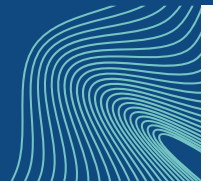




State Treasury
Republic of Finland

Finnish central government borrowing

May 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.

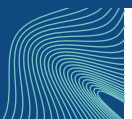
For long-term debt, they are

AA+, Aa1 and AA+

(stable, stable, stable)



1 Finnish economy



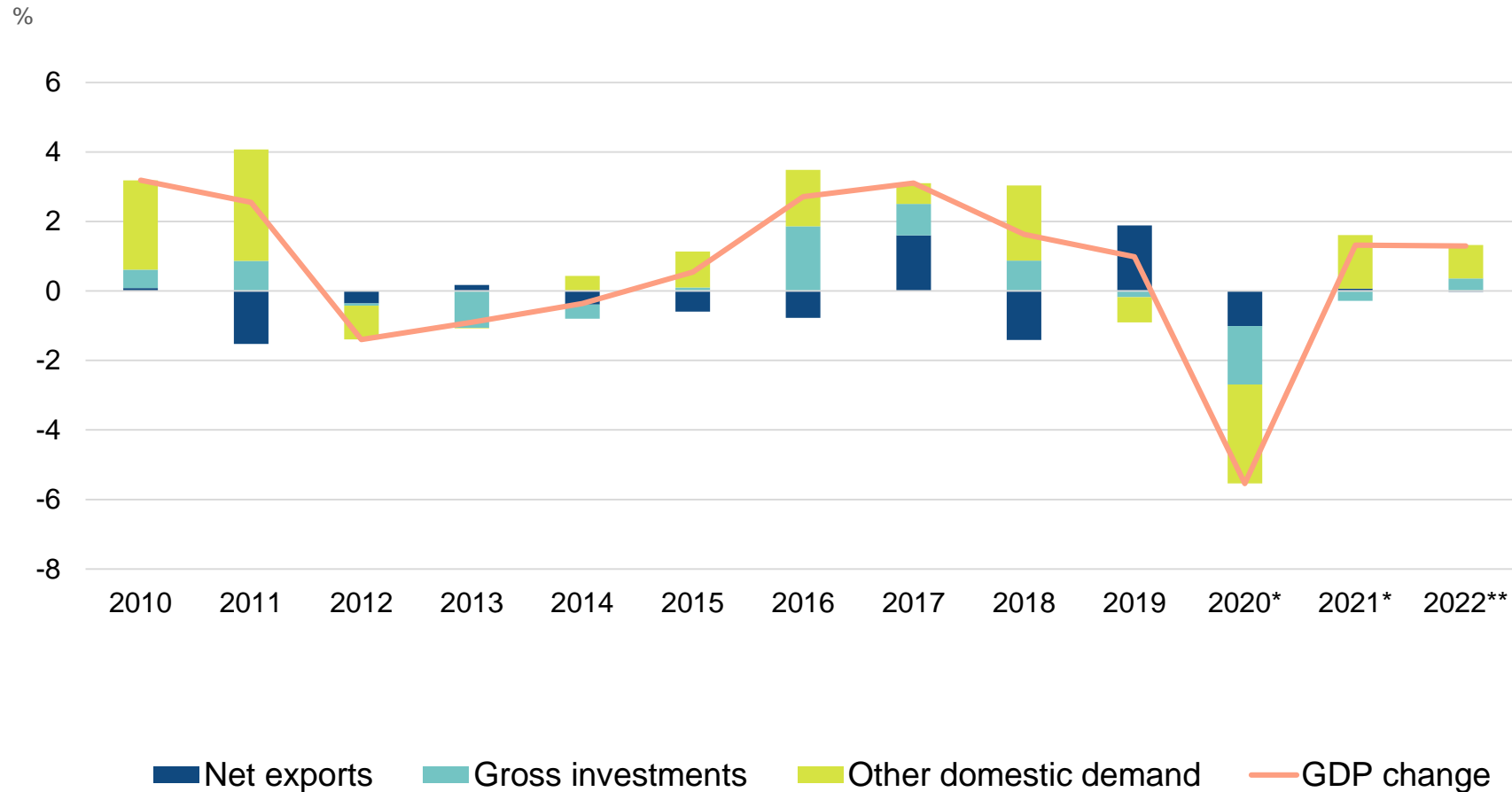
A global slow-down in growth hitting Finland

- The impacts of the crisis estimated to be strongest in Q2
- Public sector measures supporting companies will not be enough to prevent a fall in output, even when fiscal policy in 2020 highly accommodative
- In 2021–2022 return to pre-crisis growth path, employment rate to return to approx. 72%

	2020	2021	2022
GDP change %	-5.5	1.3	1.3
Inflation, %	0.7	1.3	1.5
Current account, %/GDP	-1.4	-1.4	-1.3
Private investment change, %	-10.0	-1.5	2.7
Exports change %	-6.2	3.2	2.1
Unemployment rate, %	8.0	8.1	7.9
Public deficit, %/GDP	-7.2	-4.0	-4.1
Public debt, %/GDP	69.1	71.5	73.8

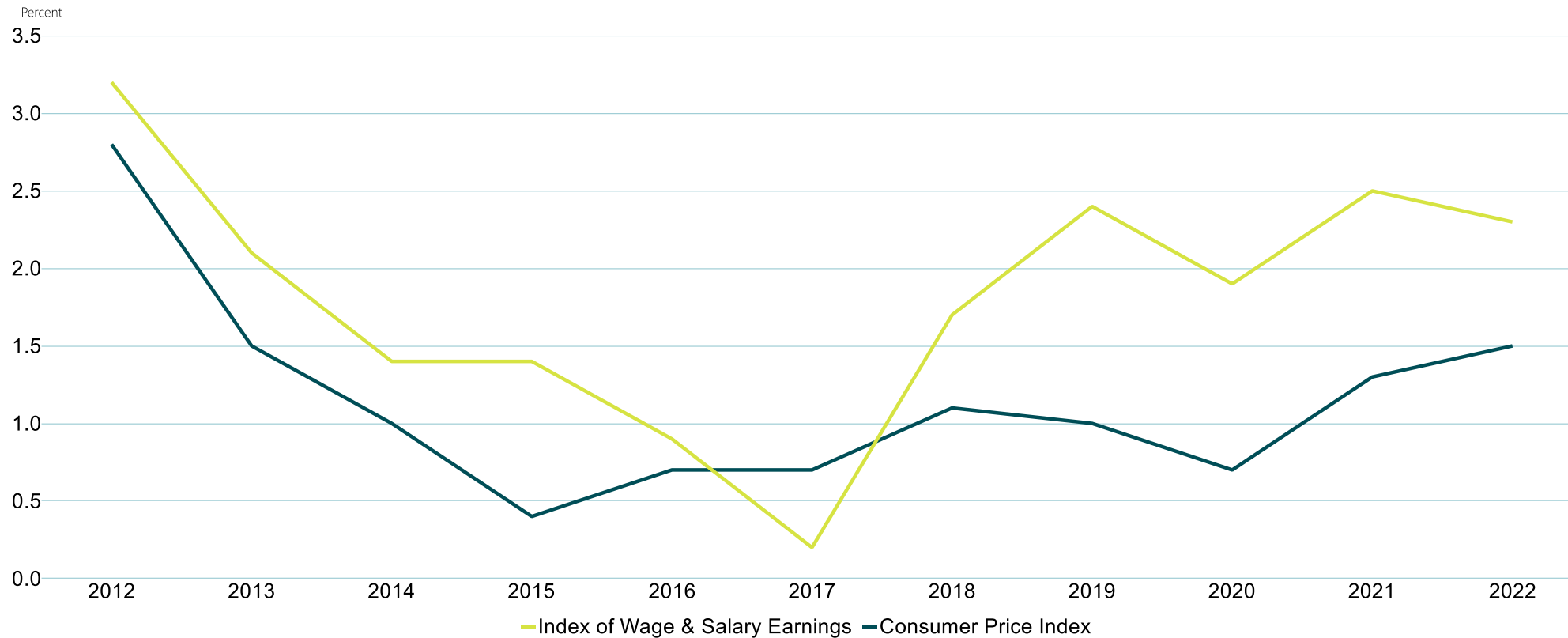
Source: Ministry of Finance, Spring 2020

Emergency measures significantly reduce private consumption this year



Slower rise in consumer prices due to slower service inflation

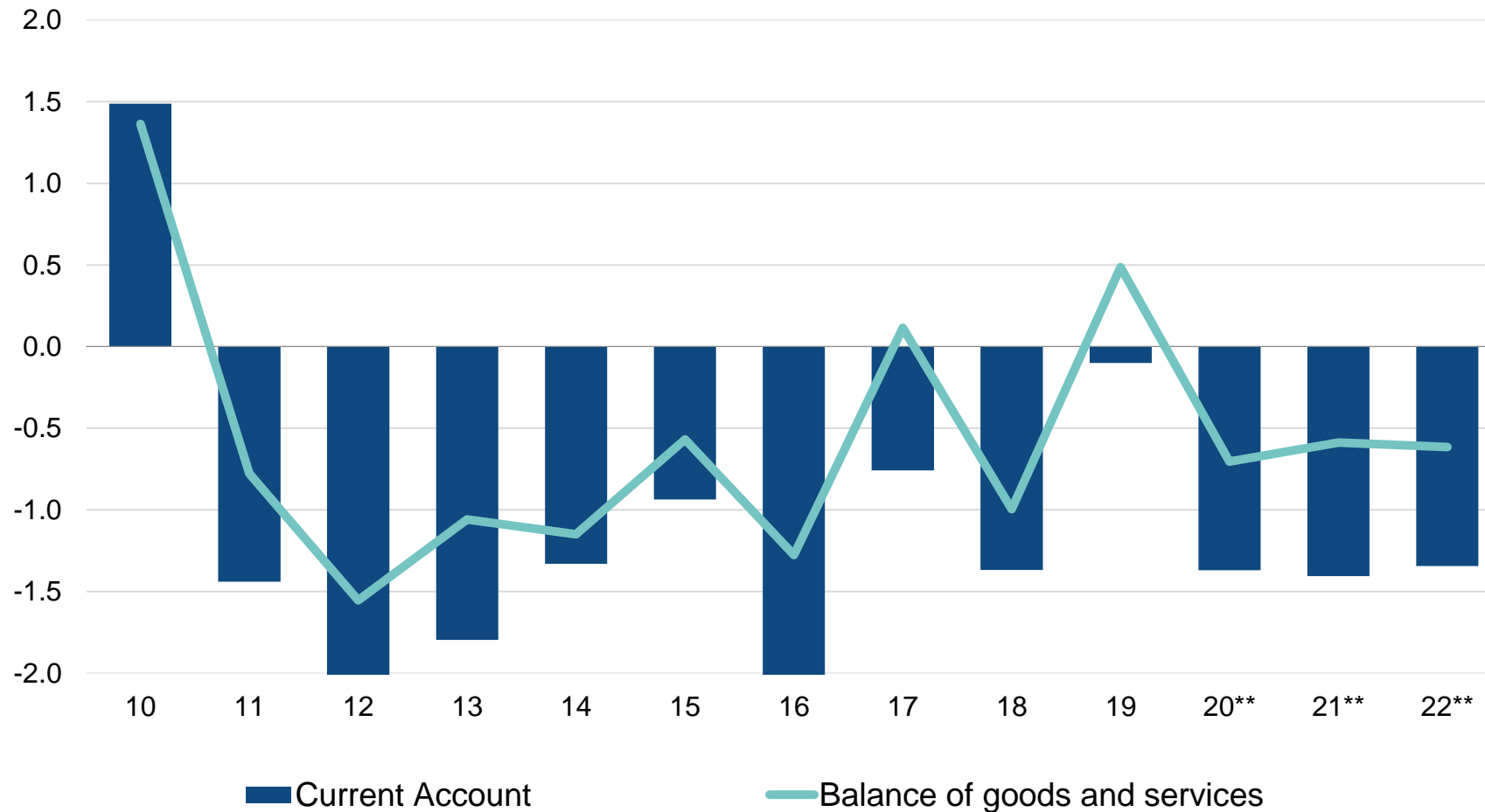
change from previous year, %



Source: Macrobond

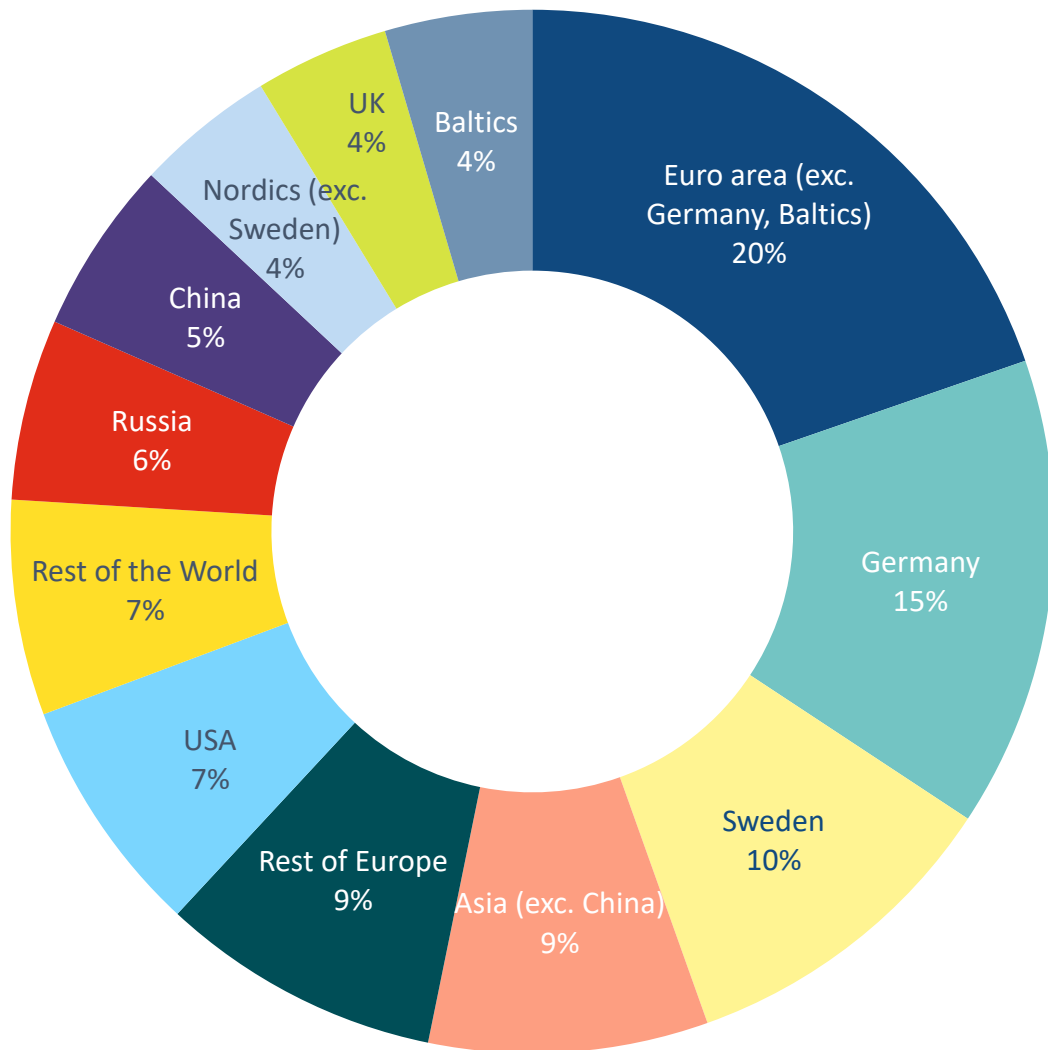
Pandemic to affect goods trade in particular

% of GDP

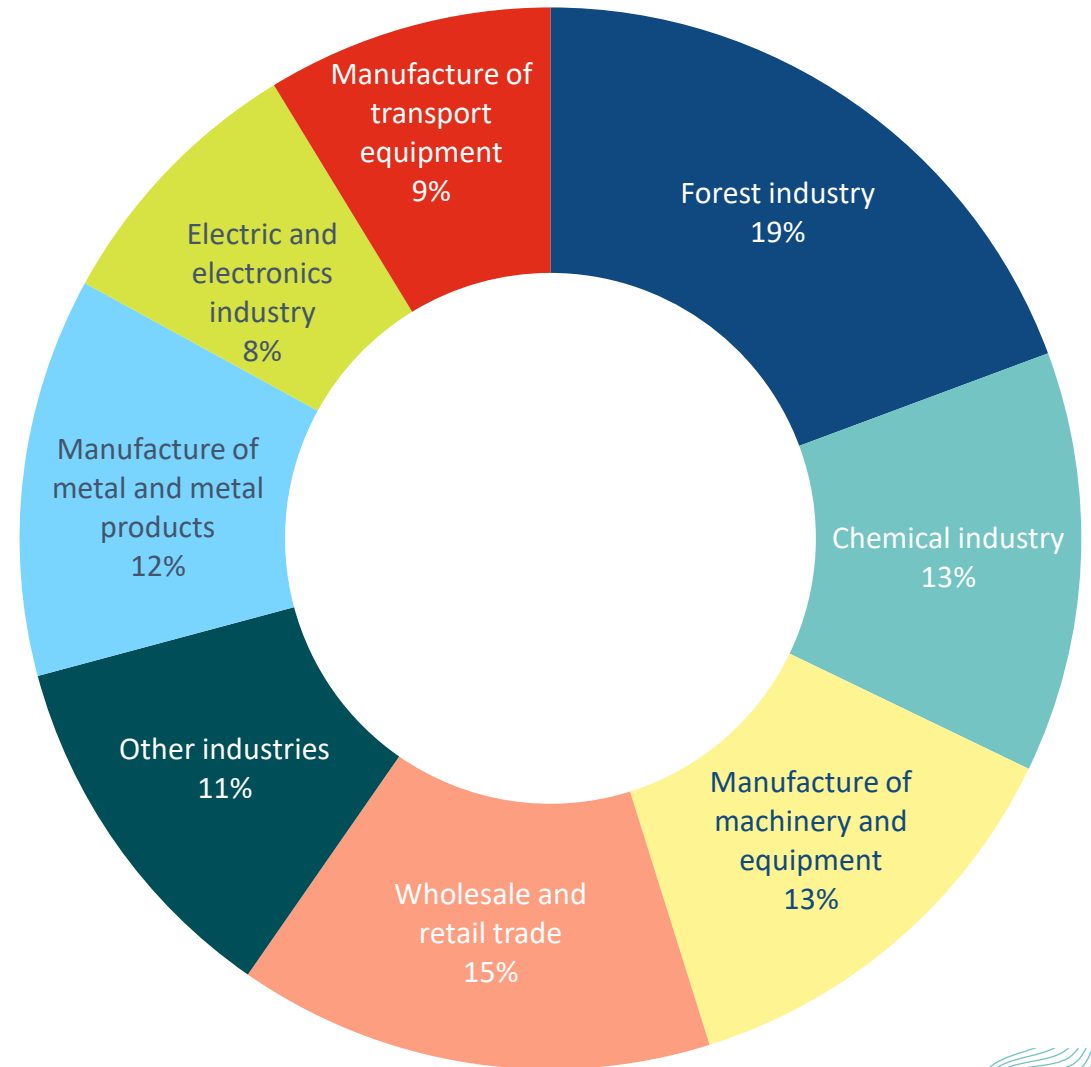


Exports of goods well diversified

Exports by countries of destination in 2019

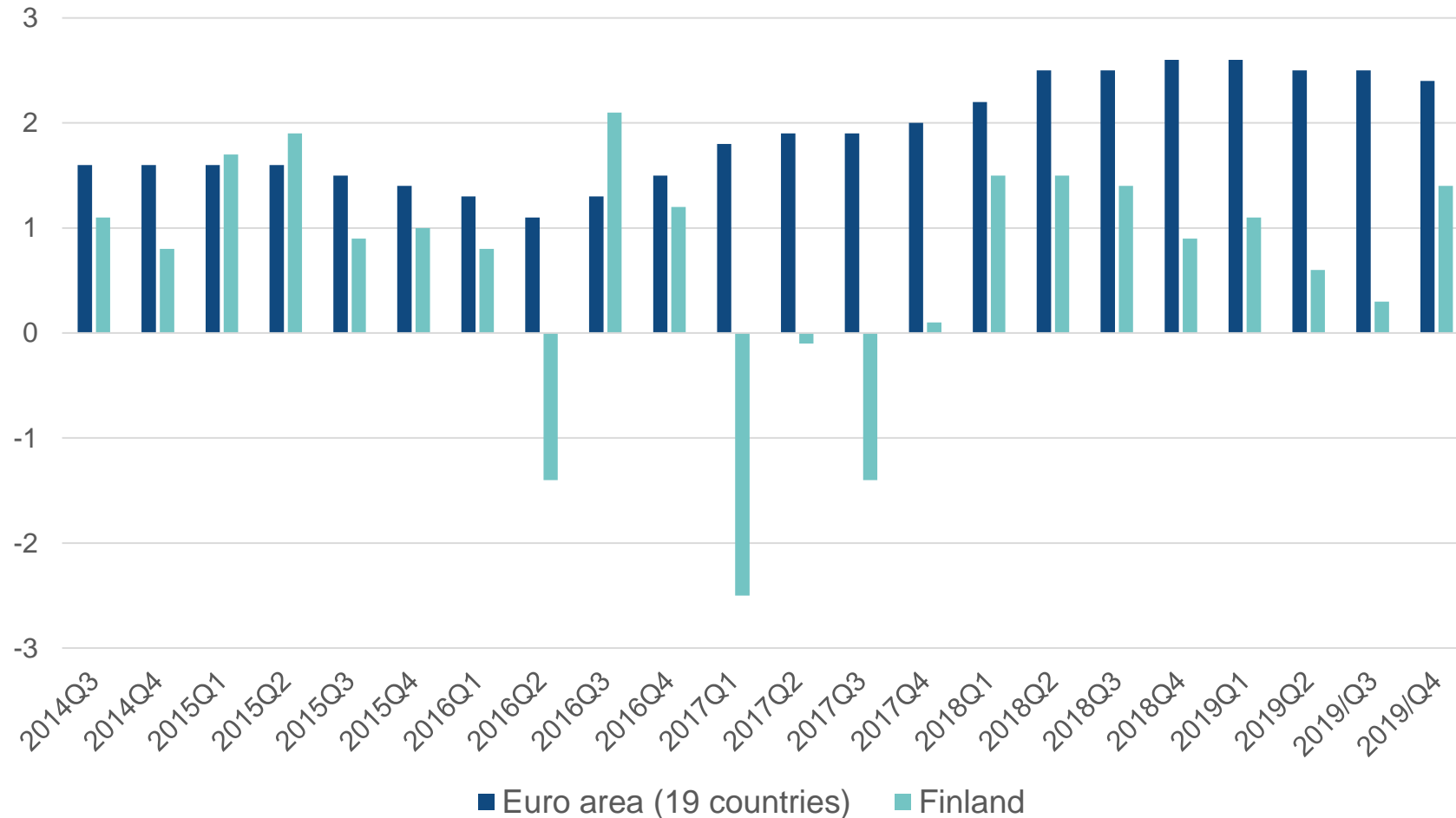


Exports by industries 2019

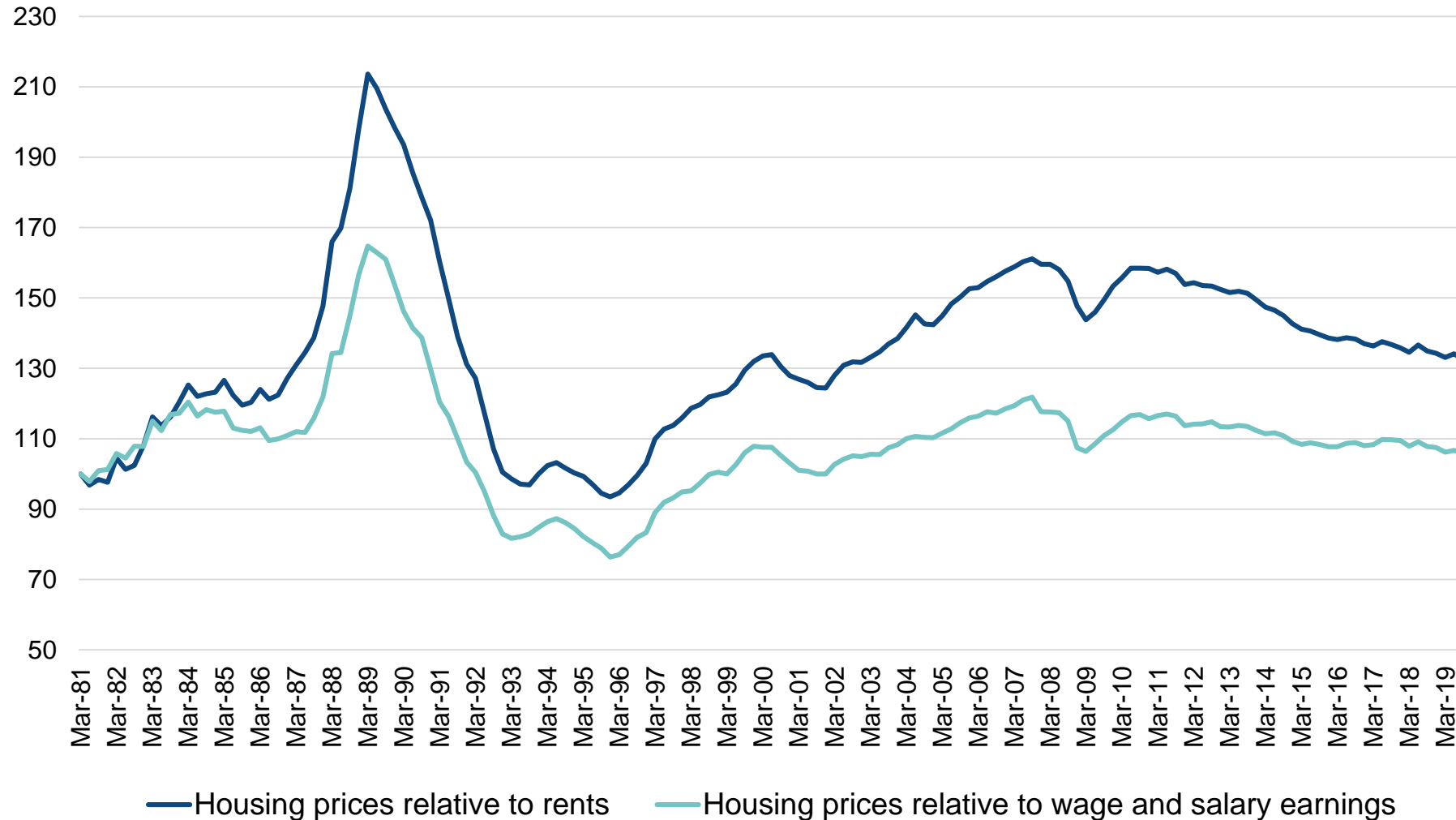


Labour costs competitiveness improved

Hourly labour cost % change from previous year

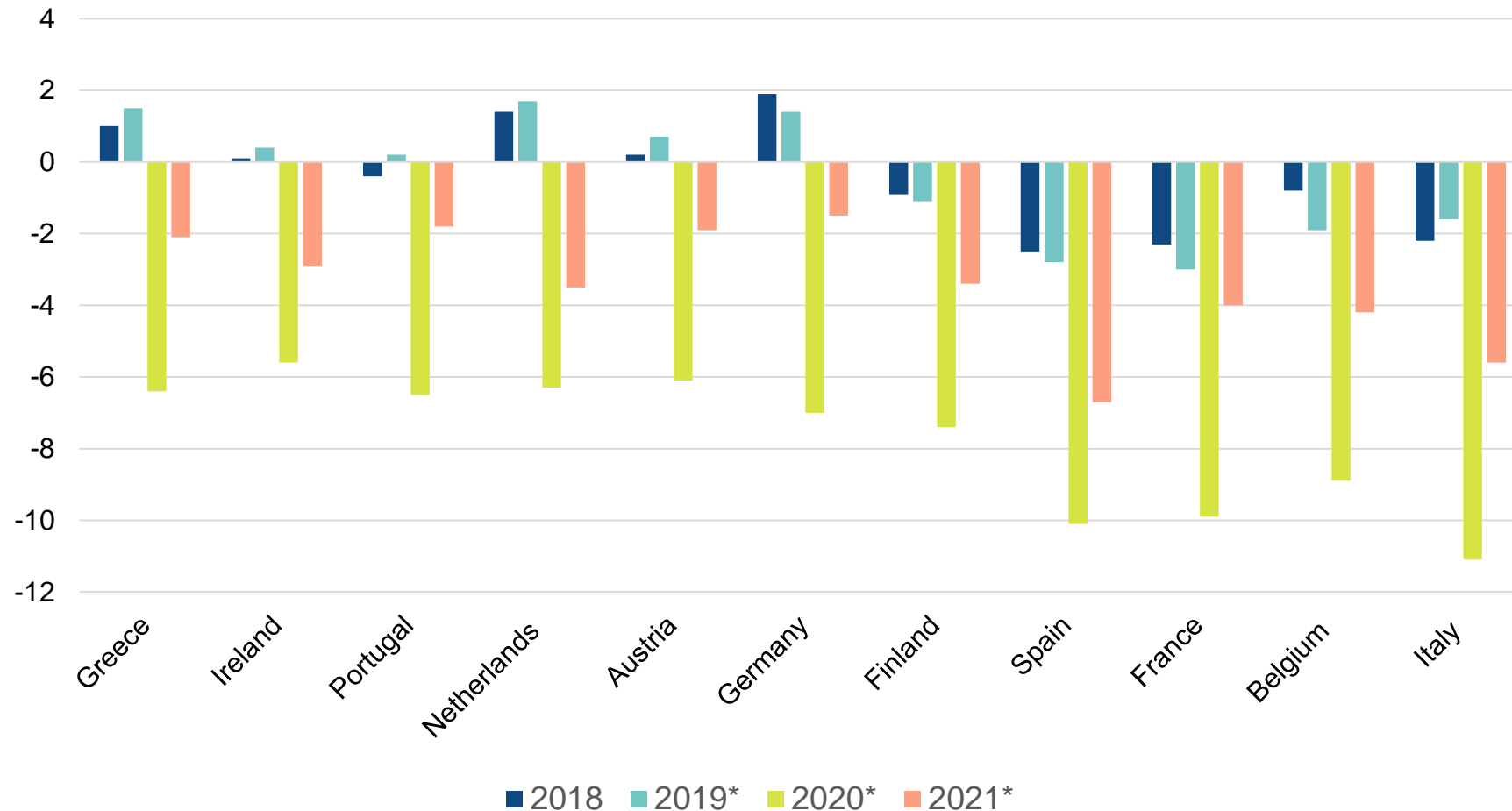


Relative housing prices in Finland



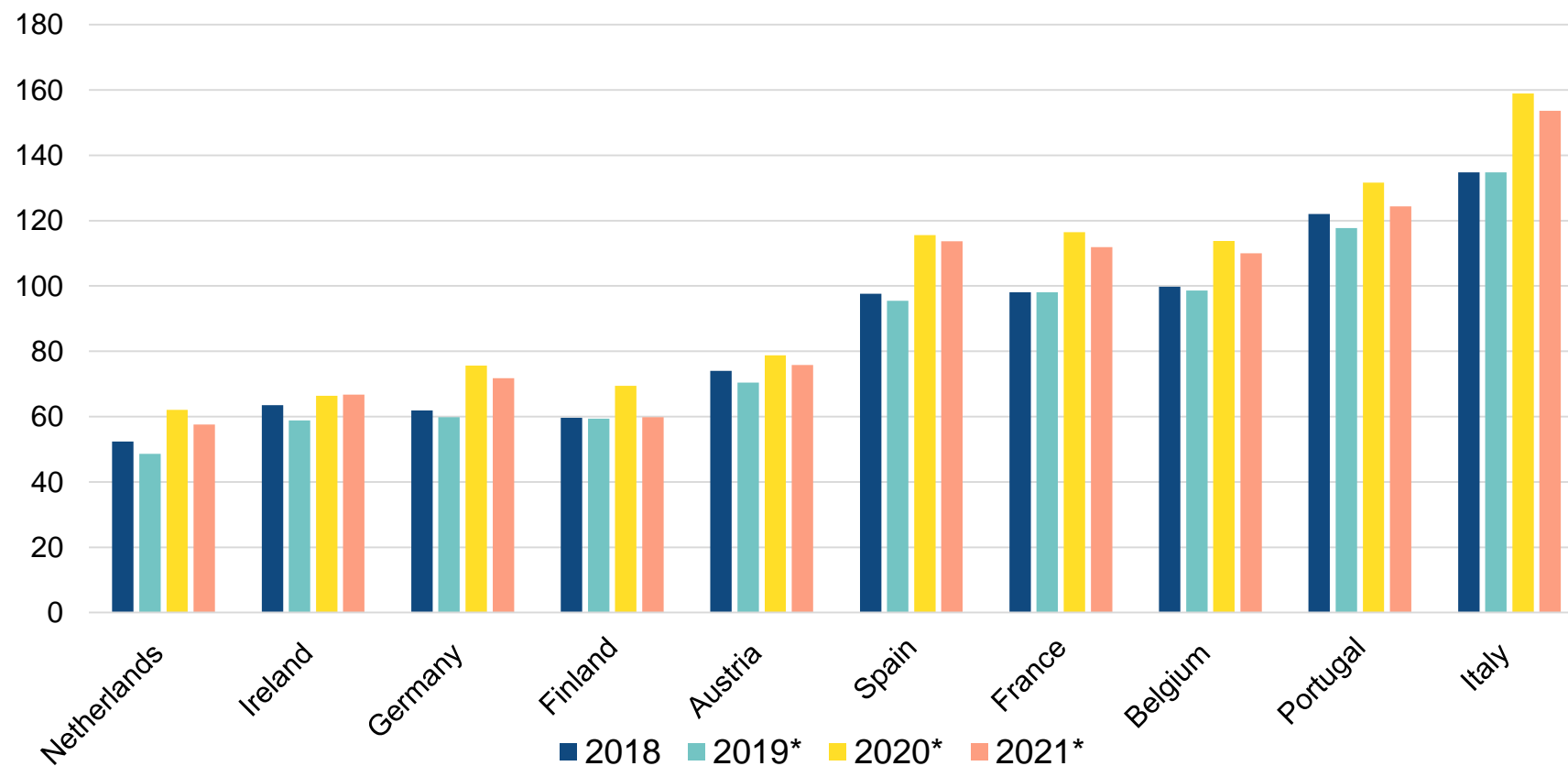
EMU general government financial balance

in ratio to GDP, %

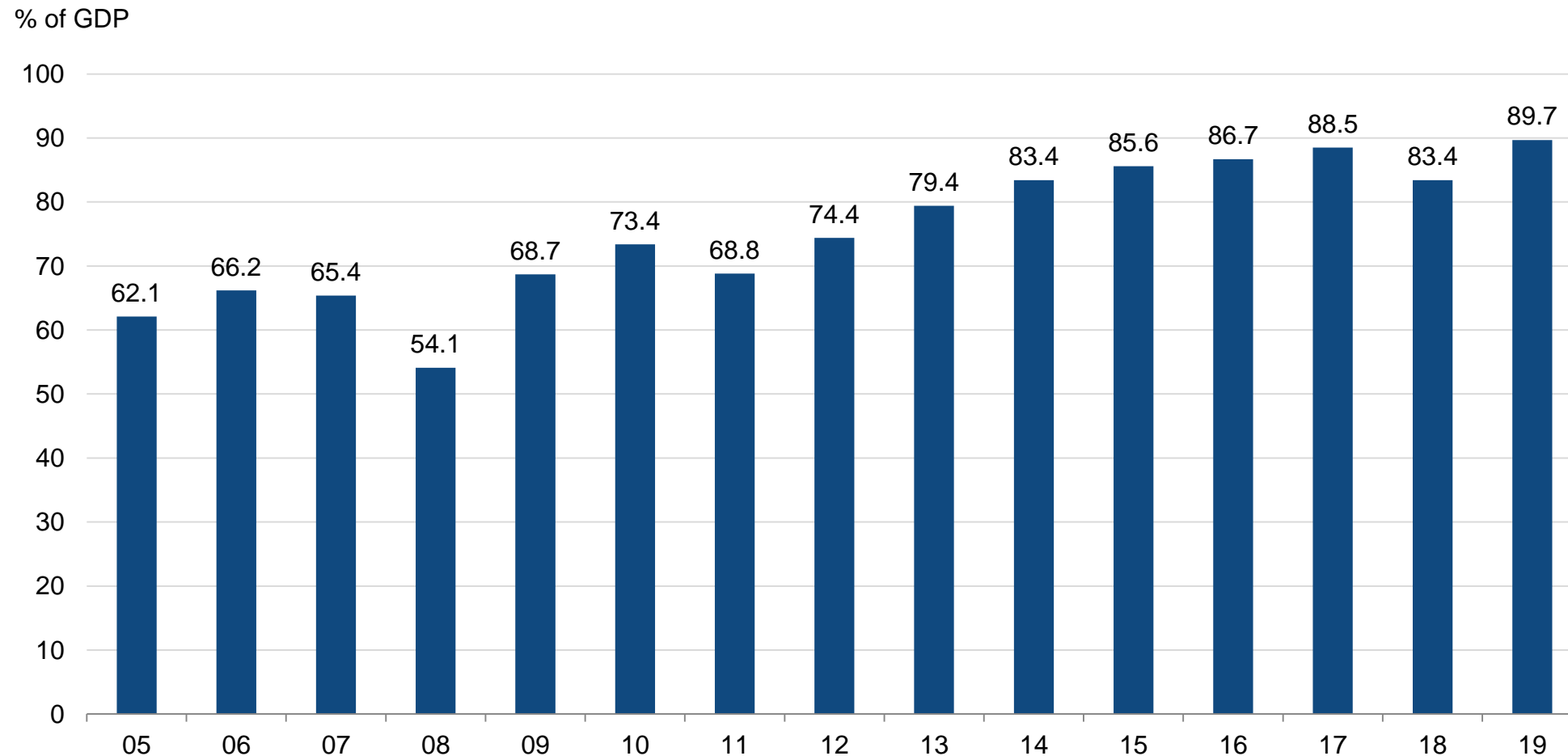


The public debt-to-GDP ratio in Finland is one of the lowest in the euro area

EMU general government gross debt, % of GDP

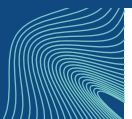


Earnings-related pension assets including public sector pension assets

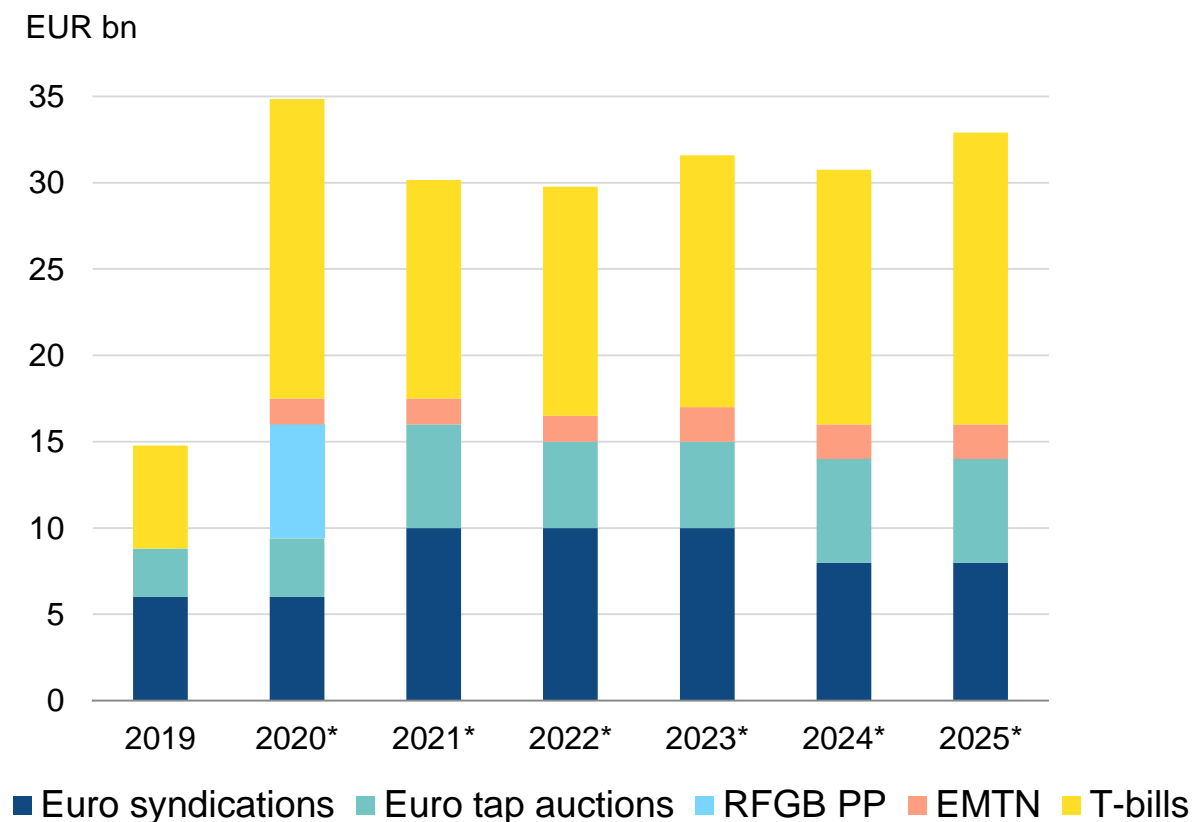
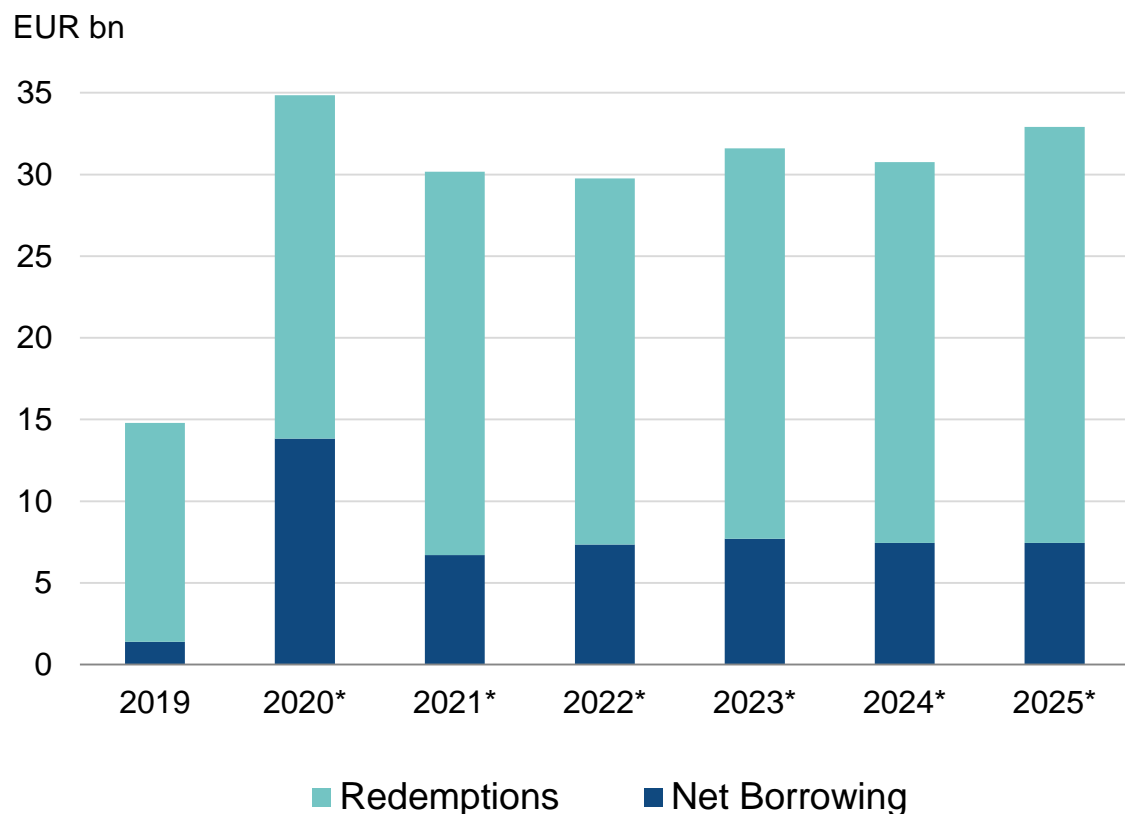




2 Funding



Central government gross borrowing estimate and projected funding instrument allocation

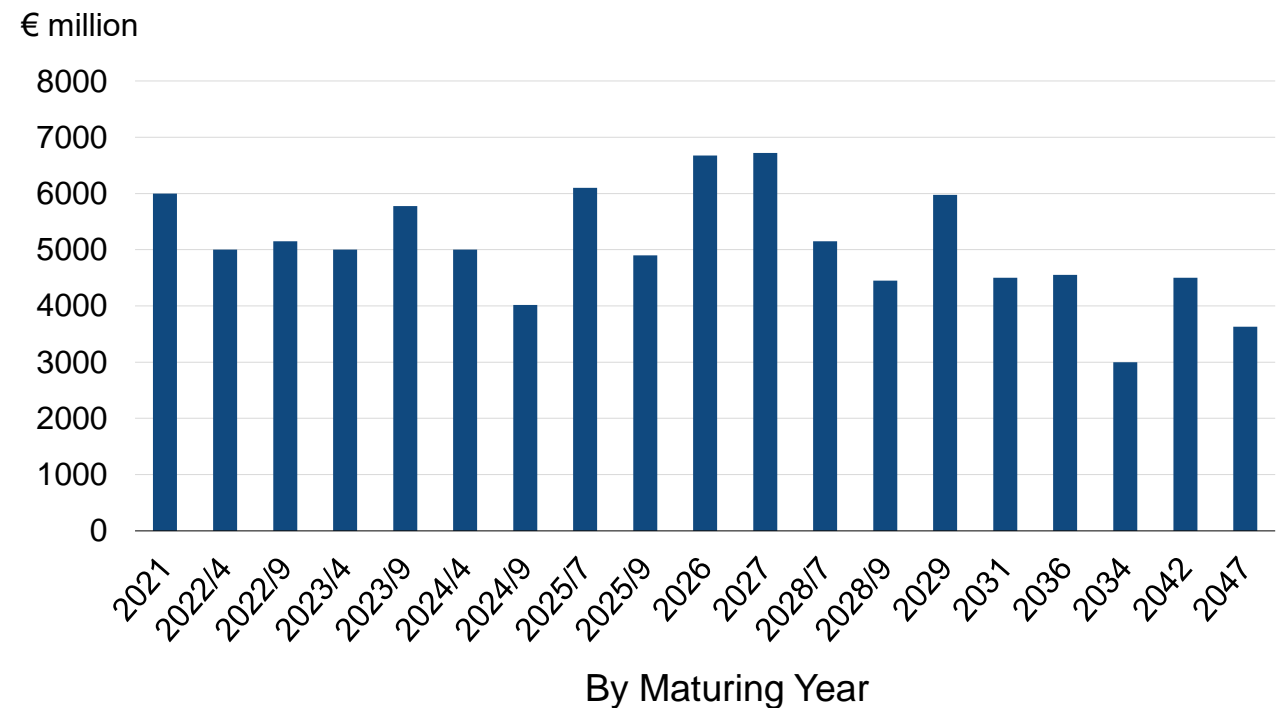


Funding strategy

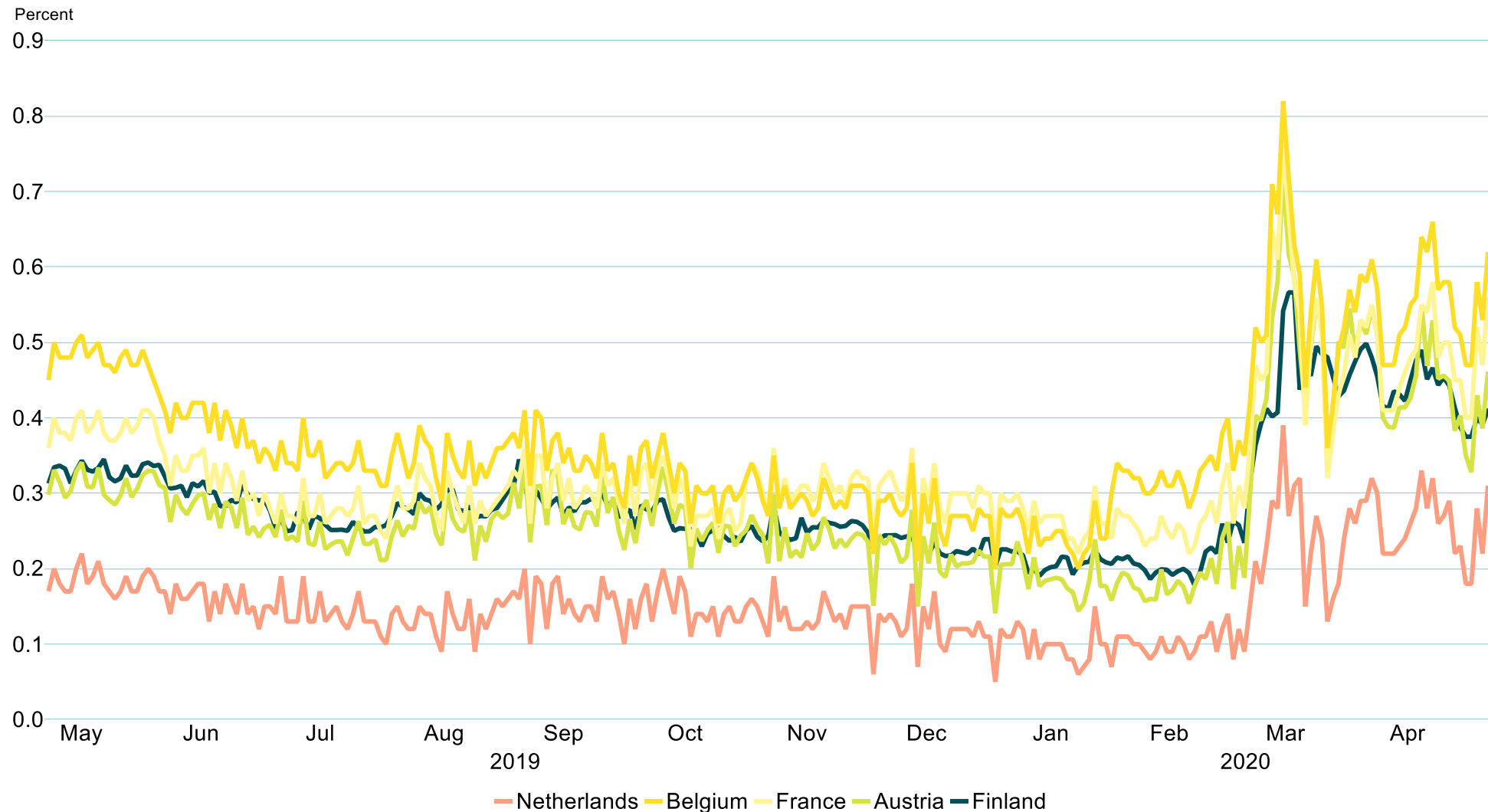
“Maintaining a globally diversified investor base by geography and investor type”

- Euro benchmark bond curve to 30 years
- Two syndicated bonds per year with current funding programme
- 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

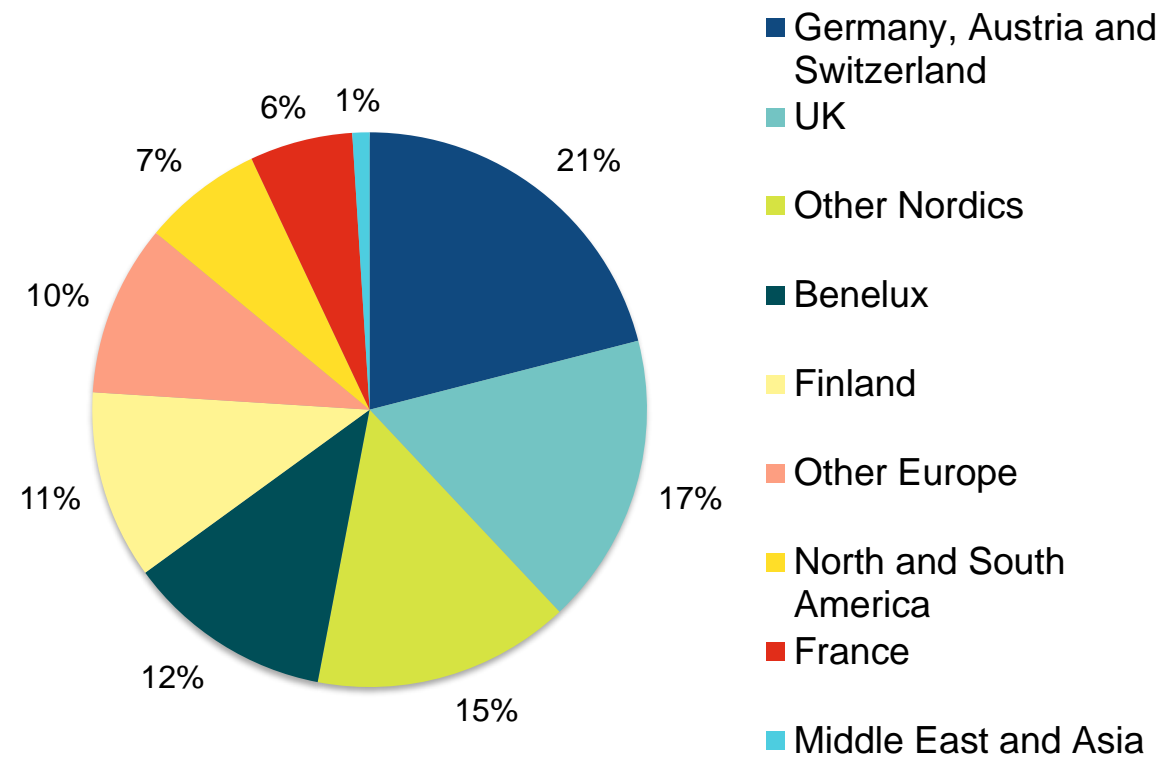
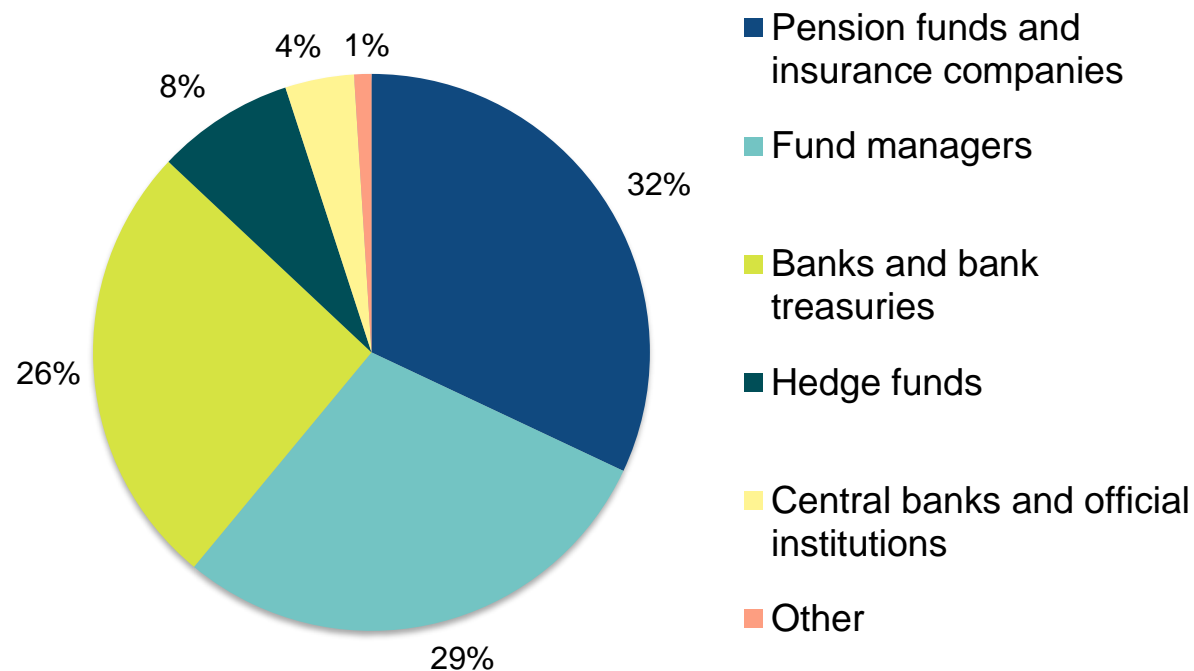


Primary Dealers 2020

- 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

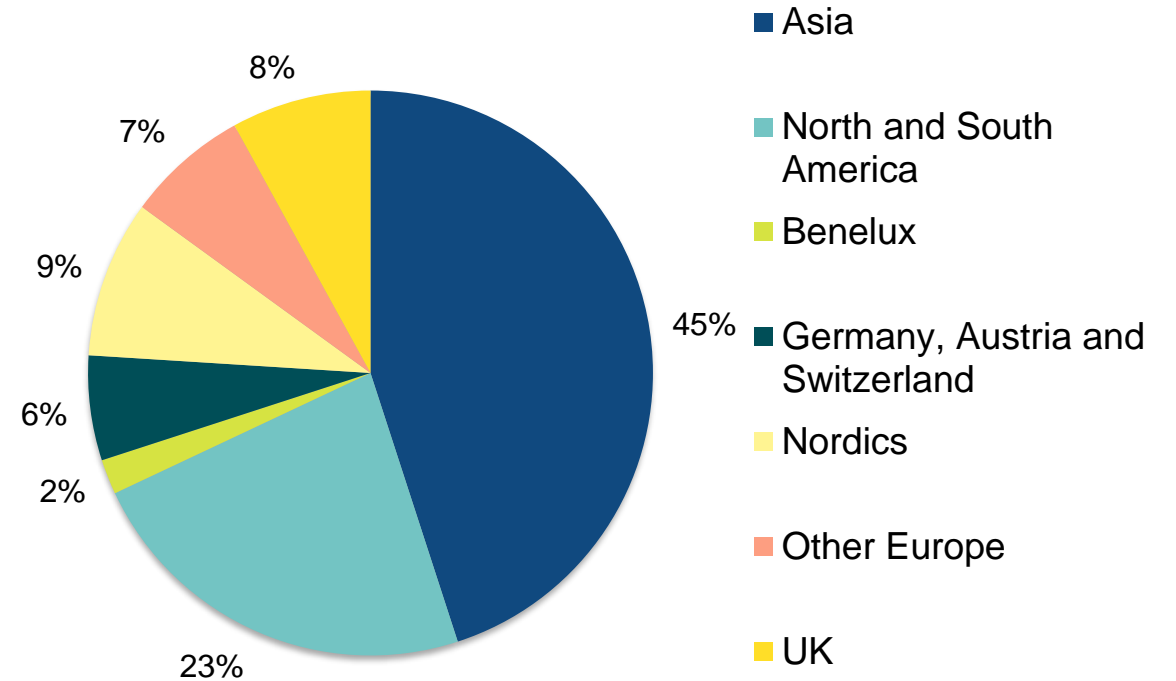
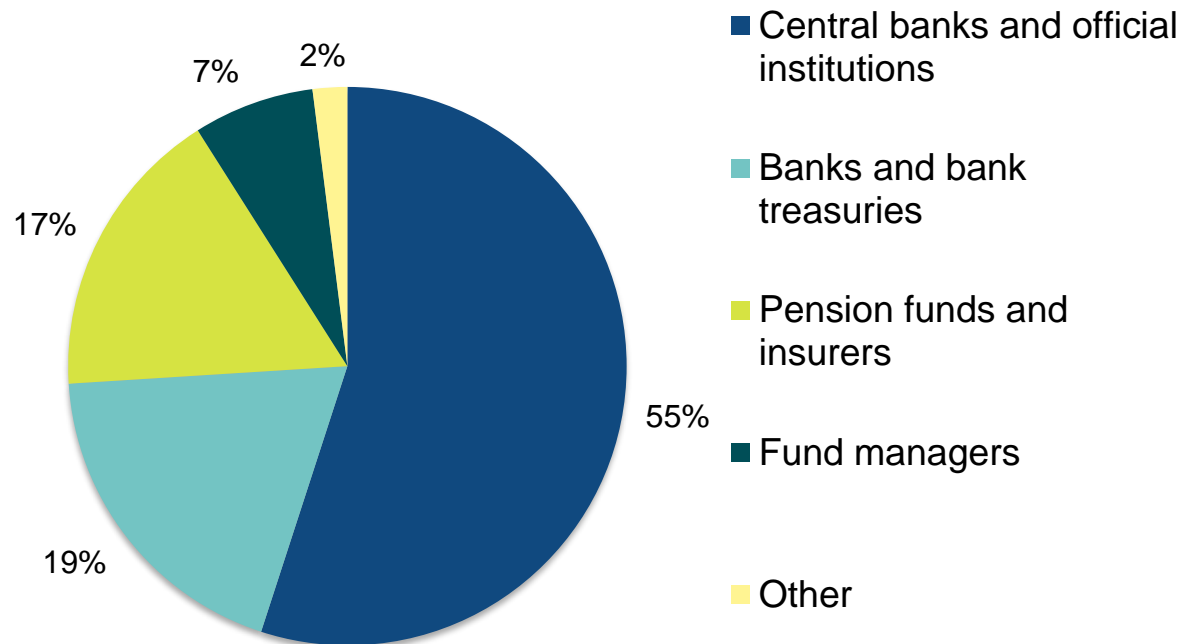
Investor base for RFGB 0.125% EUR 3bn due April 2036

- Launched in February 2020
- Allocated to over 150 investors



Investor base for FINL 0.875% USD 1.5 bn due 2030

- Launched in May 2020
- Allocated to 87 investors



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State Treasury
Republic of Finland

www.treasuryfinland.fi
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

