

INTERNATIONAL SAVINGS BANKS

25 August 2025

The Savings Banks Organisation in Norway

There are two types of banks in Norway: commercial banks and savings banks. The Norwegian commercial banks are predominantly subsidiaries or branches of foreign institutions and are usually organised as public limited companies. The savings banks, on the other hand, were originally independent and ownerless foundations which fed their equity capital from retained earnings. Since 1987, it has been possible to increase share capital through the issue of equity-like Equity Capital Certificates (ECCs) to raise external equity. The ECCs are also traded on the Oslo Stock Exchange.

Traditionally, the commercial banks have been responsible for corporate and business customers and the savings banks for private customers. The majority of Norwegian savings banks have formed alliances. These are not geographical alliances, but rather interest groups.

The first savings bank was founded in Oslo on 29 June 1822 under the name Christiania Sparebank. This was followed by a number of other savings banks spread throughout the country. They contributed to local growth and development and facilitated self-financing for residents and businesses. The number of savings banks has declined in recent years due to a wave of mergers.

Although there are no legal obligations, the savings banks foundations have considerable funds to promote cultural and social purposes. The savings banks are expected to act within the framework of responsible lending for economic promotion in their region.

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The Norwegian banking market

Compared to other European countries, the banking sector in Norway has less overall economic significance. The total assets of all Norwegian banks amounted to around 1.4 times GDP in 2024, compared with a European average of 2.04.

The share of non-performing loans at Norwegian banks was 0.8% in 2024, below the European average of 1.6%. The cost-income ratio was 38.4%, also below the level of other European countries. Profitability, measured by return on equity, significantly exceeded the European average (see charts 2 and 3).

The DNB remains Norway's dominant bank and completed its takeover of the online bank Sbanken in May 2023. The pan-European Nordea, based in Finland, also has a strong presence. At the same time, numerous regional savings banks, some with a cooperative background, continue to play an important role, especially in an increasingly competitive market environment.

In 2024, the Norwegian Financial Supervisory Authority (Finanstilsynet) granted a total of six approvals for the merger of savings banks, as well as permission to establish a savings bank foundation. In addition, a new banking license and a license for a finance company were granted in the same year.

In general, Norwegian banks remain profitable and competitive. The rise in interest rates has strengthened net interest income, while losses have remained low. Banks meet solvency and liquidity requirements: the Common Equity Tier 1 (CET1) ratio was around 17-19% at the end of the first quarter of 2025, and the leverage ratio has remained virtually unchanged over the past decade. However, a recent stress test shows that geopolitical fragmentation, a global trade war and high tariff barriers could result in significant credit losses, causing the CET1 ratios of many large banks to fall below the requirements.

The Norwegian economy is proving resilient, supported by solid fiscal buffers and a reliable policy framework. Mainland GDP is expected to grow from 0.6% in 2024 to 1.5% in 2025, before stabilising at that level. Despite high private debt and concentrated real estate exposures, the financial system is considered stable, supported by strong capital and liquidity buffers. Macroprudential requirements were relaxed in 2024: the loan-to-value ratio for mortgage loans was raised from 85% to 90% in Oslo.¹

¹ IMF, Norway: Staff Concluding Statement for the 2025 Article IV Consultation Mission

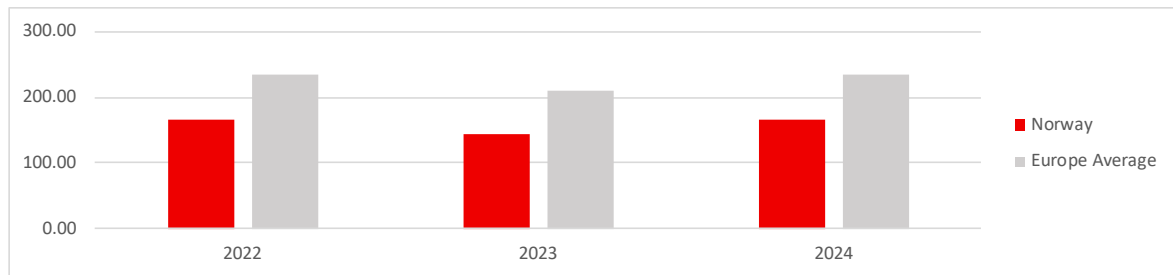


Table 1: The largest Scandinavian banking groups

Group	Country	Total Assets
Nordea Bank	Finnland	623
Danske Bank	Dänemark	498
Skandinaviska Enskilda Banken	Schweden	328
Svenska Handelsbanken	Schweden	309
DNB Group	Norwegen	307
Swedbank	Schweden	263

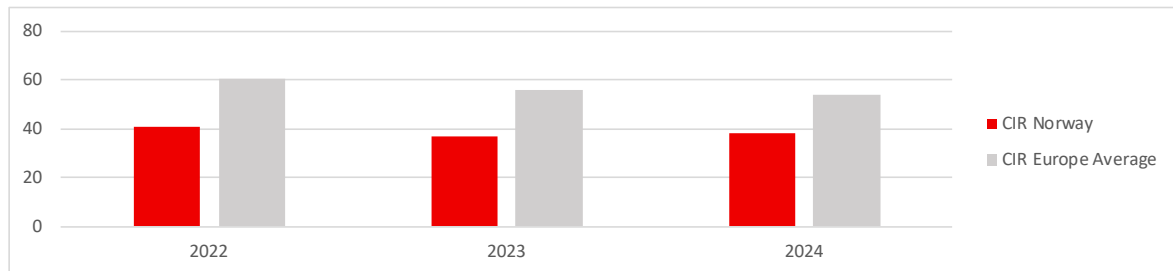
Source: Financial reports of the respective group 2024, in EUR billion

Figure 1: Banks' balance sheet total to GDP in %



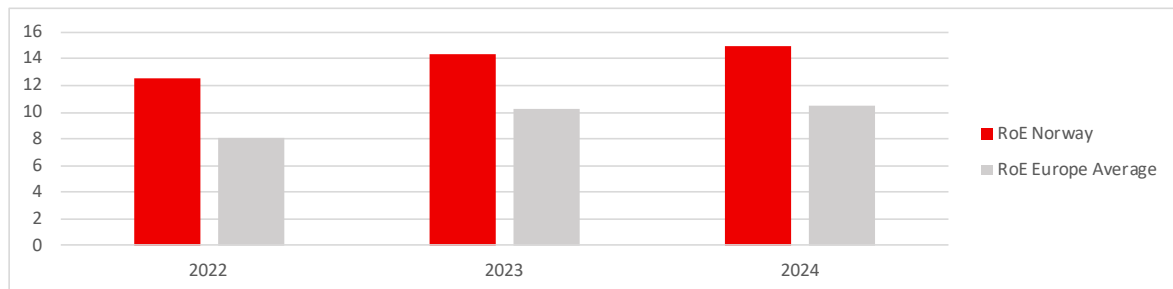
Source: Norges Bank, own calculations 2024

Figure 2: Cost-income ratio (CIR) in %



Source: EBA Dashboard, 2024

Figure 3: Return on equity (RoE) in %



Source: EBA Dashboard, 2024



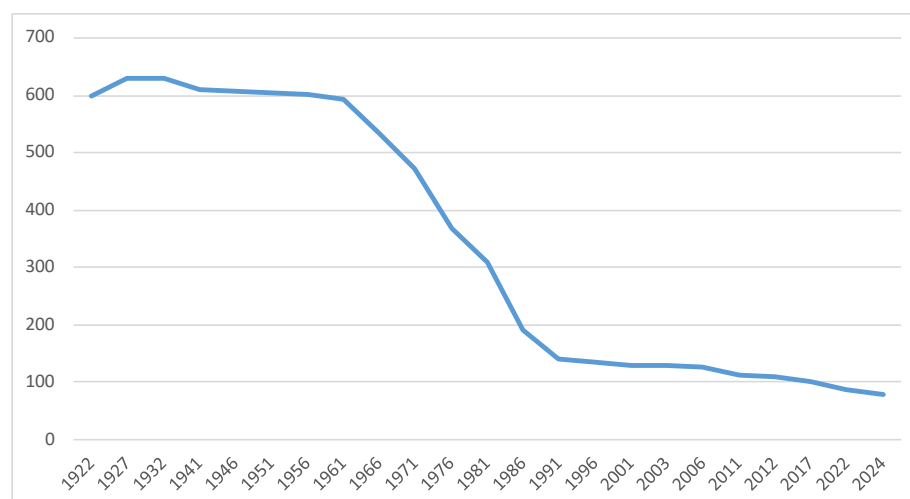
The Norwegian savings banks

78 of the total of 115 banks in Norway are savings banks (including DNB Bank ASA²). The highest administrative body, the representative assembly, is composed of employees, customers, and representatives from public administration. The 20 largest savings banks account for approximately 81% of the balance sheet total³ of the entire savings bank sector. Consolidation in the Norwegian savings bank sector continued in 2022–2024. In 2023, Hemne Sparebank and Åfjord Sparebank merged to form Trøndelag Sparebank; and SpareBank 1 Søre Sunnmøre was absorbed into SpareBank 1 SMN. Further mergers followed in 2024: three institutions merged to form Skagerrak Sparebank, and there were also mergers to form Rogaland Sparebank, Skue Sparebank, SpareBank 1 Sør-Norge, and SpareBank 1 Østlandet.-Norge.

The majority of the savings banks are in alliances. The Sparebank 1 Alliance, Norway's second largest financial services group, is an association of 13 mainly larger savings banks, while the Eika Group (formerly: Terra Alliance) consists of 46 mainly smaller institutions. In addition, there are 19 independent savings banks and DNB Bank, which alone accounts for 60.6% of the balance sheet total of the savings bank sector.

The alliances are interest groups rather than geographical alliances. Their internal cooperation generally covers the areas of technology and processing, advertising and communication, exchange of experience and purchasing. There are also joint subsidiaries, e.g. in the insurance sector or for the issuance of Pfandbriefe.

Figure 4: Development of the number of Norwegian savings banks



Source : Association website, 2025

² Since 2015, DNB Bank has been treated as a private bank rather than a savings bank in some statements. The reason for this is that the shareholding of the savings bank foundations in DNB Bank has fallen below 10%. Nevertheless, DNB Bank continues to be a member of the Savings Banks Association (see also section "Legal form and equity").

³ Excluding DNB ASA

**Table 2: Largest Norwegian banks and savings banks**

	Total assets in EUR bn
DNB Group	307
SpareBank 1 Sør-Norge	33
SpareBank 1 SMN	21
Santander Consumer Bank AS	18
SpareBank 1 Østlandet	18
Sparebanken Vest	18
SpareBank 1 Nord-Norge	11
Sparebanken Sør	10

Source: Financial reports of the respective banks, 2024⁴

Table 3: Structural characteristics of Norwegian savings banks

Legal form and own capital Savings Banks were originally founded as independent ownerless companies. Their equity capital was fed by retained profits. Since 1988, it has been possible to raise external equity capital by issuing equity-like Equity Capital Certificates (ECCs) which are similar to shares. Since 2009, it has also been possible, in cases of savings banks mergers, to establish local foundations that hold shares in the new institution via ECCs .

Tier 1 ECCs establish limited ownership of the bank. The right of co-determination is limited to 40% of the shareholders' representatives. Decisions directly affecting ECC require a two-thirds majority of ECC representatives. Moreover, ECCs only absorb losses of the savings bank once the primary equity capital (i.e. retained earnings) has been used up. Approx. two-third of savings banks have issued ECCs so far, several of which are listed on the Oslo Stock Ex-change.

Since 2002, savings banks can be converted into private limited companies. The equity capital of these savings banks must then be contributed to foundations. Only institutions in which more than 10% of the equity capital is in the hands of a savings banks foundation (Sparkassen-stiftung) are allowed to call themselves a savings bank and belong to the community institutions of the savings bank sector.

⁴ The figures for total assets represent only the Norwegian banks at the level of the parent bank



Business - activity Since an amendment to the Savings Banks Act in 1961, savings banks have not been subject to any restrictions on their business activities.

Regional - principle There is no regional principle. A banking licence is valid nationwide. DNB, in particular, uses this. The 43 smallest savings banks (total asset up to EUR 1 billion) have a very local focus, but their business areas may overlap. The 25 medium-sized savings banks (up to EUR 10 billion) often maintain their customer relationships outside their traditional business area - a reaction to the high mobility of Norwegians within their country.

Public welfare orientation Profits may be used without limitation for public welfare purposes. In case of a distribution of more than 30%, the financial supervisory authority must be informed; above 60%, its approval must be obtained.

The savings bank sector is one of Norway's largest private contributors to sport, culture and voluntary projects. According to a survey by the Savings Banks Association, savings banks provided 4 billion NOK (approx. EUR 355 million) to public welfare projects in 2023⁵.

Inserts- security The State Deposit Insurance Fund was established in 2004. It is obligatory for all institutions based in Norway. The previously existing deposit protection funds of the savings banks and commercial banks have been incorporated into this fund. The fund protects deposits per person up to NOK 2 million (approx. EUR 250,000).

⁵ Sparebankforeningen has indicated that allocations are expected to continue to rise in the coming years, supported by solid financial results from savings banks and the growing involvement of savings bank foundations.



The umbrella organisation: Sparebankforeningen



The umbrella organisation of Norwegian savings banks was founded in 1914.

The Norwegian financial association Finance Norway (FNO) was founded on 1 January 2010. FNO represents savings banks, commercial banks, insurance companies and other finance companies. The savings banks are still members of the Savings Banks Association, which in turn is a member of FNO. The Association of Commercial Banks, in contrast to the Savings Banks Association, has been completely absorbed into the FNO. The merger was triggered by the merger of the largest Norwegian bank DNB with the largest savings bank Gjensidige Nor to form DNB Nor in 2003. However, most of the employees of the Savings Banks Association now also work for Finance Norway.

Table 4: Important structural features of the Norwegian Savings Banks Association

Members	78 Savings banks including DNB
Legal form	Association
Tasks	<ul style="list-style-type: none">• Clarification of interests for savings banks and foundations vis-à-vis the authorities, politicians and other relevant stakeholders.• Dialogue and cooperation with authorities and others on framework conditions and regulations relevant to savings banks and savings banks foundations.• Building reputation and establishing a better understanding of the business and social contributions of savings banks.• Increasing knowledge and competence among the members of the Savings Banks Association in areas that are important for a well-functioning savings bank sector.

The umbrella organisation of the Norwegian savings banks is a member of the World Savings and Retail Banking Institute (WSBI) and the European Savings and Retail Banking Group (ESBG).

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