



Press Release
17 November 2023 13:15:00 GMT

Íslandsbanki hf.: S&P Global Ratings affirms Íslandsbanki's ratings at BBB/A-2, outlook revised from stable to positive

S&P Global Ratings (S&P) has today affirmed Íslandsbanki's rating at BBB/A-2 and revised the outlook from stable to positive.

In S&P's view the economic risks facing Iceland's banks are receding in tandem with a stabilizing housing market and unwinding private sector leverage, leading S&P to see the economic risk trend as positive. Although S&P expects persistent inflation and higher interest rates to result in moderately deteriorating asset quality for the banking sector, they consider unlikely the risk of credit losses materially above S&P's base case from a sharper devaluation of property prices.

S&P expects Iceland to continue to post solid growth following an already substantial recovery from the pandemic-induced recession, with GDP growth of 3.8% in 2023 and averaging 2.5% in 2024-2026. Industry risks affecting the banking sector are viewed by S&P as broadly stable, with incumbent banks remaining profitable and well-capitalized, leaving them in a good position to fend off bank and nonbank competition.

S&P states that they could raise the ratings on Íslandsbanki in the next 12-24 months if they see a sustained improvement of economic risk indicators from abating housing market imbalances and private sector leverage or if Íslandsbanki were to build significant additional buffers of loss-absorbing capital. S&P could revise the outlook to stable if the positive economic trajectory halted, particularly if they saw a material correction in the housing market or a weakening of key economic sectors. An outlook revision to stable could also follow a weakening of Íslandsbanki's RAC ratio below the threshold for the very strong capital and earnings assessment.

For further information please contact:

Investor Relations - Bjarney Anna Bjarnadóttir, ir@islandsbanki.is
Public Relations - Edda Hermannsdóttir, pr@islandsbanki.is

About Íslandsbanki

With a history that dates from 1875, Íslandsbanki is an Icelandic universal bank with a strong customer focus. The Bank believes in moving Iceland forward by empowering its customers to succeed - reflecting a commitment to run a solid business that is a force for good in society. Driven by the corporate vision to create value for the future with excellent service, Íslandsbanki's banking model is led by three business divisions that build and manage relationships with its customers. Íslandsbanki maintains a strong market share with the most efficient branch network in the country, supporting at the same time its customers' move to more digital services. The Bank operates in a highly attractive market and, with its technically strong foundations and robust balance sheet, is well positioned for the opportunities that lie ahead. Íslandsbanki has an A3 rating from Moody's Investor Services and a BBB/A-2 rating from S&P Global Ratings. The Bank's shares are listed on Nasdaq Iceland Main Market.



Press Release
17 November 2023 13:15:00 GMT

Attachments

[Outlooks Revised On Three Icelandic Banks On Receding Economic Imbalances Ratings Affirmed Nov 17 2023](#)

[Íslandsbanki hf.: S&P Global Ratings affirms Íslandsbanki's ratings at BBB/A-2, outlook revised from stable to positive](#)