

S&P has confirmed the best possible credit rating for Municipality Finance

Credit rating agency Standard & Poor's has confirmed that the long-term credit rating of Municipality Finance will remain AAA (stable), at the best possible level. The short-term credit rating also remained at the best possible level, A-1+. Two weeks ago, Municipality Finance also received confirmation from Moody's that its credit rating remains at the best possible level.

The main rationale behind the credit rating decision by S&P was the high-quality loan portfolio of Municipality Finance. The portfolio consists solely of municipal loans and loans related to state-subsidised housing production, both of which are zero-risk weighted in capital adequacy calculations of financial institutions. S&P also noted that Municipality Finance has very strong liquidity. The Finnish local government financing system, which is formed by Municipality Finance and the Municipal Guarantee Board that guarantees the funding operations of Municipality Finance, as well as the central bank limit were also seen as supporting factors for the credit rating.

S&P also considered it positive that Municipality Finance has systematically continued to strengthen its own funds to adapt to the increasing leverage ratio requirements that will be introduced by the stricter regulation of credit institutions. In addition, S&P gave Municipality Finance recognition for its conservative risk management and efficient monitoring tools.

"Municipality Finance remains the only Finnish financial institution that has the best possible credit rating from the two most significant credit rating agencies. This provides excellent support for our funding operations on the international financial markets and further strengthens our position as the most important provider of financing to the local government sector," says Pekka Averio, President and CEO of Municipality Finance.

Aside from the Republic of Finland, Municipality Finance is the only institution in the Euro zone that has a AAA/Aaa credit rating with a stable outlook from two credit rating agencies.

Municipality Finance Plc

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Municipality Finance Plc is the credit institution of the Finnish municipal sector, which is owned by municipalities, Keva and the State of Finland. The company is a key part of the basic economic structure of Finnish society. Its job is to ensure the most competitive funding possible for state-subsidised and municipally supported housing production under all market conditions.

The Municipality Finance Group also includes the subsidiary company Financial Advisory Services Inspira Ltd.

The company's customers are Finland's municipalities, municipal federations, municipally controlled companies and non-profit housing corporations. Our customers use funding solutions provided by Municipality Finance to fund social and non-profit entities such as day care centres, schools, housing facilities and hospitals as well as other municipal investments.

Municipality Finance has the best possible credit rating and its funding is guaranteed by the Municipal Guarantee Board. The funding for the company is primarily obtained through market-based fund-raising on the international capital markets. The Group's balance sheet total is more than EUR 25 billion.

Read more: www.kuntarahoitus.fi