

## Note 16 - Credit risk exposure for each internal risk rating

The Bank uses a special classification system for monitoring credit risk in the portfolio. Risk classification is based on each individual exposure's probability of default. In the table below this classification is collated with corresponding rating classes at Moody's.

Historical default data are parent bank figures showing the default ratio (DR) per credit quality step. The figures are an unweighted average of customers with normal scores in the period 2006-2011.

Historical data are restated in accordance with new calculations of estimated defaults. See note 3, Risk factors, and the section on probability of default.

Credit quality step	Probability of default			Historical default	Collateral cover		
	From	To	Moody's		Collateral class	Lower limit	Upper limit
A	0.00 %	0.10 %	Aaa-A3	0.04 %	1	120	
B	0.10 %	0.25 %	Baa1-Baa2	0.10 %	2	100	120
C	0.25 %	0.50 %	Baa3	0.23 %	3	80	100
D	0.50 %	0.75 %	Ba1	0.56 %	4	60	80
E	0.75 %	1.25 %	Ba2	0.68 %	5	40	60
F	1.25 %	2.50 %		1.57 %	6	20	40
G	2.50 %	5.00 %	Ba2-B1	3.67 %	7	0	20
H	5.00 %	10.00 %	B1-B2	6.97 %			
I	10.00 %	99.99 %	B3-Caa3	19.61 %			
J	Default						
K	Written down						

The Bank's exposures are classified into one of five risk groups based on credit quality step. Previously this was a combination of credit quality step and collateral class. "Defaulted and written down" is also present. See the table below.

Credit quality step	Risk groups
A - C	Lowest risk
D - E	Low risk
F - G	Medium risk
H	High risk
I	Highest risk
J - K	Default and written down

Parent bank (NOK million)	Averaged unhedged exposure	Total exposure	Averaged unhedged exposure	Total exposure	Averaged unhedged exposure	Total exposure
	2011	2011	2010	2010	2009	2009
Lowest risk	4.6 %	39,296	5.2 %	35,521	6.4 %	29,758
Low risk	8.1 %	20,185	7.5 %	18,030	11.1 %	18,056
Medium risk	12.5 %	21,743	15.7 %	20,676	13.5 %	14,722
High risk	9.3 %	2,063	10.8 %	2,364	26.1 %	4,206
Highest risk	10.0 %	1,811	9.6 %	2,500	8.8 %	1,745
Default and written down	29.1 %	463	27.4 %	595	21.4 %	710
<b>Total</b>		<b>85,561</b>		<b>79,685</b>		<b>69,197</b>

Group (NOK million)	Averaged unhedged exposure	Total exposure	Averaged unhedged exposure	Total exposure	Averaged unhedged exposure	Total exposure
	2011	2011	2010	2010	2009	2009
Lowest risk	4.5 %	39,478	5.2 %	35,847	6.4 %	31,369
Low risk	7.5 %	20,891	7.5 %	17,994	11.1 %	18,832
Medium risk	11.8 %	22,177	15.7 %	21,876	13.5 %	14,376
High risk	9.3 %	2,494	10.8 %	2,781	26.1 %	4,311
Highest risk	10.0 %	2,168	9.6 %	2,961	8.8 %	1,854
Default and written down	29.1 %	542	27.4 %	710	21.4 %	820
<b>Total</b>		<b>87,750</b>		<b>82,170</b>		<b>71,562</b>