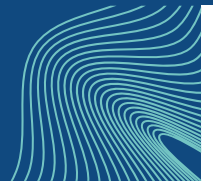




State Treasury
Republic of Finland

Finnish central government borrowing

September 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.

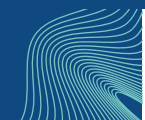
For long-term debt, they are

AA+, Aa1 and AA+

(stable, stable, stable)



1 Finnish economy



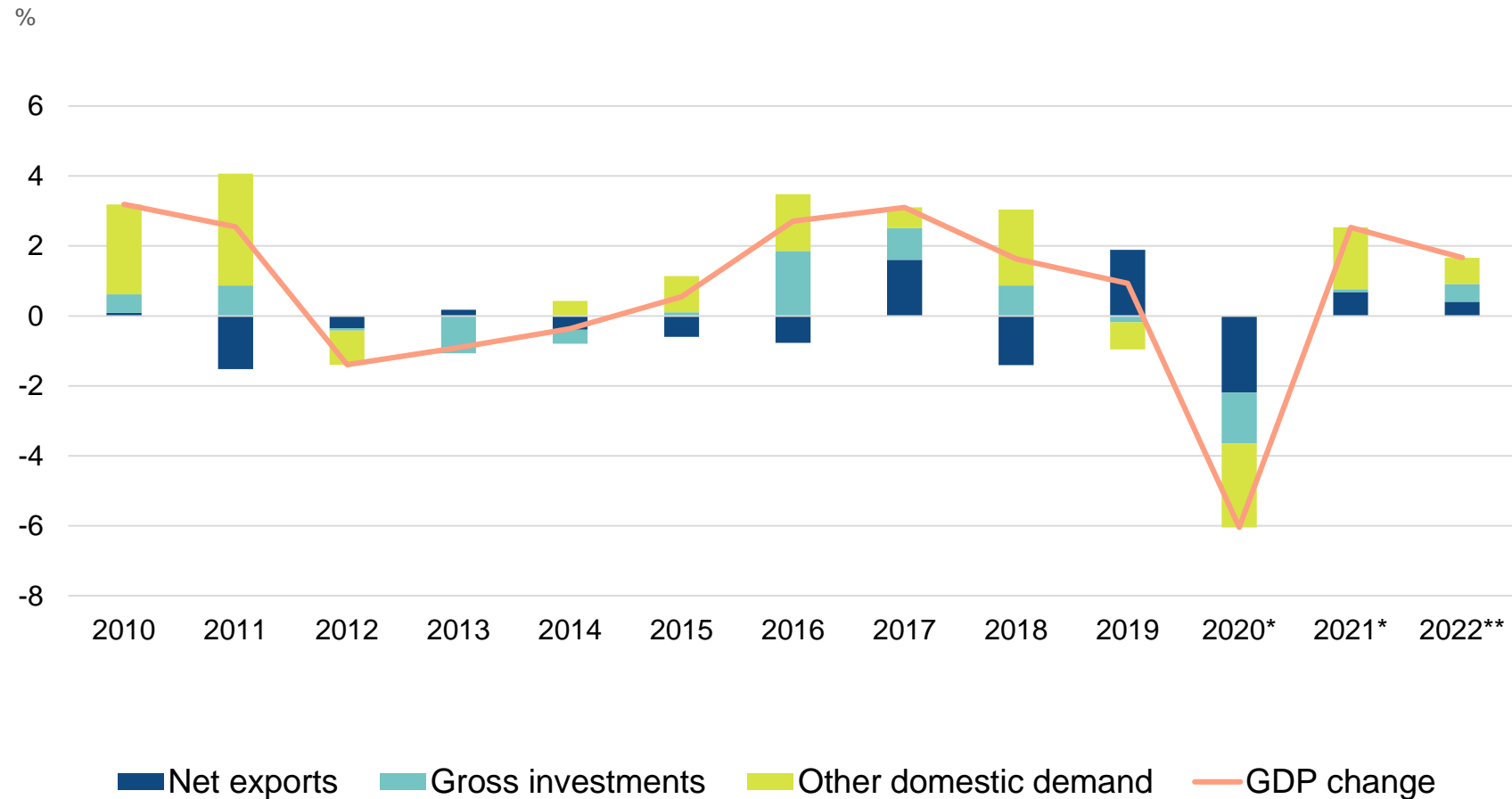
A global slow-down in growth hitting Finland

- 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

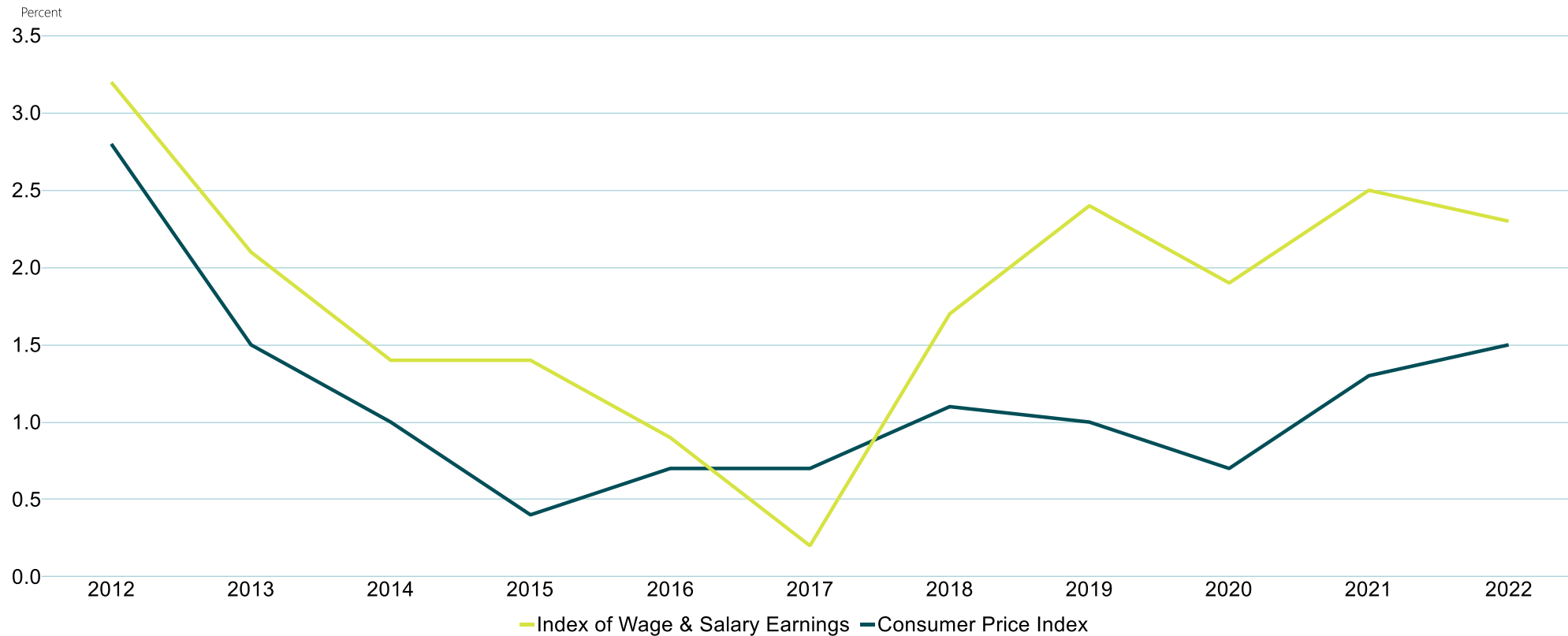
Source: Ministry of Finance, Summer 2020

Emergency measures significantly reduce private consumption this year



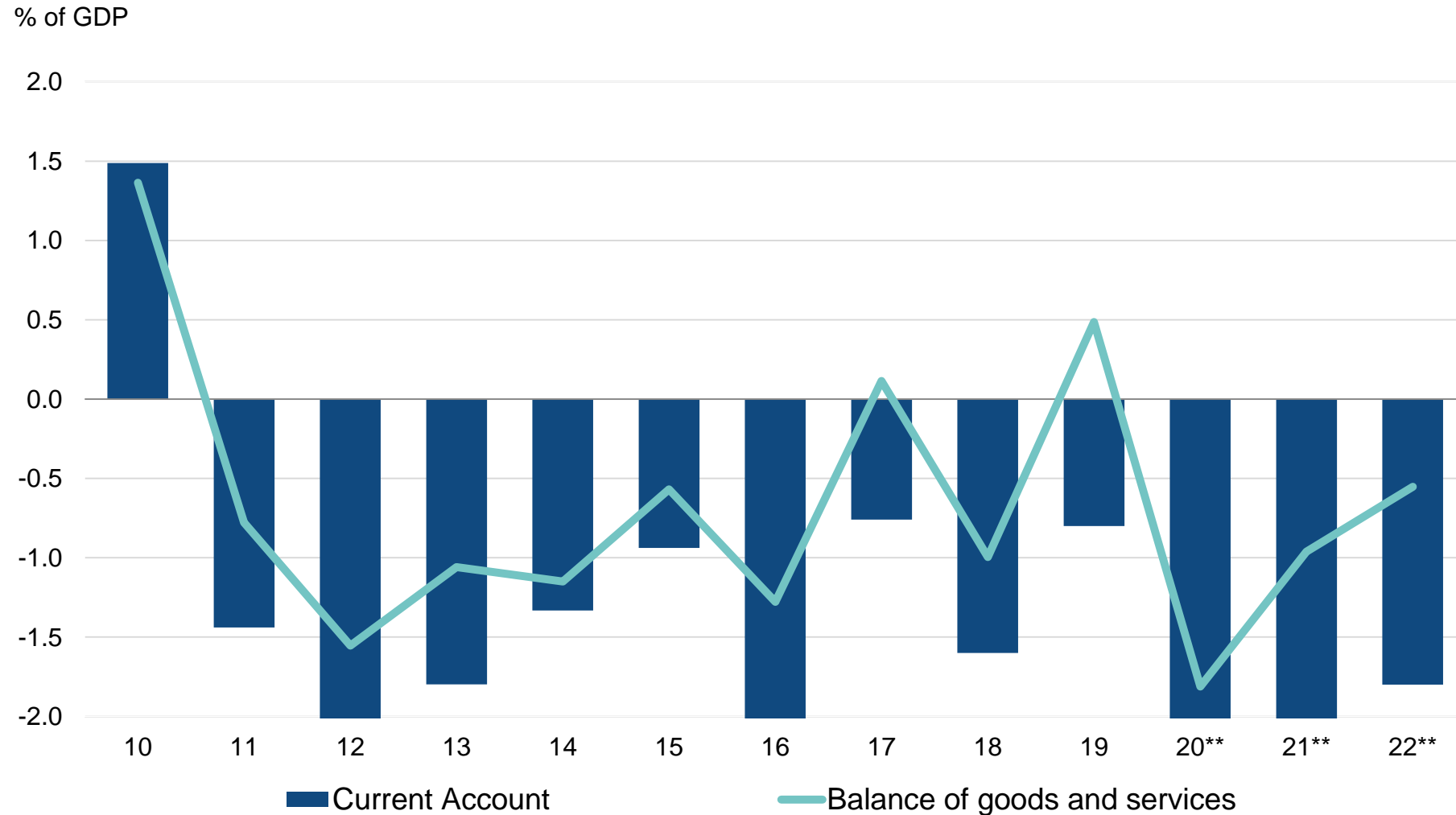
Slower rise in consumer prices due to slower service inflation

change from previous year, %



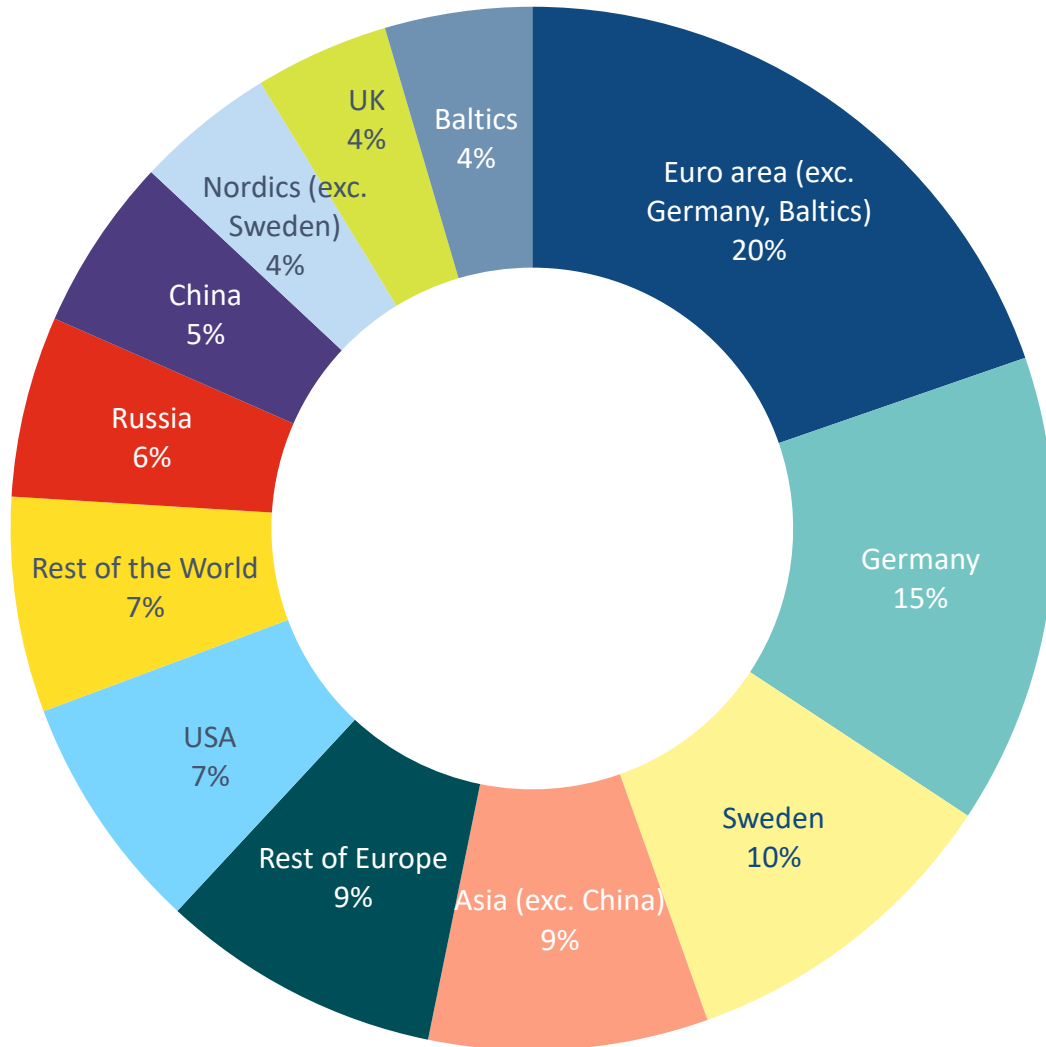
Source: Macrobond

Pandemic to affect goods trade in particular

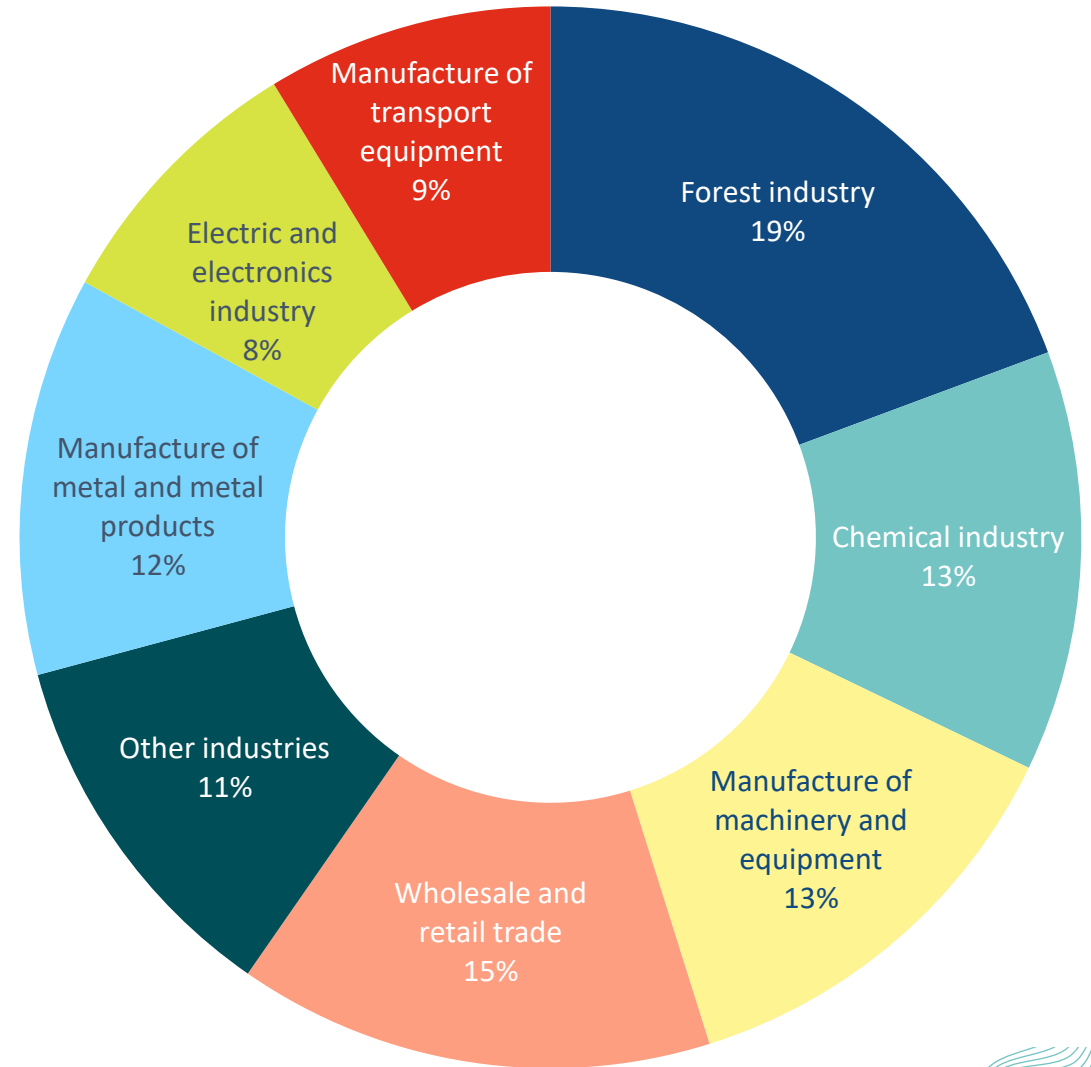


Exports of goods well diversified

Exports by countries of destination in 2019

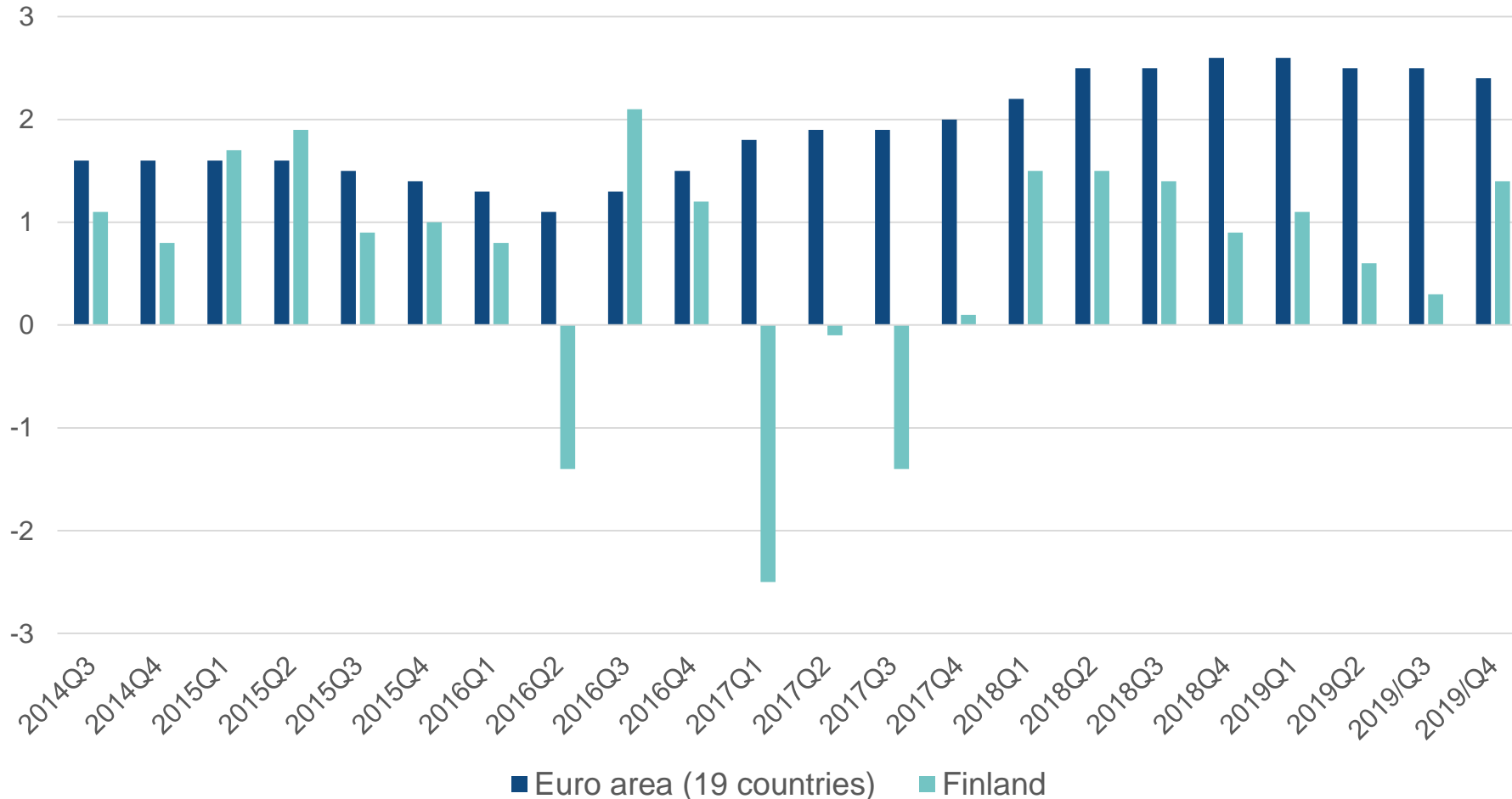


Exports by industries 2019



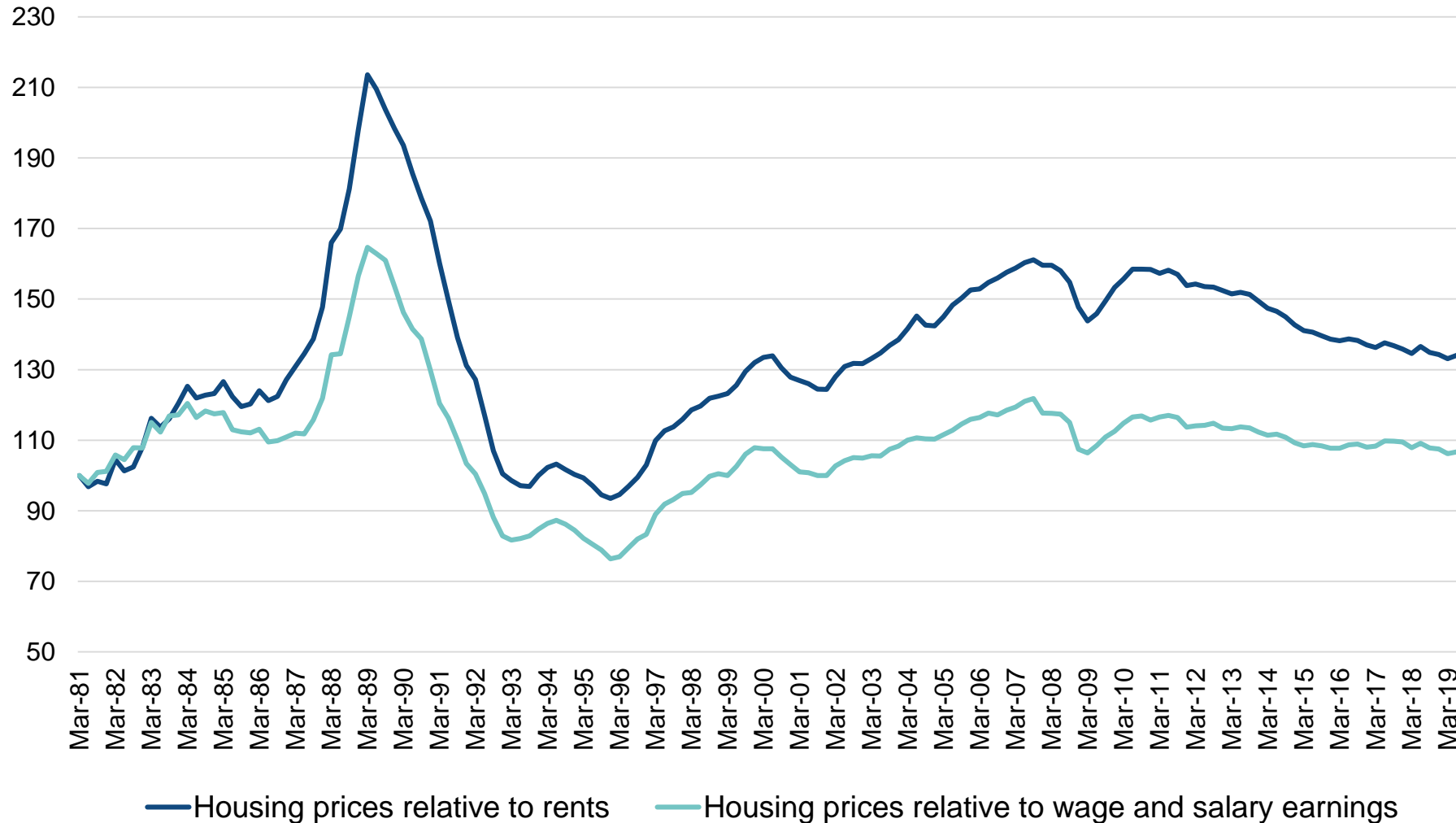
Labour costs competitiveness improved

Hourly labour cost % change from previous year



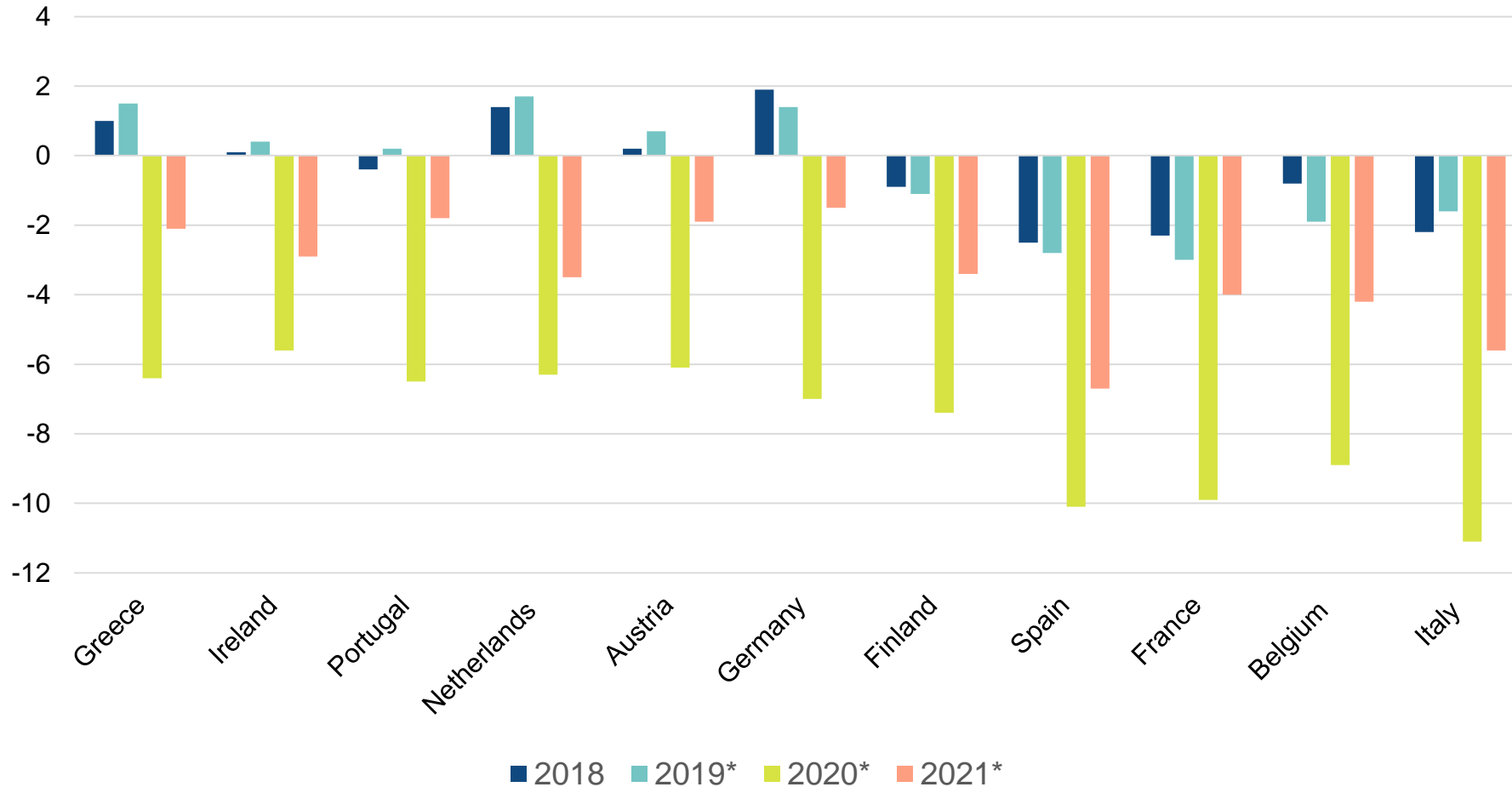
Source: Eurostat

Relative housing prices in Finland



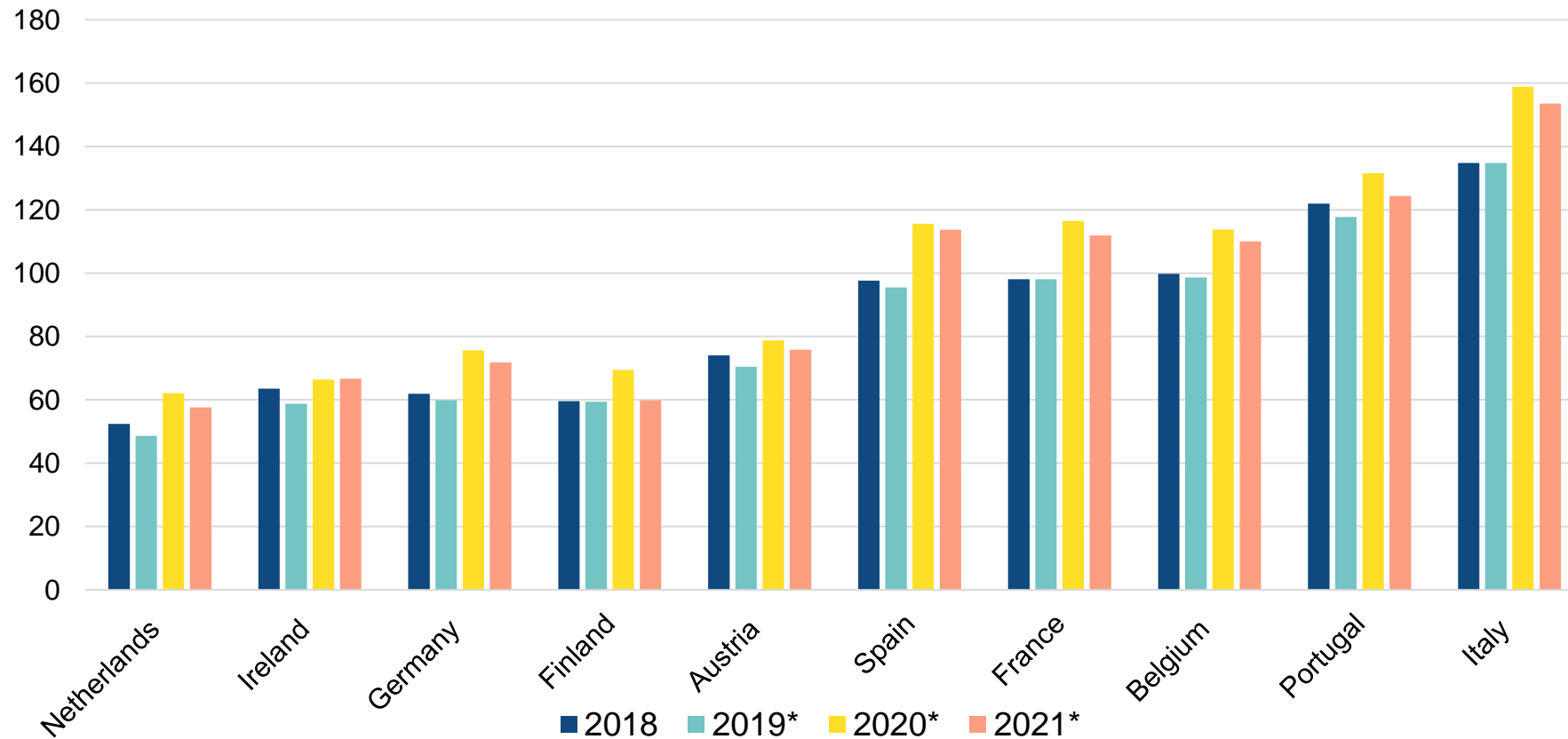
EMU general government financial balance

in ratio to GDP, %

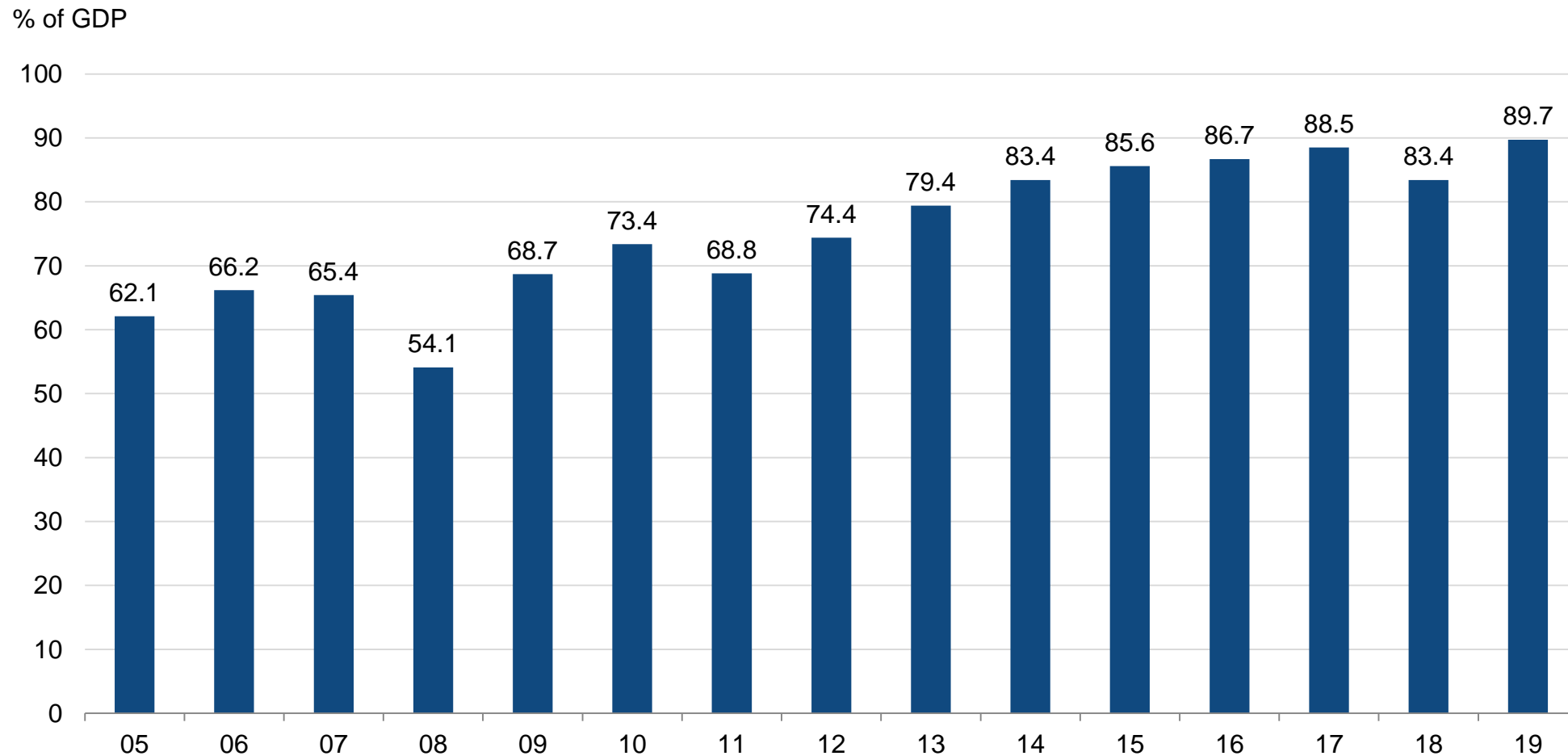


The public debt-to-GDP ratio in Finland is one of the lowest in the euro area

EMU general government gross debt, % of GDP

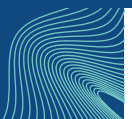


Earnings-related pension assets including public sector pension assets

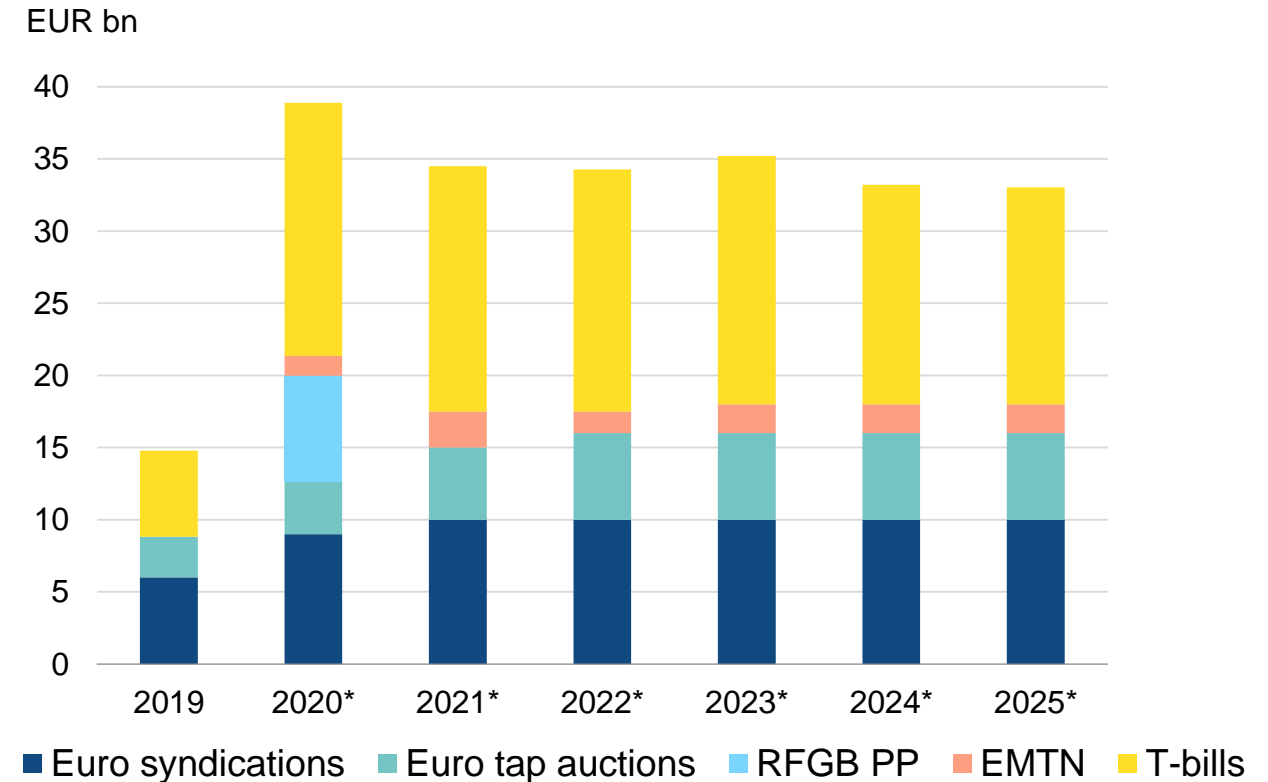
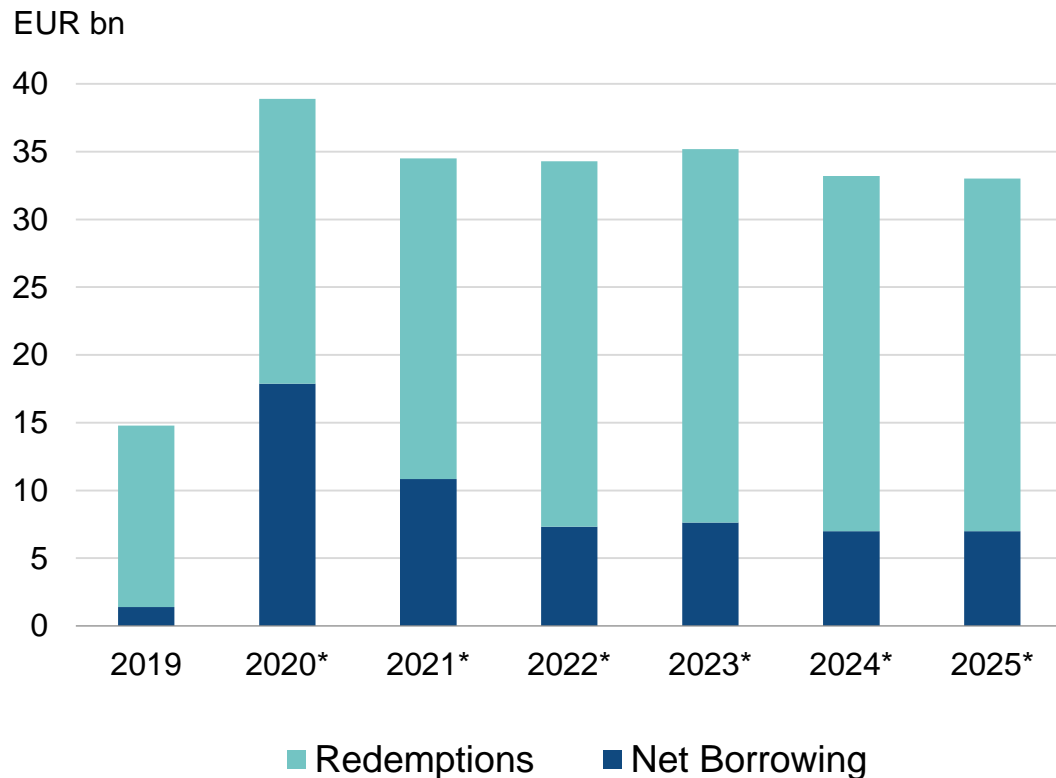




2 Funding



Central government gross borrowing estimate and projected funding instrument allocation

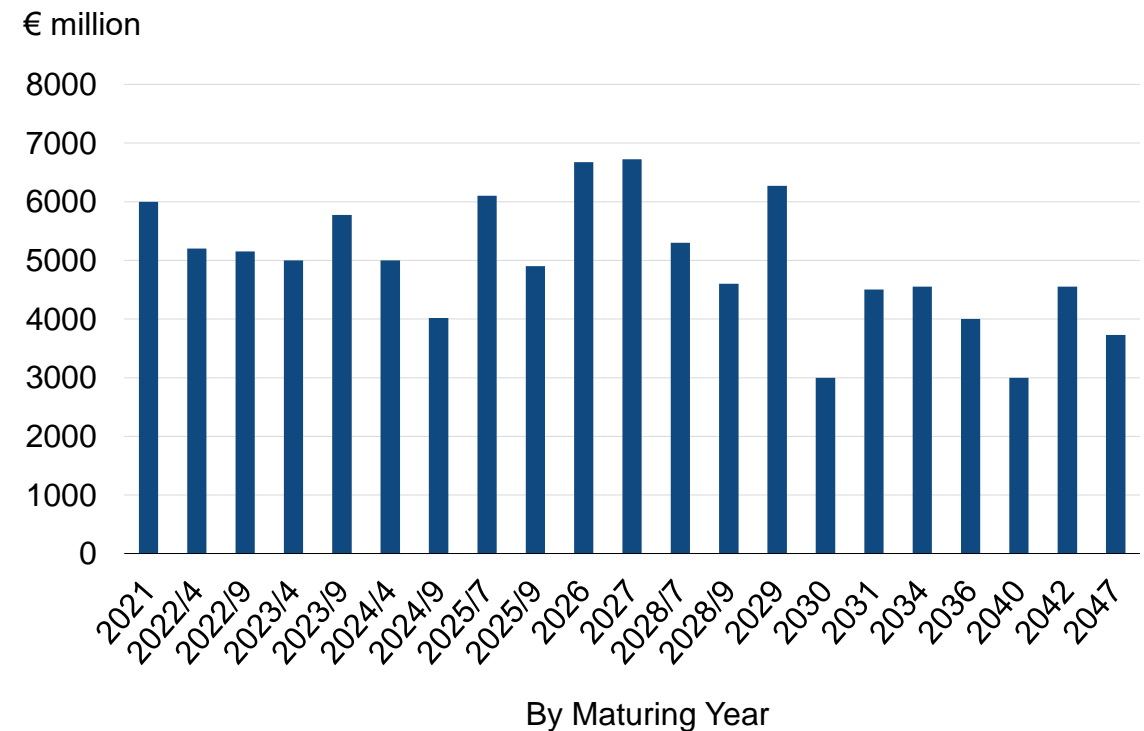


Funding strategy

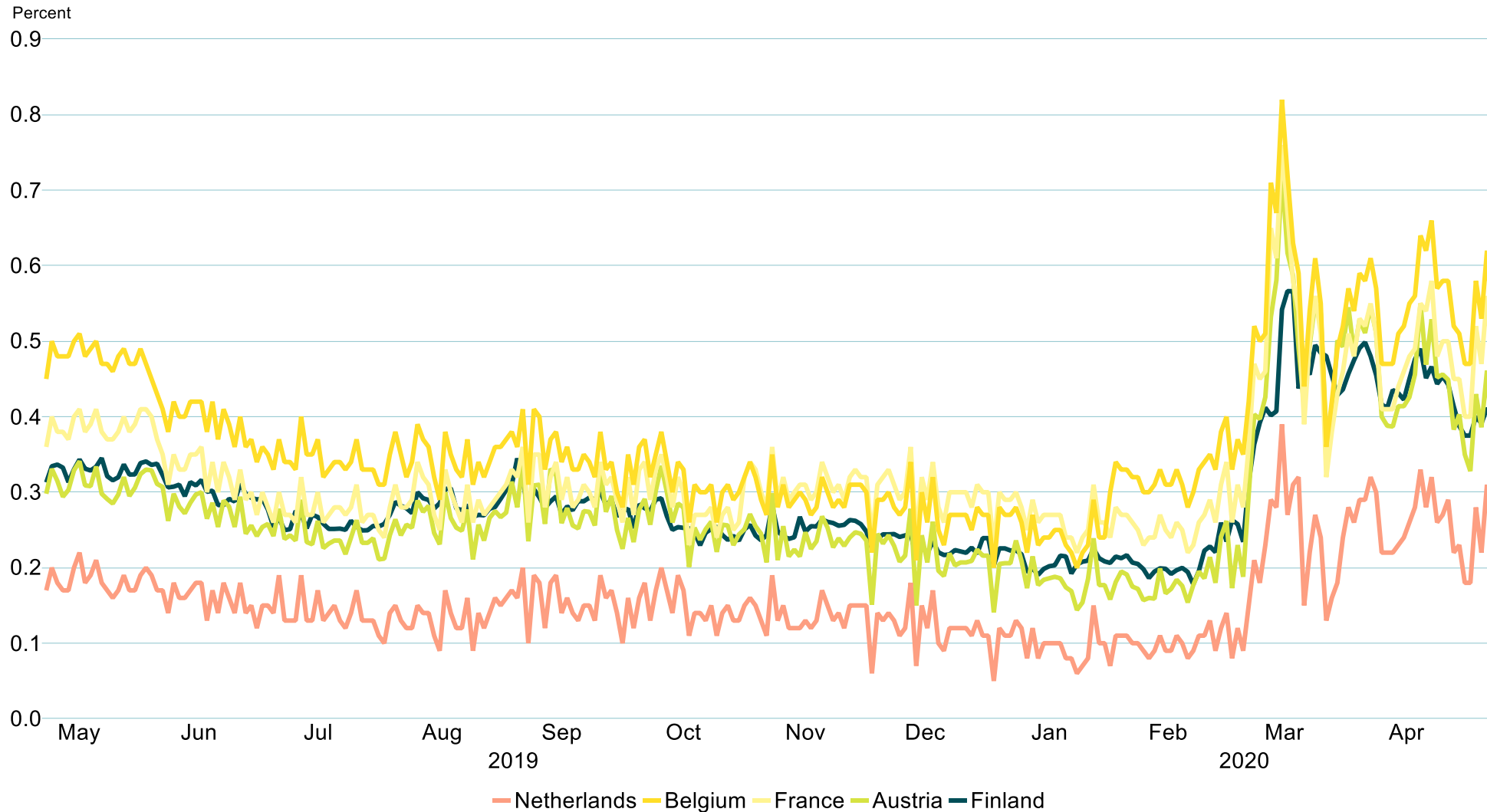
“Maintaining a globally diversified investor base by geography and investor type”

- 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



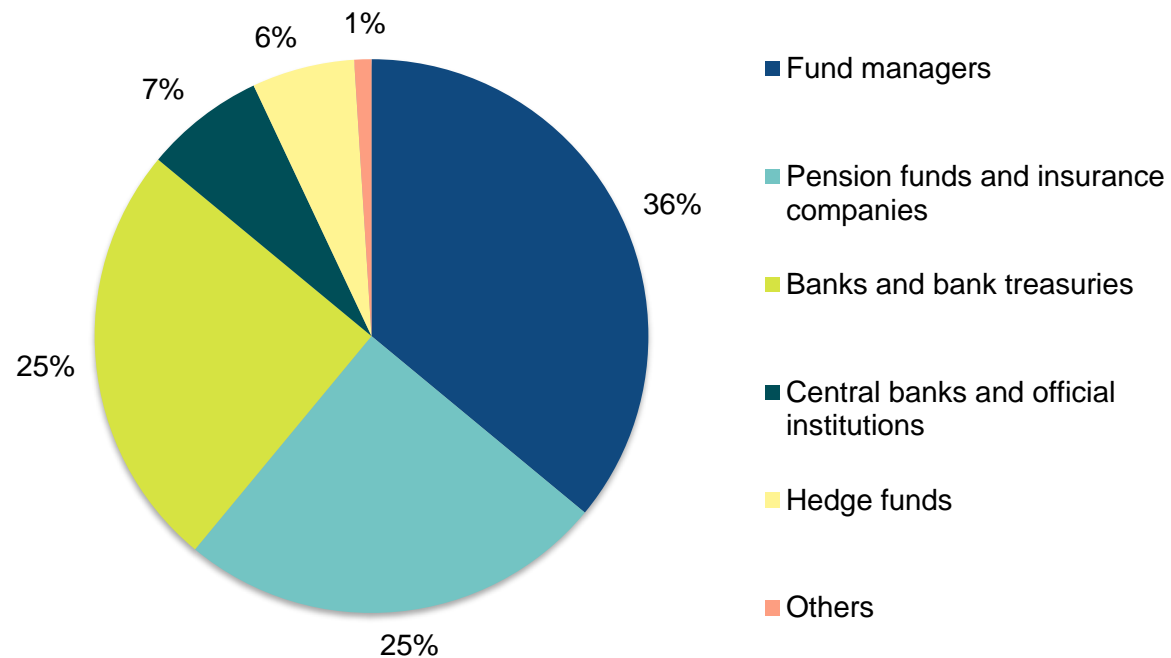
Primary Dealers 2020

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

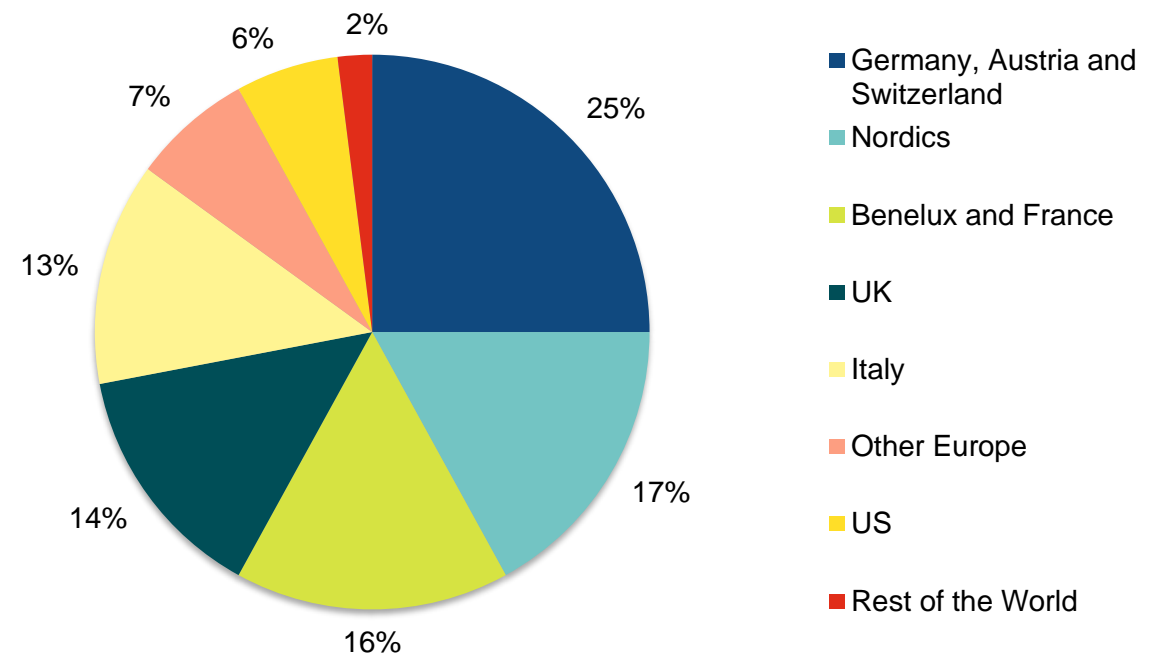
Investor base for RFGB 0.25% EUR 3bn due September 2040

- Launched in June 2020
- Allocated to over 220 investors

Distribution of the bond by investor type



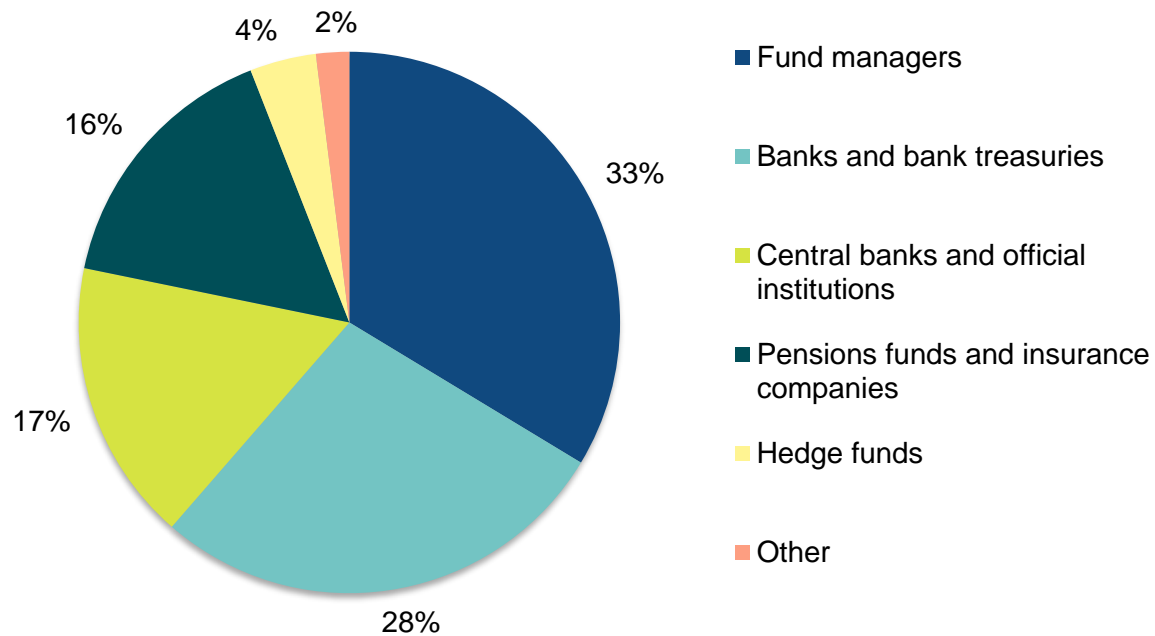
Distribution of the bond by region



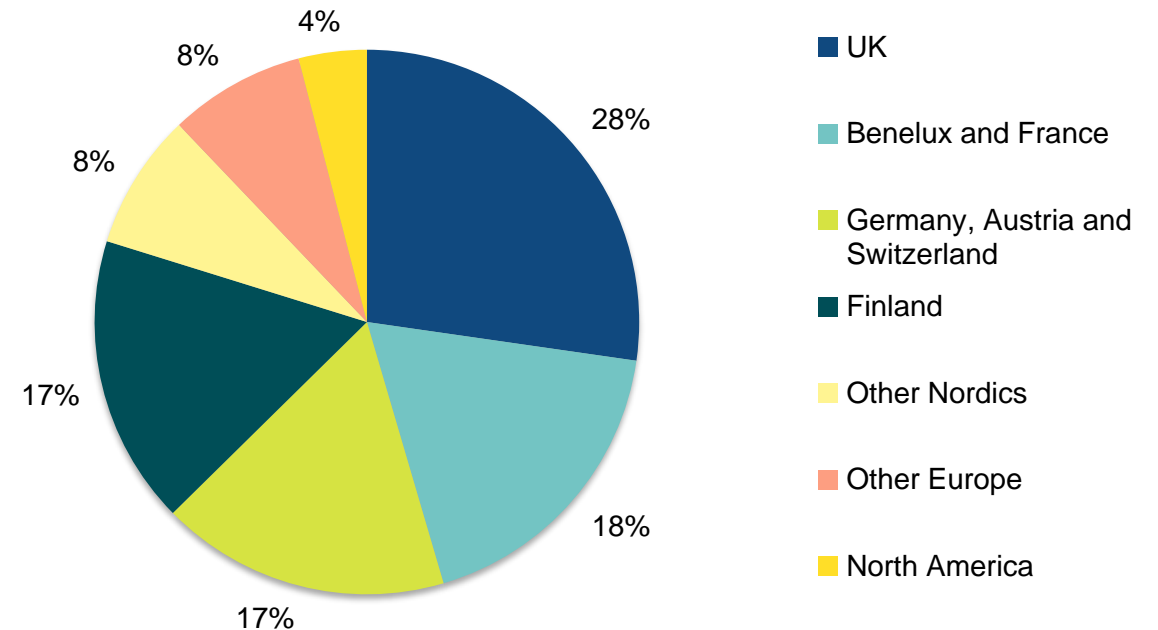
Investor base for RFGB 0.00% EUR 3bn due September 2030

- Launched in August 2020
- Allocated to over 150 investors

Distribution of the bond by investor type

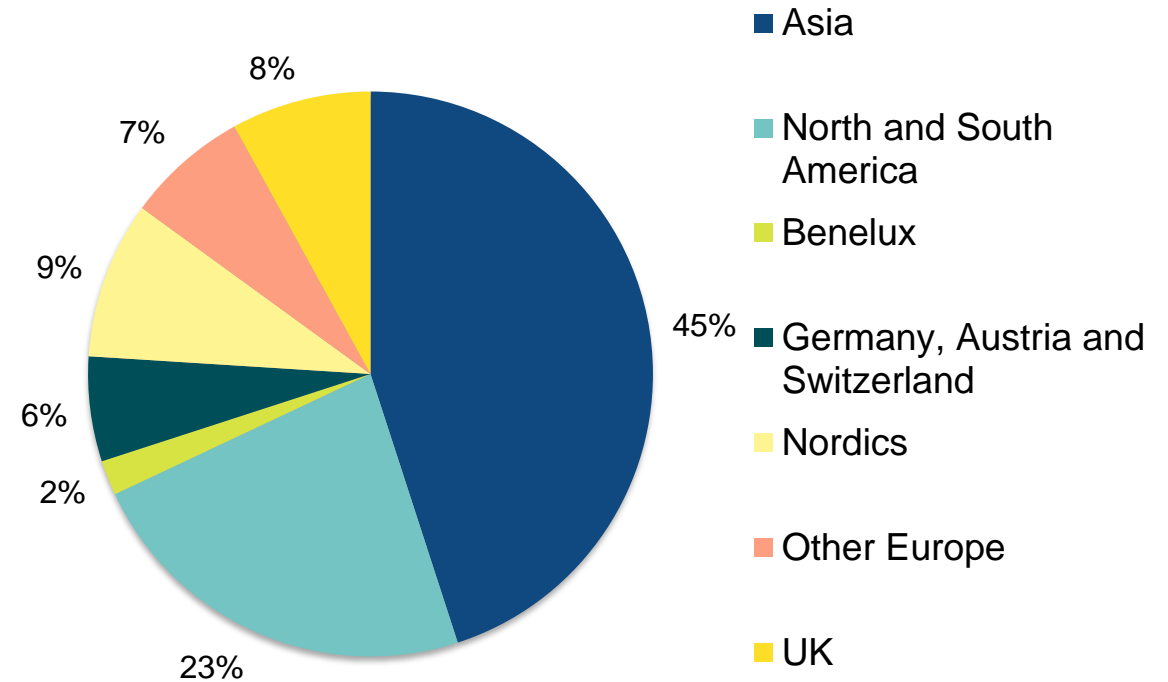
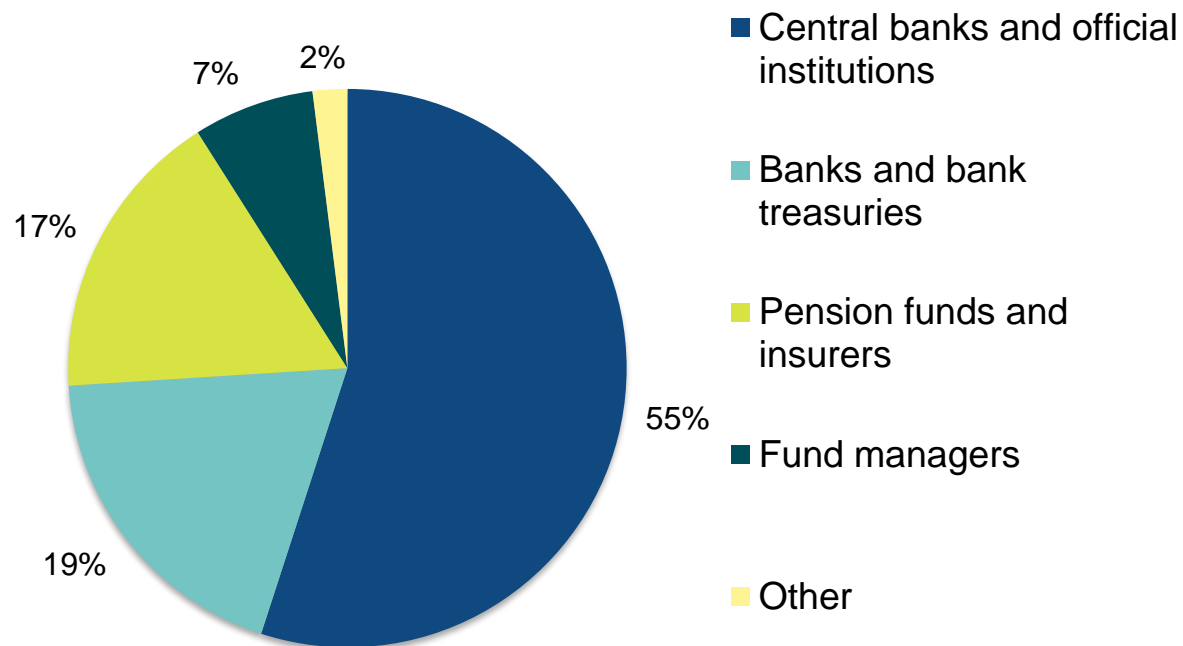


Distribution of the bond by region



Investor base for FINL 0.875% USD 1.5 bn due 2030

- Launched in May 2020
- Allocated to 87 investors



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