City of Stavanger

Rating report

Foreign currency

Long-term issuer rating/Outlook
AAA/Stable

Senior unsecured debt/Outlook
AAA/Stable

Short-term issuer rating/Outlook
S-1+/Stable

Local currency

Long-term issuer rating/Outlook
AAA/Stable

Senior unsecured debt/Outlook
AAA/Stable

Short-term issuer rating/Outlook
S-1+/Stable

Rating rationale and Outlook

The City of Stavanger's (Stavanger) AAA rating is driven by:

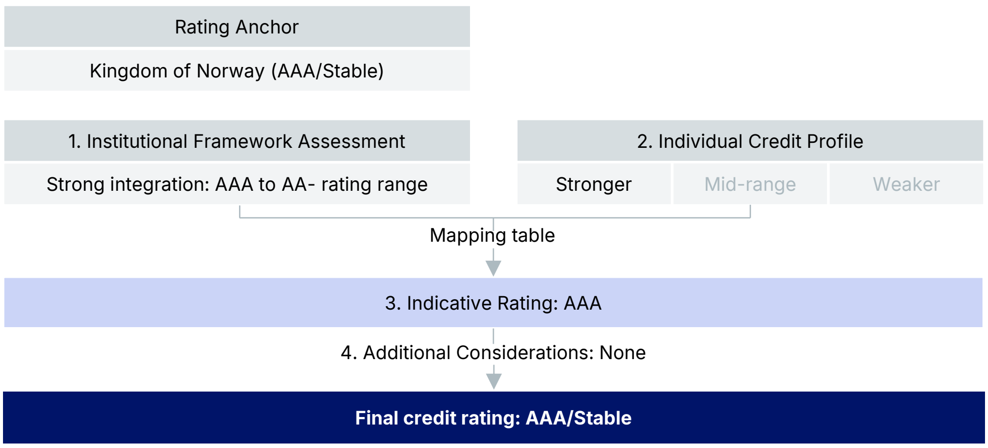
- **A well-integrated institutional framework for Norwegian municipalities.** Norwegian municipalities benefit from comprehensive fiscal equalisation schemes, robust funding support, and effective policy coordination across different tiers of government. A well-structured financial support framework ensures effective crisis response.

  Our evaluation of this framework leads to an indicative rating range for Norwegian municipalities spanning from AAA to AA-. This assessment underscores their strong integration with the Norwegian sovereign (AAA/Stable) and the coherence of Norway's sub-sovereign institutional arrangements.

- **A stronger Individual Credit Profile, underpinned by** i) modest debt levels and strong debt affordability, ii) a strong liquidity position and robust reserves, iii) low risks from contingent liabilities, and iv) a wealthy and diversified economy.

  Credit challenges relate to budgetary pressures from operating as well as from investment spending coupled with limited revenue flexibility. However, Stavanger is proactively advancing restructuring measures to support long-term budgetary stability, enhance self-financing capacity for investments, and maintain a prudent approach to debt management.

Figure 1: Stavanger's rating drivers



Note: For further details, please see Scope's Sub-Sovereign Rating Methodology.
Source: Scope Ratings

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Credit strengths and challenges

Credit strengths	Credit challenges
• Integrated institutional framework • Modest debt levels & strong debt affordability • Strong liquidity position and robust reserves • Low risks from contingent liabilities • Wealthy and diversified economy	• Budgetary pressures from operating and investment spending • Limited revenue flexibility

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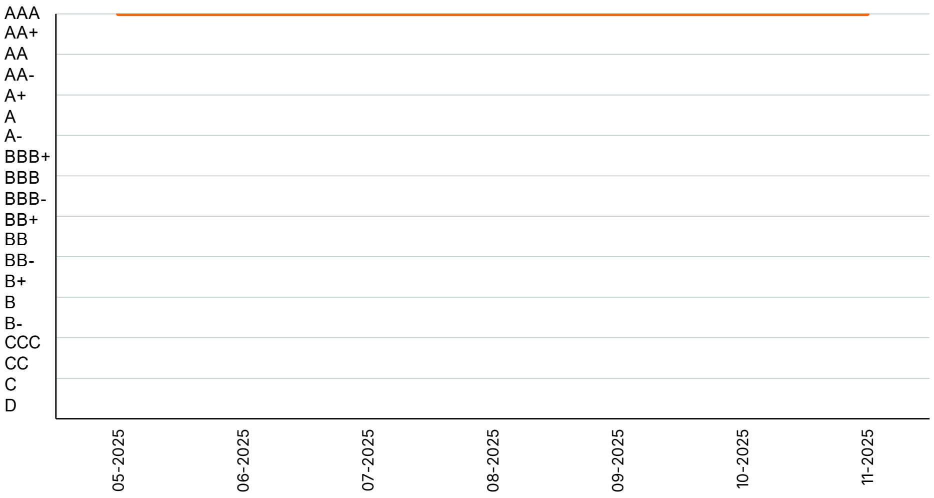
Outlook and rating triggers

The Stable Outlook reflects Scope's view that risks to the ratings are balanced.

Positive rating-change drivers	Negative rating-change drivers
• Not applicable	• Downgrade of Norway's sovereign rating • Material weakening of the institutional framework resulting in lower municipal integration in institutional arrangements • Individual credit profile weakening significantly

Figure 2: Rating history[1]



Source: Scope Ratings

[1] Foreign-currency long-term issuer rating. Positive/Negative Outlooks are treated with a +/-0.33-notch adjustment. Credit Watch positive/negative with a +/-0.67-notch adjustment.

Appendix I. Institutional Framework Assessment

To assess the institutional framework, we apply a Qualitative Scorecard (QS1) centred around 6 components. We assess each analytical component on a five-point scale ranging from a score of 0 for 'low' integration to 100 for 'full' integration. The institutional framework score, ranging from 0 to 100, is calculated as a simple average of these assessments. The score is then used to determine a rating range from the rating anchor level, within which the sub-sovereign's rating can be positioned.

Our assessment of intergovernmental integration between Norwegian municipalities and the Kingdom of Norway (AAA/Stable) results in an indicative **downward rating range of up to three notches** from the Norwegian sovereign, within which the municipalities can be positioned according to their individual credit strengths.

Institutional Framework scorecard (QS1)

Analytical component	Full integration (100)	Strong integration (75)	Medium integration (50)	Some integration (25)	Low integration (0)
Exceptional support and bail-out practices		●			
Systemic budgetary support and fiscal equalisation	●				
Funding practices		●			
Fiscal rules and oversight		●			
Revenue and spending powers		●			
Political coherence and multilevel governance		●			

Integration score	**79**
Downward rating range	**0-3**

Institutional framework score	100 > x ≥ 90	90 > x ≥ 80	80 > x ≥ 70	70 > x ≥ 60	60 > x ≥ 50	50 > x ≥ 40	40 > x ≥ 30	30 > x ≥ 20	20 > x ≥ 10	10 > x ≥ 0
Indicative rating range	0-1	0-2	0-3	0-4	0-5	0-6	0-7	0-8	0-9	0-10

Appendix II. Individual Credit Profile

Risk pillar	Analytical component	Assessment		
Debt and liquidity	Debt burden & trajectory	Stronger	Mid-range	Weaker
	Debt profile & affordability	Stronger	Mid-range	Weaker
	Liquidity position & funding flexibility	Stronger	Mid-range	Weaker
	Contingent liabilities	Stronger	Mid-range	Weaker
Budget	Budgetary performance & outlook	Stronger	Mid-range	Weaker
	Revenue flexibility	Stronger	Mid-range	Weaker
	Expenditure flexibility	Stronger	Mid-range	Weaker
Economy	Wealth & economic resilience	Stronger	Mid-range	Weaker
ESG	Environmental factors	Stronger	Mid-range	Weaker
	Social factors	Stronger	Mid-range	Weaker
	Governance & transparency	Stronger	Mid-range	Weaker

ICP score	**90**
Indicative notching	**0**

Appendix III. Mapping table

We derive the indicative sub-sovereign rating by mapping the result of the institutional framework assessment (i.e. the indicative rating range) to the ICP score.

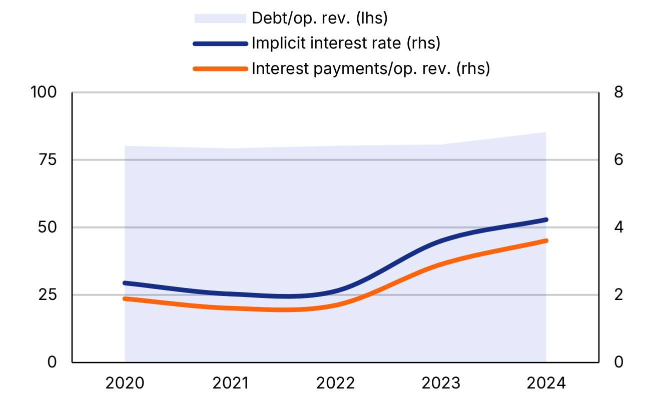
For Stavanger, this results in an indicative rating aligned with the sovereign rating of AAA. No additional considerations apply.

Institutional framework assessment		Individual credit profile score							
Score	Downward rating range	100 > x ≥ 80	80 > x ≥ 70	70 > x ≥ 60	60 > x ≥ 50	50 > x ≥ 40	40 > x ≥ 30	30 > x ≥ 20	20 ≥ x > 0
100 > x ≥ 90	0-1	0	0	0	0	0	0	-1	-1
90 > x ≥ 80	0-2	0	0	-1	-1	-1	-1	-2	-2
80 > x ≥ 70	0-3	0	-1	-1	-1	-2	-2	-3	-3
70 > x ≥ 60	0-4	0	-1	-1	-2	-2	-3	-3	-4
60 > x ≥ 50	0-5	0	-1	-1	-2	-2	-3	-4	-5
50 > x ≥ 40	0-6	0	-1	-1/-2	-2/-3	-2/-3	-3/-4	-4/-5	-6
40 > x ≥ 30	0-7	0	-1/-2	-1/-2	-2/-3	-3/-4	-4/-5	-5/-6	-7
30 > x ≥ 20	0-8	0	-1/-2	-2/-3	-3/-4	-4/-5	-5/-6	-6/-7	-8
20 > x ≥ 10	0-9	0	-1/-2	-2/-3	-3/-4	-4/-5	-5/-6	-7/-8	-9
10 > x ≥ 0	0-10	0	-1/-2	-2/-3	-3/-4	-5/-6	-7/-8	-9/-10	-10

Note: Mapping table under section 6 of Scope's Sub-Sovereign Rating Methodology, as applied to the rating anchor's AAA-ratings.

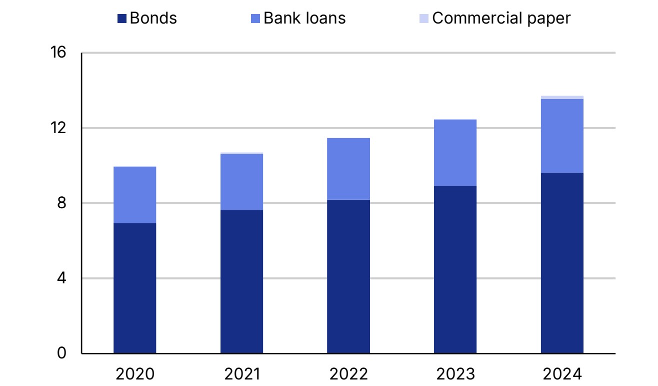
Appendix IV. Selected charts

Figure 3: Debt and interest burden, %



Sources: KOSTRA, Scope Ratings

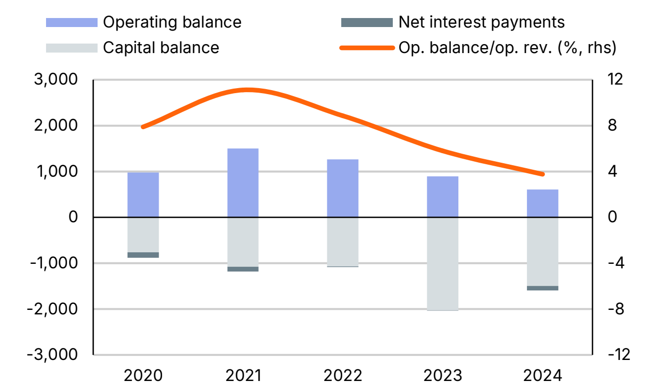
Figure 4: Debt by instrument, NOK bn



Sources: KOSTRA, Scope Ratings

Figure 5: Budgetary performance

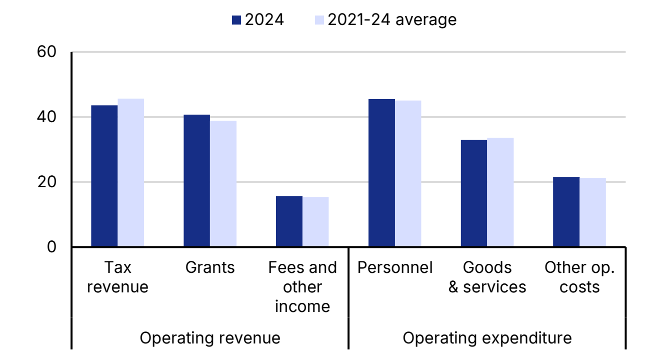
NOK m (lhs); % (rhs)



Sources: KOSTRA, Scope Ratings

Figure 6: Operating revenue and expenditure composition

% of total operating revenue and expenditure respectively



Sources: KOSTRA, Scope Ratings

Appendix V. Statistical table

	2020	2021	2022	2023	2024
Budgetary performance (NOK m)					
Operating revenue	12,408	13,507	14,298	15,420	16,091
Tax revenue	5,764	6,608	7,484	7,427	7,446
Grants	4,675	4,715	4,551	5,289	5,944
Fees and other income	1,969	2,185	2,263	2,704	2,701
Operating expenditure	11,430	12,006	13,031	14,525	15,486
Personnel	5,706	5,926	6,321	6,861	7,414
Goods and services	3,380	3,569	3,988	4,636	4,720
Other operating expenditure	2,344	2,511	2,723	3,028	3,352
Operating balance	978	1,501	1,266	894	605
Interest received	119	109	229	444	476
Interest paid	234	217	242	448	581
Current balance	863	1,392	1,253	890	500
Capital balance	-764	-1,075	-1,071	-2,028	-1,493
Balance before debt movement	99	317	182	-1,138	-993
Debt (NOK m)					
Financial debt	9,954	10,706	11,472	12,451	13,722
Bank loans	3,024	2,977	3,282	3,545	3,946
Bonds	6,930	7,630	8,190	8,906	9,606
Commercial paper	0	99	0	0	170
Financial ratios					
Debt/operating revenue, %	80.2	79.3	80.2	80.8	85.3
Interest payments/operating revenue, %	1.9	1.6	1.7	2.9	3.6
Implicit interest rate, %	2.4	2.0	2.1	3.6	4.2
Operating balance/operating revenue, %	7.9	11.1	8.9	5.8	3.8
Balance before debt movement/total revenue, %	0.8	2.3	1.2	-6.9	-5.6
Transfers and grants/operating revenue, %	37.7	34.9	31.8	34.3	36.9
Personnel costs/operating expenditure, %	49.9	49.4	48.5	47.2	47.9
Capital expenditure/total expenditure, %	9.0	11.0	12.0	15.0	13.8

We refer to consolidated accounts as per the KOSTRA database and then remove depreciation and repayment instalments from operating expenditure.
Sources: KOSTRA, Scope Ratings

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Related research

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Applied methodologies

Sub-Sovereign Rating Methodology, September 2025

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