

**Research Update:**

**Municipal Guarantee Board 'AAA'  
Rating Affirmed Following Similar  
Action On Finland; Outlook  
Negative**

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## Research Update:

# Municipal Guarantee Board 'AAA' Rating Affirmed Following Similar Action On Finland; Outlook Negative

## Overview

- We affirmed our 'AAA' long-term sovereign issuer credit ratings on the Republic of Finland on Jan. 13, 2012.
- In our opinion, the ratings on Finland-based guarantee institution Municipal Guarantee Board are highly dependent on the Finnish local government sector's creditworthiness, which in turn is interrelated with and capped by the sovereign credit standing.
- Consequently, we are affirming our 'AAA' long-term issuer credit rating on Municipal Guarantee Board and removing it from CreditWatch, where it was placed with negative implications on Dec. 7, 2011.
- The negative outlook reflects that on the Republic of Finland.

## Rating Action

On Jan. 20, 2012, Standard & Poor's Ratings Services affirmed its 'AAA' long-term issuer credit ratings Finland-based guarantee institution Municipal Guarantee Board (MGB). At the same time, we removed the ratings from CreditWatch, where they were placed with negative implications on Dec. 7, 2011. The outlook is negative.

## Rationale

The affirmation reflects a similar action on the Republic of Finland (AAA/Negative/A-1+) on Jan. 13, 2012. In our opinion, the ratings on MGB are highly dependent on the Finnish local government sector's creditworthiness, which in turn is interrelated with the sovereign credit standing. In our opinion, the ratings on MGB ultimately hinge on the joint support of the Finnish local government sector. This support is formalized in a joint pro rata guarantee provided by the Finnish local government sector to MGB, which in turn extends it exclusively to municipal funding agency Municipality Finance (AAA/Negative/A-1+). In addition, we do not consider the Finnish local government sector to meet our criteria for ratings higher than those on the sovereign.

As a consequence, the ratings on MGB are capped by the ratings on Finland.

## Outlook

The negative outlook reflects that on the Republic of Finland.

## Related Criteria And Research

All articles listed below are available on RatingsDirect on the Global Credit Portal.

- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Joint-Support Criteria Update, April 22, 2009
- Methodology: Rating A Regional Or Local Government Higher Than Its Sovereign, published Sept. 9, 2009
- Methodology For Rating International Local And Regional Governments, Sept. 20, 2010
- Finland's 'AAA/A-1+' Ratings Affirmed; Off Watch Neg, Outlook Negative, Jan. 13, 2012

## Ratings List

Ratings Affirmed; CreditWatch/Outlook Action

	To	From
Municipal Guarantee Board Issuer Credit Rating	AAA/Negative/A-1+	AAA/Watch Neg/A-1+
Municipality Finance PLC Senior Unsecured*	AAA	AAA/Watch Neg

\*Guaranteed by Municipal Guarantee Board

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Complete ratings information is available to subscribers of RatingsDirect on the Global Credit Portal at [www.globalcreditportal.com](http://www.globalcreditportal.com). All ratings affected by this rating action can be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.

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