



Press Release

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S&P affirms Arion Bank's BBB/A-2 long- and short-term issuer credit rating with stable outlook

The affirmation reflects S&P's view that Arion Bank's improving profitability should support its capacity to absorb the elevated risk of a moderate correction in the housing market and its potential consequences. S&P also expects that the Bank would be able to withstand any significant re-emergence of nonbank lender competition from pension funds, should it occur.

The stable outlook reflects S&P's expectation that risk-adjusted capitalization of Arion Bank will remain very strong and that profitability will remain strong in the coming two years and remain marginally higher than peers as margins rebound from lows during the pandemic and credit losses revert to about 30 bps of gross loans. In addition, S&P expects costs to remain contained amid high inflation as the Bank continues to service most customers digitally.

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Attachments

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