



Press Release

10 May 2023 16:21:00 GMT

S&P Global Ratings affirms Arion Bank's ratings at BBB /A-2, outlook revised from stable to negative

S&P Global Ratings has affirmed Arion Bank's long-term issuer rating at BBB but has revised the outlook from stable to negative. The short-term issuer rating remains A-2.

The agency's assessment of the Icelandic economy from July 2022, which was confirmed in March, concluded that the economic risk had increased, not least due to rising property prices and interest rates.

S&P Global Ratings' changed assessment of the Icelandic economy means that the agency believes that Arion Bank needs to strengthen its capital ratio to maintain its "very strong" capital position. The requirements set by S&P Global Ratings are considerably higher than the total capital requirement set by the regulatory authorities. S&P Global Ratings revised the outlook from stable to negative as the Bank falls below the company's threshold. The Bank's corporate loan growth and capital distributions have had an impact in this respect.

S&P Global Ratings expects Arion Bank's earnings capacity to remain strong which will allow the Bank to strengthen its capital base over the next 12-24 months. This is in line with the Bank's capital management guidance as reported in its Q1 2023 earnings release.

For any further information please contact:

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This information is information that Arion Bank is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2023-05-10 16:21 GMT.

Attachments

[SP Ratings Update May 10 2023](#)

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