

Municipality Finance Plc

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S&P affirmed Municipality Finance the best “AAA” long-term rating - outlook however negative same as the sovereign’s

In relation to the decision by Standard & Poor's (S&P) in December 2011 to place its ratings on the Republic of Finland and other 14 Euro zone sovereigns on credit watch with negative implications, S&P also placed Municipality Finance's long-term AAA-rating on credit watch with negative implications. The reason for this was the close relationship between the Finnish state and the Finnish municipal sector. According to S&P's rating methodology, Municipality Finance's rating, the company being a public sector entity, cannot be higher than the rating of the sovereign.

On January 13, 2012 S&P affirmed Finland's “AAA” long-term and “A-1” short-term sovereign credit ratings. The outlook on the long-term rating is negative. Respectively, on January 20, 2012 S&P affirmed Municipality Finance the best “AAA” long-term rating and – reflecting that on the sovereign - the outlook is negative. Municipality Finance's short-term credit rating is “A-1”.

“S&P's rating affirmation was anticipated, and it further improves Municipality Finance's status in the international financial markets. After the recently confirmed rating downgrades there remains only a small group of issuers with the best possible “AAA” ratings, which clearly strengthens our ability to take care of our clients' financing needs in all circumstances”, says Pekka Averio, CEO of Municipality Finance.

The full report of S&P is available under www.munifin.fi.

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Municipality Finance Plc is a credit institution owned by Finnish municipalities, Keva (formerly the Local Government Pensions Institution) and the Government of Finland, specializing in market-based funding to municipalities and municipal federations, to municipality-controlled entities and non-profit housing corporations. The company's mission is to ensure affordable financial services for its clients, to be efficient and to grow profitably.