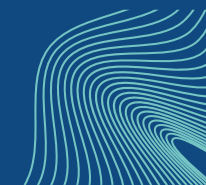




State Treasury  
Republic of Finland

# Finnish central government borrowing

November 2020



Valtiokonttori  
Statskontoret  
State Treasury

# AA+ AA1

# AA+

## Credit ratings

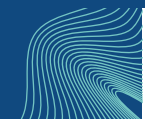
The government has credit ratings from three credit rating agencies: S&P Global Ratings, Moody's Investors Service and Fitch Ratings.

For long-term debt, they are

AA+, Aa1 and AA+

(stable, stable, stable)

# 1 Finnish economy



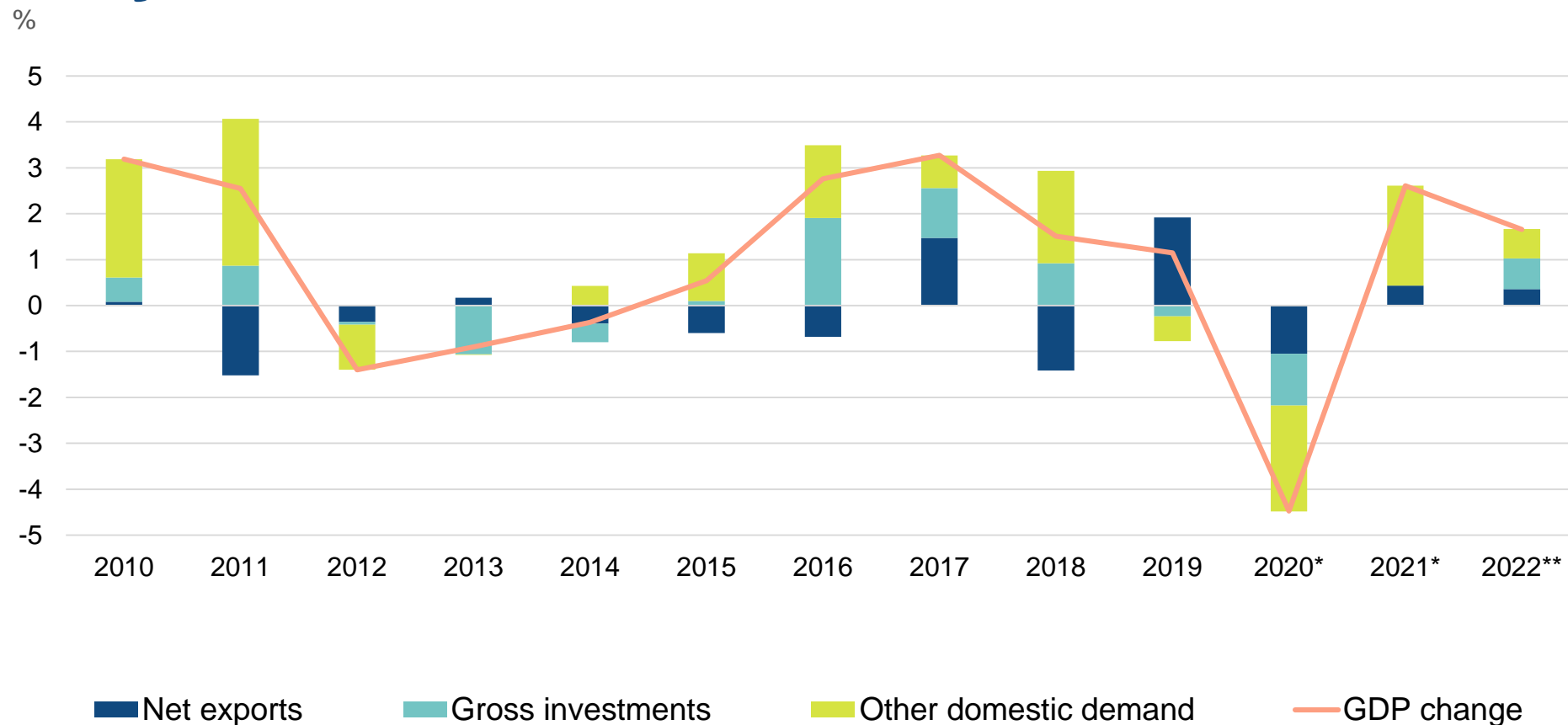
# A great deal of uncertainty in the economic outlook

- 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

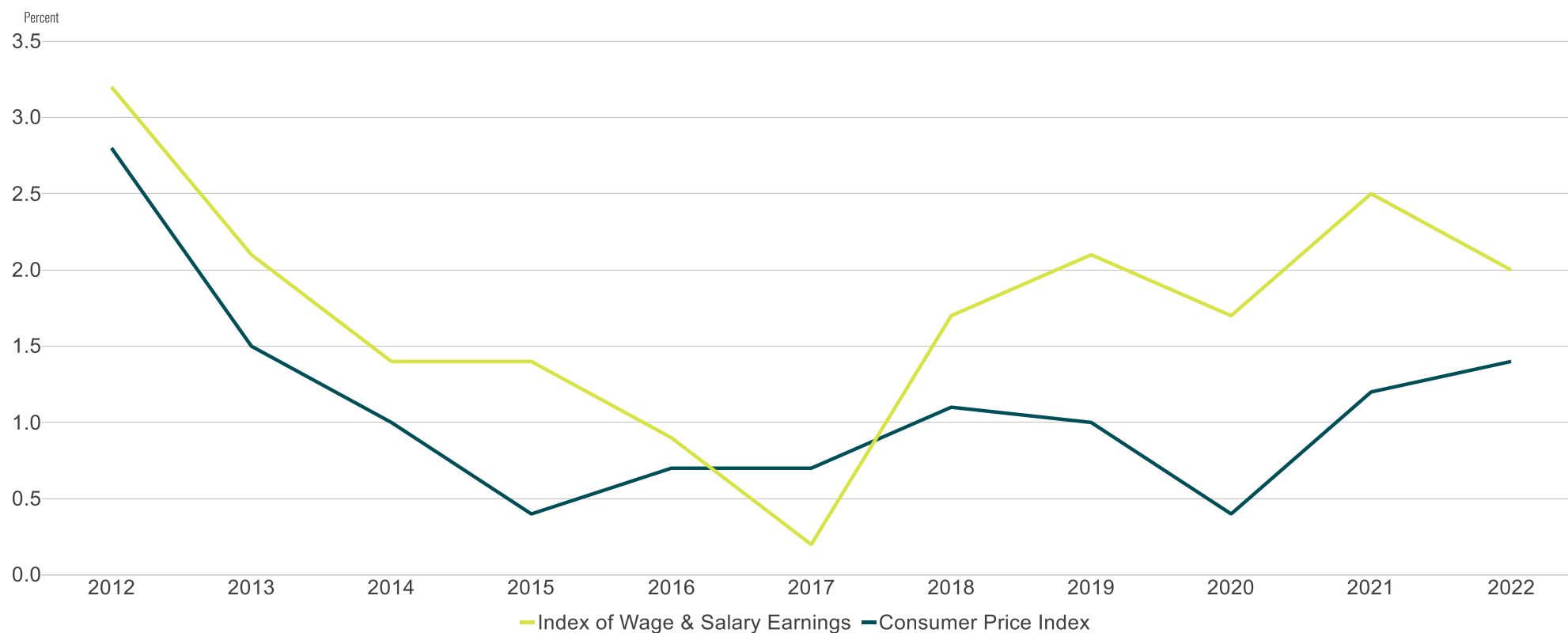
Source: Ministry of Finance, Autumn 2020

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



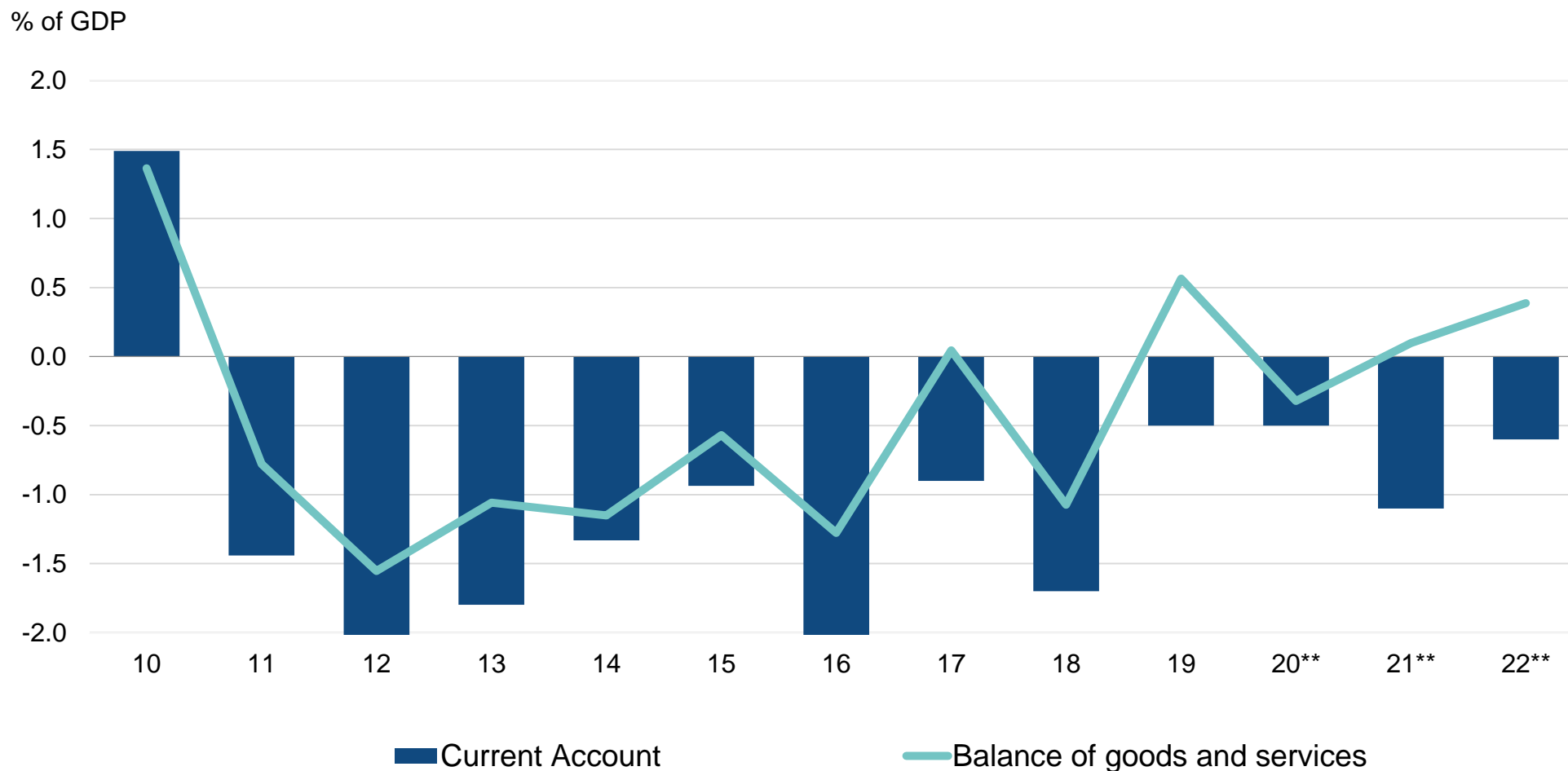
# Uncertain economic outlook to slow down inflation in the coming years

change from previous year, %



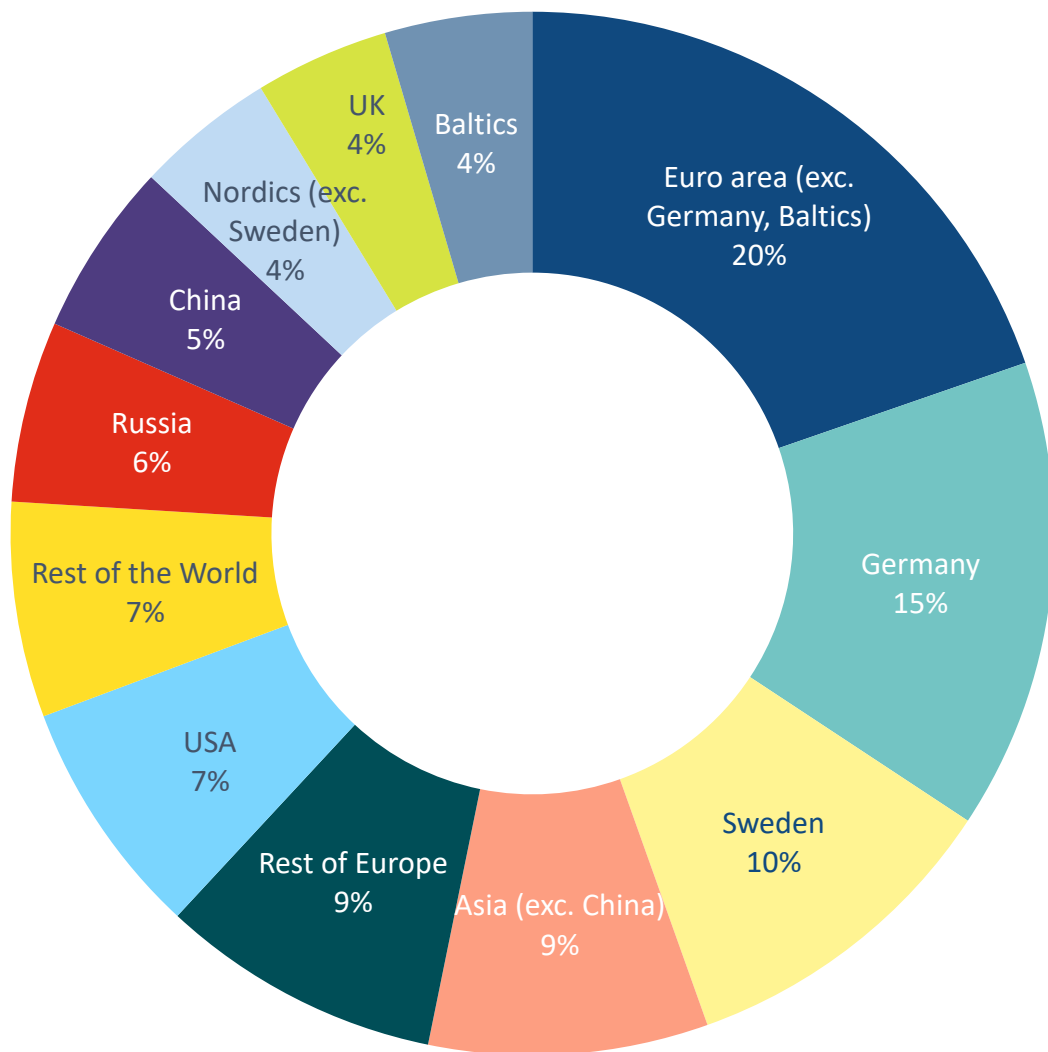
Source: Macrobond

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

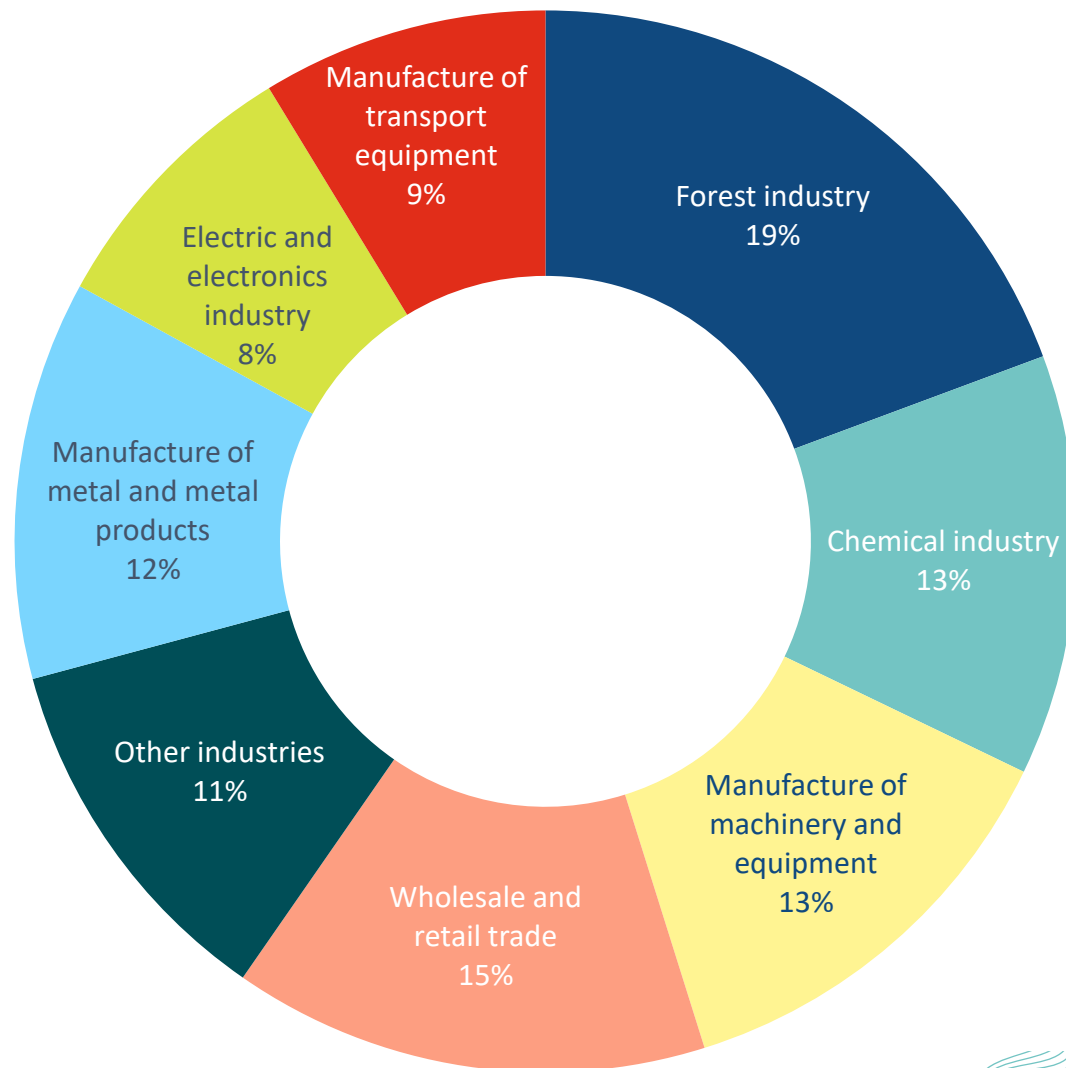


# Exports of goods well diversified

Exports by countries of destination in 2019



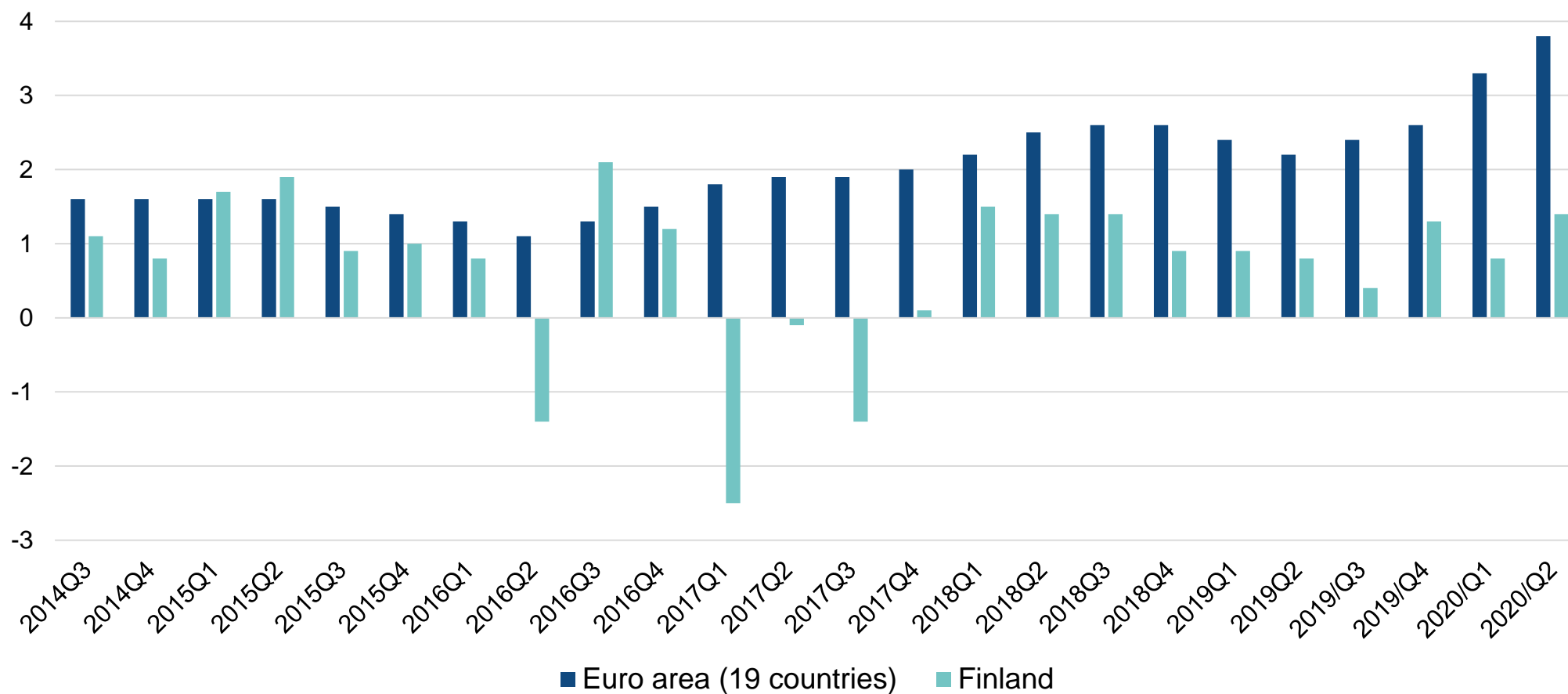
Exports by industries 2019



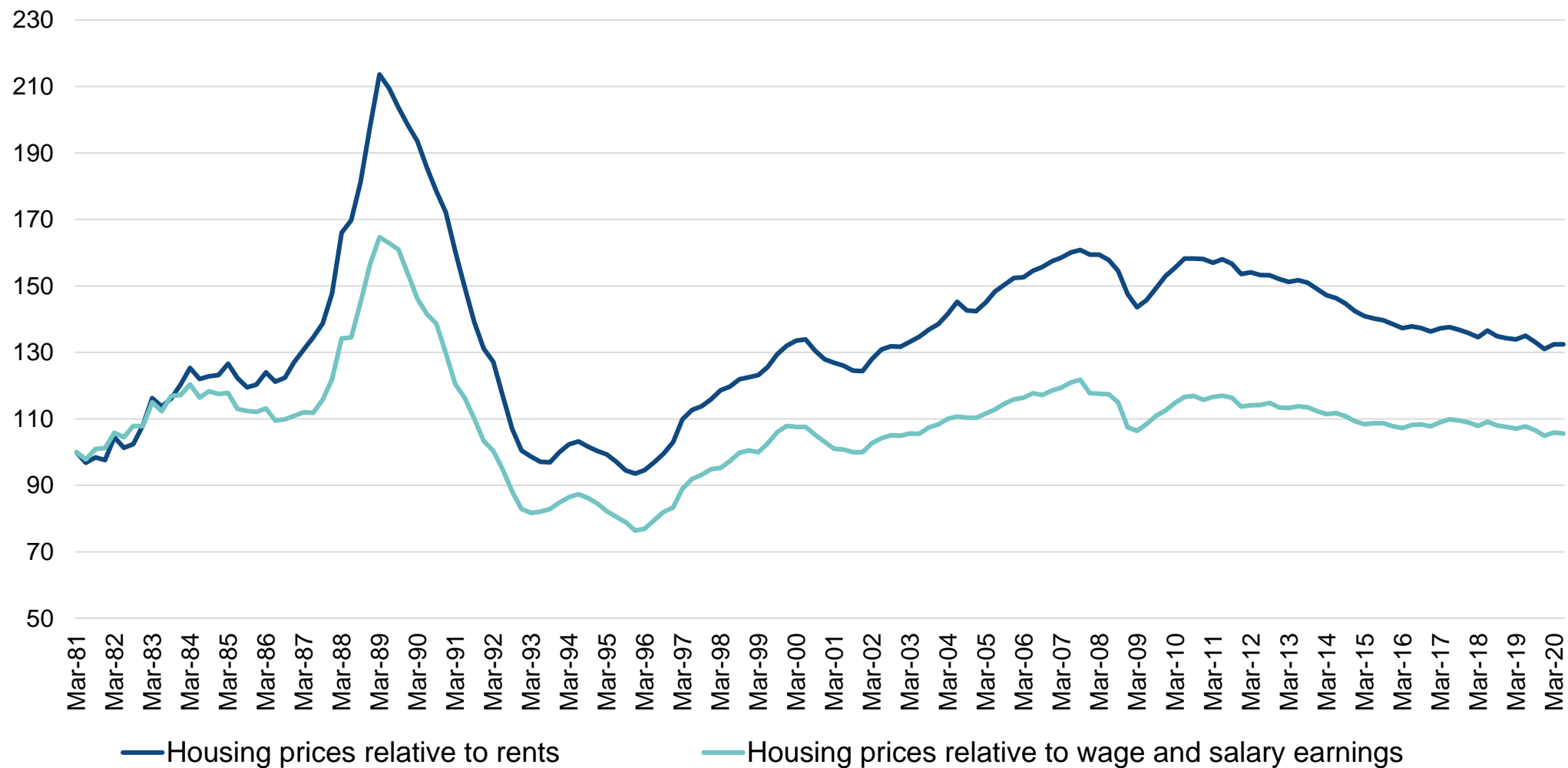


# Labour costs competitiveness improved

Hourly labour cost % change from previous year

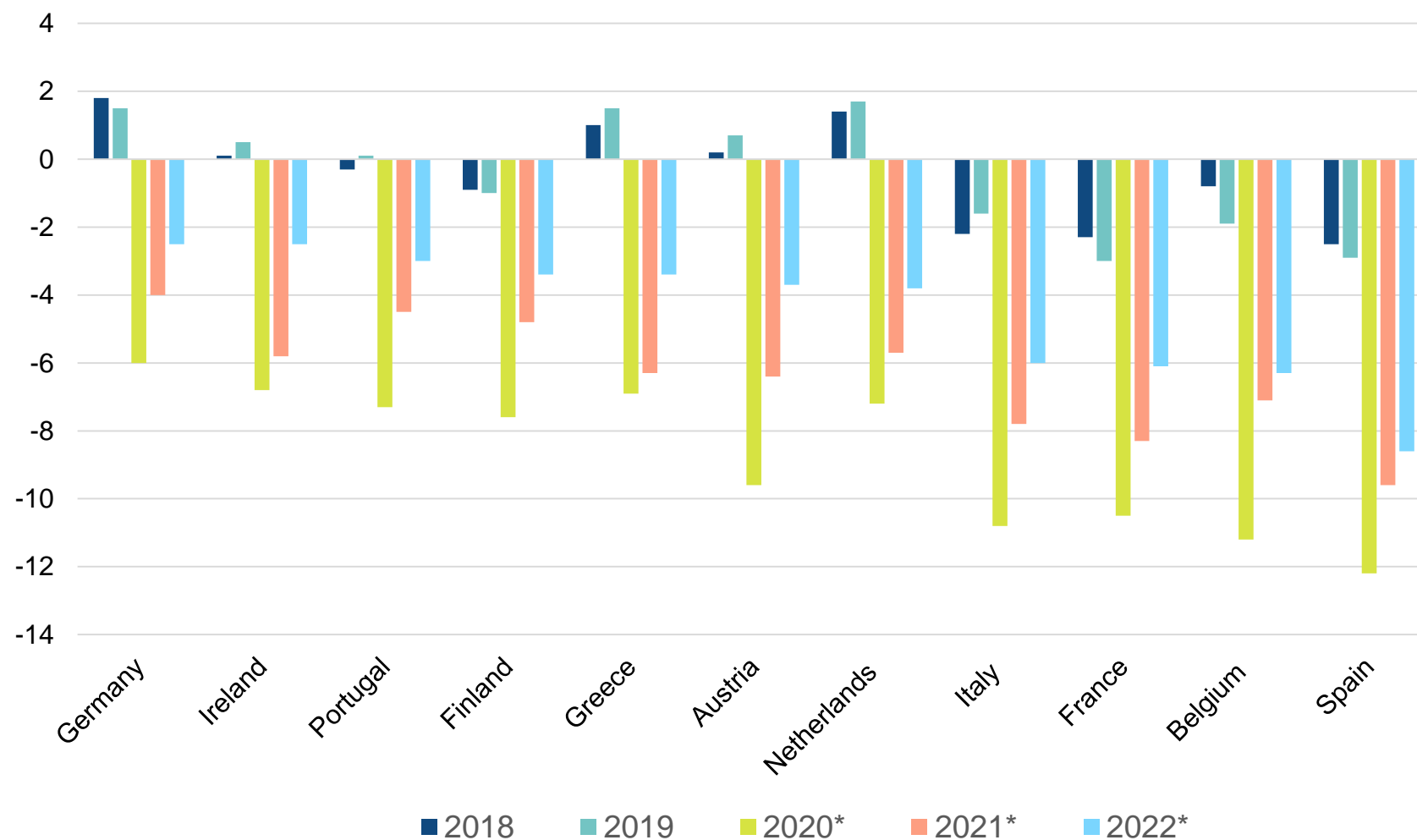


# Relative housing prices in Finland



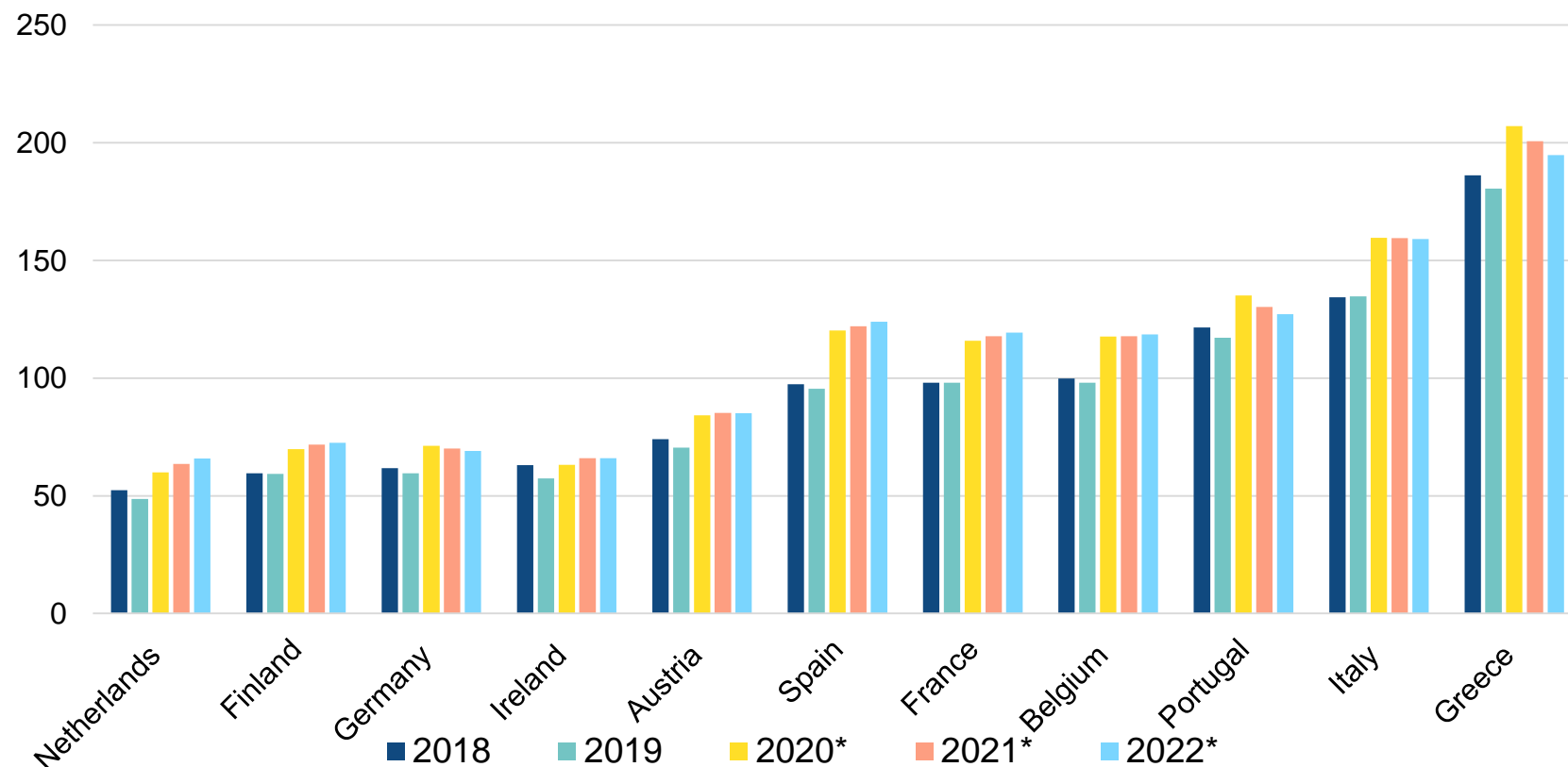
# EMU general government financial balance

in ratio to GDP, %



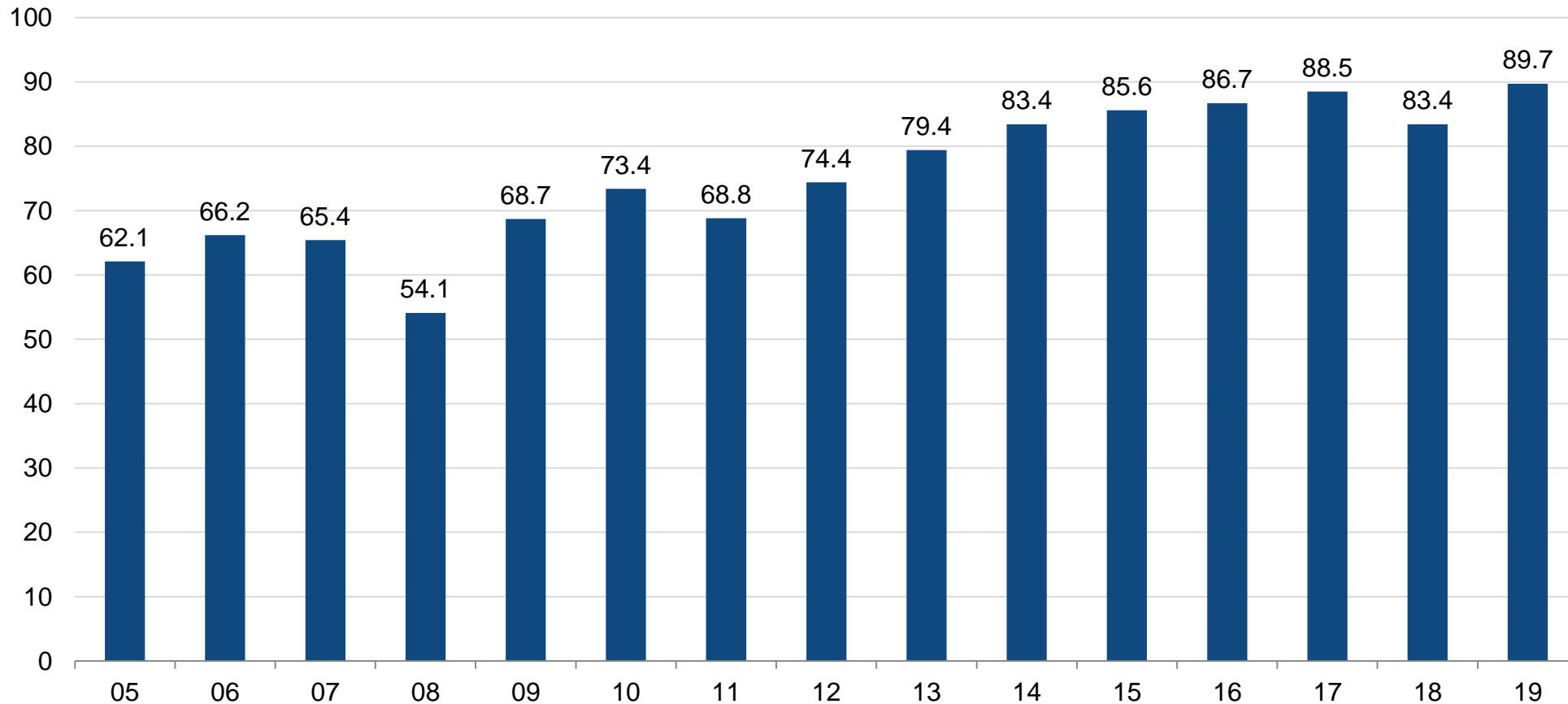
# The public debt-to-GDP ratio in Finland is one of the lowest in the euro area

EMU general government gross debt, % of GDP



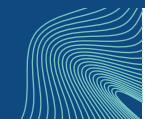
# Earnings-related pension assets including public sector pension assets

% of GDP

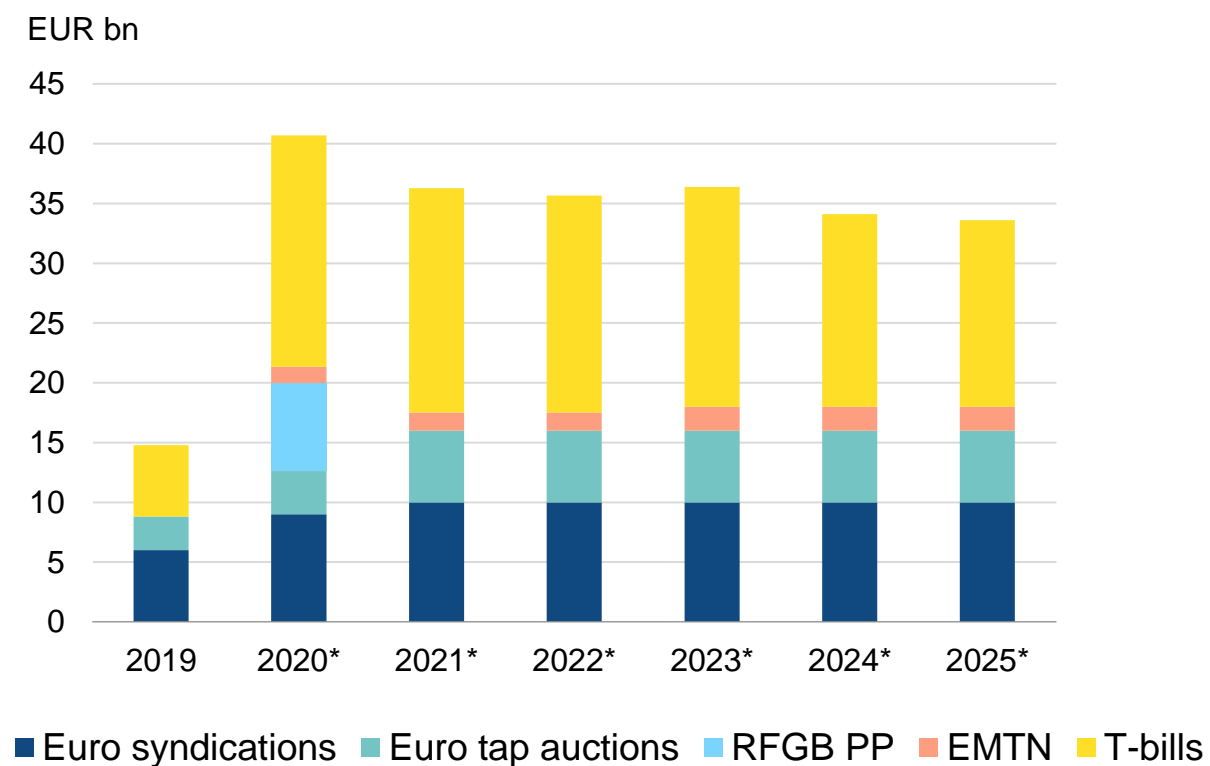
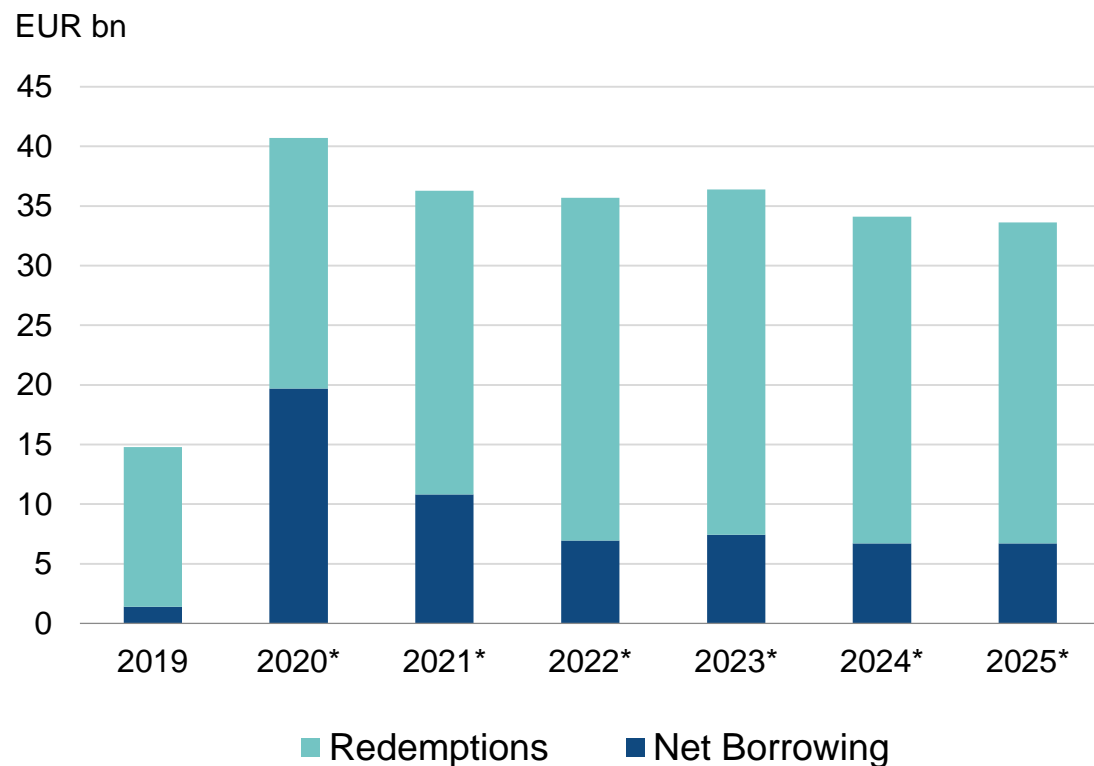




# 2 Funding



# Central government gross borrowing estimate and projected funding instrument allocation

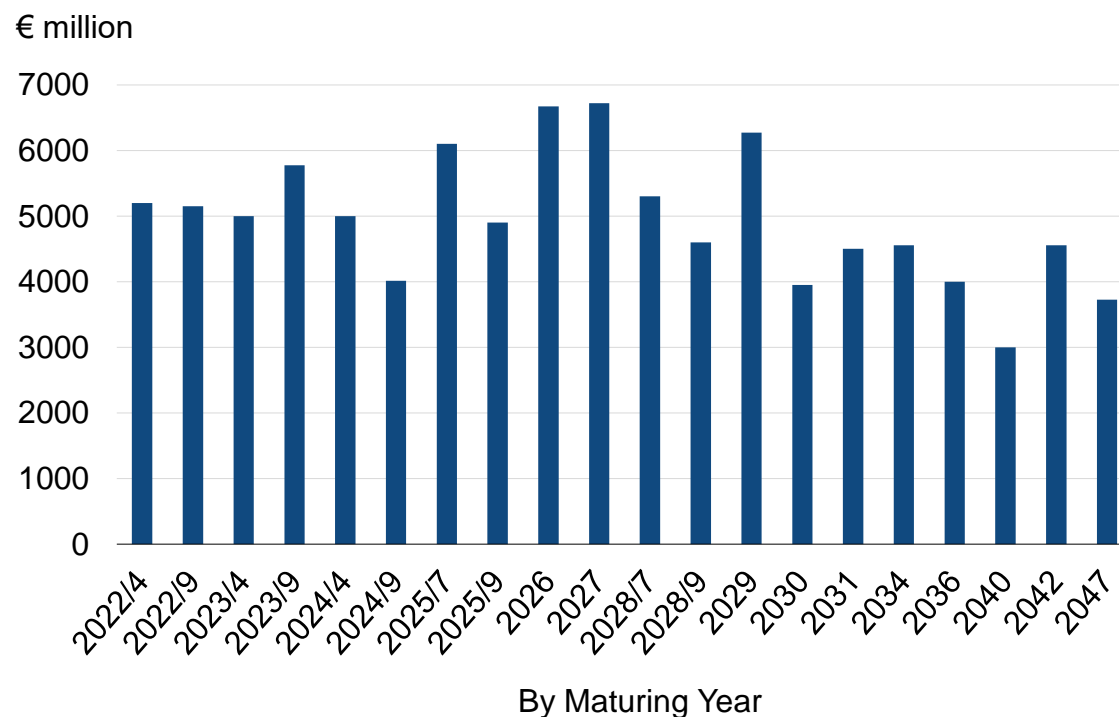


# Funding strategy

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

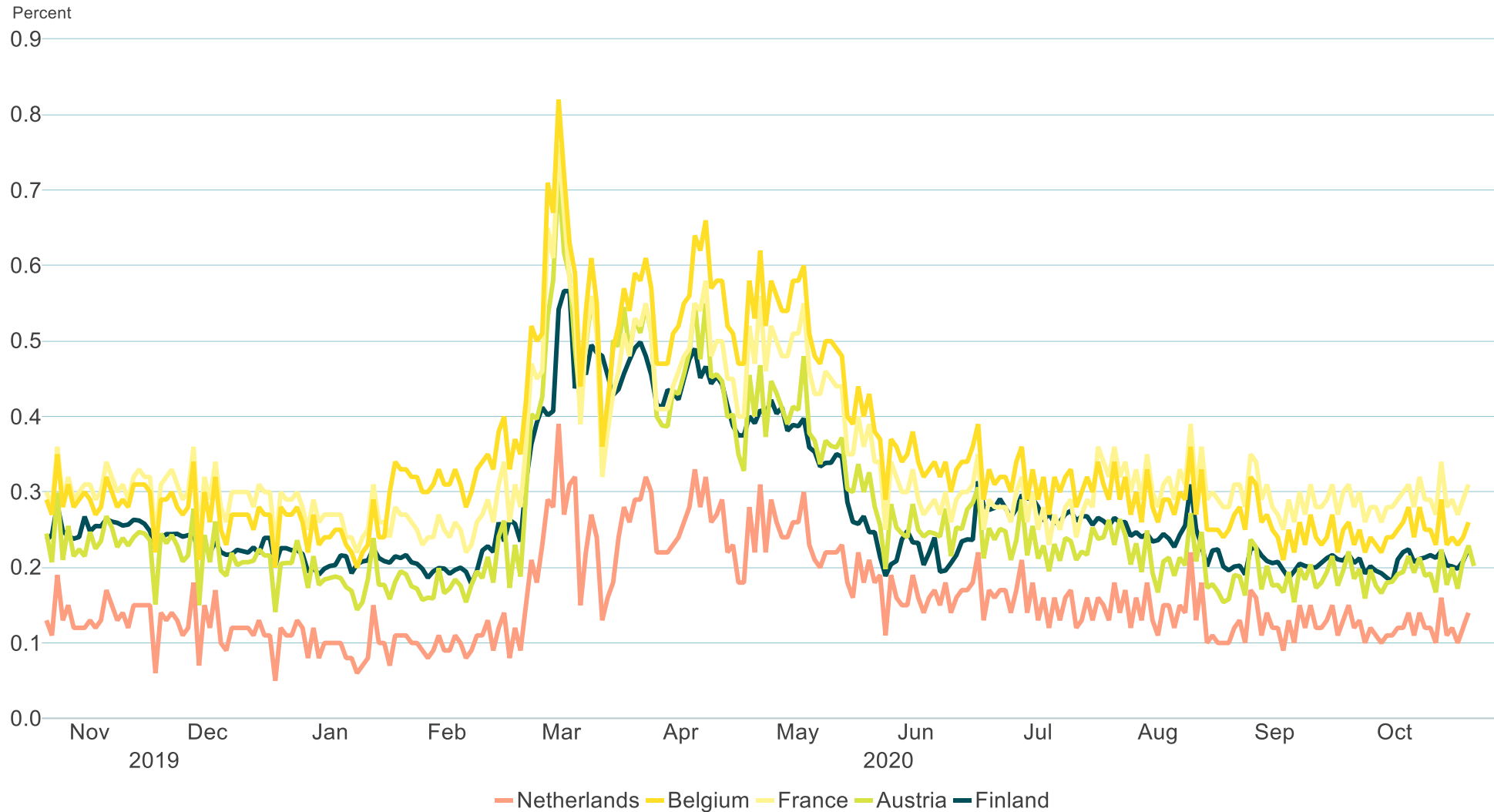
- Euro benchmark bond curve to 30 years
- Two to three syndicated euro benchmark bonds per year
- Expect approx. 4 auctions annually
- Liquidity in focus – Primary Dealers and 3 inter-dealer platforms (MTS, BrokerTec, BGC E-Speed)
- EMTN issuance complements Euro benchmark bonds

## Benchmark bonds outstanding





# 10-year government bond yield spreads to Germany



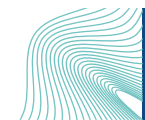
Source: Macrobond



Finnish central government borrowing / November 2020

# Primary Dealers 2020

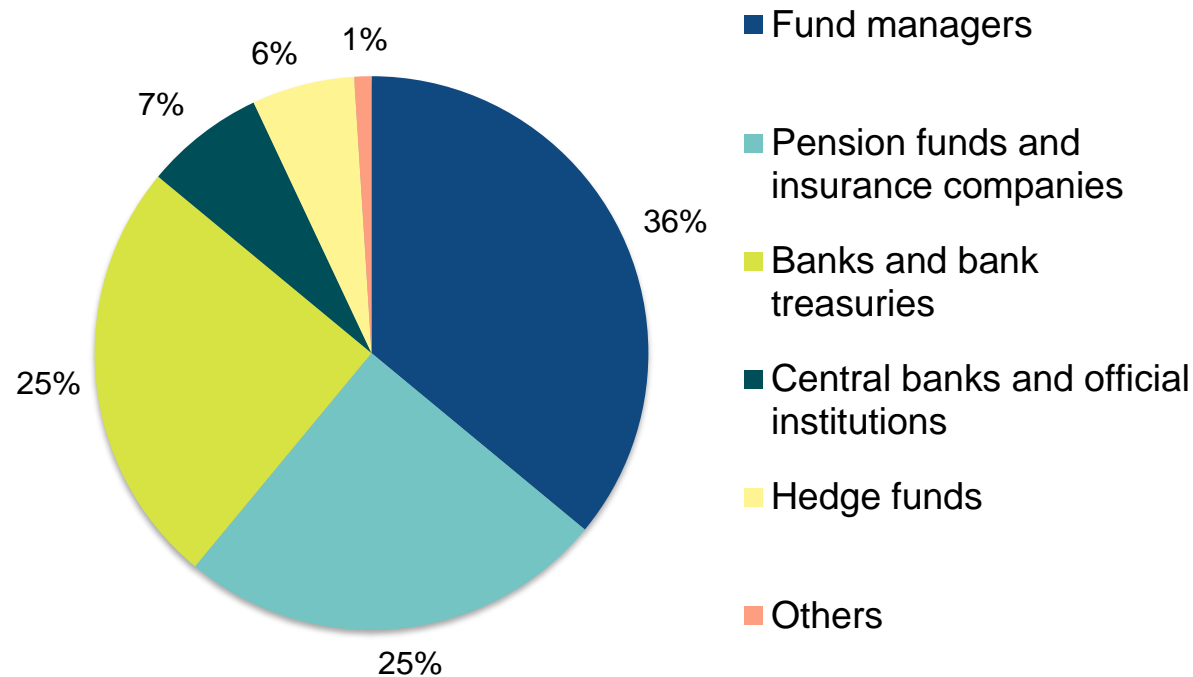
BofA Securities  
 Barclays Capital  
 BNP Paribas  
 Citi  
 Crédit Agricole  
 Danske Bank  
 Deutsche Bank  
 Goldman Sachs  
 HSBC  
 J.P. Morgan  
 NatWest Markets  
 Nomura  
 Nordea  
 Société Générale



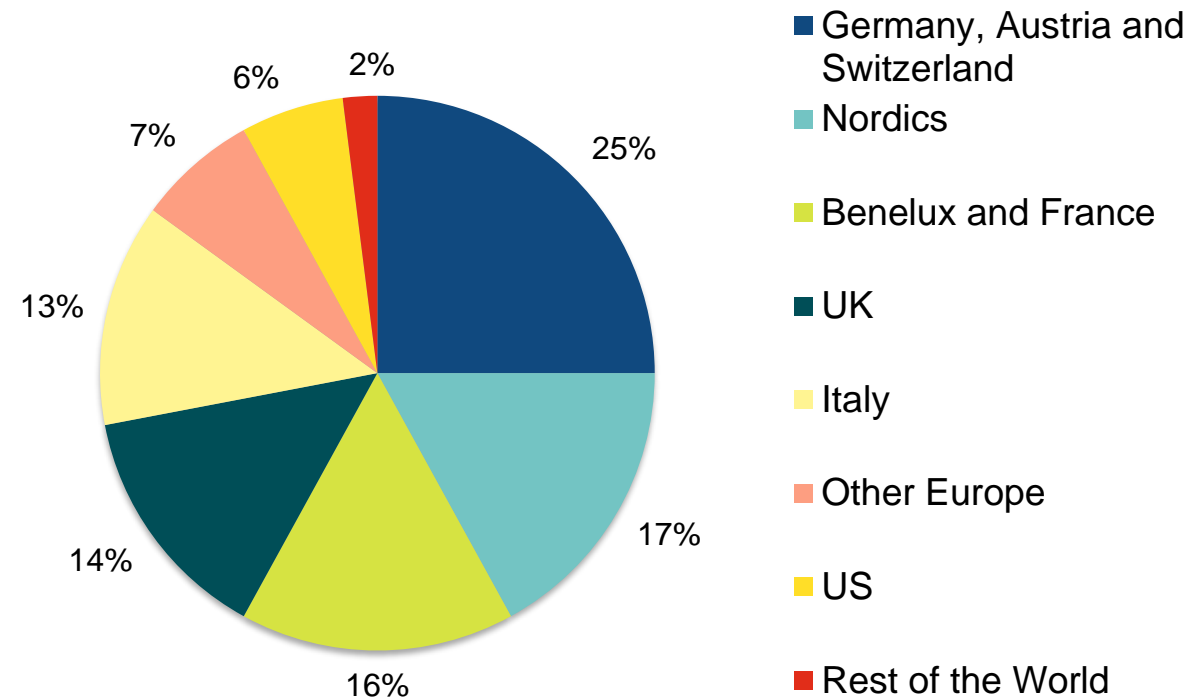
# Investor base for RFGB 0.25% EUR 3bn due September 2040

- Launched in June 2020
- Allocated to over 220 investors

Distribution of the bond by investor type



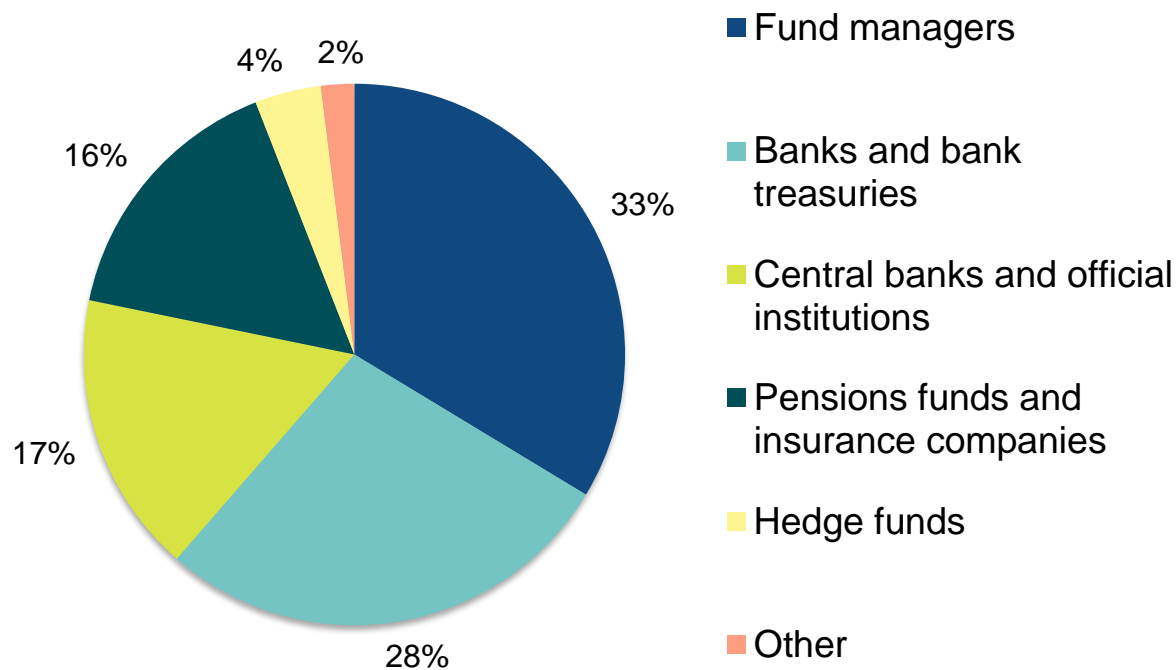
Distribution of the bond by region



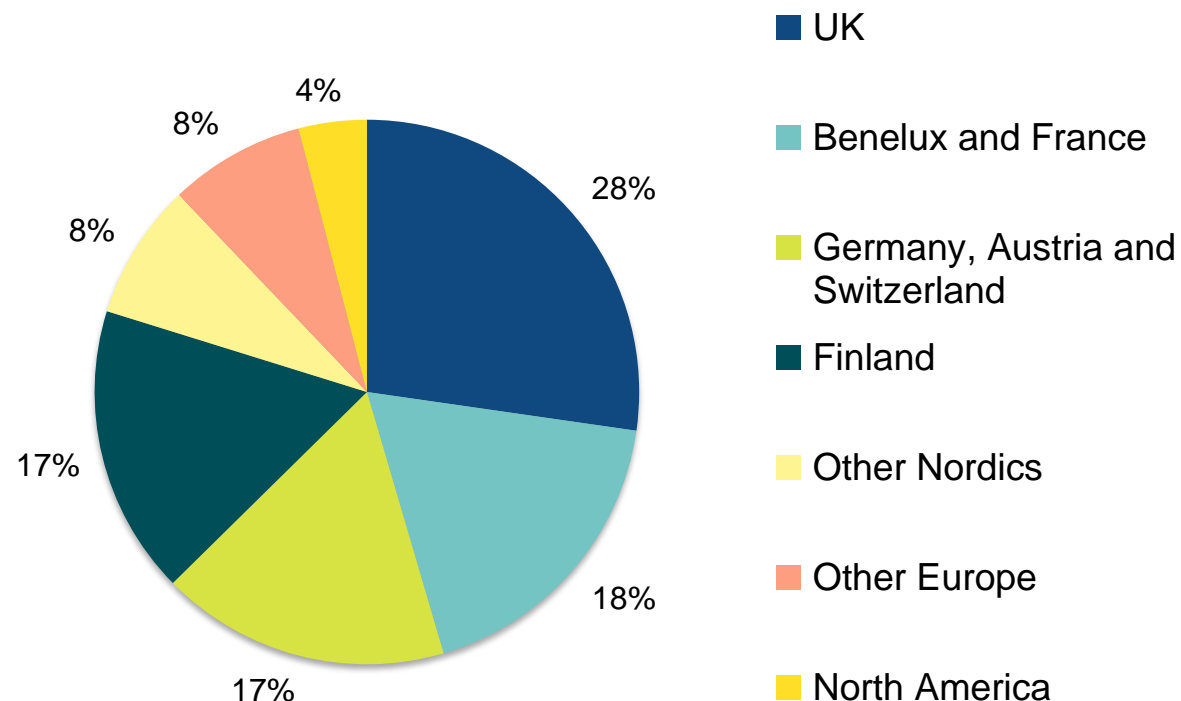
# Investor base for RFGB 0.00% EUR 3bn due September 2030

- Launched in August 2020
- Allocated to over 150 investors

Distribution of the bond by investor type

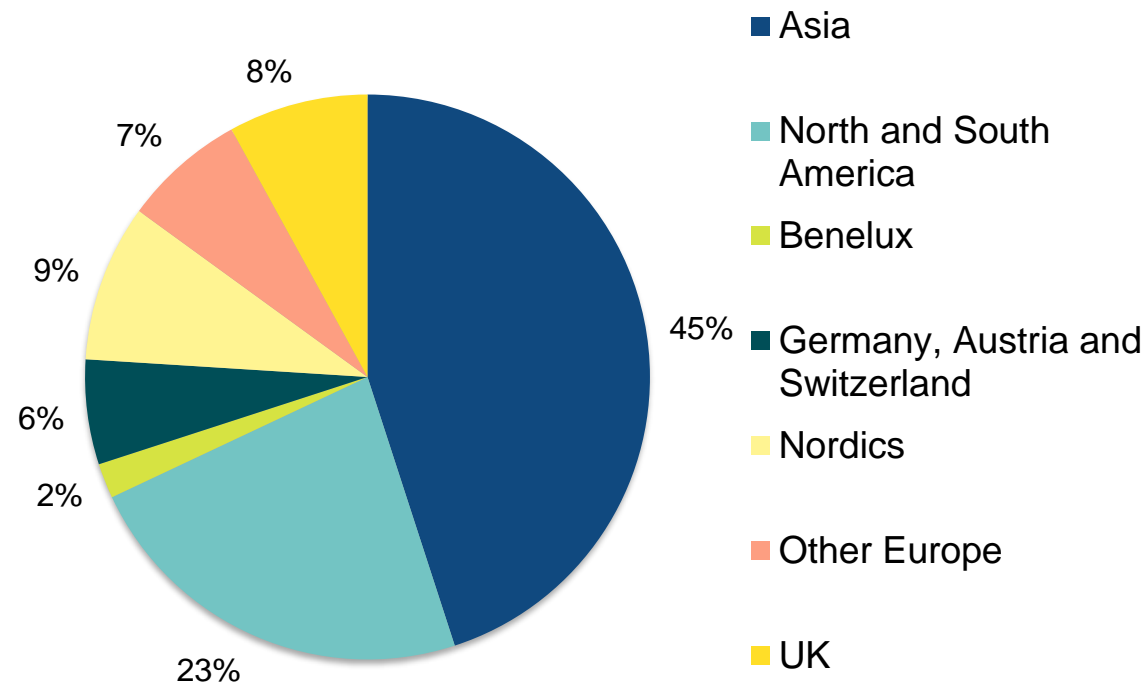
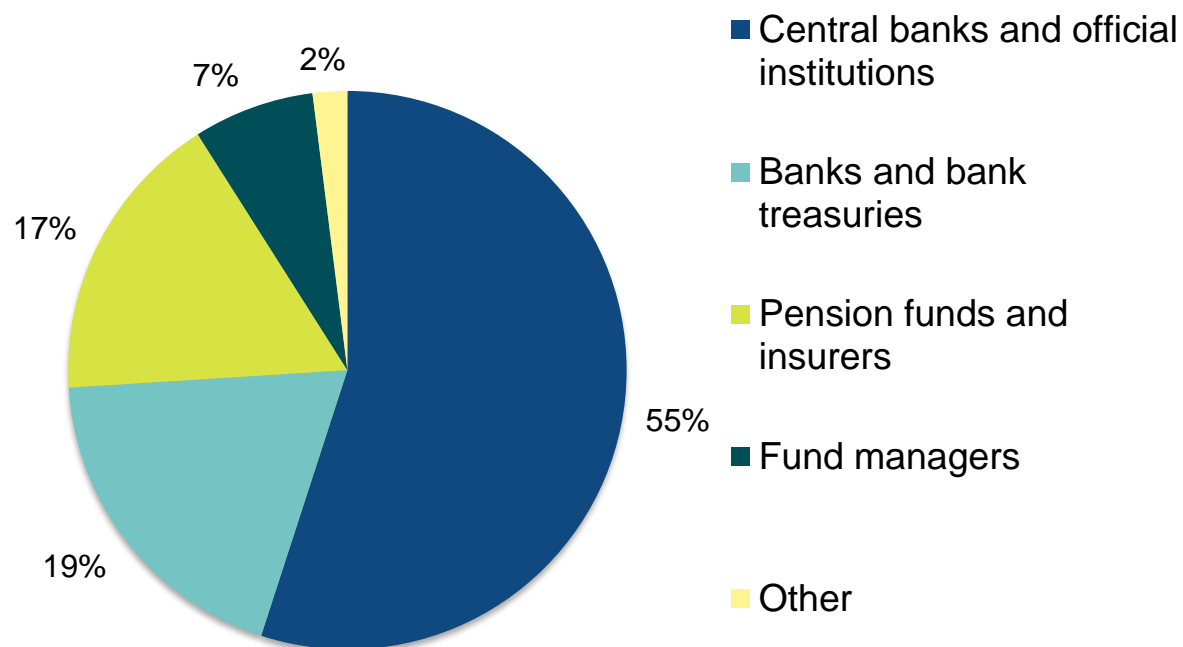


Distribution of the bond by region



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

- Launched in May 2020
- Allocated to 87 investors



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Bloomberg: STF  
Reuters: SUVA

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)

