



State Treasury
Republic of Finland

Finnish central government borrowing

August 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+**

(negative, stable)

1 Finnish economy



Economic growth expected to gain speed next year

- Domestic demand improves as inflation slows, interest rates continue to fall, and household incomes grow
- Recovering global trade will boost Finland's exports from 2025 as cost competitiveness is strong
- Government's consolidation measures (EUR 9bn by 2027) 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

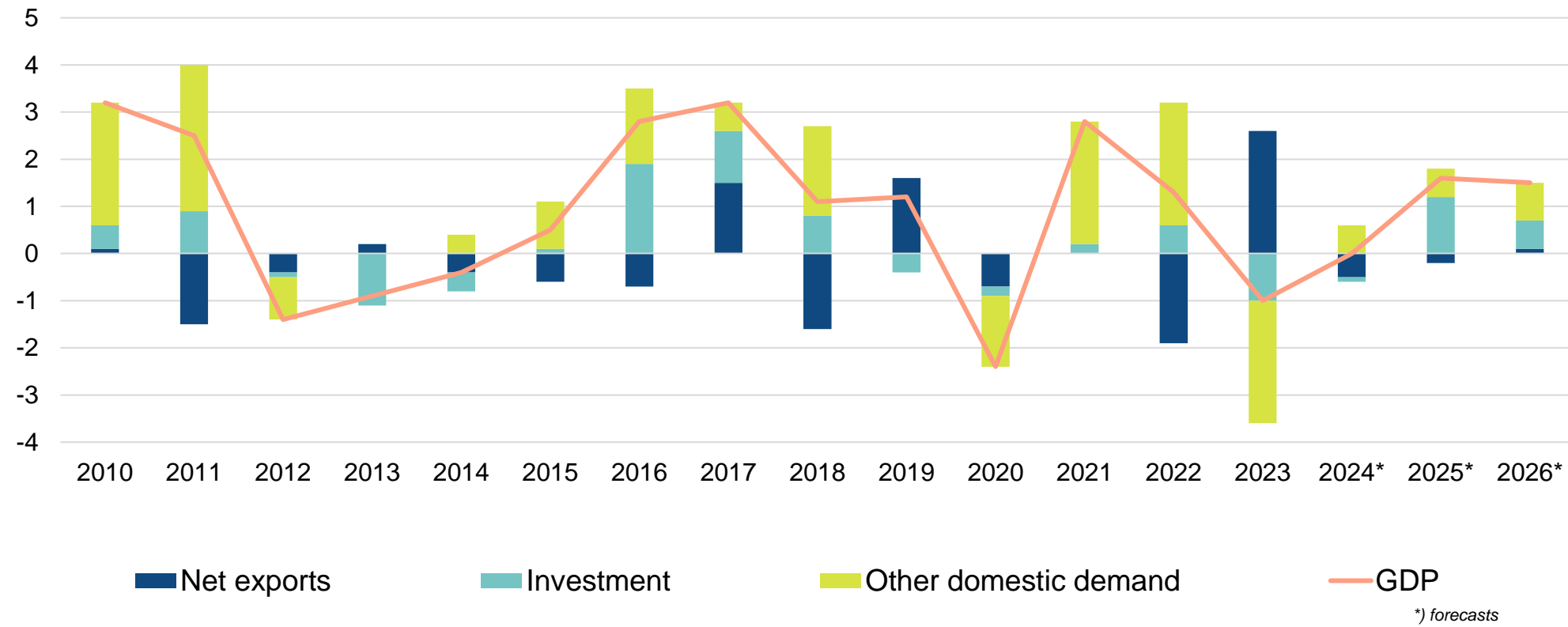
	2023*	2024*	2025*	2026*
GDP change, %	-1.0	0.0	1.6	1.5
Inflation, %	6.2	1.8	1.6	1.5
Current account, % of GDP	-1.4	-1.1	-1.2	-1.1
Private investment change, %	-4.1	-2.4	3.9	3.7
Exports change, %	-1.7	-0.9	3.8	3.1
Unemployment rate, %	7.2	7.9	7.6	6.9
Public deficit, % of GDP	-2.7	-3.7	-3.1	-2.6
Public debt, % of GDP*	75.8	81.0	83.1	84.0

*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.

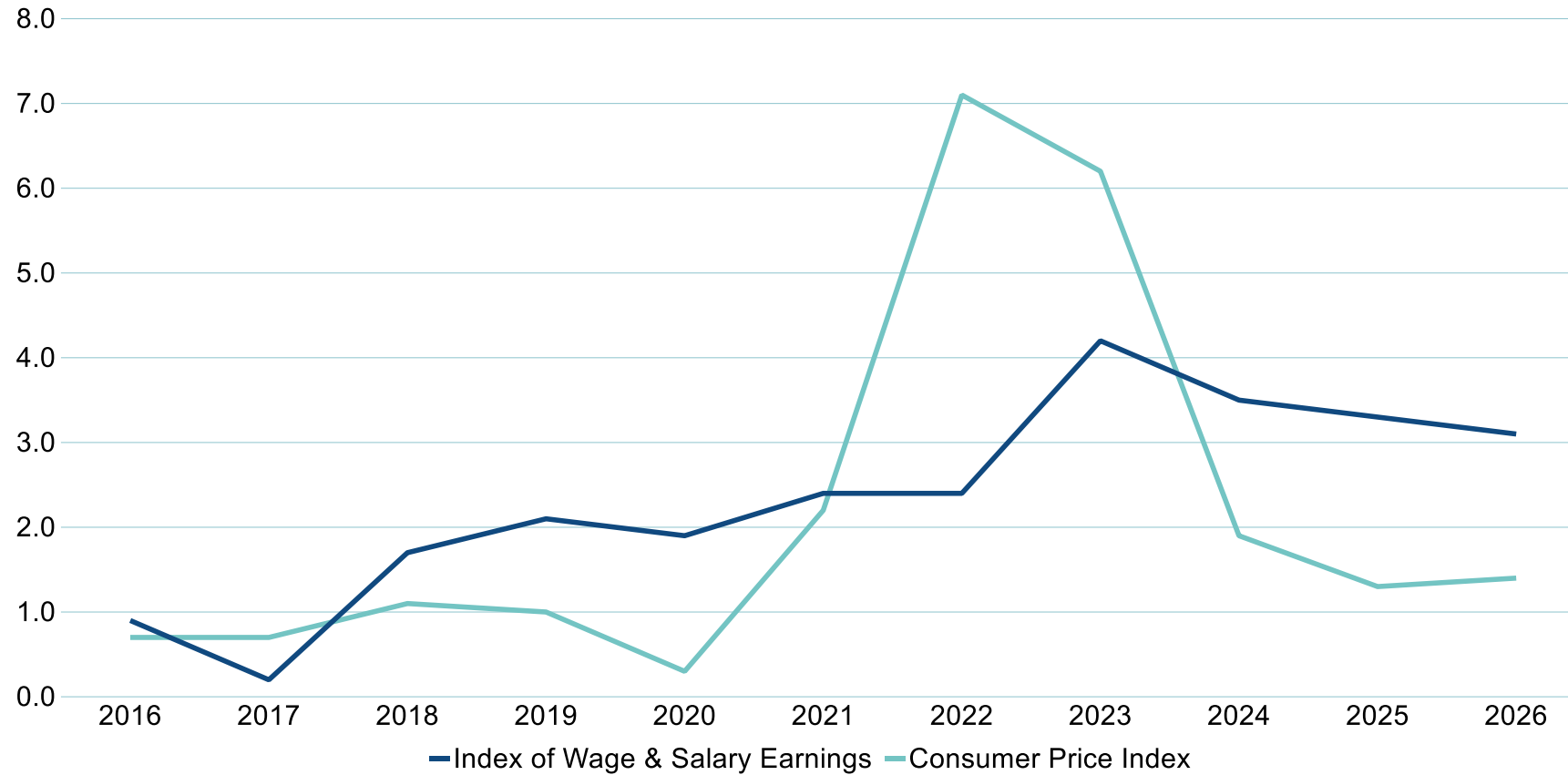
Domestic demand and investments to drive GDP growth from 2025

Contribution to GDP growth in Finland

percentage points



Inflation has slowed considerably, upward pressures on prices low

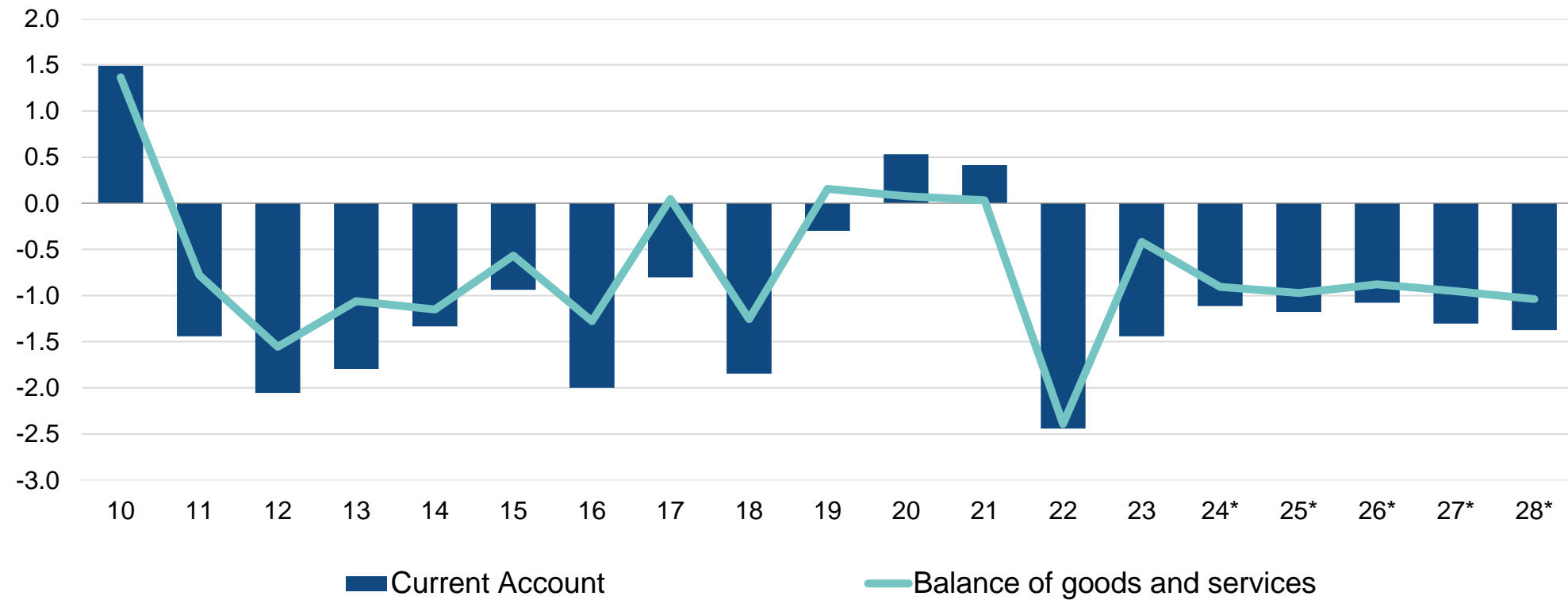


Source: Ministry of Finance, Macrobond, Spring 2024
*) forecasts

Current account deficit is stabilising

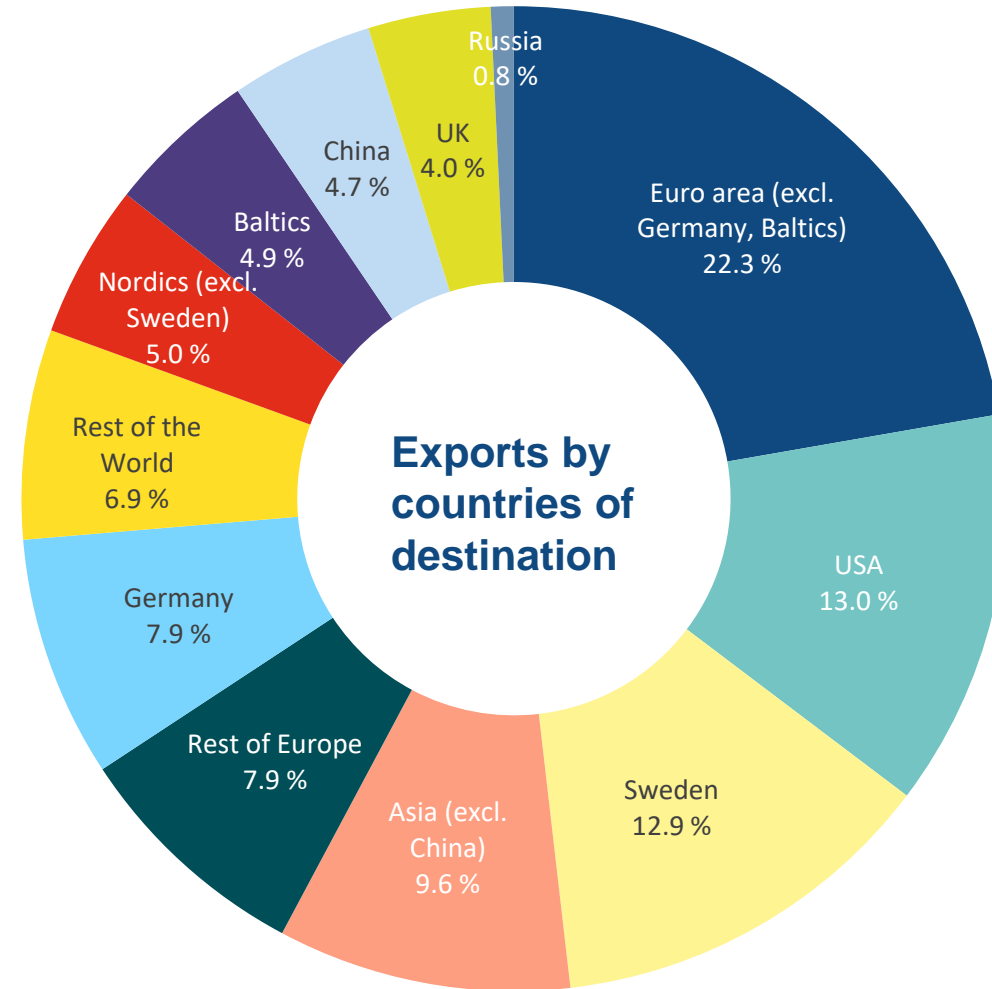
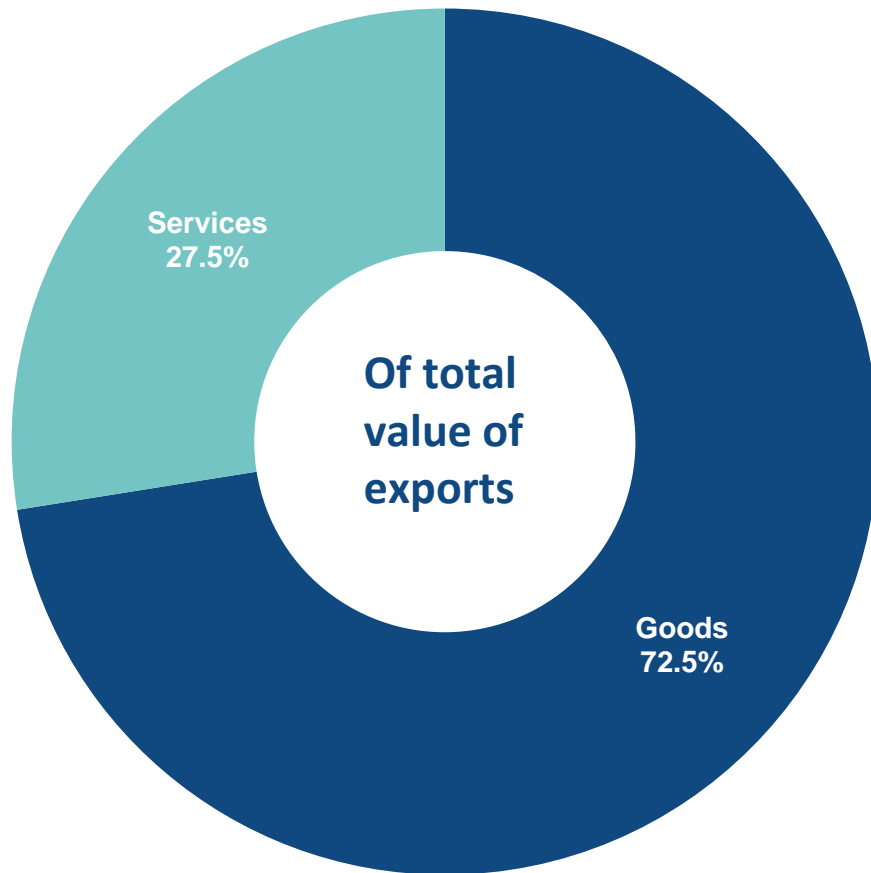
Current account

% of GDP

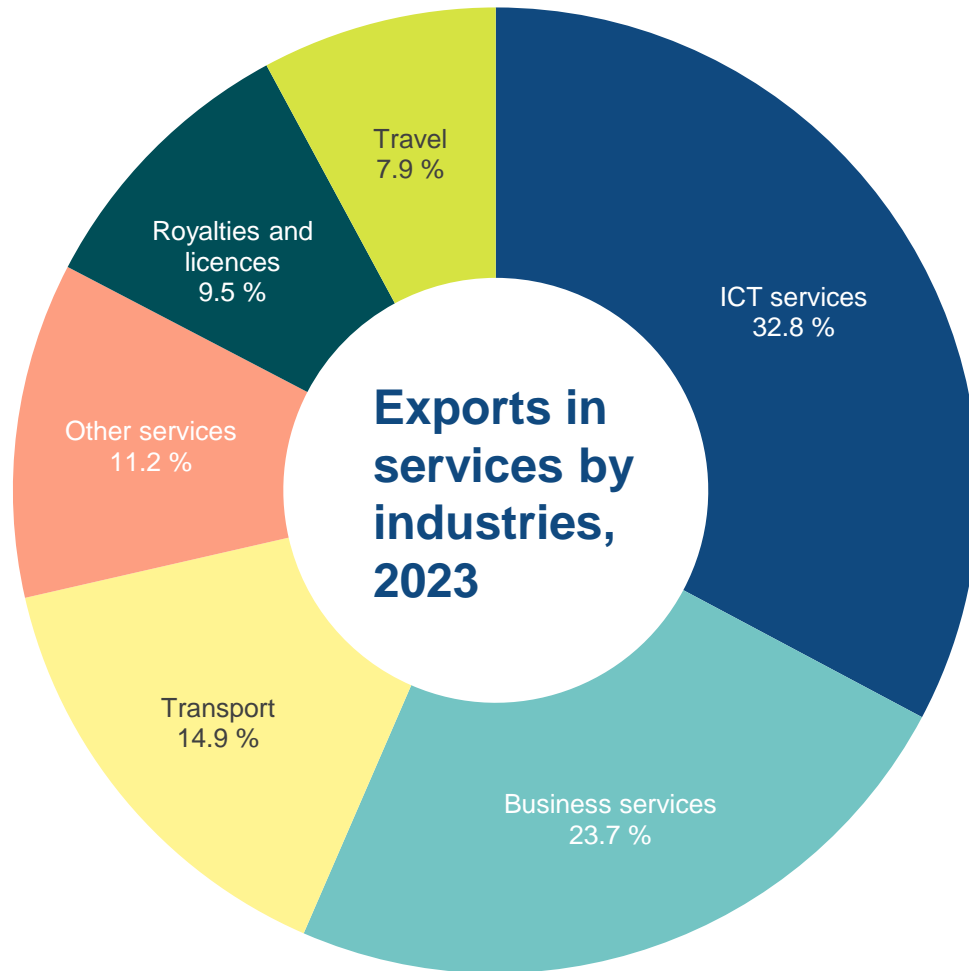


*)forecasts

Finnish total exports in 2023



Finnish main exports in services and goods



The energy sector in Finland

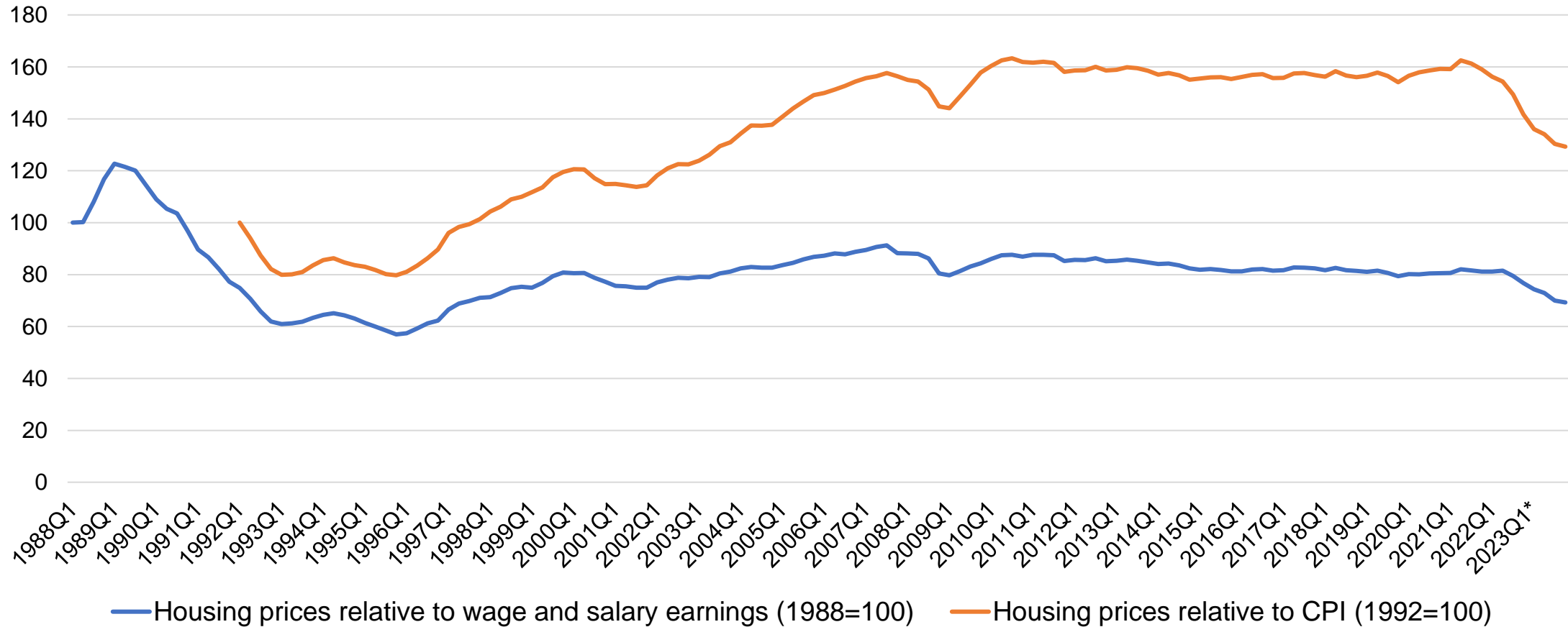
- Share of renewables is at 42% the second highest in EU.
- Domestic electricity production covered already 98% of Finland's electricity demand in 2023.
- Olkiluoto 3 nuclear power plant, operational from April 2023, has increased Finland's self-sufficiency in energy significantly.
- Consumption of fossil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

Total energy consumption by source 2023



Relative housing prices in Finland

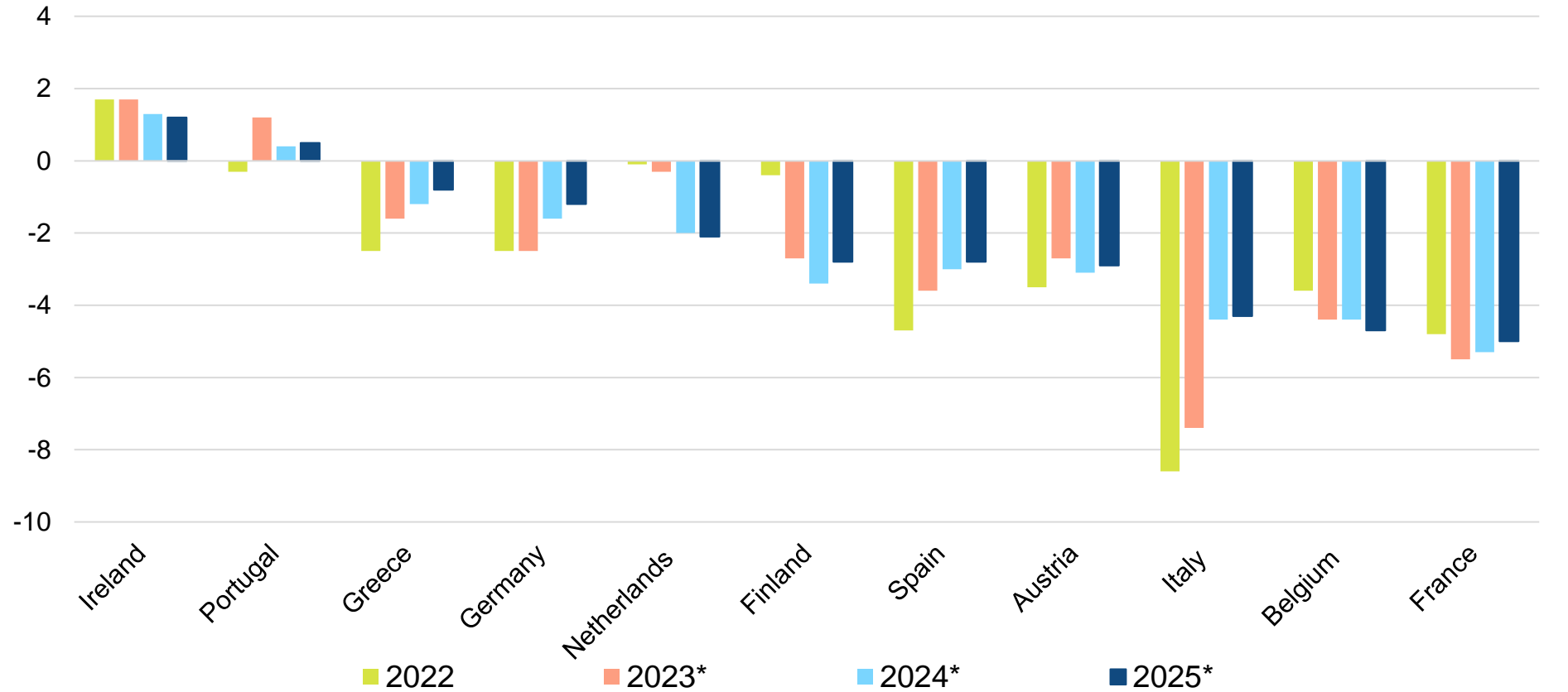
Relative housing prices in Finland



EMU general government financial balance

EMU general government financial balance

in ratio to GDP, %

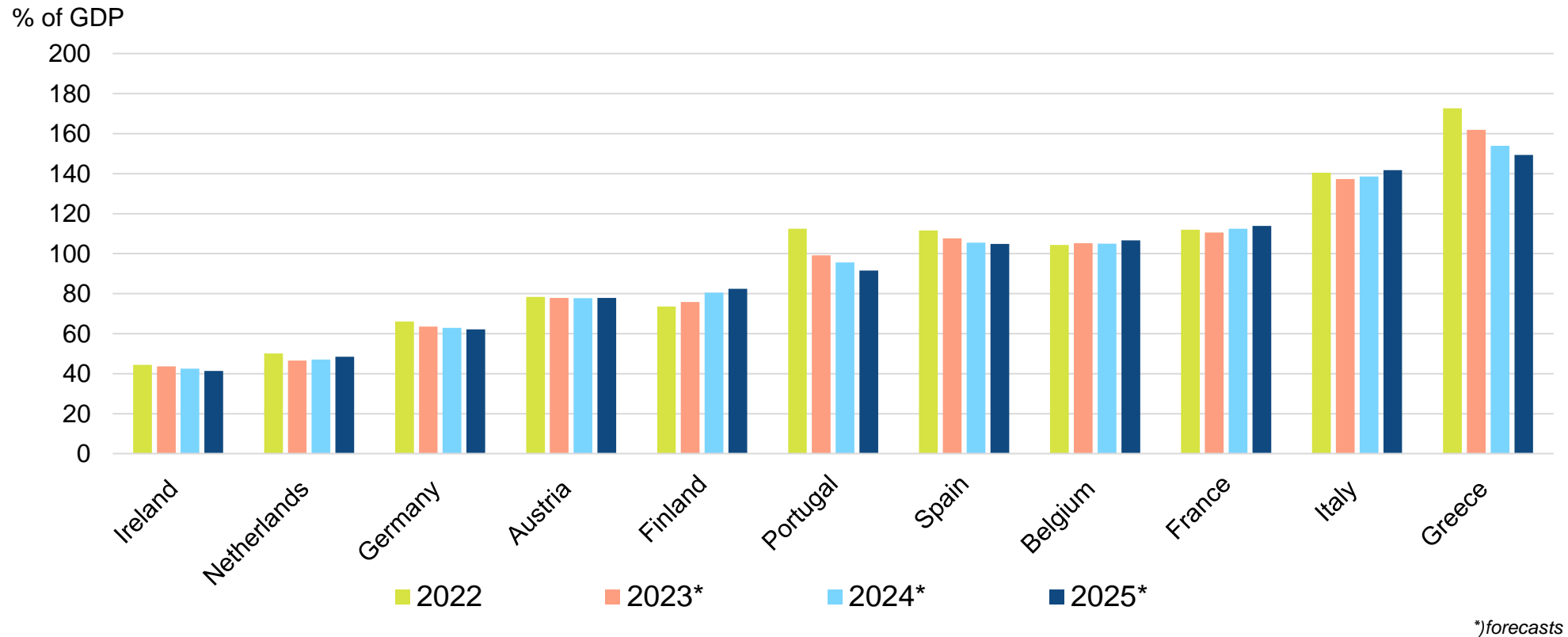


*)forecasts

Source: European Commission, Spring 2024
*)forecasts

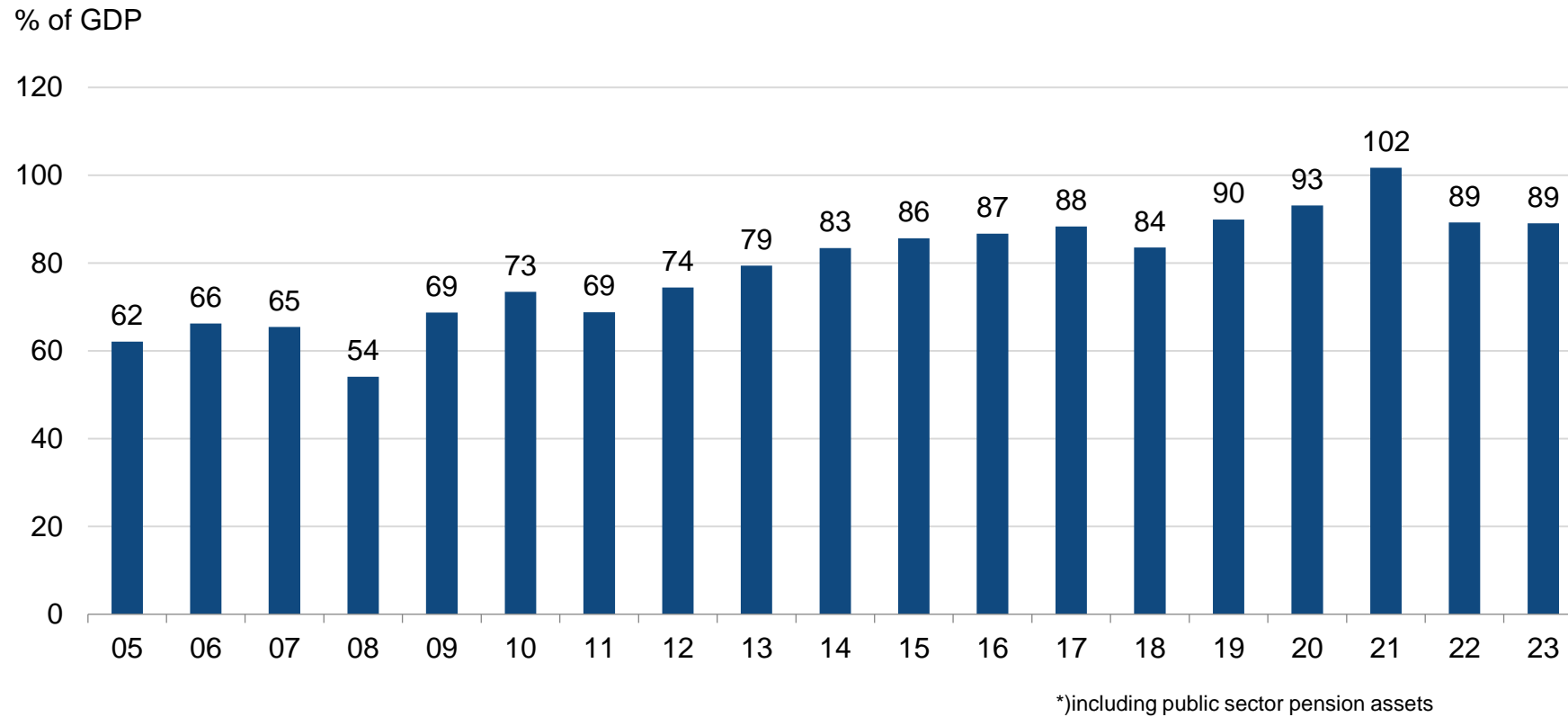
The public debt-to-GDP ratio in Finland is below the EU average

EMU General Government Gross Debt



Source: European Commission, Spring 2024
*)forecasts

Earnings-related pension assets as % of GDP

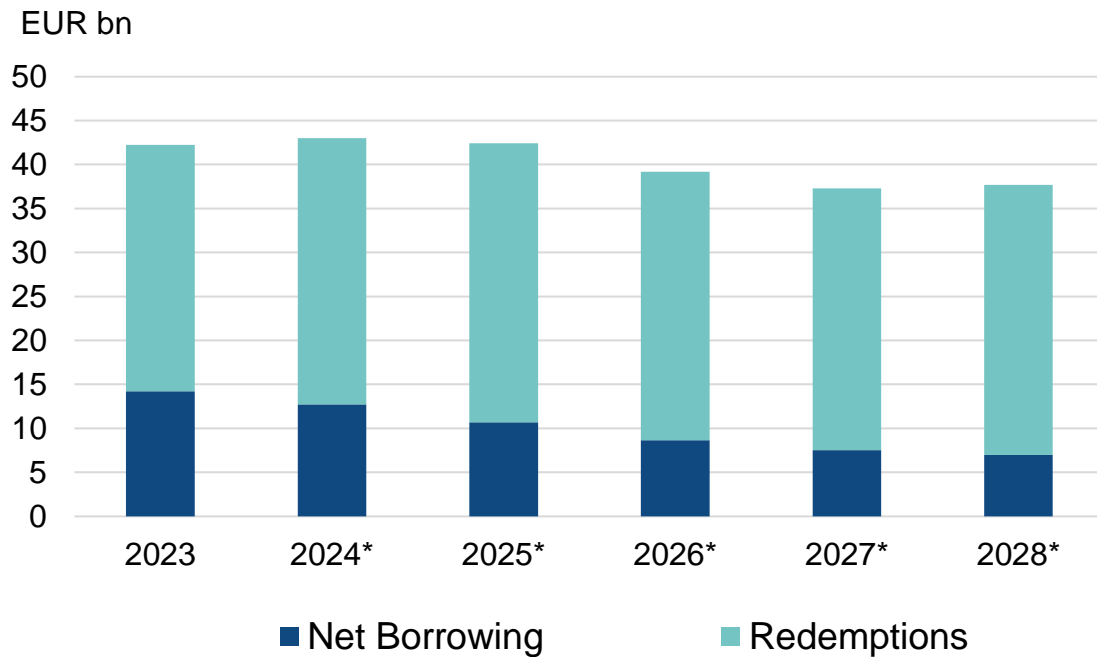




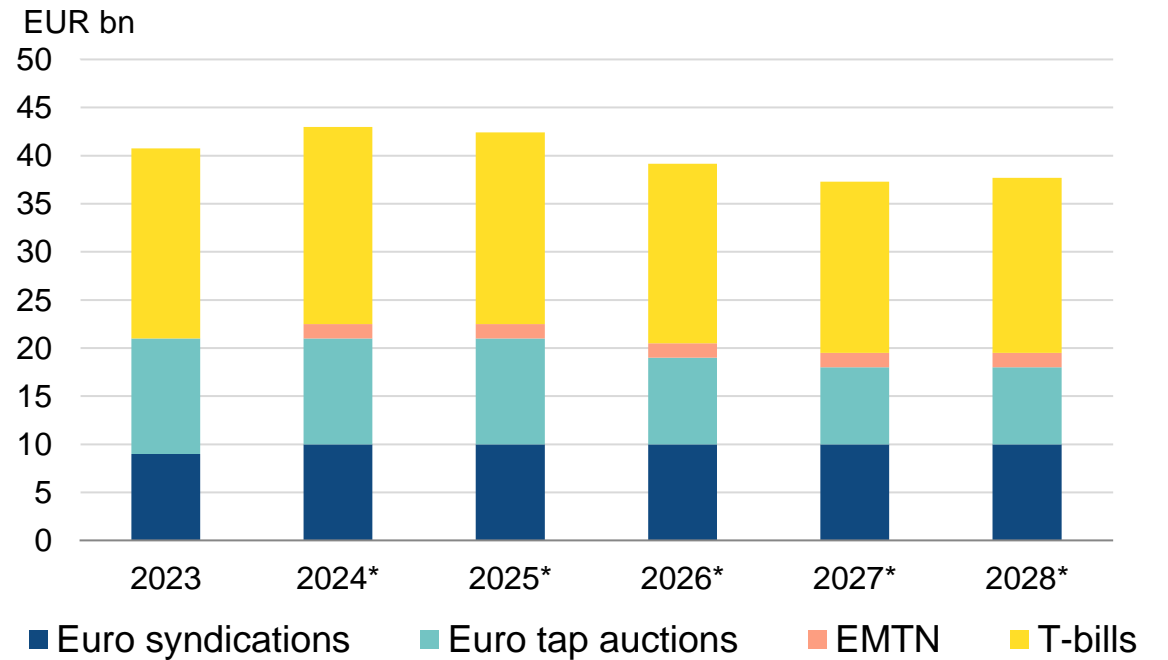
2 Funding

Central government gross borrowing estimate and projected funding instrument allocation

Central government gross borrowing



Projected funding instrument allocation

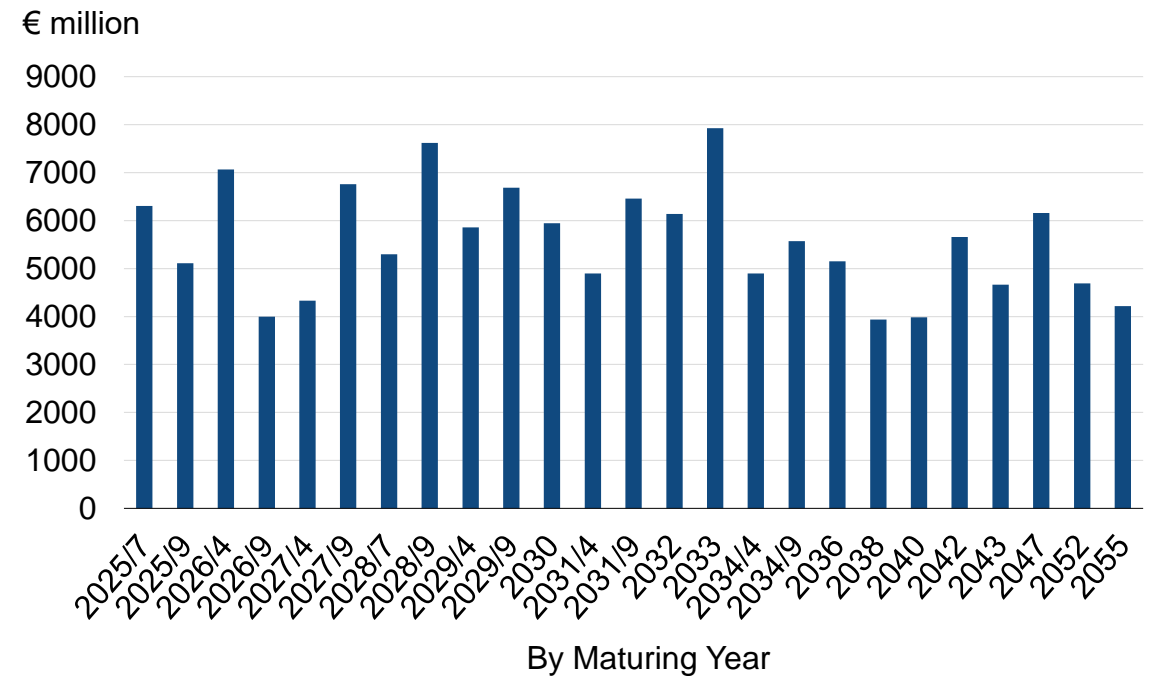


Funding strategy

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

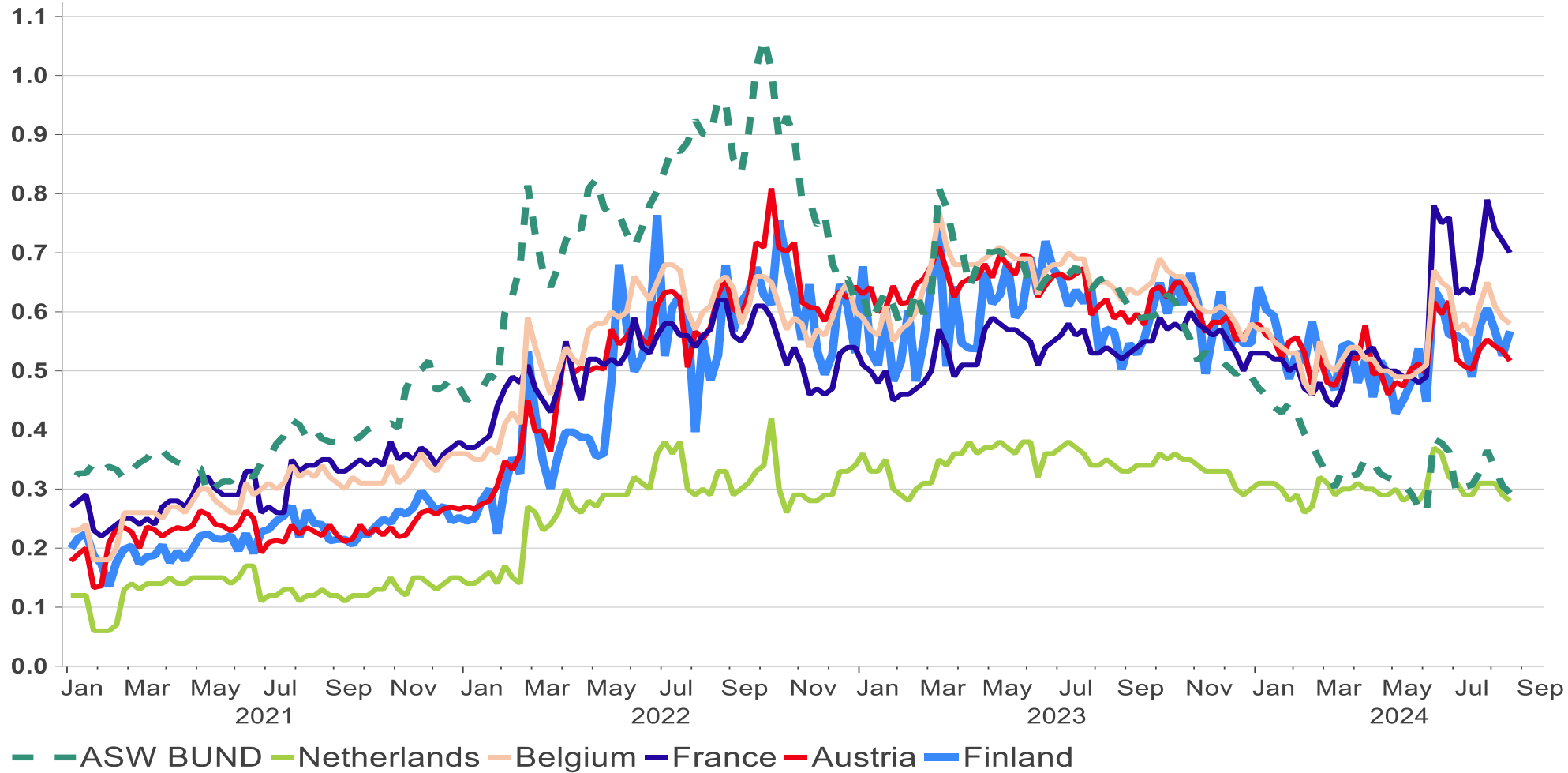
- Euro benchmark bond curve to 30 years
- Three syndicated euro benchmark bonds per year complemented by tap auctions
- Liquidity in focus – Primary Dealers and both customer and inter-dealer platforms
- EMTN issuance complements euro benchmark bonds

Benchmark bonds outstanding



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

Percentage points



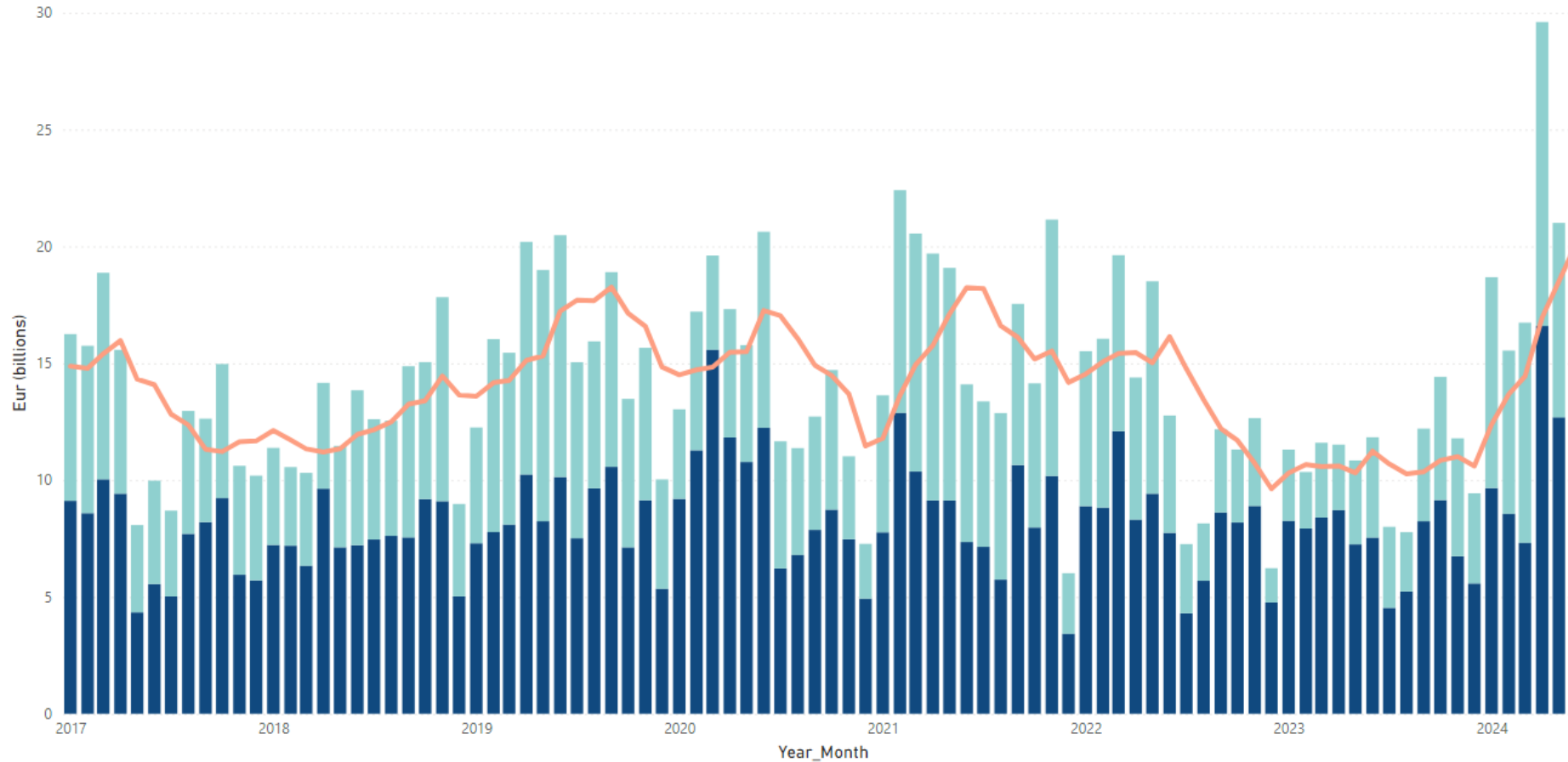
MACROBOND

RFGB secondary market activity

Monthly secondary turnover (sales + purchases)

RFGB secondary market activity

● Customer Volume (nominal amounts billions) ● InterDealer Volume (nominal amounts billions) ● Total Volume 6-months MA (nominal amounts billions)



Primary Dealers 2024

BofA Securities

HSBC

Barclays

J.P. Morgan

BNP Paribas

Nomura

Citi

Nordea

Crédit Agricole

Société Générale

Danske Bank

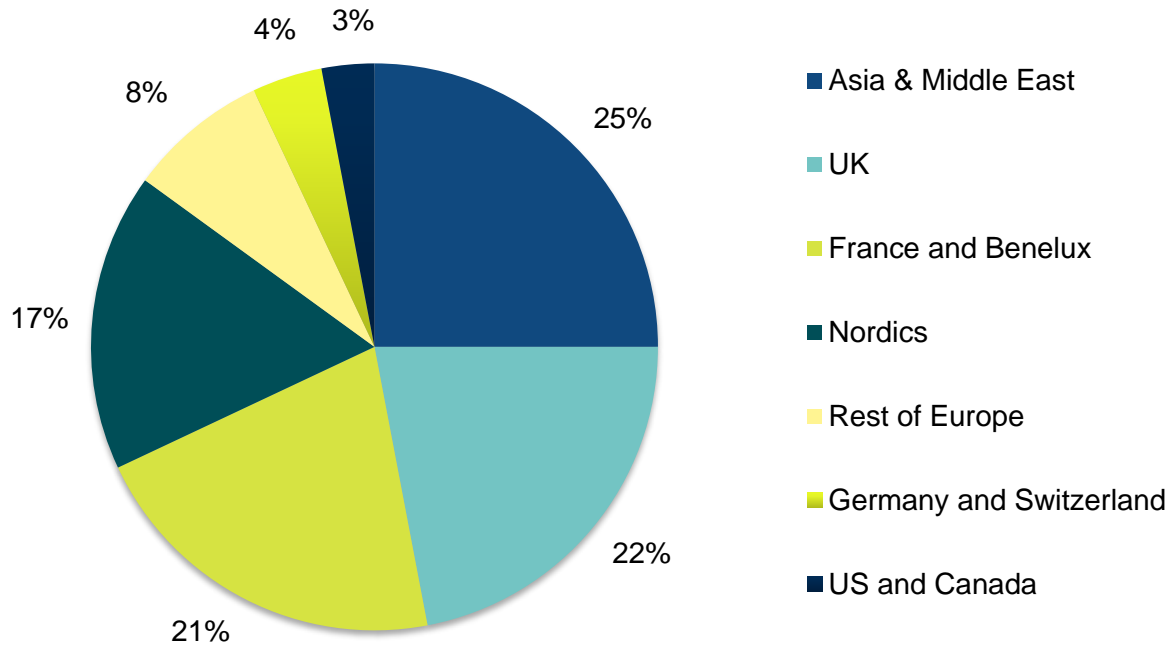
Deutsche Bank

Goldman Sachs

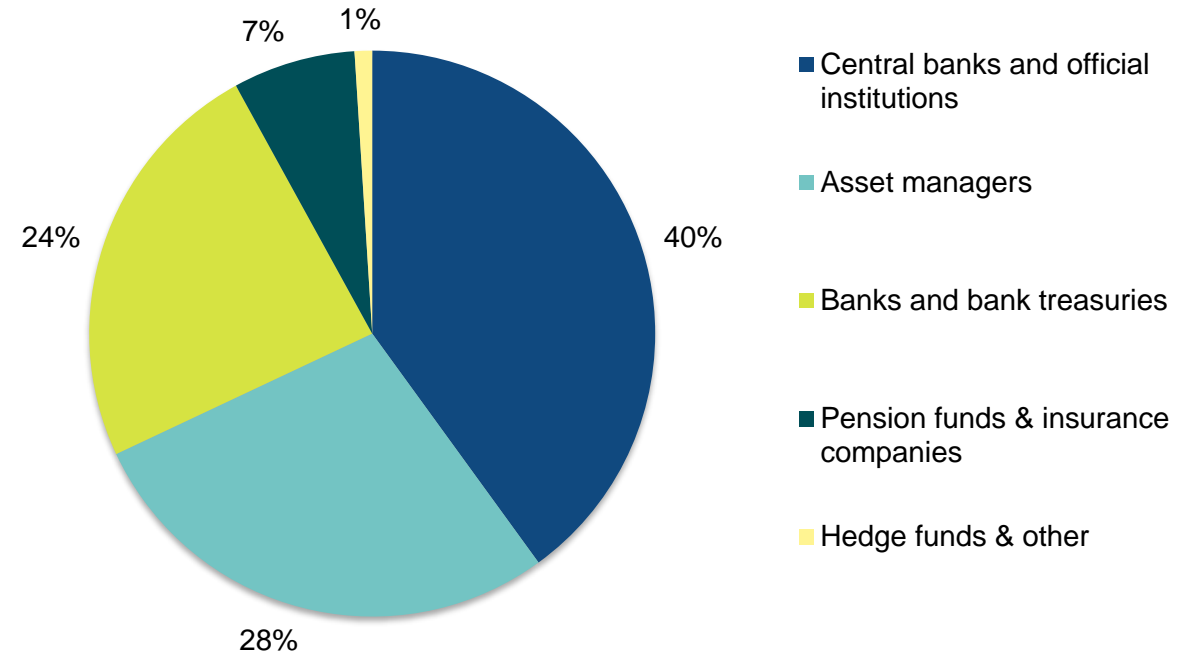
Investor base for RFGB 2.500% EUR 4bn due April 2030

- Launched in August 2024
- Allocated to circa 80 investors

Distribution of the bond by region



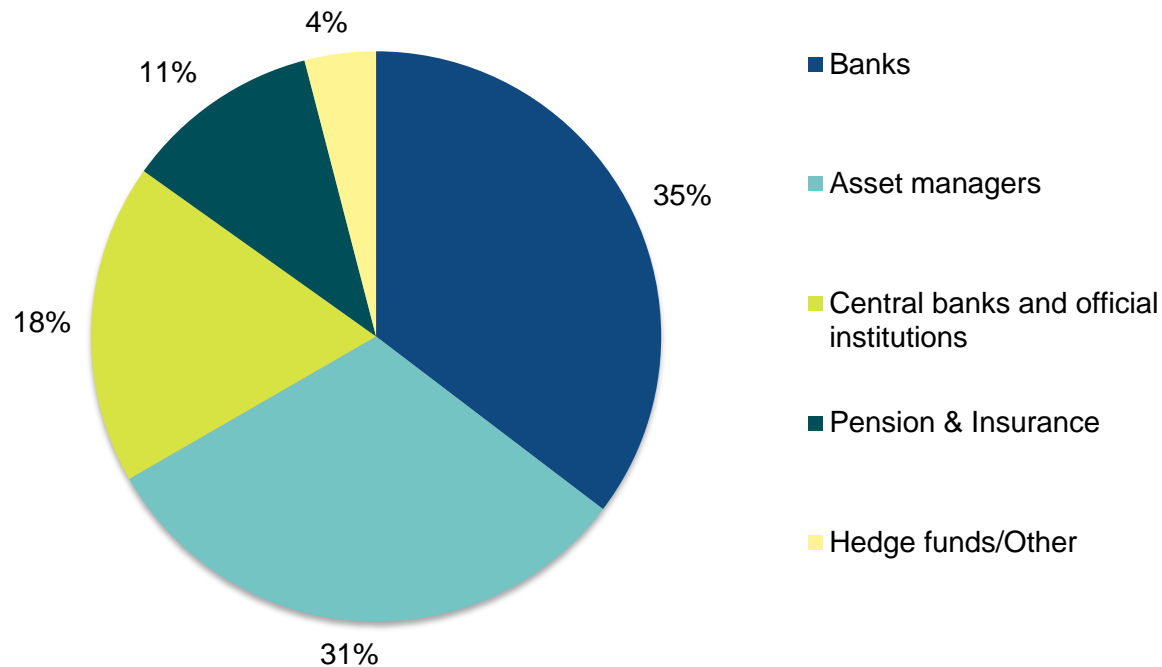
Distribution of the bond by investor type



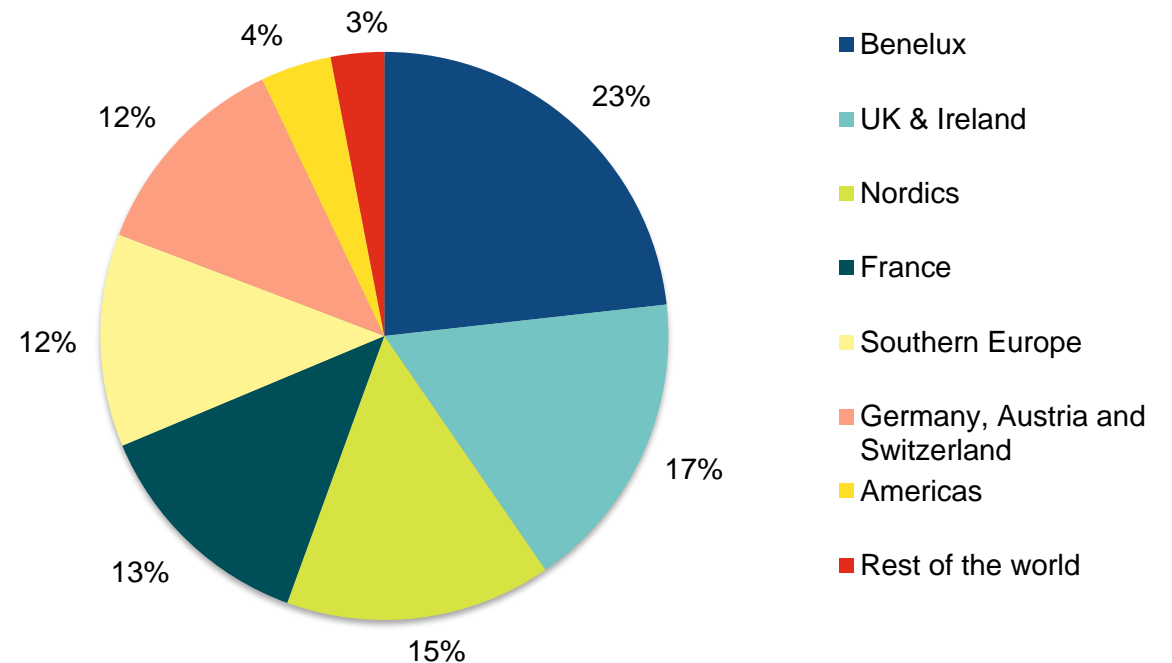
Investor base for RFGB 3% EUR 4bn due September 2034

- Launched in April 2024
- Allocated to over 160 investors

Distribution of the bond by investor type



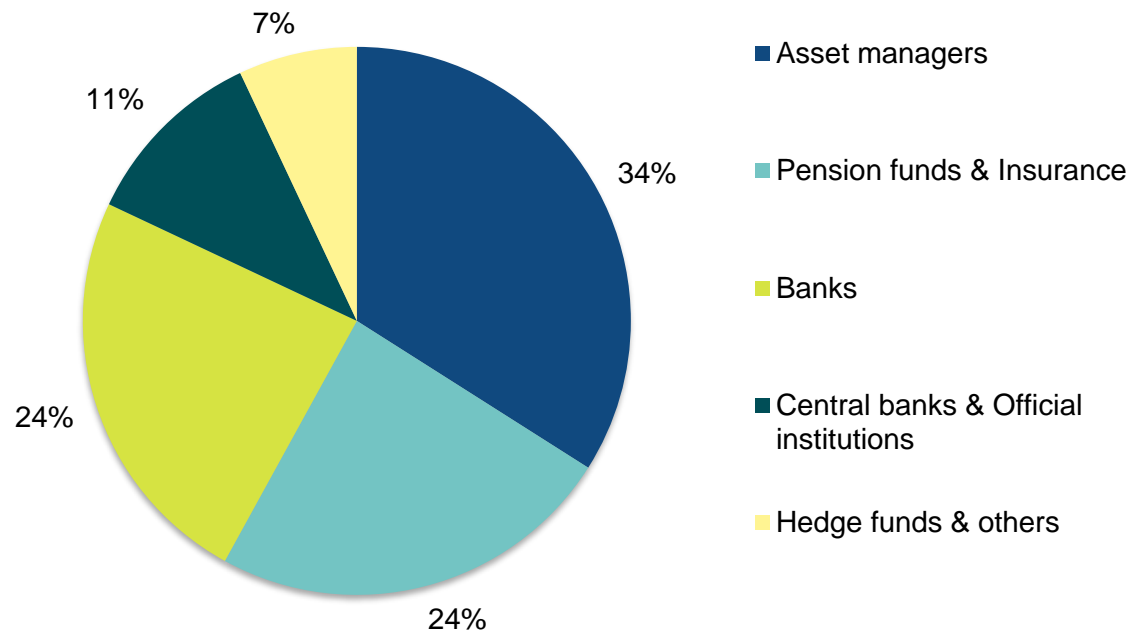
Distribution of the bond by region



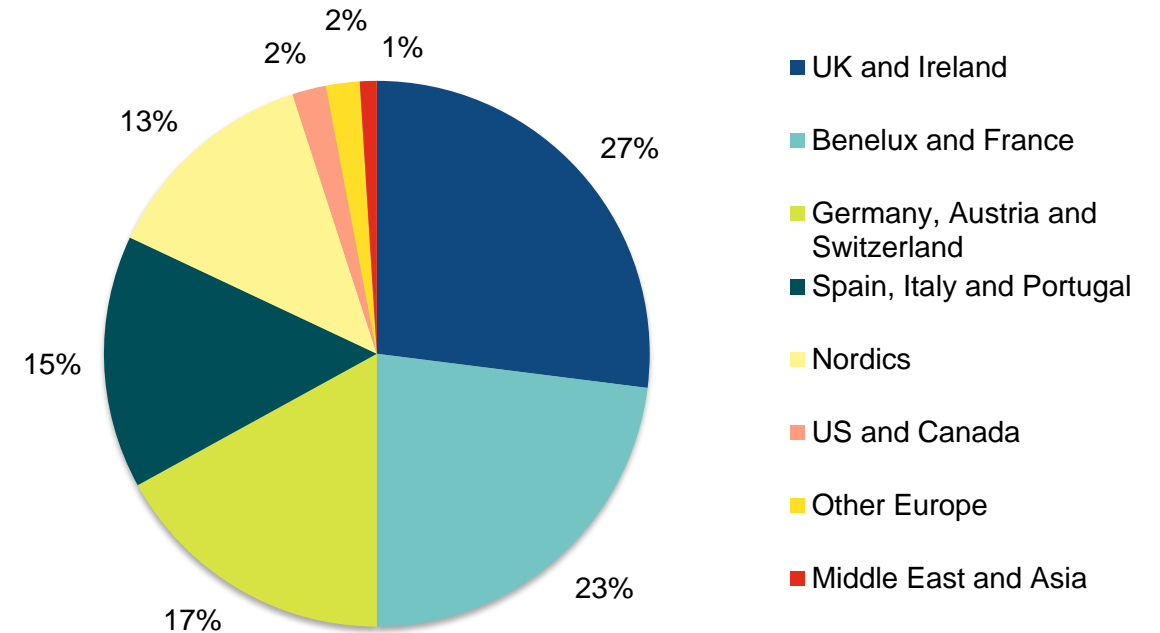
Investor base for RFGB 2.950% EUR 3bn due 15 April 2055

- Launched in January 2024
- Allocated to over 90 investors

Distribution of the bond by investor type



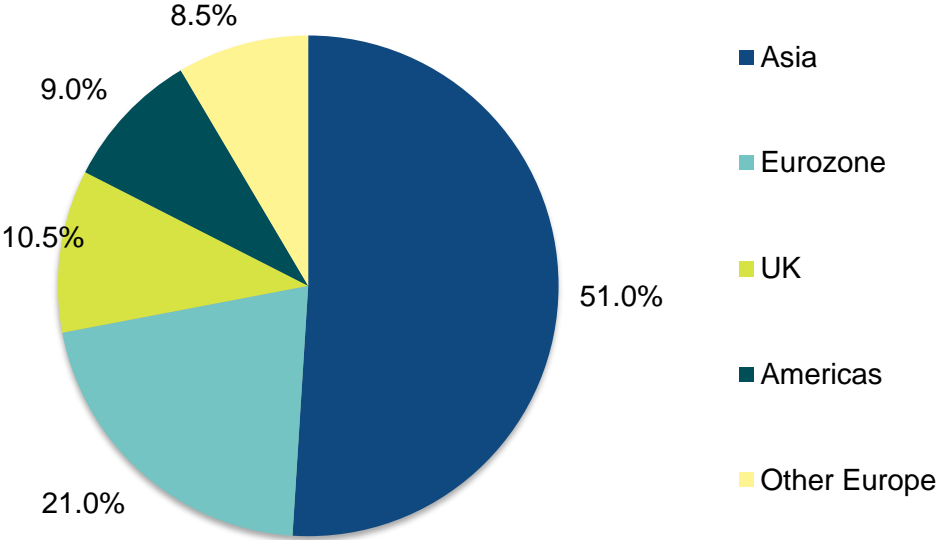
Distribution of the bond by region



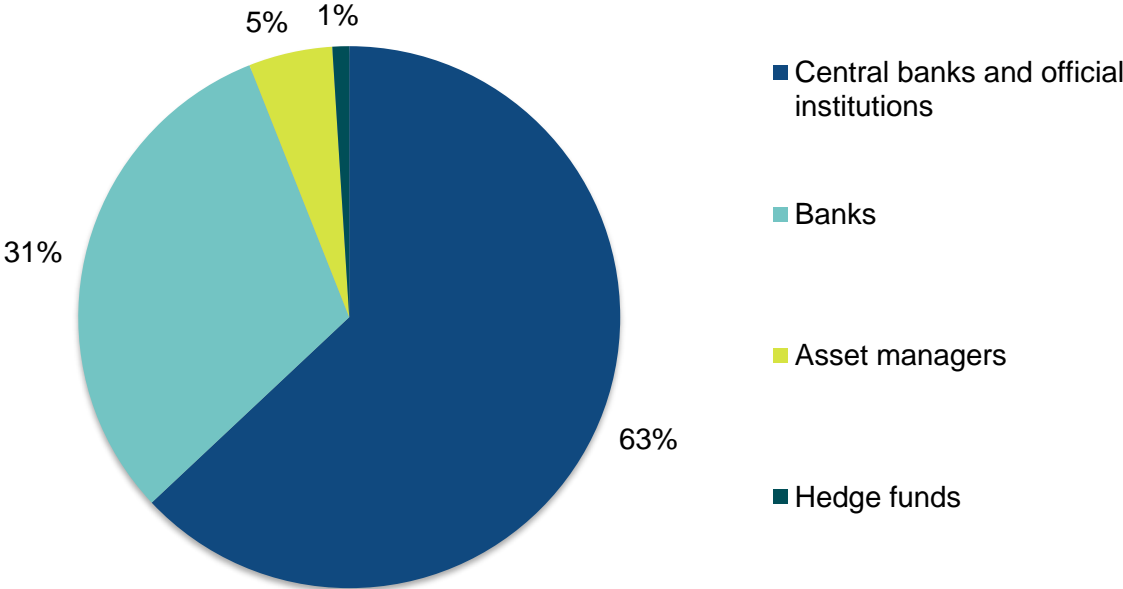
Investor base for FINL 4.375% USD 1bn due July 2034

- Launched in June 2024
- Previous syndicated emission in USD market in 2020

Distribution of the bond by region



Distribution of the bond by investor type





3 Sustainability

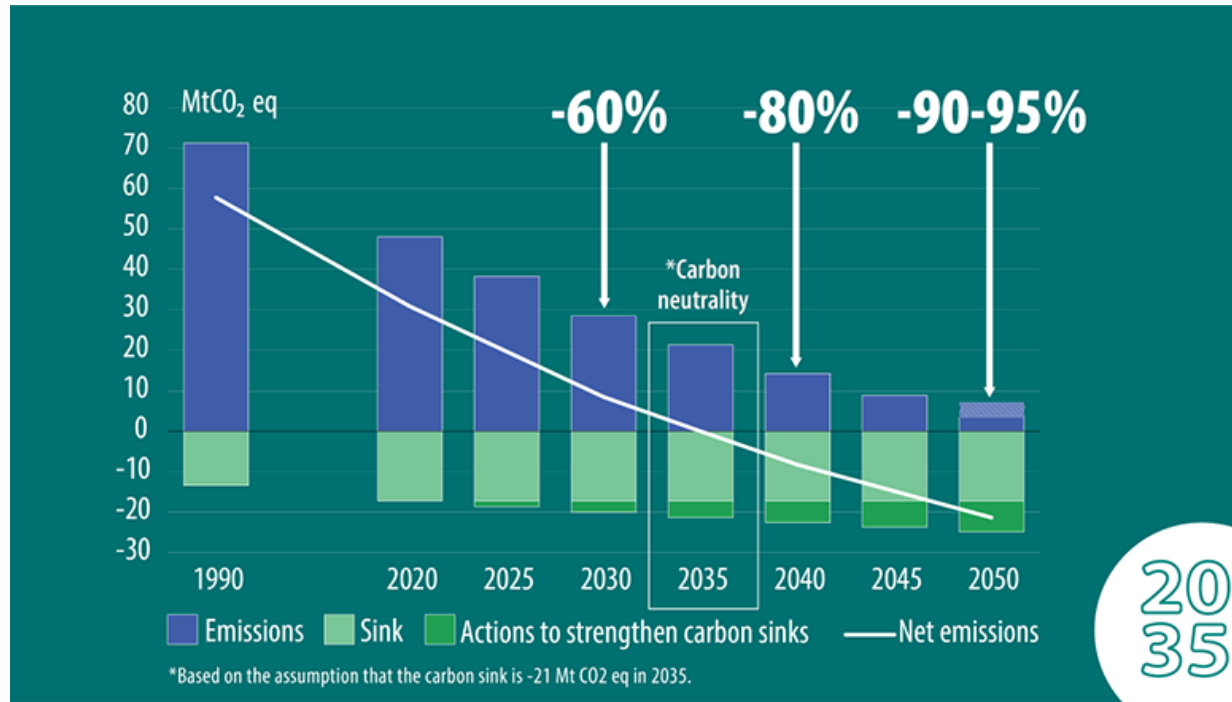


Sustainability in Finland: current themes

- 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 carbon emissions by 2035

Emissions 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 2023, 40.6 Mt Co₂ eq (excl. LULUCF), is **43% 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 to strengthen carbon sinks

Source: Statistics Finland preliminary data, May 2024

The Sustainable Development Goals (SDG) Index by UN

<u>Rank</u>	<u>Country</u>	<u>Score</u>
1	Finland	86.35
2	Sweden	85.70
3	Denmark	85.00
4	Germany	83.45
5	France	82.76
6	Austria	82.55
7	Norway	82.23
8	Croatia	82.19
9	UK	82.16
10	Poland	81.69

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),

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
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