

Kingdom of Norway

This annex refers to the release of the monitoring note of 28 May 2021.

Annex I: Summary of core variable scorecard, reserve currency adjustment and qualitative scorecard¹

Implied rating of core variable scorecard (CVS)		aaa
Reserve currency adjustment		0
Weight	Qualitative scorecard (QS) for long-term issuer ratings	
20%	Growth potential of the economy	Neutral
	Monetary policy framework	Strong
	Macro-economic stability and sustainability	Neutral
20%	Fiscal policy framework	Strong
	Debt sustainability	Strong
	Debt profile and market access	Strong
20%	Current account resilience	Weak
	External debt structure	Neutral
	Resilience to short-term shocks	Strong
20%	Banking sector performance	Neutral
	Banking sector oversight	Neutral
	Financial imbalances	Weak
20%	Environmental risks	Neutral
	Social risks	Strong
	Institutional and political risks	Strong
QS adjustment (notches)		2
Additional considerations (notches)		0
Final rating		AAA STA

Annex II: Selected indicators

	2017	2018	2019	2020	2021E	2022F
GDP per capita (USD, '000s)	75.3	82.1	75.7	67.2	82.0	84.9
Real GDP, % change	2.3	1.1	0.9	-0.8	3.9	4.0
CPI, % change	1.9	2.8	2.2	1.3	2.2	2.0
General government balance, % of GDP	5.0	6.9	5.6	-7.0	-0.2	1.4
General government debt, % of GDP	38.6	39.7	40.9	41.4	41.6	41.3
Current account balance, % of GDP	4.6	8.0	2.5	2.5	5.4	4.8
Gross external debt, % of GDP	154.7	147.4	157.0	170.1	-	-

Source: Macrobond, IMF, Scope Ratings GmbH

Annex III: Economic development and default indicators

IMF Development Classification ²	AE
5y USD CDS spread (bps) as of 28 May 2021	10.3

¹ The weighting and explanation of all rating factors are described in Scope's 'Sovereign Ratings' methodology, available on www.scooperatings.com
² AE = advanced economy; EMDE = emerging market and developing economy

Annex IV: Analytical rationale for QS assessments

Norway	December 2020	Assessment	Analytical rationale
Peers*	Austria, Denmark, Finland, Germany, Netherlands, Sweden, Switzerland, Ireland, Luxembourg		
Domestic economic risk	Growth potential	Neutral	Moderate growth potential
	Monetary policy framework	Strong	Credible and effective central bank
	Macro-economic stability & sustainability	Neutral	Favourable business environment and highly-skilled labour force; weaker economic diversification and exposure to economic volatility due to oil sector
Public finance risk	Fiscal policy framework	Strong	Very strong fiscal framework
	Debt sustainability	Strong	Very resilient debt trajectory to severe scenarios
	Debt profile & market access	Strong	Sizeable sovereign wealth fund, excellent market access, low government financing costs
External economic risk	Current account resilience	Weak	Reliance on oil exports exposes current account to volatility
	External debt structure	Neutral	High external debt, in line with that of peers
	Resilience to short-term shocks	Strong	Very robust external-creditor position, anchored by external assets of sovereign fund
Financial stability risk	Banking sector performance	Neutral	High capitalisation & profitability; low non-performing loans, despite some deterioration
	Banking sector oversight	Neutral	Prudent oversight under Norges Bank and the FSA, with the Ministry of Finance responsible for the implementation of macroprudential policy
	Financial imbalances	Weak	High household indebtedness, high real estate prices, high interconnectedness in the financial system
ESG risk	Environmental risks	Neutral	Meaningful but well-managed transition risks to a post-oil economy
	Social risks	Strong	Favourable demographics and strong social safety nets, inclusive labour market
	Institutional and political risks	Strong	High-quality institutions and stable political environment

*Peers relate to selected sovereigns with a similar indicative rating per Scope's Core Variable Scorecard.