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Research Update:

Finnish Unemployment Insurance Fund Outlook Revised To Stable After Similar Action On The Sovereign; 'AA+/A-1+' Affirmed

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Overview

- On Sept. 16, 2016, we revised our outlook on Finland to stable from negative and affirmed our 'AA+/A-1+' sovereign credit ratings.
- We equalize our rating on Finland's Tyottomyysvakuutusrahasto, The Unemployment Insurance Fund (TVR), with the sovereign rating because we consider it almost certain that the Finnish government would provide extraordinary financial support to TVR if it were under any stress.
- We are therefore revising our outlook on TVR to stable from negative and affirming the 'AA+/A-1+' ratings.
- The stable outlook reflects that on Finland, indicating that any rating action on Finland would lead to a commensurate action on TVR.

Rating Action

On Sept. 30, 2016, S&P Global Ratings revised its outlook on Finnish government agency Tyottomyysvakuutusrahasto, The Unemployment Insurance Fund (TVR), to stable from negative.

At the same time, we affirmed our 'AA+/A-1+' long- and short-term issuer credit ratings on TVR.

Rationale

The outlook revision follows our similar action on Finland on Sept. 16, 2016 (see "Finland Outlook Revised To Stable On Gradual Economic Recovery; Ratings Affirmed At 'AA+/A-1+', " published on RatingsDirect).

We consider TVR to be a government-related entity (GRE). We equalize our ratings on TVR with the ratings on its related government, the Republic of Finland (AA+/Stable/A-1+). The equalization reflects our view of an almost certain likelihood that the Finnish government would provide timely and sufficient extraordinary support to TVR in the event of financial distress. Furthermore, because we consider TVR to be a nonseverable arm of the government and we do not foresee a change in the likelihood of extraordinary government support, we do not determine a stand-alone credit profile (SACP) for TVR.

We base our assessment of an almost certain likelihood of government support on TVR's:

- Critical role for Finland as the sole entity responsible for defining and managing the Finnish compulsory earnings-related unemployment insurance scheme. Its two key

functions are to collect unemployment insurance premiums and to use them mainly to finance unemployment benefits and fund pensions accrued during periods of unemployment. Furthermore, TVR manages the government's contributions to the unemployment funds; and

- Integral link with the sovereign, as indicated by the Finnish government's strong supervision and control over the agency. TVR is an independent institution established by law and has the status of an indirect public administration. This implies that if TVR did not exist, a government body would be needed to manage its duties.

Outlook

The stable outlook on TVR reflects that on Finland. We currently do not see any scenario that would realistically lead us to change our assessment of TVR's critical role for and integral link with Finland over the next two years. We therefore expect the ratings on TVR will move in line with those on Finland.

If we raised the ratings on Finland, we would also raise our ratings on TVR and if we lowered our ratings on Finland, we would also lower our ratings on TVR.

Related Criteria And Research

Related Criteria

- General Criteria: Rating Government-Related Entities: Methodology And Assumptions - March 25, 2015
- General Criteria: Use Of CreditWatch And Outlooks - September 14, 2009

Related Research

- Finland Outlook Revised To Stable On Gradual Economic Recovery; Ratings Affirmed At 'AA+/A-1+' - Sept. 16, 2016

Ratings List

	Rating	
	To	From
Tyottomyysvakuutusrahasto, The Unemployment Insurance Fund		
Issuer Credit Rating		
Foreign and Local Currency	AA+/Stable/A-1+	AA+/Negative/A-1+
Senior Unsecured		
Local Currency	AA+	AA+

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