



ANNUAL REPORT 2000

Fokus **Bank**

part of Danske Bank

The Fokus Bank Group had an operating result before loan losses of NOK 254.5 million. The result from ordinary operations before tax was a loss of NOK 248.0 million against a profit of NOK 460.9 million the previous year. The result is strongly affected by provisions for loan losses, the writing down of real-estate values, and one-off costs connected with staff reductions, the new profile, and IT integration with Danske Bank.

During the year, total assets rose by NOK 5.9 billion to NOK 50.2 billion. This represents growth of 13.4 per cent. Ordinary deposits rose 18.8 per cent during the year, while gross lending rose 14.7 per cent.

At the end of the year, the Group had a capital adequacy ratio of 10.31 per cent and a core capital ratio of 6.20 per cent. At the annual general meeting on March 14, 2001, the directors will propose

that the share capital be increased by NOK 400 million.

Wide-ranging measures have been initiated to increase earnings, reduce costs, and improve the quality of the credit portfolio. For example, much greater efforts will be concentrated on asset management, staff reductions, and efficiency is being increased. We expect Fokus Bank to achieve substantially better results in 2001.

Developing the bank

The year 2000 bore the signs that Fokus Bank was going through a phase of integration with Danske Bank. The integration process is extensive and embraces several of the bank's areas of business; the integration of IT systems is one of the main projects. In the end, the competitiveness of the bank will be strengthened as a result of these efforts. The process of integration also involved changing the bank's profile. The new profile matched a corresponding change in the profile of the Danske Bank Group as a whole. The reason was that the Danske Bank Group wanted to renew its profile in the market by adopting a single graphic design for all its business units in the various countries in which it operates. Fokus Bank followed up the change of profile with an extensive marketing campaign to create awareness of the new profile in the minds of the public. In view of the change of profile, the name Fokus Bank will be our brand name from now on, and we shall no longer use local regional names.

In the realm of fund management, the Danske Bank Group has launched a collection of unit trusts under the name Firstnordic. Firstnordic is a securities fund incorporating sub-funds from Sweden, Norway and Luxembourg that are marketed by Fokus Bank and others. Firstnordic Norge Vekst was the equity fund that gave the highest return in Norway in 2000.

Fokus Bank has assembled the side of its business involving the sale of asset management products in an organisational unit designated Investment Services. The object is to give its customers a comprehensive view of the asset-management products available to them. To support this activity, Fokus Bank has established regional investment desks in order to provide the best possible service to customers around the country.

Fokus Kreditt AS started to take customers on October 1. This credit institution is wholly owned by Fokus Bank, and it will provide com-

petitive mortgage-loan products for personal and business customers. The products of Fokus Kreditt AS are distributed through Fokus Bank ASA.

Fokus Bank has decided to expand its business in the Oslo area. It has therefore been decided to open a new office in Sandvika.

Svein Sivertsen left the post of managing director of Fokus Bank on December 31, 2000. He was succeeded by Thomas Borgen.

On November 9, the supervisory board appointed Søren Møller Nielsen, who is a member of the executive board of Danske Bank, to the post of chairman of the board of directors of Fokus Bank. Peter Straarup, chief executive of Danske Bank, who was chairman of the board until November 9, will continue as deputy chairman.

Profit and loss account

The Fokus Bank Group's result from ordinary operations after tax was a loss of NOK 176.1 million for the year 2000. Income is at the same level as for 1999, but there was a considerable increase in costs and loan losses.

The result is strongly affected by provisions for loan losses, the writing down of real estate, and costs connected with reductions in manning levels and reorganisation, the new profile, and IT integration with Danske Bank. A large proportion of these costs are one-off costs.

On December 30, 1999, Fokus Bank took over all the shares in Danske Securities from Danske Bank. The company's profit and loss account for 1999 was not consolidated with Fokus Bank's profit and loss account. This affects comparisons between the profit and loss accounts for 2000 and 1999. Since Danske Bank will be placing group investment banking business in a separate company, Fokus Bank will probably sell Danske Securities in the course of 2001.

Net interest income and credit commission amounted to NOK 1,124.6 million - an increase of NOK 400,000 on 1999. In percentage terms of average total assets, net interest income totalled 2.32 per cent against 2.56 per cent in 1999. Interest income from previous periods amounted to NOK 11.0 million against NOK 9.9 million in 1999.

Other operating income totalled NOK 502.9 million, which is an increase of NOK 9.8 million on 1999. Net gains on securities fell by NOK 110.6 million to NOK 9.7 million.

Income from fees and commission rose NOK 135.3 million to NOK 415.5 million. The increase is largely attributable to the results of Danske Securities AS not being consolidated into the accounts for 1999. In addition, NOK 32.2 million of previous provisions for establishment fees from customers has been entered as income. Net gains on foreign exchange and financial derivatives rose NOK 6.8 million from 1999 to 2000.

Fokus Bank's total operating expenses were NOK 1,373.0 million, which is largely unchanged on the previous year if a number of one-off operating expenses in 2000 are disregarded. These include NOK 37.2 million for staff reductions and reorganisation, NOK 27.5 million for changing the graphic profile, and NOK 79.0 million for the main project - IT integration with Danske Bank. The increase in costs is also attributable to the writing down of real estate (NOK 130 million) and the consolidation of Danske Securities AS (NOK 96.1 million).

Staff costs were NOK 160.2 million higher in 2000 than in 1999. The increase is partially attributable to costs connected with reductions in manning levels and reorganisation, and an increase in the number of employees during the year. The number of full-time employees rose from 1,010 to 1,084 during 2000. The establishment of Fokus Kreditt AS and the consolidation of Danske Securities AS account for most of the change.

As Fokus Bank is contemplating disposing of real estate, the market value of its properties is being assessed. As a result, a charge of

NOK 130 million has been made against operating costs for 2000 to cover write-downs of bank buildings and other real estate.

Net losses on loans and guarantees totalled NOK 514.7 million against NOK 191.5 million for 1999 (see relevant section).

The bank's tax position remains undecided. In 1995, the tax authorities examined the question of Fokus Bank's right to deduct write-downs of preference share capital issued during the Norwegian banking crisis. Fokus Bank's preference share capital was NOK 2.15 billion. The Tax Committee in Trondheim decided in favour of Fokus Bank, but the Sør-Trøndelag County Tax Committee overruled their decision in April 1998.

In September 1998, the bank issued a writ against the government represented by the Sør-Trøndelag Tax Office. Subsequently, the bank petitioned for the case to be postponed. The petition was granted. The case will now be heard in October 2001.

The end-year balance sheet contains a deferred tax credit as a result of a loss being carried forward. The deferred tax credit was for NOK 786.8 million. The tax credit is contingent upon the bank winning the tax case.

Losses on loans and guarantees

The group accounts show net loan losses of NOK 514.7 million against net losses of NOK 191.5 million for 1999. Income from claims previously written off came to NOK 84.8 million. Gross losses on loans totalled NOK 599.5 million, which corresponds to 1.34 per cent of gross lending. Gross losses included an increase in general loan loss provisions of NOK 200,000. Gross losses on loans amounted to 0.63 per cent of gross lending in 1999.

Against the background of our experience of 2000, we have made a more critical assessment of the loan portfolio than previously, but we have not changed our accounting principles. This assessment revealed that it is necessary to make a substantial increase in loan-loss provisions.

Losses on personal customers accounted for 7.3 per cent of the total and losses on business customers accounted for 92.7 per cent. Confirmed loan losses amounted to 5.0 per cent of gross loan losses.

At December 31, 2000, specific loan-loss provisions covered 64.1 per cent of total non-performing loans. For the retail and corporate segments, specific loan-loss provisions totalled 2.1 per cent and 3.3 per cent, respectively, of gross lending. Total provisions, including general loan-loss provisions, corresponded to 3.1 per cent of gross lending. The corresponding figure at the end of 1999 was 2.5 per cent.

General loan-loss provisions are practically unchanged since the end of 1999. General loan-loss provisions of NOK 171.9 million are

considered sufficient, in conjunction with the specific loan-loss provisions, to cover the portfolio risk at year-end.

Net non-performing loans were reduced by NOK 92 million to NOK 417 million at the end of 2000. Net doubtful loans amounted to NOK 1,227 million at December 31, 2000, and soft loans to NOK 113 million.

As regards to expected losses in the years ahead, we refer to a special note.

Balance sheet

In 2000, the Fokus Bank Group's total assets increased by NOK 5.9 billion – or 13.4 per cent – and were NOK 50.2 billion at the end of the year.

Gross lending totalled NOK 44.6 billion, which is an increase of 14.7 per cent on the previous year. Business customers accounted for 15.9 per cent and personal customers for 12.4 per cent of the increase. Customer deposits reached

NOK 27.6 billion at year-end – an increase of NOK 4.4 billion, or 18.8 per cent.

The bank's deposit coverage ratio – defined as customer deposits as a percentage of gross lending – stood at 61.9 per cent at the end of the year. This is an increase of 2.1 percentage points on the ratio at the end of 1999.

At December 31, 2000, Fokus Bank had NOK 10.3 billion of liabilities deriving from the issue of securities. This was half a billion kroner less than at the end of 1999. Fokus Bank will take advantage of the opportunities presented by Danske Bank's ownership and position in the market to reduce the costs associated with short-term funding and the issue of certificates and bonds.

Equity capital

At the end of the year 2000, Fokus Bank ASA had a core capital ratio of 6.68 per cent for the parent company and 6.20 per cent for the Group. The corresponding figures at the end of 1999 were 7.50 per cent and 7.56 per cent. The capital adequacy ratio at end-2000 was 10.94 per cent for the parent company and 10.31 per cent for the Group.

The core capital ratio at the end of 2000 was under the bank's own target (above 7 per cent). The board of directors will therefore recommend to the annual general meeting that the bank issue shares for NOK 400 million for subscription by the bank's owners represented by DDB Fokus Invest AS. With an increase in core capital of NOK 400 million, the core capital ratio at the end of 2000 would be 7.76 per cent for the parent company and 7.24 per cent for the Group.

Booked equity per share was NOK 47.04 at the end of 2000.

The annual accounts were prepared on the basis of the going-concern concept.

The result for the year was a loss of NOK 176.1 million, which we propose be covered by a transfer from other reserves.

Balance sheet and risk management

Credit risk represents the largest single risk, and it therefore warrants special attention. Market risk – identified as potential future movements in interest rates, equity prices and exchange rates – is relatively small in terms of the bank's equity capital.

Fokus Bank's credit control system combines the advantages of local expertise, decision-making in accordance with uniform guidelines, and central monitoring of the loan portfolio. Moreover, Fokus Bank

uses its sector expertise when assessing credit applications. The granting of credit is governed by a lending policy that is determined by the board of directors on the basis of strategies and guidelines encompassing macroeconomic analyses and dynamic portfolio limits. All credit facilities are risk-classified on the basis of a predetermined set of factors.

Fokus Bank's financial risk – which consists of interest-rate risk, share-price risk, currency risk and

liquidity risk – is relatively low compared with the bank's equity capital. The risk is kept at a low level by using limit structures and stop-loss rules. Positions are regularly monitored to ensure that the risk is kept within the prescribed limits. All financial risk is concentrated in the Treasury and Capital Markets departments. Position-taking limits are determined in consultation with Danske Bank, and risk management at Fokus Bank is incorporated in the total risk management of Danske Bank.

Staff

At the end of 2000, the group had 1,129 staff on the payroll. In terms of full-time employees, the number was 1,084, of whom 1,013 worked for the parent bank. In the course of the year, the number of full-time employees increased by 74.

Fokus Bank is very much concerned with the working environment. To this end, Fokus Bank again examined its organisation, giving the staff an opportunity to give feedback to their managers. On the ba-

sis of the results, several initiatives have been set in train.

Fokus Bank has also set up a local agreement with staff on flexible working hours, the development of professional skills, and the introduction of new recruitment and remuneration systems.

Fokus Bank has its own occupational health service to ensure the well-being of the staff. No occupational injury or accidents were regis-

tered at Fokus Bank during the year. Absence due to illness was 3.8 per cent against 3.6 per cent in 1999.

By its nature, the business of Fokus Bank does little to pollute the environment.

The board of directors would like to thank each member of the staff for their efforts in 2000.

Board of directors

The board of directors of Fokus Bank consists of:

Søren Møller Nielsen, Chairman
Peter Straarup, Deputy Chairman
Torbjørn R. Skjerve
Mette Cecilie Greve
Anton Jenssen Jr.
Jan Henry T. Olsen
Steinar Sivertsen
Thomas Borgen
Jo Morten Aunet, elected by the staff

Terje Svendsen is deputy managing director for Thomas Borgen and attends board meetings. Margunn Kleveland (elected by the staff) and Finn Roy Orholm (elected by the staff) are alternate directors for for Jo Morten Aunet, and they attend board meetings.

Future prospects

Private consumption is expected to decline noticeably following the rise in interest rates last year. Lower demand growth and increased competition, which is already tough, could erode profitability in some business sectors. Short-term money market rates might fall to around 7 per cent - but not until towards the end of the year. Credit growth will remain high, at an estimated 9-11 per cent.

In the light of expected developments, Fokus Bank will aim at con-

trolled growth. In 2001, Fokus Bank will continue to pursue methods of improving the quality of the credit portfolio - one way forward being to adopt systems enabling active risk management.

In 2001, Fokus Bank will continue the process of integration with Danske Bank. This integration will eventually raise operational efficiency and facilitate access to Danske Bank's expertise.

A number of far-reaching measures are being taken to increase income and reduce costs; we therefore expect much improved results from Fokus Bank in 2001 compared with performance in 2000.

Parent Bank		Profit and loss account			Group	
1999	2000	NOK million	Note	2000	1999	
3,607.1	4,009.3	Interest income and related income	7.1, 8.5	4,038.4	3,616.7	
2,500.5	2,946.2	Interest expenses and related expenses	7.1, 8.5	2,913.8	2,492.5	
1,106.6	1,063.1	Net interest and credit commissions		1,124.6	1,124.2	
57.1	75.7	Dividend and other income from securities		31.7	46.9	
258.9	294.9	Commissions and other income from banking services		415.5	280.2	
(64.2)	(64.1)	Commissions and other expenses from banking services		(64.8)	(64.2)	
120.3	20.2	Net profit (loss) securities		9.7	120.3	
52.5	52.6	Net profit (loss) foreign exchange and financial derivatives		59.3	52.5	
48.6	56.5	Other operating income		51.5	57.4	
473.2	435.8	Net other operating income	7.2	502.9	493.1	
1,579.8	1,498.9	Total operating income		1,627.5	1,617.3	
402.1	489.9	Salaries, pensions and other personnel expenses	6.1, 6.2	575.0	414.8	
343.9	359.5	Administration expenses	6.1	400.2	355.9	
53.9	217.2	Depreciations and write-downs fixed assets	5.1	230.3	56.1	
163.1	164.6	Other operating expenses	7.3	167.5	164.1	
963.0	1,231.2	Total operating expenses		1,373.0	990.9	
616.8	267.7	Operating result before loan losses and net profit long-term investments in securities		254.5	626.4	
189.8	498.0	Net losses (reversals) on loans and guarantees	1.3, 1.4	514.7	191.5	
(25.9)	(12.2)	Write-downs and profit/loss long-term investments in securities		(12.2)	(26.0)	
452.9	(218.1)	Pre-tax result from ordinary operation		(248.0)	460.9	
111.5	(70.4)	Tax ordinary operations	8.3	(71.9)	115.1	
341.4	(147.7)	Result from ordinary operations after tax		(176.1)	345.8	
0.0	0.0	Extraordinary expenses	6.2	0.0	0.0	
0.0	0.0	Tax from extraordinary result		0.0	0.0	
341.4	(147.7)	Result for the year		(176.1)	345.8	
		Adjustments and allocations				
4.4	0.0	Group contributions		0.0	0.0	
0.0	147.7	Transferred from other equity		176.1	0.0	
4.4	147.7	Total contributions		176.1	0.0	
340.9	0.0	Dividend		0.0	340.9	
4.9	0.0	Transferred to reserve for valuation differences		0.0	0.0	
0.0	0.0	Transferred to retained earnings	3.1	0.0	4.9	
345.8	0.0	Total allocations		0.0	345.8	

Parent Bank		Balance Sheet			Group	
1999	2000	Assets	NOK million	Note	2000	1999
387.9	257.2	Cash and receivables from central banks			257.2	387.9
520.5	748.1	Lending to and receivables from credit institutions			822.9	553.1
908.4	1,005.3	Lending to and receivables from central banks, credit institutions etc.		1.10	1,080.1	941.0
38,865.4	42,260.1	Gross lending to customers		1.1, 1.4-1.9, 6.3, 8.5	44,621.2	38,895.1
(807.2)	(1,177.2)	- Specific loan loss provisions		1.2, 1.6	(1,193.1)	(811.4)
(169.0)	(169.0)	- General loan loss provisions		1.2, 1.6	(171.9)	(171.7)
37,889.2	40,913.9	Net lending to customers			43,256.2	37,912.0
3.0	2.3	Repossessed assets		5.3	2.3	3.0
2,676.9	3,265.7	Certificates and bonds		4.1	3,277.8	2,684.9
669.2	706.8	Shares and other securities		4.2, 4.5	724.4	690.1
47.2	47.6	Ownership in associated companies		4.3	47.6	47.2
282.0	1,129.0	Ownership in consolidated companies		4.4, 4.6, 8.5	0.0	0.0
682.1	786.8	Intangible assets		5.1	858.3	833.5
452.5	374.2	Fixed assets		5.1, 5.2, 5.4	380.5	490.8
111.2	34.5	Other assets			33.8	110.5
467.5	453.6	Accrued income and prepaid expenses		6.2, 8.3	580.3	601.1
44,189.2	48,719.7	Total assets			50,241.3	44,314.1
Liabilities and equity						
3,428.5	3,702.8	Due to credit institutions		2.1	5,152.3	3,428.5
23,358.9	27,724.9	Deposits from and liabilities to customers		2.2	27,622.4	23,243.1
10,826.0	10,269.1	Debt securities in issue		2.3	10,269.1	10,826.0
329.0	701.2	Other liabilities			850.8	430.5
698.8	599.6	Accrued expenses and prepaid income			626.3	718.3
223.8	233.5	Provisions for commitments and expenses		6.2, 8.3, 8.6	239.2	230.1
1,813.3	1,996.3	Subordinated loan capital		2.4	1,996.3	1,813.3
40,678.3	45,227.4	Total liabilities			46,756.4	40,689.8
1,109.0	1,130.2	Paid-in capital *)		3.3	1,130.2	1,109.0
2,401.9	2,362.1	Retained earnings			2,354.7	2,515.3
3,510.9	3,492.3	Equity capital		3.1, 3.2	3,484.9	3,624.3
44,189.2	48,719.7	Total liabilities and equity capital			50,241.3	44,314.1

Off Balance Sheet commitments: Cf. note 8.1, 8.2, 8.4, 8.7

*) Share capital: Total 72,687,904 shares with nominal value NOK 11.-.

Accounting principles

General

The annual financial statements have been prepared in compliance with accounting principles laid down by laws and regulati-

ons for commercial banks, as well as generally accepted accounting practices.

Shares in subsidiaries are included in the Parent Bank account according to the cost method.

Consolidation

The Group Accounts include Fokus Bank and companies in which the Bank alone or with subsidiaries have a shareholding in excess of 50 % of the share capital. These companies are presented in Note 4.4. Furthermore, associated companies (20-50 % ownership) where the ownership gives influence and is considered a long-term investment for the Group, have

been included in the consolidated figures. These companies are listed in Note 4.3.

Associated companies are carried in the Group Accounts according to the equity method. Shareholdings in subsidiaries acquired by take-overs have been eliminated according to the acquisition method of accounting. Any surplus (goodwill) on acquisition of subsidiaries is

evaluated and written-off based on the same principles as fixed assets. Inter-company balances, interest, commissions and internal profits between companies in the Group have been eliminated. For subsidiaries acquired in the accounting year, the Profit and Loss Account has been consolidated from the time of acquiring.

Accounting principles for loan losses

Loans are recorded at nominal value less a reduction for loan loss provisions. Loan loss provisions are made subsequent to a risk evaluation of the individual exposure. When performing this evaluation, emphasis is placed on the customer's financial situation as well as the realisation value of the existing collateral.

When a credit facility is defined as non-performing or doubtful, interest will as a general rule no longer be recognised. Likewise, previously capitalised but unpaid interest on the same facility will as a general rule be reversed in the current year's Profit and Loss Account.

As confirmed losses are calculated all losses resulting from bankruptcies, debt renegotiation or other similar proceedings.

Specific loan loss provisions are provisions made to cover probable losses on exposures having been identified as non-performing or doubtful at the reporting date. Calculated loan losses represent the difference between the facility's nominal value and the value of the collateral if any. In performing this evaluation, account will be taken of the customer's overall financial situation and any steps which may have been taken to improve this.

An exposure is defined as non-performing when payment is not performed according to the agreement, and at the latest when payment is 90 days unpaid and overdue.

In situations where the loan conditions are changed leading to the value of the loan being substantially less than

what the value would have been under normal interest conditions, the gap will be treated as a confirmed loss. The difference between the face value and the write-down of the loan will be taken to income over the remaining maturity-time.

In certain situations the Bank will assume title to assets which has been pledged as security for the credit exposure. When these assets are acquired for quick disposal, it will be valued at real value and be included in a separate caption under current assets in the Balance Sheet.

If the Bank repossesses such assets for its own use or consider the assets long-term investments, it will be evaluated at real value at the time of acquisition and classified as fixed assets.

General provision for loan losses

The general provision for loan losses cover provisions for probable losses on credit facilities not identified nor assessed according to regulations concerning specific provisions. The general loan loss pro-

vision includes provisions made for three groups of borrowers:

- retail customers
- major corporates
- other corporates

At the year-end, the Bank had not identified specific industries or geographic areas requiring general loan loss provisions. The provisions made are based on experience and relevant statistics.

Valuation of real estate

The valuation of bank buildings and other real estate is based on the accounting regulations laid down by the Norwegian Banking, Insurance and Securities Commission as well as the requirements of

the Norwegian Companies' Act applicable to fixed assets.

Repossessed assets are valued on the bases of the accounting regulations laid down by the Norwegian Banking, In-

surance and Securities Commission as well as the requirements of the Norwegian Companies' Act applicable to current assets. (Cf. Note 5.4).

Securities

Bonds and certificates have been split in two portfolios, the trading portfolio and the bank portfolio. Included in the trade portfolio are liquid securities aimed for sale. The bank portfolio includes securities with little or no turnover. The trade portfolio is valued at market value, whilst the bank portfolio is valued at the lower of cost and market value.

The shares held are split into three portfolios, namely short-term shareholdings, shares in subsidiaries and other long-term shareholdings. Shares are defined as long-term when ownership is con-

sidered to be long-term, as well as subsidiaries.

Short-term shareholdings have been split in two portfolios, a trade portfolio and a bank portfolio. Included in the trade portfolio are securities being traded in an active and liquid market. The bank portfolio includes securities with little turnover. The same valuation principles are applied for these portfolios as for bonds and certificates.

Shares held as *long-term shareholdings* are recorded at cost. If the value of a company is lower than the book value of

the shares and this deficit is considered to be of a permanent nature, the value of the long-term shareholding will be written down to actual value.

Major participations in unlimited companies (Norwegian: ANS) are included in the accounts on a gross-method basis, while minor participations are included in the accounts based on the cost method. The participations are shown in Note 4.6.

Bonds issued

Bonds issued are recorded in the Balance Sheet at market value at the date of issue.

Over- and undermarket rates on issued bonds are amortised linearly for the

remaining period to maturity. (Cf. Note 2.3).

Leasing

Leasing contracts where the Group acts as the leaser, are mainly financial leasing contracts. Financial leasing is classified as lending in the Balance Sheet. The inte-

rest element of the lease is accrued as income whereas the installments are booked as down payment on loans. The Group's leasing agreements are made by

the subsidiary Fokus Finans AS, and is mainly related to cars. Leasing agreements on machinery and office equipment do take place, but infrequently.

Foreign exchange

Assets and liabilities in foreign currencies are calculated in NOK based on mid-market rates as at 31.12.00. Net profit or loss is booked as net profit/loss foreign exchange. Assets and liabilities in foreign cur-

rencies are hedged either by a similar item on the opposite side of the Balance Sheet or by off-balance hedging transactions. Unrealised gains or losses on assets and liabilities in foreign currencies are netted

against the related profits and losses on the hedging transactions. Income and expenses in foreign currencies are converted to NOK at the current rate at the time the amount is booked. (Cf. Notes 8.1. and 8.7.)

Financial derivatives

Financial derivatives are classified in two portfolios; the bank portfolio and the trading portfolio. The Bank portfolio includes derivatives traded with the purpose of hedging specific Balance Sheet items. All other derivatives are included in the trading portfolio.

Hedging contracts

Contracts made to fix a future interest or currency rate applicable to items in the Bank's Balance Sheet are defined as hedging contracts. Hedging contracts are normally defined by a 1:1 relationship against an underlying Balance Sheet item. When the items are too small to be hedged 1:1, these are hedged with hedging

contracts with almost identical maturity time and principle amount. The Balance Sheet item and the corresponding hedging are identified by own portfolio or by the 1:1 relation being established and reported together. This is mainly the case for interest rate derivatives.

Financial derivatives hedging balance sheet items are periodised and booked as interest income/ expense.

Trade Business

All agreements not hedging Balance Sheet are defined as trading contracts. Foreign exchange derivatives are included in the result according to the principle of market

value and booked as net gain foreign exchange and financial derivatives.

The result from interest rate derivatives is booked according to the principle of market value as gain foreign exchange and financial instruments.

The market valuations are based on observed values in the markets, alternatively the calculation of market value based on yield curves or similar. The value of the portfolio is calculated as if liquidated at the time of reporting. The value does not necessarily correspond with the value the company might achieve in the market.

Portfolio and other risk management

The Bank has a portfolio management system registering all lending commitments. All customers have been classified in a risk category with consequent risk. This tool enables better management and monitoring of the bank's credit risk, cf. the

caption describing loan losses and loan loss provisions.

The Bank uses derivatives to secure interest rate and currency risk as well as investments in securities. For interest risk management purposes, sensitivity li-

mits are used. A calculation of positions and the related effects follows the framework of these limits. (Cf. Note 8.2.)

Accruals, commissions and fees

Interest, commissions and fees are accrued in the financial statements as they are accrued as income or charged as ex-

penses. Fees which constitute a direct income for services performed are taken to income on payment. Fees exceeding the

costs associated with the establishment of the loan are amortised.

Provisions for changing actions

Connected to reconstruction of business there will be an adjustment for the requirement for changing actions. If the expenses related to implicate actions not contribute to the income

for the future accounting periods, and future commitments representing factually commitments for Balance Sheet the expenses will be booked in current accounting period and

provided for commitments in the Balance Sheet. The provisions will be reversed when the expenses accrue.

Depreciations

Fixed assets are booked at cost added positive revaluations and less accumulated ordinary depreciations and write-downs. The depreciation rates used are based on the estimated financial durability of the assets. Depreciation is calculated linearly.

The following depreciation rates have been used: Machinery and fixtures 10 %, vehicles 20 %, EDP 20-30 % and buildings 2 %. Activated development costs are amortised over four years. The rate used to depreciate a revaluation surplus

will be the same as that used for ordinary depreciation. Fixed assets are written down if a substantial and non-reversible reduction in the value is evident. Leasing assets will normally be depreciated based on the annuity method.

Pensions

Pension costs have been treated in accordance with the Norwegian accounting principles regarding Pension costs. Net

pension costs are included in personnel expenses in the Profit and Loss Account. Net pension funds, however, are included

in the excess pension fund item in the Balance Sheet.

Tax

Deferred tax and deferred tax benefits are handled according to preliminary accepted accounting standard for tax.

Payable tax and changes in deferred tax and deferred tax benefits are shown as tax cost of the year in the Profit and Loss Account. Deferred tax is calculated

on the basis of temporary differences between accounting figures and tax figures by the end of the year. Positive and negative differences within the same time-frame are assessed against each other. Certain items however are specially assessed, such as pension commitments

and positive revaluations. Deferred tax benefits arise when preliminary differences lead to future tax deduction. Deferred tax benefits is presented as an asset on the Balance Sheet when it is probable that the elements, which lead to tax deductions, can be realised.

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Chap. 1 Lending and loan losses

Note 1.1. Distribution of loans and loan losses by customer segments and industries

Parent Bank

NOK million	Gross loans		Guarantees		Overdrafts facilities	
	31.12.00	31.12.99	31.12.00	31.12.99	31.12.00	31.12.99
Segment/industry sector	31,12,00	31,12,99	31,12,00	31,12,99	31,12,00	31,12,99
Retail market	18,044	17,690	38	79	179	175
Corporate market	20,591	19,641	1,845	1,962	6,194	5,655
Of which:						
Agriculture/forestry	814	797	6	7	140	151
Fishing / fish farming	1,289	1,097	7	7	149	156
Industry, mining, oil, gas, shipping	5,216	5,231	740	730	1,597	1,787
Building and construction, power, water supply	1,621	1,285	401	397	396	289
Trade/hotels/restaurants	3,429	3,328	204	322	2,224	2,237
Real estate and services	6,282	5,891	383	386	1,290	777
Transport, storage	1,940	2,012	104	113	398	258
Public sector	573	652	1	2	1,256	1,158
International finance	3,053	882	1,201	1,064	1,168	106
Parent Bank (total)	42,261	38,865	3,085	3,107	8,797	7,094

NOK million	Non-performing loans		Doubtful loans		Specific loan loss provisions	
	31.12.00	31.12.99	31.12.00	31.12.99	31.12.00	31.12.99
Segment/industry sector	31,12,00	31,12,99	31,12,00	31,12,99	31,12,00	31,12,99
Retail market	490	515	53	59	376	378
Corporate market	661	576	1,521	455	767	396
Of which:						
Agriculture/forestry	32	27	16	13	18	15
Fishing / fish farming	2	6	26	0	9	5
Industry, mining, oil, gas, shipping	121	143	542	43	200	101
Building and construction, power, water supply	143	116	68	210	165	49
Trade/hotels/restaurants	177	100	234	85	147	93
Real estate and services	119	141	508	32	151	79
Transport, storage	67	43	127	72	77	54
Public sector	0	0	0	0	0	0
International finance	9	59	87	0	34	33
Parent Bank (total)	1,160	1,150	1,661	514	1,177	807

Parent Bank, Fokus Kreditt and Fokus Finans

NOK million	Gross loans		Guarantees		Overdrafts/facilities	
	31.12.00	31.12.99	31.12.00	31.12.99	31.12.00	31.12.99
Segment/Industry sector	31.12.00	31.12.99	31.12.00	31.12.99	31.12.00	31.12.99
Retail market	19 937	17,690	38	79	179	175
Corporate market	21,235	19,895	1,845	1,962	6,194	5,655
Of which:						
Agriculture/forestry	846	813	6	7	140	151
Fishing/fish farming	1,290	1,097	7	7	149	156
Industry, mining, oil, gas, shipping	5,267	5,256	740	730	1,597	1,787
Building and construction, power, water supply	1,649	1,309	401	397	396	289
Trade/hotels/restaurants	3,490	3,377	204	322	2,224	2,237
Real estate and services	6,712	5,999	383	386	1,290	777
Transport, storage	1,981	2,044	104	113	398	258
Public sector	581	655	1	2	1,256	1,158
International finance	2,868	882	1,201	1,064	1,168	106
Total Group [gross]	44,621	39,122	3,085	3,107	8,797	7,094

NOK million	Non-performing loans		Doubtful loans		Specific loan loss provisions	
	31.12.00	31.12.99	31.12.00	31.12.99	31.12.00	31.12.99
Segment/Industry sector	31.12.00	31.12.99	31.12.00	31.12.99	31.12.00	31.12.99
Retail market	490	515	53	59	376	378
Corporate market	661	576	1,521	455	767	396
Of which:						
Agriculture/forestry	32	27	16	13	18	15
Fishing/fish farming	2	6	26	0	9	5
Industry, mining, oil, gas, shipping	121	143	542	43	200	101
Building and construction, power, water supply	143	116	68	210	165	49
Trade/hotels/restaurants	177	100	234	85	147	93
Real estate and services	119	141	508	32	151	79
Transport, storage	67	43	127	72	77	54
Public sector	0	0	0	0	0	0
International finance	9	59	87	0	34	33
Total Group [gross]	1,160	1,150	1,661	514	1,177	807

Note 1.2. Changes in specific and general provisions for losses

Parent bank			Group	
1999	2000	NOK million	2000	1999
720.7	807.2	Specific provision for losses on loans, guarantees etc. at 01.01.	811.4	724.1
(90.8)	(119.5)	- Confirmed losses on loans, guarantees etc. in the period previously provided for by specific provisions	(119.5)	(90.8)
37.3	130.7	+ Increased specific provision for losses on loans	130.7	37.3
173.7	425.6	+ New specific provision for losses on loans	437.3	174.5
(33.7)	(66.8)	- Reversals on specific provisions for losses on loans	(66.8)	(33.7)
807.2	1,177.2	Specific provision for losses on loans, guarantees etc. at 31.12.	1,193.1	811.4

1999	2000	NOK million	2000	1999
159.0	169.0	General provision for losses on loans, guarantees etc. at 01.01.	177.0	166.6
10.0	0.0	+ General provisions for losses on loans, guarantees etc. in the period	0.0	10.4
169.0	169.0	General provision for losses on loans, guarantees etc. at 31.12.	177.0	177.0
169.0	169.0	Of which general provision for loan losses at 31.12.	171.9	171.7
0.0	0.0	Of which general provision for guarantees at 31.12.	5.1	5.3

Note 1.3. Losses on loans and guarantees

Parent Bank			Group	
1999	2000	NOK million	2000	1999
86.5	370.0	Specific loan loss provisions in the period	381.6	87.3
10.0	0.0	+ General loan loss provisions in the period	0.2	10.4
91.3	119.5	+ Confirmed losses on credit facilities previously provided for by specific provisions	124.4	91.8
23.0	26.6	+ Confirmed losses on credit facilities not previously provided for by specific provisions	26.6	23.0
(21.0)	(18.1)	- Recoveries from previously confirmed losses	(18.1)	(21.0)
0.0	0.0	+ Debt remission subsidiaries	0.0	0.0
189.8	498.0	Losses on loans, guarantees etc.	514.7	191.5

Note 1.4. Region Banks' loans and losses

NOK million	Gross loans 31.12.00				Losses 2000			Accrued not recognised interest*	
	Retail	Corporate	Total	%	Total	Recoveries	Net	Amount	%
Region									
Region Tromsø	1,310	2,016	3,326	8	143	9	134	4	8
Region Steinkjer	2,347	1,537	3,884	9	29	9	20	3	6
Region Trondheim	5,969	10,902	16,871	40	99	19	80	13	27
Region Bergen	2,331	1,495	3,826	9	21	3	18	5	10
Region Stavanger	2,869	3,116	5,985	14	72	18	54	6	12
Region Skien	2,162	1,916	4,078	10	86	8	78	9	18
Region Oslo	2,972	2,826	5,798	14	133	19	114	9	18
Undivided Region	-1,916	-76	-1,992	-5	0	0	0	0	0
Shared capital	0	485	485	1	0	0	0	0	0
Parent Bank	18,044	24,217	42,261	100	583	85	498	49	100
Subsidiaries	1,905	640	2,545		16	0	16		
Eliminations	0	-185	-185		0	0	0		
Group	19,949	24,672	44,621		599	85	514		

Cf. page 10 for further specification of Region Bank branches.

*] "Accrued not recognised interest" are interest on credit facilities defined as non-performing/doubtful. Interest on such facilities is, according to regulations from the Norwegian Banking, Insurance and Securities Commission, not to be booked as income and will therefore reduce the Parent Bank's net interest.

Cf. definition of non-interest bearing exposures, Note 1.5.

Note 1.5. Doubtful, non-performing and non-interest bearing exposures

NOK million	Total Parent bank 1)				
	31.12.00	31.12.99	31.12.98	31.12.97	31.12.96
Doubtful loans *)2]					
Total doubtful loans	1,661	514	244	276	547
Specific loan loss provisions	(434)	(166)	(93)	(115)	(202)
Net doubtful loans	1,227	348	151	161	345
Loan loss provisions in % of total doubtful loans	26	32	38	42	37
Non-performing loans *)3]					
Total non-performing loans	1,160	1,150	1,147	1,100	1,413
Specific loan loss provisions	(743)	(641)	(628)	(626)	(831)
Net non-performing loans	417	509	519	474	582
Loan loss provisions in % of total non-performing loans	64	56	55	57	59
Net non-performing in % of gross loans	1.0	1.3	1.4	2.0	2.0
*) Of these:					
Non-interest bearing exposures 4)					
Total non-performing loans	1,035	919	993	955	1,240
Specific loan loss provisions	(743)	(641)	(628)	(626)	(831)
Net non-performing loans	292	278	365	329	409
Loan loss provisions in % of total non-performing loans	72	70	63	66	67
Net non-performing in % of gross loans	0.7	0.7	1.0	1.0	1.4
Accrued not recognised interests	49	47	37	34	43
Development softloans 5)					
Softloans	113	107	113	100	119

1) The Parent Bank figures are almost identical with the Group figures.

2) Doubtful loans are loans where an evaluation of the customer's financial situation has led to a specific loan loss provision being made, even though the loan is currently performing.

3) Loans with overdrawn/overdue amount, are classified as non-performing, unless the situation is not assessed as temporary. If the loan has been overdrawn for more than 90 days it is always classified as non-performing.

4) Non-interest bearing exposures are loans with accrued not recognised interests and provisions.

5) Loans where an agreement between the customer and the Bank has been made due to the customer's financial situation. This implicates an interest rate lower than the market rate for a period of time.

Note 1.6. Key figures related to loan loss provisions and non-performing loans

NOK million	31.12.00	31.12.99
Gross loans (Parent Bank)	42,261	38,865
Specific loan loss provisions	1,177	807
General loan loss provisions	169	169
Total loan loss provisions	1,346	976
Total non-performing	1,160	1,150
Total non-performing in % of gross loans	2.7	3.0
Specific loan loss provisions in % of gross loans	2.8	2.1
Specific loan loss provisions in % of total non-performing	101.5	70.2
General loan loss provisions in % of gross loans	0.4	0.4
Total loan loss provisions in % of gross loans	3.2	2.5

Note 1.7. Development of accounts with overdrawn/overdue amounts in the Parent Bank's ordinary loan portfolio

The table shows the development in the balances of accounts with overdrawn/overdue amounts. The amounts are shown on the basis of the number of days since payment was due or the date the account was overdrawn.

NOK million	30 - 60 days		60 - 90 days	
	Amount	Change	Amount	Change
As at:				
31.12.99	273	0	77	0
31.03.00	219	-54	92	15
30.06.00	175	-44	52	-40
30.09.00	237	62	66	14
31.12.00	218	-19	112	46
Total change		-55	0	35

Note 1.8. Distribution of leasing agreements by Parent Bank and subsidiaries

NOK million	Agreements at 31.12.00			Losses on agreements in 2000		
	Retail	Corporate	Total	Total	Recoveries	Net
Parent Bank 1)	0.0	0.0	0.0	0.0	0.0	0.0
Subsidiaries 2)	12.2	286.3	298.5	16.1	0.0	16.1
Group	12.2	286.3	298.5	16.1	0.0	16.1

1) The Parent Bank has no leasing agreements at 31.12.2000.

2) The leasing agreements relate to the subsidiary Fokus Finans AS.

Note 1.9. Loans granted as subordinated loan capital

NOK million	2000	1999
Loans to and receivables from credit institutions	2.8	2.8
Bonds and other interest bearing securities	0.0	0.0
Total granted to finance institutions	2.8	2.8
Granted to other institutions	2.6	2.9
Total granted subordinated loan capital	5.4	5.7

Note 1.10. Deposits in and loans to credit institutions

Parent Bank			Group	
1999	2000	NOK million	2000	1999
467.7	285.5	Undated lending to and receivables from credit institutions	360.2	500.3
52.8	462.6	Dated lending to and receivables from credit institutions	462.7	52.8
520.5	748.1	Total lending to and receivables from credit institutions	822.9	553.1

Note 1.11. Accrued, not recognised interests on loans

Parent Bank			Group	
1999	2000	NOK million	2000	1999
91.6	95.7	Accrued, not recognised interest on balance sheet loans as at 01.01.	95.7	91.6
(16.1)	(17.3)	- Earlier periods interest income on loans, recognised this period	(17.3)	(16.1)
(26.4)	(33.7)	- Accrued, not recognised interest on loans that are no longer on the balance sheet	(33.7)	(26.4)
46.6	49.5	+ The period's accrued, not recognised interest on loans identified as doubtful commitments	49.5	46.6
95.7	94.2	Accrued, not recognised interest on balance sheet loans as at 31.12.	94.2	95.7

Note 1.12. Loans and guarantees by exposure groups

Fokus Bank classifies all customers of loans by risk. The risk-category is determined on the basis of an accounts analysis of each customer. The price of the loan to each customer is among other things a function of the risk-category.

Amounts from Parent Bank and Fokus Kreditt.

Corporate Market Risk-category	Gross loans		Guarantees		Overdraft facilities etc.		Specific loan loss provisions	
	2000	1999	2000	1999	2000	1999	2000	1999
Low	10,883	10,249	1,692	1,529	5,946	4,774	51	7
Medium	8,735	7,451	1,082	1,304	1,902	1,543	85	4
High	3,529	2,069	185	98	437	300	191	61
Risk of loss	1,129	1,406	82	90	45	70	473	385
Total	24,276	21,175	3,041	3,021	8,330	6,687	800	457

Public Market Risk-category	Gross loans		Guarantees		Overdraft facilities etc.		Specific loan loss provisions	
	2000	1999	2000	1999	2000	1999	2000	1999
Low	17,260	15,235	36	43	348	363	12	8
Medium	2,026	1,774	8	43	118	43	14	11
High	124	87	0	0	1	1	5	4
Risk of loss	568	594	0	0	0	0	346	327
Total	19,977	17,690	44	86	467	407	377	350
Total	44,253	38,865	3,085	3,107	8,797	7,094	1,177	807

Our general provisions for losses on loans are not linked to any specific category.

Movement in the category-composition

The category-composition for the total portfolio in the Corporate Market has weakened during the year. The main reason for this is old customers who have been appointed to a poorer category during the year due to weak account numbers for 1999.

In the Public Market the portfolio has had a weak improvement in the category-composition.

Expected yearly level of loss

On the basis of empirical data on loans over several years, and an evaluation of expected trade cycles, we expect a level of loss on approximately 0.5 % of gross loans. This will give the bank a loss of NOK 200-220 million during a trade cycle. Explanation to this year's loss is given in a specific note. During this year we have not had an essential change in expected level of loss.

Gross loans and guarantees distributed in geographic areas

Amounts from Parent Bank and Fokus Kreditt.

Geography (NOK million)	Loans		Guarantees	
	2000	1999	2000	1999
Trondheim	16,784	12,967	1,310	1,455
Steinkjer	3,885	3,692	91	110
Tromsø	3,326	3,387	103	92
Stavanger	5,703	5,590	337	415
Bergen	3,813	3,580	88	80
Oslo	5,798	5,135	963	843
Skien	4,078	3,868	179	101
Joint capital	865	645	15	11
Total	44,252	38,865	3,085	3,107

*] Of this enters into year 2000 NOK 1,992 mill. that is situated in the Balance Sheet of Fokus Kreditt AS.

Chap. 2. Deposits

Note 2.1. Deposits from credit institutions

Parent Bank			Group	
1999	2000	NOK million	2000	1999
272.9	161.8	Undated loans and deposits from credit institutions	120.2	272.9
3,155.6	3,541.0	Dated loans and deposits from credit institutions	5,032.1	3,155.6
3,428.5	3,702.8	Total loans and deposits from credit institutions	5,152.3	3,428.5

Specification of debt in main currencies. The amount has been recalculated according to NOK rate at 31.12.00

USD	2,710.2 million
JPY	193.3 million
AUD	7.4 million

The average rate for loans and deposits from credit institutions amounts to 7.46 %.

The calculation of average rate is based on real interest expenses in relation to average capital.

No accounts have special rates.

Note 2.2. Deposits from customers

Parent Bank			Group	
1999	2000	NOK million	2000	1999
22,334.6	26,644.9	Call deposits and other related liabilities to customers	26,542.4	22,218.8
1,024.3	1,080.0	Time deposits and other related liabilities to customers	1,080.0	1,024.3
23,358.9	27,724.9	Total deposits from customers	27,622.4	23,243.1

Specification of debt in main currencies. The amount has been recalculated according to NOK rate at

USD	329.0 million
EUR	63.9 million
GBP	43.2 million
SEK	32.0 million
DEM	22.1 million

The average rate for loans and deposits from credit institutions amounts to 6.32 %.

The calculation of average rate is based on real interest expenses in relation to average capital.

No accounts have special rates.

Note 2.3. Bonds issued

Loans information
NOK million

Issued	Category	Rate	Maturity	Currency	Amount in currency	Amount in NOK	Interest conditions
19.03.98	Open	100	19.03.01	NOK		500.0	Fixed 5.15 %
19.03.97	Open	100	21.03.01	NOK		200.0	Floating rate with interest rate floor
22.02.99	Open	99.874	22.02.02	USD	300.0	2,661.8	Floating USD
06.02.98	Open	100	06.02.03	NOK		330.0	Floating rate with interest rate cap
14.05.98	Open	99.783	14.05.03	USD	300.0	2,661.8	Floating USD
12.06.98	Closed	100	12.12.03	NOK		150.0	Share index
26.02.97	Open	100	26.02.04	NOK		300.0	Floating rate with interest rate floor
24.08.98	Open	99.26	02.07.04	GBP	12.0	158.6	Fixed 6.5 %
19.08.97	Open	100.01	19.08.04	DEM	250.0	1,054.5	Floating DEM
01.09.98	Open	99.74	01.09.05	USD	250.0	2,218.1	Floating USD
22.12.00	Closed	68.15	22.12.06	NOK		60.2	Share index
						10,295.0	

*) The currency amounts are calculated at mid-rate USD 8.8725, GBP 13.215 and DEM 421.8158 at 31.12.00.

The bonds issued have been secured hedged with interest swaps at 1:1

NOK million	2000	1999
Amount of USD bonds - in NOK (nominal value)	7,541.7	6,850.2
Amount of DEM bonds - in NOK (nominal value)	1,054.5	1,033.8
Amount of GBP bonds - in NOK (nominal value)	158.6	156.4
Bond issues in NOK - (nominal value)	1,521.0	2,795.0
Total bonds issued	10,275.8	10,835.4
Booked deficit rate	-6.7	-9.4
Balance Sheet value of bonds issued	10,269.1	10,826.0
Certificates issued	0.0	0.0
Total Balance Sheet value	10,269.1	10,826.0

Booked value is equal to the nominal value. Deficit rate and own portfolio are booked separately.

At 31.12.00, the bonds issued had a total market value of NOK 12,215.0 mill.

At 31.12.99, the bonds issued had a total market value of NOK 10,952.8 mill.

Special conditions

Fokus Bank equity linked bond 12.12.2003.

Fokus Bank has issued an equity linked bond with maturity 12.12.2003.

The return will depend on the development of six different equity indexes.

The return of the bond will be paid at maturity.

The issue has been secured with an asset swap at 1:1.

Fokus Bank 06.02.2003

Fokus Bank has issued NOK bonds with maturity 06.02.2003.

The return has been linked to an option element giving the investor a cap on the return.

The bond issue has been secured with an interest rate option and interest rate swap at 1:1.

Fokus Bank 22.12.2006

Fokus Bank has issued an equity linked bond with maturity 22.12.2006.

The return will depend on the development of six different equity indexes.

The return of the bond will be paid at maturity.

The issue has been secured with an asset swap at 1:1.

Average rate 6.16 %.

Average rate has been calculated as interest income in relation to average annual capital.

Note 2.4. Subordinated loan capital

Parent Bank numbers.

The Bank's subordinated loan capital of NOK 1,996.3 million has been issued in foreign currency.

Initial draw down date	Maturity year	Amount in currency	Equivalent in NOK million	Interest rate	Expense ex. interest for the year	Original value
1999	2009	USD 75.0 mill.	665.4	7.21375	0	589.6
1996	2006	USD 50.0 mill.	443.6	7.16500	0	328.2
1997	Perpetual	USD 100.0 mill.	887.3	7.50000	0	675.5
Total		USD 225.0 mill.	1,996.3			1,593.3

The currency loans are converted at midrate USD 8.8725 at 31.12.00. The outstanding liabilities in foreign currency bear a floating interest rate which is regulated every 6th month, and the rates presented are valid at the end of the year.

The currency loans are included in the Bank's overall net currency position and are therefore continuously hedged against currency fluctuations.

Capital adequacy	
Subordinated loan capital is included as additional capital subsequent to the regulations concerning Parent Bank capital adequacy, with:	
Total subordinated loan capital	917.6
Own subordinated loan capital	0.0
Reductions last 5 years	0.0
Derogation for the rule of 50 %	0.0
Timed subordinated loan capital included in capital adequacy	917.6

Perpetual loan in USD is included as other additional capital in the capital adequacy calculation.

In the Group, the share from associated companies is included in core and additional capital.

Chap. 3. Equity capital

Note 3.1. Specification of changes in equity capital

Parent Bank NOK million	Share capital	Premium fund	Other:in- vested equity	Reserve for valu- ation differences	Other equity	Total
Fokus Bank ASA 31.12.99	799.6	309.4		126.8	2,275.1	3,510.9
Merge with Centralfinans					92.4	92.4
Correction of previous years					15.5	15.5
Fokus Bank ASA 01.01.00	799.6	309.4		126.8	2,383	3,618.8
Group contribution from DDB Fokus Invest			21.2			21.2
Allocation of 2000 result					(147.7)	(147.7)
Fokus Bank ASA 31.12.00	799.6	309.4	21.2	126.8	2,235.3	3,492.3

Group NOK million	Share capital	Premium fund	Other in- vested equity	Reserve for valu- ation differences	Other equity	Total
Fokus Bank Group 31.12.99	799.6	309.4			2,515.3	3,624.3
Correction of previous years					15.5	15.5
Fokus Bank Group 01.01.00	799.6	309.4			2,530.8	3,639.8
Group contribution from DDB Fokus Invest			21.2			21.2
Allocation of 2000 result					(176.1)	(176.1)
Fokus Bank Group 31.12.00	799.6	309.4	21.2		2,354.7	3,484.9

Note 3.2. Capital adequacy

According to regulations concerning minimum capital requirements in financial institutions, the Parent Bank and the Group are required to achieve a capital adequacy ratio totalling at least of 8 % of risk-weighted assets.

At 31.12.00, Fokus Bank had the following capital adequacy:

Parent bank			Group	
1999	2000	NOK million	2000	1999
800	800	Share capital	800	800
1,916	1,779	Other equity	1,686	1,931
(102)	(94)	- Excess pension funds not to be included	(95)	(102)
2,614	2,485	Total core capital	2,391	2,629
838	917	Timed booked subordinated loan capital	917	838
(102)	0	- Subordinated loan capital not to be included	0	(102)
736	917	Total included subordinated loan capital	917	736
676	676	Other additional capital	676	676
1,412	1,593	Total additional capital	1,593	1,412
4,026	4,078	Total equity and subordinated capital	3,984	4,041
(20)	(10)	Deduction	(10)	(20)
4,006	4,068	Net equity and subordinated capital	3,974	4,021
34,836	37,196	Risk-weighted assets	38,554	34,753
7.50	6.68	Core capital ratio	6.20	7.56
11.50	10.94	Capital adequacy ratio	10.31	11.57

Specification of risk-weighted assets:

Parent Bank			Group	
1999	2000	NOK million	2000	1999
32,261	34,485	Assets not included in the trade portfolio	35,794	32,107
1,600	1,503	Off-balance sheet items not included in the trade portfolio	1,503	1,600
975	1,208	Items included in the trade portfolio	1,258	1,046
0	0	Risk-weighted assets of currency risk	0	0
34,836	37,196	Risk-weighted assets	38,554	34,753

Subordinated loan capital is included as additional capital subsequent to the regulations concerning Parent Bank capital adequacy, with:

Perpetual subordinated loan capital	675.5
Timed subordinated loan capital	917.6
Total subordinated loan capital	1,593.1 *)
Timed subordinated loan capital	917.6
Reductions last 5 years	0.0
Derogation for the rule of 50 %	0.0
Included timed subordinated loan capital	917.6
Perpetual subordinated loan capital (included in other additional capital)	675.5
Included subordinated loan capital	1,593.1

*) Total booked subordinated loan capital in the Balance Sheet at 31.12.00: NOK 1,996.3 million.

The difference is due to correction at lower rate.

Perpetual loan in USD is included as other additional capital in the capital adequacy calculation.

In the Group, the share from associated companies is included in core and additional capital.

Specification of difference between core capital and Balance Sheet equity:

Parent Bank			Group	
1999	2000	NOK million	2000	1999
2,614	2,485	Core capital	2,391	2,629
3,511	3,485	Balance Sheet equity	3,483	3,624
897	1,000	Difference	1,092	995

The difference is due to the fact that reserve for valuation differences, excess pension funds and other intangible assets have been deducted from the core capital when calculating the capital adequacy.

Note 3.3. Ownership

Fokus Bank ASA is wholly-owned by DDB Fokus Invest AS.

The share capital at 31.12.00 consists of a total of 72,687,904 shares with nominal value of NOK 11.-.

Chap. 4. Securities

Note 4.1. Bonds - certificates

The portfolios of bearer bonds and certificates are composed as follows:

Parent Bank		Trade portfolio	Group	
31.12.99	31.12.00	NOK million	31.12.00	31.12.99
		Bonds		
1,026.7	843.6	Government and government-guaranteed bonds	843.6	1,026.7
50.0	0.0	Foreign bonds	0.0	50.0
100.0	242.9	Other bearer bonds	255.0	100.0
1,176.7	1,086.5	Booked value bearer bonds	1,098.6	1,176.7
1,176.7	1,074.5	Bearer bonds at market value	1,086.6	1,176.7
0.0	-12.0	Surplus value bearer bonds	-12.0	0.0
		Certificates		
926.6	486.0	Government and government-guaranteed certificates	486.0	926.6
311.9	1,502.3	Municipalities and financial institutions	1,502.3	311.9
1,238.5	1,988.3	Booked value certificates	1,988.3	1,238.5
1,238.5	1,995.7	Market value certificates	1,995.7	1,238.5
0.0	7.4	Surplus value certificates	7.4	0.0
		Bank Portfolio		
		Bonds quoted on the Stock Exchange		
10.0	0.0	Other bearer bonds	0.0	10.0
10.0	0.0	Bearer bonds at cost	0.0	10.0
10.1	0.0	Bearer bonds at market value	0.0	10.1
0.1	0.0	Surplus value bearer bonds	0.0	0.1

All bonds are quoted on the Stock Exchange.

In the portfolios of certificates there are only the certificates which are issued by The Norwegian Government and BN-Kreditt who are listed.

Nominal value of own bonds is NOK 195.5 million.

Average actual rate for trade portfolio: 6.96 %.

Note 4.2. Short-term investment in shares and participations

Shares in other companies and mutual funds recorded in the Balance Sheet as current assets:

Parent Bank			Group	
31.12.99	31.12.00	NOK million	31.12.00	31.12.99
274.1	347.0	Acquisition cost short-term investments in shares etc.	364.8	285.4
117.3	(30.8)	-/+ Write-down / appreciation of portfolio	(31.0)	116.7
391.4	316.2	Book value short-term investment in shares etc.	333.8	402.1
391.4	316.2	Market value short-term investment in shares etc.	333.8	402.1
0.0	0.0	Surplus- (less) value short-term investment in shares etc.	(0.0)	0.0

Specification of short-term investment in shares and parts

Company name NOK 1,000	Number of shares/parts	Ownership share (%)	Acquisition cost	Book value
Portfolios of commerce				
Listed on the Stock Exchange				
Bergesen d.y. ASA B-shares	90,000	0.40	12,115	11,430
Bolig og Næringsbanken ASA	15,000	0.15	2,972	2,925
DNO ASA	350,000	0.70	9,909	6,720
Ekornes ASA	220,000	0.66	15,536	14,520
Enitel ASA	35,000	0.19	10,172	2,800
Exense ASA	15,007	0.15	0	63
Fjord Seafood ASA	300,000	1.07	11,236	10,620
Fred Olsen Energy	200,000	0.33	13,682	12,900
Frontline	80,000	0.10	9,439	9,520
Hafslund B-shares	280,000	0.59	8,273	7,000
Infocus Corporation	70,000	0.41	16,435	7,920
Kværner ASA	140,000	0.29	11,969	8,750
Merkantidata ASA	250,000	0.20	10,168	8,575
Narvesen ASA	50,000	0.50	9,443	13,950
Nordic VLSI ASA	40,000	0.73	2,577	5,000
Norsk Hydro ASA	50,000	0.02	16,118	18,650
Norske Skogindustrier. A-shares	50,000	0.17	16,953	18,550
Royal Caribbean Cruises ltd.	90,000	0.13	19,818	21,060
SAS Norge ASA B-shares	150,000	0.64	11,572	14,025
Scana Industrier ASA	330,000	1.55	6,902	2,294
Schibsted ASA	40,000	0.06	4,579	4,340
Storebrand ASA	230,000	0.08	14,347	14,375
Tandberg Television ASA	150,000	0.28	17,988	20,825
Telenor	320,000	0.02	13,440	12,288
TGS Nopec	150,000	0.62	17,861	15,750
Winder ASA	365,000	4.33	12,758	12,410
Visma ASA	80,000	0.48	4,246	3,840
Vmetro	70,000	0.29	3,574	7,700
Companies not listed on the Stock Exchange:				
Geo drilling AS	605,458	7.45	4,373	303
Groupe Concept ASA	200,000	0.36	800	400
Mysoft AS	25,000	2.34	2,324	1,500
Total short-term shares owned by Fokus Bank ASA			311,579	291,003
Parts in equity and money market funds				
Fokus Garanti Vekst Global	1,567		2,653	2,651
Fokus Garanti Global	994		2,198	2,119
Total parts owned by Fokus Bank ASA			4,851	4,770
The Bank's portfolio				
Adresseavisen ASA	83,854	4.41	30,330	20,235
Backe & Co A/S	3,080		240	240
Total held by Fokus Bank ASA			30,570	20,475
Total shares and parts owned by Fokus Bank ASA			347,000	316,248
The Group's short-term investments in shares etc.			364,866	333,360
In addition, the following shares have been classified as repossessed assets:				
Fesil ASA	150,000	1.88	1,265	7,500
Fireguard Scandinavia A.S 1]	688,838	4.45	1	0
Total			1,266	7,500

Note 4.3. Associated companies

Company name	Business office	Ownership in per cent	Balance Sheet valuation 31.12.99 NOK 1,000	Additions/disposals this year	Equity at time of acquisition	Balance-sheet goodwill	Share of result in NOK 1,000	Goodwill write-off	Balance Sheet valuation 31.12.00 NOK 1,000
Held by Fokus Bank ASA:									
Nordenfjeldske Livsforsikr. AS	Trondheim	39.00	46,025	0	26,084	15,646	2,124	1,740	46,409
Meglerhuset Nylander A.S.	Trondheim	40.00	1,054	0	0	0	0	0	1,054
Nylander Nær.megling Holding AS	Trondheim	40.00	0	40	40	0	0	0	40
Fokus regnskap Brekstad AS	Ørlandet	38.70	116	0	0	0	0	0	116
Shares in associated companies			47,195	40		15,646	2,124	1,740	47,619

None of the companies are listed on the Stock Exchange.

Note 4.4. Shares in subsidiaries

	Business office	Share capital in NOK 1,000	Number of shares	Nominal value in NOK 1,000	Ownership share in per cent	Equity capital in NOK 1,000	Result this year in NOK 1,000	Book value in NOK 1,000
Credit institutions								
Fokus Kreditt AS	Oslo	800,000	80,000	800,000	100.0	800,000	14,761	800,000
Fokus Finans AS	Trondheim	160,000	160,000	160,000	100.0	162,534	-8,551	159,000
Other companies								
Danske Securities AS	Oslo	30,000	60,000	60,000	100.0	50,975	13,113	121,800
Eikeveien 3 A.S	Stavanger	50	50	50	100.0	2,210	125	0
Fokus Eiendomsmegling A.S	Skien	500	500	500	100.0	1,047	-368	500
Firstnordic Fondene AS	Trondheim	6,000	6,000	6,000	100.0	10,540	5,482	8,200
Fokus Kredittforsikring A.S	Trondheim	20,900	209,000	20,900	100.0	30,676	1,565	39,482
Skårersletta Eiendom A.S	Oslo	50	50	50	100.0	4,837	-6	0
Total								1,128,982

Additions/disposals of subsidiaries

Fokus Kreditt AS was established on February 2, 2000.

Central Finans AS was resolved merged with Fokus Bank ASA on April 27, 2000.

The merge was implemented with accounting effect from January 1, 2000.

Note 4.5. Long-term investments in shares and parts

	Share capital in NOK 1,000	Number of shares	Nominal value in NOK 1,000	Ownership share in per cent	Book value in NOK 1,000
Owned by Fokus Bank ASA:					
Credit Institutions					
Eksportfinans AS	1,354,751	12,866	135,093	9.97	203,791
Finance Institutions					
Nordlandsbanken ASA	362,976	244,400	12,220	3.4	52,546
Romsdals Fellesbank AS	104,525	195,327	19,533	9.3	48,832
Other companies					
Net other companies					85,405
Total owned by Fokus Bank ASA					390,574

Note 4.6. Participation in unlimited companies

The following companies have been included in the Accounts on a gross method basis:

Company name	Ownership in per cent	Share of current assets in NOK 1,000	Share of fixed assets in NOK 1,000	Share of liabilities in NOK 1,000	Profit/loss included in Accounts in NOK 1,000
Bomveien 3 ANS	50.0	36.9	16,365.5	17,927.4	139.0
Roby ANS	100.0	16.5	22,592.2	29,683.0	-7,074.3
Total owned by Fokus Bank ASA		53.4	38,957.7	47,610.4	-6,935.3

Chap. 5. Assets

Note 5.1. Changes in fixed assets

NOK million	Parent Bank			Group			
	Machinery, fixtures and vehicles	Bank buildings and other real estate	Intangible assets	Machinery, fixtures and vehicles	Bank buildings and other real estate	Intangible assets	Goodwill
Acquisition cost at 01.01.00	126.5	484.9	48.2	151.6	520.5	48.2	66.7
+ Additions this year	56.5	37.1	12.8	61.0	37.1	17.7	0.0
- Disposals this year	(39.0)	0.0	0.0	(39.8)	(35.2)	0.0	0.0
Acquisition cost at 31.12.00	144.0	522.0	61.0	172.8	522.4	65.9	66.7
+ Book value positive revaluations at 01.01.00	0.0	67.3	0.0	0.0	67.3	0.0	0.0
- accum. depreciations and write-downs at 01.01.00	(20.2)	(167.1)	(15.7)	(37.3)	(167.1)	(15.7)	0.0
- ordinary depreciations this year	(28.0)	(8.4)	(11.0)	(33.6)	(8.4)	(11.8)	(6.7)
- depreciation on positive revaluations this year	0.0	(1.6)	0.0	0.0	(1.6)	0.0	0.0
- other depreciation/write-downs this year	(3.9)	(130.0)	(34.3)	(3.9)	(130.1)	(34.3)	0.0
- Disposals depreciation/write-down this year	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Book value at 31.12.00	91.9	282.2	0.0	98.0	282.5	4.2	60.0
Booked gain sales/disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Booked loss sales/disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rate for ordinary depreciations	10 - 30 %	2 %	20 - 30 %	10 - 30 %	2 %	20 - 30 %	10 %

Note 5.2. Investments in and sale of fixed assets 1996 - 2000

NOK million	Parent Bank				Group			
	Machinery, fixtures and vehicles		Bank buildings and other real estate		Machinery, fixtures and vehicles		Bank buildings and other real estate	
	Invested	Sold	Invested	Sold	Invested	Sold	Invested	Sold
1996	68.4	11.6	1.0	34.1	69.0	11.6	1.1	34.2
1997	24.5	0.7	5.3	50.7	28.0	1.9	40.2	135.2
1998	27.2	2.4	0.0	190.4	28.3	2.4	0.0	195.0
1999	33.4	0.7	6.0	1.4	34.1	0.9	6.5	1.7
2000	56.5	0.8	37.1	0.0	61.0	0.8	37.1	0.0

Note 5.3. Repossessed assets

Parent Bank			Group	
1999	2000	NOK million	2000	1999
0.0	0.0	Commercial real estate	0.0	0.0
0.0	0.1	Building sites	0.1	0.0
1.6	0.9	Residential	0.9	1.6
1.4	1.3	Other assets	1.3	1.4
3.0	2.3	Total repossessed assets	2.3	3.0

Note 5.4. Real estate and tenancy agreements

The Group's real estate portfolio is split into two categories depending on the objective and time perspective applicable to the usage/realisation of the asset.

The following categories are used	NOK million	Booked value NOK million	Gross area m ²	Number	Book value per m ² (NOK)
Own buildings for banking		274.9	61,052	28	4,504
Staff residences etc.		7.5	436	5	17,202
Bank buildings and other real estate		282.4	61,488	33	
Building sites		1.0	0	4	

Utilisation of real estate:	Own use	Utilisation of area (m ²)		Total
		Rental	Vacant	
Own buildings for banking	37,698	15,687	7,667	61,052
Staff residences etc.	142	187	107	436
Total	37,840	15,874	7,774	61,488

Own buildings for banking

Real estate purchased for banking operations, and where Fokus Bank's main activities in the area are to be run from these premises, are included in "Own buildings for banking".

Own buildings are assessed as one portfolio and are recorded at acquisition cost less ordinary depreciations including revaluations and write-downs.

Tenancy agreements

The Bank has entered into tenancy agreements for properties which to a varying extent is used by the Bank or sub-let.

The net cost of tenancy agreements for properties not used by the bank, is discounted for the time of the agreement at an interest rate of 7 %.

Kap. 6. Personnel expenses

Note 6.1. Salaries and general administration expenses

Parent Bank			Group	
1999	2000	NOK million	2000	1999
300.9	386.2	Salary	469.6	313.4
32.8	29.5	Pensions	30.2	32.9
68.4	74.2	Other personnel expenses	75.2	68.5
402.1	489.9	Total personnel expenses	575.0	414.8
12.7	6.7	Training	7.0	12.9
55.4	190.3	Offices	193.4	56.1
134.9	58.8	Rent/operation of EDP	66.2	135.7
140.9	103.7	Other administration expenses	133.6	151.2
343.9	359.5	Total administration expenses	400.2	355.9

In the accounting year 2000, the average number of employees was 959 and 990 in the Parent Bank and the Group respectively.

For the Parent Bank, total expenses related to salary, pension commitments and other benefits to the Managing Director, Members of the Board, and other representatives amount to NOK 4,853,230, of which NOK 1,749,597 is salary and other benefits to Managing Director Svein Sivertsen.

Fokus Bank ASA has made an agreement with the Managing Director concerning two years guaranteed salary if employment is terminated as a result of specific circumstances. Apart from this, Fokus Bank ASA has not made any obligations towards the Managing Director or the Chairman of the Board concerning specific compensation if the employment situation or the assignment is changed or terminated.

Furthermore, no special agreements regarding bonuses, options etc., exist for these persons.

The Managing Director has an agreement concerning retirement at the age of sixty.

Note 6.2. Pensions Parent Bank

Fokus Bank ASA has its own pension fund covering the standard pension commitments. The pension commitments are based on the number of years of service as well as the wage level at pension age. The pension funds are primarily invested in shares and bonds.

At 31.12.00, the number of persons included in the company's pension agreement, is:

Working	1,145
Retired	585

In addition, the Bank has pension commitments being financed by the operations. This includes commitments related to early retirements, supplementary pensions as well as commitments to managers who can retire before ordinary retirement age. At 31.12.00, the following number of persons was included by the company's pension agreement for pensions financed by operations:

Working	50
Retired	291

In accordance with the GRS standard for pension costs, a future commitment related to the Contractual Early Retirement Scheme (CERS) for the financial industry has been calculated in 2000.

In 1998, the CERS was extended to include 62 year olds. All employees are included by the arrangement, and the Bank has chosen to calculate the cost based on 50 per cent utilisation. The increased commitment as a result of the reduced pension age is in accordance with the GRS standard for pension costs dealt with as planning change. The Bank can chose between booking the expense immediately or amortise over the remaining maturity time. The Bank has chosen the latter alternative.

Pension funds and pension commitments	2000	1999
Financial conditions:		
Discount rate	6.0 %	6.0 %
Wage regulation	3.0 %	3.0 %
Regulation of running pensions	3.0 %	3.0 %
Regulation of National Insurance's basis amount	2.0 %	2.0 %
Regulation of unrestricted polices	2.0 %	2.0 %
Yield on pension funds	7.0 %	7.0 %

Pension fund: NOK million	2000	1999
Earned pension commitments	863.7	793.5
Pension funds	(971.6)	(912.2)
Delayed commitments at (loss)/revenue	13.6	16.9
Net pension commitments	(94.3)	(101.8)

The year's pension expenses from the pension fund: NOK million	2000	1999
The year's pension earned	25.3	23.2
Interest expenses	48.3	44.4
Yield on pension funds *)	(64.6)	(60.6)
Paid from operation	0.4	0.4
The year's pension expenses	8.6	6.6

*) Yield on pension funds has been estimated for 2000. The actual yield for 2000 is NOK 69.5 million.

The accumulated difference between estimated (used) and actual yield was NOK 29.6 million at 31.12.00.

NPV of pensions financed by operations: NOK million	2000	1999
Early retirements etc.	85.8	101.2
CERS total commitments	85.3	84.7
- Deferred commitments	(25.3)	(35.3)
CERS commitments over operations	60.0	49.4
Total booked commitments	145.8	150.6

The year's pension expense financed by operations: NOK million	2000	1999
Pension payment financed by operations	31.4	31.9
Change pension commitments etc.	(15.4)	(16.1)
The year's ordinary CERS	10.6	10.4
The year's pension expense financed by operations	26.6	26.2

Note 6.3. Loans to Directors, Representatives and employees

At 31.12.00, loans to employees amounted to NOK 569.8 million, of which mortgages amounted to NOK 538.0 million. The cost of providing preferential rates of interest on loans to employees amounted to NOK 3.7 million in 2000, based on normal actual annual interest rate of 7.7 %.

Included in the above amounts are representatives, employees, former employees who have a contractual agreement to continue to receive preferential employee interest rates, as well as retired employees. Preferential rate of interest reduces the overall net margin of the bank.

Average interest rate to employees was 0.22 per cent above average marginal cost in 2000.

Loans to the Managing Director, top management, Board of Directors, the Supervisory Board and the Control Committee:

Svein Sivertsen	414,353
Terje Svendsen	1,088,000
Erik Franck	70,000
Torbjørn Ragnar Skjerve	616,876
Steinar Sivertsen	1,065,908
Hans P. Wist	378,000

The other members of the Board of Directors, the Supervisory Board or the Control Committee have no loans or guarantees at 31.12.00.

Chap.7 Other notes related to the Profit and Loss Account

Note 7.1. Interest income and interest expenses

Parent Bank			Group	
1999	2000	NOK million	2000	1999
126.3	219.8	Interest from loans to and receivables from credit institutions	227.9	126.3
3,327.7	3,586.2	Interest from loans to and receivables from customers	3,606.6	3,336.9
153.1	203.3	Interest from certificates, bonds and other securities	203.9	153.5
3,607.1	4,009.3	Interest income	4,038.4	3,616.7
233.0	454.8	Interest on debt to credit institutions	418.0	225.0
1,319.3	1,584.5	Interest on deposits from and debt to customers	1,584.5	1,319.3
600.0	690.4	Interest on issued securities	690.4	600.0
111.0	146.0	Interest on subordinated loan capital	146.0	111.0
195.9	30.8	Other interest expenses	35.2	195.9
41.3	39.7	Levy to Commercial Bank Guarantee Fund	39.7	41.3
2,500.5	2,946.2	Interest expenses	2,913.8	2,492.5

Note 7.2. Other operating income

Parent Bank			Group	
1999	2000	NOK million	2000	1999
15.7	31.5	Income from shares and other securities	24.2	15.7
31.2	0.4	Income from ownership in associated companies	0.4	31.2
10.2	43.8	Income from ownership in subsidiaries	7.1	0.0
57.1	75.7	Dividend and other income from securities	31.7	46.9
31.0	27.9	Guarantee commissions	27.9	31.0
14.1	19.7	Credit broking	19.7	14.1
39.5	52.6	Securities trading and asset management	173.2	60.8
163.2	184.7	Payment transactions	184.7	163.2
7.2	6.7	Insurance services	6.7	7.2
3.9	3.3	Other operations	3.3	3.9
258.9	294.9	Total income commissions and fees	415.5	280.2
4.1	1.4	Securities trading and asset management	2.1	4.1
60.1	62.7	Payment transactions	62.7	60.1
64.2	64.1	Total expenses commissions and fees	64.8	64.2
6.2	(4.4)	Net profit(loss) certificates, bonds etc.	(4.4)	6.2
114.1	24.6	Net profit(loss) shares and other securities	14.1	114.1
120.3	20.2	Net profit(loss) securities	9.7	120.3
(103.3)	393.8	Net profit(loss) foreign exchange	393.6	(103.3)
155.8	(341.2)	Net profit(loss) financial derivatives	(334.3)	155.8
52.5	52.6	Net profit(loss) foreign exchange and derivatives	59.3	52.5
172.8	72.8	Net gains securities, foreign exchange and derivatives	69.0	172.8
18.4	19.4	Operating income real estate	19.4	27.0
1.0	0.7	Gain from sale of fixed assets	0.7	1.0
29.2	36.4	Other operating income	31.4	29.4
48.6	56.5	Other operating income	51.5	57.4
473.2	435.8	Total operating income	502.9	493.1

Note 7.3. Other operating expenses

Parent Bank			Group	
1999	2000	NOK million	2000	1999
52.5	52.4	Rent	51.2	48.7
1.4	1.5	Operating expenses real estate	1.5	1.4
8.4	10.9	Maintenance EDP	10.5	8.4
0.2	0.0	Loss from sale of fixed assets	0.0	0.2
100.6	99.8	Other operating expenses	104.3	105.4
163.1	164.6	Total	167.5	164.1

In 2000, the Group has paid fees to the external auditor related to the accounting year 2000 amounting NOK 1,777,000. Of this NOK 690,000 is related to consultancy.

Chap. 8. Other Balance Sheet and Off-Balance Sheet notes

Note 8.1. Time to maturity for main items at 31.12.00

NOK million	Up to 1 month	From 1 - 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Without time to maturity	Total
Eiendeler NOK							
Cash and receivables on central banks, and loans that can be refinanced in central banks	0.0	0.0	0.0	0.0	0.0	242.7	242.7
Loans to and receivables from credit institutions	201.7	158.2	356.1	0.0	0.0	0.0	716.0
Loans to and receivables from customers	7,717.7	2,572.6	367.5	5,145.2	22,827.5	367.5	38,998.0
Bonds, certificates and other							
interest bearing securities	0.0	814.0	1,676.4	653.6	121.7	0.0	3,265.7
Other assets with maturity time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assets without maturity time	0.0	0.0	0.0	0.0	0.0	3,374.9	3,374.9
Total assets NOK	7,919.4	3,544.8	2,400.0	5,798.8	22,949.2	3,985.1	46,597.3
Liabilities and equity NOK							
Debt to credit institutions	1,133.7	478.4	50.0	250.0	200.0	146.0	2,258.1
Deposits from and liabilities to customers	23,227.5	2,671.5	1,308.7	5.5	0.0	0.0	27,213.2
Debt securities in issue	0.0	700.0	0.0	780.0	41.0	0.0	1,521.0
Other debt with maturity time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt without maturity time	0.0	0.0	0.0	0.0	0.0	1,484.7	1,484.7
Subordinated loan capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity	0.0	0.0	0.0	0.0	0.0	4,221.9	4,221.9
Total liability and equity NOK	24,361.2	3,849.9	1,358.7	1,035.5	241.0	5,852.6	36,698.9
Assets currency							
Cash and receivables on central banks, and loans that can be refinanced in central banks	0.0	0.0	0.0	0.0	0.0	14.4	14.4
Loans to and receivables from credit institutions	0.0	0.0	0.0	0.0	0.0	76.9	76.9
Loans to and receivables from customers	92.2	25.1	232.0	2,258.5	973.5	581.4	4,162.7
Bonds, certificates and other							
interest bearing securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other assets with maturity time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assets without maturity time	0.0	0.0	0.0	0.0	0.0	99.8	99.8
Total assets currency	92.2	25.1	232.0	2,258.5	973.5	772.5	4,353.8
Liabilities and equity currency							
Debt to credit institutions	1,144.4	60.6	372.6	0.0	1,330.9	4.3	2,912.8
Deposits from and liabilities to customers	15.4	2.6	0.0	0.0	0.0	492.8	510.8
Debt securities in issue	0.0	0.0	0.0	8,747.9	0.0	0.0	8,747.9
Other debt with maturity time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt without maturity time	0.0	0.0	0.0	0.0	0.0	84.4	84.4
Subordinated loan capital	0.0	0.0	0.0	0.0	1,996.3	0.0	1,996.3
Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total liability and equity currency	1,159.8	63.2	372.6	8,747.9	3,327.2	581.5	14,252.2
Net liquidity exposure							
Total Balance Sheet items	-17,509.4	-343.2	900.7	-1,726.1	20,354.5	-1,676.5	0.0
Payments (in/out) off-balance							
financial derivatives							
NOK	-8,929.6	-1,284.1	-60.4	30.0	0.0	0.0	-10,244.1
Currency	210.0	-65.6	23.5	-24.1	0.0	0.0	143.8
Net total all items	-26,229.0	-1,692.9	863.8	-1,720.2	20,354.5	-1,676.5	-10,100.3

Note 8.2. Agreed time for changed interest rate on main items at 31.12.00

NOK million	Up to 1 month	From 1 - 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	Without interest rate exposure	Total
Assets NOK							
Cash and receivables on central banks, and loans that can be refinanced in central banks	0.0	0.0	0.0	0.0	0.0	242.7	242.7
Loans to and receivables from credit institutions	703.7	0.0	0.0	12.3	0.0	0.0	716.0
Loans to and receivables from customers	34,920.0	1,838.6	1,578.0	606.3	55.1	0.0	38,998.0
Bonds, certificates and other interest bearing securities	0.0	814.0	1,693.1	653.6	105.0	0.0	3,265.7
Other assets with maturity time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assets without maturity time	0.0	0.0	0.0	0.0	0.0	3,374.9	3,374.9
Total assets NOK	35,623.7	2,652.6	3,271.1	1,272.2	160.1	3,617.6	46,597.3
Liabilities and equity NOK							
Debt to credit institutions	1,680.2	448.4	50.0	50.4	29.1	0.0	2,258.1
Deposits from and liabilities to customers	23,294.5	2,231.5	1,687.2	0.0	0.0	0.0	27,213.2
Debt securities in issue	0.0	700.0	0.0	780.0	41.0	0.0	1,521.0
Other debt with maturity time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt without maturity time	0.0	0.0	0.0	0.0	0.0	1,483.7	1,483.7
Subordinated loan capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity	0.0	0.0	0.0	0.0	0.0	4,221.9	4,221.9
Total liability and equity NOK	24,974.7	3,379.9	1,737.2	830.4	70.1	5,705.6	36,697.9
Assets currency							
Cash and receivables on central banks, and loans that can be refinanced in central banks	0.0	0.0	0.0	0.0	0.0	14.4	14.4
Loans to and receivables from credit institutions	76.9	0.0	0.0	0.0	0.0	0.0	76.9
Loans to and receivables from customers	519.1	1,804.6	1,257.6	0.0	0.0	581.4	4,162.7
Bonds, certificates and other interest bearing securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other assets with maturity time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assets without maturity time	0.0	0.0	0.0	0.0	0.0	99.8	99.8
Total assets currency	596.0	1,804.6	1,257.6	0.0	0.0	695.6	4,353.8
Liabilities and equity currency							
Debt to credit institutions	2,691.4	203.9	0.0	0.0	0.0	17.5	2,912.8
Deposits from and liabilities to customers	23.5	16.3	0.0	0.0	0.0	471.0	510.8
Debt securities in issue	0.0	8,589.3	158.6	0.0	0.0	0.0	8,747.9
Other debt with maturity time	0.0	0.0	0.0	0.0	0.0	84.4	84.4
Debt without maturity time	0.0	1,552.7	444.6	0.0	0.0	0.0	1,997.3
Subordinated loan capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total debt and equity currency	2,714.9	10,362.2	603.2	0.0	0.0	572.9	14,253.2
Net interest rate exposure							
Total Balance Sheet items	8,530.1	-9,284.9	2,188.3	441.8	90.0	-1,965.3	0.0
Off-balance sheet financial derivatives influencing interest rate exposure							
NOK	-8,929.6	-1,452.3	489.6	-1,044.2	0.0	0.0	-10,936.5
Currency	210.0	8,363.4	23.5	-354.7	0.0	0.0	8,242.2
Net total all items	-8,719.6	6,911.1	513.1	-1,398.9	0.0	0.0	-2,694.3

Information regarding interest rate risk sensitivity at year-end

Effects on the profit and loss account from an interest rate increase of 1 %

	Trade	Bank	Total
Profit and loss effect of 1% interest rate increase	-0.3	-10.2	-10.5

The figures show effects on the Profit and Loss Account considering an interest rate increase 0.81 % influencing all net-positions in all foreign currencies.

Note 8.3. Taxation

Fokus Bank ASA

There exist offsetting differences between financial and tax values at December 31, 2000. The deferred tax liabilities/deferred tax assets are calculated on basis of these differences.

Tax expense for the year:	31.12.00	01.01.00
Current tax payable on net income for the year	0.0	0.0
Changes in deferred tax by Norwegian companies	-70.4	111.5
Total tax expense for the year	-70.4	111.5
Applied to extraordinary item	0.0	0.0
Tax expense for ordinary profit	-70.4	111.5

Payable current tax expense for the year:	31.12.00	01.01.00
Profit before taxes and extraordinary items	-218.1	457.3
Profit before taxes on extraordinary items	0.0	0.0
Permanent differences	+/- 4.2	3.6
Changes in temporary differences	+/- 213.9	-460.9
Basis for current tax by Norwegian companies	0.0	0.0

Current taxes payable:	1) Tax: 28 %	0.0	0.0
Income from Norwegian companies		0.0	0.0
Current tax payable on net income for the year from Norwegian companies		0.0	0.0
Current tax payable on net income for the year from foreign companies		0.0	0.0
Total current payable tax on net income		0.0	0.0

1) Current tax on the Balance Sheet:	31.12.00	01.01.00
Payable taxes on the net income for the year	0.0	0.0
Taxes payable on contributions from Group companies	0.0	0.0
Total payable taxes	0.0	0.0

Specification on the basis for deferred taxes:	31.12.00	01.01.00
Offsetting differences:		
Fixed assets	+/- -1,648.8	-1,500.9
Current assets	+/- -360.2	-264.2
Liability	+/- -233.4	-204.7
Loss carry forward	- -601.4	-685.3
Total	-2,843.8	-2,655.1

Deferred tax asset (-) / deferred tax (+) on the Balance Sheet	Tax: 28 %	-796.3	-743.4
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Differences that are not off set:

Fixed assets	-	4.7	67.3
Current assets	-	0.0	0.0
Liability	-	0.0	0.0
Loss carry forward	+	0.0	0.0
Total		4.7	67.3

Deferred tax asset	Tax: 28 %	1.3	18.8
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Deferred tax asset (-) / deferred tax (+) on the Balance Sheet:

Deferred tax asset (-) / deferred tax (+)		-795.0	-724.6
Deferred tax asset for received Group contribution		8.2	0.0
Total deferred tax asset / deferred tax on the Balance Sheet		-786.8	-724.6

Tax loss carry forwards expire in 2004. Note 9.1 Contingencies give some more information regarding this matter.

Deferred tax asset in the consolidated financial statement:

Some of the subsidiaries have negative temporary differences. Net deferred tax asset at December 31, 2000 are booked with totally NOK 795.5 mill.

Note 8.3 Taxation (continued)**Fokus Bank Group**

There exist offsetting differences between financial and tax values at December 31, 2000. The deferred tax liabilities/deferred tax assets are calculated on basis of these differences.

Tax expense for the year:	31.12.00	01.01.00
Current tax payable on net income for the year	0.0	0.0
Changes in deferred tax by Norwegian companies	-71.9	115.1
Total tax expense for the year	-71.9	115.1
Applied to extraordinary item	0.0	0.0
Tax expense for ordinary profit	-71.9	115.1

Payable current tax expense for the year:	31.12.00	01.01.00
Profit before taxes and extraordinary items	-248.0	457.3
Profit before taxes on extraordinary items	0.0	0.0
Permanent differences	+/- 20.2	4.0
Changes in temporary differences	+/- 227.8	-464.9
Basis for current tax by Norwegian companies	0.0	0.0

Current taxes payable:	1) Tax: 28 %	0.0	0.0
Income from Norwegian companies		0.0	0.0
Current tax payable on net income for the year from Norwegian companies		0.0	0.0
Current tax payable on net income for the year from foreign companies		0.0	0.0
Total current payable tax on net income		0.0	0.0

1) Current tax on the Balance Sheet:	31.12.00	01.01.00
Payable taxes on the net income for the year	0.0	0.0
Taxes payable on contributions from Group companies	0.0	0.0
Total payable taxes	0.0	0.0

Specification on the basis for deferred taxes:	31.12.00	01.01.00
Offsetting differences:		
Fixed assets	+/- -1,610.9	-1,517.7
Current assets	+/- -375.5	-263.7
Liability	+/- -234.7	-204.9
Loss carry forward	- -620.1	-689.1
Total	-2,841.2	-2,675.4

Deferred tax asset (-) / deferred tax (+) on the Balance Sheet	Tax: 28 %	-795.5	-749.1
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Differences that are not off set:

Fixed assets	-	4.7	67.3
Current assets	-	0.0	0.0
Liability	-	0.0	0.0
Loss carry forward	+	0.0	0.0
Total		4.7	67.3

Deferred tax asset	Tax: 28 %	1.3	18.8
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Deferred tax asset (-) / deferred tax (+) on the Balance Sheet:

Deferred tax asset (-) / deferred tax (+)	-802.5	-730.3
Deferred tax asset for received Group contribution	8.2	0.0
Total deferred tax asset / deferred tax on the Balance Sheet	-794.3	-730.3

Tax loss carry forwards expire in 2007. Note 9.1 Contingencies give some more information regarding this matter.

Deferred tax asset in the consolidated financial statement:

Some of the subsidiaries have negative temporary differences. Net deferred tax asset at December 31, 2000 are booked with totally NOK 794.3 mill.

Note 8.4. Guarantees / pledged assets

Parent Bank			Group	
1999	2000	NOK million	2000	1999
1,558	1,585	Payment guarantees	1,585	1,558
714	658	Contract guarantees	658	714
819	800	Loan guarantees	800	819
6	23	Guarantees for taxes due etc.	23	6
10	14	Other guarantee liabilities	14	10
3,107	3,080	Guarantee liabilities	3,080	3,107
		Pledged assets		
1,930	1,873	Government bonds and certificates with a total book value of:	1,873	1,930
		Pledged as security for:		
0	0	The Group's property and stockbroking activities amounting to:	0	0
1,930	0	Group daily lending from Norges Bank in total	0	1,930
		Total book value of bank buildings and other real estate:	10.3	17.0
17.0	10.3			
0.2	0.2	Pledged as securities for loans amounting to:	0.2	0.2

Note 8.5. Subsidiaries

The Parent Bank's Profit and Loss Account includes the following items relating to subsidiaries:

NOK million	2000	1999
Loans and other receivables		
Loans to and receivables from credit institutions	186.0	200.3
Loans to and receivables from customers	0.0	0.0
Certificates, bonds and other interest bearing securities with fixed return	0.0	28.5
Other receivables	36.7	4.4
Total loans and receivables	215.2	233.2
Deposits and other liabilities		
Debt to credit institutions	102.3	0.0
Deposits from and debt to customers	0.0	116.0
Debt securities in issue	0.0	0.0
Subordinated loan capital	0.0	0.0
Total deposits and other liabilities	102.3	116.0
Guarantees	0.0	0.0

Note 8.6. Provisions for commitments and costs

Parent Bank			Group	
1999	2000	NOK million	2000	1999
150.6	145.9	Pension commitments etc.	146.3	150.6
0.0	0.0	General provisions for guarantee responsibilities	5.2	5.3
73.3	87.5	Other provisions for commitments and costs	87.7	74.3
223.9	233.4	Total provisions for commitments and costs	239.2	230.2

Note 8.7. Financial derivatives and financial risk management

The information in this note applies to Fokus Bank ASA only. The other consolidated group companies do not perform any such business.

Financial derivatives is the blanket term describing agreements where the value is dependent on one or more financial products. Fokus Bank enters into agreements for determining future rates of exchange and interest rate conditions both as a service to customers and from a commercial perspective.

Hedging contracts

Currency derivatives and interest rate derivatives are used actively to hedge Balance Sheet items and thus reduce exchange and interest rate risk. Hedging contracts are immediately taken out of the Bank's trading portfolio at time of entering, but are reported as a part of the Bank's total exchange and interest rate positions. All other financial derivatives are termed as trading contracts.

At 31.12.00, the Bank had the following outstanding financial derivatives:

NOK 1,000	Nominal values 2000		Actual value 2000	
	Hedging	Trade	Hedging	Trade
Currency derivatives				
Currency term contracts	0	18,044,474	0	-277,951
Purchased currency options	0	164,191	0	1,124
Sold currency options	0	164,191		-1,124
Interest rate and currency swaps	1,213,120	0	-162,407	0
Interest rate derivatives				
FRA	0	14,765,000	0	1,865
Futures	0	0	0	0
Interest rate swaps	12,290,985	2,987,373	19,452	395
Purchased interest rate options	55,000	522,205	1,949	8,009
Sold interest rate options	330,000	522,205	-11,692	-8,009

Comments

Internal transactions have not been included. Only one part of the currency related agreements have been included, that is the part the Bank is to receive.

The nominal value is calculated from the contractual amount being used as the bases for the interest rate calculation or the bases for a possible future currency exchange.

The contractual amounts in foreign currencies have been re-calculated in NOK based on the year-end exchange rates.

Credit and market risk

The Bank's exposure in currency and interest rate instruments is credit exposed. The major transactions are mainly carried out with Den Danske Bank. Trading in the instruments are evaluated by the Bank's ordinary credit committees. The individual counterparties are evaluated and limits are established for the credit risk each naturally can undertake for these kinds of instruments. The instruments that each can utilise are specified within the limits. The products weight differently within the limits subject to the credit risk inherent in each product. The Bank's foreign exchange system is updated with the customers' utilisation of single products as well as groups of products within the established limits.

The assigned limits are surveyed in order to avoid limit overdraft.

Control of credit authorisation is maintained by regular reporting between the Foreign Exchange Department and the credit committees, as regards limit utilisation and maintaining the limits.

Contractual set-off has been arranged with other banks. For other customers, set-off agreements are sought established, whilst this type of business is also included by established collateral.

At 31. 12 2000, the Bank's credit equivalent values amounted to:

NOK 1,000	Credit equivalent value 2000		
	Hedging	Trade	Total
Currency derivatives			
Currency term contracts	0	327,268	327,268
Currency options	0	2,766	2,766
Interest rate and currency swaps	60,656	0	60,656
Interest rate derivatives			
FRA	0	9,920	9,920
Futures	0	0	0
Interest rate swaps	109,580	40,375	149,955
Interest rate options	2,224	11,703	13,927
Total	172,460	392,032	564,492

The credit equivalent value is calculated as the total risk related to contracts which, according to the current market value, will give the bank a gain and the probability of further gain follows the future development of market values. The contractual amounts in foreign currency have been recalculated to NOK at 31.12.00.

Market risk is limited by position limits and continuous reporting and monitoring of foreign exchange and interest rate positions. Position limits are defined at section and department levels based on overall limits established by the Bank's Board of Directors and administration. Foreign exchange exposure is largely based on the recommendations and limits laid down by Norges Bank. The limits for interest rate positions have been established at a level which reduces risk while at the same time allowing a reasonable level of daily business to be conducted. All interest rate limits are based on sensitivity limits distributed on gap. The Capital Markets department conducts ordinary monitoring of trading activities. In addition, the settlements department carries out an independent monitoring/supervision of position limits. Positions in equity instruments are controlled by position limits that are followed up by the performing department and the settlements department. The Bank's liquidity risk is controlled by guidelines for the composition of the Bank's funding. The guidelines are followed up daily by the head of the department and through monthly reporting to the Bank's management.

Foreign exchange rate sensitivity at year-end

The result effects of negative foreign exchange rate developments

	Trade	Bank	Total
All currencies	6 426	0	3 902
1.0 % foreign exchange rate change	64	0	39

The figures show the result effect if the foreign exchange rate development for all net positions per currency is negative. The total of all absolute values per currency is used to calculate the result effect.

Lending commitments

The Bank has committed itself to future transactions, which may result in the Bank taking on a credit exposure.

At 31.12.00, these commitments amounted to NOK 100 million in addition to the amounts presented in the Bank's Balance Sheet.

Note 8.8. Administration of financial applicanes

Order: § 8-15: It shall be informed of the value of financial instruments managed by the institution under own brand, but on due purpose of which, and that the institution claim the formal right to, cf. § 7-1. The information shall be given on each assets- and liability item.

Chap. 9 Other

Note 9.1. Contingencies

The Bank is, as a consequence of the ordinary operation, involved in legal disputes and procedures concerning disputed claims, including claims for damages directed at the Bank. The claims have been assessed in accordance with Norwegian Accounting standard concerning contingencies. The assessment concludes that it is not likely that the advanced claims will lead to any substantial compensations. Hence, no specific provision concerning such payments has been made in the accounts.

In 1991, the Commercial Bank Guarantee Fund injected equity capital in the Bank as preference capital amounting to NOK 2,150 million. The preference capital was later written down to zero against uncovered losses. The tax authorities have given the Bank notice of changed taxation for the period 1992-1994. The Bank has objected the notice from the tax authorities, which claims that the loss carried forward is to be reduced with an amount equalling the preference capital.

Fokus Bank ASA has taken legal action against the Government represented by Sør-Trøndelag Tax Office, following the Sør-Trøndelag County Tax Committee overruling the decision in the Trondheim Tax Committee, the latter committee supporting the Bank's view. This matter will be appointed in Trondheim Byrett on October 8, 2001.

A further NOK 250 million of the loss carried forward may be annulled as a result of matters relating to an unlimited company (ANS) with investments in real estate. The Bank has deducted a loss of NOK 250 million as a result of its involvement. At this date, the tax authorities have not given any formal notice of changed taxation, but the Bank has been asked to produce documentation concerning the matter.

Note 9.2. Cash flow statement

Parent Bank			Group	
1999	2000	NOK million	2000	1999
3,610	3,979	Interest income and credit commissions received	4,002	3,620
2,501	3,012	Interest expenses	2,979	2,493
256	535	Other operating income received	602	305
898	667	Other operating expenses paid	769	924
55	85	Recoveries from previously made loan loss provisions	85	55
0	0	Tax paid	0	0
522	921	Net operating cash flow	940	563
143	(138)	Reduction/(increase) in loans to / deposit in credit institutions	(237)	112
(3,025)	(3,608)	Reduction/(increase) in lending	(5,944)	(3,019)
52	68	Reduction/(increase) in other receivables	15	(87)
1,363	274	Increase/(reduction) in loans and deposit from credit institutions	1,724	1,363
534	4,366	Increase/(reduction) in deposits from customers	4,436	549
	0	Increase/(reduction) in certificates liability	0	0
14	330	Increase/(reduction) in other liabilities	351	122
(919)	1,293	Net cash flow from ordinary financial activities	344	(960)
(39)	(953)	Investments in fixed assets	(124)	(41)
405	39	Sale of fixed assets	96	425
366	-914	Net cash flow from investments in fixed assets	(28)	384
(115)	(557)	Increase/(reduction) in bonds issued	(557)	(115)
103	183	Increase/(reduction) in subordinated loan capital	183	103
(3)	0	Added share capital / preference capital	0	(4)
0	27	Change in equity	70	0
(15)	(347)	Net cash flow from financing	(304)	(16)
(46)	952	Net change in cash and short-term investments	953	(29)
463	41	Reduction/(increase) in cash	41	463
(194)	(341)	Dividend paid for last year	(341)	(194)
(223)	(652)	Net purchase/(sale) of short-term investments in securities	(653)	(241)
46	(952)	Total change in cash and change in short-term investments	(953)	28

Note 9.3. Changes in Group constitution

The boards of directors in Fokus Bank ASA and Central Finans AS carried on April 27, 2000 to recommend merge between the two companies. The merge was implemented accounting by consistency method and the financial statement of Central Finans AS was incorporated in the financial statement of Fokus Bank ASA from January 1, 2000.