



Announcement of Periodic Review: Moody's Ratings announces completion of a periodic review of ratings of Finland, Government of

12 Dec 2025

Paris, December 12, 2025 -- Moody's Ratings (Moody's) has completed a periodic review of the ratings of Finland and other ratings that are associated with this issuer.

The review was conducted through a rating committee held on 4 December 2025 in which we reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), and recent developments.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Please see the Issuer page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Key Rating considerations and rationale are summarized below.

Finland's Aa1 ratings are supported by the strength of the country's institutions and knowledge-based economy. These institutions, which are among the strongest in our rated universe, have produced a strong track record of structural reforms. These reforms continue under the current government, which is looking to further bolster the country's strong focus on innovation and address structural labour market challenges by boosting the labour force participation rate and attracting skilled migrants. However, the public finances have come under considerable pressure since 2020 following the pandemic and Russia's invasion of Ukraine (Ca stable). Higher energy prices and borrowing costs drove the previous government to enact a series of measures to boost purchasing power, which contributed to an increase in the debt burden and interest expenditure. However, we assess that the measures that the government is putting in place through three consolidation packages and structural measures worth 3.5% of GDP between 2024 and 2027, as well as a new fiscal framework, will narrow the deficit and stabilise the debt burden by 2028.

Growth has disappointed in 2025, with momentum weakening throughout the year and GDP growth turning negative in Q3. This marks a clear reversal from the gains achieved in the previous year. The weakening growth performance in 2025 has been driven by consumption, as consumer confidence has remained deeply depressed since the twin shocks of 2022—the surge in interest rates and the geopolitical uncertainty following Russia's invasion of Ukraine. More recently, the fiscal consolidation stance under the government in place since mid-2023 has compounded the drag on growth, with tightened welfare and consumption tax policies leaving households feeling less economically secure.

The weak macroeconomic environment sets the background for the near-term fiscal outlook. While the government has an ambitious agenda to address the deterioration in the public finances in recent years, weak real GDP growth has outweighed the impact of a series of fiscal consolidation packages. The need for successive rounds of consolidation to meet the government's target highlights the challenge. That said, we still believe that in the medium term, Finland's strong institutions will ultimately navigate a path towards a stabilizing and declining debt burden. This view is underlined by a new fiscal framework proposed by the government that will enter law by the end of 2025 and come into effect in January 2026; however, the framework will only start to constrain fiscal policy starting in the next parliament, after the April 2027 elections.

We assess Finland's economic strength as "a2", reflecting the country's high wealth levels, a very well-educated labour force and strong institutional support for innovation, which create a solid foundation for a knowledge-based economy. We also consider long-standing productivity challenges, such as labour and skills shortages in the most productive sectors. Our assessment of Finland's institutions and governance strength is "aaa", which is

underpinned by the government's high credibility, transparency and consensus on key macroeconomic policies. We score Finland's fiscal strength as "a2", which reflects the current, elevated, debt level as well as still-strong debt affordability metrics. Finland's overall score of "baa" for susceptibility to event risk, driven by political risk given Russia's ongoing war in Ukraine, which marked a paradigm shift in the post-Cold War European security order.

The stable outlook reflects balanced risks at the Aa1 level. Finland retains its significant competitiveness, and changes to migration patterns and government policy are meaningful steps to counteract labour supply issues. The recent deterioration in the public finances is also being addressed, most notably by a large fiscal consolidation package announced in April 2024 and a new fiscal framework expected to enter law by the end of 2025. Should further fiscal efforts be needed to put debt firmly on a downward path, Finland's strong institutional framework suggests that these will be forthcoming.

Finland's Aa1 rating could come under upward pressure if we were to see a sustained improvement in the debt trajectory significantly earlier than we currently expect and putting the debt burden on a sustained declining path. This could be accompanied by favourable surprises to the impact of structural reforms—particularly related to labour force participation of older workers and immigration of skilled workers. These reforms could result in an improvement in the country's medium- to long-term growth potential.

Downward pressure on the outlook, and ultimately the rating, could develop if the government did not deliver on its commitment to reverse the deterioration in fiscal metrics. More precisely, a failure to take additional measures if its medium-term fiscal strategy underperformed expectations would place downward pressure on Finland's credit profile. A material worsening of the medium-term growth outlook, combined with an unwillingness or inability to address the impact of lower growth on the public finances would be credit negative, too. Although it is not our baseline assumption, an escalation of Russia's war in Ukraine that directly involves NATO members would also exert downward rating pressure.

Finnvera's ratings, including the Aa1 backed senior unsecured ratings, and stable outlook also remain unchanged. The senior debt instruments issued by Finnvera are backed by unconditional and irrevocable guarantees from the Finnish government.

This document summarizes our view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Sovereigns published in November 2022. Please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

Finland's "a2" economic strength is set above the initial score of "baa1" to reflect Finland's very high wealth levels, a very well-educated labour force, and strong institutional support for innovation, which creates a solid foundation for a knowledge-based economy. Its "a2" fiscal strength is set above its initial score of "baa1" to reflect the partially funded nature of its pension commitments, which reduces pensions-related risks, and the financial health of SOEs, which reduces the likelihood that this contingent liability will crystallise on sovereigns' balance sheets. These factors lead to a final scorecard-indicated outcome of Aa1-Aa3, compared to an initial scorecard-indicated outcome of Aa2-A1. The assigned rating is within the final scorecard-indicated outcome.

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