

Date of Release: 21 March 2025

## Morningstar DBRS Confirms the Kingdom of Norway at AAA, Stable Trend

**Industry:** Governments

**Subindustry:** Sovereigns

**Region:** Europe

DBRS Ratings Limited (Morningstar DBRS) confirmed the Kingdom of Norway's (Norway) Long-Term Foreign and Local Currency – Issuer Ratings at AAA. At the same time, Morningstar DBRS confirmed Norway's Short-Term Foreign and Local Currency – Issuer Ratings at R-1 (high). The trend on all ratings is Stable.

### KEY CREDIT RATING CONSIDERATIONS

The confirmation of the Stable trend reflects Morningstar DBRS' view that risks to the credit ratings are limited. Mainland GDP growth, which excludes the petroleum-based offshore sector, came in at 0.6% in 2024, driven by household and public demand. Economic growth is expected to gather pace this year on the back of improving housing and business investment supported by prospects for lower interest rates. Norway's strong public finances and solid macroeconomic fundamentals position have helped the country to mitigate risks posed by the challenging external environment including the still high-interest rate environment. During the last policy meeting, Norges Bank left the policy rate unchanged at 4.5%, as inflation remains above the 2% target, albeit declining. According to the 2025 Budget the structural non-oil deficit is expected to reach NOK 460.1 bn which is estimated at 2.5% of GPFG, below the 3% fiscal rule limit, mainly due to higher defense expenditures. Downside risks to the economic outlook are related to an intensification of global geopolitical tensions that could have knock on effects on inflation and could slow the easing of monetary policies as well as the higher risk of trade protectionist measures, which could weigh on both exports and business confidence. Nevertheless, Norway's solid fiscal position and strong public sector balance sheet provide the government with ample room to respond to potential challenges.

Norway's AAA credit ratings are underpinned by its public sector wealth, prudent management of oil-related revenues, strong external position, and sound institutional framework. Norway's strengths offset the credit challenges related to its high household indebtedness, the dependence on the petroleum sector, and the ageing population. However, Norway is well-positioned to deal with these challenges and has substantial buffers to absorb shocks. The country's sovereign wealth fund (SWF), the GPFG, had a market value of around NOK 19.7 trillion at the end of 2024, approximately 487% of mainland GDP. The GPFG acts as both a current source of income by supplementing the annual budget and as a source of resilience for the Norwegian economy.

### CREDIT RATING DRIVERS

Morningstar DBRS could downgrade the credit ratings if one or a combination of the following factors occurs: (1) a worsening of financial conditions and medium-term growth prospects that is severe enough to materially affect Norway's financial stability or (2) a significant weakening of the government's commitment to a prudent fiscal policy.

## CREDIT RATING RATIONALE

### Macroeconomic Fundamentals Remain Strong, Economic Activity is Expected to Pick up This Year

Following a modest performance in 2023, Norway's mainland economic activity remained subdued in 2024, mainly driven by household and public demand. Mainland GDP grew by 0.6% in 2024, with the high activity in Norway's continental shelf contributing to increases in services and manufacturing industries. Looking ahead, public demand is expected to remain supportive albeit at a slower pace. Annual growth in mainland Norway's GDP of 0.6 per cent from 2023 to 2024, measured in constant prices. The labour market remains resilient, with the registered unemployment rate at 2.2% in February 2025. Norges Bank forecasts point to 1.4% growth in 2025 and 2026 on the back of improving housing and business investment supported by prospects for lower interest rates. Key risks to the outlook are related to an intensification of global geopolitical tensions and introduction of trade protectionism policies that could have knock on effects on inflation and could delay the easing of restrictive monetary policies.

Norway's credit fundamentals are underpinned by its wealthy and stable economy, with low-income inequality. On the other hand, Norway is a small and open economy exposed to potential downturns in external demand. Norway's conservative approach to managing oil revenues has helped to limit the economy's vulnerability to oil price shocks, but dependence on the petroleum sector and successful diversification towards other tradable sectors pose challenges in the medium to long term.

### Norway's Strong External Position and Flexible Exchange Regime Provide a Significant Buffer to Absorb Shocks

Years of external sector surpluses underpin a very strong external position while the flexible exchange rate serves as a buffer against external shocks. Norway's external position benefits from structural current account surpluses and a positive and rising net creditor position. Following a record high surplus of around 30% of GDP in 2022, due to the high energy prices and increased energy exports to European markets, the current account moderated to around 17% of GDP in 2023 and 2024. The weaker krone also contributed to the strong performance of exports over the past few years and increased inbound tourism. The country's flexible exchange rate mechanism acts as a shock absorber. As measured by the import-weighted exchange rate index I-44, the Norwegian krone has slightly weakened since the beginning of this year, partly reflecting heightened geopolitical risks. From a stock perspective, Norway's net international investment position remains strong. Its large positive net international investment position stood at 379% of GDP at the end of 2024, reflecting the accumulation of foreign assets through the GPFG.

### Norway's Solid Public Sector Balance Sheet and Low Debt Ratio Support the AAA Credit Ratings

Norway's solid fiscal framework and conservative management of the oil sector revenues constitute important credit strengths. Under Norway's fiscal framework the State's net cash inflow from the petroleum industry (receipts from the sale of oil and gas reserves and oil and gas taxes) are transferred to the GPFG, with the proceeds invested entirely overseas. In addition, the fiscal rule requires that the transfers from the GPFG to the national budget over time should be limited to the expected real return of the fund, estimated at 3.0%. Norway's strong fiscal metrics and GPFG provide the government with ample fiscal space to help the economy withstand severe shocks. In response to the pandemic the structural non-oil deficit as a share of the value of the GPFG deteriorated in 2020 and 2021, due to increased government spending, exceeding the 3% fiscal rule. In 2023 and 2024 the structural non-oil deficit came in at 3% and declined at 2.6% (of GPFG), mainly due to the strong performance of the GPFG. According to the 2025 Budget the structural non-oil deficit is expected to reach NOK 460.1 bn which is estimated at 2.5% of GPFG, mainly due to higher defense expenditures. Despite the increased spending pressures Norway's solid public sector balance provides resilience against economic shocks. Moreover, the GPFG could be also an important source of funding should the government decide to use it for security related reasons. In the long term, increased spending

pressures from higher ageing costs along with an expected decline of cash flows from petroleum activity, likely leading to slower growth in the GPFG, will require a more prudent fiscal stance.

Norway's government gross debt ratio remains one of lowest among advanced economies estimated by the IMF at 42.7% of GDP in 2024. Norway borrows in local currency primarily to fund government lending schemes, to ensure a well-functioning financial market in Norway, and to cover redemptions of outstanding debt. The non-oil budget deficit is financed by transfers from the GPFG and therefore does not trigger any borrowing requirement. The government's net asset position stands exceptionally high at 428.5% of GDP, reflecting its large sovereign wealth fund with a market value at around NOK 19.7 trillion at the end of 2024, equivalent to 481% mainland GDP. Norway's GPFG is the world's largest sovereign wealth fund, with its market value increasing significantly over the last few years, mainly due to the increased equity values and the weaker Norwegian kroner. The Norwegian government's financial assets far exceed total debt. Norway's low public debt ratio, along with the government's asset position and its solid fiscal framework, place Norway in a strong position to mitigate adverse shocks. This underpins Morningstar DBRS' positive qualitative adjustment for the Debt and Liquidity building block.

#### Monetary Policy Is Expected to Ease This Year; Financial System Vulnerabilities Remain

Inflation has declined markedly since 2023 but remains still above the 2% target prompting Norges Bank to keep its policy rate unchanged at 4.5%. The central bank expects inflation to ease further, and to start easing in its next policy meeting March 27. However, geopolitical tensions or trade barriers could result in a higher than anticipated inflation, slowing down the policy rate normalisation trajectory.

The Norwegian banking system has shown resilience in the weaker macroeconomic environment as it is well-equipped to absorb any deterioration in credit quality due to weak growth and high borrowing costs, with banks remaining liquid, profitable and with sound capitalisation. In addition, asset quality remains strong, with the non-performing loan (NPL) ratio amounting to just 0.4% in Q3 2024. However, there are still some vulnerabilities. Household debt, despite growing at a slower pace since 2022, remained elevated at 230% as a share of disposable income in Q2 2024. Higher interest rates and high share of variable rate mortgage rates make households vulnerable to potentially declines in real estate values and a prolonged period of high interest rates. Nevertheless, the housing market was resilient over the last two years. In 2024, house prices increased by 2.7%, mainly reflecting the expectation that interest rates have reached their peak. On the back of low home supply, increased purchasing power and lower interest rates, the real estate prices are expected to increase. The Commercial Real Estate (CRE) market also remains a source of vulnerability, with banks' exposure estimated at around 45% of banks' total corporate exposures, however the prospects are improving due to lower financing costs, while strong rental income and high employment will help most firms deal remain supportive.

Norwegian authorities' ongoing vigilance and proactive measures have thus averted significant increases in credit risks and mitigated the vulnerability of the financial system. These measures include, among others, requirements for borrowers to be able to tolerate up to a 7% rise in interest rates or a 3 percentage-point increase, a debt-to-income ratio ceiling at five times borrowers' annual income, and a loan-to-value ratio at 90%.

#### Norway's Coalition Government Collapsed, However the Strong Political Institutions Foster Predictable Macroeconomic Policies

In January 2025, the two-party coalition government, led by Jonas Gahr Støre's Labor Party and the Centre Party, collapsed due to disagreements over the adoption of EU energy directives. The Labour Party is now leading a minority government with the election scheduled on a fixed date, in September 2025. Passing legislation until the next election will now depend on securing support from multiple smaller parties, however no major policy changes are expected. According to the polls, the Labour Party leads voting intentions with 27%, followed by the Progress Party with 23% and the Conservative Party with 19%. Regardless of the outcome of the election,

broad political consensus behind Norway's fiscal framework and sound macroeconomic policies will continue to underpin the country's predictable macroeconomic policies. Norway benefits from a stable political environment and strong democratic institutions, as reflected in the high scores from the World's Bank Worldwide Governance Indicators. The country is characterized by strong rule of law, a robust regulatory environment, and low levels of corruption.

## ENVIRONMENTAL, SOCIAL, AND GOVERNANCE CONSIDERATIONS

ESG Considerations had a relevant effect on the credit analysis.

### Environmental (E) Factors

The following Environmental factors had a relevant effect on the credit analysis: Resource and Energy Management. Norway is one of the world's largest oil and gas exporters, with the petroleum sector estimated at 21% of GDP and 30% of state revenues in 2025. The government has been preparing for a post-carbon future through its SWF, the GPF, where oil proceeds are reinvested abroad, and therefore has become less vulnerable to volatility in commodity prices. Morningstar DBRS has taken these considerations into account within the 'Economic Structure and Performance' building block.

There were no Social and Governance factors that had a significant or relevant effect on the credit analysis.

A description of how Morningstar DBRS considers ESG factors within the Morningstar DBRS analytical framework can be found in the Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Factors in Credit Ratings at (13 August 2024) <https://dbrs.morningstar.com/research/437781>.

For more information on the Rating Committee decision, please see the Scorecard Indicators and Building Block Assessments.

### Notes:

All figures are in NOK unless otherwise noted. Public finance statistics reported on a general government basis unless specified.

The principal methodology is the Global Methodology for Rating Sovereign Governments (15 July 2024) <https://dbrs.morningstar.com/research/436000>. In addition Morningstar DBRS uses the Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Factors in Credit Ratings <https://dbrs.morningstar.com/research/437781> in its consideration of ESG factors.

The credit rating methodologies used in the analysis of this transaction can be found at: <https://dbrs.morningstar.com/about/methodologies>.

The sources of information used for this credit rating include Government of Norway, the Ministry of Finance of Norway (National Budget 2025), Norges Bank (Monetary Policy Report - December 2024, Financial Stability Assessment 2024 H2, Quarterly Report 4/2024 Government Debt January 2025), Statistics Norway, the Financial Supervisory Authority of Norway, Norges Bank Investment Management, International Energy Agency, International Monetary Fund (WEO – October 2024, Norway: 2024 Article IV Consultation — Press Release; Staff Report; and Statement by the Executive Director for Norway, BIS, Energy Information Administration, Real Estate Norway, the Social Progress Imperative (2025 AITi Global Social Progress Index), Norwegian Petroleum, World Bank, Freedom House and

Macrobond. Morningstar DBRS considers the information available to it for the purposes of providing this credit rating to be of satisfactory quality.

With respect to FCA and ESMA regulations in the United Kingdom and European Union, respectively, this is an unsolicited credit rating. This credit rating was not initiated at the request of the issuer.

With Rated Entity or Related Third-Party Participation: YES

With Access to Internal Documents: NO

With Access to Management: NO

Morningstar DBRS does not audit the information it receives in connection with the credit rating process, and it does not and cannot independently verify that information in every instance.

The conditions that lead to the assignment of a Negative or Positive trend are generally resolved within a 12-month period. Morningstar DBRS' outlooks and credit ratings are under regular surveillance.

For further information on Morningstar DBRS historical default rates published by the European Securities and Markets Authority (ESMA) in a central repository, see: <https://registers.esma.europa.eu/cerep-publication>. For further information on Morningstar DBRS historical default rates published by the Financial Conduct Authority (FCA) in a central repository, see <https://data.fca.org.uk/#/ceres/craStats>.

The sensitivity analysis of the relevant key credit rating assumptions can be found at: <https://dbrs.morningstar.com/research/450384/>.

This credit rating is endorsed by DBRS Ratings GmbH for use in the European Union.

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Initial Rating Date: 21 March 2012

Last Rating Date: 20 September 2024

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For more information on this credit or on this industry, visit <http://dbrs.morningstar.com>.

Issuer	Debt Rated	Credit Rating Action	Credit Rating	Trend
Norway, Kingdom of	Long-Term Foreign Currency -Confirmed Issuer Rating		AAA	Stable
Norway, Kingdom of	Long-Term Local Currency -Confirmed Issuer Rating		AAA	Stable
Norway, Kingdom of	Short-Term Foreign CurrencyConfirmed Debt - Issuer Rating		R-1 (high)	Stable
Norway, Kingdom of	Short-Term Local Currency DebtConfirmed - Issuer Rating		R-1 (high)	Stable

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# Norway

## Scorecard Indicators

Source

Current Scorecard Input

<b>Fiscal Management and Policy</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>			
Overall Fiscal Balance (% of GDP)	6.5%	-2.6%	10.3%	25.4%	16.4%	12.0%	11.0%	9.8%	8.7%	IMF WEO	13 year average	9.3%
Government Effectiveness (Percentile Rank)	97.1	98.1	97.6	98.1	97.6	-	-	-	-	World Bank	5 year average	97.7
<b>Debt and Liquidity</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>			
General Government Gross Debt (% of GDP)	40.6%	46.1%	41.6%	36.3%	44.0%	42.7%	42.7%	42.5%	42.0%	IMF WEO	5 year projection	40.6%
Interest Costs (% of GDP)	-2.1%	-2.0%	-1.2%	-1.3%	-2.8%	-3.3%	-2.6%	-2.1%	-1.8%	IMF WEO	5 year average	-2.4%
<b>Economic Structure and Performance</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>			
GDP per Capita (USD thousands)	76.3	68.3	93.0	108.4	87.7	90.4	90.3	90.2	91.9	IMF WEO	10 year average	82.8
Output Volatility (%)	1.5%	1.4%	1.4%	1.4%	1.4%	1.3%	1.3%	1.3%	-	IMF WEO	Latest	1.3%
Economic Size (USD billions)	409	368	503	594	485	504	506	509	522	IMF WEO	5 year average	491
<b>Monetary Policy and Financial Stability</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>			
Rate of Inflation (% EOP)	1.4%	1.4%	5.3%	5.9%	4.8%	2.7%	2.2%	2.0%	2.0%	IMF WEO	13 year average	3.0%
Total Domestic Savings (% of GDP)	156%	178%	160%	125%	147%	151%	-	-	-	/IMF	Latest <sup>1</sup>	151%
Change in Domestic Credit (% of GDP)	13.9%	30.2%	-39.1%	-36.2%	28.2%	16.9%	-	-	-	BIS/IMF	7 year average <sup>1</sup>	0.4%
Net Non-Performing Loans (% of Capital)	0.7%	0.3%	0.3%	-0.9%	-0.1%	0.7%	-	-	-	IMF IFS	Latest <sup>1</sup>	0.7%
Change in Property Price/GDP Index (%)	2.0%	11.8%	-13.6%	-22.3%	10.5%	0.2%	-	-	-	/IMF	7 year average <sup>1</sup>	-2.3%
<b>Balance of Payments</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>			
Current Account Balance (% of GDP)	3.8%	1.1%	14.9%	30.2%	17.9%	14.5%	12.5%	10.6%	8.8%	IMF WEO	8 year average	13.8%
International Investment Position (% of GDP)	243.2%	280.4%	269.7%	202.1%	297.7%	353.9%	-	-	-	IMF	5 year average <sup>1</sup>	280.8%
Share of Global Foreign Exchange Turnover (Ratio)	368.6%	385.2%	382.9%	326.9%	320.8%	333.4%	-	-	-	BIS/IMF	Latest	333.4%
Exchange Rate Classification (see footnote)	1	1	1	1	1	1	-	-	-	IMF	Latest	1
<b>Political Environment</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>			
Voice and Accountability (Percentile Rank)	100.0	100.0	100.0	100.0	100.0	-	-	-	-	World Bank	5 year average	100.0
Rule of Law (Percentile Rank)	99.5	99.5	99.5	98.1	99.1	-	-	-	-	World Bank	5 year average	99.1

See Morningstar DBRS' Global Methodology for Rating Sovereign Governments for additional details on the methodology behind the scorecard indicators and associated scoring thresholds. Exchange Rate Classifications: Freely floating exchange rate = 1; Float = 2; Crawls, banded pegs, and other managed = 3; Stabilized = 4; Pegs, currency unions and dollarized arrangements = 5.

<sup>1</sup> Scores for 2024 have been computed using the most recent data when year-end data is not available.

Rating Committee Date:

18-Mar-2025

# Norway

Building Block Assessments and Rating Committee Summary



18-Mar-2025

Building Blocks	Scorecard Result	Quantitative Assessment	Net Impact of Qualitative Factors	Building Block Assessment
Fiscal Management and Policy	20.00	Very Strong	N/A	Very Strong
Debt and Liquidity	18.44	Strong	+ 1 Category	Very Strong
Economic Structure and Performance	15.91	Strong/Good	N/A	Strong/Good
Monetary Policy and Financial Stability	18.54	Strong	N/A	Strong
Balance of Payments	20.00	Very Strong	N/A	Very Strong
Political Environment	20.00	Very Strong	N/A	Very Strong
Overall Assessment	Composite Scorecard Result	Scorecard Rating Range	Composite Building Block Assessment	Indicative Rating Range
	94.1	AAA - AA (high)	95.4	AAA - AA (high)

## Norway's Long-Term Foreign Currency - Issuer Rating

AAA

Main topics discussed in the Rating Committee include: economic and fiscal performance, monetary policy, political environment developments. For additional details on Morningstar DBRS analysis and opinions, please see the accompanying rating report.

## Morningstar DBRS Scorecard: Scoring Ranges and Associated Assessment Categories

Lower Bound	0.00	1.00	3.00	5.00	7.00	9.00	11.00	13.00	15.00	17.00	19.00
Upper Bound	0.99	2.99	4.99	6.99	8.99	10.99	12.99	14.99	16.99	18.99	20.00
Assessment Category	Very Weak	Weak	Weak/Poor	Poor	Poor/Moderate	Moderate	Good/Moderate	Good	Strong/Good	Strong	Very Strong



**Norway, Kingdom of**  
ESG Checklist

ESG Factor	ESG Credit Consideration Applicable to the Credit Analysis: Y/N	Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*	
<b>Environmental</b>		<b>Overall:</b>	
	Do the costs or risks result in changes to a government's financial standing or relationship with other governments, and does this affect the assessment of credit risk?	<b>Y</b>	<b>R</b>
<b>Emissions, Effluents, and Waste</b>	Does a government face coordinated pressure from a higher-tier government or from numerous foreign governments as a result of its GHG emissions policies, and does this affect the assessment of credit risk?	<b>N</b>	<b>N</b>
<b>Carbon and GHG Costs</b>	Will recent regulatory changes have an impact on economic resilience or public finances?	<b>N</b>	<b>N</b>
	<b>Carbon and GHG Costs</b>	<b>N</b>	<b>N</b>
<b>Resource and Energy Management</b>	Does the scarcity of key resources impose high costs on the public sector or make the private sector less competitive?	<b>N</b>	<b>N</b>
	Is the economy reliant on industries that are vulnerable to import or export price shocks?	<b>Y</b>	<b>R</b>
	<b>Resource and Energy Management</b>	<b>Y</b>	<b>R</b>
<b>Land Impact and Biodiversity</b>	Is there a risk to a government's economic or tax base for failing to effectively regulate land impact and biodiversity activities?	<b>N</b>	<b>N</b>
<b>Climate and Weather Risks</b>	Under key IPCC climate scenarios will climate change and adverse weather events potentially destroy a material portion of national wealth, weaken the financial system, or disrupt the economy?	<b>N</b>	<b>N</b>
<b>Passed-through Environmental credit considerations</b>	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by environmental factors (see respective ESG checklist for such issuer)?	<b>N</b>	<b>N</b>
<b>Social</b>		<b>Overall:</b>	
<b>Human Capital and Human Rights</b>	Compared with regional or global peers, is the domestic labour force more or less competitive, flexible and productive?	<b>N</b>	<b>N</b>
	Are labour or social conflicts a key source of economic volatility?	<b>N</b>	<b>N</b>
	Are individual and human rights insufficiently respected or failing to meet the population's expectations?	<b>N</b>	<b>N</b>
	Is the government exposed to heavy, coordinated international pressure as a result of its respect for fundamental human rights?	<b>N</b>	<b>N</b>
	<b>Human Capital and Human Rights</b>	<b>N</b>	<b>N</b>
<b>Access to Basic Services</b>	Does a failure to provide adequate basic services deter investment, migration, and income growth within the economy?	<b>N</b>	<b>N</b>
<b>Passed-through Social credit considerations</b>	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by social factors (see respective ESG checklist for such issuer)?	<b>N</b>	<b>N</b>
<b>Governance</b>		<b>Overall:</b>	
<b>Bribery, Corruption, and Political Risks</b>	Does widespread evidence of official corruption and other weaknesses in the rule of law deter investment and contribute to fiscal or financial challenges?	<b>N</b>	<b>N</b>
<b>Institutional Strength, Governance, and Transparency</b>	Compared with other governments, do institutional arrangements provide a higher or lesser degree of accountability, transparency, and effectiveness?	<b>N</b>	<b>N</b>
	Are regulatory and oversight bodies insufficiently protected from inappropriate political influence?	<b>N</b>	<b>N</b>
	Are government officials insufficiently exposed to public scrutiny or held to insufficiently high ethical standards of conduct?	<b>N</b>	<b>N</b>
	<b>Institutional Strength, Governance, and Transparency</b>	<b>N</b>	<b>N</b>
<b>Peace and Security</b>	Is the government likely to initiate or respond to hostilities with neighbouring governments?	<b>N</b>	<b>N</b>
	Is the government's authority over certain regions contested by domestic or foreign militias?	<b>N</b>	<b>N</b>
	Is the risk of terrorism or violence sufficient to deter investment or to create contingent liabilities for the government?	<b>N</b>	<b>N</b>
	<b>Peace and Security</b>	<b>N</b>	<b>N</b>
<b>Passed-through Governance credit considerations</b>	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by governance factors (see respective ESG checklist for such issuer)?	<b>N</b>	<b>N</b>
<b>Consolidated ESG Criteria Output:</b>		<b>Y</b>	<b>R</b>

\* A Relevant Effect means that the impact of the applicable ESG risk factor has not changed the rating or rating trend on the issuer.

A Significant Effect means that the impact of the applicable ESG risk factor has changed the rating or trend on the issuer.

## **Norway, Kingdom of: ESG Considerations**

21 March 2025

### **Environmental**

The following Environmental factors had a relevant effect on the credit analysis: Resource and Energy Management. Norway is one of the world's largest oil and gas exporters. The economy has a high reliance on the petroleum sector as it accounted for 21% of GDP and 30% of state revenues and 45% of exports in 2025. Despite having one of the largest oil and gas reserves in Europe, Norway's domestic electricity generation has been mainly sourced from renewable energy such as hydropower since 1891, and wind power more recently. The government has been preparing for a post-carbon future through its sovereign wealth fund, the Government Pension Fund Global, where oil proceeds are reinvested abroad. Moreover, the government budget is isolated from the volatility of petroleum revenues because of the sovereign wealth fund. Climate policy in Norway is undertaken in conjunction with the EU and Iceland. Norway's offshore drilling activities have been subject to a carbon tax since 1991. The Norwegian government has been facilitating investments which include carbon capture and storage projects and using hydrogen as a fuel. In its 2021-2030 Climate Plan, Norway has committed to reduce GHG emissions by at least 40% by 2030 compared to 1990 levels.

### **Social**

There were no Social factors that had a significant or relevant effect on the credit analysis. Norway's high levels of human capital and productivity are reflected in its very high income per capita estimated at USD 90,440 in 2024. Respect for human rights is high, and there is widespread access to quality healthcare and other basic services. Norway ranks 1<sup>st</sup> among countries in the 2025 AI Ti Global Social Progress Index. Norway also scores the maximum points under political rights and civil liberties in the Freedom in the World report.

### **Governance**

There were no Governance factors that had a significant or relevant effect on the credit analysis. Norway has effective and transparent governing institutions, providing a strong environment for investment and limited scope for corruption. The Norwegian government consistently scores above the 95<sup>th</sup> percentile across the Worldwide Governance Indicators, reflecting also institutional strength and low levels of corruption, according to the World Bank. Additionally, the management of the Government Pension Fund Global is among the most transparent in the world.

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