

Norway

Key Rating Drivers

Strong Fiscal and External Buffers: The large and growing asset holdings of Norway's sovereign wealth fund, Government Pension Fund Global (GPF), underpin the country's extremely strong fiscal and external balance sheets. The fund's market value surpassed NOK12 trillion in 1H21, and is now valued at about 325% of GDP. With GPF assets being held entirely abroad, Norway's sovereign net external assets are among the highest of Fitch-rated sovereigns, at 349% of GDP at end-2020.

Revised 2021 Budget: We estimate the non-oil deficit to reach 11.4% of projected GDP in 2021, in line with the government's latest budget revision in May. The deficit will be covered by a transfer from the GPF to the central government, broadly in line with last year's withdrawal from the fund (about 3.7% of its value). The budget revision foresees expanded direct fiscal support to offset the pandemic shock of NOK93.9 billion (2.5% of our GDP forecast).

Prudent Fiscal Policy: The fiscal framework specifies that withdrawals from the GPF should be no greater than 3% of the fund's value, which coincides with the expected real return of the fund over time to ensure that the fund does not shrink in size. However, fiscal rules allow for temporarily larger withdrawals during economic downturns such as the Covid-19 crisis.

Upcoming September Elections: Fitch Ratings expects broad policy continuity following the upcoming parliamentary elections in September 2021. Norway has been frequently ruled by minority governments, but has a long record of political stability and consensus-based policy-making, similar to other Nordic countries.

Economic Recovery: Fitch forecasts Norway's GDP to grow by 2.9% in 2021 and 3.6% in 2022, following a mild contraction of 0.8% in 2020 (above the Western European and 'AAA' peer medians of -6.3% and -2.8%, respectively). Private consumption is expected to be the main growth driver in 2021-2022.

Expected Interest-Rate Hike: We expect that Norges Bank will raise its main policy rate in September 2021 (and again in December), consistent with the central bank's updated baseline scenario. The interest-rate hike may create upward pressure on the Norwegian krone, which will be further supported by sizeable krone purchases to convert the GPF's foreign-currency (FC)-denominated assets to provide fiscal stimulus to the domestic economy.

Strong House Price Growth; High Debt: High and accelerating house prices, along with a large stock of household debt, at 232% of disposable income at end-March 2021, are downside risks. House price inflation (especially in Oslo) accelerated strongly in 2020 due to lower lending rates and higher household savings. We anticipate that a normalisation of the household savings rate and higher mortgage rates will help moderate the growth of house prices.

Resilient Banking Sector: Vulnerabilities to the financial sector are mitigated by banks' strong balance sheets, including solid capitalisation and leverage and low non-performing loans. Norwegian banks have remained profitable throughout the pandemic, reporting a return on equity of 7.4% in 2020 (significantly above the EU average of 2.0%).

Rating Sensitivities

Shock Affecting Financial Stability: A sharp correction in the Norwegian residential or commercial real-estate market or large losses on trading and lending portfolios resulting in a severe and protracted macroeconomic shock would be negative for the rating.

Erosion of Buffers: A very large erosion of Norway's sovereign and external balance-sheet strength over the medium term would be negative for the rating.

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
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Outlooks

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

Rating Derivation

Component	Outcome
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
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Source: Fitch Ratings

Applicable Criteria

Sovereign Rating Criteria (April 2021)
Country Ceilings Criteria (July 2020)

Related Research

Fitch Affirms Norway at 'AAA'; Outlook Stable (August 2021)

Global Economic Outlook (June 2021)

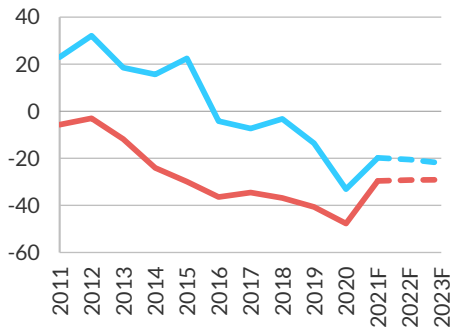
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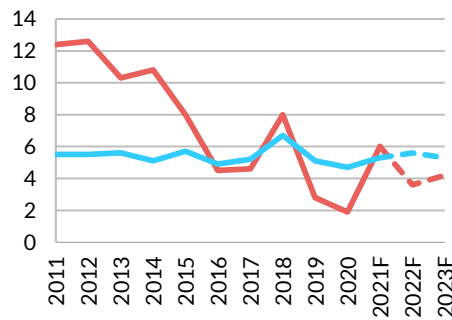
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Peer Comparison

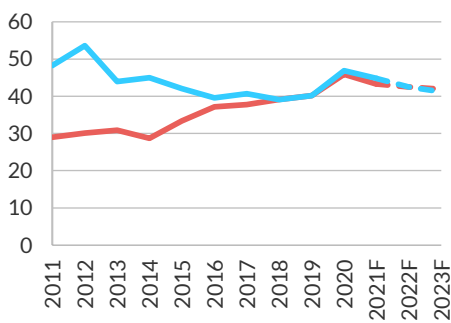
Net External Debt
% of GDP



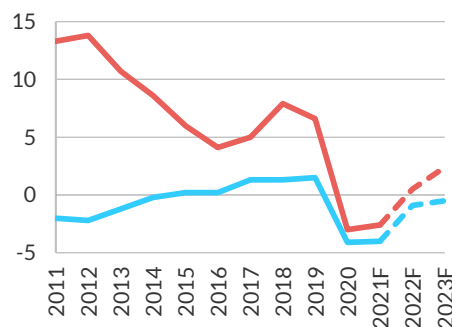
Current Account Balance
% of GDP



General Government Debt
% of GDP



General Government Balance
% of GDP



Financial Data

Norway

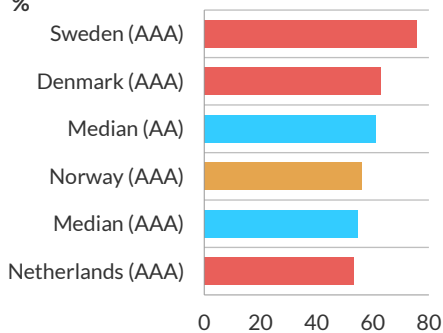
(USDbn)	2021
GDP	441.6
GDP per head (USD 000)	81.5
Population (m)	5.4
International reserves	84.0
Net external debt (% GDP)	-29.6
Central government total debt (% GDP)	17.6
CG foreign-currency debt	0.0
CG domestically issued debt (NOKbn)	650.7

Source: Fitch Ratings

— Norway

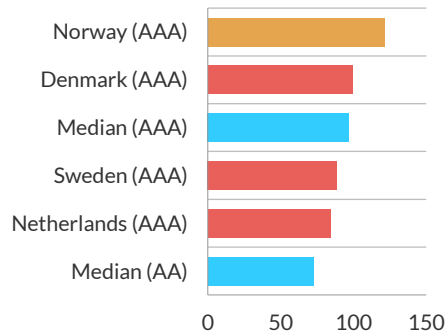
— Median(AAA)

International Liquidity Ratio, 2021F
%



GDP per capita Income, 2021F

At market exchange rates, USA = 100



Note: Medians 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.

Source: Fitch Ratings

Rating Factors

Strengths

- Very large fiscal buffers (GPF assets at 320% of GDP as of end-2020), which afford the country a large degree of fiscal room to respond to temporary shocks as well as long-term credit challenges, such as an ageing population.
- A very robust macroeconomic and fiscal policy framework, which both shields the economy and government’s balance sheet from the effects of oil price volatility and preserves the accumulated oil wealth for future generations.
- An extremely strong external balance sheet, with sovereign net external assets among the highest of Fitch-rated sovereigns, at 349% of GDP at end-2020 ('AAA' median at 13% of GDP).
- A very high governance quality, as reflected in the highest *Human Development Index* score among Fitch-rated sovereigns and the 97th percentile on the *World Bank Worldwide Governance Indicators*.
- Income per-capita metrics well above the 'AAA' median, a high labour force participation and a very strong business environment (ninth place globally according to World Bank's *Ease of Doing Business* survey).
- Strong and liquid household balance sheets, with net wealth almost twice as large as gross debt and bank deposits equal to one-third of outstanding household debt.
- A resilient banking system, which is well-positioned to absorb higher loan losses caused by the pandemic while maintaining its lending capacity.

Weaknesses

- A high economic dependence on hydrocarbon production, with commodity exports representing 41% of current account receipts in 2020 – almost triple the 'AAA' median.
- A very high household debt (232% of disposable income as of 1Q21), in the context of banks' large exposure to mortgage lending (about 50% of the loan book as of end-2020) and the predominance of floating interest-rate mortgage loans (about 90% of total).
- Banks' significant exposure to the commercial real-estate market (12% of the loan book), whose risk of losses increased given inflated prices and the severe impact of the pandemic on owners of retail property and hotels.
- An ageing population, which will further increase pension and healthcare costs.

Local-Currency Rating

Norway's general government debt is wholly denominated in krone. Fitch believes there would be no material difference in default risks faced by local-currency (LC) creditors or potential FC creditors of the sovereign. Norway's LC and FC Issuer Default Ratings (IDRs) are, therefore, aligned.

Country Ceiling

Norway does not have any restrictions on capital flows, and its financial sector is highly integrated with those of other advanced economies. Norway's 'AAA' Country Ceiling reflects Fitch's view that there is a low risk of capital controls being imposed to prevent or materially impede the private sector's ability to convert LC into FC and make transfers to non-resident creditors.

Peer Group

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

Source: Fitch Ratings

Rating History

Date	Long-Term Foreign-Currency	Long-Term Local-Currency
13 Mar 95	AAA	AAA

Source: Fitch Ratings

Strengths and Weaknesses: Comparative Analysis

2021	Norway AAA	AAA median ^a	AA median ^a	Denmark AAA	Netherlands AAA	Sweden AAA
Structural features						
GDP per capita (USD, mkt exchange rates)	81,457	65,769	48,925	67,566	57,231	60,338
GNI per capita (PPP, USD, latest)	72,920	65,000	55,240	63,920	61,520	58,060
GDP (USDbn)	441.6			392.5	1,003.5	613.0
Human development index (percentile, latest)	100.0	95.6	88.7	95.2	95.7	96.8
Governance indicator (percentile, latest) ^b	97.3	94.0	84.3	94.9	93.5	96.2
Broad money (% GDP)	74.9	93.2	98.3	72.2	121.4	92.2
Default record (year cured) ^c	-	-	-	-	-	-
Ease of doing business (percentile, latest)	95.8	93.7	88.9	98.5	78.4	95.3
Trade openness (avg. of CXR + CXP % GDP)	42.7	51.4	46.9	56.8	114.8	49.4
Gross domestic savings (% GDP)	31.9	27.8	26.8	30.1	32.5	28.9
Gross domestic investment (% GDP)	28.5	22.8	23.6	22.7	21.4	24.4
Private credit (% GDP)	162.5	121.7	101.8	161.2	96.5	142.0
Bank systemic risk indicators ^d	a/2			a/1	a/1	aa/1
Bank system capital ratio (% assets)	23.1	14.8	15.9	23.2	18.9	23.2
Foreign bank ownership (% assets)	27.5	15.0	26.4	13.3	7.8	15.0
Public bank ownership (% assets)	13.3	8.5	12.7	0.4	21.0	3.0
Macroeconomic performance and policies						
Real GDP (5yr average % change)	1.5	2.3	2.8	1.6	1.1	1.3
Volatility of GDP (10yr rolling SD)	1.1	1.8	2.1	2.1	2.1	2.1
Consumer prices (5yr average)	2.2	1.8	2.2	0.8	1.7	1.6
Volatility of CPI (10yr rolling SD)	1.0	0.9	1.3	0.7	1.0	0.6
Unemployment rate (%)	4.2	5.3	5.0	5.4	4.6	8.6
Type of exchange rate regime	Free floating			Conventional Peg	EMU	Free floating
Dollarisation ratio (% of bank deposits)	24.1	16.3	11.7	0.0	-	-
REER volatility (10yr rolling SD)	4.9	3.8	4.4	1.9	4.2	5.3

Source: Fitch Ratings

Strengths and Weaknesses: Comparative Analysis (Continued)

2021	Norway AAA	AAA median ^a	AA median ^a	Denmark AAA	Netherlands AAA	Sweden AAA
Public finances^e						
Budget balance (% GDP)	-2.6	-0.2	-0.6	-3.0	-5.9	-4.2
Primary balance (% GDP)	-4.6	1.3	1.3	-2.3	-4.7	-3.9
Gross debt (% revenue)	84.0	116.0	134.3	78.5	140.0	80.5
Gross debt (% GDP)	43.3	44.1	39.7	40.8	59.1	39.7
Net debt (% GDP)	43.3	37.9	29.2	37.7	57.0	34.4
Foreign currency debt (% total debt)	0.0	0.0	0.8	8.3	0.0	5.1
Interest payments (% revenue)	1.2	3.8	3.8	1.3	3.0	0.6
Revenues and grants (% GDP)	51.5	43.3	40.0	52.0	42.2	49.3
Volatility of revenues/GDP ratio	2.8	2.2	4.4	2.9	1.3	1.2
Central govt. debt maturities (% GDP)	11.6	8.8	6.8	6.4	3.7	13.2
External finances						
Current account balance + net FDI (% GDP)	5.1	2.0	1.0	8.1	6.9	4.5
Current account balance (% GDP)	6.0	4.8	1.7	8.3	9.3	5.3
Net external debt (% GDP)	-29.6	14.3	-3.7	-14.6	-44.3	51.7
Gross external debt (% CXR)	344.1	329.7	248.2	291.5	365.9	280.6
Gross sovereign external debt (% GXD)	15.6	11.3	16.1	8.9	8.0	7.3
Sovereign net foreign assets (% GDP)	297.8	-6.8	4.9	4.7	-11.1	15.9
Ext. interest service ratio (% CXR)	7.5	7.8	4.9	2.9	7.0	2.1
Ext. debt service ratio (% CXR)	51.9	43.5	27.0	31.7	60.8	32.8
Foreign exchange reserves (months of CXP)	5.7	1.4	2.9	4.1	0.6	2.4
Liquidity ratio (latest) ^f	56.2	50.2	59.9	63.0	53.1	75.6
Share of currency in global reserves (%)	0	0	0	0	21	0
Commodity export dependence (% CXR, latest)	43.4	14.1	15.5	14.2	17.6	14.4
Sovereign net foreign currency debt (% GDP)	-19.0	-4.0	-7.8	-14.8	-5.5	-7.1

^a Medians based on actual data since 2000 (excl. forecasts) for all sovereign-year observations where the sovereign was in the respective rating category at year-end. Three-year centred averages are used for the more dynamic variables (eg current account and fiscal balance).

^b Composite of six World Bank Governance Indicators used in the Sovereign Rating Model: Government Effectiveness; Rule of Law; Control of Corruption; Voice and Accountability; Regulatory Quality; and Political Stability and Absence of Violence.

^c No modern history of default.

^d Bank systemic indicator, which equates to a weighted average Viability Rating; and macro prudential indicator, with 1 'low' systemic risk through to 3 'high'.

^e General government unless stated.

^f Ratio of liquid external assets, defined as the stock of official FX reserves including gold at the end of the previous calendar year plus banks' liquid external assets, to liquid external liabilities, defined as scheduled external debt service in the current year, plus the stock of short-term external debt and all non-resident holdings of marketable medium- and long-term local-currency debt at the end of the previous calendar year.

Note: Acronyms used: Consumer Price Inflation (CPI), Gross Domestic Product (GDP), Current External Receipts (CXR), Current External Payments (CXP), Gross National Income (GNI), Purchasing Power Parity (PPP), Standard Deviation (SD), Foreign Direct Investment (FDI)

Source: Fitch Ratings

Key Credit Developments

Broad Policy Continuity Expected Despite Looming Government Change

The next parliamentary elections in Norway are scheduled for 13 September 2021. Following eight years in which Prime Minister Erna Solberg and her conservative party have led the government with the support from a medley of coalition partners, centre-left parties are currently leading in the polls indicating a potential change in government. Uncertainty over the election outcome relates to political fragmentation as smaller parties will need to pass the 4% election threshold. Norway has been frequently ruled by minority governments, similar to other Nordic countries.

We expect broad policy continuity on key domestic policy areas, including economic policies and fiscal spending, despite the potential shift in government. Norway has a long record of political stability and consensus-based politics across parties. However, EU relations have become a more divisive topic ahead of the election given the rising popularity of the agrarian-oriented Centre Party, which has been opposing Norway's membership in the EU's free-trade market (European Economic Area).

Mild Recession, Economic Activity Rebounds in 2Q21

Norway's economy had a mild contraction of 0.8% in 2020, outperforming the Western European and 'AAA' peer medians of -6.3% and -2.8%, respectively. The better economic performance was helped by the Norwegian petroleum output, which increased by 8% in 2020, reflecting the start of production at Norway's third-largest oil field (Johan Sverdrup) in January 2020 and partially offsetting a 2.5% fall in mainland GDP. At the same time, last year's sharp drop in oil prices translated into a more substantial nominal GDP decline of 4.3%.

The renewed tightening of containment measures in the winter and spring has led to a renewed fall in economic activity, in particular among leisure, accommodation and food services as well as passenger transportation sectors. Mainland GDP fell by 1% in 1Q21 qoq, reflecting a significant drop in private consumption for both goods and services (-4.1% qoq). The government has gradually lifted restrictions since end-April 2021, and mainland GDP rebounded by 1.4% in 2Q21.

Robust Economic Recovery Ahead

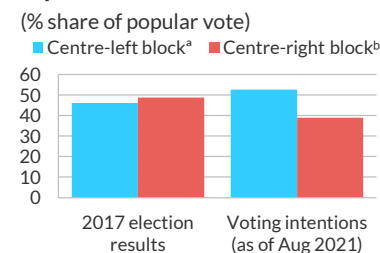
Fitch forecasts Norway's GDP to grow by 2.9% in 2021 and 3.6% in 2022. Private consumption is expected to be the main growth driver in 2021-2022 due to the anticipated return of service consumption to pre-pandemic levels and prospects for higher wage growth in line with higher economic activity. We expect a gradual normalisation of Norway's household savings rate, which has more than doubled to 15.3% in 2020 from 7.8% in 2019.

Oil and non-oil investment volumes will gradually recover over the next years. Investment in the oil sector will accelerate in 2023/24, supported by temporary petroleum tax measures (introduced amid the pandemic). According to the Norwegian Petroleum Directorate, 50 new development projects are to be approved by 2022 with a total value of NOK 380 billion (10.3% of GDP). Also, non-oil investment will accelerate due to planned investments related to climate change and energy transition. A reintroduction of more stringent containment measures to control the spread of virus mutations in Norway or among key trading partners, remains a risk to our economic projections.

Moderate Increase in Unemployment, Household Income Growth Intact

Norway's unemployment rate moderately increased in 2020 with a renewed increase reported in 1Q21 (including an increase in furloughed workers). Long-term unemployment remains high following last year's increase, creating a risk that people permanently drop out of the workforce. Real disposable income of Norwegian households has held up well during the pandemic as a decline in wages was more than offset by higher government transfers, increased income from share dividends and lower mortgage lending rates.

September 2021 Elections

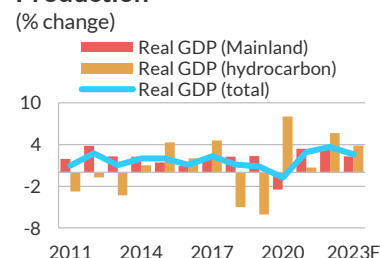


^a Labour/Centre/Socialist Left/Red

^b Conservative/Progress/Christian Dem./Liberal

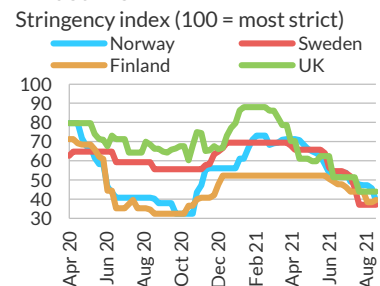
Source: Fitch Ratings, Poll of Polls

Mainland GDP Contraction Offset by Petroleum Production



Source: Fitch Ratings, Statistics Norway

Easing of Containment Measures



Source: Fitch Ratings, Oxford University

Unemployment Above Pre-Crisis Level



Source: Fitch Ratings, NAV

Continued Fiscal Stimulus Under Revised 2021 Budget

In line with the government's latest budget revision from May, we estimate the non-oil fiscal deficit to reach 11.4% of projected GDP in 2021. The deficit will be covered by a transfer from the GPFG to the central government budget, broadly in line with last year's withdrawal from the fund (about 3.7% of its value). The budget revision foresees expanded direct fiscal support to offset the pandemic shock in the amount of NOK93.9 billion (2.5% of Fitch's GDP forecast). Measures include an extension of the wage support scheme, a scaled-back version of the business compensation scheme and higher transfers to local governments and the health and aviation sectors.

We expect that the government will meet its fiscal rule again in 2022, with the non-oil deficit falling back to below 3% of the GPFG's value, as extraordinary pandemic-related measures will be phased out and revenue growth accelerates. The fiscal framework specifies that withdrawals from the GPFG should be no greater than 3% of its market value, which coincides with the expected real return of the fund over time to ensure that it does not shrink in size.

Buoyant equity markets have led to a strong growth in GPFG assets with real returns exceeding the fund's 10-year average return of 6.3% and the 3% return underlying the fiscal rule, despite the increased drawdowns on the GPFG. The fund's market value surpassed NOK12 trillion in 1H21 and is now valued at about 325% of GDP.

General government debt increased by 5.7pp to 45.9% of GDP by end-2020, close to the 'AAA' peer median of 46.9%. The increase in debt reflected not only higher borrowing needs amid the fiscal deterioration in the general government accounts, but also onlending to a pandemic-related fund to support corporate liquidity. We expect that total general government debt will fall back to below 42% of GDP by 2023.

Interest-Rate Hike Expected for September, Mixed Signals from Inflation Metrics

We expect Norges Bank to raise its main policy rate to 0.02% in September 2021, in line with the central bank's updated baseline scenario. Norway's main policy rate will increase in incremental and quarterly steps, reaching 0.28% by end-2021 and 1.56% by end-2024 (above the pre-pandemic level). Norges Bank had lowered rates to 0% from 1.5% in the spring of 2020 to support the economy. The interest-rate hike will create upward pressure on the krone, which will be further supported by sizeable krone purchases to convert the GPFG's FC-denominated assets to provide fiscal stimulus to the domestic economy.

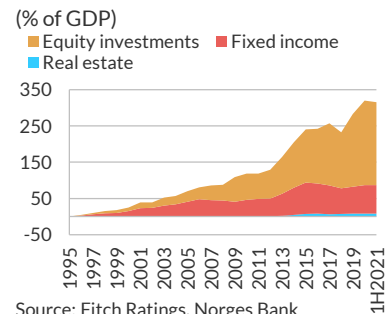
A faster closure of the output gap than previously expected and concerns over financial stability amid a fast pace of housing price growth are the key drivers behind the interest-rate hike, while inflation metrics have sent mixed signals. While higher energy prices have led to an increase in CPI inflation, core inflation (CPI-ATE; adjusted for tax changes and excluding energy products) has slowed since August 2020 on the back of declining imported goods inflation due to krone appreciation. We anticipate that headline inflation will remain high at 2.9% this year, above the central bank's flexible inflation target of 2%, before falling back to 1.8% in 2022.

High Household Debt Is Key Vulnerability, Banking Sector Is Robust

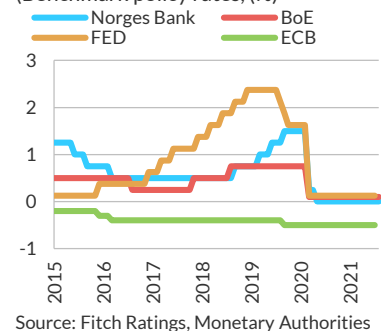
High and accelerating house prices along with a large stock of household debt, at 232% of disposable income at end-March 2021, are downside risks. House price inflation (especially in Oslo) accelerated strongly in 2020 due to lower interest rates and higher household savings. House price growth has only moderately slowed down in 2021 and annual growth remained high in July 2021 (8.5% yoy). We anticipate that a normalisation of the household savings rate and higher mortgage rates will help to moderate house price growth moving forward. The prevalence of variable mortgage rates should result in a fast transmission from the upcoming interest-rate hike into higher lending rates.

Vulnerabilities to the financial sector are mitigated by banks' strong balance sheets, including solid capitalisation and leverage and low non-performing loans. Norwegian banks have remained profitable throughout the pandemic, reporting a return on equity of 7.4% in 2020 (significantly above the EU average of 2.0%). Banks are well-positioned to meet higher capital requirements from an increase in the countercyclical capital buffer by 50bp to 1.5%, starting mid-2022. Norges Bank expects a return to the pre-pandemic level of 2.5% over time.

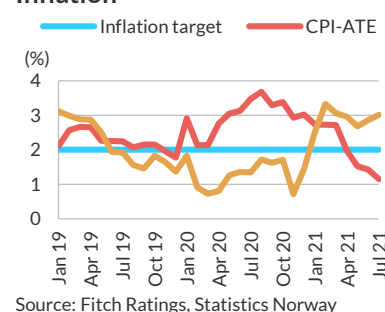
Strong Growth in Sovereign Wealth Assets



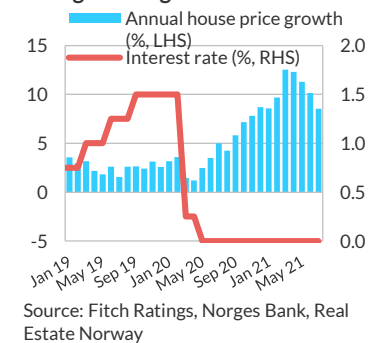
Monetary Tightening Expected



Higher Energy Prices Drive CPI Inflation



Rising Housing Prices



Forecast Summary

	2017	2018	2019	2020	2021F	2022F	2023F
Macroeconomic indicators and policy							
Real GDP growth (%)	2.3	1.1	0.9	-0.8	2.9	3.6	2.6
Unemployment (%)	4.2	3.9	3.7	4.6	4.2	3.9	3.7
Consumer prices (annual average % change)	1.9	3.0	2.3	1.2	2.9	1.8	1.3
Short-term interest rate (bank policy annual avg) (%)	0.5	0.6	1.1	0.4	0.1	0.8	1.3
General government balance (% of GDP)	5.0	7.9	6.6	-3.0	-2.6	0.5	2.4
General government debt (% of GDP)	37.8	39.1	40.2	45.9	43.3	42.5	41.9
NOK per USD (annual average)	8.27	8.13	8.80	9.41	8.36	8.20	8.09
Real effective exchange rate (2000 = 100)	119.0	118.6	118.0	106.6	108.7	113.1	118.7
Real private sector credit growth (%)	2.5	-1.8	5.4	8.5	-0.2	5.6	2.3
External finance							
Current account balance (% of GDP)	4.6	8.0	2.8	1.9	6.0	3.6	4.2
Current account balance plus net FDI (% of GDP)	5.3	3.3	5.1	1.9	5.1	4.0	4.0
Net external debt (% of GDP)	-34.6	-36.8	-40.6	-47.7	-29.6	-29.2	-29.1
Net external debt (% of CXR)	-71.6	-72.9	-83.4	-107.4	-64.9	-64.8	-63.3
Official international reserves including gold (USDbn)	65.9	63.1	66.9	75.3	84.0	82.5	87.1
Official international reserves (months of CXP cover)	4.5	4.1	4.3	5.9	5.7	5.1	5.1
External interest service (% of CXR)	6.3	6.0	6.7	5.7	7.5	7.3	6.9
Gross external financing requirement (% int. reserves)	102.2	74.1	97.4	107.3	83.9	89.4	88.8
Real GDP growth (%)							
US	2.3	3.0	2.2	-3.5	6.8	3.9	1.9
China	6.9	6.8	6.0	2.3	8.4	5.5	5.3
Eurozone	2.4	1.9	1.3	-6.5	5.0	4.5	2.2
World	3.4	3.2	2.6	-3.4	6.3	4.3	3.0
Oil (USD/barrel)	54.8	71.5	64.1	43.3	63.0	55.0	53.0

Source: Fitch Ratings

Fiscal Accounts Summary

(% of GDP)	2018	2019	2020	2021F	2022F	2023F
General government						
Revenue	55.9	57.2	54.1	51.5	51.4	50.7
Expenditure	48.0	50.6	57.2	54.1	50.9	48.4
O/w interest payments	0.7	0.7	0.7	0.6	0.6	0.5
Primary balance	5.7	4.5	-5.1	-4.6	-1.5	0.4
Overall balance	7.9	6.6	-3.0	-2.6	0.5	2.4
General government debt						
% of general government revenue	70.0	70.3	84.8	84.0	82.6	82.6
Central government deposits	9.3	10.2	0.0	0.0	0.0	0.0
Net general government debt	29.2	30.0	45.9	43.3	42.4	41.9
Central government						
Revenue	38.0	39.4	37.8	35.9	35.8	35.2
O/w grants	0.2	0.2	0.3	0.2	0.2	0.2
Expenditure and net lending	37.1	38.6	45.5	43.2	40.2	38.2
O/w current expenditure and transfers	35.2	36.5	43.1	40.8	37.8	35.6
- Interest	0.3	0.3	0.3	0.3	0.3	0.3
O/w capital expenditure	1.9	2.1	2.3	2.3	2.4	2.5
Current balance	2.8	2.9	-5.4	-4.9	-1.9	-0.4
Primary balance	1.2	1.1	-7.4	-6.9	-4.0	-2.6
Overall balance	0.9	0.8	-7.7	-7.2	-4.4	-3.0
Central government debt	14.7	14.3	18.7	17.6	17.3	17.1
% of central government revenues	38.8	36.3	49.5	49.1	48.2	48.5
Central government debt (NOKbn)						
By residency of holder						
Domestic	272.4	265.5	331.7	338.4	345.1	352.0
Foreign	251.5	245.1	306.2	312.3	318.6	325.0
By currency denomination						
Local currency	523.9	510.6	638.0	650.7	663.7	677.0
Foreign currency	0.0	0.0	0.0	0.0	0.0	0.0
In USD equivalent (eop exchange rate)	0.0	0.0	0.0	0.0	0.0	0.0
Average maturity (years)	4.2	5.2	6.2	6.2	7.2	7.2
Memo						
Nominal GDP (NOKbn)	3,553.9	3,568.5	3,413.5	3,691.2	3,838.5	3,965.2

Source: Fitch Ratings, Ministry of Finance and estimates and forecasts

External Debt and Assets

(USDbn)	2016	2017	2018	2019	2020	2021F
Gross external debt	613.2	654.1	595.8	627.7	681.3	694.3
% of GDP	166.3	164.2	136.3	154.8	187.9	157.2
% of CXR	350.6	339.7	269.9	318.5	423.2	344.1
By maturity						
Medium- and long-term	400.7	418.0	365.4	394.1	447.7	460.7
Short-term	212.5	236.1	230.5	233.6	233.6	233.6
% of total debt	34.7	36.1	38.7	37.2	34.3	33.6
By debtor						
Sovereign	71.0	78.3	89.0	92.4	106.5	108.5
Monetary authorities	4.4	3.4	3.5	3.6	4.2	4.2
General government	66.6	75.0	85.5	88.8	102.3	104.3
O/w central government	28.7	30.5	28.9	27.9	35.1	38.1
Banks	198.9	209.8	200.3	212.0	232.8	237.8
Other sectors	343.3	366.0	306.6	323.2	342.0	348.0
Gross external assets (non-equity)	747.4	792.0	756.8	792.1	854.1	825.1
International reserves, incl. gold	60.4	65.9	63.1	66.9	75.3	84.0
Other sovereign assets nes	333.9	355.2	337.6	351.3	366.7	371.2
Deposit money banks' foreign assets	101.8	109.4	109.2	114.0	123.9	128.9
Other sector foreign assets	306.7	319.4	312.1	331.4	322.8	312.8
Net external debt	-134.2	-137.9	-161.0	-164.5	-172.9	-130.9
% of GDP	-36.4	-34.6	-36.8	-40.6	-47.7	-29.6
Net sovereign external debt	-323.4	-342.8	-311.7	-325.9	-335.4	-346.7
Net bank external debt	152.7	158.3	156.3	169.6	180.7	180.7
Net other external debt	36.6	46.6	-5.5	-8.2	19.2	35.2
Net international investment position	736.0	883.3	801.6	996.2	1,144.6	-
% of GDP	199.6	221.7	183.4	245.7	315.7	-
Sovereign net foreign assets	872.9	1,035.3	945.5	1,142.5	1,275.0	1,315.0
% of GDP	236.7	259.9	216.4	281.7	351.6	297.8
Debt service (principal & interest)	93.7	92.4	96.8	86.3	87.9	104.7
Debt service (% of CXR)	53.6	48.0	43.9	43.8	54.6	51.9
Interest (% of CXR)	7.2	6.3	6.0	6.7	5.7	7.5
Liquidity ratio (%)	51.2	50.6	50.2	51.8	53.6	56.2
Net sovereign FX debt (% of GDP)	-16.4	-16.5	-14.4	-16.5	-20.8	-19.0
Memo						
Nominal GDP	368.8	398.4	437.0	405.5	362.6	441.6
Inter-company loans	70.6	77.9	76.5	78.9	77.2	77.2

Source: Fitch Ratings, Central Bank, IMF, World Bank and estimates and forecasts

Balance of Payments

(USDbn)	2018	2019	2020	2021F	2022F	2023F
Current account balance	34.8	11.5	7.0	26.4	17.0	20.4
% of GDP	8.0	2.8	1.9	6.0	3.6	4.2
% of CXR	15.7	5.9	4.3	13.1	8.1	9.1
Trade balance	30.7	12.7	-3.9	12.3	1.5	3.5
Exports, fob	121.9	103.2	81.3	109.2	111.6	119.3
Imports, fob	91.2	90.5	85.2	96.8	110.1	115.8
Services, net	-5.6	-6.2	1.8	2.5	1.9	1.2
Services, credit	44.0	44.1	35.8	42.4	46.6	51.5
Services, debit	49.6	50.2	34.1	39.9	44.7	50.3
Income, net	16.4	11.8	16.2	19.6	21.8	24.0
Income, credit	49.4	44.5	38.3	44.1	46.3	48.3
Income, debit	32.9	32.7	22.2	24.5	24.4	24.3
O/w: Interest payments	13.2	13.2	9.1	15.1	15.4	15.6
Current transfers, net	-6.7	-6.7	-7.1	-8.0	-8.1	-8.2
Capital and financial accounts						
Non-debt-creating inflows (net)	-55.6	-27.2	-1.8	-28.2	-19.1	-16.4
O/w equity FDI	-23.2	-19.7	3.2	-13.2	-9.9	-6.6
O/w portfolio equity	-32.4	-7.5	-5.0	-15.0	-9.2	-9.7
O/w other flows	-9.6	-11.1	-7.4	-7.4	-7.4	-7.4
Change in reserves	-0.6	-0.2	3.9	8.8	-1.5	4.6
Gross external financing requirement	48.8	61.5	71.9	63.1	75.1	73.3
Stock of international reserves, incl. gold	63.1	66.9	75.3	84.0	82.5	87.1

Source: Fitch Ratings, IMF and estimates and forecasts

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