

## Agder Fylkeskommune

## Rating Action Report

## LONG-TERM RATING

AAA

## OUTLOOK

Stable

## SHORT-TERM RATING

N1

## PRIMARY ANALYST

Anine Gulbrandsen  
+4797501657  
anine.gulbrandsen@nordiccreditrating.com

## SECONDARY CONTACTS

Sean Cotten  
+46735600337  
sean.cotten@nordiccreditrating.com

Elisabeth Adebäck  
+46700442775  
elisabeth.adeback@nordiccreditrating.com

## 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.
Primary analyst:	Anine Gulbrandsen, +4797501657, <a href="mailto:anine.gulbrandsen@nordiccreditrating.com">anine.gulbrandsen@nordiccreditrating.com</a>
Rating committee chairperson responsible for approval of the credit rating:	Elisabeth Adebäck, +46700442775, <a href="mailto:elisabeth.adeback@nordiccreditrating.com">elisabeth.adeback@nordiccreditrating.com</a>
Were ESG factors a key driver behind the change to the credit rating or rating outlook?	No.
Methodology used when determining the credit rating:	<p>NCR's Local &amp; Regional Government Rating Methodology published on 14 Feb. 2024</p> <p>NCR's Rating Principles published on 14 Feb. 2024</p> <p>NCR's Sovereign Credit Assessment Methodology published on 26 Mar. 2024</p> <p>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>.</p> <p>The historical default rates of entities and securities rated by NCR will be viewed on <a href="https://www.esma.europa.eu/central-platform">the central platform (CEREP) of the European Securities and Markets Authority (ESMA)</a>.</p>
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:	<p>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>.</p> <p>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).</p>
Ancillary services provided:	No ancillary services were provided.
Regulations:	This rating was issued and disclosed under Regulation (EC) No 1060/2009.
Legal exemption from liability:	Disclaimer © 2024 Nordic Credit Rating AS (NCR, the agency). All rights reserved. All information and data used by NCR in its analytical activities come from sources the agency considers accurate and reliable. All material relating to NCR's analytical activities is provided on an "as is" basis. The agency does not conduct audits or similar warranty validations of any information used in its analytical activities and related material. NCR advises all users of its services to carry out individual assessments for their own specific use or purpose when using any information or material provided by the agency. Analytical material provided by NCR constitutes only an opinion on relative credit risk and does not address other forms of risk such as volatility or market risk and should not be considered to contain facts of any kind for the purpose of assessing an issuer's or an issue's historical, current or future performance. Analytical material provided by NCR may include certain forward-looking statements relating to the business, financial performance and results of an entity and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. Forward-looking statements contained in any analytical material provided by NCR, including assumptions, opinions and views either of the agency or cited from third-party sources are solely opinions and forecasts which are subject to risk, uncertainty and other factors that could cause actual events to differ materially from anticipated events. NCR and its personnel and any related third parties provide no assurance that the assumptions underlying any statements in analytical material provided by the agency are free from error, nor are they liable to any party, either directly or indirectly, for any damages, losses or similar, arising from use of NCR's analytical material or the agency's analytical activities. No representation or warranty (express or implied) is made as to, and no reliance should be placed upon, any information, including projections, estimates, targets and opinions, contained in any analytical material provided by NCR, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained in any analytical material provided by the agency. Users of analytical material provided by NCR are solely responsible for making their own assessment of the market and the market position of any relevant entity, conducting their own investigations and analysis, and forming their own view of the future performance of any relevant entity's business and current and future financial situation. NCR is independent of any third party, and any information and/or material resulting from the agency's analytical activities should not be considered as marketing or a recommendation to buy, sell, or hold any financial instruments or similar. Relating to NCR's analytical activities, historical development and past performance does not safeguard or guarantee any future results or outcome. All information herein is the sole property of NCR and is protected by copyright and applicable laws. The information herein, and any other information provided by NCR, may not be reproduced, copied, stored, sold, or distributed without NCR's written permission.

**NORDIC CREDIT RATING AS**
[nordiccreditrating.com](https://nordiccreditrating.com)