

# The Norwegian banking market

**Nordic Credit Rating (NCR) applies a score of 'a-' for the Norwegian banking market and expects the domestic operating environment to improve over the next few years due to an anticipated strong economic rebound and recovery in the business service sector.**

NCR believes expansion of the COVID-19 vaccine rollout will result in further improvement in the economic environment by summer 2021, along with a projected return of unemployment to near-normal levels as more furloughed staff return to work. Despite higher capital requirements, Norwegian banks have outperformed European peers on earnings and efficiency in recent years, while managing a downturn in the oil and offshore segment with robust loss performance. Declining international growth prospects constitute a risk factor, counterbalanced by solid government finances and a weak currency.

"NCR considers the Norwegian banking market to be somewhat stronger than the other Nordic markets, which are scored 'bbb+', says Geir Kristiansen, credit analyst at Nordic Credit Rating. "Norwegian banks are better capitalized than Nordic peers and Norway has stronger public finances and low unemployment."

The banking market score is a component of NCR's issuer ratings for financial institutions. Depending on the nature of the rated entity's exposure and geographic profile, the score can affect up to 20% of an issuer's overall credit rating.

**If you have any questions, please contact:**

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## About Us

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Nordic Credit Rating AS is a credit rating agency headquartered in Oslo with a branch in Stockholm. The company provides credit ratings to companies and financial institutions in the Nordic region, and bases its analysis on local insights. Nordic Credit Rating is registered with the European Securities and Markets Authority (ESMA).

## Attachments

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