



Press Release

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Standard & Poor's confirms Arion Bank's long term credit rating, BBB, and the outlook remains stable

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Main comments from Standard & Poor's:

- S&P believes that Arion Bank will remain with a high level of capitalization and strong leverage ratios. Earnings will be supported by increasing cost efficiencies, management of funding costs, strong lending growth on the back of increased demand for mortgages, and solid corporate and investment banking and capital market activity levels.
- The stable outlook indicates that while S&P sees Arion as well placed to benefit from a gradual economic recovery in Iceland over the next two years, residual risks relating to the pandemic and the withdrawal of fiscal and monetary policy remain.
- S&P sees the key risk to be relatively high exposure to tourism and commercial real estate. Tough operating environment and strong competition weighs of profitability prospects. It is S&P's assessment that Arion's portfolio lacks geographic diversification, given its presence in a concentrated market, and it is inherently exposed to the domestic volatile economy.

For any further information please contact:

Eirikur Magnus Jensson, Head of Treasury at eirikur.jensson@arionbanki.is, tel. +354 856 7468 or Theodór Friðbertsson, Head of Investor Relations at Arion Bank, ir@arionbanki.is, tel. +354 856 6760

Attachments

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