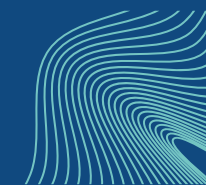




State Treasury
Republic of Finland

Finnish central government borrowing

March 2023



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

Strong growth faded into recession, recovery expected in 2024

- Rising prices and interest costs will weaken household purchasing power
- Employment remains high and income growth will accelerate
- Brisk world trade growth to benefit Finnish exports
- Forecast involves significant uncertainty

	2022*	2023*	2024*
GDP change, %	1.9	-0.2	1.2
Inflation, %	7.0	4.0	1.9
Current account, % of GDP	-2.2	-0.6	-0.4
Private investment change, %	2.8	-2.1	3.0
Exports change, %	2.9	1.1	3.6
Unemployment rate, %	6.8	7.0	6.9
Public deficit, % of GDP	-0.8	-2.3	-2.2
Public debt, % of GDP*	71.7	73.4	74.9

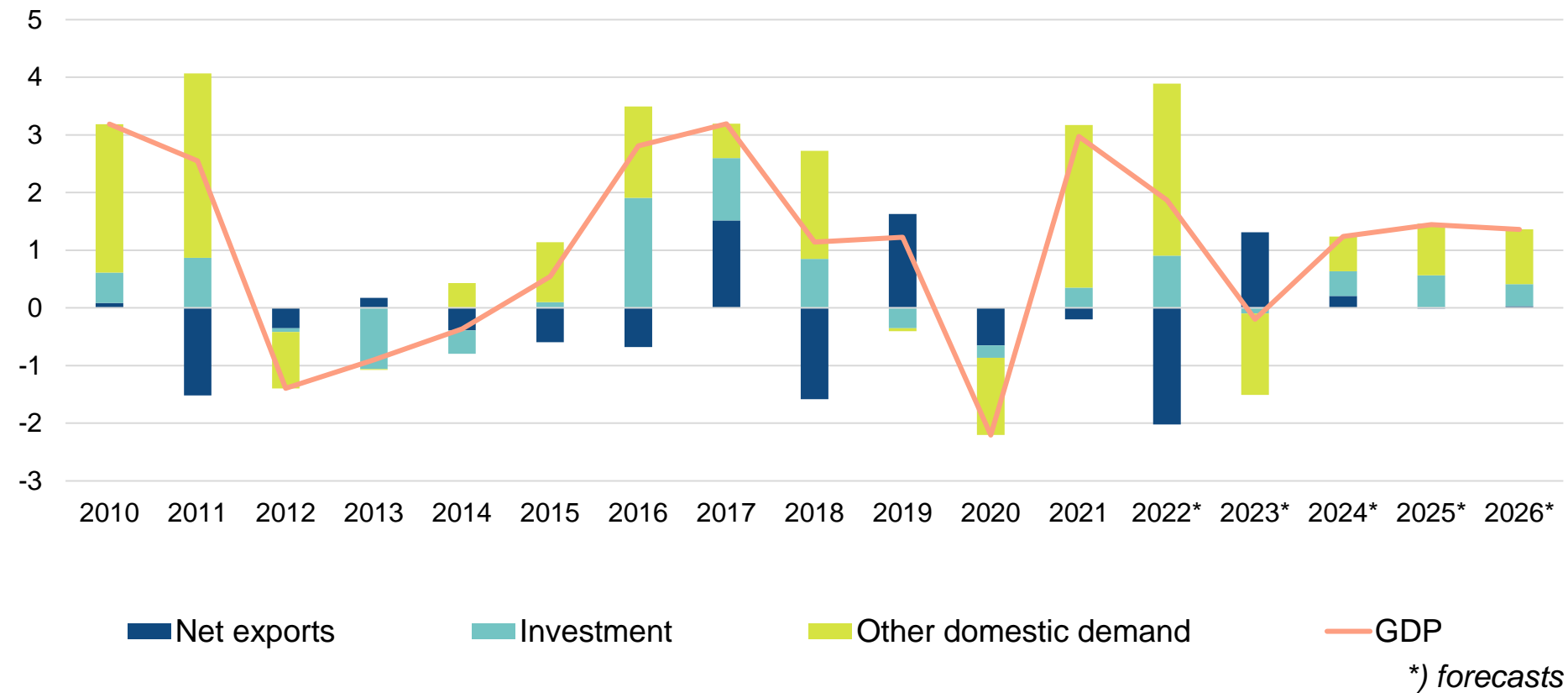
*The general government debt ratio increased by about 6 percentage points (approximately EUR 15 billion) from 66% to roughly 72% at the level of 2021 **due to Statistics Finland implementing a change in methodology**. The change was related to the interest subsidy loan system for rental and right-of-occupancy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

Source: Ministry of Finance, Winter 2022
*)forecasts

Positive net exports contribute to GDP in 2023

Contribution to GDP growth in Finland

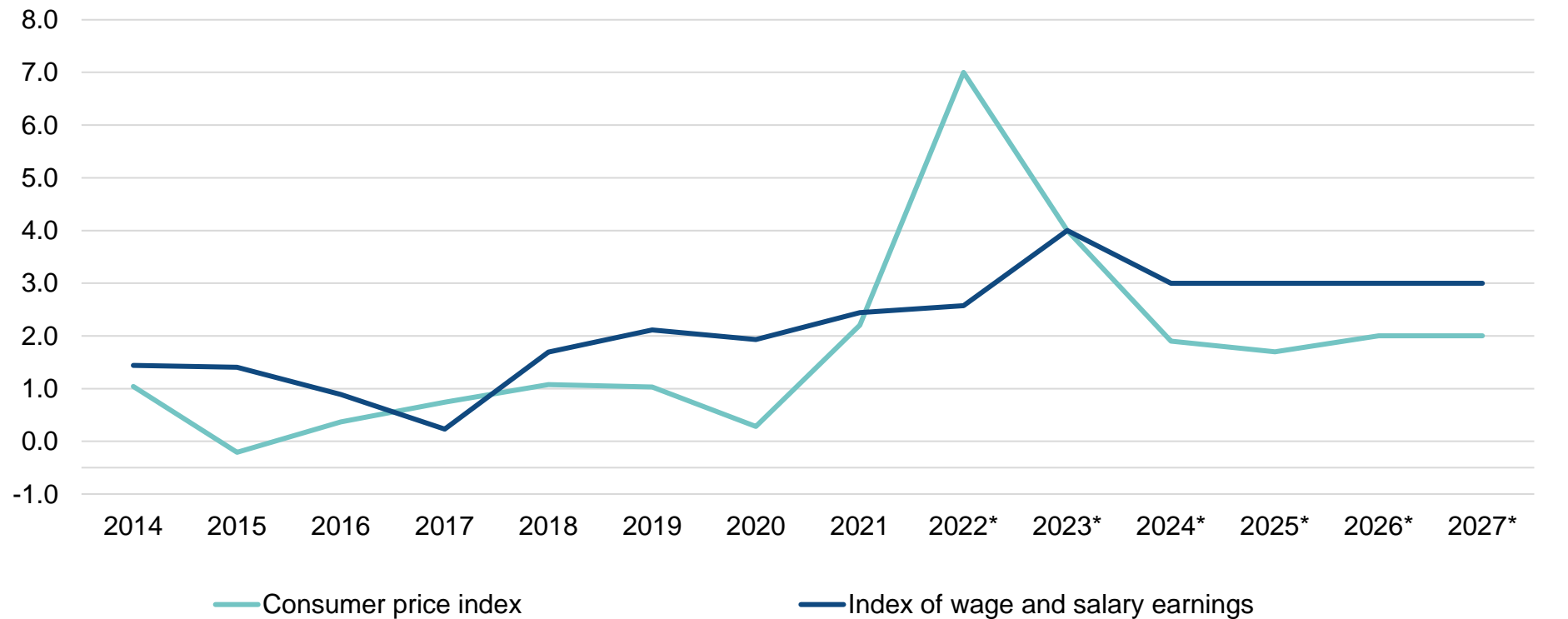
Percentage points



Rapid rise in prices to decelerate

Consumer price index and index of wage and salary earnings

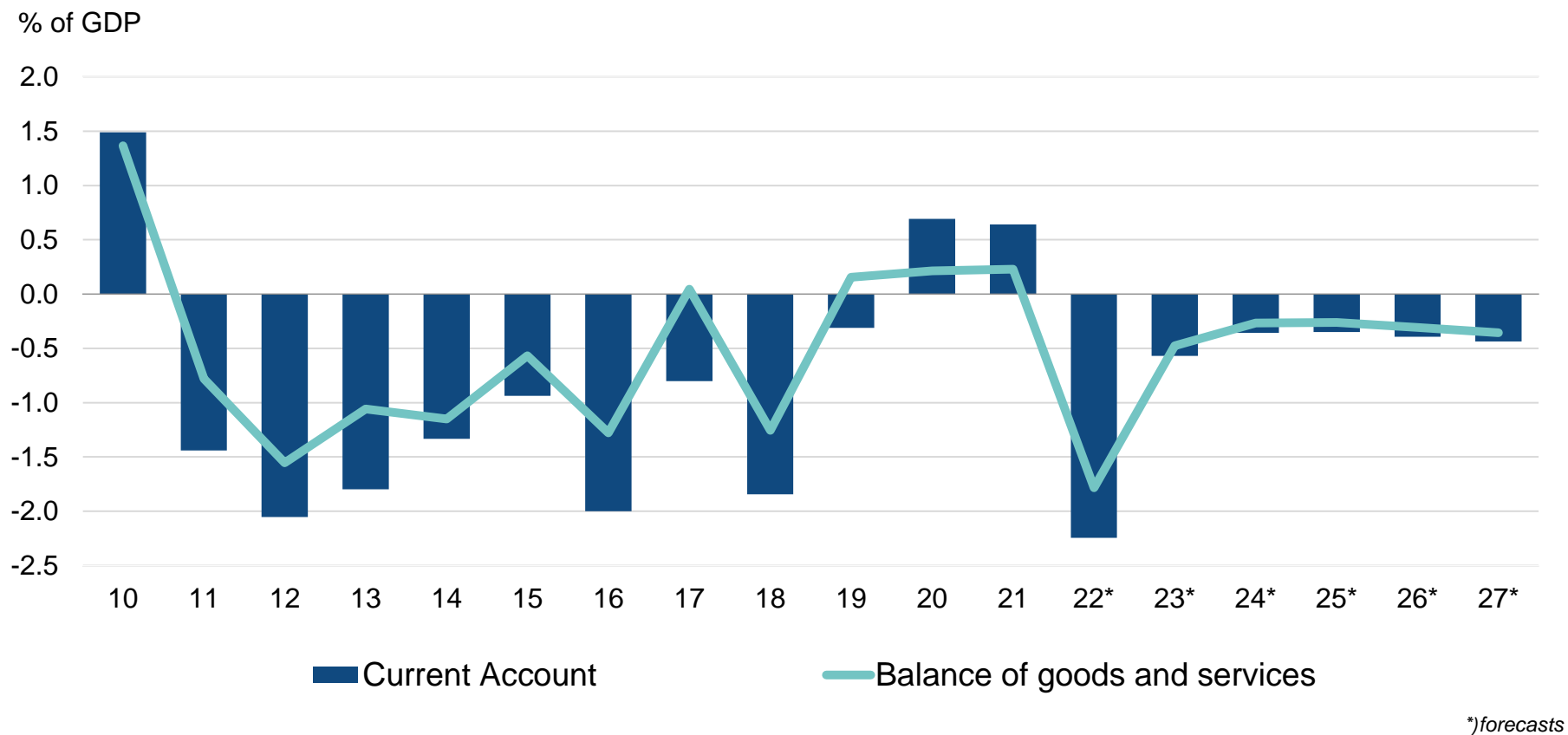
change yoy, %



*)forecasts

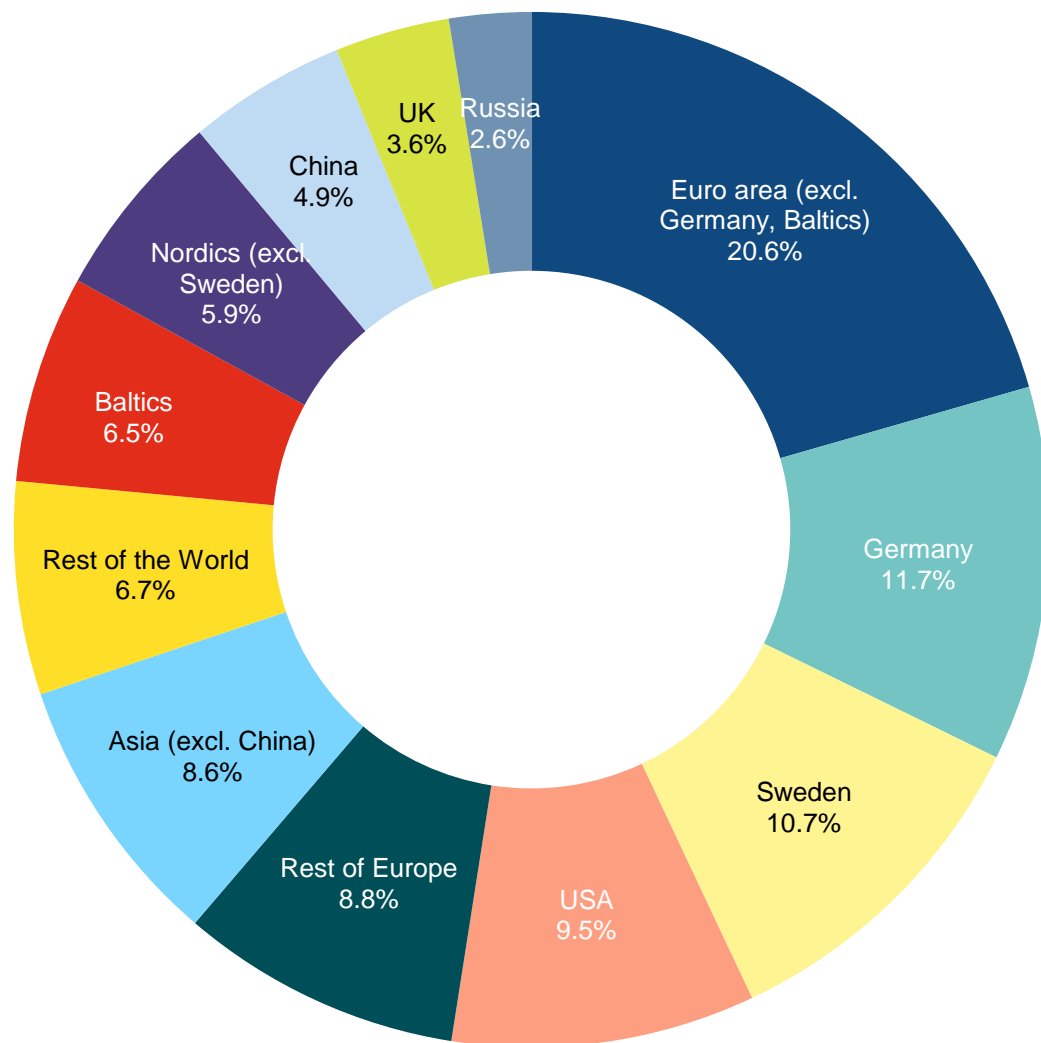
Current account deficit will even out after 2022

Current account

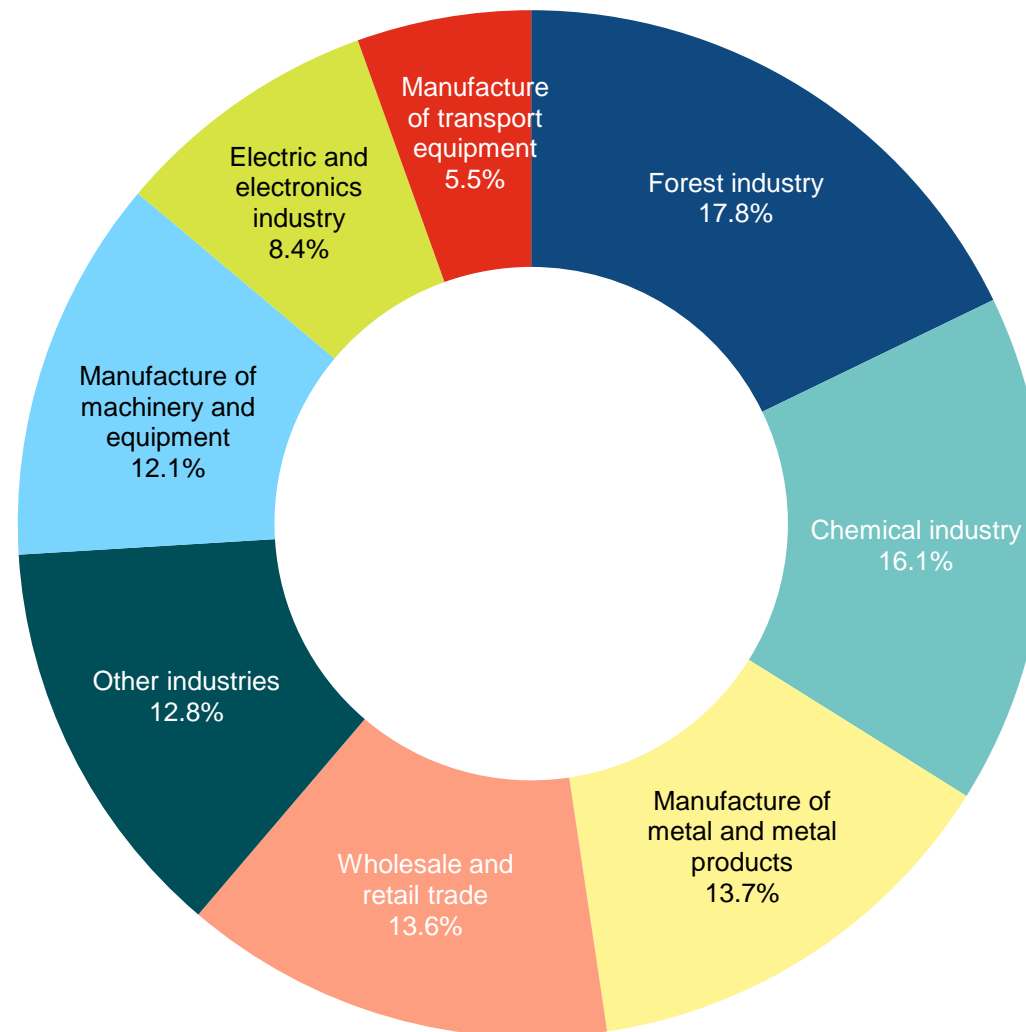


Exports of goods

Exports by countries of destination 2022

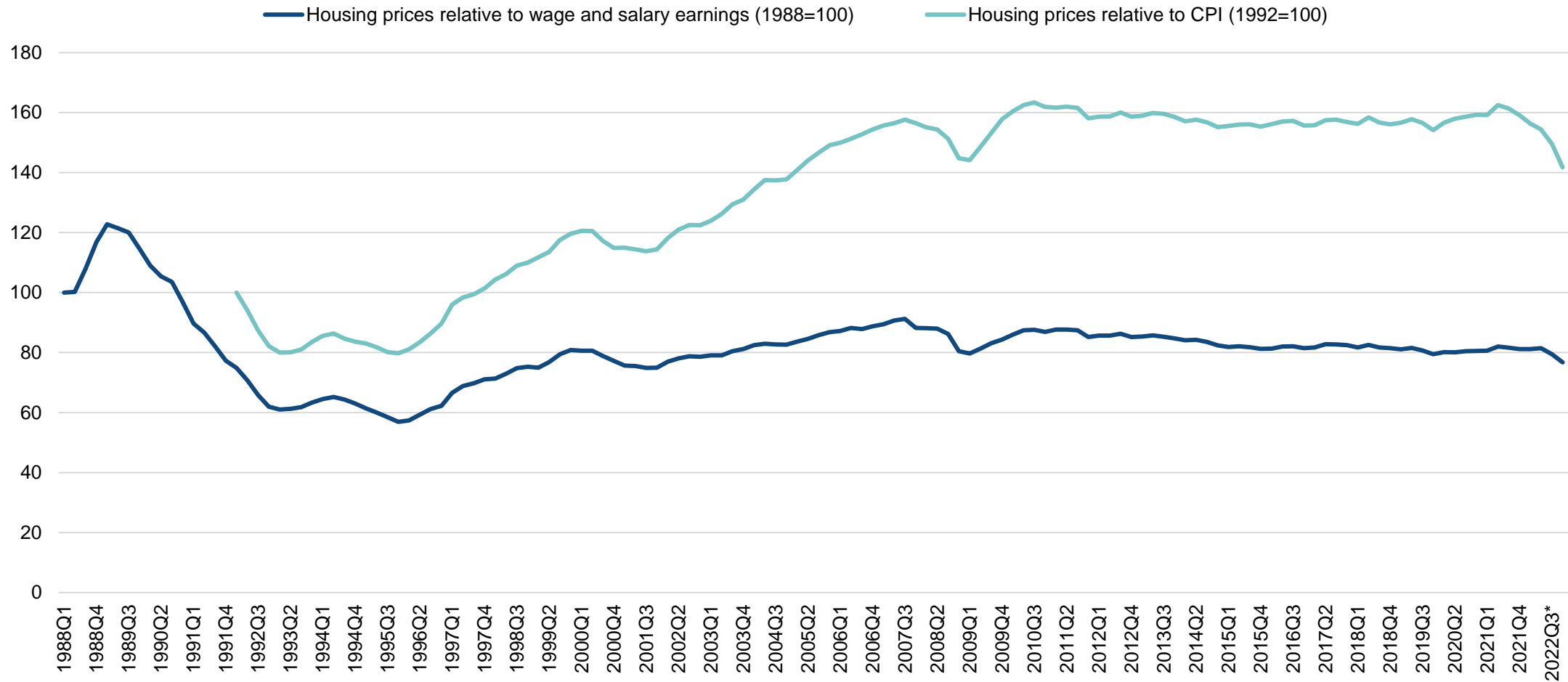


Exports by industries 2022



Relative housing prices in Finland

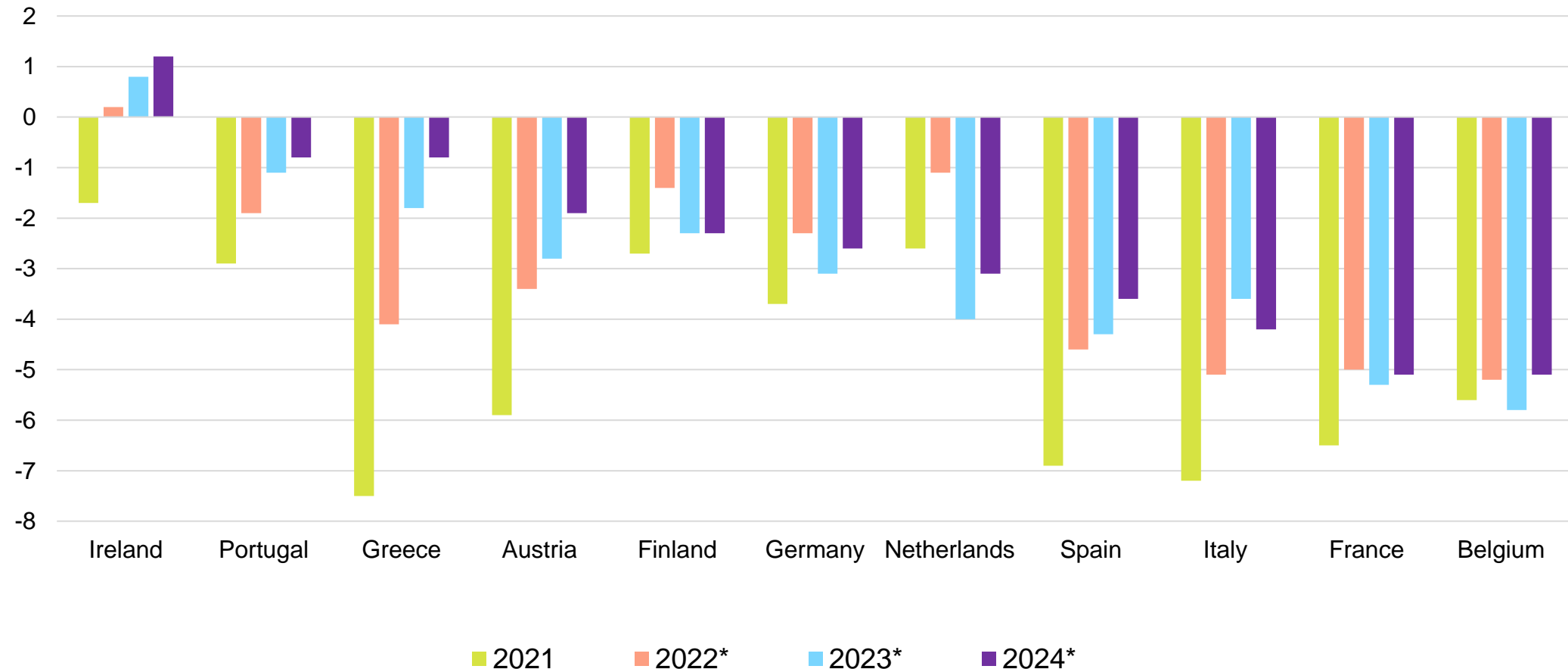
Relative housing prices in Finland



EMU general government financial balance

EMU general government financial balance

in ratio to GDP, %



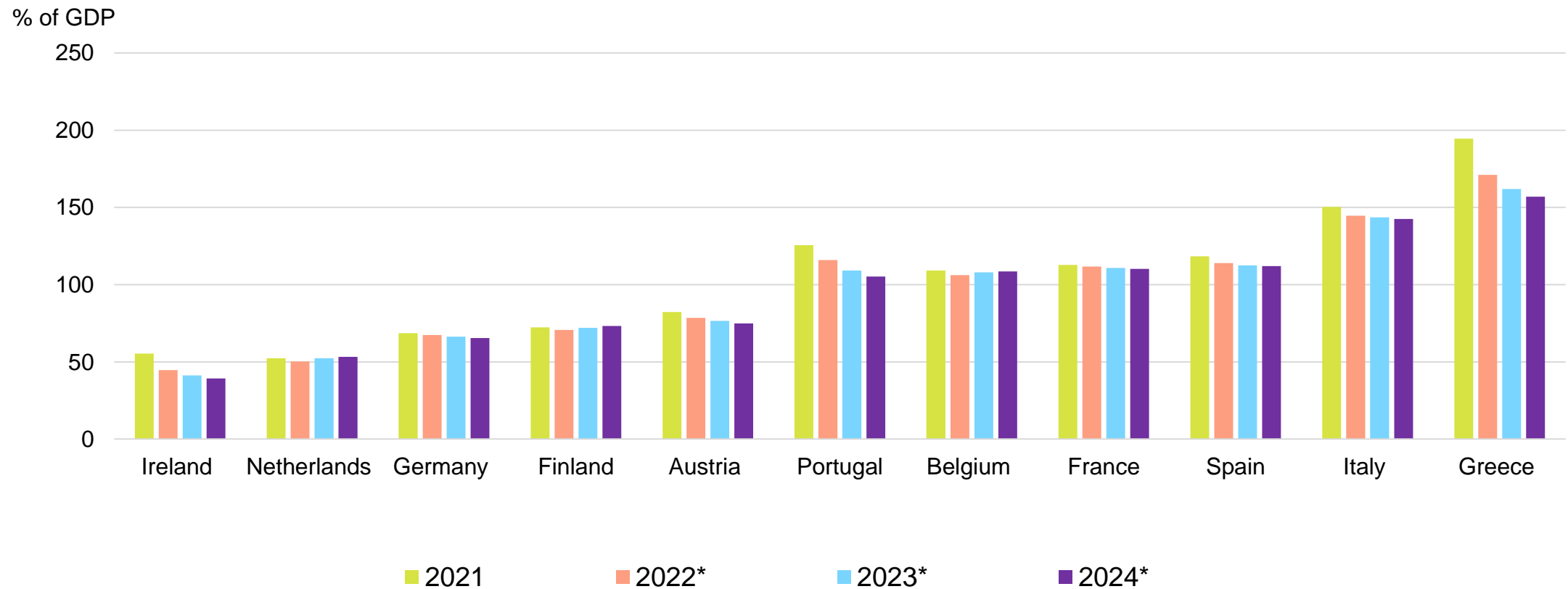
Source: European Commission, Autumn 2022

*)forecasts

*)forecasts

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

EMU General Government Gross Debt



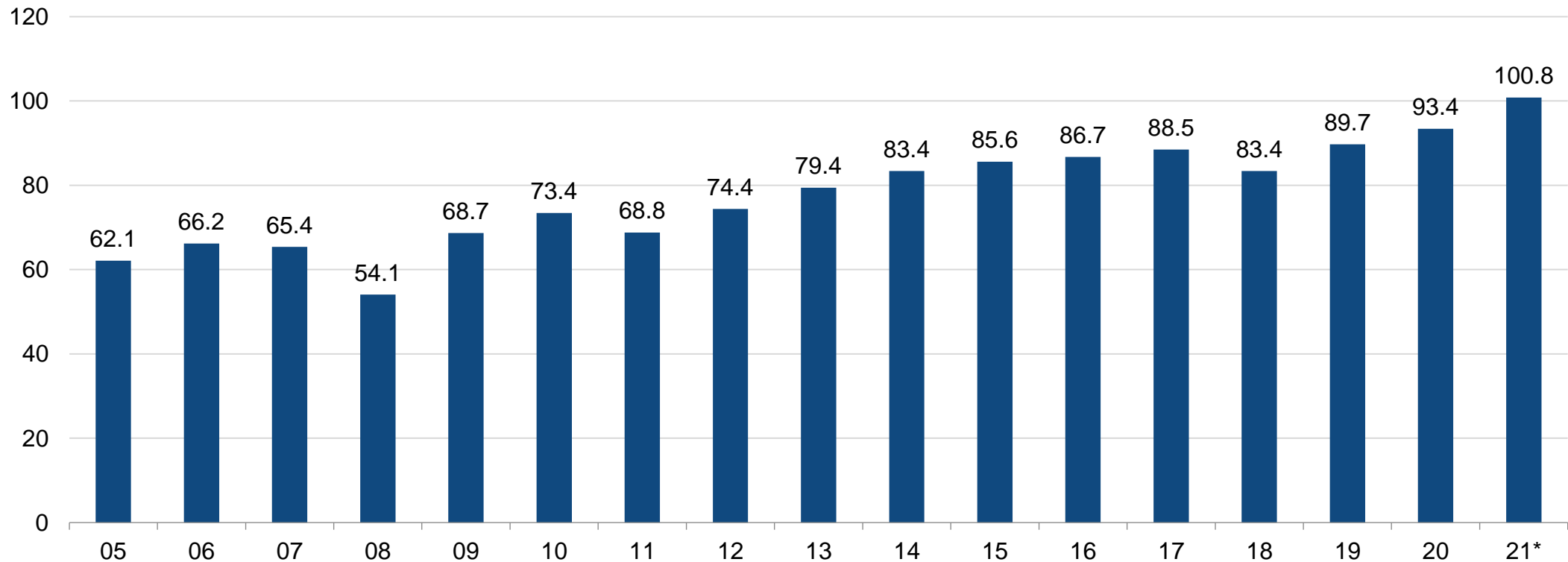
*)forecasts

Source: European Commission, Autumn 2022

Earnings-related pension assets including public sector pension assets

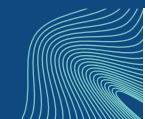
Earnings-related pension assets

% of GDP



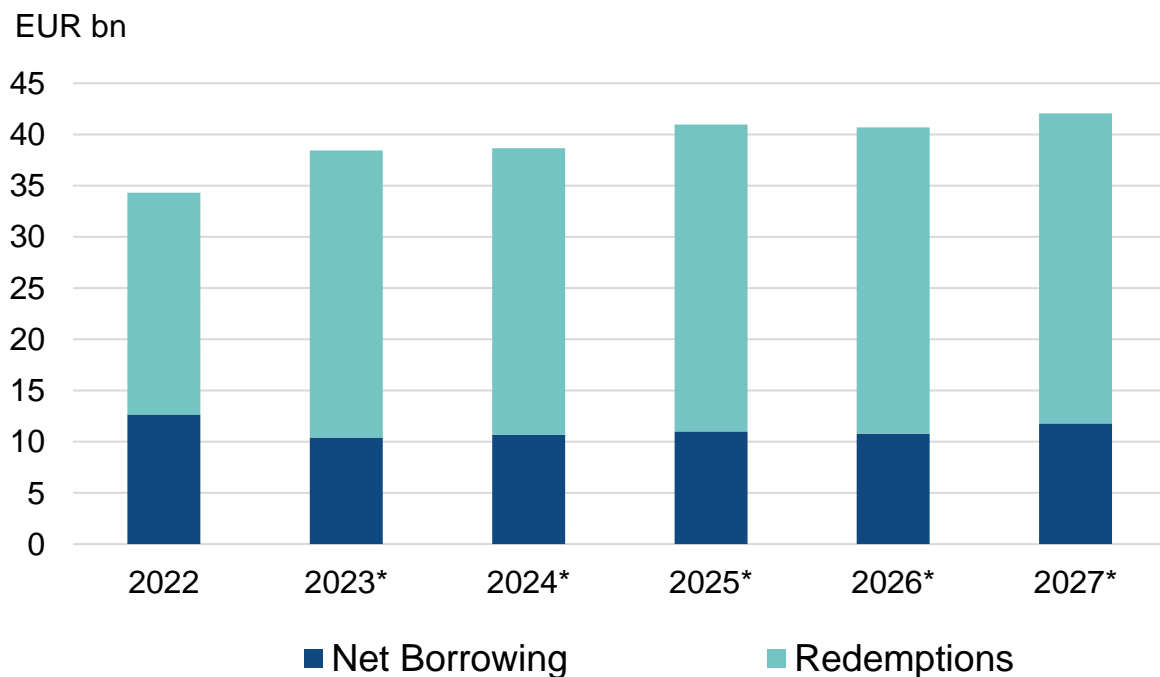
*) including public sector pension assets

2 Funding

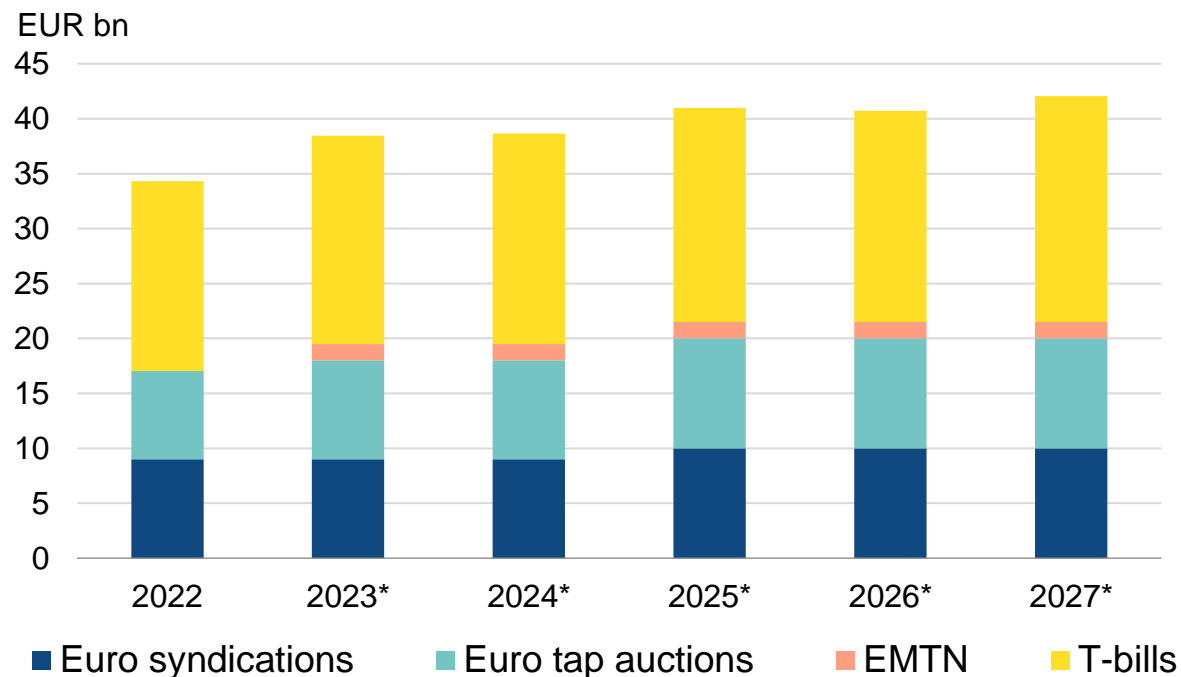


Central government gross borrowing estimate and projected funding instrument allocation

Central government gross borrowing



Projected funding instrument allocation

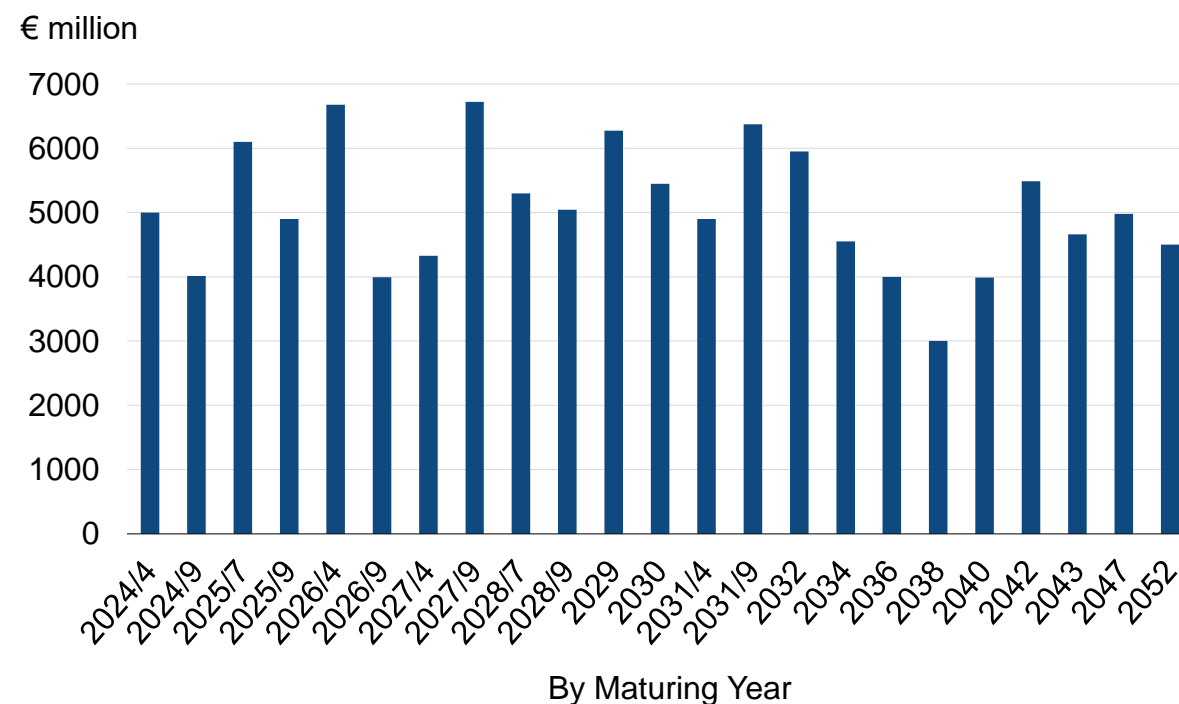


Funding strategy

“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

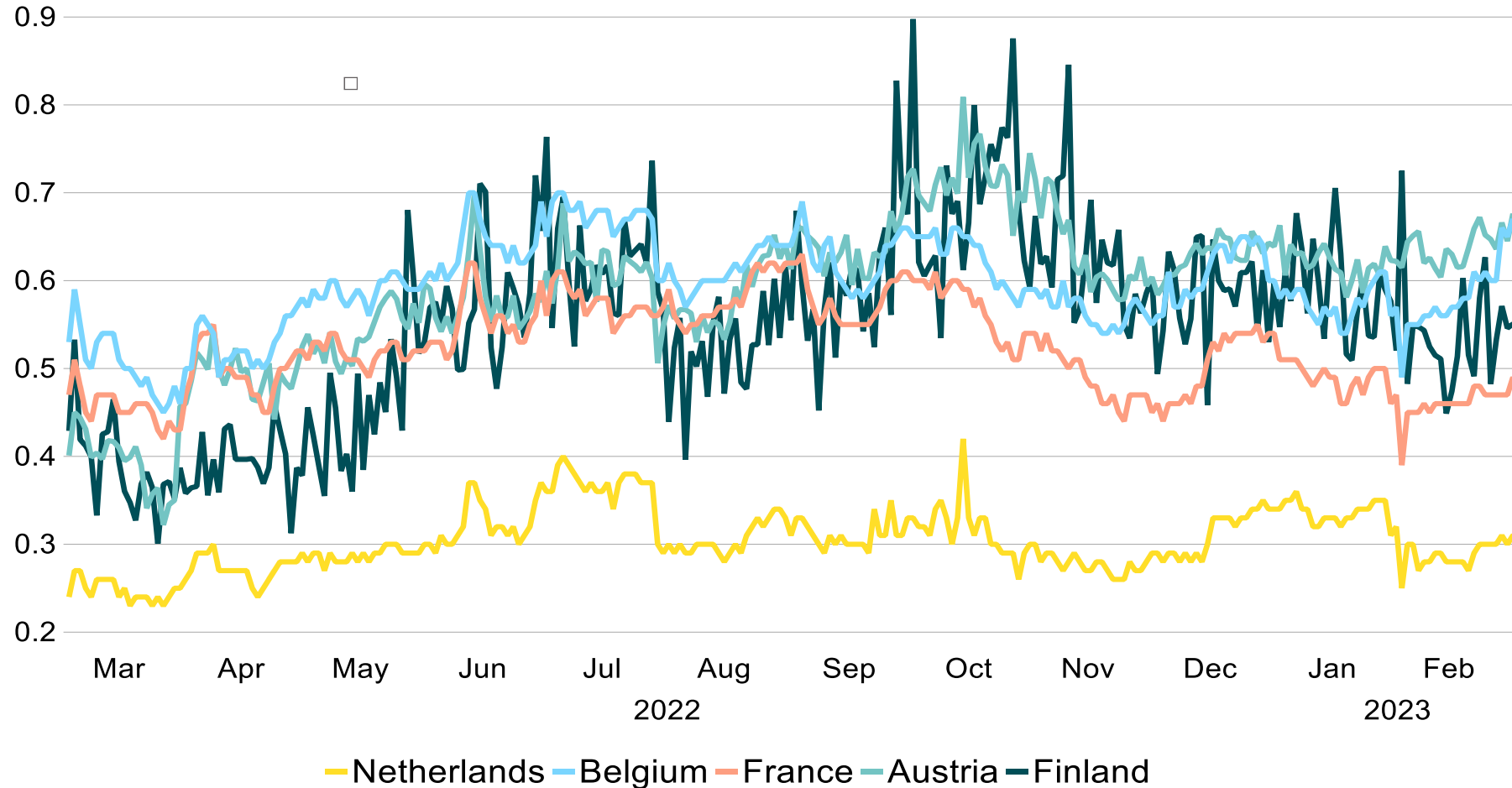
Benchmark bonds outstanding



10-year government bond yield spreads to Germany

10-year government bond yield spreads to Germany

Percentage points



Primary Dealers 2023

BofA Securities

HSBC

Barclays

J.P. Morgan

BNP Paribas

Nomura

Citi

Nordea

Crédit Agricole

Société Générale

Danske Bank

Deutsche Bank

Goldman Sachs

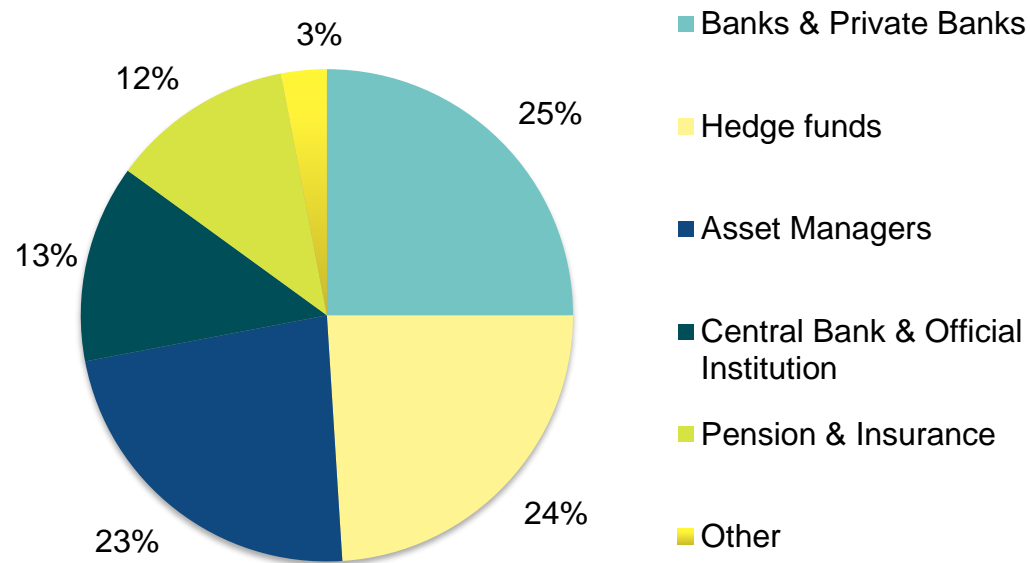
Sustainability in Finland: current themes

- 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

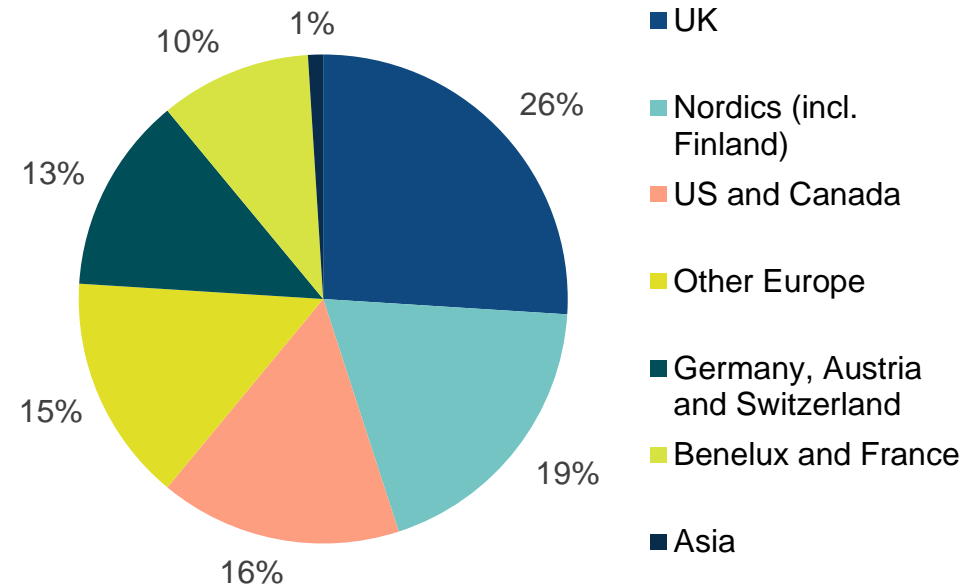
Investor base for RFGB 2.750% EUR 3bn due 15 April 2038

- Launched in January 2023
- Allocated to over 90 investors

Distribution by investor type



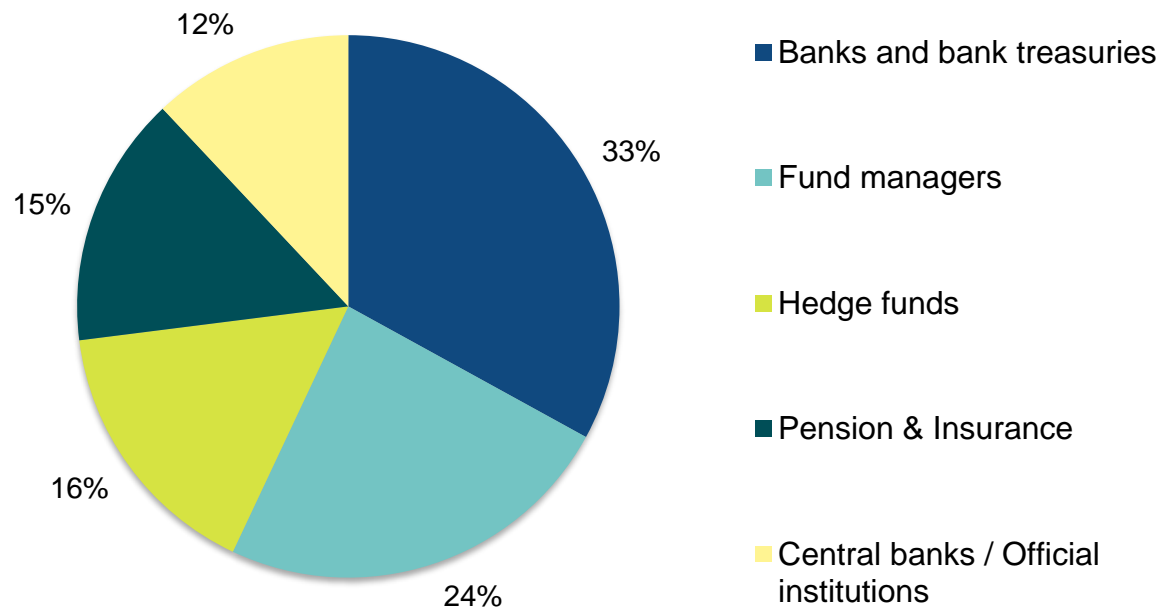
Distribution of the bond by region



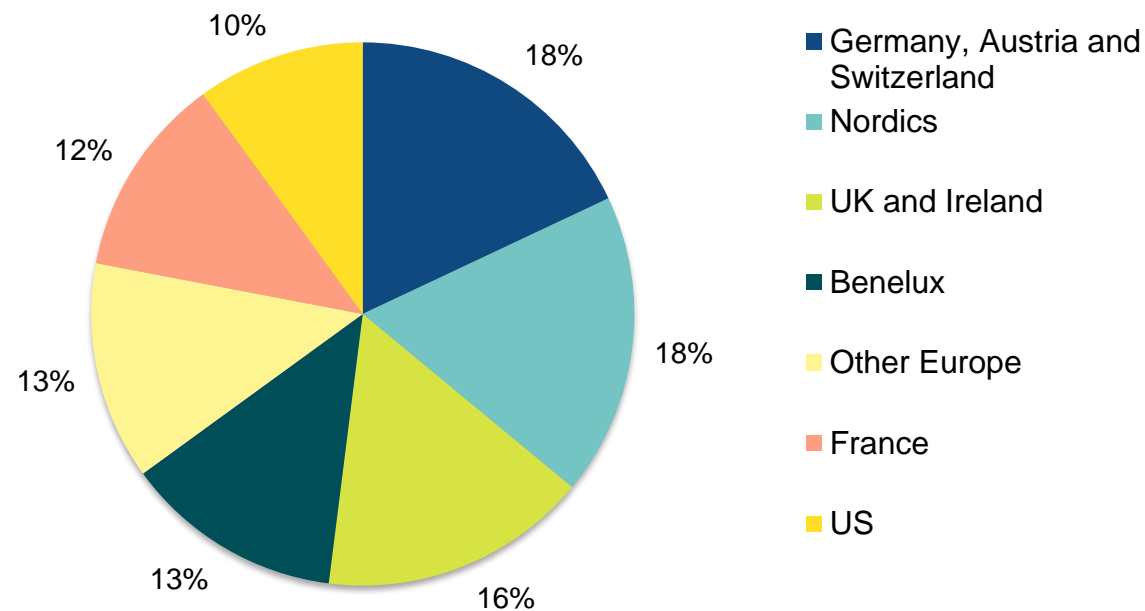
Investor base for RFGB 1.375% EUR 3bn due April 2027

- Launched in August 2022
- Allocated to circa 60 investors

Distribution by investor type



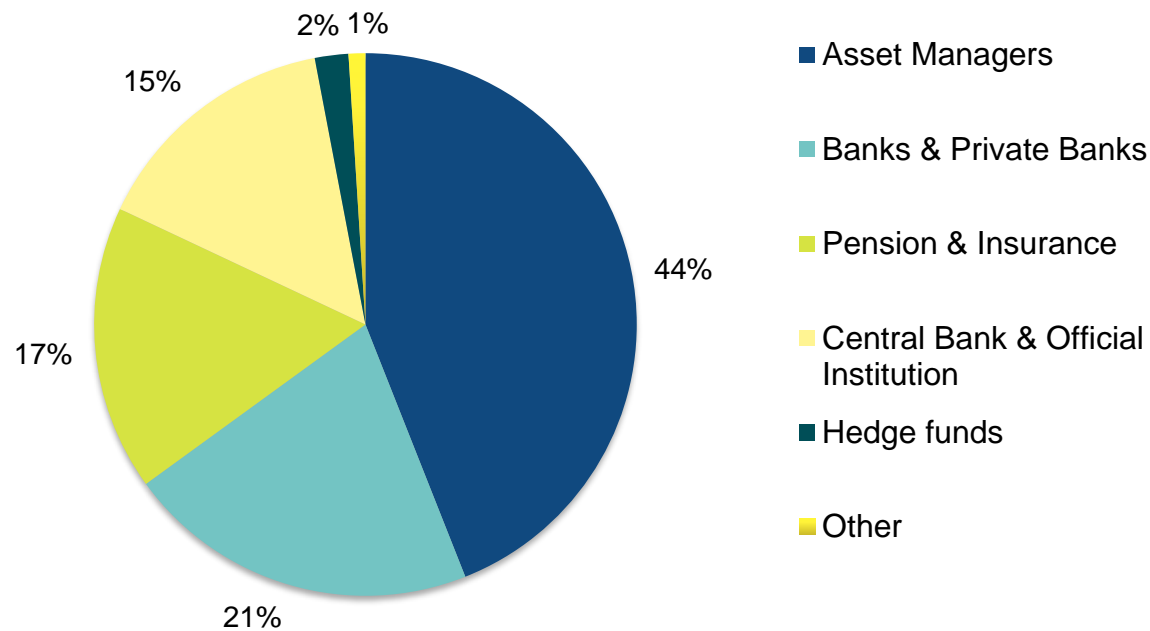
Distribution by region



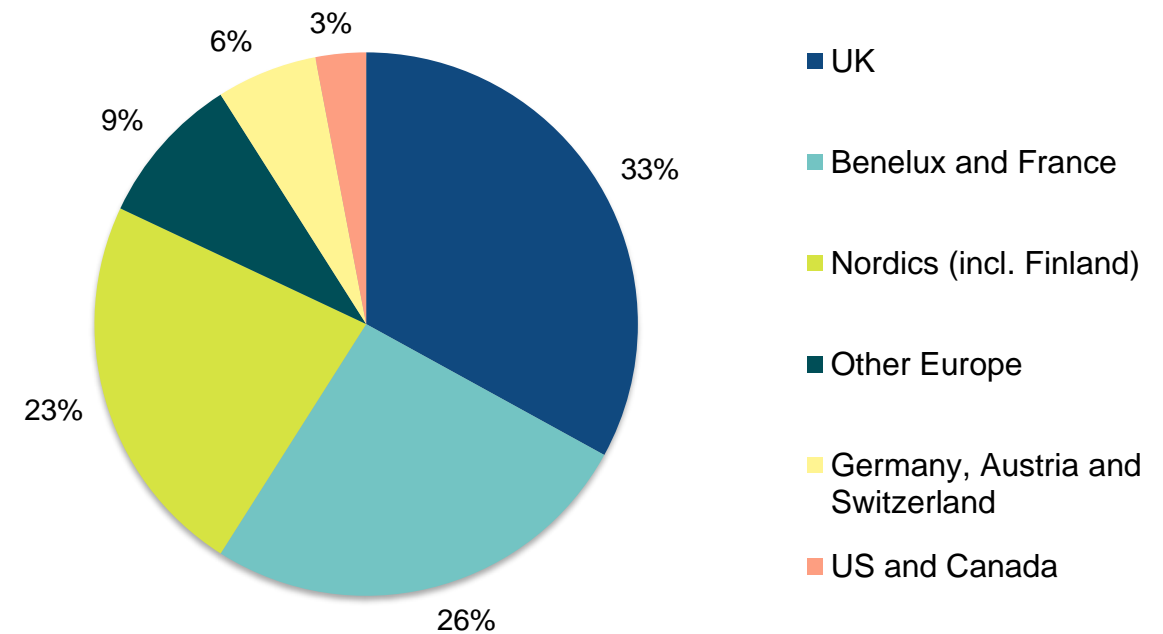
Investor base for RFGB 1.5% EUR 3bn due September 2032

- Launched in May 2022
- Allocated to over 80 investors

Distribution by investor type



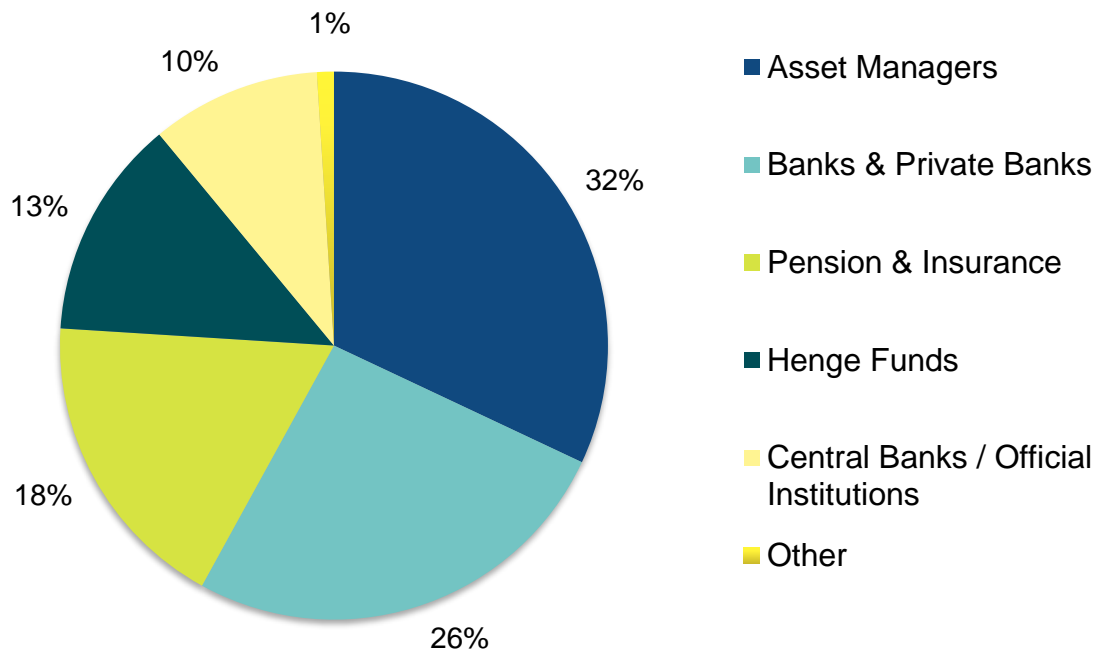
Distribution by region



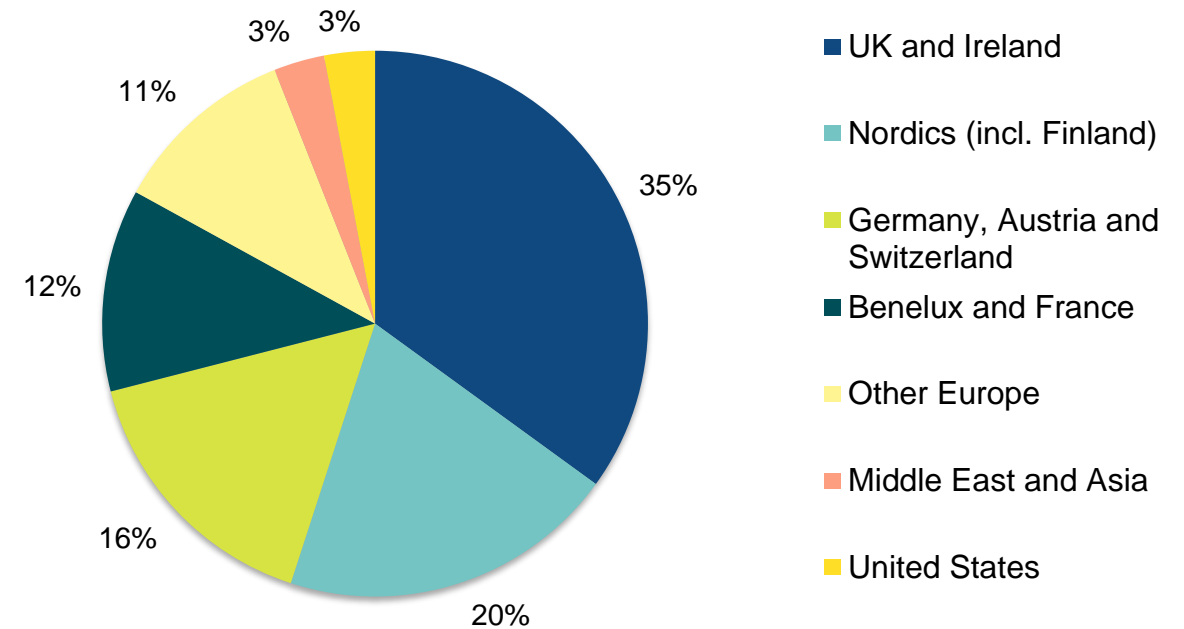
Investor base for RFGB 0.500% EUR 3bn due April 2043

- Launched in January 2022
- Allocated to over 100 investors

Distribution by investor type



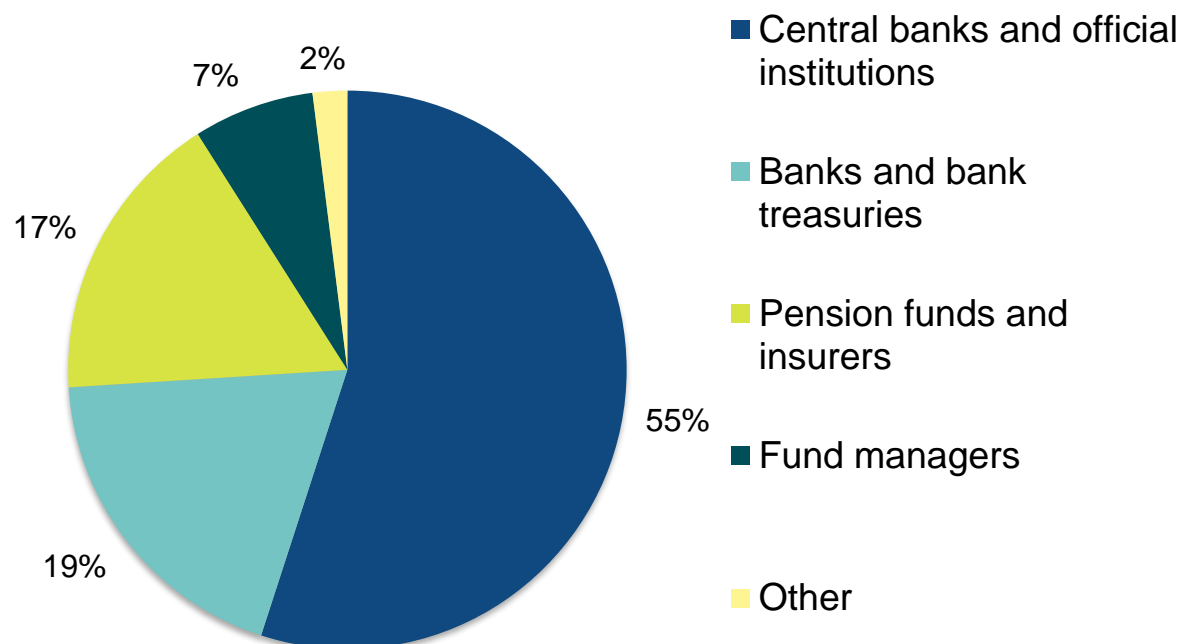
Distribution by region



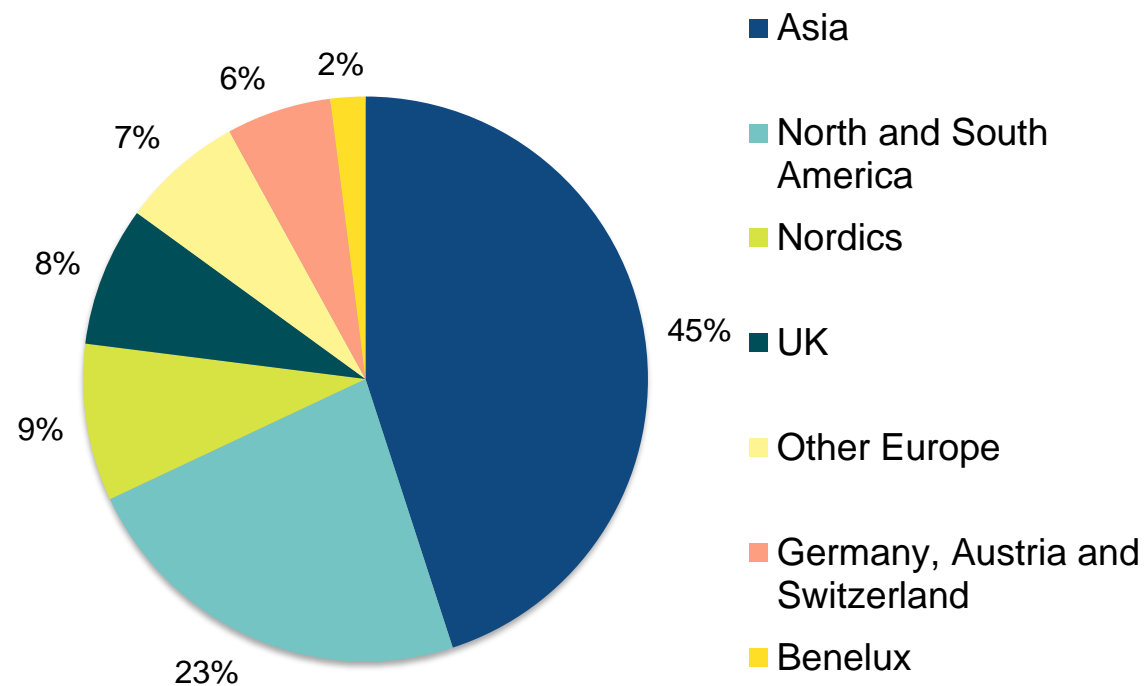
Investor base for FINL 0.875% USD 1.5 bn due 2030

- 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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