

Finland

Key Rating Drivers

**Rating Downgrade:** The downgrade of Finland’s ratings in July 2025 reflects high and rising government debt, with the debt ratio projected to continue increasing in the medium term. Fitch Ratings does not expect sufficient fiscal tightening to stabilise the government debt trajectory in this timeframe.

**High, Rising Government Debt:** Finland’s government debt continues to rise, with the general government debt ratio projected to reach 86.3% of GDP in 2025, up from 82.1% in 2024 and well above the estimated ‘AA’ median of 49.4%. We expect debt to keep rising and to surpass 90% by 2029, driven by ongoing primary deficits, subdued nominal GDP growth, rising interest costs and stock-flow adjustments.

**Insufficient Fiscal Consolidation:** The government’s EUR9 billion (3.3% of GDP) consolidation packages in 2023 and 2024, involving tax increases, spending cuts and social benefit reforms, were aimed at stabilising debt by 2027. However, we assess these measures as insufficient, given high government spending (57.7% of GDP in 2024) driven by ageing-related costs, social spending, and increased defence expenditure.

**Sustained, Wide Fiscal Deficits:** Fitch projects Finland’s general government deficit will narrow only slightly to 4% of GDP in 2025 from 4.4% in 2024, and to remain above 3% through 2027, higher than the ‘AA’ median. Persistently large deficits reflect slow revenue growth, increasing pension and social spending due to population ageing, higher defence expenditure, and higher interest costs.

**Limited Additional Fiscal Measures:** Fitch believes that further large fiscal consolidation before the April 2027 elections is unlikely. The government’s draft Fiscal Policy Act, targeting a 1% annual debt ratio reduction, would only take effect after a five-year transition period, and its effectiveness and political feasibility are uncertain.

**Growth Underperformance:** Finland’s growth since 2019 has been among the weakest in the EU, with GDP little changed compared with a 5% EU average increase. We expect GDP growth of 0.9% in 2025 (up from 0.4% in 2024), rising to 1.4% in 2026 and 1.5% in 2027, all below the projected ‘AA’ medians. High unemployment, weak confidence, and subdued residential construction and business sentiment are likely to constrain the recovery.

**Strong Institutional and Pension Frameworks:** Very high governance indicators, high income per capita, eurozone membership and strong pension system assets (98% of GDP in 2024) support Finland’s ‘AA’ ratings. We assess that pension assets help mitigate the effect of population ageing and provide the government with some financing flexibility.

**Labour Market Weakness and Low Inflation:** Labour market conditions remain weak, with unemployment rising to 9.2% in 1Q25, the third highest in the eurozone. The employment rate has declined but remains historically high due to immigration and greater participation among older workers. We expect the unemployment rate to average 9% in 2025 and fall to 8.3% by 2027. We forecast inflation to rise to 1.9% in 2025 and stabilise at about 2% in 2026 and 2027.

**Weak Credit Growth, Resilient Banking Sector:** Credit growth remains subdued, reflecting persistently weak demand despite recent interest rate cuts. The high proportion of variable-rate housing loans exposes borrowers to interest rate fluctuations, but banks’ overall asset quality is robust. Finnish banks are well capitalised, with strong liquidity and low, stable non-performing loan ratios, though risks are higher in the construction sector.

This report does not constitute a new rating action for this issuer. It provides more detailed credit analysis than the previously published Rating Action Commentary, which can be found on [www.fitchratings.com](http://www.fitchratings.com).

Ratings

Foreign Currency

Long-Term IDR	AA
Short-Term IDR	F1+

Local Currency

Long-Term IDR	AA
Short-Term IDR	F1+

Country Ceiling

AAA

Outlooks

Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable

Highest ESG Relevance Scores

Environmental	3
Social	4
Governance	5

Rating Derivation

Sovereign Rating Model (SRM)	AA
Qualitative Overlay (QO)	0
Structural features	0
Macroeconomic	0
Public finances	0
External finances	0
Long-Term Foreign-Currency IDR	AA

Data

	2025F
GDP (USDbn)	315
Population (m)	5.6

Source: Fitch Ratings

Applicable Criteria

[Country Ceiling Criteria \(July 2023\)](#)  
[Sovereign Rating Criteria \(October 2024\)](#)

Related Research

[Fitch Downgrades Finland to ‘AA’; Outlook Stable \(July 2025\)](#)  
[Global Economic Outlook \(June 2025\)](#)  
[Interactive Sovereign Rating Model](#)  
[Fitch Fiscal Index – Analytical Tool](#)  
[Click here for more Fitch Ratings content on Finland](#)

Analysts

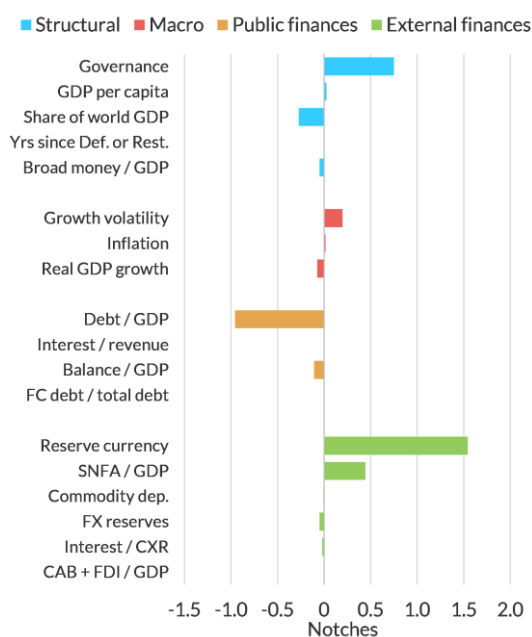
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## Rating Summary

## Long-Term Foreign-Currency Issuer Default Rating: AA

## Sovereign Rating Model: AA

## Contribution of variables, relative to AA median



## Qualitative Overlay: 0

## Adjustments relative to SRM data and output

Structural features: No adjustment.

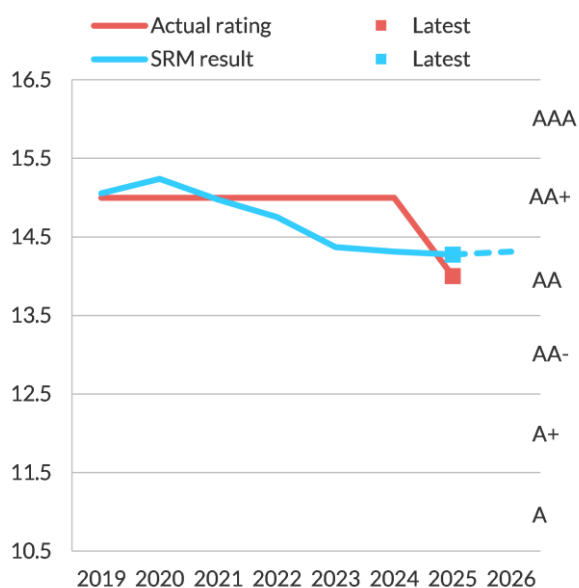
Macroeconomic outlook, policies and prospects: No adjustment.

Public finances: No adjustment.

External finances: No adjustment.

Note: See *Peer Analysis* table for summary data, including rating category medians; see the *Full Rating Derivation* table for detailed SRM data.  
Source: Fitch Ratings

## Sovereign Rating Model Trend



## Recent Rating Derivation History

Review Date	LT FC IDR	SRM Result <sup>ab</sup>	QO			
			S	M	PF	EF
Latest	AA	AA	0	0	0	0
7 Feb 25	AA+	AA+	0	0	0	0
9 Aug 24	AA+	AA+	0	0	0	0
9 Feb 24	AA+	AA+	0	0	0	0
11 Aug 23	AA+	AA+	0	0	0	0
17 Feb 23	AA+	AA+	0	0	0	0
9 Sep 22	AA+	AA+	0	0	0	0
8 Apr 22	AA+	AA+	0	0	0	0
22 Oct 21	AA+	AA+	0	0	0	0
23 Apr 21	AA+	AA+	0	0	0	0

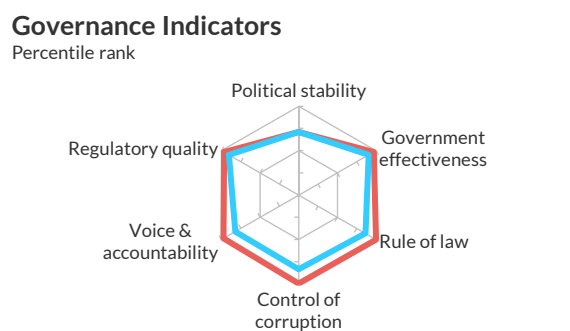
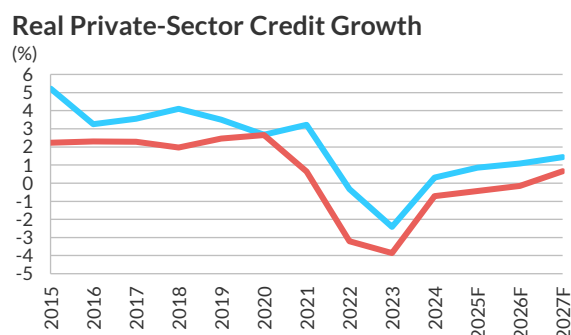
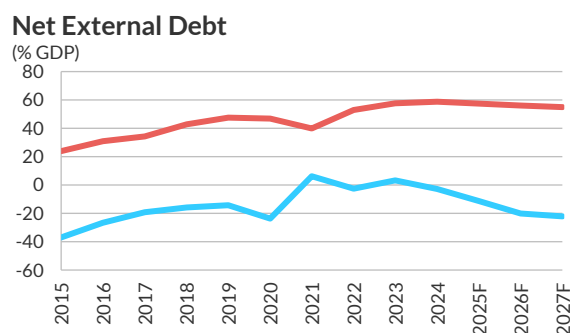
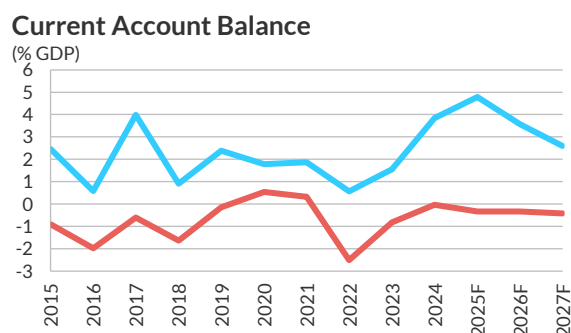
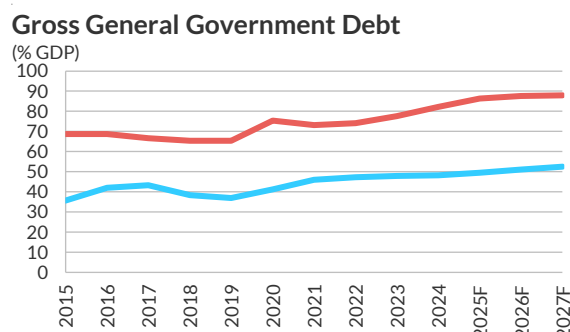
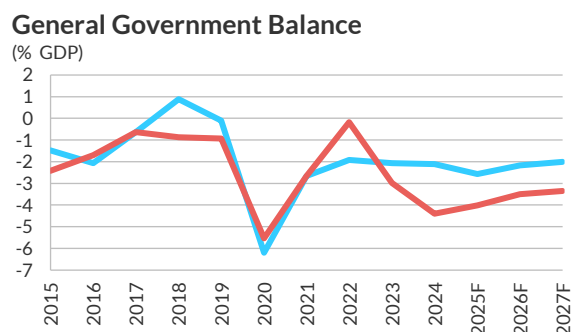
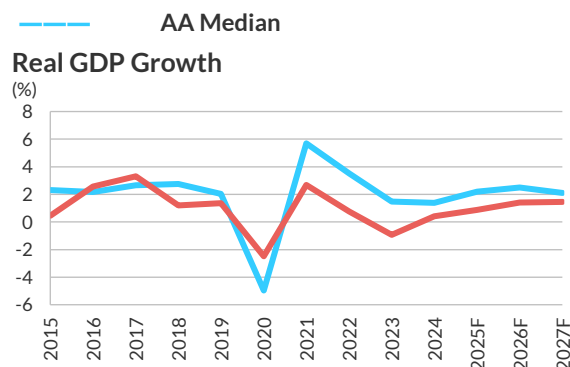
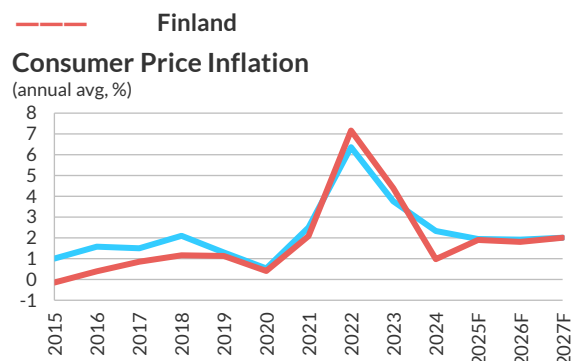
<sup>a</sup> The latest rating uses the SRM result for 2025 from the chart. This will roll forward to 2026 in July 2026.

<sup>b</sup> Historical SRM results in this table may differ from the chart, which is based on our latest data, due to data revisions.

Abbreviations: LT FC IDR = Long-Term Foreign-Currency Issuer Default Rating; SRM = Sovereign Rating Model; QO = Qualitative Overlay

Source: Fitch Ratings

## Peer Analysis



Source: Fitch Ratings, Statistical Office, Ministry of Finance, IMF, World Bank

## Peer Analysis

2025F <sup>a</sup>	Finland	AA median	AAA median	A median
<b>Structural features</b>				
GDP per capita (USD) [SRM]	55,881	55,943	76,905	34,562
Share in world GDP (%) [SRM]	0.3	0.4	0.9	0.3
Composite governance indicator (percentile, latest) [SRM] <sup>b</sup>	93.7	84.2	93.8	74.5
Human development index (percentile, latest)	94.2	89.8	94.7	82.2
Broad money (% GDP) [SRM]	71.7	100.7	94.7	90.4
Private credit (% GDP, 3-year average)	89.6	106.9	123.1	73.1
Dollarisation ratio (% bank deposits, latest)	3.5	12.5	14.6	10.3
Bank system capital ratio (% assets, latest)	22.0	16.9	15.1	16.7
<b>Macroeconomic performance and policies</b>				
Real GDP growth (% , 3-year average) [SRM]	0.9	2.2	2.1	3.8
Real GDP growth volatility (complex standard deviation) [SRM]	1.9	2.5	2.0	3.0
Consumer price inflation (% , 3-year average) [SRM]	1.6	2.3	1.9	2.4
Unemployment rate (%)	9.0	5.0	5.3	6.3
<b>Public finances (general government)<sup>c</sup></b>				
Balance (% GDP, 3-year average) [SRM]	-4.0	-1.2	-0.3	-2.5
Primary balance (% GDP, 3-year average)	-2.2	0.2	1.1	-0.7
Interest payments (% revenue, 3-year average) [SRM]	3.3	3.3	3.5	4.3
Gross debt (% revenue, 3-year average)	160.3	148.3	111.7	136.4
Gross debt (% GDP, 3-year average) [SRM]	85.3	43.6	44.4	42.5
Net debt (% GDP, 3-year average)	81.9	36.0	37.5	38.1
FC debt (% gross debt, 3-year average) [SRM]	0.0	0.5	0.0	7.9
<b>External finances<sup>c</sup></b>				
Current account balance (% GDP, 3-year average)	-0.2	1.5	5.5	1.3
Current account balance + net FDI (% GDP, 3-year avg.) [SRM]	0.6	0.8	1.9	2.6
Commodity dependence (% CXR) [SRM]	17.7	15.6	14.4	11.8
Gross external debt (% GDP, 3-year average)	187.6	120.1	179.9	69.0
Net external debt (% GDP, 3-year average)	57.4	-2.5	9.5	-7.7
Gross sovereign external debt (% GXD, 3-year average)	28.9	17.6	11.6	21.8
Sovereign net foreign assets (% GDP, 3-year average) [SRM]	49.9	8.6	-3.4	11.3
External interest service (% CXR, 3-year average) [SRM]	9.4	4.2	7.4	2.3
Foreign-exchange reserves (months of CXP) [SRM]	1.3	2.7	1.5	4.4
Liquidity ratio	38.2	55.5	52.0	94.3

<sup>a</sup> Three-year averages are centred on this year. Fitch does not forecast indicators labelled 'latest', meaning data may be lagging.

<sup>b</sup> Composite of all six World Bank Worldwide Governance Indicators (see chart on the previous page).

<sup>c</sup> See Appendix 2: Data Notes and Conventions for details of data treatment for public finances and external finances.

Source: Fitch Ratings, Statistical Office, Ministry of Finance, IMF, World Bank, United Nations

## Supplementary Information

BSI / MPI = - / 1. About the BSI and MPI: Fitch's bank systemic indicator (BSI) equates to a weighted average Viability Rating. The macro-prudential risk indicator (MPI) focuses on one potential source of financial stress, ranging from '3' (high potential vulnerability to financial stress over the medium term based on trends in credit expansion, equity and property prices and real exchange rates) to '1' (low likelihood). For more information, refer to Fitch's most recent Macro-Prudential Risk Monitor report.

Year cured from the most recent default or restructuring event, since 1980 = No event.

The de facto exchange-rate regime, based on the latest IMF Annual Report on Exchange Arrangements and Exchange Restrictions report, is 'Free floating (EMU)'.

## Rating Factors

### Strengths

- Finland's governance scores outperform the 'AA' median and are similar to 'AAA' medians. Strong institutions underpin its structural strengths.
- High pension assets (98% of GDP) strengthen long-term fiscal sustainability.
- The sovereign has a larger net external financial asset position, at 51.8% of GDP at end-2024.

### Weaknesses

- Low productivity growth and a high dependency ratio imply limited medium-term growth potential. Demographic trends will raise the dependency ratio.
- General government debt (82.1% at end-2024) is higher than the 'AA' and 'AAA' medians (48.1% and 38.9% of GDP, respectively).
- Finland is a larger net external debtor (2024: 58.7%, compared to a net creditor position for the 'AA' median). Banks' liabilities account for over half of gross external debt.

Rating	Sovereign
AAA	Australia
	Denmark
	Germany
	Luxembourg
	Netherlands
	Norway
	Singapore
	Sweden
	Switzerland
AA+	Canada
	New Zealand
	United States of America
AA	Abu Dhabi
	Austria
	<b>Finland</b>
	Ireland
	Macao, China
	Qatar
	Taiwan, China

Source: Fitch Ratings

## Rating Sensitivities

### Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Public Finances:** A further substantial increase of government debt/GDP ratio over the medium term, for example, due to failure to implement fiscal consolidation measures or a deterioration in growth prospects.
- Structural:** Major worsening of geopolitical risks, notably in the context of an escalation of tensions with Russia.

### Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Public Finances:** General government debt/GDP on a clear downward path over the medium term, for example, due to sustained fiscal consolidation or stronger economic growth.

## Forecast Summary

	2022	2023	2024	2025F	2026F	2027F
<b>Macroeconomic indicators and policy</b>						
Real GDP growth (%)	0.8	-0.9	0.4	0.9	1.4	1.5
Unemployment (%)	6.8	7.2	8.4	9.0	8.7	8.3
Consumer price inflation (annual average % change)	7.2	4.4	1.0	1.9	1.8	2.0
Policy interest rate (annual average, %)	0.2	3.4	3.7	2.1	1.8	1.8
General government balance (% GDP)	-0.2	-3.0	-4.4	-4.0	-3.5	-3.4
Gross general government debt (% GDP)	74.0	77.5	82.1	86.3	87.6	88.0
EUR per USD (annual average)	1.0	0.9	0.9	0.9	0.9	0.9
Real private credit growth (%)	-3.2	-3.9	-0.7	-0.4	-0.1	0.7
<b>External finance</b>						
Merchandise trade balance (USDbn)	-0.4	8.8	6.7	5.3	4.8	3.6
Current account balance (% GDP)	-2.5	-0.8	0.0	-0.3	-0.3	-0.4
Gross external debt (% GDP)	218.9	217.3	189.9	187.2	185.7	185.7
Net external debt (% GDP)	53.0	57.7	58.7	57.4	56.0	55.1
External debt service (principal + interest, USDbn)	66.3	70.4	79.2	80.8	84.7	88.6
Official international reserves including gold (USDbn)	16.0	16.9	18.0	18.1	18.4	19.0
Gross external financing requirement (% int. reserves)	398.2	359.5	371.1	374.1	390.4	404.7
<b>Real GDP growth (%)</b>						
US	2.5	2.9	2.8	1.5	1.5	2.1
China	3.1	5.4	5.0	4.2	3.9	4.3
Eurozone	3.5	0.4	0.9	0.8	1.0	1.2
World	3.0	3.2	2.9	2.2	2.2	2.6
Oil (USD/barrel)	98.6	82.1	79.5	70.0	65.0	65.0

Source: Fitch Ratings

## Sources and Uses

## Public Finances (General Government)

(EURbn)	2025	2026
<b>Uses</b>	<b>22.8</b>	<b>21.4</b>
Budget deficit	11.4	10.3
MLT amortisation	11.4	11.1
Domestic	0.0	10.8
External	11.4	0.3
<b>Sources</b>	<b>22.8</b>	<b>21.4</b>
Gross borrowing	24.3	23.8
Domestic	4.5	15.9
External	19.8	7.9
Privatisation	0.0	0.0
Other	-0.7	-2.4
Change in deposits	-0.8	0.0
(- = increase)		

Source: Fitch Ratings

## External Finances

(USDbn)	2025	2026
<b>Uses</b>	<b>67.3</b>	<b>70.6</b>
Current account deficit	1.1	1.1
MLT amortisation	66.2	69.5
Sovereign	15.0	15.7
Non-sovereign	51.3	53.8
<b>Sources</b>	<b>67.3</b>	<b>70.6</b>
Gross MLT borrowing	84.1	83.8
Sovereign	23.4	23.5
Non-sovereign	60.7	60.3
FDI	6.5	5.7
Other	-23.2	-18.6
Change in FX reserves	-0.1	-0.3
(- = increase)		

Source: Fitch Ratings

## Credit Developments

### Fragile Growth

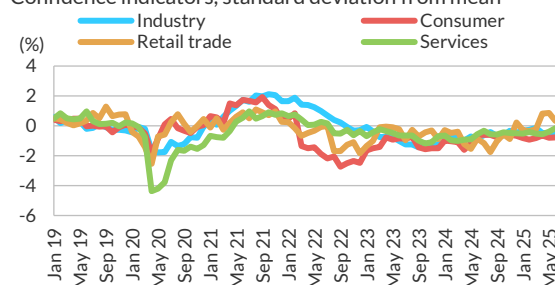
Finland's growth performance since end-2019 has been among the weakest in the EU, with nearly stagnant cumulative growth compared with the EU average of 5%. After a mild contraction in 2023, the economy returned to modest growth in 2024, with the full-year forecast raised to 0.4%. Net exports and public consumption were drivers of growth, while private consumption and investment remained subdued. In 1Q25, there was no quarterly growth, underscoring the fragility of the recovery.

For 2025, we expect GDP to rise by about 0.9%. Gradual improvements in private consumption, supported by falling inflation and rising real incomes, will contribute to the recovery. However, high unemployment, fiscal tightening, low consumer confidence, and persistent uncertainty will limit momentum. Fitch forecasts private investment to recover slowly, with construction stabilising and stronger activity in the transition to green energy, as well as the technology and defence sectors. However, weak business confidence and external risks will continue to weigh on the outlook. Ongoing fiscal consolidation will continue to constrain government consumption. We expect exports to improve, but their contribution to growth will be offset by rising imports linked to investment demand.

We project growth at 1.4% in 2026 and 1.5% in 2027. The recovery will be led by stronger private consumption and investment as employment and real incomes improve, supported by tax cuts and better financing conditions and improved confidence. However, structural challenges, especially an ageing population and weak productivity growth, will keep potential growth subdued, while persistent tariff uncertainty represent a significant risk. Plans to raise R&D spending to 4% of GDP by 2030, with public and EU support, could enhance innovation and long-term growth.

### Confidence Indicators Remains Weak

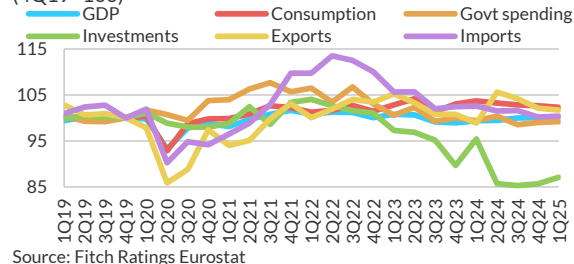
Confidence indicators, standard deviation from mean



Source: Fitch Ratings, European Commission

### Weak Growth

(4Q19=100)



Source: Fitch Ratings Eurostat

### Weak Labour Market

The Finnish labour market remains weak following a downturn that began in 2023. The employment rate declined to 70.3% in 1Q25 from a peak of 75% in 2Q23, but remains high by historical standards, partly due to high labour force participation, driven by greater participation among older workers and stronger immigration. The unemployment rate increased to 9.2% in 1Q25 from 7.9% a year earlier (the highest since 1Q16), due to weak economic conditions and higher labour force participation. Fitch expects unemployment to remain high, averaging 9% in 2025, before declining to about 8.3% by end-2027 as economic growth resumes.

Job vacancies remain low, but we expect labour demand to gradually recover as the economy improves. Skills shortages, especially in high-skilled sectors, continue to pose challenges. Structural reforms are being implemented to boost employment, but we expect their effects to materialise gradually, with unemployment remaining above structural levels through 2027.

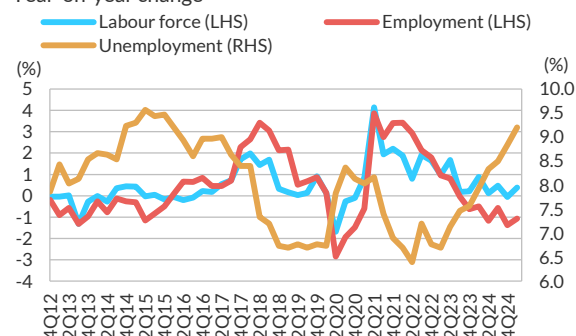
### Inflation Is in line with Eurozone

Finland's HICP inflation is in line with the euro area average (2%), at about 1.9% in June 2025, mainly due to declining energy prices and subdued demand. The VAT increase in September 2024 pushed inflation above the low 1% level recorded in September 2024, while service prices continue to rise at more than 3% a year. We expect HICP inflation to average 1.9% in 2025 and remain close to 2% through 2026-2027, as the impact of tax rises fades, and energy prices stabilise. Inflationary pressures remain moderate, with risks primarily linked to external factors and further changes in taxation.



**Increase in Unemployment**

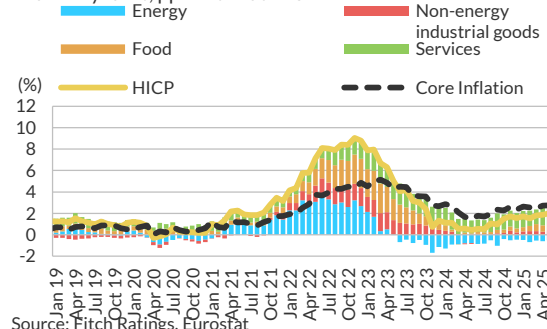
Year-on-year change



Source: Fitch Ratings, Statistics Finland

**Negative Contribution from Energy on Inflation**

Year-on-year % pp contributions



Source: Fitch Ratings, Eurostat

**Persistently Wide Fiscal Deficits**

Finland's budget deficit widened sharply to 4.4% of GDP in 2024, the largest since 1995, excluding the Covid-19 pandemic, reflecting weak economic growth, subdued tax revenues, increased social and pension expenditures, and surging defence spending. We expect only a gradual reduction in the deficit to 4% of GDP in 2025, as the government's EUR9 billion consolidation packages have a more pronounced impact from 2025. However, increased defence spending — including the F-35 fighter jet purchase — rising interest costs, persistent pressures from ageing-related spending, higher public-sector wage costs, and a slow economic recovery will continue to weigh on fiscal consolidation.

In April 2025, the government announced a new growth package as part of the General Government Fiscal Plan for 2026–2029, featuring tax reductions aimed at boosting consumption and investment. These include EUR1.1 billion in earned income tax cuts from 2026, mainly benefitting low- and middle-income earners, and a reduction of the corporate tax rate by 2pp to 18% in 2027. While these measures are expected to stimulate the economy, their net fiscal impact will remain moderate due to offsetting expenditure savings and tax increases. Nevertheless, the overall package will still cause the general government deficit to increase modestly in the coming years.

We project the deficit to decline to 3.5% of GDP in 2026 and 3.4% in 2027, supported by higher growth and further impact of the consolidation measures. The government remains committed to fiscal sustainability, but achieving further consolidation while supporting growth is likely to present policy challenges. Defence spending is set to rise to 3% of GDP by 2029, with most of the increase in 2028 and 2029. We expect higher defence outlays to offset some of the gains from fiscal consolidation and could slow the pace of deficit reduction in the medium term.

**Public Debt Continues to Rise**

Fitch projects that Finland's general government debt will continue to rise, reaching 86.3% of GDP at end-2025, up from 82.1% at end-2024, and compared with the 'AA' median estimate of 49.6%. We expect debt to increase further to 87.6% in 2026 and 88.0% in 2027, largely driven by primary budget deficits, higher interest payments, low nominal GDP growth, and stock-flow adjustments. These projections are now higher than in our previous forecasts, reflecting lower economic growth and a deterioration in budget deficits. In the absence of new fiscal consolidation measures, we do not anticipate government debt stabilising over the medium term; instead, we expect the debt ratio to exceed 90% of GDP in 2029.

Interest payments have risen due to high interest rates and higher public debt that reached 1.6% of GDP annually by 1Q25, up from 0.5% in 3Q22, adding to the debt burden. We expect this ratio to rise to 1.8% in 2025 and 2.1% in 2027, surpassing the forecast 'AA' median of 1.4% for 2025. The inclusion of pension assets in the general government balance that are not allocated for debt repayment, along with rising military expenditure particularly affect stock-flow adjustments.

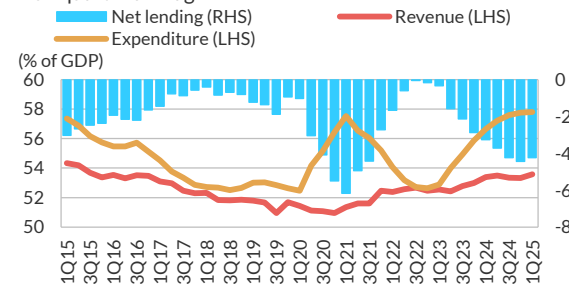
High pension sector assets (98% of GDP in 2024), with more than one-third in public pension funds, are a rating strength and, together with further reform plans, help mitigate the effect of an ageing population. Long-term projections indicate that these assets will only decline to about 75% of GDP by 2050, despite population ageing. Pension assets also provide the government with some financing flexibility, as demonstrated by the government's planned one-off use of EUR1 billion from the state pension fund in 2027.



The EU's national escape clause allows Finland to temporarily deviate from fiscal rules from 2025 to accommodate higher defence spending, following Russia's invasion of Ukraine. This flexibility helps Finland avoid an Excessive Deficit Procedure despite deficits above 3% of GDP, provided other reforms and investments continue as planned.

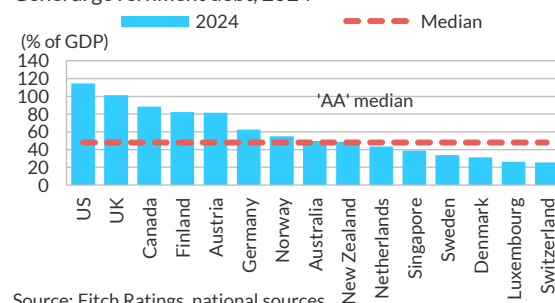
### Large Budget Deficits

Four-quarter average



### General Govt Debt Well Above 'AA' Median

General government debt, 2024



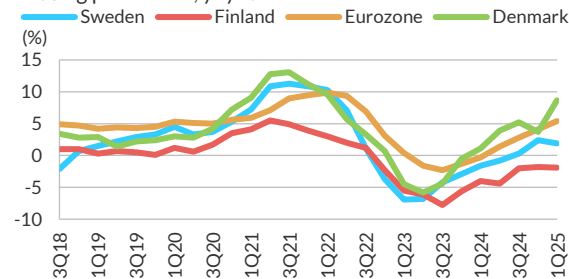
### Weak Credit Flows, Banking Sector Is Resilient

Credit growth in Finland remains subdued, reflecting weak demand despite recent interest rate cuts. Loans to households have been stable, while lending to non-financial corporations has declined moderately. The high share of variable-rate housing loans (more than 90%) continues to expose borrowers to interest rate fluctuations. House prices have yet to rise as a large stock of unsold dwellings and weak construction activity continue to weigh on the market.

Debt service costs have increased, yet overall asset quality remains robust: the non-performing loan ratio remains low and stable at around 1.2% but is higher in the construction sector. Finnish banks are well-capitalised, with a strong liquidity position and a common equity Tier 1 ratio of around 18%. The banking sector remains resilient despite the downturn in real estate and construction, bolstered by strong profitability and prudent macroprudential policies.

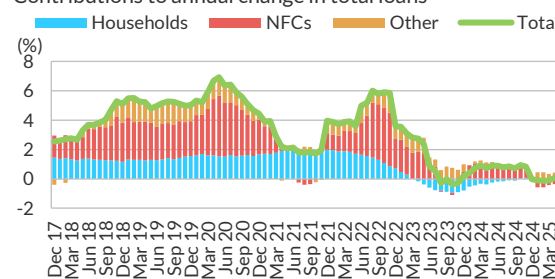
### Sharp Correction in Housing Prices

Housing price index, yoy %



### Private Credit Growth Is Weak

Contributions to annual change in total loans



## Public Debt Dynamics

Gross general government debt will increase to about 90.7% of GDP by 2029, according to Fitch's baseline projections. Scenarios with lower growth, higher interest rates and no fiscal consolidation would result in the debt ratio rising to 90.7%-97.4% by 2029. Structural surpluses in social security funds are not used to pay down debt, and therefore, appear as debt-increasing stock-flow adjustments.

### Debt Dynamics - Fitch's Baseline Assumptions

	2023	2024	2025	2026	2027	2028	2029
Gross general government debt (% of GDP)	77.5	82.1	86.3	87.6	88.0	89.4	90.7
Primary balance (% of GDP)	-1.8	-2.8	-2.3	-1.5	-1.3	-1.2	-1.1
Real GDP growth (%)	-0.9	0.4	0.9	1.4	1.5	1.3	1.3
Average nominal effective interest rate (%)	1.6	2.1	2.2	2.4	2.5	2.6	2.7
EUR/USD (annual average)	0.9	0.9	0.9	0.9	0.9	0.9	0.9
GDP deflator (%)	3.5	0.7	1.9	2.1	2.3	2.0	2.0
Stock-flow adjustments (% of GDP)	2.3	1.1	2.4	0.8	0.2	0.9	0.7

Source: Fitch Ratings

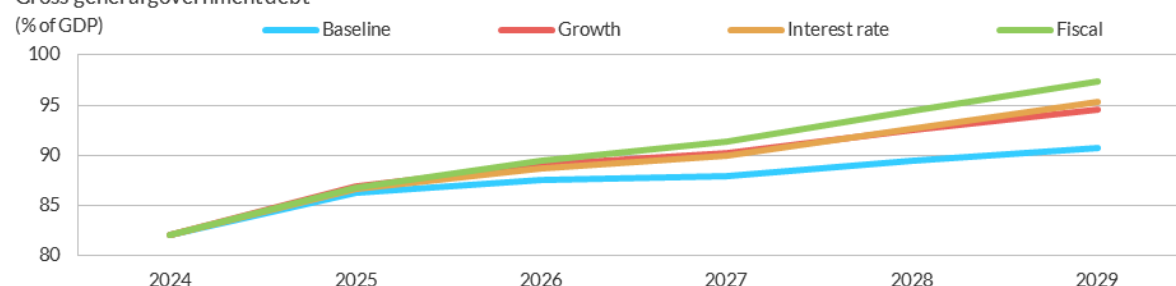
### Debt Sensitivity Analysis: Fitch's Scenario Assumptions

Growth	GDP growth 0.9% lower (half standard deviation lower)
Interest rate	Marginal interest rate 250bp higher
Fiscal	Stable primary balance deficit of -2.8% of GDP starting 2025
Exchange rate	N/A

Source: Fitch Ratings

### Sensitivity Analysis

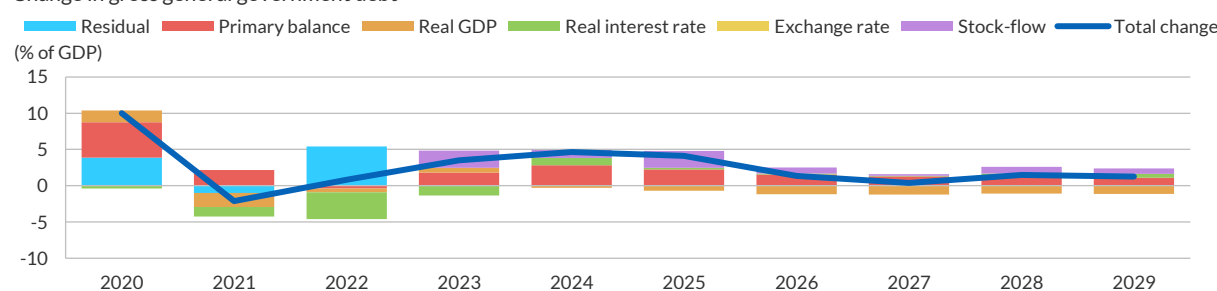
Gross general government debt



Source: Fitch Ratings, Fitch Debt Dynamics Model

### Baseline Scenario: Debt Creating Flows

Change in gross general government debt



Source: Fitch Ratings, Fitch Debt Dynamics Model

### About the Public Debt Dynamics

Fitch uses stylised projections for a sovereign's gross general government debt/GDP ratio to illustrate the sustainability of its debt burden and its sensitivity to economic growth, the cost of borrowing, fiscal policy and the exchange rate.

## Data Tables

### General Government Summary

(% GDP)	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F
Revenue	51.7	50.9	52.5	52.5	52.9	53.3	53.4	53.1	52.6
Expenditure	52.6	56.5	55.1	52.6	55.9	57.7	57.4	56.6	56.0
o/w interest payments	0.9	0.7	0.5	0.6	1.2	1.6	1.8	2.0	2.1
Interest payments (% revenue)	1.6	1.3	1.0	1.1	2.2	3.0	3.3	3.7	4.0
Primary balance	-0.1	-4.9	-2.1	0.4	-1.8	-2.8	-2.3	-1.5	-1.3
Overall balance	-0.9	-5.5	-2.7	-0.2	-3.0	-4.4	-4.0	-3.5	-3.4
Gross government debt	65.3	75.3	73.2	74.0	77.5	82.1	86.3	87.6	88.0
% of government revenue	126.4	147.9	139.5	141.1	146.4	154.2	161.7	164.9	167.3
Issued in domestic market	22.9	33.5	38.3	35.1	34.6	33.3	34.9	35.5	35.6
Issued in foreign markets	42.4	41.8	34.9	38.9	42.9	48.9	51.3	52.1	52.3
Local currency	65.3	75.3	73.2	74.0	77.5	82.1	86.3	87.6	88.0
Foreign currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Central government deposits	1.1	3.7	2.4	2.0	3.6	3.3	3.5	3.4	3.3
Net government debt	64.3	71.6	70.8	72.0	73.9	78.8	82.7	84.2	84.7
Financing	5.5	2.7	0.2	3.0	4.4	4.0	4.0	3.5	3.4
Domestic borrowing	10.4	6.4	-0.7	0.3	-0.9	2.6	2.6	1.7	1.5
External borrowing	2.9	-7.8	4.3	6.4	3.6	7.3	2.6	2.1	2.1
Other financing	-7.7	4.0	-3.5	-3.8	1.8	-5.9	-0.8	-0.2	-0.2
Change in deposits (- = increase)	-2.6	1.2	0.2	-1.7	0.3	-0.3	0.0	0.0	0.0
Privatisation	-	-	-	-	-	-	-	-	-
Other	-5.0	2.8	-3.7	-2.1	1.5	-5.6	-0.8	-0.2	-0.2

Source: Fitch Ratings, Ministry of Finance

**Balance of Payments**

(USDbn)	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F
Current account	-0.4	1.4	1.0	-7.0	-2.4	-0.1	-1.1	-1.1	-1.5
(% GDP)	-0.2	0.5	0.3	-2.5	-0.8	0.0	-0.3	-0.3	-0.4
Goods	2.8	3.4	2.6	-0.4	8.8	6.7	5.3	4.8	3.6
Services	-1.0	-2.6	-2.5	-5.3	-8.8	-5.4	-5.6	-5.6	-5.6
Primary income	0.9	4.2	4.8	2.4	0.9	0.8	2.0	2.6	3.4
Secondary income	-3.1	-3.6	-3.9	-3.7	-3.4	-2.1	-2.8	-2.9	-2.9
Capital account	0.3	0.3	0.2	0.0	0.0	0.3	0.1	0.1	0.1
Financial account	-9.9	-0.7	-3.4	-4.4	-5.8	1.0	-1.0	-1.3	-2.0
Direct investment	-9.6	8.1	-3.5	9.0	-0.7	3.5	-6.5	-5.7	-4.7
Portfolio investment	-28.4	-0.1	23.7	-8.5	1.5	-0.4	5.6	5.7	2.1
Derivatives	0.5	-1.7	2.3	-5.6	-2.6	6.2	-1.2	-4.8	-4.8
Other investments	27.5	-7.0	-25.9	0.7	-4.0	-8.3	1.2	3.5	5.4
Net errors and omissions	-9.1	-1.4	-1.1	3.1	-3.3	1.4	0.0	0.0	0.0
Change in reserves (+ = increase)	0.6	1.0	3.4	0.4	0.0	0.7	0.1	0.3	0.7
International reserves, incl. gold	11.4	13.5	16.7	16.0	16.9	18.0	18.1	18.4	19.0
Liquidity ratio (%)	45.7	40.3	39.8	41.8	36.4	34.6	38.2	38.6	39.2
Memo									
Current external receipts (CXR)	135.1	122.2	146.9	158.0	160.3	160.7	162.2	167.2	170.3
Current external payments (CXP)	135.5	120.8	145.9	165.0	162.8	160.8	163.3	168.3	171.8
CXR growth (%)	4.1	-9.5	20.2	7.6	1.5	0.2	1.0	3.1	1.9
CXP growth (%)	0.9	-10.8	20.8	13.1	-1.4	-1.2	1.6	3.1	2.1
Gross external financing requirement	61.5	60.1	66.3	66.7	57.6	62.8	67.3	70.6	74.4
% International reserves	596.7	526.3	492.0	398.2	359.5	371.1	374.1	390.4	404.7
Net external borrowing	27.1	-4.5	-8.0	78.7	17.4	-39.8	22.6	22.0	23.3
Source: Fitch Ratings, IMF									

**External Debt and Assets**

(USDbn)	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F
Gross external debt	594.8	631.5	551.2	612.8	641.3	566.9	589.5	611.5	634.8
(% GDP)	222.7	234.4	187.3	218.9	217.3	189.9	187.2	185.7	185.7
(% CXR)	440.3	516.7	375.2	387.8	400.0	352.9	363.4	365.8	372.7
Short-term debt (% GXD)	48.2	46.7	45.9	55.0	51.1	41.6	41.0	40.4	39.7
By debtor									
Sovereign	128.0	141.1	124.6	135.4	155.1	162.4	170.8	178.6	191.1
Monetary authorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General government	128.0	141.1	124.5	135.3	155.0	162.4	170.8	178.6	191.0
Banks	383.6	395.0	339.2	379.1	388.4	309.2	312.1	312.0	310.2
Other sectors	83.1	95.4	87.4	98.3	97.8	95.3	106.7	120.9	133.6
Gross external assets (non-equity)	468.1	505.4	433.5	464.5	471.1	391.7	408.8	427.3	446.6
Sovereign	146.4	152.5	124.0	142.1	166.2	116.0	116.2	116.7	118.0
International reserves, incl. gold	11.4	13.5	16.7	16.0	16.9	18.0	18.1	18.4	19.0
Other sovereign assets	135.0	139.0	107.2	126.1	149.3	98.0	98.1	98.4	98.9
Banks	234.7	252.3	207.4	227.4	204.1	169.3	178.0	187.6	198.4
Other sectors	87.0	100.6	102.1	94.9	100.8	106.3	114.7	123.2	131.1
Net external debt	126.6	126.1	117.7	148.3	170.2	175.3	180.8	184.3	188.2
(% GDP)	47.4	46.8	40.0	53.0	57.7	58.7	57.4	56.0	55.1
Sovereign	-18.4	-11.4	0.6	-6.8	-11.2	46.4	54.7	62.2	74.0
Banks	148.9	142.7	131.8	151.7	184.3	139.9	134.1	124.4	111.8
Other sectors	-3.9	-5.2	-14.7	3.3	-3.0	-11.0	-8.0	-2.3	2.5
International investment position									
Assets	897.9	991.5	963.0	953.9	1,014.5	972.2	-	-	-
Liabilities	900.1	1,001.8	956.6	953.6	975.9	899.0	-	-	-
Net	-2.2	-10.3	6.5	0.3	38.6	73.2	-	-	-
Net sovereign	162.8	175.7	182.9	171.5	198.4	154.6	156.3	159.3	158.6
(% GDP)	61.0	65.2	62.2	61.3	67.2	51.8	49.6	48.4	46.4
External debt service (principal + interest)	68.3	67.4	72.1	66.3	70.4	79.2	80.8	84.7	88.6
Interest (% CXR)	5.3	4.8	3.3	4.2	9.5	10.3	9.0	9.1	9.2

Source: Fitch Ratings, central bank, IMF, World Bank

## Full Rating Derivation

## Long-Term Foreign-Currency Issuer Default Rating (SRM + QO)

AA

Sovereign Rating Model					Applied Rating <sup>d</sup>			AA
					Model Result and Predicted Rating			14.28 = AA
Input Indicator	Weight (%)	2024	2025	2026	Adjustment to Final Data	Final Data	Coefficient	Output (notches)
<b>Structural features</b>								<b>10.22</b>
Governance indicators (percentile)	22.0	n.a.	93.7	n.a.	-	93.7	0.079	7.39
GDP per capita (USD)	11.8	n.a.	55,881	n.a.	Percentile	82.2	0.037	3.01
Nominal GDP (% world GDP)	14.3	n.a.	0.28	n.a.	Natural log	-1.3	0.640	-0.81
Most recent default or restructuring	4.5	n.a.	None	n.a.	Inverse 0-1 <sup>a</sup>	0.0	-1.791	0
Broad money (% GDP)	1.1	n.a.	71.7	n.a.	Natural log	4.3	0.145	0.62
<b>Macroeconomic performance, policies and prospects</b>								<b>-0.53</b>
Real GDP growth volatility	4.5	n.a.	1.9	n.a.	Natural log	0.6	-0.710	-0.45
Consumer price inflation	3.6	1.0	1.9	1.8	3-yr average <sup>b</sup>	2.0	-0.069	-0.14
Real GDP growth	1.8	0.4	0.9	1.4	3-yr average	0.9	0.057	0.05
<b>Public finances</b>								<b>-2.26</b>
Gross general govt debt (% GDP)	9.0	82.1	86.3	87.6	3-yr average	85.3	-0.023	-1.96
General govt interest (% revenue)	4.6	3.0	3.3	3.7	3-yr average	3.3	-0.044	-0.15
General govt fiscal balance (% GDP)	2.1	-4.4	-4.0	-3.5	3-yr average	-4.0	0.039	-0.16
FC debt (% of total general govt debt)	3.0	0.0	0.0	0.0	3-yr average	0.0	-0.008	0
<b>External finances</b>								<b>1.97</b>
Reserve currency (RC) flexibility	7.2	n.a.	3.1	n.a.	RC score 0 - 4.5 <sup>c</sup>	3.1	0.494	1.54
SNFA (% of GDP)	7.5	51.8	49.6	48.4	3-yr average	49.9	0.011	0.54
Commodity dependence	1.1	n.a.	17.7	n.a.	Latest	17.7	-0.004	-0.07
FX reserves (months of CXP)	1.3	n.a.	1.3	n.a.	n.a. if RC score > 0	0.0	0.024	0
External interest service (% CXR)	0.2	10.3	9.0	9.1	3-yr average	9.4	-0.004	-0.04
CAB + net FDI (% GDP)	0.3	-1.2	1.7	1.4	3-yr average	0.6	0.003	0.00
<b>Intercept Term (constant across all sovereigns)</b>								<b>4.87</b>

<sup>a</sup> Inverse 0-1 scale, declining weight; <sup>b</sup> of truncated value (2%-50%); <sup>c</sup> Declining weight; <sup>d</sup> Sovereign rating committee can override SRM Predicted Rating if a marginal change in the Model Result leads to a notch change which is judged to be temporary or caused by a re-estimation of the SRM, a process that Fitch undertakes on at least an annual basis. Please refer to the Rating Action Commentary for further information when the Applied Rating differs from the Predicted Rating.

Note: This table contains data as at the date of the most recent rating action. There may be minor differences to data presented elsewhere in this report, which may have been updated where appropriate, for example in the event of subsequent data releases.

Source: Fitch Ratings

<b>Qualitative Overlay (Notch Adjustment, Range +/-3)</b>	<b>0</b>
Structural features	0
Macroeconomic outlook, policies and prospects	0
Public finances	0
External finances	0

Source: Fitch Ratings

## About the SRM and QO

Fitch's SRM is the agency's proprietary multiple regression rating model that employs 18 variables based on three-year centred averages, including one year of forecasts, to produce a score equivalent to a Long-Term Foreign-Currency Issuer Default Rating (IDR). Fitch's QO is a forward-looking qualitative framework designed to allow for adjustment to the SRM output to assign the final rating, reflecting factors within our criteria that are not fully quantifiable and/or not fully reflected in the SRM.

## Supplementary Ratings

### Local-Currency Rating

Finland's credit profile does not support a notching-up of the Long-Term Local-Currency IDR above the Foreign Currency equivalent. In Fitch's view, neither of the two major factors cited in the criteria that support upward notching of the Long-Term Local-Currency IDR is present, namely: strong public finance fundamentals relative to external finance fundamentals and previous preferential treatment of Local-Currency relative to Foreign-Currency creditors. Finland is also a eurozone country, which constrains the Long-Term Local-Currency IDR at the same level as the Foreign-Currency version.

### Country Ceiling

Finland's Country Ceiling is 'AAA', two notches above its Long-Term Foreign-Currency IDR. This reflects very strong constraints and incentives, relative to the IDR, against capital or exchange controls being imposed that would prevent or greatly impede the private sector from converting local into foreign currency and transferring the proceeds to non-resident creditors to service debt payments.

Fitch's Country Ceiling Model produced a starting point uplift of two notches above the IDR. Fitch's rating committee did not apply a qualitative adjustment to the model result.

<b>Overall Country Ceiling Uplift (CCM + QA, notches)</b>			<b>+2</b>
<b>Country Ceiling Model (CCM, notches)</b>			<b>+2</b>
<b>Pillar I = Balance of payments restrictions</b>			<b>+2</b>
Current account restrictions (% of 40)	Latest	5.0	+3
Capital account restrictions (% of 69)	Latest	21.7	+2
<b>Combined pillar II &amp; III incentives score</b>			<b>+2</b>
<b>Pillar II = Long-term institutional characteristics</b>			<b>+3</b>
<b>Governance (WB WGI)</b>	Latest	93.7	+3
<b>International trade</b>			<b>+2</b>
Trade openness	2021-25 average	53.5	+2
Volatility of change in CXR (across 10 years)	2025	8.2	+2
Export share to FTA partners	2021-25 average	75.4	+3
<b>International financial integration<sup>a</sup></b>	2021-25 average	125.8	+3
<b>Pillar III = Near-term risks</b>			<b>+1</b>
<b>Macro-financial stability risks</b>			<b>+2</b>
Composite inflation risk score			<b>+2</b>
Volatility of CPI (across 10 years)	2025	2.1	+2
Recent CPI peak	2021-25 max	7.2	+3
Cumulative broad money growth	2020-25 change %	-6.8	+3
Volatility of change in REER (across 10 years)	2025	6.5	+1
Dollarisation	Most recent	3.5	+3
<b>Exchange rate risks</b>			<b>+1</b>
Net external debt (% of CXR)	2023-25 average	108.9	0
Exchange rate regime	Latest	Free floating	+3
<b>Qualitative Adjustment (QA, notches)</b>			<b>0</b>
Pillar I = Balance of payments restrictions			0
Pillar II = Long-term institutional characteristics			0
Pillar III = Near-term macro-financial stability risks			0

<sup>a</sup> Data for international financial integration are the average of private external assets (% of GDP) and private external debt (% of GDP).  
Source: Fitch Ratings



## Full Rating History

Date	Foreign-Currency Rating			Local-Currency Rating			Country Ceiling
	Long-Term	Short-Term	Outlook/Watch	Long-Term	Short-Term	Outlook/Watch	
25 Jul 25	AA	F1+	Stable	AA	F1+	Stable	AAA
09 Aug 24	AA+	F1+	Negative	AA+	F1+	Negative	AAA
24 Jan 20	AA+	F1+	Stable	AA+	F1+	Stable	AAA
03 Aug 18	AA+	F1+	Positive	AA+	F1+	Positive	AAA
22 Jul 16	AA+	F1+	Stable	AA+	F1+	Stable	AAA
11 Mar 16	AA+	F1+	Stable	AA+	-	Stable	AAA
20 Mar 15	AAA	F1+	Negative	AAA	-	Negative	AAA
22 Dec 05	AAA	F1+	Stable	AAA	-	Stable	AAA
17 Jun 04	AAA	F1+	Stable	AAA	-	-	AAA
21 Sep 00	AAA	F1+	Stable	AAA	-	-	-
05 Aug 98	AAA	F1+	-	AAA	-	-	-
14 Jul 98	AA+	F1+	-	AA+	-	-	-
29 Apr 97	AA+	F1+	-	AAA	-	-	-
12 Mar 96	AA	F1+	-	AAA	-	-	-
26 Oct 95	AA-	F1+	-	AAA	-	-	-
10 Aug 94	AA-	-	-	-	-	-	-

Source: Fitch Ratings

## Appendix 1: Environmental, Social and Governance (ESG)

### Credit Relevance Scores

General Issues	Key Sovereign Issues	SRM QO Score <sup>a</sup>		
Environmental (E)				
GHG Emissions and Air Quality	Emissions and air pollution as a constraint on GDP growth	2	2	2
Energy Management	Energy resource management, including potential for 'stranded assets', affecting exports, government revenues and GDP	3	2	3
Water Resources and Management	Water resource availability and management as a constraint on GDP growth	2	2	2
Biodiversity and Natural Resource Management	Natural resource management, including potential for 'stranded assets', affecting exports, government revenues and GDP	3	2	3
Natural Disasters and Climate Change	Impact of adverse climate trends, and likelihood of and resilience to shocks	3	2	3
Social (S)				
Human Rights and Political Freedoms	Social stability, voice and accountability, regime legitimacy	4	2	4 +
Human Development, Health and Education	Impact of human development, health and education on GDP per capita and GDP growth	3	2	3
Employment and Income Equality	Impact of unemployment and income equality on GDP per capita, GDP growth and political and social stability	3	2	3
Public Safety and Security	Impact of public safety and security on business environment and/or economic performance	3	2	3
Demographic Trends	Population decline or ageing, rapidly rising youth population; pensions sustainability	3	2	3
Governance (G)				
Political Stability and Rights	Political divisions and vested interests; geopolitical risks including conflict, security threats and violence; policy capacity: unpredictable policy shifts or stasis	5	2	5 +
Rule of Law, Institutional & Regulatory Quality, Control of Corruption	Government effectiveness, control of corruption, rule of law, regulatory quality	5	2	5 +
International Relations and Trade	Trade agreements, membership of international organisations, bilateral relations; sanctions or other costly international actions	3	3	3
Creditor Rights	Willingness to service and repay debt	4	2	4 +
Data Quality and Transparency	Availability, limitations and reliability of economic and financial data, including transparency of public debt and contingent liabilities	3	2	3

Source: Fitch Ratings

### About ESG Credit Relevance Scores

The scores signify the credit relevance of the respective E, S and G issues to the sovereign entity's credit rating, according to the following scale:

- 5 – Highly relevant to the rating, a key rating driver with a high weight.
- 4 – Relevant to the rating, a rating driver.
- 3 – Relevant, but only has an impact on the entity rating in combination with other factors.
- 2 – Irrelevant to the entity rating but relevant to the sector (sovereigns).
- 1 – Irrelevant to the entity rating and irrelevant to the sector (sovereigns).

The score for each 'General Issue' is comprised of a component SRM and QO score, and is simply the higher of the two. SRM scores are fixed across all sovereigns as the weights in the SRM are the same for all sovereigns; QO component scores vary across all sovereigns.

All scores of '4' or '5' result in a negative impact on the rating, unless indicated otherwise. Where a positive impact is occurring, the score of '4' or '5' is appended with a '+' symbol. Scores of '3', '2' and '1' do not have a direction of impact assigned.

Please refer to [ESG Relevance Scores for Sovereigns](#) for further information on the framework, including 'Sovereign Rating Criteria References' (which identify specific potentially related SRM variables and QO factors for each 'General Issue').

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### Credit-Relevant ESG Derivation

Finland has an ESG Relevance Score of '5[+]' for Political Stability and Rights as the World Bank Worldwide Governance Indicators (WBI) have the highest weight in Fitch's SRM and are, therefore, highly relevant to the rating and a key rating driver with a high weight. As Finland has a percentile rank above 50 for the respective Governance Indicator, this has a positive impact on the credit profile.

Finland has an ESG Relevance Score of '5[+]' for Rule of Law, Institutional and Regulatory Quality and Control of Corruption as WBI have the highest weight in Fitch's SRM and are, therefore, highly relevant to the rating and are a key rating driver with a high weight. As Finland has a percentile rank above 50 for the respective Governance Indicators, this has a positive impact on the credit profile.

Finland has an ESG Relevance Score of '4[+]' for Human Rights and Political Freedoms as the Voice and Accountability pillar of the WBI is relevant to the rating and a rating driver. As Finland has a percentile rank above 50 for the respective Governance Indicator, this has a positive impact on the credit profile.

Finland has an ESG Relevance Score of '4[+]' for Creditor Rights, as willingness to service and repay debt is relevant to the rating and is a rating driver for Finland, as for all sovereigns. As Finland has a record of 20+ years without a restructuring of public debt as captured in our SRM variable, this has a positive impact on the credit profile.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit [www.fitchratings.com/topics/esg/products#esg-relevance-scores](https://www.fitchratings.com/topics/esg/products#esg-relevance-scores).

## Appendix 2: Data Notes and Conventions

### Acronyms

Acronyms used in the above table and elsewhere in report are: Gross Domestic Product (GDP), Current External Receipts (CXR), Current External Payments (CXP), Current Account Balance (CAB), Foreign Direct Investment (FDI), World Bank Worldwide Governance Indicators (WBI), Sovereign Rating Model (SRM), Qualitative Overlay (QO). For a full list of indicator definitions, please refer to the most recent Sovereign Data Comparator.

### Medians

Medians underlying the SRM relative to rating category chart on the Rating Summary page and as reported in the Peer Analysis table on page 4 are long-term historical medians. These are based on actual data since 2000 for all sovereign-year observations when the sovereign was in the respective rating category at year-end. Current year ratings and data are excluded.

Chart medians on page 3 are based on data for sovereigns in the respective rating category at the end of each year. Latest ratings are used for the current year and forecast period.

### Notes for Finland

All data are on a calendar-year basis, which aligns with the domestic fiscal year for this sovereign.

Public finances data referenced in this report relate to the consolidated general government, as per our principal approach, unless specifically noted otherwise where cited.

The external balance-sheet data referenced in this report are derived from the international investment position dataset, as per our principal approach.

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