

Note 12 - 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 2006-2012.

Historical data are restated in accordance with new calculations of estimated defaults. See note 6 Risk factors, and the section on probability of default.

Credit quality step	Probability of default			Historical default	Collateral class	Collateral cover	
	From	To	Moody's			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
	2012	2012	2011	2011
Lowest risk	4.6 %	38,451	4.6 %	39,296
Low risk	7.3 %	23,748	8.1 %	20,185
Medium risk	9.2 %	19,483	12.5 %	21,743
High risk	12.8 %	2,994	9.3 %	2,063
Highest risk	6.3 %	2,059	10.0 %	1,811
Default and written down	25.2 %	417	29.1 %	463
Total		87,152		85,561

Group (NOK million)	Averaged unhedged exposure	Total exposure	Averaged unhedged exposure	Total exposure
	2012	2012	2011	2011
Lowest risk	4.5 %	38,760	4.5 %	39,478
Low risk	7.1 %	24,474	7.5 %	20,891
Medium risk	8.8 %	20,241	11.8 %	22,177
High risk	11.5 %	3,344	9.3 %	2,494
Highest risk	5.4 %	2,406	10.0 %	2,168
Default and written down	20.4 %	517	29.1 %	542
Total		89,744		87,750