

Research Update:

DRAFT: Canton of Geneva Outlook Revised To Negative On Rising Budget Risks; Affirmed At 'AA+'

June 9, 2026

Overview

- Rising operating expenditure, including social spending and equalization, will weigh on the Canton of Geneva's operating margins.
- The implementation of cost-saving measures could curb deficits but be politically challenging.
- We therefore revised our outlook on the Canton of Geneva to negative from stable and affirmed our 'AA+' long-term issuer credit ratings.

Rating Action

On June 12, 2026, S&P Global Ratings revised its rating outlook on the Canton of Geneva to negative from stable. At the same time, we affirmed our 'AA+' long-term issuer credit rating on the canton.

Outlook

The negative outlook reflects our view that untamed operating spending or lower-than-expected tax revenue could weigh on the canton's financial performance.

Downside scenario

We could lower the rating in the next two years if Geneva's is unable to contain expenditure growth or fiscal revenue underperformed our expectations. This would result in a weaker budgetary performance than currently forecast.

Upside scenario

We could revise the outlook to stable in the next two years if the Canton of Geneva can maintain a solid budgetary performance, thanks to the implementation of cost-saving measures, or if revenue remained strong, with debt levels stabilizing.

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Rationale

In our view, if unaddressed, rising operating expenditure could weigh on the Canton of Geneva's operating margins. We understand the canton is working on implementing cost-saving measures to offset those pressures, but it could be politically challenging. At the same time, the conflict in the Middle East adds uncertainties to fiscal outturns.

Nonetheless, the rating on the Canton of Geneva is underpinned by the very favorable institutional framework under which Swiss cantons operate. The canton also benefits from its economy, which is one of the wealthiest in the world, and from its access to Switzerland's very deep and liquid capital markets. That said, its debt burden remains high compared to other that of other cantons, and we see medium-term risks related to its pension funds.

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

Geneva benefits from one of the highest standards of living globally, with a GDP per capita that reached close to \$150,000 in 2025. Geneva's economy is highly diversified and open, with a strong focus on the wristwatch industry, financial services, and a large trade sector. We have revised down our forecasts on the Swiss economy. We expect the conflict in the Middle East and related higher energy prices could weigh on global demand for Swiss goods and on consumption in Switzerland. We forecast GDP growth of 1.1% this year, compared to our previous projection of 1.3%, before a slight recovery to 1.5% in 2027 and 1.6% in 2028. We believe Geneva's economy will expand at the same rate as the national economy. However, we expect some sectors may benefit from global volatility, notably the trading sector, which represents close to 40% of Geneva's corporate tax revenue.

We view Geneva's financial management as strong, notably underpinned by several cantonal debt-brake laws and its ability to use exceptional revenue to reduce the canton's debt rather than further increase spending. The canton's executive board presented a set of saving measures worth about Swiss franc (CHF) 500 million (about \$627 million) through 2029. At the same time, an independent working group, hired by the canton, has also prepared a detailed report outlining efficiency measures worth close to CHF500 million. Nonetheless, implementing such measures could be politically challenging because the executive may face opposition from the local parliament, the cities, or the population through a referendum.

That said, we view Geneva's debt and liquidity management as favorable. The canton ensures it has sufficient liquidity lines to cover intrayear liquidity needs. Moreover, it maintains limited exposure to variable rates and short-term debt 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, in our view. 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, and we forecast its contribution will continue to increase through 2028.

Operating margins pressures are building but debt burden will stabilize

We forecast Geneva's operating margins could weaken and drop below 5% of operating revenue on average through 2028. This is because operating expenditure will continue to rise, despite the implementation of cost-saving measures partly reflected in our base-case scenario. We understand Geneva's contribution to the equalization system will increase significantly because its tax revenue soared in 2022-2023, while health care spending will rise following a reform (EFAS) that will be implemented from 2028. We expect Geneva could benefit in the short term from rising tax revenue linked to the conflict in the Middle East. This is because trading companies-- which represent close to 40% of total corporate tax revenue--could post exceptional results this year. Nonetheless, we forecast tax revenue will normalize thereafter. As such, Geneva's operating margins will average 3.9% of operating revenue over 2026-2028.

Despite lower operating performance, we forecast deficits after capital accounts will remain moderate, below 5% of total revenue through 2028. We expect Geneva's capital expenditure will nonetheless increase to almost CHF740 million on average over 2026-2028 from CHF686 million in 2025.

We forecast Geneva's debt will remain stable through 2028. The canton's tax-supported debt (including the debt of its transportation company, hospital, and public assistance office) will reach 118% of consolidated operating revenue in 2028, compared with 121% in 2025. Geneva continues to benefit from low interest rates on the Swiss markets and very long-dated debt, which limit repricing risks.

Geneva will continue to show a strong liquidity position, notably thanks to its access to external liquidity. Its cash and available liquidity sources should cover 40%-80% of its 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. We note that Geneva doesn't usually use its credit lines but rather relies on commercial paper to cover its liquidity needs. Also, we view Geneva's access to external liquidity as strong through its solid access to Switzerland's highly liquid capital market.

Republic and Canton of Geneva Selected Indicators

Mil. CHF	2023	2024	2025	2026bc	2027bc	2028bc
Operating revenue	11,643	11,202	11,134	11,369	11,930	11,898
Operating expenditure	9,726	10,119	10,680	11,032	11,272	11,504
Operating balance	1,917	1,083	454	337	658	393
Operating balance (% of operating revenue)	16.5	9.7	4.1	3.0	5.5	3.3
Capital revenue	38	38	33	35	35	35
Capital expenditure	543	860	686	740	750	750
Balance after capital accounts	1,412	261	(199)	(368)	(57)	(322)
Balance after capital accounts (% of total revenue)	12.1	2.3	(1.8)	(3.2)	(0.5)	(2.7)
Debt repaid	1,626	1,648	2,630	2,973	2,962	1,927
Gross borrowings	641	1,379	2,965	3,000	3,019	2,249
Balance after borrowings	427	(8)	136	(341)	0	0
Direct debt (outstanding at year-end)	14,238	13,968	14,303	14,330	14,388	14,709
Direct debt (% of operating revenue)	122.3	124.7	128.5	126.0	120.6	123.6
Tax-supported debt (outstanding at year-end)	15,646	15,304	15,591	15,657	15,754	16,117

Republic and Canton of Geneva Selected Indicators

Tax-supported debt (% of consolidated operating revenue)	119.0	119.0	121.2	119.5	115.3	118.2
Interest (% of operating revenue)	1.6	1.5	1.4	1.3	1.3	1.3
Local GDP per capita (\$)	128,920.7	134,681.3	147,489.6	--	--	--
National GDP per capita (\$)	103,593.9	107,161.3	114,152.8	120,848.5	117,705.6	116,394.8

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](#), April 13, 2026

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

- [Switzerland](#), Feb. 9, 2026
- [Subnational Government Outlook 2026: Resilient, But Signs Of Stress Emerge](#), Jan. 20, 2026

- [Subnational Government Outlook 2026: Limited Upside Potential In Developed Markets](#), Jan. 19, 2026
- [Swiss Cantons Use Fiscal Autonomy To Retain Attractiveness](#), Jan. 31, 2025

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"). 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 Rating Component Scores 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").

Ratings List

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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