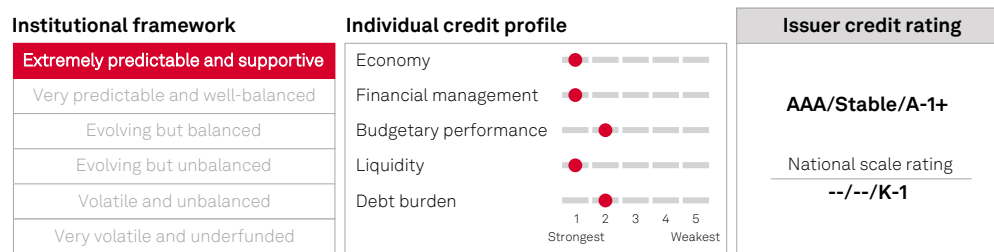


# Stockholm (Region of)

March 30, 2026

This report does not constitute a rating action.

## Ratings Score Snapshot



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## Credit Highlights

### Overview

#### Credit context and assumptions

Sweden's extremely predictable and supportive institutional framework underpins our ratings on the Region of Stockholm.

The region benefits from a strong economic position, backed by favourable socioeconomic fundamentals.

#### Base-case expectations

Anticipating robust tax revenue growth and strict expenditure management, we project strong and relatively stable operating balances through 2028.

High investment needs will be counterbalanced by substantial co-financing for the region's infrastructure projects, limiting debt issuance needs.

We expect the experienced financial management will remain committed to budgetary discipline, along with robust liquidity and debt management.

**Thanks to robust tax revenue growth and a financial management team committed to cost control, the Region of Stockholm is well-positioned to generate healthy cash flow surpluses through 2028.** We expect that the region will be able to navigate the challenges it faces, including an aging population that will pressure the health care sector as well as structurally weaker demand for public transport that hasn't recovered after the pandemic.

**Despite high investment needs in the coming years, we expect the region's strong cash flow generation and co-financing will limit the need for external debt funding.** Consequently, we forecast the region's debt burden will continue to decrease, with tax-supported debt as a percentage of consolidated revenue trending toward 30% in 2028, down from 37% in 2025.

## Outlook

The stable outlook indicates that we expect the region to continue to report strong budgetary performance metrics and surpluses after capital accounts, based on the solid growth in its tax revenue and management's continued commitment to sound cost control. Moreover, we forecast that the region's debt burden will decrease further through 2028, despite a sizable capital spending program.

### Downside scenario

We could lower the ratings if a failure to contain the region's operating and capital expenditure causes a substantial deterioration in its budgetary performance compared with our current forecast--in particular, if there are sustained deficits after capital accounts. In such a scenario, we could also reassess our view of the region's financial management.

## Rationale

### An extremely supportive institutional framework and strong socioeconomic fundamentals

**We consider that the institutional framework in Sweden is extremely predictable and supportive, and displays a high degree of stability.** The sector's revenue and expenditure management are based on a far-reaching equalization system and bolstered by tax autonomy. Historically, the central government has provided the local and regional government (LRG) sector with extensive support; for example, it distributed additional grants in response to the pandemic and, more recently, to cover rising pension costs (see "[Swedish Municipalities And Regions Are Shifting Capex To Replace Aging Infrastructure](#)," Dec. 11, 2025).

**Overall, we have a positive view of Stockholm's financial management.** The region is governed by a minority coalition consisting of the Social Democrats, the Centre Party, and the Green Party, supported by the Left Party (which has a role as a supporting party but is not formally part of the coalition). Combined, these four parties control a majority of seats in the regional parliament and have demonstrated consensus regarding key focus areas and priorities. Structurally, the region appears committed to budgetary discipline and cost control, which has translated into strong cash flow generation and a downward trend in the nominal debt burden in recent years. Moreover, management displays sound liquidity and debt management, partly demonstrated by a strong and stable debt-service coverage ratio.

**The Region of Stockholm benefits from a strong local economy.** A well-diversified labor market and high income levels signal its importance as a national and regional center of economic growth. At the same time, the region benefits from robust national economic fundamentals, as demonstrated by our projection of Sweden's national GDP per capita at about \$63,300 in 2026.

**Solid tax revenue growth, proactive expenditure management, and sizable cofinancing contributions will support budgetary performance and limit external funding needs**

**On the back of solid tax revenue growth and strict cost control, we expect solid and stable operating balances through 2028.** After two years of negative accrual-based results, primarily driven by extraordinarily high pension costs, Stockholm's preliminary accounts for 2025 point to a healthy surplus, notably stronger than the budgeted figure. The positive deviation can be explained partly by less inflationary cost pressure and higher state transfers than expected.

**We expect healthy cash flow surpluses through 2028, despite the decision to lower the tax rate by 5 basis points for 2026.** The region's ambition to improve the quality and accessibility of health care will require additional funds, but management has a solid track record of containing expenditure growth. Moreover, the region has adapted to a new reality of weaker demand for public transportation. Commuter traffic has yet to return to the level seen before the pandemic began, but revenue per capita has increased due to revised commuting habits. Overall, we expect ongoing revenue growth to assist the region in maintaining stable operating balances through 2028.

**Investment needs in the region remain high.** The extension of the underground railway system is the region's largest current infrastructure project and should improve commuting options for residents in the greater Stockholm area. A significant share of the project's capital costs will be covered by cofinancing contributions from Sweden's central government and the municipalities in the expanded underground network. The Region of Stockholm's strong cash flows from operations, combined with these third-party contributions to its railway expansion project, should enable it to maintain a structurally positive balance after capital accounts, although there could be individual years with deficits. The region's capital revenue in 2026 will be boosted by an inflow from the sale of a former hospital building.

**We assess the region's budgetary flexibility as below average.** As Swedish regions have responsibility for providing health care, a higher proportion of their employees are high-income earners such as doctors. Consequently, annual pension costs at Swedish regions are structurally higher than those at Swedish municipalities. Although pension costs are primarily noncash items, regions may be forced to limit other expenditure so that they can cover their pension obligations and still comply with the balanced budget requirement for Swedish LRGs. Thanks to lower inflation, the region's actual pension costs decreased sharply in 2025 compared with the prior two years. Nevertheless, it remains subject to the underlying structural budgetary pressure.

**We forecast tax-supported debt will continue to decrease to about 30% of consolidated revenue in 2028, from 37% in 2025.** The downward trend reflects strong operating cash flows and sizable cofinancing contributions to its capital spending. It will also be reinforced by the gradual reduction in debt related to the Nya Karolinska Solna hospital project, a public-private partnership. Because we assess the Region of Stockholm on a consolidated basis, our tax-supported debt figure already incorporates the financial liabilities of the region's subsidiaries. These include transport company AB Storstockholms Lokaltrafik, as well as financial leases. Overall, the region's exposure to further contingent liabilities and the risk of materialization is limited.

**We regard the region's liquidity position as very strong.** It is supported by ample liquidity sources, including cash holdings and committed facilities. We estimate the weighted debt-service coverage ratio at about 188%. In our view, the region will maintain its long-term debt maturity structure and strong liquidity position going forward. Furthermore, the region has a strong record of maintaining access to external financing, including bonds, commercial paper,

## Stockholm (Region of)

and funding from the European Investment Bank. Overall, we consider the region's liquidity management to be sophisticated and fortified by prudent financial policies that minimize risk.

### Stockholm (Region of) Selected Indicators

Mil. SEK	2023	2024	2025e	2026bc	2027bc	2028bc
Operating revenue	127,960	135,352	137,960	141,682	146,454	151,342
Operating expenditure	116,186	120,898	122,361	128,704	133,366	138,256
Operating balance	11,774	14,454	15,599	12,978	13,088	13,086
Operating balance (% of operating revenue)	9.2	10.7	11.3	9.2	8.9	8.7
Capital revenue	5,702	5,009	4,027	7,544	5,734	4,644
Capital expenditure	16,785	19,106	18,625	17,457	19,886	18,578
Balance after capital accounts	691	357	1,001	3,064	(1,064)	(848)
Balance after capital accounts (% of total revenue)	0.5	0.3	0.7	2.1	(0.7)	(0.5)
Debt repaid	6,406	4,964	7,526	9,027	7,614	7,863
Gross borrowings	4,857	3,251	6,350	4,277	7,978	8,711
Balance after borrowings	1,397	(56)	(992)	(1,686)	(700)	0
Direct debt (outstanding at year-end)	52,606	50,405	48,701	43,379	43,126	42,591
Direct debt (% of operating revenue)	41.1	37.2	35.3	30.6	29.5	28.1
Tax-supported debt (outstanding at year-end)	54,698	52,547	51,125	46,045	46,059	45,818
Tax-supported debt (% of consolidated operating revenue)	42.8	38.8	37.1	32.5	31.5	30.3
Interest (% of operating revenue)	1.1	1.1	1.0	1.0	1.0	1.0
Local GDP per capita (\$)	--	--	--	--	--	--
National GDP per capita (\$)	55,029.0	57,214.9	57,761.9	63,282.5	67,838.9	70,743.4

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. SEK--Swedish krona. \$--U.S. dollar.

### Stockholm (Region of)--Rating Component Scores

Key rating factors	Scores
Institutional framework	1
Economy	1
Financial management	1
Budgetary performance	2
Liquidity	1
Debt burden	2
Stand-alone credit profile	aaa
Issuer credit rating	AAA

## Stockholm (Region of)--Rating Component Scores

Key rating factors	Scores
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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](#), Dec. 11, 2025. An interactive version is available at [www.spglobal.com/ratings/sri/](http://www.spglobal.com/ratings/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: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

## Related Research

- [Subnational Government Outlook 2026: The Nordics Face Credit Tests With Rising Investment](#), Jan. 19, 2026
- [Institutional Framework Assessment: Swedish Municipalities And Regions Are Shifting Capex To Replace Aging Infrastructure](#), Dec. 11, 2025
- [Sweden](#), Dec. 8, 2025
- [2024 Annual International Public Finance Default And Rating Transition Study](#), Aug. 13, 2025

### Ratings Detail (as of March 27, 2026)\*

<b>Stockholm (Region of)</b>	
Issuer Credit Rating	AAA/Stable/A-1+
<i>Nordic Regional Scale</i>	--/--/K-1
Commercial Paper	
<i>Nordic Regional Scale</i>	K-1
Senior Unsecured	AAA
Short-Term Debt	A-1+
<b>Issuer Credit Ratings History</b>	
28-Mar-2025	AAA/Stable/A-1+
29-Mar-2024	AA+/Positive/A-1+
23-Nov-2007	AA+/Stable/A-1+

## Stockholm (Region of)

### Ratings Detail (as of March 27, 2026)\*

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28-Sep-1999	<i>Nordic Regional Scale</i>	--/--/K-1
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\*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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