

Nordic niche banks enter 2021 unscathed

Nordic Credit Rating said today that Nordic consumer banks show signs of emerging from the COVID-19 pandemic relatively unscathed judging by their full-year 2020 results.

Loan growth for most of a sample of nine regional niche lenders remained subdued, while loan loss provisions were lower than originally expected, NCR said in a new report on the sector.

“We believe that we might have seen a peak in loan loss provisions even if realised customer defaults increase in 2021, as we expect,” said NCR credit analyst Sean Cotten.

The report says loss provisions were stable in the fourth quarter for most of the banks in the sample. All indications suggest that relatively high provisions taken in the immediate aftermath of the pandemic outbreak early in 2020 have proven adequate so far despite a rise in the share of non-performing loans due to slower loan growth over the year.

Loan growth among the selected consumer banks was affected by a number of factors during 2020, the report says, as both consumers and the banks themselves became increasingly cautious amid strict social distancing measures and reduced demand for travel and services.

NCR thinks a return to lending growth in 2021 is likely in Norway, but expects it to lag the anticipated rebound in the Swedish market due to stricter regulatory conditions. In Finland, extension of regulatory limits on interest rates at 10% should continue to dampen market growth throughout the year ahead.

If you have any questions, please contact:

Sean Cotten, chief rating officer, +46735600337, sean.cotten@nordiccreditrating.com

Geir Kristiansen, credit rating analyst, +4790784593, geir.kristiansen@nordiccreditrating.com

About Us

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

[Nordic niche banks enter 2021 unscathed](#)