**108.1**	98.5	**215.9**	192.1	**0.21**	0.07	**57**	56	**18.2**	26.4
Elcon Finans	**20.4**	17.9	**0.3**	0.5	**21.4**	18.3	**0.31**	0.24	**51**	51	**14.1**	13.9
Sparebankkreditt	**16.5**	15.4			**16.9**	16.0	**0.04**	(0.02)	**17**	21	**9.6**	8.8
UBNI Luxembourg	**4.7**	4.4	**0.5**	0.5	**8.2**	7.9			**52**	46	**11.4**	13.9
Avanse forvaltning			**27.6**	30.6	**27.6**	30.6			**90**	73	**15.0**	44.7
GN Kapitalforvaltning (3)			**76.0**		**76.0**				**65**		**63.6**	
GN Equities (4)			**0.4**		**0.4**				**105**		**(2.4)**	
GN Eiendom									**89**	89	**35.5**	40.3
AcceptFinans (5)		1.4				1.5		4.75	**59**	56	**13.1**	13.3
Associated companies/ Joint ventures			**1.8**	74.1								
Other group companies (6)	**(0.9)**	(0.7)	**(0.2)**	(0.1)	**(31.6)**	(28.8)					**(neg.)**	(neg.)
Group	**194.4**	177.4	**212.7**	130.0	**336.6**	311.7	**0.22**	0.12	**59**	56	**16.1**	22.6

(1) *Excl. Gjensidige NOR Equities.*
(2) *Excl. group contribution and share dividend from group companies.*
(3) *On 08.10.2001 Union Bank of Norway bought a further 20% of the shares of Gjensidige NOR Kapitalforvaltning. The company is included as a subsidiary (70% owned) as from the fourth quarter of 2001.*
(4) *On 31.03.2001 Union Bank of Norway bought the remaining 50% of the shares of Gjensidige NOR Equities, and the company is included as a subsidiary (100% owned) as from the second quarter of 2001.*
(5) *Sold in the third quarter of 2001.*
(6) *Includes other subsidiaries and group eliminations.*

STAFFING/BRANCHES/CUSTOMERS/ACCOUNTS

	Staffing		*Change in staffing*	*Branches*		*Customers (1 000)*		*Accounts (1 000)*	
	2001	*2000*	***2001-2000***	***2001***	*2000*	***2001***	*2000*	***2001***	*2000*
Oslo/Akershus/Østfold (1)	**964**	990	**(26)**	**64**	65	**443**	442	**859**	848
Østlandet/Kysten (2)	**1 055**	1 052	**3**	**93**	93	**402**	393	**824**	792
Merchant Bank (3)	**111**	111	**0**			**3**	3	**12**	15
Other parent bank (4)	**780**	736	**44**			**59**	61	**134**	126
Parent bank	**2 910**	2 889	**21**	**157**	158	**907**	899	**1 829**	1 781
Elcon Finans	**408**	397	**11**						
Sparebankkreditt	**30**	34	**(4)**						
UBNI Luxembourg	**36**	34	**2**						
Avanse forvaltning (5)	**43**	64	**(21)**						
GN Kapitalforvaltning (6)	**66**		**66**						
GN Equities (7)	**82**		**82**						
GN Eiendom	**248**	234	**14**						
AcceptFinans (8)		119	**(119)**						
Other group companies	**41**	36	**5**						
Group	**3 864**	3 807	**57**						

(1) *Figures for 2001 include 28 insurers taken over from Gjensidige NOR Spareforsikring.*
(2) *Figures for 2001 include 43 insurers taken over from Gjensidige NOR Spareforsikring, and 6 FTEs taken over from Fokus Bank in Bø and Vinje.*
(3) *Excl. Gjensidige NOR Equities.*
(4) *Figures for 2001 include four FTEs taken over from Staff in the Gjensidige NOR Group. For 2001, a further 565' (2000: 502') customers should be included for Cresco.*
(5) *18 FTEs were transferred to Gjensidige NOR Spare- og Investeringstjenester AS) in the second quarter of 2001. This is a newly established company owned by Avanse Forvaltning and Gjensidige NOR Spareforsikring (50% each). Eight FTEs have been transferred to Gjensidige NOR Kapitalforvaltning.*
(6) *Subsidiary as from the fourth quarter of 2001.*
(7) *Fully-owned subsidiary as from the second quarter of 2001.*
(8) *Sold in the third quarter of 2001.*

11 TAX

PARENT BANK 2001	2000	1999		GROUP 2001	2000	1999
			Tax base			
3 104	3 798	2 162	Pre-tax profit	**2 978**	3 703	2 472
(35)	(77)	(32)	Permanent differences	**116**	85	136
		(844)	Tax-related loss, Gjensidige Bank			
(192)	(220)	(372)	Dividends received	**(74)**	(86)	(150)
147	196	(248)	Changes in temporary differences	**668**	804	(393)
3 024	3 697	666	**Tax base**	**3 688**	4 506	2 065
847	1 035	186	**Tax payable**	**995**	1 270	568
			Tax-increasing temporary differences			
	24		Fixed assets	**151**	223	236
		29	Securities	**158**	160	184
			Revaluation and premiums on acquisitions	**126**	168	177
56	71	216	Other tax-increasing differences	**212**	273	845
56	95	245	**Total tax-increasing differences**	**647**	824	1 442
			Tax-reducing temporary differences			
11		6	Fixed assets	**29**	9	11
35	24		Securities	**42**	25	
330	270	285	Pension commitments	**367**	302	315
181	156	114	Other tax-reducing differences	**739**	291	129
557	450	405	**Total tax-reducing differences**	**1 177**	627	455
(501)	(355)	(160)	**Net tax-increasing/(-reducing) differences**	**(530)**	197	987
(140)	(99)	(45)	**Deferred tax (net)**	**(142)**	64	286
			Tax charge			
847	1 035	186	Income tax	**995**	1 270	568
(41)	(55)	70	Change in deferred tax	**(187)**	(225)	110
806	980	256	Total tax charge	**808**	1 045	678
10	13	23	Capital tax	**10**	13	23
3	(43)	(13)	Too little/(much) provision for tax previous year	**(1)**	(43)	(13)
819	950	266	**Total tax charge**	**817**	1 015	688
			Reconciliation of income tax charge against pre-tax profit			
3 104	3 798	2 162	Pre-tax profit	**2 978**	3 703	2 472
869	1 063	605	Expected income tax at nominal rate (28 %)	**834**	1 037	692
			Adjustment for tax rates abroad	**4**	8	4
(10)	(22)	(9)	Tax effect of permanent differences	**32**	24	38
		(236)	Tax effect, liquidation of Gjensidige Bank	**(42)**		
(54)	(62)	(104)	Tax effect of received dividends	**(21)**	(24)	(42)
806	980	256	**Total income tax charge**	**808**	1 045	692
26%	26%	12%	Effective tax rate	**27%**	28%	28%

Dividends/Group contributions
Union Bank of Norway will receive NOK 578 (2000: 552; 1999: 655) million in group contributions/dividends from its subsidiaries. The parent bank has taken this amount to income as share dividend since it is to be regarded as return on invested capital. Union Bank of Norway will also receive NOK 25 million in dividend from Eksportfinans, which the parent bank has also taken to income as share dividend. The bank received NOK 75 million in extraordinary dividend from Eksportfinans in 2001.

Final distribution of dividend, Gjensidige Bank
In 2001, Union Bank of Norway received its final dividend in connection with the winding up of Gjensidige Bank in 1999. At the time of winding up, a provision was made for unresolved VAT and tax issues. These issues were settled in 2001, with the result that the final distribution was NOK 42 million higher than the provision shown in the balance sheet. The parent bank has taken this amount to income as a gain on disposal of fixed assets. For the group, the final distribution reduced the tax charge.

RISK calculation for Union Bank of Norway's PCC holders
(applies only to PCC holders who are liable for tax in Norway)
Tax-related value comprises cost price of the PCC plus accumulated RISK.

The table below shows accumulated RISK for Union Bank of Norway's PCCs at various times of purchase. Accumulated RISK for the year is used to calculate taxable gains on any sales in 2002. RISK as at 01.01.2002 is the bank's estimate. If the estimate is at variance with finally determined RISK, the variance must be corrected for.

Purchase year	*Year's RISK as at 01.01*	*Accumulated RISK for purchase year*	*Dividend paid*
1992 and previously		104.74	
1993	0.00	104.74	
1994	(18.24)	122.98	18.00
1995	(2.31)	125.29	15.00
1996	4.39	120.90	15.00
1997	21.98	98.92	15.00
1998	20.84	78.08	15.00
1999	12.29	65.79	11.50
2000	20.18	45.61	14.00
2001	28.11	17.50	17.00
2002	Approx. 17.50		17.00 (*)

(*) Recommended dividend; ex dividend date: 21 March 2002.

12 ASSETS

PARENT BANK				GROUP		
2001	*2000*	*1999*		***2001***	*2000*	*1999*
2 185	3 363	4 481	**Cash and deposits in Central Bank of Norway**	**2 247**	3 364	4 484
500	340	414	Deposits at call in credit institutions	**929**	869	721
32 780	28 282	20 350	Term deposits in and loans to credit institutions	**7 953**	5 385	5 208
5	5	36	Specified loan loss provisions	**5**	5	36
33 275	28 617	20 728	**Deposits in and loans to credit institutions**	**8 877**	6 249	5 893
0	0	0	Receivables, factoring	**99**	49	10
0	0	0	Loans, factoring	**1 116**	971	1 083
0	0	0	Leasing finance contracts	**12 497**	10 802	9 809
10 165	9 500	8 509	Overdrafts and working capital facilities	**10 036**	11 191	8 300
2 729	2 298	2 042	Construction loans	**2 729**	2 298	2 042
142 759	128 960	119 763	Instalment loans	**170 205**	154 332	145 550
0	0	0	Other loans	**28**	32	103
155 653	140 758	130 314	**Loans to and receivables from customers**	**196 710**	179 675	166 897
839	680	952	Specified loan loss provisions	**906**	897	1 131
1 095	1 055	996	Unspecified loan loss provisions	**1 386**	1 389	1 314
153 719	139 023	128 366	**Net loans to customers**	**194 418**	177 389	164 452
4	5	5	**Repossessed assets**	**83**	61	51
220	3 221	4 686	CDs and bonds issued by the government	**324**	3 366	4 880
15 714	8 214	7 332	CDs and bonds issued by others	**15 458**	7 983	7 458
15 934	11 435	12 018	**CDs and bonds etc. with fixed return**	**15 782**	11 349	12 338
1 434	1 439	368	Shares, equity interests and primary capital certificates	**1 526**	1 521	395
16	9	9	Interests in general partnerships	**18**	11	12
0	0	0	Other securities	**1**	2	0
1 450	1 448	377	**Shares and equity interests with variable return**	**1 545**	1 534	407
345	254	254	Owner interests in associated credit institutions	**491**	449	442
85	207	144	Owner interests in other associated companies/joint ventures	**74**	210	282
430	461	398	**Owner interests in associated companies/joint ventures**	**565**	659	724
2 589	2 698	2 685	Owner interests in group company credit institutions	**0**	0	0
1 027	566	736	Owner interests in other group companies	**0**	0	187
3 616	3 264	3 421	**Owner interests in group companies**	**0**	0	187
270	240	278	Goodwill	**689**	494	594
140	99	14	Deferred tax benefit	**143**	0	0
0	0	0	Other intangible assets	**45**	9	4
410	339	292	**Intangible assets**	**877**	503	598
840	878	797	Machinery, fixtures and vehicles	**897**	976	889
12	13	12	Buildings and other real property	**1 262**	1 277	1 367
0	0	0	Other fixed assets	68	72	72
852	891	809	**Fixed assets**	**2 227**	2 325	2 328
569	0	309	Financial derivatives	**569**	0	309
2 004	1 562	2 277	Other assets	**1 899**	1 183	2 111
2 573	1 562	2 586	**Other assets**	**2 468**	1 183	2 420
1 257	1 495	1 072	Income accrued, not received	**1 821**	1 979	1 450
45	0	0	Excess funding of pension commitments	**77**	20	14
191	229	151	Other prepaid unaccrued costs	**222**	302	262
1 493	1 724	1 223	**Prepayments and accrued income**	**2 120**	2 301	1 726
215 941	192 132	174 704	**Total assets**	**231 209**	206 917	195 608

13 CREDIT RISK

There is a close link between risk classification and the pricing of loans and guarantees. The bank takes into account expected losses on credits when fixing prices. «Expected losses» means the loss that the bank can expect to incur in the long term on credits of the type in question. Equity is assigned to credits, commitments and portfolios of credits based on the risk the credits are calculated to represent. Profitability is computed based on the risk-adjusted equity requirement.

Expected losses are a product of likelihood of default and calculated open credit after realisation of collateral and final dividends received (if any). The likelihood of default in the case of low risk commitments is negligible. The average likelihood of default for commitments classified as medium risk is 10 times greater than for low risk commitments. The average likelihood of default for high risk commitments is five times greater than for medium risk commitments.

In the retail market, pricing is determined primarily on the basis of product and collateral. In the corporate segment, price matrices have been developed, based on expected losses and equity requirements computed for the individual commitments.

The bank employs various classification models depending on type of customer. KMV's Credit Monitor and Private Firm Model are employed for large enterprises, an accounts analysis model based on financial key ratios for medium sized enterprises, and credit points for small enterprises and commitments below NOK 1 million. Retail customers are classified primarily by applying a statistical model. For credit cards, all holders receive credit lines on the basis of credit application scores.

Based on the current portfolio mix, the bank puts annual normalised losses in a long-term perspective at 0.46% of the loan portfolio. Average expected annual losses on the corporate portfolio are calculated at 0.69%, and on the retail portfolio at 0.23%. Retail customers' debt-servicing ability has been stable in recent years. The lending portfolio's risk profile showed a marginally negative development in 2001.

Due to changes in the risk classification model from 2000 to 2001, figures for 2000 are not fully comparable and are therefore not shown in the table below.

CREDIT RISK IN THE PARENT BANK

	Risk category					*Specified loan*
Commitment category	*Low*	*Medium*	*High*	*Defaults*	*Total*	*loss provision*
Gross loans, corporate sector	17 204	38 724	4 261	632	60 821	516
Gross loans, retail market	43 405	48 746	1 967	957	95 075	324
Guarantees	4 676	4 365	1 008	45	10 094	23
Unutilised line/potential exposure	10 866	6 914	1 515	93	19 388	
Total commitments	**76 151**	**98 749**	**8 752**	**1 727**	**185 378**	**863**
Relative share	**41.1%**	**53.3%**	**4.7%**	**0.9%**	**100.0%**	

	2001		*2000*	
Retail market	***NOKm***	***Share***	*NOKm*	*Share*
Home mortgage loans < 80% of fair value	**81 841**	**86.1%**	72 925	86.9%
Home mortgage loans > 80% of fair value	**2 573**	**2.7%**	2 293	2.7%
Total retail market home mortgage loans	**84 414**	**88.8%**	75 218	89.6%
Loans against credit cards/Cresco	**4 857**	**5.1%**	4 009	4.8%
Other loans to retail market, net	**5 804**	**6.1%**	4 684	5.6%
Total retail market loans	**95 075**	**100.0%**	83 911	100.0%

CREDIT RISK IN SUBSIDIARIES

The subsidiaries make their own analyses of credit risk. Elcon Finans and Sparebankkreditt employ their own risk classification models. Credit risk for their corporate sector comitments is shown below. Sparebankkreditt's loans are largely for property financing purposes.

	Risk category					*Specified loan*
Commitment	*Low*	*Medium*	*High*	*Defaults*	*Total*	*loss provision*
Gross loans to corporate sector, Elcon Finans	9 453	2 479	376	156	12 464	24
Relative share	**75.8%**	**19.9%**	**3.0%**	**1.3%**	**100.0%**	
Gross loans to corporate sector, Sparebankkreditt	16 051	146	49	26	16 272	15
Relative share	**98.6%**	**0.9%**	**0.3%**	**0.2%**	**100.0%**	

14 DEFAULTED, DOUBTFUL AND NON-ACCRUAL LOANS

PARENT BANK					GROUP				
2001	2000	1999	1998	**DEFAULTED LOANS**	**2001**	2000 *	2000	1999	1998
				Retail market					
957	753	731	462	Gross defaulted loans	**1 117**	901	1 117	998	486
306	263	273	152	Specified loss provisions	**329**	286	448	427	160
651	490	458	310	**Net defaults, retail market**	**788**	615	669	571	326
32%	35%	37%	33%	**Level of provisions, retail market**	**29%**	32%	40%	43%	33%
				Corporate market					
632	575	687	591	Gross defaulted loans	**814**	769	769	925	629
242	259	520	448	Specified loss provisions	**268**	280	280	538	456
390	316	167	143	**Net defaults, corporate market**	**546**	489	489	387	173
38%	45%	76%	76%	**Level of provisions, corporate market**	**33%**	36%	36%	58%	72%
				Total loans					
1 589	1 328	1 418	1 053	Gross defaulted loans	**1 931**	1 670	1 886	1 923	1 115
548	522	793	600	Specified loss provisions	**597**	566	728	965	616
1 041	806	625	453	**Net defaults**	**1 334**	1 104	1 158	958	499
34%	39%	56%	57%	**Level of provisions, all loans**	**31%**	34%	39%	50%	55%
				DOUBTFUL LOANS					
598	345	414	457	Doubtful loans	**682**	408	408	472	522
296	163	195	204	Specified loss provisions	**313**	173	174	202	216
302	182	219	253	**Net doubtful loans**	**369**	235	234	270	306
49%	47%	47%	45%	**Level of provisions, doubtful loans**	**46%**	42%	43%	43%	41%
				NON-ACCRUAL LOANS					
195	181	222	142	Net non-accrual retail loans	**309**	276	330	288	154
153	199	25	75	Net non-accrual corporate loans	**279**	347	347	114	100
348	380	247	217	**Net non-accrual loans (**)**	**588**	623	677	402	254
896	902	1 040	817	**Gross non-accrual loans (**)**	**1 185**	1 189	1 405	1 205	870

(*) Excl. AcceptFinans.

(**) Net and gross non-accrual loans are included in the table «Defaulted loans».

At year-end the bank has a default portfolio of NOK 1 579 million under surveillance by Lindorff. In 2001 this portfolio produced incomings of NOK 78 million on previously realised losses.

15 COMMITMENTS, BY SECTOR AND INDUSTRY

	Gross loans		*Losses*		*Guarantees*		*Undrawn credit facilities*	
Sector/Industry	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000
Retail market	**102 545**	90 501	**34**	(42)	**118**	98	**2 382**	1 421
Public administration	**850**	1 136	**1**	1	**0**	0	**704**	744
Agriculture, forestry, fishing and hunting	**4 429**	3 724	**7**	2	**178**	21	**641**	586
Manufacturing	**8 632**	8 142	**117**	26	**782**	764	**3 357**	2 839
Construction, power and water supply	**6 234**	5 577	**28**	19	**1 574**	1 177	**1 278**	1 797
Retailing, hotel and restaurant trade	**10 318**	9 931	**26**	(7)	**947**	843	**3 378**	3 122
Shipping	**3 572**	3 274	**14**	31	**1 610**	1 624	**1 840**	1 907
Real estate management	**39 549**	35 840	**30**	(2)	**1 078**	857	**5 235**	5 462
Financing	**7 072**	8 238	**58**	3	**1 612**	958	**961**	1 055
Transportation and other services	**7 976**	7 188	**11**	14	**875**	736	**639**	913
Foreign	**5 533**	6 124	**37**	102	**1 246**	1 323	**1 051**	424
Total commitments to customers	**196 710**	179 675	**363**	147	**10 020**	8 401	**21 466**	20 270
Credit institutions - domestic	**2 008**	1 301	**0**	0	**147**	760	**292**	174
Credit institutions - foreign	**1 653**	227	**0**	(6)	**0**	0	**43**	0
Total commitments	**200 371**	181 203	**363**	141	**10 167**	9 161	**21 801**	20 444
Increase in unspecified loan loss provisions			**56**	74				
Guarantee losses			**7**	0				
Losses on loans and guarantees			**426**	215				

See note 10 for the distribution of net loans and losses on core areas and subsidiaries, and note 29 for guarantees specified by type.

Continued on next page

Note 15 continued

Sector/Industry	Defaulted loans **2001**	Defaulted loans 2000	Doubtful loans **2001**	Doubtful loans 2000	Specified loss provision **2001**	Specified loss provision 2000
Retail market	**1 117**	901	**39**	48	**338**	311
Public administration	**3**	0	**0**	0	**1**	0
Agriculture, forestry, fishing and hunting	**48**	32	**8**	10	**3**	6
Manufacturing	**98**	89	**232**	50	**182**	74
Construction, power and water supply	**69**	73	**28**	1	**39**	21
Retailing, hotel and restaurant trade	**92**	103	**59**	70	**53**	47
Shipping	**36**	123	**4**	16	**31**	71
Real estate management	**214**	140	**234**	192	**97**	82
Financing	**141**	100	**61**	8	**123**	71
Transportation and other services	**80**	47	**17**	13	**28**	27
Foreign	**27**	272	**0**	0	**11**	187
Total commitments to customers	**1 925**	1 880	**682**	408	**906**	897
Credit institutions - foreign	**6**	6	**0**	0	**4**	5
Total commitments	**1 931**	1 886	**682**	408	**910**	902

16 LOSS PROVISIONS

PARENT BANK **2001**	2000	1999	**SPECIFIED LOSS PROVISIONS**	GROUP **2001**	2000	1999
700	1 006	809	Provisions as at 01.01	**917**	1 185	837
113	369	109	Reversals on realisation of losses	**121**	378	192
		159	Addition on purchase of Gjensidige Bank			286
			Reduction on sale of AcceptFinans	**162**		
281	63	147	Provisions (net)	**300**	110	254
868	700	1 006	**Provisions as at 31.12 (*)**	**934**	917	1 185

(*) Of which NOK 5 (2000: 5; 1999: 36) million refers to loans to credit institutions and NOK 23 (2000: 15; 1999: 18) million refers to guarantees.

PARENT BANK **2001**	2000	1999	**UNSPECIFIED LOSS PROVISIONS**	GROUP **2001**	2000	1999
1 055	996	835	Provisions as at 01.01	**1 389**	1 314	931
		125	Addition on purchase of Gjensidige Bank			326
			Reduction on sale of AcceptFinans	**59**		
40	59	36	Provisions (net)	**56**	75	57
1 095	1 055	996	**Provisions as at 31.12**	**1 386**	1 389	1 314

17 JOINT VENTURES AND ASSOCIATED COMPANIES

PROFITS IN JOINT VENTURES		GN Equities (1)	GN Fonds-forsikring	GN Kapital-forv. (2)	GN Drifts-partner	**Total joint ventures**
GROUP	Operating income	31	705	108	577	**1 421**
	Operating expenses	28	435	79	580	**1 122**
	Operating profit	3	270	29	(3)	**299**
	Net profit	2	(6)	24	0	**20**
	Union Bank of Norway's share (50%)	1	(3)	12	0	**10**
	Amortisation of goodwill	1	4	15	0	**20**
	Net profit to Union Bank of Norway 2001	**0**	**(7)**	**(3)**	**0**	**(10)**
	Net profit to Union Bank of Norway 2000	1	(6)	8	0	3
	Managed assets 31.12.2001		**1 787**			
	Managed assets 31.12.2000		1 487	72 602		

(1) On 31.03.2001 Union Bank of Norway acquired the remaining 50% of the shares of Karl Johan Fonds (now Gjensidige NOR Equities), and the company is incorporated as a consolidated subsidiary (100% owned) as from the second quarter of 2001 (cf. notes 1 and 10).

(2) On 08.10.2001 Union Bank of Norway acquired a further 20% of the shares of Gjensidige NOR Kapitalforvaltning. The company is incorporated as a consolidated subsidiary (70% owned) as from the fourth quarter of 2001 (cf. notes 1 and 10).

Continued on next page

Note 17 continued

VALUES IN JOINT VENTURES		GN Equities	GN Fonds-forsikring	GN Kapital-forvaltning	GN Drifts-partner	Total joint ventures
PARENT	Book value at 01.01		77	122	8	**207**
BANK	**Book value at 31.12**		77		8	**85**
	Bank's receivables from joint ventures				10	**10**
	Bank's debt to joint ventures		90		4	**94**
GROUP	Book value at 01.01	31	71	100	7	**209**
	Additions (disposals)	(31)		(97)		**(128)**
	Share of profit after tax	1	(1)	12		**12**
	Amortisation of goodwill	1	4	15		**20**
	Book value at 31.12	**0**	**66**	**0**	**7**	**73**
	Ownership interest		50.0%		50.0%	

PROFITS IN ASSOCIATED COMPANIES		GN Eiendom Haugalandet AS	Sandnes Eiendom AS	Eksport-finans ASA	Total associated companies
GROUP	Operating income	4	10	464	**478**
	Operating expenses	4	9	121	**134**
	Operating profit	0	1	343	**344**
	Net profit	0	1	249	**250**
	Union Bank of Norway's share	0	0	56	**56**
	Amortisation of goodwill			1	**1**
	Net profit to Union Bank of Norway 2001	**0**	**0**	**55**	**55**
	Net profit to Union Bank of Norway 2000		0	53	**53**
	Managed assets 31.12.2001			**85 128**	**85 128**
	Managed assets 31.12.2000			79 305	79 305

VALUES IN ASSOCIATED COMPANIES		GN Eiendom Haugalandet AS	Sandnes Eiendom AS	Eksport-finans ASA	Total associated companies
PARENT	Book value at 01.01			254	**254**
BANK	**Book value at 31.12**			345	**345**
	Bank's debt to associated companies			138	**138**
GROUP	Book value at 01.01	0	1	449	**450**
	Additions (disposals)			92	**92**
	Share of profit after tax			56	**56**
	Dividend received			105	**105**
	Amortisation of goodwill			1	**1**
	Book value at 31.12	**0**	**1**	**491**	**492**
	Ownership interest	50.0%	50.0%	20.4%	

18 FIXED ASSETS

PARENT BANK Machinery, fixtures, vehicles	PARENT BANK Buildings and other properties			GROUP Machinery, fixtures, vehicles	GROUP Buildings and other properties
1 662	18	Acquisition cost at 01.01		1 894	1 825
175		Additions		206	84
		Additions (disposals) of group companies		(78)	4
83		Other disposals		92	62
1 754	18	Acquisition cost at 31.12		1 930	1 851
777	5	Ordinary depreciation at 01.01		911	476
185	1	Ordinary depreciation		216	47
		Additions (disposals) of ordinary depreciation, group companies		(40)	
32		Write-down, closed branches		32	5
80		Disposals, ordinary depreciation		86	7
914	6	Ordinary depreciation at 31.12		1 033	521
840	**12**	**Book value at 31.12**		**897**	**1 330**
INVESTMENTS AND SALES OVER THE PAST 5 YEARS					
397	1	Investments	1997	440	345
5	7	Sales		7	316
392	2	Investments	1998	411	93
9	3	Sales		11	32
189	0	Investments	1999	231	52
4	0	Sales		9	73
256	3	Investments	2000	313	54
2	1	Sales		10	92
175	**0**	**Investments**	**2001**	**206**	**84**
5	**1**	**Sales**		**9**	**54**

Continued on next page

Note 18 continued

GOODWILL	*Credit card portfolio Cresco*	*GN Spare-forsikring portfolio*	*Branches Bø and Vinje*	*Avanse Forvaltning*	*Credit card portfolio AcceptFin.*	*GN Kapital-forvaltning*	*Gjensidige NOR Equities*	*Other*	***Total goodwill***
Goodwill at 01.01	307			206	138	97	32	8	**788**
Amortisation at 01.01	67			62	30	25	21	6	**211**
Book value at 01.01	240			144	108	72	11	2	**577**
Additions		50	32	73		51	177		**383**
Disposals					99				**99**
Ordinary amortisation	38	13	1	56	9	22	32	1	**172**
Book value at 31.12	**202**	**37**	**31**	**161**	**0**	**101**	**156**	**1**	**689**
Amortisation schedule	8 years	4 years	5 years	5 years	8 years	5 years	5 years		

In addition, goodwill totalling NOK 18 million in connection with the purchase of shares in joint ventures and associated companies, is included.

Goodwill on credit cards and other customer portfolios is amortised over the portfolios' estimated residual maturity at the time of purchase. Goodwill on the portfolio from Gjensidige NOR Spareforsikring is amortised over the same period as that of the commission agreement.

INTANGIBLE ASSETS	***2001***	*2000*	*1999*
Goodwill	**689**	494	594
Deferred tax benefit	**143**	0	0
Other intangible assets	**45**	9	4
Total intangible assets	**877**	503	598

Other intangible assets refer to computer software shown in the balance sheet. This is amortised over a conservatively estimated lifetime - a maximum of 5 years.

19 REAL ESTATE AND REPOSSESSED ASSETS

	2001				*2000*	*1999*
Property category	***Annual rent (1)***	***1 000 sq.m.***	***Price per sq.m.***	***Book value***	*Book value*	*Book value*
Bank buildings	**126**	**150**	**7 947**	**1 192**	1 213	1 277
Commercial properties	**0**	**1**	**3 000**	**3**	3	27
Total commercial properties (2)	**126**	**151**	**7 914**	**1 195**	1 216	1 304
Sites				**40**	41	46
Homes, holiday homes etc.				**10**	11	10
Repossessed assets (3)				**83**	61	51
Miscellaneous properties				**85**	81	79
			Total	**1 413**	1 410	1 490

(1) Rent paid in the accounting year, excl. shared expenses.
(2) Of which, intra-group rent accounts for NOK 98 (2000: 89, 1999: 109) million.
(3) NOK 79 million comprises repossessed leasing items at Elcon Finans (NOK 73 million is capital goods and NOK 6 million is cars). These have been repossessed from customers who have defaulted on their leasing contracts. Repossessed items are put on the market.

OCCUPANCY RATES FOR RENTAL PROPERTIES	***2001***				*2000*	*1999*
(All areas in 1 000 sq.m.)						
Property category	***Group internal rentals***	***Group external rentals***	***Vacant***	***Vacancies in %***	*Vacancies in %*	*Vacancies in %*
Bank buildings	**98**	**34**	**18**	**12%**	13%	10%
Commercial properties	**0**	**1**	**0**	**0%**	0%	0%
Total commercial properties	**98**	**35**	**18**	**12%**	13%	10%

BANK BUILDINGS	***Book value***	***1 000 sq.m.***
Kirkegata 18, Oslo	**259**	**18**
Øvre Slottsgate 3, Oslo	**115**	**6**
Tollbugata 30, Oslo	**95**	**6**
Storgata 3, Gjøvik	**67**	**7**
Kirkegata 17, Oslo	**54**	**6**
Other bank buildings	**602**	**107**
Total bank buildings	**1 192**	**150**

20 LIABILITIES AND EQUITY

PARENT BANK				GROUP		
2001	*2000*	*1999*	**Liabilities and equity**	***2001***	*2000*	*1999*
3 785	3 055	2 943	Deposits at call from credit institutions	**3 369**	2 850	2 447
22 343	22 571	31 635	Term deposits and loans from credit institutions	**26 545**	26 849	36 138
26 128	25 626	34 578	**Deposits and loans from credit institutions**	**29 914**	29 699	38 585
101 748	69 862	68 045	Call deposits from customers	**101 990**	70 339	68 199
6 339	28 606	24 207	Term deposits from customers	**6 707**	28 970	24 513
108 087	98 468	92 252	**Deposits from customers**	**108 697**	99 309	92 712
7 077	6 768	5 365	CDs issued	**7 077**	6 973	9 283
0	0	7	- Own unamortised CDs	**0**	0	207
53 010	38 706	23 420	Bonds issued	**63 800**	48 959	36 818
3 167	1 239	1 017	- Own unamortised bonds	**5 153**	3 943	4 666
56 920	44 235	27 761	**CD and bond debt**	**65 724**	51 989	41 228
0	631	0	Financial derivatives	**0**	631	0
602	994	1 277	Cheques, giros etc.	**602**	994	1 277
857	1 048	188	Provision for tax	**1 031**	1 274	326
797	799	673	Dividend and group contribution allocations	**797**	797	656
1 273	729	575	Miscellaneous liability items	**1 886**	1 118	1 266
3 529	4 201	2 713	**Other debts**	**4 316**	4 814	3 525
1 423	1 647	1 541	**Accrued expenses**	**1 872**	2 129	2 275
330	270	285	Pension commitments	**367**	302	315
0	0	0	Deferred tax	**0**	64	286
23	15	18	Specific provision for guarantee liability	**23**	15	18
0	0	0	Other accrued expenses	**98**	86	38
353	285	303	**Total provision for commitments/accrued expenses**	**488**	467	657
3 854	4 666	4 755	Perpetual subordinated loan capital	**3 854**	4 666	4 755
2 552	1 397	1 300	Dated subordinated loan capital	**2 602**	1 448	1 350
6 406	6 063	6 055	**Subordinated loan capital**	**6 456**	6 114	6 105
202 846	180 525	165 203	**Total liabilities**	**217 467**	194 521	185 087
4 689	4 689	4 689	Primary-capital-certificate capital	**4 689**	4 689	4 689
4 689	4 689	4 689	**Paid-up capital**	**4 689**	4 689	4 689
4 049	3 383	2 592	Savings bank's reserve	**4 049**	3 383	2 592
4 357	3 535	2 220	Dividend adjustment reserve	**4 357**	3 535	2 220
			Group equity in subsidiaries	**647**	789	1 020
8 406	6 918	4 812	**Earned equity**	**9 053**	7 707	5 832
13 095	11 607	9 501	**Total equity**	**13 742**	12 396	10 521
215 941	192 132	174 704	**Total liabilities and equity**	**231 209**	206 917	195 608

21 CUSTOMER DEPOSITS, BY SECTOR AND INDUSTRY

	2001		*2000*	*1999*
Sector/Industry	*Deposits*	*Share*	*Deposits*	*Deposits*
Retail market	**53 824**	**49.5%**	48 755	46 172
Public administration	**7 901**	**7.3%**	6 258	4 326
Agriculture, forestry, fishing and hunting	**1 449**	**1.3%**	1 227	1 500
Manufacturing	**2 540**	**2.3%**	3 766	2 615
Construction, power and water supply	**4 617**	**4.2%**	4 742	3 972
Retailing, hotel and restaurant trade	**5 933**	**5.5%**	5 565	5 264
Shipping	**409**	**0.4%**	476	1 194
Real estate management	**7 385**	**6.8%**	6 075	5 022
Financing	**12 124**	**11.2%**	10 823	11 285
Transportation and other services	**10 625**	**9.8%**	9 249	9 126
Foreign	**1 890**	**1.7%**	2 373	2 236
Customer deposits	**108 697**	**100.0%**	99 309	92 712

See note 10 for distribution of customer deposits on core areas and subsidiaries.

22 MATURITY STRUCTURE OF BOND ISSUES AND SUBORDINATED LOAN CAPITAL

BOND ISSUES

PARENT BANK				GROUP		
NOK	*Foreign currency*	***Sum***	*Matures in*	*NOK*	*Foreign currency*	***Total***
529	5 787	**6 316**	2002	2 291	5 787	**8 078**
4 332	4 596	**8 928**	2003	7 299	4 596	**11 895**
557	10 561	**11 118**	2004	557	10 561	**11 118**
1 994	9 642	**11 636**	2005	3 603	9 642	**13 245**
1 585	6 780	**8 365**	2006	1 592	6 780	**8 372**
386	3 198	**3 584**	2007 and later	2 845	3 198	**6 043**
(16)		**(16)**	Premium, own holding	(16)		**(16)**
(41)		**(41)**	Accrued discount	(41)		**(41)**
	(47)	**(47)**	Capitalised expenses	(47)		**(47)**
9 326	**40 517**	**49 843**	**Book value**	**18 130**	**40 517**	**58 647**

The bank's repurchased bonds have been deducted. As of 31.12.2001 the nominal value of bond debt (including subordinated loans) totalled NOK 63 722 (2000: 55 982; 1999: 43 728) million, gross. The nominal value of repurchased bonds totalled NOK 5 409 (2000: 4 227; 1999: 5 168) million, the market value of repurchased bonds totalled NOK 5 437 (2000: 4 222; 1999: 5 129) million, while the book value of repurchased bonds came to NOK 5 409 (2000: 4 244; 1999: 5 165) million.

SUBORDINATED LOAN CAPITAL

Year raised	*Currency*	*Amount*	*Interest terms**	*Maturity*	*Borrower*	*Call date*	*Book value*	***Total***
Dated								
1997	USD	75	3 month LIBOR + 0.35%	2007	Parent bank	2002	676	
1997	NOK	300	6,10 %	2007	Parent bank	2002	300	
1998	USD	50	3 month LIBOR + 0.35%	2008	Parent bank	2003	451	
2001	USD	125	3 month LIBOR + 0.75%	2011	Parent bank	2006	1 128	
					Capitalised costs		(3)	**2 552**
					UBNI			**50**
Perpetual								
1996	USD	105	7.65% p.a.		Parent bank	2006	947	
1996	JPY	10 000	4.00% p.a.		Parent bank	2011	687	
1998	USD	150	7.35% p.a.		Parent bank	2003	1 353	
1998	USD	(30)	7.35% p.a. (repurchased)		Parent bank	2003	(271)	
1999	JPY	10 000	4.51% p.a.		Parent bank	2029	687	
2000	USD	50	8.61% p.a.		Parent bank	2005	451	**3 854**
							Total	**6 456**

(*) Varying FRN terms apply to all loans after the call date.

All amounts are invested in the same currency as they were borrowed in, or swapped to USD and invested in USD. Hence no exchange rate gains or losses have arisen on the loan capital. Fixed-interest borrowings have been swapped to floating rate terms.

In addition, Sparebankkreditt, Elcon Finans and UBNI have received subordinated loans of, respectively, NOK 600 million, NOK 350 million and NOK 15 million from Union Bank of Norway.

23 TOTAL EQUITY – EARNINGS PER PCC

PARENT BANK				GROUP		
2001	*2000*	*1999*		***2001***	*2000*	*1999*
11 607	9 501	8 215	Equity as at 31 Dec. previous year	**12 396**	10 521	9 393
	31		Adjustments re previous years	**(20)**	(20)	
		46	Correction SparebankKreditt			
	25		Dividend from Eksportfinans for 1999			
822	1 274	756	Added to dividend adjustment reserve from year's profit	**822**	1 274	756
666	776	484	Added to savings bank's reserve from year's profit	**666**	776	484
			Addition (reduction) other equity from year's profit	**(124)**	(159)	(112)
			Net addition from mergers/demergers			2
			Addition from acquisitions	**23**		
			Dividend paid to minority interests	**(19)**		
			Translation difference	**(2)**	4	(2)
13 095	11 607	9 501	**Equity as at 31.12**	**13 742**	12 396	10 521
			which breaks down as follows:			
4 689	4 689	4 689	Primary-capital-certificate capital	**4 689**	4 689	4 689
4 357	3 535	2 220	Dividend adjustment reserve	**4 357**	3 535	2 220
			Group equity in subsidiaries (*)	**647**	789	1 020
4 049	3 383	2 592	Savings bank's reserve	**4 049**	3 383	2 592
13 095	11 607	9 501	**Equity**	**13 742**	12 396	10 521
		(*)	***Of which minority interests***	**37**	25	25
			Minority interests in the profit	**11**	15	9

Continued on next page

Note 23 continued

EARNINGS PER PCC

The purpose of calculating earnings per PCC is to present an earnings measure for holders of the bank's primary capital certificates. The calculations shown below comply with «Preliminary Norwegian Accounting Standard for earnings per share».
Earnings per share are calculated by dividing the profit accruing to PCC holders by a time-weighted average of the number of outstanding PCCs.

		2001	2000
A	Primary-capital-certificate capital at 1.1	**4 689**	4 689
	Dividend adjustment reserve at 31.12 previous year	**3 535**	2 220
	+ Items entered directly to equity	**0**	42
B	Adjusted dividend adjustment reserve at 1.1	**3 535**	2 262
C	Adjusted PCC capital at 1.1 (A+B)	**8 224**	6 951
	Savings bank's reserve at 31.12 previous year	**3 383**	2 592
	+ Items entered directly to equity	**0**	14
D	Adjusted savings bank's reserve at 1.1	**3 383**	2 606
E	Total adjusted equity, parent bank, at 1.1 (C+D)	**11 607**	9 557
F	PCC holders' share at 1.1 (C/E)	**70.9%**	72.7%
G	Number of PCCs entitled to dividend	**46 889 356**	46 889 356
H	Net profit	**2 161**	2 688
	Earnings per certificate (H*F/G)	**32.65**	41.69

24 CAPITAL ADEQUACY

GROUP	**2001**		2000		1999	
Primary-capital-certificate capital	**4 689**		4 689		4 689	
Dividend adjustment reserve	**4 357**		3 535		2 215	
Savings bank's reserve	**4 049**		3 383		2 591	
Group equity in subsidiaries (excl. minority int.)	**610**		764		984	
Tier 1 hybrids in Eksportfinans	**184**		177		161	
Excess funding of pension commitments	**(58)**		(18)		(18)	
Goodwill and other intangible assets	**(902)**		(602)		(23)	
Core capital (Tier 1)	**12 929**	**7.4%**	11 928	7.4%	10 599	7.2%
Additional capital (Upper Tier 2)	**3 808**	**2.2%**	4 666	2.9%	3 933	2.7%
Supplementary capital (Lower Tier 2)	**2 769**	**1.6%**	1 718	1.1%	1 526	1.0%
Other items (net)	**(242)**	**(0.2%)**	(121)	(0.1%)	(100)	(0.1%)
Capital base	**19 264**	**11.0%**	18 191	11.3%	15 958	10.8%
Calculation base (*)	**175 615**		161 160		147 856	

PARENT BANK	**2001**		2000		1999	
Primary-capital-certificate capital	**4 689**		4 689		4 689	
Dividend adjustment reserve	**4 357**		3 535		2 215	
Savings bank's reserve	**4 049**		3 383		2 591	
Excess funding of pension commitments	**(32)**		0		0	
Goodwill and other intangible assets	**(410)**		(339)		(14)	
Core capital (Tier 1)	**12 653**	**8.9%**	11 268	8.7%	9 481	8.1%
Additional capital (Upper Tier 2)	**3 808**	**2.7%**	4 666	3.6%	3 933	3.4%
Supplementary capital (Lower Tier 2)	**2 509**	**1.7%**	1 397	1.1%	1 231	1.1%
Other items (net)	**(231)**	**(0.2%)**	(104)	(0.1%)	(100)	(0.1%)
Capital base	**18 739**	**13.1%**	17 227	13.3%	14 545	12.5%
Calculation base (*)	**142 683**		129 919		116 718	

(1) With effect from 1 April 2001, the capital adequacy regulations' requirement for risk-weighting of home loans between 60% and 80% of property valuation was reduced from 100% to 50%. At 31.12.2001, NOK 8 400 million of Union Bank of Norway's home loans were in excess of 60% of prudent valuation. The change in the rules reduced the bank's calculation base by NOK 2 956 million, and improved its core capital adequacy by 0.12 percentage points and overall capital adequacy by 0.19 percentage points.

Continued on next page

Note 24 continued

SPECIFICATION OF THE CALCULATION BASE

			Nominal amounts by risk class			***2001 Risk weighted volume***	*2000 Risk-weighted volume*	*1999 Risk-weighted volume*
	0%	*10%*	*20%*	*50%*	*100%*			
Banking portfolio								
Cash and bank deposits	2 296		8 526			**1 705**	1 655	1 407
Short-term investments in securities	137	155	20 841		871	**5 054**	3 466	3 023
Loans	2 821	6	13 504	92 829	98 317	**147 433**	137 949	131 376
Other receivables	90		681	1 001	2 180	**2 817**	2 171	2 478
Fixed assets	1 117	5	661		2 861	**2 994**	2 983	2 990
Total assets	6 461	166	44 213	93 830	104 229	**160 003**	148 224	141 275
Interest rate and foreign exchange instruments	5		2 698	22		**551**	323	396
Other off-balance sheet items	362		1 185	314	11 408	**11 802**	10 172	5 505
Total off-balance sheet items						**12 353**	10 495	5 901
Total banking portfolio						**172 356**	158 719	147 176
Trading portfolio incl. foreign exchange risk						**5 820**	4 866	3 280
Deductions for:								
Loss provisions and capital in other financial institutions						**2 561**	2 425	2 600
Total calculation base						**175 615**	161 160	147 856

SUBORDINATED LOANS' CONTRIBUTION TO MEETING CAPITAL REQUIREMENTS IN THE NEXT 6 YEARS

	2001	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*
Current subordinated loans	6 369	6 369	6 369	6 369	6 369	6 369	5 405
20% reduction	0	0	193	474	754	1 036	575
Eligible as equity	**6 369**	**6 369**	**6 176**	**5 895**	**5 615**	**5 333**	**4 830**

To illustrate the effect of differing scenarios for repayment of capital under current loan agreements, two sets of calculations have been prepared. In the first model, which excludes calls, the bank does not exercise its right to call subordinated loans. The calculation base employed is the one in effect at the end of 2001, profit from 2002 has been set at nil, and no change has been assumed in other equity items not affected by stepwise reductions.

EQUITY, EXCLUDING CALLS

	2001	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*
Capital base	19 264	19 264	19 071	18 790	18 508	18 227	17 725
Capital ratio	11.0%	11.0%	10.9%	10.7%	10.5%	10.4%	10.1%

Applying the assumptions outlined above, but in a scenario in which the bank exercises its right to call subordinated loans as specified in the loan agreement, the development will be as shown below. Call is also an option for the bank's perpetual subordinated loans (see Note 22).

EQUITY, INCLUDING CALLS

	2001	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*
Capital base	19 264	18 300	16 795	16 795	16 353	14 318	14 318
Capital ratio	11.0%	10.4%	9.6%	9.6%	9.3%	8.2%	8.2%

25 LIQUIDITY RISK/RESIDUAL MATURITY

Liquidity risk
In simplified terms, liquidity risk can be defined as the risk that Union Bank of Norway will be unable to meet its commitments as they fall due. There is currently no internationally accepted method for a definite and quantifiable measure of actual liquidity risk in a financial institution's balance sheet. Three factors are particularly important, however. The first is the bank's *balance sheet structure*. A large mismatch in turnover rate and time to maturity of asset and liability items produces a continual need to refinance. The second is market *liquidity*. The third is the bank's *credit rating,* which affects the bank's access to liquidity in the market. Important rating criteria are financial soundness, earnings, risk profile and portfolio quality. Union Bank of Norway is rated on a par with Den norske Bank, but somewhat lower than the largest Scandinavian banking groups.

In February 2000, the Basle Committee published new, updated guidelines for managing liquidity risk in banks. In the course of 2001, Union Bank of Norway further developed the overarching framework for liquidity management in keeping with Basle Committee's recommendations. As a result, the group has established maximum limits for short-term funding and a minimum required period for the bank to remain liquid without access to market funding. As a rule, short-term financing can constitute 15% of out-standing loans.

As of 31.12.2001 Union Bank of Norway had drawn NOK 4 000 million on a fixed-interest borrowing facility with Central Bank of Norway. The bank's overall borrowing facility (overnight and fixed-interest) with Central Bank of Norway equals the collateral the bank has deposited with Central Bank of Norway . As of 31.12.2001 Union Bank of Norway had deposited collateral equivalent to NOK 15 000 million with Central Bank of Norway . At year-end the parent bank's deposits-to-loans ratio was 69% (2000: 70%; 1999: 71%), which is in line with other central players in the Norwegian market. The group's deposits-to-loans ratio at year-end was 55% (2000: 55%; 1999: 56%).

RESIDUAL MATURITY		*Up to 1 month*	*1-3 months*	*3-12 months*	*1-5 years*	*Over 5 years*	*Unspeci-fied*	*Total*
Cash and deposits in Central Bank of Norway	NOK	1 408	0	0	0	0	656	2 064
	For.curr.	0	0	0	0	0	183	183
Deposits in and loans to credit institutions	NOK	2 452	495	1 107	60	840	0	4 954
	For.curr.	1 644	455	1 337	416	71	0	3 923
Gross loans to customers (*)	NOK	16 813	3 893	14 484	45 790	99 416	79	180 475
	For.curr.	2 056	1 863	3 525	5 965	1 390	1 436	16 235
Loan loss provisions	NOK	0	0	0	0	0	(2 189)	(2 189)
	For.curr.	0	0	0	0	0	(103)	(103)
CDs and bonds	NOK	5	111	171	5 364	1 110	0	6 761
	For.curr.	0	31	1 382	7 507	101	0	9 021
Other assets	NOK	2 035	91	591	127	165	5 712	8 721
	For.curr.	305	17	8	2	0	832	1 164
Total assets	**NOK**	**22 713**	**4 590**	**16 353**	**51 341**	**101 531**	**4 258**	**200 786**
	For. curr.	**4 005**	**2 366**	**6 252**	**13 890**	**1 562**	**2 348**	**30 423**
Loans and deposits from credit institutions	NOK	7 746	1 369	665	0	0	0	9 780
	For.curr.	5 703	8 045	5 523	863	0	0	20 134
Customer deposits	NOK	105 406	357	64	932	0	0	106 759
	For.curr.	1 834	57	46	1	0	0	1 938
CDs and bonds	NOK	300	2 240	3 914	12 495	3 401	0	22 350
	For.curr.	1 071	2 776	4 750	31 578	3 199	0	43 374
Other liabilities	NOK	2 468	857	1 516	194	383	620	6 038
	For.curr.	548	0	0	0	0	90	638
Subordinated loan capital	NOK	0	0	0	0	300	0	300
	For.curr.	0	0	0	2 480	3 676	0	6 156
Equity	NOK	0	0	0	0	0	13 539	13 539
	For.curr.	0	0	0	0	0	203	203
Total liabilities and equity	**NOK**	**115 920**	**4 823**	**6 159**	**13 621**	**4 084**	**14 159**	**158 766**
	For. curr.	**9 156**	**10 878**	**10 319**	**34 922**	**6 875**	**293**	**72 443**
Net liquidity exposure on balance sheet items	NOK	(93 207)	(233)	10 194	37 720	97 447	(9 901)	42 020
	For.curr.	(5 151)	(8 512)	(4 067)	(21 032)	(5 313)	2 055	(42 020)
Off-balance sheet financial derivatives	NOK	5 532	(21 269)	(8 166)	(14 980)	(943)	0	(39 826)
	For.curr.	(5 532)	21 269	8 166	14 980	943	0	39 826
Net total, all items	**NOK**	**(87 675)**	**(21 502)**	**2 028**	**22 740**	**96 504**	**(9 901)**	**2 194**
	For. curr.	**(10 683)**	**12 757**	**4 099**	**(6 052)**	**(4 370)**	**2 055**	**(2 194)**

(*) Overdraft facilities and construction loans are included in the interval "up to 1 month."

The above table was compiled in accordance with regulations issued by the Ministry of Finance. It does not show the actual liquidity risk incurred by the group and does not form part of the group's liquidity management.

26 INTEREST RATE RISK/PERIOD TO INTEREST RATE ADJUSTMENT

Interest rate risk

Interest rate risk results from the fact that the fixed-interest periods for the bank's assets and liabilities (on- and off-balance sheet) do not match. The group's interest rate risk is managed via risk limits set by the bank's Board of Directors upon delegation from the Group Executive Board. The bank's Board of Directors has adopted a risk limit of NOK 350 million, of which NOK 200 million may be held in foreign currency. The limit, which has been unchanged in the years 1998-2001, is defined as the maximum negative profit effect that the bank is permitted to incur in the event of an unfavourable general interest rate movement of 1 percentage point for all fixed-interest periods. Exposures are continuously monitored to ensure that the limits are observed.

In 2001 the bank introduced a new framework for interest rate risk that takes yield curve risk into account. In addition to the overall risk limit, a new maximum limit was set for positioning within the individual time interval in the interest rate curve. All interest rate positions within each interval are aggregated, and the largest of the gross aggregates is now reported as interest rate risk. Exposures within the individual time interval may not exceed twice the overall limit.

At year-end 29% of the maximum limit for interest rate risk was utilised, compared with 27% in 2000 (1999: 42%), and the average for the year was 24% compared with 14% in 2000 (1999: 35%).

		Up to 1 month	*1-3 months*	*3-12 months*	*1-5 years*	*Over 5 years*	*Unspecified*	*Total*
Cash and deposits in Central Bank of Norway	NOK	1 408	0	0	0	0	656	2 064
	For.curr.	0	0	0	0	0	183	183
Deposits in and loans to credit institutions	NOK	2 005	2 643	211	60	35	0	4 954
	For.curr.	1 497	718	1 272	436	0	0	3 923
Gross loans to customers (*)	NOK	25 161	123 911	7 406	16 308	7 689	0	180 475
	For.curr.	4 612	7 791	3 594	238	0	0	16 235
Loan loss provisions	NOK	0	0	0	0	0	(2 189)	(2 189)
	For.curr.	0	0	0	0	0	(103)	(103)
CDs and bonds	NOK	1 156	1 618	221	3 176	590	0	6 761
	For.curr.	2 801	5 581	309	330	0	0	9 021
Other assets	NOK	1 455	152	157	86	0	6 871	8 721
	For.curr.	93	0	0	0	0	1 071	1 164
Total assets	**NOK**	**31 185**	**128 324**	**7 995**	**19 630**	**8 314**	**5 338**	**200 786**
	For.curr.	**9 003**	**14 090**	**5 175**	**1 004**	**0**	**1 151**	**30 423**
Loans and deposits from credit institutions	NOK	7 746	1 369	665	0	0	0	9 780
	For.curr.	5 826	8 581	5 523	204	0	0	20 134
Customer deposits	NOK	106 080	177	427	75	0	0	106 759
	For.curr.	1 808	52	46	0	0	32	1 938
CDs and bonds	NOK	2 629	2 191	9 852	4 872	2 806	0	22 350
	For.curr.	14 634	20 095	4 821	3 624	200	0	43 374
Other liabilities	NOK	1 635	1 279	101	0	69	2 954	6 038
	For.curr.	548	0	0	0	0	90	638
Subordinated loan capital	NOK	0	0	300	0	0	0	300
	For.curr.	2 210	1 635	2 262	0	49	0	6 156
Equity	NOK	0	0	0	0	0	13 539	13 539
	For.curr.	0	0	0	0	0	203	203
Total liabilities and equity	**NOK**	**118 090**	**5 016**	**11 345**	**4 947**	**2 875**	**16 493**	**158 766**
	For.curr.	**25 026**	**30 363**	**12 652**	**3 828**	**249**	**325**	**72 443**
Net liquidity exposure on balance sheet items	NOK	(86 905)	123 308	(3 350)	14 683	5 439	(11 155)	42 020
	For.curr.	(16 023)	(16 273)	(7 477)	(2 824)	(249)	826	(42 020)
Off-balance sheet financial derivatives	NOK	4 790	(16 012)	(38 366)	6 780	2 982	0	(39 826)
	For.curr.	(4 593)	39 103	81	4 930	885	0	40 406
Net total, all items	**NOK**	**(82 115)**	**107 296**	**(41 716)**	**21 463**	**8 421**	**(11 155)**	**2 194**
	For.curr.	**(20 616)**	**22 830**	**(7 396)**	**2 106**	**636**	**826**	**(1 614)**

(*) Overdraft facilities and construction loans are included in the interval "up to 1 month."

The above table was compiled in accordance with regulations issued by the Ministry of Finance. It does not show the actual interest rate risk incurred by the group and does not form part of the group's internal interest rate risk management.

27 FINANCIAL DERIVATIVES

Financial derivatives are traded in order to cover liquidity and market risk arising from the bank's ordinary activities (banking portfolio). The bank also employs financial derivatives in own-account trading (trading portfolio).

Forward exchange contracts:	Contracts to exchange foreign currencies on a specified future date at a fixed price.
FRAs:	Interest rate agreements for a future period for a fixed amount. When the contract expires, only the difference between the agreed interest rate and the market interest rate is exchanged.
Interest rate options:	Contracts giving the buyer the right to demand payment of the difference between the interest rate in the money market and the interest rate agreed to by the seller. The difference is calculated on a fixed amount for a specified period.
Currency options:	Agreements giving the buyer the right to buy or sell a specific quantity of a foreign currency on a future date at a fixed price.
Interest rate swaps:	Contracts to exchange interest payment obligations on a fixed amount for a specified period.
Interest rate futures:	Standardised contracts to exchange specific interest rate instruments for fixed amounts and on specific future dates. The contracts are traded on the stock exchange. The value of interest rate futures follows the price trend on underlying interest rate instruments.
Interest rate and currency swaps:	Contracts in which both currency and interest payments on a specified amount for a specified period are exchanged.

Nominal values

The nominal amount for forward exchange contracts is calculated as the sum of currencies (including NOK) bought and sold, based on the foreign exchange rates in effect on 31 December 2001. The nominal amount for the other derivatives is the sum of the nominal amounts of contracts entered into (contracts in foreign currencies are translated at the exchange rates in effect on 31 December 2001).

PARENT BANK					GROUP			
Nominal		*Fair value*			*Nominal*		*Fair value*	
31.12.2001	*Average 2001*	*31.12.2001*	*Average 2001*	***Type of derivative***	*31.12.2001*	*Average 2001*	*31.12.2001*	*Average 2001*
				Trading portfolio				
1 104 648	1 056 621	(14)	4	Interest rate related	1 104 648	1 056 621	(14)	4
641 904	504 643	(89)	378	Foreign currency related (*)	641 904	504 643	(89)	378
1 254	1 186			Equity related	1 254	1 186		
1 747 806	1 562 450	(103)	382	**Total trading portfolio**	1 747 806	1 562 450	(103)	382
				Banking portfolio				
71 866	71 331	74	94	Interest rate related	72 685	71 786	79	96
18 434	14 825	267	184	Foreign currency related (*)	23 243	20 272	267	184
90 300	86 156	341	278	**Total banking portfolio**	95 928	92 058	346	280

(*) Incl. interest rate and currency swaps

Financial derivatives in the trading portfolio are valued and booked at market value (fair value). Market prices from independent sources are used to compute market values. Some market prices are calculated by interpolating and extrapolating available prices.

Financial derivatives that are hedging transactions are valued in accordance with the hedged item. The banking portfolio's fair value (market value) has an equivalent NOK value on the balance sheet. Isolated gains/losses on financial instruments do not occur in the banking portfolio.

In the case of open positions in forward exchange transactions, interest rate swaps, currency and interest rate swaps and currency options, the bank runs a risk of changes both in the conversion rate (currency risk) and market interest rates (interest rate risk) between the currencies involved. The bank's trading activity in this area is mainly interest rate related. Positions in the other derivatives entail risk of interest rate changes (interest rate risk).

The bank is exposed to counterparty risk (credit risk) with all types of derivatives except futures. Credit risk is the risk that a counterparty will fail to meet his contractual obligations. The bank sets internal limits to its exposure to counterparties. Monthly reports are prepared on credit risk represented by counterparties. The bulk of Union Bank of Norway's credit risk exposure is in the ordinary loan portfolio.

Agreements exist on netting (set-off) of contracts with most contractual partners.

28 FOREIGN CURRENCY POSITION AND RISK

CURRENCY - ASSETS AND LIABILITIES

PARENT BANK				GROUP		
2001	*2000*	*1999*		***2001***	*2000*	*1999*
30 533	20 419	12 338	On-balance sheet foreign currency assets	**33 579**	25 032	16 312
70 696	66 119	50 837	On-balance sheet foreign currency liabilities	**75 841**	70 732	55 363
363 254	206 562	193 311	Foreign currency forward contracts, purchases	**365 679**	209 611	195 078
322 972	160 861	154 970	Foreign currency forward contracts, sales	**325 348**	163 789	155 820

Continued on next page

Note 28 continued

NET POSITIONS, BY CURRENCY, AT 31.12.2001:

PARENT BANK						GROUP				
SEK	*EUR*	*JPY*	*USD*	*Other*		*SEK*	*EUR*	*JPY*	*USD*	*Other*
16	38		27	97	Cash	16	38	1	27	97
1 244	351	158	9 254	900	Receivables from credit institutions	733	398	172	7 000	1 264
853	1 103	1 118	4 658	1 450	Loans to customers	966	1 456	3 252	5 242	3 162
	93		2	8	Loss provisions		93		2	8
	5 442		2 895	392	Bonds / CDs		5 705		2 940	488
6	451	2	27	154	Other assets	8	483	5	30	199
2 119	**7 292**	**1 278**	**16 859**	**2 985**	**Total assets**	**1 723**	**7 987**	**3 430**	**15 237**	**5 202**
356	2 257	1 141	9 507	5 269	Borrowings from credit institutions	596	2 959	2 837	9 331	7 138
501	375	12	807	124	Deposits from customers	536	421	12	860	476
	17 349		24 878	1 020	Securities debt		17 349		24 878	1 020
32	8	3	920	48	Other debt	52	113	63	977	70
		1 374	4 715		Subordinated loan capital		49	1 374	4 715	15
					Equity		222			
889	**19 989**	**2 530**	**40 827**	**6 461**	**Total liabilities and equity**	**1 184**	**21 113**	**4 286**	**40 761**	**8 719**
1 230	**(12 697)**	**(1 252)**	**(23 968)**	**(3 476)**	**Net total, balance sheet items**	**539**	**(13 126)**	**(856)**	**(25 524)**	**(3 517)**
2 189	22 121	3 986	326 448	8 510	Forward currency purchases	2 206	22 496	4 256	327 605	9 116
3 437	9 342	2 756	302 366	5 071	Forward currency sales	3 573	9 376	3 866	302 392	6 141
(18)	**82**	**(22)**	**114**	**(37)**	**Net total, all items**	**(828)**	**(6)**	**(466)**	**(311)**	**(542)**

Currency risk

Currency risk can be defined as the bank's risk of loss due to changes in exchange rates. The bank's Board of Directors has established limits for the bank's overnight foreign currency position. The limit for the parent bank is NOK 1 500 million. Routines are in place to ensure day-to-day monitoring of the bank's foreign currency exposure. A situation report is presented at each meeting of the board. Forward exchange contracts (see table above) are employed to hedge foreign currency positions on the balance sheet. At 31.12.2001, the net aggregate foreign currency position was NOK 186 (2000: 41, 1999: 31) million. The average for 2001 was NOK 256 (2000: 110, 1999: 185) million. The highest foreign currency position was NOK 693 (2000: 273, 1999: 545) million, corresponding to 3.7% (2000: 1.6%, 1999: 3.7%) of the parent bank's capital base. The maximum limit set by Central Bank of Norway for Union Bank of Norway's foreign currency position is NOK 5 622 million.

29 COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

PARENT BANK				GROUP		
2001	*2000*	*1999*		***2001***	*2000*	*1999*
26 390	23 418	19 458	Undrawn credit facilities	**21 801**	20 444	11 266
26 390	23 418	19 458	**Commitments**	**21 801**	20 444	11 266
1 187	900	902	Payment guarantees	**1 194**	907	902
2 817	2 529	2 174	Contract guarantees	**2 817**	2 529	2 174
0	0	712	Funding guarantee, Eksportfinans	**0**	0	712
3 457	3 680	2 336	Other loan guarantees	**3 461**	3 685	2 336
589	672	622	Guarantees for taxes	**589**	672	622
61	0	0	Guarantee to Savings Banks' Guarantee Fund (*)	**61**	0	0
2 130	1 453	898	Other guarantees for customers	**2 045**	1 368	857
10 241	9 234	7 644	**Contingent liabilities**	**10 167**	9 161	7 603
15 034	8 999	10 981	Pledged CDs, bonds and mutual fund units (**)	**15 034**	8 999	10 992
0	0	0	Pledged assets, book value	**0**	0	72
15 034	8 999	10 981	**Pledged assets**	**15 034**	8 999	11 064

(*) As at 01.01.2002, the Savings Banks' Guarantee Fund had a shortfall of NOK 942 (2001: 575; 2000: 0) million. The full levy for 2002 will cover NOK 465 (2001: 411) million of this sum. The remaining deficit of NOK 477 (2001:164; 2000: 0) million will be covered by guarantees from member banks. Union Bank of Norway's share of the guarantee liability for 2002 amounts to NOK 166 (2001: 61; 2000: 0) million.

(**) Refers to the parent bank's borrowing facility with Central Bank of Norway. The securities' nominal value amounts to NOK 15 071 (2000: 9,038; 1999: 10 987) million, and the liability for which they are furnished as collateral amounts to NOK 4 000 (2000: 1 000; 1999: 2 600) million.

DISPUTES

The bank is involved in no court cases in excess of NOK 10 million.

Where other legal disputes are concerned, the bank is negotiating with Fellesdata on a claims settlement following the data processing breakdown in the autumn of 2001, and is involved in negotiations on some major defaults by corporate borrowers where both the amount at issue and legal basis are still under consideration. This is not assumed to be of major consequence for the bank's profits.

30 UNION BANK OF NORWAY'S 20 LARGEST PCC HOLDERS

(Figures in 1 000)

Holder	*Number*	*Share*	*Holder*	*Number*	*Share*
Morgan Stanley*	3 146	6.7%	Brown Brothers Harrisman, Putnam	740	1.6%
State Street Bank*	2 375	5.1%	Gjensidige NOR Sparebank, employees' fund	705	1.5%
JP Morgan Chase Bank*	1 346	2.9%	Citibank*	702	1.5%
Folketrygdfondet	1 300	2.8%	Fidelity Funds	642	1.4%
Brown Brothers Harrisman, Fidelity	1 250	2.7%	Bank of New York, MSF-Mutual	635	1.4%
Frank Mohn A/S	1 006	2.1%	Trond Mohn	597	1.3%
Goldman Sachs International*	853	1.8%	Morgan Stanley*	585	1.2%
Orkla ASA	833	1.8%	Deutsche Bank AG London*	517	1.1%
JP Morgan Chase Bank*	798	1.7%	Gjensidige NOR Forsikring	457	1.0%
The Northern Trust*	758	1.6%	Euroclear Bank S.A.*	433	0.9%

(*) Registrar

The 20 biggest owners altogether hold 19 678 000 primary capital certificates, i.e. 42% of all outstanding PCCs. The number of PCCs held by members of the Group Executive Board, Board of Directors, Committee of Representatives and senior staff of Gjensidige NOR is shown on p. 70.

31 INFORMATION ON RELATED PARTIES

Remuneration paid to the Group Executive Board and to the President and CEO, is shown in Note 5. Values in and results of joint ventures and associated companies are shown in Note 17. Subsidiaries consolidated in the Union Bank of Norway Group are listed in Note 33. In accordance with the Financial Institutions Act, all intra-group transactions are conducted on ordinary commercial terms and principles.

INTRA-GROUP TRANSACTIONS AND BALANCE WITH CONSOLIDATED SUBSIDIARIES

	PARENT BANK		
Profit and loss account	***2001***	*2000*	*1999*
Income			
Interest on loans	**61**	58	69
Interest on deposits with credit inst.	**1 694**	1 279	338
Interest on bonds and CDs	**35**	26	103
Dividend/group contr. received (*)	**575**	595	494
Other income	**111**	145	87
Total income	**2 476**	2 103	1 091
Expenses			
Interest on customer deposits	**21**	12	22
Interest on deposits from credit inst.	**60**	74	49
Rent/share of joint expenses	**106**	95	250
Other expenses	**4**		
Total expenses	**191**	181	321

(*) Dividends and Group contributions from:			
SparebankKreditt	**161**	138	73
Elcon Finans	**315**	288	146
NOR Forsikrings Holding			216
Union Bank of Norway International	**19**	20	18
Avanse Forvaltning	**8**	28	18
Finax FinansService		79	
Gjensidige NOR Eiendomsmegling	**33**	24	19
Gjensidige NOR Kapitalforvaltning	**35**		
Miscellaneous	**4**	18	4
Total	**575**	595	494

	PARENT BANK		
Balance sheet	***2001***	*2000*	*1999*
Assets			
Loans	**889**	766	949
Deposits with credit institutions (*)	**26 816**	24 227	16 929
Bonds and CDs	**556**	557	332
Other receivables	**621**	571	322
Total assets	**28 882**	26 121	18 532
Liabilities			
Deposits from customers	**192**	135	179
Deposits from credit institutions	**1 813**	1 525	1 014
Other liabilities	**30**		
Total liabilities	**2 035**	1 660	1 193
Commitments and guarantees	**152**	119	90

(*) Of which NOK 915 (2000: 415; 1999: 250) million subordinated loan capital.

Group contributions paid to:			
Sparebankgårdene	**0**	0	12
Vigar	**0**	2	4
Total	**0**	2	16

Gjensidige NOR

Gjensidige NOR has made a number of changes in the structure of its subsidiaries. Ordinary vendor guarantees are issued in connection with the transactions involved.

At end-2001, Gjensidige NOR Spareforsikring held 192 200 PCCs in Union Bank of Norway at a market value of NOK 52 million, and Gjensidige NOR Forsikring held 457 100 PCCs worth NOK 125 million.

As at year-end, Union Bank of Norway had the following outstanding accounts with Gjensidige NOR Forsikring and Gjensidige NOR Spareforsikring:

	Gjensidige NOR Forsikring			*Gjensidige NOR Spareforsikring*		
	2001	*2000*	*1999*	***2001***	*2000*	*1999*
Deposits from customers	**256**	602	334	**221**	345	452
Other liabilities	**10**	16	16	**6**	2	3
Total liabilities	**266**	618	350	**227**	347	455

Continued on next page

Note 31 continued

Union Bank of Norway has paid its share of group expenses in Gjensidige NOR in an amount of NOK 57 (2000: 28; 1999: 13) million. This corresponds to about 54 per cent of aggregate group overhead.

As part of the effort to co-ordinate and improve the efficiency of operations in the Gjensidige NOR Group, a set of agreements has been drawn up for the rendering of operations services between various areas of the Group. The services are supplied at cost, so the service provider only has actual fixed and variable costs covered. The agreements specify which services are to be rendered and the prices agreed upon.

A list of operating agreements that Union Bank of Norway has entered into with other companies in the Gjensidige NOR Group follows below:

			Agreed price	
Services received	***Seller***	**2002**	*2001*	*2000*
Marketing services	Gjensidige NOR Markedsstøtte	**41**		
Telephony services	Gjensidige NOR Driftspartner	**24**		
Telephony services	Gjensidige NOR Forsikring			1
Purchasing and logistics services	Gjensidige NOR Driftspartner	**13**		
Salary payment services	Gjensidige NOR Driftspartner	**9**		
Salary payment services	Gjensidige NOR Spareforsikring		7	10
Office operations services	Gjensidige NOR Forsikring			8
Office operations services	Elcon Finans			5
Security services	Gjensidige NOR Driftspartner		2	2
Services rendered	***Buyer***			
Personnel services	Gjensidige NOR Spareforsikring	**4**		
Personnel services	Elcon Finans	**1**	1	1
Legal services	Gjensidige NOR Spareforsikring	**2**		
Purchasing services	Gjensidige NOR Forsikring		8	9
Purchasing services	Gjensidige NOR Spareforsikring		2	2
Purchasing services	Lindorff		1	
Telephony services	Gjensidige NOR Forsikring		17	
Telephony services	Gjensidige NOR Spareforsikring		4	
Office operations services	Gjensidige NOR Forsikring		1	
Office operations services	Gjensidige NOR Equities		5	
Operation of factoring system	Elcon Finans			6

Collaborating banks

Union Bank of Norway has established a mutually binding and strategic collaboration with four regional and nine local savings banks. The banks distribute Gjensidige NOR products in the areas of savings, insurance and other financial products. The collaboration also includes development of products, services and systems, as well as extensive collaboration on purchasing.

Refunds of IT expenses from collaborating banks have been deducted from the bank's operating expenses in an amount of NOK 29 (2000: 34; 1999: 16) million.

32 INVESTMENTS IN SECURITIES

TRADING PORTFOLIO		*Book value*			*Market value*		*Acquisition*
	2001	*2000*	*1999*	**2001**	*2000*	*1999*	***cost***
CDs							
Goverment and government-guaranteed	**0**	473	0	**0**	473	0	**0**
Other	**5**	5	0	**5**	5	0	**5**
Total CDs	**5**	478	0	**5**	478	0	**5**
Bonds							
Goverment and government-guaranteed	**157**	1 448	36	**157**	1 448	36	**157**
Credit institutions	**540**	283	77	**540**	283	77	**538**
Other Norwegian	**145**	136	12	**145**	136	12	**145**
Foreign	**5**	0	0	**5**	0	0	**5**
Subordinated loans	**5**	1	2	**5**	1	2	**5**
Total bonds	**852**	1 868	127	**852**	1 868	127	**850**
Stock exchange listed	**830**	2 341	127	**830**	2 341	127	**828**
Unlisted	**27**	5		**27**	5		**27**
Total CDs and bonds	**857**	2 346	127	**857**	2 346	127	**855**
Shares (1)							
Norwegian (short term)	**37**	30	21	**37**	30	21	**48**
Units in mutual funds	**103**	134	128	**103**	134	128	**146**
Primary capital certificates	**125**	136	84	**125**	136	84	**122**
Stock exchange listed	**162**	166	105	**162**	166	105	**170**
Unlisted	**103**	134	128	**103**	134	128	**146**
Total shares and units	**265**	300	233	**265**	300	233	**316**
Stock exchange listed	**992**	2 507	232	**992**	2 507	232	**998**
Unlisted	**130**	139	128	**130**	139	128	**173**
Total securities in trading portfolio	**1 122**	2 646	360	**1 122**	2 646	360	**1 171**

Continued on next page

Note 32 continued

BANKING PORTFOLIO *Investment in*	*Risk weighting*	**Book value** **2001**	*2000*	*1999*	**Market value** **2001**	*2000*	*1999*	**Acquisition cost**
CDs								
Government and government-guaranteed	0%	**0**	1 093	1 239	**0**	1 094	1 240	**0**
Other	20%	**0**	150	5 866	**0**	150	5 866	**0**
Other	100%	**0**	0	125	**0**	0	125	**0**
Total CDs		**0**	1 243	7 230	**0**	1 244	7 231	**0**
Bonds (2)								
Government and government-guaranteed	0%	**104**	146	485	**104**	146	495	**104**
Credit institutions	20%	**7 999**	3 626	3 262	**8 002**	3 567	3 215	**7 999**
Other Norwegian	10%	**417**	837	389	**417**	837	389	**417**
Other Norwegian	100%	**46**	99	83	**46**	98	82	**46**
Foreign	0%	**5**	4	4	**5**	4	4	**5**
Foreign	20%	**5 704**	2 420	0	**5 705**	2 420	0	**5 704**
Foreign	100%	**16**	16	180	**22**	15	196	**16**
Subordinated loans	100%	**634**	612	578	**634**	612	573	**634**
Total bonds		**14 925**	7 760	4 981	**14 935**	7 699	4 954	**14 925**
Stock exchange listed		**14 861**	8 705	5 975	**14 870**	8 644	5 935	**14 861**
Unlisted		**64**	298	6 236	**65**	299	6 250	**64**
Total CDs and bonds		**14 925**	9 003	12 211	**14 935**	8 943	12 185	**14 925**
Shares (1)								
Norwegian (short term)	100%	**0**	0	1	**0**	0	1	**0**
Norwegian (long term)	20%	**55**	22	22				**55**
Norwegian (long term)	100%	**80**	58	59				**80**
Foreign (long term)	20%	**15**	15	11				**15**
Foreign (long term)	100%	**0**	6	6				**0**
Units in mutual funds (3)	20%	**1 079**	1 000	0	**1 079**	1 001	0	**1 079**
Units in mutual funds (3)	100%	**130**	131	74	**130**	134	85	**130**
Stock exchange listed		**0**	0	1				**0**
Unlisted		**1 359**	1 232	172				**1 359**
Total shares and units		**1 359**	1 232	173				**1 359**
Associated companies	20%	**557**	520	442				
	100%	**8**	139	281				
Total associated companies		**565**	659	723				
Group companies	100%	**0**	0	187				
Stock exchange listed		**14 861**	8 705	5 976				
Unlisted		**1 988**	2 189	7 318				
Total securities, banking portfolio		**16 849**	10 894	13 294				

Securities are specified by important currencies in Note 28.

(1) See Note 33 for list of individual shares.
(2) Hedged bonds in the portfolio have a book value NOK 62 million kroner higher than market value.
(3) Incl. earned interest/units at 31.12.2001 in an amount of NOK 80 million.

33 SHAREHOLDINGS

Amounts in NOK 1 000	*Company's capital*	*No. of shares*	*Ownership in %*	*Nominal value*	*Book value*	*Market value*
SHARES HELD AS CURRENT ASSETS						
Parent bank						
Vestfold Sparebank (1)	50 000	1 000	0.2	100	100	147
Sparebanken Rana (1)	50 935	40 100	79	4 010	5 742	4 732
Sparebanken Møre (1)	552 615	117 238	2.1	11 724	19 116	23 448
Sandnes Sparebank (1)	390 000	73 000	1.9	7 300	9 704	9 490
Sparebanken Pluss (1)	125 000	104 800	8.4	10 480	16 023	14 672
Sparebanken Rogaland (1)	753 819	17 060	0.2	1 706	3 987	4 171
Sparebanken Vest (1)	250 000	53 900	2.2	5 390	6 336	6 279
Sparebanken Midt-Norge (1)	609 943	126 750	2.1	12 675	24 809	25 287
Sparebanken Nord-Norge (1)	659 702	128 050	1.9	12 805	21 829	22 473
Sparebanken Øst (1)	363 680	96 050	2.6	9 605	12 874	12 967
Bolig- og Næringsbanken ASA	487 710	102 000	1.0	5 100	19 211	18 972
MLIM UBN European Opportunities		25 000		2 500	2 500	2 447
MLIM UBN World Technology		25 000		2 500	2 500	2 598
MLIM UBN World Energy		25 000		2 500	2 500	2 437
MLIM UBN World New Energy		25 000		2 500	2 500	2 442
Avanse Helse		471 106		47 111	47 181	43 184
Avanse Japan		254 896		25 490	25 490	12 592
Avanse Nord Amerika		196 787		19 679	19 679	17 642
Avanse Telecom		437 461		43 746	43 812	19 317
Avanse Obligasjon III (2)		6 014		60 139	57 675	57 675
Avanse Kort Likviditet III (2)		107 854		1 078 537	1 078 949	1 078 949
Misc. shares held as current assets					6 074	2 795
Price adjustments, trading portfolio					(43 876)	
Shares held by parent bank as current assets					1 384 715	1 384 716
Remaining group						
Northern Offshore		483 000			2 413	2 413
Petroleum Geo-Services		42 700			2 978	2 978
Statoil ASA		25 000			1 531	1 531
Ultiman Systems Inc		31 200			2 886	2 886
A.N.N. Systems ASA		44 000			1 100	1 100
MLIM UBN European Opportunities		14 735			1 442	1 442
MLIM UBN World Technology		15 320			1 593	1 593
MLIM UBN World New Energy		14 754			1 441	1 441
Avanse Obligasjon II		2 728			28 741	29 045
Avanse Kort Likviditet II		38 420			38 376	38 877
Misc. shares held as current assets					5 155	5 155
Total shares held by remainder of group as current assets					87 656	88 461
Total shares held by Union Bank of Norway as current assets					1 472 371	1 473 177

SHARES HELD BY PARENT BANK AS LONG-TERM ASSETS							
Parent bank							*Share of total equity*
Shares/units in subsidiaries							
Sparebankenes Kredittselskap AS		825 000	8 250 000	100.0	825 000	952 552	1 200 010
Sparebankgårdene AS		204 920	204 920	100.0	204 920	213 914	450 976
Avanse Forvaltning AS		3 265	2 310 836	70.8	2 311	308 219	51 264
Gjensidige NOR Equities ASA (3)		13 266	402 000	100.0	13 266	211 936	39 423
Gjensidige NOR Kapitalforvaltning ASA		50 000	35 000	70.0	35 000	188 840	37 353
Gjensidige NOR Eiendomsmegling Holding AS		39 100	1 955	100.0	39 100	44 200	49 903
Elcon Finans AS		1 195 011	1 195 011	100.0	1 195 011	1 497 884	1 574 230
Hafjell Alpinsenter AS		26 330	2 633	100.0	26 330	12 400	58 205
Vigar AS		1 015	10 150	100.0	1 015	49 907	24 184
Kjøpekonto AS		50	50	100.0	50	46	46
Norgeskortet AS		50	50	100.0	50	44	44
Telerent AS		50	500	100.0	50	32	32
UBN Reinsurance S.A., Luxembourg	NOK ('000)	11 000	10 999	100.0	10 999	10 999	24 380
Union Bank of Norway Int. S.A., Luxembourg	EUR ('000)	17 352	70 000	100.0	17 352	138 439	202 633
Total shares/units held by parent bank in subsidiaries						3 629 412	3 712 683

(1) Primary capital certificates.

(2) Incl. earned interest/units as at 31.12.2001 in an amount of NOK 80 million.

(3) Owned by Union Bank of Norway (50%) and Vigar AS (50%).

Continued on next page

Note 33 continued

Amounts in NOK 1 000		*Comany's capital*	*No. of shares*	*Ownership in %*	*Nominal value*	*Book value*	*Share of total equity*
Shares in associated companies/joint ventures							
Eksportfinans ASA		1 593 533	30 997	20.4	325 469	345 499	483 568
Gjensidige NOR Fondsforsikring AS		128 000	64 000	50.0	64 000	77 128	54 750
Gjensidige NOR Driftspartner AS		15 000	7 500	50.0	7 500	7 502	7 147
Total shares held by parent bank in associated companies/joint ventures						430 129	545 465

The main subsidiaries' results are shown in Note 10 and their registrered office addresses are shown on p. 72.

Other shares etc., held as long-term assets							
Sikon Øst ASA		50 013	52 500	10.5	5 250	10 475	
AS Globusgården (*)		1 300	624	48.0	624	624	
AS Sparebankmateriell - Spama (*)		3 156	7 674	24.3	767	747	
BBS/Bank-Axept Holding AS		165 000	1 172 392	17.8	29 310	29 226	
NOK AS		50 000	7 886	15.8	7 886	7 886	
Oslo Børs Holding ASA (**)		50 000	408 512	8.2	4 085	47 302	
Buskerud Telemark Vestfold Investeringsfond AS		49 004	25 883	5.3	2 588	2 588	
Visa Norge AS (*)		8 000	1 600	20.0	1 600	397	
Norsk Tillitsmann AS		10 500	11 974	11.4	1 197	1 197	
Grenland Investeringsfond AS		47 000	1 000	2.1	1 000	1 000	
Viking Ship Finance Ltd.	CHF ('000)	30 000	9 000	9.0	2 700	14 513	
Misc. shares held as long-term assets						28 759	
Total other shares held by parent bank as long-term assets						144 714	
Total shares/units held by parent bank as long-term assets						4 204 255	

SHARES HELD BY REMAINDER OF GROUP AS LONG-TERM ASSETS						
Shares in subsidiaries						
Sparebankenes Kredittselskap A/S						
SK eiendom A/S	50	50	100.0	50	86	69
Karihaugen eiendom A/S	1 000	1 000	100.0	1 000	1 293	1 293
Gjensidige NOR Eiendomsmegling Holding A/S						
Gjensidige NOR Eiendomsmegling Oslo Akershus A/S	11 000	11 000	100.0	11 000	13 000	13 076
Gjensidige NOR Eiendomsmegling Follo A/S	250	2 500	100.0	250	4 758	1 106
Gjensidige NOR Eiendomsmegling Vestfold A/S	950	950	100.0	950	2 060	5 386
Gjensidige NOR Eiendomsmegling Oppland Hedmark A/S	2 000	2 000	100.0	2 000	2 224	2 615
Gjensidige NOR Eiendomsmegling Østfold A/S	2 000	2 000	100.0	2 000	2 200	2 429
Gjensidige NOR Eiendomsmegling Buskerud A/S	4 000	4 000	100.0	4 000	9 868	5 594
Gjensidige NOR Eiendomsmegling Bergen A/S	2 200	2 200	100.0	2 200	3 220	2 784
Gjensidige NOR Eiendomsmegling Telemark A/S	2 000	2 000	100.0	2 000	2 000	1 961
Total shares held by remainder of group in subsidiaries					40 709	36 313
Shares in joint ventures						
Gjensidige NOR Eiendomsmegling Haugalandet AS	300	300	50.0	150	500	195
Sandnes Eiendom AS	1 960	980	50.0	980	3 035	1 402
Total shares in joint ventures held by remainder of group					3 535	1 597
Other shares held as fixed assets by rest of group						
A/S Bøndenes Hus (*)	350	1 691	48.3	169	456	
Kirkegt. 74 A/S (*)	500	250	50.0	250	250	
Misc. shares held as fixed assets					7 119	
Total shares in joint ventures held by remainder of group					7 825	

(*) Company not included by equity method since profit/loss elements are immaterial for Union Bank of Norway Group.
(**) Market value at 31.12.2001: NOK 61.3 million.

The following companies have left the group: Greåker Industripark (wound up) and AcceptFinans (sold).
The following companies that were previously joint ventures are now subsidiaries: Gjensidige NOR Equities ASA (previously Karl Johan Fonds ASA) and Gjensidige NOR Kapitalforvaltning AS.

CHANGES IN HOLDINGS OF LONG-TERM FINANCIAL ASSETS

	PARENT BANK				GROUP	
2001	*2000*	*1999*		***2001***	*2000*	*1999*
96	93	101	Value in balance sheet at 01.01	**101**	98	106
33	3	(7)	Acquisitions (disposals)	**32**	3	(8)
0	0	1	Write-downs	**0**	0	0
129	96	93	**Value in balance sheet at 31.12**	**133**	101	98

Cash flow statement

NOK million

PARENT BANK				GROUP		
2001	*2000*	*1999*		**2001**	*2000*	*1999*
16 719	13 440	10 976	Interest receipts	**18 546**	15 406	13 853
12 250	9 460	6 927	Interest payments	**13 147**	10 422	8 099
2 025	1 859	1 178	Other receipts	**2 170**	2 002	1 642
2 942	2 998	2 703	Operating expenses	**3 933**	3 939	3 572
78	93	100	Recovered on losses previously written off	**103**	138	151
1 051	145	401	Tax paid	**1 247**	292	741
2 579	2 789	2 223	**Net cash flow from operations**	**2 492**	2 893	3 234
(15 098)	(10 856)	(27 178)	(Increase) lending	**(17 573)**	(13 314)	(45 194)
(1 113)	1 042	(656)	(Increase) reduction in other receivables	**(1 702)**	1 310	(1 038)
(4 179)	(543)	(3 231)	(Increase) in short-term securities	**(4 443)**	(196)	(3 752)
(4 658)	(7 889)	(9 083)	(Increase) reduction in deposits with and loans to credit inst.	**(2 628)**	(356)	3 407
(25 048)	(18 246)	(40 148)	**Net cash flow from current financial activities**	**(26 346)**	(12 556)	(46 577)
(175)	(259)	(189)	(Increase) in tangible assets	**(290)**	(367)	(334)
(1 059)	(100)	(4 436)	Reduction (increase) in other fixed assets	**258**	125	(501)
632	1 027	3 310	Disposal of fixed assets	**108**	975	1 342
(602)	668	(1 315)	**Net cash flow from investments**	**76**	733	507
9 619	6 216	22 002	Increase in customer deposits	**9 388**	6 597	22 198
343	8	695	Increase in subordinated loan capital	**342**	9	690
0	0	45	(Reduction) increase in equity	**(18)**	4	(2)
502	(8 952)	10 283	Increase (reduction) in loans and deposits from credit institutions	**215**	(8 886)	9 548
11 429	16 399	9 058	Increase in other liabilities	**12 734**	10 086	13 248
21 893	13 671	42 083	**Net cash flow from long-term financing activities**	**22 661**	7 810	45 682
(1 178)	(1 118)	2 843	**Net changes in liquid assets**	**(1 117)**	(1 120)	2 846
3 363	4 481	1 638	Liquid assets at 1 January	**3 364**	4 484	1 638
2 185	3 363	4 481	Liquid assets at 31 December	**2 247**	3 364	4 484

Auditors' report for 2001

TO THE GROUP COMMITTEE OF REPRESENTATIVES OF UNION BANK OF NORWAY

We have audited the annual financial statements of Union Bank of Norway as of 31 December 2001, showing a profit of NOK 2 285 million for the parent bank and a profit of NOK 2 161 million for the group. We have also audited the information in the Board of 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, the accompanying notes and the group accounts. These financial statements are the responsibility of the Group Executive Board, the Board of Directors and the Group President and CEO. 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 the Norwegian Act on Auditing and Auditors and auditing standards and practices generally accepted in Norway. Those standards and practices require that we plan and perform the audit to obtain reasonable assurance 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 bank's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,
- the financial statements have been prepared in accordance with the law and regulations and present the financial position of the bank and of the group as of 31 December 2001, 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 bank's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway.
- the information given in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Oslo, 6 March 2002
PricewaterhouseCoopers DA

Einar Westby
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

Statement by the Control Committee

TO THE GROUP COMMITTEE OF REPRESENTATIVES OF UNION BANK OF NORWAY

The Group Control Committee has carried out the commissions required by Section 13 of the Norwegian Savings Banks Act. The Group Control Committee has examined the financial statements and the auditor's report and recommends that the presented profit and loss account and the balance sheet be adopted as the financial statement of Union Bank of Norway for 2001.

Oslo, 12 March 2002

Einar Amundsen   Geir Dege   Reidun Vestby Jensen

Key figures, Union Bank of Norway Group

Amounts in NOK million (unless otherwise specified)

		2001	2000	1999	1998	1997
Profit and loss account						
Net interest income		**5 527**	5 347	4 648	2 909	2 512
Capital gains		**272**	262	211	167	157
Other operating income		**1 917**	1 669	1 483	1 352	1 605
Operating income		**7 716**	7 278	6 342	4 428	4 274
Operating expenses		**4 544**	4 106	4 055	2 915	2 936
Operating profit before losses		**3 172**	3 172	2 287	1 513	1 338
Losses (gains) on loans		**426**	215	201	128	(46)
Losses (gains) on long-term financial assets		**(232)**	(746)	(386)	(255)	92
Operating profit		**2 978**	3 703	2 472	1 640	1 292
Net profit		**2 161**	2 688	1 784	1 185	916
Balance sheet						
Loans, retail market		**102 545**	90 501	81 256	59 137	53 823
Loans, corporate market		**94 165**	89 174	85 641	63 348	57 125
Specified loan loss provisions		**906**	897	1 131	797	1 087
Unspecified loan loss provisions		**1 386**	1 389	1 314	931	870
Customer deposits		**108 697**	99 309	92 712	70 514	66 484
Total assets at 31 December		**231 209**	206 917	195 608	147 500	132 484
Average total assets	(ATA)	**225 000**	203 400	176 600	140 200	123 600
Assets under management		**336 615**	311 651	278 521	172 405	156 927
Primary-capital-certificate capital		**4 689**	4 689	4 689	4 689	2 605
Savings bank's reserve		**4 049**	3 383	2 592	2 096	1 771
Dividend adjustment reserve		**4 357**	3 535	2 220	1 430	1 228
Group's equity in subsidiaries		**647**	789	1 020	1 178	1 128
Total equity		**13 742**	12 396	10 521	9 393	6 732
Operations and profitability						
Interest income	(in % av ATA)	**8.2%**	7.8%	7.8%	6.6%	5.6%
Interest expenses	(in % av ATA)	**5.7%**	5.2%	5.2%	4.5%	3.6%
Interest margin	(in % av ATA)	**2.5%**	2.6%	2.6%	2.1%	2.0%
Operating income	(in % av ATA)	**3.4%**	3.6%	3.6%	3.2%	3.5%
Operating income (excl. capital gains) - change from previous year		**6.1%**	14.4%	43.9%	3.5%	10.1%
Cost ratio	(in % av ATA)	**2.0%**	2.0%	2.3%	2.1%	2.4%
Costs per NOK earned (1)		**0.59**	0.56	0.64	0.66	0.69
Costs per NOK earned excl. capital gains		**0.61**	0.59	0.66	0.68	0.71
Operating profit before losses and write-downs	(in % av ATA)	**1.4%**	1.6%	1.3%	1.1%	1.1%
Return on total assets	(operating profit after taxes in % of ATA)	**1.0%**	1.3%	1.0%	0.8%	0.7%
Return on equity (2)		**16.1%**	22.6%	17.3%	15.4%	13.7%
Key figures, primary capital certificates						
Market price (assessed value) at 31.12. (NOK)		**273**	257.50	185	147.50	260
Book value (NOK) per PCC - including dividend allocated (9)		**219**	204	177	161	155
Price/book value		**1.24**	1.26	1.04	0.92	1.67
Effective yield on primary capital certificates (3)		**13%**	47%	33%	(18%)	36%
PCC ownership percentage (4)		**69.1%**	70.9%	72.7%	74.5%	68.4%
Earnings per PCC (NOK) (5,9)		**32.65**	41.69	28.34	28.07	20.11
Fully diluted earnings per PCC (NOK) (6,9)		**32.65**	41.69	28.34	28.07	20.06
Dividend per PCC (NOK) - actual		**17.00**	17.00	14.00	11.50	15.00
Dividend per PCC (NOK) - adjusted (9)		**17.00**	17.00	14.00	11.50	12.15
Direct yield (allocated dividend in % of market price at year-end)		**6.2%**	6.6%	7.6%	7.8%	4.7%
Allocated dividend in per cent of PCC holders' share of profit		**52%**	41%	49%	63%	60%
Pay-out ratio (gross) (7)		**37%**	30%	37%	46%	42%
RISK amount (NOK) at 1 January in subsequent year	Approx.	**17.50**	28.11	20.18	12.29	20.84
Balance sheet						
Growth in lending		**9.5%**	7.8%	36.2%	10.8%	18.9%
Growth in deposits		**9.5%**	7.1%	31.5%	6.1%	0.4%
Deposit: loan ratio (8)		**55%**	55%	56%	58%	60%
Growth in total assets		**11.7%**	5.8%	32.6%	11.3%	15.6%

	2001	2000	1999	1998	1997
Defaults, provisions and loan losses					
Defaults, gross	**1.0%**	1.0%	1.2%	0.9%	1.6%
Defaults, net	**0.7%**	0.7%	0.6%	0.4%	0.8%
Provision ratio on defaulted items	**31%**	39%	50%	55%	52%
Unspecified loss provisions in per cent of gross lending	**0.7%**	0.8%	0.8%	0.8%	0.8%
Losses on loans and guarantees in per cent of gross lending	**0.2%**	0.1%	0.1%	0.1%	(0.04%)
Capital adequacy					
Capital base (eligible)	**19 264**	18 191	15 958	14 554	10 973
Calculation base	**175 615**	161 160	147 856	110 799	96 672
Capital ratio	**11.0%**	11.3%	10.8%	13.1%	11,4%
Of which core capital	**7.4%**	7.4%	7.2%	8.5%	6.9%
No. of FTEs at 31.12	**3 864**	3 807	4 078	3 328	3 304

Definitions

(1) *Ratio of operating expenses to operating income.*
(2) *After-tax operating profit in per cent of quarterly reported average equity (incl. minority interests).*
(3) *Dividend paid plus change in market price from 1 Jan. to 31 Dec., in per cent of market price on 1 Jan.*
(4) *PCC holders' share of total equity at year-end.*
(5) *PCC holders' share of after-tax operating profit divided by average number of PCCs entitled to dividend.*
(6) *As (5) but where the numerator is adjusted for the reduced interest expense (after tax) and the denominator is adjusted for growth in PCC capital as a result of full subordinated loan conversion.*
(7) *Dividend in per cent of after-tax operating profit.*
(8) *Customer deposits in per cent of gross loans to customers at 31 December.*
(9) *For purposes of comparison, figures for 1997 are adjusted by a factor of 0.8103 due to the issue of PCCs at par (below market value) in October 1998.*

ANALYSIS OF KEY FIGURES

Net interest income

Net interest income came to NOK 5 527 million in 2001, or 2.46 per cent of average total assets. This compares with 2000 figures of NOK 5 347 million and 2.63 per cent. Net interest income rose in all by NOK 180 million, in spite of an increase of NOK 146 million in the levy to the Savings Banks' Guarantee Fund.

Higher lending and deposit volumes and increased equity improved net interest income, while a reduced customer spread had a contrary effect.

The bank's average customer spread (i.e. the difference between average customer borrowing and deposit rates) narrowed to 2.9 per cent from 3.1 per cent in 2000. The customer spread at end-2001 was also 2.9 per cent.

In 2001 the bank's outstanding loan volume rose by 10.2 per cent, while customer deposits rose by 11.2 per cent. The share of group lending funded by deposits was maintained at 55 per cent.

Other income

Net other income increased by NOK 258 million (13.4 per cent) in 2001 compared with the previous year. Discretionary asset management income generated by Gjensidige NOR Kapitalforvaltning contributed, after purchase of a further 20 per cent of the company's shares in the fourth quarter, to an income growth of NOK 87 million. Share dividend increased by NOK 86 million, mainly due to return on money market funds. Income generated by stockbroking activities rose by NOK 70 million after Gjensidige NOR Equities was once again consolidated as a fully-owned subsidiary as from the second quarter of 2001.

Other income measured 28 per cent of total income compared with 27 per cent the previous year.

Expenses

Expenses amounted to NOK 4 544 million in 2001 compared with NOK 4 106 million the previous year. When adjusted for changes in group composition, Elcon's new business in Sweden, goodwill amortisation, the switch to accounting on a gross basis at Gjensidige NOR Eiendom and the introduction of VAT on services, expenses rose by NOK 171 million or 4.5 per cent.

Expenses measured 2.0 per cent of average total assets, as in 2000. The most significant factor in the expenses picture was growth in personnel and administrative expenses. Expenses measured 59 per cent of earnings in 2001 compared with 56 per cent the previous year. That is, for each krone earned as net interest income and other operating income, 59 øre went to expenses. This left 41 øre to cover losses, taxes and servicing of equity.

Losses

In 2001 the bank recorded a net loss of 0.2 per cent of its gross lending volume. Over the past five years, losses have averaged less than 0.1 per cent of gross loans.

Net loan defaults measured 0.7 per cent of aggregate loans, as last year. Unspecified loss provisions amounted to NOK 1 386 million or 0.7 per cent of gross loans.

Profit

Net profit in 2001 came to NOK 2 161 million, producing a return on equity of 16.1 per cent.

Earnings for PCC holders

Union Bank of Norway's PCC holders achieved a sound return on investment in 2001, as in the previous year. A price increase from NOK 257.50 to NOK 273, and a cash dividend of NOK 17, entail a return of 13 per cent. Oslo Børs's main index (OSEBX) showed a decline of some 16 per cent in the same year.

Direct yield (dividend of NOK 17 per PCC as a ratio of the market price of NOK 273 per PCC) was 6.2 per cent, which is competitive compared with our biggest competitors among the commercial banks.

The bank's earnings per PCC, based on PCC holders' owner share in the bank (70.9 per cent) was NOK 32.65. This entails a price-earnings ratio of 8.4.

Owing to the disbursement of cash dividend of NOK 17 per PCC for 2001, PCC holders' owner share in the bank was reduced from 70.9 per cent in 2001 to 69.1 per cent at the start of 2002.

Equity and ownership

Union Bank of Norway's market capitalisation came to about NOK 12.7 billion at the end of 2001, an increase of 5.8 per cent on the previous year. The Committee of Representatives of Union Bank of Norway set a dividend of NOK 17 per primary capital certificate. The foreign owner share had risen to 48 per cent by year-end.

Price trend
Union Bank of Norway's primary capital certificate (PCC) was on a positive trend, rising by about 6 per cent from NOK 257.50 at end-2000 to NOK 273 at end-2001. The bank's PCC had its all-time high in 2001 on 17 August at NOK 275, and a low on 21 September of NOK 208 after the terrorist strikes in the US.

Dividend-adjusted return for the bank's PCC was 13 per cent in 2001.

Against the background of the financial market turbulence in 2001, the PCC showed a creditable trend compared with the Oslo Børs main index, OSEBX, which fell about 16 per cent, and the financial index, OSE40, which slipped about 12 per cent. The PCC index, which shows the price trend for all stock-exchange-listed savings banks, climbed 12 per cent in 2001.

A relatively stable price for the bank's PCC compared with OSEBX and the financial index may have several reasons, among them the announced conversion to limited company status. Another is that the bank's results are in line with market expectations. In a turbulent share market a savings bank with its main focus on the private market and SMB sector in Norway is viewed as a relatively safe haven.

Owner policy at Union Bank of Norway
Union Bank of Norway's objective is to manage its resources in such a way as to ensure a return on equity that is competitive with comparable investments in the market. The bank's target for return on equity is set at 15 per cent after tax.

The bank's owner and equity policy remains unchanged from previous years:

Union Bank of Norway's objective is to achieve results that provide the basis for a return on the bank's equity capital that is competitive in the market. Of the annual net profit, the bank aims to distribute to primary capital certificate holders, in the form of cash dividend and allocation to the dividend-equalisation fund, a sum that reflects their share of the equity capital. Priority will be given to distributing a sound annual cash dividend in order to ensure a direct return that is competitive with comparable investment mediums in the market. Variations may occur in the relative distribution of cash dividend and allocations to the dividend-equalisation fund in situations where particular importance needs to be attached to the use made of the bank's equity capital.

The company's owner and dividend policy will be reviewed in connection with the conversion to limited company status.

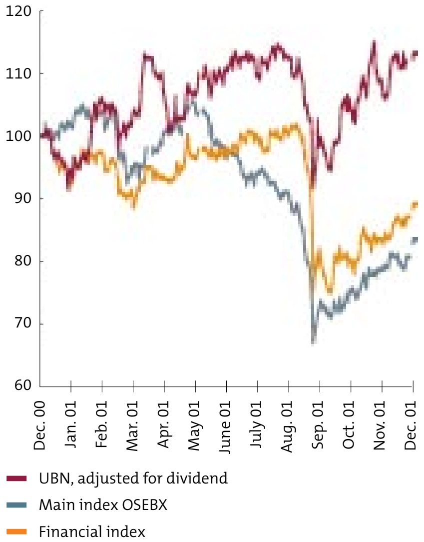
On 20 March 2002 the Committee of Representatives adopted the Group Executive Board's recommendation to set Union Bank of Norway's ordinary dividend for the financial year 2001 at NOK 17 per primary capital certificate. This is in accordance with the established dividend policy. It entails a payout ratio of 52 per cent, and a direct return of 6.2 per cent. The ex dividend date was 21 March.

Dividend tax removed
In the autumn of 2001 the Storting decided to remove the tax on dividend that had been introduced in 2000. The decision affects those of the bank's PCC holders who are liable to personal tax in Norway.

The preliminary RISK amount (RISK is the Norwegian acronym for Adjustment of Acquisition Value by Taxed Capital) for each primary capital certificate in Union Bank of Norway entails a positive adjustment of about NOK 17.50 based on the adopted accounts for 2001. The PCC's acquisition value is adjusted for that portion of the retained profit that accrues to the PCC holders, i.e. the portion transferred to the dividend-equalisation fund. The same adjustment rules will apply after the bank becomes a limited company.

Primary-capital-certificate capital
Union Bank of Norway's PCC capital was stable in 2001, and at year-end comprised 46 889 356 primary capital certificates at a nominal value of NOK 100 each. Each certi-

UBN and Oslo Børs



UBN and European banking index

ficate carries one vote in the PCC holders' election meeting. PCCs are quoted on the Oslo Stock Exchange and feature in the PCC index. Union Bank of Norway's market capitalisation came to about NOK 12.7 billion at year-end, an increase of 5.8 per cent over the previous year, making the bank the ninth largest company on Oslo Børs.

Upon conversion to a limited company, Gjensidige NOR ASA's market capitalisation will be about NOK 23 billion based on the price at end-2001. The new company will be one of the largest on Oslo Børs, and will feature on both OSEBX and OSEAX. What weighting is given to Gjensidige NOR ASA on the indices will be decided by the Oslo Børs Index Committee.

Ownership structure

At the end of 2001 Union Bank of Norway's PCC holders totalled 21 611. The share of primary capital owned by foreign investors rose from 35 per cent at end-2000 to 48 per cent at end-2001. It was above all Norwegian limited companies, non-life insurance companies and organisations (in the category «other») that reduced their owner share, by about 6 per cent, over the year. Norwegian institutional PCC holders were relatively stable, reducing their share from 8 per cent to 7 per cent in 2001. PCC capital owned by wage-earners/pensioners fell from 26 per cent to 22 per cent. The 64 largest holders in Union Bank of Norway owned about 60 per cent of the capital at the end of 2001. See note 30 in the accounts for an overview of the 20 largest PCC holders in Union Bank of Norway.

On the date for conversion to limited company the new owner structure will be:

	No. shares	*Percentage*
PCC holders at Union Bank of Norway	46 889 356	53.9%
Bank foundation	20 968 000	24.1%
Gjensidige NOR Forsikring	11 254 000	12.9%
Life insurance foundation	7 885 000	9.1%

Turnover and liquidity

Turnover of Union Bank of Norway's PCCs on Oslo Børs in 2000 came to NOK 38 million, equivalent to a daily average of 153 000 PCCs and a turnover rate for the year of 81.8 per cent. In monetary terms Union Bank of Norway's PCC was the 15th most traded security on Oslo Børs. Trading in ad hoc options in Union Bank of Norway's PCC is negligible.

Rating

Union Bank of Norway is continually rated by Standard & Poors, Moody's and Fitch Ibca, the world's leading rating agencies.

Rating agency	*Agreement in effect since*	*Short-term*	*Long-term*
Standard & Poor's	2000	A-1	A
Moody's	1996	P-1	A-1
Fitch Ibca	1987	F1	A+

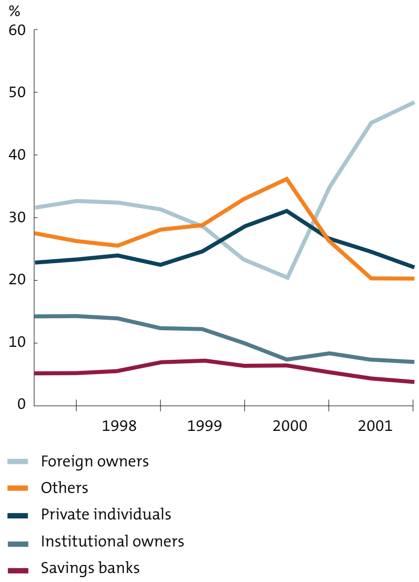
Investor Relations

The bank seeks to make clear the value of owner assets by pricing its PCC as correctly as possible. Correct pricing is achieved by providing timely and correct information to the financial market, ensuring good knowledge of the bank among national and international analysts, and maintaining an outgoing presence in trend-setting investor circles.

Union Bank of Norway arranges presentations of its accounts and telephone conferences with foreign countries on a quarterly basis. It also aims to organise at least one capital markets day per year with a view to providing analysts and investors with even better knowledge of the company.

Accounting reports, presentations, stock exchange notices and press releases are published on the bank's website at www.gjensidigenor.no/investor and posted on Oslo Børs' electronic noticeboard. Quarterly reports and the investor magazine «Notert» are distributed to the bank's PCC holders on a quarterly basis.

Ownership structure UBN



New structure for Gjensidige NOR

Gjensidige NOR decided in the summer of 2000 to seek to change the group structure, and to convert Union Bank of Norway and Gjensidige NOR Spareforsikring to limited companies owned by a stock-exchange-listed holding company, Gjensidige NOR ASA. Gjensidige NOR Forsikring will remain an autonomous, customer-owned company.
A wide-ranging, strategic cooperation agreement on a shared brand identity and common distribution system will be entered into between the two groups. Gjensidige NOR Forsikring will be a substantial co-owner of Gjensidige NOR ASA.

The rationale for the change is to strengthen Gjensidige NOR's competitive position, partly by simplifying the group structure, but primarily by ensuring Gjensidige NOR the same regulatory framework and access to equity capital as that enjoyed by its competitors.

Gjensidige NOR ASA and Gjensidige NOR Forsikring together form the Gjensidige NOR Group. On the insurance front an extensive collaboration has been established with 20 fire insurance companies. A similar collaboration is in place with four regional and nine local savings banks in areas of the country where the bank lacks a branch network. The Gjensidige NOR Group and collaborating companies make up the Gjensidige NOR Alliance.

Ownership structure of Gjensidige NOR ASA
Based on recommendations and analyses provided by external financial advisers, Merrill Lynch International and Alfred Berg Norway, the Group Executive Board arrived at an exchange ratio that values the bank at 78 per cent, and the savings business at 22 per cent, of the shares in the holding company Gjensidige NOR ASA. The shares will be distributed among Union Bank of Norway's PCC holders, the savings bank's reserve, Gjensidige NOR Forsikring and Gjensidige NOR Spareforsikring's policyholders.

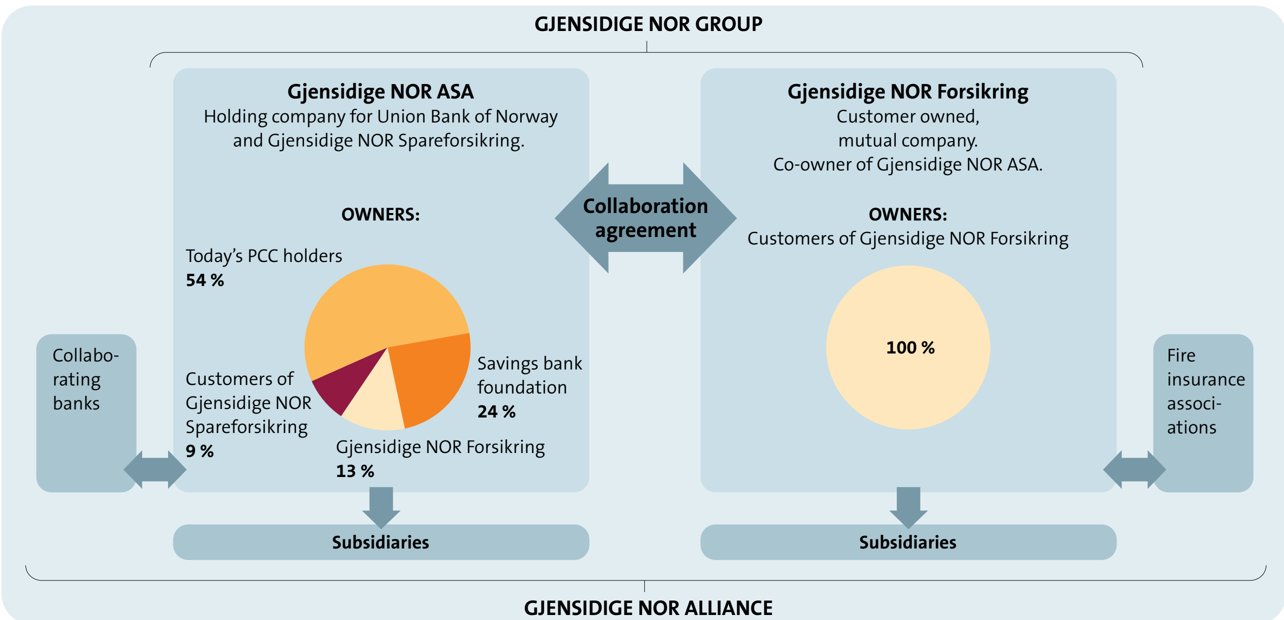
Gjensidige NOR Forsikring's ownership interest on the date of conversion (13 per cent) emerges with the conversion of the company's PCC capital in Gjensidige NOR Spareforsikring to shares in the new holding company. Union Bank of Norway's present PCC holders will receive 54 per cent of the new company's shares. A foundation will be established to manage the shares whose basis is the assets currently held in Union Bank of Norway's surplus reserves. These reserves will constitute 24 per cent of the shares of Gjensidige NOR ASA.

Gjensidige NOR Spareforsikring's customers have proprietary rights in the company. These assets will be allocated to the customers as soon as possible after conversion, either in the form of shares or in the form of cash. Aggregate assets of customers of Gjensidige NOR Spareforsikring make up 9 per cent of the shares of Gjensidige NOR ASA.

Ahead
The highest governing bodies of Gjensidige NOR have unanimously come out in favour of a simpler group structure and conversion of two of the main companies of Gjensidige NOR. Current legislation does not permit a savings bank to convert into a limited company. In February 2002 the Storting took a fundamental stand in favour of a change in the law. The government has announced that a Bill will be tabled in the Storting in the near future allowing a law change to take effect during the spring session.

The authorities attach much importance to substantive protection against undesired takeovers of converted savings banks. What form such protection would take will be clarified during the legislative process ahead. Special provisions for converted savings banks can be expected to refer to rules governing savings bank foundations.

Conversion and reorganisation of the group needs prior official approval. Assuming there are no delays to this process, Gjensidige NOR ASA's shares could be admitted to stock exchange listing around mid-2002.



The Gjensidige NOR brand

After the conversion of Union Bank of Norway and Gjensidige NOR Spareforsikring to limited companies, Gjensidige NOR will consist of two groups - Gjensidige NOR ASA and Gjensidige NOR Forsikring. To the world at large, however, the two groups will appear under the brand name Gjensidige NOR.

A shared, strong brand image enables financial economies and positive spin-offs, for example via joint marketing. In 2001 a joint company was set up for the Gjensidige NOR Group designed to exploit this potential and to ensure that the opportunities for cross-sales inherent in a customer base of two million are turned to maximum account.

In the spring of 2001 the brand name Gjensidige NOR was defined and anchored in the entire Gjensidige NOR Group. The core values can be summarised in the words helpful and accessible, and the group aims to be associated with personal characteristics such as leading, reliable and friendly.

One of Gjensidige NOR's advantages is its fine-meshed network of sales and advisory offices. The interplay between the branch network and other distribution channels will be crucial to the group's success in maintaining its strong customer relationships, which are a feature of Gjensidige NOR, in a technologically more advanced world. Regardless of channel, Gjensidige NOR wants to come across to the customer as helpful and accessible.

Concerted effort

Since the amalgamation of the two leading brands Gjensidige and Sparebanken NOR in 1999, the effort to create a shared brand image has been at centre-stage in the organisation. Much of the work involved has consisted in mapping the existing brand image position, gauging the market's own perception of the brand, and defining core business.

People are the true asset

The values inherent in Gjensidige NOR's brand image are reflected in the people in the enterprise. Work on further developing and profiling the brand image internally and externally proceeded throughout the organisation in 2001. The aim is to make the brand image's values and personality features clear and visible to staff, customers and the market. Only when the customer has a clear perception of Gjensidige NOR as helpful and accessible have we succeeded in building a credible brand image.

Helpful...

Knowledge is needed in order to be helpful. Knowledge of customers, market and products. Helpfulness is on the customer's premises, taking a basis in his or her demands and wishes. Gjensidige NOR must always put the customer's needs first when communicating with the customer and developing products.

...and accessible

Coming across as accessible is a matter of something as banal as long opening hours, satisfactory follow-up of the customer and being accessible and service-minded on the phone and in e-mails. Customers must to a greater degree be free to choose how and when to do their banking and insurance transactions. But accessibility is also about communicating in a comprehensible and simple way, whether it is matter of a damages settlement or the bank's interest rates.

One voice

A group-wide brand image presupposes that the Gjensidige NOR Group speaks with one voice and views the customer as a mutual responsibility. The benefits of being a Gjensidige NOR customer will become clearer with the development of new multi-relationship-customer programmes targeting those who are both banking and insurance customers. Moreover, the group is continuing to coordinate communication with the market around a small number of joint marketing activities. The biggest task ahead will be to develop the organisation in accordance with the values underlying the brand image, so that the customer actually perceives Gjensidige NOR to be helpful and accessible.

CUSTOMERS

At year-end Union Bank of Norway had a total of 907 400 customers, all market areas included. Of this figure, 810 300 are retail customers. 100 000 customers are below the age of 14, and 350 000 are below 35. The age-mix of the bank's retail customers has been stable in recent years.

Meeting the customer

Union Bank of Norway has a decentralised organisational structure. The two large core areas Oslo/Akershus/Østfold and Østlandet/Kysten are based on the bank's geographical representation. Each area employs a multi-channel strategy in which sales and advisory offices work in a close interplay with the bank's other channels: the Internet bank, customer service centres and sales centres.

In areas where Union Bank of Norway is not physically present, the bank has agreements with other savings banks. Vika Bank is Gjensidige NOR's Private Banking unit, targeting the top segment of the retail market.

OSLO/AKERSHUS/ØSTFOLD

The core area Oslo/Akershus/Østfold enjoys a good position in the market. Competition is intense, and product development and new solutions are at a premium.

Oslo/Akershus/Østfold reported an excellent result for 2001. Operating profit before losses and extraordinary items was NOK 1 076 million. Net losses in 2001 came to NOK 65 million and operating profit after losses and extraordinary items was NOK 1 011 million. Loans and deposits showed growth of 11 and 3 per cent respectively at year-end. The customer spread narrowed by 0.08 percentage points.

At year-end this core area had 964 FTEs and 443 000 customers.

The main objective for 2002 is a return on equity of at least 15 per cent after calculated losses. Objectives are also set for the cost ratio, customer satisfaction and staff satisfaction.

Ability to team-work

The above objectives will be achieved by applying the bank's multi-channel strategy to distribution, an area where steps have been taken to upgrade skills and the ability to interact. Technical solutions will be put in place to support interplay between the distribution channels.

On 29 October functions were reorganised to support the multi-channel strategy. The investment centres were unified under a joint leadership, and the retail market was divided into four areas. These service the retail market and parts of the small business segment together with Customer Service Centre and Sales Centre. The reorganisation will boost market power at the local level and sharpen the focus on savings and investment while customers will be free to choose their preferred mode of service.

In the course of the year the direct banking facility, Parat24, joined the savings bank's multi-channel strategy, and is closely involved in realising the plans for a full-service Internet bank. Parat24's organisation will be part of the core area Oslo/Akershus/Østfold as from 1 March 2002.

As a direct bank, Parat24 has accumulated substantial expertise in combining Internet-based services with sales and advice over the phone and web. The rapidly growing popularity of Internet-based services means that the bank's customers will come to expect the same level of customer-handling as customers of the direct bank. Rather than develop two parallel distribution concepts, resources and competence are now brought together in a single channel.

Corporate sector

Corporate sector operations were reorganised in light of the establishment of Gjensidige NOR Merchant Bank and the associated distribution of functions. There are now eight business centres in this core area which service small and medium-size enterprises, and six customer sections responsible for the largest customers in their respective sectors, including customers in large organisations and the public sector.

ØSTLANDET/KYSTEN

This core area services the bank's customers in the retail market, the regional business/corporate sector and the public sector in the counties of Buskerud, Telemark, Oppland, Vestfold, Sør-Trøndelag, Troms and Finnmark. The bank is also represented in Bergen, Bodø and parts of Nord-Trøndelag.

The area achieved excellent results in 2001. Operating profit before tax was NOK 984 million, on a par with the figure for 2000. When corrected for payment of the levy to the guarantee fund (no payment was levied in 2000), the result improves by NOK 52 million or about 5 per cent. Net losses for 2001 totalled NOK 53 million.

At end-2001 customers numbered 402 000, equivalent to a net increase of 10 000 over the year.

FTEs were reduced by 40 in 2001 to number 1 063 at year-end.

HOW CUSTOMERS USE THE BANK

Electronic transactions accounted for 77 per cent and manual transactions for 23 per cent of all bill payments by retail customers in 2001. There were 2.9 million fewer manual transactions in 2001 than in the previous year. Use of postal giro fell 23 per cent, whereas use of standing-order giro mandates rose 47 per cent.

Rapid deposit growth
This core area focused heavily on the savings and investment market in 2001. This generated substantial volume growth both in terms of ordinary bank saving and investment in fixed income funds. Investment in equity funds declined, however, due to events in the share market. The area's deposit portfolio was worth NOK 38.6 billion at end-2001, corresponding to an increase of as much as 20 per cent on an annual basis.

Lending growth amounted to NOK 64.6 billion, or 10 per cent, as of December 2001. Growth was primarily in the retail market (13 per cent), while growth in the business and public sector markets came to 4 per cent. About two-thirds of the loan portfolio is in the retail market.

Market position
The bank is a substantial market player in the south-eastern counties with market shares of some 40 per cent in Oppland and Vestfold alike. Market share is appreciably lower in Bergen and in counties from Trøndelag northwards.

The bank decided to establish a sales and advisory office in Stavanger in order to strengthen market positions in western Norway. Moreover, the bank signed an agreement to take over Gjensidige NOR Spareforsikring's investment centres and customer portfolios in Stavanger and Møre.

The above moves are related to the termination of the cooperation agreement with Sandnes Sparebank and Sparebanken Møre, and the good customer relations that other business areas in Gjensidige NOR enjoy in this part of the country. In Bergen an innovation centre is being established which will be responsible for the growth industry fisheries and aquaculture.

COLLABORATING BANKS
Union Bank of Norway operates a main agreement with four district savings banks. These banks are all leaders in their local markets, and cover geographical areas where Union Bank of Norway has no market presence. The four banks are: Sparebanken Hedmark, Sparebanken Sogn og Fjordane, Sparebanken Sør and Sparebanken Rana.

The close relationship between Union Bank of Norway and the collaborating banks springs from IT cooperation. In recent years the collaboration has become more market-oriented, and key elements in the agreements are utilisation of a joint distribution network and cooperation on sales of Gjensidige NOR's entire product range. The main agreements also contain a market sharing principle whereby each collaborating bank, with some exceptions, is the brand holder for bank products within its particular geographical area.

Union Bank of Norway also operates less wide-ranging agreements with nine local savings banks that cover municipalities/ districts where neither Union Bank of Norway nor collaborating banks have a market presence.

VIKA BANK
Vika Bank is Gjensidige NOR's Private Banking operation, and targets the top end of the retail market. Vika Bank is a full-service bank for its segment and offers spearhead competence in advanced savings products, advanced financial and legal counselling and specialised financing solutions.

Vika Bank provides impartial product advice and solutions and is characterised by very high service quality and close to its customer relations.

The year behind us
Vika Bank was founded in 1996, and was turned into an internal company with its own board on 1 January 2001. Thus 2001 was its first year of operation as an organisational business unit in its own right.

2001 was a new growth year for the bank. Loans totalled NOK 1 548 million, deposits NOK 1 880 million and group investments NOK 602 million. Balance sheet assets expanded by around 18 per cent.

By year-end the bank had the agreements in place needed to ensure a broad-based distribution of mutual fund products from a number of the best fund managers in Norway and abroad. This rounds off the bank's strategic aim of being a product-neutral adviser to its customers.

Market conditions
The Private Banking market in Norway features vigorous expansion and a growing number of new players. This is a result of reorganisation of existing bank structures as well as of new establishments. Moreover, a number of foreign players have started private banking operations in Norway, and many non-bank players are offering investment services in this market.

Mission and strategy
Developing a complete range of investment-advice and asset-management services, as well as financial solutions, advanced private financial counselling and everyday banking services, was a fundamental strategic policy choice for Vika Bank. By offering the customer complete financial solutions tied in with ordinary banking services, Vika Bank is taking its place as a one-stop provider. This substantially broadens the traditional definition of Private Banking.

Vika Bank currently has a 20-strong staff and is located at Olav Vs gate 5 at Vika in Oslo.

ELECTRONIC MONEY TRANSFERS
The number of Internet bank customers rose by 53 per cent in 2001, and by year-end 172 000 were using this service. The Internet bank at www.gjensidigenor.no averaged 23 000 loggers-on daily. Each customer carried out an average of 5.2 transactions per month.

Core area Payment, Settlement & Banking Services

This core area is an innovation centre for development and delivery of financial and cash management services to Union Bank of Norway's customers. The core area is responsible for strategy, business and product development, infrastructure and sales support along with day-to-day operations and quality of service provision.

The Internet has substantially changed the way customers utilise banking services. The Internet is widely used in Norway, and the number of Union Bank of Norway's customers that do their banking from home rose by 53 per cent in 2001.

Customer's freedom of choice
The Internet bank will be further developed into a top-flight service channel with a range of products, services and advice approximately equal to the bank's other service channels.

Whereas some financial services will be automated, the customer is offered freedom of choice and access to customer advisers in specialist areas such as savings, investment and loans.

For the business/corporate sector an Internet solution will provide an alternative to current solutions for this sector. For the customer it means an improved range of services as well as new and more flexible cash management solutions.

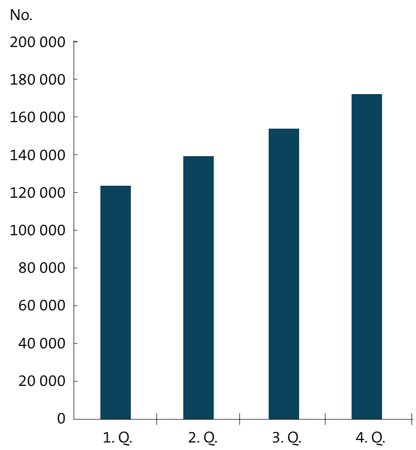
Collaboration on security
Collaboration between Norwegian banks has brought Norway into the front line in terms of efficient and safe cash management. The development of a joint solution for reliable identification when making payments over the Internet (BankID) is a joint project that will prove its value in 2002. Union Bank of Norway will be a proactive contributor in this field.

Focus on quality
High quality services provided by skilled staff are a prerequisite for customer satisfaction. To this end we launched in 2001 the «Integrated Quality System» project.

The market confirms that we are on the right track: the Custody area was ranked number one in its field in Norway by two international trade journals in 2001 on the basis of customer polls.

Licensed in Sweden
Union Bank of Norway was licensed as a settlement bank by the Swedish central bank in 2001. This means we can offer our customers full access to competitive services in Sweden's banking system without needing to establish branches in that country.

Customer trend Internet bank 2001



CASH DISPENSERS
Union Bank of Norway had 200 cash dispensers deployed at year-end.
In recent years the number of cash dispensers has been cut back due to changed customer behaviour. An average of 6 800 withdrawals were made from cash dispensers per month in 2001. A new offering from Gjensidige NOR enables customers to use cash dispensers to prepay mobile phone cards.

Cresco

With 19 credit and payment card concepts in the market, Cresco is one of Norway's key players in the field. Cresco's headquarters are in Trondheim and the credit card operation has several distribution channels, both directly in the mass market and indirectly via partners.

Cresco meets customers' cash-flow needs through short-term, unsecured credit. Earnings on its products derive from interest, commission from Visa/MasterCard and annual charges. Collaboration with commerce and trade and large organisations accounts for a large portion of Cresco's work.

The year behind us

2001 was a fine year with sound growth and good results in all market areas.

The main product, Kjøpekort, was redesigned and changed name to Accept Card Reserve. Its versatility was improved by a link-up with MasterCard.

Shell Scala Card was launched, and an Internet bank for credit cards was introduced.

ePurchasing, a fully electronic end-to-end commercial solution, was launched in conjunction with Tybring Gjedde.

AcceptFinans, a company in the credit card business in Denmark, was sold in 2001. To avoid name confusion, the name of the credit card operation in Norway was changed from Accept Card to Cresco with effect from 1 January 2002.

Market situation

Cresco's share of the Norwegian market for unsecured credit to private individuals is 17 per cent. Outstanding loans totalled NOK 4.9 billion as at 31 December 2001. The year brought an increase of 21 per cent in the volume of lending. Cresco has more than 500 000 customers.

Cresco's business comprises the following market areas: the retail market, including all card concepts sold directly to private customers, the organisation market, corporate market and personal consumer loans. The latter includes unsecured loans sold via agents and directly to private customers. Cresco is one of the largest players in this market.

Objectives and strategies

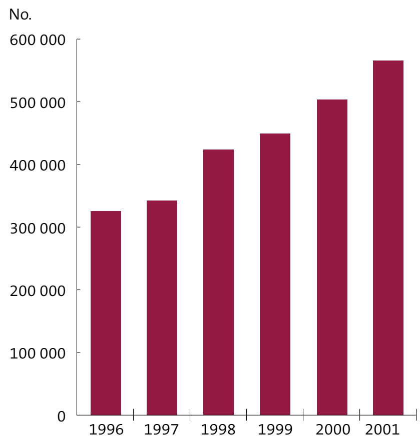
Through their broad-based distribution, the bank and Cresco frequently meet as competitors. This is both natural and necessary. The bank covers customers' total needs for credit and payment cards in all sub-markets where we maintain a presence. Cresco's strategy is that its credit cards should be the «number two cards» for Union Bank of Norway's customers. There is a large potential here for additional sales.

Use of cards continues to grow, and the distinction between payment and credit cards is being erased. In this market situation it will be imperative for Cresco to maintain a high-quality sales culture and effort.

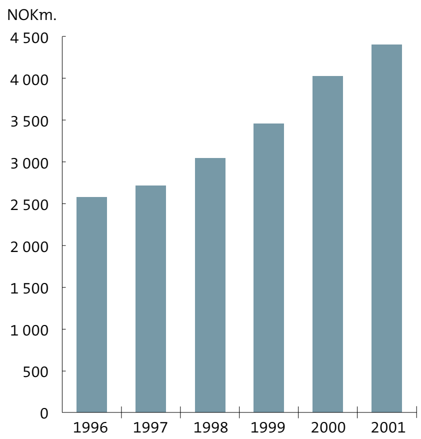
Cresco employs customer-satisfaction and staff-satisfaction surveys as a basis for improvements. This puts a focus on customer segmentation and concept development. Cresco will continue to be concerned with product innovation, and sales in the bank channel will be in focus in the year ahead. Cresco wishes to engage in aggressive customer recruitment within the framework of a prudent credit policy.

The ambition is to make Cresco Norway's leading credit- and payment card player.

Customer trend



Loan portfolio



LOANS
Broken down by sector, statistics show that 52 per cent of Union Bank of Norway's loans are to households, while 20 per cent go to real estate management, 5 per cent to manufacturing and 2 per cent to primary sectors. Lending to retail customers rose by 13 per cent in 2001, while lending to business sector customers rose by 6 per cent.

Gjensidige NOR Merchant Bank

Gjensidige NOR Merchant Bank was established in the autumn of 2001. The unit brings together the business areas Corporate Customers and Markets in Union Bank of Norway, and the subsidiary Gjensidige NOR Equities ASA. It reported an operating profit of NOK 341 million for 2001. It has a staff of 200 (FTEs).

Gjensidige NOR Merchant Bank aims to be a leading provider of banking and capital market products to prioritised segments in the Norwegian business market, and of securities services to the institutional and private investor market.

Through the establishment of Gjensidige NOR Merchant Bank, Gjensidige NOR demonstrates a determination to venture into the capital and securities market. Uniting expertise and competence in Gjensidige NOR Merchant Bank will give the unit's business environment added power both in the market and within the group.

An important priority ahead will be to develop cross-sales and intra-group deliveries. Highly specialised competence across sectoral divides and good cooperation will bring to light cross-sales potentials which will then be exploited. Good cooperation on customers and sales with the remainder of Gjensidige NOR and with collaborating banks is crucial to success.

The market for services to Gjensidige NOR Merchant Bank is expected to expand: more and more companies are meeting their capital needs through a combination of securities issues and bank borrowing. Moreover, transaction numbers are expected to increase as a result of restructuring. The Internet will be a highly important sales channel in the years ahead, particularly for Markets and Gjensidige NOR Equities. This will require a continual focus on Internet-based services.

CORPORATE CUSTOMERS

Corporate Customers delivers financial products and solutions to major Norwegian companies. Norwegian companies with capital market needs to whom Corporate Customers can provide several of the group's products, are key customers. The division has very high aspirations in terms of delivering competence and quality.

The Corporate Customer Division has taken its place as a competitive provider in the majority of sectors, and strengthened its position in the corporate market in 2001. This is thanks to existing and new customer relationships, and to the fact that acquisitions and structural changes produced an appreciable increase in the number of complex and structured financing solutions.

The division's service concept builds on close customer relationships, high expertise and tailored solutions. Specialist competence has been developed in specific sectors, while specialised environments deliver products in the field of cash management and syndication.

Operations are organised in the business units manufacturing, commerce, energy, shipping as well as banking and finance. In the autumn of 2001 a section was established for information and communication technology (ICT) and media.

CONSUMER PURCHASES BY DEBIT CARD

Sixty million consumer purchases were paid using debit cards in 2001, 15 per cent more than in the previous year. The average amount per card payment was NOK 475. A cardholder survey by the Banks' Central Clearing House shows that 64 per cent of customers prefer to pay by card.

Success is above all dependent on a competent organisation and top qualified, motivated staff. An extensive skills-building programme has been established.

GJENSIDIGE NOR EQUITIES ASA
Gjensidige NOR Equities ASA (formerly Karl Johan Fonds ASA) is the group's stockbroker and adviser in the field of capital market products. The company is now wholly owned by Union Bank of Norway. In 2001 it reported a deficit of NOK 1 million compared with a profit of NOK 34 million the previous year.

Gjensidige NOR Equities ASA further strengthened its capacity and competence in the field of analysis and advice in 2001. The company's analysis department now comprises 13 analysts who, together with an experienced stockbroking department, will play an important part in the continuing focus on the institutional investors market. The establishment of Gjensidige NOR Merchant Bank will give added focus to Gjensidige NOR Equities' business areas within the Gjensidige NOR Group and will make for increased potentials in the advisory field.

Gjensidige NOR Equities ASA has a 4 per cent share of the secondary market at Oslo Børs in volume terms and about 7 per cent in terms of number of transactions. Thanks to Gjensidige NOR's distributive power the company has a substantial investment capability where major investments are concerned, which it turned to account in connection with the market debuts of Statoil and Telenor.

The company aims to increase its share of trading at Oslo Børs. A combination of the company's own development and the establishment of Gjensidige NOR Merchant Bank will give Gjensidige NOR Equities ASA a position that more fully reflects the fact that the company is a part of Norway's second largest financial conglomerate. It will be imperative in this context to exploit the comparative advantage inherent in the Group's large private customer base.

GJENSIDIGE NOR MARKETS
Gjensidige NOR Markets is responsible for Union Bank of Norway's operations in the areas of foreign currency, derivatives, fixed income products and bond markets. Markets primarily services Norwegian customers as well as a number of international customers. Operations in 2001 featured higher activity levels and reflected changes in financial markets resulting from the international economic downturn. The terrorist strikes in the USA on 11 September reinforced these tendencies.

Currency and interest rate movements in 2001 faced business customers with a number of challenges. The year was marked by growing uncertainty and many customers were concerned to reduce their financial exposure. Gjensidige NOR Markets helped customers select products to hedge against undesired currency or interest rate fluctuations. This gave Markets the opportunity to put together product solutions that either produced added return or reduced financial risk, or both.

Gjensidige NOR Markets' share of the certificate and bond market was on target. Where Norwegian fixed income products are concerned, the unit is among the three biggest players in the market and is making inroads into the currency product market.

The main objective for 2002 is to enhance customer earnings. Gjensidige NOR Markets wishes to do this primarily by offering tailored customer solutions, and is further developing products to this end on both the lending and investment side.

CUSTOMER SPREAD
The customer spread was a stable 2.9 per cent in 2001, 0.2 percentage points lower than the previous year. The customer spread represents the bank's earnings in the form of the net average lending rate and deposit rate. As of year-end the customer spread broke down to 1.3 per cent on lending and 1.6 per cent on deposits.

Savings and investment

Avanse Forvaltning AS retained its position as Norway's leading fund manager in 2001. The other savings companies in which Union Bank of Norway has a stake - Gjensidige NOR Kapitalforvaltning and Gjensidige NOR Fondsforsikring - also consolidated their market positions in a weak stockmarket year.

Gjensidige NOR is well positioned in the market for savings and asset management, both as a distributor and product provider. Once Gjensidige NOR Spareforsikring and Union Bank of Norway have acquired limited company status, ownership of all the savings companies mentioned will be assembled in Gjensidige NOR ASA. The simplified group structure will reinforce Gjensidige NOR's market power in the expanding savings and investment market. In the past two years Gjensidige NOR has established 29 investment centres, and in 2001 the bank took over the life company's portfolio and distribution in the retail market.

The life company Gjensidige NOR Spareforsikring is a customer-owned company which, like the savings bank, will be converted to a limited company owned by Gjensidige NOR ASA. Gjensidige NOR Spareforsikring leads the retail market in Norway, and reported a positive transfer balance in 2001. It was a particularly good year for sales of group pension schemes both to private firms and to local authorities and other public sector institutions. Nine local authorities, representing a transfer value of NOK 923 million, opted for Gjensidige NOR as their pensions provider. Although the company ran a deficit in 2001, it maintained a satisfactory capital adequacy ratio of 9.8 per cent.

In addition to ensuring distribution on behalf its own product providers, Union Bank of Norway has expanded its range of funds from external managers. This means a greater choice for customers, while the bank strengthens its position as a distributor and is seen as a neutral adviser to a greater degree. In parallel with this trend, Gjensidige NOR's own product providers will be offering their products via a greater number of distribution channels.

AVANSE FORVALTNING AS

Avanse Forvaltning AS is the country's largest fund manager. It had NOK 27.6 billion under management at end-2001, and generated a pre-tax operating profit of NOK 15.4.

At year-end Avanse managed 42 funds, of which 30 are managed internally, nine externally through fund-in-fund mutual funds, and four through advisory service agreements with Gjensidige NOR Kapitalforvaltning ASA. Union Bank of Norway owns 70.8 per cent of Avanse, Gjensidige NOR Spareforsikring 26.5 per cent. 63.5 per cent of investments in the company's funds is via Union Bank of Norway and collaborating savings banks. The company reports to the core area Savings in Gjensidige NOR.

The year behind us

In the course of the year Avanse added six new funds to its range. Four of the funds invest in funds managed by Merrill Lynch, while Gjensidige NOR Kapitalforvaltning ASA is adviser for one of the funds. In the autumn of 2001 Avanse signed an agreement with Fidelity Investments International to sell their funds. Gjensidige NOR wishes to cultivate its producer and distributor role, and by that means achieve a stronger focus on its core tasks. To this end the customer dialogue functions and distribution support in Avanse Forvaltning AS were outsourced to Gjensidige NOR Kapitalforvaltning ASA and Gjensidige NOR Spare- og Investeringstjenester AS.

Market situation

Major international players in the fund management industry have forged alliances with Norwegian distributors, and the range of mutual fund products available has expanded. As a part of this trend the public have gained greater awareness of the variety of investment mediums, and have easier access to them thanks to new technology. Avanse Forvaltning AS led the Norwegian market with a market share of 21.0 per cent at year-end, and had 430 887 customers at the same point.

Objectives and strategies

Avanse Forvaltning AS aims to be the best known mutual funds brand in Norway, and to achieve a pre-management-fee return among the best 25 per cent of comparable funds. A further aim is to achieve a better pre-management-fee return than the respective funds' reference indices. It also aims to take the highest market share among members of the Norwegian Mutual Fund Association, and to be an attractive employer that recruits and retains qualified, motivated and experienced staff.

TELEPHONE BANKING

Telephone banking is the channel most used by customers for their day-to-day banking. Last year 91 000 calls were made per day to this facility on telephone number 815 00 200. In the full year customers carried out 9.2 million transactions via this channel. Union Bank of Norway also has six customer service centres providing personal service by phone.

GJENSIDIGE NOR KAPITALFORVALTNING ASA

Gjensidige NOR Kapitalforvaltning ASA manages capital for large firms and institutions, as well as for organisations and private individuals. Profit before tax came to NOK 70.1 million in 2001.

Gjensidige NOR Kapitalforvaltning had NOK 75,9 billion in assets under management at the end of 2001. It managed NOK 11.8 billion for customers outside Gjensidige NOR compared with NOK 8.5 billion at the start of the year.

Union Bank of Norway owns 70 per cent of the company, Gjensidige NOR Spareforsikring 30 per cent. The company reports to the core area Savings in Gjensidige NOR.

Gjensidige NOR Kapitalforvaltning meets the Global Investment Performance Standard (GIPS standard). The company's management performance can thus be compared with leading managers across the world.

The year behind us

The results for 2001 are satisfactory and above expectations, despite a very difficult year in financial markets worldwide.

New management agreements and enlargements of existing agreements were formalised in 2001 to a total value of NOK 5.7 billion. As previously, the company won mandates in the face of international competition and managed 52 mandates at year-end.

The former corporate customer unit in Avanse Forvaltning was transferred to Gjensidige NOR Kapitalforvaltning ASA with effect from 1 April 2001. Over the year the company established an integrated markets department for the corporate customer segment.

Market situation

The slump in world share markets in 2001 has not weakened the company's belief that there is a strong underlying need in the market for increased saving for retirement.

Objectives and strategy

Gjensidige NOR Kapitalforvaltning's main aim is to be the leading management company for institutional customers in Norway. To achieve this the company will give added focus to product and business development. It will also seek to exploit the opportunities offered by changed parameters for the industry.

Gjensidige NOR Kapitalforvaltning ASA has launched a fund management company in Dublin in Ireland. The establishment will make it possible to offer advanced management products.

Extra return for customers, high staff satisfaction and good relationships with existing and new customers will remain the basis for the company's evolution, and crucial for success in the market in the longer term.

GJENSIDIGE NOR FONDSFORSIKRING AS

Gjensidige NOR Fondsforsikring AS delivers unit-linked pension products to private individuals and the business/corporate sector. The company's pre-tax profit came a negative NOK 5.7 following a loss of NOK 4.8 million in 2000.

Union Bank of Norway and Gjensidige NOR Spareforsikring own the company on a 50/50 basis. The company reports to the core area Savings in Gjensidige NOR.

«Unit-linked» means that the customer is responsible for the management of his/her pension resources by choosing from a mutual fund menu prepared by the company. Since 1 January 2001 Gjensidige NOR Fondsforsikring AS has been integrated with Gjensidige NOR Spareforsikring, and employs this company's resources for sales purposes in the business market. Union Bank of Norway is employed for distribution in the private market. Gjensidige NOR Fondsforsikring AS now offers 24 different funds from three fund providers.

The year behind us

Last autumn the company launched a contributory pension product for the business sector where staff are given an investment choice for pension resources financed by the company. About 20 such agreements were signed in the year's last quarter, and there are high expectations of this product ahead.

Premium income totalled NOK 705 million compared with NOK 956 million the previous year. Customers saw a drop in the value of their investments averaging about 20 per cent in 2001, so that the company's assets under management showed only a modest increase: from NOK 1 491 million in 2000 to NOK 1 787 million in 2001. The company experienced falling profit in 2001. This was attributable to a focus on the corporate market that is expected to generate healthy earnings in the longer term.

Market situation

The retail market showed a 10-15 per cent decline in paid-in funds in 2001 compared with 2000. This market currently accounts for more than 95 per cent of sold volume. The reason for the market decline was the turbulence and value reductions in stock-markets which prompted greater reticence among the public in relation to the company's products.

Objectives and strategy

Gjensidige NOR Fondsforsikring AS aims to take a market share of about 20 per cent in its sector. The company also intends to provide a satisfactory return for its owners within three to four years.

SAVINGS AND INVESTMENTS

Saving with a bank is the most widespread saving medium in Norway, apart from investing in real estate. Private saving for retirement, in shares or with an insurance company is increasing steadily. Saving in mutual funds has a history going back 35 years in Norway, and at year-end Union Bank of Norway's subsidiary Avanse had 430 900 unit holders.

ELCON FINANS AS

ELCON Finans AS offers leasing, car financing and factoring. The company is the biggest finance company in the country. ELCON Finans has established operations in Sweden and Denmark, and achieved a profit of NOK 316 million in 2001.

ELCON Finans's business idea is to meet corporate and retail customers' needs for capital-goods finance through leasing and lending, and to meet firms' needs in terms of liquidity and improved efficiency through factoring. This is done through close collaboration with capital goods suppliers, car importers and car dealers. ELCON has assets totalling NOK 21 billion. It has 400 employees in Norway and 40 in Sweden/ Denmark.

The year behind us

The year 2001 was a good one for the company with a pre-tax return on equity of 21 per cent. The year's result was achieved in a period of heavy establishment outlays in Sweden and Denmark. Concurrently substantial investments were made in new computer systems with a view to achieving a competitive edge and improved efficiency.

The start-ups in Sweden and Denmark are a step in developing ELCON Finans into a Scandinavian player with a strong emphasis on distribution through the provider channel. The aim is to be one of the three leading players in Scandinavia in the next three years.

Market situation

Finance companies showed buoyant growth in 2001: overall sales growth is put at 20 per cent. Leasing products in particular rose sharply, although car financing and factoring also expanded appreciably.

ELCON Finans largely followed the general market trend. Over the year the company signed several substantial real estate leasing contracts with, among others, public institutions.

In the car financing field, increased competition is faced from captives (importer/producer-owned companies), specialised companies and Internet-based distribution channels. In this market situation ELCON is prioritising further development of web-based self-service solutions (ELCON24) for car dealers and Gjensidige NOR's branch network.

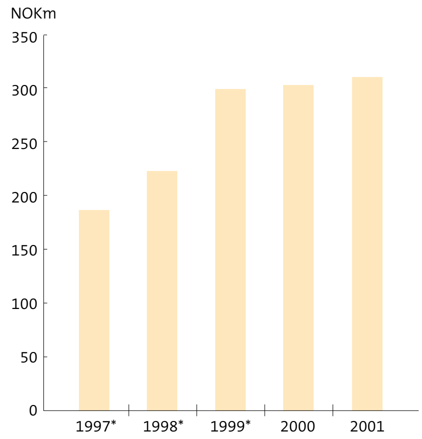
The company reinforced its international factoring operations over the year.

Objectives and strategies

ELCON Finans has established the following objectives:
- to be Norway's best finance company
- to be the market leader in leasing, factoring and car financing
- to be one of the top three companies in Scandinavia
- to achieve a pre-tax return on equity of at least 20 per cent

ELCON Finans leads the field within its product areas. Expertise, good relationships and service quality will be crucial if the market is to perceive the company as the best in Norway. The operations in Sweden and Denmark are being rapidly developed. An aim is that these businesses should be among the three or four leaders in their areas in the course of three years.

Pre-tax profit



** Pro forma figures*

GJENSIDIGE NOR EIENDOMSMEGLING HOLDING AS

The number of property transaction brokered by Gjensidige NOR Eiendom rose and the company maintained its market share in 2001. It achieved an operating profit of NOK 33 million on gross sales income of NOK 284 million.

Gjensidige NOR Eiendom is among Norway's largest real estate agency firm. It operates traditional real estate agency activities, primarily in the residential and recreational property sectors. The company has 41 branches and 259 staff (FTEs). Property sales arranged in 2001 totalled 9 251, an increase of about 200 on the previous year. Market share was stable at about 10 per cent.

The year behind us

The company established new offices in Haugesund and in Økern in Oslo. Its focus on high quality services was confirmed by the financial magazine Dine Penger in a poll carried out by Norsk Gallup which singled out Gjensidige NOR Eiendom as the real estate agent with the highest proportion of satisfied customers. In 2001 a long-term agreement was signed with the CISA real estate agency to market Spanish holiday properties in Norway. CISA is a wholly owned subsidiary of the Spanish savings bank Bancaja Group.

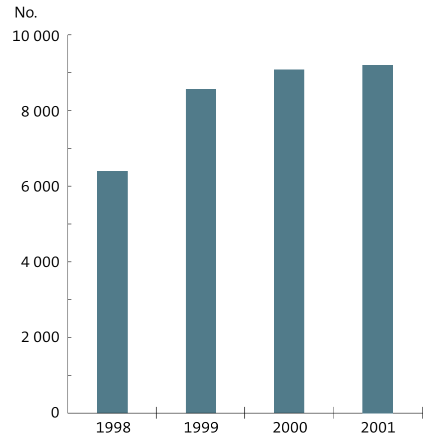
Market situation

Competition in the real estate agency sector is intense, and the franchise chains' ambition to expand is particularly noticeable. The number of real estate agency firms has risen substantially in the past few years. At the end of 2001 about 500 individual firms were registered in the country as a whole, with about 750 branches. More than half the properties sold via real estate agents in Norway are sold by firms that are owned or controlled by financial institutions.

Objectives and strategies

Gjensidige NOR Eiendom aims to maintain its position as a leading player in the real estate agency field in Norway. Almost all the company's branches are co-located with Union Bank of Norway, and its aim is to be the preferred real estate agent for the financial group's customers. Gjensidige NOR Eiendom will strengthen its venture into commercial-property and project broking. The company attaches great importance to developing new technological solutions, particularly via the Internet.

Properties brokered



SPAREBANKENES KREDITTSELSKAP AS (SPAREBANKKREDITT)

Recent years' improvement in profit performance continued in 2001. Operating profit before tax for 2001 was NOK 162 million, an increase of NOK 23 million over the previous year. Operating expenses were reduced to 0.21 per cent of total assets.

Sparebankkreditt offers long-term property financing secured by mortgage on real property. It mainly finances commercial properties such office buildings, shopping centres, stocks and hotels. The company's operations cover the whole country, although the bulk of its lending is in metropolitan areas of south-eastern Norway. Sparebankkreditt wishes to finance properties in areas where there is an active property market. The company distributes its loans itself, but funds its operations in cooperation with Union Bank of Norway.

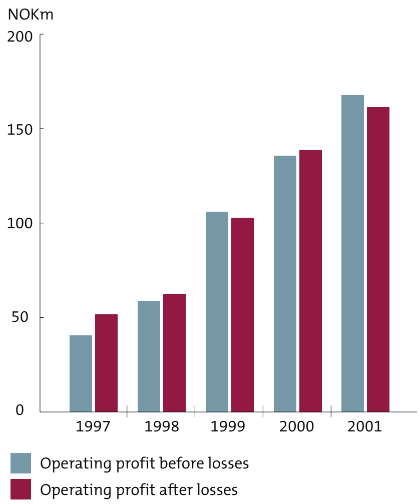
The year behind us
The loan portfolio grew by 7 per cent in 2001 to reach NOK 16.6 billion at year-end. Just under 80 per cent of this figure comprised fixed interest loans, the remainder floating rate loans. Whereas the interest margin in the fixed interest portfolio was unchanged from the previous year, market conditions in some periods enabled somewhat higher margins to be taken out on loans carrying floating interest. Thanks to the favourable trend in the interest margin and higher loan volumes, net interest income rose from NOK 172 million in 2000 to NOK 202 million in 2001. The company's operating expenses were further reduced, and losses are limited. The result of ordinary operations before tax was NOK 162 million, corresponding to a pre-tax return on equity of 14.5 per cent.

Market situation
Sparebankkreditt is one of the three leading mortgage companies in the market for financing real estate, a market in which the commercial and savings banks are also substantial players. Intensified competition in this market in recent years is reflected in pressure on interest margins and loan disbursements. After a decline in the number of mortgage companies in the early 1990s, several new companies have entered the market in the last few of years.

Objectives and profit outlook
Sparebankkreditt wishes to be a natural first choice for long-term financing of real estate with its high service quality and competence in property financing.

Sparebankkreditt expects stable but moderate lending growth to continue in the years immediately ahead. Assuming unchanged margins and falling interest rates, the company's net interest income will be on a par with the 2001 level. Assuming a continued reduction in the cost ratio and low book loan losses, the company will continue to deliver a satisfactory return on equity in the years ahead.

Results



UNION BANK OF NORWAY INTERNATIONAL S.A.

Union Bank of Norway is currently the only Norwegian bank operating in Luxembourg. The company achieved a pre-tax operating profit of NOK 42 million in 2001.

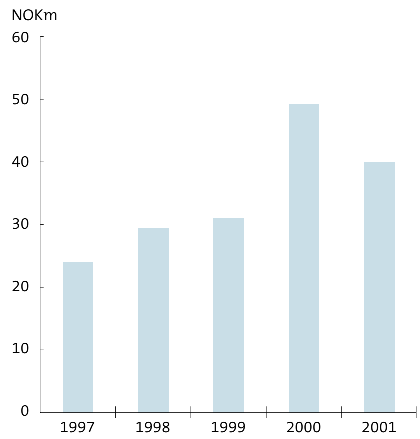
Union Bank of Norway International S.A. (UBNI) was established in 1985 and is a wholly-owned subsidiary of Union Bank of Norway. UBNI comprises three departments. *Private Banking* offers retail banking services to Scandinavians residing abroad. *Corporate Credit* provides foreign currency loans, credit facilities and project finance to Scandinavian customers, and also participates in syndications. *Treasury* mainly serves the two above-mentioned departments.

The year behind us
Like 2000, 2001 featured high-quality banking operations, and the bank has incurred only negligible losses since 1990. The operating profit of NOK 42 million was about 14 per cent lower than in 2000. The share market slump explains this reduction. Return on equity was 17.5 per cent. Assets total NOK 8 100 million.

Market conditions
Luxembourg provides a favourable setting for international private banking, but also requires a high standard of ethics. The bank has just under 1 000 private customers with a Nordic background, resident in more than 50 countries.

Objectives and strategies
UBNI's main objective is to increase the number of Scandinavian private customers (minimum initial capital is USD 200 000). The market, comprising well-off expatriate Norwegians, is growing and the need for private banking will entail an expansion for the company in this area. The focus is on asset management, and neither home-loans nor everyday banking services are offered. The bank extends loans to small and small-to-medium-size Nordic financial institutions and works closely with several savings banks in Norway.

Pre-tax profit



Governing bodies

The figures in brackets show the number of primary capital certificates held by the person indicated as at 31 December 2001. Certificates held by close family members and companies in which he or she has a decision-making position are included in the figures, in compliance with accounting regulations issued by the NBISC.

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Hans Bø, Åsgårdstrand, Chairman (21 200)

Harald Schjoldager, Deputy Chairman

Roar Arntzen, Trondheim

Norunn Tveiten Benestad, Kristiansand

Tor Ivar Bråten, Knapper (10)

Marianne Hagen, Billingstad (137)

Odd Kr. Hamborg, Ås (10)

Olav Hytta, Oslo (855)

Amund Skarholt, Oslo (321)

Ingjerd Skjeldrum, Drammen (828)

Jorund Stellberg, Austrheim

Stig Harald Trygstad, Trondheim (111)

Berit Wenaas, Oslo

GROUP MANAGEMENT GJENSIDIGE NOR

Olav Hytta, President & CEO (855)

Lars Austin, Deputy President (111)

Øyvind Birkeland, Deputy President (2 296)

Karl-Olav Hovden, Deputy President (1 801)

Bente Rathe, Deputy President (111)

Frode Helgerud, Group Director (5 131)

Jørgen Ringdal, Group Director (1 011)

BOARD OF DIRECTORS

Bjørn Sund, Lysaker, Chairman (3 000)

Per Otterdahl Møller, Skien, Deputy Chairman, Norsk Hydros Pensjonskasse (180 190)*

Sverre Finstad, Moelv, (employee representative) (223)

Hans August Hanssen, Melsomvik (100)

Stephen Gravlie Kunz, Oslo, Hafslund Invest (201 210)*

Lisbeth Lindberg, Oslo (500)

Vermund Lyngstad, Degernes (500)

Arnt Moe, Lillehammer (9 000)

Per Myklebust, Borgenhaugen

Hans-Kristian Sætrum, Oslo, (employee representative) (901)

Per Terje Vold, Hosle

Torkel Wetterhus, Nore (1 820)

** Primary capital certificates owned by the institution on whose behalf the representative is elected.*

COMMITTEE OF REPRESENTATIVES

Finn Mørch Andersen, Larvik,
Chairman (3 240)

Eva Lystad, Oslo, Deputy Chairman (341)

Representatives elected by holders of primary capital certificates

Widar Slemdal Andersen, Rælingen

Nils H. Bastiansen, Stabekk,
Folketrygdfondet (1 300 000)*

Svein Brustad, Hvalstad, Telespar (26 540)*

Jan-Erik Dyvi, Oslo (20 000),
Janera AS (36 000)*

Klara Eriksen, Sandvika (6 120)

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Pensjonsforsikring AS (86 130)*

Fred N. Johanssen, Gjettum,
Haslum Industri (70 750)*

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Sparebanken Hedmark (200 000)*

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Tonsenhagen Forr. sentrum AS (352 458)*

Helge Lem, Nesoddtangen, OBOS (1 000)*

Trond Mohn, Paradis, (672 900),
Frank Mohn (1 006 200)*

Einar W. Sissener, Oslo,
estate of Kari Sissener (14 130)*

Tore B. Steen, Oslo (30 000)

Per Sindre Aas, Oslo, (250)
Skogbrand Forsikringsselskap (10 000)*

Morten Aasheim, Bekkestua,
Mustad Industrier AS (100 000)*

** Primary capital certificates owned by the institution on whose behalf the representative is elected.*

Representatives elected by and among depositors

Finn Mørch Andersen, Larvik (3 240)

Hans P. Bye, Prestfoss (50)

Vibecke Fjæstad, Notodden

Sigrid Kristine Fyksen, Østre Gausdal

Fredrik W. B. Gervad, Bjørnemyr

Arne H. Grøv, Bagn

Ulrik Hoff, Veggli

Tore J. Høidahl, Oslo (100)

Pål Jensen, Tistedal (153)

Reidun V. Jensen, Vormsund

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Terje Westby, Sarpsborg

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Marit Berger, Oslo

Birgit Christenson, Edland

Turid Dankertsen, Oslo (285)

Inger S. Enger, Østre Gausdal

Bjørn Ole Gleditsch, Sandefjord

Laila Gustavsen, Drammen

Espen Johnsen, Lillehammer

Gry Mossikhuset, Råde

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Rune Bernbo, Drøbak (10)

Kristin Ellingsen, Drammen (176) [1)]

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Erik Grøtting, Oslo (935)

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Truls Sandvik, Lillestrøm

Tove Tveiten, Krokstadelva (28)

Kari Vennesland, Skjeberg (87)

1) Retired

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Reidun V. Jensen, Vormsund

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The figures in brackets show the number of primary capital certificates held by the person indicated as at 31 December 2001. Certificates held by close family members and companies in which he or she has a decision-making position are included in the figures, in compliance with accounting regulations issued by the NBISC.

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