State Treasury
Republic of Finland

Finnish central government borrowing

November 2020

Valtiokonttori
Statskontoret
State Treasury

AA+

AA+

Credit ratings

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

For long-term debt, they are

AA+ and **AA+**

(stable, stable)

1 Finnish economy

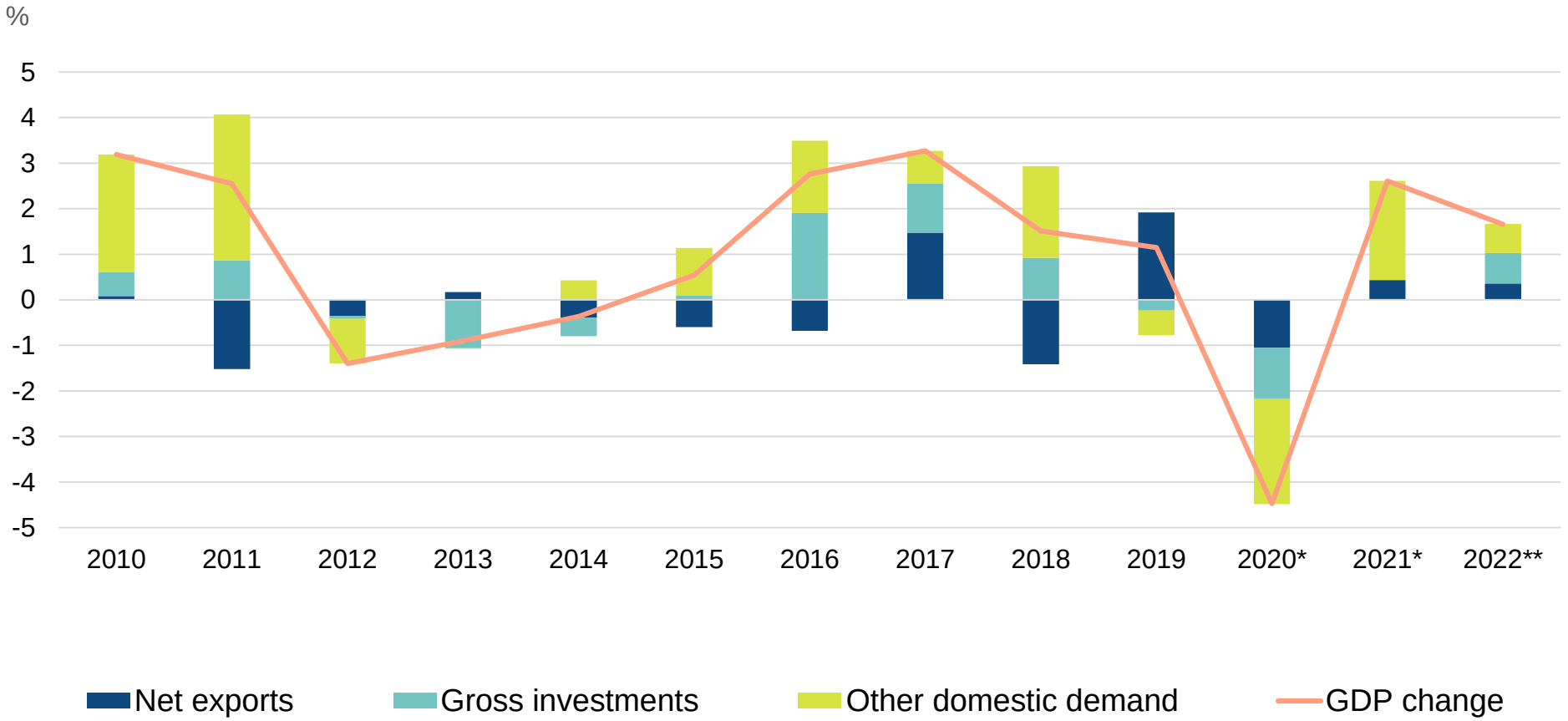
A great deal of uncertainty in the economic outlook

- The fall in the volume of GDP in Q2 was significantly below the eurozone equivalent
- Public sector expenditure supports growth in 2020 and 2021
- Fall in housing construction slowing down the recovery of investments
- The employment rate will stand at 71.5% in 2022

	2020	2021	2022
GDP change %	-4.5	2.6	1.7
Inflation, %	0.4	1.2	1.4
Current account, %/GDP	-1.2	-2.7	-1.5
Private investment change, %	-4.7	-0.0	2.9
Exports change %	-12.5	5.3	3.8
Unemployment rate, %	8.0	8.2	8.0
Public deficit, %/GDP	-7.7	-5.0	-3.9
Public debt, %/GDP	70.2	72.8	74.3

Source: Ministry of Finance, Autumn 2020

Exports and industrial production hit by the continuation of the pandemic, growth to resume only in 2021

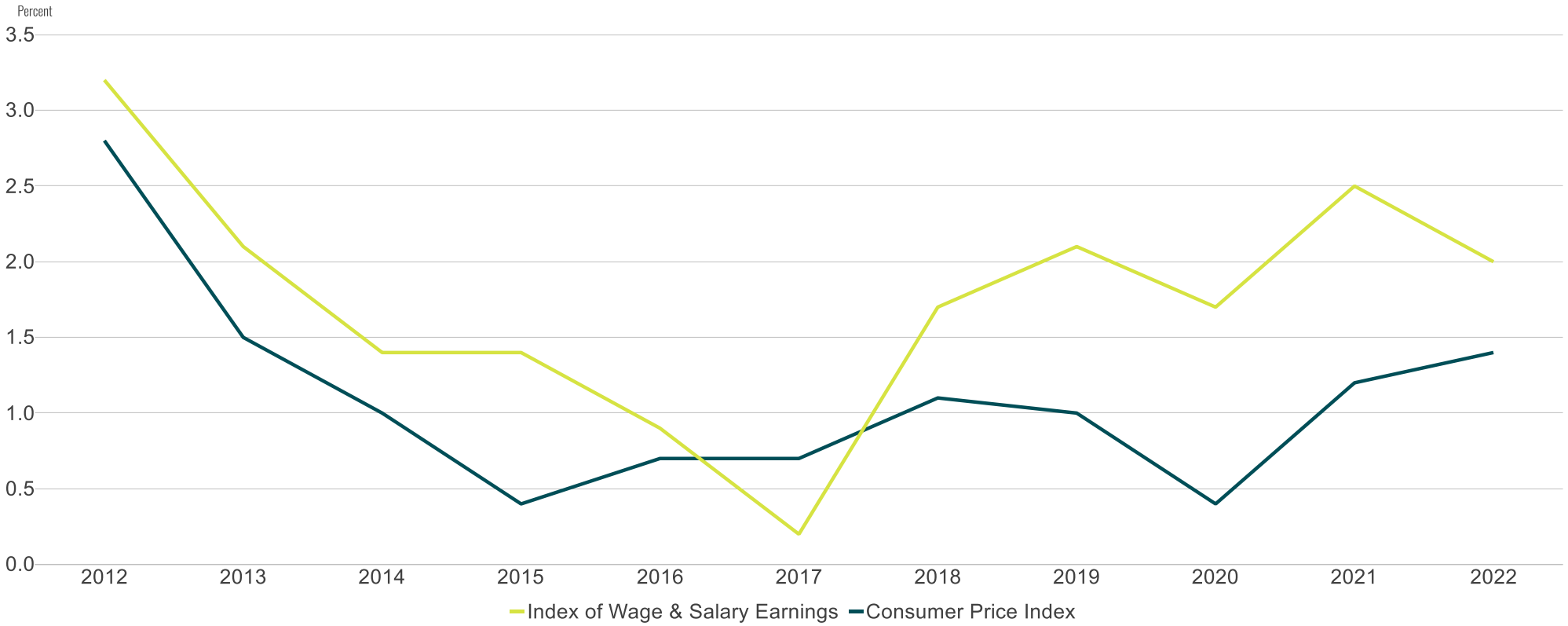


Source: Ministry of Finance, Autumn 2020

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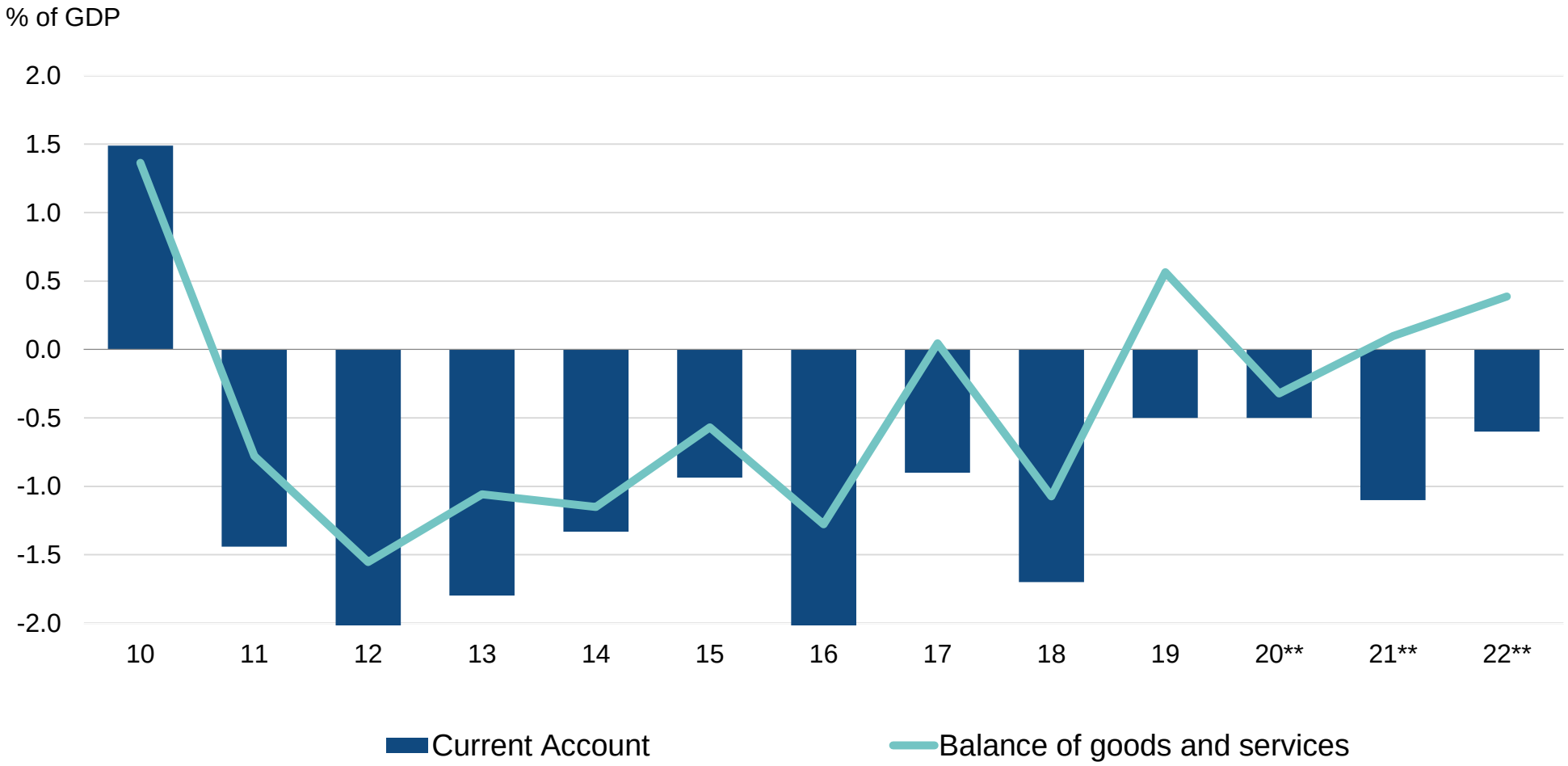
Uncertain economic outlook to slow down inflation in the coming years

change from previous year, %



Source: Macrobond

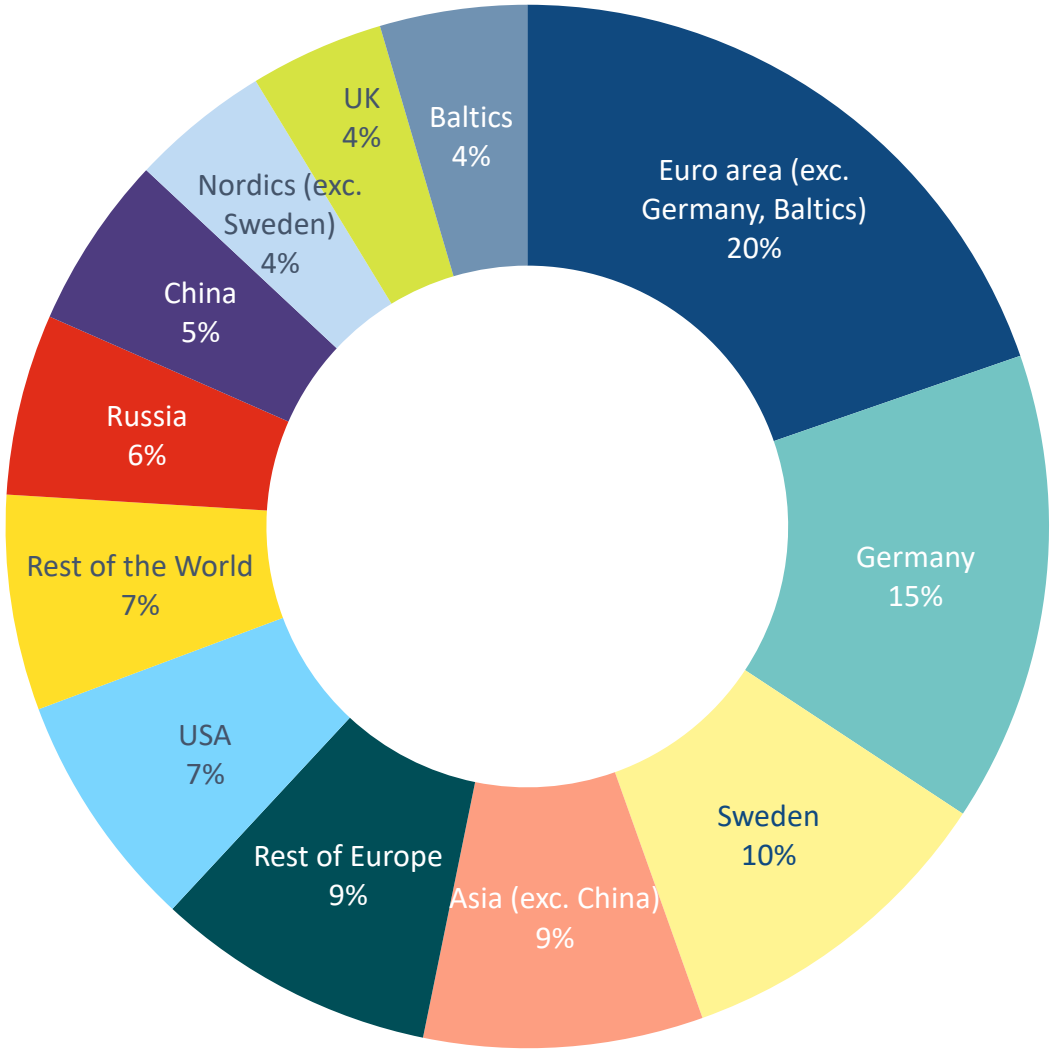
The value of exports to decline slightly faster than imports in 2020



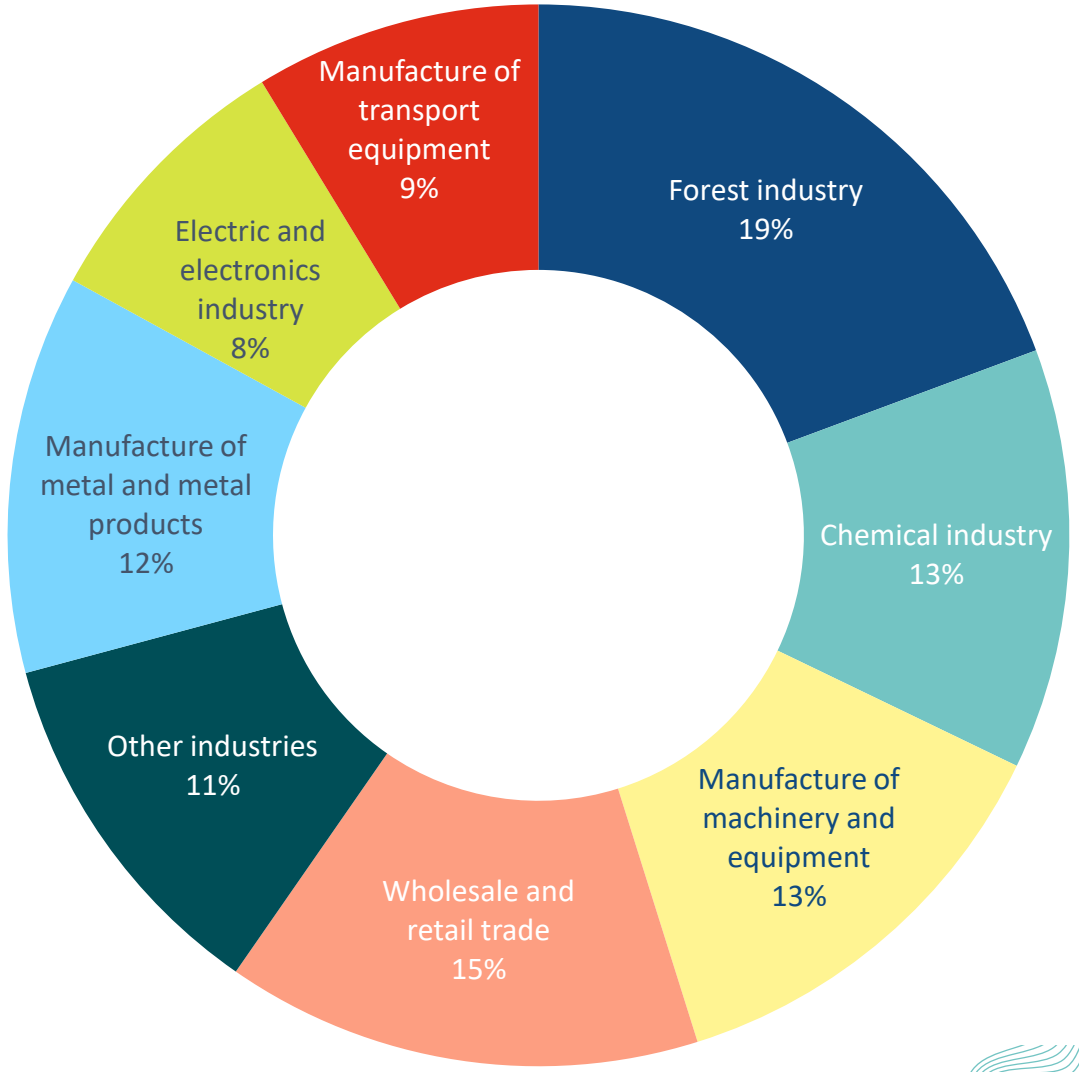
Source: Ministry of Finance, Autumn 2020

Exports of goods well diversified

Exports by countries of destination in 2019



Exports by industries 2019

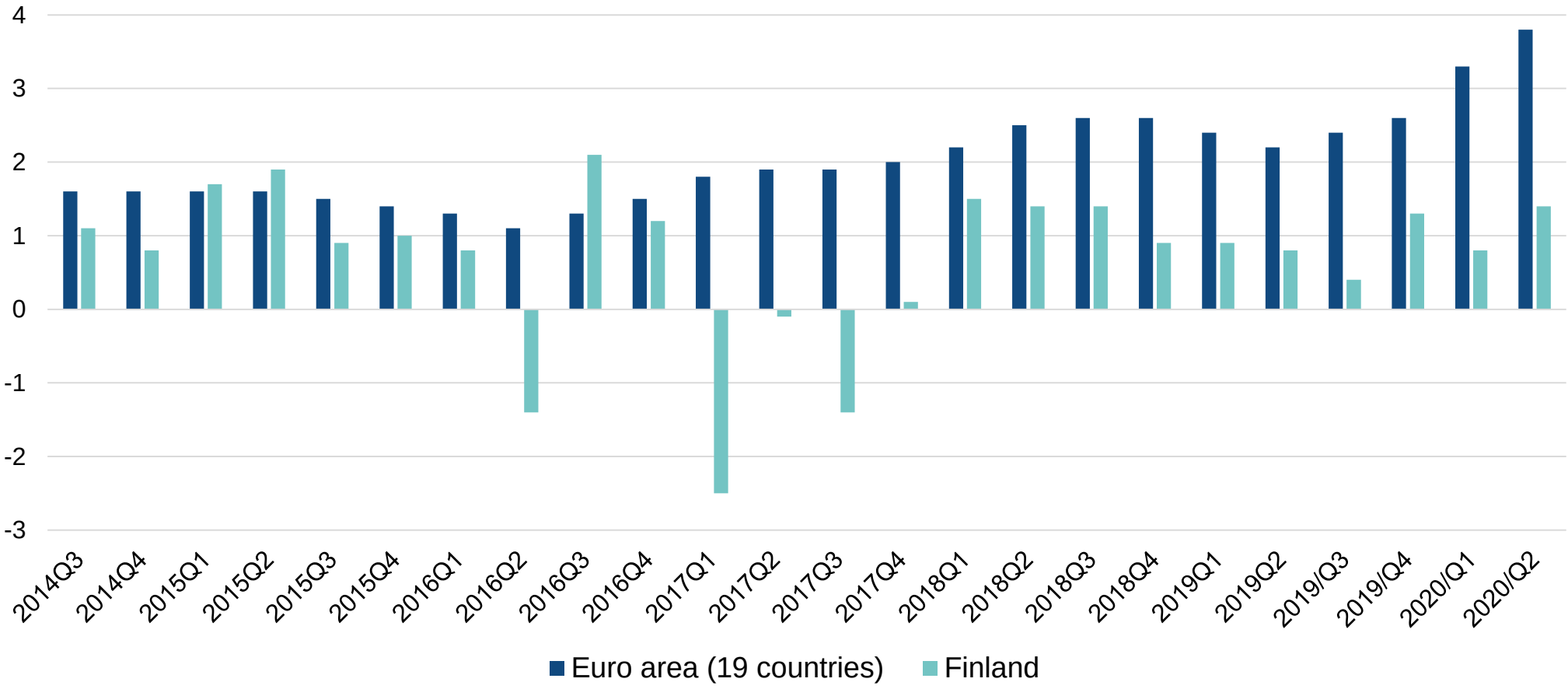


Source: National Board of Customs 2/2020

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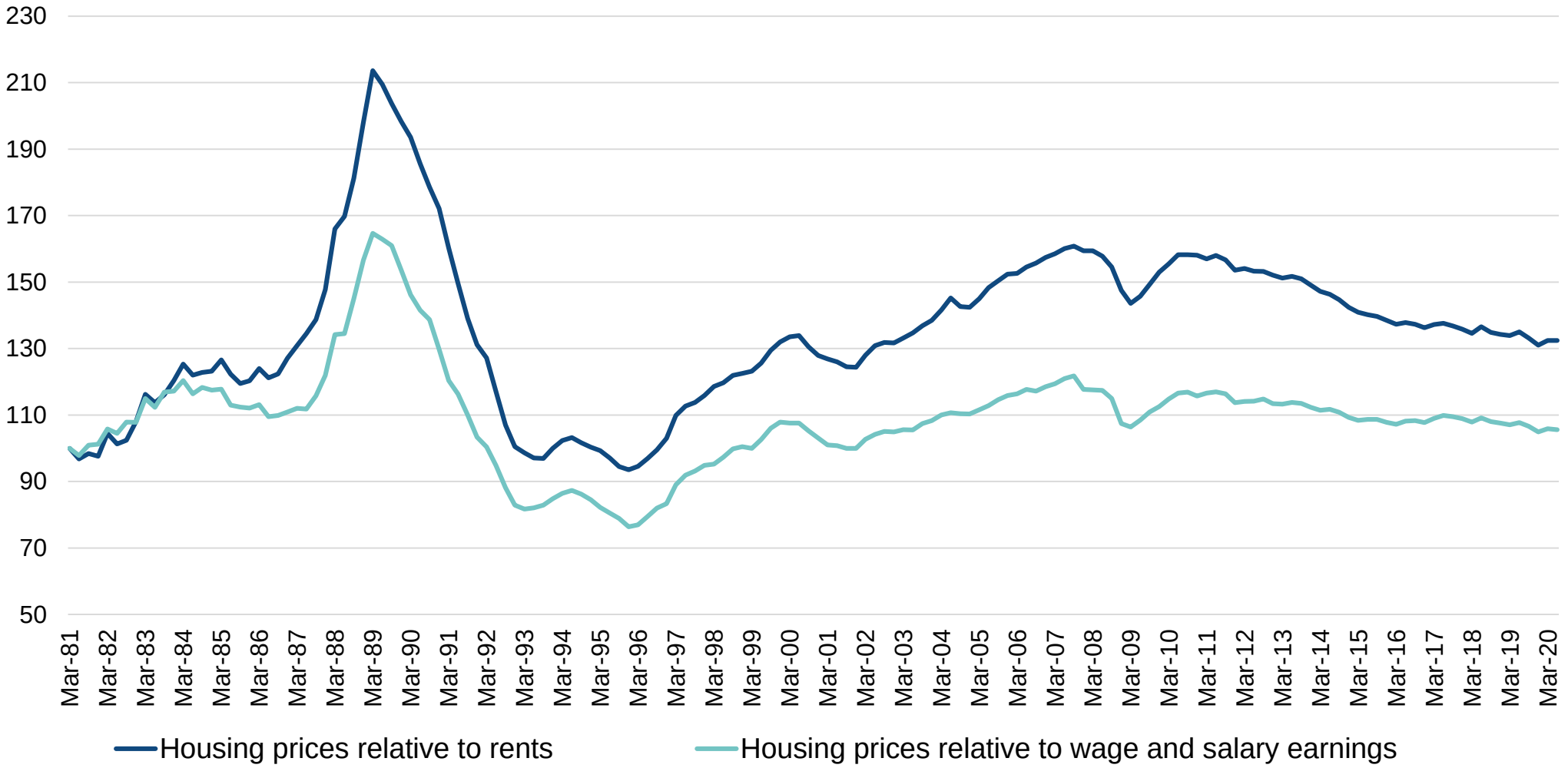
Labour costs competitiveness improved

Hourly labour cost % change from previous year



Source: Eurostat, October 2020

Relative housing prices in Finland



Source: Bank of Finland, October 2020

EMU general government financial balance

in ratio to GDP, %

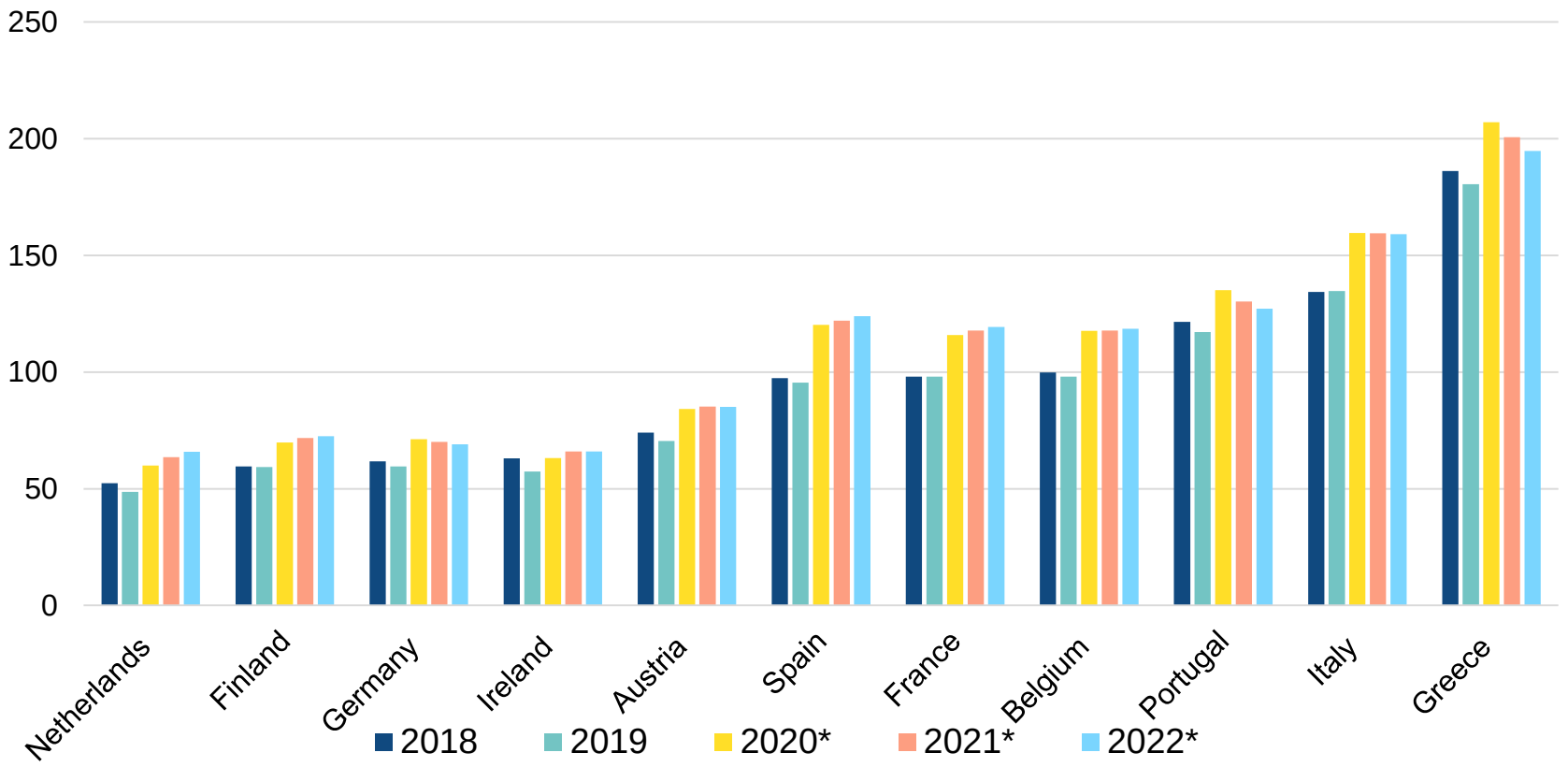


Source: European Commission, Autumn 2020

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

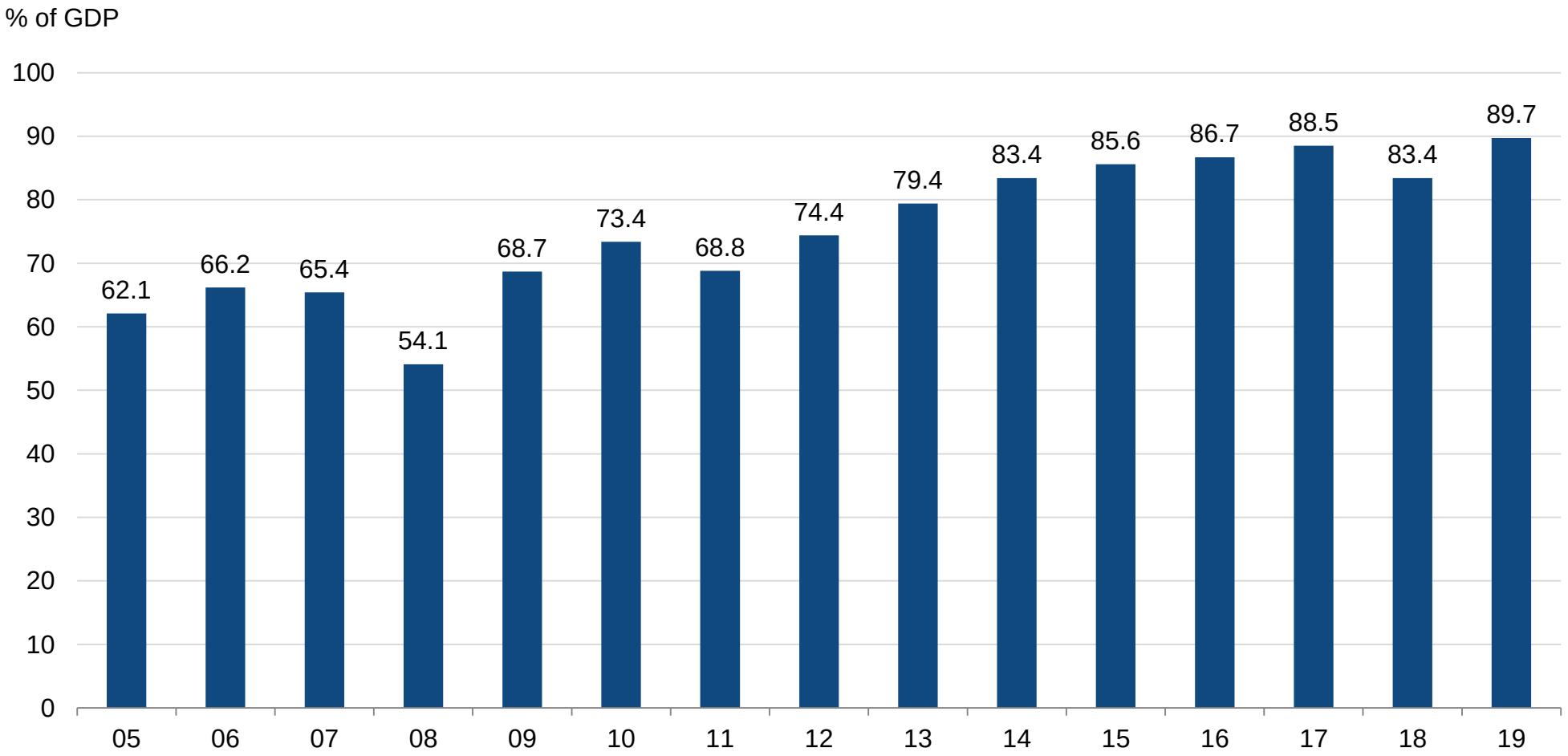
EMU general government gross debt, % of GDP



Source: European Commission, Autumn 2020

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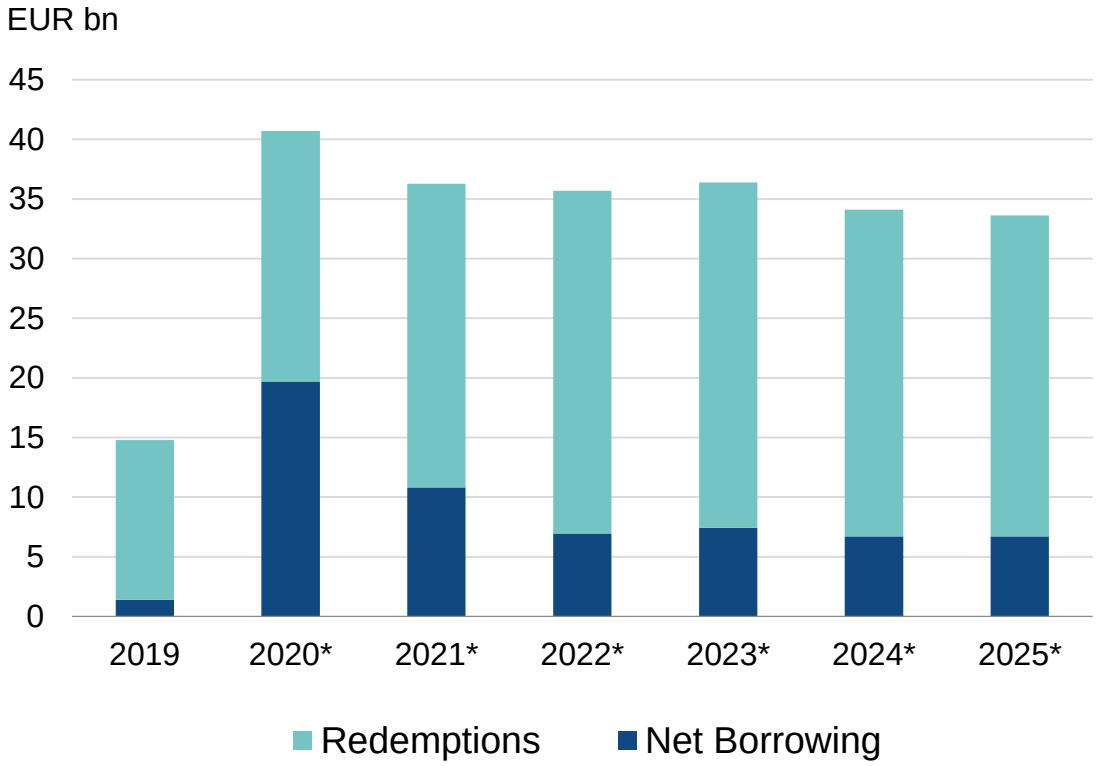
Earnings-related pension assets including public sector pension assets

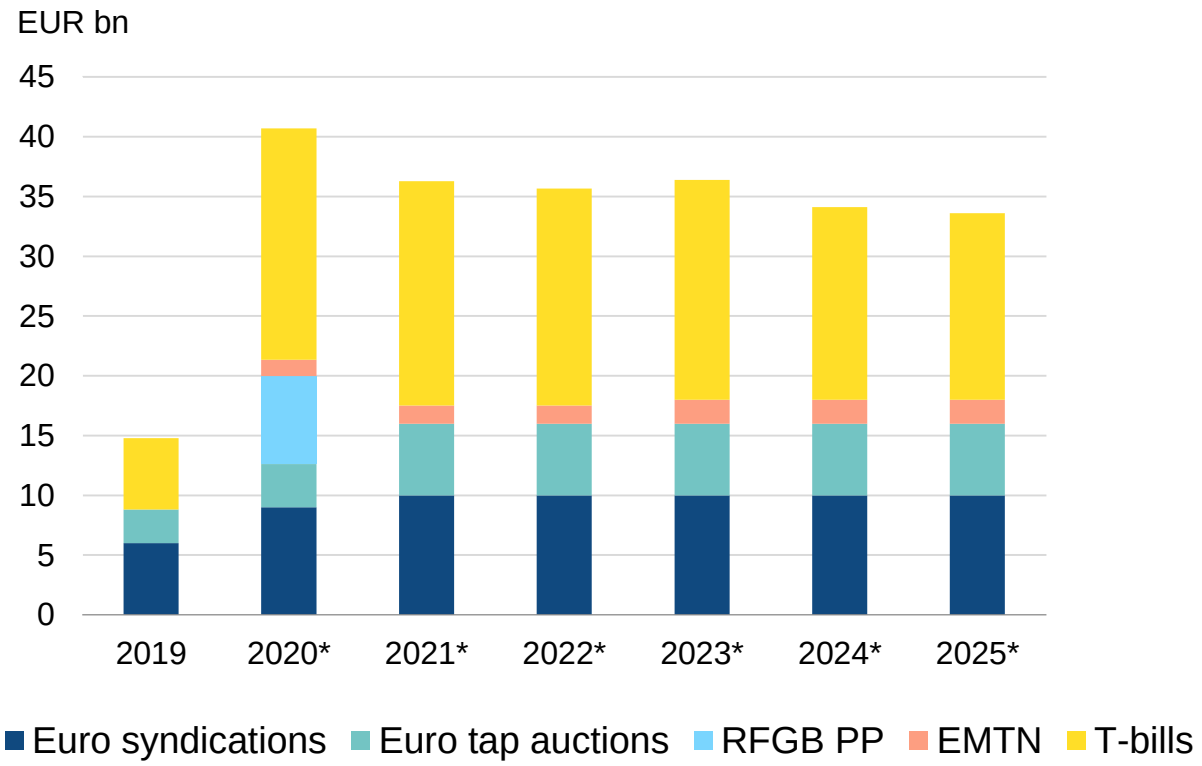


Source: Finnish Pension Alliance

2 Funding

Central government gross borrowing estimate and projected funding instrument allocation





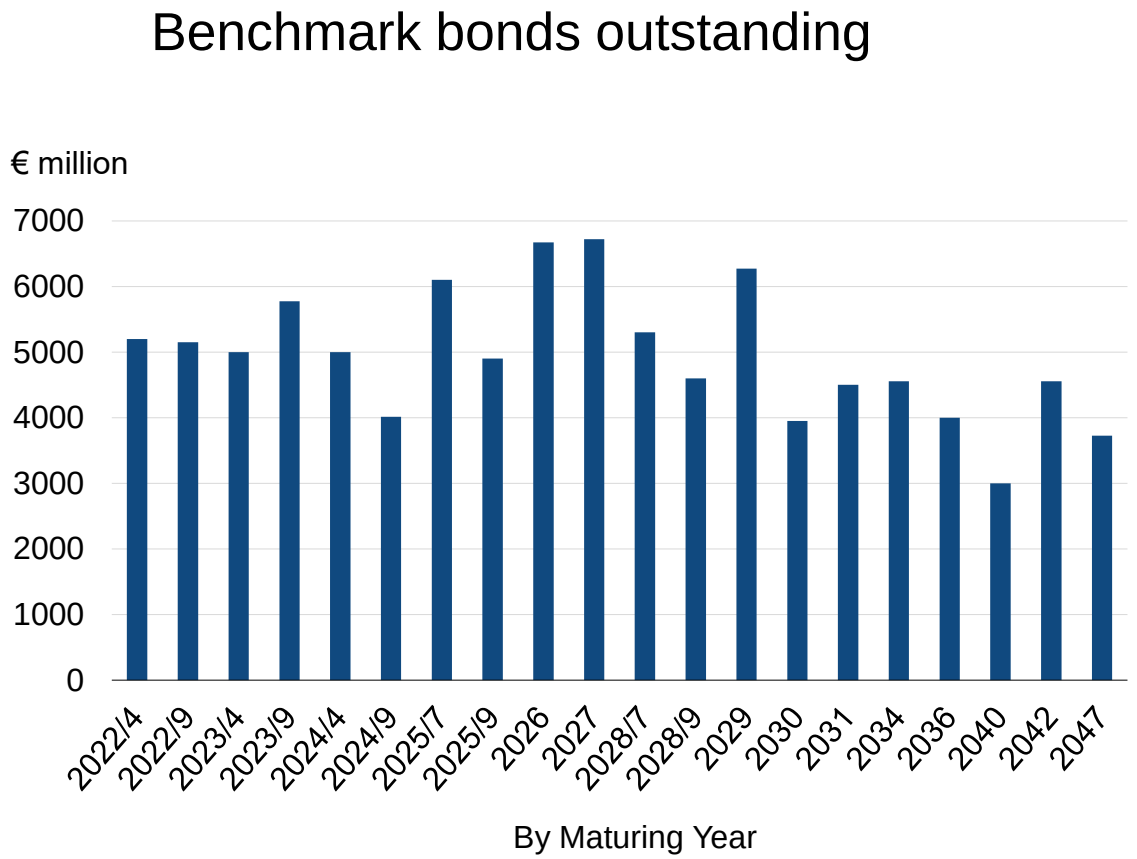
*Sources: State Treasury, Ministry of Finance (*forecasts)*

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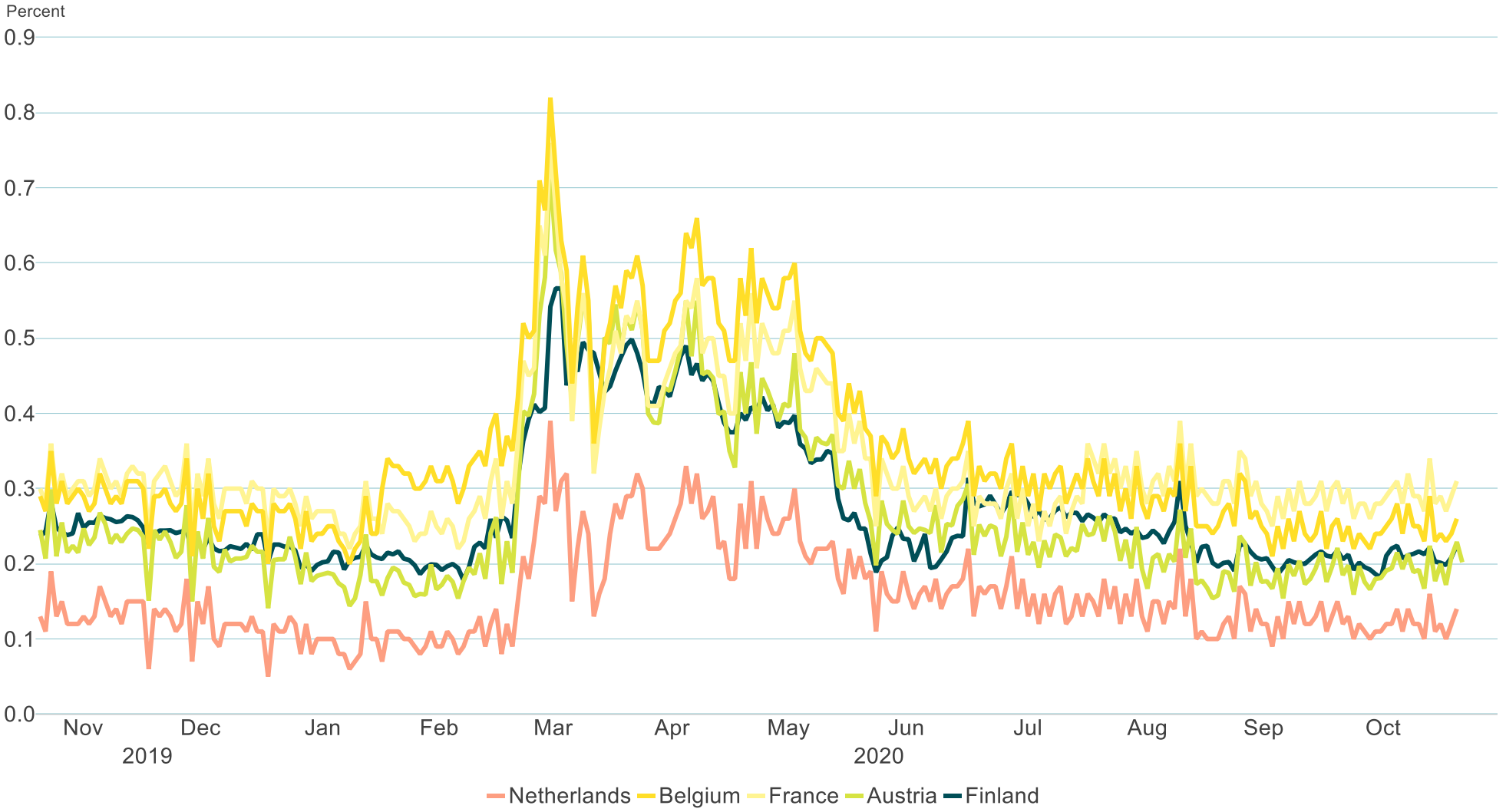
Funding strategy

"Maintaining a globally diversified investor base by geography and investor type"

- Euro benchmark bond curve to 30 years
- Two to three syndicated euro benchmark bonds per year
- Expect approx. 4 auctions annually
- Liquidity in focus – Primary Dealers and 3 inter-dealer platforms (MTS, BrokerTec, BGC E-Speed)
- EMTN issuance complements Euro benchmark bonds



10-year government bond yield spreads to Germany



Source: Macrobond



Primary Dealers 2020

BofA Securities

Barclays Capital

BNP Paribas

Citi

Crédit Agricole

Danske Bank

Deutsche Bank

Goldman Sachs

HSBC

J.P. Morgan

NatWest Markets

Nomura

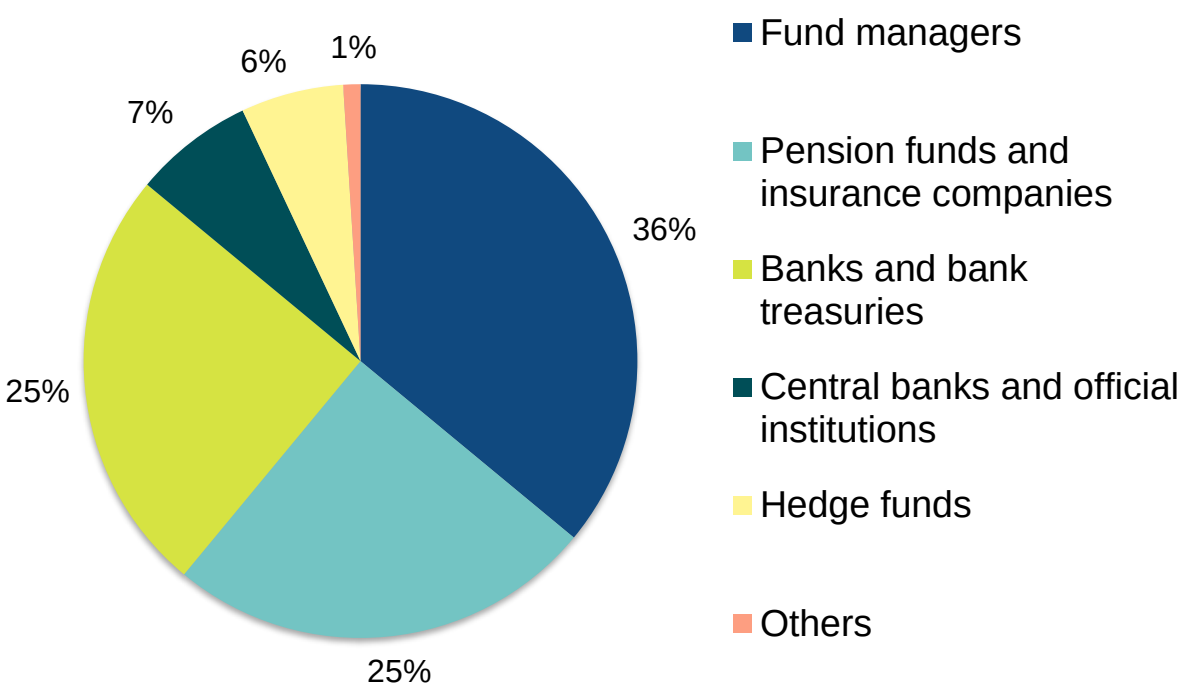
Nordea

Société Générale

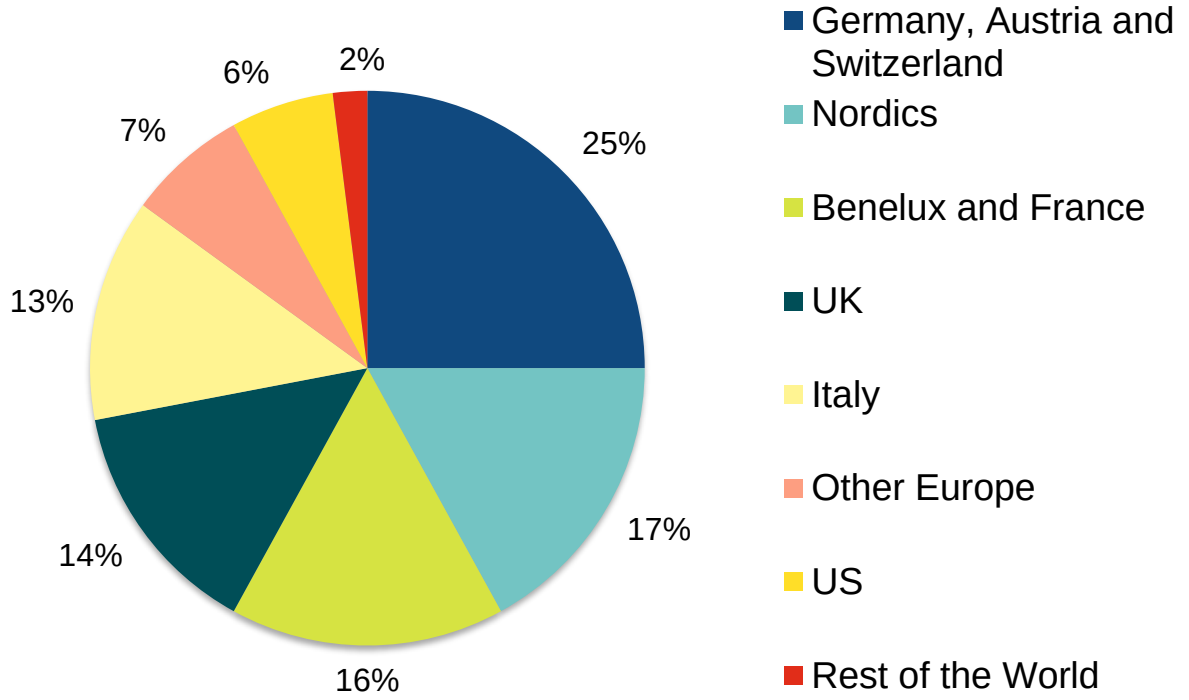
Investor base for RFGB 0.25% EUR 3bn due September 2040

- Launched in June 2020
- Allocated to over 220 investors

Distribution of the bond by investor type



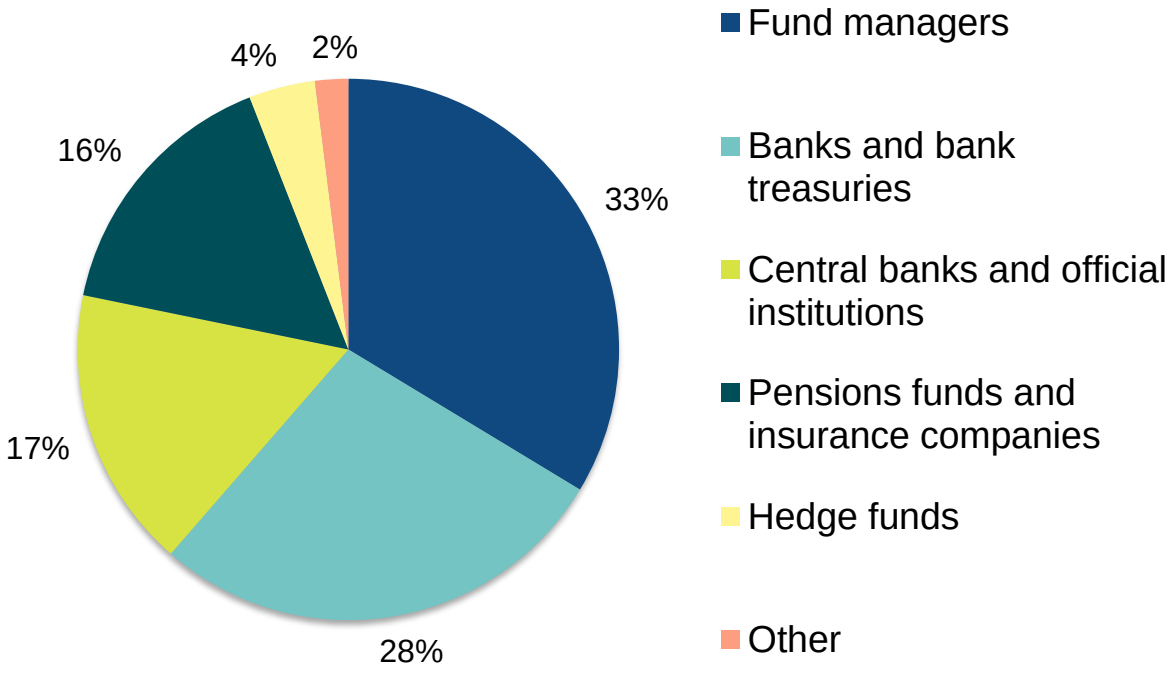
Distribution of the bond by region



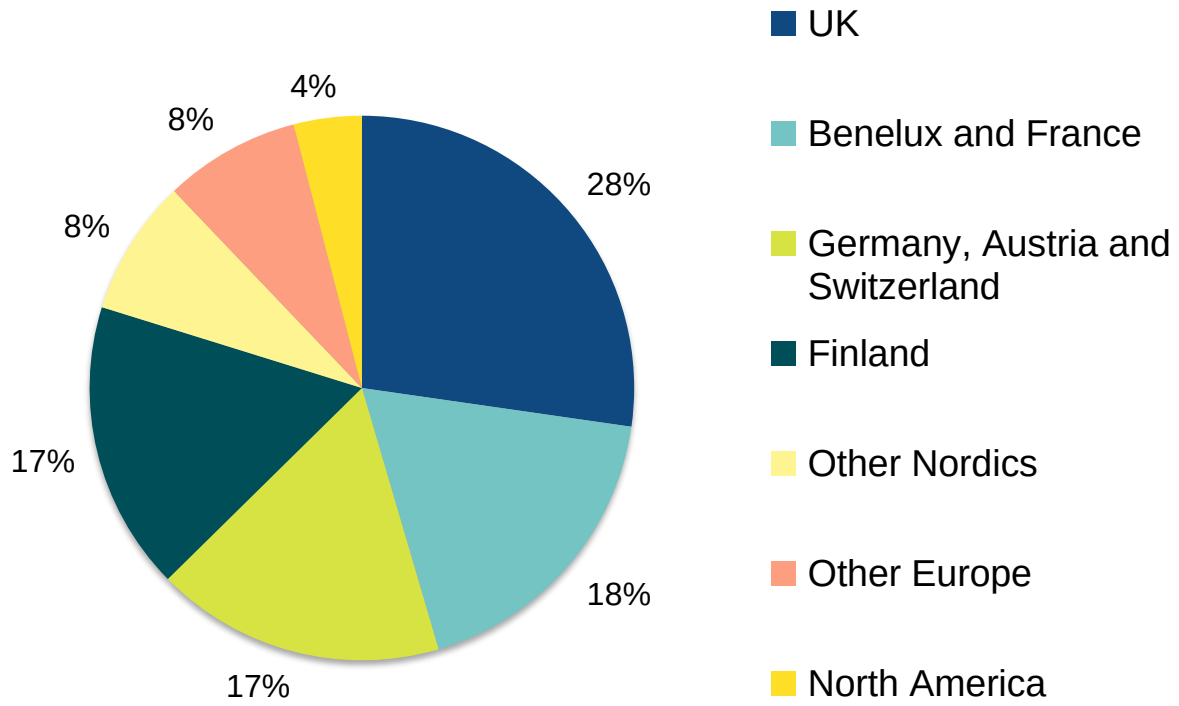
Investor base for RFGB 0.00% EUR 3bn due September 2030

- Launched in August 2020
- Allocated to over 150 investors

Distribution of the bond by investor type



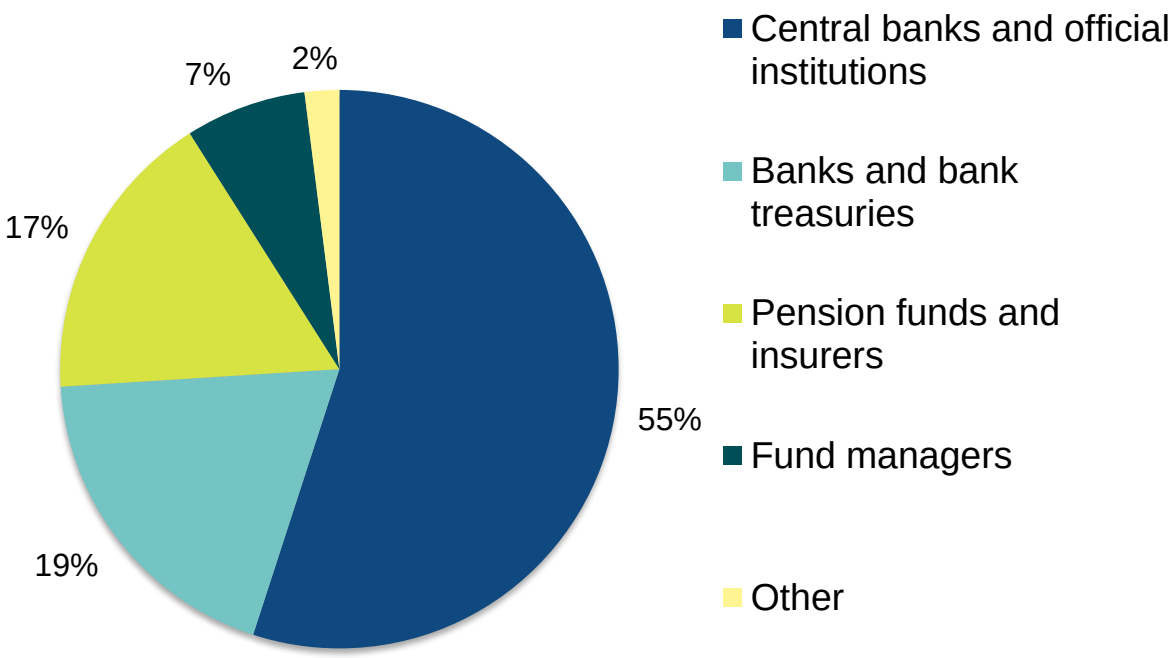
Distribution of the bond by region

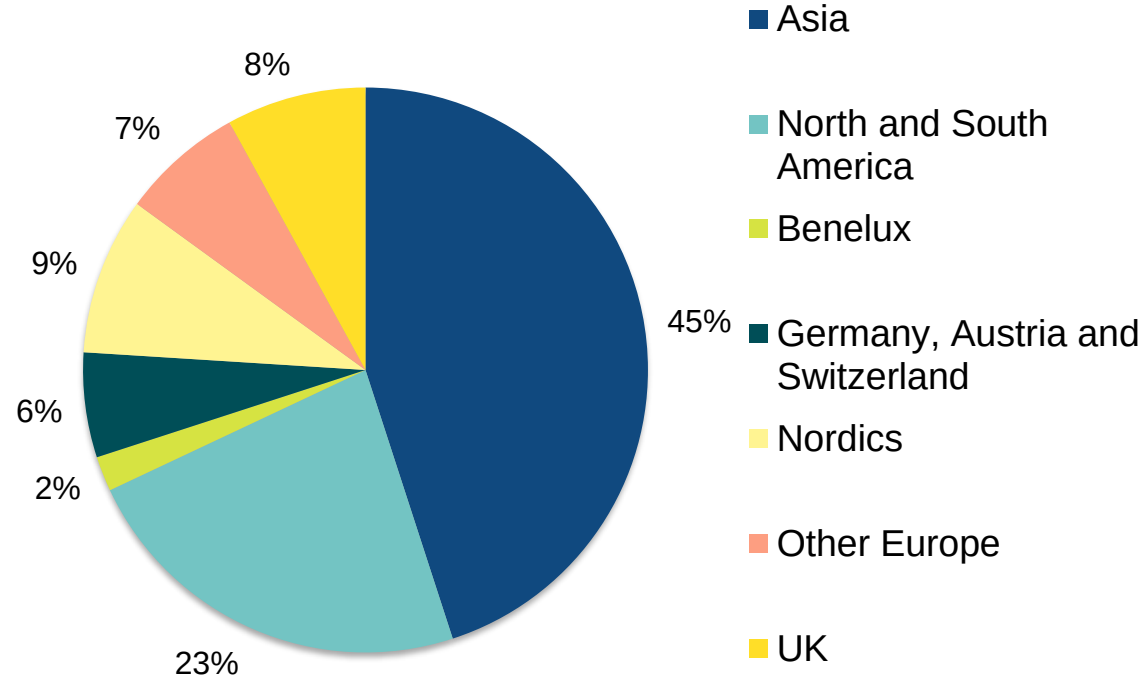


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Investor base for FINL 0.875% USD 1.5 bn due 2030

- Launched in May 2020
- Allocated to 87 investors





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