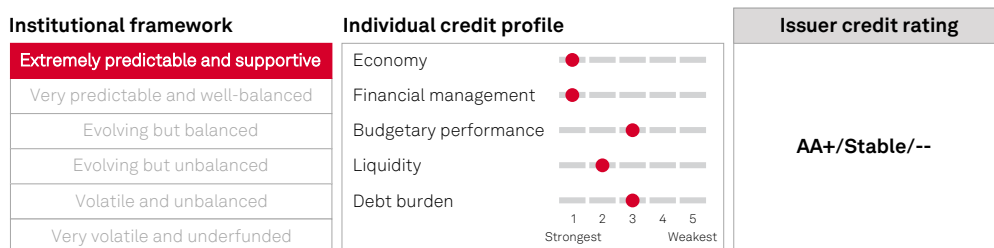


Oslo

May 11, 2026

This report does not constitute a rating action.

Ratings Score Snapshot



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Credit Highlights

Overview

Credit context and assumptions

Oslo benefits from Norway's very strong institutional framework and wealthy local economy, which continue to underpin its financial resilience.

As financial pressures mount, the city's government has introduced its own surplus and long-term debt targets, underpinning its very prudent debt and liquidity management.

For the first time in a decade, the number of permanent full-time employees has decreased, reflecting expenditure-control measures.

Base-case expectations

Operating balances are expected to remain solid, averaging about 5% of adjusted operating revenue in 2024–2028.

Capital expenditure (capex) will stay elevated through 2027 before declining significantly from 2028 as major public transport and water-related projects conclude.

Liquidity remains strong, supported by strong access to capital markets and Kommunalbanken Norway, despite rising debt-service obligations.

Oslo's financial performance improved in 2025, but high debt and investment needs continue to pressure its fiscal position. The introduction of a debt ceiling marks a shift toward tighter expenditure control, reinforced by workforce reductions. From 2028 onward, declining capex should ease financial strain, though debt service costs will remain a challenge in the medium term.

Outlook

Research Contributor

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Oslo

The stable outlook reflects S&P Global Ratings' expectation that the city of Oslo's management will make efforts to cut operating expenditure and contain capex in the coming years, narrowing the high deficits posted in 2023-2024.

Downside scenario

We could lower the rating if Oslo's efforts to cut operating expenditure and contain capex were unsuccessful, leading to persistent operating balances below 5% of operating revenue, with debt increasing to more than 10% of total revenue, which might affect our view of the city's financial management.

We could also lower the rating if systemic support to Norwegian local and regional governments (LRGs) became insufficient in our view, and central government policies did not adequately address debt buildup in the LRG sector.

Upside scenario

We could raise the rating if the city's efforts to strengthen finances resulted in stronger budgetary performance than we currently envisage, leading to a reversal of the current path of debt accumulation.

Rationale

Norway's very strong institutional framework, alongside Oslo's wealthy economy and prudent management, support Oslo's financial position

Oslo continues to benefit from Norway's substantial wealth, with GDP per capita among the highest globally. As Norway's capital city, Oslo hosts a broad range of government functions, financial services, and corporate sectors, which contribute to its diversified and wealthy economy.

We consider Oslo's financial management very strong. The city's government has introduced a debt target, set below its current indebtedness, to strengthen fiscal discipline, in addition to a surplus target. This measure is expected to constrain capital spending from 2027 onward, as projects currently being planned are reprioritized. Management has also taken cost-containment measures, resulting in the number of permanent full-time equivalents (FTEs) decreasing for the first time in a decade, signalling tighter expenditure control and a shift in workforce dynamics. Oslo's treasury activities remain consistent with prudent debt-management practices, anchored in long-term, fixed-rate funding, which provides predictability to its debt maturity profile.

We continue to regard the institutional framework for Norwegian LRGs as extremely predictable and supportive and a key factor underpinning Oslo's financial resilience. However, we see signs of weakening, due to persistent mismatches between revenue and total expenditure, particularly in the capital accounts. This has caused Norwegian LRGs to accumulate debt, and central government policies in our view have not adequately addressed this buildup (see "[Weak Safeguards Could Leave Norwegian LRGs' Imbalances Unchecked](#)," March 31, 2026).

Oslo will maintain solid operating performance, though capital accounts remain pressured

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Oslo's operating performance bounced back in 2025, helped by cost-containment measures and additional resources from the central government. This marked improvement, which exceeded our expectations, led to an operating balance of 6.2% of adjusted operating revenue in 2025, up from 3.6% in 2024. We expect Oslo's operating balances to remain at about 5% of revenue, or slightly lower, through 2028, as management continues to focus on containing expenditure growth and accommodating shifting demographics.

Deficits after capital accounts remained significant last year, as capex exceeded our expectations. With capex close to Norwegian krone (NOK) 23 billion (about \$2.22 billion) in 2025, only slightly lower than the peak in 2024, deficits reached 8.3%, leading to significant debt-funding needs. Deficits were smaller than 2024 though, due to the improvement in operating balances. In addition, we expect capex and deficits after capital accounts to reduce further in the coming years as certain large projects are completed. This reduction will align capex more closely with historical averages, easing pressure on the city's financial position and allowing for some consolidation.

We forecast the direct debt ratio to level out at about 105% of operating revenue as capex declines, after about 100% in 2025, when direct debt was about NOK103 billion. Oslo's debt has risen fast since 2021, when direct debt was a more modest 74% of operating revenue. The debt target is expected to contain future capex and thus also borrowing needs, though the city's debt ratio will remain elevated. At the same time, interest costs increased to 3.4% of operating revenue in 2025 from 2.3% in 2023, reflecting both rising interest rates and debt. This ratio is expected to continue to increase toward 4.7% of revenue by 2028 as higher interest rates flow through the debt portfolio.

Thanks to strong and reliable access to liquidity through the capital markets and central-government-owned, public-sector funding agency KBN Kommunalbanken Norway, we consider Oslo's liquidity to be strong. This is although the city's debt-service coverage ratio is weaker than that of domestic and international peers at the same rating level. We estimate that Oslo's liquidity sources will cover 50% of its average debt service for 12 months. Our calculation includes about NOK6 billion of cash and NOK2 billion in committed facilities as sources of internal liquidity. We estimate that the city has net borrowing needs of about NOK2.2 billion in the coming 12 months, in addition to NOK8.5 billion of maturing debt and about NOK4 billion of interest payments. We also note Oslo Pensjonsforsikring AS, the pension fund for public employees in Oslo, represents a source of contingent liquidity, since it could lend to the city by investing in its bond issuance, if needed, as an emergency alternative to rolling over debt.

City of Oslo Selected Indicators

Mil. NOK	2023	2024	2025	2026bc	2027bc	2028bc
Operating revenue	91,479	96,276	103,126	105,983	109,867	113,536
Operating expenditure	87,496	92,799	96,694	100,766	104,458	108,098
Operating balance	3,983	3,477	6,432	5,216	5,410	5,438
Operating balance (% of operating revenue)	4.4	3.6	6.2	4.9	4.9	4.8
Capital revenue	7,224	6,386	7,230	7,378	6,926	4,192
Capital expenditure	18,599	22,959	22,854	20,366	17,583	11,217
Balance after capital accounts	(7,392)	(13,096)	(9,192)	(7,772)	(5,247)	(1,587)
Balance after capital accounts (% of total revenue)	(7.5)	(12.8)	(8.3)	(6.9)	(4.5)	(1.4)
Debt repaid	4,000	5,000	7,265	8,500	8,500	9,500

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City of Oslo Selected Indicators

Gross borrowings	10,463	19,882	18,037	17,000	14,500	11,500
Balance after borrowings	(491)	(248)	784	(22)	3	(337)
Direct debt (outstanding at year-end)	77,630	92,511	103,283	111,783	117,783	119,783
Direct debt (% of operating revenue)	84.9	96.1	100.2	105.5	107.2	105.5
Tax-supported debt (outstanding at year-end)	77,630	92,511	103,283	111,783	117,783	119,783
Tax-supported debt (% of consolidated operating revenue)	84.9	96.1	100.2	105.5	107.2	105.5
Interest (% of operating revenue)	2.3	2.8	3.4	3.9	4.1	4.7
Local GDP per capita (\$)	--	--	--	--	--	--
National GDP per capita (\$)	91,491.9	90,246.5	94,873.7	102,976.3	109,511.5	111,101.6

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. NOK--Norwegian krone. \$--U.S. dollar.

City of Oslo--Rating Component Scores

Key rating factors	Scores
Institutional framework	1
Economy	1
Financial management	1
Budgetary performance	3
Liquidity	2
Debt burden	3
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 10, 2025. An interactive version is available at 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

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- [General Criteria: Principles Of Credit Ratings](#), Feb. 16 2011

Related Research

- [Weak Safeguards Could Leave Norwegian LRGs' Imbalances Unchecked](#), March 31, 2026
- [Norway](#), Sept. 8, 2025

Ratings Detail (as of May 11, 2026)*

Oslo (City of)

Issuer Credit Rating	AA+/Stable/--
Senior Unsecured	AA+

Issuer Credit Ratings History

09-May-2025	AA+/Stable/--
10-May-2024	AAA/Negative/--
24-Sep-2007	AAA/Stable/--

*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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