

Norway

Key Rating Drivers

Exceptionally Strong Fundamentals: Norway's credit profile is supported by extremely strong sovereign and external balance sheets, very strong institutions and high GDP per capita. The sharp increase in revenues from the surge in energy prices further strengthened Norway's sovereign and external balance sheets in 2022.

Robust Economy; Booming Energy Sector: Nominal GDP of the overall economy, including offshore energy production, grew by more than 30% in 2022, primarily due to the surge in energy prices in Europe triggered by the war in Ukraine. Meanwhile, real GDP was far more subdued, increasing by 3.3% and forecasted to slow to 1.6% in 2023. Fitch Ratings expects the economy to cool from its strong cyclical position, primarily due to weak household consumption as high inflation erodes real incomes.

Very Large Fiscal Buffer: The petroleum revenues go directly to the sovereign wealth fund (Government Pension Fund, GPF). Its value was NOK12,730 billion (USD1.2 trillion) at end-2022, about 3.5x mainland GDP. The value of the fund was largely stable from 2021 due to large opposite drivers in 2022. The global fall in financial markets led to significant negative effects, mitigated by the depreciation of the Norwegian krone. Inflows surged in 2022 on higher oil prices and especially due to a very strong increase in gas prices in Europe.

Ample Fiscal Space: Norway's internationally comparable overall budget balance, including the surge in petroleum revenues, recorded a surplus of 26% of GDP in 2022. The structural non-oil budget deficit, the key domestic fiscal indicator, was 9.5% of mainland trend GDP in 2022, compared with a peak of 11.6% of GDP in 2020. The government expects 10% deficit in 2023.

Norway's fiscal rule sets a 3% target for the annual transfers from the GPF over the economic cycle, corresponding to the expected real return of the fund over the longer run. The actual transfer necessary to balance the public finances was 2.7% in 2022, still within the limits of the rule.

Persistent Inflation; Monetary Tightening: Headline inflation fell from its autumn peak to 6.7% in May 2023, while core inflation stabilised above 6.0% over the past months, illustrating the more persistent underlying price pressures in the economy. Against this background, Norges Bank has continued its monetary tightening cycle since our last rating review in January 2023. The main interest rate was raised to 3.75% on 22 June 2023.

House Price Adjustment: Nominal house prices were broadly stable between May 2022 and May 2023, following a cumulative 17% increase during the pandemic (1Q20 to 1Q22). Fitch believes that a downward correction in house prices remains a risk, given the combination of tightened financing conditions and high mortgage debt, of which 90% is variable rate. In case of a sharper housing market correction, overall household consumption could decline significantly, with negative spillover to the broader real economy and the banking sector.

Solid Banking Sector: Banks' strong balance sheets, including solid capitalisation and leverage and low non-performing loans, mitigate financial-sector vulnerabilities. Norwegian banks have remained profitable in recent years, benefiting from higher interest rates, loan growth and muted credit losses. In 2023, we expect higher but easily manageable loan impairment charges, mainly sourced from sectors vulnerable to higher interest rates, commodity and energy prices.

Housing and commercial real estate loans (the majority of banks' credit exposure) will be under some pressure, but should perform well due to prudent underwriting.

This report does not constitute a new rating action for this issuer. It provides more detailed credit analysis than the previously published Rating Action Commentary, which can be found on www.fitchratings.com.

Ratings

Foreign Currency

Long-Term IDR	AAA
Short-Term IDR	F1+

Local Currency

Long-Term IDR	AAA
Short-Term IDR	F1+

Country Ceiling

AAA

Outlooks

Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable

Rating Derivation

Component	
Sovereign Rating Model (SRM)	AAA
Qualitative Overlay (QO)	0
Structural features	0
Macroeconomic	0
Public finances	0
External finances	0
Long-Term Foreign-Currency IDR	AAA
Source: Fitch Ratings	

Data

	2022
GDP (USDbn)	579
Population (m)	5.4
Source: Fitch Ratings	

Applicable Criteria

[Sovereign Rating Criteria \(April 2023\)](#)
[Country Ceilings Criteria \(July 2020\)](#)

Related Research

[Fitch Affirms Norway at 'AAA'; Outlook Stable \(June 2023\)](#)
[Global Economic Outlook \(June 2023\)](#)
[Interactive Sovereign Rating Model](#)
[Fitch Fiscal Index – Analytical Tool](#)
[Click here for more Fitch Ratings content on Norway](#)

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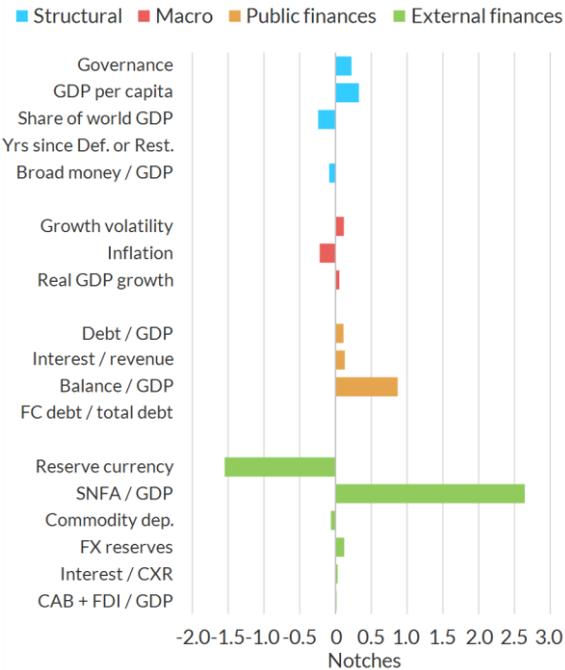
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Rating Summary

Long-Term Foreign-Currency Issuer Default Rating: AAA

Sovereign Rating Model: AAA

Contribution of variables, relative to AAA Median



Qualitative Overlay: 0

Adjustments relative to SRM data and output

Structural features: No adjustment.

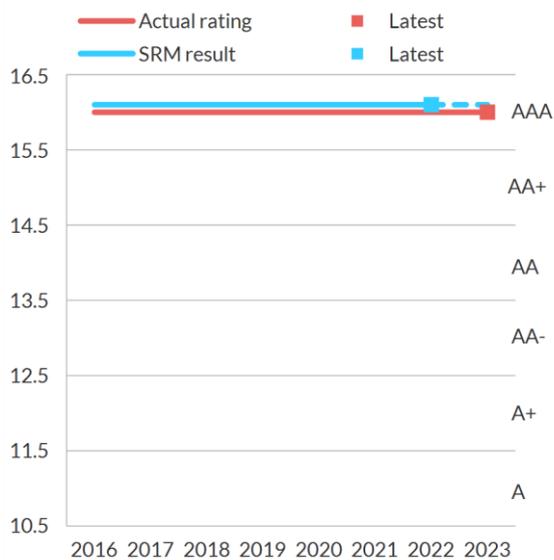
Macroeconomic outlook, policies and prospects: No adjustment.

Public finances: No adjustment.

External finances: No adjustment.

Note: See Peer Analysis table for summary data, including rating category medians; see the Full Rating Derivation table for detailed SRM data.
Source: Fitch Ratings

Sovereign Rating Model Trend



Recent Rating Derivation History

Review Date	LT FC IDR	SRM Result ^{ab}	QO			
			S	M	PF	EF
Latest	AAA	AAA	0	0	0	0
20 Jan 23	AAA	AAA	0	0	0	0
29 Jul 22	AAA	AAA	0	0	0	0
4 Feb 22	AAA	AAA	0	0	0	0
6 Aug 21	AAA	AAA	0	0	0	0
12 Feb 21	AAA	AAA	0	0	0	0
28 Aug 20	AAA	AAA	0	0	0	0
28 Feb 20	AAA	AAA	0	0	0	0
30 Aug 19	AAA	AAA	0	0	0	0
15 Mar 19	AAA	AAA	0	0	0	0

^a The latest rating uses the SRM result for 2022 from the chart. This will roll forward to 2023 in July 2023).
^b Historical SRM results in this table may differ from the chart, which is based on our latest data, due to data revisions.
Abbreviations: LT FC IDR = Long-Term Foreign-Currency Issuer Default Rating; SRM = Sovereign Rating Model; QO = Qualitative Overlay
Source: Fitch Ratings

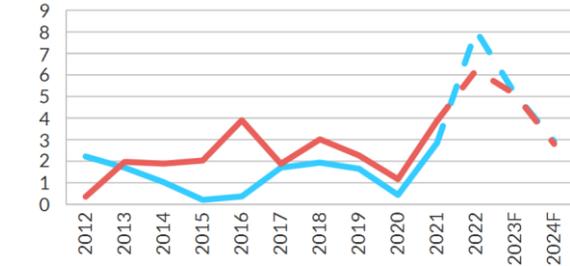
Peer Analysis

— Norway

— AAA Median

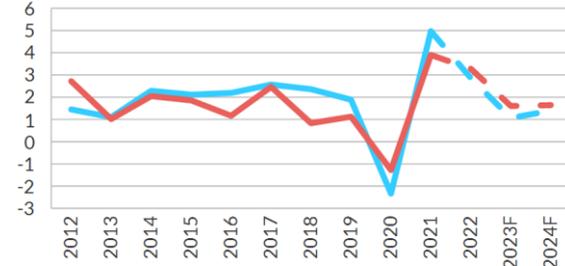
Consumer Price Inflation

(annual avg, %)



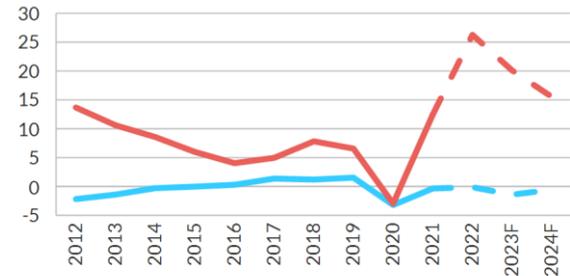
Real GDP Growth

(%)



General Government Balance

(% GDP)



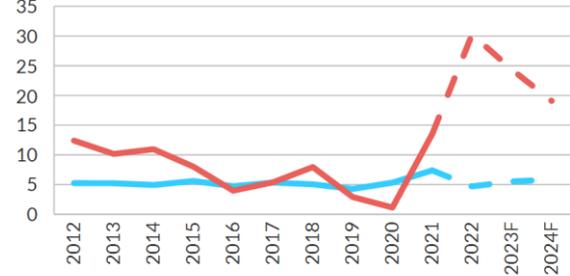
Gross General Government Debt

(% GDP)



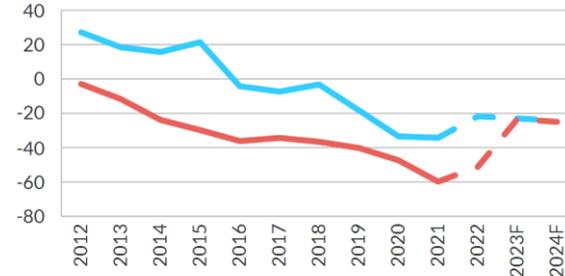
Current Account Balance

(% GDP)



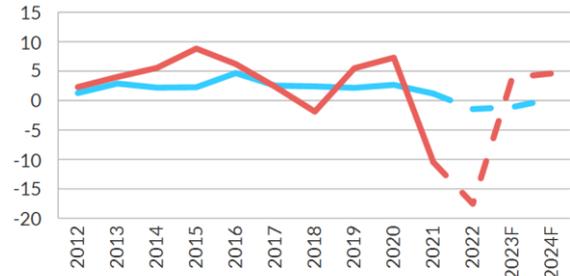
Net External Debt

(% GDP)



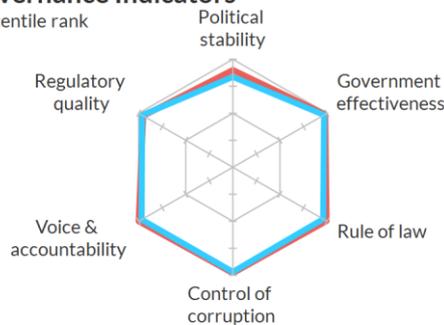
Real Private-Sector Credit Growth

(%)



Governance Indicators

Percentile rank



Source: Fitch Ratings, Statistical Office, Ministry of Finance, IMF, World Bank

Peer Analysis

2022 ^a	Norway	AAA median	AA median	A median
Structural features				
GDP per capita (USD) [SRM]	106,880	71,535	48,072	29,474
Share in world GDP (%) [SRM]	0.6	0.0	0.0	0.0
Composite governance indicator (percentile, latest) [SRM]^b	96.8	93.9	84.3	75.0
Human development index (percentile, latest)	99.4	94.7	89.4	82.2
Broad money (% GDP) [SRM]	55.1	96.0	98.3	93.1
Private credit (% GDP, 3-year average)	123.9	124.2	104.2	76.1
Dollarisation ratio (% bank deposits, latest)	24.1	16.7	12.6	10.3
Bank system capital ratio (% assets, latest)	23.1	15.0	16.1	15.7
Macroeconomic performance and policies				
Real GDP growth (% , 3-year average) [SRM]	2.9	2.1	2.2	3.7
Real GDP growth volatility (complex standard deviation) [SRM]	1.6	1.9	2.3	2.9
Consumer price inflation (% , 3-year average) [SRM]	5.1	1.8	2.2	2.3
Unemployment rate (%)	3.2	5.4	5.0	6.4
Public finances (general government)^c				
Balance (% GDP, 3-year average) [SRM]	19.6	-0.2	-0.8	-2.3
Primary balance (% GDP, 3-year average)	19.1	1.2	0.8	-0.5
Interest payments (% revenue, 3-year average) [SRM]	0.8	3.8	3.7	4.6
Gross debt (% revenue, 3-year average)	64.5	113.5	138.1	134.0
Gross debt (% GDP, 3-year average) [SRM]	39.2	44.1	39.6	40.9
Net debt (% GDP, 3-year average)	31.9	37.5	35.0	35.9
FC debt (% gross debt, 3-year average) [SRM]	0.0	0.0	0.5	10.4
External finances^c				
Current account balance (% GDP, 3-year average)	22.7	4.8	1.0	0.9
Current account balance + net FDI (% GDP, 3-year average) [SRM]	20.2	2.0	0.6	2.4
Commodity dependence (% CXR) [SRM]	30.0	14.3	15.0	11.5
Gross external debt (% GDP, 3-year average)	127.5	174.7	117.8	64.6
Net external debt (% GDP, 3-year average)	-44.8	16.2	-13.6	-8.6
Gross sovereign external debt (% GXD, 3-year average)	21.1	11.1	16.3	17.7
Sovereign net foreign assets (% GDP, 3-year average) [SRM]	240.4	-4.9	4.9	11.7
External interest service (% CXR, 3-year average) [SRM]	2.8	7.3	4.0	2.4
Foreign-exchange reserves (months of CXP) [SRM]	4.2	1.4	3.1	4.6
Liquidity ratio	61.1	49.6	61.6	105.1

^a 3-year averages are centred on this year. Fitch does not forecast indicators labelled 'latest', meaning data may be lagging.

^b Composite of all six World Bank Worldwide Governance Indicators (see chart on the previous page).

^c See Appendix 2: Data Notes and Conventions for details of data treatment for public finances and external finances.

Source: Fitch Ratings, Statistical Office, Ministry of Finance, IMF, World Bank, United Nations

Supplementary Information

BSI / MPI = a / 2. About the BSI and MPI: Fitch's bank systemic indicator (BSI) equates to a weighted average Viability Rating. The macro-prudential risk indicator (MPI) focuses on one potential source of financial stress, ranging from '3' - high potential vulnerability to financial stress over the medium term based on trends in credit expansion, equity and property prices and real exchange rates - to '1' - low likelihood. For more information, refer to Fitch's most recent Macro-Prudential Risk Monitor report. Year cured from the most recent default or restructuring event, since 1980 = No event.

The de facto exchange-rate regime, based on the latest IMF Annual Report on Exchange Arrangements and Exchange Restrictions report, is 'Free floating'.

Rating Factors

Strengths

- Norway has a very rich economy with per-capita GDP more than 50% above the peer median.
- Exceptionally strong governance indicators in the 98th percentile; Norway has the highest Human Development Index among Fitch-rated sovereigns.
- Real GDP growth is above the peer median at an average of 3.1% forecast for 2021-2023, and growth volatility is also more favourable than peers.
- Fiscal indicators, budget and primary balance, interest expenditure and net debt are all stronger than 'AAA' median.
- Norway is a net external creditor, and the current account surplus is more than twice the peer median.

Weaknesses

- Commodity dependence is higher than most peers. However, as petroleum revenues go directly to the sovereign wealth fund, overheating risks are limited.
- Inflation is above the peer median and also persistently above the central bank's 2% target.
- House prices grew significantly during the pandemic and no correction has taken place so far.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- **Macro:** A sharp correction in the Norwegian residential and/or commercial real-estate market or large losses on trading and lending portfolios resulting in a severe and protracted macroeconomic shock.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- The ratings are at the highest level on Fitch's scale and therefore cannot be upgraded.

Rating	Sovereign
AAA	Norway
	Australia
	Denmark
	Germany
	Luxembourg
	Netherlands
	Singapore
	Sweden
	Switzerland
	United States of America
AA+	Austria
	Canada
	Finland
	New Zealand

Source: Fitch Ratings

Forecast Summary

	2019	2020	2021	2022	2023F	2024F
Macroeconomic indicators and policy						
Real GDP growth (%)	1.1	-1.3	3.9	3.3	1.6	1.6
Unemployment (%)	3.9	4.8	4.4	3.2	3.1	3.1
Consumer price inflation (annual average % change)	2.3	1.2	3.9	6.2	5.1	2.8
Policy interest rate (annual average, %)	1.1	0.4	0.1	1.3	3.4	3.5
General government balance (% GDP)	6.6	-3.0	12.5	26.3	20.1	15.5
Gross general government debt (% GDP)	39.9	45.2	42.5	37.4	37.6	37.9
NOK per USD (annual average)	8.8	9.4	8.6	9.6	9.6	9.6
Real private credit growth (%)	5.5	7.3	-10.5	-17.5	3.9	4.6
External finance						
Merchandise trade balance (USDbn)	15.8	2.1	63.7	167.0	134.8	105.0
Current account balance (% GDP)	2.9	1.1	13.5	30.3	24.4	19.1
Gross external debt (% GDP)	153.9	186.4	137.7	122.8	122.0	121.2
Net external debt (% GDP)	-40.2	-47.4	-59.8	-51.2	-23.3	-25.0
External debt service (principal + interest, USDbn)	85.0	86.7	96.9	99.1	106.4	107.5
Official international reserves including gold (USDbn)	66.9	75.3	84.3	72.1	72.1	72.1
Gross external financing requirement (% international reserves)	96.8	111.9	32.0	-103.3	-66.0	-23.1
Real GDP growth (%)						
US	2.3	-2.8	5.9	2.1	1.0	0.8
China	6.0	2.2	8.4	3.0	5.2	4.8
Eurozone	1.3	-6.4	5.4	3.5	0.8	1.4
World	2.6	-3.3	6.1	2.7	2.0	2.4
Oil (USD/barrel)	64.1	43.3	70.6	98.6	85.0	75.0

Source: Fitch Ratings

Sources and Uses

Public Finances (General Government)

(NOKbn)	2022	2023
Uses	252.2	226.5
Budget surplus	282.1	256.7
MLT amortisation	30.2	30.2
Domestic	30.2	30.2
External	0.0	0.0
Sources	-	-
Gross borrowing	-252.2	-226.6
Domestic	-252.2	-226.0
External	0.0	0.0
Privatisation	0.0	0.0
Other	-	-
Change in deposits	-0.4	-9.1

Source: Fitch Ratings

External Finances

(USDbn)	2022	2023
Uses	-87.0	-47.6
Current account deficit	-175.4	-143.2
MLT amortisation	88.3	95.6
Sovereign	0.0	0.0
Non-sovereign	88.3	95.6
Sources	-176.7	-142.4
Gross MLT borrowing	124.7	131.9
Sovereign	30.3	30.3
Non-sovereign	94.4	101.6
FDI	-103.5	-108.7
Other	-200.3	-165.7
Change in FX reserves	2.4	0.0

Source: Fitch Ratings

Credit Developments

Strong Economic Fundamentals

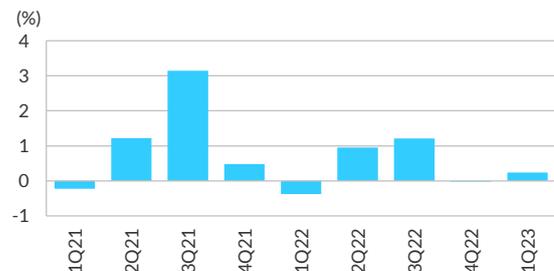
Nominal GDP of the overall economy, including offshore energy production, grew more than 30% in 2022, primarily due to the surge in energy prices in Europe triggered by the war in Ukraine. Real GDP growth was significantly more subdued, only 3.3% and is forecast to slow to 1.6% in 2023. Fitch's assessment is that the economy will cool from its strong cyclical position, due primarily to weak households' consumption as high inflation erodes real incomes. The overheating risks are low as the petroleum revenues go directly to the Government Pension Fund Global (GPF) from the budget.

The mainland economic growth was more resilient in 2022 than in Europe, reflecting the difference in the fallout from the surge in energy prices. Quarterly GDP growth accelerated in mid-2022 to 1.3% in 2Q22 and 1.5% in 3Q22 and there was no contraction during the winter quarters of 4Q22 and 1Q23, unlike in the eurozone.

The sectoral composition of the mainland GDP growth shows that investments grew particularly strongly in 1H22 and slowed afterwards. Household consumption dynamics were much more subdued as the high inflation eroded the purchasing power of households. Car sales, brought forward to end 2022 to avoid the January 2023 tax rises, created some short-term volatility for the consumption data.

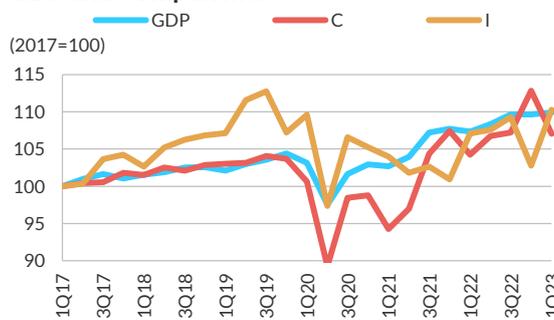
Resilient Economy

Q/q Mainland GDP growth



Source: Fitch Ratings, Haver

GDP and Components



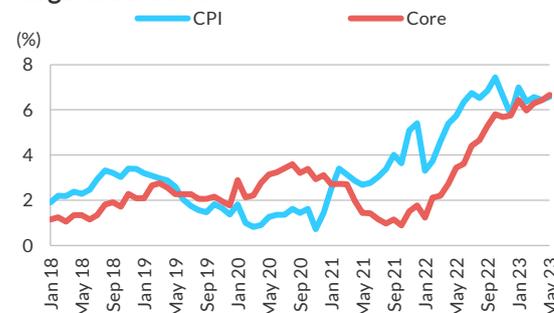
Source: Fitch Ratings, Haver

We expect overall GDP growth to slow to 1.6% in 2023 and stabilise around this rate in 2024. The boost from the energy sector is forecasted to diminish as energy prices normalize in Europe. Real income growth of households will gradually improve, underpinned by strong labour market dynamics and an expected fall in inflation.

Persistent Inflation Pressure, Monetary Tightening Cycle

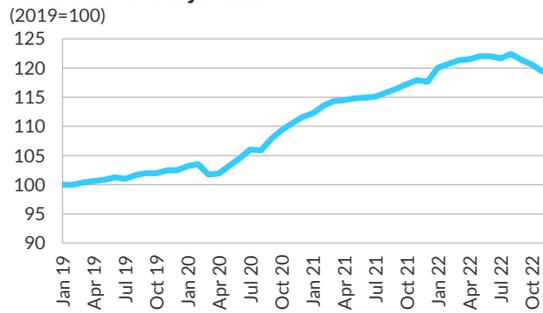
Headline inflation peaked at 7.5% in October 2022 and following some volatility was 6.7% in May 2023. Core inflation stabilised above 6.0% during this period, illustrating the more persistent underlying price pressures. Against this background, Norges Bank has continued its monetary tightening cycle in May and June 2023, the key interest rate was raised to 3.75% on 22 June. However, the bank forecast in June 2023 that the 2% inflation target will not be reached until 2026.

Surge in Inflation



Source: Fitch Ratings, Haver

House Price Adjustment



Source: Fitch Ratings, Haver

Housing Market Adjustment

Nominal house prices were broadly stable over the past 12 months following a cumulative 17% increase during the pandemic period (from 1Q20 to 1Q22). Although it has not yet materialised, a fall in house prices remains possible,

given the combination of tightened financing conditions and high mortgage debt, of which 90% is variable rate. In case of a sharper housing market correction, overall household consumption could decline significantly with negative spillover to the broader real economy and the banking sector.

In case of an abrupt adjustment through significant fall in house prices, overall household consumption could also decline with negative spillovers to the broader real economy and the banking sector. To mitigate these risks, the counter-cyclical capital buffer of banks could be lowered from its current value of 2.5%, the upper end of its 0%-2.5% range.

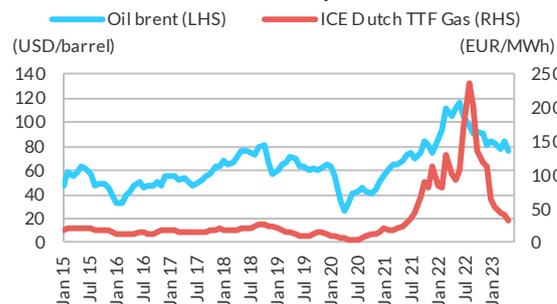
Moderating Energy Prices

Oil prices were broadly stable in 1H23 around USD80/barrel (bbl), well below the peak of USD120/bbl in June 2022. Natural gas prices have continued to decline in 1H23. The TTF gas price peaked above EUR250/megawatt hour (MWh) in September 2022, following the cut to gas flows through the North Stream pipeline. Prices have declined by more than 80% since September as European economies managed to cope better than initially expected without the Russian gas supply. The average monthly price was EUR32/MWh in May 2023. Nevertheless, the average gas price for 2015-2019 was less than EUR20/MWh, still lower than current prices.

Ample Fiscal Space

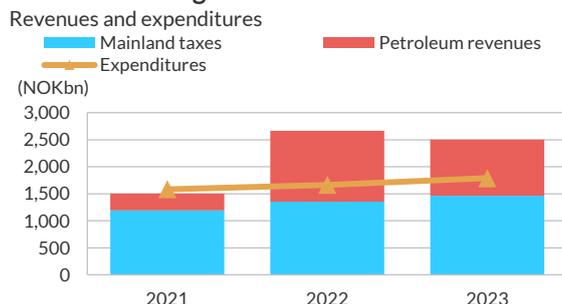
Norway's structural non-oil budget deficit was 9.5% of mainland trend GDP in 2022, down from a peak of 11.6% of GDP in 2020. The growth of mainland taxes, non-petroleum revenues, was 13.8% in 2022, reflecting the high inflation, while expenditures grew by only 5.1% last year. The revenues from petroleum activities rose by 4.2x to NOK1,314 billion in 2022 (36% of mainland GDP) from NOK312 billion in 2021. The internationally comparable overall budget balance, including the surge in petroleum revenues, recorded a surplus of 29% of GDP in 2022. Fitch expects the exceptionally large overall budget surplus to moderate in 2023 and 2024 as energy prices normalise.

Oil and Gas Prices - Monthly



Source: Fitch Ratings, Financial Times, ICE, Haver Analytics

2021-2023 Budget



Source: Fitch Ratings, Revised 2023 Budget

The government expects 10% deficit in 2023 in its updated budget published in May 2023 due to a positive fiscal impulse through higher inflation compensation and support to Ukraine and refugees and lower income from hydropower production. The government forecast expenditures to grow by 7.4% in 2023. Before the pandemic, the structural non-oil deficit was on a widening trend to 7% of GDP in 2019 from below 4% in 2010.

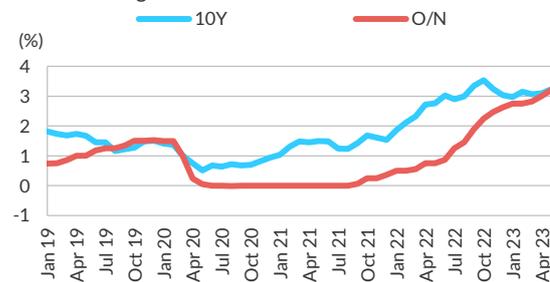
The fiscal stance remains within the limits of Norway's fiscal rule, which sets a 3% target for annual transfers from the GPFG over the economic cycle, corresponding to the expected real return of the fund over the longer run.

Very Large Fiscal Buffer

The value of the GPF assets was NOK12,730 billion at end-2022, about 3.5x mainland GDP. The valuation had large opposite drivers in 2022. The global fall in financial markets, which followed strong growth in the previous years, led to significant negative effects, mitigated by the depreciation of the krone. At the same time, the inflows surged in 2022 on higher oil prices and especially due to a very strong increase in gas prices in Europe.

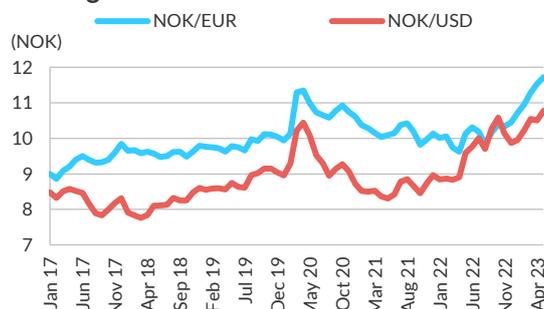
Increasing Yields

Short and Long Rates



Source: Fitch Ratings, Haver

Exchange rate



Source: Fitch Ratings, Haver

NOK Depreciation

The EUR/NOK exchange rate was fairly stable in 2022 at about NOK10/EUR, despite the large real and nominal shocks to the European economy. Depreciating pressure intensified at the beginning of 2023 and the exchange rate in May 2023 was around 15% weaker than in November 2022. The interest rate differential between the euro and the krone yield curve likely played a smaller role in the recent depreciation episode as the monetary tightening cycles of Norges Bank and the ECB became more synchronised. The cumulative krone depreciation against the US dollar since beginning of 2022 was about 10pp more than against the euro, mainly due to EUR/USD movements. The significant depreciation against the dollar helped to mitigate, in krone terms, the fall in the value of the GPFG.

The Norwegian yield curve has shifted up during May and June 2023 and got inverted on the long end as more monetary tightening was priced in. The 10-year yield was about 3.5% in June and the two-year yield about 4%. In a regional comparison the 10-year yield is between the German and the US yields, and above the Swedish yield.

Small Debt Management Operations

The government's borrowing is not for the usual purpose of financing the budget deficits, given the very large GPFG assets. Rather, the borrowing is for the operation of state banks and other public-sector lending programmes, and is indirectly used to provide a yield curve for the financial sector. The total bond debt was NOK488 billion in April 2023, equivalent to only 4.5% of the GPF assets, and T-bills were NOK52 billion. Norges Bank is the debt manager and it issues a new benchmark 10-year bond every year.

Solid Banking Sector

Banks' strong balance sheets, including solid capitalisation and leverage and low non-performing loans, mitigate financial sector vulnerabilities. Norwegian banks have remained profitable in recent years, benefiting from higher interest rates, loan growth and muted credit losses. In 2023, we expect higher but easily manageable loan impairment charges, mainly sourced from sectors vulnerable to higher interest rates, commodity and energy prices. Housing and commercial real estate loans (the majority of banks' credit exposure) will be under some pressure, but should perform well due to prudent underwriting.

About the Public Debt Dynamics

Fitch uses stylised projections for a sovereign's gross general government debt/GDP ratio to illustrate the sustainability of its debt burden and its sensitivity to economic growth, the cost of borrowing, fiscal policy and the exchange rate.

Data Tables

General Government Summary

(% GDP)	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Revenue	54.4	54.2	55.5	56.8	53.4	59.7	63.5	59.2	54.4
Expenditure	50.4	49.2	47.7	50.2	56.4	47.2	37.3	39.1	38.9
o/w interest payments	0.8	0.7	0.7	0.7	0.7	0.6	0.4	0.5	0.5
Interest payments (% revenue)	1.4	1.2	1.2	1.2	1.3	0.9	0.7	0.8	0.9
Primary balance	3.3	4.3	7.2	5.9	-3.6	11.9	25.8	19.6	15.0
Overall balance	4.0	5.0	7.8	6.6	-3.0	12.5	26.3	20.1	15.5
Gross government debt	37.0	37.5	38.9	39.9	45.2	42.5	37.4	37.6	37.9
% of government revenue	68.0	69.2	70.0	70.3	84.6	71.2	58.8	63.5	69.7
Domestic debt	15.1	15.3	15.8	16.3	18.4	17.3	15.2	15.3	15.5
External debt	21.9	22.2	23.0	23.6	26.8	25.2	22.2	22.3	22.5
Local currency	37.0	37.5	38.9	39.9	45.2	42.5	37.4	37.6	37.9
Foreign currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Central government deposits	9.2	9.7	9.2	10.2	11.6	8.4	6.4	6.4	6.4
Net government debt	27.5	27.9	29.0	29.8	34.6	33.8	30.9	31.1	31.6
Financing		-5.0	-7.8	-6.6	3.0	-12.5	-26.3	-20.1	-15.5
Domestic borrowing		1.1	1.6	0.5	1.5	2.2	2.2	0.3	0.3
External borrowing		2.7	1.1	0.5	3.2	2.4	0.9	1.0	0.4
Other financing		-8.8	-10.5	-7.6	-1.8	-17.0	-29.3	-21.4	-16.3
Change in deposits (- = increase)		-1.1	-0.2	-1.0	-1.1	1.1	0.0	-0.2	0.0
Privatisation		-	-	-	-	-	-	-	-
Other		-7.7	-10.4	-6.6	-0.7	-18.1	-29.3	-21.2	-16.3

Source: Fitch Ratings, Ministry of Finance

Balance of Payments

(USDbn)	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Current account	14.8	21.6	35.0	11.9	4.2	66.3	175.4	143.2	113.4
% GDP	4.0	5.4	7.9	2.9	1.1	13.5	30.3	24.4	19.1
Goods	12.9	23.2	33.8	15.8	2.1	63.7	167.0	134.8	105.0
Services	-6.9	-9.3	-8.8	-9.7	-5.4	-0.8	-2.8	-2.8	-2.8
Primary income	15.7	14.5	16.6	12.5	15.3	11.8	17.9	17.9	17.9
Secondary income	-	-	-	-	-	-	-	-	-
Capital account	-8.7	-8.3	-9.6	-11.1	-7.4	-7.4	-7.4	-7.4	-7.4
Financial account	409.8	442.7	493.6	466.3	392.4	549.0	692.2	675.5	662.0
Direct investment	76.0	80.6	88.1	87.6	82.1	98.3	103.5	108.7	114.1
Portfolio investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Derivatives	174.3	191.9	220.2	195.3	157.2	258.5	382.0	355.0	330.6
Other investments	159.5	170.2	185.3	183.4	153.0	192.2	206.7	211.8	217.3
Net errors and omissions	23.8	-13.8	-2.5	-14.7	-5.1	1.6	-72.4	-37.8	-8.1
Change in reserves (+ = increase)	2.7	-0.1	-0.3	0.1	3.8	10.1	-2.4	0.0	0.0
International reserves, including gold	60.4	65.9	63.1	66.9	75.3	84.3	72.1	72.1	72.1
Liquidity ratio (%)	51.2	50.6	50.2	52.0	53.8	57.5	61.1	57.0	57.4
Memo									
Current external receipts (CXR)	174.3	191.9	220.2	195.3	157.2	258.5	382.0	355.0	330.6
Current external payments (CXP)	159.5	170.2	185.3	183.4	153.0	192.2	206.7	211.8	217.3
CXR growth (%)	-9.1	10.1	14.8	-11.3	-19.5	64.4	47.8	-7.1	-6.9
CXP growth (%)	-0.7	6.7	8.8	-1.0	-16.6	25.6	7.5	2.5	2.6
Gross external financing requirement	66.4	58.5	48.6	61.2	74.9	24.1	-87.0	-47.6	-16.7
% International reserves	115.6	96.7	73.8	96.8	111.9	32.0	-103.3	-66.0	-23.1
Net external borrowing	-2.5	0.5	9.3	37.6	15.5	38.4	38.4	38.4	38.4

Source: Fitch Ratings, IMF

External Debt and Assets

(USDbn)	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Gross external debt	613.2	654.1	595.8	629.3	685.3	675.2	711.6	717.2	720.2
% GDP	165.3	162.8	135.5	153.9	186.4	137.7	122.8	122.0	121.2
% CXR	351.8	340.9	270.6	322.2	435.8	261.2	186.3	202.0	217.8
Short-term debt (% GXD)	34.7	36.1	38.7	37.1	34.1	34.6	32.8	32.6	32.4
By debtor									
Sovereign	71.0	78.3	89.0	92.4	106.5	139.0	151.5	154.5	157.5
Monetary authorities	4.4	3.4	3.5	3.6	4.2	10.0	8.4	8.4	8.4
General government	66.6	75.0	85.5	88.8	102.3	129.1	143.1	146.1	149.1
Banks	198.9	209.8	200.3	212.0	232.8	232.0	232.8	232.8	232.8
Other sectors	343.3	366.0	306.6	324.8	346.0	304.2	327.2	329.8	329.8
Gross external assets (non-equity)	747.4	792.0	756.8	793.4	859.4	968.3	1,008.2	854.1	868.6
Sovereign	394.4	421.1	400.7	418.3	442.0	513.6	519.0	482.9	497.4
International reserves, including gold	60.4	65.9	63.1	66.9	75.3	84.3	72.1	72.1	72.1
Other sovereign assets	333.9	355.2	337.6	351.3	366.7	429.4	447.0	410.9	425.4
Banks	101.8	109.4	109.2	114.0	123.9	128.9	130.9	132.9	134.9
Other sectors	306.7	319.4	312.1	332.7	324.1	314.1	312.1	310.1	308.1
Net external debt	-134.2	-137.9	-161.0	-164.1	-174.1	-293.1	-296.7	-137.0	-148.5
% GDP	-36.2	-34.3	-36.6	-40.2	-47.4	-59.8	-51.2	-23.3	-25.0
Sovereign	-323.4	-342.8	-311.7	-325.9	-335.5	-316.2	-317.3	-328.4	-339.9
Banks	152.7	158.3	156.3	169.6	180.7	174.8	173.7	171.7	169.7
Other sectors	36.6	46.6	-5.5	-7.9	21.9	-9.9	15.1	19.7	21.7
International investment position									
Assets	1,538.9	1,759.7	1,661.8	1,918.8	2,127.4	2,360.0	2,223.1	-	-
Liabilities	802.9	876.4	860.2	921.7	987.1	1,038.1	1,040.7	-	-
Net	736.0	883.3	801.6	997.1	1,140.3	1,321.9	1,182.5	-	-
Net sovereign	872.9	1,035.3	945.5	1,142.5	1,275.0	1,328.5	1,228.3	1,401.0	1,449.8
% GDP	235.3	257.7	215.0	279.5	346.8	271.0	212.0	238.3	244.0
External debt service (principal + interest)	93.7	92.3	96.8	85.0	86.7	96.9	99.1	106.4	107.5
Interest (% CXR)	7.2	6.4	6.0	6.1	4.8	2.6	2.8	3.0	3.3

Source: Fitch Ratings, central bank, IMF, World Bank

Full Rating Derivation

Long-Term Foreign-Currency Issuer Default Rating (SRM + QO)

AAA

Sovereign Rating Model		Applied Rating ^d						AAA
		Model Result and Predicted Rating						18.38 = AAA
Input Indicator	Weight (%)	2021	2022	2023	Adjustment to Final Data	Final Data	Coefficient	Output (notches)
Structural features								11.61
Governance indicators (percentile)	21.4	n.a.	96.8	n.a.	-	96.8	0.077	7.50
GDP per capita (USD)	12.4	n.a.	106,880	n.a.	Percentile	99.2	0.038	3.80
Nominal GDP (% world GDP)	13.9	n.a.	0.60	n.a.	Natural log	-0.5	0.627	-0.32
Most recent default or restructuring	4.6	n.a.	None	n.a.	Inverse 0-1 ^a	0.0	-1.822	0
Broad money (% GDP)	1.2	n.a.	55.1	n.a.	Natural log	4.0	0.158	0.63
Macroeconomic performance, policies and prospects								-0.50
Real GDP growth volatility	4.6	n.a.	1.6	n.a.	Natural log	0.5	-0.728	-0.35
Consumer price inflation	3.4	3.9	6.2	5.1	3-yr avg. ^b	5.1	-0.067	-0.34
Real GDP growth	2.0	3.9	3.3	1.6	3-yr avg.	2.9	0.065	0.19
Public finances								-0.06
Gross general govt debt (% GDP)	8.9	42.5	37.4	37.6	3-yr avg.	39.2	-0.023	-0.89
General govt interest (% revenue)	4.5	0.9	0.7	0.8	3-yr avg.	0.8	-0.044	-0.04
General govt fiscal balance (% GDP)	2.4	12.5	26.3	20.1	3-yr avg.	19.6	0.044	0.86
FC debt (% of total general govt debt)	2.7	0.0	0.0	0.0	3-yr avg.	0.0	-0.007	0
External finances								2.58
Reserve currency (RC) flexibility	7.3	n.a.	0.0	n.a.	RC score 0 - 4.5 ^c	0.0	0.509	0
SNFA (% of GDP)	7.4	271.0	212.0	238.3	3-yr avg.	240.4	0.011	2.59
Commodity dependence	1.2	n.a.	30.0	n.a.	Latest	30.0	-0.004	-0.13
FX reserves (months of CXP)	1.5	n.a.	4.2	n.a.	n.a. if RC score > 0	4.2	0.029	0.12
External interest service (% CXR)	0.4	2.6	2.8	3.0	3-yr avg.	2.8	-0.007	-0.02
CAB + net FDI (% GDP)	0.1	10.7	27.9	22.0	3-yr avg.	20.2	0.001	0.02
Intercept Term (constant across all sovereigns)								4.76

^a Inverse 0-1 scale, declining weight; ^b of truncated value (2%-50%); ^c Declining weight; ^d Sovereign rating committee can override SRM Predicted Rating if a marginal change in the Model Result leads to a notch change which is judged to be temporary or caused by a re-estimation of the SRM, a process that Fitch undertakes on at least an annual basis. Please refer to the Rating Action Commentary for further information when the Applied Rating differs from the Predicted Rating.

Note: This table contains data as at the date of the most recent rating action. There may be minor differences to data presented elsewhere in this report, which may have been updated where appropriate, for example in the event of subsequent data releases.

Source: Fitch Ratings

Qualitative Overlay (Notch Adjustment, Range +/-3)

0

Structural features	0
Macroeconomic outlook, policies and prospects	0
Public finances	0
External finances	0

Source: Fitch Ratings

About the SRM and QO

Fitch's SRM is the agency's proprietary multiple regression rating model that employs 18 variables based on three-year centred averages, including one year of forecasts, to produce a score equivalent to a Long-Term Foreign-Currency IDR. Fitch's QO is a forward-looking qualitative framework designed to allow for adjustment to the SRM output to assign the final rating, reflecting factors within our criteria that are not fully quantifiable and/or not fully reflected in the SRM.

Supplementary Ratings

Local-Currency Rating

As Norway's Long-Term Foreign-Currency IDR is 'AAA', there is no capacity for upward notching of the Long-Term Local-Currency IDR, which is therefore also 'AAA'.

Country Ceiling

Norway's 'AAA' Country Ceiling reflects minimal risk of capital controls being imposed that would prevent or materially impede the private sector's ability to convert local currency into foreign currency and make transfers to non-resident creditors.

Full Rating History

Date	Foreign-Currency Rating			Local-Currency Rating			Country Ceiling
	Long-Term	Short-Term	Outlook/Watch	Long-Term	Short-Term	Outlook/Watch	
22 Jul 16	AAA	F1+	Stable	AAA	F1+	Stable	AAA
17 Jun 04	AAA	F1+	Stable	AAA	-	Stable	AAA
23 Jul 02	AAA	F1+	Stable	AAA	-	Stable	-
28 Jun 01	AAA	F1+	Stable	AAA	-	-	-
21 Sep 00	AAA	F1+	Stable	AAA	-	Stable	-
26 Oct 95	AAA	F1+	-	AAA	-	-	-
13 Mar 95	AAA	-	-	-	-	-	-

Source: Fitch Ratings

Appendix 1: Environmental, Social and Governance (ESG)

Credit Relevance Scores

General Issues	Key Sovereign Issues	SRM QO Score ^a		
Environmental (E)				
GHG Emissions and Air Quality	Emissions and air pollution as a constraint on GDP growth	2	2	2
Energy Management	Energy resource management, including potential for 'stranded assets', affecting exports, government revenues and GDP	3	3	3
Water Resources and Management	Water resource availability and management as a constraint on GDP growth	2	2	2
Biodiversity and Natural Resource Management	Natural resource management, including potential for 'stranded assets', affecting exports, government revenues and GDP	3	2	3
Natural Disasters and Climate Change	Impact of adverse climate trends, and likelihood of and resilience to shocks	3	2	3
Social (S)				
Human Rights and Political Freedoms	Social stability, voice and accountability, regime legitimacy	4	2	4 +
Human Development, Health and Education	Impact of human development, health and education on GDP per capita and GDP growth	3	2	3
Employment and Income Equality	Impact of unemployment and income equality on GDP per capita, GDP growth and political and social stability	3	2	3
Public Safety and Security	Impact of public safety and security on business environment and/or economic performance	3	2	3
Demographic Trends	Population decline or ageing, rapidly rising youth population; pensions sustainability	3	2	3
Governance (G)				
Political Stability and Rights	Political divisions and vested interests; geopolitical risks including conflict, security threats and violence; policy capacity: unpredictable policy shifts or stasis	5	2	5 +
Rule of Law, Institutional & Regulatory Quality, Control of Corruption	Government effectiveness, control of corruption, rule of law, regulatory quality	5	2	5 +
International Relations and Trade	Trade agreements, membership of international organizations, bilateral relations; sanctions or other costly international actions	3	2	3
Creditor Rights	Willingness to service and repay debt	4	2	4 +
Data Quality and Transparency	Availability, limitations and reliability of economic and financial data, including transparency of public debt and contingent liabilities	3	2	3

Source: Fitch Ratings

About ESG Credit Relevance Scores

The scores signify the credit relevance of the respective E, S and G issues to the sovereign entity's credit rating, according to the following scale:

- 5 – Highly relevant to the rating, a key rating driver with a high weight.
- 4 – Relevant to the rating, a rating driver.
- 3 – Relevant, but only has an impact on the entity rating in combination with other factors.
- 2 – Irrelevant to the entity rating but relevant to the sector (sovereigns).
- 1 – Irrelevant to the entity rating and irrelevant to the sector (sovereigns).

The score for each 'General Issue' is comprised of a component SRM and QO score, and is simply the higher of the two. SRM scores are fixed across all sovereigns as the weights in the SRM are the same for all sovereigns; QO component scores vary across all sovereigns.

All scores of '4' or '5' result in a negative impact on the rating, unless indicated otherwise. Where a positive impact is occurring, the score of '4' or '5' is appended with a '+' symbol. Scores of '3', '2' and '1' do not have a direction of impact assigned.

Please refer to [ESG Relevance Scores for Sovereigns](#) for further information on the framework, including 'Sovereign Rating Criteria References' (which identify specific potentially related SRM variables and QO factors for each 'General Issue').

Credit-Relevant ESG Derivation

Norway has an ESG Relevance Score of '5[+]' for political stability and rights as WBGI have the highest weight in Fitch's SRM and are therefore highly relevant to the rating and a key rating driver with a high weight. As Norway has a percentile rank above 50 for the respective governance indicator, this has a positive impact on the credit profile.

Norway has an ESG Relevance Score of '5[+]' for Rule of law, institutional & regulatory quality and control of corruption as WBGI have the highest weight in Fitch's SRM and are therefore highly relevant to the rating and are a key rating driver with a high weight. As Norway has a percentile rank above 50 for the respective governance indicators, this has a positive impact on the credit profile.

Norway has an ESG Relevance Score of '4[+]' for human rights and political freedoms as the voice and accountability pillar of the WBGI is relevant to the rating and a rating driver. As Norway has a percentile rank above 50 for the respective governance indicator, this has a positive impact on the credit profile.

Norway has an ESG Relevance Score of '4[+]' for creditor rights as willingness to service and repay debt is relevant to the rating and is a rating driver for Norway, as for all sovereigns. As Norway has a record of 20+ years without a restructuring of public debt and captured in our SRM variable, this has a positive impact on the credit profile.

Except for the matters discussed above, the highest level of ESG credit relevance, if present, is a score of '3'. This means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or to the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Appendix 2: Data Notes and Conventions

Acronyms

Acronyms used in the above table and elsewhere in report are: Gross Domestic Product (GDP), Current External Receipts (CXR), Current External Payments (CXP), Current Account Balance (CAB), Foreign Direct Investment (FDI), World Bank Worldwide Governance Indicators (WBI), Sovereign Rating Model (SRM), Qualitative Overlay (QO). For a full list of indicator definitions, please refer to the most recent Sovereign Data Comparator.

Medians

Medians underlying the SRM relative to rating category chart on the Rating Summary page and as reported in the Peer Analysis table on page 4 are long-term historical medians. These are based on actual data since 2000 for all sovereign-year observations when the sovereign was in the respective rating category at year-end. Current year ratings and data are excluded.

Chart medians on page 3 are based on data for sovereigns in the respective rating category at the end of each year. Latest ratings are used for the current year and forecast period.

Notes for Norway

All data are on a calendar-year basis, which aligns with the domestic fiscal year for this sovereign.

Public finance data referenced in this report relate to the consolidated general government, as per our principal approach, unless specifically noted otherwise where cited.

The external balance sheet data referenced in this report are derived from the international investment position dataset, as per our principal approach.

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

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