



Press Release
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Íslandsbanki hf.: S&P Global Ratings revises its rating outlook on Íslandsbanki to positive from stable, with ratings affirmed

S&P Global Ratings (S&P) has today revised its outlook on Íslandsbanki to positive from stable and affirmed its BBB+/A-2 long- and short-term issuer credit ratings and the A-/A-2 resolution counterparty ratings.

In S&P's view the recently approved resolution plans for Iceland's domestic systemically important banks have increased clarity on the size of subordinated liabilities that the banks will be required to hold. Given the subordination requirement of 23.4% of the total risk exposure amount (including the combined buffer requirement), S&P expects Íslandsbanki to issue a substantial amount of senior nonpreferred (SNP) instruments during the phase-in period until October 2027.

S&P states that they could raise the ratings on Íslandsbanki if Íslandsbanki's subordinated buffer exceeded S&P's adjusted threshold of 4% of S&P's RWAs in the next 24 months. This would reduce the default risk for senior preferred debt holders. S&P could revise the outlook to stable if Íslandsbanki failed to reach the S&P adjusted ALAC threshold. A negative rating action could also follow a weakening of Íslandsbanki's RAC ratio below 15%, the level S&P considers to be very strong, or if S&P observed a material deterioration of Iceland's macroeconomic indicators, to which Íslandsbanki would not be immune.

This announcement is released by Íslandsbanki hf. and contains information that qualified or may have qualified as inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (MAR), encompassing information relating to the revised rating outlook described above. For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is made by Ellert Hlöðversson, CFO of Íslandsbanki hf.

Attachments

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