



State Treasury  
Republic of Finland

# Finnish central government borrowing

January 2024

# 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

# Economy will contract this year – growth returns next year

- The rise in prices and interest expenses has reduced consumption and private investments in 2023
- Exports grow next year, supported by good cost competitiveness
- Slowing inflation, a fall in interest rates and income growth support household purchasing power in 2024
- The general government deficit will widen to 3.5% due to slow tax revenue growth and rapid expenditure growth

	2023*	2024*	2025*	2026*
GDP change, %	-0.5	0.7	2.0	1.6
Inflation, %	6.3	2.0	1.4	1.7
Current account, % of GDP	-0.8	-0.8	-0.9	-0.9
Private investment change, %	-5.4	0.9	2.9	4.2
Exports change, %	-1.3	2.0	3.8	3.0
Unemployment rate, %	7.2	7.5	7.1	6.6
Public deficit, % of GDP	-2.5	-3.5	-3.4	-3.0
Public debt, % of GDP*	75.5	79.1	81.4	83.3

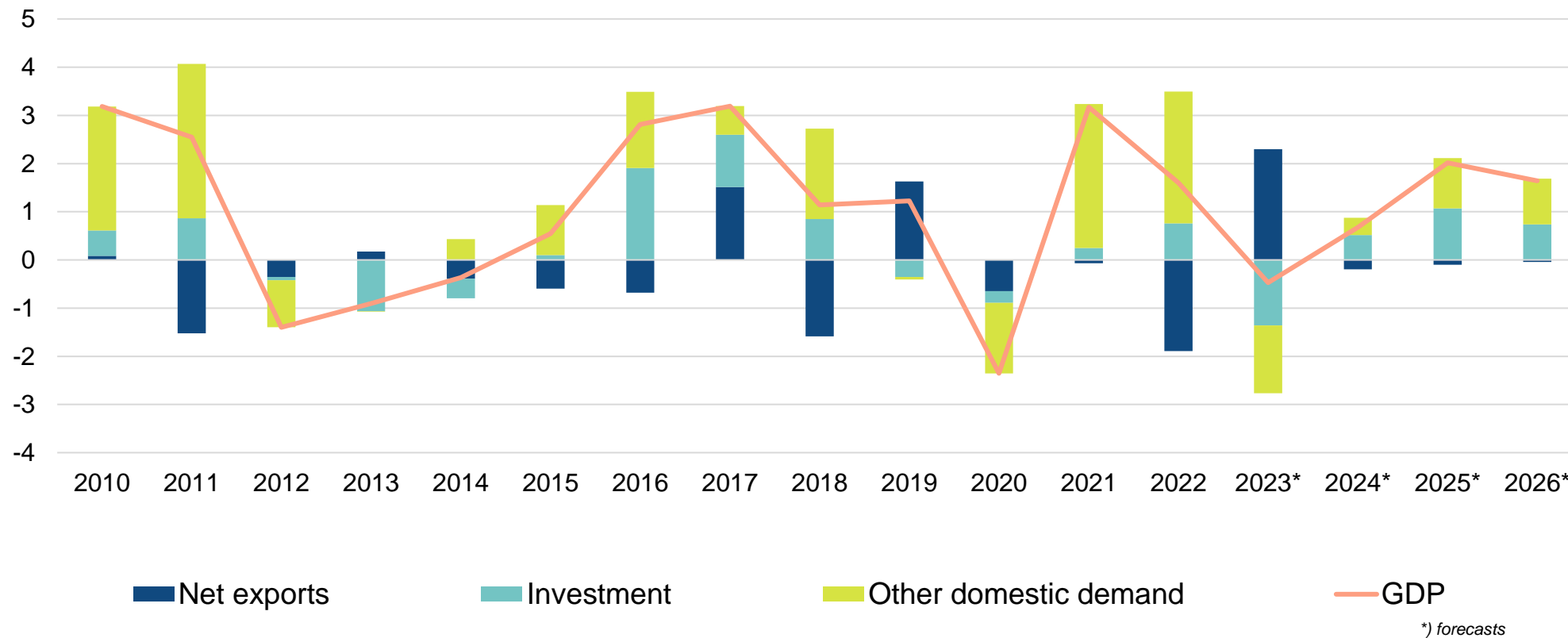
\*The general government debt ratio increased by about 6 percentage points (approximately EUR 15 billion) from 66% to roughly 72% at the level of 2021 **due to Statistics Finland implementing a change in methodology**. The change was related to the interest subsidy loan system for rental and right-of-occupancy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

Source: Ministry of Finance, Winter 2023  
\*)forecasts

# Positive net exports contribute to GDP in 2023, domestic demand and investments next year

## Contribution to GDP growth in Finland

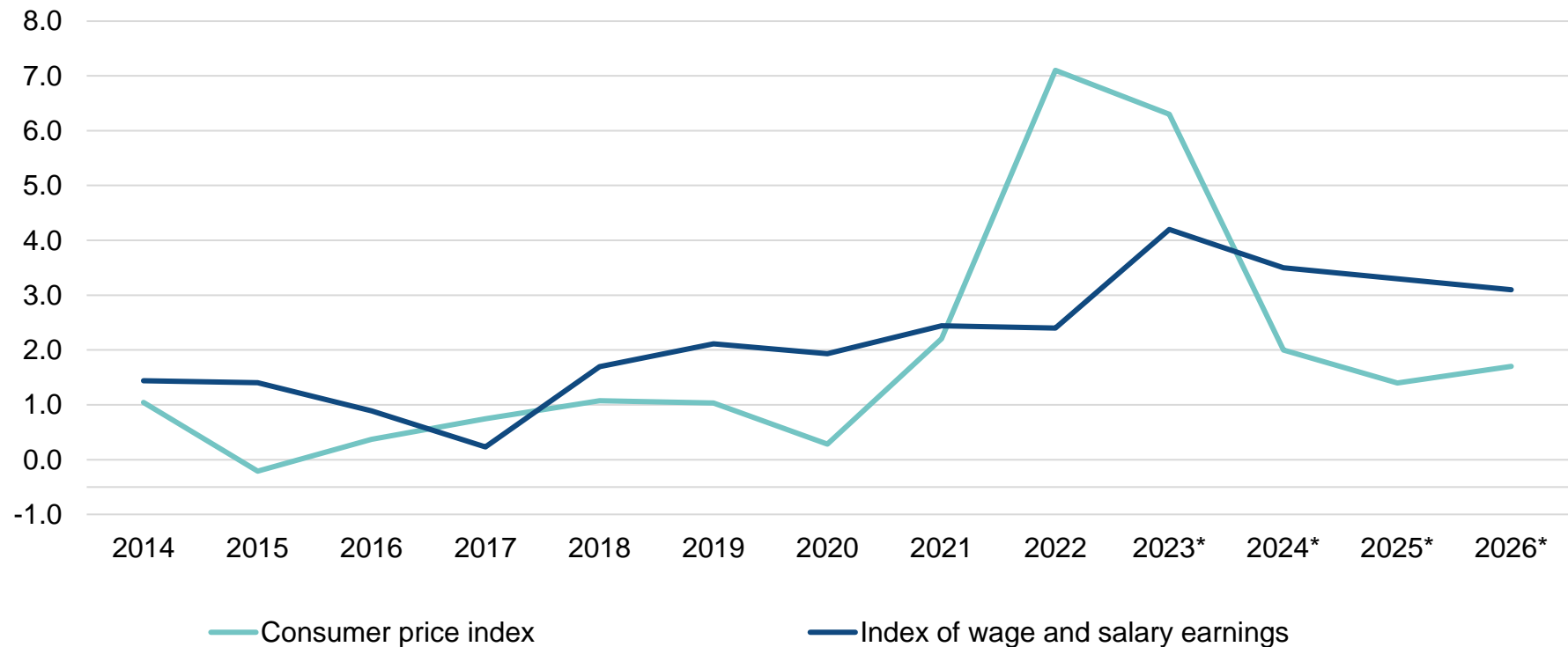
percentage points



# Inflation slowing rapidly

## Consumer price index and index of wage and salary earnings

change yoy, %

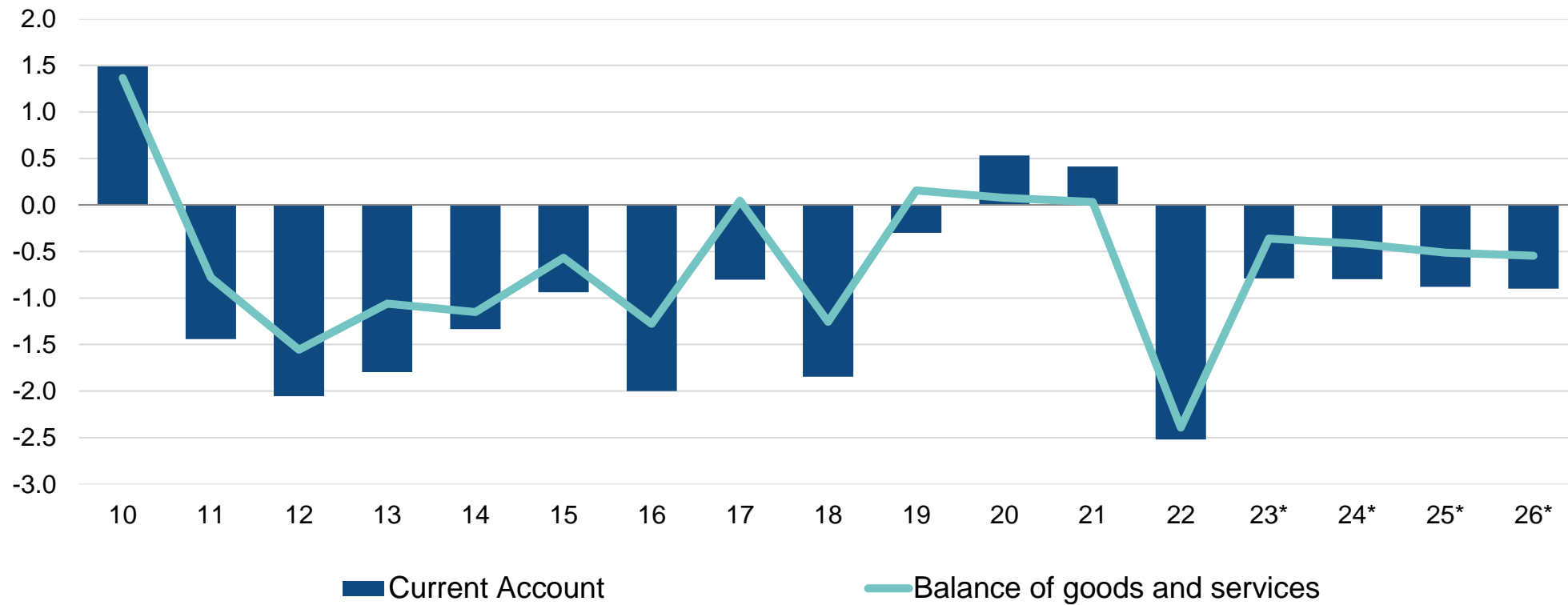


\*)forecasts

# Current account deficit is stabilising

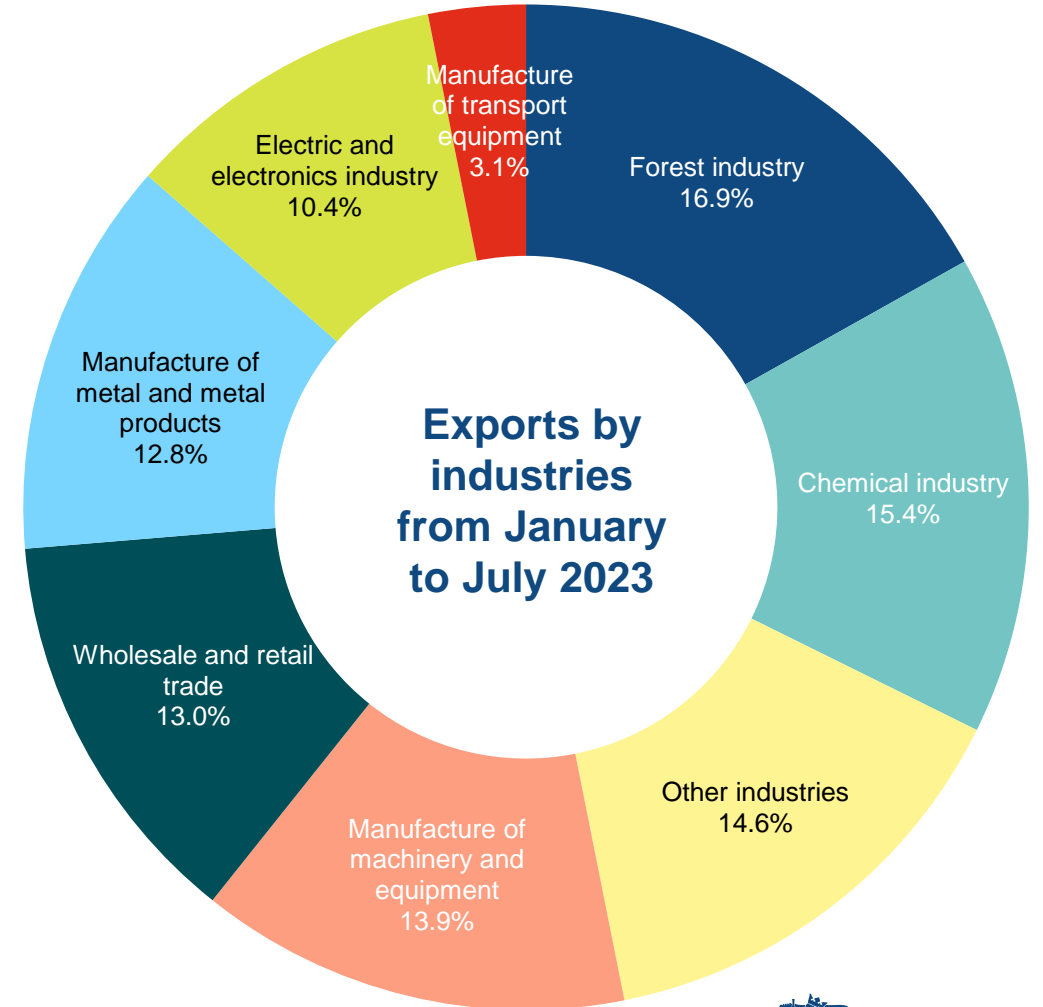
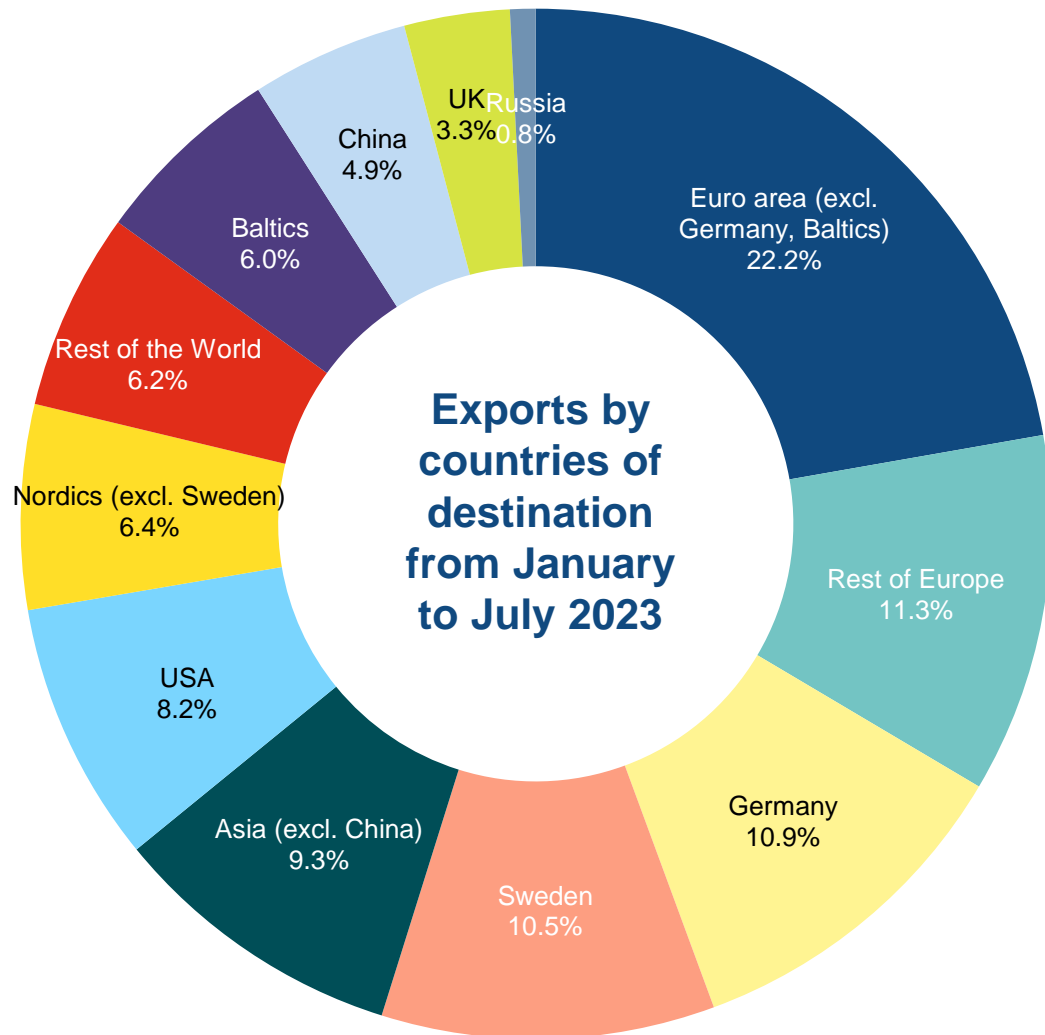
## Current account

% of GDP



\*)forecasts

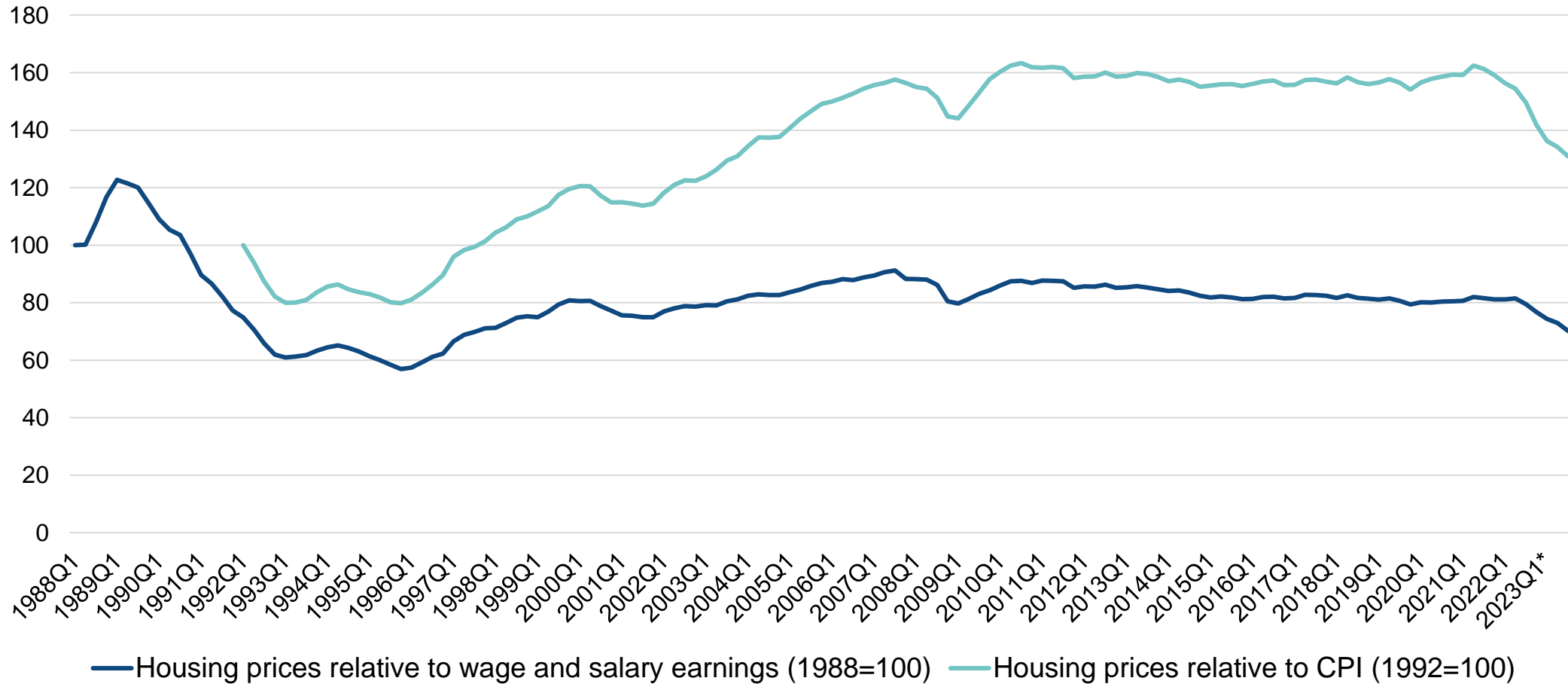
# Exports of goods





# Relative housing prices in Finland

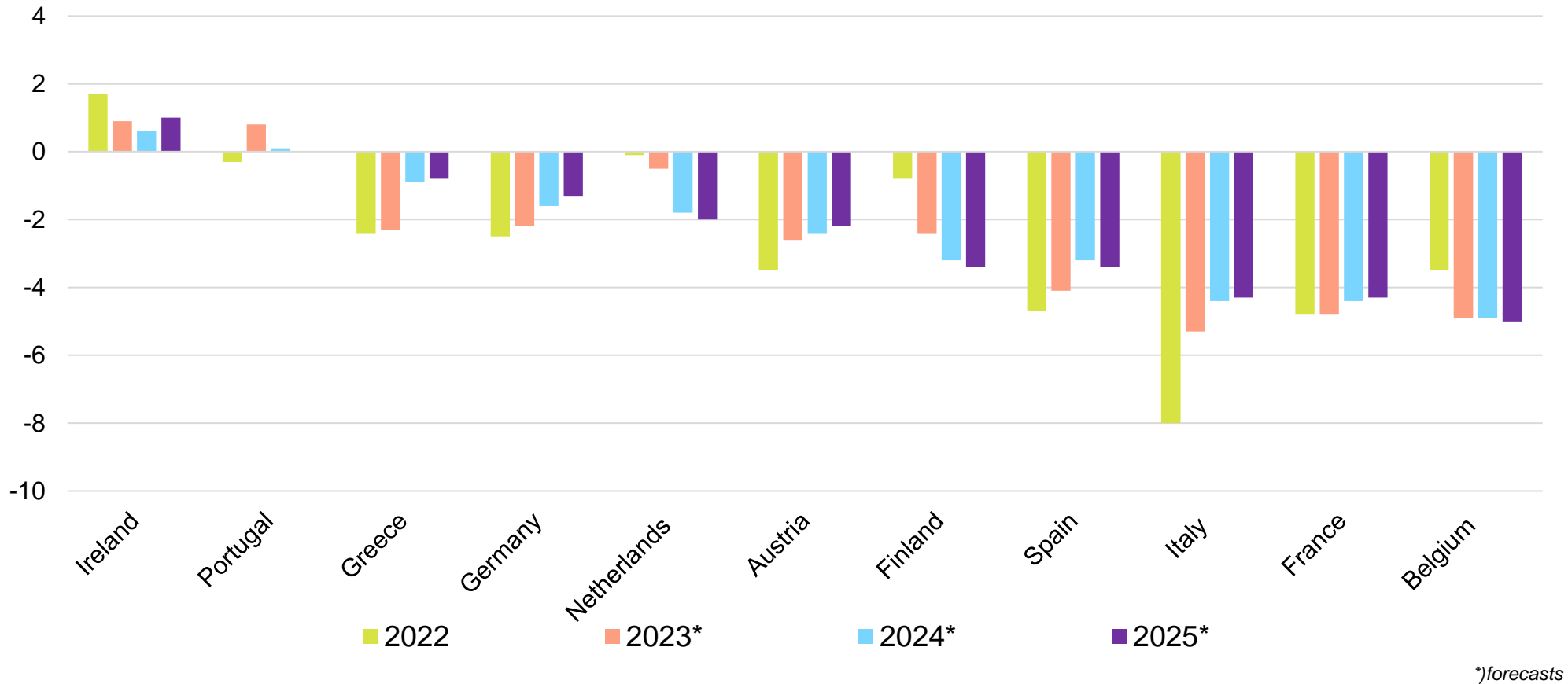
## Relative housing prices in Finland



# EMU general government financial balance

## EMU general government financial balance

in ratio to GDP, %

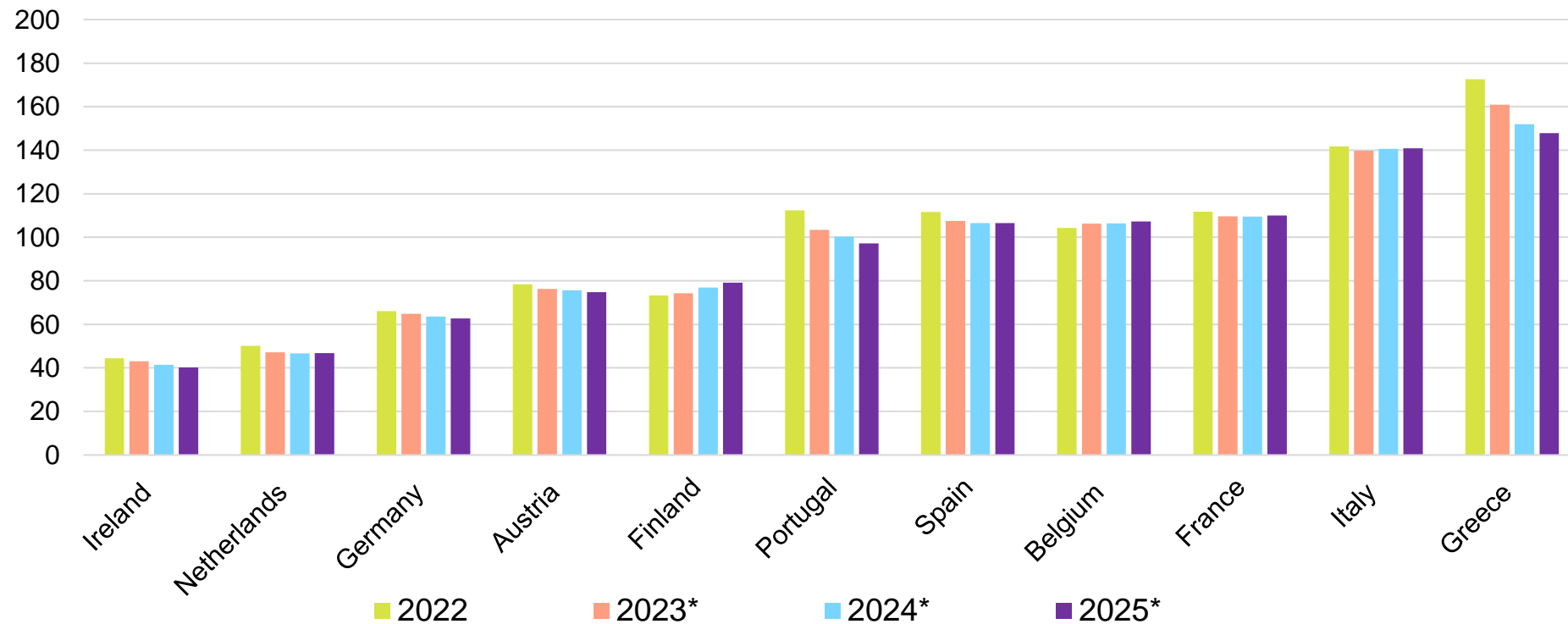


Source: European Commission, Autumn 2023  
\*)forecasts

# The public debt-to-GDP ratio in Finland is below the EU average

## EMU General Government Gross Debt

% of GDP



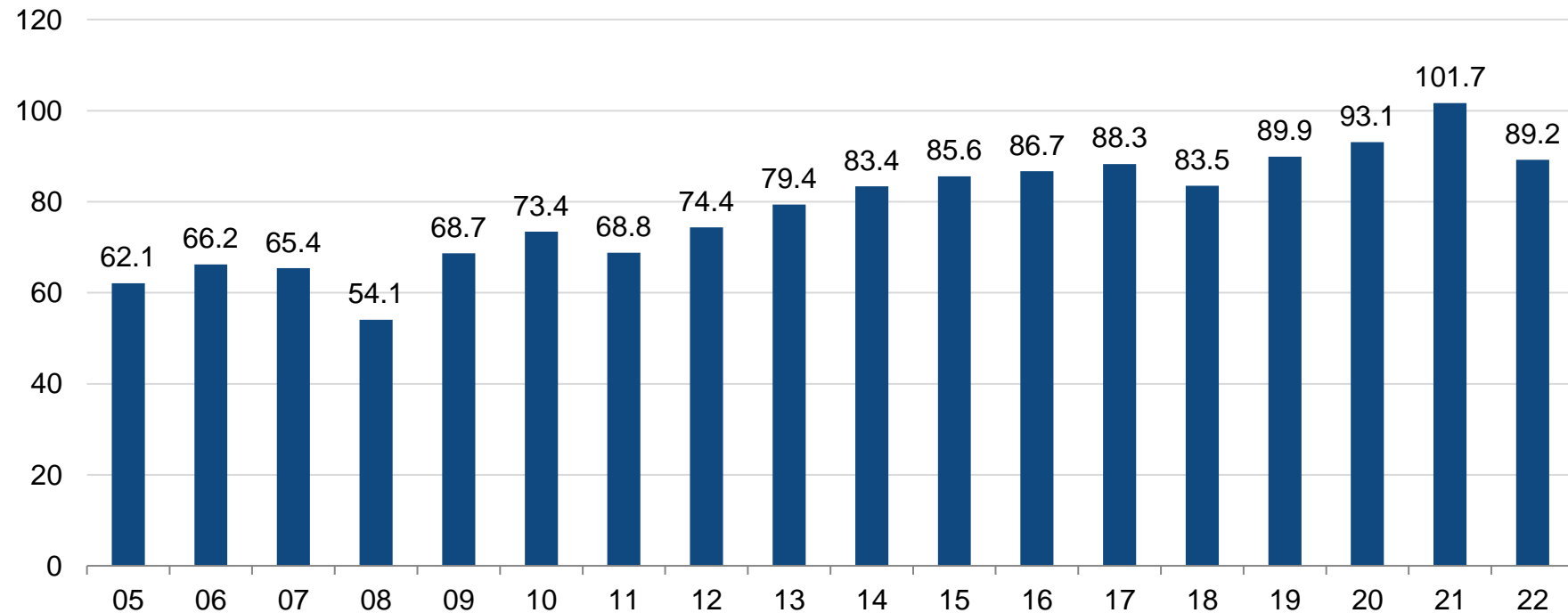
\*)forecasts



# Earnings-related pension assets as % of GDP

## Earnings-related pension assets

% of GDP



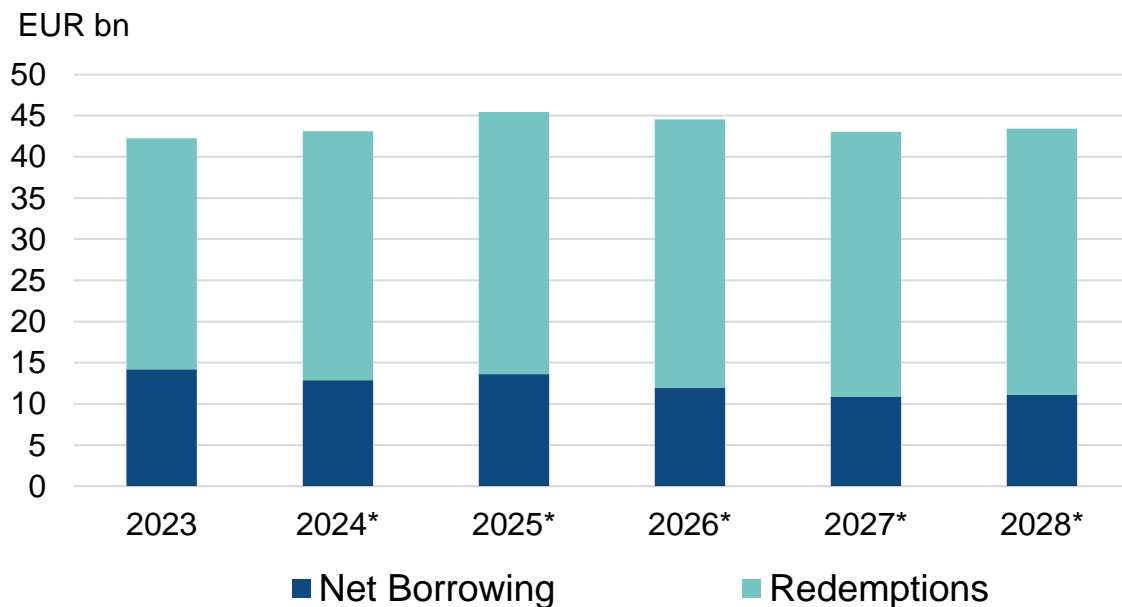
Source: Finnish Pension Alliance, Earnings related pension assets, including public sector pension assets

# 2 Funding

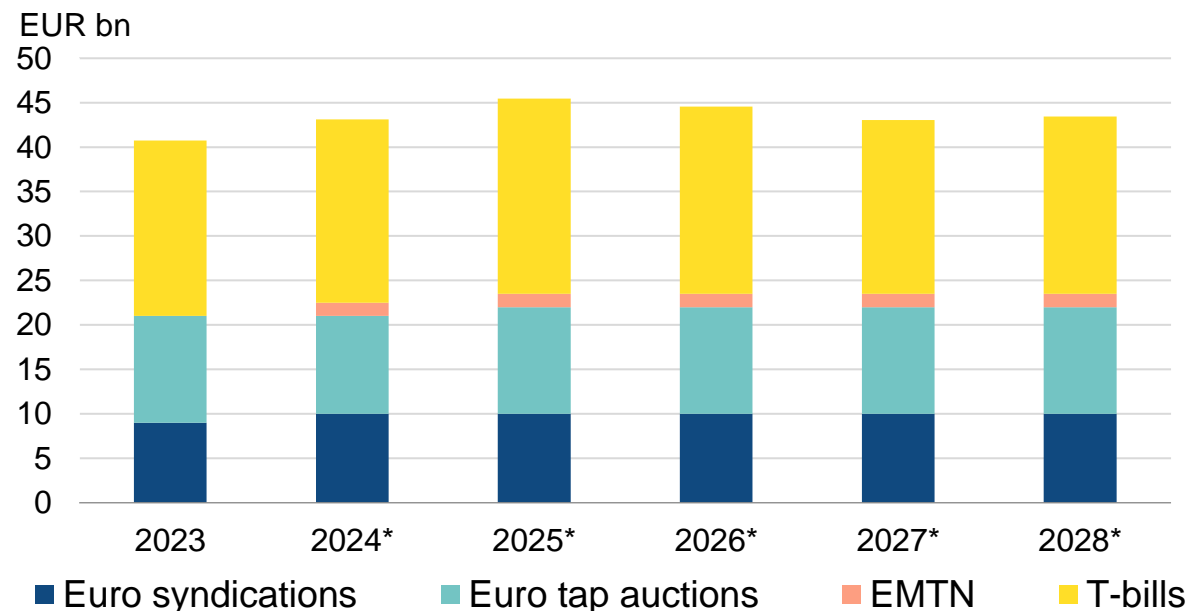


# Central government gross borrowing estimate and projected funding instrument allocation

## Central government gross borrowing



## Projected funding instrument allocation

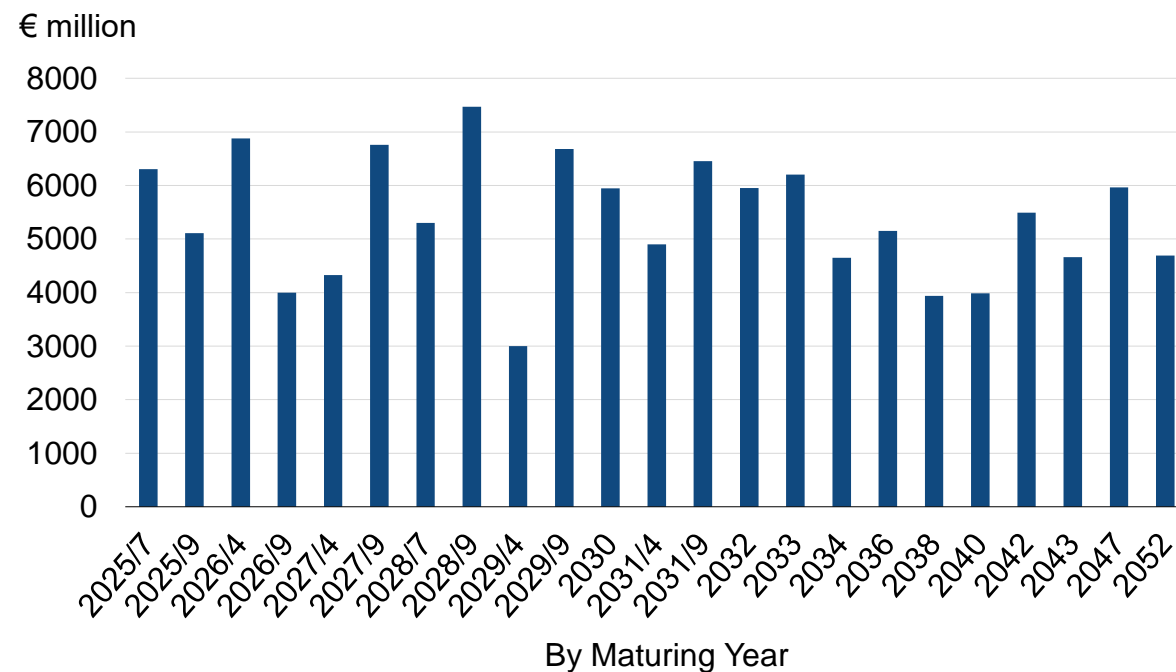


# Funding strategy

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

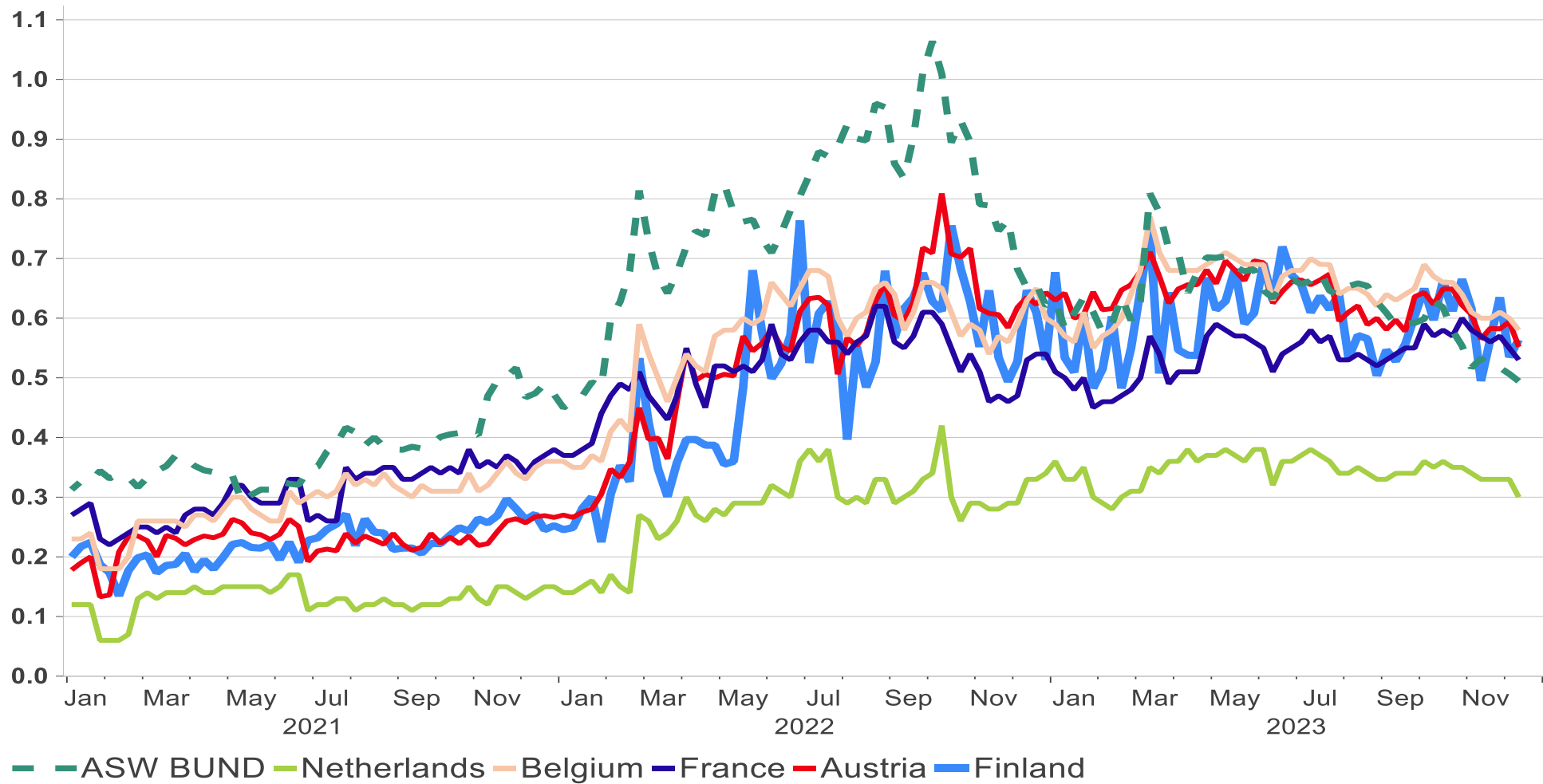
- Euro benchmark bond curve to 30 years
- Three syndicated euro benchmark bonds per year complemented by tap auctions
- Liquidity in focus – Primary Dealers and both customer and inter-dealer platforms
- EMTN issuance complements euro benchmark bonds

Benchmark bonds outstanding



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

Percentage points



MACROBOND



# Primary Dealers 2024

BofA Securities

HSBC

Barclays

J.P. Morgan

BNP Paribas

Nomura

Citi

Nordea

Crédit Agricole

Société Générale

Danske Bank

Deutsche Bank

Goldman Sachs



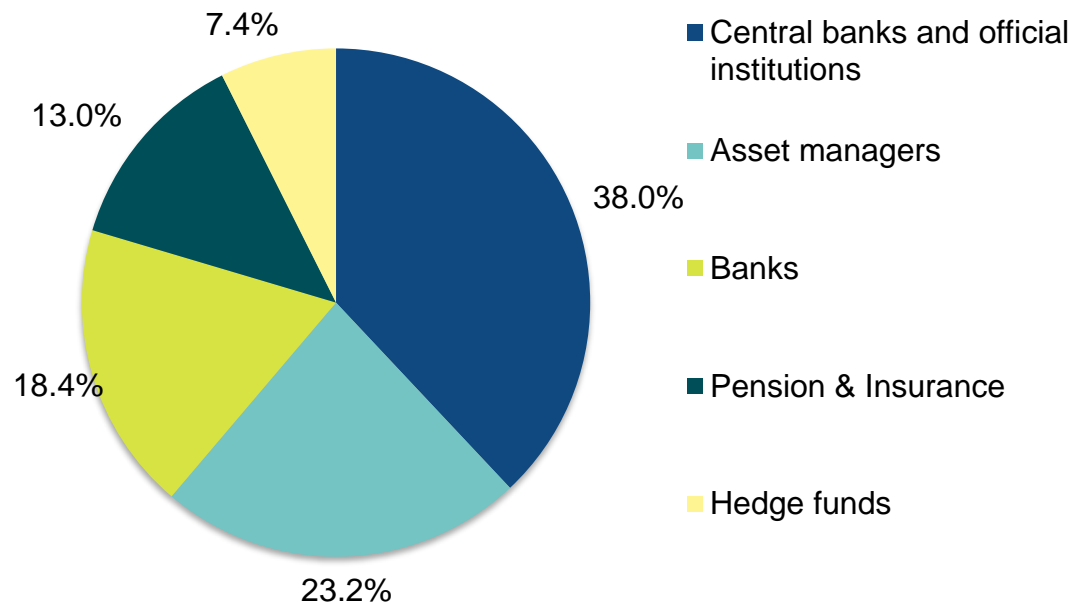
# Sustainability in Finland: current themes

- 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

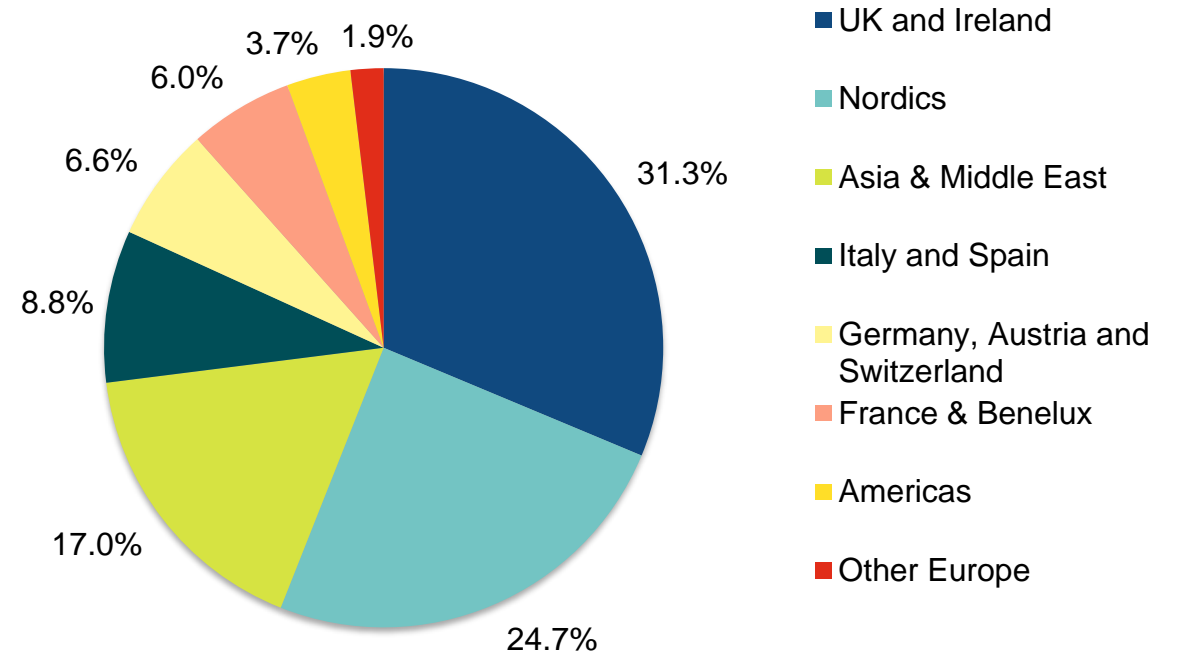
# Investor base for RFGB 2.875% EUR 3bn due April 2029

- Launched in August 2023
- Allocated to circa 80 investors

**Distribution of the bond by investor type**



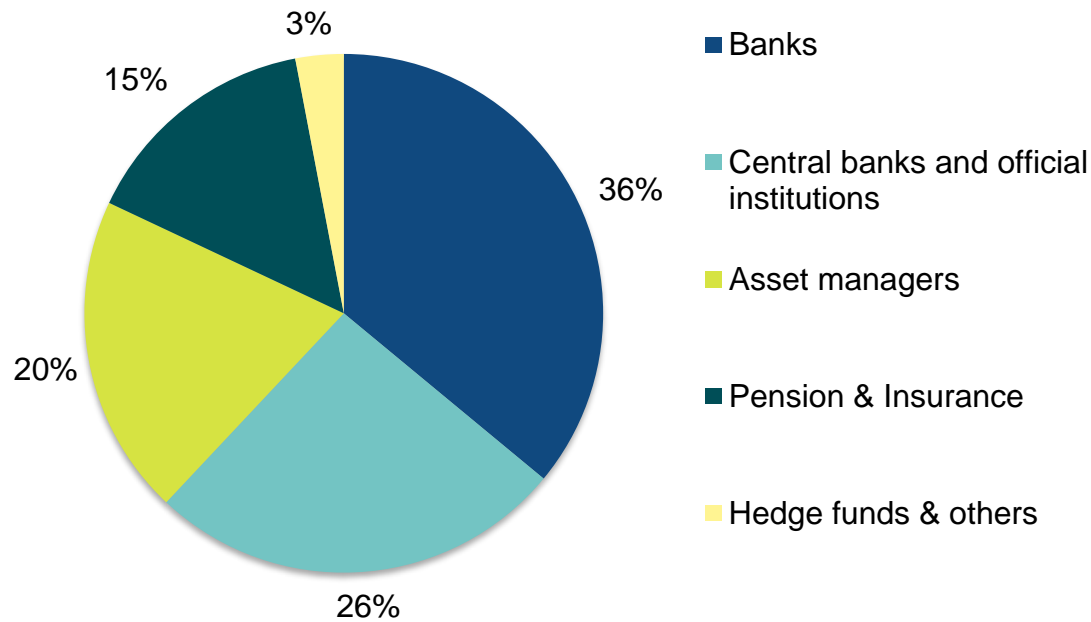
**Distribution of the bond by region**



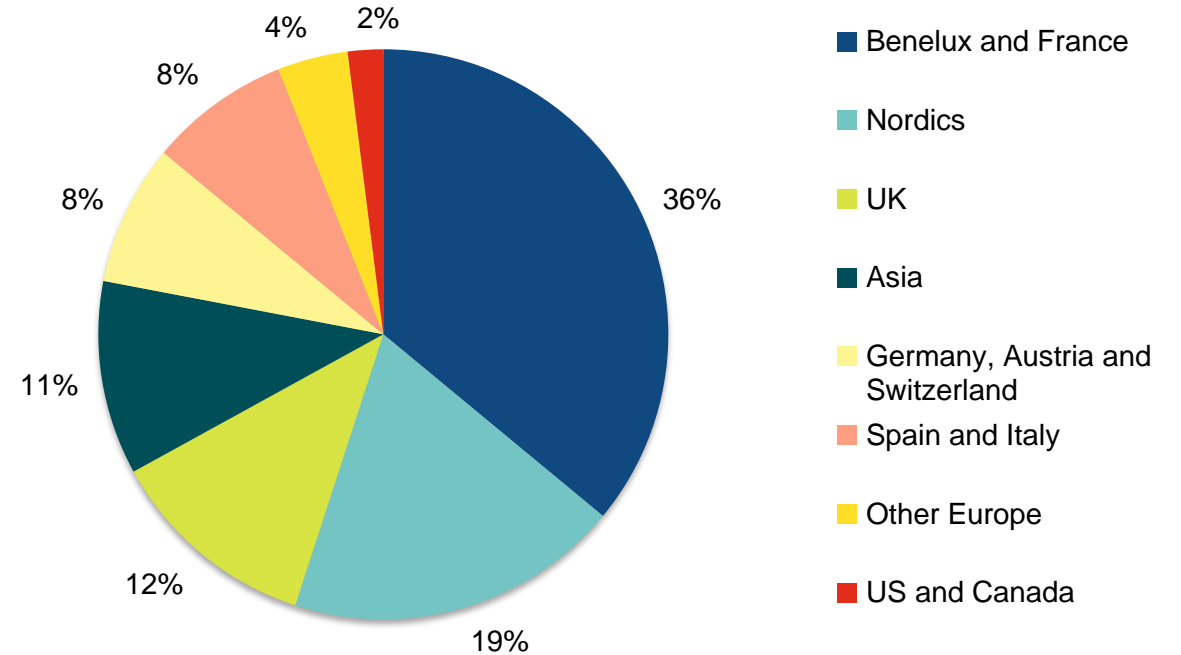
# Investor base for RFGB 3% EUR 3bn due September 2033

- Launched in April 2023
- Allocated to circa 90 investors

**Distribution by investor type**



**Distribution of the bond by region**

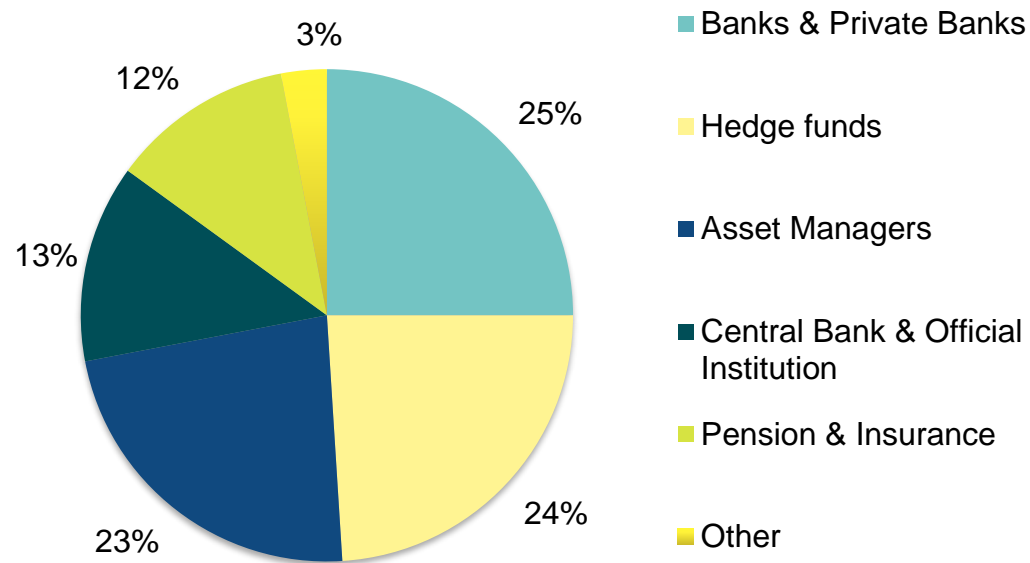




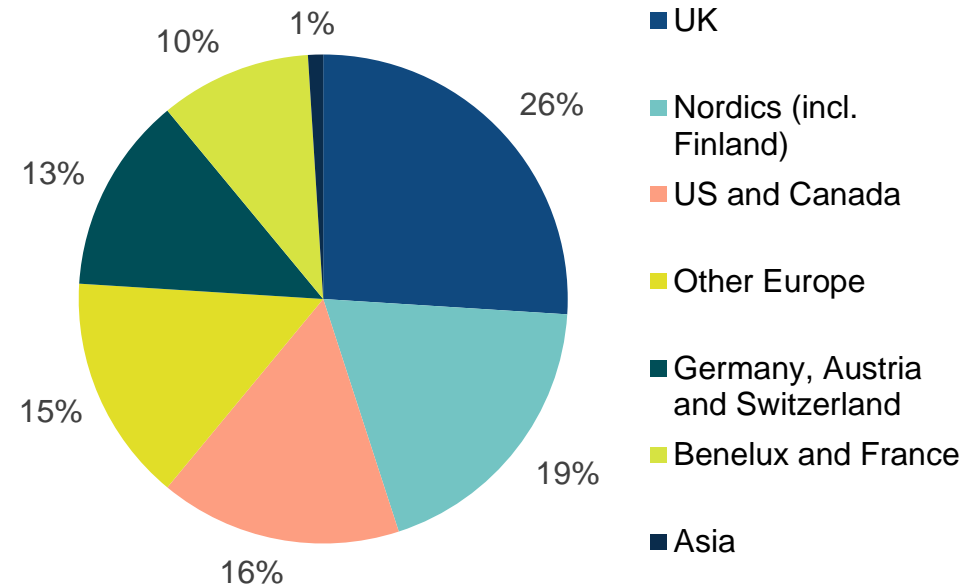
# Investor base for RFGB 2.750% EUR 3bn due 15 April 2038

- Launched in January 2023
- Allocated to over 90 investors

**Distribution by investor type**



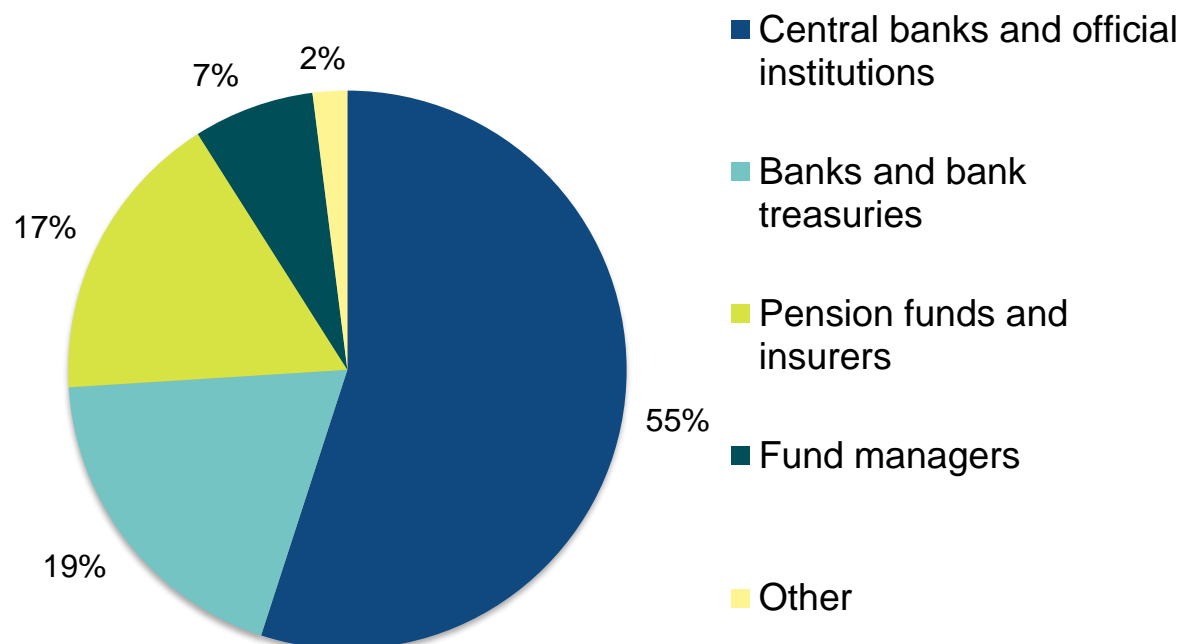
**Distribution of the bond by region**



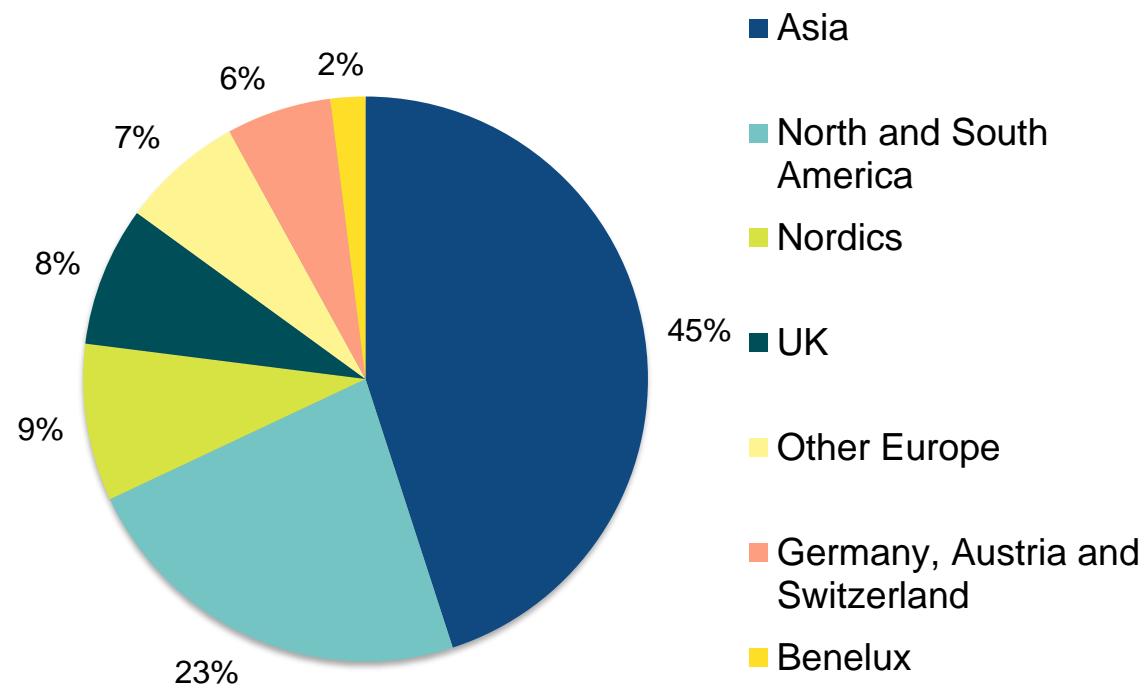
# Investor base for FINL 0.875% USD 1.5 bn due 2030

- 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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