

Long-term rating of Municipality Finance Plc placed on credit watch with negative implications after similar action on sovereign

On December 5, 2011, Standard & Poor's (S&P) placed its ratings on Finland and other 14 Euro zone sovereigns on credit watch with negative implications. The credit rating of Finland may be downgraded from the current AAA by a maximum of one notch to AA+.

Consequently, due to the close relationship between the Finnish state and the Finnish municipal sector, S&P is placing Municipality Finance's long-term AAA-rating on credit watch with negative implications. There have not been any material changes in the financial situation of Municipality Finance. According to the S&P's rating methodology Municipality Finance's rating (entity being part of the public sector) cannot be higher than the rating of the sovereign. At the same time S&P affirms Municipality Finance's A-1+ short-term rating.

As grounds for their decision to place Euro zone sovereigns on credit watch, S&P expresses their concerns about the potential adverse impact of deepening political, financial, and monetary problems within the European Economic and Monetary Union.

S&P concludes their review concerning Euro zone sovereigns after the European summit on December 9th, 2011 and consequently concerning Municipality Finance once the credit watch on the sovereigns has been resolved. S&P may decide to lower the rating of Finland and Municipality Finance by maximum of one notch, to AA+. S&P may also affirm the rating at its current level if they deem the actions decided on at the summit as sufficient.

Further information:

Pekka Averio, President and CEO, tel. +358 500 406 856