

Vestland Fylkeskommune

Rating Action Report

LONG-TERM RATING

AAA

OUTLOOK

Stable

SHORT-TERM RATING

N1

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Vestland Fylkeskommune assigned 'AAA' long-term issuer rating; Outlook stable

Nordic Credit Rating has assigned a 'AAA' long-term issuer rating to Norway-based Vestland Fylkeskommune (Vestland). The outlook is stable. An 'N1' short-term issuer rating has also been assigned as well as 'AAA' issue ratings to Vestland's senior unsecured bonds.

Rating rationale

The long-term issuer rating reflects Vestland's above-average income level and sound demographic profile with a low proportion of elderly dependants compared to the domestic local government sector average. These characteristics support strong operating margins and a sound interest burden, despite the county's fair amount of debt. The rating also reflects sound liquidity and balanced financial reserves. We believe Vestland's debt level will grow due to increasing investment needs and continued inflation pressure. On the other hand, we expect continued strong operating margins and that the county will maintain strong financial management and balanced budgets.

Vestland's economy is well diversified across multiple industries including the offshore and oil and gas industries, as well as the more capital- and energy-intensive industries such as aluminium production. It also benefits from tourism and recreation thanks to its varied geography. The county also holds a strategic position as Norway's leading export region and plays an integral part in Norway's energy and other industrial production.

Vestland benefits from Norway's exceptional creditworthiness, given the country's institutional stability, strong governance and conservative fiscal performance. Vestland receives significant ongoing support from the central government. Local and regional government institutions have a predictable revenue distribution system and a robust framework that supports transparency.

Stable outlook

The stable outlook reflects our view that Vestland will maintain its sound demographic profile, and its industrial and export-oriented economy will continue to support strong operating margins. We expect increasing debt over the 2025–2027 forecast period however, reaching a 107% gross debt burden due to the high investments in its complex road and mobility infrastructure. Despite an increasing debt burden, we expect a continued manageable interest burden. In addition, we believe the county will maintain balanced operating budgets. We expect Norway's creditworthiness will remain stable with no material changes to its institutional framework.

The rating is at the highest level and cannot be raised. We could lower the rating to reflect deteriorating operating margins or financial reserves deteriorating below our expectations, gross debt exceeding 110% or higher interest burden than we expect as well as rising unemployment or weakened demographics.

Rating list

Long-term issuer credit rating:
Outlook:
Short-term issuer credit rating:
Senior unsecured issue rating:

Rating

AAA
Stable
N1
AAA

Figure 1. Vestland FK rating scorecard

Step	Analysis	Score
1	Sovereign creditworthiness	aaa
2	Local and regional government institutions	Strong
3	Entity-specific assessment	Above average
4a	Standard notching	0/-1
4b	Indicative credit assessment alternatives	aaa/aa+
5a	Higher or lower alternative	Higher
5b	Indicative credit assessment	aaa
6	Other adjustments	0
7	Issuer rating	AAA

Figure 2. Vestland FK entity-specific assessment scorecard

Subfactors	Impact	Score
Average income	30.0%	1
Population growth	30.0%	3
Old age burden	20.0%	1
Unemployment	20.0%	3
Demographics calibration	-	0
Demographics weighed score	33.3%	2.00 (Strong)
Operating margin	60.0%	2
Operating and investment balance	20.0%	3
Financial reserves	20.0%	3
Budget performance calibration	-	0
Budget performance weighed score	33.3%	2.40 (Above average)
Gross debt burden	60.0%	4
Interest burden	40.0%	2
Debt burden and liquidity calibration	-	0
Debt burden and liquidity weighed score	33.3%	3.20 (Average)
Weighted average entity-specific scoring	100.0%	2.53 (Above average)

Figure 3. Capital structure ratings

Seniority	Rating
Senior unsecured	AAA

Type of credit rating:	Long-term issuer credit rating Short-term issuer credit rating Issue credit rating
Publication date:	The rating was first published on 15 Aug. 2025.
Office responsible for the credit rating:	Nordic Credit Rating AS (NCR), Oslo, Norway. NCR is a registered credit rating agency under Regulation (EC) No 1060/2009.
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Were ESG factors a key driver behind the change to the credit rating or rating outlook?	No.
Methodology used when determining the credit rating:	NCR's Rating Principles published on 14 Feb. 2024 NCR's Local & Regional Government Rating Methodology published on 14 Feb. 2024 NCR's Sovereign Credit Assessment Methodology published on 26 Mar. 2024 The methodology and principles documents provide analytical guidance to NCR's rating activities including but not limited to, assumptions, parameters, cash flow analysis, and stress-testing. NCR's methodologies and principles can be found on our website nordiccreditrating.com/governance/policies. The historical default rates of entities and securities rated by NCR will be viewed on the central platform (CEREP) of the European Securities and Markets Authority (ESMA).
Materials used when determining the credit rating:	Annual- and quarterly reports of the rated entity, Company presentations, Data provided by external data providers, Meetings with management of the rated entity, Non-public information, Press reports/public information, Website of rated entity.
Potential conflicts of interest:	The rating is NCR's independent opinion of the rated entity's relative creditworthiness. The rating is solicited, i.e. it is prepared for a fee paid by the rated entity. At the time of analysis and publication neither NCR nor any of the analysts or persons involved in the rating process held any interest, ownership interest or securities in the rated entity. NCR does not have any direct or indirect shareholder with a holding of more than 5% of NCR's shares and votes. For further information, please refer to NCR's conflict of interest policy which is available on: https://nordiccreditrating.com/governance/policies
Additional information:	Prior to publication, the rating was disclosed to the rated entity. The issuer was given 24 hours (of which 8 business hours) to remark on factual errors and/or the inadvertent inclusion of confidential information, if applicable. The rating was not amended after the review by the issuer. No stress test was performed. Standard cash flow forecasting was performed. NCR's rating is an opinion regarding the relative creditworthiness of an entity or an instrument. It is not a prediction, guarantee or recommendation to buy, hold or sell securities. NCR assigns outlooks to issuer ratings to indicate where they could move in the near term, normally 12–18 months. Further information on the rating process, rating definitions and limitations is available on our website: nordiccreditrating.com/governance/policies. The Rating Committee was led by the chairperson who ensured that all attending analysts were qualified to vote, had ample time to prepare for the committee, and acknowledged that they did not have any conflicts of interest with the rated entity. The chairperson also asked the committee members if they were aware of any former Nordic Credit Rating employees now employed by the rated entity. The primary analyst provided an overview of their recommendation, referring to key discussion areas outlined in the committee material. All committee members were given the opportunity to question the recommendation, and to request further details on qualitative and quantitative factors, including forward-looking expectations and forecasts. The committee members were also afforded the opportunity to offer counterarguments and/or alternative proposals. The committee voted on all relevant subfactors, and decided on the long- and short-term issuer and issue ratings, where relevant. The committee also determined the outlook for the issuer rating and decided on the key drivers that could lead to a change in the issuer rating. A summary of the committee's decision is reflected in the rating action report. Following the committee's decision, the chairperson and primary analyst reviewed the rating action draft report to ensure consistency with the discussed key areas and credit drivers for the rated entity. The weighting of all rating factors is described in the relevant methodologies used in the rating decision (see the "Methodology used when determining the credit rating section" in the disclaimer).
Ancillary services provided:	No ancillary services have been provided in the last 12 months.
Regulations:	This rating was issued and disclosed under Regulation (EC) No 1060/2009.
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