Annual Report Gjensidige NOR ASA 2002

Gjensidige NOR

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Financial calendar for 2003

29 April	Annual general meeting
30 April	Ex dividend date
8 May	First quarter 2003
15 May	Payment of dividend
14 August	Second quarter 2003
30 October	Third quarter 2003

Financial Summary

	2002	2001(*)	2000(*)	1999(*)
Net interest income	**5,715**	5,527	5,347	4,976
Capital gains	**162**	272	262	229
Other operating income	**1,830**	1,917	1,669	1,489
Share of profit (loss) – Spareforsikring	**(157)**	(32)	287	290
Operating expenses	**4,768**	4,544	4,106	4,310
Operating profit before losses	**2,782**	3,140	3,459	2,674
Losses (gains) on loans	**546**	426	215	234
Losses (gains) on long-term financial assets	**2**	(232)	(746)	(386)
Operating profit	**2,234**	2,946	3,990	2,826
Net profit	**1,501**	2,129	2,975	2,120
Return on equity	**9.1%**	13.8%	21.5%	17.3%
Interest margin	**2.3%**	2.4%	2.6%	2.8%
Dividend yield on share	**(10.3%)**	12.5%	45.7%	33.9%
Earnings per share (in NOK)	**17.25**	24.47	34.20	24.37
RISK amount (in NOK as at 1 January subsequent year)	**Approx. 2**	17.53	28.11	20.18
Growth in lending	**7.7%**	9.5%	7.8%	36.2%
Growth in deposits	**12.2%**	9.4%	7.1%	32.5%
Total assets	**253,690**	233,883	209,612	198,230
Losses (gains) on loans	**0.26%**	0.22%	0.12%	0.12%
Capital (eligible)	**23,923**	21,058	19 826	17,984
Capital ratio	**11.7%**	10.2%	10.4%	10.3%
Of which: core (tier 1) capital	**8.4%**	6.7%	6.8%	6.7%

(*) Pro forma

Amounts in NOK million; see p. 61 - 63 for further key figures and definitions.

Pro forma key figures for shares (**)	**2002**	2001	2000	1999
Market price at 31.12. (NOK)	**227**	272	257	186
Book equity per share (in NOK, incl. allocation of dividend)	**198**	190	174	150
Book equity per share (in NOK, exc. allocation of dividend)	**187**	181	165	143
Price/book value (incl. allocation to dividend)	**1.1**	1.4	1.5	1.2
Price/book value (exc. allocation to dividend)	**1.2**	1.5	1.6	1.3
Price/earnings	**13.2**	11.1	7.5	7.6
Earnings per share (NOK)	**17.25**	24.47	34.20	24.37
Dividend per share (NOK)	**11**	17	17	14
Direct yield (allocated dividend in % of market price at year-end)	**4.8%**	6.3%	6.6%	7.5%
No. shares/PCCs at 31.12.	**86,996,467**	86,996,467	86,996,467	86,996,467

(**) Primary capital certificates (PCC) were Union Bank of Norway's stock-exchange-listed equity capital instrument up to the third quarter of 2002.

Gjensidige NOR ASA

Gjensidige NOR ASA is the parent company in Norway's second largest financial conglomerate, with NOK 366 billion under management. It delivers products and services in the fields of everyday banking, lending and financing, pensions, savings and investment and real estate agency. The Group also has a number of businesses that offer products to niche segments of the financial market.

Union Bank of Norway and Gjensidige NOR Spareforsikring (the Group's life insurance arm) deliver products and services to almost 1.2 million customers. Other companies within the Group have a further approx. 1.2 million customer relationships, including a large number who are customers of both the bank and the life insurance company.

OBJECTIVES

Owners, customers and staff are all crucial players in Gjensidige NOR's evolution, as reflected in the wording of the Group's objectives:

- Our main objective is to create shareholder value on a par with leading Nordic players in the financial industry through competitive return on equity and profit growth.
- Our business is designed to demonstrate that: «Our customers have made the best choice».
- We intend to be a challenging and motivating employer that stimulates diversity and development.

STRATEGY

Norway is Gjensidige NOR ASA's main market, and retail customers and small and medium-sized businesses are the main customer categories. To meet current and future challenges the Group will

- focus on profit growth
- build an effective and efficient organisation structure
- create strong relationships with its customers
- recruit and develop skilled staff and managers
- further develop effective financial management
- maintain a proactive approach to evolution in the financial industry

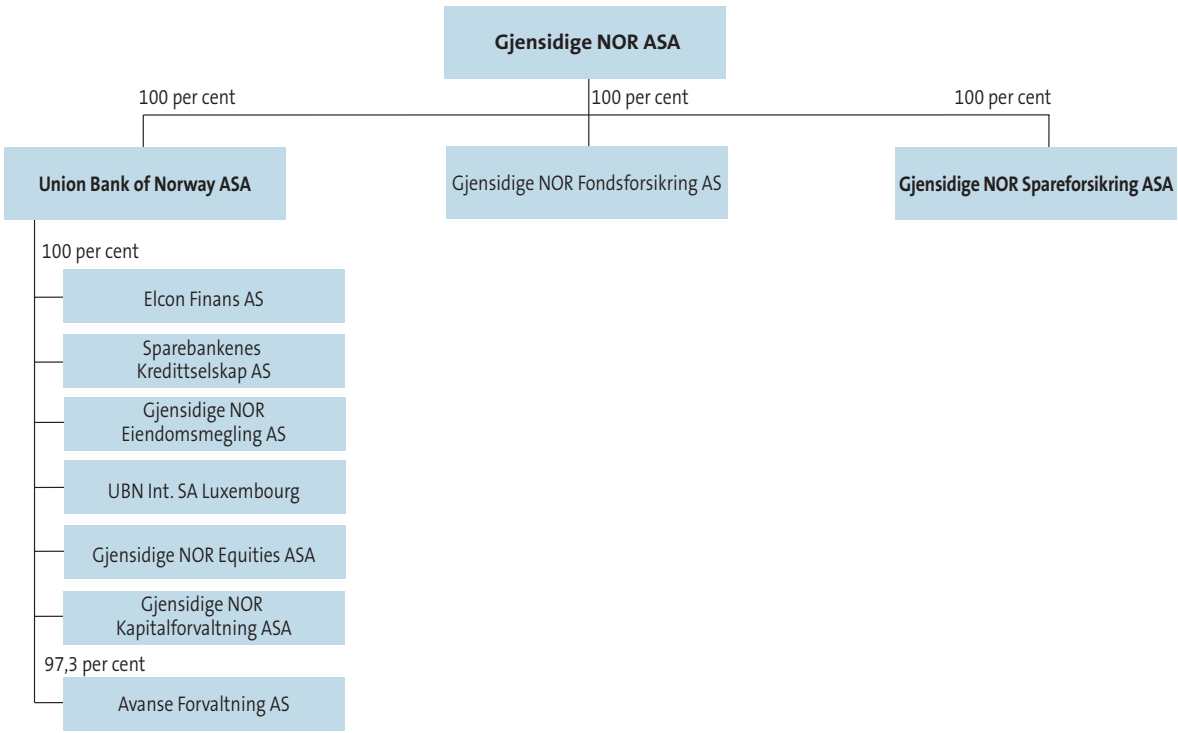
The Group wishes to provide the market with a Norway-based alternative that upholds the valuable traditions on which Gjensidige NOR is based.

COOPERATION

Gjensidige NOR ASA has a long-term, strategic co-operation with Gjensidige NOR Forsikring designed to improve both sides' competitiveness and profitability. The cooperation agreement includes developing the Group-wide «Gjensidige NOR» brand, and realising the potentials for cross-sales within the Group.

Gjensidige NOR also has strategic agreements with 17 independent savings banks.

Gjensidige NOR ASA's corporate structure is essentially as shown below. See page 70 for an overview of the Group's organisation in business and functional terms.



Highlights in 2002

LAW CHANGE PASSED
On 4 June the Storting passes law changes enabling savings banks to convert to limited liability companies.

BOARD OF DIRECTORS APPOINTED
In June members are appointed to the board of directors of Gjensidige NOR ASA. Bjørn Sund, who has headed the management board of Union Bank of Norway for three years, will chair the new board.

LICENCE AWARDED
On 16 July the Ministry of Finance awards a licence to Gjensidige NOR to convert Union Bank of Norway and Gjensidige NOR Spareforsikring to limited liability companies owned by a common listed company, Gjensidige NOR ASA.

ORGANISATIONAL CHANGE
In August, responsibility for distribution to the retail market and local business and industry is concentrated in a new business area – «Savings Bank». Servicing of major corporates, capital market entities and pension funds is also assigned to dedicated business areas.

LIFE CUSTOMERS RECEIVE THEIR DUE
In September 327,000 policyholders receive settlement in the form of cash or shares upon Gjensidige NOR Spareforsikring's conversion to limited liability status. A total close to NOK 650 million is distributed in cash along with five million shares for policyholders' interests in Gjensidige NOR Spareforsikring.

CONTINUES AS PRESIDENT AND CEO
On 10 September the group board of directors formally appoints Olav Hytta as President and CEO of Gjensidige NOR ASA. This means that Mr Hytta remains in his position beyond the agreed retirement age of 60.

MARKET DEBUT
On 13 September 2002 Gjensidige NOR ASA's shares are admitted to listing on Oslo Børs. All employees of Gjensidige NOR ASA receive a gift of 250 share warrants worth NOK 248.92 each.

MARKET PROGRESS
Gjensidige NOR Spareforsikring gains ground in the market with buoyant sales of group pensions to companies, local authorities and other public sector institutions. The latest available statistics show an 11.3 per cent share of the group market. In the private market the company leads the field with a share of 33.3 per cent.

FROM TRANSACTION TO INTERACTION
The Internet bank adds new services to its range in September, including a new home loan application facility and improved functionality for dialogue between customer and customer adviser. Opening an account and applying for a credit card and credit insurance can now also be done online.

SIMPLER FOR BUSINESS CUSTOMERS
NORnett Pluss – a web-based system for money transfers and cash management – becomes available to business customers in September. The system's biggest advantage to customers is that no software installation is required.

TWO-WAY REFERRALS
After a successful year of referrals from banking to insurance, the non-life company can from November onwards refer customers to the bank. Each insurance office is hooked up to a bank branch which receives the referrals and contacts the customers in question.

SELF-SERVICE SOLUTIONS INCREASINGLY POPULAR
More and more invoices are paid via self-service solutions. Five out of six payment transactions are now carried out via the Internet bank, telephone giro or direct debit. Only 2 per cent of invoices are paid over the counter at a bank branch.

INVESTMENT PROFILE OVERHAULED
Over the year Gjensidige NOR Spareforsikring radically alters its investment profile in favour of lower equity exposure and high allocation in the money market and assets offering stable earnings. Portfolio risk is significantly reduced thanks to the heavy cut-back in the share component.

CORE CAPITAL STRENGTHENED
In November Union Bank of Norway ASA issues perpetual capital in the form of hybrid equity worth EUR 350 million in a move to strengthen tier 1 capital in the Gjensidige NOR ASA Group.

PROVISION WORTH NOK 105 MILLION
In December the board of directors of Gjensidige NOR ASA decide to allocate NOK 105 million in the 2002 annual accounts for restructuring purposes. Staff reductions equivalent to about 200 full-time positions will be effected in the course of 2003. Voluntary exits will be encouraged with a view to avoiding dismissals.

After listing

13 September 2002 was a memorable date for the Group. After more than two years of intense effort to win the authorities' approval, Gjensidige NOR was admitted to listing on Oslo Børs in its new guise as a limited liability company.

The effort produced a relatively good return for the Group's equity holders. Two years of turbulent and declining share markets across the world had seen the value of our securities rise about 30 per cent. In addition dividends of NOK 34 were paid for 2000 and 2001. But the rise in value was not due to conversion to limited liability status alone: operating profits delivered by the Group in the past two years compare with the best in the Nordic area.

The long wait has given us ample time to plan operations after the conversion and the merger of the bank and the life company. The conversion was accompanied by a very wide-ranging reorganisation to underpin the strategic choices made. A key concern is our strength as a distributor. We have carefully developed client relationships through our fine-meshed branch network and sound expertise. As technology has advanced, the branch network has been supplemented with telephony and Internet solutions, and not least with potentials for event-based marketing grounded in an advanced customer database system.

Delivering financial products to the retail market and to small and mid-size businesses is now an industrial activity in a mature sector. If we are to continue to gain ground in the market we need to constantly improve the business concepts delivered to our customers, and to do this in a cost-effective manner. We have opted to develop the quality of our branch network. To this end we have established investment centres in a number of localities nationwide to afford our customers the best possible advice on investing their savings, and regional business centres have been set up. Our customers are turning more and more to modern services in the money transfer field, naturally prompting us to reduce the density of our branch network. The overall outcome of these changes is an excellent multi-channel offering, organised and managed within a single business area.

It became clear shortly after the reorganisation that the new structure would deliver cost savings. Some of these have been realised in 2002, and provision has been made to continue this work in the current year.

Gjensidige NOR ASA meets the market's needs for all the usual financial products and services. However, as a group our primary concern is to strengthen our positions in core areas in which we possess special competence. That is why we have been reluctant on the banking side to enter geographical market areas outside south-east Norway, which is the country's most important growth area today. Neither has the Group expanded strongly in business sectors that we do not traditionally service.

In the years immediately ahead we expect to see strongest growth in pension products. About 900,000 wage earners still lack pension schemes funded by the employer. Ten years from now we expect this to have substantially changed. We therefore note with delight the excellent progress achieved by our life company in the market. This has strengthened our belief that banking and life insurance make for a very vigorous combination!

Olav Hytta
President and CEO

Report of the Board of Directors

OPERATIONS IN 2002

Gjensidige NOR ASA was admitted to listing on Oslo Børs on 13 September. Under the new group structure Union Bank of Norway and Gjensidige NOR Spareforsikring were now transformed from, respectively, a savings bank and mutual company into public limited companies with Gjensidige NOR ASA as their parent company.

With its stock-exchange-quoted share, the company has access to equity capital and enjoys financial flexibility on a par with Gjensidige NOR's competitors. The new group structure is also an important basis for market growth.

The value of shares on the Oslo Børs Benchmark Index fell by 31.1 per cent in 2002 while the FTSE world index fell by 24.6 per cent. Since the start of the share market turbulence in the autumn of 2000 stock exchanges have experienced one of the largest continuous downturns ever. The securities market turmoil left its mark on Gjensidige NOR's results, especially in operations directed at capital markets. The competitively exposed sector has been severely squeezed due to a strong Norwegian currency and high wage growth, with households experiencing in 2002 one of the largest increases in real wages since the 1970s. In this situation Gjensidige NOR benefits from its strong position in the retail market and low exposure to companies competing in the international arena.

The Group recorded a pre-tax profit of NOK 2,234 million in 2002 compared with NOK 2,946 million (pro forma) in 2001. The fall in profit is essentially due to weaker results in the capital markets area (NOK 200 million) and Gjensidige NOR Spareforsikring (NOK 125 million), increased losses (NOK 120 million), and the fact that in 2001 the Group realised a gain of NOK 205 million on the disposal of AcceptFinans. The post-tax result corresponds to a return on equity of 9.1 per cent compared with 13.8 per cent in 2001.

The Group deliberately focused its use of capital on the retail market in 2002, resulting in low growth in the volume of loans to the business market while deposits and loans in the retail market showed buoyant growth. Despite the marked effects that a difficult year for financial markets had on the performance of the business area Life Insurance and Pensions, this aspect of the Group's business showed a sound market trend.

For the second straight year Gjensidige NOR outstripped its competitors in the MMI market research institute's profile survey of Norwegian corporates. A good reputation is important, and Gjensidige NOR attaches much importance to brandbuilding.

The Group's activities are organised in business and functional terms in six business areas: Savings Bank, Corporate Customers, Capital Markets, Life Insurance and Pensions, Group Finance and Banking Products. The Group also has a number of business areas that deliver specialised products such as credit and payment cards, leasing, real estate agency and financing plus international foreign currency loans.

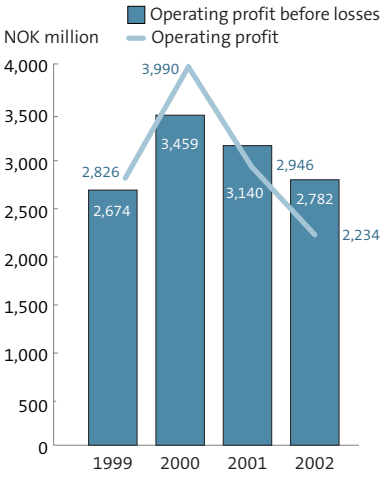
Based on a clearer distinction between distribution and production, the Group has established a business model to enable the customer to choose among a variety of service channels. All distribution to retail customers and local business and industry is assigned to a single management team. The rationale is two-fold: To strengthen customer relationships and to streamline the business.

The share price fell by 16.5 per cent in 2002. Allowing for dividend of NOK 17 paid for 2001, the return on the share was a negative 10.3 per cent.

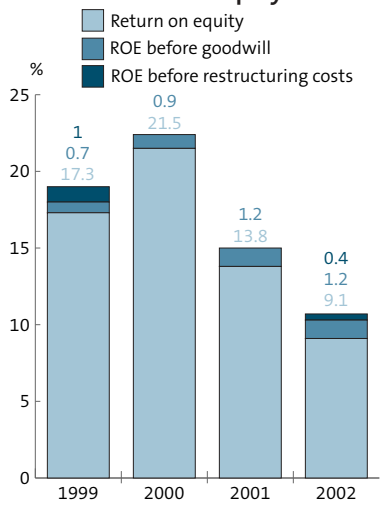
Since the conversion the Gjensidige NOR share has been the tenth most traded share on Oslo Børs.

In compliance with the requirements of accounting legislation, the Board confirms that the financial statements for Gjensidige NOR ASA have been prepared on a going concern basis.

Operating profit before and after losses



Return on equity



ACTIVITIES OF THE BOARD OF DIRECTORS

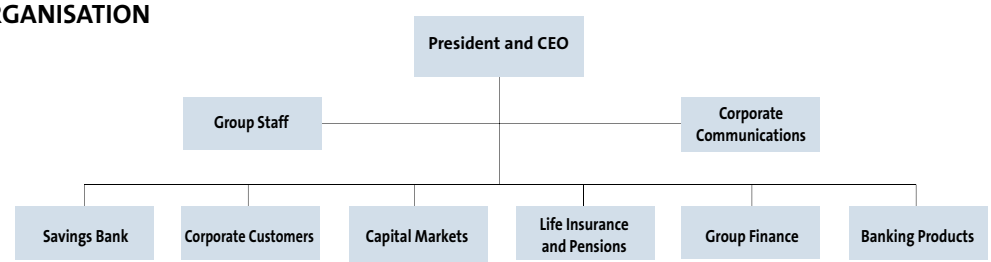
The Board of Directors met six times between the establishment of Gjensidige NOR ASA in September and year-end.

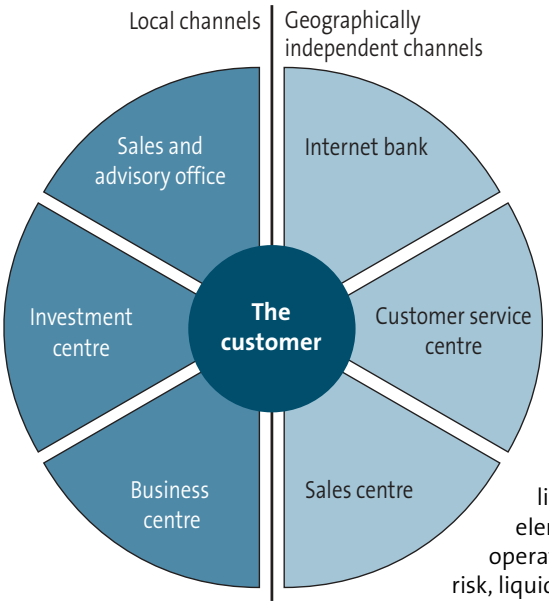
One of the Board's chief tasks was to organise the Group's business.

The Board also established a strategic direction and strategic instruments for the Group.

In January 2003 the Board of Directors gave the go ahead for negotiations to start with TietoEnator on new core systems for the bank. New core systems will impact positively on operating quality and development efforts, and will reduce costs over time. The aim is to have new systems in place as from 2005.

FUNCTIONAL ORGANISATION





In light of the conversion to public limited company status the Board of Directors adopted a shareholder and dividend policy that sets out objectives for shareholder values and the company's views on owner influence.

In its work the Board has highlighted the various risk elements in the Group's operations, above all credit risk, liquidity risk and risk related to the life insurance business.

The pension market is undergoing change, and the Board anticipates that the recommendations of the Pensions Commission, due to be presented in 2003, will lay the basis for a future pension system that will enable individuals to manage their assets in the National Insurance supplementary pension scheme themselves. The Board also hopes that the authorities will take the steps necessary to ensure free and genuine competition between providers of service pensions in the municipal sector.

A restructuring of the Norwegian and Nordic financial sector is under way. Gjensidige NOR's conversion to public limited company status will provide greater opportunities for it to play its part in the restructuring process. Gjensidige NOR intends to take its place as a Norwegian alternative that will uphold the long and valuable traditions embodied by the Group.

STRATEGIC BASIS

The Group is among the leading players in the Norwegian financial industry. Within the framework of Gjensidige NOR ASA the Group will build further on well-tried market concepts. A local identity, confidence-inspiring expertise and strong customer relationships are key to the continuing effort.

Based on the Group's business mission, strategic direction and position, the following premises underlie the Group strategy:

Stronger customer relationships

Union Bank of Norway and Gjensidige NOR Sparefor-sikring have about 1.2 million active customers all told: some 900,000 with the bank and roughly 300,000 with the life insurance company. Only 70,000 are customers of both companies.

Increasing sales to the existing customer base is more cost-effective than establishing new customer relationships. The Group will accordingly step up its effort to offer existing customers a broader range of products, taking advantage of its very large customer database.

THE BOARD OF DIRECTORS

Bjørn Sund (Chair)
b. 1945
Managing director, Advansia AS.

Headed the development of the Winter Olympics site at Lillehammer, the development of Norway's main airport and the Telenor-project at Fornebu.

Member of the board of directors of Union Bank of Norway from 1997, chairman of the board from 2000. Board chairman of Oslo S. development (OSU). OSU will be developing substantial commercial and residential sections of Bjørvika.

Amund Skarholt, (Deputy Chair)
b. 1948
Deputy CEO for the Securitas Group.

Formerly member of the board of directors of IBM Norway, and board member and board chairman of Novit AS.

Currently serving on the board of directors of various Securitas Group operations across Europe and the US.

Lucy Smith, b. 1934
Professor of Law, formerly rector of the University of Oslo.

Member of the board of directors of the National Theatre, chairs the Dagbladet newspaper's supervisory board.

Formerly member of the boards of directors of Kreditkassen and Kværner; served on the board of directors and chaired the corporate assemblies of Nora Industrier and Saga Petroleum.

Member of the UN Committee on the Rights of the Child.

Jørgen Tømmerås, b. 1944
Chairman of the board of directors of Gjensidige NOR Forsikring.

Chairman of the boards of directors of Namdal Bomveiselskap and Namdal Produsentlag (Overhalla). Member of the board of directors of Statsskog SF.

Chairman of Overhalla Municipal Council 1982 – 2000.

Per Terje Vold, b. 1945
Managing Director, Federation of Norwegian Process Industries.

Formerly member of the board of directors of Statkraft, Moelven Industrier, the Association of Norwegian Insurance Companies and Verdalsbruket.

Formerly member of the supervisory boards of DnB, Aker, Saga Petroleum, Hafslund-Nycomed.

Formerly member of the board of directors of Union Bank of Norway.

A data warehouse has been developed that contains all customer relationships in Gjensidige NOR ASA and Gjensidige NOR Forsikring (the Gjensidige NOR Group). The data warehouse is an important tool for targeted, event-based marketing.

Distribution – a competitive advantage

The bulk of the value created by the production and sales of financial products to the retail market derives from the distribution stage. Gjensidige NOR's strongest competitive advantage lies in its customer relationships. The combination of customer loyalty and value creation at the distribution stage is an important premise for the Group's strategy.

Focus on profit growth

Creation of shareholder value requires a focus on profit growth. The fact that the bulk of the Group's business is located in south-eastern Norway, which is the region where growth is strongest, provides a good basis for sound profit performance. The Group will increase its market share in priority segments.

Long-term saving and pension insurance are the Group's key business growth area. The Group aims to build up the strongest brand in the pension market. Savings and pension products are expected to generate substantial profit over time.

The Merchant Bank concept, targeted at the Group's largest corporate customers, is expected to create added value for customers and the Group alike.

In the Savings Bank business area, income growth ambitions centre on further development of products and customer concepts and on selling more products to existing customers.

A drive is under way to increase sales between Group units and through cross-sales with Gjensidige NOR Forsikring.

Motivated staff and management

In order to be a challenging and stimulating employer, Gjensidige NOR aims to be among the best in Norway in terms of management and to offer exacting and interesting work. The Group needs skilled, highly motivated staff to attain its goals, and appreciates the ability to achieve results and create value. Mobility and adaptability are at a premium. Staff satisfaction is polled on an annual basis.

The Gjensidige NOR brand

The Group's brand identity is at the heart of the collaboration between Gjensidige NOR ASA and Gjensidige NOR Forsikring. The core brand values are *helpfulness* and *accessibility*. These are part and parcel of the local tradition that characterises the Gjensidige NOR Group's business both now and in the future.

To support its brand values, Gjensidige NOR ensures that responsibility for the customer runs Group-wide. Steps taken to this end include the development of loyalty programmes for multi-relationship customers.

Svein Brustad, b. 1938
Managing Director, Telespar.
Formerly chairman of the Norwegian Society of Financial Analysts and of the AIESEC.
Has served on the board of directors of the European Federation of Financial Analysts Societies.

Tommy Persson, b. 1948
CEO, Länsförsäkringar AB.
Member of the board of directors of Lindex AB, Kaupthing Bank, Eurapco B.V.
Deputy chair of the Swedish Insurance Federation and of FAO.

Ingjerd Skjeldrum, b. 1957
Employee representative.
Employed since 1975. Retail market responsibilities up to 1990. Full-time employee representative since the Sparebanken NOR merger, main group employee representative for the savings bank since 01.02.2000.
Has served on the group executive board of Sparebanken NOR since 1990, and on the group executive board of Gjensidige NOR since its establishment.
Has served on the national board of the Finance Sector Union since 1997.

Sverre Finstad, b. 1957
Employee representative.
With Union Bank of Norway since 1977, employee representative for Region Oppland/ Hedmark since 1986. Full-time employee representative since 1986.
Member of the board of directors of Union Bank of Norway since June 1999. Now member of the board of directors of both Union Bank of Norway and Gjensidige NOR ASA.
Chairman of the Finance Sector Union, Oppland.

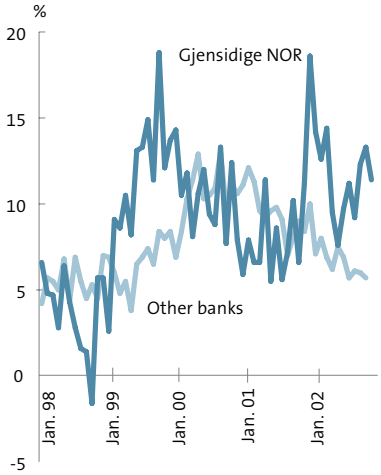
Stig Harald Trygstad, b. 1958
Employee representative.
Has served on the board of directors of Gjensidige Livsforsikring since 1997, and on the group executive board of Gjensidige NOR since 1999.
Employed since 1987, and has served on a number of committees as employee representative.

ANNUAL ACCOUNTS AND MARKET CONDITIONS

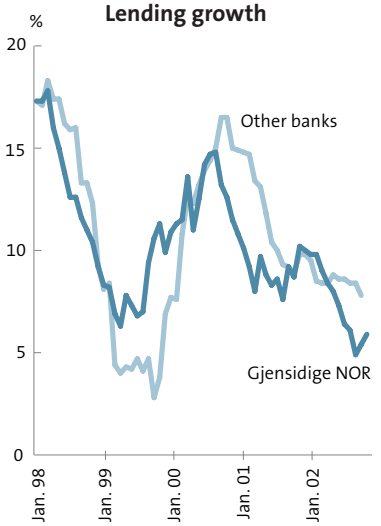
Gjensidige NOR ASA recorded a pre-tax profit of NOK 2,234 million in 2002 compared with NOK 2,946 million in 2001. The pre-loss operating profit came to NOK 2,782 million compared with NOK 3,140 million the previous year. The post-tax result of NOK 1,501 million corresponds to a return on equity of 9.1 per cent. Earnings per share amounted to NOK 17.25 compared with NOK 24.47 in 2001. Excluding goodwill and restructuring costs, the return on equity would have been 10.7 per cent and earnings per share NOK 20.44.

Recognising that results from parts of the business are heavily affected by very weak financial markets, the Board is well pleased with the Group's performance in 2002.

Deposit growth



Lending growth



Income

The banking business showed a sound market trend with deposit growth of 11.4 per cent (retail market 13.9 per cent, business market 8.4 per cent) and lending growth of 7.7 per cent (retail market 10.6 per cent, business market 4.6 per cent). Growth in credit to the business sector is being deliberately kept at a low level.

Lending and deposit spreads were reduced by just under five basis points from the first to the fourth quarter. The reduction in the lending spread is due to a general fall in spreads on business and retail customers alike. The reduction in the deposit spread is due partly to lower spread on savings and investment accounts and corporate accounts, partly to a higher share of the deposit volume being placed in accounts carrying a lower spread.

Net interest income rose in all by NOK 188 million.

Money transfer income has shown good, steady growth over the past decade. This is now levelling off. Whereas income from money transfer services totalled NOK 775 million in 2001, the figure rose by just NOK 22 million to NOK 797 million in 2002, an increase of just under 3 per cent. This was despite almost 10 per cent volume growth. The levelling off is due to several factors, one being that customers are increasingly opting for low-priced payment products and subscription schemes. Income from this area can therefore be expected to show low growth in the period ahead.

Expenses

When corrected for changes in Group structure and one-time factors, expenses showed a reduction of 1 per cent. Wage expenses at end-2002 were at the same level as at the start of the current year after staff numbers were reduced by 46 FTEs in real terms. The largest underlying growth in expenses referred to increased pension costs. Increased, non-expensed variance, partly due to low return on pension investments and changes in underlying assumptions, means that pension costs will continue to rise in the years ahead.

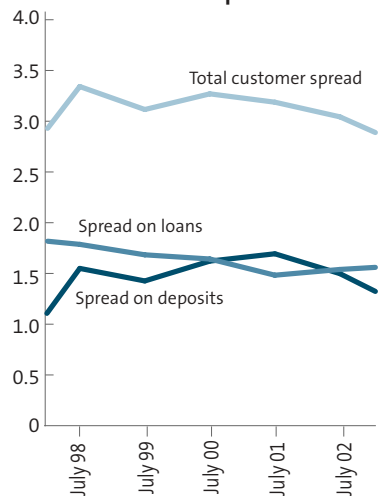
The Group made a provision of NOK 105 million for planned staff reductions of about 200 FTEs. These reductions will be carried through in their entirety in the course of 2003.

NOK 5 million was allocated to Gjensidige NOR's employee fund in 2002 compared with NOK 48 million the previous year.

Loan losses

Losses on banking business rose somewhat, but remain at a moderate level. Net losses for 2002 came to NOK 546 million, 0.26 per cent of gross outstanding loans, compared with 0.22 per cent in 2001. NOK 382 million of the above amount comprises losses on credits to business customers. The losses refer mainly to small and mid-size businesses (NOK 295 million) and reflect the problems now facing sections of Norwegian business and industry.

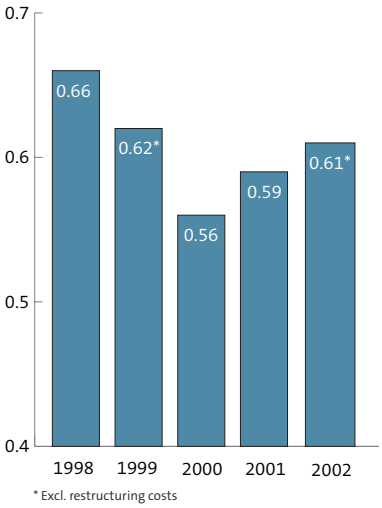
Customer spread



Amounts in NOK million

Business area	Operating profit before tax
Savings Bank	1,708
Corporate Customers	323
Capital Markets	-2
Life Insurance and Pensions	-158
Other	363
Gjensidige NOR ASA	2,234

Cost - income ratio



NOK 164 million relates to the retail market and includes losses of NOK 143 million on Cresco's credit card business. A year ago Cresco introduced stricter criteria for granting credit card credits, as a result of which Cresco's lending grew by a mere NOK 6 million (0.2 per cent) in 2002. The trend in defaults shows that this move is paying off. Cresco continues to deliver excellent overall profitability.

Loans for property management purposes represent 19.5 per cent of the total loan volume. Loss provisioning for this category came to NOK 181 million or 0.43 per cent of gross outstanding loans. The 2001 figure was NOK 30 million or 0.08 per cent.

The business areas in detail

SAVINGS BANK

Savings Bank posted a sound performance in 2002, on a par with 2001. Higher volume growth and low cost growth helped to increase operating profit, while a slight rise in losses on loans to business customers resulted in a somewhat lower post-loss profit.

Savings Bank attracted 7,000 new customers, net, in the retail market and business market combined. Use of the bank's services also rose.

New functions for the Internet bank bring far better interaction between web-based solutions and personal customer service. Internet bank users can now access personal advice as and when the need arises.

Gjensidige NOR is the first bank to launch the eAxept payment solution, which enables goods to be paid for directly from a customer's account via the Internet.

The new organisation structure has enabled staff reductions, and in 2002 the number of FTEs was reduced by 61.

CORPORATE CUSTOMERS

Corporate Customers reports a somewhat lower profit in 2002 than in 2001, mainly due to pressure on deposit spreads. Lending volume and spreads were on a par with 2001.

Corporate Customers made inroads in the market for institutional customers where deposits rose as much as 30 per cent in volume.

The Gjensidige NOR Merchant Bank concept showed good market results. A collaborative venture between Corporate Customers and the business area Capital Markets, Merchant Bank was established to meet the financial needs of the Group's largest business customers in an optimal manner.

CAPITAL MARKETS

Results and operations of the Capital Markets business area were heavily affected by the trend in securities markets in 2002.

Several units nonetheless enjoyed a good market trend during the year, in the first instance Gjensidige NOR Kapitalforvaltning which saw an increase in external management mandates matching the combined volume of its two largest competitors.

The brokerage house Gjensidige NOR Equities overhauled its operations due to the fall in the equity and corporate market: substantial staff cutbacks were carried out to reduce costs, and fresh equity capital was supplied. Declining business volume prompted cost reductions at the fund management company Avanse, where a substantial staff cutback is being carried out in the first quarter of 2003. Gjensidige NOR Kapitalforvaltning took over management of Avanse's funds on 1 February 2003.

LIFE INSURANCE AND PENSIONS

The negative profit performance recorded by the business area Life Insurance and Pensions reflected another very weak and turbulent year for securities markets. Gjensidige NOR Spareforsikring's buffer capital is substantially impaired after more than two years of difficult financial markets.

The company overhauled its investment profile, and asset allocation is geared to achieving a sound return at moderate risk with a view to building new financial buffers. The need to strengthen buffer capital means that equity capital's share of the result in 2003 and 2004 will be lower than normal.

The life company is on a buoyant market trend: over the past two years it has reinforced its leading position in the retail market and its sales power was strengthened when Savings Bank took on the role of sales channel for retail market products.

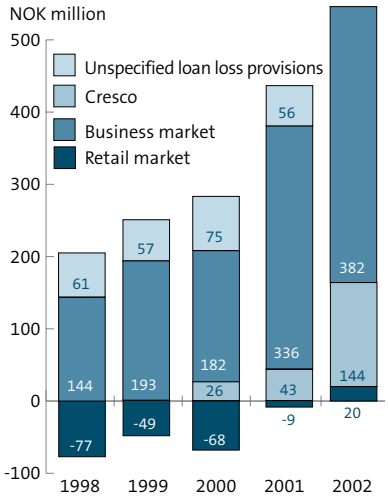
Gjensidige NOR Spareforsikring has made large inroads in the group pensions market in recent years, and improved its footing in the corporate customers market in 2002.

Other business

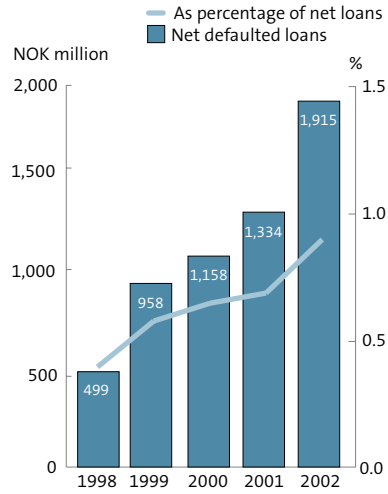
ELCON FINANS

The special-purpose finance company Elcon, which offers leasing, factoring and car finance, reports a pre-tax profit of NOK 325 million in 2002 compared with NOK 316 million the previous year. Return on equity was 13.4 per cent.

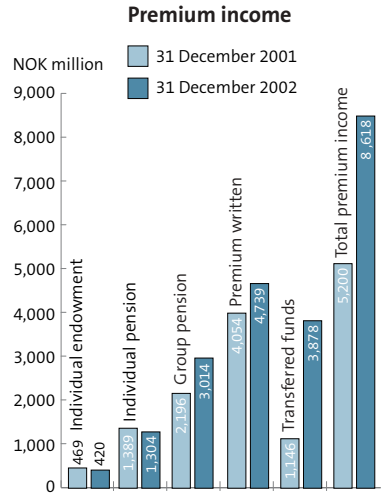
Losses on loans and guarantees



Net defaulted loans



Premium income



SPAREBANKKREDITT
The mortgage institution Sparebankkreditt achieved a pre-tax profit of NOK 176 million in 2002, an advance of NOK 14 million on the previous year. This produced a return on equity of 10.2 per cent.

GJENSIDIGE NOR EIENDOMSMEGLING
Gjensidige Nor Eiendomsmegling's core business is to broker sales of residential and recreational properties in southern Norway. The company achieved a pre-tax profit of NOK 16 million compared with NOK 33 million the previous year, producing a return on equity of 21.7 per cent.

UNION BANK OF NORWAY INTERNATIONAL S.A. (UBNI)
UBNI, a bank operating from Luxembourg, achieved a pre-tax profit of NOK 36 million compared with NOK 40 million the previous year. The return on equity for 2002 was 13.8 per cent.

FINANCIAL SITUATION

Capital adequacy

At end-2002 Gjensidige NOR ASA's overall capital adequacy ratio was 11.7 per cent, compared with 10.2 per cent at end-2001. Its aggregate capital base amounted to NOK 23,923 million of which core capital accounted for NOK 17,172 million, or 8.4 per cent after deductions in respect of goodwill and other intangible assets of NOK 1,462 million. The Group strengthened its core capital in 2002 by issuing hybrid tier 1 capital worth EUR 350 million, equivalent to about NOK 2.6 billion.

Viewed in relation to the Group's objective of minimum 10 per cent overall capital adequacy, with core capital at about 7 per cent throughout, Gjensidige NOR ASA is in a solid position allowing considerable financial freedom.

External finance

As in its other risk areas, the Group aims for low liquidity risk. Its liquidity policy requires a clearly defined, high portion of the Group's loans to customers to be stably financed, i.e. either via customer deposits, the capital base or borrowings with residual maturity longer than 12 months. Gjensidige NOR ASA manages its liquidity position in such a way as to ensure that the Group can, if necessary, at any time meet its obligations for a set period without recourse to the capital market.

With its robust financing structure, the Group was well within its internal requirements at end-2002.

RISK AND RISK FACTORS

The Group attaches much importance to continual monitoring and management of risk. The business is conducted at moderate overall risk, and the Group aims to show a stable, predictable trend in earnings and profit. The establishment of Gjensidige NOR ASA means that the effort to develop good risk-management working methods and tools needs to be further intensified. The bulk of the Group's earnings will continue to derive from traditional savings bank business, where losses are low and results relatively stable.

The most important performance yardstick is a competitive return on equity and profit growth. Risk management is designed to ensure that these objectives are achieved, both by exploiting business opportunities and by curbing potentially negative result effects. All units are measured on the basis of risk-adjusted results, and risk pricing is a central theme when processing credit applications.

Financial risk

Financial risk is regarded as moderate. The greatest risk to the Group's profit performance is traditionally associated with the bank's customer spread (the difference between lending and deposit rates) and trend in losses. Group results are also affected by fluctuations in securities markets through Gjensidige NOR Spareforsikring's operations.

Credit risk

Credit risk is the largest long-term risk factor facing the Group. 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. The risk trend in the loan portfolio is mapped with the aid of data used to uncover the likelihood of customer defaults and to compute loss in the event of default.

Risk factor	Result effect (in NOK million)	Effect on ROE(%)
Lending spread down 0.25%	- 500	- 2.2
Deposit spread down 0.25%	- 290	- 1.3
Loan losses up by 0.25% of loans	- 500	- 2.2
Operating expenses up 3%	- 140	- 0.6
Staffing up by 100 FTEs	- 70	- 0.3
Further 10% value fall in life company's share portfolio from level at 31 December 2002	- 20	- 0.1

The table illustrates what result effects the Group would have seen in 2002 in the event of changes in critical assumptions, all else being equal.

In the case of retail customers the likelihood of default is computed on the basis of customer behaviour and the bank's general experience. Retail customers' servicing ability has been sound in recent years, although a slight increase in defaults was noted in 2002. For business segment commitments the likelihood of default is measured using various types of classification models depending in each case on the type and size of the commitment.

The risk profile of the bank's business segment portfolio over the past three years is as follows:

(%)	**2002**	2001	2000
Low risk	**36**	41	41
Medium	**56**	51	54
High risk	**8**	8	5

Business customers also showed rising defaults over the past year. The bank conducted preliminary studies with a view to implementing a market-leading statistical portfolio model which clearly indicates that the bank has an amply diversified portfolio.

The Board of Directors therefore considers the overall risk posed both by business and retail customer commitments to be at an acceptable level.

Market risk

Market risk is reflected in results in the event of value changes in interest rate, foreign currency and securities portfolios. The Group's positions are managed by a small number of dedicated units which are subject to reporting requirements and position limits fixed by the Board of Directors. The limits are well within the maximum limits set by the authorities, and market risk represents a modest aspect of the Group's total risk.

As from 2002 all the bank's market positions are reported using a value-at-risk (VaR) model. The aim is to have the bank's capital requirements set on the basis of the VaR model in the course of 2003.

Liquidity risk

In simple terms liquidity risk is the risk that the Group will in a given situation be unable to refinance its operations sufficiently to honour its commitments when they fall due. An overarching liquidity policy forms the framework for the Group's funding structure and liquidity regime. In order to secure financial freedom and low liquidity risk for the Group, the company has opted to spread its funding across a variety of instruments, markets and maturities. The bulk of loans to customers are funded via stable, long-term channels such as customer deposits, long-dated bonds and the capital base. To further mitigate liquidity risk, a substantial reserve is maintained in the form of bonds that can be mortgaged with Norges Bank (Central Bank of Norway).

Life insurance risk

Two main risk factors are faced by a life insurance company:

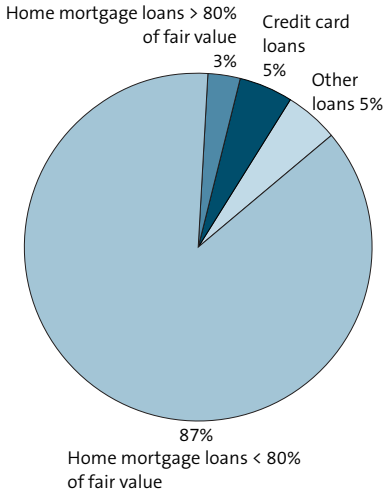
Underwriting risk refers to changes in future insurance commitments due to changes in insureds' life duration and disability. Like the industry as a whole, Gjensidige NOR Spareforsikring has over a period seen a negative portfolio change in regard to disability. Increased disability has prompted higher risk tariffs which are covered by policyholders. This refers especially to business segment products.

Financial risk refers to the company's asset management. Gjensidige NOR Spareforsikring ASA's board of directors sets risk limits for asset management, while the company's financial strategy is coordinated with the Group's total financial risk which is established by the Group board of directors.

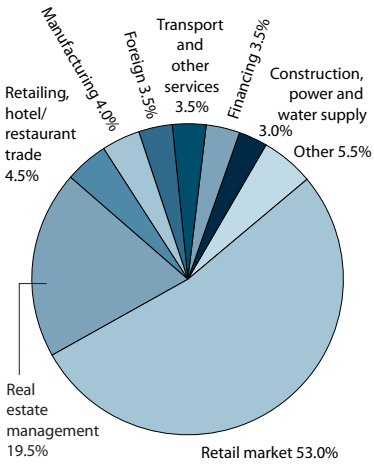
The Group's overall risk has to be assessed in light of the buffer capital available to the life company at any given time. Persistently difficult financial markets since the end of 2000 have substantially weakened the policyholder-owned buffer capital. By the end of 2001 the company's fluctuation reserves had been exhausted, while supplementary reserves totalled NOK 1.7 billion. At end-2002, after another weak market year, what remained of the supplementary reserves came to just under NOK 500 million.

The company scaled back its positions in the equity market in 2002, leaving little risk of further negative financial returns. In the couple of years ahead Gjensidige NOR Spareforsikring will prioritise building up buffer capital to a suitable level. A recently developed value-at-risk model will improve the company's financial flexibility and the basis for its strategic dispositions.

Credit quality retail market



Loans by customer sector

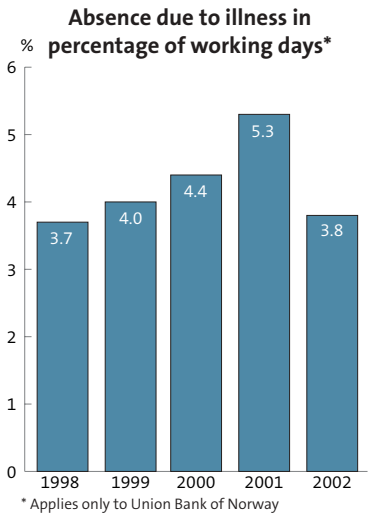


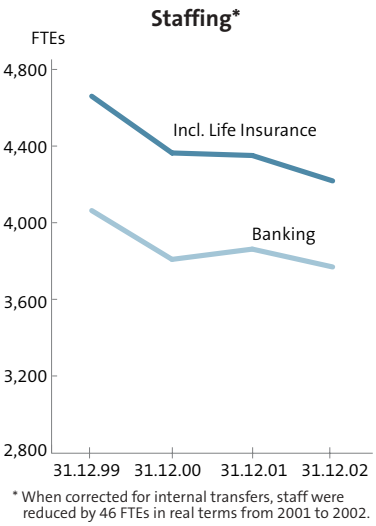
Operational risk

Operational risk refers to other types of risk and potential sources of loss in the Group's ongoing operations such as breakdown of systems and routines, errors on the part of external suppliers, incompetence or various forms of attack on the Group, its customers or staff. Gjensidige NOR attaches importance to measures to prevent and reduce operational risk. This involves continual assessment and oversight of the risk situation, and taking corrective steps. Prudent insurance schemes and continual updating of contingency measures to deal with crisis situations are part and parcel of this work.

Basel II

A new international capital requirements framework will be finalised in 2003 and is due to take effect in 2006/2007. It will bring important changes in the regulatory regime for the Norwegian financial industry, and will make significant demands on companies' risk systems and risk management. The Group aims to gear up to the new requirements well before they are introduced.





STAFF AND ORGANISATION

Staff satisfaction

The Group's annual staff satisfaction survey is followed up and is assigned importance on a par with financial results and other performance targets.

Focus on the work environment

The Group conducts a systematic work environment effort on an annual cycle involving regular safety assessments in all units. Local processing of the results of the staff satisfaction survey and the safety assessments result in local-level action plans. The Labour Inspection Authority takes a positive view of Gjensidige NOR's systematic focus on the work environment.

Sickness absence

After rising in 2000 and 2001, absence fell sharply in 2002 to 3.8 per cent. In January 2003 a trial project was launched involving greater scope for personal sick-leave declarations and new routines for closer follow-up of persons on sick leave. The aim is to further reduce absence due to sickness.

Competence development

The Savings Bank business area has a systematic approach to competence surveys and competence planning based on annual interviews between staff member and manager. Where the large job categories are concerned Savings Bank employs a tool for planning, updating and further developing staff competence. With a basis in this tool, manager and staff member arrive at a competence action plan for the individual.

Development programme

The Group has established a development programme for talented staff and key personnel that is designed to motivate, develop and induce them to stay with the Group. This programme is tailored to the individual and extends over two years.

Robbery

Gjensidige NOR suffered two robberies in 2002. Neither customers nor employees came to physical harm, but the psychological after-effects on robbery victims can be substantial. Follow-up and counselling for the customers and staff involved were set in motion by the bank's counselling team. There were five attacks on security vans attached to branches of the bank.

The number of bank branch robberies has fallen in recent years. This is due to improved physical protection, for example via greater use of time delay locks and reduced cash handling at bank branches.

Injuries

Eight actual and possible injuries at work were registered in 2002.

Staff

The Group employed staff equivalent to 4,210 FTEs at the end of 2002, a decline of 46 FTEs on one year previously.

CORPORATE SOCIAL RESPONSIBILITY

Gjensidige NOR exerts both direct and indirect influence on the development of society in a number of fields. The Group strives to reduce both its direct and indirect impact on the environment to the minimum. Hence effective and efficient resource use in Gjensidige NOR's real estate and office operations is at a premium.

The Gjensidige NOR Group has 280,000 sq.m. of office space at its disposal, and in 2002 purchased goods and services worth NOK 3.7 billion. Seventy-five per cent of the value of purchases is via standardised agreements with suppliers which contain a clause requiring the supplier to meet, or overfulfil, government environmental requirements and to recommend environment-friendly solutions.

Gjensidige NOR owns a number of historical buildings. Several have been rehabilitated in recent years based on building-protection requirements.

Each year the Group's premises consume about 40 GWh of electricity. Gjensidige NOR has an active focus on energy saving, for example via improvements to its technical installations. An aim is to employ district heating wherever possible.

As one of the leading players in Norway's financial industry, the Group considers its indirect influence in the environmental, social and ethical fields to be of greatest significance.

That is why, for example, the environmental implications of a loan application are assessed on a par with other risk factors. In other words, individuals or businesses that fail to meet regulatory environmental standards will also fail to meet our requirements as to creditworthiness.

The same thinking underlies the policy established by Gjensidige NOR's asset management units to ensure that ethical, social and environmental considerations are reflected in investments in shares and other securities. The policy states that Gjensidige NOR Kapitalforvaltning shall strive throughout to combine clients' expectations as to rate of return and safety with the ethical, social and environmental aspects of investments.

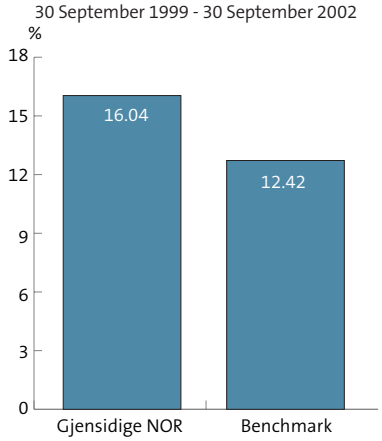
SHARES AND SHAREHOLDER POLICY

At the end of 2002 Gjensidige NOR ASA's market capitalisation was NOK 19.7 billion, making it the sixth largest company on Oslo Børs.

After the conversion Stiftelsen Gjensidige NOR Sparebank (The Savings Bank Foundation) and Gjensidige NOR Forsikring are the two largest holders of Gjensidige NOR ASA shares. Upon the conversion of Union Bank of Norway the bank's reserves became an independent foundation, giving the Foundation an ownership interest of 24.1 per cent. Through the conversion of Gjensidige NOR Spareforsikring, Gjensidige NOR Forsikring has an ownership interest of 13.1 per cent. Gjensidige NOR ASA has established a collaboration with Gjensidige NOR Forsikring that embraces distribution, a common brand identity and coordinated office operations.

Average annual return on equity

30 September 1999 - 30 September 2002



Benchmark includes:
Svenske Handelsbanken, Föreningssparbanken, Nordea, DnB, Storebrand, Danske Bank

Shareholder and dividend policy

A new shareholder and dividend policy has been established with a basis in the new Group structure. A main aspect of the new policy is to create shareholder value on a par with leading Nordic financial industry players.

The shareholder policy also reflects the company's stance on owner influence.

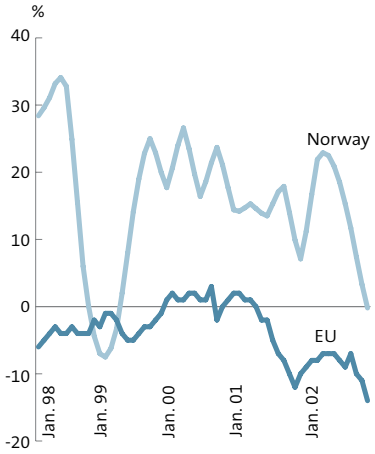
DIVIDEND AND DISPOSITIONS

The Board of Directors recommends that the parent company's profit for the year be applied as follows:

Share dividend, NOK 11 per share	NOK 957 million
Transfer to other equity capital	NOK 718 million
Total distributed	NOK 1,675 million

While the Group's dividend policy calls for a payout ratio of about 50 per cent of the annual net profit, the figure recommended for 2002 is 64 per cent. This is due to the Group's sound financial position, goodwill amortisation, the provision made for reorganisation costs, expectations of an improved performance by the life company in the current year and a desire to lessen fluctuations in annual dividend payments.

Consumer confidence



OUTLOOK FOR THE FUTURE

The economic outlook has grown more uncertain for Norway as elsewhere. The Group has throughout operated at low risk, and significant risks were further reduced in 2002. Gjensidige NOR Spareforsikring revised its asset allocation in 2002 such that shares accounted for 7 per cent of assets under management and fixed-income securities for 71 per cent at year-end compared with, respectively, 21 per cent and 52 per cent one year previously. Core capital adequacy increased from 5.8 per cent to 9.8 per cent.

The bank 's funding situation and financial position are excellent.

Growth in lending to the business sector has been very moderate in recent years. The business segment portfolio is amply differentiated and for the most part finances businesses that are not exposed to international competition. No single client has credits exceeding 10 per cent of the bank's capital base. Access to credit via Cresco has been tightened. Home loans account for just over 45 per cent of the loan portfolio, and a general decline in house prices is not anticipated. In the first quarter of 2003 customers will see two interest rate reductions. This will make it easier for households and businesses to honour their commitments.

The bank has a healthy credit portfolio with the main emphasis on soundly secured mortgage loans, and is pursuing a restrictive policy on new credits to the business segment. The increase in defaults in 2002 suggests that the Group may incur somewhat higher losses in 2003. Any worsening of the cyclical picture can be expected to be reflected in losses.

The Group's market position is sound. The Group expects continued sound growth in the life insurance area and in traditional banking. Gjensidige NOR Spareforsikring's buffer capital will be strengthened in 2003 and continued sound banking results are anticipated. Due to the uncertain equity market outlook, a lacklustre performance can be expected in capital market activities in 2003 as previously.

The Group expects low cost growth in 2003.

Oslo, 5 March 2003

The Board of Directors of Gjensidige NOR ASA

Bjørn Sund
Chair

Amund Skarholt
Deputy Chair

Svein Brustad

Sverre Finstad

Tommy Persson

Ingjerd Skjeldrum

Lucy Smith

Stig Harald Trygstad

Jørgen Tømmerås

Per Terje Vold

Olav Hytta
President and CEO

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Profit and loss account

(NOK million)	Note	**2002**	2001	2000
Interest income	3	**18,403**	18,303	15,941
Interest expenses	3	**12,688**	12,776	10,594
Net interest income		**5,715**	5,527	5,347
Dividends	4	**148**	158	87
Commission income	4	**1,778**	1,827	1,701
Commission expenses	4	**557**	532	504
Capital gains	4	**162**	272	262
Additional operating income	4	**461**	464	385
Other operating income, net		**1,992**	2,189	1,931
Net profit – Gjensidige NOR Spareforsikring	2	**(157)**	(32)	287
Operating income		**7,550**	7,684	7,565
Personnel expenses	5,6,7	**2,273**	2,136	1,937
IT and development costs	8	**360**	367	369
Other administrative expenses	8	**979**	1,033	923
Personnel and administrative expenses		**3,612**	3,536	3,229
Depreciation and write-downs	8	**482**	463	365
Properties and premises	8	**391**	336	340
Other operating expenses	8	**283**	209	172
Other operating expenses		**674**	545	512
Operating expenses		**4,768**	4,544	4,106
Operating profit before losses (gains)		**2,782**	3,140	3,459
Losses on loans and guarantees	9,17	**546**	426	215
Losses (gains) on long-term financial assets	10	**2**	(232)	(746)
Operating profit	11,12	**2,234**	2,946	3,990
Taxes	13	**733**	817	1,015
Net profit		**1,501**	2,129	2,975

All figures for 2001 and 2000 in the profit and loss account, balance sheet, notes, key figures and cash flow statement are pro forma.

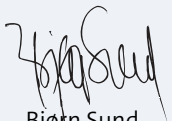
Balance sheet

(NOK million)

Assets	Note	**2002**	2001	2000
Cash and deposits with Central Bank of Norway		**3,857**	2,247	3,364
Deposits with and loans to credit institutions	14	**6,220**	8,877	6,249
Gross loans to customers	14,15,16,17	**211,928**	196,710	179,675
Specified loan loss provisions	15,16,17	**1087**	906	897
Unspecified loan loss provisions	18	**1,386**	1,386	1,389
Net loans to customers	11,12	**209,455**	194,418	177,389
Repossessed assets	22	**252**	83	61
Certificates and bonds	14,35	**18,955**	15,782	11,349
Shares and equity interests	14,35,36	**1,672**	1,503	1,586
Associated companies	14,19	**528**	544	544
Owner interest, Spareforsikring	2	**2,843**	2,745	2,766
Intangible assets	14,20	**885**	877	503
Real estate	21,22	**1,223**	1,262	1,277
Fixed assets	14,21	**907**	965	1,048
Other assets and accruals	14	**6,893**	4,580	3,476
Total assets		**253,690**	233,883	209,612
Liabilities and equity				
Loans and deposits from credit institutions	23	**31,243**	29,914	29,699
Customer deposits	23,24	**122,797**	109,405	100,017
Certificates and bonds	23,25	**64,798**	65,724	51,989
Other liabilities, accruals and allocations	23	**10,262**	6,676	7,410
Dated subordinated loan capital	25,27	**3,091**	2,602	1,448
Perpetual subordinated loan capital	25,27	**5,264**	3,854	4,666
Total liabilities		**237,455**	218,175	195,229
Share capital	26,33	**8,700**	8,700	8,700
Other equity	26	**7,535**	7,008	5,683
Total equity		**16 235**	15,708	14,383
Total liabilities and equity		**253 690**	233,883	209,612
Interest rate and liquidity risk, financial derivatives	28,29,30			
Foreign currency exposure and off-balance sheet liabilities	31,32			
Related parties	34			

Oslo, 5 March 2003

The Board of Directors of Gjensidige NOR ASA



Bjørn Sund
Chair

Amund Skarholt
Deputy Chair

Svein Brustad

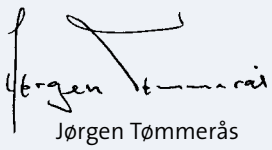
Sverre Finstad

Tommy Persson

Ingjerd Skjeldrum

Lucy Smith

Stig Harald Trygstad



Jørgen Tømmerås

Per Terje Vold

Olav Hytta
President and CEO

Accounting Policy

General

The accounts for Gjensidige NOR ASA have been prepared in compliance with Norwegian accounting legislation, regulations made by the Ministry of Finance and Norwegian GAAP.
All amounts are stated in NOK million and apply to the Group, unless otherwise specifically stated. All accounting figures for periods prior to 2002 are pro forma.

Consolidation

Gjensidige NOR ASA's consolidated accounts include Union Bank of Norway, Gjensidige NOR Spareforsikring and Gjensidige NOR Fondsforsikring with subsidiaries and associated companies. Subsidiaries are defined as companies in which ownership is regarded as long term, and where Gjensidige NOR ASA alone or together 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 Notes 36 and 37. Subsidiaries bought or sold in the course of the year are consolidated as from, or up to, the quarter that they were part of the Group.

Acquisitions are accounted for by the acquisition 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 the 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 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.

The business of Gjensidige NOR Spareforsikring differs fundamentally from the business of the remainder of the Group and has followed, and follows substantially different rules for presentation of its accounts. Moreover, the rules governing profit sharing between policyholders and shareholders in life insurance companies limit the Group's right of disposal over the company's assets and profit. As a result, the equity method of accounting is applied to Gjensidige NOR Spareforsikring in the consolidated accounts. This entails that Gjensidige NOR Spareforsikring's profit contribution to the Group features in the consolidated profit and loss account on a net basis, while the net value of the investment is shown as an asset in the balance sheet.

Where consolidation of foreign subsidiaries is concerned, profit and loss accounts and balance sheet items are translated at the middle exchange 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 Gjensidige NOR's company 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 Notes 19, 36 and 37. The term «joint ventures» refers to companies which Gjensidige NOR ASA for the most part owns together with Gjensidige NOR Forsikring and where both parties own 50 per cent. These companies are also shown in Notes 19, 36 and 37.

The companies in question are consolidated using the equity method. With this method, the Group's share of the result for the year is recorded after tax deductions. The shares are shown in the balance sheet at historical cost, adjusted for the Group's share of the profit and dividend received. The acquisition method is also applied to associated companies and joint ventures (see «Consolidation» above).

In Gjensidige NOR ASA's accounts investments in associated companies and joint ventures are valued at historical cost, and otherwise valued in line with other fixed assets.

Life insurance

Gjensidige NOR Spareforsikring's accounts have been prepared in compliance with Norwegian accounting legislation, regulations made by the Ministry of Finance and Norwegian GAAP. The Ministry of Finance's regulations for life insurance companies diverge in some respects from accounting principles and concepts employed in the Group's other businesses. The accounts for Gjensidige NOR Spareforsikring are used as a basis for preparing the consolidated accounts without adjustment for divergent principles.

Current assets are shown at market value. Variances between market value and cost price is entered in the profit and loss account and set aside to unrealised gains when market value exceeds cost price.

Investments in real estate are shown at presumed market value and the value change for the year is entered in the profit and loss account.

Bonds to be held to maturity are booked at acquisition cost, and any premium/discount upon acquisition is accrued on a linear basis up to maturity or up to the next interest rate regulation date. Such premiums/discounts are shown in the accounts as an adjustment of the bond's interest income flow.

Investments in shares and interests in cooperating companies as well as strategic investments are booked at acquisition cost. Where fair value is lower than book value, and this is not due to factors considered to be of a transient nature, write-downs are carried out on an individual basis.

The profit and loss account is debited with allocations for the year to the life insurance fund. The formal basis for technical provisions in life insurance is contained in the Insurance Activity Act section 8-2, and in regulations pursuant to the act. The life insurance fund must accordingly at minimum constitute the difference between the capital value of the company's future obligations pursuant to the insurance contracts, including the costs of administering them, and the capital value of the future gross premiums.

Supplementary reserves in the life insurance fund may be employed to cover the company's interest guarantee in years where the company's actual financial return is lower than the guaranteed interest.

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 in 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. Any dividends received from subsidiaries with a basis in a group contribution are deducted from the cost price of the shares.

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 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 Norwegian kroner 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 to the trading or banking portfolio 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 *banking 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. Internal contracts between the trading and banking portfolios are executed at market prices. Internal gains and losses are not eliminated.

Bonds, certificates (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 collectively at acquisition cost or market value, whichever is lowest.

Short-term share investments (apart from the trading portfolio) are likewise valued collectively 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 payment terms are breached are classified as defaults.

Defaults
The bank treats a loan as being in default at the latest when a payment is 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 fair 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 specific loss provisions have not been made. Unspecified loss provisions are intended to cover categories of loans which, 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 the circumstance 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
Financial leasing is classified as lease financing and is treated as lending in the accounts. Such lending corresponds to the present value of future receipts. Contracts with residual value are amortised to this residual value over the duration of the loan. The interest component of the lease receipts is shown as interest income, while the instalment balance component reduces the loan. Lease receipts are taken to income based on the annuity method.

Factoring is booked according to the equity method and is classified as lending in the balance sheet. When credit risk is taken over, the purchased account receivable is classified as a receivable.

Fixed assets – Intangible assets

Fixed assets are recorded at acquisition cost plus any revaluation, less any write-down and straight-line ordinary depreciation. The Gjensidige NOR 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 depreciation
Goodwill	10 - 20%
IT programs	20 - 33%

Where the fair value of an operating 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 software 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 of a lasting nature. 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 depreciated 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 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 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 Gjensidige NOR Group follows the Norwegian Accounting Standard for pension expenses. This standard employs 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 variance 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.

Business area reporting

Gjensidige NOR ASA is commercially and functionally divided into a number of business areas. Reporting for external purposes includes relevant accounting data for four business areas: Savings Bank, Corporate Customers, Capital Markets and Life Insurance and Pensions.

After the reorganisation in August 2002, profit and loss accounts, balance sheets and key data for these business areas are based on the Group's internal financial reporting. Internal financial reporting essentially employs the same principles as external reporting, although subject to changes in capital and cost distribution principles over time. Pricing of capital assets within the Group is on relevant market terms.

Costs associated with staff and support functions, and with the business areas Group Finance and Banking Products, are not apportioned in the profit and loss account. Where calculation of return on equity is concerned, however, such costs are fully apportioned. Return on equity for the respective business areas is calculated with reference to the BIS-weighted calculation base, based on 7 per cent core capital adequacy for the individual business area.

Geographical segment information is not reported since the organisation is not structured in terms of separate geographical units.

Notes

1 CREATION OF THE GROUP

In order to strengthen the competitiveness of Union Bank of Norway and Gjensidige NOR Spareforsikring, the Group Executive Board of the Gjensidige NOR financial group decided on 10 September 2002 to convert Union Bank of Norway and Gjensidige NOR Spareforsikring from, respectively, a savings bank and mutual life insurance company into public limited liability companies. As an integral part of the conversion, Gjensidige NOR became the parent company of Union Bank of Norway and Gjensidige NOR Spareforsikring.

The consolidated accounts for Gjensidige NOR ASA include Union Bank of Norway, Gjensidige NOR Spareforsikring and Gjensidige NOR Fondsforsikring with subsidiaries and associated companies. The pooling-of-interests method is applied since the conversion is regarded as a reorganisation under joint control, and owner integration is therefore reflected in the accounts with effect from 1 January 2002. Gjensidige NOR ASA's equity is based on the book value of the Group's equity in Union Bank of Norway and Gjensidige NOR Spareforsikring as of 1 January 2002.

Transactions related to subsidiaries

In the interest of an effective and efficient group structure and of clarity as regards value creation, owner interests for some companies were assembled upon the establishment of the Gjensidige NOR ASA financial group in mid-September 2002. See the table showing the transactions in Note 26. The transactions were carried out by means of tax-free intra-Group transfers under the Internal Control Regulations such that tax related values are carried over into the acquiring companies. Since the transactions constitute reorganisation under joint control, the pooling-of-interests method was applied in the accounts of Union Bank of Norway and Gjensidige NOR ASA. This entailed additional values totalling NOK 484 million being charged to the Group's equity. The additional values were charged to Group equity since the gain recorded by Gjensidige NOR Spareforsikring is taken to income and will be included in the profit distribution to its shareholders.

In the accounts of Gjensidige NOR Spareforsikring the gain on the sale of the shares is shown on a gross basis before latent tax, since it is regarded as generally accepted accounting practice to ensure that all transactions with a bearing on a life insurance company's equity capital are shown in the profit and loss account. The accounting gain included in the company's financial income and in the distributed profit totals NOK 627 million. Because these transactions had a negative capital adequacy effect for Gjensidige NOR Spareforsikring, the company received an equity infusion of NOK 170 million after the conversion.

Comparable figures

Pro forma figures have been prepared as if the conversion and the transactions related to subsidiaries had taken place on 1 January 2000. The pro forma figures are employed to permit comparison with the accounts for 2002. Since the conversion is regarded as reorganisation under joint control, book values in Union Bank of Norway and Gjensidige NOR Spareforsikring are carried over into the accounts of Gjensidige NOR ASA and in the pro forma figures. Gjensidige NOR Spareforsikring is incorporated using the equity method.

Pro forma adjustments

The effect on equity and capital adequacy of the transactions related to subsidiaries is reflected in the pro forma accounts for all periods shown. The profit effect of the transactions is not corrected in the pro forma figures, partly out of substantiality considerations and partly due to Gjensidige NOR Spareforsikring's profit distribution model. The most important profit element related to the transactions is return on the funds transferred to Gjensidige NOR Spareforsikring, most of which has been passed on to the company's policyholders. Assuming an annual interest rate of 7 per cent, this will come to NOK 29 – 44 million, depending on the profit distribution between policyholders and shareholders, and will be charged to the consolidated accounts annually in the years ahead.

Corresponding internal gains and goodwill from similar transactions in previous periods have not been eliminated. They are carried over as previously reported and are amortised in the consolidated accounts.

The figures for Gjensidige NOR Spareforsikring reflect the actual profit sharing between policyholders and PCC holders in the company (all PCCs owned by Gjensidige NOR Forsikring) in the period 1999 to 2001. In 1999 Gjensidige NOR Forsikring, as the owner of all PCCs, received the same return on contributed capital as policyholders did on their average assets under management. The model for profit distribution between policyholders and PCC holders was revised in 2000 such that a fraction of the return on customer assets was added to equity. The negative result in 2001 did not provide a basis for profit distribution, nor for dividend payment.

In connection with the conversion, conversion costs of NOK 125 million were charged to equity. This is reflected in the pro forma accounts. Costs of NOK 52 million which were incurred in connection with the secondary offering, and which have been expensed in the 2002 accounts, are not included in the pro forma figures.

The equity in Union Bank of Norway and Gjensidige NOR Spareforsikring includes intra-Group minority interests in the jointly owned companies Avanse Forvaltning, Gjensidige NOR Kapitalforvaltning and Gjensidige NOR Fondsforsikring. Intra-Group minority interests are eliminated in the pro forma figures.

The pro forma accounts do not express the Group's results that would have materialised had the transactions underlying the pro forma accounts actually taken place at the points in time in question.

2 GJENSIDIGE NOR SPAREFORSIKRING ASA

Profit and loss account	**2002**	2001	2000
Premium income	**8,618**	5,200	4,617
Income from financial assets etc., (net)	**1,125**	980	4,854
Claims and transfers, premium reserves	**(4,124)**	(4,095)	(4,520)
Change in technical reserves	**(6,407)**	(2,699)	(1,988)
Operating expenses related to underwriting	**(515)**	(451)	(441)
Other income/expenses	**(111)**	(84)	(93)
Unallocated profit	**(1,414)**	(1,149)	2,429
From/to supplementary reserves	**1,146**	1,059	(180)
Customer allocation	**(30)**	(25)	(1,914)
Pre-tax profit (loss)	**(298)**	(115)	335
Tax charge	**141**	94	(38)
Net profit (loss) (*)	**(157)**	(21)	297

(*) Intra-Group minority interests are incorporated in Gjensidige NOR ASA's accounts for 2001 and previously.

Balance sheet			
Assets			
Real estate	**8,324**	7,691	6,543
Shares and interests, domestic	**2,175**	5,804	6,187
Shares and interests, foreign	**2,333**	10,280	11,326
Mortgage loans	**3,180**	3,263	3,471
Other financial assets	**46,568**	30,832	30,247
Other assets	**3,583**	2,682	2,788
Total assets	**66,163**	60,552	60,562
Equity and liabilities			
Equity	**2,842**	2,573	2,594
Hybrid capital	**225**	0	0
Subordinated loan capital	**1,478**	1,362	1,106
Unrealised gains	**0**	0	1,176
Additional provisions	**484**	1,711	2,926
Technical provisions for own account	**60,598**	54,335	51,905
Other liabilities	**536**	571	855
Total equity and liabilities	**66,163**	60,552	60,562

Profit analysis			
Interest result	**(1,148)**	(1,116)	2,813
Risk result	**6**	(84)	(33)
Increase of disability provision	**(64)**	(103)	
Administration result	**(104)**	(92)	(100)
Other allocations to reserves (*)	**(104)**	246	(251)
Unallocated profit	**(1,414)**	(1,149)	2,429

(*) Of which in 2002: extra allocation to premium reserve (NOK 51 million), to write-down of IT systems (NOK 40 million) and to the contingency fund (NOK 13 million).

Key ratios			
Book return	**1.9%**	1.8%	9.0%
Value adjusted return	**2.3%**	0.0%	4.2%
Expenses as % of customer assets	**0.97%**	0.95%	0.99%
Return on equity, after tax	**(5.8%)**	(0.8%)	11.6%
Customer assets (NOK billion)	**61.0**	56.0	54.5
Capital adequacy	**15.9%**	9.8%	8.6%
Core capital	**9.8%**	5.8%	6.3%
Solvency margin as % of requirement (*)	**153.3%**	157.4%	178.9%

(*) The solvency margin requirement is an expression of risks attached to technical commitments (interest guarantee and death/disability), and is computed on the basis of the size of the life insurance fund and the sum of risk insurance premiums. The solvency margin capital includes the eligible capital base, 50% of supplementary reserves and that part of the contingency reserve that exceeds 55% of the minimum required contingency reserve. Total solvency margin capital must at a minimum cover the solvency margin requirement.

Buffer capital	**2002**		2001		2000	
Equity	**2,842**	**4.7%**	2,573	4.7%	2,594	5.0%
Hybrid capital	**225**	**0.4%**	0		0	
Subordinated loan capital	**1,478**	**2.4%**	1,362	2.5%	1,106	2.1%
Supplementary reserves	**484**	**0.8%**	1,711	3.1%	2,926	5.7%
Contingency reserve	**75**	**0.1%**	63	0.1%	330	0.6%
Unrealised gains	**0**	**0.0%**	0		1,176	2.3%
Additional value, fixed assets	**418**	**0.7%**	184	0.4%	91	0.2%
Total buffer capital (*)	**5,522**	**9.1%**	5,893	10.8%	8,223	15.9%

(*) Buffer capital as % of technical provisions exclusive of supplementary reserves and contingency reserve.

Conversion
As part of the conversion to public limited liability company status and the establishment of the Gjensidige NOR ASA Group, Gjensidige NOR Spareforsikring's shares in Gjensidige NOR Fondsforsikring, Gjensidige NOR Kapitalforvaltning and Avanse Forvaltning were sold (see Note 26). The transactions produced a total pre-tax gain of NOK 627 million. The gain was recorded as financial income by Gjensidige NOR Spareforsikring. Actual and value-adjusted return for 2002 increased by 1 percentage point as a result of this.

3 INTEREST INCOME AND EXPENSES

	2002	2001	2000
Interest on deposits with and loans to credit institutions	**1,281**	1,721	1,663
Interest on loans to customers	**16,121**	15,536	13,400
Net interest income on loans previously written off	**43**	61	87
Interest on CDs and bonds	**958**	985	791
Interest income	**18,403**	18,303	15,941
Interest on loans from credit institutions	**2,741**	2,506	2,013
Interest on customer deposits	**6,586**	6,199	4,973
Interest on CDs and bond loans	**2,981**	3,584	3,134
Interest on subordinated loan capital	**218**	335	468
Levy to Savings Banks' Guarantee Fund	**162**	152	6
Interest expenses	**12,688**	12,776	10,594
Net interest income	**5,715**	5,527	5,347

(*) The levy payable by Union Bank of Norway to the Savings Banks' Guarantee Fund for 2003 will be NOK 173 million.

AVERAGE INTEREST RATE FOR LOANS TO AND DEPOSITS FROM CUSTOMERS	Interest amount	Average capital	**Average rate**
Loans to customers	16,164	206,374	**7.83%**
Deposits from customers	6,586	115,723	**5.69%**

4 OTHER OPERATING INCOME, NET

	2002	2001	2000
Share dividends	**27**	26	21
Income from money market funds	**82**	84	3
Income from ownership interests in associated companies/joint ventures	**39**	48	63
Share dividends and other profit income	**148**	158	87
Guarantee commissions	**87**	88	80
Interbank fees	**74**	46	49
Money transfer fees	**797**	775	743
Mutual funds management fees	**241**	331	433
Discretionary asset management	**91**	87	0
Securities broking activities	**123**	125	55
Life insurance (Gjensidige NOR Spareforsikring)	**85**	77	32
Miscellaneous commissions and fees	**280**	298	309
Commission income	**1,778**	1,827	1,701
Interbank fees	**90**	54	64
Money transfer fees - external costs	**239**	233	198
Other commissions and fees	**228**	245	242
Commission expenses	**557**	532	504
Capital gains on bonds and CDs	**168**	41	38
Capital gains (losses) on shares and PCCs	**(58)**	(25)	(24)
Foreign currency gains	**254**	228	200
Gains (losses) on financial derivatives	**(202)**	28	48
Capital gains	**162**	272	262
Operating income, real estate	**34**	32	34
Gains on disposals of fixed assets	**4**	44	17
Real estate agency commissions	**283**	284	236
Additional operating income	**140**	104	98
Other operating income	**461**	464	385
Other operating income, net	**1,992**	2,189	1,931

5 PERSONNEL EXPENSES

	2002	2001	2000
Salaries	**1,596**	1,550	1,399
Pensions	**243**	154	120
Other benefits	**356**	384	368
Reorganisation costs	**73**	0	0
Allocation to employee fund	**5**	48	50
Personnel expenses	**2,273**	2,136	1,937

REMUNERATION TO GOVERNING BODIES / CEO / AUDITOR

Gjensidige NOR was established in June 1999 with a Group Executive Board and President and CEO common to Gjensidige NOR's main companies (Union Bank of Norway, Gjensidige NOR Spareforsikring and Gjensidige NOR Forsikring, each with its own board of directors) up to conversion in September 2002. Expenses on the Group Executive Board and President/CEO were apportioned in equal shares on the three main companies up to conversion. For the remainder of 2002 Union Bank of Norway met the entire expense related to the President/CEO.

After conversion and the creation of Gjensidige NOR ASA the following was agreed as regards remuneration:

- The Committee of Representatives is common to Gjensidige NOR ASA, Union Bank of Norway and Gjensidige NOR Spareforsikring.
- Gjensidige NOR ASA's President and CEO is Olav Hytta who is also the CEO of Union Bank of Norway. Expenses are apportioned in equal shares on each of the two companies.
- The Control Committee is common to Gjensidige NOR ASA and Union Bank of Norway. Moreover, the common Control Committee for Gjensidige NOR Spareforsikring and Gjensidige NOR Fondsforsikring holds joint meetings with the first-mentioned committee.

Note 5 Personnel expences cont.

The information on remuneration states the sum total of remuneration to each of the following: Group Executive Board/Board of Directors, Committee of Representatives, Control Committee and President/CEO. Remuneration can be summarised as follows (all figures in NOK):

Remuneration prior to conversion	**2002**	2001	2000
Group Executive Board, Gjensidige NOR	**1,330,000**	2,098,000	2,080,000
Board of Directors, Union Bank of Norway	**1,000,000**	1,337,000	1,335,000
Committee of Representatives, Union Bank of Norway	**304,000**	267,000	396,000
Control Committee, Union Bank of Norway	**148,000**	398,000	397,500

Remuneration after conversion	**2002**
Board of Directors, Gjensidige NOR ASA	**422,000**
Board of Directors, Union Bank of Norway	**263,000**
Committee of Representatives (*)	**136,000**
Control Committee of Gjensidige NOR ASA and Union Bank of Norway (**)	

(*) The amount stated is paid on account. Remuneration for the fourth quarter will be determined by the General Meeting in the spring of 2003.

(**) The committee was enlarged from three to six members upon conversion. Remuneration for the fourth quarter will be determined by the General Meeting in the spring of 2003.

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

Olav Hytta (59) received a salary of NOK 2,393,000 in 2002 (2001: NOK 2,000,000; 2000: NOK 1,816,000). The figure for 2002 includes a one-time supplement of NOK 150,000 that Mr Hytta received in January 2002 in recognition of his splendid effort in 2001. Benefits in kind were estimated at NOK 146,000 (2001: 100,000; 2000: 88,000).

Mr Hytta is entitled by agreement to retire at the age of 60, but has at the request of the Board of Directors, stated his willingness to remain President and CEO until further notice. His pension will constitute 70% of his final salary. Costs in connection with Mr Hytta's pension scheme totalled NOK 2,036,000 in 2002. Mr Hytta's total loans with Union Bank of Norway came to NOK 48,000 at end-2002.

The President's remuneration over recent years is as follows:

	2002	2001	2000	1999	1998	1997
Salary and other benefits (NOK 1,000)	**2,389**	2,250	1,904	1,931	2,098	1,826

The one-time supplement for 2001 (paid in 2002) is included in the 2001 figure in the above table. The increase over the five-year period averages 5.5% per annum.

Group Deputy President Øyvind Birkeland (48) 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 1,760,000 at end-2002.

Under a compensation agreement with the bank, Group Deputy President Karl-Olav Hovden (59) will, in the event that the bank terminates his employment contract, receive full pay for two years after stepping down. 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 378,000 at end-2002.

Fees paid to external auditors amounted to NOK 5,038,000 for audits, NOK 3,410,000 for other approval services, NOK 392,000 for consultations on tax matters and 2,007,000 for other consulting services. The total includes NOK 3,424,000 for services related to the conversions to public limited liability companies. The two preceding years, external auditors received NOK 4,068,000 (2000: NOK 4,145,000) for audits and NOK 3,977,000 (2000: NOK 6,006,000) for other consulting services.

LOANS TO EMPLOYEES AND MEMBERS OF GOVERNING BODIES	**2002**	2001	2000
Loans to employees (*)	**3,427**	2,471	2,475
Loans to members of governing bodies	**3**	8	8

(*) Incl. loans made by Union Bank of Norway to employees of Gjensidige NOR's group companies.

Of total loans to employees as at end-2002, loans to retirees came to NOK 164 (2001: 169; 2000: 128) million. No loans to retirees were on terms other than the general terms applied to employees.

No member of the Group Executive Board had loans with Gjensidige NOR at end-2002. One member of the Committee of Representatives had loans totalling NOK 2.5 million with Gjensidige NOR at end-2002. No member of the Control Committee had loans with Gjensidige NOR at end-2002.

As at end-2002 guarantees totalling NOK 0.7 million were in effect for employees. At end-2002 Gjensidige NOR operated 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, Group employees enjoyed in 2002 an interest subsidy totalling NOK 0.4 million on loans from the employer.

STAFFING	**2002(*)**	2001	2000
Full-time position equivalents as at year-end.	**4,210**	3,843	3,807
Employees as at year-end.	**4,645**	4,282	4,277
Average no. of employees	**4,672**	4,310	4,290

(*) For 2002 Gjensidige NOR Spareforsikring is included with 438 FTEs and 453 employees as at year-end, and with an average number of employees of 480.

6 PENSION COSTS AND PENSION COMMITMENTS

The Gjensidige NOR Group has separate pension plans for ordinary retirement, disability pensions and for salaries exceeding 12 times the basic amount ("G"). The Group also has non-funded pension commitments for early retirement and discretionary pensions which have been provided for in the accounts. Provision has also been made for the Group's commitments related to the AFP (early retirement) programme.

In the case of funded commitments, employer's contributions are expensed upon payment to Gjensidige NOR Spareforsikring. In the case of non-funded commitments, provision has been made for the capitalised value of employer's contributions on commitments taxable, at a rate of 14.1%. Employer's contributions are classified as other long-term liabilities.

Pension commitments are computed on the basis of the calculatory assumptions listed below:

	2002	2001	2000		**2002**	2001	2000
Discount rate	**6.5%**	7%	7%	Pension increases	**4%**	3%	2%
Expected return	**7%**	8%	8%	Voluntary departure		Standard reductions	
Salary increases	**4%**	4%	4%	Fraction taking early retirement	**54%**	54%	54%
Increases in basic amount	**4%**	3%	3%	Improved basis, disability pensions	**K93**	K93	K93

		2002			2001	2000
PENSION COSTS	**Funded**	**Non-funded**	**Total**	Total	Total
Present value of accrued pension commitments	**112**	**25**	**137**	113	102
Interest costs on accrued pension commitments	**147**	**34**	**181**	167	145
Expected return on pension resources	**(127)**		**(127)**	(150)	(139)
Amortisation of effect of plan change	**5**	**1**	**6**	5	5
New early retirees				8	
Variance actual/projected values	**21**	**25**	**46**	11	7
Net pension costs	**158**	**85**	**243** (*)	154	120
NUMBER OF PERSONS					
No. of active members	**4,171**	**138**	**4,309**	4,363	4,242
No. of retirees	**1,483**	**121**	**1,604**	1,639	1,606
Total no. of persons covered	**5,654**	**259**	**5,913**	6,002	5,848
PENSION COMMITMENTS					
Estimated pension assets (**)	**2,030**	**10**	**2,040**	1,773	1 773
Estimated pension commitment (***)	**2,473**	**554**	**3,027**	2,620	2 246
Net pension commitment	**443**	**544**	**987**	847	473
Variance not booked to profit and loss account	**(511)**	**(221)**	**(732)**	(557)	(191)
Net pension commitment in balance sheet	**(68)**	**323**	**255**	290	282
Pension commitment in balance sheet	**40**	**323**	**363**	367	302
Excess funding in balance sheet	**108**		**108**	77	20
Net pension commitment	**(68)**	**323**	**255**	290	282

(*) The changes in calculatory assumptions increased pension costs in 2002 by approximately NOK 40 million.

(**) The Union Bank of Norway pension fund was terminated in 2002 and the Group's funded pension schemes were transferred to Gjensidige NOR Spareforsikring ASA. The paid-up capital in the pension fund exceeded the liquidation proceeds by NOK 138 million. This sum is treated in the accounts as pension assets since it is regarded as irrevocably allocated to pensions.

(***) 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 2002 by NOK 175 million in relation to 2001. The increase is mainly due to the changes in calculatory assumptions regarding the discount rate, expected return, growth in the basic amount and pension growth.

Gjensidige NOR Spareforsikring

Gjensidige NOR Spareforsikring operates an occupational pension insurance scheme pursuant to the Tax Act (TPES) with a general retirement age of 67. Retirement pension amounts to 70% of pensionable earnings based on the number of qualifying years and salary upon retirement. The scheme includes spouse's pension, child's pension and disability pension in accordance with specific rules. Gjensidige NOR Spareforsikring also has pension obligations in respect of individual employees over and above the standard group contract. These refer to employees with a lower retirement age, employees with salaries higher than 12 times the basic amount under the National Insurance Scheme and supplementary pensions.

	2002	2001	2000
Discount rate	**6.5%**	7.0%	7.0%
Expected return	**7.0%**	8.0%	8.0%
Salary increases	**4.0%**	3.3%	3.3%
Increases in basic amount	**4.0%**	2.1%	2.1%

Note 6 Pension costs and pension commitments cont.

The following pension costs and commitments in Gjensidige NOR Spareforsikring are recorded, and are dealt with by the equity method in the accounts.

	2002			2001	2000
PENSION COSTS	**Funded**	**Non-funded**	**Total**	Total	Total
Present value of accrued pension commitments	**13**	**3**	**16**	15	13
Interest costs on accrued pension commitments	**27**	**4**	**32**	31	31
Expected return on pension assets	**(33)**	**(0)**	**(33)**	(39)	(36)
Amortisation of effect of plan change, Variance actual/projected values	**1**	**3**	**4**	4	1
Net pension cost	**8**	**10**	**18**	11	8
NUMBER OF PERSONS					
No. of active members	**385**	**376**	**761**	897	925
No. of retirees	**385**	**166**	**551**	576	576
Total no. of persons covered	**770**	**542**	**1,312**	1,473	1,501
PENSION COMMITMENTS					
Estimated pension assets	**496**	**4**	**501**	525	490
Estimated pension commitment	**447**	**73**	**520**	487	460
Net pension commitment	**(49)**	**68**	**19**	(38)	(30)
Variance not booked to profit and loss account	**(83)**	**(33)**	**(116)**	(54)	(46)
Net pension commitment in balance sheet	**(132)**	**35**	**(97)**	(92)	(76)
Pension commitment in balance sheet		**35**	**35**	40	35
Excess funding in balance sheet	**132**		**132**	132	111
Net pension commitment	**(132)**	**35**	**(97)**	(92)	(76)

7 STAFFING

Employees			**2002**	2001	Transferred	Change
Savings Bank		(1)	**1,677**	1,818	(80)	(61)
Corporate Customers		(2)	**86**	96		(10)
Capital Markets			**262**	264	20	(22)
Of which:	Gjensidige NOR Equities		**56**	82		(26)
	Gjensidige NOR Kapitalforvaltning		**68**	66		2
	Avanse Forvaltning	(2)	**63**	43	20	0
	Other Capital Markets units		**75**	73		2
Life Insurance and Pensions		(3)	**445**	487	(40)	(2)
Other businesses:	Other, Bank	(4,5)	**947**	923	5	19
	Elcon Finans		**437**	408		29
	Gjensidige NOR Eiendomsmegling		**254**	248		6
	Hafjell Alpinsenter		**41**	41		0
	UBNI Luxembourg		**33**	36		(3)
	Sparebankkreditt		**28**	30		(2)
No. of full time position equivalents			**4,210**	4,351	(95)	(46)

(1) 37 FTEs were transferred to «Other, Bank», 43 FTE's to Norsk Kontantservice AS.
(2) 20 FTEs were transferred from Gjensidige NOR Savings and Investment Services AS (included in Life Insurance and Pensions).
(3) 40 FTEs were transferred to Avanse (20) and to Gjensidige NOR DriftsPartner (20).
(4) 37 FTEs were transferred from «Savings Bank», 32 FTE's were transferred to Gjensidige NOR DriftsPartner AS.
(5) Includes Cresco, Banking Products, Group Staff, Group Finance and Corporate Communications.

8 OPERATING EXPENSES

		2002	2001	2000
Personnel expenses		**2,273**	2,136	1,937
IT and development costs		**360**	367	369
Office supplies		**61**	68	54
Telecommunications, postage		**193**	188	198
Fees, substitute personnel, other services		**317**	322	261
Travel, staff training		**121**	151	122
Marketing		**287**	304	288
Administrative expenses		**1,339**	1,400	1,292
Personnel and administrative expenses		**3,612**	3,536	3,229
Amortised goodwill		**187**	156	99
Ordinary depreciation		**268**	269	255
Write-downs		**27**	38	11
Depreciation and write-downs		**482**	463	365
Operating expenses, real estate		**50**	47	54
Rental and operating expenses, rented premises		**341**	289	286
Properties and premises		**391**	336	340
Operating assets, expensed		**30**	42	25
Miscellaneous operating expenses	(*)	**219**	167	147
Additional operating expenses		**283**	209	172
Other operating expenses		**674**	545	512
Operating expenses		**4,768**	4,544	4,106

(*) In 2002 NOK 32 million was set aside for branch closures and integration of the capital markets business units.

Rental commitments
Gjensidige NOR operates through a large number of offices and branches. The great majority of these premises are under rental agreements. At end-2002 the Group's annual external rental commitments totalled NOK 136 (2001: 148, 2000: 131) million. The rental agreements vary in duration; the average residual term is 4.5 years (2001: 5 years, 2000: 5 years).

Gjensidige NOR Spareforsikring ASA is headquartered in Trondheim, but also operates extensively in Oslo. Most of its premises are under rental agreements. At end-2002 the company's annual external rental commitments totalled NOK 42 (2001: 45, 2000: 49) million. Generally rental agreements are for one year at a time.

Price and volume agreements with EDB Fellesdata
Union Bank of Norway has standing price and volume agreements with EDB Fellesdata for purchase of computer power, system maintenance and operation of applications which amount to approx. NOK 150 (2001: 140; 2000: 150) million. For 2003 the agreement totals about NOK 159 million. Other agreements in effect are based on variable demand. Total purchases from EDB Fellesdata in 2002 came to NOK 218 (2001: 200; 2000: 217) million.

Price and volume agreements with Ergo Group
In 2001 Union Bank of Norway established standing price and volume agreements with Ergo Group for purchase of computer power, system maintenance and operation of applications. For 2002 the agreement was worth NOK 46 (2001: 49) million. Other agreements in effect are based on variable demand. For 2003 the overall agreement, including agreements based on variable demand, is of the order of NOK 55 million. Total purchases from Ergo Group in 2002 came to NOK 53 (2001: 53) million.

9 LOSSES ON LOANS AND GUARANTEES

	2002	2001	2000
Realised losses exceeding previous years' specified loss provisions	**237**	166	184
Increase in specified loss provisions	**103**	92	80
New, specified loss provisions	**424**	313	154
Gross losses	**764**	571	418
Reduction in specifed loss provisions due to reduced risk	**26**	18	44
Reversal of specified loss provisions due to reclassification	**87**	80	95
Reduction in and reversal of specified loan loss provisions	**113**	98	139
Recovered on previously realised loan losses	**105**	103	138
Increase in unspecified loss provisions	**0**	56	74
Losses on loans and guarantees	**546**	426	215
Realised losses (additional) covered by specified provisions from previous years	**228**	119	378

Of total losses in 2002, the 20 largest losses amounted to NOK 293 (2001: 248; 2000: 106) million.

10 LOSSES (GAINS) ON LONG-TERM FINANCIAL ASSETS

	2002	2001	2000
Sale of AcceptFinans AS		(205)	
Sale of Fellesdata			(741)
Sale of NOS Holding ASA		(27)	
Miscellaneous	**2**		(5)
Losses (gains) on long-term financial assets	**2**	(232)	(746)

11 SELECTED ACCOUNTING FIGURES FOR BUSINESS AREAS

Summaries of profit and loss accounts	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	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
Savings Bank	**3,317**	3,251	**626**	628	**2,007**	2,000	**1,936**	1,879	**228**	123	**1,708**	1,756
Corporate Customers	**388**	407	**163**	127	**141**	121	**410**	413	**87**	97	**323**	316
Capital Markets	**32**	5	**488**	589	**522**	400	**(2)**	194	**0**	(4)	**(2)**	198
Life Insurance and Pensions (*)	**3**		**(145)**	(32)	**16**		**(158)**	(32)			**(158)**	(32)
Other	**2,016**	1,864	**842**	845	**2,117**	2,023	**741**	686	**348**	(22)	**393**	708
Eliminations	**(41)**		**(139)**		**(35)**		**(145)**	0	**(115)**		**(30)**	0
Gjensidige NOR ASA Group	**5,715**	5,527	**1,835**	2,157	**4,768**	4,544	**2,782**	3,140	**548**	194	**2,234**	2,946

(*) Net profit after taxes

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 million	**31.12. 2002**	31.12. 2001	**31.12. 2002**	31.12. 2001	**31.12. 2002**	31.12. 2001	**2002**	2001	**2002**	2001	**2002**
Savings Bank	**131.9**	121.2	**93.7**	85.3	**132.6**	121.9	**0.17**	0.10	**51**	52	**16.0**
Corporate Customers	**23.9**	23.6	**26.1**	21.2	**26.1**	24.2	**0.36**	0.41	**26**	23	**13.1**
Capital Markets	**0.5**	0.7	**102.4**	103.6	**106.2**	106.2			**100**	67	
Life Insurance and Pensions					**70.9**	63.5					
Other	**53.8**	49.8	**1.1**	2.3	**142.4**	114.0	**0.42**	0.40	**74**	75	
Eliminations	**(0.6)**	(0.9)	**(0.5)**	0.3	**(111.8)**	(78.6)					
Gjensidige NOR ASA Group	**209.5**	194.4	**222.8**	212.7	**366.4**	351.2	**0.26**	0.22	**62**	59	**9.1**

The accounting figures above are based on internal accounting reports. Figures for 2001 are rendered comparable with 2002 figures.

12 SELECTED ACCOUNTING FIGURES FOR INTRA-GROUP COMPANIES

Summaries of profit and loss accounts

Amounts in NOK million	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	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
Union Bank of Norway (*)	**4,799**	4,517	**1,180**	1,322	**3,433**	3,327	**2,546**	2,512	**577**	88	**1,969**	2,424
Elcon Finans	**715**	665	**109**	106	**423**	390	**401**	381	**76**	65	**325**	316
Sparebankkreditt	**221**	202	**1**		**36**	34	**186**	168	**10**	6	**176**	162
UBNI Luxembourg	**53**	56	**26**	28	**43**	44	**36**	40			**36**	40
Avanse forvaltning	**7**	6	**117**	161	**141**	150	**(17)**	17			**(17)**	17
Gj. NOR Kapitalforvaltning	**3**	1	**91**	87	**129**	51	**(35)**	37			**(35)**	37
Gj. NOR Equities	**(5)**	(2)	**78**	77	**120**	82	**(47)**	(7)		(4)	**(47)**	(3)
Gj. NOR Eiendomsmegling	**8**	7	**284**	284	**276**	258	**16**	33			**16**	33
AcceptFinans		141		2		85		58		35		23
Ass. companies/Joint ventures			**39**	48			**39**	48			**39**	48
Other Banking Group companies	**(78)**	(66)	**80**	74	**116**	123	**(114)**	(115)	**(115)**	4	**1**	(119)
Banking Group	**5,723**	5,527	**2,005**	2,189	**4,717**	4,544	**3,011**	3,172	**548**	194	**2,463**	2,978
Gj. NOR Spareforsikring (**)			**(157)**	(32)			**(157)**	(32)			**(157)**	(32)
Gj. NOR Fondsforsikring	**3**		**12**		**16**		**(1)**				**(1)**	
Gj. NOR ASA	**(11)**		**0**		**52**		**(63)**				**(63)**	
Eliminations			**(25)**		**(17)**		**(8)**				**(8)**	
Gjensidige NOR ASA Group	**5,715**	5,527	**1,835**	2,157	**4,768**	4,544	**2,782**	3,140	**548**	194	**2,234**	2,946

(*) Exclusive of group contributions and share dividends from group companies.

(**) After tax.

BALANCE SHEET/KEY FIGURES

Amounts in NOK million	Net loans to customers		Customer deposits/ managed funds		Managed assets		Net loss in % of gross loans		Cost ratio		Return on equity after taxes	
	31.12. 2002	31.12. 2001	**31.12. 2002**	31.12. 2001	**31.12. 2002**	31.12. 2001	**2002**	2001	**2002**	2001	**2002**	2001
Union Bank of Norway	**165.0**	153.7	**122.5**	108.1	**235.0**	215.9	**0.28**	0.21	**57**	57	**12.8**	18.2
Elcon Finans	**23.3**	20.4	**0.3**	0.3	**24.3**	21.4	**0.32**	0.31	**51**	51	**13.4**	14.1
Sparebankkreditt	**17.7**	16.5			**18.2**	16.9	**0.06**	0.04	**16**	17	**10.2**	9.6
UBNI Luxembourg	**5.0**	4.7	**0.5**	0.5	**8.0**	8.2			**54**	52	**13.8**	11.4
Avanse forvaltning			**21.5**	27.6	**21.5**	27.6			**114**	90	**(19.6)**	15.0
Gj. NOR Kapitalforvaltning			**78.2**	76.0	**78.2**	76.0			**137**	58	**(51.4)**	63.6
Gj. NOR Equities			**0.3**	0.4	**0.3**	0.4			**164**	109	**(85.1)**	(2.4)
Gj. NOR Eiendomsmegling									**95**	89	**21.7**	35.5
Accept Finans										59		13.1
Ass. companies/Joint ventures						1.8						
Other Spareforsikring group	**(0.8)**	(0.9)	**(0.2)**	(0.2)	**(39.7)**	(31.6)					**(neg.)**	(neg.)
Banking Group	**210.2**	194.4	**223.1**	212.7	**345.8**	336.6	**0.26**	0.22	**61**	59	**11.7**	16.1
Gj. NOR Spareforsikring					**66.2**	60.5					**(5.8)**	(0.8)
Other life insurance group					**3.0**	3.0						
Spareforsikring Group					**69.2**	63.5						
Gj. NOR Fondsforsikring					**1.7**				**107**		**(1.6)**	
Gj. NOR ASA					**20.4**							
Eliminations	**(0.7)**		**(0.3)**		**(70.6)**	(48.9)						
Gjensidige NOR ASA Group	**209.5**	194.4	**222.8**	212.7	**366.4**	351.2	**0.26**	0.22	**62**	59	**9.1**	13.8

13 TAXES

		2002	2001	2000
Tax base				
Pre-tax profit		**2,234**	2,946	3,990
Share of profit - Gjensidige NOR Spareforsikring		**(157)**	(32)	287
Permanent differences	(*)	**215**	116	85
Dividends received		**(66)**	(74)	(86)
Changes in temporary differences		**393**	668	804
Tax base		**2,933**	3,688	4,506
Taxes payable		**824**	995	1,270
Tax-increasing temporary differences				
Fixed assets		**145**	151	223
Securities		**175**	158	160
Revaluations and premiums on acquisitions		**122**	126	168
Other tax-increasing differences		**222**	212	273
Total tax-increasing differences		**664**	647	824
Tax-reducing temporary differences				
Fixed assets		**21**	29	9
Securities		**29**	42	25
Loans (Elcon Finans)		**873**	530	116
Pension commitments		**293**	367	302
Other tax-reducing differences		**371**	209	175
Total tax-reducing differences		**1,587**	1,177	627
Net tax-increasing/(-reducing) differences		**(923)**	(530)	197
Deferred tax (net)		**(257)**	(142)	64
Tax charge				
Income tax		**173**	995	1,270
Taxes on Group contribution paid to Gjensidige NOR Spareforsikring		**651**		
Change in deferred tax		**(115)**	(187)	(225)
Total income tax charge		**709**	808	1,045
Capital tax		**0**	10	13
Excess/(deficient) provision for tax in previous year		**24**	(1)	(43)
Total tax charge		**733**	817	1,015
Reconciliation of income tax charge against pre-tax profit				
Pre-tax profit		**2,234**	2,946	3,990
Expected income tax at nominal rate (28%)		**626**	825	1,117
Tax effect of share of profit - Gjensidige NOR Spareforsikring		**44**	9	(80)
Adjustment for tax rates abroad		**(2)**	4	8
Tax effect of permanent differences		**59**	32	24
Tax effect of liquidation of Gjensidige Bank		**0**	(42)	0
Tax effect of received dividends		**(18)**	(21)	(24)
Total income tax charge		**709**	808	1 045
Effective tax rate		**32%**	27%	26%

(*) 2002: Of which goodwill recorded by the Group (126) and a one-time premium concerning pensions in excess of 12 "G" (50) upon transfer to the Group's life insurance company.

Temporary differences
Including Gjensidige NOR Spareforsikring, the Group has net tax-reducing temporary differences of NOK 1,839 (2001: 2,478; 2000: 1,416) million.

Dividend/group contributions
Gjensidige NOR ASA will receive NOK 2,390 million in group contributions from Union Bank of Norway. Gjensidige NOR ASA has taken this amount to income as share dividend since it is regarded as return on invested capital. Gjensidige NOR ASA will pay NOK 1,675 million in group contribution to Gjensidige NOR Spareforsikring ASA, and will thereafter receive NOK 874 million in dividend from Gjensidige NOR Spareforsikring ASA. These transactions have been undertaken to make use of tax losses carried forward in Gjensidige NOR Spareforsikring ASA, reduce payable tax, reduce deferred tax benefits, and hence improve core capital adequacy.

Overview of RISK calculation for Gjensidige NOR's shareholders
(applies only to shareholders who are liable for tax in Norway)
Tax-related value comprises cost price of the share/PCC plus accumulated RISK.

The table on the next page shows accumulated RISK for Union Bank of Norway's PCCs/shares at various times of purchase. Accumulated RISK for the year is used to calculate taxable gains on sales in 2002.

Note 13 Taxes cont.

Purchase year	Year's RISK as at 01.01.	Accumulated RISK for purchase year	Dividend paid
1992 and previously		104.77	
1993	0.00	104.77	
1994	(18.24)	123.01	18.00
1995	(2.31)	125.32	15.00
1996	4.39	120.93	15.00
1997	21.98	98.95	15.00
1998	20.84	78.11	15.00
1999	12.29	65.82	11.50
2000	20.18	45.64	14.00
2001	28.11	17.53	17.00
2002	17.53		17.00
2003	ca. 2.00		(*) 11.00

(*) Recommended dividend; ex-dividend date: 30 April 2003.

14 ASSETS

	2002	2001	2000
Cash and deposits with Central Bank of Norway	**3,857**	2,247	3,364
Deposits at call in credit institutions	**1,162**	929	869
Term deposits in and loans to credit institutions	**5,058**	7,953	5,385
Specified loan loss provisions	**0**	5	5
Deposits with and loans to credit institutions	**6,220**	8,877	6,249
Receivables, factoring	**237**	99	49
Loans, factoring	**1,137**	1,116	971
Lease financing contracts	**14,353**	12,497	10,802
Overdrafts and working capital facilities	**9,456**	10,036	11,191
Construction loans	**2,662**	2,729	2,298
Instalment loans	**184,061**	170,205	154,332
Other loans	**22**	28	32
Loans to and receivables from customers	**211,928**	196,710	179,675
Specified loan loss provisions	**1 ,087**	906	897
Unspecified loan loss provisions	**1,386**	1,386	1 389
Net loans to customers	**209,455**	194,418	177,389
Repossessed assets	**252**	83	61
CDs and bonds issued by the government	**1,271**	324	3,366
CDs and bonds issued by others	**17,684**	15,458	7,983
CDs and bonds etc., with fixed return	**18,955**	15,782	11,349
Shares, equity interests and primary capital certificates	**1,651**	1,484	1,573
Interests in general partnerships	**16**	18	11
Other securities	**5**	1	2
Shares and equity interests etc., with variable return	**1,672**	1,503	1,586
Owner interests in associated credit institutions	**528**	470	334
Owner interests in other associated companies/joint ventures	**0**	74	210
Owner interests in associated companies/joint ventures	**528**	544	544
Owner interests, Spareforsikring	**2,843**	2,745	2,766
Goodwill	**517**	690	494
Deferred tax benefit	**257**	142	0
Other intangible assets	**111**	45	9
Intangible assets	**885**	877	503
Machinery, fixtures and vehicles	**841**	897	976
Buildings and other real property	**1,289**	1,330	1,349
Fixed assets	**2,130**	2,227	2,325
Financial derivatives	**0**	569	0
Other assets	**4,160**	1,899	1,183
Other assets	**4,160**	2,468	1,183
Income accrued, not received	**2,483**	1,821	1,979
Excess funding of pension commitments	**108**	77	20
Other prepaid unaccrued costs	**142**	214	294
Prepayments and accrued income	**2,733**	2,112	2,293
Total assets	**253,690**	233,883	209,612

15 CREDIT RISK

There is a close link between risk classification and pricing of loans and guarantees. The bank takes account of *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 capital requirement.

Expected losses are a product of likelihood of default and calculated uncovered credit after realisation of collateral and incomings of dividend. The likelihood of default in the case of commitments carrying low risk 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. Where the corporate segment is concerned, price matrices have been developed based on expected losses and equity capital requirements computed for the individual commitments. In the case of the loan portfolio expected losses constitute about one-third of expected net interest income. Pricing in the high-risk category is unsatisfactory in relation to expected losses.

The bank employs various classification models depending on type of customer. KMV's Credit Monitor and Private Firm Model is 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 based on the individual customer's actual behaviour. In the credit card area, all new credit lines are granted on the basis of a credit score, while existing customers are monitored using stochastic, behaviour-based models.

Based on the current portfolio mix and the bank's internal model for calculating credit loss on the individual customer, the bank puts annual normalised losses in a long-term perspective at 0.48% (0.46%) of gross loans and 0.42% (0.39%) in relation to overall credit exposure (previous year's figure in parenthesis). Average expected annual losses on the corporate segment portfolio are calculated at 0.72% (0.69%) of gross loans and on the retail portfolio, excluding Cresco, at 0.23% (0.23%). Retail customers' debt-servicing ability has been stable in recent years. Normalised loan losses in Cresco are estimated at 2.5% (2%).

	Risk category					Specified loan-loss
Commitment category	Low	Medium	High	Defaults	Total	provision
Gross loans, business sector	17,178	39,777	3,959	1,234	62,148	417
Gross loans, retail market	60,171	40,591	3,196	1,027	104,985	578
Guarantees	4,438	4,382	664		9,484	20
Unutilised line/potential exposure	11,179	7,122	1,106		19,407	
Total customer commitments 2002	**92,966**	**91,872**	**8,925**	**2,261**	**196,024**	**1,015**
Total customer commitments 2001	76,151	98,749	8,751	1,727	185,378	863
Relative share 2002	**47,4%**	**46,9%**	**4,6%**	**1,1%**	**100,0%**	
Relative share 2001	41,1%	53,3%	4,7%	0,9%	100,0%	

The distribution between risk categories is unchanged in relative terms, apart from the retail market where the low-risk share rose from 46% to 57% and the medium-risk share fell from 51% to 39%. This is mainly due to changes in risk category classification for this segment. The loss outlook for the retail market remained unchanged (0.23%).

Retail market	**2002**		2001		2000	
	NOKm	**Share**	NOKm	Share	NOKm	Share
Home mortgage loans < 80% of fair value	**91,632**	**87.3%**	81,841	86.1%	72,925	86.9%
Home mortgage loans > 80% of fair value	**2,838**	**2.7%**	2,573	2.7%	2,293	2.7%
Total retail market home mortgage loans	**94,470**	**90.0%**	84,414	88.8%	75,218	89.6%
Loans against credit cards/Cresco	**4,863**	**4.6%**	4,857	5.1%	4,009	4.8%
Other loans to retail market, net	**5,652**	**5.4%**	5,804	6.1%	4,684	5.6%
Total retail market loans	**104,985**	**100.0%**	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 business segment commitments is shown below. Sparebankkreditt's loans are largely for property financing purposes.

	Risk category					Specified loan loss
Commitment	Low	Medium	High	Default	Total	provision
Gross loans to business sector, Elcon Finans	15,577	2,392	369	292	18,631	65
Relative share	**83.6%**	**12.8%**	**2.0%**	**1.6%**	**100.0%**	
Gross loans to business sector, Sparebankkreditt	17,028	218	106	136	17,487	25
Relative share	**97.4%**	**1.2%**	**0.6%**	**0.8%**	**100.0%**	

16 DEFAULTED, DOUBTFUL AND NON-ACCRUAL LOANS

DEFAULTED LOANS WITH LOSS PROVISIONS		2002	2001	2000	1999
Retail market					
Gross defaulted loans		**1,378**	1,117	1,117	998
Specified loss provisions		**421**	329	448	427
Net defaults, retail market		**957**	788	669	571
Level of provisions, retail market		**31%**	29%	40%	43%
Business market					
Gross defaulted loans		**1,366**	814	769	925
Specified loss provisions		**408**	268	280	538
Net defaults, business market		**958**	546	489	387
Level of provisions, business market		**30%**	33%	36%	58%
Total loans					
Gross defaulted loans		**2,744**	1,931	1,886	1,923
Specified loss provisions		**829**	597	728	965
Net defaults		**1,915**	1,334	1,158	958
Level of provisions, all loans		**30%**	31%	39%	50%
DOUBTFUL, NON-DEFAULTED LOANS					
Doubtful, non-defaulted loans		**637**	682	408	472
Specified loss provisions		**258**	313	174	202
Net doubtful loans		**379**	369	234	270
Level of provisions, doubtful loans		**41%**	46%	43%	43%
NON-ACCRUAL LOANS					
Net non-accrual retail loans		**434**	309	330	288
Net non-accrual corporate loans		**479**	279	347	114
Net non-accrual loans	(*)	**913**	588	677	402
Gross non-accrual loans	(*)	**1,754**	1,185	1,405	1,205

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

At year-end the bank had a default portfolio (principal) of NOK 1,483 (2001: 1,579) million under surveillance by Lindorff. This portfolio produced incomings of NOK 82 (2001: 78) million on previously realised losses.

17 COMMITMENTS BY SECTOR

	Gross loans		Losses		Guarantees		Undrawn credit facilities	
Sector/Industry	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
Retail market	**113,446**	102,545	**164**	34	**128**	118	**2,170**	2,382
Public administration	**903**	850	**1**	1	**0**	0	**436**	704
Agriculture, forestry, fishing and hunting	**4,348**	4,429	**25**	7	**115**	178	**763**	641
Manufacturing	**8,746**	8,632	**23**	117	**565**	782	**4,388**	3,357
Construction, power and water supply	**6,710**	6,234	**15**	28	**2,355**	1,574	**1,503**	1,278
Retailing, hotel and restaurant trade	**9,174**	10,318	**73**	26	**976**	947	**4,056**	3,378
Shipping	**3,771**	3,572	**(1)**	14	**1,188**	1,610	**1,541**	1,840
Real estate management	**41,665**	39,549	**181**	30	**1,224**	1,078	**4,313**	5,235
Financing	**7,955**	7,072	**47**	58	**1,240**	1,612	**1,515**	961
Transportation and other services	**7,815**	7,976	**20**	11	**601**	875	**1,284**	639
Foreign	**7,395**	5,533	**(3)**	37	**728**	1,246	**714**	1,051
Total commitments to customers	**211,928**	196,710	**545**	363	**9,120**	10,020	**22,683**	21,466
Credit insitutions – Norwegian	**1,222**	2,008	**0**	0	**173**	147	**86**	292
Credit insitutions – foreign	**933**	1,653	**1**	0	**28**	0	**241**	43
All commitments	**214,083**	200,371	**546**	363	**9,321**	10,167	**23,010**	21,801
Increase in unspecified loan loss provisions				56				
Guarantee losses				7				
Loss (gain) on loans and guarantees			**546**	426				

See Notes 11 and 12 for the distribution of net loans and losses on corporate areas and subsidiaries, and Note 32 for guarantees specified by type.

	Defaulted loans		Doubtful loans		Specified loss provisions	
Sector/Industry	**2002**	2001	**2002**	2001	**2002**	2001
Retail market	**1,378**	1,117	**44**	39	**441**	338
Public administration	**4**	3	**0**	0	**1**	1
Agriculture, forestry, fishing and hunting	**58**	48	**53**	8	**22**	3
Manufacturing	**111**	98	**71**	232	**83**	182
Construction, power and water supply	**106**	69	**24**	28	**37**	39
Retailing, hotel and restaurant trade	**256**	92	**43**	59	**103**	53
Shipping	**2**	36	**4**	4	**3**	31
Real estate management	**560**	214	**307**	234	**224**	97
Financing	**147**	141	**45**	61	**122**	123
Transportation and other services	**76**	80	**31**	17	**34**	28
Foreign	**46**	27	**15**	0	**17**	11
Total commitments to customers	**2,744**	1,925	**637**	682	**1,087**	906
Credit insitutions – foreign	**0**	6	**0**	0	**0**	4
All commitments	**2,744**	1,931	**637**	682	**1,087**	910

18 LOSS PROVISIONS

SPECIFIED LOSS PROVISIONS	**2002**	2001	2000
Provisions as at 01.01.	**934**	917	1,185
Reversals on realisation of losses	**228**	121	378
Reduction on sale of AcceptFinans		162	
Provisions (net)	**401**	300	110
Provisions as at 31.12.	**1,107**	934	917

(*) Of which NOK 0 (2001: 5; 2000: 5) million refers to loans to credit institutions and NOK 20 (2001: 23; 2000: 15) million refers to guarantees.

UNSPECIFIED LOSS PROVISIONS			
Provisions as at 01.01.	**1,386**	1,389	1,314
Reduction on sale of AcceptFinans		59	
Provisions	**0**	56	75
Provisions as at 31.12.	**1,386**	1,386	1,389

19 JOINT VENTURES AND ASSOCIATED COMPANIES

PROFITS IN JOINT VENTURES	Gjensidige NOR Kapital-forvaltn.	Gjensidige NOR (*) Fonds-forsikring	Gjensidige NOR Markeds-støtte	Gjensidige NOR Drifts-Partner	**Total joint ventures**
Operating income		13	89	739	**841**
Operating expenses		19	91	743	**853**
Operating profit		(6)	(2)	(4)	**(12)**
Net profit		(3)	0	0	**(3)**
Gjensidige NOR's share (50%)		(2)	0	0	**(2)**
Amortisation goodwill		2	0	0	**2**
Net profit to Gjensidige NOR 2002		**(4)**	**0**	**0**	**(4)**
Net profit to Gjensidige NOR ASA 2001	(3)	(7)	0	0	(10)

VALUES IN JOINT VENTURES	Gjensidige NOR (*) Fonds-forsikring	Gjensidige NOR Markeds-støtte	Gjensidige NOR Drifts-Partner	**Total joint ventures**
Book value at 01.01.	66		7	**73**
Additions (disposals)	(63)	5	0	**(58)**
Share of profit after tax	(1)	0	0	**(1)**
Amortisation of goodwill	2	0	0	**2**
Book value at 31.12.2002	**0**	**5**	**7**	**12**
Ownership interest		50.0 %	50.0 %	

(*) On 1 July 2002 Gjensidige NOR ASA purchased 100% of the shares of Gjensidige NOR Fondsforsikring. The company is included as a consolidated subsidiary as from the third quarter of 2002.

PROFITS IN ASSOCIATED COMPANIES	Gj. NOR Eiendom Haugalandet AS	Sandnes Eiendom AS	Eksport-finans ASA	**Total associated companies**
Operating income	2	9	419	**430**
Operating expenses	3	8	128	**139**
Operating profit	(1)	1	291	**291**
Net profit	0	1	208	**209**
Union Bank of Norway's share	0	1	43	**44**
Amortisation goodwill	0	0	2	**2**
Net profit to Gjensidige NOR ASA 2002	**0**	**1**	**41**	**42**
Net profit to Gjensidige NOR ASA 2001	0	0	55	55
Managed assets 31.12.2002			**91,073**	**91,073**

VALUES IN ASSOCIATED COMPANIES	Gj. NOR Eiendom Haugalandet AS	Sandnes Eiendom AS	Eksport-finans ASA	**Total associated companies**
Book value at 01.01	0	1	491	**492**
Share of profit after tax	0	1	43	**44**
Received dividend	0	1	17	**18**
Amortisation goodwill	0	0	2	**2**
Book value at 31.12.2002	**0**	**1**	**515**	**516**
Ownership interest	50.0 %	50.0 %	20.4 %	

20 GOODWILL AND OTHER INTANGIBLE ASSETS

GOODWILL	Credit card portfolio Cresco	Gj. NOR Sparefor-sikring's portfolio	Branches Bø and Vinje	Avanse For-valtning	Gj. NOR Kapital-forvaltning	Gjensidige NOR Equities	Other	**Total goodwill**
Original goodwill at 01.01.2002	307	50	32	279	148	209	8	**1,033**
Amortisation at 01.01.2002	105	13	1	118	47	53	7	**344**
Book value at 01.01.2002	202	37	31	161	101	156	1	**689**
Additions		5					9	**14**
Ordinary amortisation	39	13	6	56	29	41	2	**186**
Book value at 31.12.2002	163	29	25	105	72	115	8	**517**
Amortisation schedule	8 år	4 år	5 år	5 år	5 år	5 år		

Goodwill on credit cards and other customer portfolios is amortised over the portfolios' expected residual economic lifetime at the time of acquisition. Goodwill on the portfolio from Gjensidige NOR Spareforsikring is amortised over the same period as the duration of the commission agreement.

INTANGIBLE ASSETS	**2002**	2001	2000
Goodwill	**517**	689	494
Deferred tax benefit	**257**	143	0
Other intangible assets	**111**	45	9
Total intangible assets	**885**	877	503

Other intangible assets refers to EDP software shown in the accounts. This is amortised over estimated lifetime, normally 3 - 5 years.

In addition the following intangible assets are booked on Gjensidige NOR Spareforsikring's balance sheet and are accounted for in the consolidated accounts by the equity method:

INTANGIBLE ASSETS GJENSIDIGE NOR SPAREFORSIKRING

	2002	2001	2000
Goodwill	**139**	161	183
Deferred tax benefit	**256**	562	462
Other intangible assets	**175**	0	0
Total intangible assets	**570**	723	645

21 FIXED ASSETS

	Machinery, fixtures, vehicles	Buildings and other real properties
Acquisition cost at 01.01.2002	2,138	1,625
Additions	203	45
Disposals	160	52
Acquisition cost at 31.12.2002	2,181	1,618
Ordinary depreciation at 01.01.2002	1,171	366
Ordinary depreciation	211	36
Write-down, closed branches	1	7
Disposals, ordinary depreciation	109	14
Ordinary depreciation at 31.12.2002	1,274	395
Book value at 31.12.2002	**907**	**1,223**

22 REAL ESTATE AND REPOSSESSED ASSETS

		2002				2001	2000
Property category		Annual rent (1)	1 000 sq.m.	Price per sq.m.	Book value	Book value	Book value
Bank buildings		**125**	**143**	**8,091**	**1,157**	1,192	1,213
Commercial properties		**0**	**1**	**3,000**	**3**	3	3
Total commercial properties	(2)	**125**	**144**	**8,056**	**1,160**	1,195	1,216
Sites					**37**	40	41
Homes, holiday homes etc.					**11**	10	11
Repossessed assets	(3)				**252**	83	61
Various properties					**81**	85	81
Total					**1,541**	1,413	1,410

(1) Rent paid in the accounting year, excl. shared expenses

(2) Of which intra-group rent accounts for NOK 96 (2001:98, 2000: 89) million.

(3) NOK 238 (2001: 79) million comprises repossessed leasing items at Elcon Finans (NOK 60 million capital goods, NOK 150 million buildings and NOK 28 million 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	2002				2001	2000
(All areas in 1 000 sq.m.) Property category	Group internal rentals	Group external rentals	Vacant	Vacancies	Vacancies	Vacancies
Bank buildings	**91**	**33**	**20**	**14%**	12%	13%
Commercial properties	**0**	**1**	**0**	**0%**	0%	0%
Total commercial properties	**91**	**34**	**20**	**14%**	12%	13%

BANK BUILDINGS	Book value	1 000 sq.m.
Kirkegaten 18, Oslo	**250**	**18**
Tollbugata 30, Oslo	**115**	**6**
Øvre Slottsgate 3, Oslo	**112**	**6**
Storgata 3, Gjøvik	**65**	**7**
Kirkegaten 17, Oslo	**53**	**6**
Other bank buildings	**562**	**100**
Total bank buildings	**1,157**	**143**

23 LIABILITIES AND EQUITY

	2002	2001	2000
Deposits at call from credit institutions	**5,167**	3,369	2,850
Term deposits and loans from credit institutions	**26,076**	26,545	26,849
Deposits and loans from credit institutions	**31,243**	29,914	29,699
Call deposits from customers	**114,306**	102,698	71,047
Term deposits from customers	**8,491**	6,707	28,970
Deposits from customers	**122,797**	109,405	100,017
CDs issued	**11,306**	7,077	6,973
– Own unamortised CDs	**90**	0	0
Bonds issued	**59,211**	63,800	48,959
– Own unamortised bonds	**5,629**	5,153	3,943
CD and bond debt	**64,798**	65,724	51,989
Financial derivatives	**362**	0	631
Cheques, giros etc.	**107**	602	994
Provision for tax	**145**	1,031	1,274
Dividend and group contribution allocations	**957**	797	797
Miscellaneous liability items	**5,534**	1,886	1,118
Other debts	**7,105**	4,316	4,814
Accrued expenses	**2,649**	1,872	2,129
Pension commitments	**363**	367	302
Deferred tax	**0**	0	64
Specific provision for guarantee liability	**20**	23	15
Other accrued expenses	**125**	98	86
Total provision for accrued expenses/commitments	**508**	488	467
Dated subordinated loan capital	**3,091**	2,602	1,448
Perpetual subordinated loan capital	**5,264**	3,854	4,666
Subordinated loan capital	**8,355**	6,456	6,114
Total liabilities	**237,455**	218,175	195,229
Share capital	**8,700**	8,700	8,700
Other equity	**7,535**	7,008	5,683
Total equity	**16,235**	15,708	14,383
Total liabilities and equity	**253,690**	233,883	209,612

24 CUSTOMER DEPOSITS BY SECTOR AND INDUSTRY

	2002		2001	2000
Sector/Industry	**Deposits**	**Share**	Deposits	Deposits
Retail market	**61,396**	**50.0%**	53,824	48,755
Public administration	**6,589**	**5.4%**	7,901	6,258
Agriculture and forestry, fishing and hunting	**1,547**	**1.3%**	1,449	1,227
Manufacturing	**3,521**	**2.9%**	2,540	3,766
Construction, power and water supply	**4,456**	**3.6%**	4,617	4,742
Retailing, hotel and restaurant trade	**6,612**	**5.4%**	5,933	5,565
Shipping	**490**	**0.4%**	409	476
Property management	**7,526**	**6.1%**	7,385	6,075
Financing	**14,954**	**12.2%**	12,832	11,531
Transportation and other services	**13,608**	**11.1%**	10,625	9,249
Foreign	**2,098**	**1.7%**	1,890	2,373
Customer deposits	**122,797**	**100.0%**	109,405	100,017

See Notes 11 and 12 for distribution of customer deposits on business areas and subsidiaries.

25 MATURITY STRUCTURE OF BOND ISSUES AND SUBORDINATED LOAN CAPITAL

BOND ISSUES

Maturing in	NOK	Foreign currency	**Total**
2003	6,410	3,098	**9,508**
2004	1,350	8,952	**10,302**
2005	4,830	9,907	**14,737**
2006	2,144	5,531	**7,675**
2007	1,910	4,252	**6,162**
2008 and later	3,321	1,971	**5,292**
Premium, own holding	(4)		**(4)**
Accrued discount	(55)		**(55)**
Capitalised expenses	(35)		**(35)**
Book value	**19,871**	**33,711**	**53,582**

Repurchased bonds have been deducted.

SUBORDINATED LOAN CAPITAL

Year raised	Currency	Amount	Interest terms (*)	Maturity	Call date	Book value	**Total**
Dated							
1998	USD	50	3-month LIBOR + 0.35%	2008	2003	349	
2000	EUR	6	3-month LIBOR + 0.90%	2008	-	45	
2001	USD	125	3-month LIBOR + 0.75%	2011	2006	871	
2002	EUR	200	3 month EURIBOR + 0.60%	2012	2007	1,458	
Capitalised costs						(11)	**2,712**
Perpetual (ordinary)							
1996	USD	105	7.65% p.a.		2006	732	
1996	JPY	10,000	4.00% p.a.		2011	587	
1998	USD	120	7.35% p.a.		2003	836	
1999	JPY	10,000	4.51% p.a.		2029	587	
2000	USD	50	8.61% p.a.		2005	349	**3,091**
Hybrid capital	(**)						
2002	EUR	350	7.07% p.a.		2012	2 552	**2,552**
Book value							**8,355**

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

(**) Kredittilsynet may demand that hybrid capital be written down proportionally with equity should the bank's core capital drop below 5 per cent or total capital adequacy drop below 8 per cent. Write-downs on hybrid capital must be reversed prior to any dividend payments from either Union Bank of Norway or Gjensidige NOR ASA or any reversal of equity write-downs.

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.

26 TOTAL EQUITY – EARNINGS PER SHARE

	31.12.02	01.01.02	31.12.01
Equity, Union Bank of Norway Group			13,742
Share of equity, Gjensidige NOR Spareforsikring			2,575
Equity as at 31.12.2001		16,317	16,317
Charges against equity as at 01.01.2002:			
Transactions related to subsidiaries (1)		(484)	
Conversion costs (2)		(125)	
Tax effects re conversion		35	
Equity, Gjensidige NOR ASA Group as at 01.01.2002	**15,743**	15,743	
Gain on own shares (3)	**7**		
Tax effects re conversion of Gjensidige NOR Spareforsikring (4)	**(55)**		
Net profit	**1,501**		
Allocated dividend	**(957)**		
Translation difference	**(4)**		
Equity as at 31.12.2002	**16,235**		
Consisting of:			
Share capital (*)	**8,700**		
Other equity	**7,535**		
Equity as at 31.12.2002	**16,235**		

(*) The share capital comprises 86,996,467 shares at a nominal value of NOK 100.

(1) Transactions related to subsidiaries
In the interest of an efficient and effective group structure and clarity as regards value creation, owner interests in some companies were unified upon establishment of the Gjensidige NOR ASA financial group in mid-September 2002.

The following transactions were carried out between group companies:

Amounts in NOK million Company	Purchase price	Stake	Additional value (*)	Seller	Buyer
Avanse Forvaltning	325	26.5%	325	Gj. NOR Spareforsikring	Union Bank of Norway
Gjensidige NOR Kapitalforvaltning	70	30.0%	70	Gj. NOR Spareforsikring	Union Bank of Norway
Gjensidige NOR Fondsforsikring	143	50.0%	89	Gj. NOR Spareforsikring	Gjensidige NOR ASA
Total	538		484		
Gjensidige NOR Fondsforsikring	147	50.0%	84	Union Bank of Norway	Gjensidige NOR ASA

(*) Including reduced minority interests of NOK 33 million as a result of the increased stakes in Avanse Forvaltning and Gjensidige NOR Kapitalforvaltning.

The transactions were effected as tax-free intra-Group transfers pursuant to Internal Control Regulations, and in such a way that the inherent taxable values of the shares were carried forward to the acquiring companies. The premise was that the transactions constitute a reorganisation under joint control. The pooling of interests method has thus been applied to the accounts of Union Bank of Norway ASA and Gjensidige NOR ASA. This entailed that additional values of NOK 484 million were charged against the Group's equity, since gain accruing to Gjensidige NOR Spareforsikring ASA will be included in the profit distributed to its policyholders.

(2) Conversion costs
Costs and expenses amounting to NOK 125 million were incurred in connection with conversion. NOK 89 million of this sum refers to fees to financial advisers (Merrill Lynch International and Alfred Berg Norway). Other consultants and direct costs come to a further NOK 36 million.

(3) Own shares
Upon conversion to limited company status, Gjensidige NOR Spareforsikring's policyholders were allotted shares in Gjensidige NOR ASA. The share allotment was based on premium reserves related to ordinary insurance plans. On this basis, subsidiaries of Gjensidige NOR ASA were allotted 106,120 shares. These shares were sold and the proceeds entered in the books of the respective companies.

Of the above number of shares, 72,634 refer to Gjensidige NOR Spareforsikring, with an associated gain of NOK 17.5 million which is included in the company's profit contribution shown in the Group's profit and loss account.

The remaining subsidiaries received a total of 33,486 shares. These companies recorded gains of NOK 7 million which are entered directly against equity in the Group's accounts.

(4) Tax effect re conversion of Gjensidige NOR Spareforsikring
Taxes re 1989 dissolution of the contingency fund, now taxable due to the conversion (NOK 42 million). Additionally, taxes incurred re shares allocated to customers exempt from Norwegian taxes (NOK 13 million).

Warrants
On 10 September the Gjensidige NOR ASA's General Meeting resolved to issue 250 warrants to all employees of the Group. A total of 4,644 employees accepted the offer and the subscription price for the warrants was set at NOK 248.92 per share.

Up to one-half of the warrants are exercisable in the period 1 – 15 October 2003, the remainder in the period 1 – 15 October 2004. If all the warrants are exercised, the overall increase of share capital will total NOK 116.1 million (nominal) or 1.33% of Gjensidige NOR ASA's present share capital.

EARNINGS PER SHARE

Earnings per share are calculated to provide a measure of the earnings accruing to the Gjensidige NOR financial group's owners. The calculation below is in accordance with the "Norwegian Accounting Standard for Earnings per Share". Earnings per share are calculated by dividing the profit for the year by a time-weighted average of the number of outstanding shares.

	2002	2001(*)	2000(*)
Average number of shares eligible for dividend (in thousands)	**86,996**	86,996	86,996
Profit for the year (NOK million)	**1,501**	2,129	2,975
Earnings per share (NOK)	**17.25**	24.47	34.20

(*) Pro forma

27 CAPITAL ADEQUACY

Gjensidige NOR ASA Group	**2002**		2001		2000	
Equity capital	**16,235**	**7.9%**	15,708	7.6%	14,383	7.5%
Minority interests	**(2)**	**(0.0%)**				
Hybrid capital Union Bank of Norway (*)	**2,434**	**1.2%**	0		0	
Hybrid capital Eksportfinans	**142**	**0.1%**	184	0.1%	177	0.1%
Other items			(238)	(0.1%)	(237)	(0.1%)
Excess funding of pension commitments	**(175)**	**(0.1%)**	(153)	(0.1%)	(98)	(0.1%)
Goodwill	**(662)**	**(0.4%)**	(868)	(0.4%)	(776)	(0.4%)
Deferred tax benefit	**(513)**	**(0.3%)**	(704)	(0.3%)	(462)	(0.2%)
Other intangible assets	**(287)**	**(0.1%)**	(53)	(0.0%)	(9)	(0.0%)
Core capital (Tier 1)	**17,172**	**8.4%**	13,876	6.7%	12,978	6.8%
Hybrid capital Union Bank of Norway (*)	**119**	**0.1%**	0		0	
Other additional capital	**3,091**	**1.5%**	3,808	1.8%	4,666	2.5%
Supplementary capital	**3,689**	**1.8%**	3,616	1.8%	2,559	1.3%
Other items (net)	**(148)**	**(0.1%)**	(242)	(0.1%)	(377)	(0.2%)
Capital base	**23,923**	**11.7%**	21,058	10.2%	19,826	10.4%
Calculation base	**204,434**		205,813		191,020	

(*) Hybrid capital can constitute up to 15% of core (Tier 1) capital; any excess counts as additional (Upper Tier 2) capital.

Union Bank of Norway ASA Group	**2002**		2001		2000	
Equity capital	**13,347**	**7.4%**	13,742	7.8%	12,396	7.7%
Minority interests	**(2)**	**(0.0%)**	(37)	(0.0%)	(25)	(0.0%)
Hybrid capital Union Bank of Norway	**2,047**	**1.1%**	0		0	
Hybrid capital Eksportfinans	**142**	**0.1%**	184	0.1%	177	0.1%
Excess funding of pension commitments	**(79)**	**(0.0%)**	(58)	(0.0%)	(18)	(0.0%)
Goodwill	**(515)**	**(0.3%)**	(707)	(0.4%)	(593)	(0.4%)
Deferred tax benefit	**(245)**	**(0.1%)**	(142)	(0.1%)	0	
Other intangible assets	**(103)**	**(0.1%)**	(53)	(0.0%)	(9)	(0.0%)
Core capital (Tier 1)	**14,592**	**8.1%**	12,929	7.4%	11,928	7.4%
Hybrid capital Union Bank of Norway	**506**	**0.3%**	0		0	
Other additional capital	**3,090**	**1.7%**	3,808	2.2%	4,666	2.9%
Supplementary capital	**2,892**	**1.6%**	2,769	1.6%	1,718	1.1%
Other items (net) (*)	**(1,011)**	**(0.6%)**	(242)	(0.2%)	(121)	(0.1%)
Capital base	**20,069**	**11.1%**	19,264	11.0%	18,191	11.3%
Calculation base	**181,102**		175,615		161,160	

(*) Of which hybrid capital, perpetual subordinated loans and other subordinated loans to Gjensidige NOR Spareforsikring account for NOK 906 million.

Specification of the calculation base for Gjensidige NOR ASA Group

	Nominal amounts by risk class					Risk weighted volume		
	0-4%	10%	20%	50%	100%	**2002**	2001	2000
Banking portfolio								
Cash and bank deposits	4,402		9,689			**1,938**	2,014	2,254
Short-term investments in securities	16,223	240	31,837		8,823	**15,235**	24,609	23,113
Loans	2,518	4	13,093	106,245	101,775	**157,516**	148,587	139,827
Other receivables			551	1,786	2,693	**3,696**	4,005	2,743
Fixed assets	677	3,856	10,260		11,167	**13,605**	10,695	9,525
Total assets	23,820	4,100	65,430	108,031	124,458	**191,990**	189,910	177,463
Interest rate and foreign exchange instruments	10		4,936	319		**1,148**	551	323
Effect of netting						**(318)**		
Other off-balance sheet items	11,461	198	1,283	70	9,609	**9,920**	12,101	10,520
Total off-balance sheet items						**10,750**	12,652	10,843
Total banking portfolio						**202,740**	202,562	188,306
Trading portfolio incl. foreign exchange risk						**4,351**	5,820	4,866
Deductions for:								
Loss provisions and capital in other financial institutions						**2 657**	2 569	2 152
Total calculation base						**204,434**	205,813	191,020

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

	2003	2004	2005	2006	2007	2008
Current subordinated loans	6,984	6,984	6,984	6,984	6,984	6,984
20% reduction		229	458	687	1,091	989
Eligible as equity	**6,984**	**6,755**	**6,526**	**6,297**	**5,893**	**5,995**

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 end-2002, profit from 2003 onwards is nil and there is no change in other equity items not affected by stepwise reductions.

EQUITY, EXCLUDING CALLS

	2003	2004	2005	2006	2007	2008
Capital base	23,923	23,694	23,465	23,236	22,832	22,934
Capital ratio	11.7%	11.6%	11.5%	11.4%	11.2%	11.2%

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

	2003	2004	2005	2006	2007	2008
Capital base	23,923	21,941	21,941	21,593	19,989	15,979
Capital ratio	11.7%	10.7%	10.7%	10.6%	9.8%	7.8%

28 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 however particularly important. The first is the bank's *balance sheet structure*. A large mismatch in turnover rate and in 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.

In February 2000 the Basel 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 Basel Committee's recommendations. As a result, the banking 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 outstanding loans.

As of end-2002 Union Bank of Norway had not drawn on its 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 end-2002 Union Bank of Norway had deposited collateral equivalent to NOK 13.4 billion with Central Bank of Norway.
At year-end the Group's deposits-to-loans ratio was 58% (2001: 55%; 2000: 55%).

		Up to 1 month	1- 3 months	3 - 12 months	1- 5 years	Over 5 years	Unspec-ified	Total
Cash and deposits in Central Bank of Norway	NOK	3,189					572	3,761
	For.curr.						96	96
Deposits in and loans to credit institutions	NOK	2,183	456	145	59	78		2,921
	For.curr.	1,393	341	1,110	455	0		3,299
Gross loans to customers (*)	NOK	16,801	5,415	14,264	47,547	109,049	0	193,076
	For.curr.	4,065	2,058	2,863	7,427	2,439		18,852
Loan loss provisions	NOK						2,445	2,445
	For.curr.						28	28
CDs and bonds	NOK	2	319	970	5,983	2,089	28	9,391
	For.curr.			295	9,205	63		9,563
Other assets	NOK	3,087	100	535	123		10,868	14,713
	For.curr.	215					276	491
Total assets	**NOK**	**25,262**	**6,290**	**15,914**	**53,712**	**111,216**	**9,023**	**221,417**
	For.curr.	**5,673**	**2,399**	**4,268**	**17,087**	**2,502**	**344**	**32,273**
Loans and deposits from credit institutions	NOK	6,886	399	574	6			7,865
	For.curr.	13,622	6,239	3,226	291	0		23,378
Customer deposits	NOK	119,611	190	516	1,099			121,416
	For.curr.	1,333	11	37				1,381
CDs and bonds	NOK	485	3,178	10,157	10,220	3,321	(94)	27,267
	For.curr.	1,216	2,605	3,099	28,631	1,980		37,531
Other liabilities	NOK	2,202	3,125	3,819		341	309	9,796
	For.curr.		41	300			125	466
Subordinated loan capital	NOK					0	(11)	(11)
	For.curr.			1,185	3,410	3,771		8,366
Equity	NOK						16,051	16,051
	For.curr.						184	184
Total liabilities and equity	**NOK**	**129,184**	**6,892**	**15,066**	**11,325**	**3,662**	**16,255**	**182,384**
	For.curr.	**16,171**	**8,896**	**7,847**	**32,332**	**5,751**	**309**	**71,306**
Net liquidity exposure on balance sheet items	NOK	(103,922)	(602)	848	42,459	107,554	(7,304)	39,033
	For.curr.	(10,498)	(6,497)	(3,579)	(15,245)	(3,249)	35	(39,033)
Off-balance sheet financial derivatives	NOK	2,773	(9,429)	(18,474)	(9,100)	(5,969)		(40,199)
	For.curr.	(2,773)	9,429	18,474	9,100	5,969		40,199
Net total, all items	**NOK**	**(101,149)**	**(10,031)**	**(17,626)**	**33,359**	**101,585**	**(7,304)**	**(1,166)**
	For.curr.	**(13,271)**	**2,932**	**14,895**	**(6,145)**	**2,720**	**35**	**1,166**

(*) 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.

29 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 bank group's interest rate risk is managed via risk limits set by the bank's Board of Directors upon delegation from the Group Board of Directors. The bank's Board of Directors has adopted a risk limit of NOK 400 million, of which NOK 250 million may be held in foreign currency. The limit 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.

The bank has introduced a 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 16% of the maximum limit for interest rate risk was utilised, compared with 29% in 2001 (2000: 27%), and the average for the year was 27% compared with 24% in 2001 (2000: 14%).

		Up to 1 month	1- 3 months	3 - 12 months	1- 5 years	Over 5 years	Unspe-cified	Total
Cash and deposits in Central Bank of Norway	NOK	3,189					572	3,761
	For.curr.						96	96
Deposits in and loans to credit institutions	NOK	1,581	1,167	138	10	25		2,921
	For.curr.	1,378	422	1,042	457			3,299
Gross loans to customers (*)	NOK	18,025	134,123	13,240	19,328	8,360		193,076
	For.curr.	6,404	9,471	2,977				18,852
Loan loss provisions	NOK						2,445	2,445
	For.curr.						28	28
CDs and bonds	NOK	246	3,383	2,285	2,067	1,382	28	9,391
	For.curr.	3,669	5,672	222				9,563
Other assets	NOK	1,004	100	149			13,460	14,713
	For.curr.	48					443	491
Total assets	**NOK**	**24,045**	**138,773**	**15,812**	**21,405**	**9,767**	**11,615**	**221,417**
	For.curr.	**11,499**	**15,565**	**4,241**	**457**	**0**	**511**	**32,273**
Loans and deposits from credit institutions	NOK	6,891	399	575	0	0		7,865
	For.curr.	13,736	6,485	3,157				23,378
Customer deposits	NOK	120,469	473	426	48			121,416
	For.curr.	1,327	47	7				1,381
CDs and bonds	NOK	1,440	6,597	9,615	8,057	1,652	(94)	27,267
	For.curr.	11,216	24,590	1,287	438			37,531
Other liabilities	NOK	492	100	35			9,169	9,796
	For.curr.	46					420	466
Subordinated loan capital	NOK		0	0			(11)	(11)
	For.curr.	1,185	3,062	587	348	3,184		8,366
Equity	NOK						16,051	16,051
	For.curr.						184	184
Total liabilities and equity	**NOK**	**129,292**	**7,569**	**10,651**	**8,105**	**1,652**	**25,115**	**182,384**
	For.curr.	**27,510**	**34,184**	**5,038**	**786**	**3,184**	**604**	**71,306**
Net interest rate exposure on balance sheet items	NOK	(105,247)	131,276	5,161	13,300	8,115	(13,572)	39,033
	For.curr.	(16,011)	(18,619)	(797)	(329)	(3,184)	(93)	(39,033)
Off-balance sheet financial derivatives	NOK	8,125	(12,990)	(19,219)	(13,067)	(3,049)		(40,200)
	For.curr.	2,258	17,775	11,387	4,060	3,583		39,063
Net total, all items	**NOK**	**(97,122)**	**118,286**	**(14,058)**	**233**	**5,066**	**(13,572)**	**(1,167)**
	For.curr.	**(13,753)**	**(844)**	**10,590**	**3,731**	**399**	**(93)**	**30**

(*) 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.

30 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 between two parties to exchange foreign currencies on a specified future date at a fixed price.

FRAs:
Agreements that fixes the interest rate for a future period for an agreed amount. When the contract matures, 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 one foreign currency in exchange for another on a future date at a fixed price.

Interest rate swaps:
Contracts in which two parties agree to exchange interest payment obligations on a fixed amount for a specified period.

Interest rate futures:
Standardised contracts where the counterparties agree to exchange both interest rate obligations and currencies for a fixed amount for a specified period. The contracts are traded on an exchange. The value of interest rate futures follows the price trend on underlying interest rate instruments.

Interest rate and currency swaps:
Contracts in which the parties exchange both currency and interest payments on a specified amount for a specified period.

	Nominal amount (1)	Positive market value (2) before-netting	Negative market value (2) before netting	Nominal amount (1)	Positive market value (2) before-netting	Negative market value (2) before netting
Type of derivative		**31.12.2002**			31.12.2001(*)	
Trading portfolio						
Interest rate related	1,004,895	5,349	4,990	1,056,758	3,577	4,731
Foreign currency related (3)	452,450	19,440	23,181	587,173	4,652	7,931
Equity related	1,599	55	14	1,160	67	11
Total trading portfolio	1,458,944	24,844	28,185	1,645,091	8,296	12,673
Banking portfolio						
Interest rate related	12,112	495	41	11,553	328	249
Foreign currency related (3)	13,901	198	945	17,088	596	329
Total banking portfolio	26,013	693	986	28,641	924	578
Netting						
Effect of netting (4)		(24,634)				

(*) Figures for 2001 are rendered comparable with figures for 2002

(1) The nominal amount for forward exchange contracts is calculated as the sum of currencies bought and sold, based on the foreign exchange rates in effect on 31 December. 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).

(2) 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. Market values of internal contracts in the trading portfolio totalled NOK 339 million as at 31 December (taken to income). Financial derivatives that are hedging transactions are valued in accordance with the hedged item. The profit effect on both the hedging transactions and the hedged items is accrued over residual lifetime. Isolated gains/losses on financial instruments do not appear in the banking portfolio. Accrued costs related to internal transactions in the banking portfolio came to NOK 47 million at 31 December (expensed).

(3) Includes interest rate and currency swaps.

(4) Only contracts subject to legally binding netting agreements.

In the case of open positions in forward exchange transactions, interest rate swaps, interest rate and currency 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 the Group's credit risk exposure is in the ordinary loan portfolio.

For the majority of the contracts, legally binding netting agreements (set-offs) have been entered into.

31 FOREIGN CURRENCY POSITION AND RISK

CURRENCY - ASSETS AND LIABILITIES

Net positions, by currency, at 31.12.2002:	SEK	EUR	JPY	USD	Other	Sum
Cash	14	45	0	10	27	96
Receivables from credit institutions	523	776	198	1,366	436	3,299
Loans to customers	2,658	2,659	2,626	5,898	5,011	18,852
Loss provisions	8	6	0	1	13	28
Bonds / CDs	0	6,228	0	2,891	444	9,563
Other assets	91	250	8	67	75	491
Total assets	**3,278**	**9,952**	**2,832**	**10,231**	**5,980**	**32,273**
Borrowings from credit institutions	1,617	3,377	769	12,225	5,390	23,378
Deposits from customers	179	548	6	428	220	1,381
Securities debt	0	20,266	0	17,265	0	37,531
Other debt	42	286	3	84	51	466
Subordinated loan capital	0	4,056	1,174	3,136	0	8,366
Equity	0	184	0	0	0	184
Total liabilities and equity	**1,838**	**28,717**	**1,952**	**33,138**	**5,661**	**71,306**
Net total, balance sheet items	1,440	(18,765)	880	(22,907)	319	(39,033)
Net total, off-balance sheet items	(1,437)	18,608	(910)	22,897	(62)	39,096
Net total, all items	**3**	**(157)**	**(30)**	**(10)**	**257**	**63**

Currency risk

The bank's currency risk is covered via transactions carried out by the Finance Department in the business area Group Finance.

Currency risk can be defined as the bank's risk of loss due to changes in exchange rates. The Board of Directors has established limits for the bank's overnight foreign currency position. The limit for the 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 bank's board. Forward exchange contracts are employed to hedge foreign currency positions on the balance sheet. At year-end the bank's net aggregate foreign currency position was NOK 266 (2001: 186, 2000: 41) million. The average for 2002 was NOK 339 (2001: 256, 2000: 110) million. The highest foreign currency position was NOK 711 (2001: 693, 2000: 273) million, corresponding to 3.6% (2001: 3.7%, 2000: 1.6%) of the bank's capital base. The maximum limit set for Union Bank of Norway's foreign currency position by the Central Bank of Norway is NOK 5,898 million.

32 COMMITMENTS, CONTINGENT LIABILITIES AND PLEDGED ASSETS

		2002	2001	2000
Undrawn credit facilities		**23,010**	21,801	20,444
Commitments		**23,010**	21,801	20,444
Payment guarantees		**1,071**	1,194	907
Contract guarantees		**3,818**	2,817	2,529
Other loan guarantees		**1,943**	3,461	3,685
Guarantees for taxes		**593**	589	672
Guarantee to Savings Banks' Guarantee Fund	(1)	**166**	61	0
Other guarantees for customers		**1,730**	2,045	1,368
Contingent liabilities		**9,321**	10,167	9,161
Pledged CDs, bonds and mutual fund units	(2)	**16,327**	15,034	8,999

(1) As at 01.01.2003 the Savings Banks' Guarantee Fund had a shortfall of NOK 1,375 (2002: 942; 2001: 575) million. The full levy for 2003 will cover NOK 514 (2002: 465; 2001: 411) million of this sum. The remaining deficit of NOK 861 (2002: 477; 2001: 164) million will be covered by guarantees from member banks. Union Bank of Norway's share of the guarantee liability for 2003 amounts to NOK 290 (2002: 166; 2001: 61) million.

(2) Refers to the bank's borrowing facility with Central Bank of Norway. The securities' nominal value amounts to NOK 16,351 (2001: 15,071; 2000: 9,038) million, and the liability for which they are furnished as collateral amounts to NOK 0 (2001: 4,000; 2000: 1,000) million.

DISPUTES

The Group is involved in no disputes involving amounts in excess of NOK 10 million.

Gjensidige NOR is involved in negotiations on some major defaults by business segment borrowers where both the amount at issue and legal basis are still under consideration. This is not presumed to become of major consequence for the bank's results.

CONTINGENT OUTCOMES

On 16 January 2003 South Trøndelag county tax office ordered Gjensidige Bank/Elcon Finans to pay additional interest of NOK 21.9 million for the years 1996 – 1999. Elcon Finans disputes the order, and feels it to be preponderantly likely that its view will prevail. Hence, no provision for the amount in question has been made in the accounts.

33 GJENSIDIGE NOR ASA's 20 LARGEST SHAREHOLDERS

(Numbers in thousands)

Holder	Number	Share	Holder	Number	Share
Stiftelsen Gjensidige NOR Sparebank	20,967	24.1%	Merrill Lynch	1,010	1.2%
Gjensidige NOR Forsikring	11,366	13.1%	The Northern Trust(*)	1,006	1.2%
Morgan Stanley(*)	3,845	4.4%	Goldman Sachs(*)	866	1.0%
Goldman Sachs(*)	2,428	2.8%	Gjensidige NOR Ansattefond AS	833	1.0%
Morgan Stanley(*)	2,155	2.5%	Vital Forsikring ASA	798	0.9%
JPMorgan Chase Bank(*)	2,111	2.4%	Fidelity Funds Europe	762	0.9%
State Street Bank & Trust Co.(*)	2,003	2.3%	JPMorgan Chase Bank(*)	746	0.9%
Folketrygdfondet	1,542	1.8%	ING Securities Bank(*)	624	0.7%
Brown Brothers Harrisman, Fidelity	1,200	1.4%	Trond Mohn	597	0.7%
Citibank, N.A.(*)	1,060	1.2%	Boston Safe Deposits(*)	570	0.7%

(*) Nominee account

The 20 biggest owners altogether hold 56,489,000 shares, i.e. 65% of all outstanding shares. The number of shares held by members of the Boards of Directors of Gjensidige NOR ASA, Union Bank of Norway ASA and Gjensidige NOR Spareforsikring ASA, the Committee of Representatives and senior staff of Gjensidige NOR ASA is shown on page 87-88.

34 INFORMATION ON RELATED PARTIES

Remuneration paid to the Group Board of Directors and to the President and CEO are shown in Note 5. Values in and results of joint ventures and associated companies are shown in Note 19. Subsidiaries consolidated in the Gjensidige NOR Group are listed in Note 36. In compliance with the Financial Institutions Act, all intra-Group transactions are conducted on ordinary commercial terms and principles.

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.

Gjensidige NOR Forsikring
At end-2002 Gjensidige NOR Spareforsikring held 11,366,564 shares in Gjensidige NOR ASA at a market value of NOK 2,626 million. Gjensidige NOR ASA has a long-term strategic cooperation with Gjensidige NOR Forsikring to improve both parties' competitive power and profitability. The cooperation agreement includes development of the group-wide «Gjensidige NOR» brand and realising the potential for product sales across companies within the Group. Transactions and outstanding accounts with Gjensidige NOR Forsikring are handled on the basis of commercial terms and principles.

Group expenses
In 2002 the Gjensidige NOR ASA Group paid its share of group expenses in Gjensidige NOR in an amount of NOK 4 (2001: 64; 2000: 34) million. The substantial fall in Group related expenses is due to the group restructuring carried out in 2002, including the establishment of the jointly controlled company Gjensidige NOR Markedsstøtte AS.

Collaborating banks
Union Bank of Norway has established a mutually binding, strategic collaboration with four regional and twelve 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 57 (2001: 29; 2000: 34) million.

35 INVESTMENTS IN SECURITIES

TRADING PORTFOLIO		Book value			Market value			Acquisition
Investments in:	**2002**	2001	2000	**2002**	2001	2000	**cost**
CDs							
Government and government-guaranteed	**0**	0	473	**0**	0	473	**0**
Other	**277**	5	5	**277**	5	5	**277**
Total CDs	**277**	5	478	**277**	5	478	**277**
Bonds							
Government and government-guaranteed	**1,202**	157	1,448	**1,202**	157	1,448	**1,179**
Credit institutions	**872**	540	283	**872**	540	283	**867**
Other Norwegian	**171**	145	136	**171**	145	136	**171**
Foreign	**27**	5	0	**27**	5	0	**27**
Subordinated loans	**0**	5	1	**0**	5	1	**0**
Total bonds	**2,272**	852	1,868	**2,272**	852	1,868	**2,244**
Stock exchange listed	**2,283**	830	2,341	**2,283**	830	2,341	**2,355**
Unlisted	**266**	27	5	**266**	27	5	**207**
Total CDs and bonds	**2,549**	857	2,346	**2,549**	857	2,346	**2,521**
Shares (1)							
Norwegian (short-term)	**48**	37	30	**48**	37	30	**56**
Units in mutual funds	**15**	103	134	**15**	103	134	**25**
Primary capital certificates	**135**	125	136	**135**	125	136	**242**
Stock exchange listed	**198**	162	166	**198**	162	166	**242**
Unlisted	**0**	103	134	**0**	103	134	**0**
Total shares and units	**198**	265	300		265	300	**242**
Stock exchange listed	**2,481**	992	2,507	**2,481**	992	2,507	**2,597**
Unlisted	**266**	130	139	**266**	130	139	**207**
Total securities in trading portfolio	**2,747**	1,122	2,646	**2,747**	1,122	2,646	**2,804**

BANKING PORTFOLIO		Risk-		Book value			Market value			Acquisition
Investments in:		weighting	**2002**	2001	2000	**2002**	2001	2000	**cost**
CDs									
Government and government-guaranteed		0%	**0**	0	1,093	**0**	0	1,094	**0**
Other		20%	**200**	0	150	**200**	0	150	**200**
Other		100%	**0**	0	0	**0**	0	0	**0**
Total CDs			**200**	0	1,243	**200**	0	1,244	**200**
Bonds	(2)								
Government and government-guaranteed		0%	**66**	104	146	**66**	104	146	**66**
Credit institutions		20%	**7,769**	7,999	3,626	**7,775**	8,002	3,567	**7,769**
Other Norwegian		10%	**135**	417	837	**140**	417	837	**135**
Other Norwegian		100%	**80**	46	99	**80**	46	98	**80**
Foreign		0%	**4**	5	4	**4**	5	4	**4**
Foreign		20%	**7,587**	5,704	2,420	**7,587**	5,705	2,420	**7,587**
Foreign		100%	**13**	16	16	**24**	22	15	**13**
Subordinated loans		100%	**552**	634	612	**548**	634	612	**552**
Total bonds			**16,206**	14,925	7,760	**16,224**	14,935	7,699	**16,206**
Stock exchange listed			**16,188**	14,861	8,705	**16,205**	14,870	8,644	**16,188**
Unlisted			**18**	64	298	**19**	65	299	**18**
Total CDs and bonds			**16,406**	14,925	9,003	**16,424**	14,935	8,943	**16,406**
Shares	(1)								
Norwegian (short term)		100%	**27**	0	0	**27**	0	0	**37**
Norwegian (long term)		20%	**56**	55	22	**58**			**56**
Norwegian (long term)		100%	**82**	80	58	**82**			**82**
Foreign (long term)		20%	**14**	15	15	**14**			**14**
Foreign (long term)		100%	**0**	0	6	**0**			**0**
Units in mutual funds	(3)	20%	**1,157**	1,079	1,000	**1,157**	1,079	1,001	**1,157**
Units in mutual funds	(3)	100%	**138**	130	131	**138**	130	134	**140**
Stock exchange listed			**2**	0	0				**12**
Unlisted			**1,474**	1,359	1,232				**1,474**
Total shares and units			**1,474**	1,359	1,232				**1,486**
Associated companies		20%	**515**	557	520				
		100%	**16**	8	139				
Total associated companies			**531**	565	659				
Group companies		100%	**2,842**	0	0				
Stock exchange listed			**16,390**	14,861	8,705				
Unlisted			**4,863**	1,988	2,189				
Total securities, banking portfolio			**21,253**	16,849	10,894				

Securities are specified by important currencies in Note 29.

(1) The book value of hedged bonds in the portfolio is NOK 3 million kroner higher than their market value.

(2) See Note 36 for a list of individual shares.

(3) Incl. earned interest/units at 31.12.2002

36 SHAREHOLDINGS

Amounts in NOK 1,000		Company's capital	No. of shares	Owner-ship in %	Nominal value	Book value	Market value
SHARES HELD AS CURRENT ASSETS							
Union Bank of Norway ASA							
Vestfold Sparebank	(1)	50,000	6,800	1.4	680	994	966
Sparebanken Rana	(1)	50,935	46,500	9.1	4,650	6,493	5,114
Sparebanken Møre	(1)	552,615	131,188	2.4	13,119	25,577	23,745
Sandnes Sparebank	(1)	390,000	83,450	2.1	8,345	11,129	9,847
Sparebanken Pluss	(1)	125,000	119,100	9.5	11,910	18,201	17,269
Sparebanken Rogaland	(1)	753,819	39,010	0.5	3,901	8,415	6,983
Sparebanken Vest	(1)	250,000	107,800	4.3	10,780	13,700	11,104
Sparebanken Midt-Norge	(1)	614,806	47,300	0.8	4,730	9,267	7,095
Sparebanken Nord-Norge	(1)	659,702	155,150	2.4	15,515	26,857	20,170
Sparebanken Øst	(1)	363,680	234,000	6.4	23,400	33,277	26,325
Ringerikes Sparebank	(1)	50,000	18,350	3.7	1,835	2,739	2,349
Totens Sparebank	(1)	150,000	43,500	2.9	4,350	4,488	4,306
Bolig- og Næringsbanken ASA		487,710	166,650	0.9	8,333	33,585	29,830
DnB Holding ASA		7,705,905	530,000	0.0	5,300	19,824	17,755
Hjellegjerde ASA		46,551	50,000	0.1	500	2,305	325
MLIM UBN European Opportunities			25,000		2,500	2,500	1,411
MLIM UBN World Technology			25,000		2,500	2,500	1,129
MLIM UBN World Energy			25,000		2,500	2,500	1,820
LIM UBN World New Energy			25,000		2,500	2,500	876
Fidelity UBN Am. Growth			50,000		5,000	5,000	3,346
Fidelity UBN Nordic			50,000		5,000	5,000	3,276
Fidelity UBN Global SmallCap.			50,000		5,000	5,000	3,264
Avanse Obligasjon III	(2)		6,422		64,218	62,317	62,268
Avanse Kort Likviditet III	(2)		115,670		1,156,699	1,156,760	1,157,184
Price adjustments, trading portfolio						(43,546)	
Total shares held by Union Bank of Norway ASA as current assets						1,417,382	1,417,757
Remaining group							
Norsk Hydro ASA			27,030			8,406	8,406
Frontline Ltd			126,126			7,694	7,694
Storebrand ASA			198,442			5,169	5,169
Royal Carribean Cruise Line			24,650			2,866	2,866
Fidelity UBN International			48,000			3,043	3,043
MLIM UBN World New Energy			14,754			517	517
Avanse Obligasjon II			2,879			30,374	31,218
Avanse Kort Likviditet II			41,595			41,549	41,567
Misc. shares held by remainder of group as current assets						3,067	3,066
Total shares held by remainder of group as current assets						102,685	103,546
Total shares held by group as current assets						1,520,067	1,521,303

(1) Primary capital certificates

(2) Incl. earned interest/units as at 31.12.2002

Amounts in NOK 1,000		Company's capital	No. of shares	Owner-ship in %	Nominal value	Book value	Market value
SHARES HELD AS LONG-TERM ASSETS							
Gjensidige NOR ASA							Share of equity
Shares/units in subsidiaries							
Union Bank of Norway ASA		67,857	67,857,244	100.0	67,857	13,705,120	12,789,902
Gjensidige NOR Spareforsikring ASA		15,000	15,000,000	100.0	15,000	3,075,045	2,842,476
Gjensidige NOR Fondsforsikring AS		12,800	128,000	100.0	12,800	126,937	111,772
Total shares/units held by Gjensidige NOR ASA in subsidiaries						16,907,102	15,744,150
Union Bank of Norway ASA							
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	450,944
Avanse Forvaltning AS	(3)	3,265	3,175,836	97.3	3,176	322,769	59,376
Gjensidige NOR Equities ASA	(4, 5)	43,266	1,311,090	100.0	43,266	152,192	56,785
Gjensidige NOR Kapitalforvaltning ASA	(6)	75,000	75,000	100.0	75,000	255,202	77,041
Gjensidige NOR Eiendomsmegling Holding AS		39,100	1,955	100.0	39,100	44,200	48,763
Elcon Finans AS		1,620,011	1,620,011	100.0	1,620,011	1,922,884	2,001,886
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
UBN Reinsurance S.A., Luxembourg	NOK('000)	11,000	10,999	100.0	10,999	10,999	31,280
Union Bank of Norway Int. S.A., Luxembourg	EUR('000)	17,352	70,000	100.0	17,352	126,534	184,262
Total shares/units held by Union Bank of Norway ASA in subsidiaries						4,063,553	4,192,736
Shares in associated companies/joint ventures							
Eksportfinans ASA	(7)	1,593,533	30,997	20.4	325,469	345,499	508,887
Gjensidige NOR Markedsstøtte AS		10,000	5,000	50.0	5,000	5,008	5,000
Gjensidige NOR Driftspartner AS		15,000	7,500	50.0	7,500	7,502	7,079
Total shares held by Union Bank of Norway ASA in associated companies/joint ventures						358,009	520,966

(3) Goodwill: 105,208
(4) Directly and indirectly wholly owned by Union Bank of Norway ASA
(5) Goodwill: 115,541
(6) Goodwill: 72,055
(7) Goodwill: 5,775

The main subsidiaries' results are shown in Note 12 and their registered office addresses are shown on page 89.

Note 36 Shareholdings cont.

Amounts in NOK 1,000		Company's capital	No. of shares	Owner-ship in %	Nominal value	Book value	Share of equity
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	
NOKAS		50,000	7,886	15.8	7,886	7,886	
Oslo Børs Holding ASA	(**)	50,000	483,512	9.7	4,835	55,945	
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	13,545	
Misc. shares held as long-term assets						18,843	
Total other shares held by Union Bank of Norway ASA as long-term assets						142,473	
Total shares/units held by Union Bank of Norway ASA as long-term assets						4,564,035	
Shares held by remainder of Group as long-term assets							
Shares in subsidiaries							
Sparebankenes Kredittselskap AS							
SK eiendom AS		50	50	100.0	50	92	74
Karihaugen eiendom AS		1,000	1,000	100.0	1,000	1,293	1 293
Gjensidige NOR Eiendomsmegling Holding AS							
Gjensidige NOR Prosjektmegling AS		5,000	1,000	100.0	5,000	6,153	4,168
Gjensidige NOR Næringsmegling AS		5,000	1,000	100.0	5,000	7,264	4,411
Total shares held by remainder of group in subsidiaries						14,802	9,946
Shares in joint ventures							
Gjensidige NOR Eiendomsmegling Haugalandet AS		300	300	50.0	150	0	(23)
Sandnes Eiendom AS		1,960	980	50.0	980	3,035	1,403
Total shares held by remainder of group in joint ventures						3,035	1,380
Other shares held as long-term assets							
A/S Bøndenes Hus	(*)	350	1,691	48.3	169	456	
Kirkegt. 74 A/S	(*)	500	250	50.0	250	250	
Hafjell Ferie og Fritid AS	(*)	15,000	15	49.0	7,350	735	
Misc. shares held as long-term assets						5,659	
Total shares held by remainder of group as long-term assets						7,100	

(*) Company not included by equity method since profit/loss elements are immaterial for Union Bank of Norway Group.

(**) Market value at 31.12.2002: 58 021 .

The above overview does not include shares held as current or long-term assets by Gjensidige NOR Spareforsikring ASA..

CHANGES IN HOLDINGS OF LONG-TERM FINANCIAL ASSETS	**2002**	2001	2000
Value in balance sheet at 01.01.	**153**	101	98
Acquisitions (disposals)	**(3)**	52	3
Write-downs	**0**	0	0
Value in balance sheet at 31.12.	**150**	153	101

37 LONG-TERM FINANCIAL ASSETS HELD BY GJENSIDIGE NOR SPAREFORSIKRING ASA

Amounts in NOK 1,000		Company's capital	No. of shares	Owner-ship in %	Nominal value	Book value	Market value
Shares/units in subsidiaries and associated companies							Share of equity
Gjensidige NOR Pensjonstjenester AS		11,936	746	100.0	11,936	11,936	8,627
Gjensidige NOR Næringseiendom AS		10,000	8,000	80.0	8,000	8,000	6,949
Gjensidige NOR Sparing AS		3,000	100	100.0	3,000	3,000	4,354
Gjensidige NOR Fondsforvaltning AS (*)		35,000	3,500	100.0	35,000	56,256	37,763
Lysaker Brygge AS (*)		1,355	1,355	100.0	1,355	40,700	12,472
Senterselskapet AS		5,200	5,200	100.0	5,200	5,700	6,247
Sørlandssenteret Drift AS		1,000	1,000	100.0	1,000	1,000	729
Other companies						900	
Equity method (**)						4,500	
Total shares/units in subsidiaries and associated companies						131,992	77,141
Other long-term financial assets							
Amfi Eiendom AS		61,100	565,879	9.0	5,659	56,379	
Ferd Storjohanns Sønner AS		120	192	32.0	38	13,650	
Real Estate Central Europe AS		36,500	5,000	14.0	5,000	17,500	
Graflund Invest	SEK('000)	16,720	36,605	22.0	3,678	93,318	
Other companies						800	
Total other long-term financial assets						181,647	
Total long-term financial assets						313,639	

(*) The difference between book value and share of equity refers to additional value of properties/sites owned by these companies.
(**) Shows accumulated book share for subsidiaries and associated companies for the period 1.1.99 - 31.12.02.

Cash flow statement

(NOK million)	**2002**	2001	2000
Interest receipts	**17,602**	18,546	15,406
Interest payments	**11,870**	13,147	10,422
Other receipts	**1,879**	2,170	2,002
Operating expenses	**4,107**	3,933	3,939
Recovered on losses previously written off	**105**	103	138
Tax paid	**825**	1,247	292
Net cash flow from operations	**2,784**	2,492	2,893
(Increase) lending	**(15,703)**	(17,573)	(13,314)
(Increase) reduction in other receivables	**(1,317)**	(1,702)	1,310
(Increase) in short-term securities	**(3,325)**	(4,443)	(196)
(Increase) reduction in deposits with and loans to credit institutions	**2,657**	(2,628)	(356)
Net cash flow from current financial activities	**(17,688)**	(26,346)	(12,556)
(Increase) in tangible assets	**(248)**	(290)	(367)
Reduction (increase) in other fixed assets	**712**	258	125
Disposal of fixed assets	**79**	108	975
Net cash flow from investments	**543**	76	733
Increase in customer deposits	**13,392**	9,388	6,597
Increase in subordinated loan capital	**1,899**	342	9
Increase (reduction) in equity	**(52)**	(18)	4
Increase (reduction) in loans and deposits from credit institutions	**1,329**	215	(8,886)
Increase in other liabilities	**(597)**	12,734	10,086
Net cash flow from long-term financing activities	**15,971**	22,661	7,810
Net changes in liquid assets	**1,610**	(1,117)	(1,120)
Liquid assets at 1 January	**2,247**	3,364	4,484
Liquid assets at 31 December	**3,857**	2,247	3,364

Gjensidige NOR ASA

PROFIT AND LOSS ACOUNT (NOK million)	Note	**2002**
Interest income		4
Interest expenses		15
Net interest income		**(11)**
Group contributions	1	2,390
Other operating income, net		**2,390**
Outlays on secondary share offering upon conversion	2	52
Total operating expenses		**52**
Operating profit		**2,327**
Taxes	3	652
Net profit		**1,675**
Allocated to dividend		957
Allocated to other equity		718
Total allocation of net profit		**1,675**

BALANCE SHEET (NOK million)		**2002**
Assets		
Loans to and receivables from credit institutions (Group companies)		193
Owner interests in Group companies	4	16,907
Other assets (Group companies)		3,278
Total assets		**20,378**
Liabilities and equity		
Debt to credit institutions (Group companies)	5	680
Other debts (Group companies)		1,675
Other liabilities		1,140
Accrued expenses and prepaid income		49
Share capital	6	8,700
Other equity	6	8,134
Total liabilities and equity		**20,378**

Accounting policy

General
The accounts for Gjensidige NOR ASA have been prepared in compliance with Norwegian accounting legislation, regulations made by the Ministry of Finance and Norwegian GAAP. All amounts are stated in millions of kroner, unless otherwise specifically stated.

Shares in subsidiaries
Shares in subsidiaries 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.

Recognition of income and expenses
Interest is recorded in the profit and loss account as and when it accrues in the case of income or incurred in the case of expenses.

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 are recorded as income in the receiving company in 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. Any dividends received from subsidiaries with a basis in a group contribution are deducted from the cost price of the shares.

Taxes
The tax charge in the profit and loss account comprises tax payable on the year's income and the year's change in deferred tax.

Notes

1 GROUP CONTRIBUTIONS / DIVIDENDS

	2002
Group contribution received from:	
Union Bank of Norway ASA (1)	**2,390**
Dividend received from:	
Gjensidige NOR Spareforsikring ASA (2)	**874**
Group contribution made to:	
Gjensidige NOR Spareforsikring ASA (2)	**1,675**
Total net Group contribution / dividend	**1,589**

(1) The group contribution received from Union Bank of Norway is taken to income since it is regarded as return on invested capital.

(2) A group contribution of NOK 1,675 million was made to cover tax losses carried forward in Gjensidige NOR Spareforsikring. Moreover, dividend of NOK 874 million was received from Gjensidige NOR Spareforsikring. The net amount supplied to Gjensidige NOR Spareforsikring is treated as an equity infusion to a subsidiary which increased the cost price of the investment.

2 OUTLAYS ON SECONDARY SHARE OFFERING UPON CONVERSION

In connection with the conversion, 4,850,856 Gjensidige NOR ASA shares were placed with Norwegian and foreign institutional investors. The secondary offering comprised 3,007,760 shares which Gjensidige NOR Spareforsikring sold on behalf of life insurance policyholders who had been allotted 50 or more shares and had opted for settlement in cash, and 80,000 shares set aside as a reserve intended to cover claims from life insurance policyholders who had inadvertently been allotted too few shares at the time of conversion.

Gjensidige NOR ASA met the outlays incurred in connection with the secondary offering, and NOK 52 million was duly expensed. NOK 38 million of this amount comprised fees to financial advisors (Gjensidige NOR Equities, Merrill Lynch International and Alfred Berg Norway).

3 TAXES

	2002
Tax base	
Pre-tax profit	**2,327**
Group contribution paid	**1,675**
Tax base	**652**
Taxes payable	**183**
Tax charge	
Income tax	**183**
Taxes on group contribution paid	**469**
Total tax charge	**652**

4 OWNER INTERESTS IN GROUP COMPANIES

Upon the establishment of the Group, the shares of Union Bank of Norway and Gjensidige NOR Spareforsikring were transferred to Gjensidige NOR ASA as a contribution in kind. After the conversion, the two subsidiaries' owner interests in Gjensidige NOR Fondsforsikring were sold to Gjensidige NOR ASA.

Since the transactions are regarded as a reorganisation under joint control, the pooling-of-interests method is employed in the accounts of Gjensidige NOR ASA. The shares of Union Bank of Norway and Gjensidige NOR Spareforsikring are duly recorded at the book value of the equity in the two groups, taking account of minority interests. Furthermore, the shares of Gjensidige NOR Fondsforsikring were recorded at their book value in the selling companies. The aggregate additional value, corresponding to the gains in the two selling companies, was duly charged to Gjensidige NOR ASA's equity in an amount of NOK 162 million. After the conversion, Gjensidige NOR Spareforsikring was supplied with fresh equity totalling NOK 170 million to rectify negative capital adequacy effects of transactions in connection with the conversion.

Gjensidige NOR Spareforsikring paid a group contribution of NOK 1,675 million, net, after tax to Gjensidige NOR Spareforsikring, which was employed to cover tax losses carried forward. Gjensidige NOR ASA received dividend of NOK 874 million from Gjensidige NOR Spareforsikring. The net amount supplied to Gjensidige NOR Spareforsikring is treated as an equity infusion to a subsidiary, thereby increasing the cost price of the investment.

Owner interests in group companies are accordingly shown at the following values:

Amounts in NOK 1000	Company's capital	No. of shares	Ownership in %	Nominal value	Book value	Share of total equity
Union Bank of Norway ASA	67,857	67,857,244	100.0	67,857	13,705,120	12,789,902
Gjensidige NOR Spareforsikring ASA	15,000	15,000,000	100.0	15,000	3,075,045	2,842,466
Gjensidige NOR Fondsforsikring AS	12,800	128,000	100.0	12,800	126,937	111,772
Total owner interests in group companies					16,907,102	15,744,140

5 DEBT TO CREDIT INSTITUTIONS

The entire loan of NOK 680 million from Union Bank of Norway is on market terms.

6 EQUITY

	Share capital	Other equity	**Total equity**
Increase of capital via contribution in kind	8,700	7,578	**16,278**
Pooling of interests		(162)	**(162)**
Result for the year		1,675	**1,675**
Allocated dividend (*)		(957)	**(957)**
Balance sheet as of 31.12.2002	8,700	8,134	**16,834**

(*) NOK 11 per share.

7 CAPITAL ADEQUACY

	2002	
Share capital	**8,700**	
Other equity	**8,134**	
Total equity	**16,834**	
Core capital	**16,834**	95.6%
Capital base	**16,834**	95.6%
Calculation base	**17,601**	

8 INFORMATION ON RELATED PARTIES

The President/CEO is employed both by Gjensidige NOR ASA and Union Bank of Norway. In 2002 all costs related to the President/CEO were met by the bank.

Gjensidige NOR ASA has otherwise no employees. The company purchases administrative services from other companies within the Group. No payments were made for such services in 2002.

Transactions and balances with subsidiaries:

Profit and loss account	**2002**
Income	
Interest on deposits with credit institutions	**4**
Group contribution received (*)	**2,390**
Total income	**2,394**
Expenses	
Interest on debts to credit institutions	**15**
Other expenses	**5**
Total expenses	**20**

(*) From Union Bank of Norway

Balance	**2002**
Assets	
Receivables from credit institutions	**193**
Other receivables	**3,277**
Total assets	**3,470**
Liabilities	
Borrowings from credit institutions	**680**
Other liabilities	**1,675**
Total liabilities	**2,355**

Group contribution/dividend, Gjensidige NOR Spareforsikring	
Group contribution paid	1,675
Dividend received	874
Net contribution paid	801

Cash flow statement

	2002
Interest receipts	**4**
Disbursement re conversion costs	**31**
Net cash flow from operations	**(27)**
Disbursement re purchase of shares in subsidiaries	**(290)**
Net cash flow from investments	**(290)**
New long-term loan	**680**
Disbursement re share issue by subsidiary	**(170)**
Net cash flow from long-term financing activities	**510**
Net changes in liquid assets	**193**
Liquid assets at 31 December	**193**

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers DA
N-0245 Oslo
Telephone 23 16 00 00
Telefax 23 16 10 00

To the Committee of Representatives and the Annual Shareholders' Meeting of Gjensidige NOR ASA

Auditor's report for 2002

We have audited the annual financial statements of Gjensidige NOR ASA as of 31 December 2002, showing a profit of NOK 1,675 million for the parent company and a profit of NOK 1,501 million for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. 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 Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements have been prepared in accordance with the law and regulations and present the financial position of the Company and of the Group as of 31 December 2002, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the company's management has fulfilled its duty to 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 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, 5 March 2003
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 General Meeting and Committee of Representatives of Gjensidige NOR ASA

The Control Committee has examined the proposal of the Board of Directors for the financial statements for 2002 comprising the Board of Directors' report, the profit and loss account, the balance sheet, the accompanying notes and the cash flow statement for the company and the Gjensidige NOR ASA Group, as well as the auditor's report of 5 March 2003.

The Control Committee has no comments and recommends to the General Meeting and the Committee of Representatives that the presented annual report and accounts and consolidated annual report and accounts be adopted as Gjensidige NOR ASA's financial statement for 2002.

Oslo, 7 March 2003

Kristin Normann Aarum
Chair

Geir Dege

Per Ø. Sævartveit

Odd Lunde

Finn Arnesen

Atle Henrik Andresen

Statement by the Committee of Representatives

To the General Meeting of Gjensidige NOR ASA

The Committee of Representatives of Gjensidige NOR ASA has examined the company's annual financial statements, the Board of Directors' report, the auditor's report and the statement of the Control Committee.

The Committee of Representatives resolved at its meeting on 20 March 2002 to recommend to the General Meeting that it approve the Board of Directors' proposal for the financial statements and the Board of Directors' report for 2002, as well as the Board of Directors' proposal for the application of the profit for the year, including distribution of dividend of NOK 11.00 per share to persons who are shareholders as of 29 April 2003 with payment taking place from 15 May 2003 onwards.

Oslo, 20 March 2003

Erik Sture Larre Sr.
Chair of the Committee of Representatives

Key figures

Amounts in NOK million (unless otherwise specified)		**2002**	2001	2000	1999
Profit and loss account					
Net interest income		**5,715**	5,527	5,347	4,976
Capital gains		**162**	272	262	229
Other operating income		**1,830**	1,917	1,669	1,489
Share of profit (loss) – life insurance		**(157)**	(32)	287	290
Income		**7,550**	7,684	7,565	6,984
Operating expenses		**4,768**	4,544	4,106	4,310
Operating profit before losses		**2,782**	3,140	3,459	2,674
Losses (gains) on loans and guarantees		**546**	426	215	234
Losses (gains) on long-term financial assets		**2**	(232)	(746)	(386)
Operating profit		**2,234**	2,946	3,990	2,826
Taxes		**733**	817	1,015	706
Net profit		**1,501**	2,129	2,975	2,120
Balance sheet					
Loans, retail market		**113,446**	102,545	90,501	81,256
Loans, business market		**98,482**	94,165	89,174	85,641
Specified loan loss provisions		**1,087**	906	897	1,131
Unspecified loan loss provisions		**1,386**	1,386	1,389	1,314
Customer deposits		**122,797**	109,405	100,017	93,420
Total assets at 31 December		**253,690**	233,883	209,612	198,230
Average total assets	(ATA)	**243,500**	227,700	205,900	179,200
Assets under management		**366,400**	351,200	325,900	298,200
Share capital		**8,700**	8,700	8,700	8,700
Other equity		**7,535**	7,008	5,683	3,735
Total equity		**16,235**	15,708	14,383	12,435
Operations and profitability					
Interest income	(in % of ATA)	**7.6%**	8.0%	7.7%	8.3%
Interest expenses	(in % of ATA)	**5.2%**	5.6%	5.1%	5.5%
Interest spread	(in % of ATA)	**2.3%**	2.4%	2.6%	2.8%
Income	(in % of ATA)	**3.1%**	3.4%	3.7%	3.9%
Operating income (excl. capital gains) – change from previous year		**(0.3%)**	1.5%	8.1%	65.1%
Cost ratio	(in % of ATA)	**2.0%**	2.0%	2.0%	2.4%
Costs per krone earned	(1)	**0.62**	0.59	0.56	0.64
Costs per krone earned excl. capital gains		**0.63**	0.61	0.59	0.67
Operating profit before losses and write-downs	(in % of ATA)	**1.1%**	1.4%	1.7%	1.5%
Return on total assets	(operating profit after taxes in % of ATA)	**0.6%**	0.9%	1.4%	1.2%
Return on equity	(2)	**9.1%**	13.8%	21.5%	17.3%
Pro forma key figures for shares (*)					
Market price at 31.12. (NOK)		**227**	272	257	186
Book equity per share (in NOK, incl. allocation of dividend)		**198**	190	174	150
Book equity per share (in NOK, exc. allocation of dividend)		**187**	181	165	143
Price/book value (incl. allocation to dividend)		**1.1**	1.4	1.5	1.2
Price/book value (exc. allocation to dividend)		**1.2**	1.5	1.6	1.3
Price/earnings		**13.2**	11.1	7.5	7.6
Earnings per share (NOK)		**17.25**	24.47	34.20	24.37
Effective yield	(3)	**(10.3%)**	12.5%	45.7%	33.9%
Dividend per share (NOK)		**11**	17	17	14
Direct yield (allocated dividend in % of market price at year-end)		**4.8%**	6.3%	6.6%	7.5%

Amounts in NOK million (unless otherwise specified)		**2002**	2001	2000	1999
Key figures for shares/primary capital certificates					
Allocated dividend in % of PCCs' share of net profit			52%	41%	49%
Payout ratio (gross)	(4)	**64%**	37%	30%	37%
RISK amount (in NOK) at 1 January in subsequent year		**Approx. 2**	17.53	28.11	20.18
Balance sheet					
Growth in lending		**7.7%**	9.5%	7.8%	36.2%
Growth in deposits		**12.2%**	9.4%	7.1%	32.5%
Deposit:loan ratio	(5)	**58%**	56%	56%	56%
Growth in total assets		**8.5%**	11.6%	5.7%	34.4%
Defaults, provisions and loan losses					
Defaults, gross		**1.3%**	1.0%	1.0%	1.2%
Defaults, net		**0.9%**	0.7%	0.7%	0.6%
Provision ratio on defaulted items		**30%**	31%	39%	50%
Unspecified loss provisions in per cent of gross lending		**0.7%**	0.7%	0.8%	0.8%
Losses on loans and guarantees in per cent of gross lending		**0.26%**	0.22%	0.12%	0.14%
Capital adequacy					
Capital base (eligible)		**23,923**	21,058	19,826	17,984
Calculation base		**204,434**	205,813	191,020	174,016
Capital ratio		**11.7%**	10.2%	10.4%	10.3%
Of which core capital		**8.4%**	6.7%	6.8%	6.7%
No. of employees (FTEs) at 31.12.		**4,210**	4,351	4,365	4,680

(*) Primary capital certificates were Union Bank of Norway's stock-exchange-listed equity capital instrument up to the third quarter of 2002.
(1) Ratio of operating expenses to operating income.
(2) After-tax operating profit as per cent of quarterly reported average equity (incl. minority interests).
(3) Dividend paid plus change in market price from 1 January to 31 December, as per cent of market price on 1 January.
(4) Dividend as per cent of after-tax operating profit.
(5) Customer deposits as per cent of gross loans to customers at year-end.

Analysis of key figures

Net interest income
Net interest income came to NOK 5,715 million in 2002, equivalent to 2.35 per cent of average total assets. This compares with 2001 figures of NOK 5,527 million and 2.46 per cent. Net interest income rose in all by NOK 188 million (3.4 per cent). The bank's average customer spread (i.e. the difference between average customer borrowing and deposit rates) narrowed to 2.8 per cent from 2.9 per cent in 2002. The customer spread at end-2002 was also 2.8 per cent. In 2002 the bank's loan volume rose by 7.7 per cent, while customer deposits rose by 12.2 per cent. The share of Group lending funded by deposits was 58 per cent.

Other income
Net other income decreased by NOK 197 million (9 per cent) compared with the previous year. NOK 110 million of this figure was due to lower capital gains and NOK 90 million to reduced income from mutual funds management fees. The share of Gjensidige NOR Spareforsikring's result was a negative NOK 157 million, entailing a result reduction of NOK 125 million compared with the previous year. Other income made up 24 per cent of total income compared with 28 per cent the previous year.

Expenses
Expenses amounted to NOK 4,768 million in 2002 compared with NOK 4,544 million the previous year. When adjusted for changes in Group composition, conversion, reorganisation costs, goodwill, depreciation, and the introduction of VAT on services, expenses were reduced by NOK 42 million or 1 per cent. Expenses on a comparable basis measured 2 per cent of average total assets, as in 2001. The most significant factor in the expenses picture was growth in pension costs. Expenses measured 62 per cent of earnings in 2002 compared with 59 per cent the previous year. In other words, for each krone earned as net interest income and other operating income, 62 øre went to expenses. This left 38 øre to cover losses, taxes and servicing of equity.

Losses
In 2002 the bank recorded net losses equivalent to 0.26 per cent of its gross lending volume. Over the past five years losses have averaged 0.16 per cent of gross loans. Net loan defaults measured 0.9 per cent of aggregate loans. Unspecified loss provisions amounted to NOK 1,386 million or 0.65 per cent of gross loans.

Gain on disposal of fixed assets
Gjensidige NOR recorded no such gains in 2002, whereas in 2001 a gain of NOK 205 million e.g. was recorded on the sale of Accept Finans.

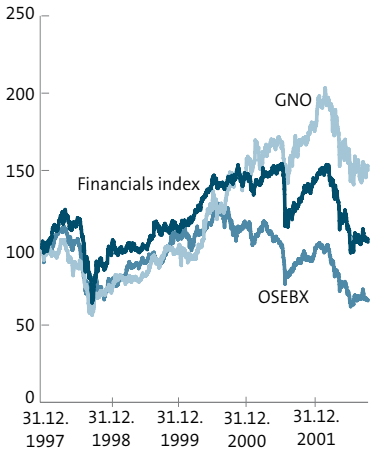
Profit
Net profit in 2002 came to NOK 1,501 million, producing a return on equity of 9.1 per cent on a quarterly calculated basis.

Shareholder return
Gjensidige NOR paid a dividend of NOK 17 for 2001 and has set aside a dividend of NOK 11 for 2002. Based on a share price of NOK 227 at year-end, the direct return to shareholders for 2002 was 4.8 per cent. A negative price movement from NOK 272 to NOK 227 and dividend paid of NOK 17 resulted in a net return to shareholders of a negative 10.3 per cent. The Oslo Børs Benchmark Index (OSEBX) showed a fall of 31 per cent for the same year. Earnings per Gjensidige NOR share came to NOK 17.25, in other words a price-earnings ratio of 13.2.

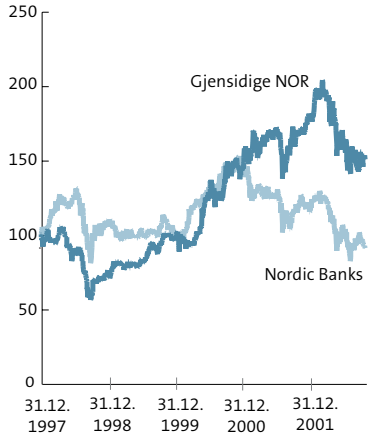
Shares and shareholders

Gjensidige NOR ASA's market capitalisation at the end of 2002 was NOK 19.7 billion, making it the sixth largest company on Oslo Børs. The board of directors recommend a dividend of NOK 11 per share for 2002, representing a payout ratio of 64 per cent.

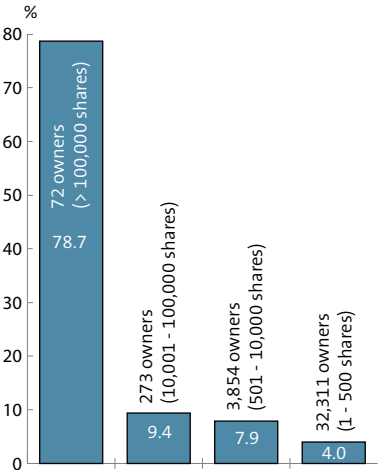
Development in prices GNO, OSEBX and Financials Index



Development in prices GNO and Nordic Banking Index



Holders of shares by size



On 12 September 2002 Gjensidige NOR ASA was established as the parent company for Union Bank of Norway and Gjensidige NOR Spareforsikring. On 13 September the share was quoted for the first time on Oslo Børs.

At the time of the conversion Union Bank of Norway's primary capital certificate (PCC) holders were allotted shares in Gjensidige NOR ASA corresponding to the number of PCCs they held in the bank. Stiftelsen Gjensidige NOR Sparebank (The Savings Bank Foundation) was allotted shares corresponding to a stake of 24.1 per cent. Gjensidige NOR Spareforsikring's policyholders were allotted 9.2 per cent of the shares. Gjensidige NOR Forsikring, which owned Gjensidige NOR Spareforsikring's PCC capital, was allotted 12.8 per cent.

All life insurance policyholders entitled to less than one round lot (50 shares) were bought out with cash from the sale of their shares effected via a placing in Norway and abroad. Life policyholders who were allotted a larger number of shares were offered the option of selling their shares in the same transaction. Capital equivalent to the value of 4,860,856 shares was sold. The share price in the secondary sale was set at NOK 241.50 via a bookbuilding process.

SHAREHOLDER AND DIVIDEND POLICY

Gjensidige NOR ASA's primary goal is to create shareholder value on a par with leading Nordic players in the financial industry through a competitive return on equity and profit growth. Gjensidige NOR ASA will normally distribute about 50 per cent of the Group's annual net profit in the form of cash dividend to the shareholders.

To ensure financial freedom, the aim is to achieve a core capital adequacy of around 7 per cent for the Group.

The business areas will be allocated capital based on expected long-term risk-adjusted return. The Group will strive for a predictable profit trend.

Gjensidige NOR ASA aims to finance organic growth without recourse to share issues.

PRICE TREND AND TURNOVER

The price of the Gjensidige NOR ASA share (up to 13 September, Union Bank of Norway's primary capital certificate) fell by 16.5 per cent from NOK 272 at end-2001 to NOK 227 at end-2002. The highest trading price (NOK 307.50) was recorded in May 2002. Taking account of dividend of NOK 17 disbursed for 2001, the dividend-adjusted return on the share was a negative 10.3 per cent in 2002. Oslo Børs's Benchmark Index (OSEBX) and the Financials Index fell by 31.1 per cent and 23.3 per cent respectively in the same period.

A total of some 62 million of the company's PCCs and shares changed hands. Gjensidige NOR was the tenth most traded company on Oslo Børs in 2002. The turnover rate was 102.7 per cent and the daily average trade volume was 250,805 shares.

THE SHARE

The conversion to public limited company status was accompanied by an increase in the number of stock-exchange-listed securities from 46,889,356 PCCs in Union Bank of Norway to 86,996,467 shares in Gjensidige NOR ASA. The company's ticker is GNO. Due to the shareholder structure the company figures in the Oslo Børs Benchmark Index with 90 per cent of the capital, making it the fourth largest company in the index. Gjensidige NOR ASA's share capital totals NOK 8,699,646,700 with each share worth a nominal NOK 100. There is one share class, and each share carries one vote at the General Meeting. The shares are freely transferable.

HYBRID CAPITAL

In November 2002 the Gjensidige NOR Group took the opportunity to issue hybrid capital (a debt instrument with equity characteristics that counts as core capital) through Union Bank of Norway ASA. Hybrid capital was issued in an amount of EUR 350 million, equivalent to about NOK 2.6 billion.

THE OWNERS

At the end of 2002 Gjensidige NOR ASA had more than 36,000 shareholders, up from about 19,000 prior to conversion. The increase is essentially the result of life insurance policyholders becoming shareholders in connection with the conversion.

At year-end the 72 largest shareholders owned 78.7 per cent of the capital in the company. They include Stiftelsen Gjensidige NOR Sparebank (The Savings Bank Foundation) (24.1 per cent) and Gjensidige NOR Forsikring (13.1 per cent) in addition to institutional investors in Norway (8.0 per cent). The portion of foreign shareholders at year-end was 36.8 per cent (see overview of the 20 largest owners in note 33). At the same point 34,000 private individuals owned 10.4 per cent of the company.

WARRANTS TO EMPLOYEES

At the extraordinary general meeting on 10 September 2002 it was decided to issue warrants as part of a share programme directed at permanent employees of the Group. Each warrant entitles the holder to one share at a price of NOK 248.92 (volume-weighted average price on the first quotation day on Oslo Børs).

1,161,000 warrants were issued. The warrants are exercisable in the period 1 – 15 October in each of the years 2003 and 2004, and employees can subscribe up to a maximum of 250 shares.

RISK ADJUSTMENT

Under Norwegian tax rules, shareholders who tax to Norway are required to adjust, up or down, the historical cost price of their shares by an annual RISK amount (RISK is the Norwegian acronym for adjustment of original cost of shares by taxed profits). For Norwegian shareholders, previous years' RISK amount on Union Bank of Norway's PCCs applies to Gjensidige NOR ASA's shares. The preliminary RISK amount for 2002 is about NOK 2 for each Gjensidige NOR ASA share.

RATING

Union Bank of Norway ASA's creditworthiness is regularly assessed by the leading rating agencies Standard & Poor's, Moody's and Fitch IBCA.

INVESTOR COMMUNICATION

Gjensidige NOR aims to be open, clear and relevant in its communication with shareholders and other stakeholders. By providing correct and timely information the company aims to promote confidence, predictability and correct pricing of its shares.

Relevant information to shareholders and other partners is given in the form of notices via Oslo Børs and press releases to the Norwegian and foreign press. The company holds presentations for investors, financial analysts and brokers and international financial circles upon publication of annual and interim financial statements. The latest information is posted on the Internet at www.gjensidigenor.no/investor/english.

OWNER INFLUENCE ON GJENSIDIGE NOR ASA

Gjensidige NOR ASA's corporate governance effort has focused on the distribution of roles and responsibilities between the company's shareholders, board of directors and management. The company strives to ensure equal treatment of all shareholders through a sound communication policy, openness and good preparation for attendance at general meetings.

Non-discrimination of shareholders

Gjensidige NOR ASA pledges to inform the market about next year's general meeting and the deadline for notifying attendance as early as possible. The deadline will be announced upon presentation of the preliminary annual financial statement via the Group's website. According to the Group's articles of association, notice of the general meeting must be sent no later than two weeks before the general meeting.

The company will strive for a deadline for notifying attendance that is as close as possible to the date of the general meeting; according to the articles of association the deadline cannot expire earlier than five days before the meeting.

Holders of nominee-registered shares must convert to direct ownership in order to attend and vote at the general meeting. Gjensidige NOR ASA has routines for approval of share transfers at each board meeting. Holders who have notified their attendance within the deadline can vote for the number of shares listed in their name in the Norwegian Central Securities Registry (VPS) on the date of the general meeting.

The company permits a proxy to represent more than ten per cent of the votes and/or 20 per cent of the capital represented at the meeting so long as no single shareholder's portion exceeds ten per cent or 20 per cent respectively of the represented capital. Gjensidige NOR ASA will treat blank voting slips at the general meeting as «votes not cast». According to the company legislation only votes actually cast will be taken into account for the purpose of calculating majorities.

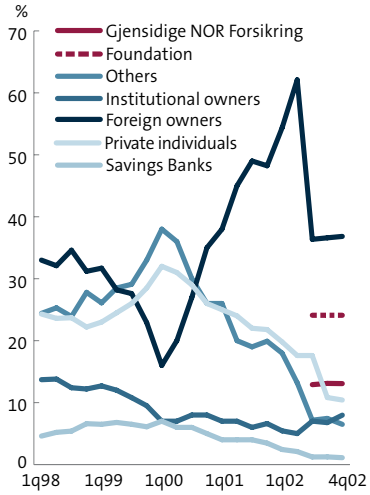
Gjensidige NOR ASA will strive to describe business to be dealt with at the general meeting as fully as possible. The name and background of candidates for office will be announced in the notice. The notice and agenda will be distributed in Norwegian and English. The Group will normally also distribute all necessary accompanying documents in English. The notice, agenda and form for notifying attendance will also be posted on the Internet.

Special provisions

RESTRICTIONS ON VOTING RIGHTS

No-one may vote for more than ten per cent of the votes in the company or for more than 20 per cent of the votes represented at the general meeting. The restrictions on voting rights do not apply to Stiftelsen Gjensidige NOR Sparebank (The Savings Bank Foundation) or Gjensidige NOR Forsikring, as explained below.

Development ownership structure



RISK

Purchased	01.01.98	01.01.99	01.01.00	01.01.01	01.01.02	01.01.03
RISK amount (NOK)	20.84	12.29	20.18	28.11	17.53	approx. 2

RATING

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+

ELECTION TO GOVERNING BODIES

According to the articles of association the general meeting shall elect members to the committee of representatives, control committee and election committee. The chair of the committee of representatives also chairs the election committee. The committee of representatives elects the board of directors, as well as the chair and deputy chair of the board.

Largest owners

STIFTELSEN GJENSIDIGE NOR SPAREBANK («THE FOUNDATION»)

At the turn of the year the Foundation owned 24.1 per cent of Gjensidige NOR ASA's shares. These are the shares that, upon conversion, were issued on the basis of the Savings Bank's reserves (that portion of the equity capital of Union Bank of Norway that was not owned by PCC holders).

The restrictions on ownership and voting rights contained in the Financial Institutions Act do not apply to the Foundation's ownership interest in Gjensidige NOR ASA. Neither do the voting rights restrictions contained in the company's articles of association apply to the Foundation. Hence the Foundation may own and vote for all its shares.

The Foundation's object is to manage its ownership interest in Gjensidige NOR ASA and to make financial contributions to non-profit causes.

The Foundation's paramount body is the general meeting which comprises 31 members. Each member has one vote. The members of the general meeting may not be employees or members of governing bodies of Gjensidige NOR, or of competing companies.

The Foundation shall have a board of four to six members and two alternates all of whom are elected by the general meeting.

Any sale of shares in Gjensidige NOR ASA by the Foundation must be decided by the Foundation's general meeting. The same applies to the sale or any other disposal of shares in Union Bank of Norway ASA, merger, demerger, and disposal of a significant portion of the bank's business or issuance of shares in the bank to any party other than Gjensidige NOR ASA. Such resolutions require the support of at least two-thirds of the general meeting.

The Foundation must own at least 10 per cent of the shares of Gjensidige NOR ASA or, as appropriate, of Union Bank of Norway ASA, in order for Union Bank of Norway to remain a member of the Savings Banks' Guarantee Fund and to call itself a savings banks under the Act on the Savings Banks' Guarantee Fund and the Savings Banks Act.

GJENSIDIGE NOR FORSIKRING

At year-end Gjensidige NOR Forsikring owned 13.1 per cent of Gjensidige NOR ASA's shares, making it the second largest owner.

Gjensidige NOR ASA and Gjensidige NOR Forsikring have established an agreement on long-term strategic cooperation. Based on this agreement, Gjensidige NOR Forsikring has been given permission by the Ministry of Finance to own up to 14 per cent of the shares of the company. So long as the agreement is in force the restrictions on voting rights set out in the company's articles of association will not apply to Gjensidige NOR Forsikring. Hence Gjensidige NOR Forsikring can vote for its entire shareholding in Gjensidige NOR ASA.

Under the terms of the strategic cooperation agreement each party shall designate a member plus an alternate to the other party's board of directors.

Employees

Gjensidige NOR ASA operates no bonus programmes for board members or for senior employees.

GJENSIDIGE NOR EMPLOYEE FUND AS

Employees of some companies within the Group own shares in Gjensidige NOR Employee Fund AS. The fund was established in 1997 and organised as a limited company in 2000. Up to conversion, shares in the fund were reserved for employees of Union Bank of Norway, and, as from 2002, of two internal companies. Upon conversion, the fund's articles of association were revised to allow other Group companies to participate.

The Board of Directors of Gjensidige NOR ASA has passed a resolution to award NOK 5 million to the employee fund for the year 2002.

Seven per cent of the net profit over and above the 11.25 per cent return on equity recorded by Union Bank of Norway (group) was allocated to the fund. The allocation came to NOK 1,864 per full-time position equivalent. A maximum of 0.5 G per employee has been set for the allocation for the year in question (1G = NOK 54,170).

DISCOUNT SALE TO EMPLOYEES

In order to encourage employees to buy shares in the company, Union Bank of Norway established in 1992 a foundation whose purpose was to hold discount sales of PCCs/shares to the employees. Discount sales have been held each year bar 1998, and interest has been high throughout - about 60 per cent have taken advantage of the opportunity.

As previously, a discount sale of Gjensidige NOR ASA shares took place in 2002 when employees were offered 32 shares at 20 per cent discount. Support in 2002 was somewhat lower than in previous years: 40 per cent took up the offer.

Property financing

The Group's loan portfolio of NOK 214 billion is amply diversified across a variety of customer categories. The retail market accounts for 53 per cent of total lending, while property financing makes up 19.5 per cent.

According to Group guidelines, property financing should not exceed 20 per cent of the loan portfolio.

At the end of 2002 property loans totalled NOK 41,655 million. Property financing includes loans to house-building associations, cooperative housing associations, development and sale of properties, purchase and sale of properties, property leasing, real estate agency and property management.

NOK 32,688 million of property loans went to companies whose main business is property leasing. This includes leasing for residential purposes, all types of business premises in and outside shopping centres, hotels, restaurants, production premises, storage facilities and offices.

CONCENTRATION IN OSLO AND AKERSHUS

Of aggregate property financing, 83.5 per cent goes to south-eastern counties and 59.2 per cent to Oslo and Akershus, this being Sparebankkreditt's primary market area.

Sparebankkreditt's loans go exclusively to readily marketable commercial properties, with mortgages not normally in excess of 70 per cent of assumed market value. Of Sparebankkreditt's loan portfolio, 97.5 per cent is classified as low risk.

Gross defaults measured 1.3 per cent of outstanding loans at year-end. This is roughly the same level as for the Group's overall business segment portfolio.

The portfolio is reviewed annually, and in the autumn of 2002 the market value of financed properties was reassessed. Based on this process, 94.6 per cent of the portfolio is secured to within 80 per cent of assumed market value.

Net losses came to NOK 181 million or 0.43 per cent of the portfolio compared with the 2001 figure of 0.08 per cent. Loss provisions in excess of NOK 10 million per customer total NOK 122.5 million. NOK 47.5 million of this figures refers to leasing of hotels, NOK 35 million to leasing of other property, while NOK 40 million refers to development and sale of apartments.

Net losses rose from 0.22 per cent of the Group's outstanding loans in 2001 to 0.26 per cent in 2002.

STRICT REQUIREMENTS

The risk facing the Group's property financing business is regarded as acceptable thanks to strict and consistent requirements that have for several years been applied to customers and projects that are granted funding.

In addition to general requirements as regards solidity and debt-servicing ability that are applied at all borrowers, the Group has taken a particularly restrictive line on financing buildings for lease or sale.

Before credit is made available, prior agreements on leasing or sale are required that ensure sufficient revenues to the contractor over time. The duration of lease contracts, and the ability to pay of tenants and of purchasers of premises or apartments, is assessed. Mortgaged property is valued with reference to realistic estimates of sale values. Loans beyond 80 per cent of Gjensidige NOR's valuation are not usually granted without additional collateral.

MACROANALYSIS OF THE MARKET

At the end of 2002 the Group performed an analysis of the market for office properties in the Oslo area. The analysis employs a macro perspective where office vacancy rates and real after-tax interest rates are the main drivers for rental prices and property values.

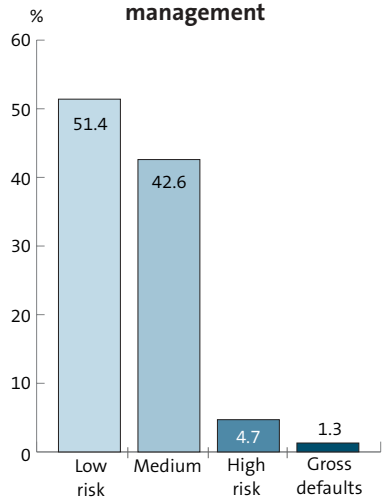
Declining rental prices in the market for office buildings are due to rising vacancy rates. One percentage point higher vacancy rates are estimated to produce a 6 per cent decline in rental prices. The share of vacant office premises in the Oslo area was about 10 per cent at the end of 2002. This share is expected to rise to just over 12 per cent in 2004, and to subside from 2006 onwards.

The analysis shows that rental prices for new contracts fell from about 20 per cent in real terms between end-2001 and end-2002. Weak demand and a carry-over of buildings to be completed in 2003 and 2004 are expected to bring a further fall of about 15 per cent in the case of contracts due for renewal in these two years. Vacancy rates are expected to gradually subside as from 2006 bringing a rise in rental prices in real terms.

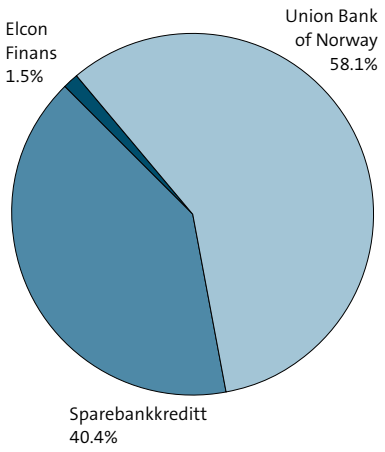
Based on the estimate for lost rental earnings, the value of office buildings is calculated to fall by about 20 per cent on values at end-2001. Much of this fall is already priced into the market. Hence a further value fall of some 10 per cent is likely.

The analysis indicates that the market decline cannot be compared with the decline at the start of the 1990s. On that occasion rental prices fell from what was a far higher level in real terms than the level in 2001. Moreover, real after-tax interest rates rose sharply.

Distribution of risk, real estate management



Allocation of loans, real estate management



STATE OF PREPAREDNESS

Gjensidige NOR has the preparedness in place to repossess properties from customers who are unable to honour their commitments should the market situation indicate that it would pay to postpone disposal.

Losses on property financing are not expected to rise above current levels in the short term. In the longer term the loss trend will above all be influenced by vacancy rates, by rental prices for office premises in the Oslo area and by developments in the Norwegian economy.

Corporate social responsibility

With more than two million customer relationships, Gjensidige NOR plays its part in meeting society's need for efficient and effective financial services. It pledges to do this in an ethical and socially responsible manner. We aim to reduce our environmental impact to the minimum, we want our staff to view Gjensidige NOR as a good employer, and we intend to remain an important player in many local communities where Gjensidige NOR is present. This adds up to our corporate social responsibility.

MMIs profile survey

Company	Good impression (per cent)	Position
Gjensidige NOR	51	30
Postbanken	44	47
Sparebank1	41	53
DnB	36	65
Storebrand	35	66
If...	34	68
Nordea	30	76
Vesta	24	88
Fokus Bank	20	96
Vital	20	97
KLP	17	101
BNBank	16	103

Gjensidige NOR will honour this responsibility in the best interest of its shareholders, customers, staff and the community at large.

In the annual profile survey of Norway's largest enterprises, Gjensidige NOR is the financial institution that scores highest in terms of overall impression(*). A good reputation reflects the public's view that Gjensidige NOR takes its social responsibility to heart.

LENDING ON SOCIETY'S PREMISES

Gjensidige NOR is a substantial actor in the market for credit to retail customers, business and industry and the public sector, and is therefore an important contributor to Norway's economic and social development. Sound assessment of borrowers and their projects is a key responsibility for any lender, and we make certain that projects financed by Gjensidige NOR are consistent with generally accepted norms.

Our credit process demands that environmental factors are taken into account on a par with other risk factors. In other words, individuals or businesses that fail to meet regulatory environmental standards will also fail to meet our requirements as to creditworthiness.

All lending implies risk. We take care not to finance business that we believe entails a major risk of loss to the borrower, the borrower's connections, the community or ourselves as lender. Through sound advice, we take responsibility for the customer's needs and recommend solutions that are in the customer's best interest.

Just over half of our loans go to the retail market, and our share of the house finance market is 16.4 per cent. Young people setting up a home often find it difficult to put up the equity needed to secure a mortgage. We offer, on certain conditions, full financing of first-time home purchases. This loan product features highly favourable terms on interest-rate and principal repayments.

DEVELOPMENTS IN BANKING SAVE ON ENERGY

Gjensidige NOR plays an important part in developing new banking services. Internet banking and cards make money transfers simpler and safer for the customer, and benefit the environment by reducing the need for transport and paper. Innovations such as electronic statements of account and e-invoicing will enable further savings.

RESPONSIBLE ASSET MANAGEMENT

Investment services in Gjensidige NOR are provided by the mutual funds management company Avanse and the investment firm Gjensidige NOR Kapitalforvaltning ASA.

Gjensidige NOR Kapitalforvaltning has passed a resolution on how ethical, social and environmental considerations should be reflected in policies, practices, and decision making. The resolution states that Gjensidige NOR Kapitalforvaltning shall strive throughout to combine clients' expectations as to rate of return and safety with the ethical, social and environmental aspects of investment.

In the autumn of 2002 Gjensidige NOR Kapitalforvaltning and Avanse established two equity funds to cater to a steadily growing market for investments with an emphasis on social, ethical and environmental factors: Norsk Etisk and Globalt Etisk.

A LOCAL PRESENCE

Physical proximity, a caring attitude and security have been Gjensidige NOR's core business idea for 180 years. Maintaining a comprehensive network of neighbourhood banks still represents a cutting edge advantage. Gjensidige NOR meets local community needs for financial services through its combination of the traditional and the modern.

A school project called «Setting up a Home», in the county of Østfold, is an example of how Gjensidige NOR bases its social responsibility on the local savings bank tradition.

«Setting up a Home» is a course in personal finances, intended for 10th grade pupils in lower-secondary schools. Staff from Gjensidige NOR with specialist knowledge of everyday banking, lending and financing, insurance and real estate are the «teachers», and they run the course in conjunction with the schools.

«Setting up a Home» is designed to give 15 year olds an insight into household economics. Through practical exercises the pupils get to see themselves that choices need to be made and priorities set in order to make money last.

SAVINGS BANK FOUNDATION

In connection with the conversion to limited company status, the savings bank reserves were converted into a foundation. With its shareholding of 24,1 per cent, the foundation is the largest of Gjensidige NOR ASA's owners. It has a two-fold purpose:

- To manage its stake in Gjensidige NOR ASA
- To support deserving causes

By supporting deserving causes the foundation continues time-honoured savings bank traditions. The foundation will derive most of its revenues from dividend on its shareholding in Gjensidige NOR ASA, and it can donate up to 25 per cent of its net profit to deserving causes.

In this way Gjensidige NOR ensures that good financial results will benefit the community. A number of fields can qualify for contributions from the savings bank foundation, among them arts and culture, social activities, research, education and sports.

(*) The market research organisation MMI's profile survey of Norwegian corporates, 2002

The foundation's management board decides what causes should be supported. It does so either on the basis of applications, or on its own initiative.

DEVELOPING 4,000 EMPLOYEES

Developing more than 4,000 staff members is an important responsibility for Gjensidige NOR.

Work environment

Gjensidige NOR ASA maintains a systematic environmental effort on a fixed annual cycle. Psychosocial as well as physical and safety-related aspects of the work environment are charted via an annual staff satisfaction survey (SSS). The survey results are monitored across the entire organisation, on a par with financial results and other performance targets.

Management and management development

Gjensidige NOR ASA's ambition is to be among the country's foremost companies in the field of management. Since managers exercise leadership on an everyday basis, their personal responsibility for good leadership is of concern to the group. Management development takes concrete professional challenges as its starting point, and builds on the group's brand values.

ETHICS BY A GOOD MARGIN

Gjensidige NOR's ethical guidelines make it clear that ethical standards cannot be learned – they have to be understood. That is why staff and managers alike need to put ethical issues on the agenda at regular intervals.

A study of Gjensidige NOR's corporate culture was conducted in 2002, and confirmed the impression of a company with sound attitudes to ethical issues.

Gjensidige NOR's ethical guidelines include the following statement:

«The group's business activity is dependent on confidence on the part of customers, public authorities and the society at large. Confidence cannot be decided upon or demanded; it can only be earned, through diligence and probity. Gjensidige NOR expects its staff to distinguish themselves by high ethical standards. This means that each one of us, wherever and whenever we are identified with Gjensidige NOR, shall conduct ourselves in a manner that is confidence-inspiring and honest, and in accordance with the norms, rules and laws prevailing in society. In some situations there are clear-cut rules for what is and what is not good ethics; in others this will be a matter of judgement. A high ethical standard means making sure we do not put ourselves in a situation in which the slightest doubt can be cast on our integrity, and making sure that we put ourselves on the safe side by a good margin.»

OUR OWN HOUSE IN ORDER

Gjensidige NOR has in total 280,000 sq.m. of office space at its disposal, and in 2002 purchased goods and services worth NOK 3.7 billion (**).

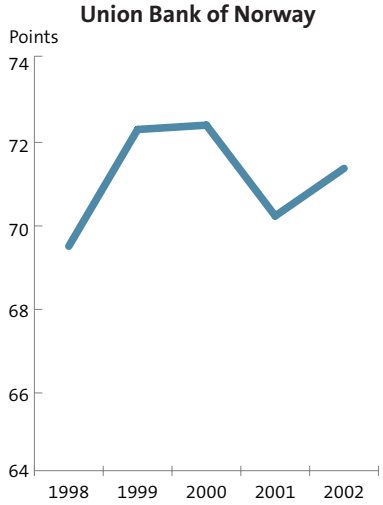
Four hundred and eighty purchasing agreements account for 75 per cent of the value of goods and services used in operations. All major deliveries to Gjensidige NOR are governed by agreements, and there is a clear shift away from goods purchases towards large-scale, multi-service contracts.

Standard agreements with suppliers contain a clause requiring the supplier to meet, or overfulfil, government environmental requirements, and to draw on their professional competence to recommend environment-friendly solutions to Gjensidige NOR as a customer.

All outdated PCs hooked up to the bank's IT platform are properly disposed of or reused. Most PCs can be reused and are donated to schools.

Purchasing office furniture and fittings that contain wood species threatened with extinction is not permitted.

Staff satisfaction in Union Bank of Norway



Historical buildings

Gjensidige NOR owns historical buildings in several localities in Norway. A number of them have been rehabilitated in recent years based on building-protection requirements.

District heating

District heating is an environment-friendly energy source. Gjensidige NOR intends to employ district heating, where available, in its bank buildings and administration buildings.

Renewable energy sources

Electricity is used for heating and cooling purposes where district heating and cooling is unavailable. Each year Gjensidige NOR's bank buildings and administration premises consume about 40 GWh of electricity, equivalent to the consumption of 2,000 houses. Gjensidige NOR has an active focus on energy saving, for example via improvements to its technical installations, and meets the requirement for a good indoor environment.

Internal control

Internal control has been introduced in the electronics and electrical, fire, safety and canteen operation areas. Internal control involves documenting and recording operating routines.

Cleaning and waste management

Environmental cleaning has been introduced at all our properties, and cleaning is only done when actually needed. Benchmarking of our cleaning costs shows that Gjensidige NOR performs well on quality and price.

The branches employ waste sorting by source. In the case of alterations to buildings, waste is returned to the manufacturer or importer for disposal. This particularly applies to electrical equipment, components containing PCBs and other special waste.

GUIDELINES FOR SOCIAL RESPONSIBILITY

Gjensidige NOR ASA is developing guidelines for putting its corporate social responsibility into practice. This overarching standard for ethical, environmental and social performance will be available in the course of 2003.

(**) Gjensidige NOR Driftspartner is responsible for purchasing and property management for all of Gjensidige NOR; i.e. both Gjensidige NOR ASA and Gjensidige NOR Forsikring.

Organising the business

Gjensidige NOR's business is organised with a view to efficient and effective operations and greater market power. Organisation changes have sharpened the distinction between production and distribution functions within the Group.

Immediately after Gjensidige NOR received the licences from the authorities that it needed in order to convert and restructure the group in the autumn of 2002, a far-reaching reorganisation went ahead. Critical competence is now assembled within the respective business areas, and the distinction between distribution and production is clearer.

DISTRIBUTION

Not so long ago, the local branch was the typical savings bank customer's only point of contact with his/her bank. Today's customers expect a wider range of contact options and better counselling. Traditional savings bank business is now assembled in the *Savings Bank* business area.

Savings Bank is a sales organisation which coordinates the business of all distribution channels that face retail customers and local businesses: Bank branches, investment centres, business centres, the Internet bank, telephony services and sales activities with a basis in the Group's customer database.

EXPERTISE

Major business customers need special expertise, tailored products and individual follow-up. Responsibility for this market is now in the hands of *Corporate Customers*. Corporate Customers services clients with annual turnover in excess of NOK 200 to 400 million.

Capital market activities are assembled in *Capital Markets*. This business area includes the activities of Gjensidige NOR Markets, Financial Institutions along with the subsidiaries Gjensidige NOR Kapitalforvaltning, Avanse and Gjensidige NOR Equities. Capital Markets distributes its own products and services, but is also an important product provider to other parts of the Group.

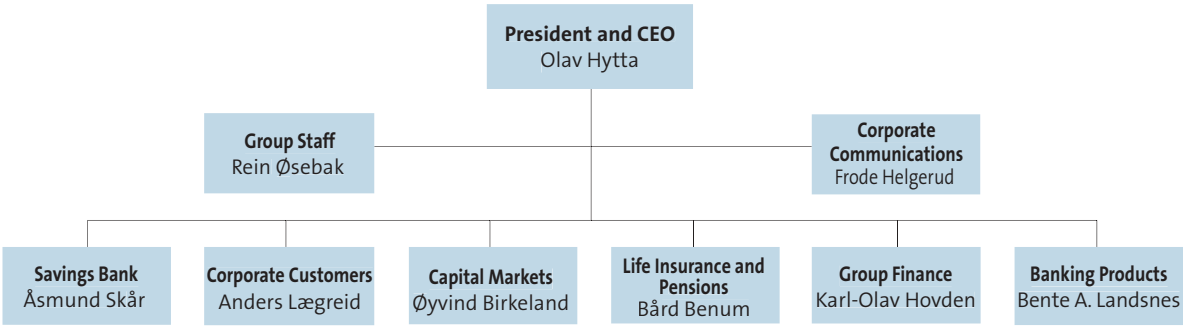
Close collaboration between Corporate Customers and Capital Markets (in the shape of the market concept Gjensidige NOR Merchant Bank) is designed to provide an improved product range to business segment customers.

Life Insurance and Pensions is the business area responsible for both sales and production of group pensions. Sales to the retail market take place through Savings Bank's distribution system. Within the framework set by Gjensidige NOR Spareforsikring, Gjensidige NOR Kapitalforvaltning is responsible for management of the securities portfolio and Gjensidige NOR Næringseiendom for management of the property portfolio.

PRODUCTION AND GOVERNANCE

Production, product development and IT solutions in the Group's banking business are assembled in the *Banking Products* business area, while *Group Finance* is responsible for the Group's financial strength and funding. Responsibility for strategy and control functions rests with *Group Staff* and with *Corporate Communications*.

Cresco is the Group's card operation. Via its subsidiaries, Gjensidige NOR also carries on real estate agency business, property financing, leasing, factoring and foreign currency lending.



Savings Bank – Retail market and the local business segment

Retail customers and local businesses are now serviced by a single business area, Savings Bank. Savings Bank is responsible for distribution to a good 800,000 retail customers and more than 90,000 businesses across the country. The bulk of the market is in the south eastern region.

This business area is organised on the basis of distribution channels: the branch network, investment centres, sales and customer service centres, the Internet bank and business centres. The multi-channel strategy builds on an interplay between electronic and manual services that gives the customer a free choice of service medium.

The new organisation model, launched in August 2002, brings increased efficiency to the distribution system. Functions in the field of operations, staff and support are for the most part grouped together, while some tasks – such as custody and personnel administration - have been transferred to other business areas. Savings Bank is refining its role as distributor of the Group's products.

Bente and Hans Lasken receiving guidance from customer adviser Merete J. Tidemann (to the left) at Gjensidige NOR's finance house in Tønsberg, which houses banking, insurance and real estate services under the same roof.

A GOOD YEAR FOR THE SAVINGS BANK

2002 brought higher volumes in the field of money transfer services, retail lending and traditional bank saving. Although losses and defaults also increased, results remain sound.

The profit growth of NOK 56 million before losses is mainly ascribable to higher volumes and lower cost growth. The post-loss result is somewhat lower than in 2001. Weaker business conditions have triggered higher losses and defaults, particularly in the business segment. Losses in the retail market remain low.

Cost growth was contained to 0.5 per cent. The cutback in FTEs was the main contributor to the favourable cost trend. The new organisation structure sets the stage for further efficiency gains in 2003.

Amounts in NOK million	**2002**	2001
Net interest income	**3,317**	3,251
Other operating income	**626**	628
Operating expenses	**2,007**	2,000
Operating profit before losses and tax	**1,936**	1,879
Net losses on loan and long-term securities	**228**	123
Operating profit before tax	**1,708**	1,756
Net loans to customers (NOK billion)	**131,9**	121,2
Customer deposits/managed funds (NOK billion)	**93,7**	85,3
Managed assets (NOK billion)	**132,6**	121,9
Net losses as % of loans	**0.17**	0.10
Cost ratio	**50.9**	51.5
ROE after tax	**16.0**	
FTEs	**1,677**	1,818

LOWER LENDING GROWTH

Lending growth was gradually reduced in 2002, in keeping with the trend in the credit market as a whole. The effect was most marked on the business front where the annual growth rate was significantly reduced over the year. The demand for loans in the retail market has burgeoned in recent years. Although demand slowed in 2002, Savings Bank's lending to retail customers over the full year was 10.8 per cent higher at year-end than one year previously.

Share markets continued to decline in 2002, making traditional bank saving a more attractive investment medium. Deposits in savings and investment accounts grew by just over 12 per cent for both retail and business customers, whereas deposits from public institutions were reduced in the same period.

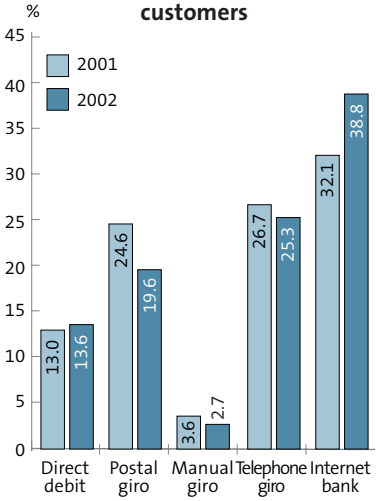
The average customer spread fell from 2.8 per cent in 2001 to 2.6 per cent in 2002. Increased asset volumes invested at high interest pushed down the average spread and are the main factor behind the fall. However, thanks to growth in deposit and loan volumes, net interest income rose despite the reduction in customer spread over the year.

MOVES TO COUNTER LOSSES AND DEFAULTS

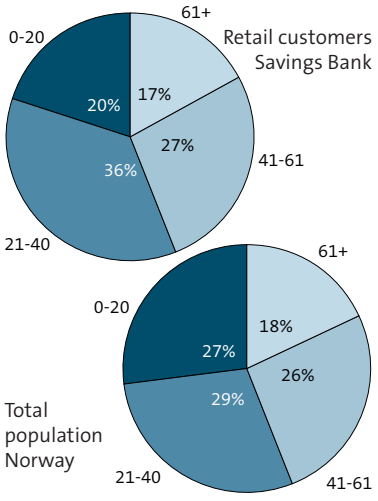
After several years of low losses and negligible defaults, 2002 brought an increased incidence of payment problems, above all affecting businesses. The gross default volume rose by NOK 379 million to reach NOK 1,492 million as of December 2002. This corresponds to 1.1 per cent of the portfolio of outstanding loans. Much effort is put into preventative measures, and monitoring of defaulted and doubtful loans receives high priority. Among other things, a preparedness has been established to handle any commercial properties that the bank may need to repossess due to loan defaults.

Henrik Ludvigsen fields questions from Internet bank customers, while Ida Lunde answers calls to the Customer Service Centre at Lysaker outside Oslo.

Invoice payments, retail customers



Age-grouping



Increasing defaults are reflected in higher loss provisioning. The increase primarily refers to business clients where overall losses rose from NOK 142 million in 2001 to NOK 208 million in 2002. The losses are mainly attributable to client commitments in the real estate and retail segments. Losses on the retail market remain low.

ON THE CUSTOMER'S TERMS

The launch of new Internet bank functionality in the autumn of 2002 was an important step towards realising the multi-channel strategy, and improves the interplay between web-based solutions and personal customer service. Among the new Internet bank offerings is a solution for applying for home loans that enables new and existing customers to have their applications processed in the space of an hour.

A dedicated customer centre hooked up to the Internet bank enables customers to seek personal advice as and when they need to do so. Highly competent advisers, also available in the evening and at weekends, staff the centre. The new facility is largely a further development of the service model employed by the Parat24 direct bank.

Acknowledging that customers are not seeking an either-or solution, but prefer a free choice of service medium, the Group merged Parat24 with Savings Bank in conjunction with the launch of the new Internet bank functionality.

At year-end Savings Bank had 137 bank branches. Ten branches were closed down in 2002, while one new branch is being established in Stavanger. The branch network continues to be the main channel in Savings Bank's retail market distribution strategy. The branches' role in sales and advice to the broad retail market and small businesses has been developed, and they continue to represent a substantial distribution force in the local market.

Familiarity with the local market and customer relationships provides a substantial competitive advantage. At the same time the branch structure is being continually adapted to accommodate increased customer preference for telephony- and web-based solutions for transaction-oriented services. Retail customers are switching more and more from mail giro to Internet giro. More than one half of invoice payments are now by direct debit or via the Internet bank.

Local bank-customer relations are supplemented with telephony-based customer service centres and sales centres. Five customer service centres attend to simple enquiries or refer the customer elsewhere, while three telephony-based sales centres supplement local sales activities. The sales centres are central to event-based customer care. Experience with targeting the sales effort on the basis of customers' specific transactional history has so far been excellent.

Savings Bank's 12 investment centres are dispersed across the entire country and offer spearhead competence in savings and investment in mutual funds, equities and life-insuranced-linked savings products for retail customers requiring highly personalised services. The top segment of the retail market is serviced by Vika Bank, which is the Group's private banking operation. Vika Bank is a full service bank for its segment, offering advanced savings products along with financial and legal counselling.

LOCAL BUSINESS SEGMENT

In conjunction with the reorganisation carried out in August 2002, servicing of business customers was split between Savings Bank and the new business area Corporate Customers. Small and mid-size customers are serviced by Savings Bank.

The smallest business sector commitments are serviced largely via the bank branches, while mid-size companies are handled by the 24 business centres that have been established in the bank's market areas. The business centres give Savings Bank a strong position with local-level decision-making and good market knowledge in an interplay with the Group's broad competence at central level.

GROWTH FOR THE INTERNET BANK

More and more of the bank's customers are turning to self-service solutions such as the Internet bank and direct debit. The number of registered Internet bank users rose from 158,000 at the start of 2002 to 234,000 at year-end. This means that more than half of the bank's current account customers are now using the Internet bank. Use of cards, especially at point-of-sale terminals, is also steadily progressing. The bank's card transactions handled by the Banks' Payment and Central Clearing House (BBS) rose by 18 per cent over the year.

STRONG MARKET POSITION

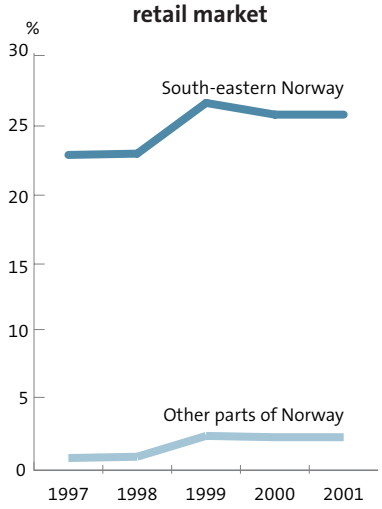
While Savings Bank distributes banking and savings products to retail customers and local businesses nationwide, the market's focal point is Oslo and south east Norway.

According to Norges Bank's (Central Bank of Norway's) banking statistics, Savings Bank has its largest market shares for banking products in the counties of Vestfold and Oppland (about 40 per cent), followed by Akershus, Østfold and Buskerud (25 – 30 per cent) and Oslo (just over 20 per cent). In Telemark Savings Bank's market share is about 15 per cent, while in the rest of the country shares are below 10 per cent. Savings Bank's overall market share is 15 per cent.

The banking industry is undergoing radical changes. Major Nordic actors and new niche banks have fuelled competition on prices, and media attention on banking services has intensified. A new feature is that customers are increasingly utilising more than one banking services provider.

Despite the keener competition, Savings Bank has seen an overall net increase of 7,000 new customers (retail and business customers combined). Use of the bank's services has also increased. In addition to securing its market positions, Savings Bank has managed to keep the margins on its loan and deposit products approximately unchanged. Prices on money transfer services were unchanged over the year.

Market shares deposits retail market



MORE SALES PER CUSTOMER

Savings Bank's key market aim is to sell more products to existing customers while actively striving to expand its customer base. An appreciable number of new customers have been attracted by the mortgage deals offered to young, first-time homebuyers.

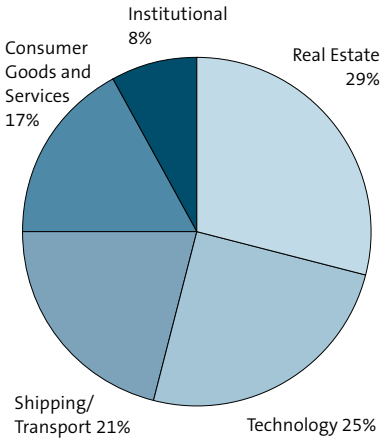
Active use of the Group's customer database and interaction with other units is important in achieving increased sales to each customer. 46,000 new savings contracts related to saving schemes, mutual funds or annuities were established in 2002. Savings Bank is enjoying great success with its «two card strategy» in conjunction with Cresco, the Group's credit card arm. Selling non-life insurance products via Savings Bank's distribution system is a further means for achieving increased sales to existing customers.

Hanne and Henning Fougner, large-scale pig breeders at their farm «Øvre Nøss» in Snertingdal, are business customers of Gjensidige NOR. Ole Berge, business customer adviser with responsibility for the farm sector, to the right.

Corporate Customers

This business area aims to offer the best financial solutions to Norwegian corporates. Its mission is to create value through its customer relationships, expertise and dynamism.

Loan portfolio
Net loans to customers NOK 23.9 billion



Market developments and pressure on deposit spreads left their mark on the business area's results in 2002.

LOW LOSSES – PRESSURE ON SPREADS

Lending volume and spread changed little from 2001 to 2002. The business sector in general showed declining credit growth, while a higher krone exchange rate brought reduced volumes of foreign exchange loans in terms of Norwegian kroner. Fewer acquisitions and restructuring operations in the market led to reduced up front and transaction fees. Thanks to sound portfolio quality, this area's losses remained low in 2002.

Amounts in NOK million	**2002**	2001
Net interest income	**388**	407
Other operating income	**163**	127
Operating expenses	**141**	121
Operating profit before losses and tax	**410**	413
Net losses on loan and long-term securities	**87**	97
Operating profit before tax	**323**	316
Net loans to customers (NOK billion)	**23.9**	23.6
Customer deposits/managed funds (NOK billion)	**26.1**	21.2
Managed assets (NOK billion)	**26.1**	24.2
Net losses as % of loans	**0.36**	0.41
Cost ratio	**26**	23
ROE after tax	**13.1**	-
FTEs	**86**	96

Corporate Customers gained market shares in the institutional customers segment and can point to growth in deposits over the year. Despite volume growth, general pressure on spreads brought reduced income on the deposit portfolio compared with 2001.

Other operating income rose as a result of higher money transfer volumes for the business unit Institutional Customers.

The increase in expenses is essentially due to higher wage costs. Recruitment of new expertise and increased use of performance-based pay resulted in a higher wage bill for Corporate Customers.

Corporate Customers' five business divisions are of the same size in terms of earnings, which reduces vulnerability to changes in the business climate in individual industries.

LONG-TERM RELATIONSHIPS

Corporate Customers' market comprises large private and public institutions and non-profit organisations. The focus is on sizeable Norwegian enterprises offering the prospect of long-term relationships and earnings. Local businesses are handled by the Savings Bank business area. Enterprises with turnover exceeding NOK 200 to 400 million (geographical differentiation), as well as nationwide, complex, enterprises are largely serviced by Corporate Customers. The sectors financial institutions, shipping, energy and non-profit organisations are serviced at central level.

With staff equivalent to 86 FTEs, Corporate Customers has built up high-quality expertise in its five business divisions: Real Estate, Consumer Goods and Services, Technology, Shipping/Transport and Institutional Customers. Of Norway's 500 largest companies, those opting for Gjensidige NOR as their preferred bank rose from 9 per cent to 11 per cent, according to Dagens Næringsliv's Top-500-List for 2001. This list ranks the country's 500 largest companies by turnover. In this connection «preferred bank» denotes total customer relationships where the bank delivers money-transfer as well as other services.

SOLID CUSTOMERS

Corporate Customers aims to outstrip its competitors on customer relations, expertise and quality. Where new sales are concerned, priority is given to customers who are assumed to set store by these values, thereby laying a basis for long-term cooperation and profitability.

Corporate Customers conducts an annual service quality survey under the auspices of Norsk Gallup. In 2002 a satisfaction rating of 74.3 was achieved, which is on a par with earlier years and is considered to be a good result. Staff scored highest on reliability, service-mindedness, follow-up and accessibility.

The outlook for Norwegian business and industry is increasingly uncertain and the number of bankruptcies is growing. However, the quality of Corporate Customers' portfolio is confirmed by the continued relatively low losses on loans and guarantees.

In the autumn of 2002 the bank's risk classification model defined 50 per cent of the portfolio as low-risk, 44 per cent as medium-risk and 6 per cent as high-risk. The portion of low- and high-risk commitments was lower than in the previous year and the portion of medium-risk commitments correspondingly higher. The

Lena Sundberg at the Consumer Goods and Services Division paying a visit to Expert ASA and finance director Sigurd Steenseth. Cultivating long-term relationships with large Norwegian enterprises is at the core of Corporate Customers' business idea.

portfolio was substantially revised after the reorganisation of the bank in the autumn of 2002.

Sound routines and systems for risk management and customer follow up give Corporate Customers the resources and latitude it needs to maintain its focus on offensive marketing. Growth in market share shall not be at the expense of the customer portfolio's risk profile.

Helse Sør RHF and the Norwegian Radium Hospital are important customers and partners for Gjensidige NOR. Director Jan Vincents Johannesen briefs May Bente Blichfeldt and Anne-Cecilie Kran on the running of the hospital.

CONTINUED BUSINESS OPPORTUNITIES

The market is affected by lower credit growth. Fewer acquisitions and restructuring operations in the business sector limit the opportunities for new loans. Corporate Customers nonetheless aspires to increase its deposit and loan volumes and thereby profit growth.

The Consumer Goods and Services Division targets chains in the retail sector, service trades and the hotel and media industry. Activity in these areas is high and growth is anticipated in the bank's business volume.

The Technology Division caters to large industrial companies, the energy sector and the ICT industry. Power utilities operate in an arena that is currently undergoing major change with wide variation in prices. This provides openings for new bank business. In conjunction with the Loan Syndication and Structured Finance Section, the Technology Division is achieving sound earnings on tailored financial solutions.

The Shipping/Transport Division is a relatively small player in a large international market, and it sees opportunities. Increased expertise and transaction experience open up new business potentials for a challenger.

The Institutional Customers Division caters to the public sector, the non-profit organisation market and financial institutions. Corporate Customers leads the non-profit organisation market with its experience and tailored product solutions. The new state-run health enterprises offer the bank major business opportunities in the money transfer and investment field and open up opportunities for cross-selling and multi-product sales activities.

The Real Estate Division is active in the project finance market for commercial properties and large residential projects. About a quarter of the division's lending currently comprises block loans to such projects with a term of one to two years. The remainder are repayment loans with a longer term. The rental market for commercial buildings is currently affected by an uncertain demand and price outlook, and fewer new projects are planned in the residential market. Corporate Customers does not envisage growth in property financing in the short and medium term.

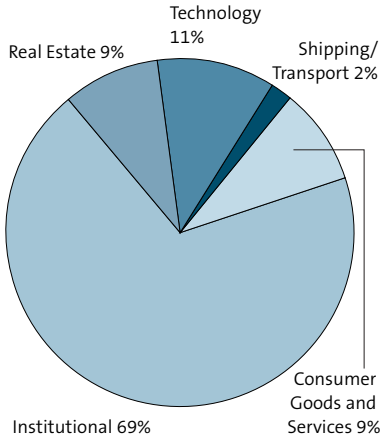
ARENA FOR DEVELOPMENT

Corporate Customers aims to strengthen its market share as the preferred bank for Norway's largest corporates. The growth will derive from selected companies that are appropriate to Corporate Customers' expertise and profile. Priority is given to cross-sales and multi-product sales activities, and the clear-cut aim is to sell more products to the individual customer. Capital market services and life/pension products are in focus here.

Gjensidige NOR Merchant Bank is a cooperation concept that embraces Corporate Customers, Gjensidige NOR Markets and Gjensidige NOR Equities. The business idea behind Gjensidige NOR Merchant Bank is to offer complete capital market services through a customised mix of debt capital, equity capital, and foreign exchange and interest rates instruments. Corporate Customers aims to obtain at least ten new business mandates for Gjensidige NOR Equities in 2003.

Deposit portfolio

Customer deposits NOK 26.1 billion



Gjensidige NOR Merchant Bank is an arena for specialist and business development. This concept of structured, joint customer service within Corporate Customers and Capital Markets is designed to ensure more effective and correct use of the balance between equity and loan capital.

Corporate Customers is an exacting employer and will set the stage for its staff to be the best in the market. A sales ethos, integrity, respect and enthusiasm will characterise the staff of this business area and their work. Interdisciplinary teams are being assembled to handle complex clients, and skills-upgrading measures are under way in sales and sales management. Corporate Customers has a staff satisfaction rating of 70 points, which is on a par with the bank as a whole.

In the spring of 2002 Gjensidige NOR launched its new web-based payment system, NORnett Pluss, for the business sector. NORnett Pluss offers 24-hour access for an unlimited number of users. The system is module-based for optimal adjustment to the needs of the individual customer. With NORnett Pluss Gjensidige NOR is competitively well positioned, and the product is an important part of the bank's strategy. Combined with Scanpay, to be launched in the spring of 2003, it will enable our Norwegian customers with business in Sweden to transact payments directly via the Swedish bank giro system at domestic prices.

Capital Markets

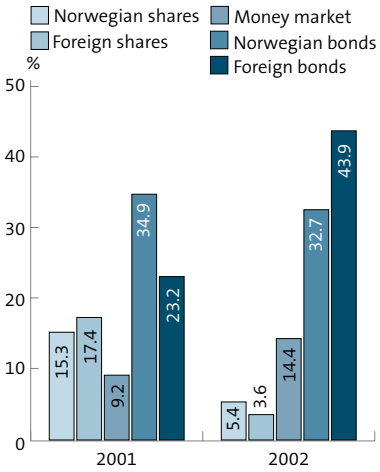
This business area comprises the units Gjensidige NOR Markets and Financial Institutions along with the subsidiaries Gjensidige NOR Kapitalforvaltning, Gjensidige NOR Equities and Avanse Forvaltning.

Capital Markets delivers services in the areas of stockbroking, mutual funds management, discretionary asset management and fixed income and foreign exchange products, as well as banking services to Norwegian and foreign banks.

Results for 2002 for Capital Markets units were affected by the weak share market.

Amount in NOK million	Markets **2002**	Markets 2001	Financial Institutions **2002**	Financial Institutions 2001	Equities **2002**	Equities 2001	Kapitalforvaltning **2002**	Kapitalforvaltning 2001	Avanse **2002**	Avanse 2001	Other **2002**	Other 2001	Total **2002**	Total 2001
Net interest income	**(1)**	(26)	**35**	30	**(5)**	(2)	**3**	1	**7**	6	**(7)**	(4)	**32**	5
Other operating income	**169**	253	**33**	11	**78**	77	**91**	87	**117**	161	**0**	0	**488**	589
Operating expenses	**100**	112	**21**	(14)	**120**	82	**129**	51	**141**	150	**11**	19	**522**	400
Pre-tax operating profit	**68**	115	**47**	55	**(47)**	(3)	**(35)**	37	**(17)**	17	**(18)**	(23)	**(2)**	194
FTEs	**55**	46	**8**	8	**56**	82	**68**	66	**63**	43	**12**	19	**262**	264

Assets under management by asset class in Kapitalforvaltning



Capital Markets was established as a business area in order to enhance the Group's market position and profit performance in this market segment. The Group views earnings potentials in this segment as sound, and capital lock-up is limited.

The market for several of this business area's products is expected to expand in the longer term – above all for savings products, customised products and products/services connected with structural changes in business and industry.

Gjensidige NOR Markets and Gjensidige NOR Equities collaborate closely with the business area Corporate Customers to ensure that the Group's largest business clients have their financial needs met in an optimal manner. This collaboration is called Gjensidige NOR Merchant Bank. It ensures that an overall view is taken of each client's needs, and offerings include advisory services, loan and equity capital instruments, a variety of hedging instruments and management products.

Gjensidige NOR Markets and the brokerage house Gjensidige NOR Equities run their operation from shared premises in Øvre Slottsgate in the centre of Oslo. Stockbroker Hans Lycke enjoys a good day at work.

GJENSIDIGE NOR MARKETS

In terms of legal structure Gjensidige NOR Markets («Markets») is a part of Union Bank of Norway and is responsible for business related to foreign exchange and fixed income products.

Markets assists the Group's customers in selecting products to hedge undesired exchange rate or interest rate movements. This is done by devising product solutions that produce higher return and/or reduce financial risk.

Markets is among the three largest players in the market for Norwegian fixed income products, and the unit is gaining an increasing share of the market for foreign exchange products. Its share of the certificate of deposit and bond market is of the order of 15 to 20 per cent. Based on its high market share and investment skills, Markets undertook several major issues in the Norwegian capital market in 2002.

The increased focus on customer-related earnings and product development resulted in higher earnings on customer trading in 2002, whereas income from own-account trading was down on the 2002 figure. Markets' overall result in 2002 was weaker than in the previous year.

Reorganisation will further underpin the unit's customer activities ahead. In 2003 Markets will maintain its focus on business development in 2003, for example by devoting greater resources to advanced financial structures and by targeting sales at selected customer segments.

FINANCIAL INSTITUTIONS

The Financial Institutions section is a part of Union Bank of Norway and aims to be the preferred provider of banking services denominated in Norwegian kroner to banks at home and abroad.

Gjensidige NOR enjoys a strong position as the preferred bank in Norway for a number of international banks, and attracted new customers in 2002.

Much emphasis has been given to expanding the product portfolio in order to lay the basis for higher, more stable earnings. Risk related to the customer segment is mainly concentrated in the OECD area.

Domestic banks were a profitable and important customer segment in 2002. These banks operate various forms of business or collaborative agreements with Gjensidige NOR. The bulk of the Group's products comprise liquidity and foreign exchange products along with settlement and clearing functions.

GJENSIDIGE NOR EQUITIES

Gjensidige NOR Equities ASA is a full service brokerage house operating in the field of corporate finance, analysis and equity capital instruments.

The steep fall in the share and corporate market has compelled Gjensidige NOR Equities to overhaul its business. Over the year an active effort was made to cut costs, resulting in substantial staff reductions. The company received a capital infusion and enters 2003 with costs at a far lower level.

The collaboration with Corporate Customers and Markets via the Merchant Bank concept is paying off. Significant sections of the Gjensidige NOR Equities' corporate business now have established customer relationships in these units, and customer feedback on total delivery of financial services is good.

In December 2002 Gjensidige NOR Equities' share of the secondary market over Oslo Børs was 3.6 per cent in terms of transaction numbers and 5.2 per cent in volume terms. The aim is to increase the brokerage house's share of trading transacted via Oslo Børs.

Gjensidige NOR Kapitalforvaltning and Avanse have established a joint asset management unit at Sollerud in Oslo. Nina Skui and Lars Erik Aarstad discuss the day's price movements.

GJENSIDIGE NOR KAPITALFORVALTNING

Gjensidige NOR Kapitalforvaltning ASA's («Kapitalforvaltning») chief ambition is to retain its position as one of the leading management companies for institutional customers in Norway.

Kapitalforvaltning primarily manages capital for pension funds and private, municipal and state institutions and organisations, in addition to companies within the Gjensidige NOR Group (Gjensidige NOR ASA and Gjensidige NOR Forsikring).

The company's operating profit for 2002 was greatly impaired by very weak share markets and the concomitant effects on strategic allocation among our largest clients.

New contracts totalled NOK 5.8 billion at the end of 2002. For the second straight year the contract volume approximately matches total new investment reported by our two largest competitors. Kapitalforvaltning is now Norway's largest discretionary asset management unit in terms of externally managed assets.

The company will seek to take advantage of the potentials offered by the industry's regulatory framework. To this end it established an autonomously managed investment fund in Ireland in February 2002. The fund enables management solutions that were previously confined to very sizeable clients to be offered to clients with assets for investment down to NOK 5 million. As of 31 December 2002 assets under management in the Dublin funds had passed the NOK 4 billion mark.

The company took over management of Avanse Forvaltning's own funds as from 1 February 2003, and in so doing expanded its managed assets by about NOK 20 billion. The agreement also entails the transfer of 17 staff members from Avanse to Kapitalforvaltning.

Kapitalforvaltning meets the Global Investment Performance Standard (GIPS), making its management results comparable with those of leading managers worldwide.

AVANSE FORVALTNING

Avanse Forvaltning AS («Avanse») was established in 1966 and is among the leading mutual fund managers in Norway with a market share of 20.1 per cent.

The share market decline combined with net redemption of equity funds brought a marked reduction of income for the company.

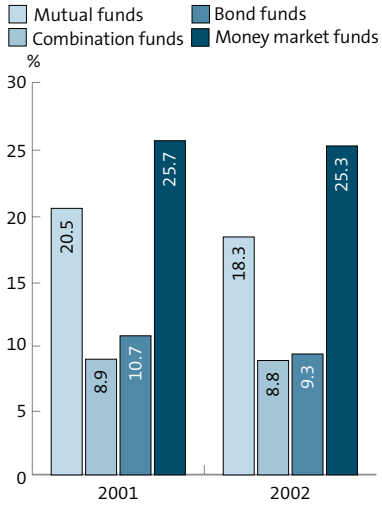
Avanse's funds are distributed and sold primarily to retail customers. The business area Savings Bank and several other Norwegian savings banks' branch networks account for about 83 per cent of annual sales.

At the end of 2002 Avanse managed 46 funds, 13 of them via fund-in-fund solutions and three via advisory agreements with Kapitalforvaltning.

In mid-2002 Avanse obtained GIPS verification.

The fund management industry is coloured by overcapacity and low profitability, and consolidation is called for. The substantial fall in management volume, and heavily impaired financial results, necessitated a significant staff cutback and a strong focus on cost-reducing measures. The number of FTEs will be cut by 15 in the first quarter of 2003, in addition to the FTEs already transferred to Kapitalforvaltning.

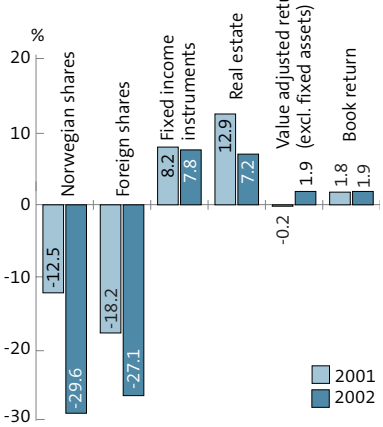
Market shares Avanse



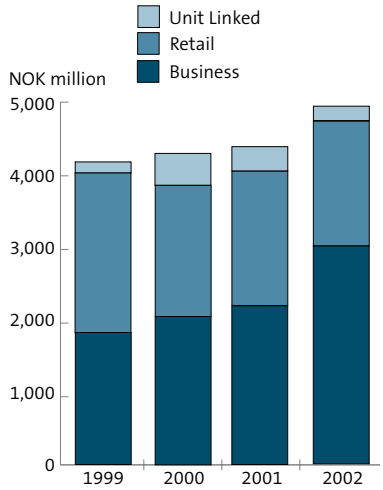
Life Insurance and Pensions

Life Insurance and Pensions' business is largely concentrated in Gjensidige NOR Spareforsikring. This business area also includes Gjensidige NOR Fondsforsikring, Gjensidige NOR Pension Services and Gjensidige NOR Næringseiendom.

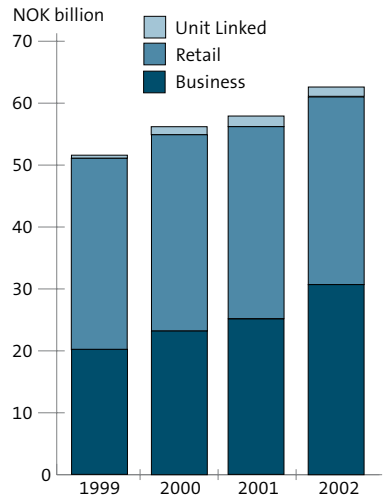
Return distributed by asset class



Premium income excl. transferrals



Development in customer assets



Through Life Insurance and Pensions, Gjensidige NOR offers a broad range of life insurance and pension products to retail customers and the business sector. At the end of 2002 Gjensidige NOR Spareforsikring and Gjensidige NOR Fondsforsikring had customer assets totalling NOK 63 billion under management, about NOK 31 billion of which was managed on behalf of business customers. Life Insurance and Pensions has about 270,000 retail customers and 3,100 agreements with business customers. There are in addition just over 100,000 paid-up group pension policies.

Products with guaranteed return are offered by Gjensidige NOR Spareforsikring, and unit-linked products by Gjensidige NOR Fondsforsikring. Gjensidige NOR Fondsforsikring coordinates its activity with the rest of the life insurance and pensions business, and delivers unit-linked savings products from a menu comprising equity and fixed income funds. As from the autumn of 2002, unit-linked bank deposits with Union Bank of Norway are also offered.

Life Insurance and Pensions has a substantial property portfolio whose management is now assembled in a separate company, Gjensidige NOR Næringseiendom AS. The properties developed and managed by this company are owned by Gjensidige NOR Spareforsikring and Gjensidige NOR Forsikring.

Business related to pension funds and computation of pension costs is assembled in the company Gjensidige NOR Pension Services AS.

NEGATIVE INTEREST RESULT

The results of a life insurance company normally consist of three elements: the interest, risk and administration result.

Figures in NOK million	**2002**	2001	2000	1999
Interest result	**-1,148**	-1,116	2,813	2,049
Risk result	**6**	-84	-33	-68
Strengthening of disability reserves	**-64**	-103	-	-
Administration result	**-104**	-92	-100	-106
Other allocations	**-104**	246	-251	-322
Total undistributed result	**-1,414**	-1,149	2,429	1,553
To/from supplementary reserves	**1,146**	1,059	-180	-609
Customer allocation	**-30**	-25	-1,914	-781
Result before tax	**-298**	-115	335	163
Tax charge	**141**	94	-38	134
Result for the year	**-157**	-21	297	297

The interest result, i.e. the difference between net financial income and the guaranteed return to policyholders, has been negative in the past two years, primarily due to the trend in equity markets. As a result, customers have not received payments over and above the agreed guaranteed interest. Life companies are permitted to finance a negative interest result via their supplementary reserves, and in 2002 Gjensidige NOR Spareforsikring utilised supplementary reserves worth NOK 1.1 billion for this purpose.

The administration result is the difference between income generated by products based on agreed cost tariffs and the company's actual operating expenses. Expenses related to operation of the company, including management of financial assets, amounted to NOK 570 million in 2002. This is an increase of 8.7 per cent on the previous year and is related to higher business volume and to the demands of product development and adjustments to new legislation. The administration result was weakened by NOK 12 million to a negative NOK 104 million. In terms of customer assets, expenses rose from 0.95 per cent in 2001 to 0.97 per cent in 2002. The trend in expenses and costs is not satisfactory, and measures to improve the administration result are under way. The company aims to halve the negative administration result over a two-year period.

The risk result is the difference between income generated by the products on the basis of agreed risk tariffs and the company's actual risk cost. The products' risk cost is in the first instance dependent on the trend in disability and mortality. Risk tariffs on business products were raised in 2001, with full effect for 2002. This is the main reason why the risk result for business products improved to a positive NOK 39 million in 2002.

In 2001 all Norwegian life companies needed to strengthen their reserves as a result of new disability tariffs in the group pension segment. The strengthening of disability reserves is distributed over three years, and is shown explicitly in the result tabulation. Gjensidige NOR Spareforsikring's additional reserves requirement

is estimated at NOK 334 million. By the end of 2002 50 per cent of the additional requirement was expensed, with the remainder scheduled for 2003.

For retail products the risk result for 2002 was a negative NOK 33 million, in the first instance due to the company's strengthening of its claims reserves. Claims reserves were increased by about NOK 50 million in 2002, and allocation of the same amount in 2003 will complete the process.

The item «other allocations» contains result elements that cannot be assigned to other result items. In 2002 other allocations comprised the following elements:

- Write-down of capitalised development costs: NOK 40 million
- Strengthening of premium reserves (including the administration reserve): NOK 51 million
- Allocation to the contingency fund as a result of higher business volume: NOK 13 million

In 2001 changes were made to the rules for allocations to the contingency fund as a result of which 80 per cent of the fund was taken to income (NOK 268 million taken to income under «other allocations»).

GROWTH IN PREMIUM INCOME

Since the establishment of Gjensidige NOR in 1999, the life insurance and pensions business has recorded substantial growth in premium income. Premiums due, including unit-linked products, came to NOK 4.2 billion in 1999. In 2002 premiums due totalled NOK 4.9 billion. This represents an annual growth in premiums due of about 6 per cent.

Life insurance policyholders are entitled to migrate from company to company. The transfer balance, which is the difference between received premium reserves and transferred premium reserves, shows a positive trend for Gjensidige NOR Spareforsikring in the period 1999 – 2002.

On the group pension front Gjensidige NOR Spareforsikring shows a substantial increase in net receipts of customer assets.

Despite low return on financial assets over the past three years, this business area has recorded relatively strong growth in customer assets and assets under management. Customer assets rose from NOK 51.6 million at end-1999 to NOK 62.6 billion at end-2002.

Assets under management rose by about NOK 8 billion in the same period. At the end of 2002 assets managed by Gjensidige NOR Spareforsikring totalled NOK 66.2 billion and assets under Gjensidige NOR Fondsforsikring's management by NOK 1.7 billion.

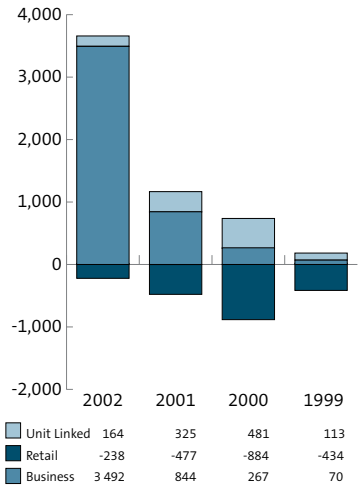
FINANCIAL STRATEGY

The company aims to continue a financial strategy designed to build up buffer capital at moderate risk. The portion of assets not exposed to exchange risk will accordingly be maintained at a high level. The company seeks to strengthen buffer capital primarily by increasing its supplementary reserves. The aim is to establish supplementary reserves equivalent to one year's interest guarantee, which at the end of 2002 corresponded to about NOK 2.4 billion. Assuming that the company achieves sufficient financial return over and above guaranteed interest, the aim is to complete the desired strengthening of buffer capital over a period of two to three years. The equity share of profit over the years immediately ahead will accordingly be lower in this period than can be expected in a normal situation.

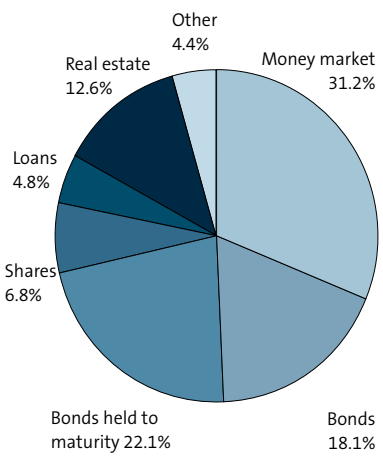
Gjensidige NOR wishes to strengthen its position in the pensions market for the business segment. Randi Hesjedal at Gjensidige NOR Forsikring and Lars Eng from Gjensidige NOR Spareforsikring are seen here talking to Åshild Salmela and Ellen Råholt from ErgoGroup.

Life insurance companies' balance sheet composition has changed markedly in the past two to three years. In 2002 Gjensidige NOR Spareforsikring gradually reduced the share component from 21 per cent at the start of the year to about 7 per cent at year-end. The downweighting in shares was largely replaced by investments in the Norwegian money market and by a further build-up of the portfolio of bonds held to maturity. A limited portfolio of credit bonds was also built up.

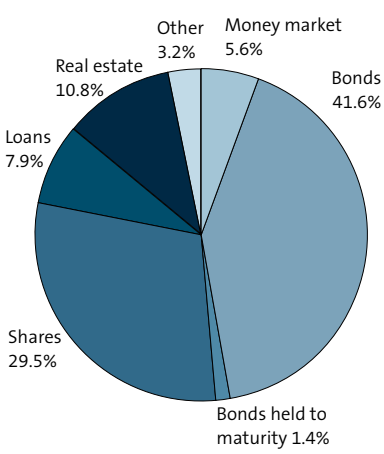
Transfer balance



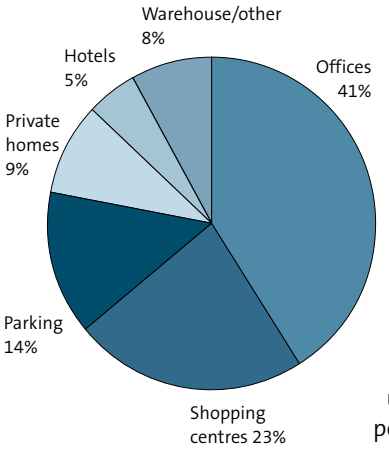
Asset allocation 2002



Asset allocation 1999



Real estate portfolio



BONDS

About 30 per cent of the short-term fixed-income portfolio consists of Norwegian bonds. The average duration of short-term bonds is 5.6 years. The portfolio of bonds held to maturity has an average duration of 4.4 years. Average residual maturity of bonds held to maturity is 5.8 years.

SHARES

The share component as of end-2002 was 6.8 per cent. Of this, about 48 per cent comprised Norwegian shares. Hedge funds make up about 1.5 per cent of the share portfolio.

REAL ESTATE

The company's properties are managed by Gjensidige NOR Næringseiendom AS. Gjensidige NOR Spareforsikring had an amply diversified property portfolio at end-2002. The portfolio's book value is NOK 8.3 billion and floor space totals 720,000 square metres.

At the end of 2002 some 38,000 square metres, about 5 per cent of the total, were vacant. The weighted residual maturity of the contracts is 4.5 years.

MORE DISTRIBUTION CHANNELS

Three account-based products are offered in the retail market: life annuity, pension and individual endowment with a guaranteed return. The retail market has shown low growth in recent years. Turbulent financial markets and high returns offered by other savings mediums have also curbed growth in unit-linked solutions. Despite lower-than-expected new sales, Gjensidige NOR Spareforsikring strengthened its leading position in the retail market. At the end of the third quarter the market share in terms of client assets was 33.3 per cent (combined figure for unit-linked and traditional life products).

Sales of retail market products and much of the responsibility for customer servicing is in the hands of the Savings Bank business area. Savings Bank is considered to represent a major potential as a distribution channel.

In the business segment Gjensidige NOR Spareforsikring's main products are defined-benefit company pensions and defined-contribution pensions. Pension schemes are also offered to municipalities and other public organisations geared to collective pay agreements for the public sector. Gjensidige NOR Spareforsikring has its own distribution system for the business market. About 70 staff members are responsible for new sales along with counselling and follow-up of the existing portfolio. Follow-up of and sales to corporate customers and the public sector market are centralised, while a regionally-based sales team caters to small and medium-sized businesses.

EMBEDDED VALUE

Embedded value is an actuarial measure of a life company's existing portfolio. Gjensidige NOR Spareforsikring employs the actuarial and management consultants Tillinghast – Towers Perrin to calculate embedded values.

This entails an in-depth analysis of a life company's customer portfolio at a given point in time. It gives a snapshot of total expected earnings on current business by discounting future earnings flows from the customers in question. Hence embedded value comprises the value of existing equity capital plus the discounted value of existing business. Embedded value does not represent the estimated market value of a company, which also contains the value of future new sales and any acquisition premium.

In an embedded value analysis each individual insurance and each individual member of the group schemes is valued. Each policy is analysed and projected ahead using realistic assumptions based on the policy content. Many variables and assumptions are fed in to the calculation, including premium level, likelihood of death, gender and life expectancy. A number of economic assumptions are also employed. The following assumptions are employed when measuring Gjensidige NOR Spareforsikring's embedded value:

Per cent	**2002**	2003	2004
Return on bonds (risk-free interest rate)	**5.8**	6.3	6.0
Return on shares	**8.3**	8.8	8.5
Weighted return, all assets	**6.3**	7.0	7.0
Share component in balance sheet	**18.0**	30.0	35.0
Management fee	**0.40**	0.40	0.35
Effective tax rate	**17.0**	10.0	10.0
Discount rate	**9.0**	9.5	9.5

The embedded value for 2002 is a preliminary figure based on simplified assumptions. The preliminary embedded value for Gjensidige NOR Spareforsikring as of 31 December 2002 is NOK 4,504 million. This is an increase of NOK 356 million over the value one year previously.

NOK million	**2002**	2001	2000
Book equity	**2,842**	2,573	2,639
Value in excess of book equity	**1,662**	1,575	1,231
Embedded value	**4,504**	4,148	3,870

Changes in embedded value for the years 2000-2002:

NOK million	**2002**	2001	2000
Embedded value profit(*)	**-147**	278	301
Equity capital transactions	**503**	0	-220
Change in embedded value	**356**	278	81
(*) Of this value of new sales	**276**	89	84

Embedded value is affected by changes in assumptions. A sensitivity analysis has been prepared showing the effect of changed assumptions:

Variable	Change	Effect on EV(*)
Discount rate	+ 1 per cent	- 6 per cent
Management fee	+ 5 points	+ 6 per cent
Tax	+ 5 per cent	- 4 per cent
Return on investment	+ 1 per cent	+ 6 per cent
Customer cancellations	- 20 per cent	+ 3 per cent

(*) Relative change in embedded value

PENSION MARKET IN NORWAY

The Norwegian pension market is changing both in terms of market situation and regulatory framework. The present public pension system faces major challenges, in the first instance due to an ageing population and increasing propensity for early retirement. The Storting has initiated a review of the existing pension system with the focus on coordination and distribution of expenses between the government, the enterprise sector and private individuals. In the future an ever-growing share of pension benefits can be expected to be funded by occupational pension schemes and individual pension solutions.

Based on the above, Gjensidige NOR expects the market to show growth in total volume and increasing volume shifts between providers in the years immediately ahead.

NEW REGULATORY FRAMEWORK

Public regulation of the pension industry is about to change. Legislation on company pensions and on contributory pensions was recently passed, and a new act on Norwegian life insurance business has been drafted. The latter heralds significant changes for Gjensidige NOR's product companies. It opens the way for greater flexibility and product breadth and modifies the model for distributing risk and profit between policyholders and shareholders.

The Pensions Commission's ongoing work on reforming the National Insurance Scheme is likely to impact on the division of roles between public and private pension systems, whether employment-related or private.

New rules on business activity together with changes in the National Insurance Scheme will entail substantial growth in the pension market.

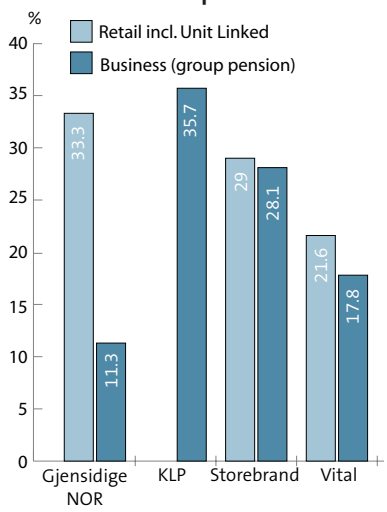
SUBSTANTIAL PLAYER

Gjensidige NOR is currently the largest player in the retail pension market and the fourth largest in the business pension market. Hence its business distribution differs from that of other major players. For both market areas combined Gjensidige NOR is the fourth largest company after Kommunal Landspensjonskasse (KLP), Storebrand and Vital.

In terms of customer assets Gjensidige NOR accounted for 11.3 per cent of the business market and 33.3 per cent of the retail market as of 30 September 2002.

Client assets in the Norwegian life insurance and unit-linked market totalled NOK 364 billion at end-2002. Just over 70 per cent of this figure referred to the business market and 30 per cent to the retail market. Life insurance accounts for 97 per cent and unit-linked for 3 per cent of the total volume. Norwegian pension funds account for another NOK 100 billion, of which about NOK 40 billion is in the municipal segment. Pension rights in the Norwegian Public Service Pension Fund, which are currently funded on a pay-as-you-go basis, are a further component. Pension commitments for the latter fund are on a par with the total for all other group life insurance in Norway combined.

Pension market per 30.09.2002



BUSINESS SEGMENT OFFERS POTENTIALS

Virtually all group contracts in the business market have so far been taken out with life insurance companies or pension funds. An opening for products featuring defined-contribution premiums and greater flexibility in terms of asset management (investment choice) provides new market opportunities. Today about 900,000 workers in the private sector in Norway lack any form of employment-related pension scheme.

The «municipal pension» segment represents about 50 per cent of volume in the business market. On the provider front, KLP (a nationwide pension fund for the municipal sector) retains a virtual monopoly on this segment. The regulatory framework for municipal pensions is also changing, and legislation ensuring free competition between KLP and other companies is expected to be passed in the course of 2003. This can be expected to weaken KLP's position in the municipal market, and to substantial volumes being reinvested elsewhere.

A debate on competitive outsourcing of public service pension funds is in progress. A general release of these funds into the market would represent a major reform. Such a reform, if it materialises, is not expected for more than three years yet.

Gjensidige NOR Spareforsikring's goal is to strengthen its position in an expanding private and public sector pension market.

To achieve this goal the company will focus on three segments:

- the corporate customer market, where it will employ a selective approach
- municipalities and public sector enterprises
- medium-sized businesses

Any further focus on the municipal market presupposes a change in government regulation that opens the way

Gjensidige NOR Næringseiendom and project manager Odd Willoch manage the life company's commercial properties. The company also developes new real estate projects, as pictured here at TMV-odden in Trondheim.

for free competition. Such a change is anticipated, and is expected to intensify transfers from KLP to private companies. Given Gjensidige NOR's focus, the company can expect to take a third of the volume anticipated to leave KLP.

Gjensidige NOR enjoys a strong position in the market for medium-sized businesses. This segment is important in the pension context in terms of profitability and risk. Union Bank of Norway has a substantial customer portfolio of medium-sized businesses that do not have a pension agreement with Gjensidige NOR. This underpins the opportunities for strengthening Gjensidige NOR Spareforsikring's position.

Much of the company's current business is in the small business market, and it is important to service these customers in a cost-effective manner. Profitability in this market will be enhanced by means of standardised product packages.

LOW GROWTH IN THE RETAIL MARKET

The retail market has shown low growth in recent years. When natural growth through return is eliminated, this market has shown negative volume growth over the past five years. At the same time business volumes have shifted from life insurance to unit linked insurance. Since it was established in 1997, the unit linked industry has shown steady growth up to the last couple of years when developments in financial markets brought a reduction in overall volume.

A return to normal financial market conditions will probably change this picture.

Gjensidige NOR Spareforsikring's aim is to retain its leading position in the retail market. The shift in volume from traditional life insurance to unit-linked insurance leads us to expect a reduction of our overall market share.

In the retail market our focus will be on the mass market and on selected customers in the top segment. This also applies to important trade union associations and to sales to private individuals via the business market.

Products sold in the retail market have traditionally entailed a one-time investment. An aim is to make staff in the distribution system more aware of and knowledgeable about Gjensidige NOR Spareforsikring's savings products and to encourage regular saving. The pension profile of both investment and savings products needs to be raised.

Developments in the market and expected changes in the regulatory framework hold out potentials for additional sales of retail market products to business customers. These potentials refer both to existing members of group pension agreements and members who have withdrawn.

COUNSELLING IS CRITICAL

For sizeable clients, selecting a pension solution is a long process in which the company and the client collaborate on finding an optimal solution. In economic downturns businesses are preoccupied with cost savings, and this also applies in relation to pension schemes. The question may therefore well arise of reducing benefits or switching from defined benefit schemes to defined contribution schemes.

The expectations of customers in the retail market highlight the need to enhance the quality of pension-related counselling offered by bank branches. The emphasis needs to be on ensuring that customers get the assistance they need to select the type of pension-assets management that suits their approach to risk and their time horizon.

Banking Products

This business area is an innovation centre that develops and delivers competitive payment, financing and bank savings products to the bank's customers.

Banking Products is also responsible for operations and support functions associated with the above products. Products are developed in close cooperation with Savings Bank's distribution system.

The business area employs staff equivalent to 567 FTEs and aims to be known for easy accessibility and helpfulness, competence and quality.

Verdipapirservice, which forms part of the Banking Products business area, delivers and helps to develop securities services. Erlend Lundgren, Jørgen Herø and Linda Reiakvam all work in the Corporate Actions unit.

FULL SERVICE CHANNEL

In 2002 the Internet Bank was further strengthened with a view to making this a full service channel. A first version of NORnett Pluss was launched for the business market, combining the bank's highly efficient cash management services with the Internet's wide distribution and simplicity. In the longer term all the bank's business customers will be able to do their banking via NORnett Pluss.

A new version of the Internet bank was delivered during the year. The bank's retail customers can now apply for home loans and order credit cards and account products via the Internet. Customers can also access advisers online.

Goods purchases via the Internet rose sharply in 2002, and requirements for simple, secure payment methods are increasing apace. Union Bank of Norway is the first bank to launch the eAxept payment solution, which enables goods to be paid for directly from a customer's account via the Internet.

The bank is also the first to test BankID. Developed by the banking industry, BankID enables electronic customer identification designed to make communication over open lines safe and secure.

INTERNATIONAL SOLUTIONS

Cross-border payment solutions are developing apace. Increased internationalisation and collaboration within the EU and the EEA are fostering more efficient solutions for bank and customer alike. A series of cross-border initiatives is under way, one of them a collaboration started by the European banking industry to establish common payment solutions for the Euro. The Group aims to hook up to Europe-wide solutions that promise cost benefits and good customer-solutions.

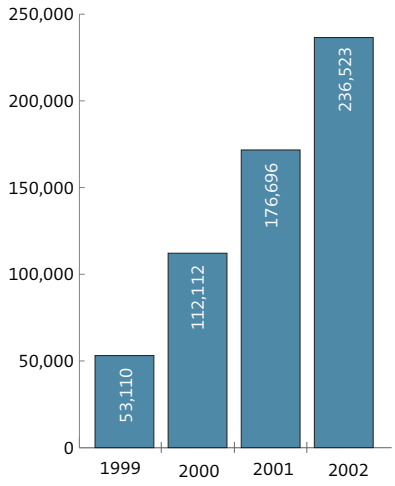
Thanks to its high level of automation, Gjensidige NOR's banking operation is well positioned to tackle the increased internationalisation. Even so, steps to accommodate new efficiency requirements are being considered.

In 2003 Union Bank of Norway will be launching the Scanpay payment solution. This will enable customers to make domestic payments in Sweden without having to open a Swedish bank account.

QUALITY SYSTEM

First class services are a precondition for satisfied customers. Banking Products has systematically built up a coherent quality system with excellent results, and the systematic focus on quality will now be applied in other business areas. Thanks to its quality work, the Custody operation came out on top in international customer polls for the second year in a row.

Customers, Internet bank



CHOICE OF IT SYSTEMS

Customer expectations of 24-hour self-service banking and operating quality make high demands on technical solutions. A review of its IT solutions led Union Bank of Norway to introduce a new generation of core systems. The new systems will enable speedier and simpler product development, lower operating expenses and reduced vulnerability and risk, making this an important investment in future competitiveness.

Changes in the competitive situation on the provider side, and the need to secure control over business-critical systems, are also behind the IT system replacement.

The switch to new core systems is expected to go ahead in 2005.

Cresco

Cresco is Gjensidige NOR's card operation. With 16 credit and payment card concepts and almost 600,000 customers, Cresco is one of Norway's leading players in the field. The operation is headquartered in Trondheim.

Reidun Olsen at Cresco's customer service centre helps customers who have questions about the company's products and who want to know more about secure and sensible card use.

Cresco meets customers' cash-flow needs through short-term, unsecured credit. Earnings on its products derive from interest, administrative charges, annual fees and commissions on Visa and MasterCard.

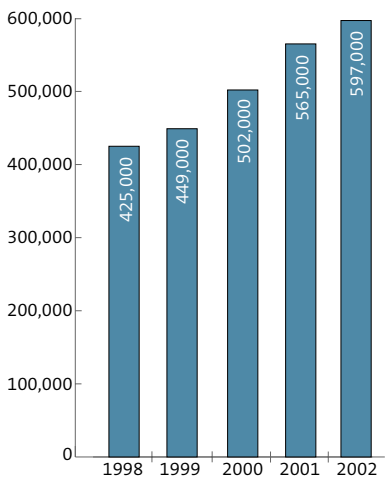
MEASURES AGAINST DEFAULTS

Losses are rising in the credit card market, and Cresco reported a net loss of NOK 143 million in 2002. Defaults have risen among younger customers in particular, although increases are also noted in other customer groups.

A number of steps were taken to curb loan loss risk in 2002. A new credit card application scorecard was introduced, and assessment routines were tightened. In addition stricter practice was applied to customers who fall behind on payment plans, and problem customers are referred to debt collection at an earlier stage than previously. Risk-reducing measures and instruments, including behaviour scoring, will be implemented and further developed in 2003.

Lending for the full year 2002 grew by NOK 6 million, corresponding to an increase of 0.2 per cent. The modest growth is due to tighter credit, less marketing and a general decline in demand for consumer credit.

Number of customers



BROAD-BASED MARKET

Cresco's share of the Norwegian market for unsecured credit to retail customers is 14 per cent. Outstanding loans totalled NOK 4.9 billion at the end of 2002.

Cresco's business comprises the following market areas:

The retail market includes all card concepts sold directly to private customers via the bank's branches and via commercial players. Important partners alongside Gjensidige NOR's bank branches are Elkjøp, Shell, Smart Club, Ving, G-Sport, Maxbo, Deal, Idé Kim Tvedt and Intersport. Cooperation with trade and commerce goes back 40 years.

The non-profit organisation market comprises card concepts sold through member organisations. Important partners are the Confederation of Vocational Unions, the Norwegian Society of Chartered Engineers, Union of Education Norway, the Norwegian Nurses Federation, The Norwegian Society of Engineers and the Norwegian Automobile Association.

The business market comprises payment and credit cards for travel purposes and purchase concepts. Cresco achieved good growth in the market for travel cards to the business market in 2002.

The final market area, Cresco Lån, comprises unsecured loans sold via agents and directly to private customers. Cresco Lån is among the largest players in this market.

COOPERATION AND STRENGTHENED PROFILE

Cresco's strategy is to make its credit cards the first choice for Gjensidige NOR's customers. There is a large potential here for additional sales. In 2002 a particular effort was made to sell NOR MasterCard through the bank branches, which resulted in the sale of 14,900 cards. Sales via the banking channel are a focal area in 2003 as in 2002.

Losses in the credit card market are on a rising tendency. In this situation it is imperative for Cresco to strengthen its profile and sales culture. As part of its brandbuilding effort, Cresco became the chief sponsor for the Norwegian Ski Association's cross country elite in 2002.

Cresco will focus on customer development based on profitability, and product development based on relevant customer benefits.

Cresco wishes to engage in aggressive customer recruitment within the framework of a prudent credit policy. The goal is to make Cresco the natural first choice in the Norwegian credit card market.

Subsidiaries

ELCON FINANS AS

ELCON Finans AS offers leasing, car financing and factoring services. It is the biggest finance company in the country, and has also established operations in Sweden and Denmark.

ELCON Finans meets business and retail customers' needs for capital-goods finance through leasing and lending, and 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.

Net profit for 2002 came to NOK 325 million compared with NOK 316 million the previous year.

ELCON has assets totalling NOK 24.3 billion. It has 410 employees in Norway and 60 in Sweden and Denmark combined.

A satisfactory year

2001 was a satisfactory year for the company with a return on equity of 13.4 per cent. The year's result was achieved amidst rising credit losses and defaults in a turbulent fixed income market. Concurrently substantial investments were made in new computer systems with a view to achieving a competitive edge and improved efficiency. The operations in Sweden and Denmark made a negative contribution in 2002, but are expected to show a net profit in 2003.

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 become one of the three leading players in its field in Scandinavia.

Weaker economic climate

After showing buoyant growth in 2001, finance companies saw growth level off in 2002, due to the general economic slowdown and a sharp decline for car leasing.

ELCON Finans nonetheless posted a sound trend in 2002, and increased its market share. Growth in leasing to the business segment was particularly good. Over the year the company signed several substantial real estate leasing contracts with 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 Finans is prioritising further development of web-based self-service solutions (ELCON24) for car dealers and Gjensidige NOR's branch network.

In the course of the year ELCON Finans signed a long-term cooperation agreement on car financing with a large-scale importer.

International operations in the factoring field were strengthened.

ELCON Finans leads the field within its product areas, with a market share of about 35 per cent in Norway for all products combined.

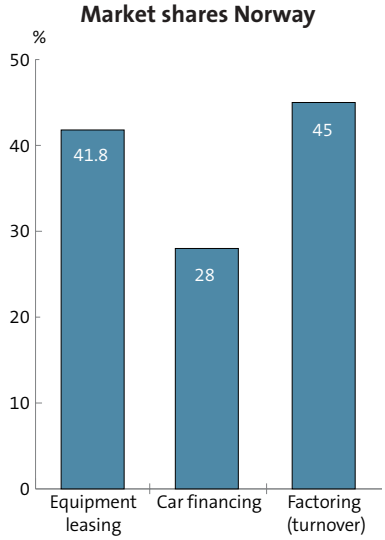
Objectives and strategies

ELCON Finans has established the following strategic objectives:

- to be the market leader in leasing, factoring and car financing in Norway
- to be one of the top three companies in its field in Scandinavia
- to achieve a pre-tax return on equity of at least 20 per cent
- to achieve annual profit growth of 8 to 10 per cent

ELCON Finans intends to achieve its objectives by placing emphasis on profitability, sales and customer orientation and expertise.

Market shares Norway



UNION BANK OF NORWAY INTERNATIONAL S.A.

Union Bank of Norway International S.A («UBNI») was established in 1985 to extend foreign currency loans to Scandinavian savings banks and provide financing and advisory services to Scandinavian corporate customers. The company is based in Luxembourg.

Over time UBNI has extended its services, and 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 company achieved a pre-tax profit of NOK 36 million in 2002, compared with NOK 40 million the previous year. The return on equity was 13.8 per cent.

High-quality operations

As in previous years, 2002 featured high-quality banking operations, and the bank has incurred only negligible losses since 1990. The operating profit of NOK 36 million is about 13 per cent lower than in 2001. The general market trends with particularly difficult conditions in the equity market explain this reduction.

Assets total NOK 7,994 million.

Favourable setting

UBNI is a wholly-owned subsidiary of Union Bank of Norway, currently the only Norwegian bank operating in Luxembourg.

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.

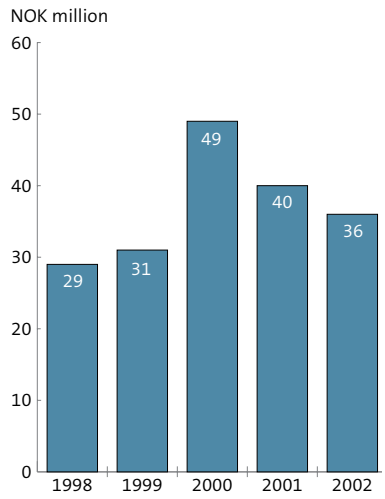
Objectives and strategies

UBNI's main objective is to increase the number of Scandinavian private customers (minimum initial capital is USD 200,000), offering a close and personal follow-up to each customer.

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 bank also extends loans to small and small-to-medium-sized Nordic financial institutions and works closely with several savings banks in Norway.

Operating profit



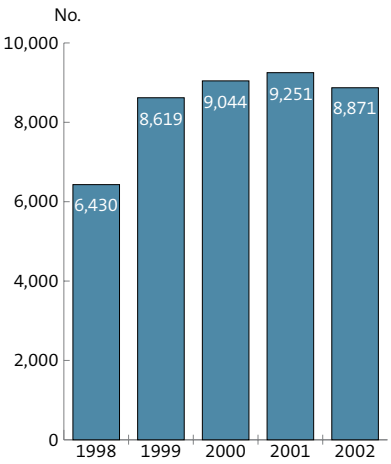
GJENSIDIGE NOR EIENDOMSMEGLING AS

Gjensidige NOR Eiendom is one of Norway's largest real estate agency firms, with a market share of around 10 per cent. Its core business is to broker sales of residential and recreational properties in South Norway.

Gjensidige NOR Eiendom brokered the sale of 8,871 properties in 2002, 380 fewer than in the previous year. It reported an operating profit of NOK 16 million compared with NOK 33 million the previous year. Operating income came to NOK 292 million compared with NOK 291 million in 2001.

In 2002 the company established two subsidiaries for project and commercial property broking: Gjensidige NOR Prosjektmegling AS and Gjensidige NOR Næringsmegling AS. These specialised companies brokered the sale of 534 and 89 properties respectively in 2002.

Brokered sales



Tighter competition

In recent years a large number of real estate agencies have started operations in Norway resulting in a significant intensification of competition in the market.

At year-end more than 600 real estate agencies were registered, in addition to about a thousand lawyers who also offer estate agency services. According to Kredittilsynet (Norway's financial regulator) a number of agencies are struggling with weak earnings and impaired financial positions.

Best in the business

Gjensidige NOR Eiendom aims to be the sector's most attractive employer with a higher premium on service and quality than its competitors.

The company intends to be a natural first choice for Gjensidige NOR's clients, and pledges to meet its shareholders' expectations as to return on invested capital.

The company has developed management systems for systematic monitoring of its own defined goals, including customer satisfaction. That the focus on service quality has paid off was confirmed when the company was crowned the best in the business in 2002 in a research project conducted by the marketing institute at the Norwegian School of Management BI.

The 2002 staff satisfaction survey produced a satisfactory score. Gjensidige NOR Eiendom has a relatively low staff turnover rate, resulting in lower outlays on training and quality assurance.

Fairly good market outlook

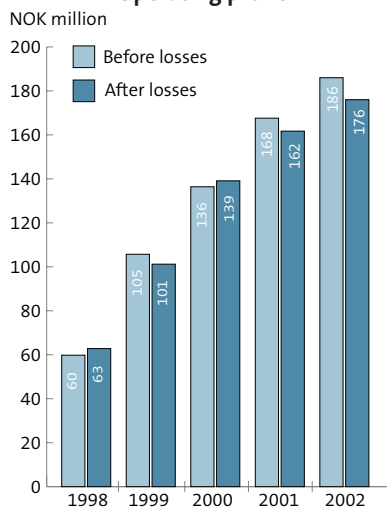
Despite a somewhat weaker economic climate in Norway, the general public's house-moving plans appear to remain more or less unchanged. On the assumption of continued reductions in home-loan mortgage rates, the market outlook for 2003 is fairly promising.

With 254 experienced staff members across 41 branches, Gjensidige NOR Eiendom should be well placed to retain the confidence of its clients.

SPAREBANKENES KREDITTSELSKAP A/S (SPAREBANKKREDITT)

Sparebankkreditt offers long-term property financing secured by mortgage on real property. It mainly finances commercial properties such as office buildings, shopping centres and hotels, along with rental accommodation buildings and cooperative housing associations. Its primary market is key urban areas of south-eastern Norway.

Operating profit



Operating profit before tax for 2002 was NOK 176 million, an increase of NOK 14 million over the previous year. This corresponds to a return on equity of 10.2 per cent after tax.

Net interest income up

The loan portfolio grew by 7.6 per cent in 2002 to reach NOK 17.7 billion at year-end. Three-fourths of this figure comprised fixed interest loans. Whereas the interest spread 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. Net interest income rose by NOK 19 million to NOK 221 million in 2002.

The company's operating expenses totalled NOK 36 million, or 0.2 per cent of average total assets. Book loan losses came to NOK 10 million.

Pressure on margins

Sparebankkreditt is one of the three leading mortgage companies in the market for financing real estate projects, a market in which the commercial and savings banks are substantial players alongside the mortgage companies.

Sparebankkreditt wishes to be a first choice for long-term financing of real estate through the excellence of its products, its service quality and its competence in property financing.

Competition in this market has grown in recent years, as reflected in pressure on interest spreads and loan disbursements.

No growth expected in lending

Given the declining financial markets and the trend in the market for commercial properties, Sparebankkreditt does not anticipate lending growth in 2003. The projected interest margins and falling interest rates suggest that the company's net interest income will fall short of the 2002 figure.

No change is expected in the level of operating expenses. As with other credit market players, greatest uncertainty attaches to book loan losses. Sparebankkreditt's loan portfolio is amply secured throughout. However, should the negative property market trend deteriorate further in 2003, Sparebankkreditt's results cannot be expected to remain unaffected. A moderate increase in default volume and loan losses is therefore anticipated.

Governing bodies

The figures in brackets show the number of share held by the person indicated. For the Boards of Directors and Group management, the figures include shares owned by close family members and companies in which the person exerts a determining influence, cf. Accounting Act Section 7-26

BOARD OF DIRECTORS GJENSIDIGE NOR ASA
Bjørn Sund, Lysaker, Chair (3,149)
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Svein Brustad, Hvalstad (21,540)
Sverre Finstad, Moelv (223)
Tommy Persson, Stockholm
Ingjerd Skjeldrum, Drammen (828)
Lucy Smith, Oslo
Stig Harald Trygstad, Trondheim (143)
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Per Terje Vold, Hosle (25)

BOARD OF DIRECTORS
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Amund Skarholt, Oslo, Deputy Chair (321)
Sverre Finstad, Moelv (223)
Olav Hytta, Oslo (855)
Stephen Gravlie Kunz, Oslo
Stud.jur Sten Sture Larre, Oslo
Hans-Kristian Sætrum, Oslo (933)
Marit Wiig, Oslo

BOARD OF DIRECTORS
GJENSIDIGE NOR SPAREFORSIKRING ASA
Olav Hytta, Oslo, Chair (855)
Rein Øsebak, Tønsberg, Deputy Chair (560)
Tor Brattebø, Mjølkeråen (248)
Kjell Bjarne Helland, Trondheim (10)
Bente A. Landsnes, Drøbak (426)
Torstein Rønningen, Finstadjordet (10)
Bjørg Ven, Oslo

COMMITTEE OF REPRESENTATIVES
GJENSIDIGE NOR ASA
Erik Sture Larre sr., Chair ,Oslo
Anne Cathrine Frøstrup, Deputy Chair, Oslo (20)

Shareholders
Widar Slemdal Andersen, Rælingen
Rannveig M. Arentz, Åsen
Nils H. Bastiansen, Stabekk
Turid Dankertsen, Oslo (285)
Jan-Erik Dyvi, Oslo (4,462)
Olaf Gohn, Bekkestua
Liv Johannson, Oslo (400)
Fred N. Johanssen, Gjettum
Harry Konterud, Hamar
Helge Lem, Nesoddtangen
Odd Lunde, Høvik
Herman Mehren, Nevlunghamn (100)
Trond Mohn, Paradis (597,900)
Sissel J. Monsvold, Oslo
Aage Møst, Høvik (8,800)
Einar Nistad, Rådal (10,800)
Asbjørn Olsen, Skedsmokorset (138)
Einar W. Sissener, Oslo
Annette Smedshaug, Oslo (20)
Tore B. Steen, Oslo (5,000)
Jan Olav Steensland, Oslo
Rolf Martin Strømme, Haugesund
Anne Bjørg Thoen, Oslo (55)
Marit Tønsberg, Sørumsand
Tor Øwre, Oslo
Per Sindre Aas, Oslo (180)
Morten Aasheim, Bekkestua
Arne Aasland, Tønsberg

Employees
Sigrunn Ballo, Vadsø (250)
Rune Bernbo, Drøbak (10)
Inger Hagen Granheim, Oslo (215)
Erik Grøtting, Oslo (967)
Atle Heum, Tønsberg (268)
Jon-Sigurd Hjørnerød, Gressvik (154)
Finn Johnsen, Ustaoset (28)
Bjørg Dalberg Karlstad, Ringebu (32)
Randi G. Krøtøy, Ranheim (32)
Nils Kvam, Trondheim
Beverly Madsen, Kolsås (143)
Truls Sandvik, Lillestrøm
Trond Vidar Skinnes, Sandefjord (143)
Tove Tveiten, Krokstadelva (250)
Erik Øwre, Asker

CONTROL COMMITTEE GJENSIDIGE NOR ASA
Kristin Normann Aarum, Oslo, Chair
Geir Dege, Fredrikstad, Deputy Chair
Atle Henrik Andresen, Ski
Finn Arnesen, Oslo
Odd Lunde, Høvik
Per Øyvind Sævartveit, Odda

INDEPENDENT AUDITORS
PricewaterhouseCoopers
State Authorised Public Accountant (Norway)
Einar Westby

Chief executives

Olav Hytta, President and CEO, b. 1943 (855)
Secondary school, commercial school and agricultural college.
Previously deputy president of Gjensidige NOR and Union Bank of Norway, managing director of Region Oslo/Akershus at UBN, bank manager and operations director at ABC Bank.
Board member, Norwegian Savings Banks Association.

Øyvind Birkeland, Deputy President, b. 1955 (2,296)
Area of responsibility: Capital Markets.
Graduate of the Norwegian School of Economics and Business Administration.
Previously head of Gjensidige NOR Merchant Bank; various positions with the Group since 1979 (Fellesbanken AS).

Karl-Olav Hovden, Deputy President, b. 1944 (1,801)
Area of responsibility: Group Finance.
Trained lawyer.
Various positions with the Group since 1979 (Fellesbanken AS).

Åsmund Skår, Group Director, b. 1959 (800)
Area of responsibility: Savings Bank (retail and SMEs).
Graduate of the Norwegian School of Economics and Business Administration.
Previously group director of the bank's core area Oslo/Akershus/ Østfold at Union Bank of Norway; various other positions with the Group since 1986; employed by Skaarfish Group and Statoil.
Board member of the Banks' Central Clearing House.

Rein Øsebak, Group Director, b. 1946 (560)
Area of responsibility: Group Staff.
Trained actuary, University of Oslo.
Previously director at NOR Forsikring; deputy managing director, Sparebanken Vestfold; director at Vesta Hygea.
Board member, Savings Banks' Guarantee Fund.

Frode Helgerud, Group Director, b. 1950 (4,131)
Area of responsibility: Corporate Communications.
M.A., University of Oslo.
Previously head of Corporate Communication at Norsk Hydro; political adviser at the Ministry of Industry from 1983 to 1985; head of the Conservative Party's parliamentary group secretariat; Conservative Party's chief public relations officer.
Member of the Oslo Port Board, various offices with the Conservative Party.

Bente A. Landsnes, Group Director, b. 1957 (426)
Area of responsibility: Banking Products.
Previously group director, Payment, Settlement & Banking Services; head of International services/settlement at Union Bank of Norway, director of the IT and Interbank Section at the Banks' Central Clearing House, general manager at Bankenes Utredningsselskap.
Deputy chair of the Board of Oslo Børs and board member of Visa Norge.

Bård Benum, Group Director, b. 1962 (111)
Area of responsibility: Life Insurance and Pensions.
Trained engineer in the field of industrial economics.
Previously managing director at Gjensidige NOR Spareforsikring; various managerial positions with Gjensidige Bank, Reitangruppen, Statoil and Norsk Hydro.

Anders Lægreid, Group Director, b. 1958 (284)
Area of responsibility: Corporate Customers.
Business graduate/ MBA.
Previously divisional director, Corporate Customers, Union Bank of Norway.
Board member of Gjensidige NOR Equities ASA and Gjensidige NOR Kapitalforvaltning ASA.

Helge Forfang, Director of Legal Affairs, b. 1956
Area of responsibility: Group Legal Affairs.
Trained lawyer, University of Oslo. With the Group since 1992.
Previously in professional law practice, prior to that with the Ministry of Finance and a deputy judge.
Various board positions on behalf of the Group.

Geir Bergvoll, Chief Financial Officer, b. 1952 (3,638)
Area of responsibility: Finance.
Trained economist, University of Oslo.
Various senior positions with the Group since 1984, in forex and capital market areas.

(*) The figures in brackets show the number of shares held by the person indicated, including shares owned by close family members.

Contacts

Gjensidige NOR ASA
President and CEO: Olav Hytta
Head office: Kirkegata 18, Oslo
Postal address: P.O. Box 1172 Sentrum, N-0107 Oslo
Telephone: +47 22 31 90 50

Gjensidige NOR Sparebank ASA
President and CEO: Olav Hytta
Office address: Kirkegata 18, Oslo
Postal address: P.O. Box 1172 Sentrum, N-0107 Oslo
Telephone: +47 22 31 90 50

Gjensidige NOR Spareforsikring ASA
Managing Director: Bård Benum
Office address: Tinghusplassen 3, Trondheim
Postal address: N-7469 Trondheim
Telephone: +47 73 58 71 11

SUBSIDIARIES

Avanse Forvaltning AS
Managing Director: Tom Rathke
Office address: Drammensveien 288, Lysaker
Postal address: P.O. Box 416, N-1327 Lysaker
Telephone: +47 22 96 66 00

Elcon Finans AS
Managing Director: Erik Kongelf
Office address: Strandveien 18, Lysaker
Postal address: P.O. Box 177, N-1325 Lysaker
Telephone: +47 22 96 90 00

Gjensidige NOR Eiendom AS
Managing Director: Svein N. Rønning
Office address: Kirkegata 15,Oslo
Postal address: P.O. Box 1172 Sentrum, N-0107 Oslo
Telephone: +47 22 31 90 50

Gjensidige NOR Equities ASA
Managing Director: Terje D. Skullerud
Office address: Øvre Slottsgate 3, Oslo
Postal address: P.O. Box 1172 Sentrum, N-0107 Oslo
Telephone: +47 23 10 56 00

Gjensidige NOR Fondsforsikring AS
Managing Director: Jan Petter Opedal
Office address: Bassengbakken 1, Trondheim
Postal address: N-7469 Trondheim
Telephone: +47 73 58 71 61

Gjensidige NOR Kapitalforvaltning AS
Managing Director: Erik Garaas
Office address: Drammensveien 288, Lysaker
Postal address: P.O. Box 276, N-1326 Lysaker
Telephone: +47 22 96 80 00

Gjensidige NOR Næringseiendom AS
Managing Director: Halvard Bergby
Office address: Drammensveien 288, Lysaker
Postal address: P.O. Box 276, N-1326 Lysaker
Telephone: +47 22 96 80 00

Gjensidige NOR Pensjonstjenester AS
Managing Director: Terje Pedersen
Office address: Drammensveien 288, Lysaker
Postal address: P.O. Box 276, N-1326 Lysaker
Telephone: +47 22 96 80 00

Sparebankenes Kredittselskap AS
Managing Director: Gunnar Gabrielsen
Office address: Kirkegata 15,Oslo
Postal address: P.O. Box 1172 Sentrum, N-0107 Oslo
Telephone: +47 22 94 34 00

Sparebankgårdene AS
Managing Director: Rolf B. Vedal
Office address: Kirkegata 18, Oslo
Postal address: P.O. Box 1172 Sentrum, N-0107 Oslo
Telephone: +47 22 31 90 50

Union Bank of Norway International S.A. Luxembourg
Managing Director: Øyvind Parnemann
Office address: 22, Rue Jean-Pierre Brasseur
Postal address: P.O. Box 867, L-2018 Luxembourg
Telephone: +35 245 49 451

OTHER UNITS

Cresco
Managing Director: Roar Dybvik
Office address: Klæbuveien 194, Trondheim
Postal address: N-7483 Trondheim
Telephone: +47 73 58 79 00

Vika Bank
Managing Director: Kjell Sletner
Office address: Olav V 's gate 5, Oslo
Postal address: P.O. Box 1172 Sentrum, 0107 Oslo
Telephone: +47 22 01 44 40

INVESTOR RELATIONS
Chief Financial Officer: Geir Bergvoll
Telephone: +47 22 31 99 80

Director, Investor Relations: Lisbeth Lindberg
Telephone: +47 22 31 91 66

Deputy Director: Ann-Kristin Sandvik
Telephone: +47 22 31 87 26

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Gjensidige NOR ASA
Kirkegata 18,
P.O. Box 1172 Sentrum,
N-0107 Oslo
Telephone: (+47) 22 31 90 50
www.gjensidigenor.no/investor/english

Gjensidige NOR