MOODY'S
RATINGS

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

12 Jun 2026

Paris, June 12, 2026 -- 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 5 June 2026 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.moodys.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, its track record of structural reform, and its advanced, knowledge-based economy. Finland's institutions are among the strongest in our rated universe and have underpinned a consistent tradition of reform. The current government, which came to power in mid-2023, has continued this tradition, looking to bolster the country's focus on innovation and address structural labour market challenges by boosting the labour force participation rate and attracting skilled migrants.

Finland's public finances have come under considerable pressure since the pandemic and Russia's invasion of Ukraine (Ca stable), which raised energy prices and borrowing costs, driving a deterioration in economic growth and expansion in welfare spending. In response, the government has enacted a substantial fiscal consolidation agenda starting in 2023, which has brought about a moderate reduction of the deficit to date. However, we expect rising defence spending, interest payments and public sector wage costs will drive the deficit back up to 4.7% of GDP in 2026 from 3.4% in 2025. Moreover, the government debt burden has continued to climb from 77% of GDP to in 2023 to our forecast level of 90.7% of GDP in 2026, around 25 percentage points above the pre-pandemic level in 2019.

To tackle Finland's fiscal challenges, parliament last year adopted new a fiscal framework which became effective in January 2026. Our forecasts assume that the new framework, which has near-unanimous support in parliament, will be effective in gradually reducing the fiscal deficit in coming years, with the debt burden stabilizing at around 92% of GDP from 2027 onwards. However, the difficulties Finland has faced in durably reducing the deficit in the context of weak economic growth in recent years points to the risk that even ambitious additional consolidation efforts prove ineffective if economic weakness persists, leading to a materially higher debt burden than we currently project.

Growth showed signs of a nascent recovery in late 2025 and early 2026, following an economic contraction in 2023 and near-stagnant growth in 2024 and 2025. However, the outbreak of the Middle East conflict and the associated energy price shock have materially darkened the outlook. Although Finland's relatively low reliance on fossil fuels is expected to soften the blow compared to other EU countries, the shock is feeding through to consumer prices, interrupting the fragile recovery in consumer confidence, and weighing on private consumption. We forecast real GDP growth of 0.4% in 2026 and 0.7% in 2027, supported by investment in data centre construction and energy transition projects, as well as a gradual pick-up in private consumption.

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 is set to retain 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 series of fiscal consolidation packages and a new fiscal framework that entered into law at the beginning of 2026. 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 May 2026. 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.

This announcement applies only to EU rated, UK rated, EU endorsed and UK endorsed ratings. Non-EU rated, non-UK rated, non-EU endorsed and non-UK endorsed ratings may be referenced herein to the extent necessary, if they are part of the same organization list.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on https://ratings.moodys.com for the most updated credit rating action information and rating history.

Petter Bryman
Vice President - Senior Analyst

Dietmar Hornung
Associate Managing Director

Releasing Office:
Moody's France SAS
21 Boulevard Haussmann
Paris, 75009
France
JOURNALISTS: 44 20 7772 5456
Client Service: 44 20 7772 5454

---

as defined under any relevant PRC laws or regulations; (2) cannot be included in any registration statement, offering circular, prospectus or any other documents submitted to the PRC regulatory authorities or otherwise used to satisfy any PRC regulatory disclosure requirement; and (3) cannot be used within the PRC for any regulatory purpose or for any other purpose which is not permitted under relevant PRC laws or regulations. For the purposes of this disclaimer, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.