

LONG-TERM RATING

AAA

OUTLOOK

Stable

SHORT-TERM RATING

N1

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## Norway's Agder county assigned 'AAA' long-term issuer rating; Outlook stable

Nordic Credit Rating (NCR) said today that it had assigned a 'AAA' long-term issuer rating to Norway-based [Agder Fylkeskommune](#) (Agder). The outlook is stable. At the same time NCR assigned an 'N1' short-term issuer rating. NCR has also assigned 'AAA' issue ratings to Agder's senior unsecured bonds.

### Rating rationale

The long-term issuer rating reflects Agder's prudent debt management, low debt, and strong liquidity. It also reflects strong operating margins and financial reserves, coupled with a lower proportion of elderly dependants than the domestic local government sector average. We believe Agder will maintain rigorous debt management, despite higher investments, which will most likely be financed by additional debt and readily available funding. We expect costs to remain elevated throughout 2024, constraining operating margins, but believe the county will maintain strong financial management and balanced budgets.

Agder is less diverse than other Norwegian counties in terms of industrial sectors, but has a substantial position within the offshore and oil and gas industry. It also receives meaningful revenues from the renewable hydropower sector. Agder occupies a strategic location and plays an integral part in Norway's energy production and self sufficiency.

Agder benefits from Norway's exceptional creditworthiness, given the country's institutional stability, strong governance, and conservative fiscal performance. Local and regional government institutions are strong thanks to a predictable revenue distribution system and a robust framework that supports strong governance and transparency.

### Stable outlook

The stable outlook reflects our view that Agder will remain one of the fastest growing regions in Norway with a below-average level of elderly dependants. We expect the county to maintain its relatively low debt levels and control interest expenses, even though it has budgeted for a significant increase in investments in 2024, while managing liquidity prudently. In addition, we believe Agder has proven capacity to cut costs, if necessary, to ensure a balanced budget.

The rating is at the highest possible level and cannot be raised. We could lower the rating to reflect deteriorating operating margins or high capital spending or a significant rise in gross debt and interest payments. We could also lower the rating to reflect rising unemployment or weaker demographics than we currently expect.

### Rating list

	Rating
Long-term issuer credit rating:	AAA
Outlook:	Stable
Short-term issuer credit rating:	N1
Senior unsecured issue rating:	AAA

**Figure 1. Agder rating scorecard**

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

**Figure 2. Agder entity-specific assessment scorecard**

Subfactors	Impact	Score
Average income	30.0%	3
Population growth	30.0%	1
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%	1
Interest burden	40.0%	2
Debt burden and liquidity calibration	-	0
Debt burden and liquidity weighed score	33.3%	1.40 (Strong)
Weighted average entity-specific scoring	100.0%	1.93 (Strong)

**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 05 Apr. 2024.
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:	<a href="#">NCR's Local &amp; Regional Government Rating Methodology published on 14 Feb. 2024</a> <a href="#">NCR's Rating Principles published on 14 Feb. 2024</a> <a href="#">NCR's Sovereign Credit Assessment Methodology published on 26 Mar. 2024</a> 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 <a href="https://nordiccreditrating.com/governance/policies">nordiccreditrating.com/governance/policies</a> . The historical default rates of entities and securities rated by NCR will be viewed on <a href="#">the central platform (CEREP) of the European Securities and Markets Authority (ESMA)</a> .
Materials used when determining the credit rating:	Annual- and quarterly reports of the rated entity, Company presentations, Data provided by external data providers, External market reports, 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: <a href="https://nordiccreditrating.com/governance/policies">https://nordiccreditrating.com/governance/policies</a>
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: <a href="https://nordiccreditrating.com/governance/policies">nordiccreditrating.com/governance/policies</a> .
Ancillary services provided:	No ancillary services were provided.
Regulations:	This rating was issued and disclosed under Regulation (EC) No 1060/2009.
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