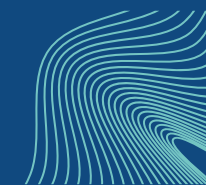




State Treasury
Republic of Finland

Finnish central government borrowing

September 2023



Valtiokonttori
Statskontoret
State Treasury

AA+

AA+

Credit ratings

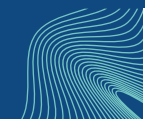
The government has solicited credit ratings from two credit rating agencies: Fitch Ratings and S&P Global Ratings.

For long-term debt, they are

AA+ and AA+

(stable, stable)

1 Finnish economy



Finland expected to return to growth next year

- Household purchasing power starts to increase in 2024, as inflation will slow, and wages and benefits will rise
- Employment remains high, strong growth in services
- Investments in green transition boost economic growth to 1,9% in 2025
- Improvement in general government finances is temporary - however, the incoming government will put forward new austerity measures (not included in the forecast)

	2022	2023*	2024*
GDP change, %	2.1	0.0	1.4
Inflation, %	7.1	5.9	2.4
Current account, % of GDP	-3.9	-1.6	-1.4
Private investment change, %	6.1	-3.1	1.5
Exports change, %	1.7	1.1	4.1
Unemployment rate, %	6.8	7.0	6.8
Public deficit, % of GDP	-0.9	-2.4	-2.4
Public debt, % of GDP*	73.0	74.0	76.2

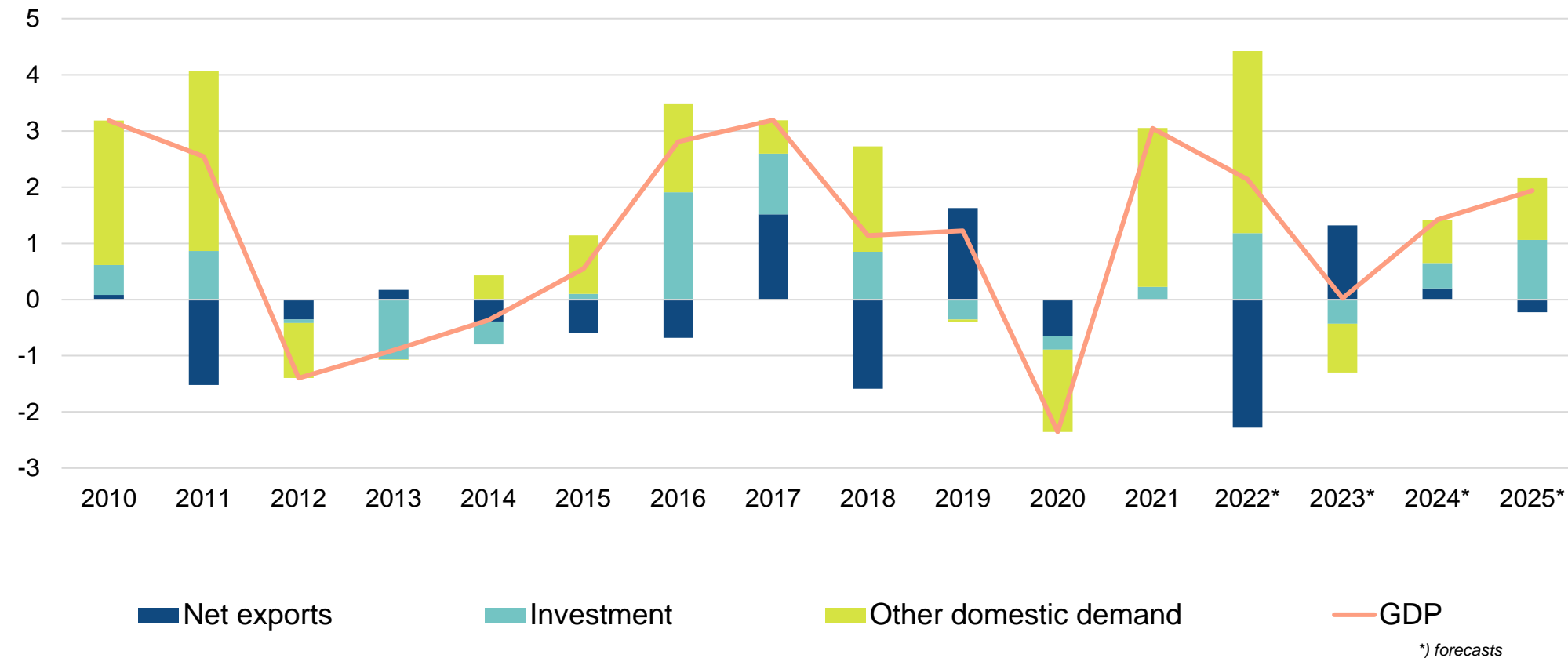
*The general government debt ratio increased by about 6 percentage points (approximately EUR 15 billion) from 66% to roughly 72% at the level of 2021 **due to Statistics Finland implementing a change in methodology**. The change was related to the interest subsidy loan system for rental and right-of-occupancy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

Source: Ministry of Finance, Summer 2023
*)forecasts

Positive net exports contribute to GDP in 2023

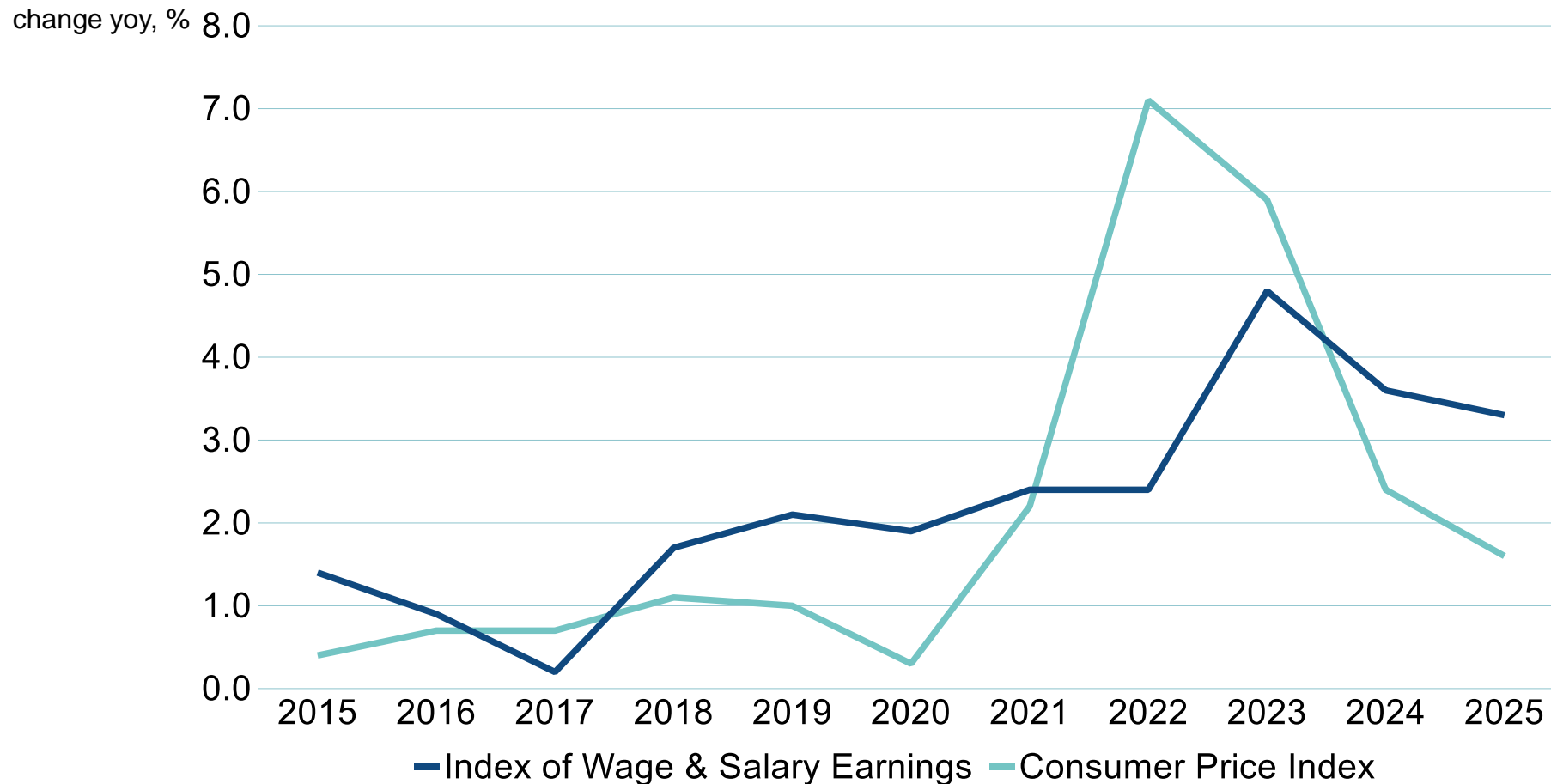
Contribution to GDP growth in Finland

percentage points



Rapid rise in prices to decelerate

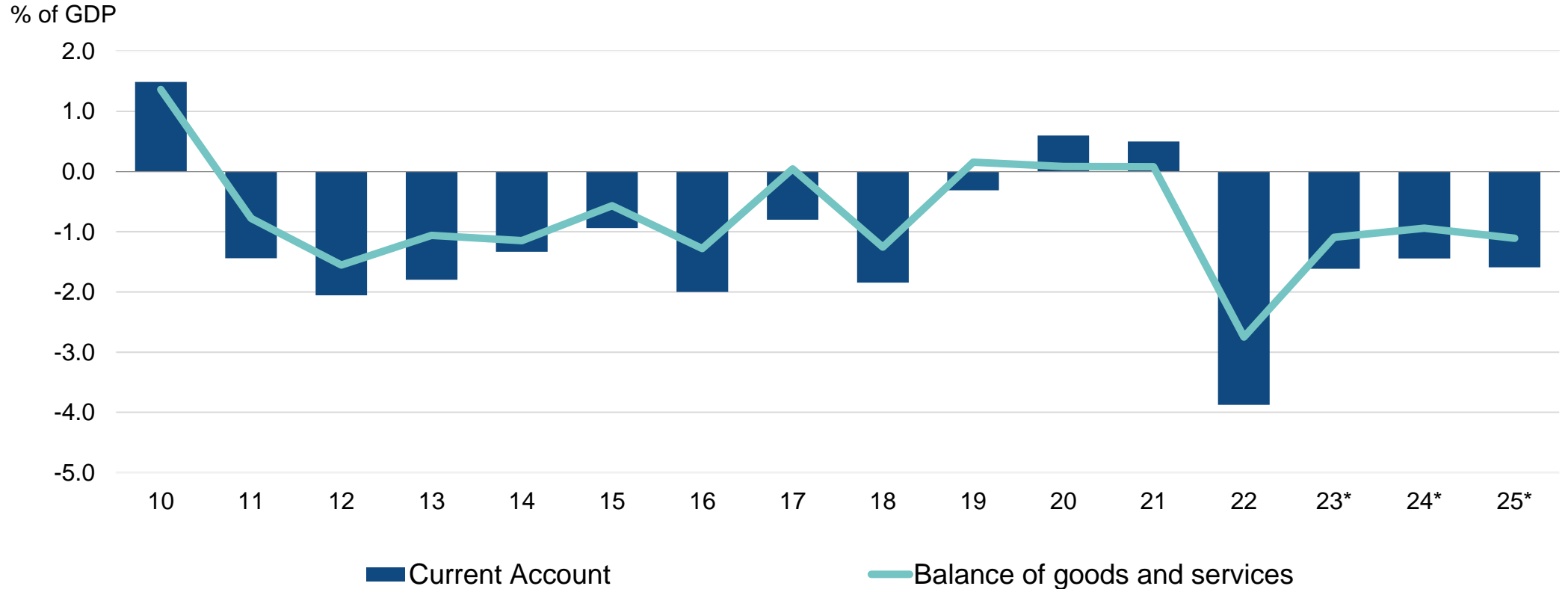
Consumer price index and index of wage and salary earnings



Source: Ministry of Finance, Macrobond Spring 2023

Current account deficit will even out after 2022

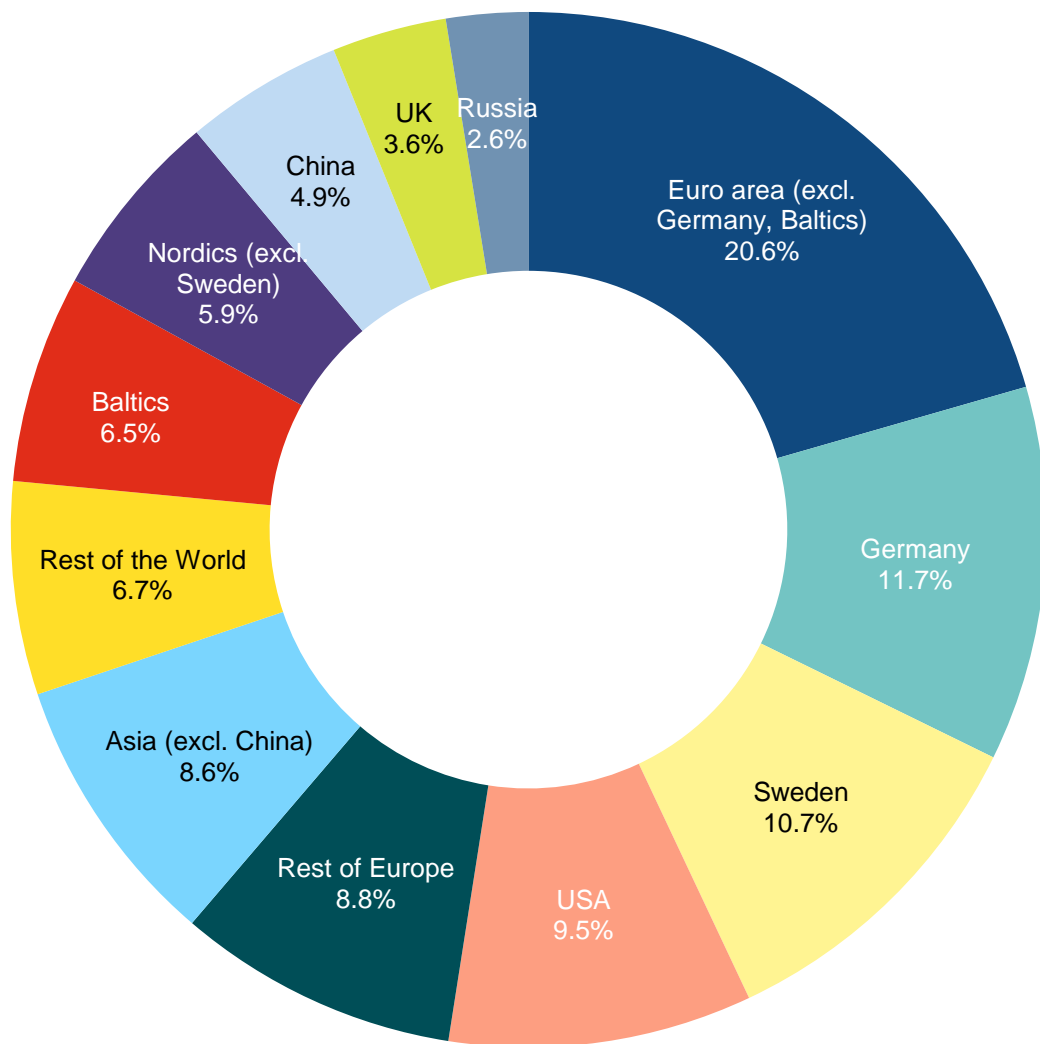
Current account



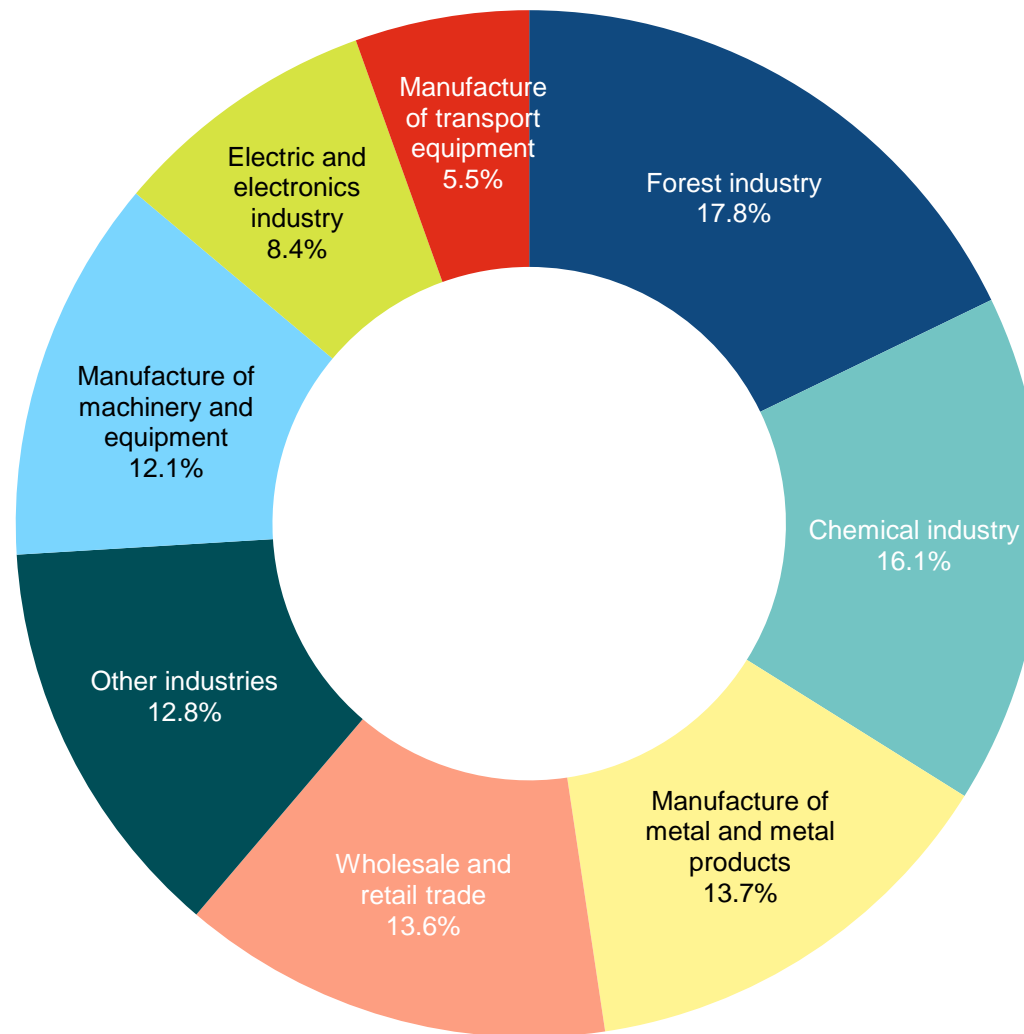
*)forecasts

Exports of goods

Exports by countries of destination 2022

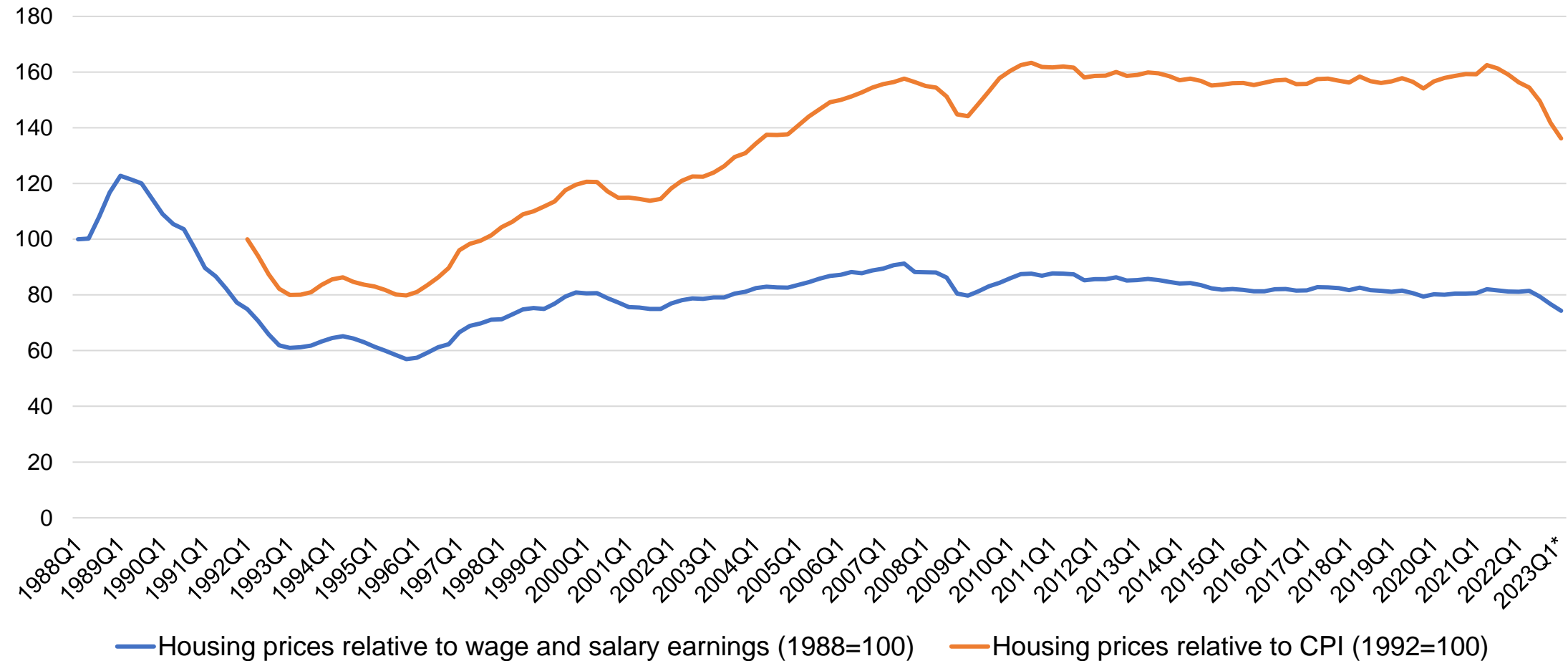


Exports by industries 2022



Relative housing prices in Finland

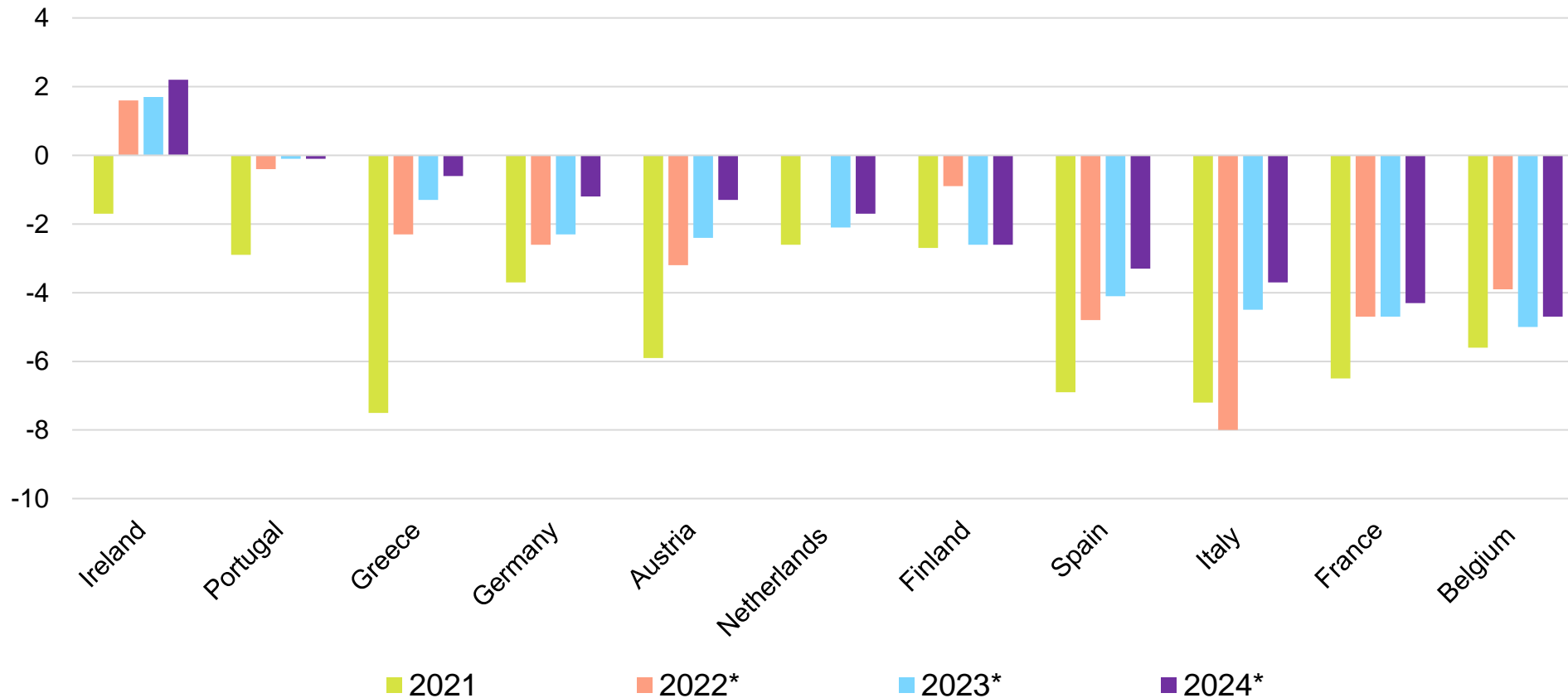
Relative housing prices in Finland



EMU general government financial balance

EMU general government financial balance

in ratio to GDP, %

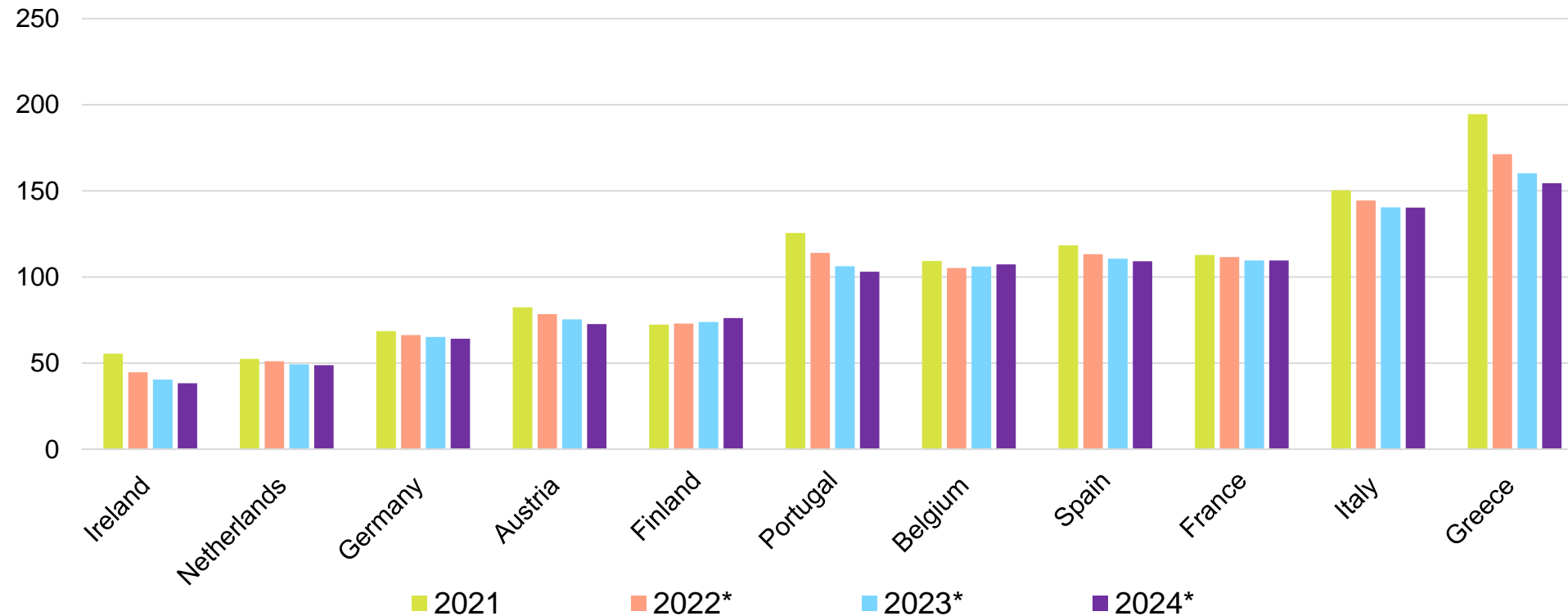


Source: European Commission, Spring 2023
*)forecasts

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

EMU General Government Gross Debt

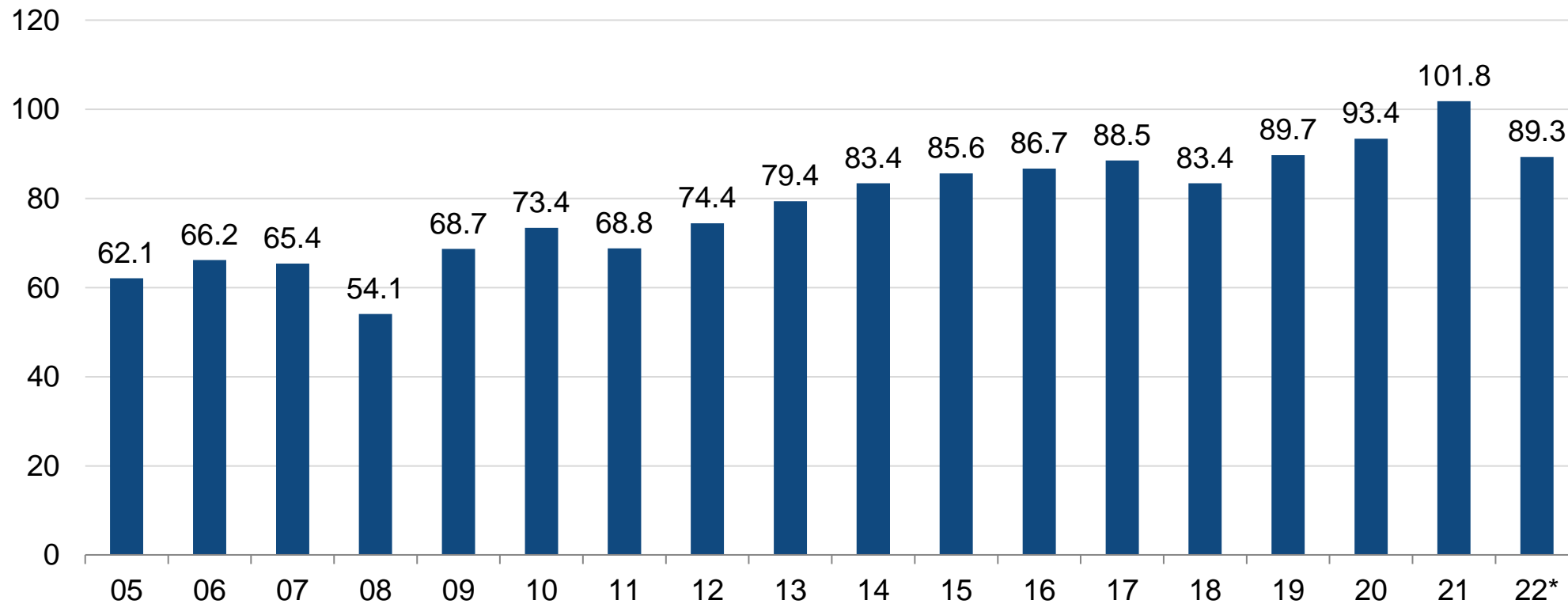
% of GDP



Earnings-related pension assets including public sector pension assets

Earnings-related pension assets

% of GDP



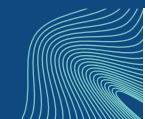
*)including public sector pension assets

Source: Statistics Finland, Finnish Pension Alliance

*)forecasts

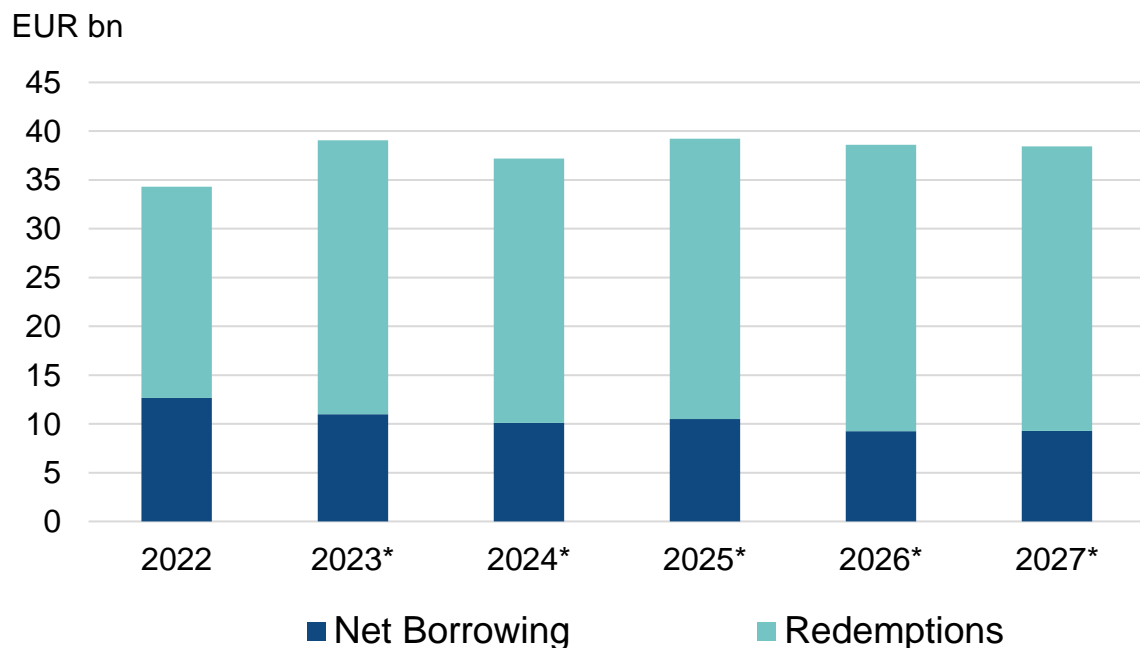


2 Funding

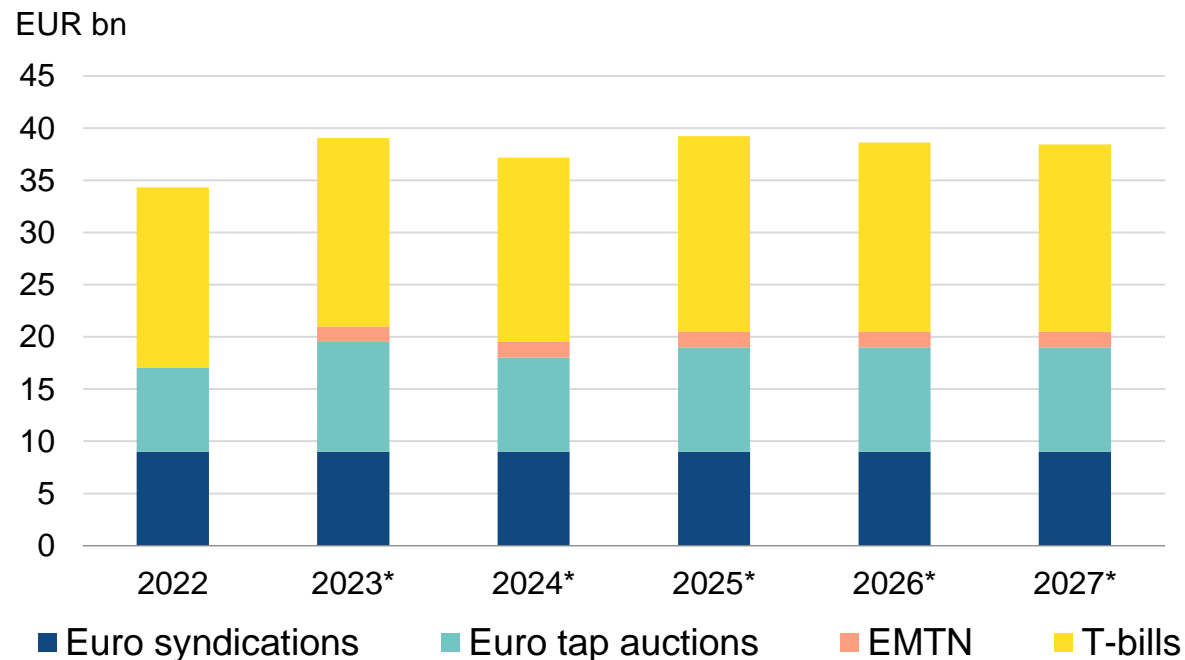


Central government gross borrowing estimate and projected funding instrument allocation

Central government gross borrowing



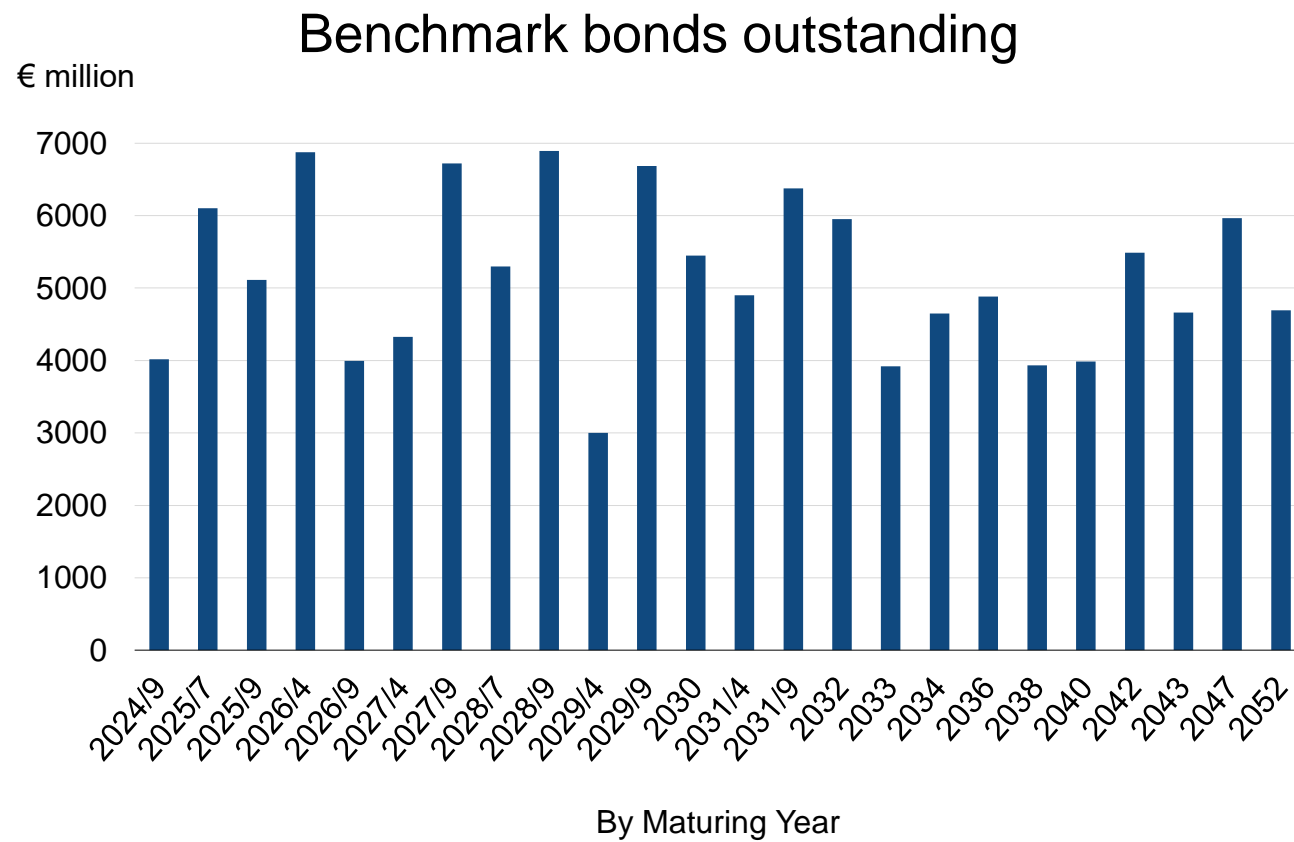
Projected funding instrument allocation



Funding strategy

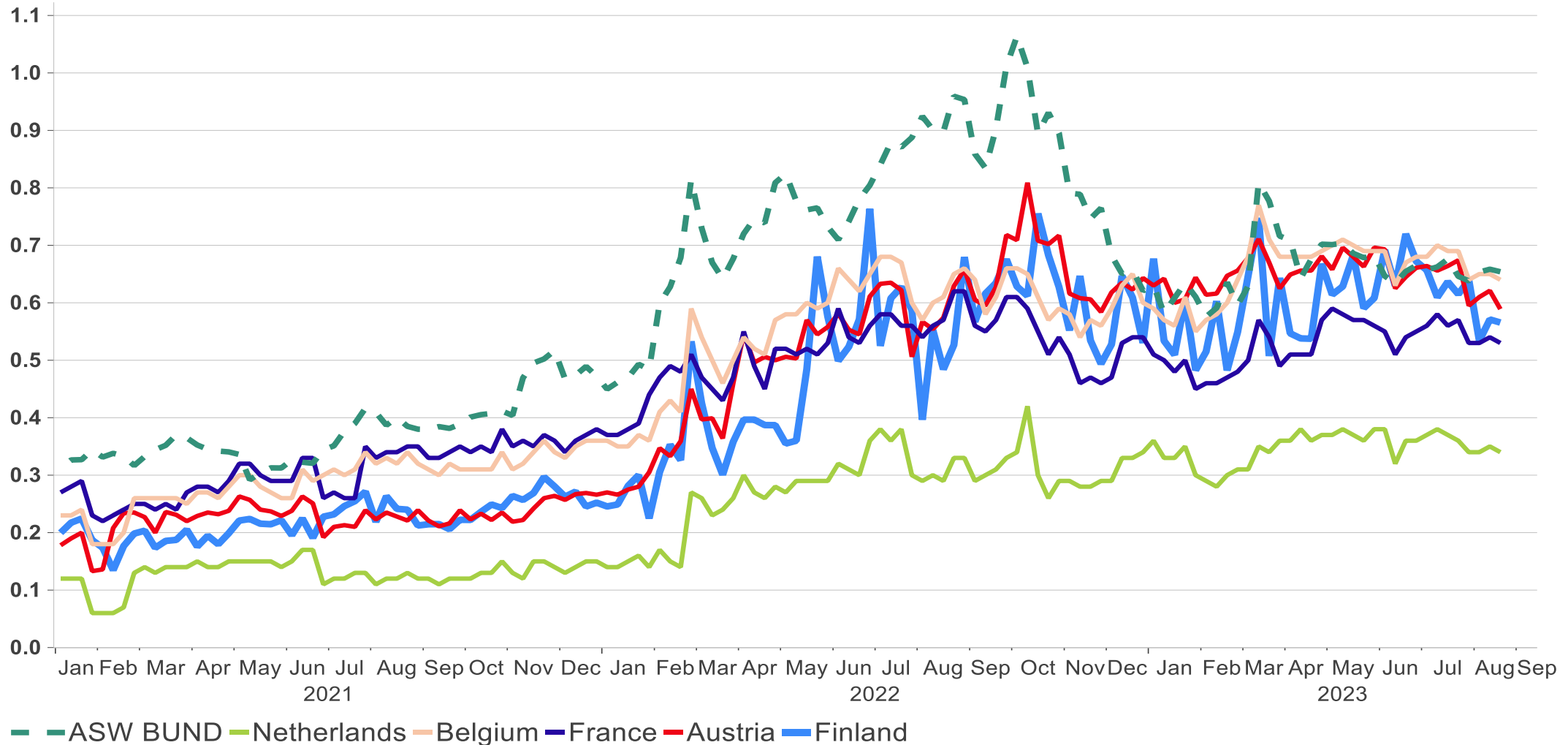
“Maintaining a globally diversified investor base by geography and investor type”

- Euro benchmark bond curve to 30 years
- Three syndicated euro benchmark bonds per year complemented by tap auctions
- Liquidity in focus – Primary Dealers and both customer and inter-dealer platforms
- EMTN issuance complements euro benchmark bonds



10-year government bond yield spreads to Germany & ASW BUND

Percentage points



MACROBOND

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

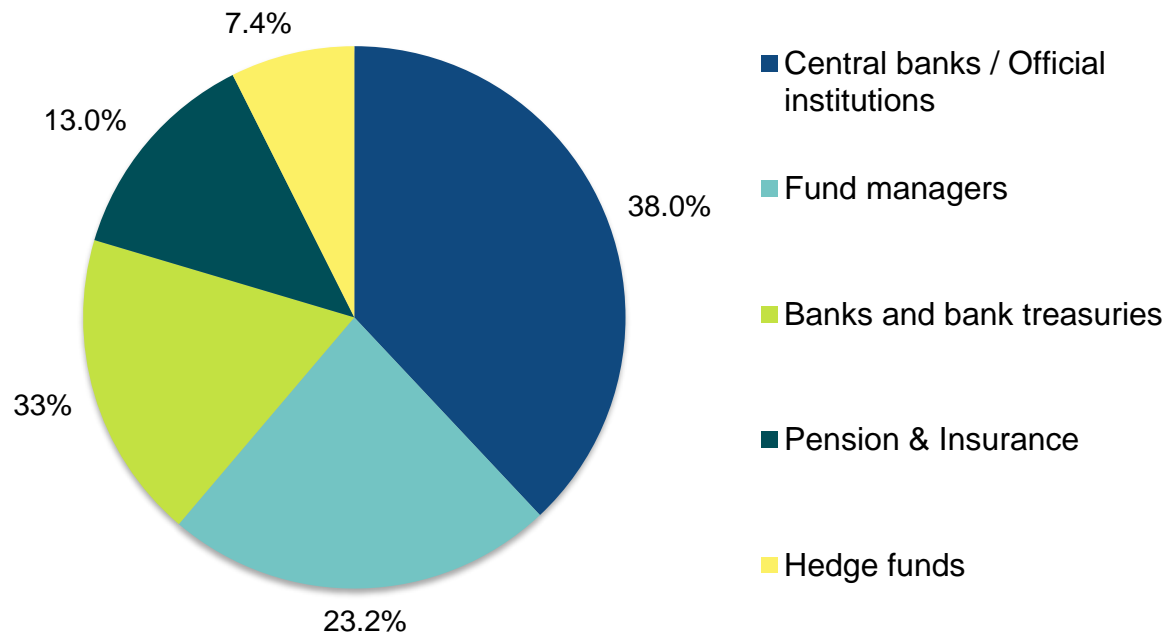
Sustainability in Finland: current themes

- 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
 - **New Climate Change Act in 2022**
 - **Update of the Energy and Climate Strategy in 2022 (all sectors)**
 - **New Medium-term Climate Change Policy Plan 2022 (effort-sharing sector)**
 - **Climate Plan for the Land Use Sector**
- The Health and Social services reform 2023

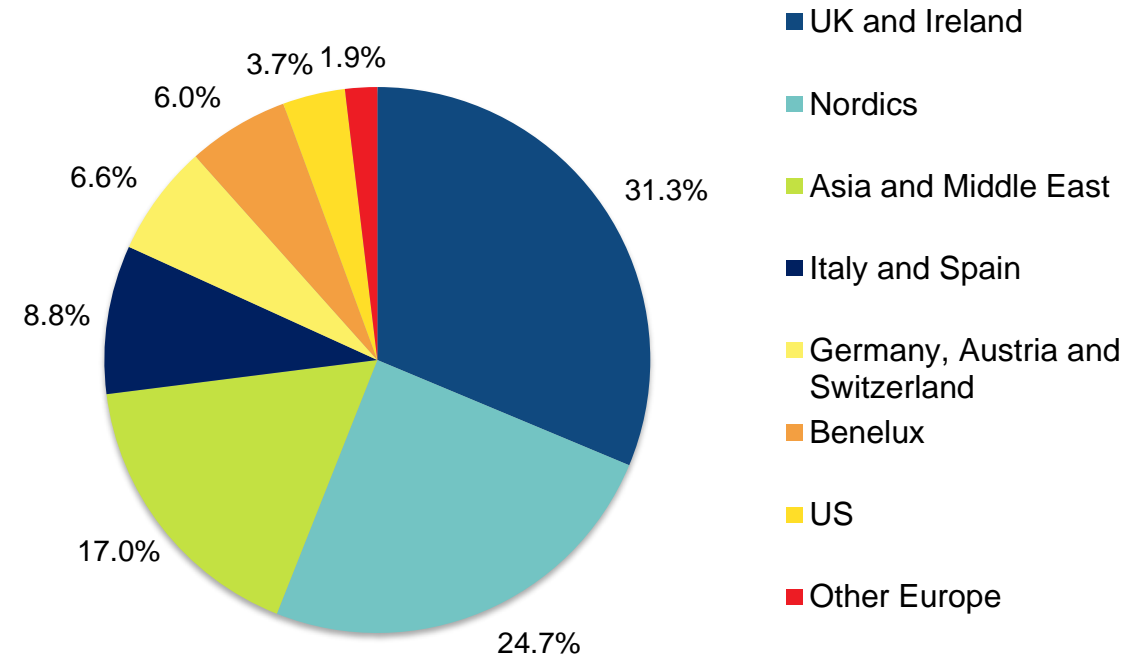
Investor base for RFGB 2.875% EUR 3bn due April 2029

- Launched in August 2023
- Allocated to circa 80 investors

Distribution by investor type



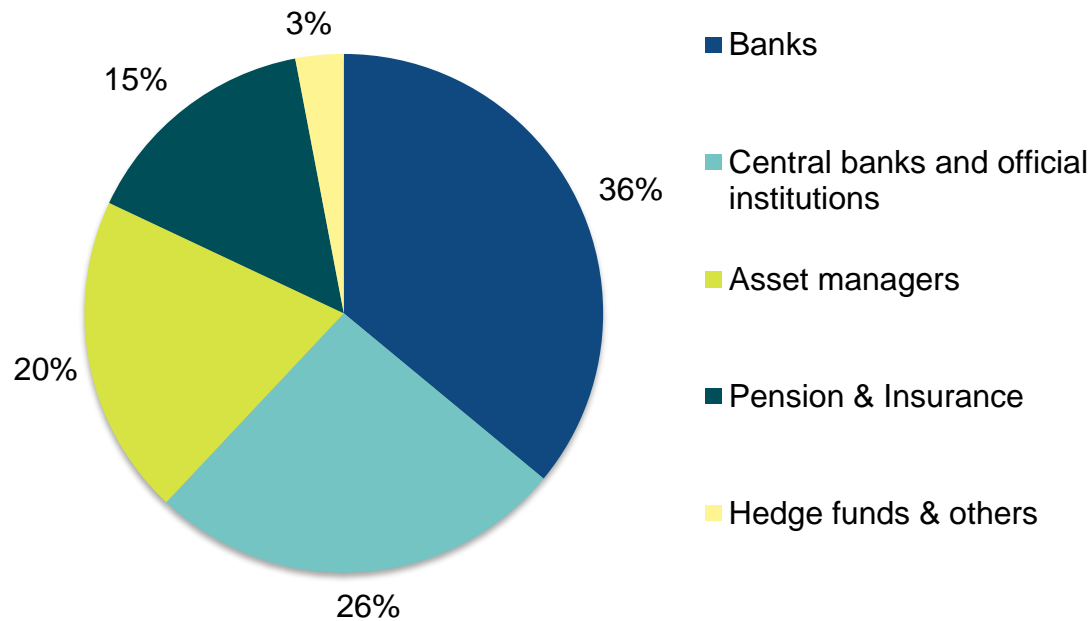
Distribution of the bond by region



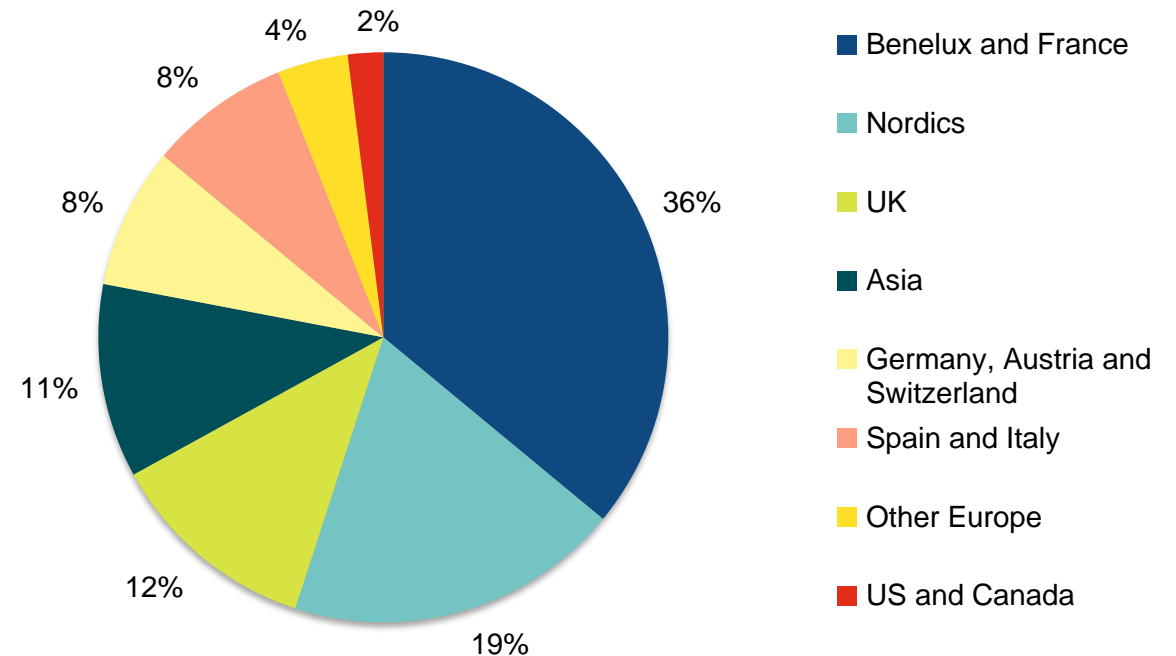
Investor base for RFGB 3% EUR 3bn due September 2033

- Launched in April 2023
- Allocated to circa 90 investors

Distribution by investor type



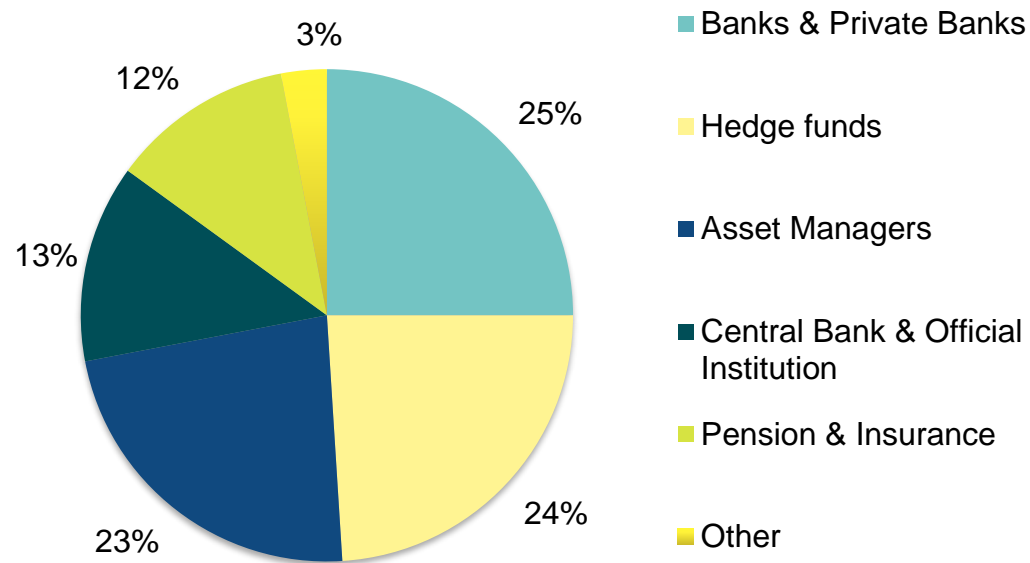
Distribution of the bond by region



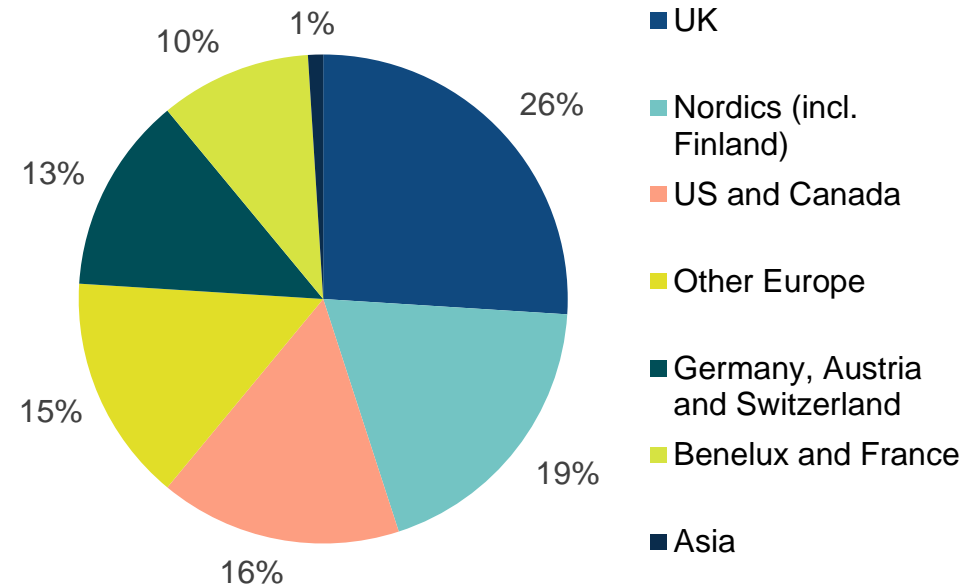
Investor base for RFGB 2.750% EUR 3bn due 15 April 2038

- Launched in January 2023
- Allocated to over 90 investors

Distribution by investor type



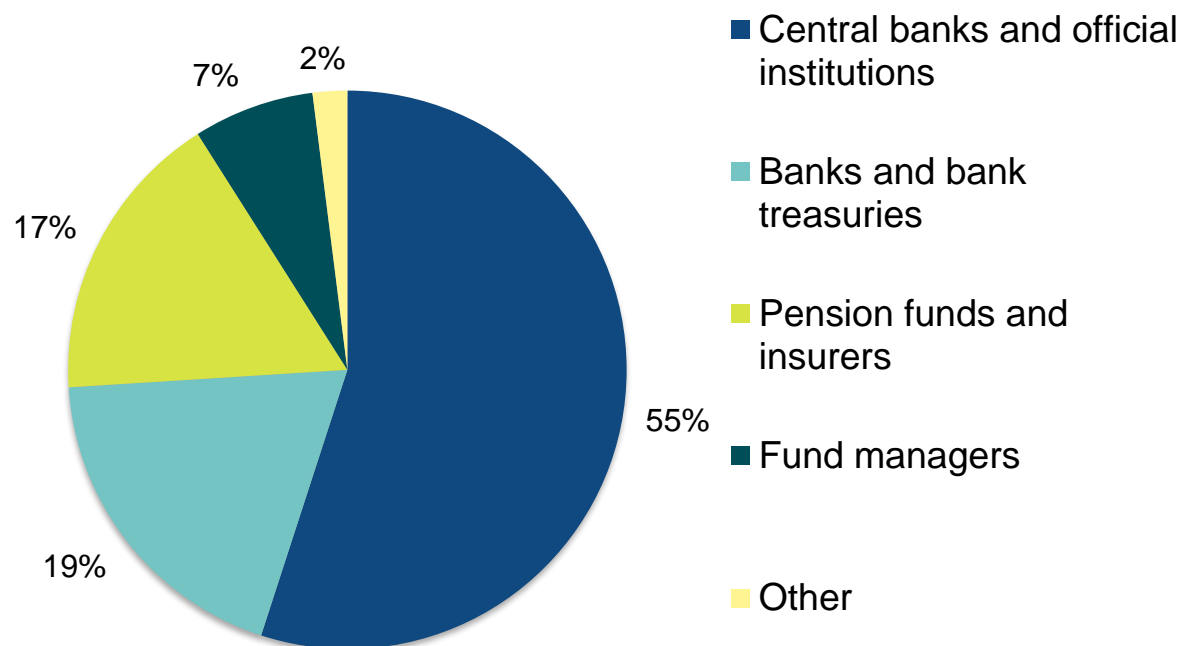
Distribution of the bond by region



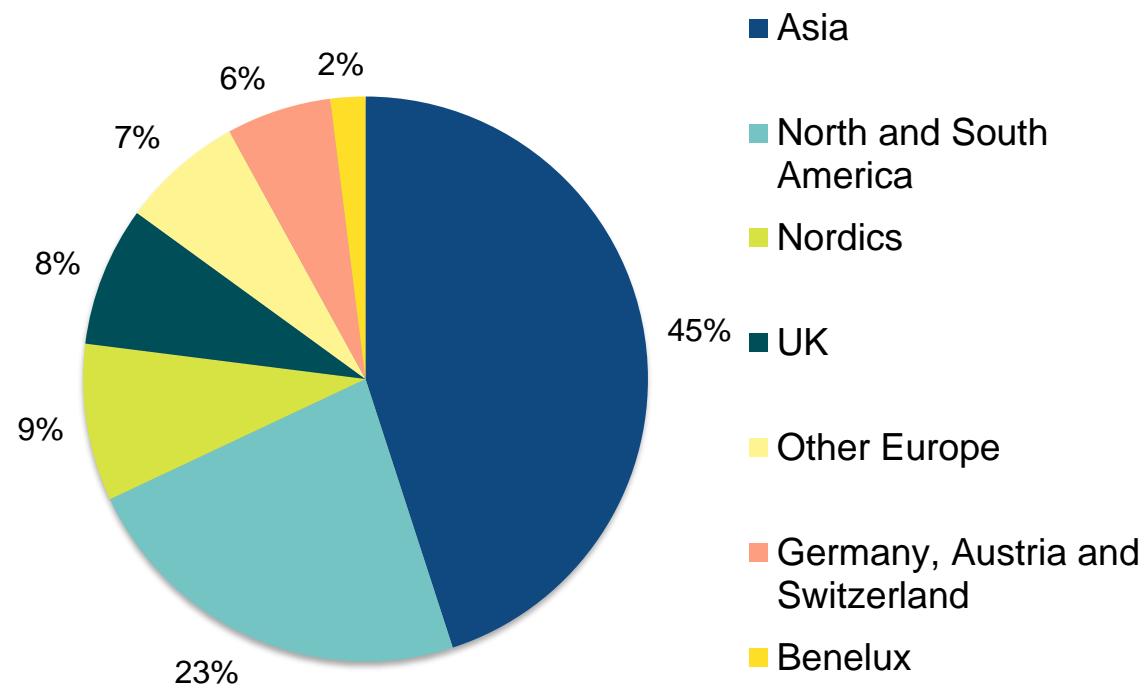
Investor base for FINL 0.875% USD 1.5 bn due 2030

- 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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