



State Treasury
Republic of Finland

Finnish central government borrowing

December 2021



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

Continued economic recovery driven by domestic demand

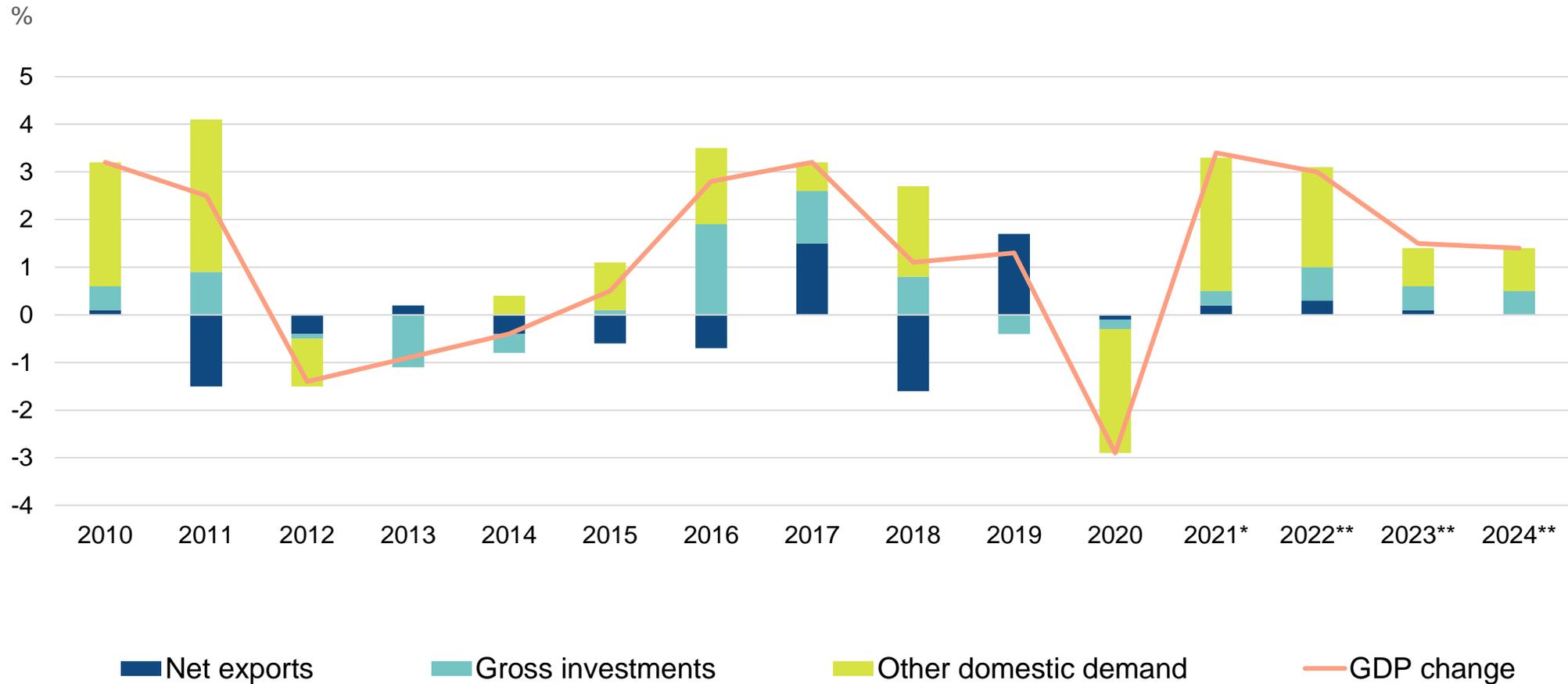
- Growth accelerating in industries where output below pre-pandemic levels
- Investment growth driven by housing construction in 2021. Machinery and equipment investments will increase rapidly next year.
- The number of employed persons has increased significantly in 2021.
- Rapid deterioration of pandemic the main threat to growth outlook

	2020	2021	2022	2023
GDP change, %	-2.9	3.4	3.0	1.5
Inflation, %	0.3	2.2	2.6	1.8
Current account, %/GDP	0.8	0.8	0.9	1.0
Private investment change, %	-3.4	3.6	3.0	2.6
Exports change, %	-6.8	4.2	5.6	3.7
Unemployment rate, %	7.7	7.6	6.7	6.5
Public deficit, %/GDP	-5.5	-2.8	-2.1	-1.3
Public debt, %/GDP	69.5	67.7	67.1	67.5

Source: Ministry of Finance, Winter 2021



Savings and sentiment support growth in private consumption



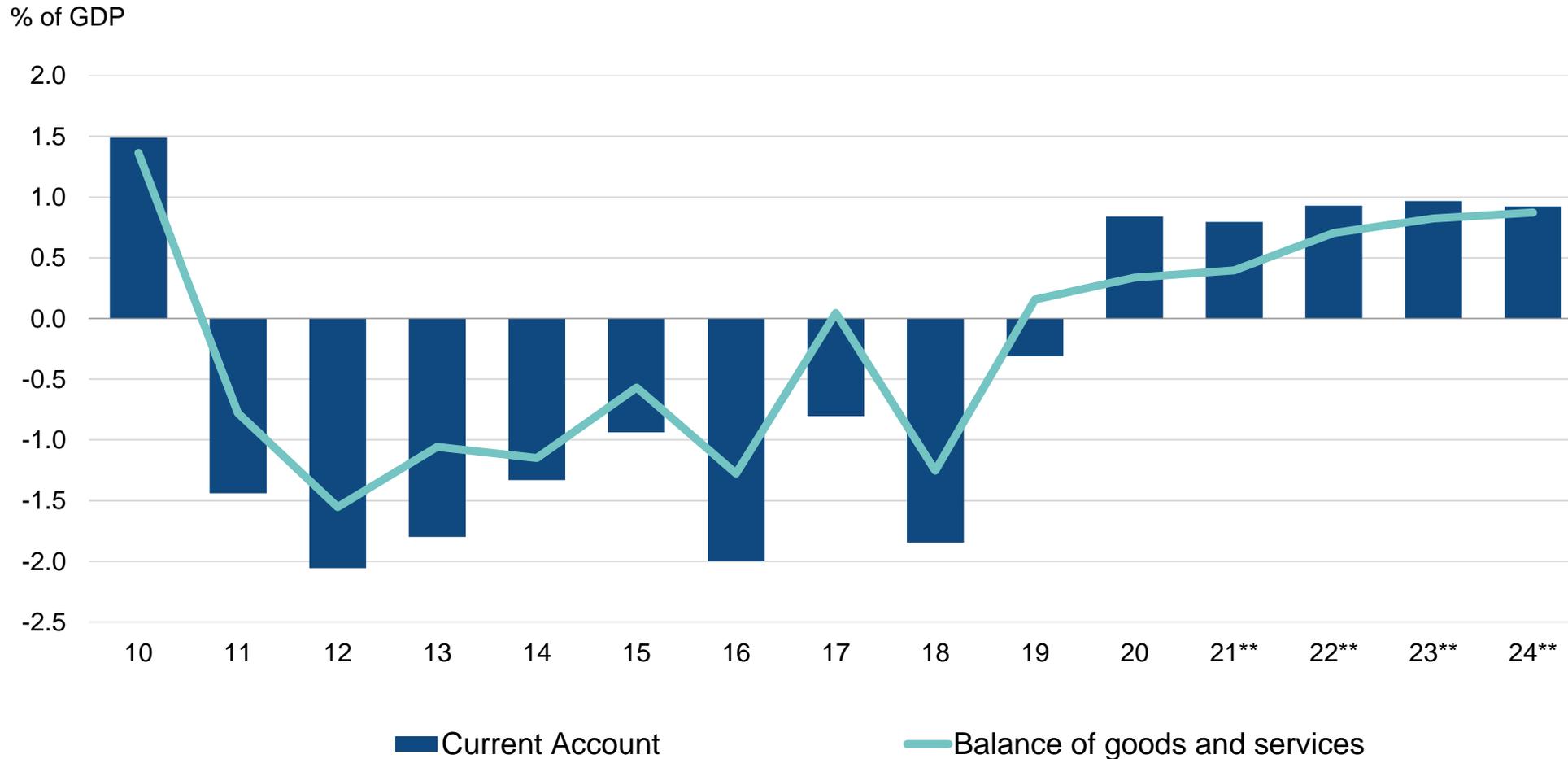
Acceleration in inflation expected to be temporary

change from previous year, %



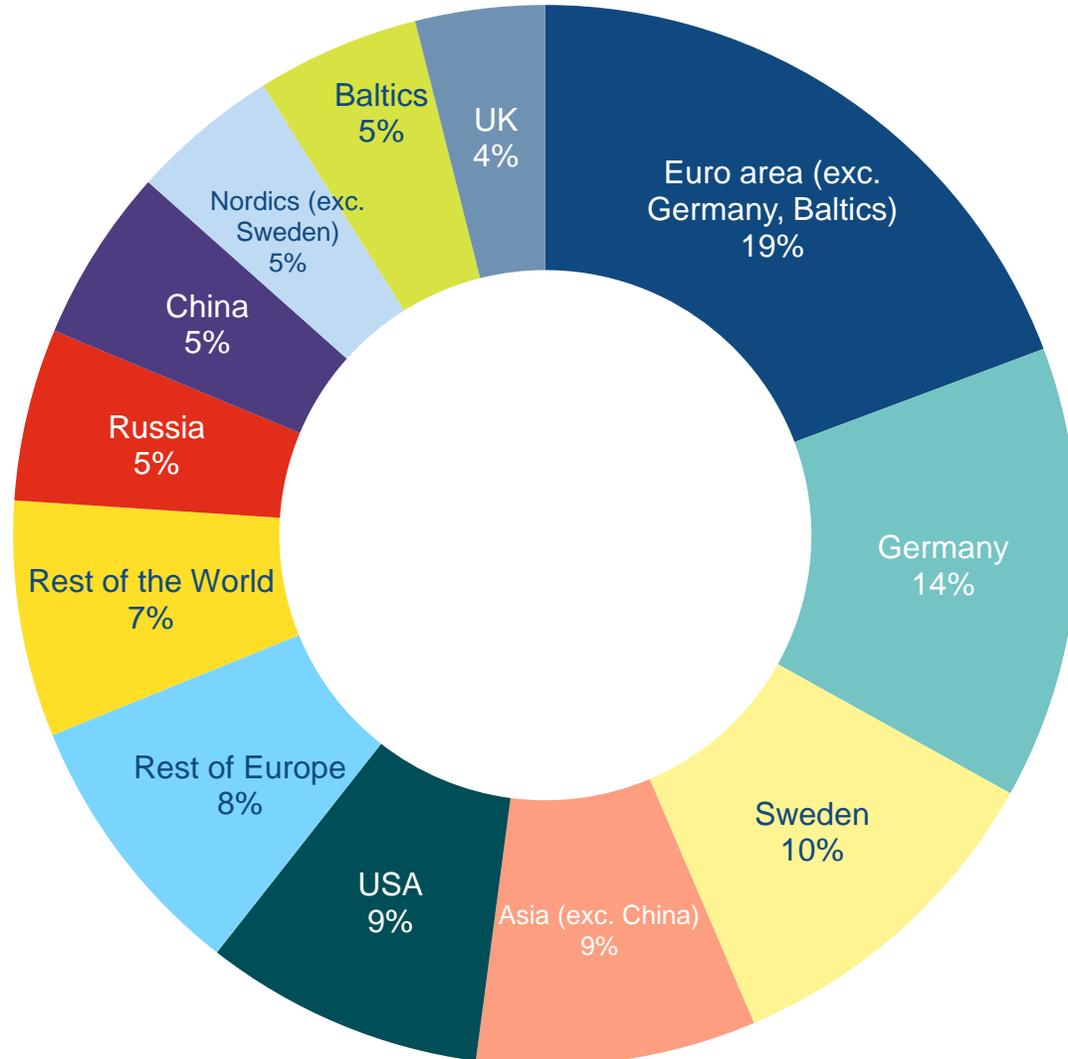
Source: Macrobond, Ministry of Finance

Current account slightly positive at the end of the outlook period

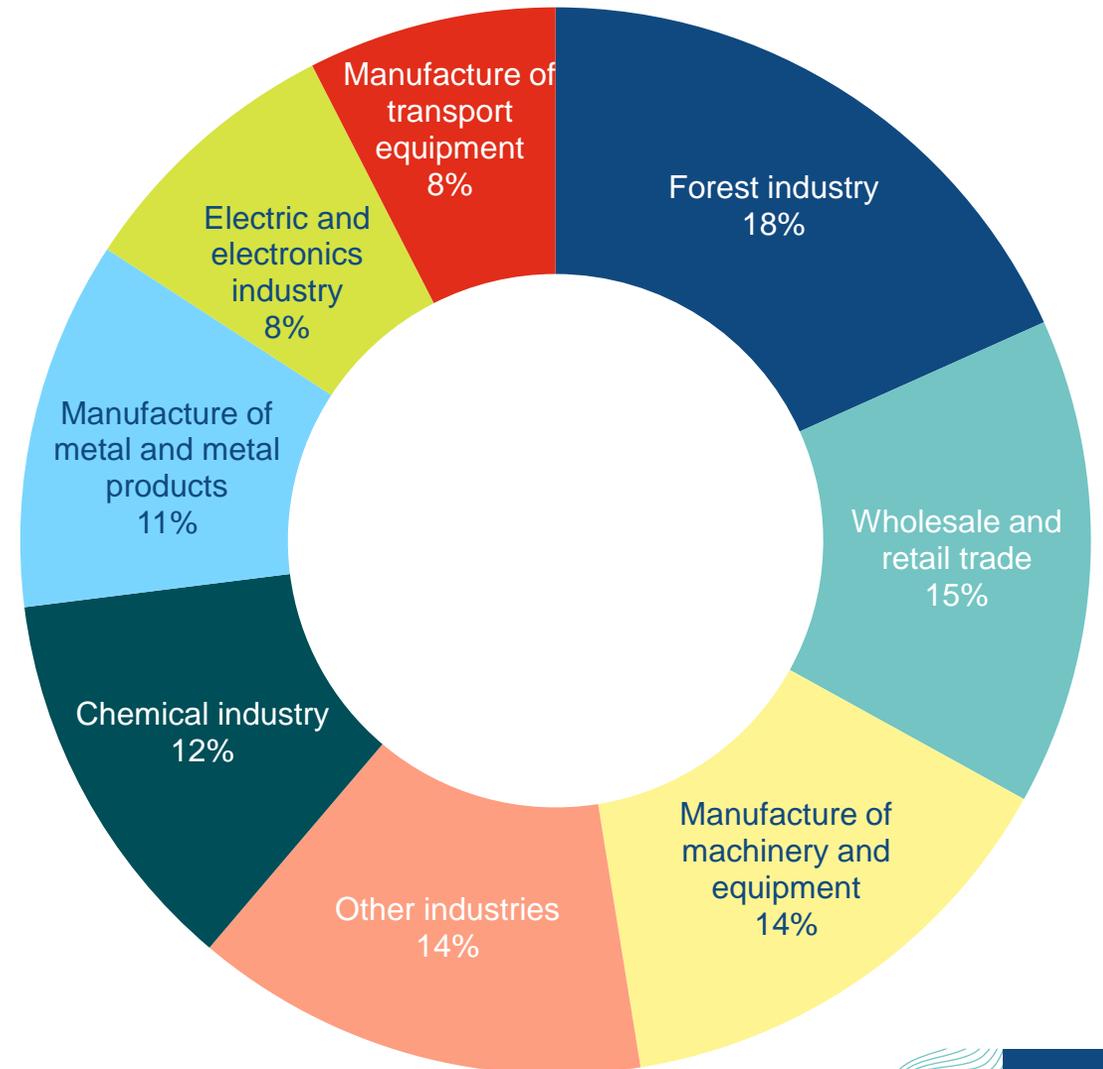


Exports of goods well diversified

Exports by countries of destination in 2020

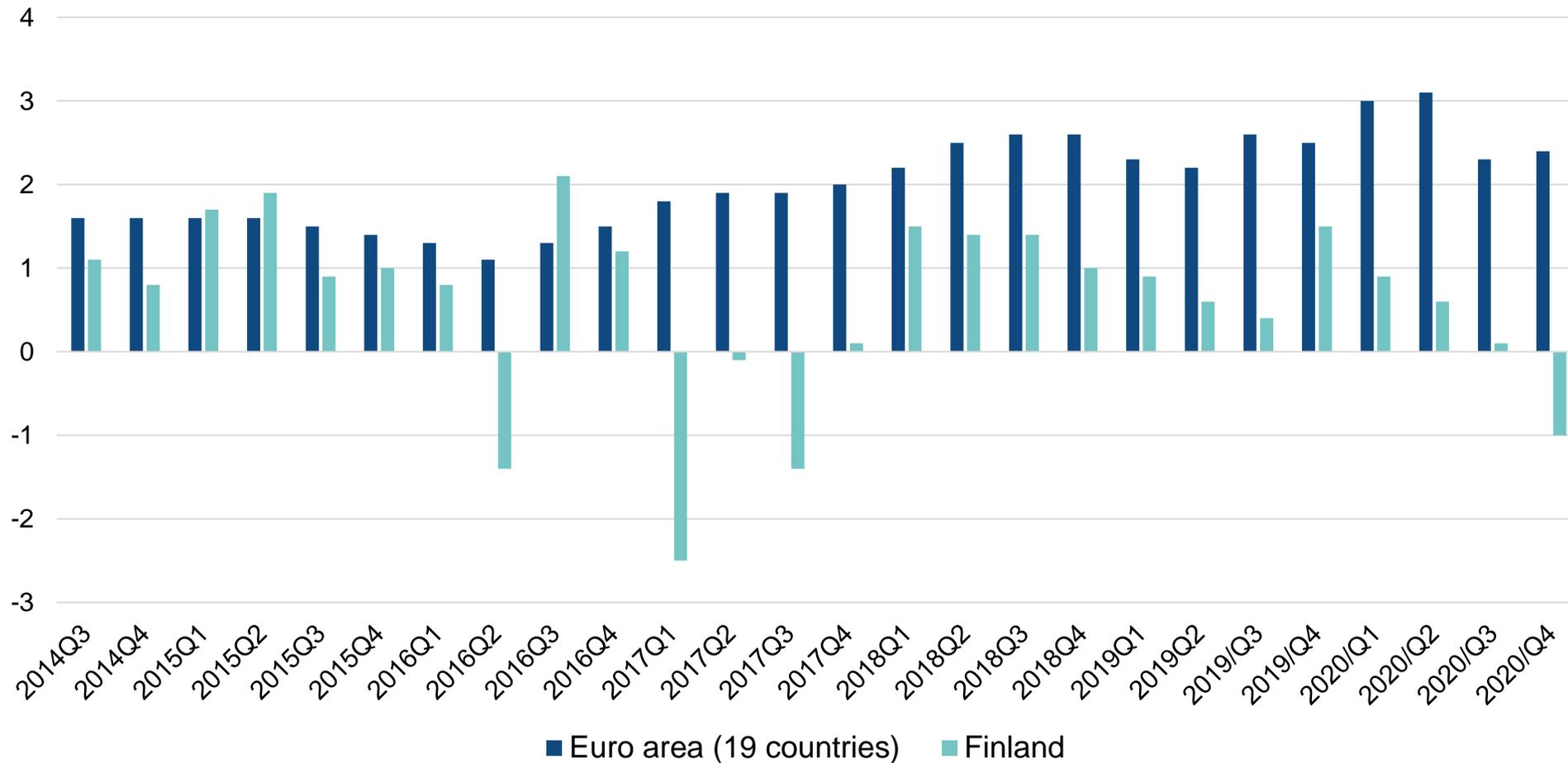


Exports by industries 2020



Labour costs competitiveness improved

Hourly labour cost % change from previous year



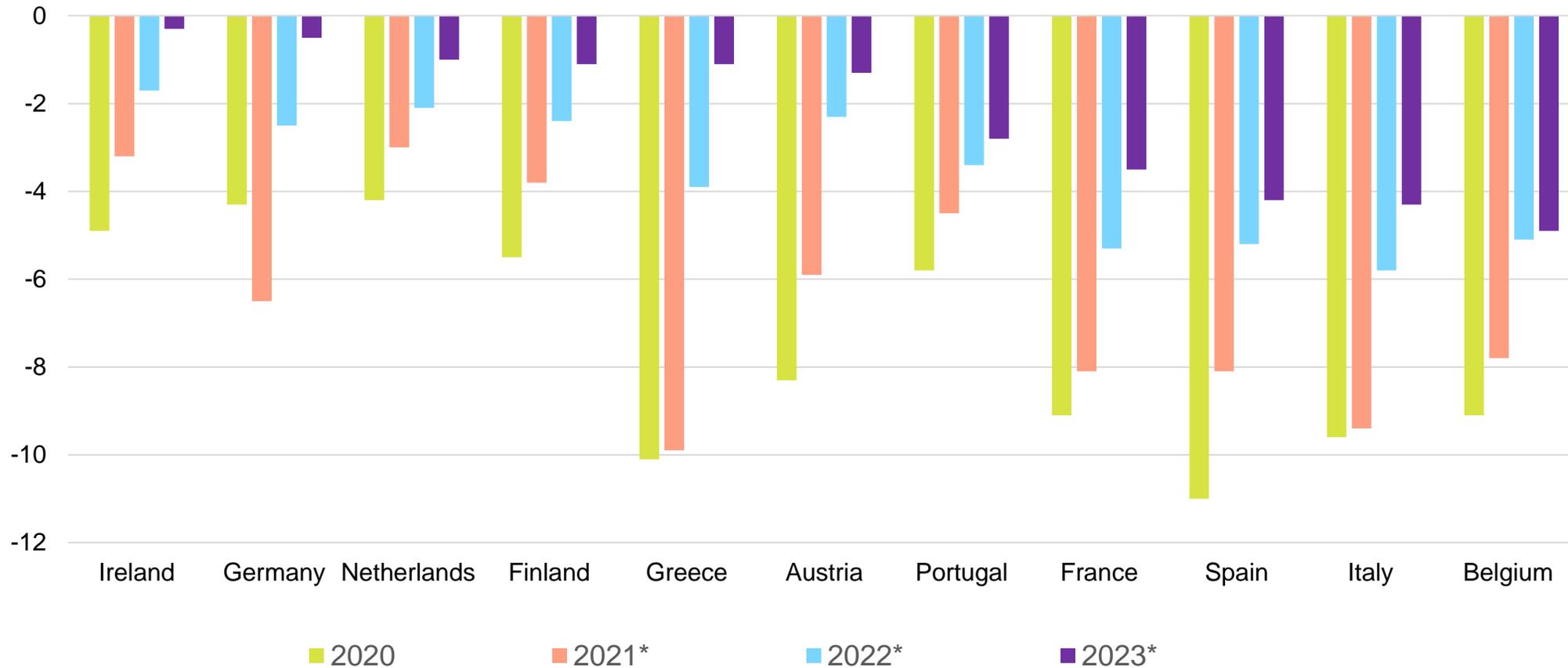
Source: Eurostat, May 2021

Relative housing prices in Finland



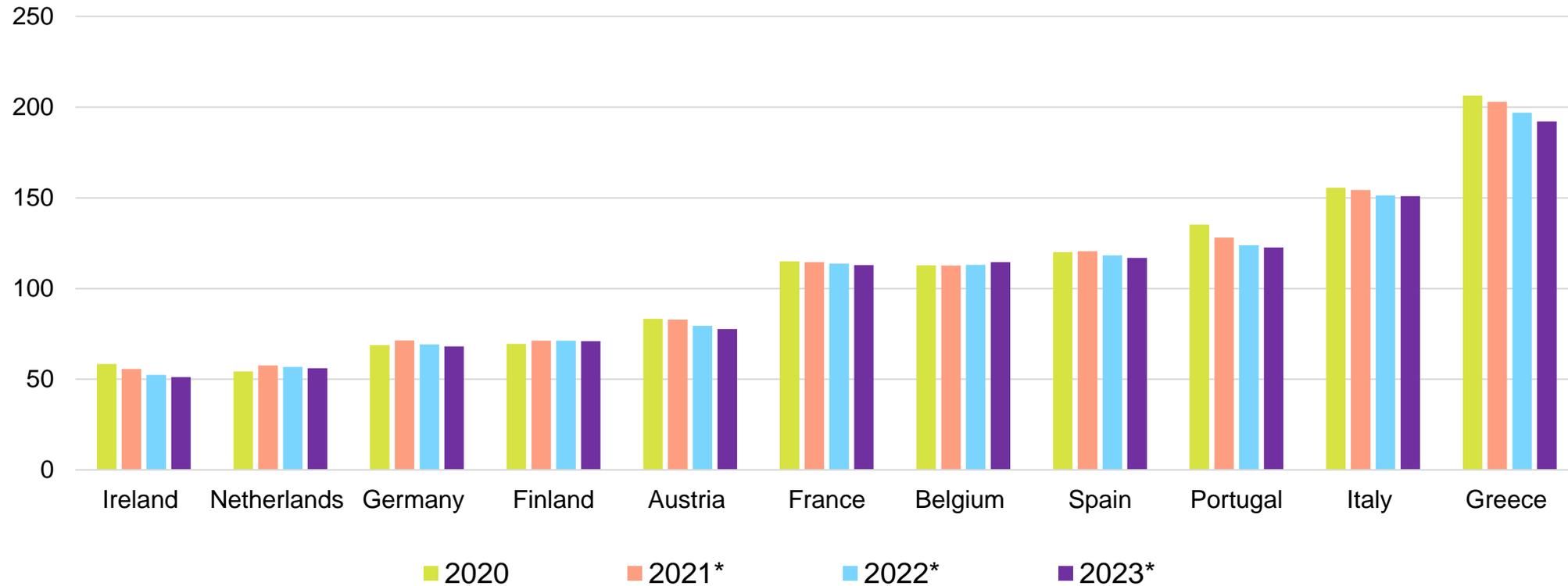
EMU general government financial balance

in ratio to GDP, %

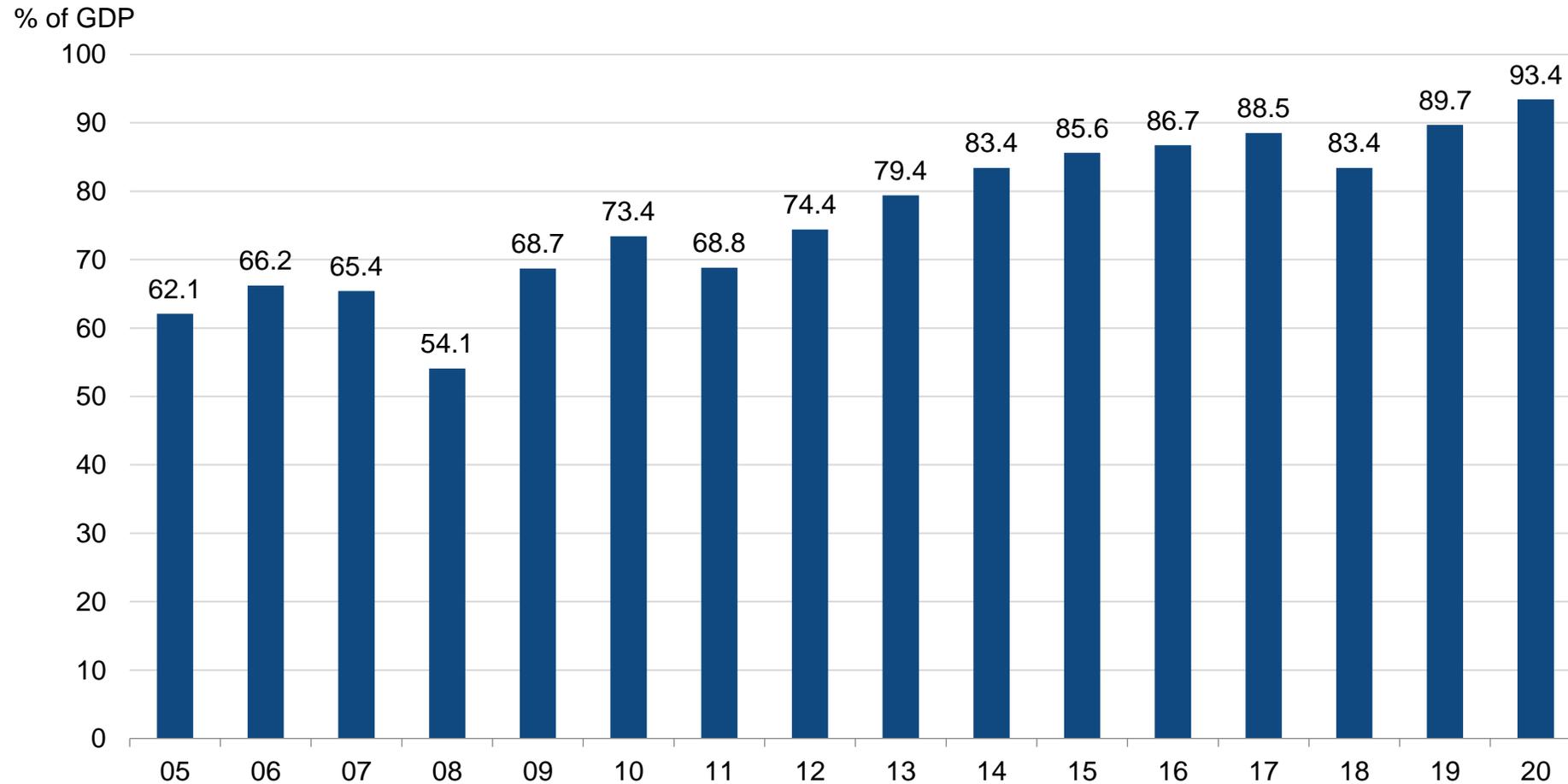


The public debt-to-GDP ratio in Finland is one of the lowest in the euro area

EMU general government gross debt, % of GDP



Earnings-related pension assets including public sector pension assets

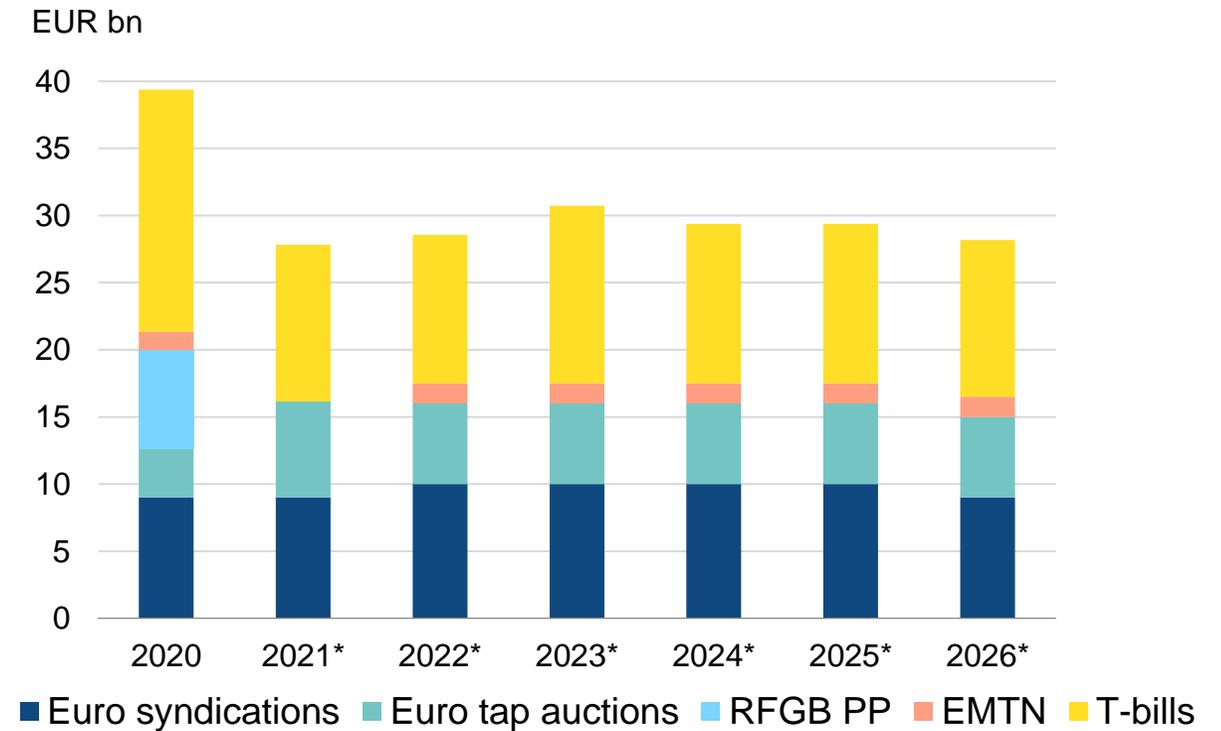
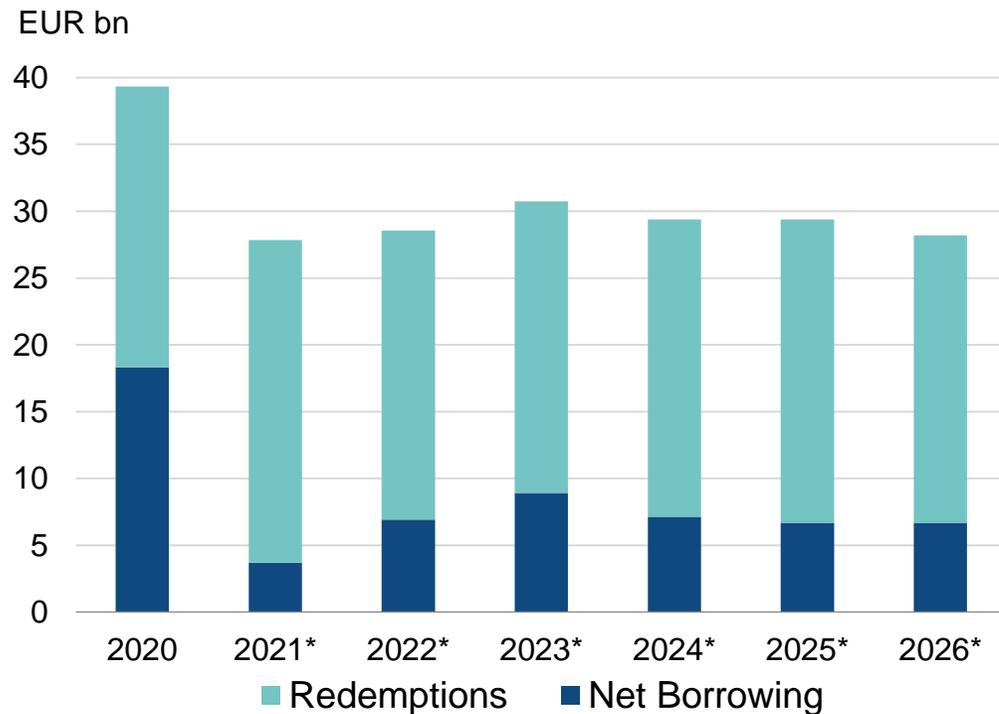




2 Funding



Central government gross borrowing estimate and projected funding instrument allocation

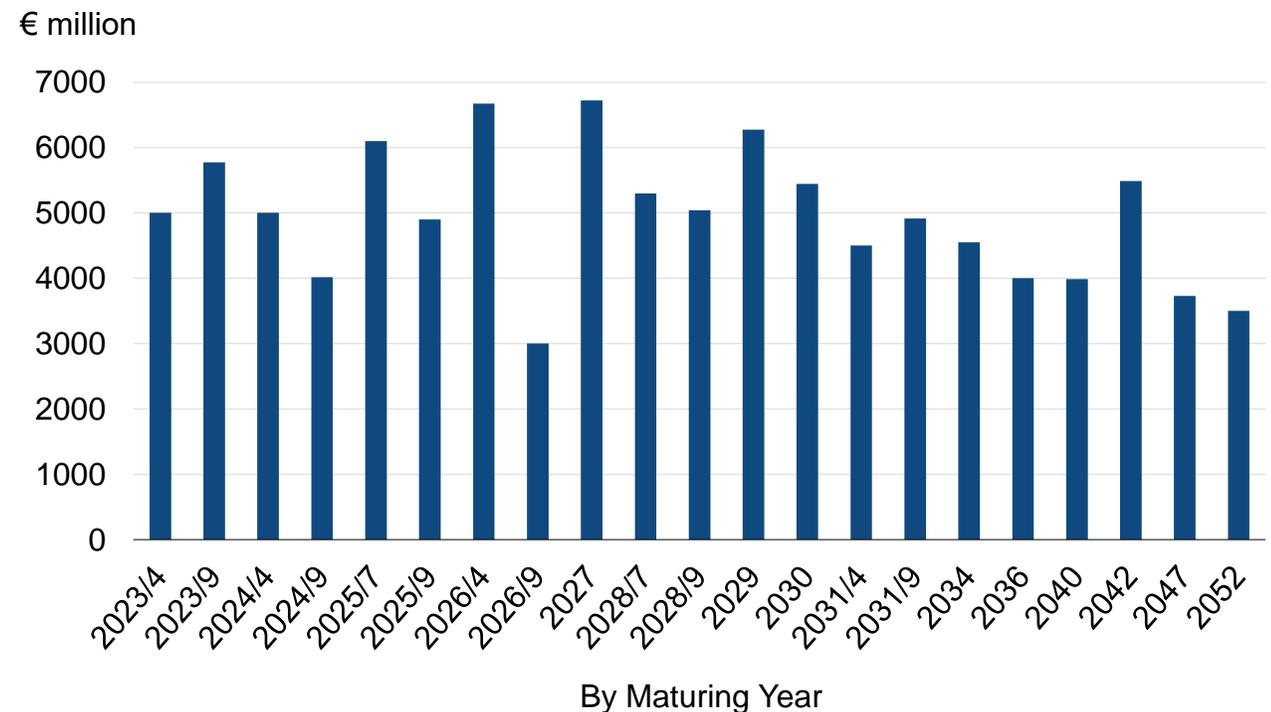


Funding strategy

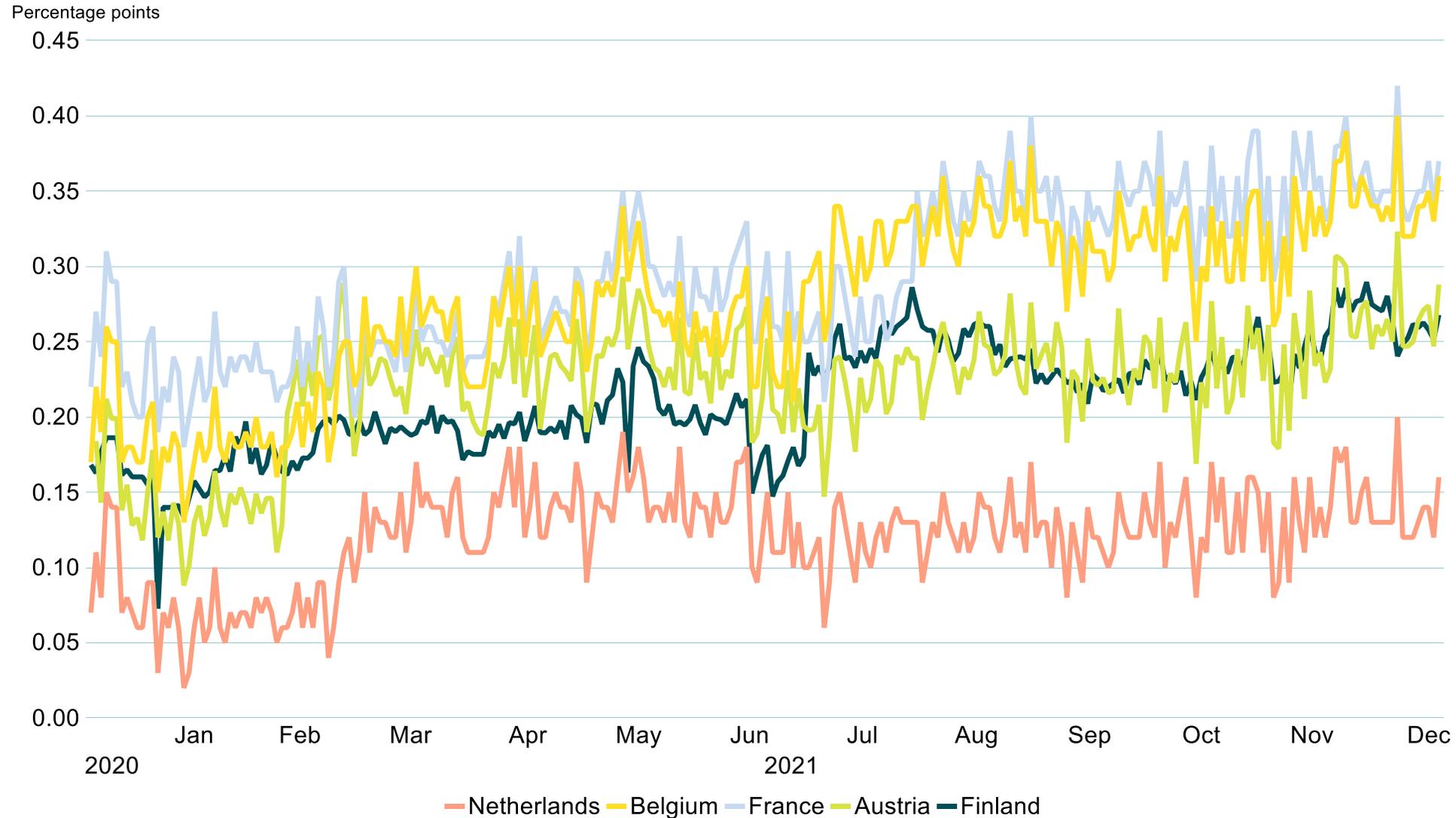
“Maintaining a globally diversified investor base by geography and investor type”

- 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



Primary Dealers 2022

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

Sustainability in Finland: current themes

- Finland ranks high in many comparisons and is by many metrics a global forerunner in sustainability.
- Finland ranks #1 in the UN Sustainable Development Goals country ranking 2021
- The Government's climate neutrality goal is 2035 but current measures are not sufficient, therefore:
 - **New Medium-term Climate Change Policy Plan 2021**
 - **Update of the Energy and Climate Strategy during 2021-2022**
- The Health and Social services reform 2023
- Tackling the COVID-19 aftermath

Finland

#5th least vulnerable country in the world to the negative impact of climate change

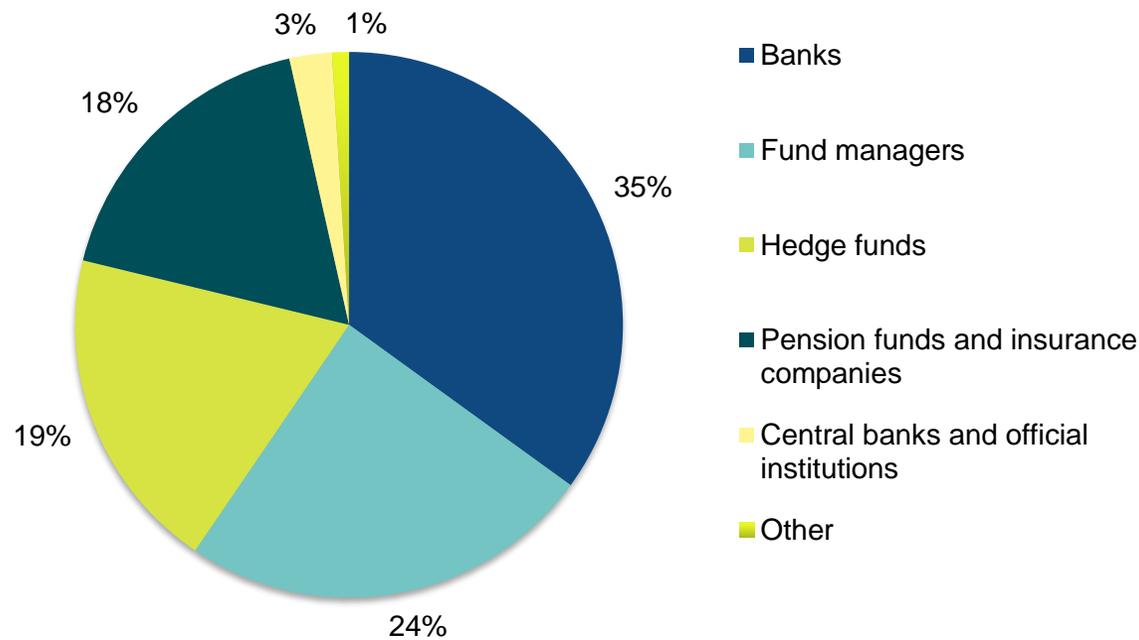
#5th most ready country to adopt to climate change.

The ND-Gain Matrix (2020)

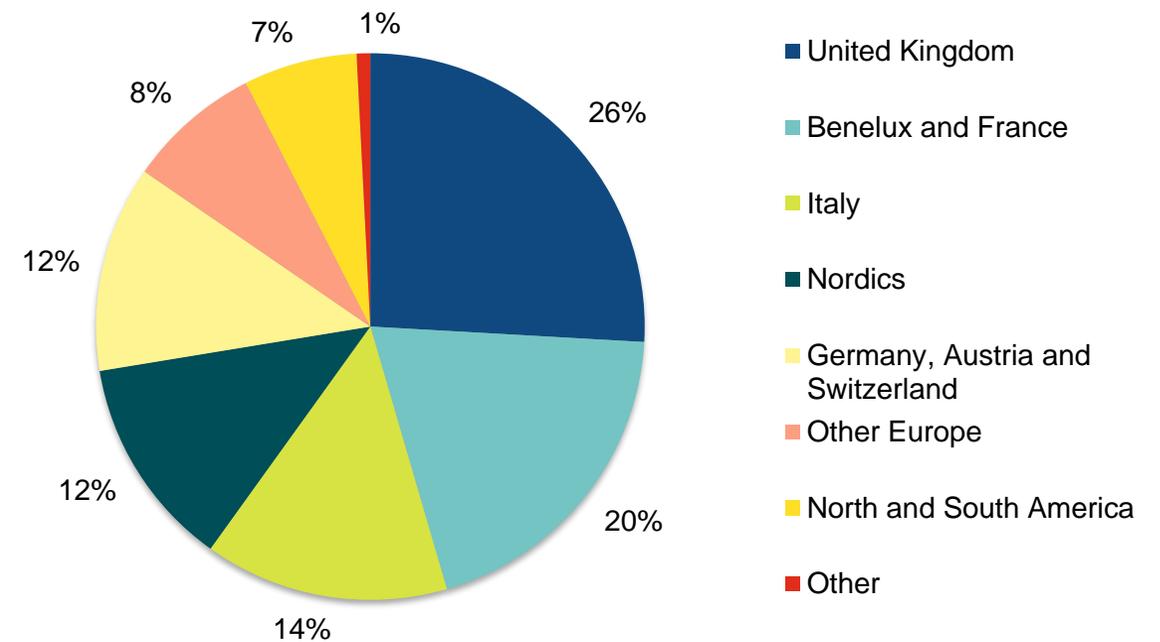
Investor base for RFGB 0.125% EUR 3bn due April 2052

- Launched in February 2021
- Allocated to over 130 investors

Distribution of the bond by investor type



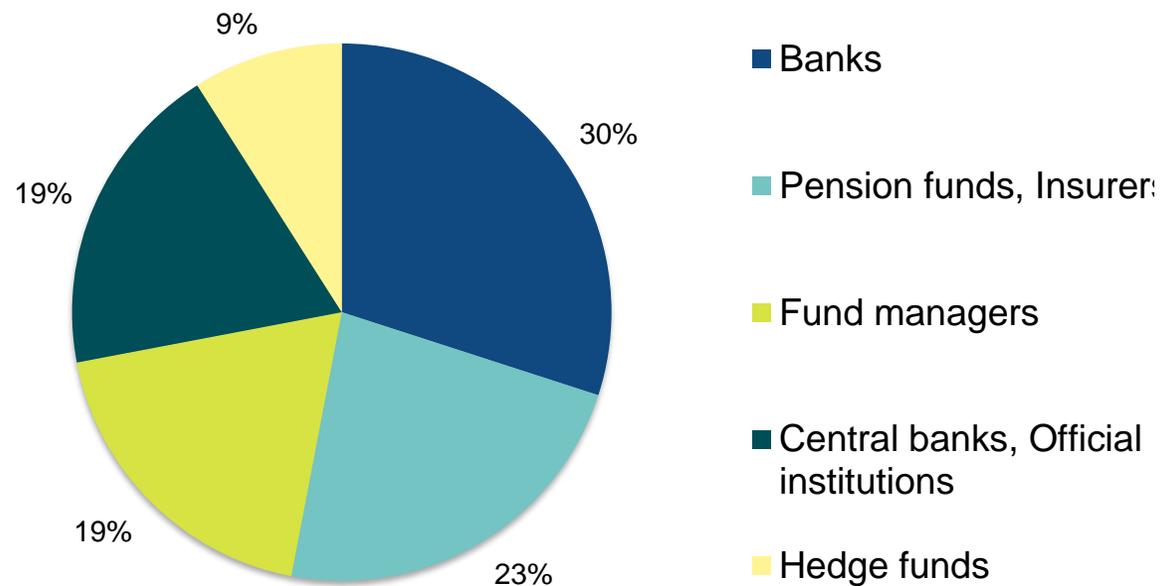
Distribution of the bond by region



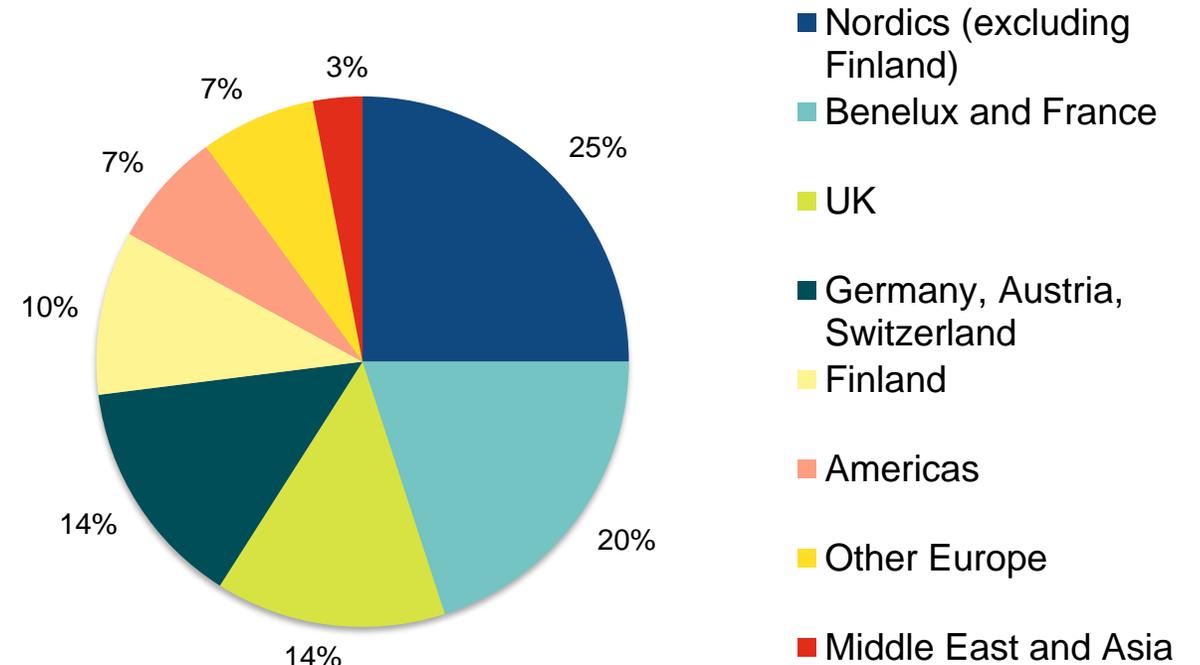
Investor base for RFGB 0.125% EUR 3bn due September 2031

- Launched in May 2021
- Allocated to over 110 investors

Distribution of the bond by investor type



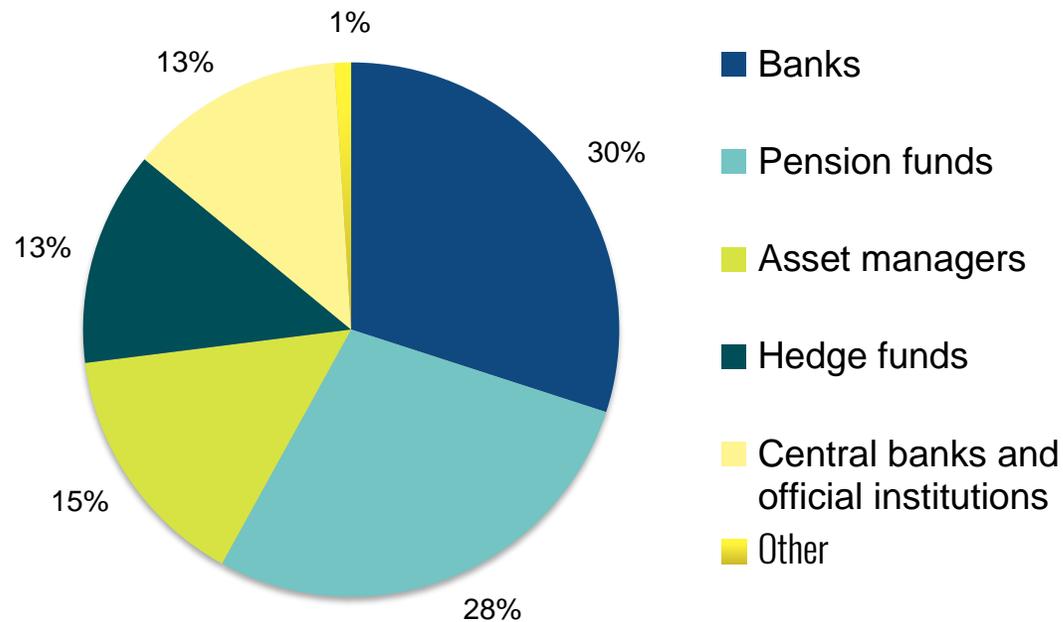
Distribution of the bond by region



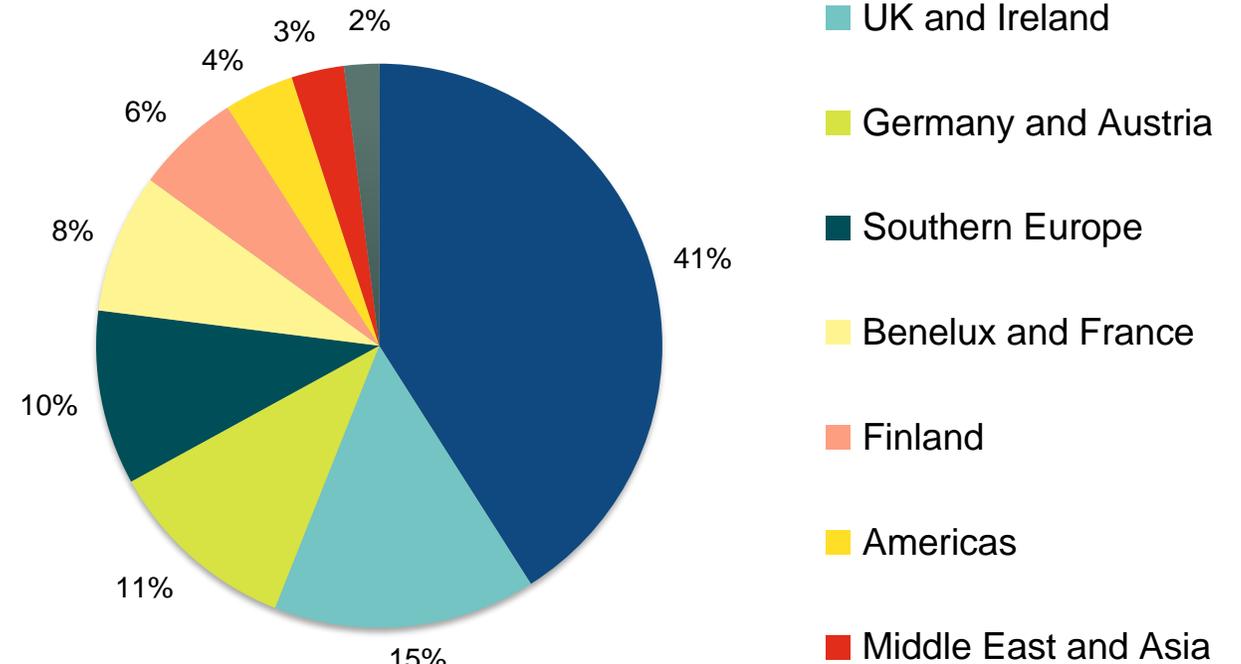
Investor base for RFGB 0.0% EUR 3bn due September 2026

- Launched in August 2021
- Allocated to circa 90 investors

Distribution of the bond by investor type

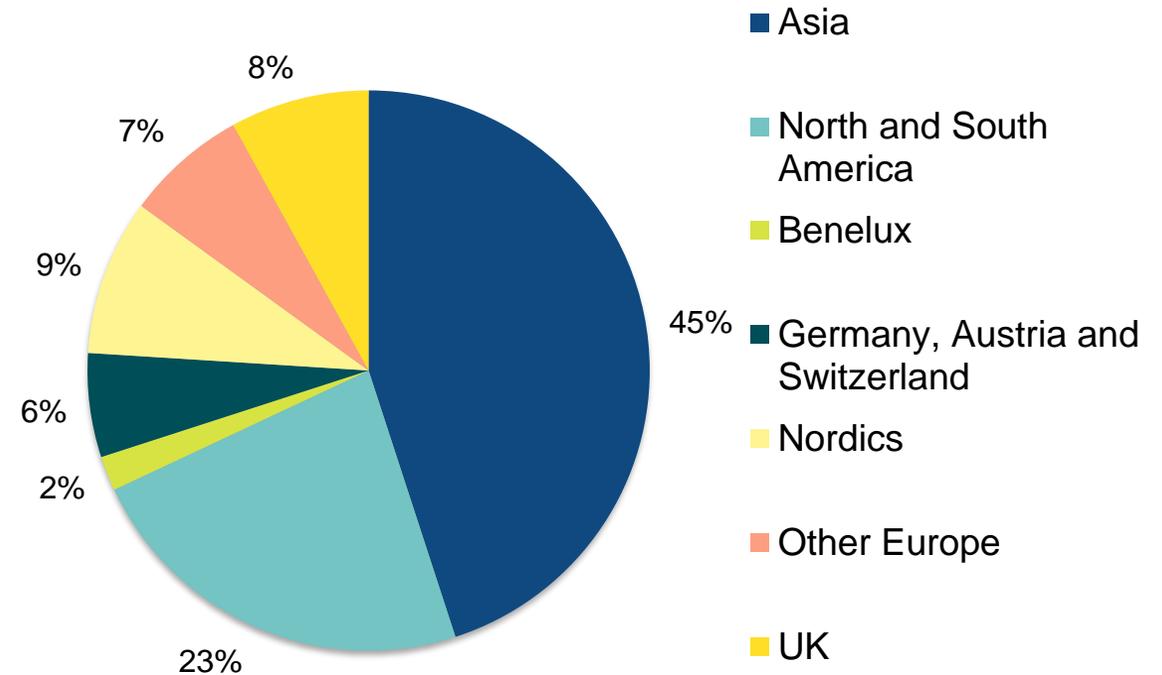
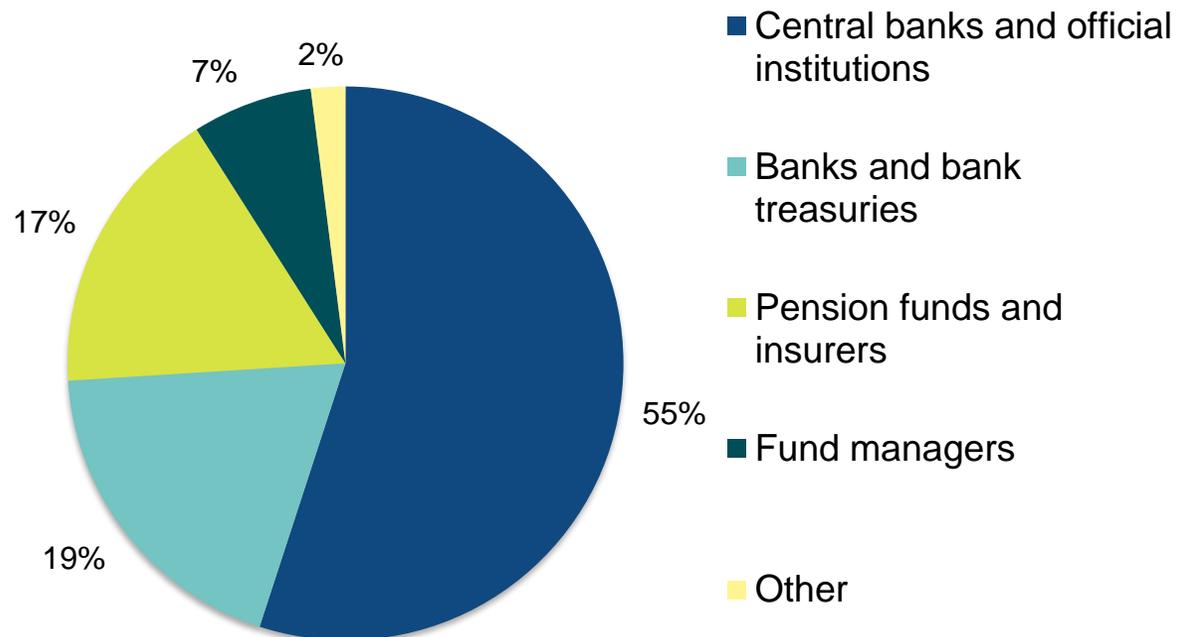


Distribution of the bond by region



Investor base for FINL 0.875% USD 1.5 bn due 2030

- Launched in May 2020
- Allocated to 87 investors



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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

