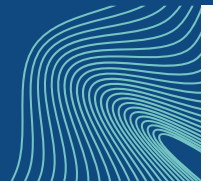




State Treasury  
Republic of Finland

# Finnish central government borrowing

December 2020



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

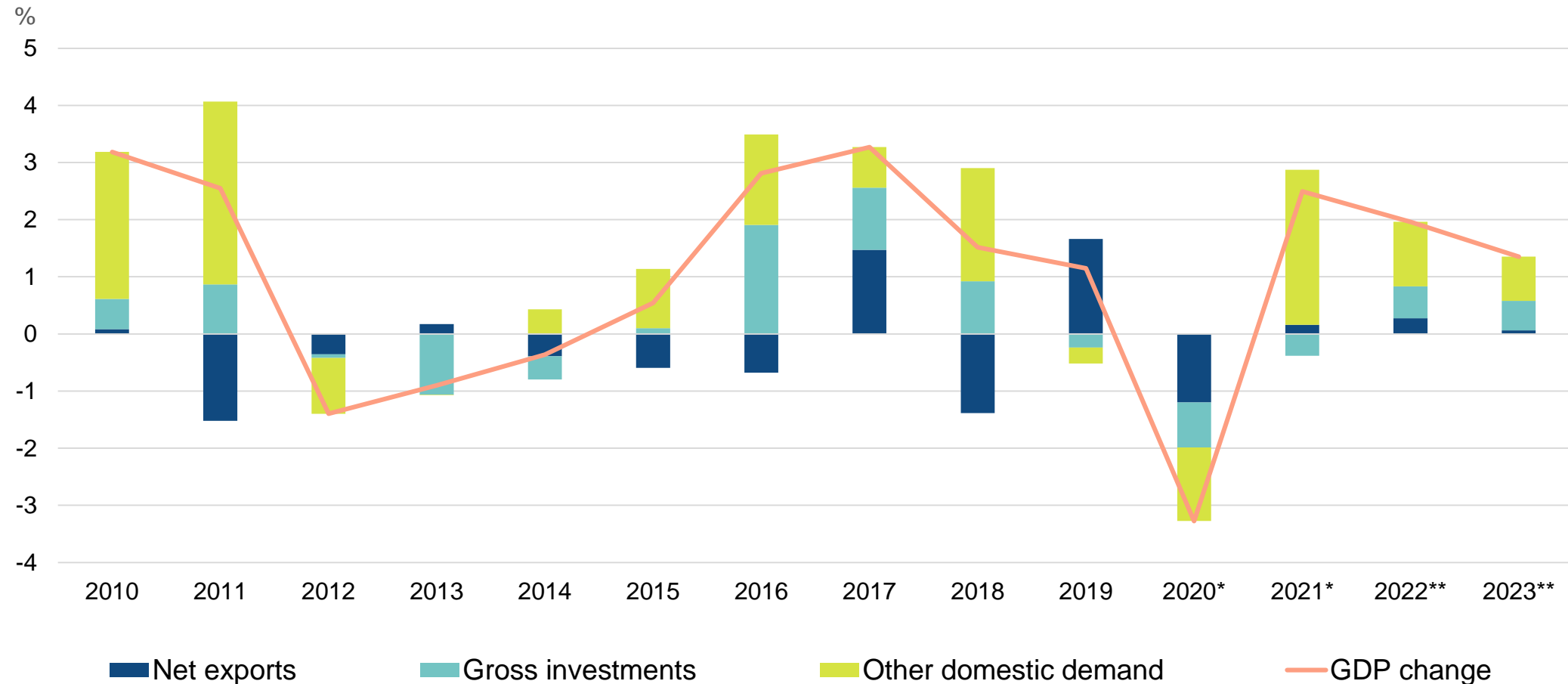
# Economic recovery foreseen in Finland in 2021

- Goods picking up faster than services both in consumption and exports
- Overall uncertainty hampering investment growth
- The employment rate will stand at 72.8% in 2023
- Strong measures to stimulate production and demand have been initiated and are planned in the EU

	2020	2021	2022	2023
GDP change %	-3.3	2.5	2.0	1.4
Inflation, %	0.3	1.0	1.4	1.6
Current account, %/GDP	-1.0	-1.0	-0.7	-0.7
Private investment change, %	-6.0	-2.0	3.8	3.7
Exports change %	-10.4	5.0	4.6	2.2
Unemployment rate, %	7.8	8.0	7.6	7.2
Public deficit, %/GDP	-6.1	-4.9	-2.8	-2.4
Public debt, %/GDP	69.0	71.4	72.5	73.6

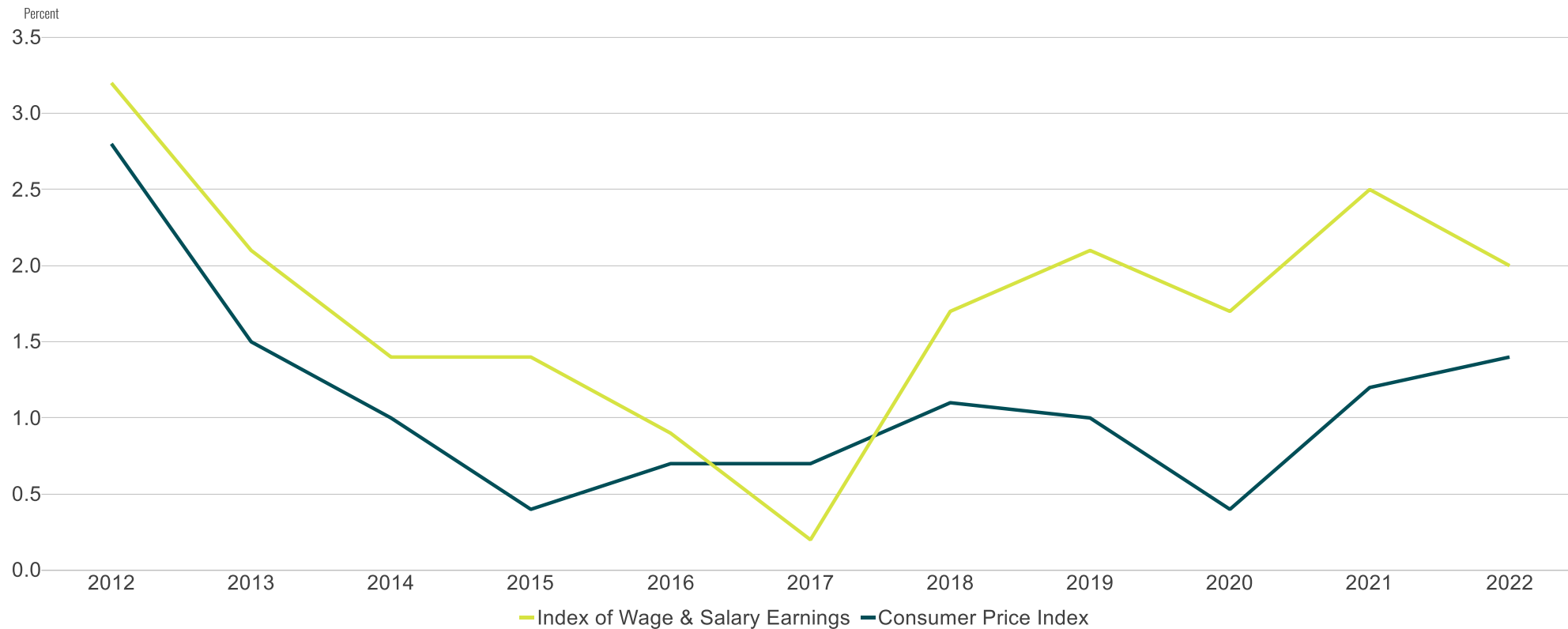
Source: Ministry of Finance, Winter 2020

# Exports recovering but contribution to growth remains moderate



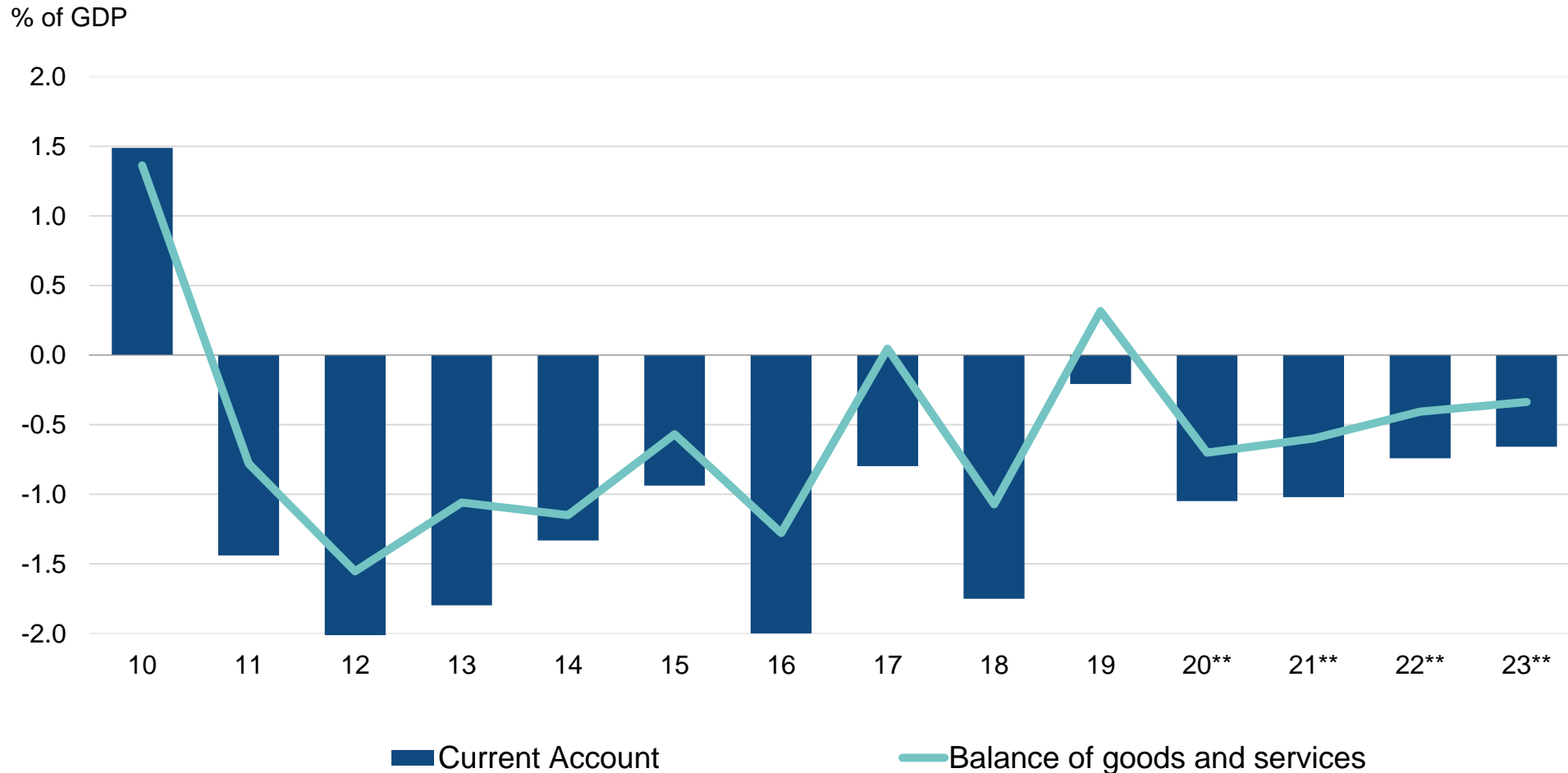
# Inflation will accelerate only slightly in 2021

change from previous year, %



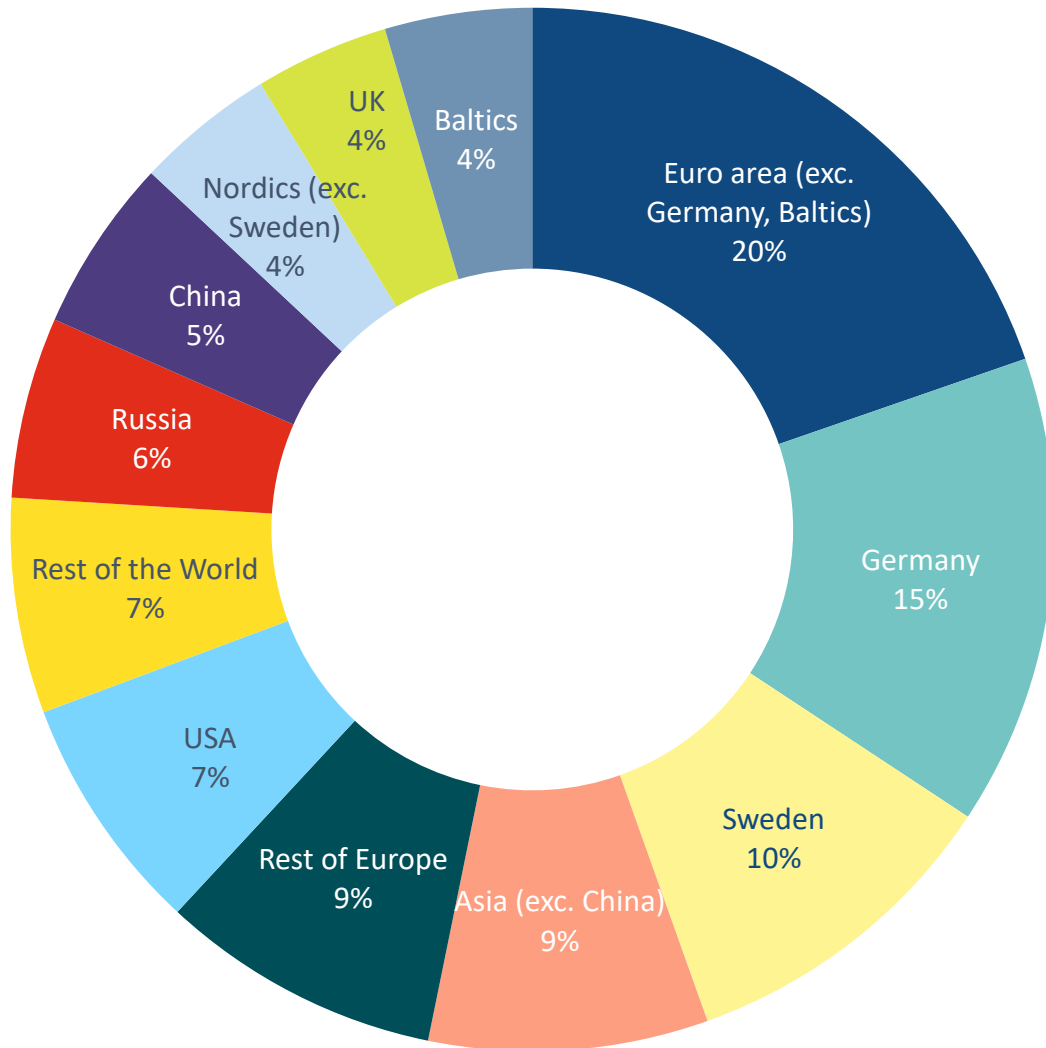
Source: Macrobond

# Current account deficit to shrink during the outlook period

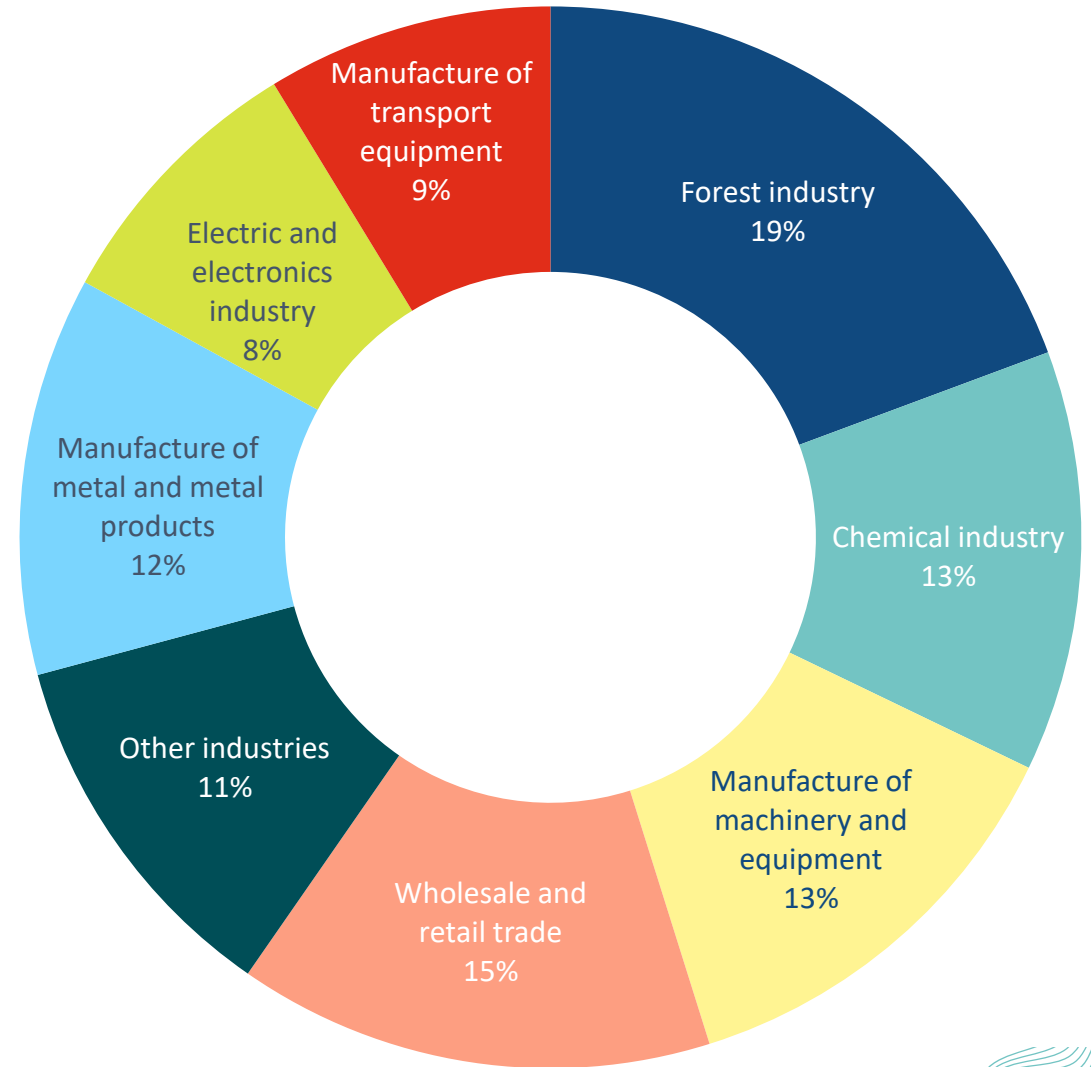


# Exports of goods well diversified

## Exports by countries of destination in 2019



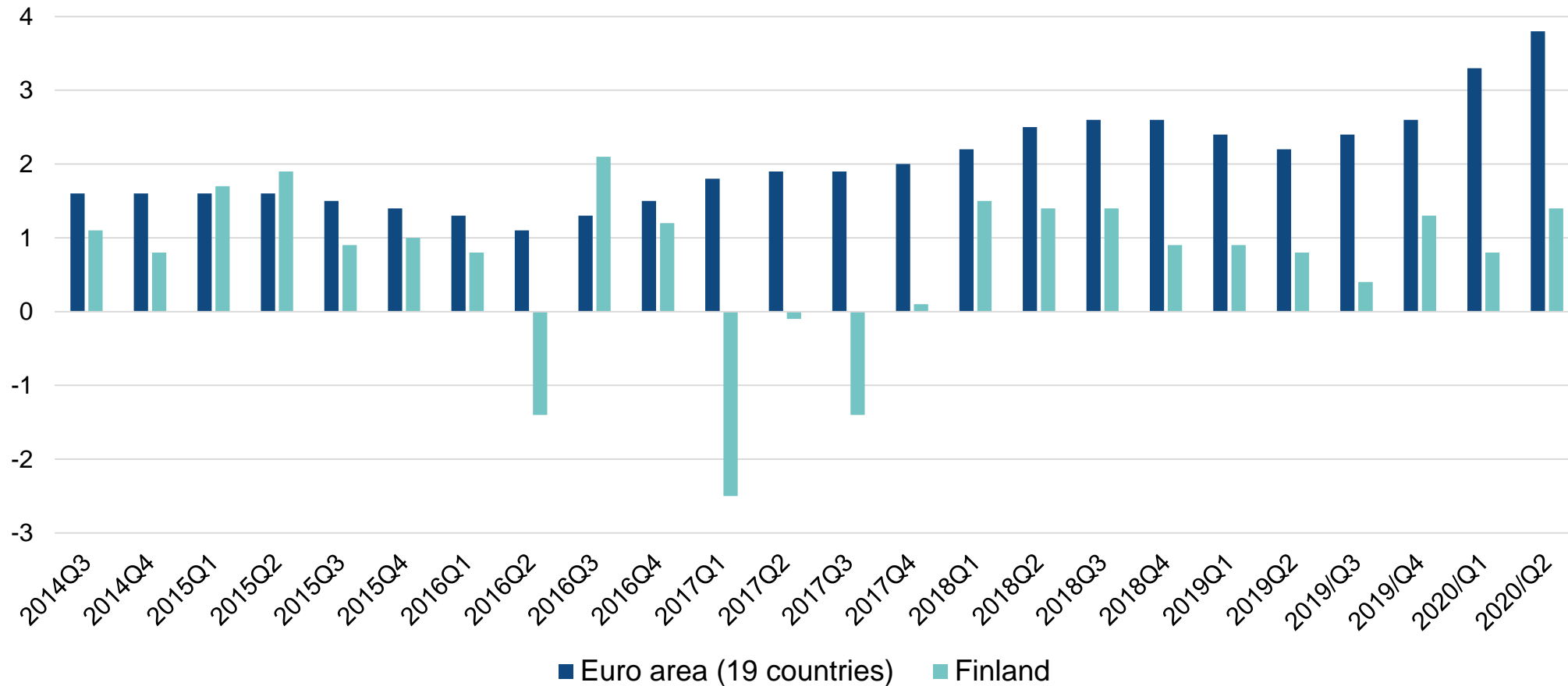
## Exports by industries 2019





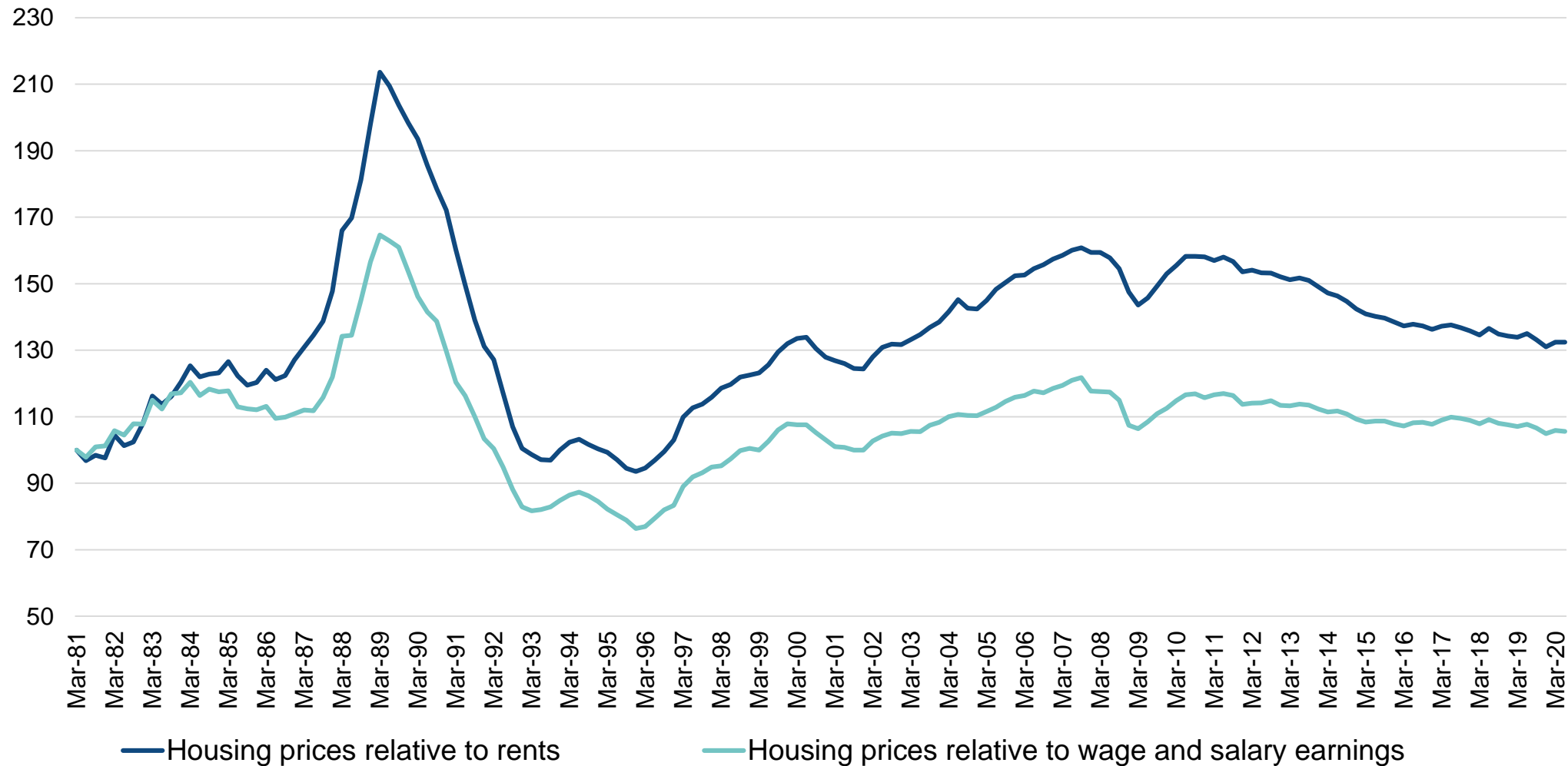
# Labour costs competitiveness improved

Hourly labour cost % change from previous year



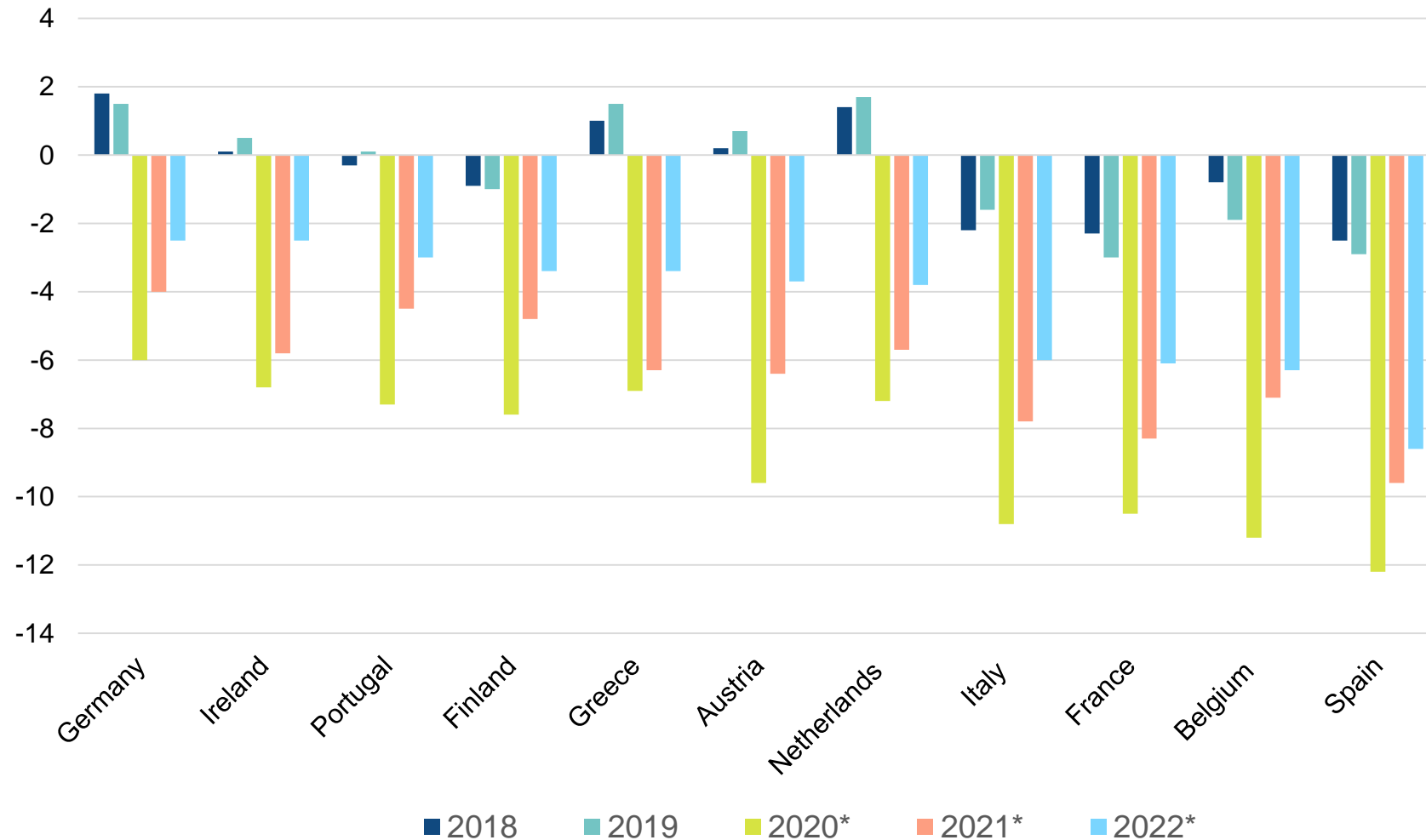
Source: Eurostat, October 2020

# Relative housing prices in Finland



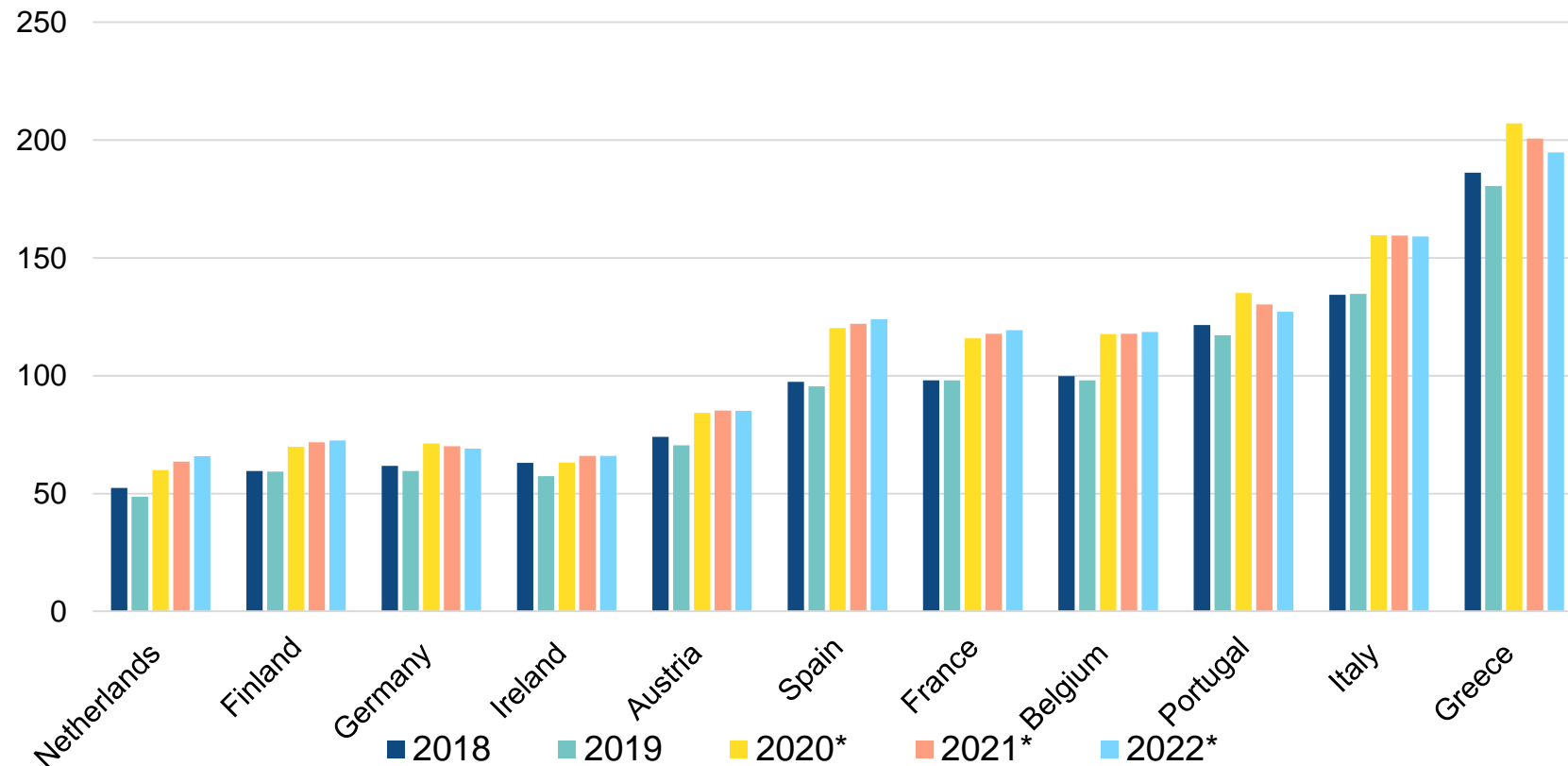
# EMU general government financial balance

in ratio to GDP, %

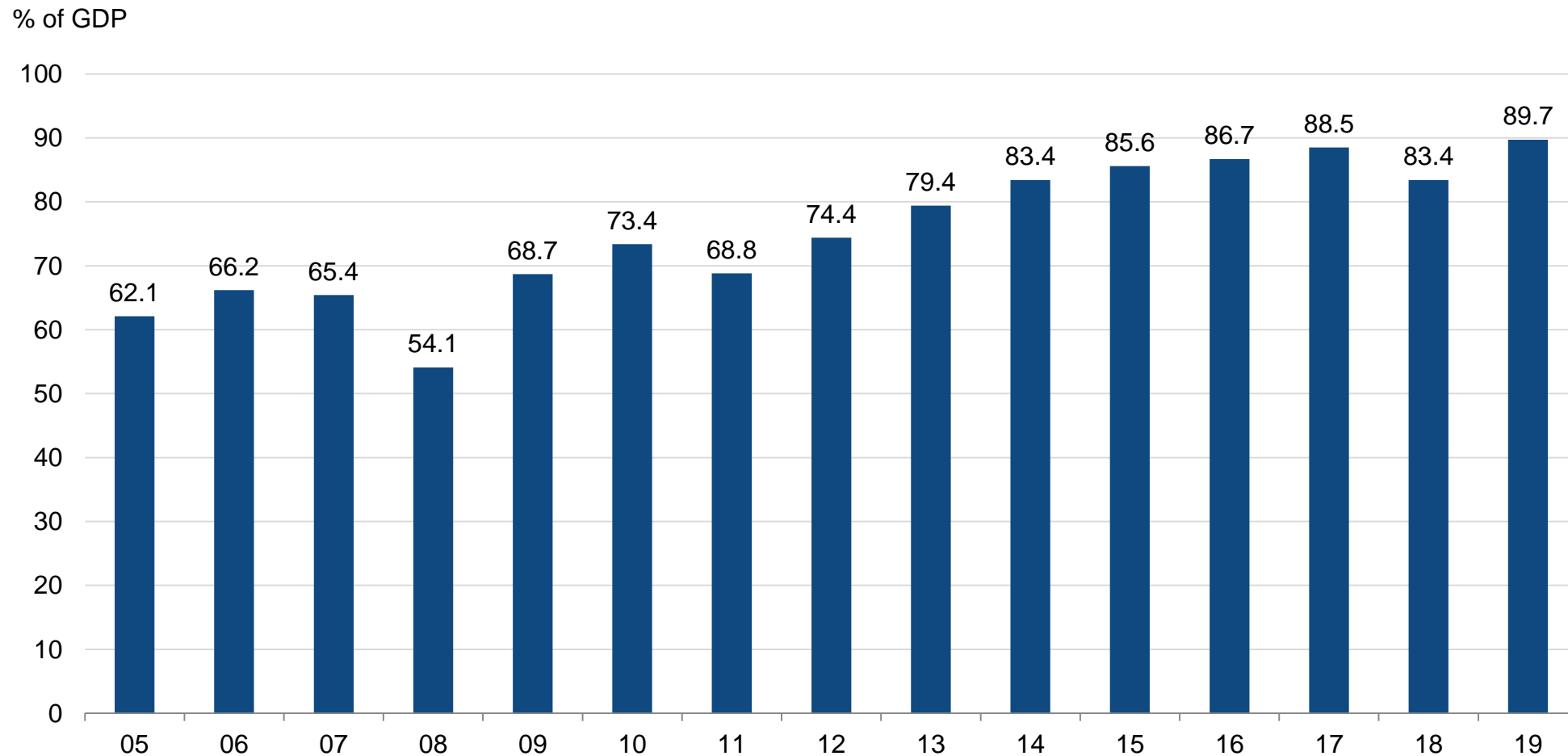


# The public debt-to-GDP ratio in Finland is one of the lowest in the euro area

EMU general government gross debt, % of GDP

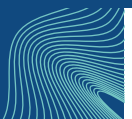


# Earnings-related pension assets including public sector pension assets

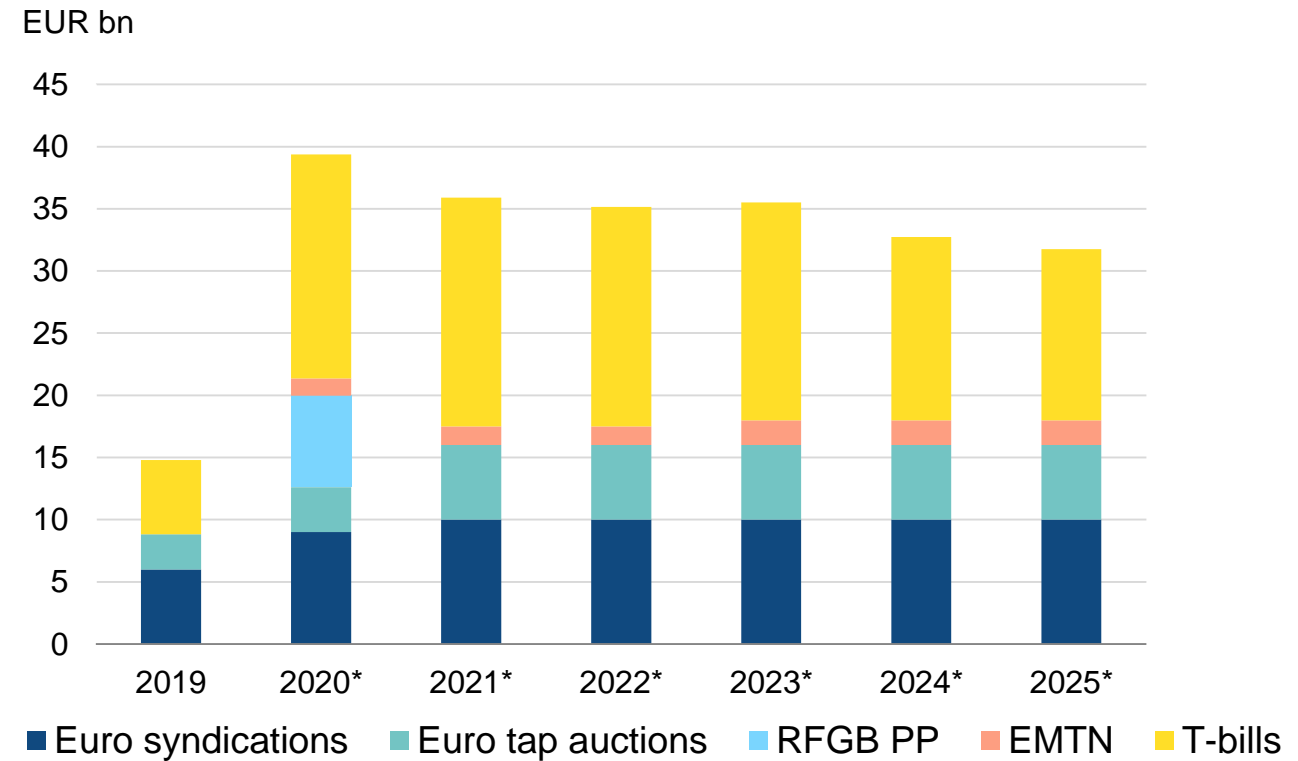
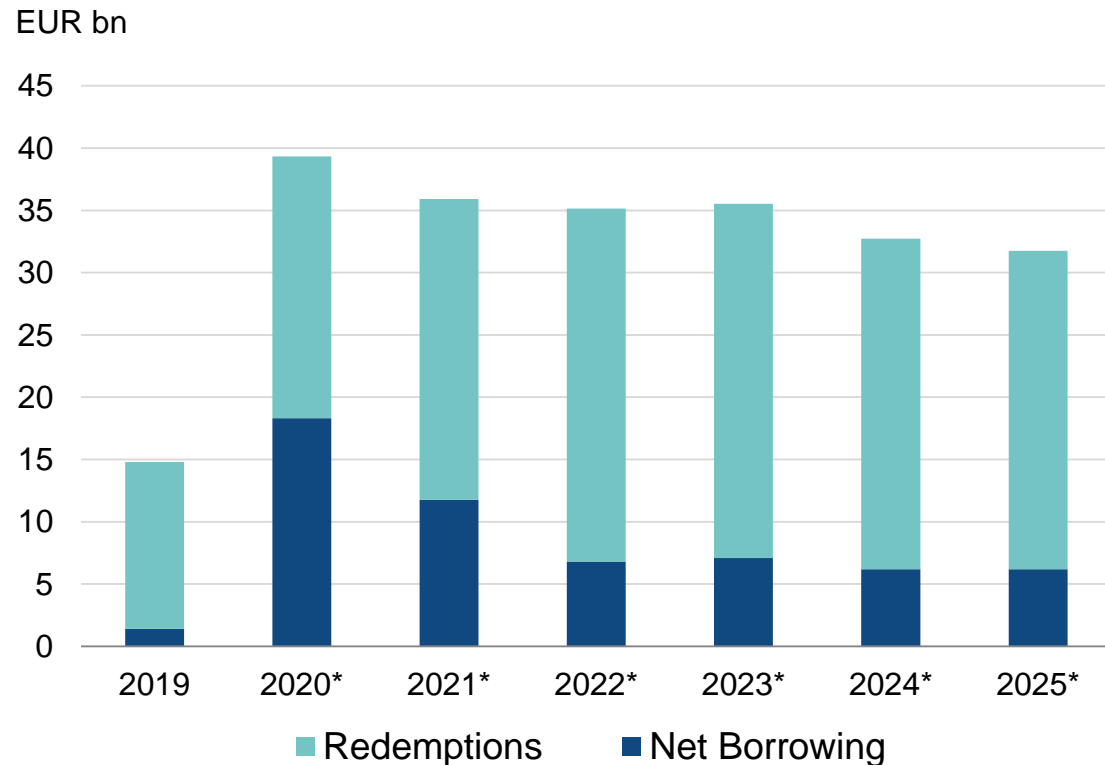




# 2 Funding



# Central government gross borrowing estimate and projected funding instrument allocation

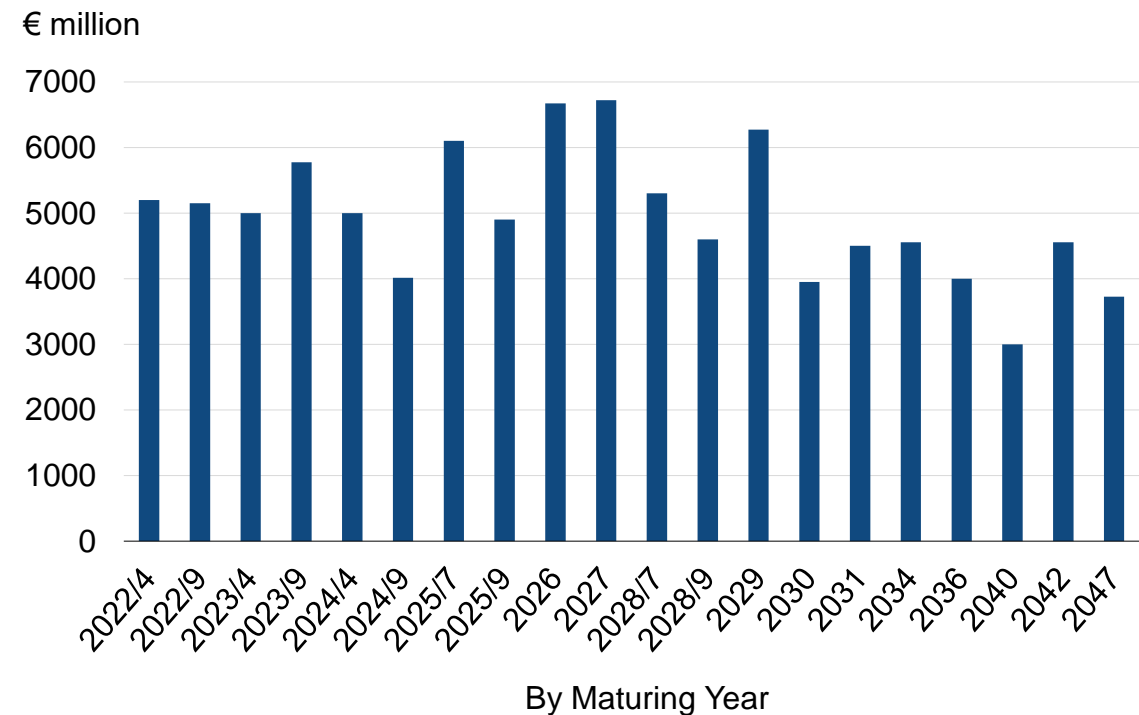


# Funding strategy

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

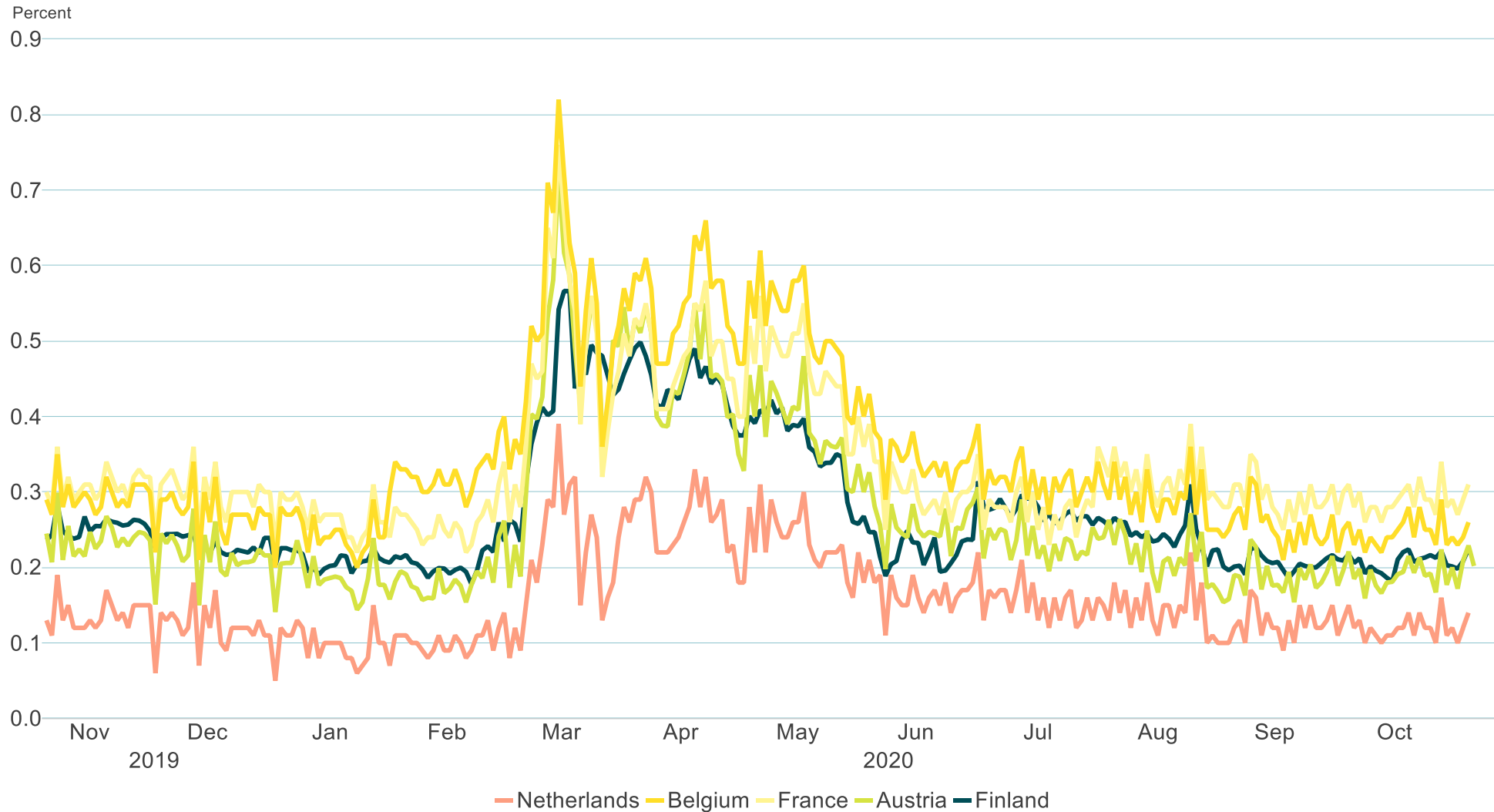
- Euro benchmark bond curve to 30 years
- Three syndicated euro benchmark bonds per year complemented by tap auctions
- Liquidity in focus – Primary Dealers and 3 inter-dealer platforms (MTS, BrokerTec, BGC E-Speed)
- EMTN issuance complements euro benchmark bonds

## Benchmark bonds outstanding





# 10-year government bond yield spreads to Germany



Source: Macrobond



Finnish central government borrowing / December 2020

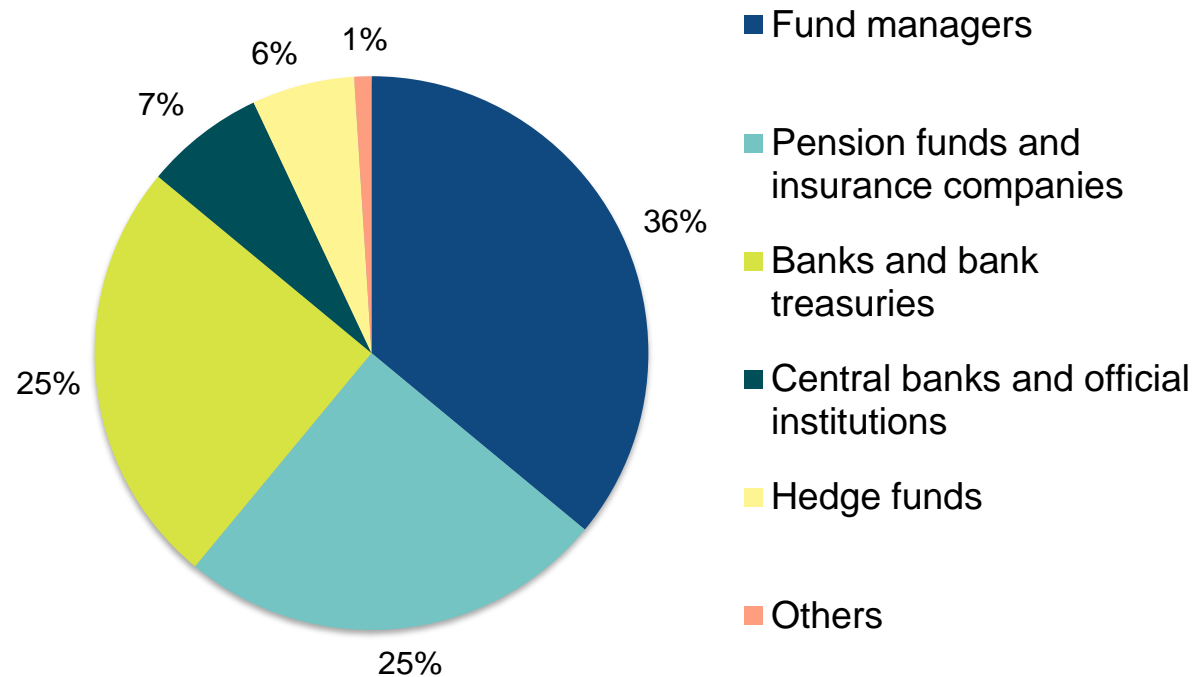
# Primary Dealers 2020

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

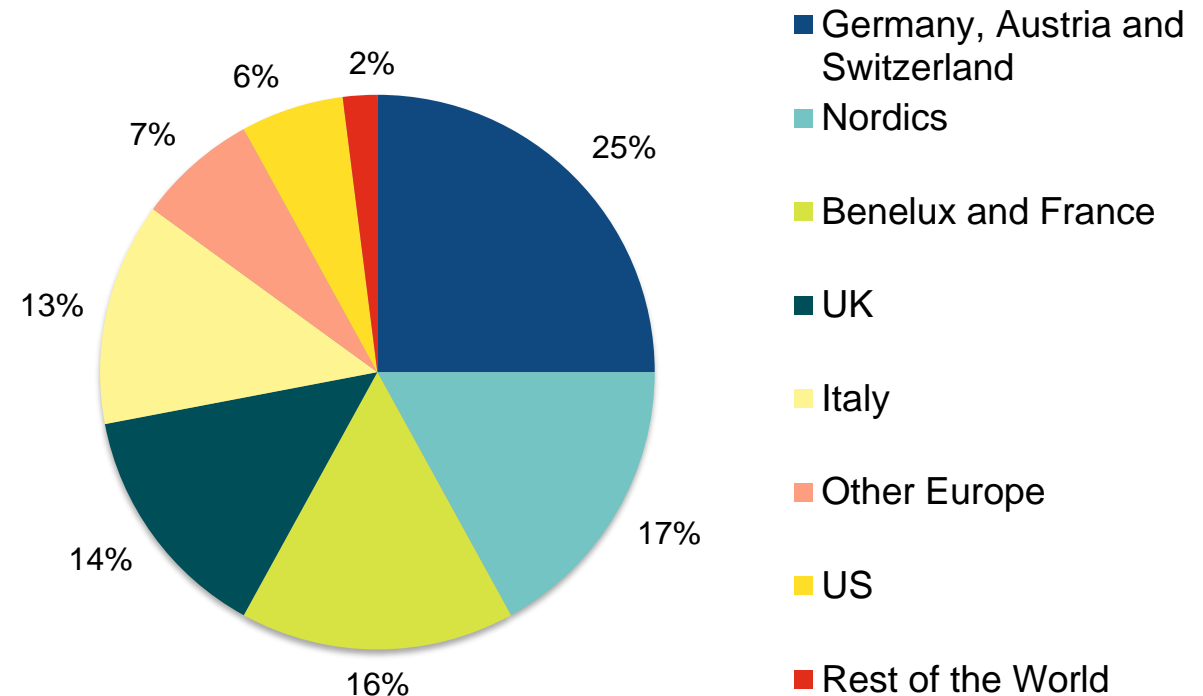
# Investor base for RFGB 0.25% EUR 3bn due September 2040

- Launched in June 2020
- Allocated to over 220 investors

## Distribution of the bond by investor type



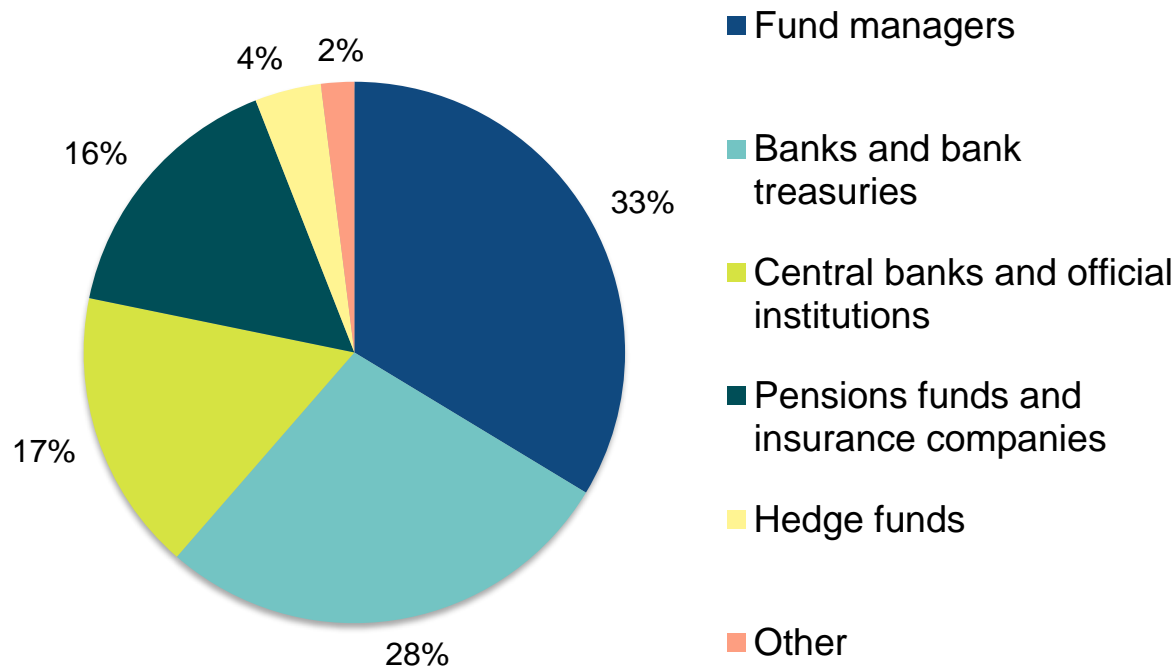
## Distribution of the bond by region



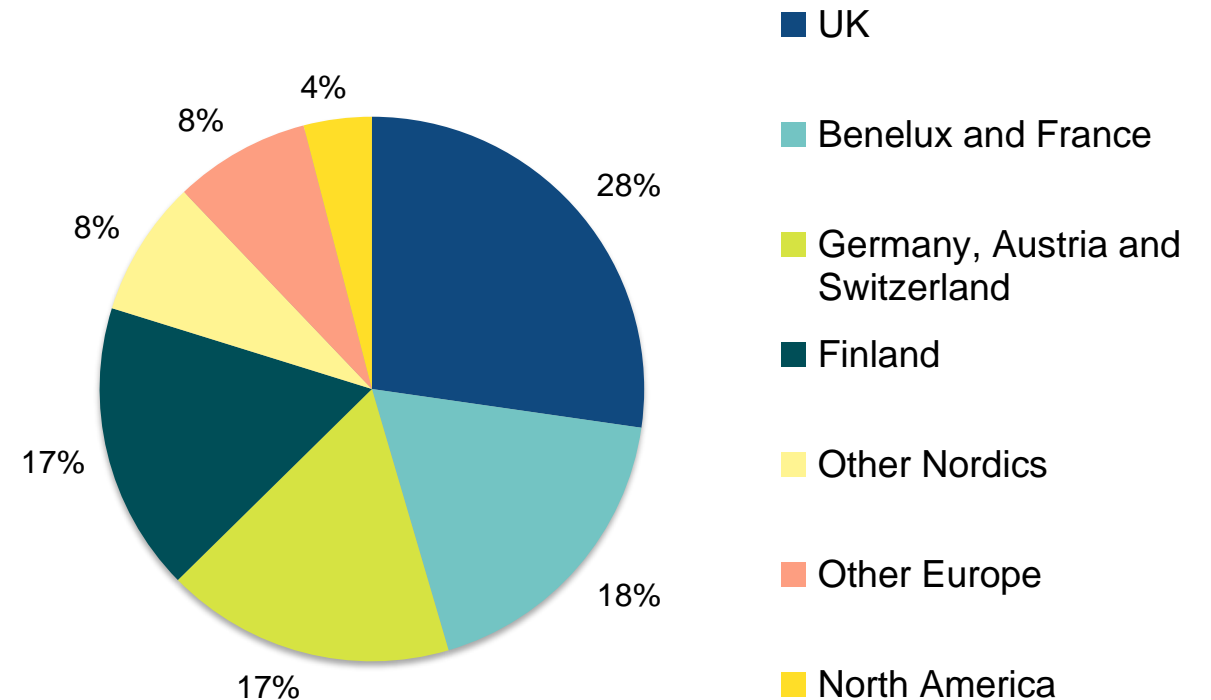
# Investor base for RFGB 0.00% EUR 3bn due September 2030

- Launched in August 2020
- Allocated to over 150 investors

## Distribution of the bond by investor type

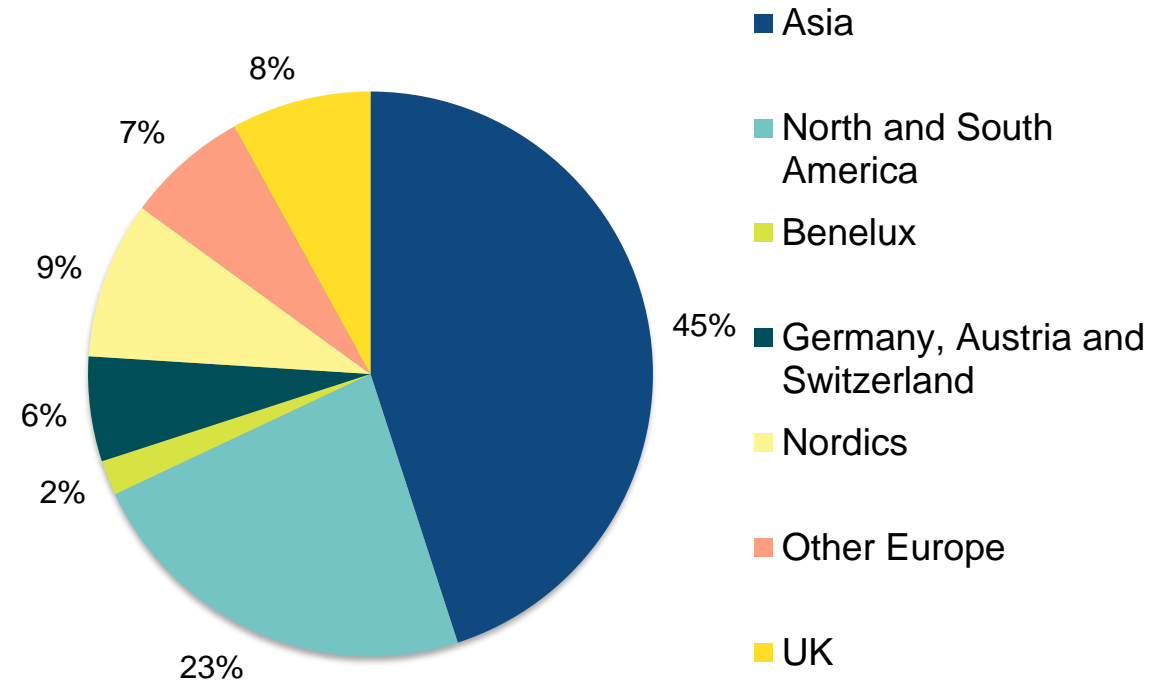
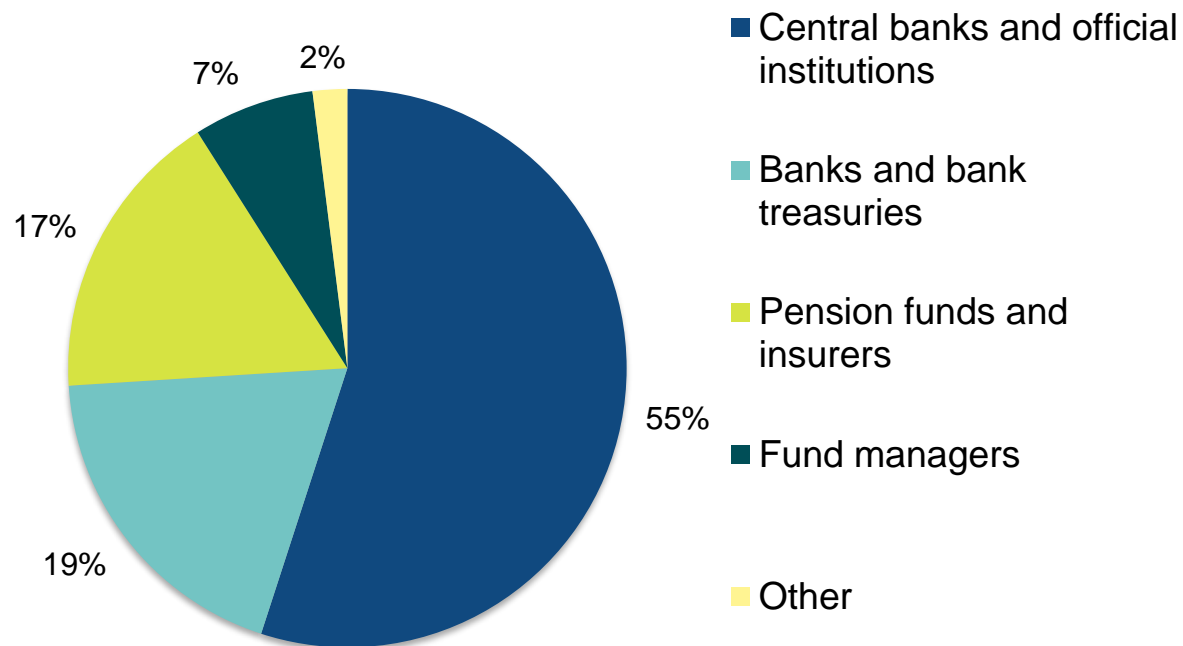


## Distribution of the bond by region



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

- Launched in May 2020
- Allocated to 87 investors



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