



State Treasury  
Republic of Finland

# Finnish central government borrowing

May 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 rebound from recession this year

- Domestic demand improves as inflation slows, interest rates drop, and household incomes grow
- Recovering global trade will boost Finland's exports as price competitiveness is strong
- Government's consolidation measures are expected to reduce demand, increase prices and weaken economic growth by a total of 0.5 per cent in 2025 and 2026.
- Finland's debt ratio will continue to grow but more slowly

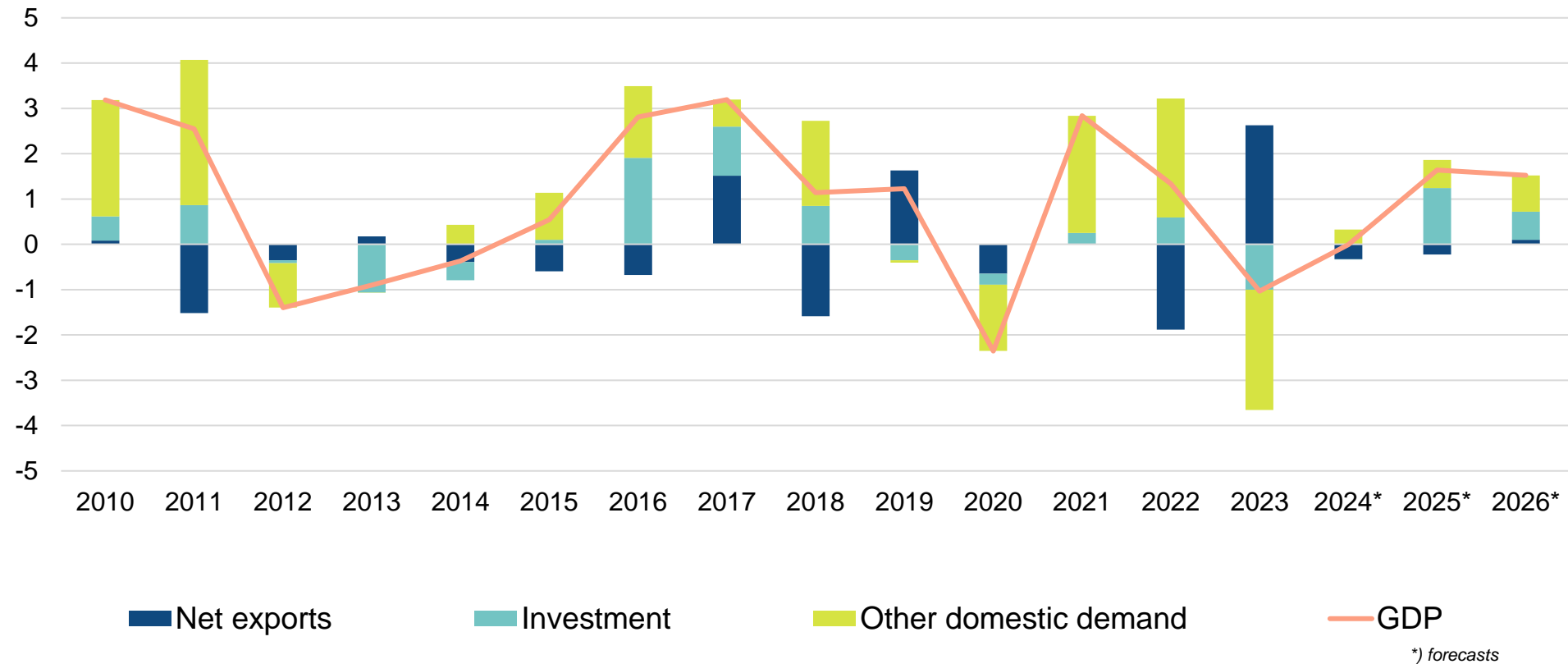
	2023*	2024*	2025*	2026*
GDP change, %	-1.0	0.0	1.6	1.5
Inflation, %	6.2	1.9	1.3	1.4
Current account, % of GDP	-1.4	-0.9	-1.0	-0.9
Private investment change, %	-4.1	-2.0	3.8	3.7
Exports change, %	-1.7	0.0	3.6	3.1
Unemployment rate, %	7.2	7.4	7.2	6.7
Public deficit, % of GDP	-2.5	-3.5	-2.8	-2.2
Public debt, % of GDP*	75.8	80.9	82.8	83.4

\*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.

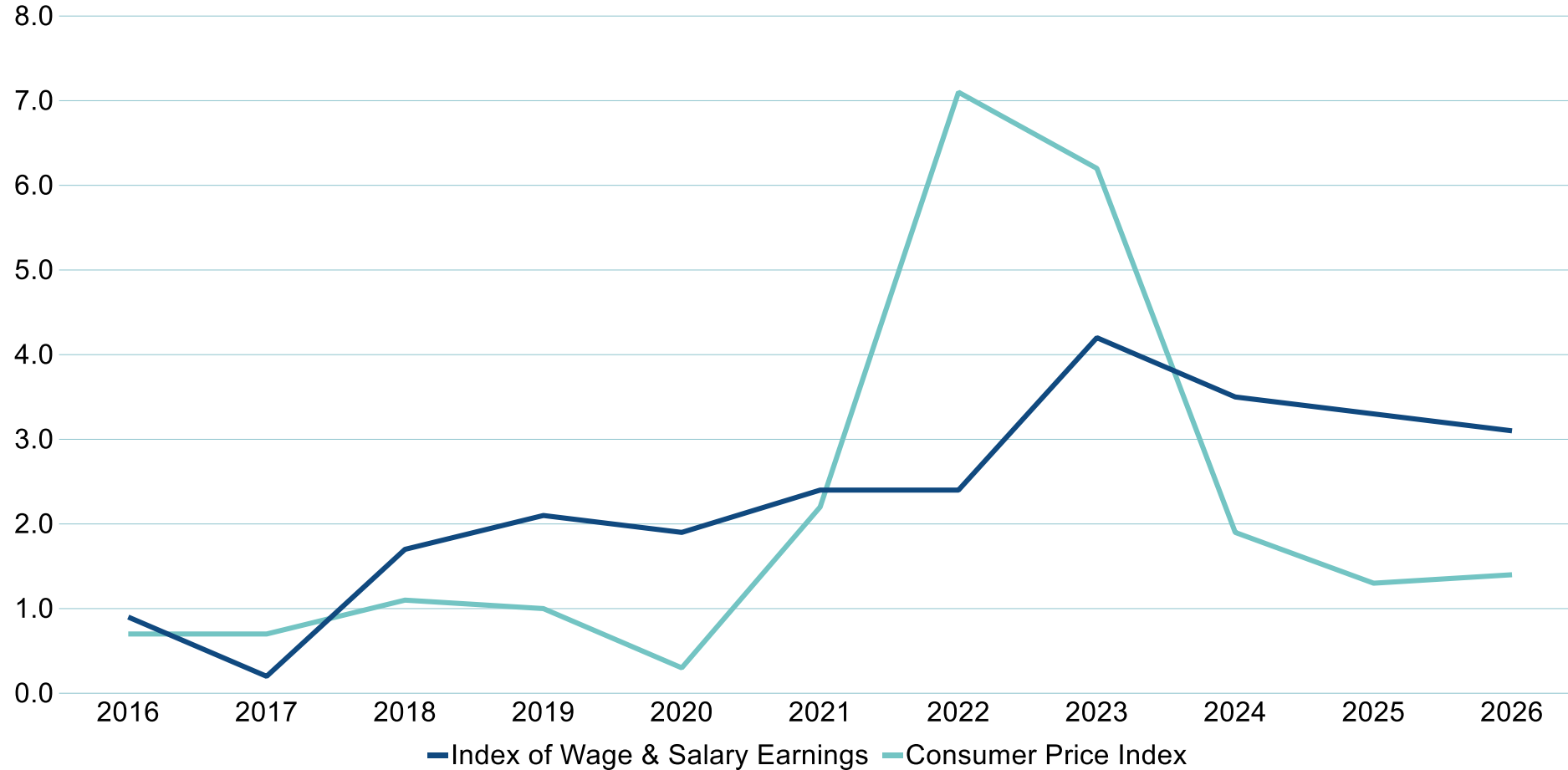
# Domestic demand and investments contribute to GDP growth

## Contribution to GDP growth in Finland

percentage points

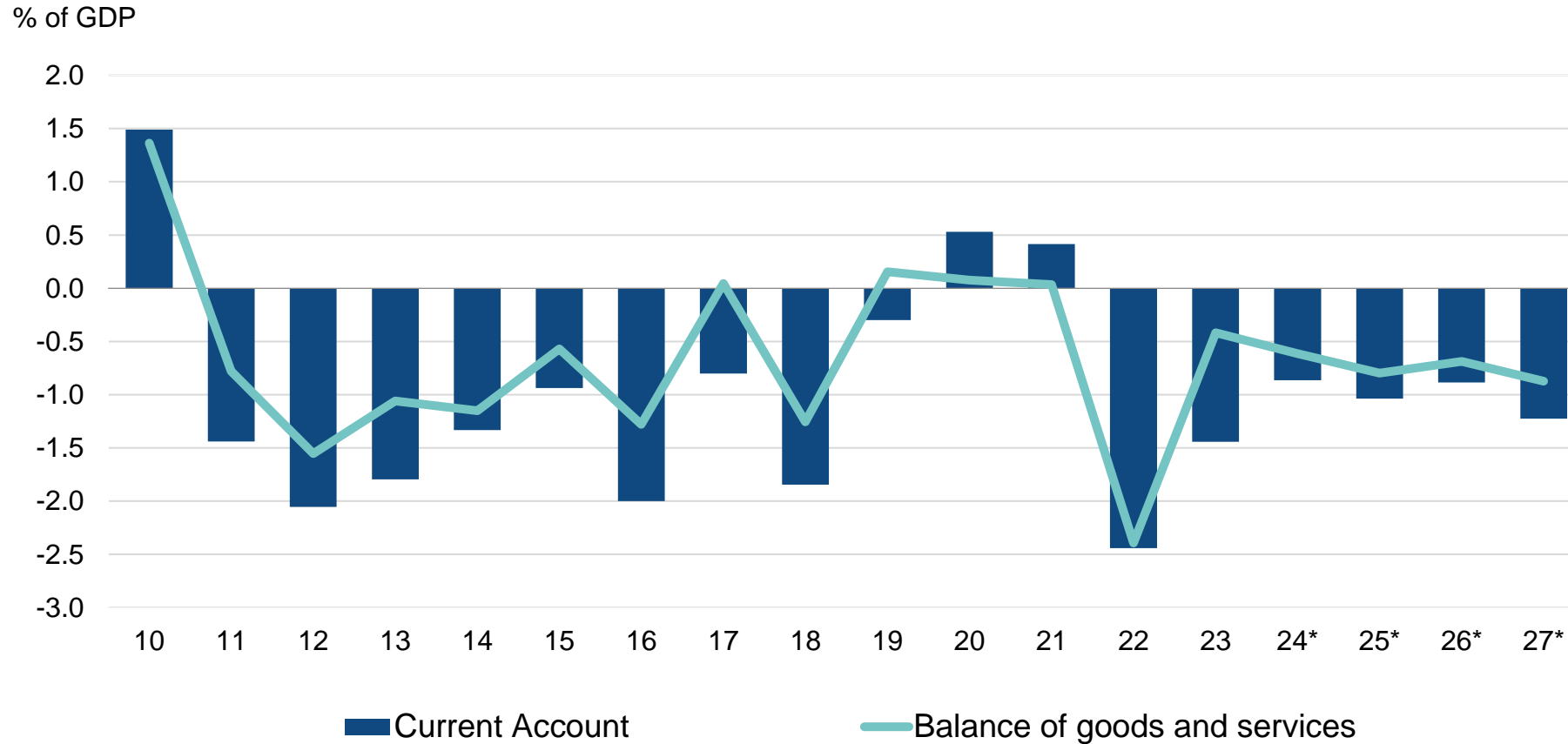


# Inflation has slowed considerably, and slowing is broad-based



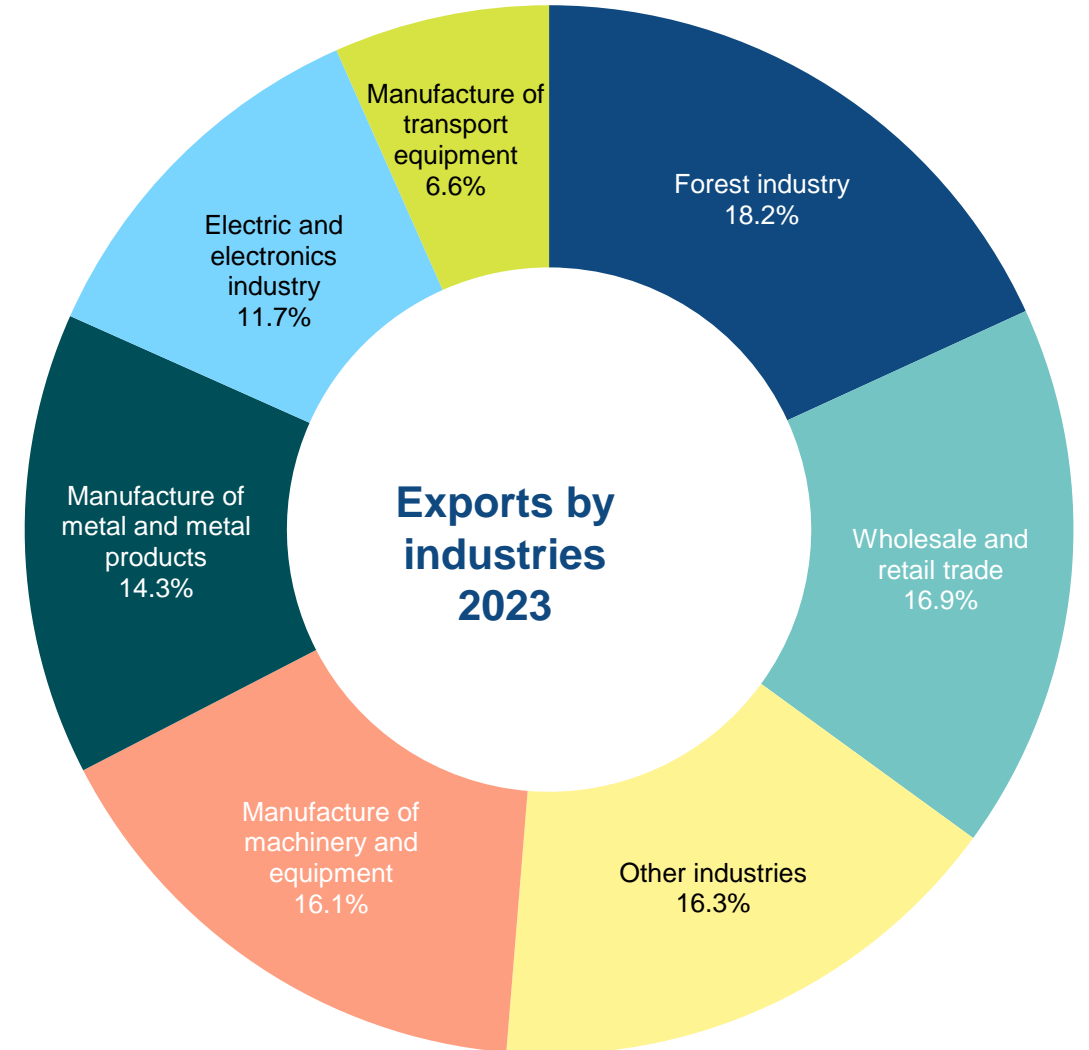
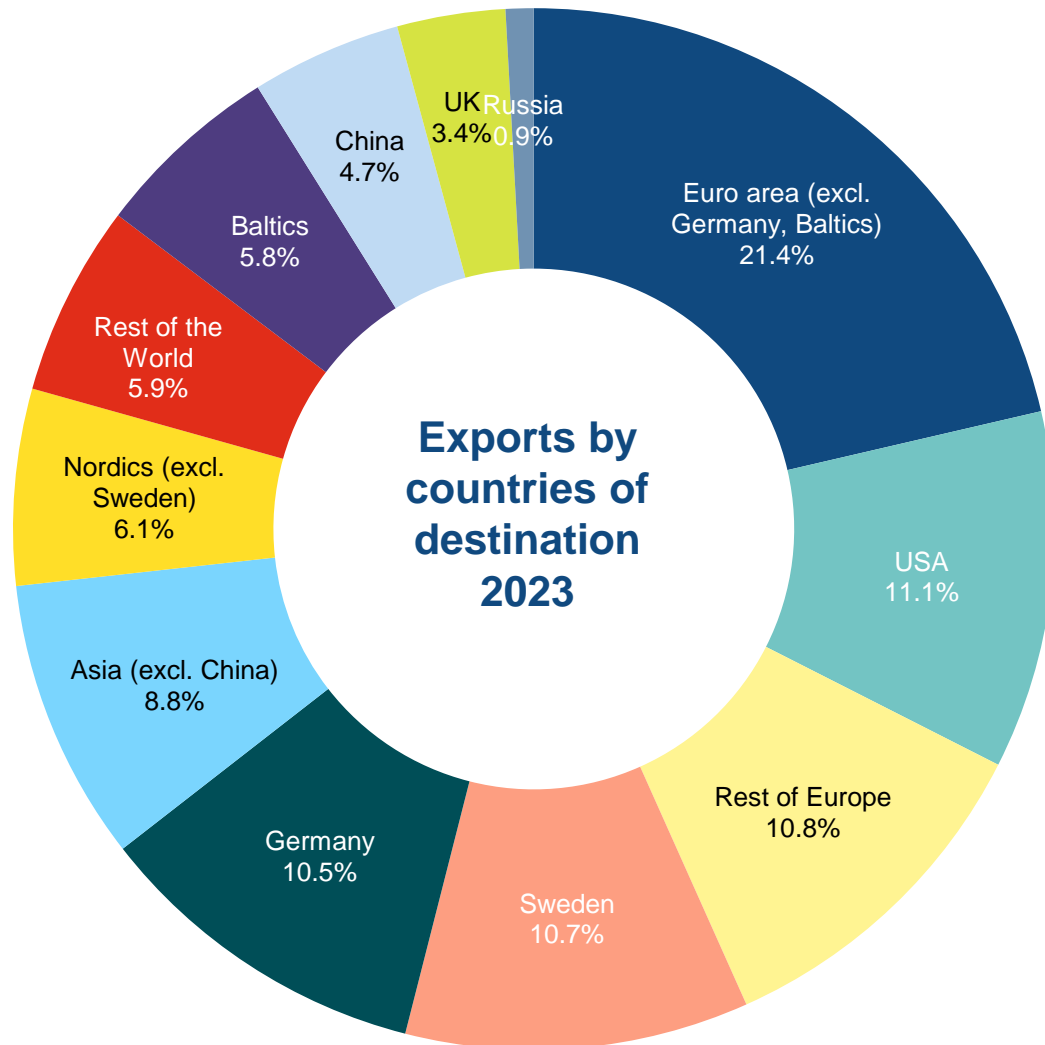
# Current account deficit is stabilising

## Current account



\*)forecasts

# Exports of goods

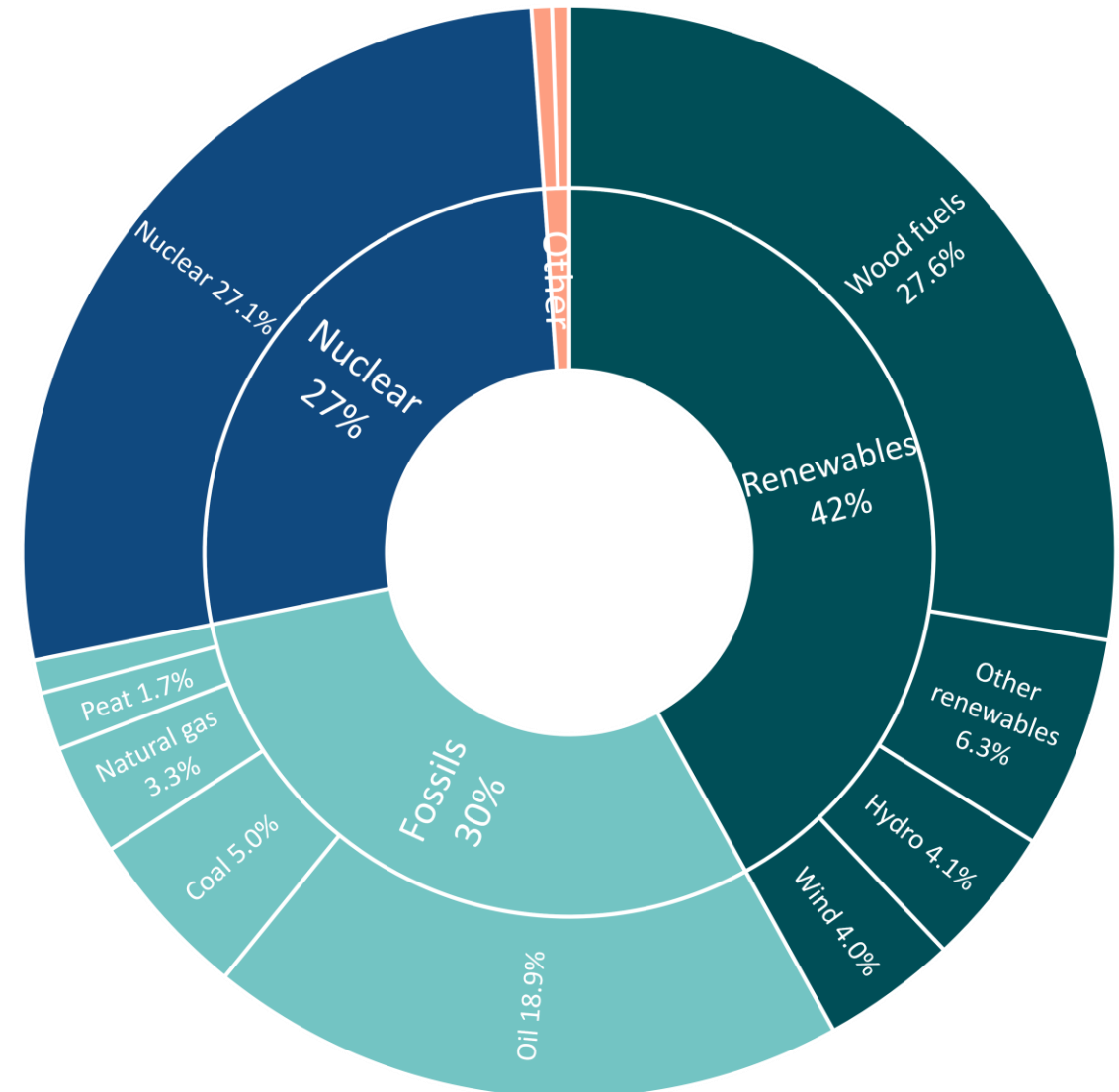




# The energy sector in Finland

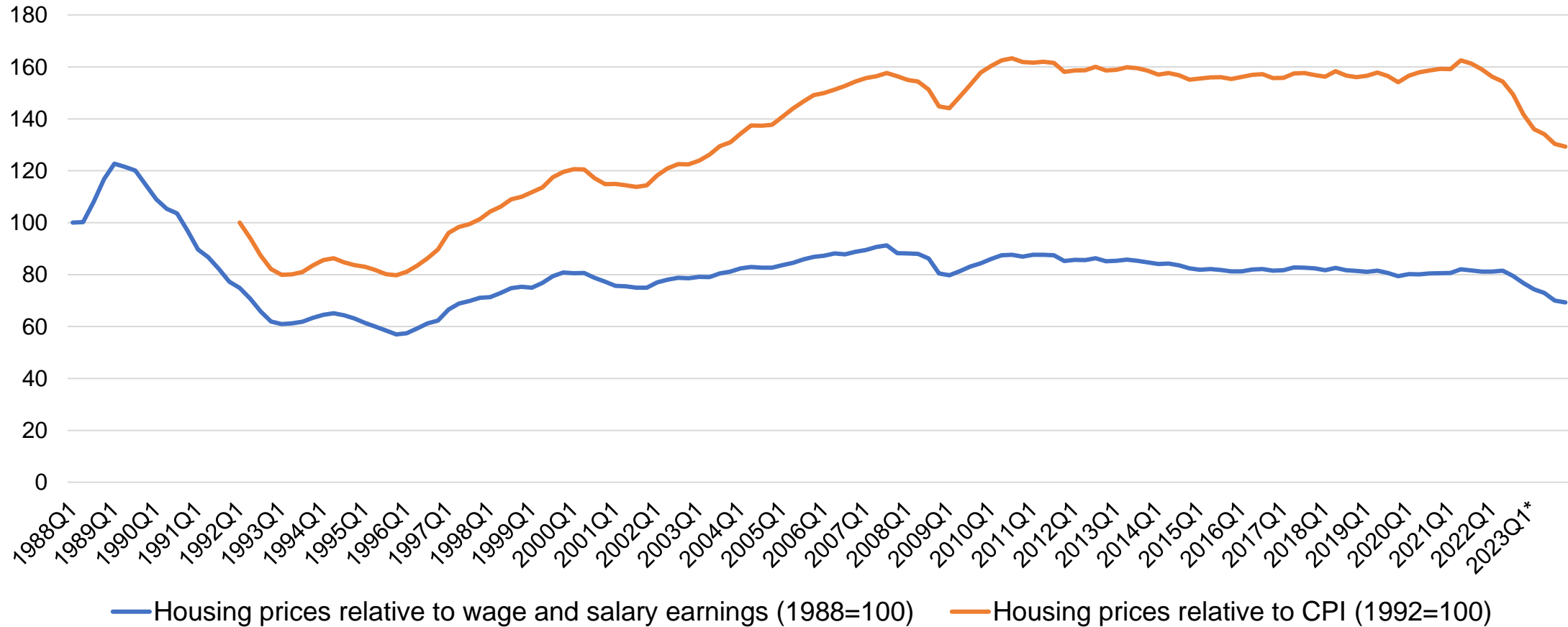
- Share of renewables is at 42% the second highest in EU.
- Domestic electricity production covered already 98% of Finland's electricity demand in 2023.
- Olkiluoto 3 nuclear power plant, operational from April 2023, has increased Finland's self-sufficiency in energy significantly.
- Consumption of fossil fuels decreased by 10% in 2023 compared to the previous year.

Total energy consumption by source 2023



# Relative housing prices in Finland

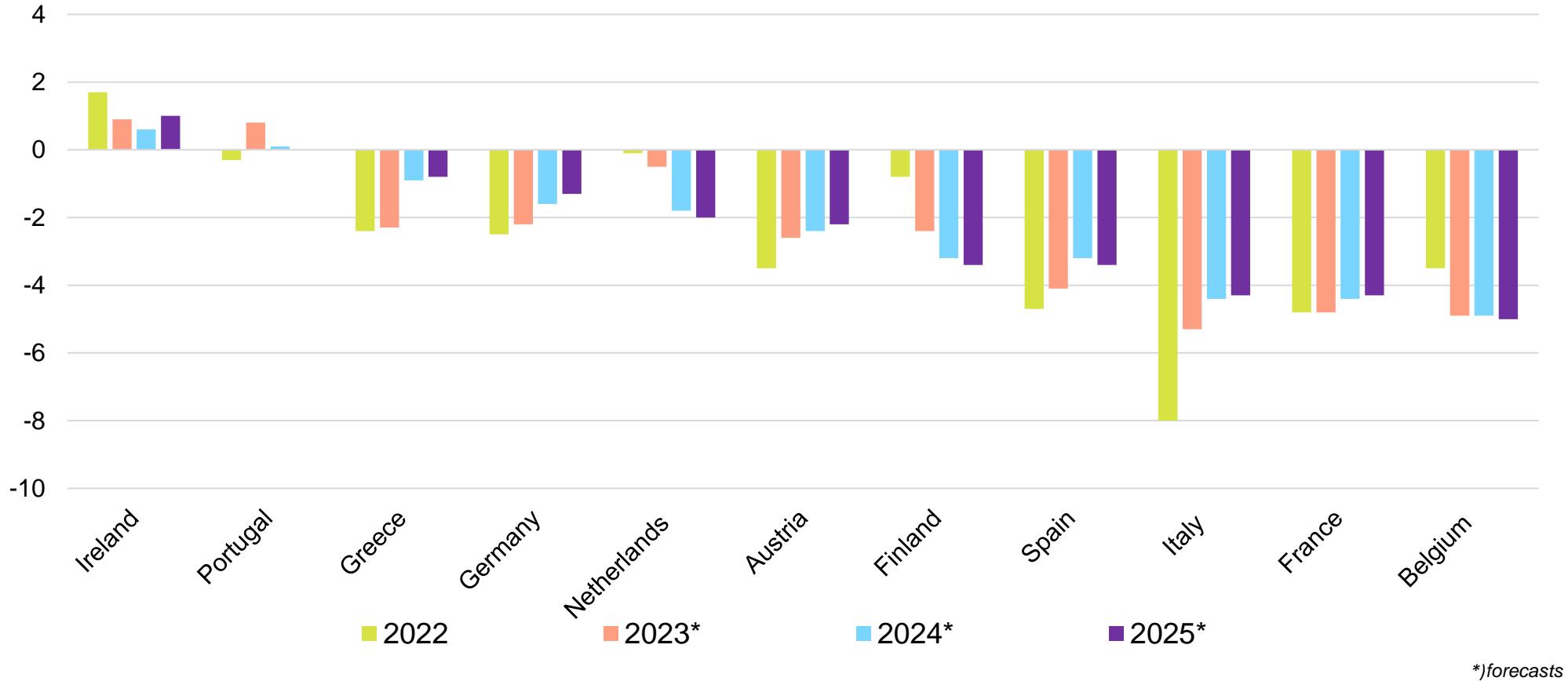
## Relative housing prices in Finland



# EMU general government financial balance

## EMU general government financial balance

in ratio to GDP, %

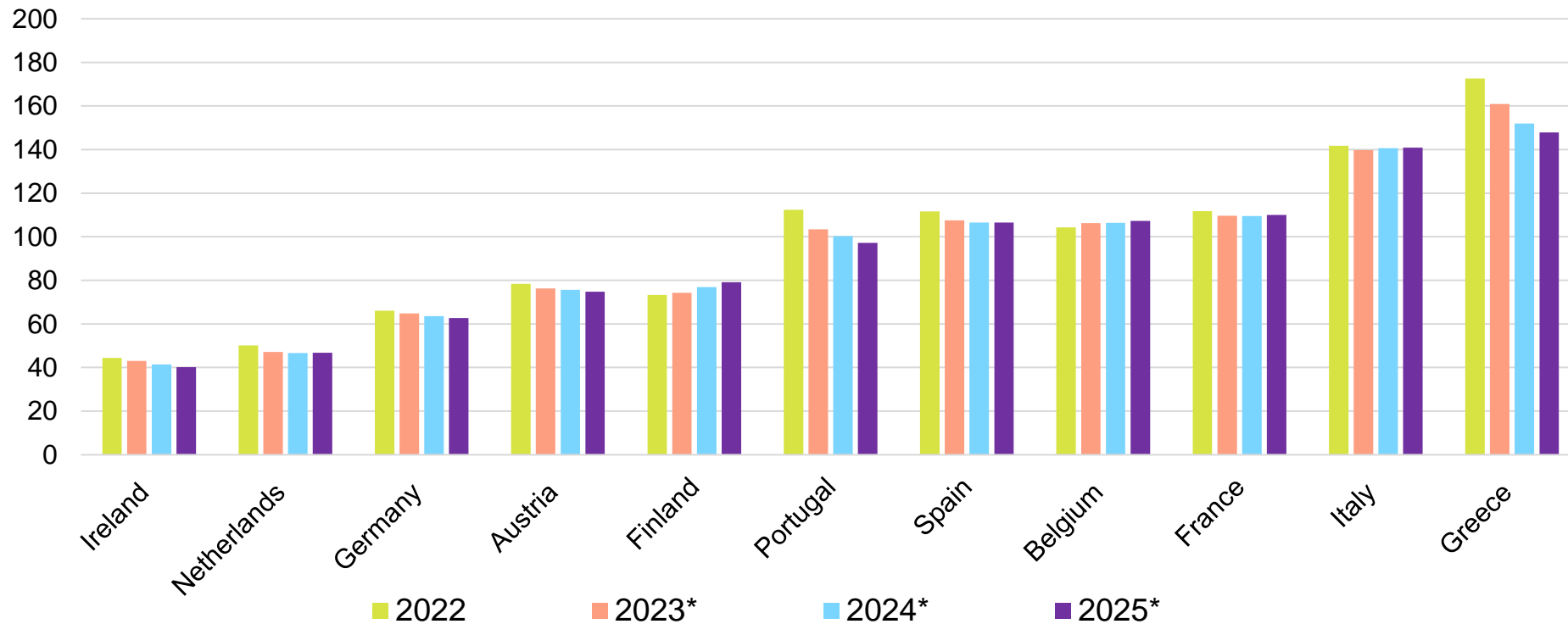


Source: European Commission, Autumn 2023  
\*)forecasts

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

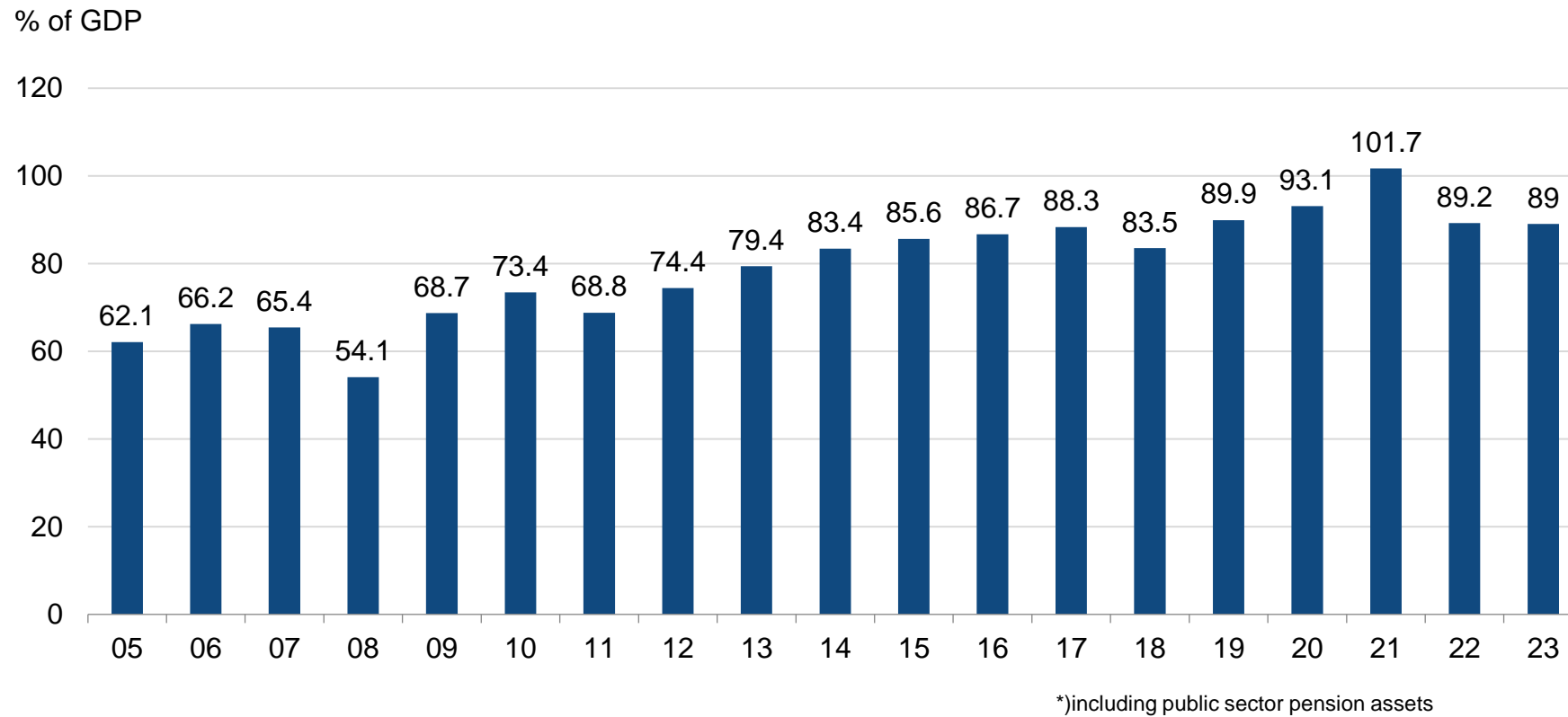
## EMU General Government Gross Debt

% of GDP



\*)forecasts

# Earnings-related pension assets as % of GDP



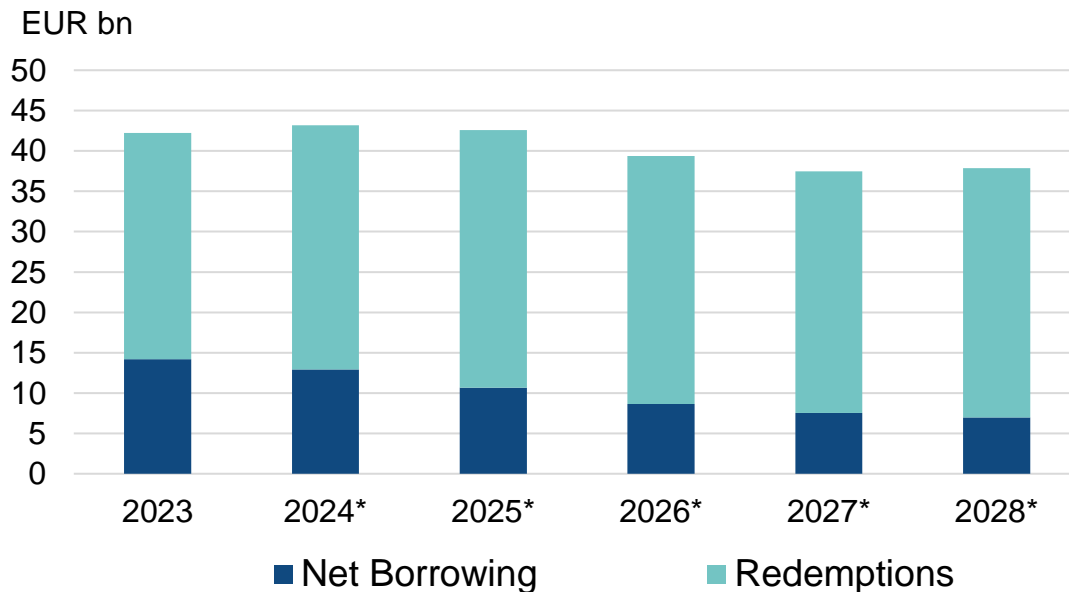
Source: Finnish Pension Alliance, Earnings related pension assets, including public sector pension assets



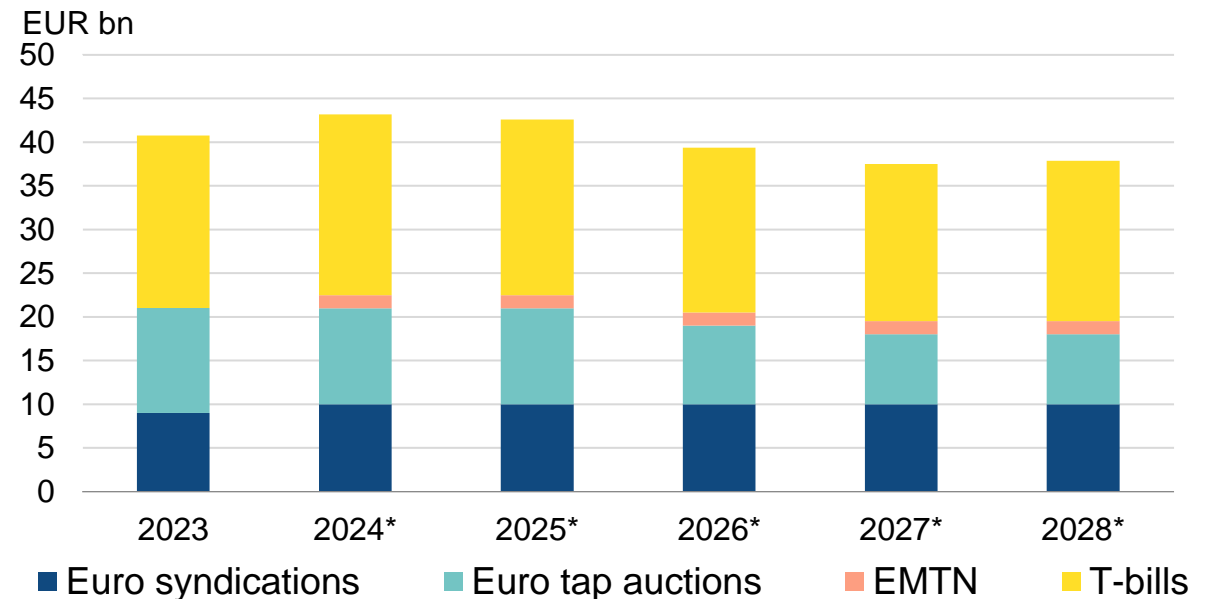
# 2 Funding

# Central government gross borrowing estimate and projected funding instrument allocation

## Central government gross borrowing



## Projected funding instrument allocation

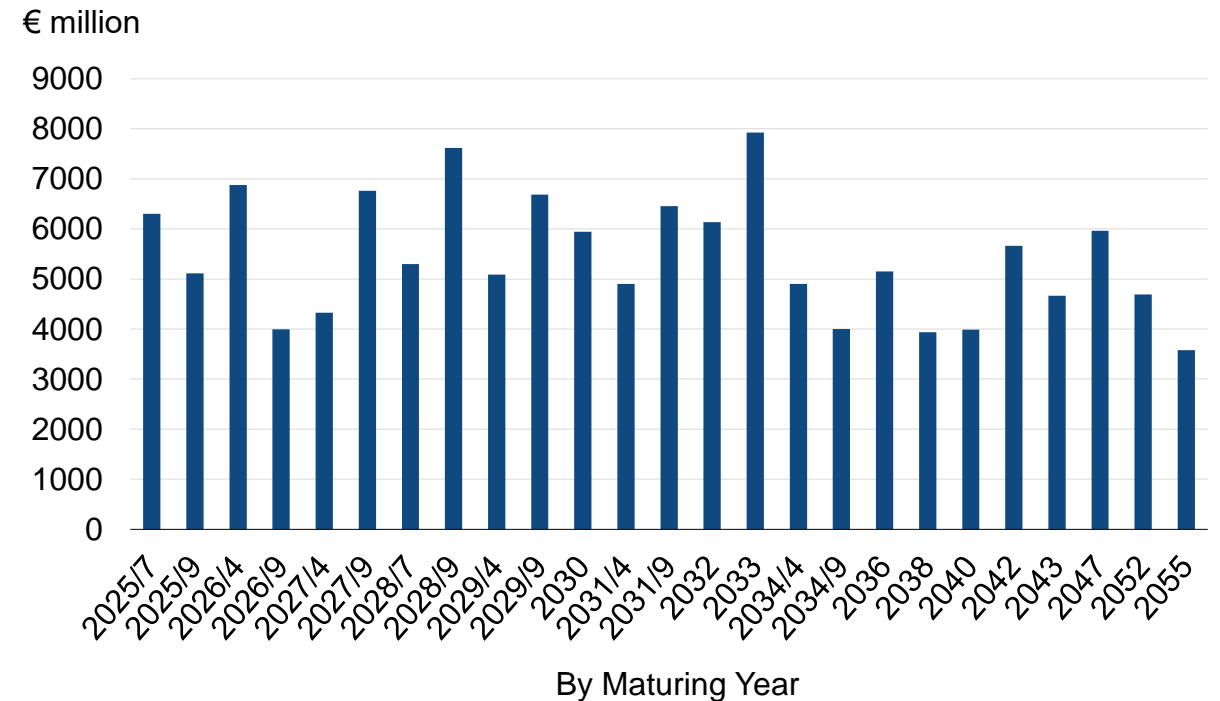


# Funding strategy

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

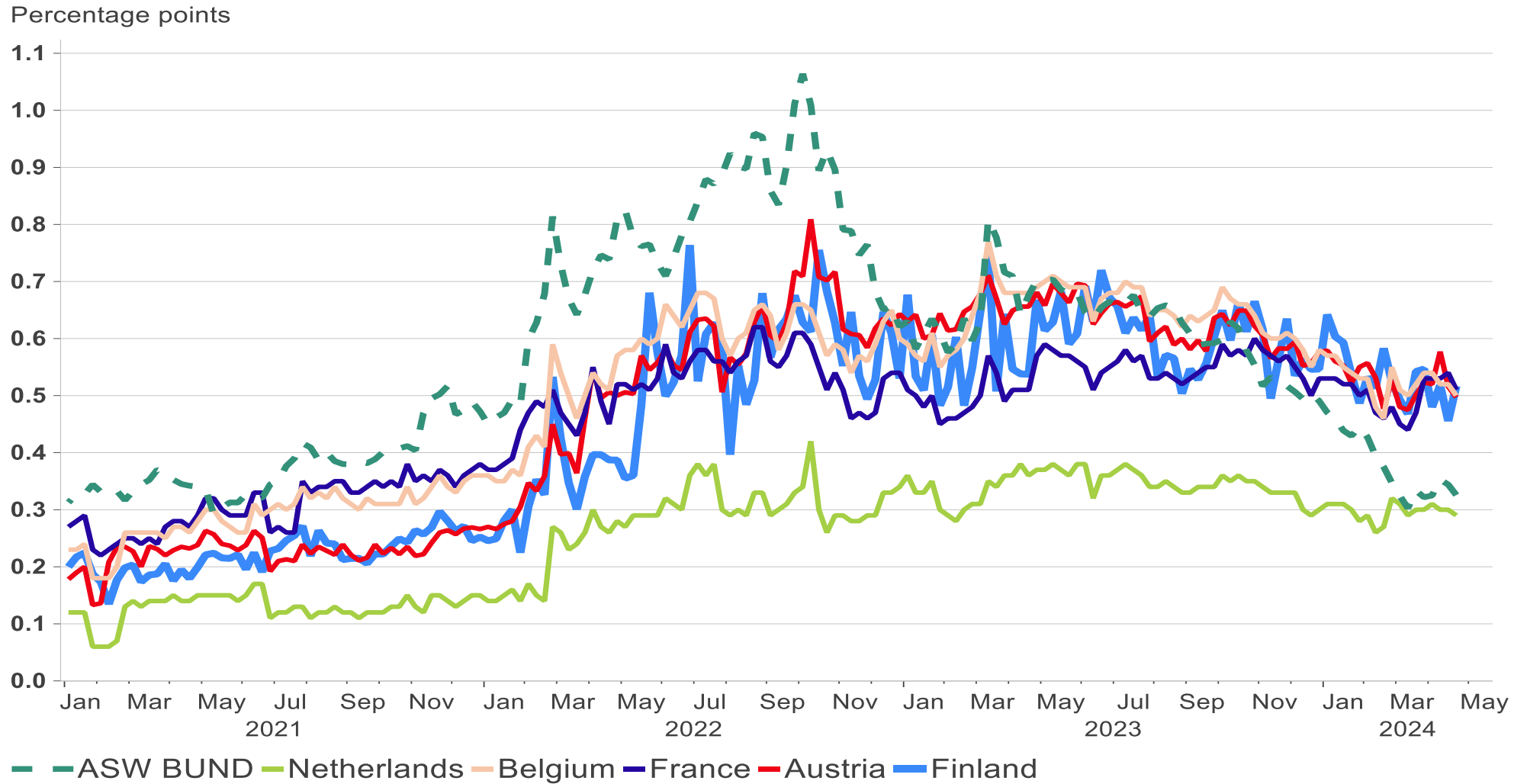
- Euro benchmark bond curve to 30 years
- Three syndicated euro benchmark bonds per year complemented by tap auctions
- Liquidity in focus – Primary Dealers and both customer and inter-dealer platforms
- EMTN issuance complements euro benchmark bonds

## Benchmark bonds outstanding





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



MACROBOND

# Primary Dealers 2024

BofA Securities

HSBC

Barclays

J.P. Morgan

BNP Paribas

Nomura

Citi

Nordea

Crédit Agricole

Société Générale

Danske Bank

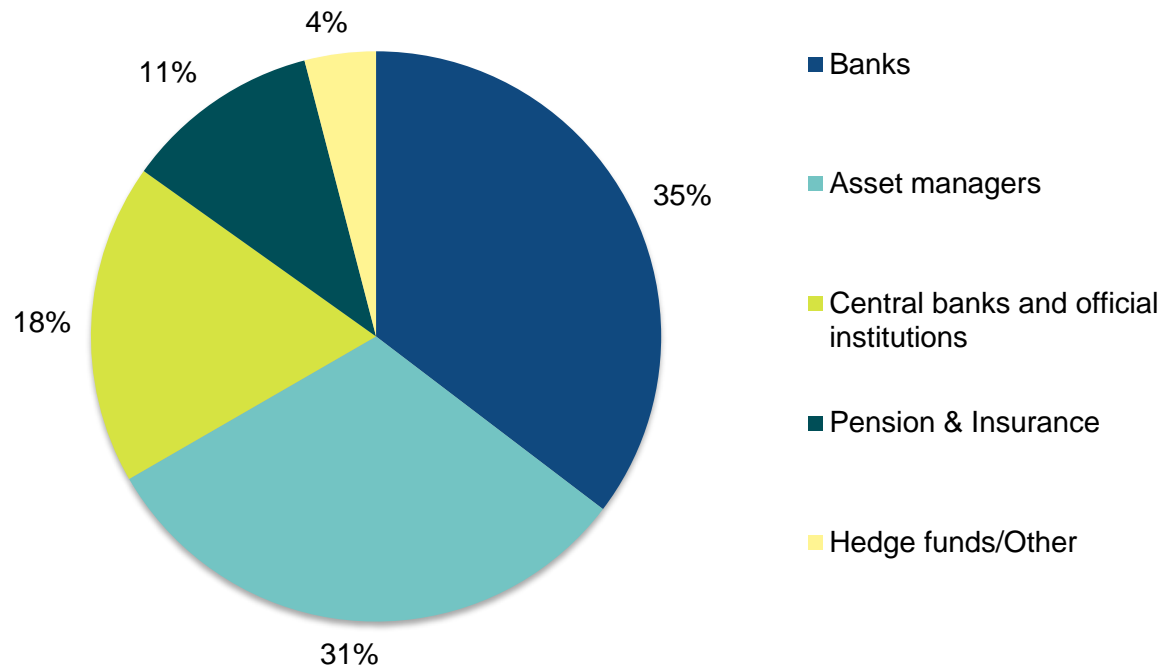
Deutsche Bank

Goldman Sachs

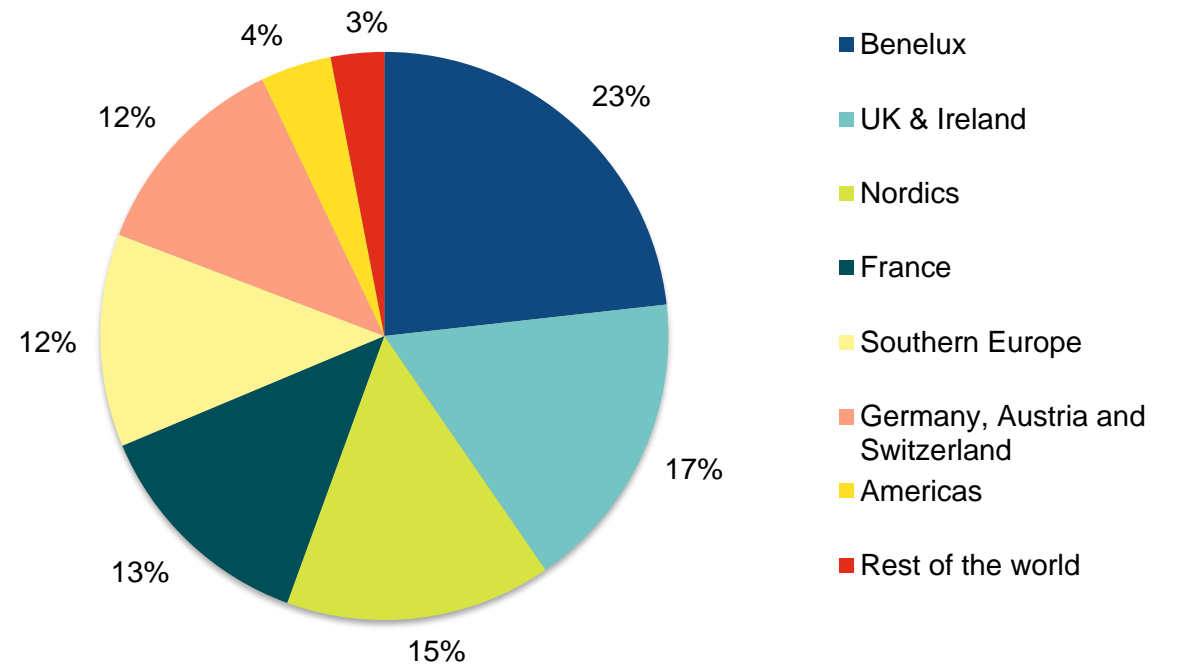
# Investor base for RFGB 3% EUR 4bn due September 2034

- Launched in April 2024
- Allocated to over 160 investors

## Distribution of the bond by investor type



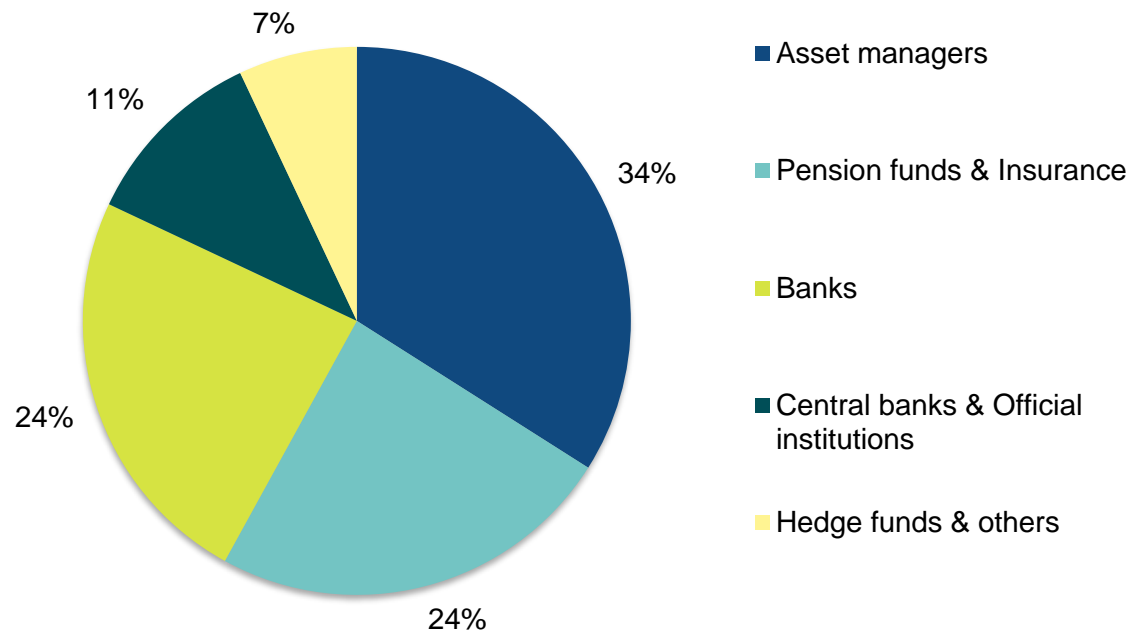
## Distribution of the bond by region



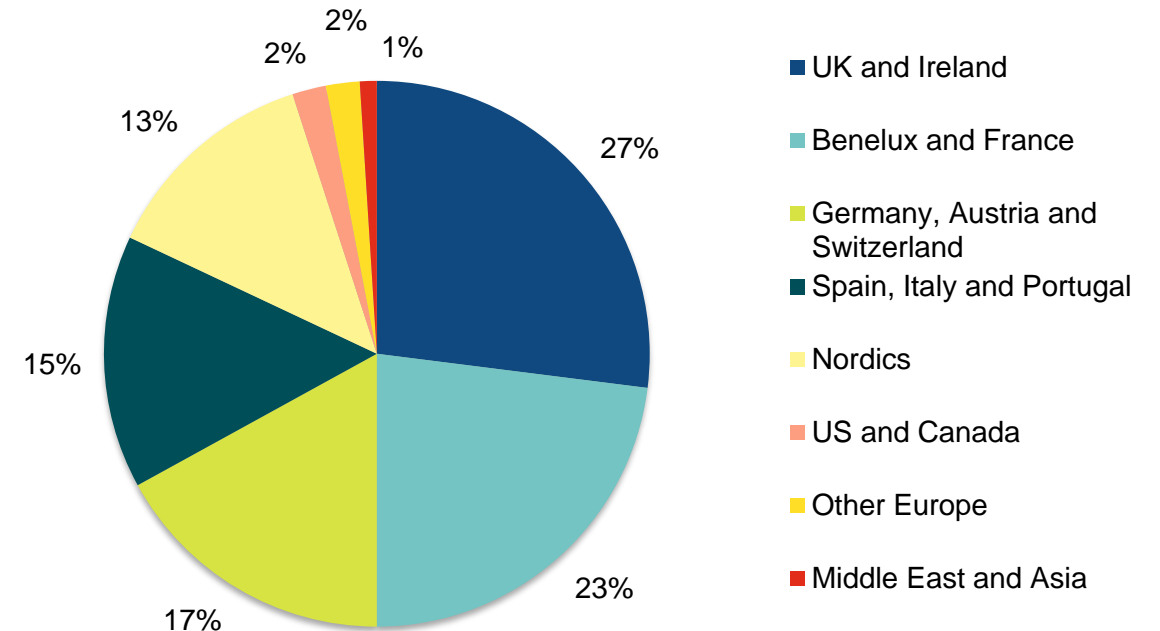
# Investor base for RFGB 2.950% EUR 3bn due 15 April 2055

- Launched in January 2024
- Allocated to over 90 investors

## Distribution of the bond by investor type



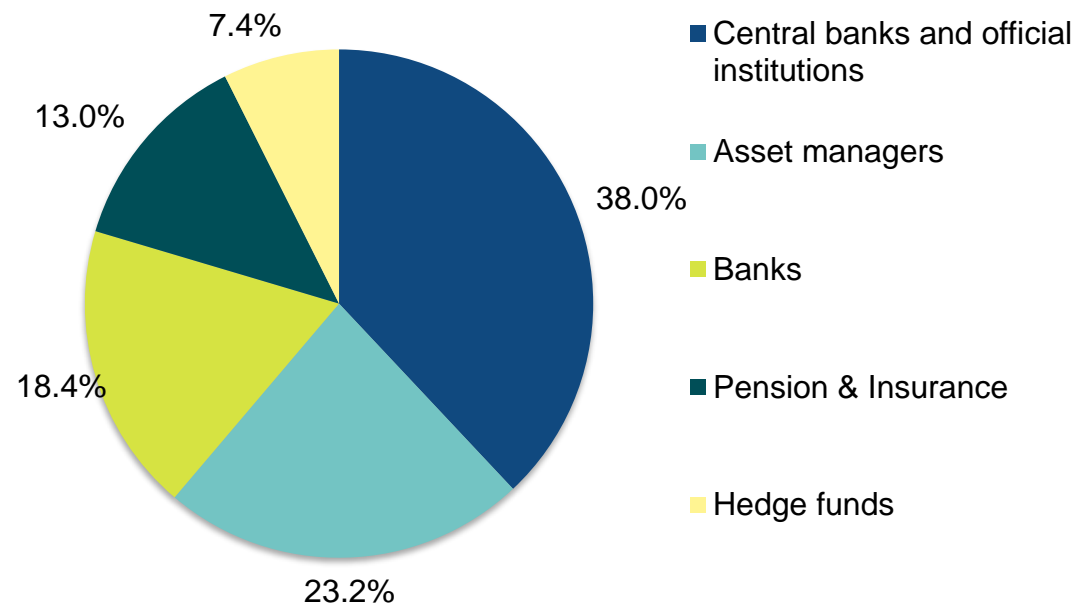
## Distribution of the bond by region



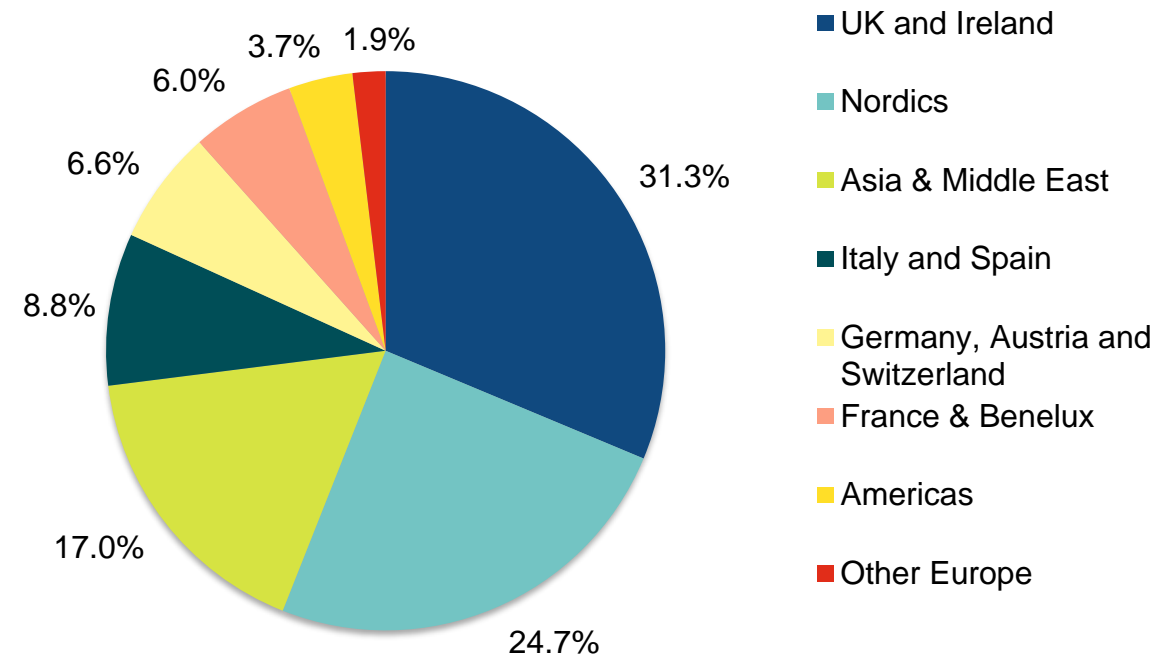
# Investor base for RFGB 2.875% EUR 3bn due April 2029

- Launched in August 2023
- Allocated to circa 80 investors

## Distribution of the bond by investor type



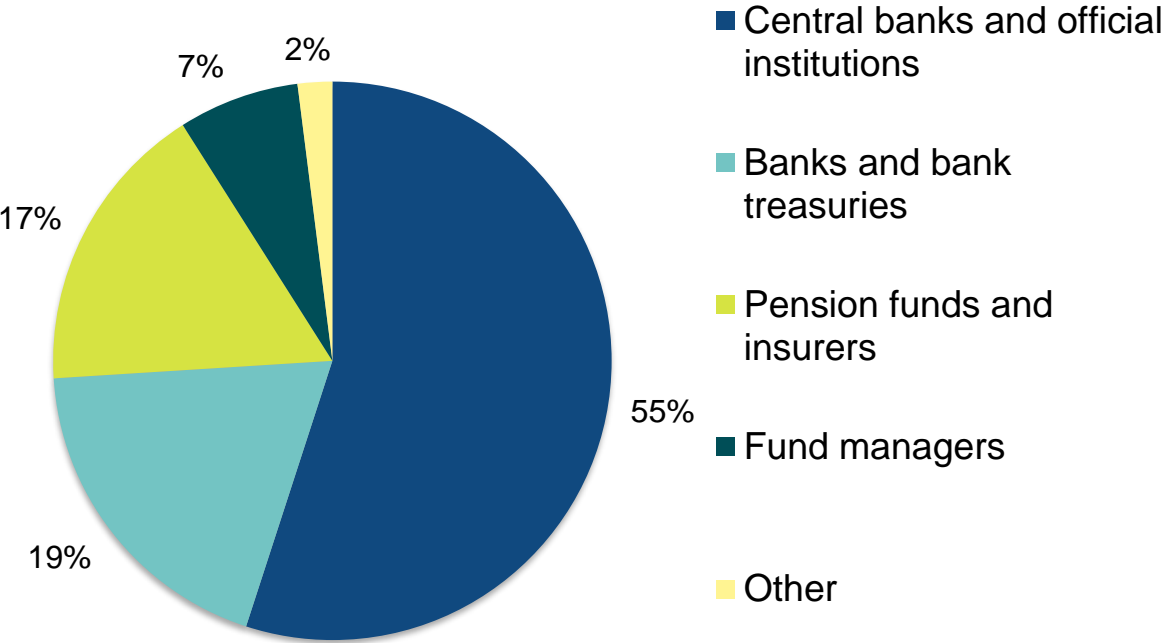
## Distribution of the bond by region



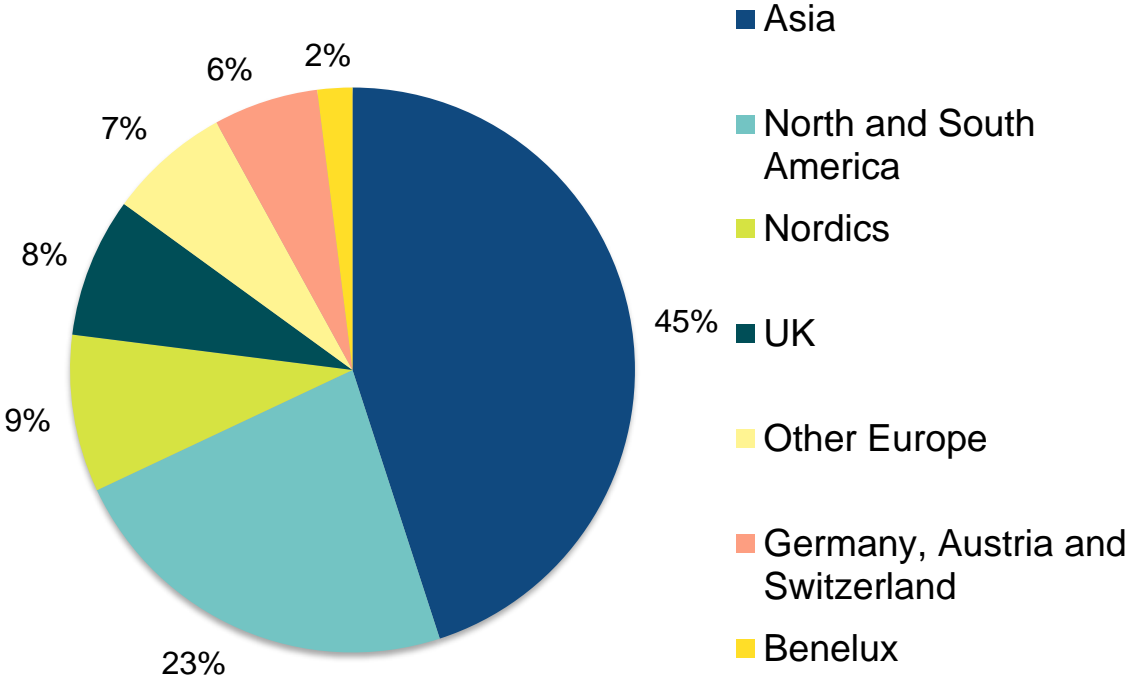
# Investor base for FINL 0.875% USD 1.5 bn due 2030

- Launched in May 2020
- Allocated to 87 investors

**Distribution of the bond by investor type**



**Distribution of the bond by region**





# 3 Sustainability





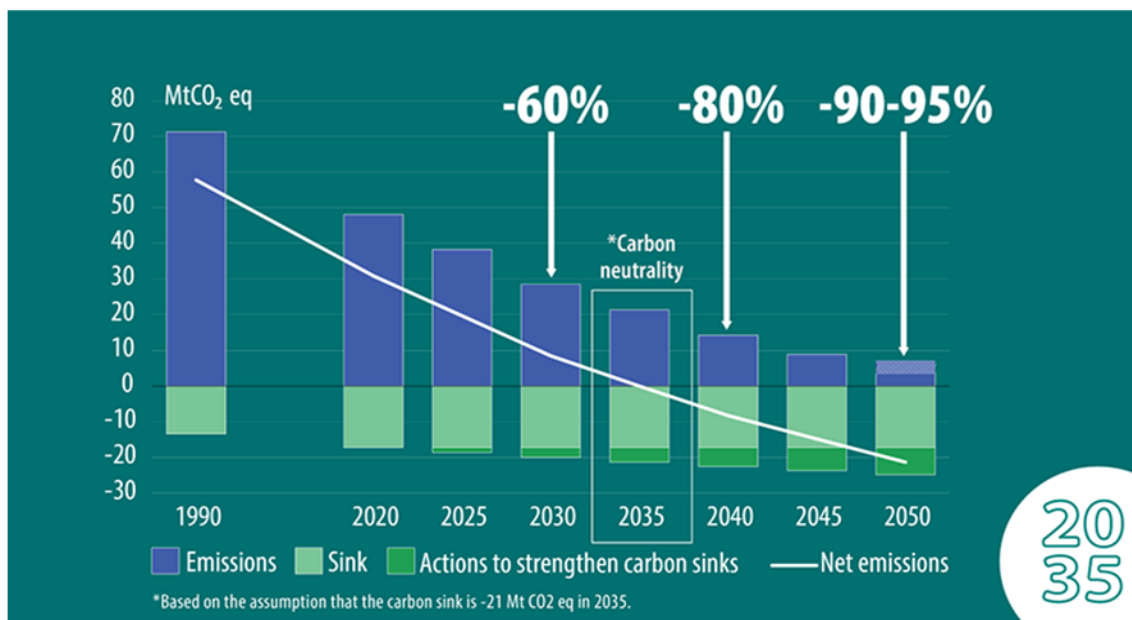
# Sustainability in Finland: current themes

- Finland is by many metrics a global forerunner in sustainability
- Finland ranks #1 progress in towards the **Sustainable Development Goals**
- Finland's net zero emissions goal is 2035
  - New Climate Change Act in 2022
  - **Annual Climate Report** tracks progress towards the target
- National Biodiversity strategy underway
- More on **Finland & ESG**



# Finland's national target is net zero emissions by 2035

## Emission reduction targets set in the Climate Change Act



**Latest estimate:** rate of emission reductions in line with the 2030 target of climate act

- Finland's total emissions in 2022, 45.8 Mt CO<sub>2</sub> eq (excl. LULUFC), is **36% less than in 1990**
- Over past five years, rate of GhG emission reductions has averaged around 4% a year
- The phasing out of fossil fuels in electricity and heat production will be accomplished in the coming years
- Most challenging: the land use sector, where additional measures are needed for achieving the climate neutrality target
- LULUFC: land use, land-use change and forestry

# The Sustainable Development Goals (SDG) Index by UN

<u>Rank</u>	<u>Country</u>	<u>Score</u>
1	<b>Finland</b>	86.76
2	Sweden	85.98
3	Denmark	85.68
4	Germany	83.36
5	Austria	82.28
6	France	82.05
7	Norway	82.00
8	Czechia	81.87
9	Poland	81.80
10	Estonia	81.68

## Finland's progress on Sustainable Development Goals

Source:  
Sustainable Development Report 2023



### Dashboards:

● SDG achieved ● Challenges remain ● Significant challenges remain ● Major challenges remain

### Trends:

↑ On track or maintaining SDG achievement ↗ Moderately improving → Stagnating ↓ Decreasing





## Biodiversity in Finland

- New National Biodiversity Strategy and an action plan to 2030 currently underway
- The aim of the strategy is to halt the loss of biodiversity by 2030 and turn the trend towards recovery by 2035
- 74% of Finnish land area is **forests**
- Of the 48 000 species living in Finland, 11,9% are evaluated threatened (2019)
- Changes in the forest environment is the most significant cause of threat to species

Sources: *Environment at a Glance Indicators* ([oecd-ilibrary.org](https://oecd-ilibrary.org)),

*Red List for Finnish Species 2019*

# Disclaimer

## NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES

The information contained herein is not for publication or distribution, directly or indirectly, in or into the United States. These materials do not contain or constitute an offer of securities for sale, or the solicitation of an offer to purchase securities, in the United States. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration under the Securities Act or pursuant to an available exemption from the registration requirements of the Securities Act. The Issuer has not registered and does not intend to register any portion of the offering in the United States or to conduct a public offering of any securities in the United States.

This presentation may include "forward-looking statements". Such statements contain the words "anticipate", "believe", "intend", "estimate", "expect", "will", "may", "project", "plan" and words of similar meaning. All statements included in this presentation other than statements of historical facts, including, without limitation, those regarding financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives) are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding present and future economic or fiscal strategies and the relevant future economic environment. These forward-looking statements speak only as of the date of this presentation and the State Treasury of Finland expressly disclaims to the fullest extent permitted by law any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Nothing in the foregoing is intended to or shall exclude any liability for, or remedy in respect of, fraudulent misrepresentation.

This material has been prepared based upon information that the State Treasury believes to be reliable. However, the State Treasury does not represent that this material is accurate, complete and up to date and accepts no liability if it is not. Opinions expressed are current opinions only as of the date indicated. Any historical price(s) or value(s) are also of the date indicated.



State Treasury  
Republic of Finland

[www.treasuryfinland.fi](http://www.treasuryfinland.fi)  
[twitter.com/treasuryfinland](https://twitter.com/treasuryfinland)

**Bloomberg: STF**

Contact information:

Visiting address: Sörnäisten rantatie 13, Helsinki

Mailing address: P.O. BOX 14, FI-00054 STATE TREASURY, FINLAND

Tel. +358 295 50 2000 (switchboard)

e-mail: [firstname.lastname@statetreasury.fi](mailto:firstname.lastname@statetreasury.fi)