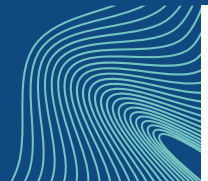




State Treasury
Republic of Finland

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

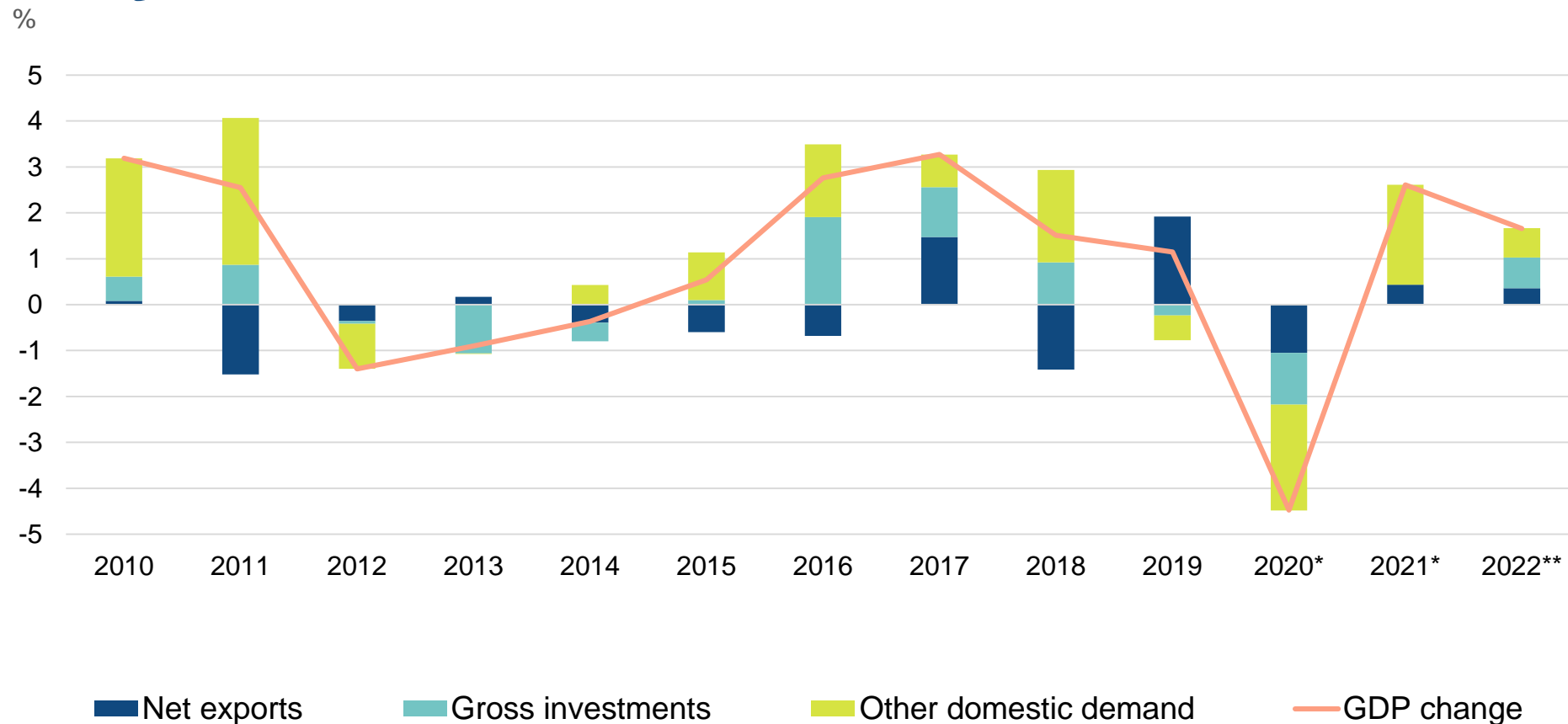
A great deal of uncertainty in the economic outlook

- Sectoral differences in recovery; private consumption to recover first but no rapid upturn in demand for private services
- 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

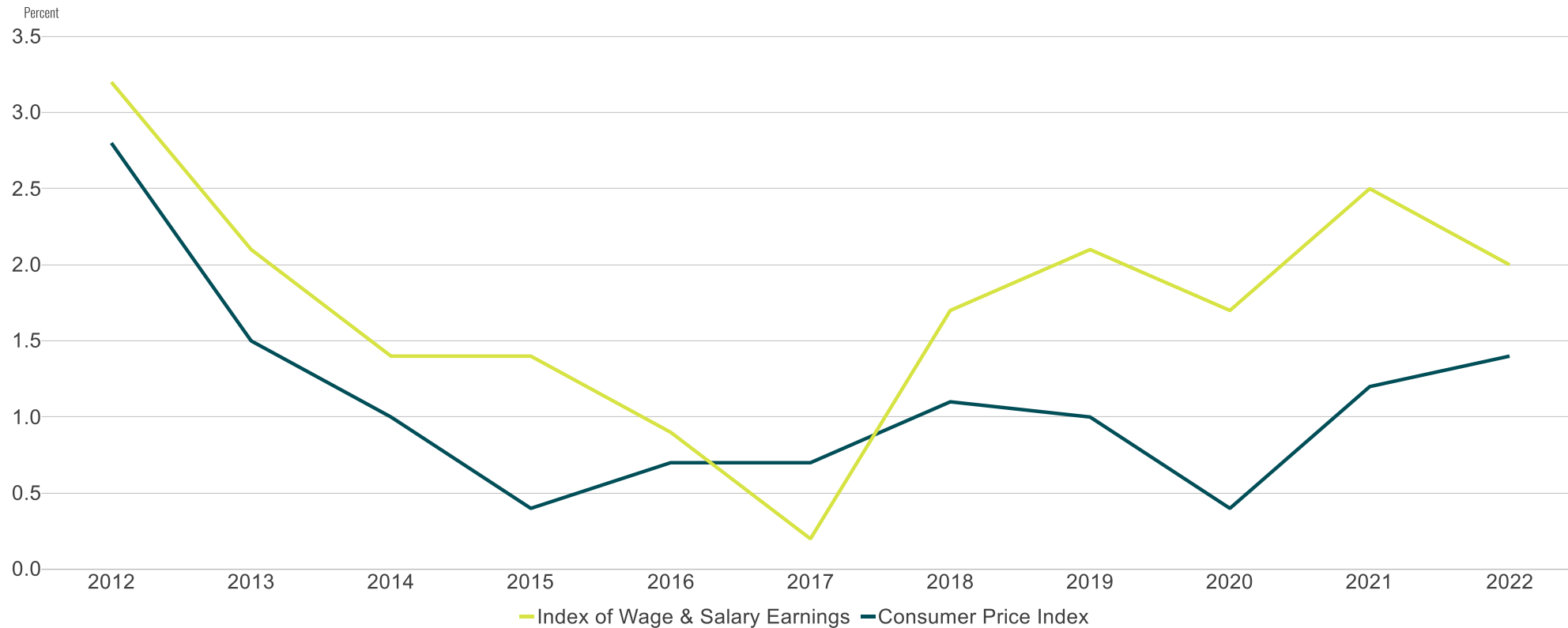
Source: Ministry of Finance, Autumn 2020

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



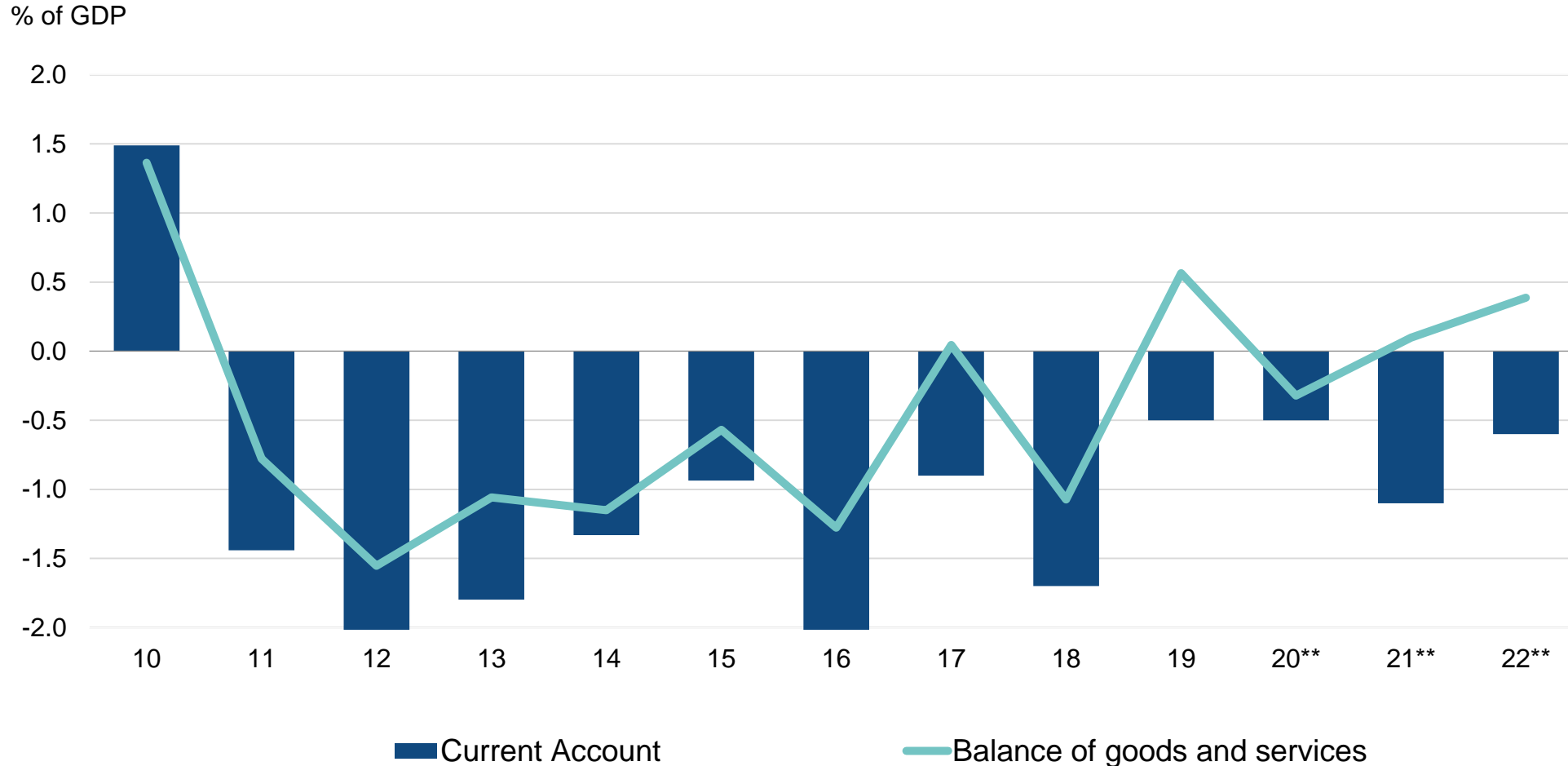
Uncertain economic outlook to slow down inflation in the coming years

change from previous year, %



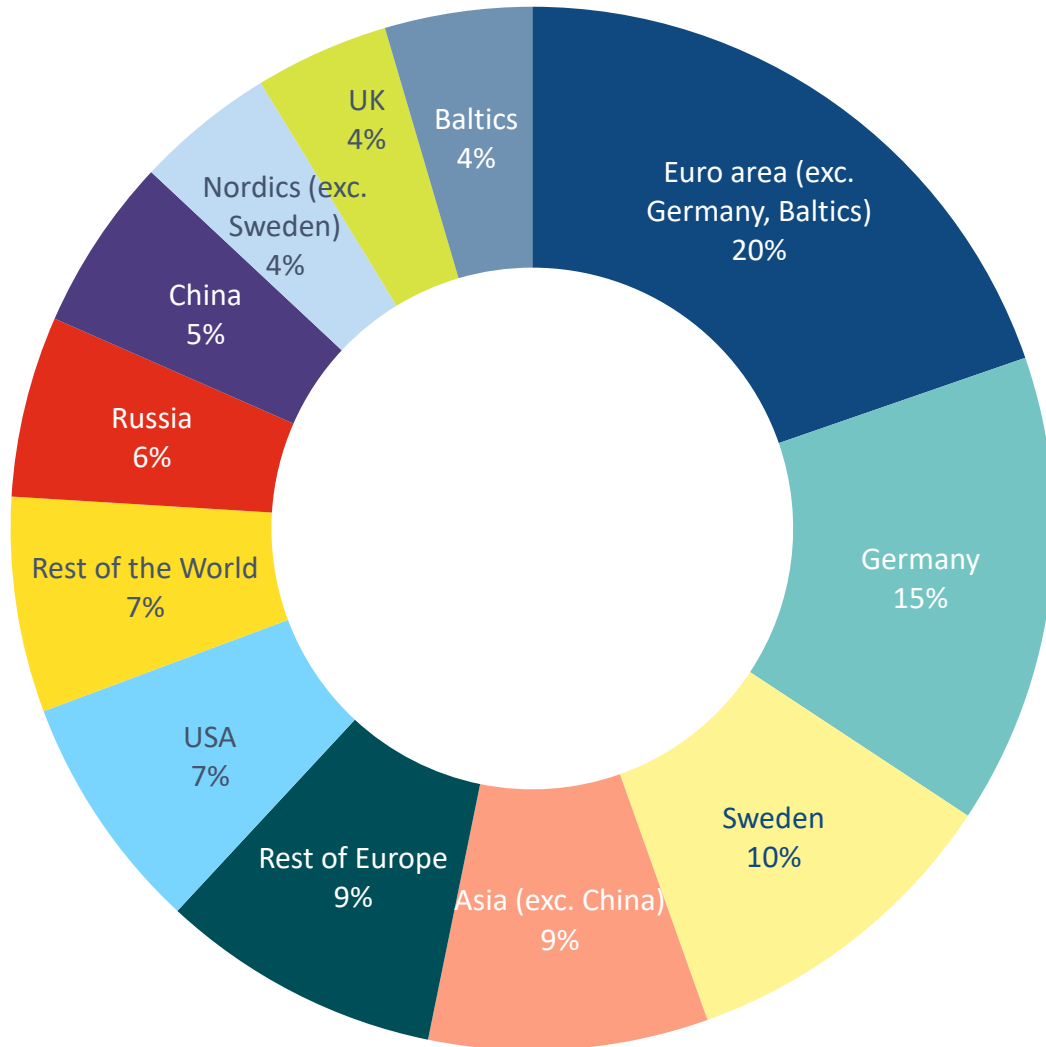
Source: Macrobond

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

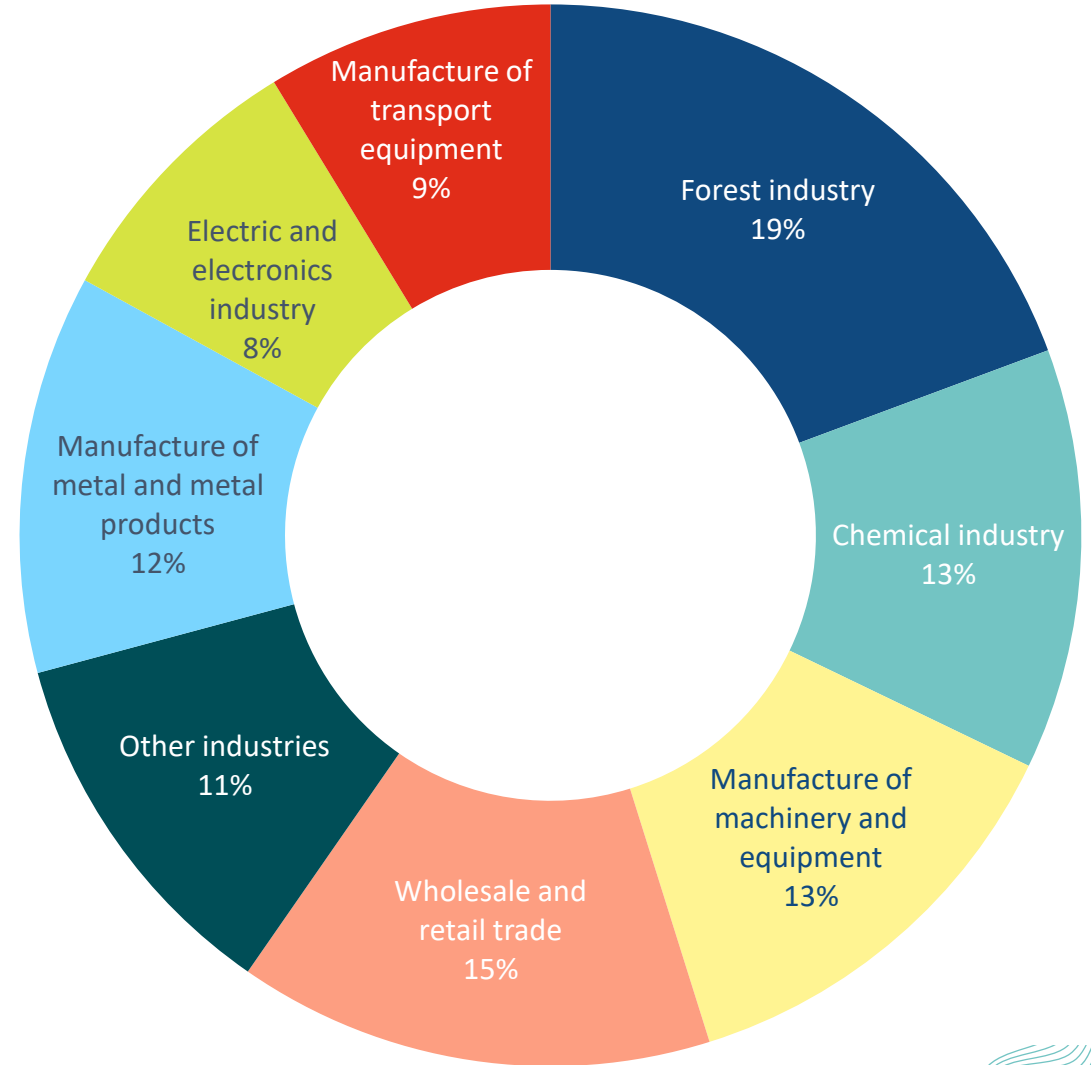


Exports of goods well diversified

Exports by countries of destination in 2019

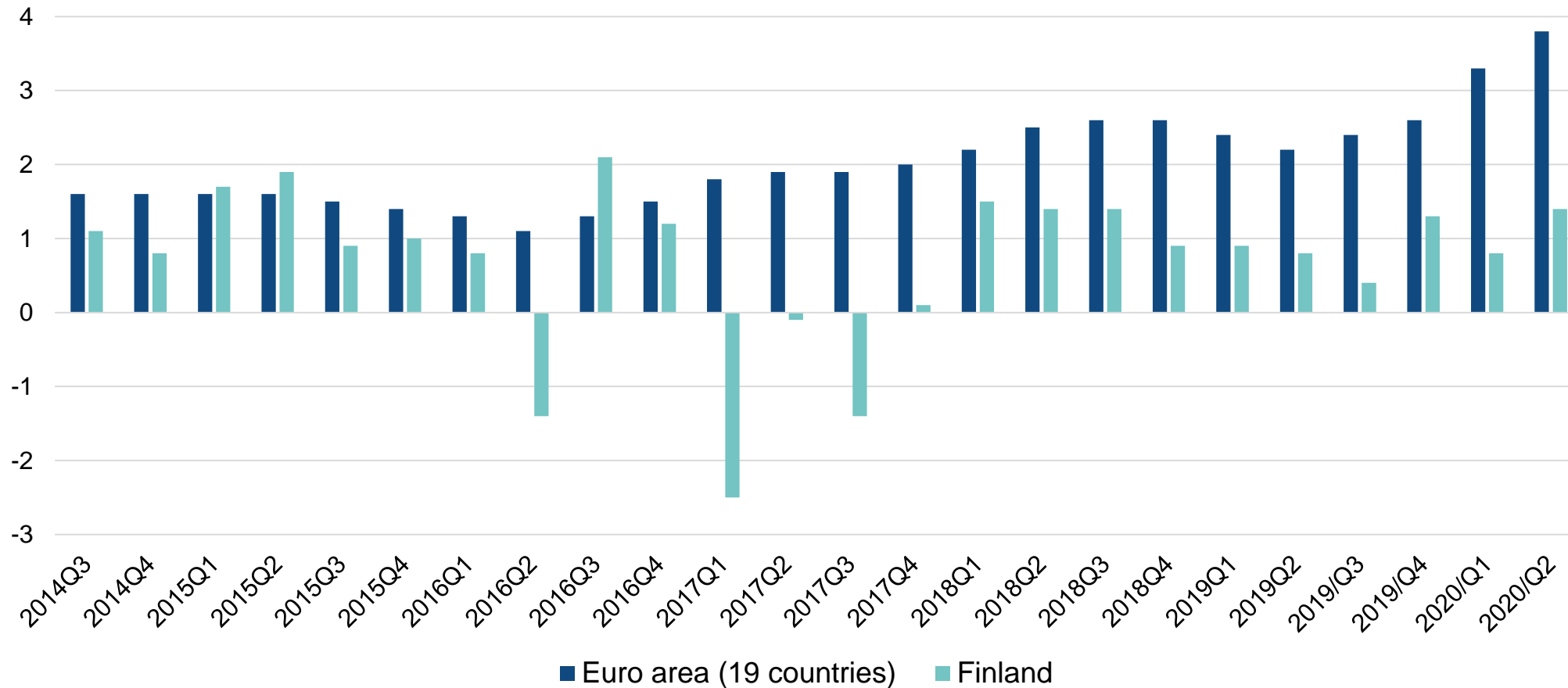


Exports by industries 2019



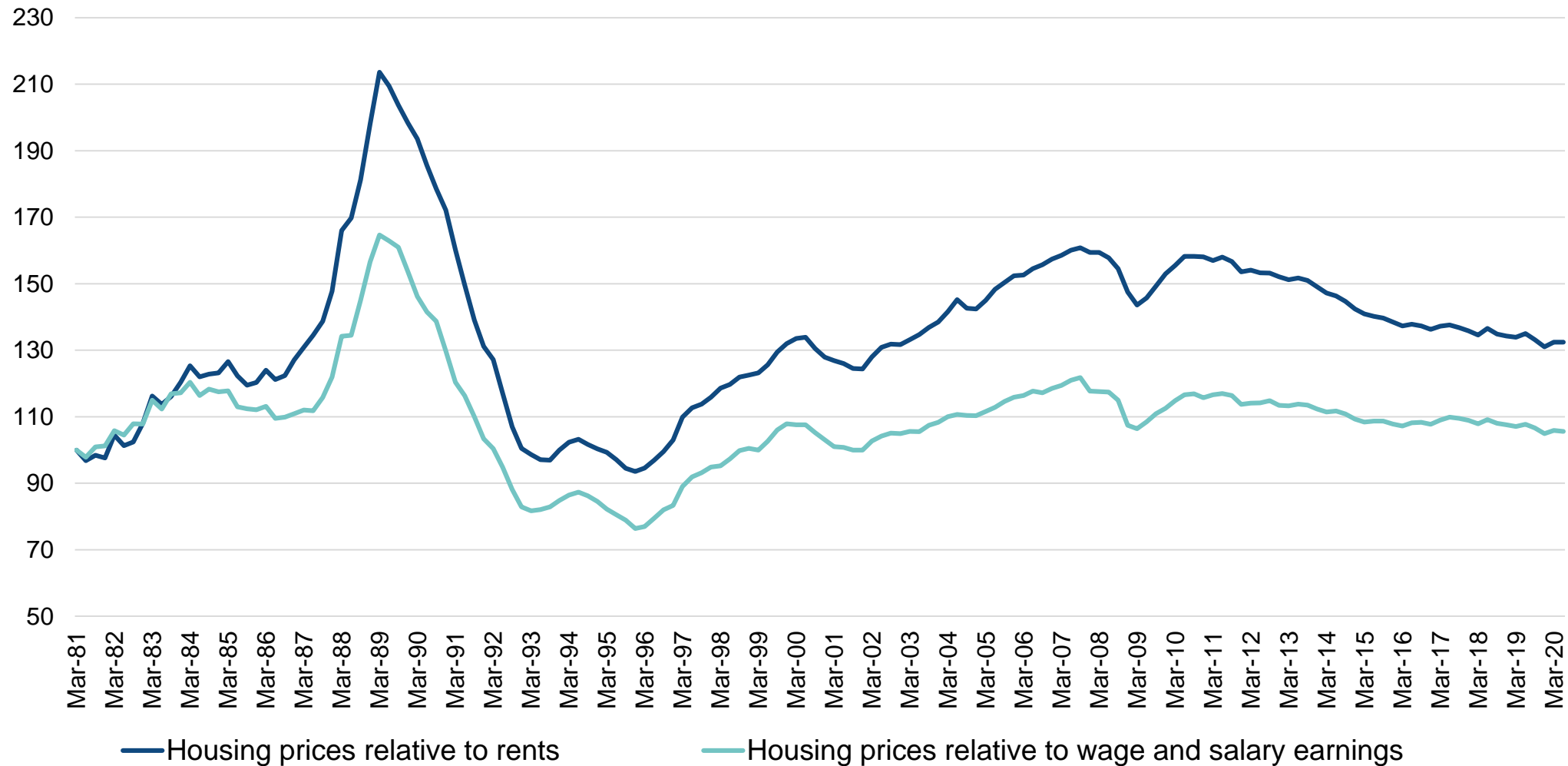
Labour costs competitiveness improved

Hourly labour cost % change from previous year



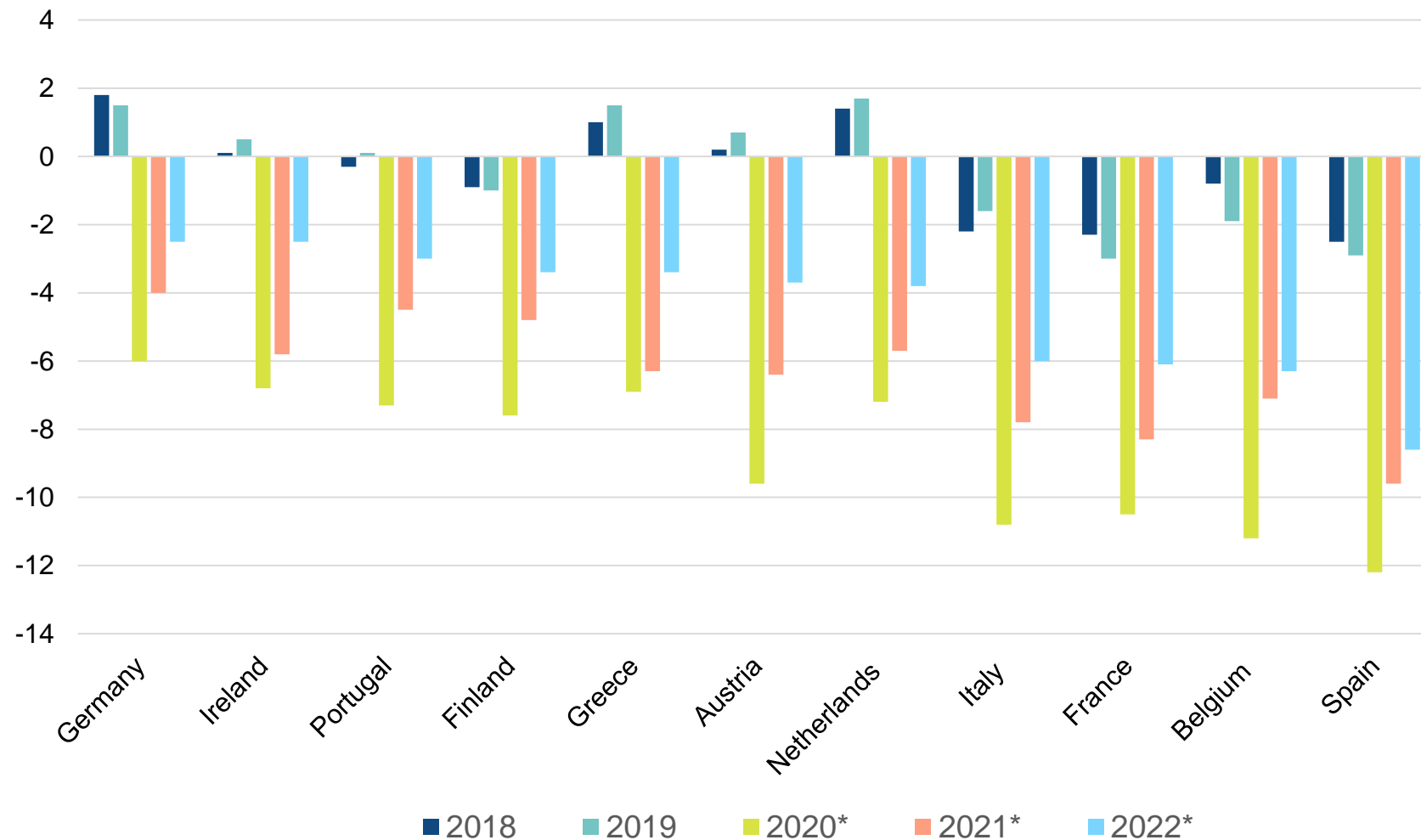
Source: Eurostat, October 2020

Relative housing prices in Finland



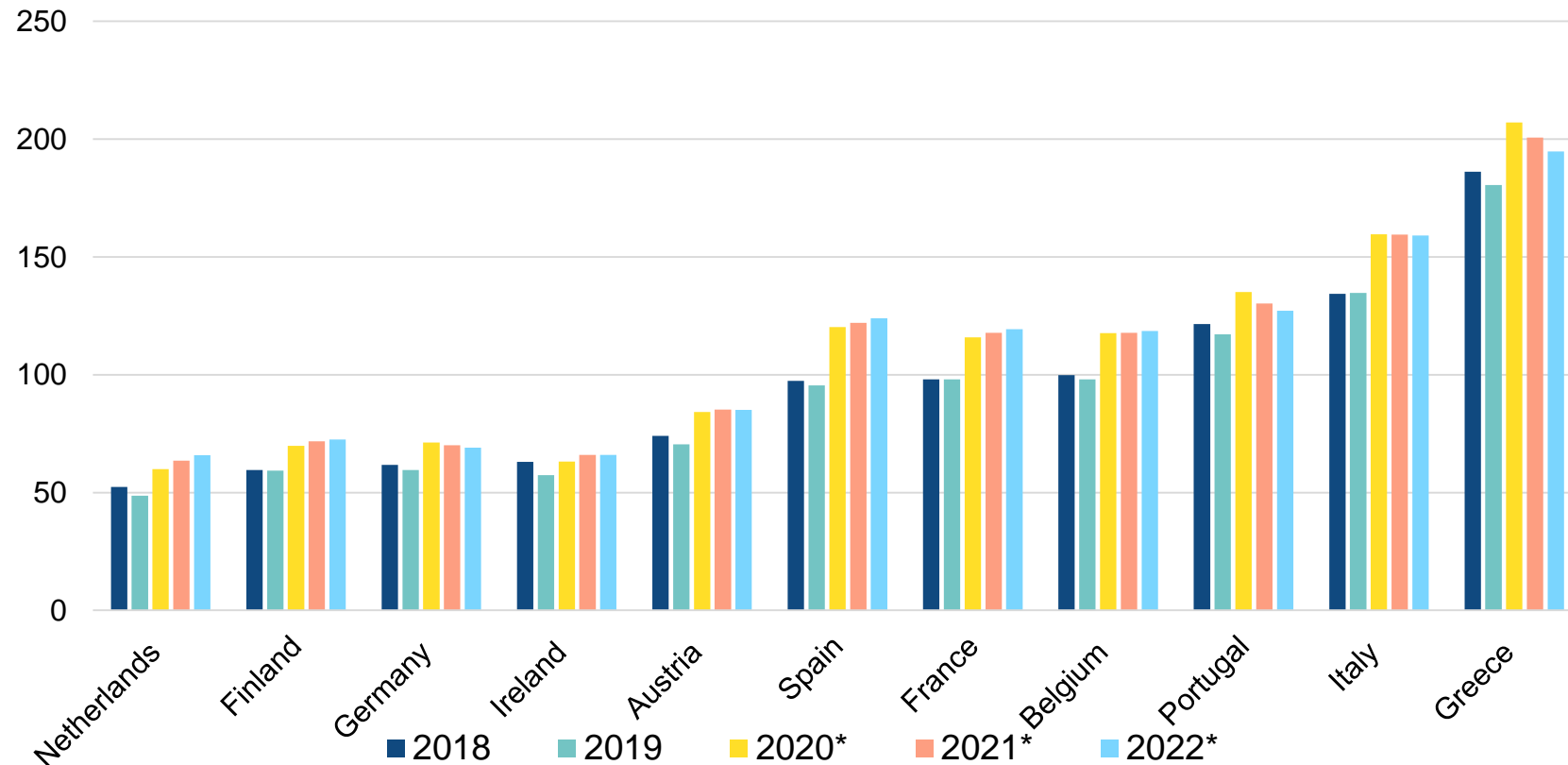
EMU general government financial balance

in ratio to GDP, %

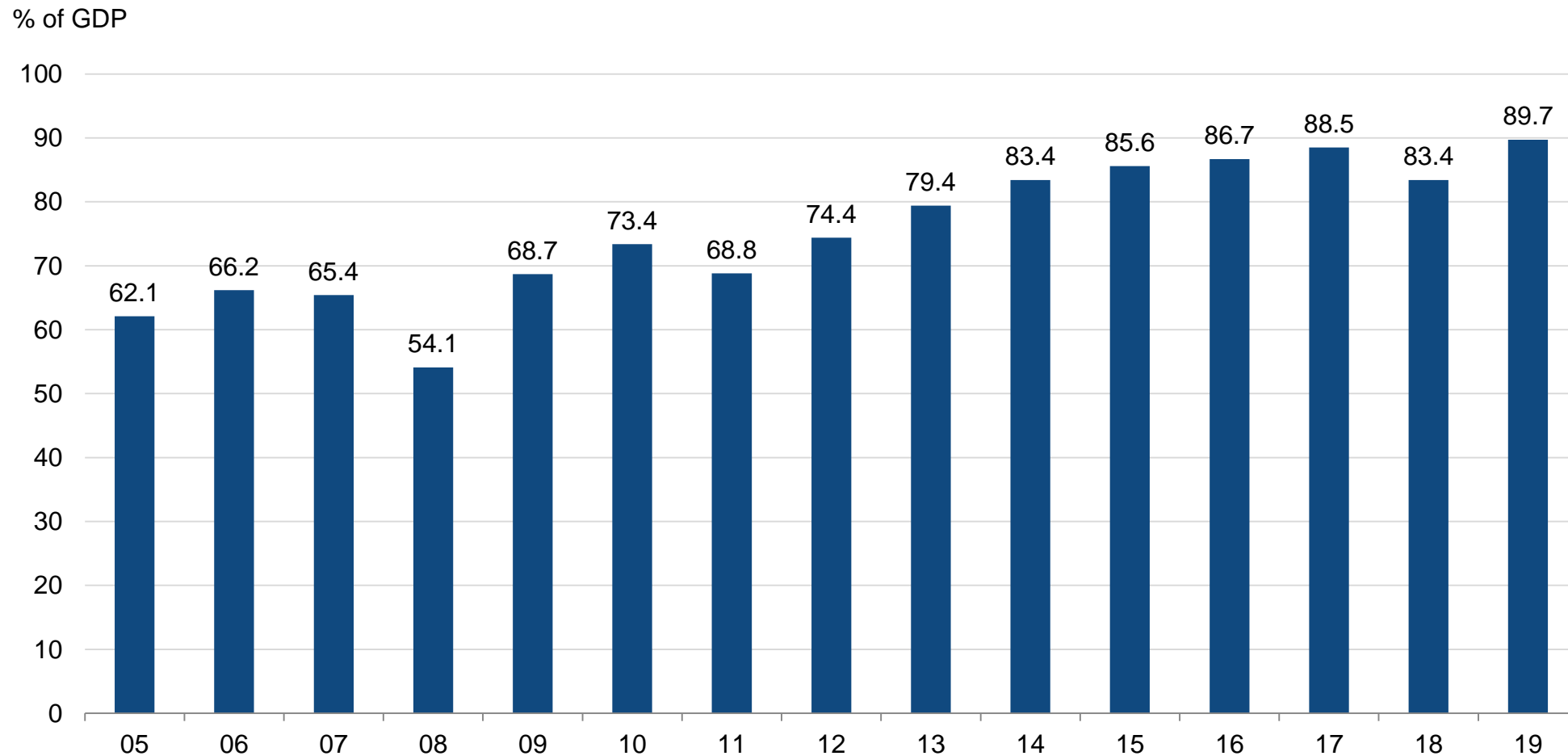


The public debt-to-GDP ratio in Finland is one of the lowest in the euro area

EMU general government gross debt, % of GDP

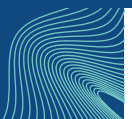


Earnings-related pension assets including public sector pension assets

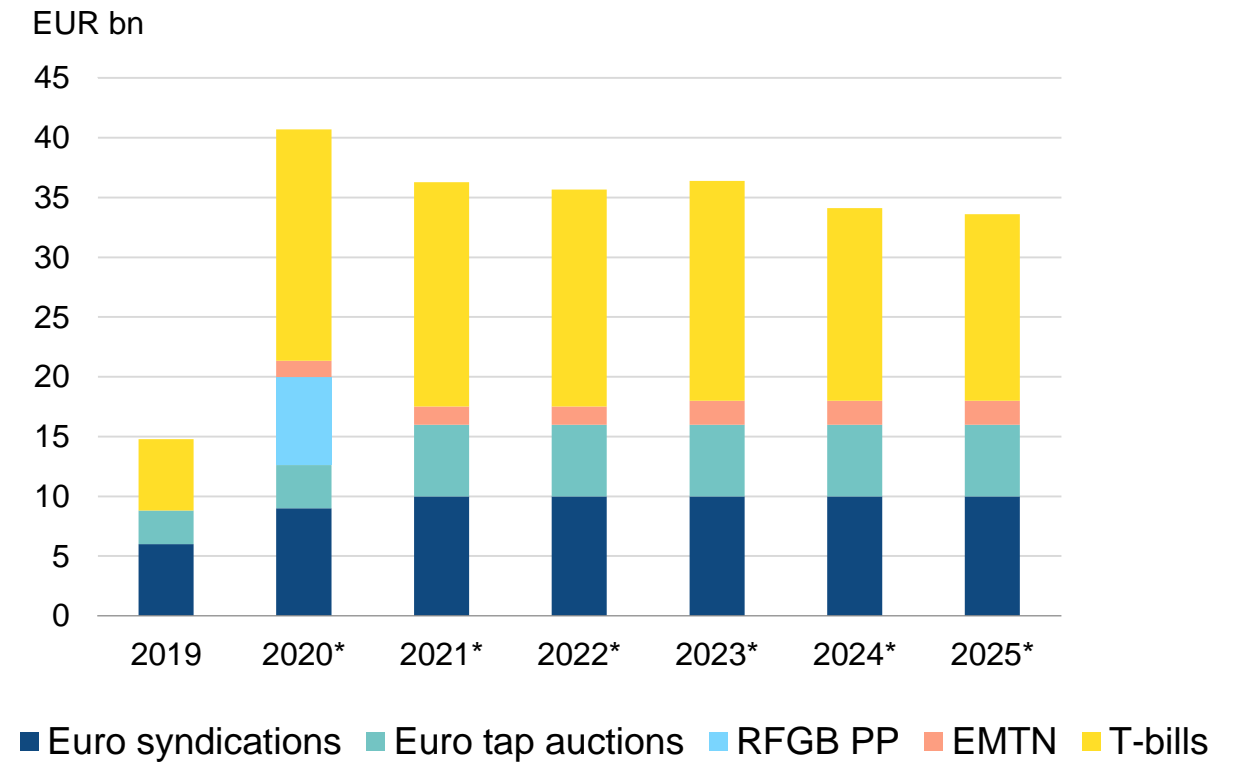
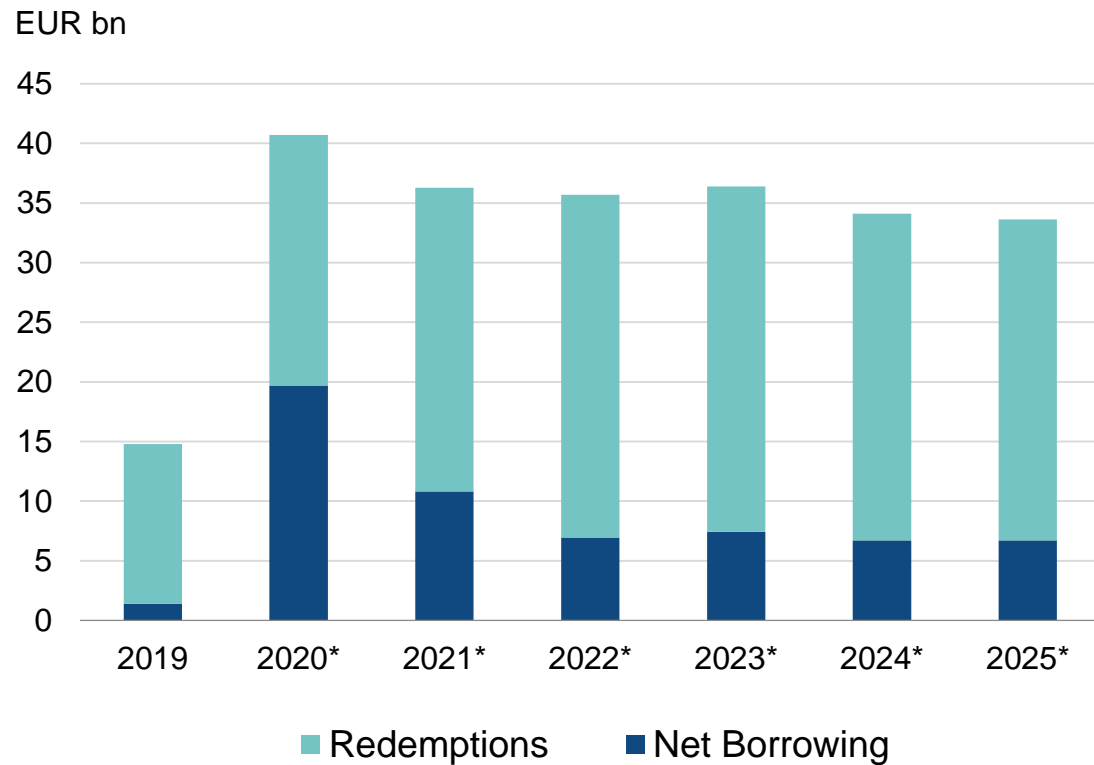




2 Funding



Central government gross borrowing estimate and projected funding instrument allocation

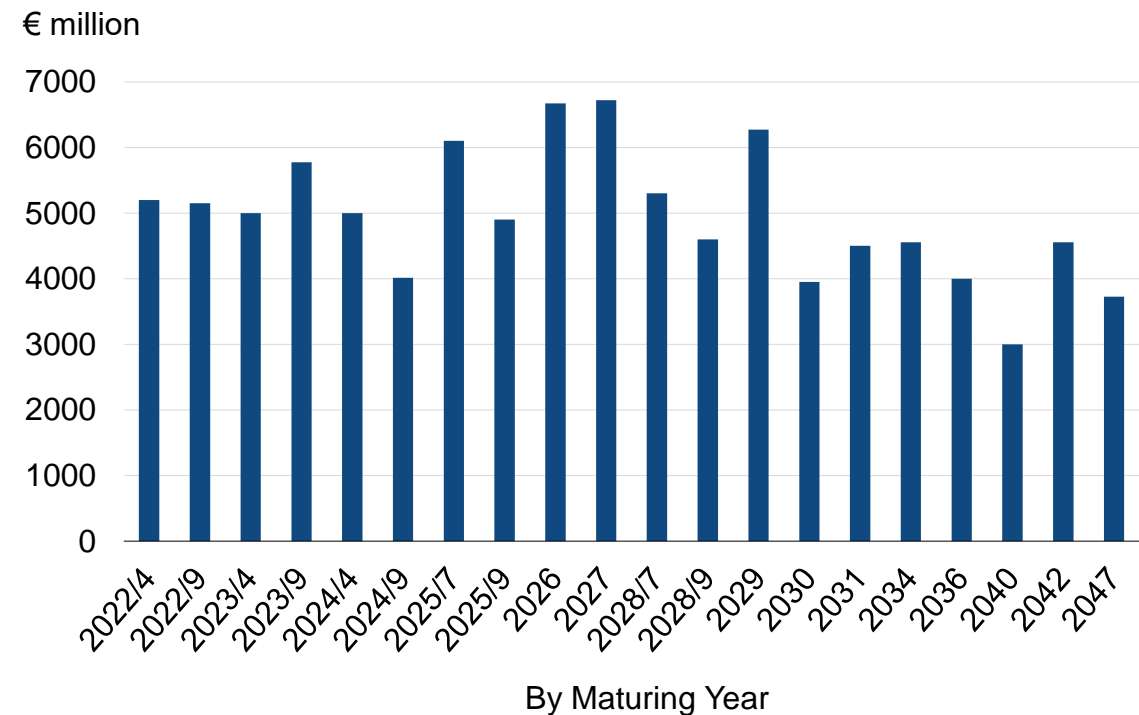


Funding strategy

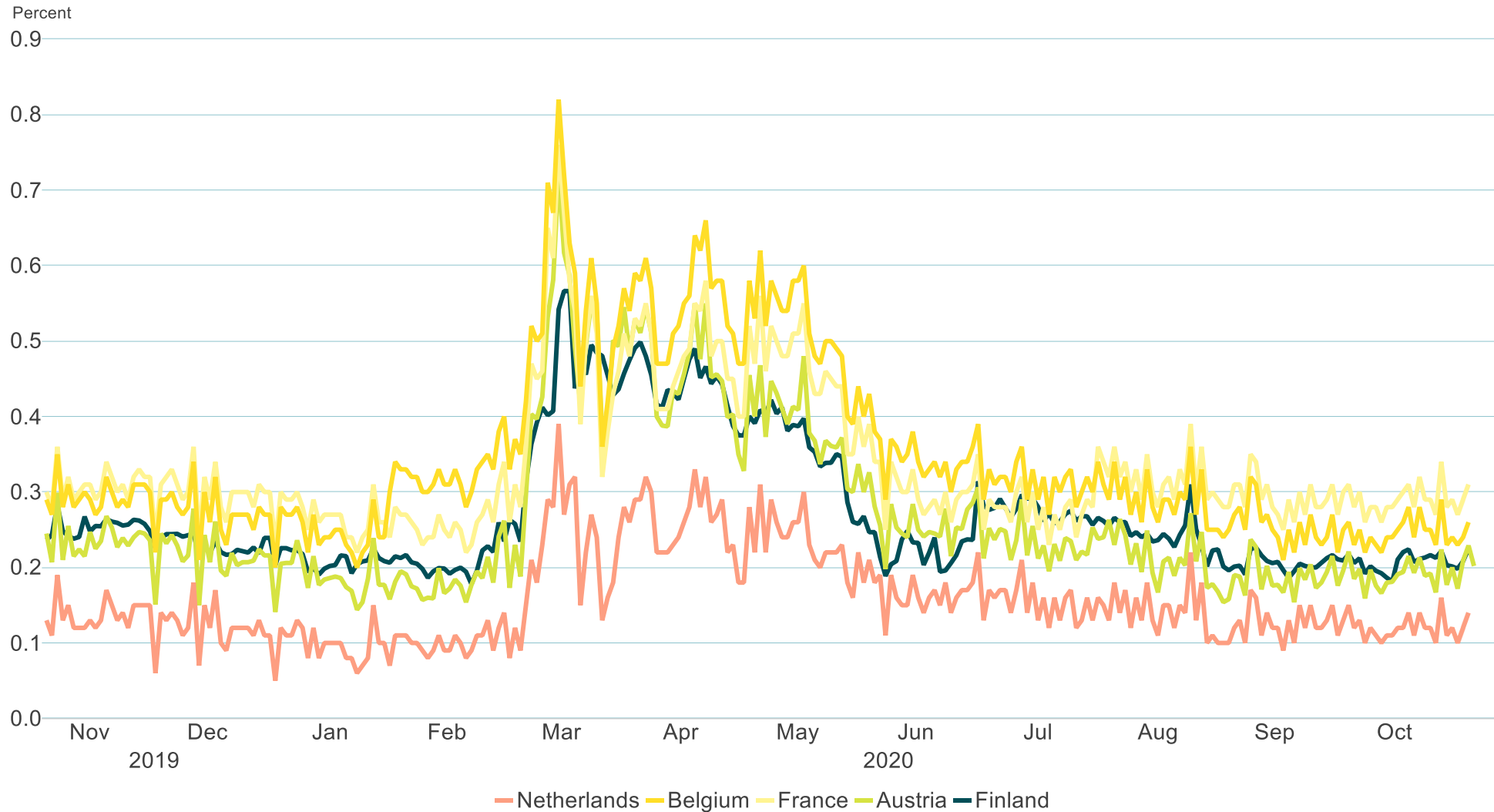
“Maintaining a globally diversified investor base by geography and investor type”

- 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



Finnish central government borrowing / November 2020

Primary Dealers 2020

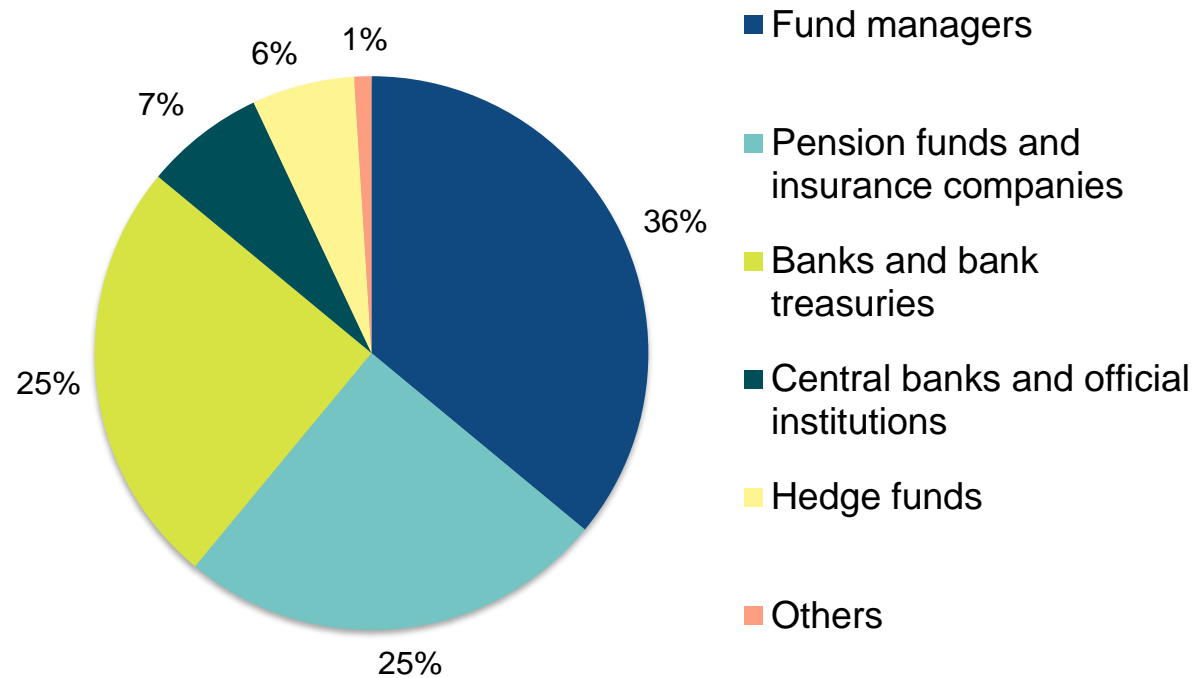
BofA Securities
 Barclays Capital
 BNP Paribas
 Citi
 Crédit Agricole
 Danske Bank
 Deutsche Bank
 Goldman Sachs
 HSBC
 J.P. Morgan
 NatWest Markets
 Nomura
 Nordea
 Société Générale



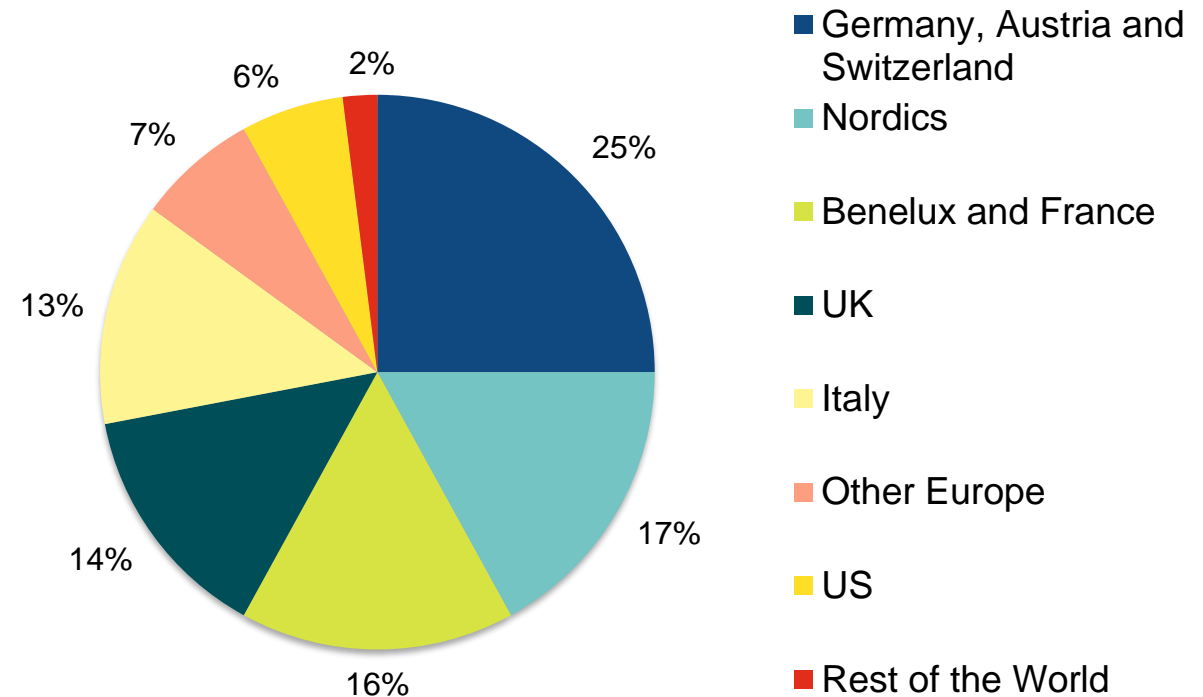
Investor base for RFGB 0.25% EUR 3bn due September 2040

- Launched in June 2020
- Allocated to over 220 investors

Distribution of the bond by investor type



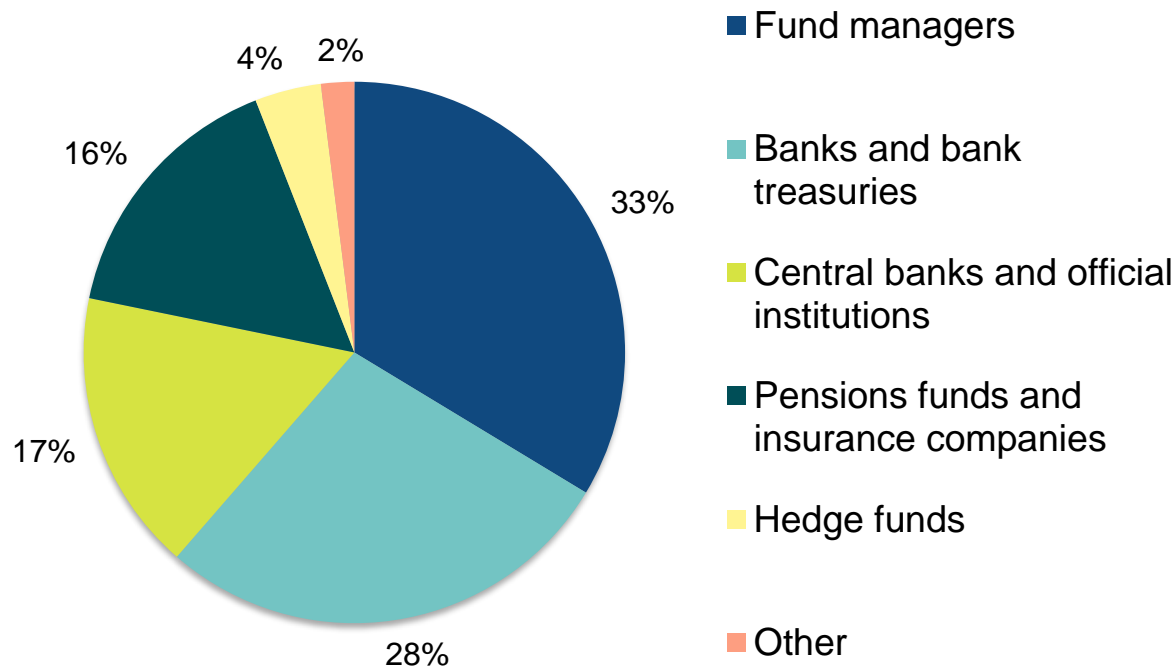
Distribution of the bond by region



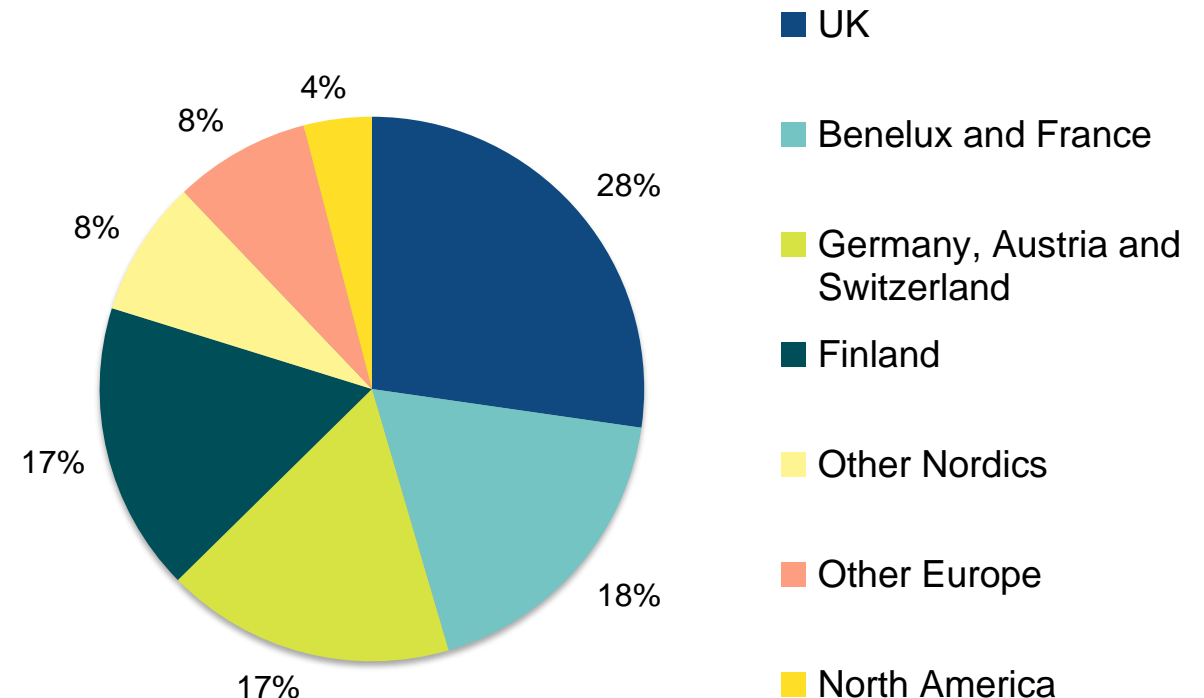
Investor base for RFGB 0.00% EUR 3bn due September 2030

- Launched in August 2020
- Allocated to over 150 investors

Distribution of the bond by investor type

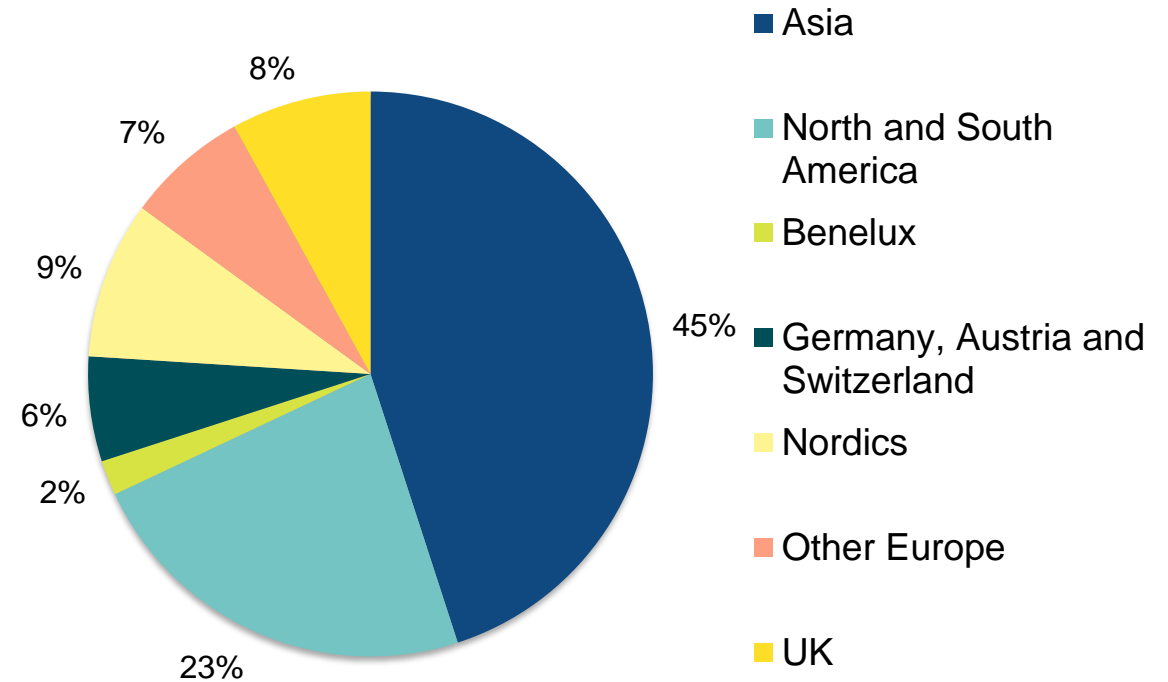
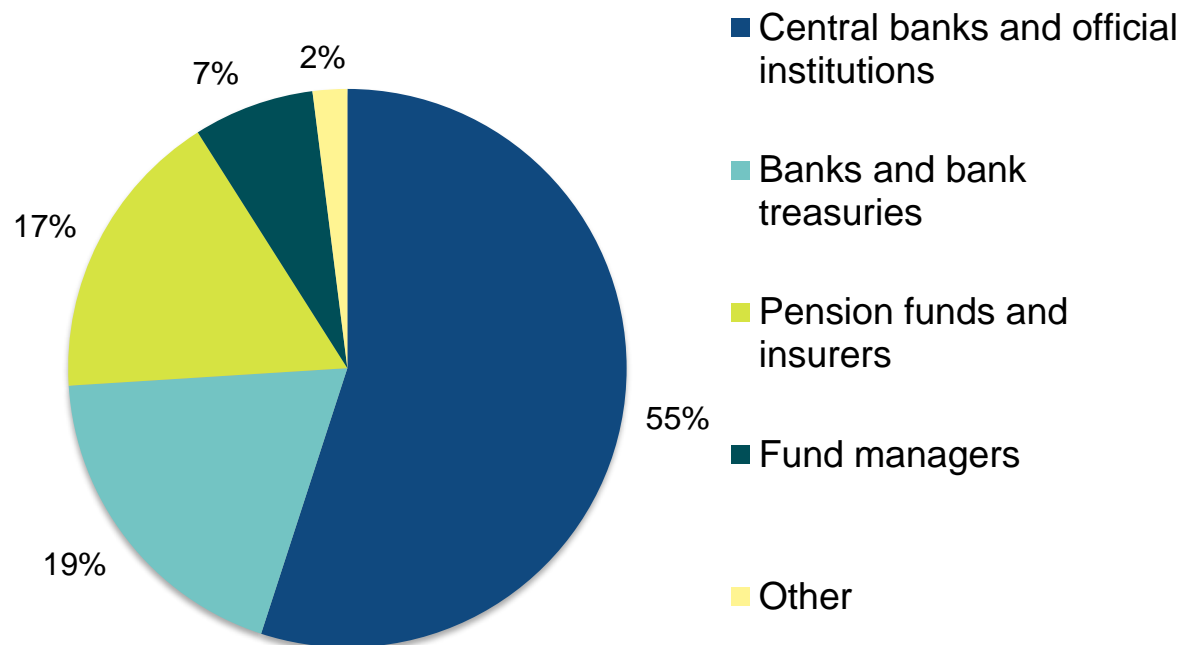


Distribution of the bond by region



Investor base for FINL 0.875% USD 1.5 bn due 2030

- Launched in May 2020
- Allocated to 87 investors



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