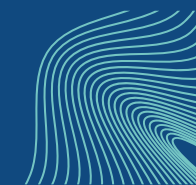




State Treasury
Republic of Finland

Finnish central government borrowing

October 2022



Valtiokonttori
Statskontoret
State Treasury

AA+

AA+

Credit ratings

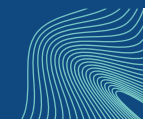
The government has solicited credit ratings from two credit rating agencies: Fitch Ratings and S&P Global Ratings.

For long-term debt, they are

AA+ and AA+

(stable, stable)

1 Finnish economy



Economic growth is slowing towards the end of the year

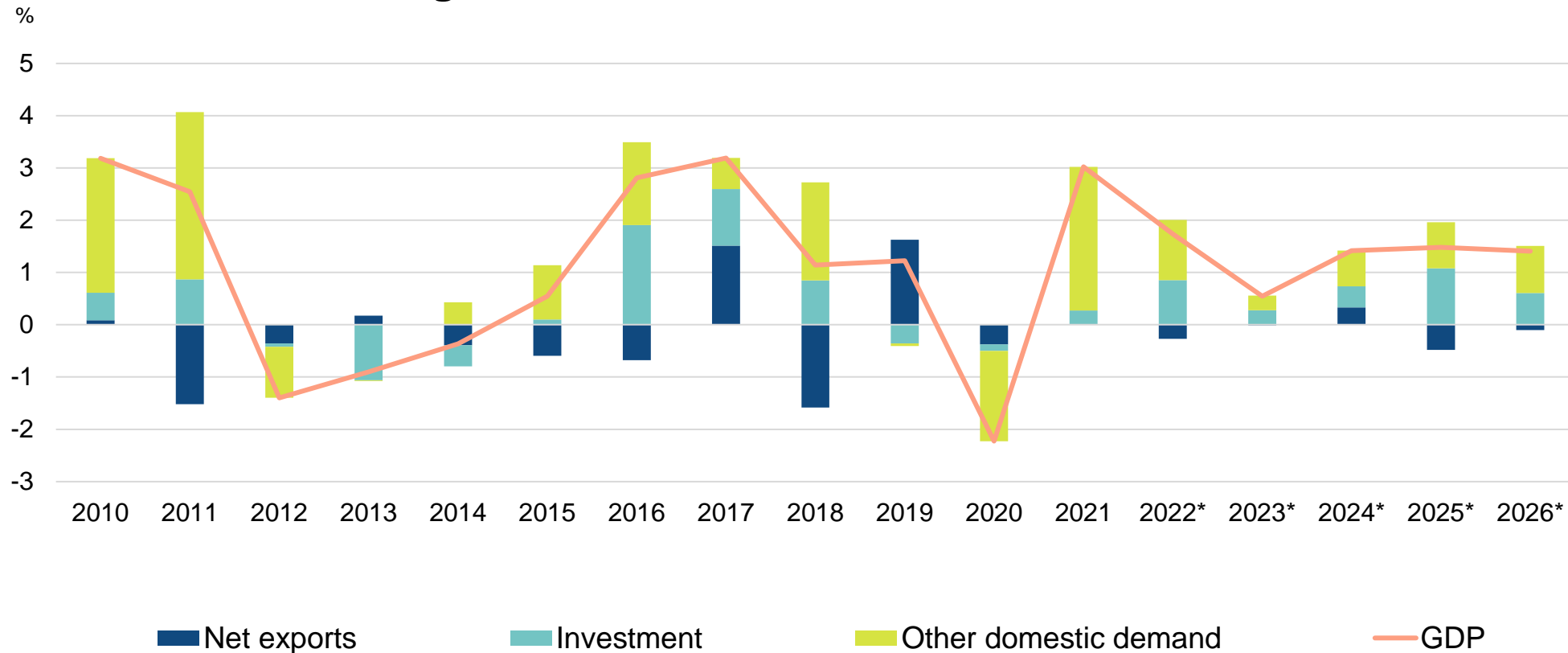
- First half of 2022 was substantially stronger than anticipated (economy, output, employment)
- Rising prices will weaken household purchasing power, consumption grows weakly
- Export growth is expected to pick up in 2023, though weakened outlook for euro area limits growth

	2022*	2023*	2024*
GDP change, %	1.7	0.5	1.4
Inflation, %	6.5	3.2	1.8
Current account, % of GDP	-0.5	-0.7	-0.4
Private investment change, %	2.8	0.1	2.9
Exports change, %	1.1	2.7	4.0
Unemployment rate, %	6.6	6.7	6.5
Public deficit, % of GDP	-1.4	-2.2	-2.2
Public debt, % of GDP*	71.2	72.7	74.1

*The general government debt ratio increased by about 6 percentage points (approximately EUR 15 billion) from 66% to roughly 72% at the level of 2021 **due to Statistics Finland implementing a change in methodology**. The change was related to the interest subsidy loan system for rental and right-of-occupancy dwellings.

Accelerating inflation is slowing down economic growth

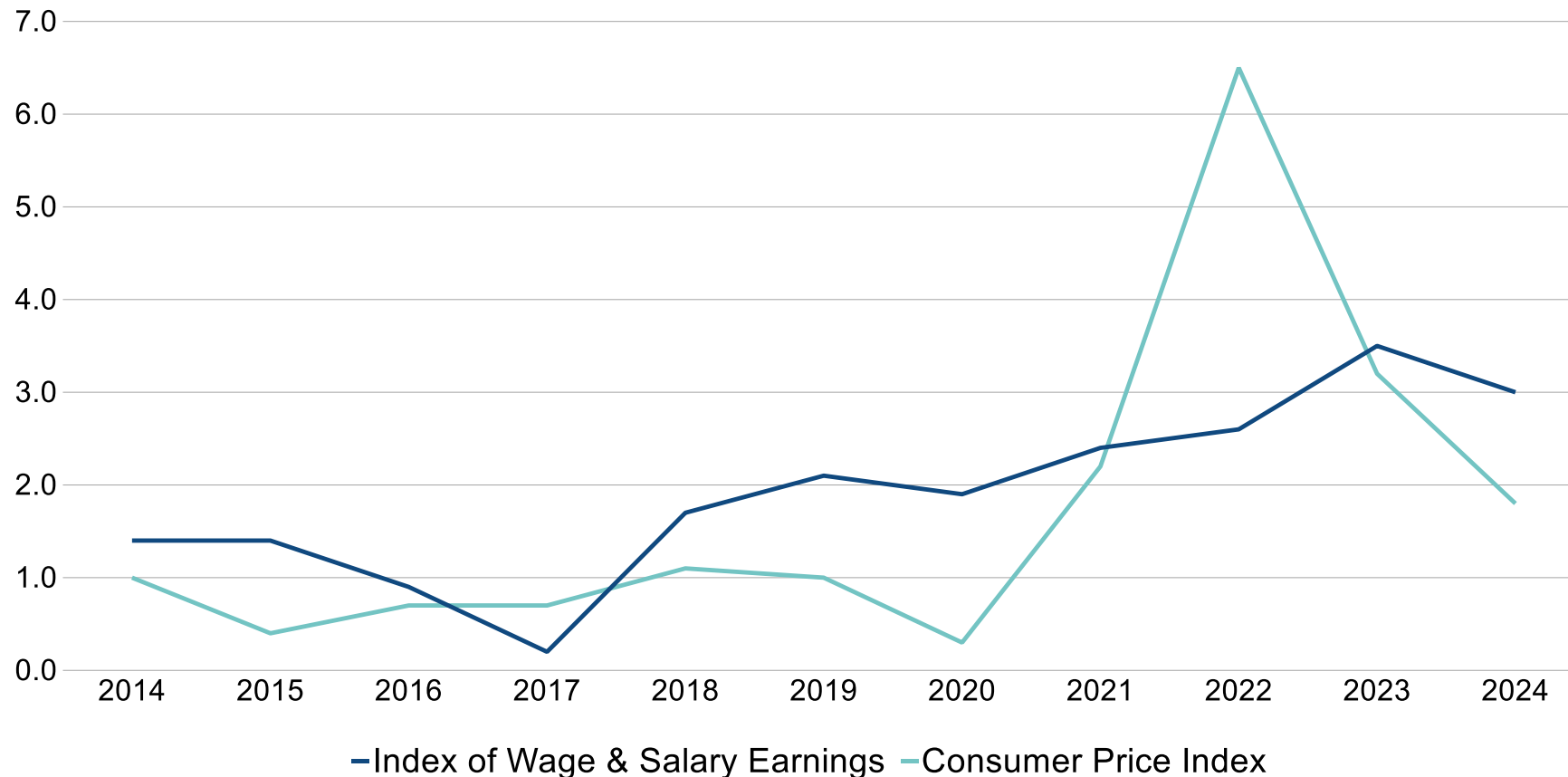
Contribution to GDP growth in Finland



Consumer price inflation is broad-based

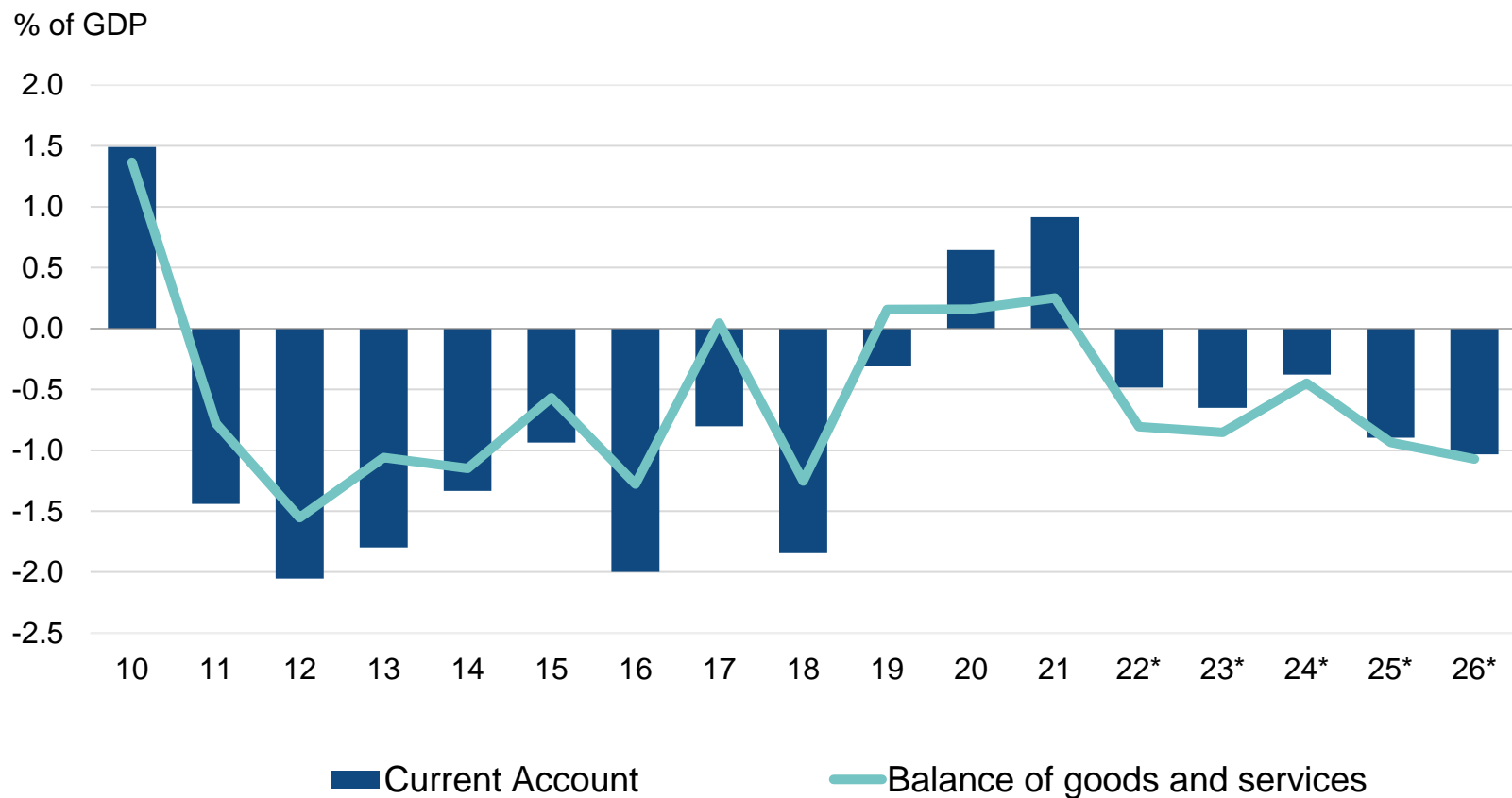
Consumer price index and index of wage and salary earnings

change from previous year, %



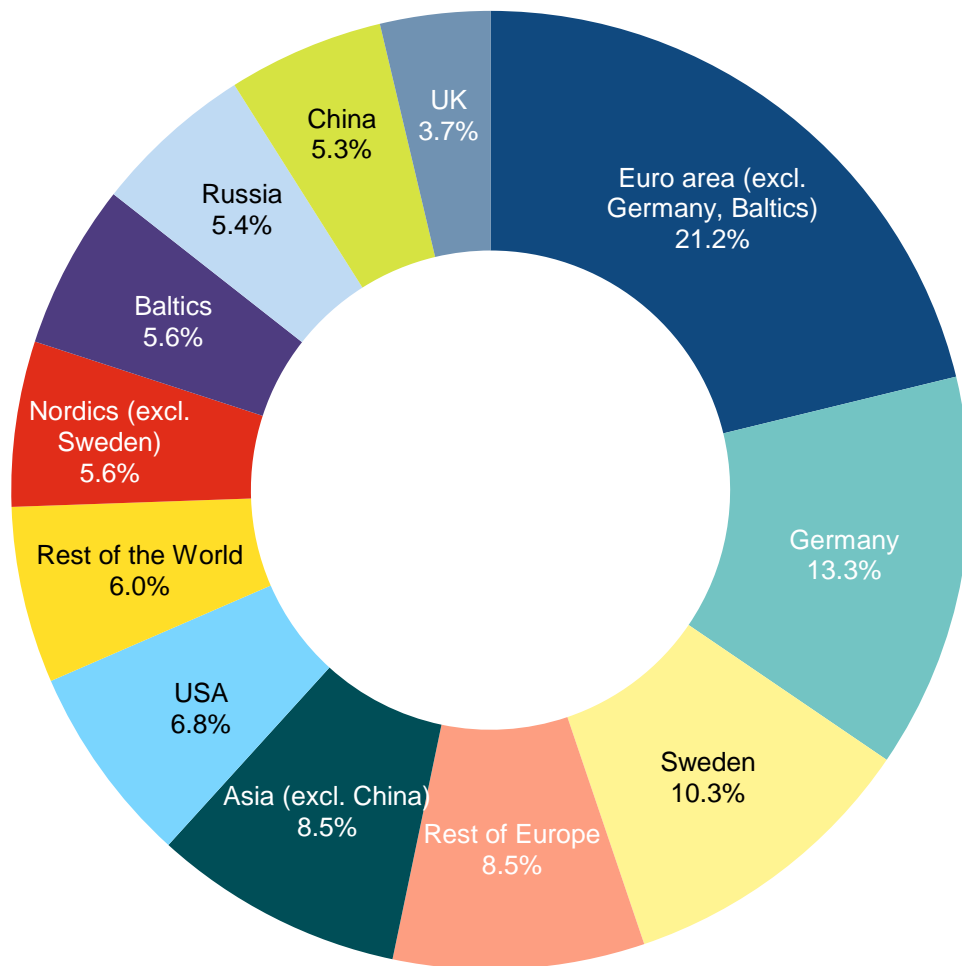
Due to slow recovery in exports, current account is expected to turn to deficit

Current account

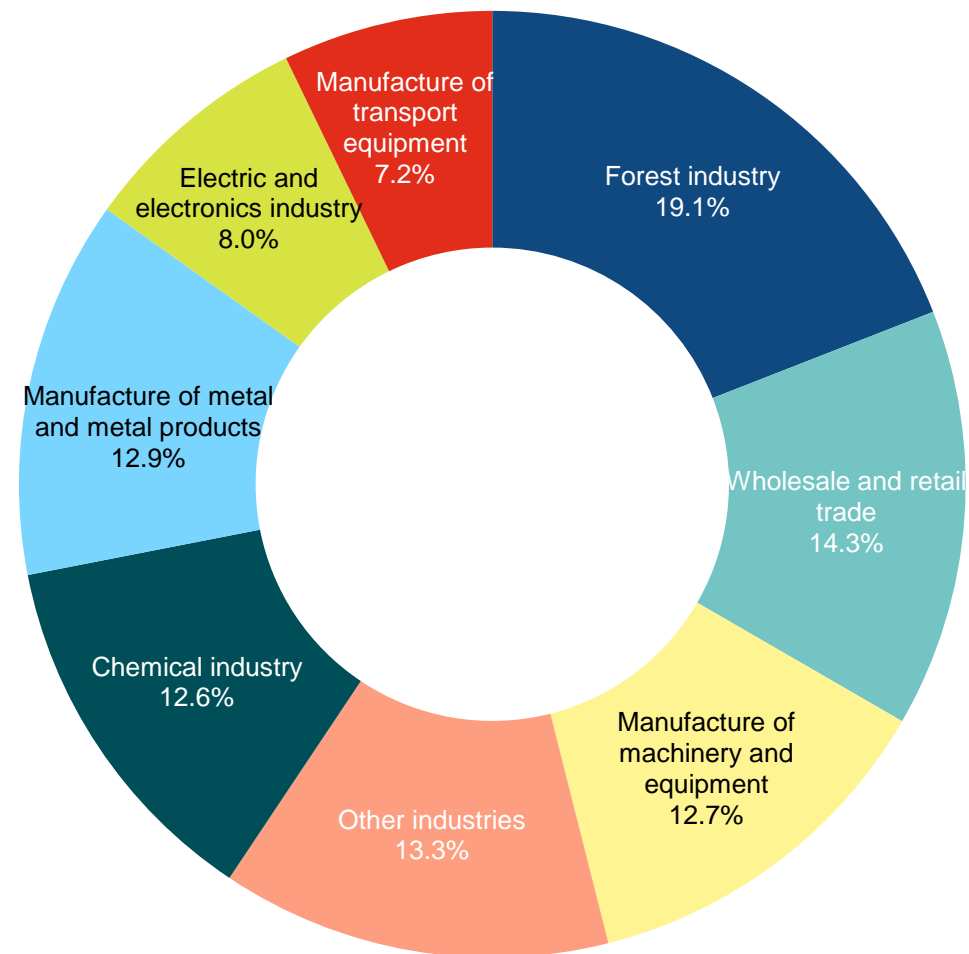


Exports of goods

Exports by countries of destination in 2021



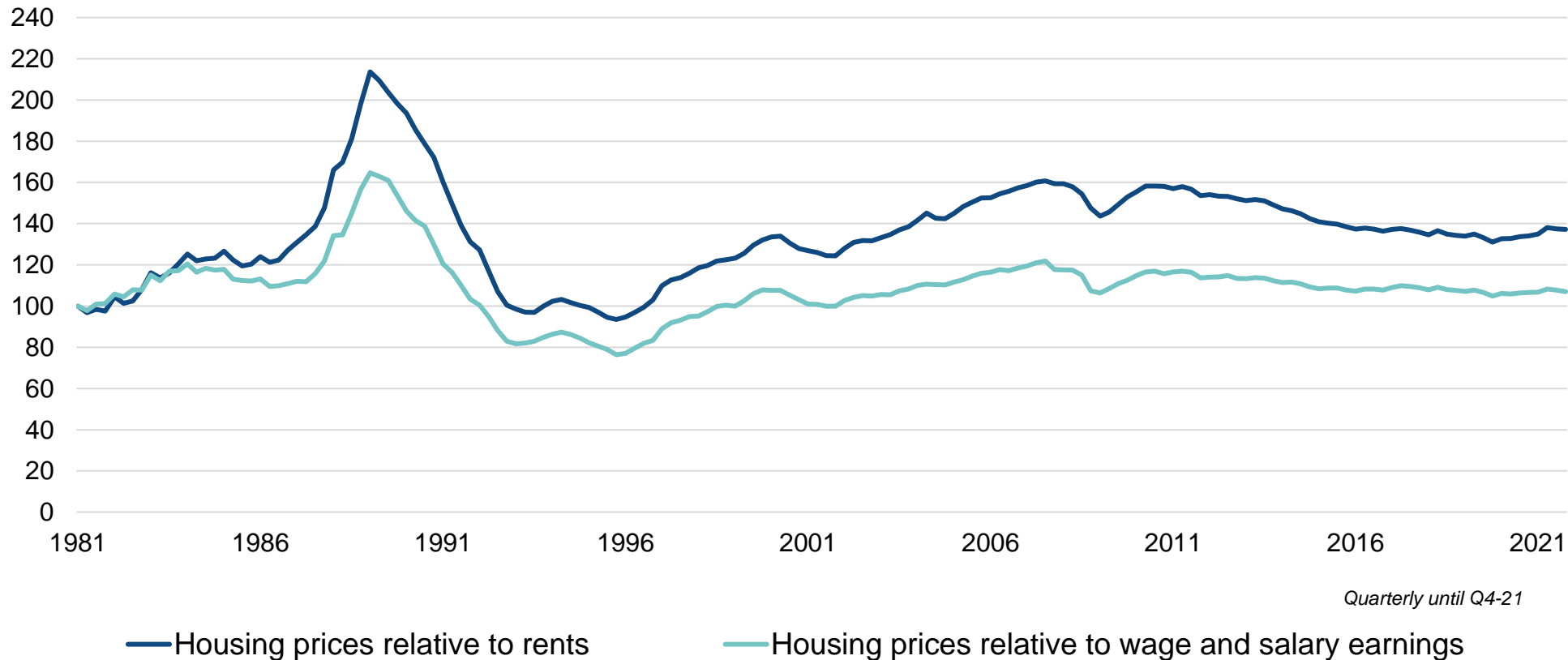
Exports by industries 2021



Relative housing prices are stable

Relative housing prices in Finland

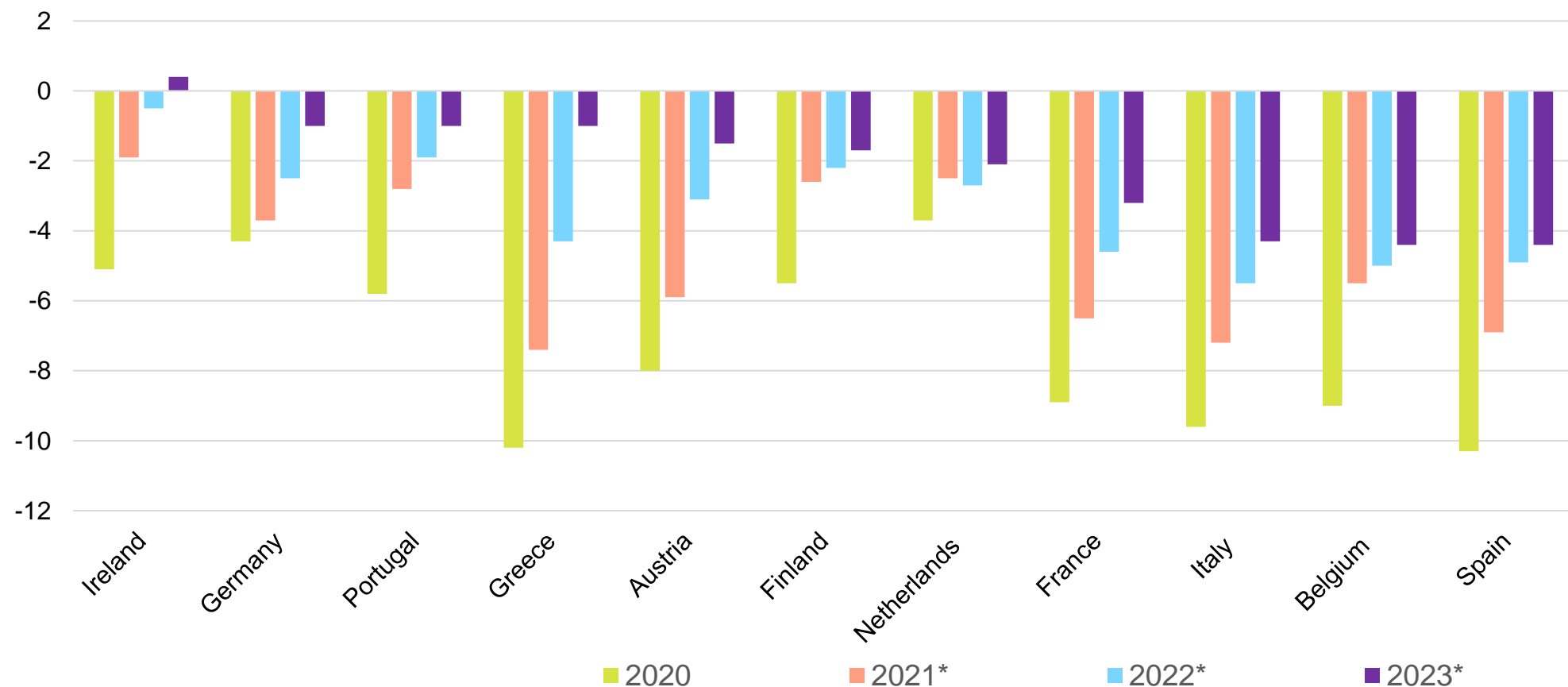
Index, 1981/I = 100



EMU general government financial balance

EMU general government financial balance

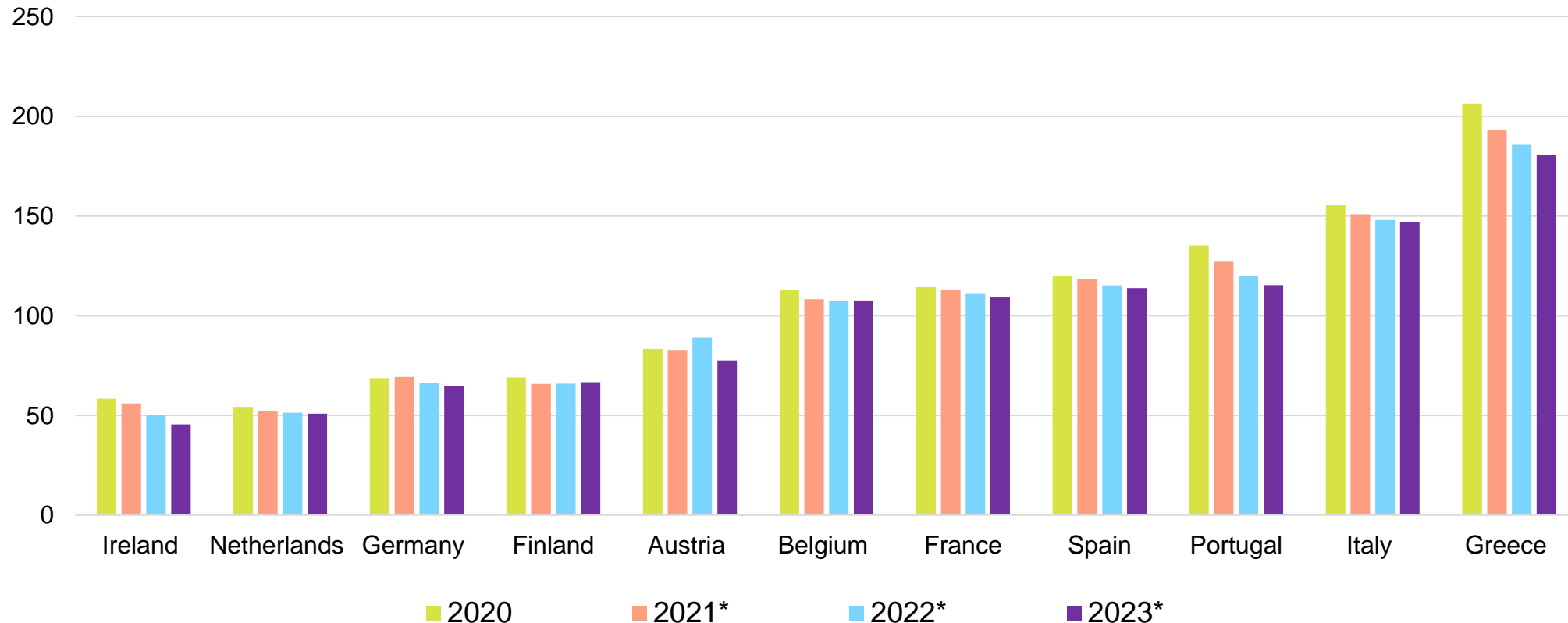
in ratio to GDP, %



The public debt-to-GDP ratio in Finland is one of the lowest in the euro area

EMU General Government Gross Debt

% of GDP



* Finland's bar charts not including Statistics Finland's methodology change as of June 2022.

28.10.2022

Finnish central government borrowing / September 2022

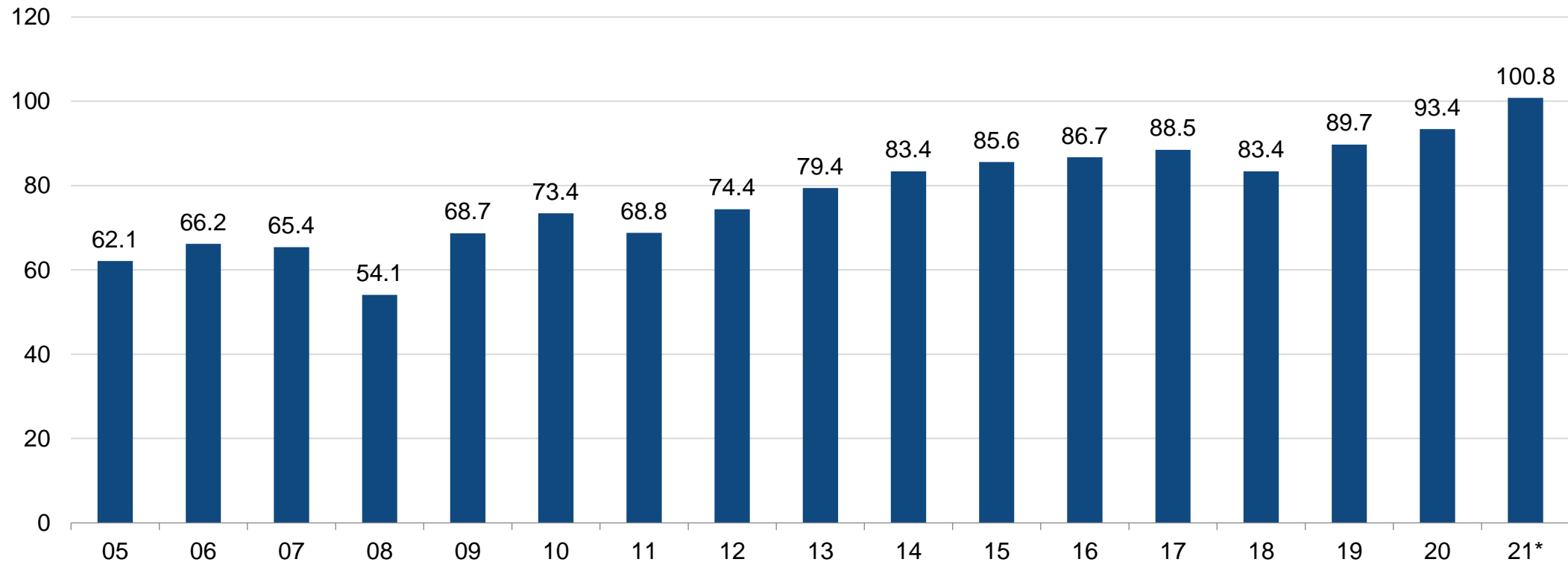
Source: European Commission, Spring 2022

*)forecasts

Earnings-related pension assets including public sector pension assets

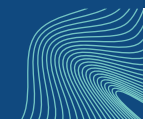
Earnings-related pension assets

% of GDP

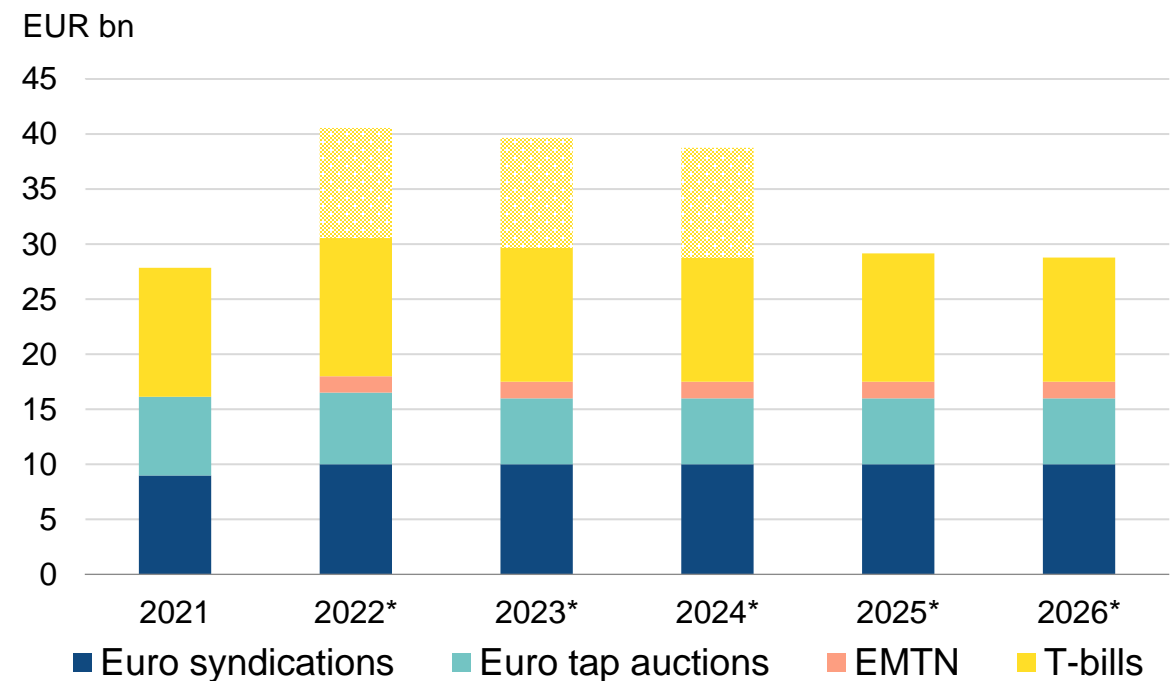
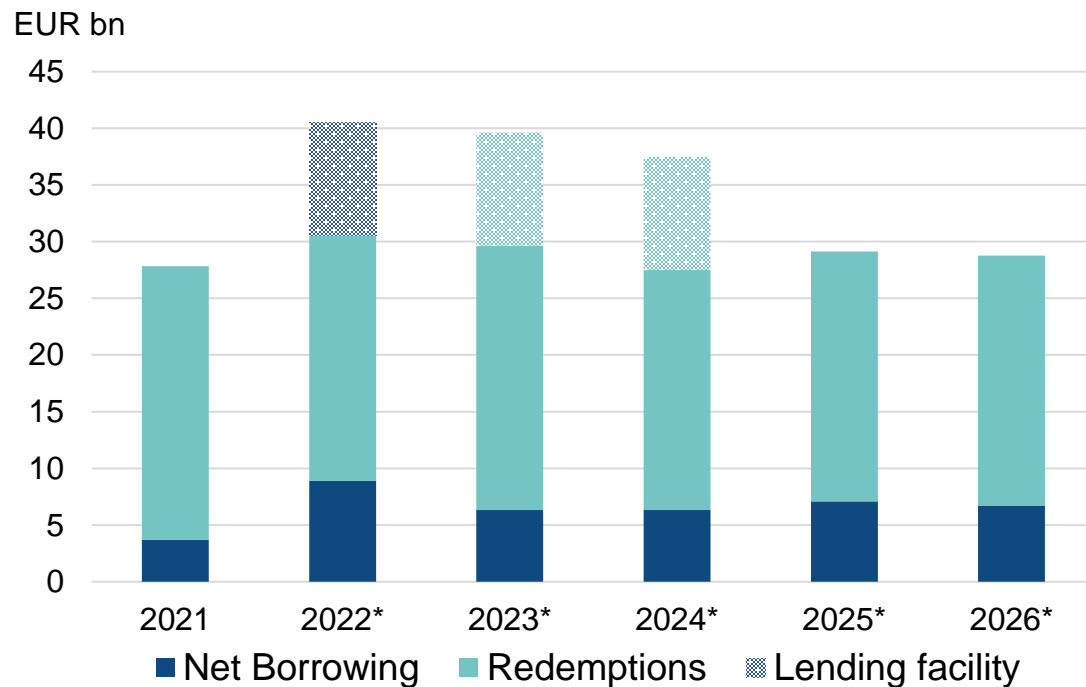


*) including public sector pension assets

2 Funding



Central government gross borrowing estimate and projected funding instrument allocation

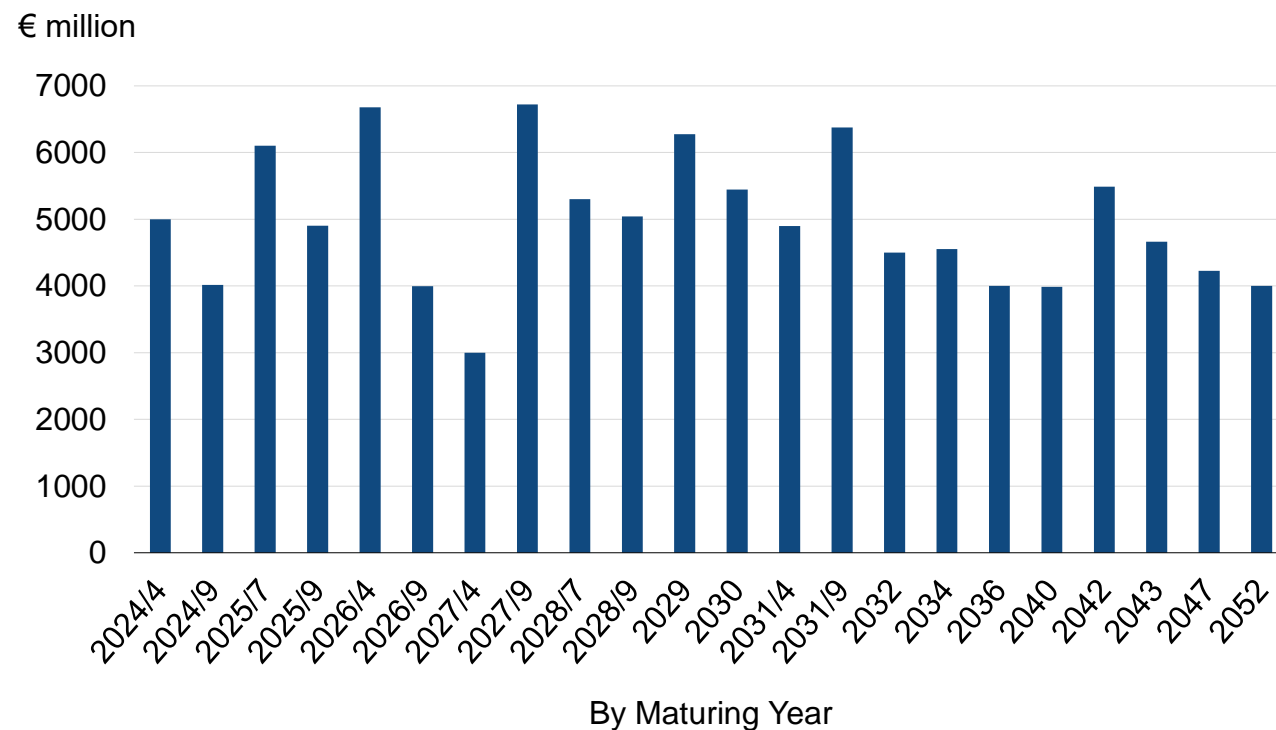


Funding strategy

“Maintaining a globally diversified investor base by geography and investor type”

- Euro benchmark bond curve to 30 years
- Three syndicated euro benchmark bonds per year complemented by tap auctions
- Liquidity in focus – Primary Dealers and 3 inter-dealer platforms (MTS, BrokerTec, BGC E-Speed)
- EMTN issuance complements euro benchmark bonds

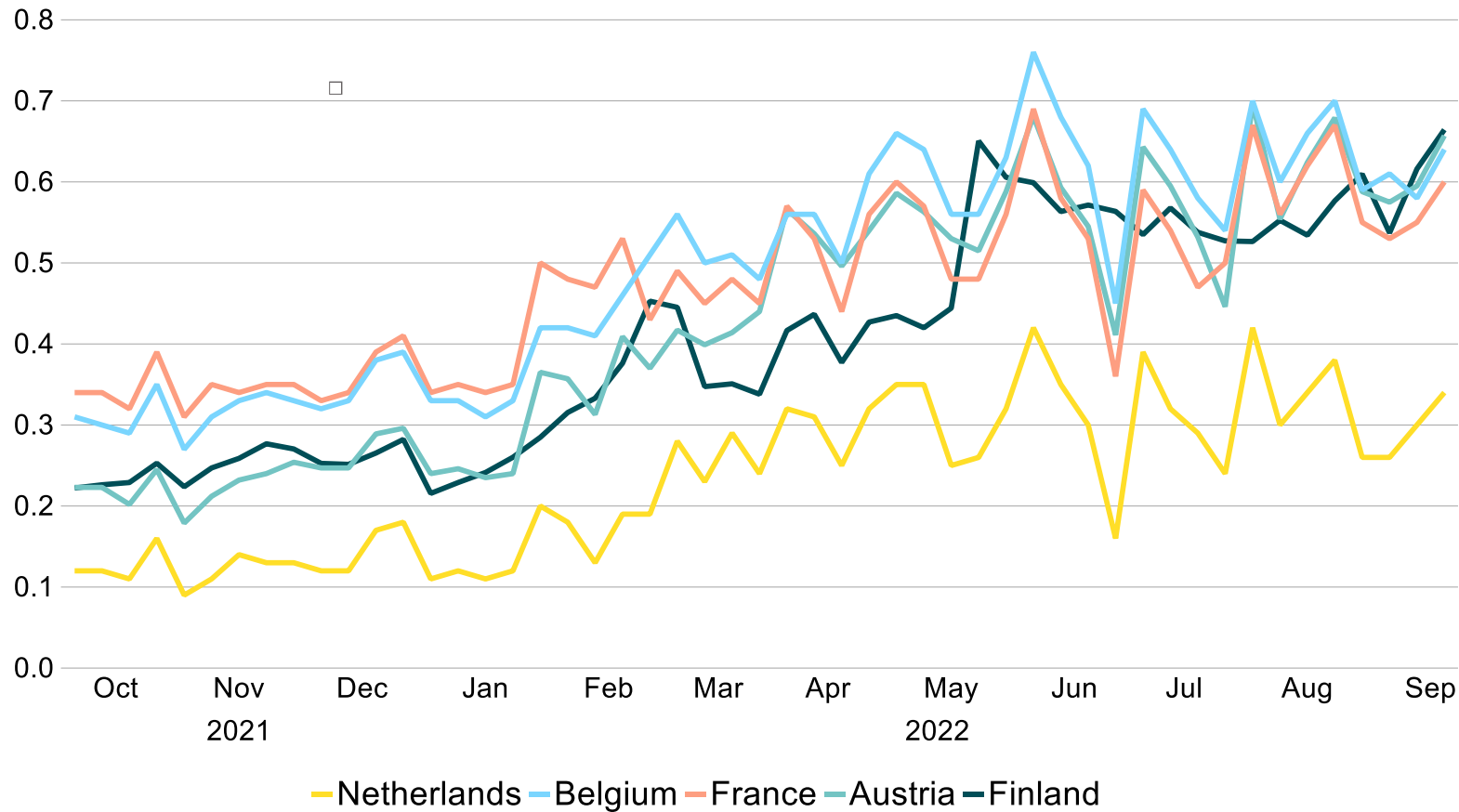
Benchmark bonds outstanding



10-year government bond yield spreads to Germany

10-year government bond yield spreads to Germany

Percentage points





Primary Dealers 2022

BofA Securities

HSBC

Barclays

J.P. Morgan

BNP Paribas

Nomura

Citi

Nordea

Crédit Agricole

Société Générale

Danske Bank

Deutsche Bank

Goldman Sachs

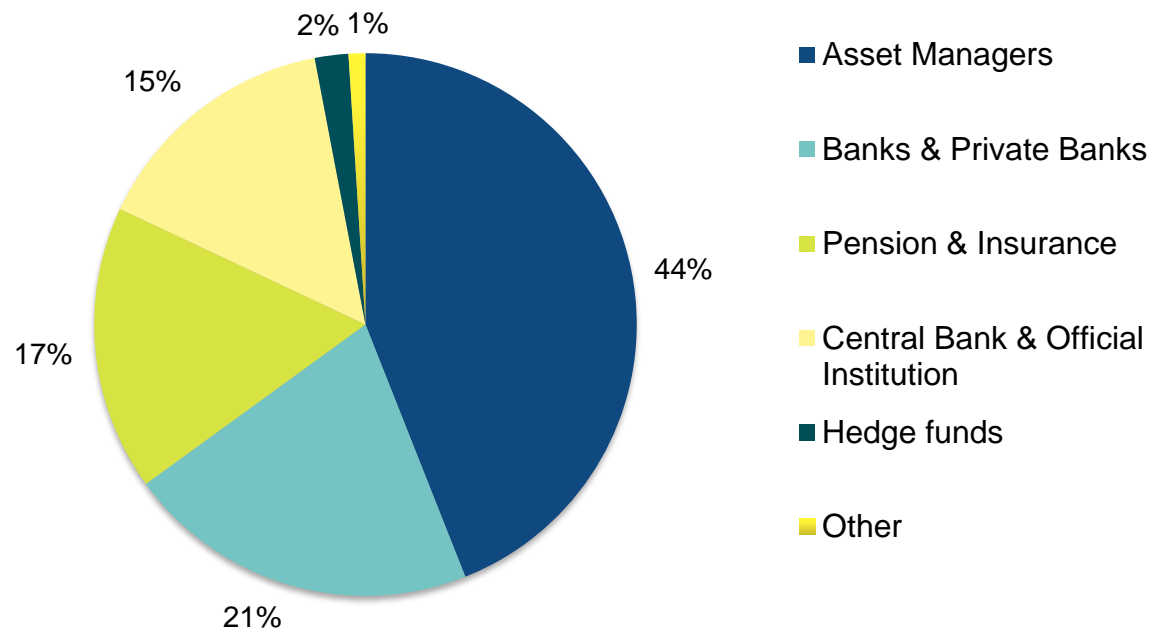
Sustainability in Finland: current themes

- Finland is by many metrics a global forerunner in sustainability
- Finland ranks #1 again in the UN Sustainable Development Report 2022
- Finland's climate neutrality goal is 2035 but current measures are not sufficient, therefore:
 - **New Climate Change Act in 2022**
 - **New Medium-term Climate Change Policy Plan 2022**
 - **Update of the Energy and Climate Strategy in 2022**
- The Health and Social services reform 2023

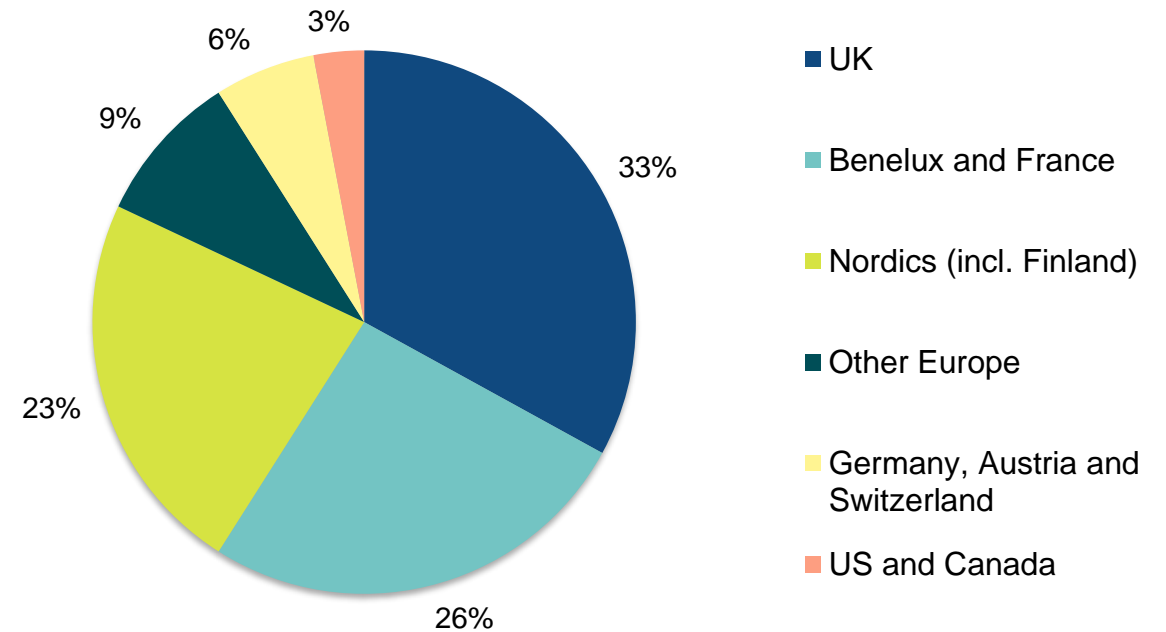
Investor base for RFGB 1.5% EUR 3bn due September 2032

- Launched in May 2022
- Allocated to over 80 investors

Distribution by investor type



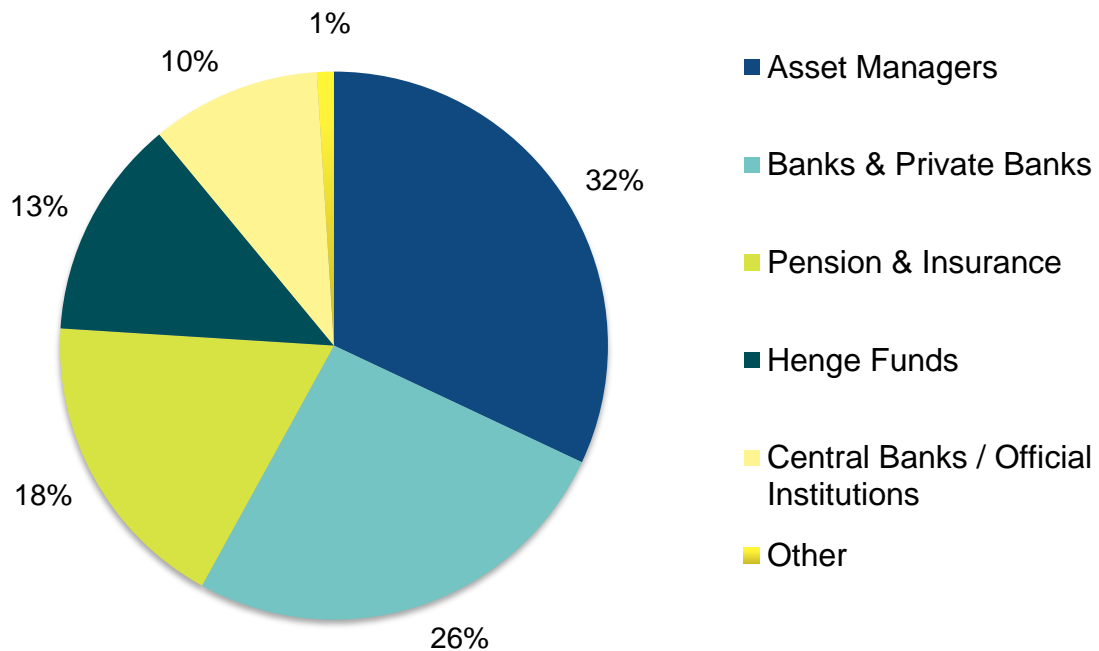
Distribution by region



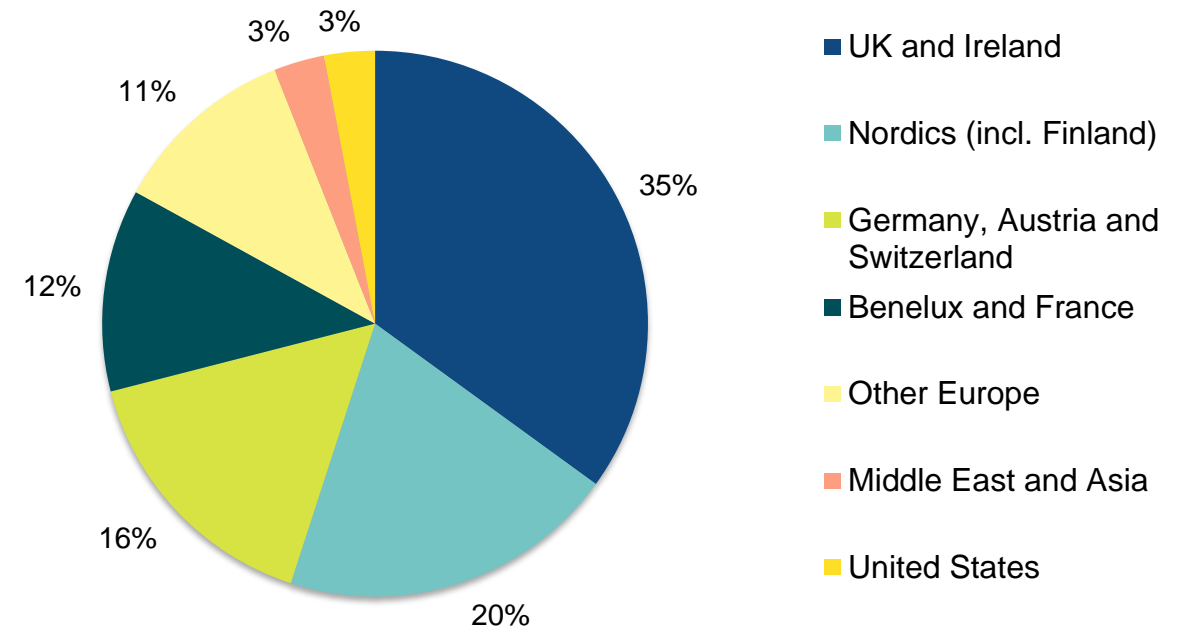
Investor base for RFGB 0.500% EUR 3bn due April 2043

- Launched in January 2022
- Allocated to over 100 investors

Distribution by investor type



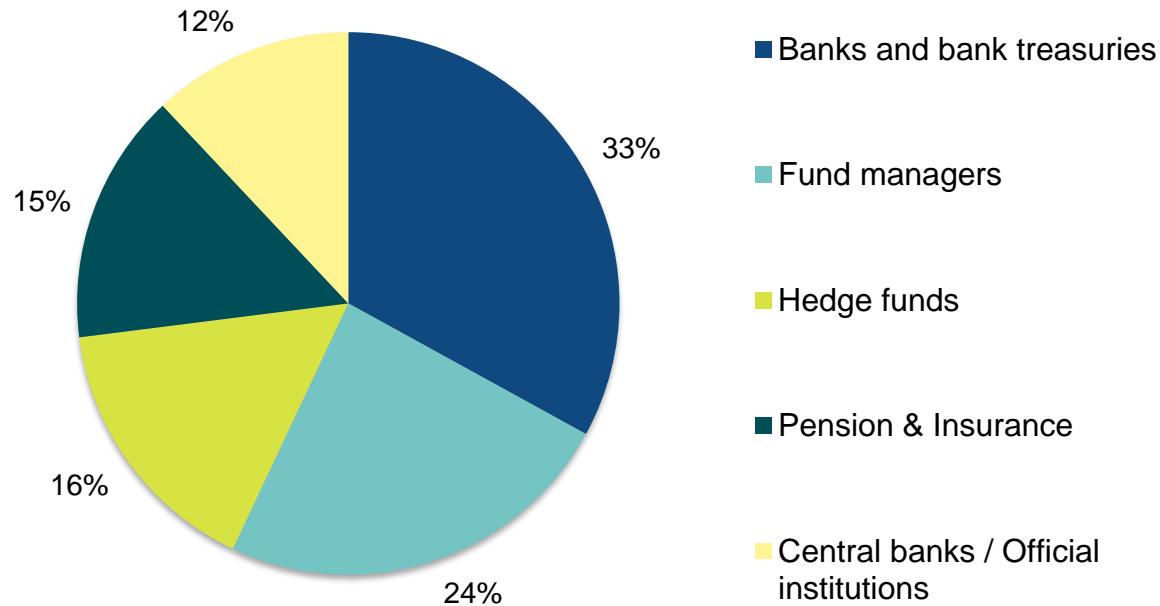
Distribution by region



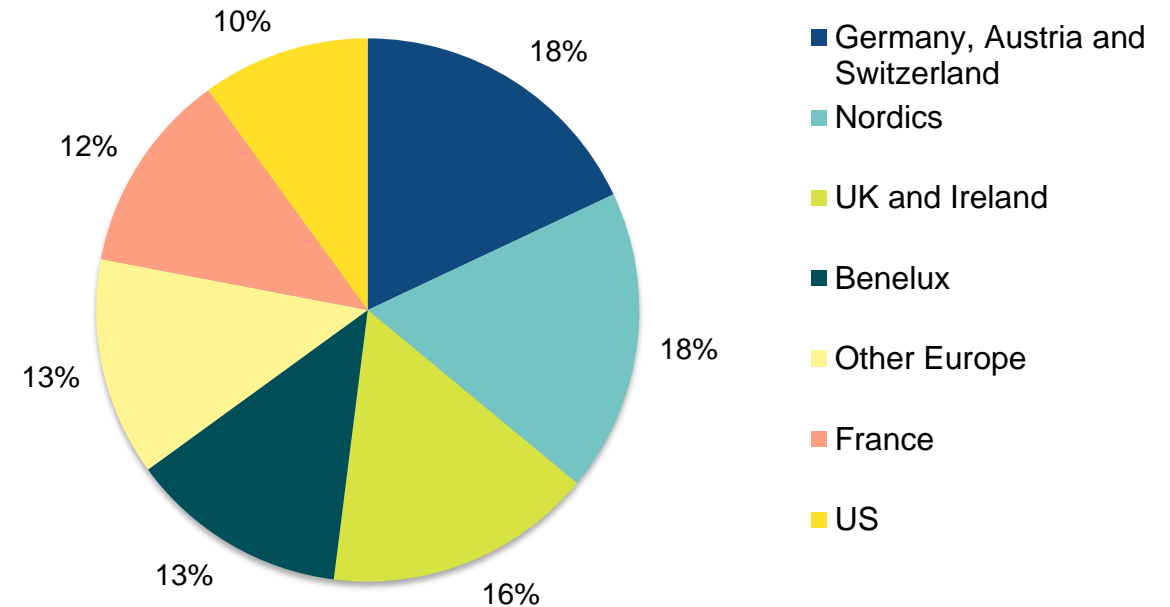
Investor base for RFGB 1.375% EUR 3bn due April 2027

- Launched in August 2022
- Allocated to circa 60 investors

Distribution by investor type



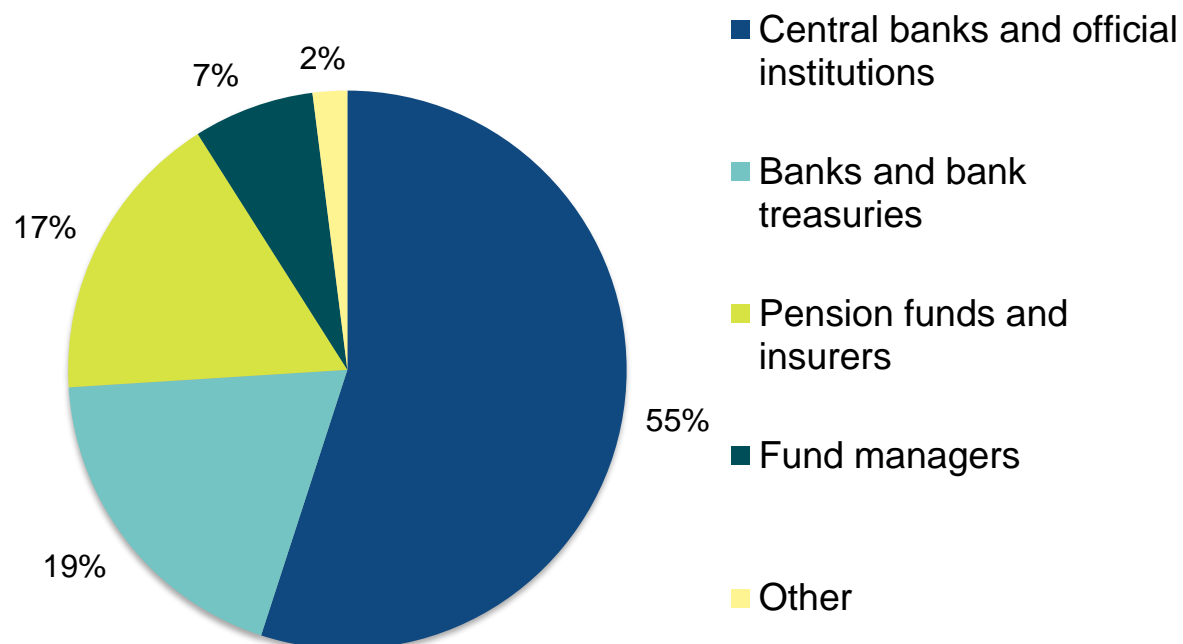
Distribution by region



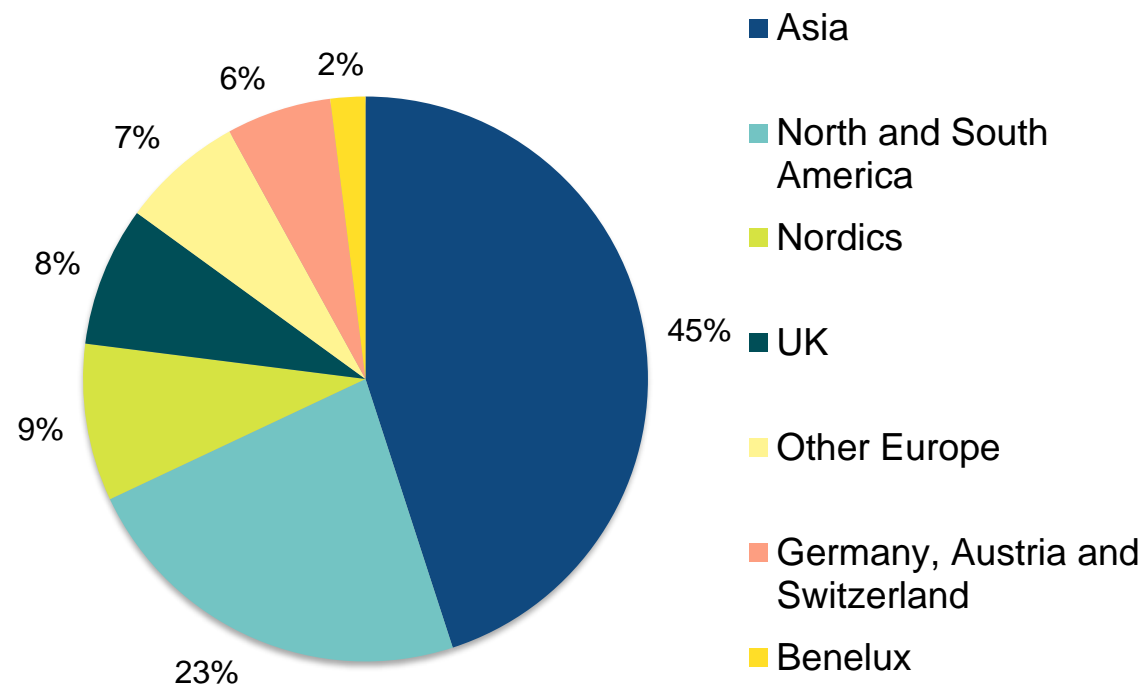
Investor base for FINL 0.875% USD 1.5 bn due 2030

- Launched in May 2020
- Allocated to 87 investors

Distribution of the bond by investor type



Distribution of the bond by region



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Reuters: SUVA

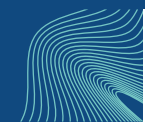
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