



State Treasury  
Republic of Finland

# Finnish central government borrowing

October 2021



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



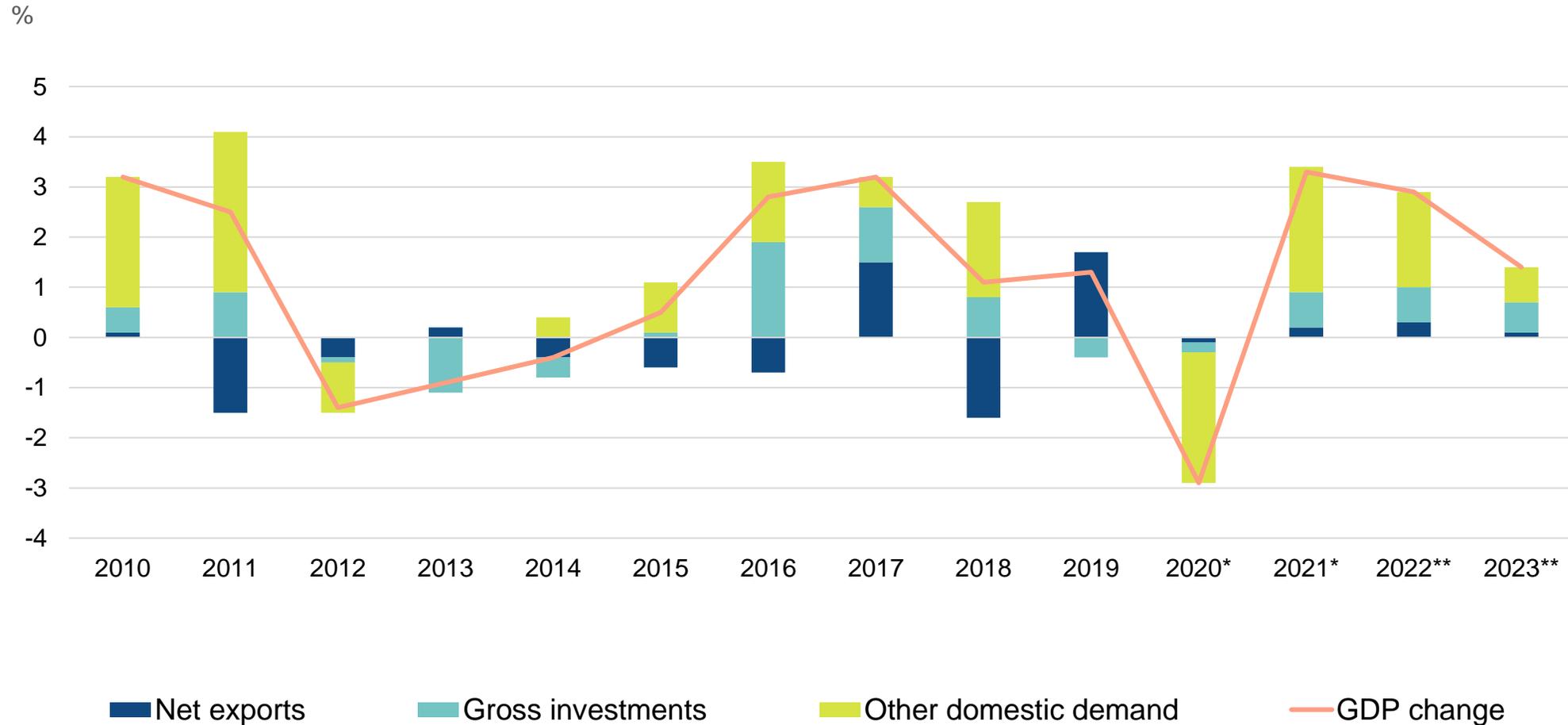
# Strong economic growth following pandemic recovery

- Private investment recovery prompted by domestic projects and growth prospects in the global economy
- Export growth driven by goods exports this year
- Growth in employment has significantly accelerated in the first half of the year
- General government deficit will shrink substantially in 2021 and 2022.

	2020	2021	2022	2023
GDP change %	-2.9	3.3	2.9	1.4
Inflation, %	0.3	1.8	1.6	1.7
Current account, %/GDP	0.8	-0.4	-0.2	-0.1
Private investment change, %	-3.4	2.9	3.7	4.0
Exports change %	-6.7	5.6	5.8	3.4
Unemployment rate, %	7.7	7.8	6.8	6.4
Public deficit, %/GDP	-5.4	-3.9	-2.4	-1.5
Public debt, %/GDP	69.5	71.2	71.3	72.2

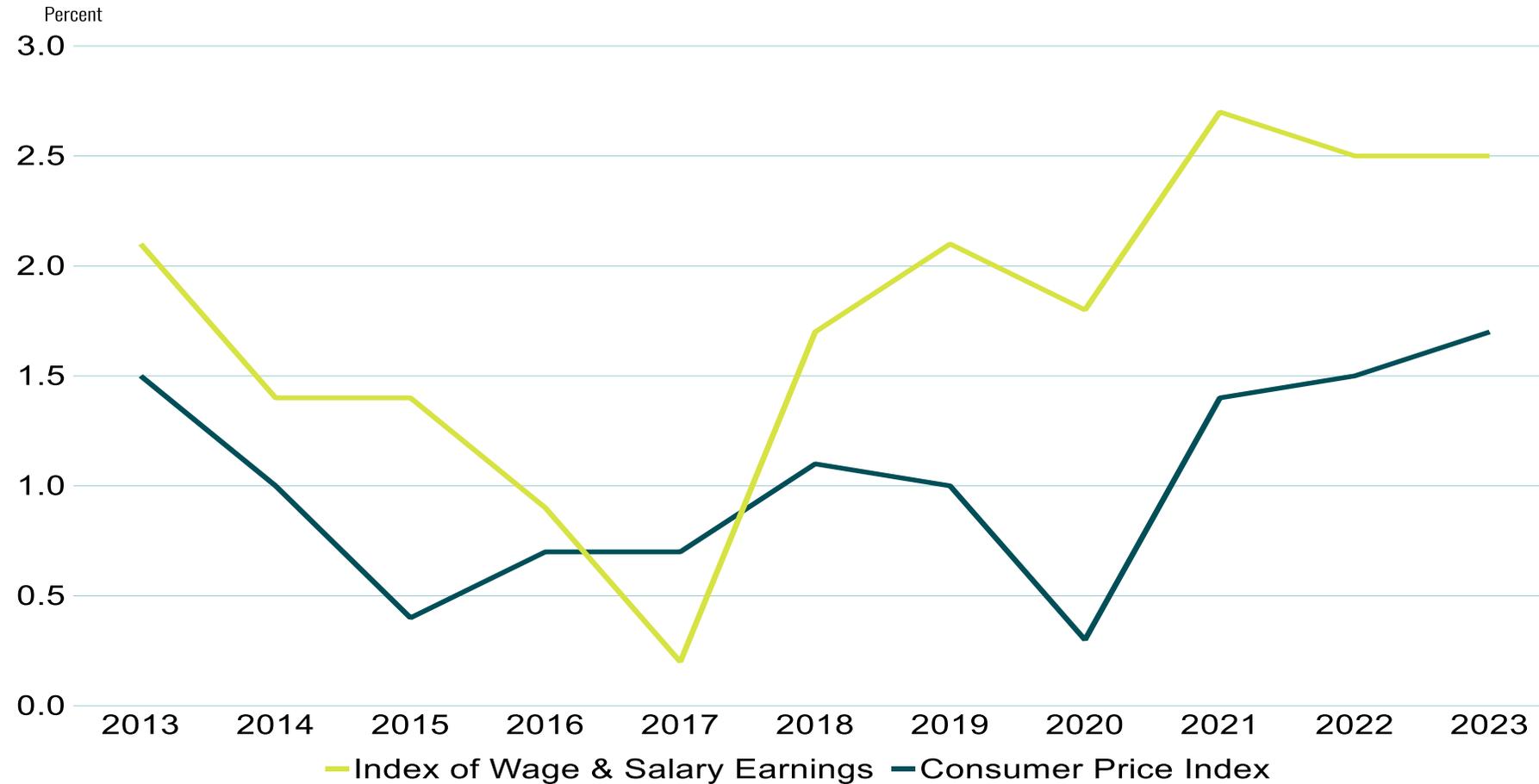
Source: Ministry of Finance, Autumn 2021

# Savings and sentiment support rapid growth in private consumption



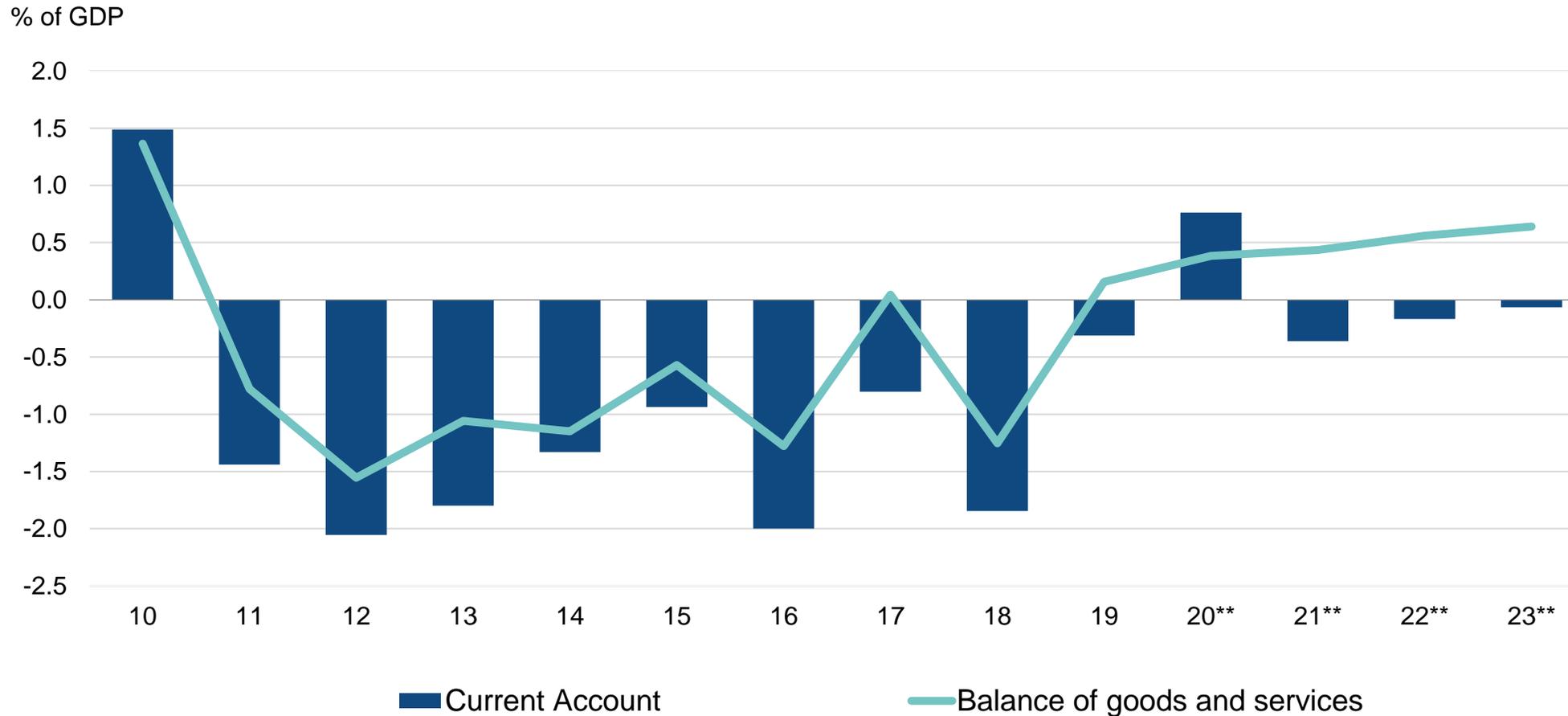
# Rise in wages gradually passed on to prices of services

change from previous year, %



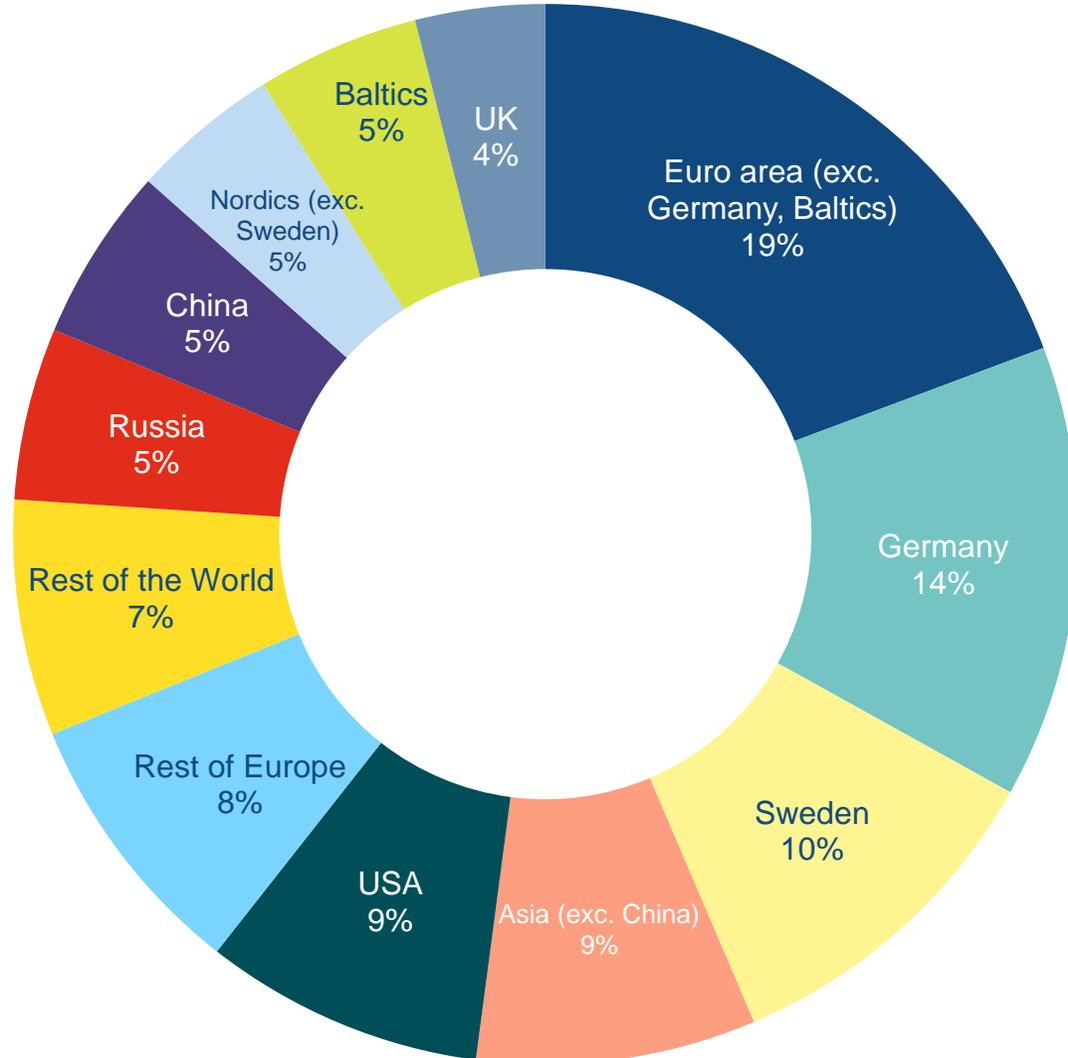
Source: Macrobond

# Current account in balance at the end of the outlook period

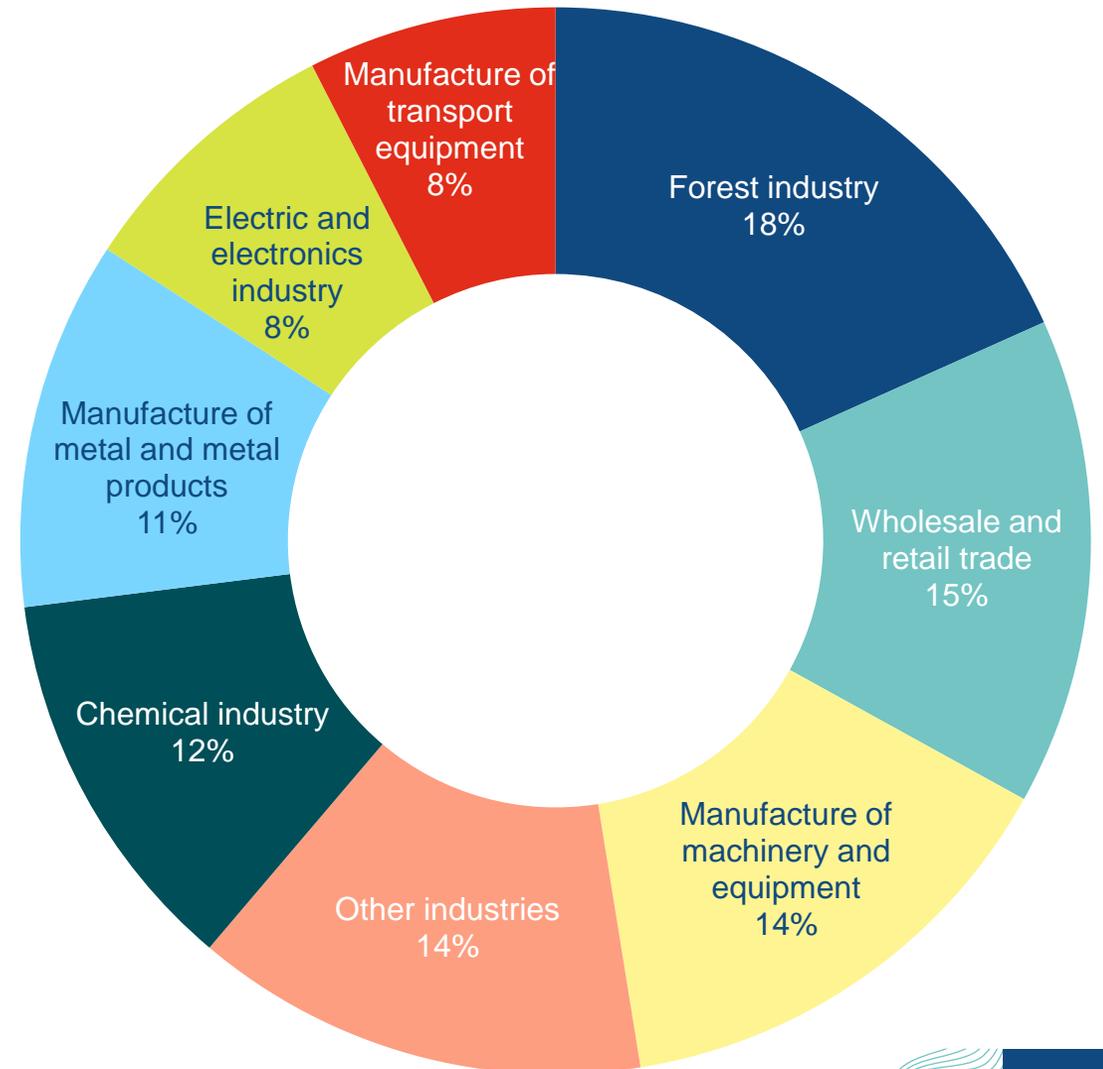


# Exports of goods well diversified

## Exports by countries of destination in 2020

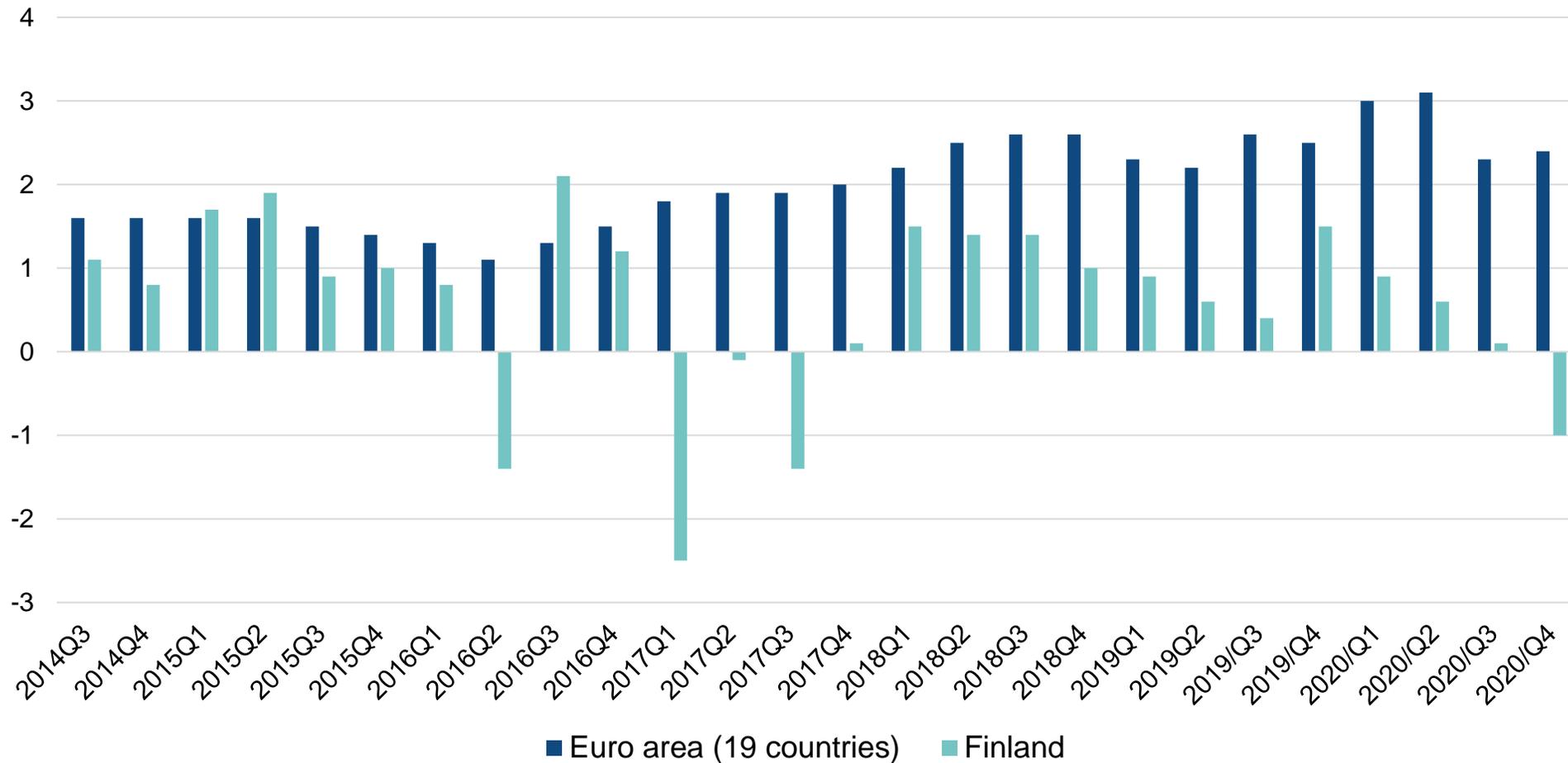


## Exports by industries 2020



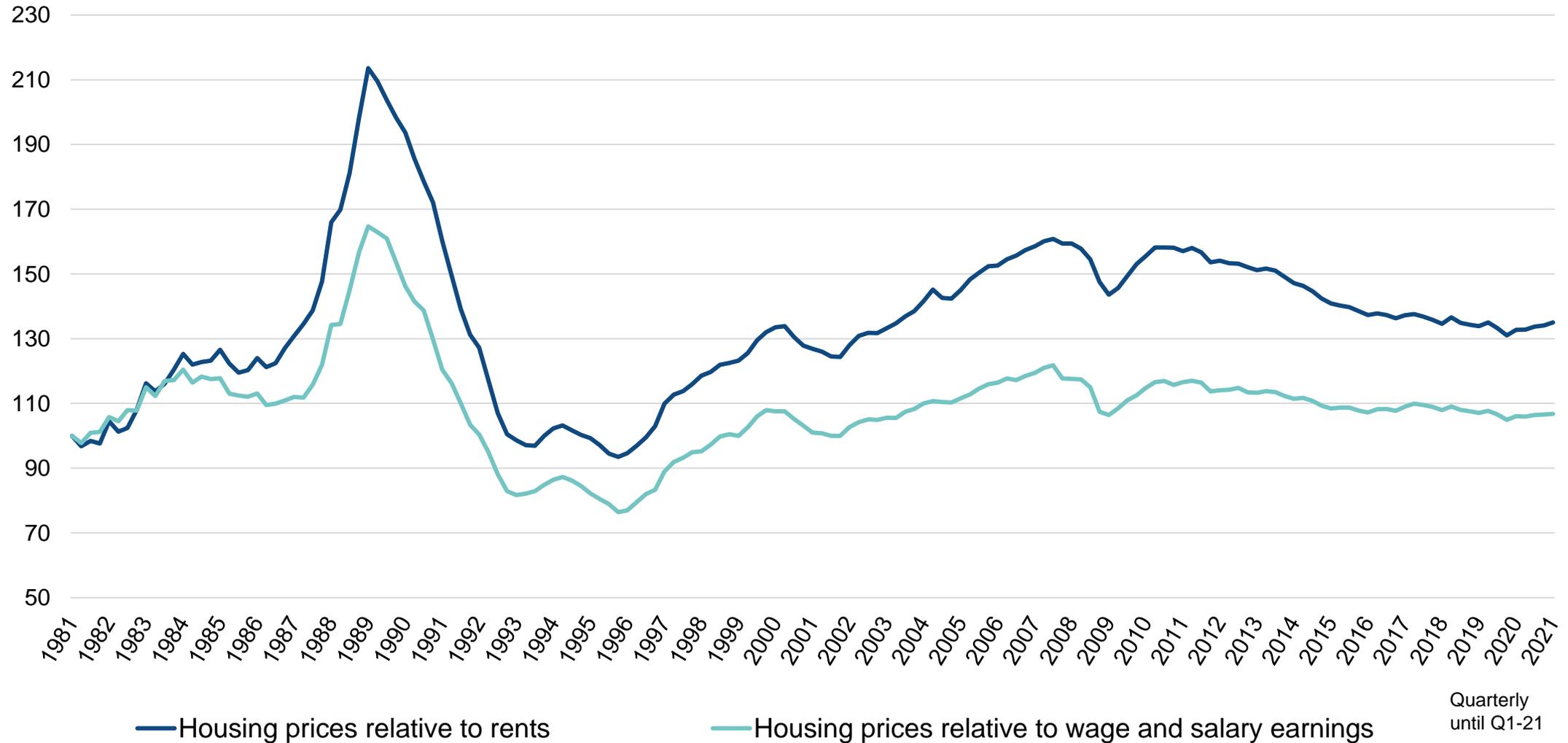
# Labour costs competitiveness improved

Hourly labour cost % change from previous year



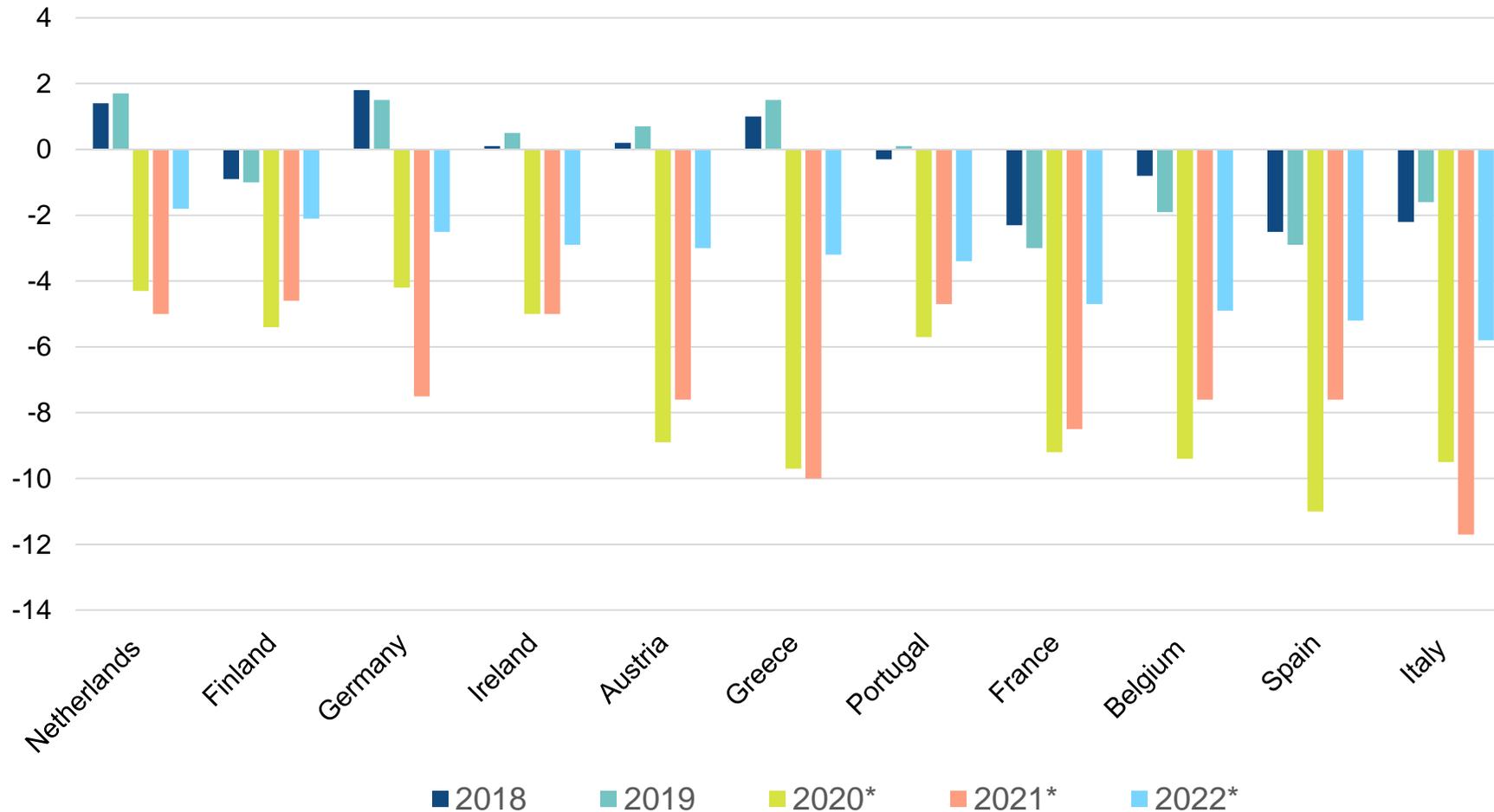
Source: Eurostat, May 2021

# Relative housing prices in Finland



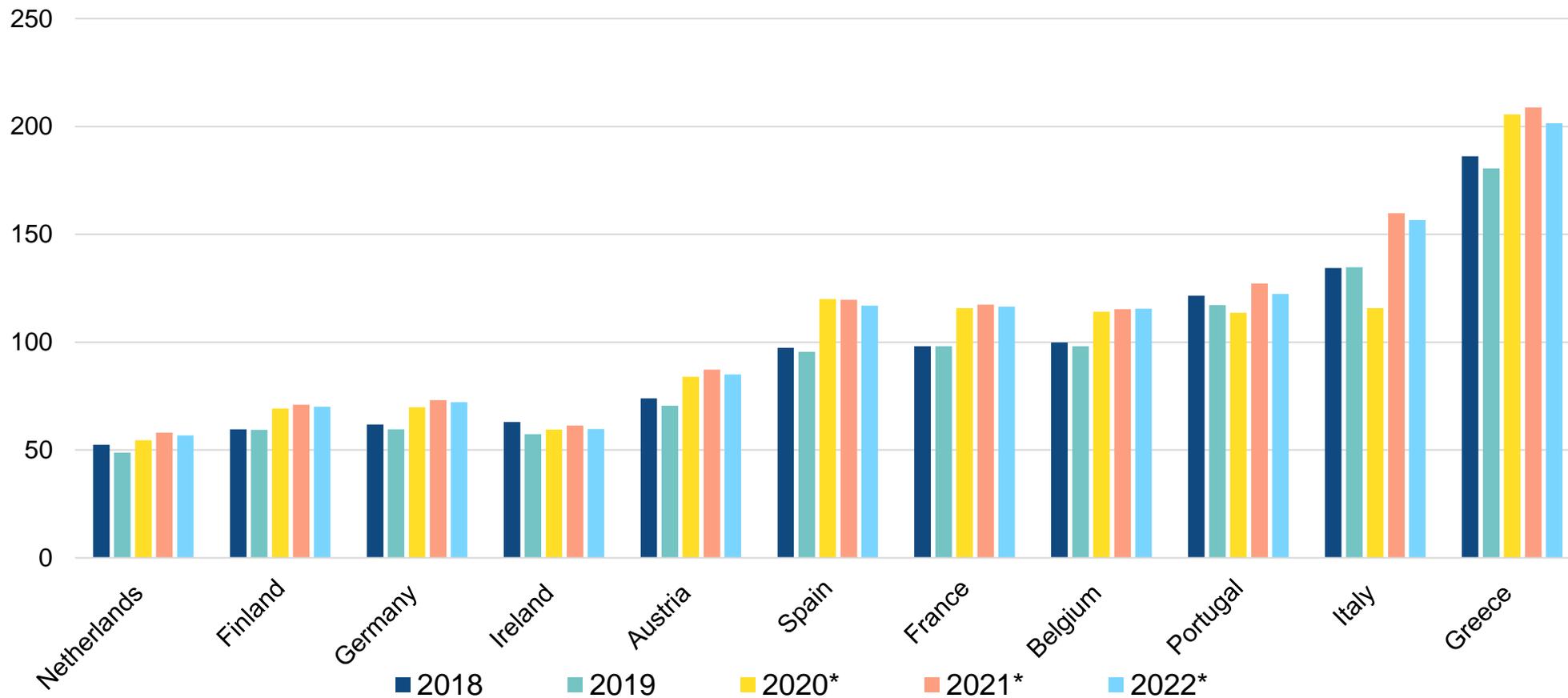
# EMU general government financial balance

in ratio to GDP, %

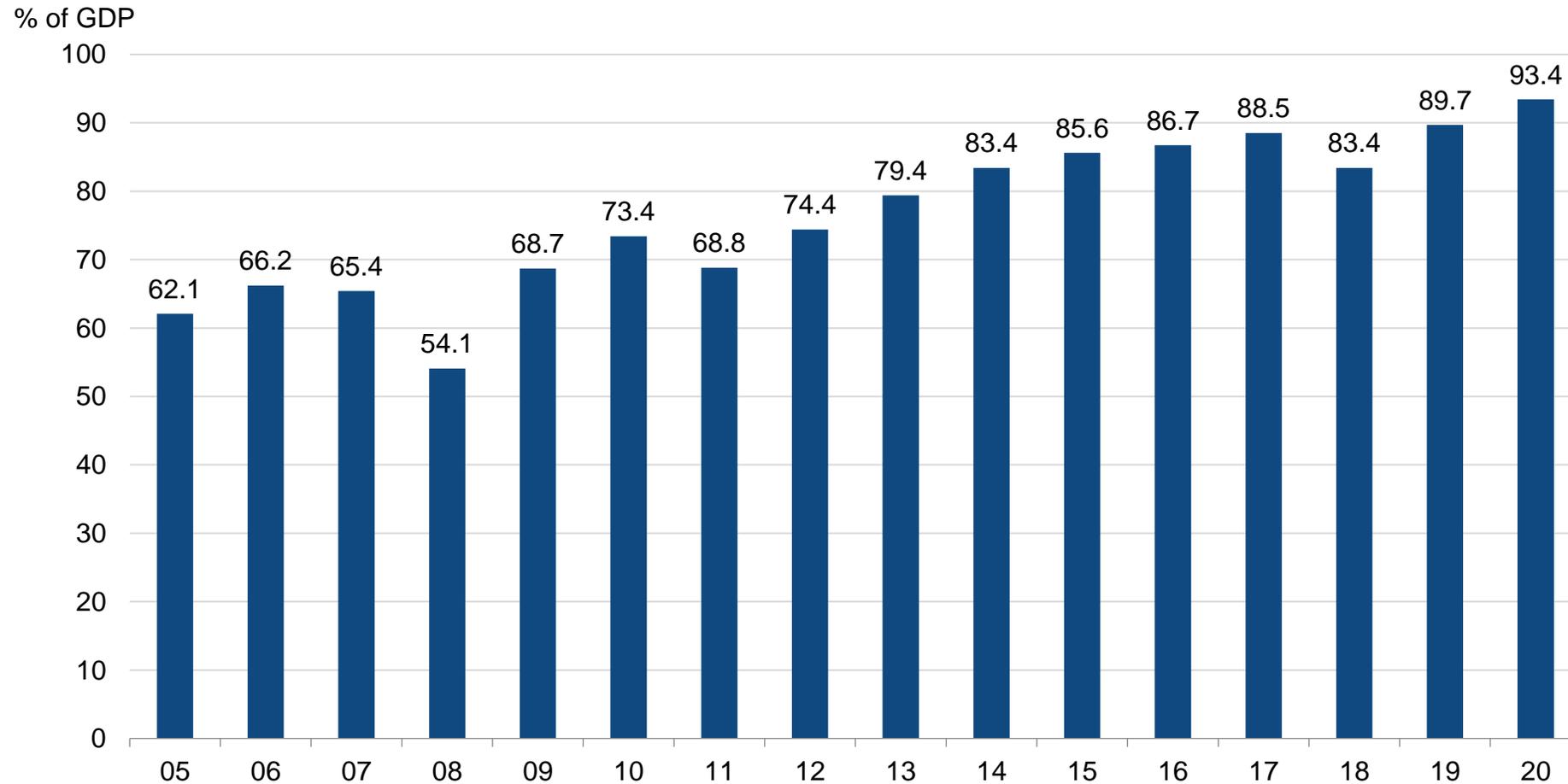


# The public debt-to-GDP ratio in Finland is one of the lowest in the euro area

EMU general government gross debt, % of GDP



# Earnings-related pension assets including public sector pension assets

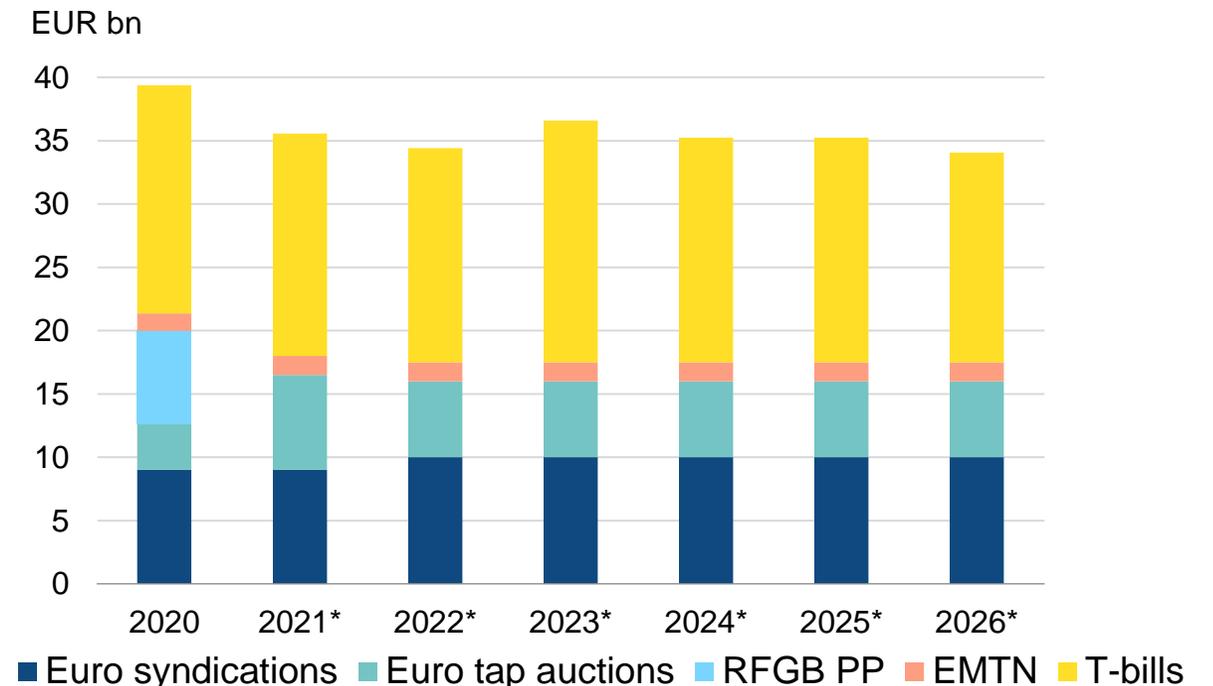
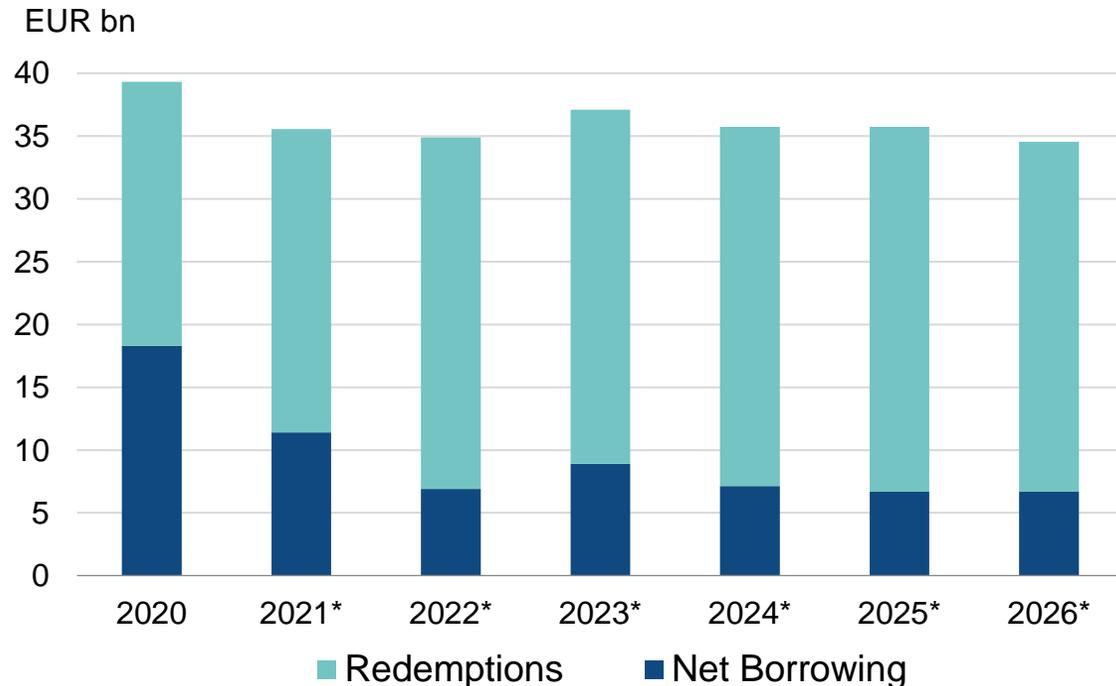




# 2 Funding



# Central government gross borrowing estimate and projected funding instrument allocation

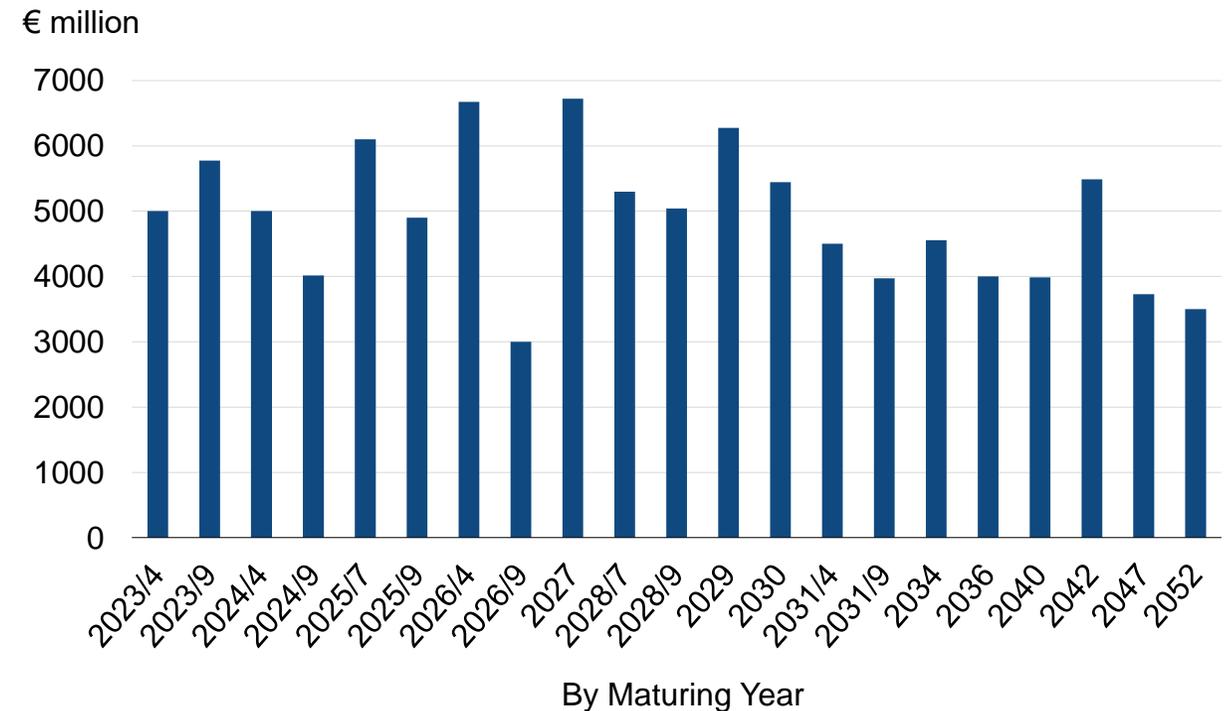


# Funding strategy

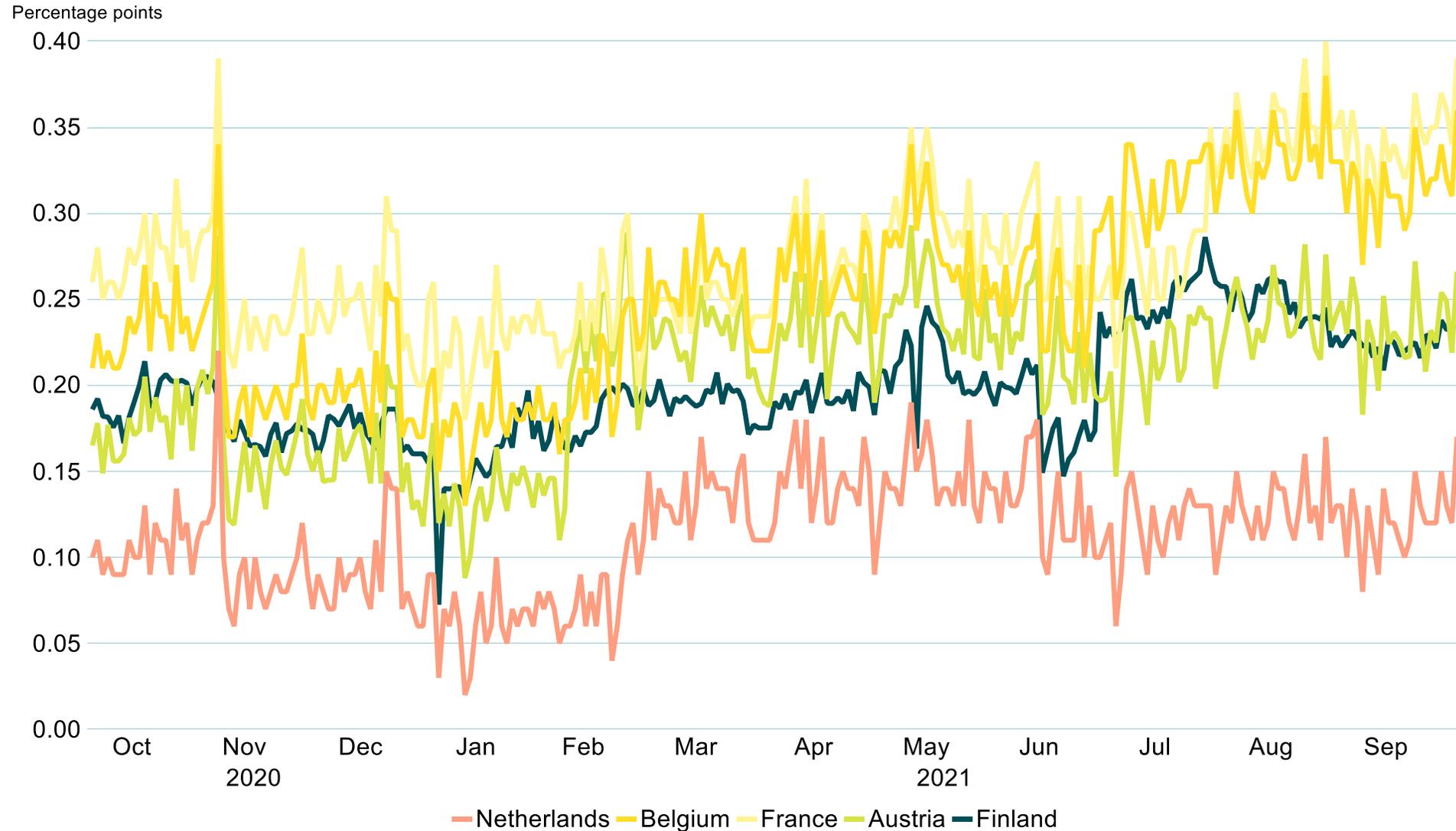
“Maintaining a globally diversified investor base by geography and investor type”

- Euro benchmark bond curve to 30 years
- Three syndicated euro benchmark bonds per year complemented by tap auctions
- 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



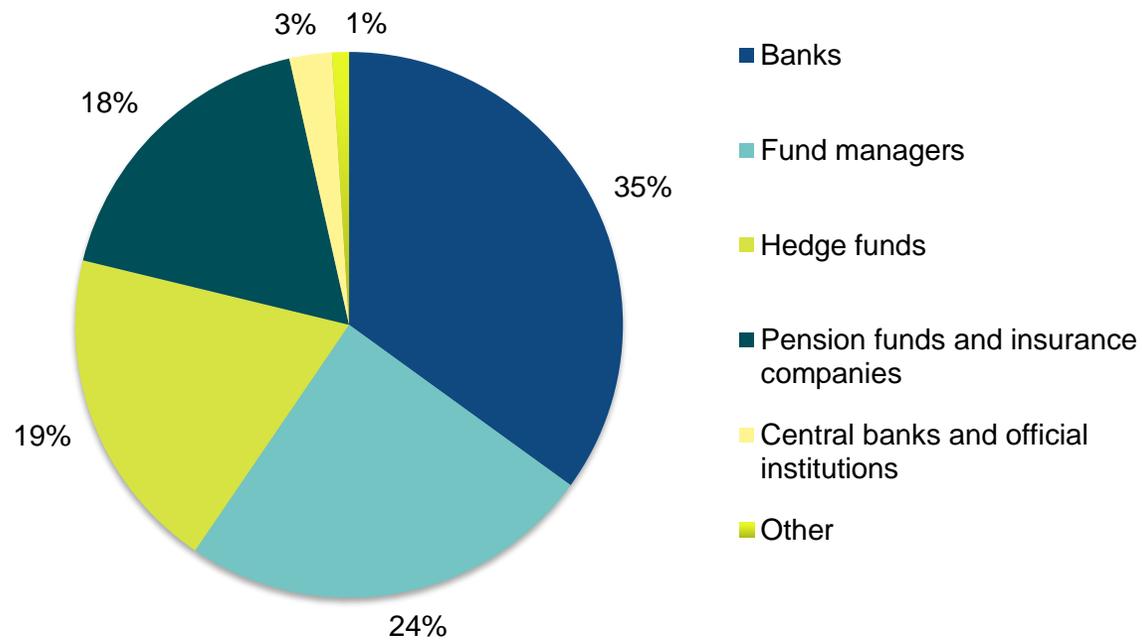
# Primary Dealers 2021

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

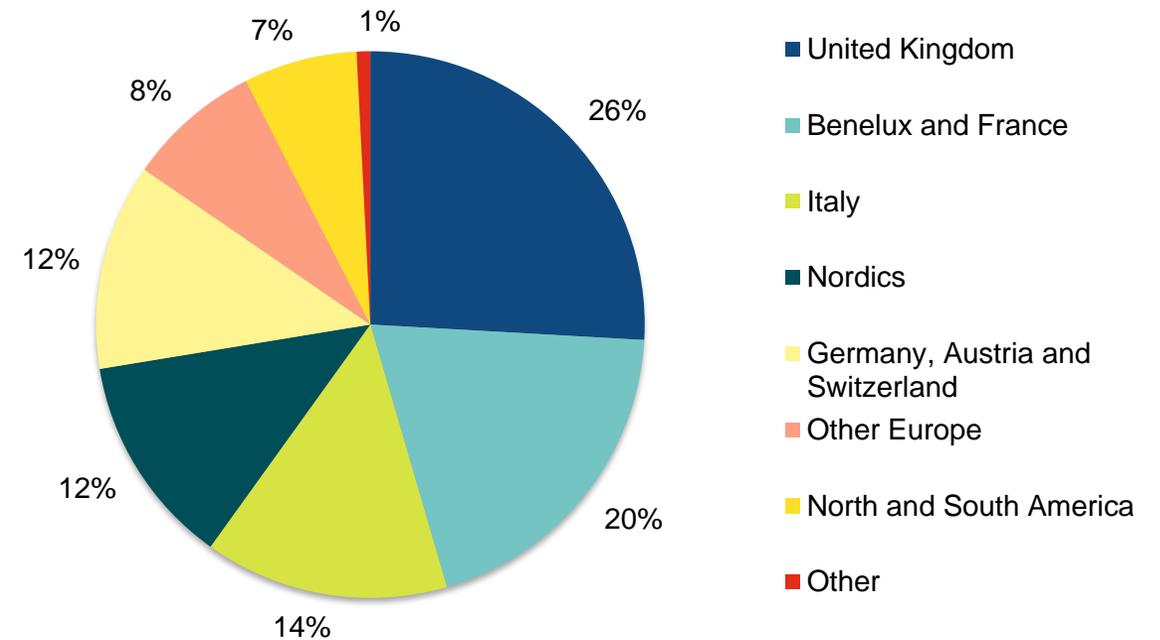
# Investor base for RFGB 0.125% EUR 3bn due April 2052

- Launched in February 2021
- Allocated to over 130 investors

## Distribution of the bond by investor type



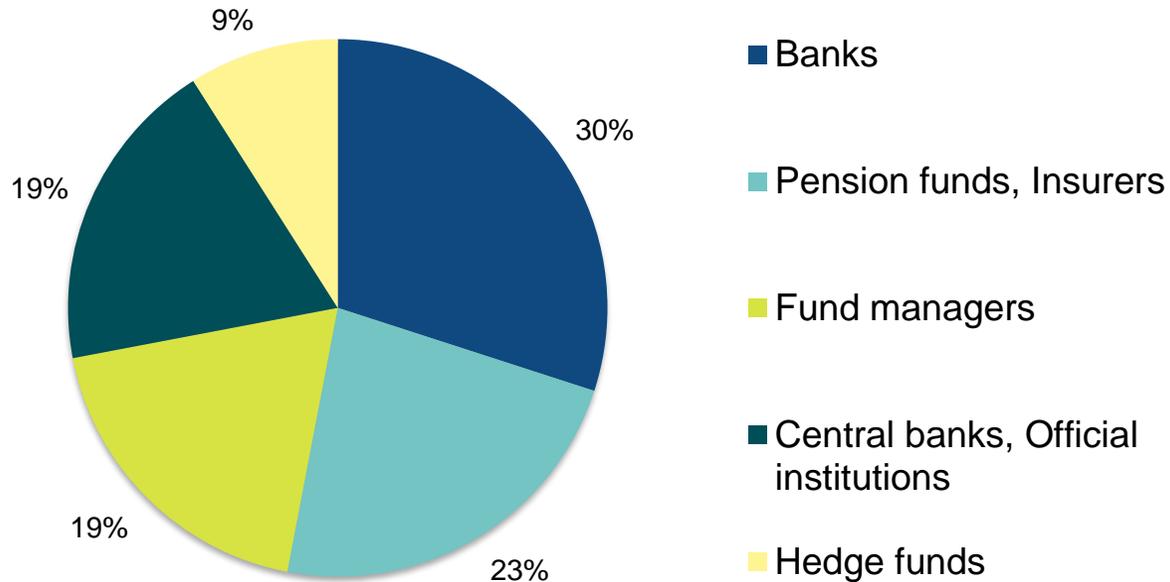
## Distribution of the bond by region



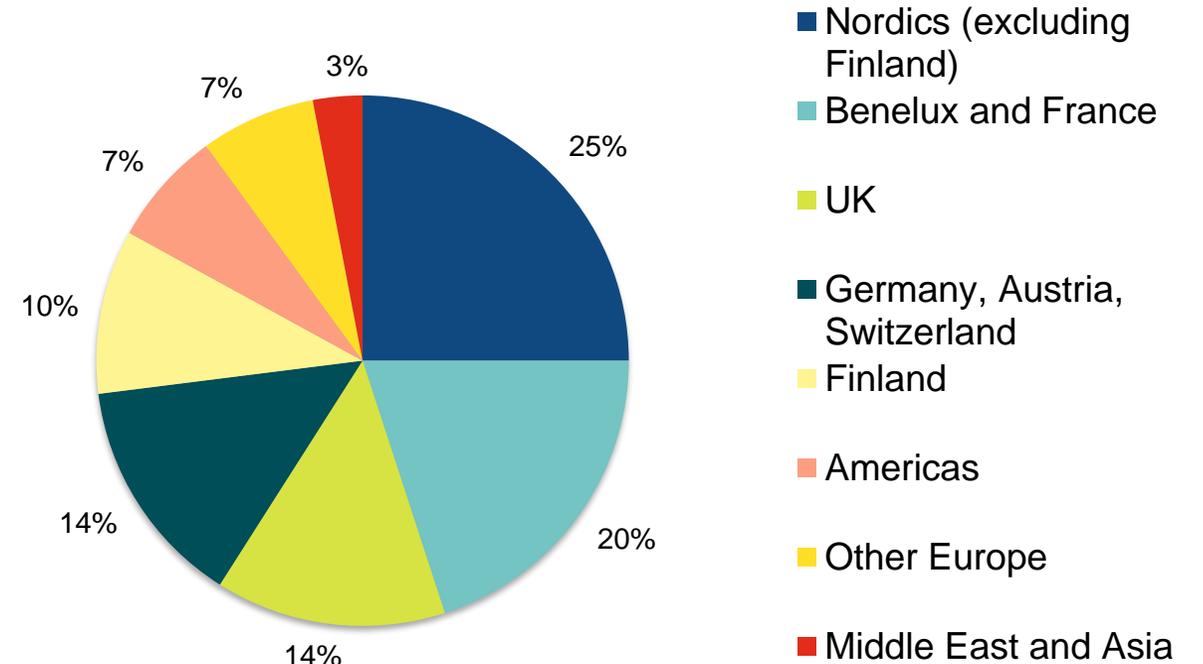
# Investor base for RFGB 0.125% EUR 3bn due September 2031

- Launched in May 2021
- Allocated to over 110 investors

## Distribution of the bond by investor type



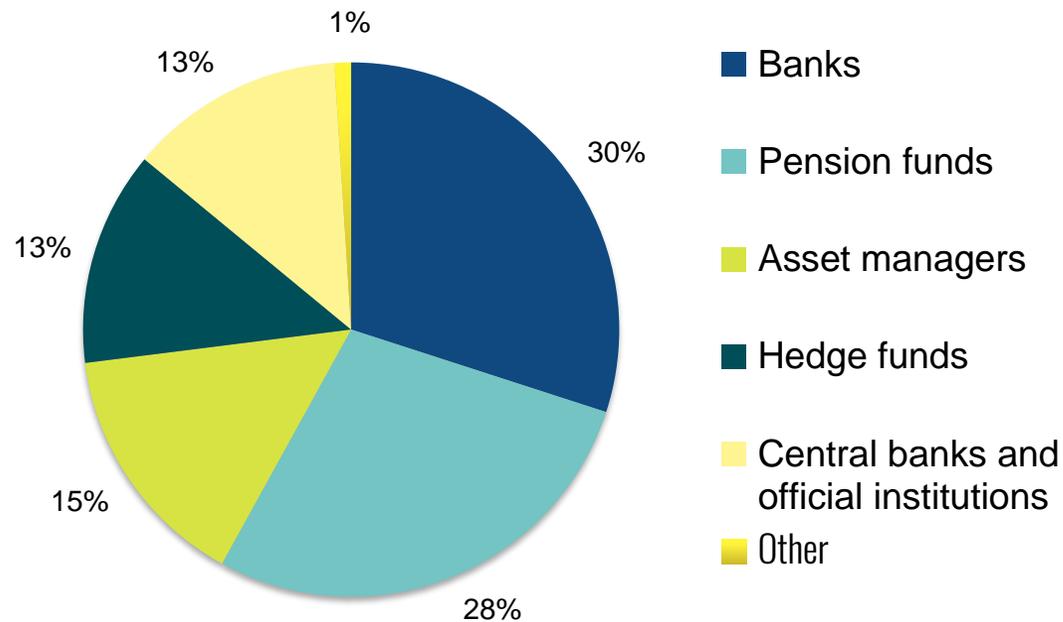
## Distribution of the bond by region



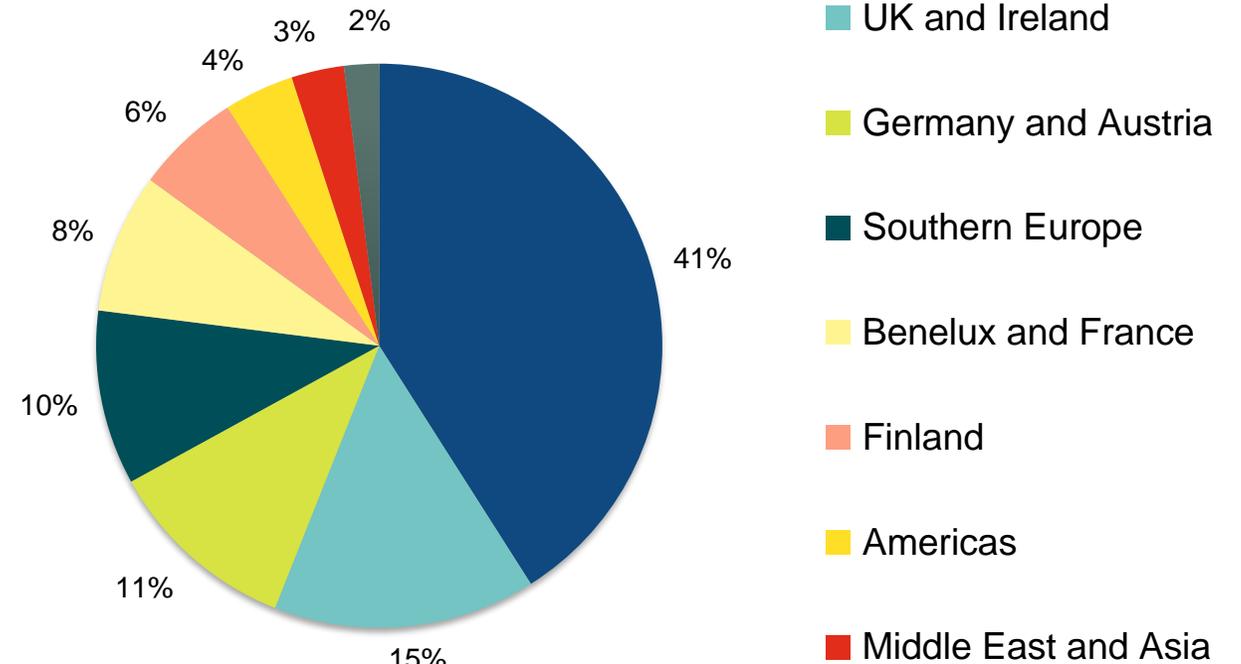
# Investor base for RFGB 0.0% EUR 3bn due September 2026

- Launched in August 2021
- Allocated to circa 90 investors

## Distribution of the bond by investor type

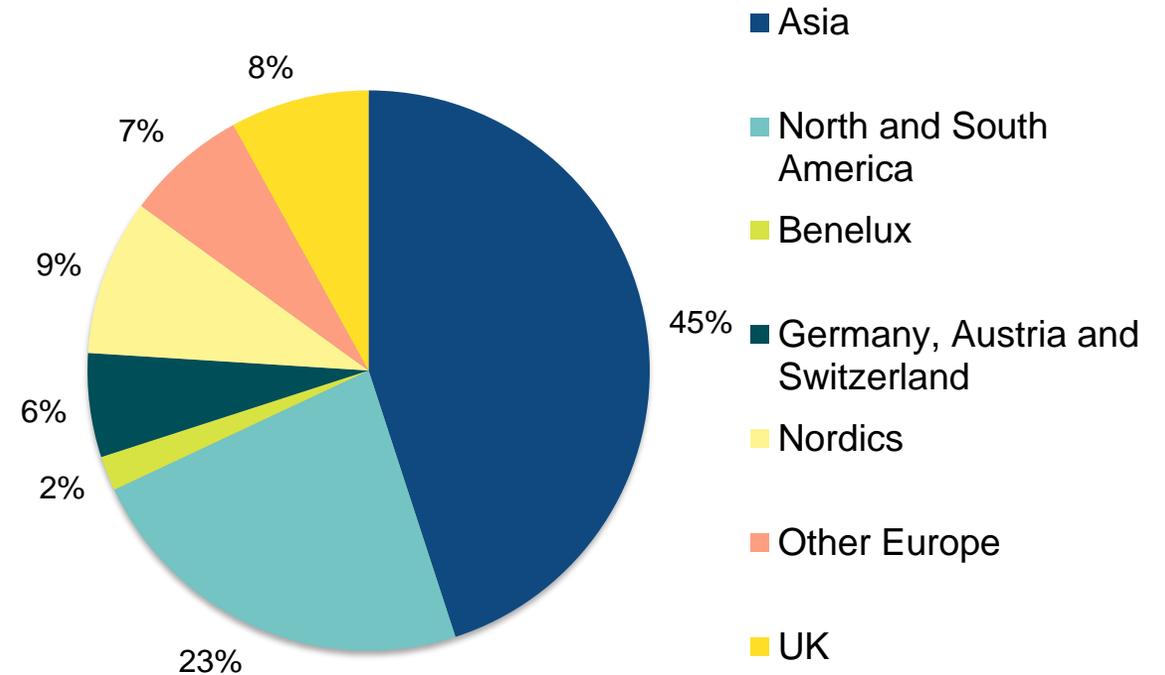
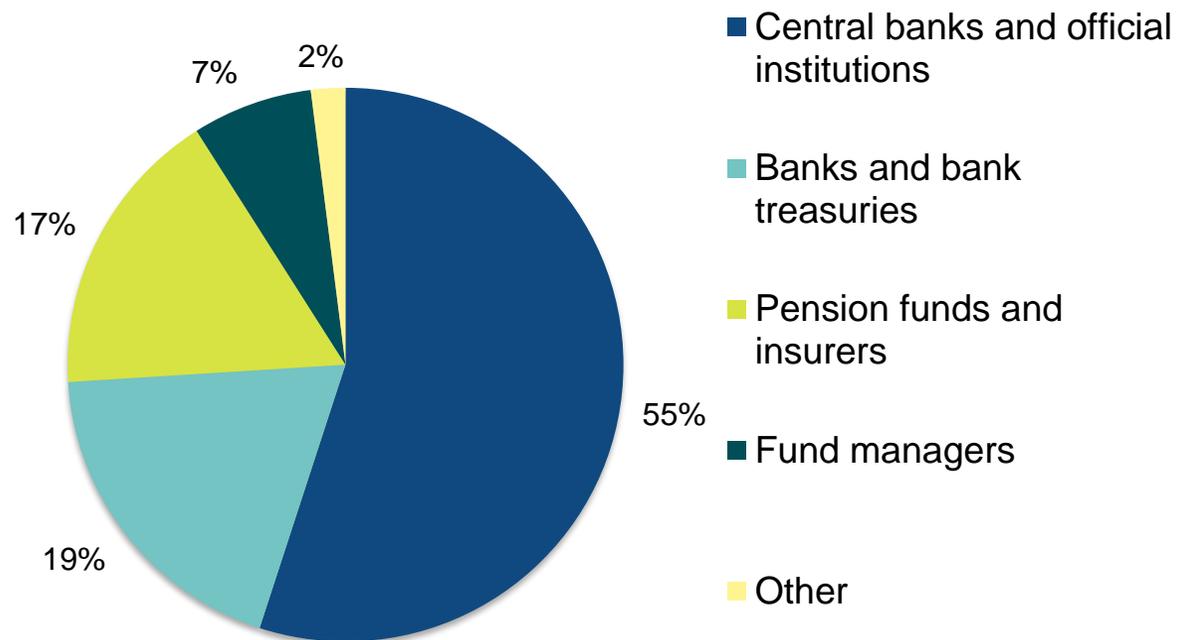


## Distribution of the bond by region



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

- Launched in May 2020
- Allocated to 87 investors



# 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  
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)

