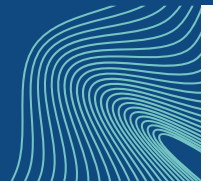




State Treasury  
Republic of Finland

# Finnish central government borrowing

June 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

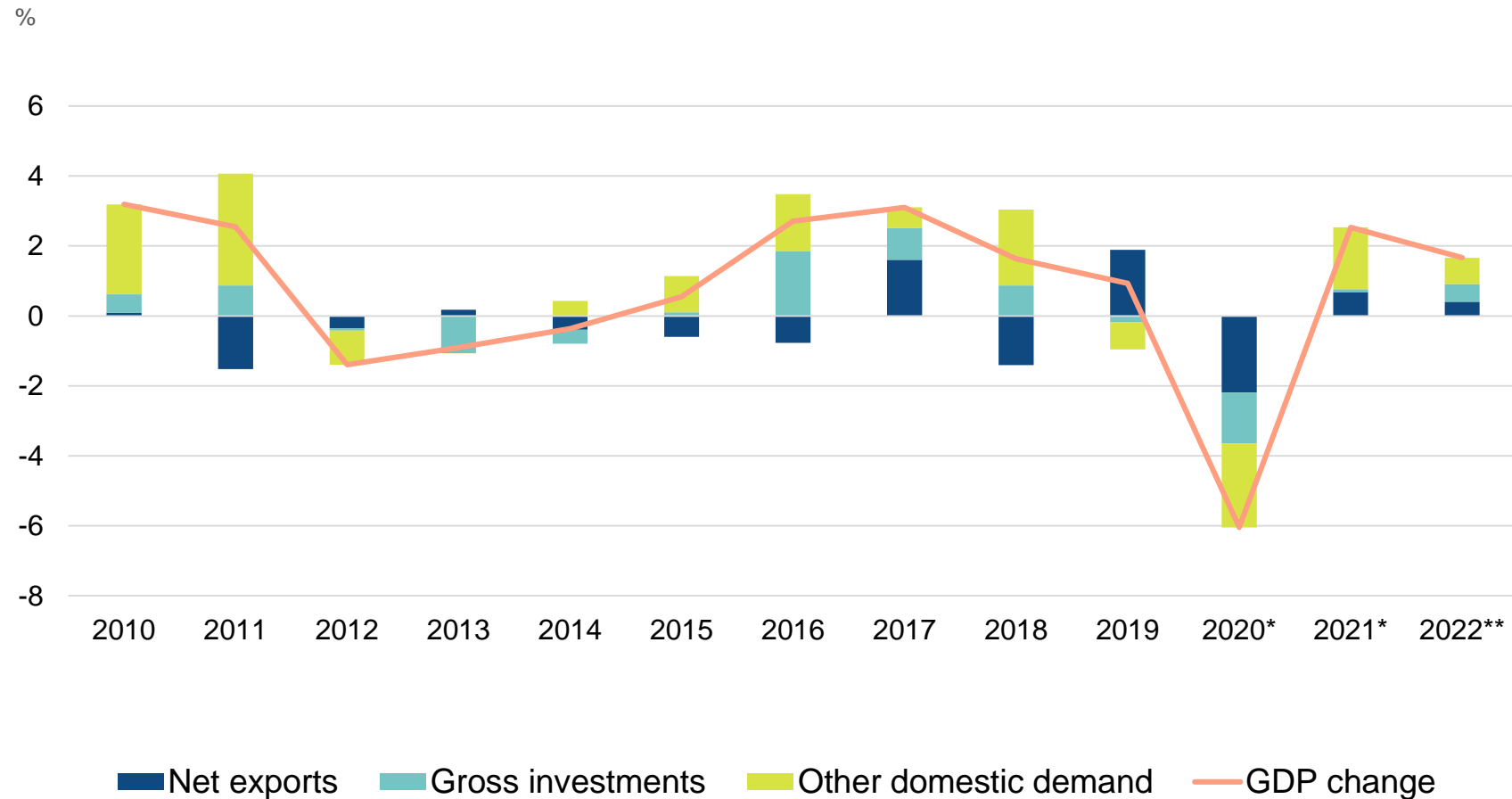
# A global slow-down in growth hitting Finland

- The impact 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 %	-6.0	2.5	1.7
Inflation, %	0.3	1.1	1.4
Current account, %/GDP	-3.1	-2.2	-1.8
Private investment change, %	-9.2	0.3	3.4
Exports change %	-14.0	5.5	3.8
Unemployment rate, %	8.5	9.0	8.8
Public deficit, %/GDP	-7.3	-3.4	-2.8
Public debt, %/GDP	71.3	73.5	75.5

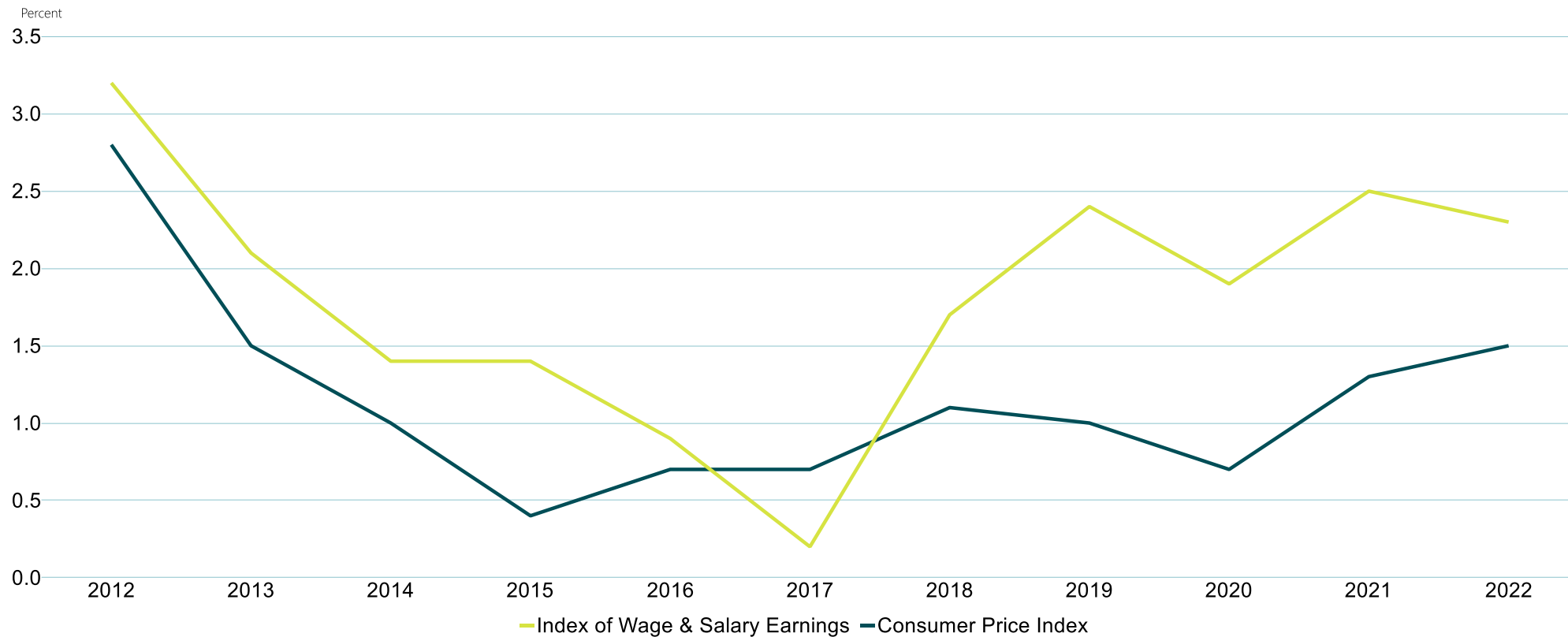
Source: Ministry of Finance, Summer 2020

# Emergency measures significantly reduce private consumption this year



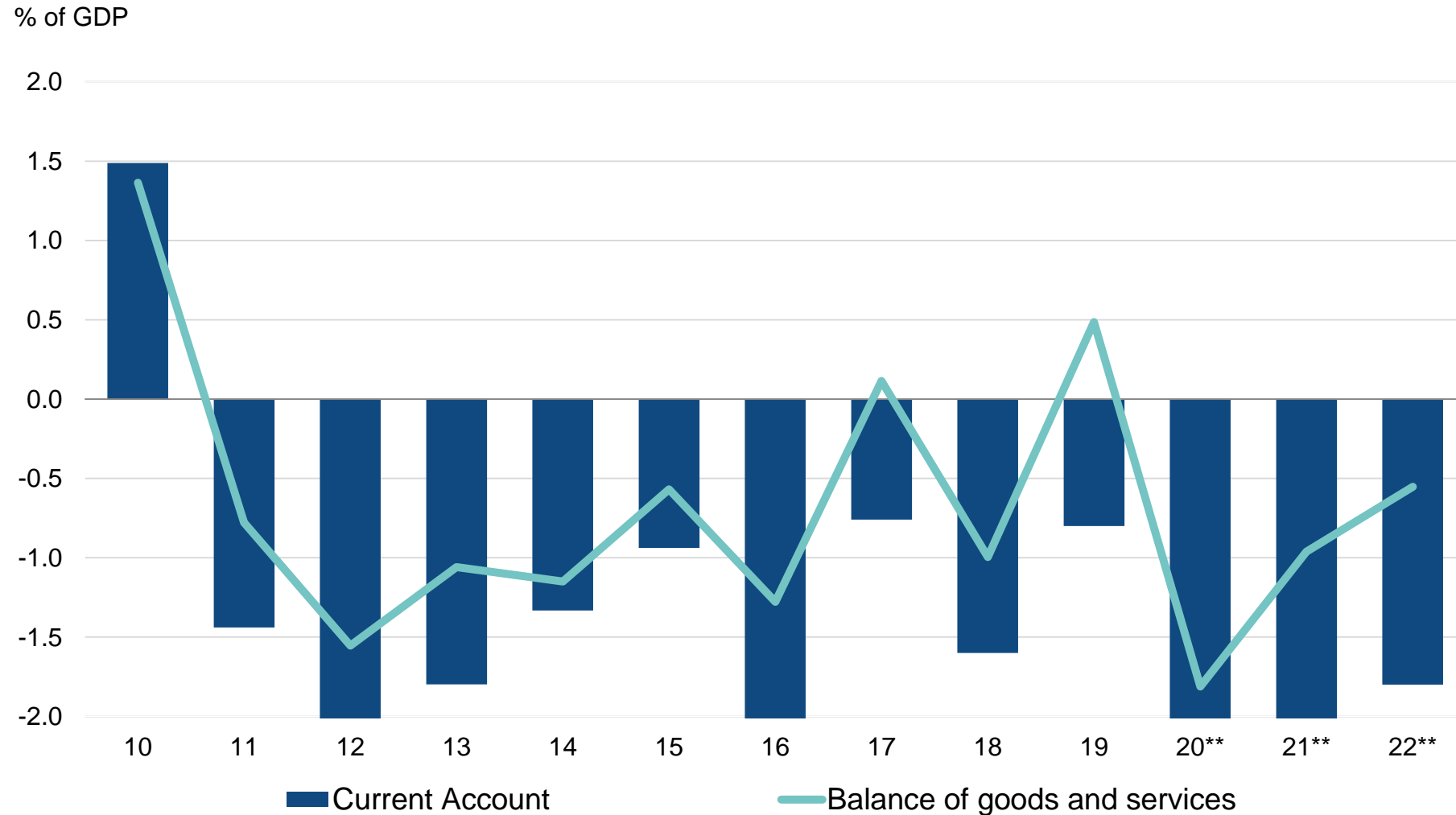
# Slower rise in consumer prices due to slower service inflation

change from previous year, %



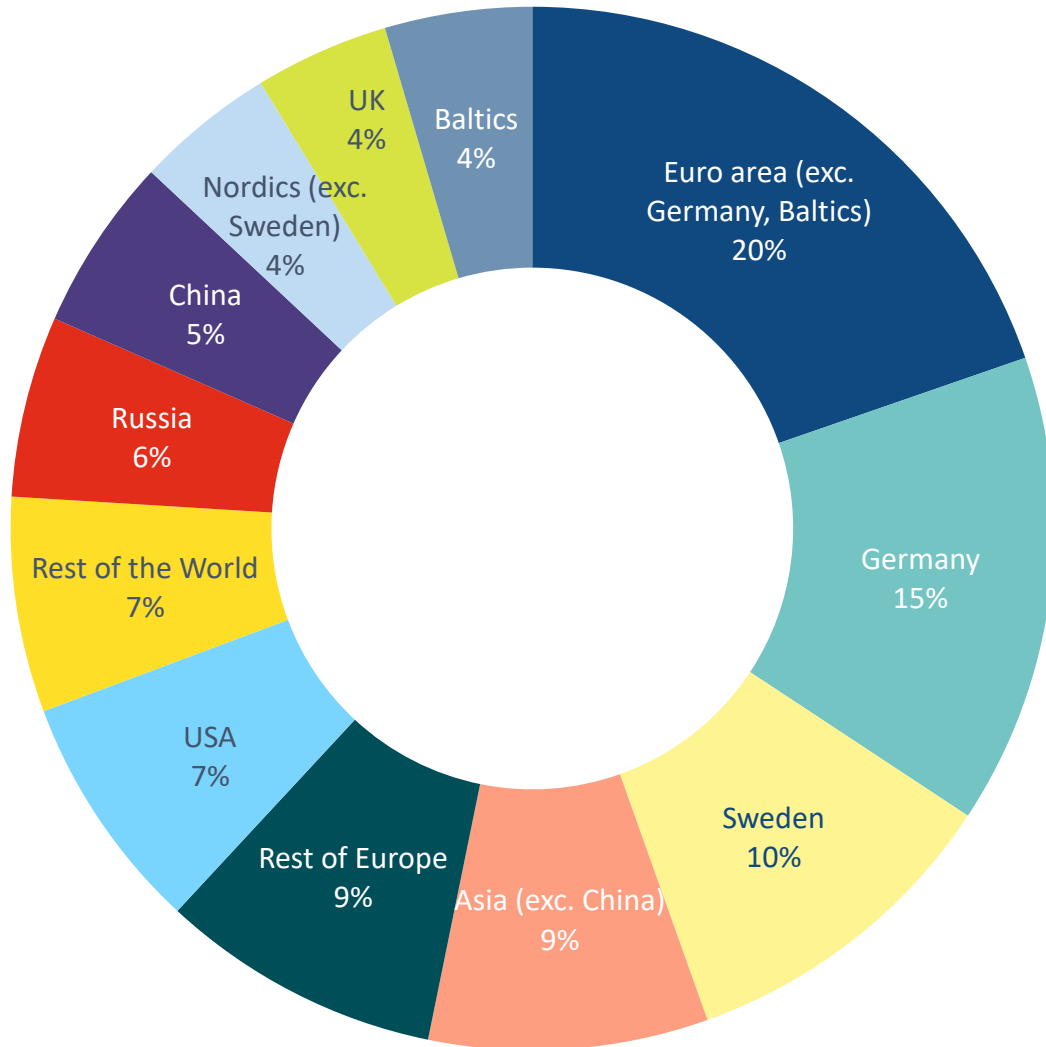
Source: Macrobond

# Pandemic to affect goods trade in particular

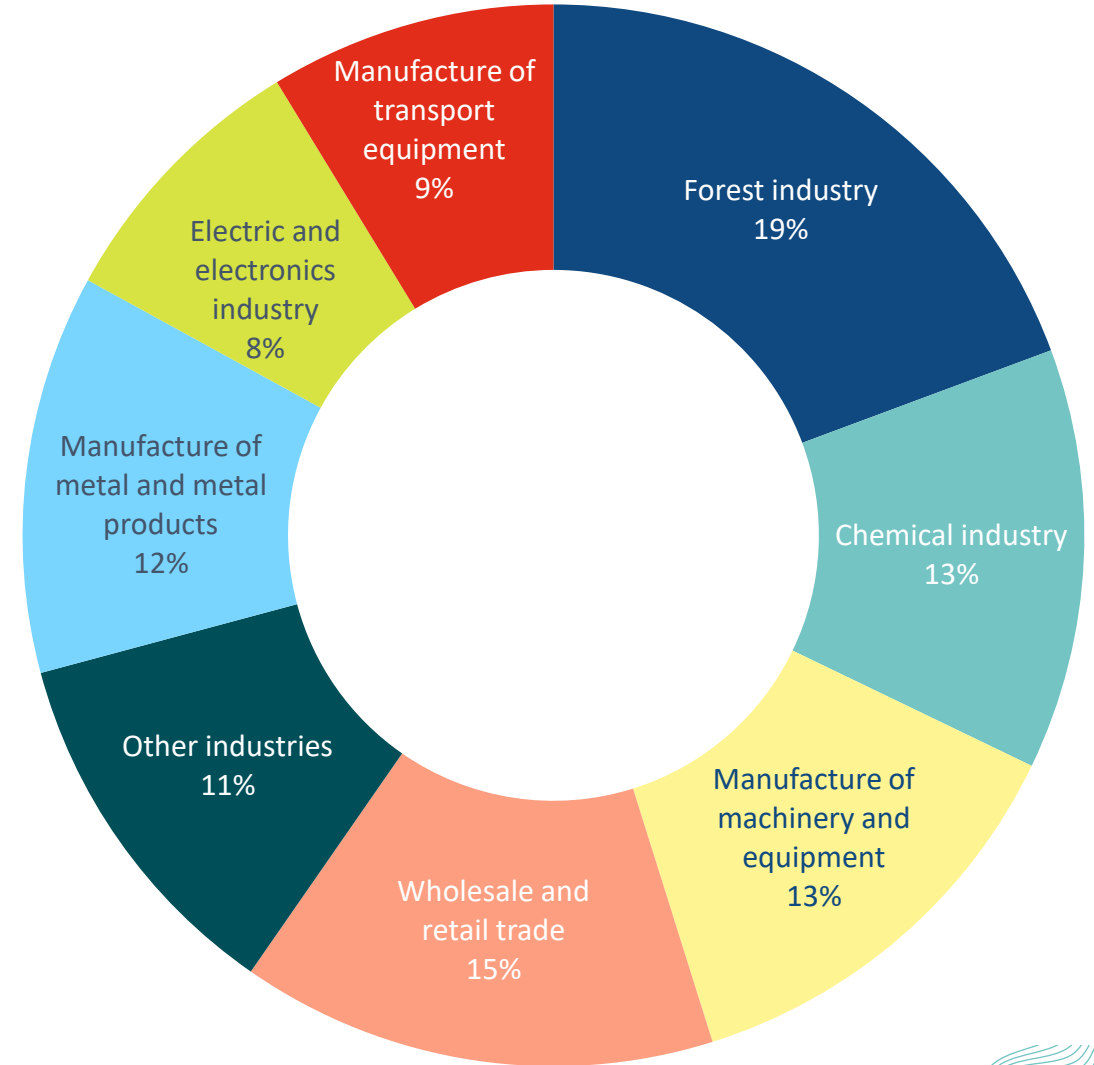


# Exports of goods well diversified

## Exports by countries of destination in 2019



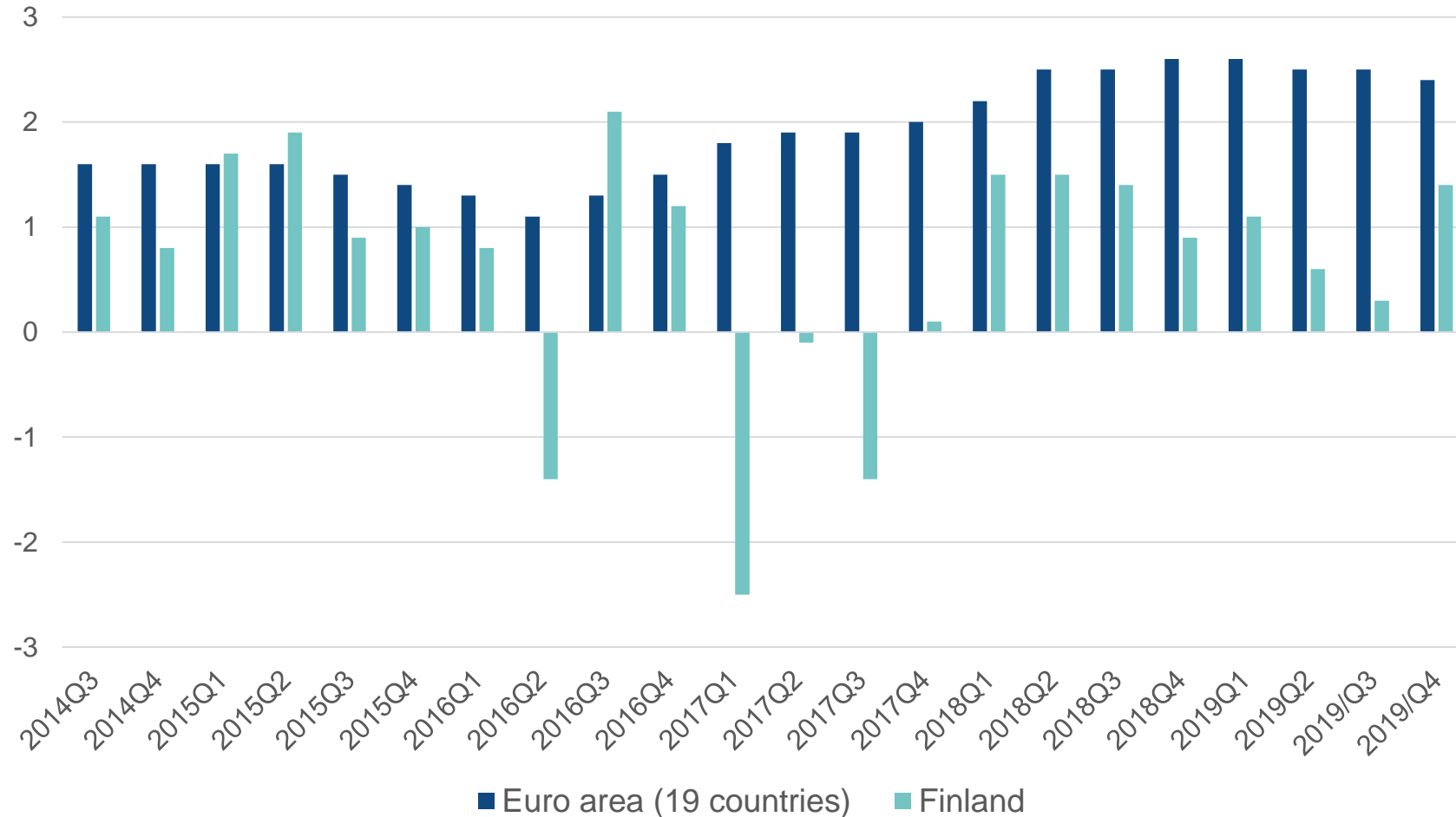
## Exports by industries 2019



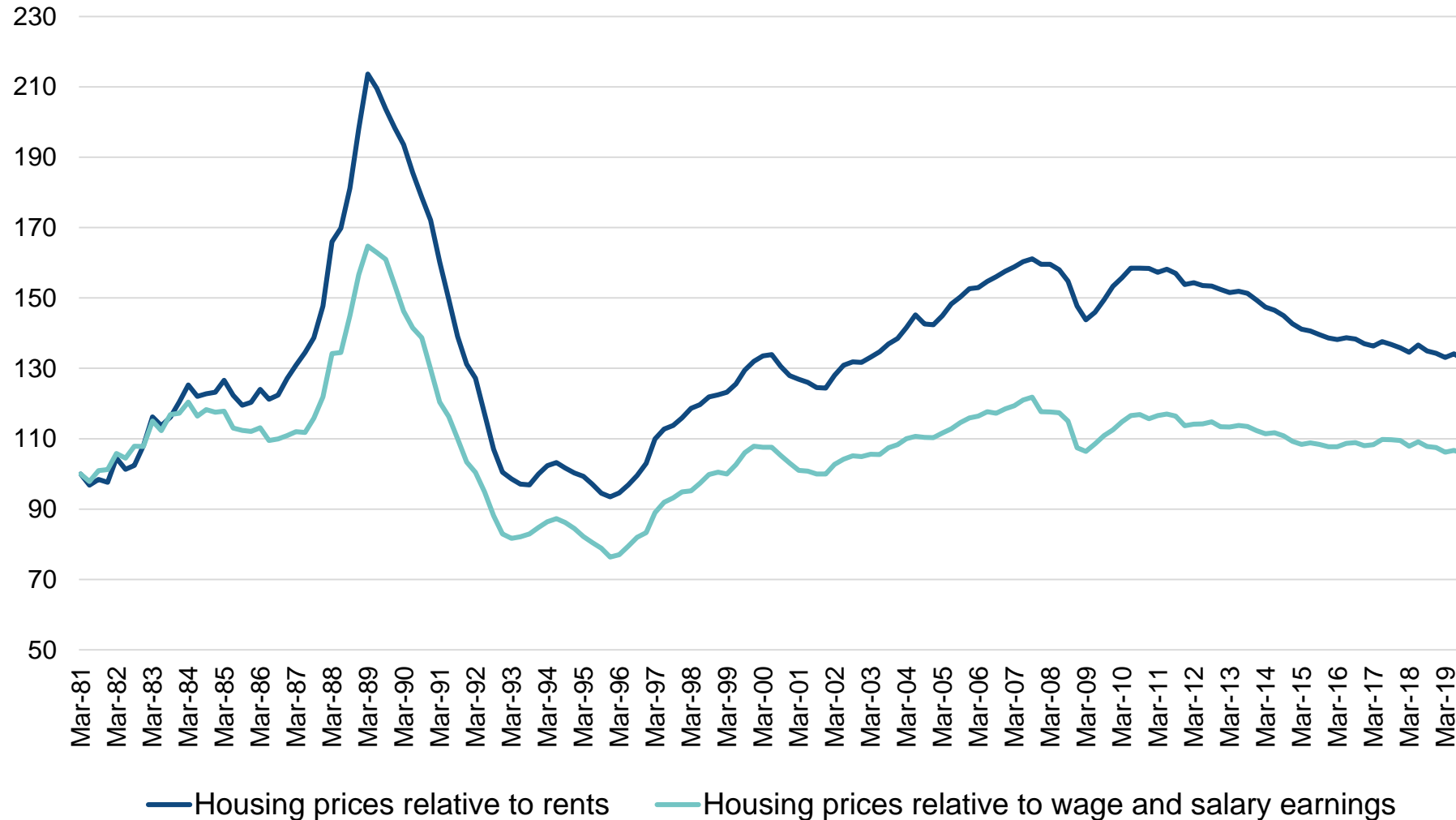


# Labour costs competitiveness improved

Hourly labour cost % change from previous year

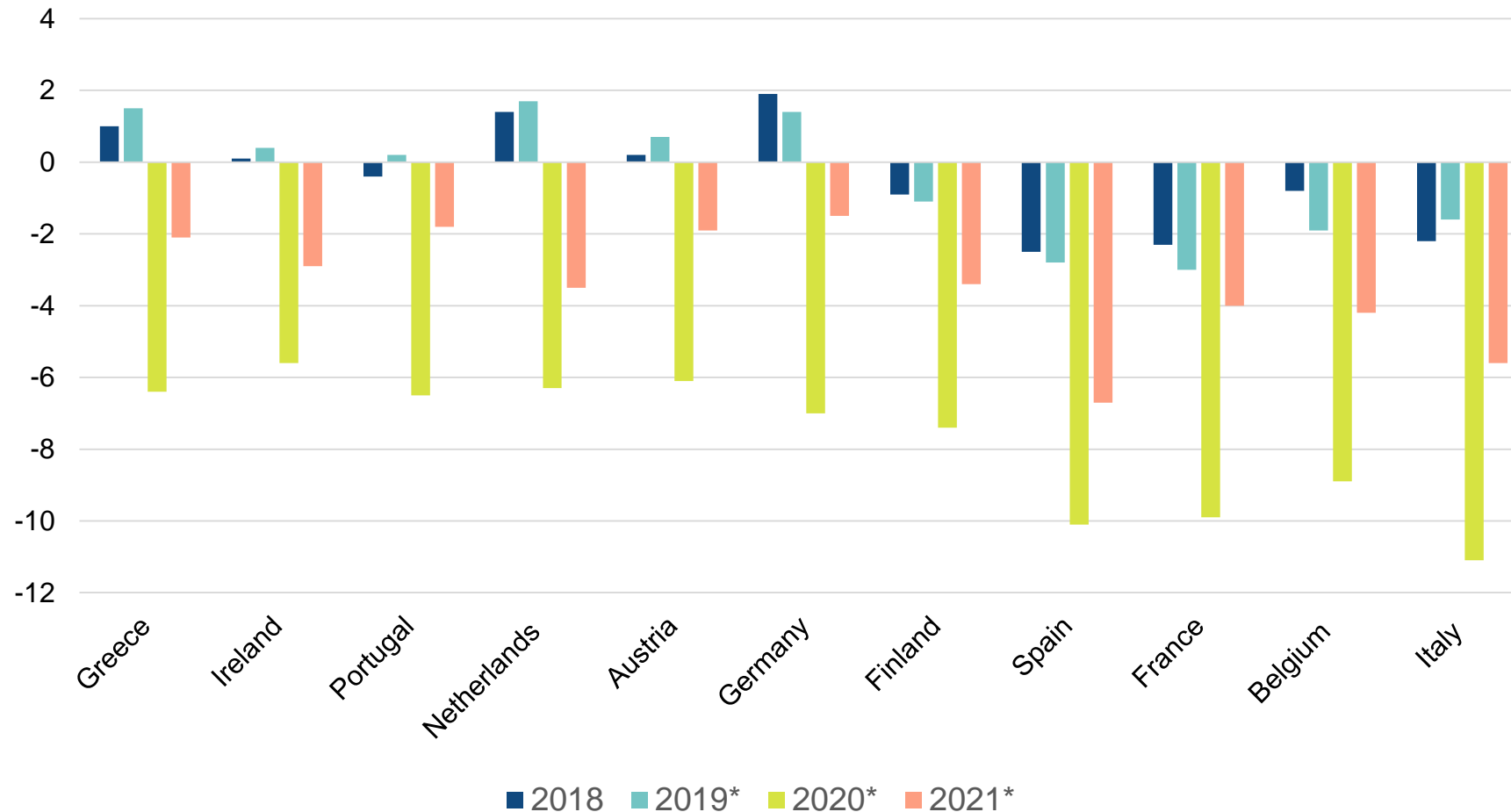


# Relative housing prices in Finland



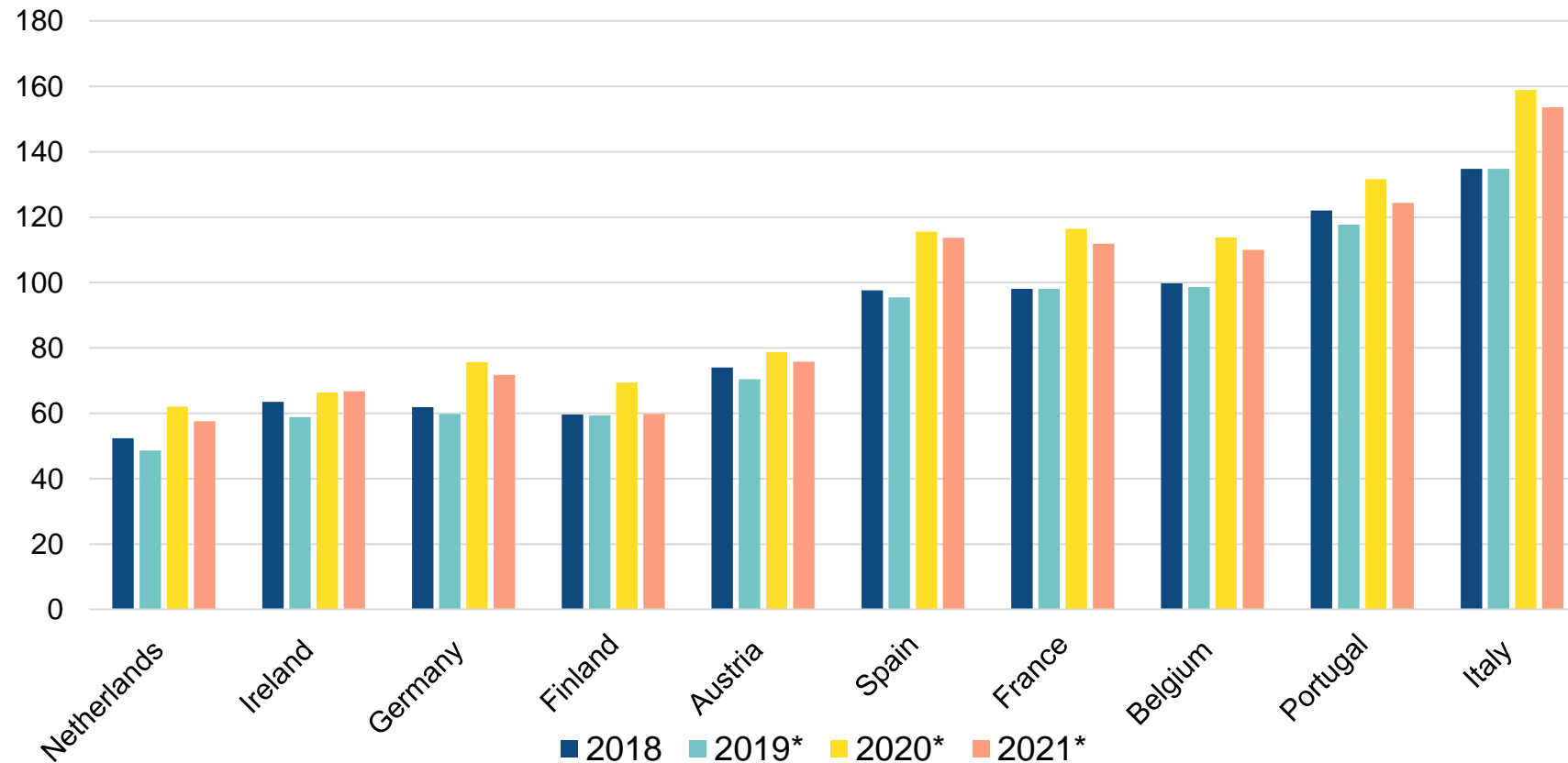
# EMU general government financial balance

in ratio to GDP, %

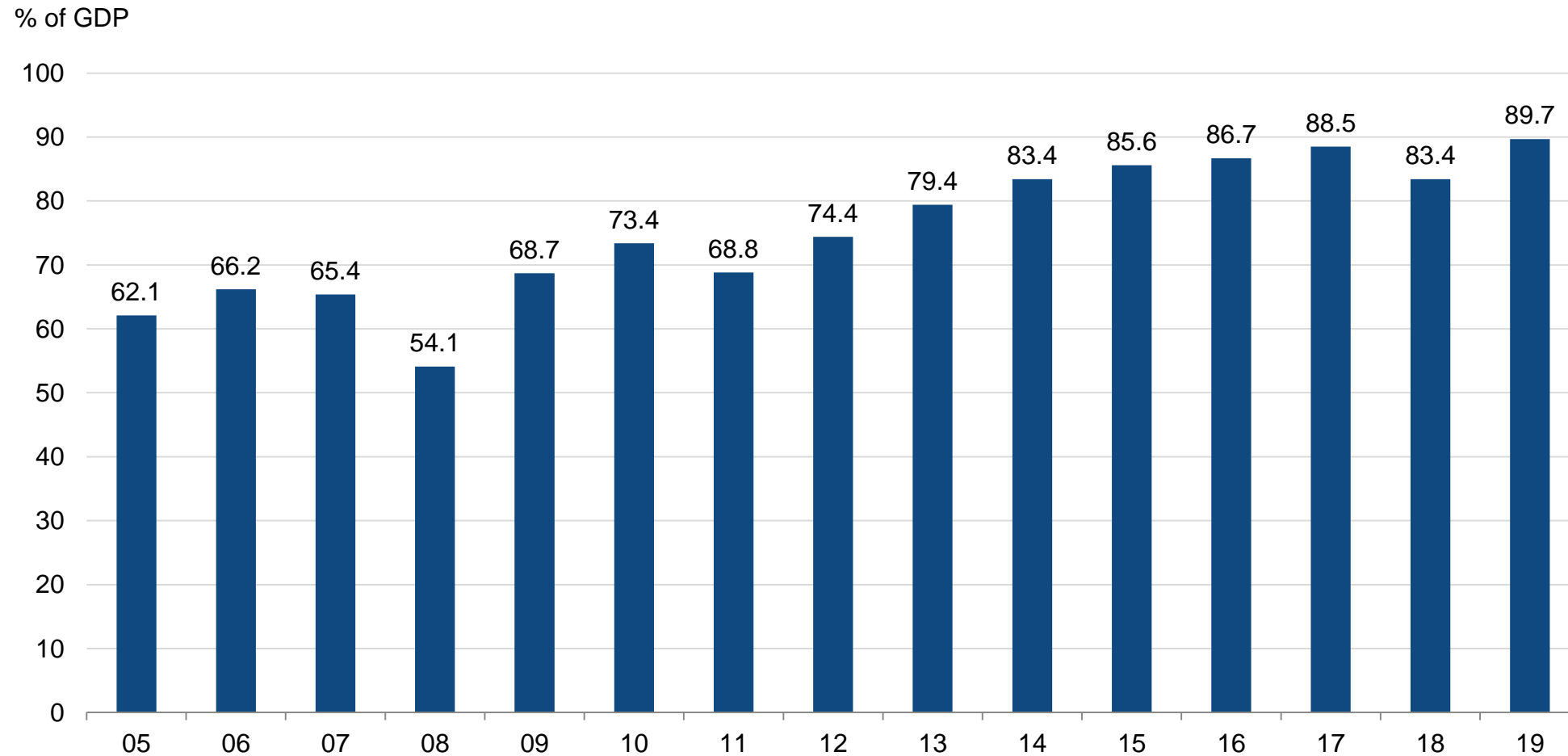


# The public debt-to-GDP ratio in Finland is one of the lowest in the euro area

EMU general government gross debt, % of GDP

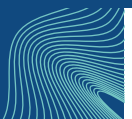


# Earnings-related pension assets including public sector pension assets

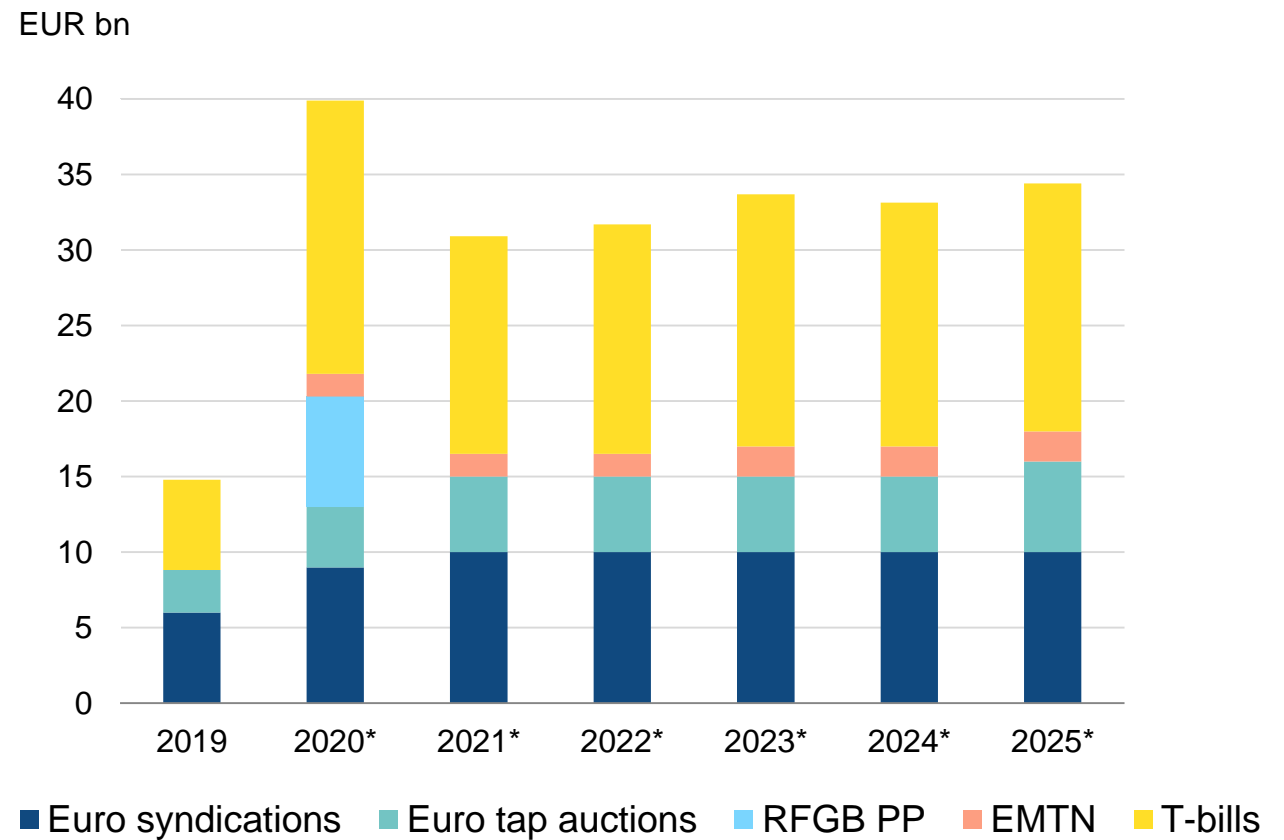
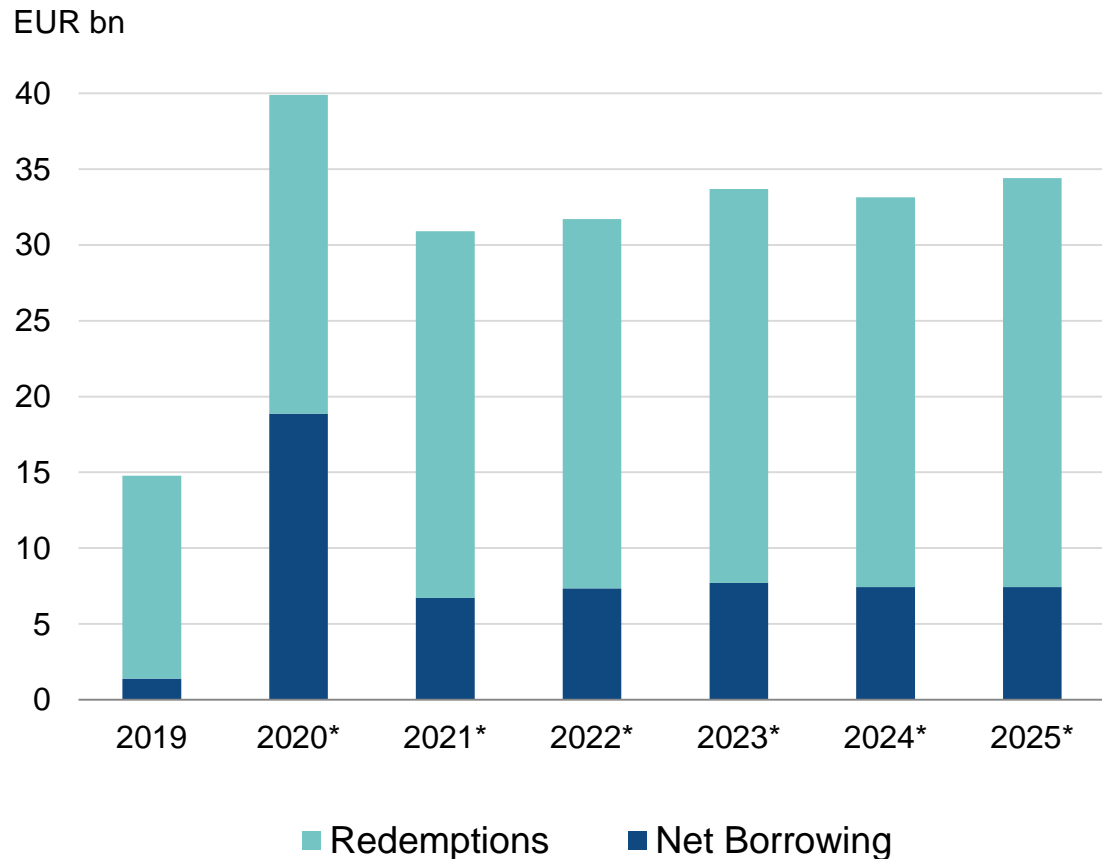




# 2 Funding



# Central government gross borrowing estimate and projected funding instrument allocation

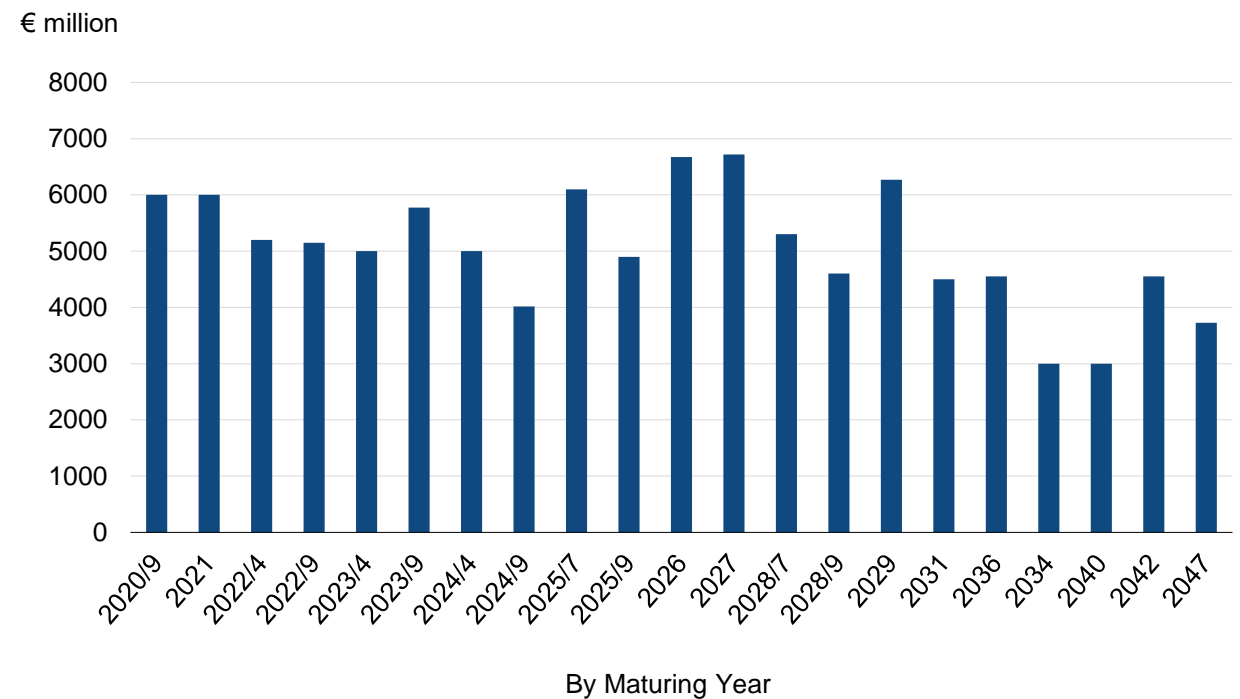


# Funding strategy

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

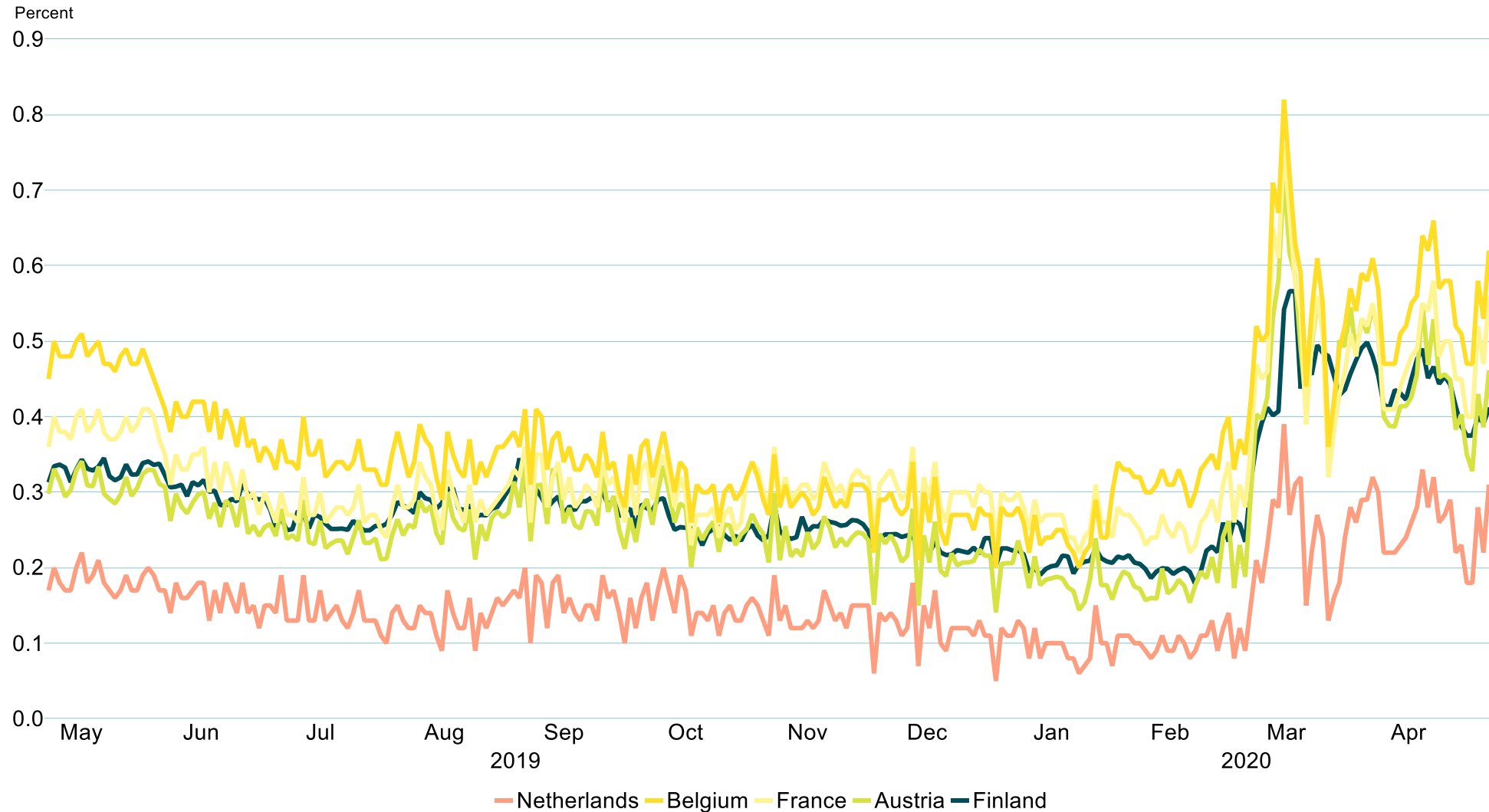
- Euro benchmark bond curve to 30 years
- Two to three syndicated euro benchmark bonds per year
- Expect approx. 4 auctions annually
- Liquidity in focus – Primary Dealers and 3 inter-dealer platforms (MTS, BrokerTec, BGC E-Speed)
- EMTN issuance complements Euro benchmark bonds

## Benchmark bonds outstanding





# 10-year government bond yield spreads to Germany



Source: Macrobond



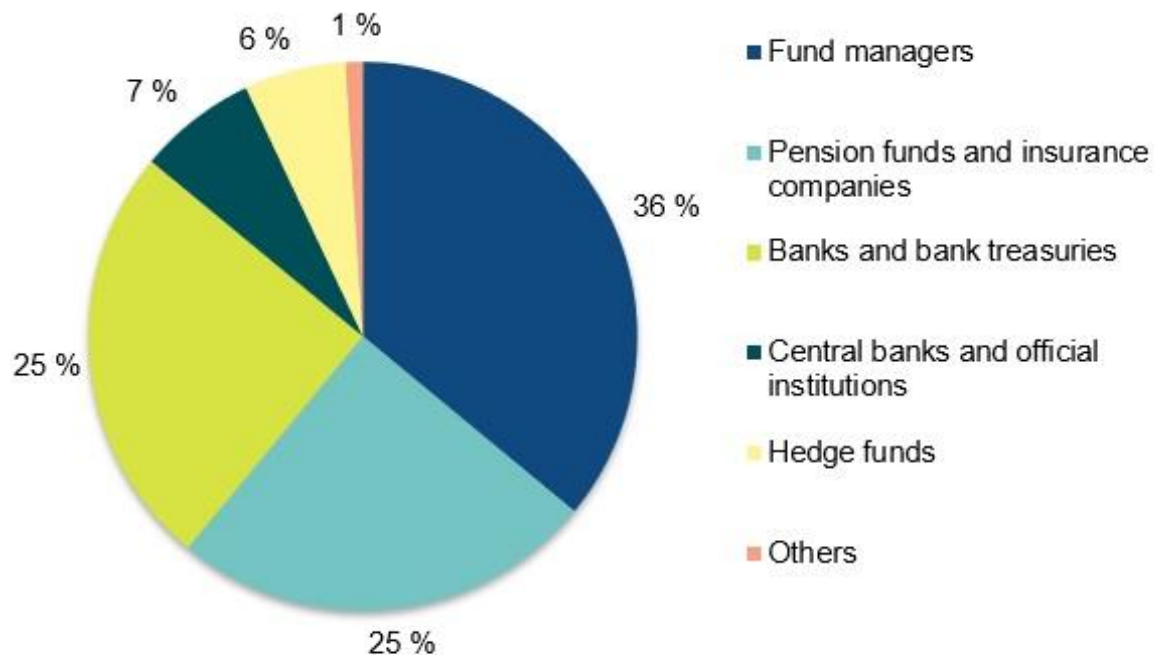
## Primary Dealers 2020

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

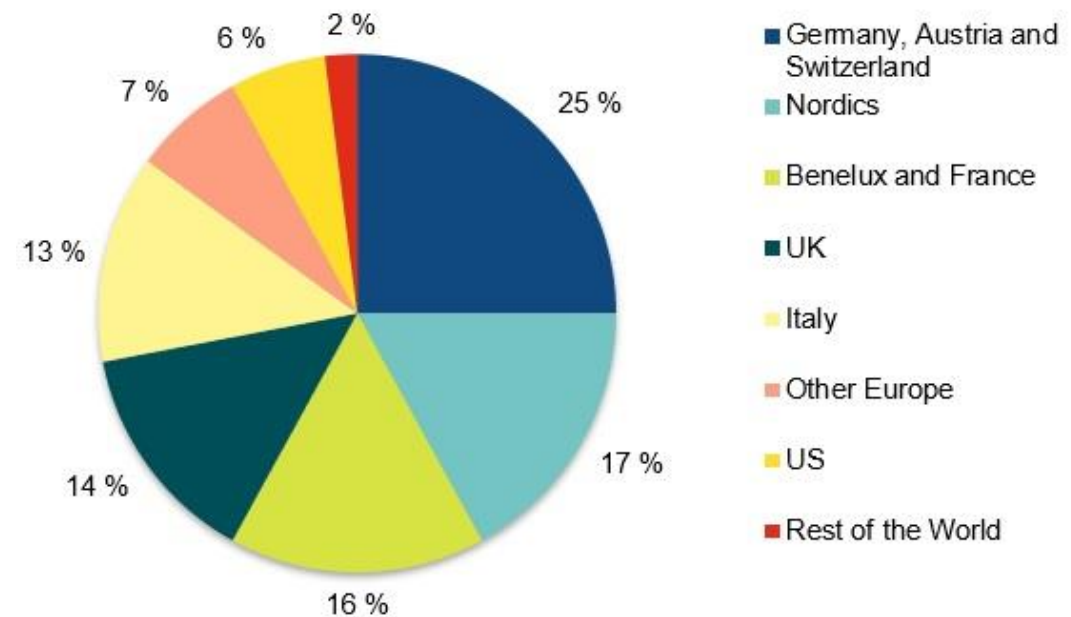
# Investor base for RFGB 0.25% EUR 3bn due September 2040

- Launched in June 2020
- Allocated to over 220 investors

## Distribution of the bond by investor type

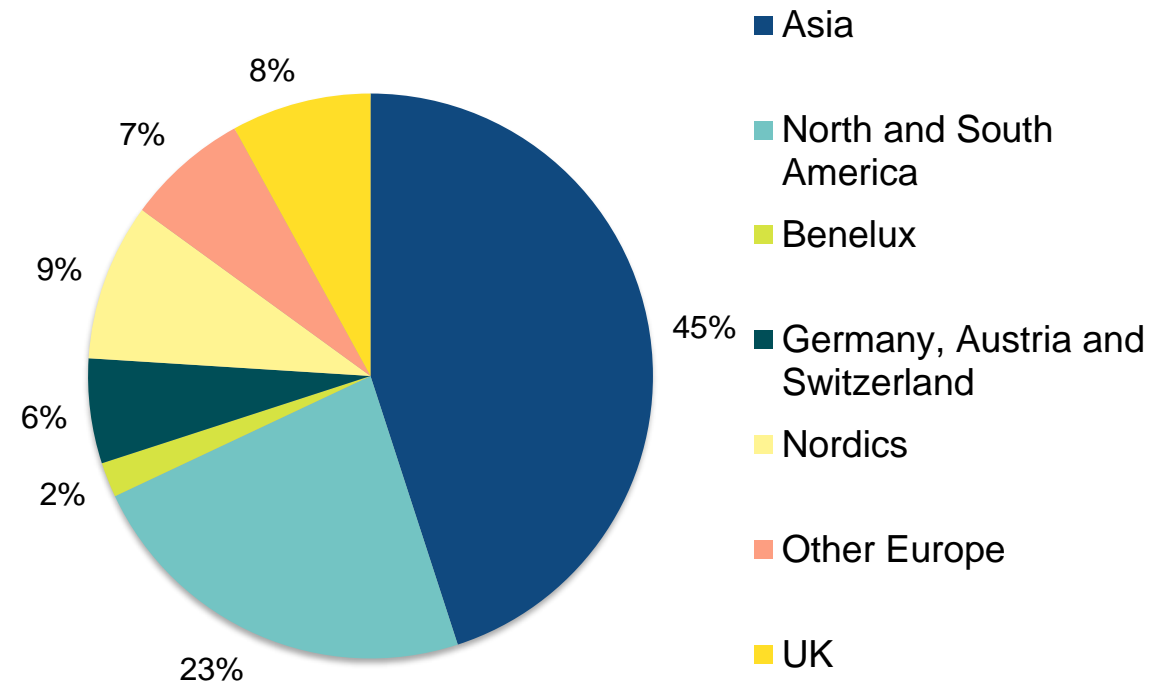
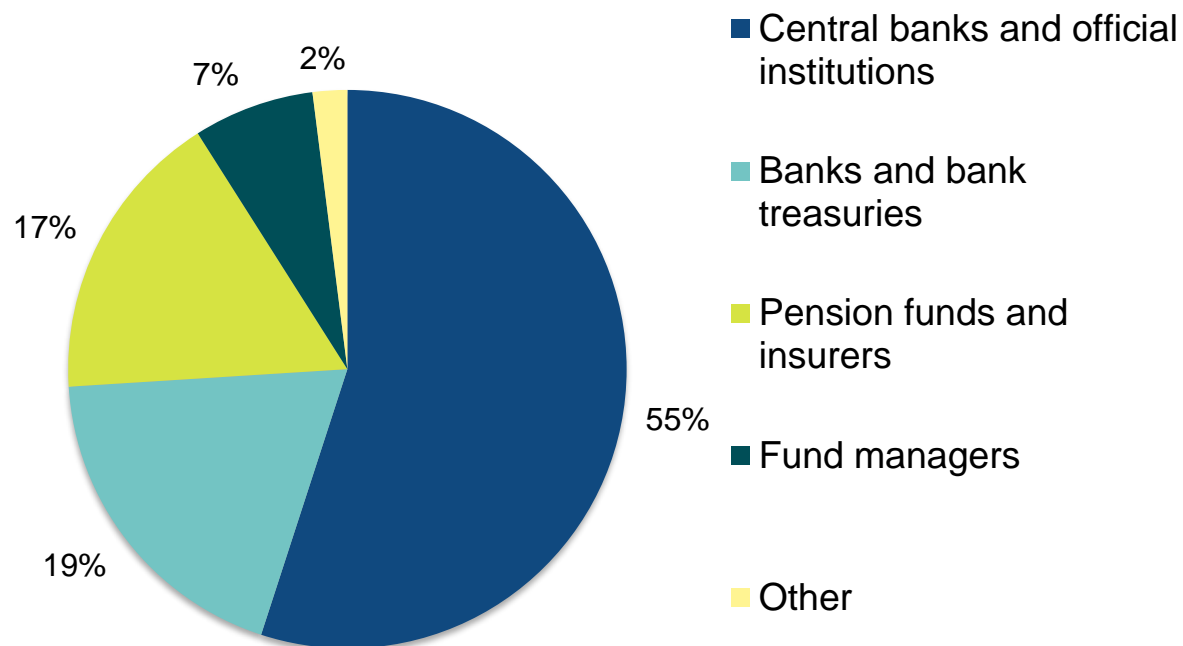


## Distribution of the bond by region



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

- Launched in May 2020
- Allocated to 87 investors



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