

# Central government borrowing strategy for 2nd half of 2025

The target for the issuance of government bonds remains at kr. 65 billion, while the short-term loan programs (treasury bills and commercial papers) will continue to amount to a maximum of kr. 25 billion in total by the end of 2025. In the second half of the year, a new 10-year green government bond is expected to be opened under an updated green bond programme.

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## **Issuance target is maintained at kr. 65 billion for bond issuances**

The target for bond issuances remains unchanged at kr. 65 billion. The focus will continue to be on issuance in the nominal 2-year and 10-year maturity segments.



## **Opening of a new 10-year green twin bond**

A new 10-year green government bond is expected to be opened in the second half of the year under an updated green bond programme. The bond is expected to be opened via syndication and will become a twin bond to DGB 2.25 per cent 2035. In 2025, up to kr. 10 billion at market value can be issued in the new bond.



## **Unchanged issuance strategy despite Government financing of KommuneKredit**

In 2025, financing will occur through withdrawals from the central government's account and will therefore not lead to a change in the strategy for government borrowing in 2025. At the end of the second quarter of 2025, the first loans, which are expected to total kr. 20 billion in 2025, were disbursed to KommuneKredit.

## Why is it important?

On behalf of the Minister of Finance, Danmarks Nationalbank is responsible for the management of central government borrowing and debt. This means that, based on the Danish Finance Act and input from the Ministry of Finance, Danmarks Nationalbank prepares a strategy for central government borrowing, which covers the central government's annual financing requirement. The strategy is approved by the Ministry of Finance.

The strategy for central government borrowing must ensure that the central government's financing requirement is covered at the lowest possible long-term borrowing costs, taking into account an acceptable level of risk. Furthermore, the aim is to facilitate central government access to the capital markets in the longer term and also that the central government's issuances will help support a well-functioning domestic capital market.

The strategy for central government borrowing is published twice a year. In extraordinary circumstances, Danmarks Nationalbank may make changes to the strategy outside the biannual publications – this was the case during the pandemic, for example, when the central government's financing requirement rose sharply in a short period of time.



**Based on the Ministry of Finance's latest forecast, a total financing requirement of kr. 113 billion is expected in 2025.**



## Keywords

Strategy announcement

Central-government finance and debt

Central-government borrowing and debt

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### The Danish economy remains robust

The year 2025 has so far seen economic and trade policy turmoil. Despite significant geopolitical uncertainty, the Danish economy remains strong. The economy emerged solidly from 2024 with GDP growth of 3.7 per cent. At the onset of the period of trade turmoil, the Danish economy was in a moderately strong economic cycle with increasing employment and robust households and businesses. This year, GDP is expected to rise by 3.0 per cent and by 1.4 per cent next year.<sup>1</sup>, according to the Economic Survey, May 2024. Growth is now more broadly based and no longer primarily dependent on pharmaceutical exports. This strong foundation is supported by the state's continued AAA credit rating with stable outlooks, assessed by all credit rating agencies.

### The government's financing needs adjusted upwards to kr. 113 billion in 2025

Since the latest estimate for the government's finances from December 2024, the government's total financing needs have increased from kr. 82 billion to kr. 113 billion in 2025. The increase is partly due to the government's agreement to purchase of the majority stake in Copenhagen Airports A/S for kr. 32 billion, as well as the establishment of an Acceleration Fund, which will procure capacities for the Danish defence totalling kr. 50 billion over the course of 2025 and 2026. Furthermore, the financing needs are also increasing as a result of an agreement reached in the spring between the government and KommuneKredit, whereby the government will henceforth be responsible for the financing of KommuneKredit. The increased costs are partially offset by an upward adjustment of the government's revenues.

The financing needs are covered by the issuance of government securities as well as withdrawals from the central government account, see the overview in table 1.

**TABLE 1**  
**Financing requirement and financing in 2025**

Financing requirement	Kr. billion	
	December 2024	May 2025
Net financing requirement	-15	-8
Net purchase of bonds for special purposes <sup>1</sup>	5	25
Repayments on long-term debt, etc. <sup>2</sup>	80	88
Repayments on T-bills and commercial papers	12	8
<b>Total financing requirement</b>	<b>82</b>	<b>113</b>

Continues ...

<sup>1</sup> See The Ministry of Economic Affairs, *Økonomisk Redegørelse* (Economic Survey), May 2024, page 8 ([link](#) - in Danish only).

...continued

Strategy for financing	Kr. billion	
	December 2024	May 2025
Issuance of government bonds	65	65
Issuance in connection with switch operations	-	7
Issuance of T-bills and commercial papers	25	25
Issuance of bonds in foreign currency under the central government's EMTN programme	12	12
Drawings on the central government's account	-20	4
<b>Total financing</b>	<b>82</b>	<b>113</b>

<sup>1</sup> Net purchase of bonds for special purposes covers net purchases of bonds for social housing, bonds for private care housing and bonds for KommuneKredit.

<sup>2</sup> Repayments on long-term debt, etc. include maturities and purchases of government bonds in DKK and foreign currencies (via the government EMTN-program), net payments on currency swaps and net bond purchases by the government funds.

Note: The central government's net financing requirement is based on annual budget performance (DAU balance), central government on-lending (net) and stock movements, etc., and is an expression of the total liquidity effect of central government finances. The government's total financing requirement also includes repayments of central government debt and net purchase of bonds for special purposes. No target is set for sales via switch auctions. Rounding may cause sums to differ from totals.

Source: The Ministry of Economic Affairs, *Economic Survey*, May 2025, The Ministry of Finance and Danmarks Nationalbank.

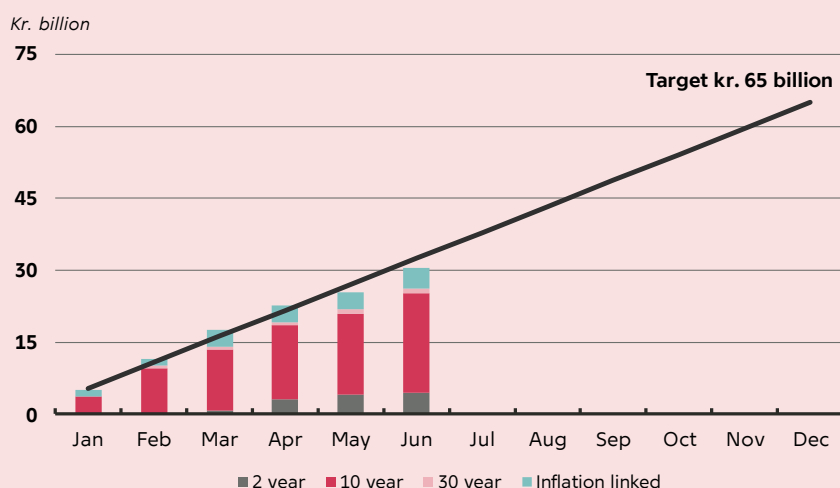
### Target for domestic bond issuance maintained at kr. 65 billion

The target for the issuance of domestic government bonds remains at kr. 65 billion at market value. From the beginning of the year until the end of June, the government has issued kr. 30.4 billion through auctions and tap sales, where the average sale per auction has been kr. 2.5 billion.

Focus is maintained on ensuring liquidity in the Danish government bond market, and bond issuances will therefore primarily concentrate on the 2- and 10-year nominal government bonds, supplemented by issuance in both of the government's inflation-indexed bonds as well as a possible issuance of a new 10-year green government bond. The government may also issue the 30-year nominal bond to a limited extent in 2025.

CHART 1

### Bond issuances are in line with the strategy



Note: The chart shows sales of bonds at market value up to 25 June 2025 excluding switch auctions. Sales are calculated by trade date.

Source: Danmarks Nationalbank.

### Opening of a new green government bond under an updated green bond programme in the second half

Under an updated green bond programme, it is planned to open a new 10-year green government bond in the second half of the year. The bond is expected to be issued via syndication and will subsequently be part of the government's bond portfolio. The green government bond will be issued as a twin bond to DGB 2.25 per cent 2035 and will thus have a coupon rate of 2.25 per cent and will mature on 15 November 2035. The total issuance of the green government bond is expected to amount to a maximum of 10 billion DKK at market value in 2025.

### Government funding of KommuneKredit ensures annual interest cost savings for the public sector and supports a well-functioning government bond market

In March 2024, the government decided that it will finance KommuneKredit at the government's financing costs. This allows the public sector to achieve an overall interest cost saving, as the government finances itself at a lower interest rate than KommuneKredit.

The government and KommuneKredit have agreed on a flexible financing model, where KommuneKredit can take out loans with maturities of up to 30 years on a weekly basis. The financing of KommuneKredit is part of the government's overall risk management.

At the end of the second quarter of 2025, the first loans were disbursed to KommuneKredit, and overall, KommuneKredit is expected to take out loans amounting to Kr. 20 billion in 2025. The financing of loans will be done by drawing on the government's account and thus not change the issuance strategy for the government. In the long run, financing will take place through the issuance of government bonds, which will contribute to maintaining a well-functioning and liquid government bond market.

### The maximum outstanding amount in the government's short-term loan programs will remain at kr. 25 billion at the end of the year

In recent years, the central government has built up a significant liquidity buffer in the central government's account as a result of positive government surpluses. Therefore, the strategy remains that the maximum outstanding in the governments's treasury bills and commercial papers will amount to kr. 20 billion and kr. 5 billion, respectively, by the end of 2025. The outstanding amount in the government's short-term programs may thus vary throughout the year as needed. The government's short-term borrowing programs are a part of the government's liquidity contingency planning. Starting from July, there will be one monthly auction of treasury bills. The auction will have value date on the second business day of the following month.

TABLE 2

### The central government's on-the-run issues in 2025

Segment	Issues
Maturity < 1 year	Treasury bills and commercial papers
2-year nominal	DGB 0.50 per cent 2027
10-year nominal	DGB 2.25 per cent 2035
10-year green nominal <sup>1</sup>	DGB 2.25 per cent 2035G
30-year nominal	DGB 0.25 per cent 2052
Inflation-linked	DGBi 0.10 per cent 2030 and DGBi 0.10 per cent 2034

<sup>1</sup> Included in the loan portfolio after opening in the second half of the year.  
Source: Danmarks Nationalbank.

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The analysis consists of a Danish and an English version. In case of doubt as to the correctness of the translation, the Danish version will prevail.

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