

Bulletin:

# Icelandic Government's Proceeding With Planned Islandsbanki IPO Is Unlikely To Affect The Bank's Strategy

May 31, 2021

LONDON (S&P Global Ratings) May 31, 2021--S&P Global Ratings said today that the planned IPO of Iceland-based Islandsbanki hf (BBB/Stable/A-2) marks the next step in the bank's strategic development. Islandsbanki intends to list its shares on Nasdaq Iceland during second-quarter 2021 subject to, among other things, market conditions. The bank is wholly owned by the Treasury of Iceland via Icelandic State Financial Investments (ISFI). Bank privatization has been a key government objective since 2015, and the Islandsbanki IPO was approved by the Ministry of Finance in January 2021.

We do not anticipate the offering to result in any material change in the bank's strategy or stable risk appetite. The IPO is likely to accelerate capital optimization resulting in the common equity Tier 1 ratio decreasing toward Islandsbanki's target of over 16% from 19.2% as of March 2021.

In our base-case scenario, we expect the bank's capitalization to remain a strength over the next two years, with our risk-adjusted capital ratio remaining above 15%. We will monitor the stability of Islandsbanki's shareholder base and the implications of the IPO on the bank's governance and strategic direction.

## Related Research

- Bulletin: Islandsbanki's Planned IPO Will Test Investor Appetite For Icelandic Banks, Feb. 2, 2021

This report does not constitute a rating action.

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