



Press Release
18 February 2025 15:30:00 GMT

Íslandsbanki hf.: Moody's Ratings affirms Íslandsbanki's A3 long-term issuer ratings with a stable outlook

Moody's Ratings (Moody's) has today affirmed Íslandsbanki's A3 long-term foreign and local currency issuer ratings, the A2 long-term and P-1 short-term foreign and local currency deposit ratings, and A3 senior unsecured ratings with stable outlooks on the long-term ratings the baa2 Baseline Credit Assessment (BCA) and Adjusted BCA.

The rating action follows the announcement from Arion Bank hf. that it has proposed opening merger talks with Íslandsbanki.

Whilst noting that the merger would be subject to approvals from the Competition Authority, shareholders and the Central Bank, Moody's says the merged entity could, "...benefit from economies of scale, resulting in improved efficiencies. We also note that the proposed merger is a large undertaking and more complex than the more modestly-sized acquisitions that both banks have previously targeted, resulting in heightened operational risks. However, these short term risks are balanced by medium term benefits, in the form of improved liquidity in the financial markets leading to lower funding costs and better market access."

Please find the release from Moody's attached.

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Attachments

[Rating Action Moodys Ratings Affirms Arion 18Feb2025](#)

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