



State Treasury
Republic of Finland

Finnish central government borrowing

May 2025

AA+

Aa1

Credit ratings

The government has solicited credit ratings from two agencies: Fitch Ratings and Moody's Ratings.

For long-term debt, they are

AA+ and **Aa1**

(negative, stable)

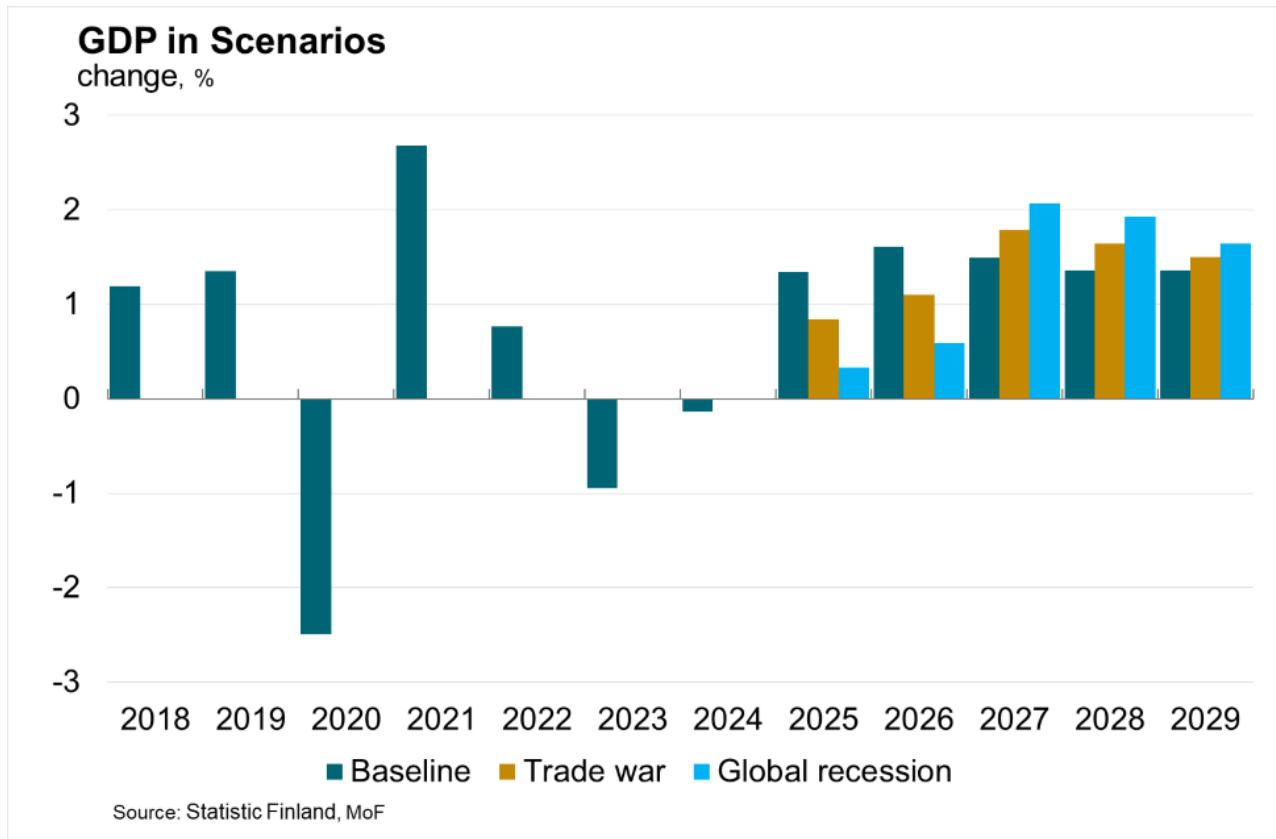
1 Finnish economy

Economy is growing, but outlook overshadowed by uncertainty and threat of a trade war

- With inflation slowing down and wages rising, real incomes are growing
- Falling interest rates particularly meaningful for Finland given the high proportion of variable-rate mortgages
- Higher household purchasing power is boosting consumption
- Investment will pick up significantly
- Turnaround in labour market not yet materialised but expected in 2026
- **Baseline scenario assumption:** the tariffs targeting the EU are short-lived

	2024*	2025*	2026*	2027*
GDP change, %	-0.1	1.3	1.6	1.5
Inflation, %	1.6	0.9	1.6	1.8
Current account, % of GDP	0.3	0.2	0.5	0.3
Private investment change, %	-10.2	4.7	4.7	5.0
Exports change, %	0.1	2.9	2.5	2.5
Unemployment rate, %	8.4	8.8	8.3	7.9
Public deficit, % of GDP	-4.4	-3.8	-3.2	-3.3
Public debt, % of GDP*	82.1	85.3	86.3	86.7

If risks arising from trade policy are realised, economic growth will slow down



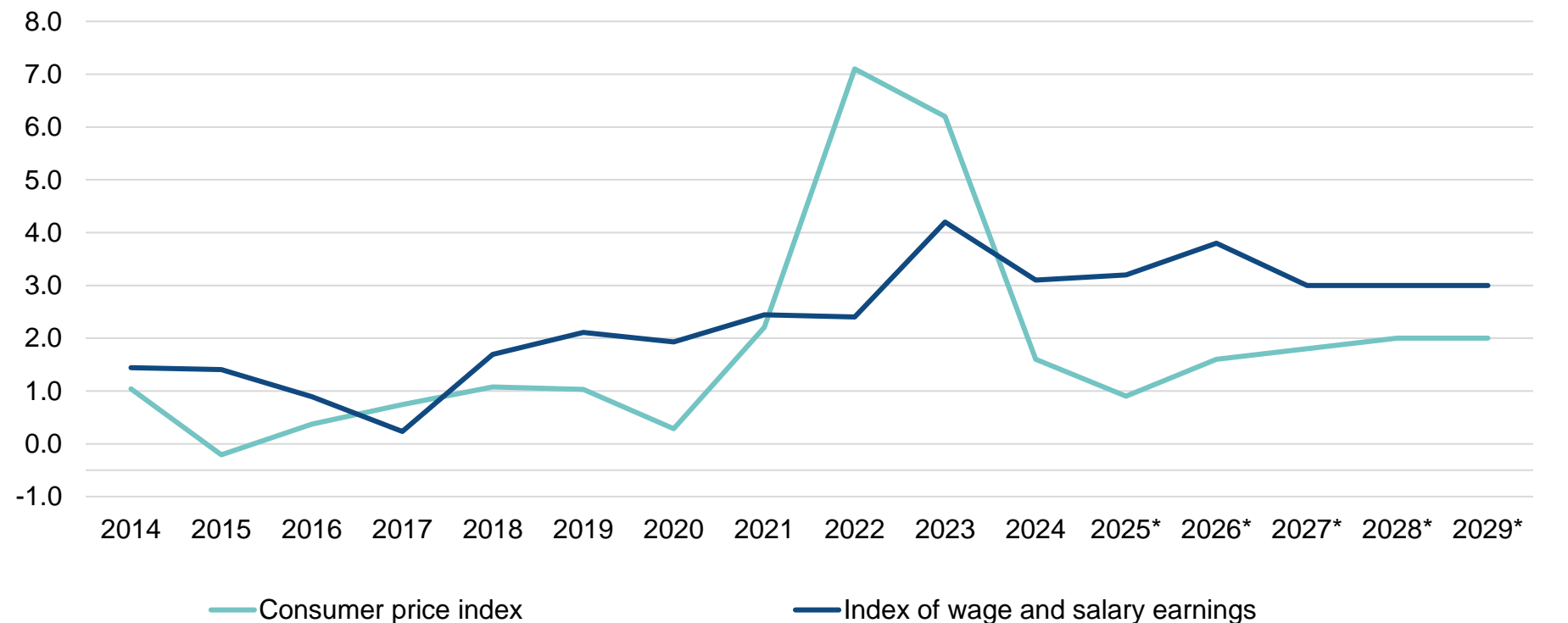
- Latest forecast by Ministry of Finance presents a baseline scenario and two scenarios describing the impacts of trade war and tariffs on Finland's GDP

GDP change, %	2024	2025	2026	2027
Baseline	-0.1	1.3	1.6	1.5
Trade war		0.8	1.1	1.8
Global recession		0.3	0.6	2.1

Inflation has slowed considerably, upward pressures on prices low

Consumer price index and index of wage and salary earnings

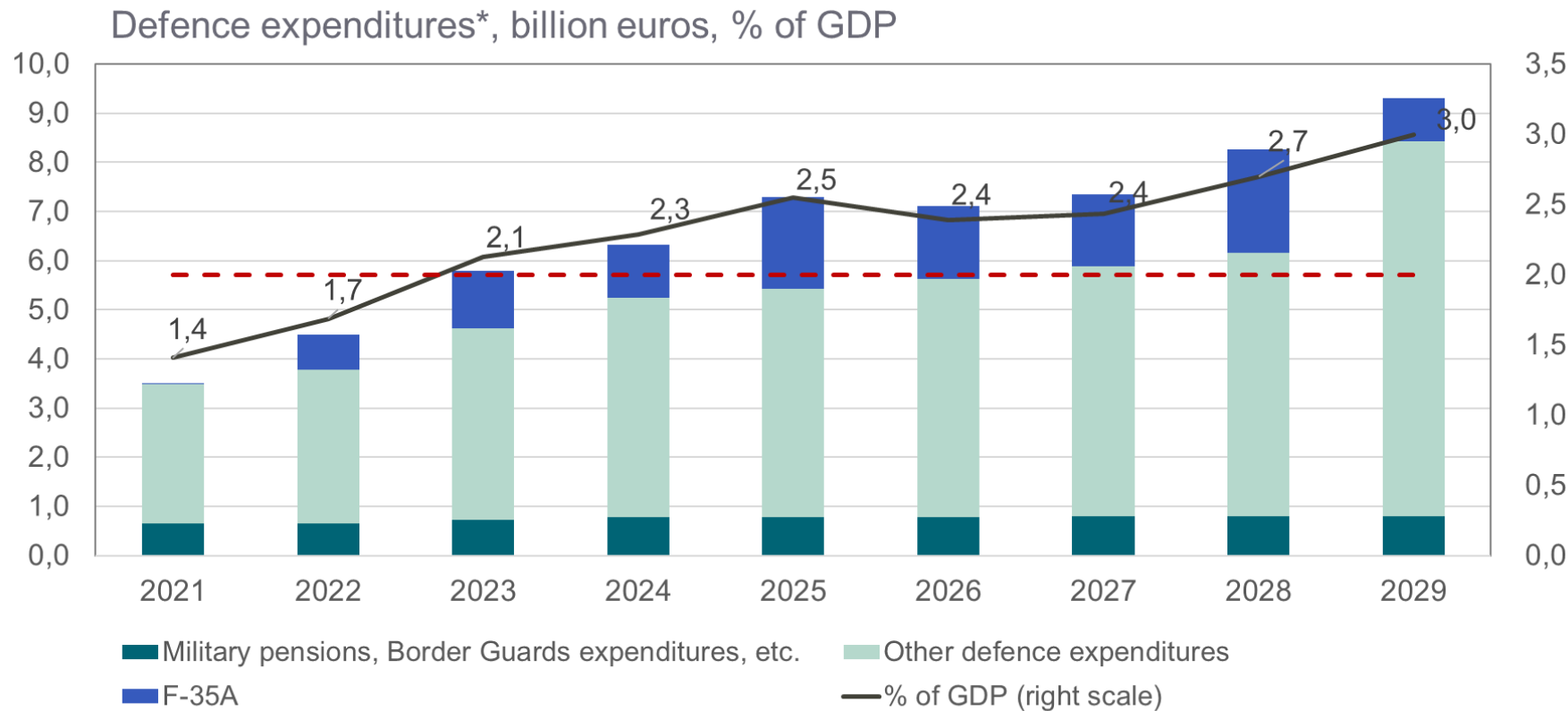
change yoy, %



*)forecasts



Finland will increase defence spending to at least 3% of GDP by 2029



* Defence expenditures are based on-budget figures. In addition to the defense administration budget, the estimate includes military pensions, part of the Border Guard's and crisis management expenses.

Source: Ministry of Finance

Government's fiscal policy target is to stabilise the general government debt ratio by 2027

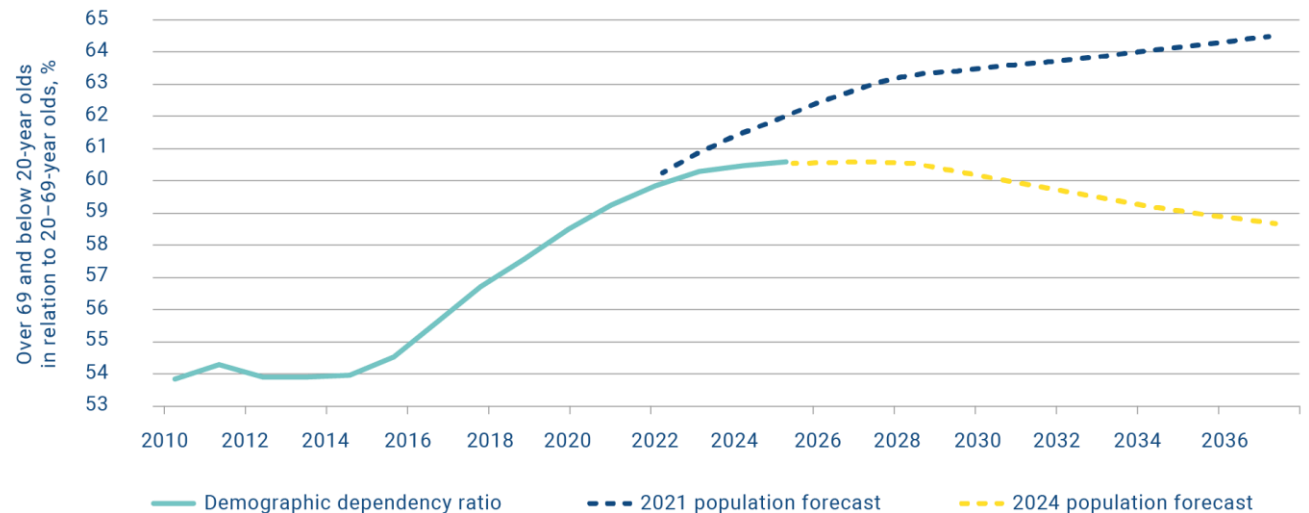
- The Finnish Government is committed to fiscal consolidation worth of **EUR 9bn**, consisting of spending cuts, tax measures, and structural reforms especially in the labour market (already in implementation)
- In its April 2025 mid-term policy review, the Government announced a significant growth package to boost purchasing power, investments, and to improve work incentives
- EUR 1.1bn of tax cuts to income tax and corporate tax are financed through expenditure savings and tax increases

Key medium-term strenghts:

- Increased funding for R&D to meet total target of 4% of GDP by 2030
- Labour market reforms, stronger-than-expected growth of net immigration
- Dependency ratio to stabilize → Reduces costs related to an aging population and improves productivity
- Competitive wage levels → Maintaining strong export performance and encouraging investments and economic growth
- Strong commitment to a green transition supported by a high share of clean energy sources in the energy mix

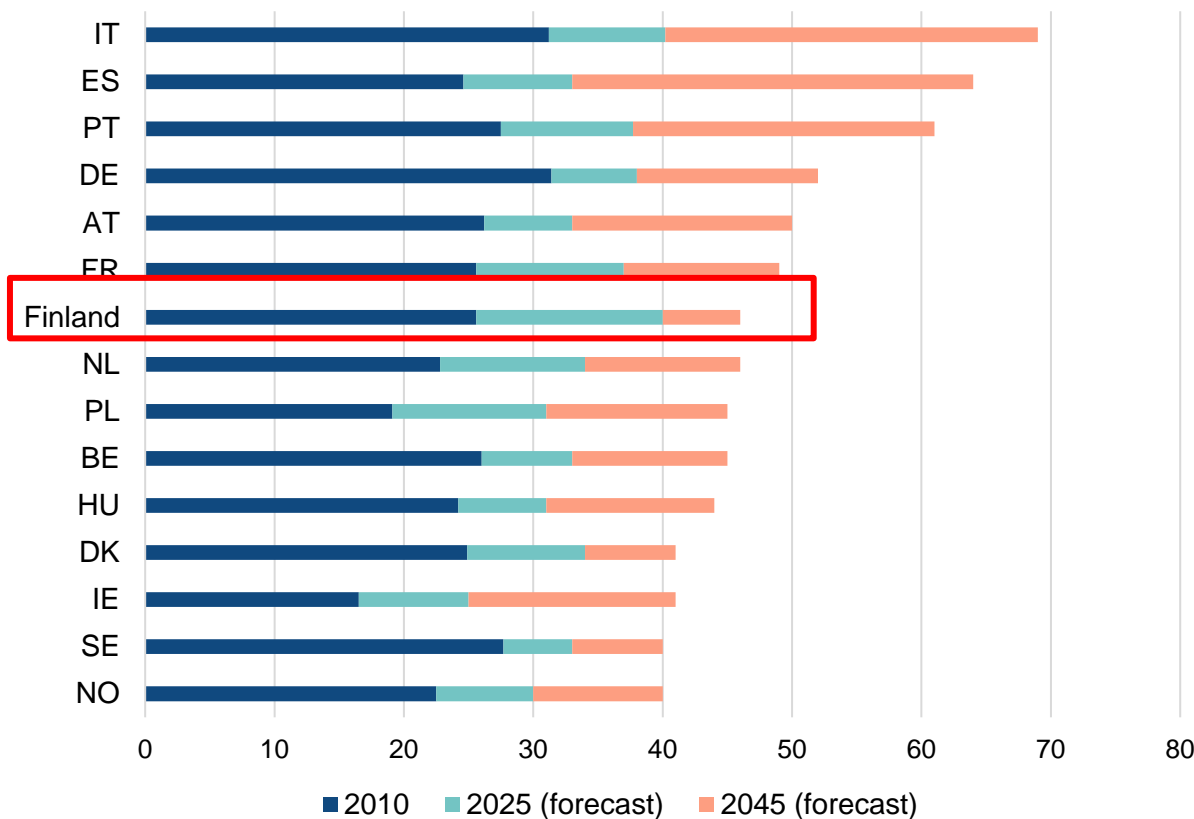
Dependency ratio

Sources: Macrobond, Statistics Finland



Aging: Finland's relative position improving

Old age dependency ratios in Europe, %

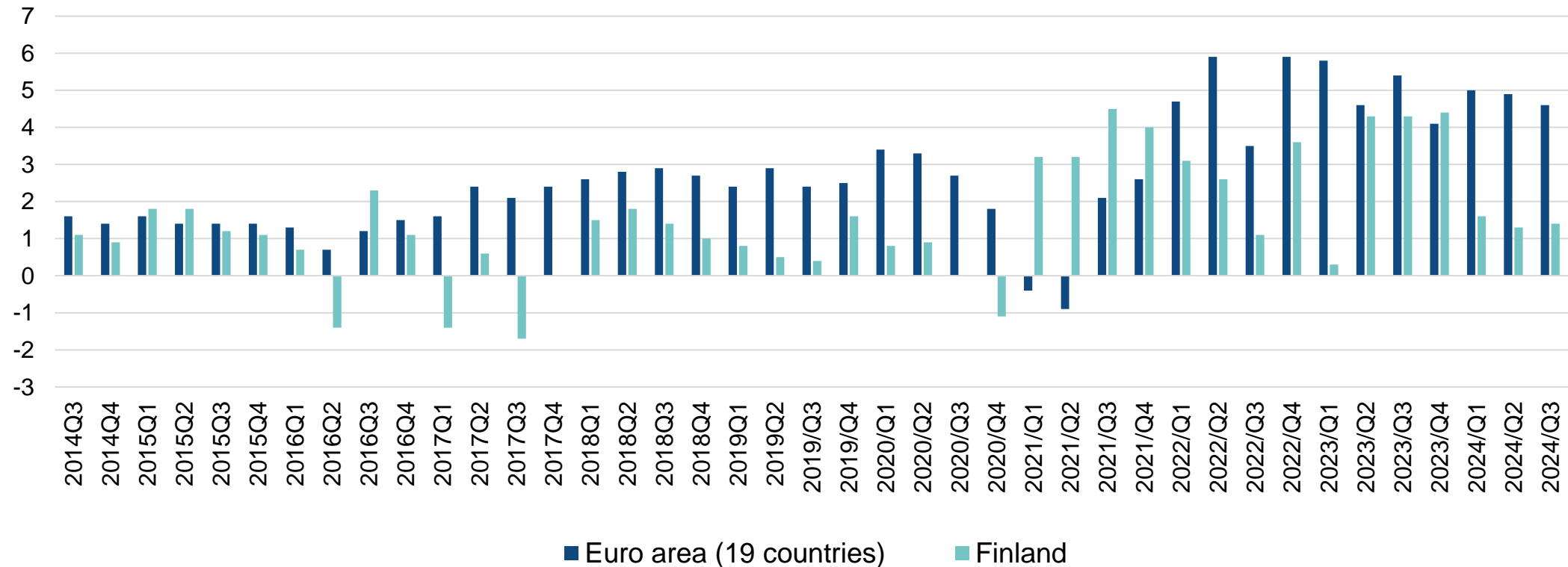


- Finland is moving past the most intense phase of the decline in the dependency ratio
- According to the World Bank's population forecast, Finland will be one of the slowest aging societies in Europe from 2025 to 2045
- The old-age dependency ratio is the number of people aged 65 and over in relation to the working-age population (15–64 years).

Labour costs competitiveness is in good shape

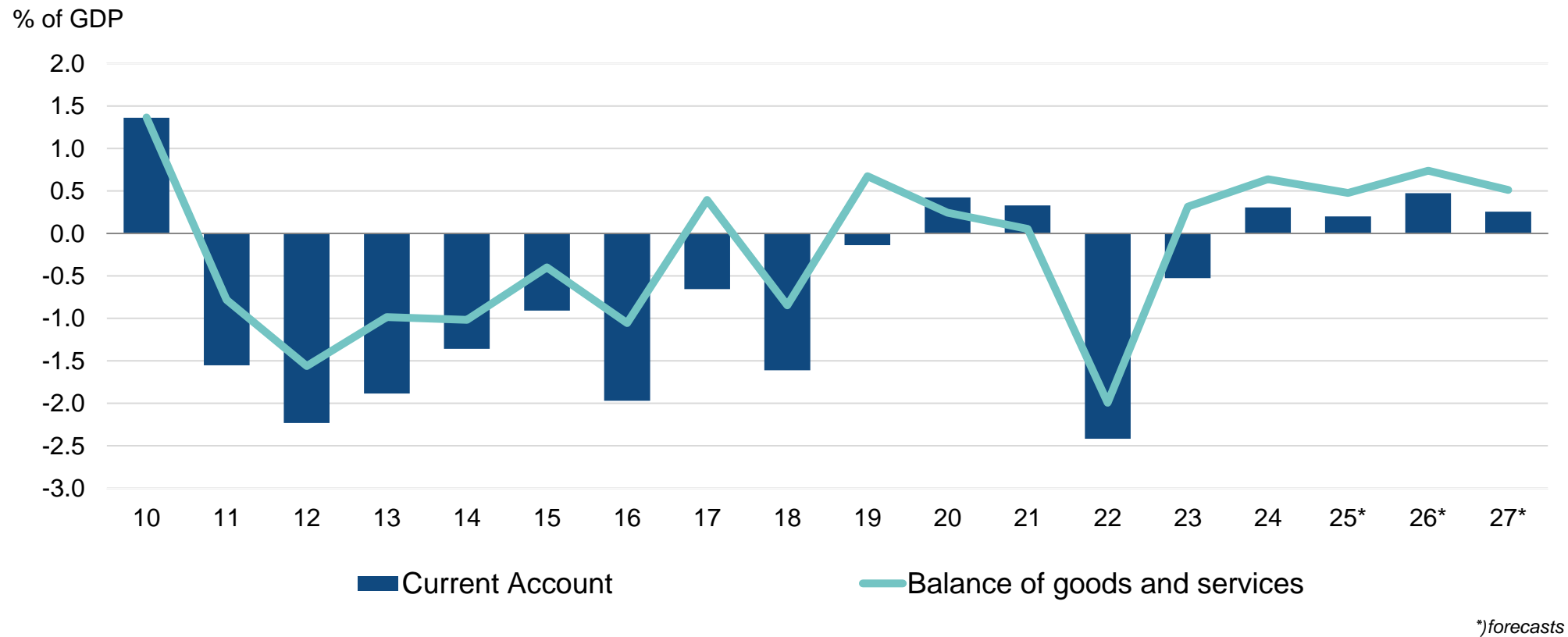
Hourly labour cost

% change from previous year



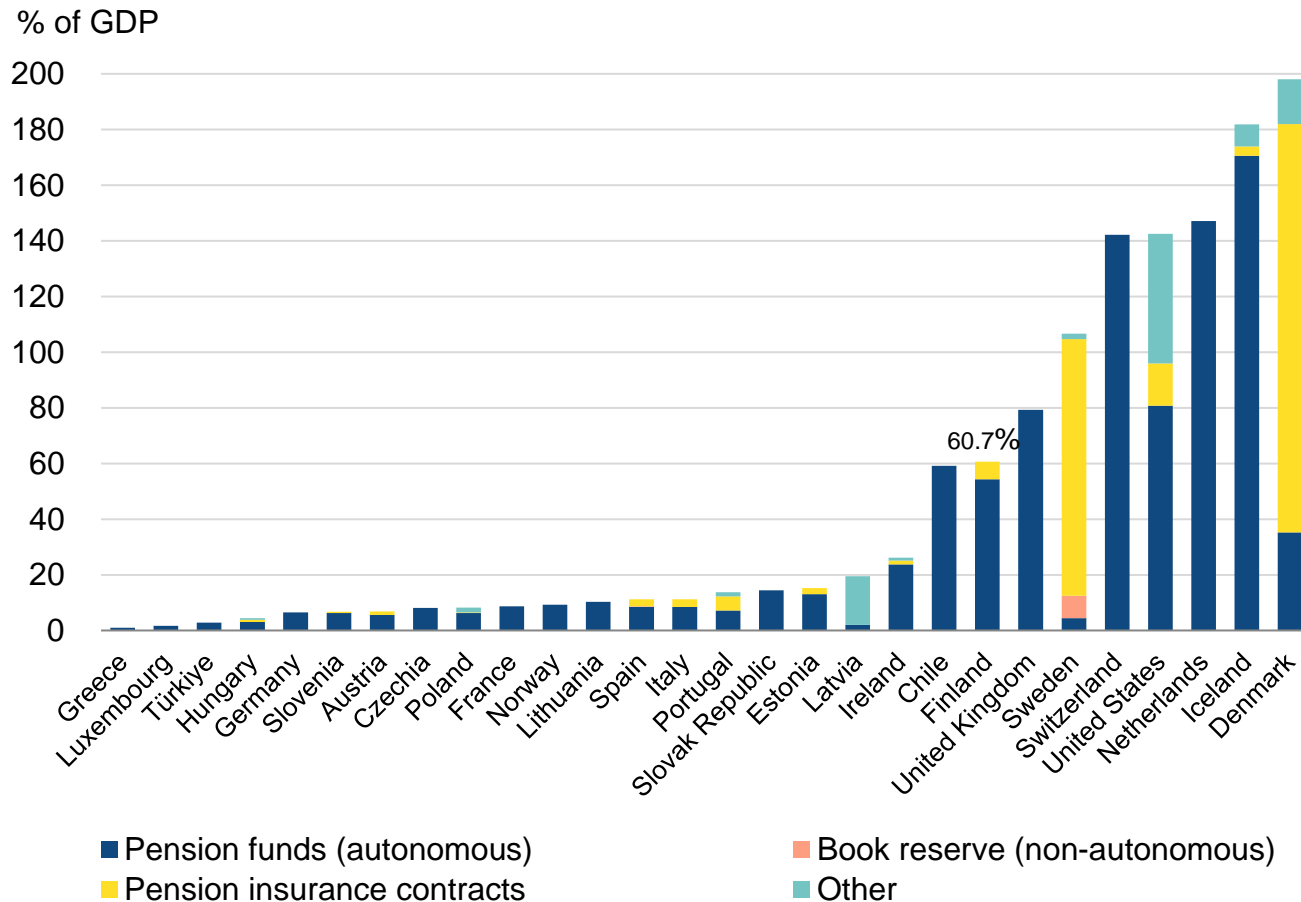
Improved price competitiveness has contributed to the current account returning to a surplus

Current account



Earnings-related pension assets as % of GDP

Pensions assets 2023



Earnings-related pension assets in Finland

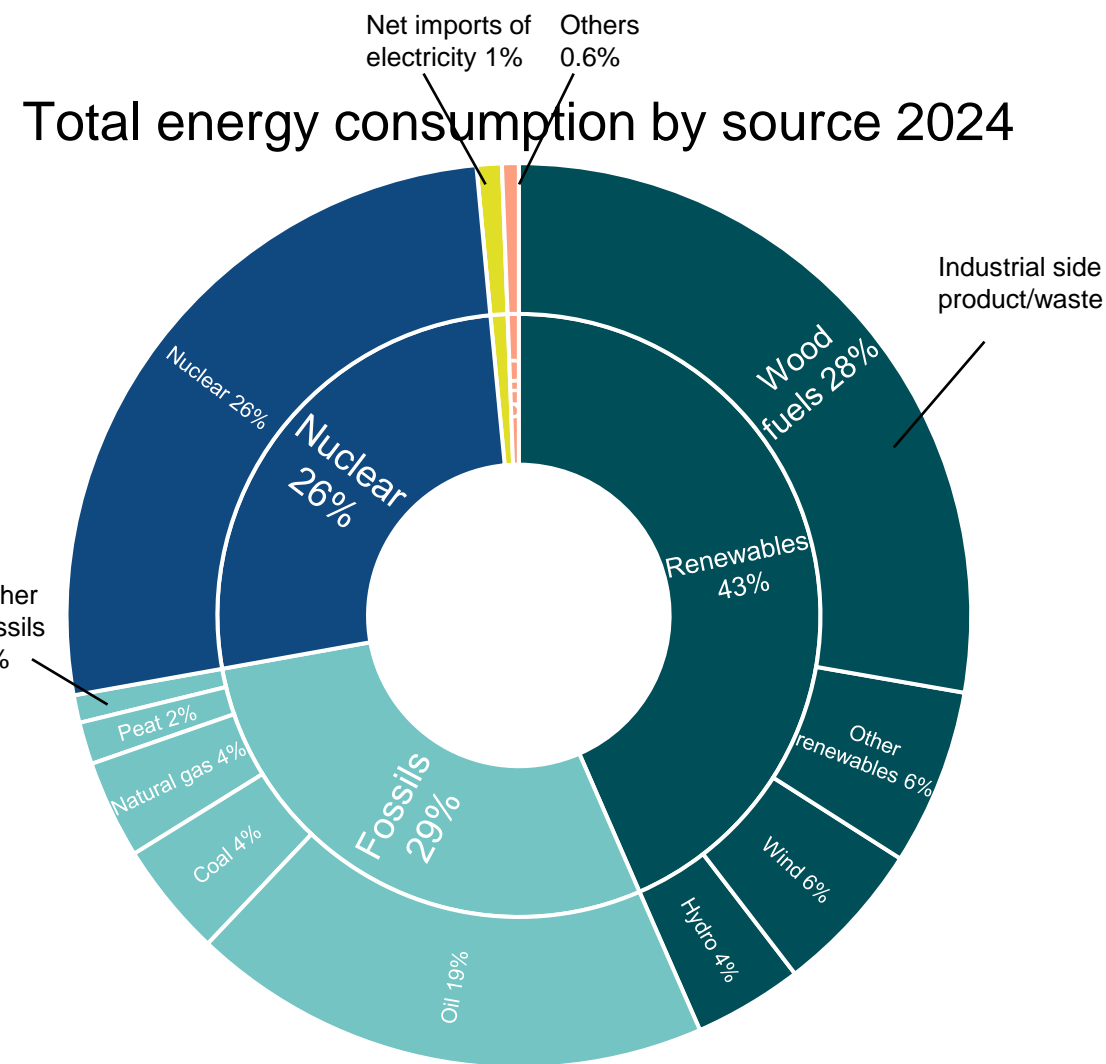


Source: Finnish Pension Alliance, Earnings related pension assets, including public sector pension assets

*Source: OECD Pension Indicators (Pension assets, excluding public sector pension assets)

Firmly on the path to green transition

- In Finland, the share of renewables of the energy mix is at 43% the second highest in EU.
- Growth of nuclear, wind, and hydro power have accelerated Finland's energy transition.
- Consumption of fossil fuels decreased by 5% in 2024 compared to the previous year.
- Finland close to self-sufficiency in electricity production: domestic fossil-free production covered 95% of Finland's electricity demand in 2024.
- Olkiluoto 3 nuclear power plant, operational from April 2023, has increased Finland's self-sufficiency in energy significantly.

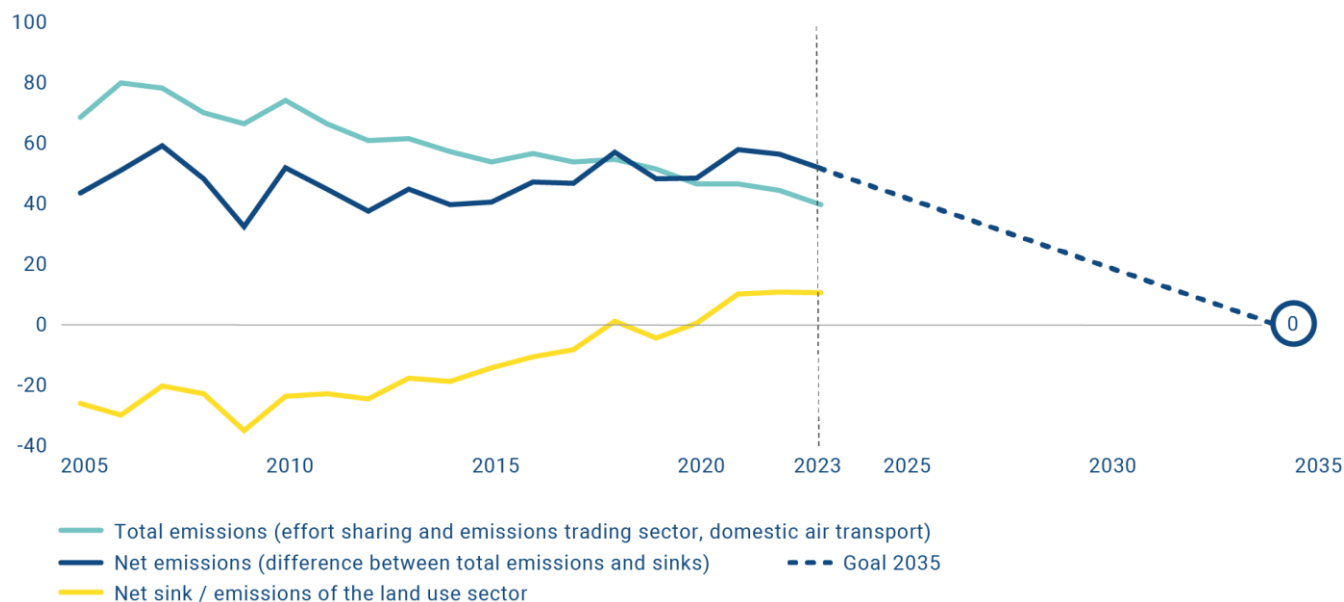


Finland's national target is carbon neutrality by 2035

Finland's greenhouse gas emissions trends

Sources: Annual Climate Report 2024
(Ministry of the Environment) and Statistics Finland

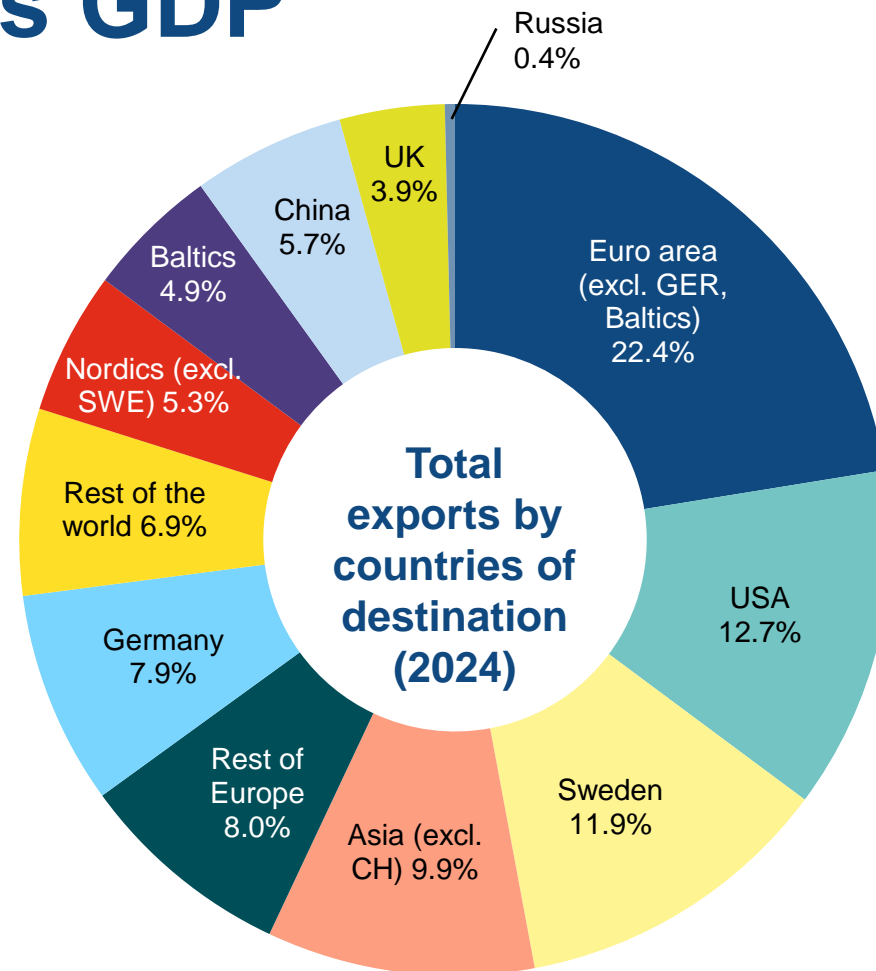
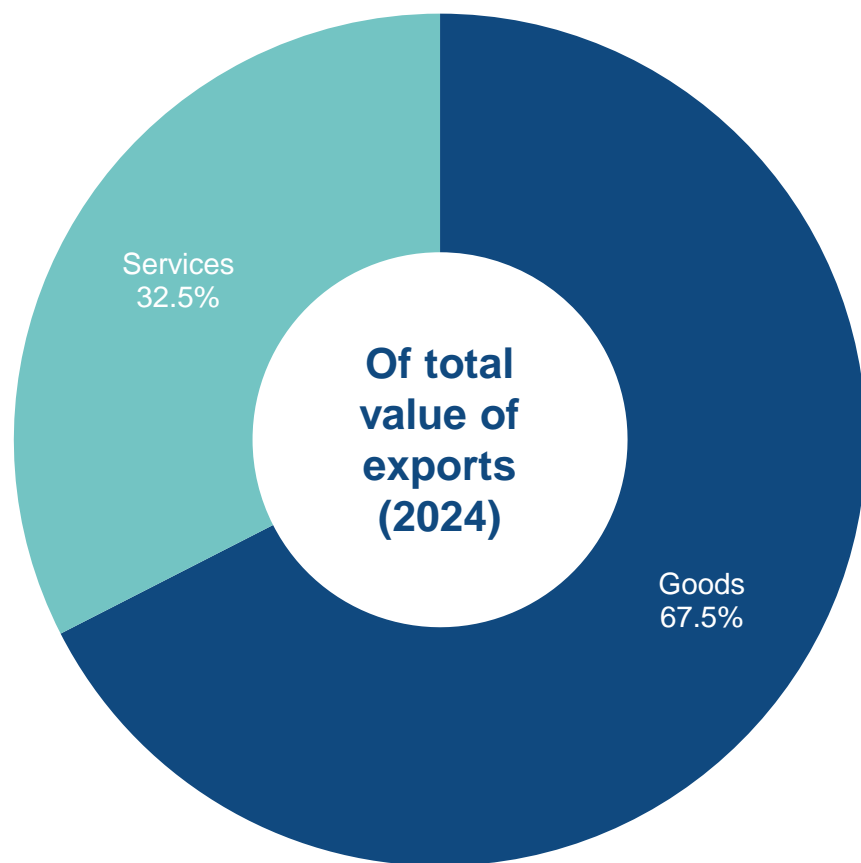
Million tonnes of carbon dioxide equivalent



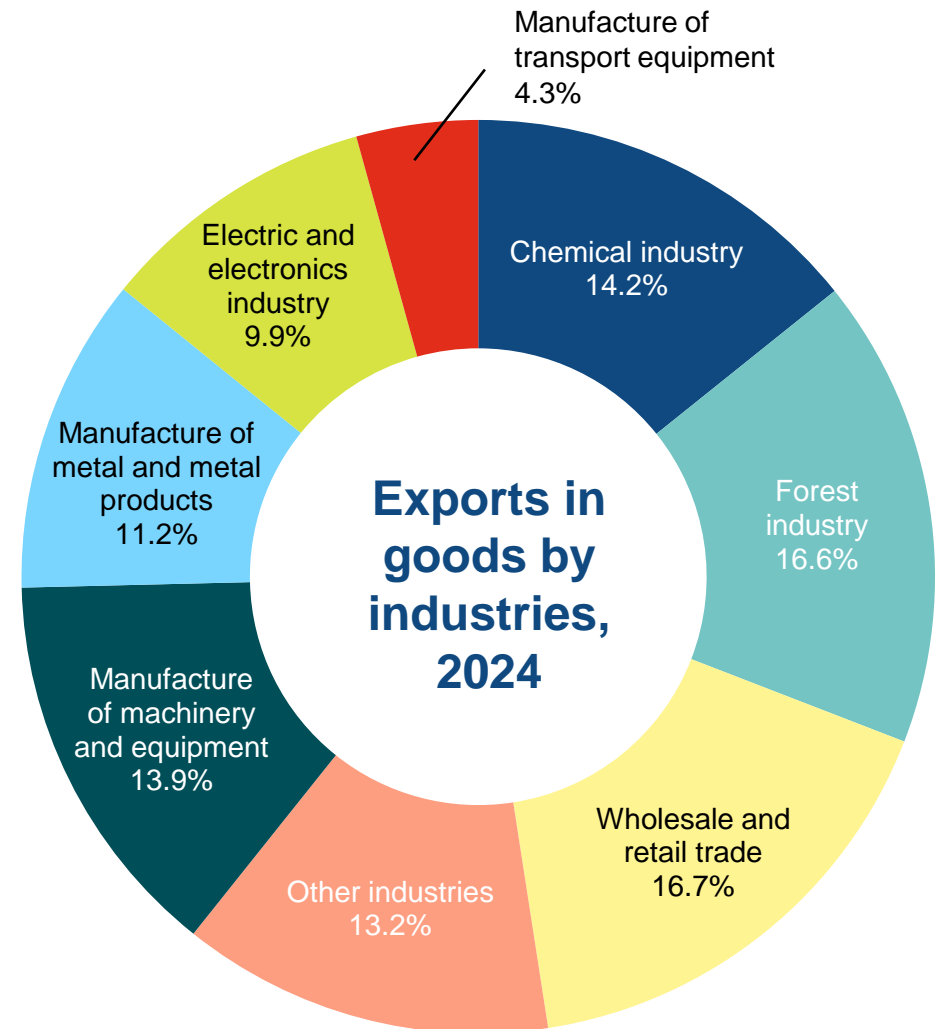
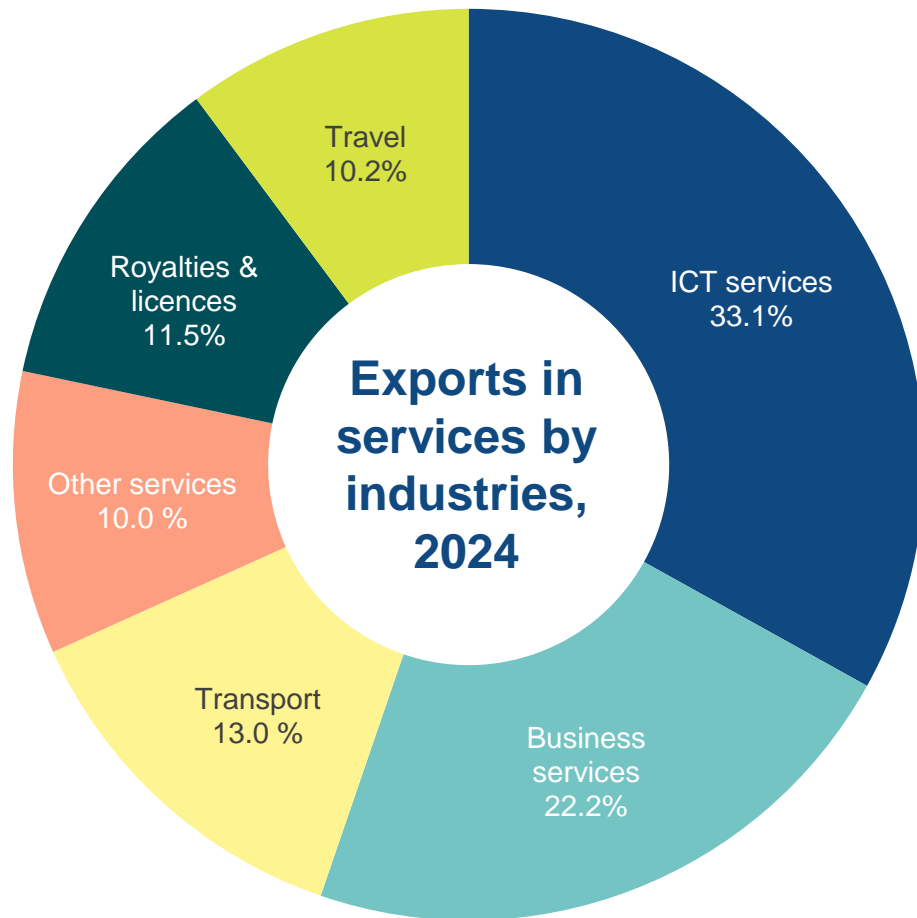
- Finland's emission reduction targets are -60% by 2030, -80% by 2040 and -90 % but aiming at -95 % by 2050, compared to the levels in 1990.
- Latest estimate: Finland is on track to reach the 2030 target
- These emissions reduction targets, as well as the national goal of carbon neutrality by 2035, are enshrined in the Climate Change Act
- Over past five years, rate of GhG emission reductions has averaged around 6% a year
- In the land use sector, additional measures are needed to strengthen carbon sinks
- See also: Finland's climate performance assessed against [ASCOR framework](#)



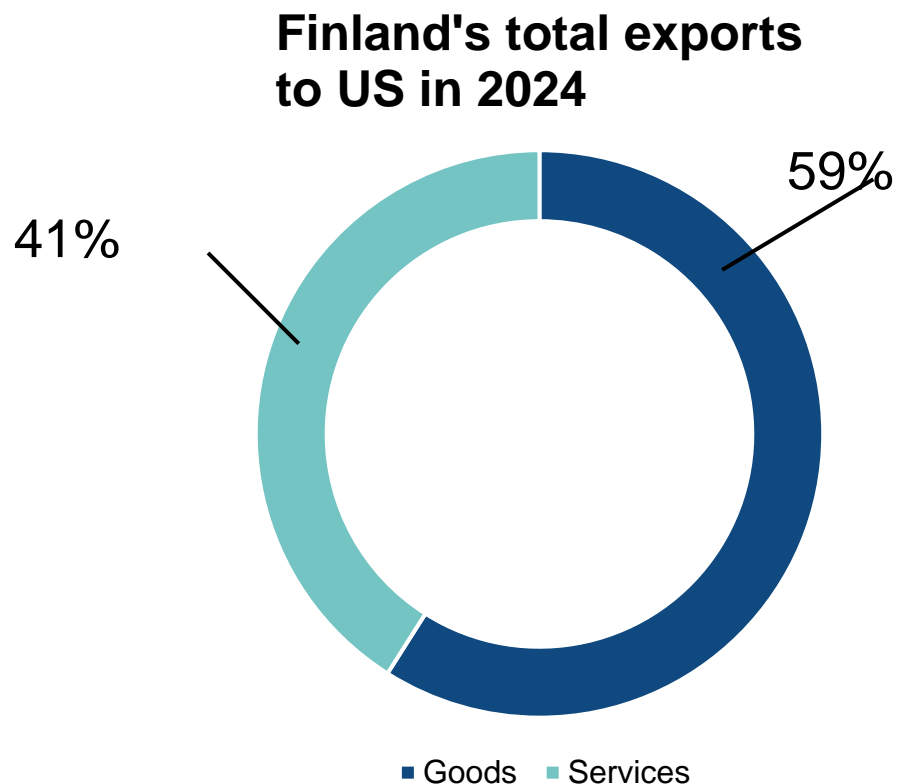
Small, open economy – exports account for 40% in relation to Finland's GDP



Finnish main exports in services and goods



Finnish exports to the United States in 2024

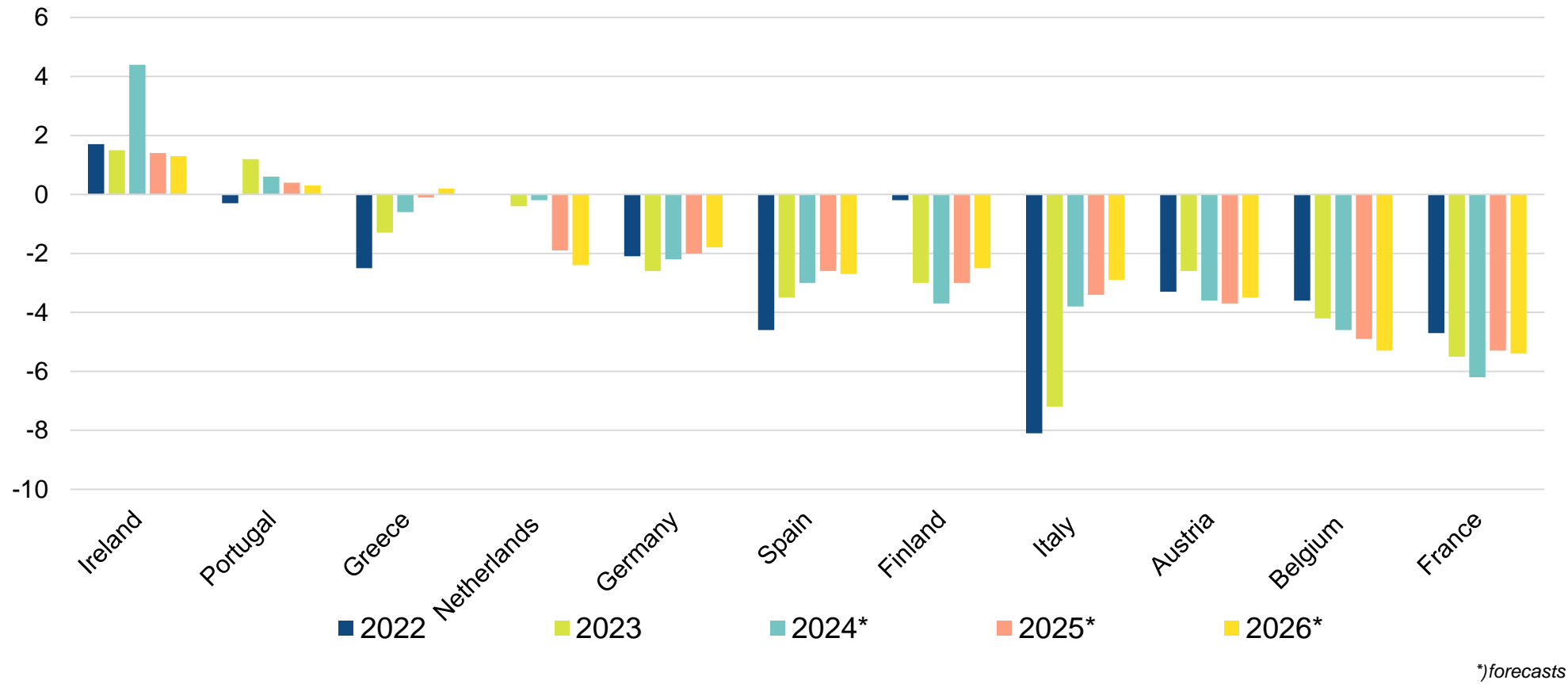


- Total value of Finland's exports to the US amounted to €14.8 billion, accounting for some 13% of Finland's total exports
- Total value of Finnish **goods** exports to US in 2024 was EUR 8.7 bn
- Goods exports consisted of:
 - machinery and equipment
 - pharmaceutical products
 - instruments and meters
 - paper and pulp
 - electrical devices and machines

EMU general government financial balance

EMU general government financial balance

in ratio to GDP, %

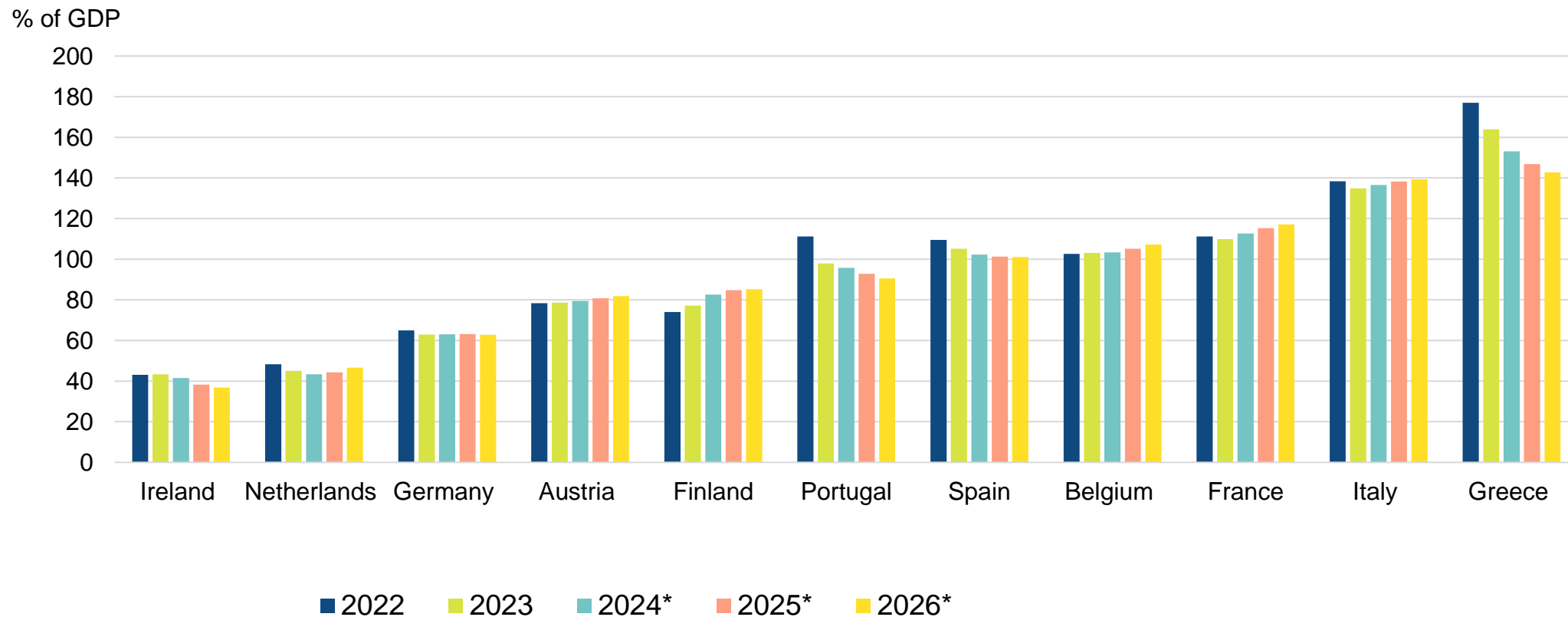


Source: European Commission, Autumn 2024

*)forecasts

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

EMU General Government Gross Debt



*)forecasts

Source: European Commission, Autumn 2024
*)forecasts



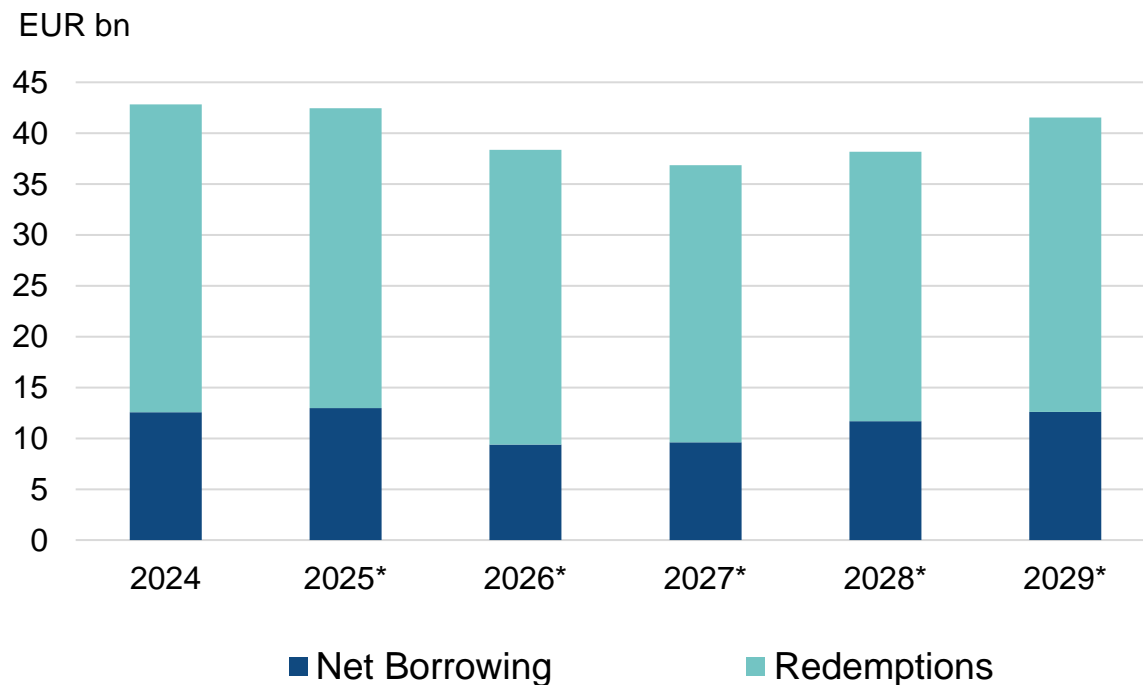
State Treasury
Republic of Finland

2 Funding

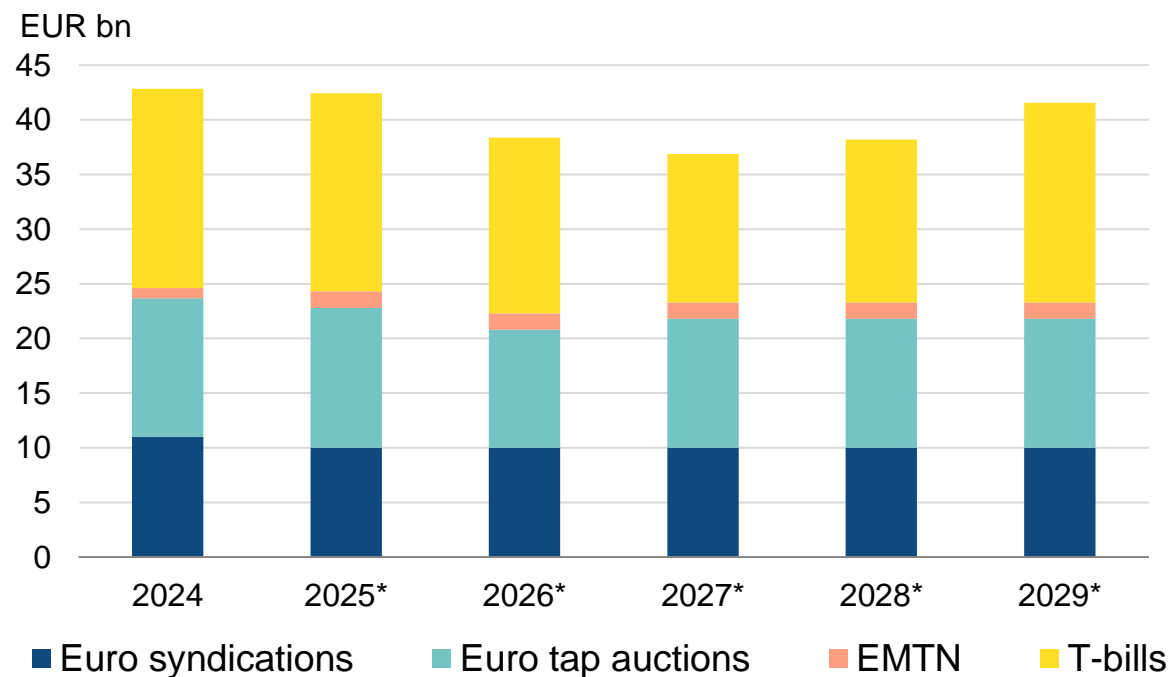


Central government gross borrowing estimate and projected funding instrument allocation

Central government gross borrowing



Projected funding instrument allocation

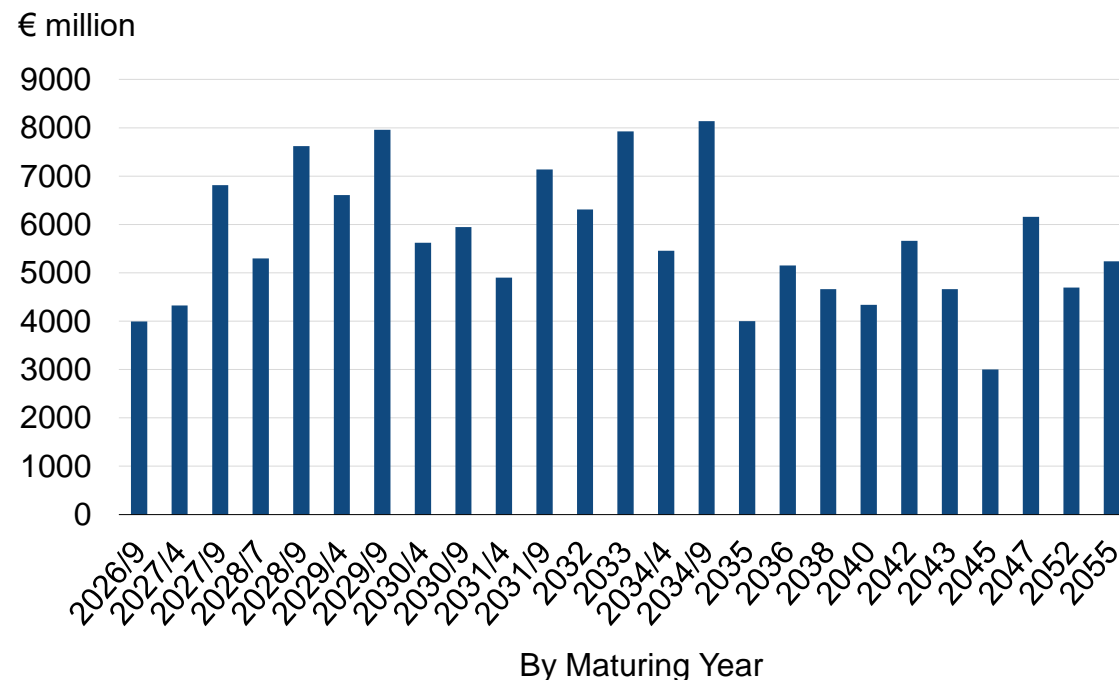


Funding strategy

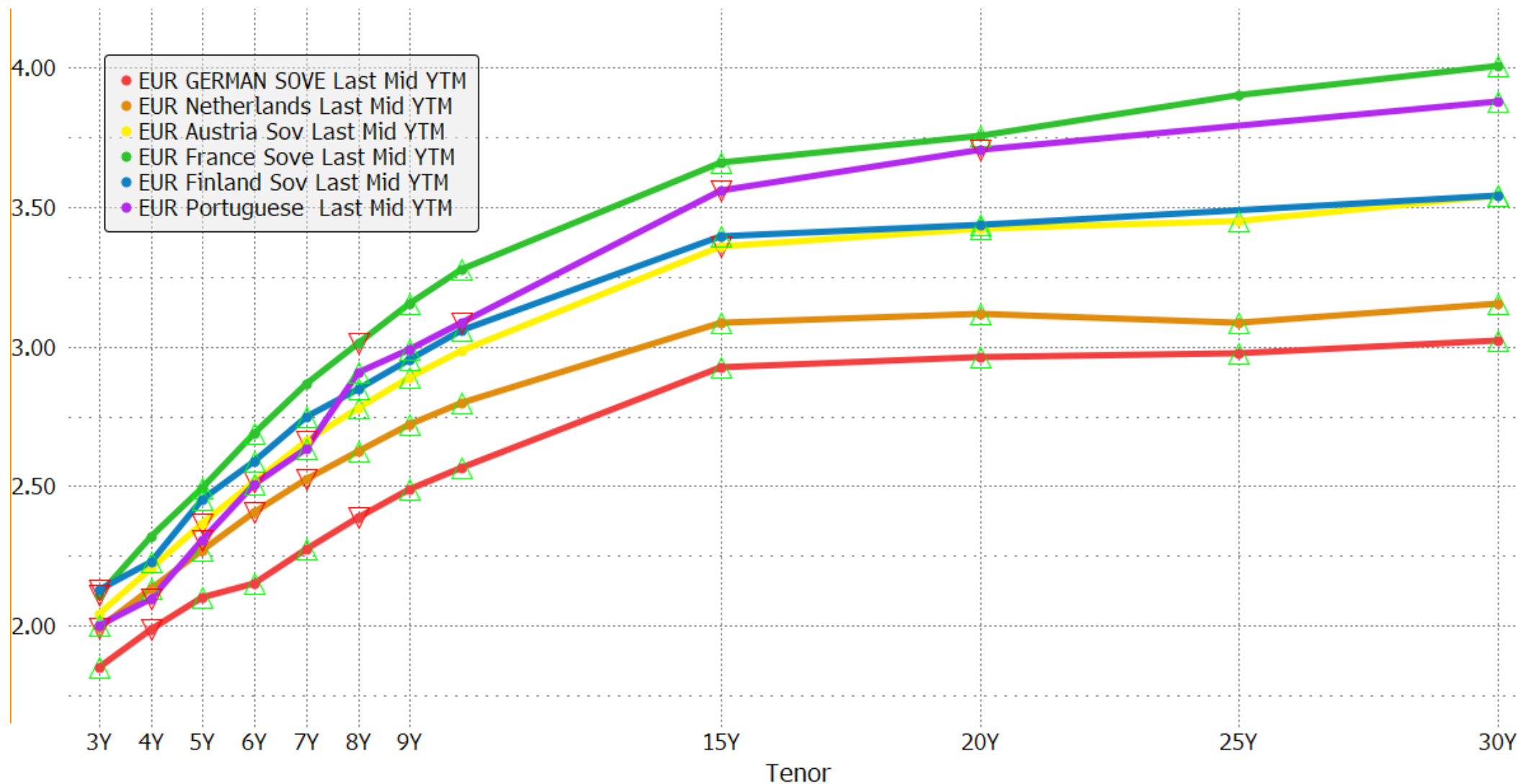
“Maintaining a globally diversified investor base by geography and investor type”

- Euro benchmark bond curve to 30 years
- Three syndicated euro benchmark bonds per year complemented by tap auctions
- Liquidity in focus – Primary Dealers have a quoting obligation.
- EMTN issuance complements euro benchmark bonds

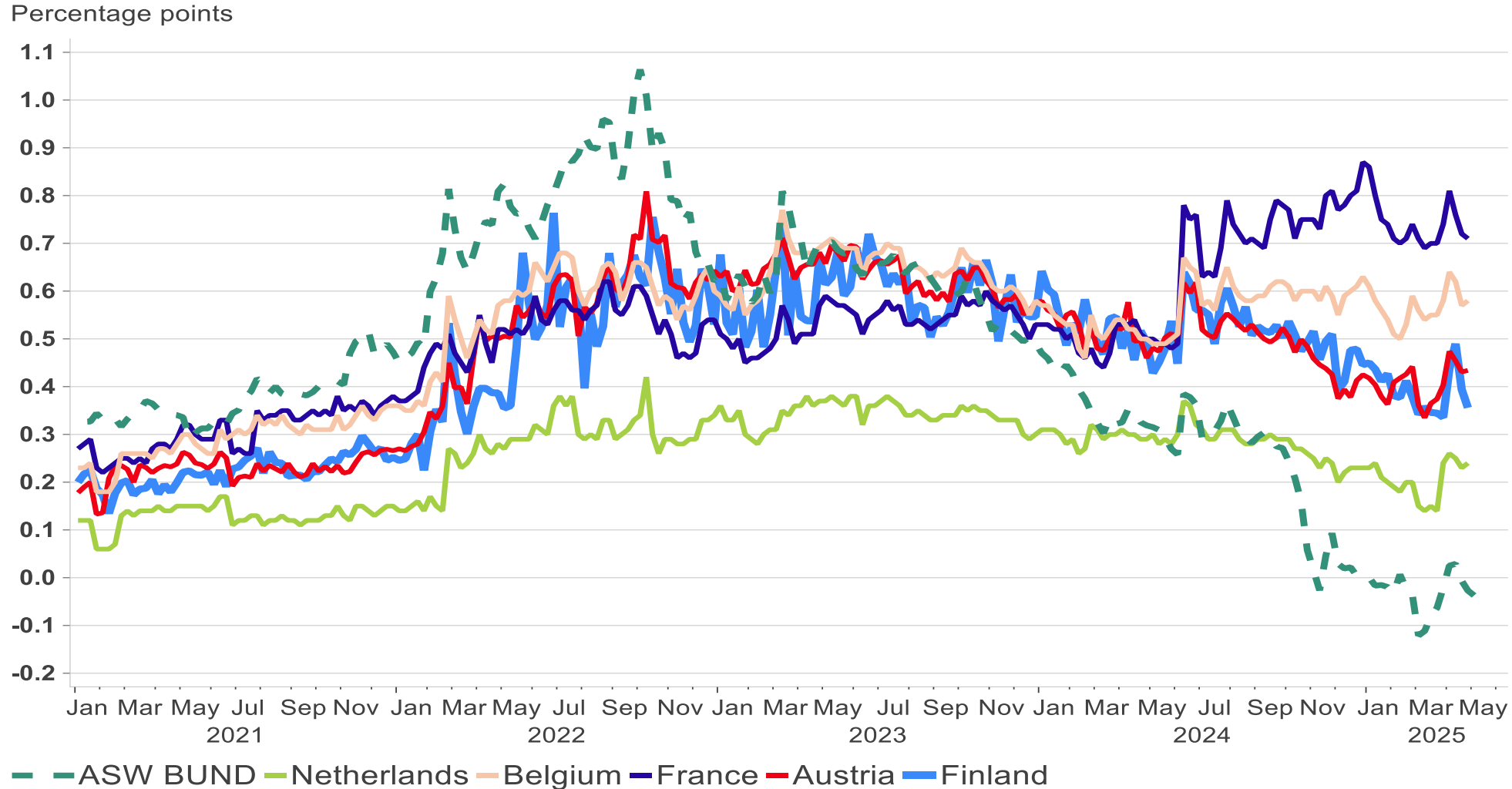
Benchmark bonds outstanding



10-year yield curves, Finland and peers



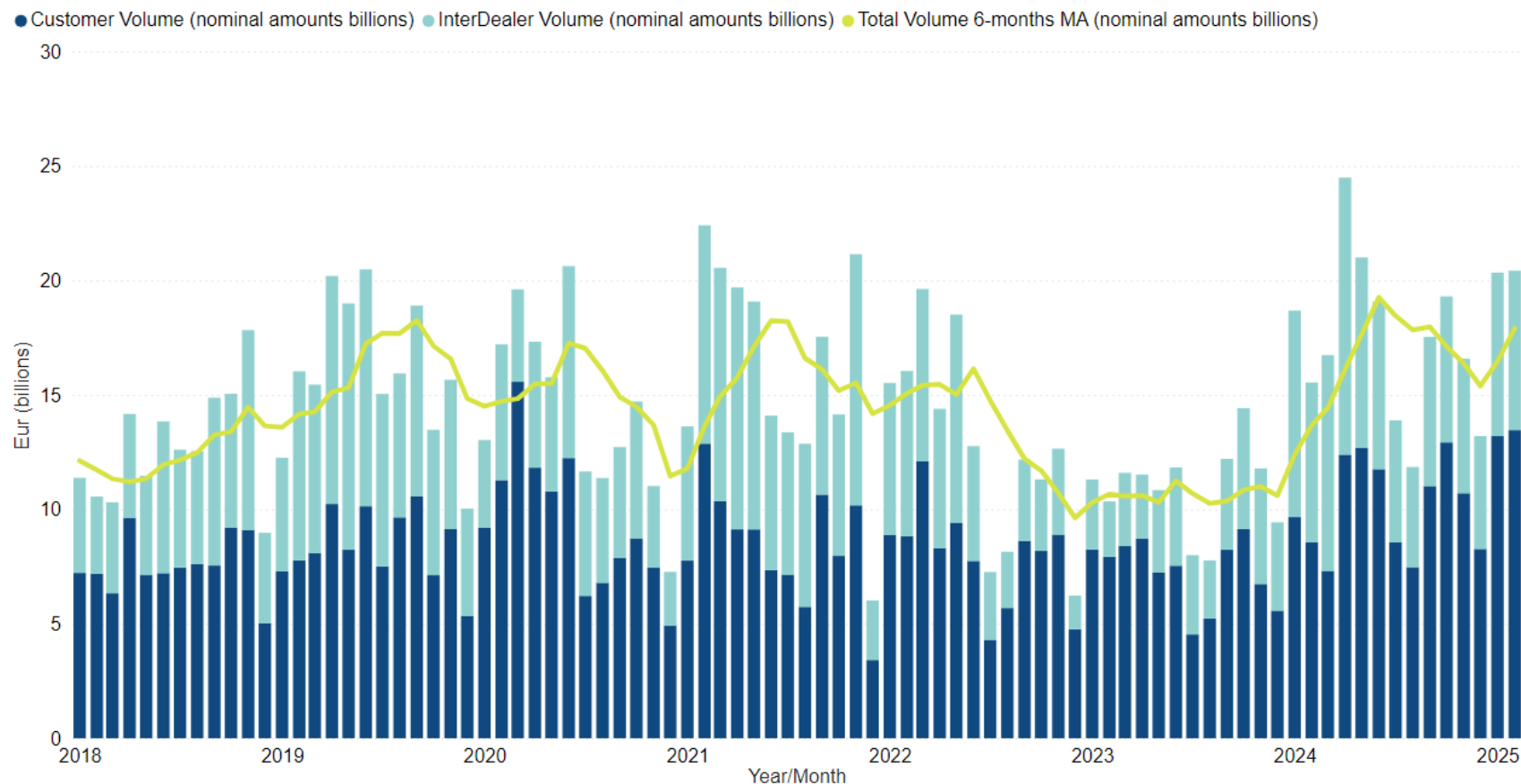
10-year government bond yield spreads to Germany & ASW BUND



RFGB secondary market activity

Monthly secondary turnover (sales + purchases)

RFGB secondary market activity



Primary Dealers 2025

BofA Securities

HSBC

Barclays

J.P. Morgan

BNP Paribas

Nomura

Citi

Nordea

Crédit Agricole

Société Générale

Danske Bank

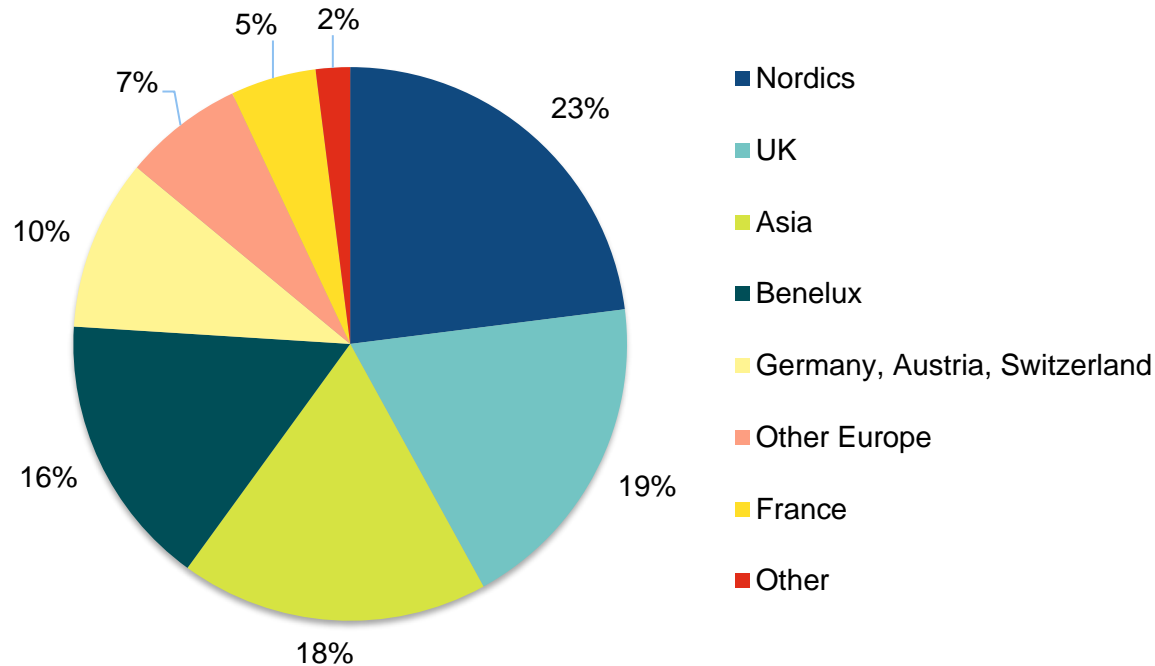
Deutsche Bank

Goldman Sachs

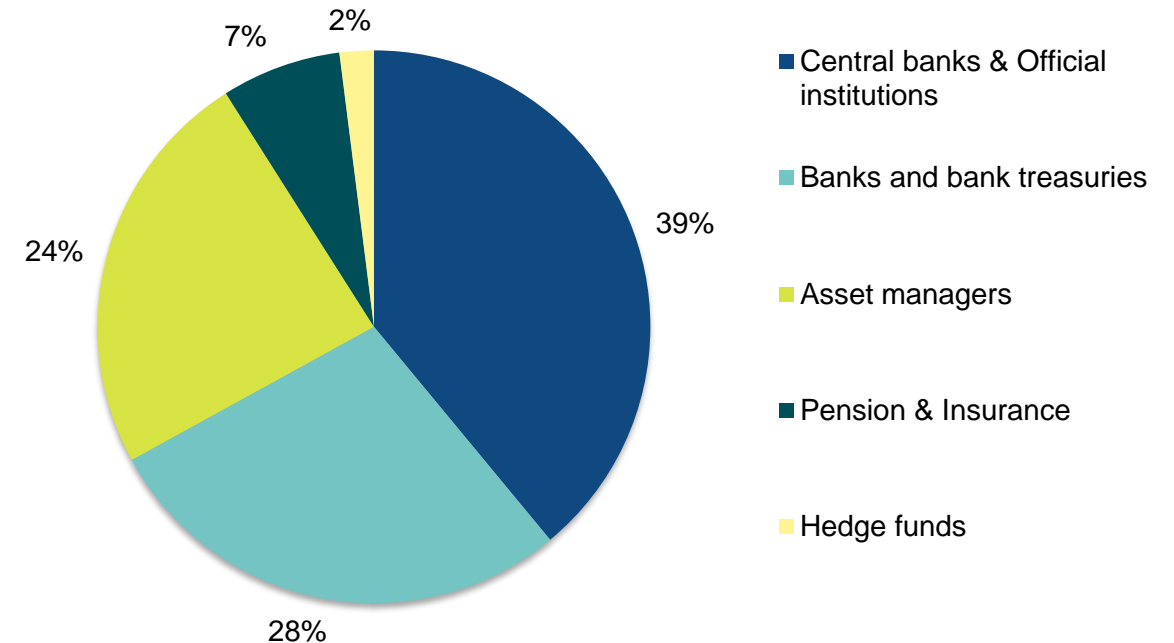
Investor base for RFGB 3% EUR 4bn due September 2035

- Launched in April 2025
- Allocated to over 150 investors

Distribution of the bond by region



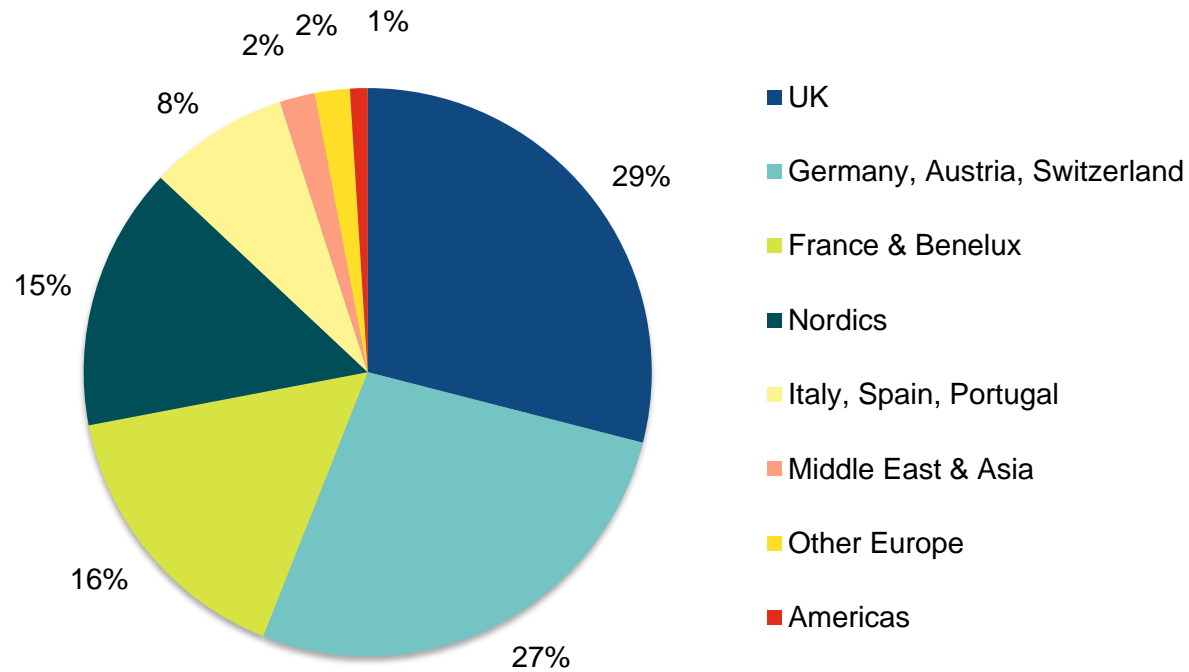
Distribution of the bond by investor type



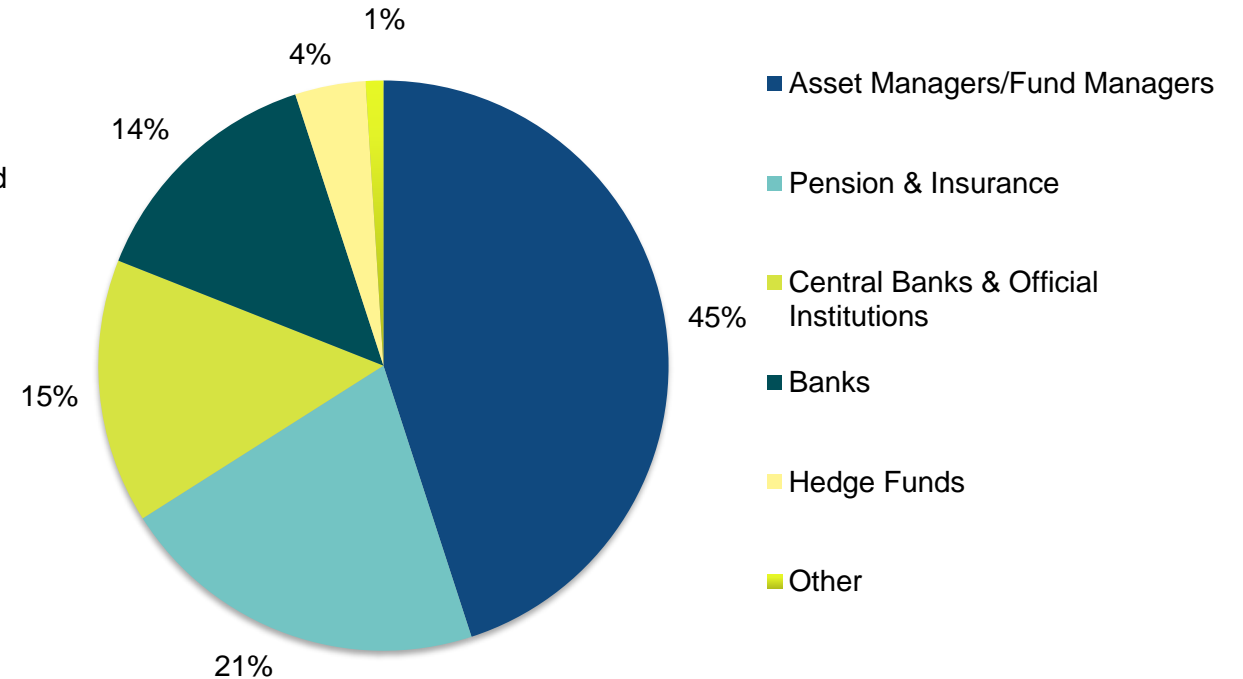
Investor base for RFGB 3.200% EUR 3bn due 15 April 2045

- Launched in January 2025
- Allocated to over 220 investors

Distribution of the bond by region



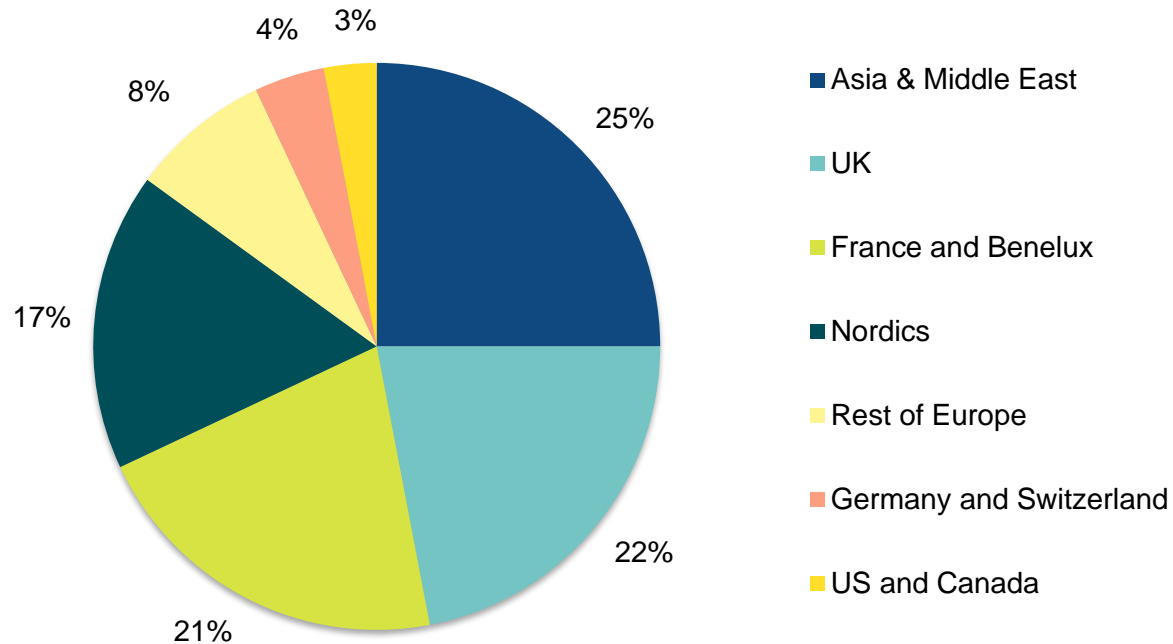
Distribution of the bond by investor type



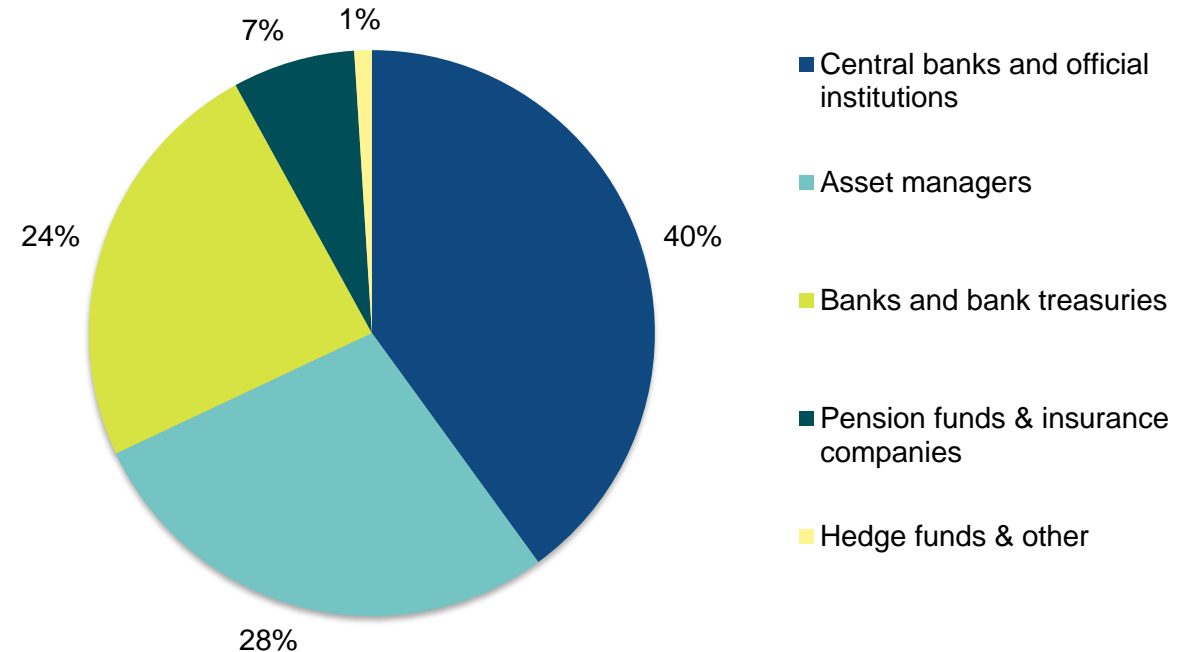
Investor base for RFGB 2.500% EUR 4bn due April 2030

- Launched in August 2024
- Allocated to circa 80 investors

Distribution of the bond by region



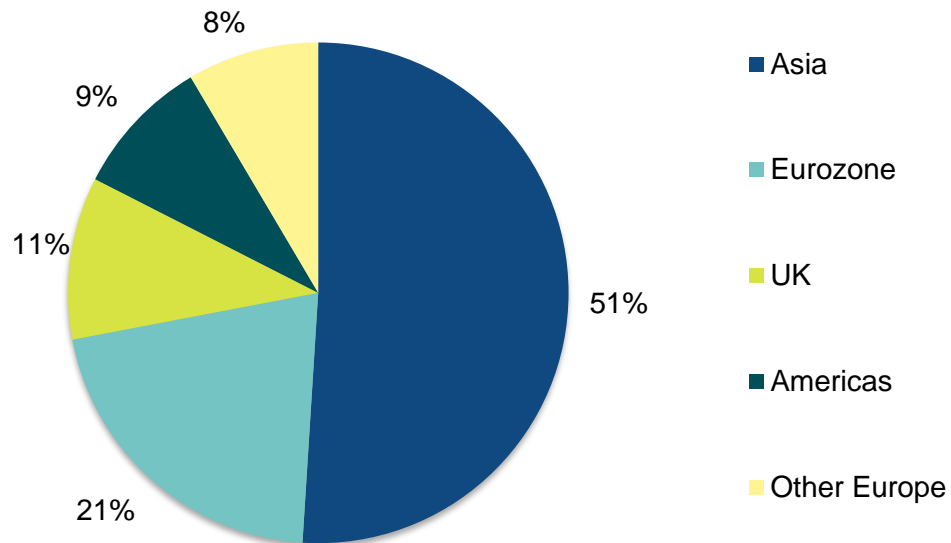
Distribution of the bond by investor type



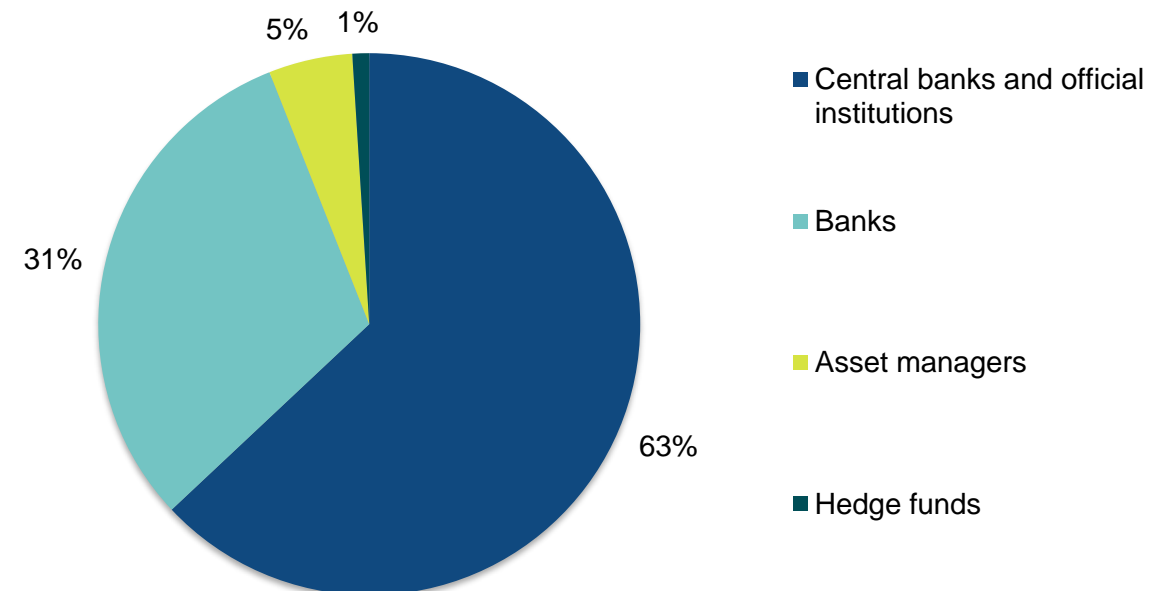
Investor base for FINL 4.375% USD 1bn due July 2034

- 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 carbon 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**

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

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