16 February 2026

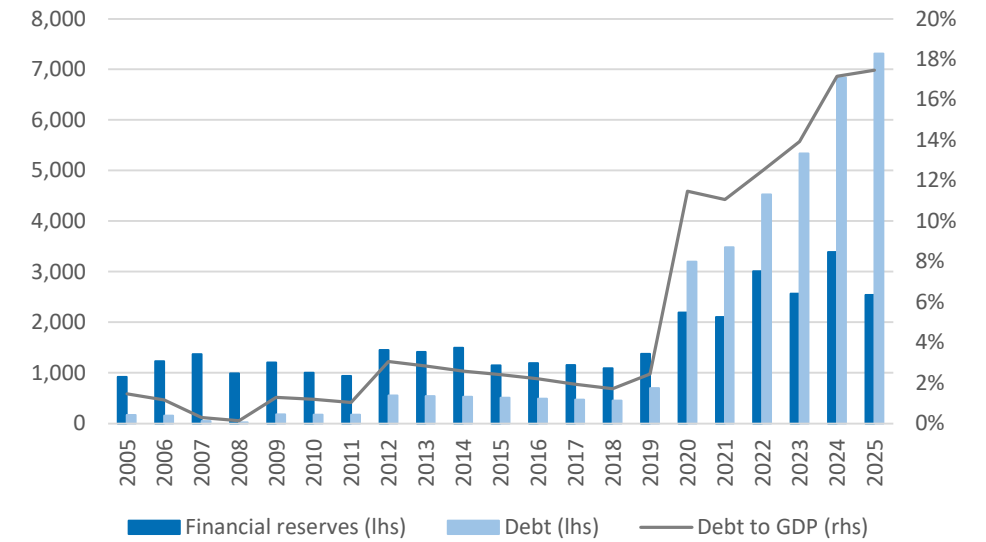
Estonian government debt and borrowing in 2025

Introduction

Estonia maintained a low level of general government debt – ranging between 4% and 12% of GDP – for nearly two decades prior to 2020. Since then, borrowing has increased notably, reflecting the fiscal impact of the COVID-19 pandemic as well as additional financing needs related to the war in Ukraine and the energy crisis. Consequently, general government debt is estimated to have reached 23.3% of GDP in 2025.

Figure 1 presents the development of the central government's financial reserves and debt over time.

Figure 1. Central government financial reserves and debt, EURm



Summary of 2025

In 2025, the debt obligations of the Ministry of Finance increased from EUR 6.8 billion (17.2% of GDP) at the end of 2024 to EUR 7.3 billion (17.5% of GDP) by year-end. Over the same period, financial reserves declined from EUR 3.4 billion (8.5% of GDP) to EUR 2.5 billion (6.1% of GDP).

During the year, total debt obligations rose by EUR 476 million, reflecting the following developments:

- Net issuance of short-term debt securities amounting to EUR 116 million.
- A EUR 500 million tap issuance of the outstanding Eurobond maturing in 2034.
- Repayment of EUR 140 million in loans from international financial institutions.

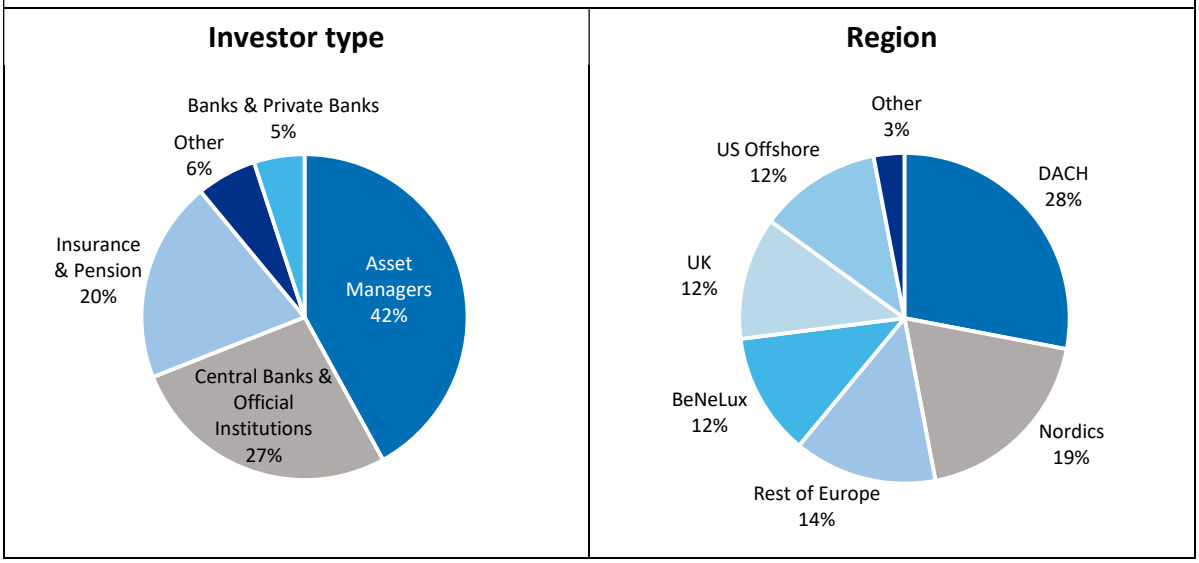
Eurobond tap issue

As of the end of 2025, the Ministry of Finance had three outstanding Eurobond issues with a total nominal value of EUR 4.5 billion. All issues were originally placed with a 10-year maturity.

In 2025, the Republic of Estonia executed a EUR 500 million tap of the Eurobond originally issued in January 2024. The tap was priced at fair value at Mid-Swap +72 basis points, corresponding to a yield to maturity of 3.181%. Total demand exceeded EUR 3.5 billion, representing an oversubscription of approximately seven times, with participation from 104 individual investors.

Figure 2 presents the distribution of the Eurobond tap issue by investor type and geographic region.

Figure 2. Investor distribution of EUR 500m 2034 tap issue



Debt portfolio composition

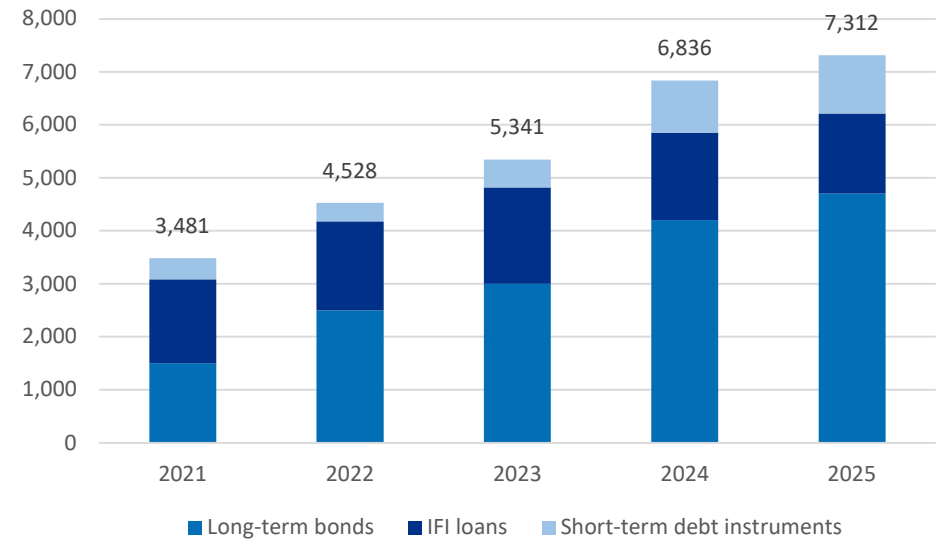
Historically, the Ministry of Finance has financed the majority of its borrowing needs through international financial institutions (IFIs), reflecting relatively modest funding requirements. In addition, short-term debt instruments, including Treasury bills (T-bills) and Euro Commercial Papers (ECPs), have been used to manage temporary liquidity gaps. However, in response to increased borrowing needs, Eurobond issuances were initiated in 2020.

Table 1 presents the composition of the Ministry of Finance's debt portfolio at the end of 2024 and 2025, along with the changes in debt during 2025. Figure 3 illustrates the development and structure of the debt portfolio over the past five years.

Table 1. Composition of the debt portfolio

	31.12.2024 in EURm	**% of total**	**31.12.2025** in EURm	**% of total**	**Net change** in EURm
Short-term instruments	984	14%	1,100	15%	116
IFI loans	1,652	24%	1,512	21%	-140
Long-term bonds	4,200	62%	4,700	64%	500
Total	**6,836**	**100%**	**7,312**	**100%**	**476**
Average interest cost	**2.67%**		**2.36%**		

Figure 3. Debt portfolio in 2021-2025, EURm



Interest rate risk

The interest rate risk of the outstanding debt is assessed using the average interest rate re-fixing period methodology. Two separate limits are applied:

- For the portion of outstanding debt up to EUR 800 million, the average interest re-fixing period may not exceed 0.5 years.
- For total debt exceeding EUR 800 million, the average interest re-fixing period must be greater than three years, with the maximum re-fixing period determined periodically by the Minister of Finance in line with the government's long-term risk-bearing capacity.

As of the end of 2025, the weighted average interest re-fixing period of the total debt portfolio was 4.4 years (2024: 4.8 years).

Table 2 provides an overview of average interest rates and key financial risk indicators for the Ministry of Finance's debt portfolio over the past ten years.

Table 2. Financial indicators of the debt portfolio

Year	Average interest rate, percent p.a.	Average term to maturity, in years	Average duration, in years
2016	0.03%	4.9	0.1
2017	0.01%	4.1	0.1
2018	0.01%	3.2	0.1
2019	-0.03%	4.1	0.1
2020	0.05%	7.4	4.5
2021	0.03%	7.4	4.6
2022	1.62%	7.4	4.8
2023	2.85%	6.6	4.4
2024	2.67%	5.8	4.2
2025	2.36%	5.2	3.9

Currency risk

There is no currency risk associated with the Ministry of Finance's debt portfolio, as all obligations are denominated in euros.

Refinancing risk

In accordance with the Ministry of Finance's financial risk management policy, refinancing risk is managed as follows:

- Outstanding short-term debt (maturing in less than one year) must not exceed 25% of the State's budgeted expenditures, including both operating costs and investments.
- Repayments of long-term debt (with a final maturity greater than one year) should be structured to ensure that annual debt repayments do not exceed 5% of forecasted GDP.

Figure 4 illustrates the debt repayment profile as of 31 December 2025.

Figure 4. Central government debt repayments, EURm

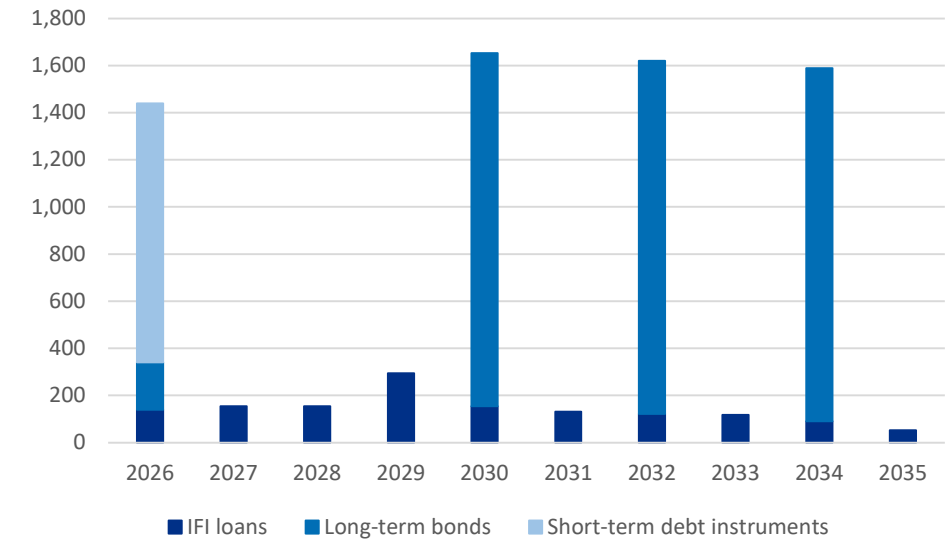


Table 3. The Ministry of Finance's outstanding debt obligations as of 31 December 2025

EURm, nominal value	Out-standing end-2024	Issuance/ withdrawal in 2025	Repay-ments in 2025	Out-standing end-2025	Redemption date	ISIN code
ECPs						
ECPs, total	**560**	**1,860**	**1,760**	**660**		
T-bills						
T-bill, issued on 2 Apr 2024	144	-	144	-	02-Apr-25	EE1300001555
T-bill, issued on 25 Sept 2024	90	-	90	-	02-Apr-25	EE1300001555
T-bill, issued on 25 Sept 2024	190	-	190	-	25-Sept-25	EE1300001571
T-bill, issued on 31 March 2025	-	60	60	-	25-Sept-25	EE1300001571
T-bill, issued on 31 March 2025	-	190	-	**190**	01-Apr-26	EE0000000461
T-bill, issued on 23 Sept 2025	-	70	-	**70**	01-Apr-26	EE0000000461
T-bill, issued on 23 Sept 2025	-	180	-	**180**	24-Sept-26	EE0000002459
T-bills, total	**424**	**500**	**484**	**440**		
Long-term bonds						
Eurobond, issued on 3 June 2020	1,500	-	-	**1,500**	10-Jun-30	XS2181347183
Eurobond, issued on 5 Oct 2022	1,000	-	-	**1,000**	12-Oct-32	XS2532370231
Eurobond, issued on 6 June 2023	500	-	-	**500**	12-Oct-32	XS2532370231
Eurobond, issued on 10 Jan 2024	1,000	-		**1,000**	17-Jan-34	XS2740429076
Domestic bond, issued on 11 Sept 2024	200	-	-	**200**	16-Sept-26	EE1300001563
Eurobond, issued on 21 Oct 2025	-	500	-	**500**	17-Jan-34	XS2740429076
Long-term bonds, total	**4,200**	**500**	**-**	**4,700**		
IFI loans						
Loan from EIB, signed in 2014	46	-	26	**20**	20-Jul-30	
Loan from EIB, signed in 2016	124	-	29	**95**	20-Jul-30	
Loan from EIB, signed in 2021	94	-	13	**81**	30-Jan-32	
Loan from EIB, signed in 2023	210	-	-	**210**	19-Dec-33	
Loan from NIB, signed in 2020	748	-	72	**676**	30-Mar-35	
Loan from CEB, signed in 2020	200	-	-	**200**	05-May-36	
Loan from EC, signed in 2021	230	-	-	**230**	04-Jan-47	
IFI loans, total	**1,652**	**-**	**140**	**1,512**		
MoF debt, total	**6,836**	**2,860**	**2,384**	**7,312**		