Research Update:

Canton of Geneva 'AA+' Ratings Affirmed; Outlook Stable

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Overview

- Rising operating expenditure combined with economic uncertainty could weigh on the Canton of Geneva's operating margins.
- We expect management will implement cost saving measures that could limit operating margin deterioration and recourse to debt.
- We affirmed our 'AA+' long-term issuer credit ratings on the Canton of Geneva. The outlook is stable.

Rating Action

On Dec. 12, 2025, S&P Global Ratings affirmed its 'AA+' foreign and local currency long-term issuer credit ratings on the Canton of Geneva. The outlook is stable.

Outlook

The stable outlook reflects our view that Geneva’s management should withstand uncertainties on revenue through the implementation of cost saving measures.

Downside scenario

We could lower the rating if Geneva fails to contain expenditure growth, or fiscal revenue underperforms our expectations. This would result in weaker-than-forecast budgetary performance.

Upside scenario

We could raise the rating on the Canton of Geneva if we see improved financial policies through significant debt decline and reduced risks related to its pension funds.

Rationale

In our view, Geneva's management should partially offset rising budgetary risks through the implementation of cost saving measures. At the same time, the lowered tariffs on Swiss exports to the U.S. slightly reduced uncertainty around fiscal outturns, especially on corporate tax.

Our rating on the Canton of Geneva is supported by its very wealthy and resilient economy that sustains high tax revenue. Additionally, Swiss cantons operate in a very predictable and transparent framework, which is a key credit strength. The Canton of Geneva continues to have access to the very deep and liquid Swiss capital markets, supporting its very solid liquidity position.

Nonetheless, Geneva continues to have a higher debt burden than most rated Swiss cantons, while we continue to see contingent risks, mainly linked to its pension funds (Caisse de Prévoyance de l'Etat de Genève [CPEG], Fondation de Prévoyance en faveur du personnel des Trasnports Publics Genevois [FPTPG], and Caisse de Prévoyance des fonctionnaires de police et des établissements pénitentiaires [CP]).

A very wealthy economy and supportive institutional framework boost Geneva's creditworthiness

We expect the Swiss economy will expand slightly faster than previously forecast, notably thanks to the renewed agreement between the U.S. and Switzerland that lowers tariffs on Swiss exports to 15% from 39%. As such, the Swiss economy will expand by 1.3% in both 2025 and 2026. Geneva's exports represent about 49% of its GDP, a similar proportion as the Swiss average. About 15% of those exports go to the U.S. (compared with 17% at the national level), and we understand Geneva mostly exports watches and jewelry. Therefore, we believe Geneva's economy will expand at the same rate as the Swiss economy. That said, Geneva benefits from one of the highest global standards of living, with a GDP per capita that reached Swiss franc (CHF) 119,000 in 2024. Geneva's economy is highly diversified and open, with a strong focus on the wristwatch industry, financial services, and a large trade sector (including commodities trading).

We view Geneva's financial management as strong, notably underpinned by several debt brake cantonal laws, and its ability to use exceptional revenue to reduce its debt rather than further increase spending. As tax revenue should normalize, the canton will present a set of cost saving measures in 2026 to curb projected deficits. We believe management will implement such measures, though the magnitude of the savings, and their calendar has not yet been announced. We view Geneva's debt and liquidity management very favorably. The canton ensures it has sufficient liquidity lines to cover intra-year liquidity needs. Moreover, it maintains limited exposure to variable rates and short-term maturities, shielding it from rapid repricing. We see the canton's investment policy as prudent. Geneva invests only in short-term deposits (less than three months) with investment-grade counterparts to limit credit risk.

The institutional framework for Swiss cantons is very predictable and supportive. Amendments are made only after consultation with all cantons and, in many cases, are voted on in a public referendum. This means changes to the framework take place only after extensive discussions and incrementally, including mitigating measures where required. Swiss cantons benefit from large fiscal revenue and can adjust tax rates to accommodate funding needs. Also, the Swiss national fiscal equalization system continues to support the institutional framework. Geneva is the third-largest net contributor to the system in 2025, and will be the largest contributor in 2026.

Operating margins pressures should remain contained and the debt burden will stabilize

We forecast Geneva's operating margins will narrow but average more than 5% over 2023-2027. Tax revenue will recede from recent highs, notably on the back of the personal income tax cut approved by popular referendum in late 2024, that shaves CHF326 million. Also, economic uncertainties linked to tariffs could weigh on proceeds from the corporate tax. About 7% of Geneva's GDP comes from exports to the U.S., mostly from very profitable industries such as watchmaking and jewelry. Operating expenditure will also rise spurred by social spending dynamism, and a rising contribution to the equalization system. That said, Geneva will likely implement cost saving measures that will partially offset those external pressures. Geneva's operating margins will average 2.5% of operating revenue over 2025-2027.

The canton's balance after capital accounts will turn negative, but deficits will remain contained below 5% of total revenue. Despite strong political willingness to execute investments, the canton's investment volume will be constrained by its capacity to deliver. We forecast capital expenditure will average CHF740 million over 2025-2027, up from CHF670 million in 2024 (after removing the CHF194 million linked to the recapitalization of the police pension fund).

Despite wider deficits, we expect Geneva's debt burden will stabilize. This is because in 2025, Geneva will collect tax revenue stemming from previous fiscal years. Geneva's tax-supported debt (including the debt of transportation company, the hospital, and the public assistance office) will reach 118% of consolidated operating revenue in 2027, compared with 119% in 2024. That said, Geneva benefits from a very favorable debt profile with long maturities, and overall very low interest rates in the Swiss market (below 1% in 2025).

We forecast Geneva's liquidity position will weaken on the back of rising deficits. Geneva's cash and available liquidity sources should cover between 40% and 80% of the debt service over the next 12 months. The canton benefits from close to CHF1.5 billion of confirmed liquidity lines, and more than CHF3 billion of unconfirmed liquidity lines from various national and international institutions. Additionally, we view Geneva's access to external liquidity as strong through its solid access the highly liquid Swiss capital market.

Republic and Canton of Geneva Selected Indicators

Mil. CHF	2022	2023	2024	2025bc	2026bc	2027bc
Operating revenue	11,363	11,643	11,202	10,985	11,187	11,442
Operating expenditure	8,994	9,726	10,119	10,524	10,649	10,865
Operating balance	2,369	1,917	1,083	462	538	577
Operating balance (% of operating revenue)	20.9	16.5	9.7	4.2	4.8	5.0
Capital revenue	88	38	38	35	35	35
Capital expenditure	570	543	860	650	675	700
Balance after capital accounts	1,887	1,412	261	(153)	(103)	(88)
Balance after capital accounts (% of total revenue)	16.5	12.1	2.3	(1.4)	(0.9)	(0.8)
Debt repaid	1,735	1,626	1,648	2,629	1,377	1,562
Gross borrowings	686	641	1,379	2,850	1,500	1,650
Balance after borrowings	838	427	(8)	68	21	(0)
Direct debt (outstanding at year-end)	15,222	14,238	13,968	14,139	14,262	14,350

Republic and Canton of Geneva Selected Indicators

Direct debt (% of operating revenue)	134.0	122.3	124.7	128.7	127.5	125.4
Tax-supported debt (outstanding at year-end)	16,533	15,646	15,304	15,502	15,652	15,768
Tax-supported debt (% of consolidated operating revenue)	129.1	119.0	119.0	122.6	121.9	120.4
Interest (% of operating revenue)	1.7	1.6	1.5	1.5	1.4	1.4
Local GDP per capita ($)	120,409.6	128,920.7	134,681.3	--	--	--
National GDP per capita ($)	93,984.4	99,799.1	103,627.4	109,266.0	106,447.3	102,475.1

The data and ratios above result in part from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information. The main sources are the financial statements and budgets, as provided by the issuer. bc--Base case reflects S&P Global Ratings' expectations of the most likely scenario. CHF--Swiss franc. $--U.S. dollar.

Republic and Canton of Geneva--Rating component scores

Key rating factors	Scores
Institutional framework	1
Economy	1
Financial management	2
Budgetary performance	3
Liquidity	2
Debt burden	4
Stand-alone credit profile	aa+
Issuer credit rating	AA+

S&P Global Ratings bases its ratings on non-U.S. local and regional governments (LRGs) on the six main rating factors in this table. In the "Methodology For Rating Local And Regional Governments Outside Of The U.S.," published on July 15, 2019, we explain the steps we follow to derive the global scale foreign currency rating on each LRG. The institutional framework is assessed on a six-point scale: 1 is the strongest and 6 the weakest score. Our assessments of economy, financial management, budgetary performance, liquidity, and debt burden are on a five-point scale, with 1 being the strongest score and 5 the weakest.

Key Sovereign Statistics

- Sovereign Risk Indicators, Oct. 7, 2024. An interactive version is available at http://www.spratings.com/sri

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | International Public Finance: Methodology For Rating Local And Regional Governments Outside Of The U.S., July 15, 2019
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Economic Outlook Eurozone Q4 2025: Recovery Continues Despite Consumer Hesitancy, Sep. 23, 2025

- Switzerland, Aug. 11, 2025
- Subnational Government Brief: What U.S. Tariffs Would Mean For Swiss Cantons, June 10, 2025
- Subnational Government Outlook 2025: Swiss Cantons Are Navigating Budgetary Pressures And Shifting Debt Dynamics, Jan. 16, 2025
- Republic And Canton of Geneva Upgraded To 'AA+'; Outlook Stable, Dec. 13, 2024

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Ratings Score Snapshot above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria And Research').

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Ratings List

Ratings List
Ratings Affirmed

Ratings List

Geneva (Republic and Canton of)	
Issuer Credit Rating	AA+/Stable/--
Senior Unsecured	AA+